

MINUTES
INVESTMENT COMMITTEE MEETING
FIRE AND POLICE PENSION FUND, SAN ANTONIO
WEDNESDAY, FEBRUARY 21, 2024
PENSION FUND OFFICE
9:30 A.M.

Roll Call	Mr. Smith called the meeting to order at 9:32 A.M.
Committee Members Present	Jim Smith, Police Representative; Amanda Viera, Police Representative; Larry Reed, Fire/Retiree Representative; Harry Griffin, Police/Retiree Representative
Committee Members Absent	None
Others Present	Justin Rodriguez, Mayoral Designee; Warren Schott, Executive Director; Cary Hally, Chief Investment Officer; Giovanni Nunez, Investment Analyst; Wes Levanduski, Investment Analyst; Gail Jensen, General Counsel

Executive Session

- At 9:32 A.M., the Investment Committee went into Executive Session pursuant to Section 551.071 of the Texas Government Code and reconvened at 9:37 A.M.

Approval of Minutes of January 24, 2024

- Mr. Reed made a motion to approve the minutes of the January 24, 2024, Investment Committee meeting. The motion carried unanimously.

Ms. Viera arrived at 9:45 A.M.

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

- NEPC presented a quarterly performance review of the Pension Fund's portfolio. As of year-end 2023, the portfolio's market value was approximately \$3.9 billion, and 1-year return was 11.0%. For the year, total U.S. equities returned 25.1%, total non-U.S. equities returned 12.6%, and total fixed income returned 8.2%. NEPC noted that the Pension Fund's domestic fixed income returns rank in the top quartile over the last three-, five-, seven-, and ten-year periods.
- Discussions arose regarding the underperformance of emerging markets equities. NEPC noted that the underperformance of this asset class was factored into the overall assessment and recommendations in the asset allocation review, which was the next item for committee discussion. No action was taken.

Asset Allocation Review and Possible Adjustments

- NEPC reviewed the Pension Fund's current policy targets and asset allocations and discussed the option of eliminating the 6% emerging markets equity policy target in light of the underperformance of that asset class. NEPC presented three alternative asset allocations and their respective expected return impact for the next ten- and thirty-year periods. After reviewing each option, the Committee focused on "Mix A", which would eliminate the current 6% policy target for emerging markets equity and increase the current policy targets for U.S. small/mid-cap equity by 2%, non-U.S. developed equity by 1%, non-U.S. developed small-cap equity by 2%, and private equity by 1%.

- The Committee discussed the Pension Fund's international equity managers' historical exposure to emerging markets along with the pros and cons of eliminating the dedicated emerging markets policy target. After discussions, the Committee directed NEPC and staff to review the Pension Fund's international equity managers' exposure to emerging markets historically and develop an implementation plan focused on Mix A.

Real Estate Consultant Search Update

- The Pension Fund's Chief Investment Officer, Cary Hally, briefed the Committee on the ongoing Real Estate Consultant procurement. He informed the Committee that five firms responded to the RFP, including the Pension Fund's current real estate consultant, The Townsend Group. Mr. Hally provided an overview of each respondent. After discussions, the Committee elected to temporarily pause the RFP. No further action was taken.

Adjournment: Mr. Smith made a motion to adjourn at 11:28 A.M. The motion carried unanimously.

Approved this ____ day of _____, 2024.

Jim Smith, Investment Committee Chairman