

Gainesville Police and Fire Pension Fund

Executive Summary

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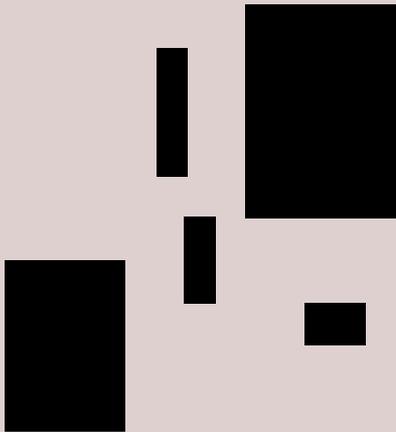
October 28, 2020



Discussion Agenda

- **Market Review**
- **Performance Review**
- **Bond Proceed Trade Plan**
- **Appendix**

Market Review and Plan Update

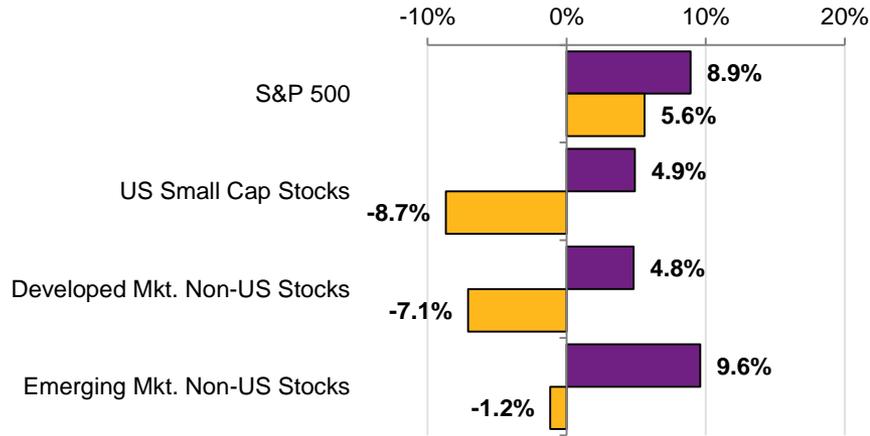


Capital Markets Review

As of September 30, 2020

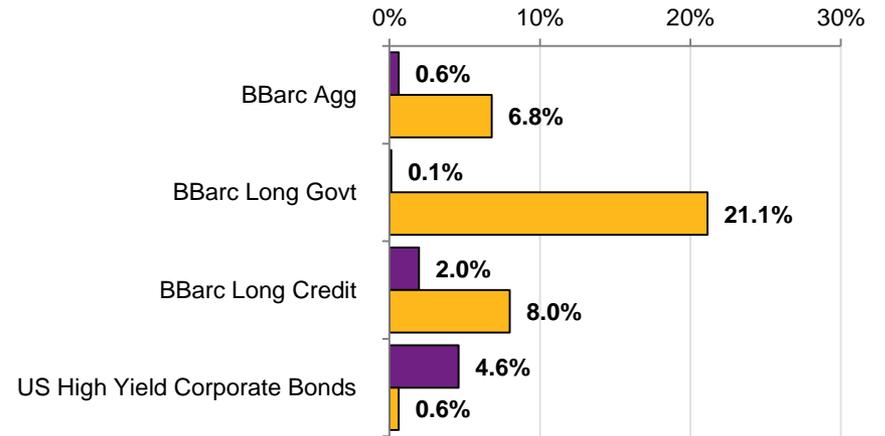
Equity Markets

■ 3 Month ■ YTD

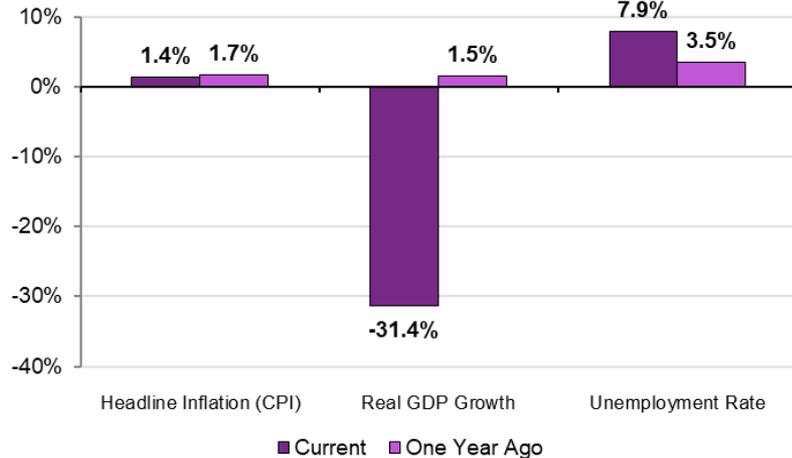


Fixed Income Markets

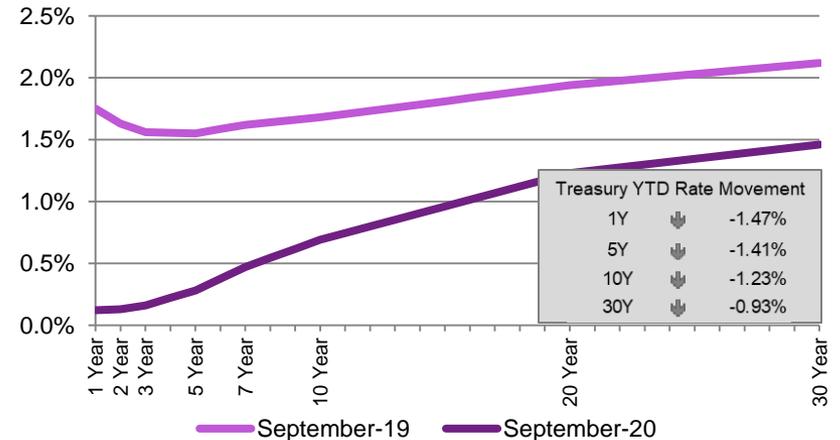
■ 3 Month ■ YTD



US Economic Data*



Treasury Rates



Note: *GDP growth is updated quarterly and represents the percentage change from previous quarter based on the seasonally adjusted annual growth rate.
Sources: U.S. Bureau of Economic Analysis, FactSet.

Plan Structure and Net Performance

As of September 30, 2020

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Plan	243,155,356	100.0	100.0	-2.0	5.6	0.9	7.1	7.1	6.2	8.9	9.2	8.8	Apr-88
<i>Policy Benchmark</i>				-2.4	6.0	2.3	9.2	9.2	7.5	9.6	9.3	9.1	Apr-88
<i>Risk Equivalent Benchmark</i>				-2.4	6.3	3.2	10.1	10.1	6.9	9.0	7.5	--	Apr-88
Total Plan ex Overlay	238,645,447	98.1	--	-1.7	5.4	0.2	6.1	6.1	5.7	8.4	9.0	--	
<i>Policy Benchmark</i>				-2.4	6.0	2.3	9.2	9.2	7.5	9.6	9.3	--	
Domestic Equity Segment	120,559,145	49.6	50.0	-3.4	6.4	-0.3	7.9	7.9	6.7	10.3	11.8	10.0	Apr-88
<i>Russell 3000</i>				-3.6	9.2	5.4	15.0	15.0	11.6	13.7	13.5	10.6	Apr-88
Large Cap Equity Segment	83,725,850	34.4	35.0	-3.3	7.7	2.0	11.0	11.0	9.6	11.3	12.0	7.1	Apr-07
<i>Russell 1000</i>				-3.7	9.5	6.4	16.0	16.0	12.4	14.1	13.8	8.9	Apr-07
LSV Large Cap Equity	26,305,729	10.8		-2.4	4.3	-16.7	-9.0	-9.0	0.0	6.0	10.1	8.2	Sep-03
<i>Russell 1000 Value</i>				-2.5	5.6	-11.6	-5.0	-5.0	2.6	7.7	9.9	7.6	Sep-03
Vanguard S&P 500 Index Fund	30,236,805	12.4		-3.8	8.9	5.6	15.1	15.1	12.3	14.1	--	13.5	Oct-12
<i>S&P 500</i>				-3.8	8.9	5.6	15.1	15.1	12.3	14.1	13.7	13.5	Oct-12
Sustainable Growth Advisors	27,183,316	11.2		-3.4	10.0	24.3	34.4	34.4	--	--	--	29.9	Sep-19
<i>Russell 1000 Growth</i>				-4.7	13.2	24.3	37.5	37.5	21.7	20.1	17.3	34.2	Sep-19
Small Cap Equity Segment	36,833,296	15.1	15.0	-3.9	3.5	-5.1	1.2	1.2	0.6	8.0	11.3	7.5	Apr-07
<i>Russell 2000</i>				-3.3	4.9	-8.7	0.4	0.4	1.8	8.0	9.9	6.3	Apr-07
LSV Small Cap Equity	13,430,979	5.5		-4.6	0.9	-28.7	-23.1	-23.1	-9.6	0.8	7.2	7.6	Jul-01
<i>Russell 2000 Value</i>				-4.7	2.6	-21.5	-14.9	-14.9	-5.1	4.1	7.1	6.6	Jul-01
Disciplined Growth Investors	23,402,317	9.6		-3.5	5.1	17.1	23.8	23.8	9.1	14.0	14.6	11.2	Jun-97
<i>Russell 2000 Growth</i>				-2.1	7.2	3.9	15.7	15.7	8.2	11.4	12.3	7.1	Jun-97
International Equity Segment	47,018,203	19.3	20.0	-0.1	9.6	4.1	12.5	12.5	6.3	9.5	5.7	4.8	May-07
<i>MSCI ACWI ex USA</i>				-2.5	6.3	-5.4	3.0	3.0	1.2	6.2	4.0	1.8	May-07
Mawer International Equity Fund	47,018,203	19.3		-0.1	9.6	4.1	12.5	12.5	6.3	--	--	8.5	Dec-15
<i>MSCI ACWI ex USA</i>				-2.5	6.3	-5.4	3.0	3.0	1.2	6.2	4.0	5.3	Dec-15
Fixed Income Segment	5,872,255	2.4	5.0	0.0	0.1	4.2	4.2	4.2	3.7	2.7	3.0	5.6	Apr-88
<i>Fixed Income Benchmark</i>				0.1	0.2	6.0	6.0	6.0	4.3	3.8	3.4	--	Apr-88
SSgA Intern US Gov Bond Index NL Fund	4,803,385	2.0		0.1	0.2	6.0	6.0	6.0	--	--	--	5.1	Feb-18
<i>BBgBarc US Govt Int TR</i>				0.1	0.2	6.0	6.0	6.0	4.0	2.8	2.3	5.1	Feb-18
Commingled Cash	1,068,870	0.4											

- Numbers in red indicate below benchmark performance.

- The Policy Index is currently a composite of 50% Russell 3000 / 20% MSCI ACWI ex USA / 15% Alternative Credit Benchmark / 2.5% BBgBarc US Govt Int TR / 2.5% BBgBarc US TIPS TR / 10% NCREIF ODCE (Equal-weighted)

- The Risk Equivalent Benchmark is currently a composite of 75% MSCI ACWI Index and 25% Bloomberg Barclays Aggregate Index.

Plan Structure and Net Performance

As of September 30, 2020

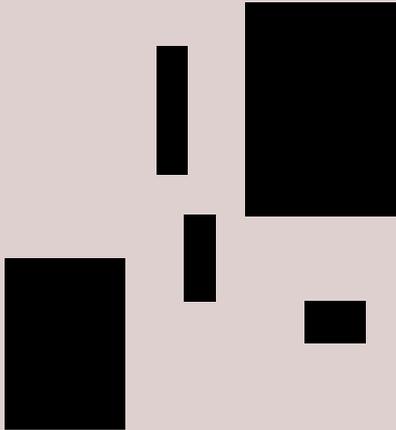
	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Alternative Credit	48,642,639	20.0	15.0	0.2	2.8	-3.5	-1.6	-1.6	--	--	--	1.4	Feb-18
<i>Alternative Credit Benchmark</i>				<i>-0.2</i>	<i>1.5</i>	<i>1.5</i>	<i>2.9</i>	<i>2.9</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>3.3</i>	<i>Feb-18</i>
Wellington Securitized Opportunities Fund	13,275,067	5.5		1.1	2.8	-2.4	-1.4	-1.4	--	--	--	2.2	Feb-18
<i>BBgBarc US Treasury Bills 1 Month</i>				<i>0.0</i>	<i>0.0</i>	<i>0.3</i>	<i>0.6</i>	<i>0.6</i>	<i>1.0</i>	<i>0.7</i>	<i>0.4</i>	<i>1.1</i>	<i>Feb-18</i>
Ares US High Yield Fund	8,074,872	3.3		-1.0	4.3	0.0	2.4	2.4	--	--	--	4.6	Mar-18
<i>ICE BofAML US HY Master II Constrained</i>				<i>-1.0</i>	<i>4.7</i>	<i>-0.4</i>	<i>2.2</i>	<i>2.2</i>	<i>3.8</i>	<i>6.6</i>	<i>6.3</i>	<i>4.4</i>	<i>Mar-18</i>
Brandywine Global Sovereign Credit Fund	7,154,398	2.9		-1.9	0.6	-5.6	-1.1	-1.1	--	--	--	-0.3	Mar-18
<i>BBgBarc Global Sovereign Credit Index</i>				<i>-0.5</i>	<i>1.2</i>	<i>2.0</i>	<i>3.7</i>	<i>3.7</i>	<i>4.5</i>	<i>5.1</i>	<i>--</i>	<i>4.5</i>	<i>Mar-18</i>
1Sharpe Opportunity Fund	12,686,141	5.2		0.0	0.5	2.7	4.4	4.4	--	--	--	5.7	Jul-18
<i>3-Mo T-Bills + 1%</i>				<i>0.1</i>	<i>0.3</i>	<i>1.3</i>	<i>2.0</i>	<i>2.0</i>	<i>2.7</i>	<i>2.2</i>	<i>1.6</i>	<i>2.7</i>	<i>Jul-18</i>
Libremax Value Fund	7,452,161	3.1		2.0	7.7	-20.7	-19.7	-19.7	--	--	--	-9.0	Dec-18
<i>3 Month LIBOR + 4%</i>				<i>0.3</i>	<i>1.0</i>	<i>3.6</i>	<i>5.1</i>	<i>5.1</i>	<i>5.9</i>	<i>5.5</i>	<i>4.9</i>	<i>5.8</i>	<i>Dec-18</i>
Real Estate Segment	16,553,204	6.8	10.0	0.1	0.4	0.2	1.7	1.7	5.5	6.9	10.3	6.6	Feb-05
Principal US Property	11,269,824	4.6		-0.4	0.0	-1.1	0.2	0.2	4.9	6.5	10.1	6.5	Feb-05
<i>NCREIF ODCE (Equal-weighted) Gross</i>				<i>-0.4</i>	<i>-1.3</i>	<i>-1.6</i>	<i>-0.1</i>	<i>-0.1</i>	<i>4.9</i>	<i>6.6</i>	<i>10.2</i>	<i>6.7</i>	<i>Feb-05</i>
Harrison Street Core Property Fund LP	5,283,380	2.2		1.1	1.1	2.7	5.1	5.1	--	--	--	6.2	Aug-19
<i>NCREIF ODCE (Equal-weighted) Net</i>				<i>0.1</i>	<i>0.4</i>	<i>-0.4</i>	<i>0.9</i>	<i>0.9</i>	<i>4.6</i>	<i>6.1</i>	<i>9.4</i>	<i>1.5</i>	<i>Aug-19</i>
Parametric	4,509,909	1.9	--										

Note:

- Numbers in red indicate below benchmark performance.

- Cash account is included in the Fixed Income segment. The Real Estate Segment Index was the NCREIF Property Index up until July 1, 2013 and the NCREIF ODCE Index (Equal-Weighted) thereafter. Returns for NCREIF have been estimated. The Parametric Overlay program was implemented on March 27, 2015. Market value is sourced from State Street. Brandywine Global Sovereign Credit Composite returns are for the partially hedged USD share class launched in 2016. Alternative Credit Benchmark 20% BBgBarc US Treasury Bills 1 Month / 20% ICE BofAML US HY Master II Constrained / 20% BBgBarc Global Sovereign Credit Index / 20% 3-Mo T-Bills + 1% / 20% 3 Month LIBOR + 4%. Manager values were used for Principal, 1Sharpe, Mawer, Wellington, SSGA, Harrison St., and LibreMax. Due to availability 1Sharpe and Libremax are lagged.

Bond Proceed Trade Plan



Bond Proceed Trade Plan: November 2020

- In recognition of the committee's concerns over trading amidst potential election volatility, bond proceeds will remain in the cash account for the duration of November
- We will proceed with funding Fallen Angels, which was approved by the committee at the May IC meeting, primarily via the approved redemption of the SSgA Int. Government bond fund
- We are comfortable proceeding with this funding given existing Fed policy support for the asset class and its overall reduced sensitivity to equity market volatility

MV as of 9/30/2020	Current Portfolio		Target	Mid-Nov Trades	Post Trade		+/- Target
Vanguard S&P 500 Index	\$ 30,236,805	10.3%	17.0%		\$ 30,236,805	10.3%	-6.7%
SGA Large Cap Growth Equity	\$ 27,183,316	9.3%	9.0%		\$ 27,183,316	9.3%	0.3%
LSV Large Cap Equity	\$ 26,305,729	9.0%	9.0%		\$ 26,305,729	9.0%	0.0%
LSV Small Cap Equity	\$ 13,430,979	4.6%	7.5%		\$ 13,430,979	4.6%	-2.9%
Disciplined Growth Investors	\$ 23,402,317	8.0%	7.5%		\$ 23,402,317	8.0%	0.5%
US Equity Segment Total	\$ 120,559,146	41.3%	50.0%		\$ 120,559,146	41.3%	-8.7%
Mawer International Equity	\$ 47,018,203	16.1%	20.0%		\$ 47,018,203	16.1%	-3.9%
Ex-US Equity Segment Total	\$ 47,018,203	16.1%	20.0%		\$ 47,018,203	16.1%	-3.9%
Brandywine Sovereign Credit	\$ 7,154,398	2.4%	2.5%		\$ 7,154,398	2.4%	-0.1%
ARES U.S. High Yield	\$ 8,074,872	2.8%	2.5%		\$ 8,074,872	2.8%	0.3%
Mellon Fallen Angels	\$ -	0.0%	2.5%	\$ 7,300,000	\$ 7,300,000	2.5%	0.0%
Wellington Securitized Opportunities	\$ 13,275,067	4.5%	5.0%		\$ 13,275,067	4.5%	-0.5%
Libremax Value Fund	\$ 7,452,161	2.6%	2.5%		\$ 7,452,161	2.6%	0.1%
1Sharpe Opportunity Fund	\$ 12,686,141	4.3%	5.0%		\$ 12,686,141	4.3%	-0.7%
Alternative Credit Segment Total	\$ 48,642,639	16.6%	20.0%		\$ 55,942,639	19.1%	-0.9%
Principal U.S. Property	\$ 11,269,824	3.9%	8.0%		\$ 11,269,824	3.9%	-4.1%
Harrison Street Core Property	\$ 5,283,380	1.8%	2.0%		\$ 5,283,380	1.8%	-0.2%
New Idea 1	\$ -	0.0%	0.0%		\$ -	0.0%	0.0%
New Idea 2	\$ -	0.0%	0.0%		\$ -	0.0%	0.0%
Real Assets Segment Total	\$ 16,553,204	5.7%	10.0%		\$ 16,553,204	5.7%	-4.3%
SSgA U.S. Intermediate Gov Index	\$ 4,803,385	1.6%	0.0%	\$ (4,803,385)	\$ -	0.0%	0.0%
Parametic Policy Overlay	\$ 4,509,909	1.5%	0.0%		\$ 4,509,909	1.5%	1.5%
Cash (inclusive of bond proceeds)	\$ 50,068,870	17.1%	0.0%	\$ (2,496,615)	\$ 47,572,255	16.3%	16.3%
	\$ 292,155,356	100%	100%		\$ 292,155,356	100%	
	Redemption						
	Subscription						

Bond Proceed Trade Plan: December 2020

- By the start of December, we expect to have clarity on the outcome of the election and would likewise expect to see a decline in overall market volatility
- As markets stabilize, we will look to align the portfolio with existing targets. Top-ups will be made to Vanguard, LSV Small Cap and Mawer
- The Mawer International Equity top-up has been scaled back to avoid exceeding the 20% cap on international stock exposure

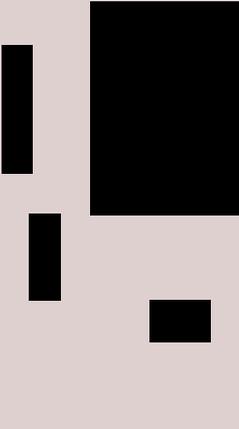
MV as of 9/30/2020	Post Nov. Trade		+/- Target	1 Dec Trades	Post Dec. Trade		+/- Target
Vanguard S&P 500 Index	\$ 30,236,805	10.3%	-6.7%	\$ 20,000,000	\$ 50,236,805	17.2%	0.2%
SGA Large Cap Growth Equity	\$ 27,183,316	9.3%	0.3%		\$ 27,183,316	9.3%	0.3%
LSV Large Cap Equity	\$ 26,305,729	9.0%	0.0%		\$ 26,305,729	9.0%	0.0%
LSV Small Cap Equity	\$ 13,430,979	4.6%	-2.9%	\$ 8,500,000	\$ 21,930,979	7.5%	0.0%
Disciplined Growth Investors	\$ 23,402,317	8.0%	0.5%		\$ 23,402,317	8.0%	0.5%
US Equity Segment Total	\$ 120,559,146	41.3%	-8.7%		\$ 149,059,146	51.0%	1.0%
Mawer International Equity	\$ 47,018,203	16.1%	-3.9%	\$ 8,500,000	\$ 55,518,203	19.0%	-1.0%
Ex-US Equity Segment Total	\$ 47,018,203	16.1%	-3.9%		\$ 55,518,203	19.0%	-1.0%
Brandywine Sovereign Credit	\$ 7,154,398	2.4%	-0.1%		\$ 7,154,398	2.4%	-0.1%
ARES U.S. High Yield	\$ 8,074,872	2.8%	0.3%		\$ 8,074,872	2.8%	0.3%
Mellon Fallen Angels	\$ 7,300,000	2.5%	0.0%		\$ 7,300,000	2.5%	0.0%
Wellington Securitized Opportunities	\$ 13,275,067	4.5%	-0.5%		\$ 13,275,067	4.5%	-0.5%
Libremax Value Fund	\$ 7,452,161	2.6%	0.1%		\$ 7,452,161	2.6%	0.1%
1Sharpe Opportunity Fund	\$ 12,686,141	4.3%	-0.7%		\$ 12,686,141	4.3%	-0.7%
Alternative Credit Segment Total	\$ 55,942,639	19.1%	-0.9%		\$ 55,942,639	19.1%	-0.9%
Principal U.S. Property	\$ 11,269,824	3.9%	-4.1%		\$ 11,269,824	3.9%	-4.1%
Harrison Street Core Property	\$ 5,283,380	1.8%	-0.2%		\$ 5,283,380	1.8%	-0.2%
New Idea 1	\$ -	0.0%	0.0%		\$ -	0.0%	0.0%
New Idea 2	\$ -	0.0%	0.0%		\$ -	0.0%	0.0%
Real Assets Segment Total	\$ 16,553,204	5.7%	-4.3%		\$ 16,553,204	5.7%	-4.3%
SSGA U.S. Intermediate Gov Index	\$ -	0.0%	0.0%		\$ -	0.0%	0.0%
Parametic Policy Overlay	\$ 4,509,909	1.5%	1.5%		\$ 4,509,909	1.5%	1.5%
Cash (inclusive of bond proceeds)	\$ 47,572,255	16.3%	16.3%	\$ (37,000,000)	\$ 10,572,255	3.6%	3.6%
	\$ 292,155,356	100%			\$ 292,155,356	100%	
	Redemption						
	Subscription						

Bond Proceed Trade Plan: Q1 2021

- In Q1 of next year, we will explore new ideas for the real assets sleeve commensurate with the portfolio's overall return targets
- Ideas will be focused on segments of the real estate market less exposed to retail traffic and office occupancy and more likely to benefit from existing trends that have been accelerated as a result of the pandemic
- Such segments include data centres, which continue to benefit from increased demand for data storage and security, and light industrial properties which are close to urban centers and meet demand for last-mile use
- Given this timeline and current positioning, we will not look to top-up the existing real asset holdings

MV as of 9/30/2020	Post Dec. Trade	+/- Target	Q1 2021	
Vanguard S&P 500 Index	\$ 50,236,805	17.2%	0.2%	
SGA Large Cap Growth Equity	\$ 27,183,316	9.3%	0.3%	
LSV Large Cap Equity	\$ 26,305,729	9.0%	0.0%	
LSV Small Cap Equity	\$ 21,930,979	7.5%	0.0%	
Disciplined Growth Investors	\$ 23,402,317	8.0%	0.5%	
US Equity Segment Total	\$ 149,059,146	51.0%	1.0%	
Mawer International Equity	\$ 55,518,203	19.0%	-1.0%	
Ex-US Equity Segment Total	\$ 55,518,203	19.0%	-1.0%	
Brandywine Sovereign Credit	\$ 7,154,398	2.4%	-0.1%	
ARES U.S. High Yield	\$ 8,074,872	2.8%	0.3%	
Mellon Fallen Angels	\$ 7,300,000	2.5%	0.0%	
Wellington Securitized Opportunities	\$ 13,275,067	4.5%	-0.5%	
Libremax Value Fund	\$ 7,452,161	2.6%	0.1%	
1Sharpe Opportunity Fund	\$ 12,686,141	4.3%	-0.7%	
Alternative Credit Segment Total	\$ 55,942,639	19.1%	-0.9%	
Principal U.S. Property	\$ 11,269,824	3.9%	-4.1%	
Harrison Street Core Property	\$ 5,283,380	1.8%	-0.2%	
New Idea 1	\$ -	0.0%	0.0%	New Real Asset Idea 1 (~\$5m)
New Idea 2	\$ -	0.0%	0.0%	New Real Asset Idea 2 (~\$5m)
Real Assets Segment Total	\$ 16,553,204	5.7%	-4.3%	
Parametic Policy Overlay	\$ 4,509,909	1.5%	1.5%	
Cash (inclusive of bond proceeds)	\$ 10,572,255	3.6%	3.6%	
	\$ 292,155,356	100%		
	Redemption			
	Subscription			

Appendix



Manager Scorecard

As of September 30, 2020

Investment Manager Scorecard Review

✘ Did not achieve target
✔ Achieved target

Performance Target¹

	3-Year Metrics				WTW Ratings		Notes
	Absolute Performance (%)	Relative Performance (%)	vs Peer Group Median ²	Key investment professional changes	SAM/Preferred	Watch List Issue Date	
Large Cap Equity Segment	9.6	-2.8	✘				
LSV Large Cap Equity	0.0	-2.6	✘	No	High	---	
Vanguard S&P 500 Index Fund	12.3	0.0	✔	No	Preferred	---	Monitor to ensure tracking error remains within expectations.
Sustainable Growth Advisors	---	---	---	No	Preferred	---	
Small Cap Equity Segment	0.6	-1.2	✘				
LSV Small Cap Equity	-9.6	-4.5	✘	No	High	---	
Disciplined Growth Investors	9.1	0.9	✘	No	High	---	
International Equity Segment	6.3	5.1	✔				
Mawer International Equity	6.3	5.1	✔	No	Preferred	---	
Fixed Income Segment	3.7	-0.6	✘				
SSgA Intermediate Govt Index	---	---	---	No	Preferred	---	
Alternative Credit	---	---	---				
Wellington Securitized Opportunities	---	---	---	No	Preferred	---	
Ares US High Yield Fund	---	---	---	No	Preferred	---	
Brandywine Sovereign Credit	---	---	---	No	Medium	---	While markets have evolved considerably, the team's investment and risk management processes have lagged behind peers. Additionally, the group is undergoing both team specific and organizational shifts which introduces a considerable amount of uncertainty.
1Sharpe Opportunity Fund, Ltd.	---	---	---	No	Preferred	---	
Libremax Value Fund	---	---	---	No	Preferred	---	
Real Estate Segment	5.5	0.6	---				
Principal US Property	4.9	0.0	---	No	NR	---	
Harrison Street Core Property	---	---	---		Preferred	---	

Note: All numbers are preliminary and subject to change.

Note: Changes in SAM/Preferred ratings, since last quarter, are shown in blue.

Note: The Real Estate Segment Index was of the NCREIF Property Index up until July 1, 2013 and the NCREIF ODCE Index (Equal-Weighted) thereafter. Returns for NCREIF have been estimated.

¹ Excess Performance is the manager's gross return relative to their respective benchmark index.

² vs Peer Group median reflects 6/30/2020 information due to unavailability of most recent universe information.

³ Information is not shown due to unavailability of a comparable universe.

✘ Did not achieve target
✔ Achieved target

Summary of Investment Strategies

Approved by CBOT – Traditional Fixed Income Strategies

Asset / Manager	Asset Class	Description	Role in Portfolio	Estimated Fees
Intermediate Govt Index SSgA	Treasury- Fixed Income	Treasury securities with an intermediate duration (typically debt due to mature in 2-10 years)	Treasuries are more diversifying than credit relative to risk assets Nominal position provides downside protection for the strategy in a flight to quality scenario; provides a positive yield	0.030%

Summary of Investment Strategies

Approved by CBOT – Alternative Credit Strategies

Asset / Manager	Asset Class	Description	Role in Portfolio	Estimated Fees
High yield bonds Ares	Credit Strategies-Alternative Credit	US market high yield corporate credit; unsecured creditor in companies, fixed coupons	Diversification with high income profile; expanded opportunity set which allows skilled manager to potentially add value	0.35%
Securitized credit Wellington	Credit Strategies-Alternative Credit	Diversifying exposure with return potential in excess of investment grade bonds	Diversification with lower expected volatility than equity; emphasis on generating total returns in inefficient market space	0.24%
Sovereign credit Brandywine	Credit Strategies-Alternative Credit	Stream of sovereign credit cash flows exposed to a diverse set of political economic and currency risks; attractive risk premium	Diversification which reduces the portfolio's reliance on domestic credit cycles to drive returns; strategy is dependent on manager skill (alpha) for success	0.45%
U.S. Residential Bridge Loans 1Sharpe	Credit Strategies-Alternative Credit-Opportunistic Structured Credit	Strategy is focused on US single family residential bridge loans. These are business purpose loans made to borrowers seeking to acquire, renovate and sell the property for a profit.	Highly fragmented market with operational complexity and small balance lending provides barriers to entry; creating opportunities for specialized lenders to generate strong risk adjusted returns.	0.60%
Opportunistic Structured Credit LibreMax	Private Markets- Less Liquid Credit	High conviction, fundamental long-bias structured credit fund. The Fund seeks to achieve a high performance target through a concentrated portfolio of investments and active trading in sub-investment grade structured credit opportunities.	Opportunistic investment approach on more inefficient and complex segments of securitized credit and as early movers, capturing added illiquidity and complexity premia. Strategy seeks to earn returns in excess of public equity markets; providing an overall increase to the Plan's expected return profile.	0.55%
High Yield Bonds Mellon Investments	Credit Strategies-Alternative Credit	Smart beta strategy that uses a multi-factor model to invest in the US fallen angels universe, which are high yield bonds which were previously rated investment grade and have been downgraded to non-investment grade.	Higher quality than the broader HY universe with similar beta. Can offer better risk-adjusted returns vs. broad HY by capturing positive price momentum around credit rating downgrades and upgrades ('the fallen angels effect').	0.13%

The allocation is intended to provide diversity relative to public equity markets targeting and equity beta of less than 0.6, while producing strong risk adjusted returns.

Summary of Investment Strategies

Approved by CBOT - Real Assets and Private Markets

Asset / Manager	Asset Class	Description	Role in Portfolio	Estimated Fees
Direct Real Estate Harrison Street	Real Assets	Direct investment in property types typically left out of core real estate portfolios: Education, Healthcare and Storage real estate	Diversifies traditional core real estate exposure given greater income profile (as component of total return) & distribution yield	1.15%
TBD Manager 1	Private Markets	TBD	TBD	
TBD Manager 2	Private Markets	TBD	TBD	

Manager Update – September 2020

Brandywine Global Sovereign Credit

Strategy	Previous Rating	Current Rating
Brandywine Global Sovereign Credit	Preferred	Medium

- Brandywine Global Sovereign Credit was downgraded in early July due to:
 - Concerns over investment and risk management processes lagging peers.
 - Uncertainty from shifts in team and organization following the retirement of Managing Director and Portfolio Manager Stephen Smith.
- At this time, we are holding the position in the fund while we evaluate potential alternatives

Parametric Asset Allocation

As of September 30, 2020

Margin Summary

	Value	% of Overlay
Parametric Minneapolis Account Value	4,510,718	13.38 %
Required Initial Margin	330,372	0.98 %
Variation Margin Available	4,180,346	12.40 %

Gain/Loss Summary

Investment Instrument Name	Daily Gain/Loss	Month to Date Gain/Loss	Year to Date Gain/Loss	Inception to Date Gain/Loss
Equity Index Futures	9,675	-697,206	2,111,986	7,081,316
Currency	774	-2,932	-3,044	-510
Cash	0	94	17,750	293,418
Cash Equivalents	0	0	5,009	42,397
Currency Futures	0	-13,936	-2,957	-31,075
Fixed Income Futures	-3,094	3,425	56,520	-234,876
International Equity Index Futures	1,621	-131,659	-164,654	611,813
Total	8,976	-842,214	2,020,610	7,762,483

Note: Overlay Program Inception to Date Gain/Loss includes exposure during International Equity transition (~ \$846.1k)

Fund Exposure Summary

	Actual Target	Adjusted Target	Physical Exposure	Physical Deviation From Adjusted Target	Overlay Exposure	Total Exposure	Total Exposure Deviation From Adjusted Target	Rebalance Trigger
Domestic Equity	120,767,809	120,767,809	117,172,419	-3,595,390	4,658,387	121,830,806	1,062,996	9,661,425
International Equity	48,307,124	48,307,124	45,921,815	-2,385,309	2,187,069	48,108,884	-198,239	-3,864,570
Fixed Income: Diversified Credit	36,230,343	36,230,343	48,559,714	12,329,371	-12,578,566	35,981,148	-249,195	-2,898,427
Fixed Income: Investment Grade	12,076,781	12,076,781	4,799,985	-7,276,796	7,008,420	11,808,405	-268,376	-966,142
Real Estate	24,153,562	24,153,562	16,536,222	-7,617,340	7,372,182	23,908,404	-245,157	-1,932,285
Cash	0	0	8,545,464	8,545,464	-8,647,492	-102,029	-102,029	
	241,535,619	241,535,619	241,535,619	0	0	241,535,619	0	

Note: Parametric Overlay program inception date was 3/27/2015.

Note: Parametric physical exposure may not match current balances in this report as Parametric may be using preliminary asset values.

Current market outlook – a way of understanding possible outcomes

Outline and indicative likelihood

	1. Global recovery in Q3	2. Extended global recession	3. Credit squeeze and defaults
Epidemiology	<ul style="list-style-type: none"> Public health policy measures are highly effective – virus spread controlled by mid-Q2 Social distancing measures eased in c. 2 months 	<ul style="list-style-type: none"> Problem transmissions occur up to Q3. Public health policy is less effective; control of the virus and social distancing easing takes 4 months; with new cluster cases in localised areas 	<ul style="list-style-type: none"> Problem transmissions occur up to Q3. Public health policy is less effective New cluster cases continue in localised waves through the northern hemisphere winter
China	<ul style="list-style-type: none"> Recovery in factory output is largely complete by early-to-mid Q2; Consumer confidence recovers in Q3 	<ul style="list-style-type: none"> Recovery in factory output is delayed until Q3; consumer confidence recovers only in Q4 	<ul style="list-style-type: none"> Recovery in factory output is delayed until Q3; consumer confidence recovers only in Q4 Slower recovery in export sectors
US and Europe	<ul style="list-style-type: none"> US and Europe have an acute contraction until mid-to-late Q2 Highly effective government credit support for households / businesses SMEs are most affected; service sectors (aviation, travel, tourism) will be significantly affected Energy sector affected by lower oil price to Q3 	<ul style="list-style-type: none"> Global recession over Q1 to Q3; US and Europe contract significantly throughout Q2 and Q3 Acute, sustained and broad-based decline in corporate earnings in 2020 Large-scale government credit support for households / businesses Consumer confidence does not recover until Q4 	<ul style="list-style-type: none"> US and Europe contract through to Q1 2021 A shock to employment, incomes, and global trade drives deleveraging given high debt levels Company funding and credit conditions are acutely affected leading to defaults Policy is insufficient or ineffective; economic recovery is weak from Q2 2021

- We believe economic policy is more likely than not to avert the self-reinforcing negative spiral of defaults, unemployment, lost income and declining consumption of scenario 3. However, it is still a plausible if relatively low likelihood outcome from here – perhaps 10% likelihood.
- The difference between scenarios 1 and 2 comes down to the effectiveness of public health policy, the length of suppression measures and economic shut down, and the effectiveness of economic policy (support for small and mid-sized enterprises especially). We have a roughly equal likelihood for these two scenarios.
- Having said this, for the purposes of decision making, we think it is more useful to track the pathway of the disease and policy effectiveness (both public health and economic) by country as it is likely important differences will emerge (i.e. different countries will experience different scenarios concurrently).

Benchmark Definitions

Total Plan		
9/1/2019	Present	50% Russell 3000 / 20% MSCI ACWI ex USA / 17.5% Alternative Credit Benchmark / 2.5% BBgBarc US Govt Int TR / 10% NCREIF ODCE (Equal-weighted) Gross
4/1/2019	8/31/2019	50% Russell 3000 / 20% MSCI ACWI ex USA / 15% Alternative Credit Benchmark / 2.5% BBgBarc US Govt Int TR / 2.5% BBgBarc US TIPS TR / 10% NCREIF ODCE (Equal-weighted) Gross
2/1/2018	3/31/2019	50% Russell 3000 / 20% MSCI ACWI ex USA / 7.5% ICE BofAML US HY Master II Constrained / 7.5% S&P Leveraged Loan / 2.5% BBgBarc US Govt Int TR / 2.5% BBgBarc US TIPS TR / 10% NCREIF ODCE (Equal-weighted) Gross
7/1/2013	1/31/2018	50% Russell 3000 / 20% MSCI ACWI ex USA / 7.5% BBgBarc US Govt/Credit TR / 15% 3-Mo T-Bills + 4% / 7.5% NCREIF ODCE (Equal-weighted) Gross
1/1/2010	6/30/2013	50% Russell 3000 / 20% MSCI ACWI ex USA / 7.5% BBgBarc US Govt/Credit TR / 15% 3-Mo T-Bills + 4% / 7.5% NCREIF Property Index
4/1/1988	12/31/2009	100% Policy Benchmark (history)
Total Plan ex Overlay		
9/1/2019	Present	50% Russell 3000 / 20% MSCI ACWI ex USA / 17.5% Alternative Credit Benchmark / 2.5% BBgBarc US Govt Int TR / 10% NCREIF ODCE (Equal-weighted) Gross
4/1/2019	8/31/2019	50% Russell 3000 / 20% MSCI ACWI ex USA / 15% Alternative Credit Benchmark / 2.5% BBgBarc US Govt Int TR / 2.5% BBgBarc US TIPS TR / 10% NCREIF ODCE (Equal-weighted) Gross
2/1/2018	3/31/2019	50% Russell 3000 / 20% MSCI ACWI ex USA / 7.5% ICE BofAML US HY Master II Constrained / 7.5% S&P Leveraged Loan / 2.5% BBgBarc US Govt Int TR / 2.5% BBgBarc US TIPS TR / 10% NCREIF ODCE (Equal-weighted) Gross
7/1/2013	1/31/2018	50% Russell 3000 / 20% MSCI ACWI ex USA / 7.5% BBgBarc US Govt/Credit TR / 15% 3-Mo T-Bills + 4% / 7.5% NCREIF ODCE (Equal-weighted) Gross
1/1/2010	6/30/2013	50% Russell 3000 / 20% MSCI ACWI ex USA / 7.5% BBgBarc US Govt/Credit TR / 15% 3-Mo T-Bills + 4% / 7.5% NCREIF Property Index
4/1/1988	12/31/2009	100% Policy Benchmark (history)
Domestic Equity Segment		
4/1/1988	Present	Russell 3000
Large Cap Equity Segment		
4/1/2007	Present	Russell 1000
LSV Large Cap Equity		
9/1/2003	Present	Russell 1000 Value
Vanguard S&P 500 Index Fund		
10/1/2012	Present	S&P 500
Sustainable Growth Advisors		
9/1/2019	Present	Russell 1000 Growth
Small Cap Equity Segment		
4/1/2007	Present	Russell 2000
LSV Small Cap Equity		
7/1/2001	Present	Russell 2000 Value
Disciplined Growth Investors		
6/1/1997	Present	Russell 2000 Growth

Benchmark Definitions

International Equity Segment		
5/1/2007	Present	MSCI ACWI ex USA
Mawer International Equity		
12/1/2015	Present	MSCI ACWI ex USA
Fixed Income Segment		
9/1/2019	Present	BBgBarc US Govt Int TR
2/1/2018	8/31/2019	50% BBgBarc US Govt Int TR / 50% BBgBarc US TIPS TR
4/1/1998	1/31/2018	BBgBarc US Govt/Credit TR
SSgA US Intermediate Govt Index		
2/1/2018	Present	BBgBarc US Govt Int TR
Commingled Cash		
4/1/2009	Present	FTSE T-Bill 3 Months TR
Alternative Credit		
4/1/2019	Present	20% BBgBarc US Treasury Bills 1 Month / 20% ICE BofAML US HY Master II Constrained / 20% BBgBarc Global Sovereign Credit Index / 20% 3-Mo T-Bills + 1% / 20% 3 Month LIBOR + 4%
2/1/2018	3/31/2019	50% ICE BofAML US HY Master II Constrained / 50% BBgBarc Global Sovereign Credit Index
Wellington Securitized Opportunities		
2/1/2018	Present	BBgBarc US Treasury Bills 1 Month
Ares US High Yield Fund		
3/1/2018	Present	ICE BofAML US HY Master II Constrained
Brandywine Global Sovereign Credit		
3/1/2018	Present	BBgBarc Global Sovereign Credit Index
1Sharpe Opportunity Fund, Ltd		
7/1/2018	Present	FTSE T-Bill 3 Months TR + 0.08
Libremax Value Fund		
12/1/2018	Present	ICE 3 Month LIBOR + 0.33
Real Estate Segment		
7/1/2013	Present	NCREIF ODCE (Equal-weighted) Gross
2/1/2005	6/30/2013	NCREIF Property Index
Principal US Property		
2/1/2005	Present	NCREIF ODCE (Equal-weighted) Gross
Harrison Street Core Property Fund LP		
8/1/2019	Present	NCREIF ODCE (Equal-weighted) Net

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