



## MEMORANDUM

DATE: January 7, 2020

TO: George Tablack, CPA  
Chief Financial Officer

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

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

RE: Portfolio and Economic Summary – December 31, 2019

As of December 31, 2019, the Broward County Investment Portfolio had a par value of \$2.95 billion and a Yield to Maturity of 1.90%. The yield exceeded the benchmark Bank of America Merrill Lynch 1-3 Year U.S. Treasury & Agency Index by 31 basis points (1.59% as of December 30, 2019).

The Federal Reserve Bank's (Fed) Federal Open Market Committee (FOMC) voted to decrease short-term rates once in the fourth quarter, down to a range of 1.5% to 1.75% at its October 31st meeting. Currently, market expectations reflect a 91% probability for no rate change in January and an 84% probability for no rate change in March. This comes after the FOMC altered its statement from the prior meeting, dropping its pledge to "act as appropriate to sustain the expansion" while adding a promise to monitor data as it "assesses the appropriate path of the target range for the federal funds rate." The changes to the statement suggest policy makers are prepared to leave rates on hold for some time and assess the impact on the economy of their reductions over the past three meetings.

After a third rate cut, the FOMC appears convinced prior action is already working to stabilize domestic activity, propelling the economy toward sustained 2% growth and inflation. Evidence of ongoing weakness in business investment, manufacturing and other key sectors of the economy, however, suggest the economy may be continuing to lose momentum despite further accommodation.

Over the past six months, consumer spending has acted as the engine of the economy and the sole organic support to growth with all other key categories of activity trending into net negative territory. While confidence remains elevated, albeit noticeably below the recent peak, slowed hiring and modest wage improvement will likely limit further optimism. By a number of metrics, the labor market remains positive, yet hardly robust heading into 2020 and projections suggest a further loss of momentum in 2020 while the unemployment rate remains at a near 50-year low.

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, 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	193,000,000.00	192,503,503.89	192,503,503.89	6.54	95	56	1.697	1.720
Federal Agency Coupon Securities	449,500,000.00	455,189,703.43	449,150,929.04	15.27	1,294	839	2.136	2.166
Federal Agency Coupon - Callable	1,216,800,000.00	1,215,711,649.71	1,216,794,803.27	41.36	1,504	933	1.905	1.932
Federal Agency Discount	484,394,000.00	481,680,547.12	481,649,211.09	16.37	182	129	1.656	1.679
Treasury Coupon Securities	354,201,000.00	354,631,770.59	353,957,709.70	12.03	529	261	1.858	1.884
Treasury Bills	147,900,000.00	147,401,969.00	147,353,871.25	5.01	189	80	1.821	1.847
World Bank Coupon Securities	75,500,000.00	75,745,726.61	75,472,333.50	2.57	1,746	1,038	1.894	1.920
Israel Bonds	5,000,000.00	5,000,000.00	5,000,000.00	0.17	717	639	2.060	2.089
World Bank Discount	20,000,000.00	19,976,391.60	19,969,922.22	0.68	120	29	0.980	0.993
<b>Investments</b>	<b>2,946,295,000.00</b>	<b>2,947,841,261.95</b>	<b>2,941,852,283.96</b>	<b>100.00%</b>	<b>975</b>	<b>602</b>	<b>1.870</b>	<b>1.896</b>

<b>Cash and Accrued Interest</b>								
Accrued Interest at Purchase		562,121.33	562,121.33					
Subtotal		562,121.33	562,121.33					
<b>Total Cash and Investments</b>	<b>2,946,295,000.00</b>	<b>2,948,403,383.28</b>	<b>2,942,414,405.29</b>		<b>975</b>	<b>602</b>	<b>1.870</b>	<b>1.896</b>

Total Earnings	December 31 Month Ending	Fiscal Year To Date
Current Year	4,830,669.95	12,630,955.19
<b>Average Daily Balance</b>	<b>3,088,664,807.11</b>	<b>2,616,921,497.52</b>
<b>Effective Rate of Return</b>	<b>1.84%</b>	<b>1.91%</b>

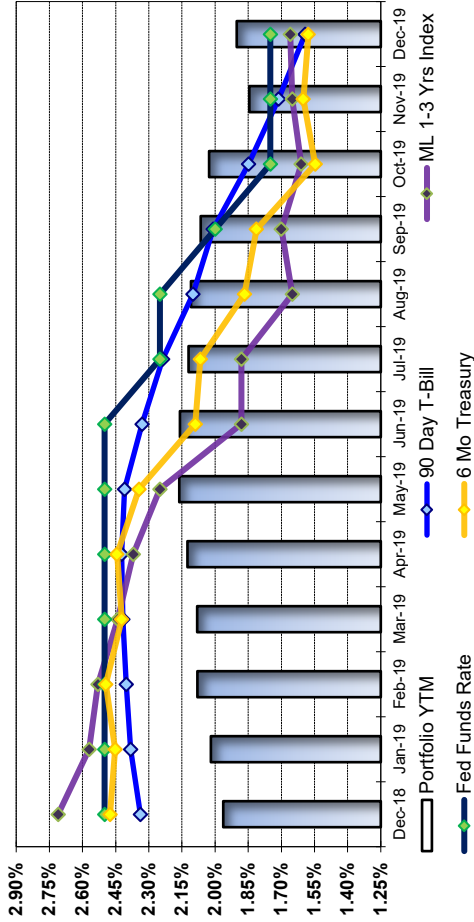
Current Modified Duration: 1.587 (\$46,757,702) Current Effective Duration: 0.795 (290 Days)  
 Total Bank Account Balance: \$1,102,968,350 Percentage of Total Portfolio: 37.4%

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 12/01/2019-12/31/2019**

YTM Rate Comparison to Benchmark<sup>1</sup>

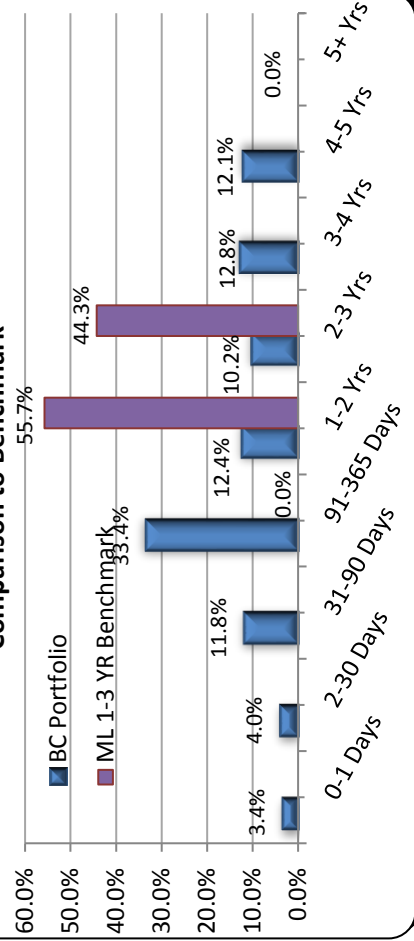


<sup>1</sup>Note<sup>1</sup> Investment Policy determined benchmark is ML 1 - 3 Yrs Index.

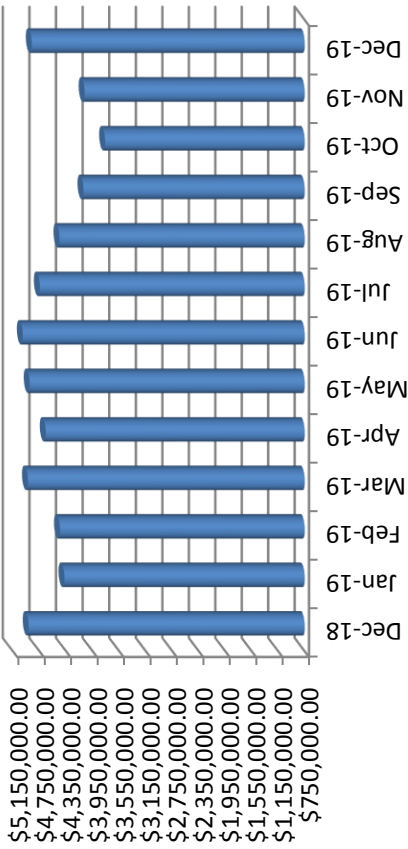
Key Economic Data:

	Dec-19	Dec-18	% change
*Fed Funds Rate -	1.75%	2.50%	-30.0%
*Rolling 90 Day T-Bill - AVG -	1.589%	2.071%	-23.3%
*Prime Rate -	4.75%	5.50%	-13.6%
*DJIA -	28,538	23,327	22.3%
*Crude Oil -	61.06	45.41	34.5%
*Gold (\$/oz) -	1,517.27	1,282.49	18.3%
*10 Year Treasury Note -	1.92%	2.68%	-28.6%
*Total Portfolio Yield -	1.90%	1.96%	-3.1%
* ML 1-3 Yr Yield -	1.66%	2.71%	-38.7%

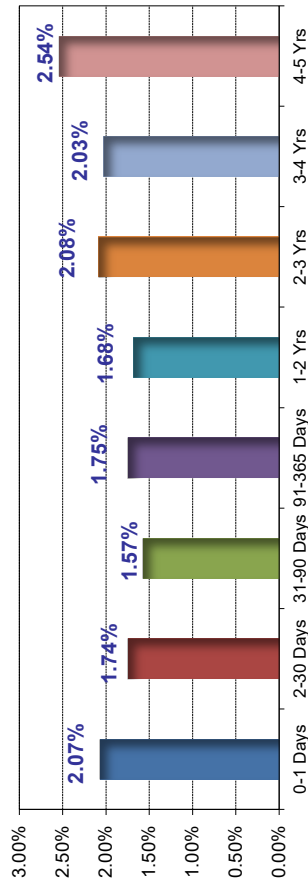
Maturity Schedule by Percentage Comparison to Benchmark



Interest Earnings History



Yield by Maturity Breakdown



Portfolio Composition

