

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

MINUTES
JOINT MEETING
MARCH 20, 2024 – 8:07 a.m.
233 Fulton Street East, Suite 216

The meeting was called to order by Chairman Hawkins. Other members present: Mr. Martin Timkovich, Mr. Philip Balkema, Mr. William Butts, Mr. Justin Ewald, Ms. Donijo DeJonge, Mr. William Fabiano, Mr. Drew Robbins (virtual), and Ms. Holly Jackson. Absent: Mr. David Tryc.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement Systems, Mr. Thomas Michaud, Legal Advisor to the Boards, Ms. Apurva Schwartz and Mr. Dylan Strober of Harding Loevner, Ms. Kirsten Morin of HighVista Strategies (virtual), and Mr. Michael Holycross and Ms. Mary Nye of AndCo.

Mr. Ewald made the motion to excuse the absence of Mr. Tryc. The motion was seconded by Mr. Fabiano and carried.

There were no public comments regarding agenda items.

Mr. Balkema made the motion to approve the minutes of the Joint Meeting of February 21, 2024. The motion was seconded by Mr. Timkovich and carried.

Ms. Apurva Schwartz, Portfolio Specialist, and Mr. Dylan Strober, Deputy Manager, Client Management, of Harding Loevner (HL) presented their firm’s annual report to Trustees. Mr. Strober provided Trustees with a firm update, and reviewed HL’s organizational team and process and noted that HL has 33 analysts and the International Equity Portfolio management team averages 11 years at HL. HL’s assets under management as of December 31, 2023 total \$52.4 billion. He noted that stock markets recovered smartly in the final quarter of 2023 with a sharp turnaround in November, erasing the losses of October and those of the 3rd quarter as well. Despite challenging recent performance, HL still believes there are compelling reasons to include Emerging Markets investments in their portfolio. Ms. Schwartz provided a summary on both portfolios and noted the following return statistics for the portfolios as of December 31, 2023:

| | <u>3 Mo.</u> | <u>1 yr.</u> | <u>3 yr.</u> | <u>5 yr.</u> | <u>Since Inception</u> |
|---------------------------|--------------|--------------|--------------|--------------|------------------------|
| General Retirement System | 12.59% | 16.51% | 1.05% | 8.89% | 5.99% |
| Police & Fire Ret. System | 12.59% | 16.50% | 1.05% | 8.92% | 5.99% |
| MSCI ACWI ex-US Index | 9.82% | 16.21% | 2.04% | 7.59% | 4.94% |

*Inception date: April 1, 2015

Ms. Schwartz commented that 2023 experienced three distinct style phases and value outperformed in Japan and China. She noted that the international markets are more diversified than the U.S. and reviewed benchmark performance and performance attribution for the trailing 12 months as of December 31, 2023. Ms. Schwartz stated that turnover raised quality and growth and provided Trustees with an overview on

portfolio positioning. Inflation expectations have moderated and there is now a better forecast growth from emerging markets, while other regions show deceleration. She reviewed HL's international ADR emerging market holdings and the MSCI ACWI ex-U.S. index total returns by quality, growth, and value rank. She also reviewed benchmark performance and performance attribution for the 4th quarter of 2023. In 2023, value outperformed in Japan and emerging markets. Ms. Schwartz also reviewed portfolio weights in emerging markets and China. HL's emerging market holdings enhance their quality and growth, and are diversified. As Chinese opportunities broadened, HL increased their diversification in the portfolio. Ms. Schwartz also provided Trustees with an update on portfolio statistics and their international equity ADR portfolio guidelines and exposures. She commented that HL analysts search the world for companies that meet their high quality and durable growth criteria, conduct fundamental research, then value and rate their stocks to make them available for investment. ESG issues are considered in each step of their process. The report was received and filed by Chairman Hawkins.

Ms. Kirsten Morin, of HighVista Strategies (HV) presented her firm's annual report to Trustees. Ms. Morin provided an overview of HV's Global Partners I structure and noted that 40% is invested in HV Private Equity V, 40% in HV International Partners III, and 20% in HV Venture Partners VIII. HV provides its clients with a single solution providing access to a global portfolio of private capital managers, providing administrative ease. Ms. Morin provided an update on the HV Global Partners I portfolio and stated that the funds are 100% committed and 99% has been called. HV has 61 manager commitments and 12 co-investments. She reviewed drawdown information, distributions, and the J-Curve evolution. She commented on the geographic diversification, investment stage, industry diversification, portfolio trends, and the valuation status. Ms. Morin noted performance information by manager types and key metrics on the portfolio. Ms. Morin provided Trustees an update on HV and their investment team. She stated that HV's specialty alternatives investment firm was founded in 2004 and they are employee-owned with \$10 billion in assets under management. HV has a far-reaching network that enables them to discover and execute on harder-to-access and capacity-constrained investments. The report was received and filed by Chairman Hawkins.

Board approval was requested for attendance at the following conference: the Spring MAPERS Conference to be held May 19 – 21 by Mr. Ewald, Mr. Fabiano, Ms. Korzen, and Ms. Balkema. Mr. Ewald made the motion to approve attendance of the aforementioned conference by Trustees and staff per the Trustee Training, Educational Development and Due Diligence policy. The motion was seconded by Mr. Butts and carried.

Mr. Michael Holycross and Ms. Mary Nye of AndCo presented Trustees with a report outlining the onboarding process thus far. He noted that they are in the process of importing all legacy data from Wilshire, reviewing historical data for discrepancies, and building a performance report. Mr. Holycross stated that their research team is conducting a review of the existing manager roster. The next steps would be: 1) conduct an asset allocation study to determine the best allocation going forward; 2) review historical and projected cash flows; 3) review of the investment policy statements; and 4) ongoing review of the existing manager roster to identify areas of improvement. Chairman Hawkins asked Mr. Holycross to coordinate any due diligence meetings to the Retirement Systems' managers with Trustees over the next 12-18 months. Mr. Holycross commented that the transition with Mariner is going well and should be completed on April 2, 2024. He stated that the new name will be Mariner Institutional and that should be the only change as the AndCo team will remain independent and the same. Ms. DeJonge asked for more information about AndCo's acquisition of Fourth Street; Mr. Holycross stated that they will become a part of AndCo and again, no other changes should occur. He stated that the transition to Mariner and the acquisition of Fourth Street should not impact the timeline regarding the onboarding process with the Retirement Systems' plans. Chairman Hawkins asked Mr. Holycross to assist Trustees in the transition process regarding the upcoming retirement of the Executive Director and provide Trustees with educational reports periodically; Mr. Holycross agreed to do so. Chairman Hawkins welcomed AndCo

as the new investment consultant and stated that he and Trustees are looking forward to this new relationship.

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

Mr. Michaud reminded Trustees of Public Act 4 of 2023 and its provisions for public safety retirees and civilian retirees. He noted that for 2023, the state of Michigan has stipulated that public safety pensions will be exempt from state tax. Tax relief for civilian pensions will be phased in over a 4-year period. If Trustees or staff receive questions regarding Public Act 4, they should direct the individual to their tax preparer as Trustees and staff do not provide tax advice. He noted that the tax form involved is the MI W-4P. Ms. Korzen commented that the Retirement Systems office has received several inquiries and changes regarding Public Act 4.

The meeting adjourned at 9:22 a.m.

The next Joint Meeting of the General and Police & Fire Retirement System Boards will be held Wednesday, May 15, 2024, at 8:10 a.m., 233 Fulton Street East, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General and Police & Fire Retirement Systems