

INVESTMENT UPDATE

for

ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' PENSION TRUST FUND

on

Friday, January 20, 2023

by

Paul H. Lundmark, CFA

Managing Director

Portfolio Manager



RICHMOND CAPITAL MANAGEMENT
Experience, Knowledge, Service

2022
Intermediate Aggregate Index
Return of **-9.51%**

Worst Return Since Inception of Index

WHAT HAPPENED?

TREASURY YIELD CURVE: HIGHER YIELDS

	12/31/22 Yields	12/31/21 Yields	Change
1 Month	3.976	0.015	+3.961
3 Months	4.343	0.030	+4.313
1 Year	4.687	0.376	+4.311
2 Years	4.426	0.732	+3.694
3 Years	4.224	0.957	+3.267
5 Years	4.004	1.263	+2.741
7 Years	3.965	1.436	+2.529
10 Years	3.875	1.510	+2.365
20 Years	4.144	1.933	+2.211
30 Years	3.963	1.903	+2.060

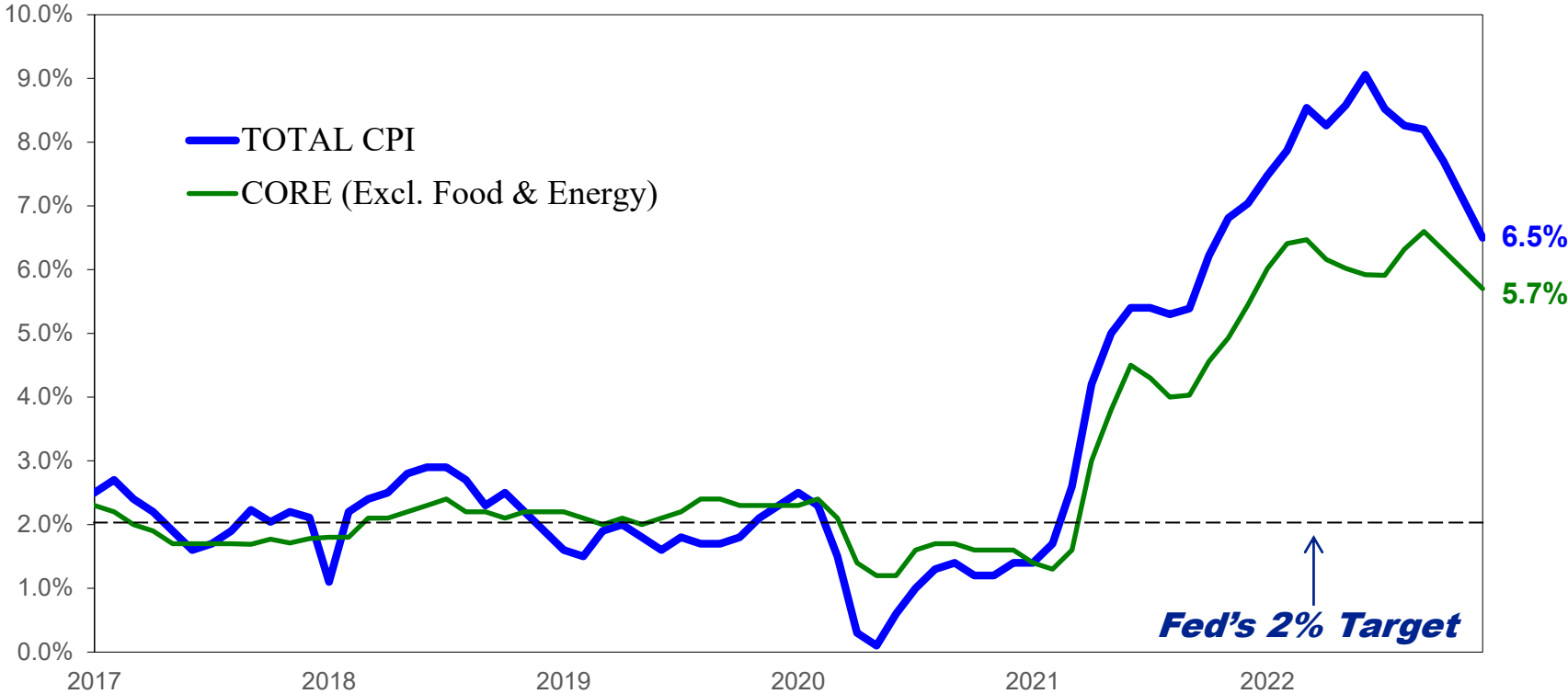
Source: Bloomberg



U.S. INFLATION TRENDS

As of December 31, 2022

Consumer Price Index (CPI)

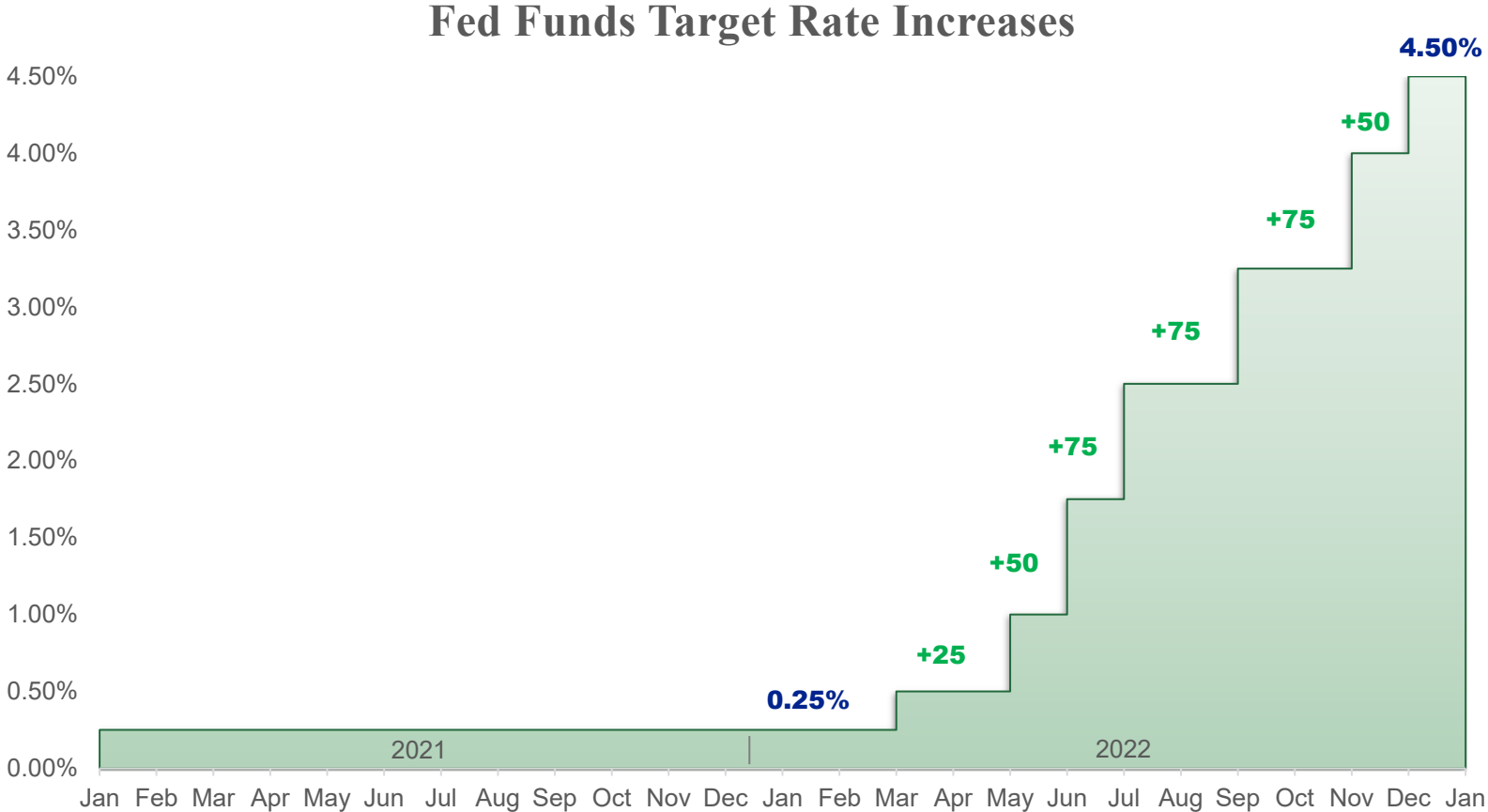


Source: Bureau of Labor Statistics; Bloomberg



FEDERAL FUNDS TARGET RATE INCREASES

As of December 31, 2022



Is Fixed Income
Attractive?

Yes, It Is!

BLOOMBERG INTERMEDIATE AGGREGATE INDEX – YIELD TO MATURITY

As of December 31, 2022

**Bloomberg Intermediate Aggregate Index
Yield to Maturity**



ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' PENSION TRUST FUND

Portfolio Review

<i>December 31, 2021</i>		<i>December 31, 2022</i>	
Average Maturity	4.50 Years	Average Maturity	5.90 Years
Portfolio Duration <i>(Bloomberg Int. Aggregate)</i>	3.99 Years 4.36 Years	Portfolio Duration <i>(Bloomberg Int. Aggregate)</i>	4.51 Years 4.50 Years
Average Yield to Maturity <i>(Bloomberg Int. Aggregate)</i>	1.46% 1.56%	Average Yield to Maturity <i>(Bloomberg Int. Aggregate)</i>	4.97% 4.63%
Average Quality	AA	Average Quality	AA

Statistics in this report are calculated by Bloomberg PORT Fixed Income Analytic models.



ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' PENSION TRUST FUND

Performance Summary

As of December 31, 2022

	St. Lucie County Fire Pension Trust Fund	Bloomberg Intermediate Aggregate Index	Value Added
4th Quarter, 2022	2.05%	1.72%	+0.33%
Year, 2022	-9.01%	-9.51%	+0.50%
Annualized: 3 Years	-1.58%	-1.93%	+0.35%
5 Years	0.63%	0.31%	+0.32%
10 Years	1.28%	0.96%	+0.32%
Annualized Since Inception (8/1/2007)	3.38%	2.85%	+0.53%

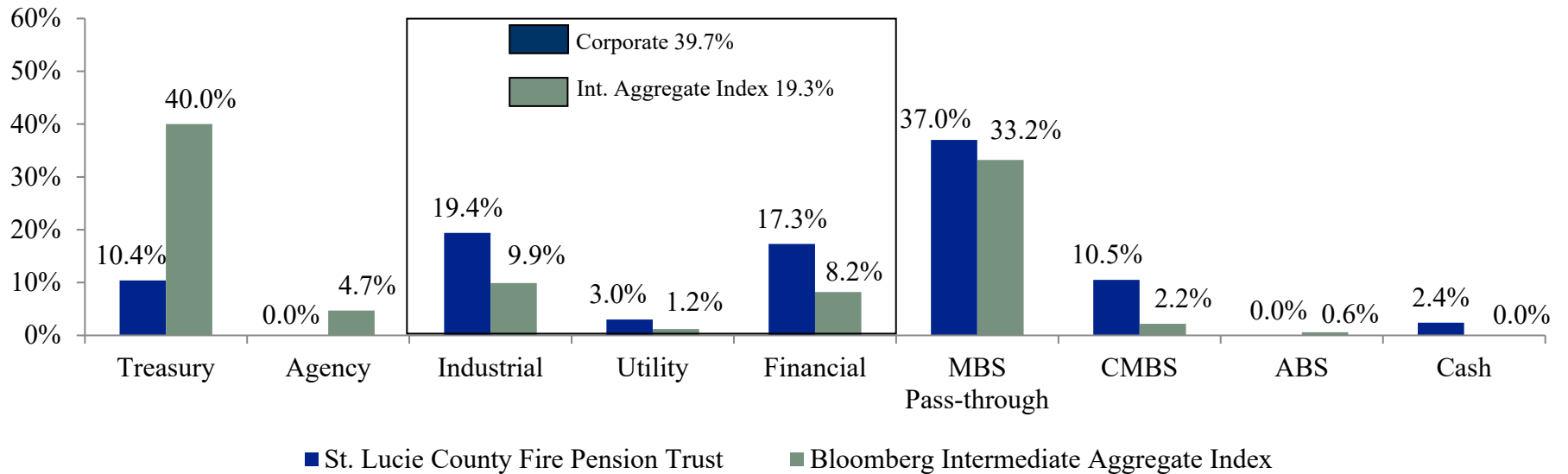
Bloomberg Aggregate 8/1/07 to 3/31/14, Bloomberg Intermediate Aggregate 4/1/14 forward.



ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' PENSION TRUST FUND

As of December 31, 2022

Quality Distribution		
	St. Lucie County Fire Pension Trust	Bloomberg Intermediate Aggregate Index
AAA	60.1%	78.7%
AA	0.7%	2.5%
A	22.3%	9.1%
BAA	16.9%	9.7%

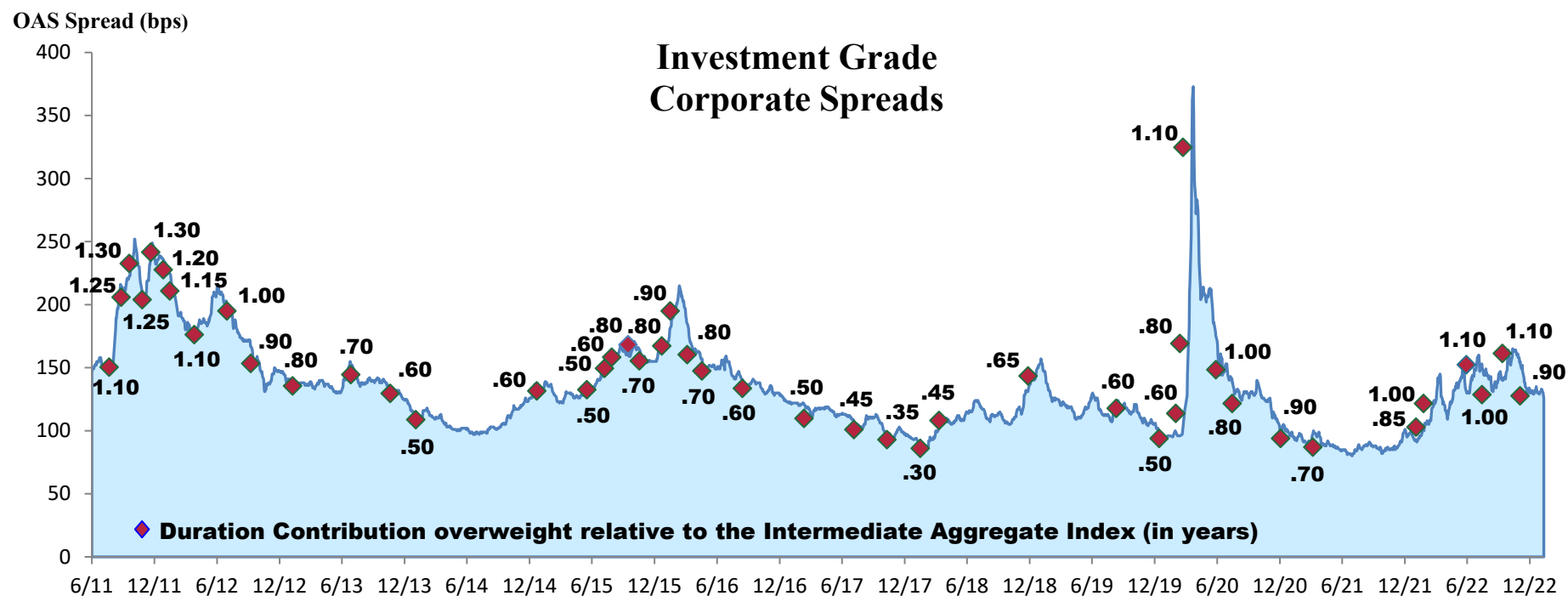


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CORPORATE BOND ALLOCATION (DURATION CONTRIBUTION)

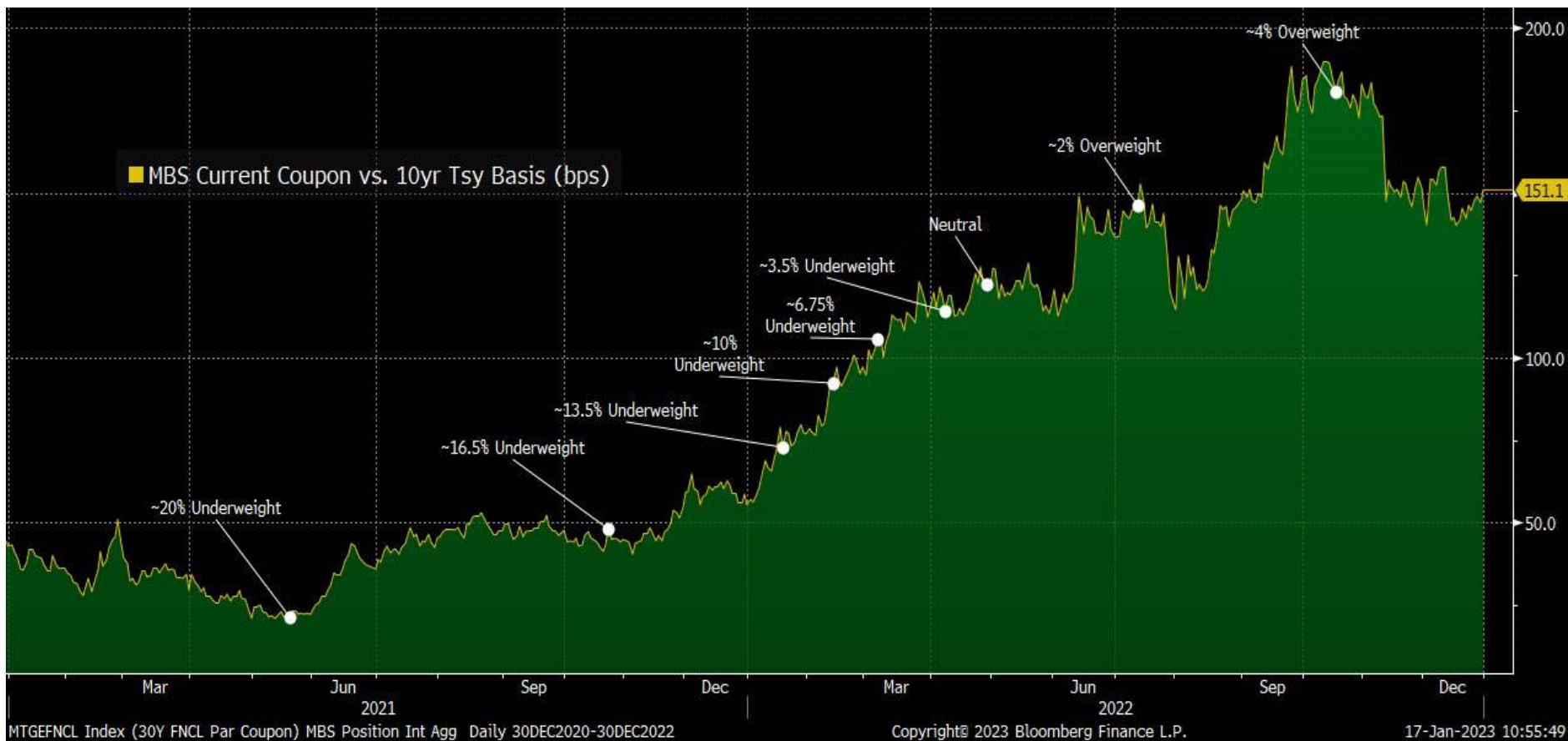
- We are disciplined and opportunistic in our approach to overweighting risk in the corporate sector.
- Volatility provided enormous opportunities in 2022. When the market offers more reward, we choose to take more risk. As spreads widened and corporates became more attractive, we increased our overweight. When spreads narrowed, we decreased our risk by selling into the enthusiasm and lowering our corporate overweight. *“Buy low, sell high.”*



Source: Bloomberg



AGENCY MBS UPDATE



Added to AAA residential mortgages as spreads widened. *“Buy low, sell high.”*



RICHMOND CAPITAL STRATEGY SUMMARY FOR 2023

- » We believe the investment grade bond market offers opportunity. Yields are significantly higher than they've been over the prior decade, and volatility favors security selection opportunities that arise from tenders, new issues, and various technical factors.
- » Volatility in the corporate bond market has allowed us to buy low and sell high to some degree. We pay careful attention to the spread reward the corporate sector provides. When it is generous as it was in February, March, June, and October, we increased our overweight. When the reward shrinks as it did in August and December, we reduced our overweight. Volatility has also allowed us to opportunistically add to our MBS holdings as well.
- » We mitigate the risk of all our spread product investments through diversification and a bias to the higher end of the investment grade ratings spectrum. In corporates, we favor A-rated and high BBB-rated companies. All of our mortgage holdings are AAA.
- » Lastly, with regard to the overall interest rate sensitivity of our portfolios, we are content to remain neutral duration relative to the benchmark. We think the path of the Federal Reserve rate hikes is still uncertain and other active strategies are much more interesting in 2023. Those strategies include the aforementioned risk/reward attractiveness of “spread” sectors and the security selection opportunities that continue to come our way during these high volatility times.

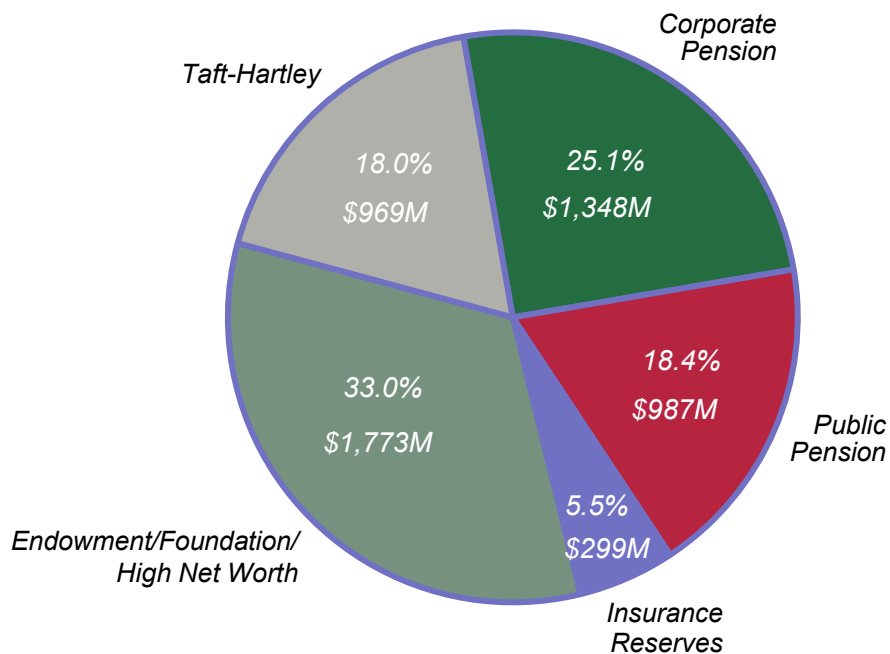


ORGANIZATION

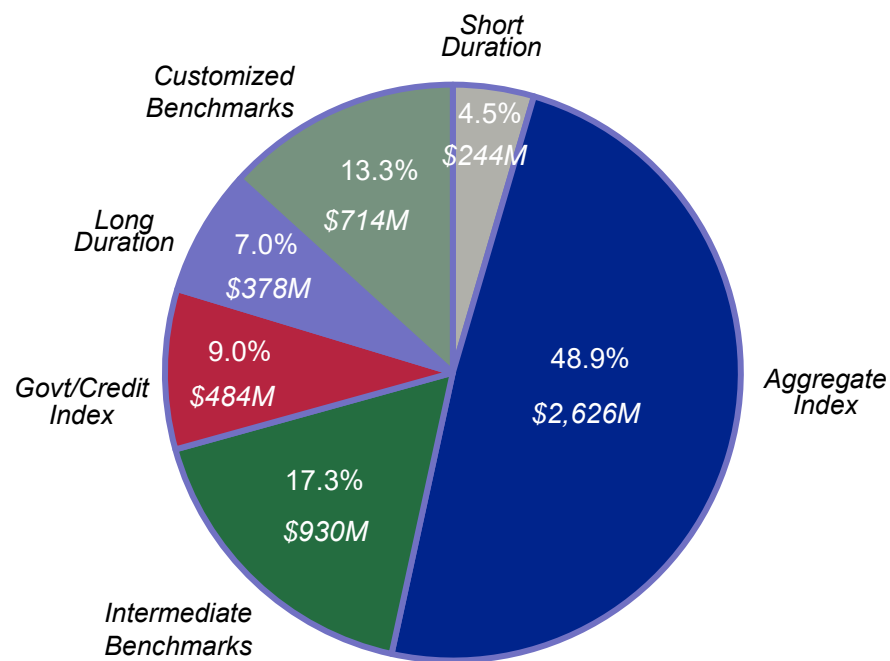
As of December 31, 2022

- » Independent Investment Advisor since 1987
- » 100% Employee-Owned
- » Seasoned Investment Team of Bond Specialists
- » \$5.4 Billion Under Management

Assets by Client Type



Assets by Benchmark



PERSONNEL

Investment Team

Howard K. Bos, CFA*
President, Portfolio Manager
RCM since 1999

Prior Experience: Key Capital Partners
B.A. College of William & Mary, 1985

^Consumer Cyclical, ESG, ProLoan, Securitized

R. Wheatley McDowell, CFA*
Managing Director, Portfolio Manager
RCM since 2001

Prior Experience: Lehman Brothers
M.B.A. University of Virginia, 1987
B.A. University of Virginia, 1982

^Insurance, ProLoan, Utilities

John R. Sides, CFA*
Managing Director, Portfolio Manager
RCM since 2019

Prior Experience: J.P. Morgan Inv. Mgmt.
B.A. University of Pennsylvania, 2011

^Capital Goods, Consumer Products/Drugs, Preferreds, ProLoan

David H. Jackson, CFA
Director, High Yield and Credit
RCM since 2022

Prior Experience: PENN Capital Management
B.S. Rutgers University, 2004

^Basic & Other Industrials, Energy, High Yield

Beth L. Baron, CFA, CFP®*
Managing Director, Portfolio Manager
RCM since 2000

Prior Experience: Banc of America
Investment Svcs.

B.S. University of Virginia, 1983

^ESG, Municipals, Technology, Transportation

Patton H. Roark, Jr., CFA*
Managing Director, Portfolio Manager
RCM since 2003

Prior Experience: AFL-CIO Housing
Invest. Trust

B.S. Shepherd University, 1989

^ProLoan, Securitized, ESG

Stephen M. Rosa, CFA
Vice President, Senior Securitized
Analyst
RCM since 2021

Prior Experience: E*Trade;
PricewaterhouseCoopers

B.S. Brigham Young University, 2010

^Securitized, REITS, ProLoan

Paul H. Lundmark, CFA*
Managing Director, Portfolio Manager
RCM since 2003

Prior Experience: USAA Inv. Management
M.B.A. University of Minnesota, 1987

B.S. University of Minnesota, 1983

^Banking, Finance (xREITS), Securitized, TIPS

David W. Schultz, CFA*
Managing Director, Portfolio Manager
RCM since 2017

Prior Experience: VA Retirement System
M.S. Sloan School, Mass. Institute of
Technology, 2014

B.S. University of Virginia, 2011

^CEF/ETF, Communications, Consumer Non-Cyclical

Nicholas T. Sejnost
Vice President, Senior Securitized
Analyst
RCM since 2021

Prior Experience: Bank of America

B.S. University of Michigan, 2011

CFA Level III Candidate

^Securitized, ProLoan

Key Personnel

Elizabeth M. Harris*
Managing Director, Client Services
RCM since 1984

B.S. VA Commonwealth University, 1984

Geoffrey B. Sale*
Chief Compliance Officer
RCM since 2002

Prior Experience: Wachovia Securities
M.B.A. University of Richmond, 1996
B.S. Clemson University, 1988

Tammie A. Burks*
Managing Director, Operations
RCM since 2014

B.S. Elon University, 1995

O. Gregory Glatt III*
Head of Business Development
RCM since 2018

Prior Experience: Thompson Davis, BB&T
B.A. Albright College, 1993

CFA Level II Candidate

Michael A. Ibarra
Vice President, Investor Relations
RCM since 2022

Prior Experience: Amalgamated Bank; Bentall
Kennedy; CBRE

B.S. The Colorado College, 1979

*Shareholder

^Sector Responsibilities



PARTIAL CLIENT LIST

Public

Boca Raton, FL (City of)
Bradenton, FL (City of)
Chatham County, GA
Chesterfield County, VA
Cobb County, GA
Coral Gables, FL (City of)
Coral Springs, FL (City of)
Ft. Pierce, FL (City of)
Largo P&F
Miami, FL (City of)
Newport News, VA (City of)
Pompano Beach, FL (City of)
Sarasota, FL (City of)
St. Lucie, FL (County of)
St. Petersburg, FL (City of)
Turlock Irrigation District
Wichita, KS (City of)

Taft-Hartley

American Federation of State, County,
and Municipal Employees
Carolinas Electrical Workers
Int'l Brotherhood of Electrical Workers
Local 666 Benefit Trust Fund
National Organization of Industrial
Trade Unions
ProLoan Bond Fund

Corporate

CF&I
Genuine Parts
Nat'l Federation of Int'l Business
SGS North America

Education

Chatham Hall
Hampton University
University of Nebraska

Faith-Based

American Friends Service Committee
Burlington Diocese
Congregation of Divine Providence
East Liberty Presbyterian
Papal Foundation
Province of St. Joseph
Sisters of St. Francis
Society of St. Edmund

Health Care

Cape Regional Medical Center
Delta Dental of New Hampshire
Heritage Valley Health System
Hoag Hospital
Lima Memorial
St. Clair Hospital

Endowment/Foundation

BOK Tower Garden
Century Housing
Danville Regional Foundation
Medical College of Virginia Foundation
Society for Human Resource Management
Virginia Birth-Related Neurological Fund

Insurance

Florida Sheriffs
Texas Water
The Virginia Contractors GSIA

Clients on this partial list are selected on a variety of criteria, including the size of the account, the type of account and the geographic location of the client. This list may vary depending on the presentation. Within the criteria set forth above, clients are chosen objectively, not on the basis of performance. While each of the listed clients has authorized Richmond Capital to use their name, the inclusion of clients does not imply that they endorse or recommend Richmond Capital Management as an investment advisor.

