

Consolidated Investment Report

August 2014

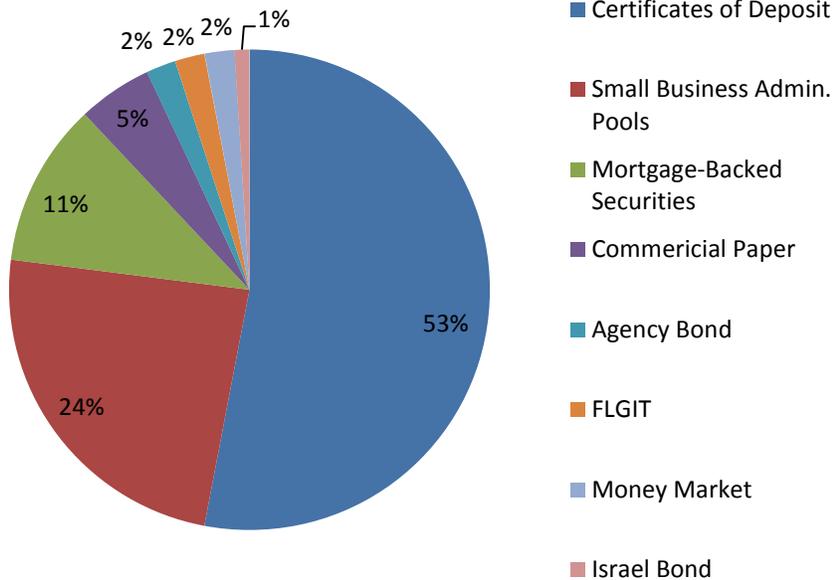


As Palm Beach County's Chief Financial Officer, the Clerk & Comptroller is charged with safeguarding and investing all County funds. The Clerk's management of the fixed income portfolio is in accordance with regulations set forth in Palm Beach County's Investment Policy. The County Investment Policy 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.

SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

Portfolio Allocation

August 31, 2014



Performance

Total Return

Fiscal Year to Date	1.18%
Prior Month	1.36%
Prior Quarter	1.47%
Prior Year	-0.11%
Prior 3 Years	1.78%
Prior 5 Years	3.46%
Prior 8 Years	3.96%

*All figures annualized

Portfolio Statistics

	August '14	July '14	June '14	May '14	April '14	March '14
Month-end Market Value	\$1,381,513,545	\$1,448,983,379	\$1,504,439,977	\$1,534,921,740	\$1,615,543,030	\$1,669,440,440
Book Value	\$1,372,700,798	\$1,440,522,439	\$1,495,483,830	\$1,525,574,847	\$1,605,321,583	\$1,660,400,557
Unrealized Gain/Loss	\$8,812,747	\$8,460,940	\$8,956,146	\$9,346,893	\$10,221,449	\$9,039,882
Book Yield	2.09%	2.03%	1.97%	1.91%	1.89%	1.79%
Market Yield	1.62%	1.57%	1.50%	1.39%	1.37%	1.30%
Effective Duration	.73 years	.75 years	.69 years	.70 years	.70 years	.65 years
Convexity	0.15	0.16	0.13	0.05	0.10	0.10
Average Credit Rating	AA/Aa2/AA	AA/Aa2/AA	AA/Aa2/AA	AA/Aa2/AA	AA/Aa2/AA	AA/Aa2/AA



Portfolio Income

	August '14	July '14	June '14	May '14	April '14	March '14
Interest Income (FYTD)	\$28,564,907	\$25,970,586	\$22,961,154	\$20,356,874	\$17,622,881	\$15,027,818
Investment Income (FYTD)	\$18,243,297	\$15,937,366	\$13,871,043	\$12,254,049	\$11,350,244	\$7,983,007
Interest Income (current month)	\$2,594,321	\$3,009,431	\$2,604,280	\$2,733,993	\$2,595,063	\$2,792,952

The Economy – Modest Growth with Low Inflation

- July payroll jobs increased 209,000 (below expectations) and the unemployment rate was 6.2%. Average hourly earnings were flat. Vehicle sales cooled, falling to a 16.4 million annual rate in July.
- The trade deficit shrank unexpectedly to -\$41.5 billion in June vs, -\$44.6 billion in May, led by a fall in imports. August retail sales were weaker-than-expected with sales growth the weakest in six months.
- July personal income grew just 0.0.2%, the smallest gain of the year and consumption fell 0.1%. The savings rate increased to the highest level since December 2012 hitting 5.7%. The July CPI declined modestly to 2.0%, right on the Fed's target 2.0% goal. New home sales fell 2.4% to a 412,000 annualized pace in July, the second consecutive month of declines and the slowest pace in four months. Second quarter real GDP grew 4.2% up from the initial estimate of 4.0%. Corporate profits and business spending led the upward revision, with both hitting a four-year high in the second quarter.
- Consumers remain careful in their spending due to high debt levels and slight wage growth. Businesses are reluctant to invest in plant expansion with low sales visibility, but willing to buy labor-saving technology to keep costs low and avoid new hires. Government budgets are under strain and unable or unwilling to increase spending, although state and local governments have begun to hire some new workers. Global growth has slowed in China and Europe.
- The overall growth and inflation trends suggest no change in Fed monetary policy for the foreseeable future.



U.S. Treasury Yield Curve

