



MEMORANDUM

DATE: April 16, 2024

TO: Commissioner Jeff Reinert
Chair, Finance & Capital Improvements Committee

FROM: Cory Kampf, F&CS Division Manager

SUBJECT: 2024 1st Quarter Investment Update

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

For the Quarter-ended March 31, 2024, the County had investments totaling \$492.1 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, 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	42,496,045.19	1,850,051.41	1,520,981.80	367,074.23	(61,294.47)	305,779.76
MAGIC Fund	53,869,631.37	28,765,068.55	23,645,437.18	48,750,000.00	587,528.34	-	587,528.34
OPEB Irrevocable	105,087,280.98	116,173,883.33	11,088,645.17	2,042.82	408,252.54	-	408,252.54
US Bank - Fixed Income	321,722,899.89	293,548,278.28	6,258,442.76	34,545,874.97	2,251,474.49	(17,108.70)	2,234,365.79
US Bank - Liquid Assets	12,040,291.66	5,942,838.51	73,613,302.77	79,710,755.92	98,334.66	-	98,334.66
Wells Fargo - Sweep	8,197,055.40	5,129,496.99	34,296,259.62	37,363,818.03	46,418.86	-	46,418.86
Total / Average	543,185,551.86	492,055,610.85	150,752,138.91	201,893,473.54	3,759,083.12	(78,403.17)	3,680,679.95

Less OPEB Investment Income		(408,252.54)
Net Investment Income YTD	% of 2024 Budget	27%
2024 Investment Income Budget		3,272,427.41
Investment Income (deficit) surplus YTD		12,300,000.00
		(9,027,572.59)

Portfolio Performance

Investment income earned during the quarter totaled \$3.759M, with \$(78.4K) related to one time realized gain/(losses) due to regular activity by our RBC Capital Asset Manager \$(61.3K) and our Internal activity (\$17.1K). The overall portfolio performance as of the Quarter ended March 31, 2024, is an average book yield of 2.89% compared with 2.74% at the end of 2023. Short-term interest rates remain significantly high due to the Federal Reserve actions designed to help dampen inflation and the interest rate inversion along the yield curve remains, which is a little concerning. After the release of March’s higher than expected CPI number, the market believes the Fed will not begin to reduce rates until September and December 2024, respectively. The Fed has continued to state any changes in the rate will occur when the data supports the change. The OPEB Trust has seen a 10.5% increase in its Market Value even though the equity markets remain volatile.

See the chart below for a breakdown by Portfolio:

