

**MINUTES**  
**INVESTMENT COMMITTEE MEETING**  
**FIRE AND POLICE PENSION FUND, SAN ANTONIO**  
**WEDNESDAY, AUGUST 24, 2022**  
**PENSION FUND OFFICE**  
**8:30 A.M.**

**Roll Call** Mr. Reed called the meeting to order at 8:31 A.M.

**Committee Members Present** Larry Reed, Fire/Retiree Representative; Harry Griffin, Police/Retiree Representative; Jim Smith, Police Representative; Dean Pearson, Fire Representative; Jimmy Foster, Police Representative

**Committee Members Absent**

**Others Present** Warren Schott, Executive Director; Cary Hally, Chief Investment Officer; Giovanni Nunez, Investment Analyst; Wes Levanduski, Investment Analyst; Gail Jensen, General Counsel; Nancy Ybarra, Executive Assistant

**Approval of Minutes of July 25, 2022**

- Mr. Smith made a motion to approve the minutes of the July 25, 2022, Investment Committee meeting. The motion carried unanimously.

*Mr. Foster arrived at 8:50 A.M.*

**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. On June 30, 2022, the market value of the Pension Fund was approximately \$3.5 billion, which was a return of -8.4% for the second quarter and -13.0% year-to-date.
- NEPC noted that U.S. small-cap equities, emerging markets equities, and emerging markets debt returns have detracted from overall performance relative to the Allocation Index. In emerging markets debt, Ashmore's strategy returned -14.1% in the second quarter, underperforming by 5.1%, and returned -22.4% year-to-date, underperforming by 6.1%.
- After discussions, Mr. Griffin made a motion to recommend to the Board to terminate Ashmore. The motion carried unanimously.

**Apollo Investment Fund X Re-Up Commitment**

- The Committee discussed the Apollo Investment Fund X re-up opportunity. The Pension Fund has invested in Fund IV, and Funds VI through IX. Fund X is an all-weather, value oriented, private equity fund which will invest up and down the capital structure between opportunistic buyouts, corporate carve-outs and distressed investments, as well as across multiple industries, economic cycles, and geographies.
- After discussions, Mr. Griffin made a motion to recommend to the Board to commit \$25 million to Apollo Investment Fund X. The motion carried unanimously.

## **Bloomfield Update**

- Representatives of Bloomfield Capital provided an update on the Pension Fund's investments in Bloomfield Capital Income Fund III and Bloomfield Capital Income Fund V. Fund III is in its wind-down phase and Fund V utilizes a Series legal structure, with funds automatically rolling over from one series to the next. In addition to the automatic rollover, the Series structure also poses several unique legal challenges. As a result, before the formation of Series B in the Fund, the Board elected to withdraw from Fund V, although some funds had already been rolled over into Fund B and are currently in the "lock-up" phase of that Series.
- Bloomfield informed the Committee that Series C of Fund V is scheduled to launch later this year and their team has drafted new legal documents intended to make the Fund structure more favorable for the Pension Fund. Staff and Counsel will review the draft legal documents and report back to the Committee at a later meeting. No action was taken.

## **Emerging Manager Private Equity Search Parameters**

- Representatives from Attucks discussed the potential risks associated with investing in first-time private equity funds and recommended the Pension Fund build out the Emerging Manager Private Equity platform with multiple allocations over the next three to five years to mitigate those risks. The Committee discussed Attucks' capabilities with respect to research and sourcing early private fund managers, along with the pros-and-cons of having NEPC conduct the search instead.
- After a lengthy discussion, the Committee opted to explore the issue further at next month's Committee meeting. No action was taken.

*Mr. Griffin left the meeting at 11:55 A.M.*

*Mr. Reed left the meeting at 11:58 A.M.*

## **Attucks Emerging Manager Performance Update and Appropriate Follow-up Action Including Possible Reallocations, Rebalancing and/or Terminations**

- Attucks provided a quarterly performance review of the Emerging Manager Program portfolio. The discussion focused on underperforming managers, especially Zevenbergen Capital and Thomas White International. Attucks continues to have conviction in Zevenbergen despite a second quarter return of -41.3%, underperforming the benchmark by roughly 20%, and a year-to-date return of -52.8%, underperforming the benchmark by roughly 25%.
- Since inception in February 2017, Thomas White has underperformed the benchmark by an annualized 2.2%. Attucks recommended putting Thomas White on a watch list while a search for a replacement is conducted.
- After discussions, Mr. Foster instead made a motion to recommend to the Board to terminate Thomas White and move the proceeds to the Northern Trust Russell 1000 Index Fund. The motion carried unanimously.

**Adjournment:** Mr. Pearson made a motion to adjourn at 12:22 P.M. The motion carried unanimously.

Approved this \_\_\_\_ day of \_\_\_\_\_, 2022.

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Larry Reed, Investment Committee Chairman