



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 15, 2022

TO: George Tablack, CPA
Chief Financial Officer

FROM: Lori Fortenberry, Acting Finance Manager
Finance and Administrative Services Department

Handwritten signature of Lori E. Fortenberry in blue ink.

Digitally signed by LORI
FORTENBERRY
Date: 2022.04.20
17:32:51 -04'00'

Art Richards, Investment & Finance Coordinator
Finance and Administrative Services Department

Handwritten signature of Art Richards in blue ink.

Digitally signed by Arthur
S Richards
Date: 2022.04.18
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RE: Portfolio and Economic Summary – March 31, 2022

As of March 31, 2022, the Broward County (County) Investment Portfolio had a par value of \$4.94 billion and a Yield to Maturity of 0.66%. In comparison, the Bank of America Merrill Lynch 1-3 Year U.S. Treasury & Agency Index benchmark of 1.83 % exceeded the yield on County's portfolio by 117 basis points. In a rapidly rising rate environment, it is typical for Index yields to increase quicker as they can incorporate changes at a faster pace. The yield on County's Portfolio will continue to increase as upcoming maturities are reinvested at higher yields. Accordingly, adjusted interest earnings on County's Portfolio increased nearly \$600k from previous quarter.

The Labor Department showed the March consumer price index increased 8.5% from a year earlier which follows a 7.9% annual gain in February. Against a backdrop of accelerating inflation, the Federal Reserve Bank (the "Fed") raised rates by a quarter point last month and signaled to further lift rates to 1.9% by end of 2022 and 2.8% by the end of next year. Most recently, Fed officials said that they are open to moving faster, if needed, to quell the hottest inflation in four decades, including hiking by a half a point at their May 3-4 meeting. Additionally, Fed officials intend to reduce its massive bond holdings at a maximum pace of \$95 billion a month, further tightening credit across the economy.

With the Fed mired in what's expected to be the most aggressive tightening cycle since 1994, the drumbeat of recession warnings is getting louder particularly with commodity cost pressures and global economic impacts of the Russian invasion in Ukraine. Treasuries have sold off, with the 10-year yield climbing through 2.75%. A Bloomberg index tracking government bonds is down almost 2% in April, on course for its fifth straight monthly decline, the longest since 2016. Deutsche Bank strategists anticipate the S&P 500 to drop 20% from peak to trough in late 2023.

Rising interest rates are threatening the municipal bond boom on Wall Street, leaving governments less willing to borrow and households less willing to invest in the \$4 trillion market. Bond issuance by state and local governments dropped 8% in the first quarter of 2022, compared to the same period a year earlier. Benchmark yields on triple-A 10-year, tax exempt general-obligation municipal bonds were 2.34% this past week compared with 1.03% from a year earlier. However, some Bankers say the municipal market is due to rebound and valuations are now attractive in second quarter.

Please see the attached pages showing portfolio detail and key economic data as of the end of the period.



**Broward County
Portfolio Management
Portfolio Summary
March 31, 2022**

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	99,000,000.00	98,935,854.00	98,945,259.58	2.01	94	38	0.349	0.354
Federal Agency Coupon Securities	1,390,050,000.00	1,363,807,565.59	1,389,572,178.20	28.18	1,024	532	0.695	0.705
Federal Agency Coupon - Callable	1,754,525,000.00	1,682,261,768.28	1,754,505,720.79	35.58	1,369	1,078	0.865	0.877
Federal Agency Discount	302,000,000.00	299,964,168.17	300,804,333.09	6.10	234	193	0.578	0.586
Treasury Coupon Securities	286,000,000.00	276,872,723.00	285,329,338.73	5.79	1,056	782	0.543	0.550
Treasury Bills	908,925,000.00	906,244,996.30	907,498,043.45	18.40	260	122	0.320	0.324
World Bank Coupon Securities	35,000,000.00	33,723,262.55	34,993,588.66	0.71	1,826	1,429	1.672	1.696
World Bank Discount	160,000,000.00	159,512,513.20	159,941,266.66	3.24	225	114	0.107	0.108
Investments	4,935,500,000.00	4,821,322,851.09	4,931,589,729.16	100.00%	921	628	0.651	0.660

Cash and Accrued Interest								
Accrued Interest at Purchase		11,094.61	11,094.61					
Subtotal		11,094.61	11,094.61					
Total Cash and Investments	4,935,500,000.00	4,821,333,945.70	4,931,600,823.77		921	628	0.651	0.660

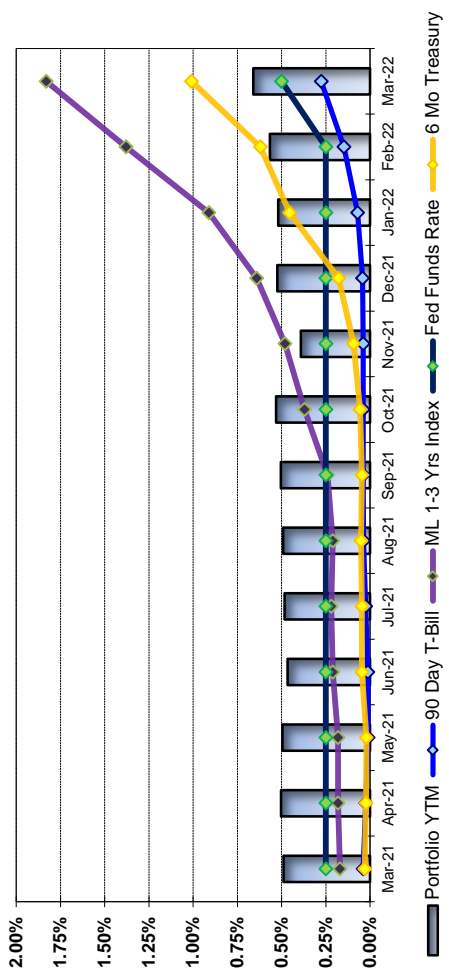
Total Earnings	March 31	Month Ending	Fiscal Year To Date
Current Year	2,368,248.42		11,462,343.53
Average Daily Balance	4,769,718,602.21		4,420,414,034.14
Effective Rate of Return	0.58%		0.52%
Effective 03/31/2022			

Current Modified Duration: 1.628 (\$80,349,940) Current Effective Duration: 0.881 (322 Days)
 Total Bank Account Balance \$454,462,244 Percentage of Total Portfolio: 9.2%

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

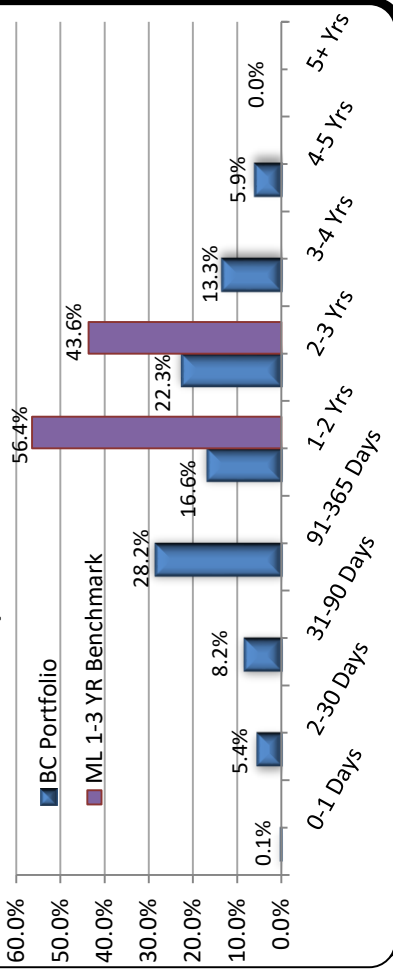
YTM Rate Comparison to Benchmark¹



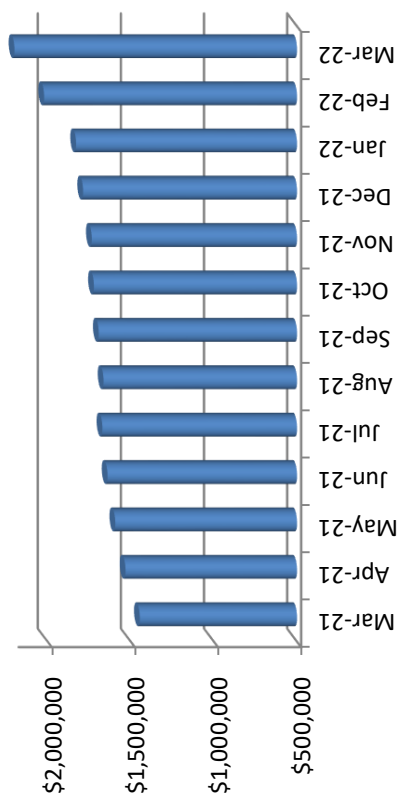
¹Investment Policy determined benchmark is ML 1 to 3 Yrs Index.

Key Economic Data:	Mar-22	Mar-21	% change
Fed Funds Rate	0.50%	0.25%	100.0%
Rolling 90 Day T-Bill-AVG	0.28%	0.04%	607.7%
Prime Rate	3.50%	3.25%	7.7%
DJIA	34,678	32,981	5.1%
Crude Oil	100.28	59.16	69.5%
Gold (\$/oz)	1,937	1,708.00	13.4%
10 Year Treasury Note	2.34%	1.74%	34.5%
Total Portfolio Yield	0.66%	0.49%	34.7%
ML 1-3 Yr Yield	1.83%	0.17%	976.5%

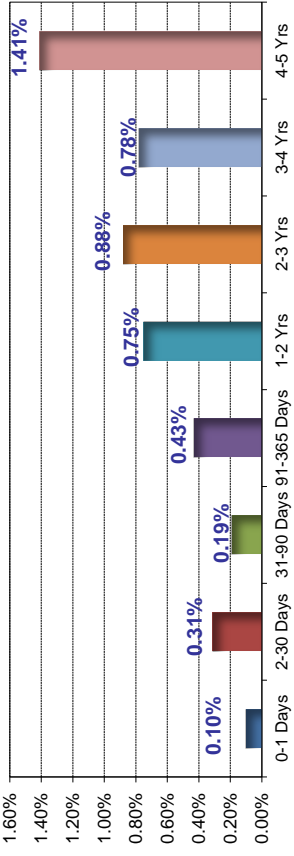
Maturity Schedule by Percentage Comparison to Benchmark



Interest Earnings History



Yield by Maturity Breakdown



Portfolio Composition

