JAMES MACK TAKES THE LEAD AT PSPRS

After a 9-0 Board of Trustees vote – and a 1,400-mile move – Administrator James Mack has taken the lead of PSPRS retirement plans. Most recently, Mack led the Employees' Retirement System of Baton Rouge, as part of his 25-plus year career in public pensions, investments and treasury management.

At PSPRS, Mack is hitting the ground running. His initial priorities include assessing agency needs, continuing to strengthen plan funding and building deeper partnerships with stakeholders. Members and retirees can also expect a strong emphasis on improving the overall service experience.

"It's an honor to work with a great board and committed staff to serve Arizona's first responders, corrections officers, elected officials and judges," Mack said. "I'm looking forward to the work ahead, meeting stakeholders and continuing the progress of PSPRS."

Mack brings a well-rounded background shaped by both public and private markets. As a portfolio manager with the Louisiana Department of Treasury, he managed more than $10 billion in state trust funds, oversaw trading and liquidity operations, and helped shape investment strategy. He also served on several pension boards and commissions, contributing to investment oversight and governance. His experience includes roles in hedge fund management, investment consulting and mergers and acquisitions.

Outside the office, Mack enjoys golf, reading, the arts and volunteering. He also keeps a close eye on sports – especially his alma maters, the LSU Tigers and Houston Cougars – along with Houston's professional teams.

PRIVATE CREDIT: THE SKY ISN'T FALLING

Private credit is getting a lot of media attention lately. The $1.8 trillion asset class is drawing fresh scrutiny as questions surface about how it performs when conditions tighten.

At its core, private credit is straightforward: Large investors like PSPRS commit capital to private funds, which then lend to businesses and earn returns through interest. The concern, as always, is what happens when some of those loans go bad. In those moments, confidence can dip and some investors look to exit early to limit losses.

That's the backdrop for a recent inquiry from media giant Reuters, which asked whether PSPRS – which holds about $4.5 billion, or 17% of its portfolio, in private credit – is concerned by recent developments.

The answer: No, and PSPRS is looking to increase its private credit allocation to 20 percent of its entire portfolio.

PSPRS has invested in private credit since 2008 and has consistently generated returns above its actuarial assumed rate. Like many asset classes, as more investors entered the space over time, underwriting standards began to loosen – something PSPRS has been anticipating.

Recent valuation pressures have been most pronounced in a limited number of funds that are not part of PSPRS's portfolio, underscoring the importance of selecting the right investments and discipline.

In fact, the current environment may represent a healthy reset. Periods like this tend to reinforce discipline and create more attractive opportunities for long-term investors.

Chief Investment Officer Mark Steed emphasized that PSPRS takes a long-term, diversified approach and has seen cycles like this before. The plan remains confident in its positioning and expects to continue investing in private credit as part of its broader strategy.

CHEERS FROM THE GALLERY FOR PSPRS INVESTORS

The recognition for PSPRS investment team members continues. Markets Group, a New York-based investment relations firm, recently named James Ko and Portfolio Manager Brandon Turner among their "Next Elite" list of public investors.

The Markets Group, which hosts investment forums around the world, honored deputy chief investment officers and senior-level investors who meaningfully impact their agencies and display the leadership qualities required of chief investment officers.

This year's honorees, reported Markets Group, excelled at investing amid "shifting macroeconomic conditions, geopolitical complexity, evolving risk frameworks, and rising stakeholder expectations."

Ko joined PSPRS in 2018 as a senior portfolio manager to handle private credit and hedge funds and promoted to deputy chief investment officer in 2020. He now oversees the agency's public equity and fixed income portfolios. Turner, hired as an investment analyst in 2021, skipped over two position levels to become the agency's senior private equity and venture capital manager.

In support of Ko's nomination, PSPRS Chief Investment Officer Mark Steed credited Ko's work on turning a "flatlining" diversifying strategies allocation designed for performance uncorrelated to stock and bond markets. Once pulling around a 4.5 percent return, under Ko's management returns rocketed across short and long-term time horizons.

Similarly, Turner "charted a new course" in the PSPRS private equity portfolio, said Steed. The asset class covers the buying and selling of businesses not listed on the stock market has endured an evolving landscape of less liquidity, more competition and the growing impact of artificial intelligence.

"Investing at this scale requires skill, care, and effort and it's great to see James and Brandon recognized for their impact," said Steed. "Pension investing takes a patient, long-term approach and they have continued to deliver for members, retirees, employers and taxpayers."