



SUMMARY TO THE BOARD OF TRUSTEES AND F.I.A.C. MANAGER UPDATE WORKSHOP

Monday, September 26, 2022
12:00 P.M. – 1:00 P.M.

City of Jacksonville Police and Fire Pension Fund
1 West Adams Street Suite 100, Jacksonville, FL 32202
Richard "Dick" Cohee Board Room

Staff

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Deputy Director
Kevin Grant, Finance Manager

Guests

Richard Wells, WEDGE Capital Management
Don Cleven, WEDGE Capital Management

Renzer Bell

Financial Investment and Advisory Committee (F.I.A.C.)

Brian Chappell
*Steve Glenn
*Erwin Lax

Notice

Meeting Agendas and Summaries are available on our website at jaxpfpf.coj.net. For additional meeting documents, please contact Steve Lundy, Custodian of Public Records for the City of Jacksonville Police and Fire Pension Fund at 904-255-7373 or SLundy@coj.net to file a public records request.

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Summary

I. Public Speaking

Renzer Bell requested public comment. He wanted to address the Trustees, but unfortunately there were no Trustees present today. He said that markets change complexion, and evolve, and people need to evolve as well. He said that a lot of investment professionals rest on their laurels. There is a lot of alpha out there, but people tend to look for it in conventional places. He said we need to look for alpha in new places. He asked WEDGE how they use statistical measures working around the moments of the normal distribution.

Dan Cleven said that WEDGE spends a lot of time looking at stock performance history, and the starting point is mean reversion. As value investors, WEDGE looks for cheap value stocks that can recover earning power.

II. Manager Update

a. Richard Wells & Dan Cleven, WEDGE Capital Management

Richard Wells and Dan Cleven introduced themselves and WEDGE Capital Management. They covered the following topics from their presentation:

- Focus on Value (page 1)
- Jacksonville Police and Fire Pension Fund: WEDGE Small Cap Value CIT: Total Returns as of 08/31/22 (page 2)
- Small Cap Value Performance as of 06/30/22 (page 3)
- 2021 YTD Market Environment: Performance Attribution Analysis by LT Average ROE and Short Interest / Shares Outstanding (page 4)
- One Year Market Environment ending 06/30/22: Performance Attribution Analysis by LT Average ROE and PE (page 5)
- Small Cap Value Performance Attribution Versus Russell 2000 Value Index Second Quarter 2022 (page 6)
- Performance Attribution Analysis by Economic Sector (page 7)
- Small Cap Value: Below Financial Crisis Valuations (page 8)
- Greater Valuation Discounts in Smaller Caps (page 9)
- Small Cap Value: Deepest Discount vs. Large Cap Value in 20 Years (page 10)
- Focus on Quality: WEDGE Long-Term ROE vs. Russell 2000 Indices (page 11)
- Balancing Value with other Characteristics (page 12)
- Traditional Equity: Small Cap (page 13)

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III. Adjournment
1:00 P.M.

Nawal McDaniel, Board Secretary

Summary Prepared By:

Steve Lundy, Deputy Director
City of Jacksonville Police and Fire Pension Fund

Posted: 10/03/2022

To be Approved: 10/21/2022