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City of Fort Pierce

Second Quarter Performance Review

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Market Environment Update

Equity Markets Rebound Sharply in 1Q and 2Q; Fixed Income Markets Down in 2Q

Stocks and bonds still have ground to make up after first three quarters of 2022

S&P 500 up 16.9% in first half of 2023.

– Loss through first three quarters of 2022 was 23.9%; rebound in the following three quarters reduced the loss to 2.9% since the start of 2022. Greater loss reduction in large cap (U.S. and global ex-U.S.) compared to emerging and small cap

Fixed income recovered as high inflation began to ease; speculation about interest rate cuts evaporated in 2Q

– Bloomberg Aggregate: up 3% in 1Q, but declined 0.8% in 2Q as Fed continued to raise rates

– CPI-U: +3% year-over year for 2Q (3.2% for July) down from +6.5% for the year ended Dec. 2022

Economic data defied expectations of recession; GDP growth was revised up to 2.0% in 1Q, and hit 2.4% in 2Q

– Job market remains solid, providing support to Fed efforts to fight inflation

Returns for Periods ended 6/30/23

| | Quarter | Last 3 Qtrs | 1Q-3Q 2022 | 5 Years | 10 Years | 25 Years |
|------------------------------|---------|-------------|------------|---------|----------|----------|
| U.S. Equity | | | | | | |
| Russell 3000 | 8.39 | 24.51 | -24.62 | 11.39 | 12.34 | 7.72 |
| S&P 500 | 8.74 | 25.73 | -23.87 | 12.31 | 12.86 | 7.61 |
| Russell 2000 | 5.21 | 14.82 | -25.10 | 4.21 | 8.26 | 7.26 |
| Global ex-U.S. Equity | | | | | | |
| MSCI World ex USA | 3.03 | 29.30 | -26.23 | 4.58 | 5.40 | 4.49 |
| MSCI Emerging Markets | 0.90 | 15.07 | -27.16 | 0.93 | 2.95 | -- |
| MSCI ACWI ex USA Small Cap | 2.05 | 21.06 | -29.37 | 2.62 | 5.75 | 6.73 |
| Fixed Income | | | | | | |
| Bloomberg Aggregate | -0.84 | 4.00 | -14.61 | 0.77 | 1.52 | 3.90 |
| 90-day T-Bill | 1.17 | 3.12 | 0.61 | 1.55 | 0.98 | 1.89 |
| Bloomberg Long Gov/Credit | -1.29 | 7.11 | -28.94 | 0.66 | 2.86 | 5.33 |
| Bloomberg Global Agg ex-US | -2.16 | 7.70 | -23.88 | -2.65 | -0.90 | 2.62 |
| Real Estate | | | | | | |
| NCREIF Property | -1.81 | -6.97 | 9.35 | 5.94 | 7.84 | 8.53 |
| FTSE Nareit Equity | 2.62 | 10.89 | -28.13 | 4.55 | 6.42 | 8.32 |
| Alternatives | | | | | | |
| CS Hedge Fund Index | 1.71 | 2.80 | 0.14 | 4.52 | 4.06 | 5.49 |
| Cambridge Private Equity* | 2.12 | 1.12 | -1.84 | 15.98 | 15.04 | 13.83 |
| Bloomberg Commodity | -2.56 | -5.74 | 13.57 | 4.73 | -0.99 | 2.04 |
| Gold Spot Price | -2.86 | 15.39 | -8.56 | 8.99 | 4.66 | 7.76 |
| Inflation - CPI-U | 1.08 | 2.80 | 6.46 | 3.90 | 2.71 | 2.54 |

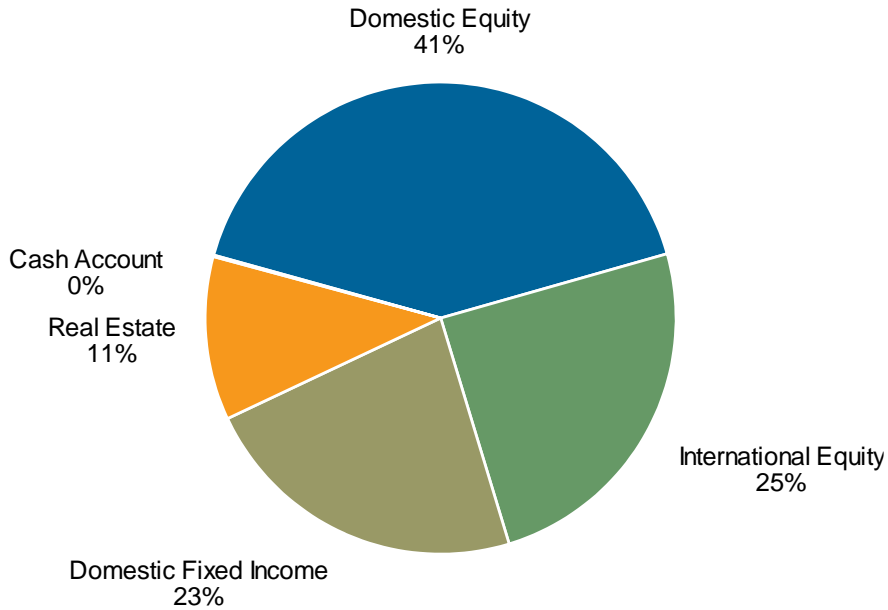
*Cambridge PE data as of 1Q23

Sources: Bloomberg, Callan, Cambridge, Credit Suisse, FTSE Russell, MSCI, NCREIF, S&P Dow Jones Indices

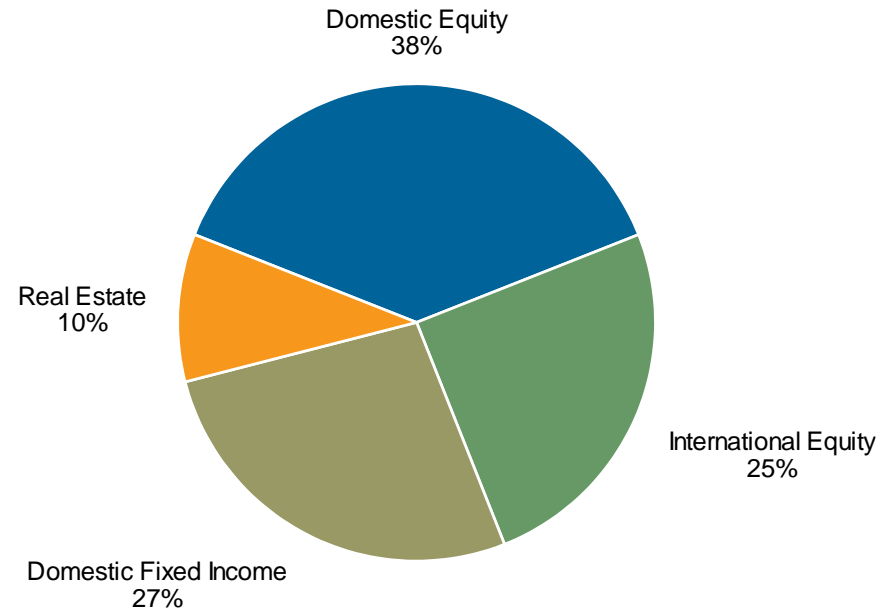
Asset Allocation and Plan Review

Asset Allocation

Actual Asset Allocation



Target Asset Allocation



| Asset Class | \$000s Actual | Weight Actual | Target | Percent Difference | \$000s Difference |
|-----------------------|----------------|---------------|---------------|--------------------|-------------------|
| Domestic Equity | 95,538 | 41.3% | 38.0% | 3.3% | 7,670 |
| International Equity | 57,076 | 24.7% | 25.0% | (0.3%) | (732) |
| Domestic Fixed Income | 52,540 | 22.7% | 27.0% | (4.3%) | (9,893) |
| Real Estate | 25,910 | 11.2% | 10.0% | 1.2% | 2,786 |
| Cash Account | 168 | 0.1% | 0.0% | 0.1% | 168 |
| Total | 231,232 | 100.0% | 100.0% | | |

Asset Distribution Across Investment Managers

| | June 30, 2023 | | | Inv. Return | March 31, 2023 | |
|------------------------------|----------------------|---------------|--------------------|--------------------|----------------------|---------------|
| | Market Value | Weight | Net New Inv. | | Market Value | Weight |
| Domestic Equity | \$95,538,323 | 41.32% | \$(40,818) | \$6,794,717 | \$88,784,424 | 39.68% |
| Emerald Advisers, Inc. | 7,584,186 | 3.28% | (14,336) | 618,231 | 6,980,291 | 3.12% |
| Ceredex Value Advisors | 7,594,770 | 3.28% | (16,703) | 179,806 | 7,431,667 | 3.32% |
| SSgA S&P 500 Index | 66,857,256 | 28.91% | (7,128) | 5,374,188 | 61,490,197 | 27.48% |
| SSgA S&P 400 Index | 13,502,111 | 5.84% | (2,650) | 622,492 | 12,882,269 | 5.76% |
| International Equity | \$57,075,648 | 24.68% | \$(43,817) | \$1,728,114 | \$55,391,350 | 24.75% |
| Morgan Stanley Int'l Equity | 23,917,240 | 10.34% | (43,817) | 761,708 | 23,199,349 | 10.37% |
| Causeway Emerging Markets | 5,255,600 | 2.27% | 0 | 228,504 | 5,027,095 | 2.25% |
| William Blair Intl Growth | 27,902,808 | 12.07% | 0 | 737,902 | 27,164,906 | 12.14% |
| Domestic Fixed Income | \$52,539,564 | 22.72% | \$(32,362) | \$(335,276) | \$52,907,202 | 23.64% |
| Richmond Capital | 52,539,564 | 22.72% | (32,362) | (335,276) | 52,907,202 | 23.64% |
| Real Estate | \$25,909,533 | 11.21% | \$(66,532) | \$(535,970) | \$26,512,035 | 11.85% |
| Heitman | 25,909,533 | 11.21% | (66,532) | (535,970) | 26,512,035 | 11.85% |
| Cash Account | \$168,444 | 0.07% | \$0 | \$2,018 | \$166,426 | 0.07% |
| Total Fund | \$231,231,512 | 100.0% | \$(183,529) | \$7,653,604 | \$223,761,437 | 100.0% |

- The City of Fort Pierce Retirement and Benefit System plan assets are \$231.2 million as of June 30th, 2023.
- Investment returns were positive for the second quarter at approximately \$7.7 million.

Investment Manager Returns & Peer Rankings (Gross of Fees)

The Plan gained 3.4% during the second quarter and outperformed the index by 0.47% on a gross of fee basis. Versus peers, the Plan is slightly behind the per group for the quarter.

- Stock indices registered strong 2Q gains, particularly within the large cap (SSgA S&P 500 index) and small cap growth side (Emerald).
- Manager selection within international equities continued to drive relative results as all managers within the segment outperformed their benchmark, particularly, the EM manager, Causeway.
- A relative underweight to Domestic Fixed Income was also additive to results.
- Over the 10-year period the fund is outperforming the benchmark on a gross of fee basis but slightly lagging on a net of fee basis.

| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years | | | | | |
|---------------------------------|----------------|-----------|----------------|--------------|----------------|-----------|---------------|-----------|---------------|-----------|
| Domestic Equity | 7.66% | 53 | 19.29% | 17 | 14.36% | 37 | 10.55% | 59 | 12.04% | 37 |
| Domestic Equity Benchmark | 7.56% | 57 | 18.14% | 56 | 14.29% | 40 | 10.41% | 61 | 11.81% | 58 |
| Pub Pln- Dom Equity | 7.69% | | 18.39% | | 14.07% | | 10.67% | | 11.94% | |
| Emerald Advisers, Inc. | 8.88% | 11 | 21.03% | 17 | 7.78% | 57 | 6.34% | 80 | 11.40% | 46 |
| Russell 2000 Growth Index | 7.05% | 27 | 18.53% | 36 | 6.10% | 71 | 4.22% | 95 | 8.83% | 98 |
| Callan Small Cap Growth | 5.46% | | 16.97% | | 8.52% | | 7.92% | | 11.28% | |
| Ceredex Value Advisors | 2.43% | 74 | 18.21% | 12 | 17.41% | 67 | 4.99% | 68 | 8.75% | 59 |
| Russell 2000 Index | 5.21% | 19 | 12.31% | 41 | 10.82% | 97 | 4.21% | 80 | 8.26% | 74 |
| Russell 2000 Value Index | 3.18% | 62 | 6.01% | 85 | 15.43% | 82 | 3.54% | 91 | 7.29% | 96 |
| Callan Small Cap Value | 3.63% | | 11.39% | | 18.35% | | 5.89% | | 9.13% | |
| SSgA S&P 500 Index | 8.74% | 34 | 19.57% | 30 | 14.58% | 46 | 12.30% | 34 | 12.88% | 40 |
| Standard & Poor's 500 | 8.74% | 34 | 19.59% | 30 | 14.60% | 46 | 12.31% | 34 | 12.86% | 40 |
| Callan Large Cap Core | 8.44% | | 18.14% | | 14.38% | | 11.72% | | 12.63% | |
| SSgA S&P 400 Index | 4.83% | 56 | 17.57% | 36 | 15.42% | 43 | 7.81% | 73 | 10.22% | 62 |
| S&P Mid Cap 400 Index | 4.85% | 56 | 17.61% | 35 | 15.44% | 43 | 7.79% | 73 | 10.21% | 62 |
| Callan Mid Capitalization | 5.00% | | 15.75% | | 14.23% | | 9.07% | | 10.71% | |
| International Equity | 3.12% | 17 | 16.13% | 24 | 5.78% | 82 | 4.59% | 37 | 5.61% | 60 |
| International Equity Benchmark | 2.44% | 62 | 12.72% | 72 | 7.22% | 69 | 3.52% | 79 | 4.75% | 93 |
| Pub Pln- Intl Equity | 2.65% | | 14.50% | | 7.80% | | 4.16% | | 5.79% | |
| Morgan Stanley Intl Equity | 3.29% | 69 | 19.96% | 43 | 7.65% | 88 | 4.84% | 53 | 5.67% | 82 |
| MSCI EAFE Index | 2.95% | 75 | 18.77% | 60 | 8.93% | 67 | 4.39% | 61 | 5.41% | 87 |
| Callan NonUS Dev Core Eq | 3.53% | | 19.69% | | 9.59% | | 5.09% | | 6.11% | |
| William Blair Intl Growth(2) | 2.72% | 62 | 15.17% | 80 | 4.76% | 83 | 4.88% | 29 | 5.99% | 31 |
| MSCI ACWI x US (Net) | 2.44% | 75 | 12.72% | 92 | 7.22% | 62 | 3.52% | 69 | 4.75% | 72 |
| Callan Non US Equity MFs | 3.05% | | 18.05% | | 8.42% | | 4.16% | | 5.35% | |
| Causeway Emerging Markets(2) | 4.55% | 9 | 5.43% | 34 | 2.88% | 30 | - | 52 | - | 53 |
| MSCI EM | 0.90% | 76 | 1.75% | 67 | 2.32% | 42 | 0.93% | | 2.95% | |
| Callan Emerging Equity MF | 2.01% | | 4.48% | | 1.68% | | 1.01% | | 3.02% | |
| Domestic Fixed Income | (0.63%) | 77 | (0.17%) | 77 | (3.56%) | 90 | 1.08% | 86 | 1.90% | 72 |
| Domestic Fixed Income Benchmark | (0.84%) | 94 | (0.94%) | 93 | (3.96%) | 96 | 0.77% | 95 | 1.52% | 91 |
| Blmbg Aggregate Index | (0.84%) | 94 | (0.94%) | 93 | (3.96%) | 96 | 0.77% | 95 | 1.52% | 91 |
| Pub Pln- Dom Fixed | (0.33%) | | 0.54% | | (2.28%) | | 1.47% | | 2.17% | |
| Richmond Capital | (0.63%) | 45 | (0.17%) | 32 | (3.56%) | 75 | 1.08% | 80 | 1.90% | 69 |
| Blended Benchmark(1) | (0.84%) | 85 | (0.94%) | 82 | (3.96%) | 95 | 0.77% | 96 | 1.52% | 98 |
| Callan Core Bond FI | (0.64%) | | (0.34%) | | (3.39%) | | 1.28% | | 2.01% | |
| Real Estate | (2.02%) | 85 | (8.44%) | 41 | 10.44% | 17 | 6.24% | 51 | - | 46 |
| Real Estate Benchmark | (3.05%) | 91 | (10.51%) | 72 | 7.59% | 47 | 6.07% | 57 | - | |
| Pub Pln- Real Estate | (1.81%) | | (9.46%) | | 7.58% | | 6.26% | | 8.32% | |
| Heitman(2) | (2.27%) | 84 | (9.37%) | 58 | 9.31% | 38 | 5.42% | 73 | - | |
| NFI-ODCE Equal Weight Net | (3.05%) | 89 | (10.51%) | 75 | 7.59% | 57 | 6.07% | 62 | 8.12% | 46 |
| Callan OE Core Cmngld RE | (0.76%) | | (8.78%) | | 7.86% | | 6.32% | | 8.04% | |
| Total Fund | 3.42% | 52 | 9.93% | 38 | 6.91% | 73 | 6.32% | 62 | 7.73% | 42 |
| Total Fund Benchmark* | 2.95% | 67 | 8.65% | 64 | 7.11% | 70 | 6.35% | 62 | 7.56% | 48 |
| CPI+ 5% | 2.27% | 90 | 7.97% | 72 | 10.78% | 7 | 8.90% | 1 | 7.71% | 43 |
| Callan Public Fund Spr DB | 3.46% | | 9.27% | | 7.96% | | 6.71% | | 7.54% | |

• Current Quarter Target = 27.0% Blmbg Aggregate, 26.0% S&P 500 Index, 25.0% MSCI ACWI xUS, 10.0% NCREIF NFI-ODCE Eq Wt Net, 6.0% S&P Mid Cap 400 Index, 3.0% Russell 2000 Growth Index and 3.0% Russell 2000 Value Index.

• (1) Blmbg Gov/Credit Bond Index through May 31, 2013 and Blmbg Aggregate thereafter. (2) Returns are reported net of fees.

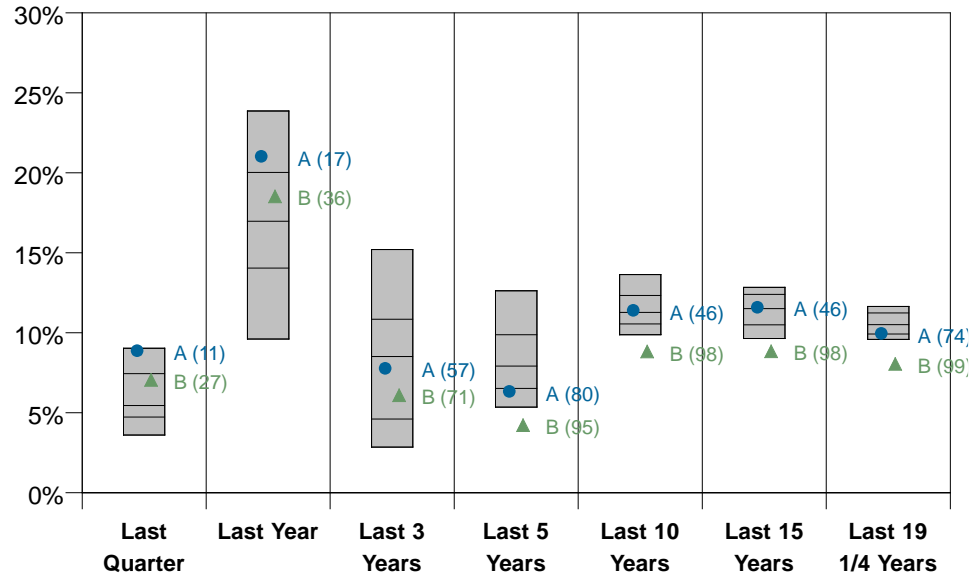
Investment Manager Objectives

| Manager | Objective | Comments |
|--------------------------------------|--|----------------|
| Total Fund | Outperform the CPI + 5% over long term. | Not Met |
| Emerald | Outperform the Russell 2000 Growth Index (net of fees) over rolling 3-year periods by 0.50%. | Met |
| | Outperform the median small cap growth manager over rolling 3-year periods. | Not Met |
| Ceredex | Outperform the Russell 2000 Value Index (net of fees) over rolling 3-year periods by 0.50%. | Met |
| | Outperform the median small cap value manager over rolling 3-year periods. | Not Met |
| SSgA S&P MidCap 400 Index | Replicate the return of the S&P MidCap 400 Index. | Met |
| SSgA S&P 500 Index | Replicate the return of the S&P 500 Index. | Met |
| Morgan Stanley Developed | Outperform the MSCI EAFE (net of fees) by 0.50% over rolling 3-year periods. | Not Met |
| | Outperform the median international equity manager over rolling 3-year periods. | Not Met |
| William Blair | Outperform the MSCI ACWI ex-US Index (net of fees) by 0.50% over rolling 3-year periods. | Not Met |
| | Outperform the median international equity manager over rolling 3-year periods. | Not Met |
| Causeway Emerging | Outperform the MSCI Emerging Markets Index over rolling 3-year periods by 1.00%. | Not Met |
| | Outperform the median emerging markets equity manager over rolling 3-year periods. | Met |
| Richmond | Outperform BC Aggregate (net of fees) over rolling 3-year periods by 0.25%. | Not Met |
| | Outperform the median fixed income manager over rolling 3-year periods. | Not Met |
| Heitman (HART) | Outperform the NFI-ODCE Index over rolling 5-year periods. | Not Met |

Domestic Equity

Emerald Advisors Small Cap Growth

Performance vs Callan Small Cap Growth (Gross)

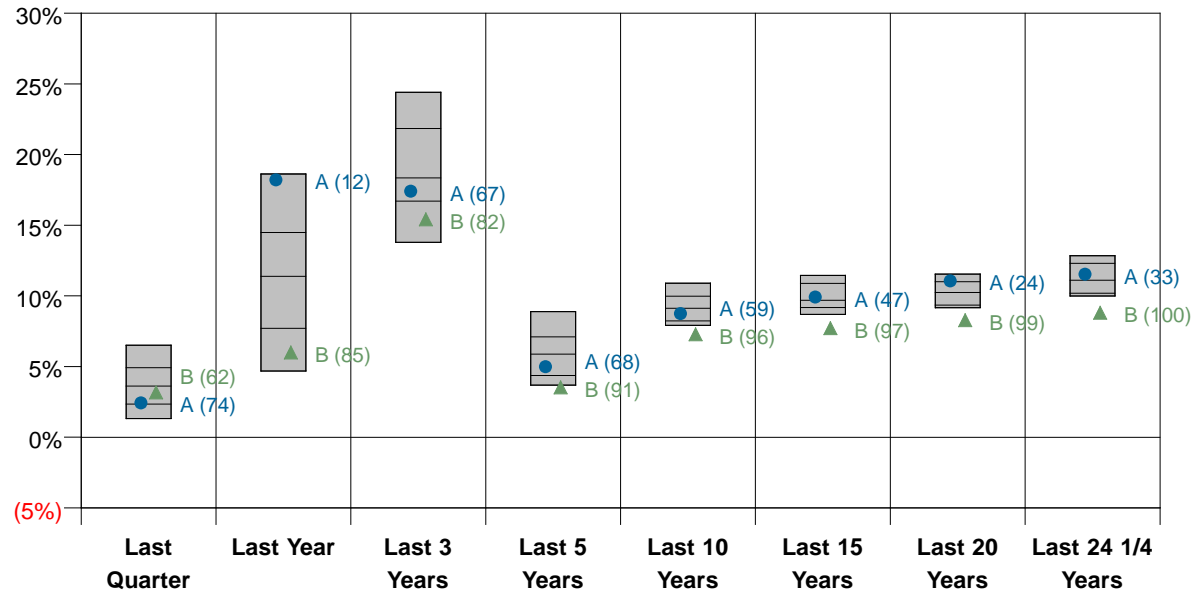


| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years | Last 15 Years | Last 19 1/4 Years |
|-------------------------------|--------------|-----------|--------------|--------------|---------------|---------------|-------------------|
| 10th Percentile | 9.04 | 23.87 | 15.21 | 12.63 | 13.65 | 12.84 | 11.65 |
| 25th Percentile | 7.45 | 20.03 | 10.85 | 9.88 | 12.34 | 12.40 | 11.24 |
| Median | 5.46 | 16.97 | 8.52 | 7.92 | 11.28 | 11.51 | 10.51 |
| 75th Percentile | 4.73 | 14.04 | 4.61 | 6.53 | 10.56 | 10.50 | 9.93 |
| 90th Percentile | 3.61 | 9.61 | 2.86 | 5.36 | 9.88 | 9.64 | 9.59 |
| Emerald Advisers (A) | 8.88 | 21.03 | 7.78 | 6.34 | 11.40 | 11.60 | 9.96 |
| Russell 2000 Growth Index (B) | 7.05 | 18.53 | 6.10 | 4.22 | 8.83 | 8.85 | 8.06 |

- Although market returns this year have largely been attributed to large cap stocks, the second quarter saw small cap growth stocks continue to perform strongly, with the Russell 2000 Growth Index up 7.05%.
- Emerald outperformed the benchmark thanks to their overweight in healthcare and their stock selection in the technology sector being boosted by artificial intelligence.
- Over the long term, the manager continues to outperform the benchmark both gross and net of fees.

Ceredex Value Advisors Small Cap Value

Performance vs Callan Small Cap Value (Gross)

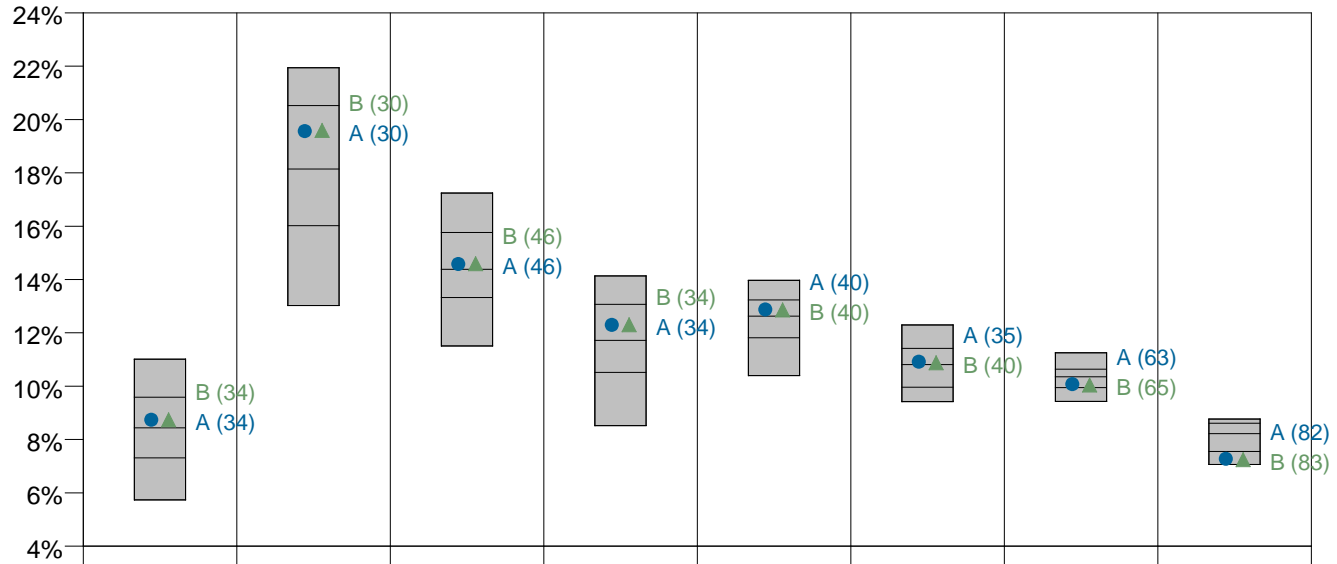


| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years | Last 15 Years | Last 20 Years | Last 24 1/4 Years |
|------------------------------|--------------|-----------|--------------|--------------|---------------|---------------|---------------|-------------------|
| 10th Percentile | 6.52 | 18.63 | 24.41 | 8.89 | 10.91 | 11.46 | 11.55 | 12.84 |
| 25th Percentile | 4.93 | 14.48 | 21.84 | 7.11 | 9.98 | 10.89 | 11.01 | 12.32 |
| Median | 3.63 | 11.39 | 18.35 | 5.89 | 9.13 | 9.69 | 10.25 | 11.12 |
| 75th Percentile | 2.35 | 7.71 | 16.71 | 4.38 | 8.23 | 9.18 | 9.36 | 10.19 |
| 90th Percentile | 1.33 | 4.69 | 13.79 | 3.69 | 7.93 | 8.69 | 9.16 | 10.00 |
| Ceredex Value Advisors (A) | 2.43 | 18.21 | 17.41 | 4.99 | 8.75 | 9.92 | 11.06 | 11.53 |
| Russell 2000 Value Index (B) | 3.18 | 6.01 | 15.43 | 3.54 | 7.29 | 7.72 | 8.29 | 8.81 |

- The Russell 2000 Value Index rebounded from regional banking woes to start the year and was able to return 3.18% in the second quarter, although this was the lowest among major indices.
- Ceredex lagged both the benchmark and its peers in the second quarter as the market rallied in favor of high beta, riskier, non-dividend-paying stocks, which are typically not included in Causeway's portfolio, mainly in healthcare and information technology.
- The manager's long-term performance remains strong over the short and long term.

SSgA S&P 500 Index

Performance vs Callan Large Cap Core (Gross)

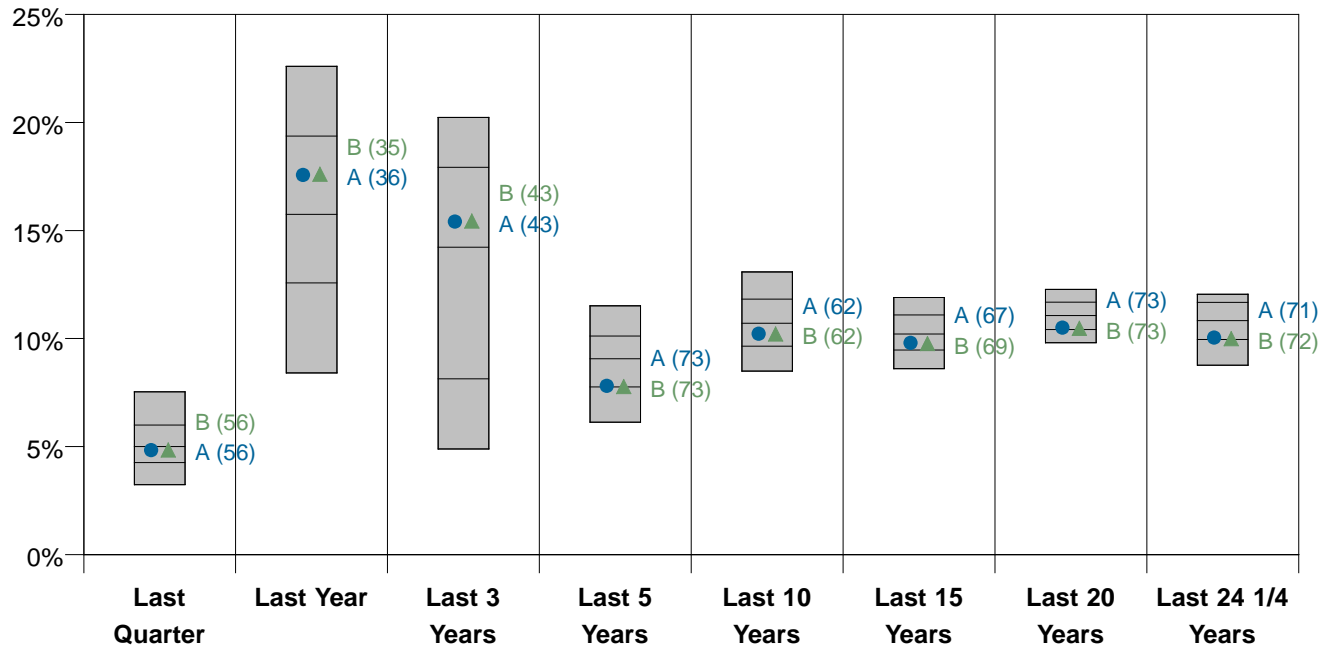


| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years | Last 15 Years | Last 20 Years | Last 24 1/4 Years |
|------------------------|--------------|-----------|--------------|--------------|---------------|---------------|---------------|-------------------|
| 10th Percentile | 11.02 | 21.95 | 17.25 | 14.14 | 13.97 | 12.30 | 11.25 | 8.77 |
| 25th Percentile | 9.59 | 20.53 | 15.77 | 13.08 | 13.24 | 11.42 | 10.64 | 8.62 |
| Median | 8.44 | 18.14 | 14.38 | 11.72 | 12.63 | 10.82 | 10.35 | 8.22 |
| 75th Percentile | 7.31 | 16.02 | 13.33 | 10.52 | 11.82 | 9.96 | 9.95 | 7.55 |
| 90th Percentile | 5.74 | 13.03 | 11.51 | 8.52 | 10.40 | 9.43 | 9.43 | 7.07 |
| SSgA S&P 500 Index ● A | 8.74 | 19.57 | 14.58 | 12.30 | 12.88 | 10.91 | 10.08 | 7.28 |
| S&P 500 Index ▲ B | 8.74 | 19.59 | 14.60 | 12.31 | 12.86 | 10.88 | 10.04 | 7.24 |

- The SSgA S&P 500 Index fund continues to track the benchmark across all periods over time. The index was one of the strongest performers across the market capitalization spectrum as it benefited from the performance from technology stocks.

SSgA S&P Mid Cap 400 Index

Performance vs Callan Mid Capitalization (Gross)



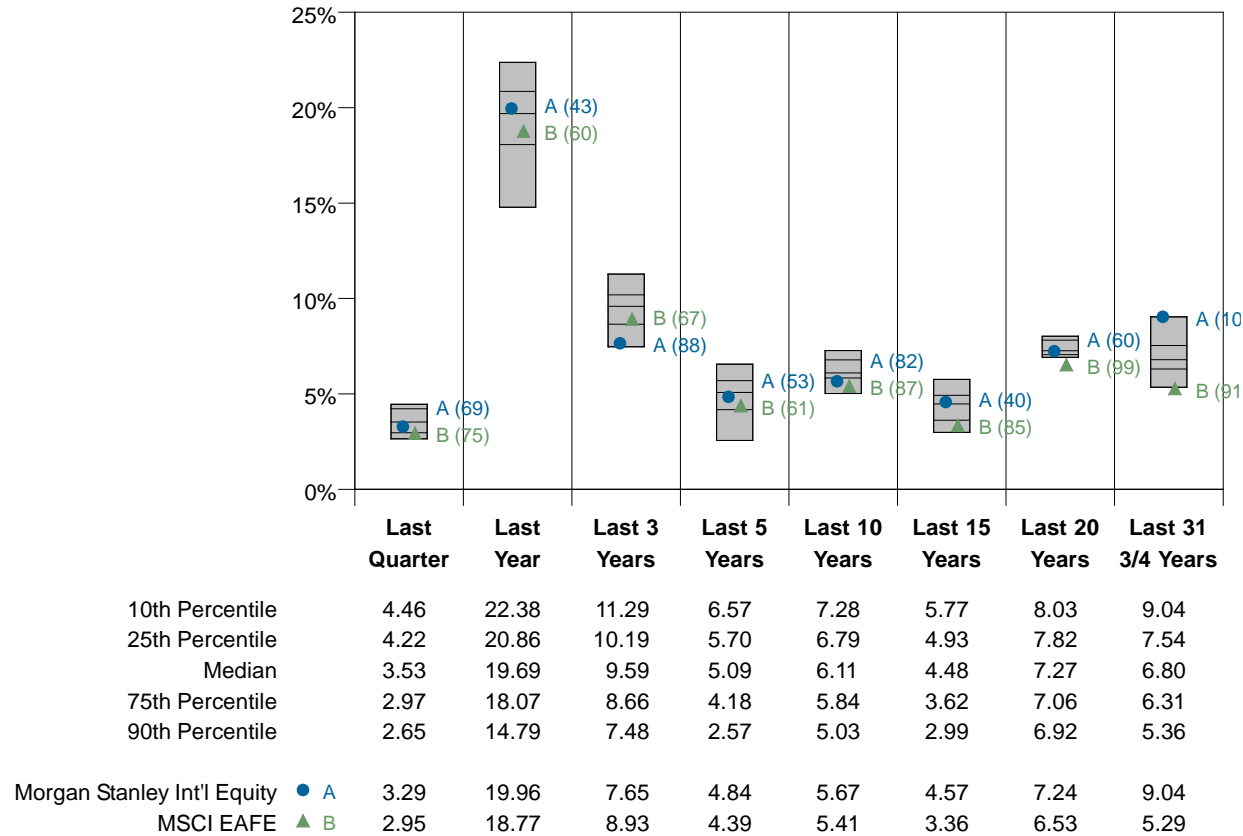
| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years | Last 15 Years | Last 20 Years | Last 24 1/4 Years |
|---------------------------|--------------|-----------|--------------|--------------|---------------|---------------|---------------|-------------------|
| 10th Percentile | 7.54 | 22.61 | 20.23 | 11.52 | 13.09 | 11.90 | 12.28 | 12.05 |
| 25th Percentile | 6.00 | 19.38 | 17.93 | 10.13 | 11.83 | 11.10 | 11.69 | 11.68 |
| Median | 5.00 | 15.75 | 14.23 | 9.07 | 10.71 | 10.21 | 11.06 | 10.84 |
| 75th Percentile | 4.26 | 12.58 | 8.14 | 7.76 | 9.65 | 9.47 | 10.42 | 9.96 |
| 90th Percentile | 3.24 | 8.41 | 4.89 | 6.13 | 8.50 | 8.61 | 9.81 | 8.77 |
| SSgA S&P 400 Index (A) | 4.83 | 17.57 | 15.42 | 7.81 | 10.22 | 9.80 | 10.51 | 10.04 |
| S&P 400 Mid Cap Index (B) | 4.85 | 17.61 | 15.44 | 7.79 | 10.21 | 9.78 | 10.48 | 10.00 |

- Mid cap trailed both large and small indices during the quarter however the fund continues to track the index closely at a very low fee.

International Equity Performance

Morgan Stanley Developed International Equity

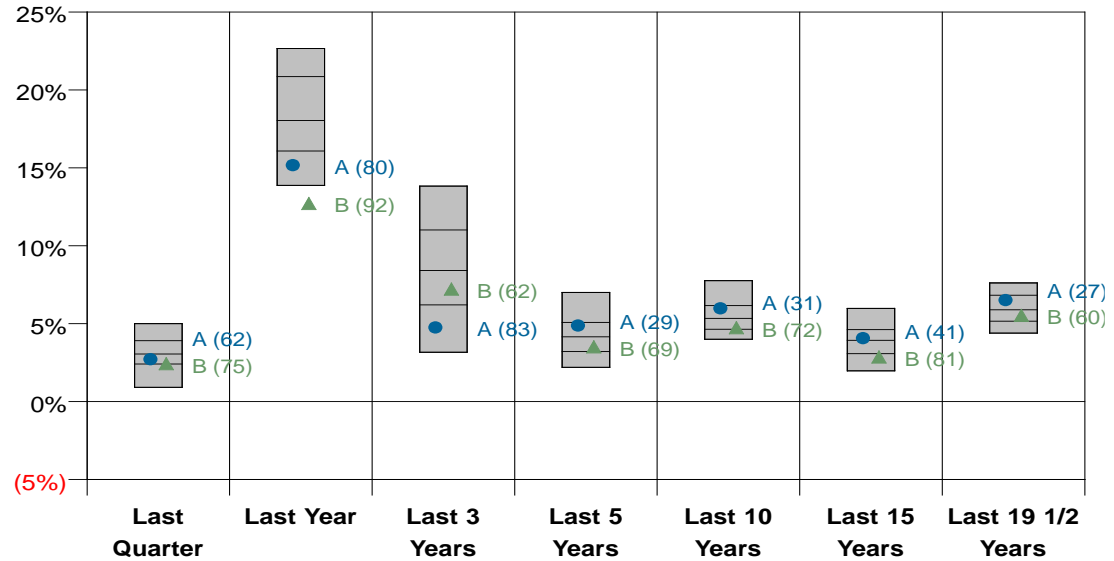
Performance vs Callan Non-US Developed Core Equity (Gross)



- The MSCI EAFE index slowed down in the second quarter (2.95%) after starting the year with returns of 8.47% for the first quarter.
- Morgan Stanley was able to outperform the benchmark during both periods and maintains its short-term momentum with mixed results versus the peer group.
- Overweights to information technology and underweights in materials and communication services aided to relative results during the quarter.
- The strategy continues to work its way back from setbacks suffered in 2021-2022 and has demonstrated solid short-term performance vs. the benchmark.

William Blair International Growth Equity

Performance vs Callan Non-US Equity Mutual Funds (Institutional Net)



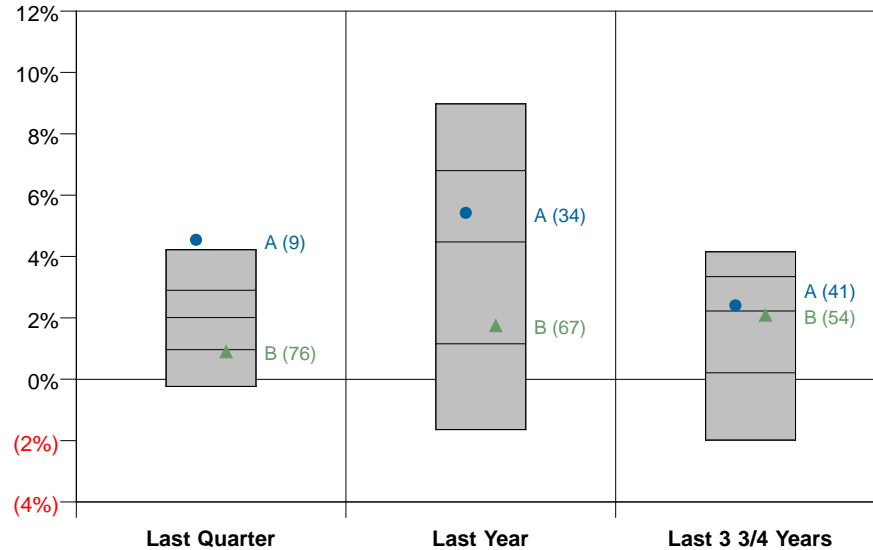
| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years | Last 15 Years | Last 19 1/2 Years |
|-----------------|--------------|-----------|--------------|--------------|---------------|---------------|-------------------|
| 10th Percentile | 5.01 | 22.66 | 13.83 | 7.01 | 7.76 | 5.98 | 7.61 |
| 25th Percentile | 3.91 | 20.86 | 11.01 | 5.09 | 6.17 | 4.62 | 6.83 |
| Median | 3.05 | 18.05 | 8.42 | 4.16 | 5.35 | 3.93 | 5.90 |
| 75th Percentile | 2.42 | 16.08 | 6.21 | 3.22 | 4.65 | 3.08 | 5.17 |
| 90th Percentile | 0.92 | 13.88 | 3.17 | 2.20 | 4.01 | 1.98 | 4.40 |

| | | | | | | | | |
|-------------------------|-----|------|-------|------|------|------|------|------|
| William Blair & Company | ● A | 2.72 | 15.17 | 4.76 | 4.88 | 5.99 | 4.08 | 6.52 |
| MSCI ACWI ex US | ▲ B | 2.44 | 12.72 | 7.22 | 3.52 | 4.75 | 2.87 | 5.54 |

- Lower technology exposure and therefore less exposure to the AI tailwinds seen in the US have cause global equity markets to trail US equity markets overall.
- William Blair's performance for the quarter was led by overweights to industrials and underweights to communication services and materials. The portfolio's relative underweight to China was additive to relative results the reopening of the economy has fallen short of robust expectations and was one of the worst performers across emerging markets.
- Over the long term, the strategy continues to outperform the benchmark as well as its peer group.

Causeway Emerging Markets

Performance vs Callan Emerging Markets Equity Mutual Funds (Institutional Net)



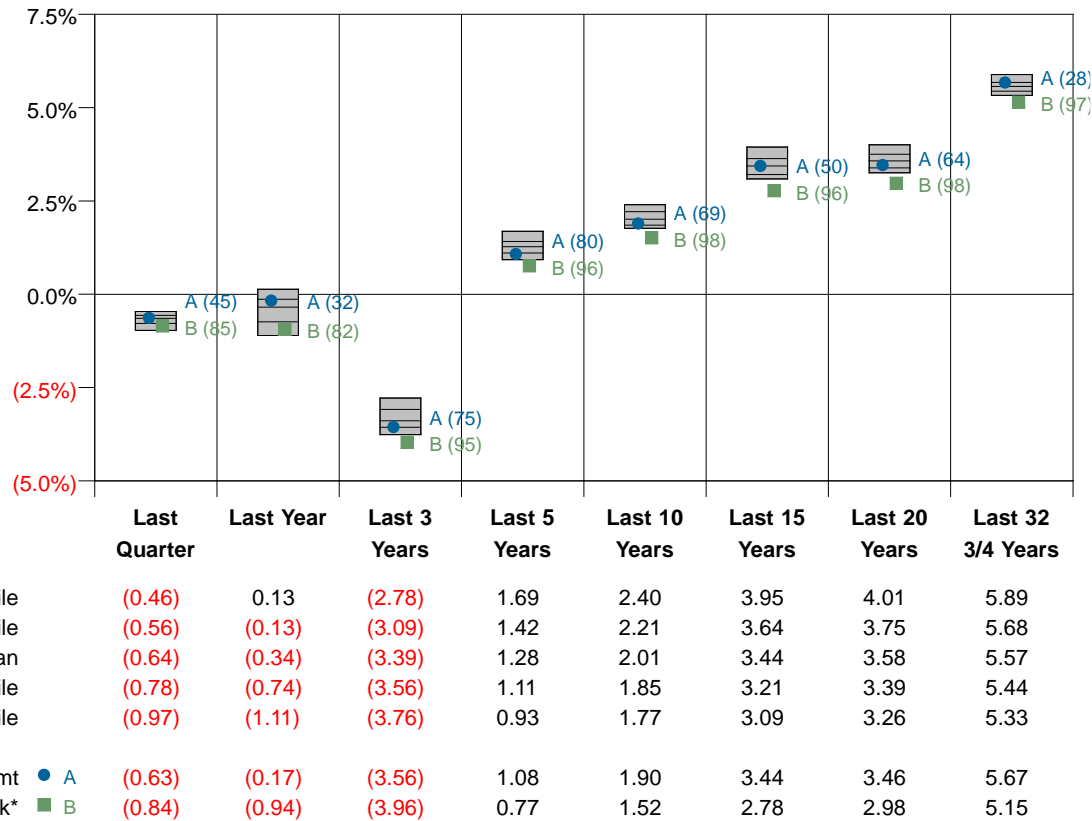
| | Last Quarter | Last Year | Last 3 3/4 Years |
|-------------------------------|--------------|-----------|------------------|
| 10th Percentile | 4.22 | 8.98 | 4.16 |
| 25th Percentile | 2.90 | 6.80 | 3.35 |
| Median | 2.01 | 4.48 | 2.22 |
| 75th Percentile | 0.96 | 1.16 | 0.21 |
| 90th Percentile | (0.23) | (1.64) | (1.98) |
| Causeway Emerging Markets (A) | 4.55 | 5.43 | 2.41 |
| MSCI EM (B) | 0.90 | 1.75 | 2.09 |

- Emerging markets varied widely during the quarter with Emerging Europe (+11.2%) and Latin America (+14.0%) posting double-digit results while Emerging Asia (-0.8%) was hurt by poor performance from China (-9.7%) offsetting results from India (+12.2%).
- Causeway continued to post solid returns during the second quarter, outpacing the benchmark and peers. These results are boosting long term results for the year and since inception. The manager's stocks within information technology, particularly in Taiwan was a tailwind to relative results as there is a continued optimism around AI technologies. In addition, small cap stocks within the EM universe has supported absolute and relative results.

Fixed Income

Richmond Capital Core Fixed Income

Performance vs Callan Core Bond Fixed Income (Gross)

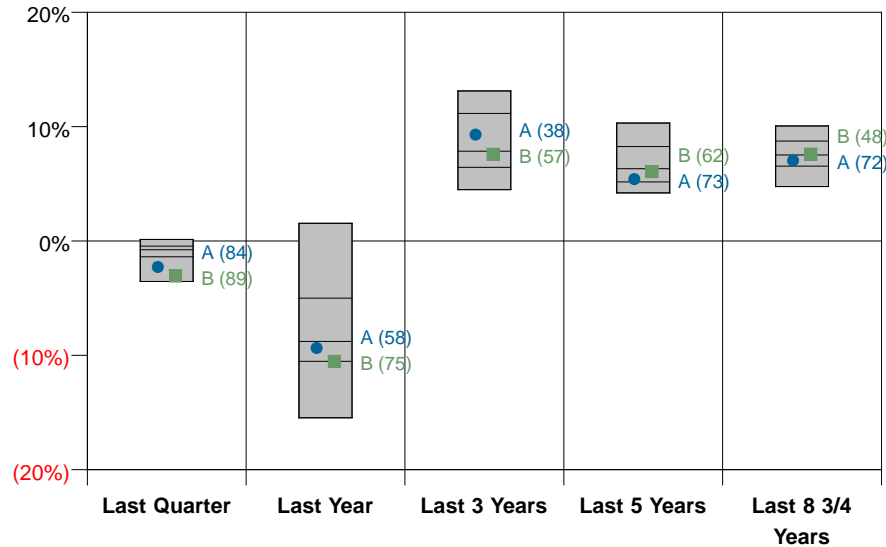


- As interest rates rose in the second quarter, the Bloomberg Agg fell 0.8% overall while investors were increasingly willing to take risk which led the lower quality segment of the index to perform the best.
- Richmond increased their allocation to agency mortgage-backed securities as the spread reward remains attractive; this decision was additive to relative results. In addition, the manager continues to make decisions around their credit positioning, which have led to positive relative results.
- Over the long term, the manager is outperforming the benchmark. Given that this manager is a more traditional, low-risk core mandate, it is not surprising to see them below the peer median.

Real Estate

Heitman America Real Estate Trust

Performance vs Callan Open End Core Commingled Real Estate (Net)



| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 8 3/4 Years |
|-------------------------------|--------------|-----------|--------------|--------------|------------------|
| 10th Percentile | 0.15 | 1.56 | 13.14 | 10.32 | 10.07 |
| 25th Percentile | (0.44) | (5.00) | 11.16 | 8.27 | 8.74 |
| Median | (0.76) | (8.78) | 7.86 | 6.32 | 7.53 |
| 75th Percentile | (1.37) | (10.51) | 6.46 | 5.18 | 6.55 |
| 90th Percentile | (3.54) | (15.45) | 4.49 | 4.22 | 4.77 |
| Heitman Net ● A | (2.27) | (9.37) | 9.31 | 5.42 | 7.03 |
| NCREIF NFI ODCE Eq Wt Net ■ B | (3.05) | (10.51) | 7.59 | 6.07 | 7.60 |

- During the second quarter, income returns for Private Real Estate were positive but appreciation returns continue to be negative as valuations continue to be reflective of higher interest rates, which have put upward pressure on capitalization rate and discount rate assumptions.
- Heitman's absolute results were hurt during the second quarter mainly because valuations decreased across most property sectors, mainly commercial real assets.
- Heitman continues to outperform the benchmark in the short term helped by active weightings but trails the benchmark in the long term.

Role of the Fiduciary Overview

What Is a Fiduciary?

ERISA was enacted by Congress to, in part, clarify fiduciary roles and responsibilities regarding benefit plans

Generally, a fiduciary is...

- Someone entrusted with discretionary authority or control with respect to a plan or its assets who is charged with an obligation to **act in the interests of another party**;
- Determined by either legal designation OR their actions;
- Acting "...with the care, skill, prudence, and diligence, that a prudent person acting in like capacity and familiar with such matters would use";
- Largely **determined by actions** as much as by job **title or designation**; and
- Dedicated to a process, evaluating its outcomes and making successive changes to improve.



"Don't worry about doing the right thing. There'll be plenty of time for that when you're fired, retired, or reincarnated."

Four Central Duties of a Fiduciary

Duty of Loyalty

Fiduciaries are to act solely in the interest of plan participants and beneficiaries (both current and future) for the exclusive purpose of:

- Providing benefits for participants and their beneficiaries.
- Defraying reasonable expenses of administering the plan.

Duty to Diversify

The fiduciary duty “to diversify” means to

“...diversify the investments of the plan so as to minimize the risk of large losses, unless under the circumstances it is clearly not prudent to do so.”

Qualifying employer stock fund is excluded from the duty to diversify

Duty of Care

Fiduciaries must act with *“the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of a like enterprise with like aims.”*

(1) Give “appropriate consideration” to facts and circumstances known at that time, including the role of the investment in the total portfolio, and (2) act accordingly.

Prudence requires that a process is followed and documented.

Duty to Follow Plan Documents

The fiduciary must discharge her / his duties

“in accordance with the documents and instruments governing the plan insofar as such documents and instruments are consistent with the [other provisions of ERISA].”

Definition of documents and instruments governing the plan can be quite broad and include investment policies and guidelines, plan documents, committee charters, etc.

Who Are the Fiduciaries?

| | |
|-----------------------------------|---|
| Fund Sponsor / Board of Directors | Yes, even if it merely appoints third-party fiduciaries |
| Trustees | Yes |
| Investment Committee | Yes |
| Officers / Employees | Maybe |
| Investment Consultants | Probably |
| Actuaries | Probably not |
| Attorneys | Probably not |
| Auditors | Probably not |
| Investment Managers | Yes |
| Custodian Banks | Yes (in some instances) |
| Recordkeepers | Probably not |

Who decides who is a fiduciary and who is not? Likely a judge or regulator.

Recommendations for Fiduciary Conduct

1. Ensure roles and responsibilities are clearly assigned, communicated and understood – within the organization, and among outside providers
2. Ensure persons involved in investment decisions have the requisite financial competencies
3. Prepare and periodically review the investment structure, investment performance, and written investment policies
4. Diversify portfolio assets with regards to the specific risk / return objectives
5. Use qualified professional managers (“prudent experts”) to make investment decisions
6. Control and account for all investment fees and expenses
7. Make time for the meetings and diligently prepare, attend, and participate
8. Monitor the activities of all money managers and service providers
9. Maintain documentation sufficient to demonstrate fiduciary monitoring and decision-making
10. Engage expert legal counsel
11. Enhance fiduciary skills by staying up to date with trends, current issues, court cases, etc.

Recommendations for Fiduciary Conduct

The Essentials

- ▶ Strong governance structure:
People, processes and monitoring
- ▶ Policy statements
- ▶ Documented procedures
- ▶ Up-to-date compliance calendar
- ▶ Confirm appropriate providers and related indemnifications

Annually

- ▶ Provider review meetings
- ▶ Financial strategy execution and budgeting; funding strategy updates
- ▶ Discrimination and limits testing
- ▶ Form filings (5500 and other filings)

Quarterly

- ▶ Committee meetings (investment and administrative)
- ▶ Trend and legislative updates (potentially more frequently)
- ▶ Monitor / measure investment and administrative performance

Every 2-5 Years or Event-driven

- ▶ Fiduciary training
- ▶ Fee and service benchmarking with RFP as appropriate
- ▶ Investment structure study
- ▶ Target date suitability study
- ▶ Market competitive and plan design assessment
- ▶ Operational and compliance reviews

Appendix

Callan's Proposed 2023 Work Plan

City of Fort Pierce Retirement and Benefit System

| | 1 st Quarter 2023 | | | 2 nd Quarter 2023 | | | 3 rd Quarter 2023 | | | 4 th Quarter 2023 | | |
|--|---------------------------------|--|--|---------------------------------|--|--|---------------------------------|--|--|---------------------------------|--|--|
| Strategic Planning | | | | | | | | | | | | |
| Review Capital Market Expectations | | | | | | | | | | | | |
| Asset/Liability Study | | | | | | | | | | | | |
| Present Proposed 2024 Work Plan | | | | | | | | | | | | |
| Plan Implementation | | | | | | | | | | | | |
| Prepare Cash Raise for Benefit Payments | | | | | | | | | | | | |
| Provide annual Fiscal YE results | | | | | | | | | | | | |
| Manager Searches (as needed) | | | | | | | | | | | | |
| Monitoring & Evaluation | | | | | | | | | | | | |
| Quarterly Performance Reviews | | | | | | | | | | | | |
| Quarterly Meeting Attendance | | | | | | | | | | | | |
| Present Executive Summary | | | | | | | | | | | | |
| Investment Manager Presentations | | | | | | | | | | | | |
| Continuous Qualitative Review | | | | | | | | | | | | |
| Research & Education | | | | | | | | | | | | |
| National Client Conference – Scottsdale, AZ, April 2-4 | | | | | | | | | | | | |
| “Callan College” | | | | | | | | | | | | |
| Regional Workshops | | | | | | | | | | | | |
| Custom Board Education | | | | | | | | | | | | |
| Research Papers and Publications | | | | | | | | | | | | |

Callan Institute Events

Upcoming conferences, workshops, and webinars

Callan College

Intro to Alternatives

This course is for institutional investors, including trustees and staff members of public plans, corporate plans, and nonprofits. This session familiarizes trustees and staff with alternative investments like private equity, hedge funds, and real estate and how they can play a key role in any portfolio. You will learn about the importance of allocations to alternatives and how to consider integrating, evaluating, and monitoring them.

– August 23-24, 2023 – Virtual Session via Zoom

Intro to Investments—Learn the Fundamentals

This course is for institutional investors, including trustees and staff members of public plans, corporate plans, and nonprofits. This session familiarizes trustees and staff with basic investment theory, terminology, and practices.

– September 26–28, 2023 – Virtual Session via Zoom

– November 1–2, 2023 – Atlanta, Georgia

Please visit our website at callan.com/events-education as we add dates to our 2023 calendar!

Mark Your Calendar

2023 Regional Workshops

October 24, 2023 – New York

October 26, 2023 – Chicago

2024 National Conference

April 8 –10, 2024 – San Francisco

Watch your email for further details and an invitation.

Webinars & Research Café Sessions

Webinar:

The End of the Low-Yield Environment

August 9, 2023 – 9:30am (PT)

Callan's Ethics Policy

The success of our business depends on maintaining our unblemished record for providing clients with objective advice. Callan's approach has always been to acknowledge and then aggressively manage possible conflicts to ensure they never manifest in the advice we give clients. Our firm is vigilant about employing a highly systematized process that vets potential conflicts, maintains separation of business units, and ensures that we are being entirely transparent in all our relationships. We mitigate conflicts of interest by adhering to the following:

Code of ethical responsibility: Callan adheres to a firm-wide ethical code which each associate must review and acknowledge in writing every year. This code affirms for Callan employees that they must uphold their duty to our clients by adhering to specific policies and procedures. Any breach of this code can result in immediate termination.

Compliance: Our in-house compliance officer makes sure Callan is adhering to all industry standards and regulations, while also identifying risks and putting procedures in place to mitigate them. This officer reports directly to the board of directors to ensure that any employee and all compliance oversight have a separate and distinct line of reporting away from the internal manager and report structures.

Separation of business units: Each of Callan's business units maintains its own personnel, as well as its own profit-and-loss accounting system. Employee compensation is contained within each separate business unit. Clients from one business unit do not receive preferential treatment in another. This statement of fact is communicated to each client at the start of any relationship with Callan and reiterated in writing on an annual basis.

Peer Review: Every manager search or strategic planning project undertaken for a client is a collective effort involving the client, general consultant, a team of specialists, and ultimately a peer review committee. Callan's Manager Search Committee, composed of approximately a dozen senior consultants, verifies the accuracy, completeness and objectivity of all methods used in the manager screening process. For strategic planning services, the Client Policy Review Committee, which is comprised of approximately a dozen senior consultants, evaluates all reports before they are submitted to the client. This environment of complete transparency requires a thoroughly documented process that is free of unsupported personal opinions and biases.

Disclosure: Callan believes in being proactively transparent with respect to all business activities and relationships. We routinely furnish our fund sponsor clients with a complete list of all investment managers who have professional relationships with Callan. New clients receive this information at the outset of our relationship.

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