

Consolidated Investment Report

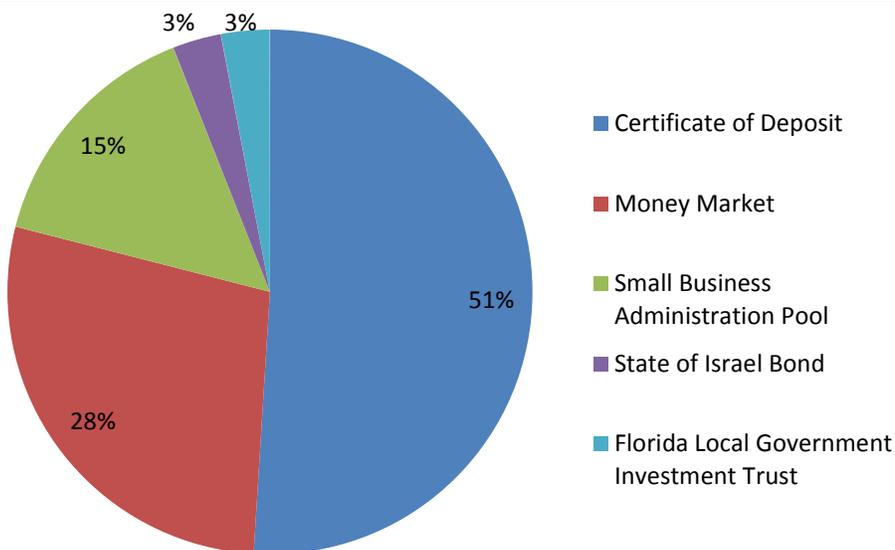
April 2015



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 April 30, 2015



Performance

Total Return

Fiscal Year to Date	0.81%
Prior Month	0.12%
Prior Quarter	0.34%
Prior Year	1.24%*
Prior 3 Years	1.05%*
Prior 5 Years	2.31%*
Prior 8 Years	3.65%*

*figures annualized

Portfolio Statistics

	April '15	March '15	February '15	January '15	December '14	November '14
Month-end Market Value	\$1,455,368,328	\$1,448,424,468	\$1,517,753,272	\$1,526,013,520	\$1,877,098,797	\$1,302,378,418
Book Value	\$1,444,152,728	\$1,437,201,347	\$1,507,367,601	\$1,515,964,931	\$1,867,215,846	\$1,293,315,158
Unrealized Gain/Loss	\$11,215,600	\$11,223,121	\$11,090,489	\$10,748,924	\$10,572,647	\$9,854,174
Book Yield	1.612%	1.602%	1.543%	1.492%	1.114%	1.661%
Market Yield	1.455%	1.446%	1.394%	1.271%	.984%	1.427%
Effective Duration	.42 years	.44 years	.44 years	.41 years	.29 years	.42 years
Convexity	.271	.248	.16	.21	.16	0.14
Average Credit Rating	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+	AAA/Aaa/AAA	AA+/Aa1/AA+	AA+/Aa1/AA+

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Portfolio Income

	April '15	March '15	February '15	January '15	December '14	November '14
Interest Income (FYTD)	\$13,879,668	\$11,881,271	\$9,075,314	\$7,137,040	\$5,170,850	\$3,325,483
Investment Income (FYTD)	\$11,522,333	\$9,877,258	\$7,927,532	\$6,156,654	\$4,327,065	\$2,714,296
Interest Income (current month)	\$1,998,397	\$2,115,957	\$1,938,274	\$1,966,191	\$1,935,366	\$1,907,799

Economic Overview

- Consumers:** Nonfarm payroll growth was substantially weaker-than-expected in March with just 126,000 jobs added. Downward revisions to January and February brought the first quarter average to 197,000, pushing back market expectations for a Fed rate hike. Annual average hourly earnings increased 2.1%. The Conference Board consumer confidence index fell to a four-month low of 95.2. Initial jobless claims fell to 262,000, the lowest level since 1973. Weaker-than-expected March retail sales confirmed the outlook for soft first quarter growth and a more patient Fed. First quarter GDP grew just 0.2%, far below estimates of 1.0%. However, the April FOMC rate policy statement reaffirmed the Fed's belief that the first quarter weakness was mostly due to transitory factors like weather and lower oil prices.
- Housing:** Existing home sales unexpectedly jumped 6.1%, the highest level seen since 2013.
- Inflation:** The March annual rate for the Fed's favorite inflation gauge, the core, ex-food and energy, Personal Consumption Expenditure Deflator which adjusts to changing consumer spending patterns was 1.3%, below the central bank's 2% target for the 35th month in a row. However, both the headline and core CPI rose 0.2% in March. The annual core CPI was 1.8%, closer to the Fed's target.
- Business:** March ISM manufacturing fell to 51.5 suggesting the lowest level of manufacturing activity since May 2013. Durable goods orders rose 4.0% in March, led by strong auto and aircraft demand. Orders for nondefense capital goods ex-aircraft, however, fell for the seventh consecutive month. The Dallas Fed Manufacturing Index fell to -17.4, a sign that low oil prices hurt manufacturing particularly in the oil patch.
- News:** Concerns over a possible Greek default continued as the IMF said it would not "pretend and extend" without economic and budgetary reforms. China's GDP growth was 7.0% in the first quarter, the slowest pace since the global recession in 2009. The People's Bank of China cut its required reserve ratio by 1.00% to free up bank cash and spark lending.
- Bottom Line:** The economic evidence for the data dependent Federal Reserve indicates no change in short rates or monetary policy until after September and potentially much later. Inflation remains contained and wage growth is still around 2%.



U.S. Treasury Yield Curve

