



## THE IOWA INVESTOR

A newsletter published for Iowa Public Agency Investment Trust (IPAIT)

### INVESTMENT COMMENTARY - BY LAURIE MARDIS

The money market yield environment seems unlikely to change for the remainder of the year, leaving participants with little extra income to offset budget pressures. While domestic growth seems to be progressing, headwinds from Europe and uncertainty from the political arena are making markets nervous. With this backdrop, the Federal Reserve is more concerned about aiding growth than stopping inflation, and that means low rates for the foreseeable future.

Deteriorating fiscal conditions in Greece, Portugal, and Spain have helped push Treasury yields dramatically lower, and austerity programs for debt-laden European countries will have a dampening effect on global growth. While the U.S. will likely avoid a double-dip into recession, weaker domestic GDP, housing and employment data have weighed heavily on investors. Uncertainty is

hard on markets, and this flight to quality may persist for a while.

The expiration of several government stimulus programs, such as the new-homebuyer tax credit and the Federal Reserve mortgage buying program, are providing a glimpse into the strength of private demand. Unfortunately, the picture is less encouraging than it was at the end of the first quarter. Financial reform regulation has deepened market concerns about future growth, and the upcoming elections will do little to alleviate those fears. However, bright spots like rising business capital expenditures provide optimism that the transition to expansion continues.

As expected, this recovery is occurring in fits and starts. We are wary of the economic and political winds that are blowing and expect that market volatility will remain high for an

“extended period”. Still, we are less concerned about monthly data points and more focused on the longer term trajectory which suggests the recovery remains underway. Despite wishes to the contrary, the recovery will take longer than previous recoveries which means money market rates will remain low. Our focus on preservation of capital remains unchanged, and we appreciate the partnership with participants to support local communities.

If you have any questions please feel free to contact IPAIT at 800-872-4024.

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### OVERVIEW - BY BRYANT SHERIFF

#### Electronic Statements

We are always looking for ways to improve service while controlling costs. One easy way to streamline reporting is to sign up for electronic statements. The IPAIT Electronic Notification Form may be accessed by clicking on the Forms & Reports link at [www.IPAIT.org](http://www.IPAIT.org). Once completed, an email containing a link to IPASonline will be sent when your transaction activity statements are processed and available online. The emails will be sent instead of the printed statement, saving paper, mailing costs, and time.

#### Vendor Pay

Another cost saving benefit of the IPAIT program is Vendor Pay. Vendor Pay is an online bill pay feature integrated within the IPASonline

system. Payments to participant's vendors are made directly from the participant's IPAIT account and initiated and executed through IPASonline. Participants currently using IPAIT's online functionality should have no problem using the Vendor Pay feature, as the user-friendly platform remained a focus throughout the development of the feature. Vendor Pay allows the participant's vendors to receive payments electronically via ACH, along with receiving an automated email notification with the details of the payment.

#### Upcoming Events

IPAIT has a couple events to attend this summer; the first is the ISAC Scholarship Golf Fundraiser being held July 14th at A.H. Blank Golf Course in Des Moines. This is a

great event that awards scholarships to graduating high school seniors who are children of county officials or employees. The other event is the annual Iowa League of Cities convention held in Coralville September 22nd thru the 24th. IPAIT will have an exhibit booth during this event, so stop by and say hello!

#### Contact IPAIT

If you would like to schedule a meeting in person, or have any questions or concerns about the IPAIT program, feel free to contact me. On behalf of the IPAIT program, thank you and we hope to see you soon.

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# The Iowa Investor

## COMPARATIVE ANALYSIS

Fed Funds remained at zero percent to 0.25 percent throughout the quarter and Treasury securities range from 0.15 percent (3-month) to 1.69 percent (5-year). Comparative information including the IPAIT Diversified Fund yield, the iMoneyNet benchmark index, and various U.S. Treasuries follows:

| <u>Investment Type</u>                          |                 | <u>July 20, 2010</u> | <u>Investment Type</u>         | <u>July 20, 2010</u> |
|---|-----------------|----------------------|--------------------------------|----------------------|
| IPAIT Diversified Fund                          | Daily yield     | 0.103%               | Federal Funds (overnight rate) | 0-0.25%              |
|   | Seven-day yield | 0.107%               | 3-month Treasury Bill          | 0.15%                |
| IPAIT Direct Government Obligation Fund         | Daily yield     | 0.050%               | 6-month Treasury Bill          | 0.19%                |
|   | Seven-day yield | 0.051%               | 2-year Treasury Note           | 0.58%                |
| iMoneyNet Yield (comparable money market index) |                 | 0.010%               | 5-year Treasury Note           | 1.69%                |

### IPAIT's Sponsoring Associations



Iowa Association of Municipal Utilities  
1735 NE 70th Avenue  
Ankeny, IA 50021-9353  
www.iamu.org



Iowa League of Cities  
317 Sixth Avenue, Suite 800  
Des Moines, IA 50309  
www.iowaleague.org



Iowa State Association of Counties  
501 SW Seventh Street, Suite Q  
Des Moines, IA 50309-4540  
www.iowacounties.org

*IPAIT was established in 1987. IPAIT provides two daily liquid portfolios - the Diversified Fund and the Direct Government Obligation Fund (DGO). IPAIT's unique, internet-based proprietary reporting system offers real-time account inquiry, and transaction capabilities via the internet. Participants may invest, withdraw funds, check balances and transaction history, and make vendor payments with this service. There is also toll-free phone access to experienced administrators who can personally assist you with any IPAIT-related inquiry. There is no limit on the number of individual accounts, no minimum balance requirement, and no limits on the number of transactions per month. Please contact us today to learn more about the additional benefits IPAIT has to offer you. **An investment in the Fund is not insured or guaranteed by the FDIC or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00/share, it is possible to lose money by investing in the Fund. This newsletter must be accompanied by the Information Statement prior to investing. The Information Statement is available at [www.IPAIT.org](http://www.IPAIT.org)***



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