



## ● **Treasurer's Monthly Report**

### **Summary**

---

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**

---

Administrative Code Requirement Section 5114

### **Attachments**

---

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



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** February 10, 2019  
**To:** Finance and Insurance Committee  
**From:** Katano Kasaine, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report January 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 11, 2019. 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**  
**January 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) \$ 773,428	0.56	0.24	0.21%	0.13%	1.37%	1.16%	1.92%	1.39%
Core	(2) 189,550	2.34	2.58	0.84%	0.86%	2.34%	2.14%	3.51%	3.01%
Liquidity and Core	\$ 962,978								
Other Funds	(3) 5,684	1.61		0.46%		1.69%		4.58%	
Total	<u>\$ 968,662</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**  
**January 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"	\$ 132,460	\$ 130,344	13.68%	100%
Mortgage-Backed Securities		"AAA"	57,383	56,421	5.93%	100%
Federal Agencies	(2)	"AAA"	47,385	47,325	4.89%	100%
Supranationals		"AA or higher"	32,960	32,909	3.40%	30%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	20%
Bankers' Acceptances		"A1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	141,330	141,127	14.59%	25%
Negotiable Certificates of Deposit		"A1 or higher"	170,120	170,009	17.56%	30%
Time Certificates of Deposits			-	-	0.00%	30%
Money Market Funds		"AAA"	1,464	1,464	0.15%	20%
California Asset Management Program	(4)		69,889	69,889	7.22%	20%
California Local Agency Investment Fund	(5)		75,000	75,000	7.74%	N/A
Medium Term Notes		"A or higher"	203,896	202,294	21.05%	30%
Asset-Backed Securities		"AA or higher"	34,611	34,527	3.57%	20%
Municipals	(6)	"A or higher"	2,164	1,819	0.22%	30%
Total Portfolio			<u>\$ 968,662</u>	<u>\$ 963,128</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) \$0.194 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3  
**Summary Report of Investment & Cash Activity**  
**January 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	\$ 106,397	\$ 25,357	\$ 1,410	\$ -	\$ 130,344
Mortgage-Backed Securities	60,393	-	3,972	-	56,421
Federal Agencies	78,570	9,854	41,099	-	47,325
Supranationals	32,907	2	-	-	32,909
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	121,173	29,954	-	10,000	141,127
Negotiable Certificates of Deposit	208,141	19,998	20,000	38,130	170,009
Time Deposits	-	-	-	-	-
Money Market Funds	1,273	1,382	1,191	-	1,464
California Asset Management Program	191,075	94,187	215,373	-	69,889
California Local Agency Investment Fund	65,000	10,000	-	-	75,000
Medium Term Notes	199,116	3,178	-	-	202,294
Asset-Backed Securities	25,069	9,609	151	-	34,527
Municipals	1,813	6	-	-	1,819
<b>Subtotals</b>	<b>\$ 1,090,927</b>	<b>\$ 203,527</b>	<b>\$ 283,196</b>	<b>\$ 48,130</b>	<b>\$ 963,128</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 8,166			8,154	12
Petty Cash & Payroll	5				5
Overnight Investment	-				-
<b>Subtotals</b>	<b>\$ 8,171</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,154</b>	<b>\$ 17</b>
<b>Total</b>	<b>\$ 1,099,098</b>	<b>\$ 203,527</b>	<b>\$ 283,196</b>	<b>\$ 56,284</b>	<b>\$ 963,145</b>

Attachment 4  
**Duration Report**  
**January 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	106,399	2.207
US Treasury Strips	13,352	1.777
Federal Agency Coupons	34,903	1.228
Federal Agency Strips	-	-
Federal Agency Discount Notes	9,181	0.864
Supranationals	30,663	0.503
Money Market Funds	829	0.000
California Local Agency Investment Fund	69,774	0.000
California Asset Management Program	65,020	0.000
Commercial Paper	131,483	0.362
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	158,267	0.375
Medium Term Notes	189,689	1.053
Municipal Bonds	-	-
Municipal Discount Bonds	739	4.476
Gov't National Mtge Assoc.	-	-
Asset Backed	32,200	2.553
Mortgage Backed	53,384	1.844
Total	<u>\$ 895,883</u>	
Weighted Average Duration		0.910

- (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.