



- Treasurer's Monthly Report

## Summary

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The attached Treasurer's monthly report provides Metropolitan's investments, as well as portfolio compliance with Metropolitan's Statement of Investment Policy and investment programs.

## Purpose

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Administrative Code Requirement Section 5114

## Attachments

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|---------------|--|
| Attachment 1: | Portfolio Performance Report – July 2020                 |
| Attachment 2: | Portfolio Summary Report – July 2020                     |
| Attachment 3: | Summary Report of Investment & Cash Activity – July 2020 |
| Attachment 4: | Duration Report – July 2020                              |



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** August 10, 2020  
**To:** Finance and Insurance Committee  
**From:** Katano Kasaine, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report July 2020

This letter transmits a summary report of investments, cash balances and performance report with total return, and duration comparisons for the end of the current month. A detailed report of investments is filed each month with the Board Executive Secretary. These reports are required by Section 5114 of the MWD Administrative Code. All of the investments comply with Section 5101 of the MWD Administrative Code and the Investment Policy dated June 9, 2020. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

A handwritten signature in blue ink that reads "Katano Kasaine".

Katano Kasaine

KK:mt

Attachments

Attachment 1  
**The Metropolitan Water District of Southern California (MWD)**  
**Portfolio Performance Report**  
**July 31, 2020**

	Market Value (\$ in Thousands)	Duration		Monthly Return		Fiscal YTD Return		Annualized Return *Inception-to-Date	
		MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	MWD	Benchmark
Liquidity	(1) \$ 687,744	0.53	0.24	0.07%	0.02%	0.07%	0.02%	1.91%	1.38%
Core	(2) 195,687	2.31	2.65	0.33%	0.25%	0.33%	0.25%	3.59%	3.11%
Liquidity and Core	\$ 883,431								
Other Funds	(3) 5,538	1.55		0.21%		0.21%		4.55%	
Total	<u>\$ 888,969</u>								

(1) The Liquidity Portfolio Benchmark is the ICE BofAML, 3-Month Treasury Bill Index.

(2) The Core Portfolio Benchmark is the ICE BofAML, 1 - 5 years US Corporate and Government Index, A Rated and Higher.

(3) Debt Service Reserve Funds and Lake Mathews Trust.

\* Inception Date 5/01/2002

Attachment 2  
**Portfolio Summary Report**  
**July 31, 2020**

(\$ in Thousands)

<u>Securities</u>		<u>Credit Quality</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Investment Policy Limits</u>
United States Treasuries	(1,2)	"AAA"	\$ 107,140	\$ 103,297	12.05%	100%
Mortgage-Backed Securities		"AAA"	56,460	55,083	6.35%	100%
Federal Agencies	(2)	"AAA"	45,827	45,747	5.15%	100%
Supranationals		"AA or higher"	38,466	38,355	4.33%	30%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	20%
Bankers' Acceptances		"A1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	37,482	37,420	4.22%	25%
Negotiable Certificates of Deposit		"A1 or higher"	145,174	144,701	16.33%	30%
Bank Deposits			-	-	0.00%	30%
Money Market Funds		"AAA"	1,673	1,673	0.19%	20%
California Asset Management Program	(4)		124,999	124,999	14.06%	30%
California Local Agency Investment Fund	(5)		75,000	75,000	8.44%	N/A
Medium Term Notes	(6)	"A or higher"	206,838	203,296	23.27%	30%
Asset-Backed Securities		"AA or higher"	46,536	46,219	5.23%	20%
Municipals	(7)	"A or higher"	3,374	3,005	0.38%	30%
Total Portfolio			<u>\$ 888,969</u>	<u>\$ 878,795</u>	<u>100.00%</u>	

- (1) Securities have an explicit United States Government guarantee.
- (2) United States Treasuries and Federal Agencies are rated 'AAA' by two nationally recognized rating agencies and 'AA+' by one nationally recognized rating agency.
- (3) Repurchase agreements can only be executed with primary dealers and collateral consists of Treasuries and/or Federal Agencies with maturities under 5 years.
- (4) The California Asset Management Program is a program created through a joint powers agency as a pooled short-term portfolio and cash management vehicle for California public agencies. CAMP is a permitted investment for all local agencies under California Government Code Section 53601(p).
- (5) \$75 million maximum allowed by California Local Agency Investment Fund.
- (6) In March 2020, Daimler Finance (Cusip 233851CS1) and Delta Airlines (Cusip 247367BH7) securities were downgraded by S&P from A- to BBB+ and A- to BB+, respectively. In June 2020, Wells Fargo (cusip 949746SA0) security was downgraded by S&P from A- to BBB+. Management had determined to hold securities to maturity.
- (7) \$0.192 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3  
**Summary Report of Investment & Cash Activity**  
**July 31, 2020**

(Shown at Book Value and \$ in Thousands)

	<b>Beginning Balance</b>	<b>Purchases &amp; Amortization</b>	<b>Sales</b>	<b>Maturities</b>	<b>Ending Balance</b>
United States Treasuries	\$ 169,307	\$ 17,444	\$ 33,454	\$ 50,000	\$ 103,297
Mortgage-Backed Securities	57,466	-	2,383	-	55,083
Federal Agencies	41,219	4,528	-	-	45,747
Supranationals	38,377	-	22	-	38,355
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	74,879	7,541	-	45,000	37,420
Negotiable Certificates of Deposit	135,712	18,989	-	10,000	144,701
Time Deposits	-	-	-	-	-
Money Market Funds	167,532	9,873	175,732	-	1,673
California Asset Management Program	210,343	151,701	237,045	-	124,999
California Local Agency Investment Fund	75,000	-	-	-	75,000
Medium Term Notes	226,668	1,248	-	24,620	203,296
Asset-Backed Securities	42,077	6,009	1,867	-	46,219
Municipals	3,164	6	-	165	3,005
<b>Subtotals</b>	<b>\$ 1,241,744</b>	<b>\$ 217,339</b>	<b>\$ 450,503</b>	<b>\$ 129,785</b>	<b>\$ 878,795</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 156			81	75
Petty Cash & Payroll	5				5
Overnight Investment	-				-
<b>Subtotals</b>	<b>\$ 161</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 81</b>	<b>\$ 80</b>
<b>Total</b>	<b>\$ 1,241,905</b>	<b>\$ 217,339</b>	<b>\$ 450,503</b>	<b>\$ 129,866</b>	<b>\$ 878,875</b>

Attachment 4  
**Duration Report**  
**July 31, 2020**

(\$ in Thousands)

<b>Securities Available for Metropolitan's Self-Liquidity Program</b>	<b>Market Value</b>	<b>Duration (1)</b>
US Treasury Bills	\$ -	-
US Treasury Notes	78,142	2.543
US Treasury Strips	20,421	1.126
Federal Agency Coupons	41,924	1.163
Federal Agency Strips	-	-
Federal Agency Discount Notes	-	-
Supranationals	36,236	0.346
Money Market Funds	1,132	0.000
California Local Agency Investment Fund	70,652	0.000
California Asset Management Program	117,752	0.000
Commercial Paper	35,308	0.225
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	136,757	0.418
Medium Term Notes	194,845	1.226
Municipal Bonds	1,245	0.905
Municipal Discount Bonds	772	3.993
Gov't National Mtge Assoc.	-	-
Asset Backed	43,838	2.167
Mortgage Backed	53,186	1.556
Total	<u>\$ 832,210</u>	
Weighted Average Duration		0.924

(1) Duration is a measure of the sensitivity in the price of a bond to changes in interest rates, so it is a measure of risk in a fixed income portfolio. As a rule of thumb, a fixed income portfolio with a duration of 5 (years) will decline 5% in value for every 1% upward movement in comparable interest rates.