

# Fort Lauderdale Cemetery

As of December 31, 2023

Kim Krause, CFA  
Investment Advisor  
(954) 765-7278  
Kim.Krause@truist.com

Mark A. Hall  
Senior Vice President  
(407) 237-5907  
Mark.Hall@truist.com

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# Executive Summary

# Performance Summary as of December 31, 2023

EQUITY ASSET CLASSES Total Return	4Q23	2023	2022
All Cap Russell 3000	12.1%	26.0%	-19.2%
Large Cap - S&P 500	11.7%	26.3%	-18.1%
Large Cap Growth (R1000 Growth)	14.2%	42.7%	-29.1%
Large Cap Value (R1000 Value)	9.5%	11.5%	-7.5%
Mid Cap (Russell MidCap)	12.8%	17.2%	-17.3%
Small Cap (R2000)	14.0%	16.9%	-20.4%
International Dev'd (MSCI EAFE)	10.4%	18.2%	-14.5%
International Emerging Markets (MSCI EM)	7.9%	9.8%	-20.1%

FIXED INCOME ASSET CLASSES Total Return	4Q23	2023	2022
Core Fixed Income - BBG Aggregate	6.8%	5.5%	-13.0%
US Government (BBG US Govt)	5.6%	4.1%	-12.3%
Investment Grade Corporates (BofA US Corp)	7.9%	8.0%	-15.8%
High Yield Corporates (BofA US High Yield)	7.1%	13.5%	-11.2%
US Mortgage-Backed Secs (BBG US MBS)	7.4%	5.1%	-11.8%

OTHER ASSET CLASSES Total Return	4Q23	2023	2022
REITs (FTSE Nareit All Equity REITs)	18.0%	11.4%	-25.0%
Commodities (BBG Commodity)	-4.6%	-7.9%	16.9%
Gold (S&P GSCI Gold)	11.4%	12.8%	-0.7%

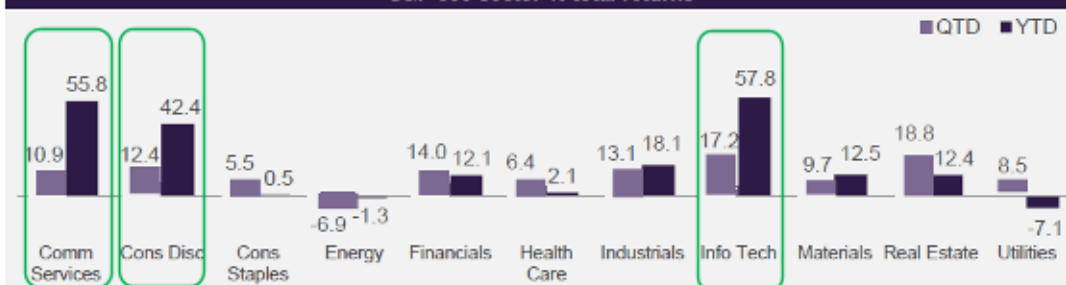
Rates (%)	12/31/23	9/30/23	6/30/23	3/31/23	12/31/22
Fed Funds Target (Upper band of range)	5.50	5.50	5.25	5.00	4.50
T-Bill, 3-Month	5.35	5.45	5.31	4.75	4.41
2-Year Treasury	4.25	5.03	4.87	4.06	4.41
5-Year Treasury	3.84	4.60	4.12	3.60	4.00
10-Year Treasury	3.87	4.57	3.81	3.49	3.87
30-Year Treasury	4.03	4.70	3.85	3.68	3.96
Bloomberg Aggregate (YTW)	4.53	5.39	4.81	4.40	4.68

Currencies	12/31/23	9/30/23	6/30/23	3/31/23	12/31/22
Euro (\$/€)	1.10	1.06	1.09	1.09	1.07
Yen (¥/\$)	140.98	149.23	144.54	133.09	131.95
Pound (\$/£)	1.27	1.22	1.27	1.24	1.20
Commodities	12/31/23	9/30/23	6/30/23	3/31/23	12/31/22
Crude Oil (WTI)	71.65	90.79	70.64	75.67	80.26
Gold	2,072	1,866	1,929	1,986	1,826
Volatility	12/31/23	9/30/23	6/30/23	3/31/23	12/31/22
CBOE VIX	12.45	17.52	13.59	18.70	21.67

## U.S. style % total returns (S&P indexes)

	2023		
	Value	Core	Growth
Large	22.23	26.29	30.03
Mid	15.39	16.44	17.49
Small	14.89	16.05	17.10

## S&P 500 sector % total returns



Sources: Truist IAG, FactSet

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# A tale of two years – S&P 500 has done a round trip since the start of 2022



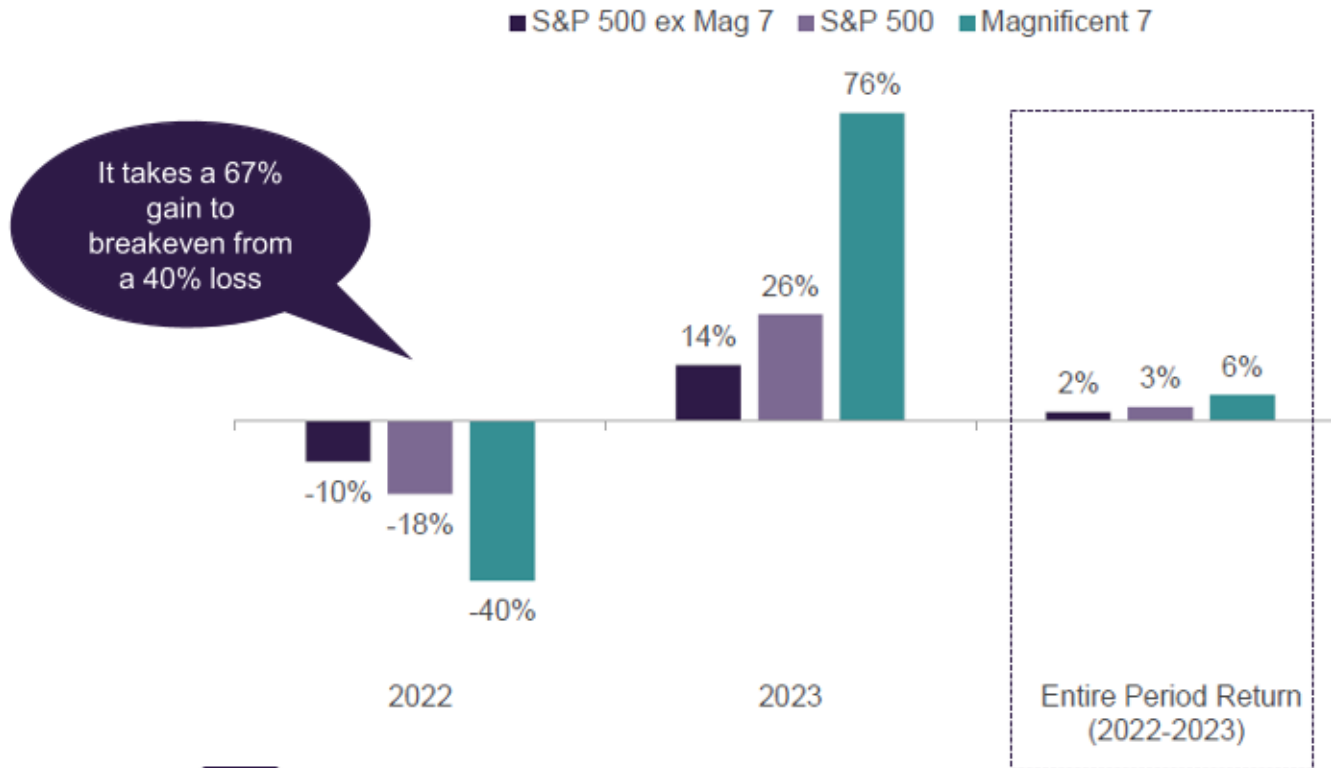
# Asset class returns in 2023 reversed much of 2022's declines



# A two-year perspective is necessary: *Magnificent 7* impact in 2022 / 2023

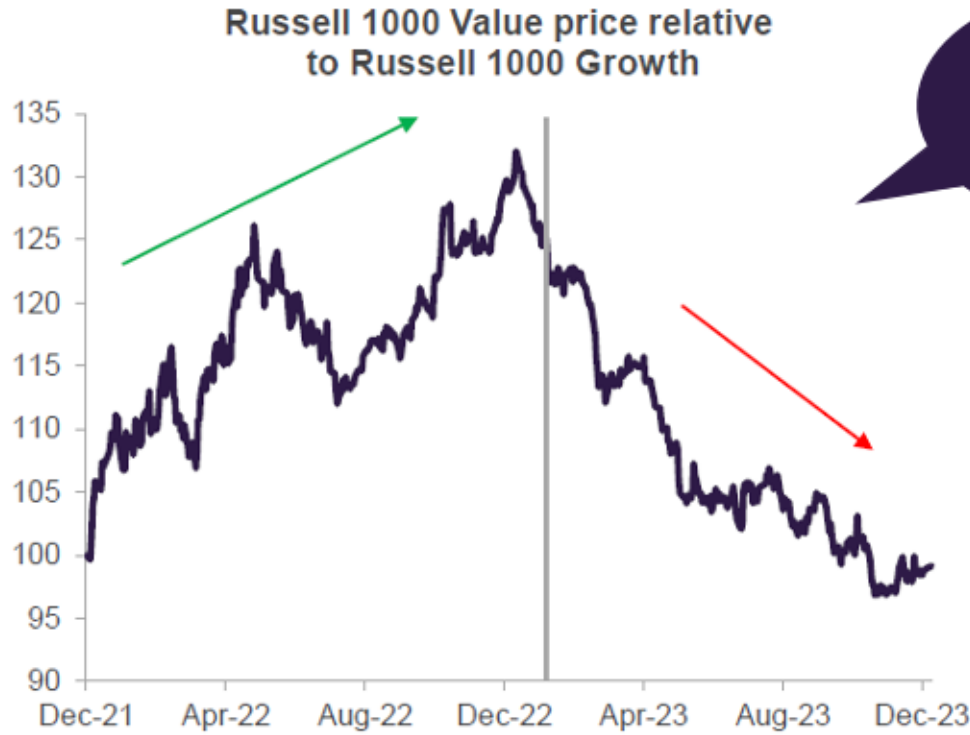
**OUR TAKE:** The “Magnificent 7” have had an outstanding 2023, BUT this comes after a very weak 2022. When a market falls -40%, as the Mag. 7 did in 2022, it takes a +67% gain just to get back to breakeven. Although still outperforming the S&P 500, the Mag. 7 overall gain is a mere 6%.

## Comparative total return performance of Mag 7 vs. Rest of the market



# Value and Growth – a tale of two years influenced by Mag-7 and Tech sector

**OUR TAKE:** Technology, the dominant sector in the Growth index, plunged 30% in 2022, then rebounded sharply in 2023. Differing outcomes between Growth and Value indices owe largely to the differing exposures to technology between the two



Magnificent 7 makes up a whopping 47% of Growth

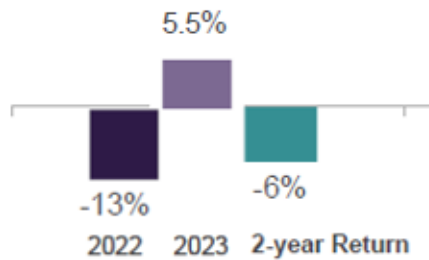




# Despite large swings, the 10-year Treasury yield ended 2023 where it began

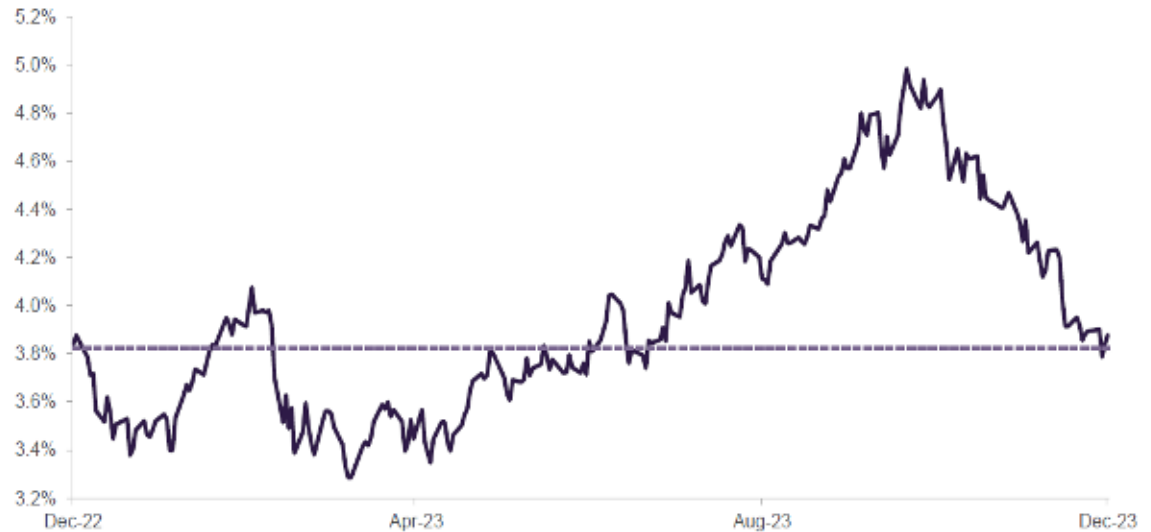
**OUR TAKE:** That said, the bond market, as measured by the Bloomberg Barclays Index, gained 5.5% in 2023 after falling -13% in 2022. The bond market's 2-year return is still negative, -6%.

## Bond Market's Performance Barclays Aggregate Index

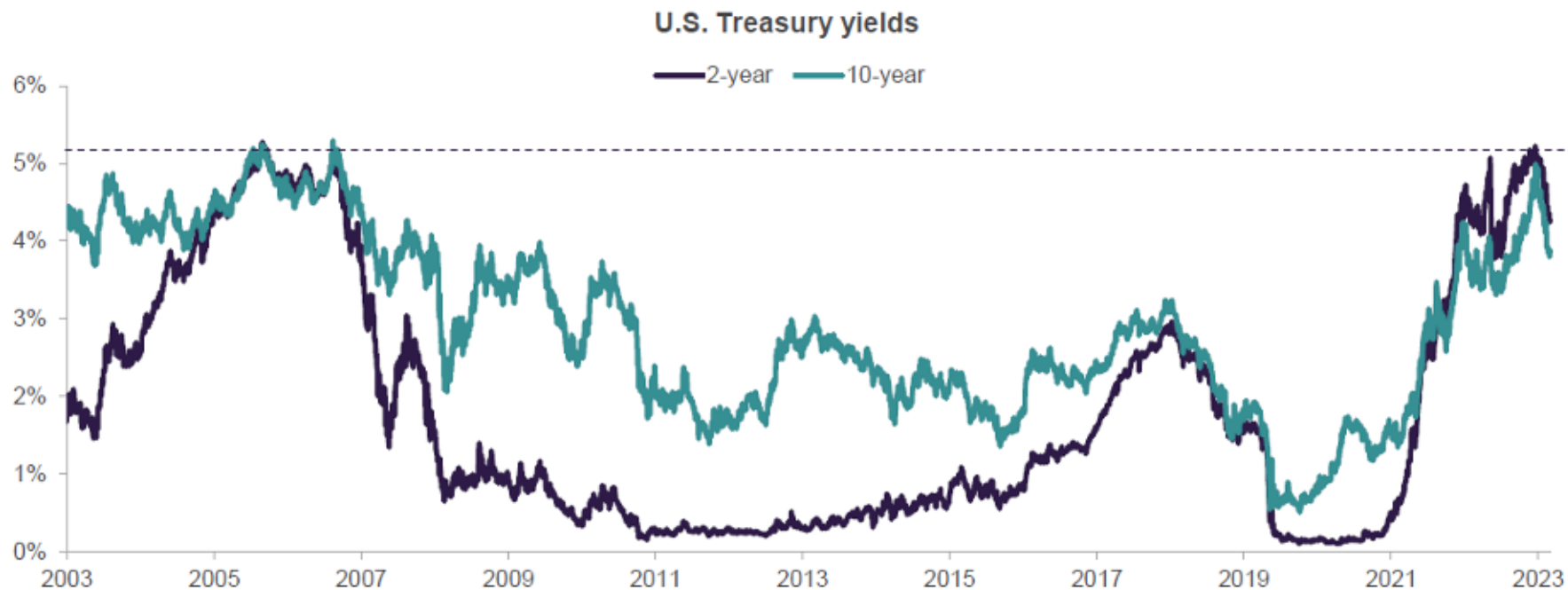


Gain needed to breakeven in 2023 would've been +14%

10-year U.S. Treasury yield



# U.S. Treasury yields have likely peaked this cycle

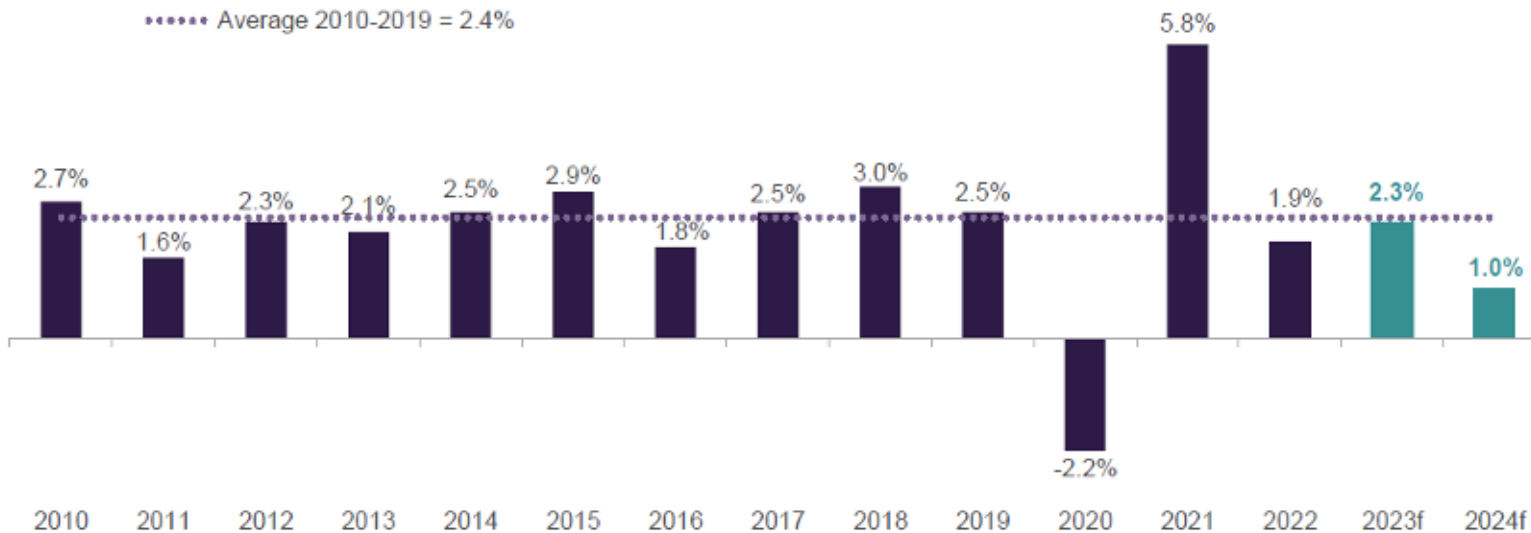


Sources: Truist IAG, Bloomberg. Past performance does not guarantee future results.

# Crosscurrents impacting 2024 U.S. outlook: Slow-but-positive growth

**OUR TAKE:** We expect U.S. GDP in 2024 to be subpar, slow-but-positive. Lagged impact of Fed tightening, “higher for longer” rate environment, and tightening lending standards to present headwinds to growth and consumer spending.

Growth of gross domestic product (GDP) by year



## Several crosscurrents frame our outlook



### Upside catalysts

- U.S. economy supported by consumers who are less interest-rate sensitive than past cycles; labor market continues to support spending
- U.S. corporate earnings, especially in larger companies, have held up reasonably well
- Disinflationary trends have seemingly put an end to further Fed rate hikes, possibly supporting a softer landing
- Historically solid, though bumpy, market gains often seen during an election year; incentive for party in power to stimulate economy supports further fiscal spending

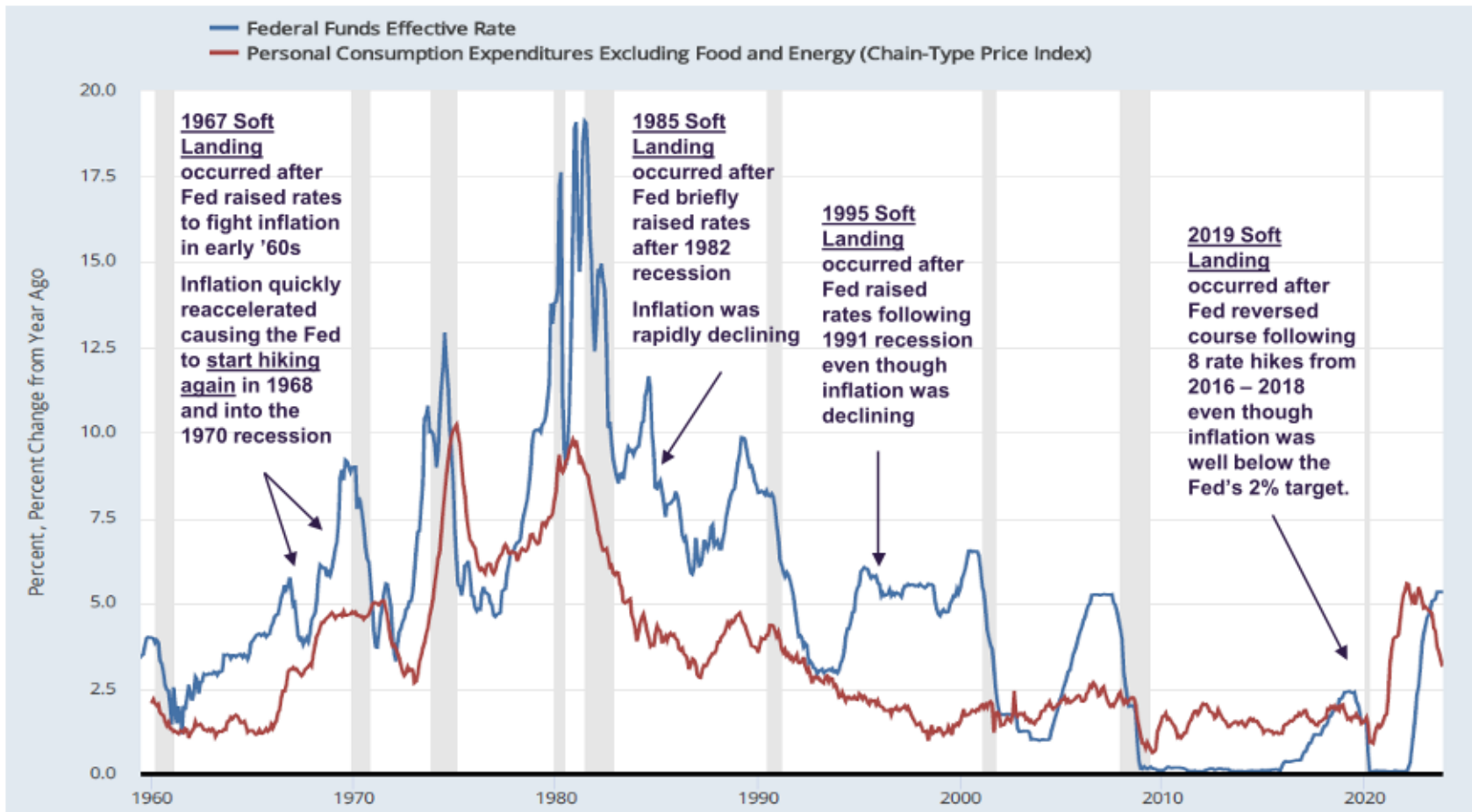


### Downside risks

- Global economy at risk if impact from aggressive monetary tightening reduces credit expansion
- Lagged impact of higher rates weighs on pockets of U.S. economy
- Earnings assumptions still appear optimistic
- Election year uncertainty and broader geopolitical risks
- Concentration risk intensifying as narrow market leadership dominated by select growth/tech names

# A look at successful “soft landings” – inflation holds the key

**OUR TAKE:** There have been four “soft landings” in the past 60 years. Unlike today, 3 of the 4 occurred when the Fed was not fighting rising inflation ('85, '95, 2019). **The Fed would like to avoid the 1967 experience where they seemingly cut rates too soon**



# House views

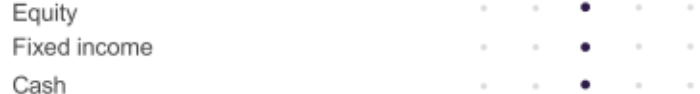
Be prepared that 2024 will not be the year to keep an investment strategy on autopilot

- We expect U.S. GDP growth to slow to roughly 1% in 2024.
- A reasonable baseline total return estimate for the S&P 500 is in the range of 5% to 10%, yet history suggests that the probability of a much more dramatic move is elevated. The **early part of an election year tends to be choppy.**
- **Stay overweight U.S.** relative to international, with an emphasis on **larger companies.**
- **Focus on high quality and limit exposure to riskier bonds** until spreads present a better entry point.
- **We tactically downgraded duration in late December** to neutral after the sharp move lower in interest rates. For new capital, we would **wait for a better entry point to extend duration.**
- **Within hedge funds,** we see an improved backdrop for **hedged equity** and **diversified strategies.** Within private markets, we see attractive **opportunities** in the **secondary private equity market** as well as **opportunistic and specialized private credit strategies.**

## Key positioning



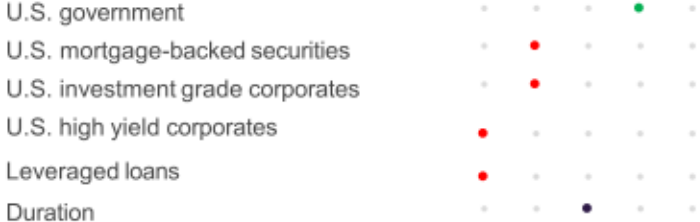
### Asset classes



### Global equities



### Fixed income



# Investment Review

# Activity Summary

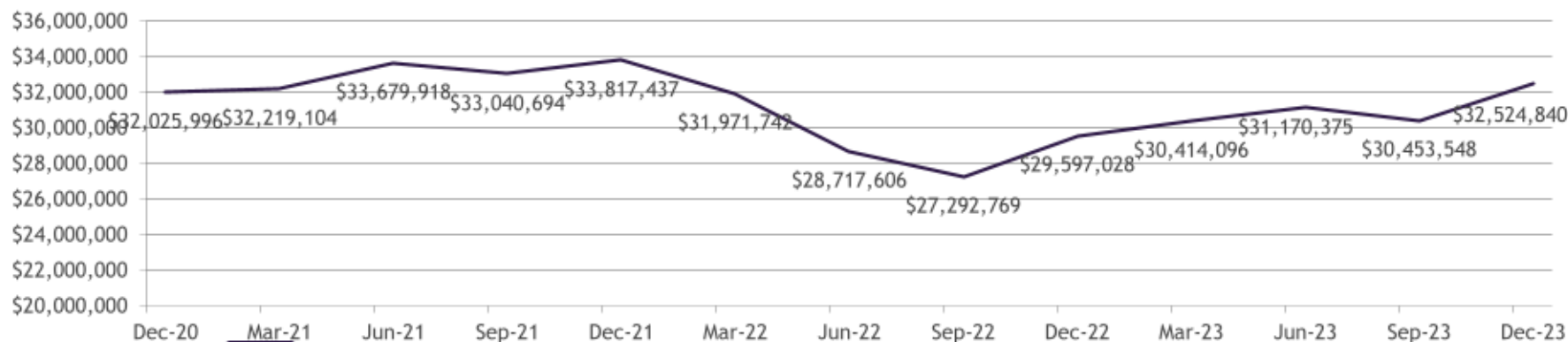
## Quarterly

Period Ending December 31, 2023	
Beginning Market Value	\$30,453,548
Beginning Accrued Income	\$87,119
Beginning Portfolio Value	\$30,540,666
Contributions	\$184,943
Withdrawals	(\$856,533)
Gain (Loss)	\$2,312,410
Interest and Dividends	\$343,354
Net Accrued Income	(\$36,253)
Ending Market Value	\$32,473,975
Ending Accrued Income	\$50,865
Ending Portfolio Value	\$32,524,840

## Annual

Period Ending December 31, 2023	
Beginning Market Value	\$29,597,028
Beginning Accrued Income	\$58,264
Beginning Portfolio Value	\$29,655,291
Contributions	\$2,983,912
Withdrawals	(\$3,230,661)
Gain (Loss)	\$2,137,655
Interest and Dividends	\$978,642
Net Accrued Income	(\$7,399)
Ending Market Value	\$32,473,975
Ending Accrued Income	\$50,865
Ending Portfolio Value	\$32,524,840

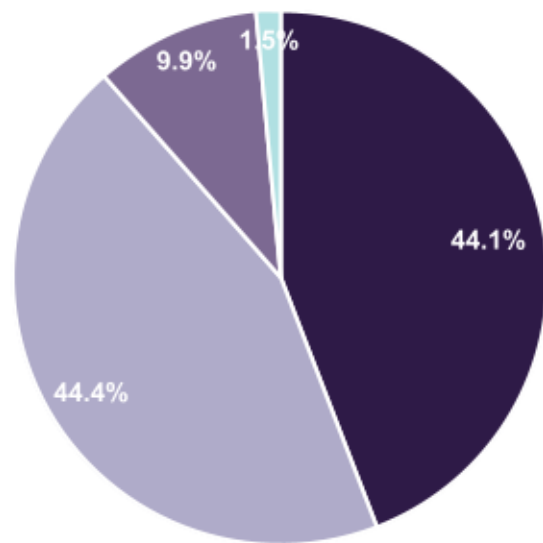
## Quarterly Market Value Trends



Excludes accrued income.  
Source: First Rate Advisor



# Portfolio Composition



- Fixed Income
- Domestic Equity
- International Equity
- Cash

Period Ending December 31, 2023

	Vehicle	Current Market Value	Current Allocation	Prior Allocation	IPS Ranges	IPS Ranges	Expense Ratio
<b>Total Portfolio</b>		<b>\$32,524,840</b>	<b>100.0%</b>	<b>100.0%</b>			<b>0.15%</b>
<b>Total Equities</b>		<b>\$17,678,930</b>	<b>54.4%</b>	<b>53.1%</b>	<b>55.0%</b>	<b>45-65%</b>	
<b>Large Cap Equities</b>		<b>\$12,433,403</b>	<b>38.2%</b>	<b>37.5%</b>	<b>35.0%</b>	<b>20-60%</b>	
iShares DJ Select Dividend	ETF	\$1,115,348	3.4%	3.3%			0.38%
Vanguard Institutional Index	MF	\$4,244,656	13.1%	12.9%			0.04%
Vanguard Value Index- Admiral	MF	\$1,946,244	6.0%	5.9%			0.05%
Vanguard Russell 1000 Growth ETF	MF	\$3,296,969	10.1%	9.9%			0.08%
SPDR S&P Dividend	ETF	\$1,830,186	5.6%	5.5%			0.35%
<b>Smid Cap Equities</b>		<b>\$953,773</b>	<b>2.9%</b>	<b>2.9%</b>	<b>5.0%</b>	<b>0-10%</b>	
Eaton Vance Atlanta Capital SMID-Cap R6	MF	\$953,773	2.9%	2.9%			0.82%
<b>Small Cap Equities</b>		<b>\$1,072,758</b>	<b>3.3%</b>	<b>3.0%</b>	<b>5.0%</b>	<b>0-10%</b>	
iShares Core S&P Small-Cap	ETF	\$1,072,758	3.3%	3.0%			0.06%
<b>International Equities</b>		<b>\$3,218,996</b>	<b>9.9%</b>	<b>9.7%</b>	<b>10.0%</b>	<b>0-25%</b>	
iShares Core MSCI EAFE ETF	ETF	\$1,523,570	4.7%	4.6%			0.07%
Artisan International Value Instl	MF	\$1,695,426	5.2%	5.1%			1.03%
<b>Total Fixed Income</b>		<b>\$14,353,475</b>	<b>44.1%</b>	<b>43.8%</b>	<b>45.0%</b>	<b>35-55%</b>	
Corporate Obligations	MA	\$2,777,794	8.5%	8.5%			0.00%
Foreign Bonds	MA	\$293,129	0.9%	0.9%			0.00%
U.S. Govt Bds	MA	\$482,444	1.5%	1.5%			0.00%
U.S. Treasury Bills	MA	\$1,035,346	3.2%	3.2%			0.00%
DFA Intermediate Govt Fixed-Income I	MF	\$2,192,000	6.7%	6.7%			0.11%
Western Asset Core Plus Bond IS	MF	\$2,331	0.0%	5.2%			0.42%
Vanguard Total Bond Market	MF	\$7,570,431	23.3%	17.7%			0.04%
<b>Total Cash Equivalents</b>		<b>\$492,435</b>	<b>1.5%</b>	<b>3.1%</b>	<b>0.00%</b>	<b>0-25%</b>	

Portfolio Yield	<b>2.376%</b>
Estimated Annual Income	<b>\$771,483.68</b>



Foundations and Endowments Specialty Practice  
**Investment Performance**

Period Ending December 31, 2023								
Account	1 Month	3 Months	YTD / 1 Year	2 Years	3 Years	5 Years	10 Years	Inception to Date
Total Portfolio	4.19%	8.71%	10.40%	-1.83%	2.19%	5.97%	5.27%	6.10%
Total Portfolio (Net of Fees)	4.17%	8.64%	10.13%	-2.07%	1.94%	5.71%	4.98%	5.79%
Policy Benchmark*	4.27%	9.30%	15.88%	-1.27%	3.17%	8.26%	6.61%	--
Prior Benchmark*	4.24%	9.02%	14.63%	-1.63%	2.33%	7.36%	5.94%	--
<b>Total Equities</b>	<b>5.29%</b>	<b>11.50%</b>	<b>14.54%</b>	<b>-0.87%</b>	<b>6.23%</b>	<b>10.85%</b>	<b>8.28%</b>	<b>9.29%</b>
Domestic Equities	5.40%	11.67%	13.82%	-0.86%	7.31%	11.33%	8.74%	9.96%
S&P 500	4.54%	11.69%	26.29%	1.69%	10.00%	15.69%	12.03%	13.28%
DJ US Select Dividend	5.80%	10.17%	1.53%	1.92%	11.16%	10.05%	9.26%	11.14%
Russell Mid Cap	7.73%	12.82%	17.23%	-1.55%	5.92%	12.68%	9.42%	11.05%
Russell 2000	12.22%	14.03%	16.93%	-3.55%	2.22%	9.97%	7.16%	9.30%
International Equities - Developed	4.80%	10.73%	20.22%	-0.31%	2.08%	10.13%	--	--
MSCI EAFE	5.31%	10.42%	18.24%	0.57%	4.02%	8.16%	4.28%	5.14%
<b>Total Fixed Income</b>	<b>3.27%</b>	<b>6.18%</b>	<b>5.79%</b>	<b>-3.79%</b>	<b>-3.01%</b>	<b>1.10%</b>	<b>2.21%</b>	<b>2.86%</b>
Bloomberg Aggregate	3.83%	6.82%	5.53%	-4.19%	-3.31%	1.10%	1.81%	1.89%
<b>Total Short Term</b>	<b>0.48%</b>	<b>1.39%</b>	<b>4.96%</b>	<b>3.24%</b>	<b>2.15%</b>	<b>1.77%</b>	<b>1.15%</b>	<b>0.93%</b>

\*Policy Benchmark consists of 45% S&P 500, 10% MSCI ACWI ex US, 45% Bloomberg Barclays Aggregate.

\*Prior Benchmark consists of 38% S&P 500, 12% MSCI ACWI ex US, 50% Bloomberg Barclays Aggregate.

Policy Benchmark effective as of March 2023.

Inception begins August 1, 2011

Returns greater than one year are annualized

Source: First Rate Advisor

# Manager Performance

Period Ending December 31, 2023								
Assets	Ticker Symbol	1 Month	3 Months	YTD / 1 Year	3 Years	5 Years	10 Years	Net Expense Ratio
<b>Large Cap Equities</b>								
Vanguard Russell 1000 Growth ETF	VONG	4.43%	14.20%	42.65%	8.80%	19.42%	14.76%	0.08%
<i>Russell 1000 Growth</i>		4.43%	14.16%	42.68%	8.86%	19.50%	14.86%	--
Vanguard Value Index Adm	VVIAX	5.01%	9.09%	9.24%	10.61%	11.73%	9.72%	0.05%
<i>Russell 1000 Value</i>		5.54%	9.50%	11.46%	8.86%	10.91%	8.40%	--
SPDR S&P Dividend	SDY	5.21%	9.46%	2.55%	8.55%	9.94%	9.41%	0.35%
iShares Select Dividend ETF	DVY	5.76%	10.06%	1.09%	10.69%	9.61%	8.83%	0.38%
<i>Dow Jones US Select Dividend</i>		5.80%	10.17%	1.53%	11.16%	10.05%	9.26%	--
Vanguard Institutional Index	VINIX	4.54%	11.68%	26.24%	9.96%	15.66%	12.00%	0.04%
<i>S&amp;P 500</i>		4.54%	11.69%	26.29%	10.00%	15.69%	12.03%	--
<b>SMid Cap Equities</b>								
Eaton Vance Atlanta Capital SMID-Cap R6	ERASX	5.52%	10.96%	14.08%	8.39%	13.79%	11.25%	0.82%
<i>Russell 2500</i>		10.72%	13.35%	17.42%	4.24%	11.67%	8.36%	--
<b>Small Cap Equities</b>								
iShares Core S&P Small-Cap	IJR	12.79%	15.10%	16.03%	7.20%	10.97%	8.61%	0.06%
<i>S&amp;P Small Cap 600</i>		12.80%	15.12%	16.05%	7.28%	11.03%	8.66%	--

Source: Morningstar & First Rate Advisor

# Manager Performance

Period Ending December 31, 2023								
Assets	Ticker Symbol	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years	Net Expense Ratio
<b>International Equities</b>								
Artisan International Value Instl	APHKX	4.07%	10.57%	22.81%	10.15%	12.51%	6.91%	1.03%
<i>MSCI EAFE</i>		5.31%	10.42%	18.24%	4.02%	8.16%	4.28%	--
iShares Core MSCI EAFE ETF	IEFA	5.63%	10.95%	17.63%	3.57%	8.15%	4.52%	0.07%
<i>MSCI EAFE IMI</i>		5.58%	10.52%	17.51%	3.31%	7.92%	4.33%	--
<b>Fixed Income</b>								
DFA Intermediate Govt Fixed-Income I	DFIGX	3.35%	5.61%	4.59%	-4.17%	0.58%	1.40%	0.11%
<i>Bloomberg US Government</i>		3.33%	5.62%	4.09%	-3.74%	0.56%	1.27%	--
Vanguard Total Bond Market Index I	VBTIX	3.70%	6.69%	5.72%	-3.34%	1.13%	1.80%	0.04%
<i>Bloomberg US Aggregate Bond</i>		3.83%	6.82%	5.53%	-3.31%	1.10%	1.81%	--

Source: Morningstar & First Rate Advisor

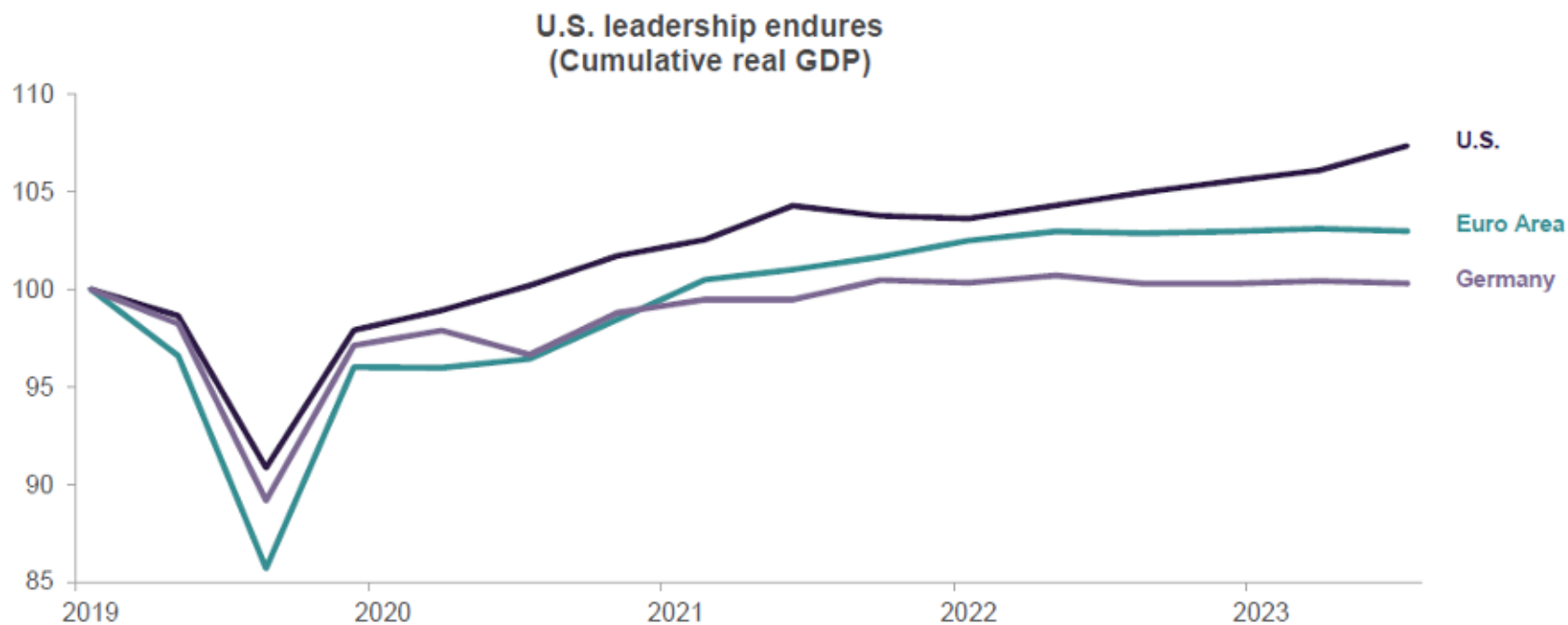
# Market Review & Outlook

## ECONOMY / FEDERAL RESERVE

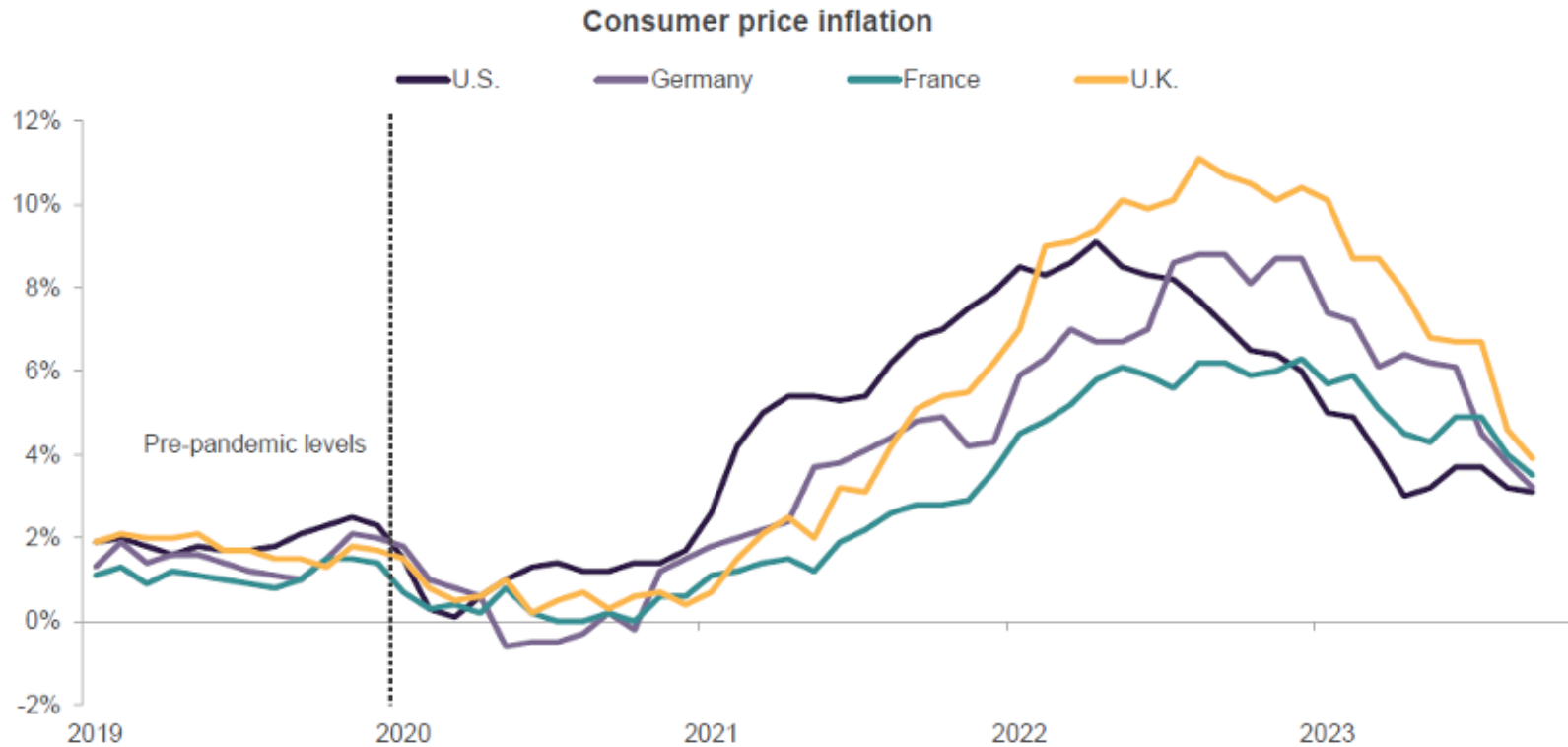
- ❖ **U.S. leadership expected to endure globally**
- ❖ **Crosscurrents will challenge the Fed's ability to deliver a soft landing**
- ❖ **U.S. consumer, though relatively less interest-rate sensitive, starting to face some headwinds**

# Expect U.S. economic leadership to endure

**OUR TAKE:** Although the European Central Bank is likely done raising rates, financial conditions in Europe are the tightest they've been since the sovereign debt crisis.



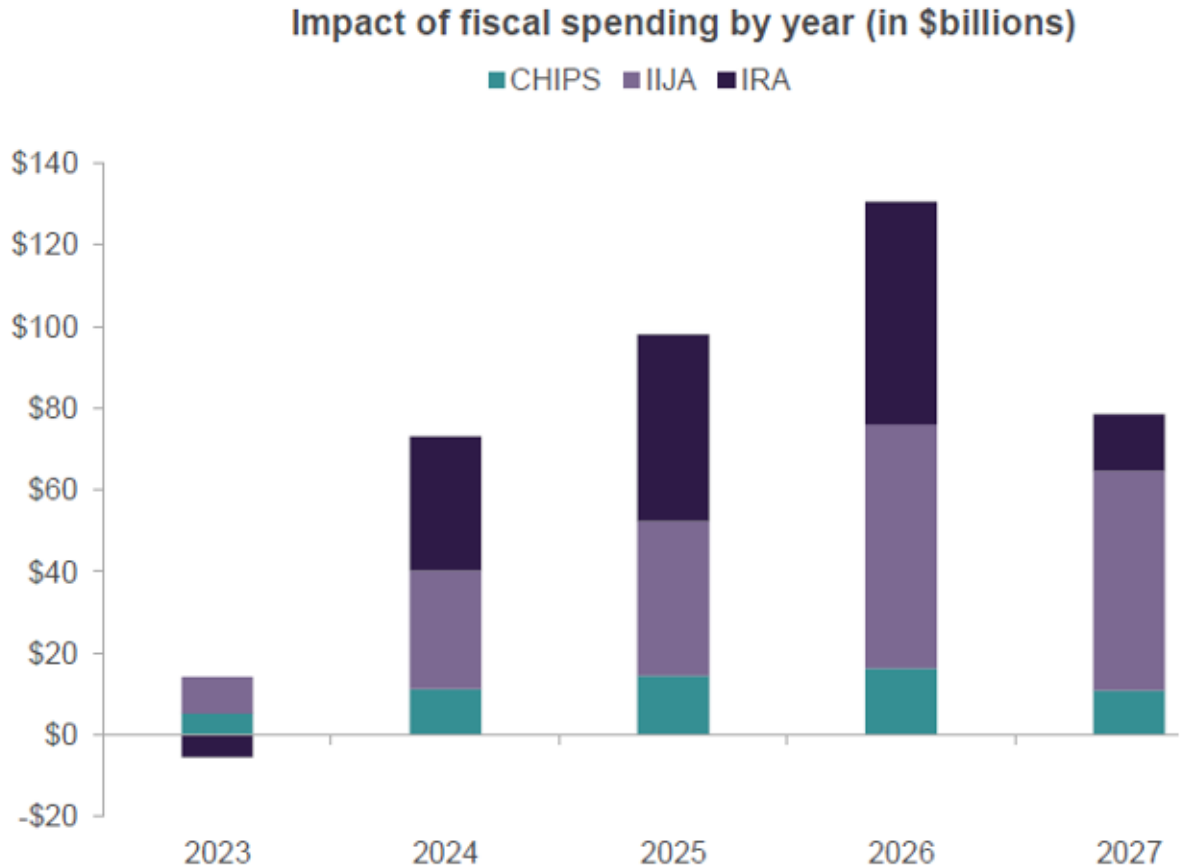
# Global inflation has declined sharply though still above pre-pandemic levels





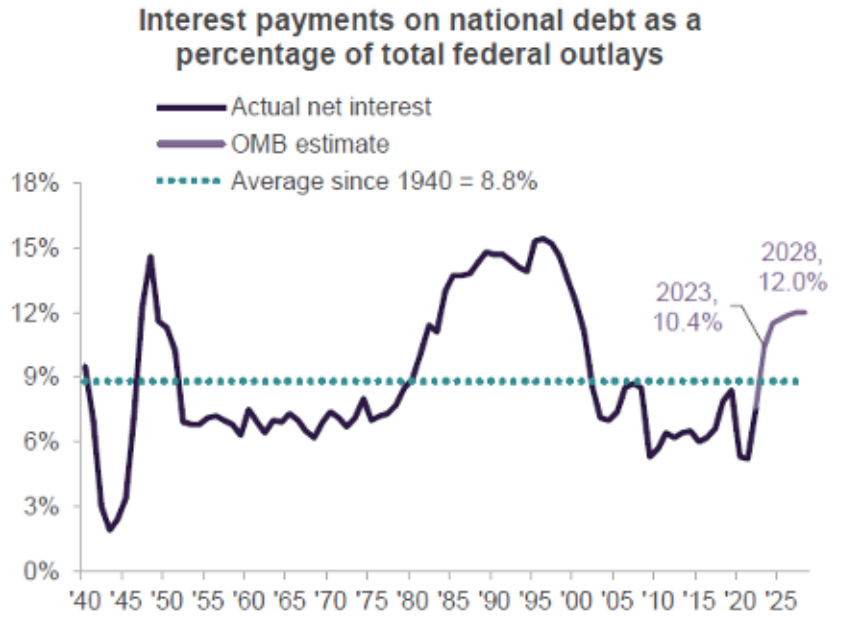
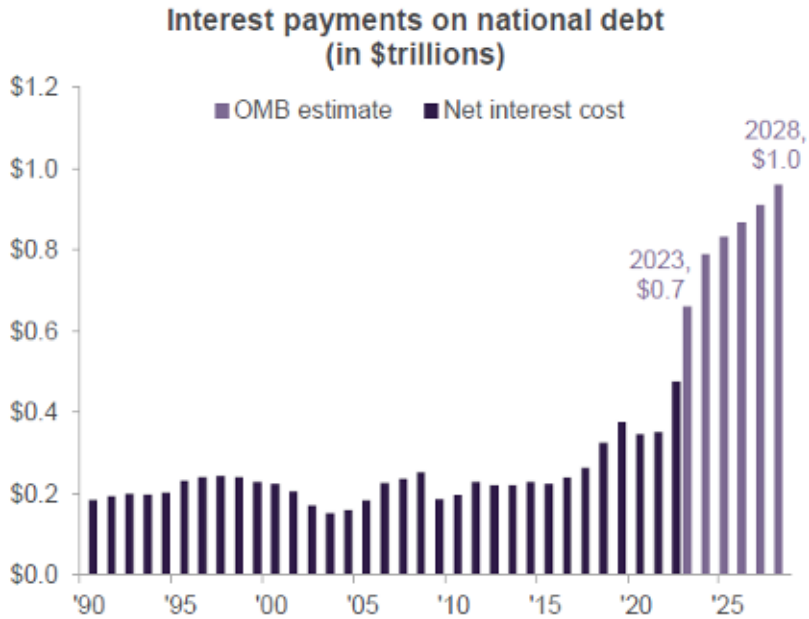
# Positive crosscurrent: Fiscal spending expected to pick up in 2024

**OUR TAKE:** Federal support will continue to serve as an important component of economic support



# Negative crosscurrent: Interest payments on national debt trending higher

**OUR TAKE:** Interest payments on the national debt are an estimated 10.4% of total federal outlays for FY2023, which is above the long-term average of 8.8%. While still manageable, the trend is worsening.

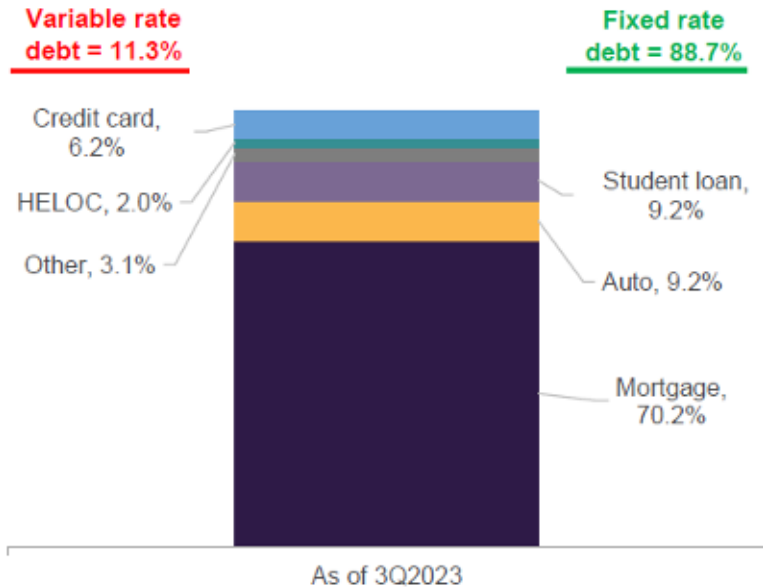


# Positive crosscurrent: Consumers are less interest-rate sensitive

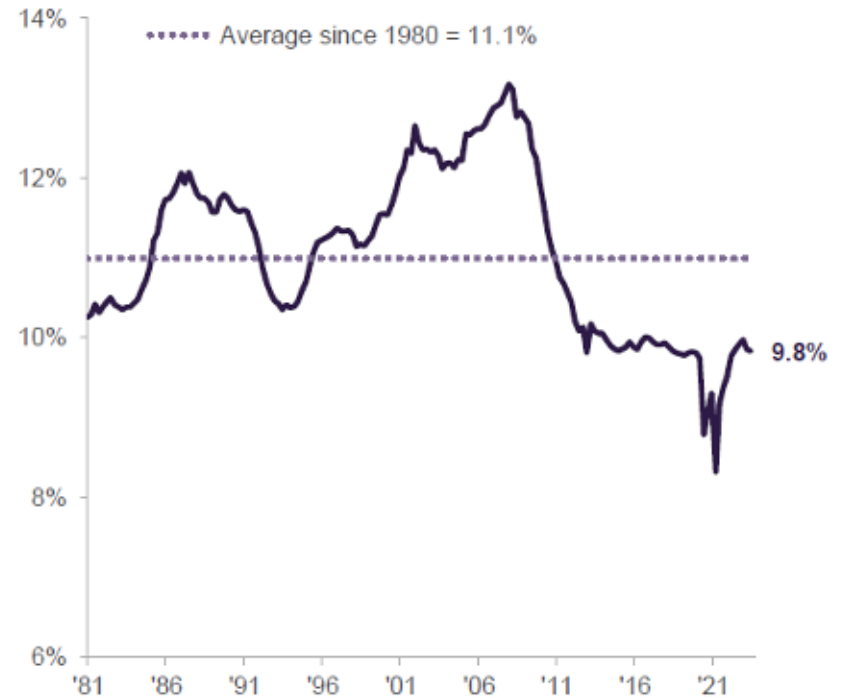
Mortgages represent 70% of all consumer debt – 90% of which are fixed-rate; despite new mortgage rates > 7%, the effective-mortgage-rate on outstanding mortgages is a low 3.7%

Unlike prior cycles, the household debt service ratio (debt payments relative to after-tax income) remains well below the average of 11%

Percentage of consumer debt by type (% of total debt)

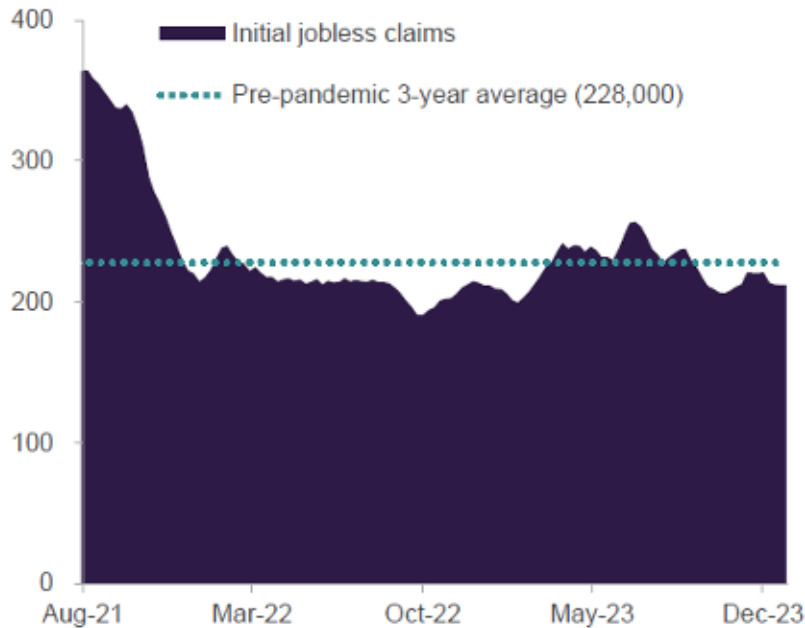


Household debt service ratio

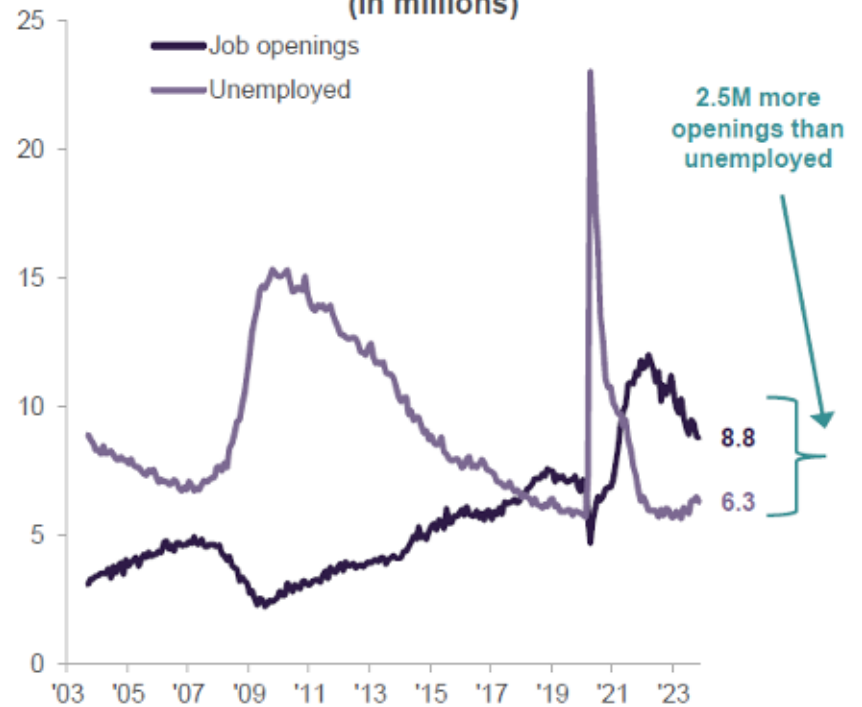


# Positive crosscurrent: Consumers still supported by firm job market

### U.S. initial jobless claims (in thousands)

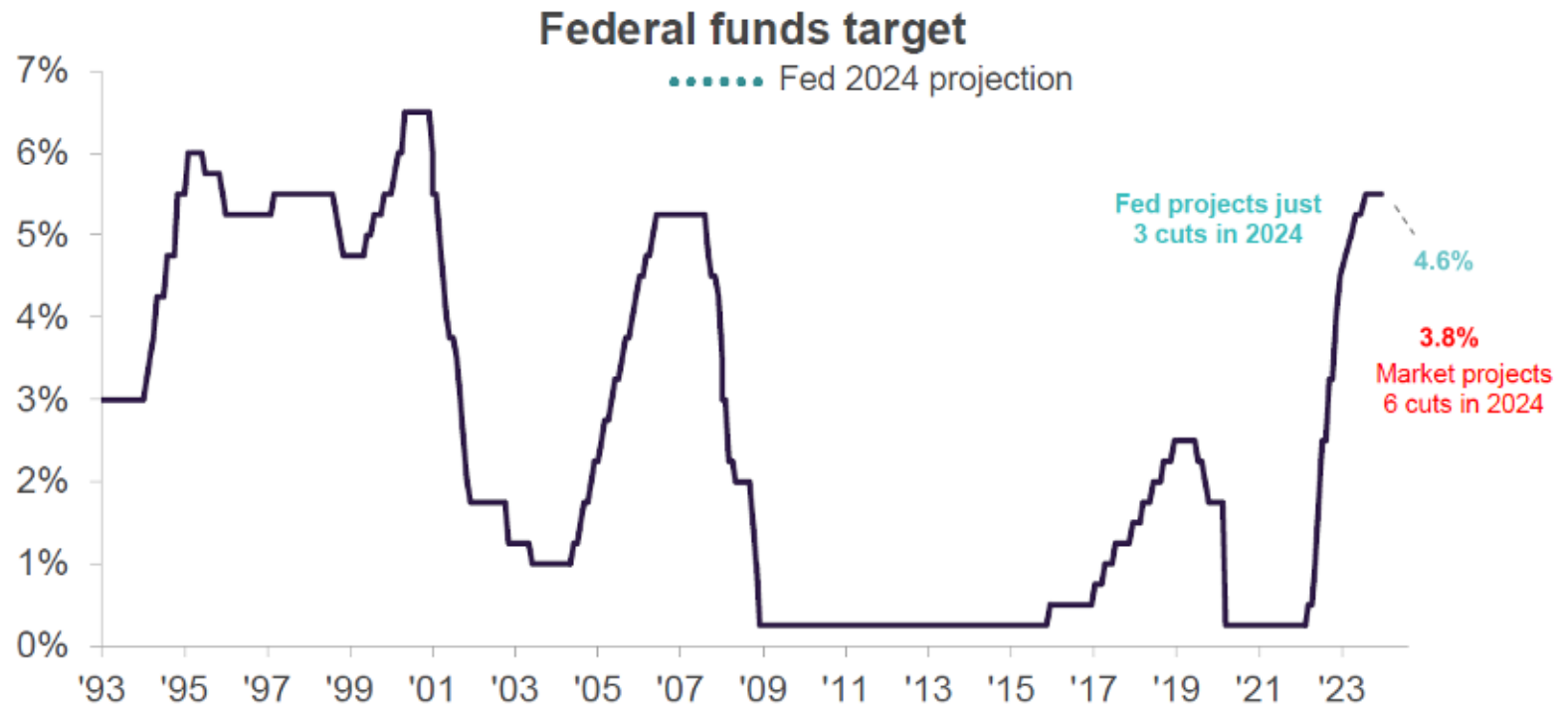


### U.S. job openings vs. unemployed (in millions)



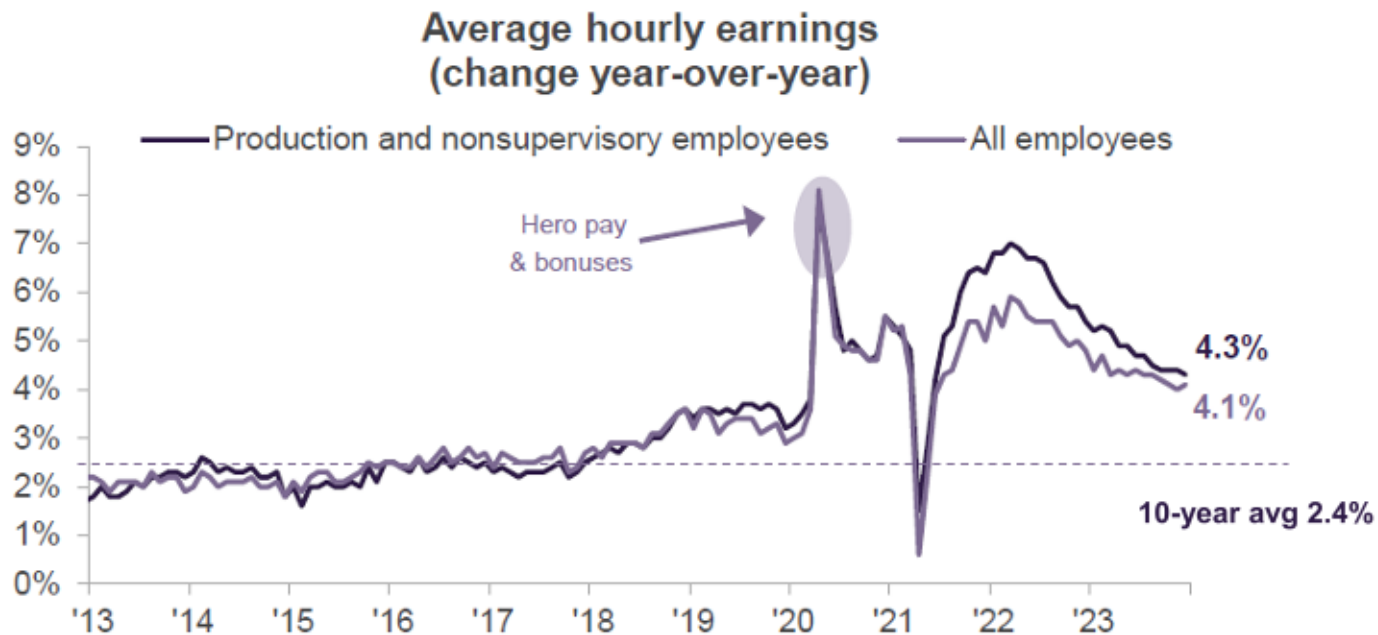
# Mixed crosscurrent: Federal Reserve's rate outlook vs. Market's

**OUR TAKE:** In its December FOMC forecast, the Fed projected three rate cuts for 2024. The Market, however, is expecting **six** cuts in 2024



# Mixed crosscurrent: Firmer wages may keep the Fed higher for longer

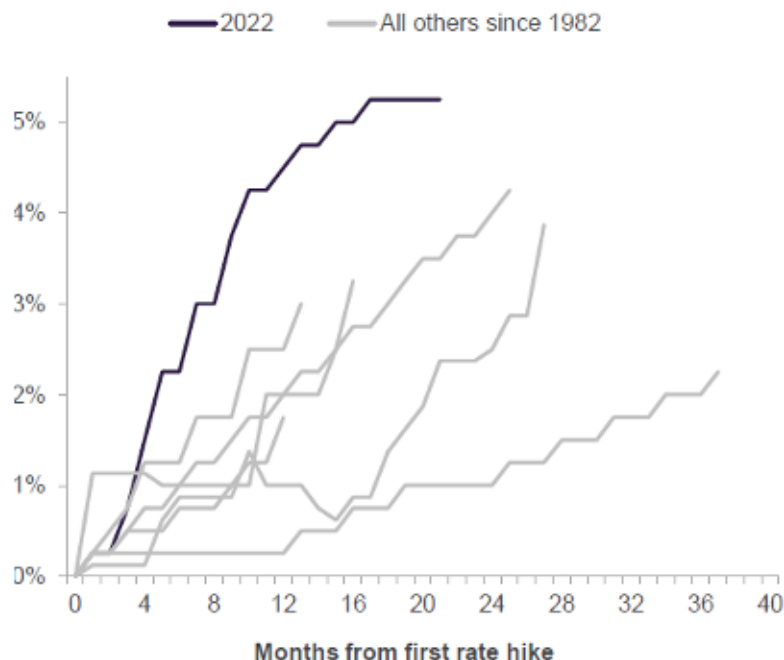
**OUR TAKE:** Average hourly earnings rose 0.4% in December, double the pre-pandemic monthly average of 0.2%. The annual wage rate rose 4.1%, well above the pre-pandemic 10-year average of 2.4%. Wages remain a key indicator for the Fed's rate path timing



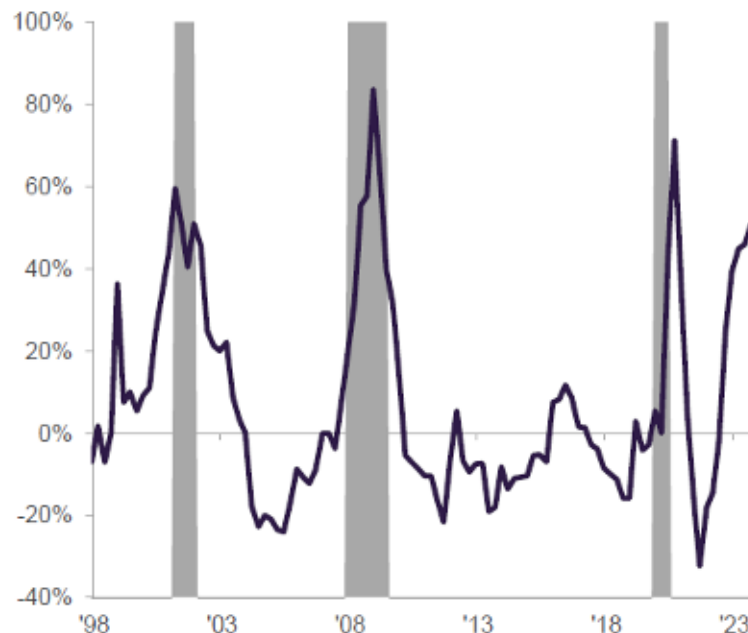
# Negative crosscurrent: Lagged impact of aggressive Fed rate hikes

**OUR TAKE:** Monetary policy acts with a lag as tightening credit conditions weigh on the economy into 2024. Bank lending standards for C&I loans still tight

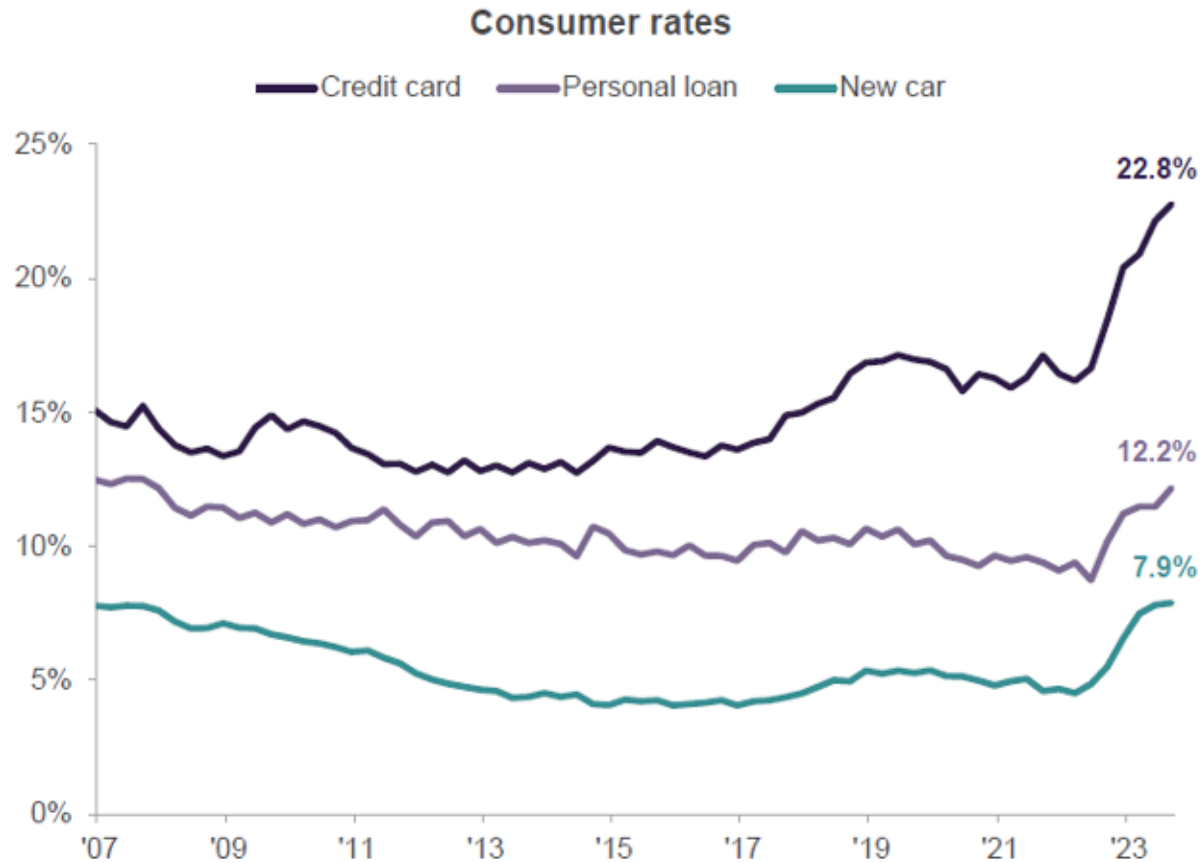
Federal Reserve's tightening cycles



Banks tightening lending standards for commercial & industrial loans to large firms

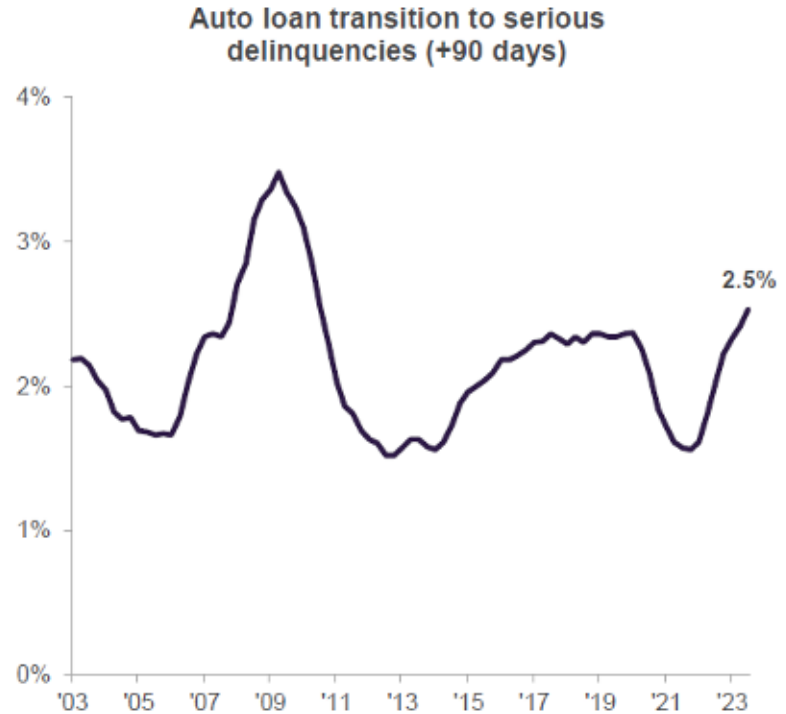
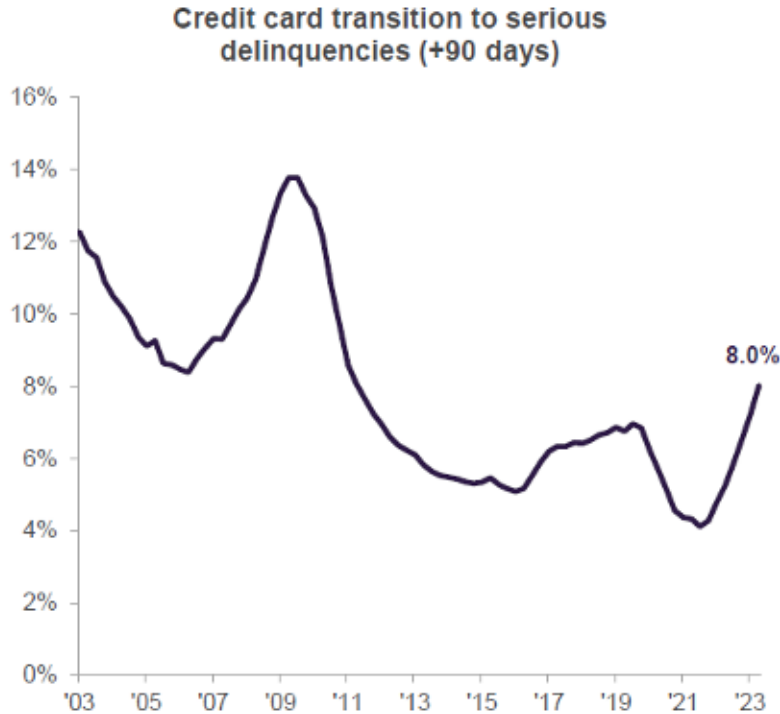


# Negative crosscurrent: Rising interest rates do have a cumulative impact





# Negative crosscurrent: Credit card and auto loan delinquencies climbing



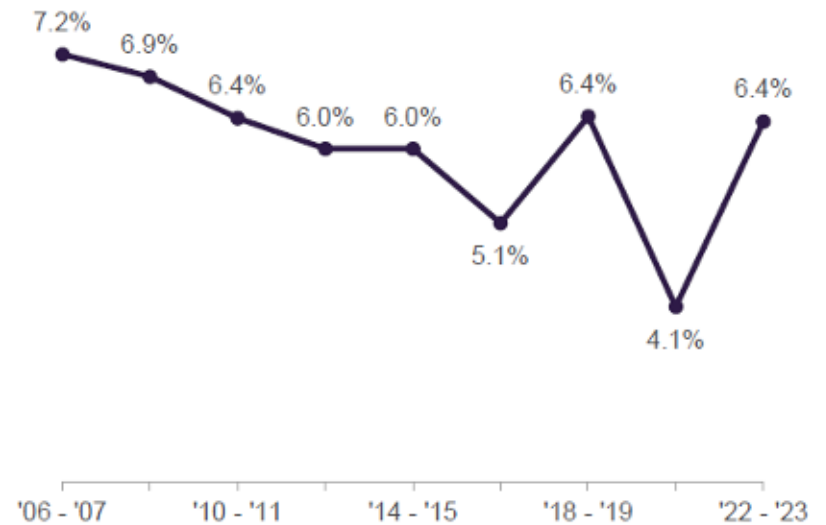
# Negative crosscurrent: Resumption of student loans a headwind for 47 mln

**OUR TAKE:** The average monthly student loan payment is \$500, which affects 47 million consumers. Student loans account for 9.4% of total outstanding debt and are the second largest monthly payment after mortgages.

Average monthly payment by student loan type



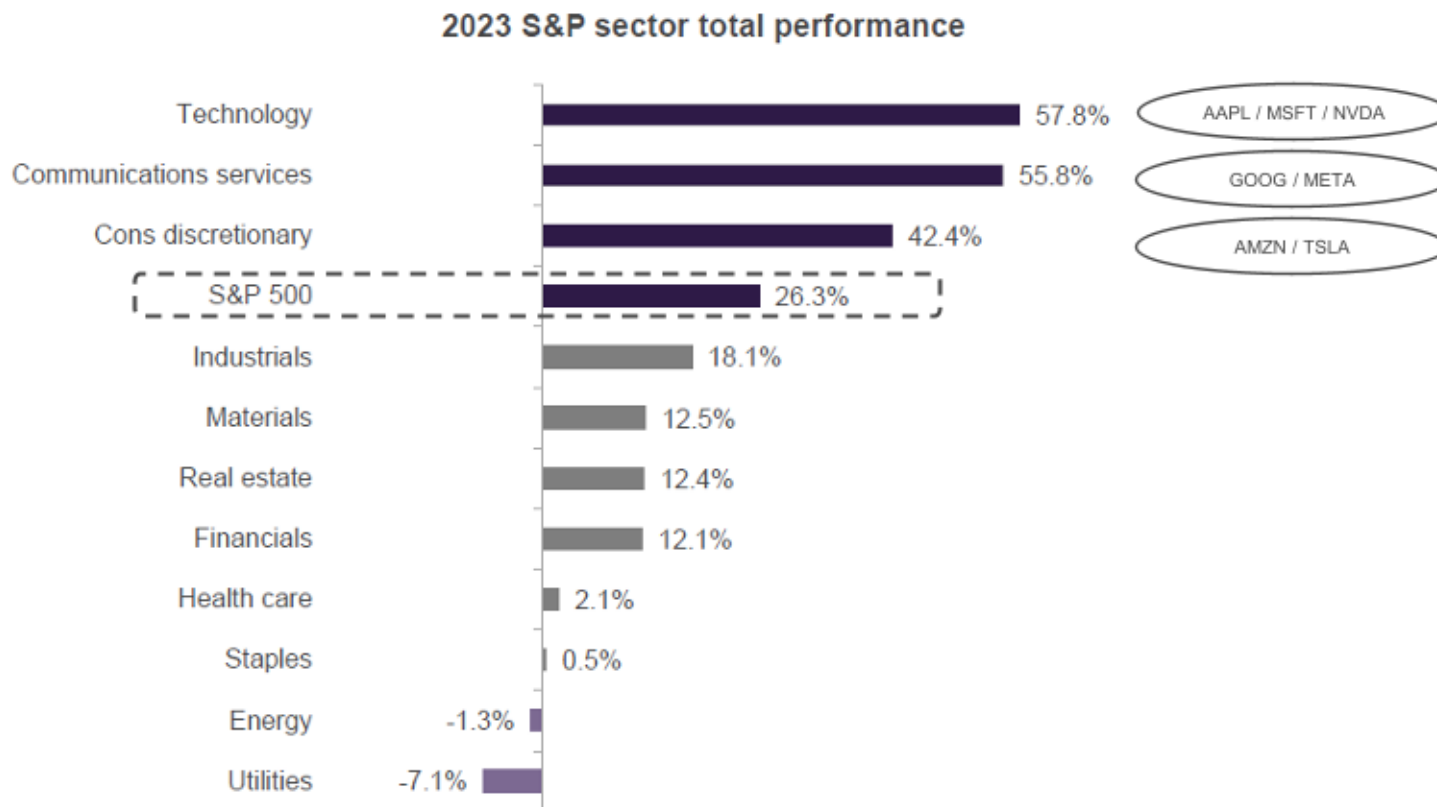
Average interest rate for all federal student loans



## EQUITY MARKETS

- ❖ **Concentration risk dominated equity market performance in 2023**
- ❖ **Earnings surprised to the upside in 2023; 2024's earnings will hold key to valuations**
- ❖ **Maintaining our focus on U.S. large cap due to uncertainty from soft landing challenges and an election year**

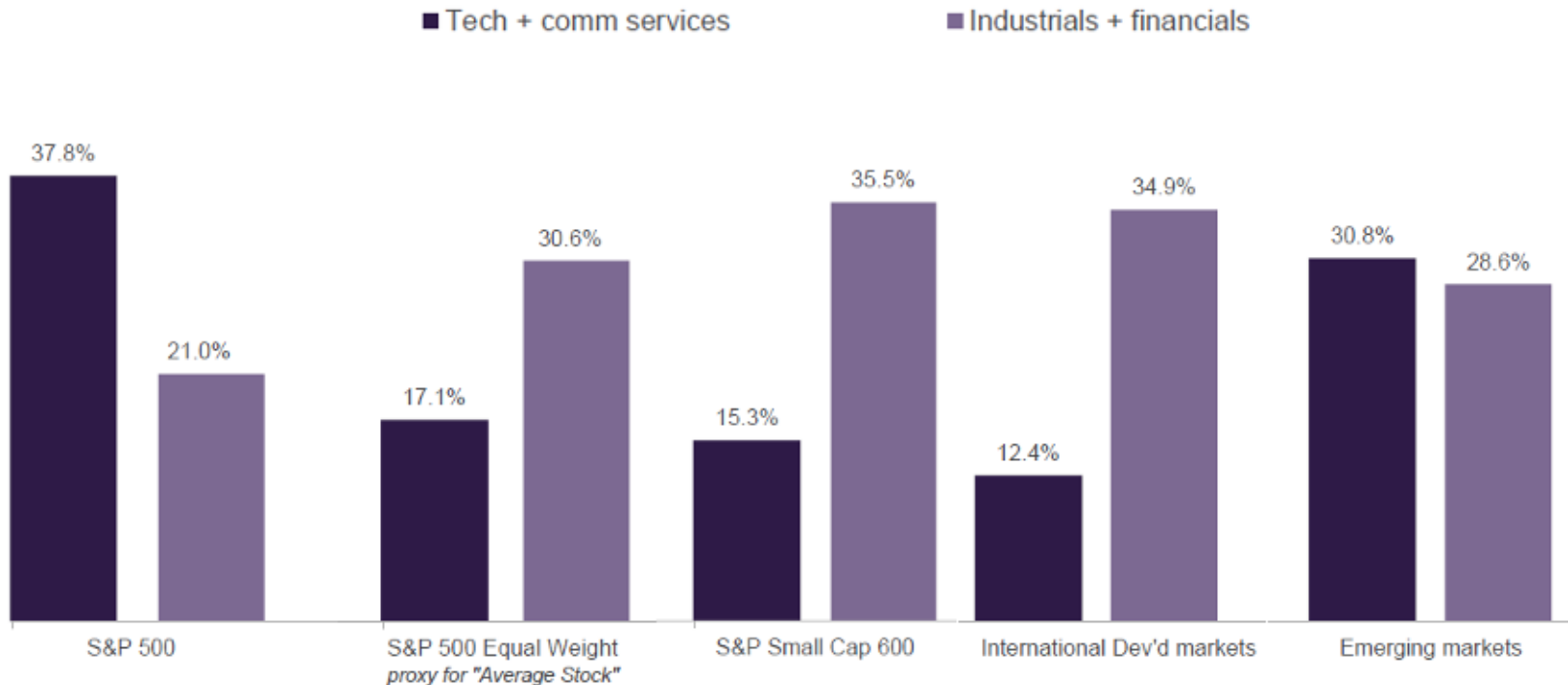
# Only three sectors outpaced the S&P 500 – all home to the Magnificent 7



# Differences in tech-sector weights provide a key to performance divergences

**OUR TAKE:** The Technology sector's outsized performance in 2023 provided a key differential between S&P 500 returns and those of the "average stock" as proxied by the S&P Equal Weight, Small Caps, and International equities

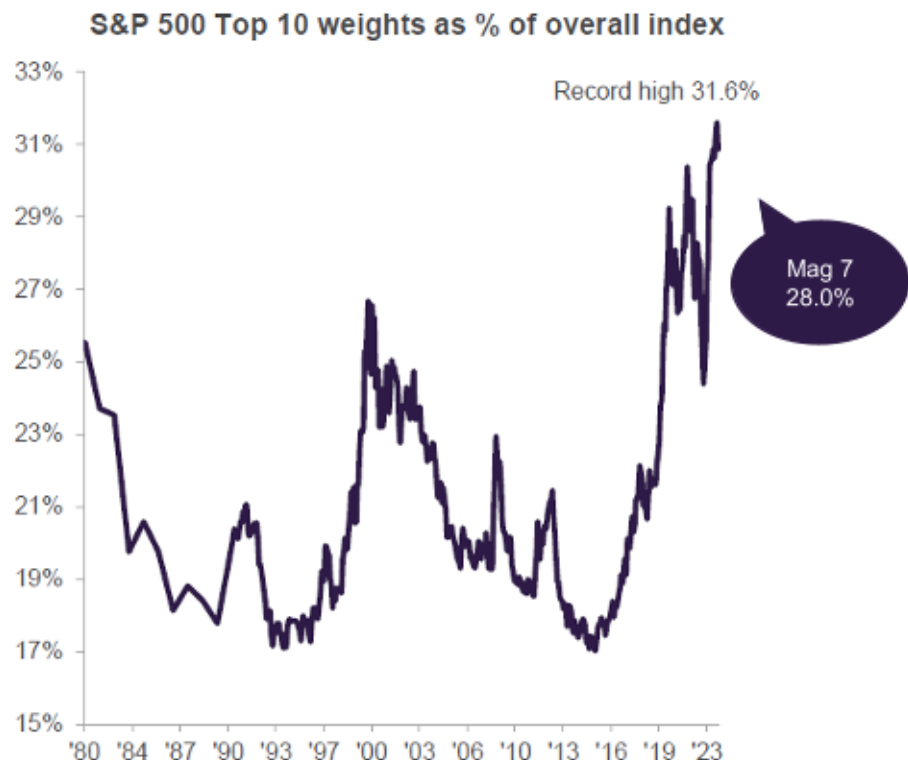
## Sector weightings



# Narrow market – concentration risk near highest level in decades

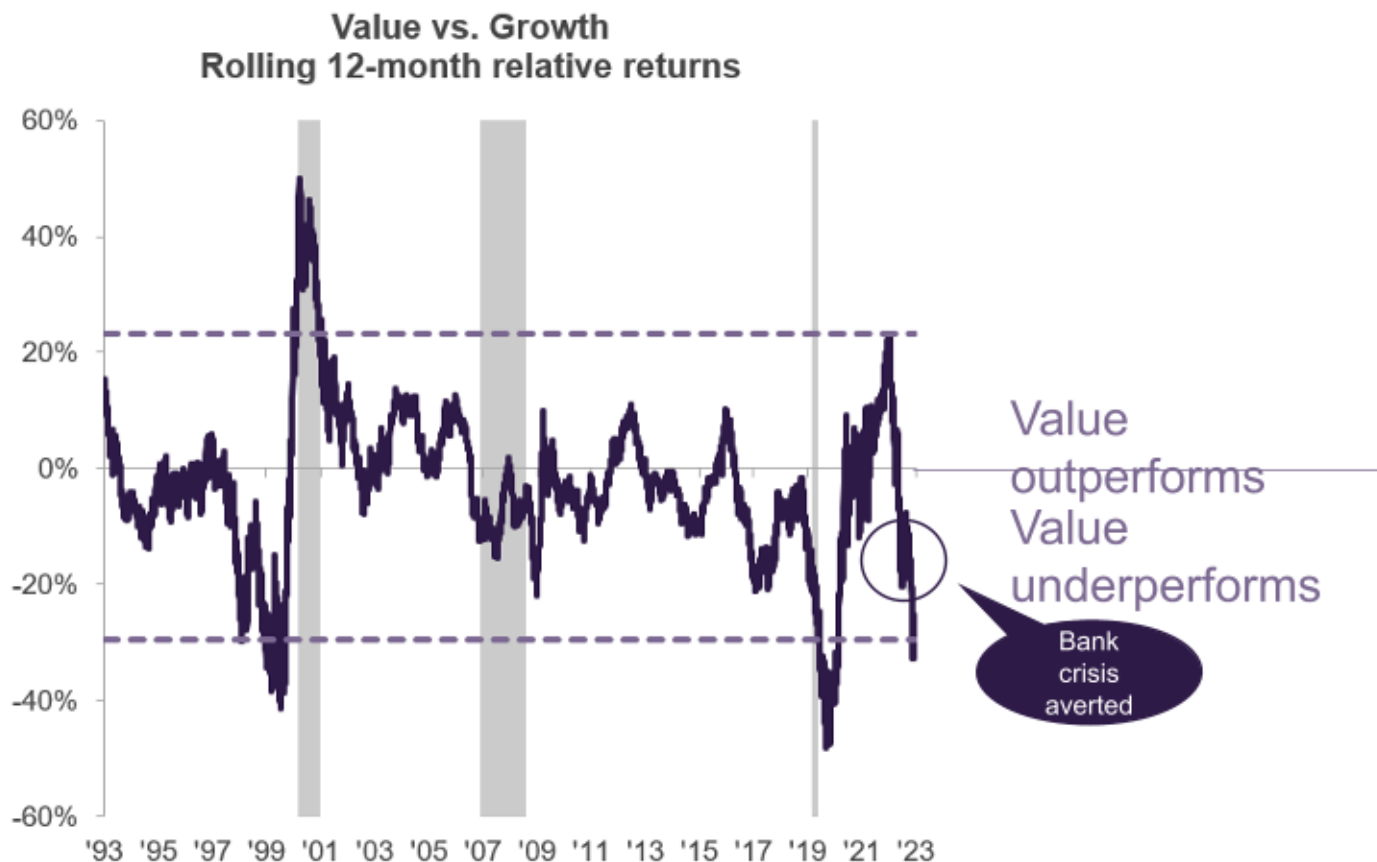
**OUR TAKE:** The 10 largest stocks in S&P 500 have accounted for majority of market returns in 2023; concentration risk near decades' high

Annual S&P 500 contribution of 10 largest weights during positive performance years		
Year	Top 10 as % of overall price return	S&P 500 annual price gain
2007	78.7%	3.5%
2023	68.4%	24.2%
2020	58.9%	16.3%
1999	54.5%	19.5%
2021	45.0%	26.9%
1998	36.8%	26.7%
1996	33.9%	20.3%
2017	33.3%	19.4%
2019	32.8%	28.9%
1991	28.6%	26.3%
2006	27.6%	13.6%
2016	26.6%	9.5%
2003	23.6%	26.4%
1995	22.3%	34.1%
2014	22.2%	11.4%
2004	21.1%	9.0%
2005	20.5%	3.0%
2010	19.6%	12.8%
2012	19.2%	13.4%
1997	19.1%	31.0%
2013	17.6%	29.6%
2009	15.5%	23.5%
1992	14.9%	4.5%
1993	12.2%	7.1%



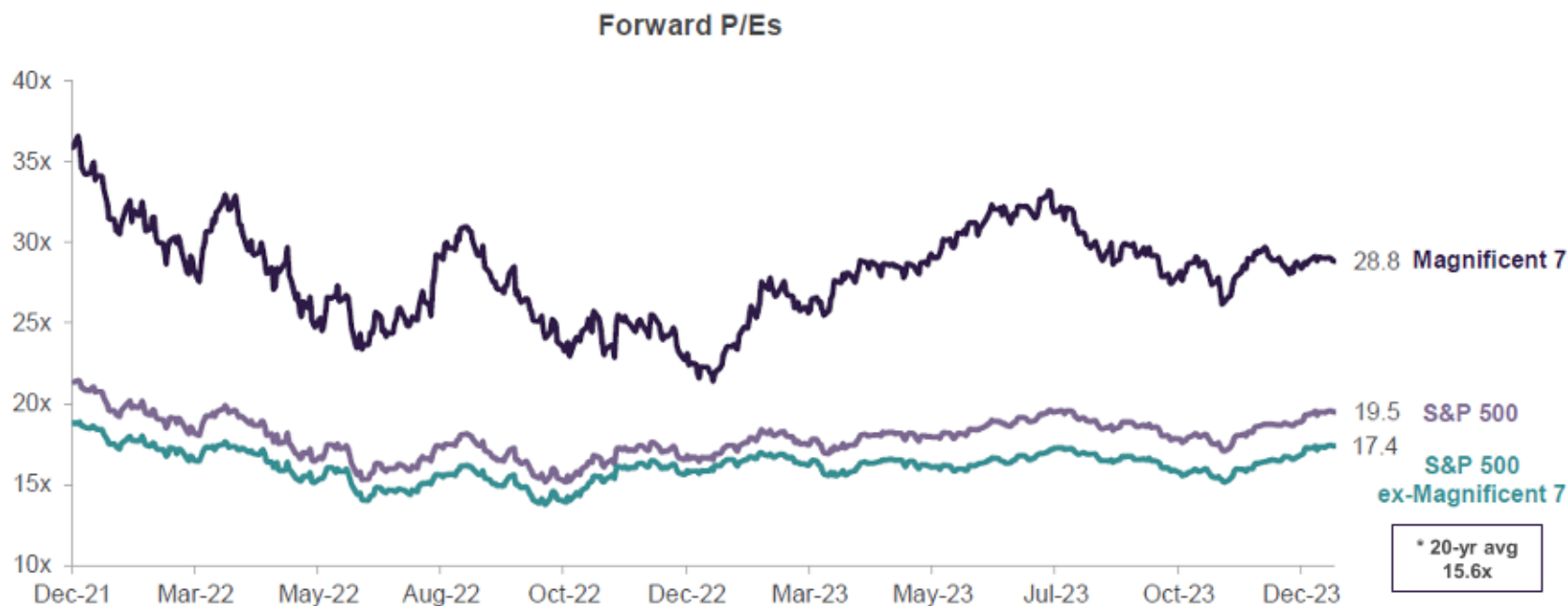
# Historically, Value tends to outperform Growth in times of distress

**OUR TAKE:** Going into 2023, our still-defensive positioning was supported by myriad crosscurrents that pointed to a U.S. slowdown or outright recession due to the lagged impact from aggressive Fed tightening. Such an outcome was averted, however, when the federal government stepped in to prevent a bank crisis in March 2023



# Market's valuation skewed by *Magnificent 7*, not quite as rich below surface

**OUR TAKE:** S&P 500 valuation of 19.5x forward P/E ratio remains at high end of historical range, however this is **largely driven** by the Magnificent 7 names. Ex-Mag-7, however, the market's valuation is still above its 20-year average.

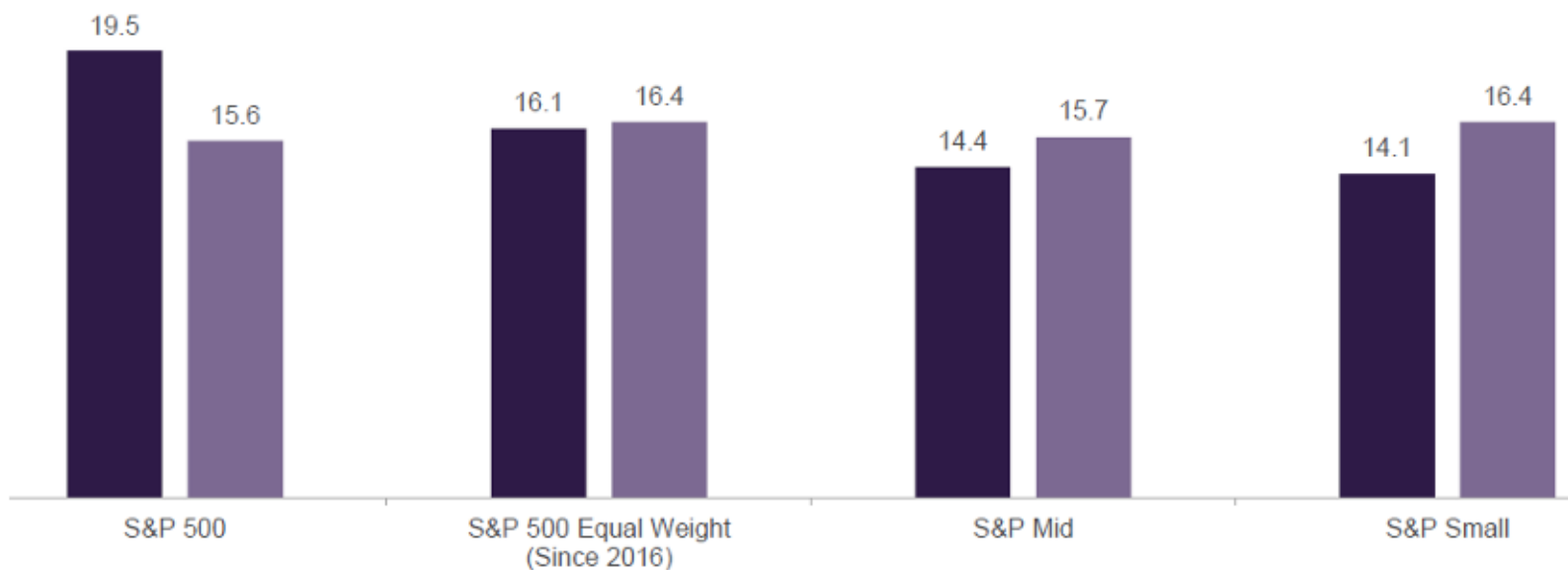




# Equity valuations outside of large caps are below the historical average

Current valuations relative to long-term average  
(Based on forward price-to-earnings ratio)

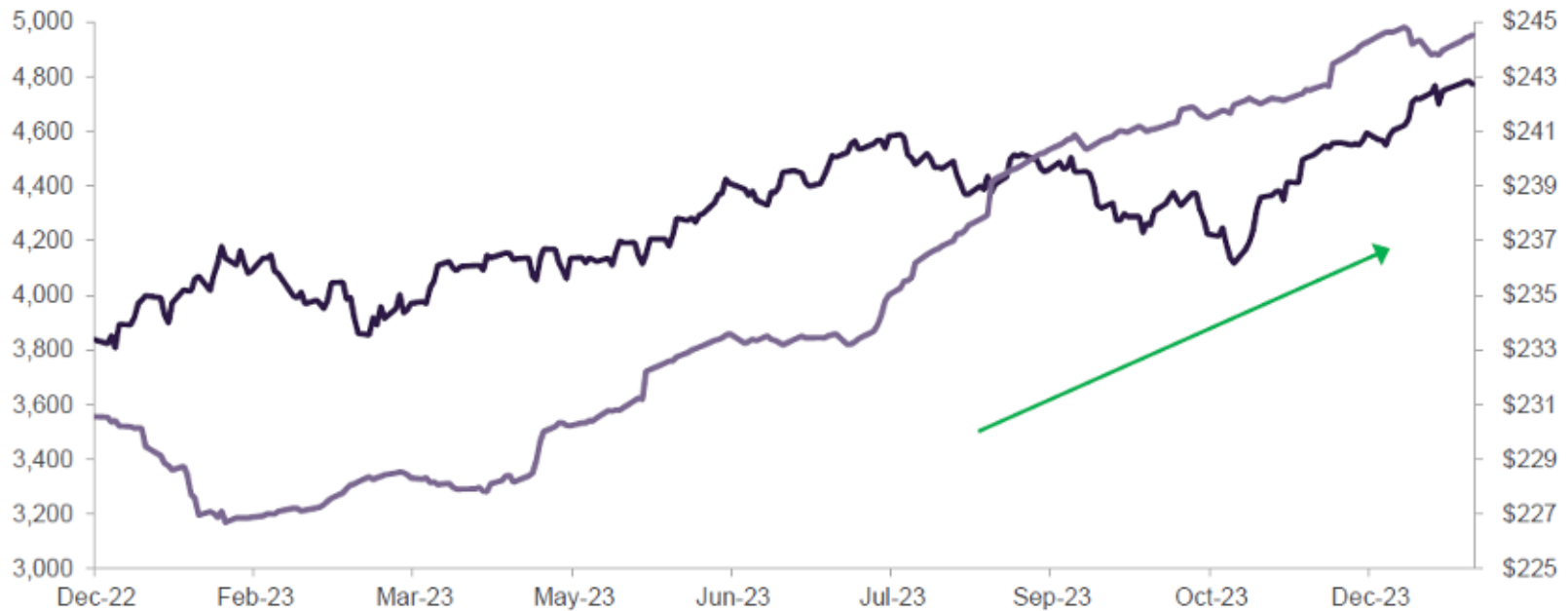
■ Current ■ 20-year average



# 2023 earnings surprised to the upside; 2024's to be key factor for valuations

S&P 500 vs. forward 12-month earnings estimates

— S&P 500 (l-axis) — Earnings estimates (r-axis)



## 2024 earnings growth expected to be closer to long-term average

**OUR TAKE:** We estimate S&P 500 earnings will grow closer to the long-term average range of 6% to 8%. We expect profits to be driven in part by nominal GDP growth, technology and energy earnings, labor cost and pricing power pressures

### S&P 500 earnings are close to the historical trend

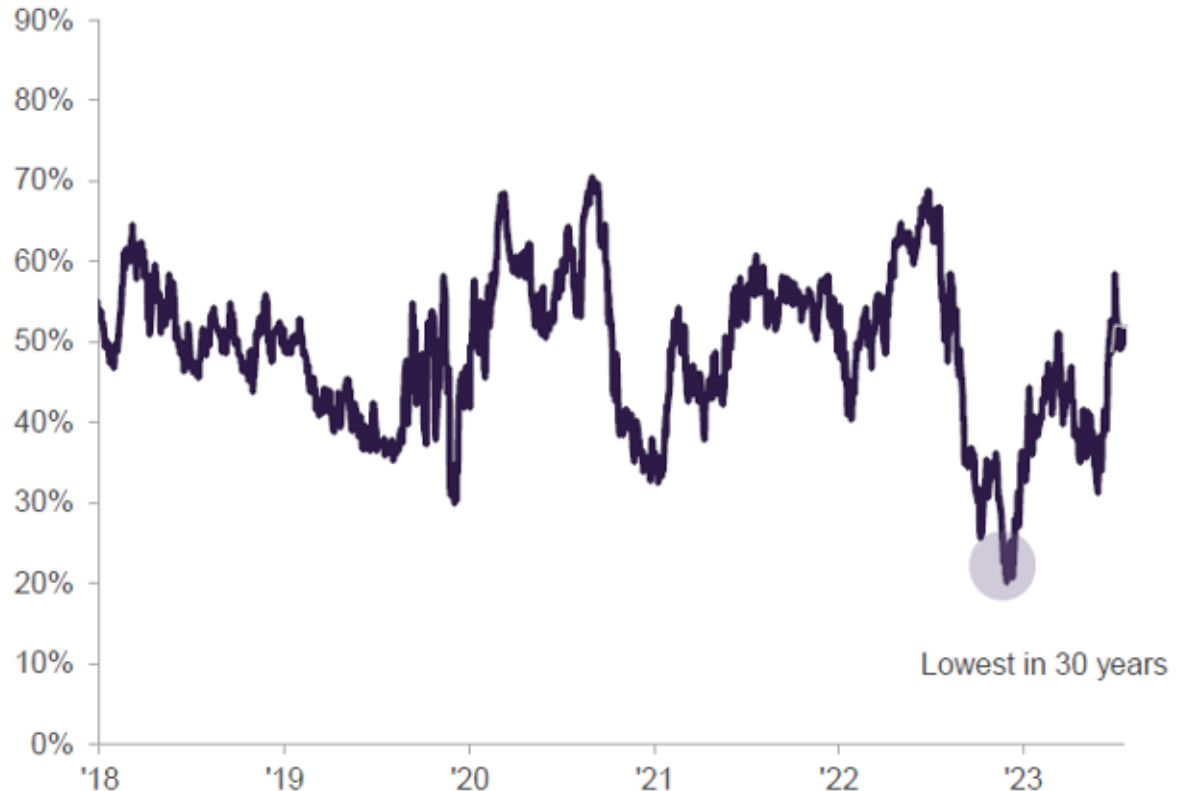


# Expect a better environment for active managers relative to difficult 2023

**OUR TAKE:** With the 10 largest stocks driving 70% of market returns in 2023, the percentage of stocks outperforming the S&P 500 was at the lowest of the past 30 years.

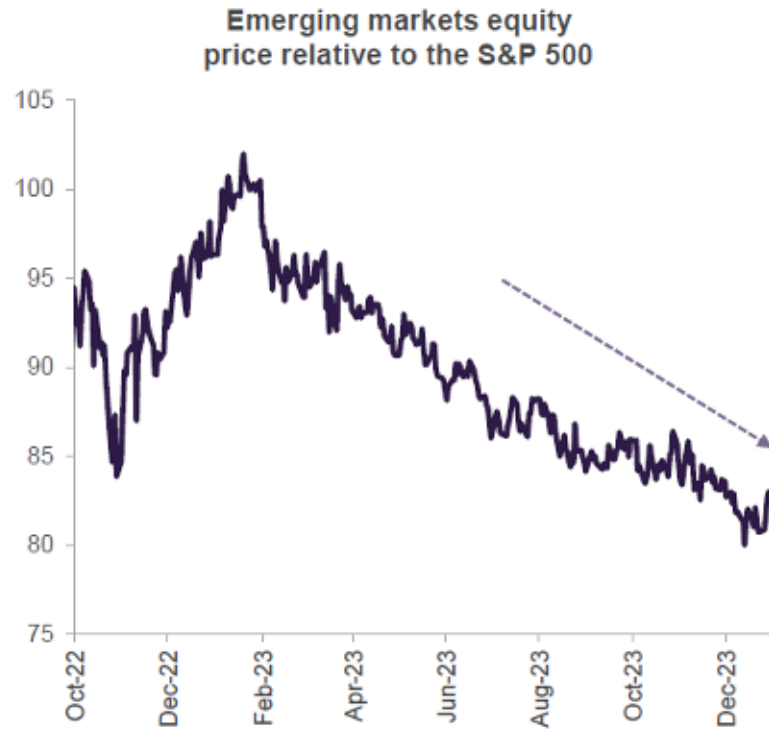
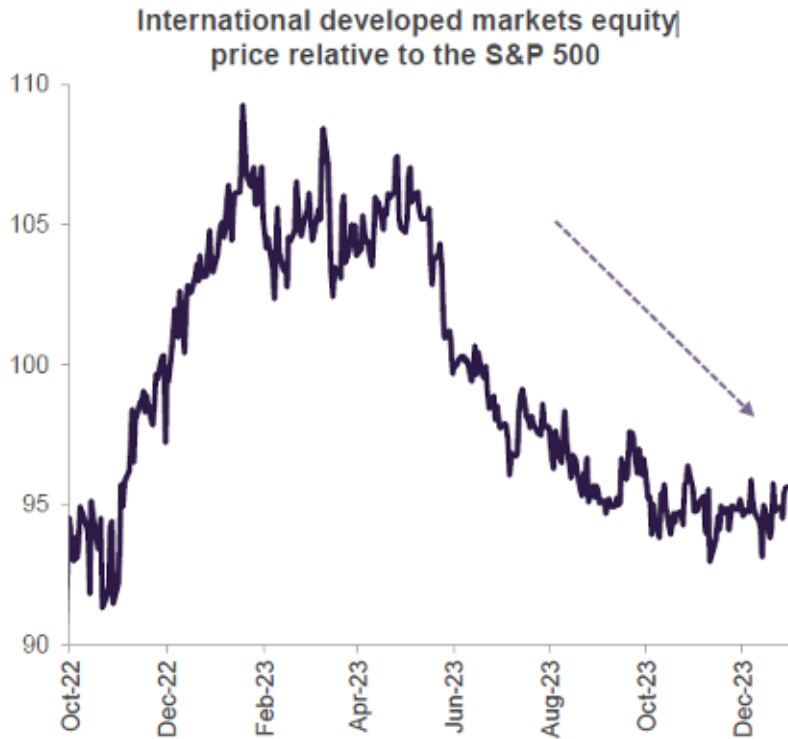
The likelihood that the top stocks dominate to the same extent in 2024 is much lower after such a strong run – we expect a more fertile environment for active managers as a result.

% of stocks outperforming S&P 500 on a 3-month rolling basis

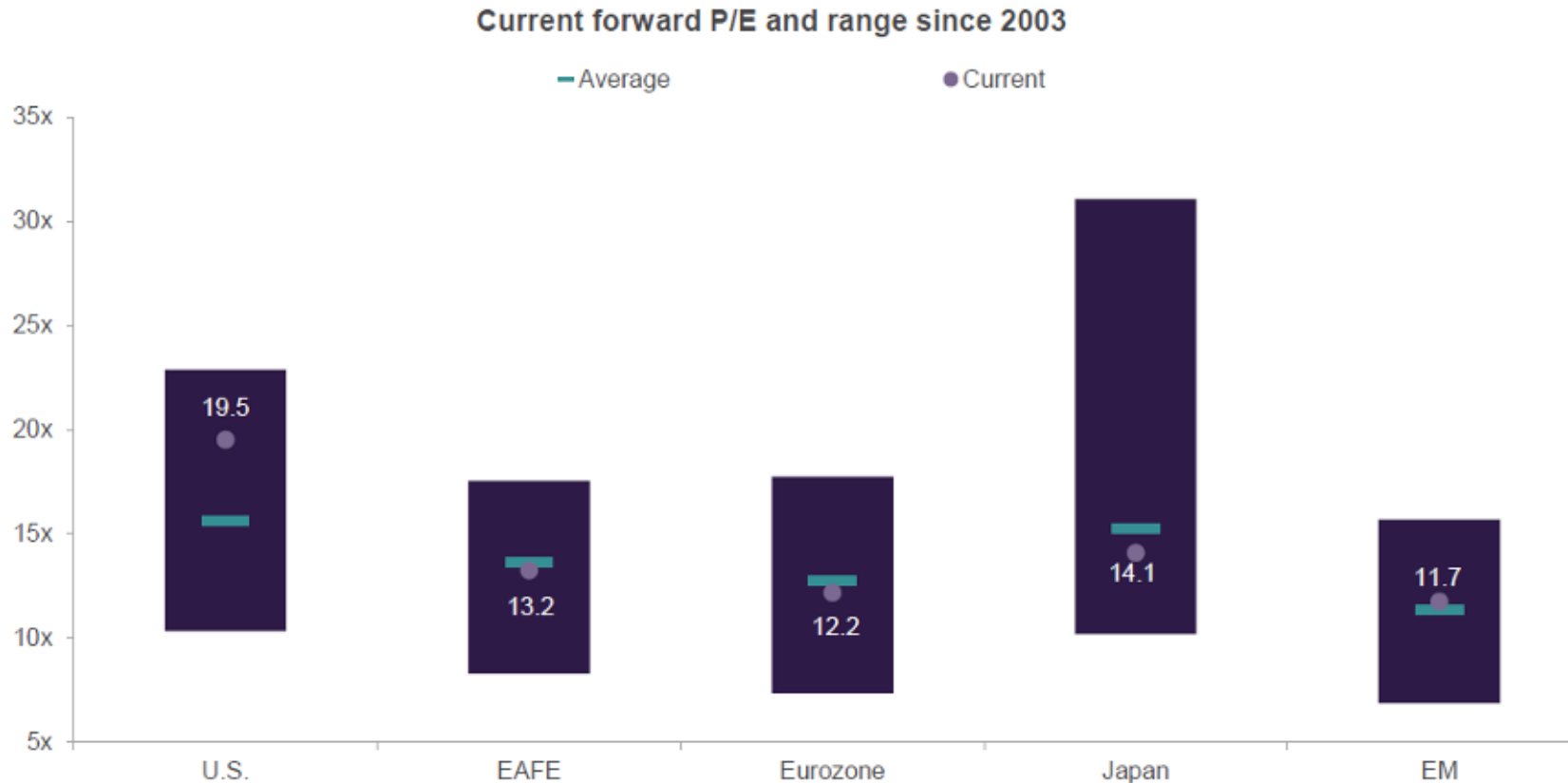


# International markets' relative price trends remain weak

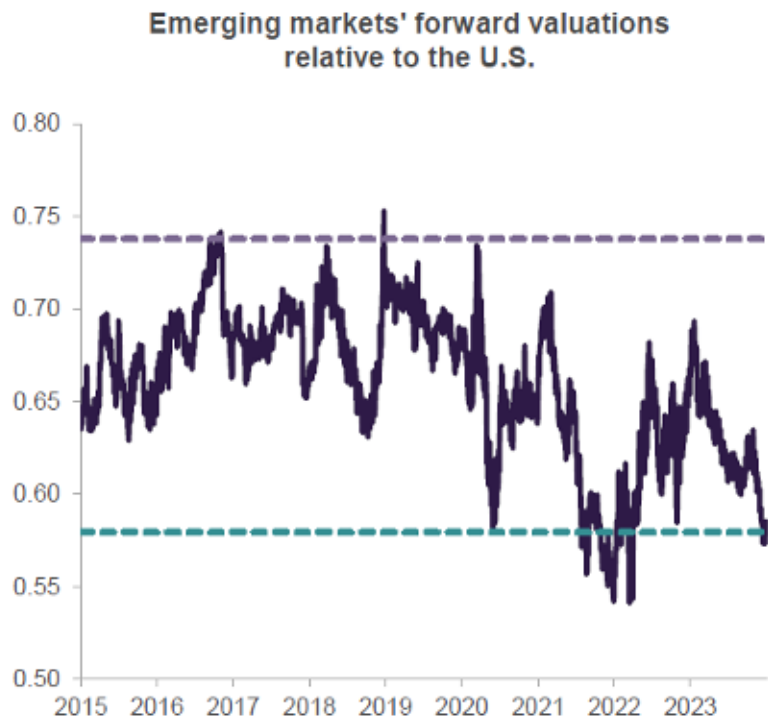
**OUR TAKE:** Historically, U.S. equities tend to outperform during periods of a global slowdown, and we expect to see a step down in global growth given the lagged impact from the global tightening cycle



# International markets still trading at a discount to the U.S.

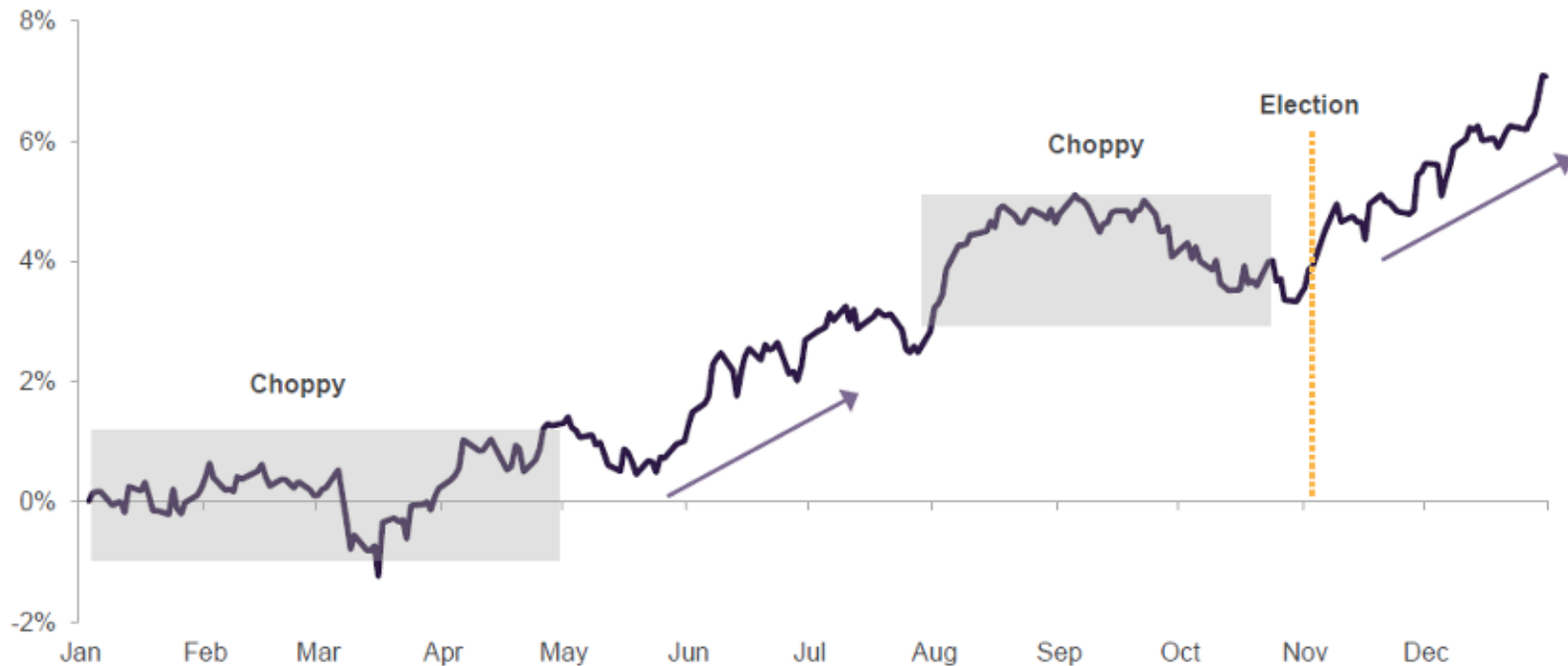


# Emerging markets' valuations moving lower with weak price & earnings trends



# Election years tend to see choppiness in the market

**Election years**  
S&P 500 - Average calendar path since 1950





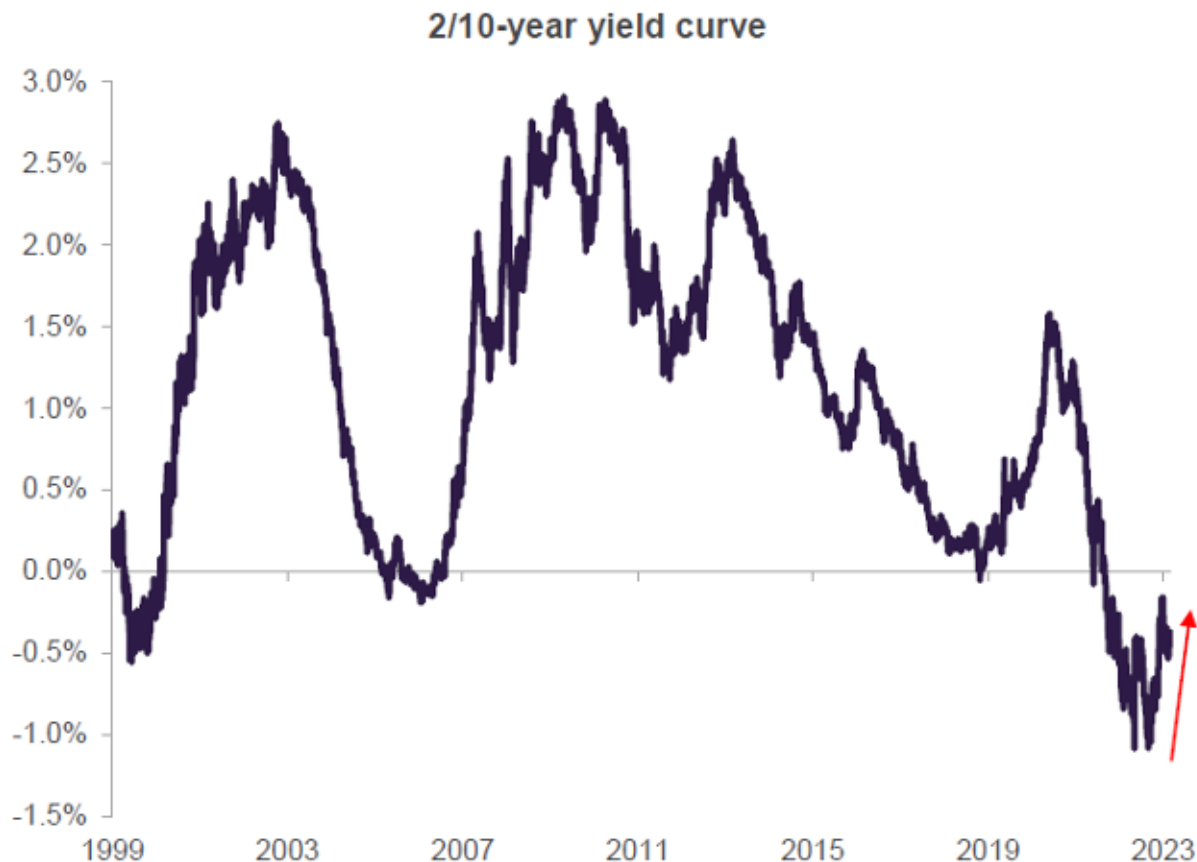
## FIXED INCOME MARKETS

- ❖ **Treasury yields have likely peaked this cycle**
- ❖ **Yields tend to fall following the end of a Fed tightening cycle**
- ❖ **Corporate spreads not properly priced for uncertain environment; as such, maintain focus on high quality fixed income**

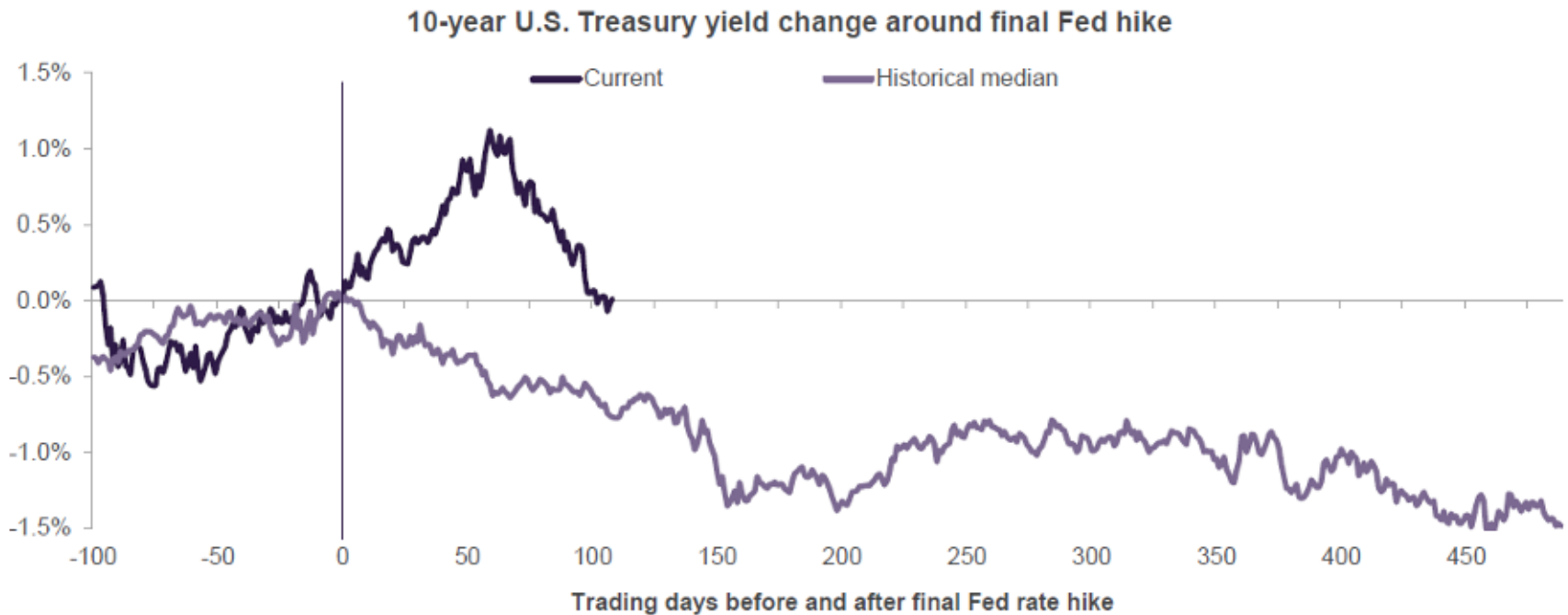
# Falling short yields should finally erase longest curve inversion since 1980s

**OUR TAKE:** Yields tend to fall after the Fed completes rate hike campaigns.

As such, in 2024, we expect short-yields to decline, allowing the curve to return to a positive slope in the 2-to-10-year yields for the first time since July 2022.



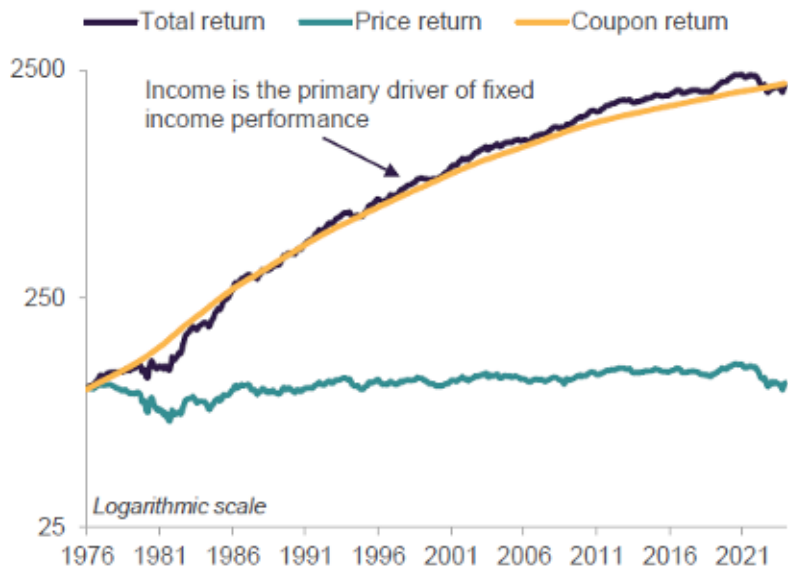
# Yields tend to fall after Fed completes rate hike campaigns



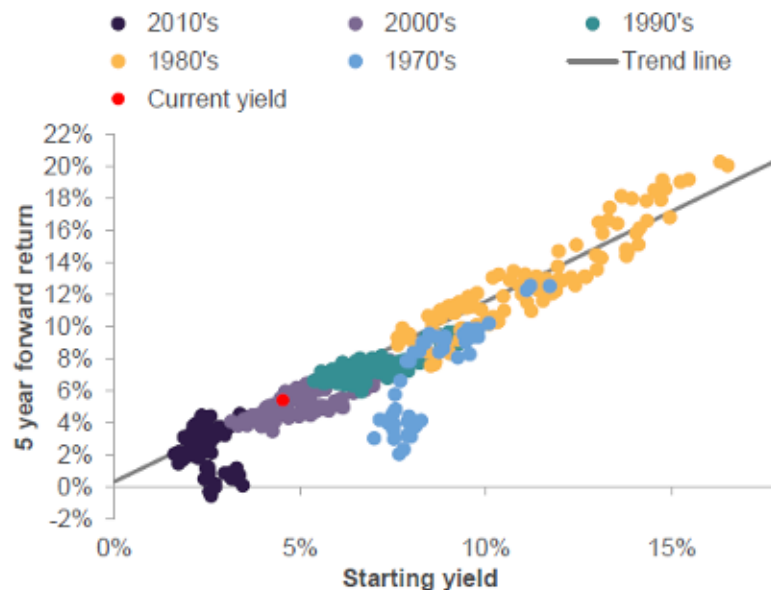
# Income is the engine of fixed income returns

**OUR TAKE:** *Income is the primary driver of core fixed income returns, accounting for more than 80% of total returns. The move to higher yields leaves high quality fixed income more capable of providing critical income and portfolio ballast moving forward.*

**U.S. Agg cumulative return (indexed to 100)**



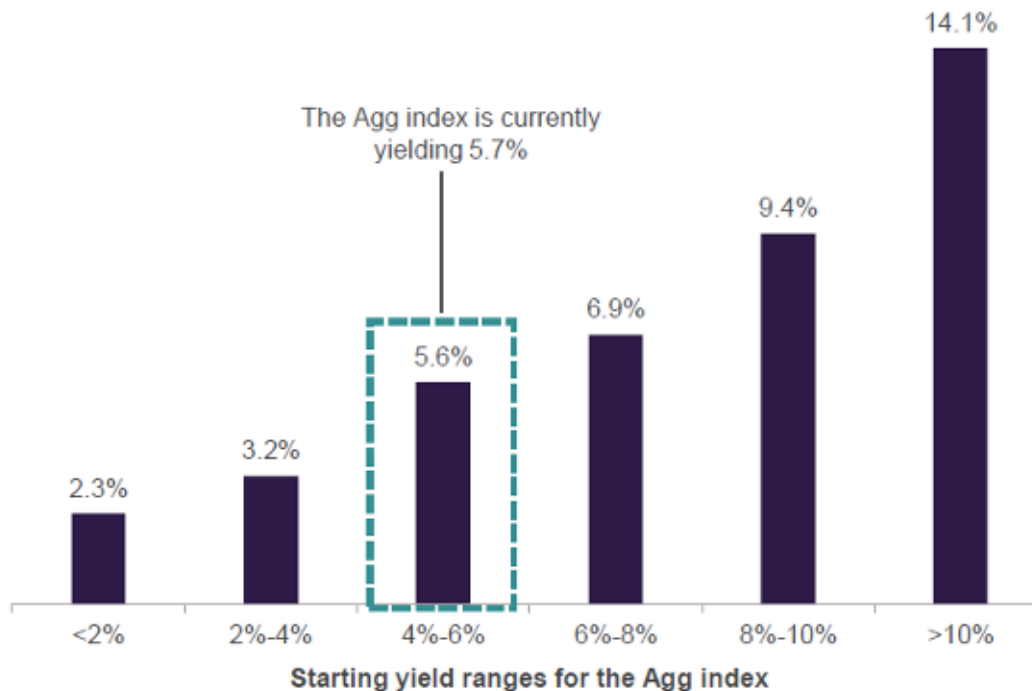
**U.S. Agg starting yield vs. 5-year forward returns**



## Starting points matter for fixed income returns

**OUR TAKE:** *Income is the primary driver of core fixed income returns. The move to higher yields leaves high quality fixed income more capable of providing critical income and portfolio ballast moving forward*

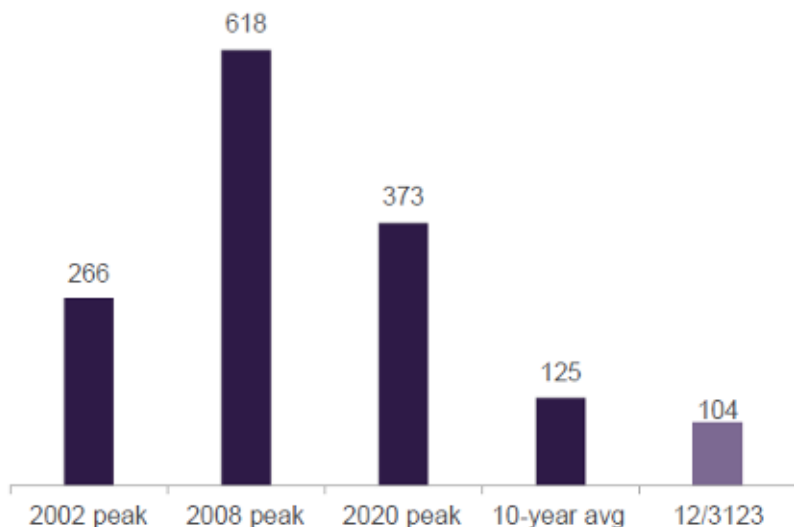
Core fixed income 5-year average returns based on starting yield



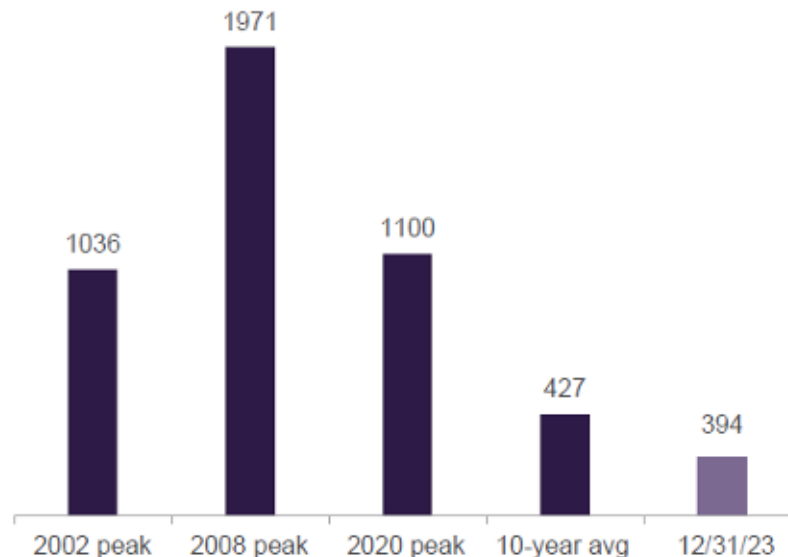
# Maintain focus on high quality in fixed income

**OUR TAKE:** *Against the backdrop of slowing economic indicators and restrictive monetary policy, investment grade and high yield corporate bond spreads appear overly complacent at current levels. These sectors remain susceptible to spread widening and relative underperformance as the lagged impact of Fed policy unfolds.*

Investment grade credit spreads  
(basis points)



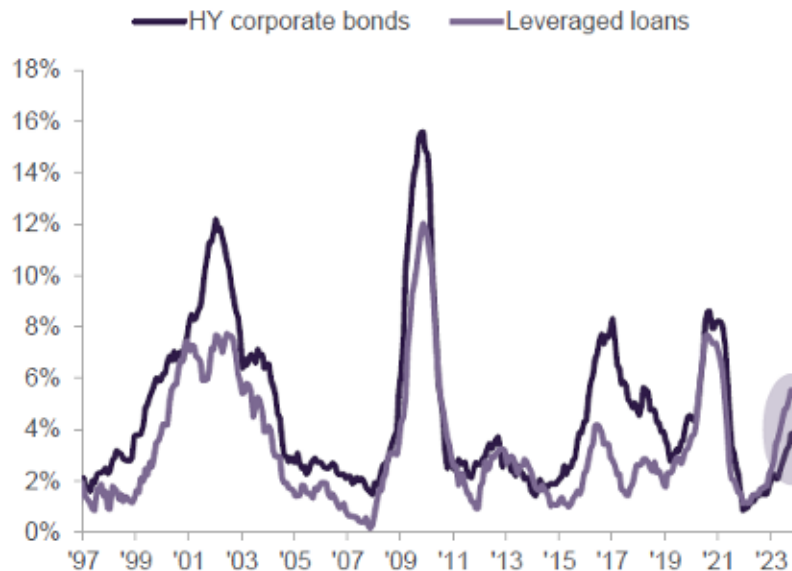
High yield credit spreads  
(basis points)



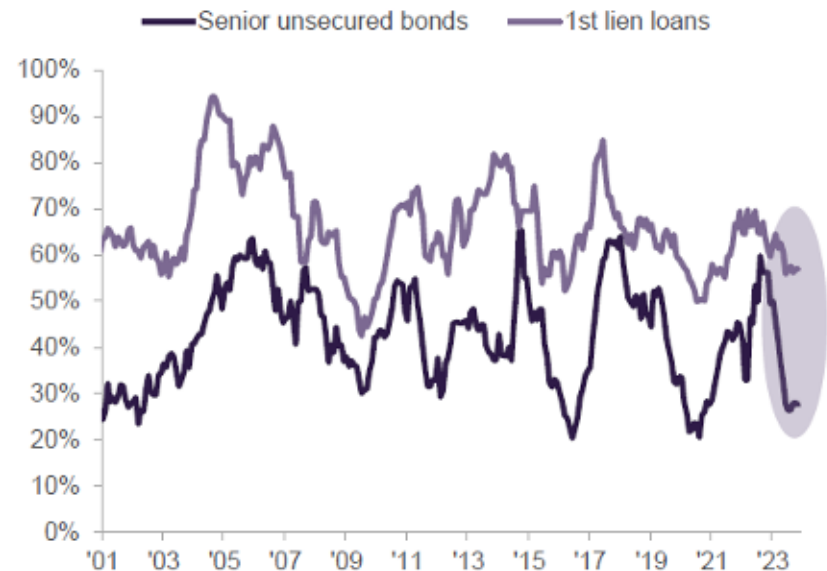
# Defaults are up in corporate bonds, investor recovery rates are lower

**OUR TAKE:** Riskier fixed income sectors, such as high yield corporate bonds, are witnessing rising default rates; additionally, bondholder recover rates are deteriorating. Combined, investors are facing more frequent defaults and greater losses. We expect this trend to continue and reiterate our up-in-quality bias within fixed income portfolios.

Trailing 12-month default rates



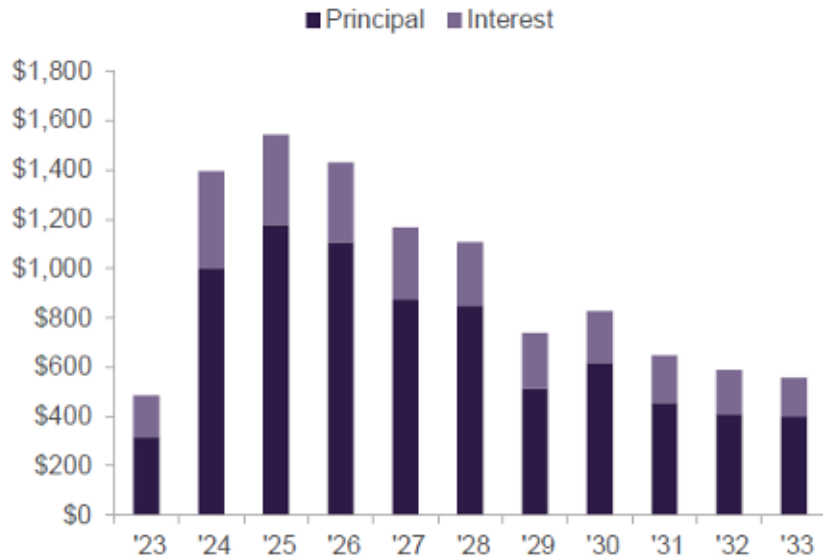
Trailing 12-month default recovery rates



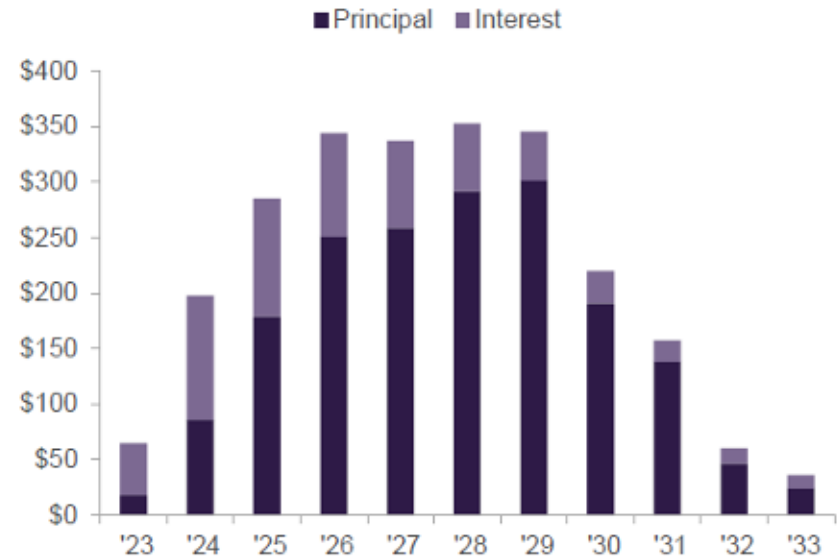
# Corporate debt issuance likely to rise sharply beginning next year

**OUR TAKE:** U.S. companies used the ultra-low interest rate environment in 2020-21 to issue debt to navigate the pandemic. Over the next five years, companies will face a significant increase in replacing their pandemic-era debt loads. Much higher current borrowing costs will place stress on issuers and, likely, spreads.

**IG corporate bond maturities & interest**  
(in billions)



**HY corporate bonds maturities & interest**  
(in billions)



Sources: Truist IAG, Bloomberg, Past performance does not guarantee future results.



# Appendix

## Important Disclosures

### Truist Foundations and Endowments Specialty Practice

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**INVESTMENT POLICY  
MUNICIPAL CEMETERY SYSTEM  
PERPETUAL CARE TRUST FUND  
REVISION EFFECTIVE - FEBRUARY 21, 2023**

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**Investment Policy Statement (IPS)  
for  
City of Fort Lauderdale Cemetery Trust Fund**

**I. PURPOSE**

The purpose of this Investment Policy Statement (IPS) is to establish cash management and investment guidelines for the City of Fort Lauderdale Cemetery Perpetual Trust Fund.

**II. SCOPE**

The City Cemetery System Rules and Regulations (Regulations) established a Perpetual Care Trust to provide for the on-going care of all plots, crypts, niches, markers and memorials sold and installed in the Cemetery System. The same Regulations designate the Cemetery System Board of Trustees (Board) as trustor of the Perpetual Care Trust Fund (Trust Fund).

The Board has adopted these guidelines for the investment of the Trust Fund to be administered in accordance with applicable Florida State Statutes and City Ordinances. To that end, this policy is intended to set forth the procedures, investment objectives and parameters for the management of the Trust Fund in a manner designed to fulfill the requirements of the Board's fiduciary responsibilities.

In accordance with the Regulations, a trustee to manage the Trust Fund (Managing Trustee) has been recommended to and approved by the City Commission. The Managing Trustee is, and future Managing Trustees must be, a bank or other investment counselor licensed by the state to handle the investment of fiduciary funds.

**III. DELEGATION OF AUTHORITY**

Section 10-46(a) of the Code of Ordinances of the City of Fort Lauderdale, Florida provides that the Cemetery System Board of Trustees shall be the trustor of and shall recommend to the City Commission a trustee to manage the Perpetual Care Trust Fund. The managing trustee shall be a bank or other investment counselor licensed by the State to handle the investment of fiduciary funds.

**IV. INVESTMENT PHILOSOPHY & OBJECTIVES**

Balanced Objective

The foremost objective of this investment program is the safety and preservation of the corpus of the fund. Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve the corpus of the

fund, understanding that losses may occur in individual securities and in any one particular year.

The definition of Balanced objective is as follows: This Balanced approach is designed to offer the potential for capital appreciation and current income through a 45% to 65% allocation to equities (long term target of 55%) and 35% to 55% allocation to fixed-income securities (long term target 45%).

The City's goal is to achieve an equal balance between maintaining purchasing power through principal appreciation of the trust fund and generating income to support its expenditures. All management fees are charged to income as they are incurred.

#### Maintenance of Liquidity

The Board determines eligible re-imbursement payments to the City on a bi-monthly basis. Since reimbursements are limited to the dividend and interest income of the Trust Fund, the Managing Trustee is able to determine the maximum liquidity position required to meet the bi-monthly (every two months) reimbursement requirements. It is the responsibility of the City to provide the Managing Trustee with any extraordinary disbursement projections in sufficient time to meet liquidity needs. The portfolios shall be managed by the Managing Trustee with the understanding that funds are to be available to meet reasonably anticipated cash flow requirements in an orderly manner.

The Regulations explicitly mandate that only the income generated by the Trust Fund can be expended. Deposits into the Trust Fund from Cemetery System sales make up the Corpus of the Trust Fund and no part of the Corpus can be expended. Accumulated earnings for all years, which include gains and losses, are not considered to be part of the corpus and may be used for expenditures as described in Section 10-47 of the Code of Ordinances of the City of Fort Lauderdale, provided that such expenditures have been approved by the Board and City Commission, as necessary.

#### Investment Income

Through a diversification of investments across various asset classes detailed in Section VIII, the investment income goals are two-fold:

- 1) Capital Appreciation of the Trust Fund which is essential to meeting future financial responsibilities.
- 2) Maximizing dividend and interest income, which is primarily used to reimburse the City (see Maintenance of Liquidity above), in order to maintain the cemeteries in top condition and promote a sound business relationship with the public.

## **V. PERFORMANCE MEASUREMENTS**

- A. The Measures of Investment Performance of investment returns on the various asset categories are as follows:

1. The Trust Funds' fixed income portfolio will be compared to the weighted average return of the Bloomberg Barclay's Aggregate Bond Index.
  2. The Trust Funds' domestic equity portfolio will be compared to the weighted average return of the Standard & Poor's 500 Index (S&P 500).
  3. Except for emerging markets, the Trust Funds' international portfolio will be compared to the weighted average return of the Morgan Stanley Europe, Australia, & Far East (EAFE) Index.
  4. The Trust Funds' emerging markets portfolio will be compared to the weighted average return of the MSCI Index for Emerging Markets.
- B. On a quarterly basis, the Board shall evaluate the current and historical performance of the Trust Fund to determine:
1. If the Managing Trustee has performed according to these Policy guidelines; and
  2. How the Managing Trustee has performed in relation to the Measures of Investment Performance for their asset class.

**VI. PRUDENCE AND ETHICAL STANDARDS: Pursuant to Florida Probate Statute 518.11**

- A. The Board will adhere to the standard of a Prudent Investor within the context of the overall management of the Cemetery Trust Fund investment program.
- B. Any person or firm, such as the Managing Trustee, retained concerning the investment, monitoring, or advisement of Trust Fund assets will be held to the highest standard of Prudent Investor. Such person or firm will exercise the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

**VII. AUTHORIZED INVESTMENTS**

- A. Trust Fund placed with the Managing Trustee is to be invested only in those authorized classes of investment as contained in this Policy. Investments should be made subject to Trust Fund cash flow needs and such cash flows are subject to revision due to changes in Trust Fund needs and market conditions.
- B. The authorized classes of investments for the Trust Fund are as follows:
1. Bonds, securities, and certificates of indebtedness of the United States government;

2. Obligations guaranteed as to principal and interest by the United States government;
3. Obligations guaranteed as to principal and interest by government sponsored agencies of the United States government;
4. The Florida Local Government Surplus Funds Trust Fund (SBA);
5. Commercial Paper rated A-1 or P-1 by a nationally recognized rating service. If the Commercial Paper is backed by a Letter of Credit (LOC), the long-term debt of the LOC provider must be rated A or better by at least two nationally recognized rating services;
6. Bankers Acceptances of United States banks or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, rated A-1 or P-1 by a nationally recognized rating service;
7. Corporate bonds or notes (other than high yield bond funds authorized in 14 below), registered or unregistered under Rule 144A, issued by firms organized and operating within the United States or by depository institutions licensed by the United States rated A or better by a nationally recognized rating service at the time of purchase. (Rule 144A bonds or notes must include rights of registration. Any bond or note that falls below investment quality must be eliminated expeditiously unless the Board is notified for the reason or rational to be held);
8. General Obligation and/or Revenue Bonds of state or local government taxable or tax-exempt debt rated A or higher, for long term debt, by a nationally recognized rating service or rated at least MIG-2 or SP-2, for short term debt, by a nationally recognized rating service;
9. Intergovernmental investment pools authorized pursuant to the Florida Inter-local Cooperation Act, provided in Section 163.01, Florida Statutes.
10. Common and preferred stocks from domestic and foreign corporations;
11. Mutual Funds and co-mingled Trust Funds, including real estate investment trusts (REITs), providing the underlying investments meet the minimum quality standards of trust investments;
12. Repurchase agreements composed of only those investments authorized in numbers 1, 2, and 3 (above) (All firms are required to sign the Trust Funds' Master Repurchase Agreement prior to the execution of a repurchase agreement transaction); and
13. High Yield Bond Mutual Funds not to exceed 5% of the total portfolio value of the Trust Fund.



## **VIII. MATURITY AND LIQUIDATION REQUIREMENTS**

- A. The maximum maturity of Trust Fund investments will be as follows:
  - 1. For certificates of deposit, 1 year or less from the date of purchase.
  - 2. For commercial paper, 180 days or less from the date of purchase.
  - 3. For banker's acceptances, 180 days or less from the date of purchase.
  - 4. For money market funds, 120 days or less from the date of purchase.
  - 5. For repurchase agreements, 90 days or less from the date of purchase.
- B. To the extent possible, every attempt should be made to match investment maturities with known cash needs and anticipated cash-flow requirements.

## **IX. PORTFOLIO COMPOSITION**

- A. The Managing Trustee will adhere to the following specific guidelines for the investment of Trust Fund assets:
  - 1. A maximum of 65% of the Trust Fund is to be invested in equity securities; the long-term targeted range is 55%.
  - 2. A minimum of 35% of the Trust Fund is to be invested in fixed income securities; the long-term targeted range is 45%.
  - 3. A maximum of 25% and a minimum of 0% of the Trust Fund are to be invested in cash equivalents.
  - 4. A maximum of 5% of the Trust Fund may be invested in High Yield Bond Mutual Funds.
- B. The Board will consider changes to the investment category ranges based on changes in contractual obligations of the Cemetery System, market environment or other conditions making such consideration appropriate toward administering this investment policy.

## **X. RISK AND DIVERSIFICATION**

- A. The Board has adopted a strategy, described in Sections V, VI and VII, whereby the Trust Fund portfolio will be diversified to the extent practicable to control the risk of

loss which might result from an over-concentration of investments in a specific security, maturity, issuer, dealer, or bank through which financial instruments are bought or sold.

- B. In a further effort to control the risk of loss and assure adequate diversification, the following limitations are imposed upon the investment of Trust Funds:
1. A maximum of 5% investment in the outstanding common stock of any one company or organization;
  2. A maximum of 5% investment in the outstanding debt issuance of any one company or organization except for U.S. Government Securities or Agencies; and
  3. In International equities, a maximum of 20% of the total international portfolio investment in any foreign country.
  4. A maximum of 25% investment in any one mutual fund.

#### **XI. THIRD-PARTY CUSTODIAL AGREEMENTS**

All securities will be held with the Custodial Bank (Bank) under a contractual agreement with the Board. All securities purchased by and all collateral obtained by the Investment Manager or the Board is designated as assets of the Trust Fund. No withdrawal of securities, or transfer of funds, in whole or in part, can be made from safekeeping except by authorization of the Board. Securities transactions between a broker-dealer and the Bank involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the Bank will have the security or money, as appropriate, in hand at the conclusion of the transaction.

#### **XII. MASTER REPURCHASE AGREEMENT**

All approved institutions and dealers transacting repurchase agreements shall execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.

#### **XIII. BID REQUIREMENTS**

The Managing Trustee shall obtain competitive bids and offers on investment transactions to the fullest extent possible.

#### **XIV. INTERNAL CONTROLS**

- A. The Director of Finance shall establish a system of internal controls and written operational procedures to be a part of the operational procedures of the Trust Fund. The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation, by third parties, or imprudent actions by employees. The written procedures should include reference to safekeeping, repurchase agreements, separation of transaction authority from accounting and record keeping, wire transfer agreements, banking service contracts, collateral/depository agreements, and “delivery vs. payment” procedures. No person may engage in an investment transaction except as authorized under the terms of this policy.
- B. Independent auditors, as a normal part of their annual financial audits, may conduct a review of the system of internal controls to ensure compliance with policies and procedures.

**XV. CONTINUING EDUCATION**

Any designated City officials responsible for making investment decisions related to this policy have the responsibility for completing 8 hours of continuing education annually in subjects or courses related to investment practices and products.

**XVI. REPORTING**

The Managing Trustee shall provide periodic reports, which are to include securities in the portfolio by class or type, book value, income earned, and market value as of the report date. Such reports shall be made available for submission to the City Commission, the Board and shall be available to the public.

**XVIII. EXHIBITS**

- 1. Portfolio Guidelines Page 11
- 2. Glossary of Terms Page 12

## CEMETERY TRUST FUND PORTFOLIO GUIDELINES

Asset Class	Target	Range	Benchmark	Morningstar Peer Group
<b>TOTAL EQUITY</b>	<b>55%</b>	<b>45-65%</b>		
<b>DOMESTIC</b>	<b>45%</b>	<b>25-65%</b>		
Large Cap	35%	20-60%	S&P 500 & Dow Jones Select Dividend	Large-Cap Blend Equity
Mid Cap	5%	0-10%	Russell Mid Cap	Mid-Cap Equity
Small Cap	5%	0-10%	Russell 2000	Small-Cap Equity
US REITs	0%	0-10%	NAREIT Equity	Real Estate
<b>INTERNATIONAL</b>	<b>10%</b>	<b>0-25%</b>		
Developed	8%	0-25%	MSCI EAFE	Foreign Large Blend
Emerging	2%	0-10%	MSCI Emerging Markets	Diversified Emerging Markets
<b>FIXED INCOME</b>	<b>45%</b>	<b>35-55%</b>		
Core Investment Grade	43%	35-55%	Barclays Aggregate	Intermediate-Term Bond
High Yield	2%	0-10%	Barclays US Corporate High Yield	High Yield Bond
International Developed	0%	0-10%	JPM GBI Global Bond (hedged)	World Bond
International Emerging	0%	0-10%	JPM GBI - EM Global Diversified (un-hedged)	Emerging Markets Bond
<b>ALTERNATIVES</b>	<b>0%</b>	<b>0-10%</b>		
Commodities	0%	0-10%	DJ UBS Commodity Index	Commodities
<b>CASH</b>	<b>0%</b>	<b>0-25%</b>		

**Policy Benchmark** – the policy benchmark is a passive blended benchmark of:  
45% S&P 500  
10% MSCI All Country World Index (ACWI) Ex US  
45% Barclays US Aggregate

**INVESTMENT POLICY ADOPTION**

The investment policy shall be adopted by Resolution. The Director of Finance will review the policy annually for modifications and make recommendations to the City Manager. The City Commission shall approve any necessary modifications.

**APPROVED AND ADOPTED BY RESOLUTION NO. \_\_\_\_\_.**

## Glossary of Terms

**Accrued Income:** Income earned but not yet paid.

**Accrued Interest.** Interest earned but which has not yet been paid or received.

**Bankers' Acceptance (BA's).** A draft or bill of exchange drawn upon and accepted by a bank. Frequently used to finance shipping of international goods. Used as a short-term credit instrument, bankers' acceptances are traded at a discount from face value as a money market instrument in the secondary market on the basis of the credit quality of the guaranteeing bank.

**Basis Point.** One hundredth of one percent, or 0.01%. Thus 1% equals 100 basis points.

**Benchmark.** A market index used as a comparative basis for measuring the performance of an investment portfolio. A performance benchmark should represent a close correlation to investment guidelines, risk tolerance and duration of the actual portfolio's investments.

**Bond.** Financial obligation for which the issuer promises to pay the bondholder (the purchaser or owner of the bond) a specified stream of future cash flows, including periodic interest payments and a principal repayment.

**Book Value.** The value at which a debt security is reflected on the holder's records at any point in time. Book value is also called "amortized cost" as it represents the original cost of an investment adjusted for amortization of premium or accretion of discount. Also called "carrying value." Book value can vary over time as an investment approaches maturity and differs from "market value" in that it is not affected by changes in market interest rates.

**Broker/Dealer.** A person or firm transacting securities business with customers. A "broker" acts as an agent between buyers and sellers and receives a commission for these services. A "dealer" buys and sells financial assets from its own portfolio. A dealer takes risk by owning inventory of securities, whereas a broker merely matches up buyers and sellers. See also "Primary Dealer."

**Callable:** Redeemable by the issuer before the scheduled maturity date.

**Common Trust Fund:** A fund maintained by a bank or trust company exclusively for the collective investment of money contributed to the fund by customers of its trust department.

**Cost Basis:** The original cost of an asset.

**Coupon:** The interest rate, expressed as a percentage of the face amount, that the issuer of a bond will pay to the bondholder.

**Current Yield.** Annual rate of return on a bond based on its price. Calculated as (coupon rate / price) but does not accurately reflect a bond's true yield level.

**Cusip number:** An alpha-numeric code used in the securities industry to identify specific issues of securities. SunTrust also uses this field to identify other kinds of assets which are not recognized by the securities industry.

**Custody.** Safekeeping services offered by a bank, financial institution or trust company, referred to as the "custodian." Service normally includes the holding and reporting of the customer's securities, the collection and disbursement of income, securities settlement and market values.

**Dealer.** A dealer acts as a principal in all transactions, buying and selling for his own account.

**Delivery vs. Payment (DVP).** Settlement procedure in which securities are delivered versus payment of cash, but only after cash has been received. Most security transactions, including those through the Fed Securities Wire system and Depository Trust Company (DTC), are done DVP as a protection for both the buyer and seller of securities.

**Discount.** The amount by which a bond or other financial instrument sells below its face value. See also "Premium."

**Diversification.** A method of reducing risk by investing in a variety of assets.

**Duration.** The weighted average maturity of a security's or portfolio's cash flows, where the present values of the cash flows serve as the weights. The greater the duration of a security/portfolio, the greater its percentage price volatility with respect to changes in interest rates. Used as a measure of risk and a key tool for managing a portfolio versus a benchmark and for hedging risk. There are also different kinds of duration used for different purposes (e.g. MacAulay Duration, Modified Duration).

**Ex-date (ex-dividend date):** Literally "without dividend," or the date on which a stock trades without the value of the dividend being contemplated in the price.

**Federal Funds (Fed Funds).** Funds placed in Federal Reserve Banks by depository institutions in excess of current reserve requirements, and frequently loaned or borrowed on an overnight basis between depository institutions.

**Federal Funds Rate (Fed Funds Rate).** The interest rate charged by a depository institution lending Federal Funds to another depository institution. The Federal Reserve influences this rate by establishing a "target" Fed Funds rate associated with the Fed's management of monetary policy.

**Federal Reserve Bank.** One of the 12 distinct banks of the Federal Reserve System.

**Federal Reserve System (The Fed).** The independent central bank system of the United States that establishes and conducts the nation's monetary policy. This is accomplished in three major ways: (1) raising or lowering bank reserve requirements, (2) raising or lowering the target Fed Funds Rate and Discount Rate, and in open market operations by buying and selling government securities. The Federal Reserve System is made up of twelve Federal Reserve District Banks, their branches, and many national and state banks throughout the nation. It is headed by the seven-member Board of Governors known as the "Federal Reserve Board" and headed by its Chairman.

**Fiscal Agent/Paying Agent.** A bank or trust company that acts, under a trust agreement with a corporation or municipality, in the capacity of general treasurer. The agent performs such duties as making coupon payments, paying rents, redeeming bonds, and handling taxes relating to the issuance of bonds.

**Index.** A compilation of statistical data that tracks changes in the economy or in financial markets.

**Internal Controls.** An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1. the cost of a control should not exceed the benefits likely to be derived and 2. the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. **Separation of transaction authority from accounting and record keeping** - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

**Investment Advisor.** A company that provides professional advice managing portfolios, investment recommendations and/or research in exchange for a management fee.

**Investment Adviser Act of 1940.** Federal legislation that sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

**Investment Manager.** A company that actively manages fixed income portfolios which include operating funds, capital reserves, insurance reserves, proceeds from the sale of bonds and other funds.

**Investment Grade.** Bonds considered suitable for preservation of invested capital; bonds rated a minimum of Baa3 by Moody's, BBB- by Standard & Poor's, or BBB- by Fitch. Although "BBB" rated bonds are considered investment grade, most public agencies cannot invest in securities rated below "A."

**Liquidity.** Relative ease of converting an asset into cash without significant loss of value. Also, a relative measure of cash and near-cash items in a portfolio of assets. Also, a term describing the marketability of a money market security correlating to the narrowness of the spread between the bid and ask prices.

**Local Government Investment Pool (LGIP).** An investment by local governments in which their money is pooled as a method for managing local funds, (i.e., Florida PRIME).



**Market Value.** The fair market value of a security or commodity. The price at which a willing buyer would pay for a security.

**Mark-to-market.** Adjusting the value of an asset to its market value, reflecting in the process unrealized gains or losses.

**Master Repurchase Agreement.** A widely accepted standard agreement form published by the Bond Market Association (BMA) that is used to govern and document Repurchase Agreements and protect the interest of parties in a repo transaction.

**Maturity Date.** Date on which principal payment of a financial obligation is to be paid.

**Money Market.** The market in which short-term debt instruments (bills, commercial paper, bankers' acceptance, etc.) are issued and traded.

**Money Market Mutual Fund (MMF).** A type of mutual fund that invests solely in money market instruments, such as Treasury bills, commercial paper, bankers' acceptances, and repurchase agreements.

Money market mutual funds are registered with the SEC under the Investment Company Act of 1940 and are subject "rule 2a-7" which significantly limits average maturity and credit quality of holdings. MMFs are managed to maintain a stable net asset value (NAV) of \$1.00. Many MMFs carry ratings by a NRSRO.

**Moody's Investors Service.** One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

**Mutual Fund.** Portfolio of securities professionally managed by a registered investment company that issues shares to investors. Many different types of mutual funds exist (bond, equity, money fund); all except money market funds operate on a variable net asset value (NAV).

**Net Asset Value.** The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.)

$$\frac{[(\text{Total assets}) - (\text{Liabilities})]}{(\text{Number of shares outstanding})}$$

**NRSRO.** A "Nationally Recognized Statistical Rating Organization." A designated rating organization that the SEC has deemed a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of a NRSRO may be used for the regulatory purposes of rating. Includes Moody's, S&P, Fitch and Duff & Phelps.

**Open Market Operations.** Federal Reserve monetary policy tactic entailing the purchase or sale of government securities in the open market by the Federal Reserve System from and to primary dealers in order to influence the money supply, credit conditions, and interest rates.

**Par Value:** The face amount of a bond.

**Pending Trade:** A trade that has been placed but not yet settled (see settlement date").

**Physical Delivery.** Delivery of readily available underlying assets at contract maturity.

**Portfolio.** Collection of securities and investments held by an investor.

**Premium.** The amount by which a bond or other financial instrument sells above its face value. See also "Discount."

**Pre-refunded:** A bond for which the issuer has raised the funds necessary to call the bond by issuing another bond that generally pays a lower coupon.

**Principal.** Face value of a financial instrument on which interest accrues. May be less than par value if some principal has been repaid or retired. For a transaction, principal is par value times price and includes any premium or discount.

**Prudent Investor Standard.** Standard that requires that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. More stringent than the "prudent person" standard as it implies a level of knowledge commensurate with the responsibility at hand.

**Rate of Return.** Amount of income received from an investment, expressed as a percentage of the amount invested.

**Realized Gains (Losses).** The difference between the sale price of an investment and its book value. Gains/losses are "realized" when the security is actual sold, as compared to "unrealized" gains/losses which are based on current market value. See "Unrealized Gains (Losses)."

**Repurchase Agreement (Repo).** A short-term investment vehicle where an investor agrees to buy securities from a counterparty and simultaneously agrees to resell the securities back to the counterparty at an agreed upon time and for an agreed upon price. The difference between the purchase price and the sale price represents interest earned on the agreement. In effect, it represents a collateralized loan to the investor, where the securities are the collateral. Can be DVP, where securities are delivered to the investor's custodial bank, or "tri-party" where the securities are delivered to a third-party intermediary. Any type of security can be used as "collateral," but only some types provide the investor with special bankruptcy protection under the law. Repos should be undertaken only when an appropriate BMA approved master repurchase agreement is in place.

**Reverse Repurchase Agreement (Reverse Repo).** A repo from the point of view of the original seller of securities. Used by dealers to finance their inventory of securities by essentially borrowing at short-term rates. Can also be used to leverage a portfolio and in this sense, can be considered risky if used improperly.

**Settlement Date:** The date by which the property must be delivered, and cash must be paid for an asset traded.

**Standard & Poor's.** One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

**Symbol:** The alpha-numeric code used to identify the asset within various pricing services.

**Tax cost basis:** The original cost of an investment, adjusted for any activity that is incorporated into the calculation of capital gain or loss.

**Total Return.** Investment performance measured over a period of time that includes coupon interest, interest on interest, and both realized and unrealized gains or losses. Total return includes, therefore, any market value appreciation/depreciation on investments held at period end.

**Trade date:** The date an asset is traded for later settlement.

**Trade date accounting:** Uses the trade date as the date upon which to include an asset or cash from a sale in the calculation of market value.

**Treasuries.** Collective term used to describe debt instruments backed by the U.S. Government and issued through the U.S. Department of the Treasury. Includes Treasury bills, Treasury notes, Treasury Inflation- Protected Securities (TIPS) and Treasury bonds. Also, a benchmark term used as a basis by which the yields of non-Treasury securities are compared (e.g., "trading at 50 basis points over Treasuries").

**Treasury Bills (T-Bills).** Short-term direct obligations of the United States Government issued with an original term of one year or less. Treasury bills, or T-bills, are sold in terms ranging from a few days to 52 weeks. Bills are typically sold at a discount from the par amount (also called face value). For instance, you might pay \$990 for a \$1,000 bill. When the bill matures, you would be paid \$1,000. The difference between the purchase price and face value is interest. It is possible for a bill auction to result in a price equal to par, which means that Treasury will issue and redeem the securities at par value.

**Treasury Bonds.** Long-term interest-bearing debt securities backed by the U.S. Government. Issued Treasury bonds pay a fixed rate of interest every six months until they mature and are issued in a term of 30 years.

**Treasury Notes.** Intermediate interest-bearing debt securities backed by the U.S. Government and issued with maturities ranging from one to ten years by the U.S. Department of the Treasury. Treasury Notes earn a fixed rate of interest every six months until maturity. Notes are issued in terms of 2, 3, 5, 7, and 10 years.

**Trustee.** A bank designated by an issuer of securities as the custodian of funds and official representative of bondholders. Trustees are appointed to ensure compliance with the bond documents and to represent bondholders in enforcing their contract with the issuer.

**Unrealized Gains (Losses).** The difference between the market value of an investment and its book value. Gains/losses are "realized" when the security is actually sold, as compared to "unrealized" gains/losses which are based on current market value. See also "Realized Gains (Losses)."

**Yield Curve.** A graphic depiction of yields on like securities in relation to remaining maturities spread over a timeline. The traditional yield curve depicts yields on Treasuries, although yield curves exist for Federal Agencies and various credit quality corporates as well. Yield curves can be positively sloped (normal) where longer-term investments have higher yields, or "inverted" (uncommon) where longer-term investments have lower yields than shorter ones.

**Yield at Market.** The percentage return on an investor's money in terms of current prices calculated by dividing the annual income produced by the investment by its current market value.

**Yield to Maturity.** The rate of return the investor earns from payments of principal and interest, with interest compounded semi-annually and assuming the bond will be held until maturity (this maturity date is changed and, therefore, the calculation changes when a bond is declared to be "pre-funded").

RESOLUTION NO. 23-54

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FORT LAUDERDALE, FLORIDA, AMENDING THE INVESTMENT POLICY FOR THE CITY OF FORT LAUDERDALE'S MUNICIPAL CEMETERY SYSTEM PERPETUAL CARE TRUST FUND AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Section 218.415, Florida Statutes, requires that investment activity by a unit of local government be consistent with a written investment plan adopted by the governing body; and

WHEREAS, the City Commission of the City of Fort Lauderdale approved the "Investment Policy Municipal Cemetery System Perpetual Care Trust Fund," on April 20, 2004; and

WHEREAS, amendments to the Investment Policy for the Municipal Cemetery System Perpetual Care Trust Fund were approved on January 21, 2021, by the City Commission of the City of Fort Lauderdale; and

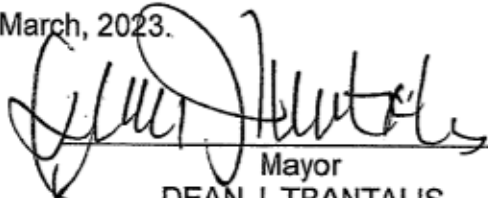
WHEREAS, at its Board meeting on January 12, 2023, the Cemetery Board of Trustees unanimously approved certain amendments to the City's Cemetery System Investment Policy, as set forth in Exhibit 1 to the City of Fort Lauderdale's City Commission Agenda Memo No. 23-0186;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FORT LAUDERDALE, FLORIDA:

SECTION 1. That the amendments to the Investment Policy for the City of Fort Lauderdale's Municipal Cemetery System Perpetual Care Trust Fund set forth in Exhibit 1 to The City of Fort Lauderdale's City Commission Agenda Memo No. 23-0186, a copy of which is attached hereto and incorporated herein, are hereby approved.

SECTION 2. That this Resolution shall be in effect immediately upon its adoption.

ADOPTED this 8<sup>th</sup> day of March, 2023.


  
 \_\_\_\_\_  
 Mayor  
 DEAN J. TRANTALIS

ATTEST:

  
 \_\_\_\_\_  
 City Clerk  
 DAVID R. SOLOMAN

Dean J. Trantalis	<u>Yea</u>
John C. Herbst	<u>Yea</u>
Steven Glassman	<u>Yea</u>
Pamela Beasley-Pittman	<u>Yea</u>
Warren Sturman	<u>Yea</u>

APPROVED AS TO FORM:

  
 \_\_\_\_\_  
 Interim City Attorney  
 D'WAYNE M. SPENCE

*Kim Kause, Investment Advisor  
 Trust  
 3-31-2023*