

# **Treasurer Frerichs announces first quarter investment returns**

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**SPRINGFIELD** – A shift in investment strategy that embraced longer-term investments and higher yields allowed the state to more than double its investment income to \$26 million in the first quarter of this year, Illinois State Treasurer Michael Frerichs said today.

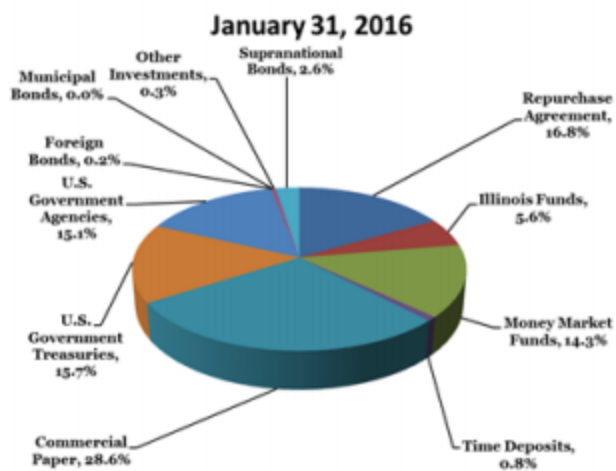
The shift is possible after an analysis showed that core investment strategies could be more aggressive and still follow the office's primary objective to ensure the safety of principal.

"We had too many overnight investments that precluded us from earning higher rates," Frerichs said.

"We examined how money flows in and out of accounts, compared that flow to how much cash is needed to pay bills, and shifted our strategy so that we could earn more money in interest," Frerichs said. "We did what households do every day. We looked to see how much money is needed in checking, what does that leave for savings, and what can be directed toward investing for our long-term goals."

The shift, along with higher market rates, has enabled the state to double its investment income return in the first quarter of calendar year 2017. In Q1 2016, the state earned \$12.753 million. In Q1 2017, the state earned \$26.292 million.

The earned interest increase in the \$13 billion state portfolio is attributed to a move into longer-held positions; the legislative change allowing investments into higher yielding corporate bonds; the investments into higher yielding municipal and supranational bonds; and the stability of the transportation lockbox legislation that prevents the Governor from using that money to pay non-transportation-related bills.



Weighted Average Maturity	
1/31/2016	3/31/2017
86.53 Days	196.5 Days

Projecting future improved earnings is difficult given unknown changes in Illinois' political climate and the national economy. If Illinois had a budget, additional funds could be shifted to a longer-term investment strategy generating even higher returns.