

Callan



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City of Fort Pierce

Fourth Quarter Performance Review

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Market Environment Update

Public Markets Surge in 4Q, Following Decline in 3Q

Stocks have recovered losses of 2022, bonds still have ground to make up

- **S&P 500 soared 11.7% in 4Q23**

- Loss through first three quarters of 2022 was 23.9%; the rebound in the following five quarters brought the index back to a positive return of 1.7% over the past two years.

- **Fixed income recovered in 4Q, up 6.8% after a sharp loss of 3.2% in 3Q**

- The Bloomberg Aggregate was on track for another negative year through 3Q; softening Fed language on rates and a dot plot that showed cuts on the horizon in 4Q turned the market around.
 - CPI-U declined in 4Q compared to 3Q, though up 3.4% year-over-year; the index is still 10% higher than it was at the start of 2022.

- **Economic data defied expectations of recession in 2023**

- GDP growth came in at 2.1% in 1Q, 2.2% in 2Q, and jumped to a stunning 4.9% in 3Q. Preliminary 4Q forecasts have GDP over 2%.
 - Job market remains solid, providing support to Fed efforts to fight inflation.

Returns for Periods ended 12/31/23

	Quarter	1 Year	2 Years	5 Years	10 Years	25 Years
U.S. Equity						
Russell 3000	12.07	25.96	0.88	15.16	11.48	7.74
S&P 500	11.69	26.29	1.69	15.69	12.03	7.56
Russell 2000	14.03	16.93	-3.55	9.97	7.16	7.91
Global ex-U.S. Equity						
MSCI World ex USA	10.51	17.94	0.54	8.45	4.32	4.62
MSCI Emerging Markets	7.86	9.83	-6.32	3.69	2.66	--
MSCI ACWI ex USA Small Cap	10.12	15.66	-3.79	7.89	4.88	7.28
Fixed Income						
Bloomberg Aggregate	6.82	5.53	-4.19	1.10	1.81	3.85
90-day T-Bill	1.37	5.01	3.22	1.88	1.25	1.90
Bloomberg Long Gov/Credit	13.24	7.13	-11.62	1.12	3.22	5.21
Bloomberg Global Agg ex-US	9.21	5.72	-7.29	-1.56	-0.79	2.25
Real Estate						
NCREIF Property*	-1.37	-8.39	3.12	5.26	7.40	8.31
FTSE Nareit Equity	16.22	13.73	-7.25	7.39	7.65	9.27
Alternatives						
HFRI Fund Weighted	3.59	7.52	1.52	7.00	4.53	6.30
Cambridge Private Equity*	1.60	2.78	3.19	15.18	14.78	13.61
Bloomberg Commodity	-4.63	-7.91	3.40	7.23	-1.11	2.83
Gold Spot Price	11.02	13.45	6.44	10.09	5.59	8.19
Inflation - CPI-U	-0.34	3.35	4.89	4.07	2.79	2.54

*Cambridge PE data as of 6/30/23; NCREIF Property data as of 9/30/23

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

The Callan Periodic Table of Investment Returns

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Real Estate 37.96%	Emerging Market Equity 34.00%	Real Estate 42.12%	Emerging Market Equity 39.38%	U.S. Fixed Income 5.24%	Emerging Market Equity 78.51%	Small Cap Equity 26.85%	U.S. Fixed Income 7.84%	Real Estate 27.73%	Small Cap Equity 38.82%	Real Estate 15.02%	Large Cap Equity 1.38%	Small Cap Equity 21.31%	Emerging Market Equity 37.28%	Cash Equivalent 1.87%	Large Cap Equity 31.49%	Small Cap Equity 19.96%	Large Cap Equity 28.71%	Cash Equivalent 1.46%	Large Cap Equity 26.29%
Emerging Market Equity 25.55%	Real Estate 15.35%	Emerging Market Equity 32.17%	Developed ex-U.S. Equity 12.44%	Global ex-U.S. Fixed 4.39%	High Yield 58.21%	Real Estate 19.63%	High Yield 4.98%	Emerging Market Equity 18.23%	Large Cap Equity 32.39%	Large Cap Equity 13.69%	U.S. Fixed Income 0.55%	High Yield 17.13%	Developed ex-U.S. Equity 24.21%	U.S. Fixed Income 0.01%	Small Cap Equity 25.52%	Large Cap Equity 18.40%	Real Estate 26.09%	High Yield -11.19%	Developed ex-U.S. Equity 17.94%
Developed ex-U.S. Equity 20.38%	Developed ex-U.S. Equity 14.47%	Developed ex-U.S. Equity 25.71%	Global ex-U.S. Fixed 11.03%	Cash Equivalent 2.06%	Real Estate 37.13%	Emerging Market Equity 18.88%	Global ex-U.S. Fixed 4.36%	Developed ex-U.S. Equity 16.41%	Developed ex-U.S. Equity 21.02%	U.S. Fixed Income 5.97%	Cash Equivalent 0.05%	Large Cap Equity 11.96%	Large Cap Equity 21.83%	High Yield -2.08%	Developed ex-U.S. Equity 22.49%	Emerging Market Equity 18.31%	Small Cap Equity 14.82%	U.S. Fixed Income -13.01%	Small Cap Equity 16.93%
Small Cap Equity 18.33%	Large Cap Equity 4.91%	Small Cap Equity 18.37%	U.S. Fixed Income 6.97%	High Yield -26.16%	Developed ex-U.S. Equity 33.67%	High Yield 15.12%	Large Cap Equity 2.11%	Small Cap Equity 16.35%	High Yield 7.44%	Small Cap Equity 4.89%	Real Estate -0.79%	Emerging Market Equity 11.19%	Small Cap Equity 14.65%	Global ex-U.S. Fixed -2.15%	Real Estate 21.91%	Global ex-U.S. Fixed 10.11%	Developed ex-U.S. Equity 12.62%	Developed ex-U.S. Equity -14.29%	High Yield 13.44%
Global ex-U.S. Fixed 12.54%	Small Cap Equity 4.55%	Large Cap Equity 15.79%	Large Cap Equity 5.49%	Small Cap Equity -33.79%	Small Cap Equity 27.17%	Large Cap Equity 15.06%	Cash Equivalent 0.10%	Large Cap Equity 16.00%	Real Estate 3.67%	High Yield 2.45%	Developed ex-U.S. Equity -3.04%	Real Estate 4.06%	Global ex-U.S. Fixed 10.51%	Large Cap Equity -4.38%	Emerging Market Equity 18.44%	Developed ex-U.S. Equity 7.59%	High Yield 5.28%	Large Cap Equity -18.11%	Emerging Market Equity 9.83%
High Yield 11.13%	Cash Equivalent 3.07%	High Yield 11.85%	Cash Equivalent 5.00%	Large Cap Equity -37.00%	Large Cap Equity 26.47%	Developed ex-U.S. Equity 8.95%	Small Cap Equity -4.18%	High Yield 15.81%	Cash Equivalent 0.07%	Cash Equivalent 0.03%	Small Cap Equity -4.41%	Developed ex-U.S. Equity 2.75%	Real Estate 10.36%	Real Estate -5.63%	High Yield 14.32%	U.S. Fixed Income 7.51%	Cash Equivalent 0.05%	Global ex-U.S. Fixed -18.70%	Real Estate 9.67%
Large Cap Equity 10.88%	High Yield 2.74%	Global ex-U.S. Fixed 8.16%	High Yield 1.87%	Developed ex-U.S. Equity -43.56%	Global ex-U.S. Fixed 7.53%	U.S. Fixed Income 6.54%	Real Estate -6.46%	U.S. Fixed Income 4.21%	U.S. Fixed Income -2.02%	Emerging Market Equity -2.19%	High Yield -4.47%	U.S. Fixed Income 2.65%	High Yield 7.50%	Small Cap Equity -11.01%	U.S. Fixed Income 8.72%	High Yield 7.11%	U.S. Fixed Income -1.54%	Emerging Market Equity -20.09%	Global ex-U.S. Fixed 5.72%
U.S. Fixed Income 4.34%	U.S. Fixed Income 2.43%	Cash Equivalent 4.85%	Small Cap Equity -1.57%	Real Estate -48.21%	U.S. Fixed Income 5.93%	Global ex-U.S. Fixed 4.95%	Developed ex-U.S. Equity -12.21%	Global ex-U.S. Fixed 4.09%	Emerging Market Equity -2.60%	Global ex-U.S. Fixed -3.09%	Global ex-U.S. Fixed -6.02%	Global ex-U.S. Fixed 1.49%	U.S. Fixed Income 3.54%	Developed ex-U.S. Equity -14.09%	Global ex-U.S. Fixed 5.09%	Cash Equivalent 0.67%	Emerging Market Equity -2.54%	Small Cap Equity -20.44%	U.S. Fixed Income 5.53%
Cash Equivalent 1.33%	Global ex-U.S. Fixed -8.65%	U.S. Fixed Income 4.33%	Real Estate -7.39%	Emerging Market Equity -53.33%	Cash Equivalent 0.21%	Cash Equivalent 0.13%	Emerging Market Equity -18.42%	Cash Equivalent 0.11%	Global ex-U.S. Fixed -3.08%	Developed ex-U.S. Equity -4.32%	Emerging Market Equity -14.92%	Cash Equivalent 0.33%	Cash Equivalent 0.86%	Emerging Market Equity -14.57%	Cash Equivalent 2.28%	Real Estate -9.04%	Global ex-U.S. Fixed -7.05%	Real Estate -25.10%	Cash Equivalent 5.01%

The Callan Periodic Table of Investment Returns conveys the strong case for diversification across asset classes (stocks vs. bonds), capitalizations (large vs. small), and equity markets (U.S. vs. global ex-U.S.). The Table highlights the uncertainty inherent in all capital markets. Rankings change every year. Also noteworthy is the difference between absolute and relative performance, as returns for the top-performing asset class span a wide range over the past 20 years.

Nobody Saw 2023 Coming

Recession was on everyone's radar for 2023, and the only disagreement was the quarter in which it would show up.

- 3Q GDP clocked a stunning 4.9% gain, mocking all those who try to predict economic growth (including us).
 - *This despite the Federal Reserve's rate hikes, elevated inflation, and geopolitical turmoil*
 - *Wage growth boosted consumer incomes and spending.*
- 2.2% GDP growth in 1Q and another 2.1% in 2Q.
 - *Thanks to the strong job market, generational low unemployment rate, rising wages, and the pressure from millions of unfilled jobs*
 - *Inflation down from the 9% spike in summer 2022 to 3.4% in December 2023*
 - *How are we defying economic gravity?*

The Fed may be close to completing its mission to raise interest rates to fight inflation.

- 525 bps since March 2022, from 0.0%-0.25% to the current target range of 5.25%–5.5%
- Inverted yield curve since July 2022 (!)

Is recession still inevitable, and if so, when?

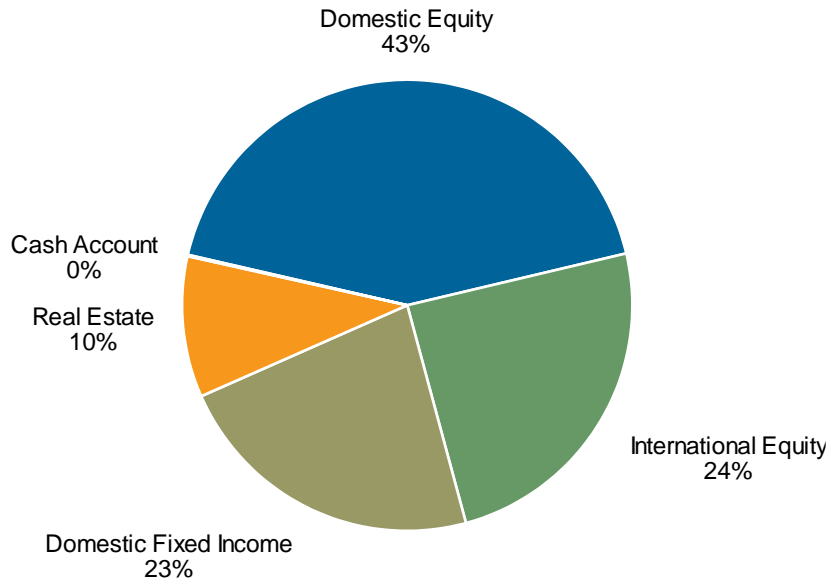
- Strong GDP growth suggests no easing in tight labor markets for some time; the prospect for continued inflationary pressure from the labor market is high.
- Getting inflation down to the Fed's stated goal of 2% will take time, and some discomfort. Squeezing out the last of excess inflation will require a period of below trend growth, a loosening of the labor market, and the pain of a rise in unemployment.

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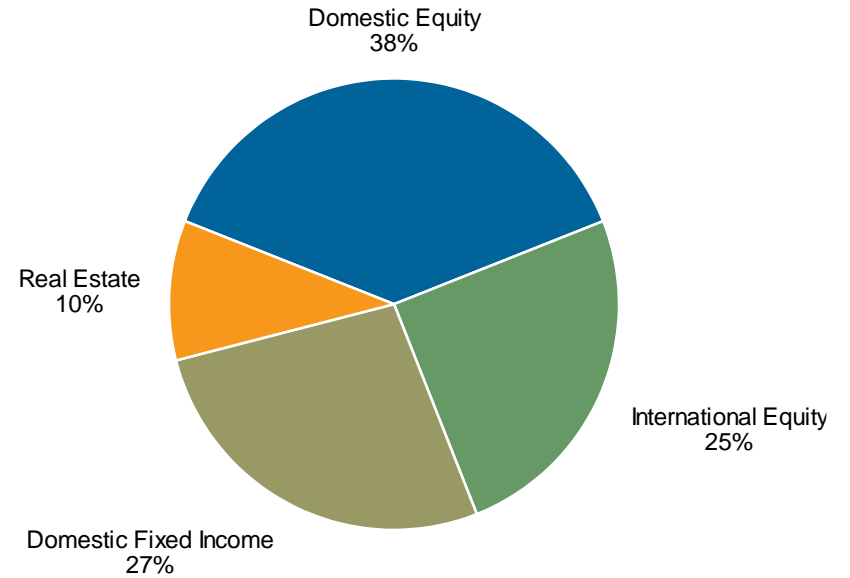
Asset Allocation and Plan Review

Asset Allocation

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	102,859	42.7%	38.0%	4.7%	11,424
International Equity	58,926	24.5%	25.0%	(0.5%)	(1,228)
Domestic Fixed Income	54,400	22.6%	27.0%	(4.4%)	(10,567)
Real Estate	24,261	10.1%	10.0%	0.1%	199
Cash Account	173	0.1%	0.0%	0.1%	173
Total	240,618	100.0%	100.0%		

Asset Distribution Across Investment Managers

	December 31, 2023			September 30, 2023		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Domestic Equity	\$102,858,688	42.75%	\$(41,360)	\$10,898,038	\$92,002,010	41.63%
Emerald Advisers, Inc.	7,939,814	3.30%	(14,236)	1,026,938	6,927,112	3.13%
Ceredex Value Advisors	8,240,904	3.42%	(16,794)	785,417	7,472,281	3.38%
SSgA S&P 500 Index	72,221,654	30.02%	(7,620)	7,560,584	64,668,689	29.26%
SSgA S&P 400 Index	14,456,317	6.01%	(2,710)	1,525,098	12,933,928	5.85%
International Equity	\$58,926,348	24.49%	\$(41,455)	\$6,278,262	\$52,689,541	23.84%
Morgan Stanley Int'l Equity	24,403,078	10.14%	(41,455)	2,403,376	22,041,157	9.97%
Causeway Emerging Markets	5,611,597	2.33%	0	372,319	5,239,278	2.37%
William Blair Intl Growth	28,911,674	12.02%	0	3,502,568	25,409,106	11.50%
Domestic Fixed Income	\$54,399,612	22.61%	\$(31,542)	\$3,704,079	\$50,727,075	22.96%
Richmond Capital	54,399,612	22.61%	(31,542)	3,704,079	50,727,075	22.96%
Real Estate	\$24,260,675	10.08%	\$(63,227)	\$(1,067,527)	\$25,391,429	11.49%
Heitman	24,260,675	10.08%	(63,227)	(1,067,527)	25,391,429	11.49%
Cash Account	\$172,884	0.07%	\$0	\$2,253	\$170,630	0.08%
Total Fund	\$240,618,208	100.0%	\$(177,584)	\$19,815,106	\$220,980,686	100.0%

- The City of Fort Pierce Retirement and Benefit System plan assets are approximately \$240.6 million as of December 31st, 2023.
- Investment returns were positive for the third quarter at almost \$20 million.

Investment Manager Returns & Peer Rankings (Gross of Fees)

The Plan gained 8.97% in the fourth quarter and outperformed the index by 0.65% on a gross of fee basis. Compared to peers, the Plan is in the top quartile for the quarter.

- Both U.S. and global equity indices posted returns over 10% by year end. U.S. bond returns saw their best quarter since 1989, up 6.8%.
- Relative results during the quarter were mostly driven by the outperformance of active managers within developed international equity composite. This comes as growth outperformed value during 4Q in global markets.
- Asset allocation effects from the domestic equities also contributed to relative results as US equities posted strong absolute results for the quarter.
- Fixed income added to relative outperformance as Richmond's performance was stronger than the benchmark during the quarter.
- Despite negative results from Real Estate, Heitman's outperformance vs. the benchmark was additive to relative results.
- On a net of fee basis, the Plan outperformed both the benchmark and its peers in 2023. Three- and five-year performance remains challenged given relative results within international equities and the relative overweight to real estate. compared to peers. Ten-year results are slightly behind benchmark on a net of fee basis and virtually in line with peers.

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 10 Years	
Domestic Equity	11.85%	48	23.40%	59	8.77%	39	14.51%	52	11.09%	41
Domestic Equity Benchmark	12.05%	34	23.19%	62	8.51%	51	14.41%	58	10.92%	53
Pub Pln- Dom Equity	11.81%		23.72%		8.54%		14.57%		10.98%	
Emerald Advisers, Inc.	14.87%	8	19.29%	41	(1.55%)	51	11.46%	67	9.50%	53
Russell 2000 Growth Index	12.75%	26	18.66%	47	(3.50%)	62	9.22%	86	7.16%	99
Callan Small Cap Growth	11.13%		17.88%		(1.53%)		12.21%		9.54%	
Ceredex Value Advisors	10.54%	93	16.17%	53	10.80%	52	10.41%	79	7.62%	77
Russell 2000 Index	14.03%	38	16.93%	44	2.22%	97	9.97%	89	7.16%	91
Russell 2000 Value Index	15.26%	20	14.65%	65	7.94%	81	10.00%	89	6.76%	95
Callan Small Cap Value	13.54%		16.62%		11.09%		12.33%		8.24%	
SSgA S&P 500 Index	11.69%	58	26.27%	48	9.99%	59	15.67%	50	12.05%	41
Standard & Poor's 500	11.69%	58	26.29%	48	10.00%	58	15.69%	50	12.03%	41
Callan Large Cap Core	11.88%		26.16%		10.33%		15.69%		11.88%	
SSgA S&P 400 Index	11.79%	45	16.56%	55	8.13%	47	12.67%	62	9.30%	55
S&P Mid Cap 400 Index	11.67%	46	16.44%	55	8.09%	47	12.62%	63	9.27%	55
Callan Mid Capitalization	11.47%		17.62%		7.40%		13.51%		9.54%	
International Equity	11.92%	1	16.47%	50	(1.09%)	93	8.48%	38	4.47%	77
International Equity Benchmark	9.75%	44	15.62%	64	1.55%	54	7.08%	77	3.83%	92
Pub Pln- Intl Equity	9.70%		16.51%		1.82%		8.11%		4.87%	
Morgan Stanley Int'l Equity	10.92%	13	17.56%	60	2.45%	85	8.06%	66	4.43%	74
MSCIEAFE Index	10.42%	29	18.24%	41	4.02%	51	8.16%	64	4.28%	84
Callan NonUS Dev Core Eq	9.75%		18.09%		4.07%		8.80%		5.06%	
William Blair Intl Growth(2)	13.78%	6	15.42%	76	(3.26%)	87	9.42%	22	4.77%	30
MSCI ACWI x US (Net)	9.75%	61	15.62%	75	1.55%	63	7.08%	72	3.83%	61
Callan Non US Equity MFs	10.36%		17.70%		2.99%		8.27%		4.14%	
Causeway Emerging Markets(2)	7.11%	76	17.21%	16	(3.79%)	21	-	-	-	-
MSCIEM	7.86%	58	9.83%	57	(5.08%)	34	3.69%	54	2.66%	37
Callan Emerging Equity MF	8.00%		10.44%		(6.23%)		3.96%		2.39%	
Domestic Fixed Income	7.31%	21	6.39%	57	(2.87%)	74	1.45%	85	2.21%	70
Domestic Fixed Income Benchmark	6.82%	52	5.53%	92	(3.31%)	90	1.10%	95	1.81%	91
BImbg Aggregate Index	6.82%	52	5.53%	92	(3.31%)	90	1.10%	95	1.81%	91
Pub Pln- Dom Fixed	6.87%		6.60%		(2.23%)		2.04%		2.47%	
Richmond Capital	7.31%	11	6.39%	28	(2.87%)	42	1.45%	84	2.21%	65
Blended Benchmark(1)	6.82%	67	5.53%	86	(3.31%)	91	1.10%	97	1.81%	98
Callan Core Bond FI	6.95%		6.17%		(2.92%)		1.68%		2.30%	
Real Estate	(4.20%)	94	(11.05%)	68	7.11%	28	4.44%	53	-	-
Real Estate Benchmark	(5.37%)	96	(13.33%)	93	4.35%	66	3.78%	69	-	-
Pub Pln- Real Estate	(2.86%)		(10.36%)		5.23%		4.52%		6.91%	
Heitman(2)	(4.45%)	81	(11.96%)	72	6.02%	46	3.53%	71	-	-
NFI-ODCE Equal Weight Net	(5.37%)	88	(13.33%)	82	4.35%	62	3.78%	68	6.65%	58
Callan OE Core Cmngld RE	(0.22%)		(8.63%)		5.52%		4.70%		7.03%	
Total Fund	8.97%	16	13.21%	43	3.13%	77	8.59%	62	6.99%	45
Total Fund Benchmark*	8.32%	32	12.53%	61	3.40%	71	8.40%	67	6.94%	47
CPI + 5%	0.90%	100	8.35%	98	10.61%	1	9.08%	46	7.79%	11
Callan Public Fund Spr DB	7.93%		12.99%		4.26%		8.97%		6.90%	

Current Qtr Target=27.0% BImbg 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) BImbg Gov/Credit Bond Index through May 31, 2013 and BImbg Aggregate thereafter. (2) Returns are reported net of fees.

Investment Manager Objectives

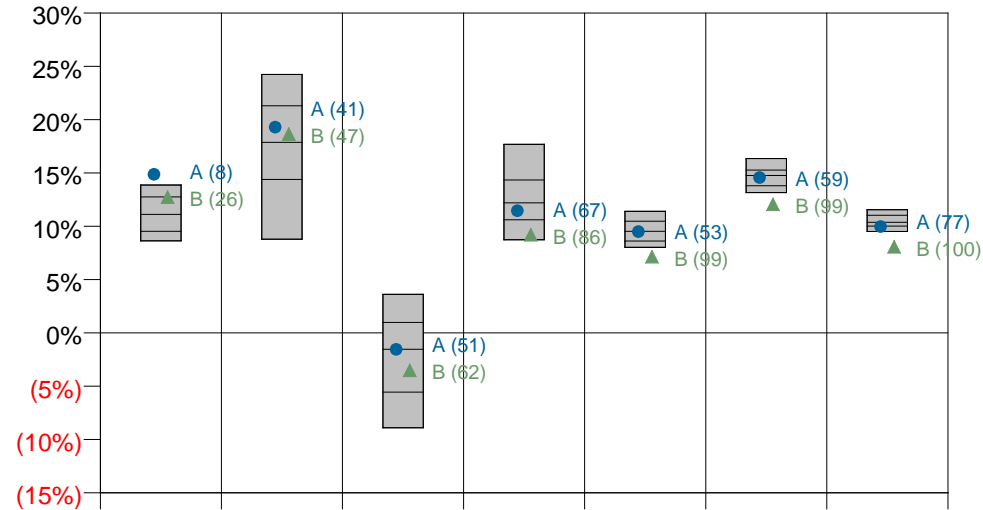
Manager	Objective	Comments
Total Fund	Outperform the CPI + 5% over long term.	Not Met
Emerald	Outperform the Russell 2000 Growth Index (net of fees) over rolling 3-year periods by 0.50%.	Met
	Outperform the median small cap growth manager over rolling 3-year periods.	Met (At median)
Ceredex	Outperform 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.	Met (at median)
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%.	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.	Met
Heitman (HART)	Outperform the NFI-ODCE Index over rolling 5-year periods.	Not Met

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Domestic Equity

Emerald Advisors Small Cap Growth

Performance vs Callan Small Cap Growth (Gross)

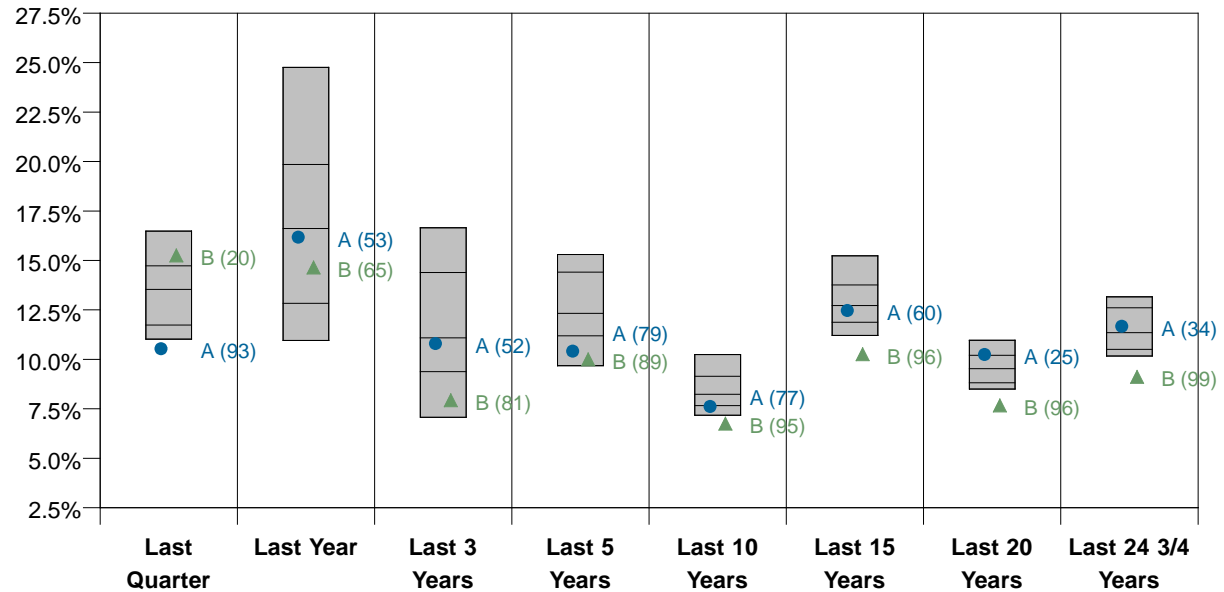


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 19 3/4 Years
10th Percentile	13.88	24.26	3.63	17.70	11.41	16.36	11.56
25th Percentile	12.77	21.31	0.99	14.34	10.48	15.28	11.04
Median	11.13	17.88	(1.53)	12.21	9.54	14.78	10.38
75th Percentile	9.54	14.40	(5.54)	10.62	8.63	13.81	10.03
90th Percentile	8.64	8.79	(8.89)	8.73	8.04	13.17	9.51
Emerald Advisers ● A	14.87	19.29	(1.55)	11.46	9.50	14.56	9.97
Russell 2000 Growth Index ▲ B	12.75	18.66	(3.50)	9.22	7.16	12.07	8.09

- The fourth quarter was strong for small cap names overall as economic growth remained resilient and the Fed adopted a significantly more dovish posture. The Russell 2000 had its best December return ever recorded, up 12.22% in the month.
- Emerald outperformed the benchmark due to their overweight in healthcare as the sector rebounded significantly, driven by factors such as lower interest rates and reduced threats to future demand. Healthcare continues to be a significant exposure going into 2024 along with consumer staples and financials.
- 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)

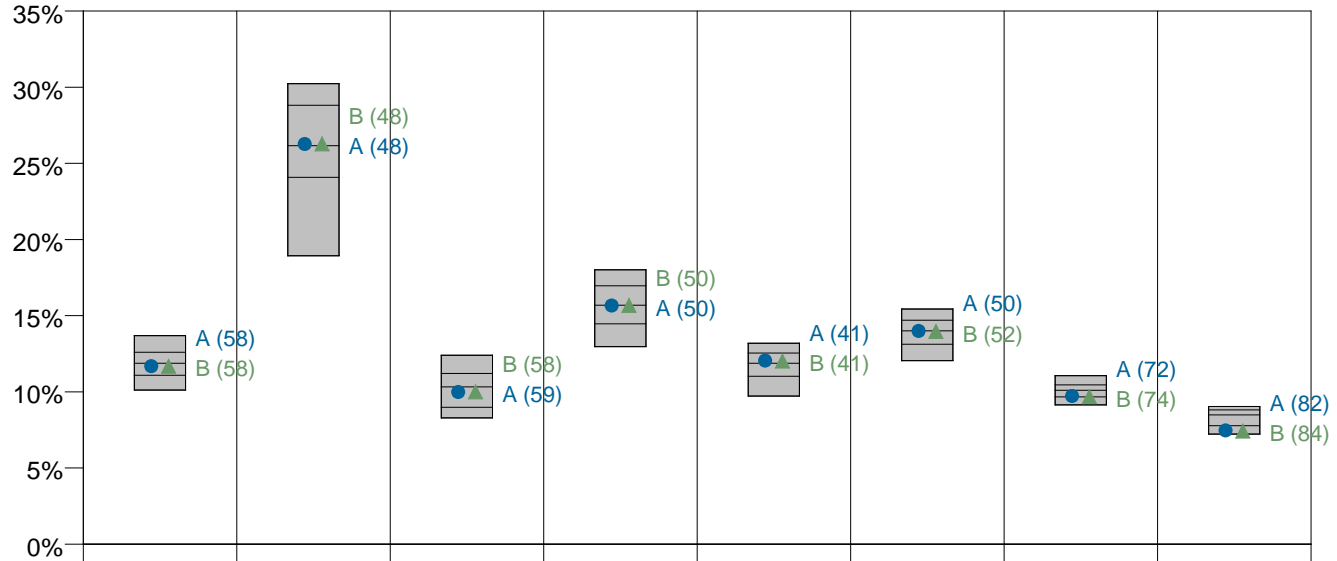


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 20 Years	Last 24 3/4 Years
10th Percentile	16.49	24.77	16.66	15.30	10.25	15.24	10.97	13.17
25th Percentile	14.73	19.86	14.39	14.41	9.15	13.77	10.21	12.62
Median	13.54	16.62	11.09	12.33	8.24	12.72	9.54	11.35
75th Percentile	11.74	12.84	9.38	11.19	7.67	11.88	8.82	10.51
90th Percentile	11.03	10.96	7.07	9.68	7.18	11.22	8.50	10.17
Ceredex Value Advisors ● A	10.54	16.17	10.80	10.41	7.62	12.47	10.25	11.67
Russell 2000 Value Index ▲ B	15.26	14.65	7.94	10.00	6.76	10.27	7.68	9.12

- The Russell 2000 Value Index gained a staggering 15.3% as macroeconomic conditions lead to small cap value being the highest performing style group.
- Although Ceredex's focus on higher quality, dividend paying stocks shielded them from some headwinds that affected other small cap names last quarter, the rising tide of the fourth quarter lifted all (especially lower quality) boats leading to underperformance.
- The manager's long-term performance remains strong versus the benchmark but lags peers over the medium term.

SSgA S&P 500 Index

Performance vs Callan Large Cap Core (Gross)



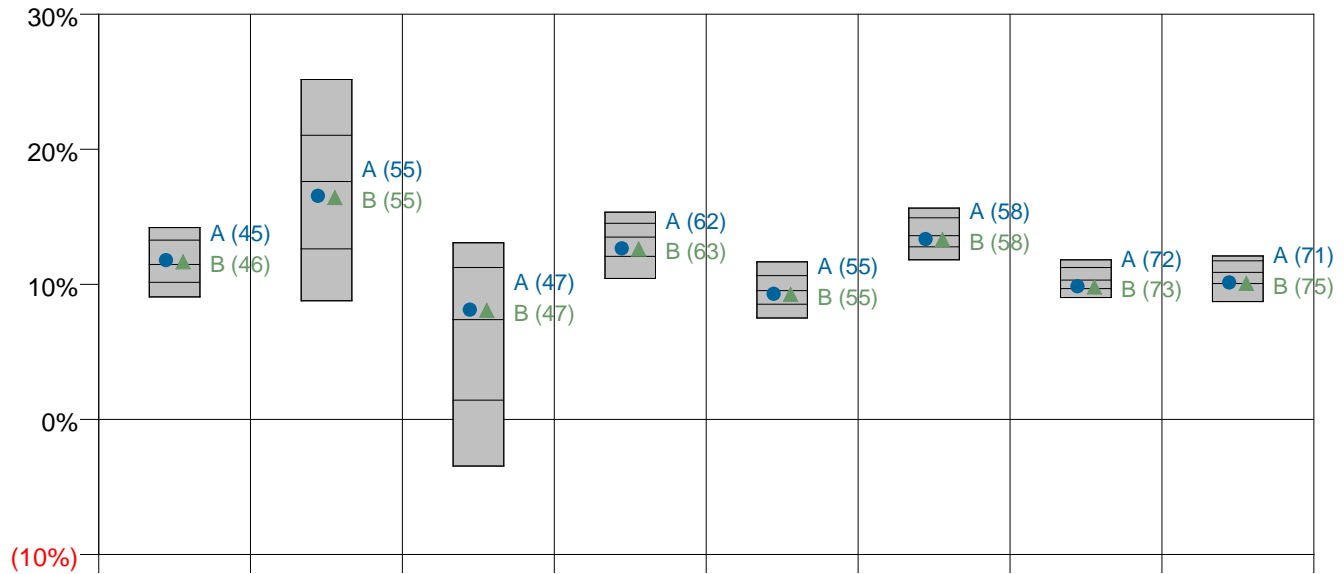
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 20 Years	Last 24 3/4 Years
10th Percentile	13.70	30.23	12.41	18.02	13.19	15.45	11.07	9.04
25th Percentile	12.60	28.82	11.22	16.97	12.56	14.71	10.46	8.82
Median	11.88	26.16	10.33	15.69	11.88	14.01	10.11	8.50
75th Percentile	11.10	24.09	9.00	14.48	11.03	13.13	9.67	7.79
90th Percentile	10.13	18.94	8.30	12.97	9.73	12.05	9.15	7.24

SSgA S&P 500 Index	● A	11.69	26.27	9.99	15.67	12.05	14.00	9.73	7.46
S&P 500 Index	▲ B	11.69	26.29	10.00	15.69	12.03	13.97	9.69	7.43

- The SSgA S&P 500 Index fund continues to track the benchmark across all periods over time. The index gained 11.7 % during the quarter with the majority of returns continuing to come from the Magnificent 7 throughout the year.
- The index remains concentrated with 10 names accounting for 30.7% of the portfolio.

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 3/4 Years
10th Percentile	14.21	25.17	13.08	15.36	11.68	15.66	11.82	12.12
25th Percentile	13.28	21.04	11.25	14.53	10.65	14.93	11.25	11.75
Median	11.47	17.62	7.40	13.51	9.54	13.61	10.33	10.89
75th Percentile	10.16	12.63	1.43	12.08	8.54	12.78	9.70	10.07
90th Percentile	9.08	8.80	(3.44)	10.44	7.52	11.82	9.03	8.73
SSgA S&P 400 Index ● A	11.79	16.56	8.13	12.67	9.30	13.35	9.85	10.14
S&P 400 Mid Cap Index ▲ B	11.67	16.44	8.09	12.62	9.27	13.33	9.81	10.09

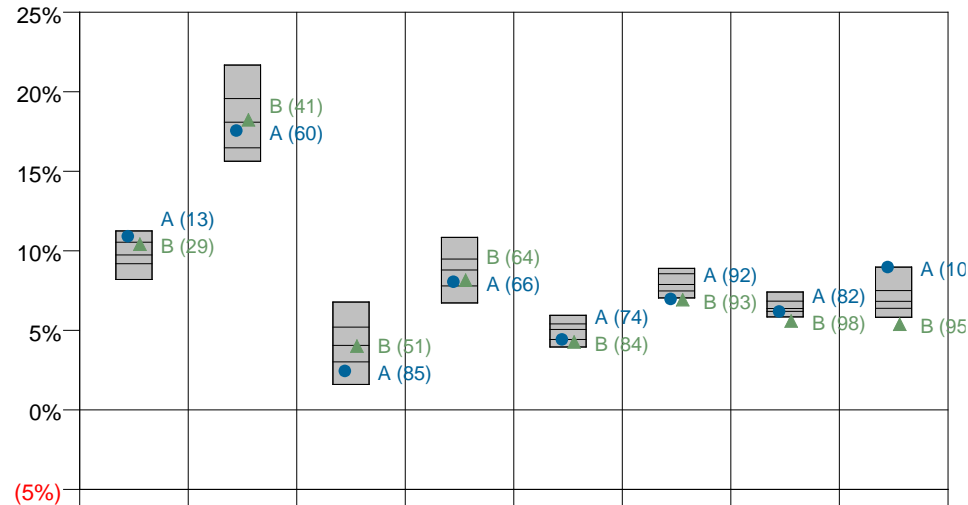
- Mid cap outperformed large cap but trailed small cap during the quarter. The fund continues to track the index closely at a very low fee.

Callan

International Equity Performance

Morgan Stanley Developed International Equity

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

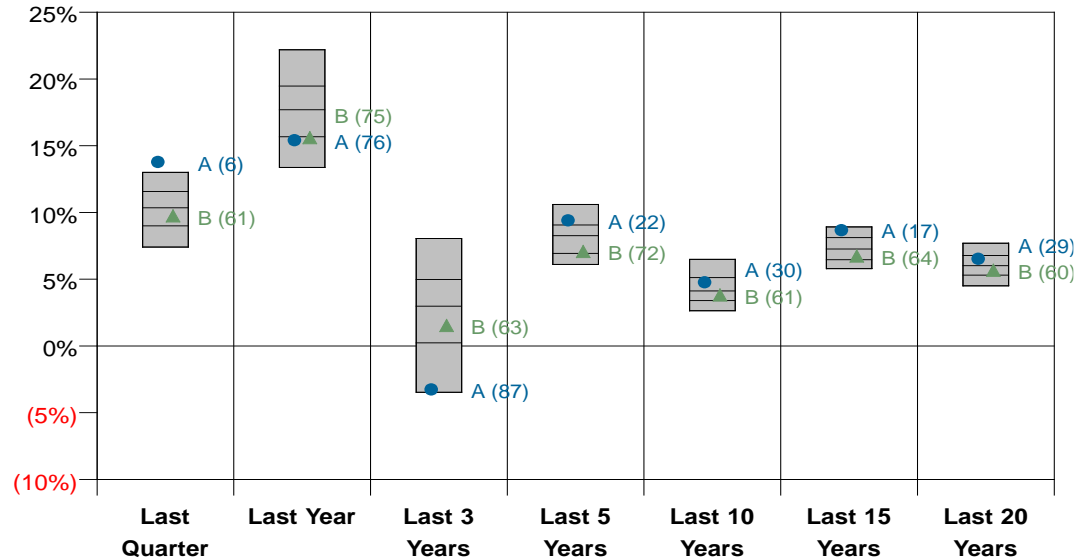


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 20 Years	Last 32 1/4 Years
10th Percentile	11.26	21.69	6.79	10.85	5.95	8.91	7.42	8.98
25th Percentile	10.55	19.58	5.20	9.48	5.41	8.56	6.84	7.51
Median	9.75	18.09	4.07	8.80	5.06	7.89	6.38	6.84
75th Percentile	9.19	16.48	3.02	7.80	4.43	7.48	6.20	6.39
90th Percentile	8.20	15.63	1.60	6.73	3.96	7.05	5.85	5.82
Morgan Stanley Int'l Equity ● A	10.92	17.56	2.45	8.06	4.43	6.97	6.19	8.98
MSCI EAFE ▲ B	10.42	18.24	4.02	8.16	4.28	6.93	5.59	5.39

- The MSCI EAFE index gained 10.4% during the quarter with all sectors finishing positive for the quarter and the year.
- Mild outperformance was driven by sector allocation, particularly an overweight position in information technology. The overall strategy reflects a cautious stance amidst uncertainty across the future macroeconomic and geopolitical landscape.
- Short-term relative performance remains challenged with this strategy, which has been impacted since the pandemic. The strategy is expected to outperform when earnings are down and underperform when earnings are up.

William Blair International Growth Equity

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

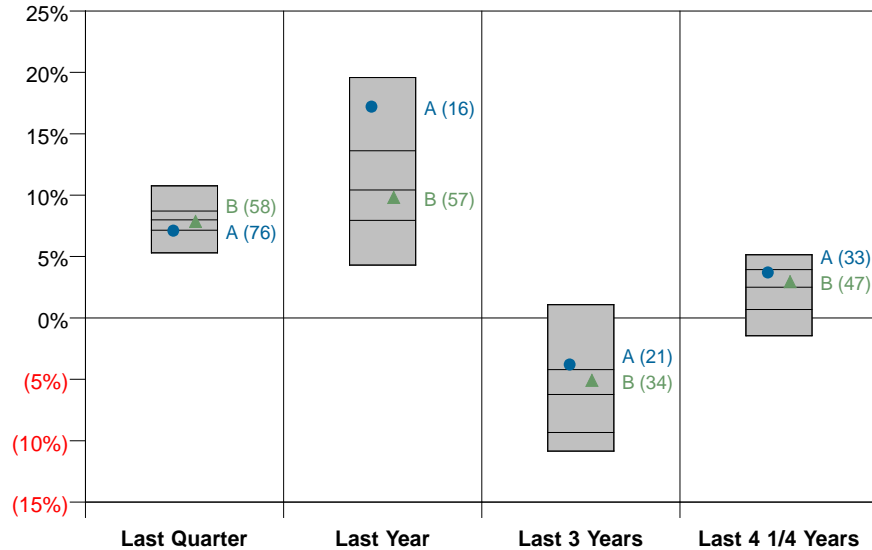


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 20 Years
10th Percentile	13.01	22.20	8.06	10.61	6.49	8.93	7.70
25th Percentile	11.58	19.48	4.98	9.07	5.13	8.12	6.78
Median	10.36	17.70	2.99	8.27	4.14	7.27	6.03
75th Percentile	9.00	15.68	0.24	6.95	3.41	6.47	5.31
90th Percentile	7.41	13.38	(3.46)	6.12	2.64	5.80	4.51
William Blair & Company	13.78	15.42	(3.26)	9.42	4.77	8.67	6.54
MSCI ACWI ex US	9.75	15.62	1.55	7.08	3.83	6.74	5.68

- Developed markets were strong in the fourth quarter with European equities advancing, particularly in Italy and Spain, fueled by optimism for central bank pivots. Emerging markets posted positive returns but were hindered by weakness within China while Latin America surged.
- Positive selection within information technology was driven by outperformance in the semiconductor industry from companies like BE Semiconductor Industries and Lasertec. Consumer discretionary sector outperformance was bolstered by Lululemon.
- The strategy's 2022 results continue to weigh on the 3-year trailing period. However, over the long term, the strategy continues to outperform the benchmark as well as its peer group median.

Causeway Emerging Markets

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



	Last Quarter	Last Year	Last 3 Years	Last 4 1/4 Years
10th Percentile	10.77	19.59	1.09	5.15
25th Percentile	8.71	13.63	(4.21)	3.95
Median	8.00	10.44	(6.23)	2.51
75th Percentile	7.15	7.95	(9.32)	0.69
90th Percentile	5.31	4.31	(10.85)	(1.44)
Causeway Emerging Markets ● A	7.11	17.21	(3.79)	3.71
MSCI EM ▲ B	7.86	9.83	(5.08)	2.95

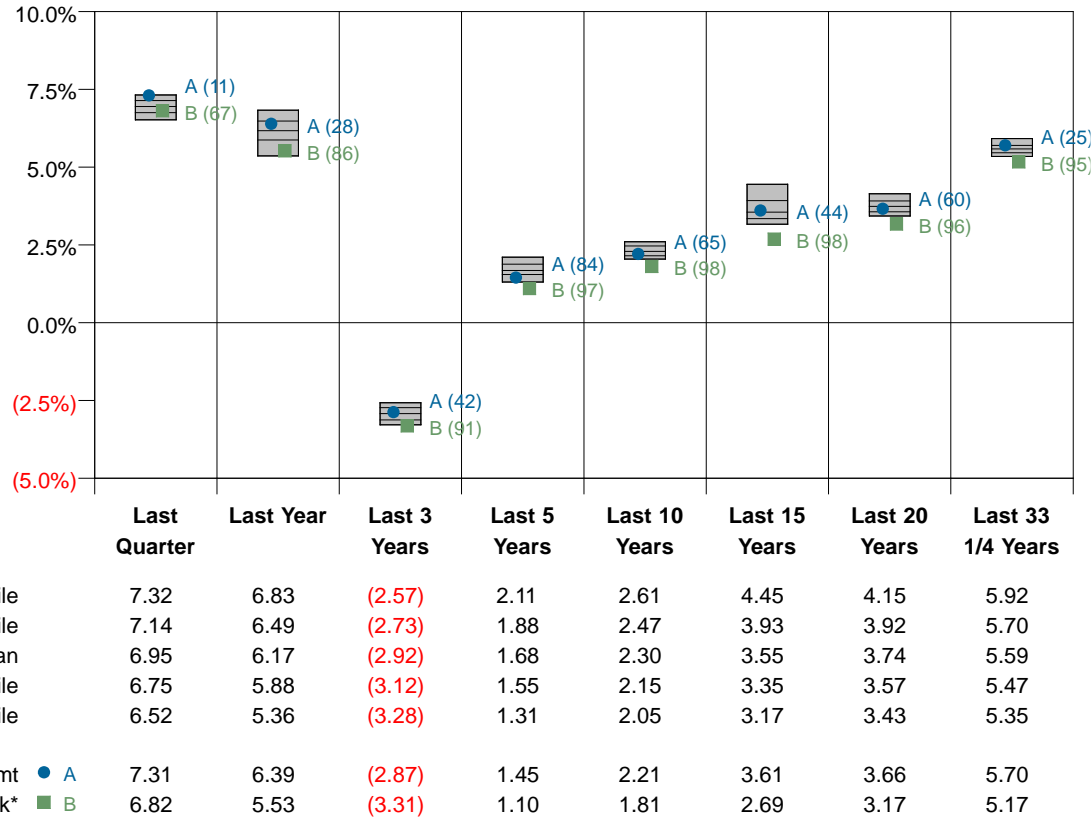
- Emerging markets stocks posted positive absolute returns during the quarter and the calendar year. The largest detractors from relative performance included overweight positions in oil & gas producer, PetroChina Co., Ltd. (China), and online services company, Tencent Holdings Ltd. (China).
- The Portfolio remains overweight in Indian stocks and consumer discretionary stocks due to favorable bottom-up and top-down characteristics.
- Fourth quarter performance lagged both peers and the benchmark however Causeway outperformed its benchmark by 7.4% in 2023 and continues to do so since the fund was added to the line-up.

Callan

Fixed Income

Richmond Capital Core Fixed Income

Performance vs Callan Core Bond Fixed Income (Gross)

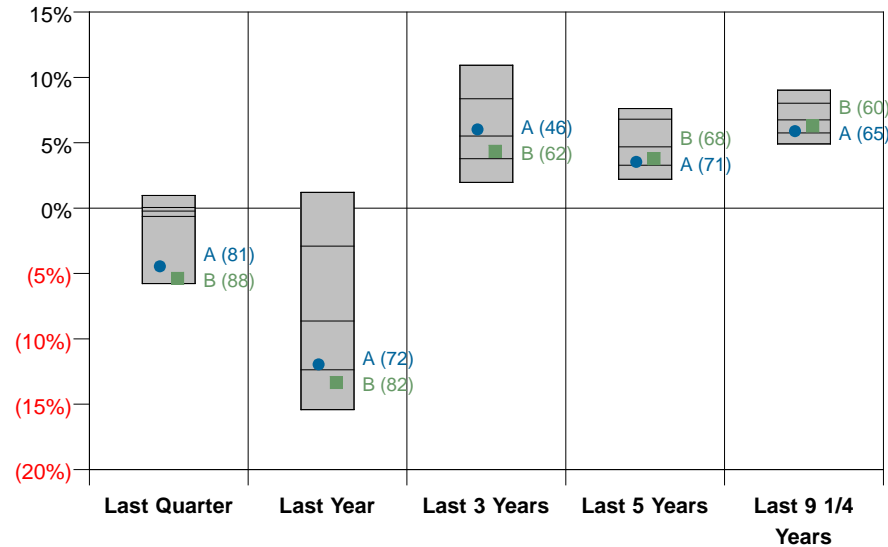


- Despite the U.S. Treasury 10-year note maintaining the same yield from the beginning to the end of the year, there was significant volatility in between, influenced by factors like the Silicon Valley Bank shutdown and Fed tightening fears. Market volatility has eased, and expectations are for the next rate move to be lower.
- Richmond outperformed the benchmark Bloomberg Aggregate Index by 0.49% for the quarter and 0.86% for the year. The main factor contributing to the outperformance was the overweight in corporate bonds, with an additional positive contribution from mortgage pass-throughs.
- Over the long term, the manager is outperforming the benchmark on a gross of fee basis. Richmond has also outperformed the peer group over recent periods.

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 9 1/4 Years
10th Percentile	0.98	1.21	10.93	7.62	9.03
25th Percentile	0.05	(2.89)	8.37	6.81	8.03
Median	(0.22)	(8.63)	5.52	4.70	6.75
75th Percentile	(0.63)	(12.35)	3.79	3.29	5.75
90th Percentile	(5.76)	(15.40)	1.97	2.21	4.92
Heitman Net ● A	(4.45)	(11.96)	6.02	3.53	5.89
NCREIF NFI ODCE Eq Wt Net ■ B	(5.37)	(13.33)	4.35	3.78	6.29

- The real estate market is likely to continue facing asset repricing, but this is anticipated to slow as year progresses. Transaction activity is also expected to pick up in 2024.
- Defensive positioning in the portfolio continues to help with relative performance compared to the benchmark and appears favorable moving forward benefiting from some unique allocations from this particular strategy, such as self-storage.
- Heitman maintains short-term outperformance against the benchmark, benefiting from sector selection, but lags behind the benchmark over the long term.

Fee Review and Year-End Recap

Total Fund – Estimated Annual Fees

Manager	Market Value as of 12/31/2023	Effective Annual Fee (%) ³	Effective Annual Fee (\$) ¹	Newest Negotiated Fee Schedule	Fee Schedules 2022	Range of Fees*	Median
Domestic Equity	\$102,858,689	0.12%	\$120,414				
Emerald Advisors	\$7,939,814	0.81%	\$64,549	1.00% First \$2M 0.75% Next \$8MM 0.60% Thereafter	No Change	0.77%-1.00%	0.90%
Ceredex	\$8,240,904	0.45%	\$37,084	0.45% On all assets	No Change	0.75%-1.00%	0.90%
SSgA S&P 400	\$14,456,317	0.03%	\$4,337	0.03% On all assets Admin/oper + 0.0026% expenses	0.08%	0.02%-0.06%	0.04%
SSgA S&P 500	\$72,221,654	0.02%	\$14,444	0.02% On all assets Admin/oper + 0.0026% expenses	0.05%	0.05%-0.14%	0.09%
International Equity	\$58,926,349	0.75%	\$444,241				
Morgan Stanley	\$24,403,078	0.75%	\$183,023	0.75% On all assets	No Change	0.48%-0.82%	0.70%
Causeway ⁴	\$5,611,597	1.10%	\$61,728	1.1% ² On all assets	No Change	0.91%-2.19%	1.31%
William Blair	\$28,911,674	0.69%	\$199,491	0.69% On all assets Admin/oper + 0.05% expenses	0.94%	0.70%-2.00%	1.10%
Domestic Fixed Income	\$54,399,612	0.24%	\$131,599				
Richmond Capital	\$54,399,612	0.24%	\$131,599	0.25% First \$50M 0.15% Thereafter	0.35% First \$20M 0.30% Next \$20M 0.15% Thereafter	0.19%-0.32%	0.26%
Real Estate	\$24,260,675	1.04%	\$253,346				
Heitman	\$24,260,675	1.04%	\$253,346	1.10% First \$10M 1.00% Next \$15M 0.90% Next \$25M	No Change	0.65%-1.23%	0.99%
Total Fund ex cash	\$240,445,325	0.39%	\$949,601		\$1,070,774		
2023 Callan Consulting Fees			\$74,832	3% annual escalator effective 10/1 each year			

Fort Pierce Annual Fee Review

Footnotes

1. The Effective Annual Fee (\$) calculations are estimated based on the most recent available data, and do not reflect actual manager invoices.
2. Under the terms of an expense limit agreement, the Investment Adviser has agreed to waive all or a portion of its advisory fee and, if necessary, reimburse expenses to keep the Fund's "Total Annual Fund Operating Expenses" (excluding brokerage fees and commissions, shareholder service fees, interest, taxes, fees and expenses of other funds in which the Fund invests, and extraordinary expenses) from exceeding 1.10% of the average daily net assets of each of the Institutional Class and Investor Class shares. The expense limit agreement will remain in effect until January 31, 2024 and may only be terminated earlier by the Fund's Board or upon termination of the Fund's investment advisory agreement.
3. Reflects investment management fees only, unless otherwise noted.
4. Includes 1% management fee + 0.14% admin/oper expenses - 0.03% expense reimbursement.

2023 City of Fort Pierce and Callan Year-End Recap

- Provided education on the role of the fiduciary including the four central duties, who is a fiduciary, and recommendations for fiduciary conduct.
- Callan provided the results of an Asset/Liability study in February and discussed potential changes to the strategic long-term allocation. Ultimately, the Board decided not to make any changes to the current strategic allocation.
 - The Board decided to change the allowable range for Real Estate, increasing the maximum allocation from 12% to 15%. IPS was updated accordingly.
- Board interviewed all active investment managers in May and November
- Assisted the Finance team with the annual cash raise for benefit payments.
- Provided Fiscal Year-End IRR results to Finance Department for annual reporting.
- Implemented fee changes with managers: SSgA, William Blair (changed vehicle) and Richmond.

2022 City of Fort Pierce and Callan Year-End Recap

- Conducted fee review and negotiated lower fees for four different strategies, which will generate savings of over \$55k per year.
- Board interviewed all active investment managers in May and November
- Provided education on China and the potential impact in the markets and the portfolio. Callan and the Board continue to work and maintain the Board informed as tensions escalate between China and Taiwan.
- Callan provided updated capital markets expectations and education on Real Estate and the role of the asset class in the portfolio. As a result of the conversation, Callan will be conducting an Asset/Liability study and will present results in February 2023.
- Conducted a full review of Richmond Capital and reassessed return goals for the strategy.
- Callan reviewed the Investment Policy Statement and incorporated two changes, Richmond's performance objective and incorporated guidelines for Causeway Emerging Markets.
- Assisted the Finance team with the annual cash raise for benefit payments.
- Provided Fiscal Year-End IRR results to Finance Department for annual reporting.

2021 City of Fort Pierce and Callan Year-End Recap

- Callan presented quarterly results, virtually and in person for the Fort Pierce Retirement and Benefit System.
- Provided IRR and capital markets assumptions reports to Fort Pierce's staff.
- Fort Pierce's staff and Callan worked together to review asset allocation to raise cash for benefit payments in March and September.
- Conducted annual due diligence meetings with all managers within the plan.
- Callan provided educational session on China, amid recent policy changes.
- New consultant joined the relationship during the second quarter of 2021.

2024 Capital Markets Assumptions

Why Make Capital Market Projections?

Guiding objectives and process

Cornerstone of a prudent process is a long-term strategic investment plan

- Capital market projections are key elements — set reasonable return and risk expectations for the appropriate time horizon
- Projections represent our best thinking regarding the long-term (10-year) outlook, recognizing our median projections represent the midpoint of a range, rather than a specific number
- Develop results that are readily defensible both for individual asset classes and for total portfolios
- Be conscious of the level of change suggested in strategic allocations for long-term investors: DB plan sponsors, foundations, endowments, trusts, DC participants, families and individuals
- Reflect common sense and recent market developments, within reason

Callan's forecasts are informed by current market conditions, but are not built directly from them

- Balance recent, immediate performance and valuation against long-term equilibrium expectations

How Are Capital Markets Projections Constructed?

Guiding objectives and process

Underlying beliefs guide the development of the projections:

- An initial bias toward long-run averages
- A conservative bias
- An awareness of risk premiums
- A presumption that markets are ultimately clear and rational

Reflect our beliefs that long-term equilibrium relationships between the capital markets and lasting trends in global economic growth are key drivers to setting capital markets expectations

Long-term compensated risk premiums represent “beta”—exposure to each broad market, whether traditional or “exotic,” with limited dependence on successful realization of alpha

The projection process is built around several key building blocks:

- Advanced modeling at the individual asset class level (e.g., a detailed bond model, an equity model)
- A path for interest rates and inflation
- A cohesive economic outlook
- A framework that encompasses Callan beliefs about the long-term operation and efficiencies of the capital markets

2024 vs. 2023 Risk and Returns Assumptions

Summary of Callan's Long-Term Capital Markets Assumptions (2024–2033)

Asset Class	Index	Projected Return			Projected Risk	Projected Yield**	2023–2032		
		1-Year Arithmetic	10-Year Geometric*	Real	Standard Deviation		1-Year Arithmetic	10-Year Geometric*	Standard Deviation
Equities									
Broad U.S. Equity	Russell 3000	8.85%	7.65%	5.15%	17.40%	1.95%	8.75%	7.35%	18.05%
Large Cap U.S. Equity	S&P 500	8.70%	7.50%	5.00%	17.00%	2.00%	8.60%	7.25%	17.75%
Smid Cap U.S. Equity	Russell 2500	9.80%	7.70%	5.20%	22.00%	1.75%	9.60%	7.45%	22.15%
Global ex-U.S. Equity	MSCI ACWI ex USA	9.65%	7.65%	5.15%	21.40%	3.70%	9.45%	7.45%	21.25%
Developed ex-U.S. Equity	MSCI World ex USA	9.25%	7.50%	5.00%	20.15%	3.75%	9.00%	7.25%	20.15%
Emerging Markets Equity	MSCI Emerging Markets	10.65%	7.70%	5.20%	25.60%	3.55%	10.45%	7.45%	25.70%
Fixed Income									
Short Duration Gov/Credit	Bloomberg 1-3 Year Gov/Credit	4.25%	4.25%	1.75%	2.40%	3.70%	3.75%	3.80%	2.30%
Core U.S. Fixed	Bloomberg Aggregate	5.25%	5.25%	2.75%	4.25%	4.70%	4.25%	4.25%	4.10%
Long Government	Bloomberg Long Gov	6.20%	5.40%	2.90%	13.75%	4.80%	4.55%	3.70%	13.50%
Long Credit	Bloomberg Long Credit	6.85%	6.30%	3.80%	11.90%	6.20%	5.75%	5.20%	11.75%
Long Government/Credit	Bloomberg Long Gov/Credit	6.55%	6.00%	3.50%	11.70%	5.55%	5.20%	4.65%	11.40%
TIPS	Bloomberg TIPS	5.10%	5.05%	2.55%	5.40%	4.30%	4.10%	4.00%	5.30%
High Yield	Bloomberg High Yield	7.30%	6.80%	4.30%	11.75%	8.45%	6.75%	6.25%	11.75%
Global ex-U.S. Fixed	Bloomberg Global Agg ex US	3.60%	3.15%	0.65%	9.80%	2.70%	2.70%	2.25%	9.80%
Emerging Markets Sov Debt	EMBI Global Diversified	6.75%	6.35%	3.85%	10.65%	7.70%	6.25%	5.85%	10.65%
Alternatives									
Core Real Estate	NCREIF ODCE	6.85%	6.00%	3.50%	14.00%	4.00%	6.60%	5.75%	14.20%
Private Infrastructure	MSCI GI Infra/FTSE Dev Core 50/50	7.30%	6.35%	3.85%	15.20%	4.80%	7.15%	6.15%	15.45%
Private Equity	Cambridge Private Equity	12.15%	8.75%	6.25%	27.60%	0.00%	11.95%	8.50%	27.60%
Private Credit	Cambridge Senior Debt Index	8.40%	7.40%	4.90%	15.70%	7.40%	8.00%	7.00%	15.50%
Hedge Funds	Callan Hedge FOF Database	6.25%	6.05%	3.55%	8.20%	0.00%	5.80%	5.55%	8.45%
Commodities	Bloomberg Commodity	5.45%	3.90%	1.40%	18.05%	3.00%	5.05%	3.50%	18.00%
Cash Equivalents	90-Day T-Bill	3.00%	3.00%	0.50%	0.90%	3.00%	2.75%	2.75%	0.90%
Inflation	CPI-U		2.50%		1.60%			2.50%	1.60%

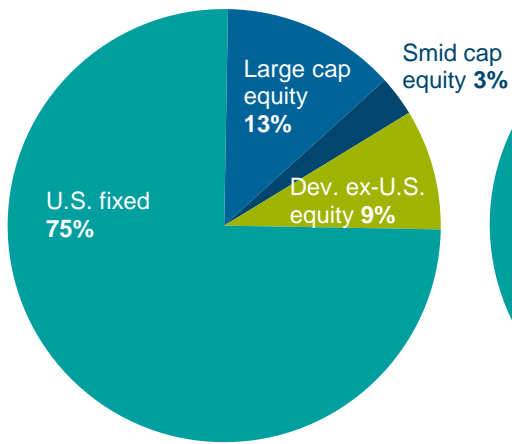
* Geometric returns are derived from arithmetic returns and the associated risk (standard deviation).

** Projected Yields represent the expected 10-year average yield

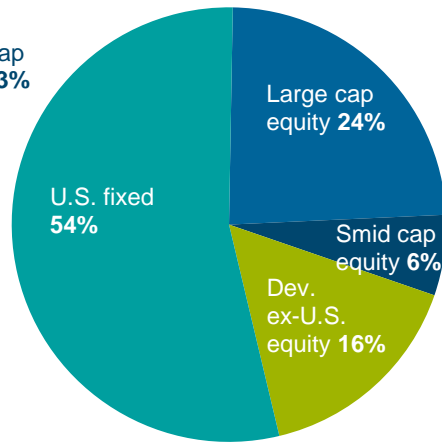
Source: Callan

7.5% Expected Returns Over Past 30 Years

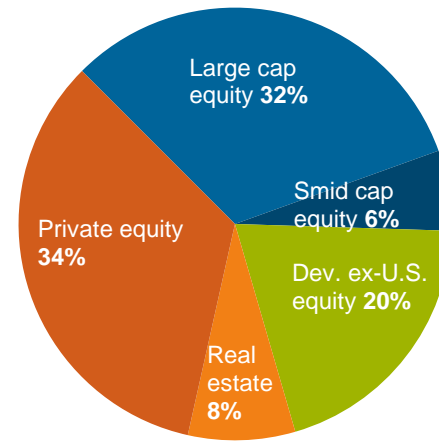
Increasing Complexity



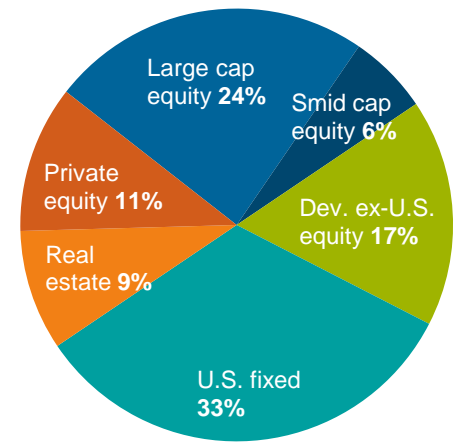
1994
Return: 7.5%
Risk: 6.3%



2009
Return: 7.5%
Risk: 8.2%



2022
Return: 7.5%
Risk: 19.4%



2024
Return: 7.5%
Risk: 11.5%

Increasing Risk

In 1994, our return expectation for broad U.S. fixed income was 6.2%.

Just 25% in return-seeking assets was required to earn a 7.5% projected return.

15 years later, an investor would have needed almost half of the portfolio in public equities to achieve a 7.5% projected return.

In 2022 an investor was required to hold 100% in return-seeking assets (with over 40% in private markets investments) to earn a 7.5% projected return at over 3x the volatility compared to 1994.

Today's 7.5% expected return portfolio is much more reasonable than it was just two years ago, with a third of the portfolio in fixed income and a correspondingly lower level of risk.

Callan

International Equity Structure Review

Background

How did we get here? Why are we conducting this review?

History

- The international equity portfolio has evolved over time. The portfolio started with a T. Rowe Price Foreign Fund before adding two Morgan Stanley strategies, International Equity first in 1991, followed by Emerging Markets in 1997.
- William Blair's Growth Strategy was added in 2004 to replace T. Rowe Price and provide additional exposure to growth equities, emerging markets, international small caps.
- Causeway Capital replaced Morgan Stanley's Emerging Markets Strategy in 2018.

Current Structure

- The current structure is intended to balance William Blair's growth strategy against Morgan Stanley's historically value-oriented strategy while getting a balanced emerging markets exposure through Causeway.
- The MSIM strategy is EAFE benchmarked (does not have exposure to Emerging Markets). William Blair also provides some exposure to International Small Caps as it is benchmarked to the MSCI ACWI ex US IMI.
- The targeted weights for the structure as a percentage of non-US equity: William Blair – 50%; Morgan Stanley – 40%; Causeway 10%.

Reasoning for Review

- Morgan Stanley has evolved to a quality/core-oriented manager that does not effectively balance William Blair's quality/growth orientation.
- Causeway Emerging Markets is a value-oriented strategy resulting in a value overweight to the Emerging Markets exposure of the overall International Equity allocation.
 - Causeway's Emerging Markets allocation in the fund is small compared to the International Equity allocations, but sized similar to the historical market weight.

Optimizing the Investment Structure

Callan's philosophical tenets

Durable

Investment structures should be built for the long term. Long-term relationships and evaluation periods lend themselves to investment success.

Simple

Or rather, only as complex as it needs to be. Overly complex structures can lead to unexpected results and risk exposures. Complexity can yield investment results but can also cause confusion.

Well Understood

While there is no expectation that committee members will be investment experts, they should all have a good, working knowledge of the investment process of the investments.

Cost Effective

While no relationship exists between lowest cost investments and highest performance, there is also no guarantee that paying high costs will generate the best results. Spend where there can be a positive impact on the portfolio. Save where you can.

Global ex-U.S. Equity Structure

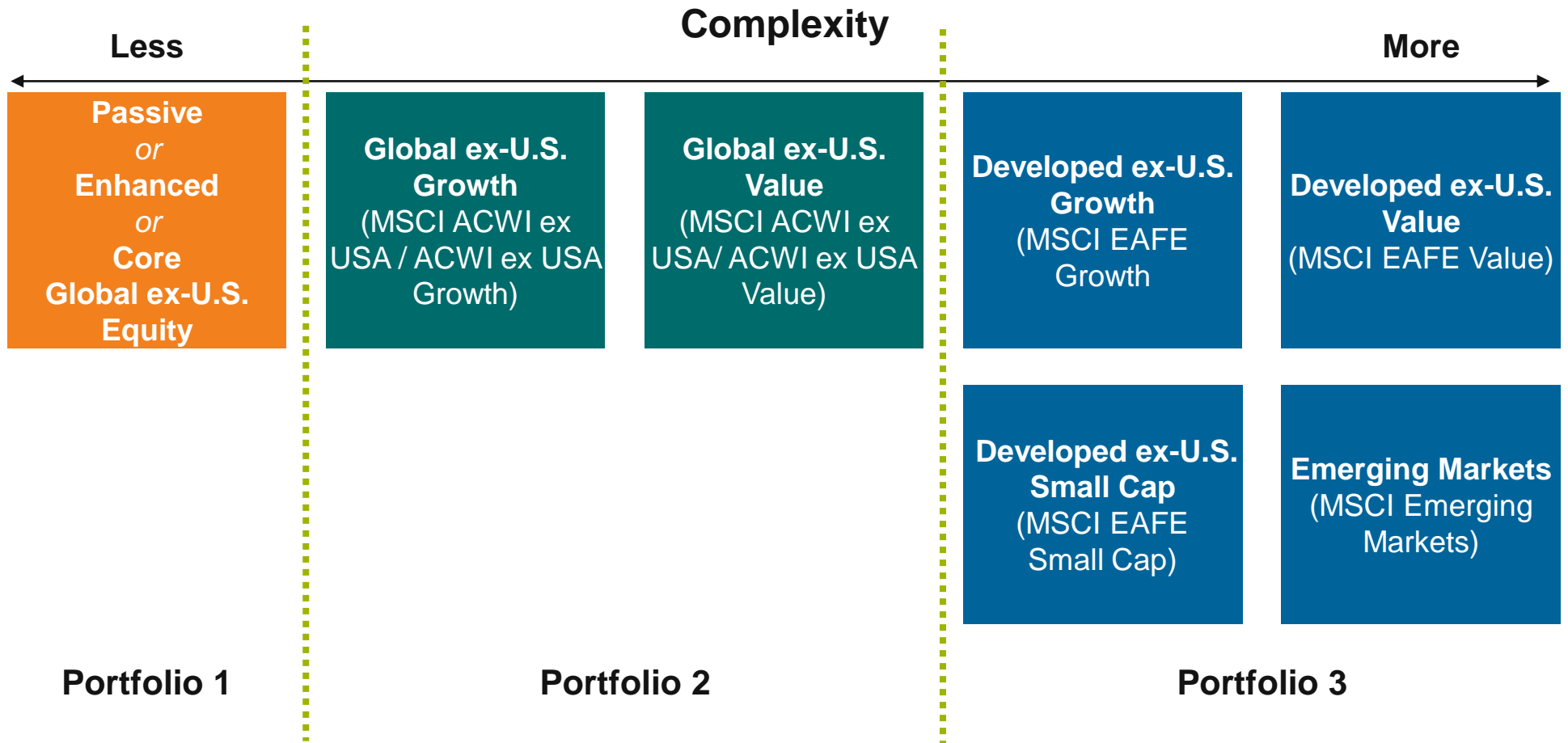
Guiding principles / best practices

Global ex-U.S. equity: the ownership interest of common and preferred stockholders in a global ex-U.S. company that are publicly traded

- The role of Global ex-U.S. equity is to complement U.S. equity in the fund's total equity portion
- Benchmark indices should be selected that are representative of the risk / return orientation
- A rational portfolio is constructed by allocations to strategies along a spectrum of risk, defined relative to a broad market benchmark
- Vehicle selection can have significant impact on financial and administrative costs

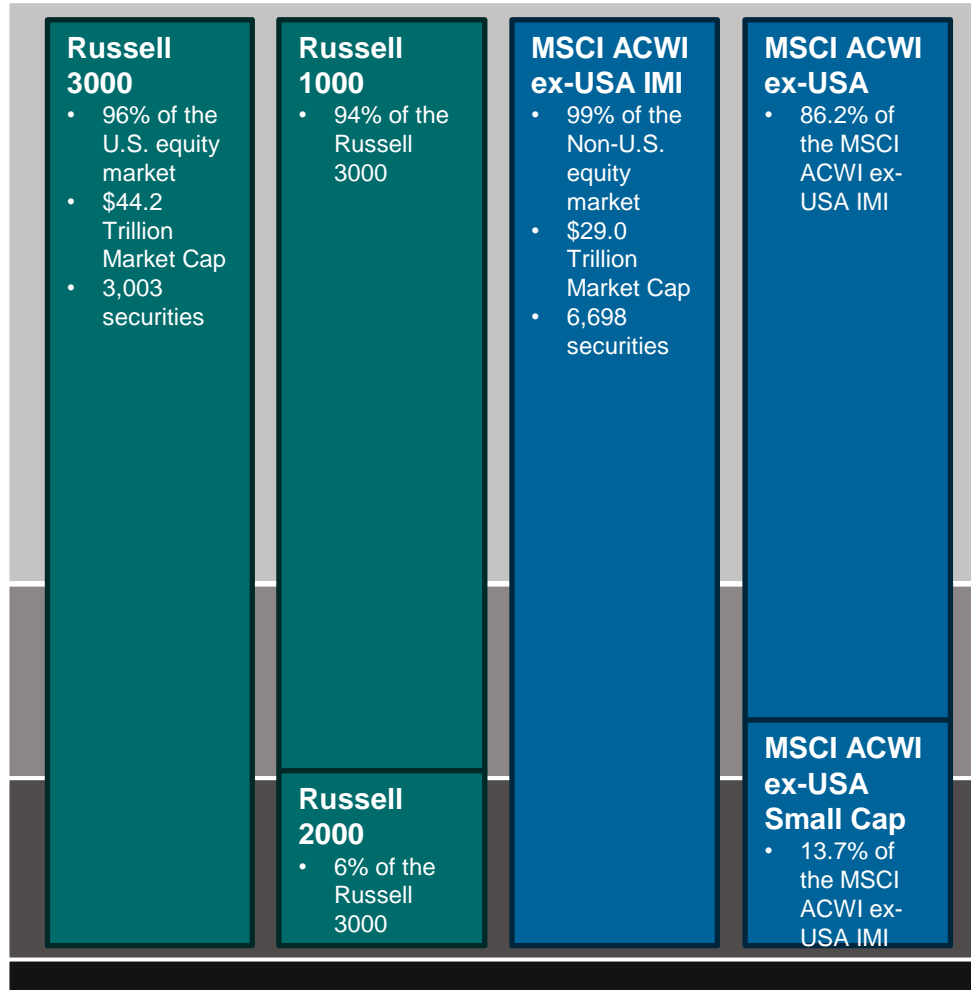
Global ex-U.S. Equity Structure

Common global ex-U.S. structure archetypes



- Emerging markets account for approximately 30% of total global ex-U.S. equities market.
- Small Cap represents approximately 14% of global ex-US equities market.

Non-US Equity Opportunity Set is Vast

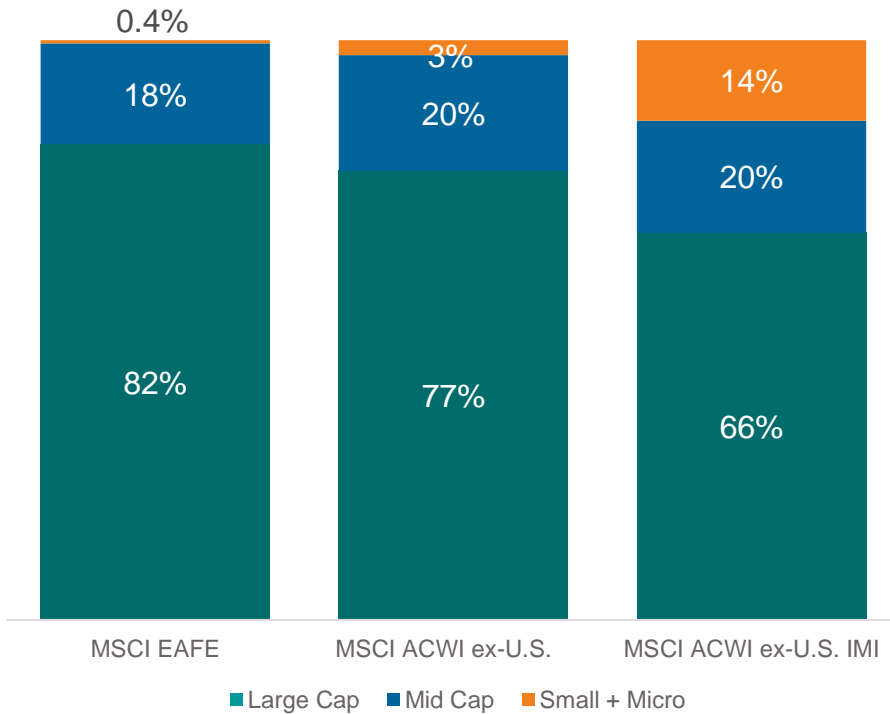


Sources: Callan, Russell, and MSCI as of June 30, 2023

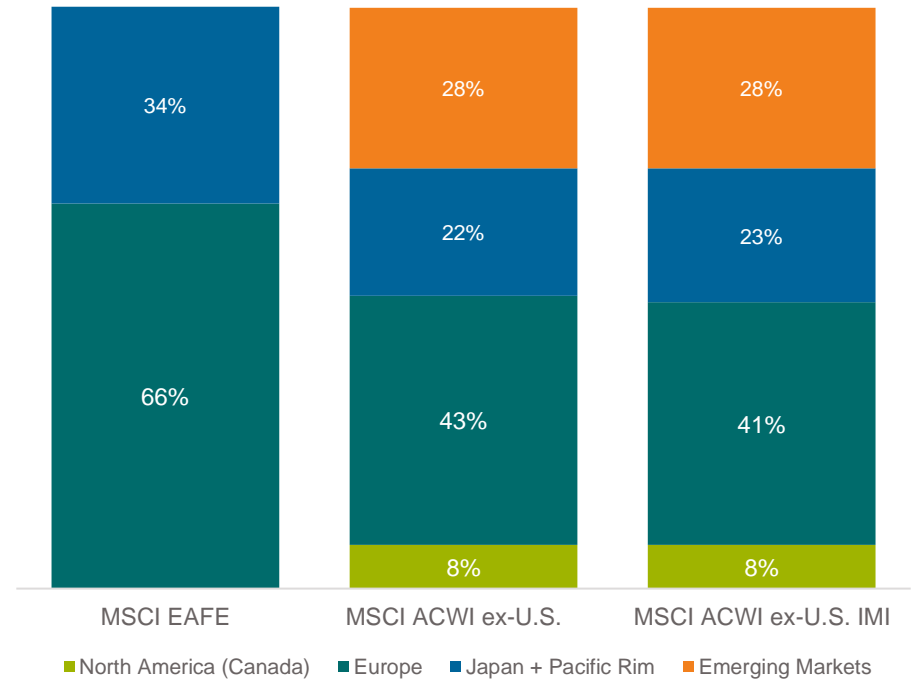
- The Russell 3000 and MSCI ACWI ex-USA IMI are capitalization weighted indices that include large, mid, and small cap stocks
- The indices assign different break points between their large/mid and small cap sub-indices
 - Small Cap = \$300m - \$2b
 - Mid Cap = \$2b – \$10b
 - Large Cap = \$10b+
- Number of stocks
 - Russell 3000 = 3,003 stocks
 - *Russell 2000* = 1,994 stocks
 - ACWI ex-USA IMI = 6,758 stocks
 - *ACWI ex-US Small Cap* = 4,412 stocks
- Market capitalization
 - Russell 3000 = \$44.2 trillion
 - *Russell 2000* = \$3.0 trillion
 - ACWI ex-USA IMI = \$ 29.0 trillion
 - *ACWI ex-US Small Cap* = \$4.0 trillion

International Equity Benchmark Descriptions

Market Cap Exposure as of December 31, 2023



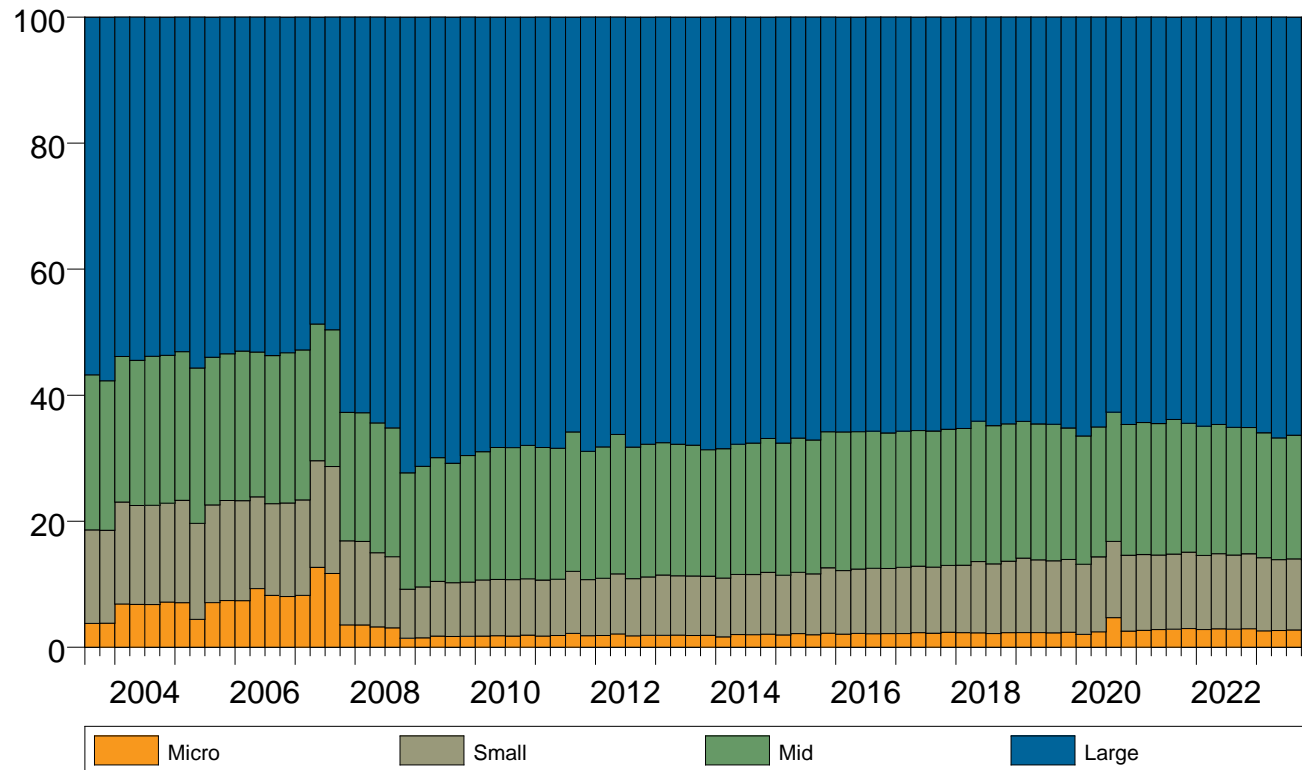
Country Exposure as of December 31, 2023



- ▶ MSCI EAFE includes large and mid cap stocks from developed countries outside of the U.S., excluding Canada.
- ▶ MSCI ACWI (All Country World Index) ex-U.S., includes large and mid cap stocks across developed and emerging economies outside of the U.S.
- ▶ The MSCI ACWI ex-U.S. IMI (Investable Market Index) adds exposure to small cap stocks across developed and emerging economies outside of the U.S.
- ▶ The MSCI ACWI ex USA Small Cap Index captures small cap representation across developed countries (excluding the U.S.) and emerging markets countries. The index covers approximately 14% of the global equity opportunity set outside the U.S.

Historical Market Cap Weight in ACWI ex US IMI Index

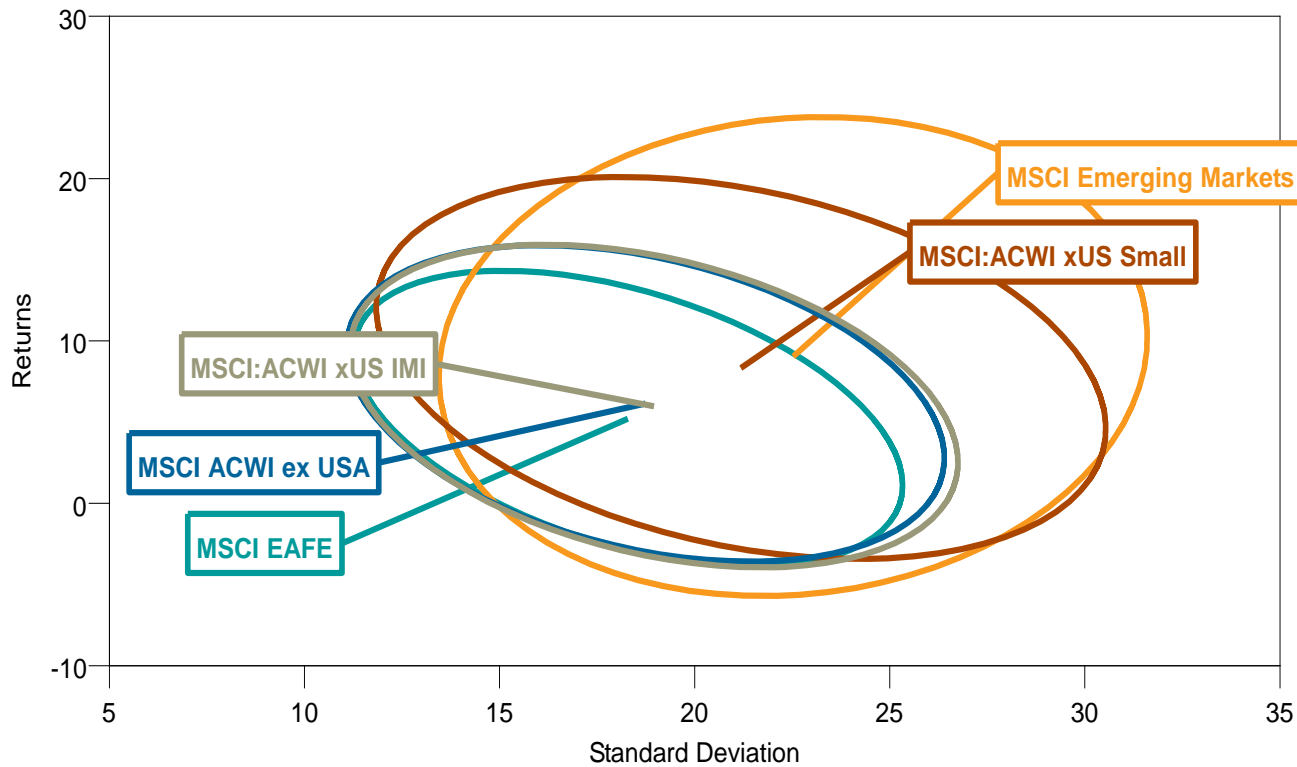
Historical Cap Weights
Since Inception of MSCI:ACWI xUS IMI
Ended December 31, 2023



- The weight of Small and Micro caps were at their lowest following the GFC (9.2%) and have steadily gained ever since and now comprise 13.9% of the ACWI ex US IMI Index.

Global ex-U.S. Equity Return and Risk Characteristics

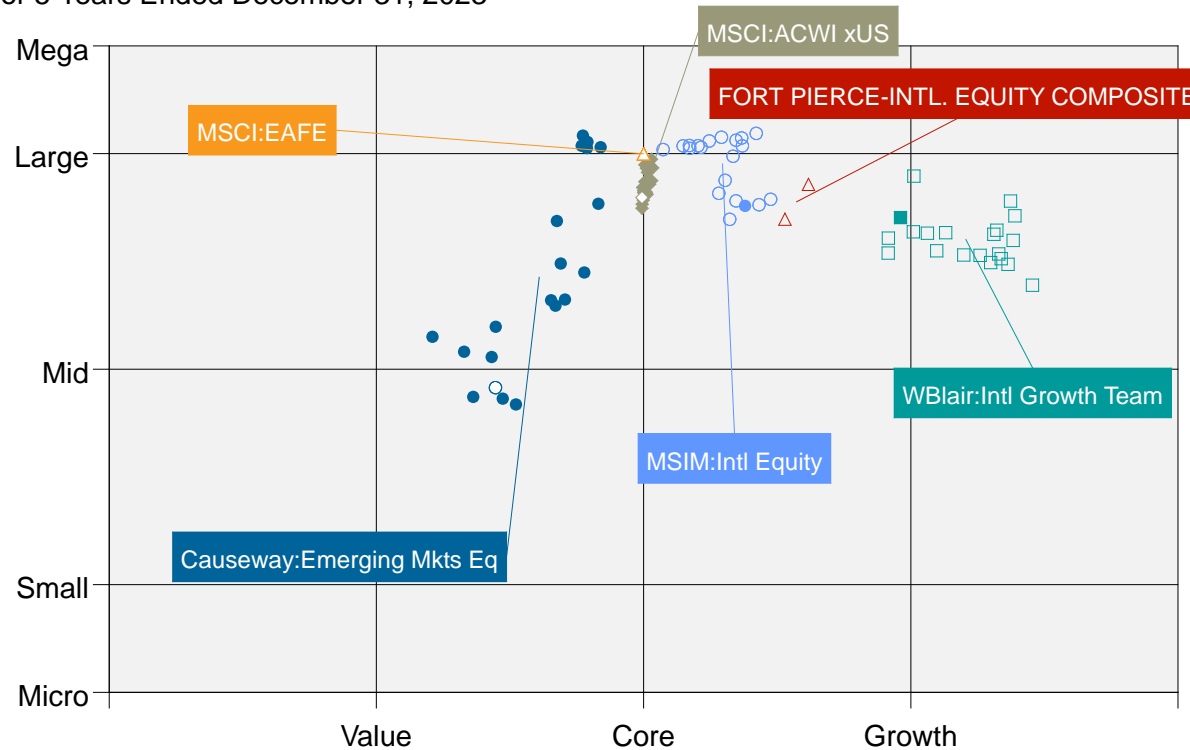
Rolling 20-Quarter Returns and Risks for 20 Years



- ▶ EAFE, ACWI ex USA, and ACWI ex US IMI have similar return and risk patterns
- ▶ The volatility impact of emerging and small cap on ACWI ex USA IMI is not substantial
- ▶ Emerging markets is only about 30% of the index, but returns diversify developed market returns
- ▶ Small cap is only about 14% of the index, but returns also diversify large/mid cap returns
- ▶ Emerging markets alone provide the opportunity for higher returns at the expense of higher risk
- ▶ Small cap returns and risks lie between those of developed and emerging markets

Style Drift

International Equity Style Map
for 5 Years Ended December 31, 2023



- Morgan Stanley has failed to effectively complement William Blair's quality and growth style leading to an overall international equity allocation with a significant growth bias.
- Causeway's tilt towards value leaves the emerging markets allocation overweight to value.

Correlation

Excess Correlation Table
 Benchmark: MSCI:ACWI xUS
 for 5 Years Ended December 31, 2023

MSIM:Intl Equity	1.0000	
WBlair:Intl Growth Team	0.2065	1.0000
	MSIM:Intl Equity	WBlair:Intl Growth Team

Excess Correlation Table
 Benchmark: MSCI:ACWI xUS
 for 5 Years Ended December 31, 2023

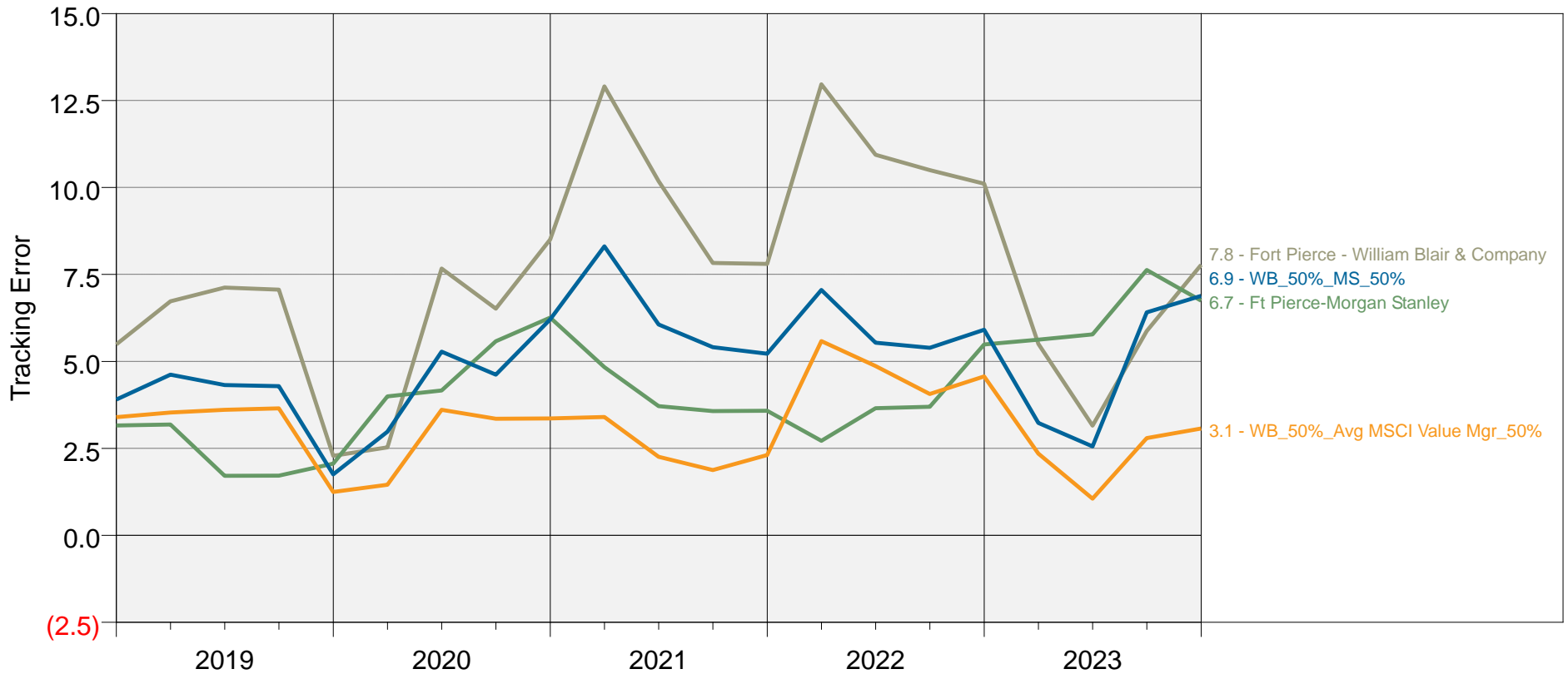
MSIM:Intl Equity	1.0000		
WBlair:Intl Growth Team	0.2065	1.0000	
Callan NonUS AC Value Eq	(0.1453)	(0.5092)	1.0000
	MSIM:Intl Equity	WBlair:Intl Growth Team	Callan NonUS AC Value Eq

- Morgan Stanley's slight bias towards growth leaves its correlation to William Blair higher than needed to act as an effective complement.

- When compared against the median ACWI ex-US Value manager, the complement with William Blair is much more effective at -0.51 compared to the existing correlation of +0.21

Tracking Error

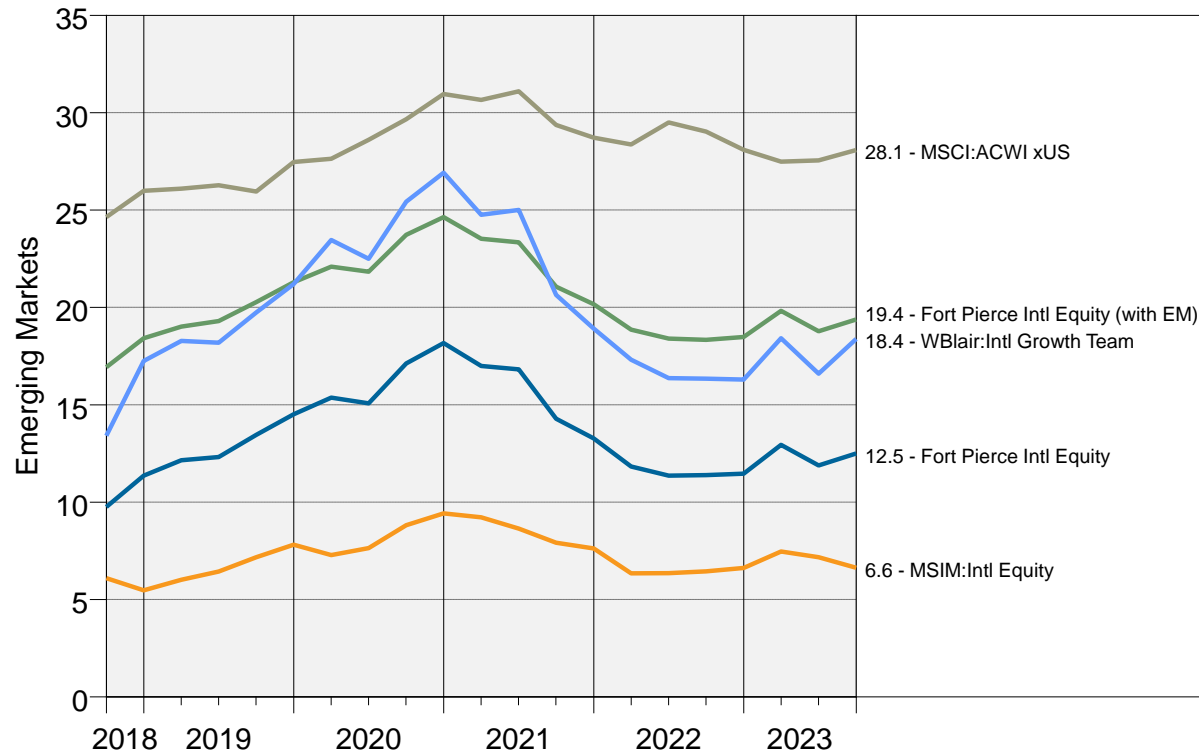
Rolling 4 Quarter Tracking Error Relative To MSCI:ACWI xUS
for 5 Years Ended December 31, 2023



- When combining William Blair with the average MSCI ACWI ex-US manager instead of Morgan Stanley, there is a noticeable drop in tracking error.

Underweight Emerging Markets

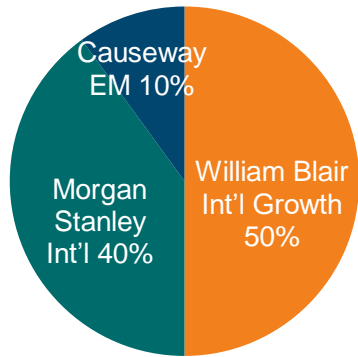
Emerging Markets
for 5 Years Ended September 30, 2023



- Morgan Stanley is benchmarked to the EAFE index which has no allocation to emerging markets.
- The overall international equity portfolio is underweight to emerging markets by ~16% when compared to a broad market international equity index.

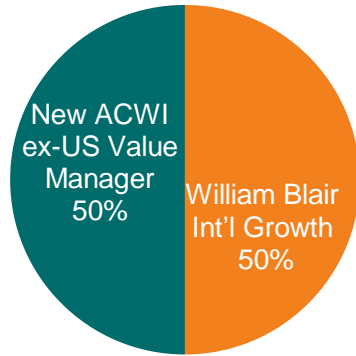
Alternative International Equity Fund Structures

Current Structure



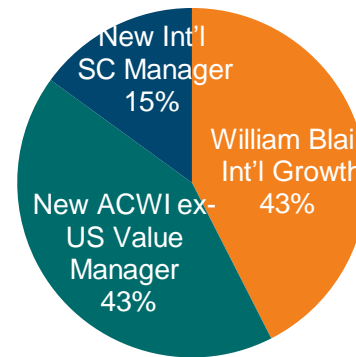
- Morgan Stanley / Developed Markets / MSCI EAFE benchmark
- William Blair / Global ex-US / MSCI ACWI ex-US IMI
- Causeway / Emerging Markets / MSCI EM

Alternative 1



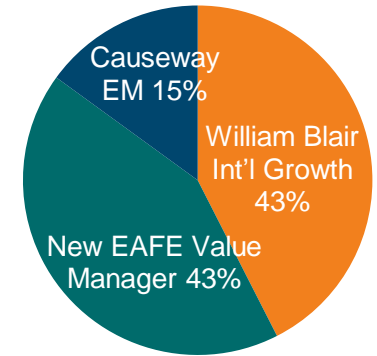
- Replace Morgan Stanley and Causeway Emerging Markets with a value-oriented, ACWI ex-US manager
- Reallocate funds to 50/50 International Value + Growth.

Alternative 2



- Conduct a manager search and replace Morgan Stanley with a value-oriented, ACWI ex-US manager.
- Since William Blair is benchmarked to the MSCI ACWI ex US IMI, consider adding an International Small Cap Equity manager to complement the new value oriented manager.

Alternative 3



- Conduct a manager search and replace Morgan Stanley with a value-oriented EAFE manager.
- Keeps International Equity benchmark MSCI ACWI ex-US

Note: Numbers may not add up due to rounding

Alternative International Equity Fund Structures

Current Structure		Alternative 1 (2 active ACWI ex-US managers)	Alternative 2 (Dedicated small cap manager)	Alternative 3 (Dedicated emerging markets manager)	
Manager	% of Int'l	% of Int'l	% of Int'l	% of Int'l	
International Equity					
William Blair International Growth	50%	50%	42.5%	42.5%	
Morgan Stanley International Equity	40%	--	--	--	
Causeway Emerging Markets	10%	--	--	15%	
New ACWI ex-US Value Manager	--	50%	42.5%	--	
New EAFE Value Manager	--	--	--	42.5%	
New International Small Cap Manager	--	--	15%	--	
Total	100.00%	100.00%	100.00%	100.00%	
Statistics (5 years ending 12/31/23)					
	MSCI ACWI ex-US IMI	Current	Alternative 1*	Alternative 2*	Alternative 3*
Standard Deviation	20.77%	22.2%	22.5%	22.7%	22.0%
Gross Excess Return (annualized)****	--	1.3%	1.9%	1.7%	1.5%
Net Excess Return (annualized)	--	0.97%	1.2%	0.93%	0.72%
Tracking Error	--	5.26%	3.06%	3.15%	2.41%
Weighted Median Market Cap***	31.0	41.6	36.1	31.1	34.0
Up Market Capture	100%	120.4%	122.8%	122.6%	116.7%
Down Market Capture	100%	106.4%	105.1%	105.9%	104.1%
Estimated Investment Mgmt Fees**	--	0.78%	0.74%	0.77%	0.78%

*Hypothetical portfolio calculations. All mixes include peer group medians rather than actual product information

**Estimates using 12/31/23 market value, current structure shows actual historical fees paid while estimated fees were used for the alternative portfolios

***Portfolio characteristics as of 12/31/2023, \$b

****Excess return is calculated against the MSCI ACWI ex-US IMI Index

Callan

Appendix

Callan's Proposed 2024 Work Plan

City of Fort Pierce Retirement and Benefit System

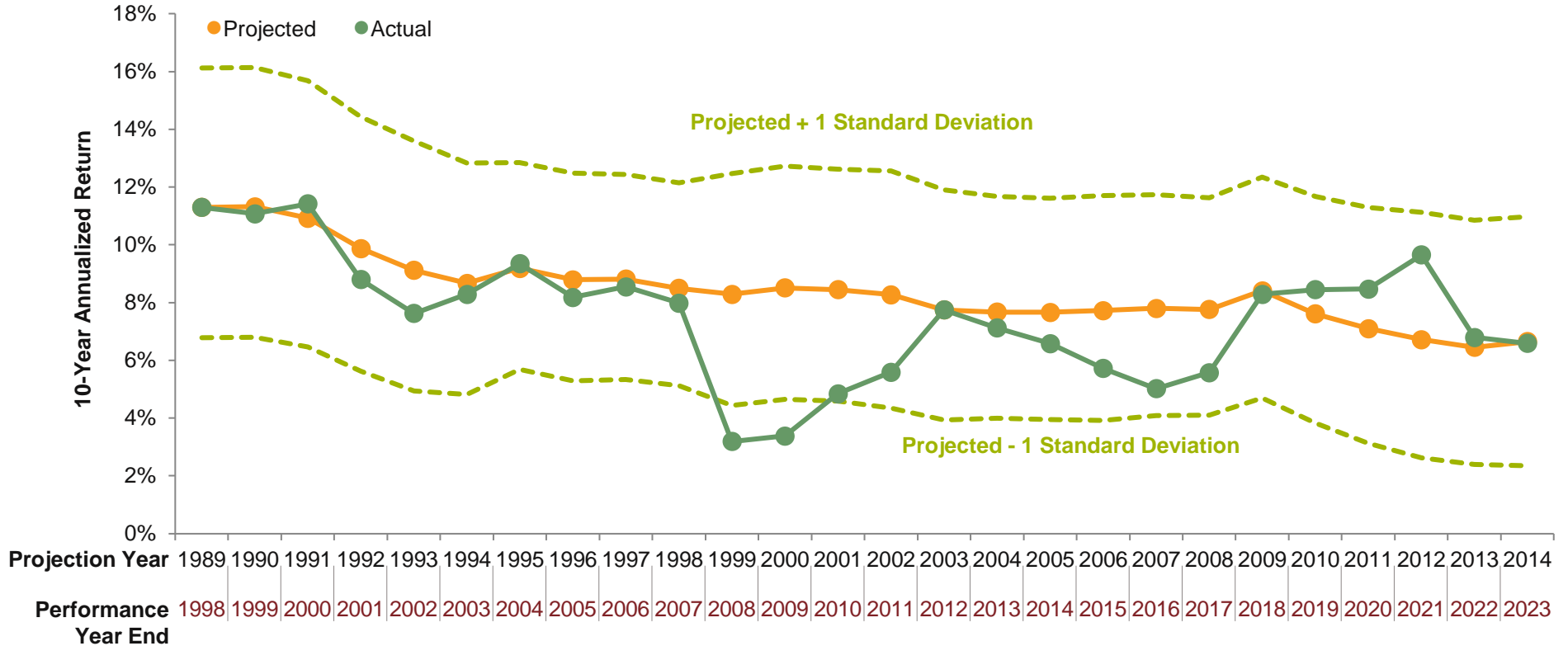
	1 st Quarter 2024	2 nd Quarter 2024	3 rd Quarter 2024	4 th Quarter 2024
Strategic Planning				
Review Capital Market Expectations				
Present Proposed 2025 Work Plan				
Plan Implementation				
Prepare Cash Raise for Benefit Payments				
Investment Manager Fee Review				
Provide annual Fiscal YE results				
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 – San Francisco, CA , April 8-10				
“Callan College”				
Regional Workshops				
Custom Board Education				
Research Papers and Publications				

Actual Returns vs. Callan Projections

Projection Years 1989–2014

Historical Comparison: Actual Returns vs. Callan Capital Markets Projections

Portfolio (60% Equity, 30% Fixed, 10% Real Estate)



- Our projections are generally within one standard deviation of the actual return experienced
- The glaring exceptions are the 10-year periods ended in 2008 and 2009 which contained not one but two major collapses in the equity market: the Dot-Com Bubble in 2001-02 and the Global Financial Crisis in 2008

Source: Callan

Callan Institute Events

Upcoming conferences, workshops, and webinars

Callan College

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.

- March 19-21, 2024 – Virtual Session via Zoom
- June 18-19, 2024 – In Person Session in Chicago

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.

- February 21–22, 2024 – Virtual Session via Zoom

Please visit our website at callan.com/events-education as we add dates to our 2024 calendar!

Mark Your Calendar

2024 National Conference

April 8–10, 2024 – San Francisco

2024 Regional Workshops

June 25, 2024 – Atlanta

June 27, 2024 – San Francisco

October 22, 2024 – Denver

October 24, 2024 – Location TBD

Watch your email for further details and an invitation.

Webinars & Research Café Sessions

Webinar: Capital Markets Assumptions

January 17, 2024 – Virtual Session via Zoom

Webinar: Market Intelligence

January 19, 2024 – Virtual Session via Zoom

Research Café: ESG Interview Series

March 12, 2024 – Virtual Session via Zoom

Manager Summary Matrix

Morgan Stanley

	Organization/Team	Strategy/Portfolio	Summary Opinion
Morgan Stanley Investment Management International Equity	<ul style="list-style-type: none"> - Founded in 1975 and the investment management subsidiary of Morgan Stanley, a publicly traded (NYSE: MS) financial services company. - In March 2021, Morgan Stanley completed its acquisition of Eaton Vance, which remains headquartered in Boston, while MSIM is in New York City. - Long-tenured PM William Lock leads the strategy. He is supported by Bruno Paulson and six senior portfolio managers, three research analysts and two analysts dedicated to sustainability and ESG. 	<ul style="list-style-type: none"> - Fundamental, bottom-up approach that seeks to identify two types of companies - high quality compounders (can generate high, sustainable returns) and value opportunities (more cyclical companies with improving fundamentals). - Valuation considers cash flows and compares a stock's free cash flow yield to that of the local 10-year government bond. - The portfolio typically holds 55-85 stocks in developed markets with a maximum allocation to EM of 15%. - Large cap, core/quality characteristics. 	<ul style="list-style-type: none"> - Morgan Stanley and subsidiaries (Eaton Vance, Calvert, Atlanta Capital) have maintained stability following acquisition. - While Lock remains at the helm, the team has experienced turnover over the last several years. - Given the quality bias, the strategy can have periods when the approach is out of favor. - The strategy is viable as a standalone option, or paired with more style extreme strategies. - The strategy has experienced significant asset loss in the last several years (\$10b in 2018), however the platform which includes three global and one additional international strategy have remained healthy with platform assets around \$50b.

Manager Summary Matrix

William Blair

	Organization/Team	Strategy/Portfolio	Summary Opinion
<p>William Blair & Company LLC</p> <p>International Growth</p>	<ul style="list-style-type: none"> - William Blair was founded in 1935 and remains headquartered in Chicago, IL. The firm is 100% employee-owned, with equity widely spread amongst investment professionals at the firm. - President Brent Gledhill was appointed CEO to succeed John Ettelson, who became chairman of the firm, in January 2022. - Strategy is managed by Simon Fennell, Kenneth McAtamney and Andrew Siepker. - Siepker joined the portfolio management team in January 2022. - The portfolio management team is supported by 16 central research analysts, 8 research associates, six strategists, and seven quantitative professionals. 	<ul style="list-style-type: none"> - Employs a bottom-up, quality-growth fundamental process to construct the strategy. - Leverages quantitative tools to manage idea generation and risk management. - The strategy seeks to identify quality growth companies (i.e., ROE, earnings quality, consistency of growth) trading at a discount. - Utilizes proprietary risk tools to manage unintended risks. - The portfolio holds 160-220 names with an annual turnover of 20%-100%. - Diversified, all-cap quality growth strategy. 	<ul style="list-style-type: none"> - Stable organization. - Co-PM structure mitigates key person risk. - Differentiated top-down/bottom-up and fundamental/quantitative processes to manage idea generation, research, portfolio construction, and risk management. - Track record of enhancing the process. - Optimal for a multi-manager structure given the diversified, all-cap quality growth portfolio characteristics and risk/return profile.

Manager Summary Matrix

Causeway

	Organization/Team	Strategy/Portfolio	Summary Opinion
Causeway Capital Management LLC	<ul style="list-style-type: none"> - 100% employee-owned firm based in Los Angeles. - The firm was launched in 2001 by former employees of Hotchkis and Wiley. CEO Sarah Ketterer is the daughter of John Hotchkis, founder of Hotchkis and Wiley. - Ketterer manages the firm, and President Harry Hartford heads the investment team. - Arjun Jayaraman, head of quantitative research, leads the team and strategy. - Jayaraman is supported by four portfolio managers and six quant analysts. 	<ul style="list-style-type: none"> - Employs a combination of top-down and bottom-up multi-factor models to construct the strategy. - The model is composed of 25% top-down and 75% bottom-up. - Top-down factors are based on macroeconomics, country, sector, and currency. - Bottom-up factors are based on valuation, growth, technical indicators, and competitive strength. - The portfolio typically holds 120-180 names with an expected annual turnover of 50%-75%. - Diversified, all-cap relative value strategy. 	<ul style="list-style-type: none"> - Stable organization. - In 2018, Causeway began planning succession for Hartford, who is expected to retire in five to 10 years. Over the next five years a road map for transitioning Hartford's ownership and management responsibilities will be developed with the help of external consultants. So far, leadership redundancy is in place to manage the transition seamlessly. - Firm growth is notable (both AUM and professionals) - Team has been under the stable leadership Jayaraman since 2006. - Factors are contextualized to boost model efficacy. - Exposure to value is expected to oscillate given the market opportunity. - Track record of model enhancement. - Viable for a standalone given the diversified, relative value portfolio characteristics and risk/return profile.
Causeway Emerging Markets Equity			

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