



Summit Strategies Group

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City of Jacksonville Police & Fire Pension Fund

Allocation of Cash Contribution

December 8, 2017

INVESTMENT OPTIONS

Hold in Cash

Maintain ~6% Allocation to cash (\$113 million)

Motivations

Protracted rally in financial assets – this is an opportunity to lower risk asset allocations

Cash allocation would provide dry powder in the case of a market correction

Willing to cede upside to protect capital in this environment

Cash Reserve and Deploy to Eligible Managers

Maintain a \$5 million cash reserve

Deploy \$108 million to pro rata available managers

Motivations

While valuations may be elevated, giving up the opportunity cost may be unattractive

The Plan has a long time horizon and the ability to recover in the event of a market correction

Cash Reserve and Overweight Fixed Income

Maintain a \$5 million cash reserve

Deploy ~1/3 to domestic equity, international equity, and MLPs

Deploy ~2/3 to fixed income

Motivations

Overweight fixed income to provide cash flows and downside protection in the event of a market correction – assumes limited short term surprises in interest rate hikes

Increase International and MLP Exposure, Excess to Fixed Income

Maintain a \$5 million cash reserve

Allocate 23% international equity and to target in MLPs

Deploy the balance to fixed income

Motivations

Valuations in MLPs and international equity are relatively attractive when compared to other return seeking assets

Fixed income would provide income capital appreciation – assumes limited short term surprises in interest rate hikes

HOLD IN CASH

Jacksonville Police & Fire Pension Fund

Allocation of Cash Contribution

City of Jacksonville Police & Fire Pension Fund

Rebalancing Plan

(Market Values as of November 30, 2017)

	\$ Actual	% Actual	\$ Current Target	% Current Target	Reallocation	Ending \$	Ending %	% Δ from Target	\$ Δ from Target (in mm)
A. Total Equity	\$1,234,943,026	61.0%	\$1,194,987,959	59.0%	\$0	\$1,234,943,026	61.0%	2.0%	\$40
1. Domestic Large Cap Equity (70% of Domestic)	634,955,503	31.3%	635,976,643	31.4%		634,955,503	31.3%	-0.1%	(1)
NT S&P 500 Index Fund	220,492,596	10.9%	210,641,945	10.4%		220,492,596	10.9%	0.5%	10
Eagle Capital Management	216,136,611	10.7%	212,667,349	10.5%		216,136,611	10.7%	0.2%	3
Brown Advisory	12,884	0.0%	0	0.0%		12,884	0.0%	0.0%	0
Loomis Sayles	96,989,123	4.8%	106,333,674	5.3%		96,989,123	4.8%	-0.5%	(9)
Sawgrass Asset Management	101,324,289	5.0%	106,333,674	5.3%		101,324,289	5.0%	-0.2%	(5)
2. Domestic Small/Mid Cap Equity (30% of Domestic)	165,767,026	8.2%	153,930,652	7.6%		165,767,026	8.2%	0.6%	12
Wedge Capital Mgmt	78,619,380	3.9%	76,965,326	3.8%		78,619,380	3.9%	0.1%	2
Pinnacle	87,147,646	4.3%	76,965,326	3.8%		87,147,646	4.3%	0.5%	10
3. International Equity Developed	308,000,768	15.2%	283,556,465	14.0%		308,000,768	15.2%	1.2%	24
NT EAFE Index Fund	1,344,433	0.1%	20,254,033	1.0%		1,344,433	0.1%	-0.9%	(19)
Baillie Gifford	149,447,474	7.4%	93,168,553	4.6%		149,447,474	7.4%	2.8%	56
Silchester	157,208,861	7.8%	170,133,879	8.4%		157,208,861	7.8%	-0.6%	(13)
4. International Emerging Markets	126,219,729	6.2%	121,524,199	6.0%		126,219,729	6.2%	0.2%	5
Acadian Emerging Markets	126,219,729	6.2%	121,524,199	6.0%		126,219,729	6.2%	0.2%	5
B. Total Fixed Income	\$488,396,881	24.1%	\$415,207,681	20.5%	\$0	\$488,396,881	24.1%	3.6%	\$73
1. Core Fixed Income	74,676,946	3.7%	81,016,133	4.0%		74,676,946	3.7%	-0.3%	(6)
NTGI Aggregate Bond Index	834,565	0.0%	20,254,033	1.0%		834,565	0.0%	-1.0%	(19)
Thompson Siegel Fixed	73,842,381	3.6%	60,762,100	3.0%		73,842,381	3.6%	0.6%	13
2. Core Plus	300,352,872	14.8%	313,937,515	15.5%		300,352,872	14.8%	-0.7%	(14)
Loomis Sayles	123,299,182	6.1%	125,575,006	6.2%		123,299,182	6.1%	-0.1%	(2)
Neuberger Berman	177,053,690	8.7%	188,362,509	9.3%		177,053,690	8.7%	-0.6%	(11)
3. Senior Bank Notes	103	0.0%	0	0.0%		103	0.0%	0.0%	0
Eaton Vance Instl Senior Loan Trust	103	0.0%	0	0.0%		103	0.0%	0.0%	0
4. Cash/Paid Receipts	113,366,960	5.6%	20,254,033	1.0%		113,366,960	5.6%	4.6%	93
C. Total Real Assets	\$302,063,414	14.9%	\$415,207,681	20.5%	\$0	\$302,063,414	14.9%	-5.6%	(\$113)
1. Real Estate	205,599,098	10.2%	303,810,498	15.0%		205,599,098	10.2%	-4.8%	(98)
JPM RE Strategic Property	155,913,381	7.7%	101,270,166	5.0%		155,913,381	7.7%	2.7%	55
Principal Global Investments	49,685,717	2.5%	101,270,166	5.0%		49,685,717	2.5%	-2.5%	(52)
Non-Core Real Estate (TBD)	0	0.0%	101,270,166	5.0%		0	0.0%	-5.0%	(101)
2. MLPs / Timber / Commodities	96,464,316	4.8%	111,397,183	5.5%		96,464,316	4.8%	-0.7%	(15)
Harvest MLP	48,100,429	2.4%	55,698,591	2.8%		48,100,429	2.4%	-0.4%	(8)
Tortoise MLP	48,363,887	2.4%	55,698,591	2.8%		48,363,887	2.4%	-0.4%	(7)
D. TOTAL FUND	\$2,025,403,321	100.0%	\$2,025,403,321	100.0%	\$0	2,025,403,321	100.0%		

CASH RESERVE AND DEPLOY TO ELIGIBLE MANAGERS

Jacksonville Police & Fire Pension Fund

Allocation of Cash Contribution

City of Jacksonville Police & Fire Pension Fund

Rebalancing Plan

(Market Values as of November 30, 2017)

	\$ Actual	% Actual	\$ Current Target	% Current Target	Reallocation	Ending \$	Ending %	% Δ from Target	\$ Δ from Target (in mm)
A. Total Equity	\$1,234,943,026	61.0%	\$1,194,987,959	59.0%	\$76,000,000	\$1,310,943,026	64.7%	5.7%	\$116
1. Domestic Large Cap Equity (70% of Domestic)	634,955,503	31.3%	635,976,643	31.4%		674,955,503	33.3%	1.9%	39
NT S&P 500 Index Fund	220,492,596	10.9%	210,641,945	10.4%	13,000,000	233,492,596	11.5%	1.1%	23
Eagle Capital Management	216,136,611	10.7%	212,667,349	10.5%	13,000,000	229,136,611	11.3%	0.8%	16
Brown Advisory	12,884	0.0%	0	0.0%		12,884	0.0%	0.0%	0
Loomis Sayles	96,989,123	4.8%	106,333,674	5.3%	7,000,000	103,989,123	5.1%	-0.1%	(2)
Sawgrass Asset Management	101,324,289	5.0%	106,333,674	5.3%	7,000,000	108,324,289	5.3%	0.1%	2
2. Domestic Small/Mid Cap Equity (30% of Domestic)	165,767,026	8.2%	153,930,652	7.6%		175,767,026	8.7%	1.1%	22
Wedge Capital Mgmt	78,619,380	3.9%	76,965,326	3.8%	5,000,000	83,619,380	4.1%	0.3%	7
Pinnacle	87,147,646	4.3%	76,965,326	3.8%	5,000,000	92,147,646	4.5%	0.7%	15
3. International Equity Developed	308,000,768	15.2%	283,556,465	14.0%		326,000,768	16.1%	2.1%	42
NT EAFE Index Fund	1,344,433	0.1%	20,254,033	1.0%	18,000,000	19,344,433	1.0%	0.0%	(1)
Baillie Gifford	149,447,474	7.4%	93,168,553	4.6%		149,447,474	7.4%	2.8%	56
Silchester	157,208,861	7.8%	170,133,879	8.4%		157,208,861	7.8%	-0.6%	(13)
4. International Emerging Markets	126,219,729	6.2%	121,524,199	6.0%		134,219,729	6.6%	0.6%	13
Acadian Emerging Markets	126,219,729	6.2%	121,524,199	6.0%	8,000,000	134,219,729	6.6%	0.6%	13
B. Total Fixed Income	\$488,396,881	24.1%	\$415,207,681	20.5%	(\$84,000,000)	\$404,396,881	20.0%	-0.5%	(\$11)
1. Core Fixed Income	74,676,946	3.7%	81,016,133	4.0%		78,676,946	3.9%	-0.1%	(2)
NTGI Aggregate Bond Index	834,565	0.0%	20,254,033	1.0%	1,000,000	1,834,565	0.1%	-0.9%	(18)
Thompson Siegel Fixed	73,842,381	3.6%	60,762,100	3.0%	3,000,000	76,842,381	3.8%	0.8%	16
2. Core Plus	300,352,872	14.8%	313,937,515	15.5%		320,352,872	15.8%	0.3%	6
Loomis Sayles	123,299,182	6.1%	125,575,006	6.2%	8,000,000	131,299,182	6.5%	0.3%	6
Neuberger Berman	177,053,690	8.7%	188,362,509	9.3%	12,000,000	189,053,690	9.3%	0.0%	1
3. Senior Bank Notes	103	0.0%	0	0.0%		103	0.0%	0.0%	0
Eaton Vance Instl Senior Loan Trust	103	0.0%	0	0.0%		103	0.0%	0.0%	0
4. Cash/Paid Receipts	113,366,960	5.6%	20,254,033	1.0%	(108,000,000)	5,366,960	0.3%	-0.7%	(15)
C. Total Real Assets	\$302,063,414	14.9%	\$415,207,681	20.5%	\$8,000,000	\$310,063,414	15.3%	-5.2%	(\$105)
1. Real Estate	205,599,098	10.2%	303,810,498	15.0%		205,599,098	10.2%	-4.8%	(98)
JPM RE Strategic Property	155,913,381	7.7%	101,270,166	5.0%		155,913,381	7.7%	2.7%	55
Principal Global Investments	49,685,717	2.5%	101,270,166	5.0%		49,685,717	2.5%	-2.5%	(52)
Non-Core Real Estate (TBD)	0	0.0%	101,270,166	5.0%		0	0.0%	-5.0%	(101)
2. MLPs / Timber / Commodities	96,464,316	4.8%	111,397,183	5.5%		104,464,316	5.2%	-0.3%	(7)
Harvest MLP	48,100,429	2.4%	55,698,591	2.8%	4,000,000	52,100,429	2.6%	-0.2%	(4)
Tortoise MLP	48,363,887	2.4%	55,698,591	2.8%	4,000,000	52,363,887	2.6%	-0.2%	(3)
D. TOTAL FUND	\$2,025,403,321	100.0%	\$2,025,403,321	100.0%	\$0	2,025,403,321	100.0%		

CASH RESERVE AND OVERWEIGHT FIXED INCOME

Jacksonville Police & Fire Pension Fund

Allocation of Cash Contribution

City of Jacksonville Police & Fire Pension Fund

Rebalancing Plan

(Market Values as of November 30, 2017)

	\$ Actual	% Actual	\$ Current Target	% Current Target	Reallocation	Ending \$	Ending %	% Δ from Target	\$ Δ from Target (in mm)
A. Total Equity	\$1,234,943,026	61.0%	\$1,194,987,959	59.0%	\$27,000,000	\$1,261,943,026	62.3%	3.3%	\$67
1. Domestic Large Cap Equity (70% of Domestic)	634,955,503	31.3%	635,976,643	31.4%		648,955,503	32.0%	0.6%	13
NT S&P 500 Index Fund	220,492,596	10.9%	210,641,945	10.4%	5,000,000	225,492,596	11.1%	0.7%	15
Eagle Capital Management	216,136,611	10.7%	212,667,349	10.5%	5,000,000	221,136,611	10.9%	0.4%	8
Brown Advisory	12,884	0.0%	0	0.0%		12,884	0.0%	0.0%	0
Loomis Sayles	96,989,123	4.8%	106,333,674	5.3%	2,000,000	98,989,123	4.9%	-0.4%	(7)
Sawgrass Asset Management	101,324,289	5.0%	106,333,674	5.3%	2,000,000	103,324,289	5.1%	-0.1%	(3)
2. Domestic Small/Mid Cap Equity (30% of Domestic)	165,767,026	8.2%	153,930,652	7.6%		169,767,026	8.4%	0.8%	16
Wedge Capital Mgmt	78,619,380	3.9%	76,965,326	3.8%	2,000,000	80,619,380	4.0%	0.2%	4
Pinnacle	87,147,646	4.3%	76,965,326	3.8%	2,000,000	89,147,646	4.4%	0.6%	12
3. International Equity Developed	308,000,768	15.2%	283,556,465	14.0%		314,000,768	15.5%	1.5%	30
NT EAFE Index Fund	1,344,433	0.1%	20,254,033	1.0%	6,000,000	7,344,433	0.4%	-0.6%	(13)
Baillie Gifford	149,447,474	7.4%	93,168,553	4.6%		149,447,474	7.4%	2.8%	56
Silchester	157,208,861	7.8%	170,133,879	8.4%		157,208,861	7.8%	-0.6%	(13)
4. International Emerging Markets	126,219,729	6.2%	121,524,199	6.0%		129,219,729	6.4%	0.4%	8
Acadian Emerging Markets	126,219,729	6.2%	121,524,199	6.0%	3,000,000	129,219,729	6.4%	0.4%	8
B. Total Fixed Income	\$488,396,881	24.1%	\$415,207,681	20.5%	(\$35,000,000)	\$453,396,881	22.4%	1.9%	\$38
1. Core Fixed Income	74,676,946	3.7%	81,016,133	4.0%		97,676,946	4.8%	0.8%	17
NTGI Aggregate Bond Index	834,565	0.0%	20,254,033	1.0%	20,000,000	20,834,565	1.0%	0.0%	1
Thompson Siegel Fixed	73,842,381	3.6%	60,762,100	3.0%	3,000,000	76,842,381	3.8%	0.8%	16
2. Core Plus	300,352,872	14.8%	313,937,515	15.5%		350,352,872	17.3%	1.8%	36
Loomis Sayles	123,299,182	6.1%	125,575,006	6.2%	20,000,000	143,299,182	7.1%	0.9%	18
Neuberger Berman	177,053,690	8.7%	188,362,509	9.3%	30,000,000	207,053,690	10.2%	0.9%	19
3. Senior Bank Notes	103	0.0%	0	0.0%		103	0.0%	0.0%	0
Eaton Vance Instl Senior Loan Trust	103	0.0%	0	0.0%		103	0.0%	0.0%	0
4. Cash/Paid Receipts	113,366,960	5.6%	20,254,033	1.0%	(108,000,000)	5,366,960	0.3%	-0.7%	(15)
C. Total Real Assets	\$302,063,414	14.9%	\$415,207,681	20.5%	\$8,000,000	\$310,063,414	15.3%	-5.2%	(\$105)
1. Real Estate	205,599,098	10.2%	303,810,498	15.0%		205,599,098	10.2%	-4.8%	(98)
JPM RE Strategic Property	155,913,381	7.7%	101,270,166	5.0%		155,913,381	7.7%	2.7%	55
Principal Global Investments	49,685,717	2.5%	101,270,166	5.0%		49,685,717	2.5%	-2.5%	(52)
Non-Core Real Estate (TBD)	0	0.0%	101,270,166	5.0%		0	0.0%	-5.0%	(101)
2. MLPs / Timber / Commodities	96,464,316	4.8%	111,397,183	5.5%		104,464,316	5.2%	-0.3%	(7)
Harvest MLP	48,100,429	2.4%	55,698,591	2.8%	4,000,000	52,100,429	2.6%	-0.2%	(4)
Tortoise MLP	48,363,887	2.4%	55,698,591	2.8%	4,000,000	52,363,887	2.6%	-0.2%	(3)
D. TOTAL FUND	\$2,025,403,321	100.0%	\$2,025,403,321	100.0%	\$0	2,025,403,321	100.0%		

INCREASE INTERNATIONAL AND MLP EXPOSURE, EXCESS TO FIXED INCOME

Jacksonville Police & Fire Pension Fund

Allocation of Cash Contribution

City of Jacksonville Police & Fire Pension Fund

Rebalancing Plan

(Market Values as of November 30, 2017)

	\$ Actual	% Actual	\$ Current Target	% Current Target	Reallocation	Ending \$	Ending %	% Δ from Target	\$ Δ from Target (in mm)	
A. Total Equity	\$1,234,943,026	61.0%	\$1,194,987,959	59.0%	\$20,000,000	\$1,254,943,026	62.0%	3.0%	\$60	
1. Domestic Large Cap Equity (70% of Domestic)	634,955,503	31.3%	635,976,643	31.4%	20,000,000	634,955,503	31.3%	-0.1%	(1)	
NT S&P 500 Index Fund	220,492,596	10.9%	210,641,945	10.4%		220,492,596	10.9%	0.5%	10	
Eagle Capital Management	216,136,611	10.7%	212,667,349	10.5%		216,136,611	10.7%	0.2%	3	
Brown Advisory	12,884	0.0%	0	0.0%		12,884	0.0%	0.0%	0	
Loomis Sayles	96,989,123	4.8%	106,333,674	5.3%		96,989,123	4.8%	-0.5%	(9)	
Sawgrass Asset Management	101,324,289	5.0%	106,333,674	5.3%		101,324,289	5.0%	-0.2%	(5)	
2. Domestic Small/Mid Cap Equity (30% of Domestic)	165,767,026	8.2%	153,930,652	7.6%		20,000,000	165,767,026	8.2%	0.6%	12
Wedge Capital Mgmt	78,619,380	3.9%	76,965,326	3.8%			78,619,380	3.9%	0.1%	2
Pinnacle	87,147,646	4.3%	76,965,326	3.8%			87,147,646	4.3%	0.5%	10
3. International Equity Developed	308,000,768	15.2%	283,556,465	14.0%		20,000,000	328,000,768	16.2%	2.2%	44
NT EAFE Index Fund	1,344,433	0.1%	20,254,033	1.0%			21,344,433	1.1%	0.1%	1
Baillie Gifford	149,447,474	7.4%	93,168,553	4.6%			149,447,474	7.4%	2.8%	56
Silchester	157,208,861	7.8%	170,133,879	8.4%			157,208,861	7.8%	-0.6%	(13)
4. International Emerging Markets	126,219,729	6.2%	121,524,199	6.0%	20,000,000	126,219,729	6.2%	0.2%	5	
Acadian Emerging Markets	126,219,729	6.2%	121,524,199	6.0%		126,219,729	6.2%	0.2%	5	
B. Total Fixed Income	\$488,396,881	24.1%	\$415,207,681	20.5%	(\$36,000,000)	\$452,396,881	22.3%	1.8%	\$37	
1. Core Fixed Income	74,676,946	3.7%	81,016,133	4.0%	22,000,000 8,000,000	104,676,946	5.2%	1.2%	24	
NTGI Aggregate Bond Index	834,565	0.0%	20,254,033	1.0%		22,834,565	1.1%	0.1%	3	
Thompson Siegel Fixed	73,842,381	3.6%	60,762,100	3.0%		81,842,381	4.0%	1.0%	21	
2. Core Plus	300,352,872	14.8%	313,937,515	15.5%	17,000,000 25,000,000	342,352,872	16.9%	1.4%	28	
Loomis Sayles	123,299,182	6.1%	125,575,006	6.2%		140,299,182	6.9%	0.7%	15	
Neuberger Berman	177,053,690	8.7%	188,362,509	9.3%		202,053,690	10.0%	0.7%	14	
3. Senior Bank Notes	103	0.0%	0	0.0%	20,000,000	103	0.0%	0.0%	0	
Eaton Vance Instl Senior Loan Trust	103	0.0%	0	0.0%		103	0.0%	0.0%	0	
4. Cash/Paid Receipts	113,366,960	5.6%	20,254,033	1.0%	(108,000,000)	5,366,960	0.3%	-0.7%	(15)	
C. Total Real Assets	\$302,063,414	14.9%	\$415,207,681	20.5%	\$16,000,000	\$318,063,414	15.7%	-4.8%	(\$97)	
1. Real Estate	205,599,098	10.2%	303,810,498	15.0%	8,000,000 8,000,000 8,000,000	205,599,098	10.2%	-4.8%	(98)	
JPM RE Strategic Property	155,913,381	7.7%	101,270,166	5.0%		155,913,381	7.7%	2.7%	55	
Principal Global Investments	49,685,717	2.5%	101,270,166	5.0%		49,685,717	2.5%	-2.5%	(52)	
Non-Core Real Estate (TBD)	0	0.0%	101,270,166	5.0%		0	0.0%	-5.0%	(101)	
2. MLPs / Timber / Commodities	96,464,316	4.8%	111,397,183	5.5%	8,000,000 8,000,000	112,464,316	5.6%	0.1%	1	
Harvest MLP	48,100,429	2.4%	55,698,591	2.8%		56,100,429	2.8%	0.0%	0	
Tortoise MLP	48,363,887	2.4%	55,698,591	2.8%		56,363,887	2.8%	0.0%	1	
D. TOTAL FUND	\$2,025,403,321	100.0%	\$2,025,403,321	100.0%	\$0	2,025,403,321	100.0%			

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