

INVESTMENT UPDATE

*t o*

CITY OF FORT PIERCE  
RETIREMENT AND BENEFIT SYSTEM

*o n*

*Thursday, May 20, 2021*

*b y*

Paul H. Lundmark, CFA  
*Managing Director*  
*Portfolio Manager*



---

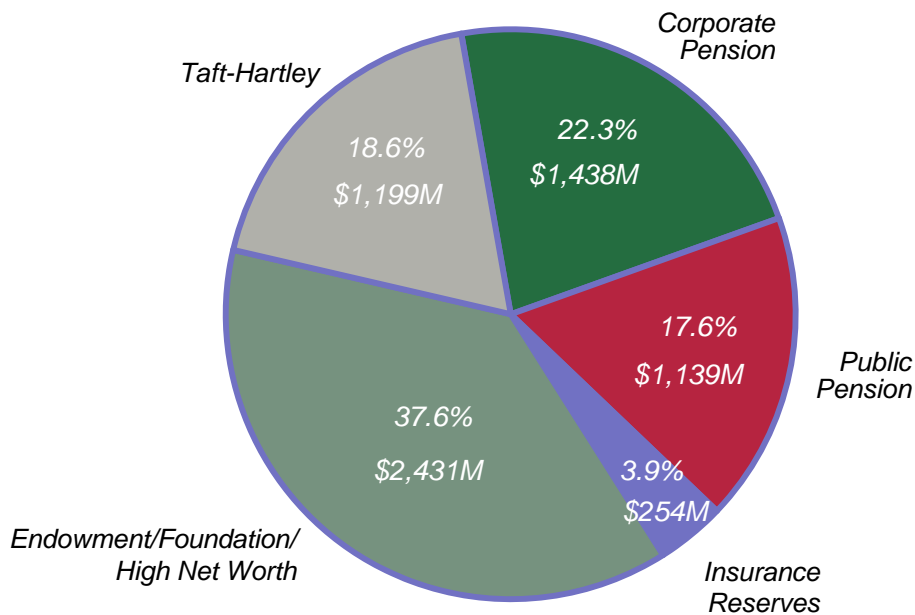
RICHMOND CAPITAL MANAGEMENT  
*Experience, Knowledge, Service*

# ORGANIZATION

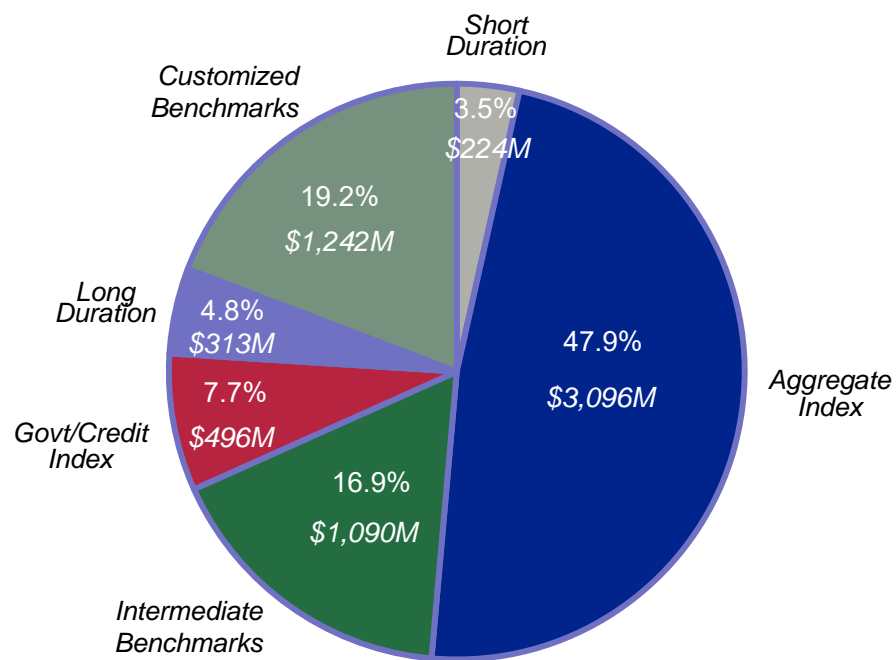
As of March 31, 2021

- » Independent Investment Advisor since 1987
- » 100% Employee Owned
- » Seasoned Investment Team of Bond Specialists
- » \$6.5 Billion Under Management

Assets by Client Type



Assets by Benchmark



## PERSONNEL

---

### Investment 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*

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*

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*

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, ESG*

Paul H. Lundmark, CFA\*

**Managing Director, Portfolio Manager  
RCM since 2003**

Prior Experience: USAA Inv. Management  
M.B.A. University of Minnesota, 1987  
B.S. University of Minnesota, 1983  
*^Banking, Finance (xREITS), Securitized, TIPS*

David W. Schultz, CFA

**Managing Director, Portfolio Manager  
RCM since 2017**

Prior Experience: VA Retirement System  
M.S. Sloan School, Mass. Institute of  
Technology, 2014  
B.S. University of Virginia, 2011  
*^CEF/ETF, Energy, Life Insurance*

John R. Sides, CFA

**Managing Director, Portfolio Manager  
RCM since 2019**

Prior Experience: J.P. Morgan Inv. Mgmt.  
B.A. University of Pennsylvania, 2011  
*^Basic and Other Industrials, Pharmaceuticals  
& Health Care, ProLoan*

Nicholas Sejnost

**Vice President, Senior Structured  
Product Analyst  
RCM, 2021**

Prior Experience: Bank of America  
B.S. University of Michigan, 2011  
CFA Level III Candidate  
*^Securitized, ProLoan*

Stephen M. Rosa, CFA

**Vice President, Securitized Analyst  
RCM, 2021**

Prior Experience: E\*Trade; PricewaterhouseCoopers  
B.S. Brigham Young University, 2010  
*^Securitized, REITS, ProLoan*

### Key Personnel

Elizabeth M. Harris\*

**Managing Director, Client Services  
RCM since 1984**

B.S. VA 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 March 31, 2021

Cash Flows Since Inception Through March 31, 2021	
Market Value (8/1/1989)	\$12,816,948
Change in Market Value of Holdings	4,637,552
Interest Earned	72,037,606
Contributions/ Withdrawals	31,758,163 (63,433,626)
Total	\$57,816,643

Portfolio Review Through March 31, 2021	
Average Maturity	7.30 Years
Portfolio Duration (Barclays Aggregate)	5.92 Years 6.40 Years
Average Yield to Maturity (Barclays Aggregate)	1.56% 1.62%
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 March 31, 2021*

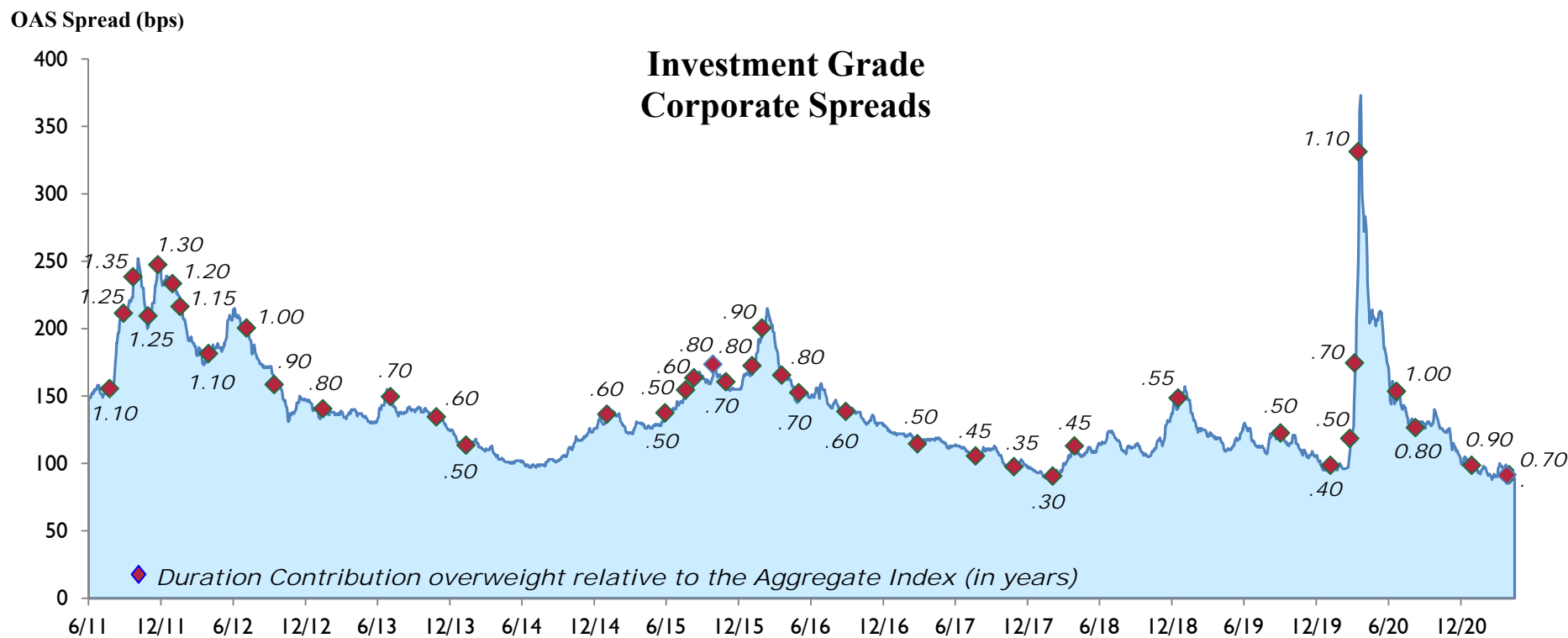
	<b>City of Fort Pierce Retirement and Benefit System</b>	Barclays Aggregate Index	Value Added
Year to Date, 2021	-3.14%	-3.37%	+0.23%
Fiscal Year to Date	-2.50%	-2.73%	+0.23%
Annualized: 3 Years	4.91%	4.65%	+0.26%
5 Years	3.45%	3.10%	+0.35%
10 Years	4.08%	3.60%	+0.48%
Annualized Since Inception (8/1/1989)	6.37%	5.84%	+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.
- As credit spreads have tightened through 2020 and the first quarter of 2021, we have reduced our allocation to corporates. Our current credit target is 0.70 years overweight.
- We have sold long-dated, high quality corporates that have low probability for further spread tightening.



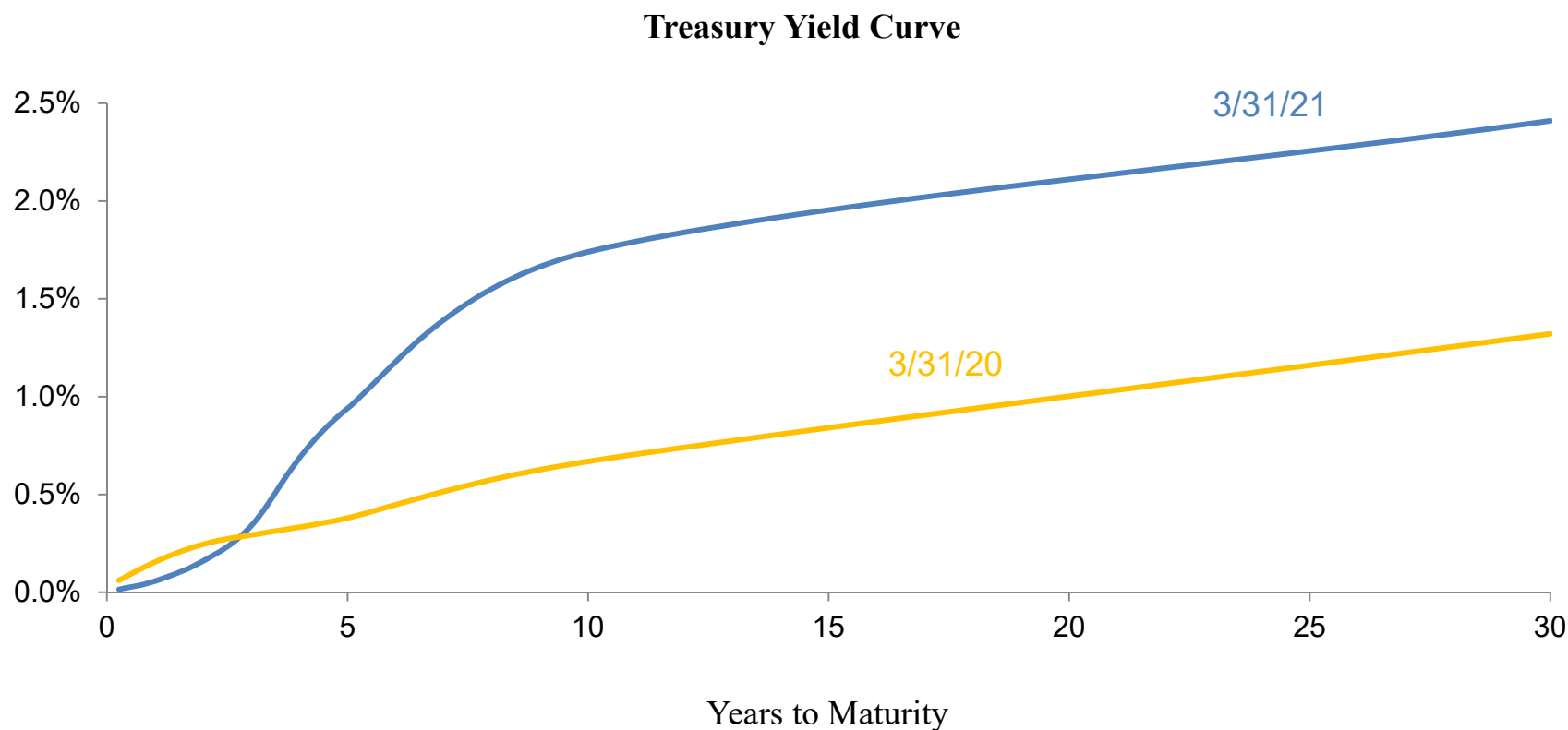
Source: Bloomberg Barclays



## TREASURY YIELD CURVE: HIGHER AND STEEPER

---

- Yields move higher, led by the long-end, as stronger economic data is priced into the curve.
- Portfolios are bulleted with an overweight of the 5 and 7 year segments of the yield curve relative to the index and an underweighting of longer maturities.



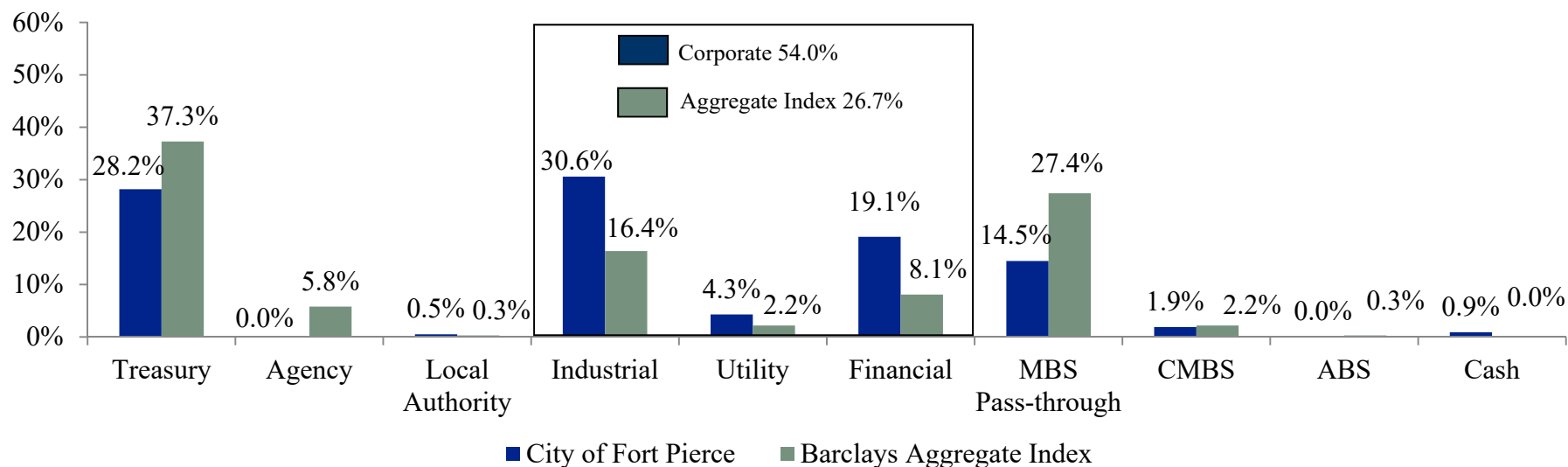
Source: Bloomberg



# CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

As of March 31, 2021

Quality Distribution		
	City of Fort Pierce	Barclays Aggregate Index
AAA	46.6%	70.4%
AA	5.1%	3.3%
A	30.5%	11.4%
BAA	17.8%	14.9%



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



## RICHMOND CAPITAL STRATEGY SUMMARY FOR 2021

---

- » 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 of last year, we add more. When the reward shrinks as it has since then, we will reduce our overweight. We think positive technical conditions will persist during 2021.
- » We mitigate the risk of our credit investments through diversification and a bias toward the higher end of the investment grade ratings-spectrum. Historically, we have favored A-rated credit over BBB-rated credit.
- » We are underweight mortgage-backed securities (MBS) versus the index. If mortgage refinancings and resulting prepayments remain high, MBS will produce unattractive returns.
- » The Federal Reserve has indicated they will hold short-term rates at zero for the next two years; however, the market has begun to anticipate inflation. We have returned to a modest short duration stance.
- » We have adopted a “bulleted” portfolio structure with an overweight in 5-7 year bonds and an underweight in 30 year bonds. The net effect of the bullet and short duration positioning is a 25% reduction in thirty year risk in the portfolio.

