

INVESTMENT UPDATE

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CITY OF FORT PIERCE
RETIREMENT AND BENEFIT SYSTEM

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Portfolio Manager



RICHMOND CAPITAL MANAGEMENT
Experience, Knowledge, Service

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

Portfolio Review

As of March 31, 2014

Cash Flows Since Inception Through March 31, 2014	
Market Value (8/1/1989)	\$12,816,948
Change in Market Value of Holdings	5,167,222
Interest Earned	59,099,537
Contributions/ Withdrawals	26,505,348 (54,926,108)
Total	\$48,662,947

Portfolio Review Through March 31, 2014	
Average Maturity	6.53 Years
Portfolio Duration (Barclays Aggregate)	5.04 Years 5.43 Years
Average Yield to Maturity (Barclays Aggregate)	2.50% 2.35%
Average Quality	AA

Statistics in this report are calculated by Bond Edge Fixed Income Analytic models.

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

Performance Summary

As of March 31, 2014

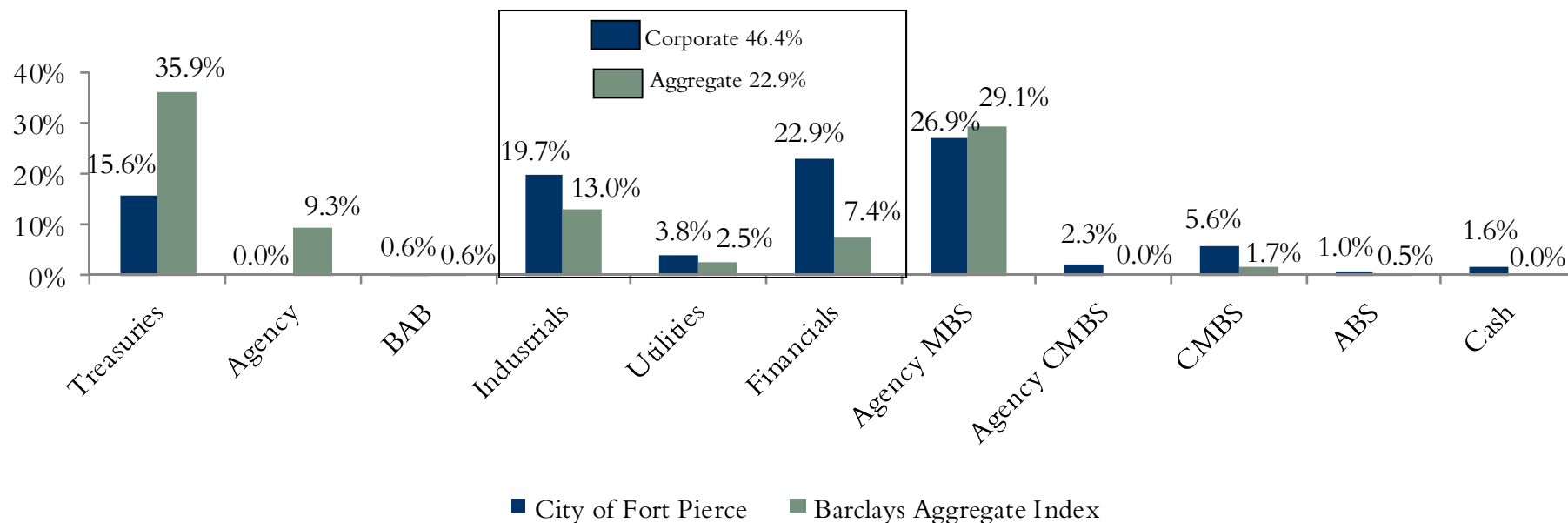
	City of Fort Pierce Retirement and Benefit System	Barclays Aggregate Index*	Value Added
1st Quarter, 2014	2.08%	1.84%	+0.24%
12 Months to Date	0.44%	-0.03%	+0.47%
Annualized: 3 Years	5.03%	4.29%	+0.74%
5 Years	7.10%	5.12%	+1.98%
10 Years	5.05%	4.43%	+0.62%
Annualized Since Inception (8/1/1989)	7.15%	6.57%	+0.58%

*Barclays G/C 8/1/89 to 5/31/13, Barclays Aggregate 6/1/13 forward

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

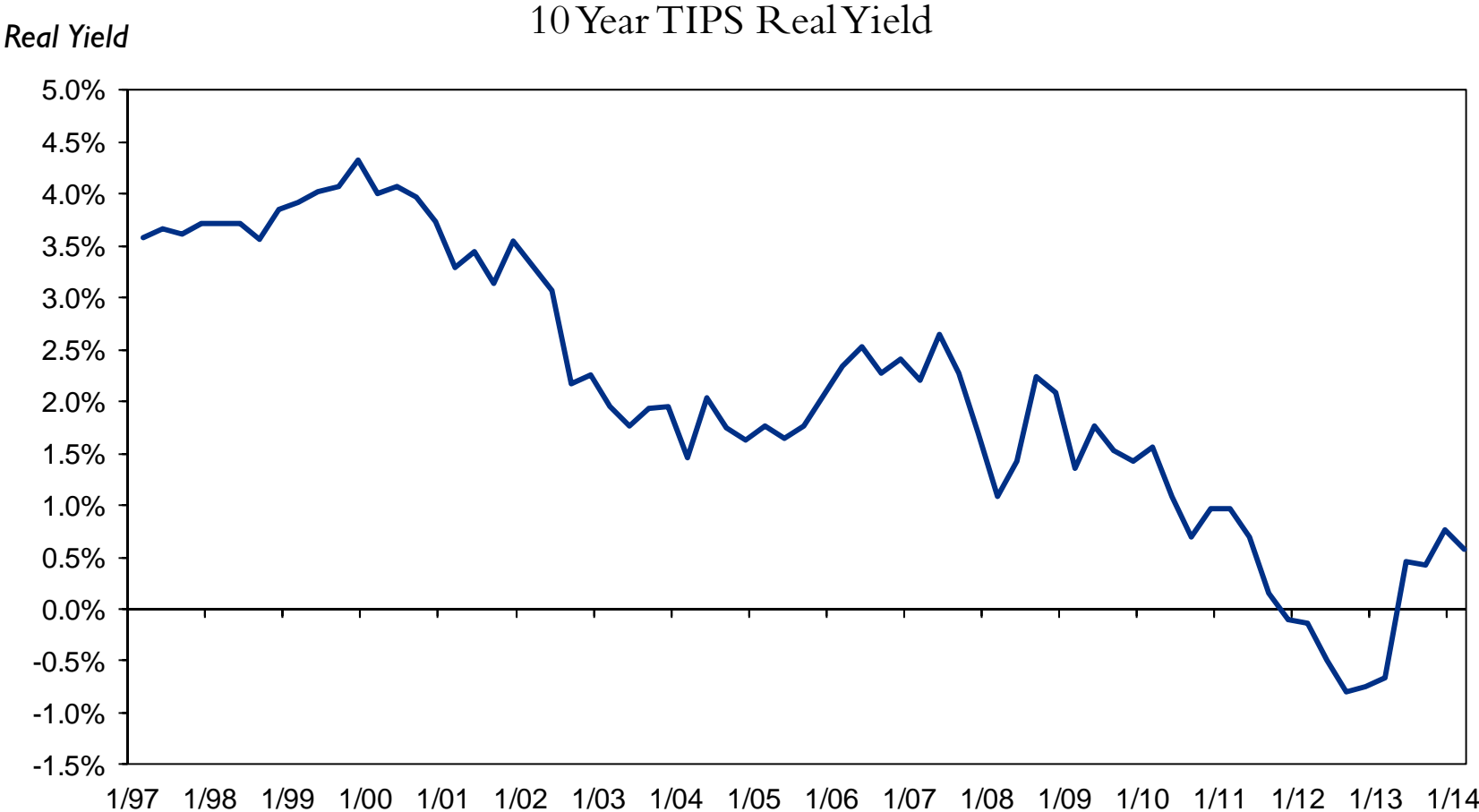
As of March 31, 2014

Quality Distribution		
	City of Fort Pierce	Barclays Aggregate Index
AAA	53.0%	72.7%
AA	1.4%	3.9%
A	32.6%	11.4%
BAA	13.0%	12.0%

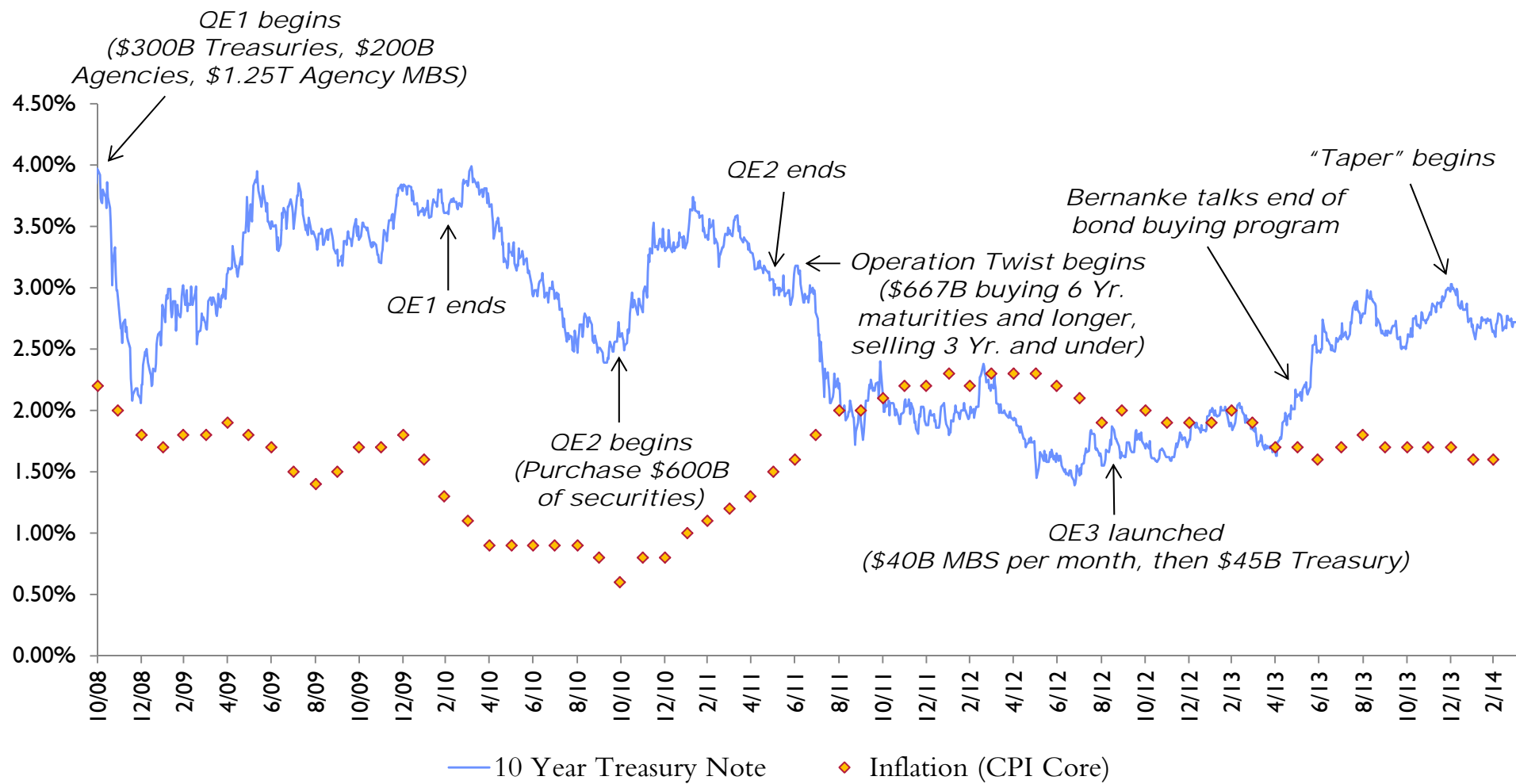


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HISTORICAL 10 YEAR TREASURY INFLATION-PROTECTED SECURITIES (TIPS) REAL YIELD

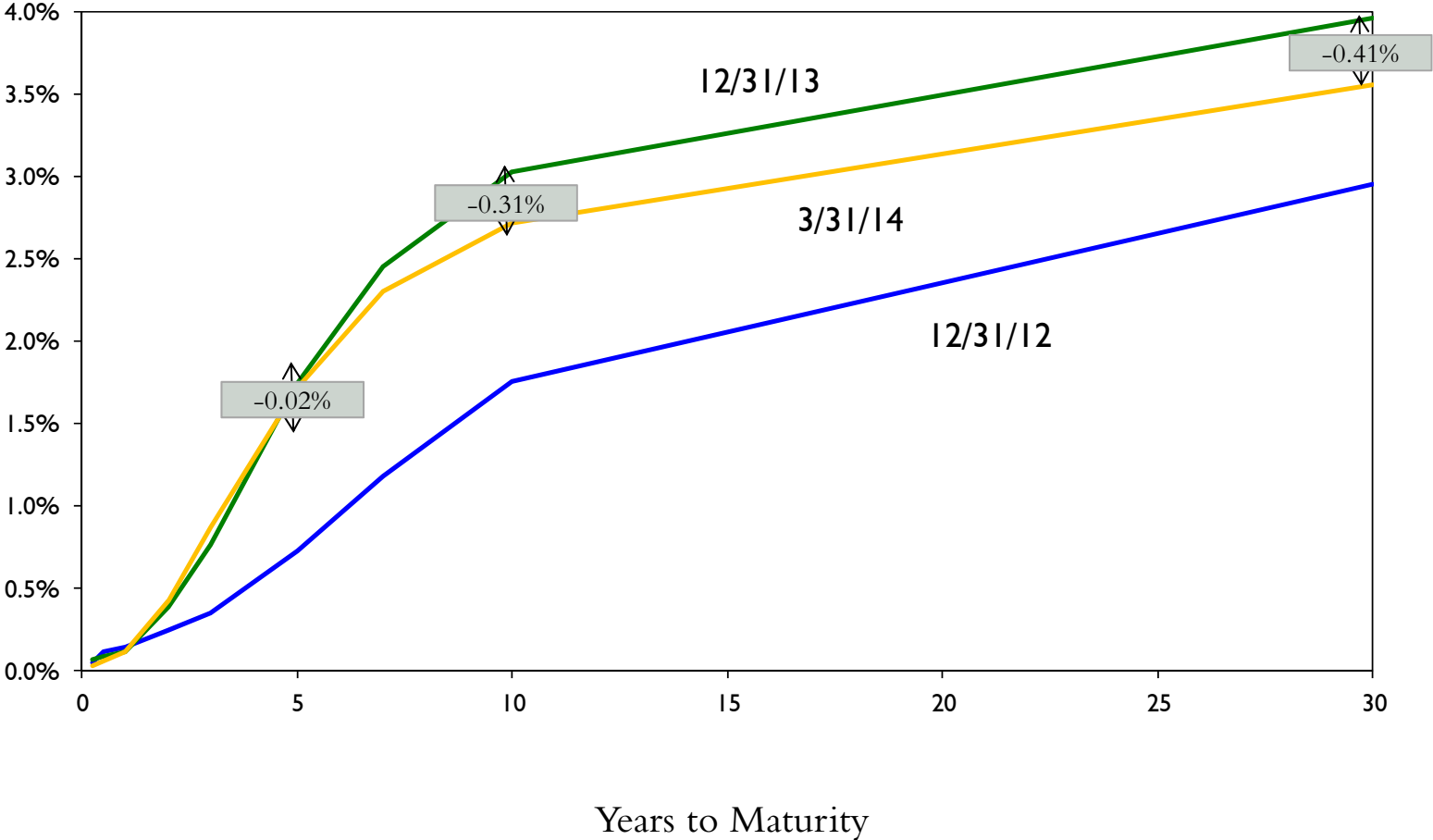


10 YEAR TREASURY YIELDS



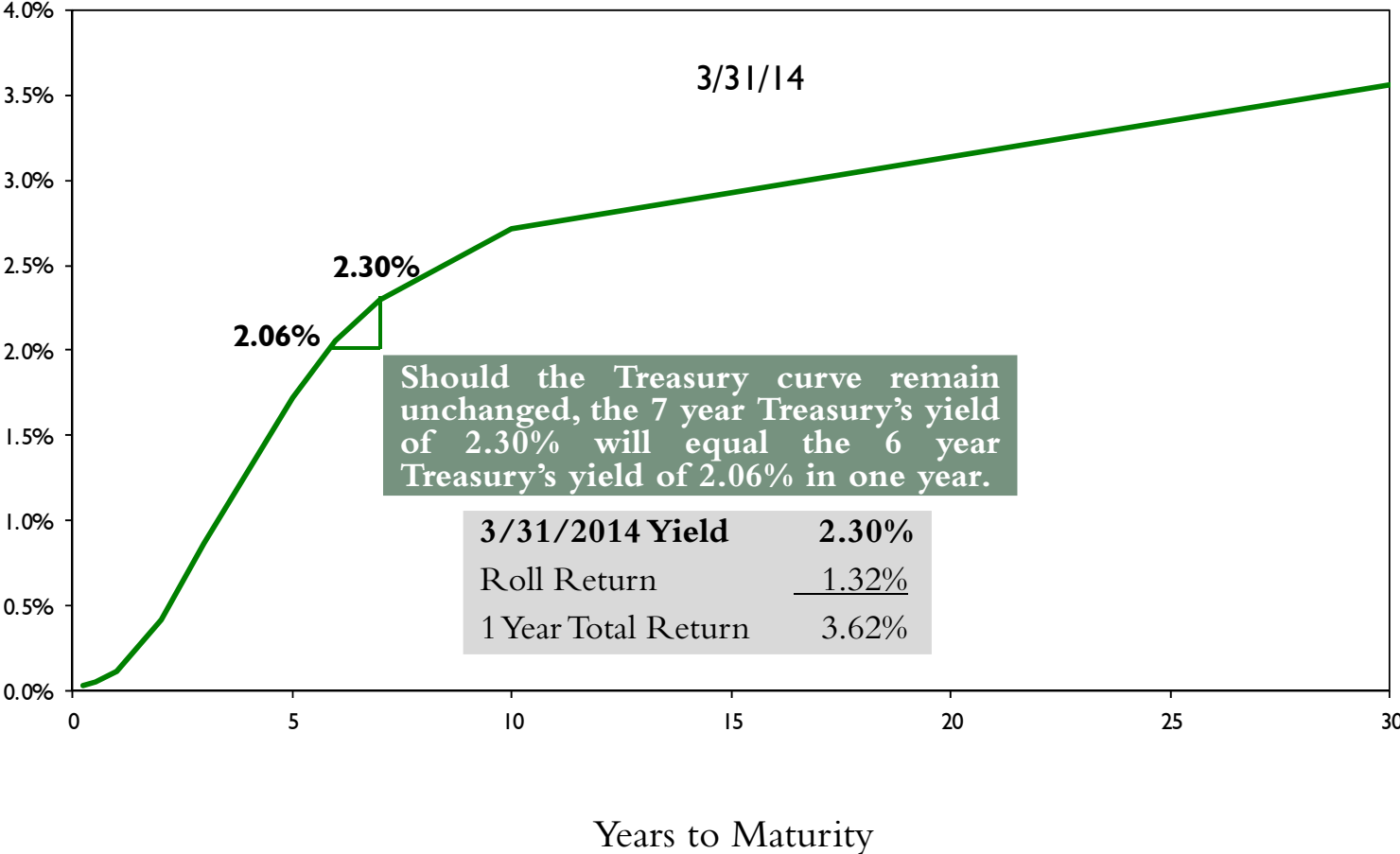
Source: Bloomberg

HISTORICAL U.S. TREASURY YIELD CURVES



Source: Bloomberg

ROLLING DOWN THE YIELD CURVE



Source: Bloomberg

REDUCING ALLOCATION TO CORPORATE BONDS

As of March 31, 2014

OAS Spread



Date	Corporate Duration Contribution Overweight
12/31/2011	1.25 yrs
12/31/2012	.90 yrs
12/31/2013	.60 yrs
Current	.50 yrs

Source: Barclays Corporate Index

WHAT WE HAVE BEEN DOING IN THE PORTFOLIO

- » Income dominates return over the long term. We are presently overweight high quality corporate bonds. Spreads have narrowed and in response we continue to reduce the overall portfolio risk to corporate credit by decreasing our overweight. We take comfort in the high quality of our holdings.
- » We are also overweight in AAA-rated commercial mortgage-backed securities (CMBS). These are short duration securities that provide attractive yields.
- » We have also overweighted AAA FHLMC-K and FNMA DUS bonds. These are multifamily mortgages guaranteed by Freddie Mac and Fannie Mae that offer call protection and spreads comparable to A-rated industrial corporate bonds.
- » Diversify, diversify, and diversify! The portfolio has exposure to 73 corporate credits with issuer exposure under 2.00%.
- » We cannot forecast when interest rates will rise further, but view our defensive duration strategy as an inexpensive insurance policy for our portfolios.
- » The yield curve offers opportunity as it is very steep, particularly in the intermediate portion of the yield curve.