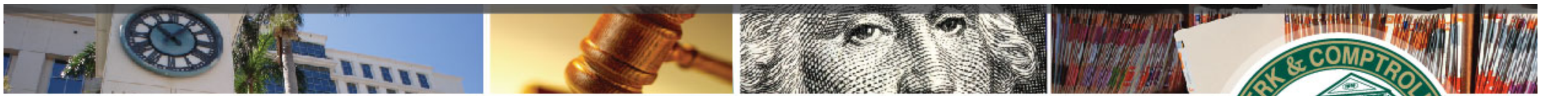


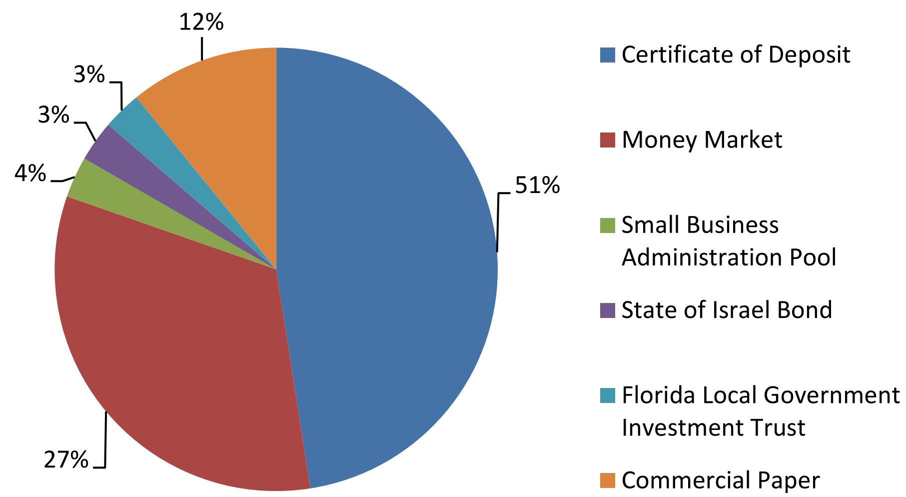
Consolidated Investment Report

June 2017

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
June 30, 2017



Performance
Total Return

Fiscal Year to Date	1.02%
Prior Month	0.11%
Prior Quarter	0.38%
Prior Year	1.42%*
Prior 3 Years	1.16%*
Prior 5 Years	1.20%*
Prior 8 Years	2.67%*

*figures annualized

Portfolio Statistics

	June '17	May '17	April '17	March '17	February '17	January '17
Month-end Market Value	$1,719,934,012.24	$1,739,215,215,671.24	$1,833,505,199.10	$1,850,504,712.50	$1,747,174,706.13	$1,794,172,991.83
Book Value	$1,703,390,548.28	$1,722,996,749.10	$1,817,601,485.75	$1,835,297,017.11	$1,731,746,186.84	$1,778,959,240.30
Unrealized Gain/Loss	$16,543,463.96	$16,218,922.14	$15,903,713.35	$15,207,695.39	$15,428,519.29	$15,213,751.53
Book Yield	1.714%	1.619%	1.581%	1.493%	1.588%	1.579%
Market Yield	1.736%	1.619%	1.586%	1.516%	1.590%	1.592%
Effective Duration	0.78 years	0.65 years	0.66 years	0.67 years	0.82 years	0.86 years
Convexity	0.362	0.252	0.265	0.359	0.364	0.259
Average Credit Rating	AA/Aa2/AA	AA/Aa2/AA	AA-/Aa3/AA-	AA-/Aa3/AA-	AA/Aa2/AA	AA-/Aa3/AA-

Portfolio Income						
	June '17	May '17	April '17	March '17	February '17	January '17
Interest Income (FYTD)	$19,343,387.18	$16,691,993.02	$14,565,782.10	$12,392,314.71	$10,136,346.71	$8,166,681.30
Investment Income (FYTD)	$20,499,344.21	$17,697,868.82	$15,424,382.65	$12,761,495.54	$10,407,751.56	$8,365,064.54
Interest Income (current month)	$2,651,394.17	$2,126,210.61	$2,069,540.13	$2,151,297.73	$1,854,504.58	$2,045,553.41

June 2017 Economic Overview

Both long term bond yields and short term interest rates increased last month and stocks prices gained on expectations for continuing Fed rate hikes, improving economic growth, and higher inflation. The 10-year Treasury note yield rose to 2.30% at the end of June vs. 2.21% at the end of May while the 2-year Treasury note yield increased to 1.38% from 1.29%. The Dow Jones Industrial Average rose to 21,350 vs. 21,009 in the same time period.

Consumers:

Consumer confidence improved in June to the best level in 16 years on a better economic outlook due to a stronger job market. However, actual hiring slowed with 138,000 nonfarm payroll jobs added in May and the prior two months revised down 66,000. Earnings growth was weaker than expected due to a downward revision to April's gain. The unemployment moved to a 16 year low of 4.3%, but the drop was caused by a decline in the labor force participation rate. Spending slowed in May but income growth increased enough to push the savings rate to 5.5%, an eight-month high.

Business:

The ISM reports suggested decelerating economic growth. Manufacturing eased off a 2017 low in May while the nonmanufacturing index fell back more than expected. Capital goods orders and shipments for May were below estimates and indications of inventory accumulation were mixed. Manufacturing output dropped unexpectedly and small business confidence was unchanged. Home builder confidence slipped but sales of new and existing homes were above estimates, an improvement from April weakness. Leading indicators of future sales were weak.

International:

The drag from trade in the first quarter was less than originally estimated and May activity showed some improvement from the wider trade deficit in April.

Inflation:

Year-over-year inflation slowed for the fourth consecutive month in May in both major price gauges. Core CPI fell to 1.7% and core PCE slipped to 1.4%. Energy prices declined and wage growth diminished. It could be that the 2016 uptrend in inflation is reversing.

Housing:

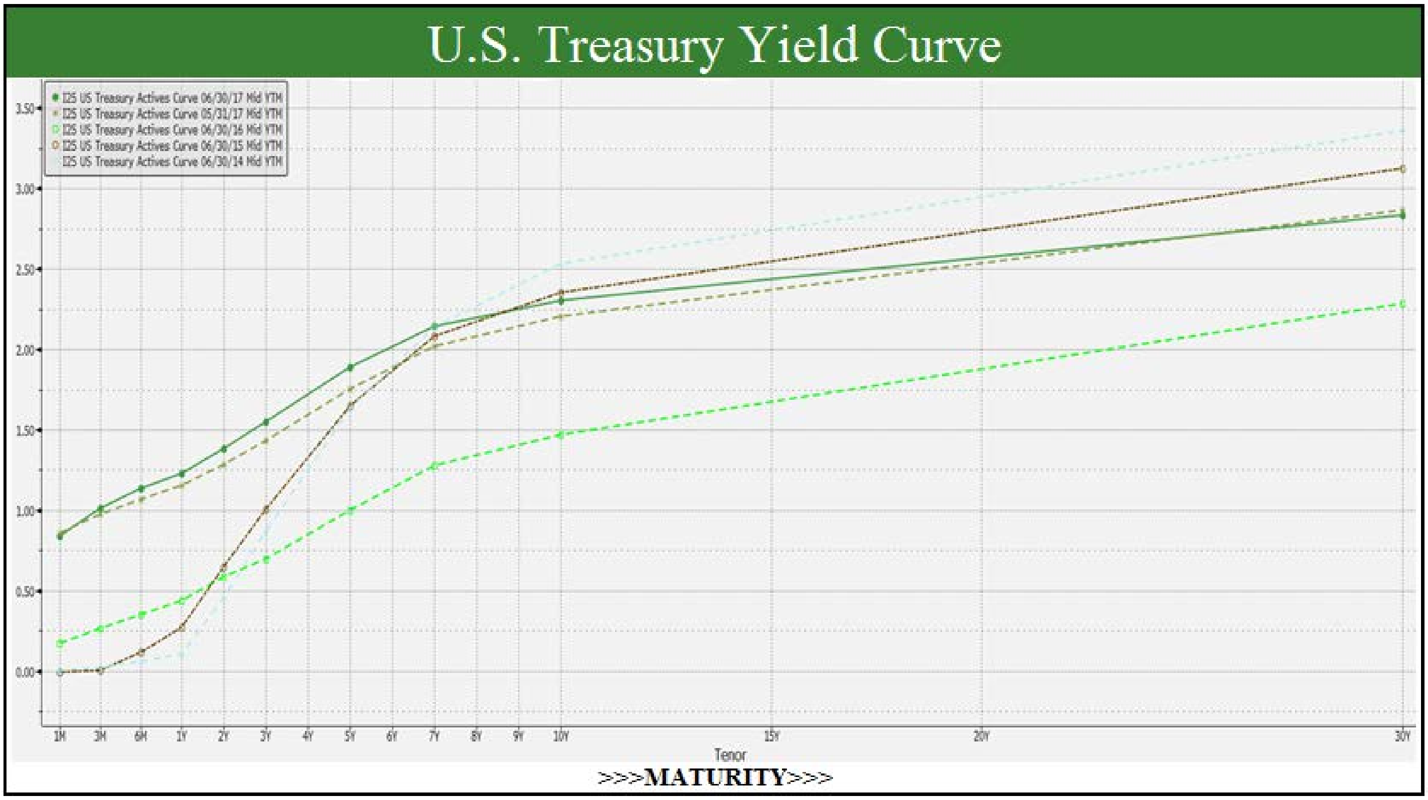
Home sales recovered in May, rising 2.9% to 610,000, while the pace of March and April data was revised higher. Following a decline in April, existing home sales also advanced in May by 1.1% to 5.62 million units on a seasonally adjusted annualized basis.

Monetary Policy:

The Fed increased its Fed Funds Rate Range for the third time in six months to a new range of 1.00%-1.25%. The Fed expects to raise rates one more time in 2017 and begin to gradually reduce reinvestments in its $4.5 trillion bond portfolio. Despite recent inflation weakness, the Fed is using its computer models to project three rate increases in 2018. The Bank of England and the European Central Bank indicated a willingness to alter easy money policies if economic growth and inflation accelerate.

Bottom Line:

Financial market trends remain: higher bond yields, higher short term interest rates, and higher stock prices. The market trends seem to imply moderate, low inflation growth ahead with the job market at near full employment and wage/salary growth poised to increase.



U.S. Treasury Yield Curve
I25 US Treasury Actives Curve 06/30/17 Mid YTM
I25 US Treasury Actives Curve 05/31/17 Mid YTM
I25 US Treasury Actives Curve 06/30/16 Mid YTM
I25 US Treasury Actives Curve 06/30/15 Mid YTM
I25 US Treasury Actives Curve 06/30/14 Mid YTM
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0.00
1M
3M
6M
1Y
2Y
3Y
4Y
5Y
6Y
7Y
8Y
9Y
10Y
15Y
20Y
30Y
Tenor
>>>MATURITY>>>