



MARTIN COUNTY, FLORIDA INVESTMENT PORTFOLIO REPORT July 2021



INVESTMENT RECAP

Summary of July's 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 July 2023. One \$5 million purchase was made in July, reinvesting the proceeds of a maturing Treasury note. 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, Florida CLASS, Florida Local Government Investment Trust, and FLSTAR.

KEY ECONOMIC INDICATORS

- **EMPLOYMENT:** Nonfarm payrolls beat expectations with +850k jobs added to U.S. company payrolls in June. It was the biggest monthly increase since last August. The unemployment rate ticked up a bit from +5.8% to +5.9% in June, although it's not unusual for the unemployment rate to move higher as the labor market outlook improves and job searches resume.
- **INFLATION:** Headline CPI almost doubled expectations in June, rising by +0.9%, the largest increase since 2008. Core CPI, which excludes food and energy, was also up +0.9% in June. On a year-over-year basis overall CPI was up +5.4% while core CPI was up +4.5%, the largest 12-month rise since 1991.
- **ISM SURVEYS:** The ISM manufacturing index slipped from 61.2 to 60.6 in June, still very strong historically, but down from a 38-year high in March. The ISM non-manufacturing (service sector) index fell to 60.1 in June from 64.0 in May, below the 63.5 consensus. However, in context May's 64.0 reading was the highest since the survey began in 1997.
- **CONSUMER SPENDING:** Headline retail sales climbed +0.6% last month to \$621.3 billion, well above the -0.3% median forecast and +18.2% above pre-pandemic levels. May's sales were revised downward to -1.7%.
- **ECO GROWTH:** Second quarter economic growth disappointed with quarter-over-quarter annualized GDP at +6.5%, well below the +8.5% forecast. However, the shortfall was the result of inventory reductions and if supply chain issues and labor and materials shortages weren't so prevalent, the overall number would have likely met or exceeded expectations. If demand remains brisk, future growth should get a boost as inventories are rebuilt.

NEWS and EVENTS

- Fed officials voted unanimously to hold interest rates steady at the July FOMC meeting, but members did begin discussions about tapering the pace of QE purchases. In the official statement committee members acknowledged the U.S. economy has made progress toward meeting the goals necessary to taper asset purchases but no action was taken. Markets expect tapering to begin later this year.
- The delta variant of Covid-19 has created a rapid acceleration in new cases and hospitalizations, and renewed fears. Los Angeles' mask mandates have returned along with warnings of pending restrictions if trends continue.
- Inflation has continued to be a topic of concern. June's CPI print nearly doubled forecasts and was the largest increase since June 2008. Base effects do account for some of the year-over-year change, but the monthly gains continue to be driven by transportation, supply bottlenecks, and other reopening-related factors.

PORTFOLIO SUMMARY

	2/28/2021	3/31/2021	4/30/2021	5/31/2021	6/30/2021	7/31/2021
Book Value	\$436,520,787	\$416,536,123	\$405,692,204	\$400,869,088	\$387,013,019	\$370,204,303
Market Value	\$437,058,074	\$416,986,738	\$406,081,601	\$401,203,254	\$387,258,783	\$370,435,531
Market Value%	100.12%	100.11%	100.10%	100.08%	100.06%	100.06%
Weighted Average Maturity - Days	103 days	108 days	110 days	111 days	115 days	120 days
Weighted Average Yield	0.389%	0.367%	0.350%	0.324%	0.310%	0.332%
Earned Income	\$135,592	\$133,059	\$118,785	\$110,372	\$99,932	\$106,521
Earned Income-Fiscal Year-to-Date	\$816,045	\$949,104	\$1,067,888	\$1,178,260	\$1,278,192	\$1,384,713
Change in Market Value *	(\$129,735)	(\$149,905)	(\$97,176)	(\$89,764)	(\$142,493)	(\$35,982)
Income Net of Change in Mkt Val	\$5,857	-\$16,846	\$21,609	\$20,608	-\$42,561	\$70,539

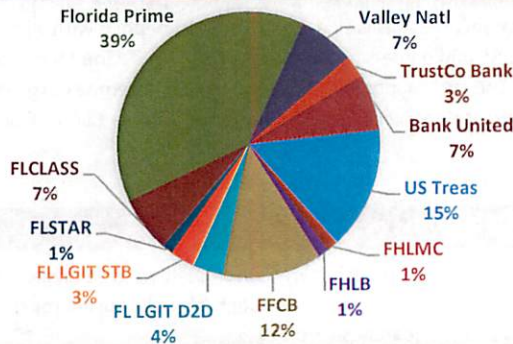
* Change in market value is net of additions/withdrawals and represents unrealized gains and losses in the portfolio.



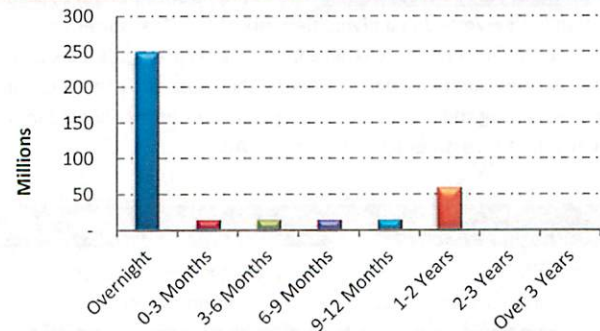
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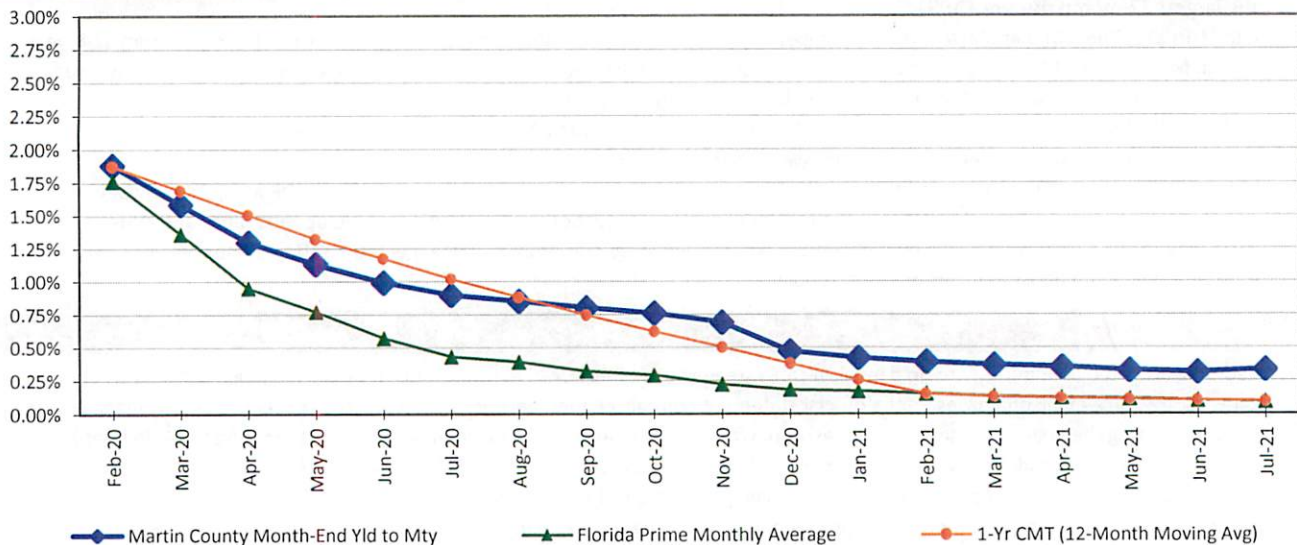
Portfolio Composition by Issuer



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	\$370,204,303	\$370,204,303	\$370,204,303	\$370,204,303	\$370,204,303	\$370,204,303
Market Value	\$371,134,715	\$370,785,123	\$370,435,531	\$370,085,939	\$369,736,347	\$369,037,163
Unrealized Gain/(Loss)	\$930,412	\$580,820	\$231,228	-\$118,364	-\$467,956	-\$1,167,141
Market Price	100.25%	100.16%	100.06%	99.97%	99.87%	99.68%
Book Yield	0.044%	0.188%	0.332%	0.475%	0.619%	0.907%
Duration	0.377	0.377	0.377	0.377	0.377	0.377

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 1.71 as of 7/31/21.