



- 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 – October 2020
Attachment 2:	Portfolio Summary Report – October 2020
Attachment 3:	Summary Report of Investment & Cash Activity – October 2020
Attachment 4:	Duration Report – October 2020



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** November 9, 2020  
**To:** Finance and Insurance Committee  
**From:** Katano Kasaine, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report October 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**  
**October 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) \$ 775,507	0.52	0.24	0.04%	0.01%	0.21%	0.05%	1.90%	1.36%
Core	(2) 195,642	2.40	2.66	(0.06%)	(0.08%)	0.33%	0.16%	3.54%	3.06%
Liquidity and Core	\$ 971,149								
Other Funds	(3) 5,485	1.61		(0.14%)		0.11%		4.48%	
Total	<u>\$ 976,634</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**  
**October 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"	\$ 110,047	\$ 106,879	11.27%	100%
Mortgage-Backed Securities		"AAA"	50,293	49,194	5.15%	100%
Federal Agencies	(2)	"AAA"	55,869	55,805	5.72%	100%
Supranationals		"AA or higher"	59,396	59,370	6.08%	30%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	20%
Bankers' Acceptances		"A1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	62,430	62,412	6.39%	25%
Negotiable Certificates of Deposit		"A1 or higher"	114,958	114,700	11.77%	30%
Bank Deposits			-	-	0.00%	30%
Money Market Funds		"AAA"	12,061	12,061	1.24%	20%
California Asset Management Program	(4)		209,238	209,238	21.43%	30%
California Local Agency Investment Fund	(5)		75,000	75,000	7.68%	N/A
Medium Term Notes	(6)	"A or higher"	169,969	167,640	17.40%	30%
Asset-Backed Securities		"AA or higher"	49,441	49,241	5.06%	20%
Municipals	(7)	"A or higher"	7,932	7,601	0.81%	30%
Total Portfolio			<u>\$ 976,634</u>	<u>\$ 969,141</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, Delta Airlines (Cusip 247367BH7) security was downgraded by S&P from A- to BB+. In October 2020, Cleveland Electric (Cusip 186108CJ3) security was downgraded by S&P from A- to BBB+. Management had determined to hold securities to maturity.

(7) \$0.189 million (market value) of the municipal bond portfolio was rated AAA.

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

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
United States Treasuries	\$ 105,824	\$ 8,069	\$ 7,014	\$ -	\$ 106,879
Mortgage-Backed Securities	53,582	-	4,388	-	49,194
Federal Agencies	58,283	7,522	10,000	-	55,805
Supranationals	59,431	-	61	-	59,370
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	72,397	15	-	10,000	62,412
Negotiable Certificates of Deposit	104,700	20,000	-	10,000	114,700
Time Deposits	-	-	-	-	-
Money Market Funds	4,392	15,308	7,639	-	12,061
California Asset Management Program	229,657	123,183	143,602	-	209,238
California Local Agency Investment Fund	75,000	-	-	-	75,000
Medium Term Notes	145,894	22,834	1,088	-	167,640
Asset-Backed Securities	49,779	2,535	3,073	-	49,241
Municipals	3,015	4,586	-	-	7,601
<b>Subtotals</b>	<b>\$ 961,954</b>	<b>\$ 204,052</b>	<b>\$ 176,865</b>	<b>\$ 20,000</b>	<b>\$ 969,141</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ (6)	43			37
Petty Cash & Payroll	5				5
Overnight Investment	-				-
<b>Subtotals</b>	<b>\$ (1)</b>	<b>\$ 43</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 42</b>
<b>Total</b>	<b>\$ 961,953</b>	<b>\$ 204,095</b>	<b>\$ 176,865</b>	<b>\$ 20,000</b>	<b>\$ 969,183</b>

Attachment 4  
**Duration Report**  
**October 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	88,433	2.336
US Treasury Strips	13,863	1.037
Federal Agency Coupons	50,674	1.352
Federal Agency Strips	-	-
Federal Agency Discount Notes	-	-
Supranationals	56,048	0.525
Money Market Funds	10,952	0.000
California Local Agency Investment Fund	70,772	0.000
California Asset Management Program	197,443	0.000
Commercial Paper	58,910	0.497
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	108,478	0.574
Medium Term Notes	160,388	1.523
Municipal Bonds	5,564	0.276
Municipal Discount Bonds	768	3.737
Gov't National Mtge Assoc.	-	-
Asset Backed	46,654	2.071
Mortgage Backed	47,458	1.401
Total	<u>\$ 916,405</u>	
Weighted Average Duration		0.897

- (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.