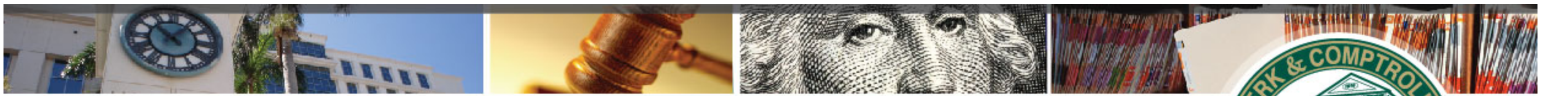


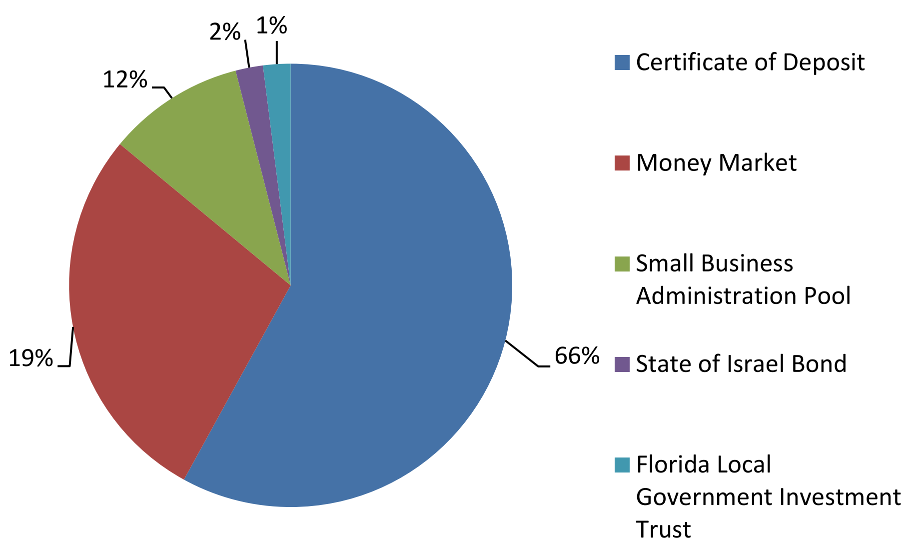
Consolidated Investment Report

July 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
July 31, 2019



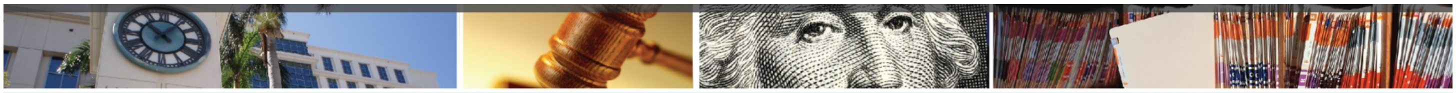
Performance
Total Return

Fiscal Year to Date	2.37%
Prior Month	0.29%
Prior Quarter	0.77%
Prior Year	1.79%*
Prior 3 Years	1.63%*
Prior 5 Years	1.53%*
Prior 8 Years	1.60%*

*figures annualized

Portfolio Statistics

	July '19	June '19	May '19	April '19	March '19	February '19
Month-end Market Value	$2,108,518,998.55	$2,154,352,159.12	$2,222,292,169.20	$2,335,403,694.84	$2,639,288,854.75	$2,400,548,666.82
Book Value	$2,105,176,290.45	$2,148,131,896.12	$2,205,392,443.10	$2,318,875,311.19	$2,352,871,447.84	$2,384,277,450.02
Unrealized Gain/Loss		$6,220,262.34	$16,899,726.10	$16,528,383.66	$16,417,406.91	$16,271,216.80
Book Yield		2.785%	2.756%	2.747%	2.745%	2.739%
Market Yield		2.777%	2.783%	2.772%	2.755%	2.757%
Effective Duration		0.471 years	0.475 years	0.514 years	0.544 years	0.593 years
Convexity		0.285	0.488	0.233	0.231	0.232
Average Credit Rating	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+



Investment Income (FYTD)	$50,491,110.78	$46,430,537.37	$40,010,532.84	$34,500,778.81	$29,087,226.93	$23,181,551.08

July 2019 Economic Overview

During July, the 10-year Treasury note fell and short term interest rates increased after the Fed cut rate the Fed Funds Target Rate Upper Bound to 2.25% from 2.50%. Stocks rose modestly on hopes that the trade war between the U.S. and China would end in a deal and the Fed would cut rates substantially. At the end of July, the ten year Treasury note yield closed at 2.02% vs. 2.13% at the end of June while the 2 year note yield rose to 1.87% vs. 1.76% at the end of June. The markets had hoped the Fed would go big and cut the Fed Funds Rate Upper Bound to 2.00%. The Dow Jones Industrial Average rose to 26,864 vs. the 26,600 at the end of June.

Consumers:

The stronger-than-expected increase of 224,000 in June nonfarm payroll jobs reduced fears of a weaker job market. The 2.1% second quarter GDP growth was better than expected on personal consumption which rose a strong 2.9%. June retail sales were strong and added to government spending to support decent economic growth. Conference Board reported its biggest surge in consumer optimism since 2011. A good job market, record high stock prices, and increasing home values added to consumer optimism.

Business:

Fixed investment fell in the second quarter GDP report due to less spending on structures and lower inventory growth. Manufacturing Purchasing Managers' Indexes weakened, one to the lowest level since 2009 (Markit) and another to its lowest level since 2016 (ISM), and the ISM's non-manufacturing index slipped to its weakest since 2016. However, capital goods orders were much stronger than expected and manufacturing output strengthened.

International:

Trade reduced growth in the second quarter GDP report, and could remain a headwind with the strong U.S, dollar and signs of a global economic slowdown. The U.S.-China trade war and Brexit have increased business uncertainty.

Inflation:

Core, ex-food & energy, inflation strengthened in June with CPI having the strongest month since 2006 while the Personal Consumption Expenditure Deflator inflation measure was the third strongest since 2009. However, negative prior revisions kept the Fed's preferred PCE year over year measure below the 2.0% target at 1.6% and pressure from wages remained modest. Average hourly earnings were steady at 3.1% year over year while the employment cost index slowed to a 2.7% annual increase.

Housing:

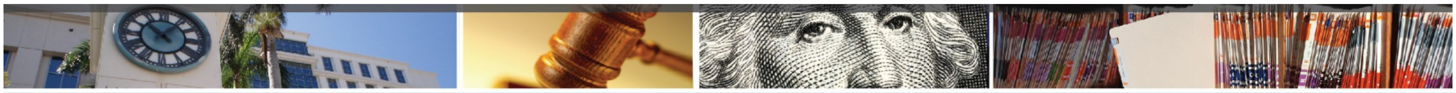
Mortgage rates remained at low levels, but the effect on housing activity remained uneven across various sector reports.

Monetary Policy:

The Federal Reserve cut the Federal Funds Range by 0.25% to 2.00% to 2.25% on July 31, 2019. It was the first rate cut after a series of nine consecutive rate hikes beginning in December 2015. Global economic growth concerns and below-target inflation were the Fed's reasons for the cut. The Fed promised to monitor the economy and the trade war's economic impact to determine if more cuts might be necessary. Chair Powell said the central bank is committed to supporting economic growth and getting to a 2.0% inflation rate.

Bottom Line:

At the end of July, the Dow Jones Industrial Average was solidly above its 200 day average putting stocks into a long term uptrend. Importantly, the Federal Reserve had cut rates to spur economic growth and maintain full employment with low inflation. The message of the financial market trends of lower bond yields, lower short term interest rates, and higher stocks prices is modest economic growth ahead.



U.S. Treasury Yield Curve