

INVESTMENT UPDATE

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CITY OF FORT PIERCE
RETIREMENT AND BENEFIT SYSTEM

o n

Thursday, November 19, 2020

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Paul H. Lundmark, CFA
Managing Director
Portfolio Manager



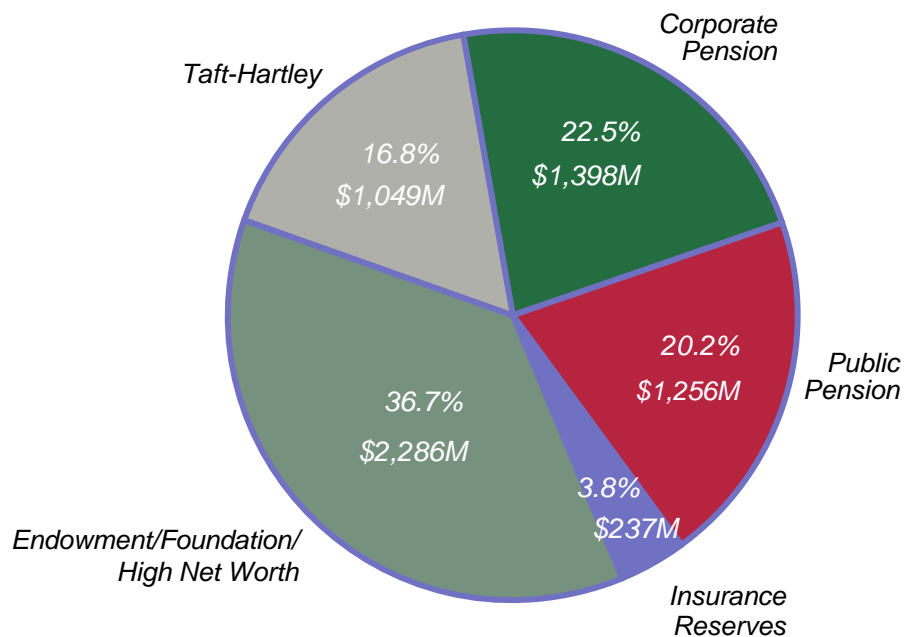
RICHMOND CAPITAL MANAGEMENT
Experience, Knowledge, Service

ORGANIZATION

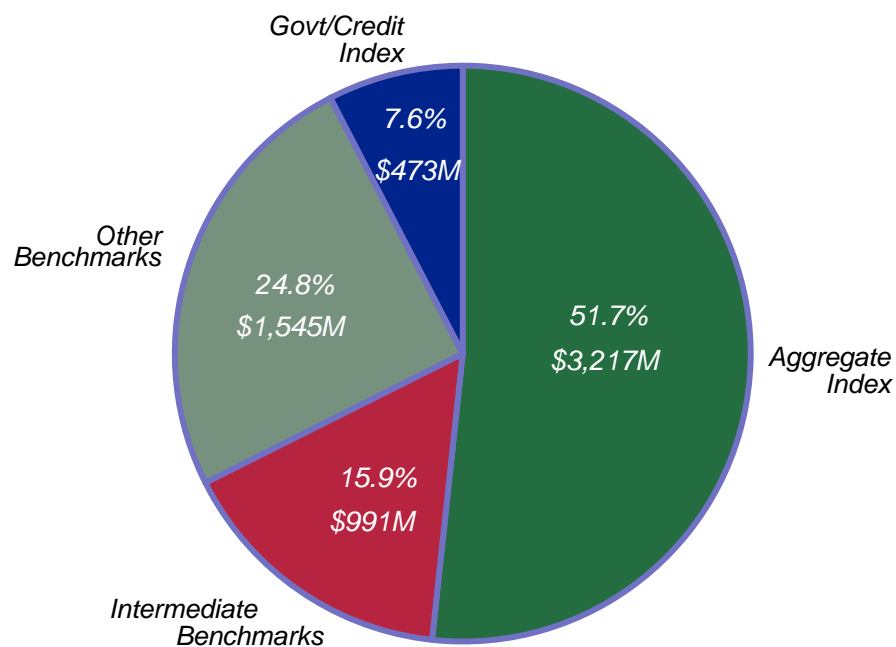
As of September 30, 2020

- » Independent Investment Advisor since 1987
- » 100% Employee Owned
- » Seasoned Investment Team of Bond Specialists
- » \$6.2 Billion Under Management

Assets by Client Type



Assets by Benchmark



PERSONNEL

Portfolio Management Team

Howard K. Bos, CFA*

President, Portfolio Manager
RCM since 1999

Prior Experience: Key Capital Partners

B.A. College of William & Mary, 1985

^Consumer Cyclical, ESG, ProLoan, Securitized

William H. Schultz, CFA*

Managing Director, Portfolio Manager
RCM since 1991

Prior Experience: Sovran Capital Management

M.S. University of Wisconsin, 1978

B.B.A. University of Wisconsin, 1975

^Aerospace & Defense, CEF/ETF, Food & Beverage, Machinery & Electronics

Paul H. Lundmark, CFA*

Managing Director, Portfolio Manager
RCM since 2003

Prior Experience: USAA Investment Management

M.B.A. University of Minnesota, 1987

B.S. University of Minnesota, 1983

^Banking, Finance (xREITS), Securitized, TIPS

David W. Schultz, CFA

Investment Officer, Portfolio Manager
RCM since 2017

Prior Experience: Virginia Retirement System

M.S. Sloan School, Mass. Institute of Technology, 2014

B.S. University of Virginia, 2011

^CEF/ETF, Energy, Life Insurance

Beth L. Baron, CFA, CFP®*

Managing Director, Portfolio Manager
RCM since 2000

Prior Experience: Banc of America Investment Svcs.

B.S. University of Virginia, 1983

^Consumer Products, ESG, Municipals, P&C Insurance, Transportation

Patton H. Roark, Jr., CFA*

Managing Director, Portfolio Manager
RCM since 2003

Prior Experience: AFL-CIO Housing Invest. Trust

B.S. Shepherd University, 1989

^ProLoan, Securitized, REITS, ESG

R. Wheatley McDowell, CFA*

Managing Director, Portfolio Manager
RCM since 2001

Prior Experience: Lehman Brothers

M.B.A. University of Virginia, 1987

B.A. University of Virginia, 1982

^Communications, ProLoan, Technology, Utilities

John R. Sides

Investment Officer, Portfolio Manager
RCM since 2019

Prior Experience: J.P. Morgan Investment Mgmt.

B.A. University of Pennsylvania, 2011

CFA Level III Candidate

^Basic and Other Industrials, Pharmaceuticals & Health Care, ProLoan

Key Personnel

Elizabeth M. Harris*

Managing Director, Client Services
RCM since 1984

B.S. Virginia Commonwealth University, 1984

Janis H. Warren*

Managing Director, Operations
RCM since 1987

B.S. Bob Jones University, 1979

Geoffrey B. Sale*

Chief Compliance Officer
RCM since 2002

Prior Experience: Wachovia Securities

M.B.A. University of Richmond, 1996

B.S. Clemson University, 1988

O. Gregory Glatt III

Head of Business Development
RCM since 2018

Prior Experience: Thompson Davis, BB&T

B.A. Albright College, 1993

CFA Level II Candidate

*Shareholder

^Sector Responsibilities



CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

Portfolio Review

As of September 30, 2020

Cash Flows Since Inception <i>Through September 30, 2020</i>	
Market Value <i>(8/1/1989)</i>	\$12,816,948
Change in Market Value of Holdings	7,032,820
Interest Earned	71,125,178
Contributions/ <i>Withdrawals</i>	31,758,163 <i>(63,353,960)</i>
Total	\$59,379,149

Portfolio Review <i>Through September 30, 2020</i>	
Average Maturity	7.84 Years
Portfolio Duration <i>(Barclays Aggregate)</i>	6.19 Years 6.12 Years
Average Yield to Maturity <i>(Barclays Aggregate)</i>	1.26% 1.19%
Average Quality	AA

Statistics in this report are calculated by Bloomberg PORT Fixed Income Analytic models.



CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

Performance Summary

As of September 30, 2020

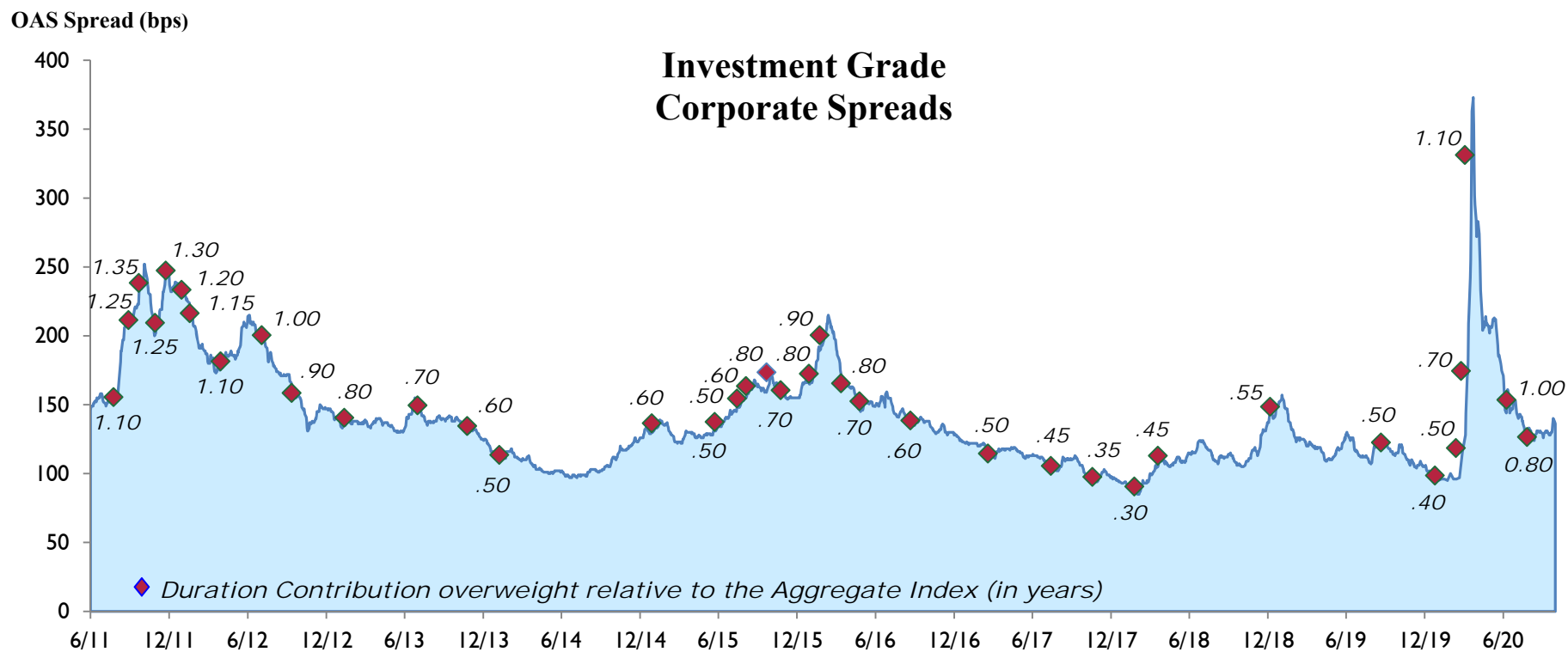
	City of Fort Pierce Retirement and Benefit System	Barclays Aggregate Index	Value Added
3rd Quarter, 2020	0.77%	0.62%	+0.15%
Year to Date	7.04%	6.79%	+0.25%
Fiscal Year to Date	7.52%	6.98%	+0.54%
Annualized: 3 Years	5.50%	5.24%	+0.26%
5 Years	4.48%	4.18%	+0.30%
10 Years	4.20%	3.69%	+0.51%
Annualized Since Inception (8/1/1989)	6.56%	6.03%	+0.53%

*Barclays G/C 8/1/89 to 5/31/13, Barclays Aggregate 6/1/13 forward
Fiscal Year End September 30th*



CORPORATE BOND ALLOCATION (DURATION CONTRIBUTION)

- We are disciplined and opportunistic in our approach to overweighting risk in the corporate sector.
- Coming into 2020, we were defensive on credit based on narrow spreads. The market dislocations in March and April were an opportunity for us to increase our holdings in corporate bonds from 0.50 years to 1.10 years overweight.
- Spreads have narrowed since then. We have reduced our overweight to 0.80 years.

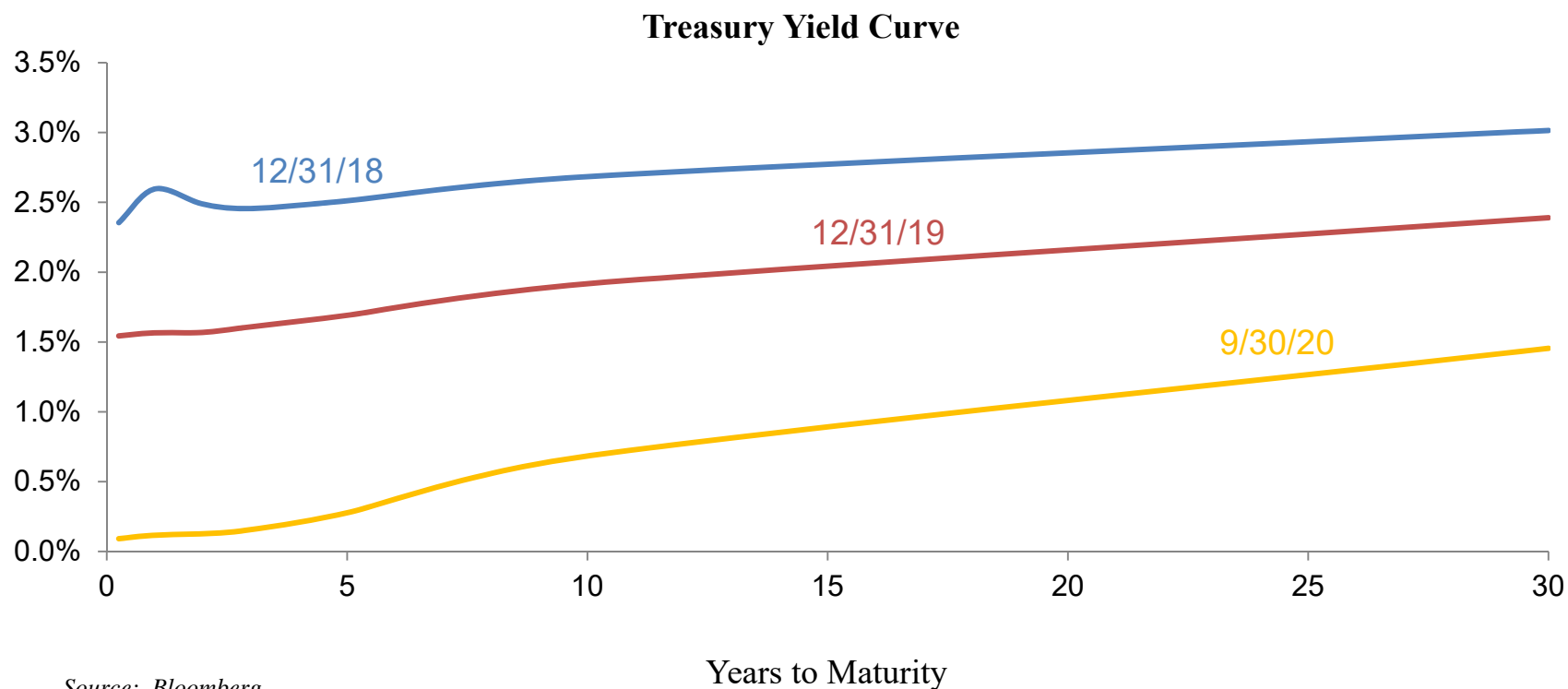


Source: Bloomberg Barclays



TREASURY RATES AT HISTORICAL LOWS

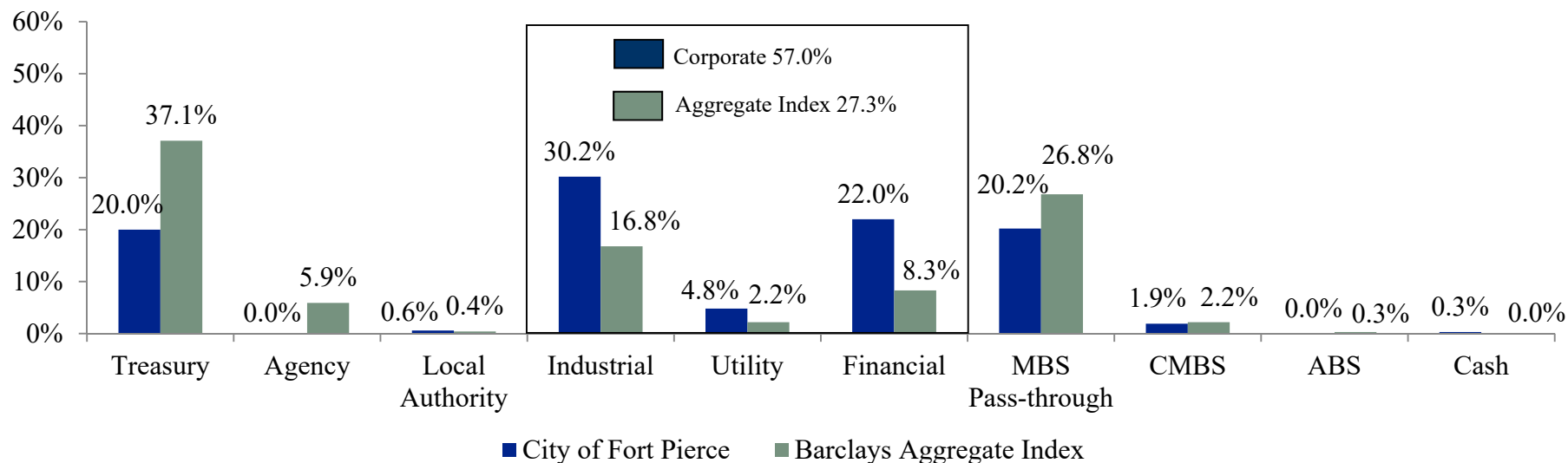
- Yield curve moves lower across all maturities
- Treasury yields at recession levels
- Portfolios are slightly bulleted with an overweight of the 5 and 7 year segments of the yield curve relative to the index and a slight underweighting of longer maturities.



CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

As of September 30, 2020

Quality Distribution		
	City of Fort Pierce	Barclays Aggregate Index
AAA	43.4%	69.9%
AA	6.2%	3.4%
A	35.1%	12.2%
BAA	15.3%	14.5%



Statistics in this report are calculated by Bloomberg PORT Fixed Income Analytic models.



RICHMOND CAPITAL STRATEGY SUMMARY FOR 2020

- » Our style is to overweight credit consistently. However, we pay careful attention to the spread reward the sector offers. When it is generous, as it was in March, April and May, we add more. When the reward shrinks as it did in June, July and August, we will reduce our overweight.
- » We mitigate the risk of our credit investments through diversification and a bias toward the higher end of the investment grade universe. We favor A-rated credit over BBB-rated credit.
- » Now more than ever, we emphasize quality, diversity and transparency in our portfolios. Recent volatility has been an opportunity to upgrade our holdings.
- » Bulleted portfolio structure with an underweight in the long end of the curve.
- » Portfolios are currently underweight the Agency Mortgage-Backed Securities (MBS) sector versus the index. Despite continued support by the Federal Reserve, prepayment risk remains elevated and valuation remains unattractive.
- » With the Federal Reserve indicating that short-term rates will remain at zero for the next three years, portfolio duration remains neutral to the index. With that backdrop, it is difficult to sacrifice yield by reducing the portfolio duration to less than the index.

