

Callan



February 20, 2020

City of Fort Pierce

Fourth Quarter Performance Review

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Does Strong 2019 Spell Problems for 2020 and Beyond?

Did we just ‘steal’ the expected return for the next 18 months?

Equity markets around the globe surged in Q4, and closed the year with outsized returns.

S&P up 31.5%, World ex USA up 22.5%, even Emerging Markets up 18.4%. One-year results look particularly strong thanks to the sharp drop in Q4 2018—lower starting point

Fed rate cuts, solid corporate fundamentals, and even lower unemployment propelled U.S. equity markets in Q4

Prospect of a trade deal helped boost global ex-U.S. markets

Economic weakness, trade concerns remain for developed ex-U.S. and EM equities

Fixed income markets enjoyed an “outlier” year.

- Aggregate up 8.7%, contrary to all forecasts
- Investment grade credit the strongest performer in the U.S.; long credit up 22.4%
- Yield curve shifted lower across maturities; inverted from 90-day to 10-year in April, then from 2- to 10-year in August, but ended the year no longer inverted

Returns for Periods ended December 31, 2019

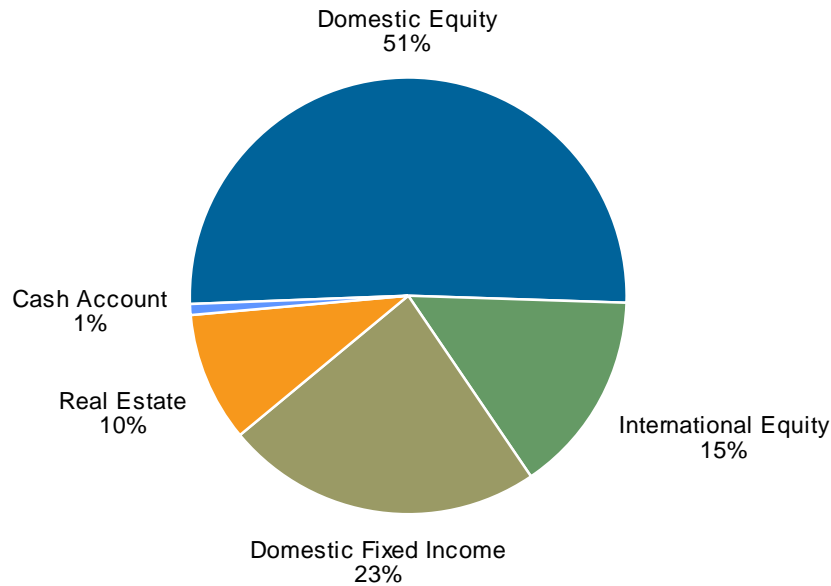
	1 Quarter	1 Year	5 Years	10 Years	25 Years
U.S. Equity					
Russell 3000	9.10	31.02	11.24	13.42	10.21
S&P 500	9.07	31.49	11.70	13.56	10.22
Russell 2000	9.94	25.52	8.23	11.83	9.35
Global ex-U.S. Equity					
MSCI World ex USA	7.86	22.49	5.42	5.32	5.31
MSCI Emerging Markets	11.84	18.44	5.61	3.68	--
MSCI ACWI ex USA Small Cap	11.01	22.42	7.04	6.92	5.93
Fixed Income					
Bloomberg Barclays Aggregate	0.18	8.72	3.05	3.75	5.56
90-day T-Bill	0.46	2.28	1.07	0.58	2.47
Bloomberg Barclays Long Gov/Credit	-1.12	19.59	5.42	7.59	7.90
Bloomberg Barclays Global Agg ex-US	0.67	5.09	1.62	1.50	4.38
Real Estate					
NCREIF Property	1.55	6.42	8.25	10.17	9.34
FTSE Nareit Equity	-0.76	26.00	7.21	11.94	10.64
Alternatives					
CS Hedge Fund	2.44	9.31	2.65	4.25	7.84
Cambridge Private Equity*	0.90	9.50	12.37	13.75	15.30
Bloomberg Commodity	4.42	7.69	-3.92	-4.73	1.70
Gold Spot Price	3.41	18.87	5.16	3.34	5.66
Inflation - CPI-U					
	0.08	2.29	1.82	1.75	2.18

*Cambridge PE data through September 30, 2019.

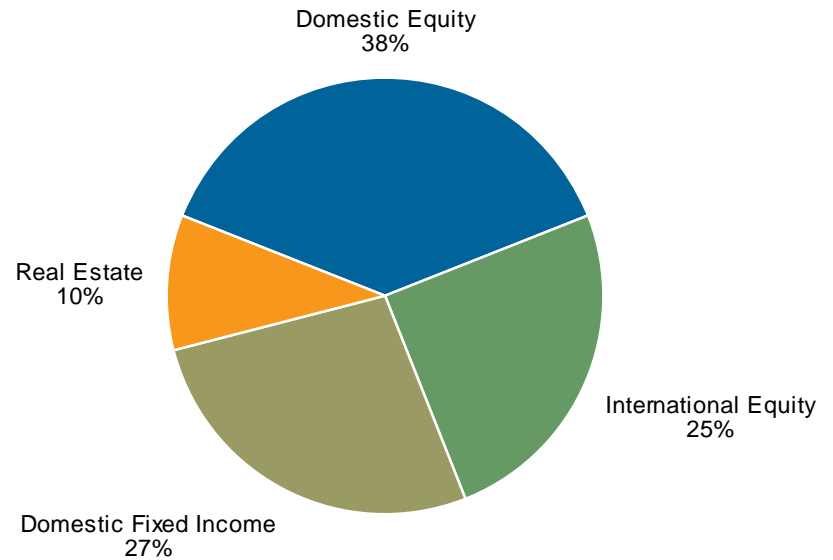
Source: Callan

Asset Allocation

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	109,901	51.1%	38.0%	13.1%	28,225
International Equity	32,334	15.0%	25.0%	(10.0%)	(21,400)
Domestic Fixed Income	50,430	23.5%	27.0%	(3.5%)	(7,603)
Real Estate	20,634	9.6%	10.0%	(0.4%)	(860)
Cash Account	1,637	0.8%	0.0%	0.8%	1,637
Total	214,937	100.0%	100.0%		

Asset Distribution Across Investment Managers

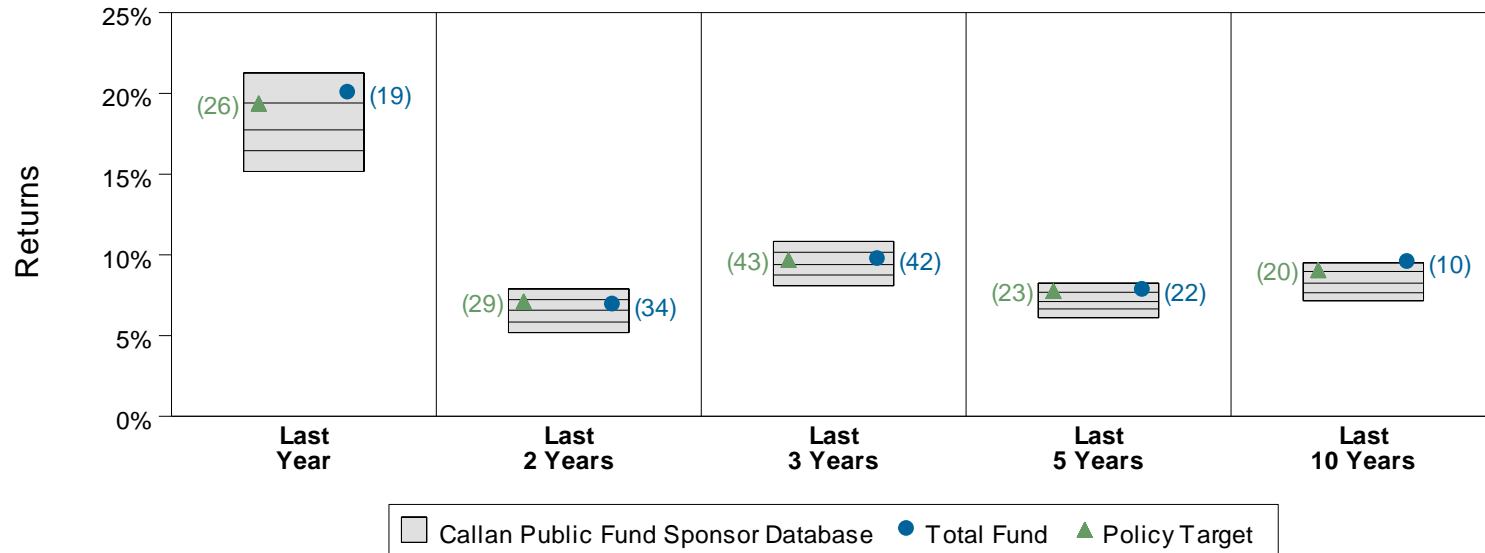
	December 31, 2019					September 30, 2019		
	Market Value	Weight	Target	Net New Inv.	Inv. Return	Market Value	Weight	Target
Domestic Equity	\$109,901,410	51.13%	38.00%	\$(44,886)	\$8,571,200	\$101,375,097	49.77%	38.00%
Emerald Advisers, Inc.	8,987,730	4.18%	3.00%	(16,412)	917,417	8,086,726	3.97%	3.00%
Ceredex Value Advisors	7,957,573	3.70%	3.00%	(17,475)	199,759	7,775,289	3.82%	3.00%
SSgA S&P 500 Index	76,025,474	35.37%	26.00%	(7,856)	6,324,524	69,708,805	34.22%	26.00%
SSgA S&P 400 Index	16,930,633	7.88%	6.00%	(3,143)	1,129,500	15,804,276	7.76%	6.00%
International Equity	\$32,334,328	15.04%	25.00%	\$(26,285)	\$2,783,102	\$29,577,510	14.52%	25.00%
Morgan Stanley Int'l Equity	14,889,941	6.93%	10.00%	(26,285)	1,056,087	13,860,138	6.80%	10.00%
Causeway Emerging Markets	1,453,256	0.68%	2.50%	0	156,959	1,296,296	0.64%	
William Blair & Company	15,991,131	7.44%	12.50%	0	1,570,056	14,421,075	7.08%	12.50%
Domestic Fixed Income	\$50,430,434	23.46%	27.00%	\$(36,337)	\$214,628	\$50,252,143	24.67%	27.00%
Richmond Capital Management	50,430,434	23.46%	27.00%	(36,337)	214,628	50,252,143	24.67%	27.00%
Real Estate	\$20,633,636	9.60%	10.00%	\$(54,077)	\$(165,112)	\$20,852,825	10.24%	10.00%
Heitman	20,633,636	9.60%	10.00%	(54,077)	(165,112)	20,852,825	10.24%	10.00%
Cash Account	\$1,637,171	0.76%	0.00%	\$0	\$6,562	\$1,630,609	0.80%	0.00%
Total Fund	\$214,936,979	100.0%	100.0%	\$(161,585)	\$11,410,380	\$203,688,184	100.0%	100.0%

Investment returns were positive for the quarter at \$11.4 million

The total portfolio overseen by Callan is approximately \$214.9 million as of December 31, 2019

City of Fort Pierce Total Fund

Callan Public Fund Sponsor Database



	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
Total Fund	5.60%	31	20.00%	19	9.70%	42	7.78%	22	9.32%	15
Total Fund Benchmark(1)	5.79%	25	19.38%	26	9.69%	43	7.77%	23	9.06%	21
CPI + 5%	1.30%	99	7.32%	99	7.09%	95	6.73%	71	6.49%	93
Callan Public Fund Spr DB	5.13%		17.75%		9.40%		7.11%		8.10%	

The Total Fund trailed the benchmark by 0.19% for the quarter and was ahead of the target by 0.62% for the year

Total Fund performance relative to the benchmark and peers has remained strong over time

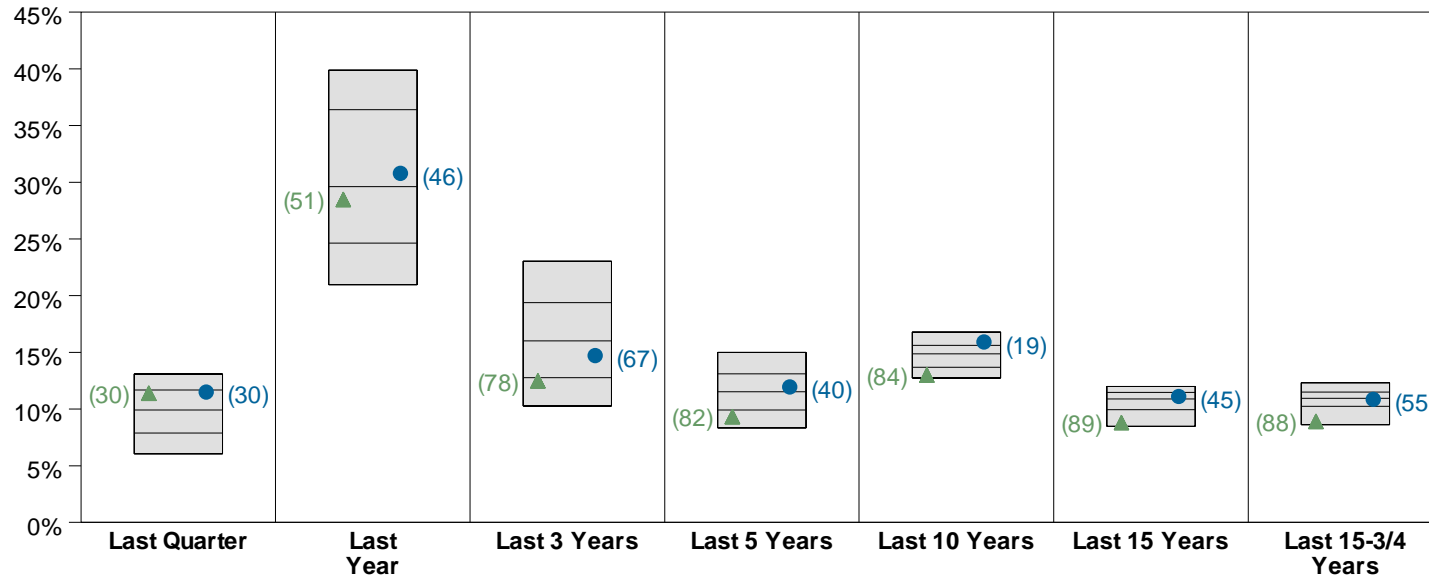
(1) The Total Fund Benchmark consists of 26% S&P500 Index, 27% Blmbg Aggregate Index, 25% MSCI ACWI ex US (Net), 10% NFI-ODCE Equal Weight Net, 6% S&P MidCap 400, 3% Russell 2000 Growth and 3% Russell 2000 Value.

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Domestic Equity Performance

Emerald Advisors Small Cap Growth

Performance vs Callan Small Cap Growth (Gross)



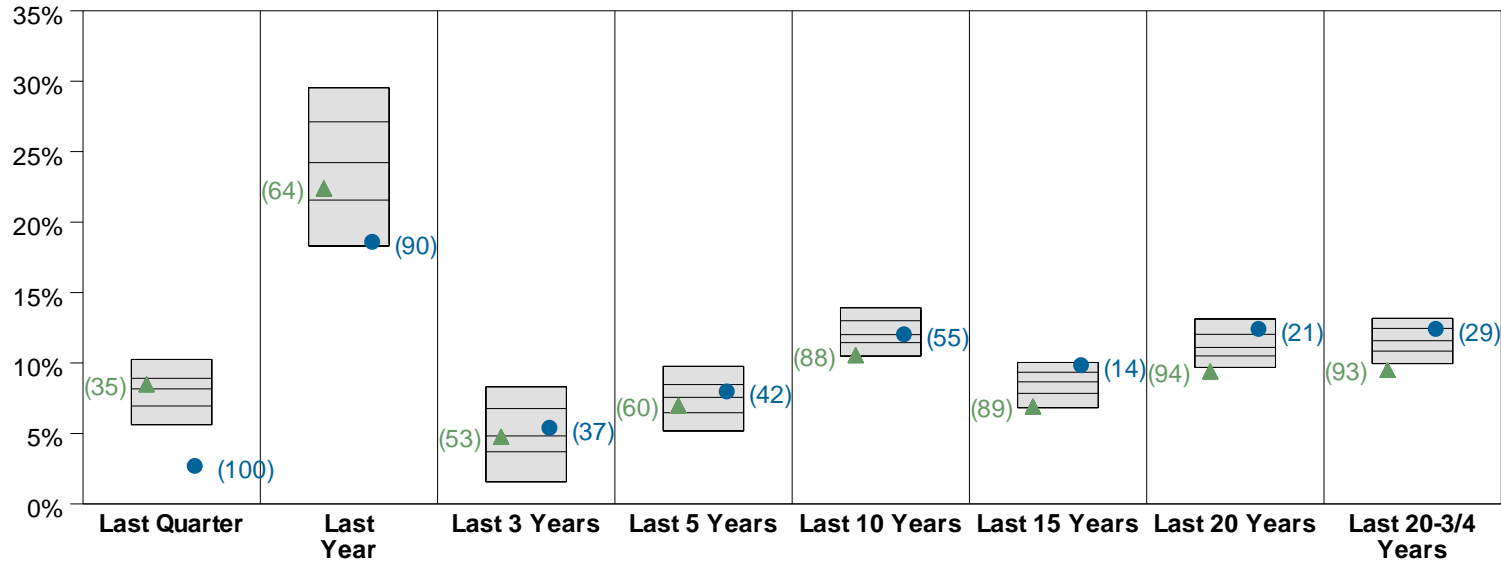
10th Percentile	13.10	39.87	23.05	15.00	16.79	12.00	12.31
25th Percentile	11.67	36.39	19.39	13.11	15.62	11.47	11.50
Median	9.92	29.62	16.01	11.53	14.87	10.88	10.94
75th Percentile	7.88	24.64	12.76	9.93	13.68	9.94	10.24
90th Percentile	6.05	20.97	10.26	8.33	12.73	8.48	8.61
Emerald Advisors, Inc.	● 11.36	30.64	14.59	11.81	15.76	10.97	10.71
Russell 2000 Growth Index	▲ 11.39	28.48	12.49	9.34	13.01	8.81	8.92

Emerald underperformed the benchmark by 0.03% during the quarter and outperformed by 2.16% over the last year

Long-term results remain competitive to both the benchmark and peers

Ceredex Value Advisors Small Cap Value

Performance vs Callan Small Cap Value (Gross)



10th Percentile	10.26	29.53	8.31	9.77	13.92	10.05	13.13	13.17
25th Percentile	8.92	27.11	6.77	8.49	13.00	9.35	12.04	12.47
Median	8.17	24.22	4.82	7.56	12.02	8.67	11.12	11.60
75th Percentile	6.95	21.56	3.71	6.48	11.45	7.85	10.51	10.84
90th Percentile	5.63	18.31	1.57	5.18	10.49	6.83	9.68	9.97

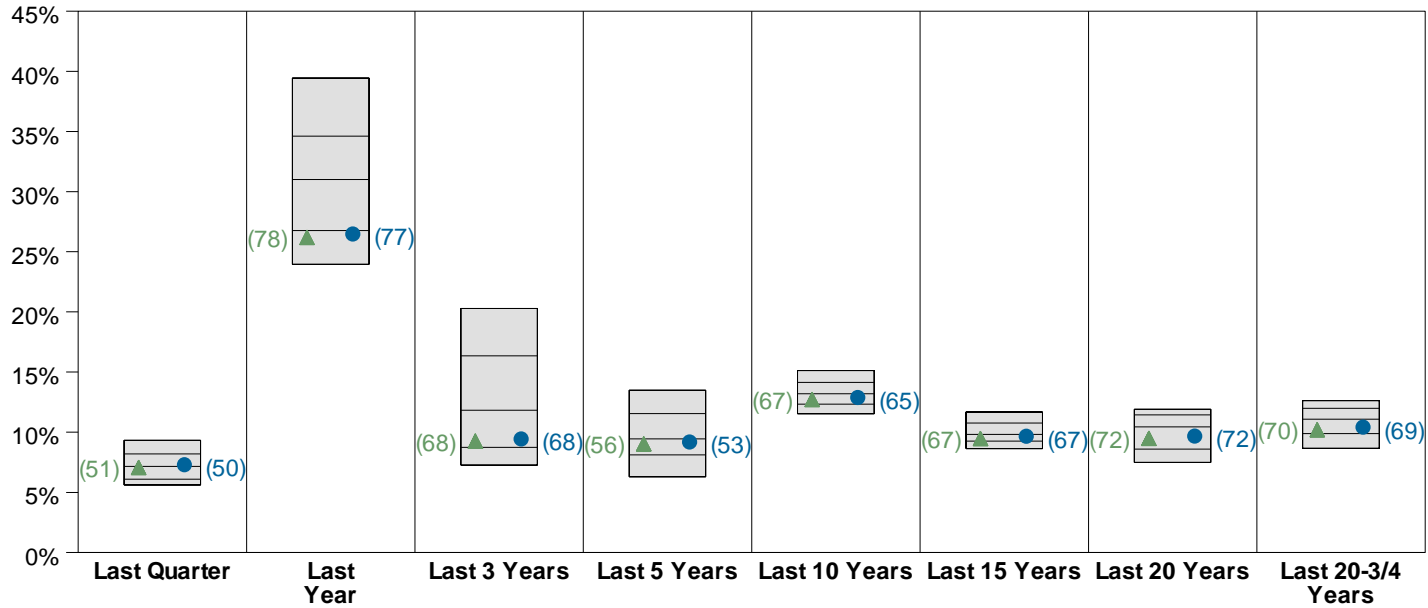
Ceredex Value Advisors	●	2.57	18.48	5.29	7.87	11.91	9.72	12.30	12.30
Russell 2000 Value Index	▲	8.49	22.39	4.77	6.99	10.56	6.92	9.41	9.51

Ceredex underperformed the benchmark by 5.92% for the quarter and underperformed by 3.91% over the last year

Stock selection within the Industrials, Information Technology, Consumer Discretionary, and the Financials sectors detracted the most from performance

SSgA S&P Mid Cap 400 Index

Performance vs Callan Mid Capitalization (Gross)

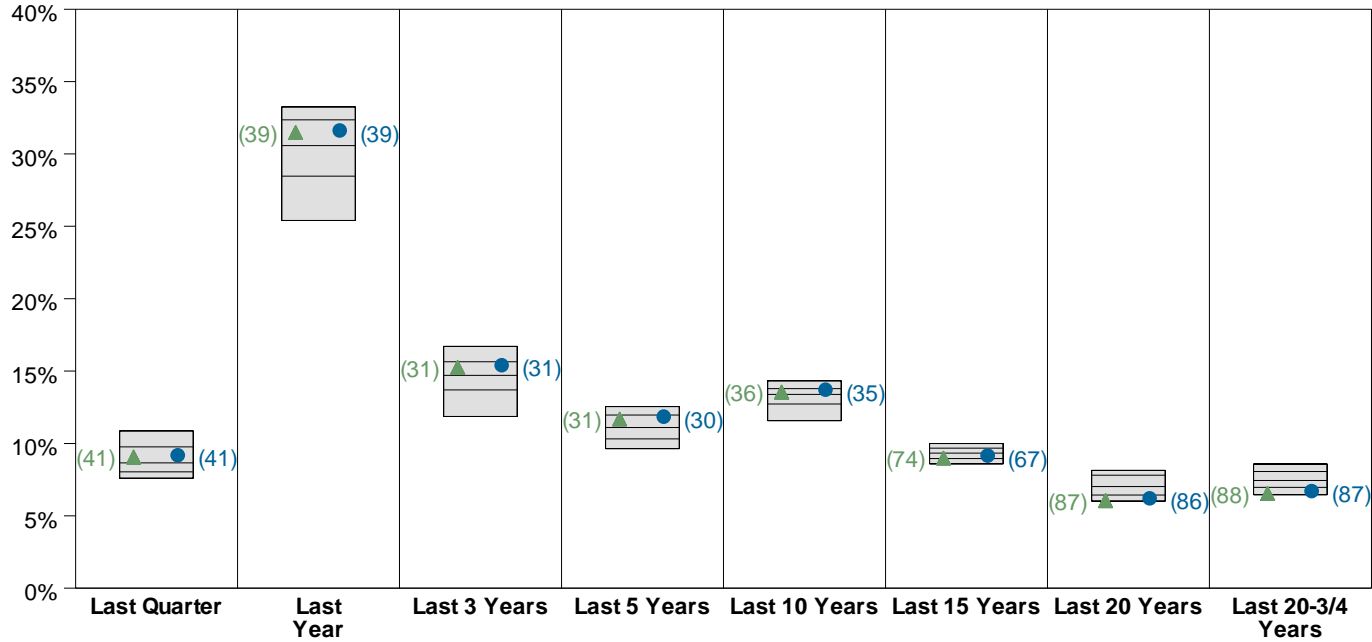


10th Percentile	9.32	39.44	20.28	13.49	15.13	11.68	11.90	12.62
25th Percentile	8.19	34.62	16.35	11.55	14.15	10.76	11.44	11.98
Median	7.15	31.00	11.82	9.45	13.20	9.81	10.44	11.07
75th Percentile	6.08	26.77	8.73	8.11	12.33	9.26	8.59	9.88
90th Percentile	5.61	23.95	7.27	6.29	11.54	8.64	7.49	8.67
SSgA S&P 400 Index	● 7.15	26.33	9.29	9.05	12.75	9.51	9.54	10.26
S&P Mid Cap 400 Index	▲ 7.06	26.20	9.26	9.03	12.72	9.48	9.49	10.21

The fund continues to track the index closely at a very low fee

SSgA S&P 500 Index

Performance vs Callan Large Cap Core (Gross)



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 20 Years	Last 20-3/4 Years
10th Percentile	10.87	33.26	16.70	12.55	14.33	9.99	8.15	8.59
25th Percentile	9.77	32.37	15.65	11.97	13.79	9.68	7.81	8.07
Median	8.66	30.59	14.71	11.10	13.39	9.34	7.02	7.44
75th Percentile	8.04	28.46	13.70	10.33	12.73	8.97	6.44	6.98
90th Percentile	7.60	25.41	11.87	9.64	11.58	8.60	6.02	6.46
SSgA S&P 500 Index ●	9.07	31.50	15.29	11.74	13.61	9.05	6.10	6.61
S&P 500 Index ▲	9.07	31.49	15.27	11.70	13.56	9.00	6.06	6.56

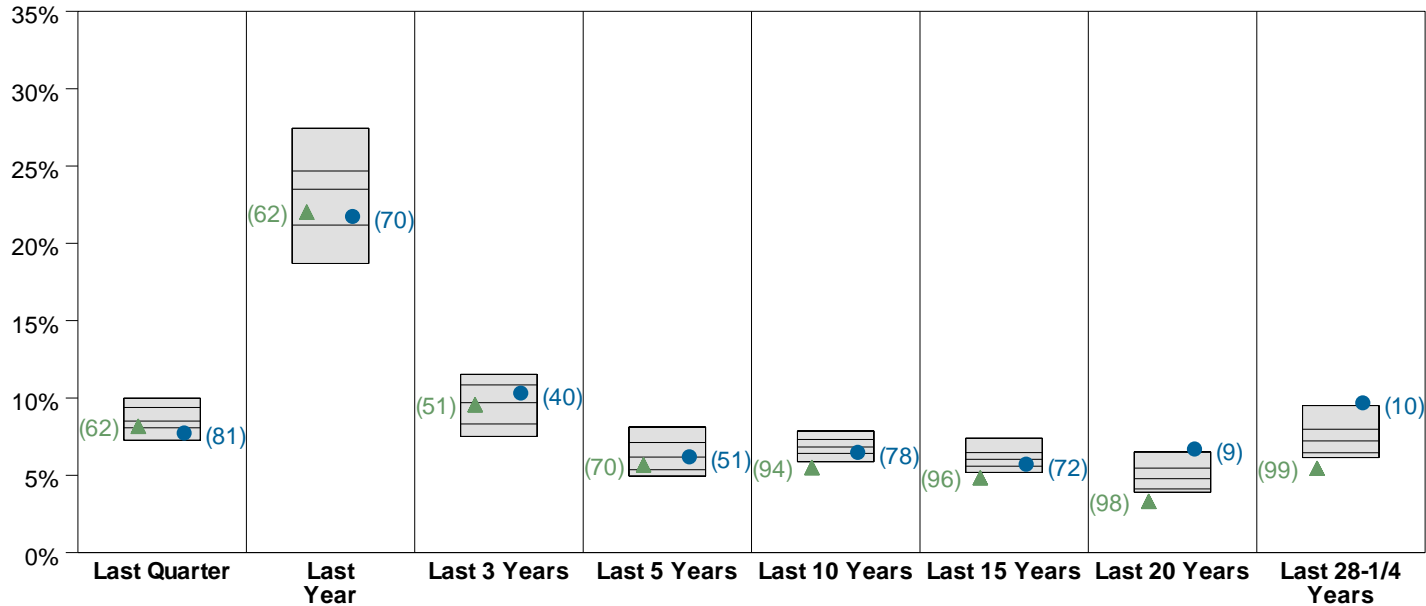
The fund continues to track the index closely at a very low fee

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International Equity Performance

Morgan Stanley Developed International Equity

Performance vs Callan Non-US Developed Core Equity (Gross)



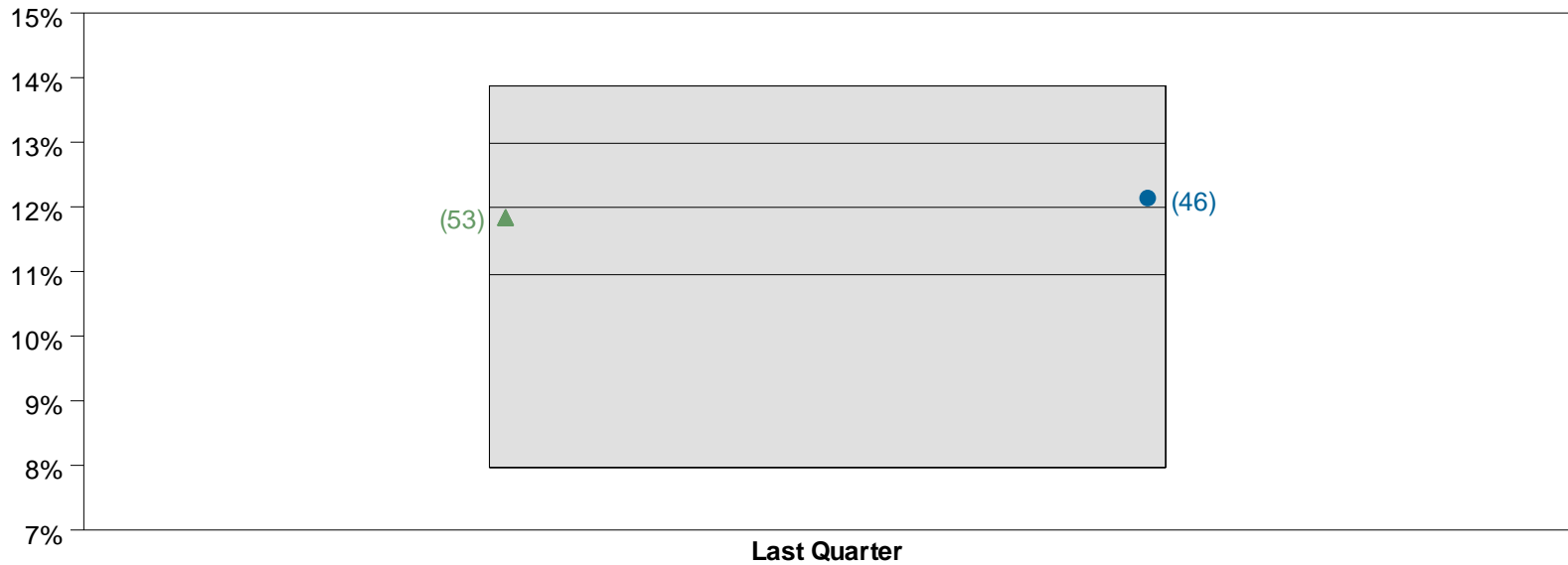
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 20 Years	Last 28-1/4 Years
10th Percentile	9.99	27.44	11.53	8.13	7.86	7.39	6.52	9.51
25th Percentile	9.39	24.68	10.84	7.12	7.32	6.46	5.46	7.98
Median	8.51	23.49	9.69	6.17	6.83	6.03	4.78	7.22
75th Percentile	8.07	21.18	8.32	5.36	6.42	5.59	4.12	6.45
90th Percentile	7.26	18.70	7.51	4.94	5.88	5.18	3.89	6.14
Morgan Stanley Int'l Equity	● 7.63	21.63	10.20	6.07	6.37	5.59	6.59	9.57
MSCI EAFE	▲ 8.17	22.01	9.56	5.67	5.50	4.84	3.32	5.45

The fund underperformed by 0.54% for the quarter and underperformed for the year by 0.38%

Underperformance was driven by sector allocation, which was negative mainly due to the underperformance of the Consumer Staples sector, the portfolio's largest overweight

Causeway Emerging Markets

Performance vs Callan Emerging Markets Equity Mut Funds (Institutional Net)



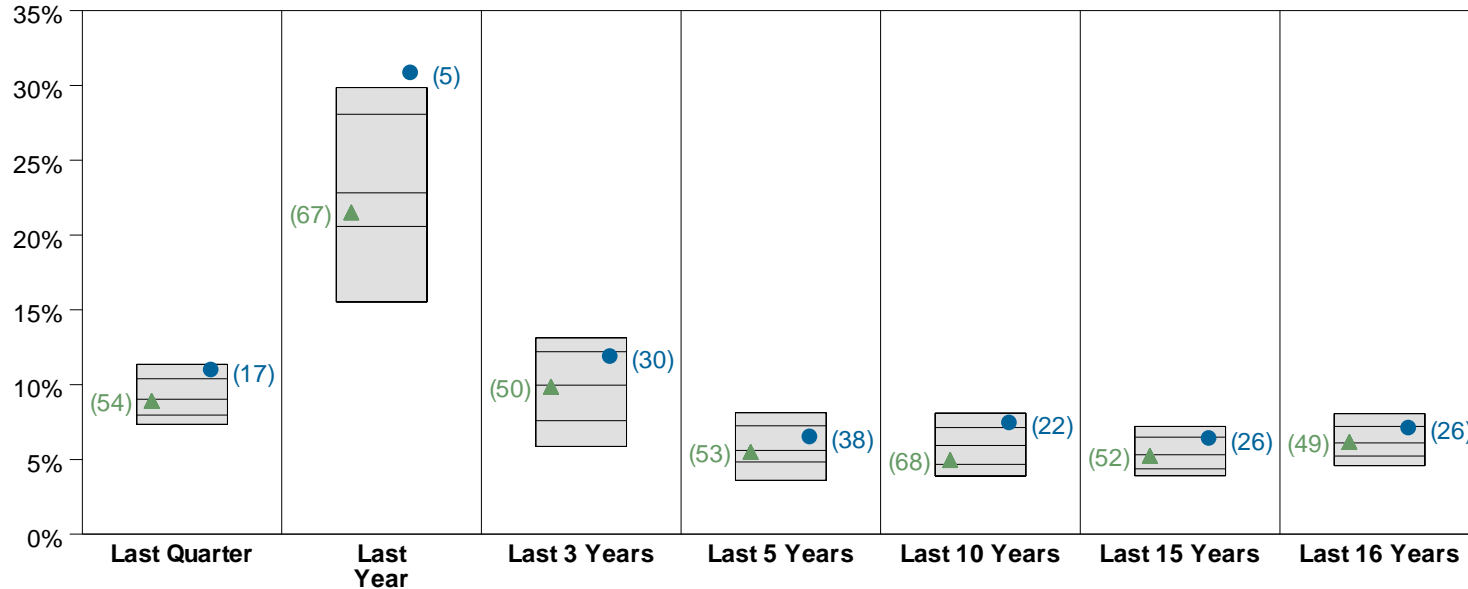
	Last Quarter
10th Percentile	13.87
25th Percentile	12.98
Median	11.99
75th Percentile	10.95
90th Percentile	7.96

Causeway Emerging Markets ●	12.11
MSCI EM ▲	11.84

Causeway outperformed by 0.27% for the quarter. This was the first full quarter of performance for Causeway
 Outperformance was due to holdings in Real Estate, Materials, and Energy

William Blair International Growth Equity

Performance vs Callan Non US Equity Mutual Funds (Institutional Net)



10th Percentile	11.35	29.86	13.13	8.13	8.09	7.20	8.05	
25th Percentile	10.40	28.07	12.20	7.25	7.13	6.48	7.20	
Median	9.02	22.83	9.96	5.60	5.93	5.31	6.10	
75th Percentile	7.97	20.57	7.59	4.83	4.66	4.38	5.23	
90th Percentile	7.35	15.53	5.87	3.60	3.88	3.91	4.59	
William Blair & Company	●	10.89	30.75	11.79	6.42	7.35	6.31	7.01
MSCI ACWI ex US	▲	8.92	21.51	9.87	5.51	4.97	5.25	6.17

The fund outperformed by 1.97% for the quarter and outperformed by 9.24% over the last year

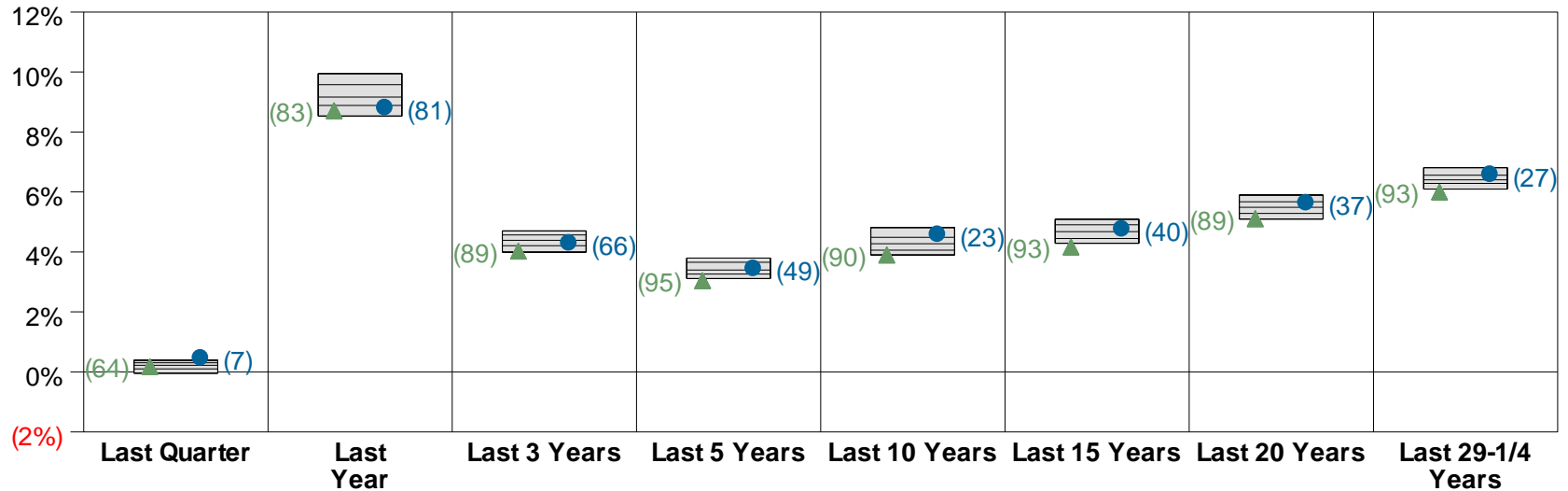
An overweight allocation to Information Technology, coupled with above average stock selection within the Consumer Discretionary and Communication Services sectors boosted relative results

Callan

Fixed Income

Richmond Capital Core Fixed Income

Performance vs Callan Core Bond Fixed Income (Gross)



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 20 Years	Last 29-1/4 Years
10th Percentile	0.39	9.95	4.71	3.80	4.81	5.09	5.90	6.81
25th Percentile	0.31	9.58	4.57	3.66	4.49	4.90	5.68	6.56
Median	0.22	9.17	4.39	3.40	4.27	4.68	5.49	6.41
75th Percentile	0.10	8.89	4.21	3.26	4.06	4.45	5.29	6.29
90th Percentile	(0.04)	8.53	4.00	3.12	3.91	4.29	5.09	6.10

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 20 Years	Last 29-1/4 Years
Richmond Capital Management ●	0.43	8.77	4.26	3.41	4.55	4.72	5.60	6.55
Blended Benchmark* ▲	0.18	8.72	4.03	3.05	3.90	4.17	5.11	6.00

Richmond outperformed for the quarter by 0.25% and outperformed over the year by 0.05%

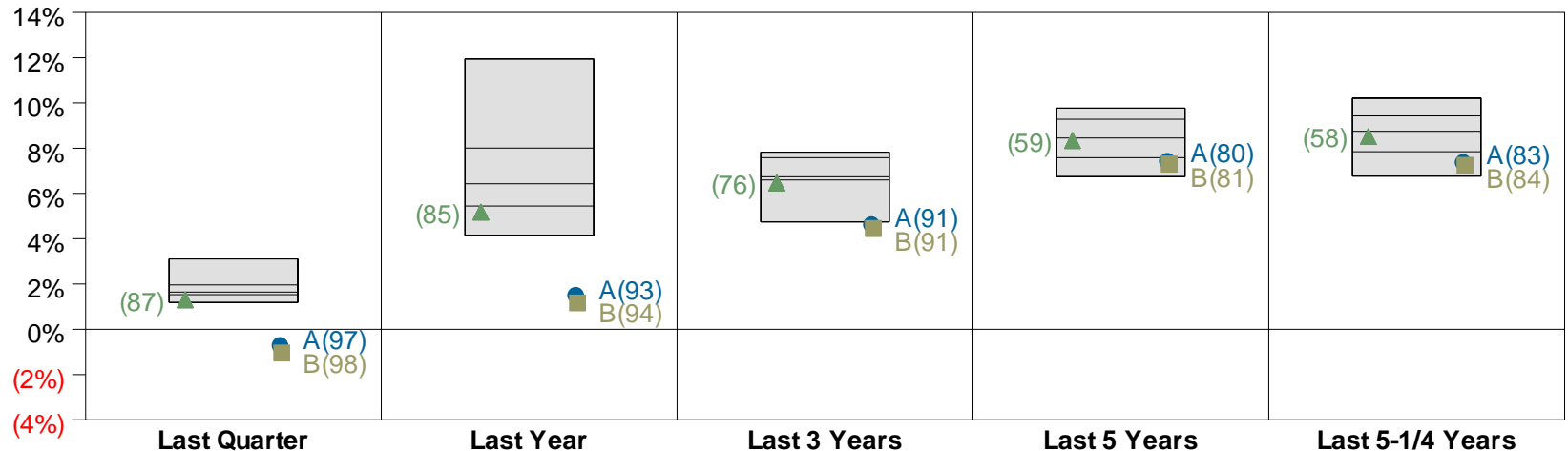
Long-term performance remains strong. The fund has outperformed for all time periods shown

Callan

Real Estate

Heitman America Real Estate Trust

Performance vs Callan Open End Core Cmmingled Real Est (Net)



10th Percentile	3.11	11.94	7.83	9.77	10.21
25th Percentile	1.96	8.01	7.58	9.28	9.43
Median	1.64	6.43	6.74	8.46	8.75
75th Percentile	1.52	5.45	6.60	7.58	7.84
90th Percentile	1.19	4.14	4.75	6.75	6.77
Heitman	● A (0.79)	1.43	4.54	7.35	7.30
Heitman - net	■ B (1.05)	1.17	4.45	7.30	7.24
NCREIF NFI-ODCE Eq Wt Net	▲ 1.30	5.18	6.46	8.34	8.52

Heitman underperformed the index by 2.09% for the quarter and underperformed by 3.75% over the last year

For the quarter the fund's Retail portfolio continued to detract from results

Investment Manager Objectives

Manager	Objective	Comments
Total Fund	CPI + 5% over long term.	Met.
Richmond	Outperform BC Aggregate over rolling 3-year periods by 0.50%.	Not Met.
	Outperform the median fixed income manager over rolling 3-year periods.	Not Met.
Morgan Stanley Developed	Outperform the MSCI EAFE over rolling 3-year periods by 0.50%.	Met.
	Outperform the median international equity manager over rolling 3-year periods.	Met.
Causeway Emerging	Outperform the MSCI Emerging Markets Index over rolling 3-year periods by 1.00%.	N/A
	Outperform the median emerging markets equity manager over rolling 3-year periods.	N/A
William Blair	Outperform the MSCI ACWI ex-US Index over rolling 3-year periods.	Met.
	Outperform the median international equity manager over rolling 3-year periods.	Met.
Ceredex	Outperform the Russell 2000 Value Index over time.	Met.
Emerald	Outperform the Russell 2000 Growth Index over time.	Met.
SSgA S&P MidCap 400 Index	Replicate the return of the S&P MidCap 400 Index.	Met.
SSgA S&P 500 Index	Replicate the return of the S&P 500 Index.	Met.
Heitman (HART)	Outperform the NFI-ODCE Index over rolling 5-year periods.	Not Met.