



SUMMARY TO THE BOARD OF TRUSTEES AND F.I.A.C. MANAGER UPDATE

Friday, October 26, 2018

10:03 A.M. – 10:41 A.M.

City of Jacksonville Police and Fire Pension Fund
1 West Adams Street Suite 100, Jacksonville, FL 32202
Richard "Dick" Cohee Board Room

Board of Trustees Invited

Willard Payne, Secretary
Cpt. Michael Lynch, Trustee

Staff

Timothy H. Johnson, Executive Director – Plan Administrator
Steve Lundy, Assistant Plan Administrator

Guests

John Johnson, Eagle Capital Management

Notice

Meeting Agendas and Summaries are available on our website at jaxpfpf.coj.net. For additional meeting documents, please contact Maria Young, Custodian of Public Records for the City of Jacksonville Police and Fire Pension Fund at 904-255-7373 or MariaY@coj.net to file a public records request.

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Agenda

- I. Public Speaking Period
- II. Eagle Capital Management - Manager Update
John Johnson

Willard Payne convened the meeting at 10:03AM.

John Johnson introduced himself and Eagle Capital Management. He gave a brief history of Eagle and the firm's strategies and objectives of portfolio management and stock selection.

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John Johnson discussed market trends among tech stocks, and the stock market as a whole. He discussed the world economy and its effects on the market. Everything is growing.

Willard Payne said he used to be a McDonald's operator. He discussed McDonald's recent good performance with John Johnson.

John Johnson discussed Coca Cola and the trends in the Soft Drink industry.

John Johnson discussed a stock selection strategy Eagle uses - is a company prone to disruption by Amazon? If so, Eagle does not select that company's stock.

Timothy Johnson asked John Johnson to discuss Eagle's strategy to buy strong value companies with great growth potential.

John Johnson said that Eagle looks at a company as it exists today, and asks "looking out 5-10 years, where will that company be?"

John Johnson discussed recent market volatility, noting that it is very emotional, and does not make much sense. There has been a lot of activity in Eagle's portfolio due to recent volatility. The volatility gives Eagle the chance to 'fine-tune' its portfolio.

Timothy Johnson and John Johnson discussed appropriate benchmarks for Eagle.

John Johnson said that with a 30-stock portfolio, any one specific benchmark would not be a perfect fit.

John Johnson discussed investment consulting services firm Wilshire Associates – Eagle has no experience with Wilshire. Wilshire has a pure quantitative method of analyzing managers' processes. Eagle has always been different 'from the average bear'. For example, Eagle is not a statistical-value based manager. Value and Growth are two sides of the same coin. People who look at pure statistics get perplexed – people should listen to how Eagle thinks.

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Michael Lynch asked John Johnson to discuss Eagle's selling of JPMorgan and buying of Goldman Sachs.

John Johnson said that JPM's growth outlook is low, and Goldman Sachs' is better, considering rising interest rates. Eagle wants 'unrecognized growth value'.

Steve Lundy, Assistant Plan Administrator
Posted 10/26/2018
Revised 10/29/2018

Willard Payne, Secretary
To be approved at the Board Meeting on November 15, 2018.