



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: April 8, 2019

TO: George Tablack, CPA
Chief Financial Officer

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

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FORTENBERRY
Date: 2019.04.10
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FROM: Darren Portner, Investment & Finance Coordinator
Finance and Administrative Services Department

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DARREN PORTNER
Date: 2019.04.10
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RE: Portfolio and Economic Summary – March 31, 2019

As of March 31, 2019, the Broward County Investment Portfolio had a par value of \$2.76 billion and a Yield to Maturity of 2.08%. In comparison, the benchmark Bank of America Merrill Lynch 1-3 Year U.S. Treasury & Agency Index (2.44% as of March 31, 2019) exceeded the yield on the County's portfolio by 35.9 basis points (bps). This Yield to Maturity variance between the County's portfolio and the benchmark has decreased by more than half since December 31, 2018 due to the shifting direction of the current rate environment. That gap is expected to narrow further as the rate increases have now been put on hold. The yield on the Broward County Portfolio will continue to increase as upcoming maturities are reinvested at higher yields.

After 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, there have been no changes since that move and the current expectation is that that we won't see further changes in 2019. In the March 20 press conference Federal Reserve Chairman Jerome Powell stated, "My colleagues and I think that this setting is well-suited to the current outlook, and believe that we should be patient in assessing the need for any change in the stance of policy."

The Dow Jones Industrial Average (Dow) reaction to the recent Fed actions has been mostly positive, rising over 3,600 points in 2019, and once again nearing a new high. The unemployment rate remained 3.8% in March, a near five-decade low, and has remained steady over the last year ranging between 3.7% and 4.0%. Wages remained relatively robust, rising 3.2% from a year earlier in March, the eighth consecutive month of at least 3% annual wage gains and marking the longest stretch of pay improvements since the recession ended in 2009

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, 2019**

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	140,500,000.00	140,092,126.69	140,092,126.69	5.09	80	41	2.533	2.568
Federal Agency Coupon Securities	491,245,000.00	490,471,868.00	490,980,937.91	17.86	1,244	567	1.839	1.864
Federal Agency Coupon - Callable	1,319,335,000.00	1,310,493,941.53	1,319,332,190.97	47.98	1,463	808	1.943	1.970
Federal Agency Discount	369,475,000.00	366,014,263.45	365,899,037.08	13.31	234	140	2.536	2.571
Treasury Coupon Securities	200,615,000.00	200,251,079.13	200,550,008.58	7.29	937	349	1.833	1.859
Treasury Bills	152,900,000.00	151,382,076.60	151,299,613.13	5.50	222	152	2.338	2.370
World Bank Coupon Securities	76,500,000.00	75,978,678.50	76,451,439.97	2.78	1,496	954	2.137	2.167
Israel Bonds	5,000,000.00	5,000,000.00	5,000,000.00	0.18	730	214	2.229	2.260
Investments	2,755,570,000.00	2,739,684,033.90	2,749,605,354.33	100.00%	1,083	570	2.053	2.081
Cash and Accrued Interest								
Accrued Interest at Purchase		52,884.62	52,884.62					
Subtotal		52,884.62	52,884.62					
Total Cash and Investments	2,755,570,000.00	2,739,736,918.52	2,749,658,238.95		1,083	570	2.053	2.081

Total Earnings	March 31 Month Ending	Fiscal Year To Date
Current Year	4,933,865.03	26,442,732.38
Average Daily Balance	2,826,809,738.42	2,713,338,126.86
Effective Rate of Return	2.06%	1.95%

Effective 3/31/19:

Current Modified Duration 1.491 (\$41,085,549) Current Effective Duration 0.732 (267 days)

Bank Balance: \$330,083,527 Percentage of Total Portfolio: 12.0%

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

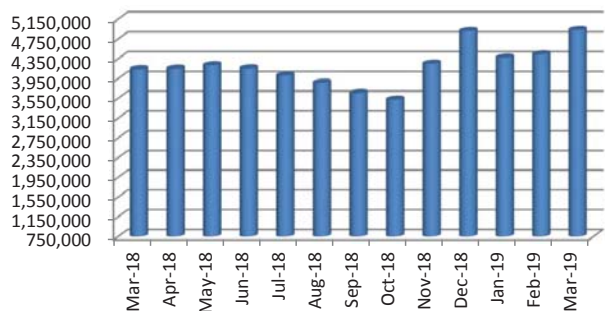
Reporting period 03/01/2019-03/31/2019

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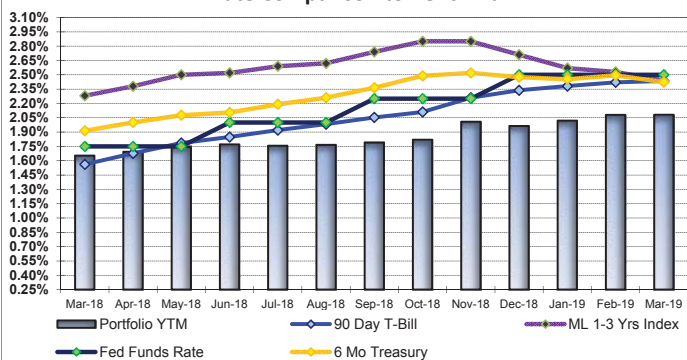
Portfolio BROW
AP
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.6.1

Quarterly Portfolio Analysis - March 31, 2019

Interest Earnings History

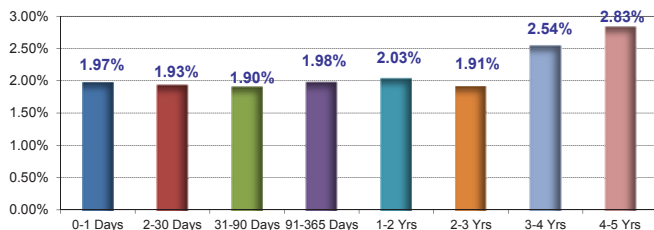


YTM Rate Comparison to Benchmark¹



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

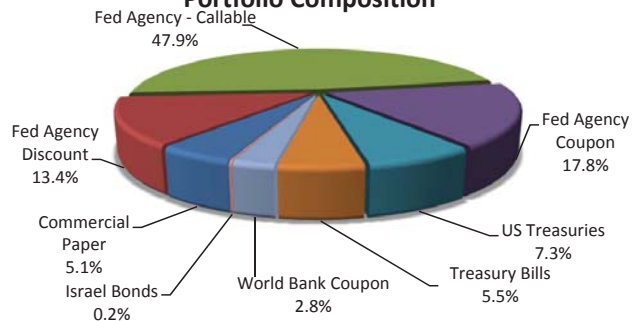
Yield by Maturity Breakdown



Key Economic Data:

	Mar-19	Mar-18	% change
*Fed Funds Rate -	2.50%	1.75%	42.9%
*Rolling 90 Day T-Bill - AVG -	2.419%	1.567%	54.3%
*Prime Rate -	5.50%	5.50%	0.0%
*DJIA -	25,929	24,103	7.6%
*Crude Oil -	60.14	64.94	-7.4%
*Gold (\$/oz) -	1,292.30	1,325.00	-2.5%
*10 Year Treasury Note -	2.41%	2.74%	-12.2%
*Total Portfolio Yield -	2.08%	1.65%	25.9%
* ML 1-3 Yr Yield -	2.44%	2.28%	7.0%

Portfolio Composition



Maturity Schedule by Percentage Comparison to Benchmark

