



Minutes Investment Advisory Council Meeting February 25, 2025

The Investment Advisory Council (IAC) met at 12:00 p.m. on Tuesday, February 25, 2025, in Room 106 of Retirement Systems Building, 60 Empire Drive, St. Paul, MN 55103.

MEMBERS PRESENT: Doug Anderson, Jennifer Hassemer (for Erin Campbell), Peggy Ingison, Amy Jensen, Erin Leonard, Gary Martin, Dan McConnell, Ify Onyiah, Nancy Orr, Dennis Santos, Tim Maurer, and Jen Wilson.

MEMBERS ABSENT: Denise Anderson, Kim Faust, Carol Peterfeso, Sunil Swami, and Shawn Wischmeier.

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

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

Call to Order

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

Comments and Announcements

Executive Director/CIO Jill Schurtz clarified that the election of the Chair and Vice Chair of the Investment Advisory Council would occur at the next meeting and asked for permission to amend the agenda to reflect that comment and to change the order of the agenda to allow the private markets manager recommendations to proceed before the market overview. A motion was made, and the agenda was amended.

Approval of IAC Minutes

The minutes of the November 19, 2024, meeting were approved.

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 December 31, 2024:

AUM: The SBI was responsible for \$149.7 billion in assets, of which the Combined Funds represented \$96.6 billion.

Performance: The Combined Funds returned -0.4% for the quarter and 11.3% for the 12-month period ending December 31, 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 45th percentile for the quarter and the 10th percentile for the year.

Executive Director's Administrative Report

Ms. Schurtz referred members to Tab B of the meeting materials for the Executive Director's Administrative Report. Ms. Schurtz reported that the annual audit conducted by the Office of the Legislative Auditor (OLA) had been completed, and the SBI received an unqualified opinion with no written findings or recommendations. Ms. Schurtz stated that the SBI Annual Report had been completed and was available on the website. Other items highlighted in the report for review were the annual budget, and the status of Russia, Belarus or Iran restrictions. Finally, Ms. Schurtz gave an update on the Minnesota Secure Choice Program.

Organizational Updates

Deputy Executive Director Andy Christensen reviewed recent organizational updates, which included plans to add three positions: an IT specialist, an investment officer in private markets, and an investment officer in financial services. Mr. Christensen stated that the SBI is preparing for the summer internship program. With respect to the office remodeling project, Mr. Christensen stated that it is now substantially complete.

Deputy Chief Investment Officer Erol Sonderegger summarized the portfolio transitions and rebalancing activity of the portfolio over the quarter and the first few months of the year. Mr. Sonderegger gave an update on the asset allocation study.

Managing Director, Private Markets and Active Equities, Andrew Krech gave an update on the Permanent School Fund, the status of the new emerging markets equity manager, and the summer internship program.

Ms. Schurtz welcomed Mr. Allan Emkin, Senior Partner at Meketa Investment Group, to introduce a new team member, Steve Voss.

Private Markets Investment Program Report

Ms. Schurtz referred members to Tab C 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 three private market recommendations: Blackstone Capital Partners Asia III L.P.; Sixth Street Opportunities Partners VI, L.P.; and Trident X US Fund L.P.

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

Market Overview Presentation

Ms. Schurtz introduced Erik Knutzen of Neuberger Berman, Co-Chief Investment Officer of Multi-Asset Strategies to share his perspective on the market and investment environment.

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 1:35 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