
Florida Municipal Pension Trust Fund – DB 50% Equity Allocation

Executive Summary

As of September 30, 2023

50% Equity Allocation

- A hawkish Fed weighed on markets in the third quarter. While the target rate only increased 25 basis points, lower than expectations, the Fed's reiteration of its 'higher-for-longer' messaging sent Treasury yields higher and stock markets lower. Along with the higher rate expectations, rising oil prices and uncertainty over the UAW strike contributed to poor performance of the equity markets. Real estate returns could continue to be challenged amid higher interest rates, tighter lending conditions, and reduced demand for office space. The 50% Equity Allocation outpaced the Target Index in the third quarter (down 1.5% vs. down 3.3%) and ranked in the top 9th percentile of the public fund peer group.
- Despite the lower allocation to equity, the 50% Equity Allocation has managed to earn an 3.1% average annual return over the past 3 years, ahead of the performance of the Target Index (up 2.4%).
- Over the past 10 years, this allocation is up 5.3% on average annually. While this performance is modestly behind objectives, the risk controlled nature of many of the underlying strategies are designed to provide downside protection should the markets continue to moderate or decline.

FMIVT Broad Market High Quality Bond Fund

- The Broad Market High Quality Bond Fund outperformed the Bloomberg US Aggregate A+ Index in the third quarter (down 2.7% vs. down 3.3%). The Fund's underweight to MBS proved to be prudent over more recent time periods as rising rates increased extension risk. The modestly shorter duration relative to the benchmark also aided the Fund.
- The portfolio's conservative risk profile and high quality bias are in line with the objectives for this fund. This bias has rewarded investors in the form of a more favorable relative risk-adjusted return comparison over the long-term.

FMIVT Core Plus Fixed Income Fund

- The Core Plus Fixed Income Fund posted strong relative results in the third quarter, falling 2.5%, ahead of the Bloomberg Multiverse (down 3.5%). The fund benefited from an underweight to agency MBS and an overweight to ABS while the non-dollar currency detracted as the dollar rallied. Over the last 3 years, the fund has outpaced the benchmark by nearly 420 basis points.
- In the 9 years since inception, the Core Plus Fixed Income Fund has posted absolute returns of 0.7% on average annually, ahead of the benchmark (down 1.5%).

FMIVT Diversified Large Cap Equity Portfolio

- The fund is allocated 60% to the Intech US Broad Equity Plus Fund, and 20% each to the Hotchkis & Wiley Diversified Value Fund and the Atlanta Capital High Quality Growth Fund. This fund provides investors with exposure to core, value, and growth opportunities within the US large cap equity marketplace. The allocation to Intech, an enhanced index strategy, will be replaced by a passive index allocation during the fourth quarter.
- U.S. Equity markets declined in the 3rd quarter with the prospect of prolonged higher interest rates weighing on investors. Energy was one of two sectors in the benchmark with positive returns for the quarter, and the portfolio's stock selection and overweight to the sector produced meaningful results for the portfolio. Relative stock selection in the consumer staples and financials sectors were the biggest detractors in the third quarter.
- Over the trailing 3 years, the Diversified Large Cap Equity Portfolio has outperformed the Russell 1000 benchmark (up 10.4% vs. up 9.5%) and ranked in the top 37th percentile of its peer group of US large cap core equity managers.

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FMIVT Diversified Small to Mid Cap Equity Fund

- This strategy achieved strong relative results over the past year, outpacing the SMID Benchmark by over 430 basis points. An overweight to the industrials and consumer discretionary sectors, as well as strong stock selection in financials, technology, consumer staples, and materials have been additive over the past year. However, the lack of exposure to the energy sector has hindered the portfolio more recently.
- This strategy has generated very strong results over the past 10 years, rising 12.0% on average annually compared with 7.9% for the benchmark. Furthermore, the fund ranked in the top 4th percentile of its peer group, with a more modest risk profile and very strong risk-adjusted returns.

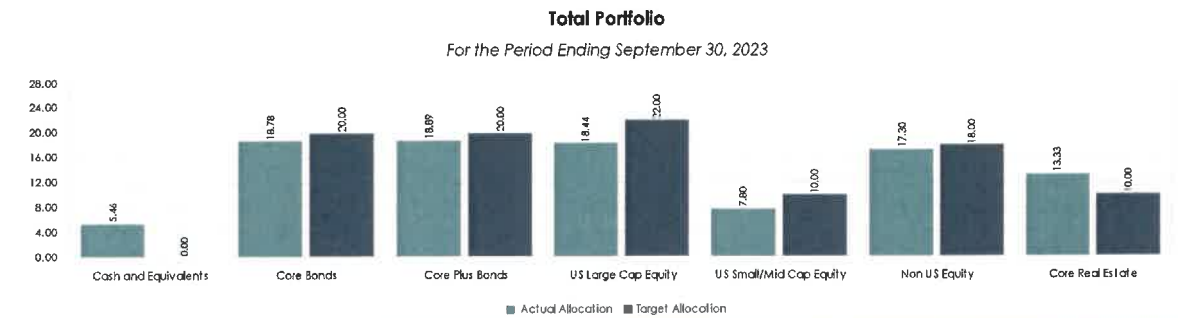
FMIVT International Equity Portfolio

- The US economy isn't alone in facing the prospect of prolonged elevated interest rates, as inflation remained stickier worldwide than most central banks were happy with, and international investors continued to be more cautious. The FMIVT International Equity Portfolio trailed the MSCI ACWI ex US benchmark in the third quarter (down 4.9% vs. down 3.7%) as technology stocks gave back some of their previous gains and negative Chinese consumer sentiment weighed on the returns.
- Despite the near term struggles, the portfolio has outperformed the benchmark over the past 5 years (up 3.2% vs. up 3.1%).
- This strategy is intended to provide strong diversification across the broad spectrum of equity markets outside the US, with exposure to both developed and emerging markets.

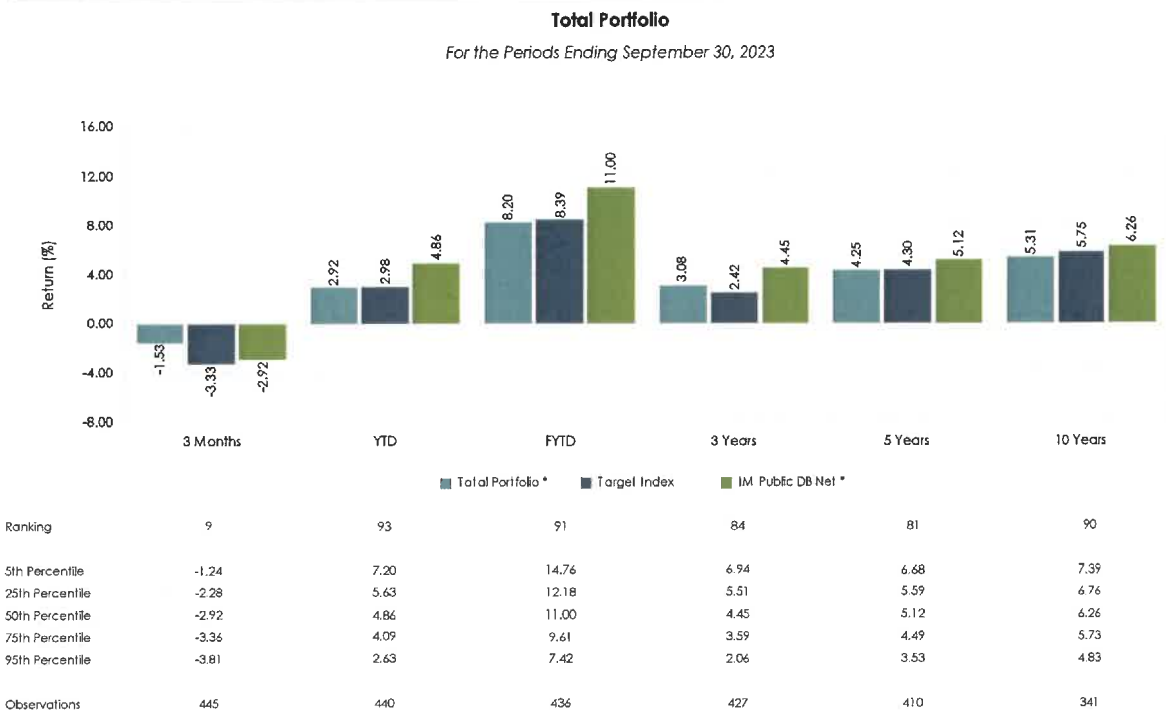
FMIVT Core Real Estate Portfolio

- In early 2023, a \$50 million redemption was submitted in order to rebalance the portfolio with the proceeds scheduled to be paid out over several quarters. This will reduce the total commitment to \$100 million once all the proceeds are received.
- While declining 6.3% over the trailing one year, the FMIVT Core Real Estate portfolio significantly outperformed the benchmark (down 12.9%) with the large allocation to industrial properties providing the biggest boost. The office sector has continued to drag on performance with corporate work from home policies increasing vacancies.
- The portfolio has outperformed the NFI ODCE Net benchmark over the past 3 years and has achieved nearly 280 basis points of excess return over the benchmark over the past 5 years.

FMPTF - DB 50% Equity Allocation



	Market Value (\$000s)	Actual Allocation (%)	Target Allocation (%)	Over/Under Target (%)
Total Portfolio	2,072	100.00	100.00	
Cash and Equivalents	113	5.46	0.00	5.46
Fixed Income	781	37.67	40.00	-2.33
Core Bonds	389	18.78	20.00	-1.22
Core Plus Bonds	392	18.89	20.00	-1.11
Equity	902	43.54	50.00	-6.46
US Equity	544	26.24	32.00	-5.76
US Large Cap Equity	382	18.44	22.00	-3.56
US Small/Mid Cap Equity	162	7.80	10.00	-2.20
Non US Equity	359	17.30	18.00	-0.70
Core Real Estate	276	13.33	10.00	3.33



The rankings represent the portfolio's returns versus a peer universe. The rankings are on a scale of 1 to 100 with 1 being the best.

* Performance is calculated using net of fee returns.

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