



MARTIN COUNTY, FLORIDA INVESTMENT PORTFOLIO REPORT August 2020



INVESTMENT RECAP

Summary of August Investments: The County's core portfolio, made up of excess funds not needed during the annual operating cycle, consists of \$110 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 June 2022. One \$5 million maturity was not reinvested during August and was used to replenish cash balances. 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. These funds continue to offer higher yields than direct short-term investments.

KEY ECONOMIC INDICATORS

- **EMPLOYMENT:** Non-farm payrolls (re)added 1.76 million jobs to company payrolls in July. Prior month revisions were minor. Headline unemployment fell from 11.1% to 10.2%, although part of the decline has to do with a drop in the labor force. Initial filings for unemployment benefits hovered around one million, week after week in August. Continuing claims in combined state and federal programs remained at over 28 million.
- **ECO GROWTH:** Q3 GDP growth will likely be somewhere between +10% and +30%. Stifel's Chief Economist is forecasting +9.8%, the New York Fed Nowcast model is measuring +15.2% and the Atlanta Fed's GDPNow model shows +28.1%.
- **INFLATION:** Headline CPI rose by a larger than expected +0.6% in July due in large part to rising energy costs. This boosted the annual headline CPI inflation rate back up from +0.6% to +1.0%. The Fed favorite Core Personal Consumption Expenditures (PCE) rose +0.2% in June, as expected, and following an increase of +0.1% in May.
- **ISM SURVEYS:** The ISM manufacturing index continued to signal expansion in July, rising from 52.6 to 54.2, the highest reading in 16 months. The ISM non-manufacturing index also surprised to the upside, the 58.1 July reading was well above the 55 median forecast and the highest since February 2019.
- **CONSUMER SPENDING:** Headline retail sales rose +1.2% in July. Although the overall increase fell short of the +2.1% median forecast, upward revisions to prior month sales made up for the shortfall. The more important "control group," used to calculate GDP, climbed +1.4% in July, nearly double the median forecast.

NEWS and EVENTS

- The \$600 per week federal unemployment supplement ended July 31st. The administration's \$400 per week compromise, with state governments kicking in \$100, has since been chopped to \$300 as states are facing major budget shortfalls and simply don't have the money.
- At the annual Jackson Hole Economic Policy Symposium in late August, Fed Chairman Powell announced an official shift in inflation policy: The Fed will allow inflation to move moderately above its 2% target "for some time." Historically, the Fed has hiked the overnight funds rate when core inflation threatened to rise above its 2% target.
- Stock market indices reached new all-time highs in August triggered by some combination of optimism, momentum, low interest rates, and Fed largesse.
- A Gallup survey released in August revealed 52% of American adults who flew last year currently feel uncomfortable flying, with almost 70% of American travelers 55 and older still believing air travel unsafe. TSA checkpoint numbers indicated daily passenger count reached its highest level in five months, but the total is still down 70% from a year ago.

PORTFOLIO SUMMARY

	3/31/2020	4/30/2020	5/31/2020	6/30/2020	7/31/2020	8/31/2020
Book Value	\$369,688,954	\$360,132,306	\$355,484,762	\$346,718,888	\$339,957,065	\$323,178,972
Market Value	\$371,352,169	\$361,663,940	\$356,873,622	\$347,984,392	\$341,116,541	\$324,209,456
Market Value%	100.45%	100.43%	100.39%	100.36%	100.34%	100.32%
Weighted Average Maturity - Days	121 days	124 days	126 days	129 days	121 days	116 days
Weighted Average Yield	1.584%	1.298%	1.132%	0.991%	0.895%	0.849%
Earned Income	\$525,670	\$383,694	\$343,228	\$284,276	\$257,477	\$241,867
Earned Income-Fiscal Year-to-Date	\$3,244,626	\$3,628,320	\$3,971,548	\$4,255,824	\$4,513,300	\$4,755,167
Change in Market Value *	\$701,418	(\$66,549)	(\$95,237)	(\$99,019)	(\$95,632)	(\$145,933)
Income Net of Change in Mkt Val	\$1,227,088	\$317,145	\$247,991	\$185,257	\$161,845	\$95,935

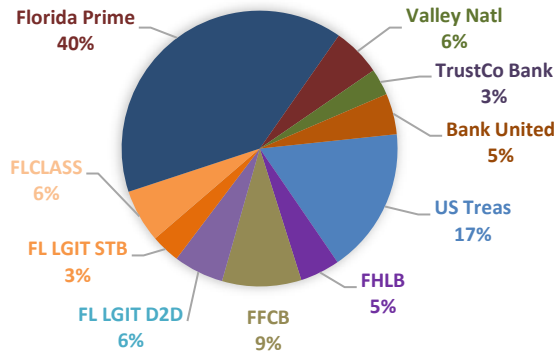
* Change in market value is net of additions/withdrawals and represents unrealized gains and losses in the portfolio.



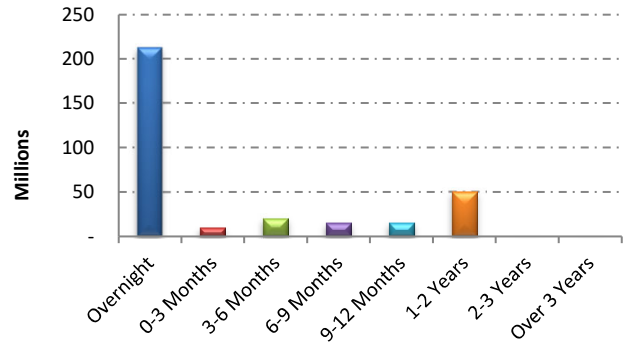
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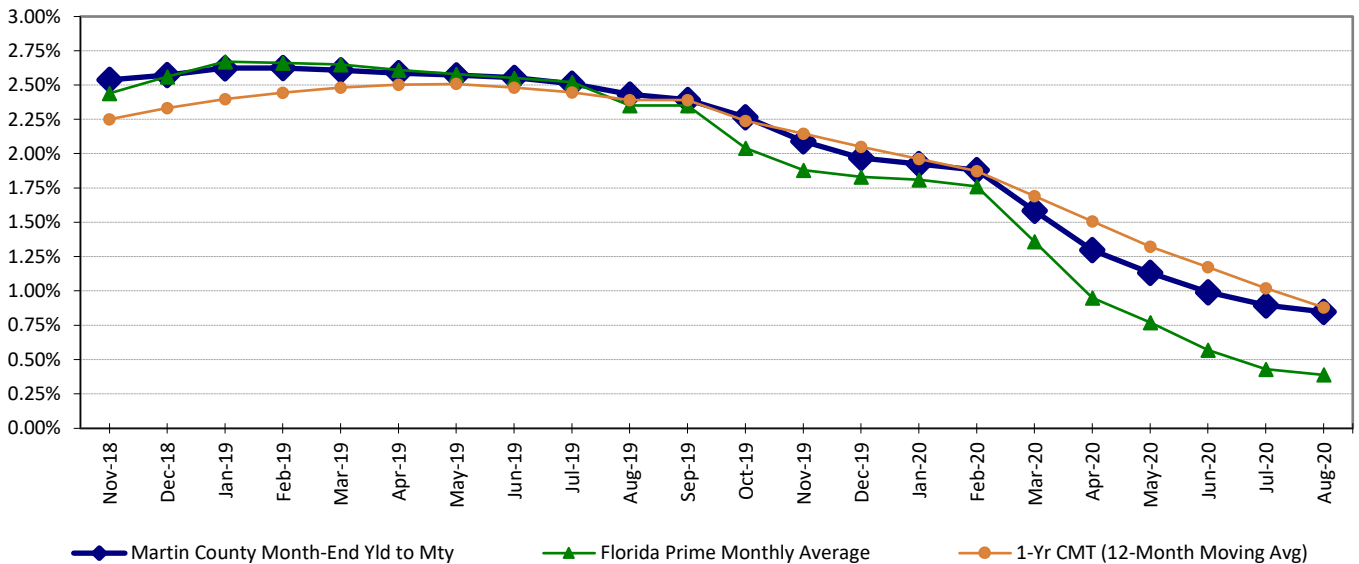
Portfolio Composition by Issuer



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	\$323,178,972	\$323,178,972	\$323,178,972	\$323,178,972	\$323,178,972	\$323,178,972
Market Value	\$324,815,004	\$324,512,230	\$324,209,456	\$323,906,682	\$323,603,908	\$322,998,360
Unrealized Gain/(Loss)	\$1,636,032	\$1,333,258	\$1,030,484	\$727,710	\$424,936	-\$180,612
Market Price	100.51%	100.41%	100.32%	100.23%	100.13%	99.94%
Book Yield	0.538%	0.694%	0.849%	1.005%	1.161%	1.473%
Duration	0.374	0.374	0.374	0.374	0.374	0.374

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 7/31/20, 8/31/20 was not yet posted.