

FIRE PENSION BOARD MEETING
Wednesday, August 19, 2020 – 10:00 a.m.
City Hall, Council Chambers, Vero Beach, Florida

A G E N D A

- 1. CALL TO ORDER**
- 2. AGENDA ADDITIONS, DELETIONS AND ADOPTION**
- 3. APPROVAL OF MINUTES**
 - A) May 20, 2020**
- 4. PUBLIC COMMENTS**
- 5. QUARTERLY REPORTS**
 - A) Highland Capital Management**
 - B) Salem Trust**
 - 1. Class Action Report**
 - 2. Annual Verification Letter Update**
 - C) AndCo Consulting**
 - 1. Quarterly Report**
 - 2. Investment Policy revisions**
- 6. NEW BUSINESS**
- 7. OLD BUSINESS**
- 8. CHAIRMAN’S MATTERS**
- 9. MEMBER’S MATTERS**
- 10. ADJOURNMENT**

This is a public meeting. Should any interested party seek to appeal any decision made by the Board with respect to any matter considered at such meeting or hearing, he will need a record of the proceedings and that, for such purpose he may need to ensure that a record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. Anyone who needs a special accommodation for this meeting may contact the City’s Americans with Disabilities Act (ADA) Coordinator at 978-4920 at least 48 hours in advance of the meeting.

FIRE PENSION BOARD MINUTES
Wednesday, May 20, 2020 – 10:00 a.m.
City Hall, Council Chambers, Vero Beach, Florida

PRESENT: Charles Zokvic, Chairman; Henry Losey, Secretary/Treasurer; Member: Kent Middleton
Also Present: Records Retention Specialist, Heather McCarty

1. CALL TO ORDER

The Chairman called the meeting to order at 10:00 a.m.

2. AGENDA ADDITIONS, DELETIONS AND ADOPTION

Mr. Zokvic added item 6-C) Discussion of TASC under New Business.

3. APPROVAL OF MINUTES

A) February 19, 2020 Minutes

Mr. Middleton made a motion to approve the February 19, 2020 minutes. Mr. Zokvic seconded the motion and it passed unanimously.

4. PUBLIC COMMENTS

None

5. QUARTERLY REPORTS

A) Salem Trust

Mrs. Karen Russo, with Salem Trust, joined the meeting via speakerphone. She referred to the Class Action Report for the period of January 1, 2020 through March 31, 2020 (on file in the City Clerk's office). She explained that the report does look different this quarter and it is specific to their Plan. She went through what was covered on each page. She reported there was one (1) claim filed for the Plan for the period that included two (2) accounts in the claim. She pointed out for that claim, they recognized a loss of \$4,059 in damages, with an estimated payout of \$57.23. They did receive in a settlement of \$280.34 during the period that came in from a previous claim.

Mrs. Russo talked about their transition, which was effective March 1, 2020. She said the transition went well. There were some trading issues in the beginning, but they worked everything out. She said they worked closely with investment managers and brokers to resolve any issues going forward. She pointed out the trading volume had increased at least 50% more

than the normal trading volume at the beginning of the transition. The first new statements came out in April. She noted that everyone's benefit payments were paid with no interruption. At this time, item 6-C) was discussed.

B) Highland Capital Management

Mr. Dave West, with AndCo Consulting, wanted to make some comments and ask Highland Capital to address a couple unique market dynamics that had a dramatic impact on the portfolio performance relative to their benchmark. He explained that their numbers were terrible in March relative to their established benchmarks. He asked Mr. Wishnia to address how they are more diversified and are still using the S&P as their benchmark. He said this was an extreme exception period and there was such a huge return disparity between large cap and small cap.

Mr. Todd Wishnia, with Highland Capital, stated that it was a horrible quarter overall. The S&P was down about -19.6% and it was the worst loss since the financial crisis of 2008. He explained that it was very disappointing overall, but especially for managers like themselves whose portfolio is structured as a value portfolio predominately large cap.

Mr. Wishnia went to their Investment Review report for the period ending March 31, 2020 (on file in the City Clerk's office). He went over the chart on page 12, Domestic Equity Sector Allocation vs. R1000V. He talked about what has been going on in the economy and some of the effects they saw from COVID-19. He pointed out that they were overweight in healthcare, which affected the portfolio in a large way. He said that they did not see the performance from pharmacies as was expected. He talked about each of the sectors. He said they think they will eventually see some reversals, but it will take a little time. He said there has been some nice recovery in energy and quarter to date, their value portfolio is up 11.3% against the value index. He said so far, halfway through the quarter, they are having a good quarter. He explained that they are measured against the S&P, and without technology stocks, like Amazon, Apple and Facebook, it makes it hard to keep up with that index.

Mr. West said he went back to the Investment Policy Statement (IPS) they recently reviewed and approved. He questioned if they need to change or address anything. He said the IPS has them against the core benchmark and asked if they need to change the benchmark, or do they need clarification. He pointed out that they have the ability with their equity allocation to make those changes.

Mr. Wishnia said they could change the benchmark to the value benchmark, or they could get the Board to approve them taking 10 to 15% into growth or something like that to make it a little more in line with that core index.

Mr. West said they could review their engagement agreement and see if there is anything style specific, but he does not think so. Mr. Wishnia said that he would take a look at it.

Mr. West said he wanted to make sure they have the ability to fairly perform to the benchmark that has been established. He clarified that they do have the authorization to manage that core mandate as they see fit. He said if that requires some movement from the Highland strategies, they have that discretion.

Mr. Wishnia wanted to confirm that they have the discretion to move. Mr. West answered yes. He does not want them to be hampered unnecessarily because they are stuck playing ball on the left side of the court while all the action is on the right side.

Mr. Wishnia said he would check on that. Mr. West asked if they need confirmation in the form of a letter with the Board's acceptance for their compliance. He said he thinks the policy is pretty clear, but wants to make sure they have what they need.

Mr. Zokvic commented that he thought they fixed that when they updated the IPS so they could go with either one at their discretion. Mr. West agreed.

Mr. Wishnia said if that is what the Policy says, they should be good. He said he would double check and see what they have and why they have been strictly value.

Mr. Wishnia talked about their fixed income portion. He explained that their lack of ability to purchase those lower quality bonds helped them this quarter.

Mr. Zokvic asked if had any thoughts on when the stock market would recover, whether this year or next. Mr. Wishnia said nobody knows. He added that it doesn't look like airlines are going to pick up for another year or two (2).

C) AndCo Consulting

Mr. Dave West, with AndCo Consulting, referred to their handout, Asset Allocation Report as of May 19, 2020 (on file in the City Clerk's office). He explained that the single most important event that impacted their investments occurred around March 17th, when the Federal Reserve came in with two (2) very critical market support programs. He talked about bond performance and the different sectors. He explained there were a lot of influences making life very difficult for all investment managers. He went over performances for the March quarter, pointing out that the worst performer was the value style and also small-cap and mid-cap stocks. He noted that the Russel 2000 value index was down -35%, the Russel 2000 was down -30% and the value index was down -26%. He talked about some of the reasons for the performance disparity.

Mr. West went to their Investment Performance Review report for the period ending March 31, 2020 (on file in the City Clerk's office). He reviewed the quarter performance chart on page 2, Major Market Index Performance. He noted that real estate continued to perform very well for them and was a big help to saving some of the down side. He talked about the Asset Allocation vs. Target Allocation chart on page 12. He went over pages 19 through 22, Comparative Performance Trailing Returns. He reported the Total Fund (Net) was down -18.11% for the

quarter and fiscal year to date (FYTD) was down -12.97%. He explained it was a very unusual period of time. He commented that they want to stay well diversified in equity, but for this period of time, that didn't pay off. He wanted everyone to understand that and that they are not suggesting making any changes. He reviewed the performance figures for each of the component pieces of their portfolio. He pointed out that it was another good quarter for Intercontinental and their FYTD was up 3.5% (17th) and for the 1-year, they were up 7.62% (11th). He talked about how COVID-19 had no impact on real estate in March and most real estate managers were completely unscathed. He said there are definitely concerns that returns will be impacted this quarter and especially in December. He explained that Intercontinental has aggressively gone in and identified industries that are most vulnerable and already renegotiated some of the lease provisions to keep those tenants in place. He said they also went in aggressively and negotiated an extension of all their lines of credit. He talked about all the dynamics going on in the Real Estate market and the impacts they likely would start seeing.

Mr. West went back to his handout dated May 19, 2020. He reported that the total fund appreciated back about \$700,000, so they are back up to \$6.6 million asset value. He said they are still not in a good position FYTD and are still materially negative, but they are seeing a reversal and some closure of some of the underperformance, particularly in the last couple of days. He said there has been a definite change in stock leadership in the market. He commented that as of May 19th, it looks close enough that they could finish with a positive year.

Mr. West said they have no change recommendations for asset allocation changes and suggested they stay the course with the current allocations.

Mr. Zokvic asked if they have had any problems with replenishing their R&D money for retirement payments with Salem Trust since the new system was put in. Mr. West said Salem Trust is great to work with and if there were any issues that came up, they handled it proactively and got it resolved.

6. NEW BUSINESS

A) 2020-2021 Annual Budget

Mr. Zokvic referred to the proposed 2020/2021 Administrative Expenses Budget that was included in their backup (on file with the City Clerk's office). He said they are staying with the same structured budget as they have in the past with an allocation of \$70,000. He noted that they do have a cushion so they don't have to reallocate anything. He added that in 2019/2020 they have not spent any money under schools and meetings.

Mr. Losey made a motion to approve the 2020/2021 budget as presented. Mr. Middleton seconded the motion and it passed unanimously.

B) Annual Commission on Ethics Form 1 – Statement of Financial Interests

Mr. Zokvic said their Attorney sent them a copy of Form 1 – Statement of Financial Interests. He said they will be receiving one (1) from the County in the next couple weeks like they normally do.

Mr. Losey expressed concern with Part G – Training and what training they need to be certified in. Mr. Zokvic said they are supposed to attend a school and have an ethics class.

Mr. Losey questioned if that is every year. He doesn't know if there is a time limit on these. He said over the years he has sat through a number of them and wondered if a class is good for a year or more.

Mr. Zokvic pointed out that every conference has ethics training. He said he will put the same date on the form as last year because nobody has had any classes recently. He said this item was just on the agenda to remind them. He said the County is very good in sending them out and they should be getting them at the end of May or the beginning of June from the Supervisor of Elections.

C) TASC

This item was discussed under 5-A).

Mr. Zokvic stated Mr. Losey was among one of the retirees who received a letter that their health and life insurance had been cancelled so he was aware of the issue (on file in the City Clerk's office). Mr. Middleton said he did not receive a letter and was not aware.

Mr. Zokvic explained that TASC sent Ms. Ann Rankin, Benefits Administrator with Indian River County, a letter stating they were delinquent in their health insurance payments and they were going to cancel their health and life insurance. Mrs. Russo sent them records of FedEx delivering the checks and from the bank cashing the checks. He said TASC did an investigation into why the computer kicked a report stating that they were delinquent. He said the County was not aware that TASC also sent letters to the retirees. The County put together a letter to send to the retirees stating that it was not correct. As far as he knows, everyone still has insurance. The County has not received any explanation from TASC as to why the computer kicked them out even though payments were received. He explained that every retiree in the County is linked in the same account at TASC, including those in FRS. He asked Mrs. Russo if he gave an accurate depiction of what occurred.

Mrs. Russo said he is correct in what he stated. She got involved in the beginning when Ms. Rankin sent her an email asking why they cancelled their insurance. She said the first thing she did was to make sure that the payments were cashed and found that the April 1st and May 1st

payments were cashed. As TASC was investigating, they found that they had cashed the May 1st check, but not the April 1st check. So she sent them a copy of the cancelled April 1st check and they were not sure why there was an issue with it. She said she just received an email from TASC. She read the letter that TASC sent Ms. Suzanne Boyll, Human Resources Director with Indian River County (on file in the City Clerk's office). It said that the mailroom had not been sure where to apply the payments, but they are expediting having the funds applied to the participants' accounts as soon as possible.

Mr. Zokvic said that he still expects a letter from either the County or TASC stating they have corrected the problem and there won't be any problems in the future. He added that they still have everybody lumped together and if they don't separate them so they can tell who is FRS and who is Vero Beach Fire, they are going to have the same problem every time they get a new employee. He asked Mrs. Russo if she feels that they have solved the problem.

Mrs. Russo said she could not say that they've solved the problem. She said they solved this issue, but they probably haven't solved the issue going forward. She said the checks they send TASC are paid to the order of TASC and have an account number that it is for. She was not sure why they weren't able to identify what it was for and if they need to put a secondary flag to identify Vero Retirees, that might help. If TASC wants a different reference on the check, they can change that. She thinks it is worth continuing conversation between them and the County and TASC about what they are going to do to keep this from happening in the future.

Mr. Losey pointed out that it is just one (1) of many things TASC has done since the County went with them. Mr. Zokvic added that the Board has never received anything from TASC since they started, even when they increased their yearly cost.

Mr. Losey said he thinks the County is the one that needs to put pressure on TASC, but they may need to put pressure on the County.

Mr. Zokvic said that the County had a meeting to discuss the problem because they said they have had other problems.

Mrs. Russo said that when Mrs. Rankin came to her originally, there was a report that showed termination of benefits but she is not sure how they get that report. She suggested they could look at it more quickly to identify that payments have been applied in a timely manner.

Mr. Zokvic commented that if they missed the first payment, then they are delinquent in 30 days. He questioned why they didn't email Mrs. Rankin at that time rather than waiting 60 days and then writing a letter that it's being cancelled. There was no time in between for anybody to investigate it. He added that TASC makes it sound like they can cancel their insurance, but they don't have the authority to do that, only the County does.

Mr. Losey made a motion to have someone stay on top of this issue and have Indian River County give them a letter for their record stating that this whole problem is fixed and that everyone knows that they are paying their bills and they have the coverage.

Mr. Losey said he didn't know if that should be Mr. Zokvic, or if they should get their Attorney involved.

Mr. Zokvic did not think that they would need to involve their Attorney at this time, but in the long run, they might need to.

Mr. Middleton seconded the motion and it passed unanimously.

Mr. Zokvic said that he would be in touch with the County.

7. OLD BUSINESS

None

8. CHAIRMAN'S MATTERS

Mr. Zokvic said his matters had already been discussed.

9. MEMBER'S MATTERS

None

10. ADJOURNMENT

Today's meeting adjourned at 11:22 a.m.

/hm



Chicago Clearing Corporation
404 South Wells, Chicago Illinois 60607
clientservice@chicago-clearing.com
(312) 204-6970

Claims Report for:

Salem Trust Vero Beach Fire

This report covers claims filed between **04/01/2020** and **06/30/2020**
for 5 selected accounts.

Summary

Description		TOTAL
Claims filed in cases		2
Unique claims filed in cases		4
Claims pending in cases		2
Recognized loss for pending claims		\$4,776.35

5 Accounts

Below is a list of accounts selected for this report. The scope of this report is limited to these selected accounts.

Accounts
3040001306
3040001315
3040001324
3040031426

4 Claims Filed

Below is a list of total claims filed between 04/01/2020 and 06/30/2020. Distributions take place, on average, 1.5 years after the claim filing deadline.

Case Name	Accounts	Deadline
GSE Bonds Antitrust Litigation	3040001324	05-12-2020
GSE Bonds Antitrust Litigation	3040031426	05-12-2020
Valeant Pharmaceuticals	3040001315	05-06-2020
Valeant Pharmaceuticals	3040031426	05-06-2020
Totals	4	

2 Pending Claims

Claims listed below have been filed between 04/01/2020 and 06/30/2020 with the claims administrator and will remain "pending" until they are either paid or rejected. Please refer to CCC's disclaimer for an explanation of CCC's recognized loss and pro rata (estimated payout) calculations.

Litigation Name	Accounts	Rec Loss	Est. Payout
GSE Bonds Antitrust Litigation	3040001324	N/A	N/A
GSE Bonds Antitrust Litigation	3040031426	N/A	N/A
Valeant Pharmaceuticals	3040031426	\$0.00	\$0.00
Valeant Pharmaceuticals	3040001315	\$4,776.35	\$300.91
Totals	4	\$4,776.35	\$300.91

For your pending claims, Chicago Clearing Corporation (CCC) has provided recognized loss and estimated payouts. Recognized loss is CCC's calculation of your or your clients' total eligible damages based upon CCC's interpretation of the plan of allocation of any given settlement. Your recognized loss calculation is subject to change due to various factors such as claims that are deemed to be deficient or rejected by the administrator, changes in the plan of allocation, or changes in the interpretation of the plan of allocation by the court, the administrator or CCC. There is no guarantee the court will approve payment of your claims even if CCC calculates a recognized loss. A "0" recognized loss means that CCC does not calculate a recognized loss and you likely do not have a claim in the settlement. A "N/A" recognized loss means that the listed settlement does not have a plan of allocation, CCC has not devised the formula to calculate a recognized loss or CCC has not calculated your recognized loss as of the date of your report. The estimated payouts are CCC's projected check amounts for claims filed on your or your clients' behalf. Your actual settlement payments will be a percentage of your recognized loss. CCC's prediction of the percentage payout of your recognized loss is based upon proprietary correlations and algorithms developed by CCC. The exact payment amount for your claims is unknown until the final distribution order is signed by the court. CCC accepts no responsibility or liability of any kind for the accuracy, reliability or completeness of its recognized loss and estimated payout calculations, or for any action taken, or results obtained, from the use of its recognized loss and estimated payout calculations. Furthermore, you or your clients agree to release CCC from any claims, demands and damages (actual and consequential) of every kind and nature arising out of or in any way connected with CCC's recognized loss and estimated payout calculations.

CITY OF VERO BEACH
(PLAN SPONSER)
FIREFIGHTERS’
PENSION PLAN

Investment Policy Statement

I. PURPOSE OF INVESTMENT POLICY STATEMENT

The Pension Board of Trustees (Board) maintains that an important determinant of future investment returns is the expression and periodic review of the City of Vero Beach Firefighters’ Pension Fund (the Plan) investment objectives. To that end, the Board has adopted this statement of Investment Policy and directs that it apply to all assets under their control.

In fulfilling their fiduciary responsibility, the Board recognizes that the retirement system is an essential vehicle for providing income benefits to retired participants or their beneficiaries. The Board also recognizes that the obligations of the Plan are long-term and that investment policy should be made with a view toward performance and return over a number of years. The general investment objective is to obtain a reasonable total rate of return - defined as interest and dividend income plus realized and unrealized capital gains or losses - commensurate with the Prudent Investor Rule and any other applicable ordinances and statutes.

Reasonable consistency of return and protection of assets against the inroads of inflation are paramount. However, interest rate fluctuations and volatility of securities markets make it necessary to judge results within the context of several years rather than over short periods of five years or less.

The Board will employ investment professionals to oversee and invest the assets of the Plan. Within the parameters allowed in this document and their agreements with the Board, the investment management professionals shall have investment discretion over their mandates, including security selection, sector weightings and investment style.

The Board, in performing their investment duties, shall comply with the fiduciary standards set forth in Employee Retirement Income Security Act of 1974 (ERISA) at 29 U.S.C. s. 1104(a) (1) (A) – (C). In case of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in this section shall prevail.

II. TARGET ALLOCATIONS

In order to provide for a diversified portfolio, the Board has engaged investment professional(s) to manage and administer the fund. The investment manager(s) are responsible for the assets and allocation of their mandate only and may be provided an addendum to this policy with their specific performance objectives and investment criteria. The Board has established the following asset allocation targets for the total fund:

<u>Asset Class</u>	<u>Target</u>	<u>Range</u>	<u>Benchmark Index</u>
<u>Domestic Equity</u>	<u>45%</u>	<u>40% - 50%</u>	<u>S&P 500</u>
<u>International Equity</u>	<u>15%</u>	<u>-5% - 20%</u>	<u>MSCI ACW Ex. U.S.</u>
<u>Broad Market Fixed Income</u>	<u>20%</u>	<u>15% - 30%</u>	<u>Barelays Aggregate</u>
<u>Global Bond*</u>	<u>5%</u>	<u>-0% - 10%</u>	<u>B of A ML Global Bond</u>
<u>TIPS*</u>	<u>-0%</u>	<u>-0% - 10%</u>	<u>Barelays TIPS</u>
<u>Real Estate*</u>	<u>10%</u>	<u>-0% - 15%</u>	<u>NCREIF ODCE</u>

*Benchmark will default to "broad market fixed income" if these portfolios are not funded. Targets and ranges above are based on market value of total Plan assets.

<u>Asset Class</u>	<u>Target</u>	<u>Range</u>	<u>Benchmark</u>
<u>Domestic Equity Securities</u>	<u>45%</u>	<u>40% - 50%</u>	<u>S&P 500</u>
<u>Foreign Equity Securities</u>	<u>10%</u>	<u>5% - 20%</u>	<u>MSCI ACW xUS (net)</u>
<u>Composite Equity Portfolio</u>	<u>55%</u>	<u>45% - 70%</u>	
<u>Broad Market Fixed Income</u>	<u>25%</u>	<u>15% - 25%</u>	<u>Bloomberg Barclays U.S. Aggregate</u>
<u>Non - Core Fixed Income*</u>	<u>10%</u>	<u>0% - 20%</u>	<u>Strategy Index**</u>
<u>Composite Fixed Income Portfolio</u>	<u>35%</u>	<u>10% - 45%</u>	
<u>Direct Real Estate*</u>	<u>10%</u>	<u>5% - 15%</u>	<u>NFI-ODCE (eqwt.)</u>
<u>Alternative*</u>	<u>0%</u>	<u>0% - 10%</u>	<u>Strategy Index**</u>
<u>Cash & Cash Equivalents</u>	<u>0%</u>	<u>0% - 5%</u>	<u>Citigroup 3-mth U.S. T-bill</u>

*Benchmark will default to "broad market fixed income" if these portfolios are not funded. Targets and ranges above are based on market value of total Plan assets.

**The "strategy index" for other assets is defined as the most appropriate index, combination of indices, or absolute return target for the investment(s) in question.

The ~~investment consultant~~ Trustees will monitor the aggregate asset allocation of the portfolio, and will rebalance to the target asset allocation based on market conditions. If at the end of any calendar quarter, the allocation of an asset class falls outside of its allowable range, barring extenuating circumstances such as pending cash flows or allocation levels viewed as temporary, the asset allocation will be rebalanced into the allowable range. To the extent possible, contributions and withdrawals from the portfolio will be executed proportionally based on the most current market values available. The Board does not intend to exercise short-term changes to the target allocation.

III. INVESTMENT PERFORMANCE OBJECTIVES

The following performance measures will be used as objective criteria for evaluating the effectiveness of the Investment Managers.

A. Total Portfolio Performance

- ~~The performance of the total portfolio will be measured for rolling three- and five-year periods. The Target Index for the Plan is defined in the TARGET ASSET ALLOCATION table included within this policy. The performance of the total portfolio will be measured for rolling three and five year periods. The performance of the portfolio will be compared to the return of the policy indexes comprised of 45% S&P 500, 15% MSCI ACW Ex. U.S., 20% Barclays Aggregate Bond Index, 5% B of A Merrill Lynch Global Bond Index, 5% Barclays TIPS Index and 10% NCREIF ODCE Index.~~
- On a relative basis, it is expected that the total portfolio performance will rank in the top 40th percentile of the appropriate peer universe over three and five-year time periods.
- On an absolute basis, the objective is that the return of the total portfolio will equal or exceed the actuarial earnings assumption ~~(6%)~~, and provide inflation protection by meeting Consumer Price Index plus 3%.

B. Equity Performance

The combined equity portion of the portfolio, defined as common stocks and convertible bonds, is expected to perform at a rate at least equal to the 83% S&P 500 and 17% MSCI ACW Ex. U.S. Index. Individual components of the equity portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum. All portfolios are expected to rank in the top 40th percentile of the appropriate peer universe over three and five-year time periods.

C. Fixed Income Performance

The overall objective of the fixed income portion of the portfolio is to add stability and liquidity to the total portfolio. The fixed income portion of the portfolio is expected to perform at a rate at least equal to ~~a blended index comprised of 57% Bloomberg Barclays Capital U.S. Aggregate Bond Index (a subset benchmark(s) of similarly investable securities may be applied) and 43% Non-Core Fixed Income **Strategy Index, the Barclays Capital U.S. Aggregate Bond Index.~~ All portfolios are expected to rank in the top 40th percentile of the appropriate peer universe over three and five-year time periods.

~~D. Treasury Inflation Protection Security (TIPS) Performance Non-Core Fixed Income~~

~~D.~~

~~Shall be defined as invests in various classes of fixed income securities oriented towards credit. The role of this pool is to provide growth of capital and income generation, utilizing strategies that fall within the range of traditional fixed income/credit strategies. Many of these strategies will not be liquid allowing the Retirement Plan to take advantage of illiquidity premiums available in these markets. Investments may include Global Fixed~~

Income, unconstrained bond strategies, structured credit securities, high yield corporate bonds, direct lending strategies, opportunistic credit funds, and distressed debt strategies. Eligible investments may include both rated and non-rated securities. Rated securities may include those rated below investment grade. The portfolio is expected to perform at a rate at least equal to a blended index comprised of **the strategy index as defined in the Asset Allocation Table.

~~The overall objective of the TIPS portfolio, if utilized, is to provide inflation protection while adding stability to the total portfolio. If TIPS are utilized the strategy is expected to approximate the structure and performance of the Barclays Capital U.S. Treasury TIPS Index.~~

E. Real Estate Performance

The overall objective of the real estate portfolio of the portfolio, if utilized, is to add diversification and another stable income stream to the total fund. The real estate portion of the total fund, defined as core, open ended private real estate, is expected to perform at a rate at least equal to the NFI-ODCE equal weight NCREIF-ODCE Index and rank in the top 50th percentile of the appropriate peer universe over three and five-year time periods.

F. Alternative and Other Asset Performance

The overall objective of the alternative and/or “other asset” portion of the portfolio, if utilized, is to reduce the overall volatility of the portfolio and enhance returns. This portion of the fund will be benchmarked as outlined in the manager addendum **strategy index-

IV. INVESTMENT GUIDELINES

A. Authorized Investments

Pursuant to the investment powers of the Board of Trustees as set forth in the Florida Statutes and local ordinances, the Board of Trustees sets forth the following investment guidelines and limitations:

All separately managed investments shall be limited to the following:

1. Equities:

- a. Must be traded on a national exchange or electronic network; and
- b. Not more than 5% of the Plan’s assets, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company; and
- c. Additional criteria may be outlined in the manager’s addendum.

2. Fixed Income:

- a. All direct investments in fixed income securities shall have a minimum rating of investment grade or higher as reported by a major credit rating service; and

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- b. The value of bonds issued by any single corporation shall not exceed 3% of the total fund; and
- c. Additional criteria may be outlined in the manager's addendum.

3. Money Market:

- a. The money market fund or STIF options provided by the Plan's custodian; and
- b. Have a minimum rating of Standard & Poor's A1 or Moody's P1.

4. Pooled Funds:

Investments made by the Board may include pooled funds. For purposes of this policy pooled funds may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and private equity. Pooled funds may be governed by separate documents which may include investments not expressly permitted in this Investment Policy Statement. In the event of investment by the Plan into a pooled fund, the prospectus or governing policy of that pooled fund, as updated from time to time, shall be treated as an addendum to this Investment Policy Statement. The Investment Consultant shall periodically review with the Board any material changes in the prospectus or governing policy of a pooled fund.

B. Trading Parameters

When feasible and appropriate, all securities shall be competitively bid. Except as otherwise required by law, the most economically advantageous bid shall be selected. Commissions paid for purchase of securities must meet the prevailing best-execution rates. The responsibility of monitoring best price and execution of trades placed by each manager on behalf of the Plan will be governed by the Portfolio Management Agreement between the Plan and the Investment Managers.

C. Limitations

- 1. Investments in corporate common stock and convertible bonds shall not exceed seventy (70%) of the Plan assets at market.
- 2. Foreign securities shall not exceed twenty-five percent (25%) of Plan's market value.
- 3. All equity and fixed income securities must be readily marketable. Commingled funds must be independently appraised at least annually.

D. Absolute Restrictions

No investments shall be permitted in;

- 1. Any investment not specifically allowed as part of this policy.
- 2. Illiquid investments, ~~in excess of limitations as described in Chapter 215.47 (15) as described in Chapter 215.47, Florida Statutes.~~

3. Direct investment in 'Scrutinized Companies' identified in the periodic publication by the State Board of Administration ("SBA list", updated on their website www.sbafla.com/fsb/), is prohibited. ~~Any security identified as non-compliant on or before January 1, 2010 must be divested by September 1, 2010.~~ Securities identified after January 1, 2010, are subject to the provisions of section V. (c) below. However, if divestiture of business activities is accomplished and the company is subsequently removed from the SBA list, the manager can continue to hold that security. Indirect investment in 'Scrutinized Companies' (through pooled funds) are governed by the provisions of Section V(G) below.

V. COMMUNICATIONS

- A. On a monthly basis, the custodian shall supply an accounting statement that will include a summary of all receipts and disbursements and the cost and the market value of all assets.
- B. On a quarterly basis, the Investment Managers shall provide a written report affirming compliance with the security restrictions of Section IV (as well as any provisions outlined in the Investment Manager's addendum). In addition, the Investment Managers shall deliver a report each quarter detailing the Plan's performance, forecast of the market and economy, portfolio analysis and current assets of the Plan. Written reports shall be delivered to the Board within 30 days of the end of the quarter. A copy of the written report shall be submitted to the person designated by the City, and shall be available for public inspection. The Investment Managers will provide immediate written and telephone notice to the Board of any significant market related or non-market related event, specifically including, but not limited to, any deviation from the standards set forth in Section IV or their Investment Manager addendum.
- C. If the Fund owns investments, that complied with section IV at the time of purchase, which subsequently exceed the applicable limit or do not satisfy the applicable investment standard, such excess or noncompliant investments may be continued until it is economically feasible to dispose of such investment in accordance with the prudent man standard of care, but no additional investment may be made unless authorized by law or ordinance. An action plan outlining the investment 'hold or sell' strategy shall be provided to the Board immediately.
- D. The Investment Consultant shall evaluate and report on a quarterly basis the rate of return net of investment fees and relative performance of the Plan.
- E. The Board will meet periodically to review the Investment Consultant performance report. The Board will meet with the investment manager and appropriate outside consultants to discuss performance results, economic outlook, investment strategy and tactics and other pertinent matters affecting the Plan on a periodic basis.
- F. At least annually, the Board shall provide the Investment Managers with projected disbursement needs of the Plan so that the investment portfolio can be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To this end the Investment Managers should, to the extent possible, attempt to match investment maturities with known cash needs and anticipated cash-flow requirements.

- G. The Investment Consultant, on behalf of the Plan, shall send a letter to any pooled fund referring the investment manager to the listing of ‘Scrutinized Companies’ by the State Board of Administration (‘SBA list’), on their website www.sbafla.com/fsb/. This letter shall request that they consider removing such companies from the fund or create a similar actively managed fund having indirect holdings devoid of such companies. If the manager creates a similar fund, the Plan shall replace all applicable investments with investments in the similar fund in an expedited timeframe consistent with prudent investing standards. For the purposes of this section, a private equity fund is deemed to be an actively managed investment fund. However, after sending the required correspondence, the Plan is not required to sell the pooled fund.

VI. COMPLIANCE

- A. It is the direction of the Board that the plan assets are held by a third party custodian, and that all securities purchased by, and all collateral obtained by the plan shall be properly designated as Plan assets. No withdrawal of assets, in whole or in part, shall be made from safekeeping except by an authorized member of the Board or their designee. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis to insure that the custodian will have the security or money in hand at conclusion of the transaction.
- B. The investment policy shall require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.
- C. At the direction of the Board operations of the Plan shall be reviewed by independent certified public accountants as part of any financial audit periodically required. Compliance with the Board’s internal controls shall be verified. These controls have been designed to prevent losses of assets that might arise from fraud, error, or misrepresentation by third parties or imprudent actions by the Board or employees of the plan sponsor, to the extent possible.
- D. Each member of the Board shall participate in a continuing education program relating to investments and the Board’s responsibilities to the Plan. It is suggested that this education process begin during each Trustee’s first term.
- E. With each actuarial valuation, the Board shall determine the total expected annual rate of return for the current year, for each of the next several years and for the long term thereafter. This determination shall be filed promptly with the Department of Management Services, the plan’s sponsor and the consulting actuary.
- F. The proxy votes must be exercised for the exclusive benefit of the participants of the Plan. Each Investment Manager shall provide the Board with a copy of their proxy voting policy for approval. On a regular basis, at least annually, each manager shall report a record of their proxy vote.

VII. CRITERIA FOR INVESTMENT MANAGER REVIEW

The Board wishes to adopt standards by which judgments of the ongoing performance of a portfolio manager may be made. If, at any time, any three of the following is breached, the portfolio manager may be warned of the Board's serious concern for the Plan's continued safety and performance. If any five of these are violated the consultant may recommend a manager search for that mandate.

- Four (4) consecutive quarters of relative under-performance versus the benchmark.
- Three (3) year trailing return below the top 40th percentile within the appropriate peer group and under performance versus the benchmark.
- Five (5) year trailing return below the top 40th percentile and under performance versus the benchmark.
- Three (3) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
- Five (5) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
- Style consistency or purity drift from the mandate.
- Management turnover in portfolio team or senior management.
- Investment process change, including varying the index or benchmark.
- Failure to adhere to the IPS or other compliance issues.
- Investigation of the firm by the Securities and Exchange Commission (SEC).
- Significant asset flows into or out of the company.
- Merger or sale of firm.
- Fee increases outside of the competitive range.
- Servicing issues – key personnel stop servicing the account without proper notification.
- Failure to attain a 60% vote of confidence by the Board.

Nothing in this section shall limit or diminish the Board's right to terminate the manager at any time for any reason.

VIII. APPLICABLE CITY ORDINANCES

If at any time this document is found to be in conflict with the City Ordinances or applicable Florida Statutes, the Ordinances and Statutes shall prevail.

IX. REVIEW AND AMENDMENTS

It is the Board's intention to review this document ~~periodically~~ ~~at least annually subsequent to the actuarial report~~ and to amend this statement to reflect any changes in philosophy, objectives, or guidelines. In this regard, the Investment Manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If, at any time, the Investment Manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Board should be notified in writing. By initialing and continuing acceptance of this Investment Policy Statement, the Investment Managers concur with the provisions of this document. By signing this document, the Chairman attests that this policy has been recommended by the Investment Consultant, reviewed by the plan's legal counsel for compliance with applicable law, and approved by the Board of Trustees.

X. FILING OF THE INVESTMENT POLICY

Upon adoption by the Board, the investment policy shall be promptly filed with the Florida Department of Management Services, the City, and the plan's actuary. The effective date of the Investment Policy shall be the 31 days following the filing date with the City.

CITY OF VERO BEACH FIREFIGHTERS' PENSION PLAN

Chairman, Board of Trustees

Date

Investment Manager

Date

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Investment Performance Review
Period Ending June 30, 2020

Vero Beach Firefighters' Pension Plan

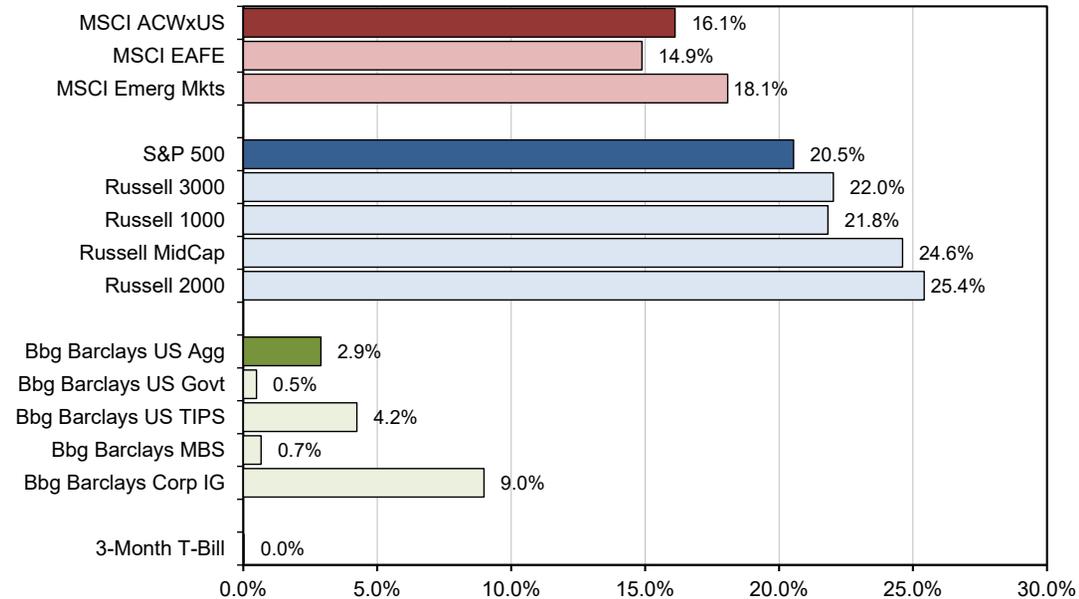


2nd Quarter 2020 Market Environment

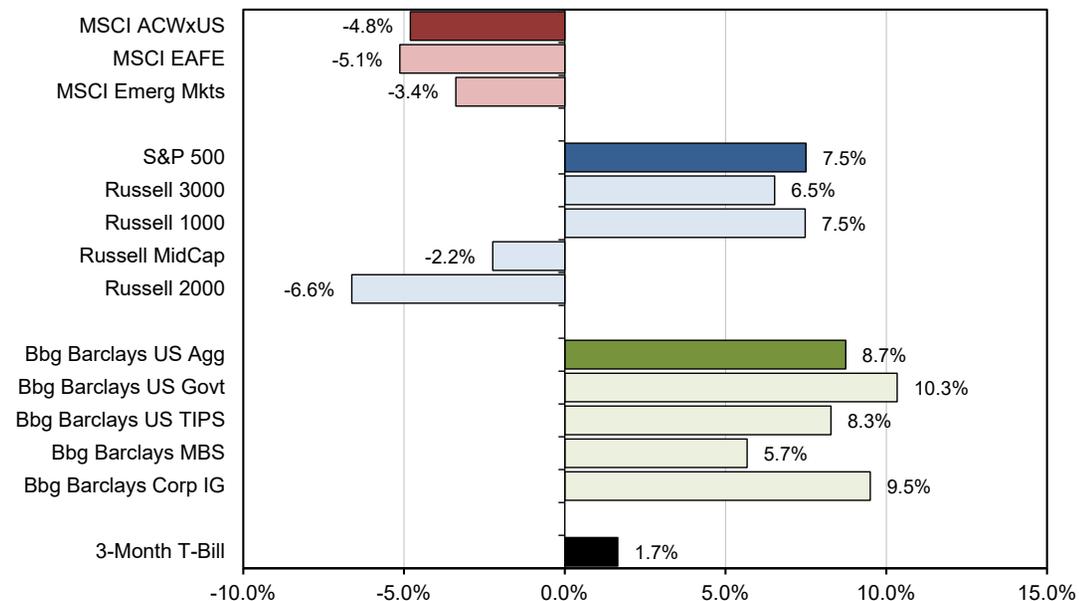


- Broad asset class returns rebounded sharply in the 2nd quarter following their harsh drawdown during the 1st quarter. The US government and Federal Reserve Bank (Fed) implemented a myriad of programs designed to provide the economy with liquidity while also mitigating the affects from the shelter-in-place response to the COVID-19 (Coronavirus) pandemic. Despite having officially entered a recession in February, US economic data began to show improvement in May with regards to manufacturing, housing and employment as many States began the process of re-opening. Geopolitical tensions rose during the quarter following the vote by China to impose security measures in Hong Kong. Despite these risks, markets reacted positively to continued monetary easing from the Fed which supported markets directly through bond purchases and a variety of lending facilities. Within domestic equity markets, higher beta small cap stocks outperformed large cap stocks during the quarter with the Russell 2000 Index returning 25.4% versus a 20.5% return for the S&P 500 Index. US stocks also outperformed international stocks during the period. US equity results over the trailing 1-year period tell a different story with large cap stocks, returning 7.5% while mid- and small cap stocks were negative, returning -2.2% and -6.6%, respectively.
- Broad international equity markets posted positive returns for the 2nd quarter. Similar to US markets, international markets benefited from coordinated central bank policies which provided liquidity following the onset of the pandemic and subsequent re-opening of local economies. International returns also benefited from a weakening US dollar (USD) which declined against both the Euro and British pound during the period. Emerging markets outperformed relative to developed markets during the period with the MSCI Emerging Market Index returning 18.1% compared to 14.9% for the MSCI EAFE Index. Both developed and emerging market indices were negative over the 1-year period with the developed market index returning -5.1% and the emerging market index returning -3.4%.
- Fixed income returns remained strong during the 2nd quarter as investors benefited from declining interest rates globally. The broad market Bloomberg Barclays (BB) Aggregate Index gained 2.9% for the quarter as the Fed ramped up its purchases of US Treasury and Agency securities to boost market liquidity. In addition, the Fed announced that it would begin purchasing US corporate bonds to keep borrowing costs low and further support liquidity. For the quarter, the BB Corporate Investment Grade Index returned 9.0% as investors continued to seek out higher yielding assets. Over the trailing 1-year period, the bond market outperformed stocks with the BB Aggregate posting a solid return of 8.7%, while corporate bonds posted a higher 9.5%. US TIPS, which have been a laggard for some time, posted a respectable 8.3% over the trailing 1-year period despite low expectations for inflation.

Quarter Performance

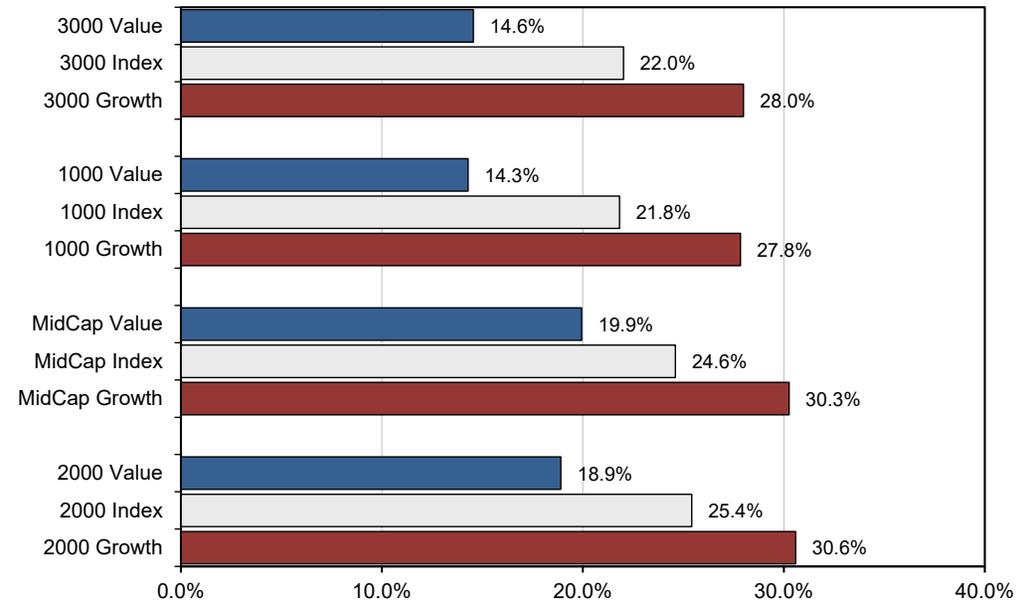


1-Year Performance

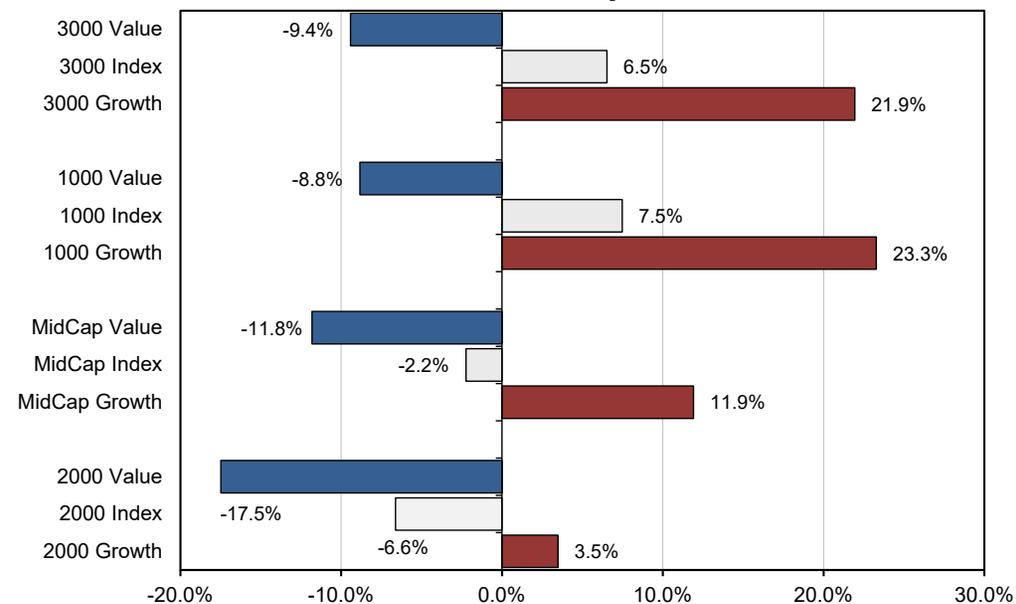


- US equity returns were strongly positive during the 2nd quarter, but results varied considerably across the style and capitalization spectrum. Following one of the sharpest drawdowns in history during the previous quarter, various capitalization and style indices experienced their strongest quarterly performance in over 20-years. The US labor market showed dramatic improvement in May and June with more than 7 million jobs added for the period. However, the unemployment rate remained high at 11.1% in June with more than 14.7 million people unemployed. While States have taken steps to re-open by loosening stay-at-home orders, several States such as Florida, Texas, and Arizona, have experienced significant increases in Coronavirus cases since the orders were eased causing many States to consider rollbacks. Several potential treatments and vaccines are in various stages of development that will hopefully prove effective in treating the virus.
- During the quarter, small capitalization (cap) stocks broadly outperformed large cap stocks across the style spectrum. The small cap Russell 2000 Index gained a stellar 25.4% for the quarter versus a return of 21.8% for the large cap Russell 1000 Index. Investors were attracted to potentially faster growing small cap stocks which were disproportionately sold during the 1st quarter's drawdown. Small cap stocks have historically outperformed when the market enters a recovery phase. When viewed over the most recent 1-year period the trend has reversed with large cap stocks far outpacing their small cap counterparts. The Russell 1000 posted a return of 7.5% over the trailing 1-year period relative to a negative return of -6.6% for the Russell 2000.
- Value stocks continued their recent trend of underperformance relative to growth stocks during the 2nd quarter recovery as investors gravitated toward companies perceived to have the potential to grow revenue and earnings faster. Within large cap, growth significantly outperformed value due to favorable weightings to the strong-performing technology and consumer discretionary sectors. The small cap Russell 2000 Growth Index was the best performing style index for the quarter, returning an outsized 30.6%. At the other extreme, the large cap value index posted the quarter's weakest relative style performance with a still solid 14.3% return. Results over the 1-year period also reflect the strength of the "growth over value" trend with value benchmarks posting negative results across the capitalization spectrum with a range of relative underperformance to growth of greater than 20% at each level.

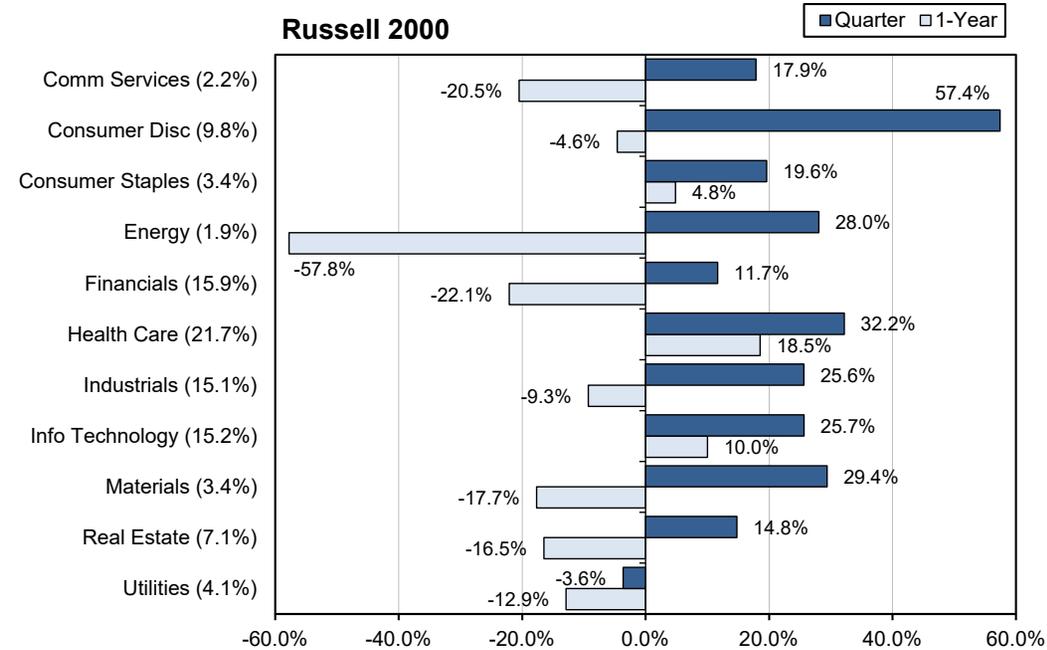
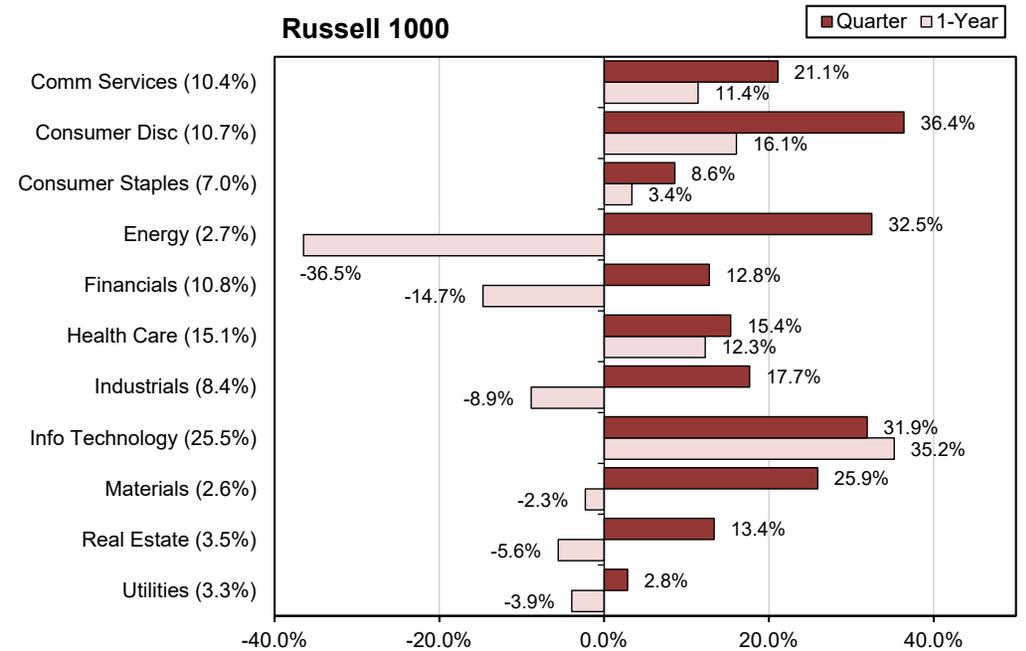
Quarter Performance - Russell Style Series



1-Year Performance - Russell Style Series



- All eleven economic sectors within the large cap Russell 1000 Index were positive for the 2nd quarter with four sectors outpacing the return of the broad index. Growth-oriented sectors such as consumer discretionary and technology were some of the best performers for the quarter returning 36.4% and 32.5%, respectively. The energy sector, which had lagged considerably during the 1st quarter sell-off, also posted a strong return of 32.5% for the quarter as oil prices recovered on expectations of future economic growth. Defensive sectors such as consumer staples and utilities were the lowest performers during the period, but still posted positive returns of 8.6% and 2.8%, respectively. Traditional growth sectors also showed their dominance in the trailing 1-year period. The technology, consumer discretionary, health care and communication services sectors returned 35.2%, 16.1%, 15.4% and 11.4%, respectively, versus the core Russell 1000 index return of 7.5%. In contrast, traditional value sectors such as energy and financials, posted returns of -36.5% and -14.7%, respectively, for the trailing 1-year period.
- Ten of eleven small cap sectors posted results of greater than 10% for the 2nd quarter with only the utilities sector falling into negative territory with a return of -3.6%. In addition, seven of eleven economic sectors in the small cap index outpaced their respective large cap sector performance. While ten small cap sectors posting returns of more than 10% would be impressive in any period, six of them managed to exceed the 25.4% return of the broad Russell 2000 index. Like large caps, sectors sensitive to the consumer and economic growth were the strongest performers as investors gravitated toward those companies with the highest growth potential. Performance in consumer discretionary and health care sectors was particularly impressive with returns of 57.4% and 32.2% respectively for the quarter. Within the health care sector, many biotechnology stocks rose on hopes and speculation regarding potentially viable treatments or vaccines for the Coronavirus. Over the trailing 1-year period, the majority of small cap sector returns were negative with only three sectors contributing positive absolute performance. The traditional growth sectors also led the small cap index's performance over the trailing 1-year period with health care posting 18.5% and the technology sector returning 10%. On the opposite end of the spectrum, while the energy sector's 28.0% return for the quarter is certainly an impressive recovery, the sector led the 1-year trailing sector performance declines with the return of -57.8%.



The Market Environment
Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000
As of June 30, 2020

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Microsoft Corp	5.30%	29.4%	53.8%	Information Technology
Apple Inc	5.19%	43.8%	86.5%	Information Technology
Amazon.com Inc	4.07%	41.5%	45.7%	Consumer Discretionary
Facebook Inc A	1.90%	36.1%	17.7%	Communication Services
Alphabet Inc A	1.48%	22.0%	31.0%	Communication Services
Alphabet Inc Class C	1.46%	21.6%	30.8%	Communication Services
Johnson & Johnson	1.29%	8.0%	3.8%	Health Care
Berkshire Hathaway Inc Class B	1.21%	-2.4%	-16.3%	Financials
Visa Inc Class A	1.13%	20.1%	12.0%	Information Technology
Procter & Gamble Co	1.01%	9.4%	11.8%	Consumer Staples

Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Deckers Outdoor Corp	0.31%	46.6%	11.6%	Consumer Discretionary
LHC Group Inc	0.30%	24.3%	45.8%	Health Care
BJ's Wholesale Club Holdings Inc	0.29%	46.3%	41.2%	Consumer Staples
Churchill Downs Inc	0.29%	29.3%	16.2%	Consumer Discretionary
Novavax Inc	0.27%	513.8%	1322.4%	Health Care
MyoKardia Inc	0.27%	106.1%	92.7%	Health Care
Helen Of Troy Ltd	0.27%	30.9%	44.4%	Consumer Discretionary
SiteOne Landscape Supply Inc	0.27%	54.8%	64.5%	Industrials
EastGroup Properties Inc	0.26%	14.3%	4.9%	Real Estate
Ultragenyx Pharmaceutical Inc	0.25%	76.1%	23.2%	Health Care

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Fastly Inc	0.02%	348.5%	319.8%	Information Technology
Wayfair Inc Class A	0.05%	269.8%	35.3%	Consumer Discretionary
Apache Corp	0.02%	223.9%	-51.9%	Energy
Targa Resources Corp	0.02%	192.7%	-44.7%	Energy
Etsy Inc	0.04%	176.4%	73.1%	Consumer Discretionary
Bill.com Holdings Inc Ordinary Shares	0.01%	163.8%	N/A	Information Technology
Livongo Health Inc	0.01%	163.5%	N/A	Health Care
Immunomedics Inc	0.03%	162.9%	155.5%	Health Care
Antero Midstream Corp	0.01%	159.5%	-45.7%	Energy
Thor Industries Inc	0.02%	156.2%	87.0%	Consumer Discretionary

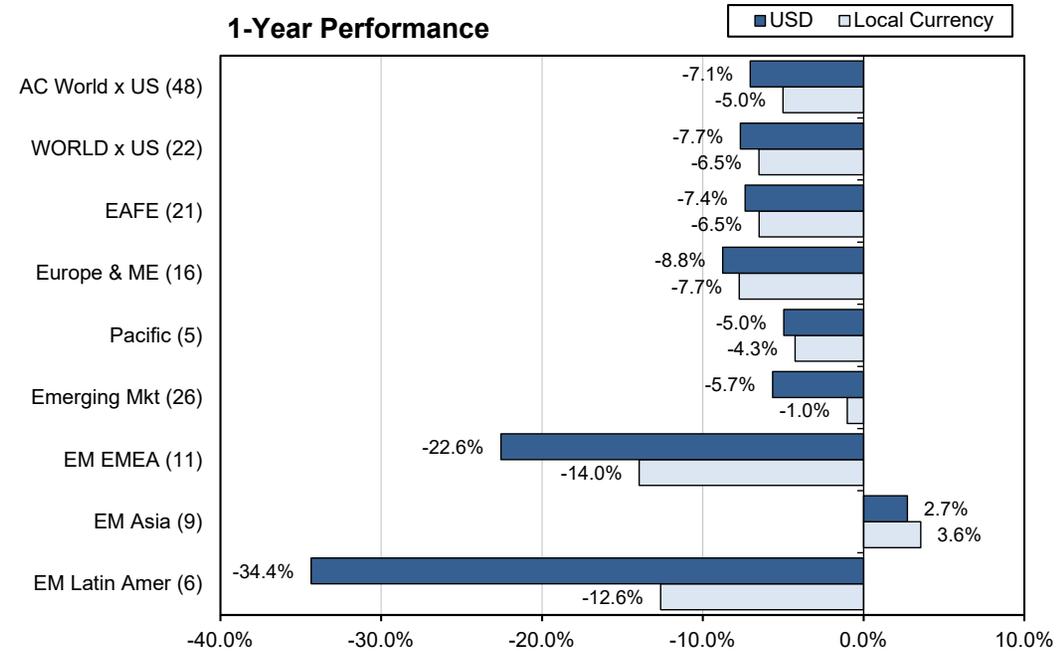
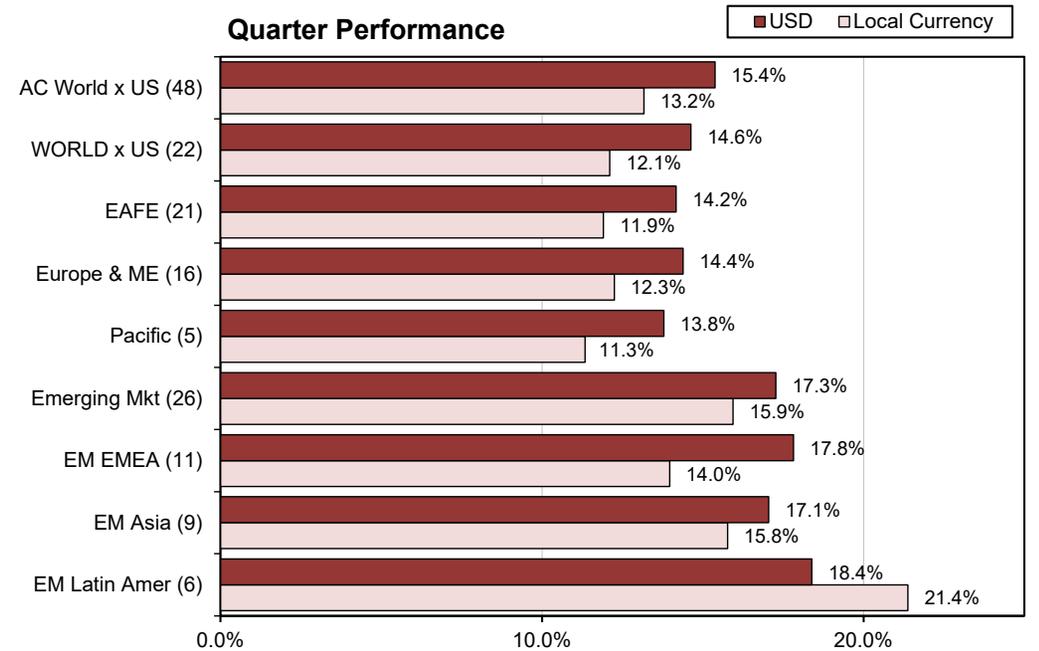
Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Workhorse Group Inc	0.06%	860.8%	491.5%	Consumer Discretionary
Veritone Inc	0.02%	537.8%	77.8%	Information Technology
Novavax Inc	0.27%	513.8%	1322.4%	Health Care
Overstock.com Inc	0.06%	469.7%	109.0%	Consumer Discretionary
Vaxart Inc	0.02%	400.0%	1220.7%	Health Care
U.S. Auto Parts Network Inc	0.01%	394.9%	592.8%	Consumer Discretionary
Camping World Holdings Inc Class A	0.05%	380.5%	131.4%	Consumer Discretionary
MacroGenics Inc	0.08%	379.7%	64.5%	Health Care
Aspira Womens Health Inc	0.01%	361.3%	331.5%	Health Care
Retractable Technologies Inc	0.01%	350.0%	868.9%	Health Care

Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Empire State Realty Trust Inc Class A	0.00%	-20.7%	-50.8%	Real Estate
Xerox Holdings Corp	0.01%	-18.0%	-54.8%	Information Technology
Hawaiian Electric Industries Inc	0.01%	-15.5%	-14.7%	Utilities
Biogen Inc	0.15%	-15.4%	14.4%	Health Care
Cincinnati Financial Corp	0.03%	-14.3%	-36.6%	Financials
General Electric Co	0.21%	-13.8%	-34.7%	Industrials
Coty Inc Class A	0.00%	-13.4%	-65.5%	Consumer Staples
EchoStar Corp	0.00%	-12.5%	-24.3%	Information Technology
NovoCure Ltd	0.02%	-11.9%	-6.2%	Health Care
Molson Coors Beverage Co B	0.02%	-11.9%	-36.5%	Consumer Staples

Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Chesapeake Energy Corp	0.00%	-85.8%	-98.7%	Energy
Hertz Global Holdings Inc	0.01%	-77.2%	-91.2%	Industrials
SeaChange International Inc	0.00%	-59.4%	5.6%	Information Technology
CorEnergy Infrastructure Trust Inc	0.01%	-50.0%	-75.6%	Real Estate
Evoform Biosciences Inc	0.01%	-46.8%	-57.4%	Health Care
Recro Pharma Inc	0.00%	-44.3%	-48.6%	Health Care
NextCure Inc	0.02%	-42.2%	43.1%	Health Care
NeuroBo Pharmaceuticals Inc	0.00%	-42.1%	-60.2%	Health Care
LendingClub Corp	0.02%	-42.0%	-72.3%	Financials
ProAssurance Corp	0.04%	-41.9%	-58.6%	Financials



- Broad international equity index returns were positive in US dollar (USD) and local currency terms for the 2nd quarter as international markets rebounded following the meaningful drawdown during the previous period. USD denominated international equity index performance also benefited from a weakening USD which fell against most major currencies during the period. The MSCI ACWI ex US Index posted a return of 15.4% in USD and a slightly lower 13.2% in local currency terms. Like US equity market performance, international equity benchmarks also benefited from a strong monetary policy response from central banks in reaction to the Coronavirus. Since the virus ravaged Asia and Europe earlier than the US, many countries also began the process of re-opening their respective economies earlier than the US, resulting in improving economic datapoints. Both the ECB and Bank of Japan committed to significant lending programs designed to provide the capital markets with liquidity while continuing to purchase bonds under their existing economic recovery programs.
- Results for developed market international indices were strongly positive in both USD and local currency terms during the 2nd quarter. The MSCI EAFE Index returned 14.2% in USD and 11.0% in local currency terms. The spread of the pandemic slowed in Europe during the quarter allowing countries like Austria and Italy to begin the process of re-opening. ECB President Christine Lagarde announced that the bank was expanding its bond purchase program to \$1.5 trillion, and in the UK, the Bank of England increased its bond purchasing program by roughly \$125 billion. Both measures were targeted at providing the capital markets with liquidity.
- Emerging markets outperformed developed markets by just over 3% during the 2nd quarter. The MSCI Emerging Markets Index rose by 17.3% in USD terms and 15.9% in local currency. Emerging markets benefited relative to developed markets during the quarter as global economic activity increased despite increased geopolitical tensions from China's new security measures in Hong Kong. The rebound in commodity prices in anticipation of future economic growth was particularly beneficial to the emerging countries dependent on export demand.
- In contrast to the strong 2nd quarter returns, the 1-year trailing performance of international equity indices was broadly negative with only the Emerging Market Asia Index posting a positive return of 2.7% in USD for the period. The 1-year trailing currency impact on international index performance also contrasts with the 2nd quarter's USD weakness. Persistent strength of the USD over the 1-year period was a drag on the results realized by domestic holders of international equities for each of the indices tracked in the graph. This USD strength is particularly visible in the Emerging Market Middle East & Africa (EMEA) Index and Emerging Market Latin America Index.



The Market Environment
US Dollar International Index Attribution & Country Detail
As of June 30, 2020

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Communication Services	5.4%	12.3%	-6.5%
Consumer Discretionary	11.3%	17.6%	-6.9%
Consumer Staples	12.0%	8.5%	-3.8%
Energy	3.4%	-1.5%	-41.3%
Financials	16.1%	12.6%	-20.4%
Health Care	14.5%	13.8%	17.6%
Industrials	14.5%	17.5%	-8.0%
Information Technology	8.3%	23.0%	12.4%
Materials	7.3%	22.7%	-8.6%
Real Estate	3.2%	7.9%	-21.4%
Utilities	4.0%	11.4%	2.4%
Total	100.0%	14.2%	-7.4%

MSCI - ACWixUS	Sector Weight	Quarter Return	1-Year Return
Communication Services	7.6%	16.9%	2.6%
Consumer Discretionary	12.6%	19.8%	-0.6%
Consumer Staples	10.0%	9.4%	-4.8%
Energy	4.8%	8.5%	-34.5%
Financials	18.1%	10.3%	-22.4%
Health Care	10.7%	16.0%	18.3%
Industrials	11.4%	17.1%	-8.9%
Information Technology	11.0%	24.1%	19.2%
Materials	7.6%	24.6%	-8.7%
Real Estate	2.8%	6.8%	-21.4%
Utilities	3.5%	10.3%	-3.2%
Total	100.0%	15.4%	-7.1%

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Communication Services	13.5%	22.6%	14.2%
Consumer Discretionary	17.4%	22.1%	12.7%
Consumer Staples	6.5%	12.6%	-9.1%
Energy	6.0%	21.6%	-25.3%
Financials	19.1%	6.6%	-27.4%
Health Care	4.3%	37.1%	33.5%
Industrials	4.7%	16.0%	-15.9%
Information Technology	16.9%	19.9%	21.3%
Materials	6.9%	23.3%	-16.2%
Real Estate	2.6%	3.6%	-20.3%
Utilities	2.3%	9.2%	-20.3%
Total	100.0%	17.3%	-5.7%

Country	MSCI-EAFE Weight	MSCI-ACWixUS Weight	Quarter Return	1-Year Return
Japan	25.4%	16.5%	11.5%	0.9%
United Kingdom	14.1%	9.1%	7.4%	-20.8%
France	10.9%	7.1%	15.3%	-11.4%
Switzerland	10.3%	6.7%	9.7%	3.8%
Germany	9.3%	6.0%	24.5%	-4.4%
Australia	6.7%	4.4%	28.6%	-14.6%
Netherlands	4.3%	2.8%	24.0%	7.1%
Hong Kong	3.4%	2.2%	7.7%	-17.4%
Sweden	3.1%	2.0%	19.5%	0.8%
Spain	2.4%	1.6%	9.6%	-22.5%
Denmark	2.3%	1.5%	18.8%	20.7%
Italy	2.3%	1.5%	15.0%	-13.1%
Singapore	1.1%	0.7%	7.3%	-23.8%
Finland	1.0%	0.7%	18.6%	-3.6%
Belgium	0.9%	0.6%	11.9%	-23.3%
Ireland	0.6%	0.4%	19.6%	3.6%
Israel	0.6%	0.4%	20.0%	0.8%
Norway	0.5%	0.3%	13.2%	-25.1%
New Zealand	0.3%	0.2%	28.0%	19.6%
Austria	0.2%	0.1%	20.6%	-28.2%
Portugal	0.2%	0.1%	9.2%	4.2%
Total EAFE Countries	100.0%	64.9%	14.2%	-7.4%
Canada		6.5%	19.4%	-10.5%
Total Developed Countries		71.4%	14.6%	-7.7%
China		11.7%	14.2%	11.2%
Taiwan		3.5%	20.8%	17.8%
Korea		3.3%	19.3%	-1.4%
India		2.3%	20.4%	-18.2%
Brazil		1.5%	22.6%	-35.3%
South Africa		1.1%	25.8%	-26.9%
Russia		0.9%	17.6%	-17.7%
Saudi Arabia		0.8%	12.2%	-22.7%
Thailand		0.7%	22.4%	-25.8%
Malaysia		0.5%	12.6%	-14.8%
Mexico		0.5%	10.6%	-26.8%
Indonesia		0.4%	22.4%	-26.0%
Philippines		0.2%	19.3%	-21.4%
Qatar		0.2%	6.7%	-13.1%
Poland		0.2%	20.8%	-31.2%
Chile		0.2%	13.5%	-36.9%
United Arab Emirates		0.2%	14.4%	-21.7%
Turkey		0.1%	18.3%	-8.5%
Peru		0.1%	5.5%	-35.7%
Hungary		0.1%	14.1%	-18.3%
Colombia		0.1%	7.2%	-43.6%
Argentina		0.0%	43.7%	-47.0%
Greece		0.0%	9.6%	-35.1%
Czech Republic		0.0%	24.1%	-26.8%
Egypt		0.0%	4.9%	-13.7%
Pakistan		0.0%	11.7%	-17.3%
Total Emerging Countries		28.6%	17.3%	-5.7%
Total ACWixUS Countries		100.0%	15.4%	-7.1%

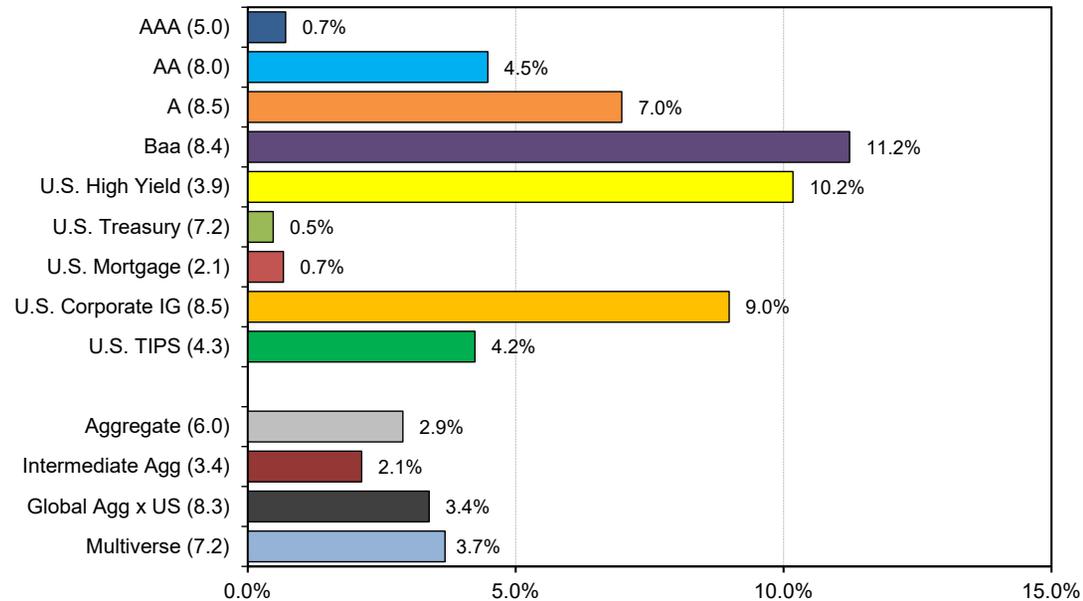
Source: Morningstar Direct, MSCI Global Index Monitor (Returns are Net in USD)

As a result of the GICS classification changes on 9/28/2018 and certain associated reporting limitations, sector performance represents backward looking performance for the prior year of each sector's current constituency, post creation of the Communication Services sector.

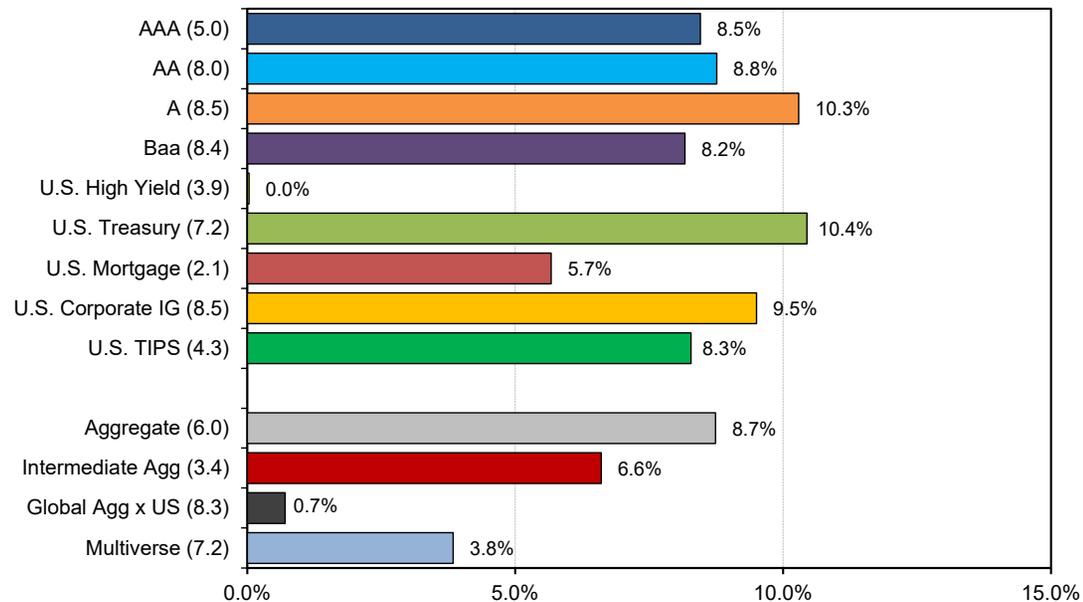


- Broad fixed income benchmarks rose sharply in the 2nd quarter as interest rates fell globally in response to the economic implications of the pandemic. The Fed continued purchasing bonds under programs announced during the first quarter to support capital markets and mitigate the damage to the economy. With US interest rates already near zero, the Fed announced several additional lending facilities to bridge the gap until economic activity picks up. These combined programs swelled the Fed's balance sheet to \$7.0 trillion, an increase of more than \$3 trillion since the beginning of the year. Late in the quarter the Fed commented that the economy faces a number of future challenges and expects interest rates to remain low for a prolonged period of time. Last August, the US Treasury yield curve inverted with the 2-year yield briefly surpassing the 10-year yield. Historically, a 2-10 inversion in the yield curve has preceded a US recession within the next 6-24 months. Recently, the National Bureau of Economic Research reported that the US economy entered a recession in February. While long-term US interest rates have moved lower recently, the Treasury yield curve has actually steepened which historically portends better economic growth.
- During the quarter, the Bloomberg Barclays (BB) US Aggregate Index returned 2.9%. Within the broad BB US Aggregate index, the US Treasury and mortgage-backed segments dramatically underperformed the corporate bond sector during the 2nd quarter. Investment grade corporate credit returned a strong 9.0% due to narrowing credit spreads and a high demand for yield. In contrast, over the 1-year period, US Treasuries outpaced both corporate and mortgage-backed issues with US Treasuries posting 10.4% versus returns of 9.5% and 5.7% for corporate and mortgage bonds, respectively. Outside of domestic markets, the BB Global Aggregate ex US Index increased by 3.4% for the quarter and 0.7% for the year.
- Within investment grade credit, lower quality issues outperformed higher quality issues during the 2nd quarter. Lower quality issues benefitted from both spread compression and investors seeking out higher yields when compared to US Treasury or mortgage bonds. On an absolute basis without adjusting for the duration differences in the sub-indices, Baa rated credit was the best performing investment grade (IG) segment, returning 11.2% for the quarter. AAA issues were the worst performing IG credit segment, returning just 0.7%. Despite a much lower duration, the high yield index returned 10.2% for the quarter. These issues benefitted from credit spreads narrowing significantly following the drawdown in the first quarter. Outside of high yield performance, which was flat on the year, credit returns were all impressive with each segment returning greater than 8% for the period.

Quarter Performance

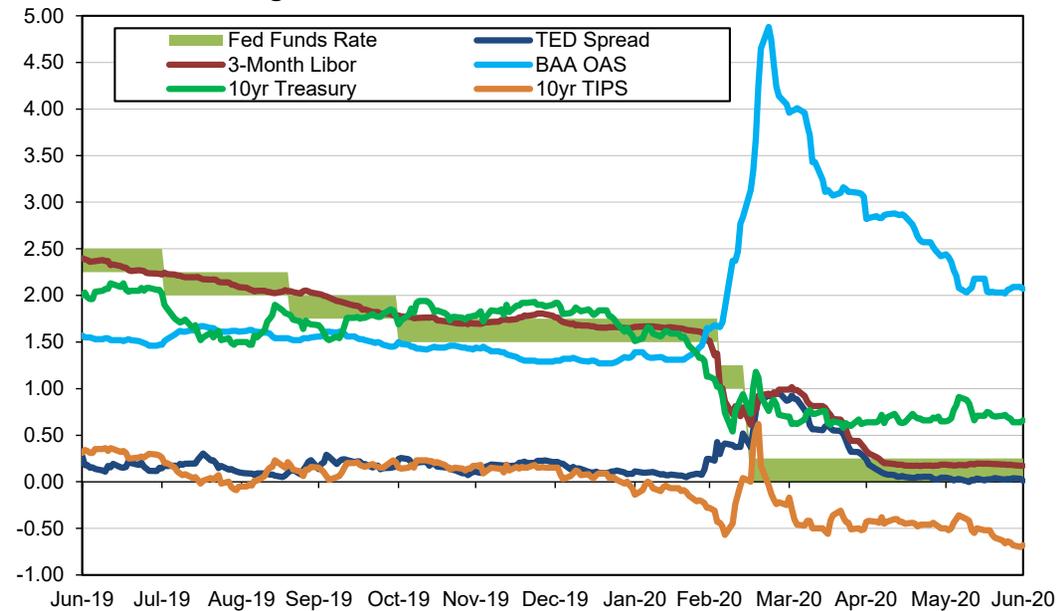


1-Year Performance

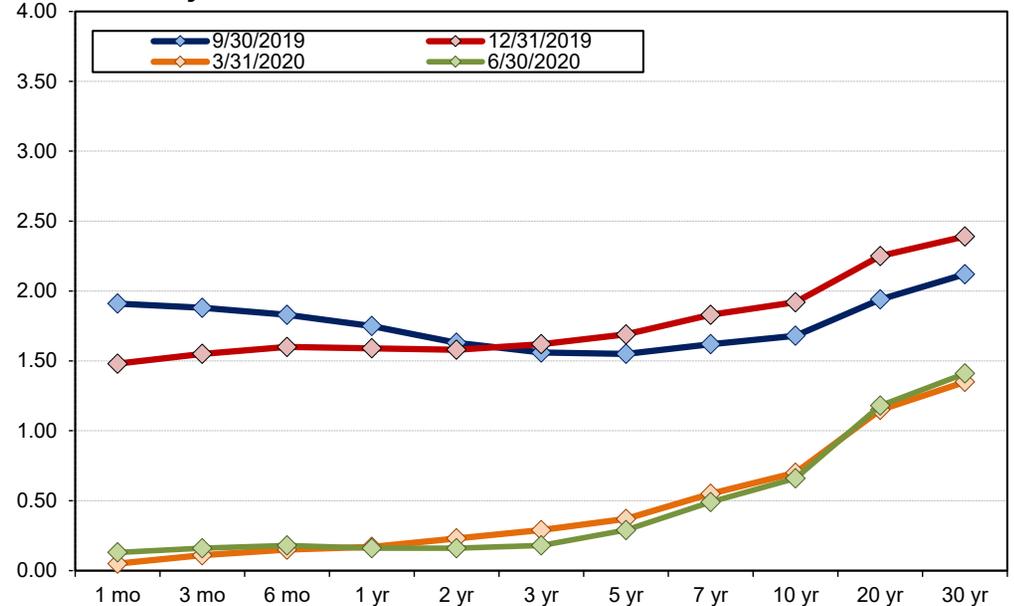


- Much of the index performance detailed in the bar graphs on the previous page is visible on a time series basis by reviewing the yield graph to the right. The '1-Year Trailing Market Rates' chart illustrates that over the last year, the 10-year Treasury yield (green line) fell from yields of greater than 2.0%, to a low of roughly 0.5% before ending the quarter at 0.66%. A decrease in yields provides a boost to bond performance. The blue line illustrates changes in the BAA OAS (Option Adjusted Spread). This measure quantifies the additional yield premium that investors require to purchase and hold non-Treasury investment grade issues. This line illustrates an abrupt increase in credit spreads beginning in early 2020 as investors moved to higher quality assets during the quarter's risk-off environment. Spreads increased dramatically in February following the US onset of the pandemic, reaching a high of 4.88% on March 23rd. Since then, spreads have steadily declined as markets stabilized following the aggressive actions taken by the Treasury and Fed. During the quarter, the BAA OAS spread fell by 1.98%. Similar to Treasury yield declines, spread tightening in corporate bonds is equivalent to an interest rate decrease, which causes bond prices to rise. This compression produces an additional tailwind for corporate bond index returns. The green band across the graph illustrates the decrease in the Fed Funds Rate range due to the recent US monetary policy easing. The Fed began the year with a rate range of 1.50%-1.75%, which it aggressively cut to a range of 0.00%-0.25% during the 1st quarter, where it remained at the end of the quarter.
- The lower graph provides a snapshot of the US Treasury yield curve at the end of each of the last four calendar quarters. The higher yields and curve inversion experienced in the 2nd half of 2019 have given way to 2020's extremely low interest rate environment. The curve continued to flatten during the 2nd quarter, particularly between the 1- and 5-year maturities. On the longer end of the curve, rates rose slightly during the period as the US Treasury issued longer-dated bonds to lock in low borrowing costs. An increase in Treasury supply, in conjunction with concerns about the potential for rising inflation, resulted in slightly higher yields during the quarter.

1-Year Trailing Market Rates

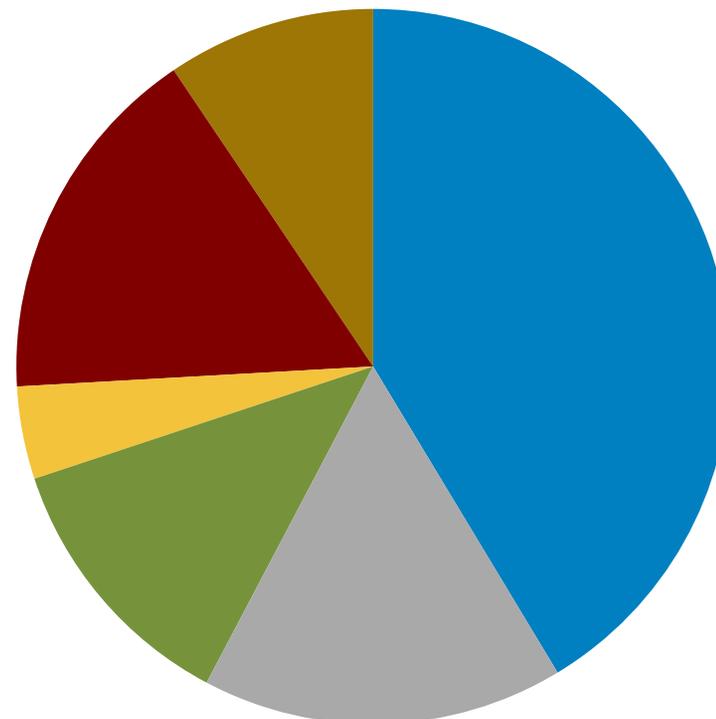
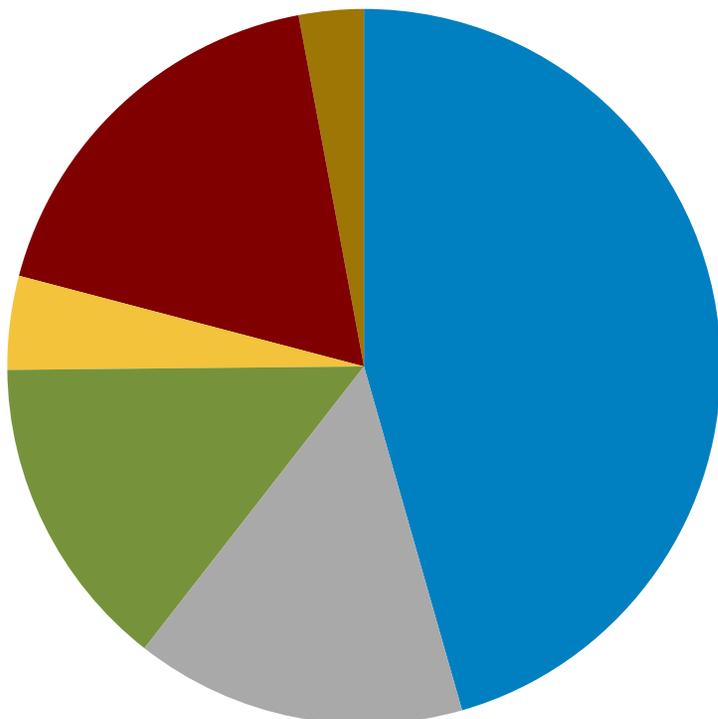


Treasury Yield Curve



Asset Allocation By Segment as of
 March 31, 2020 : \$6,231,660

Asset Allocation By Segment as of
 June 30, 2020 : \$6,747,544

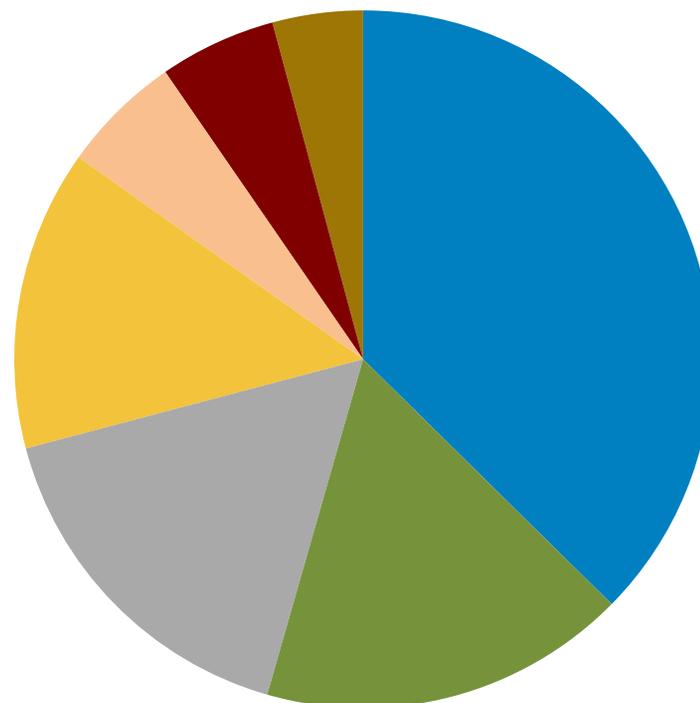
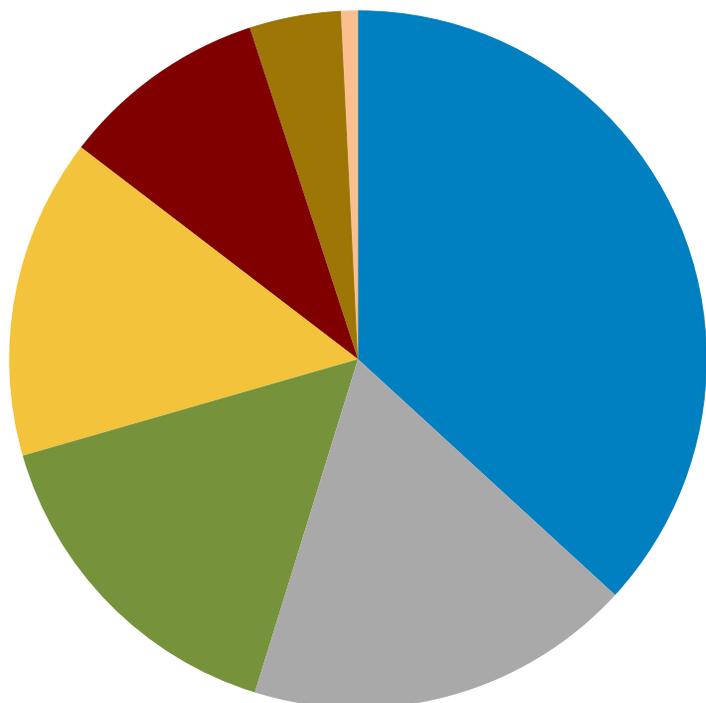


Allocation			Allocation		
Segments	Market Value	Allocation	Segments	Market Value	Allocation
Equity	2,839,689	45.6	Equity	2,790,533	41.4
International Equity	933,718	15.0	International Equity	1,104,970	16.4
Domestic Fixed Income	890,893	14.3	Domestic Fixed Income	821,957	12.2
Global Fixed Income	264,116	4.2	Global Fixed Income	283,108	4.2
Real Estate	1,119,708	18.0	Real Estate	1,109,786	16.4
Cash Equivalent	183,535	2.9	Cash Equivalent	637,190	9.4



Asset Allocation By Manager as of
 March 31, 2020 : \$6,231,660

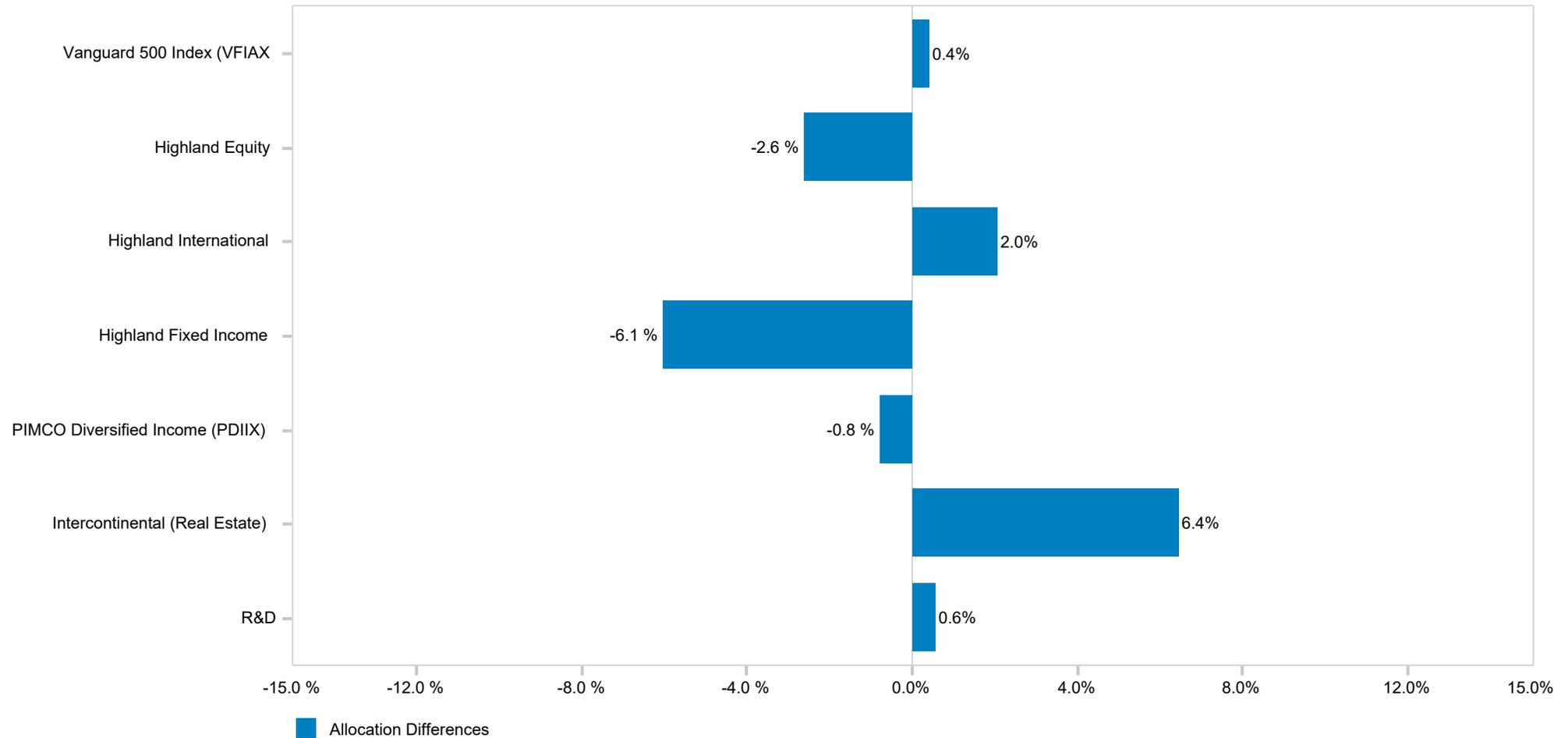
Asset Allocation By Manager as of
 June 30, 2020 : \$6,747,544



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Highland Equity	2,293,906	36.8	Highland Equity	2,522,655	37.4
Intercontinental	1,119,708	18.0	Highland International	1,150,277	17.0
Highland International	982,186	15.8	Intercontinental	1,109,786	16.4
Highland Fixed	925,804	14.9	Highland Fixed	940,958	13.9
Vanguard 500 Index (VFIAX)	597,231	9.6	R&D	376,252	5.6
PIMCO Diversified Income Fund (PDIIX)	264,116	4.2	Vanguard 500 Index (VFIAX)	364,508	5.4
R&D	48,709	0.8	PIMCO Diversified Income Fund (PDIIX)	283,108	4.2



Asset Allocation vs. Target Allocation



	Market Value \$	Allocation (%)	Target (%)
Vanguard 500 Index (VFIAX)	364,508	5.4	5.0
Highland Equity	2,522,655	37.4	40.0
Highland International	1,150,277	17.0	15.0
Highland Fixed Income	940,958	13.9	20.0
PIMCO Diversified Income (PDIIX)	283,108	4.2	5.0
Intercontinental (Real Estate)	1,109,786	16.4	10.0
R&D	376,252	5.6	5.0
Total Fund	6,747,544	100.0	100.0

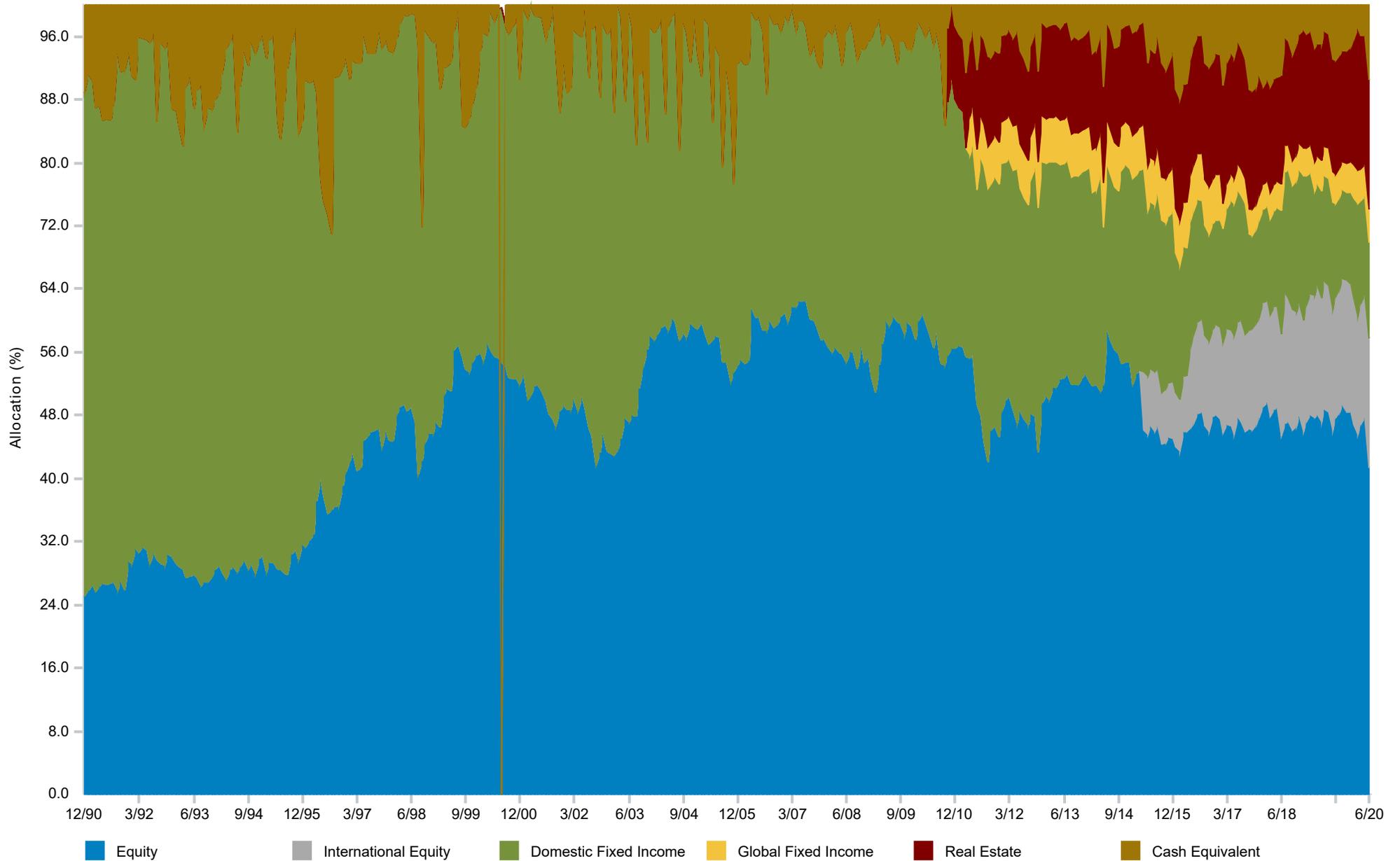


Asset Allocation History by Portfolio
Total Fund
As of June 30, 2020

Asset Allocation History by Portfolio	Jun-2020		Mar-2020		Dec-2019		Sep-2019		Jun-2019	
	(\$)	%	(\$)	%	(\$)	%	(\$)	%	(\$)	%
Total Domestic Equity Composite	2,887,163	42.79	2,891,138	46.39	3,923,997	49.67	3,748,813	49.20	3,699,912	49.41
Highland Equity	2,522,655	37.39	2,293,906	36.81	3,181,069	40.27	2,938,850	38.57	2,903,417	38.77
Vanguard 500 Index (VFIAX)	364,508	5.40	597,231	9.58	742,928	9.40	809,964	10.63	796,494	10.64
Total International Composite	1,150,277	17.05	982,186	15.76	1,359,100	17.20	1,234,713	16.20	1,260,117	16.83
Highland International	1,150,277	17.05	982,186	15.76	1,359,100	17.20	1,234,713	16.20	1,260,117	16.83
Total Domestic Fixed Composite	940,958	13.95	925,804	14.86	898,881	11.38	899,499	11.80	1,029,162	13.74
Highland Fixed	940,958	13.95	925,804	14.86	898,881	11.38	899,499	11.80	1,029,162	13.74
Total Global Fixed Income	283,108	4.20	264,116	4.24	285,636	3.62	280,957	3.69	277,615	3.71
PIMCO Diversified Income Fund (PDIIX)	283,108	4.20	264,116	4.24	285,636	3.62	280,957	3.69	277,615	3.71
Total Real Estate	1,109,786	16.45	1,119,708	17.97	1,123,671	14.22	1,101,867	14.46	1,085,124	14.49
Intercontinental	1,109,786	16.45	1,119,708	17.97	1,123,671	14.22	1,101,867	14.46	1,085,124	14.49
R&D	376,252	5.58	48,709	0.78	308,913	3.91	353,988	4.65	136,650	1.82
Total Fund	6,747,544	100.00	6,231,660	100.00	7,900,197	100.00	7,619,838	100.00	7,488,579	100.00

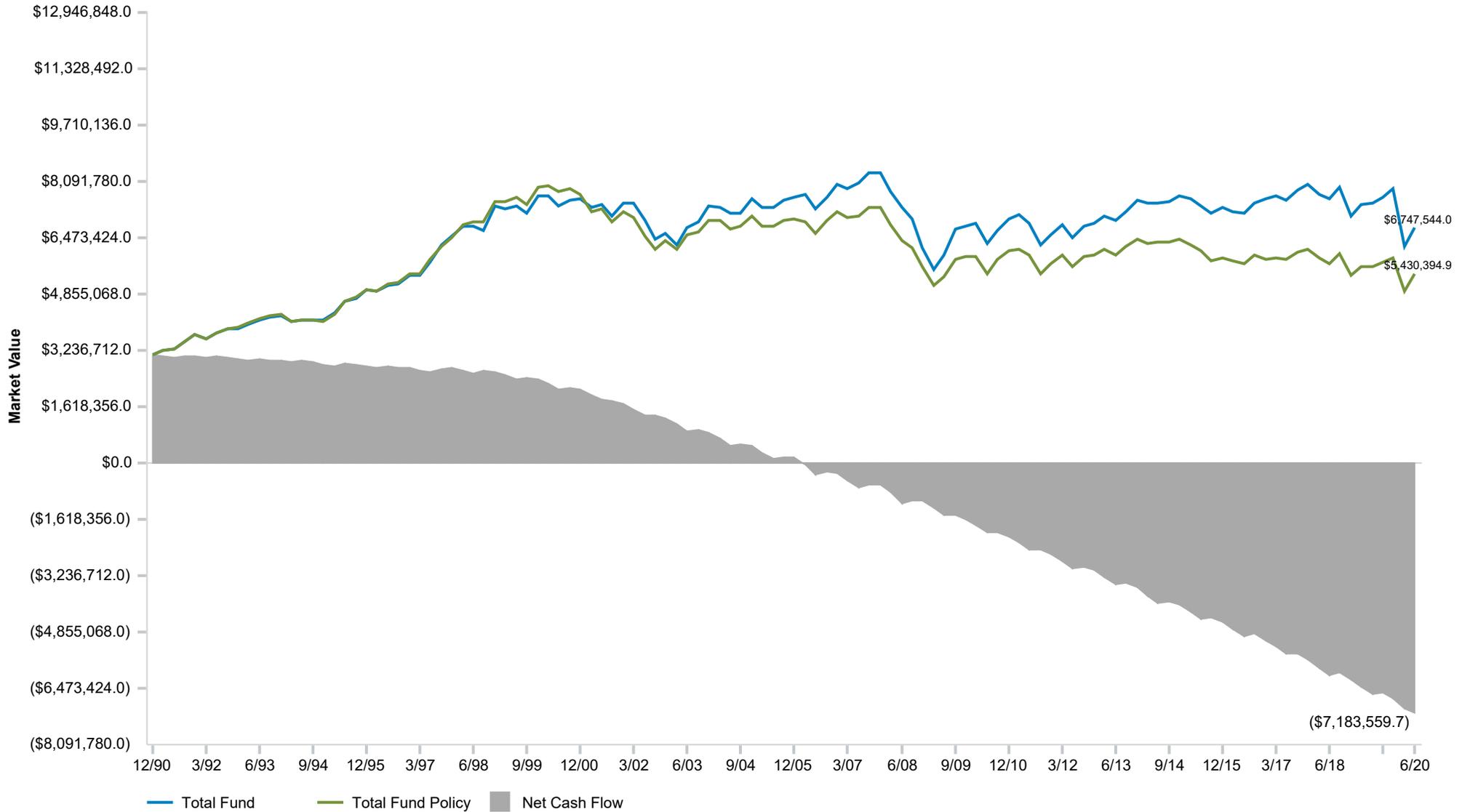


Asset Allocation History by Segment



Schedule of Investable Assets
Total Fund
 Since Inception Ending June 30, 2020

Schedule of Investable Assets



Schedule of Investable Assets

Periods Ending	Beginning Market Value \$	Net Cash Flow \$	Gain/Loss \$	Ending Market Value \$
Inception	3,097,990	-10,281,550	13,931,104	6,747,544



Financial Reconciliation Quarter to Date									
	Market Value 04/01/2020	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 06/30/2020
Total Domestic Equity Composite	2,891,138	-450,000	-	-	-	-686	21,807	424,904	2,887,163
Highland Equity	2,293,906	-100,000	-	-	-	-686	18,215	311,221	2,522,655
Vanguard 500 Index (VFIAX)	597,231	-350,000	-	-	-	-	3,593	113,684	364,508
Total International Composite	982,186	-	424	-	-	-442	7,929	160,180	1,150,277
Highland International	982,186	-	424	-	-	-442	7,929	160,180	1,150,277
Total Domestic Fixed Composite	925,804	-	-	-	-	-351	7,368	8,138	940,958
Highland Fixed	925,804	-	-	-	-	-351	7,368	8,138	940,958
Total Global Fixed Income	264,116	-	-	-	-	-	2,647	16,345	283,108
PIMCO Diversified Income Fund (PDIIX)	264,116	-	-	-	-	-	2,647	16,345	283,108
Total Real Estate	1,119,708	-8,267	-	-	-1,438	-	1,438	-1,655	1,109,786
Intercontinental	1,119,708	-8,267	-	-	-1,438	-	1,438	-1,655	1,109,786
R&D	48,709	458,267	-	-121,453	-	-9,272	1	-	376,252
Total Fund	6,231,660	-	424	-121,453	-1,438	-10,751	41,190	607,911	6,747,544

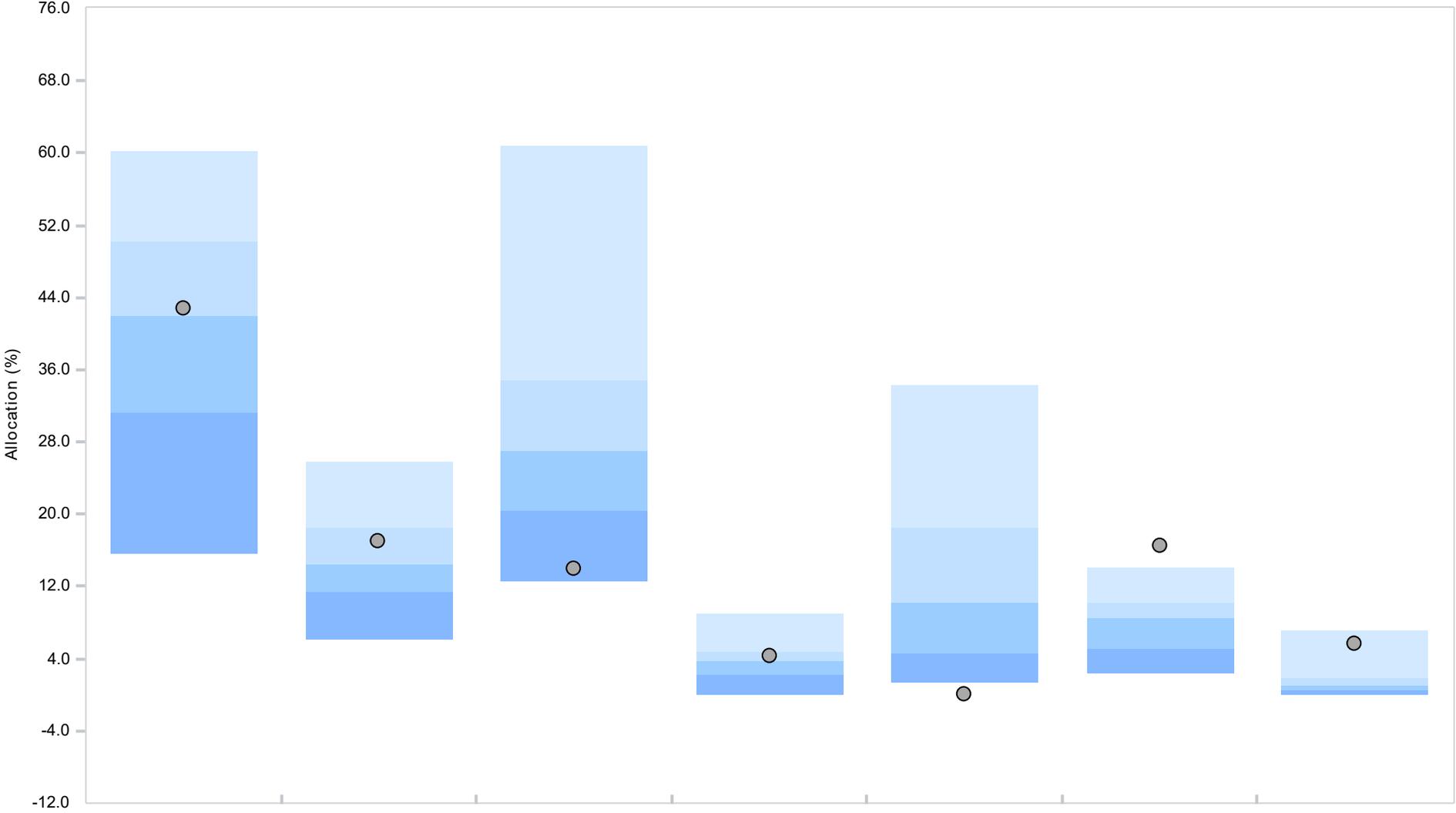


Financial Reconciliation Fiscal Year to Date									
	Market Value 10/01/2019	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 06/30/2020
Total Domestic Equity Composite	3,748,813	-587,784	-	-	-2,111	-1,563	69,115	-339,307	2,887,163
Highland Equity	2,938,850	-97,784	-	-	-2,111	-1,563	58,359	-373,095	2,522,655
Vanguard 500 Index (VFIAX)	809,964	-490,000	-	-	-	-	10,756	33,788	364,508
Total International Composite	1,234,713	2,112	589	-	-2,112	-1,060	21,777	-105,743	1,150,277
Highland International	1,234,713	2,112	589	-	-2,112	-1,060	21,777	-105,743	1,150,277
Total Domestic Fixed Composite	899,499	2,111	-	-	-2,111	-1,065	21,196	21,328	940,958
Highland Fixed	899,499	2,111	-	-	-2,111	-1,065	21,196	21,328	940,958
Total Global Fixed Income	280,957	-	-	-	-	-	10,059	-7,907	283,108
PIMCO Diversified Income Fund (PDIIX)	280,957	-	-	-	-	-	10,059	-7,907	283,108
Total Real Estate	1,101,867	-21,899	-	-	-8,198	-	17,985	20,032	1,109,786
Intercontinental	1,101,867	-21,899	-	-	-8,198	-	17,985	20,032	1,109,786
R&D	353,988	605,460	1,074	-546,118	-	-39,456	1,303	-	376,252
Total Fund	7,619,838	-	1,664	-546,118	-14,532	-43,143	141,434	-411,598	6,747,544



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	US Equity	Intl. Equity	US Fixed Income	Intl. Fixed Income	Alternative Inv.	Real Estate	Cash
● Total Fund	42.79 (48)	17.05 (32)	13.95 (93)	4.20 (38)	0.00	16.45 (2)	5.58 (7)
5th Percentile	60.15	25.80	60.73	8.96	34.33	14.03	7.08
1st Quartile	50.17	18.57	34.87	4.75	18.59	10.23	1.97
Median	41.86	14.46	27.03	3.85	10.23	8.55	1.12
3rd Quartile	31.32	11.43	20.40	2.25	4.67	5.21	0.56
95th Percentile	15.71	6.19	12.56	0.11	1.32	2.49	0.08



Comparative Performance Trailing Returns
Total Fund
As of June 30, 2020

Comparative Performance Trailing Returns

	QTR		FYTD		1 YR		3 YR		5 YR		7 YR		Inception		Inception Date
Total Fund (Net)	10.44		-3.90		-3.07		3.35		5.02		6.29		7.38		01/01/1991
Total Fund Policy	12.47		5.23		6.56		7.71		7.35		7.87		7.85		
Difference	-2.03		-9.13		-9.63		-4.36		-2.33		-1.58		-0.47		
Total Fund (Gross)	10.46	(74)	-3.71	(99)	-2.78	(99)	3.78	(92)	5.54	(67)	6.85	(55)	7.92	(61)	01/01/1991
Total Fund Policy	12.47	(47)	5.23	(9)	6.56	(8)	7.71	(5)	7.35	(5)	7.87	(15)	7.85	(69)	
Difference	-2.01		-8.94		-9.34		-3.93		-1.81		-1.02		0.07		
All Public Plans-Total Fund Median	12.27		2.44		3.31		5.79		5.96		6.96		8.00		
Total Equity Composite *	15.99		-7.43		-6.97		2.60		4.72		7.51		9.93		01/01/1991
Total Equity Policy	21.06		3.93		4.63		8.61		8.80		10.41		9.59		
Difference	-5.07		-11.36		-11.60		-6.01		-4.08		-2.90		0.34		
Total Domestic Equity Composite *	15.56	(87)	-7.67	(96)	-6.44	(98)	3.67	(95)	5.84	(93)	N/A		5.52	(92)	04/01/2015
Russell 3000 Index	22.03	(25)	5.31	(38)	6.53	(39)	10.04	(45)	10.03	(45)	11.68	(52)	9.56	(45)	
Difference	-6.47		-12.98		-12.97		-6.37		-4.19		N/A		-4.04		
IM U.S. Large Cap Core Equity (SA+CF) Median	20.18		3.57		5.59		9.65		9.65		11.70		9.28		
Highland Equity *	14.47	(92)	-10.63	(99)	-9.51	(100)	2.04	(98)	4.73	(95)	N/A		4.45	(95)	04/01/2015
Total Highland Equity Policy	14.29	(93)	-10.06	(99)	-8.84	(100)	1.82	(98)	4.64	(96)	7.36	(95)	4.44	(95)	
Difference	0.18		-0.57		-0.67		0.22		0.09		N/A		0.01		
IM U.S. Large Cap Core Equity (SA+CF) Median	20.18		3.57		5.59		9.65		9.65		11.70		9.28		
Vanguard 500 Index (VFIAX)	20.53	(16)	5.68	(19)	7.46	(18)	10.69	(14)	10.69	(9)	12.08	(9)	13.17	(5)	01/01/2013
S&P 500 Index	20.54	(12)	5.71	(7)	7.51	(7)	10.73	(4)	10.73	(3)	12.13	(1)	13.21	(1)	
Difference	-0.01		-0.03		-0.05		-0.04		-0.04		-0.05		-0.04		
IM S&P 500 Index (MF) Median	20.44		5.46		7.18		10.40		10.34		11.70		12.74		

Returns for periods greater than one year are annualized. Returns are expressed as percentages. Parenthesized number represents pertinent peer group ranking: 1-100, best to worst.
* Please see disclosures at back of book, concerning breakout of balanced account.



Comparative Performance Trailing Returns
Total Fund
As of June 30, 2020

	QTR		FYTD		1 YR		3 YR		5 YR		7 YR		Inception		Inception Date
Total International Composite *	17.12	(60)	-6.80	(76)	-8.66	(77)	-0.48	(70)	0.65	(83)	N/A	0.65	(86)	04/01/2015	
MSCI AC World ex USA	16.30	(67)	-2.74	(58)	-4.39	(57)	1.61	(50)	2.74	(55)	4.18	(61)	2.75	(57)	
Difference	0.82		-4.06		-4.27		-2.09		-2.09		N/A		-2.10		
IM International Equity (SA+CF) Median	18.24		-1.18		-3.05		1.50		3.19		4.95		3.43		
Highland International *	17.12	(60)	-6.80	(76)	-8.66	(77)	-0.48	(70)	0.65	(83)	N/A	0.65	(86)	04/01/2015	
MSCI AC World ex USA	16.30	(67)	-2.74	(58)	-4.39	(57)	1.61	(50)	2.74	(55)	4.18	(61)	2.75	(57)	
Difference	0.82		-4.06		-4.27		-2.09		-2.09		N/A		-2.10		
IM International Equity (SA+CF) Median	18.24		-1.18		-3.05		1.50		3.19		4.95		3.43		
Total Fixed Income Composite *	2.90		3.77		5.67		4.72		4.76		4.20		6.09	01/01/1991	
Total Fixed Income Policy	2.93		6.00		8.22		5.15		4.23		3.80		5.87		
Difference	-0.03		-2.23		-2.55		-0.43		0.53		0.40		0.22		
Total Domestic Fixed Composite *	1.68	(99)	4.70	(92)	6.80	(94)	4.88	(98)	4.61	(58)	4.04	(82)	6.06	(78)	01/01/1991
Blmbg. Barc. U.S. Aggregate Index	2.90	(90)	6.33	(66)	8.74	(70)	5.32	(85)	4.30	(90)	3.96	(92)	5.92	(98)	
Difference	-1.22		-1.63		-1.94		-0.44		0.31		0.08		0.14		
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	4.37		6.48		8.97		5.58		4.68		4.35		6.23		
Highland Fixed *	1.68	(99)	4.73	(92)	6.83	(94)	4.89	(97)	4.61	(57)	4.04	(82)	6.06	(78)	01/01/1991
Total Highland Fixed Income Policy	2.90	(90)	6.33	(66)	8.74	(70)	5.32	(85)	4.30	(90)	3.96	(92)	5.93	(98)	
Difference	-1.22		-1.60		-1.91		-0.43		0.31		0.08		0.13		
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	4.37		6.48		8.97		5.58		4.68		4.35		6.23		
Total Global Fixed Income	7.19	(32)	0.77	(78)	1.98	(73)	4.46	(10)	5.04	(3)	4.66	(1)	4.52	(4)	05/01/2011
ICE BofAML Global Broad Market Index	3.20	(91)	3.72	(21)	4.63	(25)	3.96	(24)	3.67	(33)	2.67	(49)	2.15	(52)	
Difference	3.99		-2.95		-2.65		0.50		1.37		1.99		2.37		
IM Global Fixed Income (MF) Median	5.56		2.11		3.18		3.43		3.32		2.60		2.18		
PIMCO Diversified Income Fund (PDIIX)	7.19	(32)	0.77	(78)	1.98	(73)	4.46	(10)	5.53	(1)	5.24	(1)	5.22	(1)	05/01/2011
Blmbg. Barc. Global Credit (Hedged)	7.60	(26)	3.23	(30)	5.67	(18)	5.22	(3)	5.18	(2)	5.03	(1)	5.15	(1)	
Difference	-0.41		-2.46		-3.69		-0.76		0.35		0.21		0.07		
IM Global Fixed Income (MF) Median	5.56		2.11		3.18		3.43		3.32		2.60		2.18		
Intercontinental	-0.02	(30)	3.48	(11)	6.07	(8)	8.58	(8)	10.39	(12)	11.42	(24)	12.69	(25)	10/01/2010
NCREIF Property Index	-0.99	(54)	1.26	(55)	2.69	(53)	5.44	(62)	6.77	(71)	8.26	(77)	9.54	(83)	
Difference	0.97		2.22		3.38		3.14		3.62		3.16		3.15		
IM U.S. Open End Private Real Estate (SA+CF) Median	-0.81		1.76		2.72		6.30		7.69		8.96		10.55		

Returns for periods greater than one year are annualized. Returns are expressed as percentages. Parenthesized number represents pertinent peer group ranking: 1-100, best to worst.
* Please see disclosures at back of book, concerning breakout of balanced account.



Comparative Performance Fiscal Year Returns
Total Fund
As of June 30, 2020

Comparative Performance Fiscal Year Returns													
	FYTD	Oct-2018 To Sep-2019	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010		
Total Fund (Net)	-3.90	3.10	7.92	12.60	10.11	1.27	10.37	13.58	15.92	-0.23	7.05		
Total Fund Policy	5.23	5.78	8.54	11.82	10.89	-1.48	11.04	12.89	18.66	0.96	8.85		
Difference	-9.13	-2.68	-0.62	0.78	-0.78	2.75	-0.67	0.69	-2.74	-1.19	-1.80		
Total Fund (Gross)	-3.71 (99)	3.61 (70)	8.40 (26)	13.35 (22)	10.72 (24)	1.85 (6)	11.06 (29)	14.24 (16)	16.59 (63)	0.33 (57)	7.59 (93)		
Total Fund Policy	5.23 (9)	5.78 (15)	8.54 (25)	11.82 (51)	10.89 (21)	-1.48 (66)	11.04 (29)	12.89 (38)	18.66 (31)	0.96 (45)	8.85 (74)		
Difference	-8.94	-2.17	-0.14	1.53	-0.17	3.33	0.02	1.35	-2.07	-0.63	-1.26		
All Public Plans-Total Fund Median	2.44	4.32	7.13	11.83	9.74	-0.78	9.93	12.00	17.58	0.68	9.90		
Total Equity Composite *	-7.43	0.68	10.95	17.60	11.73	0.69	14.77	27.28	27.94	-9.11	8.10		
Total Equity Policy	3.93	2.32	14.88	19.01	14.09	-2.46	15.56	20.87	27.57	-1.37	11.13		
Difference	-11.36	-1.64	-3.93	-1.41	-2.36	3.15	-0.79	6.41	0.37	-7.74	-3.03		
Total ICC Equity (segment level) *	N/A	N/A	N/A	N/A	N/A	N/A	14.77 (88)	27.28 (6)	27.94 (61)	-9.11 (100)	8.10 (73)		
Total Highland Equity Policy	-10.06 (99)	4.00 (42)	9.45 (93)	15.12 (84)	16.19 (16)	-2.93 (84)	15.56 (85)	20.87 (47)	27.57 (62)	-1.37 (79)	11.13 (30)		
Difference	N/A	N/A	N/A	N/A	N/A	N/A	-0.79	6.41	0.37	-7.74	-3.03		
IM U.S. Large Cap Core Equity (SA+CF) Median	3.57	3.20	17.23	18.74	13.26	0.12	19.19	20.55	29.61	1.18	9.55		
Highland Equity *	-10.63 (99)	1.95 (63)	11.90 (87)	16.79 (72)	13.43 (49)	N/A	N/A	N/A	N/A	N/A	N/A		
Total Highland Equity Policy	-10.06 (99)	4.00 (42)	9.45 (93)	15.12 (84)	16.19 (16)	-2.93 (84)	15.56 (85)	20.87 (47)	27.57 (62)	-1.37 (79)	11.13 (30)		
Difference	-0.57	-2.05	2.45	1.67	-2.76	N/A	N/A	N/A	N/A	N/A	N/A		
IM U.S. Large Cap Core Equity (SA+CF) Median	3.57	3.20	17.23	18.74	13.26	0.12	19.19	20.55	29.61	1.18	9.55		
Vanguard 500 Index (VFIAX)	5.68 (19)	4.22 (15)	17.87 (9)	18.57 (6)	15.39 (10)	-0.63 (5)	19.68 (5)	N/A	N/A	N/A	N/A		
S&P 500 Index	5.71 (7)	4.25 (10)	17.91 (2)	18.61 (2)	15.43 (4)	-0.61 (2)	19.73 (1)	19.34 (1)	30.20 (1)	1.14 (2)	10.16 (4)		
Difference	-0.03	-0.03	-0.04	-0.04	-0.04	-0.02	-0.05	N/A	N/A	N/A	N/A		
IM S&P 500 Index (MF) Median	5.46	3.94	17.51	18.16	14.99	-1.05	19.19	18.80	29.58	0.68	9.69		

Returns for periods greater than one year are annualized. Returns are expressed as percentages.
Due to the nature of the ICC balanced account, ICC Equity and ICC Domestic Fixed Income is reported at the segment level. Parenthesized number represents pertinent peer group ranking: 1-100, best to worst.
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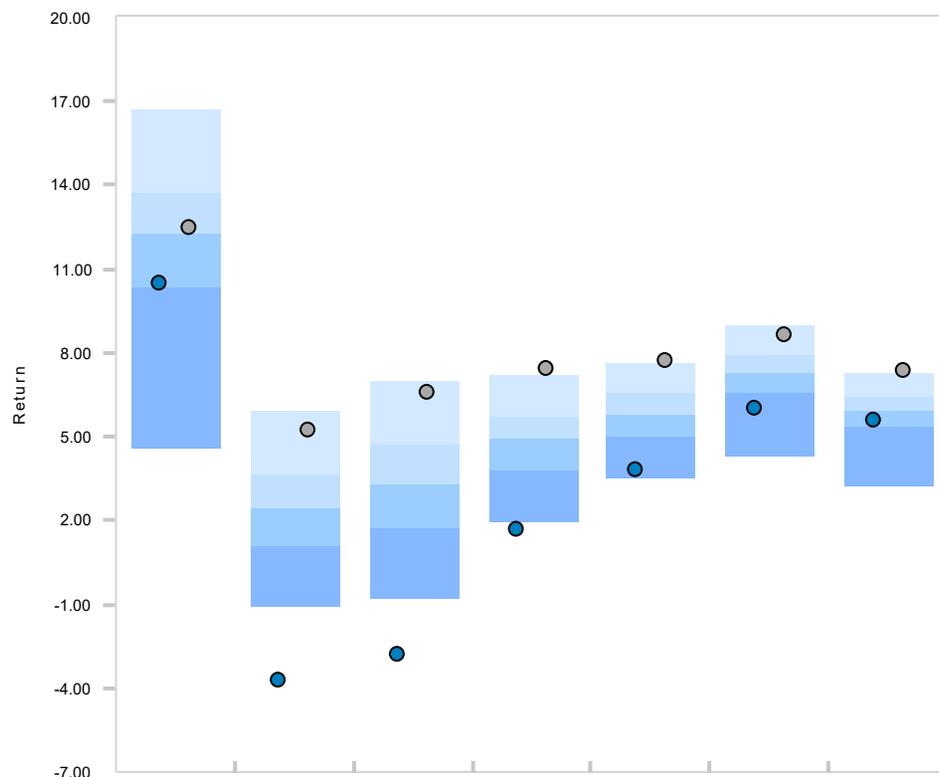
Comparative Performance Fiscal Year Returns
Total Fund
As of June 30, 2020

	FYTD	Oct-2018 To Sep-2019	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
Total Domestic Fixed Composite *	4.70 (92)	10.15 (79)	-0.79 (53)	0.86 (39)	7.00 (10)	2.59 (80)	3.73 (92)	-2.84 (100)	6.36 (60)	5.97 (15)	7.72 (93)
Blmbg. Barc. U.S. Aggregate Index	6.33 (66)	10.30 (70)	-1.22 (87)	0.07 (84)	5.19 (80)	2.94 (62)	3.96 (81)	-1.68 (78)	5.16 (89)	5.26 (50)	8.16 (85)
Difference	-1.63	-0.15	0.43	0.79	1.81	-0.35	-0.23	-1.16	1.20	0.71	-0.44
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	6.48	10.44	-0.75	0.61	5.66	3.02	4.49	-1.27	6.60	5.26	9.20
Total ICC Fixed Income (segment level) *	N/A	N/A	N/A	N/A	N/A	N/A	3.73 (92)	-2.84 (100)	6.36 (60)	5.97 (15)	7.72 (93)
Total Highland Fixed Income Policy	6.33 (66)	10.30 (70)	-1.22 (87)	0.07 (84)	5.19 (80)	2.94 (62)	3.96 (81)	-1.68 (78)	5.16 (89)	5.26 (50)	7.82 (93)
Difference	N/A	N/A	N/A	N/A	N/A	N/A	-0.23	-1.16	1.20	0.71	-0.10
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	6.48	10.44	-0.75	0.61	5.66	3.02	4.49	-1.27	6.60	5.26	9.20
Highland Fixed *	4.73 (92)	10.15 (79)	-0.79 (53)	0.86 (39)	7.00 (10)	2.59 (80)	3.73 (92)	-2.84 (100)	6.36 (60)	5.97 (15)	7.72 (93)
Total Highland Fixed Income Policy	6.33 (66)	10.30 (70)	-1.22 (87)	0.07 (84)	5.19 (80)	2.94 (62)	3.96 (81)	-1.68 (78)	5.16 (89)	5.26 (50)	7.82 (93)
Difference	-1.60	-0.15	0.43	0.79	1.81	-0.35	-0.23	-1.16	1.20	0.71	-0.10
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	6.48	10.44	-0.75	0.61	5.66	3.02	4.49	-1.27	6.60	5.26	9.20
Total Global Fixed Income	0.77 (78)	9.54 (19)	1.07 (10)	11.92 (1)	7.01 (58)	-4.16 (57)	6.09 (16)	1.89 (5)	14.78 (3)	N/A	N/A
ICE BofAML Global Broad Market Index	3.72 (21)	7.97 (40)	-1.38 (54)	-1.29 (90)	8.56 (32)	-2.44 (32)	1.45 (79)	-2.65 (60)	5.10 (85)	4.18 (8)	6.22 (76)
Difference	-2.95	1.57	2.45	13.21	-1.55	-1.72	4.64	4.54	9.68	N/A	N/A
IM Global Fixed Income (MF) Median	2.11	7.65	-1.29	1.02	7.42	-3.85	3.37	-1.81	7.17	1.74	7.68
PIMCO Diversified Income Fund (PDIIX)	0.77 (78)	9.54 (19)	1.07 (10)	6.98 (2)	12.57 (2)	-1.10 (26)	6.09 (16)	0.37 (22)	16.25 (2)	N/A	N/A
Blmbg. Barc. Global Credit (Hedged)	3.23 (30)	10.83 (12)	0.39 (17)	3.04 (27)	9.19 (25)	0.86 (18)	6.83 (9)	1.46 (8)	11.61 (5)	1.69 (53)	11.05 (28)
Difference	-2.46	-1.29	0.68	3.94	3.38	-1.96	-0.74	-1.09	4.64	N/A	N/A
IM Global Fixed Income (MF) Median	2.11	7.65	-1.29	1.02	7.42	-3.85	3.37	-1.81	7.17	1.74	7.68
Templeton Global Bond Fund (FBNRX)	N/A	N/A	N/A	N/A	0.84 (100)	-7.34 (92)	6.09 (16)	3.52 (2)	13.25 (3)	N/A	N/A
FTSE World Government Bond Index	3.72 (21)	8.13 (39)	-1.54 (55)	-2.69 (94)	9.71 (20)	-3.83 (50)	-0.07 (96)	-4.60 (82)	3.29 (96)	4.61 (8)	4.99 (88)
Difference	N/A	N/A	N/A	N/A	-8.87	-3.51	6.16	8.12	9.96	N/A	N/A
IM Global Fixed Income (MF) Median	2.11	7.65	-1.29	1.02	7.42	-3.85	3.37	-1.81	7.17	1.74	7.68
Intercontinental	3.48 (11)	8.31 (23)	11.39 (8)	11.80 (6)	13.29 (22)	13.98 (65)	14.12 (27)	18.15 (9)	13.32 (42)	16.37 (54)	N/A
NCREIF Property Index	1.26 (55)	6.24 (72)	7.16 (90)	6.89 (69)	9.22 (90)	13.48 (71)	11.26 (84)	11.00 (79)	11.00 (75)	16.10 (67)	5.84 (55)
Difference	2.22	2.07	4.23	4.91	4.07	0.50	2.86	7.15	2.32	0.27	N/A
IM U.S. Open End Private Real Estate (SA+CF) Median	1.76	6.89	8.98	8.05	11.02	15.32	12.63	13.18	12.89	16.62	6.41

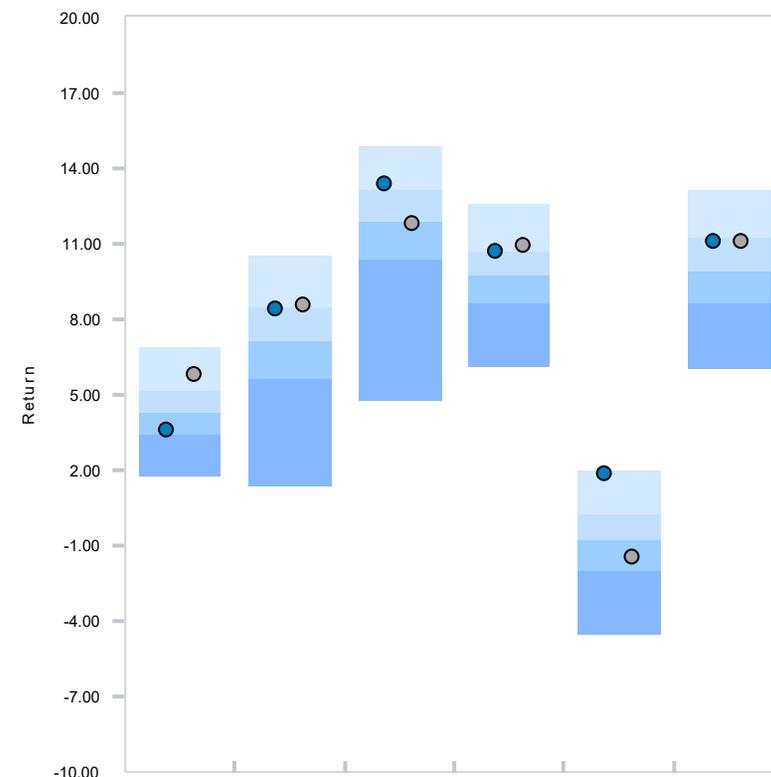
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* Please see disclosures at back of book.



Plan Sponsor Peer Group Analysis - All Public Plans-Total Fund



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Total Fund	10.46 (74)	-3.71 (99)	-2.78 (99)	1.66 (97)	3.78 (92)	6.02 (85)	5.54 (67)
● Total Fund Policy	12.47 (47)	5.23 (9)	6.56 (8)	7.45 (4)	7.71 (5)	8.64 (12)	7.35 (5)
Median	12.27	2.44	3.31	4.91	5.79	7.30	5.96



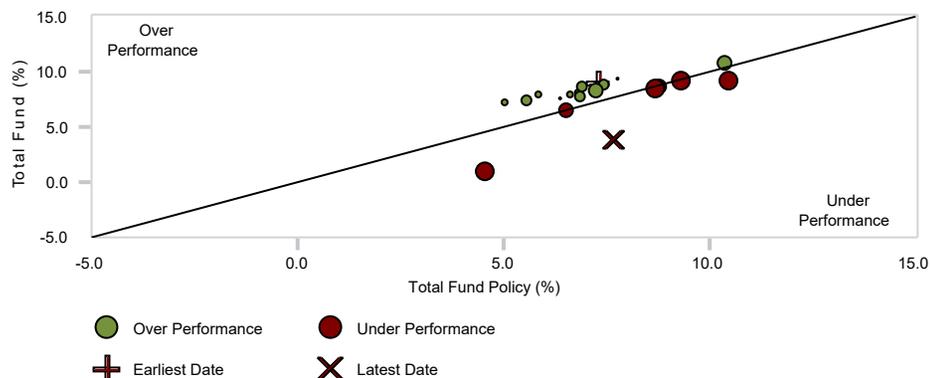
	Oct-2018 To Sep-2019	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014
● Total Fund	3.61 (70)	8.40 (26)	13.35 (22)	10.72 (24)	1.85 (6)	11.06 (29)
● Total Fund Policy	5.78 (15)	8.54 (25)	11.82 (51)	10.89 (21)	-1.48 (66)	11.04 (29)
Median	4.32	7.13	11.83	9.74	-0.78	9.93

Comparative Performance

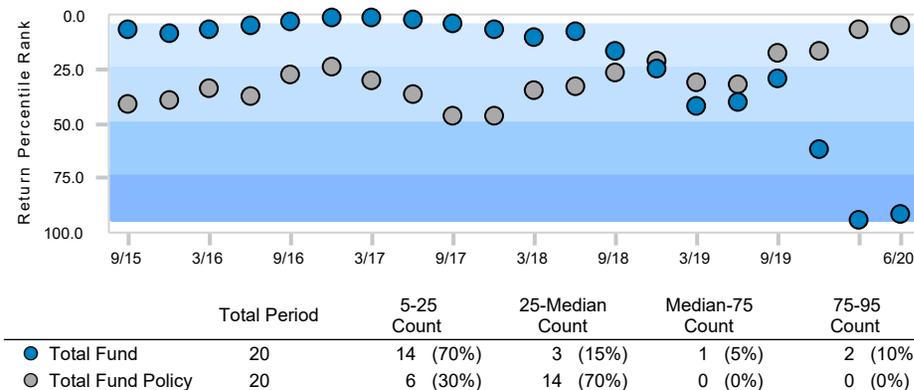
	1 Qtr Ending Mar-2020	1 Qtr Ending Dec-2019	1 Qtr Ending Sep-2019	1 Qtr Ending Jun-2019	1 Qtr Ending Mar-2019	1 Qtr Ending Dec-2018
Total Fund	-18.10 (98)	6.43 (9)	0.97 (39)	3.56 (20)	7.85 (65)	-8.11 (65)
Total Fund Policy	-11.44 (24)	5.64 (34)	1.26 (18)	3.51 (24)	8.74 (42)	-7.18 (42)
All Public Plans-Total Fund Median	-13.16	5.25	0.84	3.27	8.46	-7.55



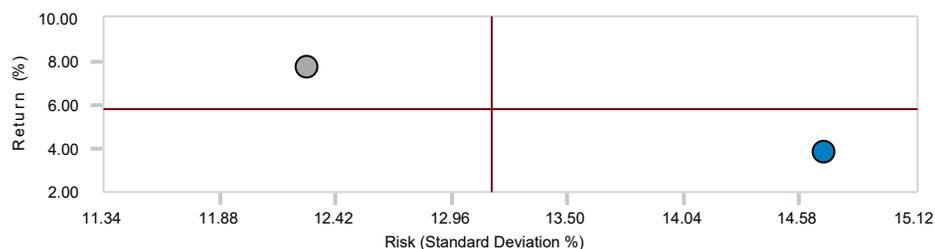
3 Yr Rolling Under/Over Performance - 5 Years



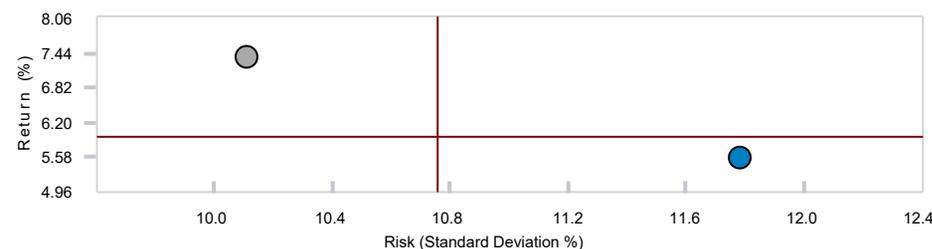
3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



Historical Statistics - 3 Years

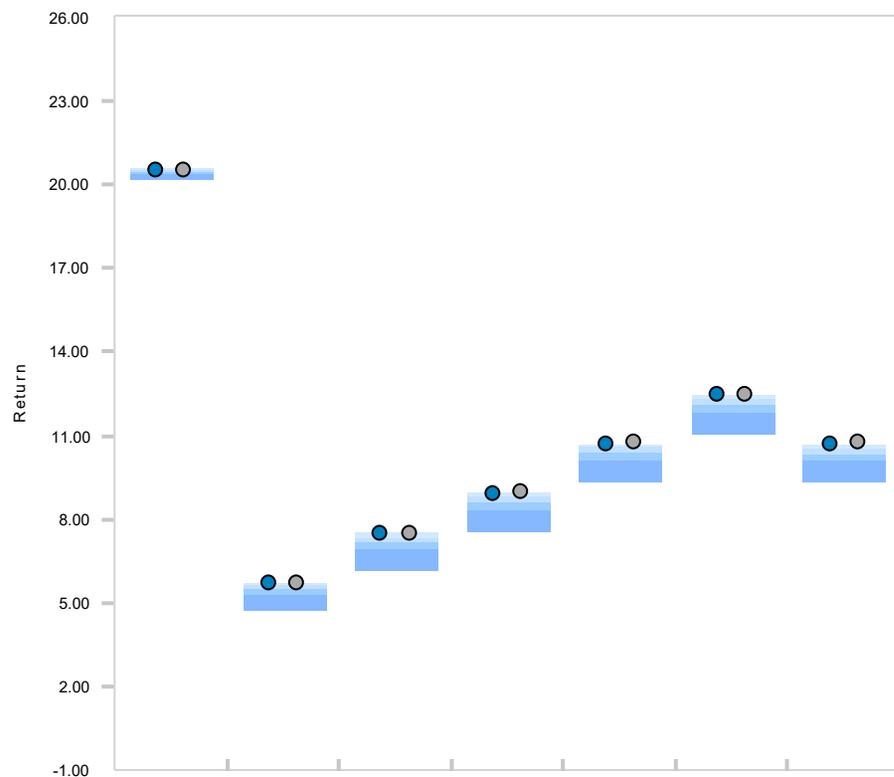
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fund	3.77	95.38	142.02	-4.68	-0.89	0.21	1.17	11.47
Total Fund Policy	0.00	100.00	100.00	0.00	N/A	0.52	1.00	7.81

Historical Statistics - 5 Years

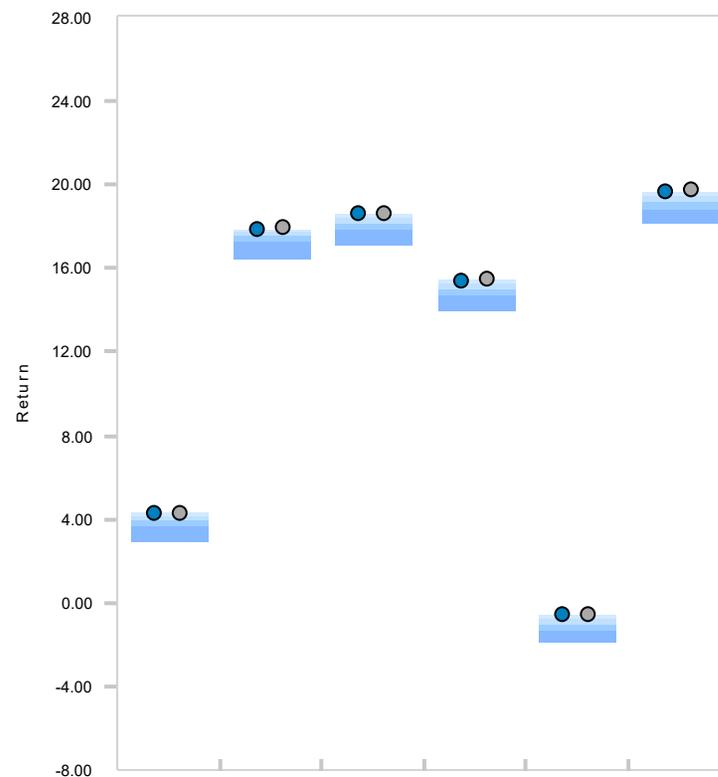
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fund	3.66	98.82	128.01	-2.35	-0.41	0.42	1.11	9.02
Total Fund Policy	0.00	100.00	100.00	0.00	N/A	0.64	1.00	6.42



Peer Group Analysis - IM S&P 500 Index (MF)



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Vanguard 500 (VFIAX)	20.53 (16)	5.68 (19)	7.46 (18)	8.91 (15)	10.69 (14)	12.44 (12)	10.69 (9)
● S&P 500 Index	20.54 (12)	5.71 (7)	7.51 (7)	8.95 (5)	10.73 (4)	12.48 (3)	10.73 (3)
Median	20.44	5.46	7.18	8.62	10.40	12.11	10.34



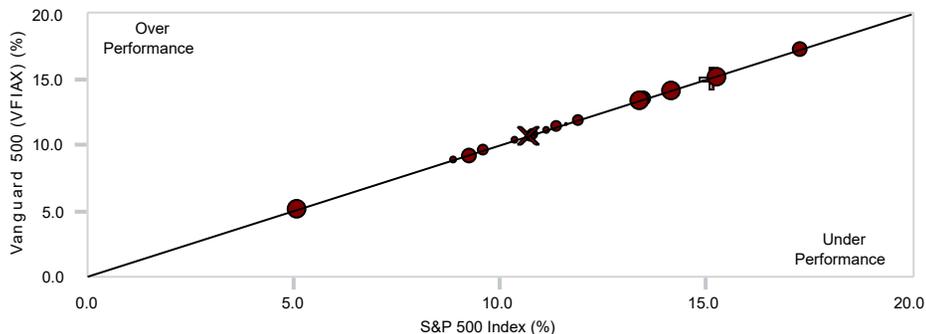
	Oct-2018 To Sep-2019	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014
● Vanguard 500 (VFIAX)	4.22 (15)	17.87 (9)	18.57 (6)	15.39 (10)	-0.63 (5)	19.68 (5)
● S&P 500 Index	4.25 (10)	17.91 (2)	18.61 (2)	15.43 (4)	-0.61 (2)	19.73 (1)
Median	3.94	17.51	18.16	14.99	-1.05	19.19

Comparative Performance

	1 Qtr Ending Mar-2020	1 Qtr Ending Dec-2019	1 Qtr Ending Sep-2019	1 Qtr Ending Jun-2019	1 Qtr Ending Mar-2019	1 Qtr Ending Dec-2018
Vanguard 500 (VFIAX)	-19.61 (32)	9.06 (9)	1.69 (15)	4.30 (8)	13.65 (8)	-13.53 (24)
S&P 500 Index	-19.60 (23)	9.07 (3)	1.70 (8)	4.30 (6)	13.65 (7)	-13.52 (15)
IM S&P 500 Index (MF) Median	-19.65	8.96	1.62	4.21	13.56	-13.58

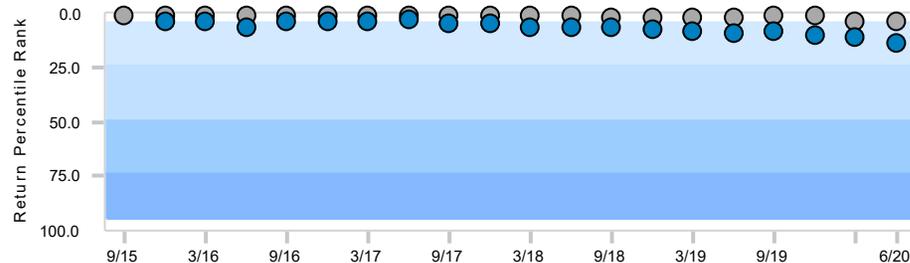


3 Yr Rolling Under/Over Performance - 5 Years



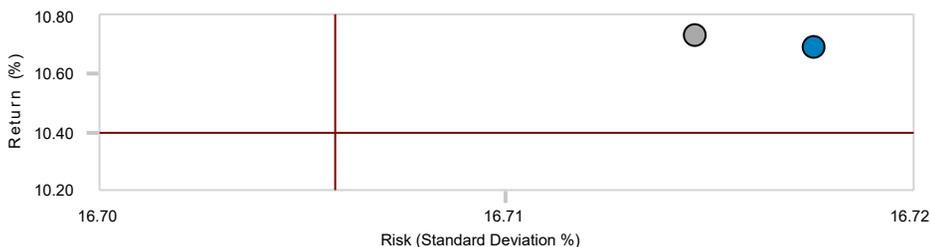
● Under Performance + Earliest Date X Latest Date

3 Yr Rolling Percentile Ranking - 5 Years



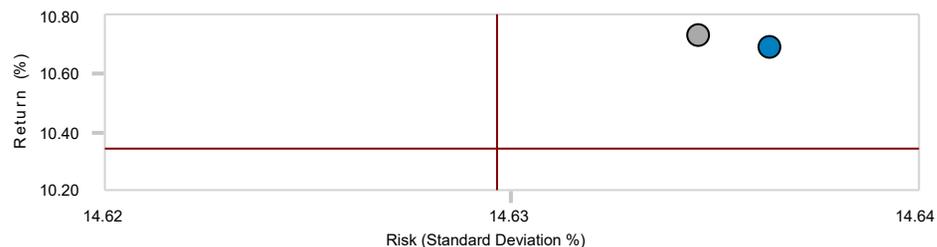
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
● Vanguard 500 (VFIAX)	19	19 (100%)	0 (0%)	0 (0%)	0 (0%)
● S&P 500 Index	20	20 (100%)	0 (0%)	0 (0%)	0 (0%)

Peer Group Scattergram - 3 Years



	Return	Standard Deviation
● Vanguard 500 (VFIAX)	10.69	16.72
● S&P 500 Index	10.73	16.71
— Median	10.40	16.71

Peer Group Scattergram - 5 Years



	Return	Standard Deviation
● Vanguard 500 (VFIAX)	10.69	14.64
● S&P 500 Index	10.73	14.63
— Median	10.34	14.63

Historical Statistics - 3 Years

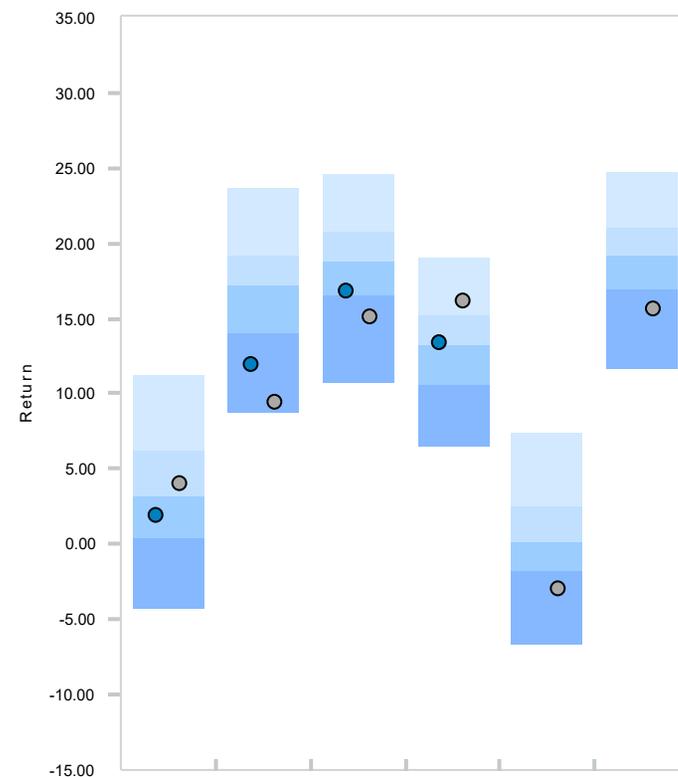
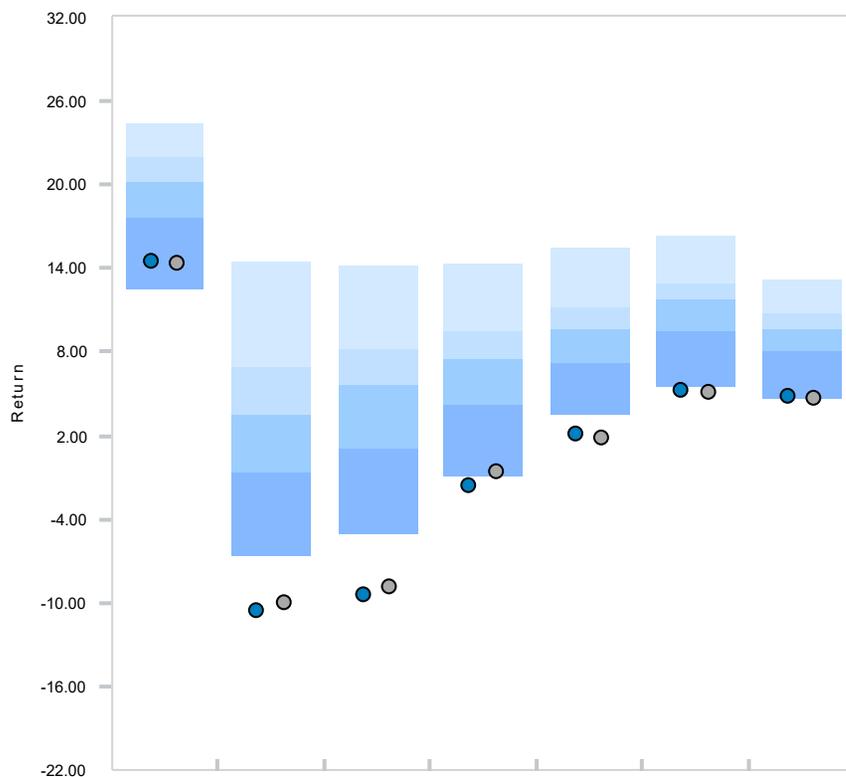
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Vanguard 500 (VFIAX)	0.01	99.91	100.06	-0.04	-3.29	0.59	1.00	11.72
S&P 500 Index	0.00	100.00	100.00	0.00	N/A	0.59	1.00	11.71

Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Vanguard 500 (VFIAX)	0.01	99.90	100.08	-0.04	-3.53	0.69	1.00	9.85
S&P 500 Index	0.00	100.00	100.00	0.00	N/A	0.69	1.00	9.84



Peer Group Analysis - IM U.S. Large Cap Core Equity (SA+CF)



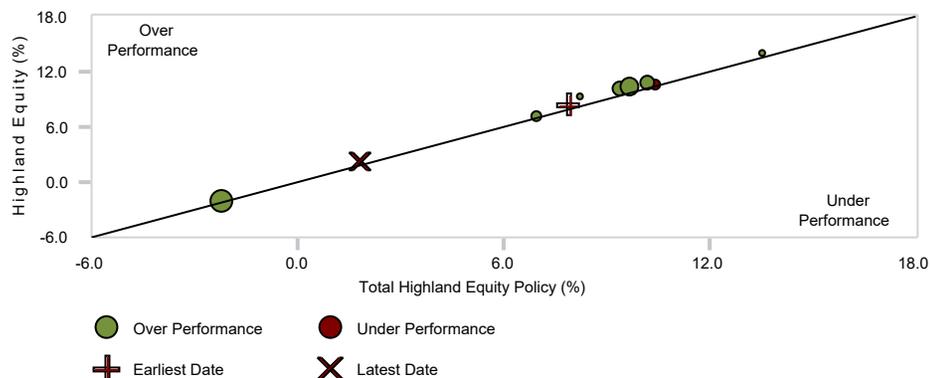
	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR	Oct-2018 To Sep-2019	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014
● Highland Equity	14.47 (92)	10.63 (99)	-9.51 (100)	-1.60 (96)	2.04 (98)	5.26 (97)	4.73 (95)	1.95 (63)	11.90 (87)	16.79 (72)	13.43 (49)	N/A	N/A
● Total Highland Equity Policy	14.29 (93)	10.06 (99)	-8.84 (100)	-0.56 (94)	1.82 (98)	5.09 (97)	4.64 (96)	4.00 (42)	9.45 (93)	15.12 (84)	16.19 (16)	-2.93 (84)	15.56 (85)
Median	20.18	3.57	5.59	7.43	9.65	11.72	9.65	3.20	17.23	18.74	13.26	0.12	19.19

Comparative Performance

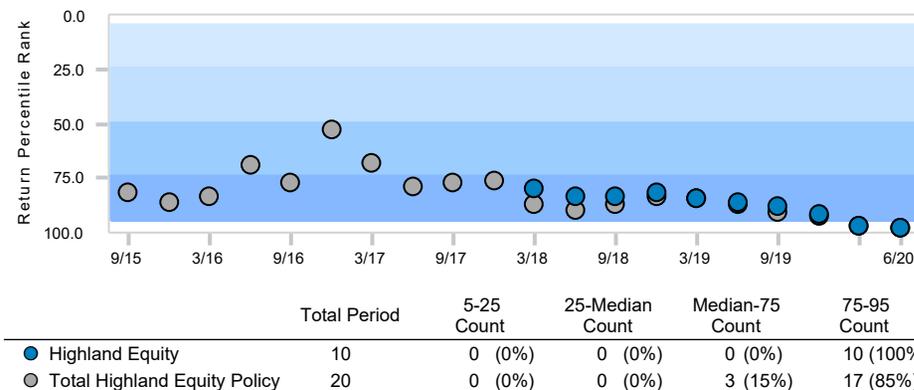
	1 Qtr Ending Mar-2020	1 Qtr Ending Dec-2019	1 Qtr Ending Sep-2019	1 Qtr Ending Jun-2019	1 Qtr Ending Mar-2019	1 Qtr Ending Dec-2018
Highland Equity	-27.89 (99)	8.27 (48)	1.24 (60)	3.72 (68)	10.83 (88)	-12.40 (29)
Total Highland Equity Policy	-26.73 (96)	7.41 (73)	1.36 (58)	3.84 (64)	11.93 (73)	-11.72 (21)
IM U.S. Large Cap Core Equity (SA+CF) Median	-20.09	8.22	1.53	4.30	13.19	-13.74



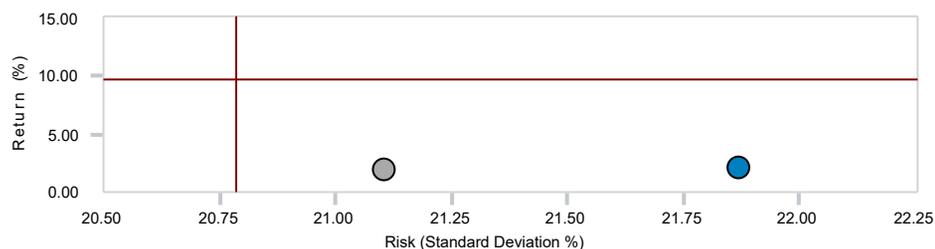
3 Yr Rolling Under/Over Performance - 5 Years



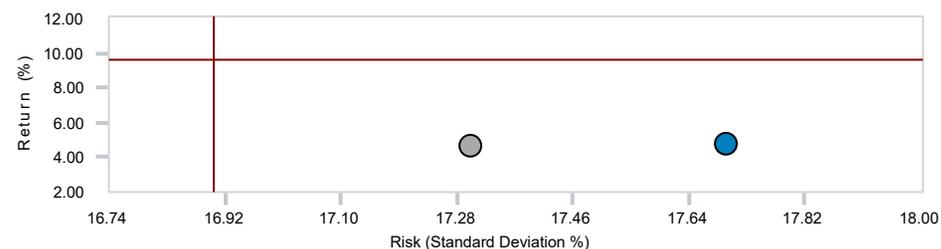
3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



Historical Statistics - 3 Years

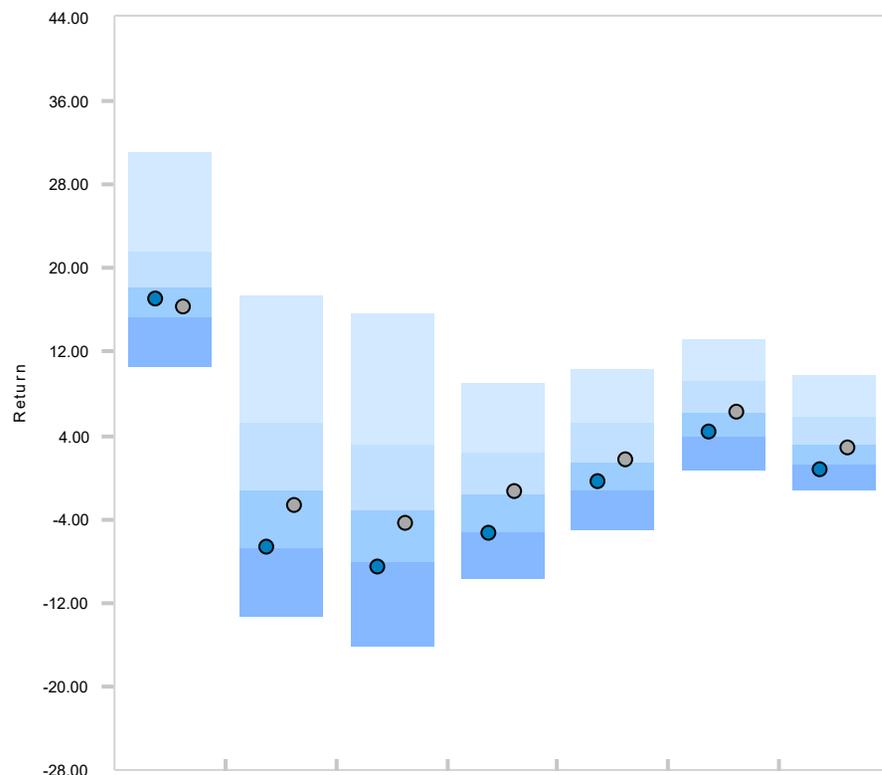
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland Equity	1.84	102.20	101.33	0.23	0.14	0.11	1.01	14.12
Total Highland Equity Policy	0.00	100.00	100.00	0.00	N/A	0.10	1.00	13.99

Historical Statistics - 5 Years

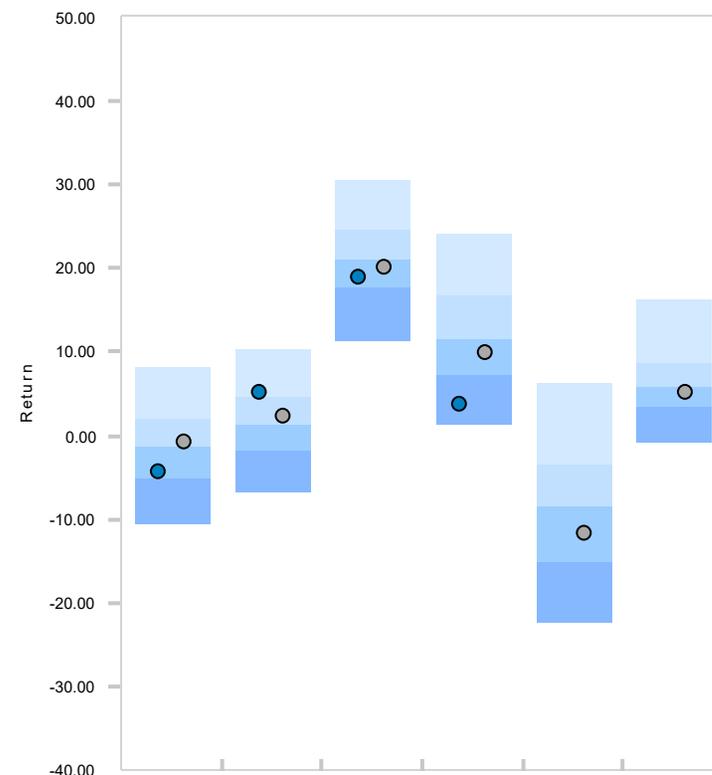
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland Equity	1.79	101.15	100.98	0.10	0.05	0.30	1.00	11.59
Total Highland Equity Policy	0.00	100.00	100.00	0.00	N/A	0.30	1.00	11.55



Peer Group Analysis - IM International Equity (SA+CF)



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Highland International	17.12 (60)	-6.80 (76)	-8.66 (77)	-5.40 (76)	-0.48 (70)	4.26 (72)	0.65 (83)
● MSCI AC World ex USA	16.30 (68)	-2.74 (58)	-4.39 (57)	-1.34 (49)	1.61 (49)	6.15 (51)	2.74 (55)
Median	18.24	-1.18	-3.07	-1.56	1.49	6.19	3.19



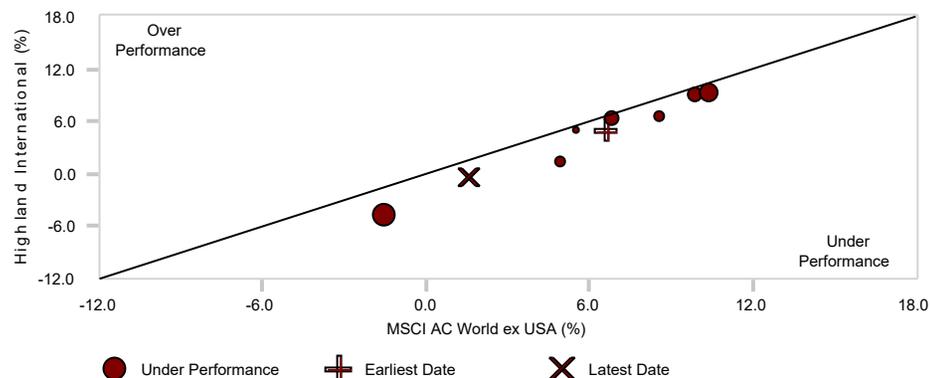
	Oct-2018 To Sep-2019	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014
● Highland International	-4.37 (73)	5.22 (22)	18.95 (67)	3.80 (91)	N/A	N/A
● MSCI AC World ex USA	-0.72 (44)	2.25 (42)	20.15 (57)	9.80 (59)	11.78 (66)	5.22 (58)
Median	-1.37	1.41	21.10	11.49	-8.40	5.83

Comparative Performance

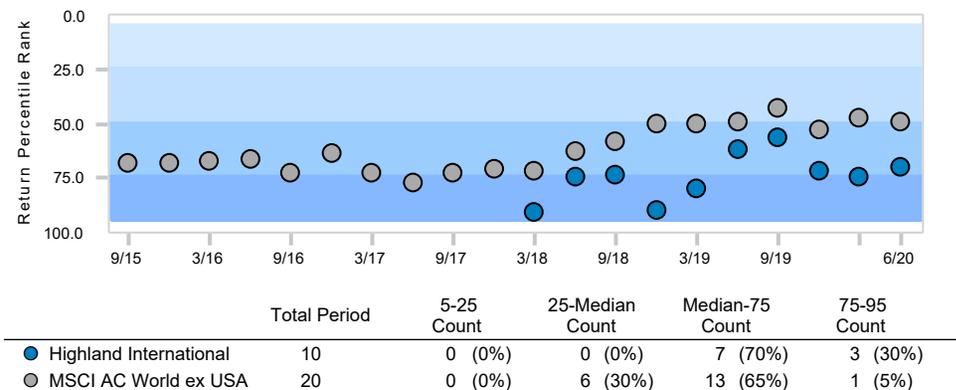
	1 Qtr Ending Mar-2020	1 Qtr Ending Dec-2019	1 Qtr Ending Sep-2019	1 Qtr Ending Jun-2019	1 Qtr Ending Mar-2019	1 Qtr Ending Dec-2018
Highland International	-27.72 (77)	10.10 (50)	-1.99 (55)	5.55 (12)	9.59 (68)	-15.65 (84)
MSCI AC World ex USA	-23.26 (45)	8.99 (67)	-1.70 (47)	3.22 (40)	10.44 (51)	-11.41 (47)
IM International Equity (SA+CF) Median	-23.86	10.01	-1.85	2.63	10.48	-11.76



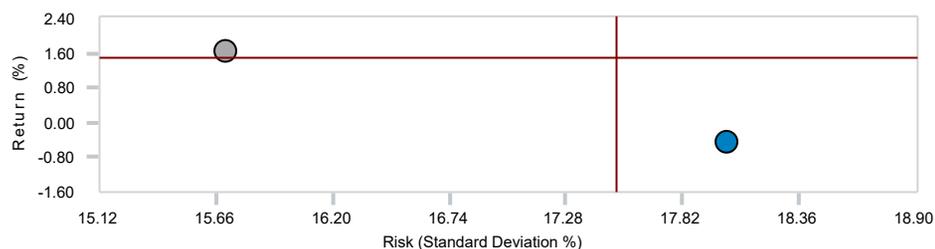
3 Yr Rolling Under/Over Performance - 5 Years



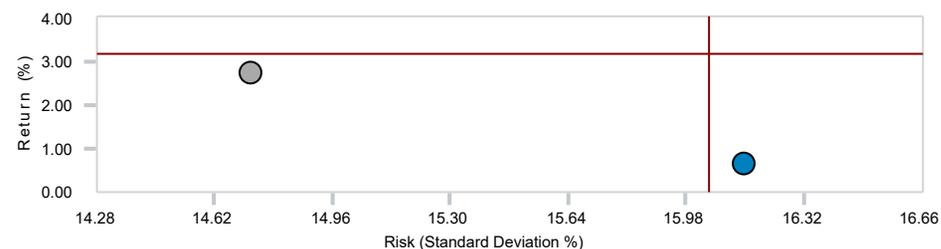
3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



Historical Statistics - 3 Years

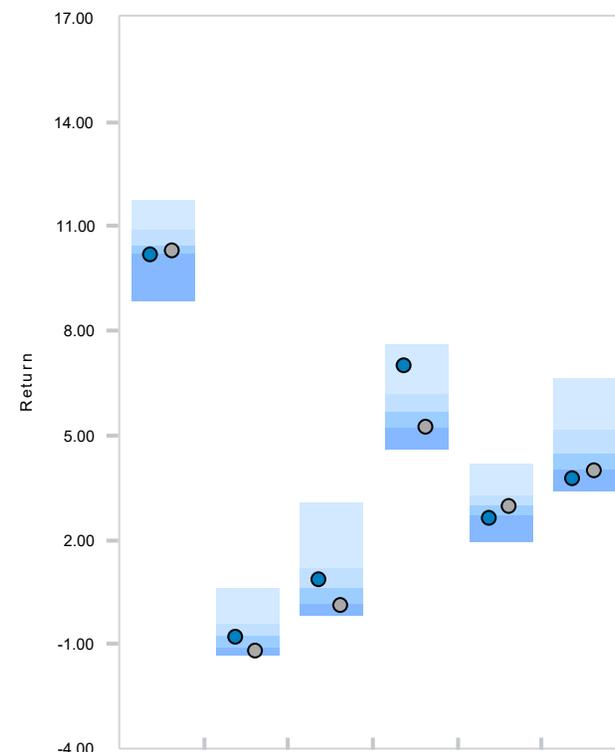
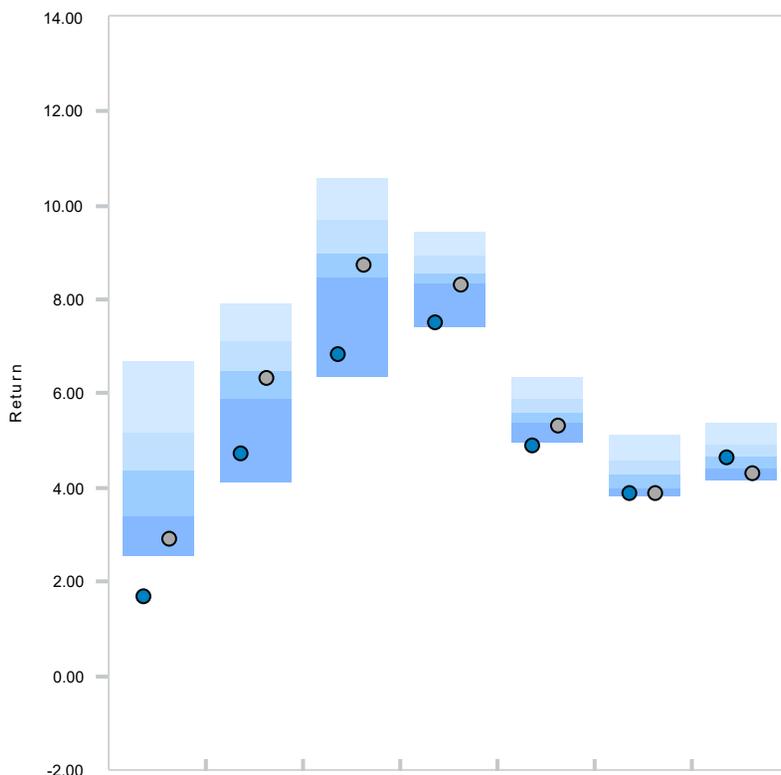
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland International	4.65	103.23	112.08	-1.98	-0.36	-0.03	1.11	14.15
MSCI AC World ex USA	0.00	100.00	100.00	0.00	N/A	0.07	1.00	12.10

Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland International	4.78	95.48	104.60	-1.99	-0.38	0.05	1.05	12.35
MSCI AC World ex USA	0.00	100.00	100.00	0.00	N/A	0.18	1.00	10.82



Peer Group Analysis - IM U.S. Broad Market Core Fixed Income (SA+CF)



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Highland Fixed	1.68 (99)	4.73 (92)	6.83 (94)	7.51 (93)	4.89 (97)	3.85 (95)	4.61 (57)
● Total Highland Fixed Income Policy	2.90 (90)	6.33 (66)	8.74 (70)	8.30 (76)	5.32 (85)	3.88 (93)	4.30 (90)
Median	4.37	6.48	8.97	8.55	5.58	4.28	4.68

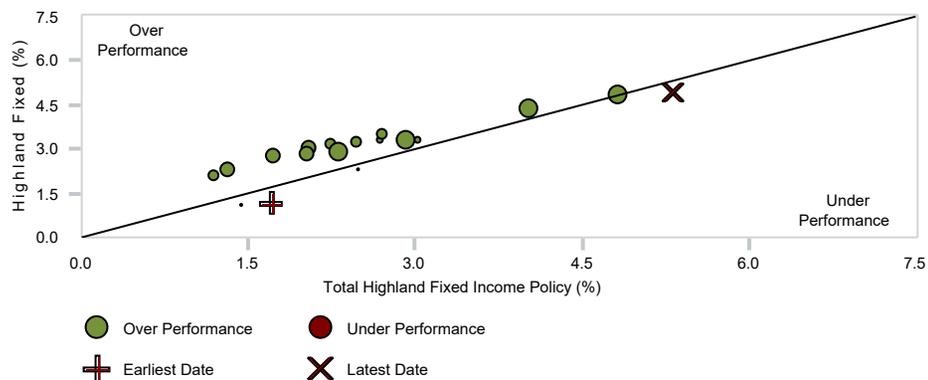
	Oct-2018 To Sep-2019	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014
● Highland Fixed	0.15 (79)	0.79 (53)	0.86 (39)	7.00 (10)	2.59 (80)	3.73 (92)
● Total Highland Fixed Income Policy	0.30 (70)	1.22 (87)	0.07 (84)	5.19 (80)	2.94 (62)	3.96 (81)
Median	0.44	0.75	0.61	5.66	3.02	4.49

Comparative Performance

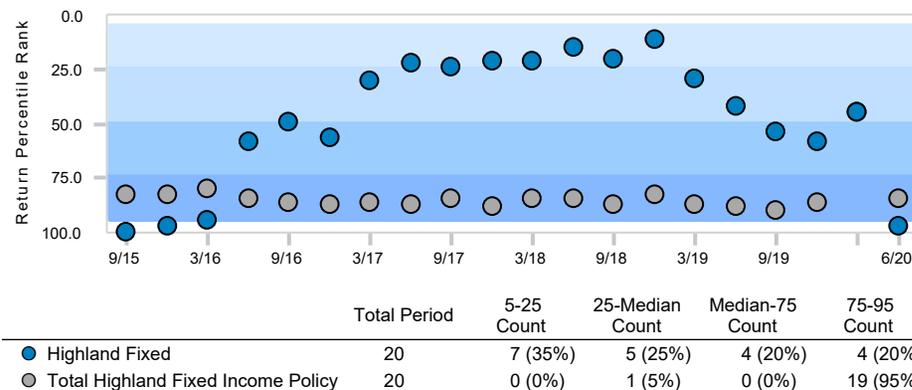
	1 Qtr Ending Mar-2020	1 Qtr Ending Dec-2019	1 Qtr Ending Sep-2019	1 Qtr Ending Jun-2019	1 Qtr Ending Mar-2019	1 Qtr Ending Dec-2018
Highland Fixed	3.02 (28)	-0.02 (87)	2.01 (93)	2.96 (86)	2.89 (85)	1.93 (9)
Total Highland Fixed Income Policy	3.15 (23)	0.18 (58)	2.27 (70)	3.08 (70)	2.94 (82)	1.64 (25)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	1.93	0.22	2.33	3.13	3.22	1.40



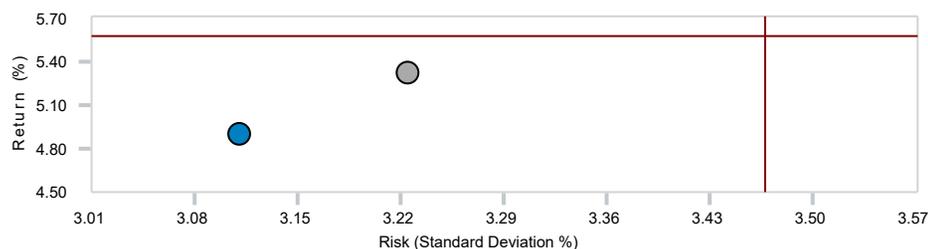
3 Yr Rolling Under/Over Performance - 5 Years



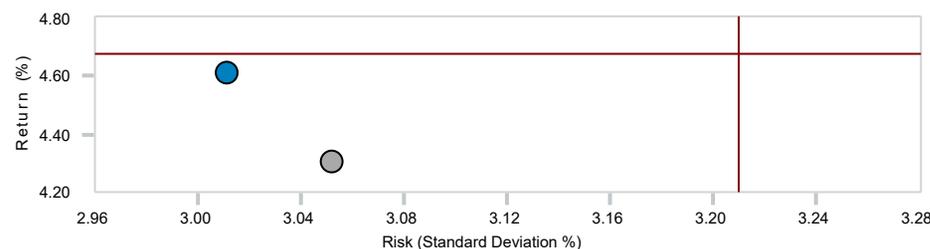
3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



Historical Statistics - 3 Years

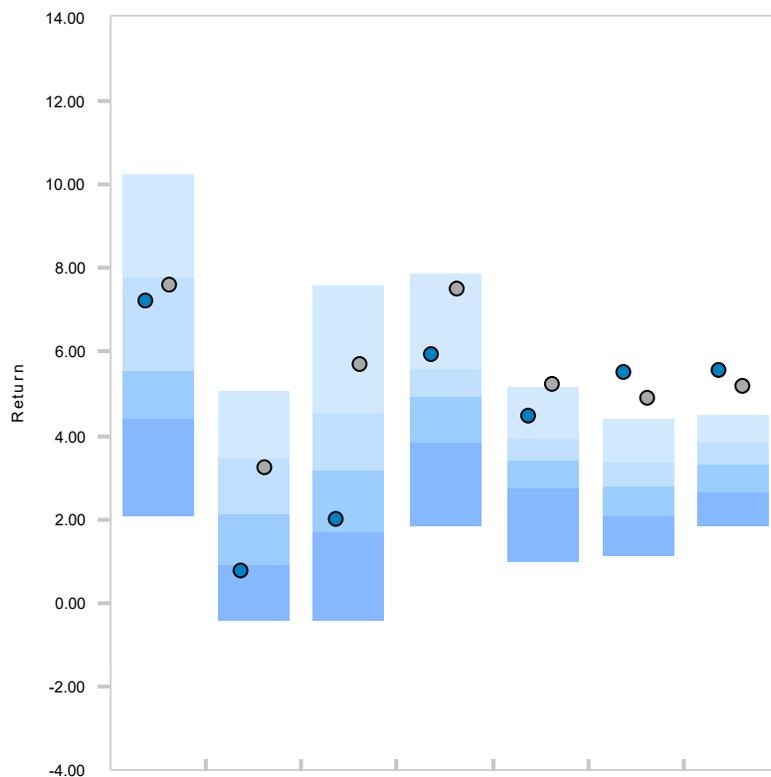
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland Fixed	0.66	93.47	96.76	-0.12	-0.62	1.00	0.94	1.23
Total Highland Fixed Income Policy	0.00	100.00	100.00	0.00	N/A	1.09	1.00	1.25

Historical Statistics - 5 Years

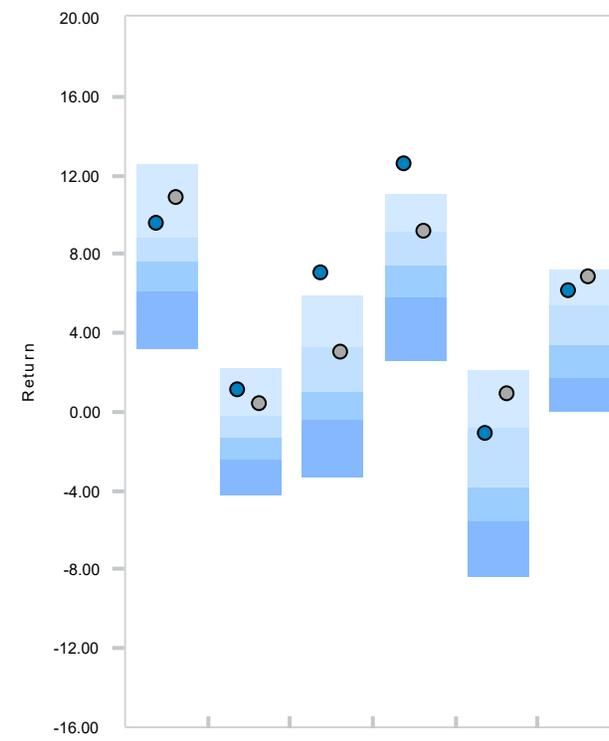
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland Fixed	0.74	102.40	93.23	0.48	0.40	1.14	0.96	1.48
Total Highland Fixed Income Policy	0.00	100.00	100.00	0.00	N/A	1.03	1.00	1.49



Peer Group Analysis - IM Global Fixed Income (MF)



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● PIMCO Div Inc Fund (PDIIX)	7.19 (32)	0.77 (78)	1.98 (73)	5.93 (21)	4.46 (10)	5.50 (1)	5.53 (1)
● Blmbg. Barc. Global Credit (Hedged)	7.60 (26)	3.23 (30)	5.67 (18)	7.48 (9)	5.22 (3)	4.90 (2)	5.18 (2)
Median	5.56	2.11	3.18	4.92	3.43	2.77	3.32



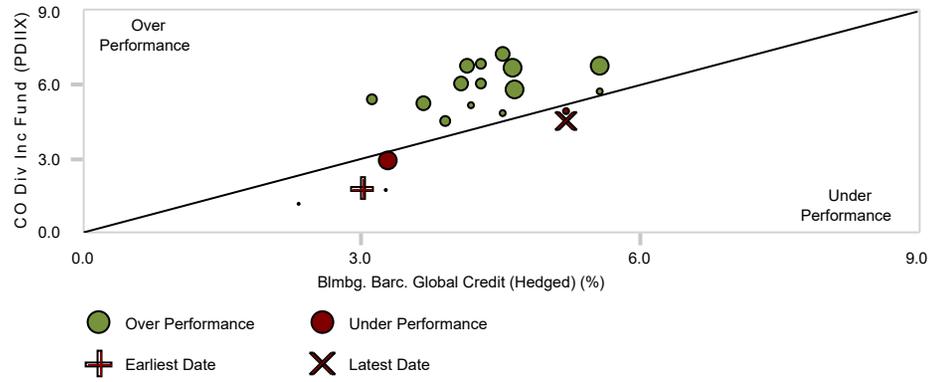
	Oct-2018 To Sep-2019	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014
● PIMCO Div Inc Fund (PDIIX)	9.54 (19)	1.07 (10)	6.98 (2)	2.57 (2)	1.10 (26)	6.09 (16)
● Blmbg. Barc. Global Credit (Hedged)	0.83 (12)	0.39 (17)	3.04 (27)	9.19 (25)	0.86 (18)	6.83 (9)
Median	7.65	1.29	1.02	7.42	3.85	3.37

Comparative Performance

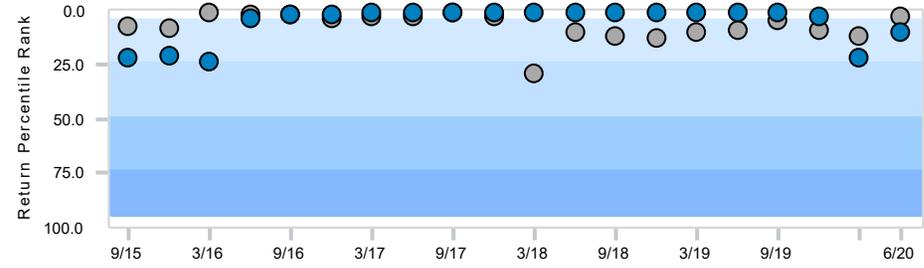
	1 Qtr Ending Mar-2020	1 Qtr Ending Dec-2019	1 Qtr Ending Sep-2019	1 Qtr Ending Jun-2019	1 Qtr Ending Mar-2019	1 Qtr Ending Dec-2018
PIMCO Div Inc Fund (PDIIX)	-7.53 (83)	1.67 (10)	1.20 (46)	3.59 (37)	5.82 (1)	-1.26 (91)
Blmbg. Barc. Global Credit (Hedged)	-4.95 (62)	0.93 (33)	2.36 (10)	3.60 (36)	4.71 (6)	-0.19 (66)
IM Global Fixed Income (MF) Median	-3.20	0.74	1.01	3.37	3.10	0.35



3 Yr Rolling Under/Over Performance - 5 Years

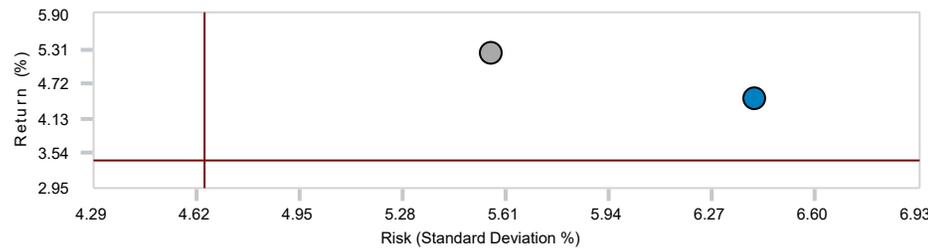


3 Yr Rolling Percentile Ranking - 5 Years



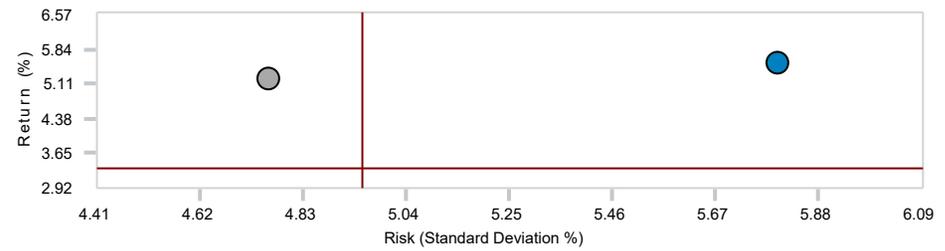
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
● PIMCO Div Inc Fund (PDIIX)	20	20 (100%)	0 (0%)	0 (0%)	0 (0%)
● Blmbg. Barc. Global Credit (Hedged)	20	19 (95%)	1 (5%)	0 (0%)	0 (0%)

Peer Group Scattergram - 3 Years



	Return	Standard Deviation
● PIMCO Div Inc Fund (PDIIX)	4.46	6.41
● Blmbg. Barc. Global Credit (Hedged)	5.22	5.56
— Median	3.43	4.65

Peer Group Scattergram - 5 Years



	Return	Standard Deviation
● PIMCO Div Inc Fund (PDIIX)	5.53	5.80
● Blmbg. Barc. Global Credit (Hedged)	5.18	4.76
— Median	3.32	4.95

Historical Statistics - 3 Years

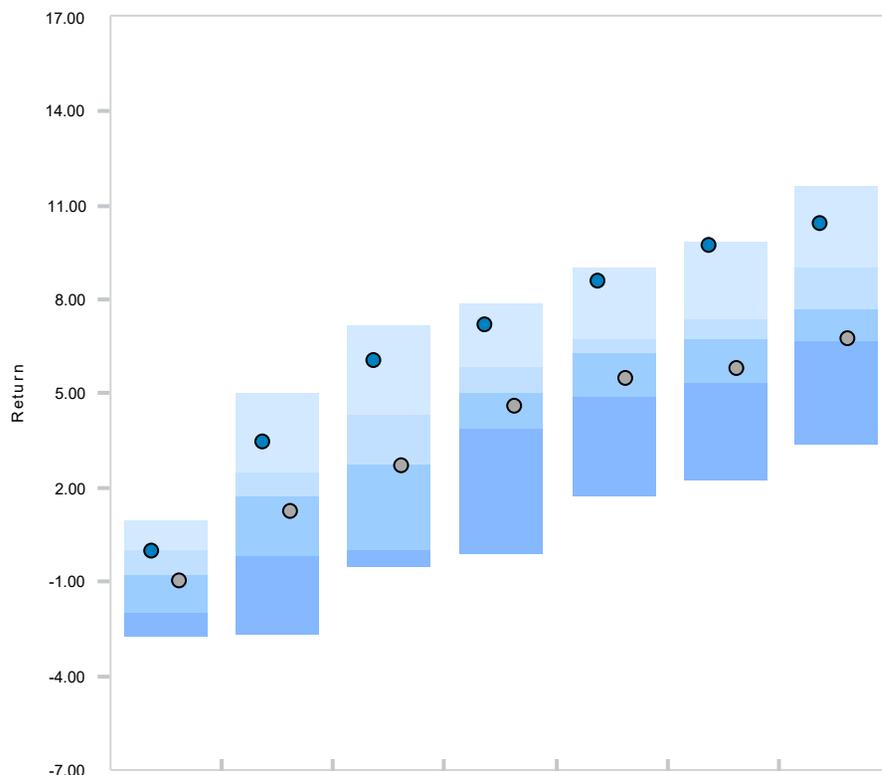
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
PIMCO Div Inc Fund (PDIIX)	2.05	94.88	106.21	-1.17	-0.33	0.44	1.10	5.14
Blmbg. Barc. Global Credit (Hedged)	0.00	100.00	100.00	0.00	N/A	0.62	1.00	4.19

Historical Statistics - 5 Years

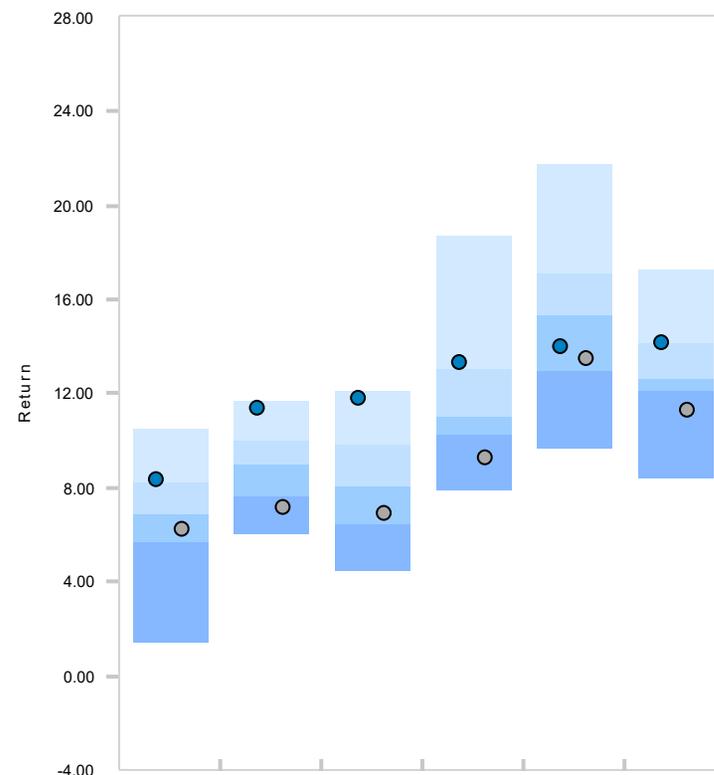
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
PIMCO Div Inc Fund (PDIIX)	2.18	110.60	115.97	-0.32	0.18	0.75	1.14	4.27
Blmbg. Barc. Global Credit (Hedged)	0.00	100.00	100.00	0.00	N/A	0.83	1.00	3.41



Peer Group Analysis - IM U.S. Open End Private Real Estate (SA+CF)



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Intercontinental	-0.02 (30)	3.48 (11)	6.07 (8)	7.19 (8)	8.58 (8)	9.73 (7)	10.39 (12)
● NCREIF Property Index	-0.99 (54)	1.26 (55)	2.69 (53)	4.58 (58)	5.44 (62)	5.82 (67)	6.77 (71)
Median	-0.81	1.76	2.72	5.04	6.30	6.72	7.69



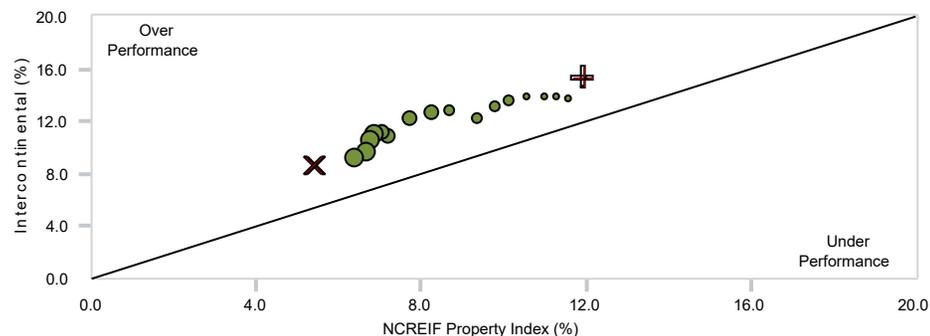
	Oct-2018 To Sep-2019	Oct-2017 To Sep-2018	Oct-2016 To Sep-2017	Oct-2015 To Sep-2016	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014
● Intercontinental	8.31 (23)	11.39 (8)	11.80 (6)	13.29 (22)	13.98 (65)	14.12 (27)
● NCREIF Property Index	6.24 (72)	7.16 (90)	6.89 (69)	9.22 (90)	13.48 (71)	11.26 (84)
Median	6.89	8.98	8.05	11.02	15.32	12.63

Comparative Performance

	1 Qtr Ending Mar-2020	1 Qtr Ending Dec-2019	1 Qtr Ending Sep-2019	1 Qtr Ending Jun-2019	1 Qtr Ending Mar-2019	1 Qtr Ending Dec-2018
Intercontinental	0.27 (81)	3.22 (8)	2.50 (19)	1.45 (45)	1.98 (53)	2.14 (18)
NCREIF Property Index	0.71 (69)	1.55 (57)	1.41 (73)	1.51 (30)	1.80 (69)	1.37 (71)
IM U.S. Open End Private Real Estate (SA+CF) Median	1.31	1.61	1.75	1.41	1.99	1.73

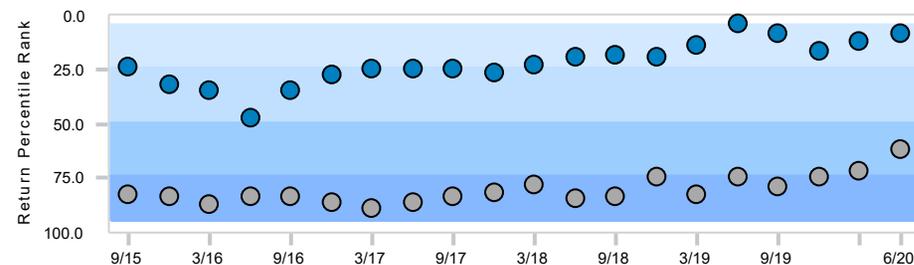


3 Yr Rolling Under/Over Performance - 5 Years



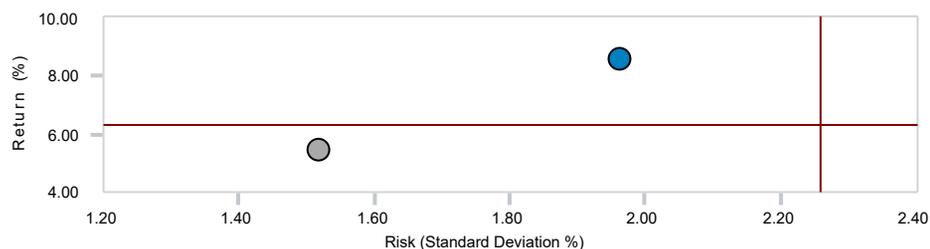
● Over Performance + Earliest Date X Latest Date

3 Yr Rolling Percentile Ranking - 5 Years



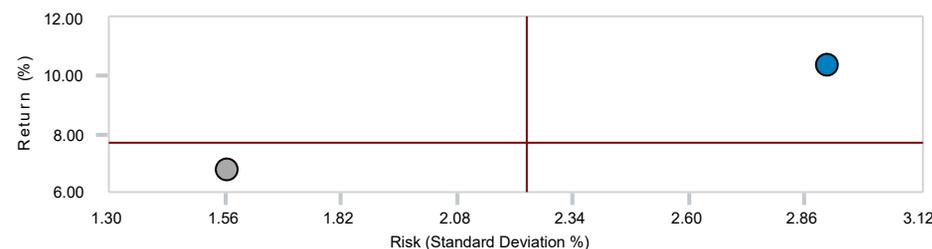
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
● Intercontinental	20	14 (70%)	6 (30%)	0 (0%)	0 (0%)
● NCREIF Property Index	20	0 (0%)	0 (0%)	5 (25%)	15 (75%)

Peer Group Scattergram - 3 Years



	Return	Standard Deviation
● Intercontinental	8.58	1.96
● NCREIF Property Index	5.44	1.52
— Median	6.30	2.26

Peer Group Scattergram - 5 Years



	Return	Standard Deviation
● Intercontinental	10.39	2.91
● NCREIF Property Index	6.77	1.57
— Median	7.69	2.24

Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Intercontinental	1.11	146.95	1.97	2.64	2.69	3.40	1.07	0.01
NCREIF Property Index	0.00	100.00	100.00	0.00	N/A	2.65	1.00	0.57

Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Intercontinental	2.28	147.56	1.97	2.37	1.51	2.89	1.16	0.01
NCREIF Property Index	0.00	100.00	100.00	0.00	N/A	3.18	1.00	0.44



Total Fund Policy	
Allocation Mandate	Weight (%)
Oct-1987	
Vero Beach Firefighters Total Fund Policy	100.00
Apr-2008	
S&P 500 Index	50.00
ICE BofAML Govt/ Corp Master	50.00
May-2010	
S&P 500 Value	45.00
Blmbg. Barc. U.S. Aggregate Index	40.00
MSCI AC World ex USA	15.00
Oct-2010	
S&P 500 Value	45.00
MSCI AC World ex USA	15.00
Blmbg. Barc. U.S. Aggregate Index	30.00
NCREIF Property Index	10.00
Apr-2016	
S&P 500 Index	45.00
MSCI AC World ex USA	15.00
Blmbg. Barc. U.S. Aggregate Index	25.00
NCREIF Property Index	10.00
ICE BofAML Global Broad Market Index	5.00

Total Fund Policy (Ex NCREIF)	
Allocation Mandate	Weight (%)
Oct-1987	
Vero Beach Firefighters Total Fund Policy	100.00
Apr-2008	
S&P 500 Index	50.00
ICE BofAML Govt/ Corp Master	50.00
May-2010	
S&P 500 Value	45.00
Blmbg. Barc. U.S. Aggregate Index	40.00
MSCI AC World ex USA	15.00
Oct-2010	
S&P 500 Value	45.00
MSCI AC World ex USA	15.00
Blmbg. Barc. U.S. Aggregate Index	40.00
NCREIF Property Index	0.00
Apr-2016	
S&P 500 Index	45.00
MSCI AC World ex USA	15.00
Blmbg. Barc. U.S. Aggregate Index	35.00
NCREIF Property Index	0.00
ICE BofAML Global Broad Market Index	5.00

Total Equity Policy	
Allocation Mandate	Weight (%)
Jan-1926	
S&P 500 Index	100.00
May-2010	
Russell 3000 Index	83.00
MSCI AC World ex USA	17.00

Total Fixed Income Policy	
Allocation Mandate	Weight (%)
Oct-1987	
ICE BofAML Govt/ Corp Master	100.00
May-2010	
Blmbg. Barc. U.S. Aggregate Index	100.00
Apr-2011	
Blmbg. Barc. U.S. Aggregate Index	87.50
ICE BofAML Global Broad Market Index	12.50



Vero Beach FF

Total Fund Compliance:	Yes	No	N/A
1. The Total Plan return equaled or exceeded the 6.00%* actuarial earnings assumption over the trailing three and five year periods.		✓	
2. The Total Plan return equaled or exceeded the total plan benchmark over the trailing three and five year periods.		✓	
3. The Total Plan return ranked within the top 40th percentile of its peer group over the trailing three and five year periods.		✓	
4. Total foreign securities were less than 25% of the total plan assets at market.	✓		

* effective 10/1/2016 Assumption goes to 6.00%

Equity Compliance:	Yes	No	N/A
1. Total equity returns meet or exceed the benchmark over the trailing three and five year periods.		✓	
2. Total equity returns ranked within the top 40th percentile of its peer group over the trailing three and five year periods.			✓
3. The total equity allocation was less than 70% of the total plan assets at market.	✓		

Fixed Income Compliance:	Yes	No	N/A
1. Total domestic fixed income returns meet or exceed the benchmark over the trailing three and five year periods.		✓	
2. Total domestic fixed income returns ranked within the top 40th percentile of its peer group over the trailing three and five year periods.		✓	
3. Total global fixed income returns meet or exceed the benchmark over the trailing three and five year periods*.	✓		
4. Total global fixed income returns ranked within the top 40th percentile of its peer group over the trailing three and five year periods.*	✓		
5. All separately managed fixed income investments rated investment grade or higher.	✓		

Manager Compliance:	Highland Equity			Highland Fixed			PIMCO			Highland Intl		
	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A
1. Manager outperformed the index over the trailing three and five year periods.	✓				✓			✓			✓	
2. Manager ranked within the top 40th percentile over trailing three and five year periods.		✓			✓		✓			✓	✓	
3. Less than four consecutive quarters of under-performance relative to the benchmark.	✓				✓		✓			✓		
4. Three-year down-market capture ratio less than the index.		✓		✓				✓			✓	
5. Manager reports compliance with PFIA.	✓			✓					✓	✓		

~ Index fund is N/A

Manager Compliance:	Intercontinental			VG VFIAX ~											
	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A
1. Manager outperformed the index over the trailing three and five year periods.	✓				✓										
2. Manager ranked within the top 40th percentile over trailing three and five year periods.	✓			✓											
3. Less than four consecutive quarters of under-performance relative to the benchmark.	✓				✓										
4. Three-year down-market capture ratio less than the index.	✓				✓										
5. Manager reports compliance with PFIA.			✓			✓									

*3 year data only



Vero Beach Firefighters' Pension Plan
 Fee Analysis
 As of June 30, 2020

	Estimated Annual Fee (%)	Market Value (\$)	Estimated Annual Fee (\$)	Fee Schedule
Highland Equity	0.50	2,522,655	12,613	0.50 % of Assets
Vanguard 500 Index (VFIAX)	0.05	364,508	182	0.05 % of Assets
Total Domestic Equity	0.44	2,887,163	12,796	
Highland International	0.50	1,150,277	5,751	0.50 % of Assets
Total International Equity	0.50	1,150,277	5,751	
Highland Fixed	0.50	940,958	4,705	0.50 % of Assets
Total Domestic Fixed Income	0.50	940,958	4,705	
PIMCO Diversified Income Fund (PDIIIX)	0.75	283,108	2,123	0.75 % of Assets
Total Global Fixed Income	0.75	283,108	2,123	
Intercontinental	1.10	1,109,786	12,208	1.10 % of Assets
Total Real Estate	1.10	1,109,786	12,208	
R&D		376,252	-	
Total Fund	0.56	6,747,544	37,583	



- Neither The Bogdahn Group, nor any covered associates have made political contributions to any official associated with the Vero Beach Firefighters' Pension Plan in excess of the permitted amount.

Disclosures as they pertain to the April 2015 Highland Capital FKA ICC balanced account breakout:

- Since Highland domestic and international equity were tracked as one asset (due to the balanced account), both histories will be contained within the Total Equity composite, though performance will not commence independently for each account until April 2015.
- Domestic Fixed performance carried over to the new Highland Fixed separate performance.
- Domestic Fixed, Total Equity and Total Fixed are reported at the segment level from inception until April 2015, upon the breakout of the balanced account. From April 2015 to present, all composites include their respective cash segments.
- Highland Fixed account contains segment level returns only from inception until April 2015, upon the breakout of the balanced account. From April 2015 to present, the account includes its respective cash segment.

Active Return	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
Alpha	- A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.
Beta	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
Consistency	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.
Distributed to Paid In (DPI)	- The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against.
Down Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
Downside Risk	- A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.
Excess Return	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
Excess Risk	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
Information Ratio	- This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.
Public Market Equivalent (PME)	- Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.
R-Squared	- The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.
Return	- Compounded rate of return for the period.
Sharpe Ratio	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.
Standard Deviation	- A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.
Total Value to Paid In (TVPI)	- The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life
Tracking Error	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
Treynor Ratio	- Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.
Up Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.

AndCo compiled this report for the sole use of the client for which it was prepared. AndCo is responsible for evaluating the performance results of the Total Fund along with the investment advisors by comparing their performance with indices and other related peer universe data that is deemed appropriate. AndCo uses the results from this evaluation to make observations and recommendations to the client.

AndCo uses time-weighted calculations which are founded on standards recommended by the CFA Institute. The calculations and values shown are based on information that is received from custodians. AndCo analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides AndCo with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides AndCo with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause AndCo to believe that the information presented is significantly misstated.

This performance report is based on data obtained by the client's custodian(s), investment fund administrator, or other sources believed to be reliable. While these sources are believed to be reliable, the data providers are responsible for the accuracy and completeness of their statements. Clients are encouraged to compare the records of their custodian(s) to ensure this report fairly and accurately reflects their various asset positions.

The strategies listed may not be suitable for all investors. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. Past performance is not an indication of future performance. Any information contained in this report is for informational purposes only and should not be construed to be an offer to buy or sell any securities, investment consulting, or investment management services.

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CITY OF VERO BEACH
FIREFIGHTERS’
PENSION PLAN

ADDENDUM TO
STATEMENT OF INVESTMENT POLICY
HIGHLAND CAPITAL MANAGEMENT
(Domestic Core Value Equity)

HIGHLAND has been retained by the City of VERO BEACH FIREFIGHTERS’ Retirement Board to manage a well-diversified portfolio mix of equity and money market securities. HIGHLAND was retained for this assignment based on their qualifications and experience in managing equity portfolios.

I. GUIDELINES

Within the guidelines contained in the Statement of Investment Policy established for the City of VERO BEACH FIREFIGHTERS’ PENSION PLAN, the HIGHLAND portfolio must comply with the following:

- A. The portfolio is to be invested in equity securities, regardless of capitalization and is expected to exhibit generally “Large Cap, Value” type characteristics.
- B. Foreign securities including American Depository Receipts (ADRs) are permitted up to 10% of the Manager’s portfolio at market.
- C. Investment in cash and equivalents shall not exceed 20%.
- D. Not more than 5% of the Plan’s assets, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.

II. INVESTMENT OBJECTIVES

Total Portfolio:

- A. The primary objective of the HIGHLAND portfolio shall be to achieve a return over the longer term, 3 to 5 years, in excess of the Russell 1000 Value Stock Index.
- B. The secondary objective of the portfolio shall be to achieve a rate of return over the longer term, 3 to 5 years that ranks in the top 40th percentile of a representative universe of similarly managed portfolios.
- C. The volatility of the Fund's total returns is expected to be similar to that of this Target Index and will be evaluated accordingly.

III. POLICY REVIEW

This Addendum is a part of the City of VERO BEACH FIREFIGHTERS' Retirement Board's Investment Policy Statement dated ~~May 18, 2016~~ and is intended only to complement the objectives and guidelines outlined therein. It is the intention of the Board of Trustees to review the Statement of Investment Policy and this Addendum from time to time and to amend them if necessary to reflect any changes in philosophy or objectives. However, if at any time the investment manager believes that the specific objectives defined herein cannot be met, or that the guidelines unnecessarily constrict performance, the Trustees shall be so notified in writing. **By signing this addendum the investment manager understands and agrees to adhere to the guidelines, investment manager responsibilities, and other conditions therein.**

Chairman, Board of Trustees

Date

HIGHLAND CAPITAL MANAGEMENT

Date

CITY OF VERO BEACH FIREFIGHTERS' PENSION PLAN

ADDENDUM TO STATEMENT OF INVESTMENT POLICY

HIGHLAND CAPITAL MANAGEMENT (Core Fixed Income)

HIGHLAND CAPITAL MANAGEMENT has been retained by the Retirement Board to manage a well-diversified portfolio of fixed income and money market securities. HIGHLAND CAPITAL MANAGEMENT was retained for this assignment based on their qualifications and experience in managing fixed income portfolios.

I. GUIDELINES

Within the guidelines contained in the Statement of Investment Policy established for the City of VERO BEACH Firefighter's Pension Plan, the portfolio must comply with the following:

A. Quality and Limitations

The fixed income securities shall be domestic only, issued and guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, and meet the following quality criteria and limitations:

No more than 5% of the portfolio will be held in any single credit issuer, excluding securities of the U.S. Government and its agencies. No more than 3% of the portfolio will be held in any one credit or issuer rated categorically BBB. No more than 15% may be invested in any single asset backed or commercial mortgage backed or otherwise non-government backed issuer.

1. Quality

All securities shall carry a minimum quality rating of "Investment Grade" by a major SRO at time of purchase. The weighted average quality of the portfolio shall be "A" or better.

2. Maturity/Duration

The effective duration of the portfolio shall be kept within +/- 25% of the Barclays Aggregate Bond Index

II. INVESTMENT OBJECTIVES

Total Portfolio:

A. The primary objective of the HIGHLAND CAPITAL MANAGEMENT portfolio shall be to achieve a total return over the longer term, 3 to 5 years, in excess of a Target Index. The Target Index for the portfolio is defined as a 100% investment in the [Bloomberg](#) Barclays Aggregate Bond Index.

B. The secondary objective of the HIGHLAND CAPITAL MANAGEMENT portfolio shall be to achieve a total rate of return over the longer term, 3 to 5 years that ranks in the top 40th percentile of a representative universe of similarly managed portfolios.

ADOPTED: May 18, 2016

C. The volatility of the Fund's total returns is expected to be similar to that of this Target Index and will be evaluated accordingly.

POLICY REVIEW

This Addendum is a part of the City of VERO BEACH Firefighter's Pension Board's Master Investment Policy Statement dated ~~May 18, 2016~~ and is intended only to complement the objectives and guidelines outlined therein. It is the intention of the Board of Trustees to review the Statement of Investment Policy and this Addendum from time to time and to amend them if necessary to reflect any changes in philosophy or objectives. However, if at any time the investment manager believes that the specific objectives defined herein cannot be met, or that the guidelines unnecessarily constrict performance, the Trustees shall be so notified in writing. **By signing this addendum the investment manager understands and agrees to adhere to the guidelines, investment manager responsibilities, and other conditions therein.**

HIGHLAND CAPITAL MANAGEMENT

Date