

INVESTMENT UPDATE

to

CITY OF FORT PIERCE
RETIREMENT AND BENEFIT SYSTEM

on

Thursday, November 17, 2022

by

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



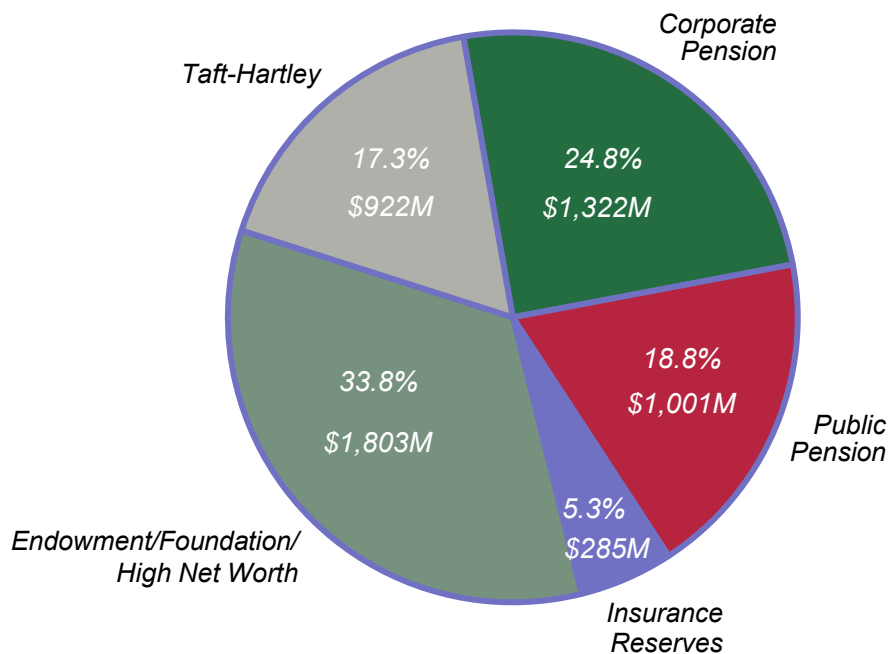
RICHMOND CAPITAL MANAGEMENT
Experience, Knowledge, Service

ORGANIZATION

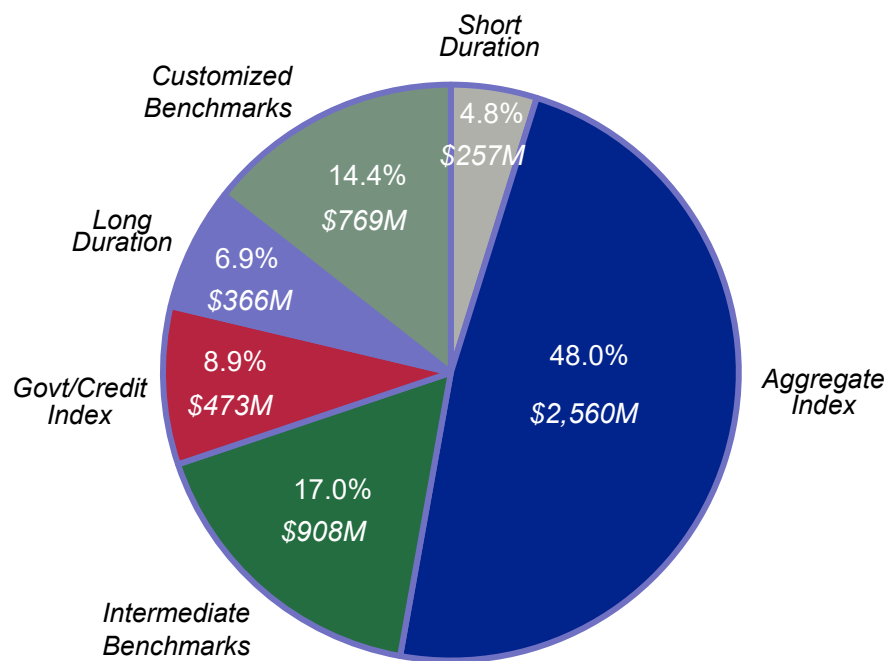
As of September 30, 2022

- » Independent Investment Advisor since 1987
- » 100% Employee-Owned
- » Seasoned Investment Team of Bond Specialists
- » \$5.3 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

^Insurance, ProLoan, 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

^Capital Goods, Consumer Products/Drugs, Preferreds, ProLoan

David H. Jackson, CFA
Director, High Yield and Credit
RCM since 2022

Prior Experience: PENN Capital Management
B.S. Rutgers University, 2004

^Basic & Other Industrials, Energy, High Yield

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

^ESG, Municipals, Technology, 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
Analyst
RCM since 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, Communications, Consumer Non-Cyclical

Nicholas T. Sejnost
Vice President, Senior Securitized
Analyst
RCM since 2021

Prior Experience: Bank of America

B.S. University of Michigan, 2011

^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

Michael A. Ibarra
Vice President, 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 September 30, 2022

Cash Flows Since Inception Through September 30, 2022	
Market Value (8/1/1989)	\$12,816,948
Change in Market Value of Holdings	(5,237,479)
Interest Earned	74,713,215
Contributions/ Withdrawals	31,758,163 (63,667,196)
Total	\$50,383,651

Portfolio Review Through September 30, 2022	
Average Maturity	8.64 Years
Portfolio Duration (Bloomberg Aggregate)	6.09 Years 6.20 Years
Average Yield to Maturity (Bloomberg Aggregate)	4.95% 4.75%
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, 2022

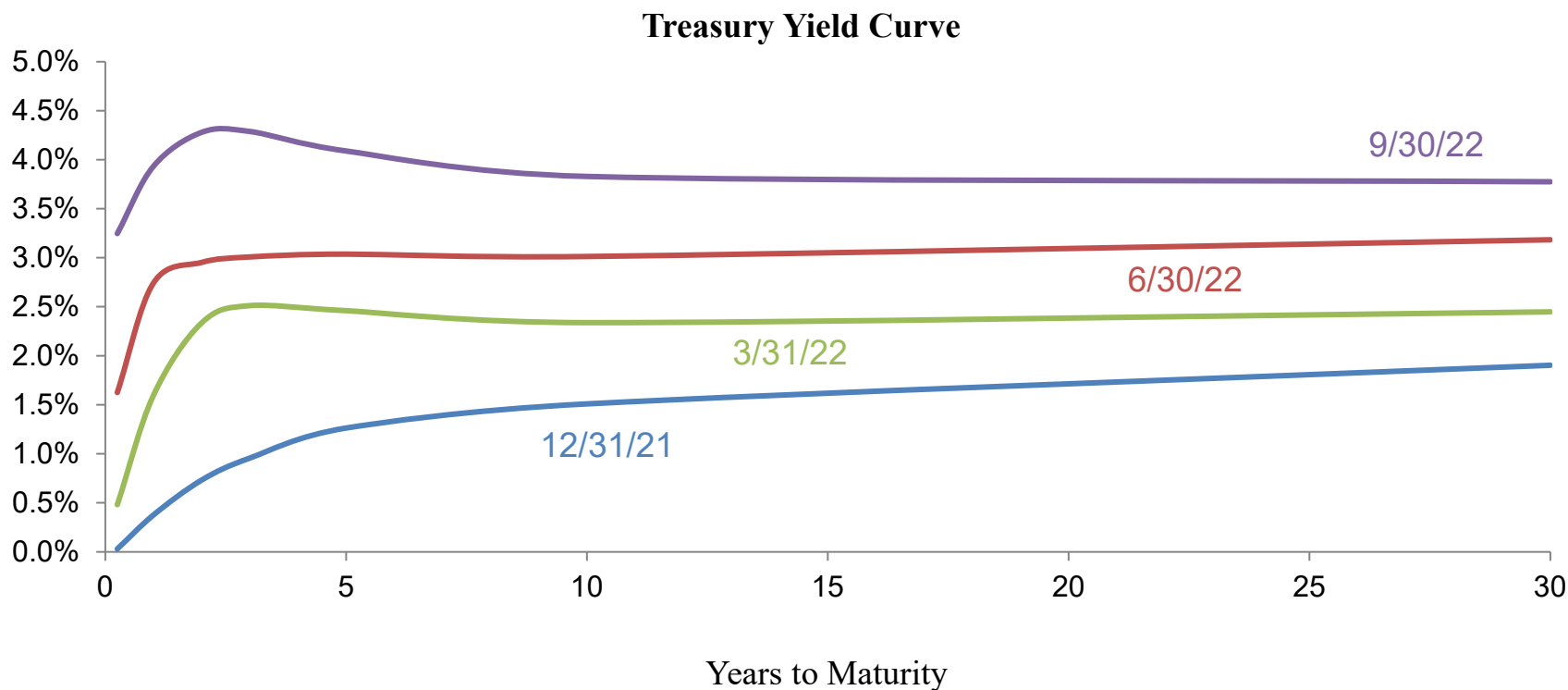
	City of Fort Pierce Retirement and Benefit System	Bloomberg Aggregate Index	Value Added
3rd Quarter, 2022	-4.45%	-4.75%	+0.30%
Year to Date, 2022	-14.21%	-14.61%	+0.40%
Fiscal Year to Date	-14.29%	-14.60%	+0.31%
Annualized: 3 Years	-2.84%	-3.26%	+0.42%
5 Years	0.04%	-0.27%	+0.31%
10 Years	1.31%	0.91%	+0.40%
Annualized Since Inception (8/1/1989)	5.65%	5.13%	+0.52%

*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.
- As of 3/31/22, we were underweight duration by 0.25 years versus the benchmark. With increased market volatility and interest rates much higher, we moved to neutral duration versus the index.

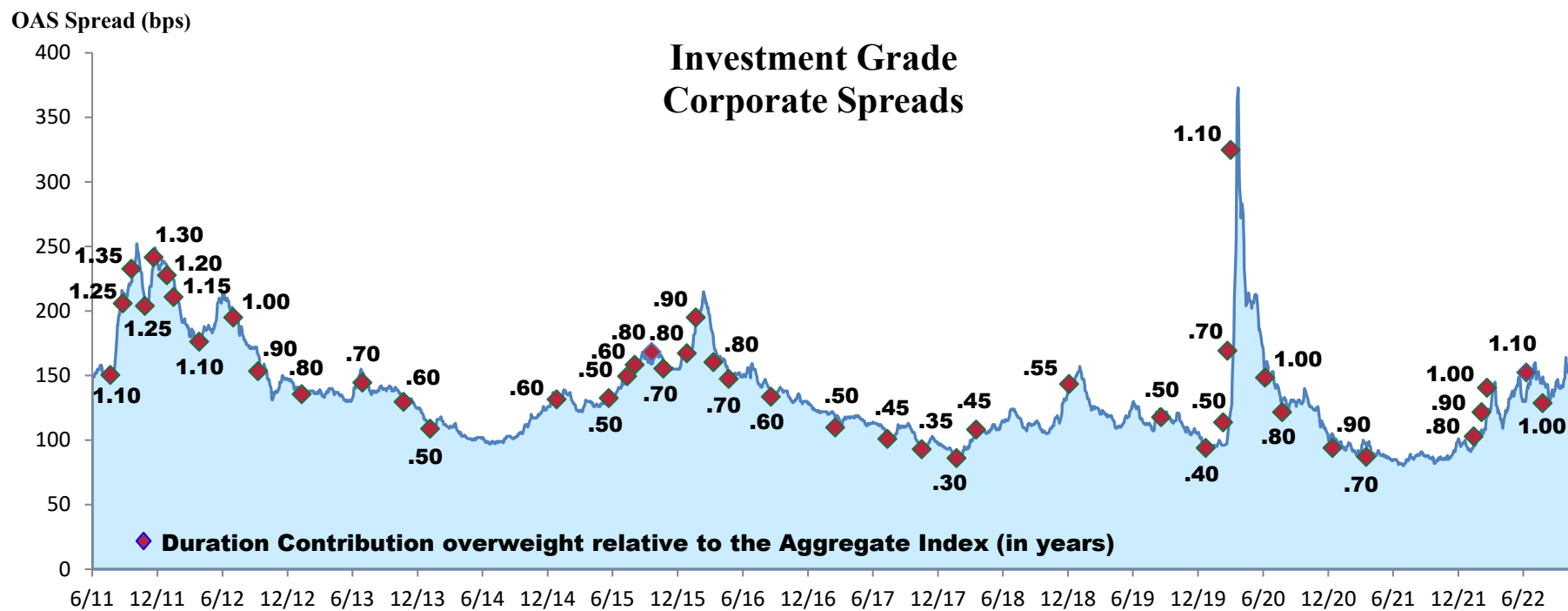


Source: Bloomberg



CORPORATE BOND ALLOCATION (DURATION CONTRIBUTION)

- We are disciplined and opportunistic in our approach to overweighting risk in the corporate sector.
- With spreads widening this year, we increased our allocation to corporates taking the target from 0.80 years to 1.10 years (duration contribution) above that of the index in June when OAS spreads reached +150. In August when OAS spreads narrowed back to +130, we took our target back down to 1.00 year overweight.



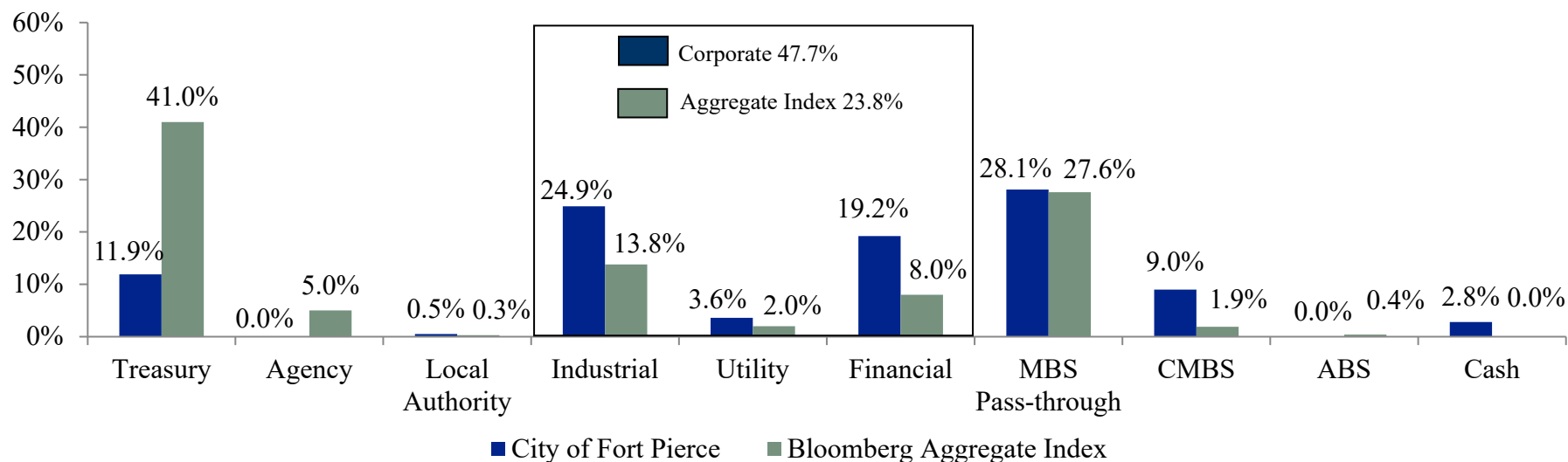
Source: Bloomberg



CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

As of September 30, 2022

Quality Distribution		
	City of Fort Pierce	Bloomberg Aggregate Index
AAA	51.6%	73.6%
AA	3.9%	3.1%
A	27.6%	10.8%
BAA	16.9%	12.5%



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



RICHMOND CAPITAL STRATEGY SUMMARY FOR 2022

- » 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 increased market volatility and interest rates much higher, we are maintaining a neutral duration position.
- » At this juncture in late 2022, we believe the investment grade bond market offers opportunity. Yields are significantly higher than they've been over the prior decade, credit spreads are wider offering greater sector reward, and volatility favors security selection opportunities that arise from tenders, new issues, and various technical factors.
- » Volatility in the corporate bond market has allowed us to buy low and sell high to some degree. In June with OAS spreads at +150, we raised our corporate target to 1.10 years overweight. In August when OAS spreads narrowed back to +130, we took our target back down to 1.00 year overweight. Volatility has also allowed us to opportunistically add to our MBS holdings as well.
- » We mitigate the risk of all our spread product investments through diversification and a bias to the higher end of the investment grade ratings spectrum. In corporates, we favor A-rated and high BBB-rated companies. All of our mortgage holdings are AAA.

