



## Investment Report August 31, 2024

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# Department of Finance

## Investment Report As of August 31, 2024

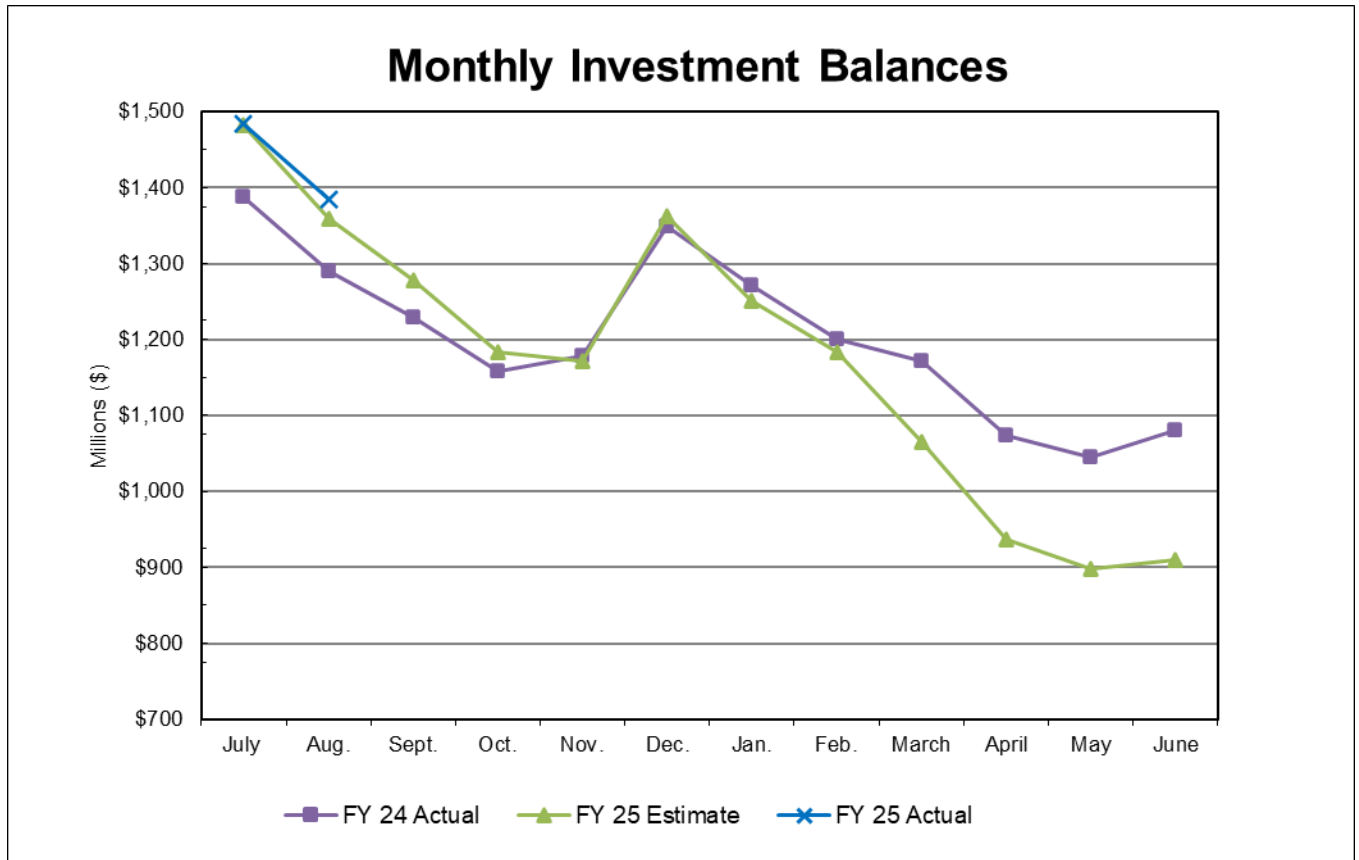
### Investment Policy:

Howard County, Maryland invests public funds in a manner that will conform to all State of Maryland and County statutes governing the investment of public funds while meeting its daily cash flow demands and providing a return that most closely matches the three-month Treasury bill yield.

### Summary of Portfolio Composition:

	<u>CURRENT MONTH</u>	<u>PRIOR MONTH</u>
General Fund	\$986,659,280	\$1,115,069,928
All Other Funds	<u>\$397,588,378</u>	<u>\$369,871,054</u>
Total Portfolio	\$1,384,247,658	\$1,484,940,982

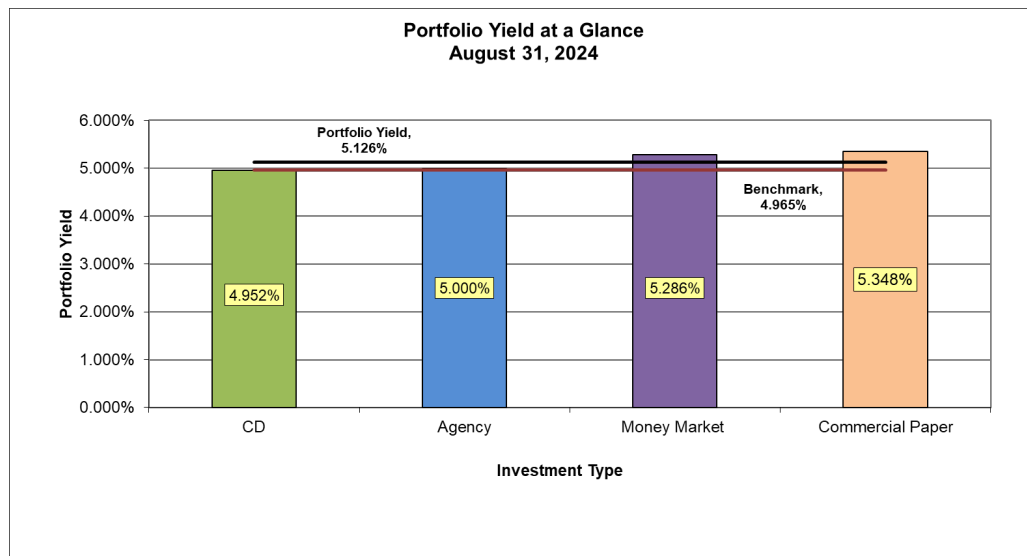
The total portfolio balance decreased by \$100.7 million from the previous month. This decrease represents the normal trend as minimal property tax revenues are received. The County did not break any investments this month and never has. The investment allocations as shown on page 4 were consistent with the County Investment Policy.



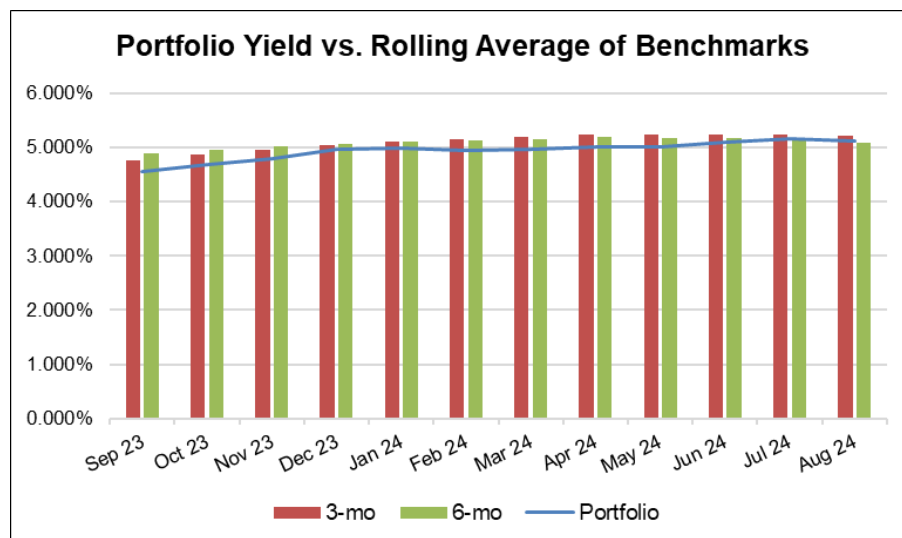
## Analysis:

	<u>CURRENT MONTH</u>	<u>PRIOR MONTH</u>	<u>WEIGHTED AVERAGE FOR 3 MONTHS ENDING August 31, 2024</u>
Portfolio yield	5.126%	5.159%	5.127%
Three Month Benchmark yield	4.965%	5.140%	5.092%
Trailing 12-mo Three Month Benchmark yield	5.208%	5.236%	-

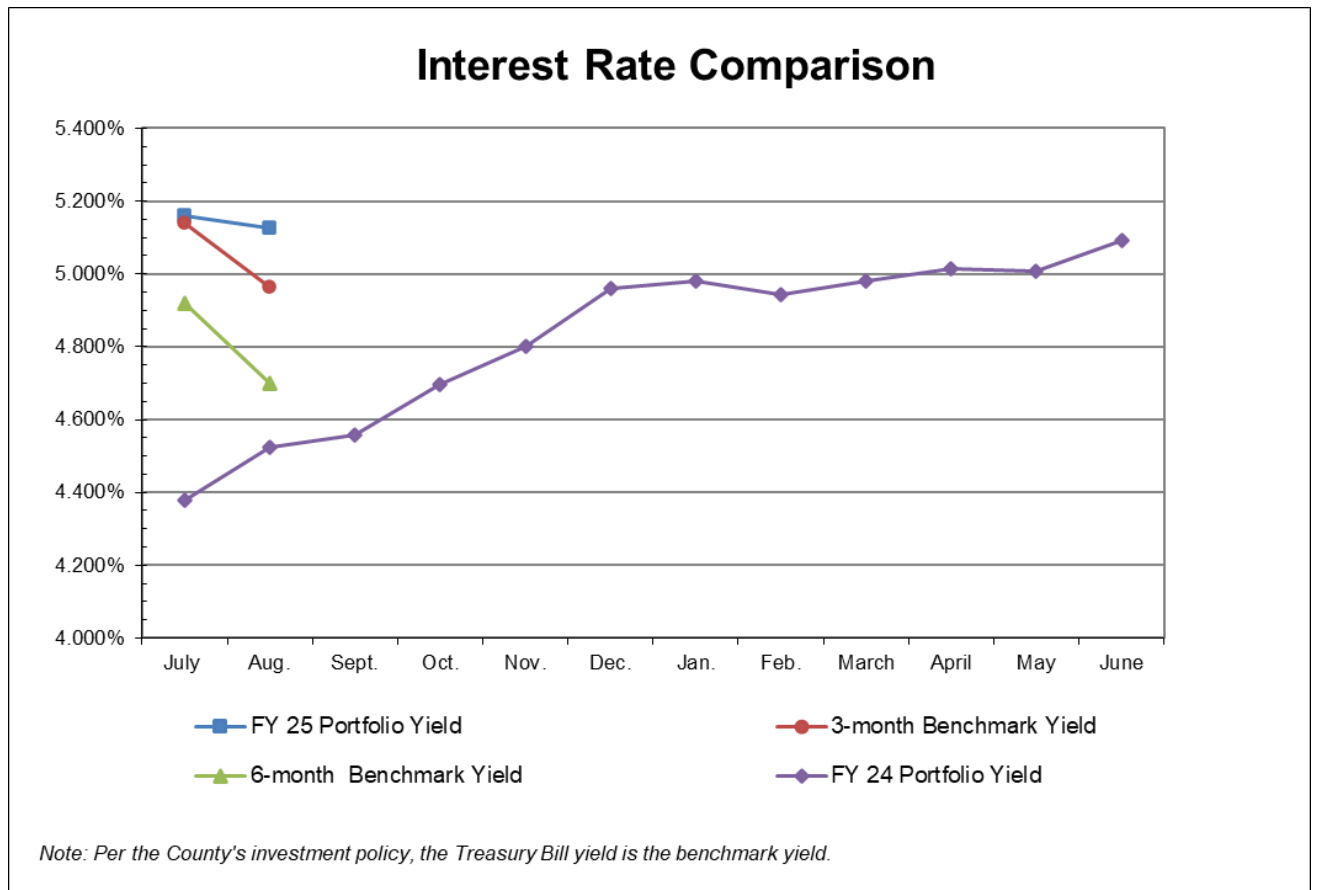
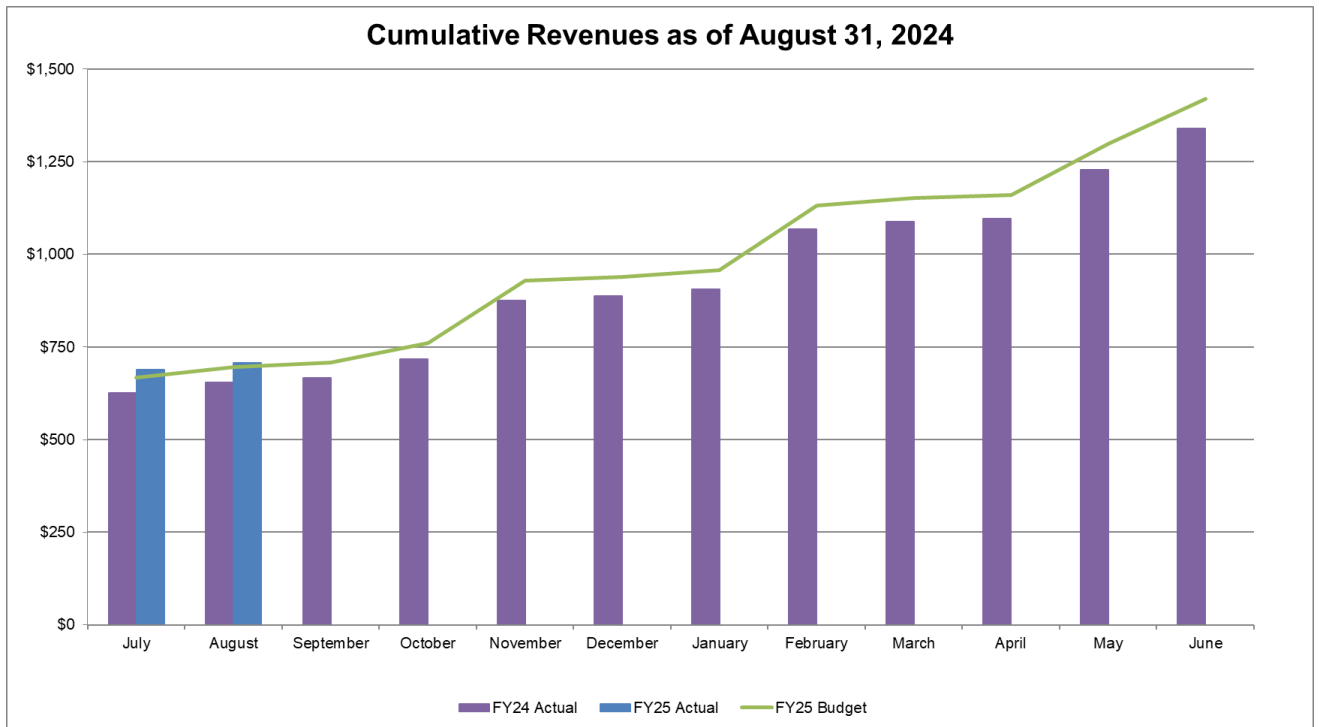
As of August 31, 2024, the average weighted maturity of the portfolio was 242 days.



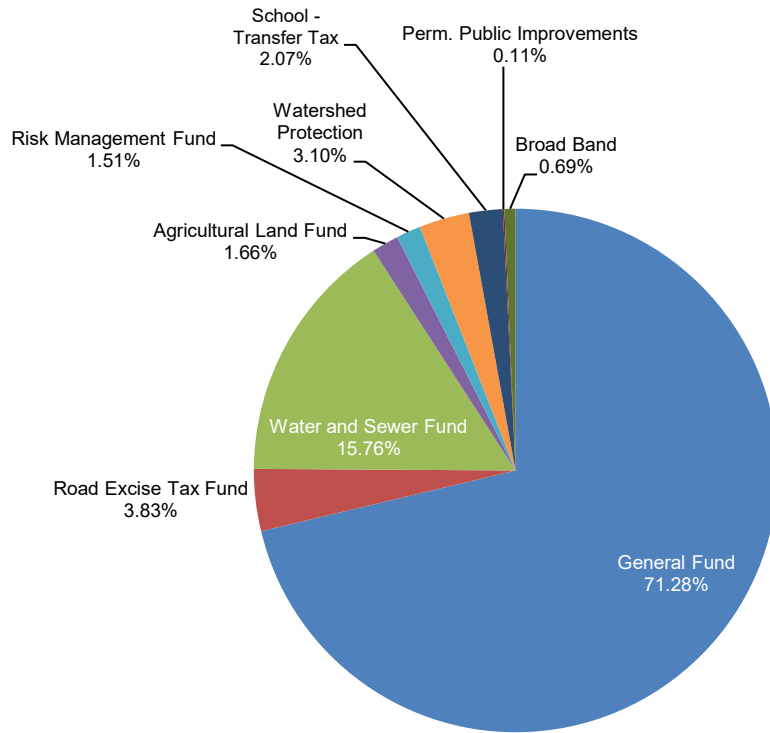
Below is the portfolio yield compared to the trailing 12-month three and six month benchmark yields. This key performance indicator measures the County's performance relative to the fixed income markets.



## Current Market and Year-Over-Year Comparison:



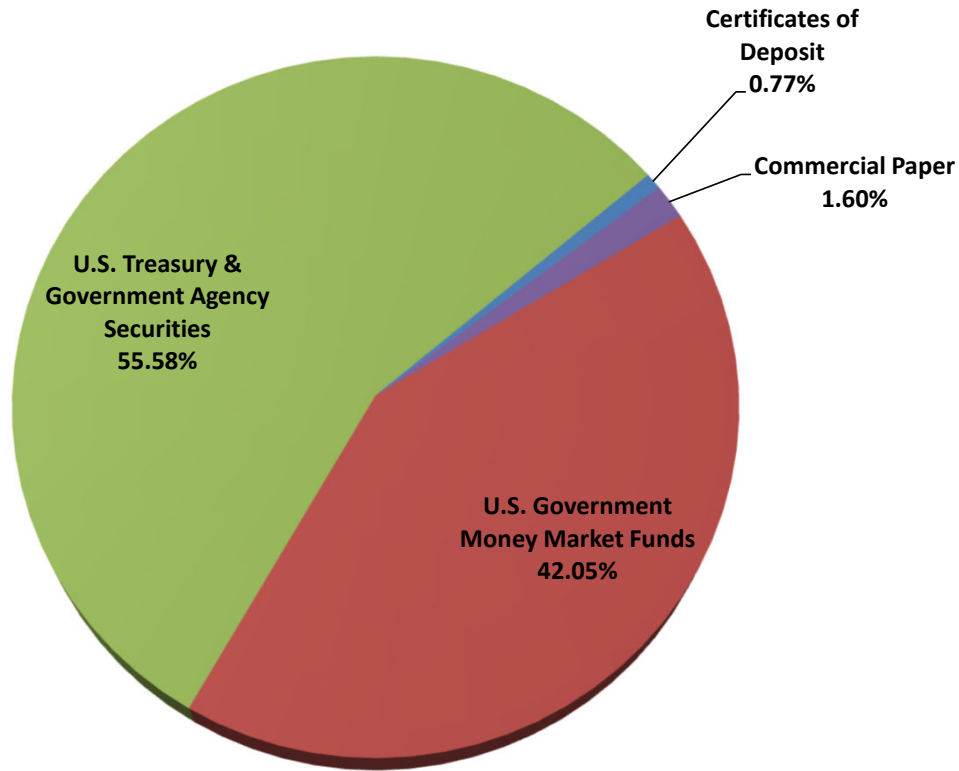
**Investment by Fund  
As of August 31, 2024**



	Investment Allocation As of 08/31/2024	FY 24 Interest Income* Actual	FY 25 Interest Income Budget	FY 25 Interest Income* As of 08/31/2024
General Fund	\$ 986,659,280	\$ 29,007,211	\$ 10,500,000	\$ 8,210,264
Road Excise Tax Fund	53,021,693	2,511,291	27,700	449,926
Water and Sewer Fund	218,096,518	6,720,634	2,900,000	1,666,742
Agricultural Land Fund	22,952,033	923,139	7,097	214,068
Risk Management Fund	20,928,244	846,347	10,000	217,205
Watershed Protection	42,930,186	952,611	41,113	287,882
School - Transfer Tax	28,659,000	1,284,923	2,558	240,704
Perm. Public Improvements	1,479,967	64,544	472	12,657
Broad Band	9,520,737	236,056	-	84,205
	<u>\$ 1,384,247,658</u>	<u>\$ 42,546,755</u>	<u>\$ 13,488,940</u>	<u>\$ 11,383,653</u>

\* Reported on a cash basis.

### Investment by Type as of August 31, 2024



See diversification schedule below

### Diversification Levels for Authorized Investments

	Authorized Percentage	Actual Percentage <sup>(2)</sup>	Actual Amount
U.S. Treasury & Government Agency Securities	90%	55.58%	769,307,261
Repurchase Agreements	90%	0.00%	-
U.S. Government Money Market Funds	60%	42.05%	582,119,196
Municipal Securities & Municipal Mutual Funds	40%	0.00%	-
Supranational Issuers	40%	0.00%	-
Commercial Paper	10%	1.60%	22,196,417
Certificates of Deposit	5%	0.77%	10,624,784
		<u>100.00%</u>	<u>1,384,247,658</u>

### Diversification Levels for Authorized Brokers

	Actual Percentage	(1) & (2)	Actual Amount
Cantor Fitzgerald	4.95%		68,534,802
Fulton Bank <sup>(3)</sup>	0.02%		298,532
FHN Financial	8.14%		112,726,141
Harbor Bank <sup>(3)</sup>	0.01%		103,078
Multi-Bank Securities Inc	5.01%		69,388,792
Ramirez	7.19%		99,498,900
Raymond James Financial	8.45%		117,000,000
Piper Sandler & Co.	9.00%		124,522,144
Sandy Spring Bank <sup>(3)</sup>	0.74%		10,223,174
Stifel, Nicolaus & Co.	7.59%		105,000,000
UBS Financial Services	6.85%		94,832,900
Goldman Sachs	10.00%		138,433,724
MD Local Government Investment Pool	31.01%		429,202,709
Wells Fargo	1.05%		14,482,763
	<u>100.00%</u>		<u>1,384,247,658</u>

(1) Actual percentages cannot exceed 40% for any one broker or financial institution at the time of purchase.

(2) Due to rounding, percentages may not total 100%.

(3) Certificates of Deposit

**Investment Schedule**

<b>Type</b>	<b>Book Value</b>	<b>Yield</b>	<b>Purchase Date</b>	<b>Term in Days</b>	<b>Maturity Date</b>
<b>Certificates of Deposit:</b>					
Harbor Bank	103,078	0.750%	07/07/24	365	07/07/25
Fulton Bank	48,532	3.500%	12/05/23	366	12/05/24
Fulton Bank	250,000	5.000%	04/12/24	365	04/12/25
Sandy Spring	5,000,000	5.000%	08/22/24	243	04/22/25
Sandy Spring	5,223,174	5.000%	05/08/24	245	01/08/25
<b>Total Certificates of Deposit</b>	<b>10,624,784</b>	<b>4.952%</b>			
<b>Commercial Paper:</b>					
Britannia Funding Co LLC	4,720,843	5.411%	07/19/24	89	10/16/24
Britannia Funding Co LLC	9,867,500	5.371%	06/05/24	90	09/03/24
MUFG Bank Ltd/NY	7,608,074	5.278%	08/09/24	60	10/08/24
<b>Total Commercial Paper</b>	<b>22,196,417</b>	<b>5.348%</b>			
<b>U.S. Government Money Market Funds:</b>					
Goldman Sachs	138,433,724	5.190%	Various	-	On Demand
MD Local Govt Investment Pool	429,202,709	5.322%	Various	-	On Demand
Wells Fargo	14,482,763	5.164%	Various	-	On Demand
<b>Total Money Markets</b>	<b>582,119,196</b>	<b>5.286%</b>			

**Investment Schedule (Cont.)**

Security Type	Purchase Price	Yield	Purchase Date	Call Date	Interest Date	Maturity Date
<b>U.S. Treasury &amp; Government Agency Securities:</b>						
Federal Home Loan Mortgage Corporation	10,000,000	4.825%	03/15/23		09/06/24	09/06/24
Federal Home Loan Bank	10,031,700	5.100%	06/14/23		09/09/24	09/09/24
Federal Home Loan Mortgage Corporation	10,000,000	5.402%	02/28/23	09/20/24	09/20/24	09/20/24
Federal Home Loan Bank	7,000,000	0.570%	09/30/21	09/30/24	09/30/24	09/30/24
Federal Home Loan Bank	15,000,000	4.403%	05/10/23		10/04/24	10/04/24
Federal Home Loan Bank	10,000,000	5.019%	12/20/23		10/20/24	10/16/24
Federal Home Loan Mortgage Corporation	10,000,000	5.150%	04/17/23	10/17/24	10/17/24	10/17/24
Federal Home Loan Bank	10,000,000	5.430%	10/27/23		10/25/24	10/25/24
Federal Home Loan Bank	5,000,000	5.000%	10/25/22	10/25/24	01/25/25	10/25/24
Federal Farm Credit Bureau	9,997,500	4.517%	04/28/23		10/28/24	10/28/24
Federal Home Loan Bank	4,741,500	3.412%	08/10/22	09/08/24	02/08/25	11/08/24
Federal Home Loan Bank	10,000,000	1.000%	11/18/21	09/18/24	11/18/24	11/18/24
Federal Agricultural Mortgage Corporation	10,000,000	5.300%	11/22/23		11/22/24	11/22/24
U.S. Treasury Note	4,707,031	5.223%	06/30/23		12/15/24	12/15/24
Federal Home Loan Bank	5,000,000	3.875%	06/30/22	09/30/24	12/30/24	12/30/24
Federal Home Loan Bank	5,000,000	5.004%	12/08/23		01/03/25	01/03/25
Federal Agricultural Mortgage Corporation	20,000,000	5.250%	01/10/23	10/10/24	01/10/25	01/10/25
Federal Agricultural Mortgage Corporation	10,000,000	4.800%	01/17/24		01/17/25	01/17/25
Federal Home Loan Bank	10,000,000	5.000%	12/18/23	09/18/24	12/18/24	01/22/25
U.S. Treasury Note	9,848,438	5.182%	07/28/23		01/31/25	01/31/25
U.S. Treasury Note	9,771,875	4.670%	12/29/23		01/31/25	01/31/25
Federal Home Loan Bank	10,000,000	5.159%	08/01/23			02/05/25
Federal Home Loan Bank	10,000,000	5.336%	10/16/23		10/16/24	02/14/25
U.S. Treasury Note	9,604,688	4.959%	12/07/23		02/15/25	02/15/25
U.S. Treasury Note	4,885,757	5.310%	05/30/24		11/30/24	02/15/25
U.S. Treasury Note	4,835,400	4.980%	02/22/24		02/15/25	02/15/25
U.S. Treasury Note	9,774,622	4.850%	08/30/24		02/20/25	02/20/25
Federal Home Loan Bank	9,762,980	5.334%	05/30/24		11/30/24	02/24/25
Federal Farm Credit Bureau	15,009,852	4.690%	02/01/24		02/28/25	02/28/25
Federal Home Loan Bank	4,670,460	4.730%	01/05/24		09/14/24	03/14/25
Federal Home Loan Bank	20,000,000	4.680%	01/26/24		10/02/24	04/02/25
Federal Home Loan Bank	9,498,900	4.538%	12/29/23		10/14/24	04/14/25
Federal Home Loan Bank	15,000,000	5.004%	01/30/23	10/28/24	01/28/25	04/28/25
Federal Home Loan Mortgage Corporation	9,974,000	5.341%	06/09/23	11/16/24	11/16/24	05/16/25
Federal Home Loan Bank	9,992,800	5.200%	05/24/24		11/24/24	05/23/25
Federal Home Loan Mortgage Corporation	5,000,000	3.320%	06/30/22	09/30/24	12/30/24	06/30/25
Federal Home Loan Bank	10,000,000	5.000%	01/11/24	10/11/24	01/11/25	07/11/25
U.S. Treasury Note	9,570,198	4.466%	08/09/24		02/07/25	08/07/25
International Development Finance Corporation	10,000,000	5.020%	08/21/24		08/21/25	08/21/25
Federal National Mortgage Association	15,000,000	5.250%	02/12/24	11/12/24	02/12/25	09/05/25
Federal Home Loan Bank	15,083,400	5.281%	12/29/23	09/26/24	03/26/24	09/26/25
Federal National Mortgage Association	10,000,000	5.060%	01/08/24	10/08/24	01/08/25	10/15/25
Federal National Mortgage Association	10,000,000	5.340%	01/08/24	10/08/24	01/08/25	10/15/25
Federal National Mortgage Association	10,000,000	5.375%	12/21/23	09/19/24	12/21/24	10/17/25
Federal National Mortgage Association	10,000,000	5.475%	12/08/23	11/14/24	11/14/24	11/14/25
Federal Home Loan Bank	15,000,000	4.940%	02/05/24	11/05/24	02/05/25	12/12/25
Federal Home Loan Bank	10,000,000	5.100%	12/22/23	09/19/24	12/19/24	12/19/25
Federal Home Loan Bank	15,000,000	5.000%	01/25/24	10/23/24	01/23/25	01/23/26
Federal Home Loan Bank	10,000,000	5.050%	02/07/24	11/06/24	02/06/25	02/06/26
Federal Home Loan Mortgage Corporation	10,000,000	5.050%	02/23/24	02/20/25	02/20/25	02/20/26
Federal Home Loan Mortgage Corporation	5,000,000	5.498%	02/22/24	09/20/24	02/20/25	02/20/26



Investment Schedule (Cont.)						
Security Type	Purchase Price	Yield	Purchase Date	Call Date	Interest Date	Maturity Date
<b>U.S. Treasury &amp; Government Agency Securities:</b>						
Federal Home Loan Bank	6,551,474	5.067%	03/11/24	03/06/25	09/06/24	03/06/26
Federal Farm Credit Bureau	9,978,270	4.616%	03/25/24		09/13/24	03/13/26
Federal Agricultural Mortgage Corporation	15,000,000	5.051%	03/26/24	03/20/25	09/26/24	03/20/26
Federal Agricultural Mortgage Corporation	9,931,100	5.022%	04/22/24		10/08/24	04/08/26
Federal Home Loan Mortgage Corporation	10,000,000	5.500%	04/08/24	10/08/24	10/08/24	04/08/26
Federal Home Loan Bank	15,000,000	5.360%	03/25/24	09/25/24	09/25/24	04/15/26
Federal Home Loan Bank	15,000,000	5.375%	04/23/24	01/23/25	10/23/24	04/23/26
Federal Agricultural Mortgage Corporation	10,000,000	5.200%	05/08/24	05/08/25	11/08/24	05/08/26
Federal Farm Credit Bureau	15,000,000	5.480%	05/08/24	11/08/24	11/08/24	05/08/26
Federal Home Loan Bank	15,000,000	5.300%	03/13/24	09/13/24	09/13/24	05/13/26
Federal Home Loan Mortgage Corporation	15,000,000	5.290%	04/08/24	01/08/25	10/08/24	05/15/26
Federal National Mortgage Association	10,000,000	5.530%	06/03/24	12/03/24	12/03/24	06/03/26
Federal Home Loan Bank	15,000,000	5.400%	06/26/24	12/09/24	12/09/24	06/09/26
Federal Home Loan Mortgage Corporation	10,000,000	5.250%	06/26/24	12/26/24	12/26/24	06/12/26
Federal Home Loan Bank	11,130,000	5.149%	08/30/24	11/30/24	02/14/25	08/14/26
Federal Home Loan Mortgage Corporation	10,000,000	5.550%	06/06/24	12/04/24	12/04/24	06/04/27
Federal National Mortgage Association	10,000,000	5.350%	06/06/24	06/04/25	12/04/24	06/04/27
Federal Agricultural Mortgage Corporation	10,007,500	4.992%	08/02/24	07/02/25	01/23/25	07/23/27
Federal Home Loan Bank	15,000,000	5.200%	08/05/24	02/05/25	02/05/25	08/05/27
Federal Home Loan Mortgage Corporation	9,960,475	5.735%	07/19/24	09/27/24	09/27/24	12/27/28
Federal Home Loan Mortgage Corporation	7,987,343	5.629%	07/19/24	04/15/25	11/15/24	05/15/29
Federal Home Loan Bank	15,000,000	5.300%	07/30/24	04/30/25	01/30/25	07/30/29
<b>Total U.S. Treasury, Govt Agency Securities &amp; Supranationals</b>	<b>769,307,261</b>	<b>5.000%</b>				
<b>Total Investment Balance (Page 6 - 8)</b>	<b>1,384,247,658</b>	<b>5.126%</b>				

<b>Portfolio Yield</b>	<b>5.126%</b>
<b>Benchmarks:</b>	
Three-month Treasury Yield	4.965%
Six-month Treasury Yield	4.700%
Money Market Funds Yield	5.286%

The above report has been approved by:

	<b>9/26/24</b>
Rafiu O. Ighile Director of Finance	Date

## Notes to Investment Schedule

### 1. Certificates of Deposit and Repurchase Agreements

The County can only purchase Certificates of Deposit (CD's) from banks located in the State of Maryland. The banks currently holding CD's for the County are: Fulton Bank and Harbor Bank. The County currently maintains repurchase agreements with Cantor Fitzgerald and UBS Financial Services, Inc.

All certificates of deposit and repurchase agreements are collateralized at 102% of their cost plus accrued interest or FDIC insured. The collateral is held at Principal.

### 2. Social Investing

The County invests in instruments offered by community and minority financial institutions. These financial institutions may not meet all of the criteria listed in the County's Investment Policy as authorized dealers and institutions. These institutions are: Fulton Bank, Harbor Bank and Sandy Spring Bank. The County maintains a Certificate of Deposit with Fulton Bank for the Verizon Pole Agreement Surety Bond Requirements for the Department of Technology & Communication Services.

### 3. Agricultural Land Preservation Program

The County finances the acquisition of development rights to a parcel of agricultural property by entering into an installment-purchase agreement with the property owner. US Treasury Strips, purchased as part of the County's Agricultural Land Preservation program, will be used to match balloon payments to the property owner. The table below shows the detail information regarding the investment in Stripped Coupon U.S. Treasury Securities.

Maturity Date	Par Value <sup>1</sup> Balloon Payment	Original <sup>2</sup> Cost	Book Value <sup>3</sup> 6/30/2024
2/15/2025	20,000	66,011	360,321
8/15/2025	557,000	27,404	175,603
2/15/2026	24,000	560,900	3,543,833
8/15/2026	5,245,000	175,073	1,117,755
2/15/2028	2,158,000	478,644	1,767,415
Total	\$ 8,004,000	\$1,308,033	\$ 6,964,926
<sup>1</sup> Purchase price plus accrued interest at maturity			
<sup>2</sup> Purchase price			
<sup>3</sup> Purchase price plus accrued interest as of 6/30/24			

#### 4. Securities with a Final Maturity Greater Than One Year from the Date of the Report

Security	Purchase Price	Market Value	Maturity Date
Federal National Mortgage Assn	10,000,000	9,992,000	10/15/25
Federal National Mortgage Assn	10,000,000	9,993,500	10/15/25
Federal National Mortgage Assn	10,000,000	10,001,300	10/17/25
Federal National Mortgage Assn	10,000,000	10,001,000	11/14/25
Federal Home Loan Bank	15,000,000	14,985,150	12/12/25
Federal Home Loan Bank	10,000,000	9,996,200	12/19/25
Federal Home Loan Bank	15,000,000	14,988,450	01/23/26
Federal Home Loan Bank	10,000,000	9,994,800	02/06/26
Federal Home Loan Mortgage Corp	10,000,000	1,003,300	02/20/26
Federal Home Loan Mortgage Corp	5,000,000	5,000,600	02/20/26
Federal Home Loan Bank	6,551,474	6,553,930	03/06/26
Federal Farm Credit Bureau	9,978,270	10,051,800	03/13/26
Federal Agricultural Mortgage Corp	15,000,000	15,001,050	03/20/26
Federal Agricultural Mortgage Corp	9,931,100	10,084,000	04/08/26
Federal Home Loan Mortgage Corp	10,000,000	10,001,200	04/08/26
Federal Home Loan Bank	15,000,000	14,992,350	04/15/26
Federal Home Loan Bank	15,000,000	15,006,300	04/23/26
Federal Agricultural Mortgage Corp	10,000,000	10,025,800	05/08/26
Federal Farm Credit Bureau	15,000,000	14,999,850	05/08/26
Federal Home Loan Bank	15,000,000	15,002,850	05/13/26
Federal Home Loan Bank	15,000,000	14,988,600	05/15/26
Federal National Mortgage Assn	10,000,000	10,001,300	06/03/26
Federal Home Loan Bank	15,000,000	14,996,250	06/09/26
Federal Home Loan Mortgage Corp	10,000,000	10,023,900	06/12/26
Federal Home Loan Bank	11,130,000	11,130,000	08/14/26
Federal National Mortgage Assn	10,000,000	9,978,300	06/04/27
Federal Home Loan Mortgage Corp	10,000,000	10,006,400	06/04/27
Federal Agricultural Mortgage Corp	10,007,500	10,013,900	07/23/27
Federal Home Loan Bank	15,000,000	14,982,000	08/05/27
Federal Home Loan Mortgage Corp	9,960,475	9,943,651	12/27/28
Federal Home Loan Mortgage Corp	7,987,343	7,991,714	05/15/29
Federal Home Loan Bank	15,000,000	14,993,550	07/30/29

## **Types of Investment Instruments**

**Bankers Acceptances (BA's):** Financial transactions involving the import or export of goods. A bank agrees to lend money to an importer to finance the purchase of goods. The bank then sells this agreement to an investor (the County) who receives compensation in the form of interest.

### **Characteristics:**

1. Very safe: There has never been a BA failure in their history
2. Can only purchase BA's from banks rated A1 or P1
3. Three guarantees back this investment:
  - a. Obligation to pay by the importer
  - b. Guarantee from the accepting bank
  - c. The goods themselves
4. Maturities less than 180 days
5. Generally higher yielding than Repos

*Restrictions: The County currently does not purchase Japanese BA's.*

**Certificates of Deposits:** A time deposit with a specific maturity evidenced by a certificate. All deposits held in minority or community banks.

**Money Market Funds:** Current holdings include the Maryland Local Government Investment Pool (MLGIP) and Goldman Sachs. MLGIP is designed to provide all local government units of the State an investment vehicle for the short-term investment of funds. The County's cash in these money market funds is obtainable on demand.

**Repurchase Agreement (Repo):** An investment contract involving the temporary transfer of ownership of U.S. Government securities between a broker and an investor (the County). A broker agrees to sell U.S. Treasury or Government Agency Securities to the County and agrees to repurchase them at a fixed price on a fixed date. The County receives the original purchase price and compensation in the form of interest on the maturity date.

### **Characteristics:**

1. Very safe: only collateralized U.S. Government securities
2. Very flexible: maturities from one day to one year
3. Higher yields than purchasing securities outright

**U.S. Treasury and Government Agency Securities:** Considered the safest investments in the world. The U.S. Government and its agency issue these securities to finance their operations. Maturities range from three months to 30 years, however, the County, per our investment policy, is limited to five-year maturities.

### **Characteristics:**

1. Very safe
2. Very liquid: can be sold very easily

### **Main Agency issuers:**

1. Federal Farm Credit Bank (FFCB)
2. Federal National Mortgage Association (FNMA)
3. Federal Home Loan Bank (FHLB)
4. Federal Home Loan Mortgage Corporation (FHLMC)
5. Federal Agricultural Mortgage Corporation (FAMC)

**Commercial Paper:** Per the County's investment policy, must have minimum rating of A1, P1 or F1 from the credit rating agencies.

**Supranational Issuer:** An international development institution that provides financing, advisory services, or other financial services to the institution's member countries to achieve the overall goal of improving living standards through sustainable economic growth; and is rated in the highest credit rating category by a nationally recognized statistical rating organization.

**Characteristics:**

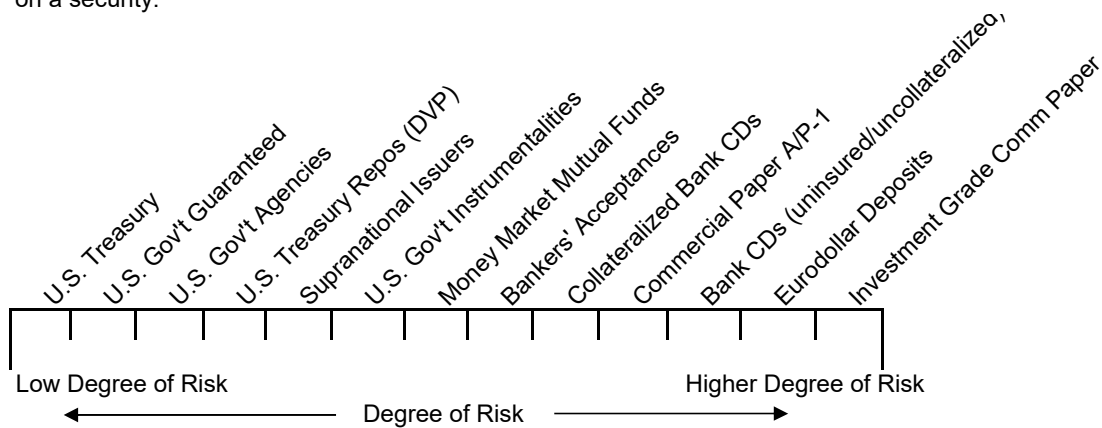
1. Very safe
2. Can only purchase Supranational Issuers from primary dealers

**Main Agency issuers:**

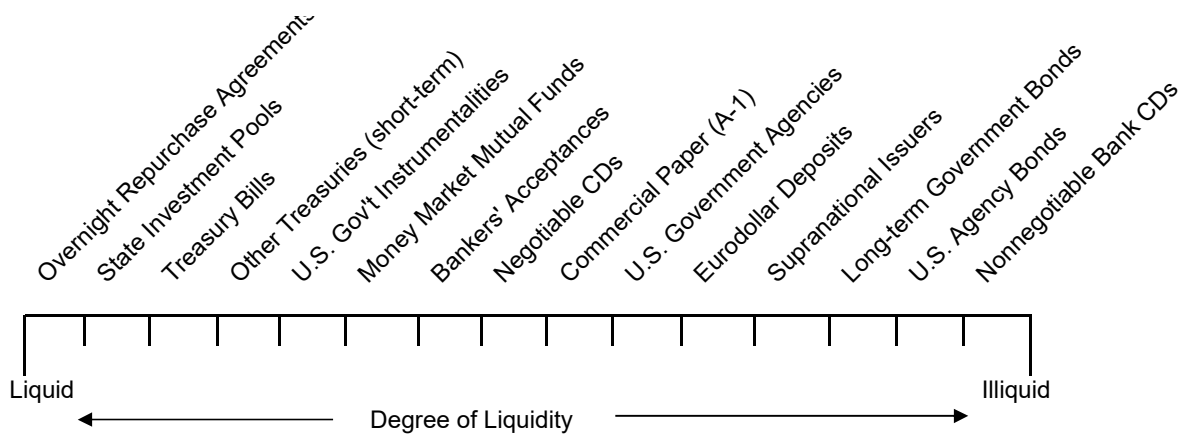
1. The World Bank (IBRD)
2. The International Finance Corporation (IFC)
3. The Inter-American Development Bank (IADB)
4. The African Development Bank (AfDB)
5. The Asian Development Bank (ADB)

## Key Investing Terms

**Credit Risk:** The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.



**Liquidity:** An asset that can be converted easily and quickly into cash.



Distribution:

County Executive  
 County Council  
 County Auditor  
 Chief Administrative Officer  
 Office of Public Information  
 Budget Director