



Minutes
Investment Advisory Council Meeting
November 13, 2023

The Investment Advisory Council (IAC) met at 12:00 p.m. on Monday, November 13, 2023 in Room 117 of the Retirement Systems Building, 60 Empire Drive, St. Paul, MN 55103.

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

IAC Members Absent: Kim Faust, Susanna Gibbons, and Jennifer Hassemer (for Erin Campbell).

SBI Staff Present: Jill Schurtz, Paul Anderson, Nate Blumenshine, Cassie Boll, Sara Bruggeman, Andy Christensen, Dan Covich, Andrew Krech, Melissa Mader, John Mulé, Mercy Ndungu, Charlene Olson, Emily, Pechacek, Erol Sonderegger, Jonathan Stacy, David Velasquez, Jeff Weber, David Velasquez, and Samir Zahar.

Others Present: Katie Comstock, Aon Investments; Allan Emkin, Stephanie Sorg, and Gordon Latter, Meketa Investment Group; Dana Mitchell and J. Adam Sorenson, Attorney General's Office; Jake Smith and Mary Fee, Governor's Office; Ramona Advani, State Auditor's Office; Bibi Black and Justin Erickson, Secretary of State's Office; Sam Logterman, Winthrop and Weinstein; and Janet Anderson, Minnesota Divestment Coalition.

Call to Order

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

Approval of IAC Minutes

The minutes of the August 14, 2023 meeting were approved.

IAC Members

Mr. Martin and Executive Director Jill Schurtz announced Commissioner Erin Campbell of Minnesota Management and Budget as a new member and thanked Susanna Gibbons for her service to the IAC, in their absence. Ms. Schurtz stated that the IAC membership committee would meet to review four renewing applicants and applications for one open IAC seat. Lastly, Ms. Schurtz mentioned the intention to call for the election of IAC Officers at the next quarterly meeting.

Organizational Updates

Ms. Schurtz announced a number of organizational updates which included SBI staff promotions, development opportunities, and the addition of new staff members.

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 September 30, 2023:

AUM: The SBI was responsible for \$128.9 billion in assets. Of the assets under management, the Combined Funds represented \$83 billion.

Performance: The Combined Funds returned -1.9% for the quarter and fiscal year to date. The Combined Funds returned 11.7% for the one-year period ending September 30, 2023. 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 55th percentile for the quarter and the 15th percentile for the year.

Private Markets Investment Program Report

Ms. Schurtz referred members to Tab C of the meeting materials for the Private Markets Investment Program Report. She introduced Cassie Boll, Jon Stacy, and members of the Private Markets team to present five investment recommendations: Court Square Capital Partners V; TPG Growth VI; Stellex Fund III; Torchlight Debt Opportunity Fund VIII; and Vance Street Fund IV.

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

Asset Allocation Study

Ms. Schurtz introduced Erol Sonderegger and David Velasquez to present an update regarding the Combined Funds asset allocation study. Additional updates will be provided at each quarterly meeting ahead of the final recommendation in the third quarter of 2024.

Informational Reports included in Quarterly Meeting Materials:

Public Markets Investment Report

Participant Directed Investment Program and Non-Retirement Investment Program Report

SBI Environmental, Social, and Governance (ESG) 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 12:55 p.m.

Respectfully submitted,

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

Jill E. Schurtz
Executive Director and
Chief Investment Officer

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