



### MEMORANDUM

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**DATE:** November 21, 2023

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

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

**SUBJECT:** 2023 3<sup>rd</sup> Quarter Investment Update

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

For the Quarter-ended September 30, 2023, the County had investments totaling \$522.68 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 – September 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	41,786,861.72	12,869,463.24	12,012,078.31	827,086.32	(471,847.58)	355,238.74
MAGIC Fund	90,700,863.79	72,581,307.71	278,408,443.92	296,528,000.00	4,045,174.82	-	4,045,174.82
OPEB Irrevocable	85,787,095.08	96,980,253.71	19,981,841.77	(9,171,596.29)	1,185,372.03	-	1,185,372.03
US Bank - Fixed Income	287,457,225.39	304,949,719.14	81,812,206.53	64,532,982.53	4,725,335.87	(136,141.19)	4,589,194.68
US Bank - Liquid Assets	12,583,051.23	4,493,418.20	705,800,076.03	713,889,709.06	656,902.60	-	656,902.60
Wells Fargo - Sweep	2,585,697.22	1,890,654.69	75,157,160.61	75,852,203.14	113,300.94	-	113,300.94
<b>Total / Average</b>	<b>520,506,132.38</b>	<b>522,682,215.17</b>	<b>1,174,029,192.10</b>	<b>1,153,643,376.75</b>	<b>11,553,172.58</b>	<b>(607,988.77)</b>	<b>10,945,183.81</b>

Less OPEB Investment Income		(1,185,372.03)
Net Investment Income YTD	% of Budget as of 9.30.2023	148%
2023 Investment Income Budget		6,600,000.00
Investment Income (deficit) surplus YTD		3,159,811.78

### Portfolio Performance

Total investment income earned year to date as of September 30<sup>th</sup> totaled \$10.94M, with (\$607.99K) related to one time realized gain/(losses) due to regular activity by our RBC Capital Asset Manager (\$471.85K) and Internal activity (\$136.14K). The overall portfolio performance as of the Quarter ended September 30, 2023, is an average book yield of 2.60% compared with 1.30% on September 30, 2022, and 1.51% at the end of 2022. Short-term interest rates remain significantly high due to the Federal Reserve actions that are designed to help dampen inflation and the interest rate inversion along the yield curve remains, which is a little concerning. The OPEB Trust has seen a year-to-date 13.0% increase in its Market Value even though the equity markets remain volatile.

See the chart below for a breakdown by Portfolio:

