

## Minority Owned Financial Services Outreach and Reporting Fiscal Year 2021

### Allowable Investments by Statute

- Treasuries
- Agencies
- Supranational Issuers
- Repurchase Agreements collateralized not less than 102%
- Bankers Acceptances
- Commercial Paper
- Money Market Mutual Funds
- MLGIP
- ST High Grade Corporate Bonds / Bond Funds
- Municipal Securities issued by other Governmental entities

### 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 of financial statements
- Those firms approved for Repurchase Agreements must additionally complete the State's Master Repurchase Agreement

#### Actual investment process

- Bloomberg
- Fiduciary Responsibility requires selection of best price/yield
- All Transactions including Repurchase Agreements done on DVP – Delivery vs Payment basis, Money is not exchanged until securities received by STO's Securities Custodian – Wilmington Trust

#### Overall Investing highlights

- STO did approximately \$183,727,350,000 in transactions in FY2021
- The bulk of those transactions was done in Repurchase Agreements with STO doing approximately 95% or approximately \$174 billion in that investment space
- Much of the investment strategy was defensive given the extraordinary movement in rates during the pandemic and uncertainty over State expenditures and revenues
- Of the almost \$10 billion investments that were made outside of Repurchase Agreements, \$5.4 billion of STO's transactions were with MBE / VET / WBE firms

## Inclusion of MBE

-	FY 2016	33.7%	26 Approved
-	FY 2017	27.0%	28 Approved
-	FY 2018	27.0%	28 Approved
-	FY 2019	23.0%	24 Approved
-	FY 2020	24.0%	19 Approved
-	FY 2021	25.0%	20 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.

Given the high percentage of the STO's business is done in Repurchase agreements, short term security collateralized by a minimum of 102% high grade Mortgage Back or US Treasury collateral the STO office is working to find a certified MBE/VET/WBE firm to work with. The STO is actively working with a MBE Certified brokerage that has been introduced to us in order to increase out percentages of business with the MBE community. Given that the STO's has high credit standards to protect the funds we need to find a partner who can meet those criteria.

Established relationship with FHLB\* Diversity and Inclusion outreach program.

MARYLAND MBE INVESTMENT BROKER ANNUAL REPORT TEMPLATE (FY2021\*)

**Asset Management - Not applicable to STO as no funds allocated to outside money managers**

State Treasury Office	FY 2017			FY 2018			FY 2019			FY 2020			FY 2021*		
	Total	MBE	%	Total	MBE	%	Total	MBE	%	Total	MBE	%	Total	MBE	%
	Transactions	Transactions	%	Transactions	Transactions	%	Transactions	Transactions	%	Transactions	Transactions	%	Transactions	Transactions	%
-	\$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!

**MBE Investment Managers Utilized**

	0	FY2016	FY2017	FY2018	FY2019	FY2020
-						
Emerging MBE Managers	0	0	0	0	0	0
Emerged MBE Managers	0	0	0	0	0	0
Total	0	0	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

**Brokerage Services**

Agency	FY 2017			FY 2018			FY 2019			FY 2020			FY 2021*		
	Total	MBE	%	Total	MBE	%	Total	MBE	%	Total	MBE	%	Total	MBE	%
-	\$ 24,047,130,000	\$ 1,554,687,000	6.465%	\$ 190,239,252,000	\$ 1,423,740,000	0.748%	\$ 352,016,769,000	\$ 450,000,000	0.128%	\$ 179,641,477,000	\$ 6,372,880,000	3.548%	\$ 183,727,352,564	\$ 5,384,653,344	2.931%
Total	\$ 24,047,130,000	\$ 1,554,687,000	6.465%	\$ 190,239,252,000	\$ 1,423,740,000	0.748%	\$ 352,016,769,000	\$ 450,000,000	0.128%	\$ 179,641,477,000	\$ 6,372,880,000	3.548%	\$ 183,727,352,564	\$ 5,384,653,344	2.931%

**Brokerage Services Ex Repurchase Transactions (No MBE Brokerage market participants due to credit and size of market place)**

Agency	0			0			0			0			0			
	Total	MBE	%	Total	MBE	%	Total	MBE	%	Total	MBE	%	Total	MBE	%	
\$	-	\$ 2,519,530,000	\$ 1,554,687,000	61.705%	\$ 7,109,088,000	\$ 1,423,740,000	20.027%	\$ 8,478,313,000	\$ 450,000,000	5.308%	\$ 8,619,835,000	\$ 6,372,880,000	73.933%	\$ 9,520,565,691	\$ 5,384,653,344	56.558%
Total	\$	2,519,530,000	\$ 1,554,687,000	61.705%	\$ 7,109,088,000	\$ 1,423,740,000	20.027%	\$ 8,478,313,000	\$ 450,000,000	5.308%	\$ 8,619,835,000	\$ 6,372,880,000	73.933%	\$ 9,520,565,691	\$ 5,384,653,344	56.558%

**Total MBE Investment Brokers Utilized**

Agency	FY 2016	FY2017	FY2018	FY2019	FY 2020	FY 2021*
-	26	28	28	24	19	15
Total	26	28	28	24	19	15

\*The MBE Dealers as listed by FHLB / Certified by NMSDC - National Minority Supplier Development Council, Inc.

# INVESTMENT PORTFOLIO

Note - Not applicable for STO as all funds n

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	-	-	-	-	-

## Emerged 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

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MBE Investment Broker Name

1	Academy Securities (formerly Carolina Capital Markets)	
2	Alamo Capital	
3	AmeriVet Securities	
4	ASL Capital Markets Inc.	
5	Bancroft Capital, LLC	
6	Blaylock Van, LLC	
7	Cabrera Capital Markets, LLC	
8	CastleOak Securities, L.P.	
9	Drexel Hamilton	
10	Duncan-Williams, Inc.	
11	Great Pacific Securities	
12	Loop Capital Markets, LLC	
113	MFR Securites, Inc	
14	Mischler Financial Group, Inc	
15	Multi-Bank Securities, Inc	
16	Ramirez & Co, Inc.	
17	R. Seelaus & Co., LLC	
18	Siebert Williams Shank & Co.	
19	Stern Brothers & Co	
20	Tribal Capital Markets, LLC	