



MEMORANDUM

DATE: July 18, 2023

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

FROM: Cory Kampf, F&CS Division Manager

SUBJECT: 2023 2nd Quarter Investment Update

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

For the Quarter-ended June 30, 2023, the County had investments totaling \$658.93 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 \$152 million in liquid assets, which included the July 2nd tax distribution of \$121 million.

Anoka County Summary of Investments by Portfolio – June 30, 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	41,619,180.52	6,620,668.68	6,094,583.43	531,309.75	(310,766.13)	220,543.62
MAGIC Fund	90,700,863.79	208,388,245.60	231,587,381.81	113,900,000.00	2,915,129.05	-	2,915,129.05
OPEB Irrevocable	85,787,095.08	100,259,988.66	16,862,445.03	(2,380,597.73)	789,141.72	-	789,141.72
US Bank - Fixed Income	287,457,225.39	300,737,472.71	65,887,672.34	52,692,228.96	2,891,727.68	(109,801.07)	2,781,926.61
US Bank - Liquid Assets	12,583,051.23	3,843,260.59	607,697,359.97	616,437,150.61	457,052.05	-	457,052.05
Wells Fargo - Sweep	2,585,697.22	4,086,234.59	46,426,885.94	44,926,348.57	66,860.75	-	66,860.75
Total / Average	520,506,132.38	658,934,382.67	975,082,413.77	831,669,713.84	7,651,221.00	(420,567.20)	7,230,653.80

Less OPEB Investment Income							(789,141.72)
Net Investment Income YTD				% of Budget as of 6.30.2023		98%	6,441,512.08
2023 Investment Income Budget							6,600,000.00
Investment Income (deficit) surplus YTD							(158,487.92)

Portfolio Performance

Total investment income earned for the quarter ended totaled \$7.23M, with \$(420.6K) related to one time realized gain/losses due to regular activity by our RBC Capital Asset Manager \$(310.8K) and Internal activity (\$109.8K). The overall portfolio performance as of the Quarter ended June 30, 2023, is an average book yield of 2.61% compared with 2.09% on March 31, 2023, and 1.51% at the end of 2022. Short-term interest rates continued to rise due to the Federal Reserve actions that are designed to help dampen inflation. We continue to see some interest rate inversion along the yield curve, which is a little concerning. The OPEB Trust saw a 16.9% increase in its Market Value, even though there continues to be volatility in the equity markets.

See the chart below for a breakdown by Portfolio:

