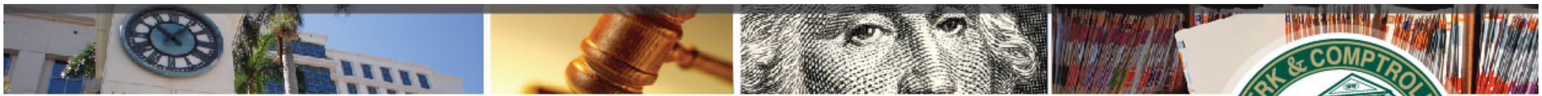


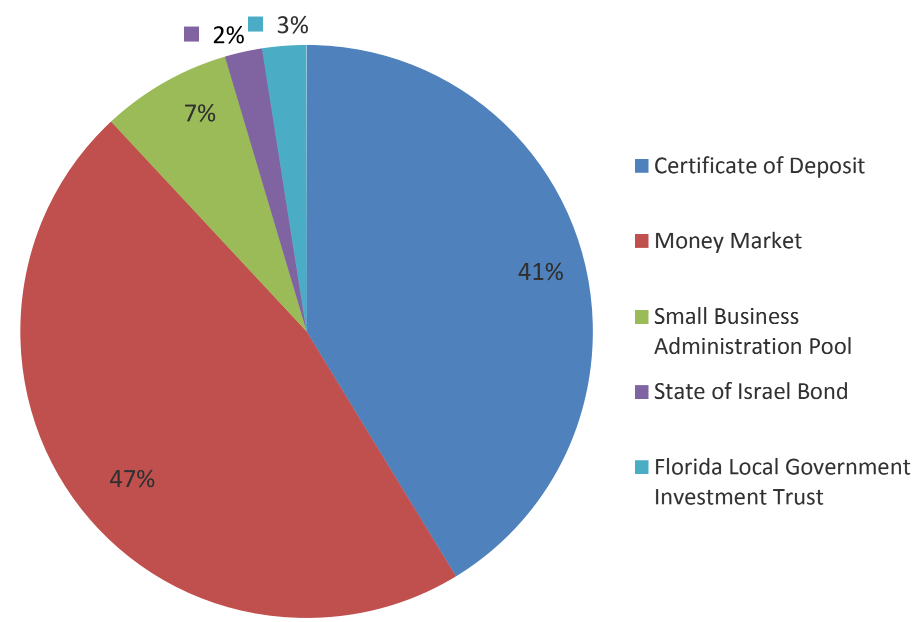
Consolidated Investment Report

December 2015

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
December 31, 2015



Performance
Total Return

Fiscal Year to Date	**0.30%**
Prior Month	**0.08%**
Prior Quarter	**0.40%**
Prior Year	**1.43%***
Prior 3 Years	**0.85%***
Prior 5 Years	**1.60%***
Prior 8 Years	**3.17%***

***figures annualized**

Portfolio Statistics

	December '15	November '15	October '15	September '15	August '15	July '15
Month-end Market Value	$2,052,652,752	$1,306,295,440	$1,312,665,707	$1,381,695,231	$1,390,388,579	$1,401,979,723
Book Value	$2,040,841,376	$1,294,496,641	$1,300,104,818	$1,368,802,182	$1,378,098,505	$1,390,604,872
Unrealized Gain/Loss	$11,811,376	$11,798,799	$12,560,889	$12,893,048	$12,290,074	$11,374,850
Book Yield	1.297%	1.751%	1.675%	1.627%	1.612%	1.650%
Market Yield	1.227%	1.551%	1.417%	1.489%	1.470%	1.497%
Effective Duration	.29 years	.55 years	.44 years	.40 years	.41 years	.44 years
Convexity	.080	.258	.154	.095	.192	.103
Average Credit Rating	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+

Portfolio Income

	December '15	November '15	October '15	September '15	August '15	July '15
Interest Income (FYTD)	$6,290,047	$3,937,417	$1,993,495	$23,502,677	$21,546,383	$19,499,761
Investment Income (FYTD)	$4,597,562	$2,507,287	$1,515,138	$20,191,741	$17,864,436	$15,867,924
Interest Income (current month)	$2,352,630	$1,944,207	$1,993,495	$1,956,294	$2,046,622	$2,101,920

Economic Overview

Consumers:

November nonfarm payrolls added 211,000 workers, which was better than expected, while the prior two months were revised up by 35,000. The unemployment rate was unchanged at 5.0% (lowest since 2008) as more Americans joined the workforce. Total vehicle sales fell slightly in November to a seasonally adjusted annualized (SAAR) rate of 18.1 million units, still near a record high sales rate. Retail sales rose 0.2% in November, better than expected. Soft auto sales and a decline of 0.8% in sales at gasoline stations were more than offset by increases at general merchandise, clothing and non-store retailers, which include online vendors. Overall sales have gained 2.0% year to date. The University of Michigan Consumer Sentiment Index rose to 92.6 in December, the highest in five months. Third quarter U.S. gross domestic product (GDP) growth was revised to a 2.0% annualized rate, 0.1% lower than previously reported.

Housing:

Driven by commercial building, construction spending rose 1.0% in October, the best pace in 5 months. Pending home sales rose 0.2% in October after a 1.6% drop in September. Housing starts rose 10.5% in November to a 1.173 million unit annualized rate. Starts increased 16.5% from a year ago. Building permits increased 11.0% in November to a 1.1289 SAAR. Existing home sales dropped 10.5% in November to a 4.76 million SAAR, however, new home sales jumped 4.3% during November to a 490,000 SAAR. The S&P/Case-Shiller 20-City Home Price Index rose 5.54% in October from a year ago, the fastest rate in 14 months.

Business:

Factory orders rebounded in October, up 1.5%, after falling a revised 0.8% during September. The ISM Manufacturing Index slipped to 48.6 in November, indicating that manufacturing activity contracted due to global economic weakness and the strong dollar. But the ISM Services Index reading was 55.9, suggesting expansion in those industries that represent 90% of the economy (e.g. health care, agriculture, construction, and retail). Business inventories were unchanged in October as more building products offset less furniture.

Industrial production fell 0.6% in November, while overall capacity utilization fell to 77.0%. The Conference Board's Index of Leading Economic Indicators increased 0.4% in November.

International Trade:

Third quarter gross domestic product (GDP) growth for the Eurozone remained at 0.3%. U.K. consumer inflation rose 0.1% year over year in November, the first increase since the summer. Third quarter U.K. GDP growth was revised to 0.4% annualized. The November advance trade in goods results were close to estimates at -$60.5 billion vs, -$61.3 billion in October (-$58.4 billion originally). As of mid-quarter, net exports seem likely to be a drag on GDP growth again due to the strong dollar and slowing global growth. Both exports and imports declined. Weak exports could indicate slowing U.S. economic growth.

Inflation:

The Producer Price Index, which measures wholesale prices, rose 0.3% in November. Food prices rose 0.3% trumping a 0.6% drop in energy prices. Excluding food and energy prices, core wholesale prices rose 0.3%. The Consumer Price Index (CPI) was unchanged in November as energy prices fell 1.3%. Excluding food and energy, core CPI rose 0.2% for the month and increased 2.0% year-over-year. The Fed's preferred inflation measure, the Core Personal Consumption Expenditures Deflator, hasn't hit the central bank's 2% target in 3.5 years and was 1.3% year-over-year in November.

Federal Reserve:

After almost a year of hints, the Fed increased the Fed Funds Target Rate 0.25% to a range of 0.25%-0.50% at its December meeting and promised gradual rate increases in the future to a 1.375% target by the end of 2016. The increase was based on the Fed's forecast for faster inflation and more wage gains ahead and not on the latest economic data. This is the first time the Fed has increased rates this late in any expansion, now 6.5 years old. It is also the first time the start of a rate hike trend has preceded a surge in oil prices and proof of a developing inflation problem. The Fed seemed concerned about financial market speculation and mal-investment in the real economy generated by an extended period of zero interest rates.

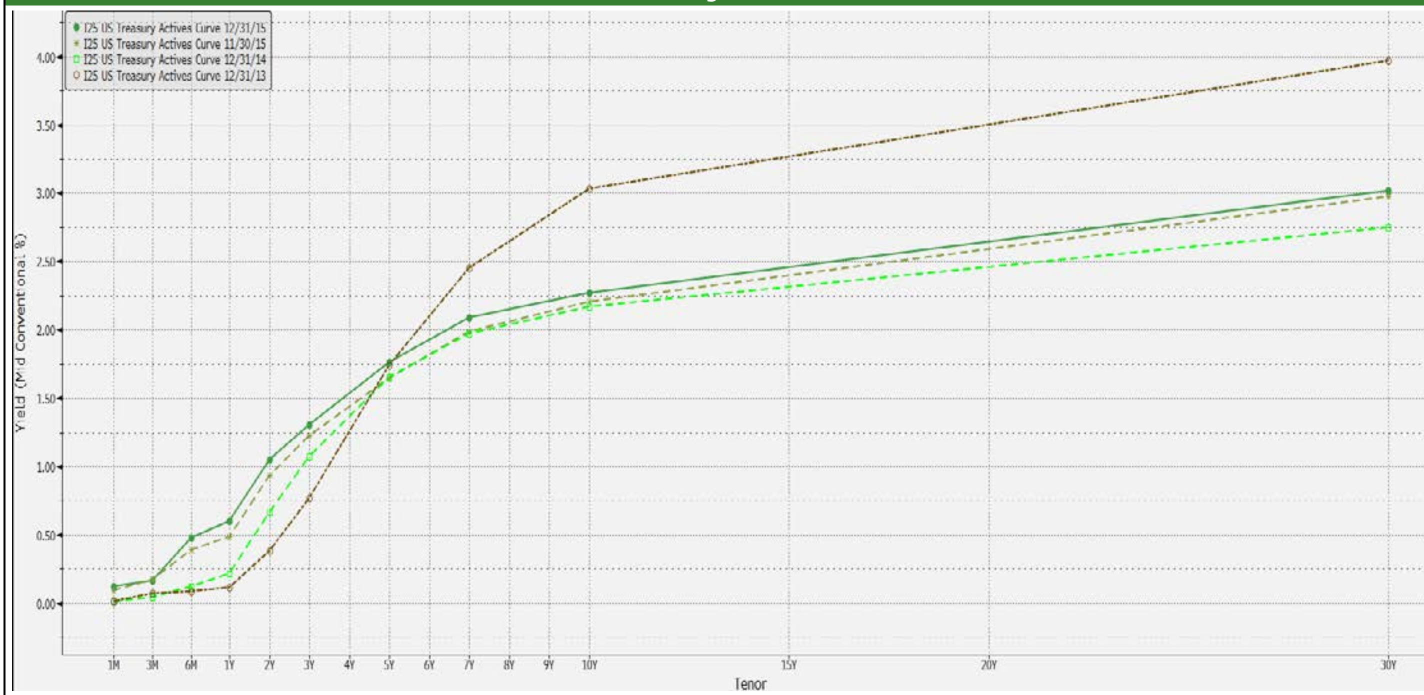
News:

Congress reached a deal on the 2016 federal budget and ended the 40-year crude oil export ban. Puerto Rico skipped more bond payments. Congress passed a far-reaching, five year $305 billion highway and mass-transit bill, the longest in almost two decades. The Export-Import Bank was renewed for U.S. companies

Bottom Line:

Financial market trends and Fed monetary policy suggest that the trends for short term interest rates and bond yields are higher. The stock market is likely to struggle to have gains in this environment.

U.S. Treasury Yield Curve



>>>MATURITY>>>