

**STATE INVESTMENT BOARD
INVESTMENT COMMITTEE MEETING
MINUTES OF THE
AUGUST 9, 2024, MEETING**

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

MEMBERS ABSENT: Scott Anderson, Chief Investment Officer

STAFF PRESENT: Derek Dukart, Senior Investment Analyst
Jennifer Ferderer, Fiscal Investment Admin
George Moss, Portfolio Manager
Sarah Mudder, Communications & Outreach Director
Janilyn Murtha, Executive Director
Matt Posch, Portfolio Manager
Emmalee Riegler, Procurement/Records Mgmt. Coordinator
Michael Schmitcke, Senior Investment Accountant
Nitin Vaidya, Chief Risk Officer
Susan Walcker, Senior Financial Accountant
Jason Yu, Risk Analyst
Lance Zietlow, Portfolio Manager

GUESTS: 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, August 9, 2024. The meeting was held virtually.

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

AGENDA:

The agenda was considered for the August 9, 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 AUGUST 9, 2024, MEETING AS DISTRIBUTED.

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

NAYS: NONE

ABSENT: MR. ANDERSON

MOTION CARRIED

MINUTES:

The minutes were considered for the July 10, 2024, meeting.

IT WAS MOVED BY MR. CHIN AND SECONDED BY DR. SIMLAI AND CARRIED BY A VOICE VOTE TO APPROVE THE MINUTES FOR THE JULY 10, 2024, MEETING AS DISTRIBUTED.

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

NAYS: NONE

ABSENT: MR. ANDERSON

MOTION CARRIED

STRATEGY REVIEW

Mr. Vaidya and Mr. Yu provided the Committee an update on Risk Allocation and Management. Mr. Vaidya presented measures to assess performance and risk, such as portfolio return, portfolio risk, and risk adjusted return. Mr. Yu's presentation focused on market risk monitoring, with four risk indicator details: Macro-economic, systemic financial risk, capital market dynamics, and sentiment. Mr. Vaidya then provided an update on the investment systems strategy update.

Committee discussion followed.

MANAGER RECOMMENDATION

IT WAS MOVED BY MR. JAHNER 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, 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: MR. CHIN, COMMISSIONER HERINGER, MR. JAHNER, DR. SIMLAI, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MR. ANDERSON

MOTION CARRIED

The executive session began at 10:01 a.m. and ended at 10:43 a.m. The session was attended by Committee members, Mr. Dukart, Ms. Ferderer, Mr. Moss, Ms. Mudder, Ms. Murtha, Mr. Posch, 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 APPROVE STAFF RECOMMENDATION TO THE ADJUSTMENTS OF THE PRIVATE MARKET MANAGERS PENDING LEGAL REVIEW AND DIRECT STAFF TO REPORT BACK AT A FUTURE COMMITTEE MEETING.

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

NAYS: NONE

ABSENT: MR. ANDERSON

MOTION CARRIED

The Committee recessed at 10:45 a.m. and reconvened at 10:50 a.m.

POOL STRUCTURING

Mr. Chin presented a plan to Implement a new fund structure by combining Legacy and Insurance assets. This would reduce complexity by reducing number of manager accounts and meet minimum AUM for separate accounts, which would benefit Insurance clients.

IT WAS MOVED BY DR. SIMLAI AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A ROLL CALL VOTE TO APPROVE STAFF MOVING FORWARD WITH THE PROPOSED PORTFOLIO CHANGES TO THE LEGACY FUND AND INSURANCE ASSETS STRUCTURE.

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

NAYS: NONE

ABSENT: MR. ANDERSON

MOTION CARRIED

PUBLIC MARKETS TOOLS

Mr. Posch reviewed the tools the public markets team utilizes, including eVestment, Venn, Aladdin, Bloomberg, and an internally developed tool. Mr. Posch presented an overview of each tool and finished his presentation with a demonstration of the internally developed tool.

MANAGER UPDATES

Mr. Chin provided a public market update that Two Sigma was onboarded. The portfolio will be funded with \$75 million.

OPERATIONS UPDATE

Mr. Chin informed the Committee of three planned transitions within the next two years and mentioned the benefits of having a transition manager, including a reduction in fees and cost, project management, and risk/exposure management.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY MR. JAHNER AND CARRIED BY A ROLL CALL VOTE TO APPROVE STAFF MOVING FORWARD WITH THE SELECTION OF APPROVED TRANSITION MANAGERS.

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

NAYS: NONE

ABSENT: MR. ANDERSON

MOTION CARRIED

ADJOURNMENT

With no further business to come before the Investment Committee, Treasurer Beadle adjourned the meeting at 11:45 a.m.

Prepared by:

Jennifer Ferderer, Assistant to the Board