

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
Thursday, April 4, 2024, at 12:30 PM
City Hall Conference Room 3C**

AGENDA

1. **CALL TO ORDER**
2. **PUBLIC COMMENT**
3. **NEW BUSINESS**
 - a. None
4. **OLD BUSINESS**
 - a. GEPP and CORP Discount Rate Discussion
5. **INVESTMENT AND FINANCIAL MATTERS**

Baird – Fixed Income presentation
6. **INFORMATION**
 - a. Next regular BOT meeting scheduled for Thursday, April 25, 2024, at 2 PM
 - b. Loomis Sayles – Fixed Income discussion scheduled for Thursday, May 2, 2024, at 12:30 PM
7. **PRIVILEGE OF THE FLOOR**
8. **ADJOURNMENT**

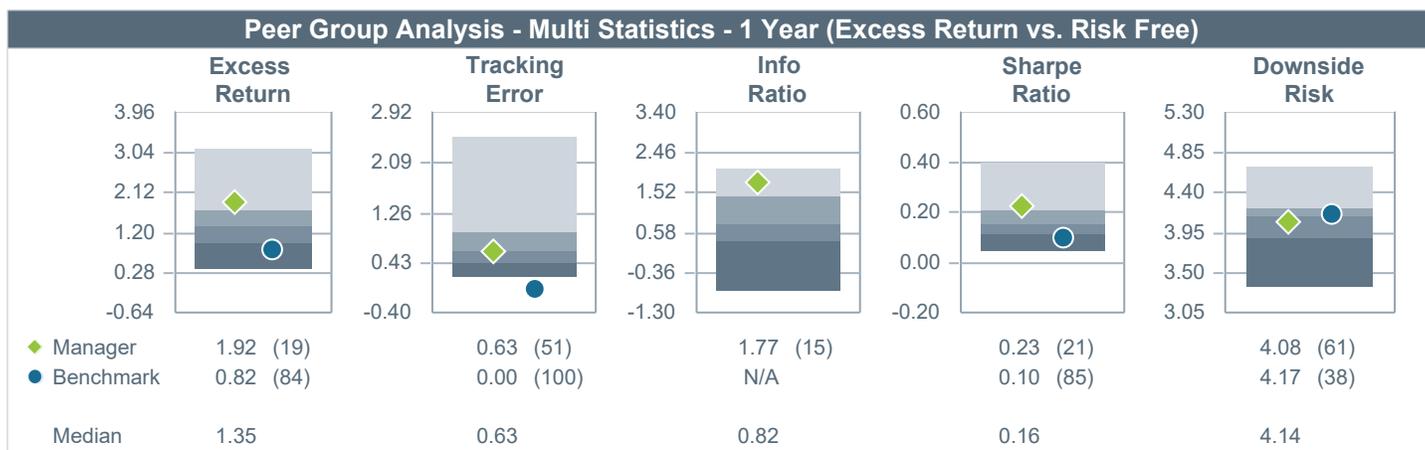
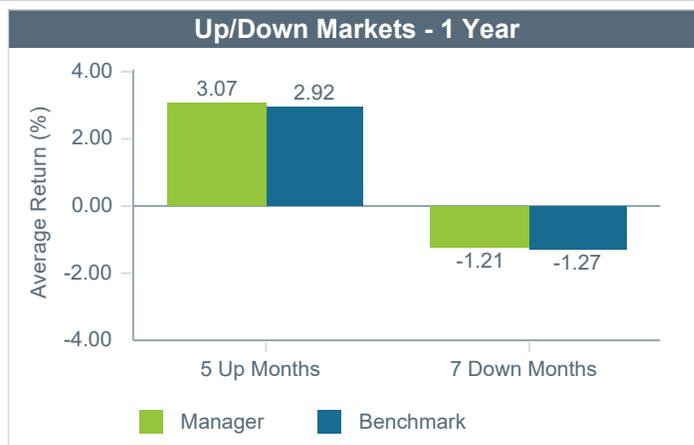
Manager: Baird Core Fixed Income (SA)

As of December 31, 2023

Benchmark: Bloomberg US Agg Bond Index

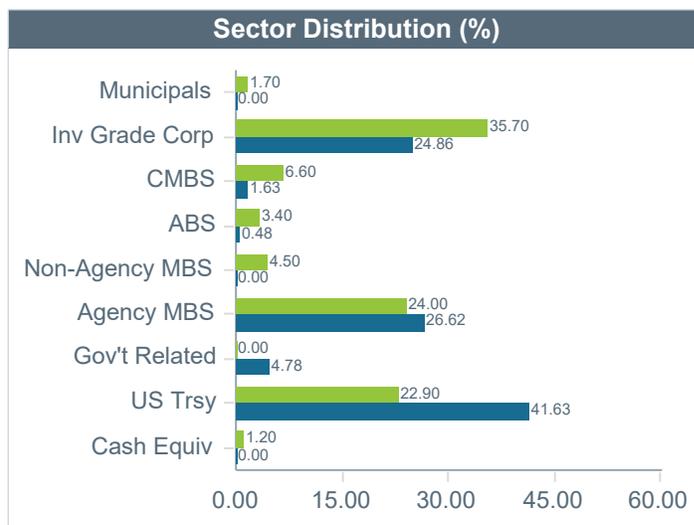
Peer Group: IM U.S. Broad Market Core Fixed Income (SA+CF)

Performance											
	QTD	1 Year	3 Years	5 Years	7 Years	10 Years	2022	2021	2020	2019	2018
Manager	7.09	6.68	N/A	N/A	N/A	N/A	-13.23	N/A	N/A	N/A	N/A
Benchmark	6.82	5.53	-3.31	1.10	1.29	1.81	-13.01	-1.55	7.51	8.72	0.01
Difference	0.27	1.15	N/A	N/A	N/A	N/A	-0.22	N/A	N/A	N/A	N/A
Peer Group Median	6.82	6.06	-3.01	1.64	1.76	2.25	-12.97	-1.24	8.43	9.18	0.06
Rank	26	20	N/A	N/A	N/A	N/A	73	N/A	N/A	N/A	N/A
Population	134	133	133	132	130	125	145	152	160	162	169



Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	6.24	6.24
Spread Duration	3.78	N/A
Avg. Maturity	8.21	8.46
Avg. Quality	Aa3	Aa2/Aa3
Yield To Maturity (%)	N/A	4.53
Coupon Rate (%)	3.42	3.09
Current Yield (%)	N/A	N/A
Holdings Count	295	13,334



Performance shown is gross of fees and client specific. Calculation is based on monthly periodicity. Parentheses contain percentile ranks.



Prepared for

City of Jacksonville Retirement System

April 4, 2024



Representing Baird Advisors



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Managing Director
Senior Portfolio Manager
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Michael Possley, CFA

Managing Director
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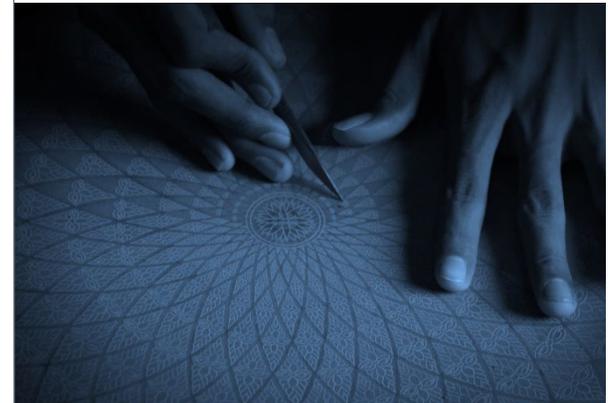
Donald Smiley, CFA

Vice President
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Section 1

Firm/Team Overview

Firm Update

1919 founded in Milwaukee

2004 Baird becomes employee-owned

5,100 Associates (Over 80% are shareholders)

BAIRD



20 consecutive years



12 consecutive years



5 years

Kiplinger

Baird Aggregate Bond Fund added to **The Kiplinger 25** list of the best no-load mutual funds



7 years

BARRON'S

A Top-Performing Muni Fund That Ventures Where Others Don't (8/9/23)
Baird Strategic Municipal Bond Fund

MORNINGSTAR

How to Use Taxable Bonds in a Portfolio (8/14/23)
Four Baird Bond Funds highlighted in list of seven Highly Rated Taxable-Bond Funds (Actively Managed Funds)



2023 Mary Ellen Stanek named an **Influential Woman in Institutional Investing**



Mary Ellen Stanek **Morningstar Outstanding Portfolio Manager Award 2022**

Awards 2022



Baird Asset Management named 1 of 3 nominees for the 2023 **Morningstar Exemplary Stewardship Award**

Awards 2023



Baird Core Plus, Aggregate, Short-Term and Ultra Short Bond Funds receive **Morningstar's highest gold rating** (2/6/2024)



Baird Funds recognized as the **#1 Fund Family** out of the Largest 150 Fund Families



Baird Aggregate, Core Plus, Short-Term and Core Intermediate Muni Bond Funds selected for Morningstar's **Thrilling 30** mutual fund list out of more than 15,000 fund share classes



LSEG Lipper Fund Awards
2024 Winner United States

Baird Strategic Municipal Bond Fund: **Best Fund** over 3 years in the Short-Intermediate Municipal Debt Funds category
2 consecutive years

2022 Winner LSEG Lipper Fund Awards
Baird Short-Term Municipal Bond Fund: **Best Fund** over 3 & 5 years in the Short Municipal Debt Funds category

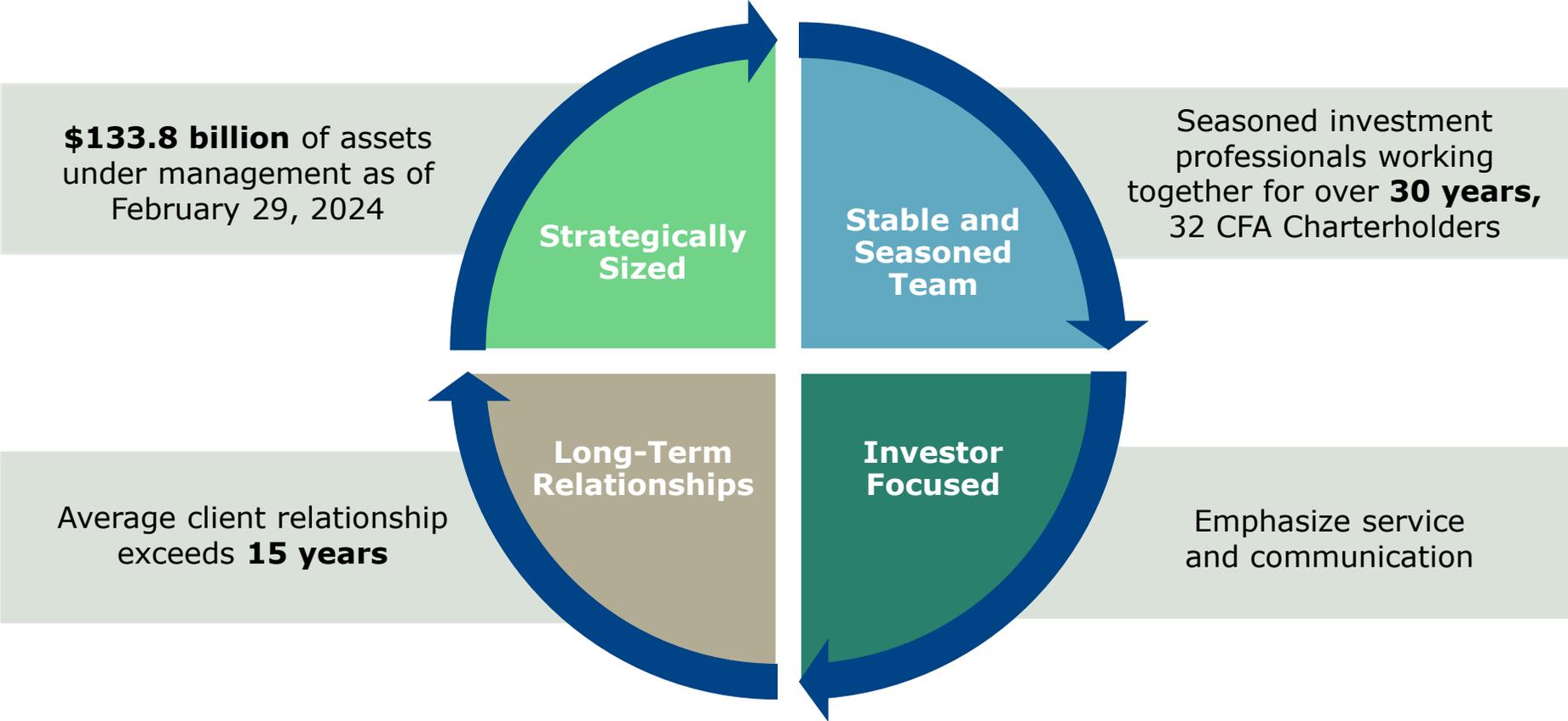
Baird Funds Signatory of:



Past performance is no guarantee of future results. "Fund Family 150" by Michael Laske, published as of March 2, 2021 © 2021 Morningstar Research Services LLC. All Rights Reserved. Based on a rank of asset-weighted fund scores for the 150 largest US fund families compared in the report. Morningstar Awards 2022©. Morningstar, Inc. All Rights Reserved. Morningstar Awards 2023(c). Morningstar, Inc. All Rights Reserved. Baird Asset Management nominated for 2023 U.S. Morningstar Exemplary Stewardship award. ©2023 Morningstar. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. From Fortune. ©2023 Fortune Media IP Limited All rights reserved. Fortune and Fortune 100 Best Companies to Work For® are registered trademarks of Fortune Media IP Limited and are used under license. Fortune and Fortune Media IP Limited are not affiliated with, and do not endorse products or services of, Baird. From FORTUNE. ©2023 FORTUNE Media IP Limited. All rights reserved. Used under license. FORTUNE and FORTUNE Media IP Limited are not affiliated with, and do not endorse the products or services of, Baird. LSEG Lipper Fund Awards, ©2024 LSEG. All rights reserved. Used under license. PRI is an investor initiative in partnership with UNEP Finance and the UN Global Compact.

Baird Advisors Overview

Experienced Team with a Competitive Track Record in High-Quality Fixed Income Management



Continue to Invest in the Team

Joined the Client Services Team in Q4 2023



Anne Wiesman, CFA
Vice President
Client Service Specialist

Joined the Investment Team in Q3 2023



Shreeya Aryal
Credit Investment Analyst

Joined the Investment Team in Q2 2023



Alec Johnson
Vice President
Credit Investment Analyst

Interns Hired Full-Time Starting Summer 2023



Victoria Rios, Client Services Specialist
Marquette University
Intern with Baird Advisors since 2015



Andrew Rodriguez, Portfolio Analyst
UW-Madison
Intern with Baird Advisors since 2020



Adrian Mora, Portfolio Analyst
Marquette University
Intern with Baird Advisors since 2021



Dina Sofair, Investment Analyst
Emory University
Intern with Baird Advisors since 2021



20% of all Baird Advisors associates started at Baird in an intern role

Baird Advisors

Portfolio Management Team



Mary Ellen Stanek, CFA
MD, Co-Chief Investment Officer
45 Years of Experience

Warren Pierson, CFA
MD, Co-Chief Investment Officer
38 Years of Experience

Charles Groeschell
MD, Senior Portfolio Manager
45 Years of Experience

Jay Schwister, CFA
MD, Senior Portfolio Manager
Research Director
40 Years of Experience

Duane McAllister, CFA
MD, Senior Portfolio Manager
Co-Lead Municipal Sector
37 Years of Experience

Lyle Fitterer, CFA
MD, Senior Portfolio Manager
Co-Lead Municipal Sector
35 Years of Experience

Jeffrey Simmons, CFA
MD, Senior Portfolio Manager
37 Years of Experience

Sharon deGuzman
MD, Senior Portfolio Manager
33 Years of Experience

Jeffrey Schrom, CFA
MD, Senior Portfolio Manager
Lead Credit Sector
30 Years of Experience

Meghan Dean, CFA
MD, Senior Portfolio Manager
Co-Lead Securitized Sector
24 Years of Experience

Patrick Brown, CFA
MD, Senior Portfolio Manager
Co-Lead Securitized Sector
21 Years of Experience

Patrick Mutsune, CFA
MD, Senior Investment &
Systems Analyst
27 Years of Experience

Andrew O'Connell, CFA
MD, Senior Investment Analyst
17 Years of Experience

Abhishek Pulakanti, CFA
MD, Senior Investment Analyst
16 Years of Experience

Amy Johnson
MD, Portfolio Analyst
23 Years of Experience

Timothy Fotsch, CFA
SVP, Senior Investment Analyst
17 Years of Experience

Ian Elfe, CFA
SVP, Senior Investment Analyst
16 Years of Experience

Jed Bruss, CFA
SVP, Senior Investment Analyst
15 Years of Experience

John Cremer, CFA
SVP, Senior Investment Analyst
12 Years of Experience

Alice Ambrowiak, CFA, CPA
SVP, Investment Analyst
22 Years of Experience

Gabriel Diederich, CFA
SVP, Portfolio Manager
21 Years of Experience

Erik Schleicher, CFA
SVP, Portfolio Manager
20 Years of Experience

Joseph Czechowicz, CFA
SVP, Portfolio Manager
17 Years of Experience

Allison Parra, CFA
SVP, Investment Analyst
8 Years of Experience

Joseph Lorbert, CFA, CFP
VP, Investment Analyst
13 Years of Experience

Lauren Vollrath, CFA
VP, Investment Analyst
11 Years of Experience

Allison Mayer, CFA
VP, Investment Analyst
11 Years of Experience

Patrick Hale, CFA
VP, Investment Analyst
9 Years of Experience

Brian Jacobs, CFA, CPA
VP, Investment Analyst
7 Years of Experience

Neha Dimri, CFA
VP, Investment Analyst
7 Years of Experience

Alec Johnson
VP, Investment Analyst
7 Years of Experience

Sabrina Wolf
Investment Analyst
5 Years of Experience

George Wong
Investment Analyst
4 Years of Experience

Shreeya Aryal
Investment Analyst
3 Years of Experience

Dina Sofair
Investment Analyst
1 Year of Experience

Baird Resource Partners

Legal & Compliance
(91)

Information Technology
(278)

Human Resources
(74)

Finance
(69)

Research (Equity & Credit)
(157)

Baird Advisors - Representative Clients

Average Client Relationship Exceeds 15 years



Note: The clients listed above represent various industry groups and geographic locations and were not selected based upon performance. Their appearance is not an indication of approval or disapproval of the investment management services provided.

Baird Advisors

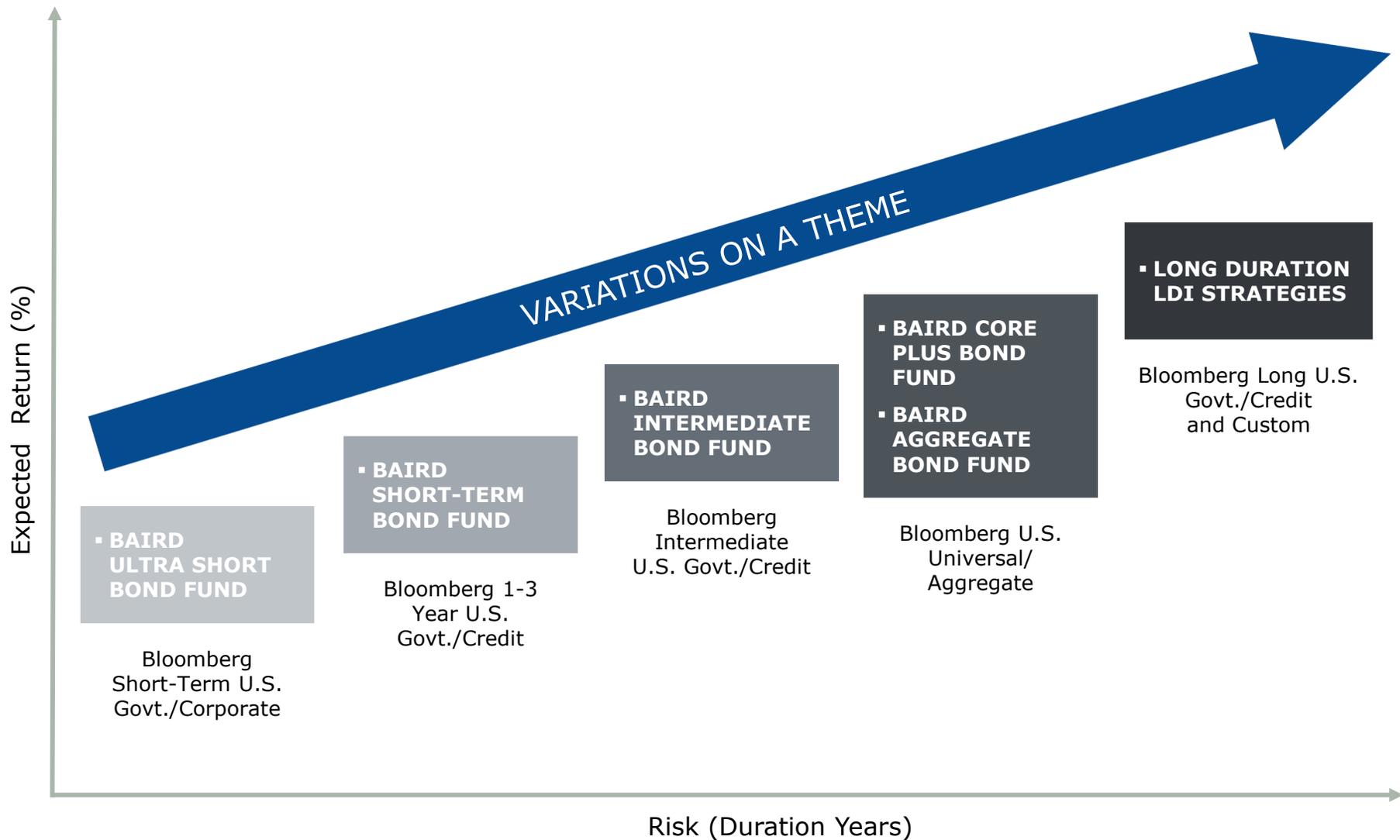
Competitive Advantages

- Experienced team of investment professionals
- Risk-controlled discipline delivering over 35 years of competitive returns
- Consistency of returns versus peers
- Strategically sized, emphasizing bottom-up versus top-down approach
- All cash bonds, all U.S. dollar-denominated, no derivatives, no leverage
- Attractive expense ratio benefits future returns (30 bps Institutional Class)
- Employee-owned, strong financial services firm



Structured, Risk-Controlled Taxable Portfolio Management

Consistent Approach Applied Across Risk Spectrum



Baird Taxable Bond Funds

Total Net Returns, Institutional Class, as of February 29, 2024



	YTD 2024	2023	1-Year	3-Year	Annualized			Since Inception Lipper Rank & Percentile
					5-Year	10-Year	Since Inception ²	
Baird Core Plus Bond Fund – BCOIX	-1.20%	6.89%	4.76%	-2.48%	1.42%	2.18%	4.71%	6 of 50
Bloomberg U.S. Universal Index	-1.44%	6.17%	4.06%	-2.81%	0.85%	1.73%	4.05%	12%
<i>Added Value (bps)</i>							+66	
Baird Aggregate Bond Fund – BAGIX	-1.39%	6.43%	4.13%	-2.94%	1.02%	1.87%	4.25%	11 of 126
Bloomberg U.S. Aggregate Index	-1.68%	5.53%	3.33%	-3.16%	0.56%	1.43%	3.77%	9%
<i>Added Value (bps)</i>							+48	
Baird Intermediate Bond Fund – BIMIX	-0.54%	5.78%	4.76%	-1.45%	1.52%	1.77%	3.97%	5 of 33
Bloomberg Intermediate U.S. Govt/Credit Index	-0.79%	5.24%	4.38%	-1.53%	1.24%	1.51%	3.57%	15%
<i>Added Value (bps)</i>							+40	
Baird Short-Term Bond Fund – BSPIX	0.20%	5.65%	5.39%	0.53%	1.90%	1.74%	2.49%	28 of 106
Bloomberg 1-3 Year U.S. Govt/Credit Index	0.02%	4.61%	4.58%	0.10%	1.41%	1.24%	2.08%	27%
<i>Added Value (bps)</i>							+41	
Baird Ultra Short Bond Fund – BUBIX¹	0.88%	5.71%	5.88%	2.52%	2.35%	1.81%	1.84%	18 of 69
Bloomberg Short-Term U.S. Govt/Corporate Index	0.74%	5.19%	5.31%	2.20%	2.03%	1.48%	1.46%	26%
<i>Added Value (bps)</i>							+38	

Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value of an investment in the fund will fluctuate so that an investor's shares when redeemed may be worth more or less than their original cost. The funds' current performance may be lower or higher than the performance data quoted. For performance current to the most recent month-end, please visit www.bairdfunds.com.

¹ Expense Ratio for the Institutional Share Classes is 0.30%; for the Investor Share Classes is 0.55%. The Advisor has contractually agreed to waive management fees for the Baird Ultra Short Bond Fund in an amount equal to an annual rate of 0.15% of the average daily net assets for the Fund until April 30, 2025. The agreement may only be terminated prior to the end of this term by or with the consent of the Board of Directors of Baird Funds, Inc.

Returns shown include the reinvestment of all dividends and capital gains.

² The Baird Core Plus, Aggregate and Intermediate Bond Funds Since Inception net returns are based on performance from September 30, 2000 through February 29, 2024. The Baird Short-Term Bond Fund Since Inception net return is based on performance from August 31, 2004 through February 29, 2024. The Baird Ultra Short Bond Fund Since Inception net return is based on performance from December 31, 2013 through February 29, 2024.

Consistency is Key

Baird Taxable Bond Funds – Institutional Shares

Percentage of Time Funds Outperform Their Morningstar Category Average					
Rolling Time Periods	Baird Ultra Short Bond	Baird Short-Term Bond	Baird Intermediate Bond	Baird Aggregate Bond	Baird Core Plus Bond
1 Year	73%	83%	60%	88%	79%
2 Year	91%	92%	62%	92%	89%
3 Year	99%	98%	62%	100%	98%
5 Year	100%	100%	64%	100%	100%

Source: Morningstar Direct as of February 29, 2024.

Performance numbers used are through each month end period from each fund's inception date.

The Baird Core Plus, Aggregate and Intermediate Bond Funds Since Inception net returns are based on performance from September 30, 2000 through February 29, 2024.

The Baird Short-Term Bond Fund Since Inception net return is based on performance from August 31, 2004 through February 29, 2024.

The Baird Ultra Short Bond Fund Since Inception net return is based on performance from December 31, 2013 through February 29, 2024.

All supporting information available upon request.
Past performance does not guarantee future results.

Attractive Yields for Investors

Attractive Advantages Over Benchmarks

	Date	Fund YTW*	Benchmark YTW*	Advantage
Ultra Short	2/29/24	5.70%	5.38%	+32 bps
	12/31/21	0.69%	0.36%	+33 bps
Short-Term	2/29/24	5.34%	4.87%	+47 bps
	12/31/21	1.14%	0.81%	+33 bps
Intermediate	2/29/24	5.01%	4.75%	+26 bps
	12/31/21	1.49%	1.30%	+19 bps
Aggregate	2/29/24	5.17%	4.92%	+25 bps
	12/31/21	1.89%	1.75%	+14 bps
Core Plus	2/29/24	5.32%	5.21%	+11 bps
	12/31/21	2.02%	2.08%	-6 bps

*The average portfolio yield-to-worst (YTW) is the lowest estimated yield that can be received on a callable bond at current market price absent a default. The YTW is calculated by using the lower of yield-to-maturity or yield-to-call (an earlier date that the issuer could redeem the bond). The weighted average YTW of a Fund does not include fund fees and expenses.

Baird Taxable Bond Strategies

Rising and Falling Rate Scenario Analysis

			Expected 12 Month Gross Returns				
Portfolio	12/31/23 Duration	12/31/23 Yield to Worst	Rates rise 100 bps	Rates rise 50 bps	Rates Unchanged	Rates fall 50 bps	Rates fall 100 bps
Ultra Short	0.52 years	5.71%	5.64%	5.66%	5.68%	5.69%	5.71%
Short-Term	1.83 years	5.15%	2.87%	3.73%	4.59%	5.47%	6.36%
Intermediate	3.78 years	4.71%	0.77%	2.57%	4.42%	6.31%	8.26%
Aggregate	6.24 years	4.89%	-1.05%	1.79%	4.79%	7.94%	11.24%
Core Plus	6.00 years	5.03%	-0.70%	2.04%	4.93%	7.97%	11.15%
10 Year Treasury Yield			4.88%	4.38%	3.88%	3.38%	2.88%

Note: The scenario analysis is for illustrative purposes only and is not meant to be a recommendation or forecast. The analysis uses the starting yield to worst for each strategy as of 12/31/23. The expected 12 month return calculations assume a constant yield curve slope and portfolio duration while implementing an instantaneous parallel rate shift with no change in spreads.

The average portfolio yield-to-worst (YTW) is the lowest estimated yield that can be received on a callable bond at current market price absent a default. The YTW is calculated by using the lower of yield-to-maturity or yield-to-call (an earlier date that the issuer could redeem the bond). The weighted average YTW of a Fund does not include fund fees and expenses.

Source: ICE, BondEdge
Data as of: 12/31/23 (next update: 3/31/24)

Section 2

Philosophy/Process Overview

Investment Philosophy & Process:

Two-Fold Approach

Step 1: Structure Portfolio to Achieve Return of the Benchmark

Complete Understanding of the Benchmark	<ul style="list-style-type: none"> ▪ Quantify duration, sector and subsector weightings ▪ Evaluate pricing, turnover and projected changes to benchmark ▪ Purchase only U.S. dollar-denominated securities
Remain <i>Duration Neutral</i> to Control Portfolio Risk	<ul style="list-style-type: none"> ▪ Precisely match duration to index at all times ▪ Immediately adjust portfolio as contributions and withdrawals occur ▪ Rebalance at month-end to match benchmark changes
Maintain Strict Adherence to Portfolio Guidelines	<ul style="list-style-type: none"> ▪ Continuously monitor risk-control measures ▪ Use scenario analysis ▪ Compliance systems for all portfolio trades
Emphasis on Security Structure/Credit Research	<ul style="list-style-type: none"> ▪ Evaluate specific security covenants, cash flows and liquidity concerns ▪ Assess company financials and management ▪ Consider prospects for sector and position in industry

Investment Philosophy & Process: Two-Fold Approach

Step 2: Add Incremental Value through Bottom-Up, Risk-Controlled Process

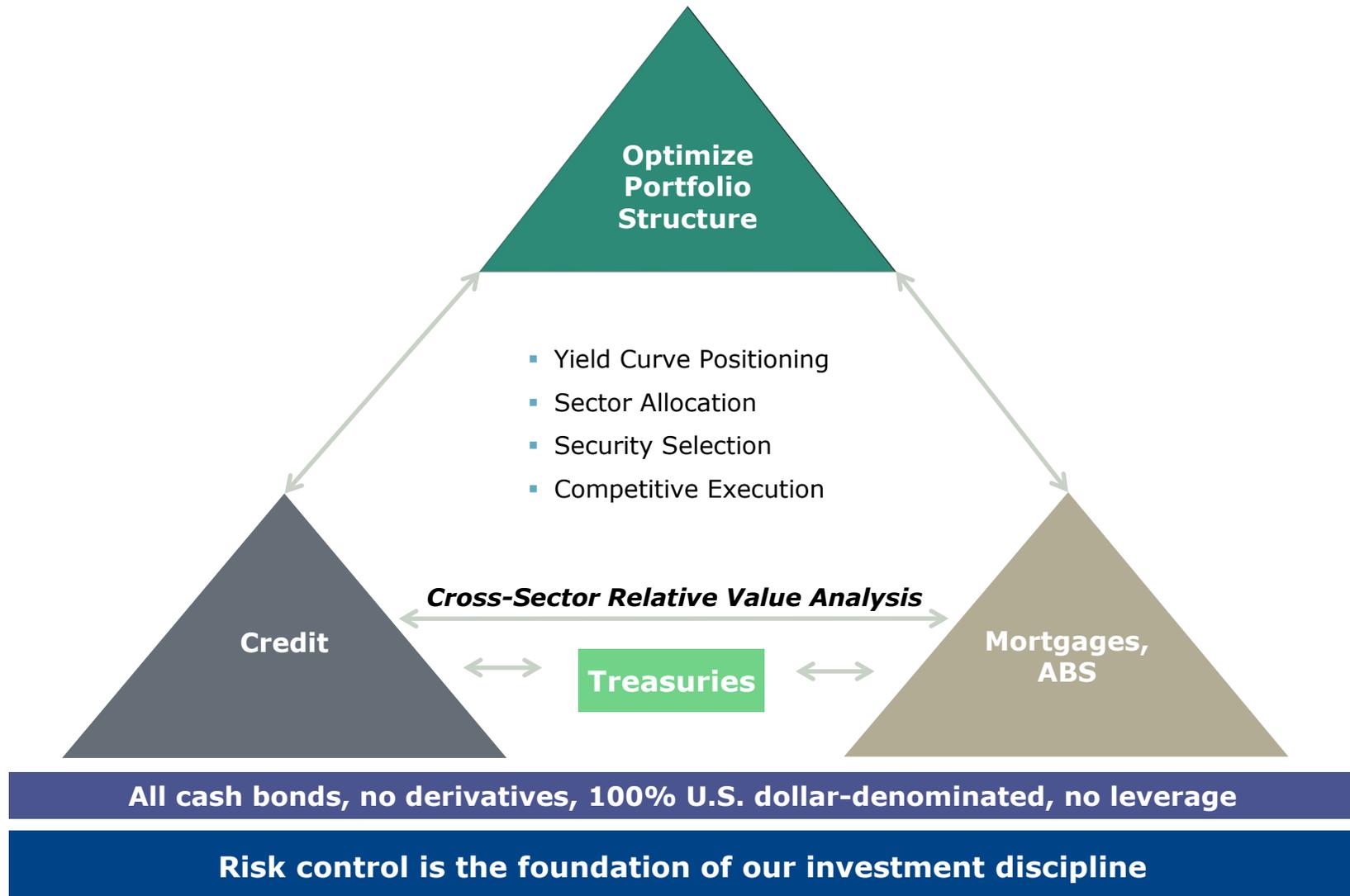
Sources of Added Value:

Yield Curve Positioning	<ul style="list-style-type: none">▪ Optimize yield and “roll down”▪ Analyze yield curve on a continual basis
Sector Allocation	<ul style="list-style-type: none">▪ Evolve sector allocations around long-term biases▪ Focus on relative value▪ Yield spreads and underlying risks change constantly
Security Selection	<ul style="list-style-type: none">▪ Structure▪ Attributes▪ Liquidity
Competitive Execution	<ul style="list-style-type: none">▪ Capitalize on market inefficiencies▪ Receive timely market information▪ Utilize long-standing dealer relationships

Consistent,
Competitive
Performance Over
Complete Market
Cycles

We seek to consistently add 15-50 basis points of incremental return

Implementation: A Holistic Approach





DURATION NEUTRAL TO BENCHMARK



U.S. TREASURY AND GOVERNMENT AGENCY SECURITIES

- Emphasized for long duration exposures
- Used to match duration



CREDIT SECURITIES

- Overall credit positioning generally shorter on the yield curve versus respective benchmark
- Emphasize sectors and industries that give high priority to stable credit rating
- Broad issuer diversification overall; increases for lower credit quality



MORTGAGE-BACKED AND ASSET-BACKED SECURITIES

- Favor more prepayment protection than U.S. Government Agency MBS (positive convexity “tilt”)
- Focus on most senior class in deal structure if Non-U.S. Government guaranteed



CASH BONDS

- No foreign currency
- No derivatives
- No leverage



ONGOING PORTFOLIO MONITORING

- Continuous review of portfolios for adherence to stated guidelines and objectives

RISK CONTROL IS THE FOUNDATION OF OUR INVESTMENT DISCIPLINE

Section 3

Update on City of Jacksonville Retirement System Portfolio

Portfolio Positioning

Portfolio yield advantages over benchmarks

Maintain sufficient liquidity for uncertain environment

Portfolios positioned to benefit from spread sector outperformance

- Maintain nominal underweight to U.S. Treasury sector
- Opportunities across spread sectors attractive on selective basis
- Selective overweight to spread sectors

Flat/inverted yield curve limits roll down opportunities

- Duration neutral overall
- Maintain modest positive convexity tilt

Focus on risk control

- Importance of fundamental credit analysis
- Emphasize diversification
- Maintain coupon advantage

Experienced team and risk-controlled process key to long-term success

City of Jacksonville Retirement System

Summary Investment Objectives and Portfolio Guidelines

Investment Objective:

To produce investment returns that add value through active management relative to the returns of the Bloomberg U.S Aggregate Index on an annualized basis over rolling three-to-five year periods, net of fees, and rank above median compared to its style peers over the same period.

Authorized Investments:

Cash and cash equivalents, U.S. Treasuries, U.S. Government Agencies and other public-sector debt obligations of U.S. and foreign issuers. Asset-backed and mortgage-backed obligations of U.S. and foreign issuers. Corporate debt obligations U.S. and foreign issuers. Commercial Paper, Taxable and Tax-Exempt Municipal Securities. All debt obligations will be U.S. Dollar-denominated and marketable which include Rule 144A securities.

Portfolio Guidelines Summary:

- Securities must be rated Baa3/BBB- or better by at least one NRSRO (e.g. Moody's, S&P or Fitch) at time of purchase. Securities rated by more than one NRSRO, the highest rating shall apply. The portfolio may also invest up to 5% in unrated debt obligations that are determined by Baird to be comparable in quality to the rated obligations allowed under these guidelines.
- If a security is downgraded below Baa3/BBB- by all NRSROs subsequent to purchase it may be held as long as the total of these holdings downgraded below Baa3/BBB- does not exceed 10%. In addition, any securities downgraded to below investment grade will be reported to the client along with the recommended action.
- Maximum 25% may be invested in any one industry, excluding U.S. Government and Agency securities.
- Maximum 5% per single issuer, excluding for U.S. Government and Agency obligations. An asset-backed or mortgage-backed security that is backed by a discrete pool of receivables or mortgage loans will be considered a unique issuer.
- Maximum 5% Cash under normal circumstances
- Maximum 25% Municipal Bonds
- Maximum 25% Agency Residential Mortgage Backed Securities
- Maximum 25% Government National Mortgages Association Agency Residential Mortgage Backed Securities
- Maximum 25% International Securities
- Maximum 25% Asset-backed securities (ABS), including Non-Agency Residential Mortgage Backed Securities
- Maximum 25% Agency and Non-Agency Commercial Mortgage Backed Securities (CMBS)
- Maximum 80% Corporates

Credit – Positive

- Positive – Overweight investment grade credit
- Positive – Active positioning within investment grade credit
 - Positive – Overweight BBB industrials as well as subsector and security selection decisions within industrials (spread across many subsectors)
 - Positive – Subsector and security selection within financials (e.g. favoring non-U.S. versus U.S. banks)
 - Positive – Overweight financials/industrials and underweight non-corporate credit

Securitized – Positive overall *(note: all non-agency exposure at top of capital structure)*

- Positive – Overweight non-agency RMBS, non-agency CMBS and ABS
- Positive – Agency RMBS positioning
 - Positive – Subsector and security selection decisions (e.g. overweight seasoned 3.0%/3.5% coupons and favoring 20yr versus 30yr mortgages in lower coupons)
 - Modest negative – Underweight agency RMBS, mitigated by increasing exposure post widening

Yield Curve and Convexity – Positive

- Positive – Positive convexity tilt of overall portfolio versus the benchmark
- Neutral – Yield curve positioning

City of Jacksonville Retirement System

Portfolio Characteristics as of February 29, 2024

Change since 12/31/21 (bps)

BAIRD

Yield to Worst (Gross)	+331	5.21%	+317	4.92%	Portfolio Yield Advantage +0.29% to Bloomberg U.S. Aggregate Index
Average Coupon		3.46%		3.17%	
Effective Duration		6.22 years		6.22 years	
Effective Maturity		8.23 years		8.45 years	

	Portfolio	Bloomberg U.S. Aggregate Index	Portfolio	Bloomberg U.S. Aggregate Index
Quality Breakdown	% Market Value		% Contribution to Effective Duration	
U.S. Treasury	23.7	41.8	38.8	40.7
U.S. Agency	23.7	27.8	22.8	27.1
AAA	13.0	3.2	6.7	2.2
AA	2.6	2.7	2.6	3.0
A	12.2	11.9	9.2	13.3
BBB	24.8	12.5	19.9	13.7
Below BBB	0.0	0.0	0.0	0.0
Total	100.0%	100.0%	100.0%	100.0%
Sector Breakdown				
<i>U.S. Government (Non-MBS)</i>	23.7	42.8	38.8	41.1
U.S. Treasury	23.7	41.8	38.8	40.7
U.S. Agency (Non-MBS)	0.0	0.9	0.0	0.5
<i>Credit</i>	40.1	29.0	32.0	31.5
Industrials	19.3	14.6	18.5	17.8
Utilities	2.6	2.2	2.2	3.1
Financials	17.4	8.2	10.6	7.0
Non-Corporate Credit	0.8	4.0	0.7	3.6
<i>Securitized</i>	35.7	28.2	29.1	27.3
U.S. Agency RMBS	22.5	26.1	21.7	26.0
U.S. Agency CMBS	1.2	0.8	1.0	0.6
Non-Agency RMBS	5.0	0.0	2.7	0.0
Non-Agency CMBS	4.4	0.8	2.7	0.5
ABS	2.7	0.5	1.0	0.2
<i>Cash</i>	0.5	0.0	0.0	0.0
Total	100.0%	100.0%	100.0%	100.0%
Number of Issues	299	13,534		
Market Value	\$211,757,599			

The average portfolio yield-to-worst (YTW) is the lowest estimated yield that can be received on a callable bond at current market price absent a default. The YTW is calculated by using the lower of yield-to-maturity or yield-to-call (an earlier date that the issuer could redeem the bond). The weighted average YTW of the portfolio is gross of fees.

Below BBB category includes non-rated bonds. Totals sum based on unrounded data. Breakouts are shown rounded to the nearest tenth and may not visually sum.

The portfolio assigns each security a rating based on the portfolio's guidelines which could differ from the Bloomberg index methodology which assigns each security a rating based on S&P, Moody's, and Fitch ratings only (middle of three ratings, lower of two, or singular rating).

City of Jacksonville Retirement System

Gross Investment Performance as of February 29, 2024

	Portfolio	Bloomberg U.S. Aggregate Index*
2021 (4/1/21-12/31/21)	2.03%	1.89%
2022	-13.23%	-13.01%
2023	6.68%	5.53%
YTD 2024	-1.26%	-1.68%
Cumulative Since Inception (4/1/2021)	-6.59%	-8.04%
Annualized Since Inception (4/1/2021)	-2.31%	-2.83%

The performance is presented on a cumulative compound and annualized basis and does not reflect the deduction of investment advisory fees. Returns would be reduced by an advisory fee and other fees such as custodial expenses; refer to the client contract for client specific fee schedule. All returns are calculated on a time weighted, total return basis. The results shown should not be considered representative of future investment returns. Baird Advisors relies on securities valuations provided by client's custodian for purposes of performance reports. The Baird Advisors Brochure is available upon request.

*The current benchmark is the Bloomberg U.S. Aggregate Index which is an unmanaged portfolio of specific securities. Direct investment in the index is not available.

City of Jacksonville Retirement System

Net Investment Performance as of February 29, 2024

	Portfolio	Bloomberg U.S. Aggregate Index*
2021 (4/1/21-12/31/21)	2.03%	1.89%
2022	-13.42%	-13.01%
2023	6.44%	5.53%
YTD 2024	-1.30%	-1.68%
Cumulative Since Inception (4/1/2021)	-7.19%	-8.04%
Annualized Since Inception (4/1/2021)	-2.53%	-2.83%

The performance is presented on a cumulative compound and annualized basis net of fees. Returns would be reduced by an advisory fee and other fees such as custodial expenses; refer to the client contract for client specific fee schedule. All returns are calculated on a time weighted, total return basis. The results shown should not be considered representative of future investment returns. Client should review all account statements provided by its custodian and compare those account statements to any account statement provided by Baird Advisors. Baird Advisors relies on securities valuations provided by client's custodian for purposes of performance reports. The Baird Advisors Brochure is available upon request.

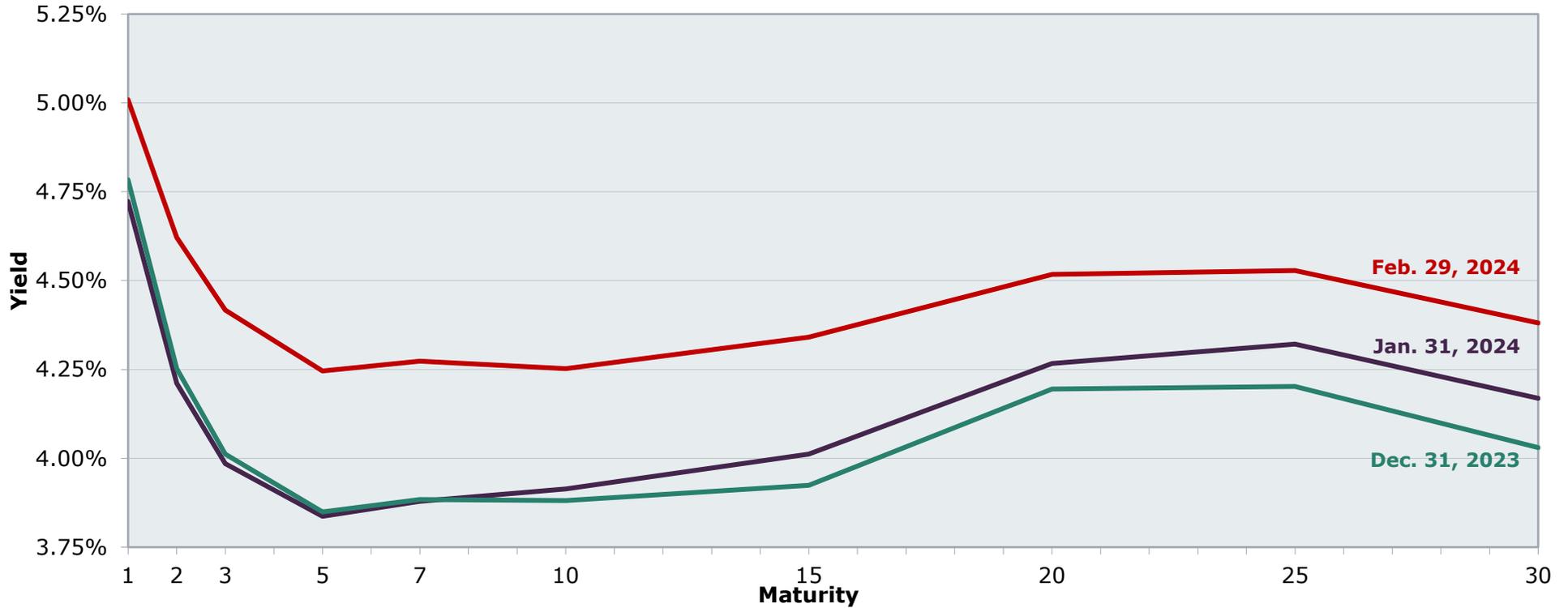
*The current benchmark is the Bloomberg U.S. Aggregate Index which is an unmanaged portfolio of specific securities. Direct investment in the index is not available.

Section 4

Current Market Review

Treasury Yields Rebound in February

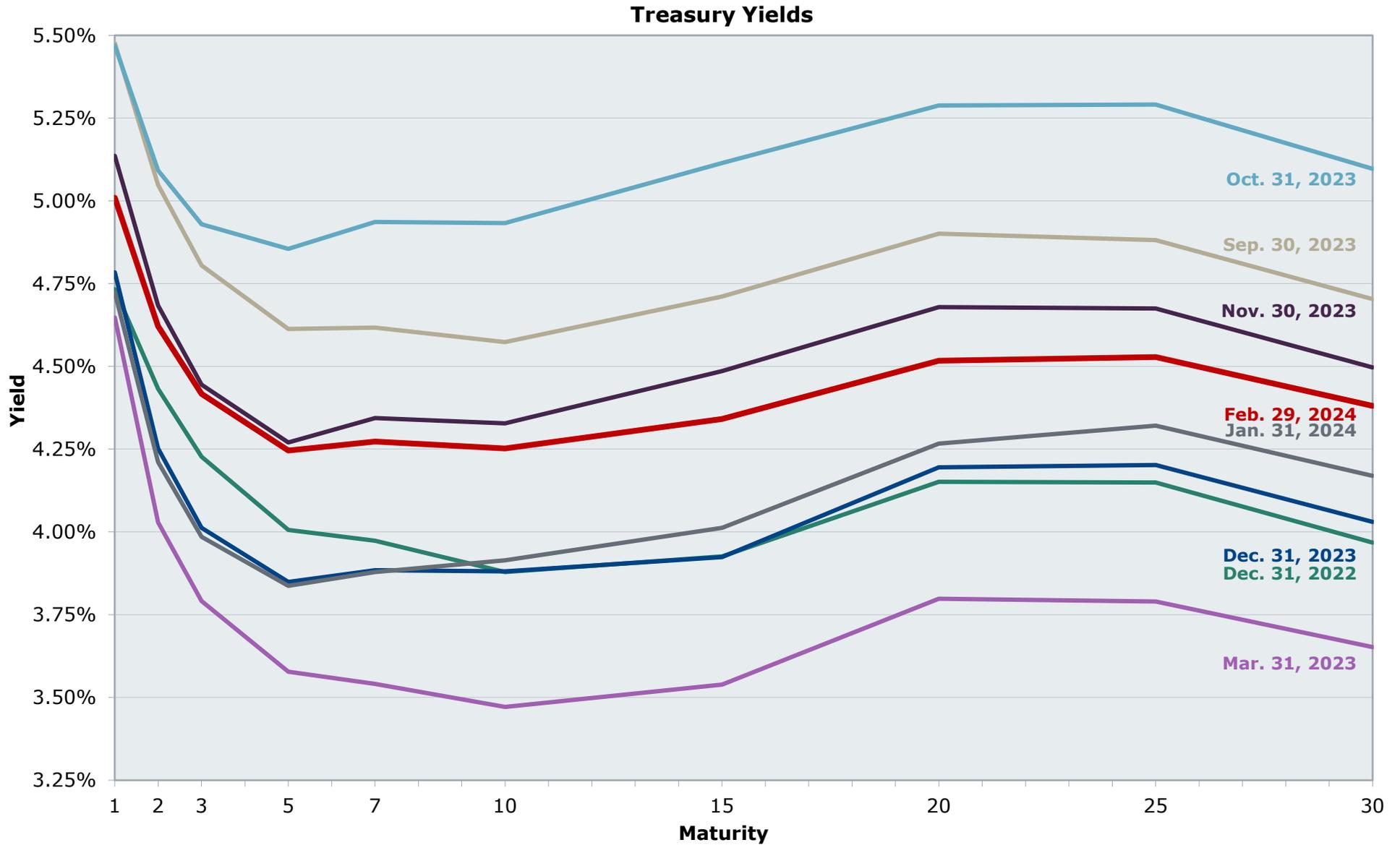
Rates Rise on Stronger Data and Fewer Expected Fed Easings



Maturity	December 31, 2023	January 31, 2024	February 29, 2024	1 Mo. Change	YTD Change
1	4.78%	4.72%	5.01%	0.29%	0.23%
2	4.25%	4.21%	4.62%	0.41%	0.37%
3	4.01%	3.99%	4.42%	0.43%	0.41%
5	3.85%	3.84%	4.25%	0.41%	0.40%
7	3.88%	3.88%	4.27%	0.39%	0.39%
10	3.88%	3.91%	4.25%	0.34%	0.37%
20	4.20%	4.27%	4.52%	0.25%	0.32%
30	4.03%	4.17%	4.38%	0.21%	0.35%

Source: Bloomberg
Data as of: 2/29/24

...But Rates Varied Widely During 2023!

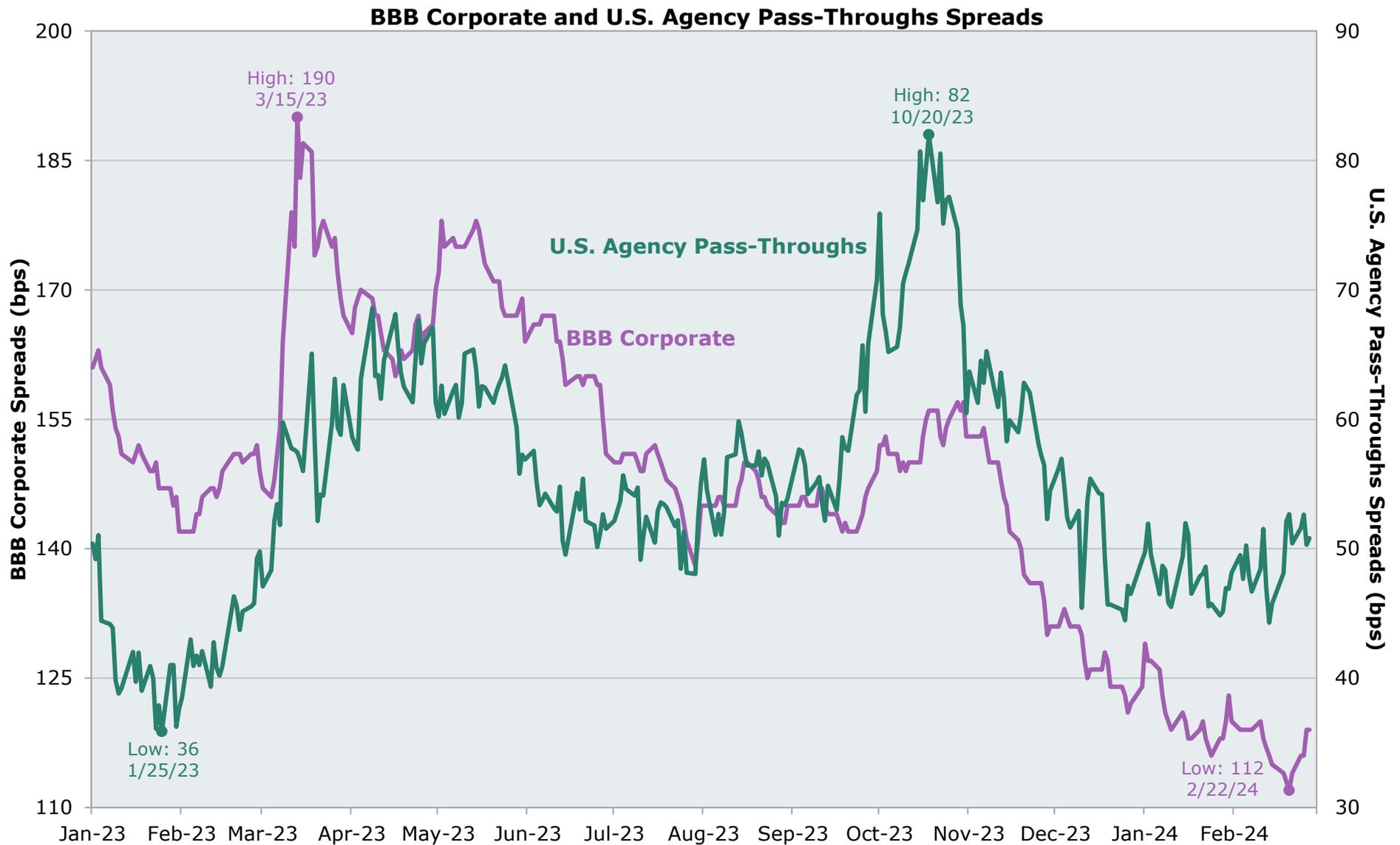


Source: Bloomberg
Data as of: 2/29/24

Volatile but Good Ride for Investors



Spread Sector Volatility in 2023



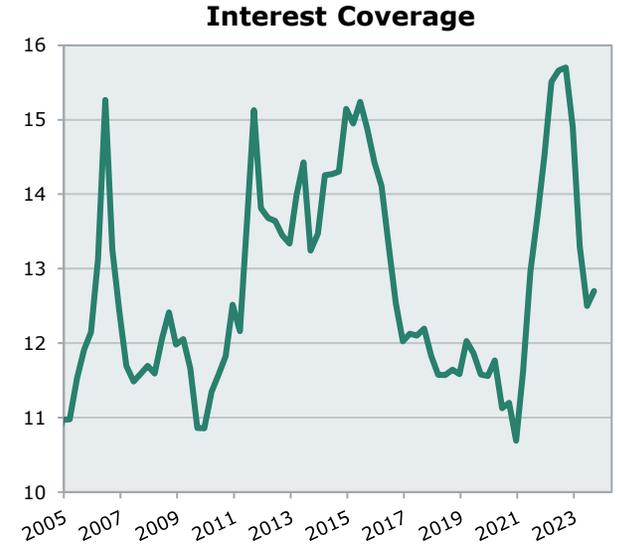
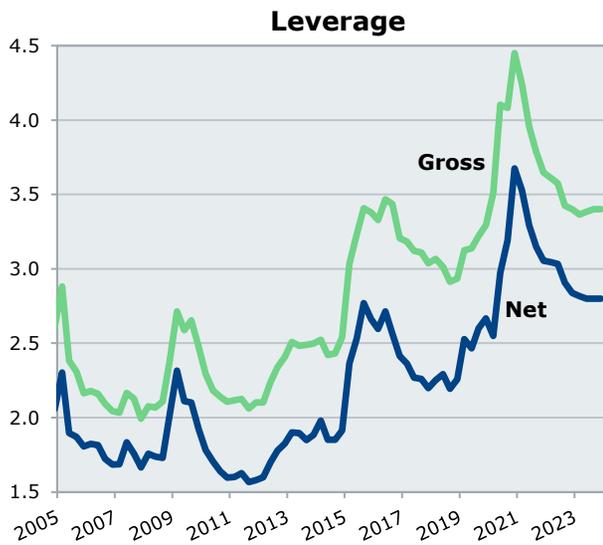
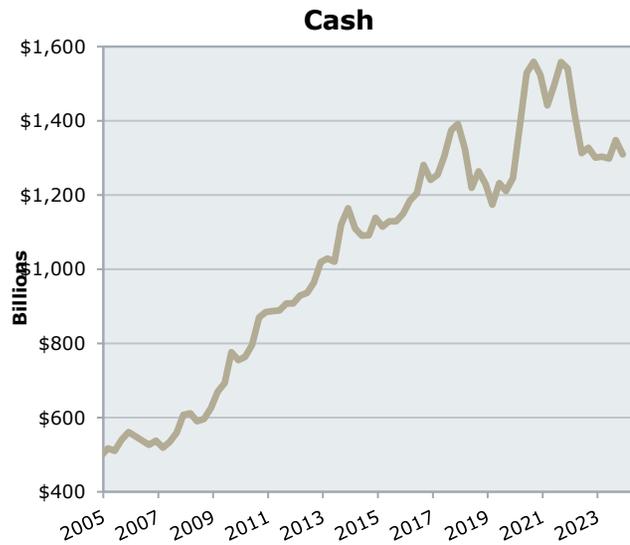
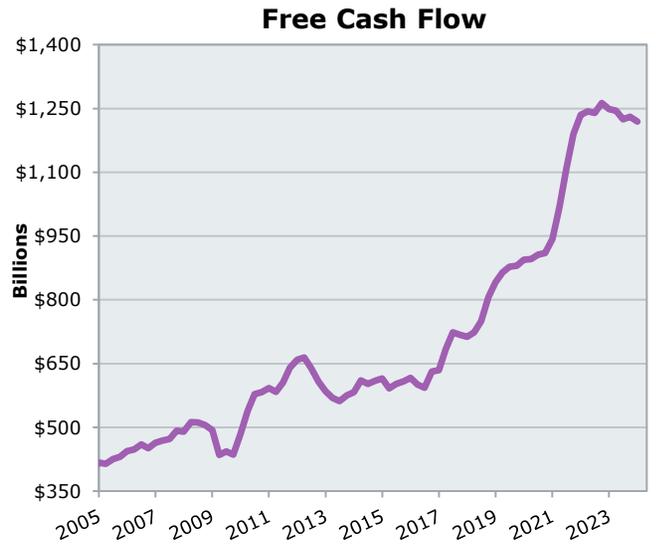
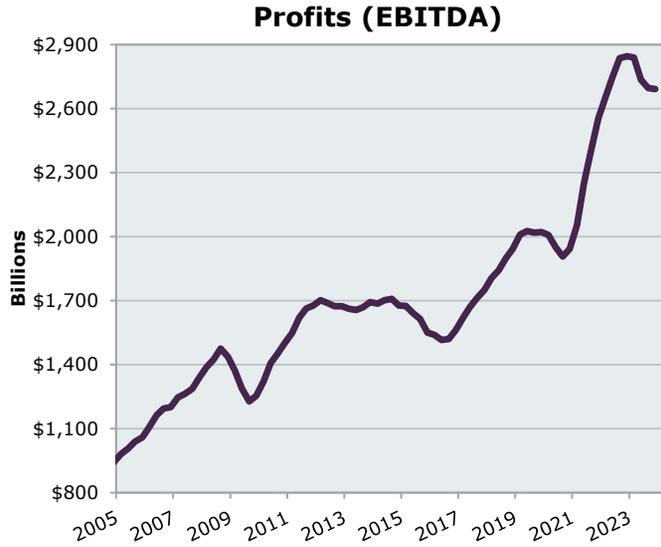
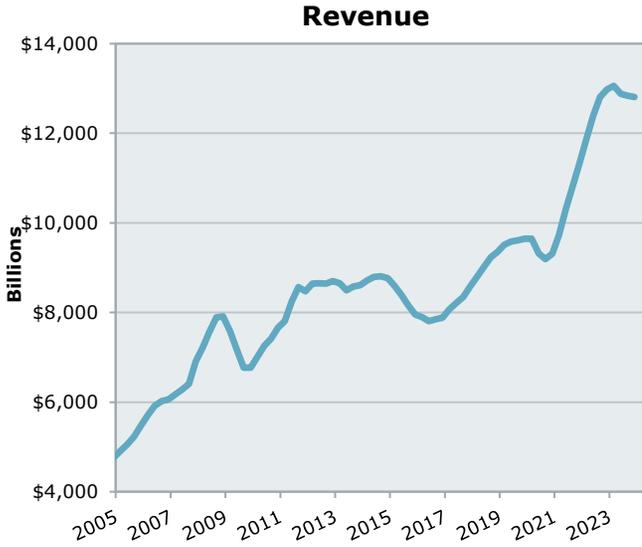
Source: Bloomberg, Barclays
Data as of: 2/29/24

IG Corporate Credit Fundamentals Still Solid

Softening Off Very Healthy Levels



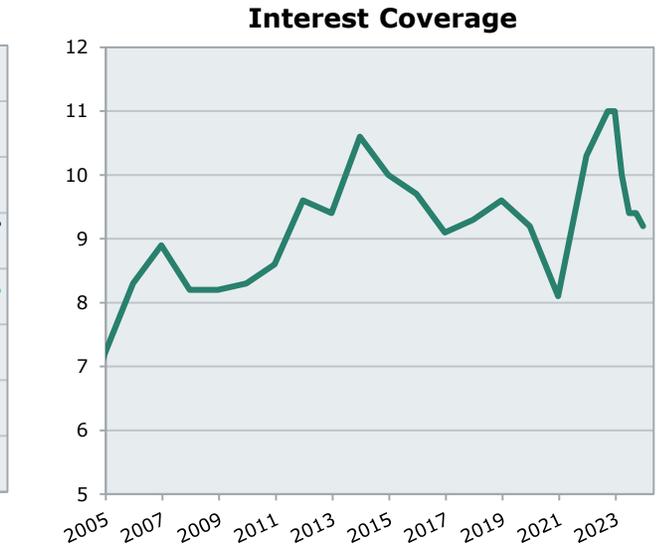
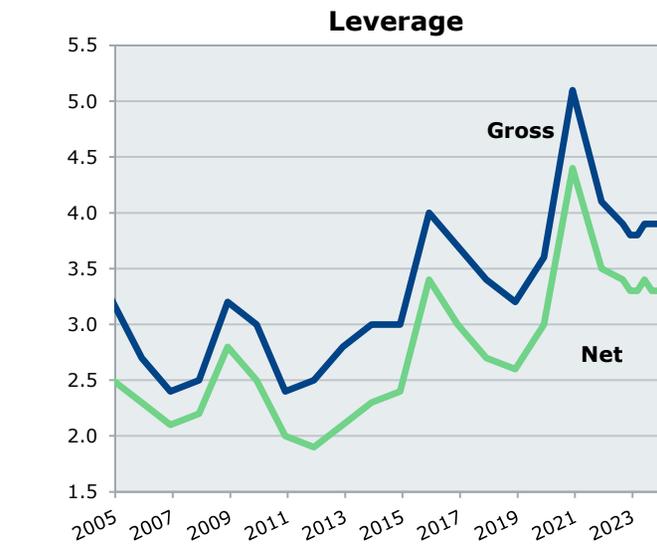
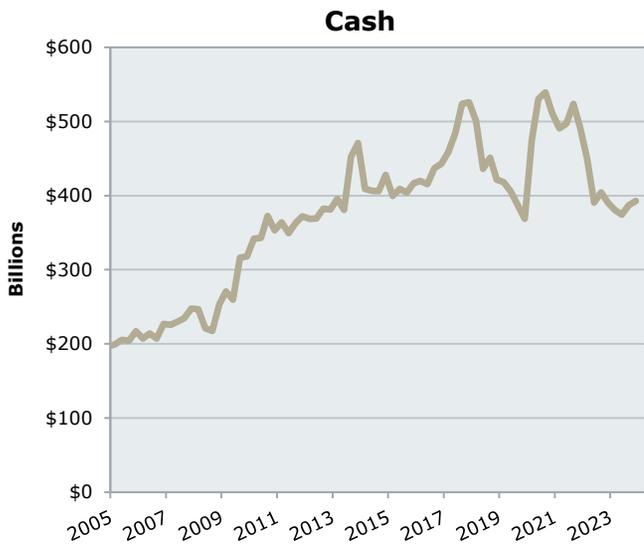
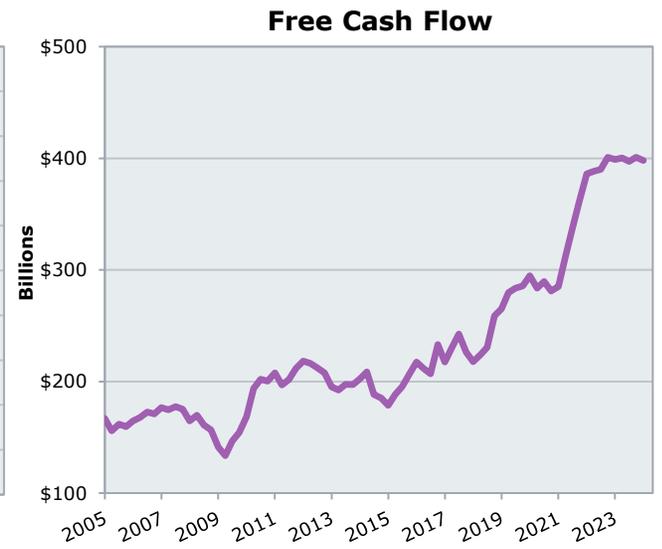
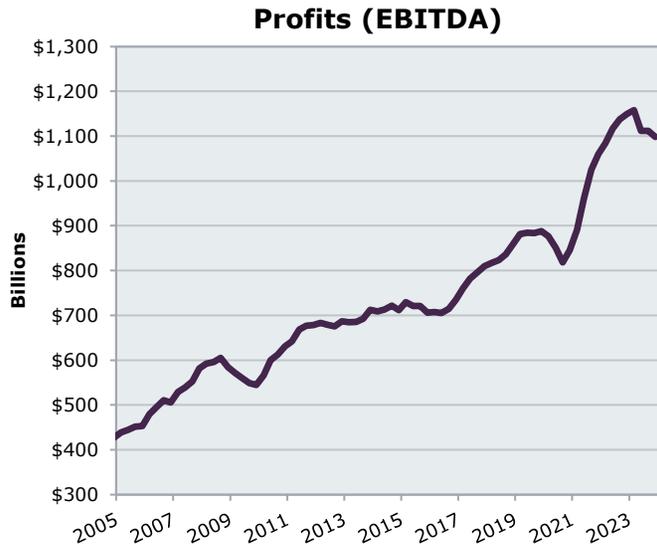
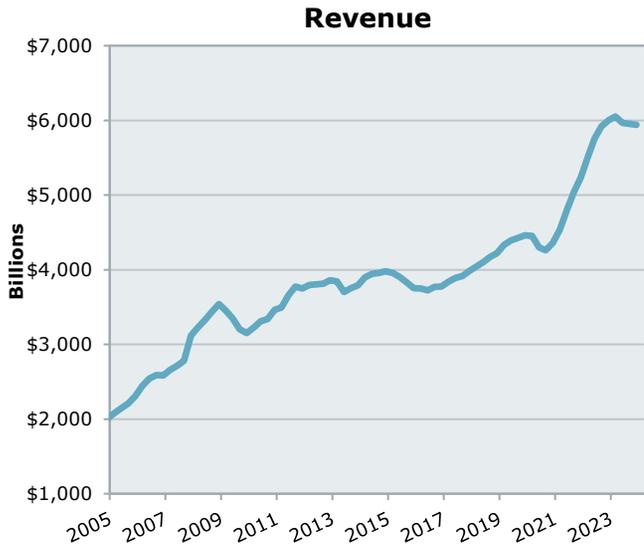
Non-Financial Sectors



Source: J.P. Morgan, Barclays
Data as of: 12/31/23 (Next Release: 6/30/24)

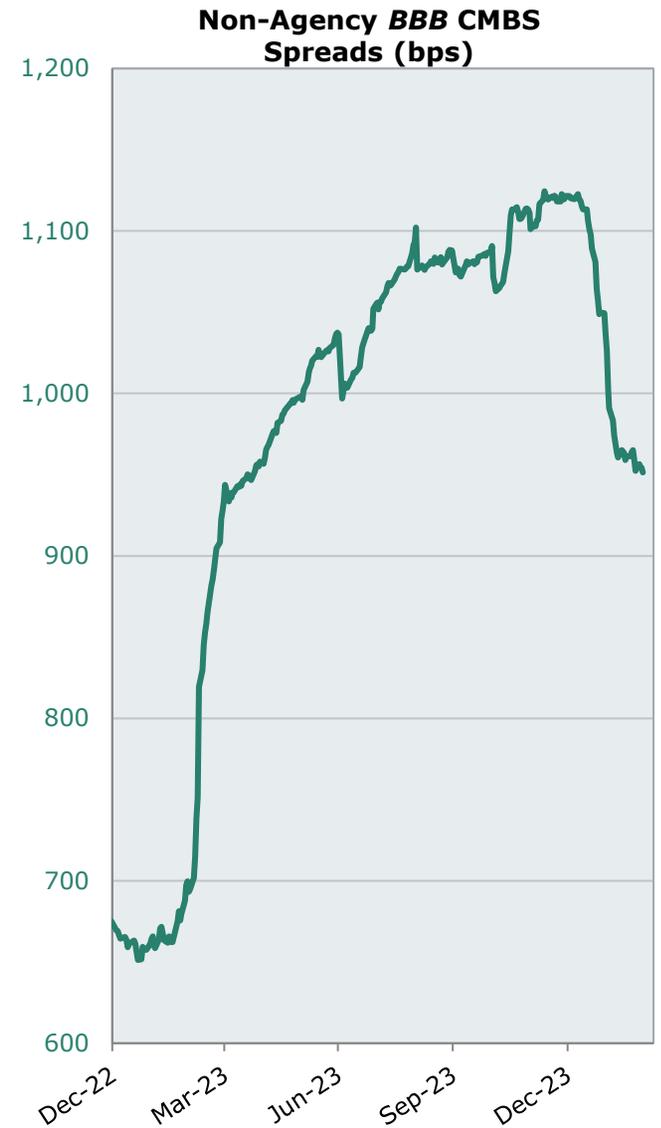
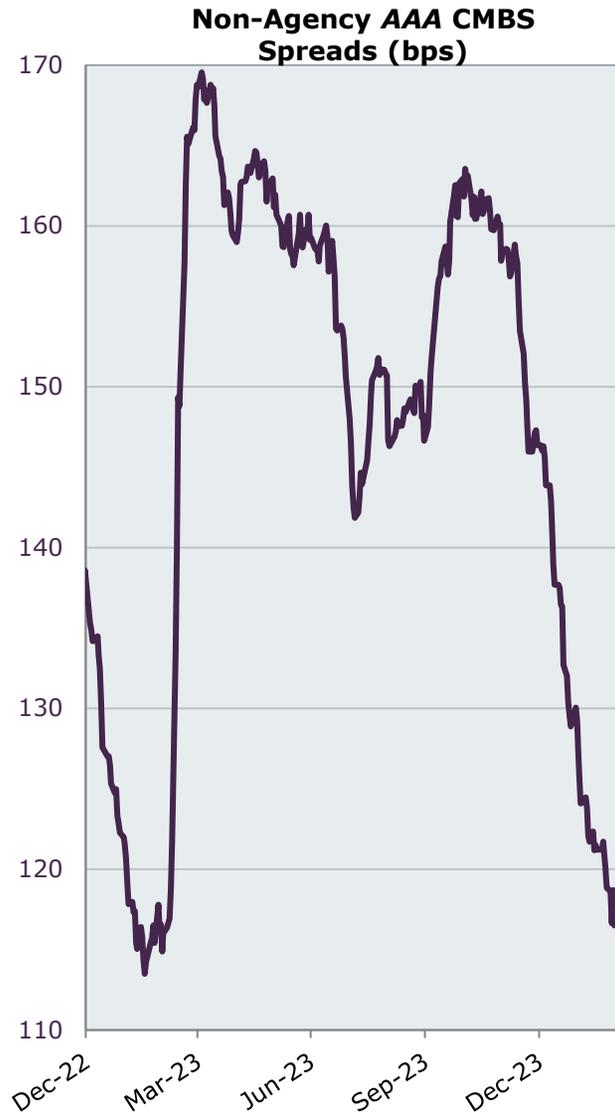
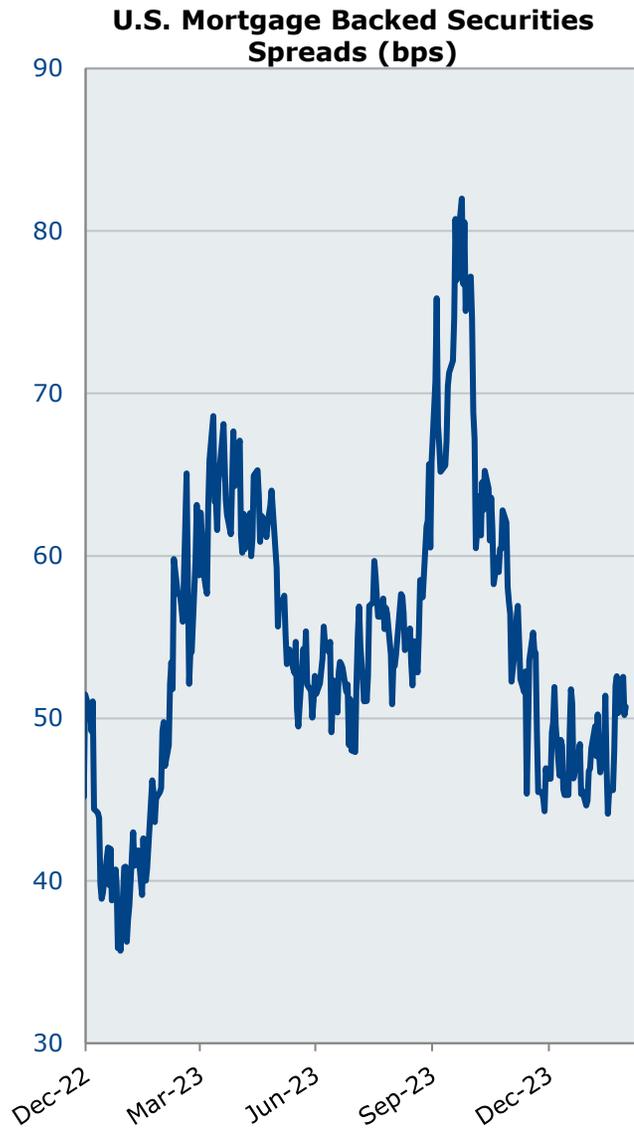
BBB Corporate Credit Fundamentals

Softening Off Very Healthy Levels



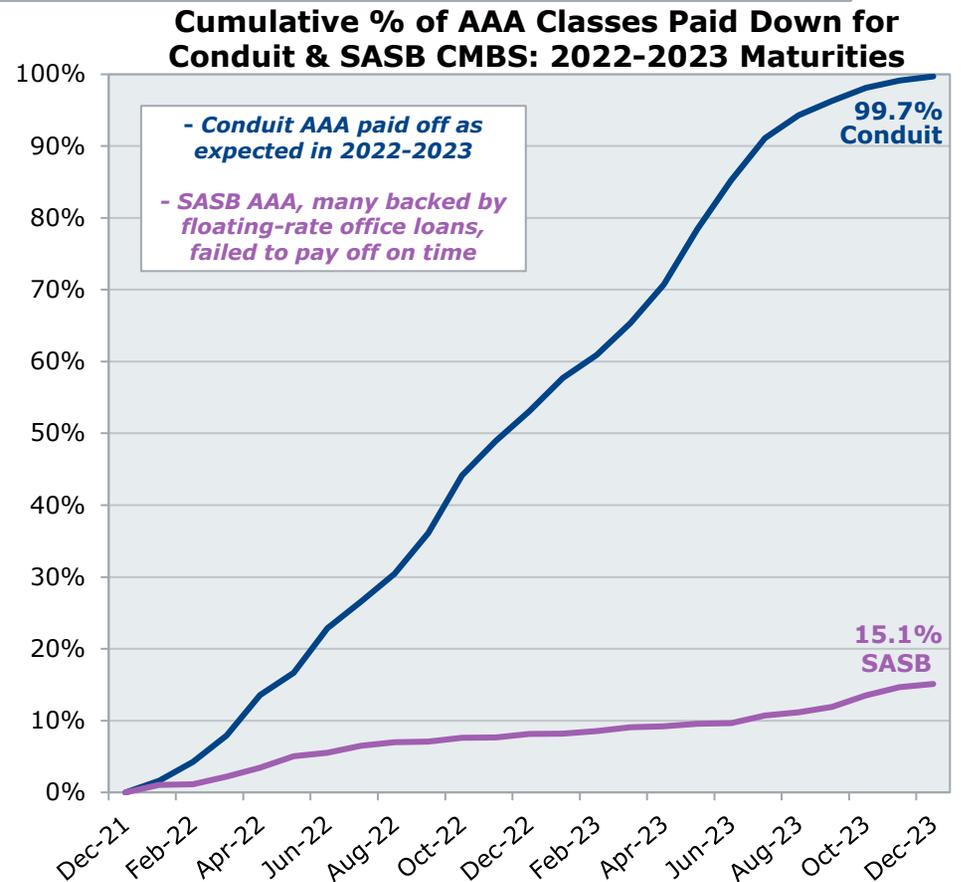
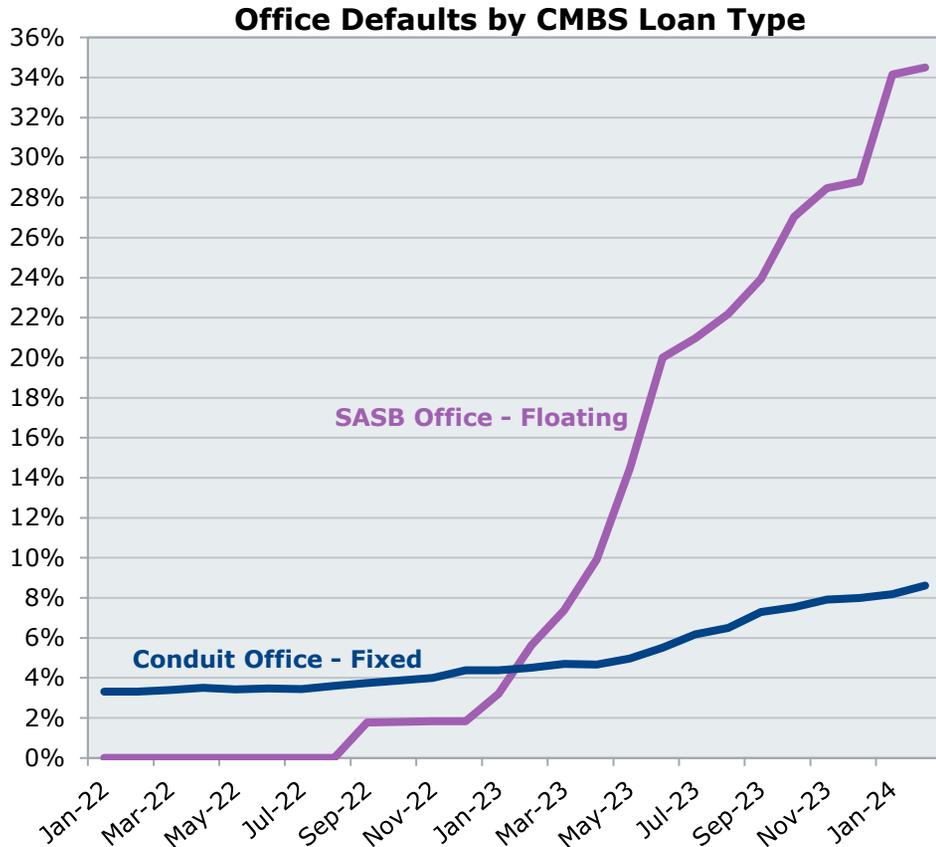
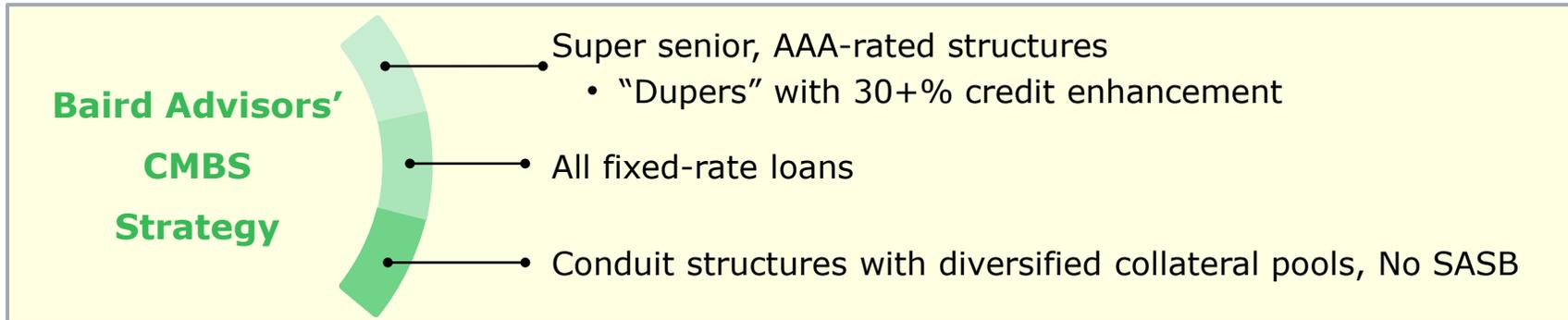
Source: J.P. Morgan, Barclays
Data as of: 12/31/23 (Next Release: 6/30/24)

Unusual Volatility in Securitized Sectors



Source: Bloomberg
Data as of: 2/29/24

Commercial Real Estate Under Stress



Baird Advisors is defining default as a loan that has entered special servicing with the expected outcome of default or modification.

Source: J.P. Morgan, Trepp, Deutsche Bank, Intex
Data as of: 2/29/24

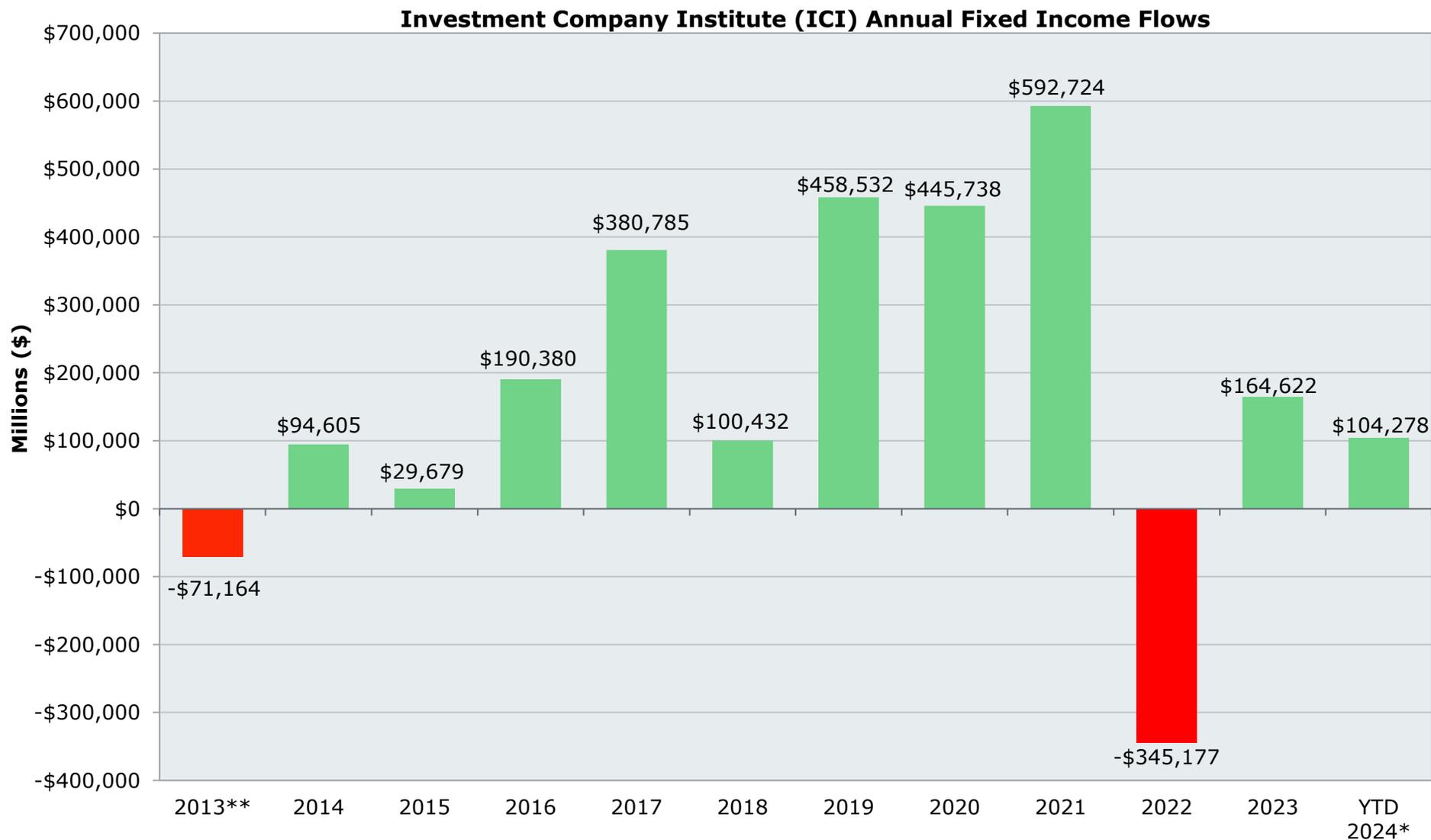
Spread Tightening Trend Continues

Despite Heavy Corporate Supply YTD

Option-Adjusted Spreads (bps)									
	12/31/22	March 2023 Wides	12/31/23	1/31/24	2/29/24	2023 Change	1 Mo. Change	YTD Change	10 Year Average
U.S. Aggregate Index	51	62	42	40	41	-9	1	-1	47
U.S. Agency Sector (Non-MBS)	26	31	17	14	12	-9	-2	-5	16
MBS and ABS Sectors									
U.S. Agency Pass-Throughs	51	65	47	47	51	-4	4	4	35
U.S. Agency CMBS	52	69	48	49	44	-4	-5	-4	N/A
Non-Agency CMBS	179	215	203	176	160	24	-16	-43	121
AAA-Rated	139	169	146	127	117	7	-10	-29	100
BBB-Rated	675	944	1122	1026	951	447	-75	-171	482
Consumer ABS	76	86	68	62	55	-8	-7	-13	55
Investment Grade Credit Sectors									
U.S. Corporates	130	163	99	96	96	-31	0	-3	124
Industrials	125	151	90	89	91	-35	2	1	126
Utilities	129	154	105	101	102	-24	1	-3	122
Financials	140	188	112	107	103	-28	-4	-9	119
Other Govt. Related	66	71	55	54	52	-11	-2	-3	81
High Yield Credit Sectors									
U.S. High Yield Corporates	469	516	323	344	312	-146	-32	-11	425
Emerging Market Debt ¹	687	772	598	609	556	-89	-53	-42	599

¹ Emerging Market Debt is a subindex of the Bloomberg U.S. Universal Index and is primarily rated below Investment Grade.
Source: Bloomberg, Barclays
Data as of: 2/29/24

Fixed Income Flows Positive in 2023



*Weekly data ending 2/28/24 (February 2024 numbers are estimated).

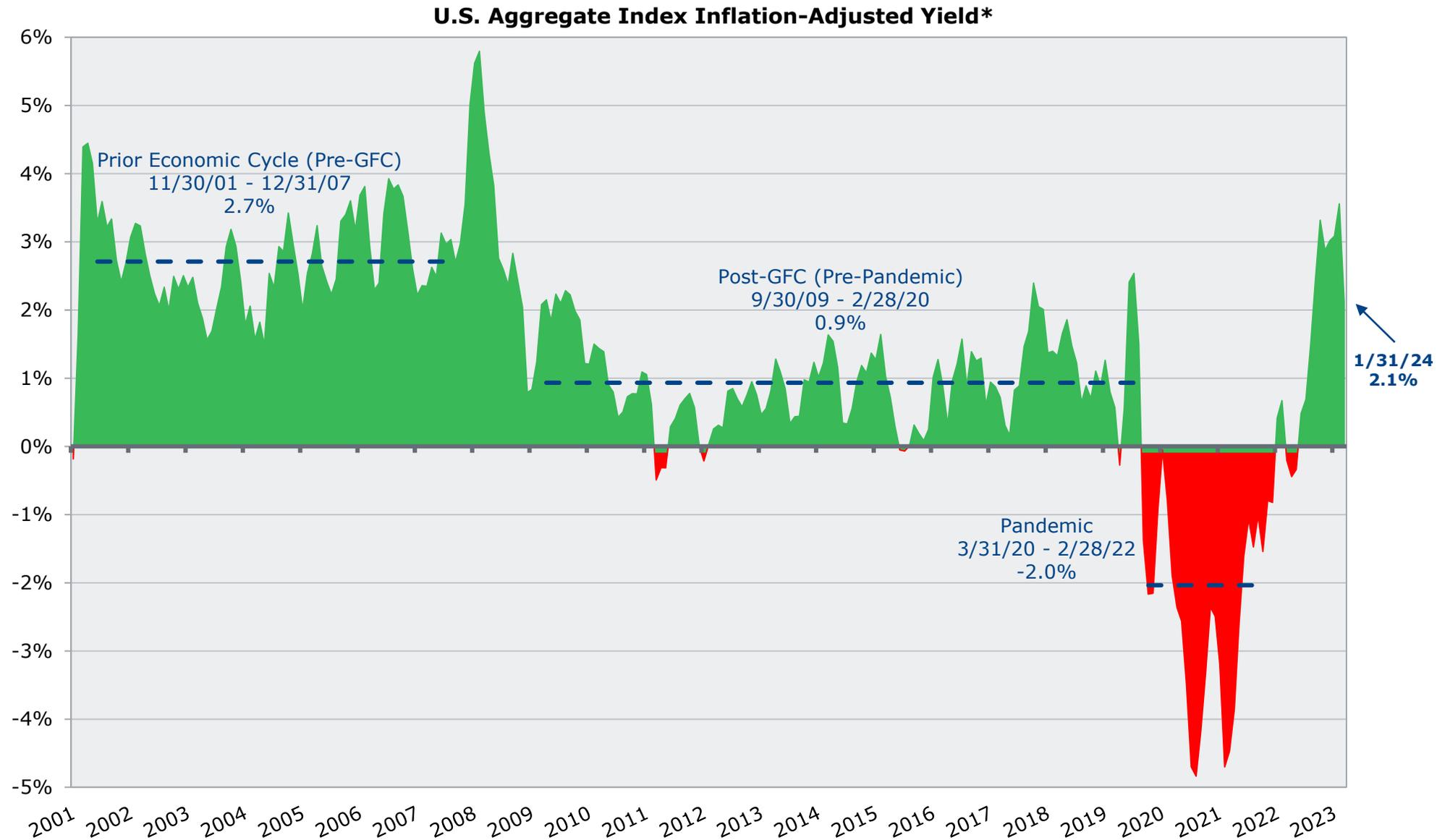
** 2013 Flows are only Mutual Fund flows, ETF Flows are not available.

The flows data include both taxable and municipal mutual funds and ETFs as defined by ICI. Included are investment grade, high-yield, government, multisector and world bond funds.

Source: Investment Company Institute, Bloomberg
Data as of: 2/29/24

Real Yields are Positive Again!

Back to Pre-Global Financial Crisis (GFC) Levels



*Aggregate Index Yield minus Core PCE (trailing 3-month average annualized)

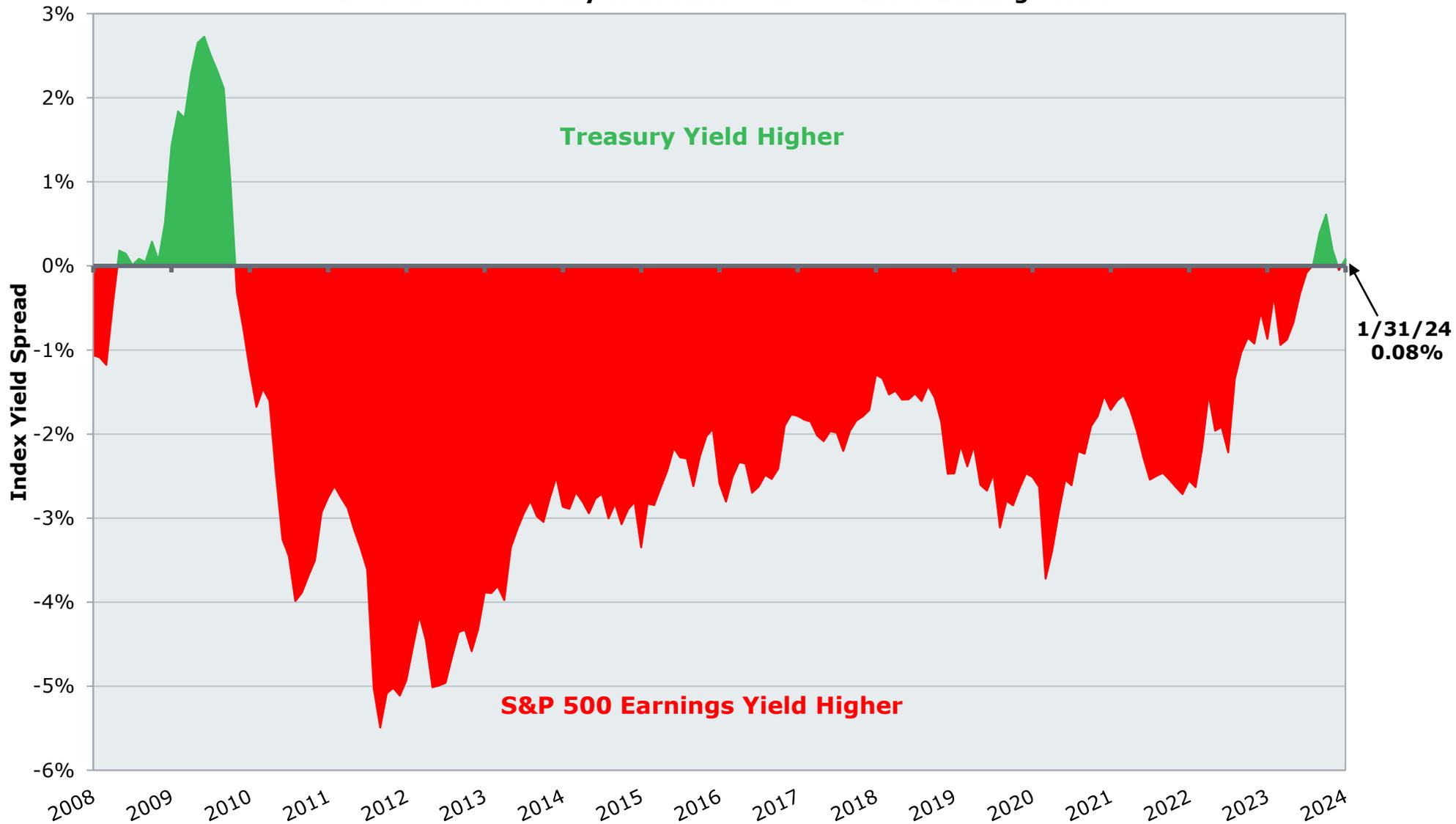
Source: Bloomberg
Data as of: 1/31/24

TINA No More!

Treasury Yields Competitive with S&P 500 Earnings Yield



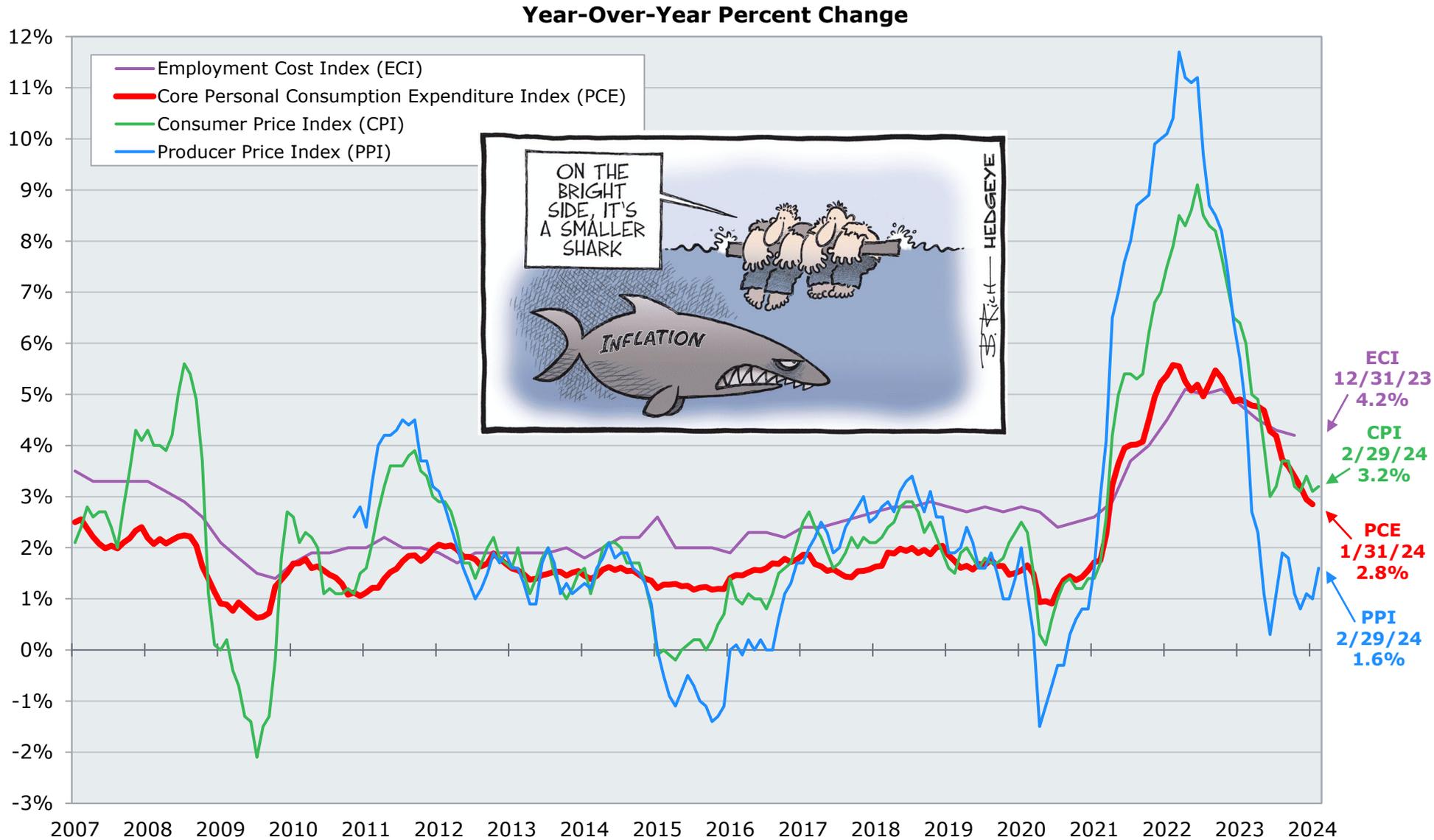
10 Year U.S. Treasury Yield Minus S&P 500 Index Earnings Yield



Source: Bloomberg, DQYDJ
Data as of: 1/31/24

Inflation Rolling Over

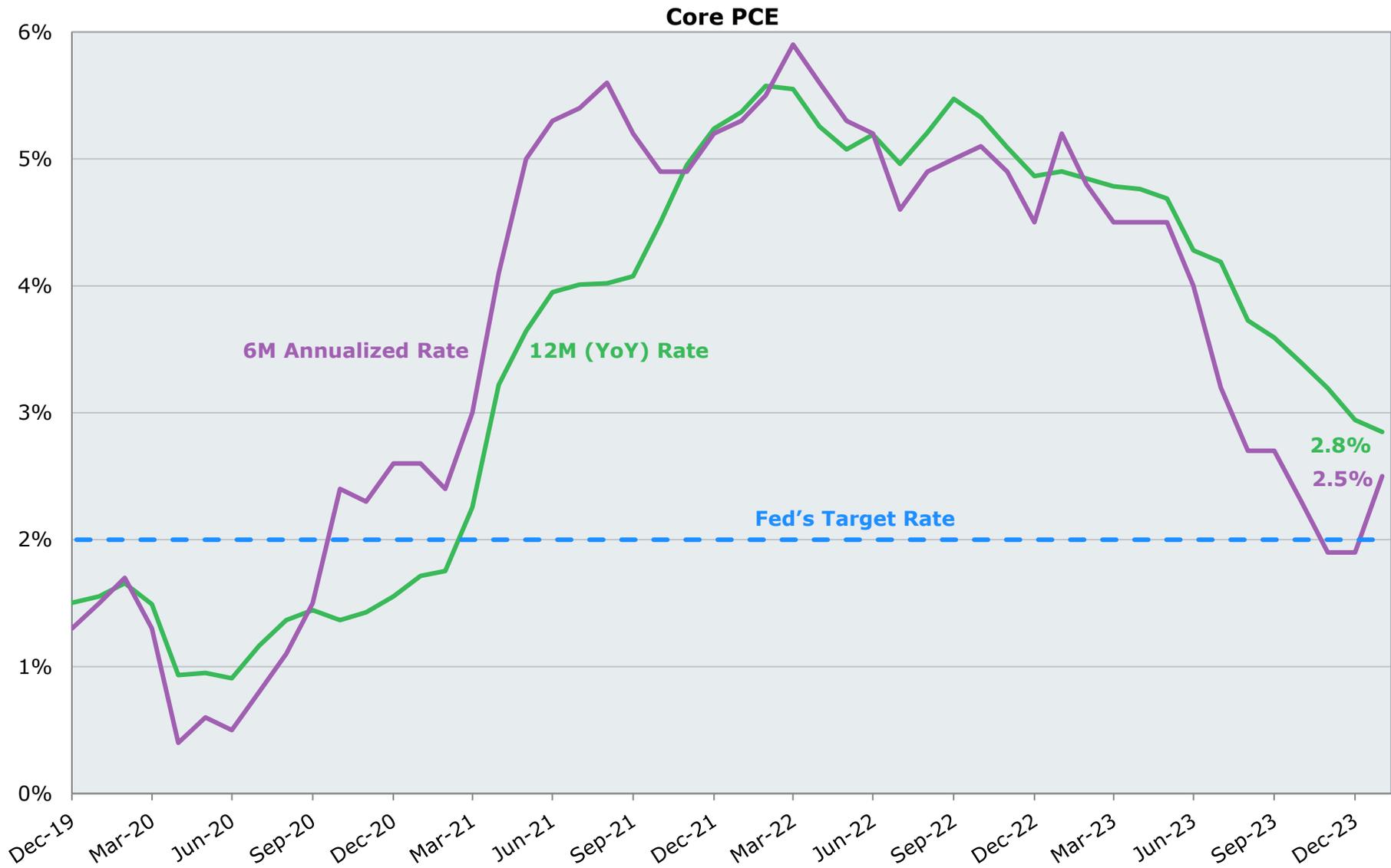
Wages/Benefits Will Be Stickier Given Tight Labor Market



Source: Bureau of Labor Statistics, Bloomberg, B. Rich Hedgeye
Data as of: 2/29/24

Slowing Inflation Trend

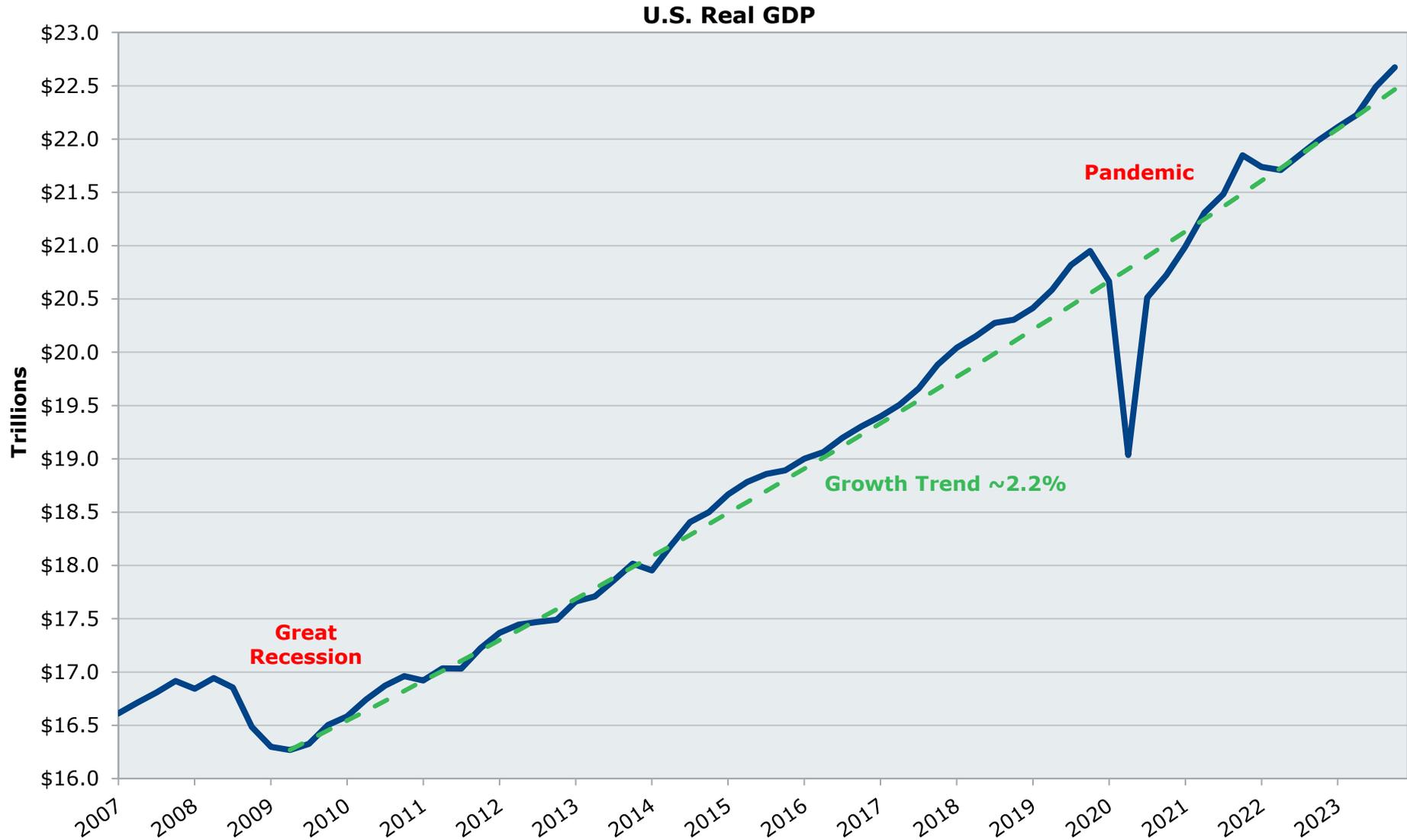
YTD Reversal a Pause in the Process



Source: Bloomberg
Data as of: 1/31/24

GDP Trend Growth Back on Track

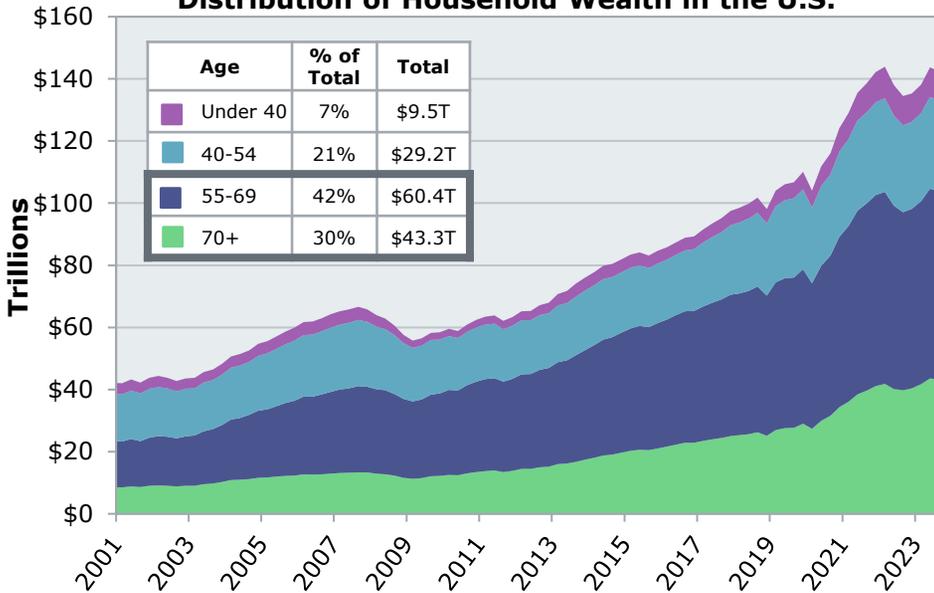
~2% Growth Trend Implies Moderate Inflation



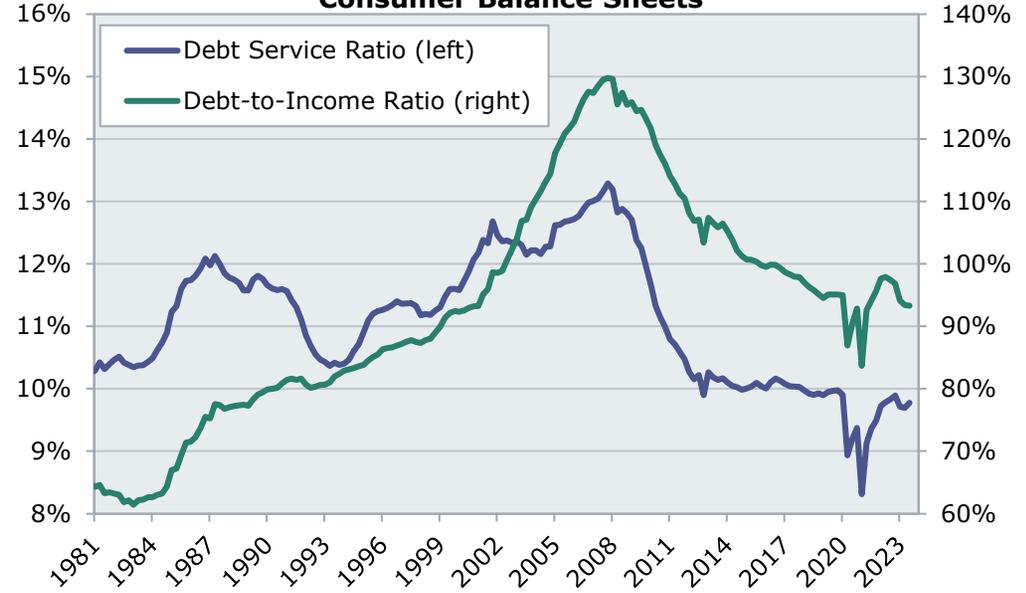
Source: Bloomberg, BEA
Data as of: 12/31/23

Resilient Consumer in Pretty Good Shape But Seeing Signs of Softening

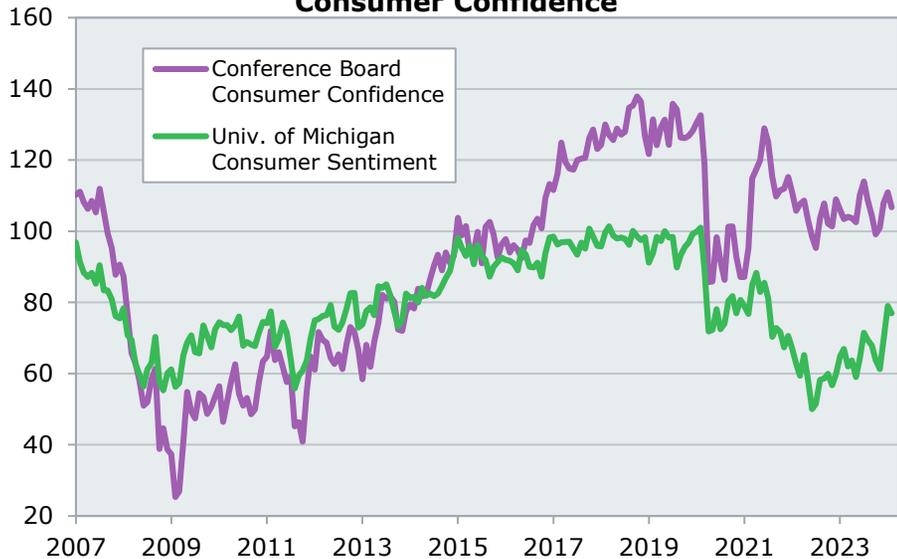
Distribution of Household Wealth in the U.S.



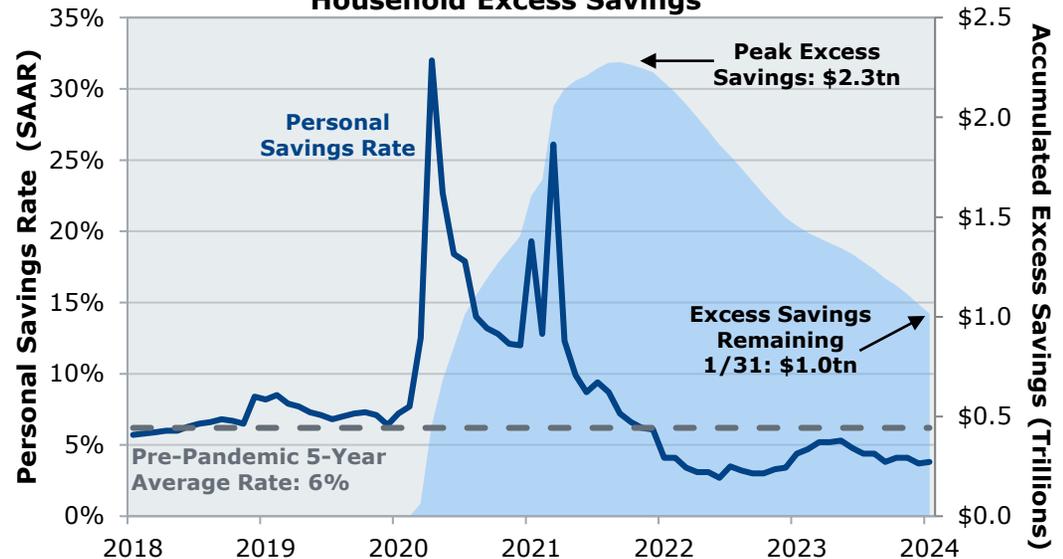
Consumer Balance Sheets



Consumer Confidence



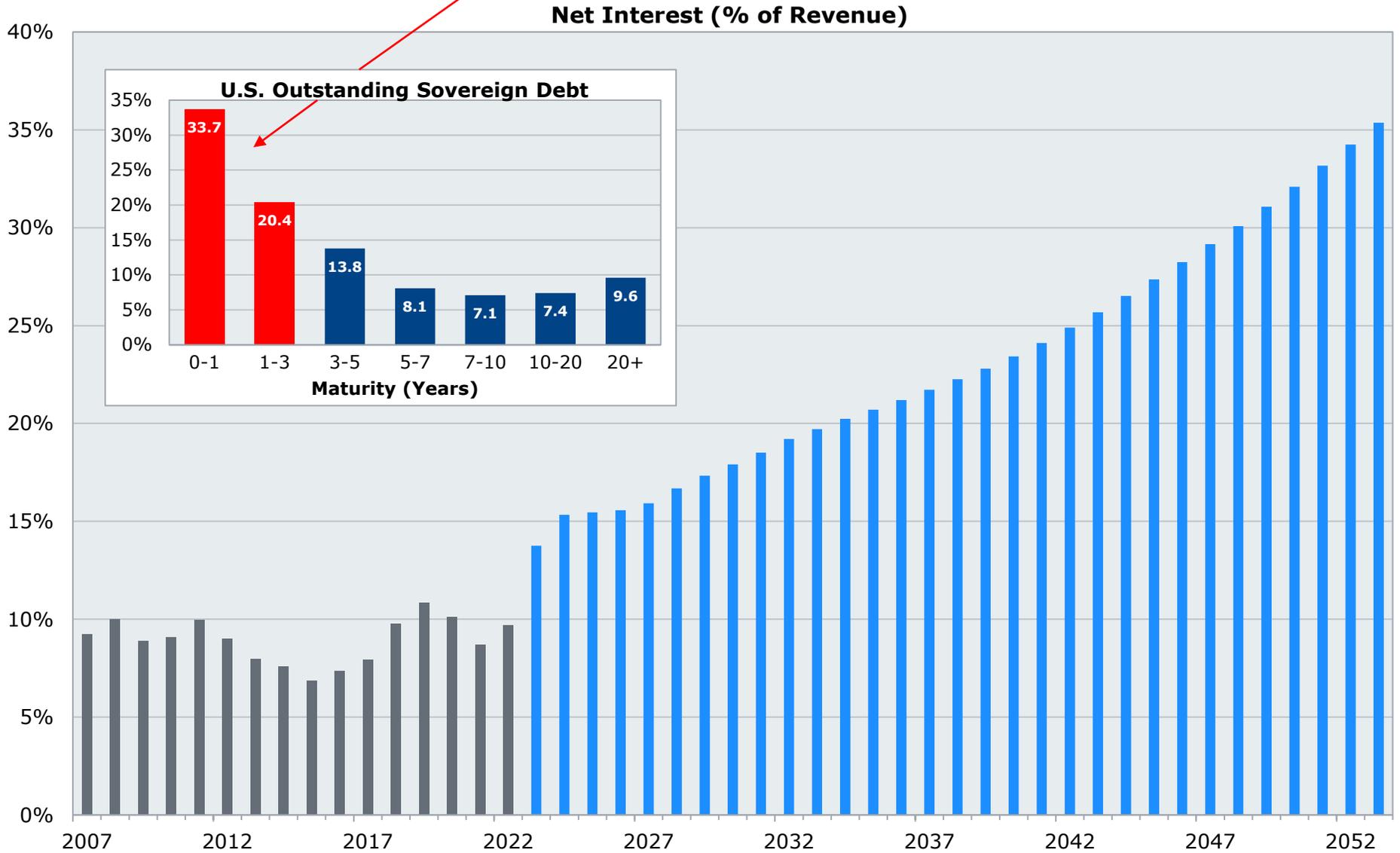
Household Excess Savings



Source: Bloomberg, Federal Reserve Bank of St. Louis, Goldman Sachs Global Investment Research, BEA
Data as of: 2/29/24

Debt Service Rising Significantly

Over 50% of U.S. Debt Matures Within 3 Years





2024 – Key Themes

Bond Market Still Presents Good Value to Investors

- Attractive nominal, real and relative yields

Fed

- Primed to pivot, market has priced in 3 rate cuts by year end 2024
- *Good* rate cuts vs. *bad* rate cuts

Yield Curve Normalizes

- Short rates lower (rest of curve less certain)

Supply/Demand

- Treasury supply heavy, non-Treasury supply more modest
- Industry flows positive

Economy

- Soft landing/mild recession
- 2%-ish long-term growth trend
- 2-3% inflation

Uncertainty Remains

- Russia/Ukraine, Middle East, China
- Election year, political polarization/dysfunction

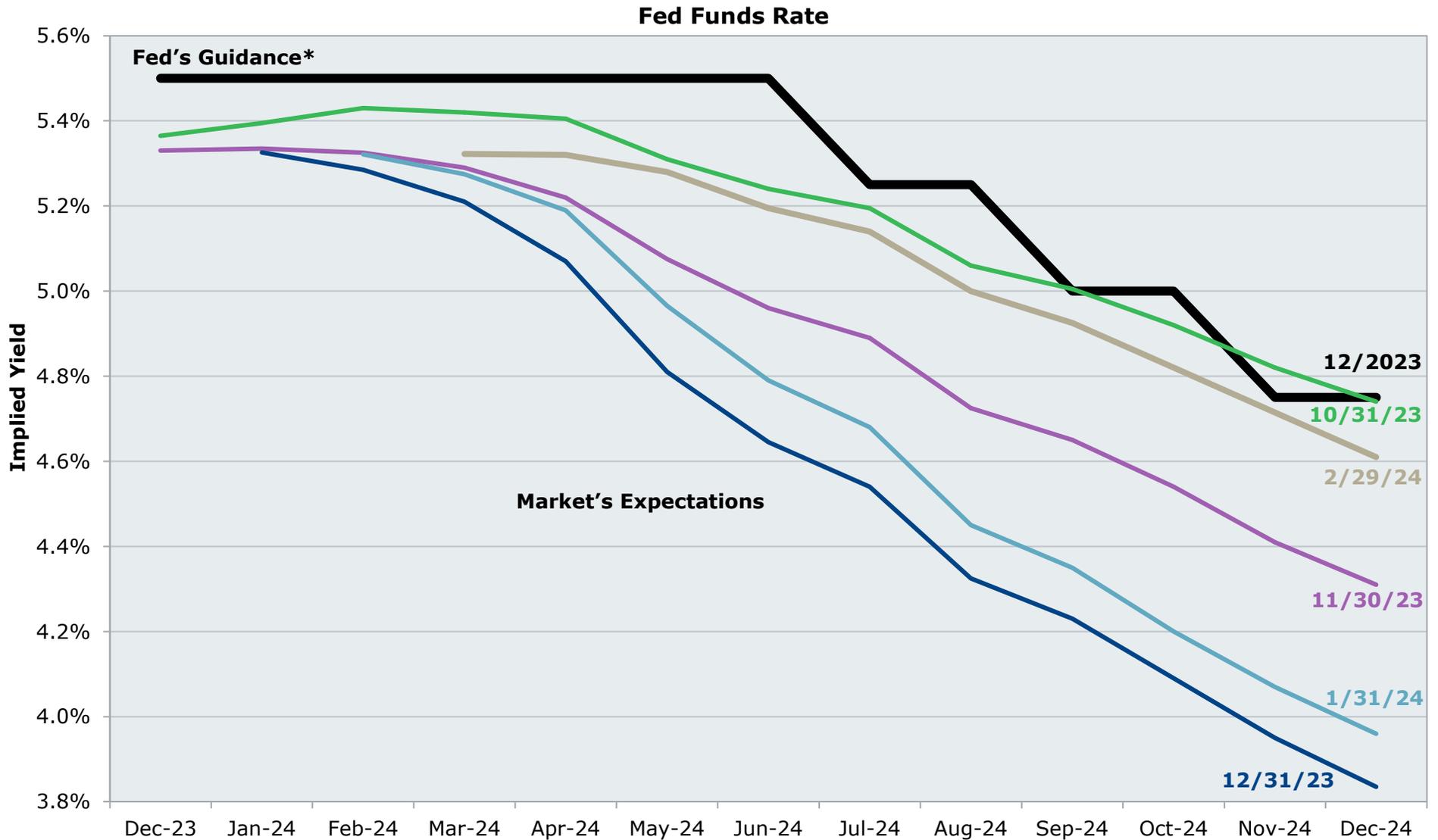
Interest Rates: Volatile with downward bias

Spreads: Volatile with upward bias



Views of Expected Fed Rate Path

Fed and Market Views are Now Closely Aligned



*Rate projections updated by Fed quarterly in their Summary of Economic Projections (SEP)

Top Ten Reasons to Like Bonds

- 1 Inflation is coming down**
- 2 Income drives total return and income levels are attractive**
- 3 Income cushion helps minimize price volatility**
- 4 The curve inversion is “long-in-the-tooth”**
- 5 The end (of the current Fed tightening cycle) is near**
- 6 The credit backdrop is favorable**
- 7 Fixed income fund flows are positive, again**
- 8 Boomers love bonds**
- 9 Powerful tax-adjusted municipal yields**
- 10 Bonds (may) beat stocks**

Appendix

Baird's Associate Promise:

We believe every associate matters and contributes to our success.

We are committed to providing a diverse and inclusive environment of trust, respect and equity where you partner with the best in the industry and thrive.

We are passionate about how we achieve great outcomes for our clients, communities and each other.



20 consecutive years



2021 Outstanding Practice Winner



12 consecutive years



7 years



5 years

Inclusion & Diversity at Baird

Baird's commitment to inclusion and diversity stems from a strong culture of integrity, genuine concern for others and respect for the individual. We don't just respect our differences, we value them. And we believe inclusion and diversity creates great outcomes for everyone we serve.

Our Approach



Business Results



Associate Engagement



Inclusive Environment

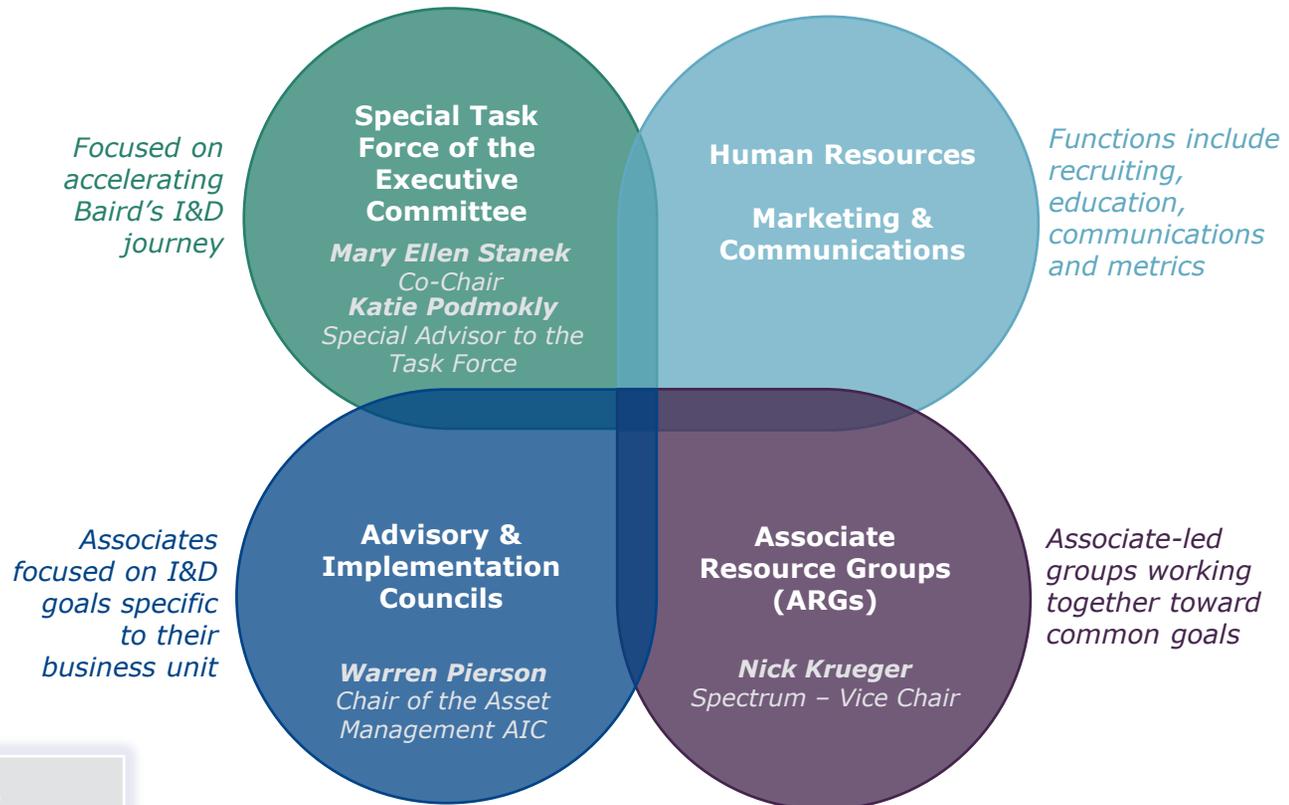


Recruit & Retain Top Talent



Diversity for Innovation

More than 100 associates, including these senior members of Baird Advisors, lead the firm's inclusion and diversity initiatives.



Baird Advisors' Success Metrics

- 53% of associates are women
- 57% of associates are millennials or gen z
- 29% of associates are people of color
- 20% of associates started with Baird as interns
- 5% of associates identify as LGBTQ

Baird's ARGs support women in the workforce, cultural diversity, LGBTQ, next-gen, community involvement and veterans.



Baird Advisors' Approach to ESG Integration

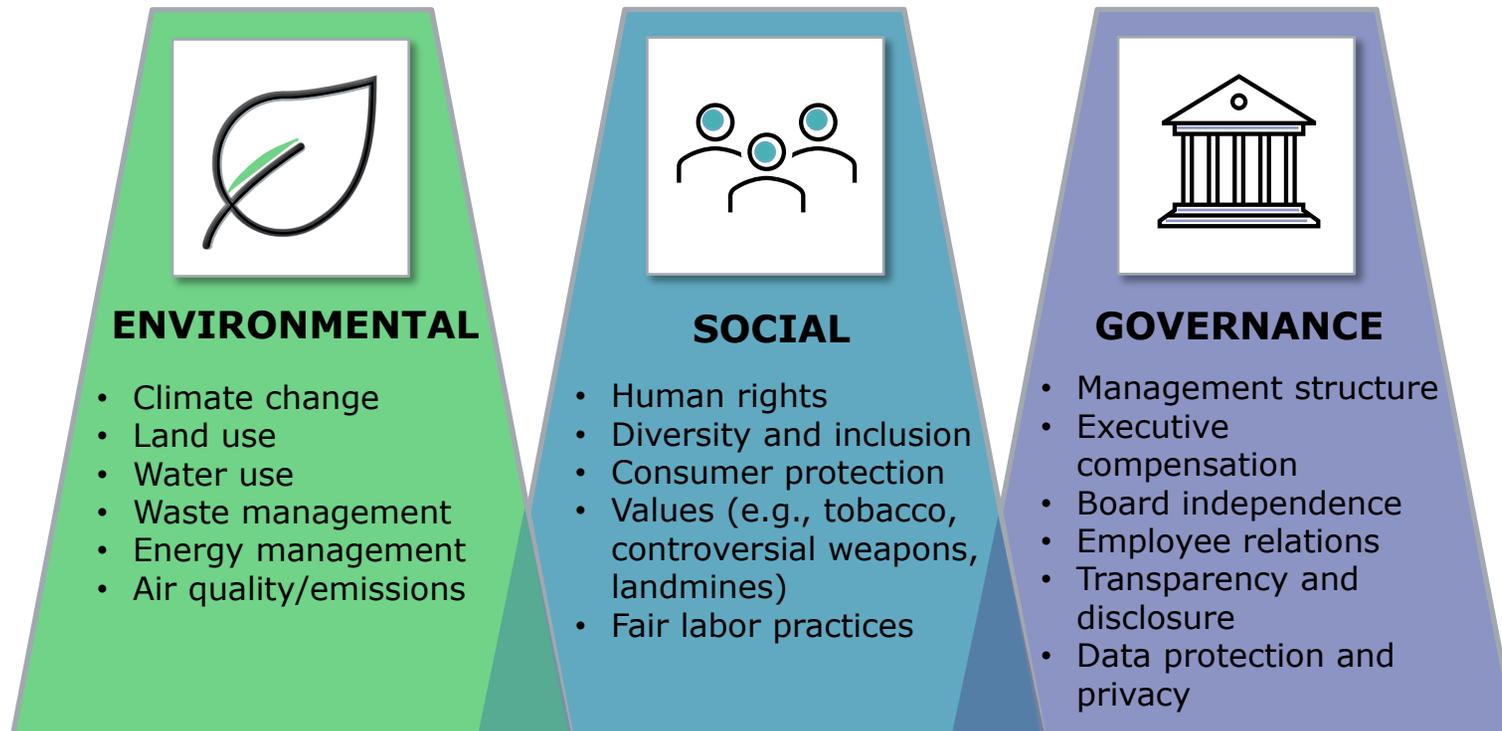
Signatory of:



Baird Funds, Inc. is a United Nations Principles for Responsible Investment (UN PRI) signatory to publicly demonstrate our commitment to responsible investment and building a more sustainable future.

As fixed income investors with a long investment horizon, we firmly believe ESG risk factors have a significant impact on the long-term sustainability of an entity. ESG considerations have been an integral part of our fundamental credit risk assessment and fully integrated into our investment process for decades.

Baird Advisors employs a bottom-up approach to credit research and portfolio construction, focused on generating strong risk-adjusted performance, primarily from security selection and sector allocation decisions. Our fundamental credit risk assessment, including material ESG risk factors that impact long-term sustainability, drives our investment decision to lend to specific issuers:



Baird Advisors' Approach to ESG Integration



- Seek to invest in companies that are leaders in their industries and focused on long-term sustainability.
- Assess management's attentiveness (or lack thereof) to ESG challenges and opportunities.
- Consider reputational risks associated with very severe controversies in areas such as the environment, customers, human rights, labor rights, and governance.
- Analyze the long-term ESG track record of companies with particular attention to recent actions.
- Assess a company's ESG performance relative to its peers.
- Engage with management teams, enhancing our clarity on each issuer's awareness of sector-specific ESG trends, encouraging a commitment to ESG related targets and uniform disclosure requirements.

Baird Advisors' Approach to ESG Integration

“The score will take care of itself when you take care of the effort that precedes the score”

- John Wooden

- We believe ESG scores and additional research provided by industry-leading data providers (e.g., Sustainalytics, ISS, S&P, Bloomberg) can be used to further enhance our ESG integration framework.
- Third-party ESG data is a component of our fundamental analysis, incorporating financial and non-financial data points bringing to light how issuers are performing over time relative to their industry peers.
- The availability of ESG-related data continues to grow and evolve across the industry. Discussions with industry leaders, peer organizations, oversight bodies, etc. help to ensure we are keeping pace with emerging trends and consensus views.



Peer Assessment

- The investment team looks to **leverage industry-leading ESG data sources** to evaluate ESG profiles for each issuer relative to peers.

Trend Analysis

- Our corporate credit analysts **formulate a forward-looking view** of an issuer's commitment to ESG risk mitigation with a diligent focus on an improving/declining trend within each sector.

Engagement

- The investment team **remains regularly engaged with different ESG data providers** as we continue to refine our ESG integration efforts, leveraging many tools to enhance our relative value analysis.

Baird Advisors

Portfolio Management Team

Formulation of Investment Outlook & Portfolio Strategy

Mary Ellen Stanek, CFA
 Warren Pierson, CFA
 Charles Groeschell
 Jay Schwister, CFA
 Duane McAllister, CFA
 Lyle Fitterer, CFA
 Jeffrey Simmons, CFA

Sharon deGuzman
 Jeffrey Schrom, CFA
 Meghan Dean, CFA
 Patrick Brown, CFA
 Patrick Mutsune, CFA
 Andrew O'Connell, CFA
 Abhishek Pulakanti, CFA
 Amy Johnson

Timothy Fotsch, CFA
 Ian Elfe, CFA
 Jed Bruss, CFA
 John Cremer, CFA
 Alice Ambrowiak, CFA, CPA
 Gabriel Diederich, CFA
 Erik Schleicher, CFA
 Joseph Czechowicz, CFA
 Allison Parra, CFA

Joseph Lorbert, CFA, CFP
 Lauren Vollrath, CFA
 Allison Mayer, CFA
 Patrick Hale, CFA
 Brian Jacobs, CFA, CPA
 Neha Dimri, CFA
 Alec Johnson
 Sabrina Wolf
 George Wong
 Shreeya Aryal
 Dina Sofair

MD, Co-Chief Investment Officer	45 years
MD, Co-Chief Investment Officer	38 years
MD, Senior Portfolio Manager	45 years
MD, Senior Portfolio Manager/Research Director	40 years
MD, Senior Portfolio Manager-Muni	37 years
MD, Senior Portfolio Manager-Muni	35 years
MD, Senior Portfolio Manager	37 years
MD, Senior Portfolio Manager	33 years
MD, Senior Portfolio Manager	30 years
MD, Senior Portfolio Manager	24 years
MD, Senior Portfolio Manager	21 years
MD, Senior Investment & Systems Analyst	27 years
MD, Senior Investment Analyst	17 years
MD, Senior Investment Analyst	16 years
MD, Portfolio Analyst	23 years
SVP, Senior Investment Analyst	17 years
SVP, Senior Investment Analyst	16 years
SVP, Senior Investment Analyst	15 years
SVP, Senior Investment Analyst	12 years
SVP, Investment Analyst	22 years
SVP, Portfolio Manager-Muni	21 years
SVP, Portfolio Manager-Muni	20 years
SVP, Portfolio Manager-Muni	17 years
SVP, Investment Analyst	8 years
VP, Investment Analyst	13 years
VP, Investment Analyst	11 years
VP, Investment Analyst	11 years
VP, Investment Analyst	9 years
VP, Investment Analyst	7 years
VP, Investment Analyst	7 years
VP, Investment Analyst	7 years
Investment Analyst	5 years
Investment Analyst	4 years
Investment Analyst	3 years
Investment Analyst	1 year

Key Areas of Focus:

- Portfolio Construction & Risk Monitoring
- Credit
- MBS/ABS

Baird Resource Partners

Legal & Compliance
(91)

Information Technology
(278)

Human Resources
(74)

Finance
(69)

Research (Equity & Credit)
(157)

Benefits

- Long-term relationships focused on client and direct communication
- Experienced management team implementing proven investment discipline
 - Structured, risk-controlled process
 - No derivatives, no non-\$ currency exposure, no leverage
 - Focus on **bottom-up** added value from sector allocation and security selection
- Total focus on fixed income management
- Culture and resources key to future success
- Importance of the relationship to Baird Advisors

Important Disclosures

Investors should consider the investment objectives, risks, charges and expenses of the fund carefully before investing. This, and other information can be found in the prospectus or summary prospectus. A prospectus or summary prospectus may be obtained by visiting www.bairdfunds.com. Please read the prospectus or summary prospectus carefully before you invest or send money.

Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value of an investment in the fund will fluctuate so that an investor's shares when redeemed, may be worth more or less than their original cost. The funds' current performance may be lower or higher than the performance data quoted. For performance current to the most recent month-end, please visit www.bairdfunds.com.

Funds may invest in U.S. dollar denominated foreign securities which involve additional risks such as the potential for political and economic instability and less strict regulation. The Fund may also invest in mortgage and asset-backed securities which include interest rate and prepayment risks more pronounced than those of other fixed income securities.

Baird Funds are offered through Robert W. Baird & Co., a registered broker/dealer, member NYSE and SIPC. Robert W. Baird & Co. also serves as investment advisor for the Fund and receives compensation for these services as disclosed in the current prospectus.

Lipper rankings are based on average annual total returns for the 1, 3, 5, 10-year/life periods for each respective Lipper category. Baird Core Plus Bond Fund is ranked among the Core Plus Bond Funds, Baird Aggregate Bond Fund is ranked among the Core Bond Funds, Baird Intermediate Bond Fund is ranked among Short-Intermediate Investment Grade Debt Funds, Baird Short-Term Bond Fund is ranked among the Short Investment Grade Debt Funds, Baird Ultra Short Bond Fund is ranked among the Ultra-Short Obligations Funds, Baird Quality Intermediate Municipal and Baird Core Intermediate Municipal Bond Funds are ranked among the Intermediate Municipal Debt Funds, Baird Municipal Bond Fund is ranked among the General & Insured Municipal Debt Funds, Baird Strategic Municipal Bond Fund is ranked among the Short-Intermediate Municipal Debt Funds and Baird Short-Term Municipal Bond Fund is ranked among the Short Municipal Debt Funds. Each fund is ranked based on average annual total returns assuming reinvestment of dividends and capital gains, distributions, at net asset value and the deduction of all fund expenses. Past performance is no guarantee of future results.

Morningstar categories: Baird Core Plus Bond Fund is ranked within the Intermediate Core-Plus Bond Fund category (Overall: 562 funds, 3-year period: 562, 5-year period: 533, 10-year period: 370). Baird Aggregate and Baird Intermediate Bond Fund are ranked within the Intermediate Core Bond Fund category (Overall: 426 funds, 3-year period: 426, 5-year period: 386, 10-year period: 275). Baird Short-Term Bond Fund is ranked within the Short-Term Bond Fund category (Overall: 536 funds, 3-year period: 536, 5-year period: 495, 10-year period: 358). Baird Ultra Short Bond Fund is ranked within the Ultrashort Bond Fund category (Overall: 204 funds, 3-year period: 204, 5-year period: 182, 10-year period: 108). Baird Quality Intermediate, Baird Core Intermediate, and Baird Strategic Municipal Bond Funds are ranked within the Municipal National Intermediate Bond Fund category (Overall: 260 funds, 3-year period: 260, 5-year period: 236, 10-year period: 177). Baird Short-Term Municipal Bond Fund is ranked within the Municipal National Short Bond Fund category (Overall: 211 funds, 3-year period: 211, 5-year period: 199). Baird Municipal Bond Fund is ranked within the Municipal National Long Bond Fund category (Overall: 163 funds, 3-year period: 163).

The quality profile is calculated on a market value-weighted basis using the highest credit quality rating given by S&P, Moody's or Fitch for each security in the fund. Per the Baird Funds prospectus, each security in the bond fund is assigned the highest credit quality rating provided by a nationally recognized statistical rating organization (e.g. S&P, Moody's, Fitch). Per the Bloomberg index controlling rating methodology, each security in the index is assigned a rating using S&P, Moody's, and Fitch (middle of three ratings, lower of two ratings, or singular rating if rated by one rating agency).