



FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT

115 S. Andrews Avenue, Room 513 • Fort Lauderdale, Florida 33301 • 954-357-7130 • FAX 954-357-7134 • Email: finance@broward.org

MEMORANDUM

DATE: August 16, 2018

TO: George Tablack, CPA
Chief Financial Officer

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

RE: Portfolio and Economic Summary – June 30, 2018

As of June 30, 2018, the Broward County Investment Portfolio had a par value of \$2.86 billion and a Yield to Maturity of 1.771%. In comparison, the Bank of America Merrill Lynch 1-3 Year U.S. Treasury & Agency Index benchmark (2.52% as of June 30, 2018) exceeded the yield on the County's portfolio by 74.9 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 1.75% to 2.0% at its June 13th meeting. This was the FOMC's seventh hike in the fed funds rate since December 2015. The decision signals the Fed is confident in having reached the unemployment and inflation rate targets and that the economy, overall, is on the right track. Currently, market expectations are that the Fed will remain on its projected path of raising rates two more times this year. Market analysts project a very high likelihood of a 25 basis point increase at the next FOMC meeting, scheduled for September 26, 2018.

The U.S. economy grew at 4.1% in the second quarter. The employment data for June showed an increase of 213,000 jobs with professional and business services leading the way, followed by healthcare and construction sectors. Retail trade, however, experienced an estimated 22,000 job loss and the Toys-R-Us closure is believed to have been the major contributor to the number. The jobless rate continues to be forecast at below 4% and many pundits believe the U.S. is entering a full employment range. Among other signs of strengthening economy is a 0.2% rise in wages, a forecasted increase in consumer spending in the second quarter, and firming inflation. Despite the strong economic news, many are concerned about potential consequences to the global economy if the tariffs and trade wars continue. Prompting further concerns is the flattening yield curve and its potential to invert. An inverted yield curve, with short-term yields higher than long-term yields, has historically preceded recessions.

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
June 30, 2018**

Exhibit 1
Page 2 of 3
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	667,860,000.00	666,043,509.28	666,043,509.28	23.35	76	44	2.184	2.215
Federal Agency Coupon Securities	440,245,000.00	435,436,510.10	440,090,560.59	15.43	1,080	449	1.498	1.519
Federal Agency Coupon - Callable	1,150,650,000.00	1,127,252,016.70	1,150,646,253.48	40.34	1,433	937	1.752	1.776
Federal Agency Discount	199,275,000.00	198,497,996.10	198,668,868.44	6.96	275	71	1.526	1.547
Treasury Coupon Securities	282,570,000.00	280,016,672.97	282,352,957.01	9.90	888	309	1.340	1.359
Treasury Bills	20,000,000.00	19,891,780.00	19,913,441.67	0.70	324	102	1.565	1.587
World Bank Coupon Securities	90,000,000.00	88,225,085.00	90,002,210.00	3.15	1,215	650	1.425	1.445
Israel Bonds	5,000,000.00	4,959,690.00	5,000,000.00	0.18	730	488	2.229	2.260
Investments	2,855,600,000.00	2,820,323,260.15	2,852,717,800.47	100.00%	911	515	1.747	1.771
Cash and Accrued Interest								
Accrued Interest at Purchase		2,412.00	2,412.00					
Subtotal		2,412.00	2,412.00					
Total Cash and Investments	2,855,600,000.00	2,820,325,672.15	2,852,720,212.47		911	515	1.747	1.771

Total Earnings	June 30 Month Ending	Fiscal Year To Date
Current Year	4,155,776.27	31,299,637.01
Average Daily Balance	2,882,392,313.79	2,694,524,698.64
Effective Rate of Return	1.75%	1.55%
Effective 06/30/2018		

Current Modified Duration 1.341 (\$38,293,596) Current Effective Duration 0.565 (206 days)

Total Bank Account Balance: \$221,959,386 Percentage of Total Portfolio: 7.7%

Diversification by Investment per Investment Policy:
 US Treasuries/Agencies - 100% Maximum Commercial Paper - 25% Maximum
 World Bank Securities - 15% Maximum

George Tablack, CPA, Chief Financial Officer

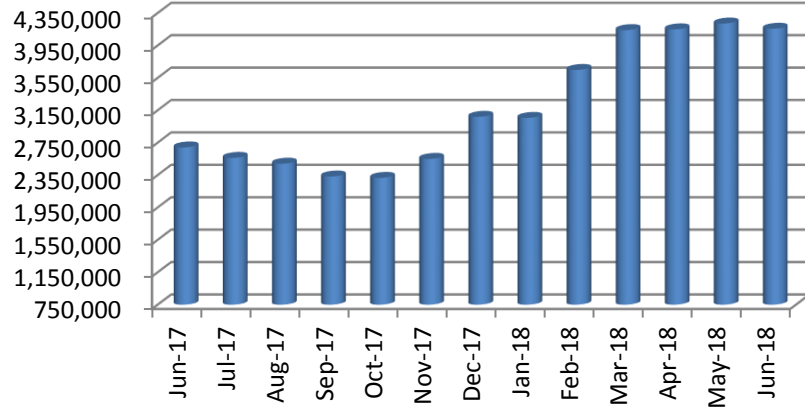
Reporting period 06/01/2018-06/30/2018

Run Date: 07/03/2018 - 08:48

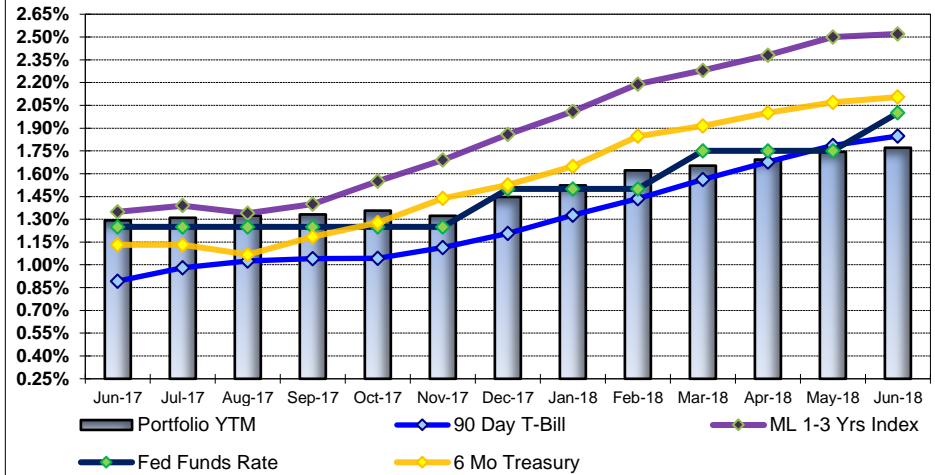
Portfolio BROW
AP
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.6.1

Quarterly Portfolio Analysis - June 30, 2018

Interest Earnings History

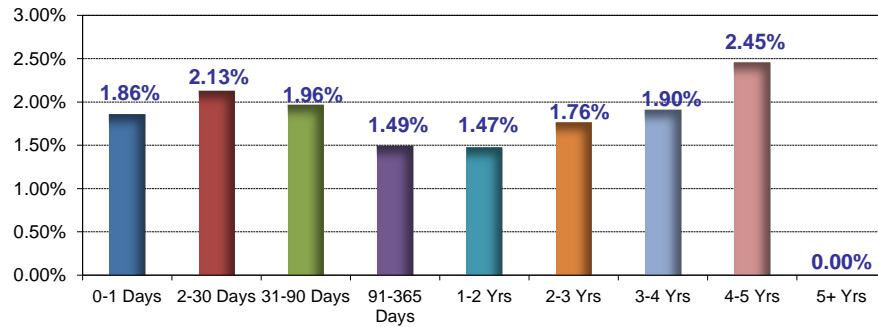


YTM Rate Comparison to Benchmark¹



¹Note¹ Investment Policy determined benchmark is ML 1 - 3 Yrs Index.

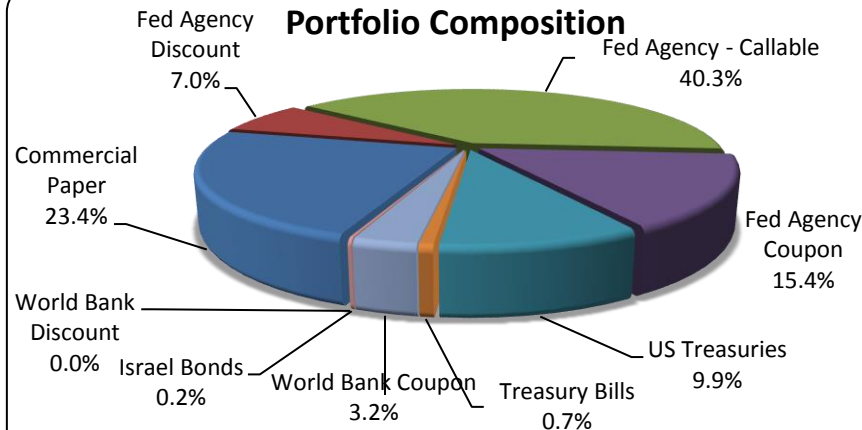
Yield by Maturity Breakdown



Key Economic Data:

	Jun-18	Jun-17	% change
*Fed Funds Rate -	2.00%	1.25%	60.0%
*Rolling 90 Day T-Bill - AVG	1.848%	1.011%	82.7%
*Prime Rate -	5.00%	4.25%	17.6%
*DJIA -	24,271	21,350	13.7%
*Crude Oil -	74.15	46.04	61.1%
*Gold (\$/oz) -	1,253.17	1,241.55	0.9%
*10 Year Treasury Note -	2.86%	2.30%	24.2%
*Total Portfolio Yield -	1.77%	1.29%	37.0%
*ML 1-3 YR Yield -	2.52%	1.35%	86.7%

Portfolio Composition



Maturity Schedule by Percentage Comparison to Benchmark

