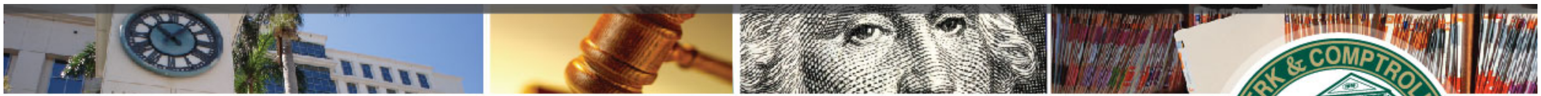


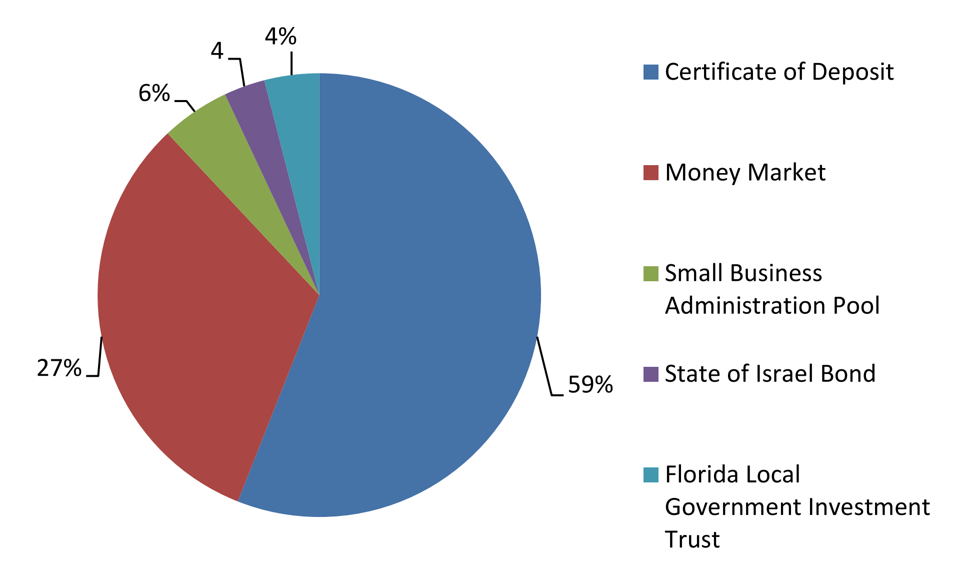
Consolidated Investment Report

October 2017

SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

As Palm Beach County's Chief Financial Officer, the Clerk & Comptroller is charged with safeguarding and investing all County funds. The Clerk's management of the fixed income portfolio is in accordance with regulations set forth in Palm Beach County's Investment Policy. The County Investment Policy is very specific in terms of its stated investment objectives. The primary objective of the policy is to prevent any loss of principal and, secondarily, to meet the County's expenditures. After meeting these two objectives, the Clerk actively seeks opportunities to maximize investment income.

Portfolio Allocation
September 30, 2017



Performance
Total Return

Fiscal Year to Date	0.15%
Prior Month	0.15%
Prior Quarter	0.43%
Prior Year	1.61%*
Prior 3 Years	1.63%*
Prior 5 Years	1.12%*
Prior 8 Years	2.00%*

*figures annualized

Portfolio Statistics

October 2017	September '17	August '17	July '17	June '17	May '17	April '17
Month-end Market Value $1,478,410,347.93	$1,563,767,157.11	$1,601,366,521.31	$1,674,357,988.49	$1,719,934,012.24	$1,739,215,671.24	$1,833,505,199.10
Book Value $1,463,303,012.57	$1,548,483,462.92	$1,585,102,219.48	$1,658,033,005.48	$1,703,390,548.28	$1,722,996,749.10	$1,817,601,485.75
Unrealized Gain/Loss $15,107,335.36	$15,277,694.19	$16,264,301.83	$16,324,983.01	$16,543,463.96	$16,218,922.14	$15,903,713.35
Book Yield 1.841%	1.799%	1.789%	1.739%	1.714%	1.619%	1.581%
Market Yield 1.846%	1.639%	1.779%	1.754%	1.736%	1.619%	1.586%
Effective Duration 1.16 years	1.001 years	0.89 years	0.78 years	0.65 years	0.66 years	0.67 years
Convexity 0.701	0.609	0.483	0.410	0.362	0.252	0.265
Average Credit Rating AA/Aa2/AA	AA+/Aa1/AA+	AA/Aa2/AA	AA/Aa2/AA	AA/Aa2/AA	AA-/Aa3/AA-	AA-/Aa3/AA-

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Portfolio Income

October 2017	September '17	August '17	July '17	June '17	May '17	April '17
Interest Income (FYTD) $2,339,761.25	$26,338,131.73	$24,028,973.03	$21,656,049.99	$19,343,387.18	$16,691,993.02	$14,565,782.10
Investment Income (FYTD) $1,987,149.48	$27,844,315.19	$25,624,527.89	$22,973,958.12	$20,499,344.21	$17,697,868.82	$15,424,382.65
Interest Income (current month) $2,339,761.25	$2,257,126.58	$2,312,323.26	$2,312,662.81	$2,651,394.17	$2,126,210.61	$2,069,540.13

October 2017 Economic Overview

Long term Treasury bond yields and short term interest rates rose in October on expectations for gradual Fed rate hikes and an eventual rise in inflation. The 10-year Treasury note yield rose to 2.38% on October 31 vs. September's month-end close of 2.33%. The 2-year Treasury note yield increased to 1.60% vs. 1.49% at September's month-end close. The stock market rose on the outlook for continued moderate economic growth and increasing earnings. The Dow Jones Industrial Average rose to 23,377 at the end of October vs. 22,405 at the end of August.

Consumers:

Consumer indicators were strong as personal consumption in the initial third quarter GDP numbers were higher than expected and consumer confidence rose to new cycle highs. Consumers spending rose 2.4% in the third quarter annualized vs. 3.3% in the second quarter, a slower but solid pace. The U.S. economy grew 3.0% in the third quarter for the best two consecutive quarters of growth since 2014. Business inventories and net exports rose. The Conference Board's confidence index rose to its highest level since 2000 while the University of Michigan's consumer confidence index hit its highest level since 2004. In September nonfarm payrolls contracted 33,000 for the first time since 2010; average hourly earnings rose 2.9% year-over-year partially due to the storms; the unemployment rate fell to 4.2% even as 1.5 million people missed work due to the weather. Auto sales jumped in September to the fastest pace since July 2005 as consumers began replacing storm-damaged vehicles. Personal income rose 0.4% in September, while personal spending jumped 1.0% due to hurricane related repairs. Retail sales jumped 1.6% in September, the fastest monthly increase since March 2015, as auto sales surged 3.6% following the hurricanes. Excluding auto sales, however, sales rose a robust 1.0%.

Business:

New durable goods orders rose 2.2% in September as commercial aircraft orders increased 31.5%. Core capital goods orders, which excludes military and transportation, rose 1.3% and increased 3.8% year-to-date. The

Conference Board's Index of Leading indicators fell 0.2% for September, which was the first monthly decline since August 2016. Much of the weakness was due to the hurricanes, which caused a decline in new building permits and a sharp increase in jobless claims, which have since corrected. Industrial production rose 0.3% in September, while capacity utilization rose to 76.0% from 75.8%. The ISM Manufacturing Index jumped to 60.8 in September, its highest level in 13 years. While most of the rise was due to new orders and increased production, supply chain disruptions from the hurricanes were a factor. The ISM Services Index rose to 59.8 in September, its highest level since August 2005, vs. 55.3 in August.

International:

In the third quarter, trade added to economic growth. A weaker dollar and improving global growth continued to benefit U.S. exporters.

Inflation:

The core, excluding food and energy, Personal Consumption Deflator (the Fed's preferred inflation gauge) was at 1.3% year-over-year. That was the same annual increase as the prior month. That is well-below the Fed's 2% target. The Consumer Price Index rose 0.5% in September, the fastest pace since January, as gasoline increased 13.1% due to the hurricanes. Excluding food and energy, prices edged up 0.1% from August and 1.7% year-over-year. Wholesale prices, measured by the Producer Price Index, rose 4.1% in September, driven by gasoline prices.

Housing:

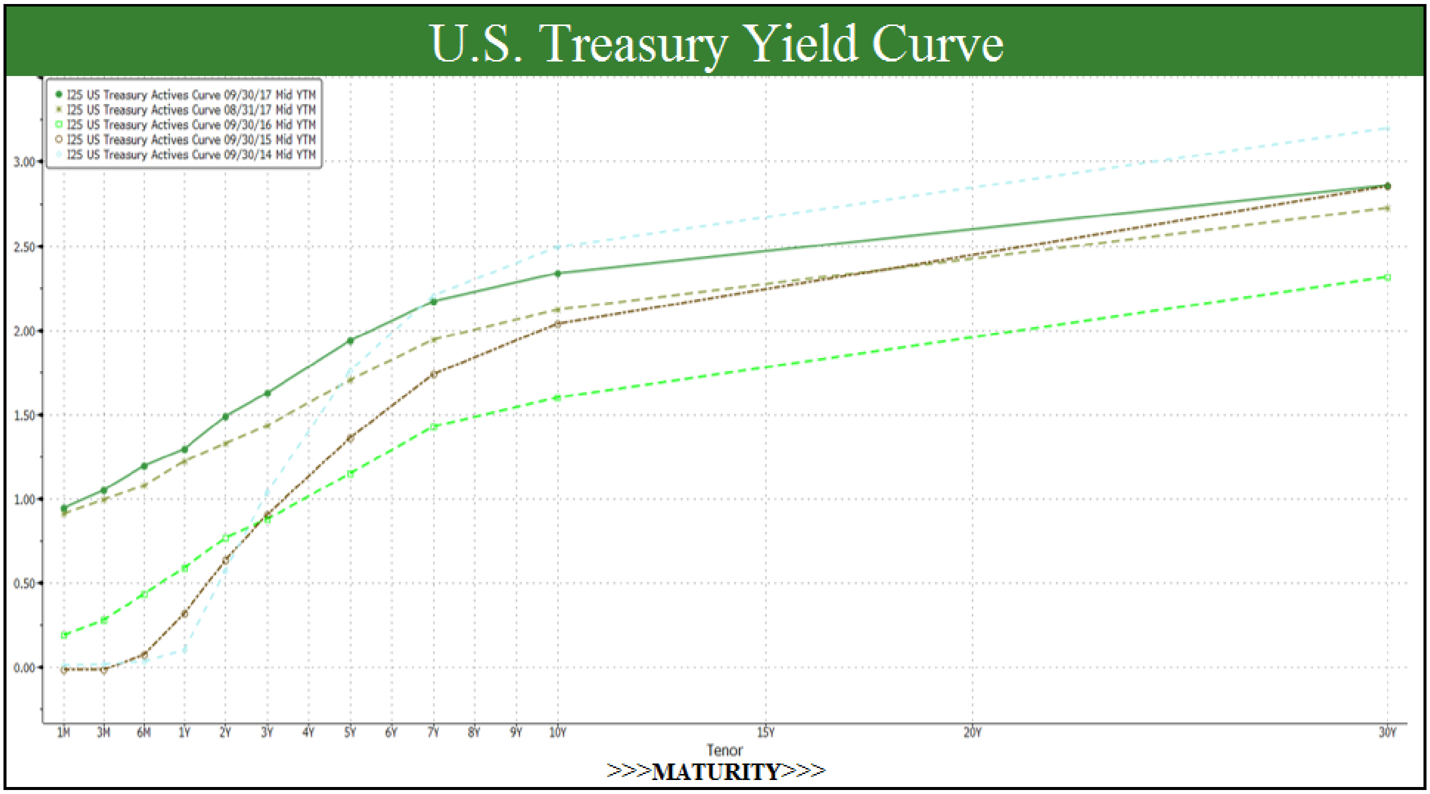
New home sales surged 18.9% in September to 667,000 annualized units following two straight monthly declines. Home building during September was negatively impacted by the series of hurricanes. Housing starts declined 4.7%, including activity in the South which plunged 9.3%, while new building permits decreased 4.5%. Existing home sales rose 0.7% to a 5.39 million unit annualized pace in September, breaking a three-month slide.

Monetary Policy:

The Fed is still on track for a rate hike on December 13, 2017. The global economic data remain solid and faster possible growth from tax cuts and deregulation tilt the Fed toward another rate increase this year.

Bottom Line:

Current long term financial market trends: higher bond yields, higher short term interest rates, and higher stock prices. Market trends seem to imply moderate economic growth with contained inflation. In this economic environment, the Federal Reserve seems likely to gradually increase rates until the economy tips into recession.



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