



**ANNUAL REPORT
MINORITY OWNED FINANCIAL SERVICES FIRM USAGE
SUMMARY STATEMENT**

| | |
|------------------------------|--------------------------|
| Reporting Department/Agency: | State Treasurer's Office |
| Fiscal Year: | FY 2018 |

| IN THE ATTACHED DOCUMENTS, MY AGENCY HAS REPORTED THE FOLLOWING INFORMATION: | YES | NO |
|--|-----|----|
| 1. The identity of the minority business enterprise brokerage and investment management services firms used by the Agency in the immediately preceding fiscal year; | X | |
| 2. The percentage and dollar value of the assets under the custody of the Agency that are under the investment control of minority business enterprise brokerage and investment management services firms; and | X | |
| 3. The measures the Agency undertook in the immediately preceding fiscal year to increase the percentage and dollar value of the assets under the investment control of minority business enterprise brokerage and investment management services firms. | X | |

Agency Head/Secretary Name:

Bernadette Benik, Chief Deputy Treasurer 8/30/18
(Please Type/Print Here) (Date)

Agency Head/Secretary Signature:

Bernadette Benik 8/30/2018
(Please Sign Here) (Date)



Minority Owned Financial Services Outreach and Reporting June 30, 2018

Allowable Investments by Statute

- Treasuries
- Agencies
- Supranationals
- Repurchase Agreements collateralized not less than 102%
- Bankers Acceptances
- Commercial Paper
- Money Market Mutual Funds
- MLGIP
- Bond Funds only may be invested in Other Government Debt

All investing done in house by Investment Division

All investments made in accordance with Policy

- New York Federal Reserve List of Primary Dealers
- Non Primary Dealers
 - o Must submit RFI
 - o Must submit evidence of their capital position
 - o Must submit most recent FOCUS Report
 - o Must submit three years audited financial statements
- Those firms approved for REPO must additionally complete the State's Master Repurchase Agreement

Actual investment process

- Bloomberg
- Fiduciary Responsibility requires selection of best price/yield

Inclusion of MBE

| | | | |
|---|---------|-------|-------------|
| - | FY 2007 | 11.7% | 2 Approved |
| - | FY 2008 | 5.4% | 10 Approved |
| - | FY 2009 | 16.7% | 14 Approved |
| - | FY 2010 | 17.0% | 15 Approved |
| - | FY 2011 | 18.6% | 19 Approved |
| - | FY 2012 | 14.8% | 29 Approved |
| - | FY 2013 | 11.9% | 31 Approved |
| - | FY 2014 | 17.6% | 24 Approved |
| - | FY 2015 | 34.9% | 24 Approved |
| - | FY 2016 | 33.7% | 26 Approved |
| - | FY 2017 | 27.0% | 28 Approved |
| - | FY 2018 | 27.0% | 28 Approved |

Outreach Efforts

The Website has all necessary documents for inclusion on the Approved Broker Dealer List readily available.

All Broker/Dealers listed on the MDOT MBE/DBE have been contacted. The necessary documents for inclusion on the Approved Broker/Dealer List have been sent.

The National Association of Securities Professionals (NASP) provided their list of Member Firms. All firms identified as Fixed Income providers were contacted and sent the necessary documents for inclusion on the Approved Broker/Dealer List.

Everyone who has “cold called” has been informed of our policies and procedures and invited to submit the necessary paperwork to become an approved Broker/Dealer.

Everyone who has requested a meeting has received a meeting for further explanation of our policies and procedures.

MBE/VET/WBE Broker/Dealer lists from other States have been requested and received from the Government Investment Officers Association (GIOA), Government Finance Officers Association (GFOA), National Association of Auditors, Comptrollers and Treasurers (NASACT), and the National Association of State Treasurers’ (NAST) membership.

MARYLAND MBE INVESTMENT MANAGER ANNUAL REPORT (FY18)

Asset Management

| Agency | FY 2012 | | | FY 2013 | | | FY 2014 | | | FY 2015 | | | FY 2016 | | | FY 2017 | | | FY 2018 | | |
|--------------|--------------|--------------|----------------|--------------|--------------|----------------|--------------|--------------|----------------|--------------|--------------|----------------|--------------|--------------|----------------|--------------|--------------|----------------|--------------|--------------|----------------|
| | Total Assets | MBE Assets | % | Total Assets | MBE Assets | % | Total Assets | MBE Assets | % | Total Assets | MBE Assets | % | Total Assets | MBE Assets | % | Total Assets | MBE Assets | % | Total Assets | MBE Assets | % |
| - | \$0.0 | \$0.0 | #DIV/0! | \$0.0 | \$0.0 | #DIV/0! | \$0.0 | \$0.0 | #DIV/0! | \$0.0 | \$0.0 | #DIV/0! | \$0.0 | \$0.0 | #DIV/0! | \$0.0 | \$0.0 | #DIV/0! | \$0.0 | \$0.0 | #DIV/0! |
| Total | \$0.0 | \$0.0 | #DIV/0! | \$0.0 | \$0.0 | #DIV/0! | \$0.0 | \$0.0 | #DIV/0! | \$0.0 | \$0.0 | #DIV/0! | \$0.0 | \$0.0 | #DIV/0! | \$0.0 | \$0.0 | #DIV/0! | \$0.0 | \$0.0 | #DIV/0! |

MBE Investment Managers Utilized

| Agency | FY 2014 | FY2014 | FY2015 | FY2016 |
|--------------------|----------|----------|----------|----------|
| - | 0 | 0 | 0 | 0 |
| Emerging MBE Manag | 0 | 0 | 0 | 0 |
| Emerged MBE Manag | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |

Definitions: Emerging Investment Manager = a qualified minority owned business of female owned business with total assets under management of at least \$10 million but less than \$2 billion. Emerged Investment Manager = a qualified minority owned business or female owned business with total assets under management of more than \$2 billion.

Brokerage Services

| Agency | FY 2012 | | | FY 2013 | | | FY 2014 | | | FY 2015 | | | FY 2016 | | | FY 2017 | | | FY 2018 | | |
|--------------|-------------------------|-----------------------|--------------|-------------------------|-----------------------|--------------|-----------------------|-----------------------|--------------|-----------------------|-----------------------|--------------|-------------------------|-------------------------|--------------|-------------------------|-------------------------|--------------|-------------------------|-----------------------|--------------|
| | Total | MBE | % | Total | MBE | % | Total | MBE | % | Total | MBE | % | Total | MBE | % | Total | MBE | % | Total | MBE | % |
| - | \$ 4,858,175,787 | \$ 718,153,756 | 14.8% | \$ 7,772,768,349 | \$ 921,868,783 | 11.9% | \$ 852,376,270 | \$ 150,128,353 | 17.6% | \$ 983,394,580 | \$ 342,967,736 | 34.9% | \$ 8,998,695,644 | \$ 3,031,365,217 | 33.7% | \$ 4,829,213,747 | \$ 1,305,394,494 | 27.0% | \$ 1,426,413,769 | \$ 249,065,664 | 17.5% |
| Total | \$ 4,858,175,787 | \$ 718,153,756 | 14.8% | \$ 7,772,768,349 | \$ 921,868,783 | 11.9% | \$ 852,376,270 | \$ 150,128,353 | 17.6% | \$ 983,394,580 | \$ 342,967,736 | 34.9% | \$ 8,998,695,644 | \$ 3,031,365,217 | 33.7% | \$ 4,829,213,747 | \$ 1,305,394,494 | 27.0% | \$ 1,426,413,769 | \$ 249,065,664 | 17.5% |

Total MBE Investment Brokers Utilized

| Agency | FY 2014 | FY 2015 | FY 2016 | FY2017 | FY2018 |
|--------------|-----------|-----------|-----------|-----------|-----------|
| - | 24 | 24 | 26 | 28 | 28 |
| Total | 24 | 24 | 26 | 28 | 28 |

INVESTMENT PORTFOLIO

| Portfolio by Asset Class | Market Value (\$ millions) | Actual Allocation | Strategic Allocation | Emerging MBE Managers | Emerged MBE Managers |
|-----------------------------|-------------------------------|-------------------|-------------------------|--------------------------|-------------------------|
| Domestic Large Cap | - | - | - | - | - |
| Domestic Small/Mid Cap | - | - | - | - | - |
| Total Domestic Equity | - | - | - | - | - |
| Core Fixed Income | - | - | - | - | - |
| Corporate - Oriented | - | - | - | - | - |
| Convertible Bonds | - | - | - | - | - |
| Total Domestic Fixed Income | - | - | - | - | - |
| International Fixed Income | - | - | - | - | - |
| Total | - | - | - | - | - |

Emerging MBE Investment Managers Utilized

| Manager Name | Assets Under Management (\$ millions) | Investment Advisory Fee (\$ millions) | Asset Class |
|--------------|---|---|-------------|
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| Subtotal | - | - | - |

Emerging MBE Investment Manager Utilized

| Manager Name | Assets Under Management (\$ millions) | Investment Advisory Fee (\$ millions) | Asset Class |
|--------------|---|---|-------------|
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| Subtotal | - | - | - |

Total #VALUE! #VALUE!

MBE BROKERAGE SERVICES

MBE Investment Broker Name

| | | |
|----|---|-----|
| 1 | Academy Securities (formerly Carolina Capital Markets) | MBE |
| 2 | Alamo Capital | WBE |
| 3 | Blaylock Beal Van, LLC | MBE |
| 4 | Bonwick Capital Partners | MBE |
| 5 | C.L. King & Associates | WBE |
| 6 | Cabrera Capital Markets, LLC | MBE |
| 7 | CastleOak Securities, L.P. | MBE |
| 8 | CV Brokerage | WBE |
| 9 | Drexel Hamilton | VET |
| 10 | Great Pacific Securities | VET |
| 11 | Guzman & Company | MBE |
| 12 | IFS Securities | MBE |
| 13 | Lebenthal & Co. | WBE |
| 14 | Loop Capital Markets, LLC | MBE |
| 15 | MD Global Partners, LLC | MBE |
| 16 | Mesirow Financial, Inc | MBE |
| 17 | MFR Securites, Inc | MBE |
| 18 | Mischler Financial Group, Inc | VET |
| 19 | Multi-Bank Securities, Inc | VET |
| 20 | Quoin Capital, LLC | MBE |
| 21 | Rice Financial Products Company | MBE |
| 22 | Samuel A. Ramirez | MBE |
| 23 | Siebert, Brandford and Shank | MBE |
| 24 | Sigma Financial Corp. (previously Gryphon Asset Management) | MBE |
| 25 | Stern Brothers & Co. | WBE |
| 26 | The Williams Capital Group, LP | MBE |
| 27 | Toussaint Capital Partners, LLC. | MBE |
| 28 | Tribal Capital Markets, LLC. | MBE |

As of June 30, 2018 \$249,065,664 was transacted with MBE/VET/WBE firms.

17.5% of all investment transactions were with MBE/VET/WBE Counterparties during FY 2018.

| Total from Sungard Investment Portfolio- | | |
|---|-------------------------|-----------------------|
| 2016 | 2017 | 2018 |
| 300,002,916.67 | 50,000,000.00 | 199,202,769.23 |
| 20,105,000.00 | 49,990,000.00 | 25,000,000.00 |
| 58,002,916.67 | 254,155,076.11 | 24,862,894.92 |
| 979,878,824.92 | 611,957,418.06 | 249,067,682.15 |
| 1,119,055,433.52 | 339,292,000.00 | 1,426,413,769.19 |
| 379,320,124.92 | 1,305,394,494.17 | 0.174611103 |
| 125,000,000.00 | 4,829,213,747.09 | |
| 50,000,000.00 | 0.270312014 | |
| 3,031,365,216.70 | | |
| 8,998,695,644.00 | | |
| 0.336867179 | | |