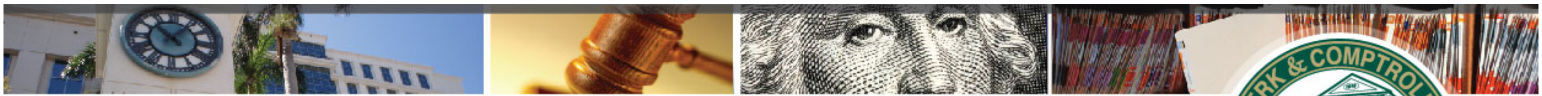


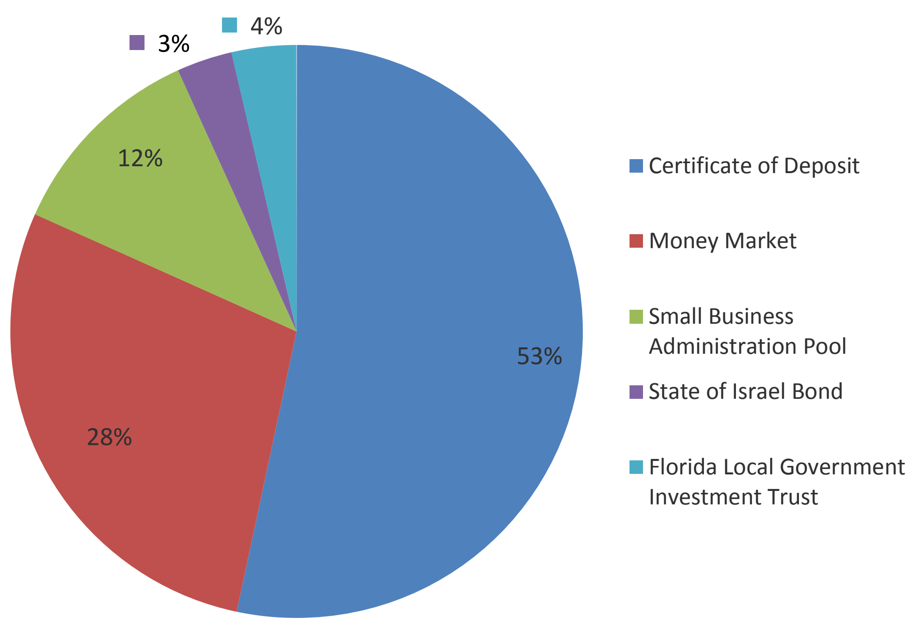
Consolidated Investment Report

August 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
August 31, 2015



Performance
Total Return

Fiscal Year to Date	1.33%
Prior Month	0.09%
Prior Quarter	0.33%
Prior Year	1.24%*
Prior 3 Years	1.05%*
Prior 5 Years	2.31%*
Prior 8 Years	3.65%*

*figures annualized

Portfolio Statistics

	August '15	July '15	June '15	May '15	April '15	March '15
Month-end Market Value	$1,390,388,579	$1,401,979,723	$1,270,204,407	$1,264,390,651	$1,455,368,328	$1,448,424,468
Book Value	$1,378,098,505	$1,390,604,872	$1,259,351,800	$1,252,990,552	$1,444,152,728	$1,437,201,347
Unrealized Gain/Loss	$12,290,074	$11,374,850	$10,852,607	$11,400,099	$11,215,600	$11,223,121
Book Yield	1.612%	1.650%	1.801%	1.798%	1.612%	1.602%
Market Yield	1.470%	1.497%	1.596%	1.588%	1.455%	1.446%
Effective Duration	.41 years	.44 years	.47 years	.47 years	.42 years	.44 years
Convexity	.192	.103	0.245	0.296	.271	.248
Average Credit Rating	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+	AA+/Aa1/AA+

Portfolio Income

	August '15	July '15	June '15	May '15	April '15	March '15
Interest Income (FYTD)	$21,546,383	$19,499,761	$17,397,840	$15,251,102	$13,879,668	$11,881,271
Investment Income (FYTD)	$17,864,436	$15,867,924	$14,489,773	$13,189,725	$11,522,333	$9,877,258
Interest Income (current month)	$2,046,622	$2,101,920	$2,146,738	$2,061,434	$1,998,397	$2,115,957

Economic Overview

Consumers:

Nonfarm payroll jobs increased 215,000 in July, less than expected, with a 14,000 net two-month upward revision. Both the unemployment and labor force participation rates were unchanged at 5.3% and 62.6% respectively. Jobs have had monthly increases of 235,000 for the last three months. Average hourly earnings rose 2.1% from a year ago, a slight increase from June's 2.0% gain. Annual earnings growth has been unable to break above 2.3% in the post-recession economy.

Retail sales rose 0.6% in July, as expected, but upward revisions to both May and June sales suggest consumption is stronger than initially believed. Total light vehicle sales in July hit a recent high of 17.5 million seasonally adjusted annualized sales, the best annual sales rate since January of 2006. July sales were up 5.3% for the month and the average new vehicle price was $33,453, up 2.6% from a year ago.

Second quarter productivity increased 1.3%, up from a decline of 1.1% in the first quarter. On a year-over-year basis, productivity is up a meager 0.3%. The University of Michigan consumer sentiment index fell slightly in August to 91.9 vs. 92.9 in July for the third consecutive decline in the index. The August Conference Board Consumer Confidence Index rose to 101.5 from the July reading of 91, for a larger than expected increase and the second highest level since the same month in 2007. The survey cutoff was August 13, 2015, before the recent stock market decline. U.S. car loans rose above $1 trillion for the first time with an increase of $119 billion of loans originated in the second quarter.

Housing:

July housing starts and permits were mixed, with starts up and permits down, but both remained strong. The National Association of Homebuilders index rose to 61 vs. 60 in the prior two months, to the highest level in almost a decade. Existing home sales rose to a 5.59 million annualized rate, the highest level since February 2007. The S&P Case/Shiller 20 City Home Price Index rose 5% year-over-year, the same as the prior three months on an annual basis. July new home sales increased to a 507,000 annualized pace vs. 481,000 in June. The number of homes sold but not yet started increased to a 192,000 annualized rate, the highest level since

June 2007. Builders have a large backlog of demand to fill. Pending home sales of existing homes rose 0.5% in July for the sixth increase in the last seven months.

Business:

The ISM manufacturing Purchasing Managers Index fell 0.8 to 52.7 in July led by declines in prices and employment. The second quarter estimate of real (inflation adjusted) GDP growth was better than expected with annualized growth revised to 3.7% vs. 2.3%. July durable goods orders rose 2.0% with June revised to 4.1% (originally a 3.4%gain) suggesting stronger second half growth. The July Non-Manufacturing Purchasing Managers Index rose more than expected to 60.3 vs. 56.0 in June, for the highest reading in almost 10 years. New orders, employment, and business activity improved. Industrial production was up 0.6% in July from **June levels, above the 0.4% increase expected. Capacity utilization rose to 78%.**

International Trade:

The June trade deficit widened slightly more than expected to a -$43.84 billion vs. a -$40.94 billion in May. Exports fell 0.1% in June and imports rose 1.2% after two consecutive months of decline. Exports have been hurt by the rising dollar, which makes American goods and services more expensive overseas, as well as by weak global growth in Europe combined with slowing growth in China.

Inflation:

The July Personal Consumption Expenditure Deflator, the Fed's favorite inflation measure, rose 0.3% year-over-year and the core rate, excluding food and energy, increased 1.2% annually in July. The stronger dollar and falling commodity prices continued to keep inflation low. The core PCE Deflator has been below the Fed's 2.0% target for the last 39 months.

Producer prices rose 0.2% in July, above the 0.1% increase expected. The Core PPI, excluding food and energy, were up 0.2%. Year-over-year, producer prices were down 0.8% while the core rate was up 0.9%. The July cost of living in the U.S., as measured by the Consumer Price Index, rose at the slowest pace in three months. The July CPI increased and at an annual rate of 0.1% while the annual core CPI rate was 1.8% year-over-year.

News:

China unexpectedly devalued the yuan 2.0% overnight in response to recent weak data, an impending Fed rate hike, and IMF requirements for reserve currencies to float (sink). Global markets reacted violently. Chinese officials later suggested that they would support the yuan in an effort to calm the markets.

Global equities have lost more than $3.3 trillion in value since the Chinese devaluation, largely due to emerging market declines. China's manufacturing PMI fell to 47.8 in July, the worst in two years, increasing concerns of a slowdown. The Chinese central bank took measures to stimulate the economy, cutting interest rates for the fifth time since November and lowering required bank reserve ratios.

Federal Reserve:

Atlanta Fed President Lockhart expressed support for a rate liftoff in September because the economy is ready and the time is right. July Federal Open Market Committee (FOMC) minutes did little to clarify when a rate liftoff will occur, although they were slightly more dovish (less likely to hike the Fed Funds Target Rate) than the FOMC statement on July 29, leaving the markets thinking the data could push a rate liftoff past September. New York Fed President Dudley told reporters a September rate liftoff seemed “less compelling” due to recent financial market turbulence. But comments from the Jackson Hole Wyoming central bankers’ conference from Stanley Fischer, Vice Chair of the Fed, indicated a September liftoff was still on the table even in the recent market turmoil.

U.S. Treasury Yield Curve