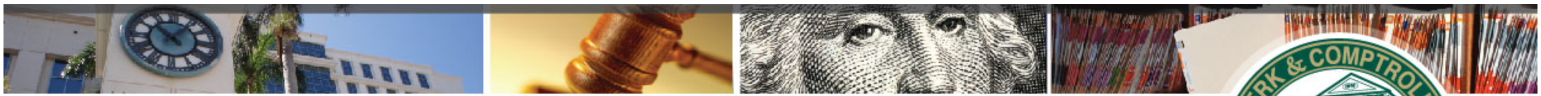


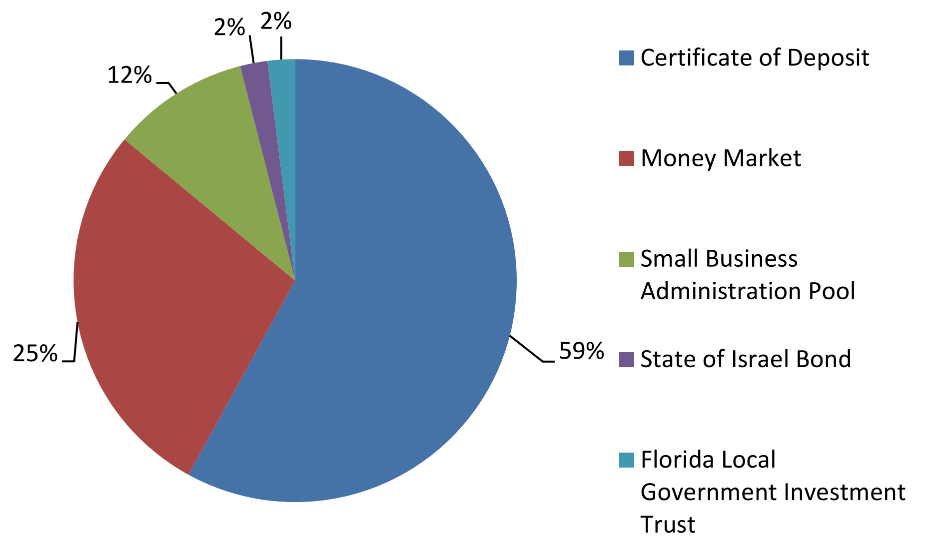
Consolidated Investment Report

April 2019

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
April 30, 2019



Performance
Total Return

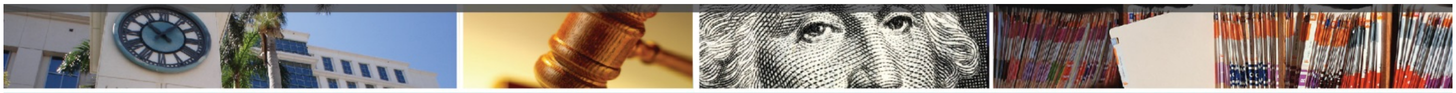
Fiscal Year to Date	1.60%
Prior Month	0.25%
Prior Quarter	0.71%
Prior Year	1.87%*
Prior 3 Years	1.63%*
Prior 5 Years	1.53%*
Prior 8 Years	1.60%*

*figures annualized

Portfolio Statistics

	April '19	March '19	February '19	January '19	December '18	November '18
Month-end Market Value	2,335,403,694.84	$2,369,288,854.75	$2,400,548,666.82	$2,370,520,165.14	$2,365,107,393.26	$1,739,089,995.99
Book Value	$2,318,875,311.19	$2,352,871,447.84	$2,384,277,450.02	$2,354,390,226.95	$2,349,111,544.45	$1,723,414,662.54
Unrealized Gain/Loss	$16,528,383.66	$16,417,406.91	$16,271,216.80	$16,129,938.19	$15,995,848.80	$15,675,333.45
Book Yield	2.747%	2.745%	2.739%	2.727%	2.701%	2.565%
Market Yield	2.772%	2.755%	2.757%	2.744%	2.757%	2.609%
Effective Duration	0.514	0.544 years	0.593 years	0.610 years	0.596 years	0.638 years
Convexity	0.233	0.231	0.232	0.239	0.275	0.237
Average Credit Rating	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+

www.mypalmbeachclerk.com/investments



	April '19	March '19	February '19	January '19	December '18	November '18
Portfolio Income						
Interest Income (FYTD)	$33,511,140.50	$28,137,955.85	$22,372,270.09	$17,257,281.69	$12,215,279.38	$7,462,746.30
Investment Income (FYTD)	$34,500,778.81	$29,087,226.93	$23,181,551.08	$17,963,582.11	$12,791,443.00	$7,752,765.15
Interest Income (current month)	$5,373,184.65	$5,765,685.76	$5,114,988.40	$5,042,002.32	$4,568,361.60	$3,481,699.32

April 2019 Economic Overview

During April, the 10-year Treasury note yield increased and short term interest rates rose slightly while stock prices surged. The ten year Treasury note yield closed at 2.50% on 4/30/19 vs. 2.41% at the end of March while the 2 year note yield edged higher to 2.27% vs. 2.26% at the close of the first quarter. The small gain in Treasury yields was due to weak inflation data which confirmed expectations that the Federal Reserve would remain patient on short term interest rate increases. For stocks, the Dow Jones Industrial Average rose to 26,593 on 4/30/19 vs. 25,929 at the end of March. Early corporate earnings reports beat expectations, global economic growth worries subsided on U.S.-China trade talk optimism, U.S. first quarter economic growth increased 3.2%, and the EU approved a delay in the Brexit deadline all combined to push stocks to higher levels. The S&P 500 Index set several record high closes.

Consumers:

The March labor data showed a strong gain of 196,000 nonfarm payroll jobs vs. an upwardly revised February increase of 33,000 with the March unemployment rate unchanged at 3.8% and an annual gain of 3.2% in average hourly earnings vs. the 3.4% year over year increase reported in February. March retail sales rose 1.6% vs. a 0.2% decline in February. March personal spending data showed a solid 0.9%% increase vs. February's 0.0.1% gain. The February Job Openings report showed more jobs than unemployed people for the 12th consecutive month even though the total number of new job openings declined. The April University of Michigan's consumer confidence index cooled, however, the Conference Board's consumer confidence index recovered more than expected. The consumer sector continued to contribute to economic growth.

Business:

The outlook for business investment remained uncertain. Business fixed investment rose 2.7% in the first quarter with much of the gain coming from intellectual property. Investment in structures contracted for a third quarter and equipment spending rose just 0.2%, the weakest since the third quarter of 2016. Inventory accumulation was surprisingly strong and added 0.7% to first quarter GDP growth. Small business confidence recovered less than expected but ISM Manufacturing index was stronger. Global capital goods orders rose the most in eight months. The business sector was neutral to slightly positive for growth.

International:

Steady exports and sluggish imports pushed February's trade deficit to an eight-month low and contributed 1.0% to first quarter GDP.

Inflation:

The inflation numbers released in March indicated contained inflation near or below the Fed's 2.00% target. March's CPI report showed core consumer inflation fell to a 2.0% year-over-year increase vs. the 2.1% annual gain in February. A record drop in apparel prices due to the switch to online price polling for clothing pulled core CPI lower. February producer prices were also weaker than expected. The March Core PCE inflation report showed core consumer prices declining to a 1.6% annual gain, below the Fed's 2.0% symmetric target for this Fed-preferred inflation gauge.

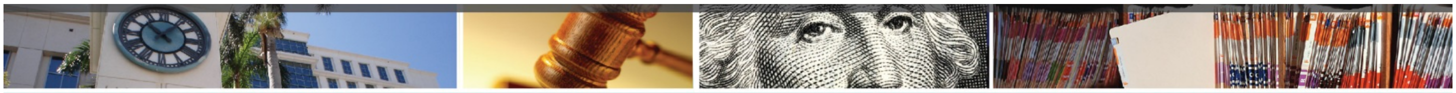
Housing:

Housing data stabilized due to lower mortgage rates which increased affordability as home price increases slowed. March existing home sales slipped to a 5.21 million annualized sales pace vs. a 5.48 million February rate which had been a big recovery month after the weak January sales pace. March new home sales rose to a 692,000 annual pace vs. 662,000 in February. The February Case-Shiller 20-City Home Price Index slowed to a 3.0% annual increase vs. January's annual gain of 3.5% indicating some relief on home price increases. Housing may be ready to contribute to economic growth again.

Monetary Policy:

April monetary policy news had Fed officials advocating rate-hike patience and reaffirming that the economy is in a "good place." The April 30 through May 1 Federal Open Market Committee meeting produced more positive talk on the economy and the Fed official view that the current slippage in inflation was transitory. That seemed to reduce the chance of a Fed rate cut to get inflation moving toward the elusive 2.00% Fed target.

Bottom Line:



At the end of April, the Dow Jones Industrial Average remained above its 200 day average suggesting that stocks are in a continuing uptrend. If that uptrend persists, it suggests that the economy will continue to grow and avoid a recession in the near future. Bond yields and short rates remain in a downtrend suggesting the fixed income markets are now expecting Fed rate cuts by the end of 2019 while remaining concerned about the strength of the U.S. economy. The economy may be just right to let both stocks and bonds do well. It seems to be a Goldilocks economy, "just right," with the three bears out of town!