

Colorado Department of the Treasury

FY 25-26

Legislative Request for Information: Investments

State Treasurer Dave Young

Report to the Joint Budget Committee



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About this Report

The State Treasurer is requested to submit an annual report to the Joint Budget Committee concerning the performance of the State's investments. The report includes comparisons to relevant benchmarks and a detailed discussion of the benchmarks. This report is submitted on November 1 of each fiscal year.



Letter to the General Assembly

November 1, 2024
Joint Budget Committee
200 East 14th Avenue, Floor 3
Denver, CO 80203

Dear Members of the Joint Budget Committee:

On behalf of the Colorado Department of the Treasury, I'm pleased to provide the annual report for the Department of the Treasury's investments.

As State Treasurer, I am requested to submit an annual report to the Joint Budget Committee concerning the performance of the State's investments.

Please feel free to contact me if you have any questions about the report, our Investment Unit, or the investments for the Colorado Treasury Pool (TPOOL), Unclaimed Property Tourism Fund (UPTPTF), or the Colorado Public School Fund.

Sincerely,



David L. Young

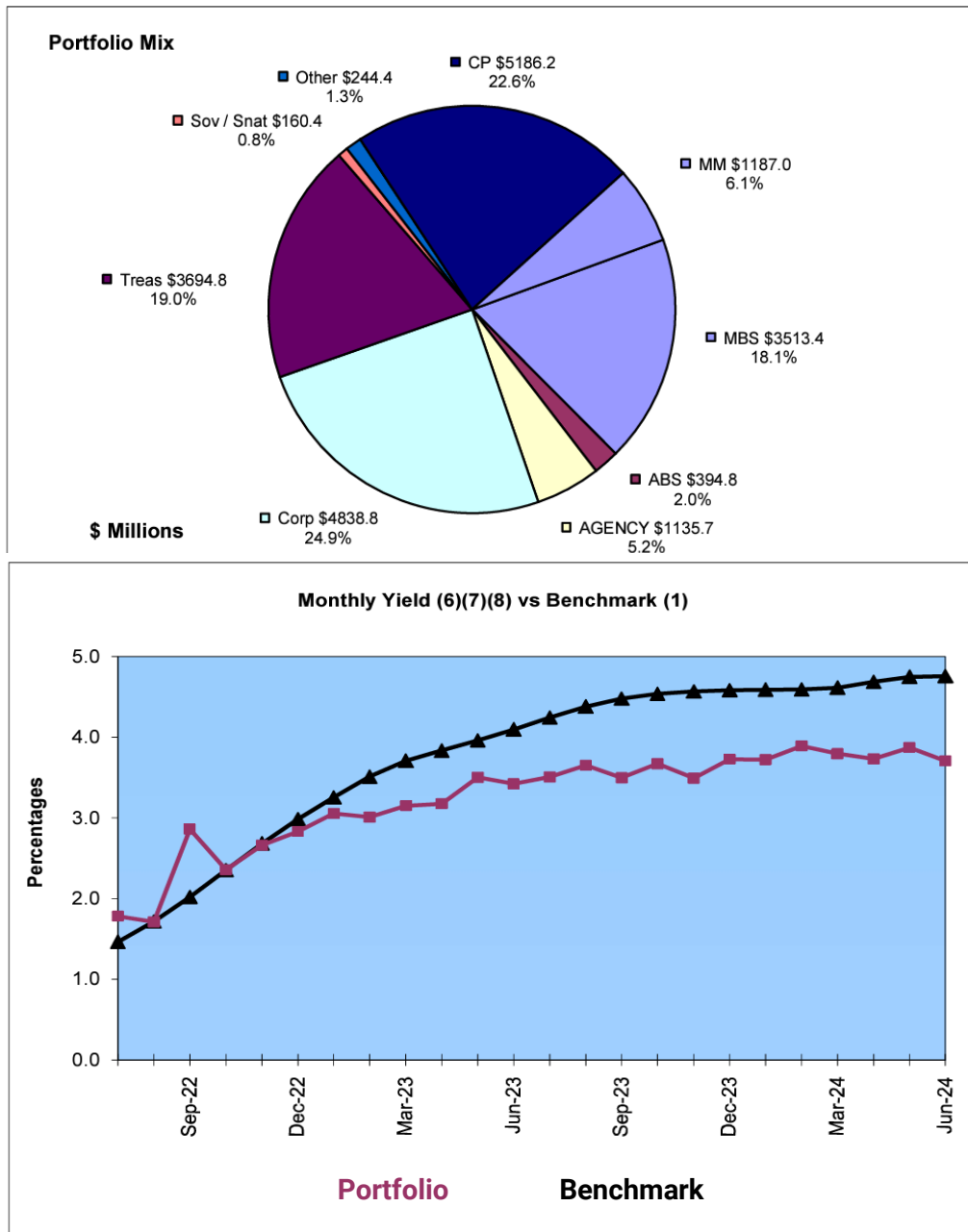
A handwritten signature in blue ink that reads "David L. Young". The signature is fluid and cursive, with the first name "David" and last name "Young" clearly legible.

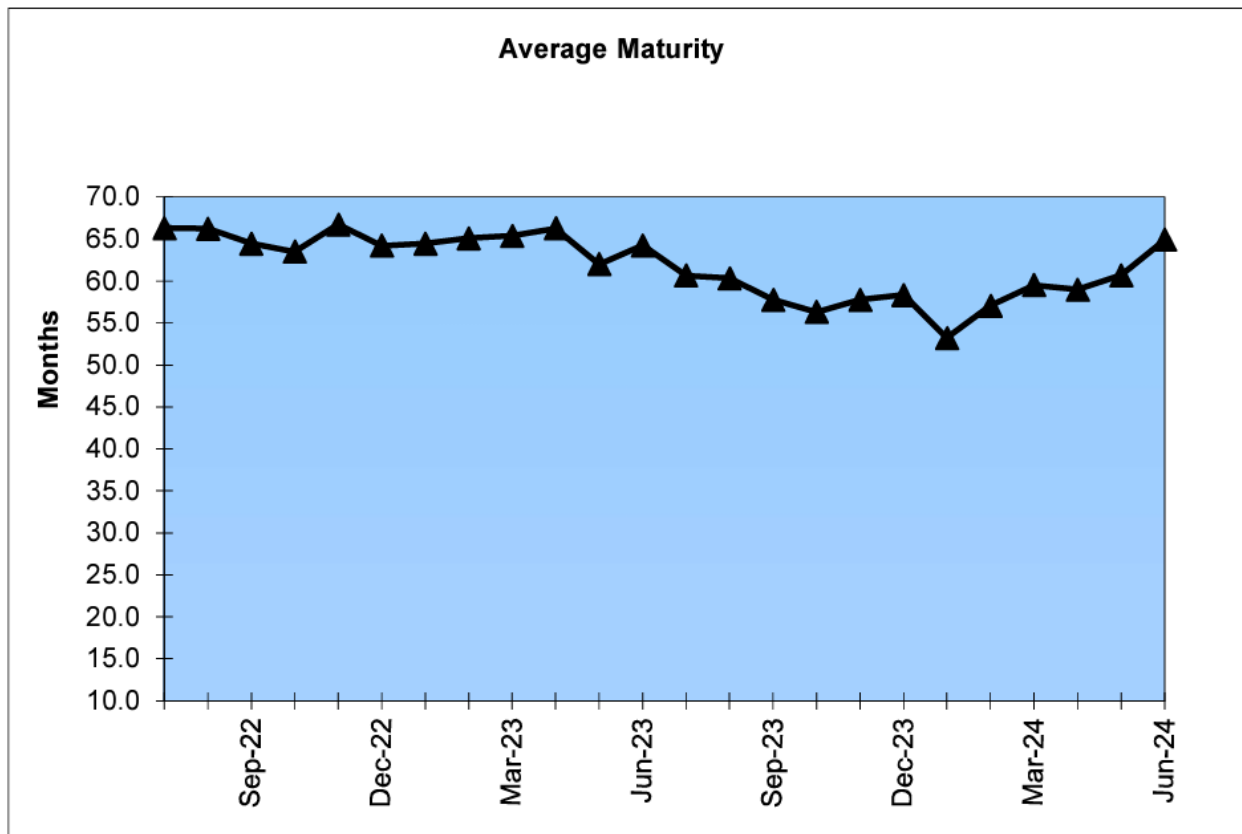
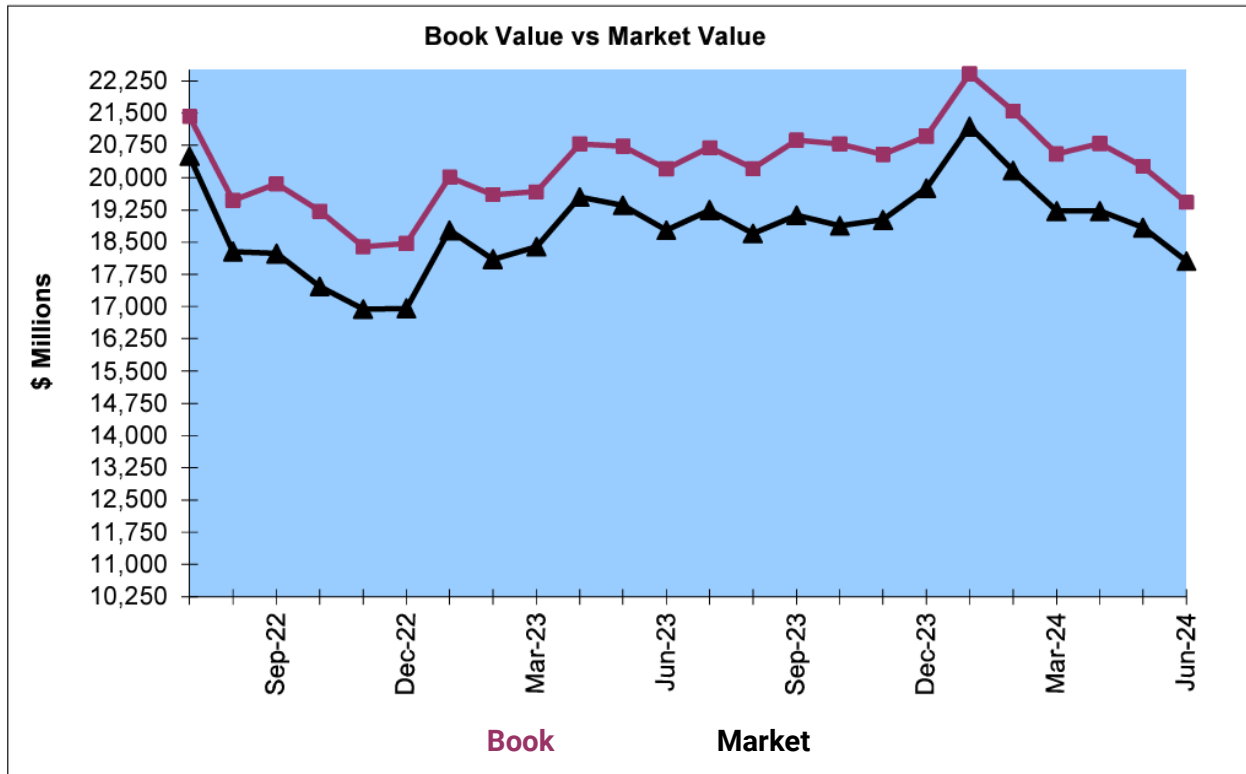
Colorado State Treasurer

Investments

The Investment Unit is responsible for managing all investments in the Colorado Department of the Treasury, which includes operating and trust funds with total assets around \$19 billion. In managing the Treasury operating fund (TPOOL), the Unclaimed Property Tourism Promotion Trust Fund (UPTPTF), and a portion of the Public School Permanent Bond Fund (PSPF), the unit earns and distributes steady cash flows from interest income and realized capital gains by neutralizing realized gains and losses.

Colorado Treasury Pool (TPOOL)





Portfolio Tables

Portfolio Value	
Market Value	\$18,056.6 million
Book Value	\$19,424.2 million
Yield and Average Maturity	
Portfolio Book Yield	3.67%
Portfolio Average Maturity	60 Months
Total Return Performance (Three Months)	
Portfolio	0.79%
Benchmark*	0.71%

*BarCap US Aggregate (50%) Plus BarCap US Treasury Bill – 1-3 Months (50%)

Portfolio Realized Income and Yield Performance				
	Average Portfolio	Realized Income	Book Yield	Performance Benchmarks (2)
FY 24 YTD	20,836.1	764.2 ²	3.7%	4.8%
Last 12 Months	20,836.1	764.2	3.7%	4.8%
FY 23	19,938.9	556.3 ³	2.8%	4.1%
FY 22	19,163.9	206.6 ⁴	1.1%	1.2%
FY 21	12,662.4	125.6 ⁵	1.0%	0.2%
FY 20	9,623.6	193.0 ⁶	2.0%	1.1%
FY 19	8,804.2	197.4 ⁷	2.2%	2.5%
Avg. FY 19-23	14,038.6	255.8	1.8%	1.8%

Notes:

(1) 12-month moving average of the constant maturity yield on the 1 year Treasury note through June 2019; 12-month moving average of the constant maturity yield on the 2 year Treasury note beginning July 2019.

(2) Excludes \$3.6M in net loss for FYTD 2024

(3) Excludes \$201K in net gains for FYTD 2023

(4) Excludes \$14.5M in net gains for FYTD 2022

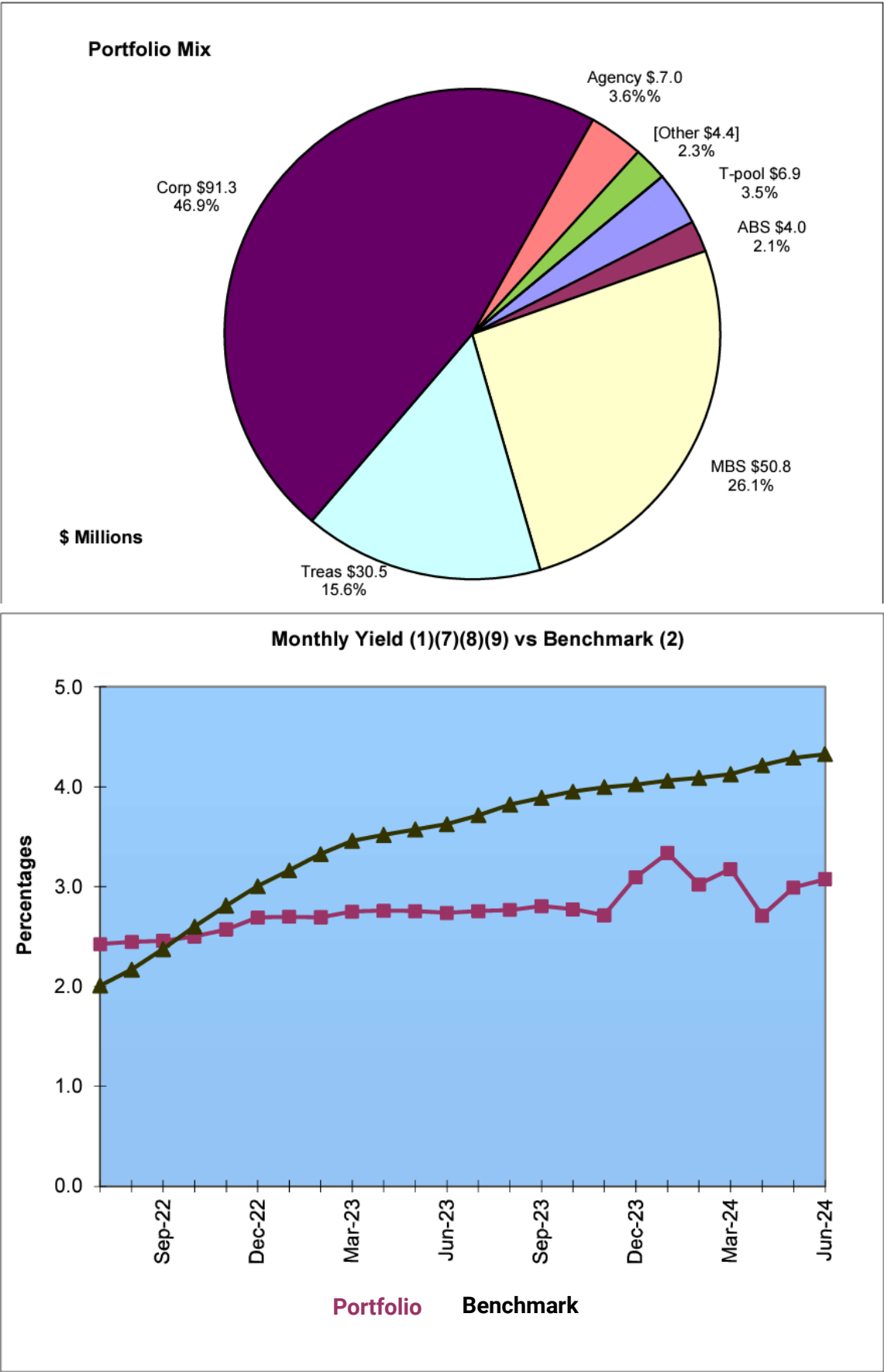
(5) Excludes \$28.6M in net gains for FYTD 2021

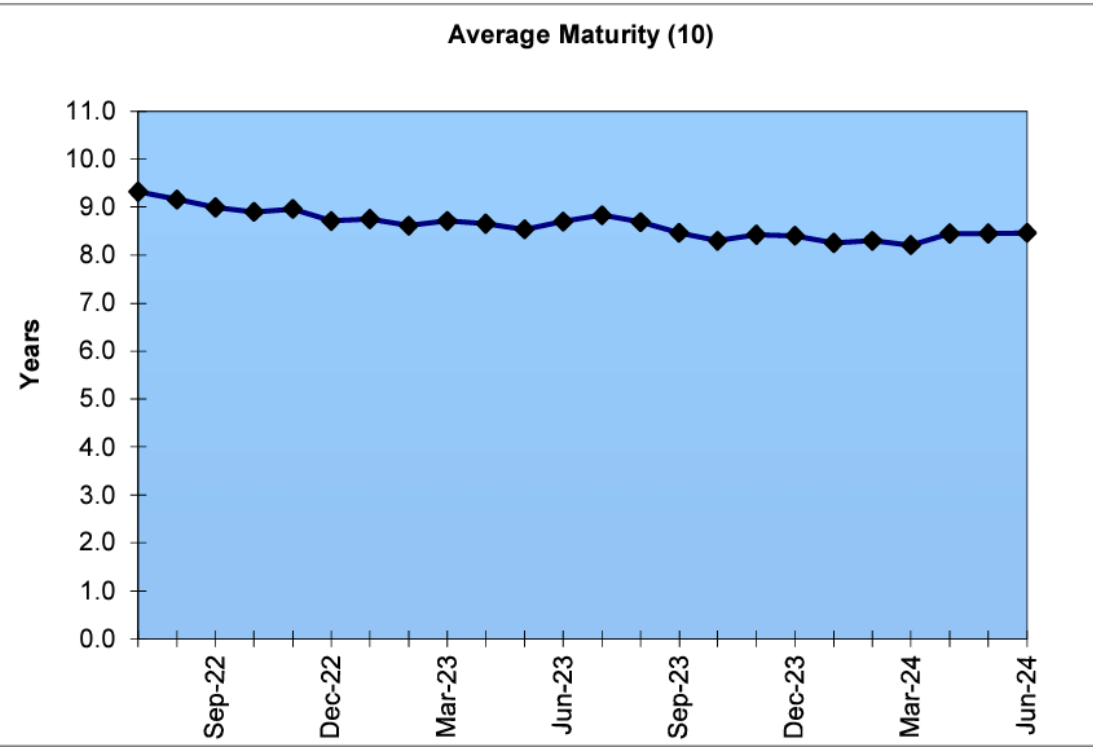
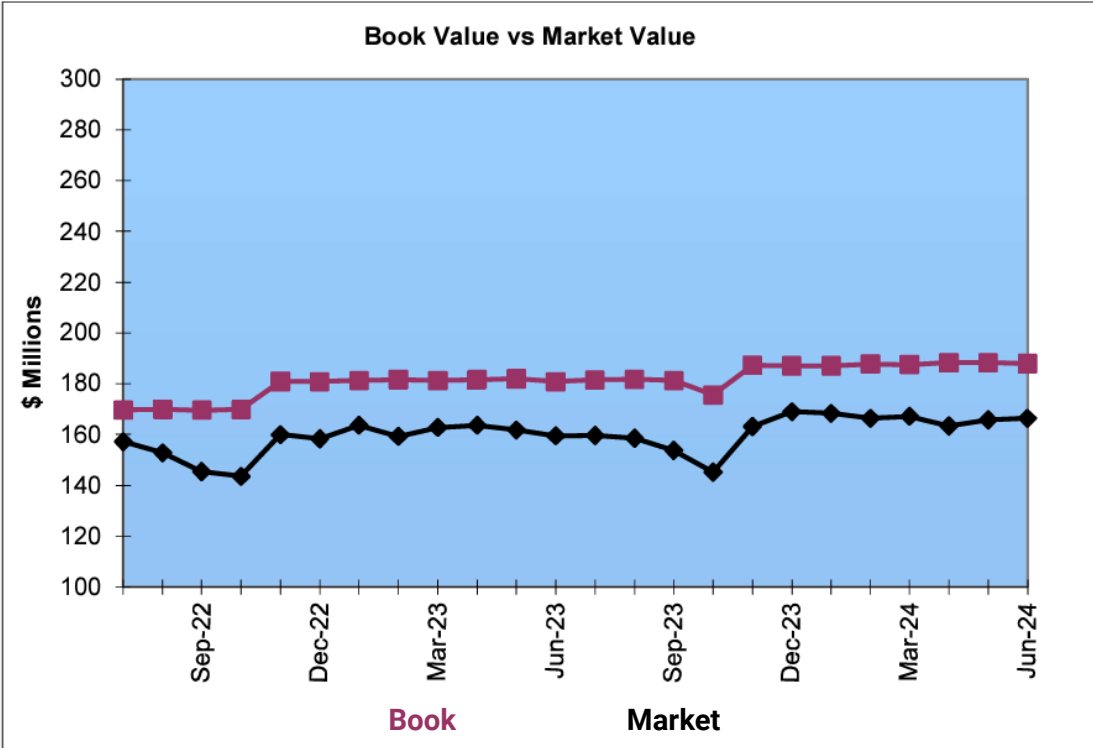
(6) Excludes \$14.5M in net gains for FYTD 2020

(7) Excludes \$7K in net gains for FYTD 2019

(8) 12-month moving average of the constant maturity yield on the 1 year Treasury note at end of period through June 2019; 12 month moving average of the constant maturity yield on the 2 year Treasury note at end of period beginning July 2019.

Unclaimed Property Tourism Fund





Portfolio Tables

Portfolio Value	
Market Value	\$166.4 million
Book Value	\$188.0 million
Yield and Average Maturity	
Portfolio Book Yield	2.25%
Portfolio Average Maturity	8.2 Years
Total Return Performance (Three Months)	
Portfolio	0.18%
Benchmark*	0.07%

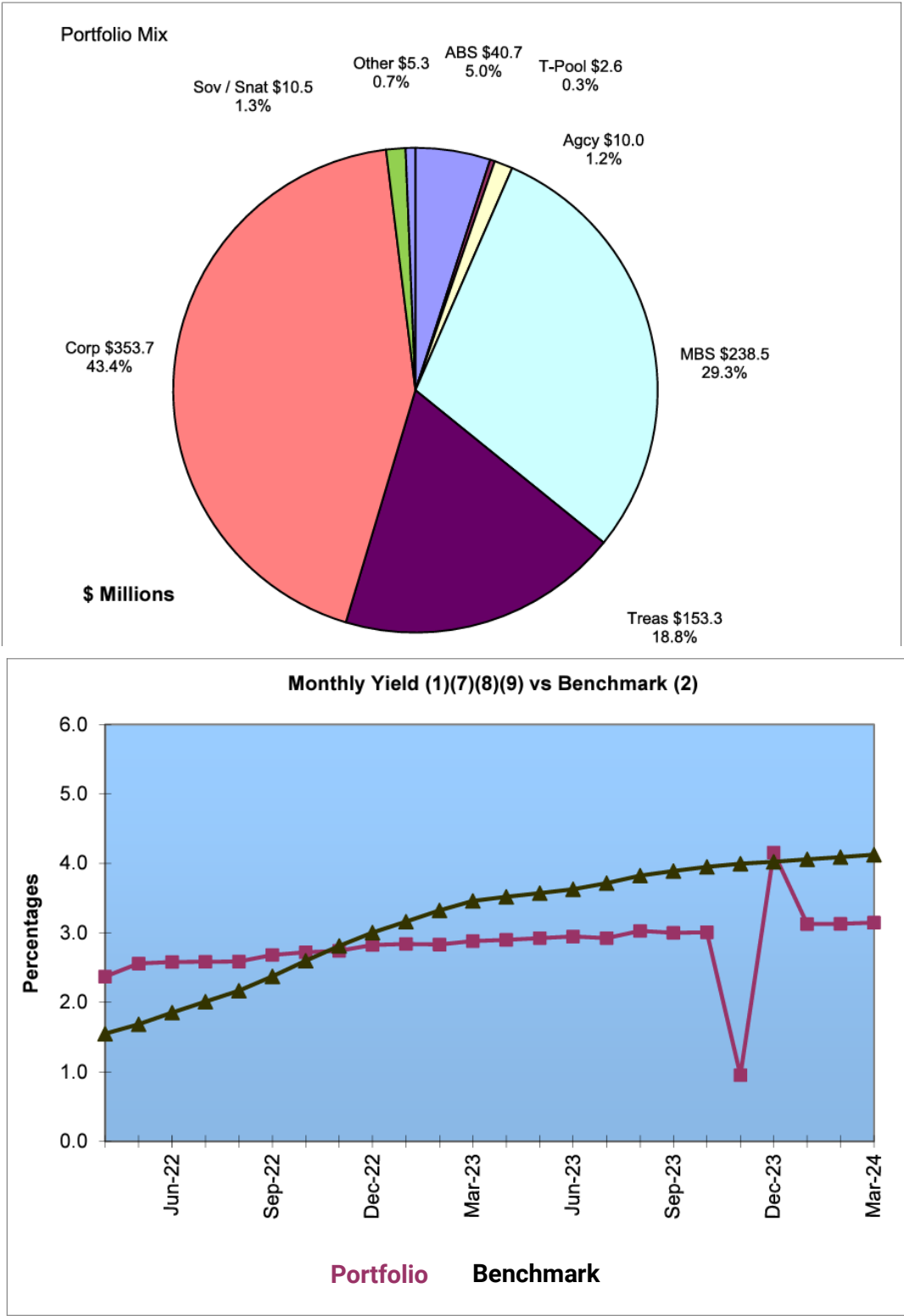
*BarCap US Aggregate

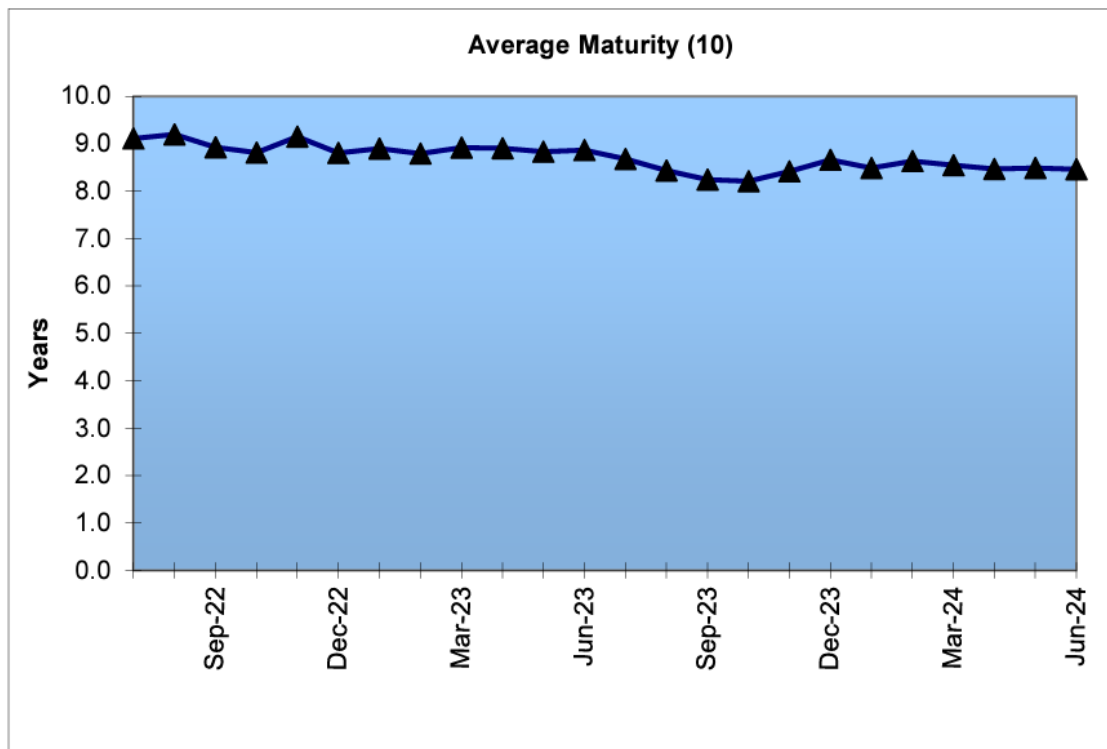
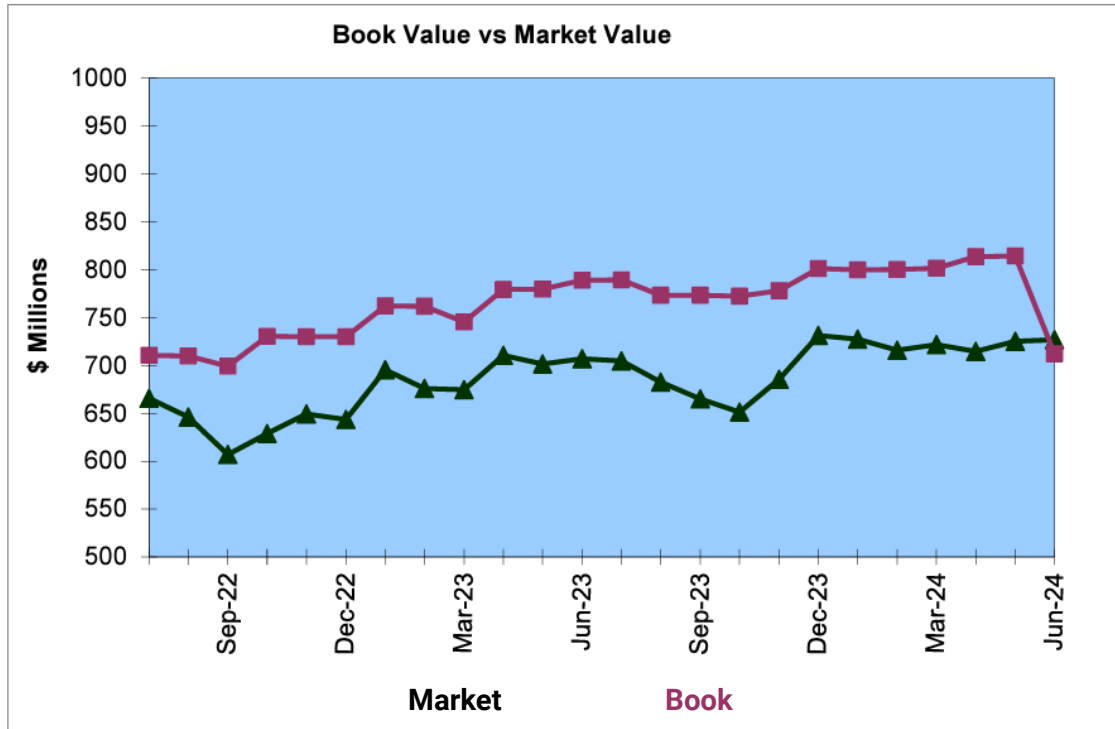
Portfolio Realized Income and Yield Performance				
	Average Portfolio	\$ Millions Realized Income	Book Yield	Performance Benchmarks (3)
FY 24 YTD	190.0	4.3 ⁴	2.3%	4.3%
Last 12 Months	190.6	4.3	2.2%	4.3%
FY 23	177.5	4.7 ⁵	2.6%	3.6%
FY 22	171.2	3.8 ⁶	2.2%	1.9%
FY 21	171.4	4.2 ⁷	2.5%	0.8%
FY 20	195.1	5.5 ⁸	2.8%	1.3%
FY 19	208.3	5.9 ⁹	2.8%	2.7%
Avg. FY 19-23	184.7	4.8	2.6%	2.1%

Notes:

- (1) Does not include State Treasury Pool cash balances in calculation.
- (2) 12 month moving average of the constant maturity yield on the 7 year Treasury note
- (3) 12 month moving average of the constant maturity yield on the 7 year Treasury note at end of period
- (4) Excludes \$21K in net loss for FYTD 2024
- (5) Excludes \$8K in net gains for FYTD 2023
- (6) Excludes \$134K in net gains for FYTD 2022
- (7) Excludes \$2.8M in net gains for FYTD 2021
- (8) Excludes \$2.7M in net gains for FYTD 2020
- (9) Excludes \$107K in net gains for FYTD 2019
- (10) Does not include State Treasury Pool cash balances in calculation

Colorado Public School Permanent Fund**





Portfolio Tables

Portfolio Value	
Market Value	\$727.0 million
Book Value	\$812.0 million
Yield and Average Maturity	
Portfolio Book Yield	3.04%
Portfolio Average Maturity	8.5 Years
Total Return Performance (Three Months)	
Portfolio	0.25%
Benchmark*	0.07%

*BarCap US Aggregate

Portfolio Realized Income and Yield Performance				
	\$ Millions			
	Average Portfolio	Realized Income	Book Yield	Performance Benchmarks (3)
FY 24 YTD	803.1	24.5 ⁴	3.0%	4.3%
Last 12 Months	809.7	24.6	3.0%	4.3%
FY 23	734.9	20.5 ⁵	2.8%	3.6%
FY 22	695.9	15.5 ⁶	2.2%	1.9%
FY 21	792.7	18.1 ⁷	2.3%	0.8%
FY 20	838.0	22.6 ⁸	2.7%	1.3%
FY 19	829.8	22.0 ⁹	2.6%	2.6%
Avg. FY 19-23	778.3	19.7	2.5%	2.0%

Notes:

** Represents bond portion only; \$639.8 million in investments managed externally are excluded

(1) Does not include State Treasury Pool cash balances in calculation.

(2) Latest 12 month moving average of the constant maturity yield on the 5 year Treasury note through June 2019; latest 12 month moving average of the constant maturity yield on the 7 year Treasury note beginning July 2019

(3) Latest 12 month moving average of the constant maturity yield on the 5 year Treasury note at end of period through June 2019; latest 12 month moving average of the constant maturity yield on the 7 year Treasury note beginning July 2019

(4) Excludes \$457K in net loss for FYTD 2024

(5) Excludes \$181K in net gains for FYTD 2023

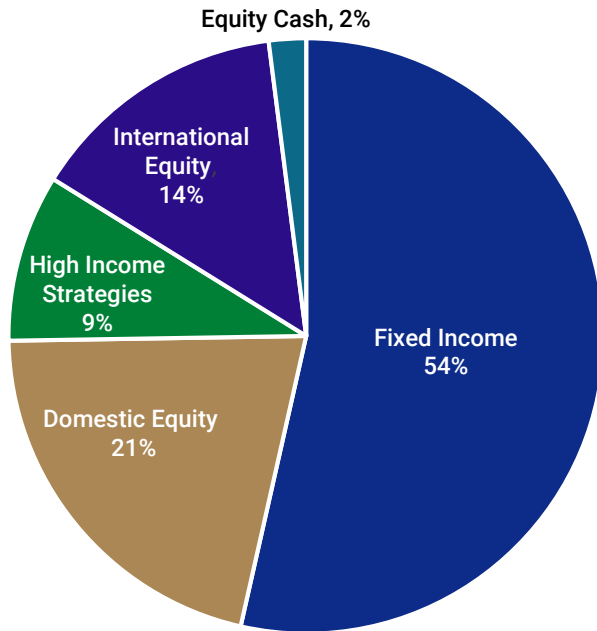
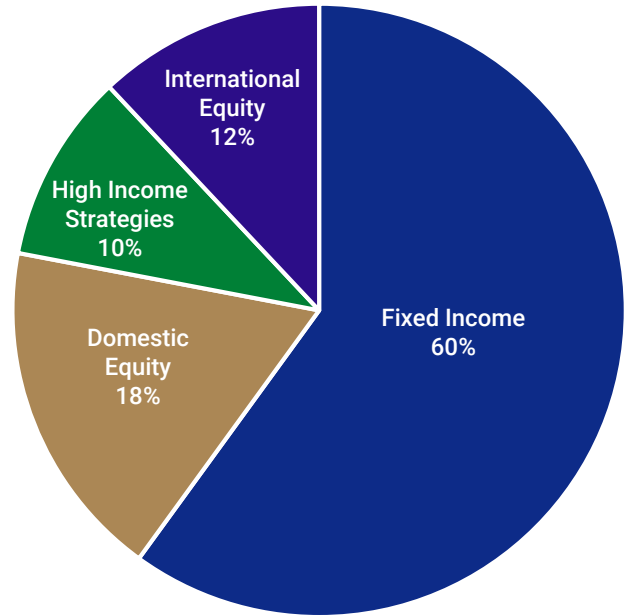
(6) Excludes \$1.4M in net gains for FYTD 2022

(7) Excludes \$5.3M in net gains for FYTD 2021

(8) Excludes \$7.4M in net gains for FYTD 2020

(9) Excludes \$47K in net gains for FYTD 2019

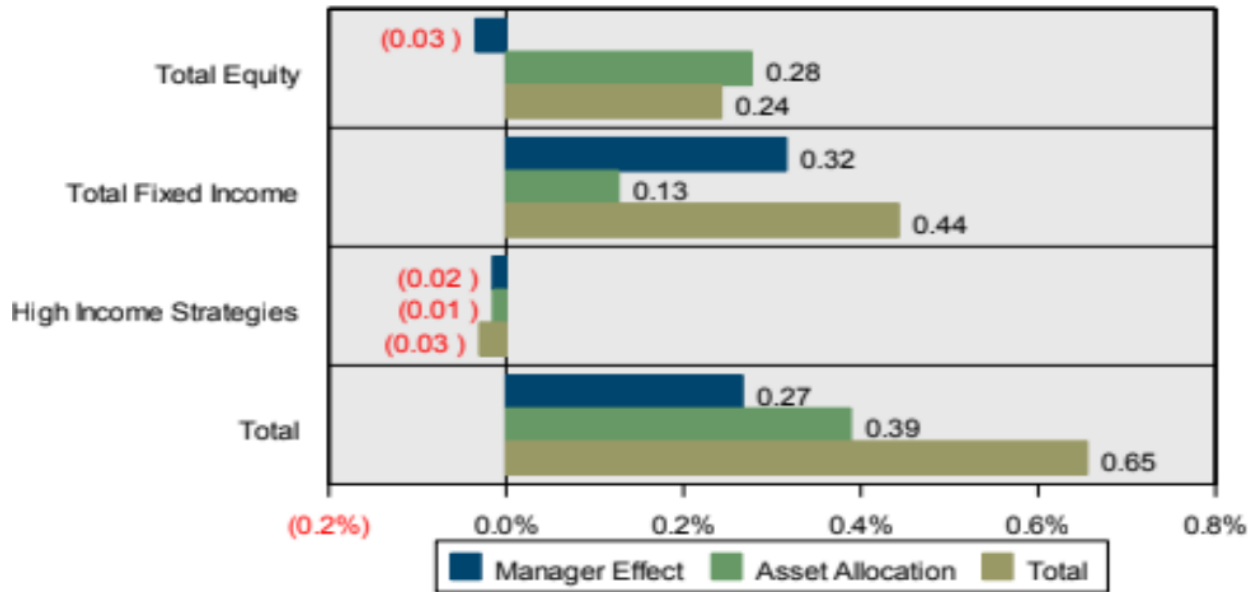
(10) Does not include State Treasury Pool cash balances in calculation

Total Fund Asset Allocation*As of June 30, 2024***Target Asset Allocation****Allocation****Actual Asset**

Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	340,336	21.4%	18%	3.4%	54,363
International Equity	217,229	13.7%	12%	1.7%	26,581
Equity Cash	34,221	2.2%	0%	2.2%	34,221
Fixed Income	849,428	53.5%	60%	(6.5%)	(103,817)
High Income Strategies	147,526	9.3%	10%	(0.7%)	(11,348)
TOTAL	1,588,741	100%	100%		

One Year Performance Attribution

As of June 30, 2024



One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Total Equity	34%	30%	18.33%	18.44%	(0.03%)	0.28%	0.24%
Total Fixed Income	57%	60%	3.47%	2.93%	0.32%	0.13%	0.44%
High Income Strategies	9%	10%	10.47%	10.62%	(0.02%)	(0.01%)	(0.03%)
TOTAL			8.89% = 8.24% + 0.27% + 0.39%				0.65%

Manager and Composite Fiscal Year Returns*As of June 30, 2024*

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Total Equity	18.33%	16.33%	(15.85%)	41.59%	1.82%
60% Russell 3000/40% ACWI ex US	18.44%	16.57%	(16.06%)	40.77%	1.90%
Domestic Equity	23.24%	18.83%	(13.95%)	44.30%	6.40%
Russell 3000 Index	23.13%	18.95%	(13.87%)	44.16%	6.53%
International Equity	11.26%	12.28%	(18.97%)	37.78%	(4.71%)
MSCI ACWI ex US	11.62%	12.72%	(19.42%)	35.72%	(4.80%)
Total Fixed Income	3.47%	(0.04%)	(9.76%)	(0.27%)	8.79%
Total Fixed Income Benchmark	2.93%	(0.75%)	(9.46%)	(0.26%)	8.28%
Market Duration	3.06%	(0.53%)	(10.55%)	(0.55%)	9.26%
Colorado Treasurer's Portfolio	3.06%	(0.53%)	(10.55%)	(0.55%)	9.26%
PSPF Custom Benchmark	2.63%	(0.94%)	(10.29%)	(0.33%)	8.74%
Short Duration	6.13%	2.92%	(4.33%)	2.33%	4.41%
Janus Henderson Short Duration	6.13%	2.92%	(4.33%)	2.33%	4.41%
Blmbg Gov/Cred 1-3 Yr	4.87%	0.52%	(3.56%)	0.44%	4.20%
85% 1-3YR G/C; 15% 1-3YR BB	5.35%	1.49%	(3.83%)	1.70%	3.94%
High Income Strategies	10.47%	8.18%	(9.38%)	-	-
High Income Strategies Benchmark	10.62%	7.93%	(12.89%)	15.13%	0.46%
High Yield Fixed Income	10.00%	9.23%	(9.09%)	-	-
Mackay Shield US High Yield	10.00%	9.23%	(9.09%)	-	-
Blmbg High Yield	10.44%	9.06%	(12.81%)	15.37%	0.03%
Preferred Securities	13.18%	2.29%	(11.11%)	-	-
Principal Preferred Securities	13.18%	2.29%	(11.11%)	-	-
ICE BofA US All Cap Secs	11.63%	1.66%	(13.33%)	13.67%	2.86%
Total Fund w/o CAI	8.89%	5.66%	(11.58%)	8.30%	7.37%
Total Fund Benchmark	8.24%	5.18%	(11.64%)	7.98%	7.87



This report was prepared by the Colorado Department of the Treasury. This report has been submitted to the Joint Budget Committee of the Colorado General Assembly.

Nov. 1, 2024

treasury.colorado.gov

For more information, contact Treasurer Dave Young at treasurer.young@state.co.us.

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