



● **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

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| Attachment 1: | Portfolio Performance Report – December 2019 |
| Attachment 2: | Portfolio Summary Report – December 2019 |
| Attachment 3: | Summary Report of Investment & Cash Activity – December 2019 |
| Attachment 4: | Duration Report – December 2019 |



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: January 13, 2019
To: Finance and Insurance Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report December 2019

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
December 31, 2019

	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) \$ 901,053	0.45	0.23	0.17%	0.14%	1.15%	1.03%	1.91%	1.39%
Core	(2) 187,985	2.39	2.58	0.17%	0.18%	1.49%	1.27%	3.48%	2.70%
Liquidity and Core	\$ 1,089,038								
Other Funds	(3) 5,674	1.64		2.40%		1.22%		4.58%	
Total	<u>\$ 1,094,712</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
December 31, 2019

(\$ 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"	\$ 107,811	\$ 106,397	9.85%	100%
Mortgage-Backed Securities		"AAA"	61,043	60,393	5.58%	100%
Federal Agencies	(2)	"AAA"	78,613	78,570	7.18%	100%
Supranationals		"AA or higher"	32,933	32,907	3.01%	30%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	20%
Bankers' Acceptances		"A1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	121,234	121,173	11.07%	25%
Negotiable Certificates of Deposit		"A1 or higher"	208,196	208,141	19.02%	30%
Time Certificates of Deposits			-	-	0.00%	30%
Money Market Funds		"AAA"	1,273	1,273	0.12%	20%
California Asset Management Program	(4)		191,075	191,075	17.45%	20%
California Local Agency Investment Fund	(5)		65,000	65,000	5.94%	N/A
Medium Term Notes		"A or higher"	200,320	199,116	18.30%	30%
Asset-Backed Securities		"AA or higher"	25,072	25,069	2.29%	20%
Municipals	(6)	"A or higher"	2,142	1,813	0.19%	30%
Total Portfolio			\$ 1,094,712	\$ 1,090,927	100.00%	

(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) \$65 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
December 31, 2019

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
United States Treasuries	\$ 101,387	\$ 40,809	\$ 35,799	\$ -	\$ 106,397
Mortgage-Backed Securities	60,011	1,392	1,010	-	60,393
Federal Agencies	73,676	4,894	-	-	78,570
Suprationals	32,905	2	-	-	32,907
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	91,253	29,920	-	-	121,173
Negotiable Certificates of Deposit	170,012	38,129	-	-	208,141
Time Deposits	-	-	-	-	-
Money Market Funds	19,093	16,195	34,015	-	1,273
California Asset Management Program	116,343	161,427	86,695	-	191,075
California Local Agency Investment Fund	65,000	-	-	-	65,000
Medium Term Notes	209,261	-	10,145	-	199,116
Asset-Backed Securities	23,334	1,815	80	-	25,069
Municipals	1,806	7	-	-	1,813
Subtotals	\$ 964,081	\$ 294,590	\$ 167,744	\$ -	\$ 1,090,927
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 129	8,037			8,166
Petty Cash & Payroll	5				5
Overnight Investment	-				-
Subtotals	\$ 134	\$ 8,037	\$ -	\$ -	\$ 8,171
Total	\$ 964,215	\$ 302,627	\$ 167,744	\$ -	\$ 1,099,098

Attachment 4
Duration Report
December 31, 2019

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ -	-
US Treasury Notes	85,331	2.553
US Treasury Strips	13,532	1.858
Federal Agency Coupons	74,295	0.847
Federal Agency Strips	-	-
Federal Agency Discount Notes	-	-
Supranationals	31,223	0.587
Money Market Funds	703	0.000
California Local Agency Investment Fund	61,626	0.000
California Asset Management Program	181,156	0.000
Commercial Paper	114,940	0.345
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	197,388	0.305
Medium Term Notes	189,921	1.137
Municipal Bonds	-	-
Municipal Discount Bonds	743	4.555
Gov't National Mtge Assoc.	-	-
Asset Backed	23,770	2.612
Mortgage Backed	57,874	1.798
Total	<u>\$ 1,032,502</u>	
Weighted Average Duration		0.784

- (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.