



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: October 30, 2018

TO: George Tablack, CPA
Chief Financial Officer

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

RE: Portfolio and Economic Summary – September 30, 2018

As of September 30, 2018, the Broward County Investment Portfolio had a par value of \$2.41 billion and a Yield to Maturity of 1.790%. In comparison, the Bank of America Merrill Lynch 1-3 Year U.S. Treasury & Agency Index benchmark (2.74% as of September 30, 2018) exceeded the yield on the County's portfolio by 95.0 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 2.0% to 2.25% at its September 26th meeting. After eight rate hikes that began in December 2015, the fed funds rate is now at the highest level since October 2008. As anticipated, the Fed removed language from its official statement that described monetary policy as accommodative. While the Fed Chairman stated the removal of the accommodative language did not signal a change in policy, it was viewed as an acknowledgment that policy is moving closer to neutral rate, one that neither stimulates nor suppresses economic growth. The Fed has signaled one more rate hike in 2018 and three more rate hikes in 2019. The next meeting on November 8, 2018 is not expected to result in an increase in rates.

The unemployment rate dropped to 3.7%, a level not seen since December 1969. Despite the low unemployment rate, which has been well below the rate the Fed considers to be full employment, wage growth has been weak and has only just begun to pick up. Average hourly earnings rose to a high of 2.8% year-over-year in September. Even with wages increasing, inflationary pressures have been tame, and the Fed anticipates that its plan of gradual rate increases will help diffuse any price pressures.

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, 2018**

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	302,100,000.00	301,638,240.47	301,638,240.47	12.51	62	24	2.232	2.263
Federal Agency Coupon Securities	458,745,000.00	454,082,588.96	458,578,336.79	19.02	1,067	372	1.547	1.568
Federal Agency Coupon - Callable	1,117,250,000.00	1,091,539,591.25	1,117,246,565.97	46.33	1,451	871	1.775	1.800
Federal Agency Discount	137,205,000.00	136,369,965.10	136,439,669.32	5.66	214	92	1.984	2.012
Treasury Coupon Securities	246,705,000.00	244,429,088.67	246,572,327.66	10.23	854	292	1.419	1.439
Treasury Bills	29,700,000.00	29,456,965.20	29,459,367.40	1.22	332	118	1.888	1.915
World Bank Coupon Securities	116,500,000.00	114,540,423.50	116,455,332.30	4.83	1,139	627	1.760	1.785
Israel Bonds	5,000,000.00	4,975,365.00	5,000,000.00	0.21	730	396	2.229	2.260
Investments	2,413,205,000.00	2,377,032,228.15	2,411,389,839.91	100.00%	1,043	545	1.766	1.790

Total Earnings	September 30 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	3,658,272.49	42,834,554.97	42,834,554.97
Average Daily Balance	2,518,693,062.91	2,677,551,597.84	
Effective Rate of Return	1.77%	1.60%	

Effective 09/30/2018

Current Modified Duration 1.420 (\$34,267,511) Current Effective Duration 0.583 (213 days)

Total Bank Account Balance: \$235,483,524 Percentage of Total Portfolio: 9.8%

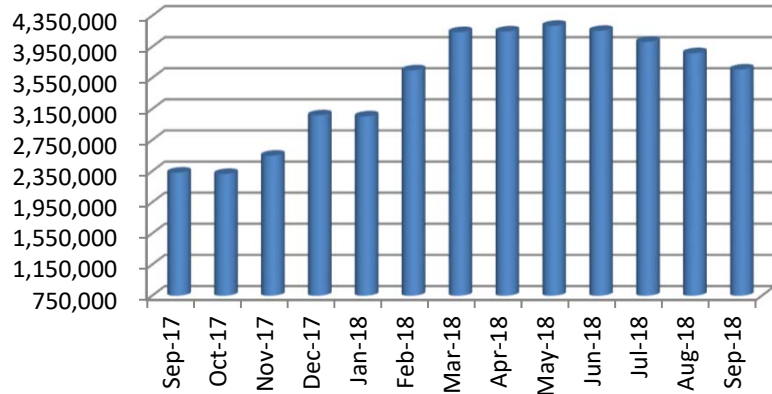
Diversification by Investment per Investment Policy:

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

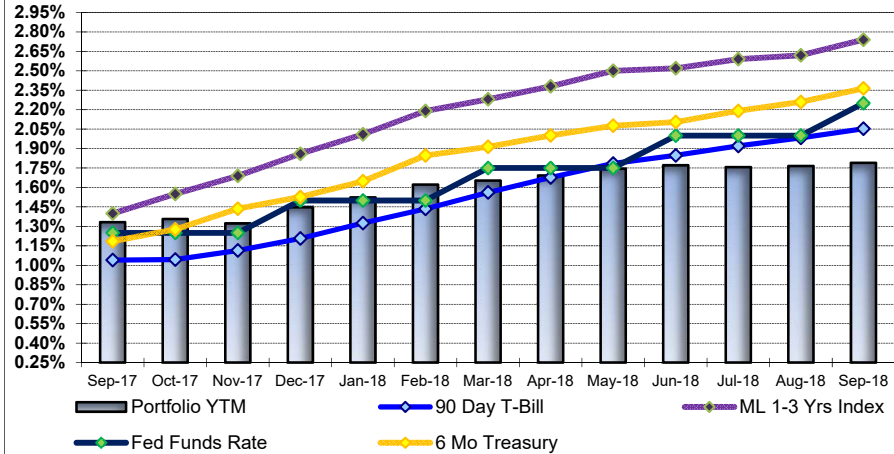
George Tablack, CPA, Chief Financial Officer

Quarterly Portfolio Analysis - September 30, 2018

Interest Earnings History

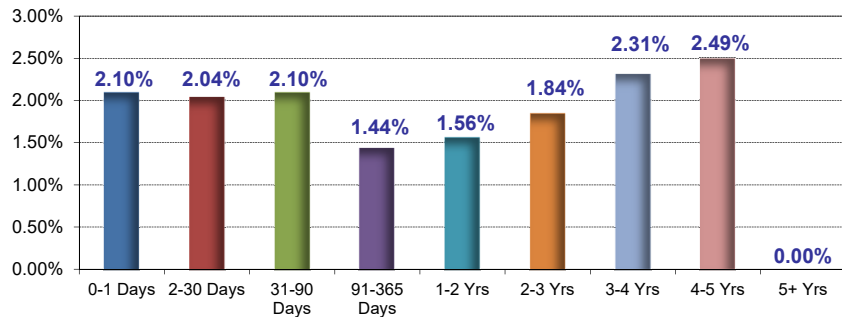


YTM Rate Comparison to Benchmark¹



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

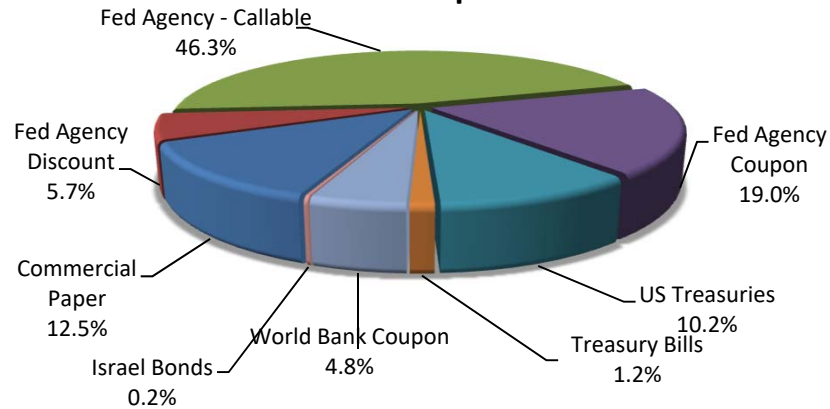
Yield by Maturity Breakdown



Key Economic Data:

	Sep-18	Sep-17	% change
*Fed Funds Rate -	2.25%	1.25%	80.0%
*Rolling 90 Day T-Bill - AVG -	2.196%	1.041%	111.1%
*Prime Rate -	5.25%	4.25%	23.5%
*DJIA -	26,458	22,405	18.1%
*Crude Oil -	73.25	51.67	41.8%
*Gold (\$/oz) -	1,192.50	1,280.15	-6.8%
*10 Year Treasury Note -	3.06%	2.33%	31.1%
*Total Portfolio Yield -	1.79%	1.33%	34.4%
* ML 1-3 Yr Yield -	2.74%	1.40%	95.7%

Portfolio Composition



Maturity Schedule by Percentage Comparison to Benchmark

