



# MARTIN COUNTY, FLORIDA INVESTMENT PORTFOLIO REPORT April 2020



## INVESTMENT RECAP

**Summary of April 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 April 2022. One \$5 million purchase was made in April, reinvesting the proceeds from a maturity. 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

- **CORONA VIRUS:** The shutdowns that began in mid-March have had a devastating impact on the economy. However, the data below was released during April and reflective of March activity. As bad as it is, April data that will be released in May will be much worse.
- **EMPLOYMENT:** Nonfarm payrolls fell by -701k in March, worse than expected since many businesses and schools were still open when the survey was taken early in the month. The unemployment rate rose from a 50-year low of 3.5% to 4.4% in March. In a dark harbinger of things to come, by the third week of April more than 30 million Americans had filed initial claims for unemployment benefits.
- **ECO GROWTH:** The initial first quarter GDP measure showed a -4.8% annualized decline, a little worse than the -4.0% median forecast. It was the sharpest GDP contraction in the U.S. in more than 11 years and marked an abrupt end to the longest economic expansion in history.
- **CONSUMER SPENDING:** Headline retail sales dropped -8.7% in March, the largest single month drop in history and below the -8.0% median forecast. The more important "control group" used to calculate GDP, was up +1.7%, quite a bit higher than the -2.0%

## NEWS and EVENTS

- Congress passed a \$2 trillion relief package intended mostly to limit the economic damage resulting from the coronavirus shutdowns. The main provision of the CARES Act included a direct payment of \$1,200 per adult and \$500 for each child, subject to income caps. The bill also provides massive support to U.S. companies, the airlines, small businesses, state and local governments, and healthcare providers
- The Fed announced another \$2.3 trillion in loan programs targeting state and local governments as well as small and mid-sized businesses. Not too long ago, many believed the Fed could run out of ammo after cutting to zero, but they have proven they still have more tools in their pockets.
- Stock markets rallied throughout April, recovering much of February and March's losses. By the end of April, the Dow was up roughly 25% from the recent lows.
- Crude oil prices plunged as an overabundance of supply completely swamped demand. The contract price for May delivery of West Texas Intermediate Crude (WTI) collapsed from around \$18 per barrel to -\$37.63.

## PORTFOLIO SUMMARY

|                                   | 11/30/2019    | 12/31/2019    | 1/31/2020     | 2/29/2020     | 3/31/2020     | 4/30/2020     |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Book Value                        | \$268,872,797 | \$374,599,759 | \$396,307,974 | \$394,046,496 | \$369,688,954 | \$360,132,306 |
| Market Value                      | \$269,317,701 | \$375,039,162 | \$396,871,546 | \$394,991,056 | \$371,352,169 | \$361,663,940 |
| Market Value%                     | 100.17%       | 100.12%       | 100.14%       | 100.24%       | 100.45%       | 100.43%       |
| Weighted Average Maturity - Days  | 140 days      | 119 days      | 113 days      | 114 days      | 121 days      | 124 days      |
| Weighted Average Yield            | 2.090%        | 1.969%        | 1.925%        | 1.880%        | 1.584%        | 1.298%        |
| Earned Income                     | \$431,251     | \$582,871     | \$641,782     | \$583,646     | \$525,670     | \$383,694     |
| Earned Income-Fiscal Year-to-Date | \$910,657     | \$1,493,528   | \$2,135,310   | \$2,718,956   | \$3,244,626   | \$3,628,320   |
| Change in Market Value *          | (\$98,168)    | \$29,393      | \$207,724     | \$461,196     | \$701,418     | (\$66,549)    |
| Income Net of Change in Mkt Val   | \$333,083     | \$612,264     | \$849,506     | \$1,044,842   | \$1,227,088   | \$317,145     |

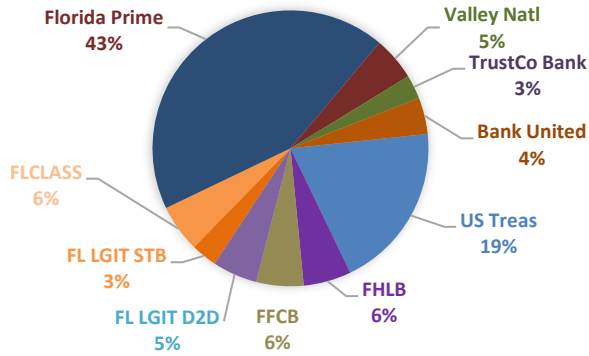
\* Change in market value is net of additions/withdrawals and represents unrealized gains and losses in the portfolio.



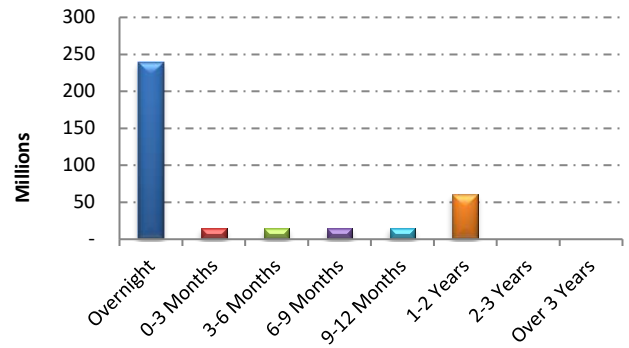
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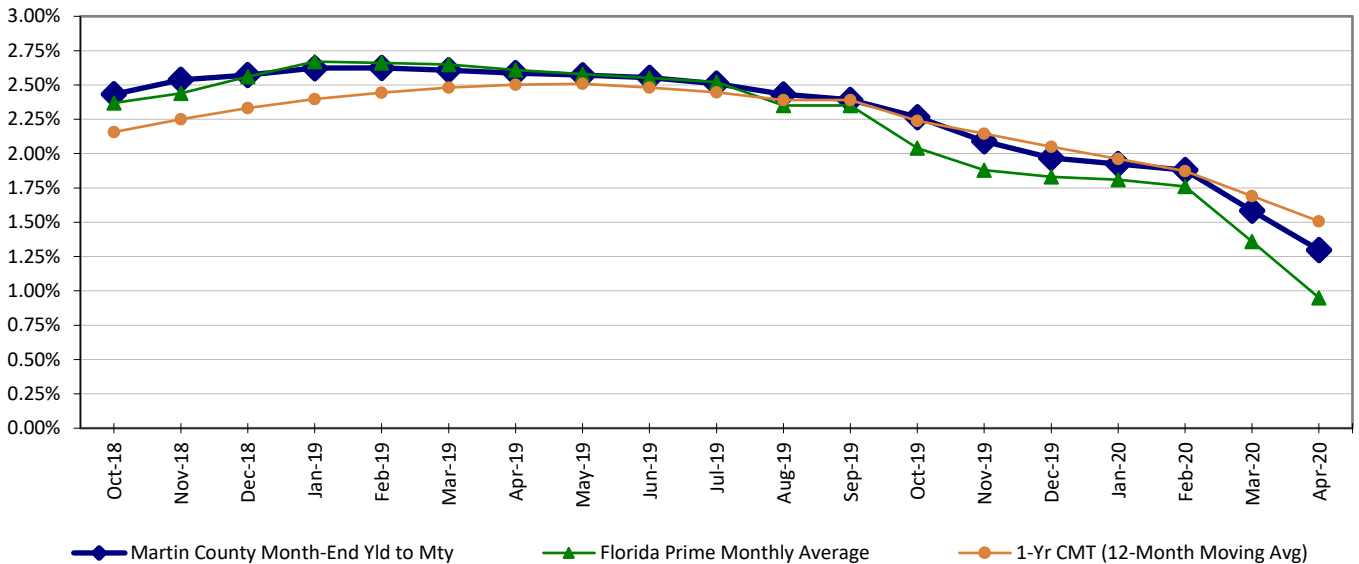
## Portfolio Composition by Issuer



## Portfolio Composition by Maturity



## YIELD COMPARISONS



## SHOCK ANALYSIS

|                        | Down<br>50 Basis Points | Down<br>25 Basis Points | Base          | Up<br>25 Basis Points | Up<br>50 Basis Points | Up<br>100 Basis Points |
|------------------------|-------------------------|-------------------------|---------------|-----------------------|-----------------------|------------------------|
| Book Value             | \$360,132,306           | \$360,132,306           | \$360,132,306 | \$360,132,306         | \$360,132,306         | \$360,132,306          |
| Market Value           | \$362,367,644           | \$362,015,792           | \$361,663,940 | \$361,312,088         | \$360,960,236         | \$360,256,532          |
| Unrealized Gain/(Loss) | \$2,235,338             | \$1,883,486             | \$1,531,634   | \$1,179,782           | \$827,930             | \$124,226              |
| Market Price           | 100.62%                 | 100.52%                 | 100.43%       | 100.33%               | 100.23%               | 100.03%                |
| Book Yield             | 0.981%                  | 1.140%                  | 1.298%        | 1.457%                | 1.616%                | 1.933%                 |
| Duration               | 0.389                   | 0.389                   | 0.389         | 0.389                 | 0.389                 | 0.389                  |

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 1.80 as of 3/31/20, 4/30/20 was not yet posted.