

INVESTMENT UPDATE

to

CITY OF FORT PIERCE
RETIREMENT AND BENEFIT SYSTEM

on

Thursday, May 19, 2022

by

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



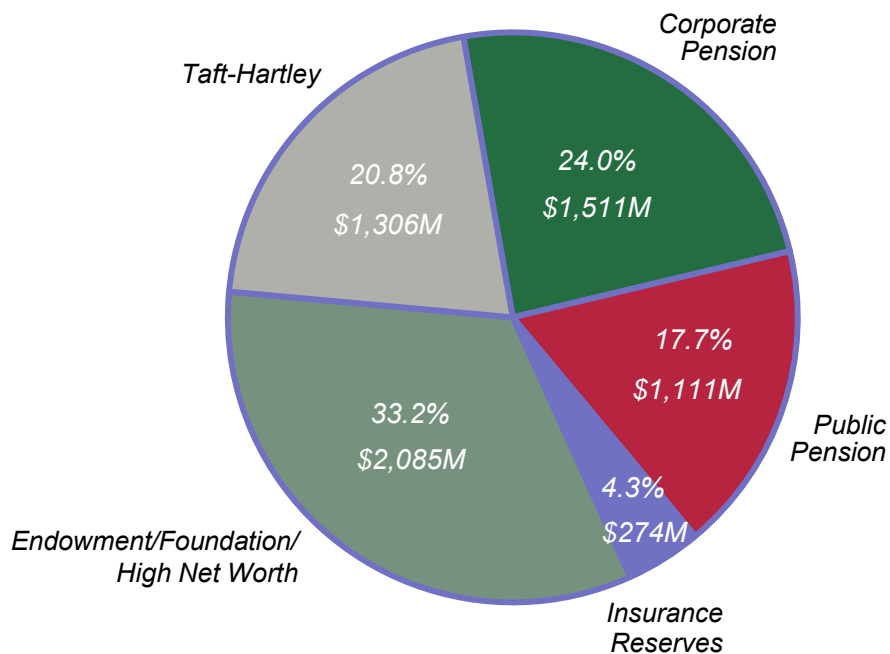
RICHMOND CAPITAL MANAGEMENT
Experience, Knowledge, Service

ORGANIZATION

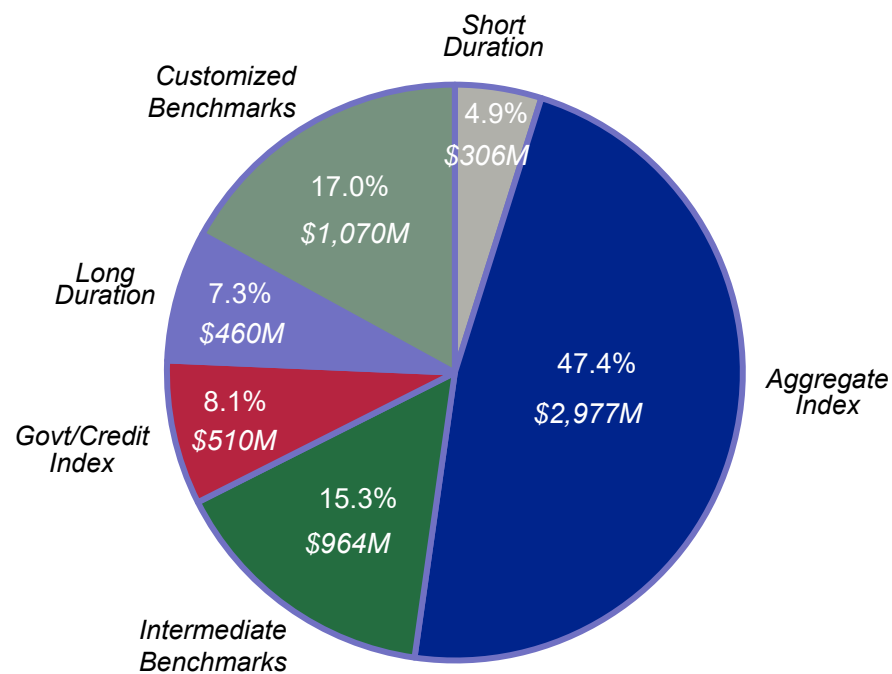
As of March 31, 2022

- » Independent Investment Advisor since 1987
- » 100% Employee Owned
- » Seasoned Investment Team of Bond Specialists
- » \$6.3 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

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, 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

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, ESG

Stephen M. Rosa, CFA

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

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

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

Nicholas T. 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

Key Personnel

Elizabeth M. Harris*

Managing Director, Client Services
RCM since 1984

B.S. VA Commonwealth University, 1984

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

Tammie A. Burks*

Managing Director, Operations
RCM since 2014

B.S. Elon University, 1995

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

Michael A. Ibarra

Vice President of Investor Relations
RCM since 2022

Prior Experience: Amalgamated Bank; Bentall
Kennedy; CBRE
B.S. The Colorado College, 1979

*Shareholder

[^]Sector Responsibilities



CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

Portfolio Review

As of March 31, 2022

Cash Flows Since Inception Through March 31, 2022	
Market Value (8/1/1989)	\$12,816,948
Change in Market Value of Holdings	772,952
Interest Earned	73,785,295
Contributions/ Withdrawals	31,758,163 (63,591,581)
Total	\$55,541,777

Portfolio Review Through March 31, 2022	
Average Maturity	8.42 Years
Portfolio Duration (Bloomberg Aggregate)	6.22 Years 6.58 Years
Average Yield to Maturity (Bloomberg Aggregate)	3.00% 2.92%
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, 2022

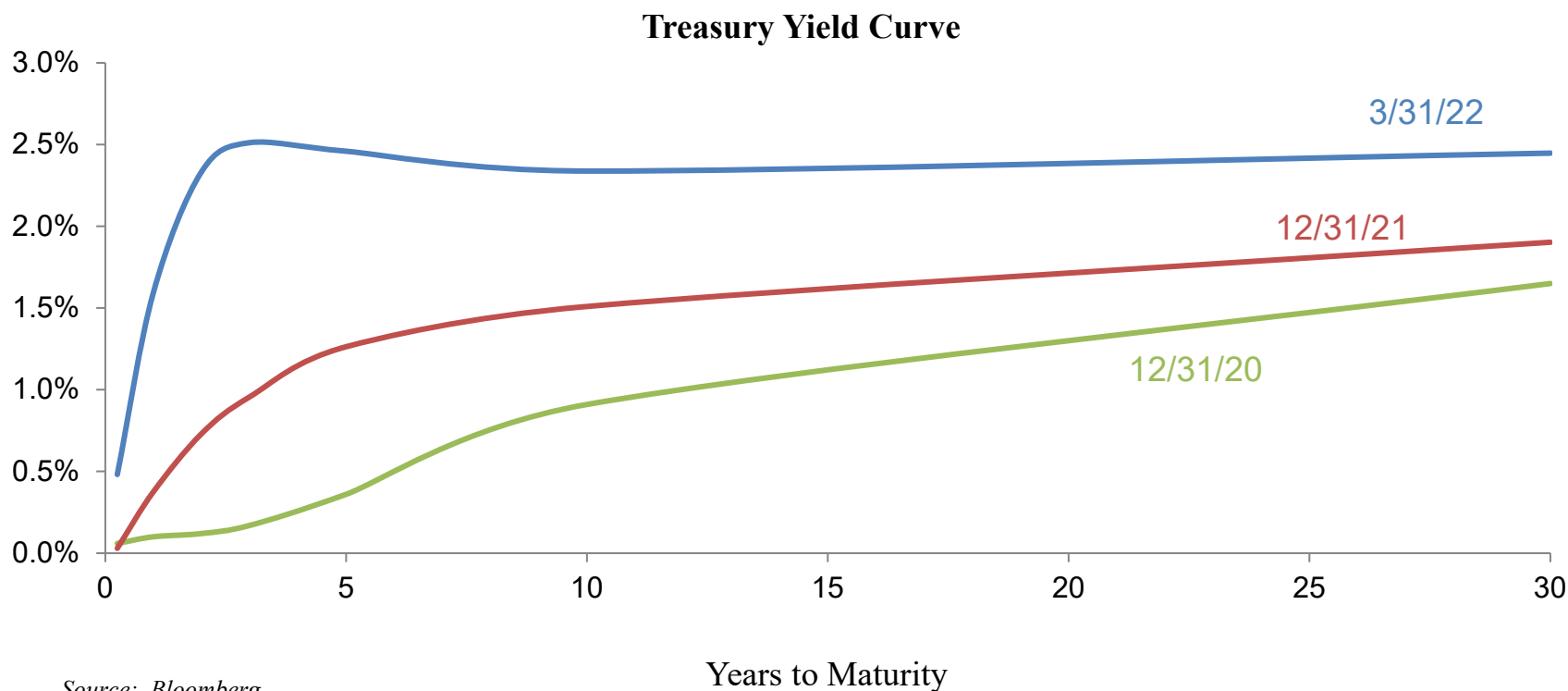
	City of Fort Pierce Retirement and Benefit System	Bloomberg Aggregate Index	Value Added
1st Quarter, 2022	-5.56%	-5.93%	+0.37%
Fiscal Year to Date	-5.64%	-5.92%	+0.28%
Annualized: 3 Years	2.01%	1.69%	+0.32%
5 Years	2.47%	2.14%	+0.33%
10 Years	2.75%	2.32%	+0.43%
Annualized Since Inception (8/1/1989)	6.05%	5.52%	+0.53%

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



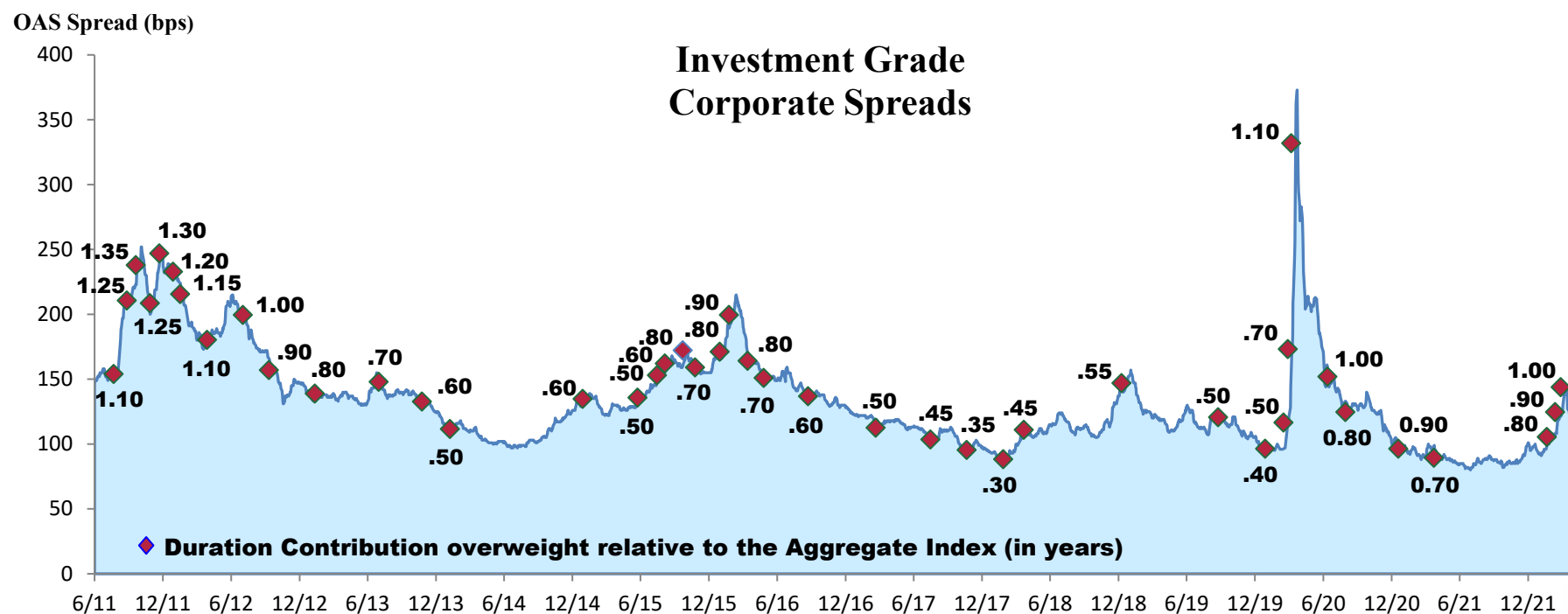
TREASURY YIELD CURVE: HIGHER AND FLATTER

- Significant curve flattening in 2021 and continuing into 2022.
- Portfolio was bulleted (overweight in the 7 year part of yield curve) which was a negative as the curve flattened.
- As of 3/31/22, we were underweight duration by 0.25 years versus the benchmark. We have since moved to neutral duration versus the index.



CORPORATE BOND ALLOCATION (DURATION CONTRIBUTION)

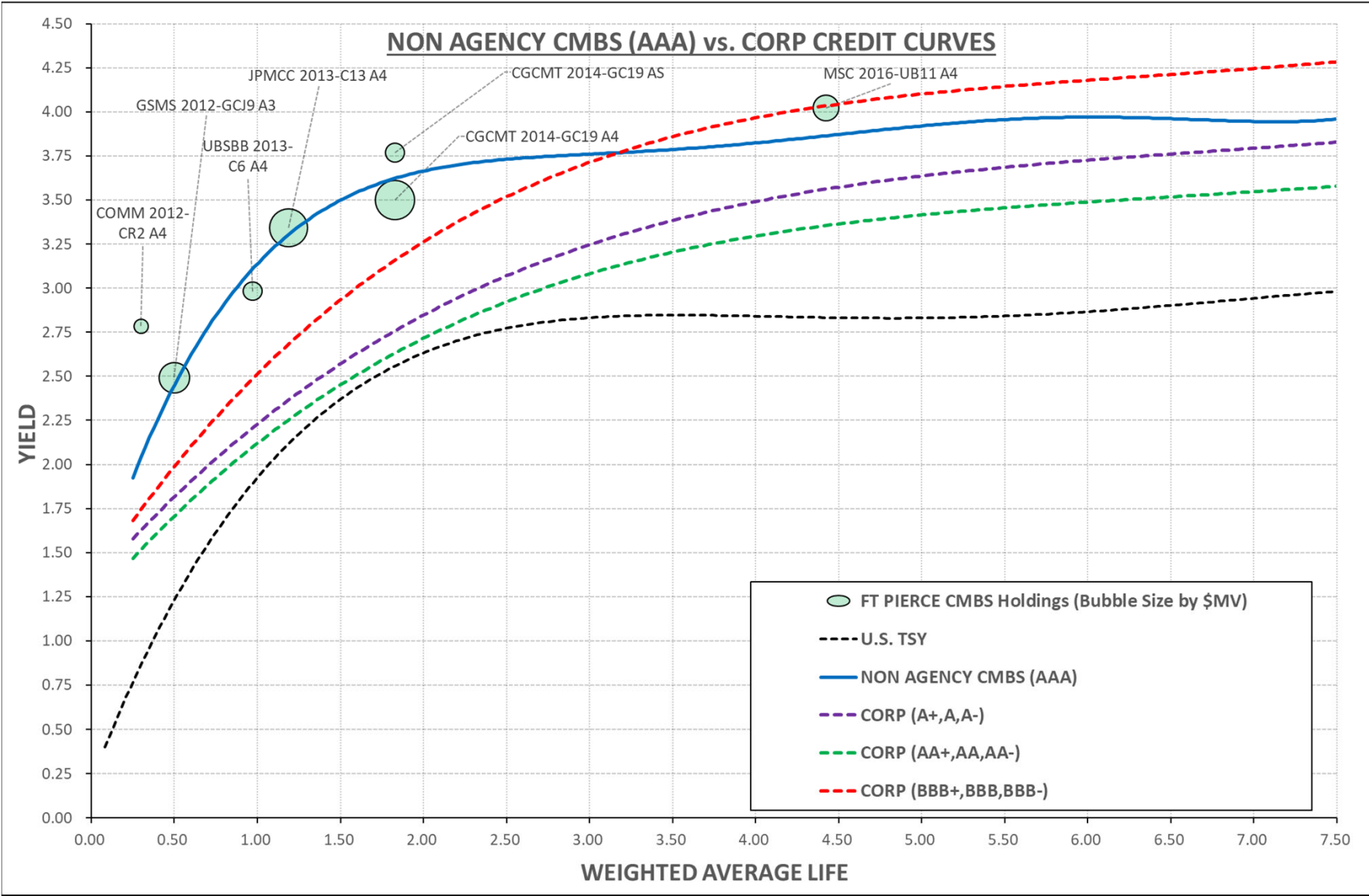
- We are disciplined and opportunistic in our approach to overweighting risk in the corporate sector.
- As credit spreads tightened through the first half of 2021, we reduced our allocation to corporates. With spreads widening in March of this year, we increased our allocation to corporates taking the target from 0.70 years to 1.00 years (duration contribution) above that of the index.
- With a steeper credit curve, we added to long-end credit and are now neutral weight. We have a bias to the 20-year part of the curve versus the 30-year adding corporate names such as Amgen, AT&T, Bell Canada, Berkshire Hathaway, Con Edison, CVS, FedEx, Home Depot, Sysco and T-Mobile.



Source: Bloomberg



NON-AGENCY CMBS (AAA) RELATIVE VALUE



AGENCY MBS UPDATE



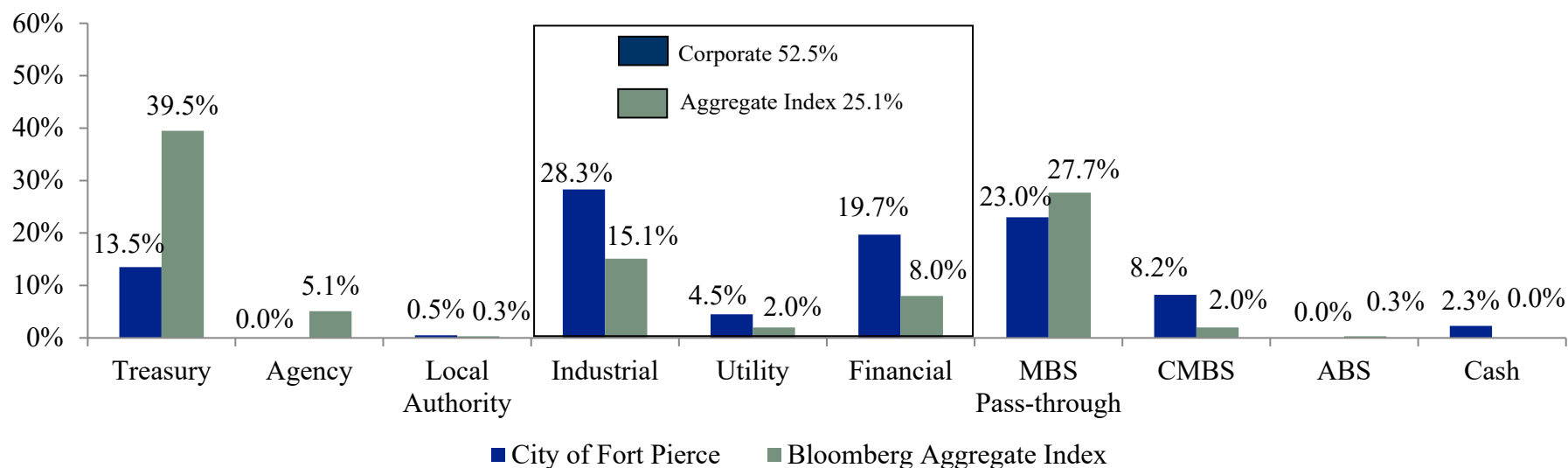
The Fed tightening cycle means an end to their outright purchases of mortgage-backed securities. Spreads widened in the MBS market and we responded to better value in this sector too. At the beginning of the year, we were underweight MBS by 12% and we added three times in Q1 to reduce the underweight to 5%. These additions took place as the reward for owning MBS grew from +60 basis points to +110 basis points of extra yield above Treasuries. Our underweight helped performance as MBS excess return was -0.71% for the quarter.



CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

As of March 31, 2022

Quality Distribution		
	City of Fort Pierce	Bloomberg Aggregate Index
AAA	46.9%	72.3%
AA	4.8%	3.1%
A	30.3%	11.0%
BAA	18.0%	13.6%



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



RICHMOND CAPITAL STRATEGY SUMMARY FOR 2022

- » Our style is to overweight credit consistently. However, we pay careful attention to the spread reward the sector offers. Given the spread widening that occurred in March, we raised our target from 0.70 years (duration contribution) to 1.00 years above that of the index.
- » We mitigate the risk of our credit investments through diversification and a bias toward the higher end of the investment grade ratings-spectrum. True to Richmond Capital style, we are buying predominantly A-rated and Baa1-rated companies.
- » We have been adding to our MBS holdings (reducing our underweight) as the mortgage basis widens.
- » Fixed income markets are grappling with a tightening of financial conditions in 2022 as the Federal Reserve embarks on interest rate hikes and suspends quantitative easing. With interest rates much higher, we have moved to a neutral duration position.

