



MARTIN COUNTY, FLORIDA INVESTMENT PORTFOLIO REPORT December 2019



INVESTMENT RECAP

Summary of December Investments: The County's core portfolio, made up of excess funds not needed during the annual operating cycle, consists of \$120 million invested in a diversified mix of U.S. Treasuries and government agency securities as well as certificates of deposit with a local qualified public depository. These investments are laddered out with maturities of \$5 million per month through December 2021. Three \$5 million purchases were made in December, reinvesting one \$5 million maturity plus \$10 million of additional funds which extended the portfolio ladder to two-years. The cyclical portion, made up of ad valorem tax proceeds that are used during the annual operating cycle, are primarily held in overnight liquid investments including Florida Prime and the Florida Local Government Investment Trust. In recent months, these funds have offered higher yields than direct short-term investments.

KEY ECONOMIC INDICATORS

- **EMPLOYMENT:** The November employment report surprised to the upside as a whopping +266k new jobs were added to payrolls, handily beating the +180k median forecast. Upward revisions to the prior two months added another +41k to the tally, taking the monthly average for the last six months to a robust +196k. The unemployment rate dropped from 3.6% to 3.5%, matching a 50-year low.
- **INFLATION:** Inflation remains well contained with the consumer price index running at +2.1% year-over-year through November and core Personal Consumption Expenditures (PCE) well below the Fed's target at +1.5%.
- **FACTORY SECTOR:** The ISM manufacturing data retained its crown as the weakest piece of data, slipping from 48.3 to 48.1 in November, a fourth straight month of contraction.
- **SERVICE SECTOR:** ISM's non-manufacturing index fell from 54.7 to 53.9, but remains above 50, indicating continued expansion, albeit at a slower pace.
- **CONSUMER SPENDING:** November retail sales rose a slight +0.2%, well shy of the expected +0.5%. However, since Thanksgiving fell so late this year, the tail end of the Black Friday weekend and Cyber Monday both fell into December, suggesting that December sales could get a boost at the expense of November.
- **ECO GROWTH:** Gross Domestic Product (GDP) expanded at a +2.1% annualized rate during Q3 2019. The first estimate of Q4 2019 will be released January 30th. The median forecast in Bloomberg's survey says the economy expanded at a +2.2% annualized rate in Q4, essentially the same as Q2 and Q3.

NEWS and EVENTS

- The morning of December 12th, Bloomberg reported terms to a phase-one trade deal had been reached between U.S. and Chinese negotiators ahead of the December 15th deadline. Stock markets surged on the news and closed at record highs.
- Boeing announced it will halt production of the 737 Max beginning in January, which will result in a significant drag on economic growth in the first quarter of 2020. Some reports estimated the suspension could shave as much as 80 basis points off Q1 GDP.
- Prime Minister Boris Johnson secured a significant majority in the U.K. general election on December 12th, leaving the U.K. in a better bargaining position as it negotiates to leave the EU.
- The FOMC held the overnight rate at 1.50%-1.75% on December 11th. The decision was widely expected as the Fed has communicated their reluctance to cut further unless economic conditions significantly deteriorate.

PORTFOLIO SUMMARY

	7/31/2019	8/31/2019	9/30/2019	10/31/2019	11/30/2019	12/31/2019
Book Value	\$291,521,311	\$286,179,774	\$255,805,297	\$245,334,008	\$268,872,797	\$374,599,759
Market Value	\$291,999,363	\$286,758,377	\$256,304,800	\$245,912,350	\$269,317,701	\$375,039,162
Market Value%	100.16%	100.20%	100.20%	100.24%	100.17%	100.12%
Weighted Average Maturity - Days	110 days	99 days	121 days	129 days	140 days	119 days
Weighted Average Yield	2.509%	2.432%	2.392%	2.266%	2.090%	1.969%
Earned Income	\$638,048	\$589,489	\$535,964	\$479,406	\$431,251	\$582,871
Earned Income-Fiscal Year-to-Date	\$5,816,515	\$6,406,004	\$6,941,969	\$479,406	\$910,657	\$1,493,528
Change in Market Value *	(\$42,313)	\$259,771	(\$31,461)	\$152,525	(\$98,168)	\$29,393
Income Net of Change in Mkt Val	\$595,735	\$849,260	\$504,504	\$631,931	\$333,083	\$612,264

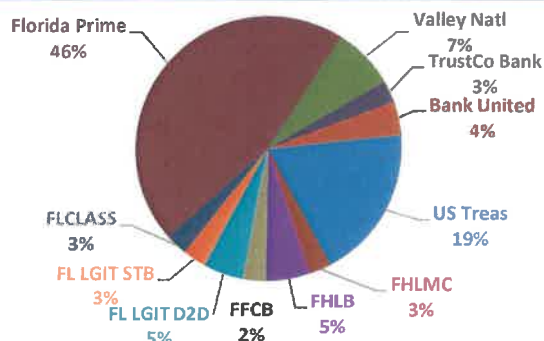
* Change in market value is net of additions/withdrawals and represents unrealized gains and losses in the portfolio.



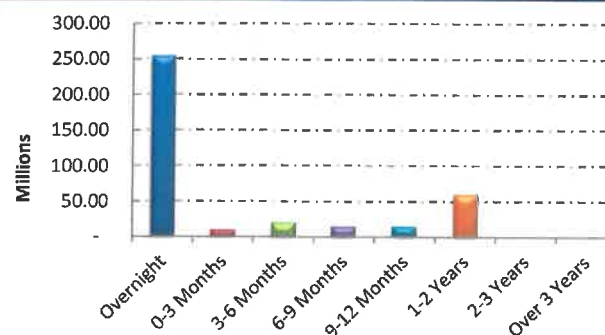
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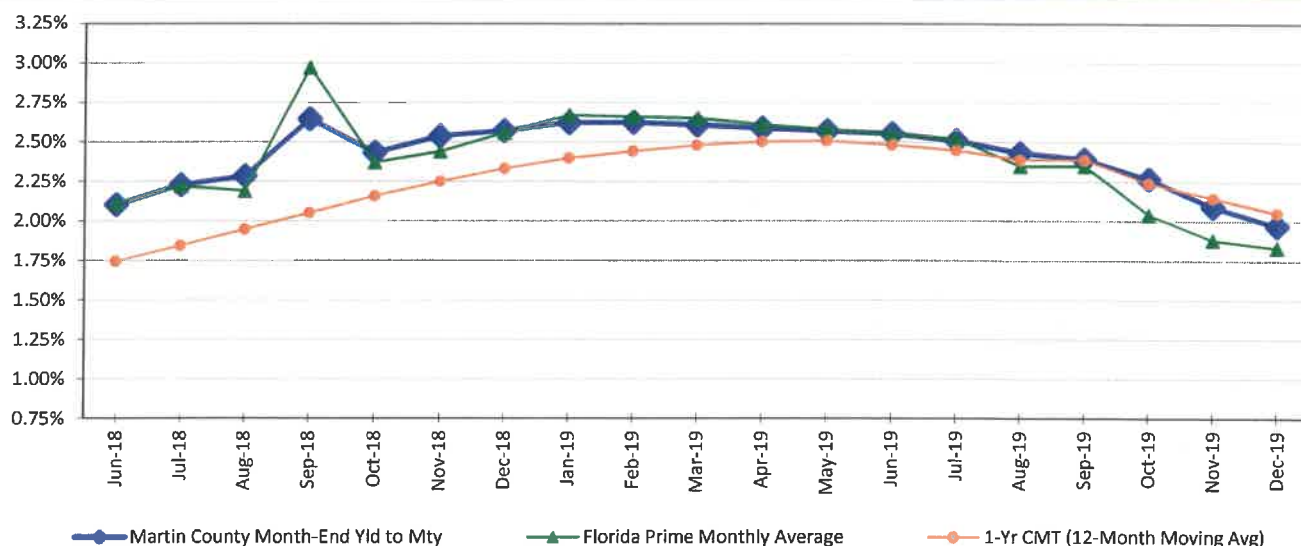
Portfolio Composition by Issuer



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	\$374,599,759	\$374,599,759	\$374,599,759	\$374,599,759	\$374,599,759	\$374,599,759
Market Value	\$375,815,982	\$375,427,572	\$375,039,162	\$374,650,752	\$374,262,343	\$373,485,523
Unrealized Gain/(Loss)	\$1,216,223	\$827,813	\$439,404	\$50,994	-\$337,416	-\$1,114,236
Market Price	100.32%	100.22%	100.12%	100.01%	99.91%	99.70%
Book Yield	1.654%	1.812%	1.969%	2.126%	2.283%	2.598%
Duration	0.414	0.414	0.414	0.414	0.414	0.414

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 1.87 as of 12/31/19.

MARTIN COUNTY BOARD OF COMMISSIONERS

INVESTMENT PORTFOLIO

FOR QUARTER ENDING: DECEMBER 2019

PORTFOLIO SEGREGATION	INVESTMENT TYPE	CUSIP	MATURITY	COUPON	PURCHASE PRICE	PRINCIPAL BOOK BALANCE	PAR / FACE VALUE	FACE VALUE	CURRENT PRICE	MARKET VALUE	PERCENTAGE OF PORTFOLIO
CYCLICAL	S.B.A. FLORIDA PRIME	-	-	-	-	\$171,201,402.17	-	-	-	\$171,201,402.17	45.658%
CYCLICAL	VALLEY NATIONAL BANK	-	-	-	-	\$28,273,941.70	-	-	-	\$28,273,941.70	7.540%
CYCLICAL	BANK UNITED MONEY MARKET	-	-	-	-	\$15,337,406.11	-	-	-	\$15,337,406.11	4.090%
FLEX CORE	F.L.G.I.T. SHORT-TERM FUND	-	-	-	-	\$10,743,471.98	-	-	-	\$10,743,471.98	2.865%
FLEX CORE	F.L.G.I.T. DAY TO DAY FUND	-	-	-	-	\$18,846,144.70	-	-	-	\$18,846,144.70	5.026%
FLEX CORE	FLORIDA CLASS	-	-	-	-	\$10,016,373.04	-	-	-	\$10,016,373.04	2.671%
CORE	U.S. BONDS - FHLMC	3137EAE5	01-17-2020	1.500%	98.450000	\$4,995,694.52	\$5,000,000.00	\$5,000,000.00	99.99020%	\$4,999,510.00	1.333%
CORE	U.S. BONDS - FHLMC	3130ADN3	02-11-2020	2.125%	99.248000	\$4,994,063.20	\$5,000,000.00	\$5,000,000.00	100.05270%	\$5,002,635.00	1.334%
CORE	U.S. TREASURY NOTE	9128284C1	03-31-2020	2.250%	99.382813	\$4,995,371.12	\$5,000,000.00	\$5,000,000.00	100.14060%	\$5,007,030.00	1.335%
CORE	U.S. TREASURY NOTE	9128284J6	04-30-2020	2.375%	99.546875	\$4,995,684.54	\$5,000,000.00	\$5,000,000.00	100.24220%	\$5,012,110.00	1.337%
CORE	U.S. BONDS - FHLMC	3130AECJ7	05-28-2020	2.625%	99.917000	\$4,999,056.88	\$5,000,000.00	\$5,000,000.00	100.39080%	\$5,019,540.00	1.339%
CORE	U.S. TREASURY NOTE	912828XU9	06-15-2020	1.500%	97.843750	\$4,969,196.45	\$5,000,000.00	\$5,000,000.00	99.96480%	\$4,998,240.00	1.333%
CORE	U.S. TREASURY NOTE	912828ZJ8	07-15-2020	1.500%	97.707031	\$4,963,520.91	\$5,000,000.00	\$5,000,000.00	99.93750%	\$4,996,875.00	1.333%
CORE	U.S. TREASURY NOTE	912828VV9	08-31-2020	2.125%	98.883594	\$4,977,105.94	\$5,000,000.00	\$5,000,000.00	100.30470%	\$5,016,235.00	1.338%
CORE	U.S. BONDS - FHLMC	313370US5	09-11-2020	2.875%	99.985000	\$4,999,678.52	\$5,000,000.00	\$5,000,000.00	100.72610%	\$5,036,305.00	1.343%
CORE	U.S. TREASURY NOTE	912828Z22	10-15-2020	1.625%	97.935938	\$4,950,816.72	\$5,000,000.00	\$5,000,000.00	99.98830%	\$4,999,415.00	1.333%
CORE	U.S. TREASURY NOTE	912828A42	11-30-2020	2.000%	98.910156	\$4,972,753.93	\$5,000,000.00	\$5,000,000.00	100.32420%	\$5,016,210.00	1.338%
CORE	U.S. BONDS - FHLMC	313371U79	12-11-2020	3.125%	100.459000	\$5,011,475.00	\$5,000,000.00	\$5,000,000.00	101.37300%	\$5,068,650.00	1.352%
CORE	U.S. TREASURY NOTE	9128283Q1	01-15-2021	2.000%	98.312500	\$4,956,125.00	\$5,000,000.00	\$5,000,000.00	100.37110%	\$5,018,555.00	1.338%
CORE	TRUSTCO CD	4480019356	02-16-2021	2.050%	100.000000	\$5,000,000.00	\$5,000,000.00	\$5,000,000.00	100.000000%	\$5,000,000.00	1.333%
CORE	TRUSTCO CD	4480019357	03-16-2021	2.050%	100.000000	\$5,000,000.00	\$5,000,000.00	\$5,000,000.00	100.000000%	\$5,000,000.00	1.333%
CORE	U.S. TREASURY NOTE	9128284G2	04-15-2021	2.375%	100.824219	\$5,034,703.94	\$5,000,000.00	\$5,000,000.00	100.96480%	\$5,048,240.00	1.346%
CORE	U.S. TREASURY NOTE	9128284P2	05-15-2021	2.625%	101.292969	\$5,054,951.18	\$5,000,000.00	\$5,000,000.00	101.37500%	\$5,068,750.00	1.352%
CORE	U.S. TREASURY NOTE	9128284T4	06-15-2021	2.625%	101.554688	\$5,073,643.10	\$5,000,000.00	\$5,000,000.00	101.45310%	\$5,072,655.00	1.353%
CORE	U.S. TREASURY NOTE	912828Y20	07-15-2021	2.625%	101.582031	\$5,075,146.48	\$5,000,000.00	\$5,000,000.00	101.55470%	\$5,077,735.00	1.354%
CORE	U.S. TREASURY NOTE	912828YC8	08-31-2021	1.500%	99.753906	\$4,988,281.25	\$5,000,000.00	\$5,000,000.00	99.84380%	\$4,992,190.00	1.331%
CORE	U.S. TREASURY NOTE	9128285A4	09-15-2021	2.750%	101.894531	\$5,094,726.56	\$5,000,000.00	\$5,000,000.00	101.91800%	\$5,095,900.00	1.359%
CORE	U.S. BONDS - FHLMC	3134GULE8	10-28-2021	2.000%	100.000000	\$5,000,000.00	\$5,000,000.00	\$5,000,000.00	99.96490%	\$4,998,245.00	1.333%
CORE	U.S. BONDS - FFCB	3133ELAR5	11-22-2021	1.600%	99.893000	\$4,994,650.00	\$5,000,000.00	\$5,000,000.00	100.05660%	\$5,002,830.00	1.334%
CORE	U.S. BONDS - FFCB	3133ELDU5	12-13-2021	1.580%	99.883000	\$4,994,150.00	\$5,000,000.00	\$5,000,000.00	99.96920%	\$4,998,460.00	1.333%
TOTALS											
										\$374,964,054.70	100.000%

\$374,509,534.94

100.000%