



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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: September 14, 2020
To: Finance and Insurance Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report August 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
August 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) \$ 719,189	0.55	0.24	0.06%	0.01%	0.13%	0.03%	1.91%	1.37%
Core	(2) <u>195,868</u>	2.41	2.67	0.08%	(0.014%)	0.41%	0.24%	3.58%	3.10%
Liquidity and Core	\$ 915,057								
Other Funds	(3) 5,536	1.75		(0.004%)		0.21%		4.53%	
Total	<u><u>\$ 920,593</u></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
August 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"	\$ 103,004	\$ 99,416	11.19%	100%
Mortgage-Backed Securities		"AAA"	55,492	54,169	6.03%	100%
Federal Agencies	(2)	"AAA"	58,365	58,284	6.34%	100%
Supranationals		"AA or higher"	48,483	48,406	5.27%	30%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	20%
Bankers' Acceptances		"A1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	67,421	67,388	7.32%	25%
Negotiable Certificates of Deposit		"A1 or higher"	95,104	94,700	10.33%	30%
Bank Deposits			-	-	0.00%	30%
Money Market Funds		"AAA"	6,843	6,843	0.74%	20%
California Asset Management Program	(4)		188,726	188,726	20.50%	30%
California Local Agency Investment Fund	(5)		75,000	75,000	8.15%	N/A
Medium Term Notes	(6)	"A or higher"	172,680	169,591	18.76%	30%
Asset-Backed Securities		"AA or higher"	46,105	45,827	5.01%	20%
Municipals	(7)	"A or higher"	3,370	3,010	0.36%	30%
Total Portfolio			<u>\$ 920,593</u>	<u>\$ 911,360</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+. Management had determined to hold securities to maturity.

(7) \$0.191 million (market value) of the municipal bond portfolio was rated AAA.

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

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
United States Treasuries	\$ 103,297	\$ 5,361	\$ 9,242	\$ -	\$ 99,416
Mortgage-Backed Securities	55,083	(5)	909	-	54,169
Federal Agencies	45,747	12,537	-	-	58,284
Supranationals	38,355	10,051	-	-	48,406
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	37,420	39,964	9,996	-	67,388
Negotiable Certificates of Deposit	144,701	4,999	10,000	45,000	94,700
Time Deposits	-	-	-	-	-
Money Market Funds	1,673	9,272	4,102	-	6,843
California Asset Management Program	124,999	125,924	62,197	-	188,726
California Local Agency Investment Fund	75,000	-	-	-	75,000
Medium Term Notes	203,296	14,782	26,666	21,821	169,591
Asset-Backed Securities	46,219	1,676	2,068	-	45,827
Municipals	3,005	5	-	-	3,010
Subtotals	\$ 878,795	\$ 224,566	\$ 125,180	\$ 66,821	\$ 911,360
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 75			74	1
Petty Cash & Payroll	5				5
Overnight Investment	-				-
Subtotals	\$ 80	\$ -	\$ -	\$ 74	\$ 6
Total	\$ 878,875	\$ 224,566	\$ 125,180	\$ 66,895	\$ 911,366

Attachment 4
Duration Report
August 31, 2020

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ -	-
US Treasury Notes	81,773	2.531
US Treasury Strips	13,850	1.204
Federal Agency Coupons	53,013	1.381
Federal Agency Strips	-	-
Federal Agency Discount Notes	-	-
Supranationals	45,738	0.315
Money Market Funds	5,994	0.000
California Local Agency Investment Fund	70,755	0.000
California Asset Management Program	178,044	0.000
Commercial Paper	63,605	0.494
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	89,721	0.600
Medium Term Notes	162,906	1.526
Municipal Bonds	1,247	0.823
Municipal Discount Bonds	772	3.907
Gov't National Mtge Assoc.	-	-
Asset Backed	43,495	2.123
Mortgage Backed	52,351	1.507
Total	<u>\$ 863,264</u>	
Weighted Average Duration		0.950

(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.