

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
BOARD OF TRUSTEES INVESTMENT COMMITTEE MEETING**

October 19, 2023

MINUTES

Present: Mr. Harry Papp, Chairman
Mr. Chris Hemmen, Trustee - remote
Ms. Randie Stein, Trustee

Absent: Mr. Dean Scheinert, Trustee

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

Attendees: Mr. Daren Wunderle, Trustee - remote

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

Mr. Harry A. Papp, Chairperson

2. Review, possible **Action** to approve Investment Committee Minutes from September 21, 2023.

Mr. Harry A. Papp

Moved by: Trustee Ms. Randie Stein

Second by: Trustee Mr. Dean Scheinert

Vote: 3 - 0 Passed

Other: Trustee Mr. Dean Scheinert (ABSENT)

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. Performance for the PSPRS Trust as of August 31, 2023.

Mr. Steed presented the materials, and noted that the 1.5 billion is all in money market funds and not taking any exotic risks. Chair Papp mentioned the portfolio is well designed for the current environment and is and should be resistant to difficult time periods. Mr. Allan Martin commented that the diversification and cash is paying big dividends to the funds.

- b. Asset allocation and capital pacing.

Most asset class allocations are close to their targets or within defined ranges. Staff are taking prudent actions to rebalance allocations and deploy excess cash in line with long-term allocation plans. Private equity and private credit are being funded incrementally to manage cash drag and vintage year diversity.

- c. Performance for the Public Safety Cancer Insurance Policy (CIP) Program, August 31, 2023.

Chair Papp reviewed the presented materials and highlighted different aspects of the report.

d. Portfolio Risk as of August 31, 2023.

The total assets under management (AUM) in August slightly exceeded the AUM in July, which was above \$20B. The year-to-date (FYTD) return stood at 0.8%, and the 7-year rolling return was 8.0%. The allocation for each asset class remained largely unchanged from the previous month, with a 1% increase in allocation to core bonds considering current market conditions. Compared to last month, the performance contribution for the FYTD return from Capital Appreciation (CA) had decreased significantly from 90% to 50%. The contractual Income (CI) contribution rose to around 40% of the return. This shift is beneficial for risk management since the risk contribution from CI asset classes is substantially lower than that of CA asset classes.

e. Global Financial Market Developments.

Global equities, interest rates, and metals remain, for the most part, in accordance with their central tendencies, with the majority exhibiting modest returns above historical norms over longer horizons. Feeder cattle, natural gas, and oil prices remain volatile. Market participants now anticipate S&P 500 earnings to grow at 8.4% annually over the next three years relative to the 8.6% growth projected last month. Interest rates are also now expected to remain higher throughout 2024.

f. Executed Transactions during the prior period.

No discussion was held.

5. **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.**

6. The Committee may discuss future dates for meetings and direct staff to place matters on future agendas. The next meeting is currently scheduled for November 28, 2023.

Mr. Harry A. Papp

7. Adjournment.

The meeting adjourned at 10:50 AM.

Moved by: Trustee Ms. Randie Stein

Second by: Trustee - remote Mr. Chris Hemmen

Vote: 3 - 0 Passed

Other: Trustee Mr. Dean Scheinert (ABSENT)