

INVESTMENT UPDATE

to

CITY OF FORT PIERCE
RETIREMENT AND BENEFIT SYSTEM

on

Thursday, May 18, 2023

by

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Portfolio Manager*

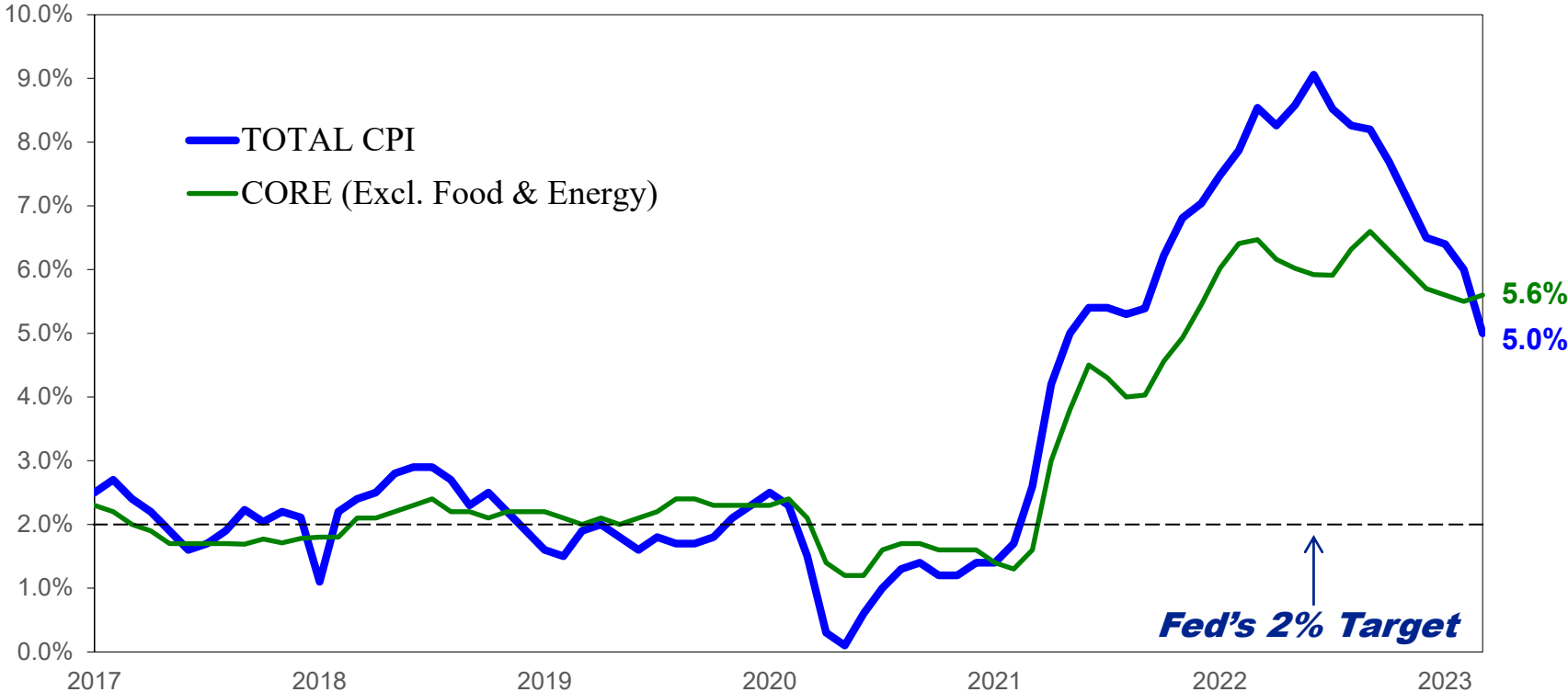


RICHMOND CAPITAL MANAGEMENT
Experience, Knowledge, Service

U.S. INFLATION TRENDS

As of March 31, 2023

Consumer Price Index (CPI)

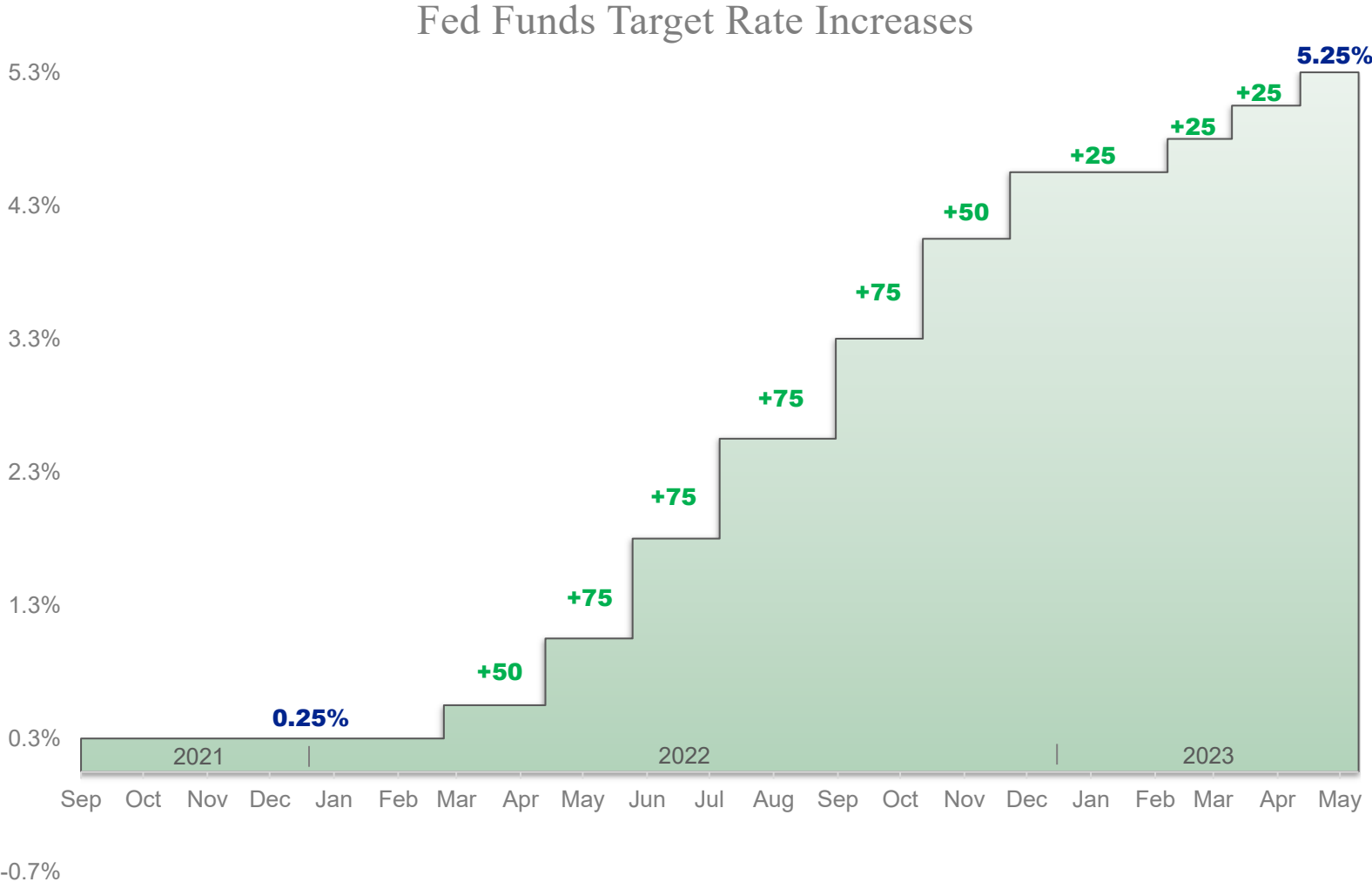


Source: Bureau of Labor Statistics; Bloomberg



FEDERAL FUNDS TARGET RATE INCREASES

As of May 3, 2023



TREASURY YIELD CURVE: HIGHER YIELDS

	3/31/23 Yields (%)	12/31/21 Yields (%)	Change (%)
1 Month	3.63	0.02	+3.61
3 Months	5.12	0.03	+5.09
1 Year	4.80	0.38	+4.42
2 Years	4.27	0.73	+3.54
3 Years	3.97	0.96	+3.01
5 Years	3.73	1.26	+2.47
7 Years	3.67	1.44	+2.23
10 Years	3.60	1.51	+2.09
20 Years	3.92	1.93	+1.99
30 Years	3.80	1.90	+1.90

Source: Bloomberg



BLOOMBERG AGGREGATE INDEX – YIELD TO MATURITY

As of March 31, 2023

Bloomberg Aggregate - Yield to Maturity



CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

Portfolio Review

As of March 31, 2023

Cash Flows Since Inception Through March 31, 2023	
Market Value (8/1/1989)	\$12,816,948
Change in Market Value of Holdings	(3,574,308)
Interest Earned	75,685,183
Contributions/ Withdrawals	31,758,163 (63,720,360)
Total	\$52,965,626

Portfolio Review Through March 31, 2023	
Average Maturity	8.71 Years
Portfolio Duration (Bloomberg Aggregate)	6.31 Years 6.33 Years
Average Yield to Maturity (Bloomberg Aggregate)	4.75% 4.40%
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, 2023

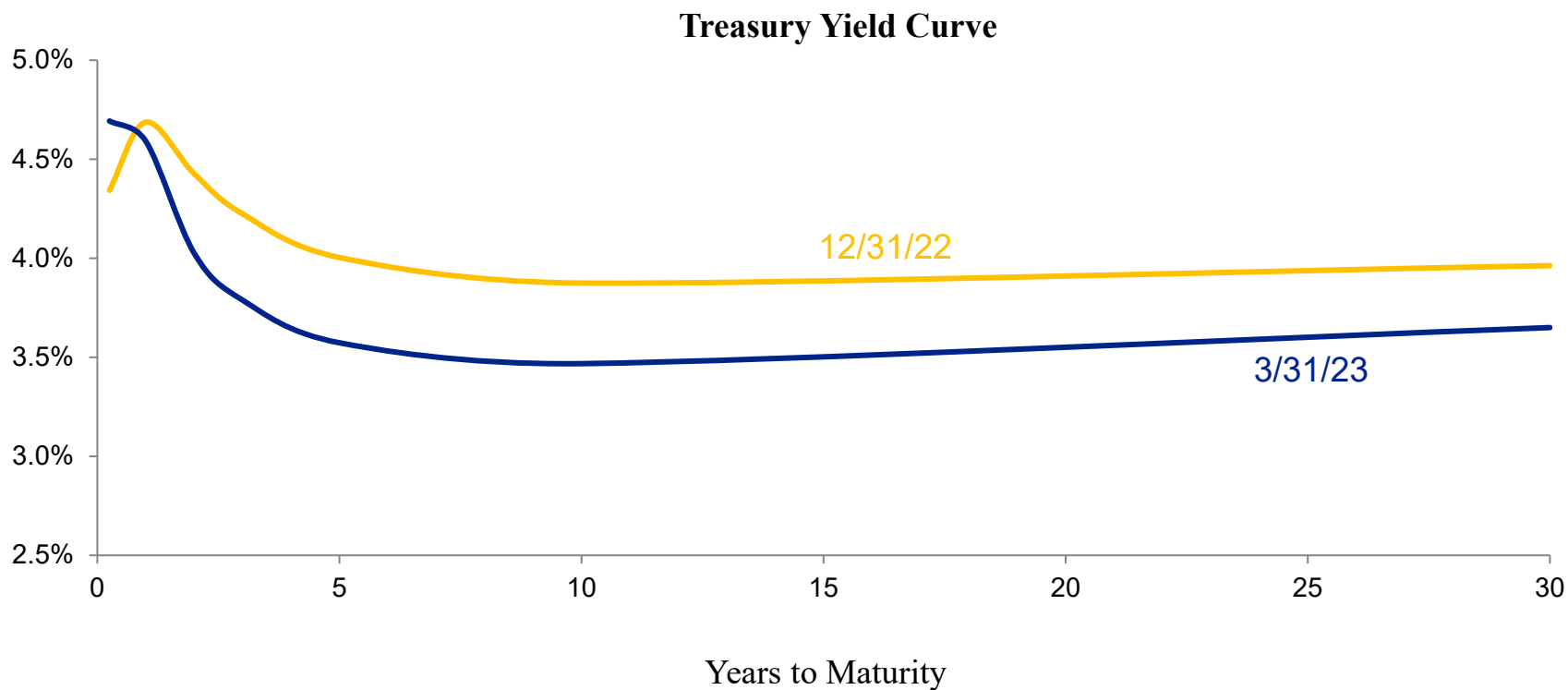
	City of Fort Pierce Retirement and Benefit System	Bloomberg Aggregate Index	Value Added
1st Quarter, 2023	3.11%	2.96%	+0.15%
Fiscal Year to Date	5.24%	4.89%	+0.35%
Annualized: 3 Years	-1.84%	-2.77%	+0.93%
5 Years	1.24%	0.91%	+0.33%
10 Years	1.76%	1.37%	+0.39%
Annualized Since Inception (8/1/1989)	5.72%	5.20%	+0.52%

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



TREASURY YIELD CURVE: INVERTED AND LOWER

- Inverted yield curve as Federal Reserve still actively tightening.
- Portfolio is equally weighted across the yield curve.
- We are currently neutral duration to the index.

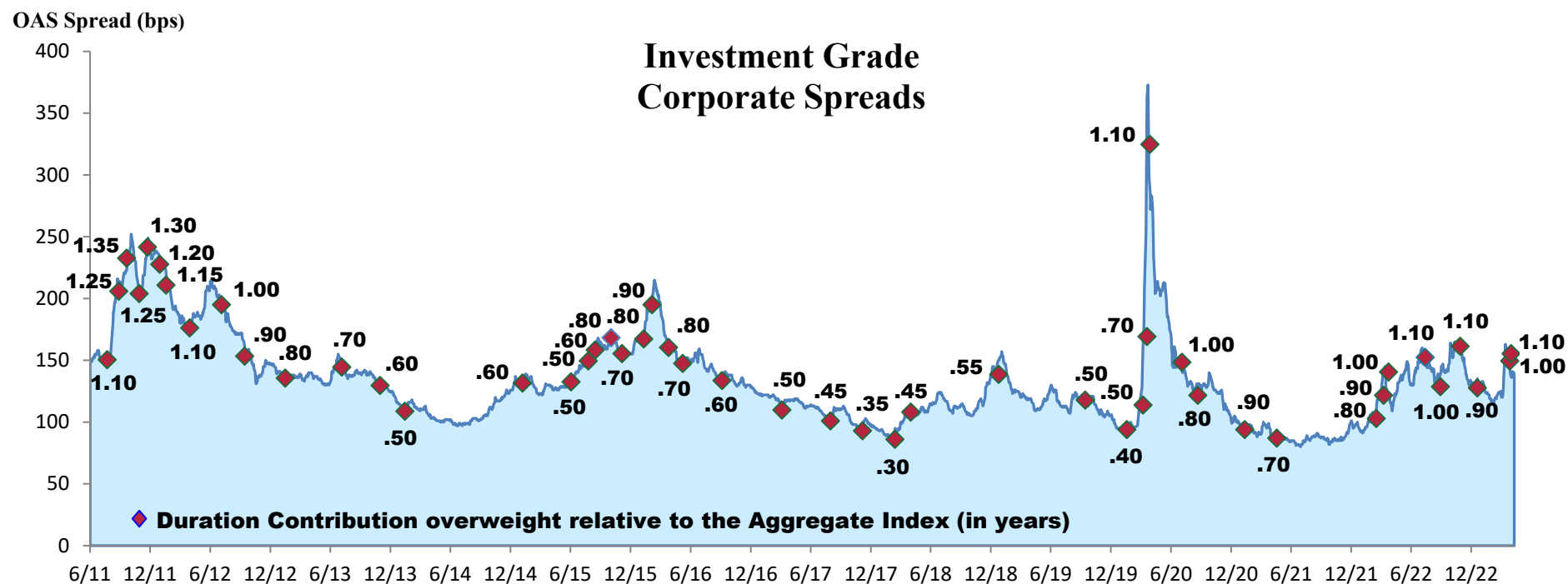


Source: Bloomberg



CORPORATE BOND ALLOCATION (DURATION CONTRIBUTION)

- We are disciplined and opportunistic in our approach to overweighting risk in the corporate sector.
- Volatility provided opportunities in 2022 and 2023. When spreads narrowed, we decreased our risk by selling into the enthusiasm and lowering our corporate overweight. As spreads widened and corporates became more attractive, we increased our overweight.



Source: Bloomberg



AGENCY MBS UPDATE



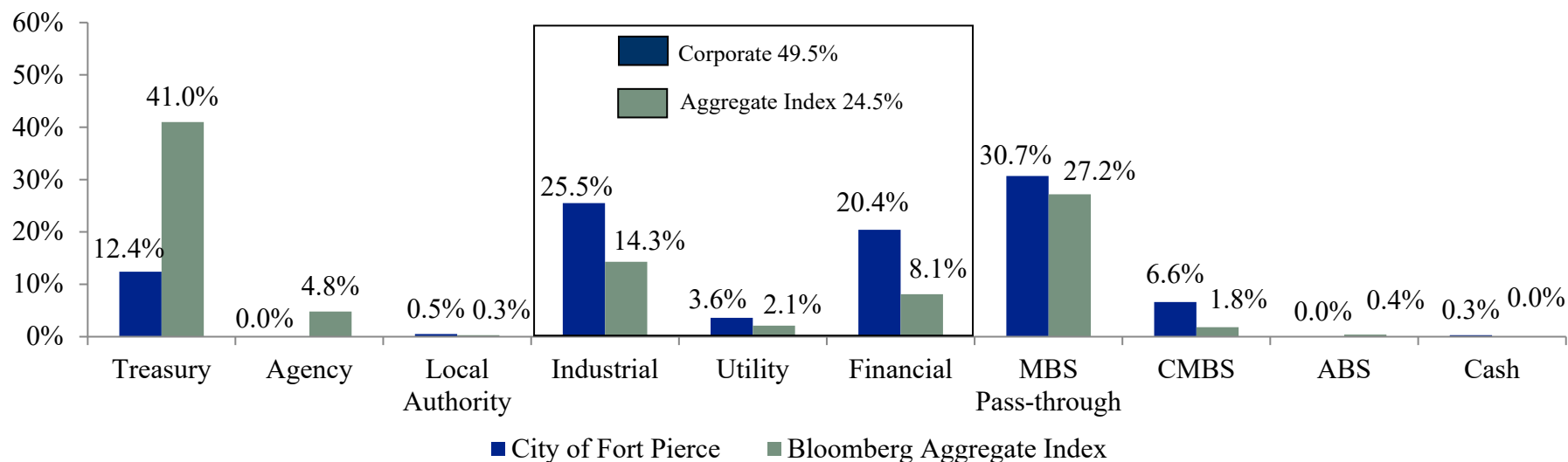
Agency MBS looks very attractive historically versus Treasuries.



CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

As of March 31, 2023

Quality Distribution		
	City of Fort Pierce	Bloomberg Aggregate Index
AAA	49.8%	72.9%
AA	3.4%	3.1%
A	29.1%	11.2%
BAA	17.7%	12.8%



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



RICHMOND CAPITAL STRATEGY SUMMARY FOR 2023

- » We believe the investment grade bond market offers opportunity. The yield-to-maturity of your portfolio is the highest it has been since 6/30/2009.
- » Volatility in the corporate bond market provided opportunities to add to our corporate exposure in the first quarter of 2023. We purchased Becton Dickinson, Campbell Soup, Capital One, EOG Resources, Kraft Heinz, Phillips 66, Schwab, and US Bancorp at attractive levels.
- » 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.
- » Lastly, with regard to the overall interest rate sensitivity of our portfolios, we are content to remain neutral duration relative to the benchmark. We think the path of the Federal Reserve rate hikes is still uncertain and other active strategies are much more interesting in 2023. Those strategies include the aforementioned risk/reward attractiveness of “spread” sectors and the security selection opportunities that continue to come our way during these high volatility times.