



### MEMORANDUM

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**DATE:** August 20, 2024

**TO:** Commissioner Matt Look  
Chair, Finance & Capital Improvements Committee

**FROM:** Cory Kampf, F&CS Division Manager

**SUBJECT:** 2024 2<sup>nd</sup> Quarter Investment Update

The Finance Committee has requested receiving information on investments on a periodic basis.

For the Quarter-ended June 30, 2024, the County had investments totaling \$662.58 million. Within the investment management system, we have broken down our investments into portfolios, which are defined below:

- **Investment Manager – RBC:** Represents funds managed by RBC.
- **MAGIC Fund:** Represents short-term CD's, Term Notes, and liquid funds.
- **OPEB Irrevocable:** Investments with State Board of Investments (SBI) tied to our Retiree Health Care Liability.
- **US Bank - Fixed Income:** Represents portfolio managed internally.
- **US Bank – Liquid Assets:** Represents short-term liquid funds.
- **Wells Fargo – Sweep:** Represents short-term overnight funds associated with main checking account.

#### **Investing Strategy**

The County's investing strategy focuses on safety, liquidity, and then yield. The yield is impacted by the constraints of the fixed income market and is secondary to maintaining safety in the investments chosen and the liquidity needed to manage operations. We strive for the best yield possible using a ladder maturity philosophy. At the end of June, we had \$181 million in liquid assets, which included the July 3<sup>rd</sup> tax distribution of \$143 million.

## Anoka County Summary of Investments by Portfolio – June 30, 2024

Description	Beginning Face Amount/Shares	Ending Face Amount/Shares	Buy Principal	Sell Principal	Interest Earned During Period-Book Value	Realized Gain/Loss-Book Value	Investment Income-Book Value	
Investment Manager - RBC Capital	42,268,392.56	42,548,585.11	9,432,976.46	8,705,101.10	745,736.20	(340,848.08)	404,888.12	
MAGIC Fund	53,869,631.37	175,406,139.99	247,786,508.62	126,250,000.00	2,449,721.78	-	2,449,721.78	
OPEB Irrevocable	105,087,280.98	121,143,634.55	20,901,328.70	(4,835,369.93)	819,830.07	-	819,830.07	
US Bank - Fixed Income	321,722,899.89	317,567,719.97	41,605,180.91	46,206,433.28	4,672,762.22	(99,555.13)	4,573,207.09	
US Bank - Liquid Assets	12,040,291.66	2,638,714.77	430,032,141.23	439,433,718.12	356,152.31	-	356,152.31	
Wells Fargo - Sweep	8,197,055.40	3,274,669.29	82,764,543.01	87,686,929.12	100,726.24	-	100,726.24	
<b>Total / Average</b>	<b>543,185,551.86</b>	<b>662,579,463.68</b>	<b>832,522,678.93</b>	<b>703,446,811.69</b>	<b>9,144,928.82</b>	<b>(440,403.21)</b>	<b>8,704,525.61</b>	
<b>Less OPEB Investment Income</b>								<b>(819,830.07)</b>
<b>Net Investment Income YTD</b>							<b>% of 2024 Budget</b>	<b>64%</b>
<b>2024 Investment Income Budget</b>								<b>7,884,695.54</b>
<b>Investment Income (deficit) surplus YTD</b>								<b>12,300,000.00</b>
								<b>(4,415,304.46)</b>

### Portfolio Performance

Total investment income earned for the quarter ended totaled \$8.70M, with \$(440.4K) related to one time realized gain/losses due to regular activity by our RBC Capital Asset Manager \$(340.8K) and Internal activity (\$99.6K). The overall portfolio performance as of the Quarter ended June 30, 2024, is an average book yield of 3.16% compared with 2.89% on March 31, 2024, and 2.74% at the end of 2023. Short-term interest rates are beginning to decline due to the Markets increasing confidence in the Federal Reserve possibly reducing the Federal Funds rate in September. We continue to see some interest rate inversion along the yield curve, which is a little concerning. The OPEB Trust has seen a 15.3% increase in its Market Value through June 30, 2024, posting a \$15.24 million gain (unrealized).

See the chart below for a breakdown by Portfolio:

