



MARTIN COUNTY, FLORIDA INVESTMENT PORTFOLIO REPORT September 2020



INVESTMENT RECAP

Summary of September Investments: The County's core portfolio, made up of excess funds not needed during the annual operating cycle, consists of \$105 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 September 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, Florida CLASS and the Florida Local Government Investment Trust. These funds continue to offer higher yields than direct short-term investments.

KEY ECONOMIC INDICATORS

- **EMPLOYMENT:** The headline unemployment rate was better than expected, dropping from 10.2% to 8.4% in August. The broader U6 measure, also called the "under-employment rate," fell from 16.5% to 14.2%. Nonfarm payrolls added back another 1.4 million jobs. At this point, 10.5 million jobs have returned, which is less than half of the 22 million jobs lost in March and April. Weekly initial unemployment filings remained above 800k.
- **ECO GROWTH:** GDP contracted by -31.4% during Q2 but the Q3 rebound will likely be +30% or more. The question remains whether that strength will continue in Q4 without extraordinary amounts of federal aid.
- **INFLATION:** Headline CPI rose by +0.4% in August, beating the median forecast for the second consecutive month. Core CPI also rose +0.4% in August, pulling the year-over-year core up from +1.6% to +1.7%. The Core Personal Consumption Expenditures (PCE) index rose by +0.3% in July and is up +1.3% y-o-y, well shy of the Fed's +2% target.
- **ISM SURVEYS:** The ISM manufacturing index climbed from 54.2 to 56.0 in August, indicating expansion for the third straight month, following three straight months of contraction. The ISM services index slipped from 58.1 to 56.9, indicating a more moderate pace of expansion with the first decline in four months. The employment components of both ISM indices remain entrenched in contraction territory.
- **CONSUMER SPENDING:** Headline retail sales for August came in below the +1.0% forecast at +0.6% but were still up +2.6% year-over-year. The more important "control group", used to calculate GDP, fell -0.1% in August, while July's +1.4% was revised downward to +0.9%.

NEWS and EVENTS

- Congress passed, and the president signed, a stopgap spending bill to keep the government open through December. However, prospects for additional COVID relief have diminished as partisan bickering heats up.
- The stock market started to sputter mid-September after reaching all-time highs in late August, but closed the quarter on a strong note with DJIA, S&P 500 and Nasdaq gaining 7.6%, 8.5%, and 11% respectively in Q3.
- The Fed met during September and as expected held the overnight target steady at zero. They indicated it would be at least three years before they'd raise rates. Powell, as he has repeated in the past, denied that the Fed was out of ammo while making a plea for Congress to pass another fiscal package.

PORTFOLIO SUMMARY

	4/30/2020	5/31/2020	6/30/2020	7/31/2020	8/31/2020	9/30/2020
Book Value	\$360,132,306	\$355,484,762	\$346,718,888	\$339,957,065	\$323,178,972	\$296,867,551
Market Value	\$361,663,940	\$356,873,622	\$347,984,392	\$341,116,541	\$324,209,456	\$297,789,091
Market Value%	100.43%	100.39%	100.36%	100.34%	100.32%	100.31%
Weighted Average Maturity - Days	124 days	126 days	129 days	121 days	116 days	115 days
Weighted Average Yield	1.298%	1.132%	0.991%	0.895%	0.849%	0.800%
Earned Income	\$383,694	\$343,228	\$284,276	\$257,477	\$241,867	\$203,250
Earned Income-Fiscal Year-to-Date	\$3,628,320	\$3,971,548	\$4,255,824	\$4,513,300	\$4,755,167	\$4,958,417
Change in Market Value *	(\$66,549)	(\$95,237)	(\$99,019)	(\$95,632)	(\$145,933)	(\$132,415)
Income Net of Change in Mkt Val	\$317,145	\$247,991	\$185,257	\$161,845	\$95,935	\$70,835

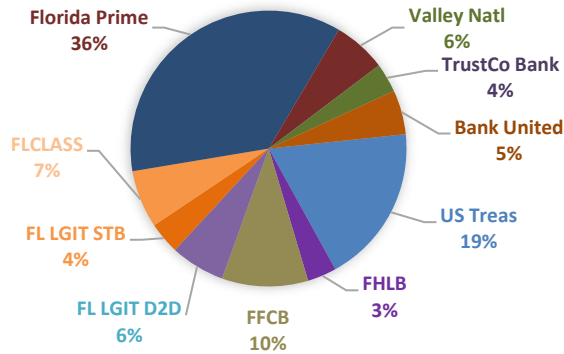
* Change in market value is net of additions/withdrawals and represents unrealized gains and losses in the portfolio.



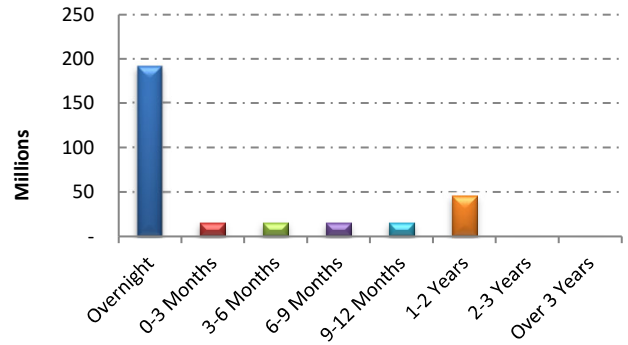
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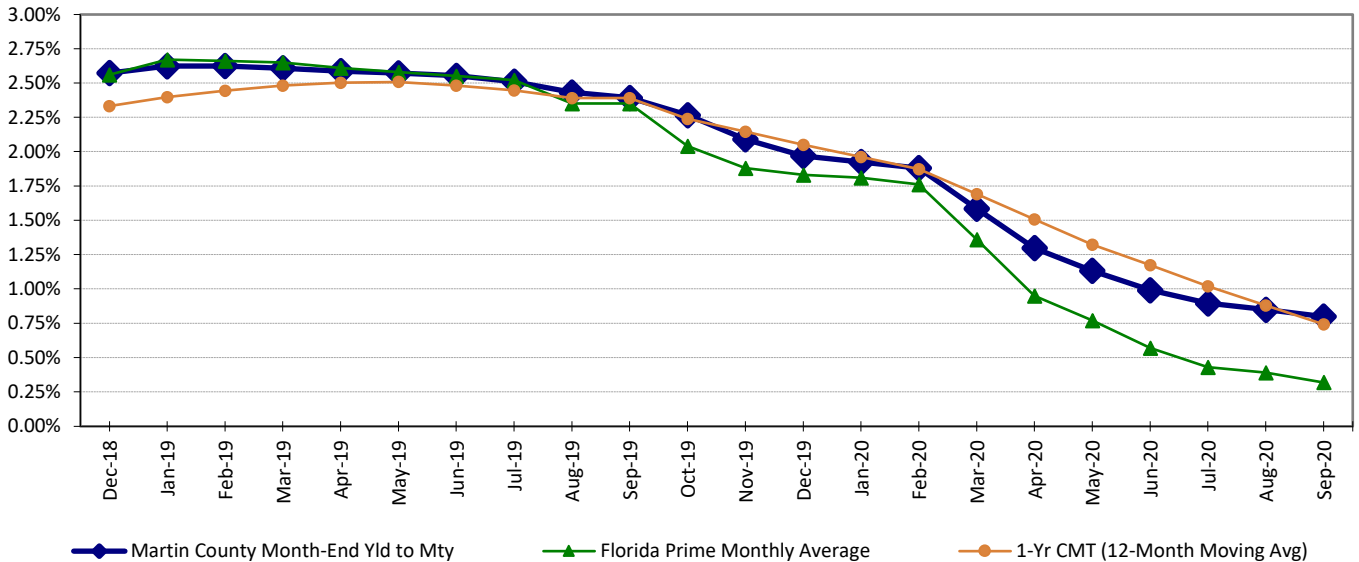
Portfolio Composition by Issuer



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	\$296,867,551	\$296,867,551	\$296,867,551	\$296,867,551	\$296,867,551	\$296,867,551
Market Value	\$298,360,199	\$298,074,645	\$297,789,091	\$297,503,537	\$297,217,983	\$296,646,876
Unrealized Gain/(Loss)	\$1,492,647	\$1,207,093	\$921,540	\$635,986	\$350,432	-\$220,676
Market Price	100.50%	100.41%	100.31%	100.21%	100.12%	99.93%
Book Yield	0.496%	0.648%	0.800%	0.952%	1.104%	1.407%
Duration	0.384	0.384	0.384	0.384	0.384	0.384

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 1.93 as of 8/31/20, 9/30/20 was not yet posted.