



MEMORANDUM

DATE: August 20, 2019

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

FROM: Cory Kampf, F&CS Division Manager

SUBJECT: 2019 2nd Quarter Investment Update

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

For the Quarter-ended June 30, 2019, the County had investments totaling \$430.87 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 over \$142 Million in liquid assets, which included the July 3rd tax distribution of \$102 Million.

Anoka County Summary of Investments by Portfolio – June 30, 2019

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	37,271,655.77	37,816,737.50	4,623,844.44	4,093,943.33	495,312.89	-24,005.26	471,307.63
MAGIC Fund	86,165,957.80	50,185,191.95	98,968,884.47	134,949,650.32	841,023.40	0.00	841,023.40
OPEB Irrevocable	61,978,649.56	71,716,682.06	16,096,535.63	1,644,400.59	704,008.45	0.00	704,008.45
US Bank - Fixed Income	120,707,560.52	127,116,801.31	18,362,431.80	11,515,759.21	1,306,124.83	-80.50	1,306,044.33
US Bank - Liquid Assets	5,219,453.52	142,235,236.38	456,975,441.36	319,959,658.50	318,460.50	0.00	318,460.50
Wells Fargo - Sweep	2,241,570.87	1,801,908.75	57,297,452.36	57,975,412.62	33,188.47	0.00	33,188.47
Total / Average	313,584,848.04	430,872,557.95	652,324,590.06	530,138,824.57	3,698,118.54	-24,085.76	3,674,032.78

Less OPEB Investment Income	-704,008.45
Net Investment Income	2,970,024.33
2019 Investment Income Budget	4,061,904.00
Investment Income (deficit) surplus	-1,091,879.67

Portfolio Performance

Total investment income earned during the six-month's ended totaled just over \$3.67M, with \$(24.0K) related to one time realized losses due to regular activity by our RBC Capital Asset Manager (\$24.0K) and Internal activity (\$80.50). The overall YTD portfolio performance as of the Quarter ended June 30, 2019 is an average book yield of 2.17% compared with 2.08% at the end of 2018 and 2.29% at the end of March 31, 2019 – change between quarters is representative of market changes that continue to move short-term rates downward.

See the chart below for a breakdown by Portfolio:

