

YOUR PENSION MATTERS

09/30/21 Edition

End of FY 2020 – 2021

by: Chief Paul O'Connell
Board Chairperson
11/19/21

*“You can be young and without money. You **cannot** be old and without money.”*
Tennessee Williams

The above quote reminds us of the importance of our pension benefits which we have spent a career contributing to in hopes that it will, at the end of our public service, provide us with a lifetime of financial security. We have emphasized in past writings that our pension is only one part of the financial security triangle. The other two parts are personal savings/investments and social security. In past writings we have also expressed our frustration with Washington for its failure to fix social security which has a “doomsday clock” ticking down. According to The Kiplinger Report (October 2021), the pandemic was not kind to the Social Security Trust Fund. The SSA Trustees predict that the funding shortfall will occur one year earlier than pre-covid estimates (2033, rather than 2034). When this shortfall occurs, benefits will automatically be reduced by 25%.

Medicare is pretty much in the same boat. The Hospital Insurance Trust Fund (Part A) should be able to pay benefits until 2026. The Supplementary Medical Insurance Trust Fund (Parts B & D) is expected to be adequately funded through 2032.

Politics aside: the SSA System upon which so many seniors rely must be fixed and it must be fixed soon: **the clock is ticking!!**

In the same edition of the Kiplinger Report, there was an interesting article written by Kathrine R. Lewis on **retirement planning**. It identified two of the biggest dangers to a stable retirement: a) health care costs and b) loss of spending power.

Let's take health care first. Certainly, heredity (genetics) plays a big role. Just as important are what we eat and what we drink. Consuming less red meat (or meat entirely) will help. In addition, less soda and alcohol can play a major role in controlling what you may face in the future in health care challenges and costs.

Next, loss of spending power can be caused by inflation, which has been dormant for the past decade, but in 2021 roared back. Then loss of spending power can come where you live and how you live. There is no doubt that living in California is more expensive than living in Florida. Next is how you live. Do you live in a castle, or have you downsized to a condo? Do you drive a gas guzzler truck, or do you drive a hybrid?

For a change we got some good news out of Washington. The **bi-partisan infrastructure** bill passed in the House by a 228-206 margin. Pending some legislative fixes, the bill will then move to the White House for the President's signature. The bill provides for an expenditure of \$1.2 trillion over a 10-year period. What is

in the bill? In a nutshell, long over-due fixes to our roads, bridges, tunnels, railroad systems and airports. The bill will also provide \$65 billion for improving the nation's broadband infrastructure. This same bill will invest \$65 billion in rebuilding our nation's energy grid which is currently and woefully antiquated. Another \$55 billion will be invested in our water supply systems such as replacing outdated, lead piping and upgrading the electronic firewalls to prevent hacking.

So we end our FY 2020 - 2021.....for the most part it was an exceptional investment year; then September hit and it was not pretty. We will review our investments numbers herein but please remember that our Fund has a mixture of equities, bonds, and alternative investments. The Fund will **never** match the marketplace. Our Fund diversifies over a broad range of investments with a 30-year time horizon. We work in partnership with our consultant and our money managers to capture most of the up market and as little as possible of the down market.

Our Fund's performance for FY 2020 – 2021 (end of fiscal year): Attached you will find the performance reports for our Fund. The quarterly rate of return was + 0.47%. The one-year rate of return was + 18.49%. In comparison, the marketplace performed as follows:

DJIA in the 3rd quarter (ending as of 9/30/21) **-1.46%** and YTD: +12.12%

The **S&P 500** was +0.58% for the 3rd quarter and + 15.92% YTD.

The **NASDAQ** was **-0.38%** for the 3rd quarter and +29.38% YTD.

The **EAFE** (a broad measurement of international markets) was **-0.45%** for the 3rd quarter and +8.35 YTD.

As we enter our new FY 21-22, your new Board of Trustees is seated and hard at work. The committee work is where the seeds of our accomplishments are planted. Committee work may seem tedious and mundane; but this work is critical to getting the job done. At our September Board meeting we appointed the following Trustees to the following Committees:

Investment Committee: **Sharra Aaronian**, Chair
Dan Christophers; David Hall, Pat Hanrahan, Pete McGinnis, Jorge Rossi

**Professional Advisory
Review Committee:** **Richard Samolewicz**, Chair
Vincent Femia, David Hall, Jorge Rossi

Budget Committee: **David Hall**, Chair
Patrick Hanrahan, Peter McGinnis, Paul O'Connell

**Communications/ Cyber
Review Committee:** **Jorge Rossi**, Chair
Sharra Aaronian, Dan Christophers, Rich Samolewicz

Building Committee: Peter McGinnis, Chair
Sharra Aaronian, Dan Christophers, Rich Samolewicz

We created a **Building Committee** for the following reason: The Bank of America building will be closing soon for major renovations. In fact, the entire corner of NE 23rd Avenue and East Atlantic Blvd. will be undergoing an entire metamorphosis. Two new apartment buildings will be built with over 300 units and some retail mixed use. Indeed, Atlantic Blvd. will be changing for the better. So, for approximately two years, our office will be relocating to a new address - but only temporarily. We will be returning to our current location after the work has been completed. The Building Committee, **chaired by Trustee McGinnis**, will be overseeing the move and all the challenges which come with it. Stand-by for more information.

The Board of Trustees selected Paul O'Connell as **Chairperson** and Richard Samolewicz as **Vice-Chairperson** for the Board of Trustees for the coming 21 – 22 FY. Both Richard and I extend our thanks to the Trustees for their continued trust and confidence in us as we all work together to navigate the turbulent waters we face.

Finally.....Mark your calendar.....the Annual Symposium is right around the corner...**April 28 - April 30, 2022** and will be held at the Pompano Beach Marriott on A1A. Fingers crossed that COVID – 19 will be fully behind us and we can hold this important annual event!

In the meantime and on behalf of the Pension Board of Trustees and our staff, I wish you a very happy and safe holiday season as we look forward to a New Year.....2022 here we come!

And by the way..... PLEASE.....GET YOUR FLU SHOT!!!!

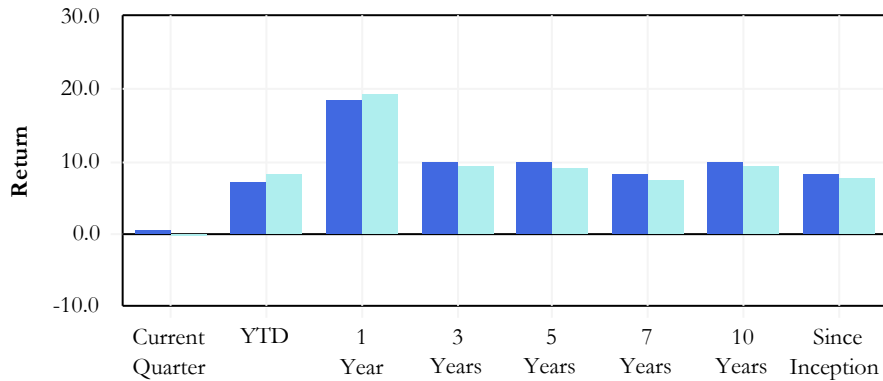
As always, please stay safe, stay separated and stay in touch!

Pompano Beach Police & Firefighters' Retirement System

Total Fund - Executive Summary

as of September 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	0.47	18.49	18.49	9.86	10.06	8.15	9.90	8.15
Policy Index	-0.15	19.32	19.32	9.25	9.12	7.47	9.25	7.70
Differences	0.62	-0.83	-0.83	0.61	0.94	0.68	0.65	0.45

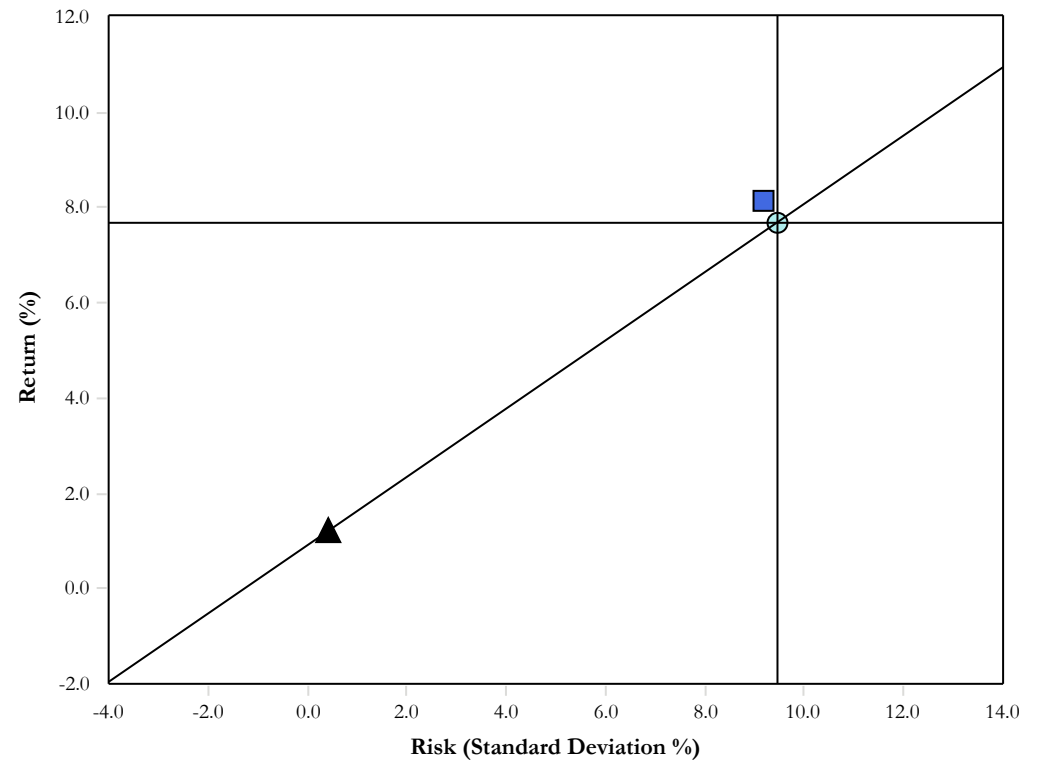
Historic Asset Growth

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Inception 10/01/2002
Total Fund								
Beginning Market Value	284,304	250,260	250,260	242,036	217,924	227,146	158,717	17,915
Net Contributions	-1,839	-10,879	-10,879	-27,784	-47,117	-69,326	-74,997	9,118
Fees/Expenses	-270	-1,024	-1,024	-2,920	-4,939	-7,152	-10,207	-15,214
Income	1,004	3,629	3,629	13,154	22,056	30,022	40,415	63,974
Gain/Loss	343	41,555	41,555	59,055	95,618	102,852	169,615	207,750
Ending Market Value	283,542	283,542	283,542	283,542	283,542	283,542	283,542	283,542

Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Capture	Down Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Total Fund	8.15	9.19	0.95	-35.21	99.28	94.02	0.76	0.77	0.97	10/01/2002
Policy Index	7.70	9.46	1.00	-35.28	100.00	100.00	0.00	0.70	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 September 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	283,542,029	100.00	0.47	18.49	18.49	9.86	10.06	8.15	9.90	8.15	10/01/2002
Total Fund (net)			0.38	18.05	18.05	9.43	9.61	7.68	9.40	7.67	
Policy Index			-0.15	19.32	19.32	9.25	9.12	7.47	9.25	7.70	
Domestic Equity											
BlackRock - Large Cap Value	38,506,447	13.58	-0.71	36.00	36.00	10.60	12.85	10.54	N/A	11.31	02/01/2013
BlackRock - Large Cap Value (net)			-0.77	35.67	35.67	10.33	12.49	10.10	N/A	10.83	
Russell 1000 Value			-0.78	35.01	35.01	10.07	10.94	9.32	N/A	11.20	
Sands Capital - Large Cap Growth	21,336,223	7.52	4.32	33.93	33.93	28.16	28.13	20.78	22.67	16.01	06/01/2003
Sands Capital - Large Cap Growth (net)			4.17	33.13	33.13	27.38	27.38	20.07	21.95	15.34	
Russell 1000 Gr			1.16	27.32	27.32	22.00	22.84	18.51	19.68	12.55	
Sawgrass Asset Management	19,705,273	6.95	0.89	21.77	21.77	N/A	N/A	N/A	N/A	22.58	02/01/2019
Sawgrass Asset Management (net)			0.77	21.17	21.17	N/A	N/A	N/A	N/A	22.02	
Russell 1000 Gr			1.16	27.32	27.32	N/A	N/A	N/A	N/A	29.23	
Nuance - Mid Cap Value	14,656,623	5.17	-1.11	24.31	24.31	12.13	N/A	N/A	N/A	12.07	07/01/2018
Nuance - Mid Cap Value (net)			-1.19	23.89	23.89	11.76	N/A	N/A	N/A	11.73	
Russell Midcap Value			-1.01	42.40	42.40	10.28	N/A	N/A	N/A	10.52	
Wells - SMID Growth	15,997,128	5.64	-1.57	26.94	26.94	22.92	23.80	18.39	19.87	20.70	02/01/2009
Wells - SMID Growth (net)			-1.75	26.01	26.01	21.99	22.81	17.40	18.86	19.69	
Russell 2500 GR			-3.53	31.98	31.98	16.01	18.21	14.93	17.20	18.10	
International Equity											
Lazard - International Value	21,373,671	7.54	-1.54	22.16	22.16	6.31	7.49	5.38	N/A	5.69	02/01/2013
Lazard - International Value (net)			-1.66	21.60	21.60	5.81	6.97	4.87	N/A	5.19	
MSCI AC World ex US Net			-2.99	23.92	23.92	8.03	8.94	5.68	N/A	5.81	
MSCI AC World ex US Value Net			-2.32	31.38	31.38	3.81	6.43	2.94	N/A	3.54	

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Pompano Beach Police & Firefighters' Retirement System

Asset Allocation & Time Weighted Performance

as of September 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	21,415,455	7.55	-2.98	24.60	24.60	4.84	6.49	4.31	7.95	8.90	02/01/2009
Renaissance - International Growth (net)			-3.13	23.86	23.86	4.21	5.85	3.66	7.28	8.23	
MSCI AC World ex US Net			-2.99	23.92	23.92	8.03	8.94	5.68	7.48	8.92	
Fixed Income											
Standish Mellon - Fixed Income	30,930,299	10.91	0.03	-0.58	-0.58	5.47	3.08	3.30	3.23	4.17	05/01/2003
Standish Mellon - Fixed Income (net)			-0.02	-0.80	-0.80	5.23	2.84	3.03	2.94	3.85	
Barclays Aggregate			0.05	-0.90	-0.90	5.36	2.94	3.26	3.01	4.03	
Incore/Victory	31,006,514	10.94	0.07	-0.33	-0.33	5.81	3.36	3.52	3.49	4.44	10/01/2002
Incore/Victory (net)			0.02	-0.52	-0.52	5.60	3.15	3.34	3.32	4.22	
Barclays Aggregate			0.05	-0.90	-0.90	5.36	2.94	3.26	3.01	4.11	
Alternatives											
Invesco - Private Real Estate	20,273,948	7.15	7.60	16.37	16.37	7.07	7.79	9.18	9.87	6.61	08/01/2006
Invesco - Private Real Estate (net)			7.32	15.18	15.18	5.96	6.64	8.01	8.70	5.48	
NCREIF Property Idx			5.23	12.16	12.16	6.72	6.85	8.11	8.99	7.26	
Barclays Aggregate			0.05	-0.90	-0.90	5.36	2.94	3.26	3.01	4.28	
BlackRock - Global L/S Credit	3,308,360	1.17	-0.10	9.04	9.04	N/A	N/A	N/A	N/A	8.82	06/01/2020
BlackRock - Global L/S Credit (net)			-0.10	9.04	9.04	N/A	N/A	N/A	N/A	8.82	
HFRX Fixed Income - Credit Index			-0.17	6.93	6.93	N/A	N/A	N/A	N/A	9.88	
Barclays Aggregate			0.05	-0.90	-0.90	N/A	N/A	N/A	N/A	0.26	
Blackstone - Multi-Strategy	3,407,361	1.20	-0.09	11.57	11.57	N/A	N/A	N/A	N/A	12.75	06/01/2020
Blackstone - Multi-Strategy (net)			-0.09	11.57	11.57	N/A	N/A	N/A	N/A	12.75	
HFRX Global Hedge Fund			-0.14	8.87	8.87	N/A	N/A	N/A	N/A	10.19	
Barclays Aggregate			0.05	-0.90	-0.90	N/A	N/A	N/A	N/A	0.26	

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Pompano Beach Police & Firefighters' Retirement System

Asset Allocation & Time Weighted Performance

as of September 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	15,402,830	5.43	3.86	15.72	15.72	9.27	8.23	6.33	7.18	4.92	08/01/2008
Ironwood - FOHF (net)			3.86	15.72	15.72	9.27	8.23	6.33	7.18	4.92	
HFRI FOF Conservative			1.08	13.23	13.23	5.37	4.90	3.60	4.00	2.35	
Barclays Aggregate			0.05	-0.90	-0.90	5.36	2.94	3.26	3.01	4.05	
Cohen & Steers - Global Infrastructure	14,179,207	5.00	-0.06	15.78	15.78	N/A	N/A	N/A	N/A	13.28	09/01/2020
Cohen & Steers - Global Infrastructure (net)			-0.06	15.78	15.78	N/A	N/A	N/A	N/A	13.28	
DJ Brookfield Gbl Infra Comp TR			-1.45	22.13	22.13	N/A	N/A	N/A	N/A	16.16	
Barclays Aggregate			0.05	-0.90	-0.90	N/A	N/A	N/A	N/A	-0.88	
Neuberger Berman - Private Equity #1	3,890,882	1.37	0.00	26.17	26.17	9.39	11.69	10.99	11.29	6.15	04/01/2010
Neuberger Berman - Private Equity #1 (net)			0.00	26.17	26.17	9.39	11.69	10.99	11.29	6.15	
MSCI ACWI / 90-Day T-Bill (June)			0.01	27.74	27.74	9.13	9.61	6.15	7.81	5.89	
Barclays Aggregate			0.05	-0.90	-0.90	5.36	2.94	3.26	3.01	3.60	
Neuberger Berman - Private Equity #2	3,524,744	1.24	0.00	39.62	39.62	22.52	19.49	14.03	N/A	13.68	08/01/2014
Neuberger Berman - Private Equity #2 (net)			0.00	39.62	39.62	22.52	19.49	14.03	N/A	13.68	
MSCI ACWI / 90-Day T-Bill (June)			0.01	27.74	27.74	9.13	9.61	6.15	N/A	5.35	
Barclays Aggregate			0.05	-0.90	-0.90	5.36	2.94	3.26	N/A	3.24	
Blackstone - Private Equity	838,062	0.30	-10.23	14.21	14.21	5.37	9.60	8.89	N/A	9.74	12/01/2013
Blackstone - Private Equity (net)			-10.50	12.77	12.77	3.84	8.03	7.31	N/A	7.74	
S&P 500			0.58	30.00	30.00	15.99	16.90	14.01	N/A	13.95	
Barclays Aggregate			0.05	-0.90	-0.90	5.36	2.94	3.26	N/A	3.36	
Goldman Sachs - Private Equity	739,258	0.26	0.00	43.77	43.77	8.20	9.47	8.62	N/A	8.48	01/01/2014
Goldman Sachs - Private Equity (net)			0.00	43.77	43.77	8.20	9.47	8.62	N/A	8.48	
MSCI ACWI / 90-Day T-Bill (June)			0.01	27.74	27.74	9.13	9.61	6.15	N/A	5.53	
Barclays Aggregate			0.05	-0.90	-0.90	5.36	2.94	3.26	N/A	3.47	
Cash & Equivalents											
Non-Managed Account	3,049,744	1.08	0.00	0.94	0.94	1.35	1.26	1.31	1.25	1.33	10/01/2002
90-Day T-Bills			0.01	0.06	0.06	1.14	1.13	0.84	0.60	1.22	

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Pompano Beach Police & Firefighters' Retirement System

Asset Allocation & Net Dollar Weighted Performance (IRR)

as of September 30, 2021

	%	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Total Fund	100.00	0.38	18.08	18.08	9.17	9.48	7.36	9.43	7.79	09/30/2002
Domestic Equity										
BlackRock - Large Cap Value	13.58	-0.77	36.69	36.69	10.69	12.92	10.04	N/A	11.20	01/31/2013
Sands Capital - Large Cap Growth	7.53	4.22	33.56	33.56	18.54	23.52	15.02	20.33	11.25	05/31/2003
Sawgrass Asset Management	6.95	0.87	21.37	21.37	N/A	N/A	N/A	N/A	22.30	01/31/2019
Nuance - Mid Cap Value	5.17	-1.17	24.30	24.30	11.92	N/A	N/A	N/A	11.87	06/30/2018
Wells - SMID Growth	5.64	-1.70	27.29	27.29	21.58	22.69	15.98	19.02	20.93	01/31/2009
International Equity										
Lazard - International Value	7.54	-1.66	21.67	21.67	6.04	7.28	4.97	N/A	5.23	01/31/2013
Renaissance - International Growth	7.55	-3.13	24.10	24.10	4.84	6.40	3.89	7.04	7.05	01/31/2009
Fixed Income										
Standish Mellon - Fixed Income	10.91	-0.02	-0.83	-0.83	5.19	2.85	3.02	2.93	3.86	04/30/2003
Incure/Victory	10.94	0.02	-0.57	-0.57	5.57	3.16	3.35	3.35	4.23	09/30/2002
Alternatives										
Invesco - Private Real Estate	7.15	7.32	15.18	15.18	5.96	6.64	8.00	8.75	7.04	07/31/2006
BlackRock - Global L/S Credit	1.17	-0.10	9.04	9.04	N/A	N/A	N/A	N/A	8.63	05/31/2020
Blackstone - Multi-Strategy	1.20	-0.09	11.57	11.57	N/A	N/A	N/A	N/A	12.21	05/31/2020
Ironwood - FOHF	5.43	3.86	15.72	15.72	9.26	8.23	6.33	6.95	5.20	07/31/2008
Cohen & Steers - Global Infrastructure	5.00	-0.06	15.78	15.78	N/A	N/A	N/A	N/A	13.30	08/31/2020
Neuberger Berman - Private Equity #1	1.37	0.00	26.18	26.18	9.08	11.96	10.95	11.71	10.70	03/31/2010
Neuberger Berman - Private Equity #2	1.24	0.00	40.44	40.44	21.56	18.96	16.03	N/A	15.92	07/31/2014
Blackstone - Private Equity	0.30	-9.39	17.86	17.86	3.28	9.20	7.74	N/A	8.02	11/30/2013
Goldman Sachs - Private Equity	0.26	0.00	44.22	44.22	4.79	8.43	7.66	N/A	8.58	12/31/2013
Cash & Equivalents										
Non-Managed Account	1.08	0.00	0.73	0.73	0.76	0.76	0.16	-0.71	-0.44	09/30/2002

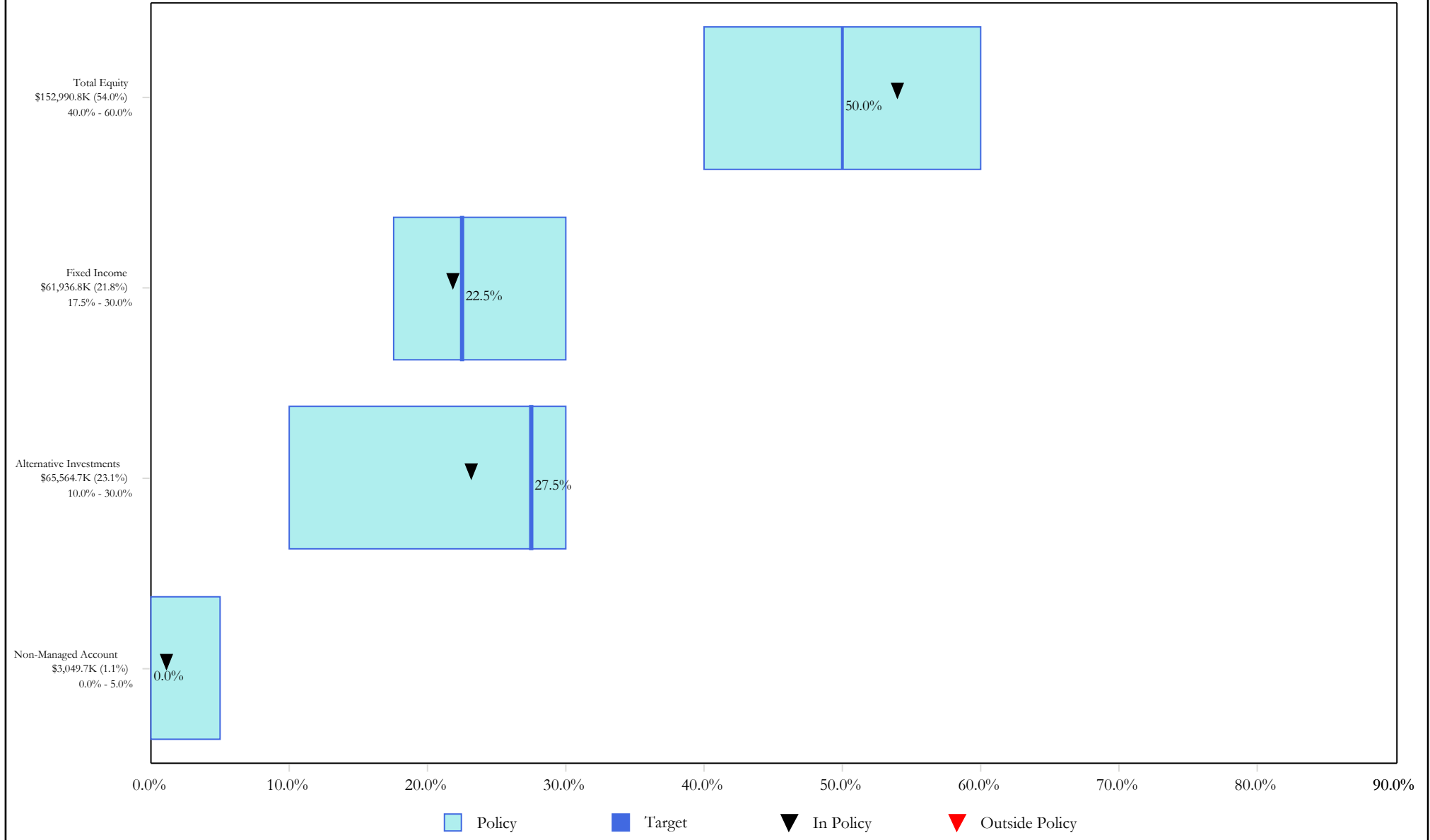
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Pompano Beach Police & Firefighters' Retirement System

Asset Allocation Compliance

as of September 30, 2021

Executive Summary



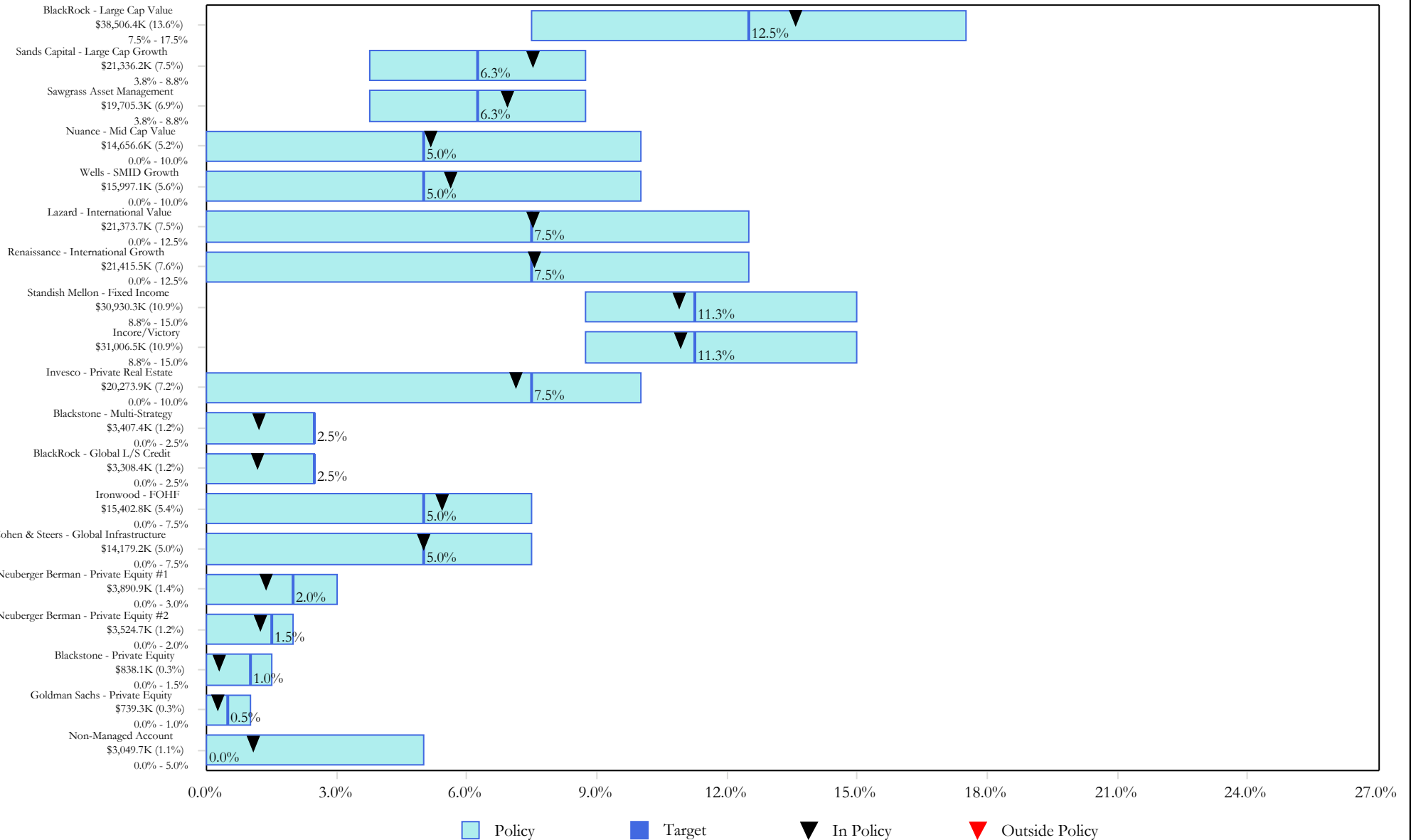
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Executive Summary



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