

INVESTMENT UPDATE

to

CITY OF FORT PIERCE
RETIREMENT AND BENEFIT SYSTEM

on

Wednesday, November 20, 2024

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*Managing Director
Portfolio Manager*

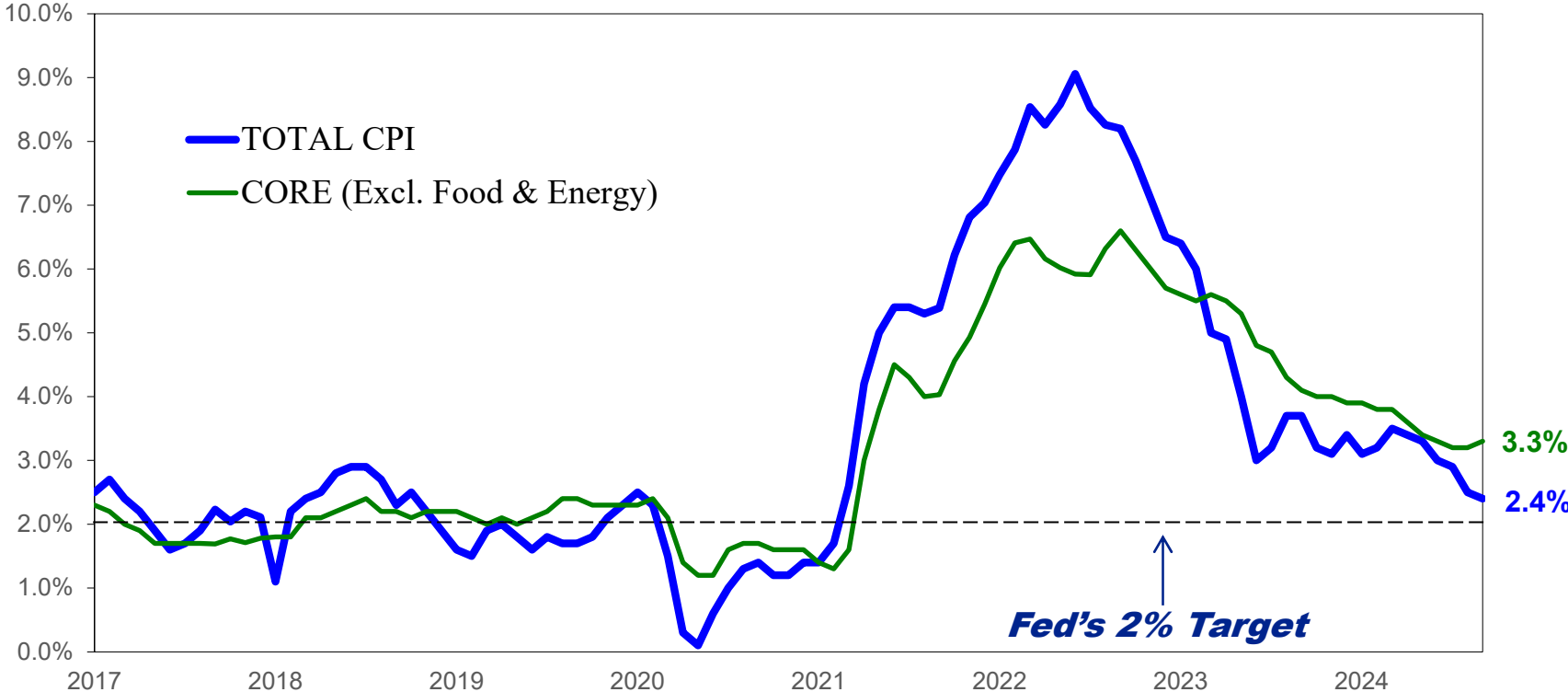


RICHMOND CAPITAL MANAGEMENT

U.S. INFLATION TRENDS

As of September 30, 2024

Consumer Price Index (CPI)

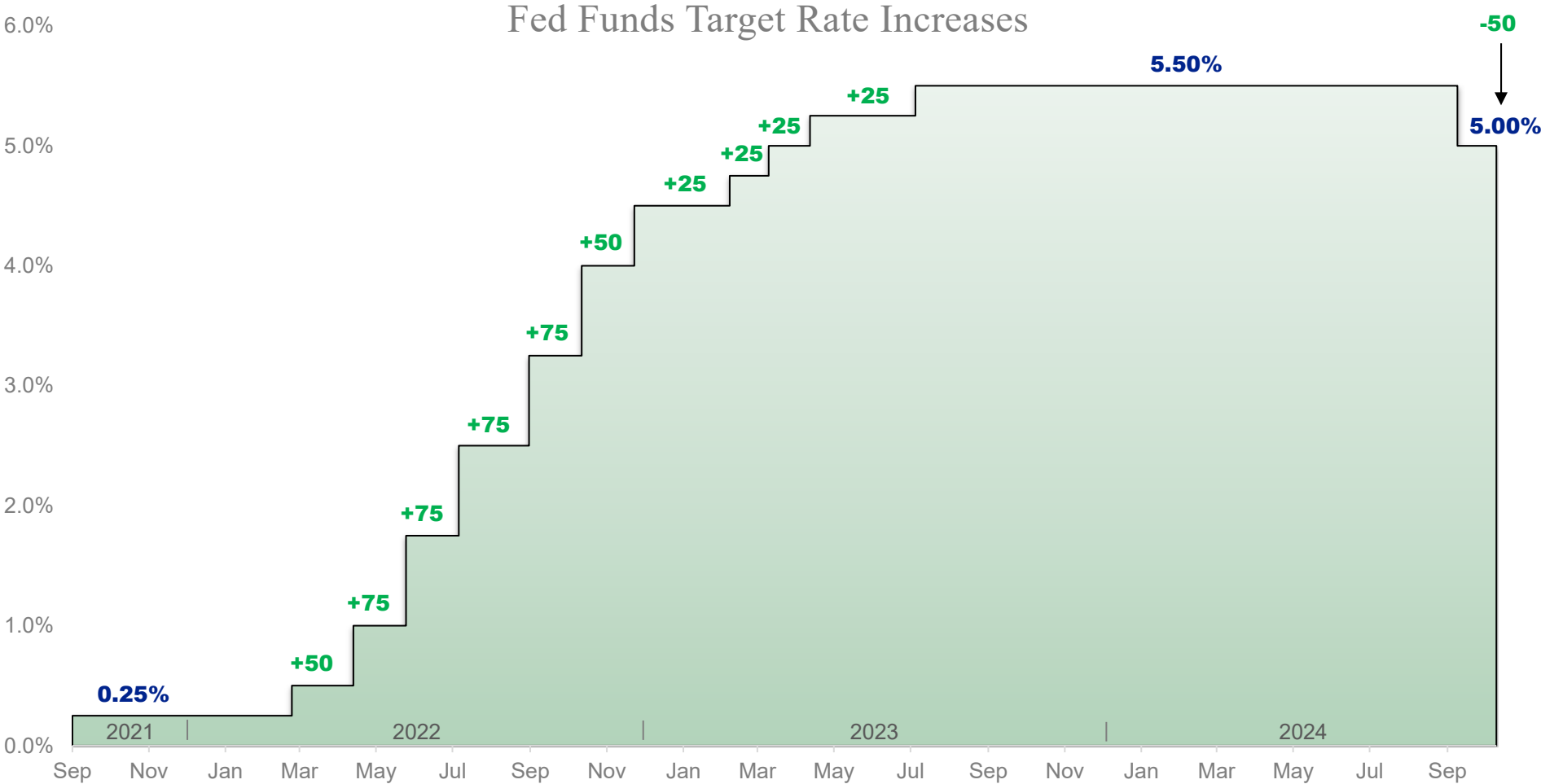


Source: Bureau of Labor Statistics; Bloomberg



FEDERAL FUNDS TARGET RATE MOVES

As of September 30, 2024



TREASURY YIELD CURVE: HIGHER YIELDS

	9/30/24 Yields (%)	12/31/21 Yields (%)	Change (%)
1 Month	4.81	0.02	+4.79
3 Months	4.62	0.03	+4.59
1 Year	4.00	0.38	+3.62
2 Years	3.64	0.73	+2.91
3 Years	3.55	0.96	+2.59
5 Years	3.56	1.26	+2.30
7 Years	3.65	1.44	+2.21
10 Years	3.78	1.51	+2.27
20 Years	4.18	1.93	+2.25
30 Years	4.12	1.90	+2.22

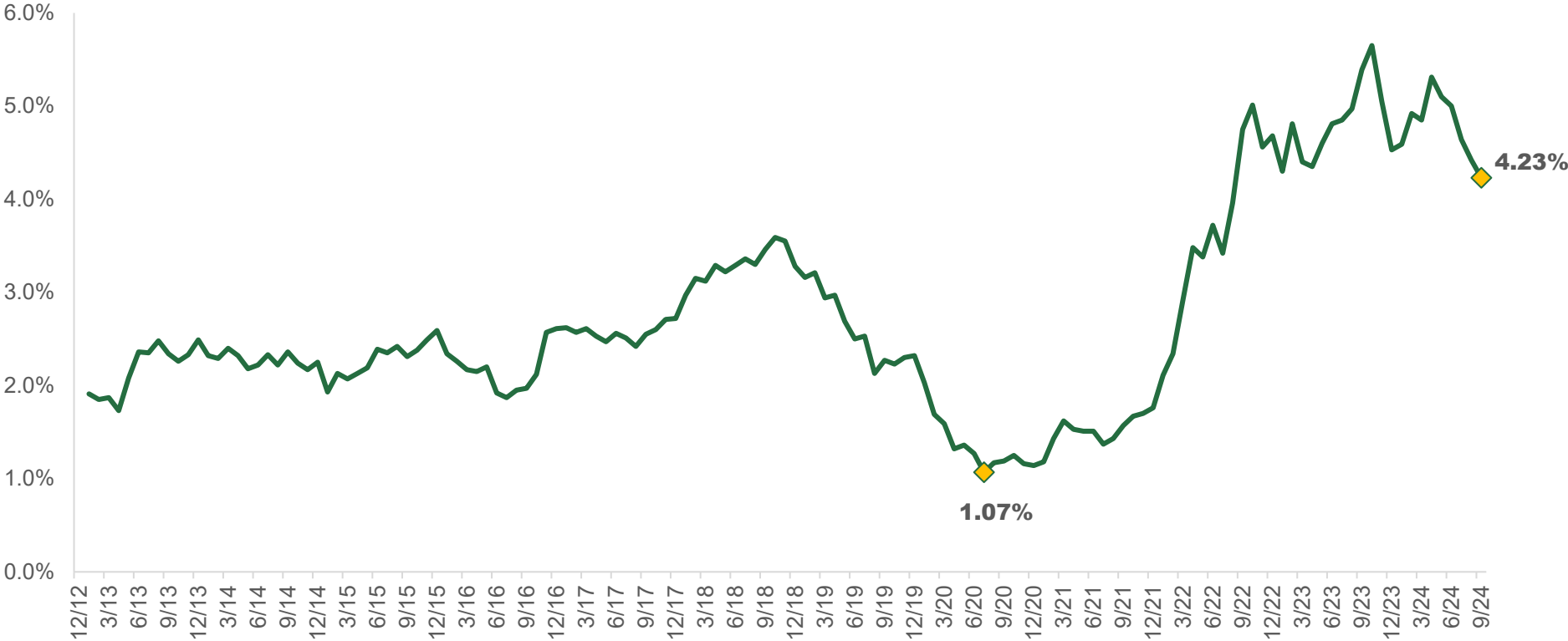
Source: Bloomberg



BLOOMBERG AGGREGATE INDEX – YIELD TO MATURITY

As of September 30, 2024

Bloomberg Aggregate - Yield to Maturity



CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

Portfolio Review

As of September 30, 2024

Cash Flows Since Inception Through September 30, 2024	
Market Value (8/1/1989)	\$12,816,948
Change in Market Value of Holdings	(2,574,283)
Interest Earned	78,895,159
Contributions/ Withdrawals	31,758,274 (63,914,983)
Total	\$56,981,115

Portfolio Review Through September 30, 2024	
Average Maturity	8.51 Years
Portfolio Duration (Bloomberg Aggregate)	6.13 Years 6.20 Years
Average Yield to Maturity (Bloomberg Aggregate)	4.54% 4.23%
Average Quality	AA-

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



CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

Performance Summary

As of September 30, 2024

	City of Fort Pierce Retirement and Benefit System	Bloomberg Aggregate Index	Value Added
3rd Quarter, 2024	5.34%	5.20%	+0.14%
Year to Date	4.86%	4.45%	+0.41%
12 Months to Date	12.49%	11.57%	+0.92%
Annualized: 3 Years	-0.88%	-1.39%	+0.51%
5 Years	0.83%	0.33%	+0.50%
10 Years	2.24%	1.84%	+0.40%
Annualized Since Inception (8/1/1989)	5.70%	5.17%	+0.53%

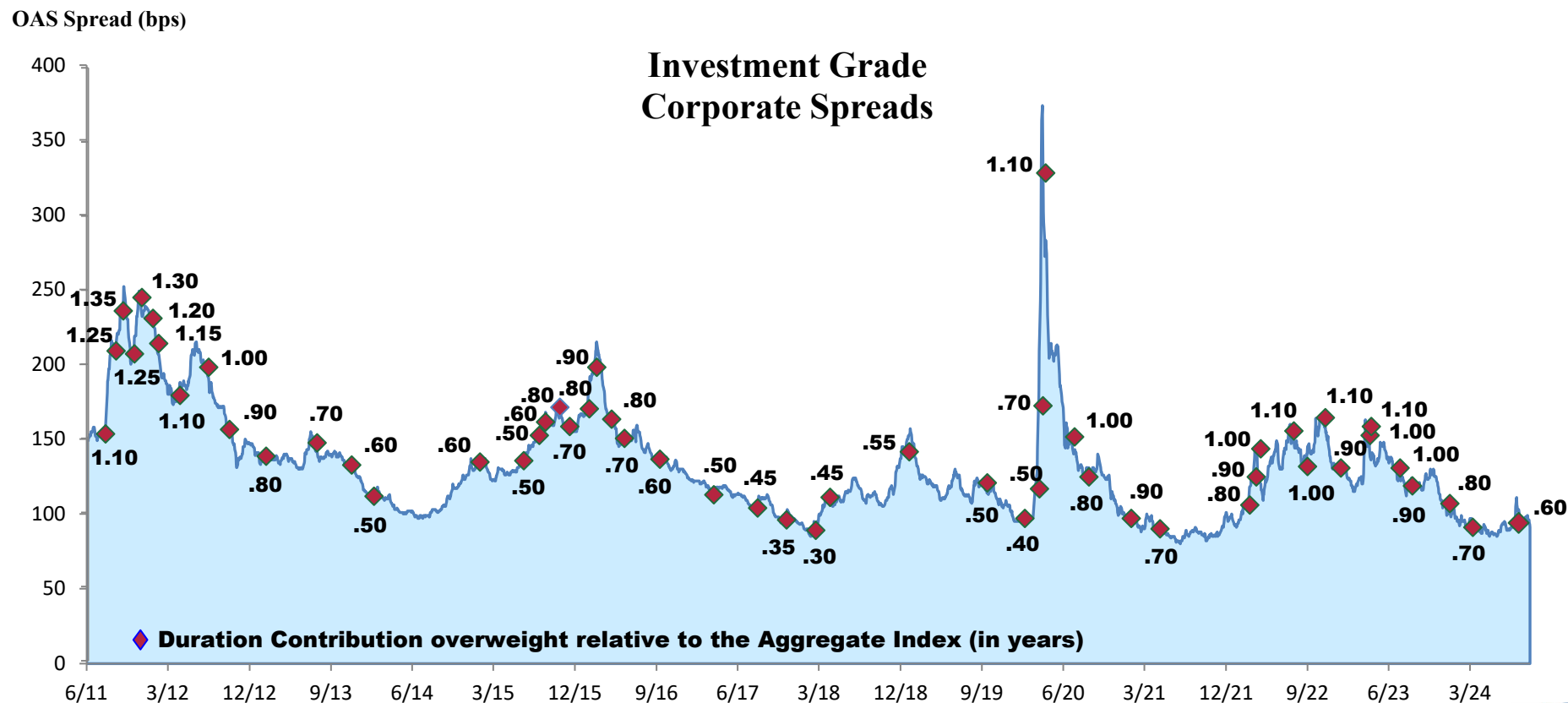
*Bloomberg Govt/Credit 8/1/89 to 5/31/13, Bloomberg Aggregate 6/1/13 forward
Fiscal Year End September 30th*



CORPORATE BONDS: RESPONDING TO CHANGING VALUATIONS

As of September 30, 2024

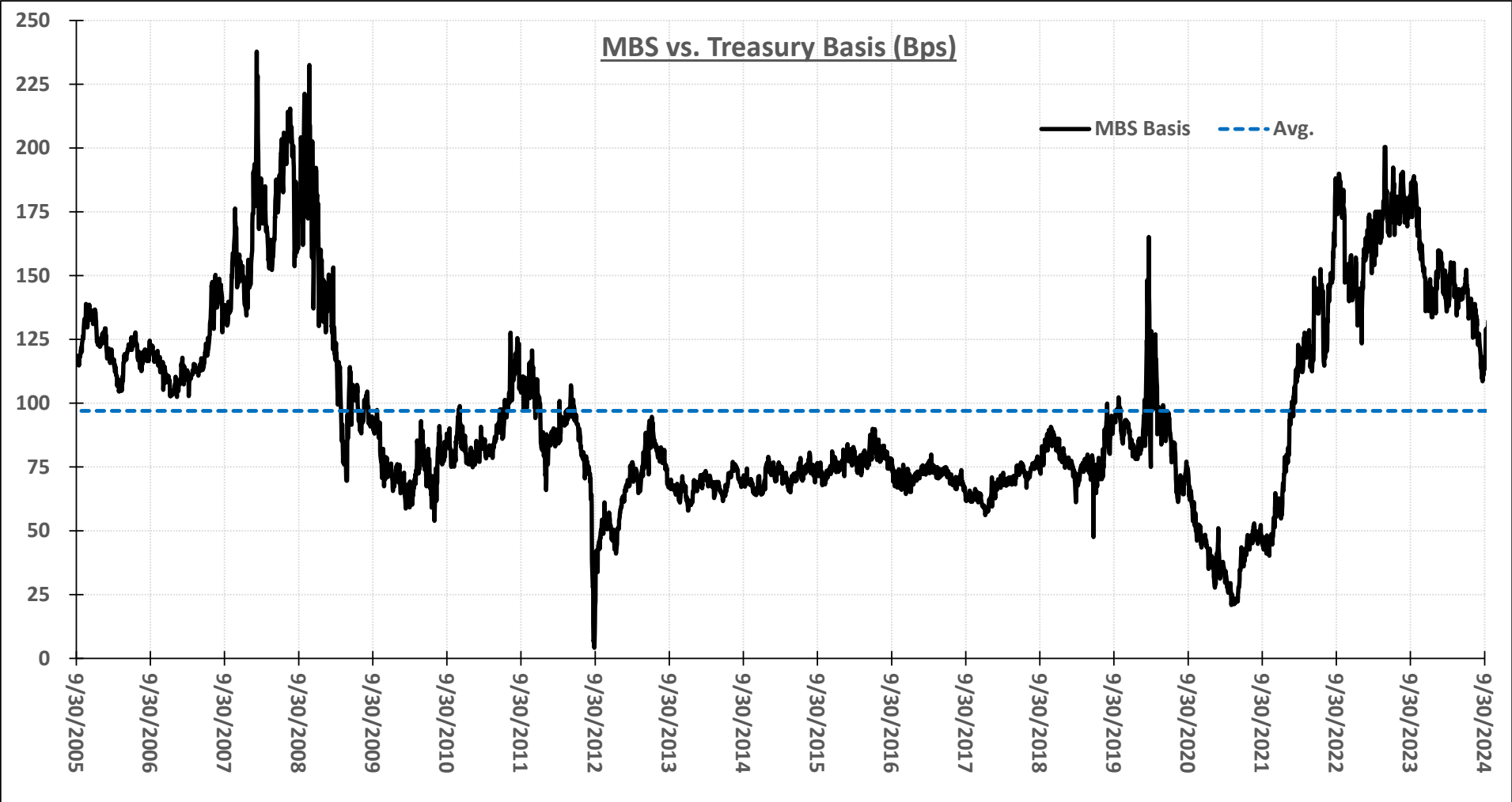
- We are disciplined and opportunistic in our approach to overweighting risk in the corporate sector.
- Volatility provided opportunities in 2023 and continue in 2024. As spreads have narrowed in 2024, we have reduced exposure.



Source: Bloomberg



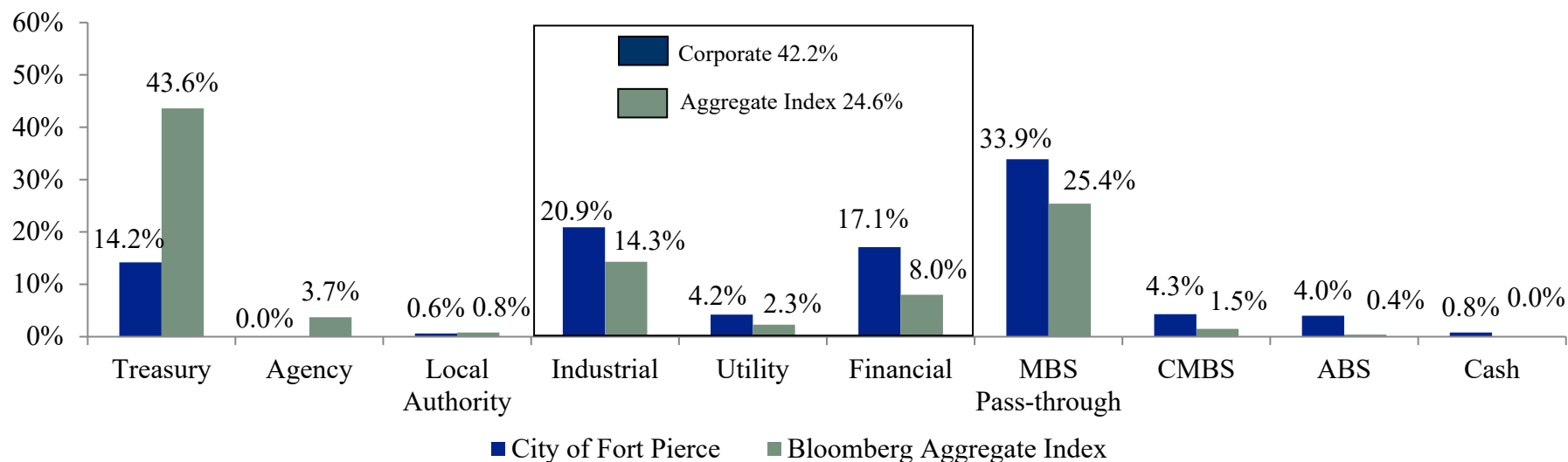
AGENCY MBS LOOKS ATTRACTIVE – PORTFOLIO’S TARGET ALLOCATION IS 9% OVERWEIGHT VERSUS INDEX



CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM

As of September 30, 2024

Quality Distribution		
	City of Fort Pierce	Bloomberg Aggregate Index
AAA	7.4%	3.3%
AA	51.8%	72.7%
A	25.6%	11.5%
BAA	15.2%	12.5%



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



RICHMOND CAPITAL STRATEGY SUMMARY FOR 2024

- » We believe the investment grade bond market offers opportunity. Yields are significantly higher than they've been over the prior decade, and volatility favors security selection opportunities that arise from tenders, new issues, and various technical factors.
- » Volatility in the corporate bond market has allowed us to buy low and sell high to some degree. We pay careful attention to the spread reward the corporate sector provides. When it is generous, we increase our overweight. When the reward shrinks, we reduce our overweight. Volatility has also allowed us to opportunistically add to our MBS holdings as well.
- » We mitigate the risk of all our spread product investments through diversification and a bias to the higher end of the investment grade ratings spectrum. In corporates, we favor A-rated and high BBB-rated companies. All of our mortgage holdings are AA+ rated. Our asset-backed and CMBS holdings are all AAA.
- » Lastly, with regard to the overall interest rate sensitivity of our portfolios, we are content to remain neutral duration relative to the benchmark. We think the path of the Federal Reserve rate cuts is still uncertain and other active strategies are much more interesting in 2024. Those strategies include the aforementioned risk/reward attractiveness of “spread” sectors and the security selection opportunities that continue to come our way during these high volatility times.

