



Minutes Investment Advisory Council Meeting August 12, 2024

The Investment Advisory Council (IAC) met at 12:00 p.m. on Monday, August 12, 2024, in Room 106 of Retirement Systems Building, 60 Empire Drive, St. Paul, MN 55103.

MEMBERS PRESENT: Doug Anderson, Kim Faust, Erin Campbell, Peggy Ingison, Amy Jensen, Erin Leonard, Gary Martin, Dan McConnell, Ify Onyiah, Nancy Orr, Dennis Santos, Jay Stoffel, Sunil Swami, Jen Wilson, and Shawn Wischmeier.

MEMBERS ABSENT: Denise Anderson, and Carol Peterfeso.

SBI STAFF: Jill Schurtz, Cassie Boll, Andy Christensen, Andrew Krech, Mercy Ndungu, Cal Redemske, Erol Sonderegger, Jonathan Stacy, and Jeff Weber.

OTHERS ATTENDING Katie Comstock and Dan Gordon, Aon Investments; Stephanie Sorg, Nahom Kebede and Gordon Latter, Meketa Investment Group; Jake Smith, Governor's Office; Dana Mitchell and Jeff Lin, Attorney General's Office; Ramona Advani, State Auditor's Office; Justin Erickson, Secretary of State's Office; and Jennifer Hassemer, Minnesota Management and Budget.

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, 2024, meeting were approved.

Performance Summary

Executive Director Jill 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, 2024:

AUM: The SBI was responsible for \$146 billion in assets, of which the Combined Funds represented \$93.7 billion.

Performance: The Combined Funds returned 1.7% for the quarter and 12.3% for the fiscal year ending June 30, 2024. 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 17th percentile for the year.

Executive Director's Administrative Report

Ms. Schurtz referred members to Tab B of the meeting materials and stated that the SBI was ahead of budget due to the timing of new hires and a shift of a portion of renovation and moving expenses to the Fiscal Year 25 budget.

Organizational Updates

Deputy Executive Director Andy Christensen announced organizational updates, which included a new information technology staff member and two new hires in the Financial Services group. He also introduced the summer interns, who are a mix of undergrad and grad students from around the Twin Cities. Mr. Christensen gave an update on the office remodeling project, which is expected to be completed within the next few months.

Asset Allocation Study

Ms. Schurtz introduced Deputy Chief Investment Officer Erol Sonderegger who presented an update on the asset allocation (AA) study currently underway. As a part of the AA update, Katie Comstock, a partner at AON Investment and general investment consultant to the State Board of Investment, presented a benchmarking overview, and Managing Director, Private Markets and Active Equities Andrew Krech discussed the SBI's approach to active v. passive management and net performance.

Private Markets Investment Program Report

Ms. Schurtz referred members to Tab D of the meeting materials for the Private Markets Investment Program Report. Cassie Boll, Jon Stacy, and members of the Private Markets team presented four private market recommendations: BlackRock LTFC II; Summit Partners Growth Equity Fund XII; Thoma Bravo Fund XVI; and Thomas H. Lee Equity Fund X.

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

Informational Reports Included in the Quarterly Meeting Materials

Public Markets Investment Program 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 12:58 p.m.

Respectfully submitted,



Jill E. Schurtz
Executive Director and
Chief Investment Officer