



### MEMORANDUM

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**DATE:** May 16, 2023

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

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

**SUBJECT:** 2023 1<sup>st</sup> Quarter Investment Update

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

For the Quarter-ended March 31, 2023, the County had investments totaling \$503.4 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.

## Anoka County Summary of Investments by Portfolio – March 31, 2023

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	41,392,199.67	41,438,858.18	3,075,719.83	2,836,542.95	254,427.72	(199,365.77)	55,061.95
MAGIC Fund	90,700,863.79	91,745,228.14	60,544,364.35	59,500,000.00	891,009.17	-	891,009.17
OPEB Irrevocable	85,787,095.08	92,208,612.87	8,808,638.58	(2,383,028.39)	396,436.14	-	396,436.14
US Bank - Fixed Income	287,457,225.39	263,798,141.23	15,914,787.05	39,650,084.16	1,256,083.61	(81,494.15)	1,174,589.46
US Bank - Liquid Assets	12,583,051.23	9,637,164.21	93,950,744.50	96,896,631.52	100,358.28	-	100,358.28
Wells Fargo - Sweep	2,585,697.22	4,536,102.63	18,544,607.87	16,594,202.46	28,961.59	-	28,961.59
<b>Total / Average</b>	<b>520,506,132.38</b>	<b>503,364,107.26</b>	<b>200,838,862.18</b>	<b>213,094,432.70</b>	<b>2,927,276.51</b>	<b>(280,859.92)</b>	<b>2,646,416.59</b>

Less OPEB Investment Income		(396,436.14)
Net Investment Income YTD	% of Budget as of 12.31.2023	34%
2023 Investment Income Budget		6,600,000.00
Investment Income (deficit) surplus YTD		(4,350,019.55)

### Portfolio Performance

Total investment income earned during the quarter totaled \$2.646M, with \$(280.9 K) related to one time realized gain/losses due to regular activity by our RBC Capital Asset Manager \$(199.4) K and Internal activity (\$81.5). The overall portfolio performance as of the Quarter ended March 31, 2023, is an average book yield of 2.09% compared with 1.51% at the end of 2022. Short-term interest rates have continued to rise since the beginning of the year due to the Federal Reserve actions that are designed to help dampen inflation. The interest rate inversion along the yield curve continues to signal recession, which is a little concerning. The interest rates longer than one year have declined since the beginning of 2023 due to stress within the banking system. The Federal Reserve is considering a Pause in rate hikes as we enter June. The market believes the Fed may need to reduce rates; however, the Fed is not planning too anytime soon. Also, the OPEB Trust saw a 7.5% increase in its Market Value due to the current volatility in the equity markets.

See the chart below for a breakdown by Portfolio:

