



MARTIN COUNTY, FLORIDA INVESTMENT PORTFOLIO REPORT June 2019



INVESTMENT RECAP

Summary of June Investments: In June of 2018, the County implemented a strategy which entailed reducing holdings in overnight investments and building a portfolio of fixed income securities. As of January of this year, the County had completed Phase I of this strategy, having invested \$100 million into a diverse mix of U.S. Treasuries and agencies with maturities laddered every month from June 2019 through January 2021. Phase II, investing the cyclical portion of the portfolio into short-term securities, was initiated with \$21 million of purchases in January. Additional purchases in the cyclical portfolio have been postponed as market conditions currently favor overnight alternatives such as Florida Prime.

KEY ECONOMIC INDICATORS

- **EMPLOYMENT:** U.S. companies added +224k new jobs to their payrolls in June, well above the +160k median Bloomberg forecast and, more importantly, all but nullifying the surprisingly weak +72k (revised) showing in May. Headline unemployment rose slightly from a five-decade low of 3.6% to 3.7% in June, but this upward drift is hardly a problem as the fractional increase (+0.04%) was a result of more Americans entering or reentering the labor force.
- **INFLATION:** Inflation ticked up a bit in June with headline CPI climbing to +0.06% and core CPI jumping to +0.29%, the second biggest gain in the core since 2006. Core CPI is now running at a +2.1% year-over-year pace. Core Personal Consumption Expenditures (PCE) rose +0.2% in May, pulling the year-over-year pace up from +1.5% to +1.6%, still shy of the Fed's 2.0% target.
- **FACTORY SECTOR:** The ISM manufacturing index slipped from 52.1 to 51.7 in June as U.S. purchasing managers continue to feel the pressure and uncertainty of trade disputes. It was the third straight decline and the lowest level in nearly three years.
- **SERVICE SECTOR:** The ISM non-manufacturing index took a step back in June falling from 56.9 down to 55.1, the lowest level in nearly two years.
- **CONSUMER SPENDING:** Retail sales for June doubled expectations with an increase of +0.4%, matching May's revised +0.4% increase. The control group figure was even better at +0.7% and an upward revision to May. Versus a weak first quarter, second quarter retail sales were very strong.
- **ECO GROWTH:** : Q2 GDP will be released in late July and opinions are mixed on what to expect, but the Atlanta Fed's GDPNow is tracking growth at +1.6% as of July 17th.

NEWS and EVENTS

- The G20 summit meeting in late June resulted in the U.S. and China agreeing to resume trade talks. For now, the tariffs will be frozen at current levels.
- The Federal Open Market Committee met on June 19th, and left interest rates unchanged. However, the committee altered the message in their official statement to say they would monitor the weakening economic conditions closely and "act appropriately," opening the door to cut rates in July.
- The S&P 500 reached a new all-time high as stock markets were optimistic that the combination of resuming trade talks and a July rate cut would give the economy a boost.
- Amidst concerns over slowing economic growth, European Central Bank policy makers signaled further monetary easing in the near future.

PORTFOLIO SUMMARY

	1/31/2019	2/28/2019	3/31/2019	4/30/2019	5/31/2019	6/30/2019
Book Value	\$309,362,569	\$306,989,895	\$291,662,555	\$287,270,369	\$319,457,701	\$311,396,398
Market Value	\$309,575,837	\$307,153,155	\$291,994,436	\$287,597,555	\$319,923,759	\$311,992,764
Market Value%	100.07%	100.05%	100.11%	100.11%	100.15%	100.19%
Weighted Average Maturity - Days	154 days	144 days	139 days	129 days	104 days	96 days
Weighted Average Yield	2.623%	2.624%	2.607%	2.587%	2.571%	2.553%
Earned Income	\$700,039	\$616,191	\$647,869	\$607,213	\$621,179	\$640,962
Earned Income-Fiscal Year-to-Date	\$2,045,054	\$2,661,245	\$3,309,114	\$3,916,327	\$4,537,505	\$5,178,467
Change in Market Value *	\$155,709	\$37,503	\$310,660	\$98,431	\$293,249	\$262,267
Income Net of Change in Mkt Val	\$855,748	\$653,693	\$958,529	\$705,644	\$914,428	\$903,229

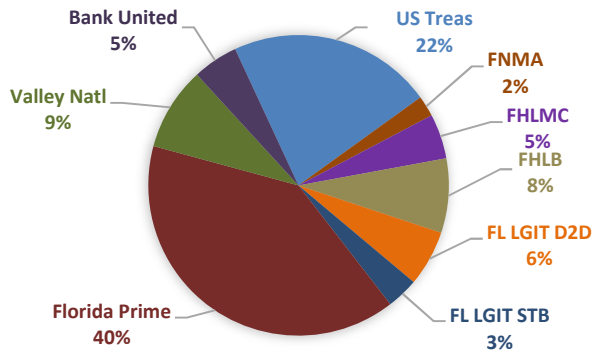
* Change in market value is net of additions/withdrawals and represents unrealized gains and losses in the portfolio.



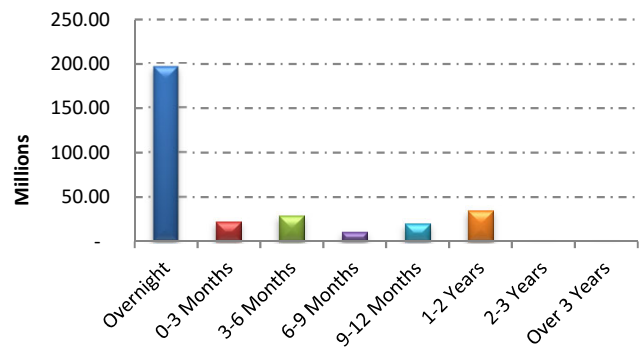
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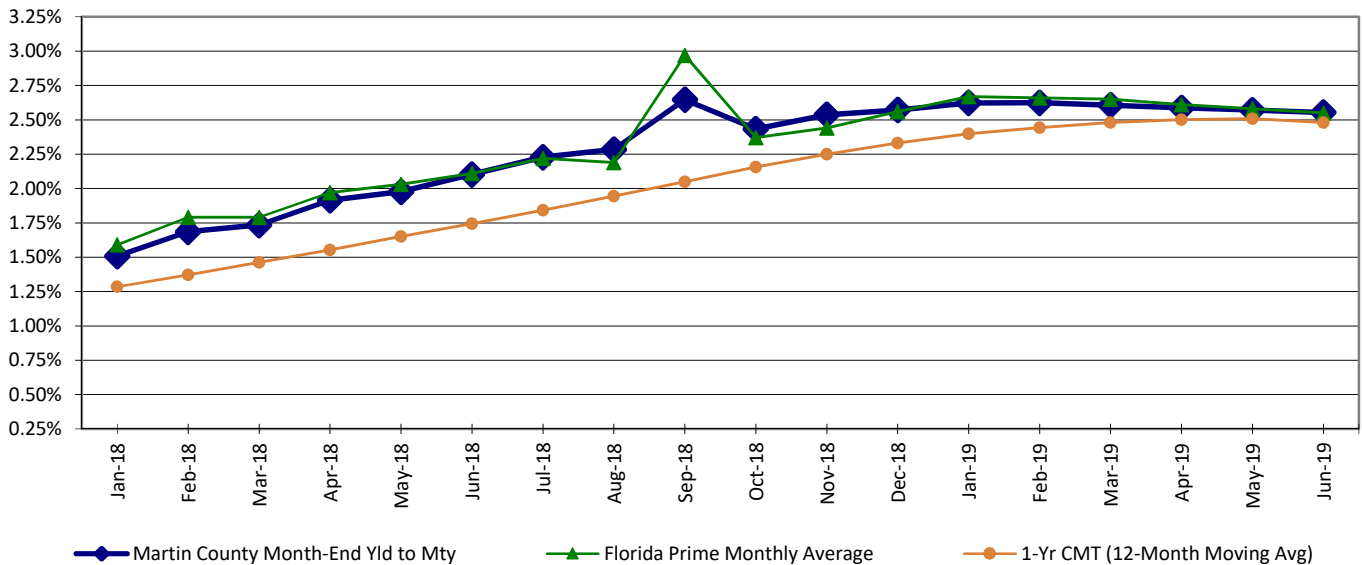
Portfolio Composition by Issuer



Portfolio Composition by Maturity



YIELD COMPARISONS



SHOCK ANALYSIS

	Down 50 Basis Points	Down 25 Basis Points	Base	Up 25 Basis Points	Up 50 Basis Points	Up 100 Basis Points
Book Value	\$311,396,398	\$311,396,398	\$311,396,398	\$311,396,398	\$311,396,398	\$311,396,398
Market Value	\$312,486,024	\$312,239,394	\$311,992,764	\$311,746,134	\$311,499,503	\$311,006,243
Unrealized Gain/(Loss)	\$1,089,626	\$842,996	\$596,365	\$349,735	\$103,105	-\$390,155
Market Price	100.35%	100.27%	100.19%	100.11%	100.03%	99.87%
Book Yield	2.256%	2.405%	2.553%	2.702%	2.851%	3.149%
Duration	0.316	0.316	0.316	0.316	0.316	0.316

The portfolio shock analysis is intended as a risk management tool and should not be considered a definitive assessment of market value. The analysis assumes an instantaneous parallel shift in interest rates. Cash equivalent holdings such as bank deposits, Florida Prime, and FL LGIT Day to Day are assumed to have a duration of zero and their yields are assumed to shift immediately. The FL LGIT Short Term Bond Fund duration is taken from the FL LGIT web-site and was 1.73 as of 5/31/19 (6/30/19 hasn't been published yet).