

# Callan



September 17, 2025

**City of Fort Pierce**

Second Quarter Performance Review

---

**Weston Lewis, CFA, CAIA**

Atlanta Fund Sponsor Consulting

**Paola J. Cardenales, MBA**

Atlanta Fund Sponsor Consulting

---

# Agenda

---

Market Environment Update.....3

Asset Allocation and Performance Review.....6

Investment Manager Fee Review.....22

Board Education – Current Equity Market Dynamics.....23

Appendix.....35

Callan

---

**Market Environment Update**

# U.S. Equity Markets Back Up Sharply in 2Q25

Global ex-U.S. markets lead the way for the second quarter in a row, showing diversification

## Big gains for U.S. stocks

- S&P 500 rose 11% in 2Q25. U.S. small cap gained 8.5%. Both markets were spooked by tariff policy early in the quarter, then recovered when the implementation was delayed.

## Weaker 2Q for core fixed income

- The Bloomberg Aggregate rose 1.2%, down from the surge in 1Q. Long duration lost 0.2%.
- CPI-U came in at 2.7% (year-over-year) through June, and the core index rose 2.9%. Both figures are up from May. Energy continues to push down the total headline number.

## Solid economic growth resumed

- The job market keeps expanding and real incomes are rising. 1Q GDP came in at -0.5% but grew 3.0% in 2Q. Consumer spending held up while business spending has paused.

Returns for Periods ended 6/30/25

	Quarter	1 Year	3 Years	5 Years	10 Years	25 Years
<b>U.S. Equity</b>						
Russell 3000	10.99	15.30	19.08	15.96	12.96	8.04
S&P 500	10.94	15.16	19.71	16.64	13.65	7.98
Russell 2000	8.50	7.68	10.00	10.04	7.12	7.35
<b>Global ex-U.S. Equity</b>						
MSCI World ex USA	12.05	18.70	15.73	11.51	6.65	4.63
MSCI Emerging Markets	11.99	15.29	9.70	6.81	4.82	--
MSCI ACWI ex USA Small Cap	16.93	18.34	13.46	10.74	6.54	7.02
<b>Fixed Income</b>						
Bloomberg Aggregate	1.21	6.08	2.55	-0.73	1.76	3.94
90-day T-Bill	1.04	4.68	4.56	2.76	1.98	1.88
Bloomberg Long Gov/Credit	-0.18	3.32	-0.31	-4.93	1.79	5.24
Bloomberg Global Agg ex-US	7.29	11.21	2.74	-1.63	0.61	2.94
<b>Real Estate</b>						
NCREIF Property	1.20	4.23	-2.75	3.70	5.22	7.46
FTSE Nareit Equity	-1.16	8.60	5.35	8.63	6.32	9.29
<b>Alternatives</b>						
Cambridge Private Equity*	0.77	5.85	1.17	13.28	13.12	11.01
Cambridge Senior Debt*	-1.81	4.14	6.07	6.81	7.11	4.36
HFRI Fund Weighted	4.32	8.43	7.78	8.56	5.40	5.46
Bloomberg Commodity	-3.08	5.77	0.13	12.68	1.99	1.73
Gold Spot Price	5.00	41.38	22.32	12.93	10.93	10.20
<b>Inflation: CPI-U</b>	0.86	2.67	2.87	4.58	3.06	2.54

\*Cambridge Private Equity and Cambridge Senior Debt data as of 4Q24.

Returns greater than one year are annualized.

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

Callan

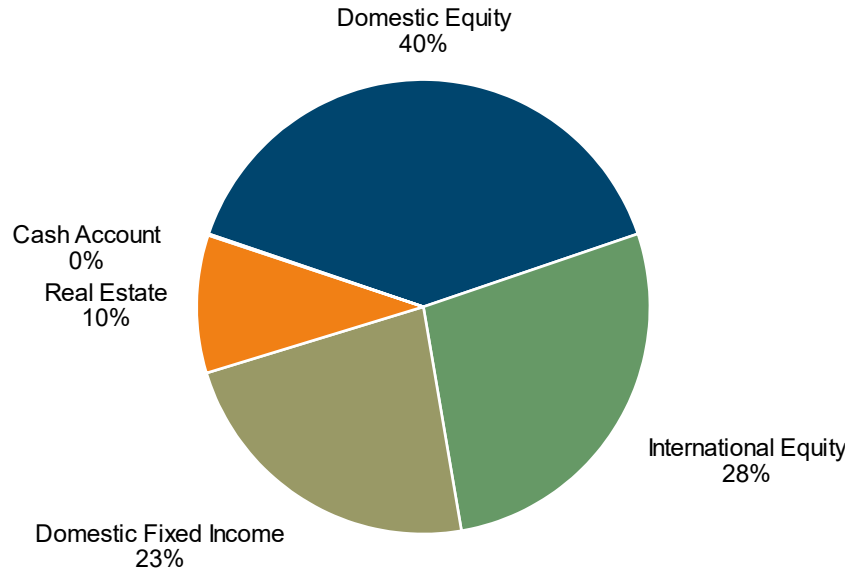
---

**Asset Allocation and Performance Review**

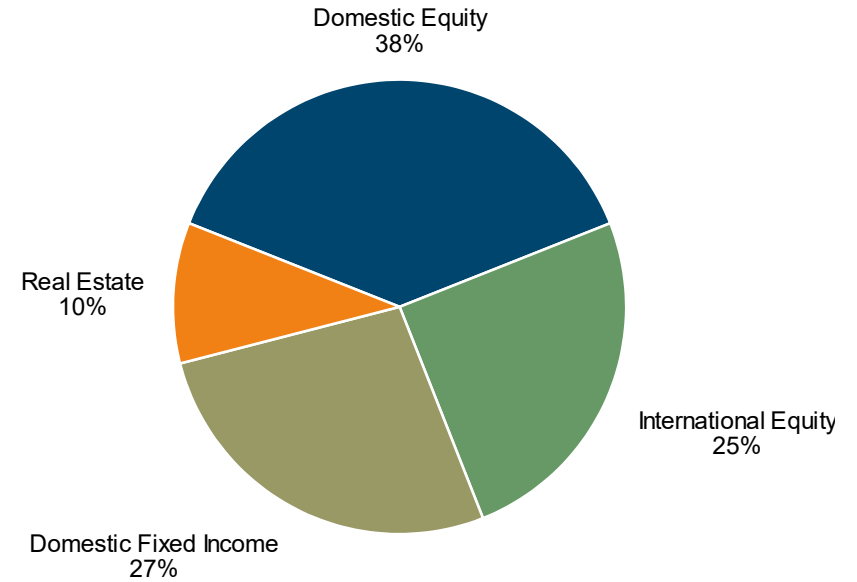
# Asset Allocation

As of June 30, 2025

**Actual Asset Allocation**



**Target Asset Allocation**



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	98,944	39.6%	38.0%	1.6%	3,959
International Equity	68,848	27.5%	25.0%	2.5%	6,358
Domestic Fixed Income	57,417	23.0%	27.0%	(4.0%)	(10,073)
Real Estate	24,567	9.8%	10.0%	(0.2%)	(429)
Cash Account	186	0.1%	0.0%	0.1%	186
<b>Total</b>	<b>249,960</b>	<b>100.0%</b>	<b>100.0%</b>		

# Asset Distribution Across Investment Managers

	June 30, 2025			March 31, 2025		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
<b>Domestic Equity</b>	<b>\$98,943,696</b>	<b>39.58%</b>	<b>\$(38,562)</b>	<b>\$9,306,116</b>	<b>\$89,676,143</b>	<b>38.59%</b>
Emerald Advisers, Inc.	7,833,760	3.13%	(13,430)	1,350,163	6,497,027	2.80%
Ceredex Value Advisors	6,506,734	2.60%	(14,314)	153,302	6,367,745	2.74%
SSgA S&P 500 Index	69,127,330	27.66%	(7,758)	6,828,785	62,306,303	26.81%
SSgA S&P 400 Index	15,475,872	6.19%	(3,060)	973,865	14,505,067	6.24%
<b>International Equity</b>	<b>\$68,847,726</b>	<b>27.54%</b>	<b>\$0</b>	<b>\$7,227,026</b>	<b>\$61,620,700</b>	<b>26.52%</b>
Brandes Int'l Value	37,372,711	14.95%	0	3,451,126	33,921,585	14.60%
William Blair Intl Growth	31,475,015	12.59%	0	3,775,900	27,699,115	11.92%
<b>Domestic Fixed Income</b>	<b>\$57,416,667</b>	<b>22.97%</b>	<b>\$(33,772)</b>	<b>\$750,460</b>	<b>\$56,699,978</b>	<b>24.40%</b>
Richmond Capital	57,416,667	22.97%	(33,772)	750,460	56,699,978	24.40%
<b>Real Estate</b>	<b>\$24,566,533</b>	<b>9.83%</b>	<b>\$(63,266)</b>	<b>\$419,958</b>	<b>\$24,209,841</b>	<b>10.42%</b>
Heitman	24,566,533	9.83%	(63,266)	419,958	24,209,841	10.42%
<b>Cash Account</b>	<b>\$185,525</b>	<b>0.07%</b>	<b>\$0</b>	<b>\$1,914</b>	<b>\$183,611</b>	<b>0.08%</b>
Cash & Equivalents	185,525	0.07%	0	1,914	183,611	0.08%
<b>Total Fund</b>	<b>\$249,960,148</b>	<b>100.0%</b>	<b>\$(135,600)</b>	<b>\$17,705,475</b>	<b>\$232,390,273</b>	<b>100.0%</b>

- The City of Fort Pierce Retirement and Benefit System plan assets are approximately \$250 million as of June 30<sup>th</sup>, 2025.
- Investment returns were positive for the second quarter at \$17.7 million.

# Investment Manager Returns & Peer Rankings (Gross of Fees)

- The Plan gained 7.62% in the second quarter and beat the index by 0.45% on a gross of fee basis. Compared to peers, the Plan is in the first quartile for the quarter. Long-term results remain virtually in line with the benchmark.
- All four asset class composites are outperforming their respective indices over the last 10 years.
- The S&P 500 gained 10.9% driven by a pause in tariff implementation, continued earnings growth, and stronger than expected economic indicators. Growth outperformed value across the market cap spectrum, reversing the 1Q25 pattern and returning to the long-term trend of growth outperformance.
- Active manager performance within the domestic equity composite boosted relative results as Emerald outperformed its benchmark by nearly 900 bps and placed in the top percentile relative to peers. Underperformance from Ceredex partially offset these results.
- For the quarter, International Equity lagged its benchmark due to underperformance from Brandes. Performance over the trailing 10-year period is in-line with the benchmark.
- Fixed income manager performance along with a slight underweight compared to target has been additive to absolute and relative results. Real estate has continued its recovery and relative performance from Heitman remains strong over all time periods shown.

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years					
<b>Domestic Equity</b>	<b>10.38%</b>	<b>42</b>	<b>13.17%</b>	<b>73</b>	<b>17.83%</b>	<b>41</b>	<b>15.46%</b>	<b>39</b>	<b>12.20%</b>	<b>51</b>
Domestic Equity Benchmark	9.88%	63	12.77%	82	17.09%	61	15.19%	57	11.99%	59
Pub Pln- Dom Equity	10.18%		13.98%		17.61%		15.34%		12.22%	
Emerald Advisers, Inc.	20.84%	1	18.06%	8	18.08%	7	11.24%	20	9.74%	44
Russell 2000 Growth Index	11.97%	43	9.73%	36	12.38%	41	7.42%	61	7.14%	97
Callan Small Cap Growth	11.57%		7.27%		11.66%		8.63%		9.58%	
Ceredex Value Advisors	2.42%	86	1.77%	81	10.48%	39	13.04%	76	7.36%	75
Russell 2000 Index	8.50%	2	7.68%	32	10.00%	44	10.04%	97	7.12%	81
Russell 2000 Value Index	4.97%	39	5.54%	52	7.45%	77	12.47%	81	6.72%	90
Callan Small Cap Value	4.26%		5.86%		9.70%		15.37%		8.04%	
SSgA S&P 500 Index	10.96%	58	15.17%	26	19.71%	40	16.63%	46	13.66%	42
Standard & Poor's 500	10.94%	58	15.16%	26	19.71%	40	16.64%	46	13.65%	42
Callan Large Cap Core	11.17%		13.18%		19.39%		16.44%		13.37%	
SSgA S&P 400 Index	6.71%	53	7.50%	74	12.86%	51	13.45%	42	9.27%	59
S&P Mid Cap 400 Index	6.71%	53	7.53%	74	12.83%	51	13.44%	42	9.25%	61
Callan Mid Capitalization	7.08%		11.57%		13.25%		12.86%		9.66%	
<b>International Equity</b>	<b>11.73%</b>	<b>76</b>	<b>14.65%</b>	<b>86</b>	<b>13.25%</b>	<b>72</b>	<b>8.16%</b>	<b>95</b>	<b>6.19%</b>	<b>78</b>
International Equity Benchmark	12.03%	59	17.72%	55	13.99%	62	10.13%	61	6.12%	79
Pub Pln- Intl Equity	12.12%		17.98%		14.54%		10.59%		6.92%	
Brandes Int'l Value	10.17%	80	-	-	-	48	-	55	-	49
MSCIEAFE	11.78%	55	17.73%	57	15.97%	48	11.16%	55	6.51%	49
Callan Non US Equity MFs	12.06%		18.19%		15.81%		11.53%		6.47%	
William Blair Intl Growth(2)(3)	13.63%	17	10.99%	94	11.53%	90	6.73%	93	6.01%	63
MSCI ACWI x US (Net)	12.03%	51	17.72%	57	13.99%	69	10.13%	68	6.12%	60
Callan Non US Equity MFs	12.06%		18.19%		15.81%		11.53%		6.47%	
<b>Domestic Fixed Income</b>	<b>1.33%</b>	<b>63</b>	<b>6.29%</b>	<b>60</b>	<b>3.11%</b>	<b>65</b>	<b>(0.30%)</b>	<b>81</b>	<b>2.14%</b>	<b>79</b>
Domestic Fixed Income Benchmark	1.21%	74	6.08%	69	2.55%	85	(0.73%)	94	1.76%	94
Blmbg Aggregate Index	1.21%	74	6.08%	69	2.55%	85	(0.73%)	94	1.76%	94
Pub Pln- Dom Fixed	1.41%		6.48%		3.67%		0.57%		2.55%	
Richmond Capital	1.33%	39	6.29%	77	3.11%	54	(0.30%)	74	2.14%	69
Blended Benchmark(1)	1.21%	86	6.08%	95	2.55%	92	(0.73%)	98	1.76%	99
Callan Core Bond FI	1.29%		6.43%		3.13%		(0.15%)		2.28%	
<b>Real Estate</b>	<b>1.73%</b>	<b>20</b>	<b>4.84%</b>	<b>34</b>	<b>(3.94%)</b>	<b>35</b>	<b>5.45%</b>	<b>25</b>	<b>5.28%</b>	<b>52</b>
Real Estate Benchmark	0.84%	82	2.47%	90	(6.31%)	84	2.74%	70	4.71%	66
Pub Pln- Real Estate	1.20%		4.26%		(4.69%)		3.78%		5.38%	
Heitman(2)	1.73%	15	4.84%	13	(3.94%)	38	5.45%	25	5.28%	39
NFI-ODCE Equal Weight Net	0.84%	80	2.47%	73	(6.31%)	64	2.74%	58	4.71%	60
Callan OE Core Cmngrd RE	1.23%		3.11%		(5.36%)		3.05%		4.99%	
<b>Total Fund</b>	<b>7.62%</b>	<b>21</b>	<b>11.05%</b>	<b>56</b>	<b>10.51%</b>	<b>45</b>	<b>8.45%</b>	<b>75</b>	<b>7.64%</b>	<b>57</b>
Total Fund Benchmark*	7.17%	37	11.38%	46	10.05%	56	8.55%	73	7.64%	56
CPI + 5%	2.06%	99	7.67%	97	7.87%	92	9.59%	36	8.06%	31
Callan Public Fund Spr DB	6.85%		11.25%		10.23%		9.28%		7.77%	

\*Current Qtr 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. (3) Switched to commingled investment trust 2/27/2023.

# Investment Manager Objectives

Manager	Objective	Comments
<b>Total Fund</b>	Outperform the CPI + 5% over long term.	<b>Not Met</b>
<b>Emerald</b>	Outperform the Russell 2000 Growth Index (net of fees) over rolling 3-year periods by 0.50%.	<b>Met</b>
	Outperform the median small cap growth manager over rolling 3-year periods.	<b>Met</b>
<b>Ceredex</b>	Outperform the Russell 2000 Value Index (net of fees) over rolling 3-year periods by 0.50%.	<b>Met</b>
	Outperform the median small cap value manager over rolling 3-year periods.	<b>Met</b>
<b>SSgA S&amp;P MidCap 400 Index</b>	Replicate the return of the S&P MidCap 400 Index.	<b>Met</b>
<b>SSgA S&amp;P 500 Index</b>	Replicate the return of the S&P 500 Index.	<b>Met</b>
<b>William Blair</b>	Outperform the MSCI ACWI ex-US Index (net of fees) by 0.50% over rolling 3-year periods.	<b>Not Met</b>
	Outperform the median international equity manager over rolling 3-year periods.	<b>Not Met</b>
<b>Brandes</b>	Outperform the MSCI ACWI ex-US Index (net of fees) by 0.50% over rolling 3-year periods.	<b>**</b>
	Outperform the median international equity manager over rolling 3-year periods.	<b>**</b>
<b>Richmond</b>	Outperform Bloomberg Aggregate (net of fees) over rolling 3-year periods by 0.25%.	<b>Met</b>
	Outperform the median fixed income manager over rolling 3-year periods.	<b>Not Met</b>
<b>Heitman (HART)</b>	Outperform the NFI-ODCE Index over rolling 5-year periods.	<b>Met</b>

\*\*Performance for the Brandes strategy will reach it's 3-year track record in 1Q 2028

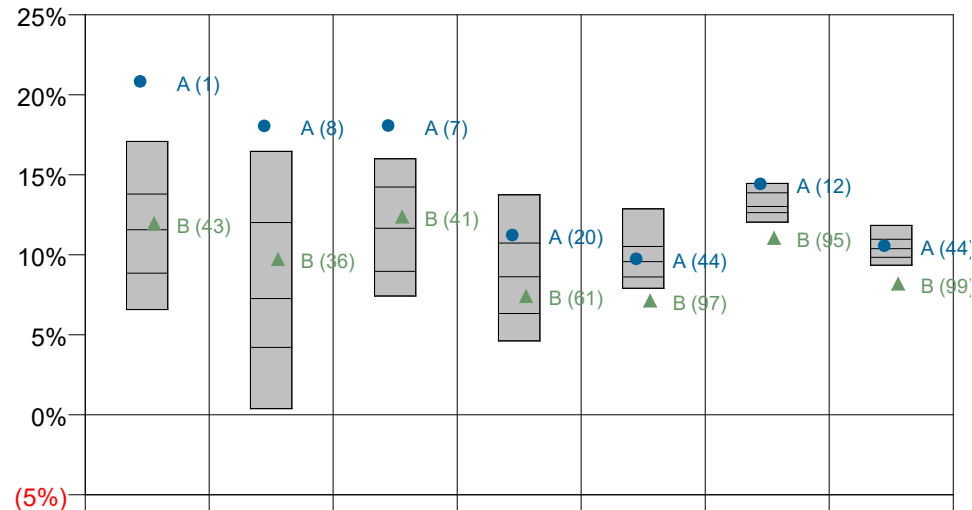
Callan

---

**Domestic Equity**

# Emerald Advisors Small Cap Growth

## Performance vs Callan Small Cap Growth (Gross)

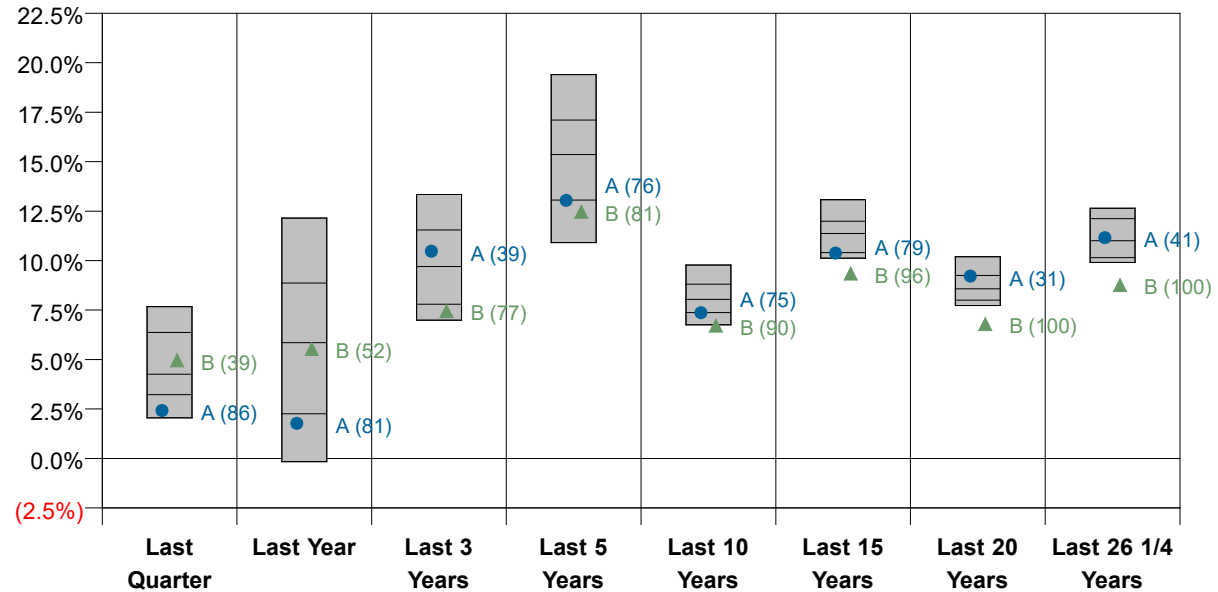


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 21 1/4 Years
10th Percentile	17.09	16.47	16.01	13.76	12.87	14.47	11.84
25th Percentile	13.80	12.02	14.23	10.73	10.53	13.88	10.98
Median	11.57	7.27	11.66	8.63	9.58	13.02	10.39
75th Percentile	8.86	4.22	8.97	6.33	8.63	12.65	9.85
90th Percentile	6.58	0.39	7.43	4.62	7.91	12.04	9.36
Emerald Advisers ● A	20.84	18.06	18.08	11.24	9.74	14.44	10.57
Russell 2000 Growth Index ▲ B	11.97	9.73	12.38	7.42	7.14	11.06	8.19

- The technology sector was the portfolio's largest positive contributor to return driven by the portfolio's relative overweight position and stock selection within the semiconductor, electronic components, and software industries. Thematically, those companies positioned to benefit from AI related capital spending were a tailwind to relative performance.
- The healthcare sector also contributed positively to performance. Stock selection remained the largest driver of outperformance as Emerald's portfolio holdings benefitted from clinical advancement, commercialization success, and merger & acquisition activity within the biotechnology industry
- 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)

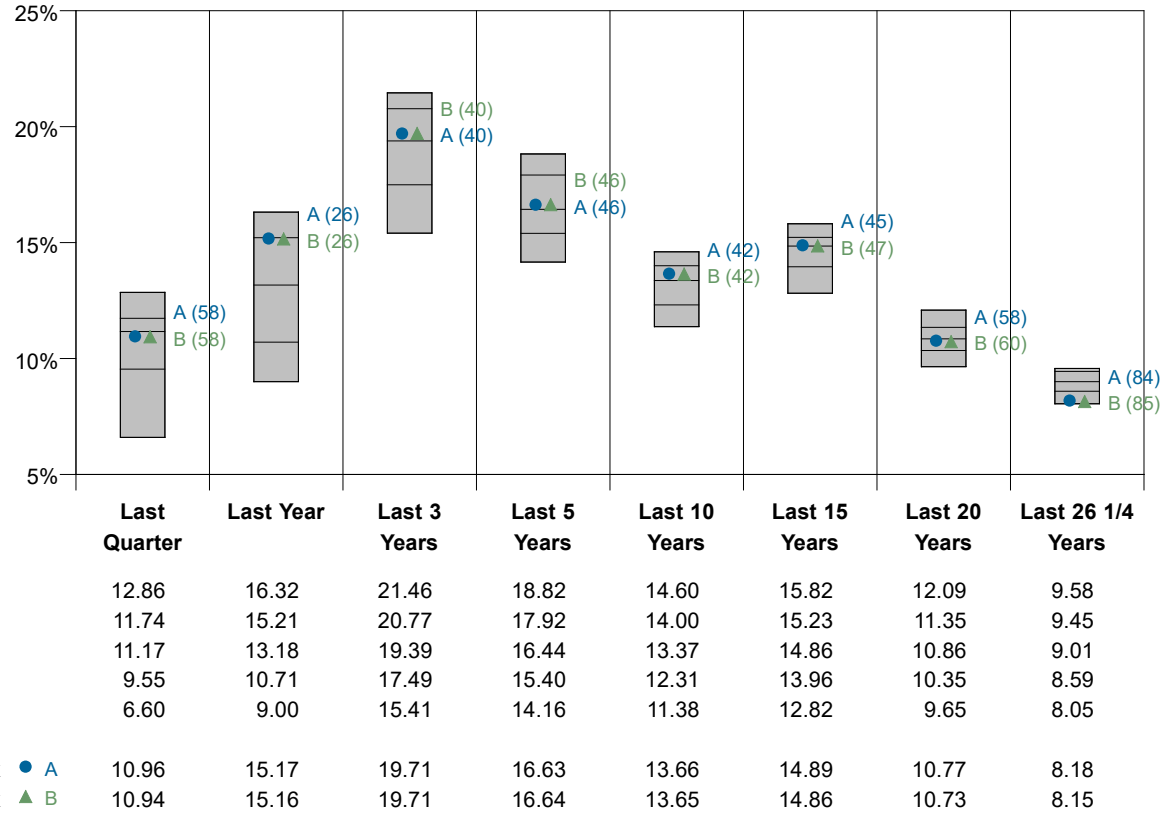


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 20 Years	Last 26 1/4 Years
10th Percentile	7.68	12.16	13.35	19.41	9.78	13.09	10.20	12.65
25th Percentile	6.37	8.87	11.55	17.11	8.81	11.99	9.25	12.12
Median	4.26	5.86	9.70	15.37	8.04	11.38	8.57	11.01
75th Percentile	3.23	2.26	7.80	13.07	7.38	10.41	8.01	10.16
90th Percentile	2.06	(0.16)	6.99	10.91	6.76	10.12	7.74	9.92
Ceredex Value Advisors (A)	2.42	1.77	10.48	13.04	7.36	10.38	9.22	11.16
Russell 2000 Value Index (B)	4.97	5.54	7.45	12.47	6.72	9.35	6.80	8.77

- Ceredex underperformed its benchmark and peers during the quarter. The largest sector detractors were: materials stock selection, mostly due to a single stock (Ashland) which they exited; energy stock selection, as oil prices fell during the quarter, weighing on performance; and financials stock selection, weighed by interest-rate sensitive specialty and mortgage-servicing names.
- The manager's medium and long-term performance remains strong versus the benchmark and peer group results are mixed, but overall favorable.

# SSgA S&P 500 Index

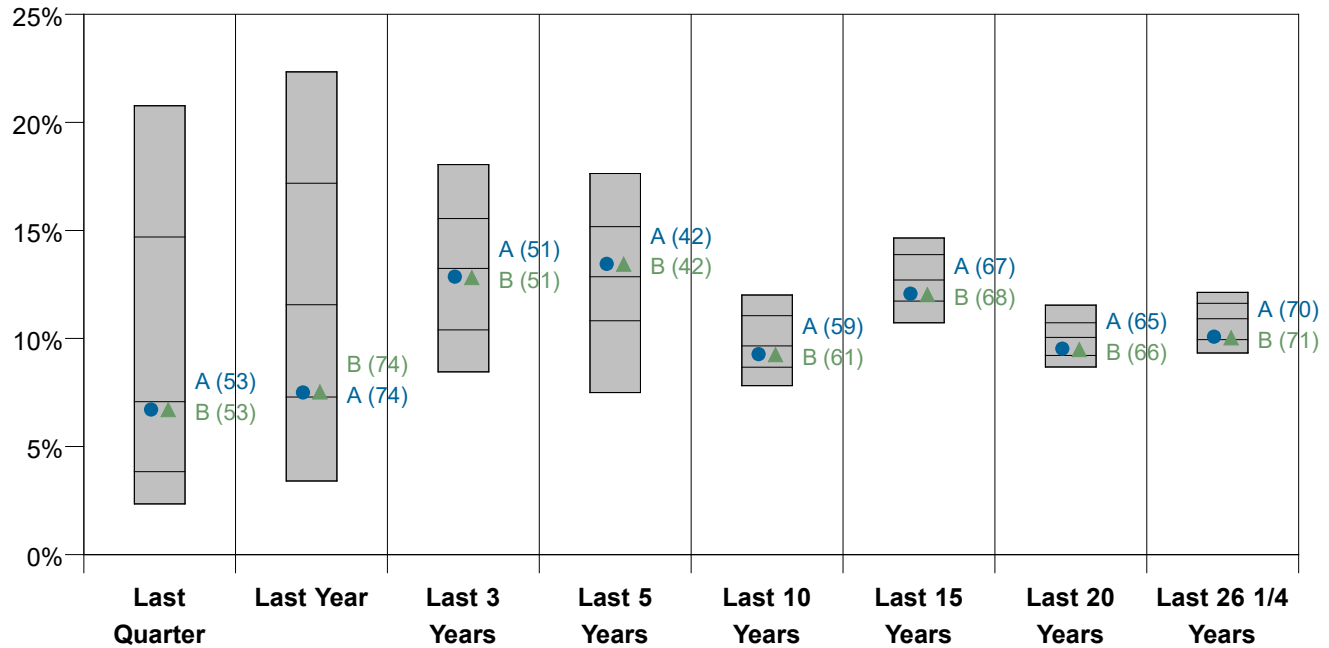
## Performance vs Callan Large Cap Core (Gross)



- The SSgA S&P 500 Index fund continues to track the benchmark across all periods over time.
- The Index gained 10.9%, driven by a pause in tariff implementation, continued earnings growth, and stronger than expected economic indicators.

# 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 26 1/4 Years
10th Percentile	20.77	22.34	18.05	17.64	12.02	14.65	11.54	12.14
25th Percentile	14.70	17.19	15.55	15.18	11.06	13.89	10.74	11.63
Median	7.08	11.57	13.25	12.86	9.66	12.71	10.06	10.92
75th Percentile	3.84	7.29	10.40	10.83	8.68	11.73	9.22	9.95
90th Percentile	2.35	3.41	8.46	7.50	7.82	10.73	8.68	9.33
SSgA S&P 400 Index (A)	6.71	7.51	12.86	13.45	9.27	12.07	9.53	10.08
S&P 400 Mid Cap Index (B)	6.71	7.53	12.83	13.44	9.25	12.04	9.50	10.04

- The fund continues to track the index closely at a very low fee.

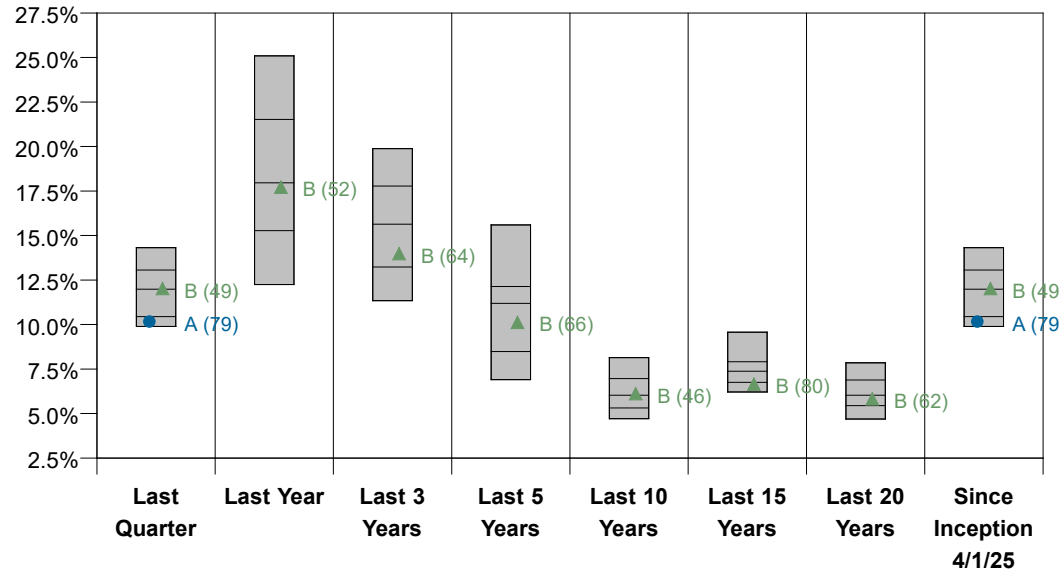
Callan

---

**International Equity Performance**

# Brandes International Value

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



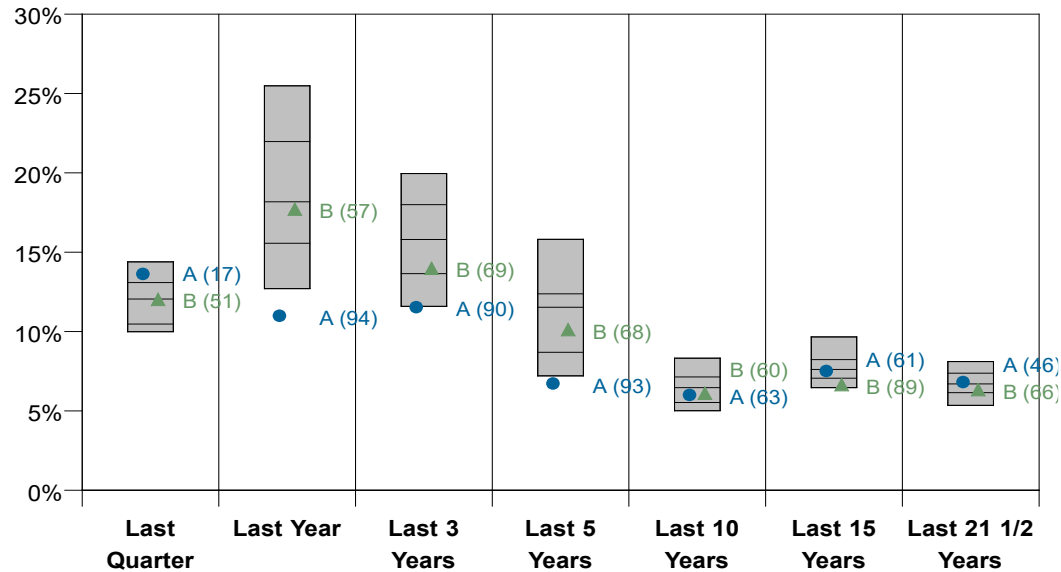
10th Percentile	14.33	25.10	19.89	15.61	8.15	9.58	7.86	14.33
25th Percentile	13.07	21.53	17.79	12.14	6.97	7.91	6.89	13.07
Median	11.99	17.97	15.64	11.20	6.04	7.38	6.03	11.99
75th Percentile	10.45	15.28	13.24	8.49	5.32	6.76	5.45	10.45
90th Percentile	9.90	12.26	11.35	6.91	4.72	6.21	4.69	9.90

Brandes Int'l Value	● A	10.17	--	--	--	--	--	10.17	
MSCI:ACWI xUS	▲ B	12.03	17.72	13.99	10.13	6.12	6.66	5.83	12.03

- Brandes International Value was funded in January 2025 following a search conducted at the August 2024 meeting. This manager replaced Morgan Stanley International Equity and Causeway Emerging Markets.
- Overweights to health care and energy, two of the weakest-performing sectors in the benchmark, detracted from relative returns. France-based TotalEnergies and Brazil's Petrobras hurt performance as oil prices declined amid tariff concerns and geopolitical conflicts. Within health care, notable detractors included pharmaceutical holdings Sanofi and Takeda Pharmaceutical.

# 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 21 1/2 Years
10th Percentile	14.40	25.49	19.96	15.82	8.33	9.67	8.12
25th Percentile	13.09	21.98	18.01	12.38	7.15	8.24	7.38
Median	12.06	18.19	15.81	11.53	6.47	7.62	6.71
75th Percentile	10.48	15.57	13.65	8.70	5.54	7.06	6.15
90th Percentile	9.99	12.71	11.59	7.22	5.02	6.46	5.35
William Blair & Company ● A	13.63	10.99	11.53	6.73	6.01	7.51	6.81
MSCI ACWI ex US ▲ B	12.03	17.72	13.99	10.13	6.12	6.66	6.35

- William Blair outperformed the benchmark and peers during the quarter. An underweight to energy helped relative results due to falling oil prices throughout the quarter along with an overweight to industrials.
- Stock selection within healthcare including Pro Medicus and Sandoz Group boosted results as tariff related concerns for both names subsided during the second quarter.
- Despite outperformance for the quarter, the strategy is lagging the benchmark and peers across 1-, 3-, 5-, and 10-year periods.

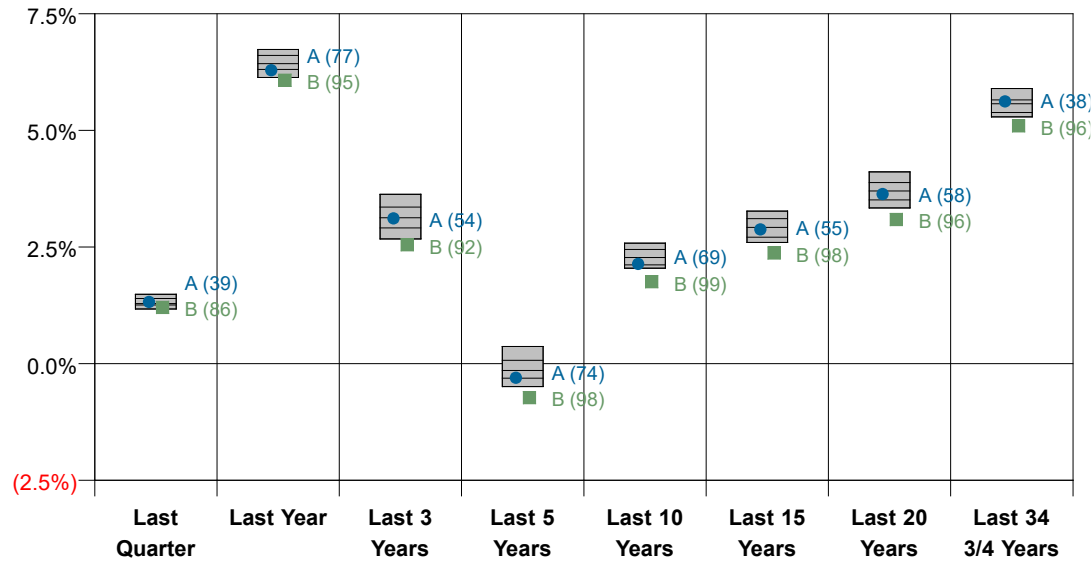
Callan

---

**Fixed Income**

# Richmond Capital Core Fixed Income

## Performance vs Callan Core Bond Fixed Income (Gross)



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 20 Years	Last 34 3/4 Years
10th Percentile	1.49	6.73	3.63	0.37	2.58	3.27	4.11	5.90
25th Percentile	1.40	6.61	3.36	0.07	2.45	3.11	3.88	5.65
Median	1.29	6.43	3.13	(0.15)	2.28	2.92	3.70	5.57
75th Percentile	1.26	6.31	2.91	(0.31)	2.12	2.71	3.51	5.39
90th Percentile	1.17	6.14	2.67	(0.49)	2.05	2.60	3.34	5.29
Richmond Capital Mgmt	1.33	6.29	3.11	(0.30)	2.14	2.88	3.64	5.62
Blended Benchmark*	1.21	6.08	2.55	(0.73)	1.76	2.38	3.09	5.10

- Fixed income markets posted modest gains in 2Q25 as interest rates remained volatile. The Bloomberg US Aggregate Bond Index rose 1.2% (+4.0% YTD), supported by safe-haven demand following the tariff-related shocks. The 10-year Treasury yield ended the quarter unchanged (4.24%) despite notable mid-quarter volatility, briefly spiking above 4.50%.
- Richmond slightly outperformed the benchmark for the quarter partially due to the outperformance of agency MBS, a sector where Richmond is overweight.
- For all time periods, Richmond is either in-line or outperforming the benchmark on a gross and net of fee basis.

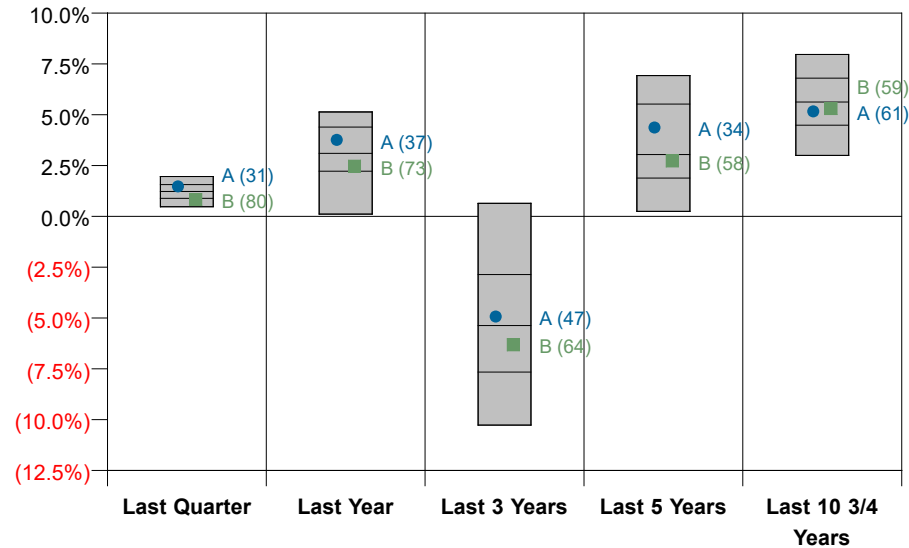
Callan

---

**Real Estate**

# Heitman America Real Estate Trust

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



10th Percentile	1.96	5.14	0.64	6.93	7.97
25th Percentile	1.57	4.39	(2.86)	5.53	6.81
Median	1.23	3.11	(5.36)	3.05	5.63
75th Percentile	0.89	2.23	(7.66)	1.88	4.49
90th Percentile	0.48	0.12	(10.26)	0.25	3.00
Heitman Net ● A	1.47	3.76	(4.93)	4.37	5.17
NCREIF NFI ODCE Eq Wt Net ■ B	0.84	2.47	(6.31)	2.74	5.31

- US private real estate valuations appear to have bottomed and are in the very early stages of a recovery. Property sector performance was mixed; Office and Hotel experienced negative appreciation, while the remaining sectors had positive appreciation. Income returns were positive across sectors and regions.
- The fund's allocation to alternative sectors (self-storage, student housing, medical office) remains overweight to the index by 24% and has helped add 156bps of outperformance over the trailing 3-year period.
- The redemption queue currently stands at \$1.1 billion. Disposition of a medical office asset in June generated \$68 million while redemption payments of \$175 million and \$50 million were paid in April and July, respectively.

# Total Fund – Estimated Annual Fees

Manager	Market Value as of 6/30/2025	Effective Annual Fee (%) <sup>2</sup>	Effective Annual Fee (\$)¹	Newest Negotiated Fee Schedule	Fee Schedules 2022	Range of Fees*	Median
<b>Domestic Equity</b>	<b>\$98,943,696</b>	<b>0.11%</b>	<b>\$111,502</b>				
Emerald Advisors	\$7,833,760	0.81%	\$63,753	1.00% First \$2M 0.75% Next \$8MM 0.60% Thereafter	No Change	0.77%-1.00%	0.90%
Ceredex	\$6,506,734	0.45%	\$29,280	0.45% On all assets	No Change	0.75%-1.00%	0.88%
SSgA S&P 400	\$15,475,872	0.03%	\$4,643	0.03% On all assets Admin/oper expenses + 0.0026%	0.08%	0.02%-0.05%	0.03%
SSgA S&P 500	\$69,127,330	0.02%	\$13,825	0.02% On all assets Admin/oper expenses + 0.0026%	0.05%	0.01%-0.05%	0.02%
<b>International Equity</b>	<b>\$68,847,726</b>	<b>0.57%</b>	<b>\$392,829</b>				
Brandes	\$37,372,711	0.47%	\$175,652	0.47% On all assets	No Change	0.50%-0.83%	0.70%
William Blair	\$31,475,015	0.69%	\$217,178	0.69% On all assets Admin/oper expenses + 0.05%	0.94%	0.50%-0.85%	0.70%
<b>Domestic Fixed Income</b>	<b>\$57,416,667</b>	<b>0.24%</b>	<b>\$136,125</b>				
Richmond Capital	\$57,416,667	0.24%	\$136,125	0.25% First \$50M 0.15% Thereafter	0.35% First \$20M 0.30% Next \$20M 0.15% Thereafter	0.18%-0.30%	0.25%
<b>Real Estate</b>	<b>\$24,566,533</b>	<b>1.04%</b>	<b>\$253,346</b>				
Heitman	\$24,566,533	1.04%	\$253,346	1.10% First \$10M 1.00% Next \$15M 0.90% Next \$25M	No Change	0.69%-1.16%	1.00%
<b>Total Fund ex cash</b>	<b>\$249,774,622</b>	<b>0.36%</b>	<b>\$893,802</b>		<b>\$1,070,774</b>		
<b>2024 Callan Consulting Fees</b>			<b>\$78,830</b>	<b>3% annual escalator effective 10/1 each year</b>			

¹The Effective Annual Fee (\$) calculations are estimated based on the most recent available data, and do not reflect actual manager invoices.

²Reflects investment management fees only, unless otherwise noted.

Callan

---

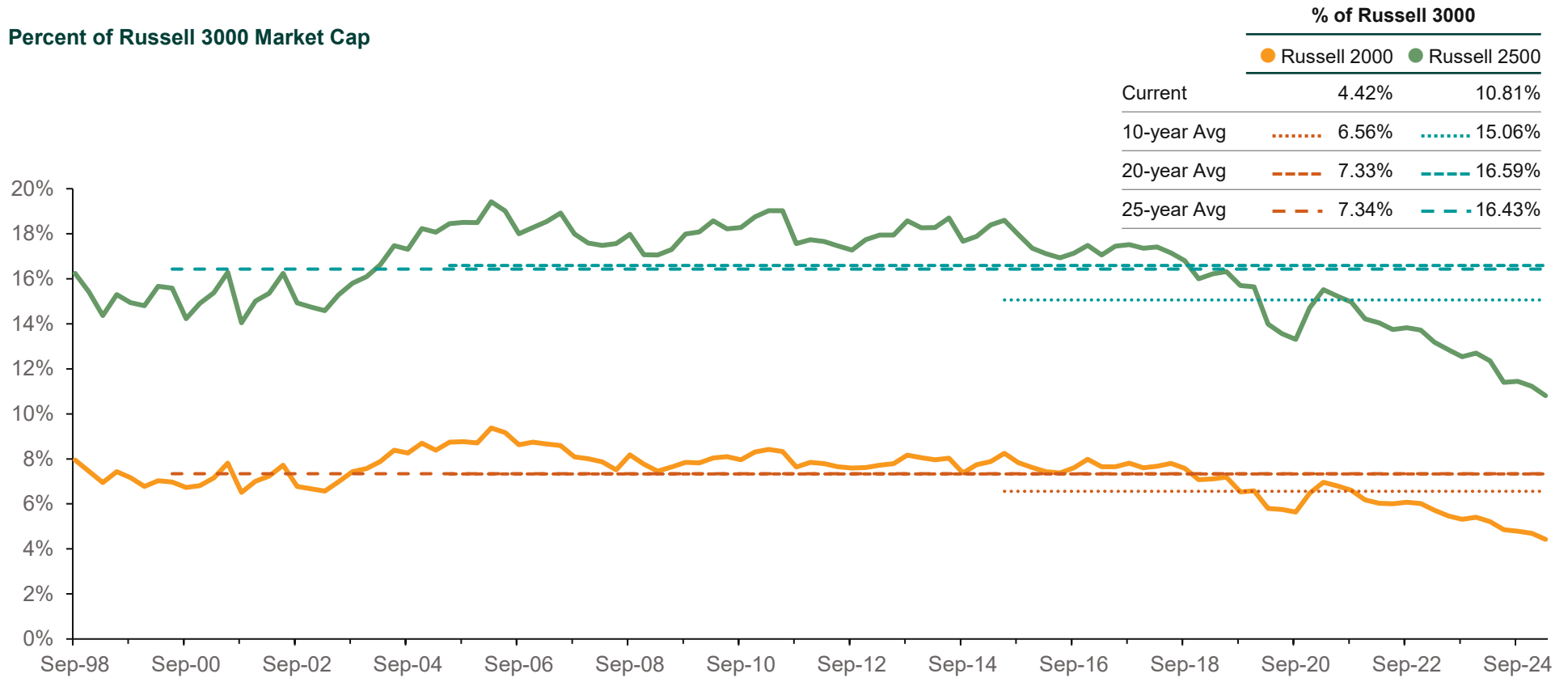
## **Board Education**

Current Equity Market Dynamics

# Small Cap Weight in Russell 3000 at 25-Year Low

Underperformance relative to large cap driving decline

Percent of Russell 3000 Market Cap



- NVIDIA's market cap (~\$3.8 trillion) equals 126% of the entire Russell 2000.
- Only ~28% of Russell 2000 stocks are outperforming the S&P 500 aggregate return YTD (lowest since 1998).

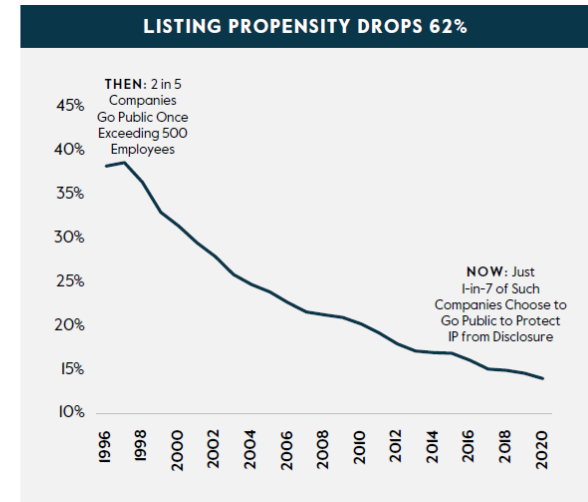
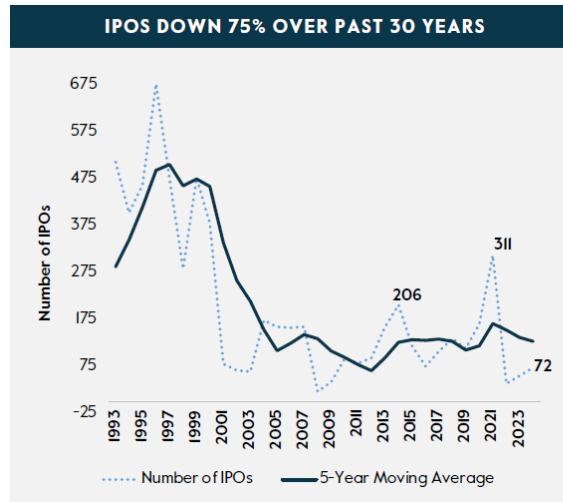
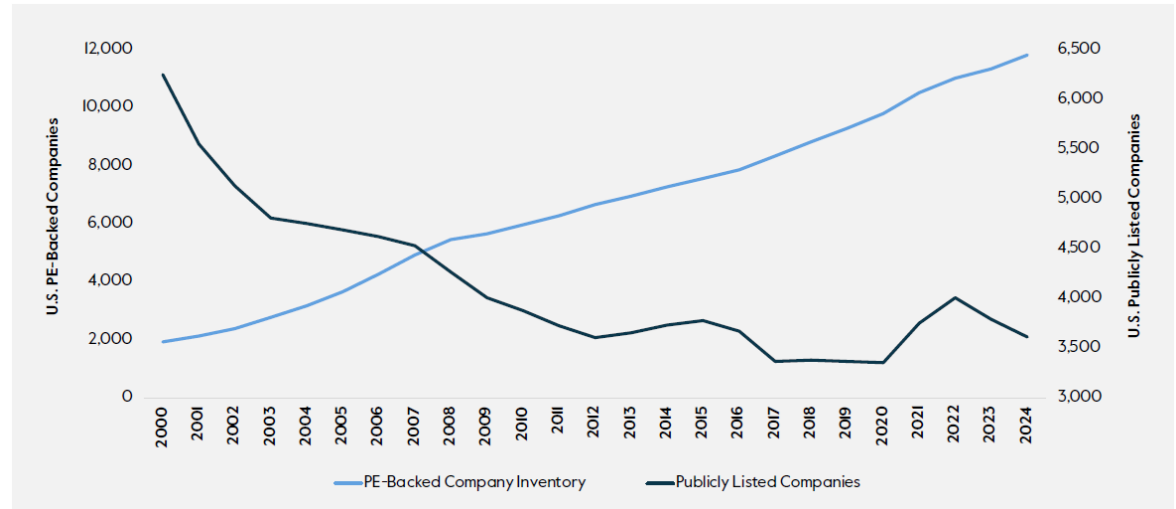
Sources: Callan, FTSE Russell, Furey

# U.S. Equity Small Cap Observations

What happened to all the small cap stocks?

## Private Equity taking place of the IPO

- More than twice as many U.S. companies are backed by private capital than listed on public exchanges.
- Companies that previously went public as “small cap” stocks are staying private longer - incentives to go public have declined with increased access to capital outside public markets
- Typical public company is now nearly 3x larger (in real terms) and more than 50% older than was the case twenty years ago



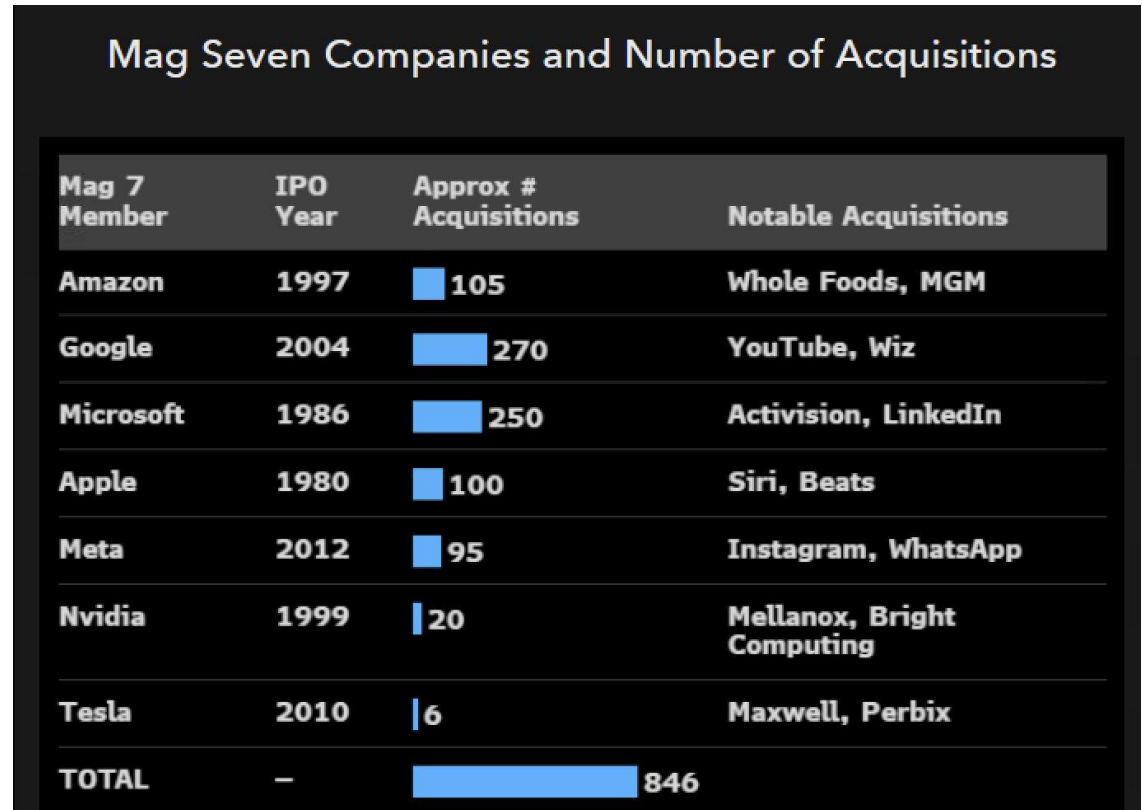
Source: Carlyle

# U.S. Equity Small Cap Observations

What happened to all the small cap stocks?

Strategic acquisitions limiting quantity of smaller cap companies available to public investors.

- Mag Seven companies alone have acquired nearly 850 companies over the past 30 years



Source: Bespoke

# U.S. Equity Small Cap Observations

## Small Cap Trends YTD 2025

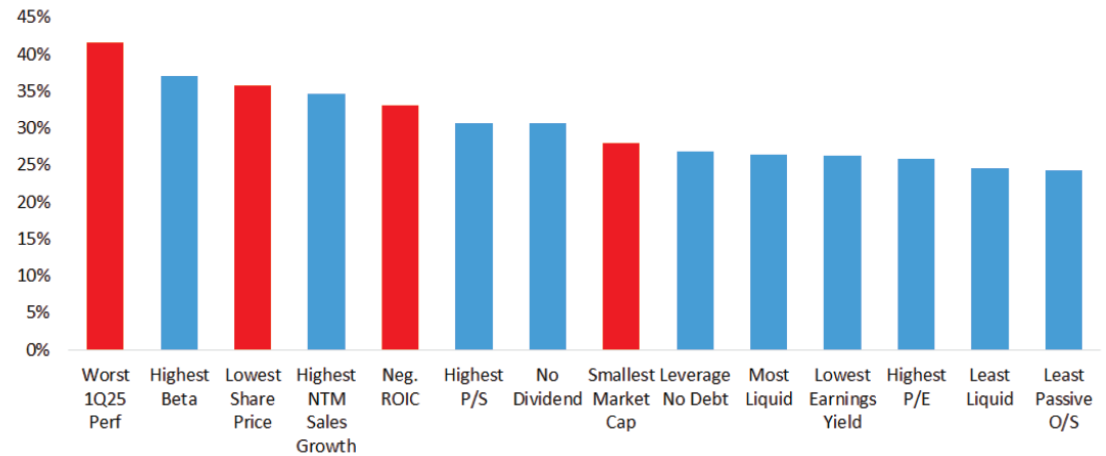
### Low Quality dominated 2Q 2025

- High short interest, low share price, loss-makers and the smallest market caps were among the strongest factors to rally post “Liberation Day” in 2Q 2025

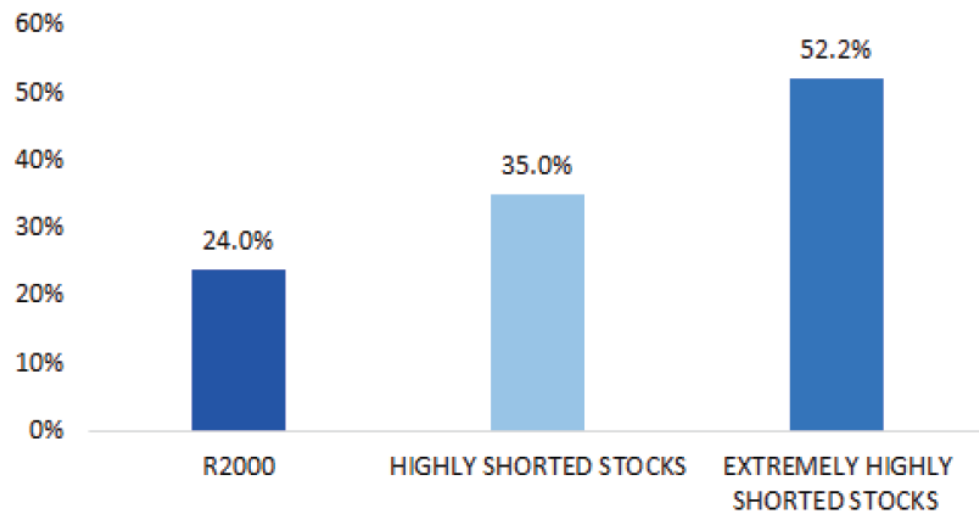
### High Short Interest Outperformed

- Highly shorted stocks (10% or higher short interest) outperformed by 1100 bps while extremely shorted stocks (20% or higher short interest) returned more than twice the R2000’s 24% gain.
- Quality managers tend to shy away from these securities which can hinder relative performance in this environment.

Russell 2000 Factor Returns since April 8, 2025



Short Interest Returns in Russell 2000 since April 8, 2025



Source: Furey

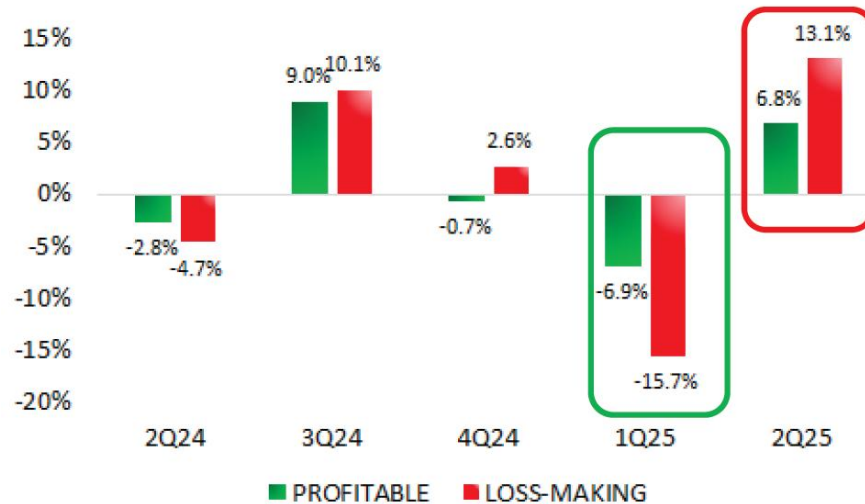
# U.S. Equity Small Cap Observations

## Small Cap Trends YTD 2025

### Loss Making Companies Outperformed in 2Q 2025

- Loss-makers outperformed profitable companies by over 600 bps in 2Q 2025 after underperforming by over 800 bps in 1Q 2025.

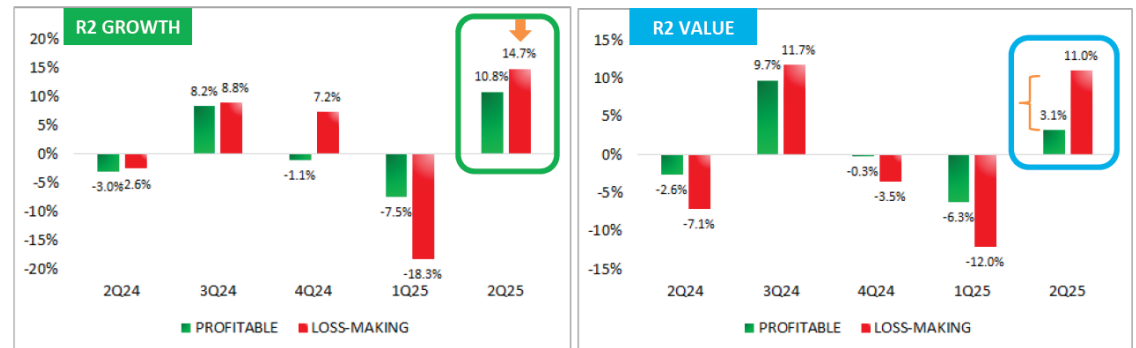
Russell 2000 Profitable / Loss Making Quarterly Returns



### Style Index Determined Magnitude of Performance

- Loss-makers were particularly strong last quarter in the Russell 2000 Growth.
- Loss-makers relative performance versus profitable ones was much larger in Value.
- Profitable companies are outperforming loss-makers YTD in Core and Growth with the largest outperformance occurring in Growth's profitable companies - the only grouping that is positive YTD.

Style Index Profitable / Loss Making Quarterly Returns



Source: Furey, FactSet

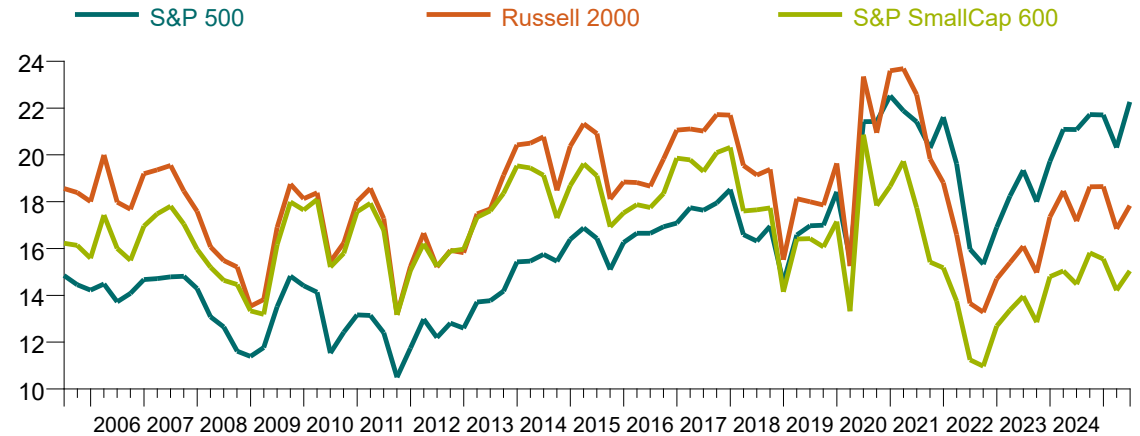
# Valuations Vary Widely between Small and Large Cap, Value and Growth

Large cap and growth style trading at ever larger premiums

## Small cap discount vs. large cap

- Russell 2000 Index trading at meaningful forward P/E discount (17.8x) versus large caps (22.3x for S&P 500) even when negative and non-earners are screened out.

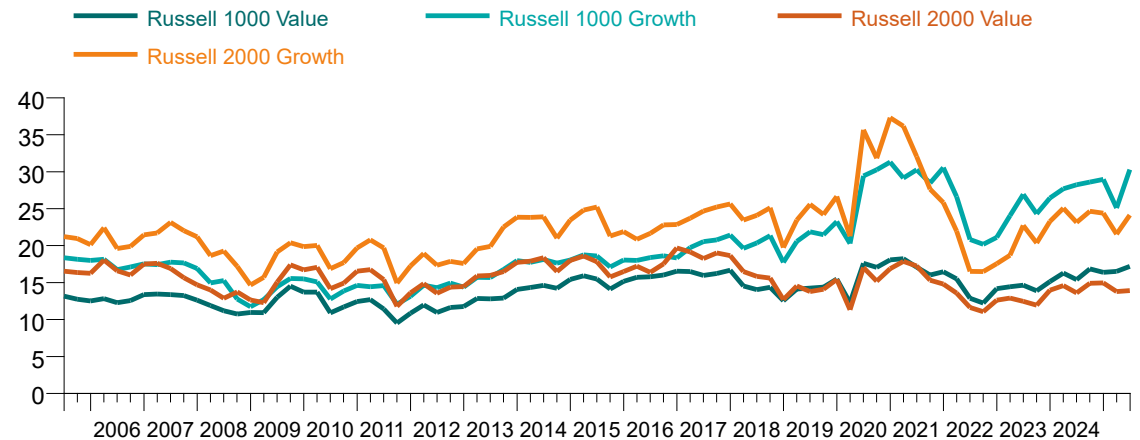
Forecasted P/E (exc neg) for 20 Years Ended 6/30/25



Valuation gap more pronounced between growth and value across market caps

- Russell 1000 Growth trades at 30.1x forward P/E vs 17.2x for Russell 1000 Value; the -57% discount for value is nearly 2x the -30% long-term average
- Russell 2000 Growth trading at 10.2x premium relative to Russell 2000 Value

Forecasted P/E (exc neg) for 20 Years Ended 6/30/25



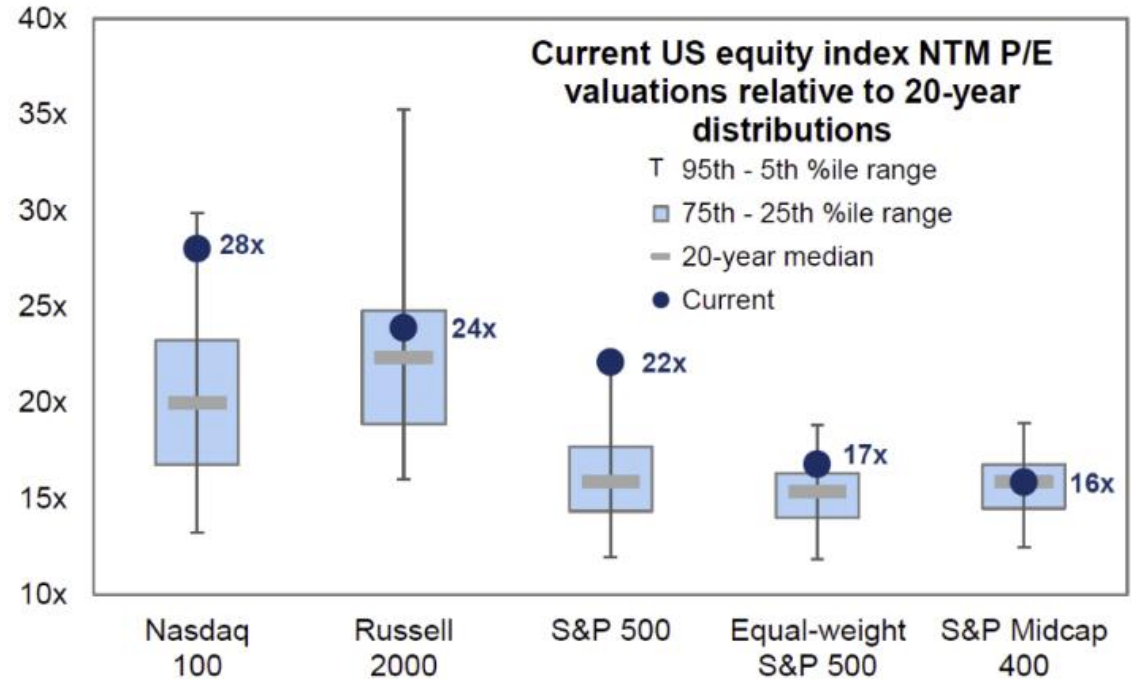
Sources: Callan, FTSE Russell

# Valuation Dispersion Across Style and Cap

## Market multiples elevated

- Wide valuation dispersion persists across size and style segments.
- Equal-weighted and mid- and small cap indices trade near long-term relative lows.
- Technology dominance driving valuations, but sector is still delivering strong earnings (AI and capex driving results; rich valuations supported by margin strength).

Valuation Dispersion Reveals Relative Value Outside Mega Cap Tech



Sources: Compustat, FactSet, Goldman Sachs GIR, IBES, Westfield Capital Management

# Growth vs. Value Continues to Dominate U.S. Equity Discourse

Reconstitution raises question: What is 'value' in this market?

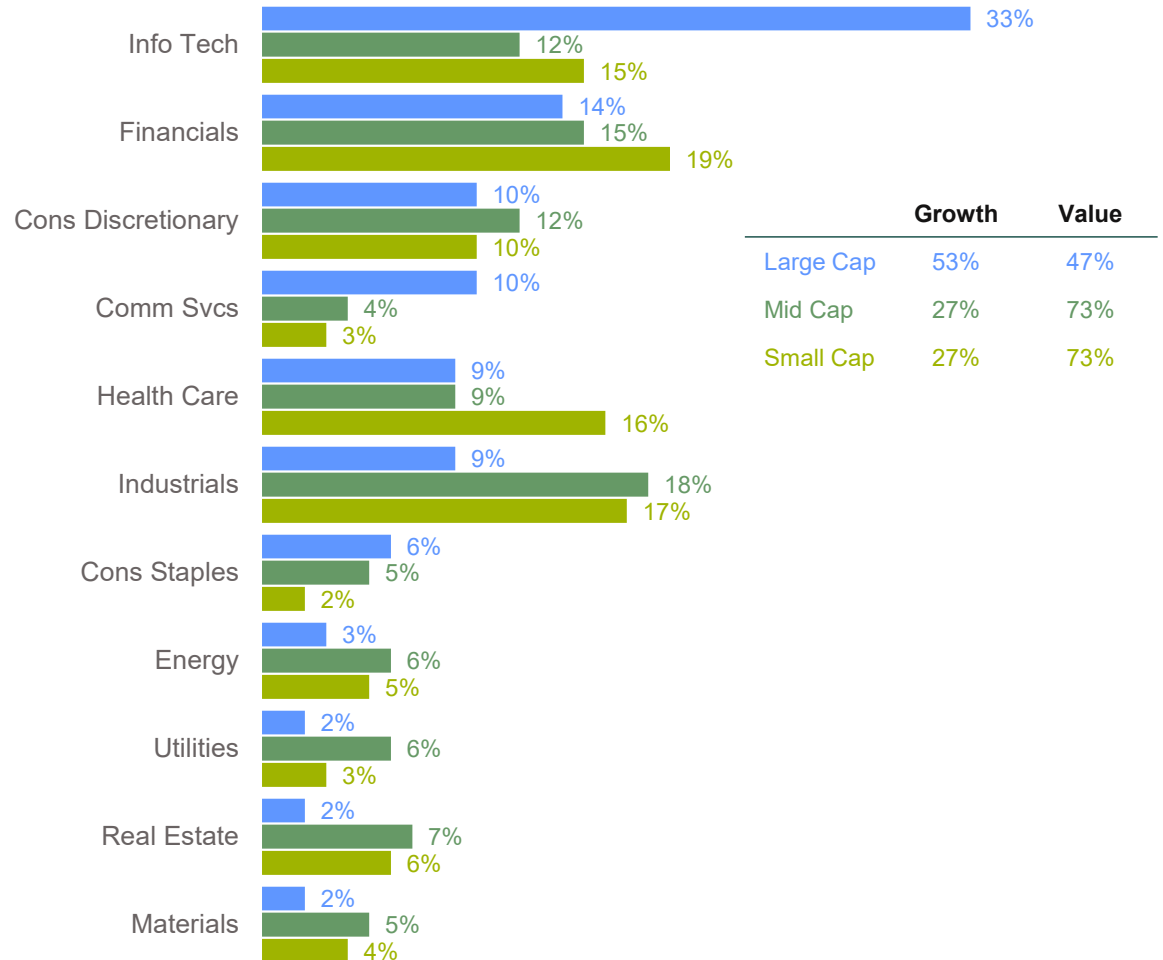
Russell Index reconstitution highlights

- **Russell 1000:** Magnificent 7 comprise 30% of index post-rebalance; 10 largest companies increased combined market cap by 20% YOY.
- **Russell 1000 Growth:** name count of 390 (historic low for index); Information Technology sector weight increased by 2.2% YOY to 51%.
- **Russell 1000 Value:** name count of 870; new positions include larger positions in Mag 7 names such as Alphabet (2.4%), Amazon (2.1%), and Meta (1.0%).

Value vs. growth disparity by market cap

- Mag 7 account for just 21% of YTD S&P 500 return (vs. 55% to 63% in 2023-24).
- Traditional “value” sectors dominate small and mid-cap index weightings, creating a headwind to performance relative to growth-weighted large cap index.

Percent of Russell 3000 Market Cap



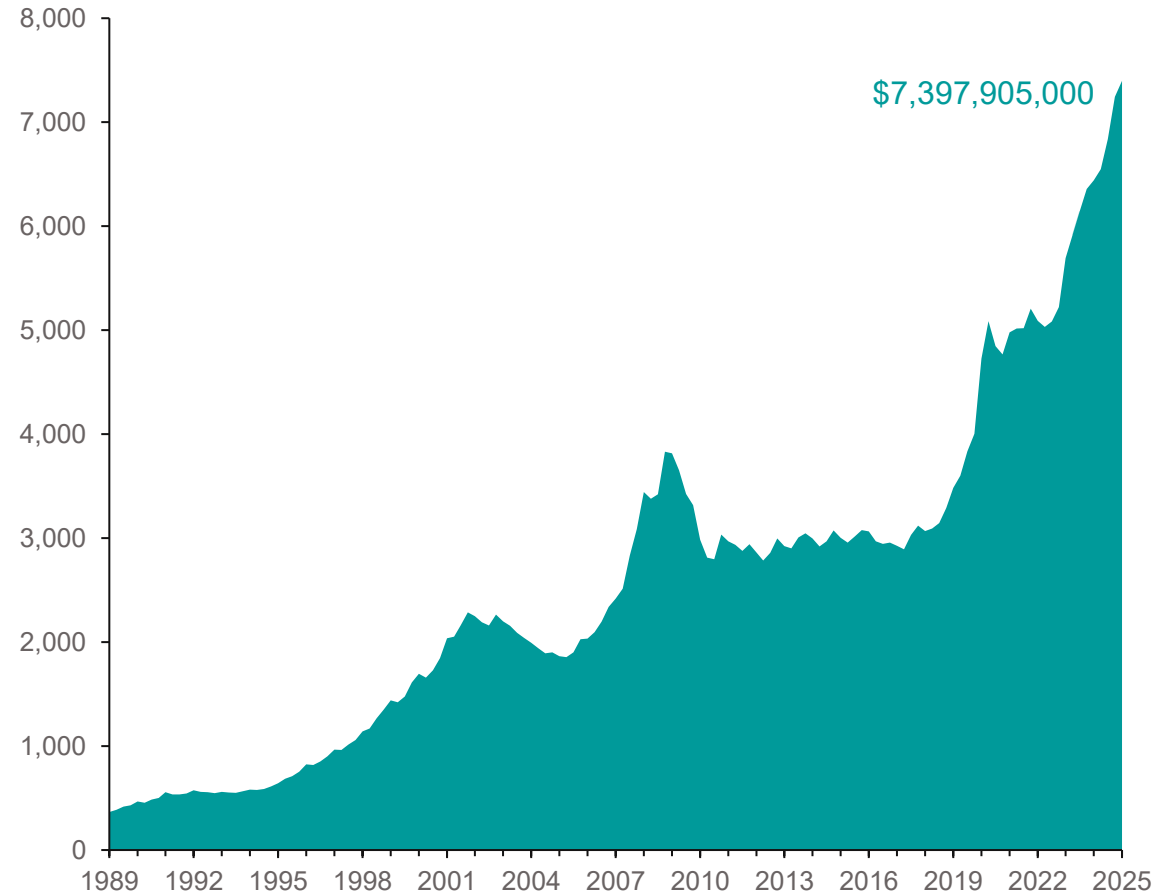
\*Growth = Information Technology, Consumer Discretionary, and Comm Services  
Sources: Compustat, FactSet, FTSE Russell, J.P. Morgan Asset Management.

# Money Market Fund Balances Top \$7.4 Trillion

## Dry powder for small cap equities?

- U.S. dollar's 10% fall in 1H25 (worst six-month decline since 1985) and anticipated Fed easing provide conditions that typically favor a rebound for small cap equities.
- Rotation out of money market funds could provide support for extended rally.

Total Money Market Funds (\$bn)



Source: FRED

# Global/Global ex-U.S. Equity Key Themes

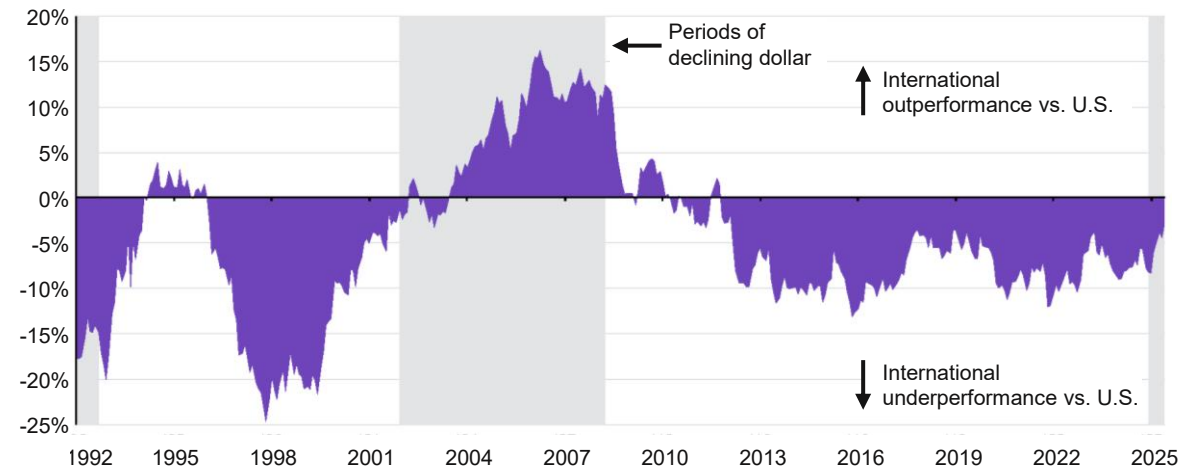
## Tailwind for non-U.S. equities as U.S. dollar weakens

### U.S. dollar trends

- The U.S. dollar has historically moved in long bull and bear cycles, with the most recent complete bear cycle occurring from 2002-08.
- Since 1970, bear cycles have averaged 6.4 years, with the dollar falling 40.8%.
- The dollar's more than 10% decline in the first half of 2025 was its worst start to a calendar year since 1973.
- Reasons include:
  - *Policy uncertainty around aggressive U.S. tariffs on global trading partners*
  - *Surging U.S. fiscal deficits and rising debt*
  - *Global portfolio rebalancing as foreign investors reduce dollar exposure*
  - *Expectations of Fed rate cuts*
- After a long cycle of dollar strength and U.S. equity dominance, a sustained weakening of the dollar could provide global ex-U.S. equities with a tailwind toward relative outperformance vs. U.S. equities.

### Cycles of Global ex-U.S. Outperformance and the U.S. Dollar

MSCI ACWI ex-USA, S&P 500, total return, USD, rolling 3-years annualized



### Bloomberg U.S. Dollar Index



Sources: FactSet, MSCI, S&P Dow Jones, J.P. Morgan Asset Management

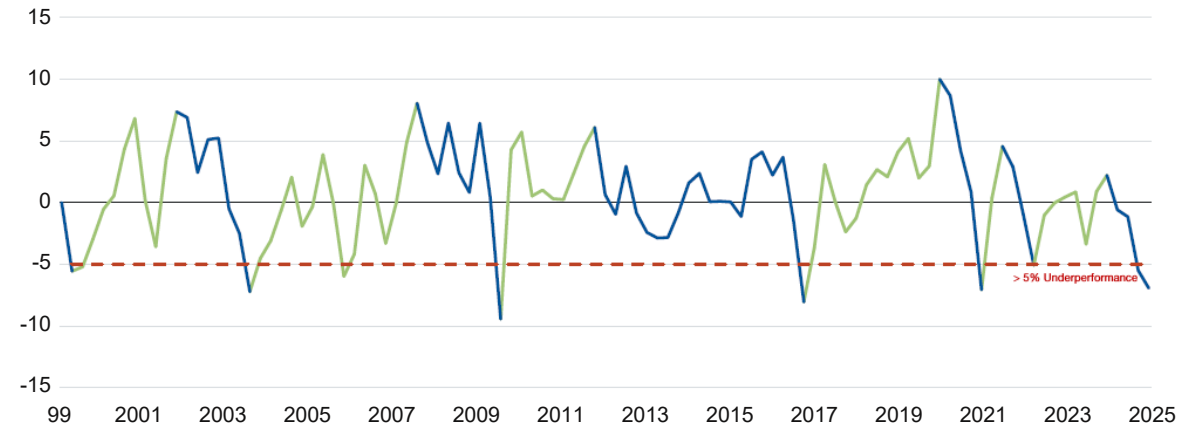
# Global/Global ex-U.S. Equity Key Themes

## Style headwinds for quality and growth factors

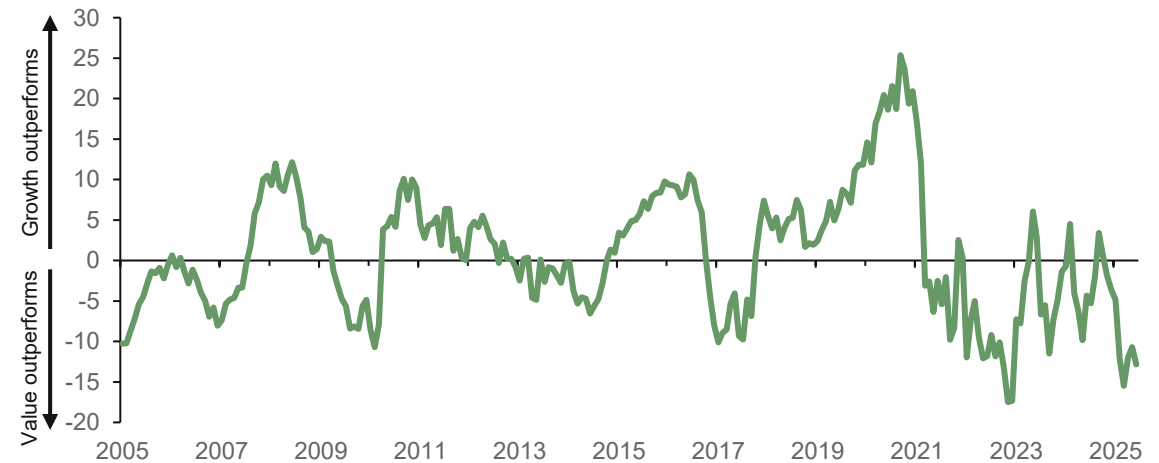
Factor volatility has increased since 2020

- Through the recent volatility, value has generally outperformed growth while quality exposure has been a headwind.
- The momentum factor has performed well in recent years as high beta growth stocks and deep value stocks have taken turns leading the market.
- When evaluating manager performance relative to a benchmark and against peers, parsing through performance attributable to factor exposures or stock selection is as important as ever.

EAFE Quality – EAFE (Rolling 6-month spread)



MSCI EAFE Growth – Value (1 Year)



Sources: Lazard, FactSet, MSCI

Callan

---

**Appendix**

# Callan's 2025 Work Plan

## City of Fort Pierce Retirement and Benefit System

	1 <sup>st</sup> Quarter 2025			2 <sup>nd</sup> Quarter 2025			3 <sup>rd</sup> Quarter 2025			4 <sup>th</sup> Quarter 2025		
<b>Strategic Planning</b>												
Review Capital Market Expectations												
Present Proposed 2026 Work Plan												
<b>Plan Implementation</b>												
Prepare Cash Raise for Benefit Payments												
Investment Manager Fee Review												
Provide annual Fiscal YE results												
Manager Searches (as needed)												
<b>Monitoring &amp; Evaluation</b>												
Quarterly Performance Reviews												
Quarterly Meeting Attendance												
Present Executive Summary												
Investment Manager Presentations												
Continuous Qualitative Review												
<b>Research &amp; Education</b>												
National Client Conference – Scottsdale, AZ , April 27-29												
“Callan College”												
Regional Workshops												
Custom Board Education												
Research Papers and Publications												

# Callan Institute Events

Upcoming conferences, workshops, and virtual events

## 2025 October Workshop

### Assessing the Role of Alternatives in Modern Plan Design

As defined contribution (DC) plans evolve beyond traditional core menus, there is increased interest in exploring alternative investments to enhance outcomes—particularly within target date funds (TDFs) and custom solutions. In this workshop, we will explain why alternatives are being considered, discuss which are most feasible and how to implement, and provide opportunities and challenges with these investments.

#### Workshop Dates

- ▶ October 28, 2025 – Chicago
- ▶ October 30, 2025 – San Francisco

#### Workshop Agenda

- ▶ 8:00 - 9:00 AM | Continental Breakfast
- ▶ 9:00 - 10:15 AM | Workshop and Q&A
- ▶ 10:15 - 11:00 AM | Roundtable Discussions

## Mark Your Calendar

### 2026 National Conference

April 20-22, 2026 – Scottsdale, Arizona

*Watch your email for further details and an invitation.*

## Upcoming Virtual Events

### August 21, 2025

Research Café: Modeling Returns and Managing Market Cap Weights

---

## 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.

---

## Important Disclosures

Information contained in this document may include confidential, trade secret and/or proprietary information of Callan and the client. It is incumbent upon the user to maintain such information in strict confidence. Neither this document nor any specific information contained herein is to be used other than by the intended recipient for its intended purpose.

The content of this document is particular to the client and should not be relied upon by any other individual or entity. There can be no assurance that the performance of any account or investment will be comparable to the performance information presented in this document.

Certain information herein has been compiled by Callan from a variety of sources believed to be reliable but for which Callan has not necessarily verified for accuracy or completeness. Information contained herein may not be current. Callan has no obligation to bring current the information contained herein.

Callan's performance, market value, and, if applicable, liability calculations are inherently estimates based on data available at the time each calculation is performed and may later be determined to be incorrect or require subsequent material adjustment due to many variables including, but not limited to, reliance on third party data, differences in calculation methodology, presence of illiquid assets, the timing and magnitude of unrecognized cash flows, and other data/assumptions needed to prepare such estimated calculations. In no event should the performance measurement and reporting services provided by Callan be used in the calculation, deliberation, policy determination, or any other action of the client as it pertains to determining amounts, timing or activity of contribution levels or funding amounts, rebalancing activity, benefit payments, distribution amounts, and/or performance-based fee amounts, unless the client understands and accepts the inherent limitations of Callan's estimated performance, market value, and liability calculations.

Callan's performance measurement service reports estimated returns for a portfolio and compares them against relevant benchmarks and peer groups, as appropriate; such service may also report on historical portfolio holdings, comparing them to holdings of relevant benchmarks and peer groups, as appropriate ("portfolio holdings analysis"). To the extent that Callan's reports include a portfolio holdings analysis, Callan relies entirely on holdings, pricing, characteristics, and risk data provided by third parties including custodian banks, record keepers, pricing services, index providers, and investment managers. Callan reports the performance and holdings data as received and does not attempt to audit or verify the holdings data. Callan is not responsible for the accuracy or completeness of the performance or holdings data received from third parties and such data may not have been verified for accuracy or completeness.

Callan's performance measurement service may report on illiquid asset classes, including, but not limited to, private real estate, private equity, private credit, hedge funds and infrastructure. The final valuation reports, which Callan receives from third parties, for of these types of asset classes may not be available at the time a Callan performance report is issued. As a result, the estimated returns and market values reported for these illiquid asset classes, as well as for any composites including these illiquid asset classes, including any total fund composite prepared, may not reflect final data, and therefore may be subject to revision in future quarters.

The content of this document may consist of statements of opinion, which are made as of the date they are expressed and are not statements of fact. The opinions expressed herein may change based upon changes in economic, market, financial and political conditions and other factors. Callan has no obligation to bring current the opinions expressed herein.

The information contained herein may include forward-looking statements regarding future results. The forward-looking statements herein: (i) are best estimations consistent with the information available as of the date hereof and (ii) involve known and unknown risks and uncertainties. Actual results may vary, perhaps materially, from the future results projected in this document. Undue reliance should not be placed on forward-looking statements.

Callan is not responsible for reviewing the risks of individual securities or the compliance/non-compliance of individual security holdings with a client's investment policy guidelines.

This document should not be construed as legal or tax advice on any matter. You should consult with legal and tax advisers before applying any of this information to your particular situation.

Reference to, or inclusion in this document of, any product, service or entity should not necessarily be construed as recommendation, approval, or endorsement or such product, service or entity by Callan. This document is provided in connection with Callan's consulting services and should not be viewed as an advertisement of Callan, or of the strategies or products discussed or referenced herein.

---

## Important Disclosures (continued)

The issues considered and risks highlighted herein are not comprehensive and other risks may exist that the user of this document may deem material regarding the enclosed information. Please see any applicable full performance report or annual communication for other important disclosures.

Unless Callan has been specifically engaged to do so, Callan does not conduct background checks or in-depth due diligence of the operations of any investment manager search candidate or investment vehicle, as may be typically performed in an operational due diligence evaluation assignment and in no event does Callan conduct due diligence beyond what is described in its report to the client.

Any decision made on the basis of this document is sole responsibility of the client, as the intended recipient, and it is incumbent upon the client to make an independent determination of the suitability and consequences of such a decision.

Callan undertakes no obligation to update the information contained herein except as specifically requested by the client.

Past performance is no guarantee of future results.

---

## About Callan

Callan was founded as an employee-owned investment consulting firm in 1973. Ever since, we have empowered institutional investor with creative, customized investment solutions backed by proprietary research, exclusive data, and ongoing education. Today, Callan provides advisory services to institutional investor clients with more than \$3 trillion in total assets, which makes it among the largest independently owned investment consulting firms in the U.S. Callan uses a client-focused consulting model to serve pension and defined contribution plan sponsors, endowments, foundations, independent investment advisers, investment managers, and other asset owners. Callan has six offices throughout the U.S. For more information, please visit [www.callan.com](http://www.callan.com).

# Callan

---

### Corporate Headquarters

One Bush Street  
Suite 800  
San Francisco, CA 94104

[www.callan.com](http://www.callan.com)

### Regional Offices

Atlanta  
Chicago  
Denver  
New Jersey  
Portland



Callan

---

# Callan