
**JACKSONVILLE POLICE AND FIRE PENSION FUND
FINANCIAL INVESTMENT AND ADVISORY COMMITTEE
WORKSHOP AGENDA – JUNE 9, 2017 – 3:30PM
RICHARD “DICK” COHEE BOARD ROOM**

PRESENT

Eric “Brian” Smith Jr., Chairman
Tracey Devine
Rob Kowkabany
Craig Lewis Sr., Secretary
Rodney Van Pelt

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Pension Benefit Specialist
Dan Holmes, Summit Strategies – via Webex

EXCUSED

CITY REPRESENTATIVES INVITED

Joey Greive, Fund Treasurer

GUESTS

Chris Greco, Sawgrass Asset Management
Marty LaPrade, Sawgrass Asset Management

I. CALL TO ORDER

II. PUBLIC SPEAKING PERIOD

III. MEETING SUMMARY TO BE APPROVED

Committee action requested

1. Meeting Summary of the FIAC Meeting held May 11, 2017.
Copies held in the meeting files.

V. OLD BUSINESS

VI. EXECUTIVE DIRECTOR'S REPORT

Timothy H. Johnson

Contract Renewal Discussion

1. Investment Consultant (Summit Strategies)
2. Custodian (Northern Trust)
3. External Auditor (CRI)

Pension Reform Administration Discussion

1. Asset Liabilities Study
2. Oct. 1 2017 Actuarial Valuation

VII. INVESTMENT CONSULTANT REPORTS

Dan Holmes

1. Flash Report – May 31, 2017
2. Economic & Capital Market Update – May 31, 2017
3. Recommended Rebalancing
Committee action requested
4. Sawgrass Manager Review

VIII. NEW BUSINESS

1. Sawgrass Asset Management Presentation

IX. ADJOURNMENT

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NOTES:

Any person requiring a special accommodation to participate in the meeting because of disability shall contact Steve Lundy, Pension Benefits Specialist at (904) 255-7373, at least five business days in advance of the meeting to make appropriate arrangements.

If any person decides to appeal any decision made with respect to any matter considered at this public meeting such person will need a record of proceedings, and for such purpose such person may need to ensure that a verbatim record of the proceedings is made at their own expense and that such record includes the testimony and evidence on which the appeal is based. The public meeting may be continued to a date, time, and place to be specified on the record at the meeting.

Additional items may be added / changed prior to meeting.

SL

**JACKSONVILLE POLICE AND FIRE PENSION FUND
FINANCIAL INVESTMENT AND ADVISORY COMMITTEE
MEETING SUMMARY – MAY 11, 2017 – 3:30PM
RICHARD “DICK” COHEE BOARD ROOM**

PRESENT

Eric “Brian” Smith Jr., Chairman
Tracey Devine
Rob Kowkabany
Rodney Van Pelt

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Pension Benefit Specialist
Dan Holmes, Summit Strategies – via Webex

EXCUSED

Craig Lewis Sr., Secretary
Joey Greive, Fund Treasurer

I. CALL TO ORDER

Chairman Brian Smith called the meeting to order at 3:35PM.

II. PUBLIC SPEAKING PERIOD

There were no requests for Public Speaking. Public Speaking Period was closed.

III. MEETING SUMMARY TO BE APPROVED

1. Meeting Summary of the FIAC Meeting held April 21, 2017.
Copies held in the meeting files.

A motion was made by Rob Kowkabany, to approve the summary of the FIAC meeting held on April 21, 2017, seconded by Rodney Van Pelt. The vote passed unanimously.

IV. EDUCATIONAL OPPORTUNITIES

1. May 31 – June 2, 2017 - FL Division of Retirement – 38th Annual Police Officers' and Firefighters' Pension Trustees' School – Tallahassee, FL

Timothy Johnson informed the FIAC that one member of the Pension Advisory Committee will be attending the event in Tallahassee. Timothy Johnson said he will email a link to the members of the FIAC with more information on the event. He also informed the FIAC that the PFPF will pay for the trip if they choose to attend.

Timothy Johnson then explained the role of the Pension Advisory Committee to the FIAC.

Rob Kowkabany asked if any staff attend the Pension Advisory Committee meetings, and Timothy Johnson replied that he attends along with Steve Lundy and Chuck Hayes.

Tracey Devine asked if this educational event is national or local.

Timothy Johnson said that it is for the State of Florida. Timothy Johnson said that he recently attended another similar event in Orlando along with Trustee Lt. Chris Brown.

The educational opportunities were received as information by the FIAC.

V. OLD BUSINESS

VI. EXECUTIVE DIRECTOR'S REPORT

Timothy H. Johnson

Timothy Johnson said that there are no big tasks today, in contrast to the busy month of April. He said that Dan Holmes will fill the FIAC in on the Loomis Sayles issue.

Dan Holmes said that the General Employees' Pension Plan (GEPP) and the PFPF both have hired Loomis Sayles as a money manager. A comingled Fund is preferred. The Office of General Counsel has been working with Loomis Sayles' lawyers on a contract that will comply with the requirements of Florida Law. After a long back and forth, separate accounts, instead of a comingled Fund, may be necessary.

Timothy Johnson said that he is encouraged that progress is being made.

Timothy Johnson updated the FIAC on the past couple of weeks regarding the 2017 pension reform. He started to discuss the changes to the ordinance that the Board of Trustees recommended to the City Council.

Timothy Johnson briefly described the minimum liquidity ratio. The Board of Trustees recommended a 7:1 ratio; the Council passed a 5:1 ratio.

Timothy Johnson described the 2015 pension reform and consent decree, and that the Board of Trustees recommended that it be amended to reflect the intention of the 2017 pension reform ordinance to replace them. However, the Council has not made any amendments to the 2015 ordinance or consent decree.

Timothy Johnson updated the FIAC on John Keane's lawsuit against the Board of Trustees.

Timothy Johnson updated the FIAC on the Payroll Growth Rate Assumption. The City Council approved the Board of Trustees' recommendation of a 1.25% assumption.

Timothy Johnson described the monthly agenda review conference call to the FIAC. He also described his intention to hold a strategic planning session with the chairs of the Board and the Committees, counsel, and union leadership to discuss implementation of the 2017 pension reform.

Timothy Johnson also informed the FIAC of many contracts coming up for renewal, and that the 2017 pension reform will close the plan, putting everything under a 'new paradigm'.

VII. INVESTMENT CONSULTANT REPORTS

Dan Holmes

1. Economic & Capital Market Update – April 30, 2017

Dan Holmes covered many current economic factors influencing the global markets, including the French Presidential Election, US hiring trends, wage growth, and the expectation of the Federal Reserve raising rates at their next meeting. Dan Holmes said that US equities are positive, but not as strong as international equities and emerging markets.

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Rodney Van Pelt said that the PFPF's asset allocation is heavy in equities, and is positively affecting growth. He asked if there is any way to remain in the current state of 'imbalance'.

Dan Holmes said that this should call into question the plan's asset allocation going forward, and that this needs to be addressed.

Tracey Devine asked if the plan is within its asset allocation limits.

Dan Holmes replied that yes, it is within limits.

Rodney Van Pelt asked if Dan Holmes could add info in current litigation affecting money managers on the watch list.

Tracey Devine said that for large firms, be careful what you ask for. Tracey Devine said that larger firms are involved in many lawsuits; however with smaller boutiques, this addition would be more appropriate.

Dan Holmes said it would be possible to add information about current litigation; however it would add many pages to the document.

Dan Holmes then reviewed the April Flash Report with the FIAC (handout).

The FIAC discussed the asset allocations, benchmarking, weights, and measures used by Summit Strategies for reporting. Dan Holmes gave a hypothetical, simpler example of an allocation calculation in order to explain the methods used.

Rodney Van Pelt asked what indicators are used in various environments in which managers perform well to index, and how allocation is adjusted accordingly.

Tracey Devine explained structural differences between index funds and actively managed funds, and the current trajectory of the market as it is trending.

Rodney Van Pelt asked if Dan Holmes could prepare a presentation on alternatively structured index funds.

Dan Holmes said he will provide one.

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Timothy Johnson briefly discussed the asset liabilities study, and that it could take 8 months from the beginning to end.

Dan Holmes said that it could take Summit Strategies about 2-3 months from when they get the information from the actuary.

Rodney Van Pelt recommended that we add a new index fund to the PFPF's toolbox, even if there is \$0.00 allocated to it, in order to have it available rapidly in case it would be needed in the future.

Dan Holmes said that he can bring up the topic at the next Board of Trustees Meeting.

Tracey Devine asked Dan Holmes to provide information for the next FIAC meeting in June.

2. Investment Performance Review – March 31, 2017

Dan Holmes briefly discussed the Investment Performance Review with the FIAC.

3. Watch List – Q1, 2017

Dan Holmes briefly discussed the manager Watch List. He noted that Pinnacle is on the list because of Key Man Risk. One of the three in their team is experiencing health issues. JP Morgan is performing under the benchmark; however Dan Holmes is not overly concerned.

Dan Holmes said that Sawgrass is in the bottom quartile for performance in 1 and 3 year periods. Sawgrass knows this and they want to come to speak at the next FIAC meeting in June.

VIII. NEW BUSINESS

IX. ADJOURNMENT

Chairman Brian Smith adjourned the meeting at about 5:15PM.

NOTES:

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FINANCIAL INVESTMENT AND ADVISORY COMMITTEE
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If any person decides to appeal any decision made with respect to any matter considered at this public meeting such person will need a record of proceedings, and for such purpose such person may need to ensure that a verbatim record of the proceedings is made at their own expense and that such record includes the testimony and evidence on which the appeal is based. The public meeting may be continued to a date, time, and place to be specified on the record at the meeting.

Additional items may be added / changed prior to meeting.

SL

Craig Lewis, FIAC Secretary

To be approved at the FIAC Meeting on June 9, 2017



POLICE AND FIRE PENSION FUND

ONE WEST ADAMS STREET, SUITE 100

JACKSONVILLE, FLORIDA 32202-3616

"We Serve...and We Protect"

Phone: (904) 255-7373

Fax: (904) 353-8837

AGREEMENT FOR INVESTMENT EVALUATION CONSULTANT SERVICES BETWEEN THE JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES AND SUMMIT STRATEGIES GROUP

THIS AGREEMENT, made and entered into in duplicate effective the 1st day of October, 2013, by and between the **JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES**, a body politic and corporate, hereinafter referred to as the "**BOARD**" or the "**TRUSTEES**" and **SUMMIT STRATEGIES GROUP**, a corporation-for-profit with offices located at 8182 Maryland Avenue, 6th Floor, St. Louis, Missouri 63105, hereinafter referred to as the "**CONSULTANT**".

WITNESSETH:

WHEREAS, Chapters 112, 175 and 185 of the Florida Statutes and Article 22 of the City Charter vest the **BOARD** with full authority, power and responsibility to manage and administer the Police Officers and Firefighters Pension Fund, hereinafter referred to as the "**FUND**"; and

WHEREAS, the **BOARD** prepared a Scope of Services for an Investment Evaluation/Search Consultant to the **FUND** for the purpose of soliciting proposals from qualified consultants; and

WHEREAS, the aforesaid Scope of Services is attached to this Agreement as Exhibit A and by this reference made a part hereof; and

WHEREAS, the **CONSULTANT** submitted a proposal to the **BOARD** dated December 15, 2006 and was selected by the **BOARD** as the best and most qualified applicant; and

WHEREAS, the **CONSULTANT** originally commenced the provision of services to the **BOARD** on December 3, 2007 and the parties wish to continue this relationship by execution of this Agreement which will authorize the continued provision of services for periods subsequent to the

POLICE AND FIRE PENSION FUND

expiration of the Agreement previously in effect;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained in this Agreement, the parties agree as follows:

1. The **CONSULTANT** hereby accepts the appointment to provide investment evaluation services in conjunction with the investment performance of the consolidated portfolio as well as an individual analysis of the performance of each of the investment advisors under contract to the Jacksonville Police and Fire Pension Fund as follows:

a. Provide a comprehensive review and analysis quarterly report of the rates of return and other pertinent data over a period of analysis not to exceed ten (10) prior years, depending upon the availability of the appropriate data, with respect to the portfolio of stocks, bonds, and all other types of investments of the **FUND**. The comprehensive quarterly reports shall contain an analysis of the Fund as a whole, and separate analyses of the performance of each investment advisory firm with appropriate comparisons to various benchmark indicators and peer groups. Quarterly evaluations under this Agreement will commence for the quarterly period ending December 31, 2013 and such evaluations shall continue for each quarterly period thereafter for the period under contract.

b. Provide a summary review and analysis monthly report detailing the beginning and ending balance of each investment advisor's separately managed portfolio as designated by the **BOARD**, detailing the beginning value, the ending value, and the percentage rate of return for periods ending with each month end, with appropriate comparisons to various benchmark indicators. Such monthly "flash reports" will commence for the monthly period ending October 31, 2013 and such reports shall continue for each monthly period thereafter for the period under contract.

c. The above described quarterly evaluations will be provided to the **BOARD** in

POLICE AND FIRE PENSION FUND

person by the **CONSULTANT**. The **CONSULTANT** shall be available to present the monthly “flash report” by telephone or by video-conferencing.

d. Provide a continuing overview of the current investment environment, present investment strategy, recent performance, asset allocation, alternative investment vehicles and the impact of such variables upon the pension fund.

e. Assist the **BOARD** in monitoring the investments to ensure that the investment portfolio as a whole and each component thereof is administered in accordance with the various provisions of the **BOARD’S** Statement of Investment Policy.

f. The **CONSULTANT** shall also assist the **BOARD** in reviewing and updating investment policies, objectives and strategies of the **FUND**.

g. Provide other consulting services which may be reasonable and necessary to successfully accomplish the purposes of this Agreement.

2. Information needed to provide the investment evaluations required herein are generally contained in the records and reports of the custodial bank. Should additional information be needed by the **CONSULTANT**, the **BOARD** shall execute such releases as are necessary to secure such information. The **CONSULTANT** is entitled to reasonably rely upon information provided by the **BOARD** or its agents and the **CONSULTANT** will, to the best of its ability, notify the **BOARD** of any material discrepancies that it may find.

3. The **CONSULTANT** shall also serve as an advisor and search consultant to the **TRUSTEES** in conjunction with periodic selections of additional or replacement investment advisors.

4. The **BOARD** shall pay the **CONSULTANT** a hard-dollar quarterly fee of \$61,466.00 for the fiscal year ending September 30, 2014, and a \$61,466.00 quarterly fee for the fiscal year

POLICE AND FIRE PENSION FUND

ending September 30, 2015, for the provision of services described in this Agreement. Such fee shall be inclusive of any travel-related expenses that may necessary to properly service the account. The fee will be paid in quarterly installments upon delivery of completed reports and services. A statement showing the amount of fee payable shall be submitted to the **BOARD** by the **CONSULTANT** promptly after the close of each quarterly period.

5. The **CONSULTANT** certifies that it is professionally qualified as an independent consultant to evaluate the performance of the professional money managers investing the assets of the Jacksonville Police and Fire Pension Fund.

6. This Agreement shall be governed by the laws of the State of Florida. In any action to enforce the provisions of this Agreement venue shall be in Duval County, Florida.

7. The parties further agree:

a. In the event of any legal action arising out of the enforcement or interpretation of this Agreement, the prevailing party shall be entitled to recover its costs and attorneys fees.

b. The **FUND** represents that the services hereunder, to the extent that they are paid for by the **FUND**, inure solely to the benefit of the **FUND** and that, under the governing instruments of the **FUND** and/or the **BOARD**, and the laws to which the **BOARD** and/or **FUND** is subject, the services are a proper and permissible expense.

c. The parties hereby represent and warrant that they have full power, authority and capacity to execute and deliver this Agreement and to perform their respective obligations under this Agreement and that this Agreement has been duly executed and delivered by the parties and constitutes a legal, valid and binding obligation of the parties enforceable against the parties in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights.

POLICE AND FIRE PENSION FUND

d. The **CONSULTANT** represents and warrants that it is registered as an investment advisor under the Investment Advisers Act of 1940, as amended, and that it will maintain such registration during the term of the Agreement.

e. The parties to the contract recognize that the **BOARD** is not governed by ERISA. Nevertheless, in all of its relations with the **BOARD**, the **CONSULTANT** will utilize the skill, care, prudence and diligence that a reasonable person in like positions would use. The **CONSULTANT** recognizes that its primary obligation under this Agreement is to the **BOARD** and members of the **FUND** and that it will place the interest of the **BOARD** and the members above all others and will not enter into any agreement or take any action contrary to that responsibility. The **CONSULTANT** will be governed in all of its activities by Chapter 112, Part VII, Florida Statutes, including but not limited to the fiduciary responsibility provisions applicable to providers of services to retirement plans as described in Section 112.656, Florida Statutes.

f. The **CONSULTANT** and its employees will not render any legal, accounting or actuarial advice and will not prepare any legal, accounting or actuarial documents.

g. The **CONSULTANT** will treat confidentially, by not disclosing to unaffiliated persons, information furnished by the **BOARD** to the **CONSULTANT** hereunder without the **BOARD'S** consent except information that is (i) incident to a subcontract or service contract entered into by the **CONSULTANT** to assist in performing the services hereunder, (ii) in connection with an audit, actuarial or regulatory examination, or (iii) as may otherwise be legally required.

h. The **CONSULTANT** hereby acknowledges and agrees that it has been provided with the Statement of Investment Policy for the **FUND**, which is attached hereto as Exhibit B and by this reference made a part hereof. The Statement of Investment Policy has been duly adopted by the **BOARD** in accordance with its authority under state law.

POLICE AND FIRE PENSION FUND

i. The **CONSULTANT** acknowledges that it has read and fully understands (to the extent relevant to the provision of the services described herein) the provisions of Chapters 175 and 185, Florida Statutes and any applicable provisions described in Section 215.47, Florida Statutes and the limitations and prohibitions regarding investments therein contained. The **CONSULTANT** agrees to observe those statutory provisions together with the Statement of Investment Policy as set forth by the **BOARD**.

j. The **CONSULTANT** warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the **CONSULTANT**, to solicit or secure this Agreement and that it has not paid or agreed to pay any person, company, corporation, individual, or firm other than a bona fide employee working solely for the **CONSULTANT**, any fee, commission, percentage, gift, or other consideration contingent upon or resulting from the award or making of this Agreement.

k. If any part of this Agreement shall be held void, voidable, or otherwise unenforceable by any court of law or equity, nothing contained in this Agreement shall limit the enforceability of any other part.

l. The **CONSULTANT** shall not make any public statement regarding the dealings with the **FUND** without the prior written approval of the **FUND**.

8. This Agreement shall commence on the day and year first above written and shall remain in full force and effect through the 30th day of September, 2015. The **BOARD** may terminate this Agreement upon thirty (30) days written notice, with or without cause. The **CONSULTANT** may terminate this Agreement upon ninety (90) days written notice, with or without cause. The **BOARD** shall have the option of renewing this Agreement for additional periods based upon terms

POLICE AND FIRE PENSION FUND

to be negotiated by the parties.

9. This Agreement may not be assigned by the **CONSULTANT** without the written consent of the **BOARD**.

10. If any part of this Agreement shall be held void, voidable, or otherwise unenforceable by any court of law or equity, nothing contained in this Agreement shall limit the enforceability of any other part.

11. In the event of a dispute between the parties, the parties may by mutual consent agree to submit the matter to binding arbitration.

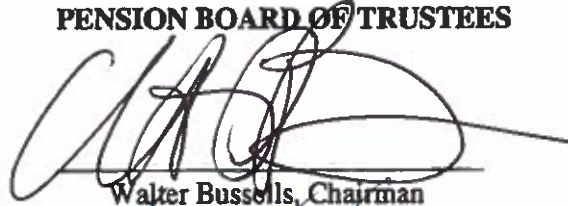
12. This Agreement constitutes the entire understanding of the **BOARD** and the **CONSULTANT** and may be amended only by written instrument executed by both parties.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the day and year first above written.

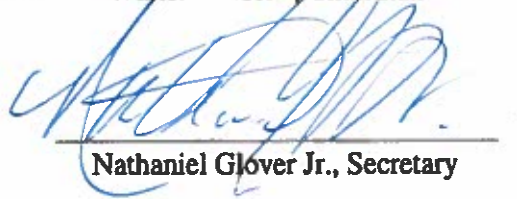
Signature element on following page.

POLICE AND FIRE PENSION FUND

JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES


A large, stylized black ink signature, likely of Walter Bussells, written over a horizontal line.

Walter Bussells, Chairman

A blue ink signature, likely of Nathaniel Glover Jr., written over a horizontal line.

Nathaniel Glover Jr., Secretary

SUMMIT STRATEGIES GROUP

A blue ink signature, likely of the Managing Director Secretary, written over a horizontal line.

Its **MANAGING DIRECTOR
SECRETARY**

ATTEST:

A blue ink signature, likely of John Keane, written over a horizontal line.

John Keane
Executive Director – Administrator



POLICE AND FIRE PENSION FUND

ONE WEST ADAMS STREET, SUITE 100

JACKSONVILLE, FLORIDA 32202-3616

"We Serve...and We Protect"

FIRST AMENDMENT AND ADDENDUM "A" TO THE INVESTMENT EVALUATION CONSULTANT SERVICES BETWEEN THE JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES AND SUMMIT STRATEGIES GROUP

THIS FIRST AMENDMENT AND ADDENDUM "A" TO THE INVESTMENT EVALUATION CONSULTANT SERVICES, is made and entered into this 1st day of October, 2015, by and between the JACKSONVILLE POLICE AND FIRE PENSION FUND BOARD OF TRUSTEES, a body politic and corporate, hereinafter referred to as the "BOARD" or the "TRUSTEES" and SUMMIT STRATEGIES GROUP, a corporation-for-profit with offices located at 8182 Maryland Ave., 6th Floor, St. Louis, Missouri 63105, hereinafter referred to as the "CONSULTANT".

THIS FIRST AMENDMENT AND ADDENDUM "A" TO THE INVESTMENT EVALUATION CONSULTANT SERVICES, amends the INVESTMENT EVALUATION CONSULTANT SERVICES as follows:

"ADDS ADDENDUM "A" TO THE INVESTMENT EVALUATION CONSULTANT SERVICES AND EXTENDS THE AGREEMENT UNTIL SEPTEMBER 30, 2017".

ADDENDUM "A" TO THE AGREEMENT

(a) Any investment manager or advisor of the Police and Fire Pension Fund who has discretionary authority for any investment of the fund, any custodian of Fund assets, and any investment consultant retained by the Board shall agree to certify, annually, to the Financial Investment and Advisory Committee and to the Board of Trustees, no later than the January 31 following the previous calendar year, that:

SCANNED

POLICE AND FIRE PENSION FUND

- (1) The investment manager, advisor, custodian, or investment consultant acknowledges that the manager or advisor serves as a fiduciary to the Police and Fire Pension Fund and agrees to be bound by all responsibilities of a fiduciary;
- (2) All investment decisions made by the investment manager, advisor, custodian, or investment consultant on behalf of the Police and Fire Pension Fund are made in the best interests of the Fund and not made in a manner to the advantage of such investment advisor, manager, custodian, investment consultant, other persons, or clients to the detriment of the Fund;
- (3) Appropriate policies, procedures, or other safeguards have been adopted and implemented by such manager, advisor, custodian, or investment consultant to ensure that relationships with any affiliated persons or entities do not adversely influence the investment decisions made on behalf of the Police and Fire Pension Fund;
- (4) The investment manager, advisor, custodian, or investment consultant is not the subject of a claim or litigation brought by a present or former client or by a regulatory agency asserting that such investment manager, advisor, custodian, or investment consultant has breached its fiduciary responsibilities, or, if such be the case, the investment manager, advisor, custodian, or investment consultant shall disclose the particulars of each such claim or litigation;
- (5) A written code of ethics, conduct, or other set of standards, as submitted by the investment manager or advisor to the Financial Investment and Advisory Committee and the Board of Trustees and accepted by both the Financial Investment and Advisory Committee and the Board of Trustees, (i) governs the professional behavior and expectations of owners, general partners, directors or managers, officers, and employees of the investment advisor, manager, custodian, or investment consultant; (ii) has been adopted and implemented; and (iii) is effectively monitored and enforced; and

POLICE AND FIRE PENSION FUND

(6) Policies of the Board concerning prohibited business relationships among family members and other related parties have been complied with.

(b) Any investment manager, advisor, custodian, or investment consultant of the Police and Fire Pension Fund who has discretionary authority for any investment of the Police and Fire Pension Fund shall agree to disclose annually to the Financial Investment and Advisory Committee and to the Board, no later than the January 31 following the previous calendar year:

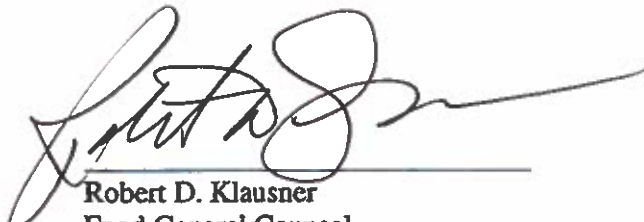
(1) Any known circumstances or situations that a prudent person could expect to create and actual or potential conflict of interest, including specifically (i) any material interests in or with financial institutions with which officers and employees conduct business on behalf of the Police and Fire Pension Fund, and (ii) any personal financial or investment positions of the investment manager, advisor, custodian, or investment consultant that could be related to the performance of an investment program of the Police and Fire Pension Fund over which the investment manager, advisor, custodian, or investment consultant has discretionary investment authority on behalf of the Police and Fire Pension Fund; and;

(2) All direct or indirect pecuniary interests that the investment manager, advisor, custodian, or investment consultant has in or with any party to a transaction with the Police and Fire Pension Fund if the transaction is related to any discretionary investment authority that the investment manager or advisor exercises on behalf of the Police and Fire Pension Fund.


THIS FIRST AMENDMENT AND ADDENDUM "A" TO THE INVESTMENT EVALUATION CONSULTANT SERVICES shall commence on the day and year first above written and shall remain in full force and effect through the 30th day of September, 2017. All other terms and conditions of the Investment Agreement remain in full force and effect.

POLICE AND FIRE PENSION FUND

IN WITNESS WHEREOF, the parties have duly executed this First Amendment
an Addendum to Investment Agreement as of the day and year first above written.



Robert D. Klausner
Fund General Counsel

JACKSONVILLE POLICE AND FIRE PENSION FUND BOARD OF TRUSTEES


Asst. Chief Larry Schmitt, Chair

Richard Tuten III, Board Secretary

SUMMIT STRATEGIES GROUP

By: 
Name: Stephen P. Holmes
Title: President

By: 
Name: Dan Haynes
Title: Chief Compliance Officer

Attest to:


By: John Keane
John Keane
Executive Director-Administrator



POLICE AND FIRE PENSION FUND

ONE WEST ADAMS STREET, SUITE 100
JACKSONVILLE, FLORIDA 32202-3616

"We Serve...and We Protect"

Phone: (904) 255-7373
Fax: (904) 353-8837

PUBLIC FUND MASTER CUSTODY AGREEMENT BETWEEN THE JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES AND THE NORTHERN TRUST COMPANY

THIS AGREEMENT, made and entered into in duplicate the 1ST day of October, 2013 by and between the **JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES**, a body politic and corporate, hereinafter referred to as the **"BOARD"** or the **"TRUSTEES"** and **THE NORTHERN TRUST COMPANY**, with its principal offices located at 50 South LaSalle Street, Chicago, Illinois 60603, hereinafter referred to as **"NORTHERN"**:

WITNESSETH:

WHEREAS, Chapters 112, 175, and 185 of the Florida Statutes and Article 22 of the City Charter vest the **BOARD** with full authority, power and responsibility to manage and administer the Police Officers and Firefighters Pension Fund, hereinafter referred to as the **"FUND"**; and

WHEREAS, **NORTHERN** has previously expressed an interest in serving the **BOARD** to act as custodian for certain securities of the **FUND**; and

WHEREAS, **NORTHERN** has previously rendered master custody services to the **BOARD** and the parties wish to continue this relationship by execution of this Agreement which will authorize the continued provision of services for periods subsequent to the agreement(s) previously in effect;

SCANNED

POLICE AND FIRE PENSION FUND

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter contained, the parties agree as follows:

To the extent not inconsistent with the provisions of this Agreement, **NORTHERN** shall follow the parameters set forth in Section VIII, subsection A (excluding item #17) of the Statement of Investment Policy approved by the **BOARD** on June 16, 2009, attached to this Agreement as Appendix AB^o and by this reference such Section VIII, subsection A (excluding item #17) is made a part hereof.

A. **APPOINTMENT OF CUSTODIAN.** The **BOARD** hereby designates and appoints **NORTHERN** as the master custodian for the **FUND**, and **NORTHERN** hereby accepts such appointment and agrees to serve as master custodian of such assets of the **FUND** in accordance with the terms of this Agreement.

B. **TERM.** This Agreement shall commence on the 1st day of October, 2013 and shall expire on September 30, 2015. This Agreement replaces and supersedes all previous agreements between the **BOARD** and **NORTHERN** with respect to the assets of the **FUND**, which said agreements shall become null and void on the effective date of this Agreement. Unless otherwise terminated as provided below, this Agreement shall be automatically renewed on an annual basis for all periods subsequent to September 30, 2013. In the event that this Agreement is renewed, all of the conditions and provisions of this Agreement shall remain in full force and effect during the renewal term, unless otherwise amended, modified, or supplemented in writing by mutual agreement of the **BOARD** and **NORTHERN**, either prior to, or at the time of the renewal. The **BOARD** may terminate this Agreement, with or without cause, by giving thirty (30) days written notice thereof to **NORTHERN**. **NORTHERN** may terminate this Agreement, with or without

POLICE AND FIRE PENSION FUND

cause, by giving one hundred eighty (180) days written notice thereof to the **BOARD**.

C. CUSTODIAN ACCOUNT(S) ESTABLISHED. The **NORTHERN** shall establish an account (the "Account") to hold such assets of the **FUND** as are transferred to it from time to time.

The **BOARD** shall direct **NORTHERN** to establish one or more separate accounts ("Separate Account") for cash, securities and other property of the **FUND** received by **NORTHERN** from time to time. Each Separate Account shall be managed by either the **BOARD** or an investment manager appointed by the **BOARD**. By written direction the **BOARD** will designate assets of the Account to be allocated to each Separate Account and direct **NORTHERN** to transfer assets of the Account to or from each Separate Account. With respect to cash deposited in **NORTHERN'S** banking department, the Separate Accounts are maintained as a matter of convenience and, therefore, **NORTHERN** may aggregate the Separate Accounts for purposes of its depository requirements.

NORTHERN shall appoint as its agent a foreign custodian to hold the assets of any Separate Account established by the **BOARD** for investment in foreign securities.

Until advised to the contrary **NORTHERN** may assume that the assets of the **FUND** are exempt from taxation under the provisions of the Internal Revenue Code relating to government plans and the **BOARD** will promptly inform **NORTHERN** of the loss of the tax exempt status of the **FUND**.

D. INSTRUCTIONS. **NORTHERN'S** duties shall be as follows:

1. **NORTHERN** shall hold and safeguard the cash, securities, and other property in the Account and shall collect the income and principal thereof when due.
2. **NORTHERN** may hold securities or other property of each Separate

POLICE AND FIRE PENSION FUND

Account through an agent or in the name of its nominee or in a corporate depository or federal book entry account system or other form as it deems best. **NORTHERN** shall forward any proxies relating to securities or other property held in the Account to the appropriate investment manager, or, in accounts where no investment manager has been appointed, to the **BOARD** or the **BOARD's** designee, and **NORTHERN** shall process such proxies as directed by the investment manager, the **BOARD** or the **BOARD's** designee.

3. With respect to a Separate Account managed by the **BOARD**, all security transactions shall be placed through brokers of its choice. Each investment manager appointed by the **BOARD** is authorized to execute security trades directly with respect to its respective Separate Account. **NORTHERN** is hereby directed to receive and pay for securities purchased in accordance with industry practice and to deliver in accordance with industry practice, securities sold by the **BOARD** or by an investment manager.

Under no circumstance shall **NORTHERN** pay any money to an investment manager except pursuant to written instructions by the **BOARD**. **NORTHERN** shall issue its operating instructions to the **BOARD** and an investment manager as it deems appropriate.

4. **NORTHERN** is authorized, but shall not be obligated, to credit the Account provisionally on payable date with interest, dividends, distributions, redemptions or other amounts due. Otherwise, such amounts will be credited to the Account on the date such amounts are actually received by **NORTHERN** and reconciled to the Account. In cases where **NORTHERN** has credited the Account with such amount prior to actual collection and reconciliation, the **BOARD** agrees that **NORTHERN** may reverse such credit as of payable date if and to the extent that it does not receive such amounts in the ordinary

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course of business. The **BOARD** shall make **NORTHERN** whole for any loss which it may incur from any such provisional credit and acknowledges that **NORTHERN** shall be entitled to recover from the **BOARD** on demand such provisional credit, plus **NORTHERN'S** fee, applicable from time to time, and any reasonable expenses incurred in connection with such provisional credit.

5. **NORTHERN** is authorized, but shall not be obligated, to advance its own funds to complete transactions in cases where adequate funds may not otherwise be available to the Account. The **BOARD** shall make **NORTHERN** whole for any loss which it may incur from such advancement and acknowledges that **NORTHERN** shall be entitled to repayment of any amounts advanced plus its fee, as applicable from time to time, and reasonable expenses incurred in connection with advancing such funds.

6. The **BOARD** recognizes that any decision to effect a provisional credit or an advancement of **NORTHERN'S** own funds to the Account pursuant to this Agreement will be an accommodation granted entirely at **NORTHERN'S** option and in light of the particular circumstances, which circumstances may involve conditions in different countries, markets and classes of assets at different times. All amounts thus due to **NORTHERN** under this Agreement with respect to a provisional credit or advancement of **NORTHERN'S** funds to the Account shall be paid by **NORTHERN** from the Account unless otherwise paid by the **BOARD** on a timely basis, and in that connection the **BOARD** acknowledges that **NORTHERN** has a continuing lien on all Account assets to secure such payments and agrees that **NORTHERN** may apply or set off against such amounts any amounts credited by or due from **NORTHERN** to the **BOARD**. If funds in the Account are insufficient to make any such payment, the **BOARD** shall promptly deliver to **NORTHERN** the amount of

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such deficiency in immediately available funds when and as specified by **NORTHERN'S** written or oral notification.

7. **NORTHERN** may execute and deliver as agent of the **BOARD** and pursuant to the **BOARD'S** directions or the directions of an investment manager any assignments, stock or bond powers or other documents or instruments and, in particular (a) may sell, assign, transfer, or make other disposition of any security or other property in the Account in accordance with industry practice; (b) may obtain any payment due; and (c) may make payment in accordance with industry practice for any securities purchased or otherwise acquired. **NORTHERN** may execute any and all documents by signing as agent of the **BOARD** or as its attorney-in-fact pursuant to this authorization.

8. Subject to contrary instructions from the **BOARD** or an investment manager, **NORTHERN** shall invest United States Dollars held by **NORTHERN** in the United States in a Separate Account on a short-term basis pending permanent investment, **NORTHERN** is authorized to invest such United States Dollars so held in bonds, notes, and other evidences of indebtedness including investments in United States Treasury Bills, commercial paper, bankers' acceptances and certificates of deposit and undivided interests or participations therein, collective or commingled funds and regulated investment companies. Notwithstanding any other provision of this agreement **NORTHERN** may invest United States Dollars held by **NORTHERN** in the United States in a Separate Account in its or its affiliate's collective short term investment fund or pursuant to the direction of the **BOARD** or an investment manager in any other collective fund maintained pursuant to **NORTHERN'S** or its affiliate's collective trust fund which is maintained as a medium for the collective investment of funds of pension, profit sharing or other employee

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benefit plans including government plans, and which is qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and, any assets invested in such collective trust fund shall be held and invested pursuant to all the terms and conditions of the trust agreement or declaration of trust establishing such trust, which are hereby incorporated by reference and shall prevail over any contrary provision of this Agreement. For currencies other than United States Dollars, **NORTHERN** shall invest cash as directed by the **BOARD**, or an investment manager, which may include interest bearing accounts of a foreign custodian.

9. In connection with **NORTHERN'S** global custody service, the **BOARD** will maintain deposits at **NORTHERN'S** London Branch. The **BOARD** acknowledges and agrees that such deposits are payable only in the currency in which an applicable deposit is denominated; that such deposits are payable only on its demand at **NORTHERN'S** London Branch; that such deposits are not payable at any of **NORTHERN'S** offices in the United States; and that **NORTHERN** will not in any manner directly or indirectly promise or guarantee any such payment in the United States.

The **BOARD** further acknowledges and agrees that such deposits are subject to cross-border risk, and therefore **NORTHERN** will have no obligation to make payment of deposits if and to the extent that it is prevented from doing so by reason of applicable law or regulation or any Sovereign Risk event affecting the London Branch or the currency in which the applicable deposit is denominated. "Sovereign Risk" for this purpose means nationalization, expropriation, devaluation, revaluation, confiscation, seizure, cancellation, destruction or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of

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currency restrictions, exchange controls, taxes, levies or other charges affecting the property rights of persons who are not residents of the affected jurisdiction; or acts of war, terrorism, insurrection or revolution; or any other act or event beyond **NORTHERN'S** control.

THE BOARD ACKNOWLEDGES AND AGREES THAT DEPOSIT ACCOUNTS MAINTAINED AT FOREIGN BRANCHES OF UNITED STATES BANKS (INCLUDING, IF APPLICABLE, ACCOUNTS IN WHICH CUSTOMER FUNDS FOR THE PURCHASE OF SECURITIES ARE HELD ON AND AFTER CONTRACTUAL SETTLEMENT DATE), ARE NOT INSURED BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION; MAY NOT BE GUARANTEED BY ANY LOCAL OR FOREIGN GOVERNMENTAL AUTHORITY; ARE UNSECURED; AND IN A LIQUIDATION MAY BE SUBORDINATED IN PRIORITY OF PAYMENT TO DOMESTIC (U.S. - DOMICILED) DEPOSITS. THEREFORE, BENEFICIAL OWNERS OF SUCH FOREIGN BRANCH DEPOSITS MAY BE UNSECURED CREDITORS OF THE NORTHERN TRUST COMPANY. Deposit account balances that are owned by United States residents are expected to be maintained in an aggregate amount of at least \$100,000 or the equivalent in other currencies.

10. If a corporation in which the Account holds common stock declares a dividend in stock, and such payment results in a fractional share, **NORTHERN** shall sell such fraction.

11. In the event the **BOARD** invests, or authorizes any investment manager to invest, the assets of any Separate Account in financial futures or options on futures, the **BOARD** shall direct **NORTHERN**: (i) to transfer initial margin to a futures commission merchant or third party safekeeping bank as directed by the **BOARD** or the investment

POLICE AND FIRE PENSION FUND

manager; and (ii) to pay or demand variation margin in accordance with industry practice to or from the designated futures commission merchant based on daily marking to market calculations. **NORTHERN** shall have no investment or custodial responsibility with respect to assets of any Separate Account transferred to a futures commission merchant or safekeeping bank.

12. In the event that the **BOARD** or an investment manager engage in any type of options transactions including, but not limited to, put and call options, **NORTHERN** is authorized to pledge assets of a Separate Account as collateral for such transaction in accordance with industry practice.

13. In the event that the **BOARD** engages, or authorizes any investment manager to engage, in short sale transactions with respect to any Separate Account, **NORTHERN'S** responsibilities shall be limited to putting the short positions on record, and accepting or transferring assets to or from the Separate Account, as the **BOARD** or the investment manager directs. **NORTHERN** shall have no responsibility to calculate realized gains or losses, nor shall **NORTHERN** have any investment or custodial responsibility with respect to cash or securities held by brokers or others, in connection with such transactions.

14. Pursuant to the **BOARD'S** direction or the direction of an investment manager, and subject to **NORTHERN'S** consent, **NORTHERN** shall enter into such additional procedural, safekeeping, custody, or other agreements with brokers, futures commission merchants, safekeeping banks or others as the **BOARD** or the investment manager may deem necessary to effectuate any futures, options on futures, options or short sale transactions undertaken with respect to any Separate Account, and **NORTHERN** shall establish such collateral accounts (which may be sub-accounts of a Separate Account) as

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the **BOARD** or an investment manager shall direct. The **BOARD** or the investment manager shall approve the form and content of any such additional agreements, and the provisions of such agreements shall control in the event of a conflict with this Agreement. **NORTHERN** shall have no investment or custodial responsibility hereunder for any assets held pursuant to any such agreement.

15. **NORTHERN'S** duties shall be limited to those expressly set forth in this Agreement. Except to the extent **NORTHERN** exercises discretion with respect to securities lending and the temporary investment of U.S. dollar denominated cash, **NORTHERN** shall have no obligation to make any investment review, to consider the propriety of holding or selling any property in the Account or to provide any advice. **NORTHERN** shall incur no liability to the **BOARD** or the Account for any act taken or omitted by **NORTHERN** or any of its agents pursuant to this Agreement and shall be indemnified by the **BOARD** for any losses, expenses (including accounting and legal fees), penalties or taxes (collectively "Losses") arising from its provision of custody services hereunder, except to the extent such Losses are the direct result of **NORTHERN'S** negligence, fraud or willful misconduct in the performance of its responsibilities under this Agreement. **NORTHERN** shall indemnify the **BOARD** and hold it harmless from and against any Losses incurred by the **BOARD** or the Account to the extent such Losses are the direct result of **NORTHERN'S** negligence, fraud or willful misconduct in the performance of its responsibilities under this Agreement. **NORTHERN** shall have no responsibility for the solvency or financial condition of any agent engaged in connection with the provision of services to the Account, and shall incur no liability to the **BOARD** or the Account for any loss arising therefrom.

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16. **NORTHERN** shall furnish the **BOARD** with periodic statements of account showing all receipts and disbursements and the property in each Separate Account and the market value thereof. **NORTHERN** shall incur no liability to the **BOARD** or the Account for any loss which may arise from the mispricing of Account assets by any broker, pricing service or other person upon whose valuation **NORTHERN** relies in good faith. A statement of account shall be approved by the **BOARD** by written notice delivered to **NORTHERN** or by failure to object to the statement of account within sixty (60) days of the date upon which the statement of account was delivered to the **BOARD**. To the extent permitted by law, the approval of a statement of account shall constitute a full and complete discharge to **NORTHERN** as to all matters set forth in that statement of account. In no event shall **NORTHERN** be precluded from having its statement of account settled by a judicial proceeding.

17. Upon the expiration or termination of this Agreement **NORTHERN** shall promptly deliver all cash, securities and other property then in the Account to the **BOARD** or in accordance with its order.

18. The **BOARD** may appoint **NORTHERN** a lending fiduciary whereupon **NORTHERN** shall lend securities of the Account held by it pursuant to a written agreement with the **BOARD**. The terms of the written agreement shall be consistent with the Federal Financial Institutions Examination Council Supervisory Policy on Securities Lending. The written agreement shall direct **NORTHERN** to enter into a lending Agreement with the borrower or borrowers. **NORTHERN** shall transfer the securities to the borrower and invest the collateral received in exchange for the securities. Notwithstanding anything in this Agreement to the contrary, the right to vote securities out on loan on record date passes to

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the borrower, or a transferee of the borrower, as a consequence of the transfer of title to the securities. **NORTHERN** shall maintain a record of the market value of the loaned securities and shall be paid reasonable compensation as agreed upon between it and the **BOARD**.

19. **NORTHERN** shall receive such reasonable compensation for its services as agreed upon from time to time between it and the **BOARD**. The initial fees for compensation for custodial services are set forth in Appendix A which is attached to this Agreement. Those items of compensation shall be paid from the **FUND** when due, subject to prior payment by the **BOARD** in its discretion. In addition, in circumstances requiring unusual or extraordinary legal or accounting fees and expenses, **NORTHERN** shall pay such fees and expenses from the **FUND** if (i) such fees and expenses are reasonable, (ii) the **BOARD** is given advance notice of the required work which generated such fees or expenses, and (iii) **NORTHERN** shall repay the Account for any legal or accounting fees or expenses if such fees or expenses are incurred as a result of action or inaction which has been determined by a court of competent jurisdiction to be the result of **NORTHERN'S** negligence or willful misconduct in carrying, or failing to carry out, its duties under this Agreement. This paragraph 19 shall survive the termination of this Agreement.

20. **NORTHERN** shall make distributions from the Account to such persons, in such amounts, at such times and in such manner as the **BOARD** shall from time to time direct in writing and the **BOARD** warrants that any such directions shall be in compliance with applicable law or regulation, including any plan. **NORTHERN** shall not be liable for any distribution made in good faith without actual notice or knowledge of the changed condition or status of the recipient. If any distribution made by **NORTHERN** is returned unclaimed, it

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shall notify the **BOARD** and shall dispose of the distribution as the **BOARD** directs. Pursuant to making distributions, **NORTHERN** may deposit cash in any depository including its own banking department, without any liability for the payment of interest thereon, notwithstanding **NORTHERN'S** receipt of "float" from such uninvested cash.

21. The provisions of the law of Florida shall govern the validity, interpretation and enforcement of this Agreement. The invalidity of any part of this Agreement shall not affect the remaining parts hereof.

22. **NORTHERN** is hereby authorized to rely and act on any direction or instruction which it believes in good faith has been provided to it by the persons holding any two of the following positions:

- (a) Chairman of the Board;
- (b) Secretary of the Board;
- (c) Executive Director – Administrator;
- (d) Deputy Executive Director.

The Secretary of the **BOARD** shall certify to **NORTHERN** the names of each of the individuals occupying such positions and **NORTHERN** shall not be charged with knowledge of a change in the identify of the persons holding such positions until so notified in writing by the Secretary of the **BOARD**. **NORTHERN** shall incur no liability to the **BOARD** or the Account for acting on any instruction, direction or other communication on which **NORTHERN** is authorized to rely pursuant to this Agreement, or for any delay in delivery or non-delivery or error in transmission.

Notices to the **BOARD** shall be sent to:

Jacksonville Police and Fire Pension Fund

POLICE AND FIRE PENSION FUND

One West Adams Street, Suite 100

Jacksonville, Florida 32202

Attention: Executive Director – Administrator

23. The **BOARD** authorizes **NORTHERN** to pay or withhold any income or other taxes payable on investments or transactions of the Account and, on a best efforts basis, to file for and obtain refunds of any taxes withheld to which the Account may be entitled under applicable tax treaties, laws and regulations. The **BOARD** shall provide **NORTHERN** with any documentation and information it may reasonably require to perform its duties under this paragraph, and **NORTHERN** may rely upon such documentation and information without further inquiry.

24. With respect to Securities and Exchange Commission Rule 14 regarding disclosure of the **BOARD'S** name to the issuers of securities held in Separate Accounts managed by the **BOARD**, **NORTHERN** is instructed as follows:

Disclose the name of the Board

25. The **BOARD** or any investment manager may, in its discretion, engage **NORTHERN** (or its affiliate) to execute foreign exchange transactions for the Account. The **BOARD** accepts that **NORTHERN** may act as principal in such transactions, or as agent for the counterparty as well as for the **FUND**. When **NORTHERN** acts as agent **NORTHERN** may levy charges for such service as set forth in its operating guidelines and instructions. When **NORTHERN** acts as principal, **NORTHERN** will provide such service at rates established in its discretion having regard to rates available in the foreign exchange market on the global trading day, and may retain any profit derived from such service. **NORTHERN** is authorized to enter into master netting agreements with respect to any such

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foreign exchange transactions upon terms **NORTHERN** (or its affiliate) deems appropriate.

If **NORTHERN** determines that the assets of the Account are insufficient to provide adequate coverage in connection with any outstanding foreign exchange transactions executed on behalf of the Account the **BOARD** will, upon **NORTHERN'S** request, deliver to the Account immediately available funds or other assets acceptable to **NORTHERN** in such amounts as **NORTHERN** deems necessary to provide such coverage.

26. **NORTHERN** shall incur no liability to the **BOARD** or the Account (i) for any indirect, incidental, consequential, special, exemplary or punitive damages, whether or not **NORTHERN** knew of the likelihood of such damages, or (ii) for any delay in performance, or non-performance, of any obligation hereunder to the extent that the same is due to forces beyond **NORTHERN'S** reasonable control, including but not limited to delays, errors or interruptions caused by the **BOARD** or third parties, any industrial, juridical, governmental, civil or military action, acts of terrorism, insurrection or revolution, nuclear fusion, fission or radiation, failure or fluctuation in electrical power, heat, light, air conditioning or telecommunications equipment, or acts of God.

E. GENERAL.

1. This Agreement shall be performed in accordance with all applicable federal, state and local laws and administrative regulations and shall be governed by the laws of the State of Florida. Any action seeking to interpret or enforce the provisions of this Agreement shall be filed and maintained in the Circuit Court, in and for Duval County, Florida.

2. The **BOARD** shall furnish **NORTHERN** with all documents, authorizations and powers as might be reasonably required by **NORTHERN** to carry out its obligations

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according to the terms of this Agreement.

3. This Agreement constitutes the entire understanding of the **BOARD** and **NORTHERN**, and may be amended only by written instrument specifically referring to this Agreement and executed with the same formalities as this Agreement.

Signature element on the following page.

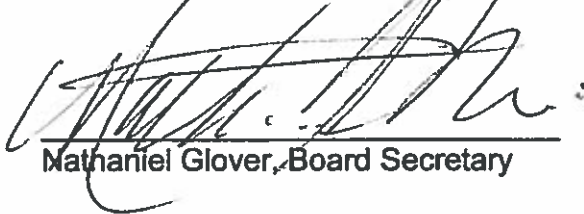
POLICE AND FIRE PENSION FUND

IN WITNESS WHEREOF, the **BOARD** and **NORTHERN** have executed this Agreement by their respective duly authorized officers, effective as of the day and year first above written.

JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES



Assistant Chief Bobby Deal, Chairman



Nathaniel Glover, Board Secretary

THE NORTHERN TRUST COMPANY



Its Senior Vice President - Relationship Manager

ATTEST:



John Keane
Executive Director – Administrator





POLICE AND FIRE PENSION FUND

ONE WEST ADAMS STREET, SUITE 100

JACKSONVILLE, FLORIDA 32202-3616

"We Serve...and We Protect"

Phone: (904) 255-7373

Fax: (904) 353-8837

FIRST AMENDMENT AND ADDENDUM "A" TO THE PUBLIC FUND MASTER CUSTODY AGREEMENT BETWEEN THE JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES AND THE NORTHERN TRUST COMPANY

THIS FIRST AMENDMENT AND ADDENDUM "A" TO THE PUBLIC FUND MASTER CUSTODY AGREEMENT ("Amendment"), is made and entered into this 1st day of October, 2015, by and between the JACKSONVILLE POLICE AND FIRE PENSION FUND BOARD OF TRUSTEES, a body politic and corporate, hereinafter referred to as the "BOARD" or the "TRUSTEES" and THE NORTHERN TRUST COMPANY, with its principal offices located at 50 South LaSalle Street, Chicago, Illinois, 60603, hereinafter referred to as "NORTHERN."

The BOARD and NORTHERN previously executed the PUBLIC FUND MASTER CUSTODY AGREEMENT BETWEEN THE JACKSONVILLE POLICE AND FIRE PENSION BOARD OF TRUSTEES AND THE NORTHERN TRUST COMPANY, effective October 1, 2013 (the "Custody Agreement"); and

The BOARD and NORTHERN desire to amend the Custody Agreement pursuant to Section E.3 of the Agreement.

NOW THEREFORE, THIS AMENDMENT amends the CUSTODY AGREEMENT as follows:

1. The term of the Custody Agreement as set forth in Section B of the Custody Agreement is hereby extended through September 30, 2017.
2. The below ADDENDUM "A" is added to the Custody Agreement.

ADDENDUM "A"

(a) Any investment manager or advisor of the Police and Fire Pension Fund who has discretionary authority for any investment of the fund, any custodian of Fund assets, and any

SCANNED

POLICE AND FIRE PENSION FUND

investment consultant retained by the Board shall agree to certify, annually, to the Financial Investment and Advisory Committee and to the Board of Trustees, no later than the January 31 following the previous calendar year, that:

- (1) To the extent applicable, the investment manager, advisor, custodian, or investment consultant acknowledges that the manager or advisor serves as a fiduciary to the Police and Fire Pension Fund and agrees to be bound by all responsibilities of a fiduciary;
- (2) To the extent applicable, all investment decisions made by the investment manager, advisor, custodian, or investment consultant on behalf of the Police and Fire Pension Fund are made in the best interests of the Fund and not made in a manner to the advantage of such investment advisor, manager, custodian, investment consultant, other persons, or clients to the detriment of the Fund;
- (3) To the extent applicable, appropriate policies, procedures, or other safeguards have been adopted and implemented by such manager, advisor, custodian, or investment consultant to ensure that relationships with any affiliated persons or entities do not adversely influence the investment decisions made on behalf of the Police and Fire Pension Fund;
- (4) The investment manager, advisor, custodian, or investment consultant is not the subject of a claim or litigation that would have a material effect on its ability to perform the services as required brought by a present or former client or by a regulatory agency asserting that such investment manager, advisor, custodian, or investment consultant has breached its fiduciary responsibilities, or, if such be the case, the investment manager, advisor, custodian, or investment consultant shall disclose the particulars of each such claim or litigation;
- (5) A summary code of ethics has been provided to the Financial Investment and Advisory Committee and the Board of Trustees, which (i) governs the professional behavior and expectations of owners, general partners, directors or managers, officers, and employees of the investment advisor, manager, custodian, or investment

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consultant; (ii) has been adopted and implemented; and (iii) is effectively monitored and enforced; and

(6) To the best of its knowledge, policies of the Board concerning prohibited business relationships among family members and other related parties have been complied with.

(b) To the extent applicable, any investment manager, advisor, custodian, or investment consultant of the Police and Fire Pension Fund who has discretionary authority for any investment of the Police and Fire Pension Fund shall agree to disclose annually to the Financial Investment and Advisory Committee and to the Board, no later than the January 31 following the previous calendar year:

(1) Any known circumstances or situations that a prudent person could expect to create and actual or potential conflict of interest, including specifically (i) any material interests in or with financial institutions with which officers and employees conduct business on behalf of the Police and Fire Pension Fund, and (ii) any personal financial or investment positions of the investment manager, advisor, custodian, or investment consultant that could be related to the performance of an investment program of the Police and Fire Pension Fund over which the investment manager, advisor, custodian, or investment consultant has discretionary investment authority on behalf of the Police and Fire Pension Fund; and;

(2) All direct or indirect pecuniary interests that the investment manager, advisor, custodian, or investment consultant has in or with any party to a transaction with the Police and Fire Pension Fund if the transaction is related to any discretionary investment authority that the investment manager or advisor exercises on behalf of the Police and Fire Pension Fund.


THIS FIRST AMENDMENT AND ADDENDUM "A" TO THE PUBLIC FUND MASTER CUSTODY AGREEMENT shall commence on the day and year first above written and shall remain in full force and effect through the 30th day of September, 2017. All other terms

POLICE AND FIRE PENSION FUND

and conditions of the Custody Agreement remain in full force and effect.

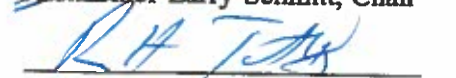
Signature element on the following page.

IN WITNESS WHEREOF, the parties have duly executed this Amendment to the Custody Agreement as of the day and year first above written.


Robert D. Klausner
Fund General Counsel

JACKSONVILLE POLICE AND FIRE PENSION FUND BOARD OF TRUSTEES


Asst. Chief Larry Schmitt, Chair


Richard Tuten III, Board Secretary

THE NORTHERN TRUST COMPANY

By: 

Name: Rich McConville

Title: Senior Vice President

Attest to:

By: 
John Keane
Executive Director-Administrator

May 29, 2017

To the Board of Directors and Timothy Johnson, Executive Director
Jacksonville Police and Fire Pension Fund
One West Adams Street, Suite 100
Jacksonville, FL 32202

We are pleased to confirm our understanding of the services we are to provide the Jacksonville Police and Fire Pension Fund (the "Fund") for the year ended September 30, 2017. We will audit the financial statements of the Fund, including the related notes to the financial statements, as of and for the year ended September 30, 2017. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Fund's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Fund's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Schedule of Changes in Net Pension Liability and Related Ratios for the Senior Staff Voluntary Retirement Plan
- 3) Schedule of Contributions for the Senior Staff Voluntary Retirement Plan
- 4) Schedule of City Contributions
- 5) Schedule of Investment Returns – Annual money-weighted rate of return, net of investment expenses
- 6) Schedule of Changes in Net Pension Liability and Related Ratios

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Fund and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Fund's financial statements. Our report will be addressed to the Board of Directors of the Fund. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Fund is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Fund's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the Fund in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements,

performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, investment, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Fund; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Carr, Riggs & Ingram, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to applicable regulatory bodies or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Carr, Riggs & Ingram, LLC's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by applicable regulatory bodies.

Robert J. Lemmon is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be a fixed fee of \$30,000. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Dispute Resolution

In the event of a dispute between the parties which arises out of or relates to this contract or engagement letter, the breach thereof or the services provided or to be provided hereunder, and, if the dispute cannot be settled through negotiation, the parties agree that before initiating arbitration, litigation or some other dispute resolution procedure, they will first try in good faith to resolve the dispute through non-binding mediation. The mediation will be administered by the American Arbitration Association under its *Dispute Resolution Rules for Professional Accounting and Related Services Disputes*. The costs of any mediation proceedings shall be shared equally by all parties.

Electronic Data Communication and Storage and Use of Third Party Service Provider

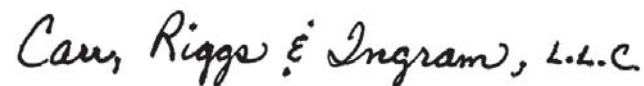
In the interest of facilitating our services to your company, we may send data over the Internet, securely store electronic data via computer software applications hosted remotely on the Internet, or allow access to data through third-party vendors' secured portals or clouds. Electronic data that is confidential to your company may be transmitted or stored using these methods. We may use third-party service providers to store or transmit this data, such as, but not limited to, providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and data access secure in accordance with our obligations under applicable laws and professional standards. We also require our third-party vendors to do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or data once it has been sent or has been subject to unauthorized access, notwithstanding all reasonable security measures employed by us or our third-party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third-party service providers during this engagement.

To enhance our services to you, we will use a combination of remote access, secure file transfer, virtual private network or other collaborative, virtual workspace or other online tools or environments. Access through any combination of these tools allows for on-demand and/or real-time collaboration across geographic boundaries and time zones and allows CRI and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use certain of these tools and in addition to execution of this acknowledgement and engagement letter, you may be required to execute a separate client acknowledgement or agreement and agree to be bound by the terms, conditions and limitations of such agreement. You agree that CRI has no responsibility for the activities of its third-party vendors supplying these tools and agree to indemnify and hold CRI harmless with respect to any and all claims arising from or related to the operation of these tools. While we may back up your files to facilitate our services, you are solely responsible for the backup of your files and records; therefore, we recommend that you also maintain your own backup files of these records.

We appreciate the opportunity to be of service to the Fund and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Carr Riggs & Ingram

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Timothy Johnson, Executive Director
Jacksonville Police and Fire Pension Fund
May 29, 2017
Page: 6

RESPONSE:

This letter correctly sets forth the understanding of the Jacksonville Police and Fire Pension Fund.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____



Summit Strategies Group

8182 Maryland Avenue, 6th Floor

St. Louis, Missouri 63105

314.727.7211

City of Jacksonville Police & Fire Pension Fund

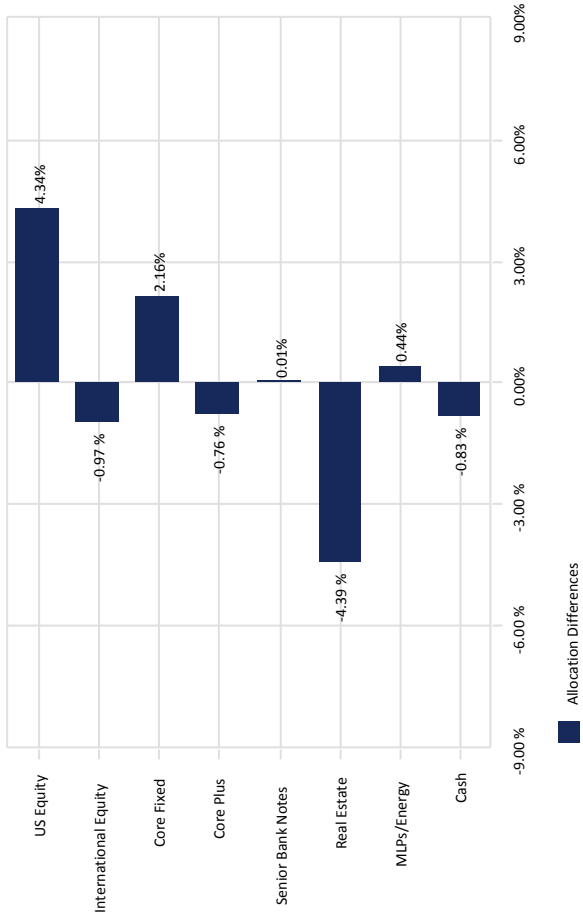
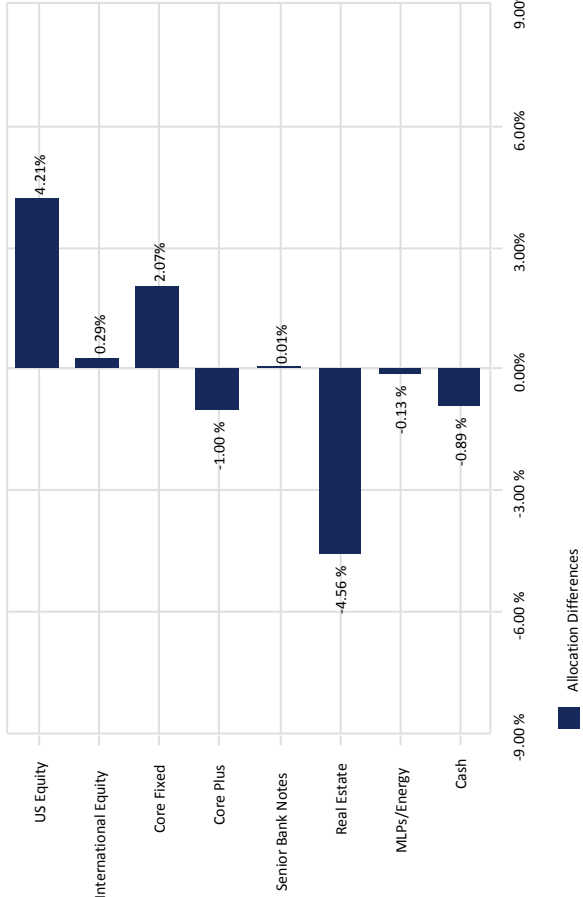
Flash Report

May 31, 2017

City of Jacksonville Police & Fire Pension Fund

Asset Allocation vs. Target Allocation

May 31, 2017



May 31, 2017

February 28, 2017

	Market Value (\$)	Allocation (%)	Target (%)
US Equity	822,868,684	43.21	39.00
International Equity	386,428,112	20.29	20.00
Core Fixed	115,598,510	6.07	4.00
Core Plus	276,014,861	14.50	15.50
Senior Bank Notes	118,781	0.01	0.00
Real Estate	198,887,670	10.44	15.00
MLPs/Energy	102,236,404	5.37	5.50
Cash	2,010,410	0.11	1.00
Total Fund	1,904,163,433	100.00	100.00

	Market Value (\$)	Allocation (%)	Target (%)
US Equity	799,127,075	43.34	39.00
International Equity	350,868,504	19.03	20.00
Core Fixed	113,645,640	6.16	4.00
Core Plus	271,769,690	14.74	15.50
Senior Bank Notes	118,490	0.01	0.00
Real Estate	195,631,123	10.61	15.00
MLPs/Energy	109,582,949	5.94	5.50
Cash	3,173,248	0.17	1.00
Total Fund	1,843,916,719	100.00	100.00

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

May 31, 2017

	Asset \$	Asset %	Performance(%)										Inception Date
			1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception	
Total Fund	1,904,163,433	100.00	1.16	3.35	8.26	9.44	14.63	5.78	10.26	5.73	6.77	8.23	Apr-1989
Total Fund Policy			0.94	2.63	6.43	7.84	12.63	5.59	9.79	5.16	6.65	8.24	
Excess Return			0.22	0.72	1.83	1.60	2.00	0.19	0.47	0.57	0.12	-0.01	
Total Equity	1,209,296,796	63.51	1.95	5.17	12.11	14.13	20.52	6.93	13.02	5.37	-	5.37	Jun-2007
US Equity			1.08	2.97	9.20	13.61	18.68	8.77	14.42	7.16	7.97	10.26	Jan-1988
US Equity Index	822,868,684	43.21	1.02	2.16	7.96	12.50	17.69	9.68	15.26	7.03	8.24	10.53	
Excess Return			0.06	0.81	1.24	1.11	0.99	-0.91	-0.84	0.13	-0.27	-0.27	
International Equity	386,428,112	20.29	3.87	10.16	18.85	15.90	24.69	3.64	10.36	1.45	5.70	5.27	Feb-1999
International Equity Index			3.35	8.40	14.05	12.69	18.80	1.73	8.88	1.05	6.18	4.35	
Excess Return			0.52	1.76	4.80	3.21	5.89	1.91	1.48	0.40	-0.48	0.92	
Fixed Income	391,732,152	20.57	0.75	1.61	2.90	1.00	3.74	3.13	2.60	4.65	4.74	6.41	Jan-1988
Fixed Income Index			0.77	1.56	2.65	-0.41	1.85	2.62	2.30	4.49	4.57	6.46	
Excess Return			-0.02	0.05	0.25	1.41	1.89	0.51	0.30	0.16	0.17	-0.05	
Real Estate	198,887,670	10.44	0.38	1.68	2.64	5.01	7.98	11.22	12.30	7.30	-	9.27	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			0.00	1.77	1.77	3.93	8.34	11.79	11.98	5.59	-	7.54	
Excess Return			0.38	-0.09	0.87	1.08	-0.36	-0.57	0.32	1.71	-	1.73	
NCREIF Property Index			0.00	1.55	1.55	3.30	7.27	10.58	10.69	6.72	-	9.23	Jan-1978
MLPs/Energy			-4.75	-6.70	-1.68	0.65	9.54	-5.77	8.20	-	-	8.94	Mar-2011
S&P MLP Index	102,236,404	5.37	-4.66	-6.96	-2.69	0.54	8.92	-9.22	3.19	-	-	3.11	
Excess Return			-0.09	0.26	1.01	0.11	0.62	3.45	5.01	-	-	5.83	
Cash	2,010,410	0.11	0.04	0.17	0.77	0.91	1.04	0.79	0.86	1.68	8.09	8.26	Dec-1998

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

May 31, 2017

	Performance(%)										Inception Date	
	Asset \$	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year		Since Inception
US Equity												
NT S&P 500 Index Fund S&P 500 Excess Return	277,791,786	14.59	1.42	2.58	8.68	12.84	17.49	10.21	15.47	6.95	5.73	Jan-1999
			1.41	2.57	8.66	12.82	17.47	10.14	15.42	6.94	5.72	
			0.01	0.01	0.02	0.02	0.02	0.07	0.05	0.01	0.01	
Eagle Capital Management Russell 1000 Value Index Excess Return	201,419,571	10.58	0.43	2.30	8.33	16.01	20.14	9.95	16.40	-	13.61	Apr-2011
			-0.10	-1.30	2.97	9.85	14.66	7.70	14.67	-	11.31	
			0.53	3.60	5.36	6.16	5.48	2.25	1.73	-	2.30	
Brown Investment Advisory Russell 1000 Growth Index Excess Return	95,158,529	5.00	2.82	7.40	16.49	11.21	12.73	9.80	-	-	9.34	Nov-2013
			2.60	6.16	14.30	15.45	20.27	11.92	-	-	12.93	
			0.22	1.24	2.19	-4.24	-7.54	-2.12	-	-	-3.59	
Sawgrass Asset Management Russell 1000 Growth Index Excess Return	97,512,706	5.12	1.70	4.07	9.86	11.51	14.25	9.25	-	-	11.17	Nov-2013
			2.60	6.16	14.30	15.45	20.27	11.92	-	-	12.93	
			-0.90	-2.09	-4.44	-3.94	-6.02	-2.67	-	-	-1.76	
Pinnacle Russell 2500 Growth Index Excess Return	78,458,752	4.12	2.03	5.06	14.95	18.84	26.97	9.37	16.85	-	21.80	Mar-2009
			0.05	2.56	8.17	10.98	17.85	8.69	14.54	-	19.46	
			1.98	2.50	6.78	7.86	9.12	0.68	2.31	-	2.34	
Wedge Capital Mgmt Russell 2000 Value Index Excess Return	72,527,340	3.81	-2.42	-2.58	-1.05	10.48	-	-	-	-	10.68	Sep-2016
			-3.11	-3.56	-2.86	10.81	-	-	-	-	11.69	
			0.69	0.98	1.81	-0.33	-	-	-	-	-1.01	
International Equity												
NT EAFE Index Fund MSCI EAFE Index (Net) Excess Return	18,525,863	0.97	3.77	9.57	14.38	13.71	17.05	1.89	10.57	-	7.27	Apr-2012
			3.67	9.23	14.01	13.20	16.44	1.53	10.21	-	6.89	
			0.10	0.34	0.37	0.51	0.61	0.36	0.36	-	0.38	
Silchester MSCI EAFE Value Index (Net) Excess Return	142,063,624	7.46	3.83	7.11	13.90	16.80	20.75	5.53	-	-	9.43	Sep-2013
			2.32	7.38	10.78	15.41	18.44	-0.30	-	-	4.74	
			1.51	-0.27	3.12	1.39	2.31	5.83	-	-	4.69	
Baillie Gifford MSCI EAFE Growth Index (Net) Excess Return	114,802,033	6.03	5.48	15.38	25.69	17.21	29.70	5.12	12.67	-	7.33	Mar-2011
			5.07	11.16	17.45	10.96	14.40	3.29	10.49	-	5.26	
			0.41	4.22	8.24	6.25	15.30	1.83	2.18	-	2.07	
Acadian Emerging Mkts Equity II Fund MSCI Emerging Markets (Net) Excess Return	111,036,591	5.83	2.33	7.60	19.18	15.93	33.14	2.99	-	-	4.07	Jan-2014
			2.96	7.87	17.25	12.37	27.41	1.62	-	-	2.41	
			-0.63	-0.27	1.93	3.56	5.73	1.37	-	-	1.66	

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Gross of Fees

May 31, 2017

Performance(%)												
	Asset \$	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
Fixed Income												
NTGI Aggregate Bond Index	26,557,891	1.39	0.81	1.53	2.44	-0.69	1.60	2.58	-	-	2.32	Feb-2013
Blmbg. Barc. U.S. Aggregate			0.77	1.49	2.38	-0.67	1.58	2.53	-	-	2.33	
Excess Return			0.04	0.04	0.06	-0.02	0.02	0.05	-	-	-0.01	
Neuberger Berman	164,910,983	8.66	0.68	1.37	2.89	-	-	-	-	-	2.89	Jan-2017
Blmbg. Barc. U.S. Aggregate			0.77	1.49	2.38	-	-	-	-	-	2.38	
Excess Return			-0.09	-0.12	0.51	-	-	-	-	-	0.51	
Loomis, Sayles & Company	111,103,878	5.83	0.87	1.85	-	-	-	-	-	-	2.99	Feb-2017
Blmbg. Barc. U.S. Aggregate			0.77	1.49	-	-	-	-	-	-	2.18	
Excess Return			0.10	0.36	-	-	-	-	-	-	0.81	
Thompson Siegel Fixed	89,040,620	4.68	0.71	1.78	2.96	0.95	3.94	3.51	3.34	5.24	6.25	Aug-1991
Thompson Policy Index			0.77	1.49	2.38	-0.67	1.58	2.53	2.24	4.40	5.96	
Excess Return			-0.06	0.29	0.58	1.62	2.36	0.98	1.10	0.84	0.29	
Eaton Vance Instl Senior Loan Trust	118,781	0.01										
Real Estate												
JP Morgan	151,377,939	7.95	0.50	1.74	2.69	4.90	7.71	10.91	12.17	6.08	8.24	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			0.00	1.77	1.77	3.93	8.34	11.79	11.98	5.59	7.54	
Excess Return			0.50	-0.03	0.92	0.97	-0.63	-0.88	0.19	0.49	0.70	
Principal Global Investments	47,509,731	2.50	0.00	1.48	2.51	5.33	8.82	12.22	-	-	12.56	Apr-2013
NCREIF Fund Index - ODCE (VW) [M]			0.00	1.77	1.77	3.93	8.34	11.79	-	-	11.76	
Excess Return			0.00	-0.29	0.74	1.40	0.48	0.43	-	-	0.80	
MLPs/Energy												
Harvest MLP	51,054,044	2.68	-4.82	-6.56	-2.45	-0.77	8.94	-5.63	7.75	-	9.00	Mar-2011
S&P MLP Index			-4.66	-6.96	-2.69	0.54	8.92	-9.22	3.19	-	3.11	
Excess Return			-0.16	0.40	0.24	-1.31	0.02	3.59	4.56	-	5.89	
Tortoise MLP	51,182,360	2.69	-4.69	-6.85	-0.90	2.11	10.14	-6.01	8.60	-	8.83	Mar-2011
S&P MLP Index			-4.66	-6.96	-2.69	0.54	8.92	-9.22	3.19	-	3.11	
Excess Return			-0.03	0.11	1.79	1.57	1.22	3.21	5.41	-	5.72	
Cash	2,010,410	0.11	0.04	0.17	0.77	0.91	1.04	0.79	0.86	1.68	8.26	Dec-1998

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

May 31, 2017

	Asset \$	Asset %	Performance(%)										Inception Date
			1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception	
Total Fund	1,904,163,433	100.00	1.12	3.27	8.09	9.20	14.21	5.32	9.77	5.37	6.42	8.02	Apr-1989
Total Fund Policy			0.94	2.63	6.43	7.84	12.63	5.59	9.79	5.16	6.65	8.24	
Excess Return			0.18	0.64	1.66	1.36	1.58	-0.27	-0.02	0.21	-0.23	-0.22	
Total Equity	1,209,296,796	63.51	1.91	5.09	11.96	13.88	20.12	6.48	12.50	5.00	-	5.00	Jun-2007
US Equity			1.02	2.89	9.05	13.33	18.26	8.29	13.85	6.78	7.71	10.12	Jan-1988
US Equity Index	822,868,684	43.21	1.02	2.16	7.96	12.50	17.69	9.68	15.26	7.03	8.24	10.53	
Excess Return			0.00	0.73	1.09	0.83	0.57	-1.39	-1.41	-0.25	-0.53	-0.41	
International Equity	386,428,112	20.29	3.85	10.11	18.71	15.71	24.33	3.23	9.94	1.08	5.44	5.06	Feb-1999
International Equity Index			3.35	8.40	14.05	12.69	18.80	1.73	8.88	1.05	6.18	4.35	
Excess Return			0.50	1.71	4.66	3.02	5.53	1.50	1.06	0.03	-0.74	0.71	
Fixed Income	391,732,152	20.57	0.74	1.59	2.87	0.93	3.61	2.99	2.44	4.52	4.65	6.36	Jan-1988
Fixed Income Index			0.77	1.56	2.65	-0.41	1.85	2.62	2.30	4.49	4.57	6.46	
Excess Return			-0.03	0.03	0.22	1.34	1.76	0.37	0.14	0.03	0.08	-0.10	
Real Estate	198,887,670	10.44	0.32	1.43	2.21	4.51	7.02	10.27	11.30	6.59	-	8.66	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			0.00	1.77	1.77	3.93	8.34	11.79	11.98	5.59	-	7.54	
Excess Return			0.32	-0.34	0.44	0.58	-1.32	-1.52	-0.68	1.00	-	1.12	
NCREIF Property Index			0.00	1.55	1.55	3.30	7.27	10.58	10.69	6.72	-	9.23	Jan-1978
MLPs/Energy	102,236,404	5.37	-4.75	-6.79	-2.03	0.19	8.84	-6.46	7.43	-	-	8.20	Mar-2011
S&P MLP Index			-4.66	-6.96	-2.69	0.54	8.92	-9.22	3.19	-	-	3.11	
Excess Return			-0.09	0.17	0.66	-0.35	-0.08	2.76	4.24	-	-	5.09	
Cash	2,010,410	0.11	0.04	0.17	0.77	0.91	1.04	0.79	0.86	1.51	7.96	8.15	Dec-1998

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

May 31, 2017

	Performance(%)											Inception Date
	Asset \$	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception	
US Equity												
NT S&P 500 Index Fund	277,791,786	14.59	1.42	2.58	8.68	12.84	17.48	10.19	15.42	6.92	5.71	Jan-1999
S&P 500			1.41	2.57	8.66	12.82	17.47	10.14	15.42	6.94	5.72	
Excess Return			0.01	0.01	0.02	0.02	0.01	0.05	0.00	-0.02	-0.01	
Eagle Capital Management	201,419,571	10.58	0.24	2.11	7.93	15.39	19.36	9.17	15.56	-	12.81	Apr-2011
Russell 1000 Value Index			-0.10	-1.30	2.97	9.85	14.66	7.70	14.67	-	11.31	
Excess Return			0.34	3.41	4.96	5.54	4.70	1.47	0.89	-	1.50	
Brown Investment Advisory	95,158,529	5.00	2.72	7.30	16.28	10.89	12.21	9.53	-	-	9.07	Nov-2013
Russell 1000 Growth Index			2.60	6.16	14.30	15.45	20.27	11.92	-	-	12.93	
Excess Return			0.12	1.14	1.98	-4.56	-8.06	-2.39	-	-	-3.86	
Sawgrass Asset Management	97,512,706	5.12	1.70	4.02	9.75	11.28	13.95	9.00	-	-	10.92	Nov-2013
Russell 1000 Growth Index			2.60	6.16	14.30	15.45	20.27	11.92	-	-	12.93	
Excess Return			-0.90	-2.14	-4.55	-4.17	-6.32	-2.92	-	-	-2.01	
Pinnacle	78,458,752	4.12	2.03	4.88	14.76	18.42	26.20	8.60	16.01	-	21.08	Mar-2009
Russell 2500 Growth Index			0.05	2.56	8.17	10.98	17.85	8.69	14.54	-	19.46	
Excess Return			1.98	2.32	6.59	7.44	8.35	-0.09	1.47	-	1.62	
Wedge Capital Mgmt	72,527,340	3.81	-2.42	-2.58	-1.05	10.48	-	-	-	-	10.68	Sep-2016
Russell 2000 Value Index			-3.11	-3.56	-2.86	10.81	-	-	-	-	11.69	
Excess Return			0.69	0.98	1.81	-0.33	-	-	-	-	-1.01	
International Equity												
NT EAFE Index Fund	18,525,863	0.97	3.77	9.57	14.38	13.68	17.00	1.82	10.50	-	7.20	Apr-2012
MSCI EAFE Index (Net)			3.67	9.23	14.01	13.20	16.44	1.53	10.21	-	6.89	
Excess Return			0.10	0.34	0.37	0.48	0.56	0.29	0.29	-	0.31	
Silchester	142,063,624	7.46	3.77	6.91	13.54	16.21	19.83	4.73	-	-	8.57	Sep-2013
MSCI EAFE Value Index (Net)			2.32	7.38	10.78	15.41	18.44	-0.30	-	-	4.74	
Excess Return			1.45	-0.47	2.76	0.80	1.39	5.03	-	-	3.83	
Baillie Gifford	114,802,033	6.03	5.48	15.38	25.69	17.19	29.62	4.73	12.16	-	6.92	Mar-2011
MSCI EAFE Growth Index (Net)			5.07	11.16	17.45	10.96	14.40	3.29	10.49	-	5.26	
Excess Return			0.41	4.22	8.24	6.23	15.22	1.44	1.67	-	1.66	
Acadian Emerging Mkts Equity II Fund	111,036,591	5.83	2.33	7.60	19.02	15.78	32.61	2.50	-	-	3.63	Jan-2014
MSCI Emerging Markets (Net)			2.96	7.87	17.25	12.37	27.41	1.62	-	-	2.41	
Excess Return			-0.63	-0.27	1.77	3.41	5.20	0.88	-	-	1.22	

City of Jacksonville Police & Fire Pension Fund

Asset Allocation & Performance Net of Fees

May 31, 2017

Performance(%)												
	Asset \$	Asset %	1 Month	3 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
Fixed Income												
NTGI Aggregate Bond Index	26,557,891	1.39	0.81	1.53	2.44	-0.71	1.58	2.55	-	-	2.29	Feb-2013
Blmbg. Barc. U.S. Aggregate			0.77	1.49	2.38	-0.67	1.58	2.53	-	-	2.33	
Excess Return			0.04	0.04	0.06	-0.04	0.00	0.02	-	-	-0.04	
Neuberger Berman	164,910,983	8.66	0.68	1.37	2.89	-	-	-	-	-	2.89	Jan-2017
Blmbg. Barc. U.S. Aggregate			0.77	1.49	2.38	-	-	-	-	-	2.38	
Excess Return			-0.09	-0.12	0.51	-	-	-	-	-	0.51	
Loomis, Sayles & Company	111,103,878	5.83	0.87	1.85	-	-	-	-	-	-	2.99	Feb-2017
Blmbg. Barc. U.S. Aggregate			0.77	1.49	-	-	-	-	-	-	2.18	
Excess Return			0.10	0.36	-	-	-	-	-	-	0.81	
Thompson Siegel Fixed	89,040,620	4.68	0.66	1.72	2.82	0.77	3.71	3.31	3.16	5.11	6.19	Aug-1991
Thompson Policy Index			0.77	1.49	2.38	-0.67	1.58	2.53	2.24	4.40	5.96	
Excess Return			-0.11	0.23	0.44	1.44	2.13	0.78	0.92	0.71	0.23	
Eaton Vance Instl Senior Loan Trust	118,781	0.01										
Real Estate												
JP Morgan	151,377,939	7.95	0.42	1.44	2.18	4.38	6.68	9.92	11.14	5.36	7.63	Apr-2005
NCREIF Fund Index - ODCE (VW) [M]			0.00	1.77	1.77	3.93	8.34	11.79	11.98	5.59	7.54	
Excess Return			0.42	-0.33	0.41	0.45	-1.66	-1.87	-0.84	-0.23	0.09	
Principal Global Investments	47,509,731	2.50	0.00	1.41	2.31	4.92	8.10	11.38	-	-	11.67	Apr-2013
NCREIF Fund Index - ODCE (VW) [M]			0.00	1.77	1.77	3.93	8.34	11.79	-	-	11.76	
Excess Return			0.00	-0.36	0.54	0.99	-0.24	-0.41	-	-	-0.09	
MLPs/Energy												
Harvest MLP	51,054,044	2.68	-4.82	-6.56	-2.79	-1.11	8.37	-6.29	7.00	-	8.26	Mar-2011
S&P MLP Index			-4.66	-6.96	-2.69	0.54	8.92	-9.22	3.19	-	3.11	
Excess Return			-0.16	0.40	-0.10	-1.65	-0.55	2.93	3.81	-	5.15	
Tortoise MLP	51,182,360	2.69	-4.69	-7.02	-1.26	1.53	9.32	-6.73	7.80	-	8.09	Mar-2011
S&P MLP Index			-4.66	-6.96	-2.69	0.54	8.92	-9.22	3.19	-	3.11	
Excess Return			-0.03	-0.06	1.43	0.99	0.40	2.49	4.61	-	4.98	
Cash	2,010,410	0.11	0.04	0.17	0.77	0.91	1.04	0.79	0.86	1.51	8.15	Dec-1998

City of Jacksonville Police & Fire Pension Fund

Historical Hybrid Composition

As of May 31, 2017

Total Fund Policy			US Equity Index	
	(%)	(%)		(%)
Jan-2017			Jul-2009	
Russell 3000 Index	39.00	Russell 3000 Index	Russell 3000 Index	100.00
MSCI AC World ex USA (Net)	20.00	MSCI AC World ex USA (Net)		
Blmbg. Barc. U.S. Aggregate	4.00	Blmbg. Barc. U.S. Aggregate	Jan-1988	
Blmbg. Barc. U.S. Universal Index	15.50	NCREIF Fund Index-ODCE (VW) [M]	Dow Jones US Total Stock Market Index	100.00
NCREIF Fund Index-ODCE (VW) [M]	15.00	S&P MLP Index		
S&P MLP Index	5.50			
Citigroup 3 Month T-Bill	1.00	Jun-2011	International Equity Index	(%)
		Russell 3000 Index		
Sep-2016		MSCI EAFE Index	Oct-2009	
Russell 3000 Index	39.00	Blmbg. Barc. U.S. Aggregate	MSCI AC World ex USA	100.00
MSCI AC World ex USA (Net)	20.00	NCREIF Fund Index-ODCE (VW) [M]		
Blmbg. Barc. U.S. Aggregate	19.50	S&P MLP Index	Feb-1999	
NCREIF Fund Index-ODCE (VW) [M]	15.00		MSCI EAFE Index	100.00
S&P MLP Index	5.50			
Citigroup 3 Month T-Bill	1.00	Jul-2009	Fixed Income Index	(%)
		Russell 3000 Index		
Mar-2016		MSCI EAFE Index	Jan-2017	
Russell 3000 Index	39.00	Blmbg. Barc. U.S. Aggregate	Blmbg. Barc. U.S. Aggregate	20.51
MSCI AC World ex USA (Net)	20.00	NCREIF Fund Index-ODCE (VW) [M]	Blmbg. Barc. U.S. Universal Index	79.49
Blmbg. Barc. U.S. Aggregate	20.50			
NCREIF Fund Index-ODCE (VW) [M]	15.00	Oct-2008	Jan-1976	
S&P MLP Index	5.50	Dow Jones US Total Stock Market Index	Blmbg. Barc. U.S. Aggregate	100.00
		MSCI EAFE Index		
Mar-2013		BofA Merrill Lynch Gov Corp Master		
Russell 3000 Index	35.00	NCREIF Fund Index-ODCE (VW) [M]	Thompson Policy Index	(%)
MSCI AC World ex USA (Net)	20.00			
Blmbg. Barc. U.S. Aggregate	22.50	Apr-1989	Oct-2009	
NCREIF Fund Index-ODCE (VW) [M]	15.00	Dow Jones US Total Stock Market Index	Blmbg. Barc. U.S. Aggregate	100.00
S&P MLP Index	7.50	MSCI EAFE Index		
		BofA Merrill Lynch Gov Corp Master	Dec-1975	
		NCREIF Fund Index-ODCE (VW) [M]	BofA Merrill Lynch Gov Corp Master	100.00

City of Jacksonville Police & Fire Pension Fund

Asset Allocation Compliance

May 31, 2017

	% Target	% Actual	% Difference from Target	Current Target (\$)	Actual (\$)	Difference (\$)
Total Fund	100.00	100.00	0.00	1,904,163,433	1,904,163,433	-
Total Equity	59.00	63.51	4.51	1,123,456,425	1,209,296,796	(85,840,371)
US Equity	39.00	43.21	4.21	742,623,739	822,868,684	(80,244,945)
Large Cap	31.40	35.28	3.88	597,907,318	671,882,592	(73,975,274)
Large Cap Core	0.00	14.59	14.59	-	277,791,786	(277,791,786)
NT S&P 500 Index Fund	-	14.59	-	-	277,791,786	-
Large Cap Value	0.00	10.58	10.58	-	201,419,571	(201,419,571)
Eagle Capital Management	-	10.58	-	-	201,419,571	-
Large Cap Growth	0.00	10.12	10.12	-	192,671,235	(192,671,235)
Brown Investment Advisory	-	5.00	-	-	95,158,529	-
Sawgrass Asset Management	-	5.12	-	-	97,512,706	-
Non Large Cap	7.60	7.93	0.33	144,716,421	150,986,092	(6,269,671)
Wedge Capital Mgmt	-	3.81	-	-	72,527,340	-
Pinnacle	-	4.12	-	-	78,458,752	-
International Equity	20.00	20.29	0.29	380,832,687	386,428,112	(5,595,425)
International Developed Markets	14.00	14.46	0.46	266,582,881	275,391,520	(8,808,640)
NT EAFE Index Fund	-	0.97	-	-	18,525,863	-
Baillie Gifford	-	6.03	-	-	114,802,033	-
Silchester	-	7.46	-	-	142,063,624	-
International Emerging Markets	6.00	5.83	(0.17)	114,249,806	111,036,591	3,213,214
Acadian Emerging Mkts Equity II Fund	-	5.83	-	-	111,036,591	-
Fixed Income	19.50	20.57	1.07	371,311,869	391,732,152	(20,420,283)
Core Fixed Income	4.00	6.07	2.07	76,166,537	115,598,510	(39,431,973)
NTGI Aggregate Bond Index	-	1.39	-	-	26,557,891	-
Thompson Siegel Fixed	-	4.68	-	-	89,040,620	-
Core Plus	15.50	14.50	(1.00)	295,145,332	276,014,861	19,130,471
Neuberger Berman	-	8.66	-	-	164,910,983	-
Loomis, Sayles & Company	-	5.83	-	-	111,103,878	-
Senior Bank Notes	0.00	0.01	0.01	-	118,781	(118,781)
Eaton Vance Instl Senior Loan Trust	-	0.01	-	-	118,781	-
Real Estate	15.00	10.44	(4.56)	285,624,515	198,887,670	86,736,845
Real Estate excluding Haverly & Admin	15.00	10.44	(4.56)	285,624,515	198,887,670	86,736,845
JP Morgan	5.00	7.95	2.95	95,208,172	151,377,939	(56,169,767)
Principal Global Investments	5.00	2.50	(2.50)	95,208,172	47,509,731	47,698,441
Non Core Real Estate (TBD)	5.00	0.00	(5.00)	95,208,172	-	95,208,172
Total Alternatives Composite	5.50	5.37	(0.13)	104,728,989	102,236,404	2,492,584
MLP's/Energy	5.50	5.37	(0.13)	104,728,989	102,236,404	2,492,584
Tortoise MLP	-	2.69	-	-	51,182,360	-
Harvest MLP	-	2.68	-	-	51,054,044	-
Cash	1.00	0.11	(0.89)	19,041,634	2,010,410	17,031,224

DISCLAIMER

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Monthly Economic & Capital Market Update

May 2017

Economic Perspective

May 31, 2017

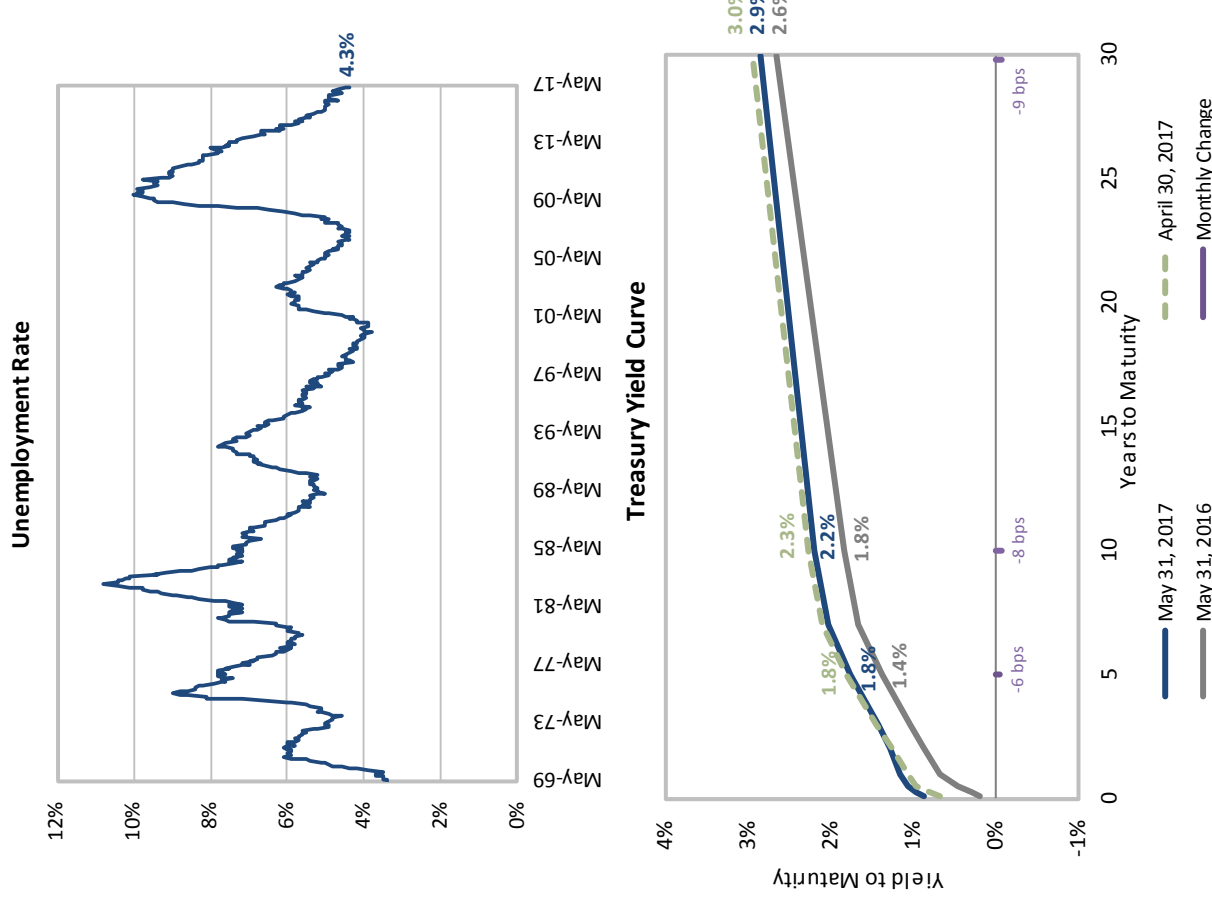
Economy

- Rising global economic growth has helped lift equity markets in 2017, a trend that continued during May. Strong corporate earnings, high consumer and business confidence, and accommodative central banks have helped fuel the global equity rally this year, with MSCI ACWI IMI gaining 2.0% in May and 10.7% year-to-date.
- The US economy experienced positive job growth for the 80th consecutive month in May as employers added 138,000 new payrolls, falling short of economists' expectations of 174,000 new jobs. The unemployment rate declined 10 bps to 4.3%, its lowest level since May 2001. Wage growth, as measured by the change in average hourly earnings of private sector workers, was 2.5% over the 12 months ending in May, unchanged month-over-month. Payrolls from March and April were revised downward by 66,000 total jobs. Over the past three months, job gains have averaged approximately 121,000 per month.
- Real GDP grew at a 1.2% annual rate during the first quarter of 2017, according to the second estimate released by the Bureau of Economic Analysis. The estimate was revised upward from the "advance" estimate of 0.7%, reflecting positive changes in nonresidential fixed income, personal consumption, and state and local government spending. GDP growth for Q2 2017 is estimated to be 3.8% annualized according to the Atlanta Federal Reserve.

- Economic activity in both the manufacturing and services sectors continues to expand, as measured by purchasing managers indices (PMI). The US ISM Manufacturing PMI came in at 54.9 in May, up 0.1 from April; an Index reading over 50 suggests expansion in the sector. Manufacturing has now been a boost to US growth for nine consecutive months, following a period during which slowing trading partner growth and a strong US dollar weighed on US manufacturing. The Non-Manufacturing (or services) PMI remains strong, led by consumer spending; US services have expanded 88 consecutive months.

Yield Curve

- The spread between 2-year and 30-year Treasuries tightened 11 bps to 158 bps in May. Over the past two years the 2-30 spread has tightened by 70 bps, with the long end of the curve mostly unchanged while short-term yields have been lifted by Federal Reserve rate hikes. The 20-year average spread between 2-year and 30-year Treasuries is 190 bps.



Public Equities

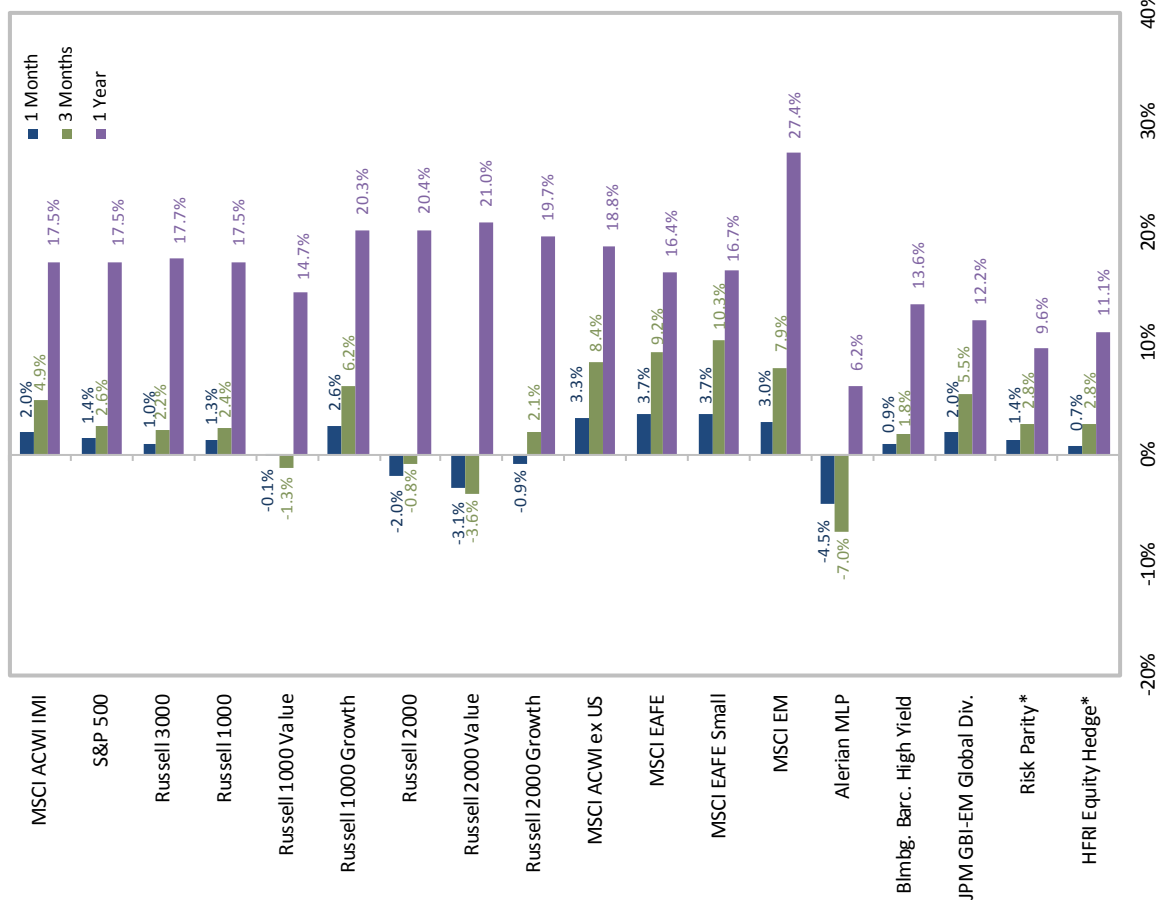
- Improving conditions outside the US has resulted in outperformance for international stocks versus their domestic counterparts in 2017. During May, developed international (MSCI EAFE, +2.5%) and emerging markets (MSCI EM, +2.2%) once again outperformed the US (Russell 3000, +1.0%). The results of the French presidential election, which saw the pro-euro candidate defeat the euro-skeptic candidate, boosted European stocks given that in recent months concerns have been rising with regard to the long-term viability of the eurozone.
- Master limited partnerships (MLPs) returned -4.5% in May. All sectors except exploration and production (E&P) experienced negative returns for the month, as distribution yields for the Alerian MLP Index rose 30 bps to 7.0%.

Public Debt

- The Bloomberg Barclays High Yield Index returned 0.9% during May, bringing YTD returns to 4.8%. Spreads continued to tighten, decreasing by 7 bps to 363 bps at month end. High yield spreads have tightened considerably over the past several months; the Index option-adjusted spread was 594 bps at the end of June 2016.
- Local currency-denominated emerging market debt gained 2.0%, with currency and local rates contributing to the positive returns. South American countries were underperformers, while Eastern European countries outperformed.

Private Assets

- The strong fundraising environment for private equity has continued into 2017, as the industry is likely to have seen the highest levels of first quarter capital raising since the global financial crisis. Preqin expects Q1 fundraising to surpass the \$90b raised by funds closed in Q1 2016. Purchase price multiples for middle-market LBOs, as measured by S&P Leveraged Commentary and Data (S&P LCD), have remained relatively stable from 2016 at 9.6x YTD.
 - In Q1 2017, private debt funds raised a total of \$21b, surpassing last year's Q1 level of \$11b, as the momentum for direct lending strategies continued; direct lending funds accounted for 62% of total capital raised. Nearly two-thirds of all private debt funds closed during the quarter exceeded their target size.
- ## Hedge Funds
- Risk parity performed well in April, with the largest gains coming from nominal bond positions. Equities and credit also contributed, while commodities detracted.
 - Growth hedge fund strategies also gained in April. Equity long/short, activist, merger arbitrage, and distressed debt strategies were all broadly positive.



* Data was not available at time of publication – returns are previous month's.
 Note: Risk Parity returns are based on an internally comprised benchmark.
 All returns are USD.

Public Debt

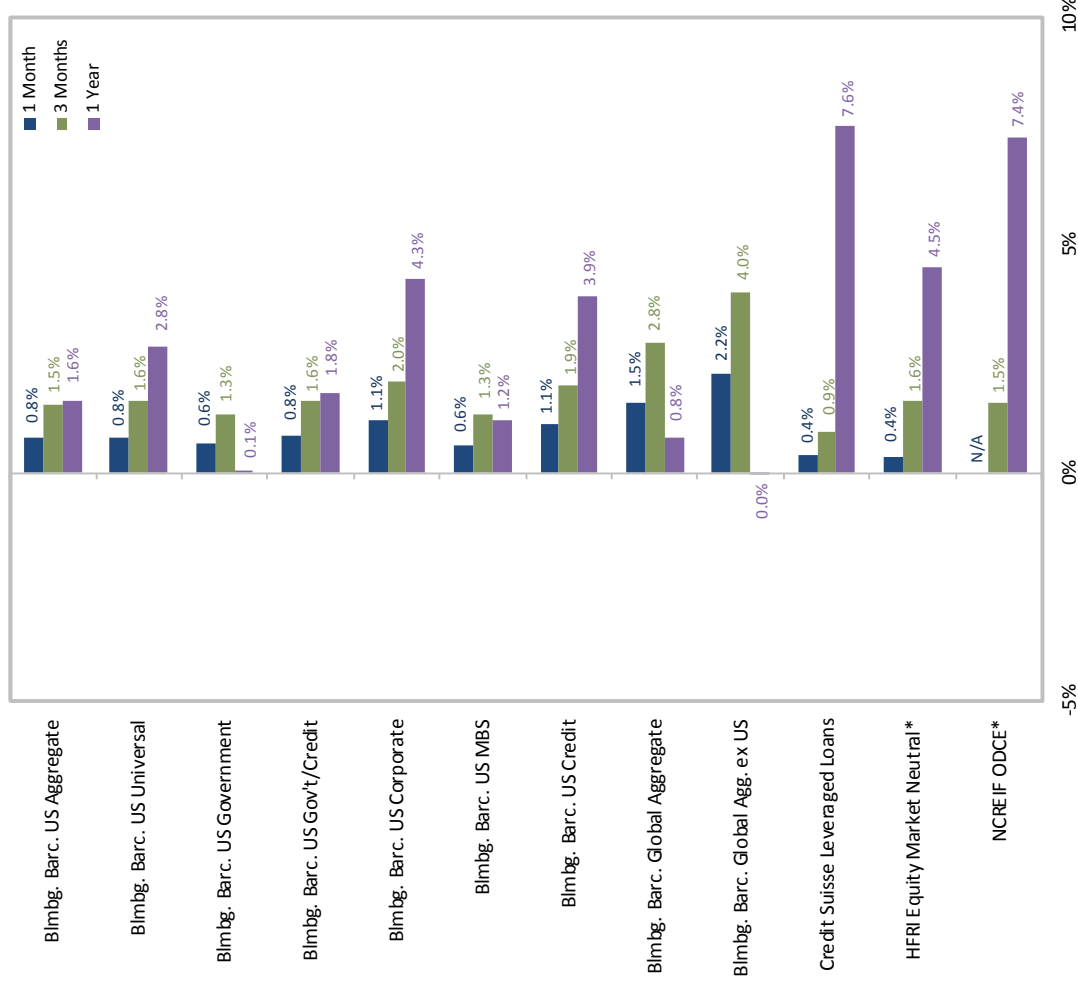
- The 10-year US Treasury yield continued to be volatile, trading within a range of 21 bps and ending the month at 2.21%; the year-to-date low for the 10-year yield was 2.18% in April, while the high was 2.63% in March. Each month in 2017 has seen yield swings of over 20 bps.
- The Bloomberg Barclays Aggregate generated returns of 0.8% during the month. Two-year yields rose by 2 bps while 30-year yields fell by 9 bps, causing the long duration portion of the Index to outperform shorter duration.
- With regard to international bonds, the Bloomberg Barclays Global Aggregate ex US continued to generate positive returns from both price and currency. The Index returned 2.2% for the month and has gained 4.0% over the past three months.
- The Credit Suisse Leveraged Loan Index returned 0.4% for the month, relatively muted gains compared to other below investment grade fixed income. May marked the lowest institutional loan issuance of any month year-to-date, as refinancings have slowed. The trailing 12-month default rate in loans has remained relatively constant year-to-date at 1.5%, approximately in-line with forecasts.

Relative Value Hedge Funds

- Relative value hedge funds gained in April, with gains distributed across strategies. Relative value credit and volatility were the strongest performers, while equity market neutral strategies were modestly positive.

Core Real Estate

- Core real estate returns for the first quarter of 2017 were 1.8% gross, 1.5% net, bringing the one-year gain for core funds to 7.4%. Continued strong gains in the commercial real estate market have coincided with the US economic expansion, with strong labor market growth fueling demand while supply remains limited. Of note is that in recent quarters price appreciation has slowed compared to prior in the expansion, with a larger percentage of real estate gains now being generated through income.



* Data was not available at time of publication – returns are previous month's.
Note: All returns are USD.

Inflation

- TIPS were mostly unchanged during May, but have benefited from declining real yields in 2017. For the month, 10-year breakeven inflation expectations declined 9 bps to 1.83%, their lowest month-end level of 2017.

Deflation

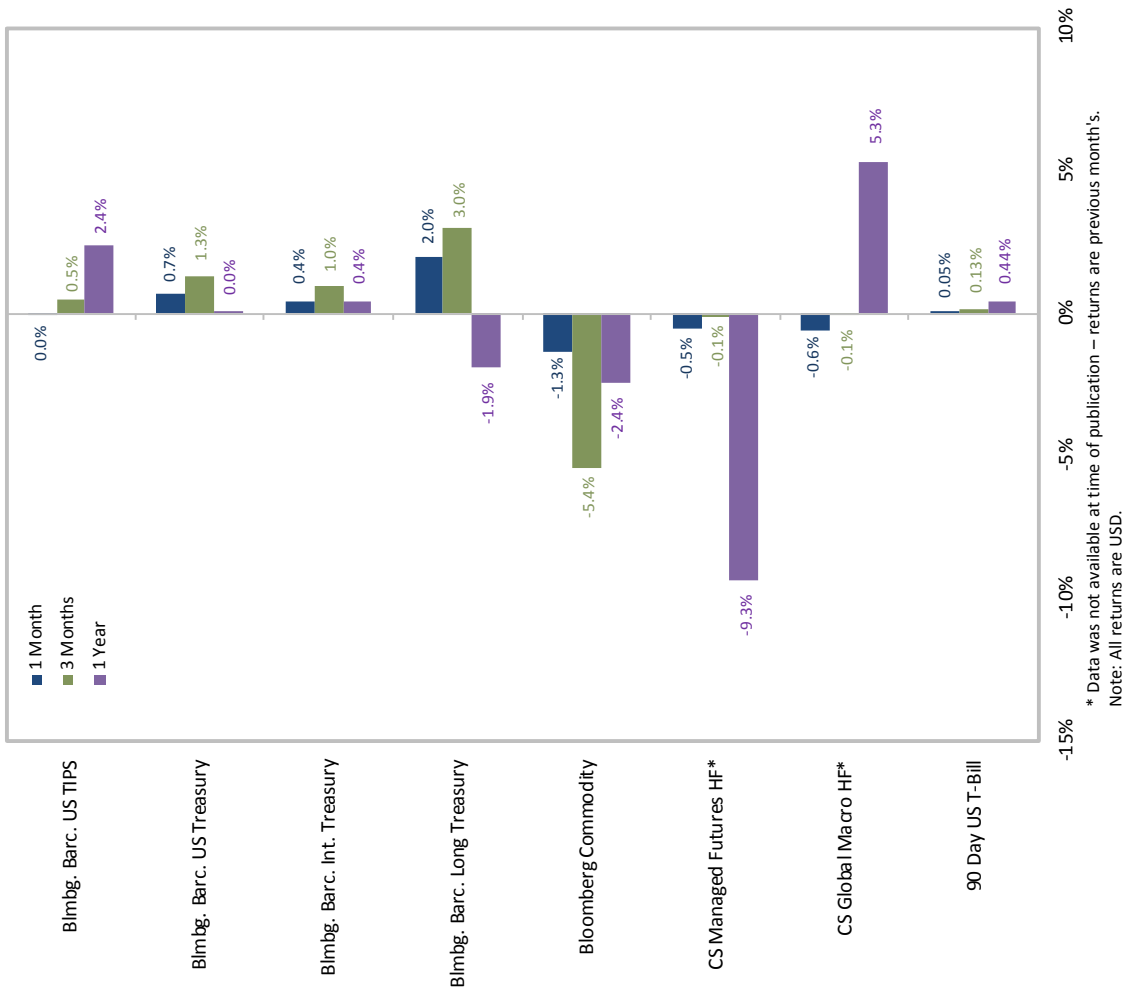
- The Bloomberg Barclays Long Treasury Index returned 2.0% for the month, 170 bps of which can be attributed to price return. Over the past year, 30-year Treasury yields have risen 21 bps to 2.86%.
- Cash continues to offer low returns, as 90-day T-bills gained 5 bps during May and 44 bps over the past year.

Commodities

- The Bloomberg Commodity Index returned -1.3% during May. Performance was driven by weak returns across several sectors with the largest underperformers being live cattle, sugar, and natural gas. Despite OPEC's agreement to extend production cuts to March 2018, the energy sector underperformed for the month, with natural gas returning -6.3% and Brent Crude Oil and WTI Crude Oil declining over 2% each. The Bloomberg Commodity Index returned -2.4% for the trailing year, with grains being the main detractor from performance.

Tactical Trading

- Tactical trading strategies declined in April. CTAs detracted on negative trend-following performance, while the average discretionary global macro manager also declined.



DISCLOSURES

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Private investments and hedge funds are subject to less regulation than other types of pooled vehicles. Alternative investments may involve a substantial degree of additional risk, including the risk of total loss of an investor's capital and lack of liquidity, and therefore may not be appropriate for all investors. Clients should review the Offering Memorandum, the Subscription Agreement, and any other applicable documents prior to investing. Summit does not provide legal or accounting advice. Clients should consult with their own legal advisor and/or accountant on these opportunities, including the review of any Subscription Document, Offering Memorandum, or Partnership Agreement.

Summary statistical data such as standard deviation (risk), Sharpe ratio, and tracking error is calculated using industry-standard methodology. Details regarding these calculations are available upon request.



Date: June 7, 2017

To: Tim Johnson, Board of Trustees and FIAC, City of Jacksonville PFPF

From: Dan Holmes

Subject: Recommended Rebalancing

Based on the Preliminary Flash Report dated May 31, 2017, domestic equities are 4.2% over the target allocation. In order to reduce the overweight, I recommend the following rebalancing:

- Reduce domestic large cap equities by \$40 million
 - \$20 million from the S&P 500 index fund
 - \$10 million from Eagle
 - \$5 million each from Brown and Sawgrass
- Increase International equities by \$18 million
 - \$15 million to Baillie Gifford
 - \$3 million to Acadian
- Increase Core Plus fixed income by \$20 million
 - \$10 million each to Neuberger Berman and Loomis Sayles
- Increase MLPs by \$2 million
 - \$1 million each to Tortoise and Harvest

Please let me know if you have any questions.



Summit Strategies Group

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St. Louis, Missouri 63105

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Sawgrass – Large Cap Growth Manager Review

**City of Jacksonville Police & Fire
Pension Fund**

June 9, 2017

BACKGROUND & RECOMMENDATION

Background

- The FIAC has been monitoring the underperformance of Sawgrass Asset Management for a number of quarters.
- The purpose of today's presentation is to review and analyze Sawgrass's performance, and to discuss whether or not any action needs to be taken.

Summary

- Sawgrass has underperformed its Russell 1000 Growth benchmark over the trailing year by 5.5% and the trailing three years by 2.3%, net of fees.
- With a process focused on high-quality companies and valuations, Sawgrass's portfolio will tend to be less volatile with lower sensitivity to market movements than most large cap growth strategies.
- Given the more risk-aware, defensive nature of the strategy, Sawgrass should not be expected to keep pace during momentum-driven markets or low-quality rallies; it should, however, be expected to protect on the downside in the event that a period of negative stock market sentiment should emerge.
- Sawgrass's results, more so than some other managers, should be viewed primarily through a risk lens; the strategy realizing a slightly higher standard deviation than the benchmark in a given time period would be much more worrisome than a period of underperformance of a similar magnitude.

Recommendation

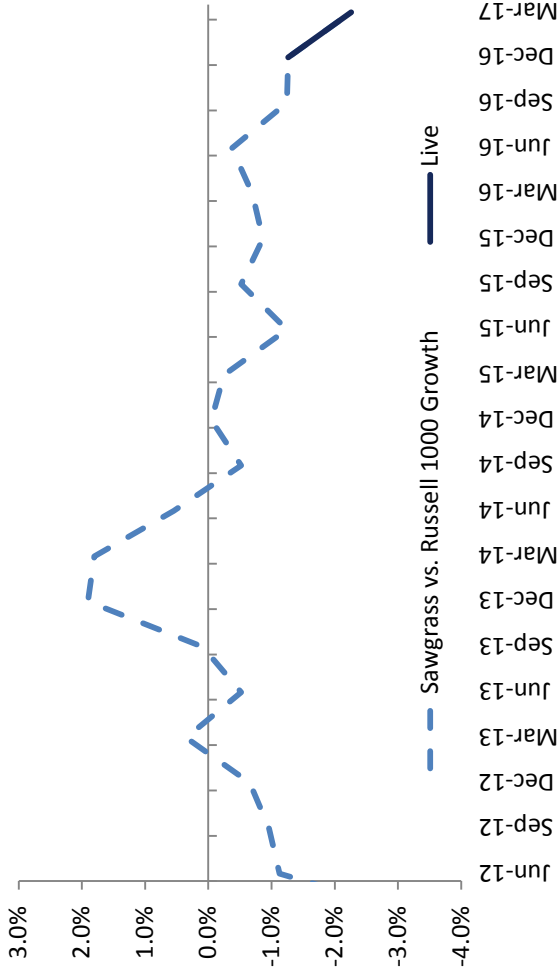
- Given the performance-based fee in place (0.20% base fee with an 18% excess performance share, capped at 0.85%), Summit recommends that the Fund maintain its allocation to Sawgrass to dampen volatility and provide downside market protection in the future.

SAWGRASS REVIEW (AS OF MARCH 31, 2017)

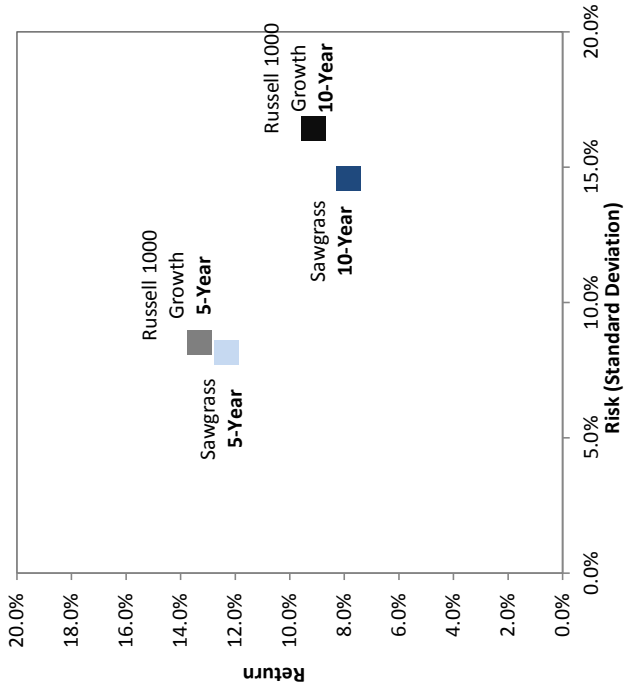
Background

- Sawgrass was hired in November 2013 to manage a large cap growth mandate for the Fund; it is currently one of four U.S. large cap equity managers within the portfolio and one of two U.S. large cap growth managers (the other being Brown Advisory).
- The ~\$95 million allocation to Sawgrass equates to a ~12% weight in the U.S. Equity Portfolio and a ~5% Total Fund weight.
- Recent underperformance warrants further analysis:
 - The strategy has trailed the benchmark by 5.5% over the trailing year, net of fees.
 - Performance also lags the benchmark over the trailing three-year period, by 2.3%, net of fees.

Rolling Three-Year Excess Performance



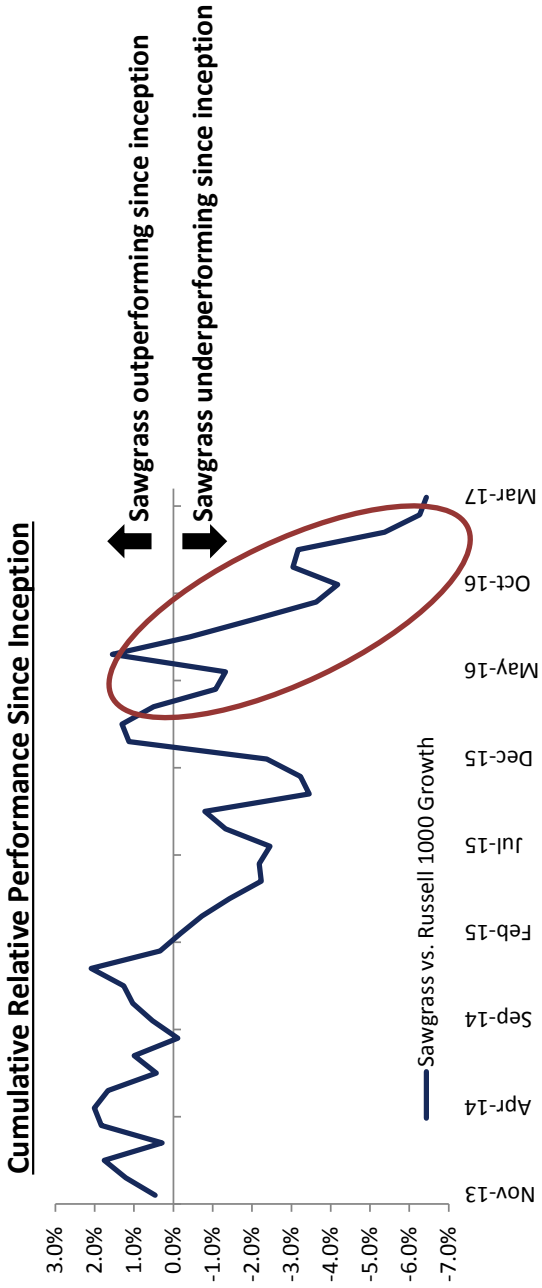
Risk vs. Return



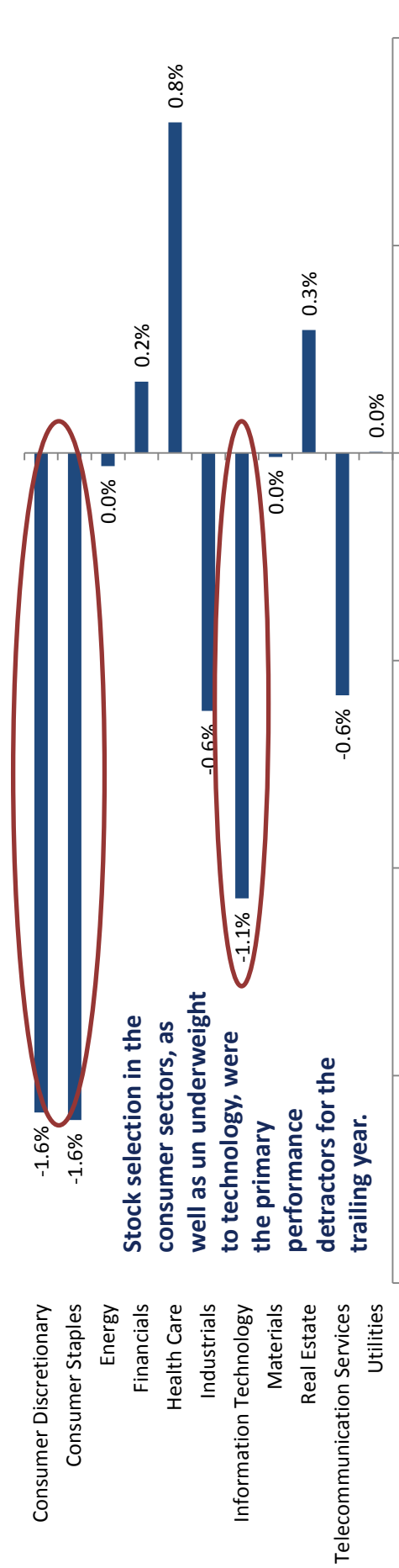
- Sawgrass has lagged the benchmark over both the trailing 5- and 10-year periods, but with less volatility over both timeframes (particularly the trailing ten years).

UNDERPERFORMANCE SUMMARY (AS OF MARCH 31, 2017)

- Sawgrass's underperformance since inception in the Fund can be entirely attributed to performance over the trailing year.
- As of 3/31/2016, the portfolio was outperforming the Russell 1000 Growth since inception by 18 bps.
- As of 3/31/2017, the portfolio was lagging the benchmark since inception by 146 bps.



One-Year Performance Attribution

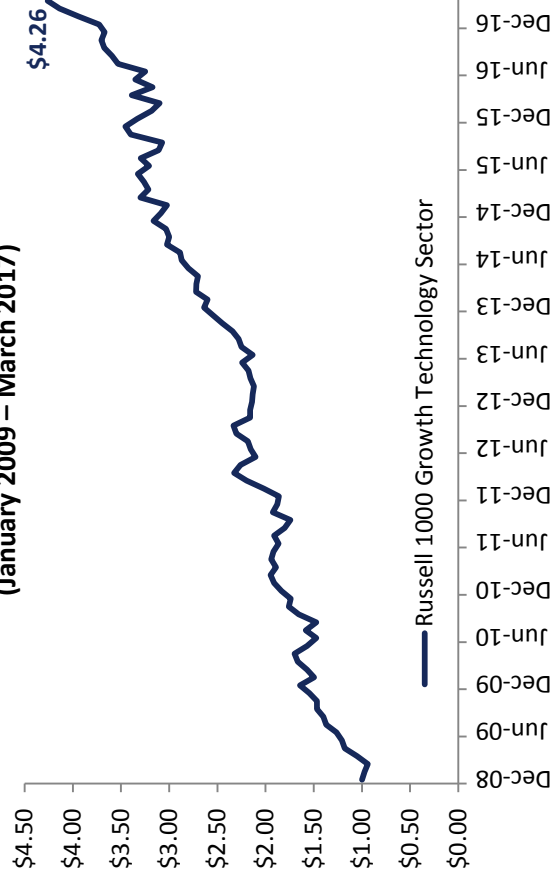


TRAILING ONE-YEAR UNDERPERFORMANCE (AS OF MARCH 31, 2017)

- Stock selection within the Consumer Discretionary and Consumer Staples sectors was a detrimental to the portfolio's performance over the trailing year.
- Generally, high-beta, momentum-driven stocks were in favor over the trailing year, with investors preferring risk rather than the more stable, higher-quality names typically held by Sawgrass.

Company	Sector	Russell 1000			Performance Attribution
		Sawgrass Average Weight	Growth Average Weight	1-Year Stock Return	
AutoZone	Consumer Discretionary	2.8%	0.2%	-9%	-0.7%
Coca-Cola	Consumer Staples	3.6%	1.3%	-5%	-0.5%
Dollar Tree	Consumer Discretionary	2.1%	0.2%	-5%	-0.4%
CVS Health Corp	Consumer Staples	1.8%	0.9%	-23%	-0.4%
Kroger	Consumer Staples	1.2%	0.3%	-22%	-0.3%
McCormick & Co	Consumer Staples	2.2%	0.1%	0%	-0.3%
General Mills	Consumer Staples	1.8%	0.4%	-4%	-0.3%
Total:					-2.9%

Growth of \$1 - Technology Sector
(January 2009 – March 2017)



- In addition to certain stocks owned by Sawgrass detracting from relative performance, stocks that the portfolio did not own, mainly in the technology sector (Amazon and Facebook), also hurt relative performance.
- Sawgrass had an average allocation of 22% to technology stocks over the trailing year, compared to 30% for the index. Thus, a 26% one-year return for the sector resulted in ~100 bps of underperformance for Sawgrass.
- The technology sector has seen significant growth for eight straight years, with earnings and volatility metrics that can be cost prohibitive for a valuation-focused manager like Sawgrass.

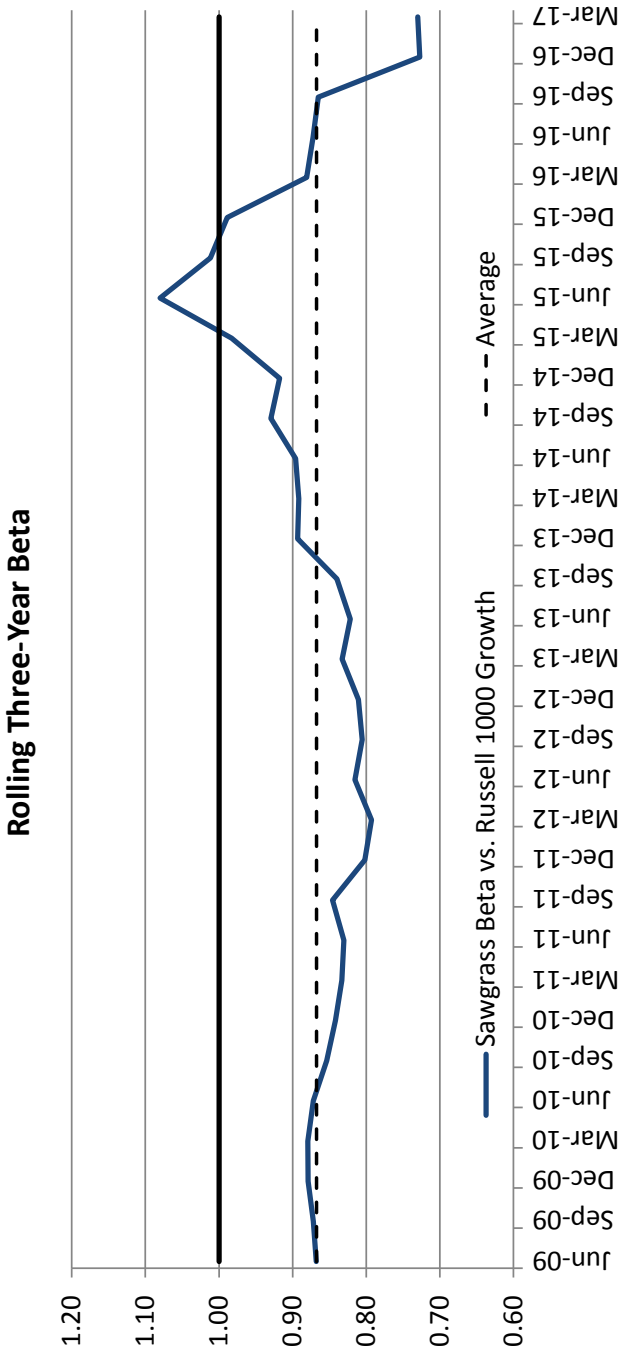
PERFORMANCE STATISTICS (AS OF MARCH 31, 2017)

As of 3/31/2017		Sawgrass	Russell 1000 Growth
3 Year Performance:			
Annualized Return		9.0%	11.3%
Annualized St. Dev		6.3%	7.6%
Sharpe Ratio		1.40	1.47
Tracking Error		3.7%	0.0%
Info Ratio		-0.61	0.00
Batting Average		50.0%	0.0%
Up Market Capture		79.6%	100.0%
Down Market Capture		81.7%	100.0%
5 Year Performance:			
Annualized Return		12.3%	13.3%
Annualized St. Dev		8.4%	8.7%
Sharpe Ratio		1.46	1.51
Tracking Error		3.3%	0.0%
Info Ratio		-0.31	0.00
Batting Average		50.0%	0.0%
Up Market Capture		90.3%	100.0%
Down Market Capture		82.0%	100.0%
7 Year Performance:			
Annualized Return		12.7%	13.7%
Annualized St. Dev		11.6%	13.5%
Sharpe Ratio		1.09	1.01
Tracking Error		3.9%	0.0%
Info Ratio		-0.24	0.00
Batting Average		53.6%	0.0%
Up Market Capture		88.9%	100.0%
Down Market Capture		83.4%	100.0%
10 Year Performance:			
Annualized Return		7.9%	9.1%
Annualized St. Dev		14.8%	16.7%
Sharpe Ratio		0.49	0.51
Tracking Error		4.0%	0.0%
Info Ratio		-0.32	0.00
Batting Average		47.5%	0.0%
Up Market Capture		86.2%	100.0%
Down Market Capture		90.3%	100.0%

- While Sawgrass has underperformed the benchmark over the trailing 3-, 5-, 7-, and 10-year periods, it has also had a lower volatility than the benchmark over those periods.
 - The strategy's volatility is among the lowest in the large cap growth universe, with a process focusing on fundamentals and financial statement analysis to uncover potential "blowups" before they get into the portfolio.
- The strategy generally will not keep up with the benchmark in momentum-driven or low-quality market runs, given the team's valuation discipline and practice of selling stocks that have reached their target prices.
 - This is evidenced by up market captures of ~80-90%, indicating that the strategy hasn't kept pace in quarters when the market was positive; however, similar down market capture metrics indicate that the strategy has significantly preserved capital when the market has sold off.

SAWGRASS PORTFOLIO BETA

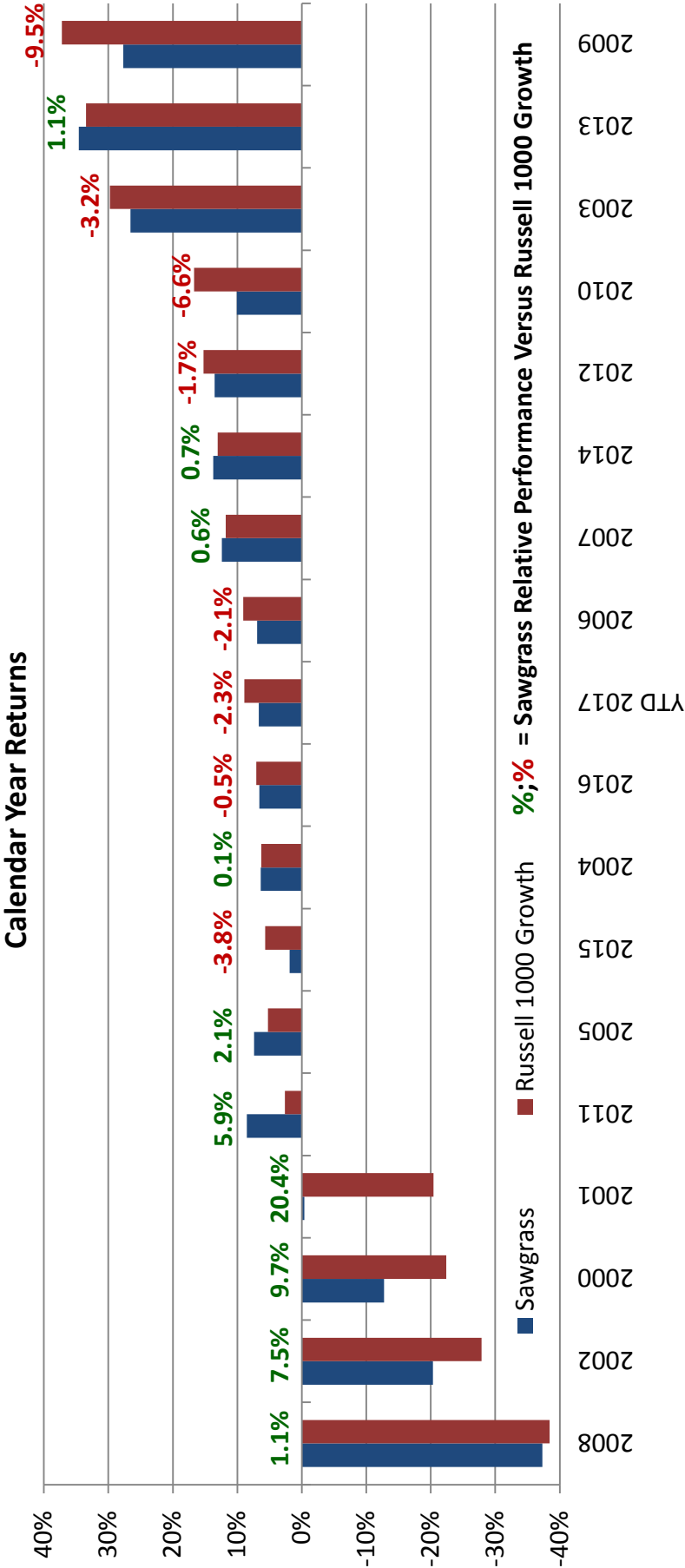
- **Beta** measures the sensitivity or magnitude of a portfolio’s response (in terms of return) to changes in a given market or benchmark.
- A beta greater than 1 indicates that a portfolio is expected to be more volatile than the benchmark, while a beta less than 1 indicates a portfolio with a lower expected volatility.
- Sawgrass’s beta (3-year) versus the Russell 1000 Growth Index has been relatively low over time, averaging 0.87 over the past ten years.
- This indicates that Sawgrass’s portfolio would be expected to underperform the benchmark by 13% in up markets and outperform by 13% in down markets (e.g., a return of 8.7% when the market is up 10% and a return of -8.7% when the market is down 10%).
- Given that the Russell 1000 Growth Index has produced positive returns for each of the past eight calendar years (2009 - 2016), it’s not surprising that Sawgrass has had trouble keeping up with the benchmark over this timeframe.



CALENDAR YEAR PERFORMANCE COMPARISON

- Calendar-year performance for Sawgrass and the Russell 1000 Growth Index is summarized below, shown in ascending order of the performance of the Russell 1000 Growth Index.
- In calendar years that the Russell 1000 Growth Index returned less than 5.5%, Sawgrass outperformed 100% of the time (6 out of 6 years).
- In calendar years that the Russell 1000 Growth Index returned over 5.5%, Sawgrass outperformed 33% of the time (4 out of 12 years)
- Every calendar year since 2011 has fallen into the latter group.

Given Sawgrass’s typically more defensive and low volatility nature, the portfolio can be expected to be in a strong position for relative outperformance should a period of negative market sentiment emerge.



CORRELATION ANALYSIS

Three-Year Excess Return Correlation vs. Russell 3000 Index

	Sawgrass	NT S&P 500	Brown Advisory	Eagle	WEDGE	Pinnacle
Sawgrass	1.00	0.62	0.42	-0.37	-0.46	-0.50
NT S&P 500	0.62	1.00	0.08	0.00	-0.74	-0.31
Brown Advisory	0.42	0.08	1.00	-0.05	-0.51	0.08
Eagle	-0.37	0.00	-0.05	1.00	-0.13	0.42
WEDGE	-0.46	-0.74	-0.51	-0.13	1.00	-0.09
Pinnacle	-0.50	-0.31	0.08	0.42	-0.09	1.00

Five-Year Excess Return Correlation vs. Russell 3000 Index

	Sawgrass	NT S&P 500	Brown Advisory	Eagle	WEDGE	Pinnacle
Sawgrass	1.00	0.48	0.34	-0.36	-0.37	-0.46
NT S&P 500	0.48	1.00	-0.11	0.01	-0.68	-0.38
Brown Advisory	0.34	-0.11	1.00	-0.07	-0.36	0.20
Eagle	-0.36	0.01	-0.07	1.00	-0.17	0.40
WEDGE	-0.37	-0.68	-0.36	-0.17	1.00	-0.10
Pinnacle	-0.46	-0.38	0.20	0.40	-0.10	1.00

- Relative to Brown (the other U.S. large cap growth equity manager in the Fund) Sawgrass provides significant diversification benefits vs. Eagle, WEDGE, and Pinnacle from an excess return correlation perspective.
- Brown provides better diversification benefits vs. the NT S&P 500 Index Fund.
- The two managers appear to be good complements in the portfolio as their excess return profiles appear to be significantly different, while each offer stronger excess return diversification benefits to varying managers in the U.S. Equity Portfolio.

SAWGRASS ASSET MANAGEMENT, LLC – DIVERSIFIED LARGE CAP GROWTH EQUITY

FIRM DETAILS

Address:

1579 The Greens Way
Suite 20
Jacksonville, FL 32250

Phone:

904.493.5500

Asset Class:

Large Cap Growth

Benchmark:

Russell 1000 Growth

Founded:

1998

Ownership:

100% employee owned

Assets Under Management:

\$4.0 billion

PRODUCT DETAILS

Inception:

March 1998

Assets Under Management:

\$2.1 billion

Vehicles Offered:

SA, \$1 million minimum

Portfolio Managers/Dual Role PMs:

5

Avg. Yrs of Experience:

31

Avg. Yrs at Firm:

16

Research Analysts:

1

Avg. Yrs of Experience:

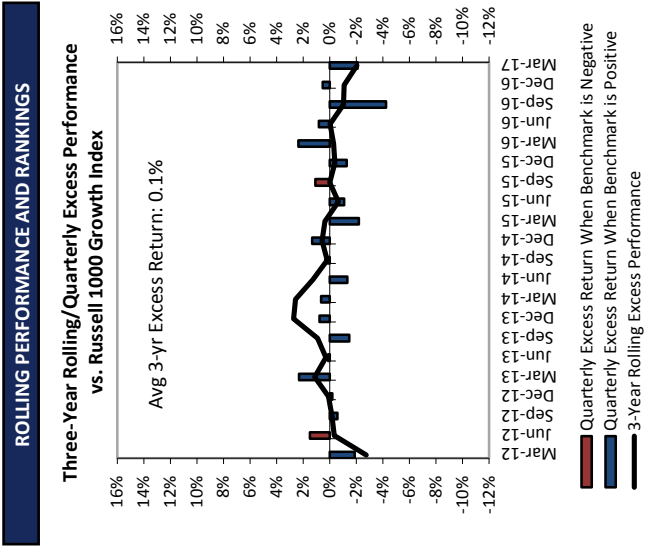
11

Avg. Yrs at Firm:

4

Performance-Based Fee:

Base: 0.20%
Share: 18%
Cap: 0.85%



CHARACTERISTICS

Portfolio

53

Benchmark

609

No of Securities:

40%

N/A

Portfolio Turnover:

1.6%

1.5%

Dividend Yield:

23.0x

24.0x

Equity P/E:

\$179.6 billion

\$179.1 billion

Avg Market Cap:

Last 3 Years:

3.7%

N/A

Tracking Error:

-0.55

N/A

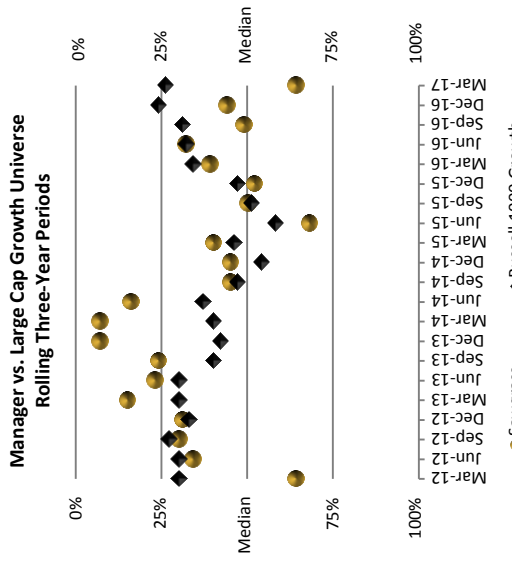
Information Ratio:

1.4

1.5

Sharpe Ratio:

9 Performance reflects gross of fees composite returns.



QUALITATIVE OVERVIEW

- The firm was founded in 1998 by three principals and five other investment professionals which had previously worked together at Barnett Capital Advisors, the investment management arm of Barnett Bank. Their money management experience dates back to 1983, whereas their decision to form their own firm resulted from the 1997 acquisition of Barnett by NationsBank.
- The firm's three founding principals, Andrew Cantor, Dean McQuiddy, and Brian Monroe, own the controlling interest of the firm. Control has remained constant with the only change being a broadening of inside ownership as the total partner stake has increased from its original allotment of 50%. The firm is now 100% employee owned by seven staff members, following the '06 buyout of outside silent partner and seed investor, AmSouth Bank.
- By combining quantitative models with bottom-up fundamental research in a consistent and structured investment discipline, the strategy focuses on companies with greater earnings potential than the market, looking for the most successful and fastest growing companies. Factors crucial in their analysis are earnings momentum, earnings estimates, and reasonable valuation relative to the Russell 1000 Growth Index.
- This is a team approach with Martin LaPrade being the ultimate decision maker. Portfolios exhibit characteristics consistent with a quality growth style, with low tracking error, and volatility statistics. The firm's primary objective is to provide growth exposure, while adding value by avoiding torpedo stocks and preserving capital.

QUALITATIVE RANKING						
FIRM	-2	-1	0	1	2	
Empl Ownership						
Mgmt Consistency						
Integration						
Cost						
Litigation						
Responsiveness						
TOTAL						+9

PERSONNEL	-3	-2	-1	0	1	2	3
Staff Depth							
Experience							
Stability							
Support							
TOTAL							+6

PHILOSOPHY	-3	-2	-1	0	1	2	3
Philosophy							
Purchase Discipline							
Sell Discipline							
Research							
Trading Skills							
Decision Process							
Characteristics							
TOTAL							+8

PRODUCT	-2	-1	0	1	2
History					
Size					
Growth					
Asset Split					
TOTAL					+5

TOTAL QUALITATIVE SCORE:

Poor

Average

Above Average

Exceptional

-10

0

+10

+20

+30

+28

SAWGRASS ASSET MANAGEMENT, LLC – LARGE CAP GROWTH EQUITY

Key Differentiator: Offers consistent growth exposure with significantly less volatility than the index and peers.

- **Investment Thesis:**

- **Low Volatility Approach** – The strategy’s volatility is among the lowest in the large cap growth universe. The approach focuses on fundamentals and financial statement analysis to uncover potential blowups before they get into the portfolio.
- **Experienced Team** – Portfolio Managers Marty LaPrade and Dean McQuiddy have run growth portfolios together for over two decades and have 38 and 33 years of investment experience, respectively. They have each seen multiple investment market cycles and have demonstrated the ability to add value.
- **Client-Centric Firm** – The firm excels in client service and communication has been superb. In addition, the firm is very accommodative to fee negotiations and is open to performance based fees.
- **Downside Market Performance** – The firm prides itself on capital preservation. Downside market capture is key to avoiding permanent losses in capital and Sawgrass has a demonstrated history of protecting in down markets.

- **Risks/Concerns:**

- **Momentum** – This strategy will likely not keep pace during a momentum-driven or low-quality market run as their valuation discipline has the team selling names as they reach valuation targets.

- **Performance Review and Expectations:**

- The portfolio underperformed the Russell 1000 Growth by 209 bps (gross) in the first quarter and by 538 bps for the trailing year. Stock selection was the primary detractor – especially among consumer discretionary stocks. Not owning Amazon or Facebook also accounted for over half of the quarter’s underperformance. For the trailing year, the strategy was penalized for poor overall selection in technology, consumer discretionary, consumer staples, and industrials. Poor stock selection in technology was largely a result of not owning Amazon or Facebook – which accounted for over 180 bps of the trailing year’s underperformance.
- There is not a high excess return target for this strategy, nor is high tracking error expected. Sawgrass is expected to provide around 100 basis points of net excess return with less volatility than the benchmark and do well during both growth and value market cycles.

Style definitions are defined by analysis of historical return patterns and underlying investment philosophies of the strategies. Strategies are labeled within a “best fit” context to help differentiate.

Analyst Coverage: This is typically a small cap value strategy relying on the fact that sell side coverage is light and that the broader market has yet to properly recognize the actual opportunities/fundamentals of a company. (High-moderate tracking)

Catalyst: A manager that is looking for stocks in which the market has yet to price in present or future changes – i.e., management changes, new products, structural/regulatory changes in the industry, etc. (High-moderate tracking)

Deep Value: There is typically a right price for anything. Managers are typically looking for companies with depressed valuations (PE/PB/PCF). Despite market/structural/industry headwinds, are the future earnings of the company worth more than the present stock price? Long-term in nature. Value characteristics will typically be meaningfully cheaper than the value benchmark. (High tracking)

Fundamental Value: (Relative Value) Value and growth are not mutually exclusive. These managers are typically looking for companies with reasonable growth prospects that are trading at compelling valuations. They will typically have more of a quality bias than a deep value manager and value characteristics are generally in-line to slightly more rich than that of the value benchmarks. (Moderate tracking)

Fundamental Growth: These are growth at a reasonable price managers (GARP). These managers are similar to fundamental value but are ultimately more growth oriented. They will typically be looking for more conservative and less volatile growth companies than High Growth or Momentum managers. (Moderate tracking)

High Growth: These are still fundamentally based managers but they are looking for better than market growth characteristics. They typically have a growth hurdle rate for their stocks of more than 12%. Sell discipline can be a concern. (Moderate tracking)

Momentum: These are managers that invest in markets or stocks that are going up. They typically are looking for secular trends or opportunities that they believe will offer tailwinds. (Personal bias – these are generally traders and not investors; momentum should not be a standalone process but maybe a small part of an overall strategy). Sell discipline is a real concern. (High tracking)

Quality: These managers typically have a definition of quality incorporating the company's balance sheet, industry fundamentals and/or management. Quality and risk (volatility) reduction go hand in hand here. Valuation and growth of the company are secondary to the quality metric. Tracking error will typically be high but overall volatility or Beta has historically been low. Portfolios (from a valuation perspective) are often times more expensive than the benchmark

Quantitative: Generally these are multifactor model driven, risk aware strategies. Broad factors generally include (valuation, business momentum, industry momentum and fundamentals, country price momentum, management). Models can (but are not always) be designed to assess industry fundamentals/opportunities or country fundamentals/opportunities. Most of these strategies have a targeted tracking error

Top Down: These are generally thematic managers with limited “bets” centered around broad macro change or views that are not reflected in the market today. These can include industry trends, commodity plays, or country views

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