



FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT

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MEMORANDUM

DATE: October 25, 2017

TO: George Tablack, CPA
Chief Financial Officer

FROM: Lori Fortenberry, Investment & Finance Coordinator
Finance and Administrative Services Department

FROM: Anna Owens, Investment & Finance Coordinator
Finance and Administrative Services Department

RE: Portfolio and Economic Summary – September 30, 2017

As of September 30, 2017, the Broward County Portfolio had a par value of \$2.0 billion and a Yield to Maturity of 1.332%. In comparison, the Bank of America Merrill Lynch 1-3 Year U.S. Treasury & Agency Index benchmark (1.4% as of September 30, 2017) exceeded the yield on the County's portfolio by 6.8 basis points. In a rising rate environment, it is typical for Index yields to increase quicker as they can incorporate changes at a faster pace. The yield on the Broward County Portfolio will continue to increase as upcoming maturities are reinvested at higher yields.

At its September 20, 2017 meeting, the Federal Reserve Bank (Fed) voted to maintain short-term rates in the range of 1.00% to 1.25% while also announcing an October start to the reduction of its \$4.5 trillion bond holdings portfolio. Beginning with \$10 billion of securities allowed to roll-off the balance sheet in the first month, the Fed aims to gradually increase the monthly rate to \$50 billion, reserving the right to change pace at any time if deemed necessary. In an effort to continue to actively manage the monetary policy, the Fed officials signaled they are also leaning toward a December rate increase while still closely observing the below-objective core inflation rate.

In the wake of devastating hurricanes, the U.S. economy experienced a slowdown in the third quarter of 2017, with its estimated growth rate softening to 2.5%, compared to 3.1% in the prior quarter. Although nonfarm payrolls fell 33,000 in September and initial jobless claims spiked to its highest level in over two years, past experience suggests that the storms are unlikely to materially alter the course of the economy over the medium term. Supporting that, the unemployment rate dropped to 4.2% in September, its lowest level since February 2001.

Please see the attached pages showcasing portfolio detail and key economic data as of the end of the period.



**Broward County
Portfolio Management
Portfolio Summary
September 30, 2017**

BROWARD COUNTY
115 S. ANDREWS AVE A430
FT LAUDERDALE, FL 33301

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Commercial Paper Discount	84,170,000.00	83,988,533.94	83,988,533.94	4.12	94	59	1.312	1.330
Federal Agency Coupon Securities	464,045,000.00	462,888,311.70	463,769,114.32	22.73	1,094	586	1.319	1.337
Federal Agency Coupon - Callable	896,650,000.00	886,537,085.70	896,643,634.68	43.95	1,387	881	1.382	1.401
Federal Agency Discount	94,115,000.00	93,781,477.50	93,795,942.37	4.60	291	113	1.026	1.040
Treasury Coupon Securities	345,970,000.00	344,896,170.10	345,467,580.93	16.93	937	489	1.247	1.264
Treasury Bills	51,700,000.00	51,571,147.90	51,574,492.10	2.53	230	82	0.934	0.947
World Bank Coupon Securities	90,000,000.00	88,977,845.00	90,002,750.00	4.41	1,215	923	1.425	1.445
World Bank Discount	15,000,000.00	14,987,505.00	14,986,050.00	0.73	111	31	1.099	1.114
Investments	2,041,650,000.00	2,027,628,076.84	2,040,228,098.34	100.00%	1,094	654	1.314	1.332
Cash and Accrued Interest								
Accrued Interest at Purchase		35,461.96	35,461.96					
Subtotal		35,461.96	35,461.96					
Total Cash and Investments	2,041,650,000.00	2,027,663,538.80	2,040,263,560.30		1,094	654	1.314	1.332

Total Earnings	September 30 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	2,332,202.53	27,970,792.01	27,970,792.01
Average Daily Balance	2,148,908,723.15	2,187,070,803.48	
Effective Rate of Return	1.32%	1.28%	

Effective 09/30/2017

Current Modified Duration 1.733 (\$35,381,794) Current Effective Duration 0.945 (345 days)

Total Bank Account Balance: \$ 243,921,605.58 Percentage of Total Portfolio: 11.9%

Diversification by Investment per Investment Policy:

US Treasuries/Agencies	- 100% Maximum	Commercial Paper	- 25% Maximum
Florida PRIME	- 50% Maximum	World Bank Securities	- 15% Maximum

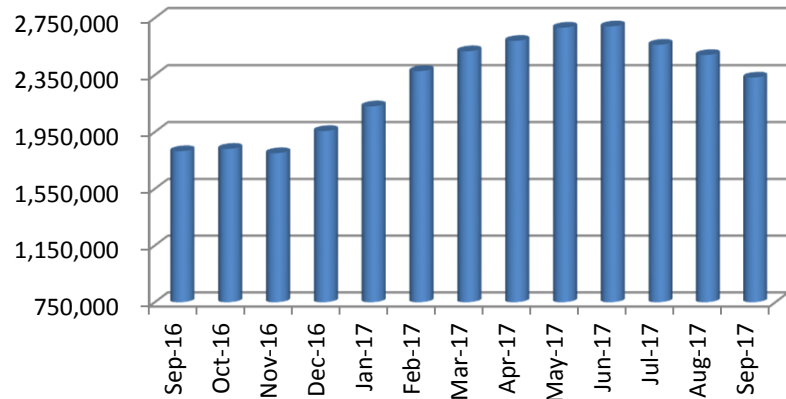
Reporting period 09/01/2017-09/30/2017

Run Date: 10/05/2017 - 12:04

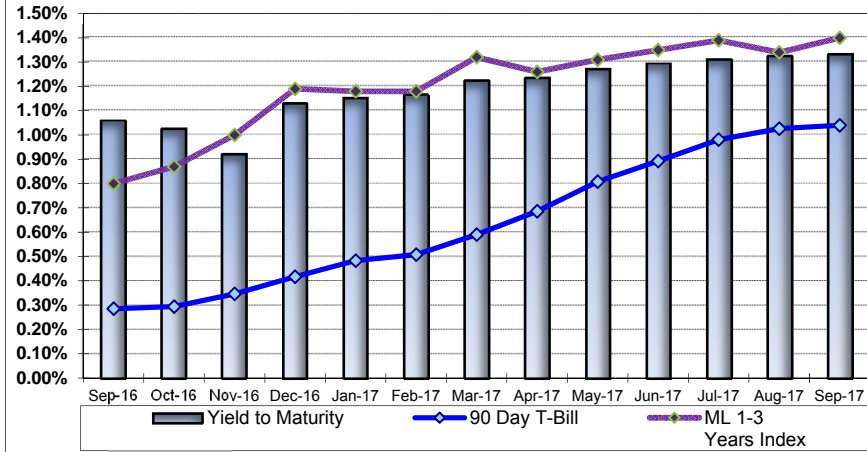
Portfolio BROW
AP
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.6.1

Quarterly Portfolio Analysis - September 30, 2017

Interest Earnings History

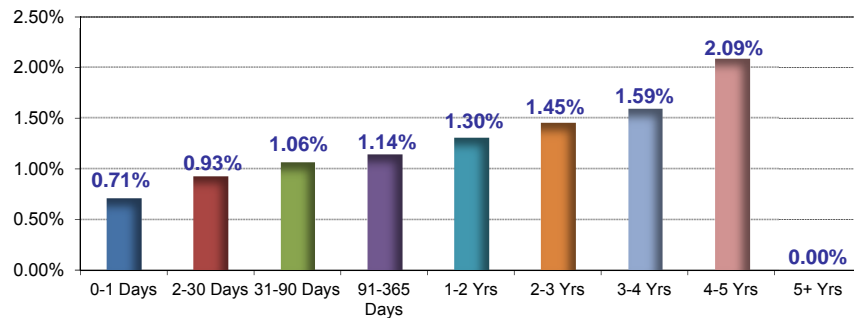


Portfolio YTM Comparison to Benchmark¹



¹Note Investment Policy determined benchmark is ML 1 - 3 Yrs Index.

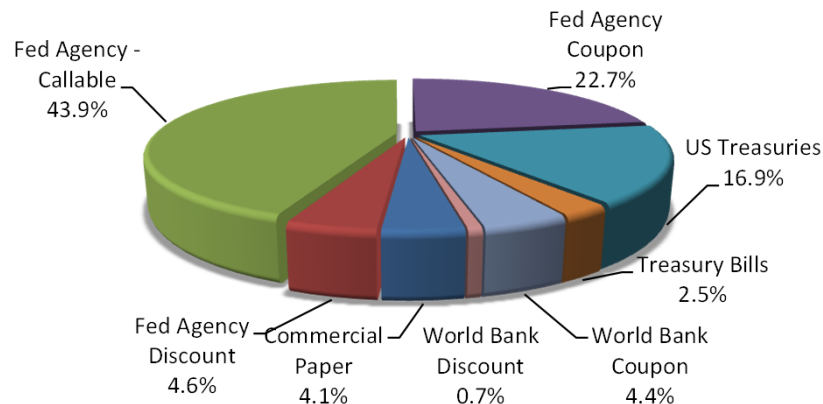
Yield by Maturity Breakdown



Key Economic Data:

	Sep-17	Sep-16	% change
*Fed Funds Rate -	1.25%	0.50%	150.0%
*Rolling 90 Day T-Bill - AVG	1.040%	0.285%	265.1%
*Prime Rate -	4.25%	3.50%	21.4%
*DJIA -	22,405	18,308	22.4%
*Crude Oil -	51.67	48.24	7.1%
*Gold (\$/oz) -	1,280.15	1,315.75	-2.7%
*10 Year Treasury Note -	2.33%	1.59%	46.4%
*Total Portfolio Yield -	1.33%	1.06%	25.8%
* ML 1-3 YR Yield -	1.40%	0.80%	75.0%

Portfolio Composition



Maturity Schedule by Percentage Comparison to Benchmark

