

SOUTH DAKOTA PUBLIC FUNDS INVESTMENT TRUST (FIT)



Sponsored by the:

South Dakota Municipal League
South Dakota Counties
Associated School Boards of South Dakota

Semi-Annual Report
June 30, 2017
(unaudited)

For Investment Information Call:

Toll Free (800) 658-3633
Or visit: www.sdpfit.org

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**South Dakota Public Funds Investment Trust
Service Providers**

Investment Adviser:

RBC Global Asset Management (U.S.) Inc.
100 South Fifth Street, Suite 2300
Minneapolis, MN 55402-1240
800-553-2143 / 612-376-7017
612-376-7007 (fax)

Administrator:

Miles Capital, Inc.
1415 28th Street, Suite 200
West Des Moines, IA 50266-1461
800-343-7084
866-260-0246 (fax)

Legal Counsel:

Friberg, Zimmer, Duncan, & Nelson, LLP
115 North Third
Beresford, SD 57004
605-763-2107

Trust Distributor:

South Dakota Municipal League
208 Island Drive
Ft. Pierre, SD 57532
605-224-8654 / 800-658-3633
605-224-8655 (fax)

Trust Custodian:

Wells Fargo Bank, N.A.
101 North Phillips Avenue
Sioux Falls, SD 57104
800-321-4141

Independent Auditors:

Eide Bailly, LLP
800 Nicollet Mall, Suite 1300
Minneapolis, MN 55402-7033
612-253-6500

South Dakota Public Funds Investment Trust
Government Cash Reserve Fund
Schedule of Investments (unaudited)
June 30, 2017

<u>Name of Issuer</u>	<u>Yield at Purchase</u>	<u>Due Date</u>	<u>Principal Amount</u>	<u>Value</u>
U.S. Government Securities - 69.2%				
Federal Farm Credit Bank	0.82%	07/05/17	\$ 500,000	\$ 499,943
	1.00%	07/28/17	165,000	164,980
	0.92%	08/11/17	200,000	199,787
	1.07%	08/14/17	400,000	399,840
	1.08%	09/01/17	500,000	499,985
	0.95%	09/06/17	700,000	699,649
	1.15%	09/11/17	250,000	249,645
	1.12%	10/06/17	500,000	500,151
	1.01%	10/23/17	250,000	250,116
	1.17%	11/02/17	745,000	747,484
	0.81%	11/09/17	1,000,000	997,024
Federal Home Loan Bank	1.02%	07/25/17	1,000,000	999,768
	0.66%	08/11/17	250,000	249,983
	0.98%	08/14/17	250,000	249,989
	0.98%	08/28/17	470,000	469,801
	1.03%	09/08/17	1,955,000	1,953,813
	1.08%	09/08/17	1,000,000	999,541
	0.95%	09/21/17	400,000	399,753
	1.11%	10/26/17	920,000	918,566
	1.16%	11/28/17	750,000	749,956
Federal Home Loan Bank Discount Corp	0.80%	07/03/17	1,000,000	999,933
	0.85%	07/05/17	1,500,000	1,499,823
	0.87%	07/06/17	250,000	249,964
	0.83%	07/12/17	500,000	499,862
	0.86%	07/19/17	1,000,000	999,549
	1.02%	07/20/17	1,100,000	1,099,383
	0.86%	07/21/17	500,000	499,750
	0.86%	07/26/17	1,851,000	1,849,704
	0.88%	08/02/17	1,125,000	1,124,091
	1.03%	08/04/17	1,000,000	999,003
	1.03%	08/10/17	850,000	849,008
	1.04%	08/11/17	1,000,000	998,798
	0.95%	08/16/17	1,000,000	998,761
	1.03%	08/18/17	800,000	798,889
	1.04%	08/23/17	800,000	798,763
	0.98%	08/25/17	500,000	499,241
	1.04%	08/28/17	790,000	788,666
	1.00%	09/01/17	1,000,000	998,257
	1.02%	09/06/17	500,000	499,046
	1.08%	10/04/17	1,000,000	997,145
	1.09%	10/13/17	800,000	797,479
Federal Home Loan Mortgage Corporation	0.67%	07/14/17	1,350,000	1,349,963
	0.62%	07/28/17	2,186,000	2,186,206
	1.11%	10/27/17	620,000	619,274

See accompanying notes to financial statements.

South Dakota Public Funds Investment Trust
Government Cash Reserve Fund
Schedule of Investments (unaudited) (continued)
June 30, 2017

<u>Name of Issuer</u>	<u>Yield at Purchase</u>	<u>Due Date</u>	<u>Principal Amount</u>	<u>Value</u>
U.S. Government Securities (continued)				
Federal National Mortgage Association				
	0.95%	07/03/17	\$2,700,000	\$ 2,699,787
	0.66%	08/28/17	\$ 875,000	\$ 875,147
	0.94%	09/20/17	\$ 265,000	\$ 264,989
	1.04%	10/26/17	\$1,508,000	\$ 1,507,076
	1.14%	11/28/17	\$ 500,000	\$ 499,196
	1.16%	12/20/17	239,000	238,658
Treasury Securities				
	1.12%	10/15/17	1,000,000	1,000,534
	1.13%	10/31/17	1,380,000	1,378,396
	0.88%	12/15/17	750,000	750,349
	1.10%	12/31/17	750,000	750,558
	0.83%	01/15/18	750,000	750,165
	0.87%	01/31/18	750,000	750,000
	0.92%	02/15/18	750,000	750,351
	1.03%	02/28/18	500,000	499,068
	1.24%	05/15/18	1,000,000	997,940
Total U.S. Government Securities (amortized cost \$48,912,546)				<u>48,912,546</u>
Repurchase Agreements - 30.7%				
Goldman Sachs	1.03%	07/03/17	15,000,000	15,000,000
Toronto Dominion	1.12%	07/03/17	6,649,000	6,649,000
Total Repurchase Agreements (amortized cost \$21,649,000)				<u>21,649,000</u>
Total Investments in Securities - 99.9% (amortized cost \$70,561,546)				70,561,546
Excess of other assets over total liabilities - 0.1%				<u>15,939</u>
Net assets - 100.0%				<u>\$ 70,577,485</u>

See accompanying notes to financial statements.

South Dakota Public Funds Investment Trust
Government Cash Reserve Fund
Statement of Assets and Liabilities (unaudited)
June 30, 2017

Assets

Investment in securities, at amortized cost	
U.S. Treasury Securities	7,627,360
U.S. Government Agency Obligations	41,285,186
Repurchase Agreements	21,649,000
Cash and cash equivalents	11,337
Interest receivable	62,701
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Total assets	70,635,584
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Liabilities

Dividends payable	28,282
Investment advisory fees payable	8,356
Administration fees payable	9,642
Distribution fees payable	7,588
Custodian fees payable	2,571
Sponsor fees payable	1,660
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Total liabilities	58,099
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Net Assets Held in Pool for Participants \$70,577,485

Shares of beneficial interest outstanding 70,577,485

Net asset value - offering and redemption price per share \$1.00

South Dakota Public Funds Investment Trust
Government Cash Reserve Fund
Statement of Operations (unaudited)
For the period January 1, 2017 to June 30, 2017

Investment Income:

Interest	<u>\$271,403</u>
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Expenses:

Investment advisory fees	50,314
Administration fees	58,054
Distribution fees	45,748
Custodian fees	15,481
Sponsor fees	19,351
Other expenses	6,879
Total expenses	<u>195,827</u>

Less: Expenses voluntarily reduced/waived

Investment advisory fees	0
Administration fees	0
Distribution fees	0
Custodian fees	0
Sponsor fees	(17,692)
Total expenses voluntarily reduced/waived	<u>(17,692)</u>
Net expenses	<u>178,135</u>

Net Investment Income

\$93,268

Statement of Changes in Net Assets
For the period January 1, 2016 to June 30, 2016

Additions

From Investment Activities:

Net investment income	\$93,268
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From Unit Transactions:

(at constant net asset value of \$1 per unit)

Units sold	71,025,659
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Units issued in reinvestment of dividends from net investment income	<u>67,520</u>
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Total Additions	<u>71,186,447</u>
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Deductions

Dividends to unitholders from:

Net investment income	(93,268)
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From Unit Transactions:

Units redeemed	<u>(77,260,200)</u>
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Total Deductions	<u>(77,353,468)</u>
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Net decrease in net assets

(6,167,021)

Net assets held in pool for participants at beginning of period

76,744,506

Net assets held in pool for participants at end of period

\$70,577,485

South Dakota Public Funds Investment Trust
Government Cash Reserve Fund
Notes to Financial Statements (unaudited)
Six Months ended June 30, 2017

(1) Organization

South Dakota Public Funds Investment Trust (the "Trust") is a common law trust established under South Dakota Codified Law pursuant to Chapter 1-24, South Dakota Codified Laws, as amended, which authorizes South Dakota public agencies to jointly invest monies pursuant to a joint investment agreement. The Trust was established by the adoption of a Joint Powers Agreement and Declaration of Trust as of November 1, 1991, and operations of the trust commenced on December 20, 1991. As amended, the Trust is authorized to operate two investment programs: 1) the Government Cash Reserve Fund (GCR), and 2) the Fixed Rate Account. The objective of the GCR is to maintain a high degree of liquidity and safety of principal through investment in short-term securities as permitted for South Dakota public agencies under South Dakota law. The objective of the Fixed Rate Account is to provide investment in legally permissible individual securities which offer fixed rates of return and fixed maturities. This report covers only the GCR. Wells Fargo Bank, N.A. serves as the custodian, RBC Global Asset Management (U.S.) Inc. serves as the investment adviser, South Dakota Municipal League serves as the distributor, and Miles Capital, Inc. serves as the administrator.

(2) Significant Accounting Policies

The significant accounting policies followed by the Trust are as follows:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increase (decrease) in net assets resulting from operations during the reporting period. Actual results could differ from those estimates.

Investments in Securities

GCR values its investments at amortized cost on the balance sheet which approximates market value, pursuant to Governmental Accounting Standards Board (GASB) Statement No. 79. This involves valuing a portfolio security at its original cost on the date of purchase, and thereafter amortizing any premium or discount on the interest method. Investment policies are followed to maintain a constant net asset value of \$1.00 per unit for the portfolio.

Security transactions are accounted for on the trade date. Interest income, including accretion of discount and amortization of premium, is accrued daily as earned.

GCR is authorized by investment policy and statute to invest public funds in obligations of the U.S. government, its agencies and instrumentalities; and repurchase agreements, provided that the underlying collateral consists of obligations of the U.S. government, its agencies and instrumentalities and that GCR's custodian takes delivery of the collateral either directly or through an authorized custodian.

South Dakota Public Funds Investment Trust
Government Cash Reserve Fund
Notes to Financial Statements (unaudited) (continued)
Six Months ended June 30, 2017

In connection with transactions in repurchase agreements, it is GCR's policy that the value of the underlying collateral securities exceeds the principal amount of the repurchase transaction, including accrued interest at all times. If the seller defaults and the value of the collateral declines, realization of the collateral by GCR may be delayed or limited. At June 30, 2017, the securities purchased under overnight agreements to resell were collateralized by U.S. Government Agency Securities with a fair value of \$22,082,060 with maturities ranging from 7/20/17 to 11/01/46.

Income Tax Status

The Company evaluates its tax positions relative to ASC 740-10 Accounting for Uncertainty in Income Taxes on an annual basis. Management has determined that there are no uncertain tax positions at June 30, 2017 and 2016. The Trust is not subject to federal, state, or local income taxes. The GCR will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Distributions to Participants

Dividends declared and accrued daily from net investment income and net realized gains, if any, are paid in cash or reinvested in the Trust.

Investment and Redemption Provisions

The GCR allows participants to purchase and redeem units on a daily basis, subject to limitations whereby liquidity of the fund may require redemptions to be delayed until applicable investments have matured or are liquidated.

(3) Fees and Expenses

Pursuant to an investment advisory agreement with the Trust, the adviser and administrator, RBC Global Asset Management (U.S.) Inc. (RBC), provides certain investment advisory and administration services to the Trust. RBC receives 0.13 percent of average daily net assets from the GCR on an annual basis for its services. RBC has entered into an administration agreement with Miles Capital, Inc. (Miles Capital) to assist on monitoring and maintaining the operations of the Trust. Miles Capital receives 0.15 percent of average daily net assets from the GCR on an annual basis for its services. RBC has entered into a distribution agreement with the South Dakota Municipal League (SDML) to assist in marketing and distribution efforts of the Trust. SDML receives 0.13 percent of average daily net asset value up to \$50 million, 0.10 percent from \$50 million to \$75 million, and 0.08 percent above \$75 million from the GCR on an annual basis for its services. Sponsoring associations collectively receive an annual fee of 0.05 percent of the average daily net assets of the GCR, and the Trust incurs custodial fees for maintenance of certain assets. In addition, the Trust is responsible for other operating expenses incurred directly by the Trust up to a maximum of \$30,000 annually for the GCR.

South Dakota Public Funds Investment Trust
Government Cash Reserve Fund
Notes to Financial Statements (unaudited) (continued)
Six Months ended June 30, 2017

Effective May 20, 2009, the sponsoring associations agreed to voluntarily and temporarily waive their annual fee of 0.05 percent of the average daily net assets of GCR which ended on June 14, 2017. Effective January 20, 2010, RBC, Miles, SDML, and Wells Fargo (service providers) agreed to waive fees in order for the GCR to pay a net yield of 0.03 percent to participants. The total fee may vary each day based on the gross yield earned on the GCR and was reduced to 0.01 percent on May 16, 2014 and increased to 0.02 percent on March 8, 2016. The service provider waivers are voluntary and ended on December 15, 2016 when the GCR was sufficient to cover fees and pay a net yield higher than 0.02 percent.

(4) Fair Value Measurement

The GCR recognizes Fair Value Measurements in accordance with GASB Statement No. 79 which 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 GCR meets all of the necessary criteria in GASB Statement No. 79 to elect to measure all of the investments in the GCR at amortized cost, which approximates fair value.

(5) Investment Securities Transactions

Purchases of portfolio securities for the Government Cash Reserve aggregated \$6,120,567,157 for the six months ended June 30, 2017. Proceeds from maturities and sales of securities for the Trust aggregated \$6,126,145,712 for the six months ended June 30, 2017.

South Dakota Public Funds Investment Trust
Government Cash Reserve Fund
NOTES TO FINANCIAL STATEMENTS (unaudited)
For the period January 1, 2017 to June 30, 2017

Financial Highlights

Per share data for a share of beneficial interest outstanding throughout each year and selected ratio information for each year as follows:

	<u>2017</u>
Net asset value:	
Beginning of period	\$1.0000
Operations:	
Net Investment Income	\$0.0012
Distributions to participants from net investment income	(\$0.0012)
End of period	<u>\$1.0000</u>
Total investment return	0.121%
Net assets, end of year (000's)	\$70,577
Ratios to average net assets:	
Operating expenses after waivers	0.46%
Net investment income after waivers	0.24%
Operating expenses before waivers	0.51%
Net investment income before waivers	0.20%