

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
Thursday, June 22, 2023, at 2 PM
City Hall Conference Room 3C**

AGENDA

1. CALL TO ORDER

2. PUBLIC COMMENT

3. MINUTES

- a. Copy of May 25, 2023, and June 1, 2023, Board of Trustees Minutes;
RECOMMENDED ACTION: APPROVAL

4. NEW BUSINESS

- a. GEPP May 2023 Consent; PAC RECOMMENDED ACTION: APPROVAL.
b. COPP March, April, and May 2023 Consent; COPAC RECOMMENDED ACTION:
APPROVAL

5. INVESTMENT AND FINANCIAL MATTERS

- a. May Investment Performance Review
b. Real Estate Review
 - Ares U.S. Real Estate Opportunity Fund IV Recommendations
- c. Staff Update
 - Investment Activity Report

6. OLD BUSINESS

None

7. ADMINISTRATIVE

- a. Staff Update

8. INFORMATION

- a. Financial Discussion with Pinnacle- SMID Growth scheduled for Thursday, July 6,
2023, at 12:30 PM (meet and greet starts at 12:00)
b. Next regular BOT meeting scheduled for Thursday, July 27, 2023, at 2 PM

9. PRIVILEGE OF THE FLOOR

10. ADJOURNMENT

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
May 25, 2023**

MINUTES

2:00 PM, held in Person in City Hall Conference Room 3C and via Zoom.

Members Present

Jeffrey Bernardo, Chair
Julie Bessent
Valerie Gutierrez
Diane Moser
Jonathan Snell

Members Not Present

Joey Greive, Vice-Chair
Brian Hughes
David Kilcrease, Secretary
Richard Wallace

Staff Present

Paul Barrett, Treasurer
Brennan Merrell, Senior Investment Officer
Andy Robinson, Pension Administrator (via Zoom)
John Sawyer, OGC
Stephanie Smith, Pension Consultant
Hannah Wells, Assistant Pension Administrator

Others Present

Jordan Cipriani, RVK (via Zoom)
Cameron Collins, RVK (via Zoom)
Samia Khan, RVK (via Zoom)

1. CALL TO ORDER

Chair Bernardo called the meeting to order at 2:00 PM

2. PUBLIC COMMENT

There was none.

3. MINUTES

Ms. Moser motioned to approve the minutes. Ms. Bessent seconded the motion. The

Chair asked for discussion and there was none. The Chair took a vote and the motion passed unanimously.

4. NEW BUSINESS

a. GEPP March 2023 Consent agendas

Ms. Moser motioned to approve the GEPP consent agenda. Ms. Gutierrez seconded the motion. The Chair asked for discussion and there was none. The Chair took a vote and the motion passed unanimously.

b. SB Disability Benefits Application

The Pension Office has a completed disability benefits application with a Medical Review Officer (MRO) report and Ms. Wells presented the case to the committee. She provided details and the findings by the City's MRO that the disability is permanent, total, and not pre-existing employment with the City. Mr. Robinson added that there were no other jobs available at JEA for him. The disability request meets the criteria for approval by the Board.

Ms. Moser motioned to approve the disability request. Ms. Gutierrez seconded the motion. Hearing no further discussion, Chair Bernardo called for a vote and the motion was approved with all voting in favor.

5. INVESTMENT AND FINANCIAL MATTERS

Ms. Cipriani reviewed the Quarterly Investment Report and stated both defensive and risk assets generally provided positive returns following the difficult environment in 2022. Volatility did spike due to Silicon Valley Bank collapse. Despite this volatility, the broad equity market indexes finished in positive territory during the quarter. Year over year, inflation as of March was about 5% and in April inflation decelerated to about 4.9%. The 4.9% represents the tenth consecutive month of cooling inflation and the first-time annual inflation has been below 5% in 2 years. Ms. Cipriani touched on S&P 500 was up 7.5%, Russell 2000 was up about 3%, and international developed equities were up about 8.5% during the first quarter.

Ms. Cipriani discussed Bloomberg U.S. Agg Bond index experienced the best quarter in three years, returning ~3% during the quarter. Also, the private market side saw a modest uptick of about \$66.8 billion in the first quarter, and up about \$64.8 billion a year earlier. The NCREIF ODCE Index was down about 3.2% during the quarter. Ms. Cipriani also reviewed the Schedule of Investable Assets (Total Assets, Beginning Market Value was about \$2.2 Billion, Net Cashflow value was about \$2.2 Billion, Net Cash Flow Value was about \$4.1 Million, investment gains and losses were about \$123 Million, and the ending market value was about \$2.3 Billion, leaving the Net return 5.6%. Ms. Cipriani indicated all the asset classes remain in line with their allowable policy range and the quarter to date total fund return was 5.7% gross of fees.

Ms. Cipriani reviewed performance attribution, breakdown of FY, performance by asset class, and paid in capital calls. Chair Bernardo inquired how often RVK's management research team updates reports on each of the managers. Mr. Merrell and Ms. Cipriani answered Chair Bernardo's questions. Chair Bernardo, Mr. Merrell, and Ms. Cipriani held a discussion.

Mr. Merrell detailed the April preliminary investment report. The total fund was valued at \$2.3 billion, and the fund was up approximately 0.5% for the month of April and up 11.4% FYTD. Mr. Merrell highlighted several outperformers including Eagle Capital, Acadian, Schroder, and HIG. Under performers included Pinnacle, Baillie Gifford, and core real estate.

Mr. Merrell informed BOT of the contract status of Adams Street tranche 2, Wellington LCV, and the upcoming FPPTA conference this June 25-28, 2023.

b. OLD BUSINESS

There was none.

c. ADMINISTRATIVE

Ms. Wells stated business was as usual in the Pension Office and notified Board members that the Pension office recently hired a new full-time employee, Allie Hastings.

d. INFORMATION

The next regular BOT meeting is scheduled for Thursday, June 22, 2023, at 2 PM.

Investment due diligence workshop will be held Thursday, June 1, 2023, at 12:30 PM.

e. PRIVILEGE OF THE FLOOR

f. ADJOURNMENT

The Chair adjourned the meeting at about 2:39 PM.

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
June 1, 2023**

MINUTES

12:30 PM, held in Person in City Hall Conference Room 3C and via Zoom.

Members Present

Jeffrey Bernardo, Chair
Joey Greive, Vice Chair
Julie Bessent
Valerie Gutierrez
David Kilcrease, Secretary
Diane Moser (via Zoom)

Members Not Present

Brian Hughes
Jonathan Snell
Richard Wallace

Staff Present

Allie Hastings, Pension Associate (via Zoom)
Brennan Merrell, Senior Investment Officer
Andy Robinson, Pension Administrator
Stephanie Smith, Pension Consultant
Sheryl Strickland, Pension Coordinator (via Zoom)
Hannah Wells, Assistant Pension Administrator

Others Present

Matt Autrey, Partner, Primary Investments, Adam Street Partners

Michael Lucarelli, CFA, Partner, Investor Relations, Adam Street Partners

1. CALL TO ORDER

Vice Chair Greive called the meeting to order at 12:32 PM.

This is a workshop for educational purposes. No votes will take place at the meeting.

2. PUBLIC COMMENT

There was none.

3. INVESTMENT AND FINANCIAL MATTERS

Adam Street Partners

Mr. Merrell welcomed Matt Autrey and Michael Lucarelli from Adam Street Partners. They manage approximately \$61.8 billion and just completed their second tranche contract. The first tranche was for \$105 Million, and the second tranche will be \$100 million invested over a five-year period.

Mr. Lucarelli provided an overview of the firm and how they are a 100% employee-owned Global Private Market firm. Adams Street invests in private credit and private equity markets and have been in business for over 50 years. They currently have over 500 clients, close to 300 employees, and 12 offices around the world. Mr. Lucarelli noted that in their 50 years of business they never lost money for any of their clients in any of their investment programs. Mr. Greive inquired if they ever had a client that was a force fire sell or a unique situation where they did lose money. Mr. Autrey and Mr. Lucarelli stated no but have had some older investments that a client needed to liquidate at a discount. Mr. Lucarelli reviewed their assets under management over the last 20 years, private market assets, private equity, and return dispersions. Chair Bernardo, Mr. Merrell, and Ms. Bessent asked questions regarding the provided material and Mr. Lucarelli and Mr. Autrey answered them. Mr. Autrey provided an overview of Adams Street's market outlook, their sector focused strategies, building values through growth, venture capital spotlight, and reviewed Tranche 1 and Tranche 2.

The team referred to the provided material throughout the presentation. Questions were asked by staff members and were answered by Adam Street.

Mr. Merrell thanked Adam Street for their presentation. Adam Street thanked the Board for their time and commitment.

4. OLD BUSINESS

N/A

5. ADMINISTRATIVE

N/A

6. INFORMATION

The next regular BOT meeting is scheduled for Thursday, June 22, 2023, at 2 PM.

Investment due diligence workshop will be held Thursday, July 6, 2023, at 12:30 PM

7. **PRIVILEGE OF THE FLOOR**

None

8. **ADJOURNMENT**

The Chair adjourned the meeting around 2:02 PM.

**GENERAL EMPLOYEES PENSION ADVISORY COMMITTEE
FOR THE
BOARD OF PENSION TRUSTEES**

May 2023

CONSENT AGENDA FOR RECOMMENDED BENEFITS

ALL CALCULATIONS AND DOLLAR AMOUNTS HAVE BEEN AUDITED IN ACCORDANCE WITH ACCEPTED PROCEDURES.

1. TIME SERVICE RETIREMENTS

Cheryl Bradley, (ITD), effective April 22, 2023, in the monthly base amount of \$6,297.20 at the rate of 77.92% (31 years, 2 months), 15% PLOP \$222,664.64

James Carroll, (JEA), effective April 22, 2023, in the monthly base amount of \$3,847.55 at the rate of 54.58% (21 years, 10 months), 10% PLOP \$81,125.23

Tammy Hall, (Tax Collector), effective May 6, 2023, in the monthly base amount of \$4,014.26, at the rate of 80%, (36 years, 6 months), 10 % PLOP \$85,899.30

Erik Larsen, (Library), effective April 28, 2023, in the monthly base amount of \$2,545.70 at the rate of 50.42% (20 years, 2 months)

Karen Nichols, (JSO), effective May 6, 2023, in the monthly base amount of \$974.48 at the rate of 33.13% (13 years, 3 months)

Joseph Leggett, (JEA), effective April 29, 2023, in the monthly base amount of \$5,496.50 at the rate of 75% (30 years), 48 months BACKDROP \$283,202.46

Edwina Thomas, (Clerk of Courts), effective May 6, 2023, in the monthly base amount of \$2,271.79 at the rate of 62.92% (25 years, 2 months), 5% PLOP \$16,980.47

Chauncey Thompson, (Tax Collector), effective April 22, 2023, in the monthly base amount of \$2,208.76 at the rate of 80% (32 years), 48 months BACKDROP \$113,804.47

Valerie Williams, (EREQ), effective May 5, 2023, in the monthly base amount of \$5,125.89 at the rate of 80% (32 years), 34 months BACKDROP \$184,266.28

2. VESTED RETIREMENTS

New Commencements

Sharon Clark, effective April 28, 2023, in the monthly base amount of \$1,330.66

Stephen Naso, effective April 26, 2023, in the monthly base amount of \$1,175.81

New Deferrals

None

3. SURVIVOR BENEFITS

Gladys Bethune, (Danny Bethune), effective April 12, 2023, in the monthly COLA base amount of \$3,801.37

Carol Boggs, (Tommy Boggs), effective February 13, 2023, in the monthly COLA base amount of \$3,106.97

Judy Boston, (Donald Boston), effective March 25, 2023, in the monthly COLA base amount of \$1,556.64

Joyce Hanson, (Malcolm Hanson), effective April 12, 2023, in the monthly COLA base amount of \$4,371.34

Faith Mansell, (Barry Mansell), effective February 15, 2023, in the monthly COLA base amount of \$5,262.10

Heather Roll, (Douglas Roll, JEA active employee), effective May 4, 2023, in the monthly base amount of \$2,595.76

Sherry Wendenland, (Vaughn Wendenland), effective April 27, 2023, in the monthly base amount of \$2,804.40

Minerva Wiggins, (Donald Wiggins), effective August 14, 2021, in the monthly COLA base amount of \$2,003.32

4. RESTORATION OF SURVIVOR BENEFITS

None

5. CHILDREN/ORPHAN/GUARDIANSHIP BENEFITS

Clifford Roll, (Douglas Roll, JEA active employee), effective May 4, 2023, in the monthly base amount of \$346.10

6. TIME SERVICE CONNECTIONS COMPLETED

Emily Davis, (Tax Collector), 37.13 months in the amount of \$12,251.03

Yvonne Kemp, (JSO), 12.33 months in the amount of \$4,664.40

Nghi Lee, (ITD), 3.13 months in the amount of \$1,747.92

Aries Torres, (Elections), 78.37 months in the amount of \$36,930.40

Debbie Thwing, (PA), 76.07 months in the amount of \$33,590.54

Howell Warth II, (Procurement), 32.93 months in the amount of \$7,417.80

7. TIME SERVICE CONNECTIONS COMPLETED PURSUANT TO ORDINANCE 2000- 624-E (Independent Agency)

None

8. TIME SERVICE CONNECTIONS COMPLETED PURSUANT TO ORDINANCE 2003-573-E (Military)

Ronald Battles, (JSO), 24 months in the amount of \$31,828.99

Kelly Cochran, (JEA), 9.41 months in the amount of \$14,189.73

Sixto Gomez, (JEA), 10.27 months in the amount of \$14,446.90

John Santiago, (JEA), 19.67 months in the amount of \$41,085.24

9. REFUNDS

Eric S Browning, (JSO) 1 year and 8 months, \$3,857.53

Emily E Clement, (JSO) 4 years, \$10,804.09

Carlos M Garvich, (JSO) 5 years and 8 months, \$20,503.73

Gerald R Owenby, (JEA) 11 years, \$39,223.52

Estate of James E Toti, (PWS) 16 years and 6 months, \$25,402.30

10. DB TO DC TRANSFER

Irene N Ambas, (EREQ) 16 years and 2 months, \$122,970.04

William F Biggins, (Mosquito Control) 17 years and 1 month, \$186,936.18

Angela Mapp-Mitchell, (Clerk of Courts) 12 years and 9 months, \$70,906.62

Lavonda S Wigfield, (JEA) 13 years and 4 months, \$210,092.02

11. OTHER PAYMENTS AND TIME CONNECTIONS

None

12. RE-RETIREE

None

13. DISABILITY

None

PAC Secretary Approval

Date

BOT Secretary Approval

Date

Notes and Comments regarding Approval:

CORRECTIONAL OFFICERS PENSION ADVISORY COMMITTEE

March 2023

CONSENT AGENDA FOR RECOMMENDED BENEFITS

ALL CALCULATIONS AND DOLLAR AMOUNTS HAVE BEEN AUDITED IN ACCORDANCE WITH ACCEPTED PROCEDURES.

1. TIME SERVICE RETIREMENTS

None

2. TIME SERVICE CONNECTIONS COMPLETED

Daniel Hysler, IV, 70.2 months in the amount of \$34,637.20

Mark Sanborn, 151.83 months in the amount of \$69,570.03

3. REFUNDS

Roosevelt Jackson Jr, 15 years and 5 months, \$70,620.13

Janae Quarles, 5 years and 4 months, \$25,313.41

4. SURVIVOR BENEFITS APPLICATION

None

5. CHILDREN/ORPHAN/GUARDIANSHIP BENEFITS

None

6. VESTED BENEFIT

None

7. TIME SERVICE CONNECTIONS COMPLETED PURSUANT TO ORDINANCE 2003-573-E (Military)

None

8. OFFICERS ENTERING DROP April 2023

Candyce Burden

Joseph Carter

9. Phase II Biweekly Distribution DROP Program

William D Pope, \$390.66 per pay period for 20 years

10. DROP Payments

None

COPAC Secretary Approval

Date

BOT Secretary Approval

Date

Notes and Comments regarding Approval:

CORRECTIONAL OFFICERS PENSION ADVISORY COMMITTEE

April 2023

CONSENT AGENDA FOR RECOMMENDED BENEFITS

ALL CALCULATIONS AND DOLLAR AMOUNTS HAVE BEEN AUDITED IN ACCORDANCE WITH ACCEPTED PROCEDURES.

1. TIME SERVICE RETIREMENTS

George Pratt, effective April 8, 2023, in the monthly COLA base amount of \$8,188.20 at the rate of 70.5% (25 years, 3 months)

2. TIME SERVICE CONNECTIONS COMPLETED

3. REFUNDS

Jack C Smith, 8 years, \$36,314.72

Rickeya Smith, 6 years and 3 months, \$27,631.93

4. SURVIVOR BENEFITS APPLICATION

Gisella Mathews, (Cecil Mathews), effective April 5, 2023, in the monthly COLA base amount of \$2,541.20

5. CHILDREN/ORPHAN/GUARDIANSHIP BENEFITS

None

6. VESTED BENEFIT

None

7. TIME SERVICE CONNECTIONS COMPLETED PURSUANT TO ORDINANCE 2003-573-E (Military)

None

8. OFFICERS ENTERING DROP April 2023

Candyce Burden

Joseph Carter

9. Phase II Biweekly Distribution DROP Program

Katina Bryant, \$328.04 per pay period for 10 years

10. DROP Payments

Craig Blunt, \$250,579.14

Patricia Rodriguez, \$48,061.80

None

COPAC Secretary Approval

Date

BOT Secretary Approval

Date

Notes and Comments regarding Approval:

CORRECTIONAL OFFICERS PENSION ADVISORY COMMITTEE

May 2023

CONSENT AGENDA FOR RECOMMENDED BENEFITS

ALL CALCULATIONS AND DOLLAR AMOUNTS HAVE BEEN AUDITED IN ACCORDANCE WITH ACCEPTED PROCEDURES.

1. TIME SERVICE RETIREMENTS

None

2. TIME SERVICE CONNECTIONS COMPLETED

Cory Cannon, 1.43 months in the amount of \$880.50

Marisa Carter, 12.27 months in the amount of \$11,186.71

Charles Chelette, Jr., 75.8 months in the amount of \$56,940.00

Harlan Peterson, 10.07 months in the amount of \$7,504.90

Victor Robinson, 44.03 months in the amount of \$20,172.10

3. REFUNDS

Eric S Browning, 5 years and 3 months, \$25,117.66

Shakarri T Whipple, 8 years and 2 months, \$36,097.98

4. SURVIVOR BENEFITS APPLICATION

None

5. CHILDREN/ORPHAN/GUARDIANSHIP BENEFITS

None

6. VESTED BENEFIT

None

7. TIME SERVICE CONNECTIONS COMPLETED PURSUANT TO ORDINANCE 2003-573-E (Military)

Roberto Karam, 24 months in the amount of \$18,883.20

Harlan Peterson, 10.01 months in the amount of \$7,505.43

Victor Robinson, 24 months in the amount of \$28,099.50

David Thies, 8.12 months in the amount of \$9,935.90

John West, 24 months in the amount of \$19,411.60

8. OFFICERS ENTERING DROP July 2023

None

9. Phase II Biweekly Distribution DROP Program

None

10. DROP Payments

None

COPAC Secretary Approval

Date

BOT Secretary Approval

Date

Notes and Comments regarding Approval:



Monthly Investment Performance Analysis

City of Jacksonville Employees' Retirement System

Period Ended: May 31, 2023

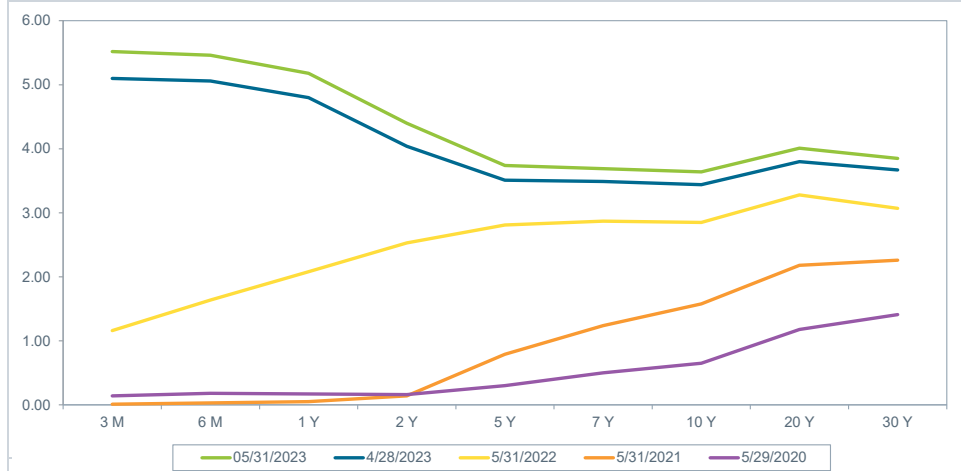


General Market Commentary

- Global equity markets experienced mixed results in May, with growth stocks outperforming their value counterparts during the month. While concerns regarding Congress' ability to raise the US debt ceiling before the default deadline weighed on investors' minds, headlines regarding the potential of artificial intelligence saw growth stocks push higher. The tech-heavy Nasdaq Composite Index posted a return of 5.93%, whereas international indices and value-oriented indices experienced modest losses.
- The Fed increased interest rates 25 basis points at their early May meeting, marking their tenth straight increase, and initial indications were that an extended pause in interest rate hikes may occur. However, persistent elevated inflation, a robust job market, and strong wage growth have led to signals that further tightening may be warranted.
- Inflation continued to decrease, albeit remaining elevated relative to historical values. Year-over-year inflation as of April 2023 was 4.90%, as the annual rate in the United States slowed for the tenth consecutive month.
- Equity markets posted mixed returns in May as the S&P 500 (Cap Wtd) Index returned 0.43% and the MSCI EAFE (Net) Index returned -4.23%. Emerging markets returned -1.68%, as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned -1.09% in May, underperforming the -0.75% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -2.93%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate returned -3.22% in May and 4.40% over the trailing five-year period, as measured by the FTSE NAREIT Eq REITs Index (TR).
- The Cambridge US Private Equity Index returned -2.34% for the trailing one-year period and 16.14% for the trailing five-year period ending December 2022.
- Absolute return strategies returned 0.22% for the month and 1.28% over the trailing one-year period, as measured by the HFRI FOF Comp Index.
- Crude oil's price fell by 11.32% during the month and has decreased by 40.62% YoY.

Economic Indicators	May-23	Apr-23	May-22	10 Yr	20 Yr
Federal Funds Rate (%)	5.08 ▲	4.83	0.83	0.97	1.37
Breakeven Inflation - 5 Year (%)	2.14 ▼	2.28	2.96	1.88	1.93
Breakeven Inflation - 10 Year (%)	2.23 ▼	2.27	2.65	1.97	2.09
Breakeven Inflation - 30 Year (%)	2.29 ▲	2.26	2.41	2.03	2.26
Bloomberg US Agg Bond Index - Yield (%)	4.59 ▲	4.35	3.38	2.51	3.23
Bloomberg US Agg Bond Index - OAS (%)	0.55 ▼	0.57	0.46	0.47	0.59
Bloomberg US Agg Credit Index - OAS (%)	1.28 ▲	1.26	1.21	1.18	1.38
Bloomberg US Corp: HY Index - OAS (%)	4.59 ▲	4.52	4.06	4.28	4.97
Capacity Utilization (%)	79.58 ▼	79.81	80.04	77.34	77.09
Unemployment Rate (%)	3.70 ▲	3.40	3.60	5.08	5.95
PMI - Manufacturing (%)	46.90 ▼	47.10	56.10	54.29	53.62
Baltic Dry Index - Shipping	977 ▼	1,576	2,566	1,364	2,410
Consumer Conf (Conf Board)	102.30 ▲	101.30	103.20	107.06	91.85
CPI YoY (Headline) (%)	4.00 ▼	4.90	8.60	2.67	2.56
CPI YoY (Core) (%)	5.30 ▼	5.50	6.00	2.67	2.28
PPI YoY (%)	-0.90 ▼	2.60	16.80	2.82	3.11
M2 YoY (%)	N/A	N/A	-4.60	6.00	7.75
US Dollar Total Weighted Index	121.23 ▲	119.43	118.24	111.39	103.51
WTI Crude Oil per Barrel (\$)	68 ▼	77	115	65	69
Gold Spot per Oz (\$)	1,958 ▼	1,983	1,837	1,453	1,193

Treasury Yield Curve (%)



Treasury Yield Curve (%)	May-23	Apr-23	May-22	May-21	May-20
3 Month	5.52	5.10	1.16	0.01	0.14
6 Month	5.46	5.06	1.64	0.03	0.18
1 Year	5.18	4.80	2.08	0.05	0.17
2 Year	4.40	4.04	2.53	0.14	0.16
5 Year	3.74	3.51	2.81	0.79	0.30
7 Year	3.69	3.49	2.87	1.24	0.50
10 Year	3.64	3.44	2.85	1.58	0.65
20 Year	4.01	3.80	3.28	2.18	1.18
30 Year	3.85	3.67	3.07	2.26	1.41

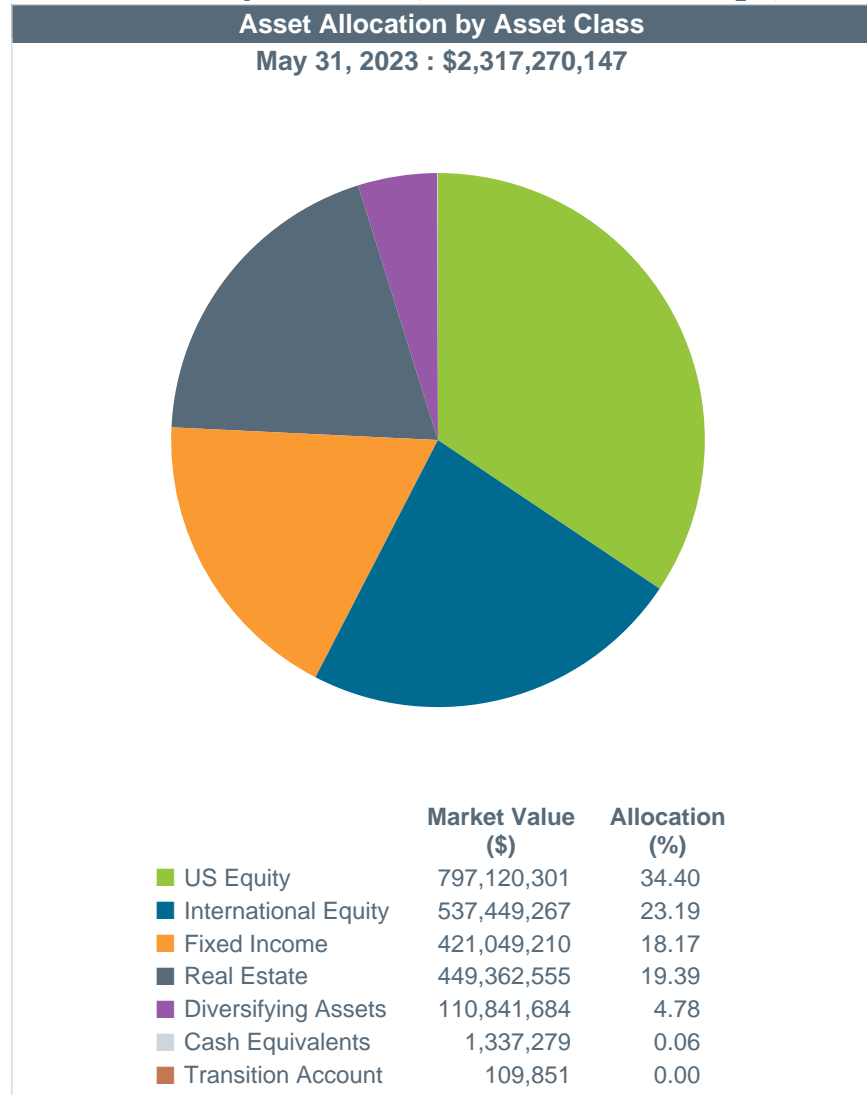
Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	0.43	2.00	9.65	2.92	12.92	11.01	12.39	11.99
Russell 2000	-0.92	-2.70	-0.04	-4.68	9.23	2.74	7.54	7.36
MSCI EAFE (Net)	-4.23	-1.53	6.81	3.06	8.53	3.21	5.68	4.56
MSCI EAFE SC (Net)	-4.18	-2.25	2.56	-4.68	5.17	0.33	4.50	5.50
MSCI EM (Net)	-1.68	-2.79	1.05	-8.49	3.47	-0.67	4.98	1.90
Bloomberg US Agg Bond	-1.09	-0.49	2.46	-2.14	-3.65	0.81	0.75	1.39
ICE BofAML 3 Mo US T-Bill	0.39	0.71	1.79	3.14	1.12	1.49	1.31	0.94
NCREIF ODCE (Gross)	N/A	N/A	-3.17	-3.09	8.40	7.51	7.71	9.45
FTSE NAREIT Eq REITs Index (TR)	-3.22	-2.41	0.21	-12.07	8.18	4.40	3.74	5.68
HFRI FOF Comp Index	0.22	0.52	1.25	1.28	5.37	3.02	3.82	3.15
Bloomberg Cmdb Index (TR)	-5.64	-6.35	-11.37	-22.48	17.15	3.17	3.42	-1.86

NCREIF performance is reported quarterly; MTD and QTD returns are shown as "N/A" on interim-quarter months and until available. Data shown is as of most recent quarter-end. Treasury data courtesy of the US Department of the Treasury. Economic data courtesy of Bloomberg Professional Service. The previous month's CPI YoY is used as a proxy for the current YoY return until it becomes available.



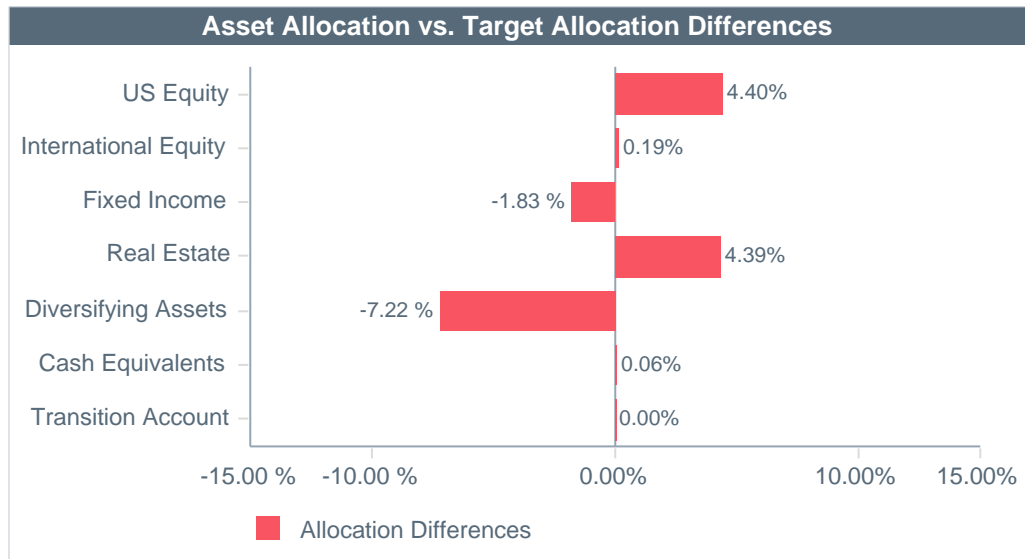
Total Fund

Asset Allocation by Asset Class, Asset Allocation vs. Target, and Schedule of Investable Assets



Asset Allocation vs. Target Allocation

	Market Value (\$)	Allocation (%)	Min (%)	Target (%)	Max (%)
Total Fund	2,317,270,147	100.00	-	100.00	-
US Equity	797,120,301	34.40	20.00	30.00	40.00
International Equity	537,449,267	23.19	13.00	23.00	25.00
Fixed Income	421,049,210	18.17	10.00	20.00	30.00
Real Estate	449,362,555	19.39	0.00	15.00	20.00
Diversifying Assets	110,841,684	4.78	0.00	12.00	20.00
Cash Equivalents	1,337,279	0.06	0.00	0.00	10.00
Transition Account	109,851	0.00	0.00	0.00	0.00



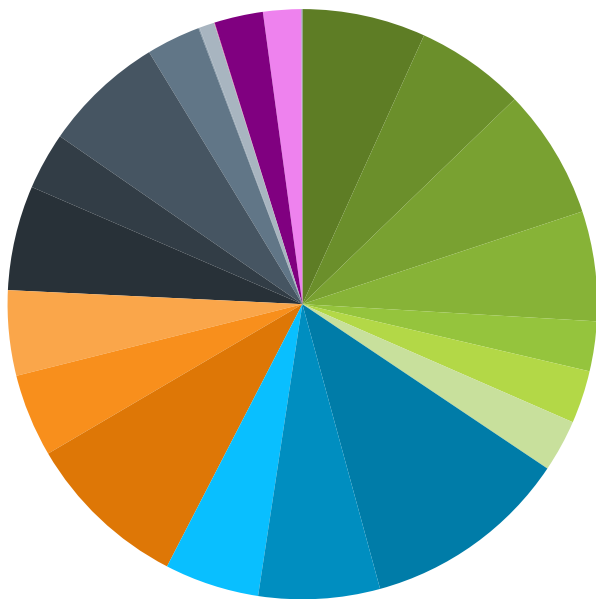
Schedule of Investable Assets

Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
CYTD	2,188,723,757	4,345,079	124,201,312	2,317,270,147	5.67

Market values and performance shown are preliminary and subject to change. Performance shown is net of fees. Allocations shown may not sum up to 100% exactly due to rounding.



May 31, 2023 : \$2,317,270,147



	Market Value (\$)	Allocation (%)
Eagle Capital Large Cap Value (SA)	156,699,002	6.76
Wellington US Large Cap Value (SA)	139,371,031	6.01
Mellon Large Cap Core Index (CF)	165,224,477	7.13
Loomis Sayles Large Cap Growth (CF)	139,425,725	6.02
Kayne Anderson US SMID Value (SA)	63,265,700	2.73
Systematic Financial US SMID Value (SA)	66,958,973	2.89
Pinnacle Associates US SMID Cap Growth (SA)	66,175,394	2.86
Silchester International Value (CF)	263,173,898	11.36
Baillie Gifford International Growth (BGEFX)	154,001,242	6.65
Acadian Emerging Markets (CF)	120,274,127	5.19
Baird Core Fixed Income (SA)	207,642,532	8.96
Loomis Sayles Multisector Full Discretion (CF)	105,320,968	4.55
Schroder Flexible Secured Income Fund	108,085,709	4.66
Harrison Street Core Property (CF)	132,981,888	5.74
PGIM Real Estate PRISA II (CF)	72,592,919	3.13
Principal US Property (CF)	154,429,488	6.66
UBS Trumbull Property (CF)	68,618,094	2.96
Vanguard RE Idx;ETF (VNQ)	1,112,735	0.05
Abacus Multi-Family Partners Fund VI (CF)	673,277	0.03
H.I.G. Realty Fund IV (CF)	18,829,231	0.81
Bell Value-Add Fund VII (CF)	124,923	0.01
Hancock Timberland (SA)	736,126	0.03
Adams Street Private Equity (SA)	61,854,169	2.67
Hamilton Lane Private Credit (SA)	48,251,388	2.08
Dreyfus Gvt Csh Mgt;Inst (DGCXX)	1,337,279	0.06
Transition Account	109,851	0.00

Market values shown are preliminary and subject to change. Allocations shown may not sum up to 100% exactly due to rounding. During 05/2023, Wellington US Large Cap Value (SA) was funded.

City of Jacksonville Employees' Retirement System
Asset Allocation & Performance (Net of Fees)

As of May 31, 2023

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Total Fund	2,317,270,147	100.00	-0.39	0.07	5.67	11.47	1.47	6.66	4.61	6.70	6.53	6.03	07/01/1999
Total Fund Policy Index			-0.93	0.09	4.69	11.05	0.43	7.10	5.26	6.62	6.57	5.71	
Difference			0.54	-0.02	0.98	0.42	1.04	-0.44	-0.65	0.08	-0.04	0.32	
Total Equity	1,334,569,568	57.59	-0.34	0.52	10.63	22.10	4.56	9.83	6.33	9.41	8.62	6.25	07/01/1999
US Equity	797,120,301	34.40	1.60	2.38	13.33	21.48	6.83	12.11	9.24	11.18	10.71	6.97	07/01/1999
US Equity Index			0.39	1.46	8.74	16.55	2.03	12.25	10.07	11.84	11.45	7.02	
Difference			1.21	0.92	4.59	4.93	4.80	-0.14	-0.83	-0.66	-0.74	-0.05	
International Equity	537,449,267	23.19	-2.98	-2.00	6.95	23.26	0.75	6.17	1.78	6.61	5.06	5.44	07/01/1999
International Equity Index			-3.64	-1.96	4.77	19.74	-1.41	7.23	2.22	5.42	3.83	3.74	
Difference			0.66	-0.04	2.18	3.52	2.16	-1.06	-0.44	1.19	1.23	1.70	
Fixed Income	421,049,210	18.17	-0.89	0.42	3.33	4.91	-2.45	-2.82	0.13	0.91	1.04	4.22	07/01/1999
Fixed Income Index			-1.04	-0.43	2.48	4.78	-1.89	-3.11	0.98	0.86	1.47	3.99	
Difference			0.15	0.85	0.85	0.13	-0.56	0.29	-0.85	0.05	-0.43	0.23	
Real Estate	449,362,555	19.39	0.02	-1.48	-4.71	-6.04	-2.90	6.79	5.90	6.42	7.81	5.82	12/01/2005
Real Estate Index			0.01	0.01	-3.35	-8.34	-3.87	7.47	6.57	6.76	8.48	6.27	
Difference			0.01	-1.49	-1.36	2.30	0.97	-0.68	-0.67	-0.34	-0.67	-0.45	
Core Real Estate	429,735,124	18.54	-0.08	-1.75	-5.08	-6.53	-3.38	6.49	5.72	6.29	7.71	5.77	12/01/2005
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	-3.38	-8.37	-3.91	7.46	6.56	6.75	8.47	6.27	
Difference			-0.08	-1.75	-1.70	1.84	0.53	-0.97	-0.84	-0.46	-0.76	-0.50	
Non-Core Real Estate	19,627,431	0.85	2.21	5.50	5.50	9.69	12.76	N/A	N/A	N/A	N/A	52.16	01/01/2022
NCREIF ODCE Index (AWA)(Net) +2%			0.17	0.33	-2.58	-7.15	-1.99	9.61	8.69	8.89	10.64	4.11	
Difference			2.04	5.17	8.08	16.84	14.75	N/A	N/A	N/A	N/A	48.05	
Diversifying Assets	110,841,684	4.78	0.56	0.89	4.49	3.06	8.73	24.84	8.88	8.00	6.26	8.25	03/01/2011
Diversifying Assets Index			-0.04	1.51	8.17	16.92	5.44	8.94	1.08	2.06	1.82	3.20	
Difference			0.60	-0.62	-3.68	-13.86	3.29	15.90	7.80	5.94	4.44	5.05	

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City of Jacksonville Employees' Retirement System
Asset Allocation & Performance (Net of Fees)

As of May 31, 2023

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
US Equity													
Eagle Capital Large Cap Value (SA)	156,699,002	6.76	2.38	5.79	18.20	27.71	8.92	13.07	9.34	11.89	11.31	10.02	02/01/2007
Russell 1000 Val Index			-3.86	-2.41	-1.43	10.82	-4.55	11.63	6.78	8.08	8.42	6.19	
Difference			6.24	8.20	19.63	16.89	13.47	1.44	2.56	3.81	2.89	3.83	
Russell 1000 Index			0.47	1.71	9.30	17.21	2.45	12.45	10.61	12.13	11.76	8.87	
Difference			1.91	4.08	8.90	10.50	6.47	0.62	-1.27	-0.24	-0.45	1.15	
Wellington US Large Cap Value (SA)	139,371,031	6.01	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	05/01/2023
Russell 1000 Val Index			-3.86	-2.41	-1.43	10.82	-4.55	11.63	6.78	8.08	8.42	-3.86	
Difference			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Mellon Large Cap Core Index (CF)	165,224,477	7.13	0.52	1.75	9.32	17.25	2.48	12.42	N/A	N/A	N/A	10.37	05/01/2019
Russell 1000 Index			0.47	1.71	9.30	17.21	2.45	12.45	10.61	12.13	11.76	10.41	
Difference			0.05	0.04	0.02	0.04	0.03	-0.03	N/A	N/A	N/A	-0.04	
Loomis Sayles Large Cap Growth (CF)	139,425,725	6.02	6.01	6.61	29.31	37.37	21.44	11.63	12.96	N/A	N/A	13.66	08/01/2017
Russell 1000 Grth Index			4.56	5.59	20.76	23.41	9.55	12.85	13.84	15.75	14.76	15.00	
Difference			1.45	1.02	8.55	13.96	11.89	-1.22	-0.88	N/A	N/A	-1.34	
Kayne Anderson US SMID Value (SA)	63,265,700	2.73	-3.83	-4.81	-0.83	4.91	-6.40	N/A	N/A	N/A	N/A	-8.81	03/01/2022
Russell 2500 Val Index			-2.85	-4.15	-2.81	6.14	-9.73	13.52	3.65	6.75	6.99	-10.08	
Difference			-0.98	-0.66	1.98	-1.23	3.33	N/A	N/A	N/A	N/A	1.27	
Systematic Financial US SMID Value (SA)	66,958,973	2.89	-1.35	-3.22	-1.00	11.05	-2.57	N/A	N/A	N/A	N/A	-7.33	03/01/2022
Russell 2500 Val Index			-2.85	-4.15	-2.81	6.14	-9.73	13.52	3.65	6.75	6.99	-10.08	
Difference			1.50	0.93	1.81	4.91	7.16	N/A	N/A	N/A	N/A	2.75	
Pinnacle Associates US SMID Cap Growth (SA)	66,175,394	2.86	2.00	-1.29	7.03	10.84	-1.80	9.89	8.15	10.93	9.66	11.88	03/01/2010
Russell 2500 Grth Index			-0.11	-1.37	5.08	10.04	2.30	5.16	5.56	9.64	9.41	11.47	
Difference			2.11	0.08	1.95	0.80	-4.10	4.73	2.59	1.29	0.25	0.41	
International Equity													
Silchester International Value (CF)	263,173,898	11.36	-3.82	-1.40	5.93	25.68	4.46	10.84	2.77	6.03	5.83	8.26	06/01/2009
MSCI EAFE Val Index (USD) (Net)			-5.39	-2.34	3.46	23.78	0.08	10.61	1.55	4.43	3.16	4.65	
Difference			1.57	0.94	2.47	1.90	4.38	0.23	1.22	1.60	2.67	3.61	

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City of Jacksonville Employees' Retirement System
 Asset Allocation & Performance (Net of Fees)

As of May 31, 2023

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Baillie Gifford International Growth (BGEFX)	154,001,242	6.65	-2.70	-3.95	8.81	23.05	2.90	-0.73	2.41	8.88	6.86	8.69	06/01/2009
Baillie Gifford Index			-2.77	-1.79	6.65	20.40	0.23	4.38	2.95	5.42	4.89	6.64	
Difference			0.07	-2.16	2.16	2.65	2.67	-5.11	-0.54	3.46	1.97	2.05	
Baillie Gifford Spliced Index			-3.64	-1.96	4.77	19.74	-1.41	7.23	2.54	5.19	4.22	5.79	
Difference			0.94	-1.99	4.04	3.31	4.31	-7.96	-0.13	3.69	2.64	2.90	
Acadian Emerging Markets (CF)	120,274,127	5.19	-1.46	-0.78	6.89	18.52	-8.75	7.62	0.21	6.00	2.12	2.25	02/01/2011
MSCI Emg Mkts Index (USD) (Net)			-1.68	-2.79	1.05	10.86	-8.49	3.47	-0.67	4.98	1.90	1.18	
Difference			0.22	2.01	5.84	7.66	-0.26	4.15	0.88	1.02	0.22	1.07	

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City of Jacksonville Employees' Retirement System
 Asset Allocation & Performance (Net of Fees)

As of May 31, 2023

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Fixed Income													
Baird Core Fixed Income (SA)	207,642,532	8.96	-1.05	-0.34	3.00	4.87	-1.63	N/A	N/A	N/A	N/A	-4.58	03/01/2021
Bloomberg US Agg Bond Index			-1.09	-0.49	2.46	4.38	-2.14	-3.65	0.81	0.75	1.39	-4.72	
Difference			0.04	0.15	0.54	0.49	0.51	N/A	N/A	N/A	N/A	0.14	
Loomis Sayles Multisector Full Discretion (CF)	105,320,968	4.55	-1.46	-1.01	2.37	4.98	-1.82	-0.56	2.49	3.48	3.14	5.29	10/01/2007
Bloomberg Gbl Agg Bond Index			-1.95	-1.52	1.44	6.05	-4.48	-4.68	-1.17	-0.49	0.08	1.72	
Difference			0.49	0.51	0.93	-1.07	2.66	4.12	3.66	3.97	3.06	3.57	
Schroder Flexible Secured Income Fund	108,085,709	4.66	0.00	3.40	4.94	4.93	N/A	N/A	N/A	N/A	N/A	4.93	10/01/2022
SOFR+1.75%			0.57	1.12	2.70	4.08	5.33	3.00	3.27	N/A	N/A	4.08	
Difference			-0.57	2.28	2.24	0.85	N/A	N/A	N/A	N/A	N/A	0.85	
SOFR+5%			0.83	1.65	4.05	6.28	8.69	6.29	6.57	N/A	N/A	6.28	
Difference			-0.83	1.75	0.89	-1.35	N/A	N/A	N/A	N/A	N/A	-1.35	

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City of Jacksonville Employees' Retirement System
Asset Allocation & Performance (Net of Fees)

As of May 31, 2023

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Real Estate													
Harrison Street Core Property (CF)	132,981,888	5.74	0.00	-0.47	-1.18	0.96	7.20	7.38	7.14	7.72	N/A	7.60	11/01/2015
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	-3.38	-8.37	-3.91	7.46	6.56	6.75	8.47	6.92	
Difference			0.00	-0.47	2.20	9.33	11.11	-0.08	0.58	0.97	N/A	0.68	
PGIM Real Estate PRISA II (CF)	72,592,919	3.13	0.00	-2.36	-8.64	-7.77	-3.77	7.55	7.04	7.37	N/A	8.24	01/01/2015
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	-3.38	-8.37	-3.91	7.46	6.56	6.75	8.47	7.48	
Difference			0.00	-2.36	-5.26	0.60	0.14	0.09	0.48	0.62	N/A	0.76	
Principal US Property (CF)	154,429,488	6.66	-0.19	0.08	-3.09	-9.10	-8.39	7.79	6.75	7.33	N/A	8.63	01/01/2014
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	-3.38	-8.37	-3.91	7.46	6.56	6.75	8.47	7.90	
Difference			-0.19	0.08	0.29	-0.73	-4.48	0.33	0.19	0.58	N/A	0.73	
UBS Trumbull Property (CF)	68,618,094	2.96	0.00	-7.23	-12.22	-12.37	-8.97	2.53	1.83	2.88	5.16	4.60	12/01/2005
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	-3.38	-8.37	-3.91	7.46	6.56	6.75	8.47	6.27	
Difference			0.00	-7.23	-8.84	-4.00	-5.06	-4.93	-4.73	-3.87	-3.31	-1.67	
Vanguard RE Idx;ETF (VNQ)	1,112,735	0.05	-3.96	-3.65	-2.06	2.17	-15.86	4.78	4.07	3.25	5.22	10.47	12/01/2008
Custom REITs Index			-3.97	-3.70	-1.93	2.33	-15.72	4.94	4.32	3.66	5.60	11.18	
Difference			0.01	0.05	-0.13	-0.16	-0.14	-0.16	-0.25	-0.41	-0.38	-0.71	
Abacus Multi-Family Partners Fund VI (CF)	673,277	0.03	-11.86	-28.93	-28.93	-28.93	N/A	N/A	N/A	N/A	N/A	-28.93	10/01/2022
NCREIF ODCE Index (AWA)(Net) +2%			0.17	0.33	-2.58	-7.15	-1.99	9.61	8.69	8.89	10.64	-7.15	
Difference			-12.03	-29.26	-26.35	-21.78	N/A	N/A	N/A	N/A	N/A	-21.78	
H.I.G. Realty Fund IV (CF)	18,829,231	0.81	2.81	7.57	7.57	12.12	20.14	N/A	N/A	N/A	N/A	N/A	01/01/2022
NCREIF ODCE Index (AWA)(Net) +2%			0.17	0.33	-2.58	-7.15	-1.99	9.61	8.69	8.89	10.64	4.11	
Difference			2.64	7.24	10.15	19.27	22.13	N/A	N/A	N/A	N/A	N/A	
Bell Value-Add Fund VII (CF)	124,923	0.01	0.01	0.01	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.01	04/01/2023
NCREIF ODCE Index (AWA) (Net) (Monthly)+2%			0.17	0.33	-2.58	-7.15	-1.99	9.61	8.69	8.89	10.64	0.33	
Difference			-0.16	-0.32	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-0.32	

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City of Jacksonville Employees' Retirement System
 Asset Allocation & Performance (Net of Fees)

As of May 31, 2023

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Diversifying Assets													
Hancock Timberland (SA)	736,126	0.03	0.00	-10.67	-10.46	-15.53	22.74	20.73	12.92	11.66	9.96	6.40	10/01/2006
NCREIF Timberland Index			0.00	0.00	1.75	6.72	11.31	8.09	5.54	5.02	5.82	5.83	
Difference			0.00	-10.67	-12.21	-22.25	11.43	12.64	7.38	6.64	4.14	0.57	
Adams Street Private Equity (SA)	61,854,169	2.67	0.00	0.57	6.20	3.84	5.61	N/A	N/A	N/A	N/A	28.46	11/01/2020
S&P 500 Index+3%			0.68	2.51	11.01	20.29	6.01	16.31	14.34	15.77	15.35	15.07	
Difference			-0.68	-1.94	-4.81	-16.45	-0.40	N/A	N/A	N/A	N/A	13.39	
Hamilton Lane Private Credit (SA)	48,251,388	2.08	1.39	1.58	2.34	2.66	2.13	N/A	N/A	N/A	N/A	-1.41	04/01/2021
ICE BofAML Gbl Hi Yld Index +2%			-1.18	-0.02	4.09	11.91	1.73	3.45	3.84	5.50	5.21	-2.41	
Difference			2.57	1.60	-1.75	-9.25	0.40	N/A	N/A	N/A	N/A	1.00	
Dreyfus Gvt Csh Mgt;Inst (DGCXX)	1,337,279	0.06	0.49	0.86	1.97	2.87	3.32	1.32	1.56	1.36	0.99	1.40	04/01/2001
FTSE 3 Mo T-Bill Index			0.42	0.82	1.95	2.85	3.38	1.19	1.51	1.31	0.93	1.38	
Difference			0.07	0.04	0.02	0.02	-0.06	0.13	0.05	0.05	0.06	0.02	

Private equity funds tend to underperform in the early stages of their maturity; returns tend to improve as funds mature.

Market values and performance shown are preliminary and subject to change. Performance shown is net of fees and is annualized for periods greater than one year. Allocations may not sum up to 100% due to the exclusion of managers in liquidation. Please see the addendum for custom benchmark definitions. Fiscal year for the COJ ends 09/30. Performance for Harrison Street Core Property, LP, H.I.G Realty Fund IV (CF), PGIM Real Estate PRISA II LP (CF), UBS Trumbull Property (CF), NCREIF ODCE Index (AWA) (Net), NCREIF Timberland Index, Adams Street, LP, and Abacus Multi-Family Partners Fund VI (CF) is available quarterly; interim months assume a 0.00% return. Market Values for Abacus Multi-Family Partners Fund VI (CF), Adams Street, LP, H.I.G Realty Fund IV (CF), and Hamilton Lane Private Credit are preliminary. Asset Valuations for Real Estate and Diversifying Assets are lagged/unlagged as reported by the System's book of record, BNY Mellon. During 05/2023, Wellington US Large Cap Value (SA) was funded.

Performance Related Comments:

- Performance is annualized for periods greater than one year.
- Performance and market values shown are preliminary and subject to change.
- The inception date shown indicates the first full month of performance following initial funding.
- The market value shown for the Transition Account includes residual assets from terminated managers held across three transition accounts, BNYM Transition, Loop Cap Transition, and JXP Transition accounts.
- RVK began monitoring the assets of the City of Jacksonville Retirement System on 01/01/2019. Prior historical data was provided by the custodian and previous consultant.

Custom Composite Benchmark Comments:

- **Total Fund Policy Index:** The passive Total Fund Policy Index is calculated monthly and currently consists of 30% Russell 3000 Index, 23% MSCI ACW Ex US Index (USD) (Net), 20% Fixed Income Index, 15% Real Estate Index, and 12% Diversifying Assets Index.
- **US Equity Index:** The passive US Equity Index consists of 100% DJ US TSM Index through 06/2009 and 100% Russell 3000 Index thereafter.
- **International Equity Index:** The passive International Equity Index consists of 100% MSCI EAFE Index (USD) (Gross) through 01/2011 and 100% MSCI ACW Ex US Index (USD) (Net) thereafter.
- **Fixed Income Index:** The passive Fixed Income Index consists of 100% Bloomberg US Agg Bond Index through 10/2017 and 100% Bloomberg US Universal Bond Index thereafter.
- **Real Estate Index:** The active Real Estate Index is calculated monthly using beginning of month investment weights applied to each corresponding primary benchmark return.
- **Diversifying Assets Index:** The active Diversifying Assets Index is calculated monthly using beginning of month investment weights applied to each corresponding primary benchmark return. Prior to 10/01/2020, the Diversifying Assets Index consists of 67% S&P MLP Index (TR)/33% NCREIF Timberland Index. Prior to 11/01/2017, the Diversifying Assets Index consists 50% S&P MLP Index (TR)/50% NCREIF Timberland Index.

Custom Manager Benchmark Comments:

- **Baillie Gifford Index:** The passive Baillie Gifford Index consists of 100% MSCI EAFE Grth Index (USD) (Net) through 10/2017 and 100% MSCI ACW Ex US Grth Index (USD) (Net) thereafter.
- **Baillie Gifford Spliced Index:** The passive Baillie Gifford Spliced Index consists of 100% MSCI EAFE Index (USD) (Net) through 11/2019 and 100% MSCI ACW Ex US Index (USD) (Net) thereafter.
- **Custom REITs Index:** The passive Custom REITs Index consists of 100% MSCI US REIT Index (USD) (Gross) through 01/2019 and 100% Vanguard Spl Real Estate Index thereafter.
- **Vanguard Spliced Real Estate Index:** The Vanguard Spl Real Estate Index consists of MSCI US REIT Index (USD) (Gross) adjusted to include a 2% cash position (Lipper Money Market Average) through 04/30/2009, MSCI US REIT Index (USD) (Gross) through 01/31/2018, MSCI US IM Real Estate 25/50 Transition Index through 07/24/2018, and MSCI US IM Real Estate 25/50 Index (Gross) thereafter.

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June 2023

Real Estate Updates & Recommendations

City of Jacksonville Employees' Retirement System



Today's Agenda

1. Market Update
2. Real Estate Allocations & Core Recommendations
3. Core Fund Manager Review
4. Non-Core Investment Recommendation
5. Appendix

Market Update



Real Estate Trends Tracker

ODCE Return Trends

- The last three years have seen highs and lows for real estate returns.
- Property type selection has been a significant driver of performance as office properties have continued to see deteriorating fundamentals and global supply chain disruptions have increased demand for industrial assets.

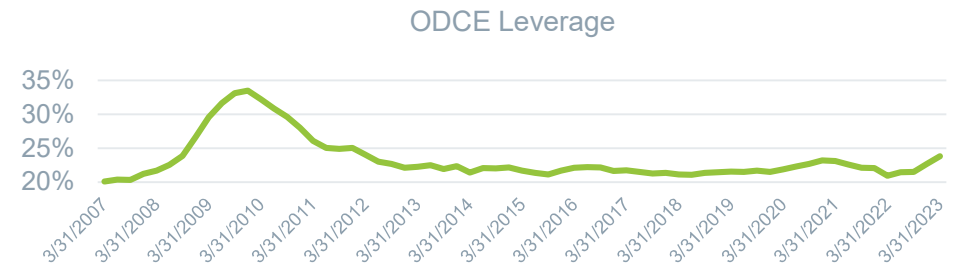
ODCE Return Trends – (As of 3/31/23)

Top Returns	Quarter	Return	Bottom Returns	Quarter	Return
1	12/31/2021	7.97%	1	3/31/2009	-13.69%
2	3/31/2022	7.37%	2	12/31/2008	-10.94%
3	9/30/2021	6.63%	3	6/30/2009	-9.03%
4	12/31/1978	6.44%	4	9/30/2009	-7.32%
5	6/30/1979	6.14%	5	12/31/2022	-4.97%

Leverage

- The lending market has tightened significantly over the past year as the Fed has raised rates to curb inflation.
- Overall ODCE leverage has increased from 21%-24% over the past 5 quarters primarily driven by negative appreciation.
- During the GFC, it took leverage about two years to peak.

NFI-ODCE Leverage Trends



Cap Rates

- Cap rates remain below historical average levels; however, we have seen cap rate expansion over the last nine months.
- These increases are on lower-than-average deal volume as the transaction markets have slowed significantly in recent quarters.
- Cap rates tend to adjust more slowly than treasury yields and as treasury rates have increased, real estate yields have become less attractive on a relative basis.

Cap Rate Spread to 10-year UST



Source: RCA

Core and Core Plus Fund Redemption Queues

Open End Fund Queues

Fund Name	Exit Queue (\$M)	Entry Queue (\$M)	Net Queue % of Gross Asset Value
Harrison Street Core Property	705	18	-5.0%
PGIM Real Estate PRISA II	1,342	0	-7.8%
Principal US Property Account	1,066	569	-3.8%
UBS Trumbull Property	6,971	0	-44%

- Queues continued to increase as stress continued to mount on certain property types and the debt markets due to the most recent issues surrounding regional banks.
- The queue for UBS remains substantial. UBS did not return any capital in the first quarter of 2023.

Real Estate Allocations & Core Recommendations

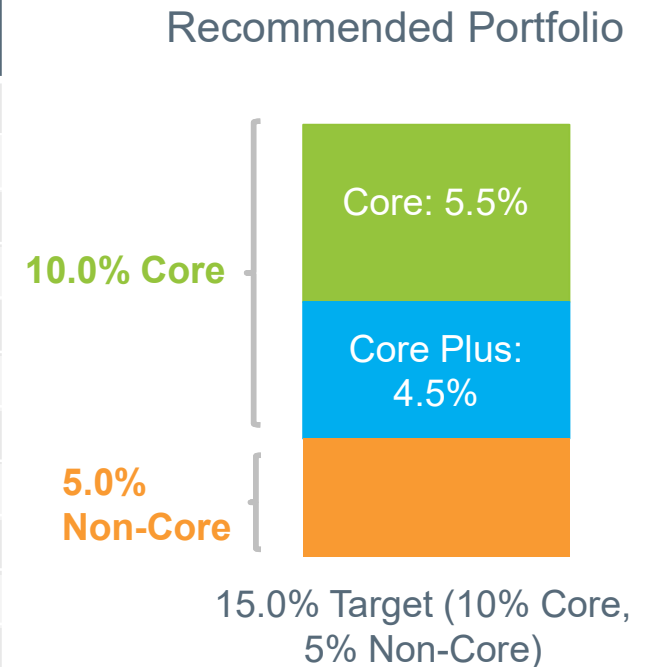


Market Summary & Recommendation

- One of RVK's goals today is to provide an overview of the market environment and discuss a multi-phase rebalancing approach designed to reduce the overall "Core" real estate allocation to target while allowing for flexibility and responsiveness to allow the redemption process to occur.
- **State of the Markets:**
 - Challenging capital markets environment
 - Public market volatility
 - Liquidity constraints
 - Depressed transaction volumes
- **RVK proposes a multi-phase approach for improved flexibility as the City seeks to move closer towards the real estate targets:**
 - We believe our proposed process will allow COJ Staff and RVK to manage the return of capital process from the open-ended funds over time while monitoring the redemption process, in addition to allowing for time for potential recovery in public markets values which would reduce the impact of the denominator effect.
 - Phase 1 – Comprehensive
 - Phase 2 – Targeted
 - Phase 3 – Completion
- Specifically, RVK recommends the Board approve the approach to the "**Multi-Phase Core Redemption Plan**" outlined herein in order to **reduce overall exposure over time** to Core Real Estate and achieve the City's long-term target of **10.0%**.

Core Real Estate Recommendations: Overview

Fund Name	Sector	Recommendation	Recommended Allocation (Current)
Harrison Street Core Property	Niche Core	To be Reduced	3.00% (5.77%)
PGIM Real Estate PRISA II	Core Plus	To be Reduced	2.50% (3.21%)
Principal US Property Account	Core	To be Reduced	2.50% (6.66%)
UBS Trumbull Property	Core	In Redemption	0.00% (3.22%)
Future Fund Allocation	Core Plus	Future Discussion	2.00% (0.00%)
Vanguard RE Idx; ETF (VNQ)	REIT	Build in Flexibility	0.00% (0.05%)
H.I.G. Realty Fund IV	Non-Core	In Investment Period	(0.66%)
Abacus Fund VI	Non-Core	In Investment Period	(0.04%)
Hammes Partners Fund IV	Non-Core	In Investment Period	(0.00%)
Bell Fund VII	Non-Core	In Investment Period	(0.01%)
Future Non-Core Commitments	Non-Core	\$20M commitments	5.00%
Total			15.00% (19.62%)



Commitment Schedule

Vintage	Core	Non-Core	Number of Non-Core Commitments
2023	Reduce	\$20M	1-2
2024	Reduce	\$20M	1-2
2025	Reduce	\$20M	1-2

Strategic Plan

- Realign allocations within Real Estate as non-core recommendations are approved, and capital is called down and redeemed from open-ended funds
- Initiate open-end fund redemption process, given meaningful overweight
- Look to address any relative sector weights/tilts as capital is called

Multi-Phase Core Redemption Plan: Tranche Details

- **RVK's target recommendations were created by evaluating the current and near-term environment, demographic tailwinds supporting property sectors, overlap of target sectors from existing managers, and anticipated sector allocations from the portfolio's non-core strategies.**
- **Phase 1: Comprehensive (2023)**
 - Submit redemption requests to open-ended fund managers, targeting a reduction in overweight by 1.0% to 2.0%
 - Excludes UBS TPF until management fee incentive holiday expires (Q1 2024)
 - Timeline to start receiving capital back has been extended in the current environment
- **Phase 2: Targeted (2024/2025)**
 - Submit redemption requests to UBS TPF
 - Submit additional redemption requests contingent upon:
 - Capital received
 - Capital markets
 - Sector allocations across core and non-core portfolio
- **Phase 3: Completion (2025 & Beyond)**
 - Evaluate the current real estate portfolio in relation to the total portfolio
 - Submit necessary redemption or subscription requests to targets

Core Fund Manager Review



City of Jacksonville Fund Updates

Harrison Street Core Property Fund:

- **Core Strategy:** Demographically supported sectors – Education, Healthcare, Life Sciences, and Storage (“EHLS”).
- Robust performance; complementary property sectors
- COVID-19 challenges abating

PGIM PRISA II:

- **Core Plus Strategy:** Primarily traditional property sectors – Industrial, Office, Residential, and Retail with an increasing allocation to “Alternatives.” The fund also has the ability and uses more leverage than traditional core funds.

Principal USPA:

- **Core Strategy:** Traditional property sectors – Industrial, Office, Residential, and Retail.
- **PM Departure** – Meighan Phillips, Co-Lead Portfolio Manager of USPA is leaving Principal on June 30, 2023, to pursue a management opportunity with a local multifamily developer and operator. Her position was filled by an experienced internal professional while others will step in to assist in the transition. RVK does not anticipate a material impact from these personnel changes but will continue to monitor the situation closely.

UBS Trumbull Property Fund:

- **Core Strategy:** Traditional property sectors – Industrial, Office, Residential, and Retail.
- **Non-Strategic Asset (“NSA”) Portfolio:** At the end of the first quarter, ~\$267M of assets remained in the NSA with expectations of completion of sale by the end of 2023. The fund’s redemption pool remains elevated at ~\$7.0 billion which will require their team to look to sell assets from their **Diversified Core** portfolio.

Non-Core Investment Recommendation: Ares Real Estate Opportunity Fund IV



Non-Core Real Estate Recommendation Summary

- In 2019, the Board approved new asset allocation targets to several private market asset classes, including a **5% target to Non-Core Real Estate**.
- In order to achieve the target allocation by 2026, our updated 2023 pacing analysis suggests the City should target **approximately \$20 million in annual commitments** to the asset class, with some flexibility, **across one to two investment options a year over the next several years**.
- The purpose of the presentation today is to bring forward RVK's first 2023 Non-Core Real Estate fund recommendation to the City, **Ares Real Estate Partners Opportunity Fund IV ("AREOF IV")**, a diversified opportunistic real estate fund and an RVK top idea. Specifically, RVK recommends the City commit up to **\$15M to AROEF IV**.
- A commitment of **\$15M to AROEF IV** will work towards meeting the City's 2023 target commitment goal. RVK expects to likely bring one more Non-Core Real Estate recommendation forward later this year for Board consideration.
- RVK remains focused on identifying complementary, non-traditional/niche sector, strategies with tailwinds supported by demand drivers that are delinked from economic cyclicalities (e.g., healthcare, housing, and/or storage-related strategies). We believe the **AREOF IV** investment strategy will directly contribute to meeting these goals.
- Details on the **AREOF IV** strategy, the organization, and its real estate team can be found on subsequent slides.

Ares Real Estate Opportunities Fund IV: Snapshot

Target Size	Target: \$3.0 Billion	Target Return	15-17% Net IRR
Term	8 Years, plus two 1-year extensions The Fund has a 3-year investment period from final close	Fees	1.0% mgmt. fee on uncalled committed capital during the investment period. Then 1.5% on invested capital afterwards; 2.5bps admin fee on invested capital, no acquisition or disposition fee. 9% preferred return; 20% carry with a 40/60 catch-up.
Investment Style	Opportunistic Real Estate	Closing Schedule	Final close in 4Q 2023

- **Overview:** Ares Management Corporation (NYSE: ARES) is a global alternative investment manager with approximately \$325 billion of AUM. Ares has approximately 2,200 employees in approximately 45 global offices. Ares operates integrated businesses across Credit, Private Equity, Real Assets, Secondary Solutions and Strategic Initiatives. Ares was built upon the fundamental principle that each group benefits from being part of the broader platform. Ares believes the synergies resulting from collaboration across the platforms provide its professionals with more informed decision-making as a result of shared industry experience, management relationships and market insights, access to significant deal flow and a broader opportunity set, and the ability to assess relative value.
- **Investment Strategy:** AREOF's strategy is a dynamic three-pronged approach designed to be flexible to capitalize on changing market conditions. The fund **1.)** Seeks to Enhance and Reposition Assets and Portfolios, **2.)** Develop Core-Quality Assets (through substantially de-risked developments in high-growth submarkets), and **3.)** Acquire Platforms and Special Situations (capitalizing on market dislocations and inefficiencies by recapping distressed transactions, pursuit of programmatic arbitrage opportunities and invest in scalable platforms).
- **Value Creation Initiatives:** Ares will leverage their informational advantages through their proprietary portfolio information and access to Ares insights into over 3,000 portfolio companies across 60 industries. Ares will proactively manage business plan execution through dedicated asset management resources including vertically integrated industrial operating platform. Finally, Ares will create deal flow through internal and external networks to source relationship-driven transactions across a range of opportunities and programmatic ventures.

Fund	Vintage	Committed Capital (\$M)	Multiple (Net)	Multiple Quartile	IRR (Net)	IRR Quartile
Fund I	2012	730	1.4x	Q2	11%	Q2
Fund II	2015	1,001	1.6x	Q1	26%	Q1
Fund III	2019	1,953	1.2x	Q3	19%	Q3

Fund Profile: Ares Real Estate Opportunities Fund IV

Merits

- Deep Ares resources and experience lead to more informed investment decisions from the internal ecosystem of knowledge and experience sharing.
- Dynamic investment approach that seeks to take advantage of attractive opportunities in an increasingly dislocated market.
- NNN Lease structures allow for predictable durable cash flows to mitigate inflationary rate and cost pressures.
- The investment strategy emphasizes trends in a post-COVID environment while also looks to invest in demographically supported sectors with viable tailwinds.

Considerations

- The strategy utilizes a higher degree of leverage relative to other non-core strategies but is in-line with opportunistic strategies.
- Opportunistic strategies are further out on the risk-reward spectrum.
- A relatively small GP commitment of \$50M compared to the fund target size (less than 2%).
- Increasing competition in the market for attractively priced distressed deals.

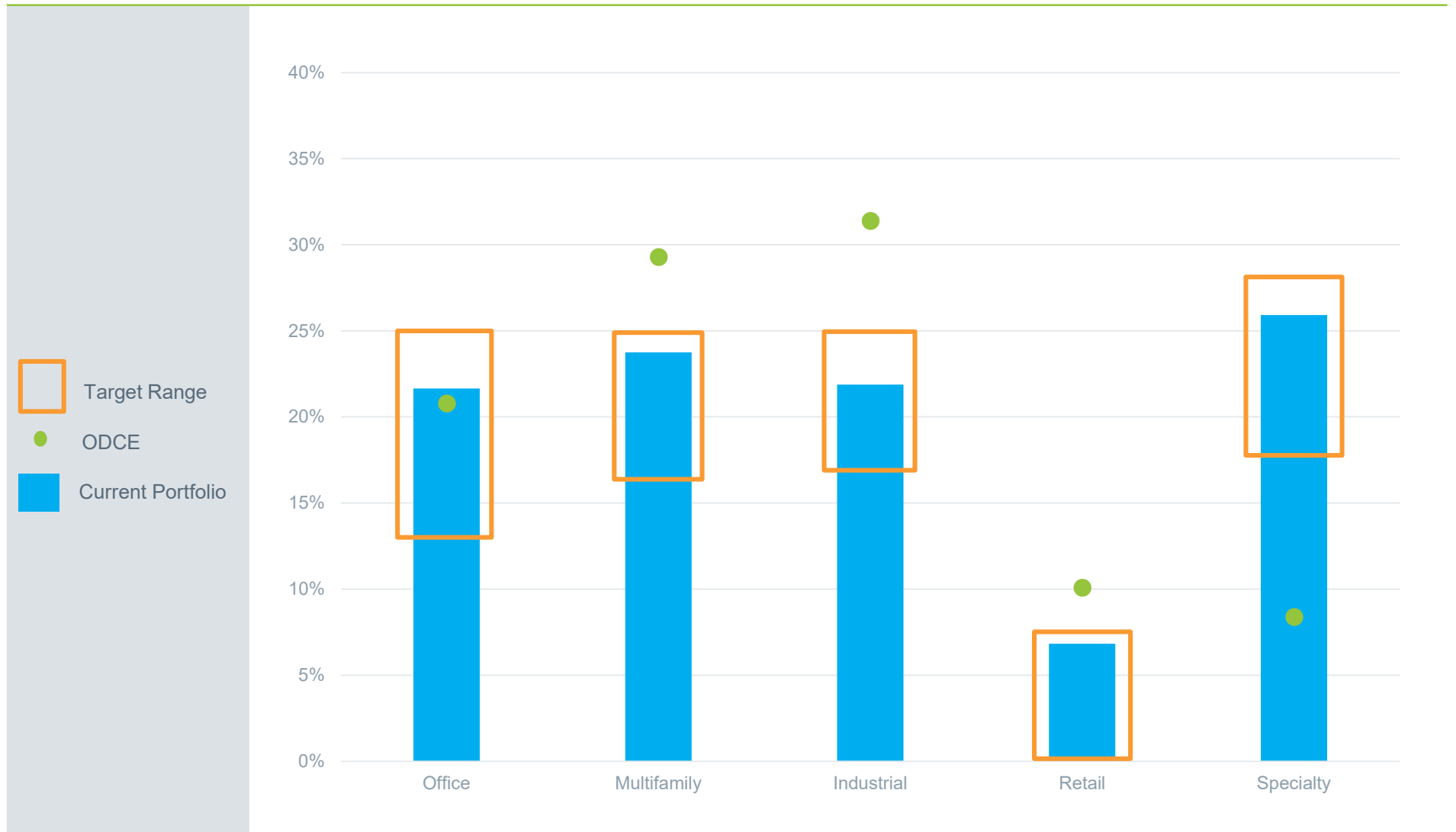
AREOF IV: Key Question & Answers

- **What's the Role of AREOF IV?:** Serves as an attractive, complementary investment for the COJ's Non-Core Real Estate program. It provides the COJ exposure to a diversified, nimble opportunistic strategy with extremely favorable dynamics, inclusive of an undersupplied U.S. housing market, demographic growth, and rising renter propensity. Further, target sectors such as residential and its adjacent sectors have historically been durable and defensive sectors during periods of increased volatility.
- **Why AREOF IV?:** RVK views Ares' platform of integrated business units and strategy very favorably compared to peers in the space. The strategy will continue to build on Ares' attractive investment track record of success by deploying their dynamic three-pronged approach which is designed to be flexible to capitalize on changing market conditions in target markets across the U.S. while seeking to generate attractive total returns through value-enhancement and development strategies.
- **How does the COJ Benefit?:** An investment in AREOF IV will contribute towards the COJ's build-out of its Non-Core Real Estate allocation and help better align the Fund with its long-term policy targets. Our goal with non-core real estate, in general, is to offer the Portfolio the ability to generate attractive long-term risk-adjusted returns, with low correlations to public markets and traditional asset classes.
- **What is the Expected Time Horizon?:** We expect the life of the Fund to run approximately eight years with the possibility of two, one-year extensions. The AREOF team will have three years to deploy capital from the final closing date. A period of asset "harvesting" will follow over the subsequent five years where the AREOF team will focus on maximizing asset value, exiting its investments, and realizing profits, which will be returned to investors over time.
- **How Will Capital Calls be Funded?:** Capital calls will be sourced via overweight investments in public market allocations, which are highly liquid. RVK and Staff will use existing targets to guide the rebalancing process over time.

Appendix A – Relative Weights & Targets

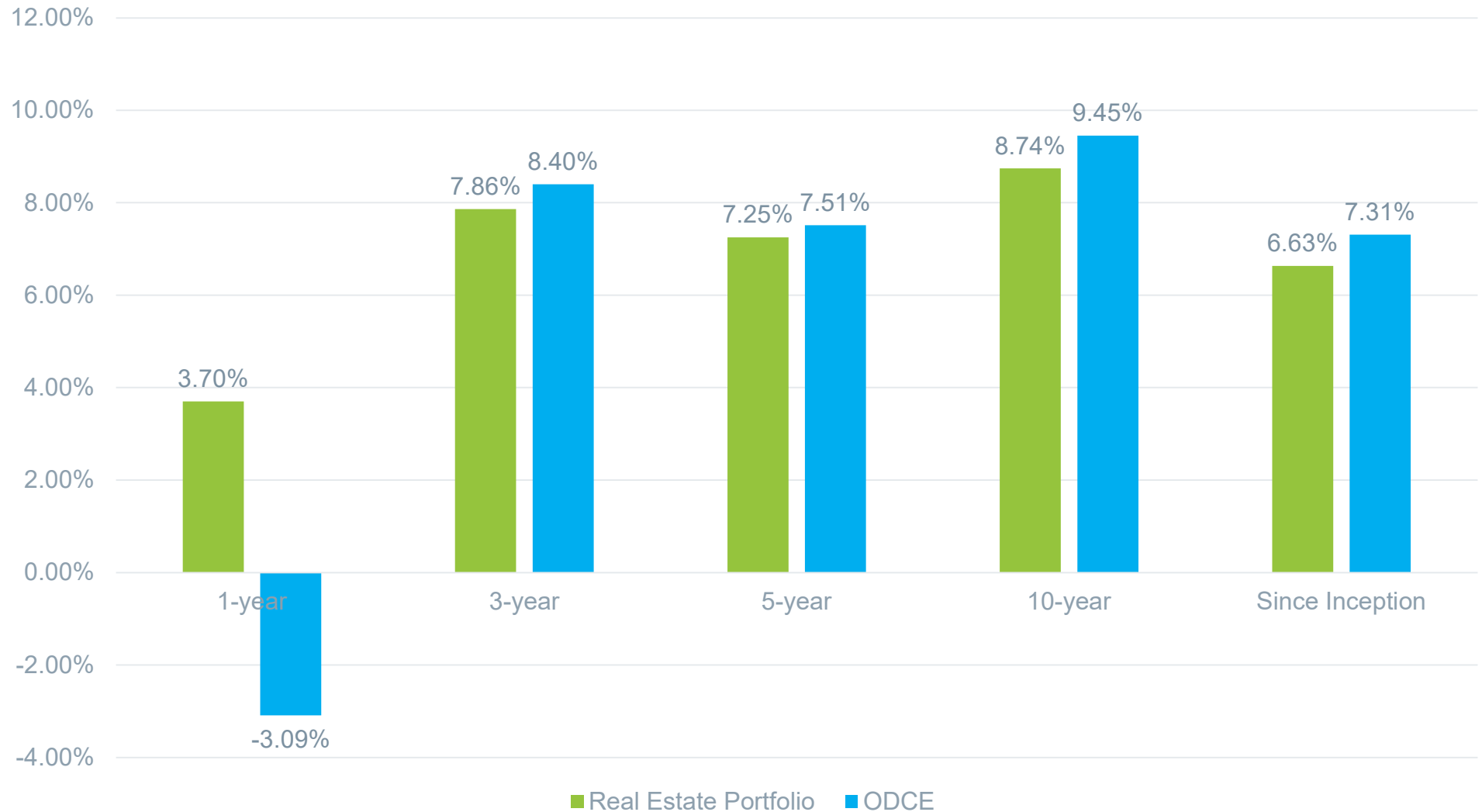


Portfolio Diversification Targets



Portfolio Returns vs. NFI-ODCE

Gross Returns



Appendix B – Pacing Analysis



Non-Core Real Estate Pacing Recommendation Summary

Refresher

1 Current Plan Statistics (as of November 30, 2022)

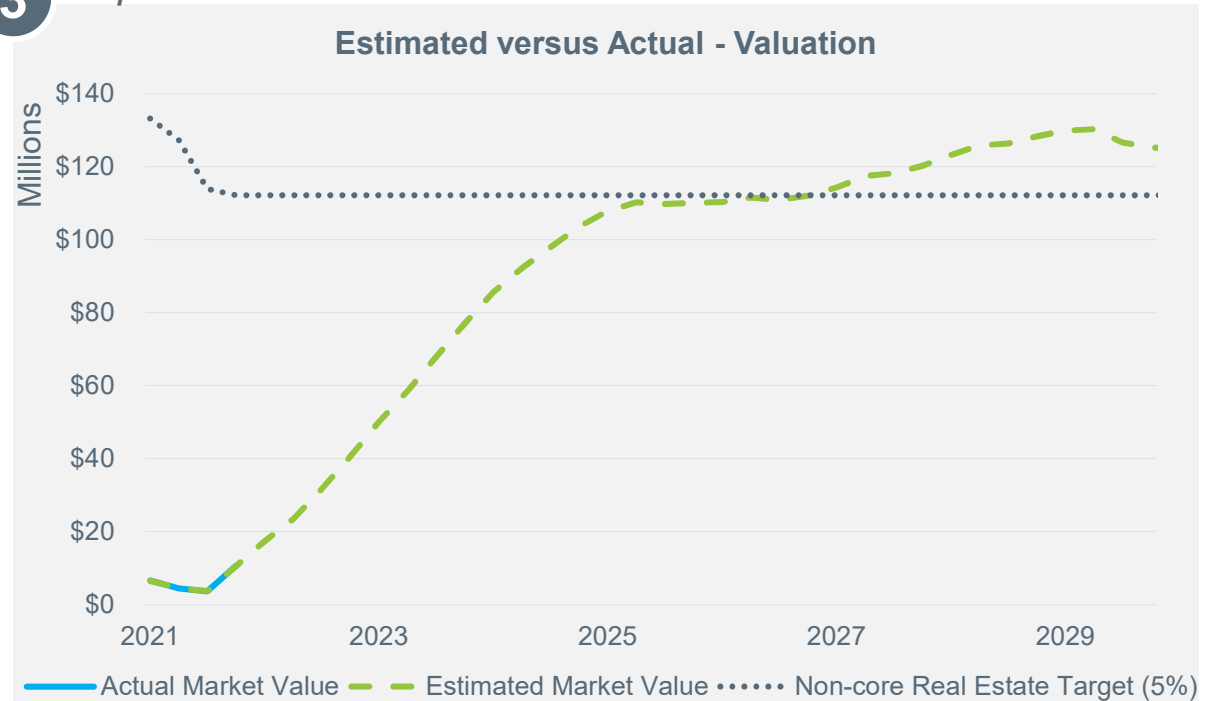
Total plan size	\$2.24 billion
Current non-core real estate target	5.0%
Current non-core real estate allocation	0.5%
Expected plan growth rate	Approximately 0%

2 Recommendation

Year	Commitments
2023	\$20 million
2024	\$20 million
2025	\$20 million
2026	\$20 million
2027	\$20 million

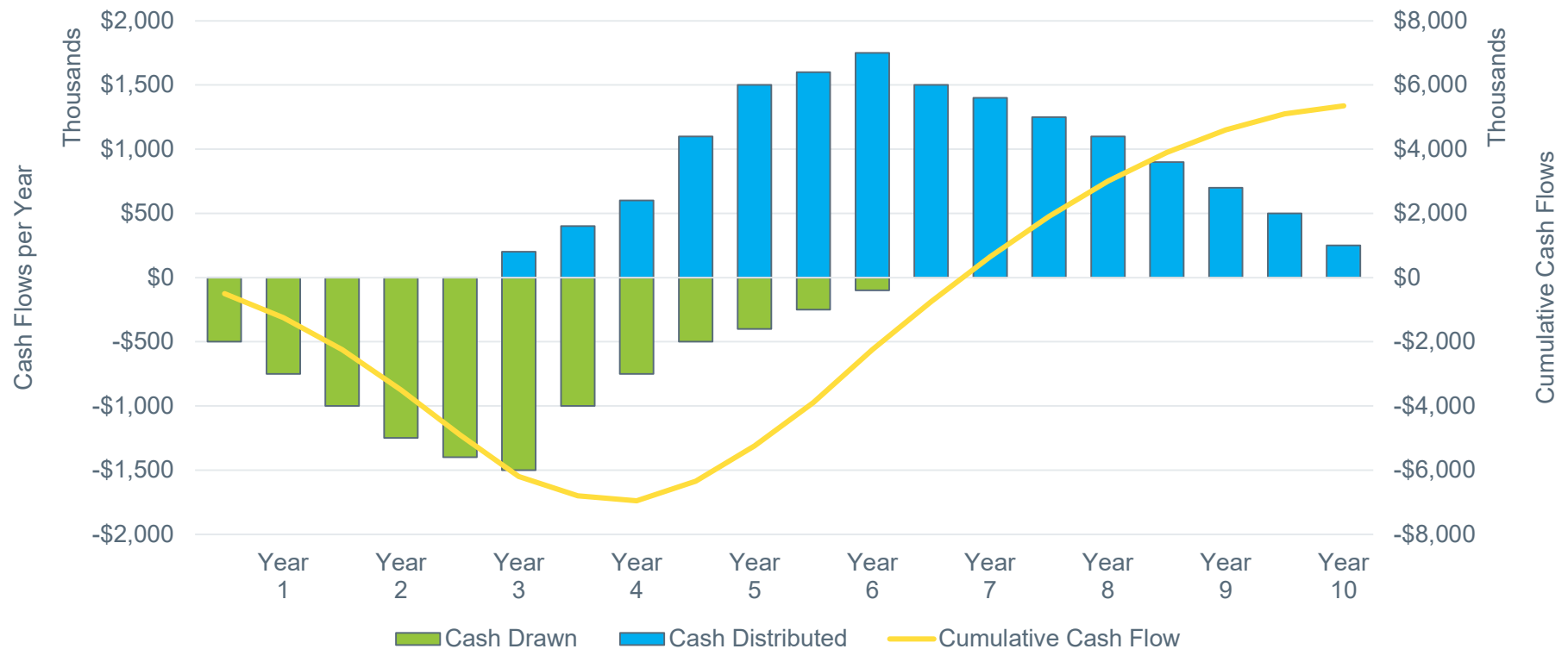
RVK recommends 2023 commitments of \$20 million to achieve the target allocation.

3 Expected Results



Non-Core Fund Lifecycle

- Non-core funds typically have a fixed term with two possible one-year extensions
- The fund's investment period is generally around three to four years.
 - This is the time when a fund actively seeks out and invests in new opportunities.
- Most of the capital will be drawn and most of the management fees and expenses will also be paid during the investment period.



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Ares U.S. Real Estate Opportunity Fund IV, L.P. (“AREOF IV”)
A Dynamic and Cycle-Tested Strategy

Prepared for City of Jacksonville Retirement System
June 2023

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REF: RE-03588

Disclaimer (continued)

Coronavirus and Public Health Emergency Risks

The outbreak of a novel and highly contagious form of coronavirus (“COVID-19”), which the World Health Organization has declared to constitute a pandemic, has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on energy, transportation, hospitality, tourism, entertainment and other industries. The impact of COVID-19 has led to significant volatility and declines in the global financial markets and oil prices and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. Any public health emergency, including any outbreak of COVID-19 or other existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on the core holdings referenced herein, the value of the investments and the portfolio companies. The information herein is as of the date referenced, and the effects, directly and indirectly, resulting from COVID-19 may not be fully reflected in such information as the situation is particularly uncertain and difficult to predict.

Ares Attendees



Andrew Holm

Mr. Holm is a Partner and Co-Head of U.S. Investments in Ares Real Estate, where he serves as a Co-Portfolio Manager of the U.S. opportunity funds and leads the group's equity investment activities across the Northeastern and Mid-Atlantic U.S. Additionally, he serves as a member of the Ares Real Estate Global and U.S. Development and Redevelopment Fund II Investment Committees and the Real Estate Debt Investment Committee. Prior to joining Ares in 2013, Mr. Holm was a Principal at AREA Property Partners, where he focused on sourcing and executing real estate investments across asset classes for AREA's equity and mezzanine debt businesses. Previously, he was an Analyst at Lazard in the real estate investment banking group. Mr. Holm serves on the Board of Trustees of the Ethical Culture Fieldston School. Mr. Holm holds a B.A., summa cum laude, from Harvard College in Government.



William Lee

Mr. Lee is a Principal and Relationship Manager in the Ares Global Client Solutions Group, where he focuses on institutional client management in North America. Prior to joining Ares in 2019, Mr. Lee was a Vice President in the Institutional Business Development Group at Neuberger Berman, where he focused on corporations, insurance, endowments and foundations. Previously, Mr. Lee was an Investment Consultant at RVK and Cambridge Associates, where he worked with a variety of clients including corporations, government entities, endowments and foundations. His responsibilities included developing investment policy statements, asset allocation studies, developing and implementing asset class manager structure, conducting investment manager searches and ongoing investment manager due diligence. Mr. Lee holds a B.S. from Miami University in Finance. He is a CFA® charterholder.

Ares Management

» With approximately \$360 billion in assets under management, Ares Management Corporation is a global alternative investment manager operating an integrated platform across five business groups

Profile

Founded	1997
AUM	\$360bn
Employees	~2,615
Investment Professionals	~905
Global Offices	30+
Direct Institutional Relationships	~1,960
Listing: NYSE - Market Capitalization	\$24.6bn ¹

Global Footprint²



The Ares Differentiators

Power of a broad and scaled platform enhancing investment capabilities

Deep management team with integrated and collaborative approach

20+ year track record of compelling risk adjusted returns through market cycles

A pioneer and leader in leveraged finance, private credit and secondaries

	Credit	Private Equity	Real Assets	Secondaries	Other Businesses
AUM	\$235.1bn	\$34.6bn	\$64.1bn	\$22.9bn	\$3.5bn
Strategies	Direct Lending	Corporate Private Equity	Real Estate Equity	Private Equity Secondaries	Ares Insurance Solutions ³
	Liquid Credit	Special Opportunities	Real Estate Debt	Real Estate Secondaries	Ares Acquisition Corporation
	Alternative Credit		Infrastructure Opportunities	Infrastructure Secondaries	
	APAC Special Situations		Infrastructure Debt	Credit Secondaries	

Note: As of March 31, 2023. AUM amounts include funds managed by Ivy Hill Asset Management, LP, a wholly owned portfolio company of Ares Capital Corporation and registered investment adviser.

Past performance is not indicative of future results.

1. As of April 26, 2023.

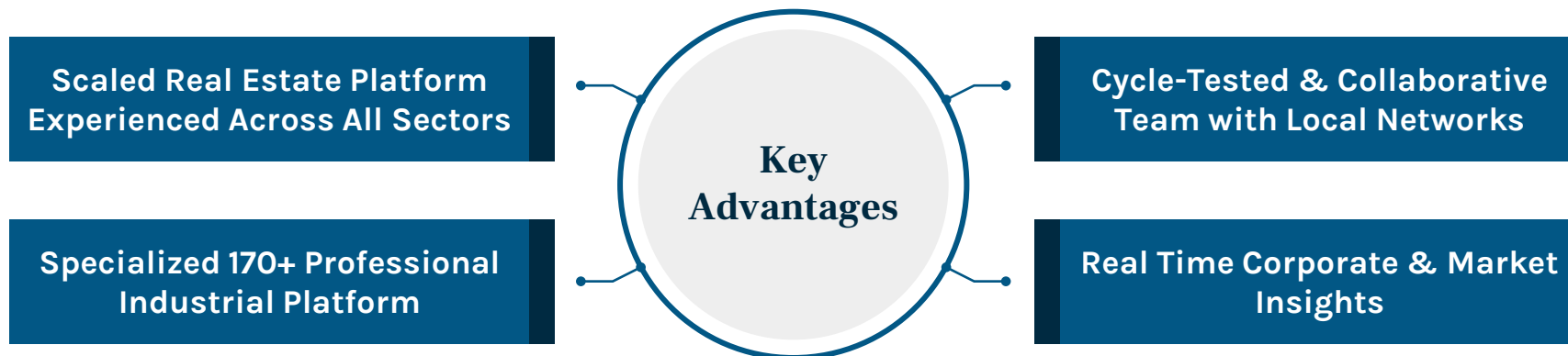
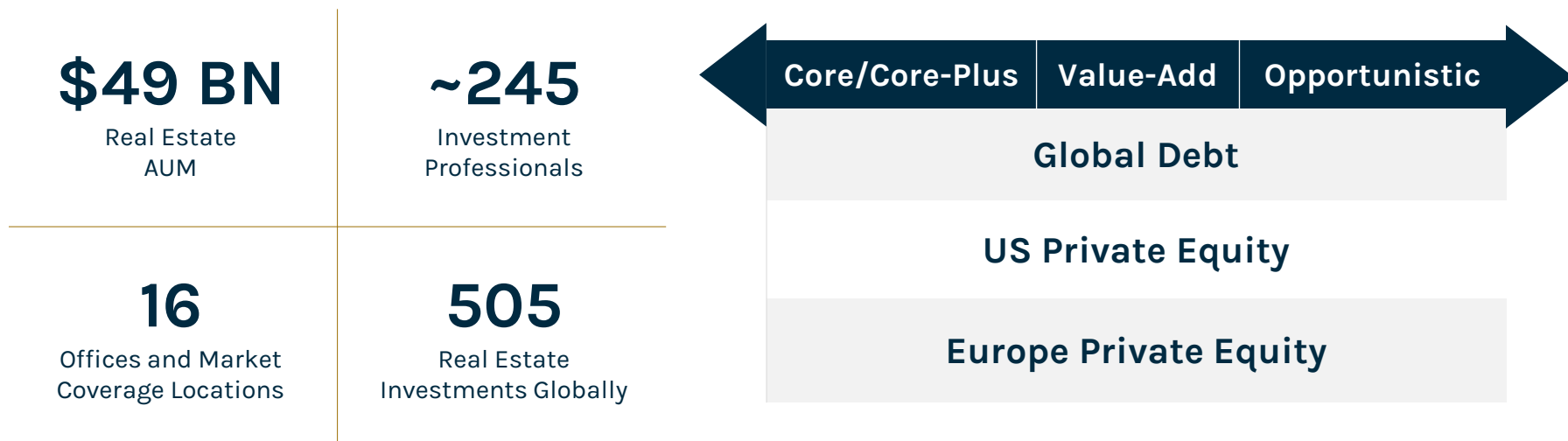
2. New Delhi office is operated by a third party with whom Ares Asia maintains an ongoing relationship relating to the sourcing, acquisition and/or management of investments.

3. AUM managed by Ares Insurance Solutions excludes assets which are sub-advised by other Ares' investment groups or invested in Ares funds and investment vehicles.



Ares Real Estate

» Global real estate investment manager with vertically integrated operating platform that seeks to generate compelling risk-adjusted performance through market cycles



As of March 31, 2023, unless otherwise noted. All investments involve risk, including loss of principal. Please refer to the fund's offering memorandum for a full description of partnership terms and for further information about the material risks of the fund discussed herein. References to risk-adjusted performance are not guarantees against loss of investment capital or value.

Large, Cycle-Tested U.S. Real Estate Equity Team

Collaborative team of over 200 real estate professionals in 12 offices with local sourcing & management and centralized business infrastructure

Ares Real Estate Global Leadership – 25 Years of Average Experience

Bill Benjamin* Partner, Global Head of RE 37 Years	Julie Solomon* Partner, Global COO 23 Years	David Roth* Partner, Co-Head of US 38 Years	Bryan Donohoe* Partner, Co-Head of US 23 Years	Jay Glaubach* Partner, Co-Head US Inv 25 Years	Andrew Holm* Partner, Co-Head US Inv 18 Years	Howard Huang* Partner, CIO Div US Equity 34 Years	
Dwight Merriman Partner, Chair of Industrial 39 Years	Dave Fazekas Partner, Head of Industrial 25 Years	Todd Farrell* Partner, Head of Multifamily Development 32 Years	Marshall Hayes* Partner, Head of US Multifamily 24 Years	JB Gerber* Partner, Head of US Debt Orig 18 Years	Wilson Lamont* Partner, Co-Head of EU 23 Years	John Ruane* Partner, Co-Head of EU 23 Years	Kevin Cahill* Partner, Head of EU Inv 19 Years
Alastair McDonnell* Partner, Head EU Inv Ops 24 Years	Philip Moore* Partner, Head EU RE Debt 19 Years	Tae-Sik Yoon* Partner, CFO 28 Years	Elaine McKay Partner, Co-Head US Inv Op 16 Years	Scott Recknor Partner, Co-Head US Inv Op 29 Years	Keith Kooper Partner, Co-Gen Counsel 22 Years	Josh Widoff Partner, Co-Gen Counsel 27 Years	Daniel Taylor Partner, Prod Mgmt & IR 18 Years

U.S. Equity Investment & Asset Management Team – 42 Professionals

Sam Averbach Managing Director Los Angeles	Hewitt Engram Managing Director Atlanta	Cal NeSmith Managing Director Denver	Pat Ragin Managing Director Atlanta
Cindy True Managing Director New York	Kurt Baker Principal Atlanta	Eliot Fierberg Principal Connecticut	Jeff Haag Principal Denver
Brian Lindenberg Principal Denver	Ryan Schierberl Principal Los Angeles	Ron Wallach Principal Atlanta	Evan Baum Vice President New York
Parker Gillcash Vice President Atlanta	Gabriel Gonzales Vice President Los Angeles	Scott Hopkins Vice President Denver	Sauna Mulvihill Vice President Connecticut
Jon San Antonio Vice President Los Angeles	Forest Sonnenfeldt Vice President New York		

Sr. Associate (4) Associate (7) Analyst (13)

U.S. Industrial Investment & Asset Management – 43 Professionals

Gregg Boehm Managing Director Newport Beach	Marty Edmonson Managing Director Chicago	Enoch Hayase Managing Director Atlanta	Mace McClatchy Managing Director Dallas
Kyle O'Connor Managing Director New Jersey	Steve Young Managing Director Newport Beach	Joshua Abells Principal Seattle	Mellissa Barrett Principal Dallas
Crystal Hammer Principal Newport Beach	Lauren Huber Principal New Jersey	Mike Iozzia Principal New Jersey	Lindsay Kindlon Principal Chicago
Alicia Light Principal Newport Beach	Joel Wicks Principal Newport Beach	Nick Willenbrock Principal Denver	Chad Hall Vice President Atlanta
Alisia Kemper Vice President Atlanta	Nielsen Koepfgen Vice President Dallas	Cathleen Meyer Vice President Seattle	Ben Seliner Vice President Newport Beach
Amber Stratton Vice President New Jersey	Nick Thomas Vice President New Jersey		

Sr. Associate (5) Associate (6) Analyst (10)

30+ RE Debt Professionals



Market Foresight

40+ European RE Professionals



Credibility and Scale

150+ Industrial Platform



100+ Investment Operations



Local Sourcing and Management

23 Portfolio Management



19 IR & Data/Analytics



Centralized Investment and Business Infrastructure

20+ Legal & Tax



50+ Accounting & Reporting



50 ESG Champions



Ares U.S. Opportunistic Real Estate Track Record

» Demonstrated track record that has met or exceeded target returns across cycles

- The AREOF Series achieves a blended **gross IRR of 20% (net IRR of 14%)** as of March 31, 2023, across \$2.1 billion of invested capital^{1,2,5}
- AREOF III achieves a **gross IRR of 23%** (net IRR of 16%) at fair values as of March 31, 2022, and is substantially committed to approximately \$1.6 billion closed and in-closing investments*
- Predecessor vehicles AREOF II and AREOF have generated **~\$1.3 billion in proceeds**,⁹ representing 146% of invested equity⁹
- Larger fund sizes have **unlocked differentiated opportunities** that have been accretive to the funds
- Leverage of 63% LTV across the portfolio⁶

As of March 31, 2023 (in millions)

Vehicle	Vintage ⁷	Activity	Total Equity ⁸	Co-Invests	Main Vehicles	Invested Equity ⁹	Realized Proceeds ¹⁰	Liquidation Value ¹¹	Fair Value Returns		
									Total Value ¹²	Gross / Net IRR ^{2,3,5}	Gross / Net EM ^{2,3,5}
AREOF III	2019	Substantially Committed	\$2,226	\$529	\$1,697	\$1,182	\$433	\$1,041	\$1,473	23% / 16%	1.2x / 1.2x
AREOF II	2015	Harvesting	\$1,001	\$586	\$415	\$353	\$466	\$182	\$649	30% / 25%	1.8x / 1.7x
AREOF	2012	Fully Realized	\$730	\$211	\$518	\$546	\$847	\$0	\$847	17% / 11%	1.6x / 1.4x
Total¹			\$3,957	\$1,326	\$2,631	\$2,081	\$1,747	\$1,223	\$2,970	20% / 14%	1.4x / 1.3x

Past performance is not indicative of future results. Please refer to endnotes on pages 17-18 for detailed information regarding the methodology used to calculate the performance information in this table. Please refer to page 19 for a Summary of Vehicle Definitions. All investments involve risk, including loss of principal. *Invested and Committed Equity includes amounts that are committed to investments where future fundings may be subject to certain conditions being met or other prerequisites. If such conditions or prerequisites are not met, committed amounts may not all be funded, and these amounts could decrease.

Ares U.S. Opportunistic Real Estate Strategy

» Dynamic investment mandate designed to capitalize on changing market conditions

1

Pursue Distressed and Special Situations

- Aim to capitalize on market dislocation and inefficiencies by recapitalizing distressed transactions, pursuing programmatic arbitrage opportunities and investing in scalable platforms



CARS



Front Yard Residential

2

Enhance and Reposition Assets and Portfolios

- Seek to improve asset quality, occupancy and rents through hands-on repositioning, renovation and/or lease-up



Texas A&M Student Housing



Ritz-Carlton Kapalua

3

Develop Core-Quality Assets

- Pursue substantially de-risked developments in high-growth submarkets of major metro areas with a focus on core product types



Southeast Multifamily

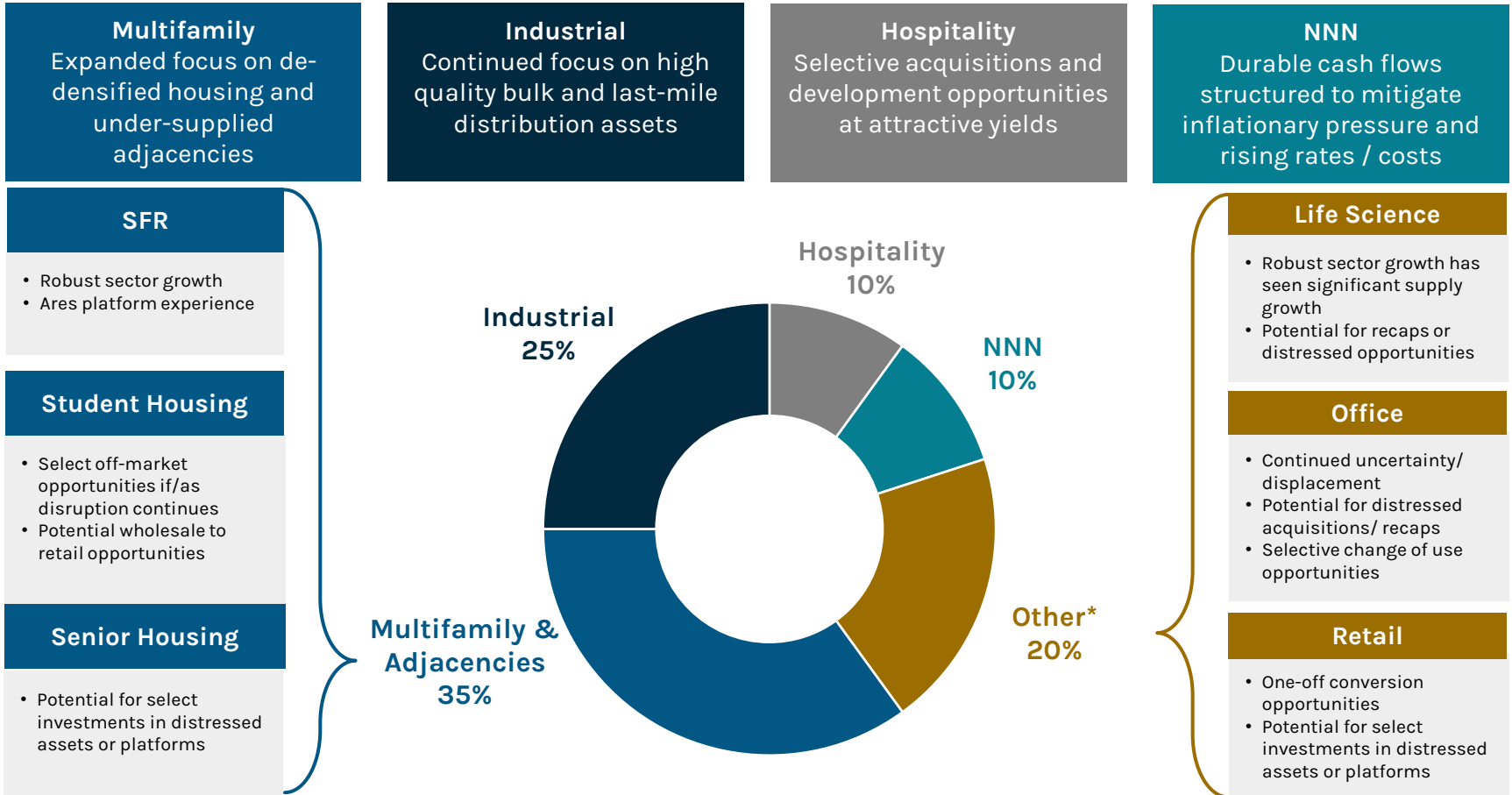


Tropical Logistics

Represents transactions previously completed by Ares Real Estate in AREOF III. Shown for illustrative purposes only. There is no guarantee or assurance investment objectives will be achieved. The examples shown here are not necessarily indicative of opportunities that may be available in the future.

AREOF IV Portfolio Construction

» AROF IV will continue the opportunistic series' legacy of dynamically allocating across property types and strategies



Based on the views of Ares Real Estate as of June 2023. Our views are subject to change at any time. There is no guarantee or assurance investment objectives will be achieved.
 *Other includes ground lease, life science, mixed-use, office, retail. Diversification does not assure profit or protect against market loss.



Case Studies

Project LaGrange Industrial Portfolio

» Programmatic industrial JV with a top-tier sponsor currently totaling 9.0 million SF across 28 properties, seeded by shovel-ready developments and build-to-suit projects



KEY METRICS

SECTOR Industrial	INITIAL INVESTMENT DATE Nov-2020
SIZE 28 properties / 9 million SF	EQUITY INVESTED⁹ \$221.9 million
LOCATION Various	SOURCING Ares Relationship

INVESTMENT THESIS

High Conviction Sector

Opportunity to develop and acquire a national portfolio of high-quality industrial assets with a national sponsor whose capital partner lost ability to fund its pipeline



Construction Risk Mitigation*

Closing of land sites for seed projects occurred simultaneously with execution of a GMP contract and senior construction loan with cost overruns and guaranty risk borne by the sponsor



Favorable Economics

Sponsor's promote fully crossed for all projects undertaken by the venture, offering Ares a level of protection from underperformance at individual projects



Top-Tier Sponsor with Robust Pipeline

Sponsor has developed over 150 projects totaling 20 million SF across 33 states and, through a robust pipeline of high-quality opportunities, has been able to grow the portfolio to 9.0m SF to date



As of March 31, 2023, unless otherwise indicated. Please refer to notes on page 24 and endnotes on pages 17-18. The following case study represents the largest industrial investment executed by AREOF III. Investments shown are for illustrative purposes only and are not representative of all fund investments made by Ares Real Estate. It should not be assumed that investments made in the future will be profitable or will equal performance of the investments discussed herein. These selected case studies are not necessarily representative of all transactions of a given type and are intended to be illustrative of some of the types of investments that Ares would make. Forward looking statements are not reliable indicators of future events and no guarantee or assurance is given that such activities will occur as expected or at all. *References to risk mitigation are not guarantees against loss of investment capital or value.

Southeast Multifamily Strategy

» Multifamily development strategy in high growth Southeast markets currently totaling 1,833 units across six projects in the Atlanta, Orlando, and South Florida MSAs



INVESTMENT THESIS

Target High Growth MSAs

Targeting affluent submarkets recognized for their proximity to strong employment and above average median incomes



Superior Quality Product

Target above average construction quality in improving submarkets. The first project will include brick construction and high-end finishes superior to competing product in the area



Attractive Development Basis

Ares is developing the assets to a yield-on-cost that represents a spread to recent trades in the market*



Substantially De-Risked Construction

Ares is partnering with experienced local developers who will assume all cost overruns and loan guaranty risk and will enter into a GMP and construction loan on each project at closing



KEY METRICS

SECTOR Multifamily	INITIAL INVESTMENT DATE Jan-2021
SIZE 1,833 Units	EQUITY INVESTED⁹ \$120.3 million
LOCATION Southeast, U.S.	SOURCING Ares Relationship

As of March 31, 2023, unless otherwise indicated. Please refer to notes on page 23 and endnotes on pages 17-18. The following case study represents the second largest multifamily investment executed by AREOF III. Investments shown are for illustrative purposes only and are not representative of all fund investments made by Ares Real Estate. It should not be assumed that investments made in the future will be profitable or will equal performance of the investments discussed herein. These selected case studies are not necessarily representative of all transactions of a given type and are intended to be illustrative of some of the types of investments that Ares would make. Forward looking statements are not reliable indicators of future events and no guarantee or assurance is given that such activities will occur as expected or at all. *Yield on Cost is NOI divided by all costs (price paid, costs, capex etc.).

A photograph of a city skyline at dusk or dawn, with several tall skyscrapers illuminated against a blue sky. The buildings have a grid-like facade of windows, some of which are lit up.

Summary of Key Terms

AREOF IV Summary of Terms¹

General Terms	
The Fund	Ares US Real Estate Opportunity Fund IV, L.P. (“AREOF IV”)
General Partner	Ares US Real Estate Opportunity Advisors IV, L.P., a Delaware limited partnership
Manager	Ares Real Estate Management Holdings, LLC
Target Fund Size	\$3.0 billion
Sponsor Commitment	\$50 million
Minimum Commitment	\$10 million from each Limited Partner; the General Partner may accept smaller commitments at its discretion
Investment Period	Three years from the final closing
Term	Eight years from the final closing, with the possibility of two consecutive one-year extensions
Maximum Leverage	From and after the Final Closing Date, aggregate investment-level debt incurred will be limited to 75% of the portfolio value of the Fund's investments based on the greater of, with respect to each investment, (a) cost of such investment or (b) fair market value of such investment
Targeted Return ²	Gross IRR of 18% to 20% and net IRR of 15% to 17%
Management Fee	1.00% on uncalled committed capital during the Investment Period; 1.50% on invested capital during and after the Investment Period
Other Fees	An administration fee of 2.5 bps on invested capital during and after the Commitment Period; no acquisition / disposition or other fees
Distributions	<p>Distributable proceeds will be distributed as follows:</p> <ul style="list-style-type: none"> i. First, 100% until it has received a 9% preferred return on all unreturned capital contributions; ii. Second, 100% until it has received a return of all capital contributions; iii. Third, 40% to each Limited Partner and 60% to the General Partner until the General Partner has received 20% of the amounts distributed as profits; and iv. Thereafter, 80% to each Limited Partner and 20% to the General Partner.

- Please refer to the Fund's Private Placement Memorandum & Supplement(s) for a full description of the partnership terms. For discussion purposes only. The above briefly summarizes certain material indicative terms and conditions and does not contain all terms and conditions that will be included in any definitive documentation for the proposed transaction and is subject to change. The above summary does not constitute a commitment, a contract to provide a commitment, or an offer to make a commitment to Ares on these or any other terms. No legally binding terms shall be created until definitive documentation is executed and delivered.
- Target returns are not a reliable indicator of future performance and no guarantee or assurance is given that such returns will be achieved or that an investment in the Fund will not result in a loss. Target returns are based on management's assumptions, which may differ from actual events or conditions, take into account anticipated use of leverage and assume the reinvestment of proceeds from asset liquidations, income, and other earnings. Target gross returns do not reflect management fees, performance fees/carried interest and other expenses. Target net returns reflect the deduction of management fees, performance fees/carried interest and other expenses.



Endnotes

Endnotes

1. The aggregated performance of AREOF, AREOF II and AREOF III reflect the aggregate fair value returns of these investment vehicles as of March 31, 2023, but such performance returns do not reflect any single investor's performance. Aggregate performance results have inherent limitations, and no representation is being made that any investor will or is likely to achieve profits similar to those shown. Given Ares did not offer a single investment vehicle that held the full interest in all of the assets of AREOF, AREOF II and AREOF III, an investor was not able to invest in these assets as presented and no individual investor has achieved the investment performance indicated herein.
2. **Gross IRR and Gross EM:** Gross IRR is an internal rate of return generally based on aggregate periodic cash flow activities made or anticipated to be made between a specific vehicle and its investment (or portfolio of investments, as applicable), including cash flows attributable to any sales, dispositions, reinvestment of proceeds, financing and/or refinancing and operating activities. Gross EM is generally the sum of proceeds received or anticipated to be received by a vehicle from its investment (or portfolio of investments, as applicable) plus the applicable value of the vehicle's investments (as further described below), divided by the aggregate dollars the vehicle invested or projects to invest in such investment (or portfolio of investments, as applicable). Notwithstanding the forgoing, Gross IRR and Gross EM figures for realized investments are calculated based on actual cash flows and are not based on projections or fair values. Gross IRRs and EMs do not reflect or include the impact of applicable management fees, performance fees or carried interest, fund level expenses, working capital, use of subscription financing and other expenses (collectively, "Fund-Level Expenses"). Gross IRR and EM figures take into account the vehicle's use of investment-level leverage.
3. **Net IRR and Net EM:** Net IRR is an internal rate of return generally based on aggregate periodic cash flow activities between a specific vehicle and its limited partners. Net EM is generally the sum of all distributions made or anticipated to be made to the limited partners of the vehicle plus the anticipated value of the vehicle's investments (as further described below), divided by the aggregate dollars contributed or projected to be contributed by the limited partners to the vehicle. Notwithstanding the forgoing, Net IRR and Net EM figures for vehicles that have realized their investment(s) are calculated based on actual cash flows. Net IRRs and EMs generally include the impact of Fund-Level Expenses. Each of AREOF, AREOF II and AREOF III utilized a credit facility during the capital raising period and for general cash management purposes. Net IRRs would be lower had AREOF, AREOF II and AREOF III called capital from limited partners instead of utilizing the credit facility. The General Partner and any of its affiliates that do not bear management fee or carried interest are excluded for purposes of calculating the Net IRR and Net EM. The net returns for AREOF reflect full management fees charged under the vehicle's governing documents and do not reflect any management fee breaks granted to limited partners. The net returns for AREOF II and AREOF III reflect the blended returns after taking into account any management fee breaks granted to limited partners, and therefore as of March 31, 2023 net returns for AREOF II based on full management fees are 26.68% (which is 0.27% lower than the blended return for AREOF II) and net returns for AREOF III based on full management fees are 36.0% (which is 1.21% lower than the blended return for AREOF III). The returns presented herein reflect the returns of the main entry point of AREOF, AREOF II, and AREOF III, as applicable, and do not reflect the return of any feeder or parallel vehicle. The return earned by investors may vary materially from those presented. The implied net asset level return is calculated by applying a fee reduction to the gross return based on the ratio between the fund's actual gross and net return and applies that ratio to the gross asset level return to derive the implied net return. Ares believes this is the appropriate approach to derive an approximate net return given Ares does not allocate expenses to specific investments.
4. **Loss Ratio:** represents Equity Invested less Realized Proceeds for all AREOF, AREOF II and AREOF III investments that have been realized at a less than 1.0x EM divided by the total equity invested by the fund as of March 31, 2023.
5. **Fair Value IRRs and EMs:** Fair Value IRRs and EMs are calculated as described in notes b and c assuming the vehicle's remaining investment (or investments, as applicable) were liquidated at fair values as of March 31, 2023 and proceeds were distributed accordingly. Fair values are based on the manager's estimates of the fair market value of any unrealized investments. The manager is responsible for the valuation policies, processes and procedures related to the fair value of real estate investments and valuations are performed quarterly on an internal basis and are reviewed by external auditors on an annual basis at year-end as part of a vehicle's annual financial audit. Fair value determinations, and particularly fair value determinations of private investments, are inherently uncertain, may fluctuate over short periods of time, and may be based on estimates. As a result, determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed and may differ materially from the values that the vehicle may ultimately realize. There can be no assurance that fair values will be achieved.
6. **Loan-to-Value ("LTV"):** Loan-to-Value is the ratio of a loan to the market value of the underlying property when stabilized, measured on a portfolio basis. LTV is based on the Fund's share of debt for invested deals as of March 31, 2023. The use of leverage magnifies the potential for gain or loss on the amount invested and may increase the risk of investments.
7. **Fund Vintage:** reflects (i) with respect to AREOF, the date of the fund's first investment because while AREOF held its initial closing in 2008, it did not commence investment activity until 2012 as a result of market conditions, and (ii) with respect to AREOF II and AREOF III, the date of initial closing of capital commitments.
8. **Vehicle Size or Equity Raised:** reflects the aggregate amount of capital committed to, in each case, AREOF, AREOF II, AREOF III and their co-investment vehicles as detailed on pages 37, 39, and 41 as of March 31, 2023.
9. **Equity Invested:** represents the amount of equity invested into investments (including reinvestment of capital) that have closed as of March 31, 2023, not including amounts attributable to any financing or refinancing.
10. **Realized Proceeds:** reflects the positive cash flow received from distributions and sale proceeds.
11. **Liquidation Value:** represents the manager's fair value marks for each investment at March 31, 2023. Fair value marks are not a reliable indicator of future performance and no guarantee or assurance is given that such proceeds or returns will be achieved or that an investment will not result in a loss.
12. **Total Value:** reflects the sum of Realized Proceeds and Liquidation Value at March 31, 2023.

Endnotes

13. **Inception Date:** means, for each Related Vehicle, the year of initial closing. With respect to AREOF and AREOF II, the Inception Date is the same as the Fund Vintage.
14. **Target Returns:** Target returns are not a reliable indicator of future performance and no guarantee or assurance is given that such that performance objectives will be achieved. Actual results may differ materially from the target returns presented herein. Any investment involves significant risk, including the loss of principal. The target returns are provided solely to evaluate the return potential and risk profile of an investment in the Fund. Target net returns are not based on modeled expectations or specific criteria and assumptions, but rather what we believe we may achieve given current market conditions, which may differ from actual events or conditions. Actual gross returns will be reduced by any applicable management fees, performance fees/carried interest and other expenses. Target net returns assume the deduction of any relevant management fees, performance fees and other expenses or transaction costs/expenses.
15. Inclusive of \$1.6 billion in commitments to AREOF IV, of which \$1.1 billion of capital has been unlocked as of March 31, 2023.

Summary of Vehicle Definitions

- **AREOF** means Ares US Real Estate Opportunity Fund, LP.
- **AREOF II** means Ares Real Estate Development and Redevelopment Fund II, LP.
- **AREOF III** means Ares US Real Estate Opportunity Fund III, LP.
- **Related Vehicles** or **Co-Investment Vehicles** means the vehicles that invest on a side-by-side basis with AREOF, AREOF II or AREOF III, as applicable, in one or more investments.

Risk Factors

General Risks of Real Estate Investment

All real estate investments, ranging from equity investments to debt investments, are subject to some degree of risk. No assurances can be given that the fair market value of any real estate investments held by the Fund will not decrease in the future or that the Fund will recognize full value for any investment that the Fund is required to sell for liquidity reasons.

Important Investment Considerations and Risks of Investing.

An investment in the value-add or opportunistic strategy entails a significant degree of risk and, therefore, should be undertaken only by investors capable of evaluating the risks of the strategy and bearing the risks it represents. Vehicle returns are unpredictable and, accordingly, the value-add strategy investment program is not suitable as the sole investment vehicle for an investor. There can be no assurance that the value-add strategy will meet its investment objectives or otherwise be able to successfully carry out its investment program. An investor should only invest in the value-add strategy if such investor is able to withstand a total loss of its investment.

Uncertainty of Fair Value.

Fair value returns presented herein are based on manager's estimate of fair values for unrealized investments. A valuation is only an estimate of value and is not a precise measure of realizable value. Ultimate realization of the market value of an asset depends to a great extent on economic and other conditions beyond the control of the manager. Further, valuations do not necessarily represent the price at which a real estate investment would sell since definitive market prices of real estate investments can only be determined by negotiation between a willing buyer and seller. As such, the fair value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between the fair value and the ultimate sales price could be material.

Allocation of Investment Opportunities

The General Partner, Ares Management and their affiliates may, from time to time, be presented with investment opportunities that fall within the Fund's investment objectives and the investment objectives of one or more funds managed by Ares. In the event the Manager determines that the Fund and one or more funds managed by Ares should participate in the same investment opportunity at the same time, the Manager shall allocate such investment opportunity in accordance with Ares' Investment Allocation Policy. None of the General Partner, the Manager or Ares Management or their affiliates has any affirmative obligation to offer any investments to the Fund or to inform the Fund before offering investments to any other fund managed by Ares. A copy of Ares' Investment Allocation Policy is available upon request.

Co-Investments

The Fund may co-invest in the same investment opportunity together with other funds managed by Ares and in certain circumstances in a side-by-side, programmatic and/or joint venture basis with, or offer co-investment opportunities to co-investors. The commitment of co-investors to an investment may be substantial and such investments may involve risks not present in investments where such co-investors are not involved. Further, it is possible that a co-investor may experience financial, legal or regulatory difficulties, may at any time have economic, tax or business interests or goals that are inconsistent with those of the Fund, may take a different view from Ares or the General Partner as to the appropriate strategy for an investment, or may be in a position to take action contrary to the Fund's investment objectives. Additionally, the Fund's position could also be diluted or subordinated by subsequent investments of co-investors. Finally, the Fund may in certain circumstances be liable for the actions or omissions of co-investors.

Principal Interest Risk between Ares Funds

Ares Management and its affiliates may invest in different parts of the capital structure of a real estate asset in which the Fund invests therefore their respective interests may diverge significantly in the case of financial distress of such real estate asset. There can be no assurance that the terms of or the return on the Fund's investment will be equivalent to or better than the terms of or the returns obtained by Ares or any Ares fund(s) participating in such transactions.

Transactions with Ares Affiliates

The Fund may retain affiliates of Ares to perform certain services, as well as engage certain companies in which an affiliate and/or a fund managed by Ares holds an equity interest to provide services with respect to any or all of the Fund's investments and/or engage certain companies in which the Fund holds an equity interest to provide services with respect to any or all of the Fund's investments or an investment held by an affiliate and/or a fund managed by Ares. The fee potential for affiliates of Ares, both current and future, inherent in a particular transaction could constitute a conflict of interest as it may be an incentive for the Manager to seek to refer or recommend a transaction to the Fund.

Risk Factors (continued)

Material Non-Public Information

Ares, the Manager, the General Partner, the Fund investment professionals and certain of their officers, directors, employees, agents and affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. Due to these restrictions, the Fund may not be able to initiate a transaction that it might otherwise have initiated and may not be able to dispose of an investment that it otherwise might have disposed.

Principal Transactions, Borrowing, and Cross-Transactions

Ares and its affiliates may engage in transactions with the Fund and its investments for its own account. Ares and its affiliates may retain management and/or other fees as well as income and may otherwise profit from such transactions. With regards to cross-transactions, there can be no assurance another transaction could not be made on more favorable terms or that a purchaser would not pay more for the sale of an investment. While such cross-transactions generally will not require the consent of the Fund under applicable law, cross-transactions may result in conflicts of interests, as the Fund may not receive the same price as if such buy and sell transactions were exposed to market forces.

Warehoused Investments

Prior to or in connection with the initial closing, the General Partner or its affiliates may, directly or indirectly, enter into contracts to acquire one or more investments with the intent of warehousing such investments for the Fund, and the General Partner may designate such investments as warehoused target investments for the Fund., with an expectation that upon receipt of entitlements and completion of satisfactory due diligence, the investment will be closed into the Fund. Such warehoused investments shall be transferred to the Fund at or promptly after the initial closing for an amount equal to the cost of such investment plus interest thereon at a rate determined by the General Partner, compounded annually, with respect to the equity invested in such warehoused investment, calculated as of the date of the acquisition of such investment.

Illiquidity of Investments

The investments to be made by the Fund are likely to be illiquid, and it is unlikely that there will be a public market for any of the investments held by the Fund. The illiquid nature of the Fund's investments will limit the Fund's ability to respond to changes in economic and other conditions. While an investment may be disposed of at any time, the Fund may hold an interest in one or more investments that the Manager believed could be exited prior to the end of the Fund's term, but for a variety of economic, legal, political or other reasons remain unsold on the date on which the Fund will be dissolved, either by expiration of the Fund's term or otherwise.

Please refer to the Fund's Private Placement Memorandum for further information regarding Risk Factors and Conflicts of Interest associated with the Fund.





City of Jacksonville Employees' Retirement System

INVESTMENT ACTIVITY REPORT: June 2023

Events

Board Due Diligence Meetings

1st Thursday Each Month

Presentation: 12:30-2 PM

City Hall Conference Room 3C

July 6, 2023

Pinnacle- SMID Growth

August 3, 2023

Eagle Capital- LCV Equity

September 7, 2023

Loomis Sayles- LCG Equity

October 5, 2023

Kayne Anderson- SMID Value

November 2, 2023

*Baillie Gifford- International
Equity*

December 7, 2023

Wellington- LCV Equity

January 4, 2024

Acadian- EM Equity

February 1, 2024

Silchester- International Equity

Florida Public Pension

Trustees Association- FPPTA

Annual Conference

June 25-28, 2023 @ Orlando

Trustee School

October 1-4, 2023 @

Sawgrass Marriott

Staff Update

Contract Status Update

Adams Street – Complete

Wellington LCV - Complete

Other

Real Estate managers:

Switched to cash distribution for
all core/ core plus managers

Harrison Street, PGIM PRISA II,
Principal ~\$14 million yearly
estimate income estimate based
on current valuations

Meeting Current Managers

Adams Street

Meeting Prospect Managers

Ares- Real Estate

PIMCO

KKR- Real Estate

Cash Flows

Hamilton Lane-Private Credit

Hamilton Lane Strat Ops VII:

\$1.05 million

HPS Partners: \$0.4 million

Total Called: \$ 1.45 million

Adams Street- Private Equity

Capital Call: ~\$3.2 million

Total Called: ~\$50.5 million

Real Estate

Abacus Multi-Family: \$1.7
million

Total Called: ~\$3.0 million

Provider Disbursements

5/31/2023 & 6/30/2023

Bloomberg: \$3,500

Mellon LCC: \$11,500

Silchester: \$124,000 (monthly)

Systematic Financial: \$107,000

Total Fees: ~\$0.25 million

Provider Income + Redemptions

BNY Mellon LCC: \$8 million

Total: \$8 million