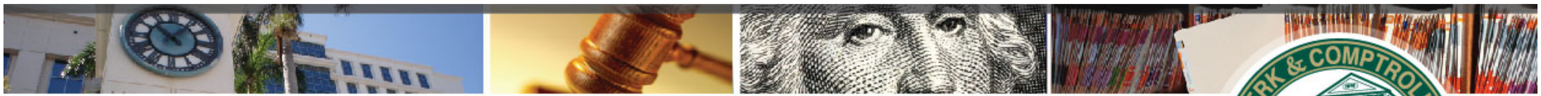


Consolidated Investment Report

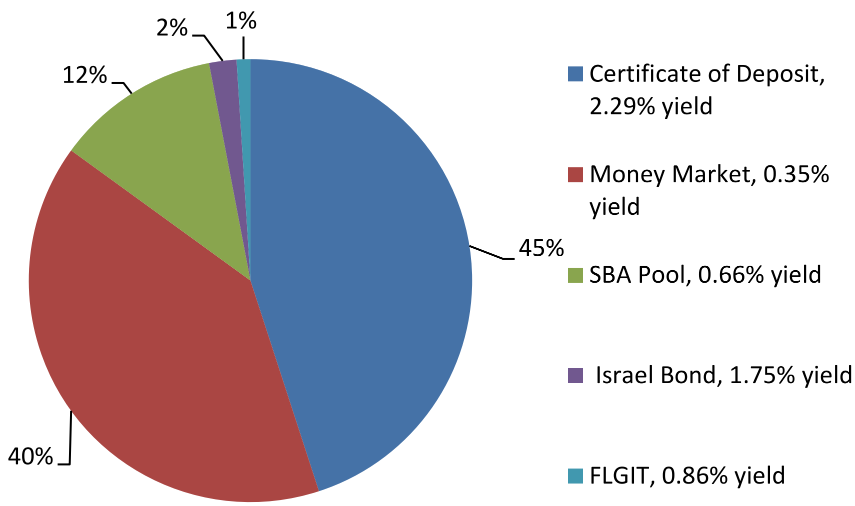
May 2020

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

May 31, 2020



Performance

Total Return

Fiscal Year to Date	1.34%
Prior Month	0.08%
Prior Quarter	0.50%
Prior Year	2.86%*
Prior 3 Years	2.11%*
Prior 5 Years	1.85%*
Prior 8 Years	1.53%*

*figures annualized

Portfolio Statistics

	May '20	April '20	March '20	February '20	January '20	December '19
Month-end Market Value	$2.637,030,592.44	$2,734,353,679.17	$2,099,077,299.60	$2,587,864,296.07	$2,604,216,758.37	$2,648,040,843.68
Book Value	$2,634,777,543.66	$2,732,567,472.76	$2,095,956,641.48	$2,585,085,119.93	$2,601,526,753.50	$2,645,219,013.48
Unrealized Gain/Loss	$2,253,048.78	$1,786,206.41	$3,120,658.12	$2,779,176.15	$2,689,824.87	$2,821,830.20
Book Yield	1.364%	1.346%	1.886%	2.063%	2.081%	2.165%
Market Yield	1.388%	1.366%	1.866%	2.053%	2.074%	2.156%
Effective Duration	0.656 years	0.786 years	0.605 years	0.592 years	0.600 years	0.548 years
Convexity	0.292	0.578	0.195	0.165	0.200	0.158
Average Credit Rating	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+

Portfolio Income

	May '20	April '20	March '20	February '20	January '20	December '19
Interest Income (FYTD)	$31,691,381.62	$28,367,913.58	$25,303,576.32	$20,836,019.10	$16,136,283.21	$11,971,156.97
Investment Income (FYTD)	$30,056,718.13	$26,272,814.16	$24,452,047.02	$20,359,548.07	$15,593,390.99	$11,601,706.56
Interest Income (current month)	$3,323,468.04	$3,164,337.26	$4,367,577.21	$4,699,735.89	$4,165,126.24	$4,653,597.34

May 2020 Economic Overview

The 10-year Treasury note yield was little changed at 0.65% at the end of May vs. the 0.64% close at the end of April while the 2-year Treasury note yield fell to 0.16% at May's month-end vs. the 0.20% close at end of April. The S&P 500 Index ended May at 3044.31 vs. a close of 2912.43 at the end of April. The actual economic data for April, released throughout May, confirmed the deep recession anticipated by the markets in March. The economic carnage encouraged unprecedented responses from monetary and fiscal policy makers. Stocks recovered as unprecedented stimulus efforts, signs of economic openings, and hopes for a drug therapy/vaccine for the coronavirus caused markets to look past the weak economic data.

Consumers:

After leading the 5.0% first quarter contraction, consumer spending collapsed 13.6% in April, the most on record, as stay-at-home orders kept spenders out of stores and fears of job loss led to very cautious consumption.

An unprecedented 20.5 million Americans lost their jobs, sending the April unemployment rate to 14.7%, the highest since the Great Depression. The underemployment rate surged to 22.8% vs. 8.7% in March, showing the job loss by capturing the shift to part-time employment and willing workers leaving the labor force. Payrolls continued to shrink in May based on the 10.4 million initial jobless claims announced during the month, increasing the ten-week total to more than 40 million, almost 27% of February's total payroll number.

Continuing jobless claims fell for the first time since the pandemic began, to 21.1 million vs. 24.9 million, in a sign some laid-off workers were returning to their jobs as businesses open back up.

While consumer spending contracted in April, personal income soared by a record 10.5% on billions of federal emergency economic payments and enhanced unemployment benefits. The savings rate soared to a record 33%.

The University of Michigan Consumer Sentiment Index surprisingly improved in May.

April's retail sales were shockingly bad with core sales down 15.3% vs. and expected 5.0% decline.

Business:

The NFIB Small Business Optimism index fell slipped to a low set in 2013.

Industrial and manufacturing output slumped by record amounts.

Both ISM reports reflected significant deterioration in orders and employment.

Surveys from regional Fed banks improved to still-low levels in May and preliminary Markit PMIs had modest improvement.

Factory orders fell 10.3% in March.

International:

Trade flows plunged as the global economy shutdown, with exports sliding 25.2% and imports declining 14.3%. All of this occurred during increased tensions between the U.S. and China that could threaten the trade deal between the two countries.

Inflation:

The April Core, ex-food & energy, Personal Consumption Expenditure Deflator year over year was 1.0% vs. the 1.7% annual gain in March. This is the Fed's preferred inflation gauge and shows contained inflation.

Government:

The enormous stimulus from the federal government and the Federal Reserve stabilized financial markets and the economy as states began to re-open. Every state announced plans for varying degrees of economic activity based on the status of the virus outbreak. That led to some stabilization.

The House started negotiations for another spending bill for $3 trillion to aid state and local governments and continue supplemental unemployment insurance payments.

Housing:

Every major housing report reflected a double-digit decline in activity, excluding a surprise uptick in new home sales.

Home builder confidence recovered slightly and home purchase applications have improved for six weeks since mid-April

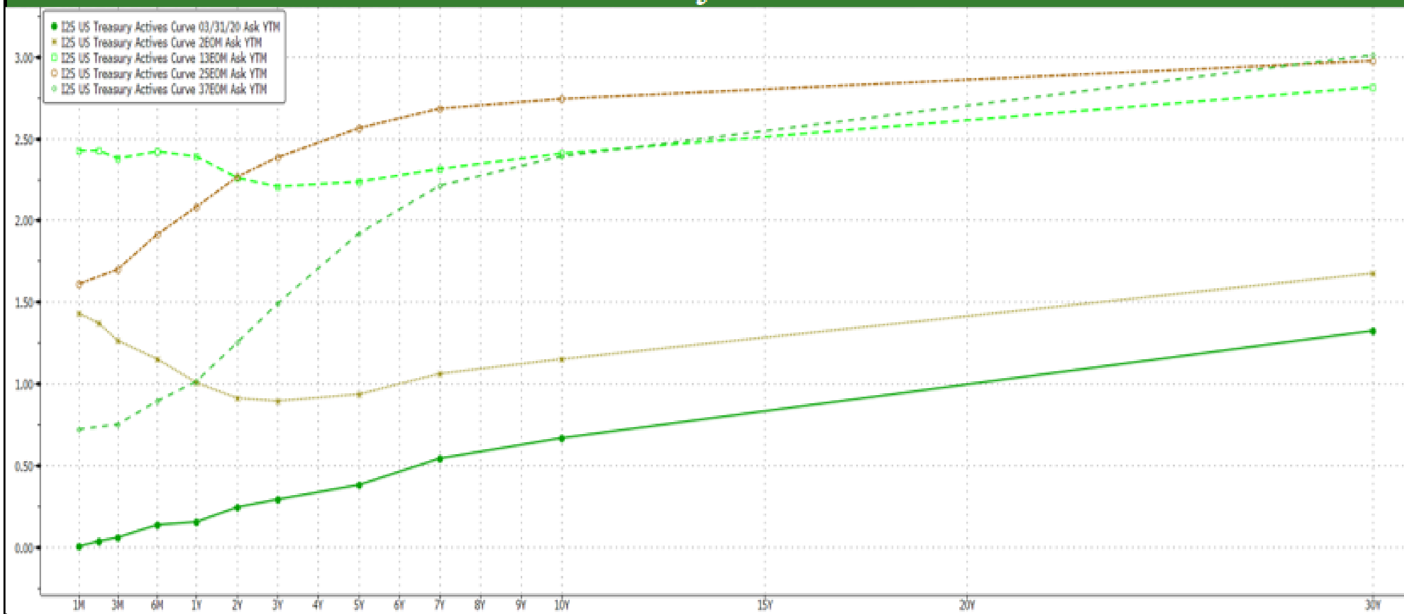
Monetary Policy:

Fed Chair Powell said the Fed is not considering negative interest rates (used in Europe and Japan) as a policy tool to stimulate growth. Fed Chair Powell said Fed research has suggested they harm the banking system and do not provide much economic support. Fed officials have often and clearly reaffirmed their commitment to keep rates low until the economy begins a long, sustained, expansion and inflation reaches 2.0%. The Fed has indicated it is considering using forward rate guidance, more asset purchases, and yield curve control as additional policy tools to spur economic growth.

Bottom Line:

At the end of May, the S&P 500 Index was above its 200-day average putting stocks into a long term uptrend. The Federal Reserve has moved fast with enormous stimulus programs to offset the economic damage from the coronavirus. Congress and the President passed four bills for over $2 trillion in economic stimulus and more action seems likely. The current financial market trends are lower bond yields, lower short term interest rates, and higher stock prices. Those financial market trends, along with recent fiscal and monetary policy actions, suggest the recession ahead could end relatively quickly. The strength of the coming economic recovery seems likely to be modest. Inflation remains contained.

U.S. Treasury Yield Curve



>>>**MATURITY**>>>