



MARYLAND STATE TREASURER  
Dereck E. Davis

**Minority Owned Financial Services Outreach and Reporting  
FY 2023**

**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 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.
- 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**

- The STO had done ~ \$896B in transactions in FY2023.
- The bulk of those transactions were done in Repurchase Agreements – short term collateralized O/N or term loans.
- ~ \$130B in transactions were done in excluding Repurchase Agreements that was 14.5% of the total.
- Much of the investment strategy was defensive given that the Federal Reserve started raising rates and Cash and Cash alternatives were the best asset to both shorten duration in portfolio and increase returns.
- Out of the remainder the STO total transactions approximately 60% was transacted with MBE / VET / WBE firms.

### **Inclusion of MBE**

- FY 2019 23.0% - 24 Approved
  - FY 2020 24.0% - 19 Approved
  - FY 2021 25.0% - 20 Approved
  - FY 2022 26.0% - 21 Approved
  - FY 2023 36.5% - 21 Approved\*
- \* 36.5% of Brokers used in FY23 Minority Brokers

### **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.

The MBE qualified broker that we were able to add in FY2022, ASL Capital, has drastically helped us increase our MBE participation in FY2023. The business that we have done with them has increased our overall MBE activity to 34.6% from 6.5% in FY2022.

Throughout FY2023 we have held numerous meetings with several smaller MBE related entities and added a couple of others who are able to perform direct security transactions as well as some securitized investments. Adding these transactions has allowed us to work with more members of the MBE community while also safekeeping State funds in line with our investment policy.

**MARYLAND MBE INVESTMENT BROKER ANNUAL REPORT TEMPLATE (FY2022)**

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

State Treasury Office	FY 2019			FY 2020			FY 2021			FY 2022			FY 2023		
	Total	MBE	%	Total	MBE	%	Total	MBE	%	Total	MBE	%	Total	MBE	%
	Transactions	Transactions	%	Transactions	Transactions	%	Transactions	Transactions	%	Transactions	Transactions	%	Transactions	Transactions	%
-	\$0.0	\$0.0	0.0%	\$0.0	\$0.0	0.0%	\$0.0	\$0.0	0.0%	\$0.0	\$0.0	0.0%	\$0.0	\$0.0	0.0%
Total	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

**MBE Investment Managers Utilized**

	FY2019	FY2020	FY2021	FY2023	FY2024
-	0	0	0	0	0
Emerging MBE Managers	0	0	0	0	0
Emerged MBE Managers	0	0	0	0	0
Total	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 2019			FY 2020			FY 2021			FY 2022			FY 2023		
	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%	\$ 192,304,126,000	\$ 12,443,165,000	6.471%	\$ 896,874,257,112	\$ 310,192,191,405	34.586%
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%	\$ 192,304,126,000	\$ 12,443,165,000	6.471%	\$ 896,874,257,112	\$ 310,192,191,405	34.586%

**Total MBE Investment Brokers Utilized**

Agency	FY2019	FY 2020	FY 2021	FY 2022	FY 2023
-	24	19	15	10	12*
Total	24	19	15	10	12*

\* 33 Total Brokers in FY23

\*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 managed in house and not allocated to outside Managers**

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	
13	MFR Securites, Inc	
14	Mischler Financial Group, Inc	
15	Multi-Bank Securities, Inc	
16	One-United Bank	
17	Ramirez & Co, Inc.	
18	R. Seelaus & Co., LLC	
19	Siebert Williams Shank & Co.	
20	Stern Brothers & Co	
21	Tribal Capital Markets, LLC	

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## Dealers

The Office of Finance is committed to diversity and inclusion in our authorized dealer group, and actively seeks opportunities to work with dealers that are owned by minorities, women, disabled persons, veterans, and members of the lesbian, gay, bisexual, and transgender (LGBT) community. The Office of Finance promotes diverse dealer opportunities through increased access to debt programs, focused training for dealer sales and trading staff, and co-marketing programs with fixed-income investors.

To become a member of the OF's Diversity and Inclusion (D&I) Dealer Group, you are invited to apply to be an authorized dealer for FHLBank debt securities, and your firm should be certified by a nationally-recognized certifying organization, by a national, state, or local government agency, or be self-certified as meeting one of the diversity criteria for inclusion.

To learn more about becoming a member of the Office of Finance's D&I Dealer Group, [contact us](#).

### D&I Dealer Group

- Academy Securities, Inc.
- Alamo Capital
- ASL Capital Markets Inc.
- Bancroft Capital, LLC
- Blaylock Van, LLC
- Cabrera Capital Markets, LLC
- CastleOak Securities, L.P.
- Drexel Hamilton, LLC
- Duncan-Williams, Inc.
- Great Pacific Securities
- Loop Capital Markets LLC
- MFR Securities, Inc.
- Mischler Financial Group, Inc.
- Multi-Bank Securities, Inc.
- R. Seelaus & Co., LLC
- Samuel A. Ramirez & Company, Inc.
- Siebert Williams Shank & Co., LLC
- Stern Brothers & Co.
- Tribal Capital Markets, LLC