

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
Thursday, September 22, 2022 at 2 PM
City Hall Conference Room 3C**

AGENDA

1. CALL TO ORDER

2. PUBLIC COMMENT

3. MINUTES

- a. Copy of August 25, 2022 and September 1, 2022 Board of Trustees Minutes;
RECOMMENDED ACTION: APPROVAL

4. NEW BUSINESS

- a. GEPP August 2022 Consent; PAC RECOMMENDED ACTION: APPROVAL.
COPP August 2022 Consent; COPAC RECOMMENDED ACTION: APPROVAL

5. INVESTMENT AND FINANCIAL MATTERS

- a. August 2022 Investment Performance Update
- b. Private Markets Performance Education
- c. Staff Update

6. OLD BUSINESS

None

7. ADMINISTRATIVE

- a. Advisory Committee Elections
- b. Staff Update

8. INFORMATION

- a. Manager Review Meeting with Hamilton Lane – Private Credit scheduled for
Thursday, October 6, 2022, at 12:30 PM (meet and greet starts at 12:00)
- b. Next regular BOT meeting scheduled for Thursday, October 27, 2022, at 2 PM

9. PRIVILEGE OF THE FLOOR

10. ADJOURNMENT

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
August 25, 2022**

MINUTES

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

Members Present

Jeffrey Bernardo, Chair
Julie Bessent
Diane Moser
Valerie Gutierrez
Richard Wallace
Joey Greive
David Kilcrease, Secretary

Members Not Present

Brian Hughes
John Verwey

Staff Present

Paul Barrett, Sr. Manager of Debt and Investments
Brennan Merrell, Manager of Debt and Investments
John Sawyer, OGC
Tom Stadelmaier, Pension Administrator
Stephanie Smith, Pension Consultant (via Zoom)
Andy Robinson, Assistant Pension Administrator

Others Present

Jordan Cipriani, RVK (via Zoom)
Kevin Schmidt, RVK (via Zoom)
M. John Johnson, Managing Director, Eagle Capital Management (via Zoom)
Alec Henry, Co-CIO, Eagle Capital Management (via Zoom)

1. CALL TO ORDER

Chair Bernardo called the meeting to order at about 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. Consent agendas

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

b. Review of GEPP Disability Application

Mr. Stadelmaier mentioned the disability application review will be removed from the agenda. The member selected to transfer from the pension plan to the defined contribution plan. This transfer moves the review from the Board to the Defined Contribution Pension Advisory Committee.

5. INVESTMENT AND FINANCIAL MATTERS

Mr. Merrell spoke on July performance numbers. The total fund was up 5.2% MTD, down -7.3% FYTD, and market value totaled \$2.4 billion. He spoke on overachieving managers for the month including Eagle Capital, Ballie Gifford, Loomis Sayles Fixed Income, and Harrison Street. Mr. Merrell said underperforming managers for the month included Loomis Sayles Large Cap Growth, Systematic SMID Value, and Franklin Templeton Fixed Income Portfolio. Mr. Schmidt mentioned an estimated August MTD down 0.28% which would update the CYTD to around -10.4% and FYTD to around -7.5%.

At the July meeting, the Board asked to regroup with Eagle Capital to discuss their investment philosophy. Eagle Capital is a large cap value manager, and the COJ General Pension Fund has approximately \$225 million of assets invested in their Large Cap Value fund. Mr. Merrell introduced John Johnson and Alec Henry. Mr. Johnson provided a recap of the March 3, 2022 investment workshop and spoke on how value investing is defined by Eagle Capital in the current volatile market. Mr. Henry spoke on Eagle Capital's investment philosophy in more detail including long-term horizons, high-return capital companies, adding and trimming of positions, consistent strategy over cycles, and performance versus peer performance. Chair Bernardo inquired about value allocation and mentioned some clients utilize this same strategy at Eagle Capital as a core allocation. He asked for a breakdown of clients using this value versus core strategy and the benchmarks that are being adopted. Mr. Johnson said the breakdown is about a 60/40 split between the benchmarks of the S&P 500 and the Russell Value Index. He mentioned Eagle Capital's goal is to seek out undervalued companies with unrecognized growth potential. They are not a statistical value manager, but a value investor. Chair Bernardo mentioned the Eagle Capital portfolio leans more towards core equity rather

than value allocation. Mr. Henry said their tastes run more value, but they invest on a broader scope and sit somewhere in the middle of the two indexes. Ms. Bessent inquired about a specific holding within the portfolio and how Eagle Capital makes decisions on adding or trimming positions. Mr. Henry spoke on their buy and sell process. Mr. Bernardo asked about how Eagle Capital addresses Environmental Social and Governance (ESG) when researching potential investments. Mr. Henry said historically, governance was the most important aspect. He said all aspects of ESG are researched with every potential investment that Eagle Capital considers. Chair Bernardo and Mr. Henry spoke more on sector classes, down cycles in the industry, investment analysis versus client mandates, and separate managed accounts. Chair Bernardo asked for any other questions. Chair Bernardo thanked Eagle Capital for joining the meeting. Mr. Johnson and Mr. Henry thanked the Board.

Ms. Cipriani provided an overview of the quarterly performance report. She reviewed the manager Watch List including the replacement of Franklin Templeton with Schroeders and mentioned that Pinnacle has been on watch since October 2020. RVK recommends removing Pinnacle US SMID Cap Growth from the Watch List and moving them to good-standing. Mr. Merrell mentioned the COJ General Pension Fund equal-weighted the SMID complex with the additions of Systematic and Kayne Anderson. Investment in Pinnacle was reduced during that time. Ms. Cipriani spoke on private market performance including non-core real estate year-to-date, Adams Street, and Hamilton Lane. Mr. Wallace asked about evaluations based on cash flows and Ms. Cipriani responded to his question.

Mr. Merrell said the next investment workshop will be held with Baird – Core Fixed Income. He provided a staff update with an overview of contract status including Schroeders and Franklin Templeton redemptions. Mr. Merrell provided an update on the annual pension reimbursement, spoke on cash flows regarding capital calls and redemptions. Ms. Bessent inquired about lease rates regarding real estate holdings. Mr. Merrell talked about short-term rentals and turnover rates.

Mr. Merrell informed the Board of recent discussions by the Governor of Florida regarding ESG investments. Mr. Merrell said staff is monitoring the discussions and any updates will be brought before the Board.

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

6. OLD BUSINESS

None

7. ADMINISTRATIVE

Mr. Stadelmaier provided an update regarding the ongoing PAC and COPAC elections. The new committees will be seated in October. Elections are being held through September 9, 2022 utilizing the online portal and voter turnout has been strong. He

mentioned there are extra candidates available in the event of any committee member resignations throughout the two-year term.

Mr. Stadelmaier briefed the Board on an administrative error that was recently identified by staff. The error occurred several years ago and included an incorrectly calculated time service purchase amount. The amount to purchase prior credited service was substantially greater than the amount provided to and paid for by the employee. The Pension Office held internal discussions and the recommendation from Administration is to have the Plan fund the difference. Mr. Stadelmaier asked for any Board objections or questions. Chair Bernardo asked the Office of General Counsel (OGC) if municipal code limits Administration's discretion in this matter. Mr. Sawyer said IRS rules govern violations of the Plan and the plan sponsor is responsible for making the plan whole. The City, as plan sponsor, will make a payment with its next required actuarial contribution.

Mr. Stadelmaier spoke on the proposed pension budget that was approved by the Finance Committee. Staff anticipates the final budget to be approved by City Council in September. He also spoke on FY2022 Pension Office highlights and FY2023 projects and enhancements. Mr. Wallace asked about the annual City contribution reimbursement, professional services contracts, and about yearly pension payments to pensioners. Mr. Stadelmaier said the amount of annual payments to pensioners totals between \$260-270 million as an estimate. He said an asset liability study will be completed in 2023 and will discuss inflows and outflows of assets. Mr. Stadelmaier mentioned investment management fees will decrease in the coming year due to performance losses in the Plan. Mr. Merrell provided an overview of how professional fees are determined.

Chair Bernardo asked for any Board questions and there were none.

8. INFORMATION

The next regular BOT meeting is scheduled for Thursday, September 22, 2022, at 2 PM.

Investment due diligence workshop will be held Thursday, September 1, 2022, at 12:30 PM.

9. PRIVILEGE OF THE FLOOR

There was none.

10. ADJOURNMENT

The Chair adjourned the meeting at about 3:13 PM.

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
September 1, 2022**

MINUTES

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

Members Present

Jeffrey Bernardo, Chair
Joey Greive
Julie Bessent
Valerie Gutierrez

Members Not Present

David Kilcrease, Secretary
Diane Moser
John Verwey
Brian Hughes
Richard Wallace

Staff Present

Brennan Merrell, Manager of Debt and Investments (via Zoom)
Robin Adams, Manager of Treasury Accounting
Stephanie Smith, Pension Consultant
Sheryl Strickland, Pension Associate (via Zoom)
Hannah Wells, Pension Coordinator (via Zoom)
Andy Robinson, Assistant Pension Administrator

Others Present

Michael Possley, Managing Director, Baird
Jeffrey Simmons, Managing Director and Senior Portfolio Manager, Baird
Charles Groeschell, Managing Director and Senior Portfolio Manager, Baird
Tracy Flynn, COJ Risk Manager

1. CALL TO ORDER

Chair Bernardo called the meeting to order at about 12:31 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

Baird – Core Fixed Income

Mr. Merrell introduced Michael Possley, Jeffrey Simmons, and Charles Groeschell from Baird. Baird is a fixed income investment management company with over \$117 billion of assets under management (AUM) as of 7/31/2022. The COJ General Pension Fund has an allocation of approximately \$212 million or about 9% of the overall portfolio. Baird represents about half of the fixed income allocation within the pension fund. Mr. Possley, Mr. Simmons, and Mr. Groeschell covered the provided material in detail.

Mr. Possley mentioned Baird utilizes a team-based approach and he provided an overview of the firm including how the company became employee-owned in 2004. He spoke on Morningstar awards and other accolades, and said Baird manages over \$117 billion with over \$10 billion invested in the municipal bond platform and the remainder being invested in taxable bonds. Mr. Possley spoke on current clients, volatility of markets, and duration neutral portfolios. Mr. Groeschell provided an overview of the portfolio management team, low employee turnover, and compensation. He also spoke on their investment decision process.

Mr. Simmons spoke on Baird's investment lineup of taxable bond funds. He mentioned the COJ General Pension Fund does not invest directly in their mutual funds, but the strategy mirrors the Baird Aggregate Bond Fund. He provided an overview of returns and mentioned bond performance remains negative due to ongoing increases in interest rates and market volatility. Mr. Simmons said Baird manages core fixed income using a two-step approach. The first step is to match the return of the benchmark using duration neutrality. Chair Bernardo asked if duration neutrality is a cornerstone of the business given the volatility in the market. Mr. Simmons said Baird has been using a 30-year observation to determine their philosophy to eliminate volatility around the benchmark and they build through bottom-up investing. Mr. Greive asked about monthly rebalancing. Mr. Simmons spoke on their monthly process. Mr. Simmons said the second step in their process is to add value through bottom-up construction. He spoke on yield curves, sector allocation, security selection, and competitive execution. Chair Bernardo, Ms. Bessent, Mr. Groeschell, Mr. Possley, and Mr. Simmons discussed capacity, growth, and flows of money within the funds.

Mr. Simmons mentioned sector weighting, risk-adjusted measures, and credit securitized exposure. Mr. Groeschell spoke on yield curves, interest rates, CMO's, and Treasuries. Chair Bernardo asked for an overview of security selection and analysis. Mr. Possley and Mr. Groeschell explained their process and said they would follow up with more detail.

Mr. Simmons spoke on risk control by balancing U.S. Treasuries, credit securities, mortgage-backed and asset-backed securities, cash bonds, and portfolio monitoring. Mr. Groeschell discussed yields and portfolio positioning in relation to the benchmark. Ms.

Bessent inquired about target ranges on yields over benchmark. Mr. Groeschell said the process evolves over time with an average yield in the 20-30 basis point range. He also spoke on the current yields within the portfolio, inflation, and labor shortages. Chair Bernardo asked about current technologies Baird utilizes. Mr. Groeschell, Mr. Simmons, and Mr. Possley discussed team dynamics, automated systems including the Bloomberg Order Management System, and efficient trading and research.

Chair Bernardo inquired about Environmental, Social, and Governance (ESG) strategies as compared to Baird's base strategy. Mr. Simmons said there is not an ESG-specific product, but ESG is factored into their research.

Mr. Merrell asked for any other Board questions. Mr. Merrell thanked Baird for their presentation. Mr. Possley, Mr. Simmons, and Mr. Groeschell thanked the Board.

4. OLD BUSINESS

N/A

5. ADMINISTRATIVE

N/A

6. INFORMATION

The next regular BOT meeting is scheduled for Thursday, September 22, 2022, at 2 PM.

7. PRIVILEGE OF THE FLOOR

Mr. Merrell reminded the Board the due diligence investment meetings would continue going forward on the first Thursday of the month.

8. ADJOURNMENT

The Chair adjourned the meeting at about 2:06 PM.

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

August 2022

CONSENT AGENDA FOR RECOMMENDED BENEFITS

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

1. TIME SERVICE RETIREMENTS

Ralph Cary, (JEA), effective July 30, 2022 in the monthly base amount of \$8,644.63 at the rate of 78.33% (31 years, 4 months)

Thomas Cunningham, (JEA), effective July 30, 2022 in the monthly base amount of \$5,868.85 at the rate of 64.38% (25 years, 9 months)

Terrie Despres, (Tax Collector), effective July 16, 2022 in the monthly base amount of \$2,477.55 at the rate of 75% (30 years), 24 months BACKDROP \$61,742.41

Robin Lumb, (Mayor's Office), effective July 16, 2022 in the monthly base amount of \$2,434.45 at the rate of 27.5% (11 years)

Peter Masterson, (JEA), effective July 16, 2022 in the monthly base amount of \$4,730.39 at the rate of 80% (32 years), 25 months BACKDROP \$122,901.16

Betty Royal, (Clerk of Court), effective July 23, 2022 in the monthly base amount of \$1,425.10 at the rate of 44.58% (17 years, 10 months)

Larry Shivers, (PW), effective July 30, 2022 in the monthly amount of \$685.07 at the rate of 29.58% (11 years, 10 months), 15% PLOP \$17,817.12

Mello-Dee Simmons, (JEA), effective July 30, 2022 in the monthly base amount of \$4,502.77 at the rate of 39.17% (15 years, 8 months)

Richard Smith, (R&E), effective July 30, 2022 in the monthly base amount of \$4,939.60 at the rate of 80% (41 years, 1 month), 60 months BACKDROP \$322,046.33

Eugene Werts, (PW), effective July 19, 2022 in the monthly base amount of \$1,773.38 at the rate of 50% (20 years), 15% PLOP \$45,635.82

2. VESTED RETIREMENTS

New Commencements

Nehme Chakhtoura, (JSO), effective July 27, 2022 in the monthly base amount of \$3,302.00

John Jolly, (OGC), effective July 30, 2022 in the monthly base amount of \$2,787.97

Valarie Thompson, (JSO), effective July 7, 2022 in the monthly base amount of \$816.96

New Deferrals

Kathy Huff, (JSO), effective September 3, 2025 in the monthly base amount of \$901.91 at the rate of 30.63% (12 years, 3 months)

3. SURVIVOR BENEFITS

Vanessa Bracy, (Jarvis Bracy), effective June 18, 2022 in the monthly base amount of \$3,628.06

Tracy Darden, (Robert Darden), effective July 14, 2022 in the monthly COLA base amount of \$2,086.00

Maria May, (John May), effective May 28, 2022 in the monthly COLA base amount of \$1,101.32

Isabell Odom, (Isaac Odom), effective May 10, 2022 in the monthly COLA base amount of \$2,055.32

Deborah Patrick, (Lorenzo Patrick), effective July 17, 2022 in the monthly COLA base amount of \$2,199.60

Judy Vonderau, (Lawrence Vonderau), effective July 10, 2022 on the monthly COLA base about of \$3,910.05

4. RESTORATION OF SURVIVOR BENEFITS

None

5. CHILDREN/ORPHAN/GUARDIANSHIP BENEFITS

None

6. TIME SERVICE CONNECTIONS COMPLETED

Mary Barber, (P&R), 20.50 months in the amount of \$4,667.37

Peter Blackley, (JEA), 102.07 months in the amount of \$62,023.30

Jerry Creel, (JEA), 89.3 months in the amount of \$47,637.20

Rosa Jenkins-Peterson, (P&R), 29.93 months in the amount of \$6,173.69

Richard Marino, (ITD), 25 days in the amount of \$453.08

Brian Montgomery, (JSO), 60.9 months in the amount of \$15,618.66

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)

Calvin Jones, (PW), 24 months in the amount of \$18,335.90

Brian Montgomery, (JSO), 24 months in the amount of \$18,095.71

Lawrence Shuler, (JEA), 12 months in the amount of \$19,465.75

John Strength, (JEA), 24 months in the amount of \$37,625.28

9. REFUNDS

Nyasha N Anderson (Clerk of Courts) 8 years and 3 months, \$26,128.36

10. DB TO DC TRANSFER

Tommy W Jones (JEA), 35 Years, \$1,151,790.06

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

August 2022

CONSENT AGENDA FOR RECOMMENDED BENEFITS

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

1. TIME SERVICE RETIREMENTS

Charles Brewer, effective July 30, 2022 in the monthly amount of \$1,325.57 at the rate of 28.25% (9 years, 5 months)

Kenneth Tanner, effective July 16, 2022 in the monthly amount of \$4,250.66 at a rate of 61.33% (20 years, 8 months)

2. TIME SERVICE CONNECTIONS COMPLETED

Deshon Edgerton, 1.63 months in the amount of \$1,167.99

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 July 2022

James Cagle, Jr. - #7543

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: August 31, 2022

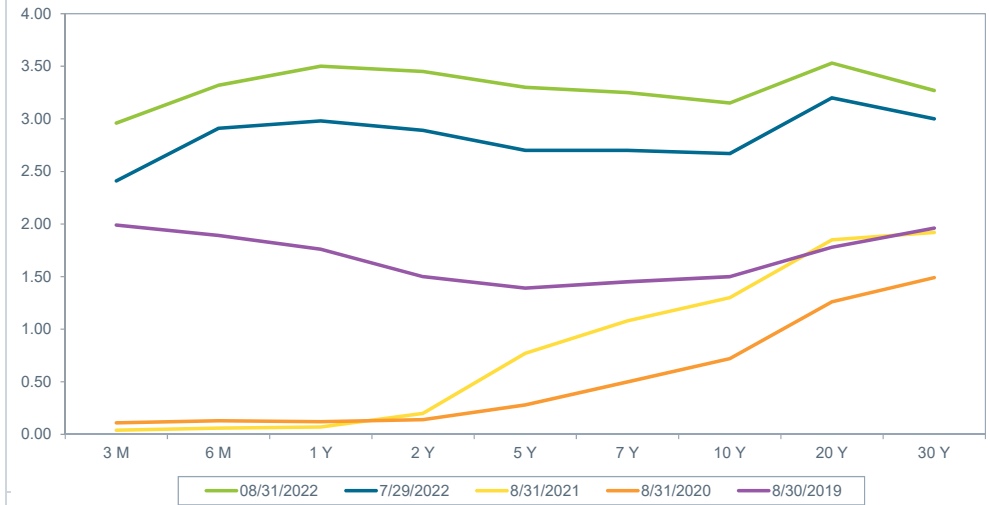


General Market Commentary

- Global equity markets pulled back in August, with most major indices finishing in negative territory. Domestic and international indices posted low to mid-single digit losses, with the exception being emerging markets which posted a slight gain for the month. Persistent heightened inflation, along with recession fears, continue to weigh on investment results.
- In August, Federal Reserve chair Jerome Powell reaffirmed that monetary policy would remain tight in an attempt to combat the soaring inflation, and that the Fed's focus is to return the long-run inflation target of 2%. As of the end of July, inflation recorded an 8.5% gain year-over-year, slightly down from the 9.1% figure as of the end of June.
- Despite the poor economic conditions, the nation's job market remains very strong, with the national unemployment rate being 3.7% as of the end of August, and jobs continuing to be added throughout the United States each month.
- Equity markets posted negative returns in August as the S&P 500 (Cap Wtd) Index returned -4.08% and the MSCI EAFE (Net) Index returned -4.75%. Emerging markets returned 0.42% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned -2.83% in August, underperforming the -2.01% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -5.78%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate, as measured by the FTSE NAREIT Eq REITs Index (TR), returned -5.97% in August and 5.63% over the trailing five-year period.
- The Cambridge US Private Equity Index returned 27.60% for the trailing one-year period and 19.71% for the trailing five-year period ending March 2022.
- Absolute return strategies, as measured by the HFRI FOF Comp Index, returned 0.88% for the month and -4.50% over the trailing one-year period.
- Crude oil's price fell by 9.20% during the month, but has increased by 30.73% YoY.

Economic Indicators	Aug-22	Jul-22	Aug-21	10 Yr	20 Yr
Federal Funds Rate (%)	2.33 ▲	2.32	0.06	0.68	1.27
Breakeven Inflation - 5 Year (%)	2.64 ▼	2.81	2.51	1.87	1.90
Breakeven Inflation - 10 Year (%)	2.48 ▼	2.55	2.34	1.98	2.07
Breakeven Inflation - 30 Year (%)	2.35 ▲	2.31	2.23	2.04	2.26
Bloomberg US Agg Bond Index - Yield (%)	3.96 ▲	3.42	1.42	2.31	3.21
Bloomberg US Agg Bond Index - OAS (%)	0.50 ▲	0.49	0.35	0.47	0.59
Bloomberg US Agg Credit Index - OAS (%)	1.30 ▼	1.34	0.82	1.18	1.39
Bloomberg US Corp: HY Index - OAS (%)	4.84 ▲	4.69	2.88	4.31	5.10
Capacity Utilization (%)	N/A	80.27	78.23	77.10	76.92
Unemployment Rate (%)	3.7 ▲	3.5	5.2	5.4	6.0
PMI - Manufacturing (%)	52.8 -	52.8	59.7	54.5	53.7
Baltic Dry Index - Shipping	965 ▼	2,040	4,132	1,329	2,424
Consumer Conf (Conf Board)	103.20 ▲	95.30	115.20	103.97	90.84
CPI YoY (Headline) (%)	8.5 -	8.5	5.3	2.2	2.4
CPI YoY (Core) (%)	5.9 -	5.9	4.0	2.3	2.1
PPI YoY (%)	N/A	N/A	15.5	10.7	2.3
M2 YoY (%)	N/A	N/A	5.3	13.6	8.3
US Dollar Total Weighted Index	123.67 ▲	121.85	113.15	109.10	103.18
WTI Crude Oil per Barrel (\$)	90 ▼	99	69	66	67
Gold Spot per Oz (\$)	1,711 ▼	1,766	1,814	1,439	1,137

Treasury Yield Curve (%)



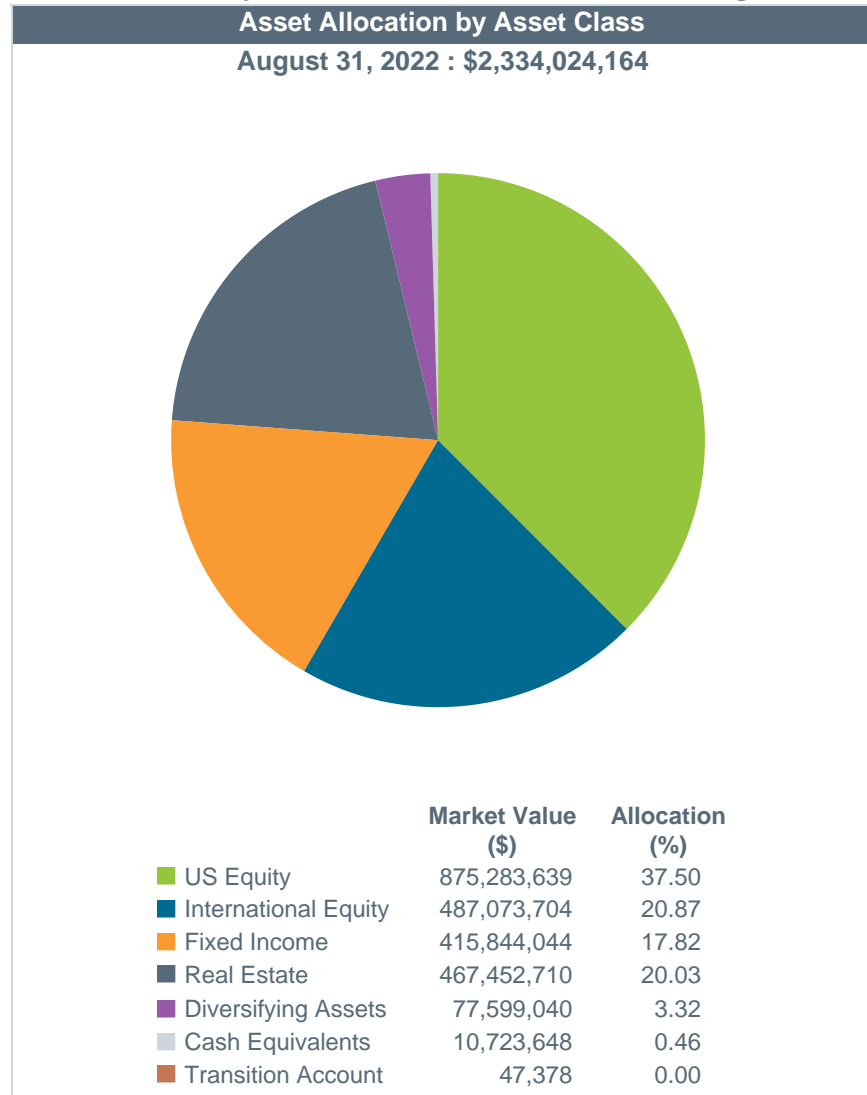
Treasury Yield Curve (%)	Aug-22	Jul-22	Aug-21	Aug-20	Aug-19
3 Month	2.96	2.41	0.04	0.11	1.99
6 Month	3.32	2.91	0.06	0.13	1.89
1 Year	3.50	2.98	0.07	0.12	1.76
2 Year	3.45	2.89	0.20	0.14	1.50
5 Year	3.30	2.70	0.77	0.28	1.39
7 Year	3.25	2.70	1.08	0.50	1.45
10 Year	3.15	2.67	1.30	0.72	1.50
20 Year	3.53	3.20	1.85	1.26	1.78
30 Year	3.27	3.00	1.92	1.49	1.96

Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	-4.08	4.77	-16.14	-11.23	12.39	11.82	12.55	13.08
Russell 2000	-2.05	8.18	-17.16	-17.88	8.59	6.95	8.29	10.01
MSCI EAFE (Net)	-4.75	0.00	-19.57	-19.80	2.39	1.63	3.52	5.00
MSCI EAFE SC (Net)	-4.43	1.88	-23.29	-25.98	2.85	1.21	4.55	7.06
MSCI EM (Net)	0.42	0.17	-17.49	-21.80	2.74	0.59	5.29	2.92
Bloomberg US Agg Bond	-2.83	-0.45	-10.75	-11.52	-2.00	0.52	1.28	1.35
ICE BofAML 3 Mo US T-Bill	0.16	0.21	0.36	0.37	0.57	1.12	0.92	0.66
NCREIF ODCE (Gross)	N/A	N/A	12.49	29.51	12.66	10.54	10.34	11.16
FTSE NAREIT Eq REITs Index (TR)	-5.97	2.54	-18.17	-9.96	3.28	5.63	7.26	7.45
HFRI FOF Comp Index	0.88	1.66	-5.03	-4.50	4.69	3.58	3.19	3.76
Bloomberg Comdty Index (TR)	0.09	4.35	23.59	27.72	17.15	8.75	5.23	-1.15

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.

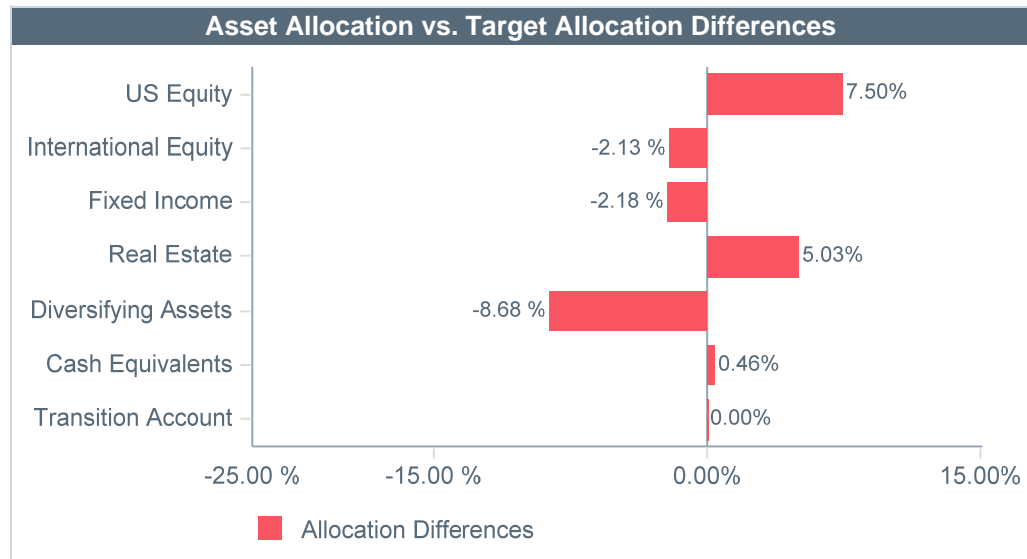


Asset Allocation by Asset Class, Asset Allocation vs. Target, and Schedule of Investable Assets



Asset Allocation vs. Target Allocation

	Market Value (\$)	Allocation (%)	Min (%)	Target (%)	Max (%)
Total Fund	2,334,024,164	100.00	-	100.00	-
US Equity	875,283,639	37.50	20.00	30.00	40.00
International Equity	487,073,704	20.87	13.00	23.00	25.00
Fixed Income	415,844,044	17.82	10.00	20.00	30.00
Real Estate	467,452,710	20.03	0.00	15.00	20.00
Diversifying Assets	77,599,040	3.32	0.00	12.00	20.00
Cash Equivalents	10,723,648	0.46	0.00	0.00	10.00
Transition Account	47,378	0.00	0.00	0.00	0.00

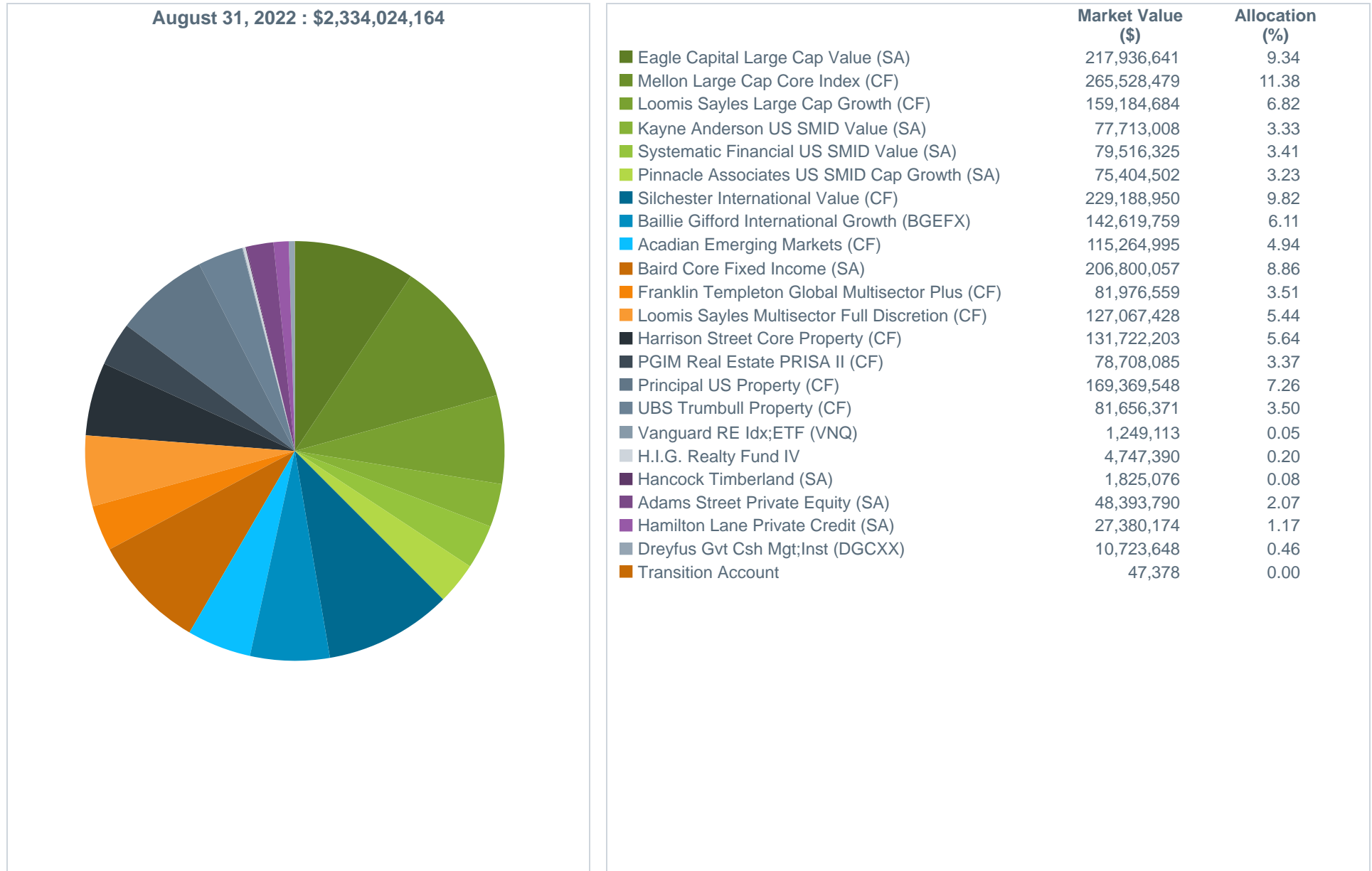


Schedule of Investable Assets

Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
CYTD	2,664,636,142	1,645,343	-332,257,322	2,334,024,164	-12.46

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.





Market values shown are preliminary and subject to change. Allocations shown may not sum up to 100% exactly due to rounding.

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

As of August 31, 2022

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Total Fund	2,334,024,164	100.00	-2.62	2.42	-12.46	-9.70	-12.14	5.55	4.98	6.36	7.52	6.02	07/01/1999
Total Fund Policy Index			-2.72	2.02	-11.25	-6.67	-7.47	5.86	5.75	6.65	7.38	5.74	
Difference			0.10	0.40	-1.21	-3.03	-4.67	-0.31	-0.77	-0.29	0.14	0.28	
Total Equity	1,362,357,343	58.37	-3.76	3.12	-20.48	-18.03	-21.48	7.18	6.11	8.17	9.51	5.99	07/01/1999
US Equity	875,283,639	37.50	-3.55	5.46	-19.89	-15.18	-18.68	9.64	9.37	10.08	11.60	6.73	07/01/1999
US Equity Index			-3.73	5.30	-16.92	-9.21	-13.28	11.90	11.29	11.98	12.77	7.00	
Difference			0.18	0.16	-2.97	-5.97	-5.40	-2.26	-1.92	-1.90	-1.17	-0.27	
International Equity	487,073,704	20.87	-4.14	-0.82	-21.52	-22.69	-26.05	3.28	1.07	5.08	5.93	5.17	07/01/1999
International Equity Index			-3.22	0.10	-18.34	-16.86	-19.52	2.87	1.67	4.15	4.48	3.53	
Difference			-0.92	-0.92	-3.18	-5.83	-6.53	0.41	-0.60	0.93	1.45	1.64	
Fixed Income	415,844,044	17.82	-2.40	-0.23	-11.12	-11.71	-12.59	-2.21	-0.28	0.97	1.29	4.31	07/01/1999
Fixed Income Index			-2.60	-0.15	-11.07	-11.09	-11.85	-1.82	0.59	1.33	1.39	4.11	
Difference			0.20	-0.08	-0.05	-0.62	-0.74	-0.39	-0.87	-0.36	-0.10	0.20	
Real Estate	467,452,710	20.03	0.11	3.22	13.93	21.62	22.69	10.03	8.52	8.62	9.10	6.48	12/01/2005
Real Estate Index			0.00	0.00	12.01	20.59	28.32	11.67	9.55	9.35	10.16	7.10	
Difference			0.11	3.22	1.92	1.03	-5.63	-1.64	-1.03	-0.73	-1.06	-0.62	
Core Real Estate	462,705,320	19.82	0.04	3.18	13.48	21.15	22.21	9.89	8.43	8.56	9.05	6.45	12/01/2005
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	12.00	20.58	28.31	11.66	9.55	9.35	10.15	7.09	
Difference			0.04	3.18	1.48	0.57	-6.10	-1.77	-1.12	-0.79	-1.10	-0.64	
Non-Core Real Estate	4,747,390	0.20	7.15	7.15	72.24	N/A	N/A	N/A	N/A	N/A	N/A	72.24	04/01/2022
NCREIF ODCE Index (AWA) (Net) (Monthly)+2%			0.17	0.33	13.49	22.79	30.87	13.90	11.74	11.53	12.36	5.40	
Difference			6.98	6.82	58.75	N/A	N/A	N/A	N/A	N/A	N/A	66.84	
Diversifying Assets	77,599,040	3.32	0.17	0.15	22.73	39.31	43.05	15.45	9.00	6.32	7.74	8.42	03/01/2011
Diversifying Assets Index			-2.80	3.40	-10.79	-4.81	-2.61	-0.83	0.24	0.06	2.24	2.68	
Difference			2.97	-3.25	33.52	44.12	45.66	16.28	8.76	6.26	5.50	5.74	

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

As of August 31, 2022

	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)	217,936,641	9.34	-3.01	5.70	-22.87	-20.41	-23.46	7.94	8.87	10.14	12.00	9.58	02/01/2007
Russell 1000 Val Index			-2.98	3.45	-9.85	-2.84	-6.23	8.87	7.86	9.10	10.52	6.42	
Difference			-0.03	2.25	-13.02	-17.57	-17.23	-0.93	1.01	1.04	1.48	3.16	
Mellon Large Cap Core Index (CF)	265,528,479	11.38	-3.84	5.12	-16.91	-8.78	-12.95	12.08	N/A	N/A	N/A	10.77	05/01/2019
Russell 1000 Index			-3.84	5.12	-16.90	-8.77	-12.96	12.14	11.61	12.26	12.98	10.82	
Difference			0.00	0.00	-0.01	-0.01	0.01	-0.06	N/A	N/A	N/A	-0.05	
Loomis Sayles Large Cap Growth (CF)	159,184,684	6.82	-4.69	5.73	-24.68	-19.61	-24.82	8.96	11.14	N/A	N/A	10.94	08/01/2017
Russell 1000 Grth Index			-4.66	6.78	-23.19	-14.25	-19.06	14.51	14.78	15.00	15.09	14.93	
Difference			-0.03	-1.05	-1.49	-5.36	-5.76	-5.55	-3.64	N/A	N/A	-3.99	
Kayne Anderson US SMID Value (SA)	77,713,008	3.33	-3.54	5.25	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-6.59	03/01/2022
Russell 2500 Val Index			-3.14	6.24	-11.46	-5.83	-8.34	9.93	7.03	8.41	9.88	-8.22	
Difference			-0.40	-0.99	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.63	
Systematic Financial US SMID Value (SA)	79,516,325	3.41	-3.86	3.89	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-10.23	03/01/2022
Russell 2500 Val Index			-3.14	6.24	-11.46	-5.83	-8.34	9.93	7.03	8.41	9.88	-8.22	
Difference			-0.72	-2.35	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-2.01	
Pinnacle Associates US SMID Cap Growth (SA)	75,404,502	3.23	-1.26	7.36	-20.07	-17.39	-19.17	12.35	9.02	10.64	12.16	12.57	03/01/2010
Russell 2500 Grth Index			-1.90	9.29	-22.89	-22.74	-25.68	7.27	9.12	9.37	11.56	12.14	
Difference			0.64	-1.93	2.82	5.35	6.51	5.08	-0.10	1.27	0.60	0.43	
International Equity													
Silchester International Value (CF)	229,188,950	9.82	-4.91	-2.42	-13.07	-13.10	-14.34	3.34	1.02	4.04	6.70	7.62	06/01/2009
MSCI EAFE Val Index (USD) (Net)			-3.37	-1.36	-13.31	-12.30	-13.91	1.89	-0.29	1.85	3.70	3.98	
Difference			-1.54	-1.06	0.24	-0.80	-0.43	1.45	1.31	2.19	3.00	3.64	
Baillie Gifford International Growth (BGEFX)	142,619,759	6.11	-5.58	1.90	-33.86	-36.86	-41.69	3.72	3.39	7.69	7.88	8.57	06/01/2009
Baillie Gifford Index			-3.90	1.39	-23.75	-21.94	-25.30	2.78	2.81	4.61	5.88	6.44	
Difference			-1.68	0.51	-10.11	-14.92	-16.39	0.94	0.58	3.08	2.00	2.13	
Baillie Gifford Spliced Index			-3.22	0.10	-18.34	-16.86	-19.52	3.08	2.04	3.82	5.21	5.53	
Difference			-2.36	1.80	-15.52	-20.00	-22.17	0.64	1.35	3.87	2.67	3.04	
Acadian Emerging Markets (CF)	115,264,995	4.94	-0.65	-0.86	-18.46	-17.88	-21.32	4.38	-0.35	5.01	2.94	2.02	02/01/2011
MSCI Emg Mkts Index (USD) (Net)			0.42	0.17	-17.49	-18.57	-21.80	2.74	0.59	5.29	2.92	1.44	
Difference			-1.07	-1.03	-0.97	0.69	0.48	1.64	-0.94	-0.28	0.02	0.58	

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

As of August 31, 2022

	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)	206,800,057	8.86	-2.60	-0.44	-11.18	-11.39	-12.11	N/A	N/A	N/A	N/A	-7.04	03/01/2021
Bloomberg US Agg Bond Index			-2.83	-0.45	-10.75	-10.74	-11.52	-2.00	0.52	1.28	1.35	-6.92	
Difference			0.23	0.01	-0.43	-0.65	-0.59	N/A	N/A	N/A	N/A	-0.12	
Franklin Templeton Global Multisector Plus (CF)	81,976,559	3.51	-2.57	-1.44	-11.40	-13.59	-15.53	-6.45	-4.60	-1.99	-0.75	3.41	09/01/2007
Frank. Temp. Global Multisector Index			-3.82	-1.70	-15.43	-16.03	-17.52	-4.26	-1.38	0.35	-0.11	2.10	
Difference			1.25	0.26	4.03	2.44	1.99	-2.19	-3.22	-2.34	-0.64	1.31	
Loomis Sayles Multisector Full Discretion (CF)	127,067,428	5.44	-1.95	0.93	-10.84	-10.98	-11.40	0.93	2.46	3.63	4.16	5.52	10/01/2007
Bloomberg Gbl Agg Bond Index			-3.95	-1.90	-15.55	-16.12	-17.61	-4.39	-1.46	0.18	-0.28	1.77	
Difference			2.00	2.83	4.71	5.14	6.21	5.32	3.92	3.45	4.44	3.75	
Real Estate													
Harrison Street Core Property (CF)	131,722,203	5.64	0.00	6.18	11.60	14.72	14.72	9.06	8.42	N/A	N/A	8.32	11/01/2015
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	12.00	20.58	28.31	11.66	9.55	9.35	10.15	9.04	
Difference			0.00	6.18	-0.40	-5.86	-13.59	-2.60	-1.13	N/A	N/A	-0.72	
PGIM Real Estate PRISA II (CF)	78,708,085	3.37	0.00	4.34	19.28	27.91	27.91	12.07	10.20	10.24	N/A	10.24	01/01/2015
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	12.00	20.58	28.31	11.66	9.55	9.35	10.15	9.44	
Difference			0.00	4.34	7.28	7.33	-0.40	0.41	0.65	0.89	N/A	0.80	
Principal US Property (CF)	169,369,548	7.26	0.17	0.15	10.78	21.92	25.15	11.68	10.01	9.94	N/A	10.58	01/01/2014
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	12.00	20.58	28.31	11.66	9.55	9.35	10.15	9.67	
Difference			0.17	0.15	-1.22	1.34	-3.16	0.02	0.46	0.59	N/A	0.91	
UBS Trumbull Property (CF)	81,656,371	3.50	0.00	3.88	17.47	24.56	24.56	7.42	5.60	5.99	7.13	5.64	12/01/2005
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	12.00	20.58	28.31	11.66	9.55	9.35	10.15	7.09	
Difference			0.00	3.88	5.47	3.98	-3.75	-4.24	-3.95	-3.36	-3.02	-1.45	
Vanguard RE Idx;ETF (VNQ)	1,249,113	0.05	-6.01	2.08	-18.89	-6.72	-12.00	3.65	5.80	7.37	7.34	12.01	12/01/2008
Custom REITs Index			-6.03	2.13	-18.77	-6.64	-11.91	3.77	6.34	7.78	7.76	12.76	
Difference			0.02	-0.05	-0.12	-0.08	-0.09	-0.12	-0.54	-0.41	-0.42	-0.75	
H.I.G. Realty Fund IV	4,747,390	0.20	7.15	7.15	N/A	N/A	N/A	N/A	N/A	N/A	N/A	72.24	04/01/2022
NCREIF ODCE Index (AWA) (Net) (Monthly)+2%			0.17	0.33	13.49	22.79	30.87	13.90	11.74	11.53	12.36	5.40	
Difference			6.98	6.82	N/A	N/A	N/A	N/A	N/A	N/A	N/A	66.84	

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	Allocation		Performance (%)										
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Diversifying Assets													
Hancock Timberland (SA)	1,825,076	0.08	0.08	0.13	37.37	42.70	42.70	22.28	14.66	12.48	11.63	6.75	10/01/2006
NCREIF Timberland Index			0.00	0.00	5.13	9.93	12.01	5.03	4.32	4.05	5.73	5.52	
Difference			0.08	0.13	32.24	32.77	30.69	17.25	10.34	8.43	5.90	1.23	
Adams Street Private Equity (SA)	48,393,790	2.07	0.00	0.00	25.84	55.56	55.56	N/A	N/A	N/A	N/A	38.15	11/01/2020
S&P 500 Index+3%			-3.84	5.28	-14.48	-4.34	-8.56	15.77	15.18	15.93	16.47	16.00	
Difference			3.84	-5.28	40.32	59.90	64.12	N/A	N/A	N/A	N/A	22.15	
Hamilton Lane Private Credit (SA)	27,380,174	1.17	0.51	0.40	4.08	5.75	6.72	N/A	N/A	N/A	N/A	-3.42	04/01/2021
ICE BofAML Gbl Hi Yld Index +2%			-1.81	2.70	-13.63	-13.86	-14.46	0.91	2.85	5.26	5.72	-7.96	
Difference			2.32	-2.30	17.71	19.61	21.18	N/A	N/A	N/A	N/A	4.54	
Dreyfus Gvt Csh Mgt;Inst (DGCXX)	10,723,648	0.46	0.18	0.32	0.57	0.67	0.67	0.66	1.18	0.97	0.71	1.32	04/01/2001
FTSE 3 Mo T-Bill Index			0.15	0.25	0.43	0.44	0.44	0.56	1.10	0.90	0.64	1.29	
Difference			0.03	0.07	0.14	0.23	0.23	0.10	0.08	0.07	0.07	0.03	

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

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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.
- 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.
- Franklin Templeton Global Multisector Plus (CF) performance prior to 03/2016 is represented by Templeton Global Total Return (SICAV).

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.
- **Frank. Temp. Global Multisector Index:** The passive Frank. Temp. Global Multisector Index consists of 100% ICE BofAML Gbl Hi Yld Index through 12/2009 and 100% Bloomberg Multiverse Index 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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September 2022

Private Market Performance Evaluation Education

City of Jacksonville Employees' Retirement
System



Performance Measurement

Time Weighted Return (TWR)

- TWR is used for liquid investments because the fund managers do not control cash flowing into or out of their funds.
- TWR is the return produced over time by a fund independent of contributions or withdrawals.
- TWR eliminates the impact of the timing of fund cash flows and isolates the portion of a portfolio's return that is attributable solely to the manager's actions.

Internal Rate of Return (IRR)

- IRR is used for private fund managers because they typically exercise control over the amount and timing of fund cash flows.
- IRR is the discount rate that equates the cost of an investment with the cash generated by that investment.
- IRR accounts for the timing and magnitude of fund cash flows.

A typical RVK performance report uses both TWR and IRR to calculate manager performance.

TWR and IRR Methodology Differences

– TWR calculations weight each period equally, while IRR calculations give more weight to periods where more capital is invested.

- In a TWR calculation, any negative performance will weigh heavily on returns over the entire period.
- In an IRR calculation, negative returns will have a small impact on performance if a small portion of capital is invested during the period of negative returns.

– TWR calculations include each valuation period while IRR calculations ignore intra-period valuations.

- This causes investments with volatile valuations (i.e., a private investment early on in a fund's life) to have more negative performance when evaluated using a TWR.

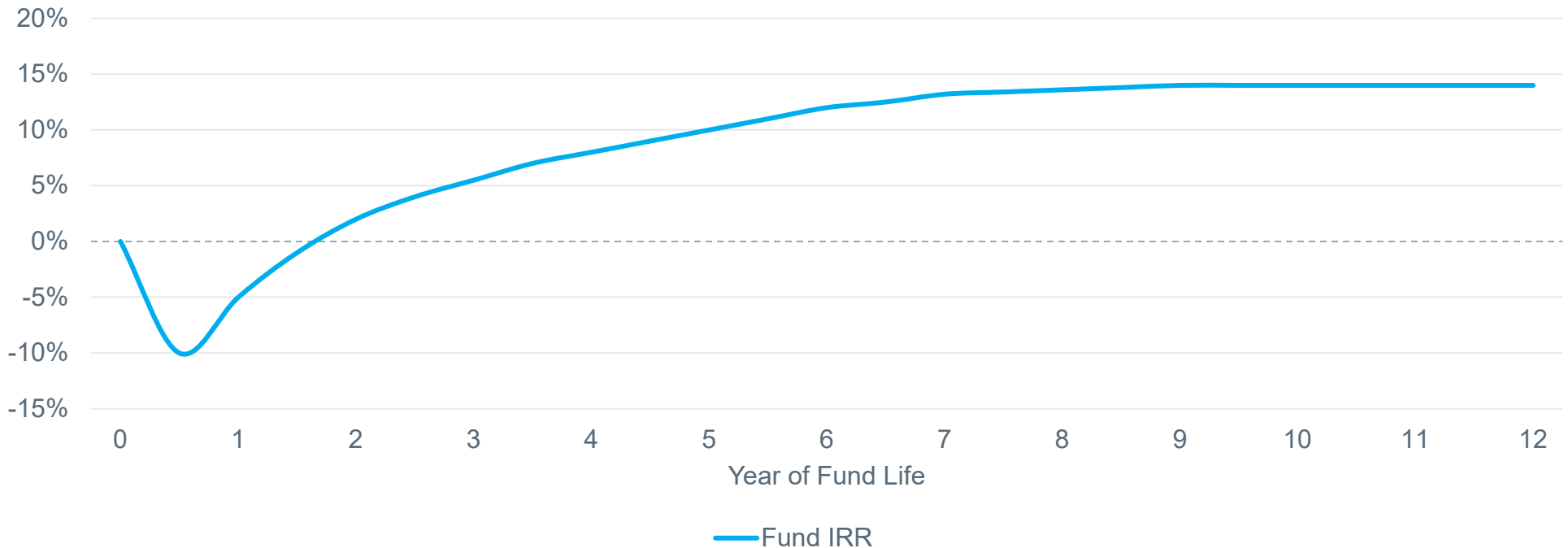
Due to the differences above, TWR and IRR can show dramatically different results for the same investment.

IRR vs. TWR Example

Fund	Vintage Year	Contributions	Multiple	Manager IRR	S&P 500 IRR	Manager TWR	S&P 500 TWR
Fund A	2010	\$970,000	1.4x	5.7%	0.9%	5.9%	1.7%
Fund B	2012	\$2,700,000	1.4x	11.9%	5.3%	14.1%	5.7%
Fund C	2014	\$1,650,000	1.1x	8.9%	10.2%	-56.6%	10.7%

- Because of the irregular cash flow nature of most private market investments, RVK recommends focusing on IRR as the most accurate measure of performance for asset classes like non core real estate, private credit, and private equity.
- The table above highlights a broad range of differences between the two methods of performance measurement.
- As funds mature, the two methods become increasingly similar. However even mature funds can have TWR performance numbers that do not accurately represent value created by the fund.

The “J Curve Effect”



- The term J Curve refers to the shape of a private market fund’s performance during its lifespan.
- Private market funds often experience negative IRRs during the beginning of the fund’s life.
 - Primarily caused by early management fees and time required to invest capital.
- IRR recovers as investments appreciate.

Fund Lifecycle & Cash Flows

- Traditional closed-end private credit and non-core real estate funds typically have a seven to ten-year term. Traditional closed-end private equity funds typically have ten to twelve-year terms. All of these funds will often have a provision that allows funds to request a one or two-year extension.
- These funds often utilize a three to five-year investment period where the 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.

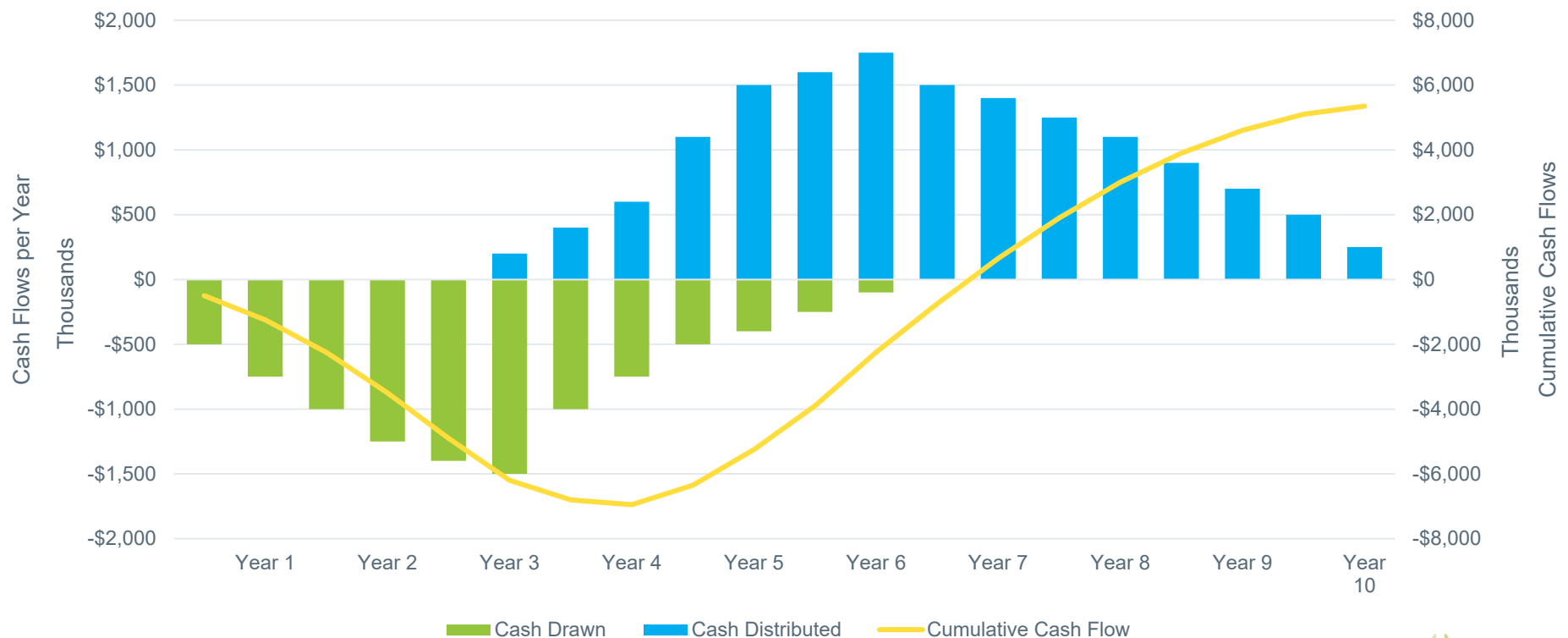


Chart above is intended for illustrative purposes only.

CoJ ERS Performance

As of August 31, 2022

Private Credit

Fund Name	Vintage	Asset Class	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Fund IRR (%)	Quartile	Index IRR (%)	Fund Multiple
Hamilton Lane Private Credit (SA)	2021	Private Credit - Direct Investment	250,000,000	26,298,669	1,403,890	26,030,081 *	7.67	N/A	-12.14	1.04
			250,000,000	26,298,669	1,403,890	26,030,081	7.67		-12.14	1.04

Please note, market value shown for Hamilton Lane Private Credit (SA) is preliminary as of 06/30, adjusted for subsequent cash flows. Index IRR represents the dollar-weighted returns calculated using the ICE BofAML Global High Yield Index +2% assuming an index investment with the same cash flow timing.

Private Equity

Fund Name	Vintage	Asset Class	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Fund IRR (%)	Quartile	Index IRR (%)	Fund Multiple
ASP COJ PE Fund LP	2020	Private Equity - Fund of Funds	105,000,000	37,992,892	5,564,720	46,278,975 *	41.91	N/A	5.66	1.36
			105,000,000	37,992,892	5,564,720	46,278,975	41.91		5.66	1.36

Please note, market value shown for ASP COJ PE Fund LP is preliminary as of 03/31, adjusted for subsequent cash flows. Index IRR represents the dollar-weighted returns calculated using the S&P 500 (Cap Wtd)+3% assuming an index investment with the same cash flow timing.

Non Core Real Estate

Fund Name	Vintage	Asset Class	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Fund IRR (%)	Quartile	Index IRR (%)	Fund Multiple
H.I.G. Realty Partners IV, LP	2021	Real Estate - Opportunistic	25,000,000	4,184,814	2,793,757	3,680,804 *	N/M	N/A	N/M	1.55
Hammes Partners IV LP	2021	Real Estate - Value Added	15,000,000	0	0	0 *	N/M	N/A	N/M	
Abacus Multi-Family Partners Fund VI	2022	Real Estate - Value Added	20,000,000	0	0	0 *	N/M	N/A	N/M	
			60,000,000	4,184,814	2,793,757	3,680,804				1.55

Please note, market value shown for H.I.G. Realty Partners IV, LP is preliminary as of 06/30, adjusted for subsequent cash flows. Index IRR represents the dollar-weighted returns calculated using the NCREIF ODCE Index (AWA)(Net)+2% assuming an index investment with the same cash flow timing.

Certain valuations (marked with a **) are preliminary estimates of valuation as of the date of reporting and reflect the estimated impact of subsequent net cash contributions/distributions. These figures may be used in calculations contained in these reports. IRRs are shown only for investments with one year or more of cash flows and for which an accurate IRR could be calculated. Applicable IRRs are marked with 'N/M' for not material. Fund IRR is the annualized since-inception net internal rate for the indicated fund or composite. Fund Multiple is the since inception sum of distributions and valuation divided by paid in capital. Quartile data is based on information provided by Preqin.



Key Evaluation Terminology

Vintage (Year): Name given to the year of inception for a fund investment. This is typically the first year that the fund calls committed capital.

Asset Class: Highlights both the high level asset class (e.g., Non Core Real Estate) as well as the sub-asset class / strategy (e.g., Opportunistic or Value Add).

Commitment: The pledged amount that the investor (i.e., Limited Partner, the COJ) contracts to give to the fund manager for the investment over the life of the fund.

Paid in Capital or Contribution: Any cash flow into the private market investment, sent by the investor.

Distributions: Cash flows out of the private market investment, received by the investor.

Valuation: Represents the present value of fund assets.

Fund IRR (Internal Rate of Return): The dollar weighted returns of the fund. IRR is defined as the discount rate required to reduce the net present value of future cash flows to zero.

Quartile Ranking: Funds are ranked by vintage year based on Preqin universe data. Lower quartile (i.e. 25th) indicates superior performance vs. peers as compared to higher quartile (i.e. 75th), which would fall below median.

Index IRR: Represents the dollar-weighted returns calculated using a given comparative index assuming an index investment with the same cash flow timing as the investment to which it is being compared.

Fund Multiple (Total Value to Paid in Capital): Represents the fund's total value as a multiple of its cost basis. It is calculated by fund's total distributions plus the current market valuation divided by Paid In Capital. As an example, a TVPI ratio of 1.50x means the investment has created a total gain of 50 cents for every dollar contributed.

PORTLAND

BOISE

CHICAGO

NEW YORK

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City of Jacksonville Employees' Retirement System

INVESTMENT ACTIVITY REPORT: September 2022

Events

Board Due Diligence Meetings

1st Thursday Each Month

Presentation: 12:30-2 PM

City Hall Conference Room 3C

October 6, 2022

Hamilton Lane- Private Credit

November 3, 2022

UBS Trumbull - Real Estate

December 1, 2022

Harrison Street- Real Estate

January 5, 2023

Principal - Real Estate

February 2, 2023

PGIM - Real Estate

Staff Update

Contract Status

Schroders Investment Mgmt –

\$103 M funding set for 9/30

Funding source:

Franklin Templeton

Loomis Sayles:

Other

Annual Pension Reimbursement

\$120 million payback by 9/30

Source:

Mellon LCC: \$51 million

Eagle Cap: \$32 million

Systematic: \$13 million

Kayne Anderson: \$11 million

Pinnacle: \$9 million

Loomis Sayles LCG: \$4 million

Meeting Current Managers

Baird- FI

Loomis Sayles- FI

Meeting Prospect Managers

Arena- Private Credit

Diamond Hill- Fixed Income

Harrison Street- Real Estate

HIG- Private Credit

Payden- Fixed Income

Cash Flows

Hamilton Lane-Private Credit

Total Monthly Called:

Balance Point: \$0.24 M

Carlyle Credit Opp: \$.6 M

Hamilton Lane Stat Ops 7: \$1 M

Total Net Called: \$1.84 million

Adams Street- Private Equity

Real Estate

Abacus Capital Called: \$0.81 M

Provider Disbursements

8/31/ & 9/30/2022

Franklin Templeton: \$114,800

Hamilton Lane: \$62,500

Mellon LCC: \$14,000

Silchester: \$110,000 (monthly)

Total Fees: ~\$0.3 million

Provider Redemptions

Total Returned: ~\$0.0

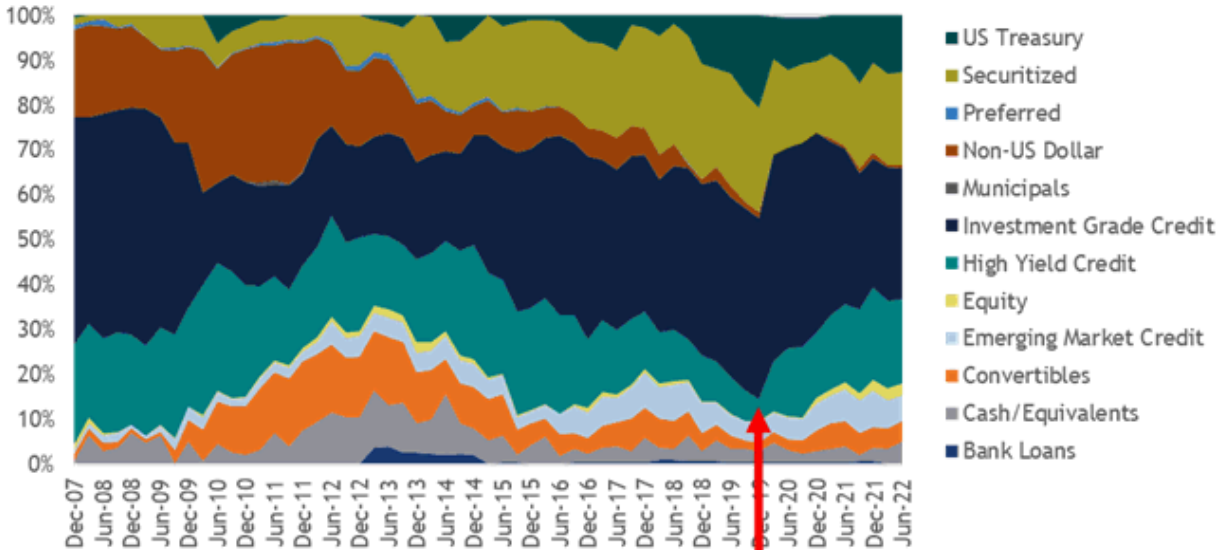
CHARACTERISTICS OF CYCLE STAGES

EXPANSION/LATE CYCLE	DOWNTURN	CREDIT REPAIR	RECOVERY
<ul style="list-style-type: none"> • Debt > Profit growth • Monetary policy is tight • Tight economic slack • Fading risk appetite • Liquidity tightening 	<ul style="list-style-type: none"> • Profit contraction • Central bank is cutting rates • Recession • Liquidity and risk appetites are low 	<ul style="list-style-type: none"> • Debt contraction • Easy monetary policy • Growth is rebounding • High liquidity • Improving risk appetite 	<ul style="list-style-type: none"> • Profit > Debt growth • Monetary policy is about neutral • Growth near trend • Diminishing liquidity • Improving risk

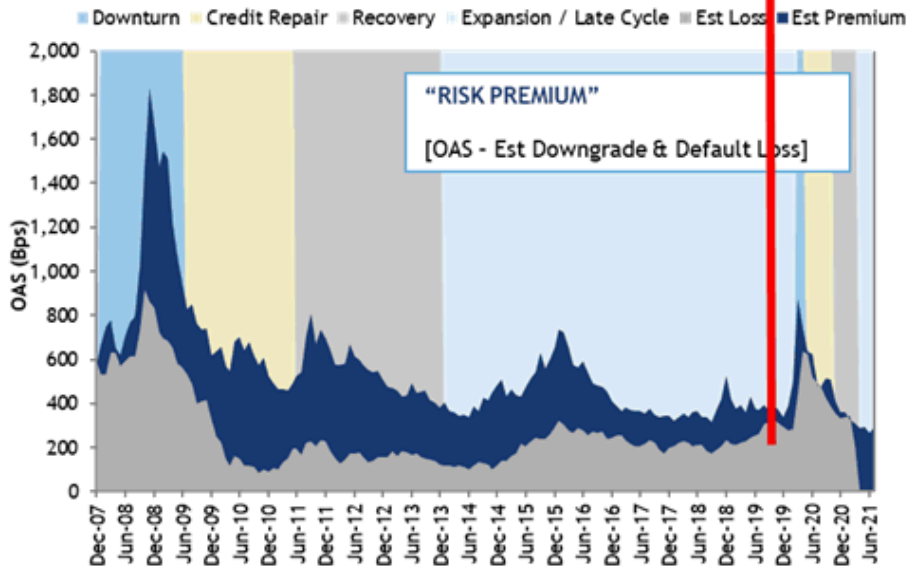
Sector allocation decisions are driven by the business cycle. We believe that credit and other risk assets generally perform best in the Credit Repair and Recovery stages of the cycle. As we move into the Late Cycle stage of the cycle (and the risk of Downturn increases), we generally shift our bias towards increasing liquidity/reserves, lengthening duration and moving up in quality. As an example, the expansion that began in 2014 persisted for an extended period of time and going into 2020, the portfolio was conservatively positioned as we viewed the market being late cycle and valuations to be high. Our US Treasury position increased as we had reduced our overall position in high yield and we took our overall duration higher. As the market sold off in March 2020 from the effects of the pandemic, we were able to take advantage of the market dislocation and increase risk in the portfolio, primarily through the IG and HY credit sectors. As the market recovered over the course of the second, third, and fourth quarters, the strategy benefited from a spread tightening and an improving economic outlook. Additionally, exposure to out of benchmark securitized credit sectors benefitted performance as the sector was hit hard early in the year, but recovered as the year went on.

Similarly in 2022, as our view of the credit cycle shifted from the “expansion” phase to “late cycle”, we have increased overall liquidity/reserves via our Cash and UST allocation, with proceeds coming from reductions in high yield, non-US dollar, EM and equities (see data table below). In addition, as the probability of a downturn has increased and our view on the direction of interest rates has become a bit more balanced, we have increased duration from 4.2 to 5.4 years as of 8/31.

Historical Sector Allocation

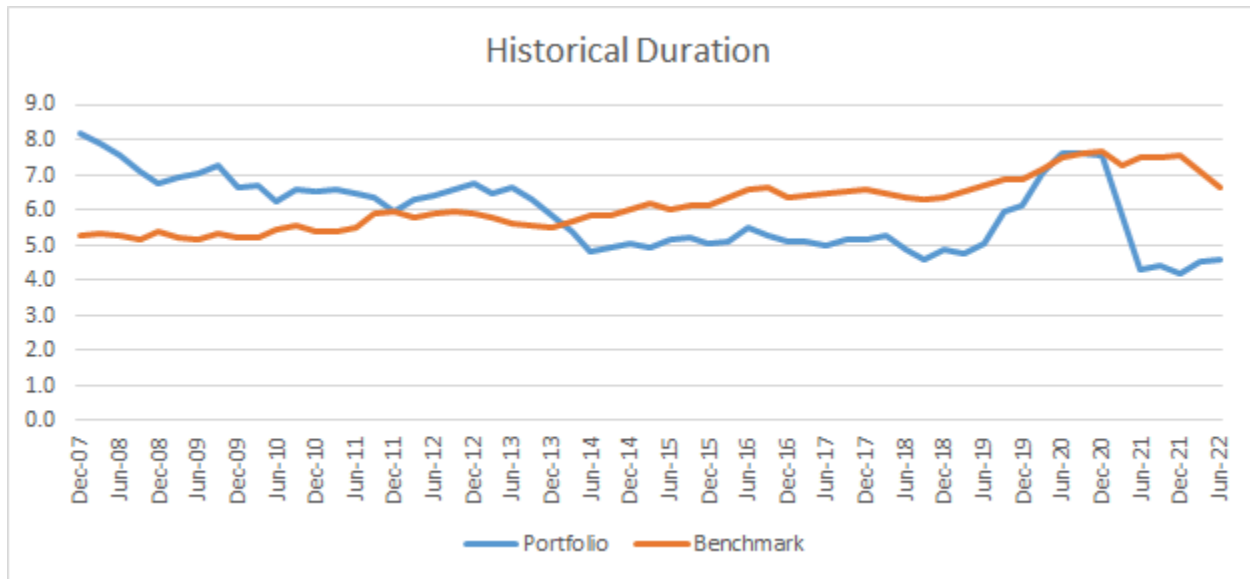


HIGH YIELD RISK PREMIUM COMPONENTS OVER TIME



	Weight 08/31/2022	Weight 12/31/2021	YTD Change
Bank Loans	0.0%	0.8%	-0.8%
Cash/Equivalents	7.1%	2.7%	4.3%
Convertibles	4.8%	4.8%	-0.1%
Emerging Market Credit	6.0%	7.9%	-1.9%
Equity	1.0%	2.6%	-1.6%
High Yield Credit	15.3%	20.4%	-5.1%
Investment Grade Credit	31.4%	28.8%	2.6%
Non-US Dollar	0.0%	1.5%	-1.5%

Securitized	19.8%	20.0%	-0.1%
US Treasury	14.5%	10.4%	4.1%



Baird Aggregate Bond Fund - Institutional Share Class (BAGIX) Annual Attribution	As of 6/30/2022				
	YTD	3 Year Annualized	5 Year Annualized	7 Year Annualized	10 Year Annualized
Fund Performance (Net)	-11.03	-0.73	1.07	1.71	2.13
<i>Benchmark</i>	-10.35	-0.93	0.88	1.42	1.54
Relative Performance (Net)	-0.68	0.20	0.19	0.29	0.59
Fund Performance (Gross)	-10.89	-0.43	1.37	2.01	2.43
<i>Benchmark</i>	-10.35	-0.93	0.88	1.42	1.54
Relative Performance (Gross)	-0.54	0.50	0.49	0.59	0.89
<i>Other Total - positive number indicates actual economic performance is better than reported</i>	0.09	0.03	0.02	0.02	0.01
<i>NAV Rounding Impact</i>	0.07	-0.01	-	-	-
<i>IDC vs. BVAL Pricing Source</i>	0.02	0.03	-	-	-
Relative Gross Economic Performance (removes noise from Other)	-0.45	0.53	0.51	0.61	0.90
U.S. Treasury	0.00	0.00	0.00	0.00	0.00
U.S. Agency (Non-MBS)	0.00	0.00	0.00	0.00	0.00
Securitized	0.03	0.17	0.15	0.18	0.27
U.S. Agency RMBS	0.14	0.13	0.09	0.08	0.03
Non-Agency RMBS	-0.02	0.01	0.02	0.05	0.16
CMBS	-0.06	0.03	0.04	0.04	0.07
ABS	-0.03	0.00	0.00	0.01	0.01
Credit	-0.47	0.33	0.30	0.36	0.57
Industrials	-0.29	0.16	0.15	0.18	0.19
Utilities	0.03	0.03	0.01	0.00	0.04
Financials	-0.22	0.15	0.16	0.21	0.34
Non-Corporate Credit	0.01	-0.01	-0.02	-0.03	0.00
Total Sector Allocation and Active Positioning	-0.44	0.50	0.45	0.54	0.84
Duration	0.00	0.00	0.00	0.00	0.00
Yield Curve Positioning	-0.06	-0.06	-0.02	0.00	0.00
Convexity	0.05	0.09	0.08	0.07	0.06
Total Yield Curve	-0.01	0.03	0.06	0.07	0.06
Total Relative Gross Economic Performance	-0.45	0.53	0.51	0.61	0.90

ESG Integration Brought To Life

Corporate – Environmental – Enel SpA

- Enel SpA is an Italy-based multinational power company and a global leader in renewable energy generation.
- Since 2015, Enel SpA has made a concerted effort to expose the business to opportunities linked to growing decarbonization and electrification trends, placing the company among leaders in the energy transition.
- The company's commitment to renewable energy and focus on sustainability including a goal to triple renewable capacity by 2030, fully exiting global coal generation, reducing emissions 80% by 2030, and full decarbonization by 2050.
- Enel SpA is also one of the world's largest issuers of sustainability-linked bonds, which pledge to improve performance against specific ESG targets and link the company's commitment directly to the coupon rate paid to investors. Enel SpA's ESG initiatives support and advance several UN Sustainable Development Goals, including:



Municipal – Social – KIPP NYC Schools

- Knowledge is Power (KIPP) is a non-profit network of 225 college-preparatory, public charter schools serving 110,000 students across the U.S.
- KIPP NYC, an affiliate, has current enrollment of 6,400 of historically underserved youth; 99% students of color, 90% qualify for free- or reduced-price meals, and 18% had special education needs. They hope to expand enrollment to 8,900 by 2029
- The issue's "Social Bond" designation was independently verified by Kestrel Verifiers, which found that the bond proceeds support and advance several UN Sustainable Development Goals including:

