

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM BOARD OF TRUSTEES INVESTMENT COMMITTEE MEETING

April 20, 2023

MINUTES

Present: Mr. Harry Papp, Chairman
Mr. Chris Hemmen, Trustee
Mr. Dean Scheinert, Trustee - remote

Absent: Ms. Randie Stein, Trustee

Staff Present: Mr. Brandon Turner, Investment Analyst
Mr. Bret Parke, Assistant Administrator/General Counsel - remote
Mr. James Ko, Deputy Chief Investment Officer
Mr. Jefferson Weston, Portfolio Manager
Mr. Mark Steed, Chief Investment Officer
Mr. Mike Smarik, Deputy Administrator - remote
Mr. Mike Townsend, Administrator
Mr. Owen Zhao, Sr. Quantitative Investment & Risk Analyst
Mr. Shan Chen, Lead Portfolio Manager
Mr. Spencer Edge, Albourne Partners - remote
Mr. Tim Jackson, Investment Accountant
Ms. Angela Egelhoff, Chief Compliance Officer
Ms. Cathleen Davis, Chief Internal Auditor
Ms. Cheryl Cohen, Investment Executive Assistant
Ms. Claudia Martinez, Executive Assistant - remote
Ms. Jennifer Carlino, Investment Counsel - remote
Ms. Katie Boligitz, Investment Analyst
Ms. Rose Crutcher, Paralegal Investments - remote
Ms. Sarah Grist, Albourne Partners
Ms. Vaida Maleckaite, Investment Operations Director - remote
Mr. Edward Bozaan, Portfolio Manager

Attendees: Mr. Alan Maguire, Trustee - remote
Me. Mike Miranda, NEPC - remote
Ms. Rose Dean, NEPC - remote
Mr. Daren Wunderle, Trustee - remote

1. Call to Order; Pledge of Allegiance; Roll Call; Opening Remarks.

The meeting was called to order at 10:03 AM, the Pledge of Allegiance recited and a roll was called.

Mr. Harry A. Papp, Investment Committee Chairman

2. Review, possible **Action** to approve Investment Committee Minutes from March 16, 2023.

Chairman Harry A. Papp

Moved by: Trustee Mr. Chris Hemmen

Second by: Trustee - remote Mr. Dean Scheinert

Vote: 3 - 0 Passed

3. Call to the Public:

This is the time for the public to comment. Members of the Committee may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01 (H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for a later date for further consideration and possible recommendations to the Board of Trustees.

There was no response to the public call.

4. Review and possible discussion regarding each of the following staff reports for the prior period.

Mr. Mark Steed, Chief Investment Officer

- a. Written report: Performance for the PSPRS Trust as of February 28, 2023.

Chairman Papp and Mr. Steed reviewed the material and highlighted various aspects of the report.

- b. Written report: Update on Private Credit Pacing.

Staff anticipate reaching the target weight of 20% around the beginning of 2024, in line with original estimates. Actual outcomes closely align with forecasted outcomes and are within both the upper and lower scenarios. The model excludes so-called "placeholder" investments in listed funds. Key assumptions include; portfolio appreciation, plan-level cash flows, rate of capital deployment, average investment holding period, investment growth rate and annual capital commitments.

- c. Written report: Performance for the Public Safety Cancer Insurance Policy Program, February 28, 2023.

Chairman Papp briefly discussed the materials and noted the changes in the last recent months have been great for the participants.

- d. Written report: Portfolio Risk as of February 28, 2023.

As of 2/28/2023, the Trust had \$18.7B assets under management, consisting of 278 internal and external accounts and 121 external partnerships. The total plan consisted of 64% capital appreciation, 22% Contractual Income, and 9% Diversifying Strategies. Contractual Income had the least amount of drawdowns. The trailing volatility indicated that the market continued to have elevated volatility and risk. In comparison, the trust portfolio was over 60% less volatile and captured 13% more market upside than downside.

- e. Written report: Global Financial Market Developments.

A majority of global stock markets remain positive on a YTD basis. Investors are anticipating a near-term pause in rate hikes and are monitoring signs of potential economic contraction. Investors gravitated towards US Large-Cap equities vs. Small-Cap on a YTD basis. Financials were the worst performing sector in March due to regional bank insolvencies and volatility. The yield curve remains extremely inverted with a significant spread between 3-Month T-Bill and 10-Year Treasury Yields. Investors continue to monitor inflation, interest rates, and geopolitical conflicts.

- f. Written report: Executed Transactions during the prior period.

No discussion was held.

5. Presentation, review and discussion regarding the Trust's asset allocation.

Ms. Dean, NEPC presented the report, reviewed the asset class assumptions and return expectations, baseline projections of assets, liabilities and cash flows.

Mr. Mark Steed

6. **The Investment Committee may vote to go into Executive Session (which will not be open to the public) to discuss matters pursuant to A.R.S. §§ 38-431.03(A) (1), (2), (3), (4) and (7), as applicable, including to receive legal advice from the Board's attorneys on any matter listed on the agenda.**

7. The Committee may discuss future dates for meetings and direct staff to place matters on future agendas. The next meeting is currently scheduled for Thursday, May 18, 2023.

Chairman Harry A. Papp

8. Adjournment.

The meeting adjourned at 11:17 AM.

Chairman Harry A. Papp

Moved by: Trustee Mr. Chris Hemmen

Second by: Trustee - remote Mr. Dean Scheinert

Vote: 3 - 0 Passed