



Minutes
Investment Advisory Council Meeting
November 19, 2024

The Investment Advisory Council (IAC) met at 12:00 p.m. on Tuesday, November 19, 2024, in Room 106 of Retirement Systems Building, 60 Empire Drive, St. Paul, MN 55103.

MEMBERS PRESENT: Denise Anderson, Doug Anderson, Kim Faust, Jennifer Hassemer (for Erin Campbell), Peggy Ingison, Amy Jensen, Erin Leonard, Gary Martin, Tim Maurer, Ify Onyiah, Carol Peterfeso, Dennis Santos, Sunil Swami, and Jen Wilson.

MEMBERS ABSENT: Dan McConnell, Nancy Orr, and Shawn Wischmeier.

SBI STAFF: Jill Schurtz, Cassie Boll, Andy Christensen, Preston Guttenberg, Ben Harris, Andrew Krech, Mercy Ndungu, Emily Pechacek, Cal Redemske, Erol Sonderegger, Jonathan Stacy, Jeff Weber and Samir Zahar.

OTHERS ATTENDING Katie Comstock and John Sullivan, Aon Investments; Sarah Bernstein, Allan Emkin, Nahom Kebede and Gordon Latter, Meketa Investment Group; Jake Smith, Governor's Office; Dana Mitchell, Attorney General's Office; Ramona Advani, State Auditor's Office; Justin Erickson, Secretary of State's Office.

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 12, 2024, meeting were approved.

Performance Summary

Executive Director/CIO Jill Schurtz introduced Mr. Tim Maurer, Interim Director of the Teachers Retirement Association. 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, 2024:

AUM: The SBI was responsible for \$149.9 billion in assets, of which the Combined Funds represented \$97.6 billion.

Performance: The Combined Funds returned 5.0% for the quarter and 20.2% for the 12-month period ending September 30, 2024. The Combined Funds exceeded its long-term objectives by outperforming its Composite Index for the ten-year period and providing a real rate of return above inflation over a 20-year 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 10th percentile for the quarter and the 15th percentile for the year.

Executive Director's Administrative Report

Ms. Schurtz referred members to Tab B of the meeting materials and reported that the annual audit of the Office of Legislative Auditor is currently underway and that the SBI annual report will be distributed as soon as practicable following completion of the audit. Ms. Schurtz called attention to the annual budget and the report regarding Russia, Belarus and Iran.

Organizational Updates

Deputy Executive Director Andy Christensen reviewed recent organizational updates, which included two new staff members for Financial Services. Mr. Christensen stated that the SBI is preparing for the posting for the summer internship program. With respect to the office remodeling project, Mr. Christensen indicated that SBI has moved into newly remodeled space on the first floor of the Retirement Systems Building and that additional second-floor space is under construction.

Asset Allocation Study

Mr. Christensen introduced Deputy Chief Investment Officer Erol Sonderegger, Ms. Katie Comstock, a partner and general investment consultant of Aon, and Mr. John Sullivan, who represents the investment policy services team at Aon. The three presented an update on the asset allocation study currently underway. Ms. Comstock and Mr. Sullivan provided an overview of the asset allocation study process and goals. Mr. Sonderegger followed up and stated that staff will be forming an IAC asset allocation working group.

Public Markets Investment Program Report

Ms. Schurtz referred members to Tab D of the meeting materials for the Public Markets Investment Program Report. Andrew Krech, Managing Director of Private Markets and Active Equities, and Emily Pechacek, Vice President and Director of Active Equities, along with members of the Public Markets team presented a recommendation to authorize the Executive Director/CIO, with assistance from the SBI's legal counsel, to negotiate and execute an Investment Management Agreement with Fidelity Institutional Asset Management to implement its Concentrated Emerging Markets strategy. The motion passed.

Private Markets Investment Program Report

Ms. Schurtz referred members to Tab E of the meeting materials for the Private Markets Investment Program Report. Co-Director, Private Markets, Cassie Boll, Jon Stacy, and members of the Private Markets team presented six private market recommendations: Blackstone Energy Transition Partners IV; HPS Strategic Investment Partners VI; IK Small Cap IV Fund; KKR North America Fund XIV; Nordic Capital Evolution Fund II; and EQT Infrastructure VI.

A motion was made that the IAC endorse Staff's recommendation to invest in the six private markets 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

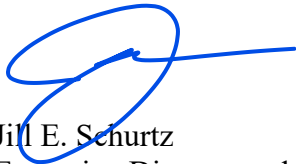
Meketa Capital Markets Outlook & Risk Metrics Report

SBI Comprehensive Performance Report

Adjournment of Meeting

The motion to adjourn the meeting was approved. The meeting adjourned at 1:47 p.m.

Respectfully submitted,



Jill E. Schurtz
Executive Director and
Chief Investment Officer

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