

THIRD QUARTER 2014  
INVESTMENT UPDATE

*for*

CITY OF FORT PIERCE  
RETIREMENT AND BENEFIT SYSTEM



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RICHMOND CAPITAL MANAGEMENT  
*Experience, Knowledge, Service*

# CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

## Performance Summary

As of September 30, 2014

	City of Fort Pierce Retirement and Benefit System	Barclays Aggregate Index*	Value Added
3rd Quarter, 2014	0.37%	0.17%	+0.20%
Year to Date	4.64%	4.10%	+0.54%
Fiscal Year to Date	4.52%	3.96%	+0.56%
Annualized: 3 Years	3.42%	2.66%	+0.76%
5 Years	5.35%	4.34%	+1.01%
10 Years	5.29%	4.63%	+0.66%
Annualized Since Inception (8/1/1989)	7.10%	6.53%	+0.57%

Fiscal Year End September 30<sup>th</sup>

\*Barclays Govt/Credit from 8/1/89 to 5/31/13, Barclays Aggregate from 6/1/13 forward

# CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

## Portfolio Review

As of September 30, 2014

Cash Flows Since Inception Through September 30, 2014	
Market Value (8/1/1989)	<b>\$12,816,948</b>
Change in Market Value of Holdings	<b>5,383,265</b>
Interest Earned	<b>60,102,511</b>
Contributions/ Withdrawals	<b>26,506,983</b> <b>(54,997,982)</b>
Total	<b>\$49,811,725</b>

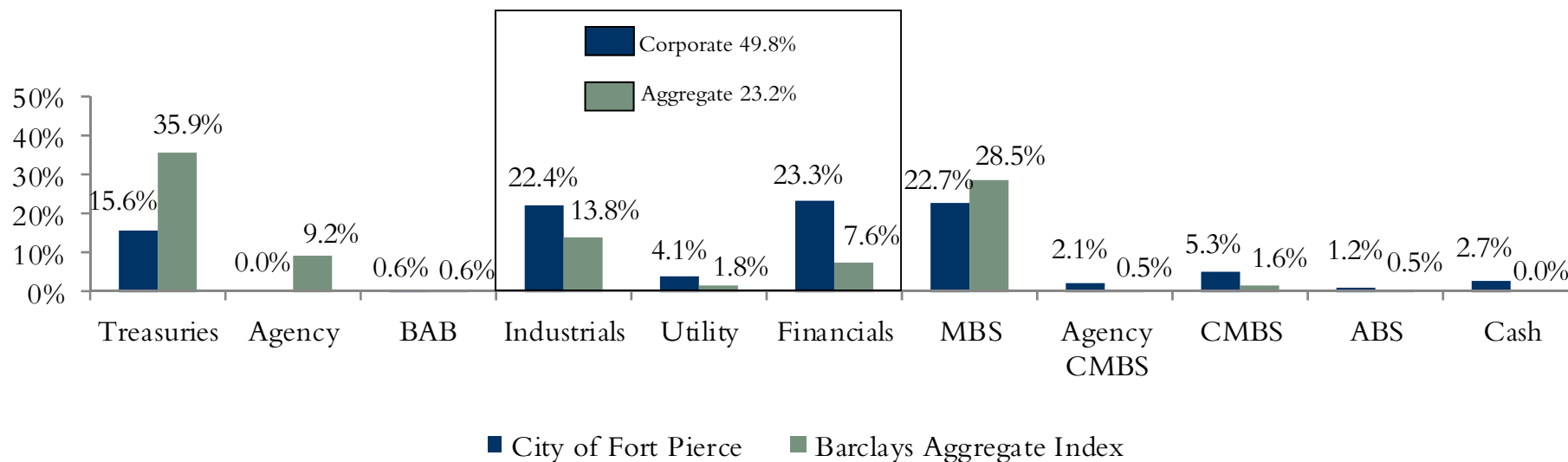
Portfolio Review Through September 30, 2014	
Average Maturity	<b>6.64 Years</b>
Portfolio Duration (Barclays Aggregate)	<b>5.07 Years</b> <b>5.36 Years</b>
Average Yield to Maturity	<b>2.36%</b>
(Barclays Aggregate)	<b>2.27%</b>
Average Quality	<b>AA</b>

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

# CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

As of September 30, 2014

Quality Distribution		
	City of Fort Pierce	Barclays Aggregate Index
AAA	49.6%	72.5%
AA	4.5%	4.0%
A	32.3%	11.6%
BAA	13.6%	11.9%



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

## WHAT WE HAVE BEEN DOING IN THE PORTFOLIO

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*As of September 30, 2014*

- » **Income dominates return over the long term.** We are presently overweight high quality corporate bonds and AAA-rated commercial mortgage-backed securities (CMBS) relative to index. Spreads have narrowed significantly and in response we have reduced our overweight. However, we remain overweight and take comfort in the high quality of our holdings.
- » **Diversify, diversify, and diversify!** Currently, the portfolio has exposure to 77 credits with individual issuer exposure under 2.1%.
- » **Interest rates are low.** Portfolios are defensive with duration 0.30 years less than the Barclays Aggregate Index. We cannot forecast when interest rates will rise, but view our duration strategy as an inexpensive insurance policy for our portfolios.
- » **Yield curve is very positively sloped.** Long maturities are more attractive versus short maturities.