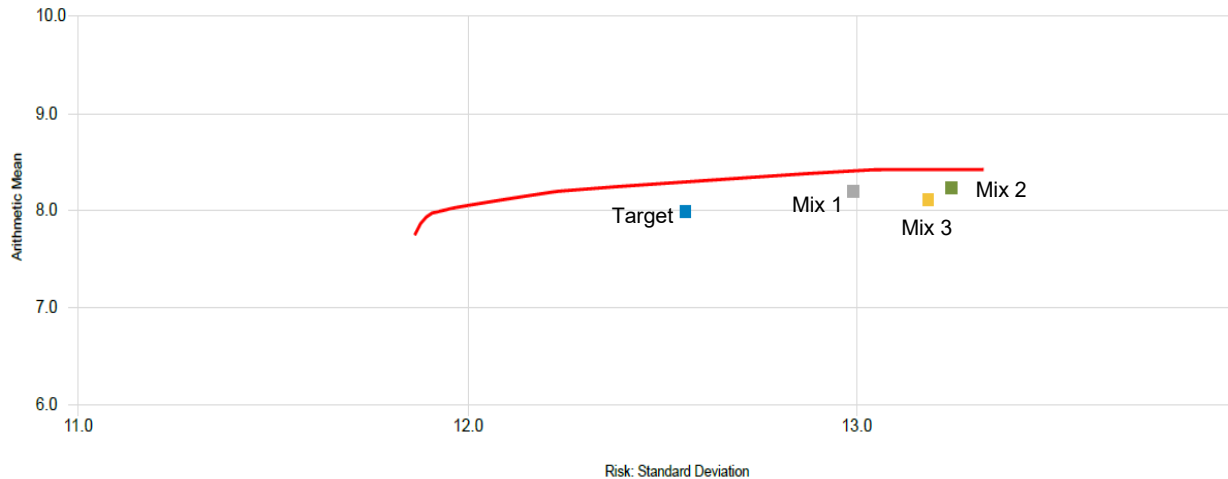

Delray Beach Police Officers' Retirement System

Asset Allocation Review

May 2025

MARINER

Asset Allocation Review



| Asset Class | Policy | Mix 1 | Mix 2 | Mix 3 |
|--------------------------|--------------|--------------|--------------|--------------|
| Domestic Fixed | 15.0% | 10.0% | 10.0% | 12.5% |
| Alts (Private Credit) | 5.0% | 10.0% | 10.0% | 10.0% |
| Alts (Private Equity) | 3.0% | 3.0% | 5.0% | 5.0% |
| Domestic Equity | 49.0% | 49.0% | 50.0% | 52.0% |
| International Equity | 16.0% | 16.0% | 15.0% | 13.0% |
| Real Estate | 10.0% | 10.0% | 7.5% | 5.0% |
| GTAA | 2.0% | 2.0% | 2.5% | 2.5% |
| Total | 100% | 100% | 100% | 100% |
| Arithmetic Return | 8.0% | 8.2% | 8.2% | 8.1% |
| Std. Dev. | 12.6% | 13.0% | 13.2% | 13.2% |
| Sharpe Ratio | 0.64 | 0.63 | 0.62 | 0.62 |

Asset Allocation Review

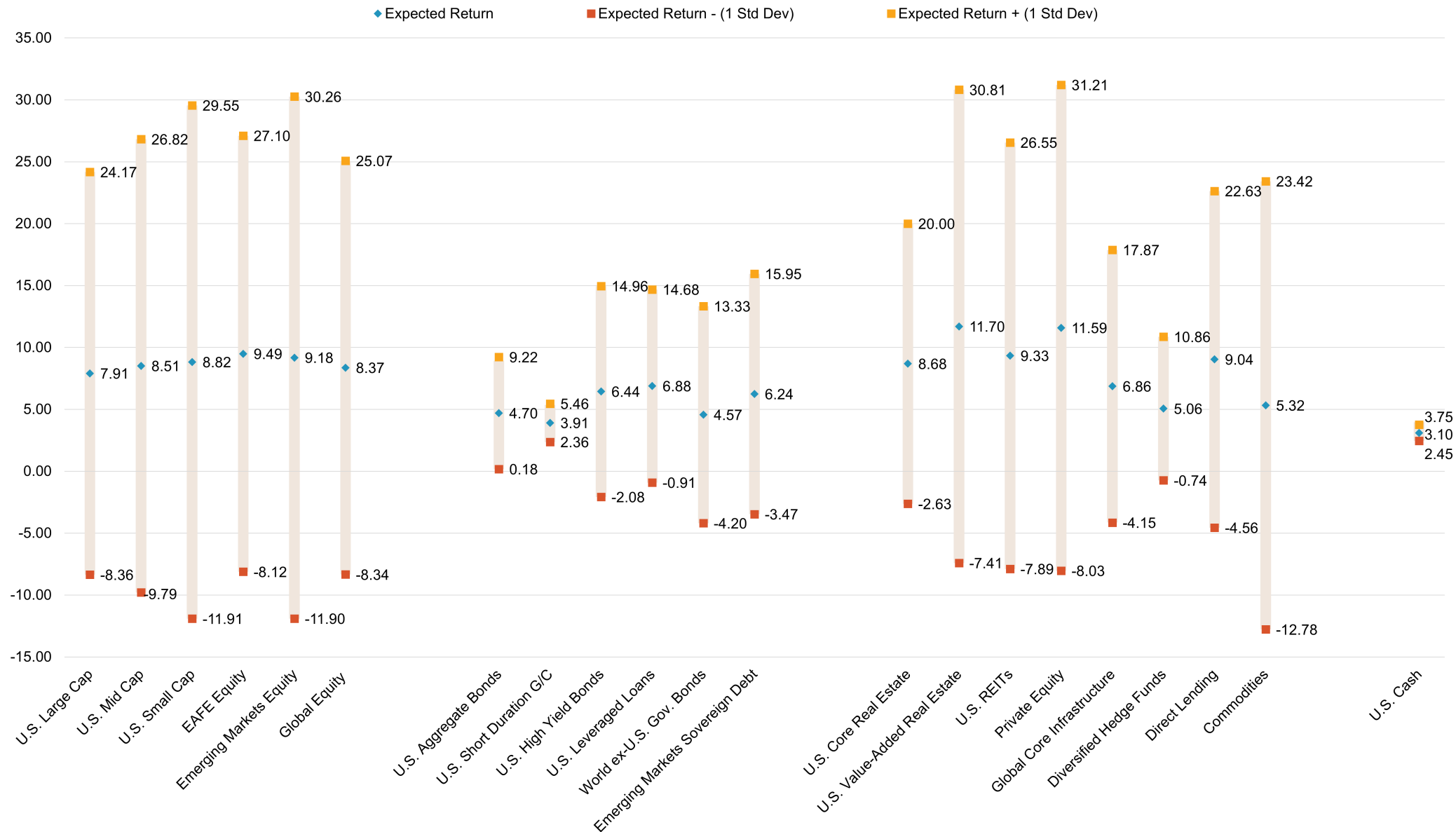
Summary of Changes

Mix 1: 5% from Core Fixed Income to Alts (Private Credit).

Mix 2: Mix 1 plus 2.5% reduction in Real Estate adding 2.0% to Private Equity and 0.5% to GTAA, and 1.0% shift from International Equity to Domestic Equity.

Mix 3: Reductions in Fixed Income (2.5%), International Equity (3.0%), and Real Estate (5.0%), and increasing Private Credit (5.0%), Private Equity (2.0%), Domestic Equity (3.0%) and GTAA (0.5%).

Expected Returns and Standard Deviations



Source: JPMorgan Capital Market Assumptions 2025

| Historical Trailing Returns | | | | | Long Term Std. Dev. | 10-15 Year Forecasts | |
|----------------------------------|---------|---------|----------|----------|---------------------|----------------------|--------------------|
| | 3 Years | 5 Years | 10 Years | 15 Years | 15 Years | Arithmetic Mean | Standard Deviation |
| U.S. Cash | 2.21 | 1.87 | 1.23 | 0.85 | 0.40 | 3.10 | 0.65 |
| U.S. Aggregate Bonds | -3.31 | 1.10 | 1.81 | 2.68 | 4.24 | 4.70 | 4.52 |
| U.S. Short Duration Government/C | 0.09 | 1.51 | 1.27 | 1.52 | 1.26 | 3.91 | 1.55 |
| U.S. High Yield Bonds | 1.98 | 5.37 | 4.60 | 9.17 | 8.36 | 6.44 | 8.52 |
| U.S. Leveraged Loans | 5.76 | 5.80 | 4.42 | 7.64 | 6.08 | 6.88 | 7.80 |
| World ex-U.S. Government Bonds | -9.35 | -2.77 | -1.26 | -0.09 | 8.42 | 4.57 | 8.76 |
| Emerging Markets Sovereign Debt | -3.33 | 1.44 | 1.70 | 4.38 | 9.77 | 6.24 | 9.71 |
| U.S. Large Cap | 8.97 | 15.52 | 11.80 | 14.02 | 15.63 | 7.91 | 16.26 |
| U.S. Mid Cap | 5.92 | 12.68 | 9.42 | 13.58 | 17.53 | 8.51 | 18.30 |
| U.S. Small Cap | 2.22 | 9.97 | 7.16 | 11.30 | 20.48 | 8.82 | 20.73 |
| EAFE Equity | 4.02 | 8.16 | 4.28 | 6.93 | 16.85 | 9.49 | 17.61 |
| Emerging Markets Equity | -5.08 | 3.69 | 2.66 | 6.56 | 19.19 | 9.18 | 21.08 |
| Global Equity | 1.55 | 7.08 | 3.83 | 6.74 | 16.81 | 8.37 | 16.71 |
| U.S. Core Real Estate | 4.01 | 3.34 | 6.33 | 5.11 | 7.68 | 8.68 | 11.32 |
| U.S. Value-Added Real Estate | 12.51 | 11.80 | 14.97 | 13.67 | 9.16 | 11.70 | 19.11 |
| U.S. REITs | 5.31 | 7.08 | 7.69 | 10.61 | 19.87 | 9.33 | 17.22 |
| Private Equity | 13.25 | 15.22 | 13.50 | 14.37 | 9.70 | 11.59 | 19.62 |
| Global Core Infrastructure | 6.05 | 7.37 | 5.73 | 7.51 | 15.82 | 6.86 | 11.01 |
| Diversified Hedge Funds | 2.63 | 5.27 | 3.36 | 3.90 | 4.32 | 5.06 | 5.80 |
| Direct Lending | 10.36 | 9.09 | 8.84 | 10.23 | 4.88 | 9.04 | 13.60 |
| Commodities | 10.76 | 7.23 | -1.11 | -0.24 | 14.91 | 5.32 | 18.10 |

The Value-Added Real Estate historic performance is measured by the NCREIF ODCE + 200 bps.

Asset class allocations proxied for the current mix where historic data was not available.

Asset Class Correlation Matrix

| Asset Class | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
|---|-------|-------|-------|------|------|-------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 1 U.S. Cash | 1.00 | | | | | | | | | | | | | | | | | | | | |
| 2 U.S. Aggregate Bonds | 0.08 | 1.00 | | | | | | | | | | | | | | | | | | | |
| 3 U.S. Short Duration Government/Credit | 0.28 | 0.82 | 1.00 | | | | | | | | | | | | | | | | | | |
| 4 U.S. High Yield Bonds | -0.05 | 0.38 | 0.28 | 1.00 | | | | | | | | | | | | | | | | | |
| 5 U.S. Leveraged Loans | -0.05 | 0.03 | -0.05 | 0.77 | 1.00 | | | | | | | | | | | | | | | | |
| 6 World ex-U.S. Government Bonds | 0.08 | 0.74 | 0.68 | 0.40 | 0.04 | 1.00 | | | | | | | | | | | | | | | |
| 7 Emerging Markets Sovereign Debt | 0.03 | 0.66 | 0.49 | 0.75 | 0.45 | 0.64 | 1.00 | | | | | | | | | | | | | | |
| 8 U.S. Large Cap | 0.00 | 0.26 | 0.12 | 0.74 | 0.58 | 0.37 | 0.62 | 1.00 | | | | | | | | | | | | | |
| 9 U.S. Mid Cap | -0.04 | 0.25 | 0.10 | 0.78 | 0.62 | 0.34 | 0.62 | 0.96 | 1.00 | | | | | | | | | | | | |
| 10 U.S. Small Cap | -0.05 | 0.18 | 0.05 | 0.71 | 0.55 | 0.27 | 0.53 | 0.90 | 0.95 | 1.00 | | | | | | | | | | | |
| 11 EAFE Equity | 0.03 | 0.30 | 0.21 | 0.77 | 0.58 | 0.49 | 0.70 | 0.88 | 0.88 | 0.80 | 1.00 | | | | | | | | | | |
| 12 Emerging Markets Equity | 0.03 | 0.29 | 0.21 | 0.72 | 0.57 | 0.47 | 0.70 | 0.74 | 0.76 | 0.68 | 0.86 | 1.00 | | | | | | | | | |
| 13 Global Equity | 0.01 | 0.29 | 0.18 | 0.79 | 0.61 | 0.45 | 0.69 | 0.96 | 0.95 | 0.87 | 0.97 | 0.86 | 1.00 | | | | | | | | |
| 14 U.S. Core Real Estate | -0.18 | -0.13 | -0.23 | 0.35 | 0.44 | -0.13 | 0.11 | 0.35 | 0.33 | 0.29 | 0.27 | 0.29 | 0.32 | 1.00 | | | | | | | |
| 15 U.S. Value-Added Real Estate | -0.18 | -0.13 | -0.23 | 0.35 | 0.44 | -0.13 | 0.11 | 0.35 | 0.33 | 0.29 | 0.27 | 0.29 | 0.32 | 1.00 | 1.00 | | | | | | |
| 16 U.S. REITs | -0.06 | 0.39 | 0.18 | 0.67 | 0.42 | 0.41 | 0.61 | 0.77 | 0.79 | 0.76 | 0.71 | 0.59 | 0.75 | 0.46 | 0.46 | 1.00 | | | | | |
| 17 Private Equity | 0.00 | 0.00 | -0.02 | 0.72 | 0.68 | 0.20 | 0.59 | 0.78 | 0.80 | 0.75 | 0.80 | 0.80 | 0.83 | 0.34 | 0.34 | 0.53 | 1.00 | | | | |
| 18 Global Core Infrastructure | 0.05 | 0.04 | 0.02 | 0.57 | 0.59 | 0.27 | 0.48 | 0.47 | 0.47 | 0.41 | 0.55 | 0.58 | 0.54 | 0.32 | 0.32 | 0.36 | 0.62 | 1.00 | | | |
| 19 Diversified Hedge Funds | 0.04 | 0.04 | -0.05 | 0.61 | 0.67 | 0.12 | 0.46 | 0.68 | 0.71 | 0.64 | 0.70 | 0.68 | 0.73 | 0.32 | 0.32 | 0.42 | 0.79 | 0.43 | 1.00 | | |
| 20 Direct Lending | 0.03 | 0.04 | -0.06 | 0.67 | 0.67 | 0.07 | 0.48 | 0.65 | 0.69 | 0.64 | 0.61 | 0.57 | 0.65 | 0.43 | 0.43 | 0.55 | 0.68 | 0.48 | 0.63 | 1.00 | |
| 21 Commodities | -0.03 | -0.01 | 0.02 | 0.44 | 0.41 | 0.28 | 0.33 | 0.44 | 0.46 | 0.38 | 0.52 | 0.56 | 0.52 | 0.35 | 0.35 | 0.30 | 0.55 | 0.44 | 0.51 | 0.47 | 1.00 |

1.00 to 0.75

0.75 to 0.50

0.50 to 0.25

0.25 to 0.00

0.00 to -0.25

-0.25 to -0.50

-0.50 to -0.75

-0.75 to -1.00

Note that not all asset classes are appropriate for every client portfolio.

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