



Economic Outlook and Portfolio Strategy

January 24, 2023

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

- Inflation seems to be decelerating *at an increasing pace*.
- The U.S. economy is holding up better than economists had expected, but economists continue to forecast a mild recession *beginning in the spring*.
- Fed officials have indicated future rate hikes will be in smaller increments. *How small is open for debate*.
- The bond market is signaling a 25 bp hike on February 1st, another 25 bps on March 22nd, with rate cuts beginning in Q4. *However, Fed officials intend to raise the overnight rate above 5% and hold it there until inflation is squashed*.
- The debt ceiling limit has been reached, setting up a political battle that threatens a (short-term) Treasury default this summer.

- U.S. Treasuries

○ 6-month	4.57%	4.68%	4.81%
○ 12-month	4.65%	4.66%	4.66%
○ 24-month	4.43%	4.27%	4.15%
○ 36-month	4.27%	4.01%	3.80%

- Florida QPD Savings

- Multiple banks at 0.12% to 4.50%

- Overnight Investment Pools

○ Fl. Prime	4.55%
○ Fl. Trust	4.20%
○ Fl. Class	4.59%
○ Fl. Safe	4.38%
○ Fl. PALM	4.50%
○ Fl. STAR	4.31%

■ Upcoming Maturities:

- 1/31/23 \$10 mm T-note @ 1.08%
- 2/6/23 \$20 mm PALM Term @ 1.03%
- 2/15/23 \$3 mm T-note @ 2.95%
- 2/28/23 \$10 mm T-note @ 0.38%
- 2/28/23 \$15 mm T-note @ 0.12%

■ Recommended Purchases

- \$20 mm Agency, June/July 2024 @ 4.50%
- \$20 mm Agency, Sept/Oct 2024 @ 4.45%
- \$20 mm Agency, Nov/Dec 2024 @ 4.30%

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 Florida Prime pool balance

■ Recent Investments:

- \$15 mm FHLB 10/18/23 @ ~~4.75%~~ 4.80%
- \$15 mm FHLB 11/16/23 @ ~~4.77%~~ 4.80%
- \$20 mm FHLB 9/13/24 @ ~~4.50%~~ 4.49%
- \$20 mm FHLB 12/13/24 @ ~~4.50%~~ 4.55%

- \$20 mm PALM Term 10/2/23 @ ~~4.95%~~ 5.14%

- \$15 mm FHLB 3/8/24 @ 4.92%
- \$15 mm FFCB 1/10/25 @ 4.63%
- \$15 mm FFCB @ 12/12/25 @ 4.73%
- \$15 mm FHLMC @ 1/25/26 @ 5.40%

Portfolio Snapshot (Dec 31 ...projected Jan 31)

	December 31 Portfolio			Proposed Invest / (Divest)	Projected January Portfolio		
	Allocation	Current %	Policy Limit Deviation		Allocation	Proposed %	Policy Limit Deviation
Cash Equivalents							
Bank QPD Funds	106,316,665	11.3%	-88.7%	-	106,316,665	11.3%	-88.7%
Florida Prime	172,613,406	18.3%	-11.7%	(110,000,000)	62,613,406	6.7%	-23.3%
Other Cash Pools	16,869,809	1.8%	-22.9%	-	16,869,809	1.8%	-22.9%
Total Liquid Funds	295,799,880	31.4%		(110,000,000)	185,799,880	19.7%	
Investments							
Treasuries	351,489,845	37.4%	-62.6%	(10,000,000)	341,489,845	36.3%	-63.7%
Agencies	148,289,893	15.8%	-64.2%	120,000,000	268,289,893	28.5%	-51.5%
MBS	1,360,555	0.1%	-29.9%	-	1,360,555	0.1%	-29.9%
Fixed Term Pool (PALM)	144,127,597	15.3%	-22.9%	-	144,127,597	15.3%	-22.9%
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	645,267,890	68.6%		110,000,000	755,267,890	80.3%	
Total Portfolio	941,067,770	100.0%			941,067,770	100.0%	
Avg Portfolio Maturity in days (as of 12/31)	221			(Projected Jan...)	302		

Portfolio Stats	12/31/22
Avg. maturity:	221 days
Avg. yield:	3.27%
Fixed/Floating:	69% / 31%
<90 days	\$394 mm

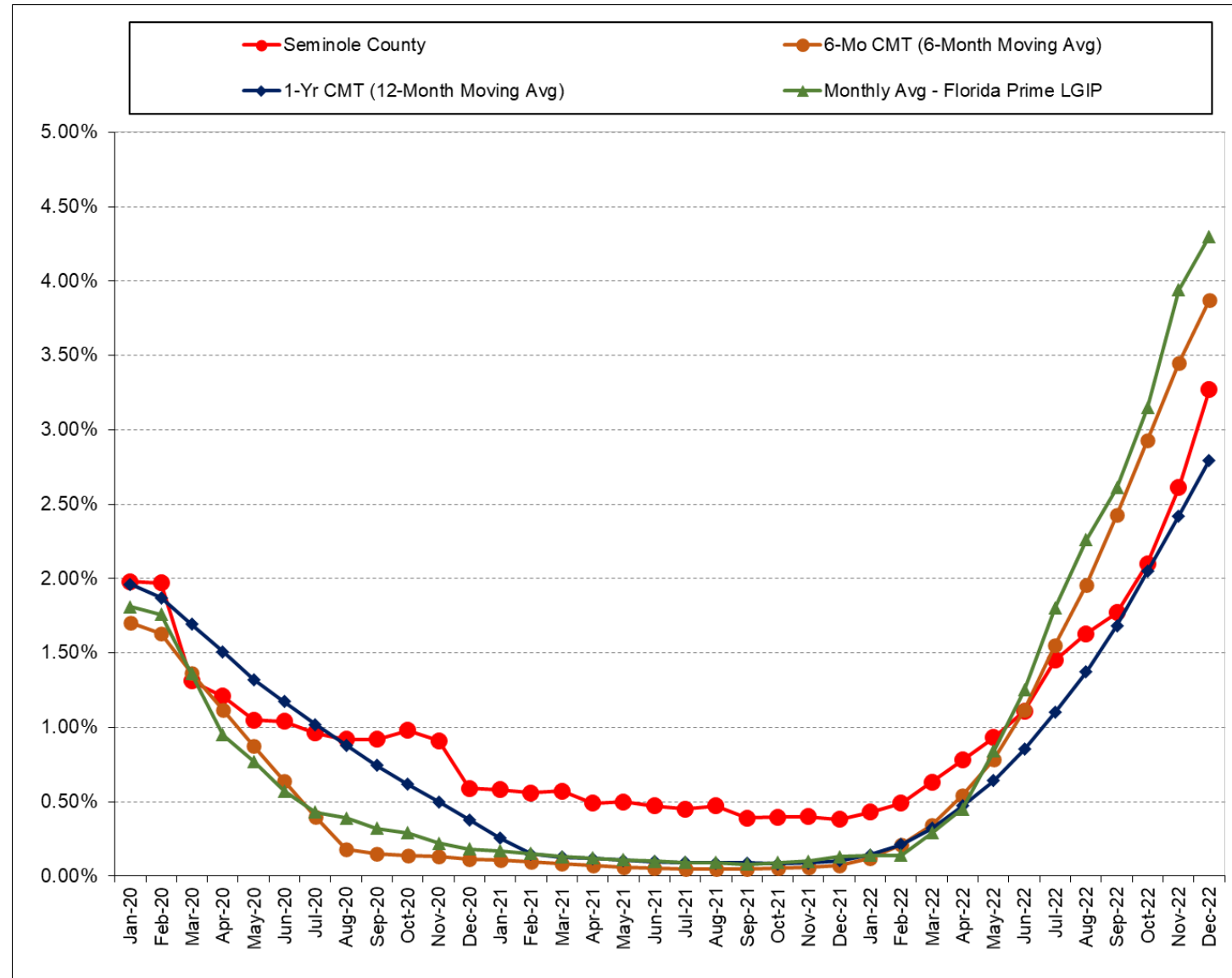
Estimated Portfolio	1/31/23
Avg. maturity:	302 days
Avg. yield:	3.43%
Fixed:	80% / 20%
<90 days	\$283 mm

Portfolio by Maturity	Current		Proposed *	
	Portfolio %	WA Yield	Portfolio %	WA Yield
Less than 90 days	41.8%	3.58%	30.2%	3.63%
3 - 12 months	32.5%	2.57%	31.5%	3.15%
Beyond 12 months	25.6%	3.68%	38.4%	4.01%
Total	100.0%	3.27%	100.0%	3.43%

* Proposed portfolio %.

Benchmark Comparison 12/31/2022

Seminole County	6-Mo CMT (6-Month Moving Avg)	1-Yr CMT (12-Month Moving Avg)	Monthly Avg - Florida Prime LGIP	
Jan-20	1.98%	1.70%	1.96%	1.81%
Feb-20	1.97%	1.63%	1.87%	1.76%
Mar-20	1.31%	1.37%	1.69%	1.36%
Apr-20	1.21%	1.12%	1.51%	0.95%
May-20	1.05%	0.88%	1.32%	0.77%
Jun-20	1.04%	0.64%	1.17%	0.57%
Jul-20	0.96%	0.40%	1.02%	0.43%
Aug-20	0.92%	0.18%	0.88%	0.39%
Sep-20	0.92%	0.15%	0.74%	0.32%
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%



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.