

**BOARD OF PENSION TRUSTEES  
FOR THE  
CITY OF JACKSONVILLE RETIREMENT SYSTEM  
Thursday, October 26, 2023, at 2 PM  
City Hall Conference Room 3C**

**AGENDA**

**1. CALL TO ORDER**

**2. PUBLIC COMMENT**

**3. OFFICER ELECTIONS**

**4. MINUTES**

- a. Copy of September 28, 2023, and October 5, 2023, Board of Trustees Minutes;  
RECOMMENDED ACTION: APPROVAL

**5. NEW BUSINESS**

- a. GEPP September 2023 Consent; PAC RECOMMENDED ACTION: APPROVAL
- b. COPP September 2023 Consent; COPAC RECOMMENDED ACTION: APPROVAL

**6. INVESTMENT AND FINANCIAL MATTERS**

- a. September Investment Performance Review
- b. Securities Lending Program Recommendation
- c. Staff Update
  - Investment Activity Report

**7. OLD BUSINESS**

None

**8. ADMINISTRATIVE**

- a. Staff Update

**9. INFORMATION**

- a. Financial Discussion with Baillie Gifford – International Equity scheduled for Thursday, November 2, 2023, at 12:30 PM (meet and greet starts at 12:00)
- b. Next regular BOT meeting scheduled for Thursday, November 16, 2023, at 2 PM

**10. PRIVILEGE OF THE FLOOR**

**11. ADJOURNMENT**

**BOARD OF PENSION TRUSTEES  
FOR THE  
CITY OF JACKSONVILLE RETIREMENT SYSTEM  
September 28, 2023**

**MINUTES**

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

**Members Present**

Jeffrey Bernardo, Chair  
Julie Bessent  
Kelli O'Leary (on behalf of Karen Bowling)  
Valerie Gutierrez  
Diane Moser  
Jonathan Snell  
Richard Wallace

**Members Not Present**

David Kilcrease, Secretary  
Michael Weinstein

**Staff Present**

Chris Cicero, Treasurer  
Brennan Merrell, Senior Investment Officer  
John Sawyer, OGC  
Eric Jordan, Financial Specialist  
Stephanie Smith, Pension Administration Consultant  
Andy Robinson, Pension Administrator

**Others Present**

Anna Brosche, In-coming CFO, City of Jacksonville  
Jim Voytko, RVK  
Jordan Cipriani, RVK  
Ryan Sullivan, 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. Gutierrez 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. Consent agendas**

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

### **5. INVESTMENT AND FINANCIAL MATTERS**

Mr. Merrell introduced Ms. Cipriani, Mr. Voytko, and Mr. Sullivan from RVK to discuss the Asset/Liability Study. Ms. Cipriani spoke about the purpose of the study, how it was developed, and then turned the presentation over to Mr. Voytko. Mr. Voytko provided an overview of how these studies are unique and beneficial for defined benefit plans. The study provides the liabilities provided by the actuary including demographic assumptions, the plan's contribution policy, and risk preferences.

Mr. Voytko discussed inflation, excise taxes, capital markets, downside moves, pacing studies, diversification, and asset allocations. He mentioned the expectations of full pension funding and current plan assumptions. Mr. Sullivan provided an overview of the current plan statistics including market value of assets and the actuarial accrued liability. He covered the current deficit, demographic information as provided by the actuary as of September 30, 2022, and future projections.

Mr. Sullivan spoke on several factors in developing the study including a deterministic analysis and a stochastic, or simulated, analysis. These factors were used to view a twenty-year look at the plan. He spoke on benefit payments, payout ratios, contributions, market funded ratio, and net cash flows. Mr. Voytko mentioned compounding investment income and how it relates to the plan's long-term horizon.

Ms. Cipriani mentioned projected investment returns and future expectations regarding the plan's actuarially assumed rate of return. Mr. Sullivan also presented a sensitivity analysis including seven different scenarios to be considered. He then spoke on long-term return and risk assumptions, efficient portfolios, projected market funded ratios, and projected payout ratios.

Several questions were asked throughout the presentation by the board and staff regarding surtax revenue expectations, contribution increases, reducing rate of return (ROR) over the years, discounting liabilities, and fixed income exposure.

The team from RVK fielded and answered the questions. Chair Bernardo thanked RVK for their presentation. RVK thanked the board.

Mr. Merrell covered the investment flash report. The total fund was down -2.08% MTD, up 16.08% FYTD, and market value totaled approximately \$2.4 billion. He spoke on overachieving managers for the month including Kayne Anderson, Systematic, Acadian, and Loomis Sayles Fixed Income. Underachievers included Baillie Gifford.

Mr. Merrell said the next investment workshop will be held with Kayne Anderson – SMID Value. He provided a staff update with an overview of the contract status with Ares US Real Estate, the final liquidation of Hancock Timber, and the 2023 annual pension payback to the City. Mr. Merrell also spoke about ongoing cash flows regarding capital calls and redemptions.

Mr. Merrell asked for any other questions and there were none.

**6. OLD BUSINESS**

There was none.

**7. ADMINISTRATIVE**

Mr. Robinson spoke on Pension Office volumes, upcoming 4<sup>th</sup> quarter transactions, and the development of a pre-retirement seminar for members of the Corrections Officers Pension Plan. He also mentioned a recent national data breach by a third-party vendor that did not affect current plan membership.

**8. INFORMATION**

The next regular BOT meeting is scheduled for Thursday, October 26, 2023, at 2 PM.

Investment due diligence workshop will be held Thursday, October 5, 2023, at 12:30 PM.

**9. PRIVILEGE OF THE FLOOR**

The was none.

**10. ADJOURNMENT**

The Chair adjourned the meeting at about 3:22 PM.

**BOARD OF PENSION TRUSTEES  
FOR THE  
CITY OF JACKSONVILLE RETIREMENT SYSTEM  
October 5, 2023**

**MINUTES**

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

**Members Present**

Jeffrey Bernardo, Chair  
Anna Brosche  
Valerie Gutierrez  
Kelli O’Leary (on behalf of Karen Bowling – via Zoom)  
Diane Moser (via Zoom)  
Richard Wallace (via Zoom)

**Members Not Present**

David Kilcrease, Secretary  
Julie Bessent  
Jonathan Snell

**Staff Present**

Chris Cicero, Treasurer  
Brennan Merrell, Senior Investment Officer  
Robin Adams, Senior Manager – Treasury Administration  
Eric Jordan, Financial Specialist  
Sheryl Strickland, Pension Coordinator (via Zoom)  
Andy Robinson, Pension Administrator

**Others Present**

Craig Stone, Co-CIO, Portfolio Manager and Senior Research Analyst, Kayne Anderson  
Marc Schneidau, Managing Director, Virtus Investment Partners  
James Healy (via Zoom)

**1. CALL TO ORDER**

Chair Bernardo called the meeting to order at 12:30 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**

#### Kayne Anderson

Mr. Merrell welcomed Marc Schneidau from Virtus Investment Partners and Craig Stone from Kayne Anderson. Kayne Anderson is an affiliate of Virtus Investment Partners and currently has \$53.5 billion in assets under management (AUM) as of 6/30/2023. The COJ General Pension Fund has approximately \$63 million of assets invested in their Small-Mid Cap Quality Value Portfolio. Mr. Stone covered the provided material in detail.

Mr. Stone provided a market review of performance by sector and style. He mentioned value and growth indicators, how Kayne Anderson has remained true to their disciplined investment approach of buying the highest quality businesses available, and how global events shape their long-term perspective and management of short-term volatility. He spoke about companies with high returns on capital, businesses with lower debt-to-capital ratios, profit margins, and interest rate and credit risks.

Mr. Stone presented monthly, quarterly, and year-to-date fund performance. He compared the performance values against the benchmark performance of the same periods. Mr. Stone also spoke on how Kayne Anderson aims to capture downside protection during recessionary periods. He spoke on the highest and lowest contributors of performance within the fund, provided detailed data on several of their holdings, and discussed sector weights within the portfolio.

Mr. Stone concluded his presentation by providing an overview of Kayne Anderson's investment process, expected returns and confidences, long term earnings growth, and a look at recession in relation to the inverted yield curve.

Several questions were asked throughout the presentation by the board and staff regarding a possible 2024 recession, if Kayne Anderson is moving towards a smaller cap tilt versus the index, what positions are being added to or trimmed, portfolio shape regarding industrial holdings and real estate assets, and if there have been any strategy changes or staff departures from the investment team.

Mr. Stone fielded and answered each question.

Mr. Merrell thanked Kayne Anderson for their presentation. Kayne Anderson 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, October 26, 2023, at 2 PM.

Investment due diligence workshop will be held Thursday, November 2, 2023, at 12:30 PM

**7. PRIVILEGE OF THE FLOOR**

None

**8. ADJOURNMENT**

The Chair adjourned the meeting around 1:53 PM.

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

September 2023

**CONSENT AGENDA FOR RECOMMENDED BENEFITS**

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

**1. TIME SERVICE RETIREMENTS**

Levante Davis, (R&E), effective August 12, 2023, in the monthly base amount of \$1,338.04 at the rate of 52.5% (21 years) with a 30% reduction for early retirement, 15% PLOP \$47,640.00

Sheila Dunn, (P&R), effective August 26, 2023, in the monthly base amount of \$1,929.97 at the rate of 75% (30 years), 60 months Backdrop \$126,638.14

Allyn Jones, (JEA), effective August 26, 2023, in the monthly base amount of \$4,429.89 at the rate of 44.38% (17 years, 9 months)

Elizabeth Lopez-Baca, (JEA), effective August 26, 2023, in the monthly base amount of \$4,597.68 at the rate of 78.13% (31 years, 3 months)

Sandra Moody, (P&R), effective August 19, 2023, in the monthly base amount of \$2,501.16, at the rate of 63.96% (25 years, 7 months) with a 6% reduction for early retirement

David Nichols, (JEA), effective August 12, 2023, in the monthly base amount of \$6,625.28 at the rate of 80% (32 years)

Janet Simon, (Tax Collector), effective August 26, 2023, in the monthly base amount of \$1,511.12 at the rate of 50.42% (20 years, 2 months)

Steven C. Thompson, (JEA), effective August 26, 2023, in the monthly base amount of \$6,269.24 at the rate of 65% (26 years)

Robert Weisback, (JHA), effective August 26, 2023, in the monthly base amount of \$2,909.09 at the rate of 60.42% (24 years, 2 months)

**2. VESTED RETIREMENTS**

**New Commencements**

Thomas Beverly, effective August 15, 2023, in the monthly base amount of \$1,419.94



**New Deferrals**

None

**3. SURVIVOR BENEFITS**

John Bauder, (Martha Bauder), effective July 24, 2023, in the monthly base amount of \$1586.65

Daisylene Cobb, (Avery Cobb), effective August 9, 2023, in the monthly COLA base amount of \$1,155.52

Les Mathews, (James Mathews), effective June 26, 2023, in the monthly COLA base amount of \$3,538.75

Robin C Isley, (Wayne S Isley), effective August 06, 2023, in the monthly COLA base amount of \$1,279.98

**4. RESTORATION OF SURVIVOR BENEFITS**

None

**5. CHILDREN/ORPHAN/GUARDIANSHIP BENEFITS**

None

**6. TIME SERVICE CONNECTIONS COMPLETED**

Michael Altman, (JEA), 6.23 months in the amount of \$3,482.70

Ashton Copeland, (PW), 4 months in the amount of \$760.50

Darren Jacobs, (JEA), 41.17 months in the amount of \$26,174.20

Kenneth Logsdon, (R&E), 12 months in the amount of \$5,392.40

Horace Pender, (PW), 5.93 months in the amount of \$2,083.90

Woodrow Pirtle, (JEA), 38.97 months in the amount of \$24,775.40

Jamey Ploof, (JEA), 51.53 months in the amount of \$39,632.12

Lawrence Seay, (PA), 25.67 months in the amount of \$16,073.54

**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)**

Joseph Burns, (JEA), 24 months in the amount of \$52,824.20

David Hylazewski, (Fleet), 24 months in the amount of \$25,868.54

Dennis Lamoureux, (JEA), 24 months in the amount of \$49,938.20

Jeffrey Rodda, (Council Auditor), 24 months in the amount of \$22,604.40

Jeanne E Ryan, (JEA), 52 months in the amount of \$39,525.20

**9. REFUNDS**

Jeffrey D Backfisch, (P&R), 12 years and 6 months in the amount of \$49,969.89

Christopher A Thompson, (JEA), 8 years and 9 months in the amount of \$43,891.25

Robert D Vandyke, (JSO), 5 years and 9 months in the amount of \$19,547.09

Diana W Richardson, (JSO), 8 years and 1 month in the amount of \$24,707.19

Tori P Harrison, (Courts), 10 years and 2 months in the amount of \$36,070.08

Kevin M Beck, (Courts), 13 years and 6 months in the amount of \$39,459.01

Tamiko L Williams, (JSO), 18 years and 9 months in the amount of \$48,943.02

**10. DB TO DC TRANSFER**

Dinah L Coleman Mason, (Procurement), 20 years and 1 month in the amount of \$799,813.74

James P Branch III, (JSO), 13 years and 5 months in the amount of \$53,733.86

Neura J Simpo, (TCBA), 34 years and 8 months in the amount of \$426,787.82

**11. OTHER PAYMENTS AND TIME CONNECTIONS**

None

**12. RE-RETIREE**

None

**13. DISABILITY**

None

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PAC Secretary Approval

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Date

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BOT Secretary Approval

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Date

Notes and Comments regarding Approval:

**CORRECTIONAL OFFICERS PENSION ADVISORY COMMITTEE**

**September 2023**

**CONSENT AGENDA FOR RECOMMENDED BENEFITS**

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

**1. TIME SERVICE RETIREMENTS**

Timothy Cribbins, effective August 10, 2023, in the monthly base amount of \$3,246.11, at the rate of 57% (19 years)

**2. TIME SERVICE CONNECTIONS COMPLETED**

Jarrett Hand, 6.33 months in the amount of \$2,868.68

Scott Monaco, 27.63 months in the amount of \$11,174.92

David Runkles, 6.73 months in the amount of \$3,448.90

Brian Sabin, 14.2 months in the amount of \$6,303.41

Kenneth Vaughn, 51.43 months in the amount of \$30,644.13

**3. REFUNDS**

None

**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 October 2023**

#5016	Denise Anderson
#5835	Ruben Bryant
#7850	Belinda Butts
#6826	Alexa Givens
#62652	Ernest Haynes
#6084	Dorli Henning
#62716	Tony Perry
#31423	Mark Sanborn
#7663	Tommy Shay
#5681	Amanda Snow

**9. Phase II Biweekly Distribution DROP Program**

None

**10. DROP Payments**

Timothy J Means, Jr, 25 years and 7 months, \$45,235.17

\_\_\_\_\_  
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: September 30, 2023

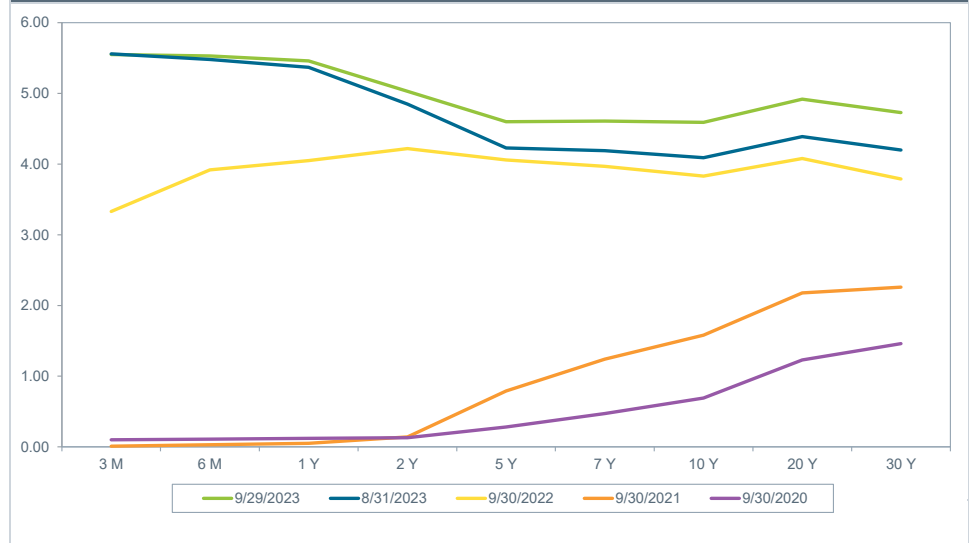


**General Market Commentary**

- Global equity markets pulled back in September, with most US and international indices experiencing low to mid-single digit declines, and growth stocks generally underperforming their value counterparts.
- Bond markets also declined in September, as rates across the yield curve rose during the month, with the 10-year Treasury yield reaching a 16-year high.
- Stocks traded lower due to rising interest rates, mixed economic data, and concerns over economic growth. While the Fed paused interest rate increases at their September meeting, it was indicated that a higher-for-longer monetary policy will continue into 2024. Year-over-year inflation as of the end of August rose to 3.70%, higher than the July reading and the Fed's 2.00% target, but down significantly from 2022 highs.
- A potential US Government shutdown added to uncertainty, although ultimately Congress passed a bill on September 30th to keep the government funded through November 17th and avoid a shutdown.
- Equity markets posted negative returns in September as the S&P 500 (Cap Wtd) Index returned -4.77% and the MSCI EAFE (Net) Index returned -3.42%. Emerging markets returned -2.62%, as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned -2.54% in September, underperforming the -0.96% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -4.00%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate returned -6.80% in September and 2.77% over the trailing five-year period, as measured by the FTSE NAREIT Eq REITs Index (TR).
- The Cambridge US Private Equity Index returned 6.62% for the trailing one-year period and 15.59% for the trailing five-year period ending June 2023.
- Absolute return strategies returned -0.29% for the month and 4.77% over the trailing one-year period, as measured by the HFRI FOF Comp Index.
- Crude oil's price increased by 8.56% during the month and has increased by 14.22% YoY.

Economic Indicators	Sep-23	Aug-23	Sep-22	10 Yr	20 Yr
Federal Funds Rate (%)	5.33	5.33	3.08	1.14	1.44
Breakeven Inflation - 5 Year (%)	2.25 ▲	2.20	2.16	1.90	1.94
Breakeven Inflation - 10 Year (%)	2.34 ▲	2.26	2.15	1.97	2.10
Breakeven Inflation - 30 Year (%)	2.43 ▲	2.27	2.09	2.03	2.26
Bloomberg US Agg Bond Index - Yield (%)	5.39 ▲	4.97	4.75	2.60	3.24
Bloomberg US Agg Bond Index - OAS (%)	0.52 ▲	0.48	0.62	0.47	0.59
Bloomberg US Agg Credit Index - OAS (%)	1.12 ▲	1.09	1.47	1.18	1.38
Bloomberg US Corp: HY Index - OAS (%)	3.94 ▲	3.72	5.52	4.26	4.94
Capacity Utilization (%)	79.68 ▲	79.67	80.06	77.39	77.13
Unemployment Rate (%)	3.80	3.80	3.50	4.97	5.92
PMI - Manufacturing (%)	49.00 ▲	47.60	50.90	54.13	53.57
Baltic Dry Index - Shipping	1,701 ▲	1,086	1,760	1,362	2,396
Consumer Conf (Conf Board)	103.00 ▼	106.10	107.80	108.01	92.33
CPI YoY (Headline) (%)	3.70	3.70	8.20	2.72	2.57
CPI YoY (Core) (%)	4.10 ▼	4.30	6.60	2.75	2.33
PPI YoY (%)	2.50 ▲	2.20	11.60	2.78	3.06
M2 YoY (%)	N/A	N/A	-3.70	2.60	6.71
US Dollar Total Weighted Index	122.77 ▲	120.74	127.64	112.24	103.67
WTI Crude Oil per Barrel (\$)	91 ▲	84	79	64	70
Gold Spot per Oz (\$)	1,872 ▼	1,944	1,661	1,473	1,219

**Treasury Yield Curve (%)**



Treasury Yield Curve (%)	Sep-23	Aug-23	Sep-22	Sep-21	Sep-20
3 Month	5.55	5.56	3.33	0.01	0.10
6 Month	5.53	5.48	3.92	0.03	0.11
1 Year	5.46	5.37	4.05	0.05	0.12
2 Year	5.03	4.85	4.22	0.14	0.13
5 Year	4.60	4.23	4.06	0.79	0.28
7 Year	4.61	4.19	3.97	1.24	0.47
10 Year	4.59	4.09	3.83	1.58	0.69
20 Year	4.92	4.39	4.08	2.18	1.23
30 Year	4.73	4.20	3.79	2.26	1.46

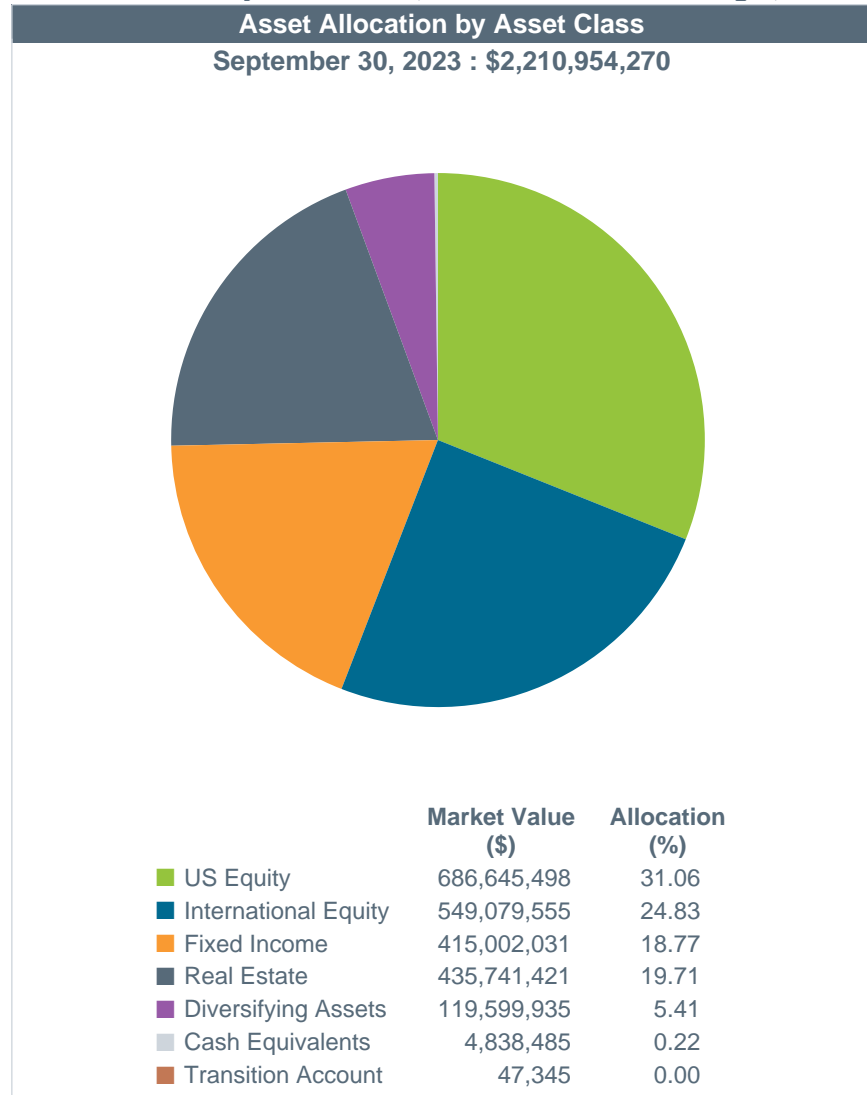
Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	-4.77	-3.27	13.07	21.62	10.15	9.92	12.24	11.91
Russell 2000	-5.89	-5.13	2.54	8.93	7.16	2.40	6.62	6.65
MSCI EAFE (Net)	-3.42	-4.11	7.08	25.65	5.75	3.24	5.29	3.82
MSCI EAFE SC (Net)	-4.42	-3.51	1.82	17.90	1.10	0.76	3.96	4.30
MSCI EM (Net)	-2.62	-2.93	1.82	11.70	-1.73	0.55	3.22	2.07
Bloomberg US Agg Bond	-2.54	-3.23	-1.21	0.64	-5.21	0.10	-0.09	1.13
ICE BofAML 3 Mo US T-Bill	0.46	1.31	3.60	4.47	1.70	1.72	1.55	1.11
NCREIF ODCE (Gross)	-1.99	-1.99	-7.64	-12.22	7.10	5.63	6.35	8.15
FTSE NAREIT Eq REITs Index (TR)	-6.80	-7.13	-2.14	2.99	5.76	2.77	2.61	5.96
HFRI FOF Comp Index	-0.29	0.69	2.99	4.77	3.83	3.42	3.80	3.29
Bloomberg Cmnty Index (TR)	-0.69	4.71	-3.44	-1.30	16.23	6.13	4.68	-0.75

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.



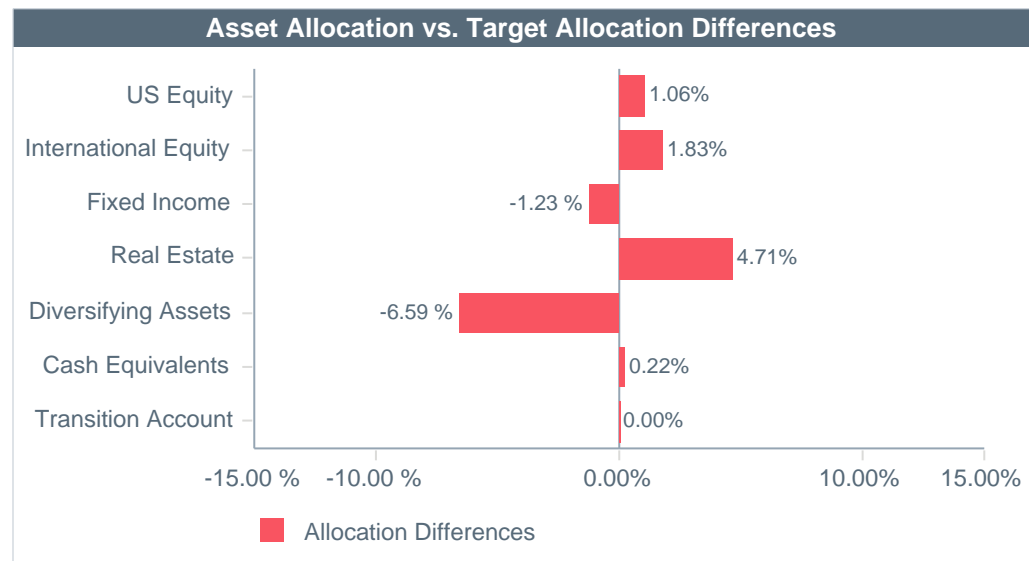
Total Fund

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 (%)
<b>Total Fund</b>	<b>2,210,954,270</b>	<b>100.00</b>	<b>-</b>	<b>100.00</b>	<b>-</b>
US Equity	686,645,498	31.06	20.00	30.00	40.00
International Equity	549,079,555	24.83	13.00	23.00	25.00
Fixed Income	415,002,031	18.77	10.00	20.00	30.00
Real Estate	435,741,421	19.71	0.00	15.00	20.00
Diversifying Assets	119,599,935	5.41	0.00	12.00	20.00
Cash Equivalents	4,838,485	0.22	0.00	0.00	10.00
Transition Account	47,345	0.00	0.00	0.00	0.00



### Schedule of Investable Assets

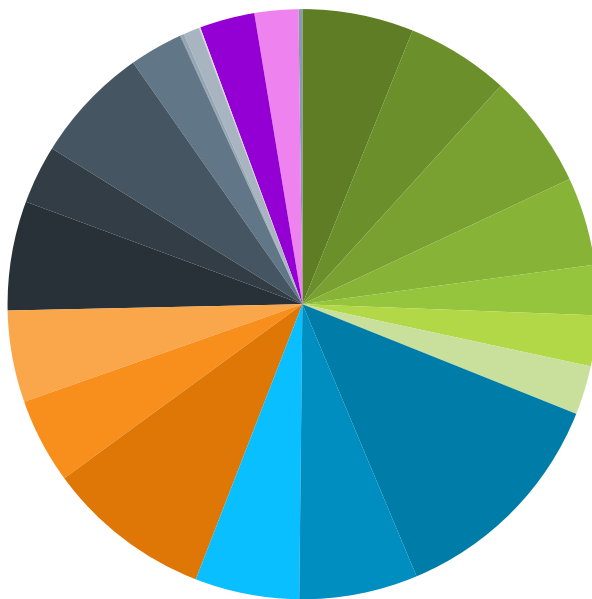
Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
CYTD	2,188,723,757	-134,730,135	156,960,649	2,210,954,270	7.12

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.





September 30, 2023 : \$2,210,954,270



	Market Value (\$)	Allocation (%)
Eagle Capital Large Cap Value (SA)	134,721,827	6.09
Wellington Select Equity Income Fund (SA)	124,867,014	5.65
BNYM DB Lg Cap Stock Idx NL (CF)	139,075,484	6.29
Loomis, Sayles & Co Lg Cap Grth (CF)	106,801,929	4.83
Kayne Anderson US SMID Value (SA)	60,650,874	2.74
Systematic Financial US SMID Value (SA)	61,268,018	2.77
Pinnacle Associates US SMID Cap Growth (SA)	59,260,351	2.68
Silchester Intl Val Equity (CF)	278,959,352	12.62
Bail Giff Intl Gro;4 (BGEFX)	143,614,896	6.50
Acadian Emg Mkts Eq II (CF)	126,505,306	5.72
Baird Core Fixed Income (SA)	200,494,200	9.07
Loomis Sayles Multisector Full Discretion (CF)	103,453,031	4.68
Schroder Flexible Secured Income Fund	111,054,800	5.02
Harrison Street Core Property LP	132,248,762	5.98
PGIM Real Estate PRISA II LP	70,803,330	3.20
Principal US Property (CF)	141,814,752	6.41
UBS Trumbull Property	64,628,684	2.92
Vanguard RE Idx;ETF (VNQ)	1,074,276	0.05
Abacus Multi-Family Partners VI LP	3,976,030	0.18
H.I.G. Realty Partners IV (Onshore) LP	19,393,610	0.88
Bell Value-Add Fund VII (CF)	1,183,220	0.05
Hammes Partners IV LP	618,757	0.03
Hancock Timberland (SA)	28,641	0.00
Adams Street Private Equity (SA)	66,621,657	3.01
Hamilton Lane Private Credit (SA)	52,949,638	2.39
Dreyfus Gvt Csh Mgt;Inst (DGCXX)	4,838,485	0.22
Transition Account	47,345	0.00

Market values shown are preliminary and subject to change. Allocations shown may not sum up to 100% exactly due to rounding. During 09/2023, Hammes Partners IV LP had its first capital call.

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

As of September 30, 2023

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
<b>Total Fund</b>	<b>2,210,954,270</b>	<b>100.00</b>	<b>-2.66</b>	<b>-1.85</b>	7.12	13.00	13.00	5.08	4.41	6.29	6.23	6.01	07/01/1999
Total Fund Policy Index			-3.30	-2.83	4.98	11.35	11.35	5.96	4.65	6.03	6.18	5.64	
Difference			0.64	0.98	2.14	1.65	1.65	-0.88	-0.24	0.26	0.05	0.37	
<b>Total Equity</b>	<b>1,235,725,053</b>	<b>55.89</b>	<b>-3.73</b>	<b>-2.21</b>	14.59	26.46	26.46	7.25	6.51	9.20	8.33	6.31	07/01/1999
<b>US Equity</b>	<b>686,645,498</b>	<b>31.06</b>	<b>-4.05</b>	<b>-2.14</b>	18.48	27.01	27.01	10.41	8.76	11.36	10.52	7.07	07/01/1999
US Equity Index			-4.76	-3.25	12.39	20.46	20.46	9.38	9.14	11.64	11.28	7.07	
Difference			0.71	1.11	6.09	6.55	6.55	1.03	-0.38	-0.28	-0.76	0.00	
<b>International Equity</b>	<b>549,079,555</b>	<b>24.83</b>	<b>-3.26</b>	<b>-2.34</b>	9.24	25.90	25.90	2.39	2.98	5.79	4.61	5.45	07/01/1999
International Equity Index			-3.16	-3.77	5.34	20.39	20.39	3.74	2.58	4.73	3.35	3.71	
Difference			-0.10	1.43	3.90	5.51	5.51	-1.35	0.40	1.06	1.26	1.74	
<b>Fixed Income</b>	<b>415,002,031</b>	<b>18.77</b>	<b>-1.79</b>	<b>-1.39</b>	1.85	3.41	3.41	-3.85	-0.16	0.33	1.04	4.10	07/01/1999
Fixed Income Index			-2.38	-2.88	-0.62	1.61	1.61	-4.68	0.34	0.10	1.26	3.81	
Difference			0.59	1.49	2.47	1.80	1.80	0.83	-0.50	0.23	-0.22	0.29	
<b>Real Estate</b>	<b>435,741,421</b>	<b>19.71</b>	<b>-0.90</b>	<b>-2.23</b>	-7.44	-8.73	-8.73	6.13	4.62	5.54	7.04	5.53	12/01/2005
Real Estate Index			-2.05	-2.03	-8.04	-12.78	-12.78	6.24	4.75	5.45	7.20	5.85	
Difference			1.15	-0.20	0.60	4.05	4.05	-0.11	-0.13	0.09	-0.16	-0.32	
<b>Core Real Estate</b>	<b>410,569,804</b>	<b>18.57</b>	<b>-0.95</b>	<b>-2.35</b>	-7.95	-9.35	-9.35	5.77	4.41	5.39	6.93	5.47	12/01/2005
NCREIF ODCE Index (AWA) (Net)			-2.16	-2.16	-8.19	-12.93	-12.93	6.17	4.71	5.42	7.18	5.84	
Difference			1.21	-0.19	0.24	3.58	3.58	-0.40	-0.30	-0.03	-0.25	-0.37	
<b>Non-Core Real Estate</b>	<b>25,171,617</b>	<b>1.14</b>	<b>0.00</b>	<b>0.07</b>	5.57	9.77	9.77	N/A	N/A	N/A	N/A	40.52	01/01/2022
NCREIF ODCE Index (AWA)(Net) +2%			0.00	0.33	-4.92	-9.38	-9.38	9.03	7.24	7.84	9.55	1.89	
Difference			0.00	-0.26	10.49	19.15	19.15	N/A	N/A	N/A	N/A	38.63	
<b>Diversifying Assets</b>	<b>119,599,935</b>	<b>5.41</b>	<b>0.09</b>	<b>1.93</b>	6.89	5.43	5.43	29.37	8.57	7.48	6.23	8.22	03/01/2011
Diversifying Assets Index			-2.99	-1.14	12.06	21.12	21.12	15.88	1.07	1.86	1.93	3.40	
Difference			3.08	3.07	-5.17	-15.69	-15.69	13.49	7.50	5.62	4.30	4.82	

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

As of September 30, 2023

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
<b>US Equity</b>													
<b>Eagle Capital Large Cap Value (SA)</b>	<b>134,721,827</b>	<b>6.09</b>	<b>-2.06</b>	<b>1.56</b>	<b>26.46</b>	<b>36.63</b>	<b>36.63</b>	<b>13.37</b>	<b>9.47</b>	<b>12.65</b>	<b>11.55</b>	<b>10.39</b>	<b>03/01/2007</b>
Russell 1000 Val Index			-3.86	-3.16	1.79	14.44	14.44	11.05	6.23	7.92	8.45	6.40	
Difference			1.80	4.72	24.67	22.19	22.19	2.32	3.24	4.73	3.10	3.99	
Russell 1000 Index			-4.70	-3.15	13.01	21.19	21.19	9.53	9.63	12.00	11.63	9.06	
Difference			2.64	4.71	13.45	15.44	15.44	3.84	-0.16	0.65	-0.08	1.33	
<b>Wellington Select Equity Income Fund (SA)</b>	<b>124,867,014</b>	<b>5.65</b>	<b>-2.07</b>	<b>-0.06</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>6.72</b>	<b>06/01/2023</b>
Russell 1000 Val Index			-3.86	-3.16	1.79	14.44	14.44	11.05	6.23	7.92	8.45	3.27	
Difference			1.79	3.10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.45	
<b>BNYM DB Lg Cap Stock Idx NL (CF)</b>	<b>139,075,484</b>	<b>6.29</b>	<b>-4.39</b>	<b>-2.83</b>	<b>13.40</b>	<b>21.63</b>	<b>21.63</b>	<b>9.63</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>10.47</b>	<b>05/01/2019</b>
Russell 1000 Index			-4.70	-3.15	13.01	21.19	21.19	9.53	9.63	12.00	11.63	10.42	
Difference			0.31	0.32	0.39	0.44	0.44	0.10	N/A	N/A	N/A	0.05	
<b>Loomis, Sayles &amp; Co Lg Cap Grth (CF)</b>	<b>106,801,929</b>	<b>4.83</b>	<b>-6.39</b>	<b>-3.47</b>	<b>32.86</b>	<b>41.15</b>	<b>41.15</b>	<b>7.57</b>	<b>12.05</b>	<b>N/A</b>	<b>N/A</b>	<b>13.37</b>	<b>08/01/2017</b>
Russell 1000 Grth Index			-5.44	-3.13	24.98	27.72	27.72	7.97	12.42	15.64	14.48	14.77	
Difference			-0.95	-0.34	7.88	13.43	13.43	-0.40	-0.37	N/A	N/A	-1.40	
<b>Kayne Anderson US SMID Value (SA)</b>	<b>60,650,874</b>	<b>2.74</b>	<b>-4.86</b>	<b>-3.00</b>	<b>4.36</b>	<b>10.40</b>	<b>10.40</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-3.98</b>	<b>03/01/2022</b>
Russell 2500 Val Index			-5.35	-3.66	1.95	11.34	11.34	13.32	3.99	6.48	6.95	-5.22	
Difference			0.49	0.66	2.41	-0.94	-0.94	N/A	N/A	N/A	N/A	1.24	
<b>Systematic Financial US SMID Value (SA)</b>	<b>61,268,018</b>	<b>2.77</b>	<b>-3.89</b>	<b>-0.57</b>	<b>5.95</b>	<b>18.85</b>	<b>18.85</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-1.71</b>	<b>03/01/2022</b>
Russell 2500 Val Index			-5.35	-3.66	1.95	11.34	11.34	13.32	3.99	6.48	6.95	-5.22	
Difference			1.46	3.09	4.00	7.51	7.51	N/A	N/A	N/A	N/A	3.51	
<b>Pinnacle Associates US SMID Cap Growth (SA)</b>	<b>59,260,351</b>	<b>2.68</b>	<b>-6.66</b>	<b>-11.37</b>	<b>2.99</b>	<b>6.67</b>	<b>6.67</b>	<b>5.00</b>	<b>5.67</b>	<b>9.37</b>	<b>8.29</b>	<b>11.26</b>	<b>03/01/2010</b>
Russell 2500 Grth Index			-6.02	-6.84	5.63	10.61	10.61	1.01	4.05	8.78	8.37	11.21	
Difference			-0.64	-4.53	-2.64	-3.94	-3.94	3.99	1.62	0.59	-0.08	0.05	

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

As of September 30, 2023

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
<b>International Equity</b>													
<b>Silchester Intl Val Equity (CF)</b>	<b>278,959,352</b>	<b>12.62</b>	<b>-1.79</b>	<b>1.09</b>	<b>12.28</b>	<b>33.22</b>	<b>33.22</b>	<b>10.89</b>	<b>4.27</b>	<b>6.44</b>	<b>5.55</b>	<b>8.50</b>	<b>06/01/2009</b>
MSCI EAFE Val Index (USD) (Net)			-0.85	0.59	9.92	31.51	31.51	11.11	2.81	4.95	2.97	4.98	
Difference			-0.94	0.50	2.36	1.71	1.71	-0.22	1.46	1.49	2.58	3.52	
<b>Bail Giff Intl Gro;4 (BGEFX)</b>													
<b>Bailie Gifford Index</b>	<b>143,614,896</b>	<b>6.50</b>	<b>-7.68</b>	<b>-10.50</b>	<b>1.47</b>	<b>14.75</b>	<b>14.75</b>	<b>-9.96</b>	<b>1.83</b>	<b>6.26</b>	<b>4.92</b>	<b>7.95</b>	<b>06/01/2009</b>
Baillie Gifford Index			-5.28	-7.31	2.61	15.84	15.84	-1.86	2.54	4.38	3.78	6.19	
Difference			-2.40	-3.19	-1.14	-1.09	-1.09	-8.10	-0.71	1.88	1.14	1.76	
Baillie Gifford Spliced Index			-3.16	-3.77	5.34	20.39	20.39	3.74	2.63	4.85	3.52	5.70	
Difference			-4.52	-6.73	-3.87	-5.64	-5.64	-13.70	-0.80	1.41	1.40	2.25	
<b>Acadian Emg Mkts Eq II (CF)</b>													
<b>MSCI Emg Mkts Index (USD) (Net)</b>	<b>126,505,306</b>	<b>5.72</b>	<b>-1.13</b>	<b>0.53</b>	<b>12.31</b>	<b>24.54</b>	<b>24.54</b>	<b>4.66</b>	<b>2.79</b>	<b>4.68</b>	<b>2.94</b>	<b>2.59</b>	<b>02/01/2011</b>
MSCI Emg Mkts Index (USD) (Net)			-2.62	-2.93	1.82	11.70	11.70	-1.73	0.55	3.22	2.07	1.21	
Difference			1.49	3.46	10.49	12.84	12.84	6.39	2.24	1.46	0.87	1.38	
<b>Fixed Income</b>													
<b>Baird Core Fixed Income (SA)</b>													
<b>Bloomberg US Agg Bond Index</b>	<b>200,494,200</b>	<b>9.07</b>	<b>-2.57</b>	<b>-3.15</b>	<b>-0.54</b>	<b>1.26</b>	<b>1.26</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-5.29</b>	<b>03/01/2021</b>
Bloomberg US Agg Bond Index			-2.54	-3.23	-1.21	0.64	0.64	-5.21	0.10	-0.09	1.13	-5.47	
Difference			-0.03	0.08	0.67	0.62	0.62	N/A	N/A	N/A	N/A	0.18	
<b>Loomis Sayles Multisector Full Discretion (CF)</b>													
<b>Bloomberg Gbl Agg Bond Index</b>	<b>103,453,031</b>	<b>4.68</b>	<b>-2.16</b>	<b>-2.17</b>	<b>0.56</b>	<b>3.12</b>	<b>3.12</b>	<b>-2.80</b>	<b>1.94</b>	<b>2.41</b>	<b>3.25</b>	<b>5.03</b>	<b>11/01/2007</b>
Bloomberg Gbl Agg Bond Index			-2.92	-3.59	-2.21	2.24	2.24	-6.93	-1.62	-1.53	-0.44	1.36	
Difference			0.76	1.42	2.77	0.88	0.88	4.13	3.56	3.94	3.69	3.67	
<b>Schroder Flexible Secured Income Fund</b>													
<b>SOFR+1.75%</b>	<b>111,054,800</b>	<b>5.02</b>	<b>0.00</b>	<b>2.75</b>	<b>7.82</b>	<b>7.81</b>	<b>7.81</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>7.81</b>	<b>10/01/2022</b>
SOFR+1.75%			0.59	1.76	5.10	6.51	6.51	3.58	3.50	N/A	N/A	6.51	
Difference			-0.59	0.99	2.72	1.30	1.30	N/A	N/A	N/A	N/A	1.30	
SOFR+5%			0.85	2.56	7.60	9.91	9.91	6.89	6.80	N/A	N/A	9.91	
Difference			-0.85	0.19	0.22	-2.10	-2.10	N/A	N/A	N/A	N/A	-2.10	

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<b>Real Estate</b>													
<b>Harrison Street Core Property LP</b>	<b>132,248,762</b>	<b>5.98</b>	<b>0.00</b>	<b>0.15</b>	<b>-1.03</b>	<b>1.11</b>	<b>1.11</b>	<b>7.00</b>	<b>6.50</b>	<b>7.35</b>	<b>N/A</b>	<b>7.29</b>	<b>11/01/2015</b>
NCREIF ODCE Index (AWA) (Net)			-2.16	-2.16	-8.19	-12.93	-12.93	6.17	4.71	5.42	7.18	5.93	
Difference			2.16	2.31	7.16	14.04	14.04	0.83	1.79	1.93	N/A	1.36	
<b>PGIM Real Estate PRISA II LP</b>	<b>70,803,330</b>	<b>3.20</b>	<b>0.00</b>	<b>-2.47</b>	<b>-10.89</b>	<b>-10.04</b>	<b>-10.04</b>	<b>7.58</b>	<b>5.68</b>	<b>6.70</b>	<b>N/A</b>	<b>7.61</b>	<b>01/01/2015</b>
NCREIF ODCE Index (AWA) (Net)			-2.16	-2.16	-8.19	-12.93	-12.93	6.17	4.71	5.42	7.18	6.56	
Difference			2.16	-0.31	-2.70	2.89	2.89	1.41	0.97	1.28	N/A	1.05	
<b>Principal US Property (CF)</b>	<b>141,814,752</b>	<b>6.41</b>	<b>-2.62</b>	<b>-3.88</b>	<b>-8.66</b>	<b>-14.33</b>	<b>-14.33</b>	<b>5.94</b>	<b>4.83</b>	<b>5.98</b>	<b>N/A</b>	<b>7.66</b>	<b>01/01/2014</b>
NCREIF ODCE Index (AWA) (Net)			-2.16	-2.16	-8.19	-12.93	-12.93	6.17	4.71	5.42	7.18	7.06	
Difference			-0.46	-1.72	-0.47	-1.40	-1.40	-0.23	0.12	0.56	N/A	0.60	
<b>UBS Trumbull Property</b>	<b>64,628,684</b>	<b>2.92</b>	<b>0.00</b>	<b>-3.54</b>	<b>-15.33</b>	<b>-15.47</b>	<b>-15.47</b>	<b>2.34</b>	<b>0.54</b>	<b>1.92</b>	<b>4.21</b>	<b>4.32</b>	<b>01/01/2006</b>
NCREIF ODCE Index (AWA) (Net)			-2.16	-2.16	-8.19	-12.93	-12.93	6.17	4.71	5.42	7.18	5.59	
Difference			2.16	-1.38	-7.14	-2.54	-2.54	-3.83	-4.17	-3.50	-2.97	-1.27	
<b>Vanguard RE Idx;ETF (VNQ)</b>	<b>1,074,276</b>	<b>0.05</b>	<b>-7.26</b>	<b>-8.58</b>	<b>-5.45</b>	<b>-1.37</b>	<b>-1.37</b>	<b>2.30</b>	<b>2.40</b>	<b>1.97</b>	<b>5.35</b>	<b>9.96</b>	<b>12/01/2008</b>
Custom REITs Index			-7.33	-8.50	-5.26	-1.14	-1.14	2.45	2.48	2.38	5.77	10.66	
Difference			0.07	-0.08	-0.19	-0.23	-0.23	-0.15	-0.08	-0.41	-0.42	-0.70	
<b>Abacus Multi-Family Partners VI LP</b>	<b>3,976,030</b>	<b>0.18</b>	<b>0.00</b>	<b>3.50</b>	<b>-26.44</b>	<b>-26.44</b>	<b>-26.44</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-26.44</b>	<b>10/01/2022</b>
NCREIF ODCE Index (AWA)(Net) +2%			0.00	0.33	-4.92	-9.38	-9.38	9.03	7.24	7.84	9.55	-9.38	
Difference			0.00	3.17	-21.52	-17.06	-17.06	N/A	N/A	N/A	N/A	-17.06	
<b>H.I.G. Realty Partners IV (Onshore) LP</b>	<b>19,393,610</b>	<b>0.88</b>	<b>0.00</b>	<b>-0.40</b>	<b>7.14</b>	<b>11.66</b>	<b>11.66</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>01/01/2022</b>
NCREIF ODCE Index (AWA)(Net) +2%			0.00	0.33	-4.92	-9.38	-9.38	9.03	7.24	7.84	9.55	1.89	
Difference			0.00	-0.73	12.06	21.04	21.04	N/A	N/A	N/A	N/A	N/A	
<b>Bell Value-Add Fund VII (CF)</b>	<b>1,183,220</b>	<b>0.05</b>	<b>0.00</b>	<b>0.86</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.89</b>	<b>04/01/2023</b>
NCREIF ODCE Index (AWA) (Net) (Monthly)+2%			-2.00	-1.67	-6.82	-11.19	-11.19	8.29	6.81	7.53	9.33	-4.03	
Difference			2.00	2.53	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4.92	
<b>Hammes Partners IV LP</b>	<b>618,757</b>	<b>0.03</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>10/01/2023</b>
NCREIF ODCE Index (AWA)(Net) +2%			0.00	0.33	-4.92	-9.38	-9.38	9.03	7.24	7.84	9.55	N/A	
Difference			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

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. Schroder Flexible Secured Income Fund, Harrison Street Core Property LP, PGIM Real Estate PRISA II LP, UBS Trumbull Property, all non core Real Estate Managers, and Adams Street Private Equity (SA) valuations are available quarterly, adjusted for subsequent cash flows. Asset Valuations for Real Estate and Diversifying Assets are lagged/unlagged as reported by the System's book of record, BNY Mellon. Performance for NCREIF ODCE Index (AWA) (Net) and NCREIF Timberland Index is available on a quarterly basis. During 09/2023, Hammes Partners IV LP had its first capital call.

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

As of September 30, 2023

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
<b>Diversifying Assets</b>													
<b>Hancock Timberland (SA)</b>	<b>28,641</b>	<b>0.00</b>	<b>0.00</b>	<b>4.71</b>	<b>-6.24</b>	<b>-11.55</b>	<b>-11.55</b>	<b>20.89</b>	<b>12.82</b>	<b>12.10</b>	<b>10.57</b>	<b>6.56</b>	<b>11/01/2006</b>
NCREIF Timberland Index			0.00	0.00	3.49	8.55	8.55	8.66	5.59	5.03	5.79	5.84	
Difference			0.00	4.71	-9.73	-20.10	-20.10	12.23	7.23	7.07	4.78	0.72	
<b>Adams Street Private Equity (SA)</b>	<b>66,621,657</b>	<b>3.01</b>	<b>0.00</b>	<b>1.25</b>	<b>7.53</b>	<b>5.14</b>	<b>5.14</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>25.37</b>	<b>11/01/2020</b>
S&P 500 Index+3%			-4.53	-2.56	15.60	25.27	25.27	13.45	13.21	15.61	15.27	14.82	
Difference			4.53	3.81	-8.07	-20.13	-20.13	N/A	N/A	N/A	N/A	10.55	
<b>Hamilton Lane Private Credit (SA)</b>	<b>52,949,638</b>	<b>2.39</b>	<b>0.21</b>	<b>2.74</b>	<b>6.03</b>	<b>6.36</b>	<b>6.36</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.18</b>	<b>04/01/2021</b>
ICE BofAML Gbl Hi Yld Index +2%			-1.08	0.58	6.94	14.98	14.98	1.88	3.87	4.92	5.37	-1.02	
Difference			1.29	2.16	-0.91	-8.62	-8.62	N/A	N/A	N/A	N/A	1.20	
<b>Dreyfus Gvt Csh Mgt;Inst (DGCXX)</b>	<b>4,838,485</b>	<b>0.22</b>	<b>0.44</b>	<b>1.31</b>	<b>3.67</b>	<b>4.58</b>	<b>4.58</b>	<b>1.87</b>	<b>1.72</b>	<b>1.59</b>	<b>1.16</b>	<b>1.45</b>	<b>05/01/2001</b>
FTSE 3 Mo T-Bill Index			0.45	1.38	3.80	4.71	4.71	1.78	1.74	1.56	1.11	1.43	
Difference			-0.01	-0.07	-0.13	-0.13	-0.13	0.09	-0.02	0.03	0.05	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. Schroder Flexible Secured Income Fund, Harrison Street Core Property LP, PGIM Real Estate PRISA II LP, UBS Trumbull Property, all non core Real Estate Managers, and Adams Street Private Equity (SA) valuations are available quarterly, adjusted for subsequent cash flows. Asset Valuations for Real Estate and Diversifying Assets are lagged/unlagged as reported by the System's book of record, BNY Mellon. Performance for NCREIF ODCE Index (AWA) (Net) and NCREIF Timberland Index is available on a quarterly basis. During 09/2023, Hammes Partners IV LP had its first capital call.

**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 Diversifying Assets Index is calculated monthly and consists of 50% S&P MLP Index (TR)/50% NCREIF Timberland Index through 10/2017, 67% S&P MLP Index (TR)/33% NCREIF Timberland Index through 09/2020, and calculated monthly using beginning of month investment weights applied to each corresponding primary benchmark return thereafter.

**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.

PORTLAND

BOISE

CHICAGO

NEW YORK

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## Memorandum

To	City of Jacksonville (COJ) Employees' Retirement System (ERS)
From	RVK, Inc. (RVK)
Subject	Securities Lending Program Updates and Recommendations
Date	October 26, 2023

### Summary and Recommendation:

The COJ and RVK recently received outreach from BNY Mellon, the current custodian and custodial lending agent to the COJ ERS related to its current participation in securities lending activities for the Retirement System Portfolio as well as for the Operating Portfolio. BNY Mellon expressed their concerns with the long-term viability of continued participation in securities lending activities, as currently configured, for the portfolios due to limited revenue (to both the COJ and BNY Mellon) from lending activities driven by a combination of limited account participation and very conservative cash and non-cash collateral program configurations. The outreach from BNY Mellon prompted several rounds of discussions and information gathering between RVK and the COJ as well as information exchanges with BNY Mellon. These discussions are summarized in the accompanying analysis and inform our recommendation, below.

RVK recommends that the City of Jacksonville take the following actions with the following stated rationale and supporting comparison:

- **Direct BNY Mellon to close the securities lending program for the Retirement System accounts via an orderly wind down of the program.**
  - o Earnings opportunity has declined meaningfully over time (11 months ended 8/31/2023 earnings were \$22,630.55) with asset deployment changes.
  - o Continued participation would require program configuration changes, marginally increasing risk profile through expanded cash collateral vehicle and non-cash collateral acceptance, but with limited projected revenue opportunity (net annual revenue <\$45,000).
  - o Should the COJ determine that it will opt to close the Retirement System's securities lending program, RVK notes that the COJ retains the opportunity to consider future participation in securities lending (particularly if/as asset manager and vehicle deployment changes) can be considered periodically and could be considered as part of the next custodial bank RFP process.



- **Consider whether the increased earnings opportunity associated with BNY Mellon's proposal merits the continuation of the securities lending program for the Operating Portfolio with a modification of cash and non-cash collateral guidelines to use a government money market fund for cash collateral (versus current overnight traditional repurchase agreements) and accept the full spectrum of approved and BNY-Mellon indemnified non-cash collateral options.**
  - o Earnings opportunity appears to have declined meaningfully over time (11 months ended 8/31/2023 earnings were \$76,824.90) with asset deployment changes.
  - o Continued participation with program configuration changes is estimated to produce more significant projected revenue opportunity (net annual revenue \$286,397).
  - o Should the COJ determine that expanded participation is optimal and a beneficial risk / reward trade-off, RVK recommends and can assist with periodic monitoring of the securities lending program which should include review of program size, configuration, counterparty exposures, cash and non-cash collateral parameters, earnings, earnings attribution, and overall risk parameters. With a more risk-accepting posture, this should occur no less frequently than annually.
  - o Should the COJ determine that it will opt to close the Operating Portfolio's securities lending program, RVK notes that the COJ retains the opportunity to consider future participation in securities lending (particularly if/as asset manager and vehicle deployment changes) and this can be considered periodically and could be considered as part of the next custodial bank RFP process.



**Background and Analysis:**

Both the COJ Retirement System Portfolio and the COJ Operating Portfolio currently participate in securities lending through the agent lending program offered by BNY Mellon. These programs have been in place for many years and both programs experienced disruption during the global financial crisis in 2008 due to investments made within the cash collateral reinvestment portfolios. Successive years have produced significant lending earnings due to market dislocation, but also produced cash collateral reinvestment risk and the funding of realized losses on underlying investments were ultimately required by clients such as the COJ.

**For the 5 years ended 9/30/2022, the following statistics are relevant:**

	<b>Net Earnings to COJ</b>	<b>Average Available to Lend</b>	<b>Average On-Loan</b>
COJ Retirement	\$666,886 Total (or \$133,377 annually)	\$756.78 Million	\$56.19 Million (7.42%)
COJ Operating	\$291,209 Total (or \$58,242 annually)	\$603.73 Million	\$47.34 Million (7.84%)

**For the 11 months ended 8/31/2023, the following statistics are relevant:**

	<b>Net Earnings to COJ</b>	<b>Average Available to Lend</b>	<b>Average On-Loan</b>
COJ Retirement	\$22,631	\$475.78 Million	\$10.60 Million (2.23%)
COJ Operating	\$76,825	\$784.28 Million	\$53.62 Million (6.84%)

BNY Mellon’s outreach earlier this year indicated that the COJ’s participation in the securities lending program has decreased over the years and that continued participation would require a change from the very conservative approach of accepting only the most conservative non-cash government collateral and investing cash in overnight repurchase agreements collateralized by conservative government collateral sets. BNY Mellon indicated a need to switch to a broader non-cash collateral approach and to switch cash collateral to a government money market fund. The alternative to making changes was a recommended termination of the lending programs for both the COJ Retirement and COJ Operating portfolios.

RVK and the COJ examined additional information on the programs and the opportunity to incrementally expand risk tolerance and program configurations, as well as confirmed whether additional accounts might be eligible for participation in the lending program. BNY Mellon identified several additional accounts within both the COJ Retirement and COJ Operating portfolios that had been added over time but not explicitly enrolled in the lending program due to the de-risking approach in place. BNY Mellon also provided a forward-looking estimate of potential earnings opportunity that helps to contextualize the



opportunity for incremental earnings and the associated parameters of potential risks.

BNY Mellon’s estimates (with information dated as of June 30, 2023) for both portfolios were as follows (assuming the replacement of overnight repurchase agreements with a government money market fund for liquidity and the full set of non-cash collateral approved by BNY Mellon and covered by its counterparty default indemnification).

	<b>Estimated Net Earnings to COJ</b>	<b>Estimated Available to Lend</b>	<b>Estimated On-Loan</b>
COJ Retirement	\$44,990	\$509.44 Million	\$33.10 Million (6.50%)
COJ Operating	\$286,397	\$805.09 Million	\$182.15 Million (22.62%)

The most impactful opportunity (for both programs, but most significantly for the COJ Operating Portfolio) was the ability to accept additional non-cash collateral categories. In specific terms, the opportunity exists to lend US Treasury Notes (high-quality liquid collateral) to other market counterparties in exchange for expanded non-cash collateral. The most impactful non-cash collateral types were accepting additional government debt securities, baskets of equity securities, and ETFs. Please see [Exhibit 1](#) for BNY Mellon’s Proposed Full Discretion non-ERISA Collateral Schedule.

RVK’s viewpoint on the use of expanded non-cash collateral acceptance is generally constructive, but we would note that non-cash collateral can have types of risk as well. Specifically, when a client accepts any form of non-cash collateral, it has eliminated cash reinvestment risk, but at that point some risk remains – specifically that the borrower does not return loaned securities or increase the margin of over-collateralization in response to a mark-to-market margin call. In that case, BNY Mellon would seize the non-cash collateral (potentially with a slight timing delay due to orderly resolution requirements required by US regulators of brokerages) and liquidate the collateral to purchase replacement securities or provide cash equivalent as part of its borrower default indemnification. The creditworthiness and capital of BNY Mellon is the backstop to the indemnification and while not likely, in a stressed marketplace where a counterparty defaults, there could be contagion (although this would be the same for cash and non-cash lending).

RVK reviewed the opportunity set with BNY Mellon, including the possibility of limiting the Non-Cash Collateral schedule to items like government debts and equities/ETFs, which are particularly impactful for large borrowers that are optimizing their balance sheets and would have a high demand for high-quality liquid assets (HQLA) such as the Operating Fund’s Treasuries in exchange for equities, which have a higher capital charge under risk-based capital regimes. Given the non-ERISA nature of the City’s



portfolios, there is currently a differentiated ability to take equity collateral as non-ERISA funds are not subject to SEC regulations that limit collateral types (these limits apply to ERISA plans and Registered Investment Companies/Mutual Funds). Given that BNY Mellon is willing to indemnify COJ, under all noted scenarios and collateral types, it could make sense to keep the broader basket of non-cash collateral.

Ultimately, the review of the revenue opportunity and potential incremental program configuration risk becomes an exercise in trade-offs. Specifically, RVK believes that continued participation in securities lending would require an ongoing and continued commitment to program configuration review and time on the work plan with the Board to consider evolving markets and to remain informed about the program dynamics.

RVK believes that for the COJ Retirement Fund, the estimated revenue opportunity does not appear to warrant the incremental fiduciary time, attention, and non-zero risk associated with the opportunity presented by BNY Mellon. We would thus recommend the closure of the securities lending program.

For the COJ Operating portfolio, RVK's point of view is that an opportunity may be present to consider the trade-offs to a greater extent. A case can be made for the expansion given the revenue opportunity that appears to be present. Should the COJ find the operating revenue significant enough to spend additional time discussing and monitoring non-cash collateral usage and accept the potential risks associated with potential future market disruptions, the continuation of the securities lending program with expanded non-cash collateral guidelines and a government money market fund for cash collateral may be rewarded.

We would be pleased to assist with further discussion on these topics for either or both portfolios.

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**EXHIBIT 1**

**SCHEDULE 1**

**COLLATERAL**

The [Client/Lender] hereby authorises the [Lending Agent/Bank] to accept the following types of Collateral in respect of Loans made by the [Lending Agent/Bank] pursuant to the Agreement.

Cash Collateral

- 1) US Dollar cash
- 2) EURO cash
- 3) GBP Pound Sterling cash
- 4) Yen cash
- 5) Australian Dollar cash
- 6) Canadian Dollar cash

Non-Cash Collateral

- 7) Debt obligations and securities issued by a government where such government is a ratified member of the Organization for Economic Co-Operation and Development, or by the government of Singapore. Debt obligations and securities issued by agencies and instrumentalities of these same governments are also acceptable.
- 8) Debt obligations and securities issued by the South African government. Debt obligations and securities issued by agencies and instrumentalities of the South African governments are also acceptable. \*
- 9) Debt obligations issued by the following supranational issuers:
  - European Bank for Reconstruction and Development
  - European Investment Bank
  - European Union
  - European Stability Mechanism
  - Inter-American Development Bank
  - International Bank for Reconstruction and Development
  - International Finance Corporation
  - European Financial Stability Facility
  - Eurofima
  - Council of Europe Development Bank

Eutelsat  
 Organisation for Economic Co-operation and Development  
 African Development Bank  
 Asian Development Bank  
 Bank for International Settlements  
 Euratom  
 European Coal and Steel Community  
 International Development Association  
 International Monetary Fund  
 Nordic Investment Bank

- 10) Equity Securities listed on major global indices (including depository receipts)
- 11) Stock Connect eligible securities
- 12) Exchange Traded Funds (ETFs) listed on major global exchanges
- 13) Equity securities listed on the JSE Top 40 (South Africa) (including Depository Receipts where the underlying equity security is listed on the JSE Top 40) \*
- 14) FTSE100 DBV (Class F10) as defined in the CREST Reference Manual.
- 15) Unstripped British Government debt DBV (Class UBG) as defined in the CREST Reference Manual.
- 16) Corporate bonds issued by companies domiciled in one of the following countries where such corporate bond has an investment grade rating from at least one of Standard & Poor's, Fitch, Moody's or DBRS.\*\*
 

Australia	Luxembourg
Austria	Netherlands
Belgium	New Zealand
Canada	Norway
Denmark	Portugal
Finland	Singapore
France	Spain
Germany	Sweden
Ireland	Switzerland
Italy	United Kingdom
Japan	United States of America
- 17) Convertible securities that are immediately convertible into, or exchangeable for, securities of the same issuer, class, type and term (if applicable) as the securities that are being loaned, and in at least the same number of those loaned.

18) Debt obligations and securities issued by Canadian Provincial governments where such Provincial government has a rating of (i) A or better by Standard & Poor's or (ii) A or better by Fitch or (iii) A2 or better by Moody's or (iv) A or better by DBRS.\*\*

19) Convertible Bonds

\* These forms of collateral are only approved with regard to the lending of South African equities to the South African borrowers listed in Exhibit A of the Agreement.

\*\* Instruments which are eligible at the time of acceptance, but with respect to which the issuer of the instrument or the instrument itself (as applicable) is subsequently downgraded below the minimum applicable rating level, will be replaced in a prudent manner, but will remain eligible until replaced.





# City of Jacksonville Employees' Retirement System

## INVESTMENT ACTIVITY REPORT: October 2023

### Events

#### Board Due Diligence Meetings

**1<sup>st</sup> Thursday Each Month**

*Presentation: 12:30-2 PM*

*City Hall Conference Room 3C*

**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*

**March 7, 2024**

*Hamilton Lane- PC*

**April 4, 2024**

*Baird- Fixed Income*

**May 2, 2024**

*Loomis Sayles- Fixed Income*

**June 6, 2024**

*Schroder Secured Fixed Income- Michelle Russell-Dowe*

**Florida Public Pension Trustees Association- FPPTA**

**Trustee School**

January 28-31, 2023 @ Rosen Center Orlando

### Staff Update

#### Contract Status Update

Ares US Real Estate Opportunity

Fund IV- closed

#### Other

#### PFPF BOT Meetings

Matching ERS BOT schedule-meeting held on 4<sup>th</sup> week

#### \*Real Estate:

6/30 Redemption requests payable after 3Q

Harrison Street: \$30 million

PGIM PRISA II: \$20 million

Principal: \$40 million

**Total: \$90 million**

\*Potential redemption limitations

#### Current Managers Meetings

*Kayne Anderson- SMID Value*

#### Potential Managers Meetings

Aegon

Polen Capital

### Cash Flows

#### Hamilton Lane-Private Credit

Castlelake Aviation IV Stable

Yield: \$1.00 million

Castlelake Opportunistic VI:

\$0.75 million

#### Adams Street- Private Equity

Tranche 1: \$3.2 million

**Total Called: ~\$53.5 million**

#### Real Estate

Bell Value Add Fund VIII: \$0.1 M

H.I.G Realty Partners IV: \$0.75M

**Total Called HIG: ~\$20.5 million**

#### Provider Disbursements

9/29/2023 & 10/31/2023

Hamilton Lane: \$62,500

Silchester: \$131,000 (monthly)

Systematic: \$110,000

Total Fees: ~\$0.3 million

#### Provider Income + Redemptions

Principal RE: \$3.75 million

Prudential: \$2.7 million

UBS: \$0.85 million (redemption)

UBS: \$0.5 million (income)

Total: \$7.8 million