

# STATE OF CONNECTICUT

2021 SHORT-TERM INVESTMENT FUND  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The Office of  
Treasurer Shawn T. Wooden



# FUND FACTS AT JUNE 30, 2021

Basis of Presentation: Amortized Cost

**DATE OF INCEPTION: 1972**

**TOTAL NET POSITION: \$ 8.9 BILLION**

**INTERNALLY MANAGED**

**EXTERNAL MANAGEMENT FEES: NONE**

## **INVESTMENT STRATEGY/GOALS:**

To provide a safe, liquid, and effective investment vehicle for the operating cash of the State, municipalities, and other Connecticut political subdivisions.

## **PERFORMANCE OBJECTIVE:**

As high a level of current income as is consistent with, first, the safety of principal and, second, the provision of liquidity.

## **BENCHMARKS:**

iMoneyNet Money Fund Average™ - Rated First Tier Institutional Average (MFR) Index, Three-Month U.S. Treasury Bills.

## **EXPENSE RATIO:**

Approximately 1-4 basis points (includes all costs associated with the management and operations of the Fund)

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SHAWN T. WOODEN  
TREASURER

**State of Connecticut**  
Office of the Treasurer

DARRELL V. HILL  
DEPUTY TREASURER

December 30, 2021

To the Participants in Connecticut's Short-Term Investment Fund:

I am pleased to submit this Annual Comprehensive Financial Report for the State of Connecticut Short-Term Investment Fund (STIF or Fund) for the fiscal year ended June 30, 2021, which documents how the STIF outperformed its benchmark, thereby providing significant incremental income for the State, local governments and, ultimately, Connecticut taxpayers.

Responsibility for both the accuracy of the data and the completeness and fairness of this report rests with management. All disclosures necessary and required to enable investors and the financial community to gain an understanding of the STIF's financial activities have been included. We believe the enclosed financial statements and data are presented fairly in all material respects and are reported in a manner designed to accurately present the financial position and results of the STIF's operations.

The STIF was created by legislation enacted in 1972 and is a State and local government investment pool managed by the Treasurer of the State of Connecticut. Investors in the Fund include the State, state agencies and authorities, municipalities, and other political subdivisions of the State. The primary objective of the Fund is to provide the greatest possible return while, first, protecting principal and, second, providing liquidity for investors. The Fund's investment policy is designed to achieve these objectives by selecting high quality, very liquid securities with relatively short maturities and diversifying the portfolio by sector, security type, and issuer. In addition, the Fund maintains a designated surplus reserve roughly equivalent to one percent of the STIF's assets to protect against security defaults, or the erosion of security values due to significant unforeseen market changes. The STIF's reserves are an important pillar of our investment pool, and the STIF is one of the few government investment pools to maintain a reserve.

#### **Financial Information**

For Fiscal Year 2021 (FY2021), the STIF generated a return of 0.10 percent, outperforming its benchmark by 6 basis points. This solid performance resulted in additional interest income of \$4.9 million for the State and Connecticut taxpayers, while also adding \$5.9 million to the STIF's reserves. The STIF has consistently outperformed its benchmark on an annual basis for more than twenty-six years. The overall soundness of the STIF was recognized by Standard & Poor's Global Ratings (S&P), which affirmed and maintained the STIF's "AAAm" rating — the highest rating issued by S&P for money market funds and investment pools. As of June 30, 2021, the STIF had \$8.9 billion in assets under management (AUM). Municipalities had 530 active accounts, a decrease of



15 accounts from the prior fiscal year, demonstrating the continued confidence in the Fund as a sound investment vehicle.

### **Internal Control Structure**

Management is responsible for maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that transactions are (i) executed in accordance with management's general or specific authorization; and (ii) recorded as necessary to maintain accountability for assets and to permit preparation of financial statements consistent with generally accepted accounting principles. We believe the internal controls in effect during FY2021 adequately safeguarded the STIF's assets and provided reasonable assurance regarding the proper recording of financial transactions.

The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

S&P monitors the STIF's portfolio on a weekly basis to ensure that it maintains the safety and liquidity investors expect. In addition, the Investment Advisory Council and the Treasurer's Cash Management Advisory Board periodically review the STIF's portfolio and performance throughout the year.

### **Independent Audit**

The State of Connecticut's independent Auditors of Public Accounts (Auditors) conducted an annual audit of this Annual Comprehensive Financial Report in accordance with Generally Accepted Auditing Standards (GAAS). The Auditors' report on the basic financial statements is included in the Financial Section of this report.

### **Management Discussion and Analysis**

The Government Accounting Standards Board (GASB) requires that the STIF provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal and overview is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found in the Financial Section immediately following the report of the Auditors.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Fund a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. The Certificate is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

### **Additional Information**

A section of the Treasury website is dedicated to the STIF investors, and features information such as the current daily rate, the Monthly Manager Report, monthly portfolio listings, historical data, and links to annual and quarterly financial reports aimed at providing investors information regarding Fund characteristics and returns. The website also contains forms, instructions and an investor's guide that are designed to help investors better understand the products and services

offered by the Treasury including Grant Express, Debt Service Express, and Clean Water Fund Express. The STIF website and copies of this report may be accessed through the Treasury's website, <https://portal.ct.gov/OTT>. In addition, the STIF Express—a secure online system—allows investors to view account balances and transaction histories as well as initiate deposits and withdrawals.

We appreciate your participation in the STIF, and hope that this Comprehensive Annual Financial Report will prove both informative and useful. Questions concerning any of the information contained in this report, or requests for additional financial information, should be addressed to the Office of the Treasurer, 165 Capitol Avenue, 2<sup>nd</sup> Floor, Hartford, Connecticut 06106, or by calling (860) 702-3000.

Sincerely,



Shawn T. Wooden  
*State Treasurer*



SHAWN T. WOODEN  
TREASURER

**State of Connecticut**  
Office of the Treasurer

DARRELL V. HILL  
DEPUTY TREASURER

December 30, 2021

This Annual Comprehensive Financial Report was prepared by the Office of the Treasurer, which manages the assets of the Short-Term Investment Fund (STIF). As of June 30, 2021, the Bank of New York Mellon served as custodian for the STIF. All investments are made in instruments authorized by Connecticut General Statutes Sections 3-27c through 3-27f.

The Office of the Treasurer is responsible for the accuracy of the data contained herein, the completeness and fairness of the presentation, and all disclosures. We present the STIF's financial statements as being accurate in all material respects and prepared in conformity with generally accepted accounting principles. The financial statements are audited annually by the State's independent Auditors of Public Accounts.

To carry out this responsibility, the Office of the Treasurer maintains financial policies, procedures, accounting systems, and internal controls which management believes provide reasonable, but not absolute, assurance that accurate financial records are maintained, and investments and other assets are safeguarded.

It is our belief that the contents of this Annual Comprehensive Financial Report make evident the Treasury's commitment to the safe custody and conscientious stewardship of the STIF.

In management's opinion, the internal control structures of the Office of the Treasurer and of the STIF are adequate to ensure that the financial information in this report fairly presents the STIF's operational and financial condition.

Sincerely,



Darrell V. Hill  
Deputy Treasurer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Connecticut State Treasurer's Short-Term Investment  
Fund**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morrill*

Executive Director/CEO



## MISSION STATEMENT

The Connecticut State Treasurer's Office's mission is to perform in the highest professional and ethical manner to safeguard the state's public resources. Our office policy, investment, and borrowing decisions, encourage greater financial literacy, education, job and economic growth, and equal opportunity for all who call Connecticut home, a place to do business, and invest.

### Constitutional and Statutory Responsibilities

The Office of the Treasurer was established following the adoption of the fundamental orders of Connecticut in 1638. The Treasurer shall receive all funds belonging to the State and disburse the same only as may be directed by law, as described in Article Fourth, Section 22 of the Connecticut Constitution and in Title 3 of the Connecticut General Statutes.

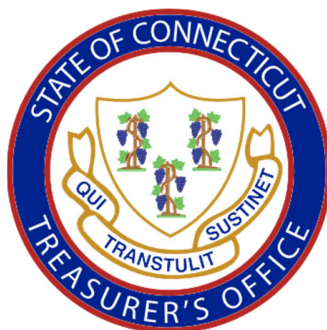
The Treasurer, as chief elected financial officer for the State, oversees the prudent preservation and management of State funds, including the investment of a \$44.5 billion portfolio of pension and trust fund assets, \$8.9 billion in total state

and local short-term investments, and \$5.2 billion of assets in the Connecticut Higher Education Trust. The Treasurer maintains an accurate account of all funds through sophisticated security measures and procedures.

### Public Service

The Office of the Treasurer includes an Executive Office as well as six divisions, each with specific responsibilities: Cash Management, Debt Management, Management Services, Pension Funds Management, Second Injury Fund, and Unclaimed Property.

# THE OFFICE OF THE TREASURER



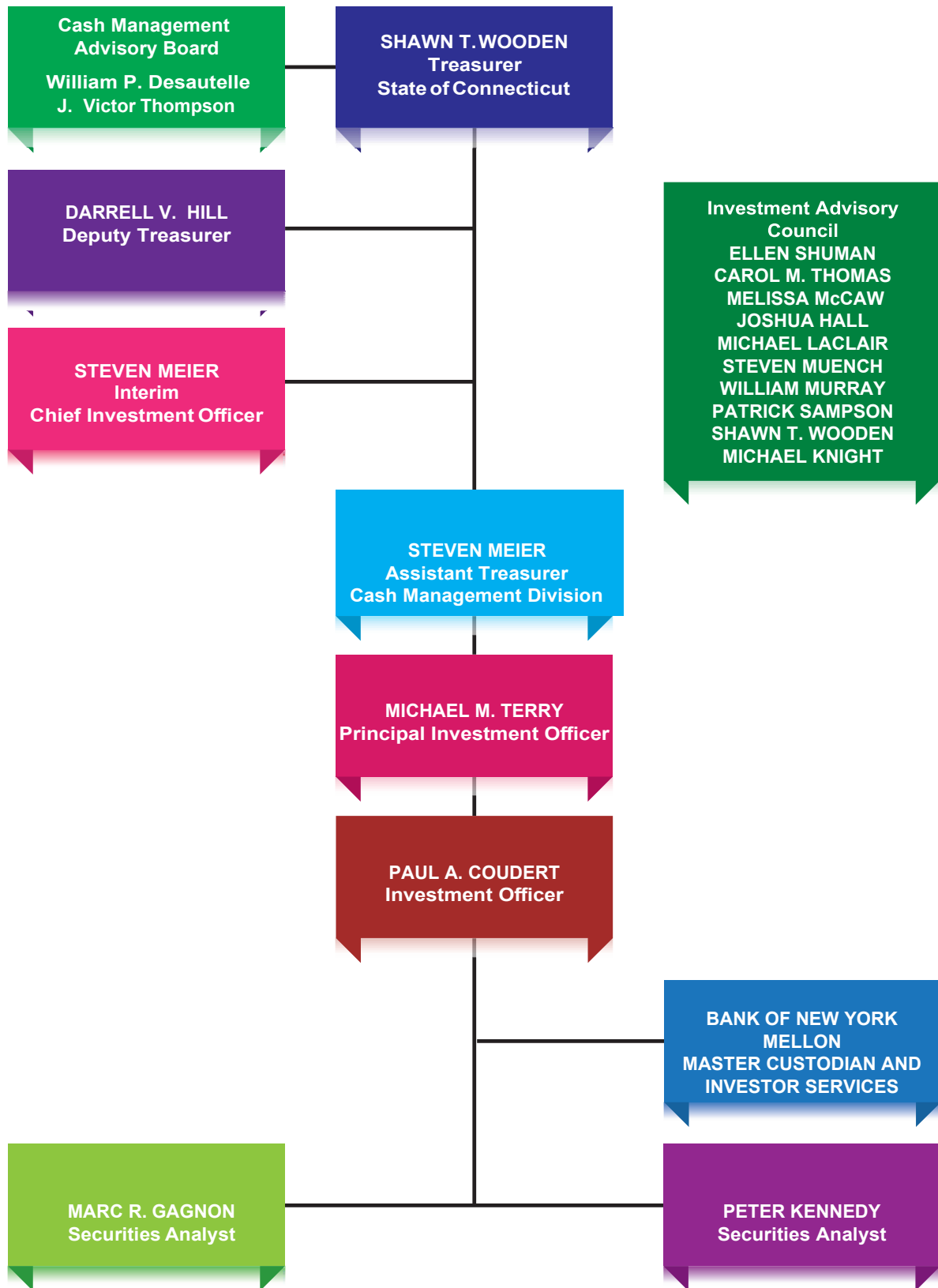
**TREASURER**

**EXECUTIVE  
OFFICE**





# SHORT-TERM INVESTMENT FUND ADMINISTRATION



# LIST OF PRINCIPAL OFFICIALS

## SHORT-TERM INVESTMENT FUND

165 Capitol Avenue, 2nd Floor

Hartford, CT 06106-1666

Telephone: (860) 702-3118

Facsimile: (860) 702-3048

[portal.ct.gov/ott](http://portal.ct.gov/ott)

Treasurer, State of Connecticut SHAWN T. WOODEN (860) 702-3001

Deputy Treasurer, State of Connecticut DARRELL V. HILL (860) 702-3070

Assistant Treasurer, Cash Management

STEVEN MEIER, CFA, FRM, CFP (860) 702-3126

## STIF INVESTMENT MANAGEMENT

Principal Investment Officer

MICHAEL M. TERRY, CFA (860) 702-3255

Investment Officer

PAUL A. COUDERT (860) 702-3254

Securities Analyst

MARC R. GAGNON (860) 702-3158

Securities Analyst

PETER KENNEDY (860) 702-3047

## STIF INVESTOR SERVICES

Investment Technician II

Danielle Thompson (860) 702-3118

CUSTODIAN AND INVESTOR SERVICES

BANK OF NEW YORK MELLON

# Financial Section



# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

State Capitol  
210 Capitol Avenue  
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

CLARK J. CHAPIN

### INDEPENDENT AUDITORS' REPORT

Governor Ned Lamont  
Members of the General Assembly:

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Short-Term Investment Fund, which comprise the statement of net position as of June 30, 2021, the statement of changes in net position for the fiscal year ended June 30, 2021, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Short-Term Investment Fund as of June 30, 2021, and the statement of changes in financial position for the fiscal year ended June 30, 2021, in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the financial statements referred to in the first paragraph are intended to present only the Short-Term Investment Fund administered by the Office of the Treasurer. They do not purport to, and do not, present fairly the financial position of the State of Connecticut as of June 30, 2021, and the changes in financial position for the fiscal year end June 30, 2021, in conformity with generally accepted accounting principles in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Management's Discussion and Analysis, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was made for the purpose of forming an opinion on the financial statements of the Short-Term Investment Fund as a whole. The list of investments at June 30, 2021 is presented for purposes of additional analysis and is not a required part of the financial statements of the Short-Term Investment Fund. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements of the Short-Term Investment Fund and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is presented fairly in all material respects in relation to the financial statements taken as a whole.

#### ***Other Information***

The introduction, investment, and statistical sections include information that is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, other than the list of investments at June 30, 2021 specifically noted within the

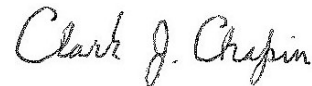
investment section, has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of the Office of the Treasurer’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Office of the Treasurer’s internal control over financial reporting or on compliance. That report will be issued under separate cover in the *Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the Fiscal Year Ended June 30, 2021*, and is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



John C. Geragosian  
State Auditor



Clark J. Chapin  
State Auditor

December 30, 2021  
State Capitol  
Hartford, Connecticut



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# SHORT-TERM INVESTMENT FUND MANAGEMENT'S DISCUSSION AND ANALYSIS

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## Management's Discussion and Analysis

This section presents Management's Discussion and Analysis (MD&A) of the Comprehensive Annual Financial Report (ACFR) of the Connecticut State Treasurer's Short-Term Investment Fund's (STIF) financial position and performance for the fiscal year ended June 30, 2021. It is presented as a narrative overview and analysis. Management of the Office of the Treasurer encourages readers to review it in conjunction with the transmittal letter included in the Introductory Section at the front of this report and the financial statements in the Financial Section that follow.

STIF serves as an investment vehicle for the operating cash of the State Treasury, State agencies and authorities, municipalities, and other political subdivisions of the State. STIF is a AAAm rated investment pool of high-quality, short-term money market instruments and is managed for the sole benefit of the participants. All income is distributed monthly after deducting operating costs of approximately two to four basis points and an allocation to the Fund's designated surplus reserve of 10 basis points (generally until the reserve reaches one percent of Fund assets).

The STIF Financial statements reported by the Treasurer's Office for which the Treasurer has fiduciary responsibility for the investment thereof follow this MD&A and provide detailed information about the Fund.

## Net Position and Changes in Net Position

The net position in the Short-Term Investment Fund at the close of Fiscal Year 2021 was approximately \$8.9 billion, versus \$9.5 billion the previous year.

General financial market conditions resulted in an annual total return of 0.10 percent, net of operating expenses and allocations to Fund reserves in fiscal 2021. The return on the fund was 143 basis points lower than the annual total return in fiscal 2020 due to significant reductions in the Federal Funds rate during the course of the fiscal year. The annual total return exceeded that achieved by its benchmark, which was 0.04 percent, by 6 basis points, resulting in \$4.9 million in additional interest income for Connecticut governments and their taxpayers while also adding \$5.9 million to the Fund's reserves.

General financial market conditions resulted in an annual total return of 1.53 percent, net of operating expenses and allocations to Fund reserves in fiscal 2020, higher than the annual total return in fiscal 2019. The annual total return exceeded that

achieved by its benchmark, which was 1.36 percent, by 17 basis points, resulting in \$15.3 million in additional interest income for Connecticut governments and their taxpayers while also adding \$8.6 million to the Fund's reserves.

**Designated Surplus Reserve** - In order to support the creditworthiness of the Fund and provide some additional protection against potential credit losses, a designated surplus reserve (reserve) is maintained. The amount transferred to the reserve is equal to the annualized rate of 0.1 percent of the end-of-day investment balances. Generally, no transfer is made if the reserve account is equal to or greater than 1.0 percent of the daily investment balance. During the fiscal year, \$5.9 million was transferred into the reserve, bringing the total reserve to \$82.8 million.

## Overview of the Financial Statements

This discussion and analysis is an introduction to the Office of the Treasurer's STIF basic financial statements, which are comprised of: 1) Statement of Net Position, 2) Statement of Changes in Net Position and 3) Notes to the Financial Statements.

The Statement of Net Position and the Statement of Changes in Net Position are two financial statements that report information about the STIF. These statements include all assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents all of the Fund's assets and liabilities, with the difference between the two reported as "net position."

The Statement of Changes in Net Position presents information showing how the Fund's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Fund's financial statements.

## Economic Conditions and Outlook

Economic growth in the United States, as measured by Gross Domestic Product (GDP), averaged 1.9 percent during the fiscal year, up significantly from the prior fiscal year average of -6.3

## SHORT-TERM INVESTMENT FUND MANAGEMENT DISCUSSION & ANALYSIS

percent. The majority of the increase took place in the second half of the fiscal year, with the fourth quarter GDP increasing 12.2 percent. During the same period, the Eurozone GDP has averaged -1.1 percent, with all of the gain due to the fourth quarter's increase of 14.3 percent. Despite the continuation of supply and logistics constraints and the resurgence of COVID-19, it is expected that domestic GDP growth will be approximately 5.9 percent in 2021 and 4.2 percent in 2022. Globally, GDP is expected to increase approximately 5.9 percent in 2021 and 4.5 percent in 2022.

Domestic inflation during the fiscal year, as measured by the year-over-year change in the consumer price index, averaged 2.3 percent during the fiscal year, which was significantly higher than the 1.6 percent recorded during fiscal 2020. The majority of the increase in consumer inflation took place in the final quarter of the fiscal year, with inflation averaging 4.8 percent, whereas it averaged 1.5 percent during the first three quarters of the fiscal year. While the rate of domestic inflation was higher than the Federal Reserve Bank's target of two percent, the Fed stated

that it believes inflationary pressures are transitory in nature and should recede and, as a result, a change in monetary policy was not required. Producer prices (inflation at the producer level, as measured by the Producer Price Index) increased by 2.4 percent during the fiscal year, also impacted by supply and logistics constraints. Using a market based inflation expectation, specifically the two year breakeven inflation rate (the difference between two year real yields and nominal yields in the US Treasury market), the expectations for inflation over the next two years averaged 2 percent and is currently approximately 2.6 percent, which reflects expectations that much of the recent increase in prices is transitory and will settle back into a range just slightly higher than Fed targets. Similarly, average Eurozone inflation was below the European Central Bank's (ECB) target of two percent as well. Eurozone inflation averaged 1.6 percent for fiscal 2021, starting off at 1.7 percent and ending at 2.9 percent during the fiscal year.

### Condensed Statement of Net Position Fiscal Year Ended June 30:

Assets	2021	Increase (Decrease)	2020
Investment in Securities, at Amortized Cost (Note 7)	\$ 8,934,656,061	\$ (584,477,450)	\$ 9,519,133,511
Receivables and Other	1,737,588	(3,290,125)	5,027,713
Total Assets	8,936,393,649	(587,767,575)	9,524,161,224
Liabilities	202,620	(2,293,628)	2,496,248
<b>Net Position</b>	<b>\$ 8,936,191,029</b>	<b>\$ (585,473,947)</b>	<b>\$ 9,521,664,976</b>

### Condensed Statement of Changes in Net Position Fiscal Year Ended June 30:

ADDITIONS	2021	Increase (Decrease)	2020
Net Interest Income	\$ 16,323,634	\$ (124,688,284)	\$ 141,011,918
Net Realized Gains	1,512	(69,274)	70,786
Net Increase Resulting from Operations	16,325,146	(124,757,558)	141,082,704
Purchase of Units by Participants	15,148,941,521	(5,805,254,867)	20,954,196,388
<b>TOTAL ADDITIONS</b>	<b>15,165,266,667</b>	<b>(5,930,012,425)</b>	<b>21,095,279,092</b>
<b>DEDUCTIONS</b>			
Distribution of Income to Participants	(8,949,473)	121,975,215	(130,924,688)
Redemption of Units by Participants	(15,740,315,111)	3,796,544,760	(19,536,859,871)
Operating Expenses	(1,476,030)	110,561	(1,586,591)
<b>TOTAL DEDUCTIONS</b>	<b>(15,750,740,614)</b>	<b>3,918,630,536</b>	<b>(19,669,371,151)</b>
Change in Net Position	(585,473,947)	(2,011,381,888)	1,425,907,941
Net Position - Beginning of year	9,521,664,976	1,425,907,941	8,095,757,035
<b>NET POSITION - End of year</b>	<b>\$ 8,936,191,029</b>	<b>\$ (585,473,947)</b>	<b>\$ 9,521,664,976</b>

**SHORT-TERM INVESTMENT FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

	<u>2021</u>
<b>Assets</b>	
Investment in Securities, at Amortized Cost (Note 7)	\$ 8,934,656,061
Accrued Interest and Other Receivables	1,638,913
Prepaid Assets	98,675
<b>Total Net Positions</b>	<u>\$ 8,936,393,649</u>
<b>Liabilities</b>	
Distribution Payable	202,620
<b>Total Liabilities</b>	<u>\$ 202,620</u>
<b>NET POSITION - Held in Trust for Participants (includes reserve)</b>	<u>\$ 8,936,191,029</u>

**SHORT-TERM INVESTMENT FUND  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>2021</u>
<b>ADDITIONS</b>	
<b>Operations</b>	
Interest Income	\$ 16,323,634
Interest Expense on Reverse Repurchase Agreements	
Net Investment Income	16,323,634
Net Realized Gains	1,512
<b>Net Increase in Net Position Resulting from Operations</b>	16,325,146
<b>Share Transactions at Net Position Value of \$1.00 per Share</b>	
Purchase of Units	15,148,941,521
<b>TOTAL ADDITIONS</b>	<u>15,165,266,667</u>
<b>DEDUCTIONS</b>	
<b>Distribution to Participants (Notes 2 &amp; 6)</b>	
Distributions to Participants	(8,949,473)
Total Distributions Paid and Payable	(8,949,473)
<b>Share Transactions at Net Position Value of \$1.00 per Share</b>	
Redemption of Units	(15,740,315,111)
<b>Operations</b>	
Operating Expenses	(1,476,030)
<b>TOTAL DEDUCTIONS</b>	<u>(15,750,740,614)</u>
<b>CHANGE IN NET POSITON</b>	(585,473,947)
<b>Net Position Held in Trust for Participants</b>	
Beginning of Year	\$ 9,521,664,976
End of Year	<u>\$ 8,936,191,029</u>

The accompanying notes are an integral part of the financial statements

# NOTES TO FINANCIAL STATEMENTS

## **Note 1: Introduction and Basis of Presentation**

The Short-Term Investment Fund (STIF or the Fund) is a money market investment pool managed by the Treasurer of the State of Connecticut. Section 3-27 of the Connecticut General Statutes (CGS) created STIF. Pursuant to CGS 3-27a - 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the Fund. Securities in which the State Treasurer is authorized to invest monies of STIF include United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, bankers' acceptances, repurchase agreements, and asset-backed securities. STIF is authorized to issue an unlimited number of units.

For State of Connecticut financial reporting purposes, STIF is considered to be a mixed investment pool – a pool having external and internal portions. The internal portion (i.e., the portion that belongs to investors that are part of the State's financial reporting entity) is not displayed in the State's basic financial statements. Instead, each fund type's investment in STIF is reported as "cash equivalents" in the Statement of Net Position. The external portion (i.e., the portion that belongs to investors which are not part of the State's financial reporting entity) is recorded in an investment trust fund in the basic financial statements.

The fund is considered a "2a7-like" pool and reports the investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that is similar to the SEC's requirements of rule 2a7 of the Investment Company Act of 1940. The Fund reports net assets at amortized cost for financial reporting purposes and the determination of net asset value, consistent with Government Accounting Standards Board (GASB) financial reporting standards, while SEC rule 2a7 requires a floating rate, market price-based valuation for institutional prime money market funds.

## **Related Party Transactions**

STIF had no related party transactions during the fiscal year with the State of Connecticut and its component units including leasing arrangements, the performance of administrative services and the execution of securities transactions.

## **Note 2: Summary of Significant Accounting Policies**

### **Financial Reporting Entity**

The Fund is a Fiduciary Investment Trust Fund. A fiduciary fund is used to account for governmental activities that are similar to those found in the private sector where the determination of net

income is necessary or useful to sound financial administration. The generally accepted accounting principles (GAAP) used for fiduciary funds are generally those applicable to similar businesses in the private sector. The Fund uses the accrual basis of accounting.

### **Security Valuation of Financial Instruments**

The assets of the Fund are carried at amortized cost (which approximates fair value). All premiums and discounts on securities are amortized or accreted on a straight line basis. The Fund's custodian calculates the fair value of investments daily and the Fund calculates a fair value shadow price once a month (at a minimum) in compliance with GASB 79.

As of June 30, 2021 the shadow price of the Fund was \$1.0092, the NAV at amortized cost was \$1.0092 and the ratio of fair market value to amortized cost was 1.0001.

### **Security Transactions**

Purchases and sales of investments are recorded on a trade date basis. Gains and losses on investments are realized at the time of the sales and are calculated on the basis of an identified block or blocks of securities having an identified amortized cost. Bond cost is determined by identified lot.

### **Interest Income**

Interest income, which includes amortization of premiums and accretion of discounts, is accrued as earned.

### **Expenses**

Operating and interest expenses are accounted for on an accrual basis.

### **Fiscal Year**

The fiscal year of STIF ends on June 30, 2021.

### **Distributions to Investors**

Distributions to investors are earned on units outstanding from date of purchase to date of redemption. Income is calculated daily based upon the actual earnings of the Fund net of administrative expenses and, if applicable, an allocation to the designated surplus reserve. Distributions are paid monthly within two business days of the end of the month, and are based upon actual number of days in a year. Shares are sold and redeemed at a constant \$1.00 net asset value per share, which is consistent with the per share net asset value of the Fund, excluding the designated surplus reserve.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### Designated Surplus Reserve

While STIF is managed prudently to protect against losses from credit and market changes, the Fund is not insured or guaranteed by any government. Therefore, the maintenance of capital cannot be fully assured. In order to provide some protection to the shareholders of STIF from potential credit and market risks, the Treasurer has designated that a portion of each day's net earnings be transferred to the designated surplus reserve (reserve). Such amounts are restricted in nature and are not available for current distribution to shareholders. The amount transferred daily to the designated surplus reserve is equal to 0.1 percent of end-of-day investment balance divided by the actual number of days in the year until the reserve account is equal to or greater than 1.0 percent of the daily investment balance. If net losses significant to the aggregate portfolio are realized, the Treasurer is authorized to transfer funds from the reserve to Participants with Units Outstanding. At the end of the fiscal year, the transfer to the designated surplus reserve was suspended due the impact of the reserve transfer on the Fund's ability to maintain a positive yield. The decision to suspend the transfer was based on the assessment of market conditions and portfolio characteristics.

### Uninsured Bank Accounts

Bank	Amortized Cost	Uninsured/Uncollateralized
ANZ Bank	\$ 425,000,000	\$ 425,000,000
Svenska Handelsbanken	400,000,000	400,000,000
MUFG Bank Ltd	400,000,000	400,000,000
Cooperatieve Rabobank UA	400,000,000	400,000,000
DZ Bank AG	400,000,000	400,000,000
ScotiaBank	350,000,000	350,000,000
National Bank of Canada	350,000,000	350,000,000
Toronto-Dominion Bank	300,000,000	270,000,000
Nordea Bank Abp	300,000,000	300,000,000
Royal Bank of Canada/New York NY	299,981,500	299,981,500
Citizens Bank	200,000,000	0
US Bank NA	100,005,417	100,005,417
Commonwealth Bank of Australia	100,000,000	100,000,000
Santander Bank	50,000,000	0
<b>TOTAL</b>	<b>\$ 4,074,986,917</b>	<b>\$ 3,794,986,917</b>

\*Dexia Credit Local deposit guaranteed by the governments of France, Belgium and Luxembourg.

As of June 30, 2021, the balance in the designated surplus reserve was \$82,802,345, which reflects \$5.9 million in contributions during the year.

### Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities in the financial statements as well as the reported amounts of revenues and

expenses during the reporting period. Actual results could differ from those estimates.

### Note 3: Deposit And Investment Disclosures

A formal investment policy (as adopted August 21, 1996 and revised June 16, 2008, April 17, 2009, and November 19, 2019) specifies policies and guidelines that provide for the systematic management of STIF and prudent and productive investment of funds. All securities of STIF are registered under the Bank of New York Mellon nominee name, MAC & Co.

### Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the STIF's deposits may not be recovered. The STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of total assets with a ten-business-day cure period. Further, the certificates of deposits must be issued from commercial banks whose short-term debt is rated at least A-1 by S&P Global Ratings and F-1 by Fitch and whose long-term debt is rated at least A- by S&P and Fitch, or backed by a letter of credit issued by a Federal Home Loan Bank.

Deposits in FDIC insured banks are insured up to \$250,000 (as of June 30, 2020); any amount above this limit is considered

uninsured. Additionally, state banking regulation requires all Connecticut public depositories to segregate collateral against public deposits in an amount equal to at least ten percent of the outstanding deposit. As of fiscal year-end, deposit instruments in STIF totaled \$4,074,986,917. Of that amount, \$3,794,986,917 was exposed to custodial credit risk representing the portion that was uninsured, uncollateralized or not backed by a letter of credit.

### Interest Rate Risk – Investments

Interest rate risk is the risk that changes in the general level of

## NOTES TO FINANCIAL STATEMENTS (Continued)

### Investment Maturity in Years

Investment Type	Amortized Cost	Less than one	One - five
<b>Bank Deposit Instruments</b>			
Fixed	\$ 4,074,986,917	\$ 4,074,986,917	
Floater			
<b>Treasury Securities</b>			
Fixed	2,135,045,593	2,135,045,593	
Floater	19,999,791	19,999,791	
<b>Federal Agency Securities</b>			
Fixed			
Floater	949,123,769	489,131,628	459,992,141
<b>Non-Financial Commercial Paper</b>			
Fixed	853,122,991	853,122,991	
Floater			
<b>Repurchase Agreements</b>	902,377,000	902,377,000	
<b>Money Market Funds</b>			
<b>TOTAL</b>	<b>\$ 8,934,656,061</b>	<b>\$ 8,474,663,920</b>	<b>\$ 459,992,141</b>

interest rates will adversely affect the fair value of an investment. The STIF's policy for managing interest rate risk is to limit investments to a very short weighted average maturity, not to exceed 90 days, and to comply with S&P Global Ratings' requirement that the weighted average maturity not exceed 60 days. The weighted-average maturity is calculated daily and reported to S&P Global Ratings weekly to ensure compliance. As of June 30, 2021 the weighted average maturity of STIF was 31 days. The breakdown of STIF's maturity profile is outlined above.

Additionally, STIF is allowed by policy to invest in floating-rate debt securities. Further, investment in floating rate securities with maturities greater than two years is limited to no more than 20 percent of the overall portfolio. For purposes of the weighted average maturity calculation and classification in the chart above, variable-rate securities are calculated using their interest rate reset dates. Because these securities reset frequently to prevailing market rates, interest rate risk is substantially reduced. As of fiscal year-end, the STIF portfolio held \$969.1 million in

in a single issuer.

Investment credit risk and concentration of credit risk of debt securities will be managed as follows:

- The STIF will purchase short-term, high-quality fixed income securities as allowed by CGS 3-27c - 3-27e and further defined within Connecticut State Treasurer's Short-Term Investment Fund Investment Policy, S&P Global Ratings' AAAM Principal Stability Fund Guidelines and the Governmental Accounting Standards Board Statement Number 79. To be considered high-quality, a security must be rated in the highest short-term rating category by one or more Nationally Recognized Statistical Rating Organizations ("NRSRO").
- STIF will perform a fundamental credit analysis to develop and approve a database of issuers that meet the Fund's standard for minimal credit risk. STIF will monitor the credit risks of all portfolio securities on an ongoing

### STIF's Credit Quality were as follows at June 30, 2021:

Credit Quality Rating	Amortized Cost	Percentage of Amortized Cost
A-1+	\$ 4,348,906,485	48.7%
A-1	2,430,704,193	27.2%
A-2*	0	0.0%
U.S. Government Securities	2,155,045,384	24.1%
<b>Total</b>	<b>\$ 8,934,656,061</b>	<b>100.0%</b>

\*Securities with a LOC guarantee from the Federal Home Loan Bank are carried at the guarantors rating.

\*A-2 and N/R investments are backed by irrevocable standby letters of credit provided by Federal Home Loan Banks or 100% FDIC Insured. \*\*Investments with implicit government guarantees such as government sponsored enterprises and repurchase agreements backed by the collateral and carried under their respective credit rating of AA/A 1+. Investments with explicit government guarantees are carried under U.S. Government Securities.

variable rate securities.

### Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of the investment

basis by reviewing the financial data, issuer news and developments, and ratings of designated NRSROs.

- STIF generally will comply with the following diversification limitations that are additional to those set forth in SEC Rule 2a-7, GASB Statement Number 79 and S&P Global Ratings' "AAAM" Principal Stability



## NOTES TO FINANCIAL STATEMENTS (Continued)

As of June 30, 2021, the table below list issuers with concentrations of greater than 5%:

Issuer	Fair Value	Percent of Total Portfolio
Federal Farm Credit Bank	\$ 778,517,825	8.7%
ScotiaBank and Treasury Repo with Scotia	650,000,000	7.3%
Bank of America REPO	602,377,000	6.7%

\*Investments with explicit government guarantees are excluded from this disclosure

Fund Guidelines. First, at least 60 percent of fund assets will be invested in securities rated "A-1+" or equivalent. Second, exposure to any single non-governmental issuer's securities will not exceed five percent (at the time a security is purchased), exposure to any single money market mutual fund (rated AAAM) will not exceed 5 percent of fund assets and exposure to money market mutual funds in total will not exceed 15 percent.

Level 3 – Investments reflect prices based upon unobservable inputs for an asset.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a pricing methodology that uses evaluation models, such as matrix pricing, to value securities based on a security's relationship to benchmark quoted prices. Debt securities classified in Level 3 of the fair value hierarchy are subject to being priced by an alternative pricing source utilizing discounted cash flow models and broker bids, or may have an estimated fair value equal to cost, due to the absence of an independent pricing source.

Certain investments, such as bank deposit instruments, money market funds and repurchase agreements, are not included in the following tables because they are not negotiable instruments and are valued at cost.

### Investments, Fair Value Hierarchy

STIF investments are carried at amortized cost, but fair value is reported in certain note disclosures as required by GAAP. STIF investments are measured and reported at fair value and classified according to the following hierarchy:

Level 1 – Investments reflect unadjusted quoted prices in active markets for identical assets.

Level 2 – Investments reflect prices that are based on inputs that are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active.

STIF has the following fair value measurements as of June 30, 2021:

Fair Value by Input Level	6/30/2021	Quoted Prices in Active Market for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>Investments by fair value level:</b>				
Federal Agency Securities	\$ 949,760,993	--	\$ 949,760,993	--
US Treasury Securities	2,155,055,152	\$ 2,155,055,152	--	--
Corporate & Bank Commercial Paper	853,186,954	--	853,186,954	--
<b>Total debt securities measured at fair value</b>	<b>\$ 3,958,003,099</b>	<b>\$ 2,155,055,152</b>	<b>\$ 1,802,947,947</b>	<b>--</b>

Certain investments, such as bank deposit instruments, money market funds and repurchase agreements, are not included in the following tables because they are not negotiable instruments and are valued at cost.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### **Note 4: Custodian**

BNY Mellon was appointed as custodian for STIF effective December 9, 2013. STIF pays an approximately \$282,000 annual custodial fee for the Short-Term Investment Unit.

### **Note 5: Administration**

STIF is managed and administered by employees of the State of Connecticut Treasury. Salaries and fringe benefit costs as well as operating expenses are charged directly to the Fund.

### **Note 6: Distributions to Investors**

The components of the distributions to investors are as follows

<b>Distributions:</b>	<b>2021</b>	<b>2020</b>
July	\$ 1,683,853	\$ 16,926,801
August	1,027,684	17,968,727
September	716,193	15,919,057
October	552,809	14,161,568
November	482,851	11,294,077
December	523,890	10,908,861
January	1,005,599	11,863,524
February	825,998	12,021,912
March	859,976	8,712,351
April	781,500	5,229,300
May	286,502	3,422,261
June (Payable at June 30)	202,620	2,496,248
<b>Total Distribution Paid &amp; Payable</b>	<b>\$ 8,949,473</b>	<b>\$ 130,924,688</b>

for the income earned during the twelve months ended:

### **Note 7: Investments in Securities**

The following is a summary of investments in securities, at amortized cost and fair value as of June 30, 2021:

Repurchase agreements are agreements to purchase securities from an entity for a specified amount of cash and to resell the securities to the entity at an agreed upon price and time. They are used to enhance returns with minimal risk on overnight investments of the Fund. Such transactions are only entered into with counterparties who report directly to the Federal Reserve Bank of New York and commercial banks that meet certain quality standards. All repurchase agreements are collateralized at between 100 percent and 102 percent of the securities' value. As of fiscal year end, STIF held \$902 million in repurchase agreements.

In response to changes to SEC rule 2a-7 and in an effort to enhance comparability of financial statements among governments the Government Accounting Standards Board (GASB) issued GASB Statement No. 79, Certain External Investment Pools and Pool Participants, effective December 15, 2015. Statement 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the

election to measure all of its investments at amortized cost for financial reporting purposes. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance would prevent the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. STIF is in compliance with GASB Statement No. 79 and has elected to measure its investments on an amortized cost basis.

In an effort to improve disclosures associated with derivative contracts, the Government Accounting Standards Board (GASB) issued GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, effective for the fiscal years beginning after June 15, 2009. Statement No. 53 requires that all derivatives be reported on the Statement of Net Position and defines a derivative instrument as a financial instrument or other contract that has all of the following characteristics: a) Settlement factors. It has (1) one or more reference rates and (2) one or more notional amounts or payment provisions or both,

**NOTES TO FINANCIAL STATEMENTS (Continued)**

<b>Investment Type</b>	<b>Amortized Cost</b>		<b>Fair Value</b>	
Bank Deposits	\$	3,824,986,917	\$	3,825,213,267
Deposits with Government Backing		250,000,000		250,000,000
Non-Financial Credit Instruments		853,122,991		853,186,954
Government Agency Securities		949,123,769		949,760,993
U.S. Treasury Securities		2,155,045,384		2,155,055,152
Repurchase Agreements		902,377,000		902,377,000
<b>Total</b>	<b>\$</b>	<b>8,934,656,061</b>	<b>\$</b>	<b>8,935,593,367</b>

b) Leverage. It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors, and c) Net settlement. Its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

For the fiscal year ended June 30, 2021 STIF held adjustable-rate securities whose interest rates vary directly with short-term money market indices and are reset either daily, weekly, monthly or quarterly. Such securities allow the Fund to earn higher interest rates as market rates increase, thereby increasing fund yields and protecting against the erosion of market values from rising interest rates. These adjustable rate securities have similar risks as fixed-rate securities from the same issuers.

**Note 8: Credit Rating of the Fund**

Throughout the year ended June 30, 2021 STIF was rated AAAM, its highest rating, by S&P Global Ratings (S&P). In September 2019, following a review of the portfolio and STIF's investment policies, management and procedures, S&P reaffirmed STIF's AAAM rating and has continued to maintain this high rating throughout the current fiscal year. In order to maintain an AAAM rating, STIF adheres to the following guidelines:

- Weekly portfolio and market value calculations;
- Maintenance of credit quality standards for portfolio securities with at least 50% of such securities rated A-1+ or invested in overnight repurchase agreements with dealers or

banks rated A-1;

- Ensuring adequate portfolio diversification standards with no more than 5% of the portfolio invested in an individual security and no more than 10% invested in an individual issuer, with a ten-business day cure period, excluding one and two day repurchase agreements and U.S. government agency securities; and
- A limit on the overall portfolio weighted average maturity (currently no more than 60 days).

It is the Treasurer's intention to take any and all such actions as are needed from time to time to maintain the AAAM rating.

**Note 9: Subsequent Events**

The Fund management has evaluated the events and transactions that have occurred through December 30, 2021 the date the basic financial statements were available to be issued. There were no subsequent events identified related to STIF that could have a material impact on STIF's financial statements.

# Investment Section

## Description of the Fund

The Treasurer's Short-Term Investment Fund (STIF or the Fund) is an AAAM rated investment pool of high-quality, short-term money market instruments managed by the Treasurer's Cash Management Division. Created in 1972, it serves as an investment vehicle for the operating cash of the State Treasury, State agencies and authorities, municipalities, and other political subdivisions of the State (See Figure 1-1). STIF's objective is to provide as high a level of current income as is consistent with, first, the safety of principal and, second, the provision of liquidity to meet participants' daily cash flow requirements. During the 2021 fiscal year, STIF's portfolio averaged \$9.0 billion.

STIF employs a top-down approach to developing its investment strategy for the management of its assets. Starting with the objectives of the Fund, STIF considers constraints outlined in its investment policy, which include among other parameters: liquidity management, limitations on the portfolio's weighted average maturity and permissible investment types. Next, an asset allocation is developed to identify securities that are expected to perform well in the current market environment. Over the long-term, STIF continually analyzes expectations of future interest rate movements and changes in the shape of the yield curve to ensure the most prudent and effective short-term money management for its clients. Ongoing credit analysis enables STIF to enhance its yield by identifying high-quality credits in undervalued sectors of the economy.

STIF pays interest monthly based on the daily earnings of the Fund less Fund expenses and an allocation to the Fund's designated sur-plus reserve. The daily reserve allocations equal one-tenth of one percent of the Fund's daily balances divided by the number of days in the year, until the reserve totals one percent of the Fund's daily balance. The reserve on June 30, 2021, totaled \$82.8 million.

To help the Fund and its investors evaluate performance, STIF compares its returns to various benchmarks. The primary

benchmark is the iMoneyNet Money Fund Average™ - Rated First Tier Institutional Average (MFR) Index. This index represents an average of institutional money market mutual funds rated AAAM that invest primarily in first-tier (securities rated A-1, P-1) taxable securities. While STIF's investment policy allows for somewhat greater flexibility than these SEC-registered funds, the MFR Index is the most appropriate benchmark against which to judge STIF's performance. During the past year, STIF's actual investment strategy has been considerably more conservative than most private money funds and its own investment policy would permit. (See Figure 1-3)

STIF's yields also are compared to the average three-month Treasury Bills rate. The Treasury Bill rate is used to measure STIF's effectiveness in achieving yields in excess of a "risk-free" investment. It is important to note that the 90-day benchmark exceeds STIF's shorter average maturity. In order to maintain its AAAM rating, the STIF cannot exceed a 60-day weighted average maturity (WAM) limit. Furthermore, these benchmarks are "unmanaged" and are not affected by management fees or operating expenses.

Among the Fund's several achievements during the 2021 fiscal year was the reaffirmation and continuation of its AAAM rating by S&P Global Ratings (S&P). In S&P's view, "a fund rated 'AAAM' demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk."

## Portfolio Characteristics

During Fiscal Year 2021, the STIF portfolio continued its conservative investment approach of balancing liquidity and stability while maximizing yield for investors. STIF's conservative investment practices include maintaining abundant liquidity, a well-diversified portfolio, and significant holdings of securities issued, guaranteed or insured by the U.S. government and federal agencies.

Accordingly, at year-end STIF held 38 percent of Fund assets

in overnight investments or investments that are available on a same-day basis. During the fiscal year, the Fund's WAM fluctuated between a low of 24 days and a high of 44 days and ended the year at 31 days. Fifty-five percent of the Fund's assets were invested in securities with maturities, or interest rate reset dates for adjustable rate securities, of less than 30 days. (See Figure 1-2)

The Fund ended the year with a 46 percent concentration in securities issued, guaranteed or insured by the U.S. government or federal agencies (including deposit instruments backed by irrevocable Federal Home Loan Bank letters of credit) or in repurchase agreements backed by such securities. In total, 85 percent of STIF's assets are rated A-1+ or have some form of government support. The Fund's three largest security weightings included bank deposits (45 percent), U.S. Treasury securities (25 percent), and government agency securities (11 percent). (See Figure 1-5)

## Market Review

Fiscal 2021, while not as volatile as the second half of fiscal 2020, continued to be volatile in terms of economic growth, inflation, and the resultant impact upon the capital markets. The effects of the COVID-19 pandemic began to abate during the fiscal year as business opened and a gradual "return to normalcy" began to occur. Some of the positive effects were subsequently paused as the Delta variant of the virus emerged and some restrictions were re-introduced.

Economic growth in the United States, as measured by Gross Domestic Product (GDP), averaged 1.9 percent during the fiscal year, up significantly from the prior fiscal year average of -6.3 percent. Most of the increase took place in the second half of the fiscal year, with the fourth quarter GDP increasing 12.2 percent. During the same period, the Eurozone GDP has averaged -1.1 percent, with all the gain due to the fourth quarter's increase of 14.3 percent. Despite the continuation of supply and logistics constraints and the resurgence of COVID-19, it is expected that domestic GDP growth will be approximately 5.9 percent in 2021 and 4.2 percent in 2022. Globally, GDP is expected to increase approximately 5.9 percent in 2021 and 4.5 percent in 2022. In the Eurozone growth, as measured by GDP, averaged -2.0 percent, with the only increase taking place in the fourth quarter of the fiscal year, which was a staggering 14.3 percent.

Domestic inflation during the fiscal year, as measured by the year-over-year change in the consumer price index, averaged 2.3 percent during the fiscal year, which was significantly higher than the 1.6 percent recorded during fiscal 2020. Most of the increase in consumer inflation took place in the final quarter of the fiscal year, with inflation averaging 4.8 percent, whereas it averaged 1.5 percent during the first three quarters of the fiscal year. While the rate of domestic inflation was higher than the Federal Reserve Bank's target of two percent, the Fed stated

that it believes inflationary pressures are transitory in nature and should recede and, as a result, a change in monetary policy was not required. Using a market-based inflation expectation, specifically the two-year breakeven inflation rate (the difference between two-year real yields and nominal yields in the US Treasury market), the expectations for inflation over the next two years averaged 2 percent and is currently approximately 2.6 percent, which reflects expectations that much of the recent increase in prices is transitory and will settle back into a range just slightly higher than Fed targets. Similarly, average Eurozone inflation was below the European Central Bank's (ECB) target of two percent as well. Eurozone inflation averaged 1.6 percent for fiscal 2021, starting off at 1.7 percent and ending at 2.9 percent during the fiscal year.

While above trend GDP growth and increasing inflation would normally lead to a sell-off in bonds and higher rates, the increase in rates, as measured by the ten-year U.S. Treasury was limited to 80 basis points (0.80 percent). The front-end of the rates market, those rates one-year and less, remained anchored near zero. The one-year bill fell from 16 basis points (0.16 percent) to seven basis points (0.07 percent) during the fiscal year. Growth in GDP and inflation is, however, traditionally good for equities. This became apparent as the Russell 3000 Index returned 44 percent for the fiscal year and the S&P500 returned 41 percent. The MSCI All Country World Index (MSCI ACWI) returned 40 percent for the fiscal year.

As the fiscal year ended, the Federal Open Market Committee (Fed) began discussing the eventual "tapering", or reduction of asset purchases which is meant to add liquidity to the capital markets and affect interest rates. The Fed has also been discussing an increase in the Federal Funds rate, although it does not appear likely until the second half of 2022. These discussions, while not set in stone, show that the economy is in the process of turning the corner and that data, while not as strong as it currently is, will begin to reflect this with a greater consistency.

## Performance Summary

For the one-year period ending June 30, 2021 STIF reported an annual total return of 0.10 percent, net of all expenses and \$5.9 million in allocations to Fund reserves. Annual total return measures the total investment income a participant would earn with monthly compounding at the Fund's monthly net earned rate during the year. This figure exceeded that achieved by its benchmark, the MFR Index, which equaled 0.04 percent, by six basis points. STIF's performance bested that of three-month T-Bills by three basis points, which yielded 0.07 percent. STIF's relative performance was limited by the Fund's more cautious investment strategy that is focused on safety and liquidity.

The principal reasons for STIF's continued strong performance, despite its cautious strategy, was the selective addition of more

bank deposit instruments and the active management of maturities within the portfolio, as well as the low overall expense rate.

Over the long-term, STIF has performed exceptionally well. For the trailing three-, five-, seven-, and ten-year periods, STIF's compounded annual total return was 1.31 percent, 1.18 percent, 0.91 percent, and 0.68 percent, net of all expenses and contributions to reserves, exceeding returns of its primary benchmark for all time periods. Viewed on a dollar-for-dollar basis, had one invested \$10 million in STIF ten years ago, that investment would have been worth \$10.7 million on June 30, 2021, versus \$10.57 million for a hypothetical investment in the MFR Index (See Figure 1-6). During the past ten years, STIF has earned \$74 million above its benchmark while adding \$39 million to its reserves.

### Risk Profile

STIF is considered extremely low risk for several reasons. First, its portfolio is comprised of high-quality, highly liquid securities,

which insulate the Fund from default and liquidity risk. (See Figure 1-4) Second, its relatively short average maturity reduces the Fund's price sensitivity to changes in market interest rates. Third, STIF has a strong degree of asset diversification by security type and issuer, as required by its investment policy, strengthening its overall risk profile. And finally, STIF's reserves are available to protect against security defaults or the erosion of security values due to dramatic and unforeseen market changes. As the primary short-term investment vehicle for the operating cash of the State, STIF has the ultimate confidence of the State government.

While STIF is managed diligently to protect against losses from credit and market changes, the Fund is not insured or guaranteed by any government. Therefore, the maintenance of capital cannot be fully assured.

FIG 1-1 SHORT-TERM INVESTMENT FUND (STIF)  
OWNERSHIP ANALYSIS AT JUNE 30, 2021

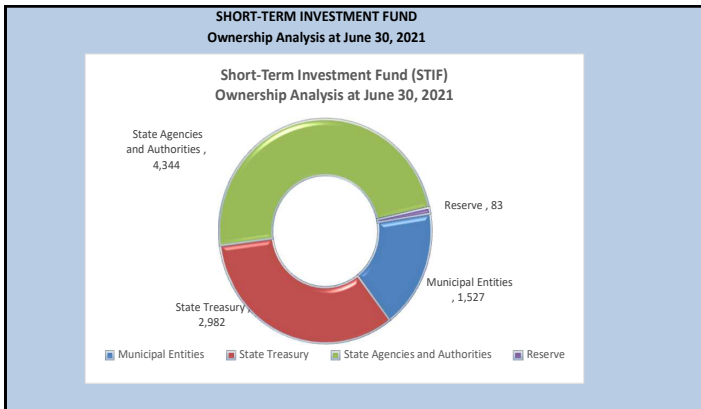


FIG 1-2 SHORT-TERM INVESTMENT FUND (STIF)  
MATURITY ANALYSIS AT JUNE 30, 2021

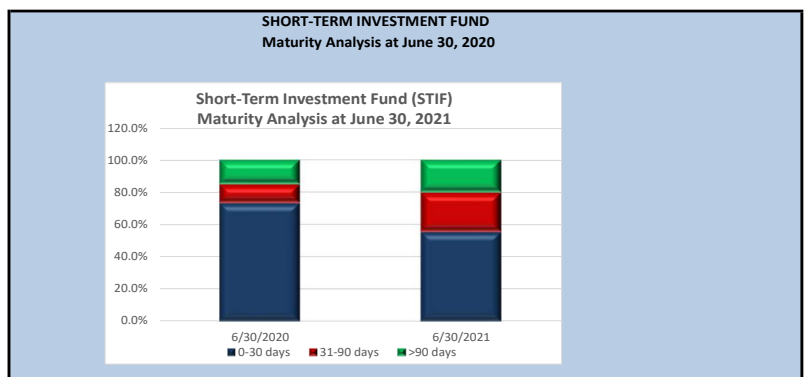




FIG 1-3 SHORT-TERM INVESTMENT  
 QUARTERLY YIELD VS BENCHMARK JUNE 30, 2021

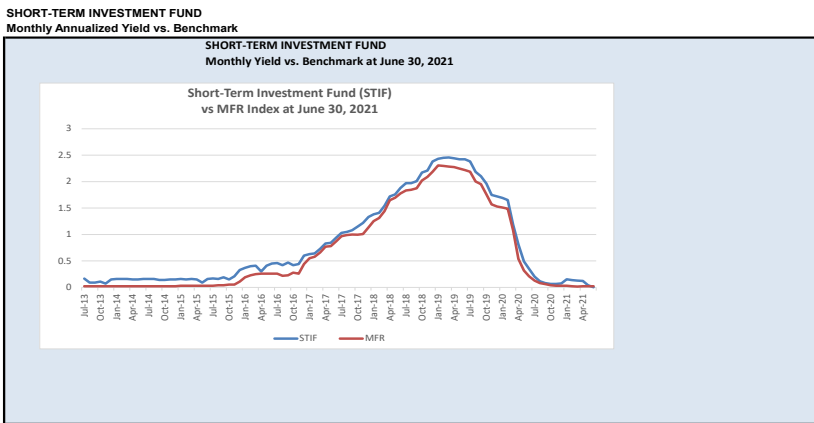


FIG 1-4 SHORT-TERM INVESTMENT FUND (STIF)  
 DISTRIBUTION BY QUALITY RATING AT JUNE 30, 2021

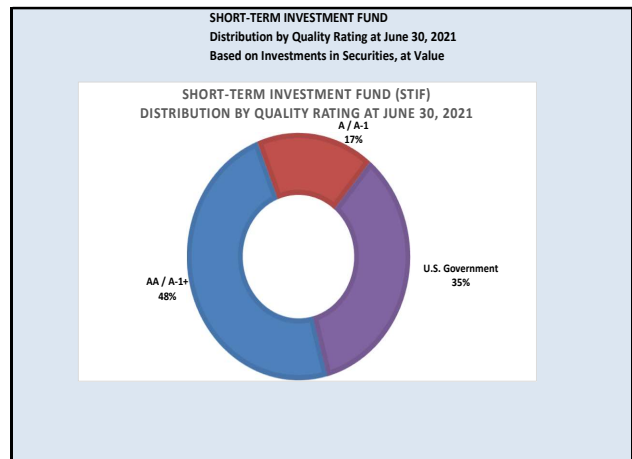
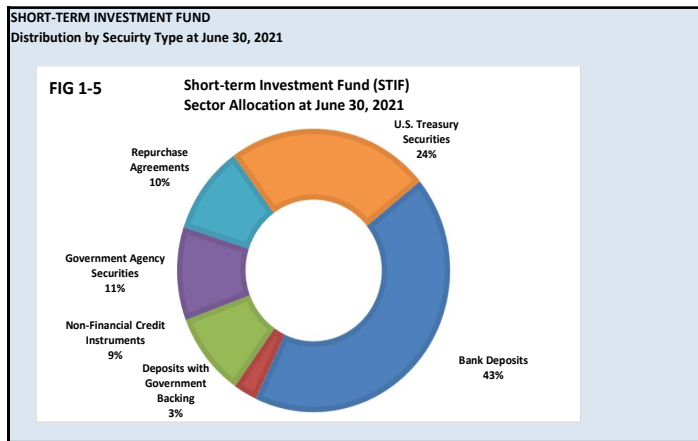


FIG 1-5 SHORT-TERM INVESTMENT FUND (STIF)  
 SECTOR ALLOCATION AT JUNE 30, 2021



\* A-2 securities are backed by irrevocable standby letters of credit provided by federal home loan banks.  
 \*\* AA/A-1+ Includes federal agency and repurchase agreements backed by U.S. Govt Guaranteed Securities

FIG 1-6 SHORT-TERM INVESTMENT FUND (STIF)  
 vs MFR INDEX AT JUNE 30, 2021

**SHORT-TERM INVESTMENT FUND**  
 Period ending June 30, 2021

	1 YEAR	3 YEARS	5 YEARS	7 YEARS	10 YEARS
<b>Fiscal Year 2021</b>					
<b>Compounded Annual Total Return (%)</b>					
STIF	0.10	1.31	1.18	0.91	0.68
MFR Index*	0.04	1.18	1.06	0.78	0.56
Fed. Three-Month T-Bill	0.07	1.17	1.11	0.82	0.59
<b>Cumulative Total Return (%)</b>					
STIF	0.10	3.97	6.06	6.53	7.02
MFR Index*	0.04	3.58	5.42	5.61	5.74
Fed. Three-Month T-Bill	0.07	3.54	5.65	5.88	6.07

STIF uses a time-weighted linked rate of return formula to calculate rates of return.  
 \* Represents iMoneyNet Money Fund Average TM - Rated first Tier Institutional Average (MFR) Index.

**CONNECTICUT STATE TREASURER'S SHORT-TERM INVESTMENT FUND**  
**LIST OF INVESTMENTS AS OF June 30, 2021**

	Par	Issuer	YTM	Reset / Maturity	Amortized Cost	Fair Market Value	Rating
<b>Bank Deposit Instruments</b>							<b>42.8%</b>
\$	25,000,000	ANZ Bank	0.14%	8/26/2021	\$ 25,000,000	\$ 25,000,000	A-1+
	50,000,000	ANZ Bank	0.15%	8/19/2021	50,000,000	50,000,000	A-1+
	50,000,000	ANZ Bank	0.15%	9/20/2021	50,000,000	50,000,000	A-1+
	25,000,000	ANZ Bank	0.17%	12/1/2021	25,000,000	25,000,000	A-1+
	50,000,000	ANZ Bank	0.27%	7/6/2021	50,000,000	50,000,000	A-1+
	50,000,000	ANZ Bank	0.19%	7/14/2021	50,000,000	50,000,000	A-1+
	50,000,000	ANZ Bank	0.20%	9/15/2021	50,000,000	50,000,000	A-1+
	25,000,000	ANZ Bank	0.20%	8/9/2021	25,000,000	25,000,000	A-1+
	25,000,000	ANZ Bank	0.21%	8/25/2021	25,000,000	25,000,000	A-1+
	50,000,000	ANZ Bank	0.19%	7/22/2021	50,000,000	50,000,000	A-1+
	25,000,000	ANZ Bank	0.21%	10/6/2021	25,000,000	25,000,000	A-1+
	50,000,000	COMMONWEALTH BK AUSTR NY	0.12%	11/17/2021	50,000,000	50,005,000	A-1+
	50,000,000	COMMONWEALTH BK AUSTR NY	0.11%	7/27/2021	50,000,000	50,001,000	A-1+
	200,000,000	DEXIA CREDIT LOCAL	0.04%	7/1/2021	200,000,000	200,000,000	A-1+
	50,000,000	DEXIA CREDIT LOCAL	0.07%	9/7/2021	50,000,000	50,000,000	A-1+
	50,000,000	DEXIA CREDIT LOCAL	0.11%	8/17/2021	50,000,000	50,000,000	A-1+
	50,000,000	DZ BANK NY	0.16%	7/1/2021	50,000,000	50,000,000	A-1+
	50,000,000	DZ BANK NY	0.14%	7/8/2021	50,000,000	50,000,000	A-1+
	50,000,000	MUFG BANK LTD/NY	0.19%	7/28/2021	50,000,000	50,005,000	A-1
	50,000,000	MUFG BANK LTD/NY	0.19%	8/2/2021	50,000,000	50,006,000	A-1
	50,000,000	MUFG BANK LTD/NY	0.16%	8/23/2021	50,000,000	50,007,500	A-1
	50,000,000	MUFG BANK CD	0.18%	10/13/2021	50,000,000	50,013,000	A-1
	50,000,000	MUFG BANK LTD/NY	0.19%	10/21/2021	50,000,000	50,015,000	A-1
	25,000,000	MUFG BANK LTD/NY	0.16%	8/26/2021	25,000,000	25,004,000	A-1
	50,000,000	MUFG BANK LTD/NY	0.14%	11/29/2021	50,000,000	50,004,000	A-1
	50,000,000	MUFG BANK LTD/NY	0.17%	11/10/2021	50,000,000	50,011,500	A-1
	25,000,000	MUFG BANK LTD/NY	0.20%	7/14/2021	25,000,000	25,001,250	A-1
	150,000,000	NATIONAL BANK OF CANADA (2)	0.25%	7/1/2021	150,000,000	150,000,000	A-1
	50,000,000	NATIONAL BANK OF CANADA (2)	0.25%	7/1/2021	50,000,000	50,000,000	A-1
	50,000,000	NATIONAL BANK OF CANADA (2)	0.25%	7/1/2021	50,000,000	50,000,000	A-1
	50,000,000	NATIONAL BANK OF CANADA (2)	0.25%	7/1/2021	50,000,000	50,000,000	A-1
	50,000,000	NORDEA BANK ABP NEW YORK	0.15%	9/27/2021	50,000,000	50,000,000	A-1+
	25,000,000	NORDEA BANK ABP NEW YORK	0.15%	10/20/2021	25,000,000	25,005,500	A-1+
	50,000,000	NORDEA BANK ABP NEW YORK	0.11%	8/16/2021	50,000,000	50,002,000	A-1+
	35,000,000	NORDEA BANK ABP NEW YORK	0.15%	11/5/2021	35,000,000	35,008,050	A-1+
	50,000,000	NORDEA BANK ABP NEW YORK	0.16%	9/9/2021	50,000,000	50,008,000	A-1+
	50,000,000	NORDEA BANK ABP NEW YORK	0.17%	7/21/2021	50,000,000	50,002,500	A-1+
	50,000,000	NORDEA BANK ABP NEW YORK	0.14%	10/12/2021	50,000,000	50,008,500	A-1+
	40,000,000	NORDEA BANK ABP NEW YORK	0.18%	9/15/2021	40,000,000	40,006,800	A-1+
	50,000,000	COOPERATIEVE RABOBANK UA	0.15%	9/9/2021	50,000,000	50,005,500	A-1
	25,000,000	COOPERATIEVE RABOBANK UA	0.15%	10/22/2021	25,000,000	25,003,250	A-1
	50,000,000	COOPERATIEVE RABOBANK UA	0.12%	11/26/2021	50,000,000	50,006,000	A-1
	50,000,000	COOPERATIEVE RABOBANK UA	0.14%	8/16/2021	50,000,000	50,003,500	A-1
	50,000,000	COOPERATIEVE RABOBANK UA	0.14%	11/15/2021	50,000,000	50,008,000	A-1
	50,000,000	COOPERATIEVE RABOBANK UA	0.15%	8/25/2021	50,000,000	50,004,500	A-1
	25,000,000	COOPERATIEVE RABOBANK UA	0.16%	10/7/2021	25,000,000	25,004,000	A-1
	50,000,000	COOPERATIEVE RABOBANK UA	0.15%	8/23/2021	50,000,000	50,004,500	A-1
	50,000,000	COOPERATIEVE RABOBANK UA	0.15%	9/1/2021	50,000,000	50,005,000	A-1
	50,000,000	ROYAL BANK OF CANADA NY	0.16%	8/9/2021	50,000,000	50,000,000	A-1+
	50,000,000	ROYAL BANK OF CANADA NY	0.18%	7/1/2021	50,000,000	50,000,000	A-1+
	50,000,000	ROYAL BANK OF CANADA NY	0.17%	7/14/2021	50,000,000	50,000,000	A-1+

**CONNECTICUT STATE TREASURER'S SHORT-TERM INVESTMENT FUND**  
**LIST OF INVESTMENTS AS OF June 30, 2021**

Par	Issuer	YTM	Reset / Maturity	Amortized Cost	Fair Market Value	Rating
50,000,000	ROYAL BANK OF CANADA NY	0.18%	8/2/2021	50,000,000	50,000,000	A-1+
50,000,000	ROYAL BANK OF CANADA NY	0.18%	9/1/2021	50,000,000	50,000,000	A-1+
50,000,000	ROYAL BANK OF CANADA NY	0.18%	9/13/2021	49,981,500	49,991,000	A-1+
25,000,000	SCOTIA BANK (2)	0.25%	7/1/2021	25,000,000	25,000,000	A-1
250,000,000	SCOTIA BANK (2)	0.25%	7/1/2021	250,000,000	250,000,000	A-1
50,000,000	SCOTIA BANK (2)	0.25%	7/1/2021	50,000,000	50,000,000	A-1
25,000,000	SCOTIA BANK (2)	0.25%	7/1/2021	25,000,000	25,000,000	A-1
50,000,000	SVENSKA HANDELSBANKEN NY	0.16%	9/1/2021	50,000,000	50,007,000	A-1+
25,000,000	SVENSKA HANDELSBANKEN NY	0.16%	10/18/2021	25,000,000	25,004,250	A-1+
50,000,000	SVENSKA HANDELSBANKEN NY	0.16%	11/2/2021	50,000,000	50,008,000	A-1+
50,000,000	SVENSKA HANDELSBANKEN NY	0.18%	10/6/2021	50,000,000	50,011,500	A-1+
50,000,000	SVENSKA HANDELSBANKEN NY	0.10%	8/13/2021	50,000,000	50,001,000	A-1+
50,000,000	SVENSKA HANDELSBANKEN NY	0.15%	8/16/2021	50,000,000	50,004,500	A-1+
25,000,000	SVENSKA HANDELSBANKEN NY	0.15%	8/6/2021	25,000,000	25,001,750	A-1+
50,000,000	SVENSKA HANDELSBANKEN NY	0.18%	9/10/2021	50,000,000	50,009,500	A-1+
50,000,000	SVENSKA HANDELSBANKEN NY	0.18%	9/22/2021	50,000,000	50,010,500	A-1+
100,000,000	TORONTO DOMINION BANK(2)	0.20%	7/1/2021	100,000,000	100,000,000	A-1+
100,000,000	TORONTO DOMINION BANK(2)	0.20%	7/1/2021	100,000,000	100,000,000	A-1+
50,000,000	TORONTO DOMINION BANK(2)	0.20%	7/1/2021	50,000,000	50,000,000	A-1+
25,000,000	TORONTO DOMINION BANK(2)	0.20%	7/1/2021	25,000,000	25,000,000	A-1+
25,000,000	TORONTO DOMINION BANK(2)	0.20%	7/1/2021	25,000,000	25,000,000	A-1+
100,005,417	US BANK	0.05%	7/1/2021	100,005,417	100,005,417	A-1+
\$ 3,825,005,417				\$ 3,824,986,917	\$ 3,825,213,267	
<b>Bank Deposit Instruments with Government Backing</b>						<b>2.8%</b>
200,000,000	CITIZENS BANK (2,3)	0.10%	7/1/2021	200,000,000	200,000,000	A-2
50,000,000	SANTANDER BANK (2,3)	0.10%	7/1/2021	50,000,000	50,000,000	A-2
\$ 250,000,000				\$ 250,000,000	\$ 250,000,000	
<b>Commercial Paper and Corporate Notes</b>						<b>9.5%</b>
50,000,000	EXXON MOBIL CORP	0.10%	7/26/2021	49,996,528	49,998,000	A-1+
50,000,000	EXXON MOBIL CORP	0.17%	9/3/2021	49,984,889	49,994,500	A-1+
50,000,000	EXXON MOBIL CORP	0.14%	10/4/2021	49,981,528	49,990,500	A-1+
25,000,000	LVMH MOET HENNESSY VUITT	0.15%	3/25/2022	24,972,188	24,968,500	A-1+
25,000,000	LVMH MOET HENNESSY VUITT	0.12%	12/23/2021	24,985,417	24,983,000	A-1+
28,400,000	LVMH MOET HENNESSY VUITT	0.15%	3/15/2022	28,369,588	28,366,204	A-1+
50,000,000	NATL SEC CLEARING CORP	0.06%	7/1/2021	50,000,000	50,000,000	A-1+
50,000,000	NATL SEC CLEARING CORP	0.06%	7/15/2021	49,998,833	49,998,500	A-1+
50,000,000	NATL SEC CLEARING CORP	0.05%	8/23/2021	49,996,319	49,994,000	A-1+
50,000,000	NATL SEC CLEARING CORP	0.08%	9/21/2021	49,990,889	49,990,000	A-1+
100,000,000	PROCTER & GAMBLE CO	0.07%	9/24/2021	99,983,472	99,990,000	A-1+
25,000,000	TOYOTA MOTOR CREDIT CORP	0.21%	1/10/2022	24,971,854	24,981,250	A-1+
50,000,000	TOYOTA MOTOR CREDIT CORP	0.22%	1/18/2022	49,938,583	49,959,500	A-1+
50,000,000	TOYOTA MOTOR CREDIT CORP	0.18%	7/13/2021	49,997,000	49,999,000	A-1+
50,000,000	TOYOTA MOTOR CREDIT CORP	0.15%	8/3/2021	49,993,125	49,996,500	A-1+
50,000,000	TOYOTA MOTOR CREDIT CORP	0.15%	8/19/2021	49,989,792	49,994,000	A-1+
50,000,000	TOYOTA MOTOR CREDIT CORP	0.16%	9/24/2021	49,981,111	49,988,000	A-1+
50,000,000	TOYOTA MOTOR CREDIT CORP	0.15%	8/9/2021	49,991,875	49,995,500	A-1+
\$ 853,400,000				\$ 853,122,991	\$ 853,186,954	

**CONNECTICUT STATE TREASURER'S SHORT-TERM INVESTMENT FUND**  
**LIST OF INVESTMENTS AS OF June 30, 2021**

Par	Issuer	YTM	Reset / Maturity	Amortized Cost	Fair Market Value	Rating
<b>Government Agency Securities</b>						<b>10.6%</b>
25,000,000	FANNIE MAE	0.16%	7/1/2021	25,000,000	25,015,981	AA+
25,000,000	FEDERAL FARM CREDIT BANK	0.26%	7/1/2021	25,000,000	25,014,001	AA+
25,000,000	FEDERAL FARM CREDIT BANK	0.29%	7/1/2021	25,000,000	25,020,079	AA+
25,000,000	FEDERAL FARM CREDIT BANK	0.45%	7/1/2021	25,029,656	25,039,909	AA+
50,000,000	FEDERAL FARM CREDIT BANK	0.08%	7/1/2021	50,000,000	49,995,843	AA+
20,000,000	FEDERAL FARM CREDIT BANK	0.15%	7/1/2021	20,000,000	20,010,870	AA+
8,000,000	FEDERAL FARM CREDIT BANK	0.18%	7/1/2021	8,000,000	8,004,242	AA+
25,000,000	FEDERAL FARM CREDIT BANK	0.08%	7/1/2021	24,997,964	24,993,947	AA+
12,000,000	FEDERAL FARM CREDIT BANK	0.11%	7/1/2021	12,000,000	11,999,101	AA+
25,000,000	FEDERAL FARM CREDIT BANK	0.20%	7/1/2021	25,000,000	25,024,078	AA+
25,000,000	FEDERAL FARM CREDIT BANK	0.20%	7/1/2021	24,991,390	25,024,078	AA+
10,000,000	FEDERAL FARM CREDIT BANK	0.20%	7/1/2021	9,986,766	10,009,631	AA+
58,000,000	FEDERAL FARM CREDIT BANK	0.11%	7/1/2021	57,994,987	58,001,692	AA+
50,000,000	FEDERAL FARM CREDIT BANK	0.08%	7/1/2021	50,000,000	49,982,713	AA+
50,000,000	FEDERAL FARM CREDIT BANK	0.11%	7/1/2021	50,000,000	50,001,459	AA+
25,000,000	FEDERAL FARM CREDIT BANK	0.16%	7/1/2021	24,998,981	25,017,753	AA+
25,000,000	FEDERAL FARM CREDIT BANK	0.28%	7/1/2021	25,000,000	25,047,444	AA+
25,000,000	FEDERAL FARM CREDIT BANK	0.28%	7/1/2021	24,997,715	25,047,444	AA+
25,000,000	FEDERAL FARM CREDIT BANK	0.28%	7/1/2021	24,998,814	25,048,874	AA+
25,000,000	FEDERAL FARM CREDIT BANK	0.28%	7/1/2021	25,000,000	25,048,874	AA+
25,000,000	FEDERAL FARM CREDIT BANK	0.18%	7/1/2021	25,000,000	25,001,847	AA+
25,000,000	FEDERAL FARM CREDIT BANK	0.29%	7/1/2021	25,000,000	25,055,461	AA+
25,000,000	FEDERAL FARM CREDIT BANK	0.18%	7/1/2021	24,999,190	25,027,403	AA+
15,000,000	FEDERAL FARM CREDIT BANK	0.24%	7/1/2021	15,000,000	15,025,075	AA+
50,000,000	FEDERAL FARM CREDIT BANK	0.20%	7/1/2021	49,999,418	50,009,833	AA+
25,000,000	FEDERAL FARM CREDIT BANK	0.20%	7/1/2021	24,997,064	25,004,917	AA+
10,000,000	FEDERAL FARM CREDIT BANK	0.11%	7/1/2021	10,000,000	10,000,430	AA+
20,000,000	FEDERAL FARM CREDIT BANK	0.12%	7/1/2021	20,000,000	20,001,685	AA+
50,000,000	FEDERAL FARM CREDIT BANK	0.18%	7/1/2021	50,000,000	50,059,146	AA+
9,125,000	FEDERAL HOME LOAN BANK	0.28%	7/28/2021	9,131,824	9,130,723	AA+
25,000,000	FEDERAL HOME LOAN BANK	0.14%	7/1/2021	25,000,000	25,017,662	AA+
22,000,000	FEDERAL HOME LOAN BANK	0.17%	7/1/2021	22,000,000	22,012,282	AA+
25,000,000	FEDERAL HOME LOAN BANK	0.14%	7/1/2021	25,000,000	25,017,283	AA+
25,000,000	FEDERAL HOME LOAN BANK	0.14%	7/1/2021	25,000,000	25,017,768	AA+
25,000,000	FEDERAL HOME LOAN BANK	0.14%	7/1/2021	25,000,000	25,017,768	AA+
15,000,000	FREDDIE MAC	0.20%	7/1/2021	15,000,000	15,013,701	AA+
\$ 949,125,000				\$ 949,123,769	\$ 949,760,993	
<b>US Treasury Securities</b>						<b>24.1%</b>
500,000,000	TREASURY BILL	0.04%	7/6/2021	499,997,569	499,997,845	A-1+
400,000,000	TREASURY BILL	0.04%	7/1/2021	400,000,000	400,000,000	A-1+
250,000,000	TREASURY BILL	0.04%	7/1/2021	250,000,000	250,000,000	A-1+
250,000,000	TREASURY BILL	0.04%	7/1/2021	250,000,000	250,000,000	A-1+
250,000,000	TREASURY BILL	0.04%	7/20/2021	249,994,722	249,993,898	A-1+
250,000,000	TREASURY BILL	0.04%	7/27/2021	249,992,326	249,992,778	A-1+
100,000,000	TREASURY BILL	0.06%	9/2/2021	99,989,500	99,991,425	A-1+
100,000,000	TREASURY BILL	0.06%	9/9/2021	99,988,333	99,990,958	A-1+

**CONNECTICUT STATE TREASURER'S SHORT-TERM INVESTMENT FUND**  
**LIST OF INVESTMENTS AS OF June 30, 2021**

Par	Issuer	YTM	Reset / Maturity	Amortized Cost	Fair Market Value	Rating
20,000,000	US TREASURY FRN	0.27%	7/1/2021	19,999,791	20,003,855	A-1+
35,000,000	US TREASURY N/B	0.07%	8/31/2021	35,083,142	35,084,394	A-1+
<u>\$ 2,155,000,000</u>				<u>\$ 2,155,045,384</u>	<u>\$ 2,155,055,152</u>	
<b>Repurchase Agreements</b>						<b>10.1%</b>
602,377,000	BANK OF AMERICA SECURITIES R	0.03%	7/1/2021	602,377,000	602,377,000	A-1
300,000,000	SCOTIA BANK REPO	0.04%	7/1/2021	300,000,000	300,000,000	A-1
<u>\$ 902,377,000</u>				<u>\$ 902,377,000</u>	<u>\$ 902,377,000</u>	
<u>\$ 8,934,907,417</u>				<u>\$ 8,934,656,061</u>	<u>\$ 8,935,593,367</u>	

**Fund Summary Statistics and Notes**

Amortized Cost	\$ 8,934,656,061
Fair market value	\$ 8,935,593,367
Shares Outstanding	\$ 8,853,388,685
Fund Net Asset Value (4)	\$1.01
Effective 7-Day Net Yield (5)	0.118%
Effective 7-Day Gross Yield	0.135%
WAM(R) (6)	31 Days
WAM(F) (7)	68 Days
Ratio of Fair Market Value to Amortized Cost	1.0001

(1) Securities rounded to the nearest dollar.

(2) Issues have a daily put option, and thus are calculated as 1 day for WAL and WAM purposes.

(3) Santander Bank and Citizens Bank N.A. deposits are backed by irrevocable standby letter of credit provided by the Federal Home Loan Bank of Pittsburgh and Boston guaranteeing principal amount.

(4) Includes designated surplus reserve. NAV is calculated as the total amortized cost / participant shares.

(5) Includes approximately 2-4 basis points of expenses and a 10 basis point contribution to the designated surplus reserve each day the size of the reserve is less than one percent of the size of the Short-Term Investment Fund. Gross Yield is prior to reserve transfers, after operating expenses.

(6) Weighted average maturity to the next reset date.

(7) Weighted average maturity to final maturity date.

**CONNECTICUT STATE TREASURER'S SHORT-TERM INVESTMENT FUND**  
**SCHEDULE OF MANAGEMENT FEES**  
**JUNE 30, 2021**

Category	Amount
Internal Management Fees	\$ 1,824,681
Professional & Other Miscellaneous Expenses	278,727
<b>Total:</b>	<b><u>\$ 2,103,408</u></b>

*Note: Internal management fees include payroll, lease service, subscriptions, supplies, telephone and other. External professional fees include custodian and investor services.*

**CONNECTICUT STATE TREASURER'S SHORT-TERM INVESTMENT FUND**  
**SCHEDULE OF PARTICIPANTS BY CONCENTRATION**  
**JUNE 30, 2021**

TYPE	NUMBER OF ACCTS	TOTAL SHARES
Municipalities and Local Entities	530	1,526,905,656
State Treasury	58	2,982,062,922
State Agencies and Authorities	347	4,344,420,107
<b>TOTAL:</b>	<b>935</b>	<b>8,853,388,685</b>
Participant Net Asset Value, Offering Price and Redemption Price		
per Share (\$8,936,191,030 in Net Assets divided by 8,853,388,685 shares)	\$	<u>1.00</u>



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# INVESTMENT POLICY STATEMENT SHORT-TERM INVESTMENT FUND

As adopted August 21, 1996 and revised June 16, 2008, April 17, 2009 and November 2019

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## A. Background

The Treasurer's Short-Term Investment Fund (STIF) is an investment pool of high-quality, short-term money market instruments for state and local governments. Operating since 1972 in a manner similar to a money market mutual fund, STIF's purpose is to provide a safe, liquid and effective investment vehicle for the operating cash of the State Treasury, state agencies and authorities, municipalities, and other political subdivisions of the state.

All State, local and political subdivisions of the State are authorized to invest in STIF by (CGS) 3-27a and 3-27b.

## B. Purpose

The purpose of this document is to specify the policies and guidelines that provide for the systematic management of STIF and the prudent and productive investment of funds.

## C. Investment Objectives

STIF seeks as high a level of current income as is consistent with, first, the safety of principal invested by the State, municipalities and others, and, second, the provision of liquidity to meet participants' daily cash flow requirements.

## D. Safety of Principal

Safety of principal, STIF's primary objective, shall be pursued in a number of ways.

1. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio by protecting against credit risks (from security defaults) and the erosion of market prices (from rising interest rates).
2. The Fund's investments shall be made in conformance with prudent guidelines for allowable instruments, credit quality and maturities. See Section H.
3. STIF shall maintain adequate diversification of instruments, issuers, industries and maturities to protect against significant losses from credit risks and market changes. See Section H.
4. All securities shall be held by a third-party custodian.
5. All transactions shall be handled on the basis of delivery vs. payment to a custodian bank with the

exception of bank investments which are settled by Fed wire. In instances where DTC is closed and delivery/settlement still needs to take place, free deliveries are acceptable as long as deliveries occur before payment.

6. All repurchase agreements shall be fully collateralized, with a custodian bank receiving delivery of the collateral.

7. Reverse repurchase agreements may be used only to meet temporary liquidity requirements of the Fund and may not exceed five percent of total Fund assets. See Section H.

8. STIF shall maintain a designated surplus reserve equal to one percent of net investable assets ("NIA") to provide an added layer of security. For any periods where the designated surplus reserve falls below one percent, daily allocations to the designated surplus reserve will be paid from investment returns and will equal, on an annualized basis, one-tenth of one percent of the fund's NIA until the reserve equals one percent of NIA. If net losses significant to the aggregate portfolio are realized, they shall be charged against the designated surplus reserve, as discussed in Section Q.

While STIF — which consists predominantly of funds for which the Treasurer is sole trustee — is managed diligently to protect against losses from credit and market changes, and though deposits are backed by high-quality and highly-liquid short-term securities, the Fund is not insured or guaranteed by any government and the maintenance of capital cannot be fully assured.

## E. Liquidity

The portfolio shall be structured to ensure complete liquidity for participants through sufficient investments in overnight and highly-marketable securities. In addition, reverse repurchase agreements totaling up to five percent of Fund assets may be used to meet temporary liquidity requirements.

Participants shall have full and timely access to all of their funds. Participants may make same-day (normally up to 10:30 a.m.) deposits and withdrawals of any size. Withdrawals generally are sent via Fed wire, thus funds are available for use on the day of withdrawal.

In addition, deposits and withdrawals may be made through the ACH system on a next-day basis, deposits may be made by check through the mail, and withdrawals may be made by check. No transaction fees are charged on deposits or withdrawals by wire or ACH. Withdrawals by check are charged a fee, as specified in the participant manual.

## F. Yield

STIF's investment portfolio shall be designed to attain a rate of return consistent with similar funds throughout budgetary and economic cycles, taking into account investment risk constraints and the liquidity requirements of the Fund.

The portfolio shall be managed with the objective of exceeding a designated benchmark which reflects an average of funds with similar portfolio objectives and characteristics as well as the average of three-month U.S. Treasury Bill rates for the equivalent period. Treasury Bills are considered a proxy for near-riskless short-term investment yields and, therefore, are used as a basis of comparison between the fund and a risk free benchmark. The investment program shall seek to augment returns above this threshold, consistent with stated risk limitations and prudent investment principles.

While STIF shall not make investments for the purpose of trading or speculating as the dominant criterion, STIF shall seek to enhance total portfolio return through active portfolio management. The prohibition on speculative investments precludes pursuit of gain or profit through unusual risk. Trading in response to changes in market value or market direction, however, is warranted under active portfolio management.

## G. Prudence

Investments shall be made with the care, skill, prudence, and diligence — under circumstances then prevailing — that prudent persons acting in like capacities and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by STIF's investment officials shall be the "prudent expert" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion in writing and appropriate action is taken to control adverse developments.

## H. Investment Guidelines

All investments must be made in instruments authorized by CGS 3-27c - 3-27e. In addition, the Treasurer has adopted the

investment guidelines that follow. Unless otherwise indicated, references to credit ratings are to those of Standard & Poor's.

1. STIF may invest in the following securities:
  - a. Instruments issued, guaranteed or insured by the U.S. government or federal agencies including U.S. Treasury Separate Trading of Registered Interest and Principal Securities ("STRIPS").
  - b. Deposit instruments of commercial banks domiciled in the United States whose short-term debt is rated at least A-1 and whose long-term debt is rated at least A- or the equivalent by a NRSRO.
  - c. Deposit instruments of U.S. branches of foreign banks with short-term debt ratings of at least A-1 and long-term debt ratings of at least A or the equivalent by a NRSRO.
  - d. Deposit instruments of banks with ratings below the criteria established in b. and c. above, but guaranteed by, or backed with, a letter of credit from a US Government sponsored enterprise ("GSE") shall be permissible. The rating of such deposit instruments shall be considered to be at parity with the GSE and recorded as such.
  - e. Bankers' acceptances of those banks meeting the criteria in b. and c. above.
  - f. Fully-collateralized repurchase agreements with counterparties which have short-term debt ratings of at least A-1 (or equivalent), or qualified commercial banks meeting the criteria in b. above, with possession of collateral by a custodian bank.
  - g. Commercial paper of companies that have short-term debt rated at least A-1 (or an equivalent rating) or, if no short-term rating is available, long-term debt rated at least A (or equivalent).
  - h. Corporate securities rated at least A-1/P-1 and A or the equivalent by a NRSRO.
  - i. Asset-backed securities (bonds or commercial paper) with final maturities under thirteen months rated at A-1+ (or equivalent) and AAA (or equivalent).
  - j. Money market mutual funds or similar investment pools, comprised of securities permitted under this investment policy and managed to maintain a constant share value, rated AAAM.
  - k. Debt instruments of supranational organizations in which the United States of America is a participant rated A1/P1 and/or A+ or the equivalent by a NRSRO.
  - l. US dollar denominated issues of Canada and its provinces rated A1/P1 and/or A+ or the equivalent by a NRSRO.

m. Debt securities of US states and the agencies or authorities backed by such states rated A+/A1 or better,

n. Notwithstanding the approved investments enumerated above, STIF may hold securities or other assets received as a result of a restructuring of securities that were, when originally purchased, among the list of approved investments set forth herein, following consultation with an outside investment advisor.

o. The Treasurer will notify investors of such situations within two (2) business days of the receipt of such securities or assets.

2. Reverse repurchase agreements, in the aggregate, may not exceed five percent of net assets at the time of execution. While any reverse repurchase agreement is outstanding, new investments must match the maturity of the shortest-term outstanding reverse repurchase agreement. Reverse repurchase agreements are to be used only to meet temporary liquidity requirements of the Fund.

3. No investments may be made in "derivative" securities such as futures, swaps, options, interest-only and principal-only mortgage-backed securities, inverse floaters, CMT floaters, leveraged floaters, dual index floaters, COFI floaters, and range floaters.

Investments may be made in adjustable rate securities whose interest rates move in the same direction and in the same amount as standard short-term money market interest rate benchmarks including, but not limited to, Fed Funds, LIBOR, Treasury bills and the prime rate, and conform with STIF's other credit and maturity standards. Interest rate reset periods may not exceed six months.

4. All investments must be made in U.S. dollar-denominated securities which are settled versus payment via Fedwire, DTC or Euroclear settlement systems with the exception noted in D.5.

5. The dollar-weighted average portfolio maturity (including interest rate reset periods) may not exceed 90 days. Individual maturities may not exceed five years with the exception of government or government agency securities where the fund has the ability to put the security back to the issuer within 13 months.

6. STIF shall diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, industry segments, individual issuers or maturities. Diversification strategies shall include:

a. At the time of purchase, no more than five percent of the overall portfolio may be invested in an individual security, other than overnight or two-business-day repurchase agreements and U.S. government and agency securities.

b. At the time of purchase, no more than 5 percent of the overall portfolio may be invested in securities of a single bank or corporation, other than overnight one to

fourteen business day repurchase agreements and U.S. government and agency securities.

c. There is no limitation on the percentage of assets that may be invested in securities of the United States government, its agencies or instrumentalities, or in overnight or two week repurchase agreements.

d. At time of purchase, no more than 50% of repurchase agreements will mature beyond 2 business days.

e. At the time of purchase, no more than 25 percent of the overall portfolio may be invested in any industry other than the financial services industry.

f. At the time of purchase, no more than 50 percent of the overall portfolio may be invested in the combined total of corporate securities (notes and commercial paper),, asset-backed securities (notes and commercial paper).

g. At the time of purchase, no more than 20 percent of the overall portfolio may be invested in floating rate securities with final maturities in excess of two years.

h. At the time of purchase, no more than five percent of the overall portfolio may be invested in an individual money market mutual fund or similar investment pool.

i. At the time of purchase, no more than 15 percent of the overall portfolio may be invested in money market mutual funds and similar investment pools.

j. At the time of purchase, investments in securities that are not readily marketable, other than securities that mature within seven days, may not exceed 10 percent of the fund's overall portfolio with the exception of bank investments.

k. At least 60 percent of the overall portfolio shall be invested in securities rated A-1+ or in overnight repurchase agreements with dealers or banks rated A-1.

7. The Treasurer intends to operate STIF in such a manner as to maintain its AAAM credit rating from Standard & Poor's, or a similar rating from another nationally-recognized credit rating service recognized by the State Banking Commissioner.

8. Investment decisions shall be based on the relative and varying yields and risks of individual securities and the Fund's liquidity requirements.

## I. Interest Payments

STIF declares and accrues investor interest daily based on actual STIF earnings (including gains and losses), less expenses and transfers to the designated surplus reserve. Interest is paid monthly through direct distribution or reinvestment. Earned rates are available on a next-day basis. All rates are calculated and quoted on the basis of the actual number of days in a year (an "actual-over-actual" basis) and reported in accordance with

guidelines of the Chartered Financial Analyst Institute (“CFAI”).

## J. Administrative Costs

STIF is provided to participants without sales or management fees. Administrative costs are paid from investment earnings, and all STIF participants (including the state and local entities) share in covering the Fund’s expenses in proportion to the size of their investments. Costs have historically been between two and five basis points (or \$2-5 per \$10,000 invested).

## K. Delegation of Authority

The Short-Term Investment Unit within the Treasury’s Pension Fund Management Division manages STIF’s investments. Deposits, withdrawals, participant record-keeping and the distribution of interest are handled by the transfer agent under contract with the Treasurer’s office under the supervision of the STIF Administration Unit within the Treasury’s Cash Management Division.

## L. Daily Confirmations

Confirmations of daily deposits and withdrawals are sent the day after the transaction.

## M. Monthly Statements

Monthly statements of balances, account activity, and paid interest are available to participants (in either paper or electronic form) by the 10th day of each month.

## N. Reports

Quarterly and annual reports describing STIF’s yields, performance relative to its primary benchmark (“iMoneyNet’s First Tier Institutions-Only AAA Rated Money Fund Report Averages Index” or the “benchmark”), and investments shall be provided to all participants. A detailed portfolio listing, data on the benchmark, 90-day Treasury bills and commentary on economic conditions shall be provided with each report. The reports are available on the Office of the State Treasurer’s website

## O. Participant Manual

A manual describing STIF’s operating procedures, instructions for opening and closing accounts and making deposits and withdrawals, and methods of distributing interest, is provided to all participants. There currently are no restrictions on the size or number of accounts or transactions.

## P. Audit

The Auditors of Public Accounts audit STIF’s financial statements and operating procedures annually. Copies of audit opinions and reports will be provided to all participants.

## Q. Portfolio Valuation

STIF’s values and yields are accounted for on an amortized-cost basis. Market values of all securities, except for those securities

listed in Sections H.1.j and H.1.k, above, are calculated on a weekly basis. Significant deviations of market values to amortized costs shall be reported as follows:

1. **First Level Notification.** If the market value of the overall investment portfolio, based on reports from the custodian, drops below 99.75 percent of the amortized cost value of the overall investment portfolio, or if the ratio of the market value of the overall portfolio to the outstanding participant units drops below 100.50 percent, the Principal Investment Officer would notify the Chief Investment Officer, the Assistant Treasurer for Cash Management and the Cash Management Advisory Board at the first meeting following such determination.
2. **Second Level Notification.** If the market value of the overall investment portfolio, based on reports from the custodian, drops below 99.50 percent of the amortized cost value of the overall investment portfolio, or if the ratio of the market value of the overall portfolio to the outstanding participant units drops below 100.25 percent, the Principal Investment Officer would notify, as soon as practical, the Treasurer, Deputy Treasurer, Chief Investment Officer, the Assistant Treasurer for Cash Management, and the Cash Management Advisory Board. The Cash Management Advisory Board would then meet in special session to review the circumstances surrounding the fall in one or both ratios, and it would review every security held by the fund. If this second level notification resulted from a significant increase in fund size that resulted in a proportionate decrease in the relative size of the designated surplus reserve, then portfolio or other changes may not be required. If this second level notification resulted from the decline in market values of securities, then the Cash Management Advisory Board would consider selling securities that had fallen in value and making use of the designated surplus reserve.
3. **Investor Notification.** If the ratio of the market value of the overall portfolio to the outstanding participant units drops below 99.75 percent, the Treasurer would notify all STIF investors of the situation and the actions being undertaken to protect against further reductions.

## R. Internal Controls

The Treasury shall establish and maintain a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the Auditors of Public Accounts. The controls shall be designed to prevent and control losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees and officers.

## S. Cash Management Advisory Board

STIF’s investment practices and performance, including the

documentation discussed in Section N, shall be reviewed on a quarterly basis by the Treasurer's Cash Management Advisory Board.

#### **T. Financial Dealers and Institutions**

STIF Investment personnel shall develop criteria for selecting brokers and dealers. All repurchase agreement transactions will be conducted through counterparties (as defined in Sections H.1.b and H.1.f) which have executed master repurchase agreements with the Treasury.

#### **U. Ethics**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose in writing to the Treasurer, or the Treasurer's compliance officer, any material financial interests in financial institutions that conduct business with STIF, and they shall further disclose any large personal financial/investment positions that could be related to the performance of STIF's portfolio, particularly with regard to the time of purchases and sales.

#### **V. Bond Proceeds**

Bond proceeds may be deposited in STIF. Accounting and arbitrage rebate calculations are the responsibility of participants. STIF's investment program is not designed to restrict yield in order to avoid arbitrage rebates.

#### **W. Conformance with Guidelines**

A nationally-recognized credit rating service recognized by the State Banking Commissioner shall monitor the STIF portfolio on

a weekly basis to determine compliance with this policy. The Auditors of Public Accounts review compliance annually.

#### **X. Conformance with National Standards**

These guidelines, together with the participant manual, were designed to meet the May 2016 guidelines of the National Association of State Treasurers for local government investment pools.

#### **Y. Investment Guideline Revisions**

These guidelines may be revised by the Treasurer due to market changes or regulatory, legislative or internal administrative initiatives. Attempts will be made to provide all STIF investors with at least 30 days of notice before any substantive changes to the investment policy become effective.

The Treasurer reserves the right to make changes immediately to respond to market conditions. In such circumstances, revisions will be sent to all STIF investors within two business days of the revision.

# Glossary of Terms

**Agency Securities** - Securities issued by U.S. Government agencies, such as the Federal Home Loan Bank. These securities have high credit ratings but are not backed by the full faith and credit of the U.S. Government.

**Asset Backed Notes** - Financial instruments collateralized by one or more types of assets including real property, mortgages, and receivables.

**Banker's Acceptance (BA)** - A high-quality, short-term negotiable discount note, drawn on and accepted by banks which are obligated to pay the face amount at maturity.

**Basis Point (bp)** - The smallest measure used in quoting yields or returns. One basis point is 0.01% of yield, 100 basis points equals 1%. A yield that changed from 8.75% to 9.50% increased by 75 basis points.

**Benchmark** - A standard unit used as the basis of comparison; a universal unit that is identified with sufficient detail so that other similar classifications can be compared as being above, below, or comparable to the benchmark.

**Capital Gain (Loss)** - Also known as capital appreciation (depreciation), capital gain (loss) measures the increase (decrease) in value of an asset over time.

**Certificates of Deposit (CDs)** - A debt instrument issued by banks, usually paying interest, with maturities ranging from seven days to several years.

**Commercial Paper** - Short-term obligations with maturities ranging from 1 to 270 days. They are issued by banks, corporations, and

other borrowers to investors with temporarily idle cash.

**Compounded Annual Total Return** - Compounded annual total return measures the implicit annual percentage change in value of an investment, assuming reinvestment of dividends, interest, and realized capital gains, including those attributable to currency fluctuations. In effect, compounded annual total return "smoothes" fluctuations in long-term investment returns to derive an implied year-to-year annual return.

**Consumer Price Index (CPI)** - A measure of change in consumer prices, as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Components of the CPI include housing costs, food, transportation, electricity, etc.

**Cumulative Rate of Return** - A measure of the total return earned for a particular time period. This calculation measures the absolute percentage change in value of an investment over a specified period, assuming reinvestment of dividends, interest income, and realized capital gains. For example, if a \$100 investment grew to \$120 in a two-year period, the cumulative rate of return would be 20%.

**Derivative** - Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. For example, an option is a derivative instrument because its value derives from an underlying stock, stock index, or future.

**Discount Rate** - The interest rate that the Federal Reserve charges banks for loans, using government securities or eligible paper as collateral.



**Expense Ratio** - The amount, expressed as a percentage of total investment, which shareholders pay for mutual fund operating expenses and management fees.

**Federal Funds Rate** - The interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. The federal funds rate is one of the most sensitive indicators of the direction of interest rates since it is set daily by the market.

**Federal Reserve Board** - The governing body of the Federal Reserve System (12 regional Federal banks monitoring the commercial and savings banks in their regions). The board establishes FRS policies on such key matters as reserve requirements and other regulations, sets the discount rate, and tightens or loosens the availability of credit in the economy.

**Gross Domestic Product** - Total final value of goods and services produced in the United States over a particular period or time, usually one year. The GDP growth rate is the primary indicator of the health of the economy.

**Index** - A benchmark used in executing investment strategy which is viewed as an independent representation of market performance. An index implicitly assumes cost-free transactions; some assume reinvestment of income. Example: S&P 500 index.

**Inflation** - A measure of the rise in price of goods and services, as happens when spending increases relative to the supply of goods on the market, i.e. too much money chasing too few goods.

**Investment Income** - The equity dividends, bond interest, and/or cash interest paid on an investment. **Liability** — The claim on the assets of a company or individual — excluding ownership equity. The obligation to make a payment to another.

**Market Value** - The price at which buyers and sellers trade similar items in an open marketplace. Stocks are considered liquid and are therefore valued at a market price. Real estate is illiquid and valued on an appraised basis.

**Master Custodian** - An entity, usually a bank, used as a place for safekeeping of securities and other assets. The bank is also responsible for many other functions which include accounting, performance measurement, and securities lending.

**Maturity Date** - The date on which the principal amount of a bond or other debt instrument becomes payable or due.

**MFR Index (Formerly IBC)** - An index which represents an average of the returns of institutional money market mutual funds that invest primarily in first-tier (securities rated A-1, P-1) taxable securities.

**Money Market Fund** - An open-ended mutual fund that invests in commercial paper, bankers' acceptances, repurchase agreements, government securities, certificates of deposit, and other highly liquid and safe securities and pays money market rates of interest. The fund's net asset value remains a constant \$1 per share — only the interest rate goes up or down.

**Moody's (Moody's Investors Service)** - A financial services company which is one of the best-known bond rating agencies in the country. Moody's investment grade ratings are assigned to certain municipal short-term debt securities, classified as MIG-1, 2, 3, and 4 to signify best, high, favorable, and adequate quality, respectively. All four are investment grade or bank quality.

**Net Asset Value (NAV)** - The total assets minus liabilities, including any valuation gains or losses on investments or currencies, and any accrued income or expense. NAV is similar to Shareholders' Equity.

**Par Value** - The stated or face value of a stock or bond. It has little significance for common stocks, however, for bonds it specifies the payment amount at maturity.

**Principal** - Face value of an obligation, such as a bond or a loan, which must be repaid at maturity.

**Prudent Expert Rule** - The standard adopted by some entities to guide those fiduciaries with responsibility for investing money of others. Such fiduciaries must act as a prudent expert would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investment. This is a higher standard than the "prudent person" rule.

**Realized Gain (Loss)** - A gain (loss) that has occurred financially. The difference between the principal amount received and the cost basis of an asset realized at sale.

**Relative Volatility** - A ratio of the standard deviation of the Fund to the standard deviation of its selected benchmark. A relative volatility greater than 1.0 suggests comparatively more volatility in Fund returns than those of the benchmark.

**Repurchase Agreements ("Repos")** - An agreement to purchase securities from an entity for a specified amount of cash and to resell the securities to the entity at an agreed upon price and time. Repos are widely used as a money market instrument.

**Reverse Repurchase Agreements ("Reverse Repos")** - An agreement to sell securities to an entity for a Specified amount of cash and to repurchase the securities from the entity at an agreed upon price and time.

## S&P Ratings –

**AAA** - Debt having the highest rating assigned by Standard & Poor's. It has the highest capacity to pay interest and its ability to repay principal is extremely strong.

**AA** - Debt having a very strong capacity to pay interest and repay principal. AA rated debt differs from the higher rated issues by only a small degree.

**A** - Debt which has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of change in circumstances and economic conditions than debt in higher rated categories.

**BBB** - Debt regarded as having an adequate capacity to pay interest and repay principal. BBB is the lowest rating assignable to investment grade securities. Although debt rated BBB normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

**BB, B, CCC, and CC** - These ratings are regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance to the terms of the obligation.

**C** - These ratings are reserved for income bonds on which no interest is being paid.

**D** - These ratings are for debt which is in default. No interest or repayment of principal is being paid.

**Soft Dollars** - The value of research or other services that brokerage houses and other service entities provide to a client "free of charge" in exchange for the client's business.

**Standard Deviation** - A statistical measure showing the deviation of an individual value in a probability distributed from the mean (average) of the distribution. The greater the degree of dispersion from the mean rate of return, the higher the standard deviation; therefore, the higher the risk

**Treasury Bill (T-Bill)** - Short-term, highly liquid government securities issued at a discount from the face value and returning the face amount at maturity.

**Treasury Bond or Note** - Debt obligations of the Federal government that make semiannual coupon payments and are sold at or near par value in denominations of \$1,000 or more.

**Turnover** - The minimum of security purchases or sales divided by the fiscal year's beginning and ending market values for a given portfolio.

**Unrealized Gain (Loss)** - A profit (loss) that has not been realized through the sale of a security. The gain (loss) is realized when a security or futures contract is actually sold or settled.

**Variable Rate Note** - Floating rate notes with a coupon rate adjusted at set intervals, such as daily, weekly, or monthly, based on different interest rate indices, such as LIBOR, Fed Funds, and Treasury Bills.

**Volatility** - A statistical measure of the tendency of a market price or yield to vary over time. Volatility is said to be high if the price, yield, or return typically changes dramatically in a short period of time.

**Yield** - The return on an investor's capital investment.

# Statistical Section

This section of the Short-Term Investment Fund's (STIF's) Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial schedules and other supplementary information say about the overall financial health of STIF.

## Financial Trends

These schedules contain the ten-year trend information on the financial performance of STIF.

### Schedule (Pages)

- Schedule of rates of return(42-43)

## Revenue Capacity

Revenue capacity is not applicable to STIF.

## Borrowing Capacity

Section H 2. of the Short-Term Investment Fund's Investment Policy allow the fund to utilize reverse repurchase agreements to meet temporary liquidity requirements of the fund. The following statistics outline STIF's borrowing capacity as of June 30, 2021.

### Description

- Outstanding borrowing - \$0
- Maximum borrowing amount - Five percent of total assets
- Collateral requirement - Must be collateralized at a minimum of 100 percent

## Demographic and Economic Information

These schedules show the breakdown between state and municipal funds, growth of the fund and rate information.

### Schedule (Page)

- Participant units under management(44)
- Monthly and annual comparative yields (45)

## Operating Information

The summary of operations schedule outlines the expenses, additions and deductions associated with the management of STIF.

### Schedule (Page)

- Changes in Net Assets(46)
- Distributions to participants (47)

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Reports for the relevant year.

**CONNECTICUT STATE TREASURER'S SHORT-TERM INVESTMENT FUND  
SCHEDULE OF ANNUAL RATES OF RETURN**

<b>Year Ended June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
STIF Total Rate of Return (%)	0.10	1.53	2.30	1.39	0.61	0.29	0.15	0.14	0.16	0.16
First Tier Institutional-only Rated Money Fund Report Averages <sup>TM</sup> (MFR) Index (%) (1)	0.04	1.36	2.15	1.27	0.49	0.15	0.03	0.02	0.05	0.05
Total Assets in STIF, End of Period (\$ - Millions)	8,936	9,522	8,096	6,797	6,470	4,903	5,037	4,211	4,427	4,894
Percent of State Assets in Fund (3)	83%	82%	82%	81%	82%	82%	84%	83%	83%	83%
Number of Participant Accounts in Composite, End of Year (2)										
State Treasury	58	54	55	55	54	52	53	58	67	52
Municipal and Local Entities	530	545	537	523	546	541	551	475	685	671
State Agencies and Authorities	347	361	361	342	329	330	335	341	428	429
Total	935	960	953	920	929	923	939	874	1180	1155

(1) Represents iMoneyNet Money Fund Report Average <sup>TM</sup> - Rated First Tier Institutional Average (MFR) Index.

(2) As of January 2014 and going forward, inactive accounts were closed and only active accounts containing balances were included in the total number of participant accounts.

(3) Represents the state and agencies and authorities of the state.

**See Notes to Schedules of Rates of Return.**

**CONNECTICUT STATE TREASURER'S SHORT-TERM INVESTMENT FUND  
SCHEDULE OF QUARTERLY RATES OF RETURN**

<b>FISCAL YEAR</b>	<b>Rate of Return(%)</b>	<b>Institutional-only Rated Money Fund Report Averages TM (MFR) Index(%) (1)</b>
<b>2021</b>		
Sep-20	0.03	0.03
Dec-20	0.02	0.01
Mar-21	0.03	0.01
Jun-21	0.02	0.01
<b>YEAR</b>	<b>0.10</b>	<b>0.04</b>

<b>2020</b>		
Sep-19	0.56	0.51
Dec-19	0.46	0.45
Mar-20	0.37	0.34
Jun-20	0.13	0.09
<b>YEAR</b>	<b>1.53</b>	<b>1.36</b>

<b>2019</b>		
Sep-18	0.50	0.47
Dec-18	0.57	0.53
Mar-19	0.60	0.58
Jun-19	0.61	0.56
<b>YEAR</b>	<b>2.30</b>	<b>2.15</b>

<b>2018</b>		
Sep-17	0.27	0.25
Dec-17	0.31	0.26
Mar-18	0.36	0.33
Jun-18	0.45	0.43
<b>YEAR</b>	<b>1.39</b>	<b>1.27</b>

<b>2017</b>		
Sep-16	0.11	0.06
Dec-16	0.12	0.08
Mar-17	0.16	0.15
Jun-17	0.22	0.20
<b>YEAR</b>	<b>0.61</b>	<b>0.49</b>

<b>FISCAL YEAR</b>	<b>Rate of Return(%)</b>	<b>Institutional-only Rated Money Fund Report Averages TM (MFR) Index(%) (1)</b>
<b>2016</b>		
Sep-15	0.04	0.01
Dec-15	0.05	0.02
Mar-16	0.10	0.06
Jun-16	0.09	0.06
<b>YEAR</b>	<b>0.29</b>	<b>0.15</b>

<b>2015</b>		
Sep-14	0.04	0.005
Dec-14	0.04	0.005
Mar-15	0.04	0.01
Jun-15	0.03	0.01
<b>YEAR</b>	<b>0.15</b>	<b>0.03</b>

<b>2014</b>		
Sep-13	0.03	0.01
Dec-13	0.03	0.01
Mar-14	0.04	0.01
Jun-14	0.04	0.01
<b>YEAR</b>	<b>0.14</b>	<b>0.02</b>

<b>2013</b>		
Sep-12	0.05	0.02
Dec-12	0.05	0.02
Mar-13	0.03	0.01
Jun-13	0.03	0.01
<b>YEAR</b>	<b>0.16</b>	<b>0.05</b>

<b>2012</b>		
Sep-11	0.04	0.03
Dec-11	0.06	0.05
Mar-12	0.03	0.07
Jun-12	0.03	0.07
<b>YEAR</b>	<b>0.16</b>	<b>0.05</b>

## CONNECTICUT STATE TREASURER'S SHORT-TERM INVESTMENT FUND PARTICIPANT UNITS UNDER MANAGEMENT

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<b>Date</b>	<b>Municipal</b>	<b>State*</b>	<b>Total</b>	<b>Variance</b>
Jun-21	\$1,526,905,656	\$7,326,483,029	\$8,853,388,685	-6.26%
Jun-20	\$1,734,597,762	\$7,710,164,513	\$9,444,762,275	17.66%
Jun-19	\$1,470,452,052	\$6,556,973,706	\$8,027,425,759	19.18%
Jun-18	\$1,274,632,982	\$5,460,676,702	\$6,735,309,684	5.01%
Jun-17	\$1,159,115,714	\$5,254,855,313	\$6,413,971,027	32.20%
Jun-16	\$852,039,834	\$3,999,580,779	\$4,851,620,613	-2.72%
Jun-15	\$822,894,941	\$4,164,165,750	\$4,987,060,691	19.86%
Jun-14	\$716,188,027	\$3,444,696,758	\$4,160,884,785	-6.02%
Jun-13	\$746,279,063	\$3,681,000,173	\$4,427,279,236	-8.64%
Jun-12	\$818,542,160	\$4,027,669,000	\$4,846,211,160	8.95%

\*State includes State Treasury, agencies and authorities.



# CONNECTICUT STATE TREASURER'S SHORT-TERM INVESTMENT FUND

**2021**

## Monthly Annualized Yields

	STIF	iMoney Net	90 Day T-bill
June-21	0.03	0.04	0.02
May-21	0.04	0.02	0.01
April-21	0.12	0.02	0.02
March-21	0.13	0.02	0.01
February-21	0.12	0.02	0.03
January-21	0.15	0.03	0.08
December-20	0.08	0.03	0.09
November-20	0.06	0.03	0.09
October-20	0.07	0.04	0.10
September-20	0.08	0.06	0.10
August-20	0.12	0.08	0.10
July-20	0.21	0.13	0.10
June-20	0.35	0.21	0.15

## Annual Comparative Yields

	STIF	iMoney Net	90 Day T-bill
2021	<b>0.10</b>	<b>0.04</b>	<b>0.07</b>
2020	1.53	1.36	1.17
2019	<b>2.3</b>	<b>2.15</b>	<b>2.27</b>
2018	1.39	1.27	1.46
2017	<b>0.61</b>	<b>0.49</b>	<b>0.57</b>
2016	0.29	0.15	0.19
2015	<b>0.1507</b>	<b>0.03</b>	<b>0.0231</b>
2014	0.14	0.02	0.04
2013	<b>0.16</b>	<b>0.05</b>	<b>0.05</b>
2012	0.16	0.05	0.05
2011	<b>0.23</b>	<b>0.08</b>	<b>0.12</b>

**CONNECTICUT STATE TREASURER'S SHORT-TERM INVESTMENT FUND  
SCHEDULE OF ANNUAL RATES OF RETURN**

Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
STIF Total Rate of Return (%)	0.10	1.53	2.30	1.39	0.61	0.29	0.15	0.14	0.16	0.16
First Tier Institutional-only Rated Money Fund Report Averages <sup>TM</sup> (MFR) Index (%) (1)	0.04	1.36	2.15	1.27	0.49	0.15	0.03	0.02	0.05	0.05
Total Assets in STIF, End of Period (\$ - Millions)	8,936	9,522	8,096	6,797	6,470	4,903	5,037	4,211	4,427	4,894
Percent of State Assets in Fund (3)	83%	82%	82%	81%	82%	82%	84%	83%	83%	83%
Number of Participant Accounts in Composite, End of Year (2)										
State Treasury	58	54	55	55	54	52	53	58	67	52
Municipal and Local Entities	530	545	537	523	546	541	551	475	685	671
State Agencies and Authorities	347	361	361	342	329	330	335	341	428	429
Total	935	960	953	920	929	923	939	874	1180	1155

(1) Represents iMoneyNet Money Fund Report Average <sup>^</sup>TM - Rated First Tier Institutional Average (MFR) Index.

(2) As of January 2014 and going forward, inactive accounts were closed and only active accounts containing balances were included in the total number of participant accounts.

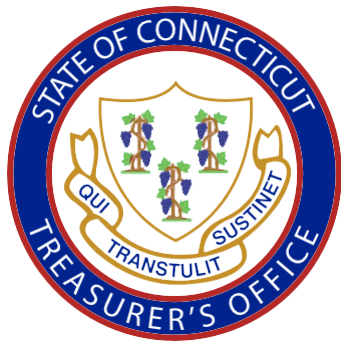
(3) Represents the state and agencies and authorities of the state.

**See Notes to Schedules of Rates of Return.**

**CONNECTICUT STATE TREASURER'S SHORT-TERM INVESTMENT FUND  
DISTRIBUTIONS TO PARTICIPANTS**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Distributions:</b>										
July	\$ 1,683,853	\$ 16,926,801	\$ 10,982,199	\$ 5,374,620	\$ 1,888,124	\$ 673,376	\$ 550,845	\$ 589,887	\$ 715,740	\$ 690,438
August	1,027,684	17,968,727	12,104,100	5,998,212	1,822,366	664,417	551,303	407,061	698,925	741,866
September	716,193	15,919,057	11,599,059	5,605,317	1,948,752	766,461	519,748	271,572	884,348	709,215
October	552,809	14,161,568	12,616,522	5,668,566	2,016,150	624,944	536,039	552,704	732,683	1,018,729
November	482,851	11,294,077	12,274,971	5,474,579	2,176,315	815,409	529,685	489,583	825,425	754,162
December	523,890	10,908,861	12,680,419	5,834,846	2,522,404	1,129,298	548,778	572,477	684,328	665,569
January	1,005,599	11,863,524	14,272,953	7,124,016	3,120,576	1,560,619	536,230	607,051	608,181	438,608
February	825,998	12,021,912	14,538,418	7,840,017	3,125,857	1,585,420	503,800	558,172	454,326	473,242
March	859,976	8,712,351	15,864,106	9,233,470	3,852,470	1,707,678	577,432	591,688	336,432	482,688
April	781,500	5,229,300	16,883,025	10,052,118	4,137,077	1,539,998	538,179	550,054	333,745	651,575
May	286,502	3,422,261	18,957,547	11,021,818	4,514,219	1,475,869	570,928	577,896	349,361	437,660
June (Payable at June 30)	202,620	2,496,248	16,572,865	10,702,148	4,587,265	1,759,674	572,149	530,908	706,145	494,015
<b>Total Distribution Paid &amp; Payable</b>	<b>\$ 8,949,473</b>	<b>\$130,924,688</b>	<b>\$169,346,185</b>	<b>\$ 89,929,727</b>	<b>\$ 35,711,575</b>	<b>\$ 14,303,163</b>	<b>\$ 6,535,117</b>	<b>\$ 6,299,050</b>	<b>\$ 7,329,640</b>	<b>\$ 7,557,767</b>







The Office of  
Treasurer Shawn T. Wooden

165 Capitol Avenue, 2nd Floor  
Hartford, CT 06106-1666  
[state.treasurer@ct.gov](mailto:state.treasurer@ct.gov)  
<https://portal.ct.gov/ott>  
Phone (860) 702-3000  
Toll Free (800) 618-3404