



**FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT**

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**MEMORANDUM**

DATE: April 11, 2018

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 – March 31, 2018

As of March 31, 2018, the Broward County Investment Portfolio had a par value of \$3.04 billion and a Yield to Maturity of 1.653%. In comparison, the Bank of America Merrill Lynch 1-3 Year U.S. Treasury & Agency Index benchmark (2.28% as of March 31, 2018) exceeded the yield on the County's portfolio by 62.7 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.

The Federal Reserve Bank's (Fed) Federal Open Market Committee (FOMC) voted to increase short-term rates to the range of 1.50% to 1.75% at its March 21st meeting. This was the FOMC's fifth hike in the fed funds rate since December 2016. The decision was supported by a strengthening labor market as well as economic activity rising at a moderate rate. With Jerome Powell at the helm, the Fed's focus remains on balancing the risks between raising rates either too slowly or too quickly. Moving too slowly could stall the economic expansion and moving too quickly could keep inflation below the 2 percent target. Current market estimates indicate a likelihood of two additional rate increases this year. However, the expectation of an increase at the next FOMC meeting, scheduled for May 2, 2018, remains relatively low.

The employment data for March showed an increase of 103,000 jobs, falling short of the 185,000 expectation for the same time period. Wages notched a 0.3 percent gain in March and unemployment rate remained steady at 4.1 percent. The gross domestic product's estimated growth fell below 2 percent, compared to 2.9 percent expansion in quarter prior. Finally, the trade and tariff rhetoric continues to escalate causing volatility in the S&P 500 and Dow Jones Industrial Average, however, its long-term impact is unknown.

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  
March 31, 2018**

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

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM 360 Equiv.</b>	<b>YTM 365 Equiv.</b>
Commercial Paper Discount	647,527,000.00	646,199,072.67	646,199,072.67	21.28	77	39	1.838	1.863
Federal Agency Coupon Securities	479,245,000.00	474,625,646.90	479,043,763.63	15.77	1,076	503	1.473	1.493
Federal Agency Coupon - Callable	1,193,650,000.00	1,173,192,160.25	1,193,645,847.85	39.30	1,432	993	1.724	1.748
Federal Agency Discount	244,275,000.00	242,513,889.53	242,886,925.91	8.00	279	136	1.464	1.485
Treasury Coupon Securities	340,970,000.00	338,150,636.40	340,642,852.97	11.22	931	339	1.312	1.330
Treasury Bills	20,000,000.00	19,802,660.00	19,836,218.06	0.65	324	193	1.565	1.587
World Bank Coupon Securities	90,000,000.00	88,340,810.00	90,002,390.00	2.96	1,215	741	1.425	1.445
Israel Bonds	5,000,000.00	4,959,200.00	5,000,000.00	0.16	730	579	2.229	2.260
World Bank Discount	20,000,000.00	19,957,640.00	19,964,611.11	0.66	153	45	1.428	1.448
<b>Investments</b>	<b>3,040,667,000.00</b>	<b>3,007,741,715.75</b>	<b>3,037,221,682.20</b>	<b>100.00%</b>	<b>916</b>	<b>551</b>	<b>1.631</b>	<b>1.653</b>

<b>Cash and Accrued Interest</b>							
Accrued Interest at Purchase		33,454.82	33,454.82				
Subtotal		33,454.82	33,454.82				
<b>Total Cash and Investments</b>	<b>3,040,667,000.00</b>	<b>3,007,775,170.57</b>	<b>3,037,255,137.02</b>		<b>916</b>	<b>551</b>	<b>1.631 1.653</b>

<b>Total Earnings</b>	<b>March 31 Month Ending</b>	<b>Fiscal Year To Date</b>
Current Year	4,138,879.83	18,775,698.28
<b>Average Daily Balance</b>	<b>3,029,161,598.51</b>	<b>2,568,063,819.75</b>
<b>Effective Rate of Return</b>	<b>1.61%</b>	<b>1.47%</b>

Effective 03/31/2018

Current Modified Duration 1.439 (\$43,755,198) Current Effective Duration 0.656 (239 days)

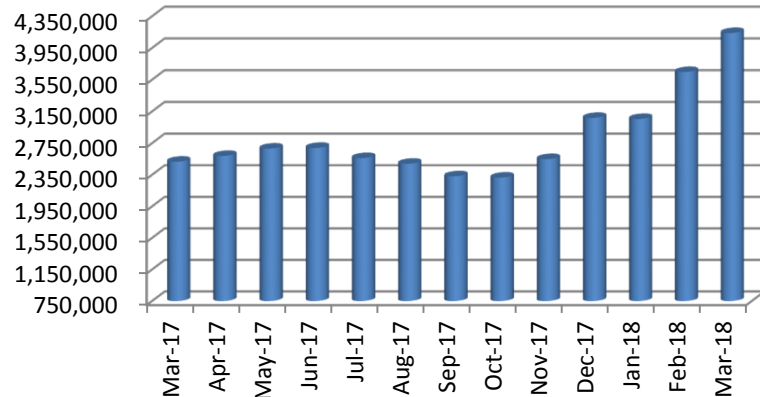
Total Bank Account Balance: \$201,905,877 Percentage of Total Portfolio: 6.6%

Diversification by Investment per Investment Policy:  
 US Treasuries/Agencies - 100% Maximum      Commercial Paper - 25% Maximum  
 Florida PRIME - 50% Maximum      World Bank Securities - 15% Maximum  
 Repurchase Agreements - 40% Maximum

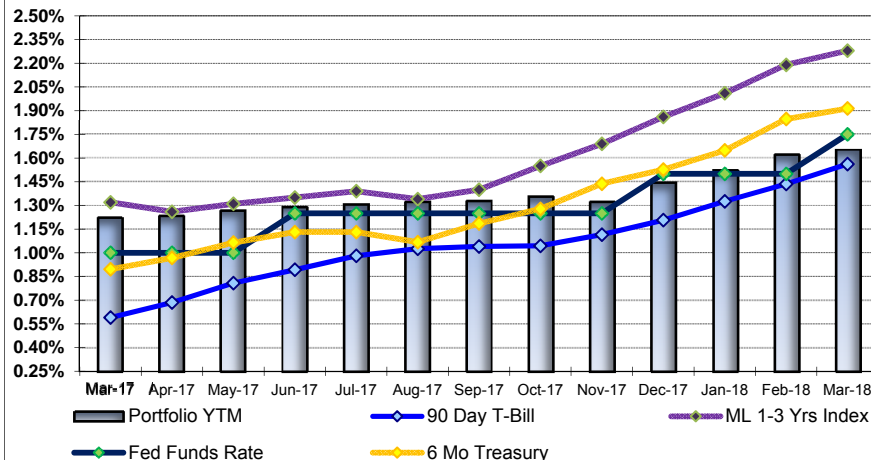
Reporting period 03/01/2018-03/31/2018

# Quarterly Portfolio Analysis - March 31, 2018

## Interest Earnings History

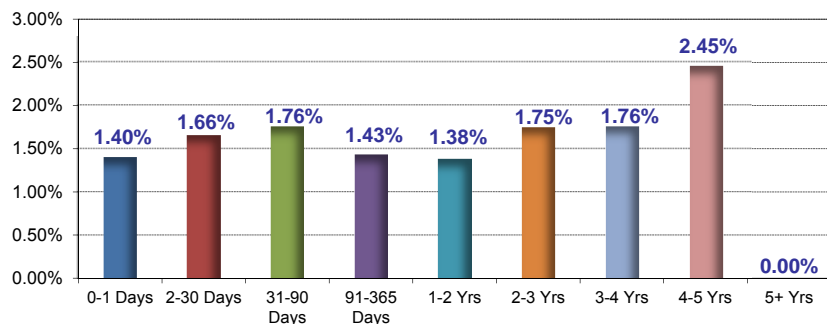


## YTM Rate Comparison to Benchmark<sup>1</sup>



<sup>1</sup>Note<sup>1</sup> Investment Policy determined benchmark is ML 1 - 3 Yrs Index.

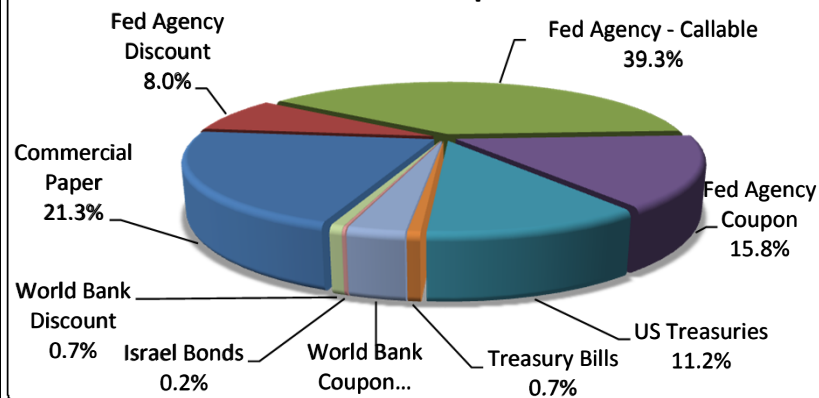
## Yield by Maturity Breakdown



## Key Economic Data:

	Mar-18	Mar-17	% change
*Fed Funds Rate -	1.75%	1.00%	75.0%
*Rolling 90 Day T-Bill - AVG	1.562%	0.590%	164.7%
*Prime Rate -	4.75%	4.00%	18.8%
*DJIA -	24,103	20,663	16.6%
*Crude Oil -	64.94	50.60	28.3%
*Gold (\$/oz) -	1,325.00	1,249.35	6.1%
*10 Year Treasury Note -	2.74%	2.39%	14.6%
*Total Portfolio Yield -	1.65%	1.22%	35.2%
* ML 1-3 YR Yield -	2.28%	1.32%	72.7%

## Portfolio Composition



## Maturity Schedule by Percentage Comparison to Benchmark

