



Minutes Investment Advisory Council Meeting August 14, 2023

The Investment Advisory Council (IAC) met at 12:00 p.m. on Monday, August 14, 2023 in Room 117 of the Retirement Systems Building, 60 Empire Drive, St. Paul, MN 55103.

IAC Members Present: Denise Anderson, Doug Anderson, Kim Faust, Peggy Ingison, Amy Jensen, Erin Leonard, Gary Martin, Ify Onyiah, Nancy Orr, Dennis Santos, Jay Stoffel, Sunil Swami, and Shawn Wischmeier.

IAC Members Absent: Susanna Gibbons, Jennifer Hassemer (for Jim Schowalter), Dan McConnell, and Carol Peterfeso.

SBI Staff Present: Jill Schurtz, Paul Anderson, Patricia Ammann, Cassie Boll, Andy Christensen, Mike Clancey, Dan Covich, Stephanie Gleeson, Andrew Krech, Melissa Mader, John Mulé, Mercy Ndungu, Charlene Olson, Erol Sonderegger, Jonathan Stacy, Reece Tolkinen, David Velasquez, Jeff Weber, and Samir Zahar.

Others Present: Katie Comstock and Ed Bardowski, Aon Investments; Ghiane Jones, and Gordon Latter, Meketa Investment Group; Luz Frias and J. Adam Sorenson, Attorney General's Office; Jake Smith, Governor's Office; Ramona Advani, State Auditor's Office; Bibi Black, Secretary of State's Office; Janet Anderson, Minnesota Divestment Coalition; Edgar Hernandez, SEIU; Sam Logterman, Winthrop and Weinstein; Pat Benner, AFSCME Council 5; and Dr. David Kelly, J.P. Morgan.

Call to Order

Gary Martin, Chair of the Investment Advisory Council, called the meeting to order.

Approval of IAC Minutes

The minutes of the May 15, 2023 meeting were approved.

New Members to the IAC

Executive Director Jill Schurtz introduced Ify Onyiah, a Public Employee Member who was appointed by the Governor as a new member to the Investment Advisory Council. Ms. Onyiah serves as Chief Financial Officer of the Minnesota Department of Administration. Ms. Schurtz announced that Jim Schowalter, Commissioner of Minnesota Management and Budget is departing and his replacement is Ms. Erin Campbell, who will be introduced at the next meeting of the IAC.

Organizational Updates

Ms. Schurtz announced a number of organizational updates which included staff development opportunities, the addition of new staff, and an update regarding the summer internship program.

Diversity Equity and Inclusion: Nancy Orr provided an update of the DEI working group, which consists of both IAC members and SBI internal staff. The working group convened in July to review projects underway at the SBI and discuss best practices and future efforts.

Performance Summary

Ms. Schurtz referred members to the Quarterly Performance Summary in Tab A of the meeting materials and outlined the following items from the report as of June 30, 2023:

AUM: The SBI was responsible for \$134.7 billion in assets. This represents an increase of \$6.1 billion over the prior quarter and \$9.91 billion over the prior fiscal year. Of the assets under management, the Combined Funds represented \$85.7 billion. This represents an increase of \$2.5 billion from the prior quarter and \$4.3 billion increase from the prior fiscal year.

Performance: The Combined Funds returned 3.7% for the quarter and 8.9% for the fiscal year. The Combined Funds exceeded its long-term objectives by outperforming its Composite Index for the ten-year time period and provided a real rate of return above inflation over a 20-year time-period.

Asset Allocation and TUCS Ranking: The Combined Funds asset mix was in-line with asset allocation targets. When compared to other public pension plans with assets greater than \$20 billion in the Trust Universe Comparison Service (TUCS), the Combined Funds return ranked in the 25th percentile for the quarter and the 31st percentile for the year.

Presentation from J.P. Morgan

Ms. Schurtz introduced Dr. David Kelly, Managing Director, Chief Global Strategist and Head of the Global Market Insights Strategy Team for J.P. Morgan Asset Management. Dr. Kelly provided insight and perspective on the economy and markets.

Private Markets Investment Program Report

Mr. Martin referred members to Tab C of the meeting materials for the Private Markets Investment Program Report. He introduced Jon Stacy and members of the Private Markets team to present three investment recommendations: Blackstone Real Estate Partners Europe Fund VII; Brookfield Strategic Real Estate Partners V; and Lexington Co-Investment Partners VI, L.P.

A motion was made that the IAC endorse Staff's recommendation to invest in the three private market investment funds. The motion passed.

Informational Reports included in Quarterly Meeting Materials:

Public Markets Investment Report

Participant Directed Investment Program and Non-Retirement Investment Program Report

Aon Market Environmental Report

Meketa Capital Markets Outlook & Risk Metrics Report

SBI Comprehensive Performance Report

Adjournment of Meeting

The motion to adjourn the meeting was approved. The meeting adjourned at 1:22 p.m.

Respectfully submitted,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a long horizontal stroke extending to the right.

Jill E. Schurtz
Executive Director and
Chief Investment Officer