



City of Jacksonville Police & Fire Pension Fund

Allocation of Cash Contribution

December 15, 2017

Allocation of Cash Contribution

- Recently, the city of Jacksonville contributed \$113 million to the Police & Fire Pension Fund

- The FIAC recommends the following investment allocation:
 - \$5 million cash reserve
 - Allocate excess capital to available current managers on a pro rata basis (\$108 million)

- In coming to this recommendation, the FIAC concluded the following:
 - Given the long-term nature of the Plan, the FIAC believes it is important to remain fully invested throughout the full market cycle
 - While valuations in many asset classes appear fully valued, it is the opinion of the FIAC that the opportunity cost of missing continued appreciation would be unattractive.

Allocation of Cash Contribution – Rebalancing Plan

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	\$1,237,178,238	60.9%	\$1,198,360,935	59.0%	\$68,000,000	\$1,305,178,238	64.3%	5.3%	\$107
1. Domestic Large Cap Equity (70% of Domestic)	637,737,778	31.4%	637,771,752	31.4%		677,737,778	33.4%	2.0%	40
NT S&P 500 Index Fund	220,492,596	10.9%	211,236,504	10.4%	13,000,000	233,492,596	11.5%	1.1%	22
Eagle Capital Management	216,136,611	10.6%	213,267,624	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	99,771,398	4.9%	106,633,812	5.3%	7,000,000	106,771,398	5.3%	0.0%	0
Sawgrass Asset Management	101,324,289	5.0%	106,633,812	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%	154,365,137	7.6%		175,767,026	8.7%	1.1%	21
Wedge Capital Mgmt	78,619,380	3.9%	77,182,569	3.8%	5,000,000	83,619,380	4.1%	0.3%	6
Pinnacle	87,147,646	4.3%	77,182,569	3.8%	5,000,000	92,147,646	4.5%	0.7%	15
3. International Equity Developed	307,453,708	15.1%	284,356,832	14.0%		325,453,708	16.0%	2.0%	41
NT EAFE Index Fund	1,344,433	0.1%	20,311,202	1.0%	18,000,000	19,344,433	1.0%	0.0%	(1)
Baillie Gifford	149,062,300	7.3%	93,431,530	4.6%		149,062,300	7.3%	2.7%	56
Silchester	157,046,976	7.7%	170,614,099	8.4%		157,046,976	7.7%	-0.7%	(14)
4. International Emerging Markets	126,219,726	6.2%	121,867,214	6.0%		126,219,726	6.2%	0.2%	4
Acadian Emerging Markets	126,219,726	6.2%	121,867,214	6.0%		126,219,726	6.2%	0.2%	4
B. Total Fixed Income	\$490,957,872	24.2%	\$416,379,647	20.5%	(\$76,000,000)	\$414,957,872	20.4%	-0.1%	(\$1)
1. Core Fixed Income	74,676,946	3.7%	81,244,809	4.0%		78,676,946	3.9%	-0.1%	(3)
NTGI Aggregate Bond Index	834,565	0.0%	20,311,202	1.0%	1,000,000	1,834,565	0.1%	-0.9%	(18)
Thompson Siegel Fixed	73,842,381	3.6%	60,933,607	3.0%	3,000,000	76,842,381	3.8%	0.8%	16
2. Core Plus	302,913,864	14.9%	314,823,635	15.5%		322,913,864	15.9%	0.4%	8
Loomis Sayles	126,198,702	6.2%	125,929,454	6.2%	8,000,000	134,198,702	6.6%	0.4%	8
Neuberger Berman	176,715,162	8.7%	188,894,181	9.3%	12,000,000	188,715,162	9.3%	0.0%	0
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%	20,311,202	1.0%	(100,000,000)	13,366,960	0.7%	-0.3%	(7)
C. Total Real Assets	\$302,984,118	14.9%	\$416,379,647	20.5%	\$8,000,000	\$310,984,118	15.3%	-5.2%	(\$105)
1. Real Estate	206,519,802	10.2%	304,668,034	15.0%		206,519,802	10.2%	-4.8%	(98)
JPM RE Strategic Property	156,476,179	7.7%	101,556,011	5.0%		156,476,179	7.7%	2.7%	55
Principal Global Investments	50,043,622	2.5%	101,556,011	5.0%		50,043,622	2.5%	-2.5%	(52)
Non-Core Real Estate (TBD)	0	0.0%	101,556,011	5.0%		0	0.0%	-5.0%	(102)
2. MLPs / Timber / Commodities	96,464,317	4.7%	111,711,613	5.5%		104,464,317	5.1%	-0.4%	(7)
Harvest MLP	48,100,429	2.4%	55,855,806	2.8%	4,000,000	52,100,429	2.6%	-0.2%	(4)
Tortoise MLP	48,363,887	2.4%	55,855,806	2.8%	4,000,000	52,363,887	2.6%	-0.2%	(3)
D. TOTAL FUND	\$2,031,120,228	100.0%	\$2,031,120,228	100.0%	\$0	2,031,120,228	100.0%		

Disclaimer: Although Summit Strategies Group (Summit) believes the modeling contained in this document to be reliable, the modeling of complex financial transactions has inherent limitations. Summit does not guarantee the results to be obtained by the use of this model. This model is developed by Summit based on information obtained from sources which Summit believes are reliable, but Summit does not warrant or guarantee the accuracy, completeness, or reliability of such information. Any information contained in or provided in connection with the model is for information purposes only, for the exclusive use by the client for which it was prepared, and is not intended and should not be construed to be an offer to buy or sell any securities, investment consulting or investment management services. No model can, in and of itself, be used to determine which securities or investments to buy or sell. All forward-looking projections are based on assumptions that Summit believes may be reasonable, but are subject to a wide range of risks, uncertainties and the possibility of loss. Accordingly, there is no assurance that any estimated performance projections of any model will occur in the amounts and during the periods indicated, or at all. Actual results and performance will differ from those expressed or implied by such forward-looking projections. Any decision to use or not use the model and any information accompanying or produced with the model remains solely with the client.