



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: January 14, 2018

TO: George Tablack, CPA
Chief Financial Officer

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

A handwritten signature in blue ink that reads "Lori E. Fortenberry".

Digitally signed by LORI
FORTENBERRY
Date: 2019.01.14
16:01:00 -05'00'

FROM: Darren Portner, Investment & Finance Coordinator
Finance and Administrative Services Department

A handwritten signature in blue ink that reads "Darren Portner".

Digitally signed by
DARREN PORTNER
Date: 2019.01.14
17:01:03 -05'00'

RE: Portfolio and Economic Summary – December 31, 2018

As of December 31, 2018, the Broward County Investment Portfolio had a par value of \$2.69 billion and a Yield to Maturity of 1.963%. In comparison, the Bank of America Merrill Lynch 1-3 Year U.S. Treasury & Agency Index benchmark (2.71% as of December 31, 2018) exceeded the yield on the County's portfolio by 74.7 basis points (bps). 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 2.25% to 2.50% at its December 19th meeting, marking the fourth 25bps hike for 2018 and the seventh since 2017. In its official statement, the Fed judged the risks to the economic outlook as roughly balanced but added language that they "will continue to monitor economic and financial developments and assess their implications". More recently, Fed Chairman Powell has said that the Fed can be patient as it considers the pace of interest rates in 2019 due to muted inflation rates and a strong U.S. market. The next meeting on January 30, 2019 is not expected to result in an increase in rates.

Market participants have reacted mostly negatively to the fed actions driving the Dow Jones Industrial Average (Dow) down over 1,500 points in the days following the Fed statement. While the Dow recovered from that drop, it is still 2,800 points below its high of 26,828 on 10/3/18. The unemployment rate, currently 3.9%, has remained steady over the last year ranging between 3.7% and 4.1%. With typical economic data releases delayed as a result of agency closings from the partial U.S. government shutdown, the overall economic picture is somewhat obscured. It is unclear, at this time, of the long-term effects of the record government shutdown.

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
December 31, 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	205,700,000.00	205,280,531.03	205,280,531.03	7.64	71	28	2.546	2.581
Federal Agency Coupon Securities	433,745,000.00	430,942,747.01	433,609,416.37	16.13	1,108	297	1.532	1.554
Federal Agency Coupon - Callable	1,142,250,000.00	1,126,949,316.50	1,142,246,878.48	42.50	1,460	802	1.806	1.831
Federal Agency Discount	440,365,000.00	435,897,080.30	435,879,212.57	16.22	196	147	2.455	2.489
Treasury Coupon Securities	261,705,000.00	260,544,610.47	261,591,568.20	9.73	902	351	1.694	1.717
Treasury Bills	81,900,000.00	80,580,115.80	80,570,865.55	3.00	255	232	2.576	2.612
World Bank Coupon Securities	116,500,000.00	115,481,023.00	116,461,481.80	4.33	1,139	535	1.760	1.785
Israel Bonds	5,000,000.00	4,992,695.00	5,000,000.00	0.19	730	304	2.229	2.260
World Bank Discount	6,800,000.00	6,780,055.60	6,780,195.00	0.25	101	45	2.378	2.411
Investments	2,693,965,000.00	2,667,448,174.71	2,687,420,149.00	100.00%	983	480	1.936	1.963
Cash and Accrued Interest								
Accrued Interest at Purchase		88,271.36	88,271.36					
Subtotal		88,271.36	88,271.36					
Total Cash and Investments	2,693,965,000.00	2,667,536,446.07	2,687,508,420.36		983	480	1.936	1.963

Total Earnings	December 31	Month Ending	Fiscal Year To Date
Current Year		4,913,784.71	12,688,731.05
Average Daily Balance		3,005,684,684.65	2,699,489,241.94
Effective Rate of Return		1.92%	1.86%
Effective 12/31/2018			

Current Modified Duration 1.259 (\$33,917,019.35) Current Effective Duration 0.573 (209 days)

Total Bank Account Balance: \$605,560,023 Percentage of Total Portfolio: 22.5%

Diversification by Investment per Investment Policy:

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

Reporting period 12/01/2018-12/31/2018

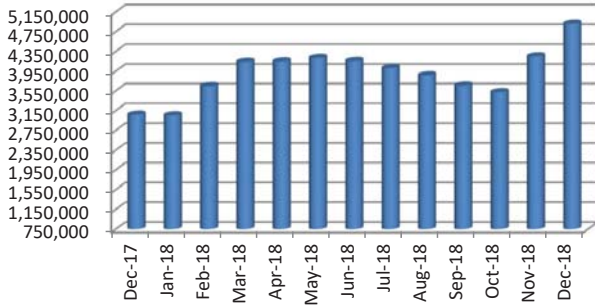
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Portfolio BROW
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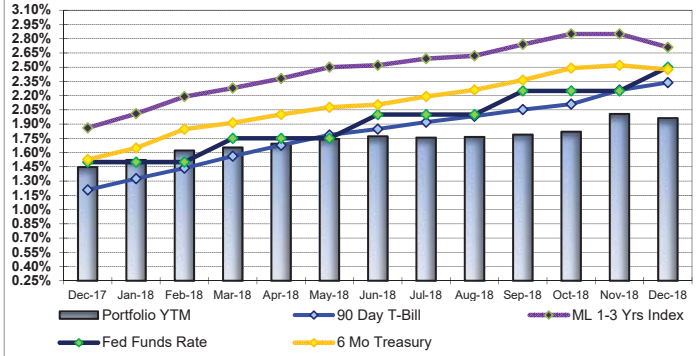
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.6.1

Quarterly Portfolio Analysis - September 30, 2018

Interest Earnings History

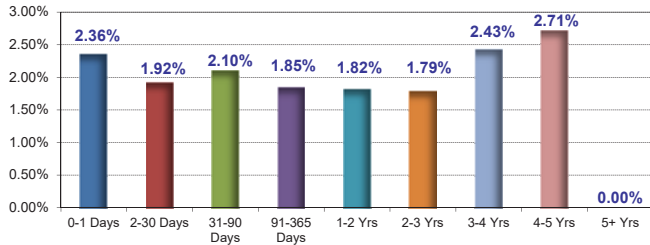


YTM Rate Comparison to Benchmark¹



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

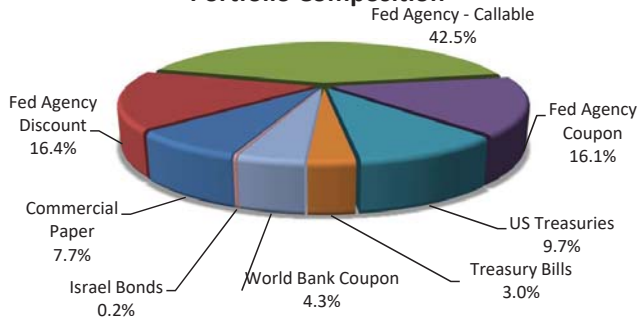
Yield by Maturity Breakdown



Key Economic Data:

	Dec-18	Dec-17	% change
*Fed Funds Rate -	2.50%	1.50%	66.7%
*Rolling 90 Day T-Bill - AVG -	2.338%	1.376%	69.9%
*Prime Rate -	5.50%	4.50%	22.2%
*DJIA -	23,327	24,718	-5.6%
*Crude Oil -	45.41	60.42	-24.8%
*Gold (\$/oz) -	1,282.45	1,303.05	-1.6%
*10 Year Treasury Note -	2.68%	2.41%	11.6%
*Total Portfolio Yield -	1.96%	1.45%	35.7%
* ML 1-3 Yr Yield -	2.71%	1.86%	45.7%

Portfolio Composition



Maturity Schedule by Percentage Comparison to Benchmark

