Economic Outlook and Portfolio Strategy

May 23, 2023

Scott McIntyre, CFA | Managing Director
Scott.McIntyre@HilltopSecurities.com

Major Economic Themes

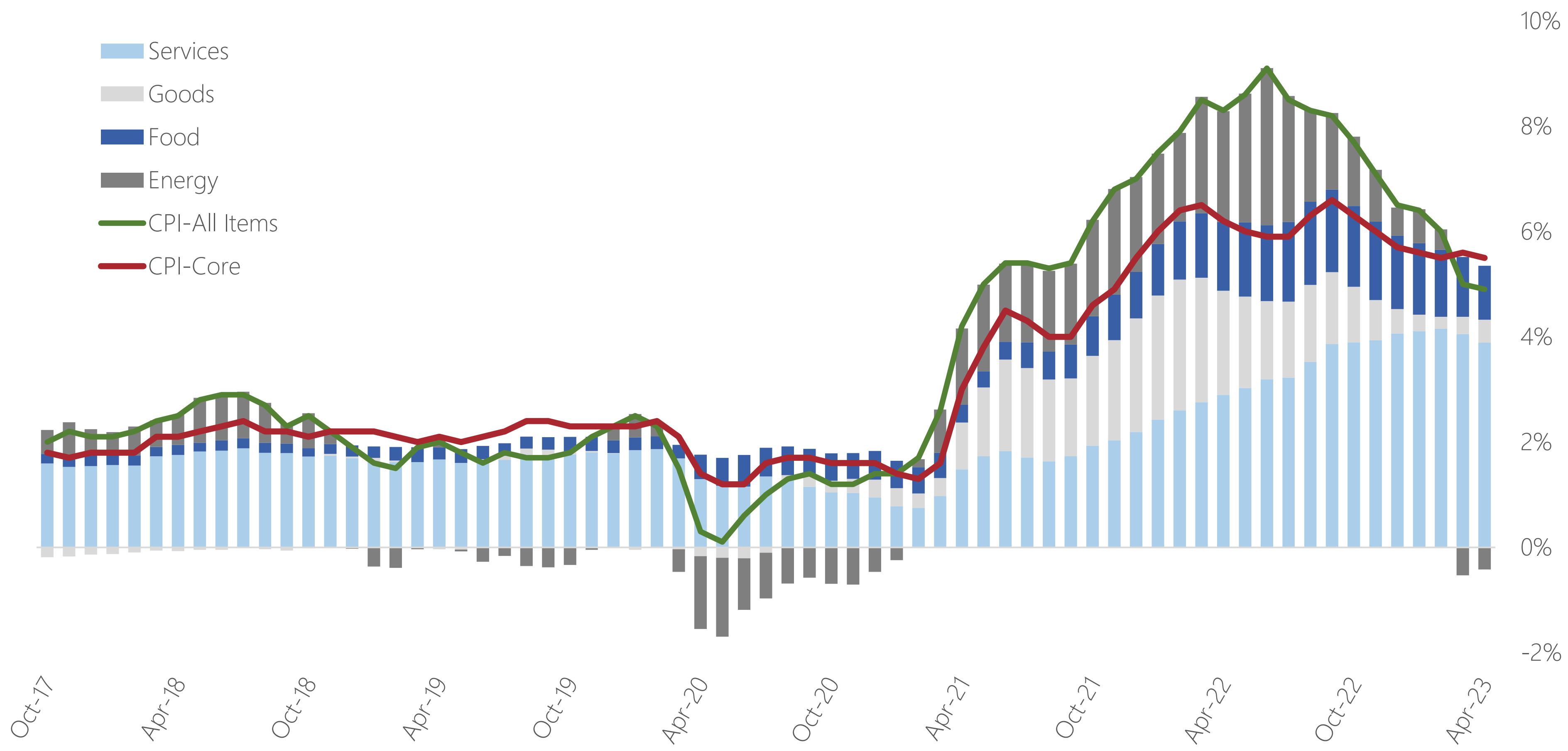
HilltopSecurities
Asset Management

- ✓ Debt ceiling crisis looms. *Treasury Secretary sounds alarm for early June.*
- ✓ The inflation rate is decelerating, but remains well above target
- ✓ The labor market remains resilient
- ✓ Banking system confidence remains fragile
- ✓ Is a recession on the horizon? *GQ1 GDP report suggests a longer wait*.
- ✓ Military threat brewing

Inflation

HilltopSecurities
Asset Management

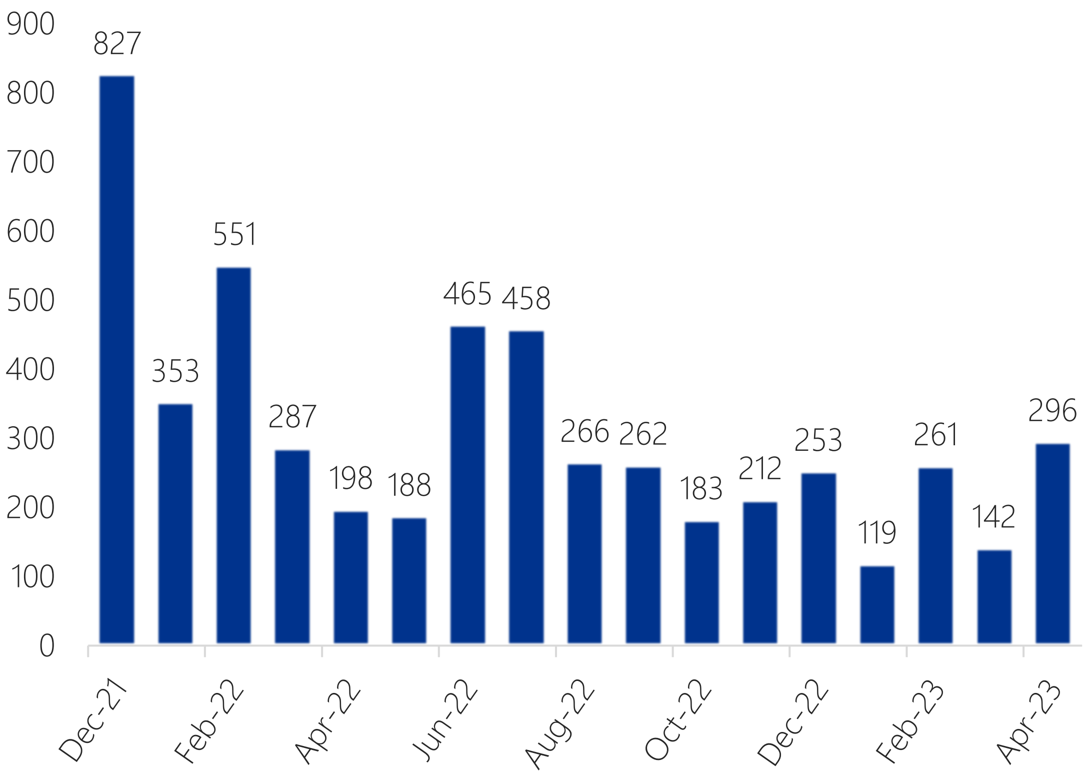
Consumer Price Index (Year-over-Year % Change)



Source: Bureau of Labor Statistics

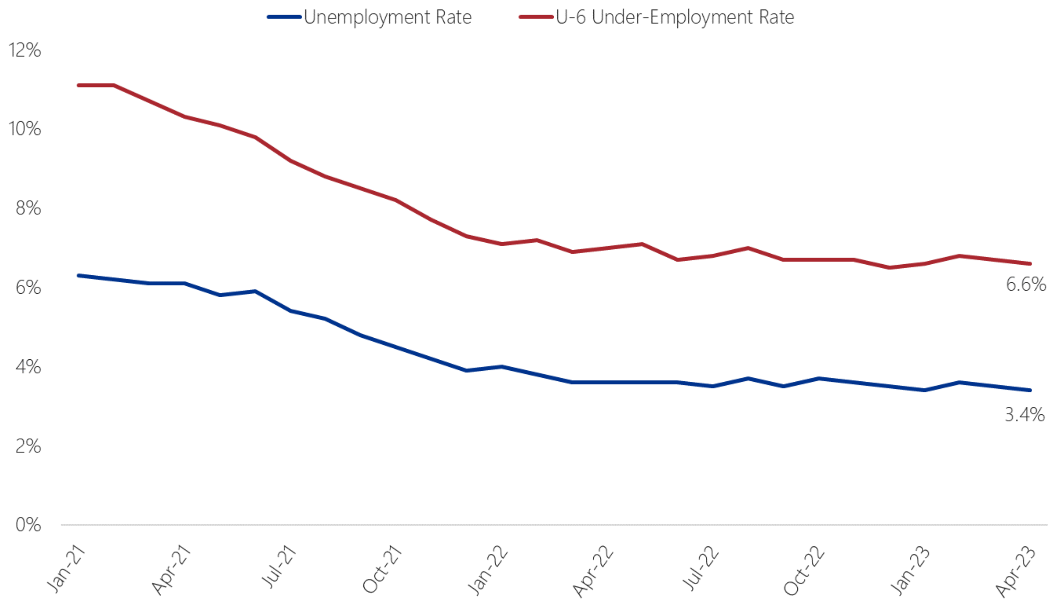
Employment

Non-Farm Payrolls Total Change (in thousands)



Source: Bureau of Labor Statistics

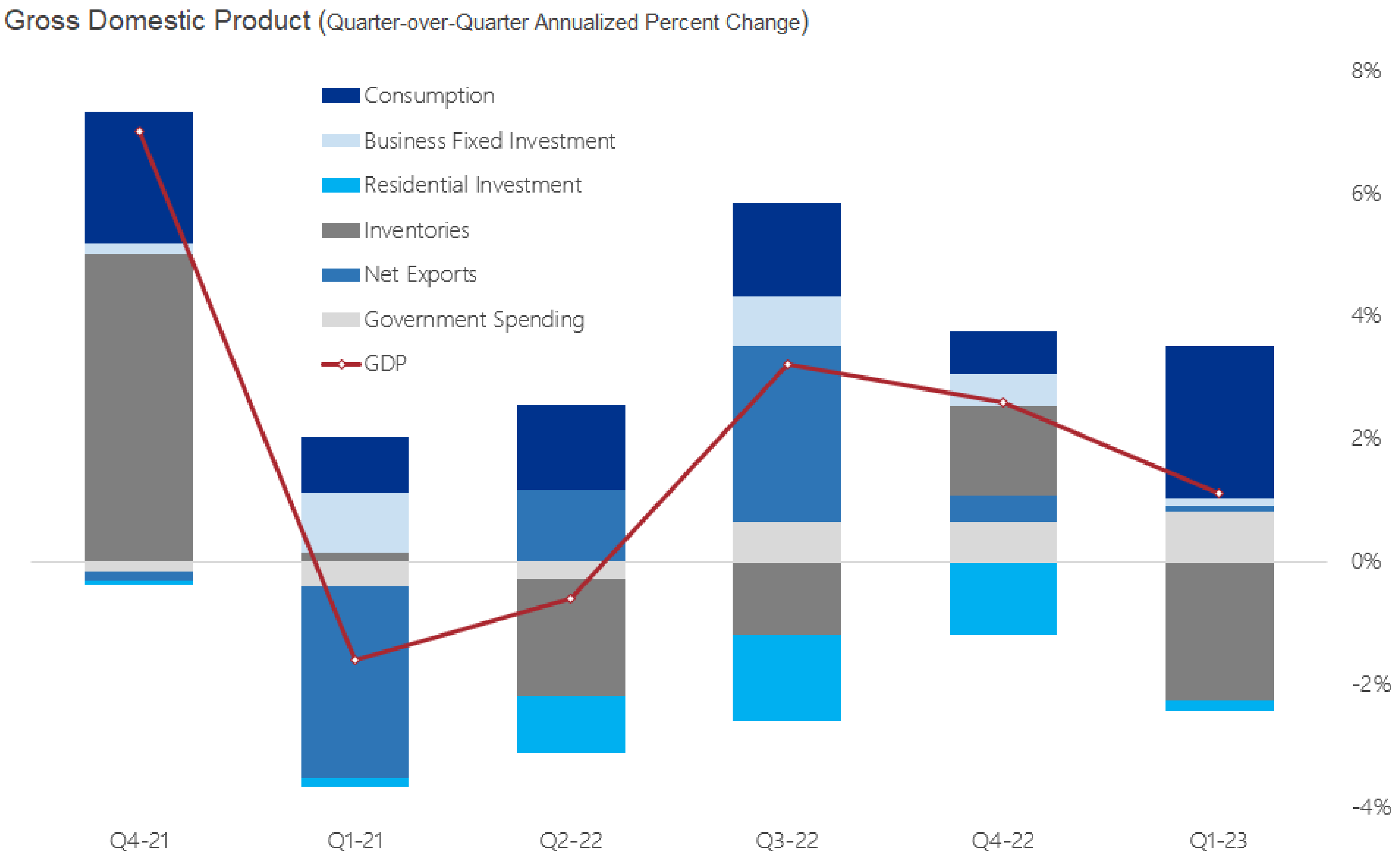
Unemployment Rate



Source: Bureau of Labor Statistics

Economic Growth

HilltopSecurities
Asset Management



Source: Bureau of Economic Analysis

Current Investment Choices

- U.S. Treasuries
  - 6-month ~~4.76%~~ ~~4.96%~~ 5.35%
  - 12-month ~~4.23%~~ ~~4.69%~~ 5.05%
  - 24-month ~~3.77%~~ ~~4.18%~~ 4.33%
  - 36-month ~~3.57%~~ ~~3.90%~~ 4.00%

- Florida QPD Savings
  - Multiple banks at 0.65% to 5.25%

- Overnight Investment Pools
  - **Fl. Prime** 5.20%
  - Fl. Trust 4.98%
  - Fl. Class 5.09%
  - Fl. Safe 5.14%
  - Fl. PALM 5.17%
  - Fl. STAR 5.08%

Notes and Recommendations

HilltopSecurities

- Upcoming Maturities:
  - *5/31/23 $8 mm FHLB @ 4.66%*
  - *5/31/23 $20 mm T-note @ 1.71%*
  - *6/1/23 $10 mm FL PALM @ 2.76%*
  - *6/2/23 $10 mm FL PALM @ 2.06%*
  - *6/2/23 $10 mm FL PALM @ 5.09%*
  - *6/7/23 $15 mm FL PALM @ 5.14%*
  - *6/29/23 $20 mm FL PALM @ 5.14%*
  - *6/30/23 $7.5 mm FL PALM @ 3.63%*
  - *6/30/23 $20 mm T-note @ 0.27%*

- Recommended Purchases *
  - $10 mm Agency June 2025 @ 4.55%
  - $20 mm FL PALM June 2024 @ 5.10%
  - $15 mm Agency Sept 2025 @ 4.50%

** Actual yields may be higher or low on purchase date.*

- *Recent Investments*:
  - ~~$20 mm PALM rollover 12/22/23 @ 4.90%~~

Motion to implement recommendations of our financial advisor based on the report submitted today and recommend the Clerk implement said Board recommendations.

Monthly expenses to be paid from maturing securities and balance in Florida Prime pool

Portfolio Snapshot (April 30 …projected May 31)

HilltopSecurities

	April 30 Portfolio			**Proposed**	*Projected May Portfolio*		
Cash Equivalents	**Allocation**	**Current %**	**Policy Limit Deviation**	**Invest / (Divest)**	**Allocation**	**Proposed %**	**Policy Limit Deviation**
Bank QPD Funds	107,956,968	12.4%	-87.6%	-	107,956,968	12.4%	-87.6%
Florida Prime	14,531,048	1.7%	-28.3%	28,000,000	42,531,048	4.9%	-25.1%
Other Cash Pools	18,166,435	2.1%	-21.7%	-	18,166,435	2.1%	-24.0%
Total Liquid Funds	140,654,451	16.2%		28,000,000	168,654,451	19.4%	
Investments							
Treasuries	287,246,875	33.1%	-66.9%	-	287,246,875	33.1%	-66.9%
Agencies	297,522,087	34.3%	-45.7%	(8,000,000)	289,522,087	33.4%	-46.6%
MBS	1,312,714	0.2%	-29.8%	-	1,312,714	0.2%	-29.8%
Fixed Term Pool (PALM)	140,858,724	16.2%	-21.7%	(20,000,000)	120,858,724	13.9%	-24.0%
Repos	-	0.0%	0.0%	-	-	0.0%	0.0%
Munis	-	0.0%	-20.0%	-	-	0.0%	-20.0%
Corporates	-	0.0%	-10.0%	-	-	0.0%	-10.0%
Commercial Paper	-	0.0%	-20.0%	-	-	0.0%	-20.0%
CDs	-	0.0%	-25.0%	-	-	0.0%	-25.0%
Total Investments	726,940,400	83.8%		(28,000,000)	698,940,400	80.6%	
Total Portfolio	867,594,851	100.0%			867,594,851	100.0%	
Avg Portolio Maturity in days (as of 4/30)		278			(Projected May...)	266	

Portfolio by Maturity

	Current		*Proposed **	
	Portfolio %	**WA Yield**	**Portfolio %**	**WA Yield**
Less than 90 days	34.3%	3.89%	34.3%	4.24%
3 - 12 months	30.0%	3.81%	34.2%	3.79%
Beyond 12 months	35.6%	4.09%	31.4%	4.15%
Total	100.0%	3.94%	100.0%	4.06%

** Proposed portfolio %.*

Portfolio Stats 4/30/23

- Avg. maturity: 277 days
- Avg. yield: 3.94%
- Fixed/Floating: 84% / 16%
- <90 days $297 mm

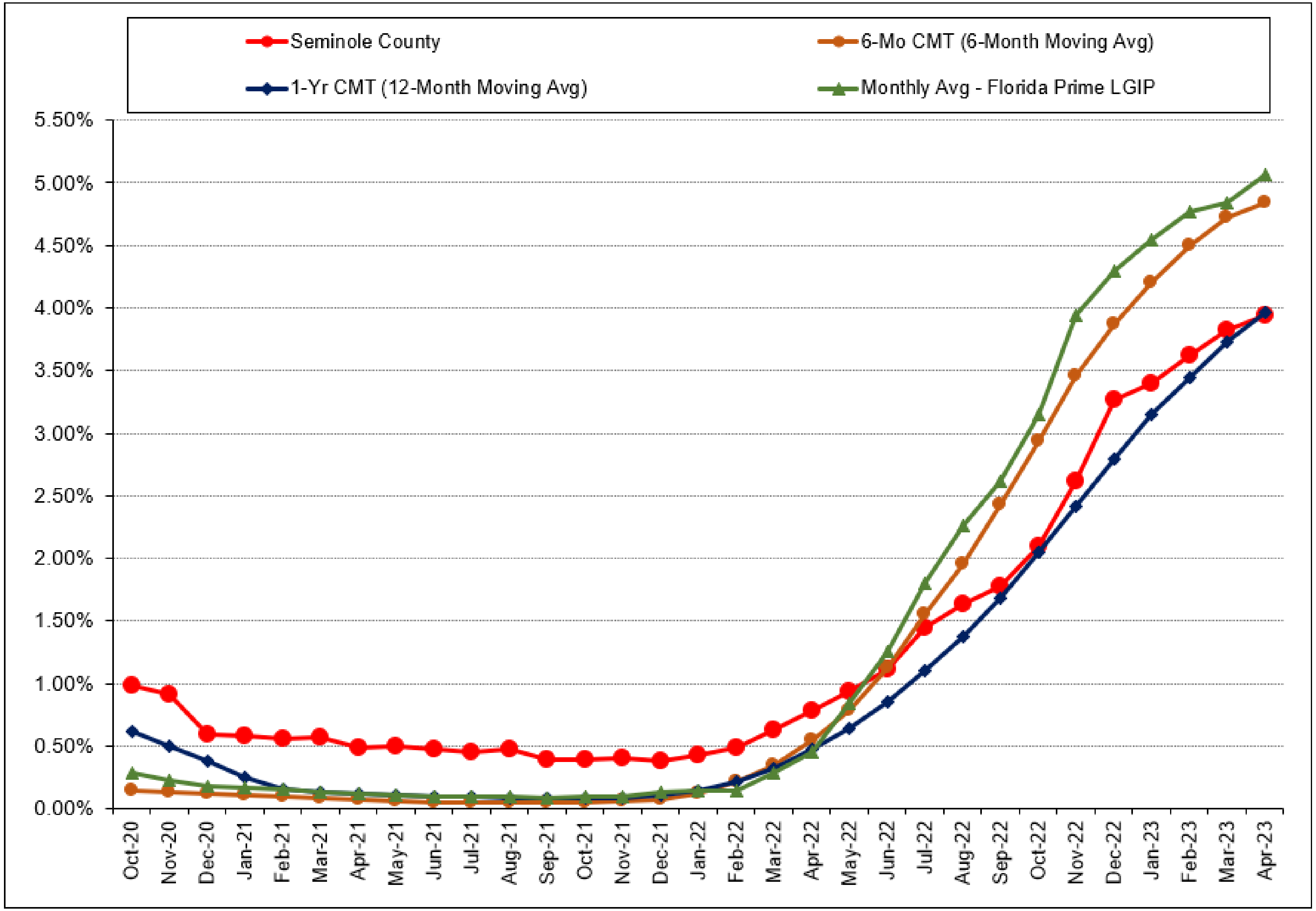
Estimated Portfolio 5/31/23

- Avg. maturity: 266 days
- Avg. yield: 4.06%
- Fixed/Floating: 81% / 19%
- <90 days $342 mm

Benchmark Comparison 4/30/2023

HilltopSecurities

	Seminole County	6-Mo CMT (6-Month Moving Avg)	1-Yr CMT (12-Month Moving Avg)	Monthly Avg - Florida Prime LGIP
Oct-20	0.98%	0.14%	0.62%	0.29%
Nov-20	0.91%	0.13%	0.50%	0.22%
Dec-20	0.59%	0.12%	0.38%	0.18%
Jan-21	0.58%	0.11%	0.26%	0.17%
Feb-21	0.56%	0.10%	0.15%	0.15%
Mar-21	0.57%	0.09%	0.13%	0.13%
Apr-21	0.49%	0.07%	0.12%	0.12%
May-21	0.50%	0.06%	0.11%	0.11%
Jun-21	0.47%	0.05%	0.10%	0.10%
Jul-21	0.45%	0.05%	0.09%	0.09%
Aug-21	0.47%	0.05%	0.09%	0.09%
Sep-21	0.39%	0.05%	0.09%	0.08%
Oct-21	0.40%	0.05%	0.08%	0.09%
Nov-21	0.40%	0.06%	0.09%	0.10%
Dec-21	0.38%	0.07%	0.10%	0.13%
Jan-22	0.43%	0.12%	0.14%	0.14%
Feb-22	0.49%	0.21%	0.21%	0.14%
Mar-22	0.63%	0.35%	0.32%	0.29%
Apr-22	0.78%	0.54%	0.47%	0.45%
May-22	0.93%	0.78%	0.64%	0.84%
Jun-22	1.11%	1.12%	0.85%	1.25%
Jul-22	1.45%	1.55%	1.10%	1.80%
Aug-22	1.63%	1.96%	1.37%	2.26%
Sep-22	1.77%	2.43%	1.68%	2.61%
Oct-22	2.10%	2.93%	2.05%	3.15%
Nov-22	2.61%	3.45%	2.42%	3.94%
Dec-22	3.27%	3.87%	2.79%	4.30%
Jan-23	3.40%	4.20%	3.15%	4.55%
Feb-23	3.62%	4.50%	3.45%	4.77%
Mar-23	3.82%	4.72%	3.73%	4.84%
Apr-23	3.94%	4.84%	3.96%	5.06%



Contacts

Scott McIntyre | Managing Director
Scott.McIntyre@HilltopSecurities.com

Greg Warner | Managing Director
Greg.Warner@HilltopSecurities.com

Dan Grant | Portfolio Manager
Dan.Grant@HilltopSecurities.com

Andrea Cash | Portfolio Manager
Andrea.Cash@HilltopSecurities.com

Alexis Correa| Investment Analyst
Alexis.Correa@HilltopSecurities.com

Matthew Gomez| Investment Analyst
Matthew.Gomez@HilltopSecurities.com

2700 Via Fortuna, Suite 410
Austin, Texas 78746
512.481.2009
HilltopSecurities.com

Disclaimer

All information contained herein is obtained by HSAM from sources believed by it to be accurate and reliable. Information is provided "as is" without warranty of any kind, and HSAM makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information or analysis. Neither the information contained herein nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities or other investment or any options, futures or derivatives related to securities or investments. Nothing herein constitutes or should be construed as a legal opinion or advice. Recipients should consult their own attorney, accountant, financial or tax advisor or other consultant with regard to their own situation or that of any entity which they represent or advise. Neither HSAM nor any of its affiliates shall have any liability for any use of the information set out or referred to herein.