

GENERAL RETIREMENT SYSTEM
and
POLICE and FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
JOINT MEETING
MARCH 15, 2023 – 8:13 a.m.
233 E. Fulton, Suite 216

The meeting was called to order by Chairman Hawkins. Other members present: Mr. David Tryc, Mr. Martin Timkovich, Mr. Philip Balkema, Mr. William Butts, Mr. Phillip Mitchell, Mr. Nathaniel Moody, Mr. Justin Ewald, and Mr. William Fabiano. Absent: Ms. Donijo DeJonge.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement Systems, Mr. Thomas Michaud, Legal Advisor to the Boards, Ms. Hannah Hastings and Ms. Katie George of Harding Loevner, and Mr. Joseph Sindelar of abrdrn.

Mr. Balkema made the motion to excuse the absence of Ms. DeJonge. The motion was seconded by Mr. Tryc and carried.

There were no public comments regarding agenda items.

Mr. Tryc made the motion to approve the minutes of the Joint Meeting of February 15, 2023. The motion was seconded by Mr. Fabiano and carried.

Ms. Hannah Hastings, CFA and Portfolio Specialist, and Ms. Katie George, CFA and Manager of Institutional Business Development, of Harding Loevner (HL) presented their firm’s annual report to Trustees. Ms. George reviewed HL’s organizational team and process and noted that HL has 31 analysts organized by global sector, 118 employers (38 of which are partners), and 45% of employees are women or non-white members. HL’s total assets under management as of December 31, 2022 total \$56.0 billion. Ms. Hastings noted that HL invests in high-quality growing companies identified through fundamental research with a long-term global perspective. Ms. Hastings reviewed HL’s quality and growth investment philosophy as of December 31, 2022, benchmark performance, and the 2022 style headwinds. She commented that inflation is high and central banks have responded. The yield curve inversions anticipate recessions and international leading economic indicators have been affected. She stated that growth valuations are less extended after the recent underperformance. She reviewed completed portfolio transactions as of December 31, 2022 and noted that turnover raised growth and improved valuations. She compared portfolio allocations from December 31, 2021 to December 31, 2022 and reviewed the portfolio positioning at December 31, 2022. Ms. Hastings commented that HL’s decision-making has produced a distinctive pattern of performance. She stated that the fourth quarter of 2022 had a strong value effect and fixed income markets have adjusted to the volatility. Fast growing industrials are attractively priced, high quality health care and staples appear expensive, and recent market volatility has proved a difficult period for Chinese equities. She reviewed various portfolio statistics as of December 31, 2022 including model portfolio holdings by sector and geography. HL considers Environmental, Social, and Governance (ESG) issues in all their strategies. Ms. Hastings provided a summary on both portfolios and noted the following return statistics for the portfolios as of December 31, 2022:

	<u>3 Mo.</u>	<u>1 yr.</u>	<u>3 yr.</u>	<u>5 yr.</u>	<u>Since Inception</u>
General Retirement System	15.13%	-19.45%	2.26%	2.48%	4.70%
Police & Fire Retirement System	15.13%	-19.44%	2.30%	2.50%	4.71%
MSCI ACWI ex-US Index	14.37%	-15.57%	0.53%	1.36%	3.57%

*Inception date: April 1, 2015

The report was received and filed by Chairman Hawkins.

Mr. Joseph Sindelar, Investment Manager and CAIA, of Aberdeen Standard Investments (abrdn) presented his firm's annual report to Trustees. Mr. Sindelar noted that abrdn is a global asset management company listed on the London Stock Exchange and has over 700 investment professionals worldwide across 30 locations. abrdn has a multi-asset product range that spans private equity, private credit, venture capital, infrastructure, and real assets strategies. abrdn has approximately \$469.2 billion in assets under management. They have 50 investment professionals globally and a distinct focus on the least efficient segments of private markets, offering tailored solutions via commingled funds and segregated mandates. Mr. Sindelar reviewed abrdn's organization, people, process, and the Aberdeen Global Partners I, L.P. structure (AGP I). He noted that abrdn provides a single solution providing access to a global portfolio of "best in class" private capital managers. He provided an update on the portfolio and noted that it is 101% committed and 99% called. They have 61 manager commitments, 12 co-investments, and \$87 million has been distributed to LPs. He reviewed the J-curve evolution, drawdowns, and distributions from the AGP I portfolio. Mr. Sindelar commented on the geographic and industry diversification, investment stage and portfolio trends for the AGP I portfolio. He commented on the manager performance as of September 30, 2022 for U.S. managers, EU managers, and Asia managers. The AGP I portfolio is invested 40% in their APE V portfolio, 40% in their AIP III portfolio, and 20% in their AVP VIII portfolio. The report was received and filed by Chairman Hawkins.

The Executive Director next addressed a new copy machine purchase for the Retirement Systems office. She stated that it has been the practice of the office to purchase a copy machine v. leasing, as the Retirement Systems seems to breakeven if they own the machine for at least 7 years; the current copy machine has been in use for more than 8 years. If it is not replaced soon there could be the potential of not being able to secure parts should it need to be repaired. She stated that the Retirement Systems has done business with Applied Innovation for approximately 30 years. They provided a quote of \$8,695.38 (\$9,194.79 if a fax option is needed). She noted that due to the recent change in phone systems, a fax option is not needed on the copy machine as staff members now have e-fax capabilities. The cost for the current copier when it was purchased in early 2015 was about \$8,800.00. She noted it will be the same type of copier. Following Trustee discussion, Mr. Butts made the motion to approve the purchase of the new copy machine with Applied Innovation as outlined in their quote. The motion was seconded by Mr. Moody and carried.

There were no public comments on items not on the agenda.

The meeting adjourned at 9:16 a.m.

The next Joint Meeting of the General and Police & Fire Retirement System Boards will be held Wednesday, May 17, 2023, at 8:05 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General and Police & Fire Retirement Systems