

Investment Committee
Friday, June 14, 2024, 9:00 a.m.
Virtual Only
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AGENDA

- I. **CALL TO ORDER AND ACCEPTANCE OF AGENDA – (Committee Action)**
- II. **ACCEPTANCE OF MINUTES (MAY 10, 2024, & MAY 14, 2024) – (Committee Action)**
- III. **COMPLIANCE CONSULTANT PRESENTATION (40 MINUTES) – (Committee Action)**
– *Mr. Anderson*
 - A. Presentation¹
 - B. Committee Discussion¹
- IV. **ASSET ALLOCATION CONSULTANT PROCUREMENT (15 MINUTES) – (Committee Action)**
– *Mr. Anderson*
- V. **MANAGER RECOMMENDATION² (30 minutes) – (Committee Action)**
 - A. Private Markets – *Mr. Moss, Mr. Zietlow*
- VI. **MANAGER UPDATES (5 MINUTES) – (Information)**
 - A. Private Markets – *Mr. Moss, Mr. Zietlow*

(Break)

- VII. **STRATEGY REVIEW (90 MINUTES)**
 - A. Public Markets – *Mr. Chin, Mr. Dukart, Mr. Posch – (Information)*
 - B. Equity 2.0² – *Mr. Chin, Mr. Dukart, Mr. Posch – (Committee Action)*
- VIII. **DISCUSSION**
- IX. **ADJOURNMENT**

¹ Executive Session pursuant to N.D.C.C. 44-04-19.2(6) and 54-44.4-10(2) to sequester competitors during a competitive bidding process and to receive and discuss exempt proposal procurement information during a competitive bidding process.

² Executive Session pursuant to N.D.C.C. 44-04-19.2, 44-04-18.4 (2)(a) and N.D.C.C. 44-04-18.4(2)(d) to review and discuss confidential commercial information and trade secrets.

**STATE INVESTMENT BOARD
INVESTMENT COMMITTEE MEETING
MINUTES OF THE
MAY 10, 2024, MEETING**

MEMBERS PRESENT: Thomas Beadle, State Treasurer, Chair
Joseph Heringer, Trust Lands Commissioner, Vice Chair
Scott Anderson, Chief Investment Officer
Dr. Prodosh Simlai, External Representative

MEMBERS ABSENT: Eric Chin, Deputy Chief Investment Officer
Dr. Rulin Tian, External Representative

STAFF PRESENT: Derek Dukart, Investment Officer
Jennifer Ferderer, Fiscal Investment Admin
Rachel Kmetz, Accounting Manager
George Moss, Senior Investment Officer
Sarah Mudder, Communication & Outreach Director
Jan Murtha, Executive Director
Matt Posch, Senior Investment Officer
Chad Roberts, Deputy Executive Director/Chief Retirement Officer
Ryan Skor, Chief Financial Officer/Chief Operating Officer
Nitin Vaidya, Chief Risk Officer
Jason Yu, Risk Officer
Lance Zietlow, Senior Investment Officer

GUESTS: Alexander Browning, Callan
Members of the Public

CALL TO ORDER:

Treasurer Beadle called the State Investment Board (SIB) Investment Committee (IC) meeting to order at 9:02 a.m. on Friday, May 10, 2024. The meeting was held virtually.

The following Investment Committee members were present representing a quorum, Mr. Anderson, Treasurer Beadle, Commissioner Heringer, and Dr. Simlai.

AGENDA:

The agenda was considered for the May 10, 2024 meeting.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY DR. SIMLAI AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE MAY 10, 2024, MEETING AS DISTRIBUTED.

AYES: MR. ANDERSON, COMMISSIONER HERINGER, DR. SIMLAI, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

MINUTES:

The minutes were considered for the April 12, 2024, meeting.

IT WAS MOVED BY MR. ANDERSON AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A VOICE VOTE TO APPROVE THE MINUTES FOR THE APRIL 12, 2024, MEETINGS AS DISTRIBUTED.

AYES: MR. ANDERSON, COMMISSIONER HERINGER, DR. SIMLAI, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

STRATEGY REVIEW

Mr. Vaidya and Mr. Yu presented a new risk dashboard to the committee. The dashboard consists of a set of indicators including macro-economic, systemic financial risk, sentiment, and capital market dynamics. The dashboard is a powerful tool that will assist the investment team in making more informed asset allocation decisions and will provide clarity on market risks to all stakeholders.

IT WAS MOVED BY MR. ANDERSON AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-04-18.4(6)(A), N.D.C.C. 44-04-19.1(9), AND N.D.C.C. 44-04-19.2(1) TO DISCUSS EXEMPT PROCUREMENT INFORMATION DURING A COMPETITIVE BIDDING PROCESS.

AYES: COMMISSIONER HERINGER, MR. ANDERSON, DR. SIMLAI, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

The executive session started at 9:38 a.m. and ended at 9:57 a.m. and was attended by Committee members, Mr. Dukart, Ms. Ferderer, Mr. Moss, Ms. Mudder, Ms. Murtha, Mr. Posch, Mr. Skor, Mr. Vaidya, Mr. Yu, and Mr. Zietlow.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO APPROVE CONTINUATION OF PROCURING THE INTERNAL IT PROGRAM WITHIN THE EXISTING BUDGET PARAMETERS AND BUDGET RANGE.

AYES: DR. SIMLAI, COMMISSIONER HERINGER, MR. ANDERSON, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

BENCHMARK IMPLEMENTATION UPDATE

Mr. Posch and Mr. Zietlow presented an update regarding the implementation of new benchmarks. The implementation is scheduled to be completed by June 30, 2024, and reflected in performance reports July 1, 2024. The Public Markets team is conducting due diligence and will bring forward a manager recommendation to a future committee meeting. Dr. Simlai commented on the quality of the Hamilton Lane Benchmark and agreed with Verus' recommendation.

BROKER/DEALER ARRANGEMENTS

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY MR. ANDERSON AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-04-19.1(9) AND N.D.C.C. 44-04-19.2(1) TO DISCUSS NEGOTIATING STRATEGY.

AYES: MR. ANDERSON, COMMISSIONER HERINGER, DR. SIMLAI, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

The Committee recessed at 10:24 a.m. and reconvened at 10:30 a.m.

The executive session started at 10:30 a.m. and ended at 10:48 a.m. and was attended by Committee members, Mr. Dukart, Ms. Ferderer, Mr. Moss, Ms. Mudder, Ms. Murtha, Mr. Posch, Mr. Skor, Mr. Vaidya, Mr. Yu, and Mr. Zietlow.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO APPROVE STAFF WORKING WITH THE ATTORNEY GENERAL'S OFFICE TO OBTAIN LEGAL SERVICES FOR NEGOTIATING BROKER/DEALER AGREEMENTS.

AYES: MR. ANDERSON, DR. SIMLAI, COMMISSIONER HERINGER, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

NEW CLIENT FUNDS

Mr. Skor and Mr. Anderson presented three new investment policy statements for new client funds that were recommended for approval to the board: the Water Projects Stabilization Fund, the Opioid Settlement Fund, and the State Historical Society of North Dakota Endowment Funds.

Mr. Skor and Mr. Anderson also presented an updated benchmark memo provided by the independent benchmark consultant Verus that incorporates a previously approved private equity benchmark and a new benchmark, the Bloomberg Governments benchmark that would be used for any portfolio that is constructed of government securities.

IT WAS MOVED BY MR. ANDERSON AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A ROLL CALL VOTE TO APPROVE FOR RECOMMENDATION TO THE STATE INVESTMENT BOARD, THE INVESTMENT POLICY STATEMENTS FOR THE NEW CLIENTS.

AYES: COMMISSIONER HERINGER, MR. ANDERSON, DR. SIMLAI AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE UPDATED INTERIM BENCHMARK FOR THE NEW CLIENT FUNDS.

AYES: COMMISSIONER HERINGER, MR. ANDERSON, DR. SIMLAI, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

MANAGER RECOMMENDATION

IT WAS MOVED BY DR. SIMLAI AND SECONDED BY MR. ANDERSON AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-04-19.2, 44-04-18.4 (2)(A) AND N.D.C.C. 44-04-18.4(2)(D) TO REVIEW AND DISCUSS CONFIDENTIAL COMMERCIAL INFORMATION AND TRADE SECRETS.

AYES: DR. SIMLAI, MR. ANDERSON, COMMISSIONER HERINGER, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

The executive session started at 11:05 a.m. and ended at 11:37 a.m. and was attended by Committee members, Mr. Dukart, Ms. Ferderer, Mr. Moss, Ms. Mudder, Ms. Murtha, Mr. Posch, Mr. Skor, Mr. Vaidya, Mr. Yu, and Mr. Zietlow.

IT WAS MOVED BY DR. SIMLAI AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A ROLL CALL VOTE TO APPROVE STAFF RECOMENDATION OF ADJUSTMENTS FOR PRIVATE MARKET MANAGERS, PENDING LEGAL REVIEW AND DIRECT THE STAFF TO REPORT BACK AT A FUTURE COMMITTEE MEETING.

AYES: MR. ANDERSON, COMMISSIONER HERINGER, DR. SIMLAI, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

MANAGER UPDATES

Mr. Posch provided a public market update that Nomura and Pinebridge were hired to manage High Yield mandates. The portfolios will be funded with \$400 million each.

Mr. Zietlow provided a manager update concerning a \$35 million commitment to the Cerberus NPL Fund II.

COMMITTEE MEETING SCHEDULE - FY2025

Ms. Murtha and Treasurer Beadle shared their appreciation to all members of the Committee for their continued dedication to the investment program.

IT WAS MOVED BY MR. ANDERSON AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE CALENDAR AS PRESENTED.

AYES: COMMISSIONER HERINGER, MR. ANDERSON, DR. SIMLAI, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. CHIN AND DR. TIAN

MOTION CARRIED

DISCUSSION

Committee members discussed recent environmental, social, governance (ESG) activity in the investment industry.

ADJOURNMENT

With no further business to come before the Investment Committee, Treasurer Beadle adjourned the meeting at 11:56 a.m.

Prepared by:

Jennifer Ferderer, Assistant to the Board

**STATE INVESTMENT BOARD
INVESTMENT COMMITTEE SPECIAL MEETING
MINUTES OF THE
MAY 14, 2024, MEETING**

MEMBERS PRESENT: Thomas Beadle, State Treasurer, Chair
Joseph Heringer, Trust Lands Commissioner, Vice Chair
Scott Anderson, Chief Investment Officer
Eric Chin, Deputy Chief Investment Officer
Dr. Ruilin Tian, External Representative
Dr. Prodosh Simlai, External Representative

STAFF PRESENT: Derek Dukart, Investment Officer
Jennifer Ferderer, Fiscal Investment Admin
Rachel Kmetz, Accounting Manager
George Moss, Senior Investment Officer
Sarah Mudder, Communication & Outreach Director
Jan Murtha, Executive Director
Matt Posch, Senior Investment Officer
Emmalee Riegler, Procurements/Records Coordinator
Michael Schmitcke, Senior Investment Accountant
Ryan Skor, Chief Financial Officer/Chief Operating Officer
Jason Yu, Risk Officer

GUESTS: Members of the Public

CALL TO ORDER:

Treasurer Beadle called the State Investment Board (SIB) Investment Committee (IC) special meeting to order at 1:01 p.m. on Tuesday, May 14, 2024. The meeting was held virtually.

The following Investment Committee members were present representing a quorum, Mr. Anderson, Mr. Chin, Treasurer Beadle, Commissioner Heringer, Dr. Simlai, and Dr. Tian.

AGENDA:

The agenda was considered for the May 14, 2024 meeting.

IT WAS MOVED BY DR. TIAN AND SECONDED BY MR. CHIN AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE MAY 15, 2024, SPECIAL MEETING AS DISTRIBUTED.

AYES: MR. ANDERSON, MR. CHIN, MR. COMMISSIONER HERINGER, DR. SIMLAI, DR. TIAN, AND TREASURER BEADLE

NAYS: NONE

MOTION CARRIED

Dr. Tian left the meeting at 1:05 p.m.

EXECUTIVE SESSION 1

IT WAS MOVED BY MR. ANDERSON AND SECONDED BY MR. CHIN AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-04-19.2(6) AND 54-44.4-10(2) TO SEQUESTER COMPETITORS DURING A COMPETITIVE

**BIDDING PROCESS AND TO RECEIVE AND DISCUSS EXEMPT PROPOSAL
PROCUREMENT INFORMATION DURING A COMPETITIVE BIDDING PROCESS.**

**AYES: COMMISSIONER HERINGER, MR. ANDERSON, DR. SIMLAI, MR. CHIN, AND
TREASURER BEADLE**

NAYS: NONE

ABSENT: DR. TIAN

MOTION CARRIED

The executive session started at 1:08 p.m. and ended at 2:10 p.m. and was attended by Committee members, staff, and representatives from offeror.

Dr. Tian joined the executive session at 1:12 p.m.

EXECUTIVE SESSION 2

**IT WAS MOVED BY MR. ANDERSON AND SECONDED BY DR. SIMLAI AND CARRIED BY
A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-
04-19.2(6) AND 54-44.4-10(2) TO SEQUESTER COMPETITORS DURING A COMPETITIVE
BIDDING PROCESS AND TO RECEIVE AND DISCUSS EXEMPT PROPOSAL
PROCUREMENT INFORMATION DURING A COMPETITIVE BIDDING PROCESS.**

**AYES: DR. SIMLAI, MR. CHIN, COMMISSIONER HERINGER, DR. TIAN, MR. ANDERSON,
AND TREASURER BEADLE**

NAYS: NONE

MOTION CARRIED

The executive session started at 2:13 p.m. and ended at 3:15 and was attended by Committee members, staff, and representatives from offeror.

EXECUTIVE SESSION 3

**IT WAS MOVED BY MR. ANDERSON AND SECONDED BY MR. CHIN AND CARRIED BY A
ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-04-
19.2(6) AND 54-44.4-10(2) TO SEQUESTER COMPETITORS DURING A COMPETITIVE
BIDDING PROCESS AND TO RECEIVE AND DISCUSS EXEMPT PROPOSAL
PROCUREMENT INFORMATION DURING A COMPETITIVE BIDDING PROCESS.**

**AYES: MR. ANDERSON, DR. TIAN, MR. CHIN, COMMISSIONER HERINGER, DR. SIMLAI,
AND TREASURER BEADLE**

NAYS: NONE

MOTION CARRIED

The executive session started at 3:18 and ended at 4:13 and was attended by Committee members and staff.

**IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY MR. CHIN AND
CARRIED BY A ROLL CALL VOTE TO APPROVE TO RECOMMEND TO THE FULL STATE
INVESTMENT BOARD THE VENDOR THAT IS MOST SUSCEPTIBLE TO AWARD.**

**AYES: COMMISSIONER HERINGER, MR. ANDERSON, MR. CHIN, DR. TIAN, AND
TREASURER BEADLE**

NAYS: DR. SIMLAI

MOTION CARRIED

ADJOURNMENT

With no further business to come before the Investment Committee, Treasurer Beadle adjourned the meeting at 4:16 p.m.

Prepared by:

Jennifer Ferderer, Assistant to the Board

Confidential materials will be sent to Committee members via a secure link.

ALLOCATION CONSULTANT

Scott M Anderson, CFA

June 14, 2024

NORTH
Dakota Be Legendary.

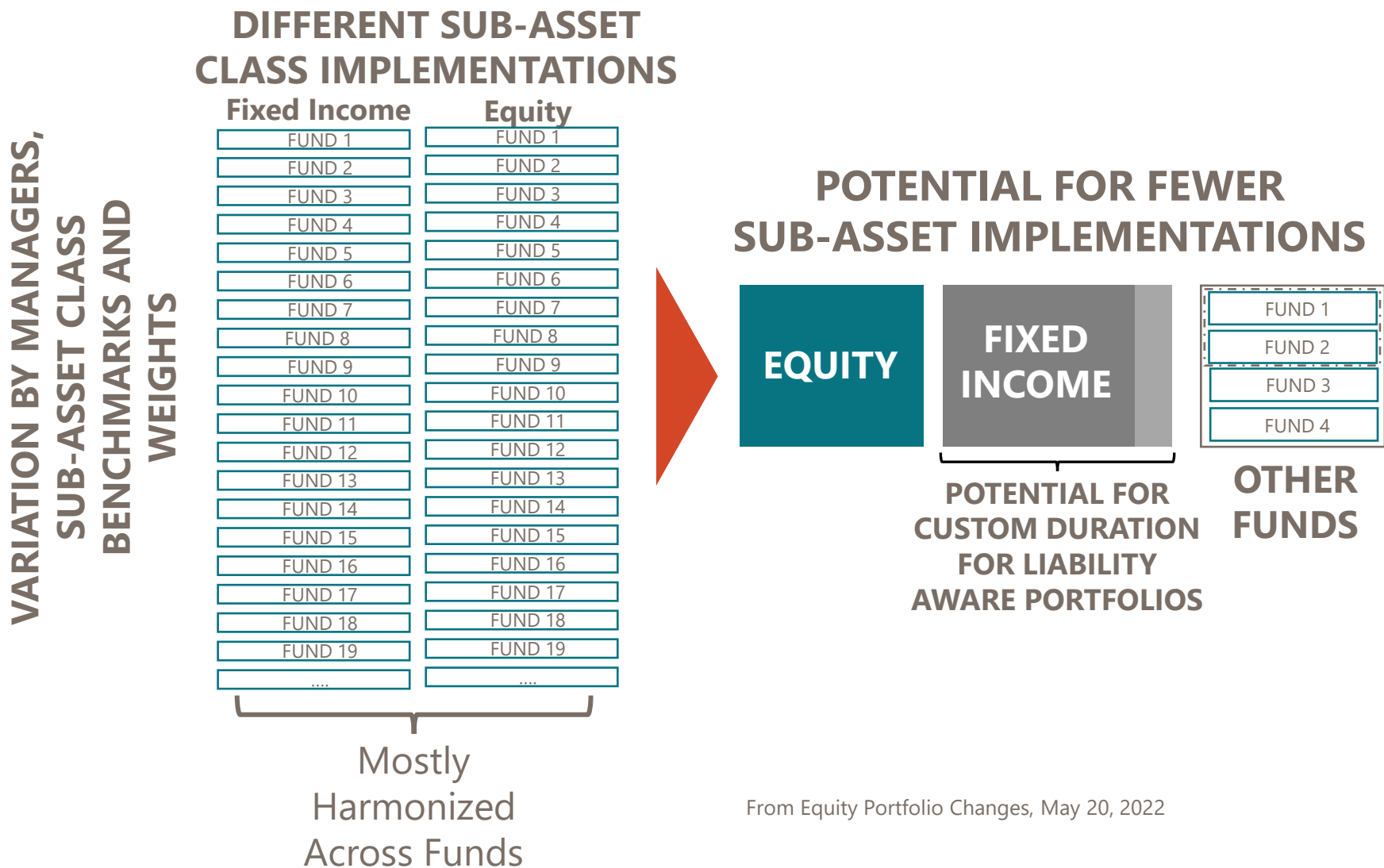
EXISTING CONSULTANT CONTRACTS

MANDATE	CURRENT CONSULTANT	RENEWAL DATE
✓ Performance and Project Consultant ¹	Callan	July 1, 2024
✓ Compensation Consultant	Mercer	July 1, 2024
✓ Benchmark Hurdle Rate Consultant	Verus	July 1, 2025
→ ✓ Performance Consultant ²	-	July 1, 2024
<u>Allocation Consultant³</u>	-	<u>July 1, 2024</u>
✓ Cost and FTE Benchmark Consultant	CEM Benchmarking	In Discussion
* Compliance Consultant Retainer ⁴	-	April 2024
Public or Private Market Manager Specialist ⁵	-	?
→ [Contracted Consulting Projects	-	?

+ 2025?

1. The performance and process consulting contract includes quarterly investment performance reports and evaluation of manager performance/attendance at board meetings quarterly; 2 consulting projects; access to specialty consulting staff – can be unbundled into separate performance consulting and project consulting arrangements
2. A general performance consulting contract that provides quarterly performance assessment of client funds and managers; potential to provide annual performance and independent performance checks of fiscal staff generated performance
3. Potential for a retained allocation consultant that provides for fee allocation project consulting, portfolio construction advice and manager search expertise
4. A retained compliance consultant would provide advice and compliance services including legal/regulatory compliance, personal trading policy, trading processes controls/compliance, high level compliance processes
5. Potential for public and private market manager specialist consulting contracts

IMPLEMENTATION OPPORTUNITY¹



From Equity Portfolio Changes, May 20, 2022

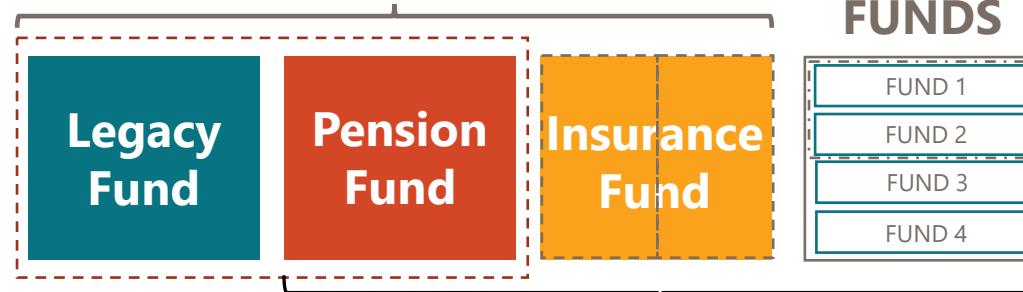
FUND LEVEL OPPORTUNITY

31 DIFFERENT ASSET ALLOCATIONS

FUND 1
FUND 2
FUND 3
FUND 4
FUND 5
FUND 6
FUND 7
FUND 8
FUND 9
FUND 10
FUND 11
FUND 12
FUND 13
FUND 14
FUND 15
FUND 16
FUND 17
FUND 18
FUND 19
....



POTENTIAL FOR POOLING



TWO OR THREE FUND SEPARATION ENABLES POTENTIAL FOR LIABILITY AWARE PORTFOLIOS

OTHER FUNDS

- **SCALE**
- **REDUCED OPERATIONAL COMPLEXITY**
- **IMPLEMENTATION TIME SAVINGS**
- **FEWER ALLOCATIONS**

PENSION FUND LEVEL STUDIES

ACTUARIAL EXPERIENCE STUDY

Objectives:

1. Plan Assumption Accuracy
2. Risk Management
3. Adapting Funding and Investment Policies
4. Plan Design Enhancements

Components:

1. Data Collection/Analysis
2. Review Benefit Payments and Participant Behavior
3. Recommend Adjustments to the Actuarial Calculation of Liabilities and Costs

ASSET/LIABILITY STUDY

Objectives:

1. Establish Current Capital Market Assumptions
2. Incorporate Material Changes to Plan Policies and Demographics
3. Evaluate Impact on Assets and Liabilities With New Capital Market Assumptions Given a Liability Model and an Asset Allocation
4. Confirm Current Asset Allocation is Suitable

Components:

1. Liability Model
2. Asset Projections
3. Simulations of a range of high-level asset allocations including the current asset allocation
4. Plan asset/liability results across scenarios

ASSET ALLOCATION STUDY

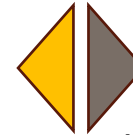
Objectives:

1. Determine Optimal Asset Allocation Given a Required Return and Risk Assumptions
2. Determine Optimal Sub-Asset Class Structure and Platform for Allocation Implementation
3. Determine Appropriate Plans and Allocation Sequence for Transitioning an Allocation
4. Determine Suitability for Funding and Policy Goals

Components:

1. Capital Market Assumptions
2. Comprehensive Asset Allocation
3. Allocation Implementation Plan
4. Asset/Liability Study Light

ASSET/LIABILITY STUDY HEAVY,
ASSET ALLOCATION LIGHT
(For Major Plan Changes or Major
Assumption Changes)



ASSET ALLOCATION HEAVY
ASSET/LIABILITY STUDY LIGHT
(Major Allocation Structure Changes
and Continuous Improvements)

RETAINED ASSET ALLOCATION CONSULTANT

- Assist with determining the best asset allocation for similar required returns (coordinated with client boards) – reduces the number of plan allocations at the asset class and sub-asset class level
- Update the Legacy Fund allocation when initiated by the Legacy Fund Board
- Provide periodic capital market assumptions to understand asset allocation drift, for exposure management and to trigger new allocation structure studies
- Assist to continuously improve the allocation process and employ better allocation structures as number of allocations is reduced
- Assist with sub-asset analysis including portfolio construction and manager opinions
- Explore liability aware overlay options by pension plan to reduce asset/liability risk



Fewer Dimensions/Better Allocation/Lower Costs

- **One consistent set of capital market assumptions**
- **One allocation philosophy**
- **Fewer sub-asset structures**
- **Consistent implementation across funds**
- **Reduced cost of allocation and implementation**

RECOMMENDED MOTION

MOTION: APPROVE STAFF RECOMMENDATION TO RETAIN A QUALIFIED ASSET ALLOCATION CONSULTANT UNDER THE EXEMPTION FROM THE STATE PURCHASING PRACTICES PER NDCC 54-44.4-02 (10).

Confidential materials will be sent to Committee members via a secure link.

AFM PERFORMANCE & STRATEGY UPDATE

AFM Team
June 14, 2024

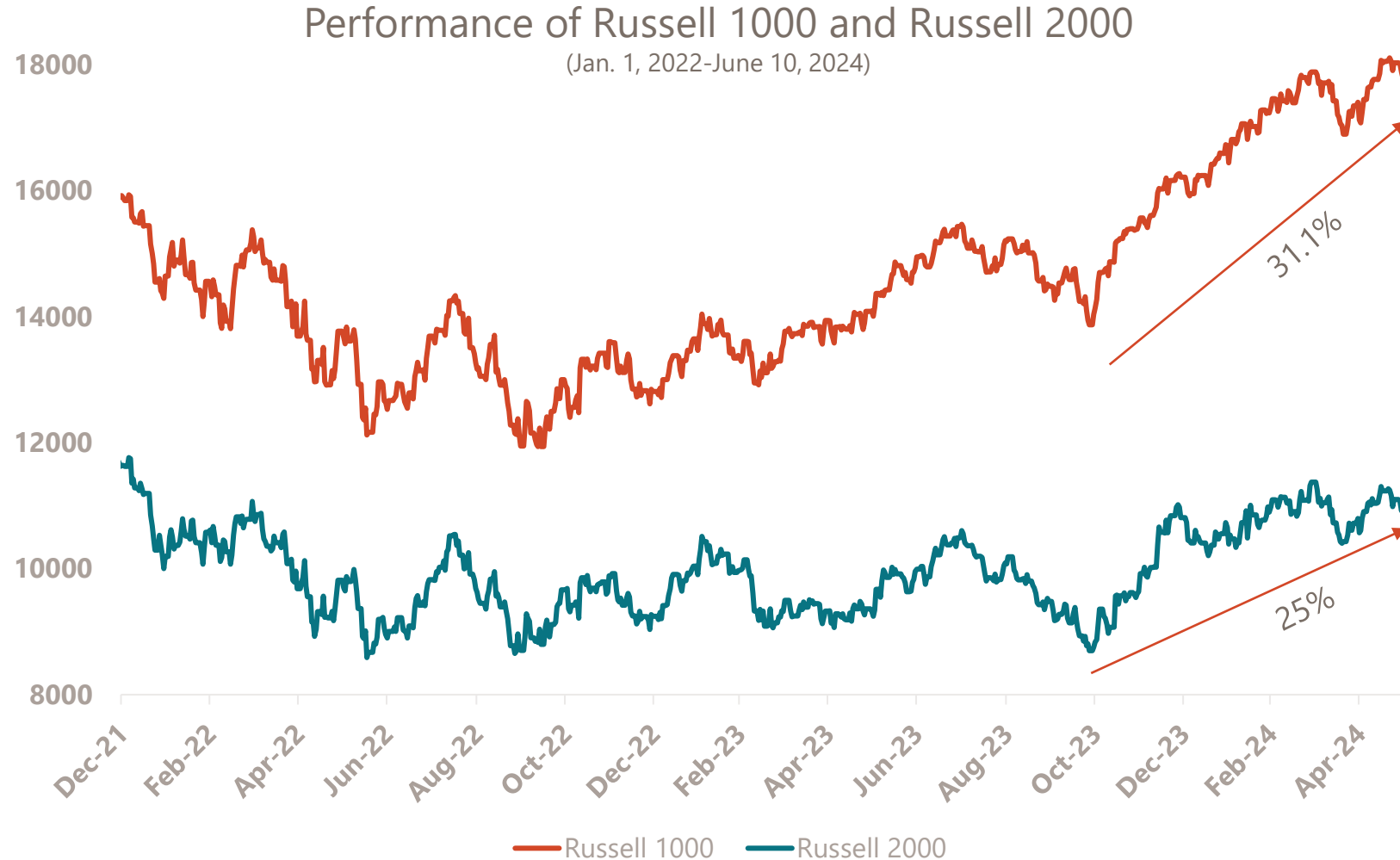
NORTH
Dakota Be Legendary.

PUBLIC EQUITY

NORTH
Dakota
Be Legendary.

Retirement & Investment

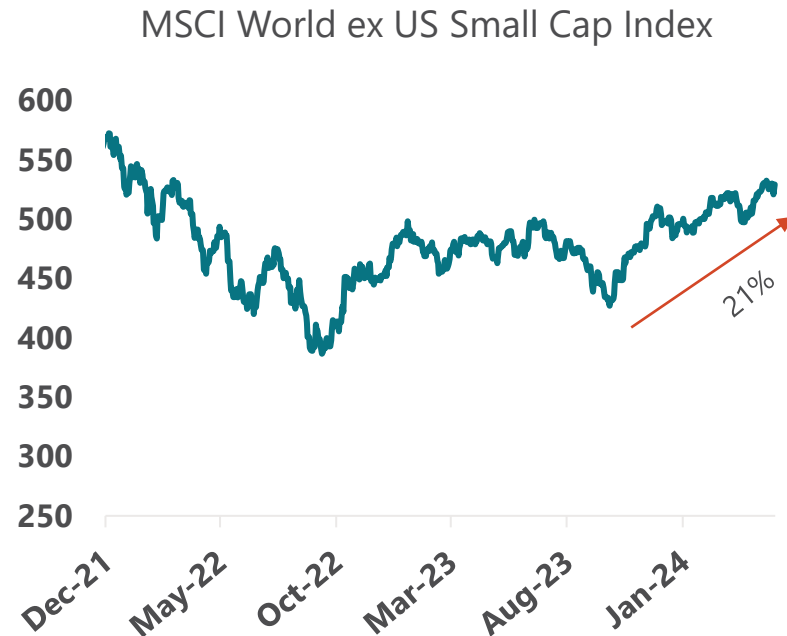
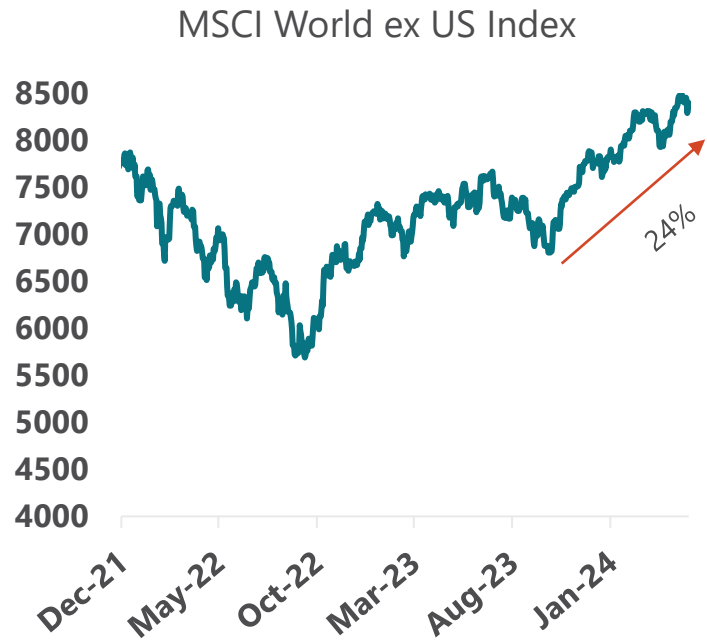
EQUITY MARKETS – U.S.



U.S. Markets

- YTD Performance:
 - Russell 1000: +12.1%
 - Russell 2000: +0.56%
- U.S. equities have continued to climb since October 2023
- From the October 2023 lows to June 10th Russell 1000 is up ~31% and the Russell 2000 is up ~25%.
- Equities have continued to perform strongly; driven by positive corporate earnings, market sentiment, and easing inflation concerns
- Technology stocks have remained a focal point for investors

EQUITY MARKETS – INTERNATIONAL

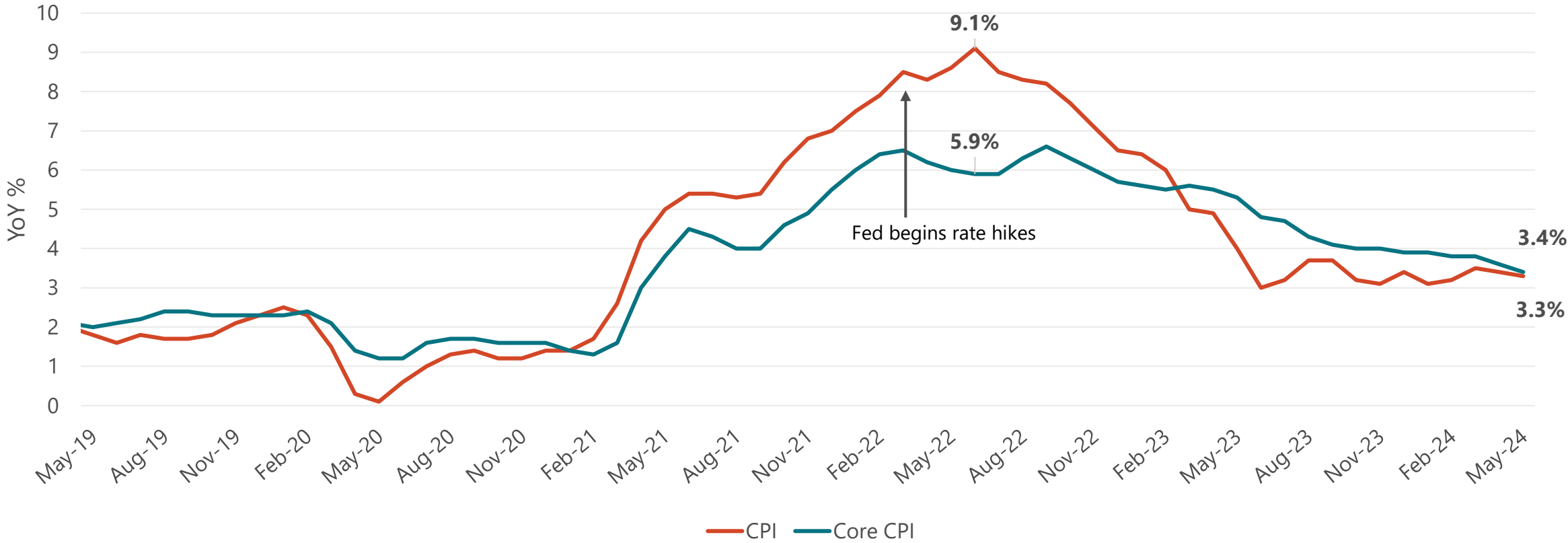


- International equity markets experienced similar trends to US markets since October last year
- YTD Performance:
 - MSCI World Ex US Index + 7.1%
 - MSCI World Ex US Small Index +2.8%
 - MSCI Emerging Markets Index +5.9%

Performance through June 10, 2024

INFLATION PAST 5 YEARS

Annual Inflation Rate



EQUITY MANAGER PERFORMANCE

	1 YR PORTFOLIO RETURN	1 YR POLICY RETURN	1 YR ACTIVE RETURN	5 YR PORTFOLIO RETURN	5 YR POLICY RETURN	5 YR ACTIVE RETURN	5 YR TRACKING ERROR	5 YR INFORMATION RATIO
PERS PUBLIC EQUITY	23.63%	22.30%	1.33%	11.21%	10.73%	0.47%	1.44%	0.33
Domestic Equity	28.94%	28.40%	0.55%	14.73%	13.82%	0.91%	2.44%	0.37
Large Cap - Russell 1000	31.75%	29.87%	1.88%	16.34%	14.76%	1.58%	2.07%	0.76
LA Capital Large Cap Growth	42.28%	29.87%	12.41%	19.33%	14.76%	4.57%	5.74%	0.80
LA Capital 60% Large Cap/40% Large Cap Active Extension	32.88%	29.87%	3.01%	15.82%	14.76%	1.06%	1.94%	0.55
NTAM - Quant Enhanced	31.32%	29.87%	1.45%	14.59%	14.76%	-0.17%	2.71%	-0.06
Parametric/Clifton Group Enhanced	29.90%	29.87%	0.04%	14.73%	14.76%	-0.03%	1.48%	-0.02
Small Cap - Russell 2000	13.75%	19.71%	-5.96%	8.03%	8.10%	-0.07%	6.66%	-0.01
Atlanta Capital Small Cap Equity Fund	12.86%	19.71%	-6.85%	10.45%	8.10%	2.35%	9.02%	0.26
Riverbridge Small Cap Growth (5 year is since 11/2020)	14.20%	19.71%	-5.51%	2.39%	11.39%	-9.00%	11.01%	-0.82
Sycamore Small Cap Value (5 year is since 11/2020)	12.97%	19.71%	-6.74%	15.00%	11.39%	3.61%	9.17%	0.39
International Equity	15.80%	13.20%	2.61%	7.55%	6.00%	1.55%	2.41%	0.64
**Total Intl All Cap - MSCI ACWI ex-US IMI	20.37%	13.20%	7.17%					
William Blair International Leaders	11.68%	13.20%	-1.52%	7.59%	6.00%	1.59%	7.99%	0.20
Arrowstreet International Equity (5 year is since 01/2022)	25.86%	13.20%	12.66%	12.00%	3.25%	8.75%	5.12%	1.71
**Total Dev. Intl Small Cap - MSCI World ex-US Small	10.61%	10.04%	0.57%					
DFA Intl. Small Cap Value Portfolio	16.24%	10.04%	6.20%	7.77%	5.39%	2.38%	5.64%	0.42
Emerging Markets - MSCI EM	8.13%	8.15%	-0.02%	2.87%	2.22%	0.65%	3.87%	0.17
DFA EM All Cap Core (1 year is since 07/2023)	8.75%	7.19%	1.57%					

**Intl All Cap and Dev Intl Small Cap are new and don't have a 5 year history

Performance calculated for the period ending March 31, 2024

PUBLIC FIXED INCOME



Retirement & Investment

FIXED INCOME MARKETS – U.S.

Bloomberg US Aggregate Index



Bloomberg US High Yield 2% Issuer Constrained Index



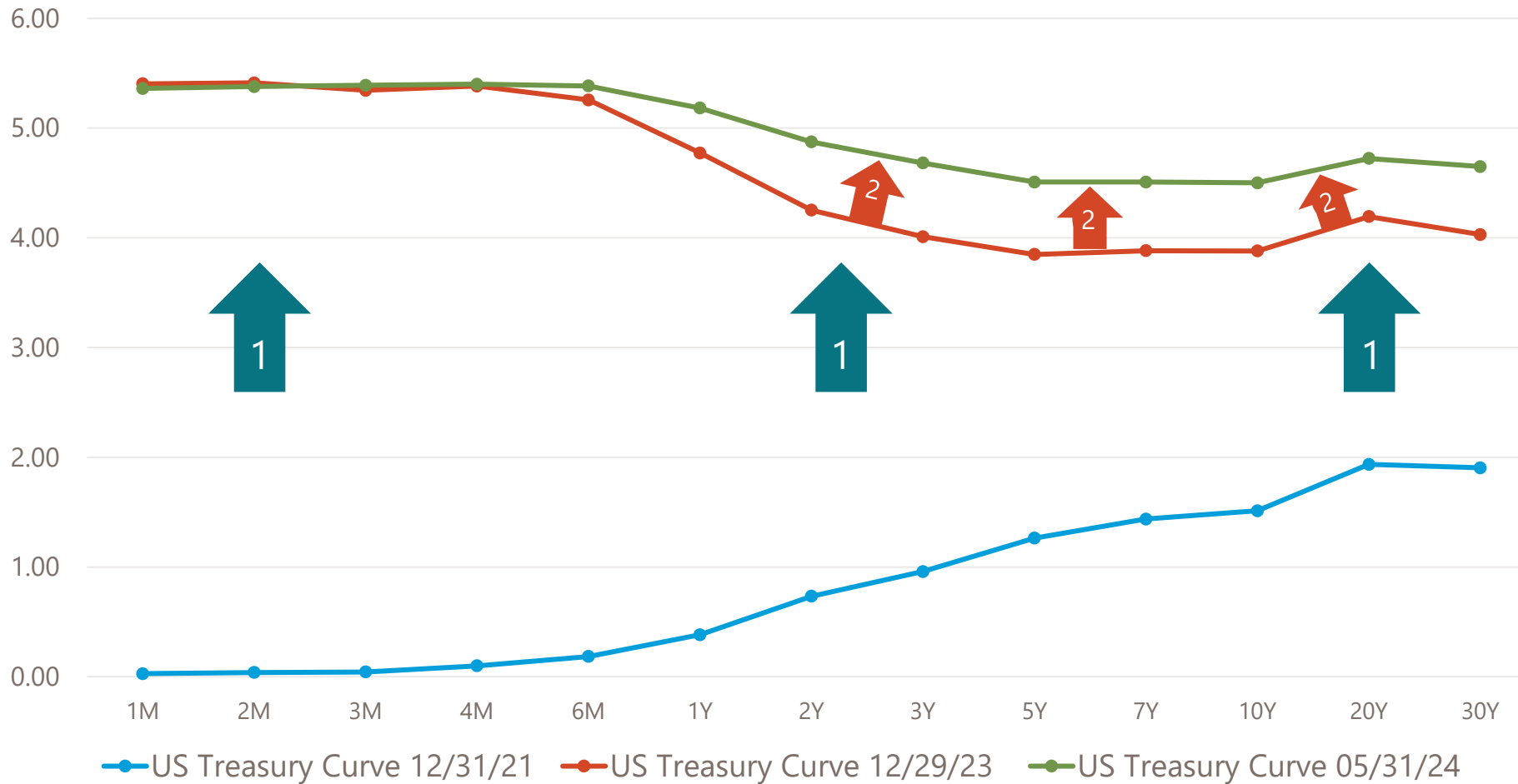
- YTD Performance:

- Bloomberg US Aggregate: -1.2%
- Bloomberg US High Yield 2% Issuer Constrained: +2.1%

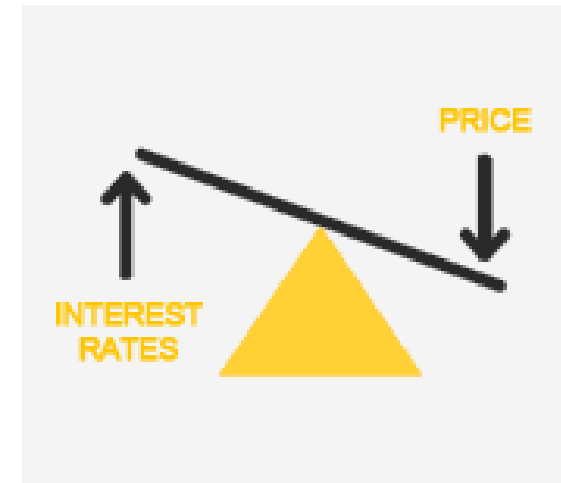
Performance through June 10, 2024

FIXED INCOME – US TREASURY YIELD CURVE

US Treasury Yield Curve Changes Since EOY 2021

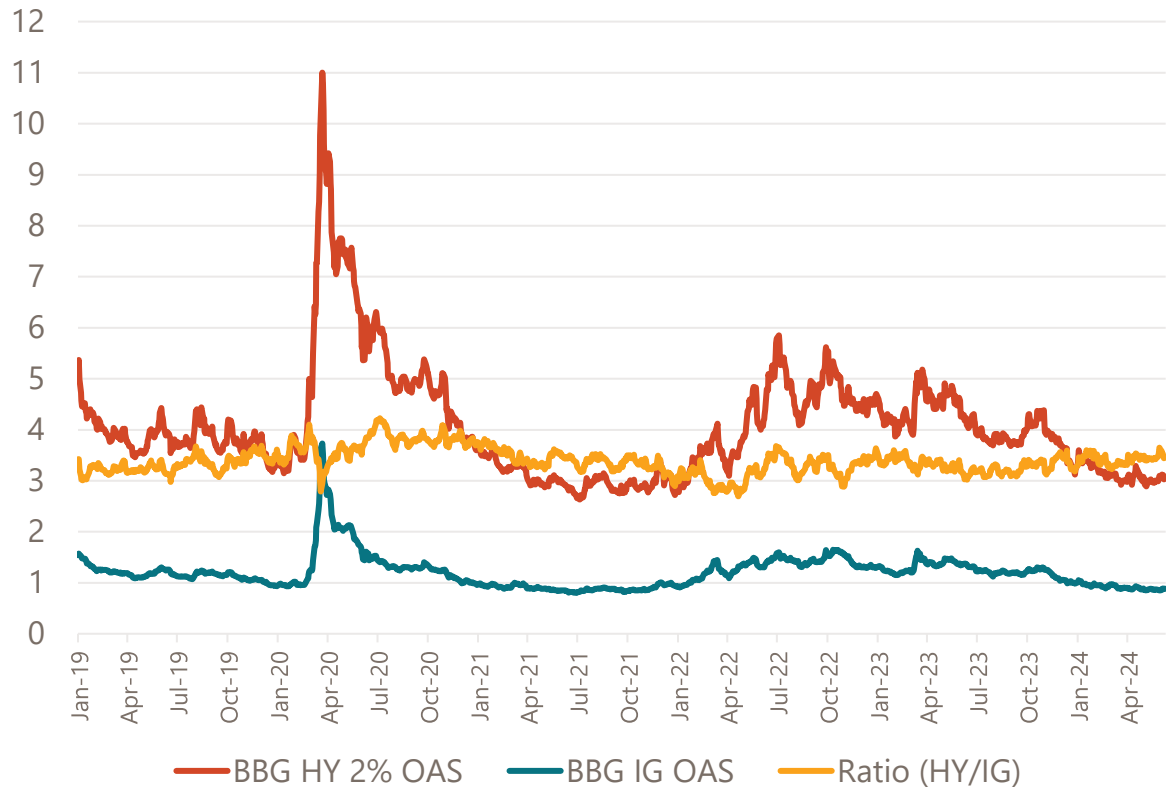


- US Yield curve has shifted up by over 275 bps across the entire curve since EOY 2021.
- 2Y-30Y widened by ~60 bps through first two quarters of 2024.

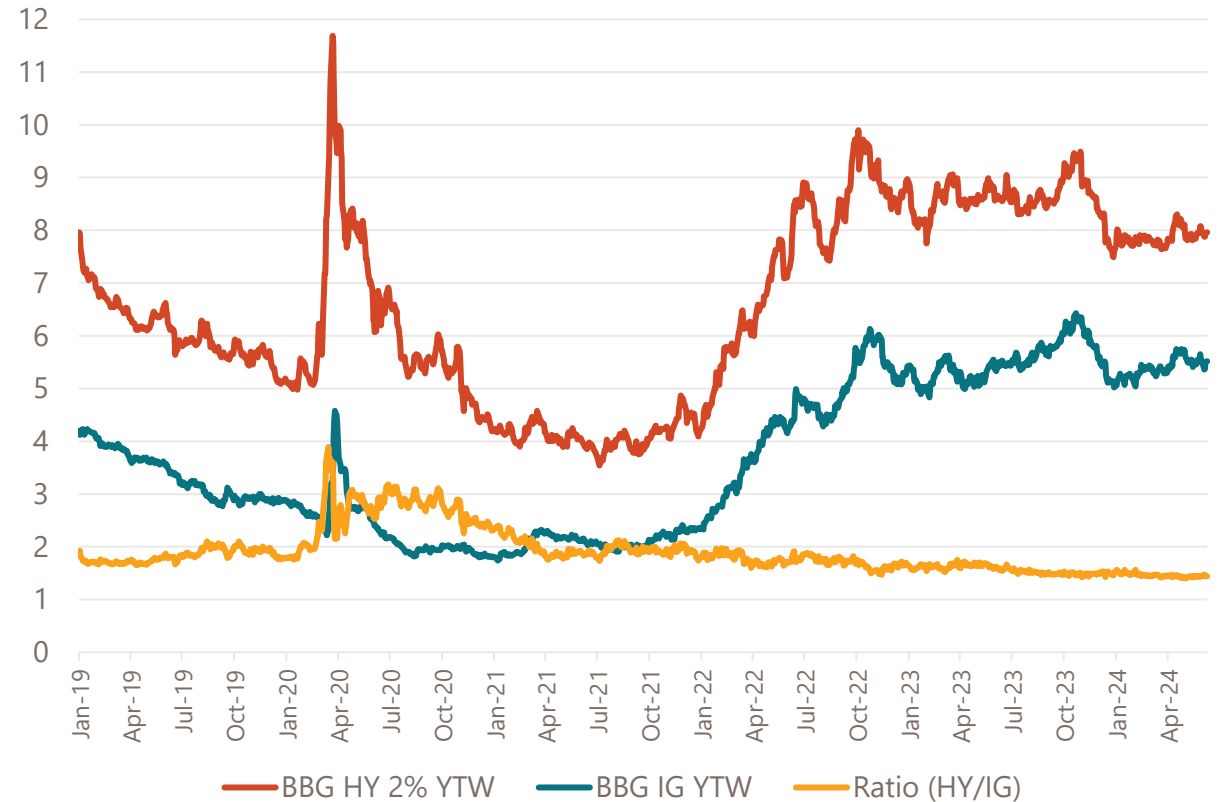


FIXED INCOME – CORPORATE IG AND HY OAS AND YTW

Bloomberg HY and IG: Option Adjusted Spread



Bloomberg HY and IG: Yield-to-Worst



*The Bloomberg US Corporate IG Bond Index measures the investment grade, fixed-rate, taxable corporate bond market.

** BBG Corp IG OAD = ~6.9 and BBG HY 2% OAD = ~3.2

FIXED INCOME MANAGER PERFORMANCE

	1 YR PORTFOLIO RETURN	1 YR POLICY RETURN	1 YR ACTIVE RETURN	5 YR PORTFOLIO RETURN	5 YR POLICY RETURN	5 YR ACTIVE RETURN	5 YR TRACKING ERROR	5 YR INFORMATION RATIO
PERS FIXED INCOME	4.97%	4.50%	0.47%	2.61%	1.58%	1.04%	1.75%	0.59
INVESTMENT GRADE FIXED INCOME	3.27%	1.70%	1.57%	1.15%	0.36%	0.78%	1.52%	0.51
Bloomberg Aggregate								
Prudential Core Fixed Income	3.06%	1.70%	1.36%	0.85%	0.36%	0.49%	1.70%	0.29
PIMCO Core Plus	3.67%	1.70%	1.97%	1.05%	0.36%	0.69%	1.15%	0.60
PIMCO Disco II	10.29%	1.70%	8.59%	5.55%	0.36%	5.18%	6.36%	0.82
Manulife Total Return Bond Fund	4.64%	1.70%	2.94%	2.36%	0.36%	1.99%	5.94%	0.34
BELOW IG FIXED INCOME	8.94%	11.15%	-2.21%	6.09%	4.19%	1.89%	6.31%	0.30
Bloomberg High Yield 2% Issuer Constrained								
Ares ND Credit Strategies	9.05%	11.15%	-2.10%	7.96%	4.19%	3.76%	10.80%	0.35
Cerberus ND Private Credit Fund	8.47%	11.15%	-2.69%	8.58%	4.19%	4.38%	9.31%	0.47
Loomis Sayles High Yield	9.65%	11.15%	-1.50%	3.04%	4.19%	-1.15%	1.29%	-0.89
PIMCO Bravo II (AUM ~ \$2mm)	0.11%	11.15%	-11.05%	-4.10%	4.19%	-8.30%	20.15%	-0.41
LEGACY FUND FIXED INCOME	3.94%	1.70%	2.24%	1.79%	0.36%	1.43%	2.23%	0.64
INVESTMENT GRADE FIXED INCOME	3.94%	1.70%	2.24%	1.79%	0.36%	1.43%	2.23%	0.64
Bloomberg Aggregate								
Western Asset Core Fixed Income	2.50%	1.70%	0.81%	0.30%	0.36%	-0.07%	2.46%	-0.03
Prudential Core Fixed Income (Formerly Core Plus)	3.06%	1.70%	1.36%	0.85%	0.36%	0.49%	1.70%	0.29
Allspring Us Corporate Plus	6.63%	1.70%	4.94%	3.03%	0.36%	2.67%	5.80%	0.46
BUDGET STABILIZATION FUND	6.63%	3.50%	3.13%	2.13%	1.36%	0.77%	5.08%	0.15
SHORT TERM FIXED INCOME	6.65%	3.49%	3.15%	2.13%	1.36%	0.77%	5.09%	0.15
Bloomberg Gov/Credit 1-3yr								
Barings Active Short Duration (5 year is since 09/2019)	8.65%	3.49%	5.16%	1.79%	0.99%	0.80%	4.84%	0.17
JP Morgan Short Bond Fund	4.67%	3.49%	1.17%	2.11%	1.36%	0.75%	0.67%	1.12

Performance calculated for the period ending March 31, 2024

AFM Team – June 14, 2024

Confidential materials will be sent to Committee members via a secure link.