

YOUR PENSION MATTERS
6/30/21
End of 3rd Quarter – FY 2020 - 2021

by: Paul O'Connell
Board Chairperson
08/25/21

"A horse, a horse, my Kingdom for a horse."
William Shakespeare; Richard III; Act V

Wow, we are quoting Shakespeare now?! Yes, but only to make the following point.

"Sleep, Sleep, I will give anything for a full night's sleep"!

Indeed, this lament is all too common for many older Americans as we struggle on a nightly basis for a full, complete and restful night of sleep. In an in-depth article written in Kiplinger (May 2021) the article discusses that, according to the Center for Disease Control and Prevention, over 70 million Americans suffer from a sleep disorder of some type, such as insomnia or sleep apnea. The challenge becomes more acute as we age. What follows is directly from this article.

"As we age the part of the brain that controls circadian rhythms, which helps regulate the sleep-wake cycle, begins to decline. In addition, older Americans tend to get less sunlight during the day, which exacerbates the sleep challenge. This means that the quality and quantity of sleep is adversely affected. It becomes fragmented with more awakenings throughout the night, thus making restorative sleep less and less likely."

Is medication the answer? For some it may help while for others it may do more harm by interfering with the natural sleep cycle. Needless to say, you must consult with your doctor before turning to medication because such a course of action must take into consideration the other medications you may be taking.

"The most common type of sleep disorder is insomnia which is trouble falling asleep or staying asleep. Stress, lack of exercise, excessive alcohol intake or poor sleep habits are contributing causes. Insomnia is considered chronic if it occurs three nights a week for at least three months."

"Sleep apnea is another common condition. It occurs when a person repeatedly stops breathing while asleep and can be caused by the brain failing to give the right signals to keep you breathing (Central Sleep Apnea) or Obstructive Sleep Apnea caused by excess tissue in the back of the throat or muscles too relaxed which block the airway. About 18% of men ages 61 or above suffer from sleep apnea while women who have gone through menopause tend to have sleep apnea at about the same rate."

Those who suffer from sleep deprivation must get medical intervention; the sooner the better. Why? Incomplete or insufficient sleep are linked to increased risk of accidents, memory loss or

inability to concentrate. In addition, there is strong evidence that such a condition can increase the risks for adverse coronary heart disease or stroke and may increase the likelihood of dementia.

Infrastructure: As the many and varied political battles continue to rage in Washington, one thing most politicians can agree on is the compelling need for an overhaul of our country's infrastructure. The *American Society of Civil Engineers* issued a **report card** of sorts (March 2021) giving our country an overall grade of **C-**. Certainly embarrassing for a country of our wealth. Worse still was the grade of **D** we received for our roads, bridges, airports, water treatment facilities, schools and dams. It reported our broadband infrastructure is also in very poor shape. This was illustrated by the May 7th cyber-attack on the Colonial Pipeline which caused massive gas shortages in much of the Mid-Atlantic States. This pipeline sends 100 million gallons of fuel from Houston to N.Y. (and points in between) on a daily basis. Eventually, Colonial paid the \$4.4 million ransom (most of which was recovered....good job F.B.I. !!) to regain control of its pipeline. This event shows how vulnerable our cyber infrastructure is and the compelling need for an upgrade in protection. As of the writing of this newsletter to you the "infrastructure deal" is close to being done in the Senate. Then the bill goes to the House with hopes that the Democrats can get its act together and pass a bill.

Inflation Storm Clouds on the horizon? No doubt we have all noticed the cost for everyday items has increased. Kiplinger has projected a 4% inflation rate by the end of 2021! That is a level not seen in years!! Oil is hovering around \$70 / barrel and gasoline is now above \$3 / gallon. As the costs of fuel rises, everything else follows due to the direct link to transportation costs. Some good news on this front: OPEC has agreed to boost oil output and on the domestic front; US oil producers are slowly ramping up oil domestic drilling after the many shutdowns in 2020 due to COVID. Hopefully we will see the price of oil (gasoline) slowly decrease through the remainder of 2021. In addition, bottlenecks in the supply chain are slowly opening up. One example of the bottleneck.... A severe shortage of truck drivers!

The cost of housing has seen record levels not experienced since 2007 / 2008; +13% over the past year! Does this mean another housing bubble is on the horizon? Not likely because the lenders have done a much better job of vetting potential borrowers (much tighter lending standards) and are conducting "honest" property value assessments (unlike what we experienced in 2007 / 2008). Low mortgage rates and low inventory of new housing have helped fuel the fire for demand which in turn pumps up the price of housing. The true impact of these rising costs will be the lack of "affordability" for those of us in the lower half of the income ladder.

The *true cost of retirement*: as the baby-boomers enter retirement (approximately 10,000 per day!) the true cost of retirement is like a "*punch in the face*" for many as they discover that they are not as prepared as they thought they were, or that they should have been. By "less financially prepared," a retirement survey conducted by T.D. Ameritrade reveals in 2020 that only 25% of American retirees left the workforce with "more (money) than expected;" 33% "with what I expected," while the biggest group, 42% retired with "less than expected." This comes as no surprise, given data from other sources that shows how lean the retirement accounts of millions of Americans are. When asked "[How much do you currently have saved for retirement?](#)" the TD Ameritrade survey said that 53% of those aged 50 to 59 have \$99,000 or less, 38% of those aged 60-69 have about the same amount, while a third of those in their 70s—33%—said that's all they

have. This brings to light the critical importance of Social Security monthly benefits as the “safety net” for seniors. Perhaps Congress can address the coming deficits being faced by the Social Security Administration. We can only hope that partisanship will be put to the side and a sincere effort be made to fix this looming crisis.

COVID 19: my friends...we are not out of the woods yet! The *delta variant* is playing havoc with our efforts to emerge from this Pandemic and those of us reluctant to get vaccinated are truly at higher risk to this more contagious variant. **PLEASE**, for the sake of your family and friends, get vaccinated!! Here are some facts to consider (NOT fake news!): the CDC has reported that as of mid-July over 16,000 children (17 or under) have been hospitalized with the virus and over 340 have died. In addition, the Delta variant is more easily spread than the original Alpha version and that does not bode well when our children return to school.

Now let's take a look at our Pension Fund as we closed out the FY 3rd Quarter 6.30.21 (calendar year 2nd Quarter):

For the reporting period (FY 3rd Quarter) the Dow was up +5.1%; the NASDAQ was up +9.7% and the S&P 500 was up +8.6%. The Fund gained +4.31% during this quarter (just over \$6.9 million.); but has gained +23.06% over the past 12 months. The Fund relies on our Consultant and our investment professionals to invest with prudence. In the meantime, our **DROP** rate of return for the 3rd Quarter ending June 30, 2021, has been set at +4.31% as certified by our Consultant. Please refer to the attached reports for a more complete look at our Fund's performance.

Board Elections:

Fire: **Trustee Peter McGinnis:** congratulations to Fire Marshall Peter McGinnis as he was re-elected by acclamation to another three-year term (2024) as no one applied to run for this term in office.

Police: **Trustee Paul O'Connell:** congratulations to Paul O'Connell as he was re-elected by acclamation to another three-year term (2024) as no one applied to run for this term in office.

Both **Trustee McGinnis and Trustee O'Connell** express their respective gratitude to the membership for their trust in the work they will do going forward. This is a labor of focused dedication to ensure a safe and secure Pension Fund for the entire membership!

Congratulations to David Hall as he was re-appointed by the Pompano Beach City Commission to another three-year term on your Board of Trustees!!

Public Records Request: As you know, our Retirement System is subject to Public Record demands. Our office recently received a records demand for the names of all members in the DROP program. We believe these demands come from “*financial advisors*” fishing for new clients. We cannot withhold the information, but we can and will alert our members that they may receive “cold calls” from folks who want to *help* you invest your money. Please be assured that none of your confidential and protected information is ever released.

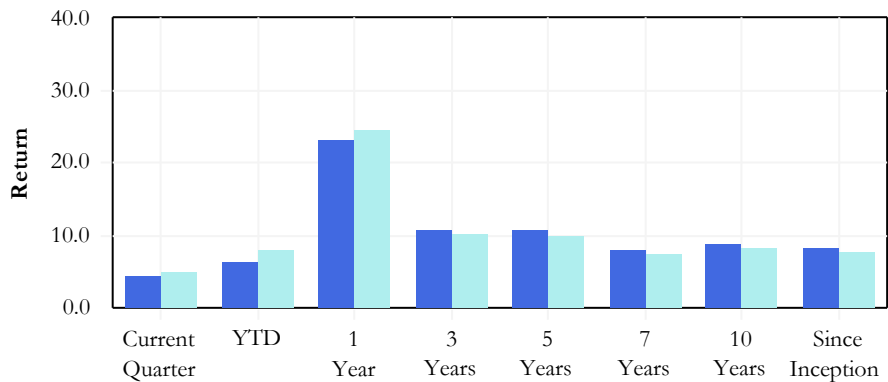
**Next issue: our fiscal year-end report and nine (9) common retirement pitfalls to avoid.
Until then; stay safe, stay separated and stay in touch!**

Pompano Beach Police & Firefighters' Retirement System

Total Fund - Executive Summary

as of June 30, 2021

Manager Performance Chart



Manager Annualized Performance

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Inception 10/01/2002
Total Fund	4.31	17.33	23.06	10.63	10.67	8.01	8.70	8.21
Policy Index	4.91	19.21	24.63	10.34	9.82	7.35	8.14	7.80
Differences	-0.60	-1.88	-1.57	0.29	0.85	0.66	0.56	0.41

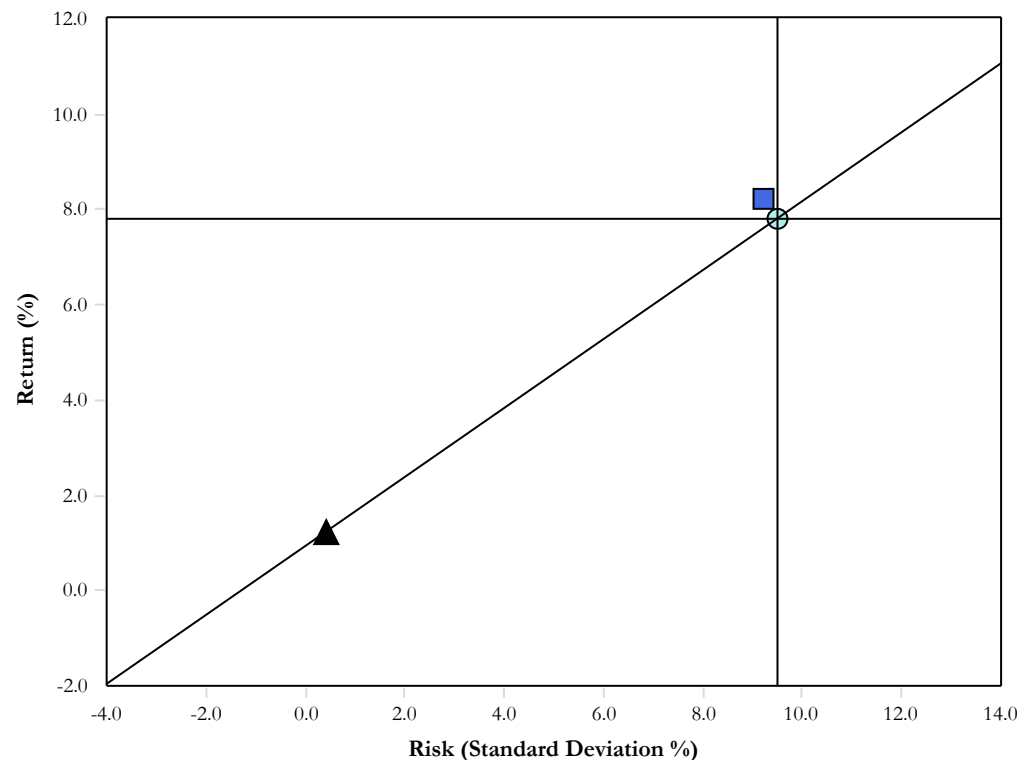
Historic Asset Growth

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Inception 10/01/2002
Total Fund								
Beginning Market Value	276,485	250,260	239,980	237,199	214,435	227,244	175,536	17,915
Net Contributions	-4,584	-8,506	-9,666	-27,746	-49,162	-66,839	-73,520	11,491
Fees/Expenses	-263	-753	-983	-2,881	-4,922	-7,151	-10,179	-14,944
Income	1,013	2,625	3,717	13,542	22,036	29,988	40,121	62,970
Gain/Loss	10,798	39,823	50,401	63,335	101,061	100,207	151,490	206,018
Ending Market Value	283,449	283,449	283,449	283,449	283,449	283,449	283,449	283,449

Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Capture	Down Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Total Fund	8.21	9.23	0.95	-35.21	99.13	94.23	0.72	0.77	0.97	10/01/2002
Policy Index	7.80	9.50	1.00	-35.28	100.00	100.00	0.00	0.71	1.00	10/01/2002

Manager Risk & Return



■ Total Fund ● Policy Index ▲ 90-Day T-Bills

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Pompano Beach Police & Firefighters' Retirement System

Asset Allocation & Time Weighted Performance

as of June 30, 2021

	Allocation		Performance(%)								
	Market Value (\$)	%	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Total Fund	283,449,046	100.00	4.31	17.33	23.06	10.63	10.67	8.01	8.70	8.21	10/01/2002
Total Fund (net)			4.21	17.00	22.60	10.20	10.22	7.53	8.20	7.72	
Policy Index			4.91	19.21	24.63	10.34	9.82	7.35	8.14	7.80	
Domestic Equity											
BlackRock - Large Cap Value	39,569,459	13.96	4.91	36.98	41.10	13.10	13.35	10.72	N/A	11.76	02/01/2013
BlackRock - Large Cap Value (net)			4.84	36.73	40.76	12.83	12.98	10.27	N/A	11.27	
Russell 1000 Value			5.21	36.07	43.68	12.42	11.87	9.41	N/A	11.66	
Sands Capital - Large Cap Growth	21,101,059	7.44	11.11	28.37	48.78	29.16	29.81	20.63	20.55	15.98	06/01/2003
Sands Capital - Large Cap Growth (net)			10.95	27.80	47.90	28.38	29.04	19.92	19.84	15.31	
Russell 1000 Gr			11.94	25.86	42.50	25.14	23.66	18.56	17.87	12.66	
Sawgrass Asset Management	20,083,387	7.09	7.18	20.70	31.05	N/A	N/A	N/A	N/A	24.73	02/01/2019
Sawgrass Asset Management (net)			7.05	20.25	30.40	N/A	N/A	N/A	N/A	24.16	
Russell 1000 Gr			11.94	25.86	42.50	N/A	N/A	N/A	N/A	32.11	
Nuance - Mid Cap Value	15,012,698	5.30	3.23	25.70	26.25	13.56	N/A	N/A	N/A	13.56	07/01/2018
Nuance - Mid Cap Value (net)			3.15	25.38	25.93	13.22	N/A	N/A	N/A	13.22	
Russell Midcap Value			5.66	43.85	53.06	11.86	N/A	N/A	N/A	11.83	
Wells - SMID Growth	16,606,301	5.86	8.11	28.97	49.61	26.97	25.47	18.11	17.42	21.31	02/01/2009
Wells - SMID Growth (net)			7.90	28.25	48.53	25.99	24.46	17.12	16.41	20.30	
Russell 2500 GR			6.04	36.81	49.63	20.15	20.68	14.81	14.83	18.84	
International Equity											
Lazard - International Value	21,708,354	7.66	4.24	24.07	32.56	7.18	8.79	4.73	N/A	6.06	02/01/2013
Lazard - International Value (net)			4.13	23.65	31.96	6.67	8.27	4.21	N/A	5.55	
MSCI AC World ex US Net			5.48	27.73	35.72	9.38	11.08	5.33	N/A	6.37	
MSCI AC World ex US Value Net			4.33	34.50	37.56	5.22	8.55	2.43	N/A	3.94	

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Pompano Beach Police & Firefighters' Retirement System

Asset Allocation & Time Weighted Performance

as of June 30, 2021

	Allocation		Performance(%)								
	Market Value (\$)	%	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Renaissance - International Growth	22,074,385	7.79	2.34	28.43	37.96	6.34	8.66	4.07	5.78	9.35	02/01/2009
Renaissance - International Growth (net)			2.19	27.86	37.15	5.71	8.00	3.43	5.12	8.68	
MSCI AC World ex US Net			5.48	27.73	35.72	9.38	11.08	5.33	5.45	9.37	
Fixed Income											
Standish Mellon - Fixed Income	30,920,905	10.91	2.00	-1.31	-0.57	5.28	3.03	3.20	3.56	4.18	05/01/2003
Standish Mellon - Fixed Income (net)			1.94	-1.48	-0.79	5.04	2.78	2.93	3.27	3.87	
Barclays Aggregate			1.83	-0.95	-0.33	5.34	3.03	3.28	3.39	4.08	
Incore/Victory	30,984,172	10.93	1.93	-1.51	-0.58	5.30	3.25	3.35	3.66	4.43	10/01/2002
Incore/Victory (net)			1.88	-1.65	-0.77	5.10	3.05	3.17	3.48	4.22	
Barclays Aggregate			1.83	-0.95	-0.33	5.34	3.03	3.28	3.39	4.16	
Alternatives											
Invesco - Private Real Estate	18,890,589	6.66	4.81	8.15	7.85	5.37	6.58	8.57	9.31	6.20	08/01/2006
Invesco - Private Real Estate (net)			4.54	7.32	6.76	4.27	5.44	7.41	8.14	5.07	
NCREIF Property Idx			3.59	6.58	7.37	5.51	6.14	7.72	8.79	7.02	
Barclays Aggregate			1.83	-0.95	-0.33	5.34	3.03	3.28	3.39	4.35	
BlackRock - Global L/S Credit	3,311,579	1.17	1.58	9.15	10.88	N/A	N/A	N/A	N/A	11.06	06/01/2020
BlackRock - Global L/S Credit (net)			1.58	9.15	10.88	N/A	N/A	N/A	N/A	11.06	
HFRX Fixed Income - Credit Index			1.62	7.12	11.28	N/A	N/A	N/A	N/A	12.47	
Barclays Aggregate			1.83	-0.95	-0.33	N/A	N/A	N/A	N/A	0.27	
Blackstone - Multi-Strategy	3,410,527	1.20	3.96	11.68	13.97	N/A	N/A	N/A	N/A	16.02	06/01/2020
Blackstone - Multi-Strategy (net)			3.96	11.68	13.97	N/A	N/A	N/A	N/A	16.02	
HFRX Global Hedge Fund			2.41	9.03	12.01	N/A	N/A	N/A	N/A	12.83	
Barclays Aggregate			1.83	-0.95	-0.33	N/A	N/A	N/A	N/A	0.27	

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Pompano Beach Police & Firefighters' Retirement System

Asset Allocation & Time Weighted Performance

as of June 30, 2021

	Allocation		Performance(%)								
	Market Value (\$)	%	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Ironwood - FOHF	14,829,962	5.23	2.57	11.42	15.98	8.30	8.05	5.96	6.41	4.71	08/01/2008
Ironwood - FOHF (net)			2.57	11.42	15.98	8.30	8.05	5.96	6.41	4.71	
HFRI FOF Conservative			1.91	11.74	14.73	5.23	5.00	3.44	3.45	2.30	
Barclays Aggregate			1.83	-0.95	-0.33	5.34	3.03	3.28	3.39	4.12	
Cohen & Steers - Global Infrastructure	14,187,465	5.01	4.44	15.84	N/A	N/A	N/A	N/A	N/A	14.53	09/01/2020
Cohen & Steers - Global Infrastructure (net)			4.44	15.84	N/A	N/A	N/A	N/A	N/A	14.53	
DJ Brookfield Gbl Infra Comp TR			7.73	23.93	N/A	N/A	N/A	N/A	N/A	19.34	
Barclays Aggregate			1.83	-0.95	N/A	N/A	N/A	N/A	N/A	-1.00	
Neuberger Berman - Private Equity #1	3,770,907	1.33	0.00	14.55	21.66	6.13	10.14	10.10	9.56	5.38	04/01/2010
Neuberger Berman - Private Equity #1 (net)			0.00	14.55	21.66	6.13	10.14	10.10	9.56	5.38	
MSCI ACWI / 90-Day T-Bill (Mar)			0.01	21.11	28.68	7.46	9.90	4.53	4.89	5.52	
Barclays Aggregate			1.83	-0.95	-0.33	5.34	3.03	3.28	3.39	3.68	
Neuberger Berman - Private Equity #2	3,514,899	1.24	0.00	26.96	39.60	20.17	17.73	N/A	N/A	12.65	08/01/2014
Neuberger Berman - Private Equity #2 (net)			0.00	26.96	39.60	20.17	17.73	N/A	N/A	12.65	
MSCI ACWI / 90-Day T-Bill (Mar)			0.01	21.11	28.68	7.46	9.90	N/A	N/A	4.74	
Barclays Aggregate			1.83	-0.95	-0.33	5.34	3.03	N/A	N/A	3.35	
Blackstone - Private Equity	1,188,713	0.42	0.25	27.23	47.65	11.20	12.90	11.05	N/A	11.66	12/01/2013
Blackstone - Private Equity (net)			-0.07	26.00	45.52	9.61	11.27	9.38	N/A	9.59	
S&P 500 / 90-Day T-Bill (Jun)			8.55	29.25	40.79	18.67	17.65	14.10	N/A	14.36	
Barclays Aggregate			1.83	-0.95	-0.33	5.34	3.03	3.28	N/A	3.47	
Goldman Sachs - Private Equity	668,211	0.24	0.00	24.01	32.56	5.61	7.44	7.51	N/A	6.66	01/01/2014
Goldman Sachs - Private Equity (net)			0.00	24.01	32.56	5.61	7.44	7.51	N/A	6.66	
MSCI ACWI / 90-Day T-Bill (Mar)			0.01	21.11	28.68	7.46	9.90	4.53	N/A	4.98	
Barclays Aggregate			1.83	-0.95	-0.33	5.34	3.03	3.28	N/A	3.59	
Cash & Equivalents											
Non-Managed Account	1,615,474	0.57	0.00	0.94	0.95	1.52	1.27	1.34	1.25	1.35	10/01/2002
90-Day T-Bills			0.01	0.05	0.08	1.31	1.14	0.84	0.60	1.24	

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Pompano Beach Police & Firefighters' Retirement System

Asset Allocation & Net Dollar Weighted Performance (IRR)

as of June 30, 2021

	%	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Total Fund	100.00	4.22	16.94	22.53	9.93	10.09	7.16	8.12	7.83	09/30/2002
Domestic Equity										
BlackRock - Large Cap Value	13.96	4.92	37.09	40.98	13.19	13.29	10.00	N/A	11.55	01/31/2013
Sands Capital - Large Cap Growth	7.44	10.96	27.89	51.28	20.07	25.79	14.91	16.47	11.23	05/31/2003
Sawgrass Asset Management	7.09	7.07	20.04	30.31	N/A	N/A	N/A	N/A	24.19	01/31/2019
Nuance - Mid Cap Value	5.30	3.20	25.52	26.05	13.28	N/A	N/A	N/A	13.28	06/30/2018
Wells - SMID Growth	5.86	7.90	28.92	50.98	25.15	23.83	14.92	14.75	21.20	01/31/2009
International Equity										
Lazard - International Value	7.66	4.14	23.67	31.98	6.91	8.61	4.58	N/A	5.61	01/31/2013
Renaissance - International Growth	7.79	2.21	27.96	37.24	6.34	8.62	3.84	5.35	7.54	01/31/2009
Fixed Income										
Standish Mellon - Fixed Income	10.91	1.94	-1.49	-0.78	5.01	2.79	2.92	3.27	3.88	04/30/2003
Incure/Victory	10.93	1.88	-1.66	-0.76	5.06	3.07	3.17	3.52	4.22	09/30/2002
Alternatives										
Invesco - Private Real Estate	6.67	4.54	7.32	6.76	4.27	5.44	7.40	8.19	6.58	07/31/2006
BlackRock - Global L/S Credit	1.17	1.58	9.15	10.87	N/A	N/A	N/A	N/A	11.02	05/31/2020
Blackstone - Multi-Strategy	1.20	3.96	11.68	14.05	N/A	N/A	N/A	N/A	15.61	05/31/2020
Ironwood - FOHF	5.23	2.57	11.42	15.97	8.30	8.04	5.97	6.30	4.97	07/31/2008
Cohen & Steers - Global Infrastructure	5.01	4.44	15.85	N/A	N/A	N/A	N/A	N/A	14.53	08/31/2020
Neuberger Berman - Private Equity #1	1.33	0.00	14.60	21.76	5.93	10.64	10.43	10.62	10.12	03/31/2010
Neuberger Berman - Private Equity #2	1.24	0.00	27.19	39.62	19.36	17.43	N/A	N/A	14.89	07/31/2014
Blackstone - Private Equity	0.42	-0.07	26.38	46.73	7.64	10.77	8.46	N/A	8.65	11/30/2013
Goldman Sachs - Private Equity	0.24	0.00	24.57	33.10	4.26	8.32	7.64	N/A	7.74	12/31/2013
Cash & Equivalents										
Non-Managed Account	0.57	0.00	0.76	0.66	0.84	0.76	0.18	-0.85	-0.45	09/30/2002

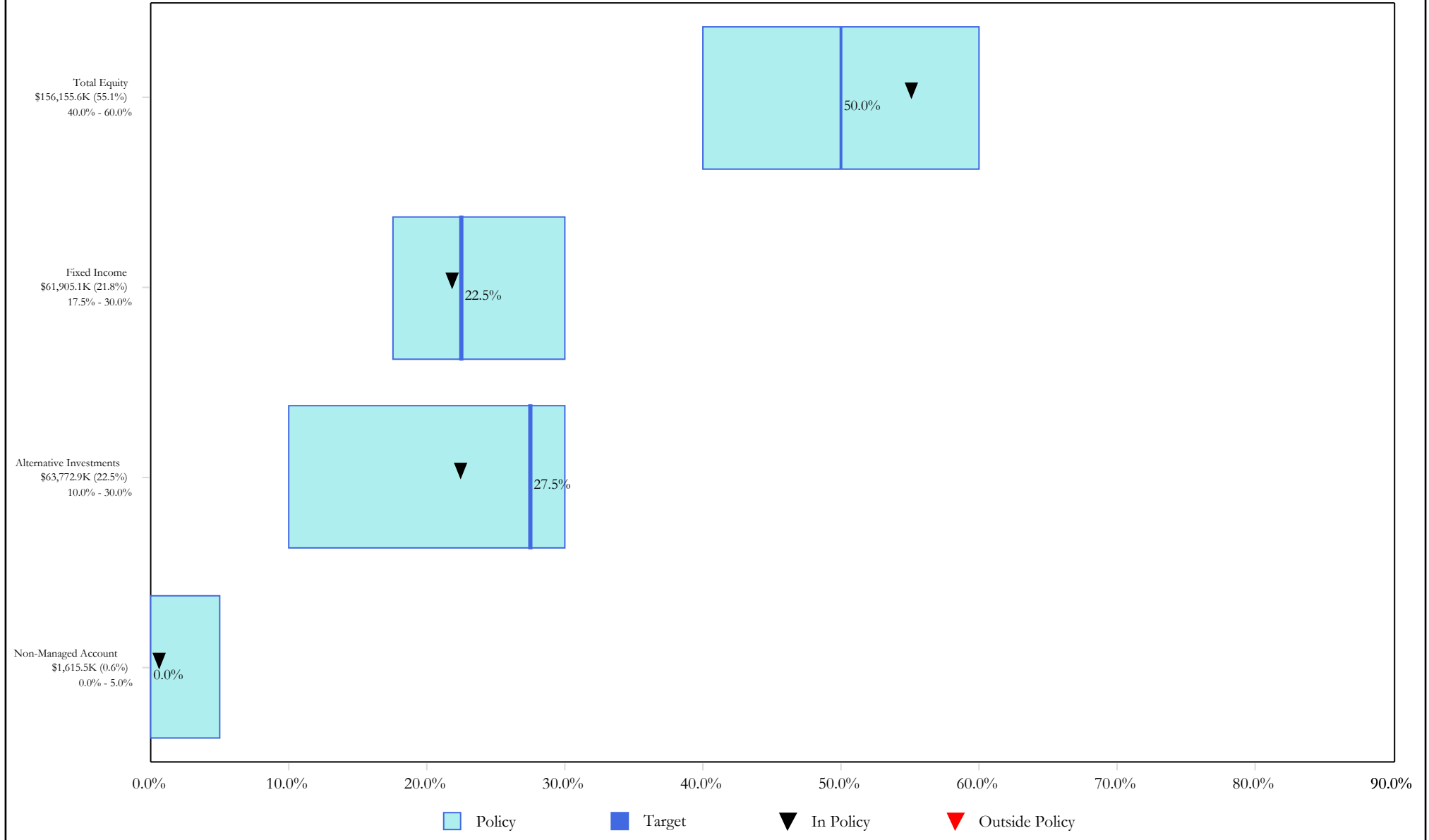
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Pompano Beach Police & Firefighters' Retirement System

Asset Allocation Compliance

as of June 30, 2021

Executive Summary



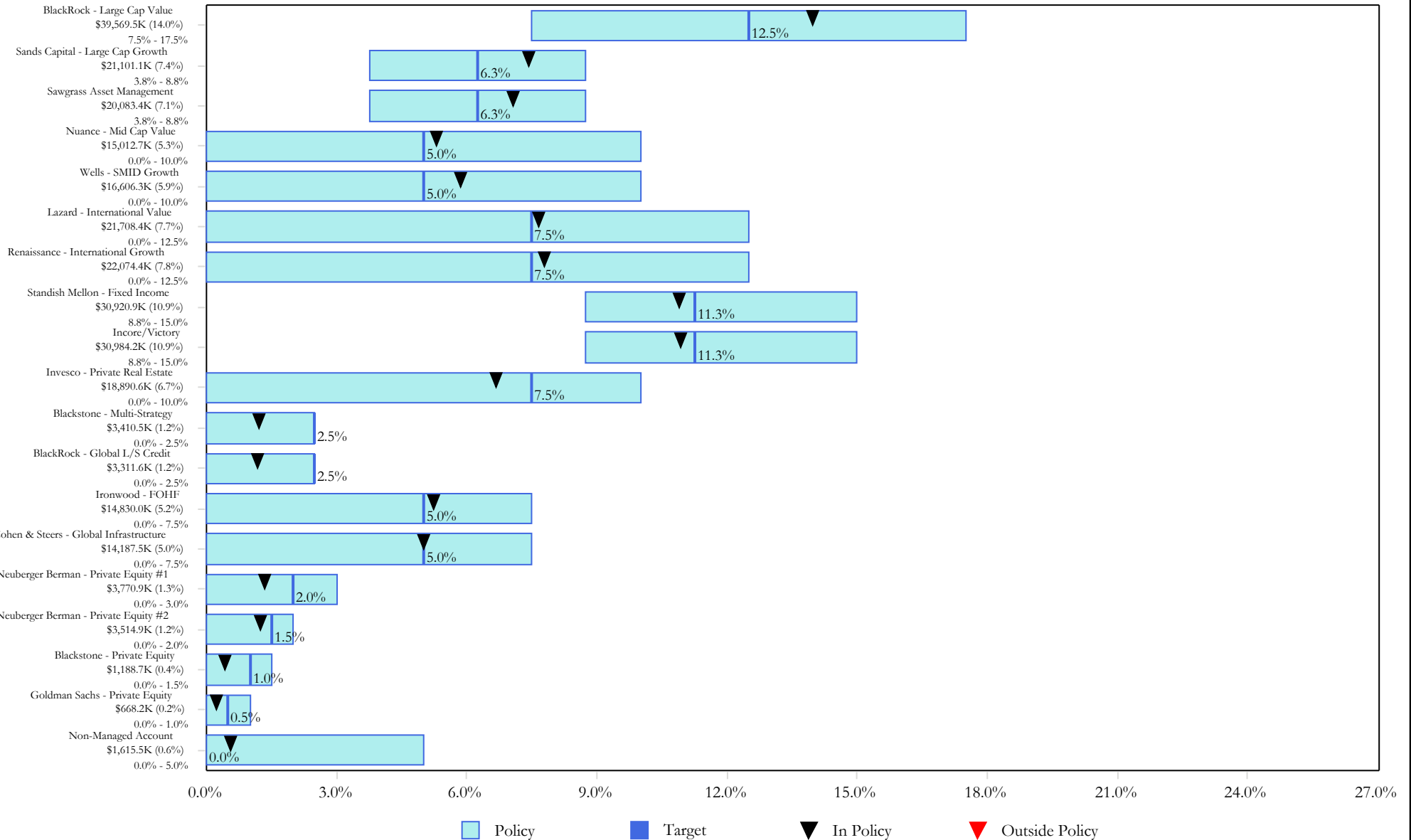
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Pompano Beach Police & Firefighters' Retirement System

Asset Allocation Compliance

as of June 30, 2021

Executive Summary



The prices, quotes, or statistics contained herein have been obtained from sources believed to be reliable, however, its accuracy cannot be guaranteed. Past performance is not a guarantee of future results.