



**JACKSONVILLE POLICE AND FIRE PENSION FUND
BOARD OF TRUSTEES AND
FINANCIAL INVESTMENT AND ADVISORY COMMITTEE
MANAGER UPDATE AGENDA – OCTOBER 26, 2018 – 10:00AM**

BOARD OF TRUSTEES INVITED

Lt. Chris Brown, Chair
Willard Payne, Secretary
Cpt. Michael Lynch, Trustee
Nawal McDaniel, Trustee
Richard Patsy, Trustee

FIAC MEMBERS INVITED

Eric "Brian" Smith Jr., Chair
Craig Lewis Sr., Secretary
Tracey Devine
Rob Kowkabany
Rodney Van Pelt

STAFF

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Assistant Plan Administrator
Kevin B. Grant, Finance Manager
Dan Holmes, Summit Strategies – via Webex

GUESTS

John Johnson, Eagle Capital Management

MEETING CONVENED

MEETING ADJOURNED

NOTICE: Any person requiring a special accommodation to participate in the meeting because of disability shall contact Steve Lundy, Assistant Plan Administrator 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.

I. PUBLIC SPEAKING PERIOD

II. EAGLE CAPITAL MANAGEMENT – MANAGER UPDATE

John Johnson



Eagle Capital Management

Jacksonville Police and Fire Pension Board of Trustees

October 26, 2018

John Johnson

212-293-4022

jjohnson@eaglecap.com

EAGLE CAPITAL MANAGEMENT 499 PARK AVENUE NEW YORK NY 10022

Confidential report prepared upon client request, not for further distribution



FIRM BACKGROUND

- **Founded in 1988¹ by Ravenel and Beth Curry**
- **Single strategy—Eagle Equity portfolio; long-only**
- **\$29.5 Billion in Assets Under Management²**
- **Separate account structure for all accounts**
- **Over 80% Institutional**
- **100% Employee-owned**
- **Eight member investment team**
- **Collaborative team of 35 seasoned professionals**

¹In 1995, the organizational structure of the firm was changed to a Limited Liability Company (LLC).

²Assets Under Management are as of September 30, 2018.



INVESTMENT MANAGEMENT TEAM

	EXPERIENCE	
	TOTAL	EAGLE
<p>RAVENEL B. CURRY III – CIO Ravenel is a founder and the chief investment officer of Eagle Capital Management, LLC. Formerly a partner at H.C. Wainwright and the portfolio manager of the Duke Endowment, Ravenel began his investment career as a security analyst at Morgan Guaranty Trust Company. He received his Bachelor of Arts degree from Furman University and an M.B.A. from the University of Virginia. Ravenel is a trustee of the Manhattan Institute, the American Enterprise Institute, the New York Hall of Science, the New-York Historical Society, Success Academy, and the Duke Endowment. Ravenel is a former trustee of Furman University and the former chairman of the New Jersey Higher Education Assistance Authority. He is a member of the Council on Foreign Relations.</p>	50	30
<p>R. BOYKIN CURRY IV – DEPUTY CIO Boykin is a deputy CIO and senior research analyst. Formerly a portfolio manager at Kingdon Capital, Boykin began his investment career at Miller Anderson & Sherrerd. At Miller Anderson & Sherrerd/Morgan Stanley Asset Management, he managed an emerging markets fund and co-ran an international equity fund. Prior to business school, he was a strategy consultant at Bain & Company. Boykin graduated from Yale University with a degree in Economics and earned his M.B.A. at Harvard Business School. He is a founding board member of Public Prep, which opens charter schools for children in New York City, and a trustee of the New America Foundation.</p>	25	16
<p>JONATHAN GANDELMAN Jonathan is a senior research analyst. He was formerly a senior analyst at Falcon Edge Capital. Prior to business school, Jonathan worked in private equity at Apex Partners and in mergers & acquisitions at Evercore Partners. Jonathan graduated magna cum laude from the Wharton School at the University of Pennsylvania with a Bachelor of Science degree in Economics and earned his M.B.A. from Harvard Business School.</p>	9	1
<p>ALEC J. HENRY – DEPUTY CIO Alec is a deputy CIO and senior research analyst. He was formerly the Director of Research at Corsair Capital Management. Prior to joining Corsair, Alec worked in corporate strategy at Starwood Hotels and was a strategy consultant at Mercer Management Consulting. Alec received his Bachelor of Science in Commerce with a concentration in Finance from the McIntire School of Commerce at the University of Virginia. He has earned the Chartered Financial Analyst designation.</p>	15	8
<p>STEPHANIE J. LI Stephanie is a research analyst. She formerly worked at Blue Ridge Capital and at Evercore in M&A. Stephanie graduated summa cum laude with a Bachelor of Science degree in Economics from the Wharton School at the University of Pennsylvania.</p>	3	1
<p>ADRIAN V. MELI – DEPUTY CIO Adrian is a deputy CIO and senior research analyst. He formerly worked at Farley Capital. Adrian graduated magna cum laude and Phi Beta Kappa with a Bachelor of Arts degree in Economics and Psychology from Williams College.</p>	16	10
<p>RICHARD R. ONG, CFA Richard is a senior research analyst. He was a principal at McCowan Associates, the former Investment Management Services division of Goldman, Sachs & Co. Richard was an analyst and served on the investment committee. He worked in biomedical research at the University of California, the San Francisco Medical Center and the New York University Medical Center. Richard received his Bachelor of Arts degree in Chemistry from Princeton University and an M.B.A. from Columbia University. He holds the Chartered Financial Analyst designation.</p>	33	21
<p>TOWNSEND WELLS Townsend is a senior research analyst. He was formerly a Partner at Palestra Capital Management, a public equity investment firm he was with since its launch. Prior to Palestra, Townsend worked on private debt and equity investments in the Blackstone Group’s credit investment division, GSO Capital, and in investment banking at Credit Suisse. Townsend graduated magna cum laude with a Bachelor of Arts degree from Princeton University.</p>	11	1



PHILOSOPHY / DIFFERENTIATING FEATURES

Investment Philosophy:

- Buy undervalued companies with unrecognized growth potential
Seek stocks that are inexpensive relative to both their core earnings power and their long-term prospects
- Minimize risk – “Risk is Greatest when Agreement is Greatest”
Avoid high expectation stocks where there is a higher risk of a permanent loss of capital

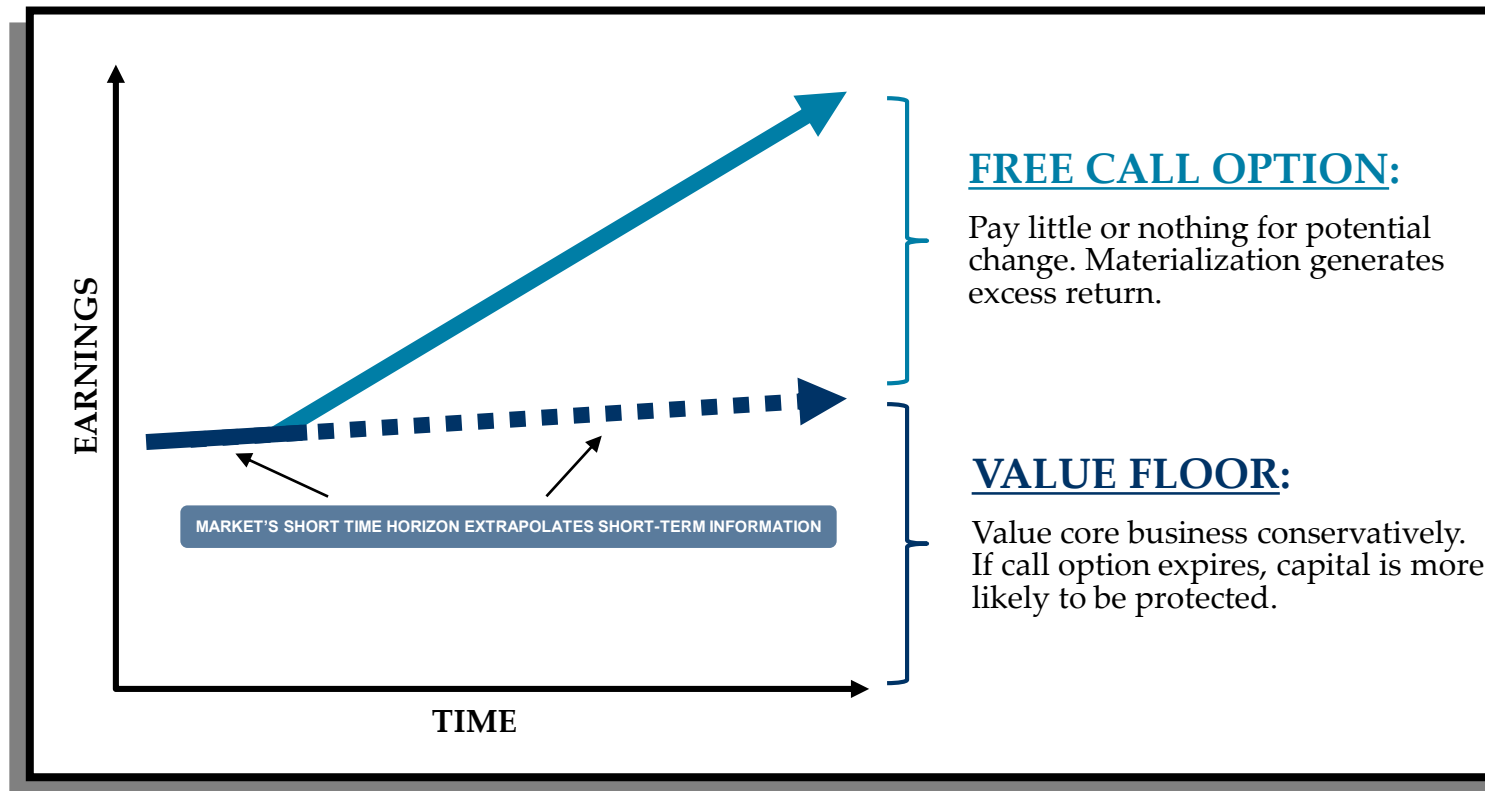
Differentiating Features:

- Long-term investment horizon allows us to find opportunities in which many investors can't or won't invest
- Judgment applied to original research
- Culture of intensity combined with emotional calm – “Rigor plus Patience”
- Strong relationships with company management derived from diligence and long-term perspective
- Team approach to research – different perspectives, insights and expertise factor into portfolio decisions
- Focused portfolio of our 25 – 35 best ideas; typically add five new positions per year
- Compensation structure that is aligned with our clients' interests



FIND CHANGE EARLY

Buy Undervalued Companies With Unrecognized Growth Potential



A free call option describes some change that is unrecognized by the market and likely to be valuable in the future. Examples include the introduction of a new product line, a new way of using technology to cut costs, a new management team that will better allocate resources, etc.

A value floor describes the underlying income-producing assets of a company as strong enough to maintain the value of the investment, even at times of stress. In other words, the company is a good value based on what we can be fairly certain of now.



PORTFOLIO COMPOSITION

Jacksonville Police and Fire Pension Board of Trustees as of September 30, 2018

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Cur. Yield
ENERGY									
25,300	Anadarko Petroleum Corp	58.85	1,488,874	67.41	1,705,473	0.8	1.00	25,300	1.5
56,100	Noble Energy Inc	48.04	<u>2,695,088</u>	31.19	<u>1,749,759</u>	<u>0.8</u>	0.44	<u>24,684</u>	<u>1.4</u>
			4,183,962		3,455,232	1.5		49,984	1.4
MATERIALS									
29,965	Ecolab Inc	91.99	<u>2,756,432</u>	156.78	<u>4,697,913</u>	<u>2.1</u>	1.64	<u>49,143</u>	<u>1.0</u>
			2,756,432		4,697,913	2.1		49,143	1.0
INDUSTRIAL									
64,220	AerCap Holdings NV	51.40	3,300,996	57.52	3,693,934	1.6	-	-	-
42,750	United Parcel Service-Cl B	110.82	<u>4,737,375</u>	116.75	<u>4,991,063</u>	<u>2.2</u>	3.64	<u>155,610</u>	<u>3.1</u>
			8,038,371		8,684,997	3.9		155,610	1.8
CONSUMER DISCRETIONARY									
7,092	Amazon.com Inc	478.76	3,395,333	2,003.00	14,205,276	6.3	-	-	-
155,200	General Motors Co	34.31	5,324,198	33.67	5,225,584	2.3	1.52	235,904	4.5
49,600	Marriott International -Cl A	65.24	3,235,936	132.03	6,548,688	2.9	1.64	81,344	1.2
33,593	Mohawk Industries Inc	205.62	<u>6,907,239</u>	175.35	<u>5,890,533</u>	<u>2.6</u>	-	<u>-</u>	<u>-</u>
			18,862,707		31,870,081	14.2		317,248	1.0
HEALTH CARE									
23,800	Thermo Fisher Scientific Inc	92.74	2,207,192	244.08	5,809,104	2.6	0.68	16,184	0.3
38,700	UnitedHealth Group Inc	75.59	<u>2,925,177</u>	266.04	<u>10,295,748</u>	<u>4.6</u>	3.60	<u>139,320</u>	<u>1.4</u>
			5,132,368		16,104,852	7.2		155,504	1.0

This report is provided for informational purposes only and the data herein may be unreconciled. The account records maintained by your custodian and your accountant are the legal records for your account, and should be used in the preparation of your tax returns. We advise you to seek advice regarding all tax matters. For reporting purposes, Eagle Capital Management assumes a cash yield of zero. Please refer to your custodian's statement for your cash yield. Differences in accounting methods may cause the cost basis of a security in your custodial records to differ from the one contained in this report.



PORTFOLIO COMPOSITION

Jacksonville Police and Fire Pension Board of Trustees as of September 30, 2018- continued

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Cur. Yield
FINANCIAL SERVICES									
57,020	Aon PLC	74.25	4,233,451	153.78	8,768,536	3.9	1.60	91,232	1.0
81,442	Bank of America Corp	15.69	1,278,200	29.46	2,399,281	1.1	0.60	48,865	2.0
263,848	Barclays PLC-Spons ADR	11.72	3,092,348	8.95	2,361,440	1.1	0.24	62,284	2.6
70,805	Berkshire Hathaway Inc-Cl B	125.93	8,916,405	214.11	15,160,059	6.8	-	-	-
176,916	Citigroup Inc	47.64	8,429,050	71.74	12,691,954	5.7	1.80	318,449	2.5
21,975	Goldman Sachs Group Inc	172.06	3,781,002	224.24	4,927,674	2.2	3.20	70,320	1.4
46,500	JPMorgan Chase & Co	60.77	2,825,876	112.84	5,247,060	2.3	3.20	148,800	2.8
70,600	Morgan Stanley	24.56	1,733,649	46.57	3,287,842	1.5	1.20	84,720	2.6
42,900	W R Berkley Corp	45.20	1,939,180	79.93	3,428,997	1.5	0.60	25,740	0.8
155,920	Wells Fargo & Co	54.77	<u>8,539,447</u>	52.56	<u>8,195,155</u>	<u>3.7</u>	1.72	<u>268,182</u>	<u>3.3</u>
			44,768,608		66,467,997	29.7		1,118,593	1.7
TECHNOLOGY									
163,300	Microsoft Corp	39.92	6,518,472	114.37	18,676,621	8.3	1.84	300,472	1.6
184,945	Oracle Corp	38.65	<u>7,148,094</u>	51.56	<u>9,535,764</u>	<u>4.3</u>	0.76	<u>140,558</u>	<u>1.5</u>
			13,666,567		28,212,385	12.6		441,030	1.6
COMMUNICATION SERVICES									
1,635	Alphabet Inc Cl A	269.85	441,206	1,207.08	1,973,576	0.9	-	-	-
12,661	Alphabet Inc Cl C	621.98	7,874,857	1,193.47	15,110,524	6.7	-	-	-
207,025	Comcast Corp-Class A	33.62	6,960,710	35.41	7,330,755	3.3	0.76	157,339	2.1
168,700	Dish Network Corp Cl A	48.56	8,192,144	35.76	6,032,712	2.7	-	-	-
15,100	Facebook Inc-A	163.22	2,464,575	164.46	2,483,346	1.1	-	-	-
100,938	Liberty Broadband-C	73.98	7,467,498	84.30	8,509,073	3.8	-	-	-
302,100	Liberty Global Plc-Series C	29.07	8,781,943	28.16	8,507,136	3.8	-	-	-
50,750	Liberty TripAdvisor Hdq-A	9.30	471,980	14.85	753,638	0.3	-	-	-
77,325	Tripadvisor Inc	31.70	2,451,074	51.07	3,948,988	1.8	-	-	-
71,775	Twenty-First Century Fox Cl A	27.88	2,001,049	46.33	3,325,336	1.5	0.36	25,839	0.8
135,825	Twenty-First Century Fox Cl B	27.43	<u>3,725,027</u>	45.82	<u>6,223,502</u>	<u>2.8</u>	0.36	<u>48,897</u>	<u>0.8</u>
			50,832,064		64,198,585	28.7		232,075	0.4
	COMMON STOCK Total		148,241,079		223,692,041	99.9		2,519,186	1.1
	CASH AND EQUIVALENTS		238,507		238,507	0.1		-	-
	TOTAL PORTFOLIO		148,479,586		223,930,548	100.0		2,519,186	1.1

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PERFORMANCE HISTORY



Eagle Capital Management

Periods Ending 9/30/2018

	Jacksonville Police and Fire Pension Board of Trustees Gross	Jacksonville Police and Fire Pension Board of Trustees Net	Russell 1000 Value
Year to Date	9.7%	9.1%	3.9%
One Year	18.2%	17.3%	9.5%
<u>Annualized Returns:</u>			
Three Years	17.0%	16.1%	13.6%
Five Years	13.8%	12.9%	10.7%
Seven Years	17.6%	16.7%	15.0%
Since Inception (4/1/2011)	14.4%	13.6%	11.1%
Cumulative Since Inception	174.6%	160.0%	120.8%

Preliminary and unaudited.

The S&P 500 Index includes 500 leading companies and captures more than three quarters of the total market capitalization. It is float-adjusted and based on the market cap weightings of the securities that comprise the index.

Unless specified otherwise by client, performance periods shown may include calendar quarters, year to date, trailing one, three, five, seven and ten years, since inception (cumulative and annualized), and calendar years. Eagle Equity Composite returns may be added for illustration if there is less than one year of available client performance data. Details available upon request. See Footnotes at end of presentation for important disclosures. Past performance is no guarantee of future results. Source of figures: Eagle Capital Management, LLC and International Data Corporation (IDC).



Revised FOOTNOTES-EAGLE EQUITY COMPOSITE

Eagle Capital Management

- Eagle Capital Management, LLC (the "Adviser") is an investment adviser registered with the Securities and Exchange Commission. Eagle Capital Management, LLC has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). Prior to 1/1/93, the returns are equal weighted and after 1/1/93 the returns are asset-weighted.
- Eagle Capital Management was founded in August 1988 as a corporation. In March 1995, Eagle Capital Management, LLC was formed. Client accounts were transferred at the time of the change and their performance is included in this composite. The Eagle Equity Composite was thus created in August 1988. The Eagle Equity Composite is made up of all fee paying tax-free discretionary institutional accounts over \$1 million.
- All fee-paying, discretionary portfolios are included in at least one composite. Composite information is not representative of any individual client account. New portfolios are excluded from composites until deemed fully invested. Portfolios no longer under management are included in historical composites for the periods they were under management; they are excluded for all periods after the last full month they were in place. No leveraged and non-fee paying accounts are included in the Eagle Equity Composite. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations is available upon request. The minimum asset size for a portfolio to be included in the Eagle Equity Composite is \$1,000,000. If withdrawal or performance causes a portfolio included in the Eagle Equity Composite to diminish to a level deemed difficult to implement the intended investment strategy, the portfolio is removed. When taxes are considered, the performance may vary.
- Do not assume that all transactions will be profitable or that future performance is in any way guaranteed by past results. Performance calculations are on a time-weighted and asset-weighted total return basis and reflect reinvestment of dividends and other earnings. Trade-date accounting valuation is used and income is accrued. Returns from client to client will vary slightly depending on portfolio size, diversification and transaction costs. The equity portion of balanced accounts was included in the Eagle Equity Composite until the first quarter of 1994. In the process of active portfolio management, cash may be held in portfolios pending investment. Product descriptions in this brochure should not be construed to mean that cash is immediately invested.
- The Firm's standard annual asset based management fee schedule is 1% of the account's total assets on the first \$5,000,000 and 0.75% thereafter. Gross performance results do not reflect the deduction of Eagle's investment advisory fee, which will affect a client's total return. The performance presented does not represent the return of any one individual investor. The current presentation may differ from previous presentation of historical data due to differences in assumptions, material market conditions and estimates used to calculate the performance. An individual client account's net return may differ significantly due to differences in fees, brokerage or other commissions, and/or any other expenses paid and the account's date of inception. Additional information related to the fees charged by Eagle can be found in its Form ADV Part 2 or in the respective Investment Management Agreement.
- The currency used to express performance is the U.S. dollar.
- The Eagle Equity strategy is not managed to a benchmark. The benchmarks most commonly chosen by our clients based on our strategy are the S&P 500 and the Russell 1000 Value indices. These are broad market indices containing companies that are representative of our investable universe. Neither the S&P 500 nor the Russell 1000 Value indices are managed by Eagle Capital Management, LLC. The S&P 500 Index consists of 500 stocks and is designed to form a representative sample of the United States stock market. This index is often used as a benchmark for U.S. equity portfolios and includes dividends and distributions, but does not reflect fees, brokerage commissions, or other expenses of investing. The Russell 1000 Value Index is an unmanaged index that measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth rates. It includes the reinvestment of dividends and income, but does not reflect fees, brokerage commissions, or other expenses of investing.

8. Eagle Equity Composite Detail

Year	Eagle Annual Return		S&P 500	Russell 1000 Value	# of Portfolios	Total Composite Assets (\$ millions)	Composite Dispersion %*	Total Firm Assets (\$ millions)	3-Year Annualized Standard Deviation		
	Gross	Net							Composite	S&P 500	Russell 1000 Value
1989	32.5%	31.8%	31.7%	25.2%	2	3.0	NA	13.5	NA	NA	NA
1990	1.0%	0.2%	-3.1%	-8.1%	2	2.8	NA	16.1	NA	NA	NA
1991	40.7%	39.7%	30.5%	24.6%	2	3.7	NA	54.1	NA	NA	NA
1992	17.1%	16.2%	7.6%	13.8%	3	18.2	NA	52.7	NA	NA	NA
1993	20.4%	19.5%	10.1%	18.1%	7	50.6	3.7	102.6	NA	NA	NA
1994	-1.4%	-2.2%	1.3%	-2.0%	14	143.4	2.5	245.1	NA	NA	NA
1995	34.6%	33.6%	37.6%	38.4%	42	426.0	3.5	492.9	NA	NA	NA
1996	11.3%	10.4%	23.0%	21.6%	48	424.6	2.3	493.3	NA	NA	NA
1997	30.7%	29.9%	33.4%	35.2%	40	284.0	2.5	360.3	NA	NA	NA
1998	4.8%	4.1%	28.6%	15.6%	36	264.1	2.7	343.5	NA	NA	NA
1999	44.4%	43.6%	21.0%	7.4%	27	237.0	3.3	337.0	19.4	16.5	16.0
2000	33.1%	32.5%	-9.1%	7.0%	26	291.8	3.2	440.6	20.8	17.4	17.3
2001	-3.5%	-3.9%	-11.9%	-5.6%	27	358.4	0.8	598.8	17.8	16.7	14.7
2002	-6.5%	-7.0%	-22.1%	-15.5%	29	336.5	1.2	614.8	18.3	18.5	17.0
2003	33.8%	33.0%	28.7%	30.0%	58	797.4	1.1	1,652.3	16.2	18.1	16.0
2004	19.7%	19.2%	10.9%	16.5%	137	1,723.7	1.9	3,061.0	13.6	14.9	14.8
2005	8.4%	7.6%	4.9%	7.1%	202	3,049.6	1.4	5,461.5	9.5	9.0	9.5
2006	12.6%	11.8%	15.8%	22.2%	232	3,692.6	1.3	6,717.0	7.7	6.8	6.7
2007	10.7%	9.9%	5.5%	-0.2%	251	4,041.1	1.1	7,066.5	7.8	7.7	8.1
2008	-35.1%	-35.6%	-37.0%	-36.8%	250	2,643.2	1.5	4,533.8	16.0	15.1	15.4
2009	34.7%	33.7%	26.5%	19.7%	261	3,743.7	2.1	5,890.8	19.8	19.6	21.1
2010	20.8%	20.0%	15.1%	15.5%	242	3,820.0	1.0	7,382.4	21.5	21.9	23.2
2011	5.8%	5.1%	2.1%	0.4%	283	5,033.1	0.6	10,601.6	17.0	18.7	20.7
2012	17.9%	17.0%	16.0%	17.5%	345	7,875.0	0.5	15,098.7	13.4	15.1	15.5
2013	36.7%	35.7%	32.4%	32.5%	432	10,874.6	0.9	23,871.4	10.8	11.9	12.7
2014	13.1%	12.3%	13.7%	13.5%	433	11,013.6	0.4	27,412.6	8.5	9.0	9.2
2015	2.2%	1.4%	1.4%	-3.8%	426	10,989.8	0.6	26,319.7	11.4	10.5	10.7
2016	11.0%	10.1%	12.0%	17.3%	400	10,917.4	0.5	25,053.7	11.8	10.6	10.8
2017	24.0%	23.1%	21.8%	13.7%	396	11,835.1	0.5	27,924.0	11.0	9.9	10.2

* Dispersion includes only portfolios that were present for the entire period. Dispersion prior to 1993 not statistically meaningful.

Internal composite dispersion is calculated using the asset-weighted standard deviation of annual gross returns of those portfolios that were included in the Composite for the entire year.

The three-year annualized standard deviation measures the variability of the composite and benchmark monthly returns over the previous 36-month period.

Eagle Capital Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Eagle Capital Management has been independently verified for the periods January 1, 1993 to December 31, 2017. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Eagle Equity Composite has been examined for the periods January 1, 1993 to December 31, 2017. The verification and performance examination reports are available upon request.

A more detailed description of the assumptions utilized in any of the simulations, models, and/or analyses contained in this report is available upon request. Eagle does not represent that the information contained herein is accurate or complete, and it should not be relied upon as such; Eagle does not undertake any obligation to update the information contained herein. Recipients should not rely on this material in making any investment decision. This document does not constitute advice or a recommendation or offer to sell or a solicitation of any offer to buy any security.