

MINUTES
INVESTMENT COMMITTEE MEETING
FIRE AND POLICE PENSION FUND, SAN ANTONIO
WEDNESDAY, AUGUST 23, 2023
PENSION FUND OFFICE
UPON ADJOURNMENT OF THE LEGISLATIVE COMMITTEE MEETING
BUT NOT BEFORE 9:30 A.M.

Roll Call	Mr. Reed called the meeting to order at 9:35 A.M.
Committee Members Present	Larry Reed, Fire/Retiree Representative; Harry Griffin, Police/Retiree Representative; Jim Smith, Police Representative; Amanda Viera, Police Representative; Justin Rodriguez, Mayoral Designee
Committee Members Absent	None
Others Present	Warren Schott, Executive Director; Cary Hally, Chief Investment Officer; Giovanni Nunez, Investment Analyst; Wes Levanduski, Investment Analyst; Gail Jensen, General Counsel

Approval of Minutes of July 17, 2023

- Mr. Smith made a motion to approve the minutes of the July 17, 2023, Investment Committee meeting. The motion carried unanimously.

Public Equity International Value Managers Search Presentations

- The Committee received presentations from the four finalists in the public equity international value search: PIMCO Research Affiliates, First Eagle, EARNEST Partners and Barrow Hanley. It was noted that the Pension Fund already has investments with PIMCO Research Affiliates and First Eagle, with the respective portfolios valued at \$100 million and \$96 million, respectively, as of June 30, 2023.
 - The Committee briefly discussed the performance of the First Eagle International Value Fund portfolio. After discussions, Mr. Rodriguez made a motion to recommend that the Board terminate the First Eagle International Value Fund. The motion carried unanimously.
 - Mr. Rodriguez then made a motion to recommend that the Board hire EARNEST Partners and Barrow Hanley to manage international value equity portfolios and reallocate the existing assets among the three firms – PIMCO Research Affiliates, EARNEST Partners and Barrow Hanley. The motion carried unanimously.

Private Equity Search Update

- Staff presented the Committee with eight candidates and discussed their performance metrics, strategy, and compatibility with the private equity buyout and growth equity search parameters.
- After discussions, Mr. Griffin made a motion to conduct further due diligence on six candidates: Arlington Capital Group VI, Clearlake Capital Partners VIII, Cortec Group Fund VIII, K6 Private Investors, PSG VI, and Trive Capital V. The motion carried unanimously.

Mr. Rodriguez left the meeting at 2:08 PM

NEPC Quarterly Performance Update and Appropriate Follow-up Action Including Possible Reallocations, Rebalancing and/or Terminations

- NEPC provided a quarterly performance review of the Pension Fund's portfolio. As of June 30, 2023, the market value of the Pension Fund was approximately \$3.8 billion. The Pension Fund returned 2.7% for the second quarter and 6.2% year-to-date period.
- The portfolio is close to its policy allocation targets, and within approved ranges. U.S. equities returned 7.8% in the quarter and 15.3% year-to-date, while non-U.S. equities returned 1.8% in the quarter and 8.3% year-to-date. Total fixed income returned 0.5% in the quarter and 3.9% year-to-date. NEPC noted that the majority of the underlying investment managers are performing well relative to their peers and benchmarks, and NEPC has no specific performance concerns. NEPC noted that the Pension Fund's private market returns have added significant value over the last three- and five-year periods.
- The Committee discussed the three-year and most recent performance of The London Company. After discussion, Staff offered to invite The London Company as well as additional managers to a future Committee meeting to directly update the Committee with regard to their performance.

Rebalancing

- The Committee discussed rebalancing to increase the Fund's liquidity. After discussions, Mr. Griffin made a motion to recommend that the Board liquidate \$20 million from the Northern Trust Russell 1000 Growth Index Fund and \$20 million from the Northern Trust Russell 1000 Index Fund and move those funds to the Pension Fund's cash account. The motion carried unanimously.

Adjournment: Mr. Griffin made a motion to adjourn at 2:34 P.M. The motion carried unanimously.

Approved this ____ day of _____, 2023.

Larry Reed, Investment Committee Chairman