

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
Thursday, January 23, 2025, at 2 PM
City Hall Conference Room 3C**

AGENDA

1. CALL TO ORDER

2. PUBLIC COMMENT

3. MINUTES

- a. Copy of December 19, 2024, Board of Trustees Minutes; RECOMMENDED ACTION: APPROVAL

4. NEW BUSINESS

- a. GEPP December 2024 Consent; PAC RECOMMENDED ACTION: APPROVAL
- b. COPP December 2024 Consent; COPAC RECOMMENDED ACTION: APPROVAL

5. INVESTMENT AND FINANCIAL MATTERS

- a. December Investment Performance Review
- b. IPS refresh
- c. International Equity Analysis
- d. 2025 Strategic Initiatives
- e. Staff Update
 - Investment Activity Report

6. OLD BUSINESS

None

7. ADMINISTRATIVE

- a. Staff Update

8. INFORMATION

- a. Financial Discussion with Harrison Street- Real Estate scheduled for Thursday, February 6, 2025, at 12:30 PM (meet and greet starts at 12:00)
- b. Next regular BOT meeting scheduled for Thursday, February 27, 2025, at 2 PM

9. PRIVILEGE OF THE FLOOR

10. ADJOURNMENT

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
December 19, 2024**

MINUTES

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

Members Present

Jeffrey Bernardo, Chair
David Kilcrease, Secretary
Julie Bessent
Michelle Fletcher
Leah Hayes
Kelli O'Leary (on behalf of Karen Bowling)
Eric Smith
Sage Sullivan

Members Not Present

Anna Brosche, Vice Chair

Staff Present

Chris Cicero, Treasurer
Eric Jordan, Financial Specialist
Brennan Merrell, Chief Investment Officer
Andy Robinson, Pension Administrator
John Sawyer, OGC
Hannah Wells, Assistant Pension Administrator

Others Present

Jordan Cipriani, RVK
Jake Gerbner, RVK (via Zoom)
Jim Voytko, RVK (via Zoom)

1. CALL TO ORDER

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

2. PUBLIC COMMENT

3. MINUTES

Mr. Kilcrease motioned to approve the minutes. Ms. O'Leary 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

Mr. Kilcrease motioned to approve the consent agendas. Ms. O’Leary seconded the motion. The Chair asked for discussion. The Chair took a vote, and the motion passed unanimously.

5. INVESTMENT AND FINANCIAL MATTERS

Mr. Merrell provided a high-level overview of the preliminary investment flash report. The total fund was valued at approximately \$2.5 billion, up 1.77% MTD and up 1.05% FYTD. He clarified that these figures are preliminary due to the early scheduling of the board meeting for the holidays and assured the members that an updated flash report would be distributed once final numbers are available.

Ms. Cipriani provided a detailed overview of the 2024 International Equity Structure Review. She explained that RVK and staff recommend an incremental restructuring of the International Equity composite to lower its current growth style bias. The proposed adjustment would better align the portfolio’s style profile more closely with the MSCI ACW ex US Index and ensure that the composite is able to take advantage of the market opportunities in all environments. She highlighted several key factors, including the investment decision process, asset allocation, active vs. passive investing, international and global equity strategies, public fund peer comparisons, historical market shifts, and performance and risk statistics. RVK and staff recommended COJ ERS to consider reducing the growth bias of the composite to achieve a more neutral style positioning, bringing it closer in line with the neutral style of the Index. An in-depth discussion took place between RVK and the members present. The Board requested that RVK prepare a rebalancing spreadsheet showing two scenarios for the rebalancing. The Board agreed to review these scenarios at the January Board meeting.

Mr. Merrell and Ms. Cipriani provided a detailed overview of the recently redlined Investment Policy Statement (IPS) review. The updates were designed to align the IPS with the responsibilities already being carried out by the Board and the investment consultant. Mr. Merrell noted that although Ms. Brosche was unable to attend, she had provided her feedback on the recommended changes, which he shared with the Board. After discussion the Board agreed to postpone voting on the IPS until the January meeting, allowing additional time for a thorough review of the documents.

Mr. Merrell announced that the January workshop has been canceled, and the next investment workshop is scheduled for February 6, 2025, with Harrison Street – Real Estate. Lastly, he provided an update on ongoing cash flows related to capital calls, redemptions, and disbursements.

6. OLD BUSINESS

7. ADMINISTRATIVE

Mr. Robinson provided an update on the Correctional Officer's Pension Plan, noting that the COLA has been updated and DROP Phase II interest has been posted. He reported that the pension office staff has been diligently preparing for 1099-R processing. Additionally, he highlighted the high volume of activity handled by the pension office, including approximately 150 retirements and 600 retirement estimates and requests processed year-to-date.

INFORMATION

The next regular BOT meeting is scheduled for Thursday, January 23, 2025, at 2 PM.

Investment due diligence workshop will be held Thursday, February 6, 2025, at 12:30 PM.

8. PRIVILEGE OF THE FLOOR

A discussion was held regarding liability insurance for the Board of Trustees.

9. ADJOURNMENT

The Chair adjourned the meeting at 3:12 PM.

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

December 2024

CONSENT AGENDA FOR RECOMMENDED BENEFITS

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

1. TIME SERVICE RETIREMENTS

Michael B Dorsey (City), effective November 2, 2024, in the monthly base amount of \$2,124.27 at the rate of 75.21% (30 years and 1 month) 45 months BACKDROP \$103,264.48

Michael T Hersey (JEA), effective November 30, 2024, in the monthly base amount of \$2,296.16 at the rate of 23.75% (9 years 6 months) 15% PLOP \$62,908.41

Scott M Holsenbeck, (JEA), effective November 16, 2024, in the monthly base amount of \$5,222.26 at the rate of 80% (37 years and 2 months) 10% PLOP \$101,975.58

Reginald Jones Jr., (City), effective November 5, 2024, in the monthly base amount of \$2,538.05 at the rate 80% (32 years and 10 months) 36 months BACKDROP \$97,223.77

Gary L Stern, (JEA), effective November 30, 2024, in the monthly base amount of \$6,526.55 at the rate of 65% (26 years) 5% PLOP \$58,881.22

2. VESTED RETIREMENTS

New Commencements

Susan R Grandin, effective November 12, 2024, in the monthly base amount of \$4,038.21

Lauri-Ellen Smith, effective November 29, 2024, in the monthly base amount of \$2,575.45

Bruce A Swaney, effective November 13, 2024, in the monthly base amount of \$1,163.68

New Deferrals

3. SURVIVOR BENEFITS

Joan K Allison, (Willard E Brown), effective October 26, 2024, in the monthly COLA base amount of \$4,025.32

Joan V Dunn, (Ronald E Dunn), effective October 24, 2024, in the monthly COLA base amount of \$1,263.97

Kelsey R Hayes, (Thomas C Hayes), effective November 21, 2024, in the monthly base amount of \$5,068.83

Patricia A King, (Charles L King), effective November 19, 2024, in the monthly COLA base amount of \$3,857.47

Adolfo Latorre, (Kathryn N Latorre), effective November 15, 2024, in the monthly base amount of \$740.87

Lanana J Meadows, (Donald R Meadows), effective November 16, 2024, in the monthly COLA base amount of \$4,586.77

Maureen Pyle, (Milton E Pyle), effective October 22, 2024, in the monthly COLA base amount of \$876.40

Jennifer Roland, (Joseph M Roland), effective November 8, 2024, in the monthly COLA base amount of \$3,463.31

Brenda M Smith, (William E Smith), effective November 12, 2024, in the monthly COLA base amount of \$8,313.02

Conestee R Wilson, (Herbert W Wilson), effective November 28, 2024, in the monthly COLA base amount of \$6,132.27

4. RESTORATION OF SURVIVOR BENEFITS

None

5. CHILDREN/ORPHAN/GUARDIANSHIP BENEFITS

Karmin H Hayes, (Thomas C Hayes), effective November 21, 2024, in the monthly base amount of \$300.00

Ryan M Hayes, (Thomas C Hayes), effective November 21, 2024, in the monthly base amount of \$300.00

6. TIME SERVICE CONNECTIONS COMPLETED

Regina Y Owens, 1.17 months completed in the amount \$954.34

Angela B Van Sickle, 33.2 months completed in the amount \$26,775.47

April L Walton, 2.3 months completed in the amount \$1,318.20

Ronda D Wheeler, 10 days completed in the amount \$138.81

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

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

9. REFUNDS

Nicholas L Propper, (City), 1 year and 5 months, \$2,858.38

Teri L Sparrow, (City), 7 years and 8 months, \$23,088.17

10. DB TO DC TRANSFER

Robert I Blanco, (City), 8 years and 8 months in the amount of \$117,540.18

Brenda J Johnson, (City), 8 years and 10 months in the amount of \$100,856.89

Anthony Snow, (JHA), 20 years and 1 month in the amount of \$515,496.03

11. OTHER PAYMENTS AND TIME CONNECTIONS

12. RE-RETIREE

PAC Secretary Approval

Date

BOT Secretary Approval

Date

Notes and Comments regarding Approval:

CORRECTIONAL OFFICERS PENSION ADVISORY COMMITTEE

December 2024

CONSENT AGENDA FOR RECOMMENDED BENEFITS

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

1. TIME SERVICE RETIREMENTS

James W Simington, effective November 16, 2024, in the monthly base amount of \$3,343.61 at the rate of 55.5% (18 years and 6 months)

2. TIME SERVICE CONNECTIONS COMPLETED

3. REFUND OF CONTRIBUTIONS

Garrett T Milberger, 7 years and 5 months, \$36,544.97

4. SURVIVOR BENEFITS APPLICATION

Elda M McNew, (Brad D McNew), effective October 13, 2024, in the monthly COLA base amount of \$2,813.22

Paula D Neal, (James E Neal), effective November 8, 2024, in the monthly COLA base amount of \$2,124.98

5. CHILDREN/ORPHAN/GUARDIANSHIP BENEFITS

6. VESTED BENEFIT

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

8. OFFICERS ENTERING DROP OCT 2024

9. Phase II Biweekly Distribution DROP Program

Elda M McNew, \$70.43 biweekly for 520 pay periods

10. DROP Payments

Leroy Grant Jr, \$210,261.72

Leonard P Russ, \$234,125.50

COPAC Secretary Approval

Date

BOT Secretary Approval

Date

Notes and Comments regarding Approval:

RVK

Monthly Performance Report

City of Jacksonville Employees'
Retirement System

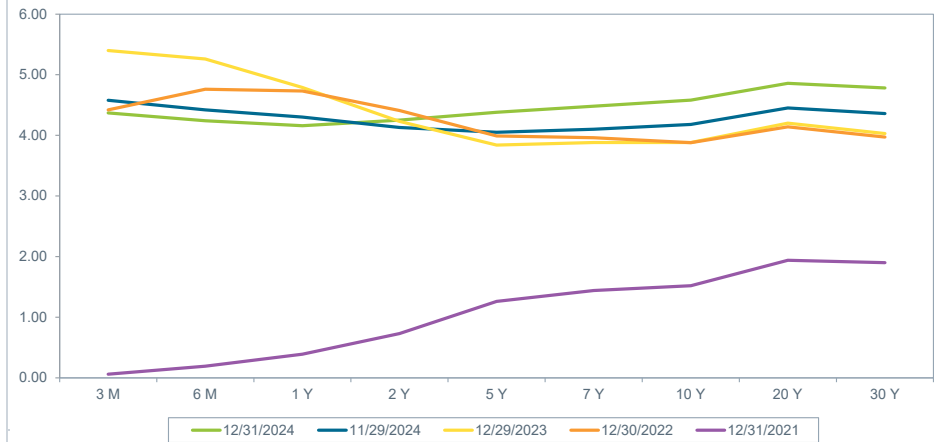
December 31, 2024

General Market Commentary

- During December, both domestic and international equity markets broadly traded lower for the month, posting low to mid-single digit losses. Large-cap stocks fared better than small-cap stocks, and growth stocks generally outperformed their value counterparts.
- The Federal Reserve cut interest rates by 25 basis points at their December 2024 meeting; however, stocks and bonds declined due to expectations that future rate cuts may occur more slowly than previously anticipated, which was driven by stubborn inflation. US inflation, as measured by CPI, slightly increased with a year-over-year change of 2.7% as of the end of November.
- Fixed income markets also experienced a drawdown during December, with yields increasing across the curve as investors evaluate a potential higher-for-longer interest rate environment due to persistent inflation.
- Equity markets posted negative returns in December as the S&P 500 (Cap Wtd) Index returned -2.38% and the MSCI EAFE (Net) Index returned -2.27%. Emerging markets returned -0.14%, as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned -1.64% in December, underperforming the -0.57% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -2.86%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate returned -7.38% in December and 4.27% over the trailing five-year period, as measured by the FTSE NAREIT Eq REITs Index (TR).
- The Cambridge US Private Equity Index returned 9.18% for the trailing one-year period and 15.33% for the trailing five-year period ending September 2024.
- Absolute return strategies returned 0.54% for the month and 9.72% over the trailing one-year period, as measured by the HFRI FOF Comp Index.
- The price of crude oil increased by 5.25% during the month but has decreased by 0.11% YoY.

Economic Indicators	Dec-24	Nov-24	Dec-23	10 Yr	20 Yr
Federal Funds Rate (%)	4.33 ▼	4.58	5.33	1.77	1.68
Breakeven Inflation - 5 Year (%)	2.37 ▲	2.35	2.14	1.95	1.93
Breakeven Inflation - 10 Year (%)	2.33 ▲	2.27	2.17	1.99	2.09
Breakeven Inflation - 30 Year (%)	2.32 ▲	2.23	2.16	2.03	2.22
Bloomberg US Agg Bond Index - Yield (%)	4.91 ▲	4.64	4.53	2.91	3.28
Bloomberg US Agg Bond Index - OAS (%)	0.34 ▲	0.32	0.42	0.47	0.59
Bloomberg US Agg Credit Index - OAS (%)	0.77 ▲	0.74	0.93	1.15	1.38
Bloomberg US Corp: HY Index - OAS (%)	2.87 ▲	2.66	3.23	4.17	4.90
Capacity Utilization (%)	N/A	N/A	76.80	78.73	77.37
Unemployment Rate (%)	4.10 ▼	4.20	3.70	4.67	5.80
PMI - Manufacturing (%)	49.30	48.40	47.40	53.13	52.86
Baltic Dry Index - Shipping	997 ▼	1,354	2,094	1,432	2,225
Consumer Conf (Conf Board)	104.70 ▼	111.70	108.00	110.38	92.88
CPI YoY (Headline) (%)	2.70	2.70	3.40	2.92	2.61
CPI YoY (Core) (%)	3.30	3.30	3.90	2.99	2.46
PPI YoY (%)	N/A	N/A	3.00	1.10	2.74
M2 YoY (%)	N/A	N/A	3.70	-2.40	6.62
US Dollar Total Weighted Index	129.49 ▲	126.81	118.77	115.36	104.49
WTI Crude Oil per Barrel (\$)	72 ▲	68	72	62	72
Gold Spot per Oz (\$)	2,612 ▼	2,643	2,068	1,599	1,335

Treasury Yield Curve (%)



Treasury Yield Curve (%)	Dec-24	Nov-24	Dec-23	Dec-22	Dec-21
3 Month	4.37	4.58	5.40	4.42	0.06
6 Month	4.24	4.42	5.26	4.76	0.19
1 Year	4.16	4.30	4.79	4.73	0.39
2 Year	4.25	4.13	4.23	4.41	0.73
5 Year	4.38	4.05	3.84	3.99	1.26
7 Year	4.48	4.10	3.88	3.96	1.44
10 Year	4.58	4.18	3.88	3.88	1.52
20 Year	4.86	4.45	4.20	4.14	1.94
30 Year	4.78	4.36	4.03	3.97	1.90

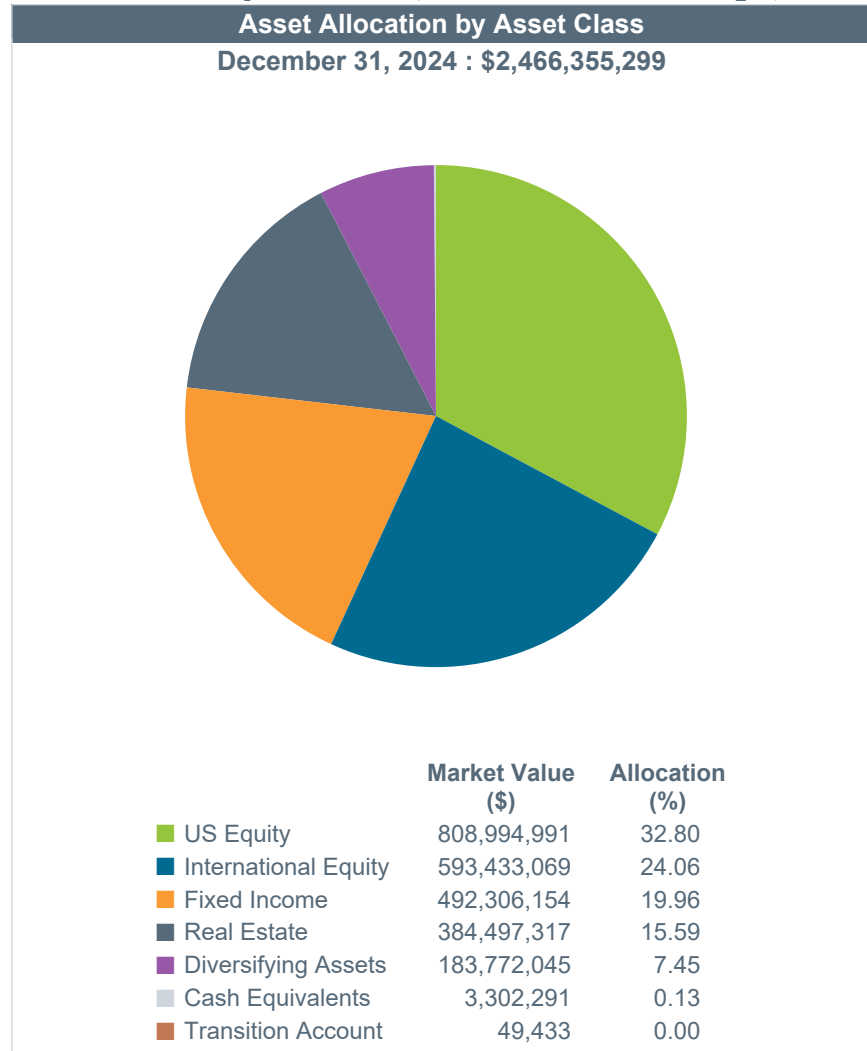
Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	-2.38	2.41	25.02	25.02	8.94	14.53	13.83	13.10
Russell 2000	-8.26	0.33	11.54	11.54	1.24	7.40	6.91	7.82
MSCI EAFE (Net)	-2.27	-8.11	3.82	3.82	1.65	4.73	4.10	5.20
MSCI EAFE SC (Net)	-2.30	-8.36	1.82	1.82	-3.25	2.30	2.01	5.52
MSCI EM (Net)	-0.14	-8.01	7.50	7.50	-1.92	1.70	1.38	3.64
Bloomberg US Agg Bond	-1.64	-3.06	1.25	1.25	-2.41	-0.33	0.97	1.35
ICE BofAML 3 Mo US T-Bill	0.40	1.17	5.25	5.25	3.89	2.46	2.35	1.77
NCREIF ODCE (Gross)	N/A	N/A	-2.56	-2.56	-2.70	2.64	3.82	5.76
FTSE NAREIT Eq REITs Index (TR)	-7.38	-6.21	8.73	8.73	-2.20	4.27	5.77	5.73
HFRI FOF Comp Index	0.54	2.60	9.72	9.72	3.29	5.35	4.38	3.84
Bloomberg Cmtty Index (TR)	1.02	-0.45	5.38	5.38	4.05	6.77	4.11	1.28

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



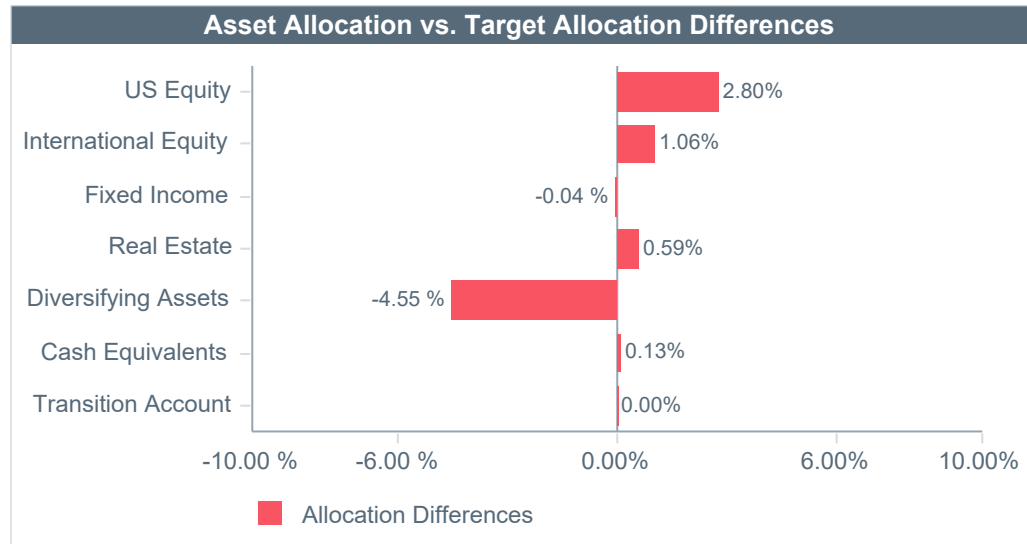
Total Fund

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



Asset Allocation vs. Target Allocation

	Market Value (\$)	Allocation (%)	Min (%)	Target (%)	Max (%)
Total Fund	2,466,355,299	100.00	-	100.00	-
US Equity	808,994,991	32.80	20.00	30.00	40.00
International Equity	593,433,069	24.06	13.00	23.00	25.00
Fixed Income	492,306,154	19.96	10.00	20.00	30.00
Real Estate	384,497,317	15.59	0.00	15.00	20.00
Diversifying Assets	183,772,045	7.45	0.00	12.00	20.00
Cash Equivalents	3,302,291	0.13	0.00	0.00	10.00
Transition Account	49,433	0.00	0.00	0.00	0.00

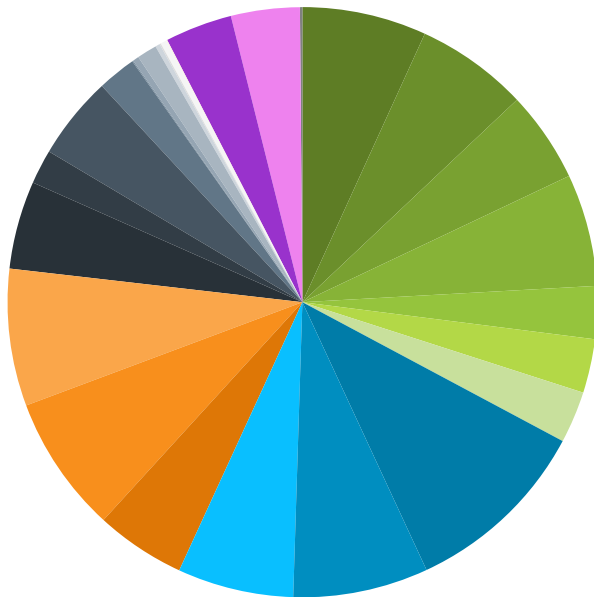


Schedule of Investable Assets

Periods Ending	Beginning Market Value (\$)	Net Cash Flows (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
FYTD	2,475,947,332	621,157	-10,213,191	2,466,355,299	-0.41
CYTD	2,355,516,708	-104,818,974	215,657,566	2,466,355,299	9.10

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. Fiscal year for the COJ ends 09/30.

December 31, 2024 : \$2,466,355,299



	Market Value (\$)	Allocation (%)
Eagle Capital Large Cap Value (SA)	167,957,280	6.81
Wellington Select Equity Income Fund (SA)	151,777,702	6.15
BNYM DB Lg Cap Stock Idx NL (CF)	123,207,128	5.00
Loomis, Sayles & Co Lg Cap Grth (CF)	151,781,602	6.15
Kayne Anderson US SMID Value (SA)	71,383,037	2.89
Systematic Financial US SMID Value (SA)	72,744,236	2.95
Pinnacle Associates US SMID Cap Growth (SA)	70,144,005	2.84
Silchester Intl Val Equity (CF)	253,696,389	10.29
Bail Giff Intl Gro;4 (BGEFX)	182,836,382	7.41
Acadian Emg Mkts Eq II (CF)	156,900,297	6.36
Baird Core Fixed Income (SA)	121,505,386	4.93
Loomis Sayles Multisector Full Discretion (CF)	185,443,732	7.52
Schroder Flexible Secured Income LP (CF)	185,357,036	7.52
Harrison Street Core Property LP	119,006,554	4.83
PGIM Real Estate PRISA II LP	46,443,750	1.88
Principal US Property (CF)	112,517,349	4.56
UBS Trumbull Property (CF)	52,200,385	2.12
Vanguard RE Idx;ETF (VNQ)	1,330,724	0.05
Abacus Multi-Family Partners VI LP	8,389,059	0.34
H.I.G. Realty Partners IV (Onshore) LP	26,822,565	1.09
Bell Value-Add Fund VII (CF)	6,425,161	0.26
Hammes Partners IV LP	1,682,218	0.07
IPI Partners III-A LP	8,188,723	0.33
Ares US Real Estate Opportunity IV LP	1,490,828	0.06
Adams Street Private Equity (SA)	90,781,899	3.68
Hamilton Lane Private Credit (SA)	92,990,146	3.77
Dreyfus Gvt CM;Inst (DGCXX)	3,302,291	0.13
Transition Account	49,433	0.00

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 December 31, 2024

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Total Fund	2,466,355,299	100.00	-1.23	-0.41	-0.41	9.10	9.10	2.61	6.14	5.97	6.49	6.33	07/01/1999
Total Fund Policy Index			-1.82	-1.35	-1.35	10.40	10.40	3.10	6.75	6.50	6.70	6.07	
Difference			0.59	0.94	0.94	-1.30	-1.30	-0.49	-0.60	-0.53	-0.20	0.26	
Actual Allocation Index			-2.33	-1.91	-1.91	8.61	8.61	1.48	5.43	N/A	N/A	N/A	
Difference			1.10	1.50	1.50	0.49	0.49	1.13	0.71	N/A	N/A	N/A	
Actual Allocation Index (Net of Alts)			-2.11	-1.66	-1.66	7.75	7.75	1.87	5.62	N/A	N/A	N/A	
Difference			0.88	1.25	1.25	1.35	1.35	0.74	0.52	N/A	N/A	N/A	
Total Equity	1,402,428,060	56.86	-2.21	-1.21	-1.21	14.42	14.42	4.71	9.52	8.82	9.38	6.96	07/01/1999
US Equity	808,994,991	32.80	-3.78	2.20	2.20	19.79	19.79	7.19	12.62	12.11	11.52	7.91	07/01/1999
US Equity Index			-3.06	2.63	2.63	23.81	23.81	8.01	13.86	13.16	12.55	8.09	
Difference			-0.72	-0.43	-0.43	-4.02	-4.02	-0.82	-1.25	-1.05	-1.03	-0.18	
International Equity	593,433,069	24.06	0.00	-5.50	-5.50	7.82	7.82	1.40	5.06	3.98	6.11	5.86	07/01/1999
International Equity Index			-1.94	-7.60	-7.60	5.53	5.53	0.82	4.10	3.53	4.80	4.12	
Difference			1.94	2.10	2.10	2.29	2.29	0.58	0.96	0.45	1.31	1.74	
Fixed Income	492,306,154	19.96	-0.40	-0.27	-0.27	5.85	5.85	-0.18	0.74	1.38	1.71	4.37	07/01/1999
Fixed Income Index			-1.51	-2.73	-2.73	2.04	2.04	-1.95	0.06	1.28	1.56	3.97	
Difference			1.11	2.46	2.46	3.81	3.81	1.77	0.68	0.10	0.15	0.40	
Real Estate	384,497,317	15.59	-0.03	0.38	0.38	-4.20	-4.20	-0.95	2.13	3.24	4.86	4.79	12/01/2005
Real Estate Index			0.02	0.06	0.06	-3.02	-3.02	-3.35	1.86	2.99	4.88	5.01	
Difference			-0.05	0.32	0.32	-1.18	-1.18	2.40	0.27	0.26	-0.01	-0.22	
Core Real Estate	331,498,763	13.44	-0.04	0.27	0.27	-4.85	-4.85	-1.48	1.81	3.01	4.70	4.70	12/01/2005
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	0.00	-3.20	-3.20	-3.45	1.80	2.94	4.84	4.99	
Difference			-0.04	0.27	0.27	-1.66	-1.66	1.97	0.01	0.07	-0.15	-0.29	
Non-Core Real Estate	52,998,554	2.15	0.00	1.17	1.17	2.55	2.55	22.00	N/A	N/A	N/A	22.00	01/01/2022
NCREIF ODCE Index (AWA) (Net) +2%			0.17	0.50	0.50	-1.26	-1.26	-1.52	3.83	5.00	6.94	-1.52	
Difference			-0.16	0.67	0.67	3.81	3.81	23.52	N/A	N/A	N/A	23.52	
Diversifying Assets	183,772,045	7.45	1.82	3.85	3.85	7.83	7.83	13.38	12.71	9.00	5.35	8.29	03/01/2011
Diversifying Assets Index			-1.29	1.32	1.32	19.54	19.54	9.86	8.09	5.77	3.27	5.19	
Difference			3.11	2.53	2.53	-11.71	-11.71	3.53	4.62	3.24	2.08	3.10	
Cash Equivalents	3,302,291	0.13	0.37	1.15	1.15	5.26	5.26	4.08	1.70	N/A	N/A	1.78	09/01/2018
FTSE 3 Mo T-Bill Index			0.39	1.23	1.23	5.45	5.45	4.05	2.54	2.40	1.79	2.48	
Difference			-0.02	-0.07	-0.07	-0.19	-0.19	0.03	-0.84	N/A	N/A	-0.70	

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

As of December 31, 2024

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
US Equity													
Eagle Capital Large Cap Value (SA)	167,957,280	6.81	-3.44	1.96	1.96	23.62	23.62	8.95	13.52	13.01	12.55	11.51	03/01/2007
Russell 1000 Val Index			-6.84	-1.98	-1.98	14.37	14.37	5.63	8.68	8.41	8.49	7.28	
Difference			3.40	3.94	3.94	9.25	9.25	3.31	4.84	4.59	4.06	4.23	
Russell 1000 Index			-2.79	2.75	2.75	24.51	24.51	8.41	14.28	13.58	12.87	10.44	
Difference			-0.65	-0.79	-0.79	-0.89	-0.89	0.54	-0.76	-0.58	-0.32	1.07	
Wellington Select Equity Income Fund (SA)	151,777,702	6.15	-5.70	-1.19	-1.19	13.74	13.74	N/A	N/A	N/A	N/A	17.78	06/01/2023
Russell 1000 Val Index			-6.84	-1.98	-1.98	14.37	14.37	5.63	8.68	8.41	8.49	17.63	
Difference			1.14	0.79	0.79	-0.63	-0.63	N/A	N/A	N/A	N/A	0.14	
BNYM DB Lg Cap Stock Idx NL (CF)	123,207,128	5.00	-2.79	2.74	2.74	24.56	24.56	8.82	14.50	N/A	N/A	14.75	05/01/2019
Russell 1000 Index			-2.79	2.75	2.75	24.51	24.51	8.41	14.28	13.58	12.87	14.55	
Difference			0.00	-0.01	-0.01	0.05	0.05	0.41	0.23	N/A	N/A	0.20	
Loomis, Sayles & Co Lg Cap Grth (CF)	151,781,602	6.15	0.00	8.70	8.70	32.95	32.95	13.50	18.15	16.84	N/A	17.44	08/01/2017
Russell 1000 Grth Index			0.88	7.07	7.07	33.36	33.36	10.47	18.96	18.08	16.78	18.68	
Difference			-0.88	1.63	1.63	-0.41	-0.41	3.03	-0.81	-1.24	N/A	-1.24	
Kayne Anderson US SMID Value (SA)	71,383,037	2.89	-7.17	-0.76	-0.76	10.67	10.67	N/A	N/A	N/A	N/A	5.54	03/01/2022
Russell 2500 Val Index			-7.18	-0.26	-0.26	10.98	10.98	3.81	8.44	7.17	7.81	5.37	
Difference			0.01	-0.50	-0.50	-0.32	-0.32	N/A	N/A	N/A	N/A	0.17	
Systematic Financial US SMID Value (SA)	72,744,236	2.95	-4.91	-0.05	-0.05	13.61	13.61	N/A	N/A	N/A	N/A	7.80	03/01/2022
Russell 2500 Val Index			-7.18	-0.26	-0.26	10.98	10.98	3.81	8.44	7.17	7.81	5.37	
Difference			2.27	0.21	0.21	2.62	2.62	N/A	N/A	N/A	N/A	2.43	
Pinnacle Associates US SMID Cap Growth (SA)	70,144,005	2.84	-5.13	1.70	1.70	6.08	6.08	-2.83	6.42	7.99	8.38	11.52	03/01/2010
Russell 2500 Grth Index			-8.23	2.43	2.43	13.90	13.90	-0.02	8.08	8.85	9.45	12.08	
Difference			3.11	-0.73	-0.73	-7.82	-7.82	-2.82	-1.66	-0.86	-1.08	-0.56	

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

As of December 31, 2024

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
International Equity													
Silchester Intl Val Equity (CF)	253,696,389	10.29	0.00	-7.94	-7.94	1.52	1.52	5.02	5.24	3.81	6.13	8.42	06/01/2009
MSCI EAFE Val Index (USD) (Net)			-1.79	-7.12	-7.12	5.68	5.68	5.88	5.09	3.45	4.31	5.48	
Difference			1.79	-0.82	-0.82	-4.17	-4.17	-0.86	0.15	0.36	1.82	2.95	
Bail Giff Intl Gro;4 (BGEFX)	182,836,382	7.41	0.00	-1.48	-1.48	12.90	12.90	-5.35	4.64	5.21	7.47	8.96	06/01/2009
Baillie Gifford Index			-2.14	-7.88	-7.88	5.07	5.07	-2.67	3.44	3.71	5.35	6.74	
Difference			2.14	6.41	6.41	7.83	7.83	-2.68	1.20	1.51	2.12	2.23	
Baillie Gifford Spliced Index			-1.94	-7.60	-7.60	5.53	5.53	0.82	4.10	3.82	4.99	6.22	
Difference			1.94	6.12	6.12	7.36	7.36	-6.17	0.53	1.40	2.48	2.74	
Acadian Emg Mkts Eq II (CF)	156,900,297	6.36	0.00	-5.94	-5.94	14.17	14.17	3.54	6.03	3.52	5.02	3.95	02/01/2011
MSCI Emg Mkts Index (USD) (Net)			-0.14	-8.01	-8.01	7.50	7.50	-1.92	1.70	1.38	3.64	2.18	
Difference			0.14	2.06	2.06	6.67	6.67	5.46	4.33	2.14	1.38	1.78	
Fixed Income													
Baird Core Fixed Income (SA)	121,505,386	4.93	-1.61	-2.89	-2.89	2.32	2.32	-1.94	N/A	N/A	N/A	-1.29	03/01/2021
Bloomberg US Agg Bond Index			-1.64	-3.06	-3.06	1.25	1.25	-2.41	-0.33	0.97	1.35	-1.73	
Difference			0.03	0.17	0.17	1.07	1.07	0.47	N/A	N/A	N/A	0.44	
Loomis Sayles Multisector Full Discretion (CF)	185,443,732	7.52	0.00	-0.32	-0.32	6.23	6.23	0.34	3.00	3.41	3.70	5.49	11/01/2007
Bloomberg Gbl Agg Bond Index			-2.15	-5.10	-5.10	-1.69	-1.69	-4.52	-1.96	-0.64	0.15	1.62	
Difference			2.15	4.78	4.78	7.92	7.92	4.86	4.96	4.05	3.55	3.88	
Schroder Flexible Secured Income LP (CF)	185,357,036	7.52	0.00	1.58	1.58	8.48	8.48	N/A	N/A	N/A	N/A	8.36	10/01/2022
SOFR+1.75%			0.52	1.61	1.61	7.12	7.12	5.82	4.26	N/A	N/A	6.87	
Difference			-0.52	-0.03	-0.03	1.36	1.36	N/A	N/A	N/A	N/A	1.49	
SOFR+5%			0.79	2.42	2.42	10.54	10.54	9.20	7.59	N/A	N/A	10.28	
Difference			-0.79	-0.83	-0.83	-2.06	-2.06	N/A	N/A	N/A	N/A	-1.93	

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

As of December 31, 2024

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Core Real Estate													
Harrison Street Core Property LP	119,006,554	4.83	0.00	0.15	0.15	-3.92	-3.92	1.98	3.43	4.75	N/A	5.55	11/01/2015
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	0.00	-3.20	-3.20	-3.45	1.80	2.94	4.84	4.15	
Difference			0.00	0.15	0.15	-0.72	-0.72	5.43	1.64	1.81	N/A	1.40	
PGIM Real Estate PRISA II LP	46,443,750	1.88	0.00	1.08	1.08	-9.68	-9.68	-2.35	1.24	3.24	5.12	5.12	01/01/2015
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	0.00	-3.20	-3.20	-3.45	1.80	2.94	4.84	4.84	
Difference			0.00	1.08	1.08	-6.48	-6.48	1.09	-0.56	0.30	0.28	0.28	
Principal US Property (CF)	112,517,349	4.56	0.00	0.37	0.37	-2.59	-2.59	-3.23	2.31	3.68	5.64	6.29	01/01/2014
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	0.00	-3.20	-3.20	-3.45	1.80	2.94	4.84	5.43	
Difference			0.00	0.37	0.37	0.61	0.61	0.22	0.52	0.73	0.79	0.86	
UBS Trumbull Property (CF)	52,200,385	2.12	0.00	-0.16	-0.16	-7.11	-7.11	-3.19	-0.97	-0.27	2.04	3.53	01/01/2006
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	0.00	-3.20	-3.20	-3.45	1.80	2.94	4.84	4.76	
Difference			0.00	-0.16	-0.16	-3.92	-3.92	0.26	-2.76	-3.21	-2.80	-1.22	
Vanguard RE Idx;ETF (VNQ)	1,330,724	0.05	-8.37	-7.67	-7.67	4.80	4.80	-4.75	2.97	4.94	4.99	10.62	12/01/2008
Custom REITs Index			-8.21	-7.61	-7.61	5.05	5.05	-4.57	3.12	5.30	5.32	11.28	
Difference			-0.16	-0.06	-0.06	-0.25	-0.25	-0.18	-0.15	-0.36	-0.33	-0.66	

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

As of December 31, 2024

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Non-Core Real Estate													
Abacus Multi-Family Partners VI LP	8,389,059	0.34	0.00	1.22	1.22	-39.39	-39.39	N/A	N/A	N/A	N/A	-42.97	10/01/2022
NCREIF ODCE Index (AWA) (Net) +2%			0.17	0.50	0.50	-1.26	-1.26	-1.52	3.83	5.00	6.94	-7.57	
Difference			-0.17	0.72	0.72	-38.13	-38.13	N/A	N/A	N/A	N/A	-35.39	
H.I.G. Realty Partners IV (Onshore) LP	26,822,565	1.09	0.00	0.92	0.92	6.37	6.37	N/A	N/A	N/A	N/A	N/A	01/01/2022
NCREIF ODCE Index (AWA) (Net) +2%			0.17	0.50	0.50	-1.26	-1.26	-1.52	3.83	5.00	6.94	-1.52	
Difference			-0.16	0.42	0.42	7.63	7.63	N/A	N/A	N/A	N/A	N/A	
Bell Value-Add Fund VII (CF)	6,425,161	0.26	0.00	0.00	0.00	-5.25	-5.25	N/A	N/A	N/A	N/A	-13.39	04/01/2023
NCREIF ODCE Index (AWA) (Net) +2%			0.17	0.50	0.50	-1.26	-1.26	-1.52	3.83	5.00	6.94	-5.53	
Difference			-0.16	-0.49	-0.49	-3.98	-3.98	N/A	N/A	N/A	N/A	-7.86	
Hammes Partners IV LP	1,682,218	0.07	0.00	3.19	3.19	-50.81	-50.81	N/A	N/A	N/A	N/A	-61.67	10/01/2023
NCREIF ODCE Index (AWA) (Net) +2%			0.17	0.50	0.50	-1.26	-1.26	-1.52	3.83	5.00	6.94	-4.61	
Difference			-0.17	2.70	2.70	-49.55	-49.55	N/A	N/A	N/A	N/A	-57.05	
IPI Partners III-A LP	8,188,723	0.33	0.00	2.26	2.26	N/A	N/A	N/A	N/A	N/A	N/A	27.95	04/01/2024
NCREIF ODCE Index (AWA) (Net) +2%			0.17	0.50	0.50	-1.26	-1.26	-1.52	3.83	5.00	6.94	0.85	
Difference			-0.17	1.77	1.77	N/A	N/A	N/A	N/A	N/A	N/A	27.11	
Ares US Real Estate Opportunity IV LP	1,490,828	0.06	0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.00	11/01/2024
NCREIF ODCE Index (AWA) (Net) +2%			0.17	0.50	0.50	-1.26	-1.26	-1.52	3.83	5.00	6.94	0.33	
Difference			-0.17	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-0.33	
Diversifying Assets													
Adams Street Private Equity (SA)	90,781,899	3.68	0.00	0.00	0.00	0.79	0.79	11.60	N/A	N/A	N/A	18.06	11/01/2020
S&P 500 Index+3%			-2.14	3.17	3.17	28.77	28.77	12.21	17.96	17.25	16.50	20.41	
Difference			2.14	-3.17	-3.17	-27.98	-27.98	-0.61	N/A	N/A	N/A	-2.35	
Hamilton Lane Private Credit (SA)	92,990,146	3.77	3.62	7.79	7.79	15.69	15.69	9.82	N/A	N/A	N/A	5.24	04/01/2021
ICE BofAML Gbl Hi Yld Index +2%			-0.46	-0.65	-0.65	9.63	9.63	3.92	5.04	5.58	6.52	3.93	
Difference			4.08	8.43	8.43	6.06	6.06	5.89	N/A	N/A	N/A	1.31	
Cash Equivalents													
Dreyfus Gvt CM;Inst (DGCXX)	3,302,291	0.13	0.37	1.15	1.15	5.26	5.26	3.92	2.50	2.37	1.79	1.65	05/01/2001
FTSE 3 Mo T-Bill Index			0.39	1.23	1.23	5.45	5.45	4.05	2.54	2.40	1.79	1.64	
Difference			-0.02	-0.07	-0.07	-0.19	-0.19	-0.14	-0.04	-0.03	0.00	0.01	

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 JXP Transition, BNYM Transition, Loop Cap Transition, and 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.

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.
- **Actual Allocation Index:** The Actual Allocation Index is calculated monthly, using beginning of month weights of each investment applied to its corresponding primary benchmark return. The Actual Allocation Index's Inception date is 01/2019 and prior performance is listed as "N/A".
- **Actual Allocation Index (Net of Alts):** The Actual Allocation Index (Net of Alts) is calculated monthly, using beginning of month weights of each investment applied to its corresponding primary benchmark return, with the exception of funds in the Core Real Estate, Non-Core Real Estate, and Diversifying Assets composites, which are represented by actual monthly composite returns. The Actual Allocation Index's Inception date is 01/2019 and prior performance is listed as "N/A".
- **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.

RVK

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**CITY OF JACKSONVILLE EMPLOYEES RETIREMENT
SYSTEM**

**STATEMENT OF INVESTMENT POLICY,
GOALS AND GUIDELINES**

Adopted January 2006
Amended August 27, 2009
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Commented [RVK1]: Will update based on Board approval date

TABLE OF CONTENTS

<u>INTRODUCTION & PURPOSE</u>	<u>3</u>
<u>GENERAL OBJECTIVES</u>	<u>4</u>
<u>BOARD RESPONSIBILITIES</u>	<u>5</u>
<u>TREASURER & PLAN ADMINISTRATOR RESPONSIBILITIES</u>	<u>57</u>
<u>INVESTMENT MANAGER RESPONSIBILITIES</u>	<u>57</u>
<u>INVESTMENT CONSULTANT RESPONSIBILITIES</u>	<u>79</u>
<u>CUSTODIAN RESPONSIBILITIES</u>	<u>810</u>
<u>INVESTMENT OBJECTIVES</u>	<u>911</u>
<u>ASSET ALLOCATION</u>	<u>1013</u>
<u>INVESTMENT GUIDELINES</u>	<u>1215</u>
<u>COMPLIANCE PROCEDURES</u>	<u>2225</u>
<u>SECTION 112.661, FLORIDA STATUTES</u>	<u>2326</u>
<u>PERFORMANCE EVALUATION</u>	<u>2528</u>
<u>REVIEW OF POLICY</u>	<u>2729</u>
<u>APPENDICESX</u>	<u>2831</u>

Commented [RVK2]: We observe that throughout the IPS document Board responsibilities are listed out, however there is not a single, easy to read section that summarizes those responsibilities, like the of the Investment Consultant or Treasurer and Plan Administrator, as an example. As such, for consideration, we added a dedicated section for Board Responsibilities and drafted sample summary language. We believe adding this section may offer added clarity for the reader and/or current or future Board members.

INTRODUCTION & PURPOSE

The City of Jacksonville Employees Retirement System (the "System") consists of two defined benefit pension plans and a disability plan. The defined benefit plans are The City of Jacksonville General Employees Retirement Plan and the City of Jacksonville Corrections Officers Retirement Plan (each the "Plan" or together the "Plans"). Although each Plan is unique and its assets and liabilities are valued separately, the Plans' assets are combined for investment purposes through a common pension trust Fund (the "Fund"). The System is administered by a Board of Trustees (the "Board") which has the fiduciary responsibility for the System's administration, the investment of its assets, and the management of its operations. The purpose of the City of Jacksonville Employees Retirement System is to provide long-term benefits to the Plans' participants and their beneficiaries. In recognition of its responsibility, the Board hereby adopts this Statement of Investment Policy, Goals and Guidelines (the "Policy").

The purpose of this document is to communicate, in writing, the investment objectives and guidelines established by the Board as they pertain to the Plans and the Fund. It is intended to provide the Board, the City's Treasurer, the System's Administrator and Investment Staff, the System's Investment Consultant, the System's Investment Managers and the System's Custodian a clear and accurate understanding of all investment objectives, investment guidelines and the criteria by which investment performance shall be evaluated. The guidelines and objectives provided herein are intended only to complement those contained in Chapter 18610, Laws of Florida, Acts of 1937; Sections 112.661(5) and 215.47, Florida Statutes; Sections 120.103 and 120.104, Chapter 2023-28, Laws of Florida, including Sections 112.662 & 215.855, Florida Statutes (Appendix B), Jacksonville Ordinance Code, and any other applicable ordinances or statutes. If at any time this document is found to be in conflict with such ordinances or statutes, the ordinances and statutes shall prevail.

Assets of the Plans are held in trust in the Fund for the exclusive purpose of providing benefits to the Plans' participants and their beneficiaries and to defray the reasonable expenses of the Plans. See Sections 120.101(a), 120.103(a), 120.104(a) and 120.213(a), Jacksonville Ordinance Code, and Sections 112.656 and 112.66(9), Florida Statutes. It is the policy of the Board that no part of the corpus or income of the Plans' assets shall be used for or diverted to purposes other than providing benefits to the Plans' participants and their beneficiaries, to reimburse the City of Jacksonville for any advanced payments, or to pay reasonable expenses of the System.

The Board acknowledges that the Employee Retirement Income Security Act of 1974, as amended ("ERISA") does not directly apply to the System as a governmental retirement plan and that the investment policy describes the level of prudence and ethical standards to be followed by the Board in carrying out its investment activities with respect to the System's funds. However, in performing its investment duties the Board shall comply with the fiduciary standards set forth in ERISA, found at 29 U.S.C. Section 1104(a)(1)(A)-(C). In case of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in Section 112.661 or other applicable sections of Florida Statutes shall apply.

Commented [RVK3]: Updated to upper case to be consistent throughout the IPS.

Commented [RVK4]: Listed the statutes related to HB3 (HB3 language added in Appendix B); defer to Staff and Counsel on inclusion.

The investment policies set forth in this document are established after a thorough review of the unique needs and circumstances of the Fund and a careful evaluation of the risk and potential returns expected from various mixes of stocks, bonds, real estate, cash equivalent securities, and other permissible assets. It is the Board's intention that the investment policies herein be sufficiently specific to be meaningful but adequately flexible to be practical. Responsible parties shall not deviate from these policies without the written permission of the Board. In the case of emergency circumstances, however, the City's Chief Financial Officer or Treasurer shall be allowed to deviate from this Policy when necessary to preserve Fund assets, subject to any statutory limitations.

A set of Investment Manager Instructions (the "Instructions") are developed by the System's ~~I~~investment ~~C~~onsultant for each separate account established with an ~~I~~investment ~~M~~anager and approved by the Board. Such instructions shall contain the ~~I~~investment ~~M~~anager's benchmark by which the ~~I~~investment ~~M~~anager's performance is measured, any internal account restrictions or limitations, and any necessary exceptions to the Policy. The Board may periodically approve changes or permit exceptions to this Policy in order to maintain flexibility in the investment of the System's assets, adjust to changes in the capital markets, or take advantage of market opportunities. Such changes or exceptions shall be noted in the ~~I~~investment ~~M~~anager Instructions or amendments to this Policy.

Any time any party in a contractual relationship with the System (e.g. ~~I~~investment ~~C~~onsultant, ~~I~~investment ~~M~~anager, ~~C~~ustodian, etc.) believes any changes to this Policy become necessary or advisable, they shall make a request in writing for such change, which shall be communicated by the ~~S~~ystem-~~I~~vestment ~~S~~taff to the Board, if necessary. The Board is responsible for approving all such requests. The Board shall give notice to the City Council President, Council Finance Committee Chairperson, and Council Auditor of any proposed changes to this Policy not less than 60 days prior to the final meeting for adoption of such change. Upon approval by Board vote, ~~S~~ystem-~~I~~vestment ~~S~~taff shall communicate all changes as necessary.

GENERAL OBJECTIVES

The investment objective of the System is to preserve the purchasing power of the System's assets and earn a reasonable real rate of return (after inflation) over the long term while minimizing, to the extent reasonable, the volatility of returns.

To achieve these objectives, the Board seeks to create a well-diversified and balanced portfolio of equity, fixed income, real estate, diversifying assets, money market and other investments as described herein. The Board may invest System assets in any securities, real property and other assets it deems appropriate after a thorough review of the needs of the Fund and a careful evaluation of the potential risk and returns, provided such investment is authorized by this Policy and not prohibited by law. The Board has determined that outside ~~I~~investment ~~M~~anagers may be retained to assure that investments are managed in both a prudent and professional manner and in compliance with the stated investment guidelines.

BOARD RESPONSIBILITIES

Commented [RVK5]: Added dedicated section with Board Responsibilities listed throughout the document.

The Board has the fiduciary responsibility for the System's administration, the investment of its assets, and the management of its operations. The Board acknowledges that the Employee Retirement Income Security Act of 1974, as amended ("ERISA") does not directly apply to the System as a governmental retirement plan and that the investment policy describes the level of prudence and ethical standards to be followed by the Board in carrying out its investment activities with respect to the System's Funds. However, in performing its investment duties the Board shall comply with the fiduciary standards set forth in ERISA, found at 29 U.S.C. Section 1104(a)(1)(A)-(C). In case of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in Section 112.661 or other applicable sections of Florida Statutes shall apply.

The Board has delegated certain authority, duties and responsibilities to the City Treasurer, Plan Administrator, Investment Staff, Investment Managers, Investment Consultant, and Custodian, as listed in the respective sections of this Policy, to assist in the implementation of the Board's directives and management of the investment process.

In addition to the above, specific duties of the Board are outlined in detail throughout this document, but generally encompass the following:

- 1) Establish the investment objectives and guidelines as they pertain to the Plans, and adopt a Statement of Investment Policy in order to provide responsible parties and Investment Staff a clear and accurate understanding of all investment objectives, investment guidelines and the criteria by which investment performance shall be evaluated. Responsible parties shall not deviate from this Policy without the written permission of the Board.
- 2) For each actuarial valuation, determine the total expected annual rate of return for the current year, for each of the next several years, and for the long term thereafter for the Plans. This determination is to be filed with the Department of Management Services, the plan sponsor and the consulting actuary.
- 3) Using input from the Investment Consultant and actuary, approve long-term target allocation percentages and permitted ranges for each asset class, based on its determination of the appropriate risk posture for the Plans given the stated investment goals. In doing so, the most recent asset-liability study or asset allocation review performed by the Investment Consultant (generally every few years) will be leveraged to inform decision making.
- 4) Seek to create a well-diversified and balanced portfolio of equity, fixed income, real estate, diversifying assets, money market and other investments, as described in this Policy. The Board may invest System assets in any securities, real property and other assets it deems appropriate after a thorough review of the needs of the Plans and a careful evaluation of the potential risk and returns, provided such investment is authorized by this Policy and not prohibited by law.
- 5) The Board has determined that outside Investment Managers may be retained, and shall delegate to each Investment Manager full investment discretion with respect to the management of assets under its control and the responsibility to vote any and all proxies applicable to designated Plan assets under each Investment Manager's

management. Accordingly, using input from the Investment Consultant, the Board has responsibility to approve the selection and termination of Investment Managers.

- 6) Establish allocations containing permissible investments for each asset class to those defined by this Policy, within the limits set forth by statute (Investment Guidelines section of this Policy). These may be modified as set forth in any individual Investment Manager instructions, to the extent approved by the Board and permitted by applicable ordinances and statutes.
- 7) Approve Investment Manager Instructions (Appendix A) for each separate account established with an Investment Manager.
- 8) Review the investment activities and investment performance of the Fund and each Investment Manager on a regular basis to assure compliance with the goals, objectives and guidelines contained in this Policy.
- 9) Using input from Investment Staff, approve the selection and termination of the Investment Consultant.
- 10) Retain a bank or trust company to act as Custodian for the System's assets.
- 11) Periodically review the following:
 - a. The Fund's asset allocation in light of the Investment Consultant's current capital markets assumptions.
 - b. Actual investment results to determine whether the Fund's asset allocation remains reasonable and each Investment Manager's decision-making process remains consistent with the style and methodology for which the Investment Manager was originally retained.
 - c. The Investment Manager's proxy voting procedures and proxy voting records.
 - d. Commissions generated, commission rates charged and firms used by the Investment Managers to execute trades.
 - e. Investment Manager fee schedules.
- 12) Review annually this Policy as well as the Plans' circumstances (e.g., cash flow, liquidity requirements) in concert with the Investment Consultant, to ensure this Policy continues to reflect the Board's objectives, goals, and philosophy guidelines; where necessary, seek to periodically revise.
- 13) Approve requests to any changes to this Policy as requested by any party in a contractual relationship with the System.
- 14) Provide notice to the City Council President, Council Finance Committee Chairperson, and Council Auditor of any proposed changes to this Policy not less than 60 days prior to the final meeting for adoption of such change. Upon approval by the Board, Investment Staff shall communicate all changes to relevant parties as necessary.

The Board has adopted additional provisions to comply with Section 112.661, Florida Statutes, as outlined in this document.

Commented [RVK6]: The IPS offers generally offers language around manger hiring and selection of vehicle type in the Commingled and Mutual Fund section and it's further implied in the Investment Consultant duties section. We would propose making this hire/fire responsibility clearer in this section; draft language added for consideration, combined with existing language on use of / delegation to Investment Managers.

Commented [RVK7]: Please note, we do not observe any language specific to Board approval for the selection of the Investment Consultant. Could consider adding. Drafted language included for consideration.

TREASURER & PLAN ADMINISTRATOR RESPONSIBILITIES

The City Treasurer is also the Treasurer of the System. The Treasurer and the Plan Administrator are responsible for implementing decisions made by the Board, administration of the System and Plans in alignment with applicable law and policies, and communicating Board directives to the Investment Managers and other related professionals. The Board authorizes the Treasurer and the Plan Administrator to deviate from these directives, subject to the investment limitations contained in Sections 112.661 and 215.47, Florida Statutes, and only when deemed in the best interest of the System with the concurrence of the City's Chief Financial Officer. Any such deviation shall be promptly reported to the Board no later than the next Board meeting.

INVESTMENT MANAGER RESPONSIBILITIES

Within the guidelines and restrictions set forth herein, the Board delegates to each Investment Manager full investment discretion with respect to the management of assets under its control. Such discretion includes decisions to buy, hold and sell securities in amounts that are reflective of the Investment Manager's investment strategy and in compliance with the Policy. The Investment Managers' acceptance of the responsibility to manage assets for the System constitutes an acceptance of this Policy, affirming the belief they are capable of achieving the System's objectives within the guidelines and limitations stated herein.

The Board delegates to each Investment Manager the responsibility to vote any and all proxies applicable to designated Plan assets under their management. The investment Manager has the responsibility to vote solely in the interest of the Plans' participants and to protect the value of the securities within the Fund. Investment Managers shall keep accurate records with respect to their voting of proxies. Investment Managers shall forward to the Board at least annually a proxy voting report, including a summary of all instances where votes were cast against management, or where votes were cast against the Investment Manager's internal proxy voting policies, along with the Investment Manager's supporting rationale for each such situation.

Except as provided below in this paragraph, the System's Investment Managers shall discharge their responsibilities in the same manner as if the System were governed by the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Although the Board acknowledges that ERISA does not directly apply to the System as a governmental retirement plan, in carrying out its investment activities with respect to the System's assets each Investment Manager shall conform to the statutory provisions, rules, regulations, interpretations and case law of ERISA. Each Investment Manager shall acknowledge in writing that it is a fiduciary, as that term is defined by ERISA, of the System or of the investors in the commingled fund, partnership, or other commingled investment vehicle that the Investment Manager is retained to manage. Exceptions may be made by the Board on a case-by-case basis if necessary. Each Investment Manager shall be responsible only for those assets under its management.

Unless otherwise approved on an exception basis and fully disclosed to the Board in advance, Investment Managers shall not:

- Take custody of assets under their control;
- Execute trades through brokers affiliated with the Investment Manager or the System's Investment Consultant or Custodian; or
- Otherwise pay any fees, compensation or gratuities to the System's Investment Consultant or Custodian.

Each Investment Manager is expected to provide all reasonable information to the System's Custodian necessary for the timely and effective management and trade settlement of its account, including information on trades, cash balances, and pricing discrepancies.

Unless otherwise provided by the System's Custodian through a cash sweep vehicle, each Investment Manager shall invest cash reserves in permissible cash equivalent securities in order to minimize uninvested cash balances.

All investment transactions shall be completed on a best price, best execution basis. The Investment Managers, as fiduciaries, have the responsibility to execute all transactions in the best interest of the Fund.

- On a case-by-case basis, the Board may direct any Investment Manager to execute a portion of its trades through one or more commission recapture services selected by the Board.

Each Investment Manager is expected to provide all reasonable information requested by the Board. All Investment Managers shall keep the Board and Investment Consultant informed on a timely basis of:

- Significant changes in their investment outlook, investment strategy, asset allocation;
- Changes in ownership, organizational structure, financial condition, investment process, or regulatory registration;
- Any regulatory action, investigation or legal action affecting the firm or its employees;
- Changes in professional staffing to the investment management firm or investment product utilized, including client service personnel; and
- All other matters affecting their relationship with the System.

Whenever Investment Managers believe that any particular guideline should be altered, it is the Investment Manager's responsibility to initiate written communication with the Board and Investment Consultant requesting such change.

At a minimum, each Investment Manager shall provide a quarterly report that includes the following:

- All investment activity (incl. securities purchases and sales);
- The portfolio's current value;
- Investment performance and attribution;
- An analysis of portfolio characteristics;
- A market and investment outlook;
- Any changes in investment philosophy or strategy;
- Any significant changes in the personnel or ownership of the firm;
- A summary of commission costs, brokers utilized and all portfolio directed brokerage activities;
- On an annual basis each equity manager shall provide a summary report of all proxies voted and whether any proxies were voted as an exception to the Investment Manager's stated proxy voting guidelines.

Real estate and diversifying asset managers shall provide reports with similar information as described above but tailored to provide relevant risk exposure, portfolio construction and return information suitable for that asset class or strategy given industry standards.

Commented [RVK8]: Added Diversifying Assets to include all private market asset classes.

Each Investment Manager is expected to meet with the Board or its designated representatives periodically to review investment performance and philosophy.

INVESTMENT CONSULTANT RESPONSIBILITIES

The primary duty of the Investment Consultant is to provide investment advice to the Board and to assist the Treasurer and Plan Administrator and Investment Staff in the implementation of the Board's directives and management of the investment process. This includes meeting regularly with the Board to provide information, market perspective, and evaluation as to the System's goals, objectives, limitations, investment structure and investment performance as part of the overall development, implementation and monitoring of a diversified investment portfolio.

Specific duties of the Investment Consultant include:

- 1) Making recommendations to the Board of appropriate actions which shall enhance the probability of achieving Fund objectives such as use of various asset classes, implementation of investment strategy, changes in investment policy, and changes in Investment Managers or other service providers;
- 2) Assisting the Board in developing appropriate asset mixes through the development of regular asset-liability studies or asset allocation reviews;
- 3) Assisting the Board in deploying an appropriate asset mix through the development of specific investment strategies and supporting policies;
- 4) Making recommendations to the Board with respect to rebalancing;
- 4) Providing comprehensive evaluation of the investment results of the Fund and its individual asset mInvestment Managers in light of this Policy;
- 5) Assist the Board in interpreting investment results and assessing Investment Manager performance;

Commented [RVK9]: From Performance Evaluation section

- 5)6) Notifying the Board of changes in the structure, personnel, ownership, or process of Investment Mmanagers serving the System, in addition to any performance concerns, and recommend corrective action when necessary as soon as feasible;
- 6)7) Maintain Watch List on behalf of the Board and providing periodic updates of the Watch List, no less than quarterly, to the Board. The purpose of a Watch List is to further assist the Board in exercising their fiduciary oversight responsibilities by highlighting factors that may warrant heightened surveillance. Areas of focus will include, although are not limited to, those outlined in items 7 of this section. Investment Managers may or may not be placed on the Watch List ahead of a recommendation to terminate;
- 8) Conducting searches for Iinvestment Mmanagers and other service providers as necessary and making recommendations for such positions;
- 7)9) Conduct periodic pacing studies for private investments;
- 8)10) Disclosing potential conflicts of interest as they become known; and
- 11) Providing ad hoc investment research and other support as may be necessary to support the Board's educational and informational needs.
- 12) Review periodically this Policy and recommend any necessary changes to Investment Staff and the Board;
- 13) Provide advice with respect to Investment Managers transition management events, including the recommendation of transition management services.

Commented [RVK10]: Added language on maintenance of WL

Commented [RVK11]: Added language on consultant conducting pacing studies

Commented [RVK12]: Added language on consultant assisting with review and update of IPS, and transition management.

CUSTODIAN RESPONSIBILITIES

The Board shall retain a bank or trust company to act as Ceustodian for the System's assets. Such Ceustodian shall be responsible for the safekeeping of all the System's assets put under its custody, as well as the regular valuation of System assets and settlement of Iinvestment Mmanagers' trades on behalf of the System.

In order to maximize the investment return, no money should be allowed to remain idle and uninvested. Dividends, interest, proceeds from sales, new contributions and all other monies shall be invested promptly upon receipt. Consistent with these requirements, the Ceustodian shall be responsible for the following functions:

- 1) Accept daily trading/cash reconciliation instructions from the money-~~Investment~~ Mmanagers;
- 2) Advise Iinvestment Mmanagers daily of changes in cash equivalent balances;
- 3) Immediately advise Investment Mmanagers of contributions and withdrawals from account;
- 4) Notify Iinvestment Mmanagers of tenders, rights, fractional shares or other dispositions of holdings;
- 5) Resolve any custodial account problems with Iinvestment Mmanagers;

- 6) Safekeeping of securities;
- 7) Collection of all interest and dividends;
- 8) Daily sweep of idle cash balances;
- 9) Process all Investment Manager security transactions;
- 10) Collect proceeds from maturing securities and sale transactions;
- 11) Make cash disbursements as directed;
- 12) Provide monthly accounting statements based on fair market value for each security in each Investment Manager account and a consolidated statement of all assets under custody;
- 13) Provide account representative and back-up to assist City-Investment Staff in all needs relating to the custody and accountability of System assets;
- 14) Managing as securities lending agent and/or assisting the securities lending program as directed by the Board;
- 15) Provide a schedule of commissions paid and brokers used by each Investment Manager;
- 16) Provide reports or assistance on corporate actions, class action notice filings, forwarding proxies to appropriate parties and any other actions or reports mutually agreed upon by the Custodian and the Board;
- 17) Provide any other tasks necessary for the effective safekeeping, valuation or administration of System assets.

INVESTMENT OBJECTIVES

The broad investment objective of the System is, to the extent possible, to ensure over the life of the System that an adequate level of assets are available to fund the benefits payable to the Plans' participants and beneficiaries at the time they become payable. In meeting this objective, the Board seeks to achieve a high level of investment return consistent with a prudent level of portfolio risk.

In addition, the System seeks a total rate of return after all expenses that equals or exceeds the current actuarial investment return assumption. The Board, with help from the actuary and Investment Consultant, shall use the Fund's asset allocation as the primary tool to achieve this objective. As this is a long-term objective and investments are subject to short-term volatility, the main investment focus of the Board is the expected return and associated expected volatility of the Plan-Fund as a whole over a long-term investment time horizon. The performance of each asset class and the performance of

each Investment Manager relative to appropriate market indices and style peer comparisons shall be monitored over both the long term and short term. Each Investment Manager is expected to maintain a consistent philosophy and style, perform well versus others utilizing the same style, and add incremental value after costs.

Long-term growth of capital: The Board recognizes that short-term fluctuations may result in the loss of capital earned on occasion (i.e., negative rates of return). However, in the absence of contributions and withdrawals, the asset value of the Plans should grow over the long run and achieve the investment goals set out below.

Preservation of Purchasing Power: the preservation of purchasing power is another long-term investment objective for System. Asset growth, exclusive of contributions and withdrawals, should exceed the rate of inflation (as measured by annual CPI) over the long term in order to preserve purchasing power of future benefits.

The specific investment goals of the System are as follows:

- To earn an annualized rate of return, over the long term, that exceeds the annual rate of change in the Consumer Price Index (CPI, net of fees).
- To earn an annualized rate of return over the long term equal to or in excess of the System's actuarial assumed rate of return, net of fees.
- To earn a total rate of return, net of fees, over a market cycle, (roughly 7 years) that exceeds the return of a Policy Index. The Policy Index for the System is defined as a hypothetical index constructed of the target allocation for each broad asset class, as adopted by the Board and contained in the Policy, invested in a broad market index representing that asset class. The Policy Index may change from time to time as the asset allocation target for the System changes, as approved by the Board.
- In addition, it is expected that over a market cycle (roughly 7 years) the rate of return earned by the System shall rank above median when compared to a representative universe of other, similarly managed and sized, retirement systems and portfolios.
- It is the goal for each active Investment Manager to achieve an annualized total rate of return, over a market cycle (roughly 7 years) which exceeds a broad market benchmark, net of fees, and ranks above median in a style peer performance universe. The broad market benchmarks are shown in each Investment Manager's Investment Instructions. It is the goal for each passive Investment Manager to achieve an annualized total rate of return, gross of fees, that matches the underlying market benchmark, and minimizes tracking error.

ASSET ALLOCATION

The Board believes that the level of risk assumed in the Fund is a function, in large part, of the Fund's asset allocation. The proportion of assets allocated for equity investments is a major determinant of volatility of future returns. As indicated by long-term historical data, the risk of equity ownership has been rewarded with a higher rate of return and is necessary in the current market environment to fully fund future liabilities. The risk tolerance of the Board shall also be expressed through eligible asset classes and target asset allocation.

The Fund's investments shall be invested in a diversified portfolio composed of some or all of the following: equity securities (both domestic and international), fixed income securities (both domestic and international), core and non-core real estate, diversifying assets (including but not limited to: private equity, private credit, equity or debt long-short, event-driven, relative value, or tactical trading strategies, MLPs, and real assets (timber, commodities, energy, oil and gas, metals and mining, or other natural resources) as permitted by this Policy and any applicable ordinance or statute), and cash equivalent securities. Accordingly, the portfolio shall be structured to provide real growth of market value over time while providing downside protection, to the extent reasonable under prevailing market conditions, during periods of economic or capital market distress or volatility.

Based on its determination of the appropriate risk posture for the Fund, and its long-term return expectations, the Board, with recommendations from the Investment Consultant and actuary, shall maintain asset-mix guidelines for the Fund, based on market values. The asset allocation is a strategic asset allocation. The long term target allocation percentage and permitted range for each asset class shall be based upon the most recent asset-liability study or asset allocation review performed by the Investment Consultant, generally every few years, and as adopted by the Board. Both the target allocations and permitted ranges should be adhered to under normal circumstances. However, because the target allocations and permitted ranges are long term in nature, periodically the asset mix may fall outside the target or range. Dollar-cost-averaging, portfolio transition or other cases where the Board determines deviation from the target or range is in the best interest of the Fund are permitted exceptions. This in no way should be considered market timing and is not viewed as such by the Board.

The Board, in conjunction with the Investment Consultant and actuary, is responsible for broad asset allocation decisions. An Investment Manager's cash holdings can disrupt this position and therefore under normal circumstances should be limited to five percent (5%) of its portfolio market value. Therefore, each Investment Manager's portfolio is to be fully invested, although cash can be held briefly when a security is sold prior to reinvestment. The only exception to this shall be when cash is used as part of a duration or term-structure strategy of a fixed income manager. This exception is consistent with the Board's decision to have Investment Managers avoid market-timing decisions stated above.

Until such time as the Board changes the broad asset class targets, a routine rebalancing of the various liquid portfolios back within permitted allocation range shall be implemented as necessary. The first tool used to achieve this rebalancing shall be regular cash flows. After that, Investment Manager cash and portfolio liquidation shall be used.

When market experience moves the portfolio allocation outside a range of +/- 5% around the target allocation at month end, the Treasurer, Plan Administrator, or Investment Staff in conjunction with the Investment Consultant shall consider any necessary action to rebalance back toward the target allocation. Priority of rebalancing shall be asset class before style or individual Investment Manager.

Further, rebalancing less liquid asset classes, such as real estate, private credit and private equity, should not be undertaken as automatically, as compared to transactions designed to rebalance the more liquid public market asset classes. Less liquid assets should rarely be sold for the primary purpose of portfolio rebalancing. Most of the time, market conditions and cash flow will allow achieving targeted allocation levels with the passage of time. For purposes of determining asset allocation percentages for rebalancing, allocations to less liquid assets that are committed but not yet invested may need to be taken under consideration, as do known or expected returns of capital invested. In addition, market values for less liquid assets may often lag market values for liquid assets by as much as three months, and this must be tolerated.

Commented [RVK13]: Expanded language on rebalancing to address private asset classes

After a thorough review of the expected risk and return of various asset mixes, the Board of Trustees has established the following target asset allocation for all assets of the City of Jacksonville Retirement System:

Asset Class	Minimum	Target	Maximum
Domestic Equities	20%	30%	40%
International Securities	13%	23%	25%*
Fixed Income	10%	20%	30%
Real Estate	0%	15%	20%
Diversifying Assets**	0%	12%	20%
Cash	0%	0%	10%

*Statutory Maximum

**ex.) Includes private equity, private credit, equity or debt long-short, event-driven, relative value, or tactical trading strategies, MLPs, and real assets (timber, commodities, energy, oil and gas, metals and mining, or other natural resources)

INVESTMENT GUIDELINES

Sections 112.661 and 215.47, Florida Statutes, describe the permissible investments for the System and limitations on investments. Section 120.103, Jacksonville Ordinance Code, authorizes the Board to establish allocations containing permissible investments to those defined by this Policy, within the limits set forth by statute. The following broad investment guidelines contain both a restatement of those sections and additional limitations. They also may be modified as set forth in any individual Investment Manager instructions, to the extent approved by the Board and permitted by applicable ordinances and statutes.

EQUITY SECURITIES

Permitted Securities:

The following are permissible investments:

- All equity investments shall be limited to fully and easily negotiable equity securities that are listed on a national exchange.
- Permissible investment vehicles shall include equity separate accounts and commingled vehicles consisting of those common stocks, preferred stocks and convertible securities.
- American Depository Receipts are permissible in domestic equity portfolios.
- American Depository Receipts and Global Depository Receipts are permissible in international equity portfolios.
- Other equity securities listed in the Equity Guidelines below.

Equity Guidelines

- 1) The total equity portfolio may not exceed 80% of the Fund's assets measured at market value.
- 2) The total portion of the Fund's international equity holdings combined with non-US dollar corporate bonds may not exceed 25% of the Fund's assets measured at market value.
- 3) No more than 10% of the market value of the total equity portfolio may be invested in the combined common stock, preferred stock or convertible securities of any one company.
- 4) Investments in shares of companies that have been publicly traded for less than one year are limited to no more than 10% of the market value of the total equity portfolio.

- 5) American Depository Receipts are permissible in domestic equity portfolios and are limited to 15% of a Investment Manager's portfolio.
- 6) Exchange Traded Funds or index fund investments are permitted.
- 7) No individual equity strategy/mandate, measured at market value, shall have an economic sector weighting which exceeds the greater of either 30% or 2 times the sector weight of the underlying benchmark. Exceptions can be made, at the Board's discretion, should the strategy/mandate require greater allowance.
- 8) -Not more than 75 percent of the Fund may be in internally managed common stock.
- 9) A total return goal of the domestic equity composite, net of fees, is to exceed the return of the Russell 3000 Index over a market cycle (roughly 7 years).
- 10) The total return goal of the international equity composite, net of fees, is to exceed the return of the MSCI All Country World EX-US Index over a market cycle (roughly 7 years).
- 11) Sections 112.661(5) and 215.47 of the Florida Statutes shall guide the Equity Guidelines and supersede all conflicts in the Investment Policy.

FIXED INCOME SECURITIES

Permissible Securities:

The following are permissible investments:

- Bonds, notes, or other obligations of the United States or those guaranteed by the United States or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof.
- Florida State bonds pledging the full faith and credit of the state and revenue bonds additionally secured by the full faith and credit of the state.
- Bonds of the several counties or districts in the state containing a pledge of the full faith and credit of the county or district involved.
- Bonds issued or administered by the State Board of Administration secured solely by a pledge of all or part of the 2-cent constitutional fuel tax accruing under the provisions of s. 16, Art. IX of the State Constitution of 1885, as amended, or of s. 9, Art. XII of the 1968 revised State Constitution.
- Bonds issued by the State Board of Education pursuant to ss. 18 and 19, Art. XII of the State Constitution of 1885, as amended, or to s. 9, Art. XII of the 1968 revised State Constitution, as amended.

- Bonds issued by the Florida Outdoor Recreational Development Council pursuant to s. 17, Art. IX of the State Constitution of 1885, as amended.
- Notes, bonds, and other obligations of agencies of the United States.
- Other bonds listed in the Fixed Income Guidelines below.

Fixed Income Guidelines

- 1) At a minimum, 80% of the total fixed income portfolio shall be rated "investment grade" or higher. The Board defines investment grade as "BBB-", "Baa3" or their equivalent, as rated by a Nationally Recognized Statistical Rating Organization. In the event of a split rating, the security must be rated "BBB-", "Baa3" or their equivalent by at least two investment rating agencies to be considered investment grade. The lower rating will be used if the investment is rated by two ratings agencies.
- 2) Permissible securities shall include fixed income separate accounts and commingled vehicles consisting of those US Treasuries and Agencies, corporate bonds, mortgage-backed securities, asset backed securities and convertible securities listed below.
- 3) Investments in corporate bonds issued by a non-US corporation of commercial entities shall not exceed 25% of the market value of the total fixed income portfolio. This limitation shall not apply to US dollar-denominated securities listed and traded on US exchanges.
- 4) The total value of the securities of any single non-US Government issuer shall not exceed 5% of the market value of the total fixed income portfolio.
- 5) Investments in Collateralized Mortgage Obligations (CMOs) shall be limited to 25% of the market value of the total fixed income portfolio.
- 6) There is no limit imposed on investments in fixed income securities issued directly by the United States Government or any agency or instrumentality thereof.
- 7) Investments in Commercial Mortgage Backed Securities (CMBS) are permitted, provided they are rated AAA by a major rating service. However, the total value of all CMBS investments shall not exceed 25% of the market value of the total fixed income portfolio.
- 8) All fixed income investments shall be limited to fully and easily negotiable fixed income securities, unless specifically authorized by the Board.
- 9) Investments in convertible bonds shall be limited to 10% of the market value of the total fixed income portfolio. However, any convertible bond investments should be liquidated at the time of conversion so as to avoid the fixed income managers holding equity securities in a fixed income portfolio.

10) Structured notes may not be held in the fixed income portfolio.

11) The following are limited to 25% or less of the Fund:

A. Bonds, notes, or obligations of any municipality or political subdivision or any agency or authority of this state, if the obligations are rated investment grade by at least one nationally recognized statistical rating organization.

B. Notes secured by first mortgages, insured or guaranteed by the Federal Housing Administration or the United States Department of Veterans Affairs.

C. Mortgage securities which represent participation in or are collateralized by mortgage loans secured by real property. Such securities must be issued by an agency of or enterprise sponsored by the United States Government, including, but not limited to, the Government National Mortgage Association, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation.

D. Group annuity contracts of the pension investment type with insurers licensed to do business in this state which are rated investment grade by at least one nationally recognized rating service.

E. Fixed-income obligations not otherwise authorized by this section issued by foreign governments or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities, if the obligations are rated investment grade by at least one nationally recognized rating service.

F. A portion of the funds available for investment pursuant to this subsection may be invested in rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.

G. Obligations of agencies of the government of the United States, provided such obligations have been included in and authorized by the Florida Retirement System Defined Benefit Plan Investment Policy Statement established in Section 215.475, Florida Statutes.

H. —United States dollar-denominated obligations issued by foreign governments, or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities.

I. —Asset-backed securities not otherwise authorized by this section.

12) Not more than 25 percent of the Fund may be invested in corporate obligations and securities of any kind of a foreign corporation or a foreign commercial entities having its principal office located in any country other than the United States of America or its possessions or territories, not including United States dollar-denominated

securities listed and traded on a United States exchange which are a part of the ordinary investment strategy of the Board.

- 13) The total return goal of the fixed income composite, net of fees, should exceed the return of the Bloomberg Barclays US Universal Bond Index over a market cycle (roughly 7 years).

REAL ESTATE

Permissible Investments:

Certain interests in real property and related personal property, including mortgages and related instruments on commercial or industrial real property, with provisions for equity or income participation or with provisions for convertibility to equity ownership; and interests in collective investment funds are permissible investments. Associated expenditures for acquisition and operation of assets purchased under this provision or of investments in private equity or other private investment partnerships or limited liability companies shall be included as a part of the cost of the investment.

- 1) ~~1~~—The title to real property acquired under this paragraph shall be vested in the name of the Fund.
- 2) ~~2~~—For purposes of taxation of property owned by the Fund, the provisions of Section 196.199(2)(b), Florida Statutes, do not apply.
- 3) ~~3~~—Real property acquired under the provisions of this paragraph shall not be considered state lands or public lands and property as defined in Florida Statutes Chapter 253, and the provisions of that chapter do not apply to such real property.

Real Estate Guidelines

Core Real Estate funds are to have the following complementary objectives:

- Investments are typically comprised of well-leased, high quality, income producing institutional properties, such as office buildings, retail centers, industrial parks, apartments, and hotels, that are held until such time as determination is made by the fund ~~Investment M~~anager to dispose of such properties at acceptable market rates.

~~Non-~~Core Real Estate funds, comprised of both Opportunistic and Value-Added investments, are to have the following complementary objectives:

- Investments are typically commercial properties requiring redevelopment or repositioning for alternative use or upgrade. These properties have the potential for increases in tenant occupancy rates and leasing income attained from capital

improvements and effected property management, over the projected holding period.

- 1) Notwithstanding the restrictions and limitations set forth in paragraphs 1 and 2 of the "Equity Securities" section above or elsewhere in this Policy and when deemed appropriate by the Board, real estate investments may be made in any legally permissible real estate investment vehicles, including, but not limited to, individual property investments, joint ventures, commingled funds, including insurance company separate accounts, real estate investment trusts (REIT's), master limited partnerships (MLPs), limited partnerships and limited liability companies, in an amount up to 25% of the Fund.
- 2) The Board shall seek to diversify its real estate portfolio by property type (multi-family residential, industrial, office, retail, etc.), property location (geographic region), tenant dominance (avoiding tenants all belonging to the same company or industry) and strategy (core diversified, value-added, opportunistic).
- 3) As real estate investments over time are intended to provide, relative to other asset classes, a higher level of income, lower volatility of total return, and lower correlation to other asset classes, leverage is generally limited to 35% at the portfolio level for core investments and 75% at the portfolio level for value-added/opportunistic investments. However, the amount of leverage in a single fund is not constant. It varies as the market value of the properties in the fund varies. In the case of closed-end funds it also varies as the fund matures. In the early days of a Non-Core closed-end fund, the fund may utilize very little leverage. But as the properties are accumulated, the borrowing as a percentage of the properties will increase.
- 4) Any investment or co-investment in a single property shall not exceed one half of one per cent (0.5%) of the Plans' total assets unless specifically permitted by the Board.
- 5) All real estate investments shall be managed by experienced and qualified professional investment managers as determined by the Board of Trustees in consultation with the Investment Consultant and Investment Staff.
- 6) The total return goal of the Core Real Estate composite, net of fees, is to exceed the NCREIF ODCE index over a market cycle (roughly 7 years). The total return goal of the Non Core Real Estate composite, net of fees, is to exceed the NCREIF ODCE index + 2% premium, over a market cycle (roughly 7 years).

CASH EQUIVALENT SECURITIES

The following are permissible investments:

Permissible Securities:

- Savings accounts in, or certificates of deposit of, any bank, savings bank, or savings and loan association incorporated under the laws of this state or organized under the laws of the United States doing business and situated in this state, the accounts of which are insured by the Federal Government or an agency thereof and having a prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization, provided such savings accounts and certificates of deposit are secured in the manner prescribed in Florida Statutes Chapter 280.
- Bonds issued by the Florida State Improvement Commission, Florida Development Commission, Division of Bond Finance of the Department of General Services, or Division of Bond Finance of the State Board of Administration.
- Notes, bonds, and other obligations of agencies of the United States.
- Commercial paper of prime quality of the highest letter and numerical rating as provided for by at least one nationally recognized rating service.
- Time drafts or bills of exchange drawn on and accepted by a commercial bank, otherwise known as banker's acceptances, which are accepted by a member bank of the Federal Reserve System and are of prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.
- Negotiable certificates of deposit issued by domestic or foreign financial institutions in United States dollars of prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.
- Short-term obligations not authorized elsewhere in this section to be purchased individually or in pooled accounts or other collective investment funds, for the purpose of providing liquidity to any fund or portfolio.
- Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized Custodian.

Cash Equivalent Guidelines

- 1) The Investment Managers may invest only in the following short-term investment vehicles, for the purposes of cash equivalents:
 - a) The money market or STIF provided by the System's Custodian.
 - b) Direct obligations of the United States Government or its agencies with a maturity of one year or less.
 - c) Repurchase agreements which are fully collateralized by direct obligations of the United States Government.
 - d) Commercial Paper issued by United States corporations which has a maturity of 270 days or less and that is rated A-1 or higher by Standard & Poor's or P-1 or higher by Moody's.
 - e) Bankers Acceptances issued by prime money center banks.

USE OF FUTURES AND OPTIONS

The System and any of its external Investment Managers are authorized to buy and sell futures and options, provided the instruments for such purpose are traded on a securities exchange or board of trade regulated by the Securities and Exchange Commission or the Commodity Futures Trading Commission, unless the Board by rule authorizes a different market. Use of futures and options for speculative purposes is prohibited.

COMMINGLED AND MUTUAL FUNDS:

The Board recognizes and accepts that investments in commingled funds, common trust funds, mutual funds, limited partnerships, limited liability companies or similar investment vehicles shall be governed by the investment policies and guidelines of those funds and that no additional constraints may be imposed on them as they are frequently serving as fiduciaries to the investment vehicle itself of which the Fund holds an interest. The decision to invest Fund assets in any such fund shall only be made by the Board after a thorough review of the investment policies contained in the prospectus, trust document, offering memorandum or other governing documents of those funds, and after it has been determined that those policies are appropriate and generally consistent with the investment objectives of the System.

DIVERSIFYING ASSETS:

Permissible Strategies:

The following are permissible investments:

- For purposes of this Policy, "diversifying assets" shall mean investments in private equity, private credit, long-short equity or debt, event driven, relative value, or tactical trading strategies, MLPs, real assets (timber, commodities, energy, oil and gas, metals and mining, or other natural resources) and shall also include other investments that generally are not publicly traded or which are managed through private investment vehicle
- s.
- In general, the aforementioned strategies involve the purchase and sale of all types of public and privately traded securities, currencies, options, futures and private placements. These strategies may also include the short sale of securities and the use of leverage and other types of derivatives.
- Private equity investments may include sub strategies such as venture capital, growth equity, and buyouts. Investments are typically accessed directly, through partnerships or through a fund of funds approach, which provides an investment vehicle that is well diversified by sub-asset class (e.g. venture capital vs. buyouts), investment style (e.g. early vs. late stage, mid-market vs. large cap market) and vintage year.
- Private Credit investments may include sub strategies such as direct lending, asset-backed debt, specialty finance, special situations, and distressed debt. Investments are typically accessed directly, through partnerships or through a fund of funds approach.
- In general, real assets includes the purchase and sale of an equity or debt interest in natural resources (such as oil and gas development, energy and power infrastructure, agriculture, and metals and mining), commodities (agriculture, energy, industrial metals, livestock and precious metals), timberland, farmland, and water rights. These investments may be made in publicly traded securities, such as master limited partnerships (MLPs) or in private investment vehicles, such as limited partnerships.

Diversifying Assets Guidelines

1.1 The long-term role of diversifying assets is to improve the risk-adjusted return of the overall portfolio by increasing the long-term expected return above what would be normally available using only conventional securities and reducing overall portfolio volatility through use of a diversified set of strategies and the inherent smoothing of private valuation methods. The long-term nature of private investments and vintage year diversification shall be emphasized so that the System,

as a long-term investor, may properly take advantage of the private negotiation of transactions and the illiquidity premium associated with such private investments.

2.2) Prior to making any investment in diversifying assets, the sub-strategy investments will be evaluated, by the Board, based on their singular characteristics and their incremental value to the total Fund. Any "lock-up" periods shall be appropriate given the underlying strategy.

3.3) The Board understands that there are certain additional risks associated with investing in private investments, such as: the long-term nature and illiquidity of the investment; the complexity of the strategies employed; the higher cost and delay of investment return to the System (e.g. "J-curve effect"); the possible lack of full public disclosure of certain financial information; and the labor intensive nature of private investment programs for plan sponsors to implement and monitor. However, the Board has determined that possible reward outweighs the possible risks and has also determined that the long-term role of diversifying assets, is consistent with the System's Policy.

4.4) In private equity, private credit and real asset investing there is the risk of sustaining a complete loss on any of the individual company investments. The Board understands and expects that while specific investments may incur losses of all or part of invested capital, a diversified portfolio of holdings should produce a positive rate of return in excess of that available from public securities. Therefore, the System shall prudently diversify its private investment program in a manner consistent with professionally managed institutional private programs, as recommended by its Investment Consultant or Investment Staff, so as to decrease the likelihood of loss. The private investments, in aggregate, will be prudently diversified by having broad exposure across the sub-strategies listed above. Further, the private investments, in aggregate, shall be diversified by: industry groups, company, number of transactions, stage of company maturity, form of investment, geography and time (vintage year diversification). Investment in non-US limited partnerships is permitted.

5.5) Over commitment: The implementation of any private investment, such as private equity and private credit, by the System shall be made over time so as to increase vintage year diversification. The timing of new commitments shall be spread out so as to avoid undue concentration of commitments in any one year. Over the long-term, it is expected that varying amounts of new funding will be committed each year to increase diversification. The Board recognizes that it will be necessary to make capital commitments in excess of the target allocation for private investments in order to achieve the target allocation and subsequently maintain it. The Investment Consultant shall monitor the amount of capital committed, drawn, invested and distributed and make a recommendation to the Board as to the amount of new commitments to be made each year.

6-6) Each fund shall be invested and diversified according to each fund's legal documentation. Accordingly, at the composite level, no limitations shall be imposed on any single partnership, strategy, or investment.

7-7) Public Records Request: The Board recognizes that periodically a request for information under a state statute or local ordinance "Public Record Request" may be made concerning the System's private investments. The Board believes that public disclosure of certain information about the System's private investments, especially financial information of the underlying companies held by limited partnerships, may materially harm the System's investments. Therefore the Board has adopted the following procedure in the event such a request is made: Public disclosure of the System's private investment shall be limited to the following: the identity of each fund; the amount of capital committed, invested and returned for each fund; the internal rate of return for each fund; any information disclosed by the fund to the Board in the Board's regular, open meetings, and as otherwise may be required by law.

8-8) The total return goal of the privately traded diversifying assets investments should be to produce a dollar-weighted return (internal rate of return or IRR) that exceeds a public market equivalent (PME) dollar-weighted return of a market index appropriate for the private strategies utilized over a full market cycle. Where possible, peer comparisons shall be made using statistically valid performance universes with the expectation that performance will rank above median in vintage year periods.

9-9) The total return goal of the publicly traded diversifying assets investments, or for which a valid investable index or peer universe exists, should be to exceed the return of a blended index using appropriate indices weighted to reflect Policy weights of the respective strategies, net of fees.

COMPLIANCE PROCEDURES

In the event a security falls out of compliance with the Investment Manager's specific investment guidelines after purchase, the Investment Manager may continue to hold the security to avoid a "fire sale" scenario subject to the following:

- The securities must be permissible under Sections 112.661(5) and 215.47, Florida Statutes.
- The investment must represent no more than 2% of the Investment Manager's portfolio and the overall investment in the security across all Investment Managers' portfolios must not exceed 2% of the Fund's aggregate investment portfolio.
- Immediate notification shall be provided to the City's Treasurer and Chief Financial Officer ("CFO"), including a summary of the type, magnitude, and risk of such variance to the specific Investment Manager's guidelines.

- If the Treasurer and CFO both agree with the assessment, the request shall be referred to the Chairman of the Board for approval. If at any step during this process the retention of the security is not approved, ~~Treasury Investment Staff~~ and the ~~Investment Consultant~~ shall work with the ~~Investment Manager~~ to decide on the best manner of liquidation.
- Unless approved by the Chairman of the Board, a non-compliant security may not be retained beyond 30 days following the end of the quarter in which the non-compliance was discovered.
- If retention of the security is approved, the CFO shall send written acknowledgement to the applicable ~~Investment Manager~~ granting such exception to the Policy, which shall include the following:
 - 1) ~~1.~~—Defined enhanced reporting requirements for the ~~Investment Manager~~ regarding the specific investment holding which is an exception to the ~~Investment Manager's~~ specific guidelines, including:
 - ~~a. a.~~—Impact to the liquidity of the holding and portfolio managed, and
 - ~~b. b.~~—Impact on the return on the portfolio managed under the expected outcome and under the worst-case scenario.
- Updates on the status of each security which is subject to a Policy exception shall be presented by the ~~Investment Manager~~ to the city's Treasurer at least monthly.
- Exceptions to the ~~Investment Manager's~~ specific guidelines shall be reported to the Board, and shall be included in the ~~Investment Consultant's~~ quarterly investment report. The Board shall have the ultimate authority over whether the exception should be approved or not.

SECTION 112.661, FLORIDA STATUTES

The Board has adopted the following additional provisions to comply with Section 112.661, Florida Statutes:

EXPECTED ANNUAL RATE OF RETURN: For each actuarial valuation the Board shall determine the total expected annual rate of return for the current year, for each of the next several years, and for the long term thereafter. This determination is to be filed with the Department of Management Services, the plan sponsor and the consulting actuary.

MATURITY AND LIQUIDITY REQUIREMENTS: The investment portfolio shall be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. To the degree reasonable, an attempt shall be made to match investment maturities with anticipated cash flow requirements.

THIRD-PARTY CUSTODIAL AGREEMENTS: Securities should be held with a third party, and all securities purchased by, and all collateral obtained by, the board should be properly

designated as an asset of the board. No withdrawal of securities, in whole or in part, shall be made from safekeeping except by an authorized member of the board or the board's designee. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, to the extent possible, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

MASTER REPURCHASE AGREEMENT: All approved institutions and dealers transacting repurchase agreements shall perform as stated in the Master Repurchase Agreement.

BID REQUIREMENT: To the extent reasonable, the Board shall determine the approximate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the most economically advantageous bid is to be selected.

INTERNAL CONTROLS: The Board shall establish a system of internal controls which shall be in writing and be a part of the Board's operational procedures. These internal controls are designed to prevent losses of funds, which might arise from fraud, error, and misrepresentation, by third parties or imprudent actions by the Board or employees of the plan sponsor.

CONTINUING EDUCATION: The Board encourages continuing education of its members in the areas of investments and Board responsibilities.

REPORTING: The Custodian's valuation report is to be filed annually with the plan sponsor. This report is also available to the public.

FILING OF INVESTMENT POLICY: Once adopted by the Board, this Policy shall be promptly filed with the Department of Management Services, plan sponsor and consulting actuary. The effective date of this Policy and any amendment thereto shall be the 31st calendar day following the filing date with the plan sponsor.

VALUATION OF ILLIQUID INVESTMENTS: The Board defines an illiquid investment as one for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism. Should an investment become illiquid or in the event that the fund acquires an illiquid investment, the Board shall develop the methodology for valuation as set forth in the criteria in Section 215.47(6), Florida Statutes (the SBA/FRS methodology for valuation).

PERFORMANCE EVALUATION

The Board shall review the investment activities and investment performance of the System and each ~~portfolio~~-Investment Mmanager on a regular basis to assure compliance with the goals, objectives and guidelines contained in this Policy. The System's outside Iinvestment Cconsultant shall assist the Board in interpreting investment results and assessing Iinvestment Mmanager performance.

Investment performance shall be measured on at least a quarterly basis. Performance benchmarks shall include those stated in the Investment Objectives section above as well as comparisons to similar types of funds with similar market value and asset allocation.

Investment performance shall be compared using a statistically valid universe provided by the Iinvestment Cconsultant as authorized by the Board. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this Policy.

While the Board intends to fairly evaluate the portfolio performance, it reserves the right to change Iinvestment Mmanagers, without liability except payment of current charges, for any reason which in the exercise of the Board's discretion is deemed sufficient, including but not limited to those stated below.

- ~~1-1)~~ Change of the Board's investment philosophy;
- ~~2-2)~~ Poor results, including but not limited to, a Investment Mmanager's full-market-cycle (roughly 7 years) returns underperforming relative to the appropriate benchmark for three or more consecutive quarters;
- ~~3)~~ 3. Failure to meet stated performance goals as described in the Iinvestment Mmanager's specific guidelines or this Policy, and/or as measured against the appropriate benchmark or relevant Investment Mmanager universe;
- ~~4)~~ 4. Failure to meet the Board's communication and reporting requirements;
- ~~5)~~ 5. Deviation from the stated investment philosophy or style for which the investment management firm was hired; or
- ~~6)~~ 6. Change of decision-making personnel or ownership of the investment management firm.

Investment Mmanagers shall communicate with the Board and Iinvestment Cconsultant as follows:

- ~~1-1)~~ Provide portfolio valuation and transaction listings on at least a quarterly basis as stated above.
- ~~2-2)~~ Meet at least annually with the Board, its Investment Staff or Iinvestment Cconsultant or as requested by the Board.
- ~~3-3)~~ Communicate as outlined in this Policy regarding all other issues.

Board communication with Iinvestment Managers:

~~1-1~~ On a timely basis, the Board shall provide the Iinvestment Managers with changes to this Policy.

~~2-2~~ The Board shall also communicate as needed with the Iinvestment Managers to:

- a. Review and discuss any modifications and changes to the Plans' investment objectives, goals and guidelines;
- b. Identify any significant anticipated changes in the Plans' cash flow, liquidity requirements or plan circumstances; and
- c. Any other matter, which may bear upon the Plans' assets managed by a particular Investment Manager.

This Policy as well as the Plans' circumstances shall be reviewed annually by the Iinvestment Consultant with the Board and possibly revised periodically to ensure this Policy continues to reflect the Board's objectives, goals, philosophy, etc.

The Board shall periodically review:

~~1-1~~ The Fund's asset allocation in light of the Investment Consultant's current capital markets assumptions.

~~2-2~~ Actual investment results to determine whether the Fund's asset allocation remains reasonable and each Investment Manager's decision-making process remains consistent with the style and methodology for which the Investment Manager was originally retained.

~~3-3~~ The Iinvestment Manager's proxy voting procedures and proxy voting records.

~~4-4~~ Commissions generated, commission rates charged and firms used by the Iinvestment Managers to execute trades.

~~5-5~~ Investment Manager fee schedules.

REVIEW OF POLICY

It is the intention of the Board of Trustees to review this Policy periodically and to amend it to reflect any changes in philosophy or objectives. If at any time any Iinvestment Manager believes that the specific objectives defined herein cannot be met or that these guidelines unnecessarily constrict performance, then such Investment Manager shall notify the Board in writing of the specific objection so that the Board may consider revising this Policy subject to applicable ordinances and statutes.

Amended this 1st day of July, 2021.

Commented [RVK14]: Will update based on Board approval date

 DAVID KILCREASE
 SECRETARY - BOARD OF TRUSTEES
 CITY OF JACKSONVILLE EMPLOYEES RETIREMENT SYSTEM

APPENDIX A

SAMPLE INVESTMENT MANAGER INSTRUCTIONS

Policy:

The portfolio under the supervision of sample manager is intended to be a domestic equity portfolio.

Sample manager has been hired to pursue an investment style, which the Board has defined as a large cap value, domestic equity style. The Board has selected this investment style to be different, yet complement the other domestic equity managers employed. Sample manager is expected to produce investment returns that are 100 basis points over the Russell 1000 Value Index on an annualized basis over rolling three-to-five-year periods, net of fees and rank above median compared to their style peers over the same period. It is understood that investment returns are not guaranteed.

Guidelines:

- A. The portfolio shall be a large cap value, domestic equity portfolio. Sample manager may purchase short-term cash equivalent instruments, which for the purpose of measurement, shall be treated as equity reserves, not as fixed income securities. Convertibles are also permissible; however, they shall be treated as equities as well. The portfolio is expected to remain fully invested.
- B. It is sample manager's decision as to whether or not to utilize the Short-Term Investment Fund offered by the custodian, or another cash equivalent vehicle, and in doing so, is responsible for assessing the credit worthiness and relative return attractiveness of any alternative to the custodian's STIF used.
- C. Sample manager may use exchange-traded funds such as S&P Depository Receipts ("Spyders") for the purpose of short-term equitization of unused funds, including cash in the account due to a contribution or pending withdrawal.
- D. The portfolio shall be adequately diversified according to the internal policies established by sample manager regarding individual securities and industries to avoid the undue risk inherent in non-diversified holdings. In addition to the limitations set out in the Guidelines, the following limitations shall apply:
 1. Exposure to any single economic sector is limited to the greater of: 30% or 2X the sector weight in the underlying benchmark (listed below) based on market value.

2. American Depository Receipts are permissible but are limited to a maximum of 15% of the portfolio based on market value.
- E. The portfolio performance shall be measured on a total return basis, which includes both income and change in market value.
- F. Sample manager shall be reviewed quarterly based on the following:
1. Adherence to style risk assignment, including portfolio characteristics relative to those of the benchmark.
 2. The value-added over the Russell 1000 Value Index.
 3. The trend of value-added over the Russell 1000 Value Index.
 4. The value-added over median similar style investment managers.

These guidelines are not to be construed as restrictive to sample manager' ability to follow the strategies it considers are the most appropriate given the Board's directives contained in the Investment Policy and these Instructions, but rather as an exercise of the Board's fiduciary responsibility. If at any time sample manager feels that the Policy or these Instructions are unrealistic, or may be a hindrance in pursuing their investment style, the Board and the Iinvestment Consultant are to be notified immediately in writing.

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APPENDIX B

The Board and its Investment Managers shall comply with the applicable requirements of Chapter 2023-28, Laws of Florida, including Sections 112.662 & 215.855, Florida Statutes, along with regulations adopted by the Department of Management Services.

1. Definition of pecuniary factor: The term "pecuniary factor" is defined as a factor that an investment fiduciary "prudently determines is expected to have a material effect on the risk or returns of an investment based on appropriate investment horizons consistent with the investment objectives and funding policy of the retirement system. The term does not include the consideration of the furtherance of any social, political, or ideological interests." [112.662(1)]

2. Exclusive consideration of pecuniary factors: Only pecuniary factors may be considered and the interests of the participants and beneficiaries of the system may not be subordinated to other objectives, including sacrificing investment return or undertaking additional investment risk to promote any nonpecuniary factor. The weight given to any pecuniary factor must appropriately reflect a prudent assessment of its impact on risk or returns. [112.662(2)]

3. Proxy voting: Only pecuniary factors may be considered when voting proxies. [112.662(3)]

4. Filing requirements: The Board shall timely comply with the reporting requirement of Section 112.662 by filing a comprehensive report by December 15 of each odd-numbered year. [112.662(4)]. Investment Managers and the Board's Investment Consultant shall assist in the preparation of required reports and shall annually confirm to the Board their compliance with Chapter 2023-28.

5. Contracting and external communication requirements: Investment Manager contracts shall comply with Section 215.855 as follows:

"Any written communication made by an Investment Manager to a company in which such manager invests public funds on behalf of the Board must include the following disclaimer in a conspicuous location if such communication discusses social, political, or ideological interests; subordinates the interests of the company's shareholders to the interest of another entity; or advocates for the interest of an entity other than the company's shareholders:

The views and opinions expressed in this communication are those of the sender and do not reflect the views and opinions of the people of the State of Florida."

6. The Investment Consultant will provide Investment Managers for consideration who invest only based on pecuniary factors as defined by Florida Statutes §112.662.

Commented [RVK15]: Please note, we have included draft language counsel wrote and approved for the PFPF pertaining to HB3. While largely outside of RVK's purview, we provide it here for ERS legal review and potential inclusion.

7. If a Request for Proposals document is issued for Investment Manager services, pursuant to Section 287.05701, Florida Statutes, the solicitation document must include the following:

“The Board of Trustees may not request documentation of or consider a vendor’s social, political, or ideological interests when determining if the vendor is a responsible vendor. Additionally, the Board of Trustees may not give preference to a vendor based on vendor’s social, political, or ideological interests.”

January 2025

International Equity Structure Review

City of Jacksonville Employees' Retirement System



Table of Contents

	Page
Introduction	3
International Equity Market Trends	7
International Equity Structure: Analysis	12
International Equity Structure: Key Takeaways & Recommendations	23
Analysis Update: Exploring the Addition of A Global Equity Mandate	35
Appendix	41

Introduction



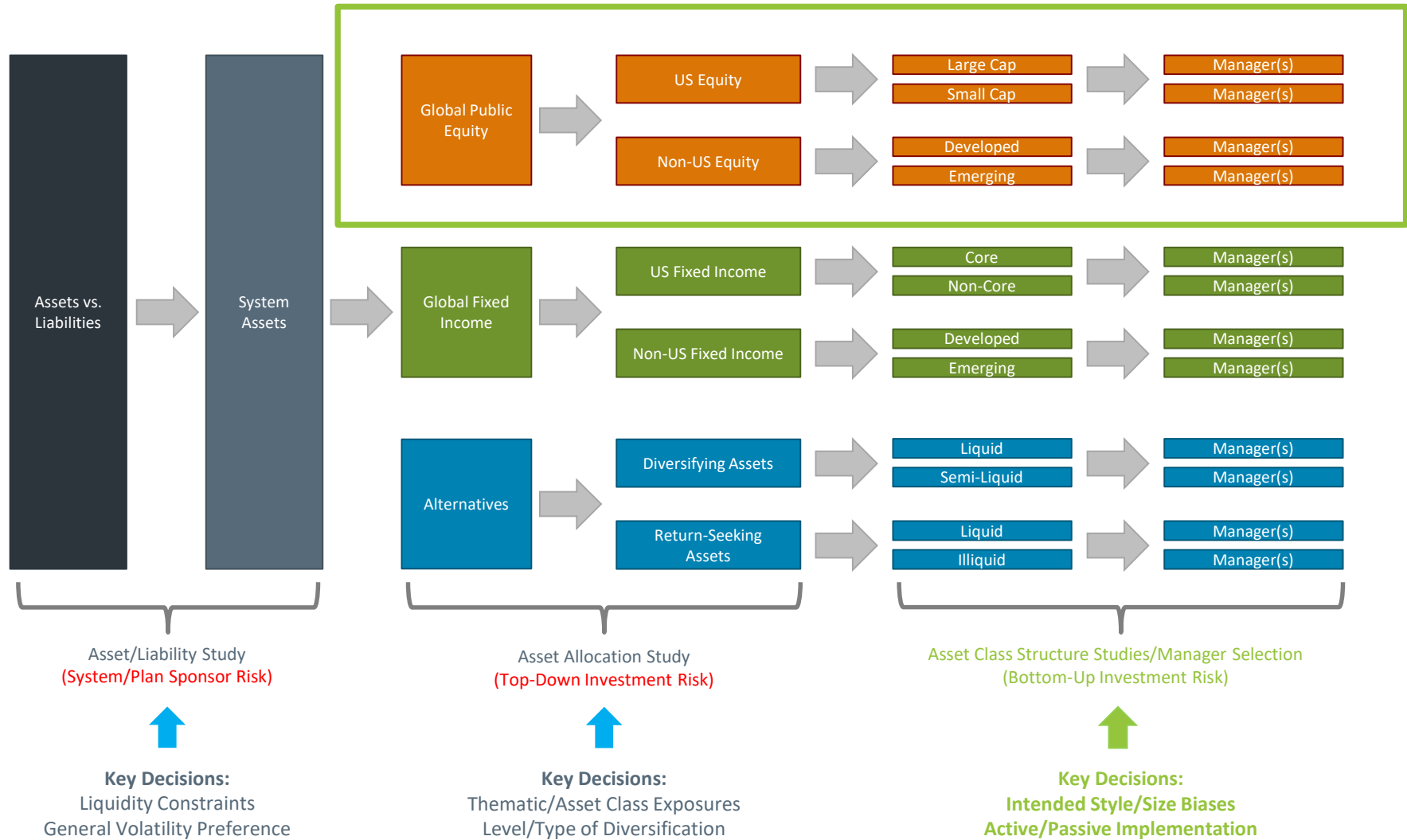
International Equity Structure Review

Introduction

- One of the 2024 strategic initiatives for the City of Jacksonville Employees' Retirement System (COJ ERS or System) is to conduct a structure study on the International Equity composite.
- The key factors of consideration for this analysis include:
 1. **Asset Class Thematic Role** – Is the objective of the International Equity composite being met through the current structure?
 2. **Active/Passive Management** – Are the management styles of the various mandates appropriate for the asset/sub-asset classes? Are the active management fees commensurate with the excess return produced?
 3. **Capitalization, Style, and Regional Biases** – How do the current exposures compare relative to the International Equity composite benchmark, the MSCI ACW ex US Index? What biases, under- and overweights are in the composite?
 4. **Structure Efficiency** – Is there overlap or redundancy in mandates among the managers? How well do the mandates 'fit' together? Would an allocation to a Global Equity mandate be additive? Are there any enhancements that could be made?
 5. **Fees** – How competitive are the fees? Is there room for potential fee savings?
- The objective of today's presentation is:
 1. To provide education on the above factors as these relate to evaluation of an International Equity structure.
 2. To summarize RVK's related analysis of the COJ ERS' International Equity structure.
- **Based on the results of this study, Staff and RVK recommend an incremental restructuring of the International Equity composite to lower its current growth style bias. This adjustment will align the portfolio style profile more closely with the MSCI ACW ex US Index, and ensure that the composite is able to take advantage of the market opportunities in all environments.**

Investment Decision Process

Total Fund



International Equity Structure Review

COJ ERS Asset Allocation Background

- COJ ERS has diversified its asset allocation over time – not only within the existing asset classes but also by adding the Diversifying Assets allocation, currently consisting of Private Equity and Private Credit.
 - The current target allocation includes a mix of capital preservation, capital appreciation, and inflation hedging asset classes across both traditional and private markets, aimed to take advantage and weather varying market environments.

Strategic Asset Allocation Targets*	2007	2011	2015	2020	2021 through Current Period
US Equity	46%	35%	35%	30%	30%
International Equity	14%	20%	20%	20%	23%
Fixed Income	30%	25%	19%	20%	20%
Real Estate	10%	15%	15%	15%	15%
Diversifying Assets	-	-	10%	15%	12%
Cash	0%	5%	1%	0%	0%

- Target allocation to International Equity, comprised of developed international and emerging markets, is currently 23% of the COJ ERS portfolio.
 - Within total equity allocation, this translates into a 56% / 43% allocation to US Equity / International Equity.
- Historically, COJ ERS has increased its allocation to International Equity relative to US Equity.
 - This has been consistent with RVK’s long-term capital market assumptions, which have suggested that the expected return for International Equity is higher compared to US Equity, taking into consideration factors like inflation, yield, earnings growth, valuation, and currency effect.

International Equity Market Trends



Active vs. Passive

Considerations

- Low-cost passive investment strategies (e.g., indexing) are an alternative to active management and can be considered the ‘starting point’ for considering asset class structure.
- Active management can then be assessed on an asset class by asset class basis.
- Currently, the COJ ERS utilizes active management for all the mandates in the International Equity composite.

The Case for Passive Investing

- **Lower fees** – guaranteed performance “head start”
- **Lower maintenance** – no benchmark risk due to active “bets”
- **No timing** (manager termination/hiring) **risk**
- **Straight forward selection** skill required
- **Efficient markets** theory

The Case for Active Investing

- **Markets can be efficient, but investors are not**
- **Fundamentals can be considered** – valuation and other fundamentals can be incorporated to ensure that investments are not merely following prices
- **Avoid concentration** risk
- **Less efficient market segments** provide opportunity for outperformance

International and Global Equity Strategies

Active vs. Passive

- RVK believes active management can add value net of fees over the long-term in International Equity sub-asset classes, given proper manager selection and ongoing monitoring.
- The below table identifies the results of our annual active vs. passive management analysis, for Non-US and Global Equity mandates. The analysis examines average active manager performance relative to a relevant style and market cap benchmark, net of fees.

Long-Term 3-Year Rolling Average (Net of Fees)
January 2001 – December 2023

International & Global Equity Excess Returns, %					
Asset Class	Index	25 th Percentile	Median	75 th Percentile	Index Return
Developed Non-US Large Cap	MSCI World ex USA Index	2.24	0.38	-1.26	4.66
Developed Non-US All Cap	MSCI World ex USA IM Index	2.28	0.32	-1.38	4.97
Developed Non-US Small Cap	MSCI World ex USA Small Cap Index	3.18	0.98	-1.18	7.97
All-Country Non-US Large Cap	MSCI ACWI ex USA Index	2.64	0.63	-1.19	6.36
All-Country Non-US All Cap	MSCI ACWI ex USA IM Index	3.19	1.09	-1.03	5.23
All-Country Non-US Small Cap*	MSCI ACWI ex USA Small Cap Index	4.43	1.58	-0.98	7.87
Emerging Markets Large Cap	MSCI Emerging Markets Index	2.84	0.75	-1.47	8.04
Emerging Markets All Cap	MSCI Emerging Markets IM Index	3.00	0.58	-1.52	7.93
Emerging Markets Small Cap*	MSCI Emerging Markets Small Cap Index	4.21	1.76	-0.79	9.16
Global Large Cap	MSCI ACWI Index	3.01	0.57	-1.51	6.07
Global All Cap	MSCI ACWI IM Index	3.16	0.58	-1.81	6.37
Global Small Cap*	MSCI ACWI Small Cap Index	3.05	0.49	-1.97	8.64
Global REITs*	FTSE EPRA/NAREIT Developed	1.72	0.14	-1.35	3.55

*The following asset classes have different start dates due to low manager population sizes:

- All-Country Non-US Small Cap data begins on February 2005 with a population of 20.
- Emerging Markets Small Cap data begins on December 2009 with a population of 21.
- Global Small Cap data begins on December 2005 with a population of 20.
- Global REITs data begins on July 2004 with a population of 24.

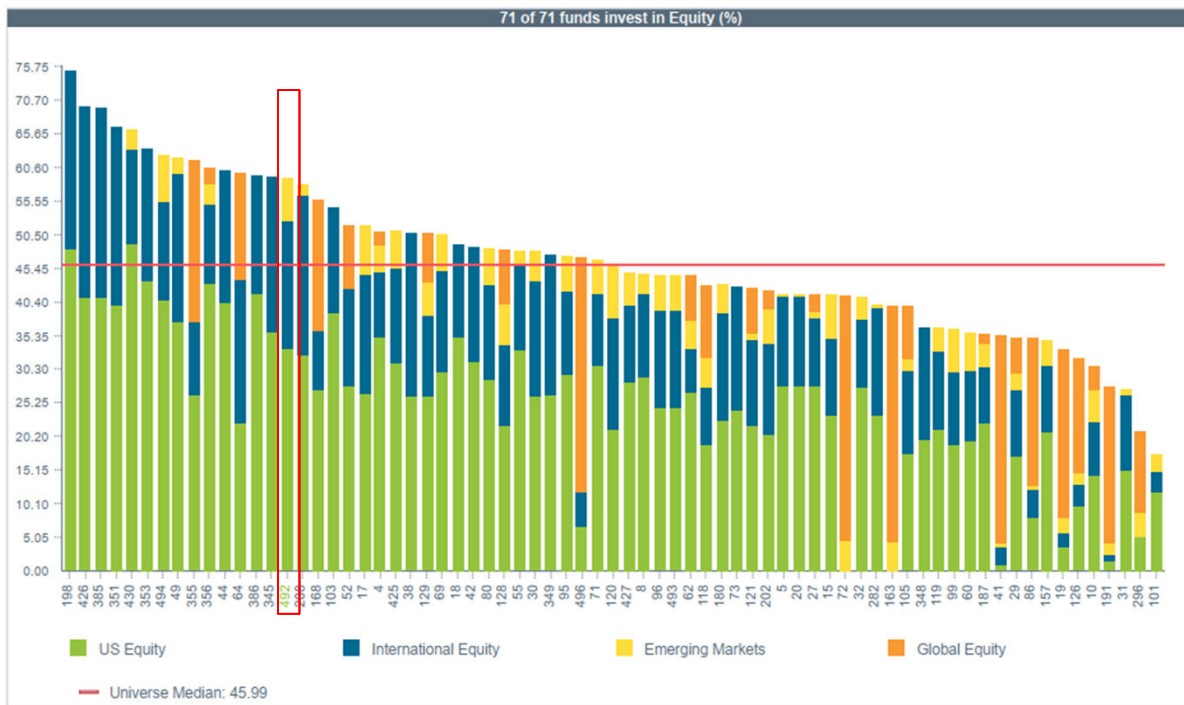
Excess return is calculated versus universe-specific benchmark. January 2001 represents the start of the first 3-year period. Performance shown represents rolling 3-year performance at each quartile and does not correspond to the long-term experience of any specific manager. Peer group constituents and managers' rankings change over time.



International Equity Allocations and Management Style

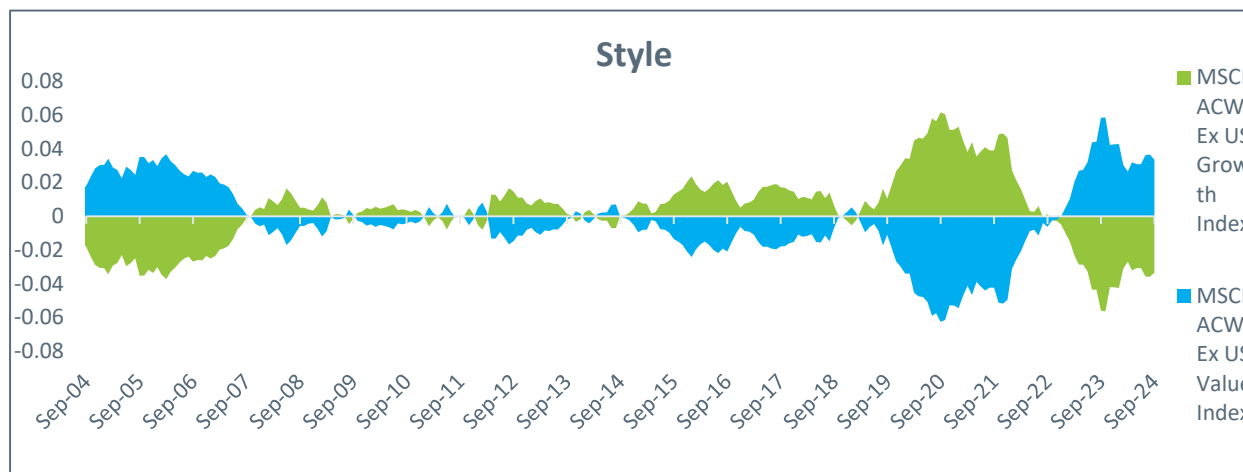
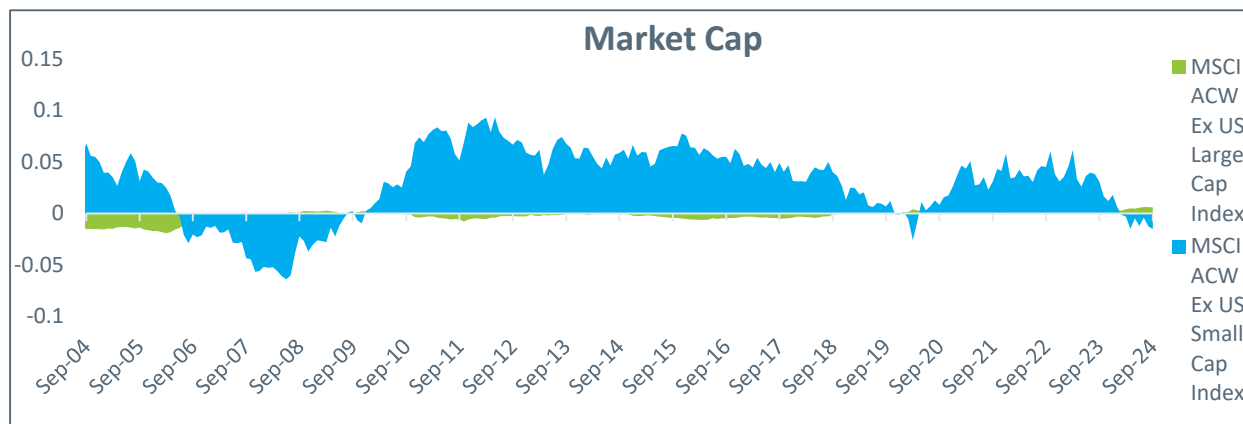
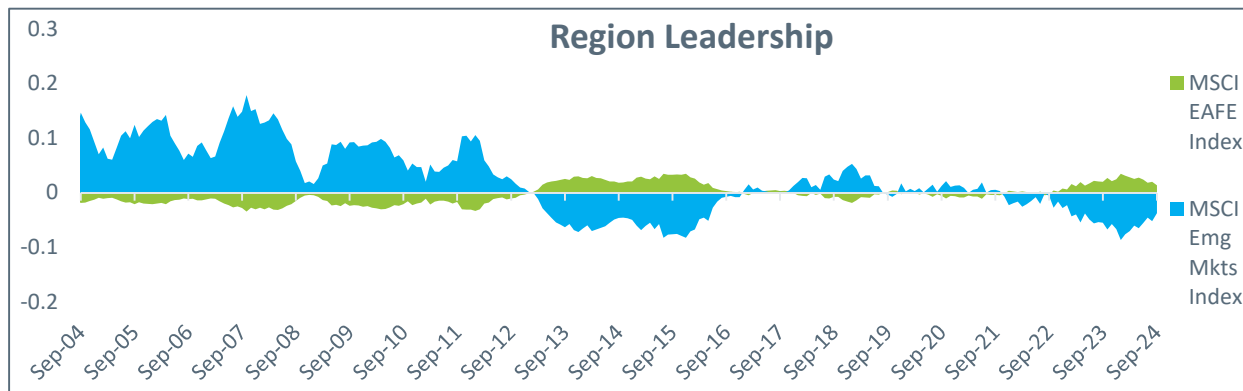
Public Fund Peer Comparison

- Comparing COJ ERS' Non-US Equity allocation to public fund peers who invest in the respective asset classes, we observe the following:
 - Developed International Equity allocation is in line with the median peer allocation (32% vs. 29%).
 - 64% of peers utilize active management for implementation.
 - Emerging Markets allocation is slightly higher compared to the median peer allocation (11% vs. 9%).
 - 100% of peers utilize active management for implementation.
- The majority of public peers (approximately two-thirds) have dedicated allocations to US and Non-US Equity.
 - Only one-third of peers have a Global Equity allocation.
 - 100% of peers with a Global Equity allocation utilize actively managed strategies.



Region, Market Cap, and Style Trends

Shifts in Regional, Market Cap, and Style Returns Throughout Time



- While there have been shifts in dominance of returns across developed international and emerging markets over the years, developed International has outperformed emerging markets over the past 5 years. Given the political and regulatory issues experienced in some emerging market countries, the short-term returns of emerging markets have been challenged while developed market returns have been relatively stable, while trailing US equity returns.
- Small-cap stocks have generally dominated their large-cap counterparts in Non-US markets over the past 15 years. However, large-cap has outperformed small-cap recently.
- There has been style rotation in Non-US markets over the years. Value-oriented stocks have outpaced growth stocks in the recent years.

Data shown net of fees and represents rolling 3-year excess returns vs. MSCI ACWI ex US. Data as of 09/30/2024.

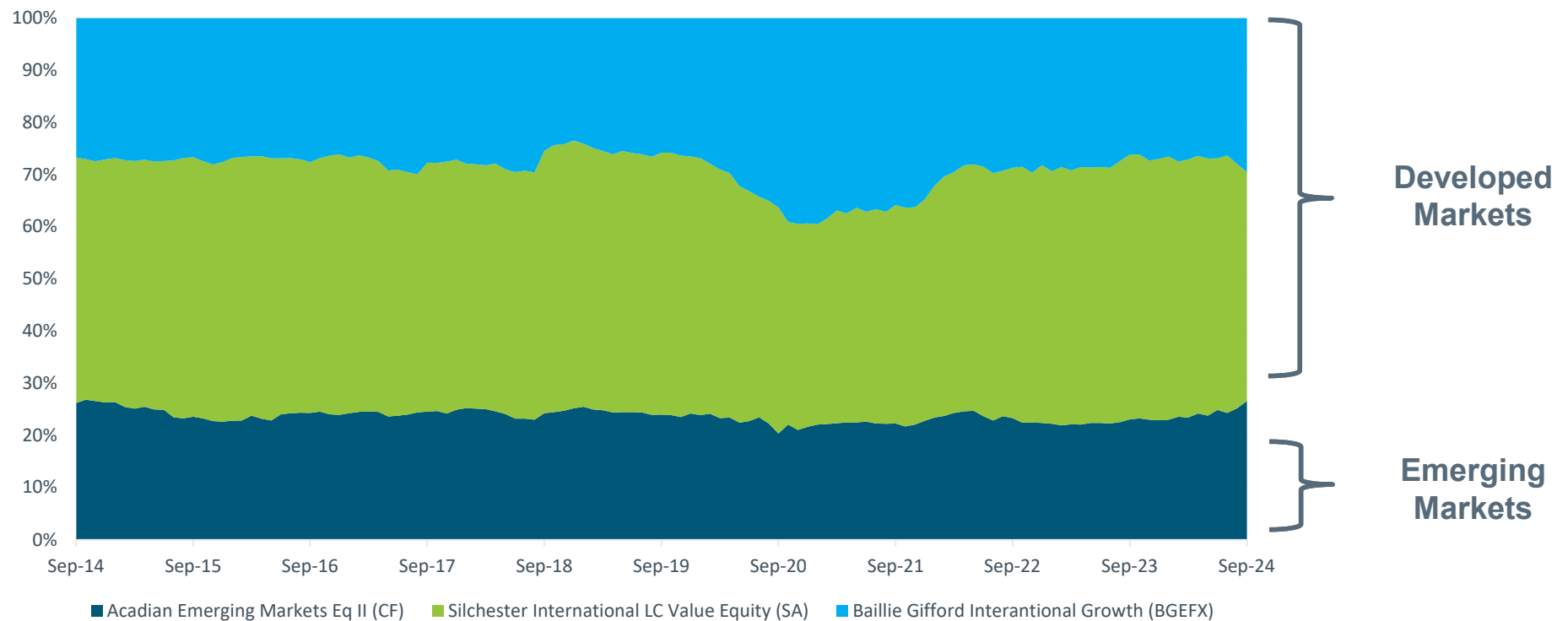
International Equity Structure: Analysis



International Equity Structure Review

10-Year Historical Allocation

- The International Equity composite has been invested across the following three actively managed strategies over the past 10 years:
 - Silchester International Value Equity (CF)
 - Baillie Gifford International Growth (BGEFX)
 - Acadian Emerging Markets Equity II (CF)



International Equity Structure Review

Performance

- COJ ERS International Equity composite has outperformed its benchmark, the MSCI ACW ex US Index (Index), over the long-term.
 - The 5- and 10-year and since inception outperformance as of September 2024, net of fees, are 92, 116, and 167 basis points, respectively.
 - Over these periods, all three managers have outpaced their respective strategy specific benchmarks on a net of fee basis.
 - The composite, however, has trailed the benchmark over the recent time-period (1 – 3 year) due to underlying manager performance.
 - Much of the 3-year period underperformance can be attributed to the Baillie Gifford. Stylistic headwinds, value stocks outperforming growth, contributed to performance struggles in 2022 and 2023.
 - Performance has rebounded in recent periods with the strategy outperforming its index during the 1-year period as of September 2024.

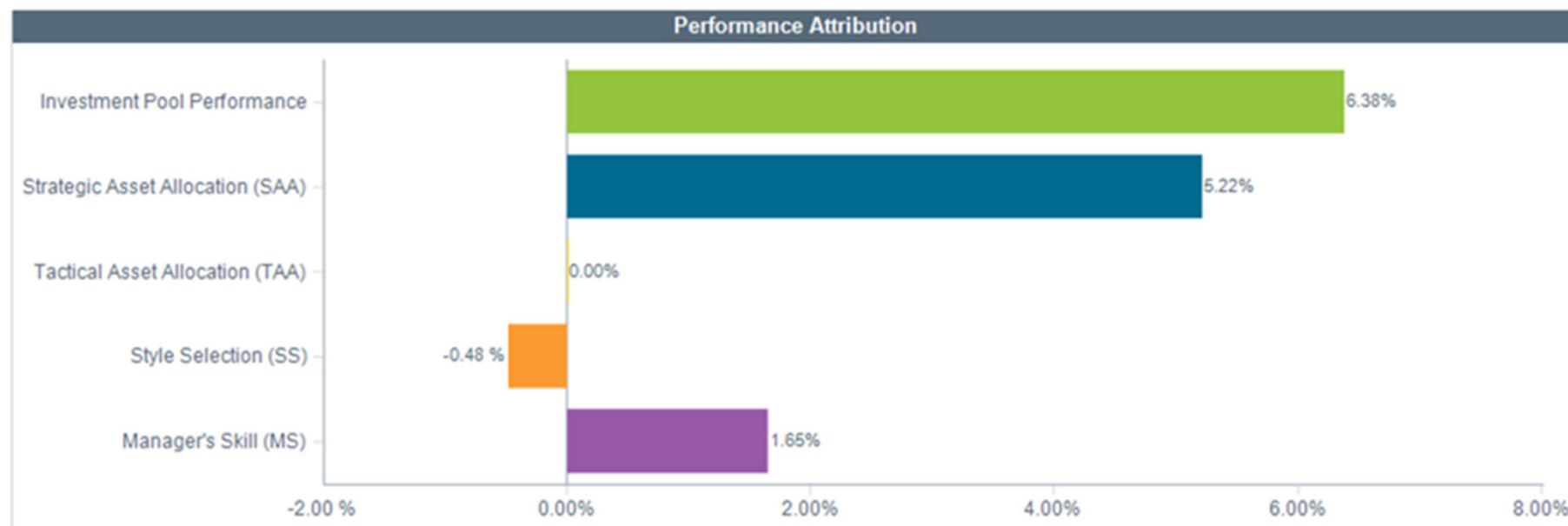
As of September 30, 2024	Market Value	% of Intl. Equity Portfolio	1 Year	3 Years	5 Years	10 Years	Since Inception
International Equity Composite	\$627,990,006	100.0%	24.72	2.82	8.51	6.38	6.16
<i>Out/Underperformance vs. International Equity Index</i>			-0.63	-1.32	0.92	1.16	1.67
Silchester International Value Equity	\$275,598,644	43.9%	18.93	7.95	8.88	6.58	9.15
<i>Out/Underperformance vs. MSCI EAFE Value Index</i>			-4.21	-0.99	0.61	2.02	3.07
Baillie Gifford International Growth (BGEFX)	\$185,576,003	29.6%	29.22	-6.34	7.75	7.43	9.22
<i>Out/Underperformance vs. Baillie Gifford Index</i>			2.47	-7.15	0.66	1.46	1.79
Acadian Emerging Markets Equity II	\$166,815,359	26.6%	31.86	5.92	9.77	5.37	4.50
<i>Out/Underperformance vs. MSCI Emerging Markets Index</i>			5.81	5.52	4.02	1.35	1.65

Performance shown net of fees. 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.



International Equity Structure Review

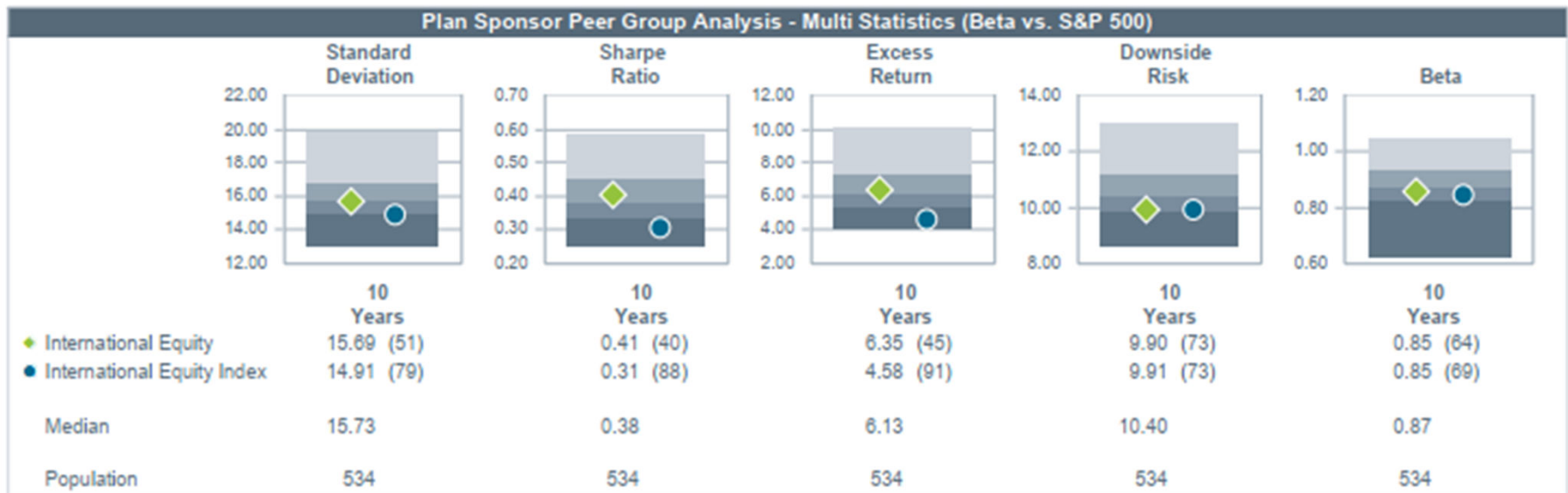
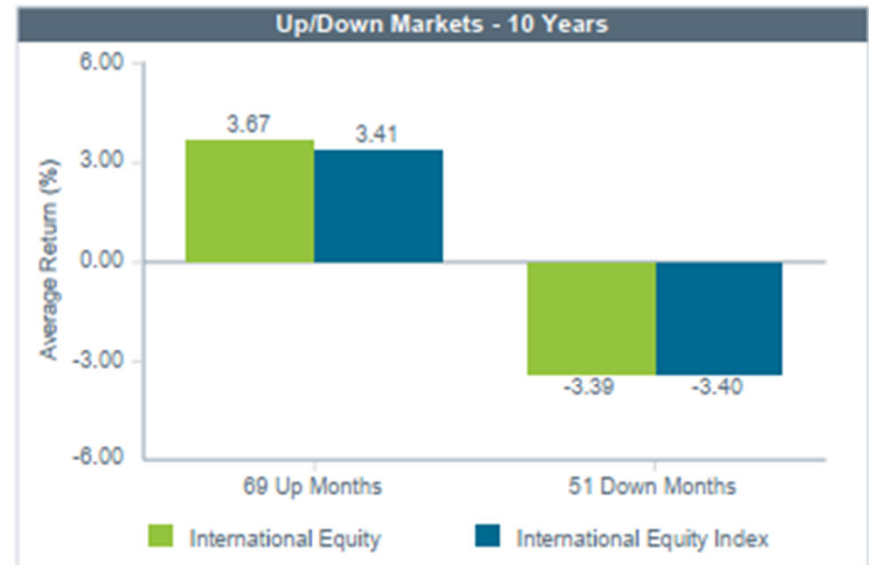
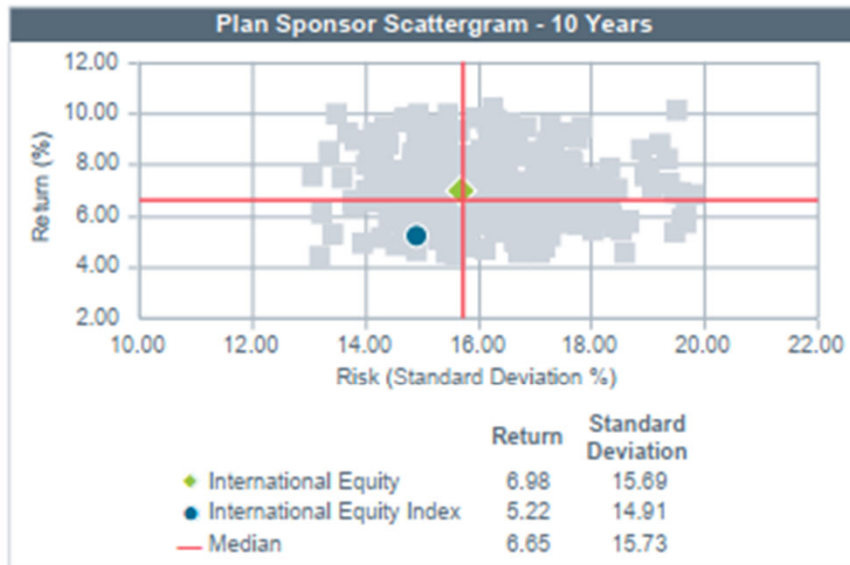
Performance Attribution: August 30, 2014, to September 1, 2024



- The COJ ERS International Equity composite has returned 6.38% over the 10-year period ending September 2024 relative to the 5.22% return of the asset class.
 - Manager alpha added 1.66% to performance.
 - Style selection was a small detractor due to growth segment of the market outperforming value over the 10-year period.

International Equity Structure Review

10-Year Risk and Return Statistics



Performance shown is gross of fees and as of 9/30/24. IM International Equity Segment plan sponsor peer group. Calculation is based on monthly periodicity. Parentheses contain percentile ranks.



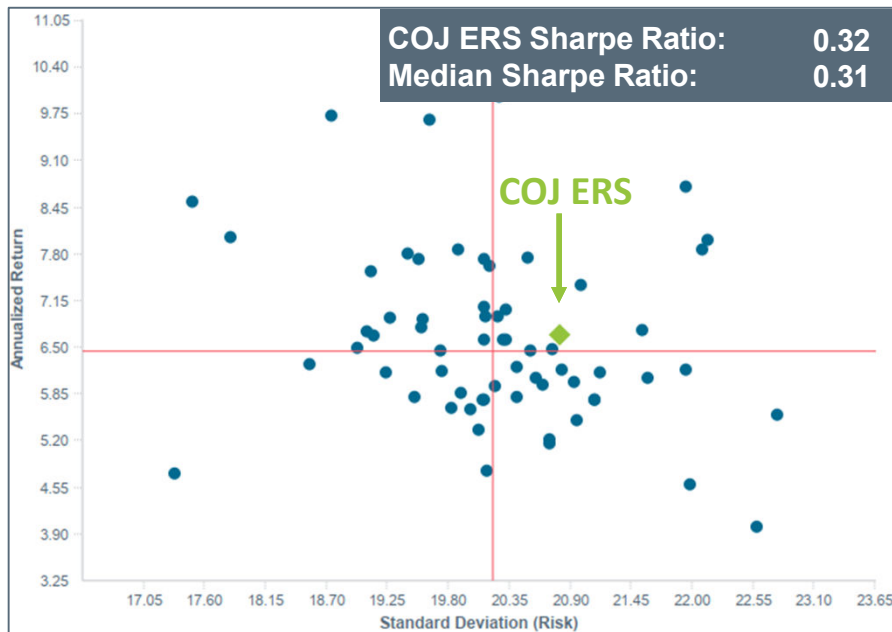
International Equity Structure Review

Public Fund Peer Comparison: International Equity

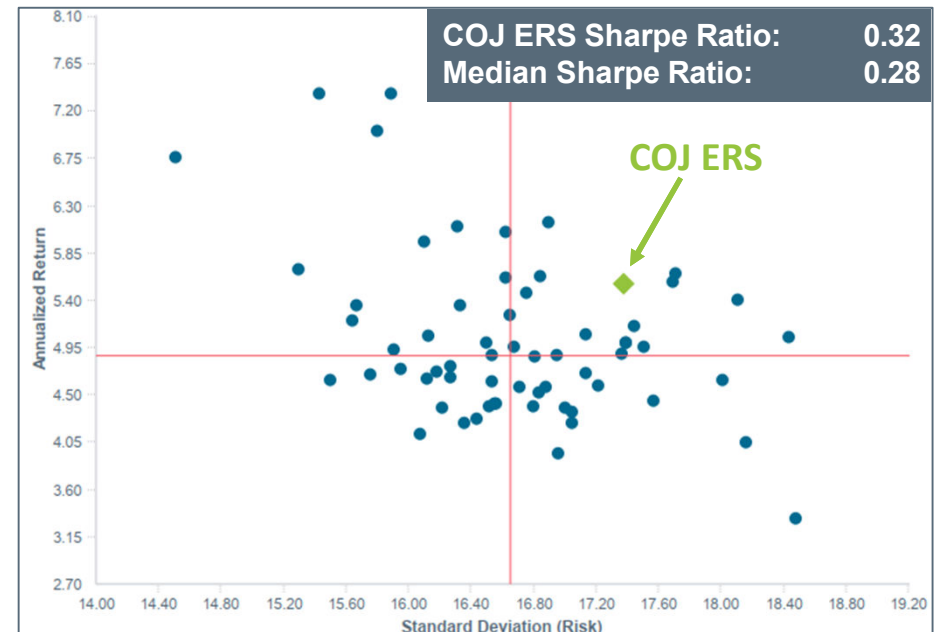
- Over the 5- and 10-year trailing period ending in June 2024, the COJ ERS' International Equity composite had higher risk adjusted returns compared to the median peer.

Annualized International Equity Returns vs. Standard Deviation

5-year



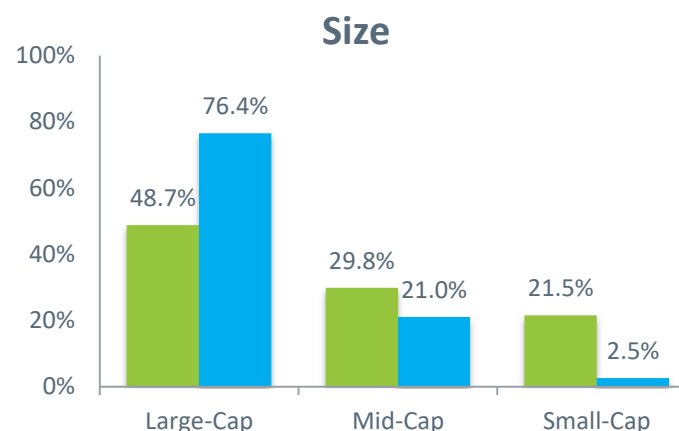
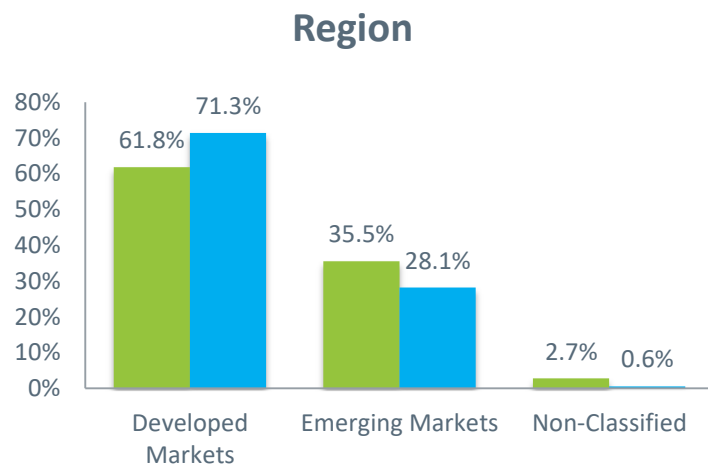
10-year



International Equity Structure Review

Portfolio Positioning Relative to Benchmark (Holdings Based)

- Compared to the composite benchmark, the COJ ERS International Equity composite has a moderate underweight to developed markets, coupled with a corresponding overweight to emerging markets.
- It has a relatively large underweight to large-cap with a moderate overweight to mid-cap and a relatively large overweight to small-cap.
- These positionings, relative to the Index, are intentional, aiming to capture the higher return potential of emerging markets and mid- to small-cap segments of the international markets.



■ COJ ERS ■ MSCI ACW Ex USA

Manager	Region			Size		
	Developed Markets	Emerging Markets	Non-Classified	Large-Cap	Mid-Cap	Small-Cap
Silchester	87.86%	10.67%	1.47%	30.3%	37.6%	32.1%
Baillie Gifford	78.81%	14.52%	6.67%	79.6%	13.5%	7.0%
Acadian	1.79%	97.93%	0.28%	45.3%	34.6%	20.1%

Data as of 09/30/24. Market Cap size based on MSCI region breakpoints as of August 2024. Non-classified is a result of securities based on countries/regions that do not fit into any MSCI classification.



International Equity Structure Review

Style Analysis (Returns Based)

36 Month moving average, Sep 17 - Sep 24



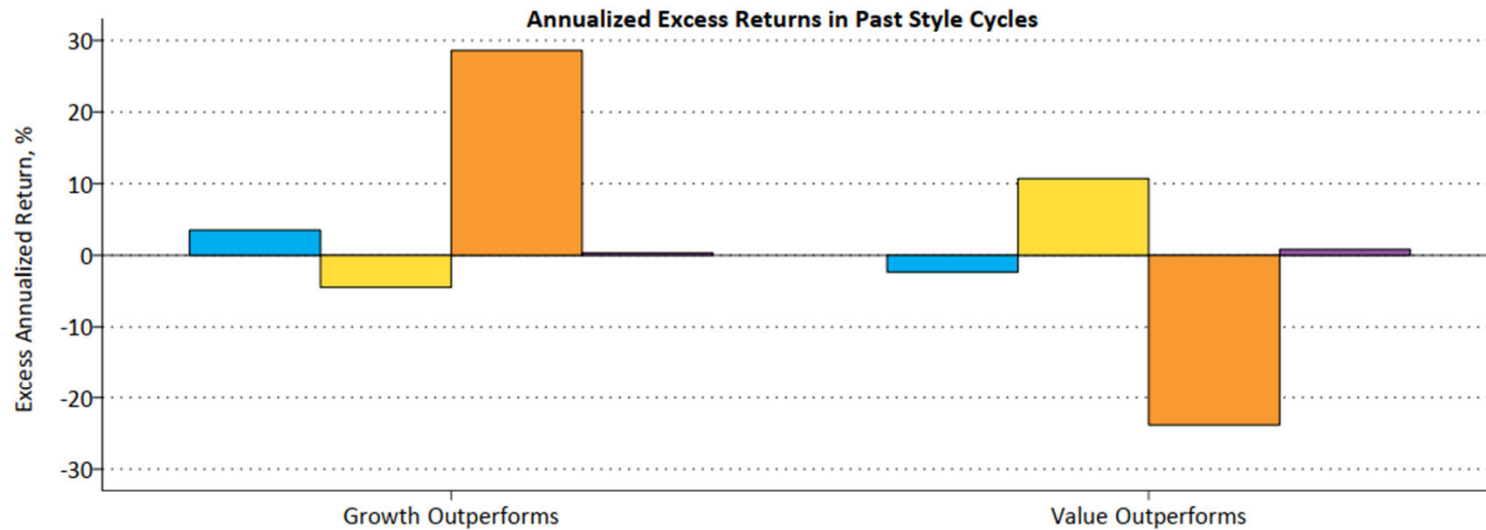
◆ Acadian Emg Mkts ◆ Bail Giff Intl Gro;4 ◆ Silchester Intl Val ◆ COJ IE Composite ▼ COJ IE Benchmark

- Compared to the benchmark which maintains a core style, the COJ ERS International Equity exhibits a small growth style bias.
- As for individual managers, there have been some style drift over time. However, the drifts have not been significant. The current equity structure maps as having a core structure, which in aggregate is largely capitalization and style neutral.

International Equity Structure Review

Performance During Different Style Regimes

- The underlying managers within the International Equity composite provide excess returns during different market environments.
 - Baillie Gifford International Growth Fund has led performance during growth regimes
 - Silchester International Value Fund has led performance during value regimes
 - Acadian Emerging Markets Fund has contributed to performance during both growth and value style regimes.
- The International Equity composite, over the past 10-year period, has produced positive performance during growth-led environments. It has lagged slightly during value-led periods due to the magnitude of underperformance of the Baillie Gifford Fund.



■ COJ IE Composite
 ■ Silchester Intl Val
 ■ Bail Giff Intl Gro;4
 ■ Acadian Emg Mkts

	Annualized Excess Returns		# of Months of Style Leadership	
	Growth Outperforms	Value Outperforms	Growth Outperforms	Value Outperforms
COJ IE Composite	3.51	-2.36	69	51
Silchester Intl Val	-4.47	10.73	69	51
Bail Giff Intl Gro;4	28.59	-23.82	52	43
Acadian Emg Mkts	0.35	0.82	69	51

Data shown as of 09/30/24. Excess Returns of the managers in both value-led and growth-led months are grouped and annualized to illustrate the performance of each strategy in past style regimes.

International Equity Structure Study

Beta and Correlation of Underlying Managers

10-Year Manager Beta

Manager	Beta vs Manager Benchmark	Beta vs International Equity Index
Silchester Intl Val Equity	0.87	0.92
Baillie Gifford International Growth	1.29	1.23
Acadian Emg Mkts Eq II	0.97	1.02

- Over the past 10-year period, Silchester has maintained the lowest beta compared to its benchmark and the composite benchmark.

10-Year Excess Return Correlation Matrix

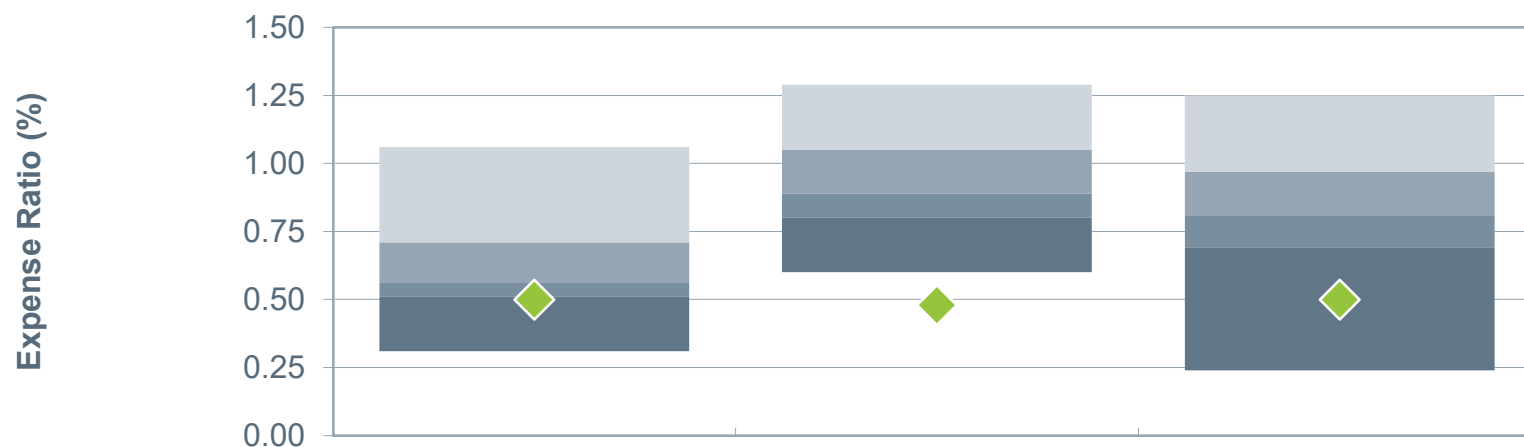
Manager vs International Equity Index	Silchester Intl Val Equity (CF)	Bail Giff Intl Gro;4 (BGEFX)	Acadian Emg Mkts Eq II (CF)
Silchester Intl Val Equity	1.00		
Baillie Gifford International Growth	-0.50	1.00	
Acadian Emg Mkts Eq II	-0.31	0.03	1.00

- Over the past 10-year period, all three managers have had very low to negative excess return correlations.

International Equity Structure Review

Fee Overview

- When compared against the eVestment universe of similar style managers, COJ ERS International Equity manager fees are highly competitive.
 - All managers rank in the top quartile of their respective universes, with the Baillie Gifford and Acadian Funds ranking in the top decile.



Fund	Silchester International Value Equity	Baillie Gifford International Growth (BGEFX)	Acadian Emerging Markets Eq II
Peer Group	EAFE Value Equity	ACWI ex-US Growth Equity	All Emerging Markets Equity
Fund Expense Ratio	0.50	0.48	0.50
Median Expense Ratio	0.56	0.89	0.81
Percentile Rank	22	1	10

Fund Expense Ratios are intuitively ranked (ie. A lower expense ratio yields a better percentile rank than a higher expense ratio). The fee peer group consist of only institutional share classes.

International Equity Structure: Key Takeaways and Recommendations



International Equity Structure Review

Key Takeaways & Recommendation

- **Asset Class Thematic Role:** Overall, we have found that the International Equity composite has met its objective of producing positive absolute return for the COJ ERS total fund over the long term. Over the 10-year period, the composite has returned 6.38% net of fee, outperforming its benchmark, the MSCI ACW ex US Index by 116 basis points. The composite return, on a risk adjusted basis, has also been superior to the Index. The composite Sharpe ratio is 0.41 versus 0.31 for the Index during the 10-year period.
- **Active/Passive Management:** The current structure utilizes active management for the underlying strategies. Over the past 5- and 10-year and since inception periods, active management has been accretive to the portfolio. Since inception, Silchester, Baillie Gifford, and Acadian have added alpha is 307, 179, and 165 basis points against their respective indexes.
 - Our analysis highlights the success of the COJ ERS' active management in both developed international and emerging markets which coincides with RVK's Active/Passive Study findings. We recognize this is somewhat point in time dependent, and these conclusions vary with market cycles, hence our focus on longer-term numbers where available.

International Equity Structure Review

Key Takeaways & Recommendation

- **Capitalization, Style, and Regional Biases:** The current structure is well diversified by region, market capitalization, and style. The International Equity composite has a relatively small overweight to emerging markets and maintains a mid- and small-cap bias compared to the benchmark. These are intentional overweights, aimed to capture the higher excess expected return from these spaces over time.
 - We note that given the tariff proposals of the new President-elect, there might be impact to certain emerging market countries. While we expect Acadian, as an actively managed fund, to position the portfolio based on their outlook and market expectations, we will further review the breakdown between Developed International and Emerging Markets during the Asset Allocation Study which we will conduct in Q1/Q2 2025 based on RVK's 2025 capital market assumptions.

In terms of style, the current structure exhibits a small growth bias compared to the Index, which is style neutral. The composite has produced slightly negative return in value-led regimes due to the magnitude of underperformance of the Baillie Gifford Fund during value regime.

- **Staff and RVK recommend that COJ ERS considers lowering the growth bias of the composite to get closer to a more neutral style positioning. This will bring the composite more in line with the neutral style of the Index.**
 - **To implement this, our recommendation is to increase the allocation to Developed International Value (Silchester) and correspondingly decrease allocation to Developed International Growth (Baillie Gifford) from a 50%/50% split to a 60%/40%.**
 - This adjustment will result in reducing the style bias of the composite resulting in more balanced performance across both value and growth style regimes. Additionally, lowering Baillie Gifford allocation will slightly lower the overall exposure to emerging markets.
 - While the Silchester International Value Equity Fund is soft-closed to new investors, it will take on reasonable capital inflows from existing clients, thus we foresee no issue with an additional subscription.

International Equity Structure Review

Key Takeaways & Recommendation

- **Structure Efficiency:** The International Equity composite is structured around three distinct strategies, each managed by a separate manager, and as such there is no overlap in strategies within the composite. Each manager has contributed to excess return during different market regimes, as expected from their respective strategies.
 - Excess return correlations of the managers are very low to negative, contributing to the diversification benefits of the three strategies within the composite.
 - As part of this review, we have also explored whether adding a Global Equity sleeve would be additive to the Total Equity composite.
 - Based on updated analysis as requested by the Board, **using median active manager returns for the equity asset/sub-asset classes** from RVK's Active/Passive Study, we found that adding an exposure to Global Equity would not have been accretive to the risk adjusted performance of the Total Equity composite.
 - However, a 100% Global Equity mandate would have resulted in improved risk adjusted return over the longer-term. We would like to note that the Target Portfolio's actual risk adjusted return would still be higher.
 - While it certainly could be going forward, given the demonstrated effectiveness of the current structure and manager selection, we continue to have confidence in maintaining the current approach.
- **Fees:** Active management fees for the managers across the International Equity composite are competitive vs. peers. All three managers rank in the top quartile of their respective universes, with Baillie Gifford and Acadian ranking in the top decile.
- **Next Steps:** If, and as approved by the Board, RVK will work with Staff to execute rebalancing of the Total Equity portfolio to be in line with the allocation of Potential Portfolio 1. We will take this opportunity to not only rebalance the International Equity composite, but also to rebalance the liquid portion of the Total Fund.

International Equity Structure Review

Potential Alternative Structure

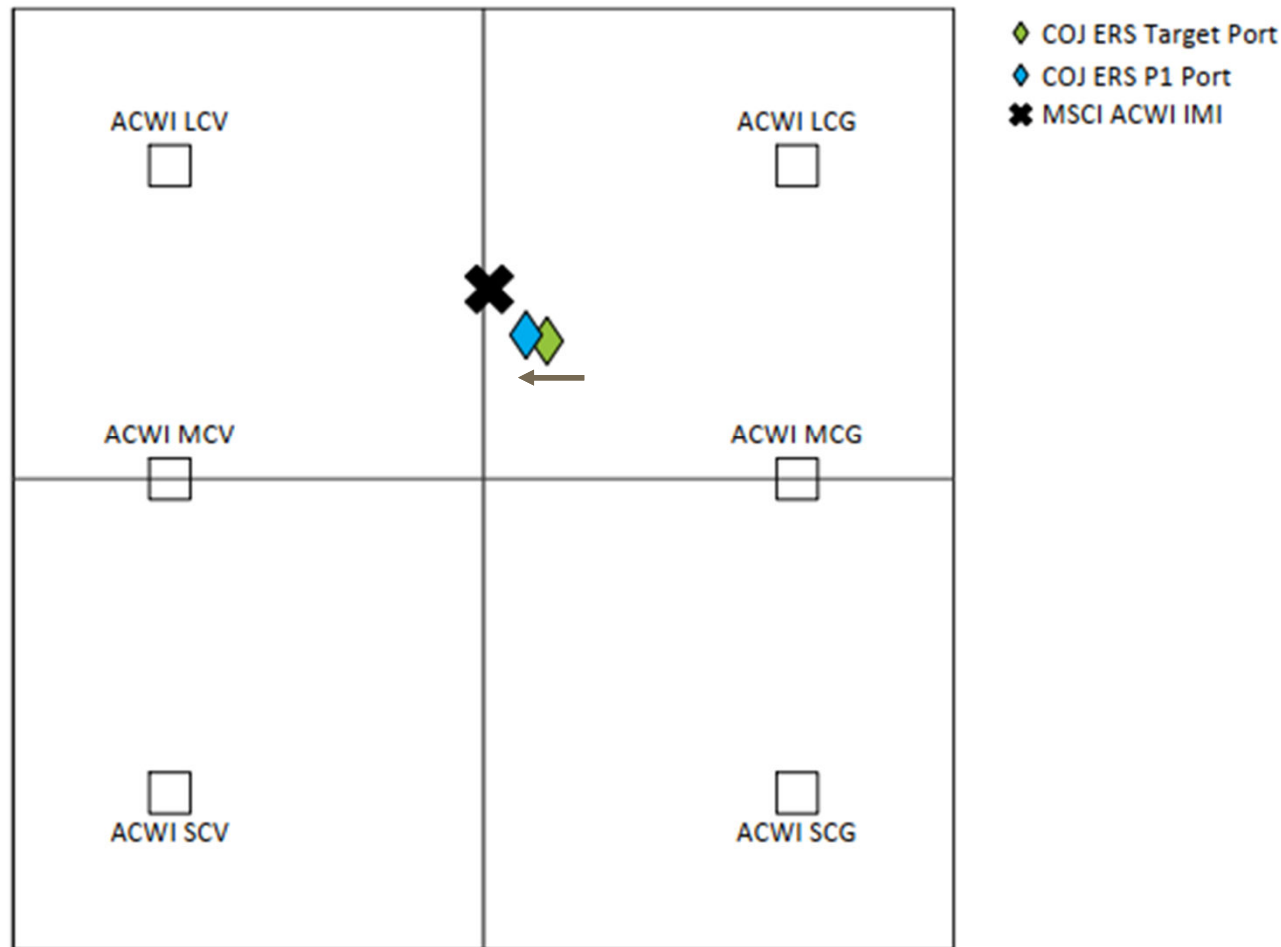
- Given the aforementioned recommendation to lower the growth style bias in the composite, we have explored an alternative structure for consideration.
 - **Potential Portfolio 1:** Increase allocation to Developed International Value (Silchester) and correspondingly decrease allocation to Developed International Growth (Baillie Gifford) from a 50%/50% allocation to 60%/40%.

Manager	Target Portfolio	Potential Portfolio 1
Eagle Capital Large Cap Value (SA)	10.8%	10.8%
Wellington Select Equity Income Fund (SA)	10.0%	10.0%
BNYM DB Lg Cap Stock Idx NL (CF)	11.6%	11.6%
Loomis, Sayles & Co Lg Cap Grth (CF)	9.2%	9.2%
Systematic Financial US SMID Value (SA)	5.0%	5.0%
Kayne Anderson US SMID Value (SA)	5.0%	5.0%
Pinnacle Associates US SMID Cap Growth (SA)	5.0%	5.0%
Silchester Intl Val Equity (CF)	15.1%	18.1%
Bail Giff Intl Gro;4 (BGEFX)	15.1%	12.1%
Acadian Emg Mkts Eq II (CF)	13.2%	13.2%
Global Manager (Median)	0.0%	0.0%

International Equity Structure Review

Potential Alternative Structure: Style Analysis (Returns Based)

Feb 11 - Sep 24

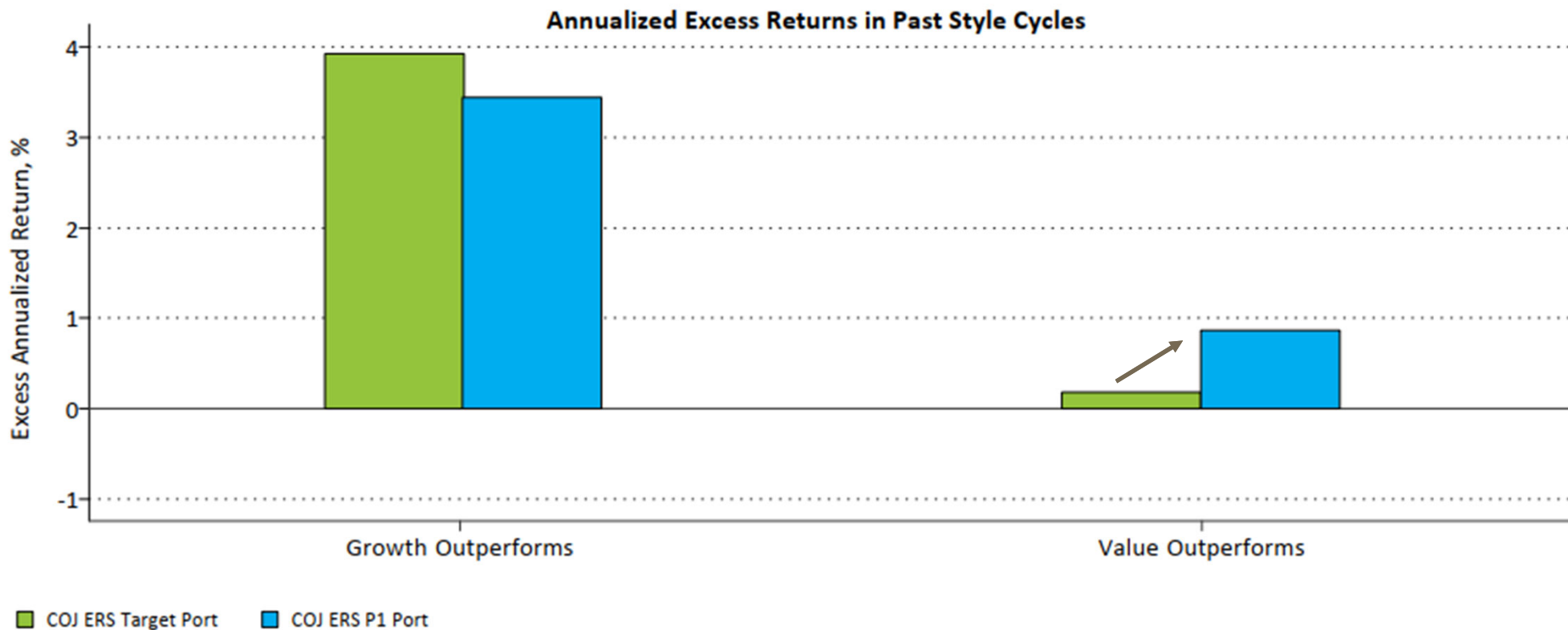


- Compared to the Target Portfolio, Potential Portfolio 1 would exhibit a lower growth bias and align more closely with a neutral style, leading to a more balanced portfolio for both value and growth style regimes.

Performance, as of 9/30/2024, is shown gross of fees. The disparities observed in the global all-cap peer group performance within the simulated portfolios and the displayed eA global all-cap peer group can be attributed to minor variations in the underlying constituents that comprise the peer groups. Both groups consist of more than 500 constituents, which should provide a reliable approximation of the performance that a median global all-cap manager could be expected to deliver.

International Equity Structure Review

Potential Alternative Structure: Performance During Different Style Regimes



- Looking at historical returns, compared to the Target Portfolio, Potential Portfolio 1 would have slightly better performance during value-led style regimes.

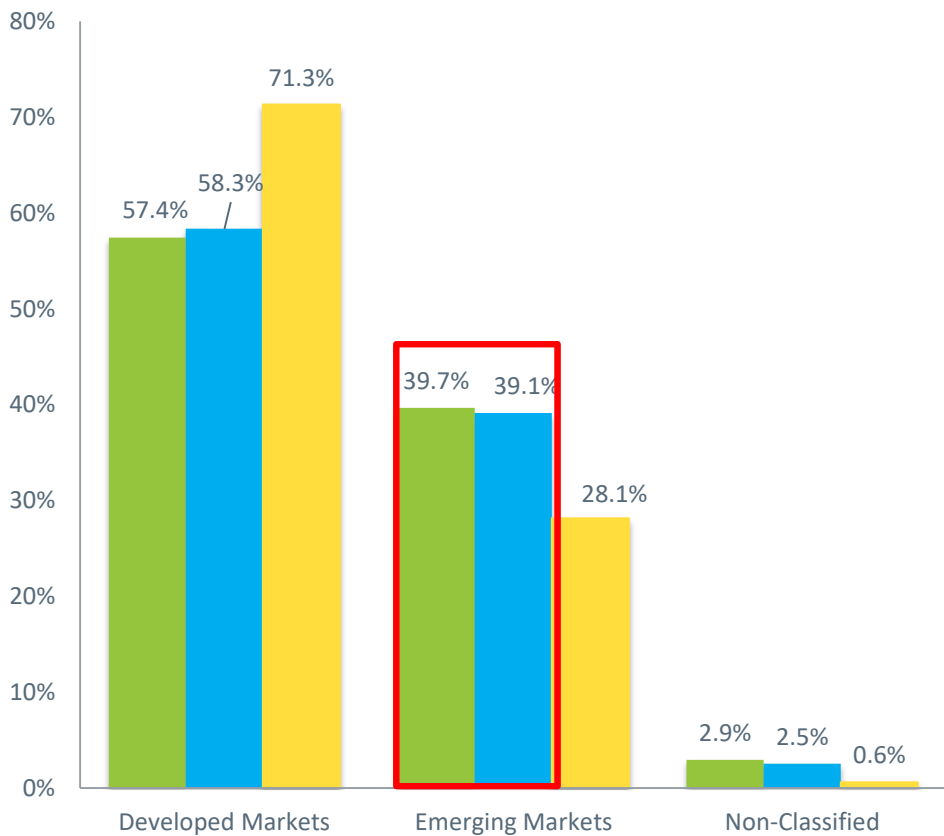
Performance, as of 9/30/2024, is shown gross of fees. The disparities observed in the global all-cap peer group performance within the simulated portfolios and the displayed eA global all-cap peer group can be attributed to minor variations in the underlying constituents that comprise the peer groups. Both groups consist of more than 500 constituents, which should provide a reliable approximation of the performance that a median global all-cap manager could be expected to deliver.



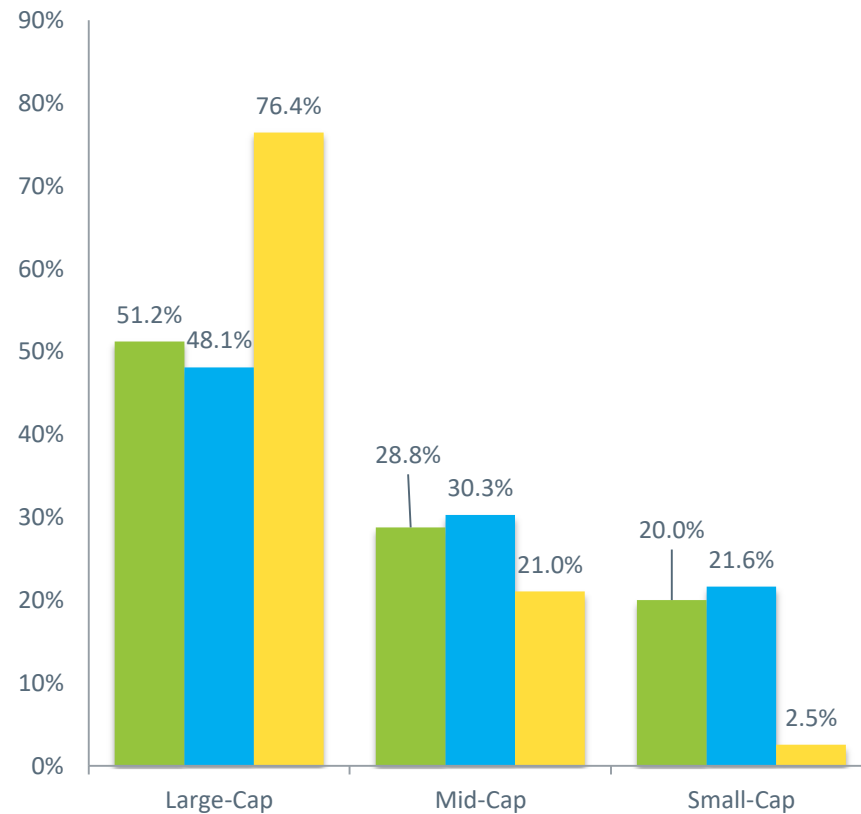
International Equity Structure Review

Potential Alternative Structure: Regional Breakdown

Region



Size



■ Target Portfolio ■ Potential Portfolio 1 ■ MSCI ACW Ex USA

- Compared to the Target Portfolio, Potential Portfolio 1 would have a slightly lower allocation to emerging markets.

Data as of 09/30/24. Market Cap size based on MSCI region breakpoints as of August 2024. Non-classified is a result of securities based on countries/regions that do not fit into any MSCI classification.



International Equity Structure Review

Potential Alternative Structure: Risk and Return

Portfolio	1 Year	3 Years	5 Years	10 Years	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Target Portfolio	30.1	7.4	13.4	11.3	25.3	-19.2	16.6	23.0	29.7	-9.7	28.2	10.5	0.1	6.0
Potential Portfolio 1	29.8	7.8	13.5	11.2	25.4	-18.5	17.4	21.4	29.2	-9.6	27.8	10.7	0.2	6.1
MSCI ACWI IMI	31.0	7.4	11.9	9.2	21.6	-18.4	18.2	16.3	26.4	-10.1	23.9	8.4	-2.2	3.8
eA Global All Cap Median	29.0	7.0	12.1	9.8	19.8	-17.7	18.8	17.2	27.1	-9.4	24.9	6.9	0.0	3.8

Portfolio	3 Year			5 Year			10 Year		
	Annualized Return	Annualized Std. Dev	Sharpe Ratio	Annualized Return	Annualized Std. Dev	Sharpe Ratio	Annualized Return	Annualized Std. Dev	Sharpe Ratio
Target Portfolio	7.39	17.49	0.30	13.43	18.08	0.66	11.25	15.47	0.66
Potential Portfolio 1	7.76	17.29	0.32	13.45	17.95	0.67	11.22	15.34	0.67
MSCI ACWI IMI	7.44	16.70	0.31	11.87	17.69	0.59	9.20	14.98	0.56
eA Global All Cap Median	7.00	17.53	0.29	12.12	18.31	0.58	9.76	15.54	0.58

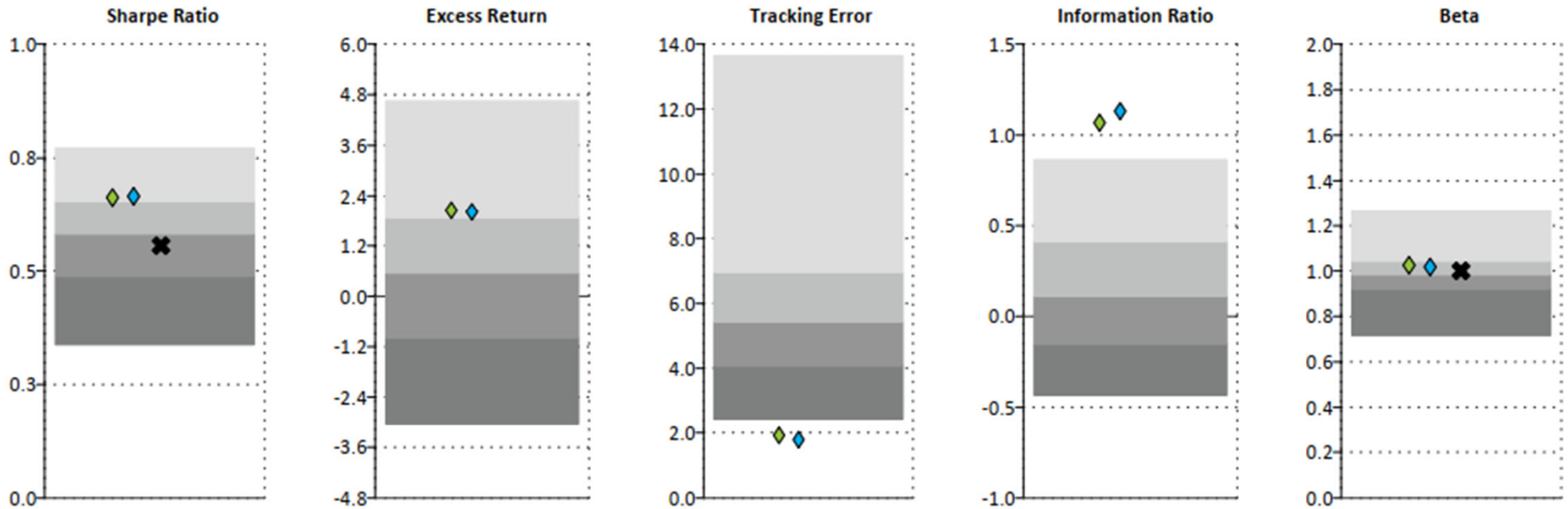
- Looking back at historical return and risk, we observe the following for Potential 1:
 - Over the trailing 3-year period, Potential Portfolio 1 would have resulted in 37 bps higher return with 20 bps lower risk, resulting in improved risk adjusted return (Sharpe ratio) of 0.32 compared to 0.30 of the Target Portfolio.
 - Over the trailing 5-year period, Potential Portfolio 1 would have delivered a marginally higher return of 2 bps with a moderate improvement in risk of 13 bps, resulting in slightly improved Sharpe ratio of 0.67 compared to 0.66 of the Target Portfolio.
 - Over the trailing 10-year period, Potential Portfolio 1 would have returned slightly lower return of 3 bps with a moderate improvement in risk of 13 bps, resulting in slightly improved Sharpe ratio of 0.67 compared to 0.66 of the Target Portfolio.

Performance as of 9/30/2024 is shown gross of fees. The disparities observed in the global all-cap peer group performance within the simulated portfolios and the displayed eA global all-cap peer group can be attributed to minor variations in the underlying constituents that comprise the peer groups. Both groups consist of more than 500 constituents, which should provide a reliable approximation of the performance that a median global all-cap manager could be expected to deliver.



International Equity Structure Review

Potential Alternative Structure: 10-year MPT Statistics



◆ COJ ERS Target Port

◆ COJ ERS P1 Port

✱ MSCI ACWI IMI

Firm/Product	Sharpe Ratio	Rank	Excess Return %	Rank	Tracking Error	Rank	Information Ratio	Rank	Beta	Rank
COJ ERS Target Port	0.66	23	2.05	21	1.92	100	1.07	2	1.03	30
COJ ERS P1 Port	0.67	23	2.02	22	1.78	100	1.13	2	1.02	33
MSCI ACWI IMI	0.56	58	0.00	61	0.00	100	---	---	1.00	41
eA Global All Cap Median	0.58	50	0.55	50	5.43	50	0.11	50	0.98	50

Performance shown gross of fees. The disparities observed in the global all-cap peer group performance within the simulated portfolios and the displayed eA global all-cap peer group can be attributed to minor variations in the underlying constituents that comprise the peer groups. Both groups consist of more than 500 constituents, which should provide a reliable approximation of the performance that a median global all-cap manager could be expected to deliver.



International Equity Structure Review

Potential Alternative Structure: Rebalancing Trades (Scenario 1)

- Assuming the Board adopts Potential Portfolio 1, RVK and Staff have put together two rebalancing scenarios, Scenario 1 and Scenario 2, for implementing the transition from the current portfolio to Potential Portfolio 1.
- Scenario 1 rebalances the current over- and underweight positions of the liquid asset classes—US Equity, International Equity, and Fixed Income—and their respective underlying managers.
 - As a result of the rebalance, using Scenario 1, post transaction, the current relative variance among US Equity, International Equity, and Fixed Income asset classes, and the underlying managers will be more even.

City of Jacksonville Employees' Retirement System										
Asset Allocation Rebalance										
As of January 10, 2025										
	Current		Target		Rebalance Transactions		Post Transition			Relative Variance
	Market Value	Allocation	Market Value	Allocation	Rebalance Phase 1	Total Transition	Market Value	Allocation	Difference	
US Equity	\$805,152,786	32.9%	\$734,705,147	30.0%	-\$33,000,000	-\$33,000,000	\$772,152,786	31.5%	1.5%	5.1%
Eagle Capital Large Cap Value (SA)	\$169,362,344	6.9%	\$140,402,154	5.7%	-\$20,000,000	-\$20,000,000	\$149,362,344	6.1%	0.4%	6.4%
Wellington Select Equity Income Fund (SA)	\$150,525,752	6.1%	\$129,601,988	5.3%	-\$13,000,000	-\$13,000,000	\$137,525,752	5.6%	0.3%	6.1%
BNYM DB Lg Cap Stock Idx NL (CF)	\$122,246,803	5.0%	\$151,202,319	6.2%	\$32,000,000	\$32,000,000	\$154,246,803	6.3%	0.1%	2.0%
Loomis, Sayles & Co Lg Cap Grth (CF)	\$150,567,350	6.1%	\$118,801,822	4.9%	-\$24,000,000	-\$24,000,000	\$126,567,350	5.2%	0.3%	6.5%
Systematic Financial US SMID Value (SA)	\$72,085,557	2.9%	\$64,898,955	2.7%	-\$4,000,000	-\$4,000,000	\$68,085,557	2.8%	0.1%	4.9%
Kayne Anderson US SMID Value (SA)	\$70,273,286	2.9%	\$64,898,955	2.7%	-\$2,000,000	-\$2,000,000	\$68,273,286	2.8%	0.1%	5.2%
Pinnacle Associates US SMID Cap Growth (SA)	\$70,091,694	2.9%	\$64,898,955	2.7%	-\$2,000,000	-\$2,000,000	\$68,091,694	2.8%	0.1%	4.9%
International Equity	\$588,197,103	24.0%	\$563,273,946	23.0%	\$5,000,000	\$5,000,000	\$593,197,103	24.2%	1.2%	5.3%
Silchester Intl Val Equity (CF)	\$250,728,142	10.2%	\$235,105,647	9.6%	-\$3,000,000	-\$3,000,000	\$247,728,142	10.1%	0.5%	5.4%
Bail Giff Intl Gro;4 (BGEFX)	\$183,126,139	7.5%	\$156,737,098	6.4%	-\$18,000,000	-\$18,000,000	\$165,126,139	6.7%	0.3%	5.4%
Acadian Emg Mkts Eq II (CF)	\$154,342,822	6.3%	\$171,431,201	7.0%	\$26,000,000	\$26,000,000	\$180,342,822	7.4%	0.4%	5.2%
Fixed Income	\$487,369,920	19.9%	\$489,803,431	20.0%	\$28,000,000	\$28,000,000	\$515,369,920	21.0%	1.0%	5.2%
Baird Core Fixed Income (SA)	\$120,277,159	4.9%	\$122,450,858	5.0%	\$9,000,000	\$9,000,000	\$129,277,159	5.3%	0.3%	5.6%
Schroder Flexible Secured Income Fund	\$183,503,465	7.5%	\$183,676,287	7.5%	\$10,000,000	\$10,000,000	\$193,503,465	7.9%	0.4%	5.4%
Loomis Sayles Multisector Full Discretion (CF)	\$183,589,295	7.5%	\$183,676,287	7.5%	\$9,000,000	\$9,000,000	\$192,589,295	7.9%	0.4%	4.9%
Core Real Estate	\$331,447,139	13.5%	\$244,901,716	10.0%	\$0	\$0	\$331,447,139	13.5%	3.5%	35.3%
Non-Core Real Estate	\$52,998,554	2.2%	\$122,450,858	5.0%	\$0	\$0	\$52,998,554	2.2%	-2.8%	56.7%
Private Equity	\$90,781,899	3.7%	\$171,431,201	7.0%	\$0	\$0	\$90,781,899	3.7%	-3.3%	47.0%
Private Credit	\$89,601,803	3.7%	\$122,450,858	5.0%	\$0	\$0	\$89,601,803	3.7%	-1.3%	26.8%
Cash & Other	\$3,467,953	0.1%	\$0	0.0%	\$0	\$0	\$3,467,953	0.1%	0.1%	
Total Fund	\$2,449,017,156	100%	\$2,449,017,156	100%	\$0	\$0	\$2,449,017,156	100%		

Market values are preliminary and subject to change. Market value as of January 10, 2025.



International Equity Structure Review

Potential Alternative Structure: Rebalancing Trades (Scenario 2)

- Scenario 2 rebalances the current over- and underweight positions of the US Equity, International Equity, and Fixed Income asset classes and their respective underlying managers. However, for US Equity, based on previous guidance from the Board, we have sought to raise majority of the US Equity assets from the passive manager, the BNYM DB Large Cap Stock Index Fund.
 - As a result of the rebalance, using Scenario 2, post transition, the relative variance among US Equity, International Equity, and Fixed Income, at the asset class levels, will be more even. However, within US large-cap, since we are only redeeming from the passive manager, the post trade relative variance among the large-cap managers will be slightly uneven.

City of Jacksonville Employees' Retirement System										
Asset Allocation Rebalance										
As of January 10, 2025										
	Current		Target		Rebalance Transactions		Post Transition			Relative Variance
	Market Value	Allocation	Market Value	Allocation	Rebalance Phase 1	Total Transition	Market Value	Allocation	Difference	
US Equity	\$805,152,786	32.9%	\$734,705,147	30.0%	-\$33,000,000	-\$33,000,000	\$772,152,786	31.5%	1.5%	5.1%
Eagle Capital Large Cap Value (SA)	\$169,362,344	6.9%	\$140,402,154	5.7%		\$0	\$169,362,344	6.9%	1.2%	20.6%
Wellington Select Equity Income Fund (SA)	\$150,525,752	6.1%	\$129,601,988	5.3%		\$0	\$150,525,752	6.1%	0.9%	16.1%
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Loomis, Sayles & Co Lg Cap Grth (CF)	\$150,567,350	6.1%	\$118,801,822	4.9%		\$0	\$150,567,350	6.1%	1.3%	26.7%
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Private Equity	\$90,781,899	3.7%	\$171,431,201	7.0%	\$0	\$0	\$90,781,899	3.7%	-3.3%	47.0%
Private Credit	\$89,601,803	3.7%	\$122,450,858	5.0%	\$0	\$0	\$89,601,803	3.7%	-1.3%	26.8%
Cash & Other	\$3,467,953	0.1%	\$0	0.0%	\$0	\$0	\$3,467,953	0.1%	0.1%	
Total Fund	\$2,449,017,156	100%	\$2,449,017,156	100%	\$0	\$0	\$2,449,017,156	100%		

Market values are preliminary and subject to change. Market value as of January 10, 2025.



Analysis Update: Exploring the Addition of a Global Equity Mandate



International Equity Structure Review

Exploring the Addition of a Global Equity Mandate: Alternative Portfolios

- For this exercise, we used median manager return for each of the asset/sub-asset classes.
- We have explored two alternative portfolios with dedicated exposure to a Global Equity mandate.
 - **Portfolio w/ 10% Global Equity:** We added 5% (of Total Fund and 10% of Total Equity) to an actively managed Global Equity manager, reducing US Equity and International Equity allocation on a pro-rata basis.
 - **Portfolio w/ 100% Global Equity:** We allocated 100% of the equity portfolio to an actively managed Global Equity manager.
- For comparison, we have provided the results of the alternative portfolios alongside the current Target Portfolio and Potential Portfolio 1 (lowered growth tilt).

Manager	Target Portfolio	Potential Portfolio 1	Portfolio w/ 10% Global Equity	Portfolio w/ 100% Global Equity
All Cap US Equity Manager (Median)	56.6%	56.6%	50.9%	0.0%
Developed International Value Equity Manager (Median)	15.1%	18.1%	16.3%	0.0%
Developed International Growth Equity Manager (Median)	15.1%	12.1%	10.9%	0.0%
Emerging Markets Equity Manager (Median)	13.2%	13.2%	11.9%	0.0%
Global Equity Manager (Median)	0.0%	0.0%	10.0%	100.0%

International Equity Structure Review

Exploring the Addition of a Global Equity Mandate: Risk and Return

Portfolio	1 Year	3 Years	5 Years	10 Years	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Target Portfolio	29.0	7.4	11.8	9.2	20.1	-16.4	19.3	15.4	26.2	-9.9	22.7	8.9	-3.0	5.1
Potential Portfolio 1	29.0	7.5	11.8	9.2	20.1	-16.3	19.3	15.3	26.2	-9.9	22.6	8.9	-2.0	5.0
Portfolio w/ 10% Global Equity	29.1	7.4	11.8	9.3	20.2	-16.5	19.3	15.6	26.3	-9.8	22.8	8.7	-2.6	5.0
Portfolio w/ 100% Global Equity	30.0	7.1	12.1	9.7	20.7	-18.0	19.0	18.3	27.2	-9.3	24.6	6.8	0.0	4.5
MSCI ACWI IMI	31.0	7.4	11.9	9.2	21.6	-18.4	18.2	16.3	26.4	-10.1	23.9	8.4	-2.2	3.8
eA Global All Cap Median	29.0	7.0	12.1	9.8	19.8	-17.7	18.8	17.2	27.1	-9.4	24.9	6.9	0.0	3.8

Portfolio	3 Year			5 Year			10 Year		
	Annualized Return	Annualized Std. Dev	Sharpe Ratio	Annualized Return	Annualized Std. Dev	Sharpe Ratio	Annualized Return	Annualized Std. Dev	Sharpe Ratio
Target Portfolio	7.43	16.65	0.31	11.81	17.73	0.59	9.22	15.00	0.56
Potential Portfolio 1	7.46	16.51	0.31	11.81	17.73	0.59	9.22	14.99	0.56
Portfolio w/ 10% Global Equity	7.43	16.51	0.31	11.84	17.68	0.59	9.27	14.94	0.56
Portfolio w/ 100% Global Equity	7.11	16.66	0.29	12.12	17.39	0.62	9.70	14.65	0.60
MSCI ACWI IMI	7.44	16.70	0.31	11.87	17.69	0.59	9.20	14.98	0.56
eA Global All Cap Median	7.00	17.53	0.29	12.12	18.31	0.58	9.76	15.54	0.58

Using median manager return for the respective asset/sub-asset classes, we observe the following:

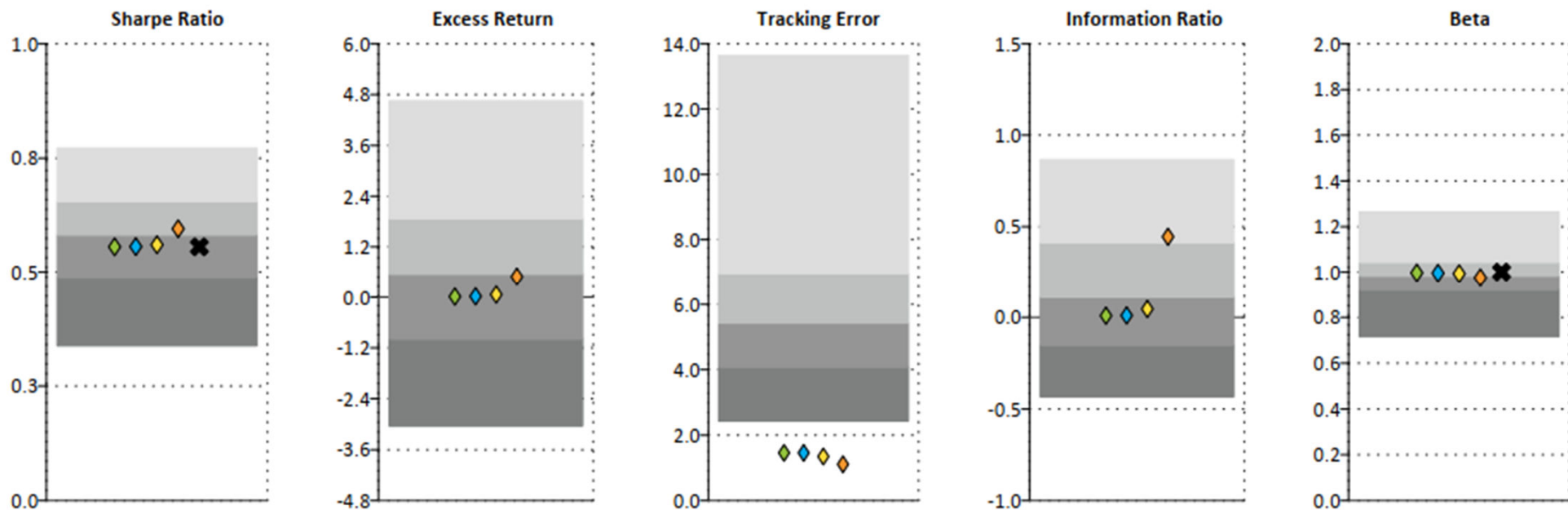
- **A 10% Global Equity sleeve would not have improved the risk adjusted return compared to the Target Portfolio.**
 - Over the 3-year period, return would have remained unchanged, with a 14 bps reduction in risk, resulting in a Sharpe ratio of 0.31, similar to that of the Target Portfolio.
 - Over the 5-year period, return would have been 3 bps higher with 5 bps reduction in risk, for a Sharpe ratio of 0.59, similar to that of the Target Portfolio.
 - Over the 10-year period, return would have been 5 bps higher with 6 bps lower risk, for a Sharpe ratio of 0.56, similar to that of the Target Portfolio.
- **However, a 100% Global Equity mandate would have resulted in higher return and lower risk over the longer-term.**
 - Over the 3-year period, return would have been 32 bps lower with 1 bp higher risk, for a Sharpe ratio of 0.29.
 - Over the 5-year period, return would have been 31 bps higher with 34 bps lower risk, for a Sharpe ratio of 0.62.
 - Over the 10-year period, return would have been 48 bps higher with 35 bps lower risk, for a Sharpe ratio of 0.60.

Performance as of 9/30/2024 is shown gross of fees. The disparities observed in the global all-cap peer group performance within the simulated portfolios and the displayed eA global all-cap peer group can be attributed to minor variations in the underlying constituents that comprise the peer groups. Both groups consist of more than 500 constituents, which should provide a reliable approximation of the performance that a median global all-cap manager could be expected to deliver.



International Equity Structure Review

Exploring the Addition of a Global Equity Mandate: 10-year MPT Statistics



◆ COJ ERS Target Portfolio

◆ COJ ERS Portf 1

◆ Portf w/ 10% Global

◆ Portf w/ 100% Global

✱ MSCI ACWI IMI

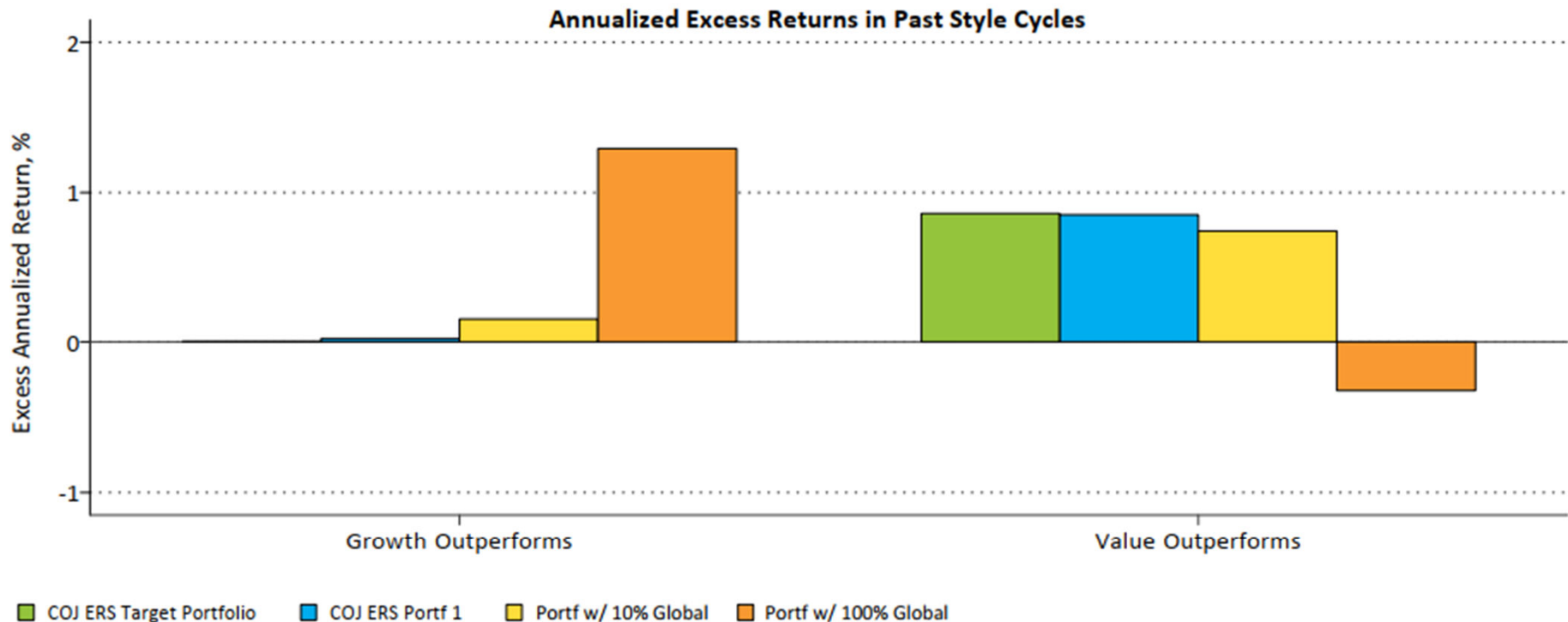
Firm/Product	Sharpe Ratio	Rank	Excess Return %	Rank	Tracking Error	Rank	Information Ratio	Rank	Beta	Rank
COJ ERS Target Portfolio	0.56	58	0.01	61	1.46	100	0.01	60	1.00	43
COJ ERS Portf 1	0.56	57	0.01	61	1.46	100	0.01	60	1.00	44
Portf w/ 10% Global	0.56	56	0.06	60	1.34	100	0.05	55	0.99	45
Portf w/ 100% Global	0.60	46	0.49	51	1.11	100	0.44	23	0.98	57
MSCI ACWI IMI	0.56	58	0.00	61	0.00	100	---	---	1.00	41
eA Global All Cap Median	0.58	50	0.55	50	5.43	50	0.11	50	0.98	50

Performance shown gross of fees. The disparities observed in the global all-cap peer group performance within the simulated portfolios and the displayed eA global all-cap peer group can be attributed to minor variations in the underlying constituents that comprise the peer groups. Both groups consist of more than 500 constituents, which should provide a reliable approximation of the performance that a median global all-cap manager could be expected to deliver.



International Equity Structure Review

Exploring the Addition of a Global Equity Mandate: Performance During Different Style Regimes



	Annualized Excess Returns		# of Months of Style Leadership	
	Growth Outperforms	Value Outperforms	Growth Outperforms	Value Outperforms
COJ ERS Target Portfolio	0.00	0.86	101	64
COJ ERS Portf 1	0.02	0.85	101	64
Portf w/ 10% Global	0.15	0.74	101	64
Portf w/ 100% Global	1.29	-0.32	113	67

- Adding a 10% Global Equity sleeve to the Total Equity composite would result in more balanced performance during both value and growth style led regimes, compared to the Target Portfolio.
- A 100% Global Equity portfolio would deliver outperformance during growth regimes but would produce negative returns during value regimes.

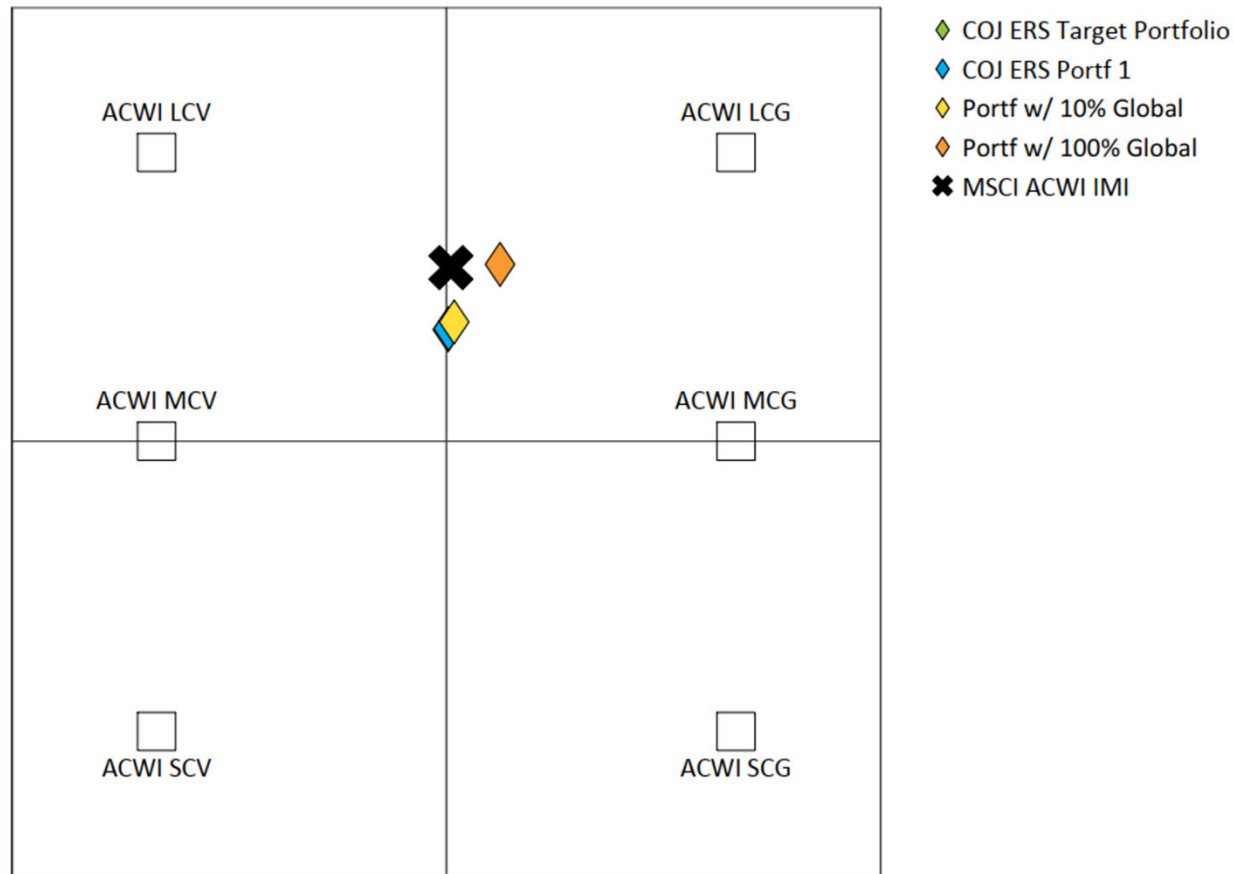
Performance, as of 9/30/2024, is shown gross of fees. The disparities observed in the global all-cap peer group performance within the simulated portfolios and the displayed eA global all-cap peer group can be attributed to minor variations in the underlying constituents that comprise the peer groups. Both groups consist of more than 500 constituents, which should provide a reliable approximation of the performance that a median global all-cap manager could be expected to deliver.

International Equity Structure Review

Exploring the Addition of a Global Equity Mandate: Style Analysis (Returns Based)

Style Analysis - Common Period

Feb 11 - Sep 24



- Adding a 10% Global Equity sleeve to the Total Equity composite would slightly increase the growth tilt of the equity portfolio.
- However, the growth style bias would be more pronounced for a 100% Global Equity portfolio.

Performance, as of 9/30/2024, is shown gross of fees. The disparities observed in the global all-cap peer group performance within the simulated portfolios and the displayed eA global all-cap peer group can be attributed to minor variations in the underlying constituents that comprise the peer groups. Both groups consist of more than 500 constituents, which should provide a reliable approximation of the performance that a median global all-cap manager could be expected to deliver.

Appendix



International Equity Structure Review

Potential Alternative Structures: Risk and Return (Actual Manager Data with Median Global Manager)

Portfolio	1 Year	3 Years	5 Years	10 Years	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Target Portfolio	30.1	7.4	13.4	11.3	25.3	-19.2	16.6	23.0	29.7	-9.7	28.2	10.5	0.1	6.0
Potential Portfolio 1	29.8	7.8	13.5	11.2	25.4	-18.5	17.4	21.4	29.2	-9.6	27.8	10.7	0.2	6.1
Portfolio w/ 10% Global Equity	29.8	7.7	13.3	11.1	25.0	-18.4	17.5	21.1	29.0	-9.6	27.5	10.3	0.2	6.0
Portfolio w/ 100% Global Equity	30.0	7.1	12.1	9.7	20.7	-18.0	19.0	18.3	27.2	-9.3	24.6	6.8	0.0	4.5
MSCI ACWI IMI	31.0	7.4	11.9	9.2	21.6	-18.4	18.2	16.3	26.4	-10.1	23.9	8.4	-2.2	3.8
eA Global All Cap Median	29.0	7.0	12.1	9.8	19.8	-17.7	18.8	17.2	27.1	-9.4	24.9	6.9	0.0	3.8

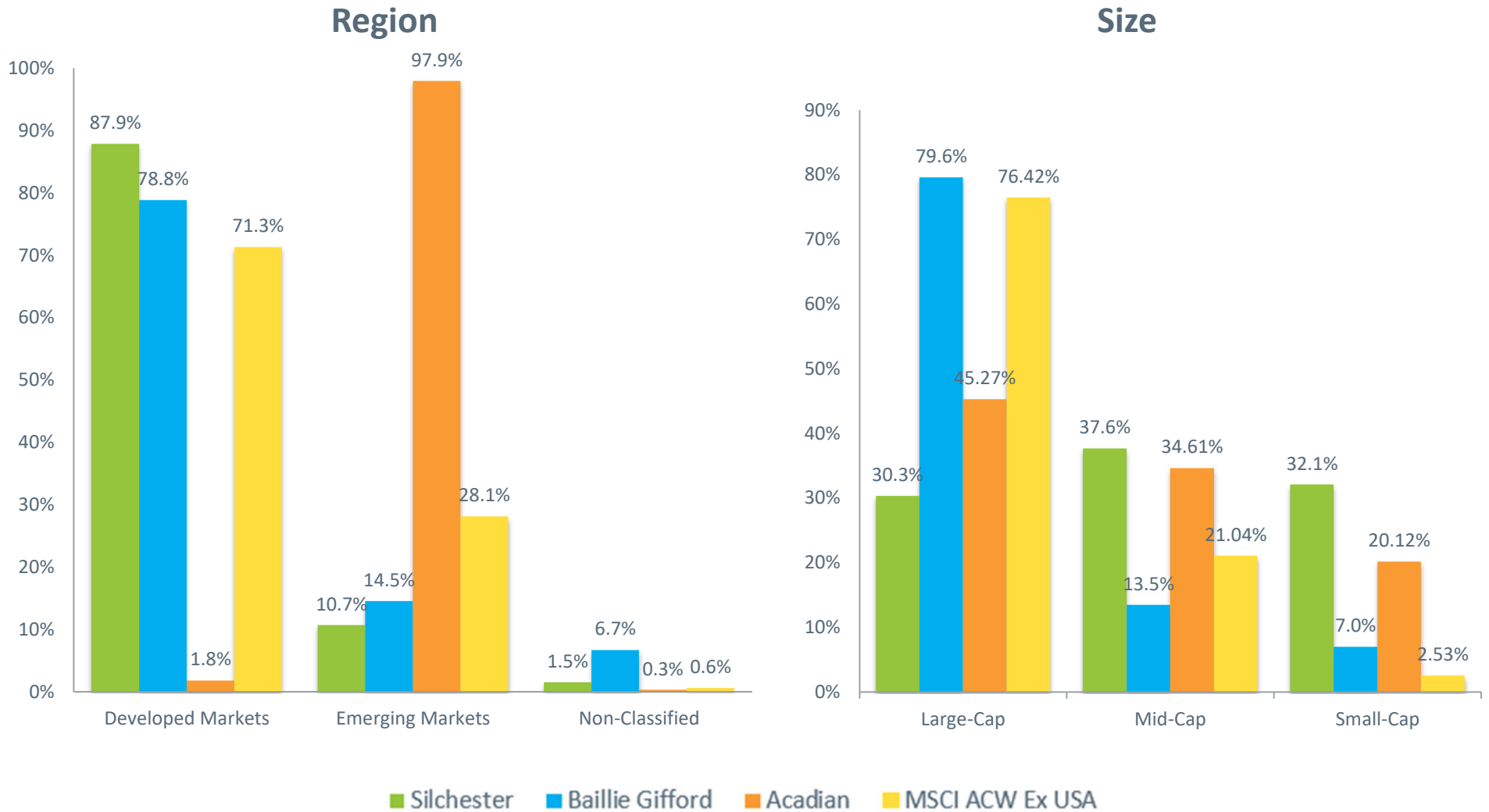
Portfolio	3 Year			5 Year			10 Year		
	Annualized Return	Annualized Std. Dev	Sharpe Ratio	Annualized Return	Annualized Std. Dev	Sharpe Ratio	Annualized Return	Annualized Std. Dev	Sharpe Ratio
Target Portfolio	7.39	17.49	0.30	13.43	18.08	0.66	11.25	15.47	0.66
Potential Portfolio 1	7.76	17.29	0.32	13.45	17.95	0.67	11.22	15.34	0.67
Portfolio w/ 10% Global Equity	7.71	17.23	0.32	13.34	17.89	0.66	11.09	15.27	0.66
Portfolio w/ 100% Global Equity	7.11	16.66	0.29	12.12	17.39	0.62	9.70	14.65	0.60
MSCI ACWI IMI	7.44	16.70	0.31	11.87	17.69	0.59	9.20	14.98	0.56
eA Global All Cap Median	7.00	17.53	0.29	12.12	18.31	0.58	9.76	15.54	0.58

Performance as of 9/30/2024 is shown gross of fees. The disparities observed in the global all-cap peer group performance within the simulated portfolios and the displayed eA global all-cap peer group can be attributed to minor variations in the underlying constituents that comprise the peer groups. Both groups consist of more than 500 constituents, which should provide a reliable approximation of the performance that a median global all-cap manager could be expected to deliver.



International Equity Review

Manager Positioning



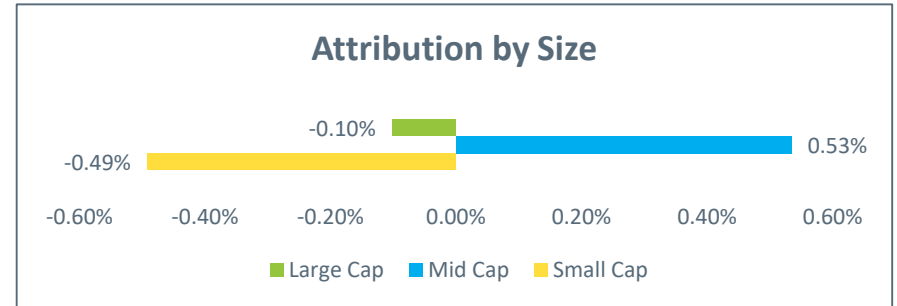
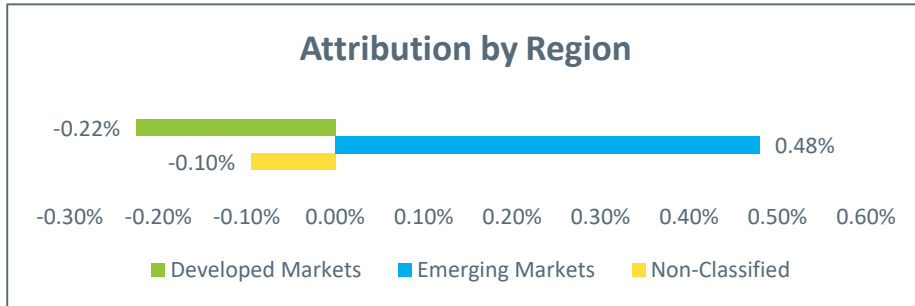
Data as of 09/30/2024. Market Cap size based on MSCI region breakpoints as of August 2024. Non-classified is a result of securities based on countries/regions that do not fit into any MSCI classification.



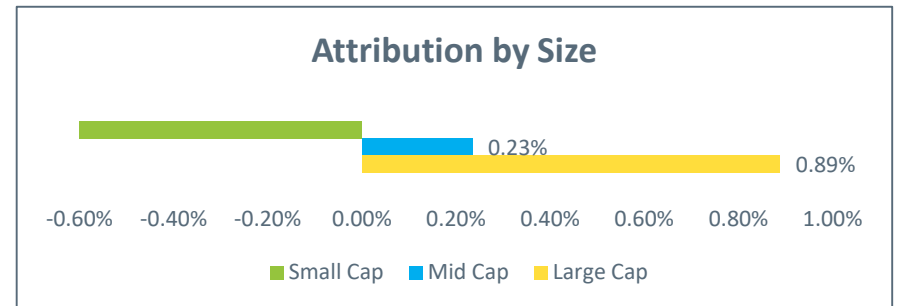
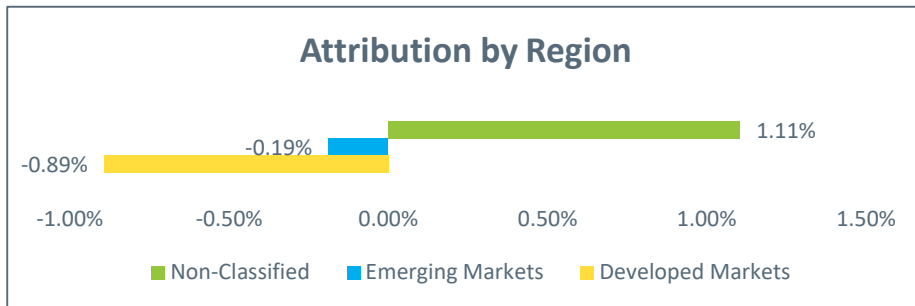
International Equity Review

Manager Attribution – Trailing 5 Years

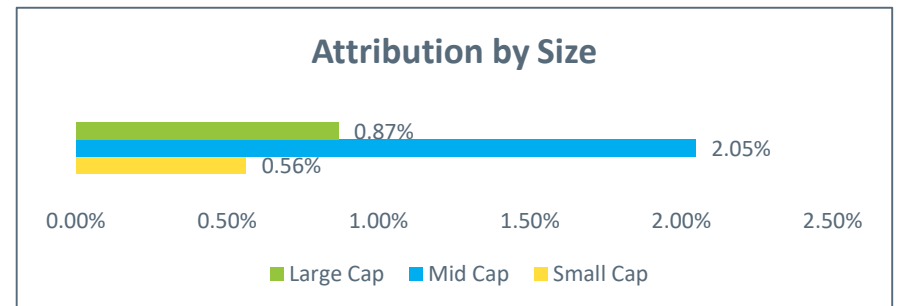
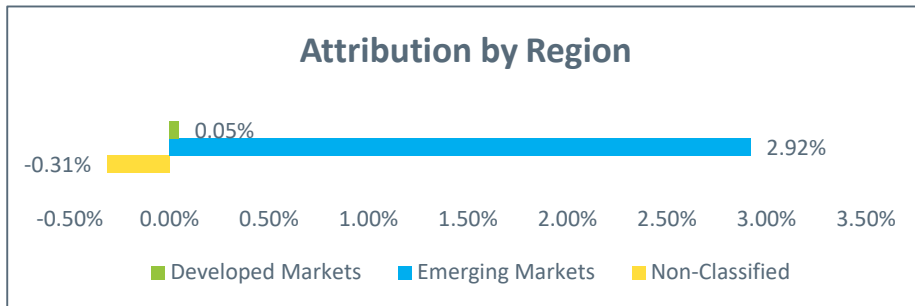
Silchester



Baillie Gifford



Acadian

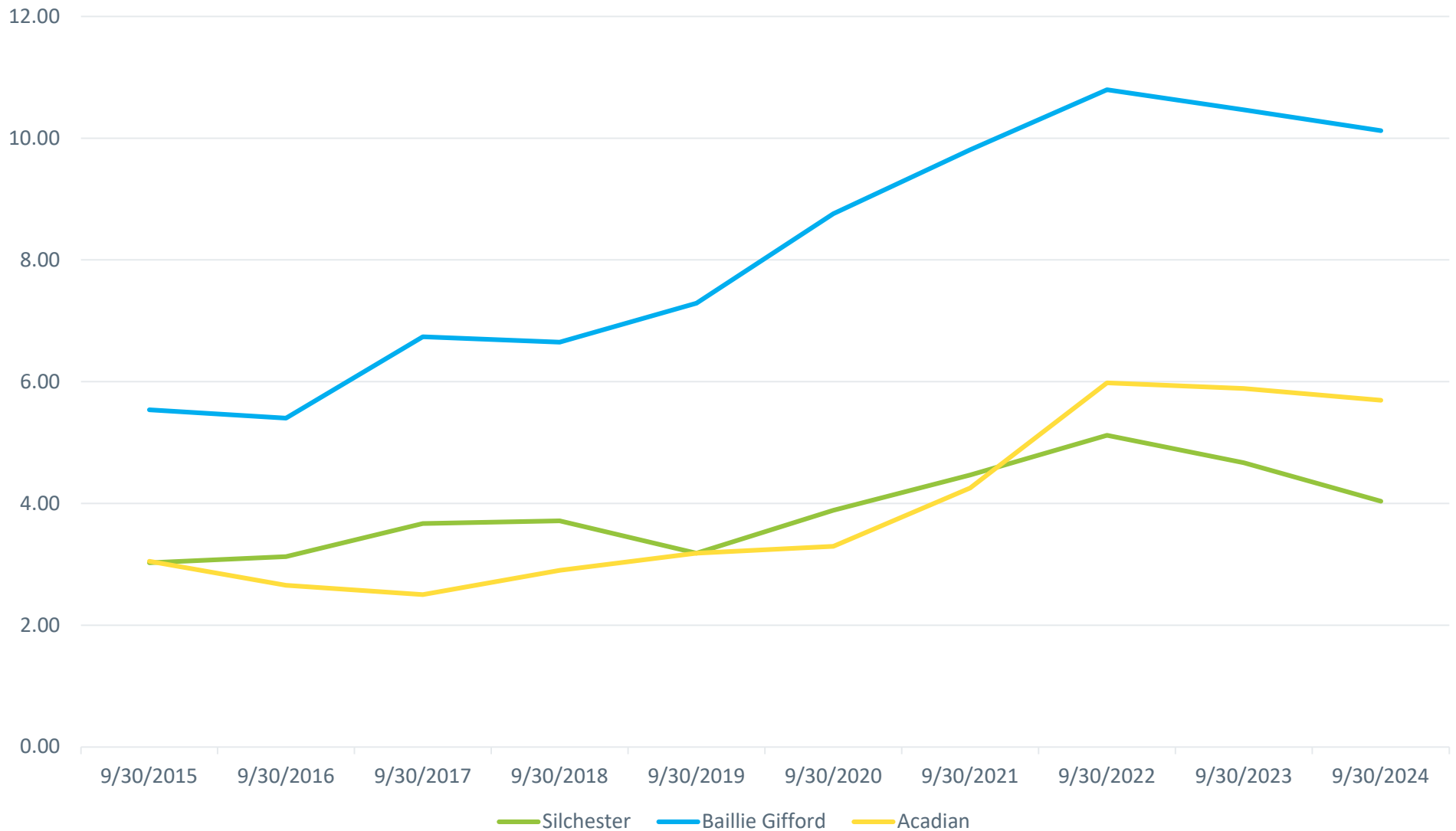


Data as of 09/30/2024. Market Cap size based on MSCI region breakpoints as of August 2024. Non-classified is a result of securities based on countries/regions that do not fit into any MSCI classification.



International Equity Review

Tracking Error - 3 Year Rolling Periods



Data as of 09/30/2024. Data shown net of fees. Calculation is based on monthly periodicity. Each manager shown against their respective benchmark.



International Equity Review

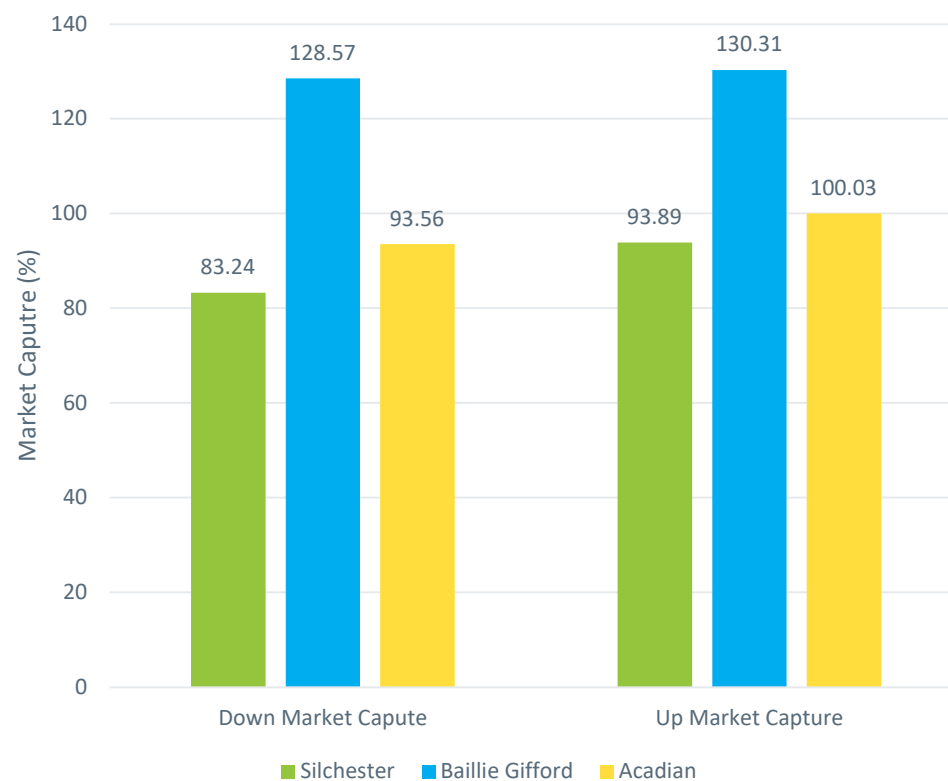
Risk and Return by Manager

	5 Year			10 Year		
	Annualized Return (%)	Standard Deviation (%)	Sharpe Ratio	Annualized Return (%)	Standard Deviation (%)	Sharpe Ratio
Silchester International Value Equity	8.88	16.76	0.46	6.58	14.49	0.4
Baillie Gifford International Growth (BGEFX)	7.75	24.18	0.33	7.43	20.85	0.37
Acadian Emerging Markets Equity II	9.77	18.37	0.48	5.37	17.11	0.3

Market Capture Comparison 5 Years



Market Capture Comparison 10 Years



Performance shown net of fees and as of September 30, 2024. Risk free rate: BofAML 3 Mo US T-Bill Index.



PORTLAND

BOISE

CHICAGO

NEW YORK

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Memorandum

To	City of Jacksonville (COJ) Employees' Retirement System (ERS)
From	RVK, Inc. (RVK)
Subject	2025 Strategic Initiatives Overview
Date	January 23, 2025

Summary

The purpose of this memo is to provide the Board with a review of the 2024 COJ ERS strategic initiatives and an overview of the forward-looking strategic initiatives RVK proposes undertaking, in concert with Staff, over the coming year. Many of these initiatives are a continuation of ongoing projects and research conducted by RVK and Staff in recent years. We recognize that these initiatives may evolve over the course of the year and will look to periodically review with Staff and the Board to confirm priorities and make adjustments, as necessary.

These strategic initiatives are in addition to RVK's many established and ongoing responsibilities on behalf of the Board related to services such as capital markets update, monthly and quarterly performance reporting, manager monitoring, periodic rebalancing including annual pension reimbursement, and operational support, as needed, amongst others.

2024 Strategic Initiatives

	Status
Asset Allocation Study	✓
Non-Core Real Estate Due Diligence and Recommendations	✓
Investment Policy Statement Review	✓
International Equity Structure Study	✓
Comprehensive Review of Core Real Estate Allocation	✓
Annual Risk Reporting	➡
Pacing Studies	➡
US SMID Cap Growth Review	➡

2025 Strategic Initiatives

- 1. Annual Risk Reporting.** As part of RVK's ongoing performance reporting responsibility, we are always seeking ways to improve the quality and usefulness of our reporting to Staff and the Board. Based on that ongoing focus, last year, we proposed building out an annual risk report for Staff and the Board. The risk report will include various risk metrics for the total fund and the respective asset classes, factor exposures and contribution to risk, and historical stress tests. RVK has nearly completed the build out of this reporting using most recent Fiscal Year end data and plans to share key findings with Staff and the Board in early 2025.
- 2. Non-Core Real Estate Pacing Study.** As the Non-Core Real Estate market allocations continue to be built out, RVK intends to bring forth updated pacing analysis to provide the Board with updated recommended annual commitment volume to this asset class, ensuring the build out of the respective target continues to be in line with the goals and objectives of the established framework.
- 3. Private Credit Pacing Study.** As COJ ERS gets closer to reaching the end of its first commitment tranche with the Private Credit separate account manager and considers a potential re-up, RVK and Staff intend to bring forth a pacing analysis to provide the Board with an updated recommended commitment to this asset class that extends beyond the current commitment horizon, ensuring the build out of the target continues to be in line with the goals and objectives of the established framework.
- 4. Asset Allocation Study.** RVK expects to complete an asset allocation study to review the System's current target asset allocation and any potential refinements or alternative target allocations for the Board to consider, in the context of both RVK's upcoming release of our 2025 capital market assumptions, expected to be published in 1Q 2025.
- 5. Ongoing Non-Core Real Estate Due Diligence and Recommendations.** Consistent with RVK's updated pacing schedule and any updated target allocation, RVK and Staff will continue to seek to build out the Non-Core Real Estate allocation, whilst navigating the reduction in Core Real Estate. Accordingly, RVK and Staff expect to bring recommended funds forward throughout the year, for Board consideration and approval.
- 6. Update to Comprehensive Review of Core Real Estate Allocation.** As redemption requests from the Core Real Estate managers continue to come through and the composite allocation gradually winds down to its target, RVK will continue to work with Staff to review the composite's positioning. This will include providing updates on the Core Real Estate market conditions and trends, monitoring the redemption queues of the managers, and assessing that the overall makeup of the composite is aligned with the objectives for the asset class.



- 7. US SMID Cap Growth Search.** Following a review of the performance of the Pinnacle SMID Cap Growth strategy relative to its benchmark and peers, both over the short- and long-term, Staff and RVK will conduct a search to explore alternatives to potentially replace or evolve the existing manager/mandate.
- 8. Potential Global Manager Search.** Following the International Equity Structure Study, and based on direction from the Board, RVK and Staff may potentially conduct a search to add an active Global Equity manager to the Total Equity composite.

Conclusion

It is the intention of RVK and Staff to present the 2025 initiatives and associated recommendations to the Board over the next 12 months. In addition to the above, RVK and Staff will seek to offer the Board educational opportunities throughout the year as relevant topics of interest may arise. From RVK's perspective, these annual strategic initiatives are proactive, practical, and in-line with industry best practices. The review of each initiative will assist the Board in making well-informed decisions that seek to enhance outcomes for COJ ERS.



City of Jacksonville Employees' Retirement System

INVESTMENT ACTIVITY REPORT: January 2025

Events

Board Due Diligence Meetings

1st Thursday Each Month

Presentation: 12:30-2 PM

City Hall Conference Room 3C

February 6, 2025

Harrison Street -Real Estate

March 6, 2025

Wellington- Large Cap Value

April 3, 2025

Eagle Capital- Large Cap Core

May 1, 2025

Kayne Anderson- SMID Core

June 5, 2025

Systematic- SMID Value

July 3, 2025

Happy 4th of July

No meeting

August 7, 2025

Adams Street- PE

September 4, 2025

TBD

October 2, 2025

Loomis Sayles- LCG

November 6, 2025

Payden & Rygel – Jeffrey

Cleveland- Economist

Staff Update

Contract Status Update

HIG- Realty Fund V- Complete by the December deadline

Other

*Real Estate:

Harrison Street: \$30 million

PGIM PRISA II: \$20 million

Principal: \$40 million

UBS Trumbull: Full Liquidation

~\$60 million

Total: \$150 million

*redemption limitations

Current Manager Meetings

N/A- due to the holidays & ACFR work

Potential Manager Meetings

N/A- due to the holidays & ACFR work

Cash Flows

Hamilton Lane-Private Credit

Castle Lake Opp VI: \$0.8M

Hamilton Lane Strat Op IX: \$2 M

Total Called: ~\$3 million

Adams Street- Private Equity

Tranche I: \$0 M

Total Called: ~\$73 million

Tranche II: \$0 M

Total Called: ~\$6 million

Real Estate

HIG Realty IV: \$1.0 M

~\$2 M unfunded out of \$25M

Provider Disbursements

Eagle Capital: \$320,000

Loomis Sayles FI: \$155,000

Loomis Sayles LCG: \$142,000

Total Fees: ~\$0.6 million

Provider Income + Redemptions

Total: \$0 million



Monthly Investment Performance Analysis

City of Jacksonville Employees' Retirement System

Period Ended: November 30, 2024

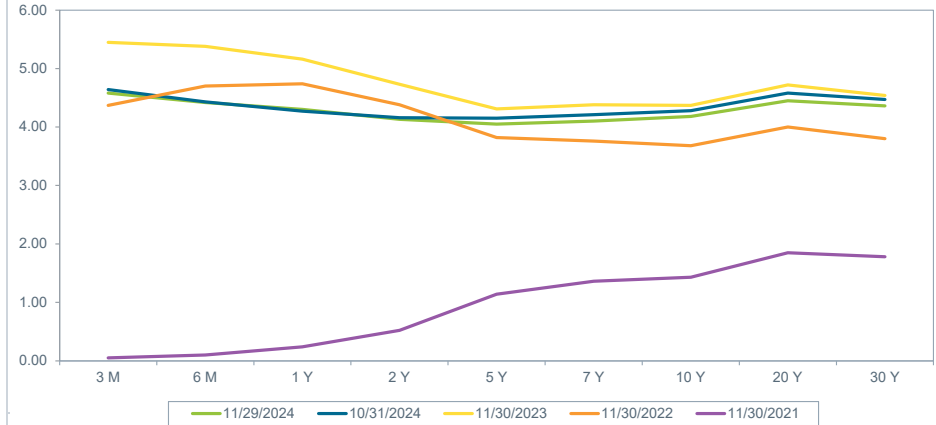


General Market Commentary

- After public markets sold off during October, many equity and bond markets posted positive returns during November. Investors digested election results and weighed the prospective impact of potential policies of the incoming administration and Congressional leadership.
- US Equity markets rebounded sharply in November, as most US equity indices returned mid-to-high single digits during the month, with small-cap stocks posting low double-digit returns. International equities experienced slight negative returns for the month.
- In a widely expected move, the Federal Reserve lowered interest rates by 25 basis points during November, citing strong US economic data and inflation moderation. Based on current guidance from the Federal Reserve Board of Governors, one additional 25 basis point rate cut is expected before the end of the year.
- Equity markets posted mixed returns in November as the S&P 500 (Cap Wtd) Index returned 5.87% and the MSCI EAFE (Net) Index returned -0.57%. Emerging markets returned -3.59%, as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned 1.06% in November, outperforming the 0.51% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -0.13%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate returned 4.29% in November and 5.76% over the trailing five-year period, as measured by the FTSE NAREIT Eq REITs Index (TR).
- The Cambridge US Private Equity Index returned 7.19% for the trailing one-year period and 14.99% for the trailing five-year period ending June 2024.
- Absolute return strategies returned 2.19% for the month and 11.74% over the trailing one-year period, as measured by the HFRI FOF Comp Index.
- The price of crude oil fell by 1.45% during the month and has decreased by 10.48% YoY.

Economic Indicators	Nov-24	Oct-24	Nov-23	10 Yr	20 Yr
Federal Funds Rate (%)	4.58 ▼	4.83	5.33	1.73	1.67
Breakeven Inflation - 5 Year (%)	2.35 ▼	2.38	2.16	1.94	1.93
Breakeven Inflation - 10 Year (%)	2.27 ▼	2.35	2.22	1.99	2.09
Breakeven Inflation - 30 Year (%)	2.23 ▼	2.34	2.31	2.03	2.22
Bloomberg US Agg Bond Index - Yield (%)	4.64 ▼	4.73	5.05	2.89	3.28
Bloomberg US Agg Bond Index - OAS (%)	0.32 ▼	0.36	0.45	0.47	0.59
Bloomberg US Agg Credit Index - OAS (%)	0.74 ▼	0.79	0.97	1.16	1.38
Bloomberg US Corp: HY Index - OAS (%)	2.66 ▼	2.82	3.70	4.19	4.90
Capacity Utilization (%)	76.80 ▼	77.13	79.04	77.39	77.17
Unemployment Rate (%)	4.20 ▲	4.10	3.70	4.68	5.81
PMI - Manufacturing (%)	48.40 ▲	46.50	46.70	53.22	52.91
Baltic Dry Index - Shipping	1,354 ▼	1,388	2,937	1,430	2,244
Consumer Conf (Conf Board)	111.70 ▲	108.70	101.00	110.27	92.88
CPI YoY (Headline) (%)	2.70 ▲	2.60	3.10	2.90	2.61
CPI YoY (Core) (%)	3.30 —	3.30	4.00	2.98	2.45
PPI YoY (%)	3.00 ▲	2.40	0.80	2.72	N/A
M2 YoY (%)	3.70 ▲	3.10	-3.10	6.63	6.40
US Dollar Total Weighted Index	126.81 ▲	125.02	120.54	115.21	104.44
WTI Crude Oil per Barrel (\$)	68 ▼	69	76	62	72
Gold Spot per Oz (\$)	2,643 ▼	2,781	2,037	1,588	1,326

Treasury Yield Curve (%)



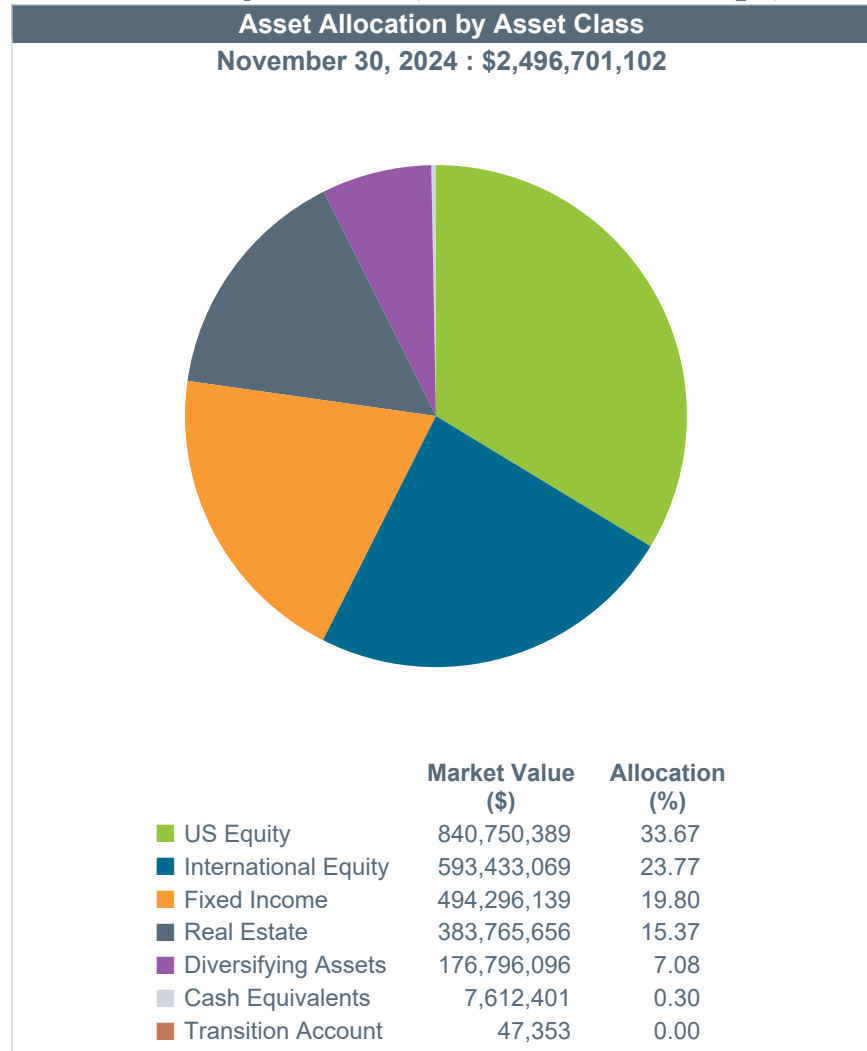
Treasury Yield Curve (%)	Nov-24	Oct-24	Nov-23	Nov-22	Nov-21			
3 Month	4.58	4.64	5.45	4.37	0.05			
6 Month	4.42	4.43	5.38	4.70	0.10			
1 Year	4.30	4.27	5.16	4.74	0.24			
2 Year	4.13	4.16	4.73	4.38	0.52			
5 Year	4.05	4.15	4.31	3.82	1.14			
7 Year	4.10	4.21	4.38	3.76	1.36			
10 Year	4.18	4.28	4.37	3.68	1.43			
20 Year	4.45	4.58	4.72	4.00	1.85			
30 Year	4.36	4.47	4.54	3.80	1.78			
Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	5.87	4.91	28.07	33.89	11.44	15.77	14.41	13.35
Russell 2000	10.97	9.37	21.58	36.43	4.96	9.90	8.17	9.05
MSCI EAFE (Net)	-0.57	-5.97	6.24	11.88	4.15	5.89	4.68	5.07
MSCI EAFE SC (Net)	0.07	-6.20	4.21	11.81	-1.09	3.66	2.74	5.71
MSCI EM (Net)	-3.59	-7.88	7.65	11.86	-1.27	3.20	1.91	3.16
Bloomberg US Agg Bond	1.06	-1.45	2.93	6.88	-1.95	-0.01	1.27	1.52
ICE BofAML 3 Mo US T-Bill	0.38	0.76	4.83	5.32	3.76	2.41	2.31	1.73
NCREIF ODCE (Gross)	N/A	N/A	-2.56	-7.27	-0.18	2.94	4.12	6.10
FTSE NAREIT Eq REITs Index (TR)	4.29	1.27	17.40	29.05	3.20	5.76	6.91	6.74
HFRI FOF Comp Index	2.19	2.33	9.42	11.74	3.32	5.63	4.47	3.85
Bloomberg Cmtly Index (TR)	0.41	-1.45	4.32	1.51	4.91	7.60	4.40	0.38

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



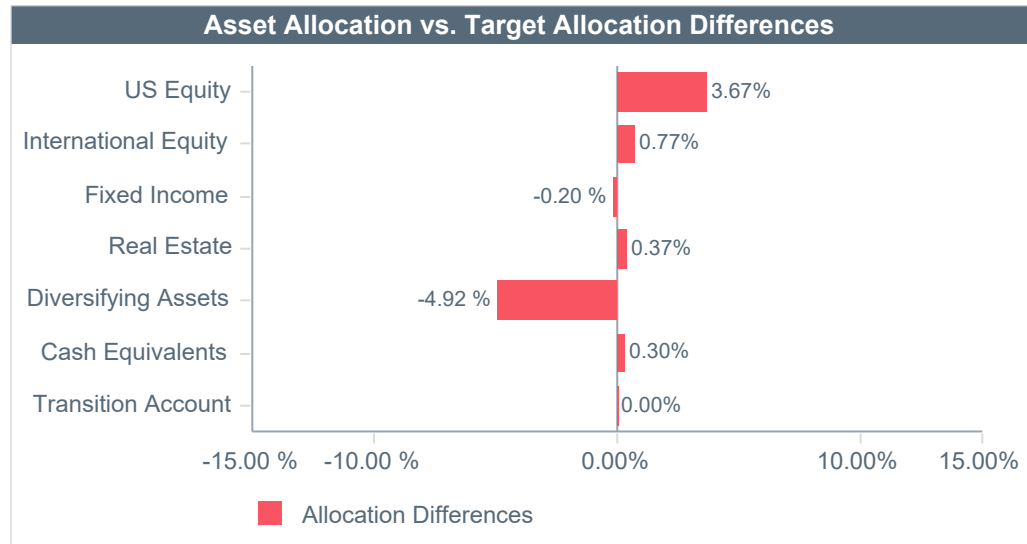
Total Fund

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



Asset Allocation vs. Target Allocation

	Market Value (\$)	Allocation (%)	Min (%)	Target (%)	Max (%)
Total Fund	2,496,701,102	100.00	-	100.00	-
US Equity	840,750,389	33.67	20.00	30.00	40.00
International Equity	593,433,069	23.77	13.00	23.00	25.00
Fixed Income	494,296,139	19.80	10.00	20.00	30.00
Real Estate	383,765,656	15.37	0.00	15.00	20.00
Diversifying Assets	176,796,096	7.08	0.00	12.00	20.00
Cash Equivalents	7,612,401	0.30	0.00	0.00	10.00
Transition Account	47,353	0.00	0.00	0.00	0.00



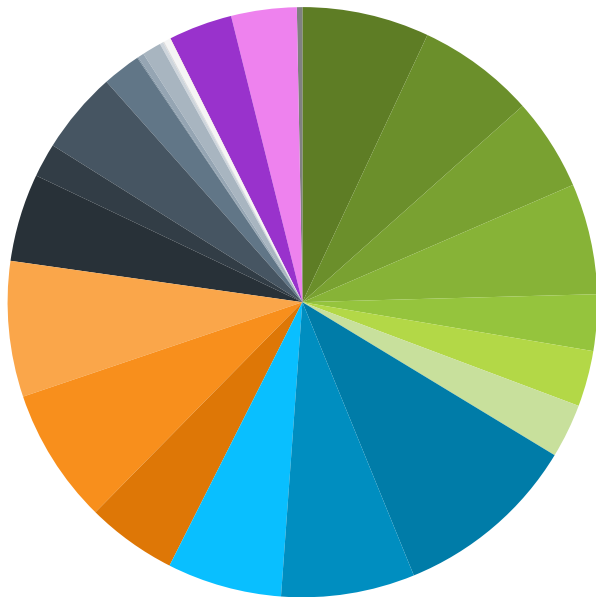
Schedule of Investable Assets

Periods Ending	Beginning Market Value (\$)	Net Cash Flows (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
FYTD	2,475,947,332	383,714	20,370,055	2,496,701,102	0.82
CYTD	2,355,516,708	-105,056,418	246,240,812	2,496,701,102	10.46

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. Fiscal year for the COJ ends 09/30.



November 30, 2024 : \$2,496,701,102



	Market Value (\$)	Allocation (%)
Eagle Capital Large Cap Value (SA)	173,940,768	6.97
Wellington Select Equity Income Fund (SA)	160,956,215	6.45
BNYM DB Lg Cap Stock Idx NL (CF)	126,739,534	5.08
Loomis, Sayles & Co Lg Cap Grth (CF)	151,781,602	6.08
Kayne Anderson US SMID Value (SA)	76,899,125	3.08
Systematic Financial US SMID Value (SA)	76,499,354	3.06
Pinnacle Associates US SMID Cap Growth (SA)	73,933,791	2.96
Silchester Intl Val Equity (CF)	253,696,389	10.16
Bail Giff Intl Gro;4 (BGEFX)	182,836,382	7.32
Acadian Emg Mkts Eq II (CF)	156,900,297	6.28
Baird Core Fixed Income (SA)	123,495,371	4.95
Loomis Sayles Multisector Full Discretion (CF)	185,443,732	7.43
Schroder Flexible Secured Income LP (CF)	185,357,036	7.42
Harrison Street Core Property LP	120,337,348	4.82
PGIM Real Estate PRISA II LP	46,443,750	1.86
Principal US Property (CF)	112,515,841	4.51
UBS Trumbull Property (CF)	52,675,003	2.11
Vanguard RE Idx;ETF (VNQ)	1,452,233	0.06
Abacus Multi-Family Partners VI LP	8,389,059	0.34
H.I.G. Realty Partners IV (Onshore) LP	25,919,014	1.04
Bell Value-Add Fund VII (CF)	4,671,641	0.19
Hammes Partners IV LP	1,682,216	0.07
IPI Partners III-A LP	8,188,723	0.33
Ares US Real Estate Opportunity IV LP	1,490,828	0.06
Adams Street Private Equity (SA)	87,196,427	3.49
Hamilton Lane Private Credit (SA)	89,599,669	3.59
Dreyfus Gvt CM;Inst (DGCXX)	7,612,401	0.30
Transition Account	47,353	0.00

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 November 30, 2024

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Total Fund	2,496,701,102	100.00	1.54	0.82	0.82	10.46	14.29	3.83	7.00	6.28	6.56	6.40	07/01/1999
Total Fund Policy Index			2.40	0.48	0.48	12.44	16.14	5.01	7.72	7.04	6.87	6.17	
Difference			-0.87	0.35	0.35	-1.99	-1.85	-1.18	-0.72	-0.76	-0.31	0.23	
Actual Allocation Index			2.33	0.43	0.43	11.20	14.70	3.53	6.46	N/A	N/A	N/A	
Difference			-0.80	0.39	0.39	-0.75	-0.41	0.30	0.53	N/A	N/A	N/A	
Actual Allocation Index (Net of Alts)			2.19	0.46	0.46	10.07	14.16	3.53	6.61	N/A	N/A	N/A	
Difference			-0.65	0.36	0.36	0.38	0.13	0.30	0.39	N/A	N/A	N/A	
Total Equity	1,434,183,458	57.44	2.23	1.03	1.03	17.01	23.24	6.58	10.86	9.28	9.51	7.08	07/01/1999
US Equity	840,750,389	33.67	6.68	6.21	6.21	24.49	31.37	9.74	14.16	12.72	11.97	8.10	07/01/1999
US Equity Index			6.65	5.87	5.87	27.71	34.49	10.54	15.23	13.83	12.89	8.25	
Difference			0.03	0.34	0.34	-3.22	-3.12	-0.81	-1.07	-1.11	-0.92	-0.15	
International Equity	593,433,069	23.77	-3.46	-5.50	-5.50	7.82	13.28	2.37	6.15	4.28	5.75	5.88	07/01/1999
International Equity Index			-0.91	-5.77	-5.77	7.63	13.03	2.86	5.40	4.15	4.62	4.22	
Difference			-2.56	0.27	0.27	0.19	0.24	-0.50	0.74	0.13	1.13	1.66	
Fixed Income	494,296,139	19.80	0.84	0.13	0.13	6.27	9.50	-0.03	0.96	1.44	1.67	4.40	07/01/1999
Fixed Income Index			1.05	-1.24	-1.24	3.60	7.53	-1.47	0.39	1.57	1.73	4.04	
Difference			-0.22	1.37	1.37	2.67	1.96	1.45	0.57	-0.13	-0.06	0.35	
Real Estate	383,765,656	15.37	0.05	0.41	0.41	-4.17	-4.89	-0.67	2.32	3.35	5.14	4.81	12/01/2005
Real Estate Index			0.02	0.04	0.04	-3.04	-7.88	-0.95	2.11	3.25	5.19	5.03	
Difference			0.03	0.37	0.37	-1.13	2.99	0.28	0.21	0.10	-0.05	-0.22	
Core Real Estate	333,424,175	13.35	0.00	0.31	0.31	-4.82	-5.44	-1.20	2.00	3.12	4.97	4.72	12/01/2005
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	0.00	-3.20	-8.04	-1.04	2.05	3.21	5.16	5.01	
Difference			0.00	0.31	0.31	-1.62	2.59	-0.15	-0.06	-0.09	-0.19	-0.29	
Non-Core Real Estate	50,341,481	2.02	0.37	1.17	1.17	2.55	0.30	N/A	N/A	N/A	N/A	22.70	01/01/2022
NCREIF ODCE Index (AWA) (Net) +2%			0.17	0.33	0.33	-1.42	-6.20	0.94	4.09	5.28	7.26	-1.61	
Difference			0.20	0.84	0.84	3.97	6.50	N/A	N/A	N/A	N/A	24.31	
Diversifying Assets	176,796,096	7.08	1.20	1.99	1.99	5.90	6.39	17.14	13.37	9.28	4.99	8.20	03/01/2011
Diversifying Assets Index			3.36	2.64	2.64	21.10	26.42	11.80	9.50	6.56	3.43	5.33	
Difference			-2.16	-0.65	-0.65	-15.20	-20.04	5.34	3.87	2.72	1.57	2.88	

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

As of November 30, 2024

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Cash Equivalents	7,612,401	0.30	0.38	0.78	0.78	4.87	5.34	3.99	1.65	N/A	N/A	1.74	09/01/2018
FTSE 3 Mo T-Bill Index			0.40	0.83	0.83	5.03	5.53	3.92	2.49	2.36	1.75	2.45	
Difference			-0.02	-0.05	-0.05	-0.16	-0.19	0.07	-0.83	N/A	N/A	-0.71	

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

As of November 30, 2024

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
US Equity													
Eagle Capital Large Cap Value (SA)	173,940,768	6.97	5.75	5.59	5.59	28.02	32.01	11.31	14.90	13.76	12.89	11.78	03/01/2007
Russell 1000 Val Index			6.39	5.22	5.22	22.76	29.56	10.39	10.84	9.74	9.32	7.74	
Difference			-0.63	0.38	0.38	5.26	2.45	0.92	4.06	4.01	3.57	4.04	
Russell 1000 Index			6.44	5.69	5.69	28.08	34.40	10.89	15.58	14.22	13.16	10.66	
Difference			-0.68	-0.10	-0.10	-0.06	-2.39	0.41	-0.68	-0.47	-0.27	1.12	
Wellington Select Equity Income Fund (SA)	160,956,215	6.45	4.89	4.79	4.79	20.62	25.44	N/A	N/A	N/A	N/A	23.60	06/01/2023
Russell 1000 Val Index			6.39	5.22	5.22	22.76	29.56	10.39	10.84	9.74	9.32	24.44	
Difference			-1.50	-0.43	-0.43	-2.15	-4.13	N/A	N/A	N/A	N/A	-0.84	
BNYM DB Lg Cap Stock Idx NL (CF)	126,739,534	5.08	6.44	5.69	5.69	28.13	34.43	11.31	15.81	N/A	N/A	15.57	05/01/2019
Russell 1000 Index			6.44	5.69	5.69	28.08	34.40	10.89	15.58	14.22	13.16	15.37	
Difference			0.00	-0.01	-0.01	0.05	0.03	0.42	0.23	N/A	N/A	0.20	
Loomis, Sayles & Co Lg Cap Grth (CF)	151,781,602	6.08	8.65	8.70	8.70	32.95	39.56	14.43	18.86	16.85	N/A	17.65	08/01/2017
Russell 1000 Grth Index			6.49	6.13	6.13	32.19	38.04	10.92	19.46	18.06	16.55	18.77	
Difference			2.17	2.57	2.57	0.76	1.52	3.50	-0.60	-1.21	N/A	-1.11	
Kayne Anderson US SMID Value (SA)	76,899,125	3.08	7.31	6.91	6.91	19.22	29.45	N/A	N/A	N/A	N/A	8.61	03/01/2022
Russell 2500 Val Index			8.82	7.45	7.45	19.57	32.11	8.24	10.72	8.38	8.77	8.44	
Difference			-1.52	-0.54	-0.54	-0.35	-2.66	N/A	N/A	N/A	N/A	0.18	
Systematic Financial US SMID Value (SA)	76,499,354	3.06	7.07	5.11	5.11	19.47	30.05	N/A	N/A	N/A	N/A	10.04	03/01/2022
Russell 2500 Val Index			8.82	7.45	7.45	19.57	32.11	8.24	10.72	8.38	8.77	8.44	
Difference			-1.75	-2.34	-2.34	-0.10	-2.06	N/A	N/A	N/A	N/A	1.61	
Pinnacle Associates US SMID Cap Growth (SA)	73,933,791	2.96	8.25	7.20	7.20	11.81	23.38	-0.26	8.49	8.60	9.04	11.99	03/01/2010
Russell 2500 Grth Index			11.90	11.62	11.62	24.12	37.95	3.06	10.16	10.24	10.54	12.81	
Difference			-3.65	-4.42	-4.42	-12.31	-14.56	-3.31	-1.66	-1.64	-1.50	-0.82	

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

As of November 30, 2024

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
International Equity													
Silchester Intl Val Equity (CF)	253,696,389	10.16	-7.94	-7.94	-7.94	1.52	7.60	6.69	6.00	4.01	5.91	8.47	06/01/2009
MSCI EAFE Val Index (USD) (Net)			-0.77	-5.43	-5.43	7.61	12.86	8.59	6.23	3.94	4.14	5.63	
Difference			-7.17	-2.51	-2.51	-6.09	-5.27	-1.90	-0.23	0.07	1.77	2.84	
Bail Giff Intl Gro;4 (BGEFX)													
Bail Giff Intl Gro;4 (BGEFX)	182,836,382	7.32	1.80	-1.48	-1.48	12.90	17.18	-5.80	5.82	5.31	6.96	9.01	06/01/2009
Baillie Gifford Index			-0.83	-5.87	-5.87	7.37	12.50	-1.00	4.73	4.35	5.20	6.93	
Difference			2.63	4.39	4.39	5.53	4.68	-4.81	1.09	0.96	1.75	2.09	
Baillie Gifford Spliced Index			-0.91	-5.77	-5.77	7.63	13.03	2.86	5.40	4.34	4.83	6.39	
Difference			2.71	4.29	4.29	5.27	4.14	-8.67	0.42	0.96	2.13	2.62	
Acadian Emg Mkts Eq II (CF)													
Acadian Emg Mkts Eq II (CF)	156,900,297	6.28	-1.65	-5.94	-5.94	14.17	19.38	5.65	7.70	4.25	4.57	3.98	02/01/2011
MSCI Emg Mkts Index (USD) (Net)			-3.59	-7.88	-7.88	7.65	11.86	-1.27	3.20	1.91	3.16	2.20	
Difference			1.94	1.94	1.94	6.52	7.52	6.91	4.50	2.34	1.41	1.78	
Fixed Income													
Baird Core Fixed Income (SA)													
Baird Core Fixed Income (SA)	123,495,371	4.95	1.20	-1.30	-1.30	3.99	8.13	-1.53	N/A	N/A	N/A	-0.89	03/01/2021
Bloomberg US Agg Bond Index			1.06	-1.45	-1.45	2.93	6.88	-1.95	-0.01	1.27	1.52	-1.34	
Difference			0.15	0.15	0.15	1.06	1.25	0.42	N/A	N/A	N/A	0.45	
Loomis Sayles Multisector Full Discretion (CF)													
Loomis Sayles Multisector Full Discretion (CF)	185,443,732	7.43	1.44	-0.32	-0.32	6.23	10.94	0.62	3.12	3.48	3.61	5.52	11/01/2007
Bloomberg Gbl Agg Bond Index			0.34	-3.02	-3.02	0.47	4.64	-3.87	-1.42	-0.28	0.30	1.75	
Difference			1.10	2.70	2.70	5.76	6.30	4.49	4.54	3.76	3.31	3.77	
Schroder Flexible Secured Income LP (CF)													
Schroder Flexible Secured Income LP (CF)	185,357,036	7.42	0.00	1.58	1.58	8.48	8.48	N/A	N/A	N/A	N/A	8.69	10/01/2022
SOFR+1.75%			0.53	1.09	1.09	6.56	7.19	5.69	4.21	N/A	N/A	6.88	
Difference			-0.53	0.50	0.50	1.92	1.29	N/A	N/A	N/A	N/A	1.81	
SOFR+5%			0.80	1.62	1.62	9.68	10.62	9.06	7.54	N/A	N/A	10.30	
Difference			-0.80	-0.03	-0.03	-1.20	-2.14	N/A	N/A	N/A	N/A	-1.61	

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

As of November 30, 2024

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Core Real Estate													
Harrison Street Core Property LP	120,337,348	4.82	0.00	0.15	0.15	-3.92	-3.92	1.98	3.88	4.75	N/A	5.60	11/01/2015
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	0.00	-3.20	-8.04	-1.04	2.05	3.21	5.16	4.19	
Difference			0.00	0.15	0.15	-0.72	4.12	3.02	1.83	1.54	N/A	1.41	
PGIM Real Estate PRISA II LP	46,443,750	1.86	0.00	1.08	1.08	-9.68	-9.68	-2.35	1.61	3.24	N/A	5.17	01/01/2015
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	0.00	-3.20	-8.04	-1.04	2.05	3.21	5.16	4.89	
Difference			0.00	1.08	1.08	-6.48	-1.64	-1.31	-0.44	0.03	N/A	0.28	
Principal US Property (CF)	112,515,841	4.51	-0.05	0.37	0.37	-2.59	-4.46	-2.52	2.36	3.74	5.90	6.34	01/01/2014
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	0.00	-3.20	-8.04	-1.04	2.05	3.21	5.16	5.47	
Difference			-0.05	0.37	0.37	0.61	3.58	-1.48	0.31	0.53	0.75	0.86	
UBS Trumbull Property (CF)	52,675,003	2.11	0.00	-0.17	-0.17	-7.12	-7.12	-3.19	-1.00	0.03	2.32	3.55	01/01/2006
NCREIF ODCE Index (AWA) (Net)			0.00	0.00	0.00	-3.20	-8.04	-1.04	2.05	3.21	5.16	4.78	
Difference			0.00	-0.17	-0.17	-3.92	0.92	-2.15	-3.05	-3.18	-2.84	-1.23	
Vanguard RE Idx;ETF (VNQ)	1,452,233	0.06	4.25	0.76	0.76	14.37	25.13	1.13	4.94	6.23	6.11	11.28	12/01/2008
Custom REITs Index			4.19	0.65	0.65	14.45	25.21	1.28	5.07	6.57	6.43	11.94	
Difference			0.06	0.11	0.11	-0.08	-0.08	-0.15	-0.13	-0.34	-0.32	-0.66	

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

As of November 30, 2024

	Allocation		Performance (%)										
	Market Value (\$)	%	MTD	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Non-Core Real Estate													
Abacus Multi-Family Partners VI LP	8,389,059	0.34	0.00	1.22	1.22	-39.39	-39.39	N/A	N/A	N/A	N/A	-44.19	10/01/2022
NCREIF ODCE Index (AWA) (Net) +2%			0.17	0.33	0.33	-1.42	-6.20	0.94	4.09	5.28	7.26	-7.92	
Difference			-0.17	0.89	0.89	-37.97	-33.20	N/A	N/A	N/A	N/A	-36.26	
H.I.G. Realty Partners IV (Onshore) LP	25,919,014	1.04	0.00	0.92	0.92	6.37	6.37	N/A	N/A	N/A	N/A	N/A	01/01/2022
NCREIF ODCE Index (AWA) (Net) +2%			0.17	0.33	0.33	-1.42	-6.20	0.94	4.09	5.28	7.26	-1.61	
Difference			-0.16	0.59	0.59	7.79	12.56	N/A	N/A	N/A	N/A	N/A	
Bell Value-Add Fund VII (CF)	4,671,641	0.19	0.00	0.00	0.00	-5.25	-22.93	N/A	N/A	N/A	N/A	-14.01	04/01/2023
NCREIF ODCE Index (AWA) (Net) +2%			0.17	0.33	0.33	-1.42	-6.20	0.94	4.09	5.28	7.26	-5.90	
Difference			-0.16	-0.33	-0.33	-3.82	-16.73	N/A	N/A	N/A	N/A	-8.12	
Hammes Partners IV LP	1,682,216	0.07	0.00	3.19	3.19	-50.81	-69.84	N/A	N/A	N/A	N/A	-64.20	10/01/2023
NCREIF ODCE Index (AWA) (Net) +2%			0.17	0.33	0.33	-1.42	-6.20	0.94	4.09	5.28	7.26	-5.07	
Difference			-0.17	2.86	2.86	-49.38	-63.64	N/A	N/A	N/A	N/A	-59.14	
IPI Partners III-A LP	8,188,723	0.33	2.26	2.26	2.26	N/A	N/A	N/A	N/A	N/A	N/A	27.95	04/01/2024
NCREIF ODCE Index (AWA) (Net) +2%			0.17	0.33	0.33	-1.42	-6.20	0.94	4.09	5.28	7.26	0.68	
Difference			2.10	1.93	1.93	N/A	N/A	N/A	N/A	N/A	N/A	27.27	
Ares US Real Estate Opportunity IV LP	1,490,828	0.06	0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.00	11/01/2024
NCREIF ODCE Index (AWA) (Net) +2%			0.17	0.33	0.33	-1.42	-6.20	0.94	4.09	5.28	7.26	0.17	
Difference			-0.17	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-0.17	
Diversifying Assets													
Adams Street Private Equity (SA)	87,196,427	3.49	0.00	0.00	0.00	0.79	0.79	19.77	N/A	N/A	N/A	18.46	11/01/2020
S&P 500 Index+3%			6.13	5.43	5.43	31.59	37.91	14.78	19.24	17.84	16.75	21.51	
Difference			-6.13	-5.43	-5.43	-30.80	-37.12	4.99	N/A	N/A	N/A	-3.05	
Hamilton Lane Private Credit (SA)	89,599,669	3.59	2.41	4.02	4.02	11.65	12.80	9.22	N/A	N/A	N/A	4.35	04/01/2021
ICE BofAML Gbl Hi Yld Index +2%			0.54	-0.19	-0.19	10.13	14.44	4.73	5.62	5.73	6.34	4.16	
Difference			1.87	4.21	4.21	1.52	-1.64	4.49	N/A	N/A	N/A	0.19	
Cash Equivalents													
Dreyfus Gvt CM;Inst (DGCCX)	7,612,401	0.30	0.38	0.78	0.78	4.87	5.34	3.82	2.46	2.35	1.75	1.64	05/01/2001
FTSE 3 Mo T-Bill Index			0.40	0.83	0.83	5.03	5.53	3.92	2.49	2.36	1.75	1.63	
Difference			-0.02	-0.05	-0.05	-0.16	-0.19	-0.10	-0.03	-0.01	0.00	0.01	

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 JXP Transition, BNYM Transition, Loop Cap Transition, and 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.

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.
- **Actual Allocation Index:** The Actual Allocation Index is calculated monthly, using beginning of month weights of each investment applied to its corresponding primary benchmark return. The Actual Allocation Index's Inception date is 01/2019 and prior performance is listed as "N/A".
- **Actual Allocation Index (Net of Alts):** The Actual Allocation Index (Net of Alts) is calculated monthly, using beginning of month weights of each investment applied to its corresponding primary benchmark return, with the exception of funds in the Core Real Estate, Non-Core Real Estate, and Diversifying Assets composites, which are represented by actual monthly composite returns. The Actual Allocation Index's Inception date is 01/2019 and prior performance is listed as "N/A".
- **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.

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