

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

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INVESTMENT COMMITTEE MINUTES

November 16, 2023

PRESENT: John Carr, Lee Thompson, Matt Hastedt, Teresa Smith, Joey Hager (left at 9:30)

OTHER: Sandy Thiry, Tony Bass, Desiré Dixon, Lisa Flowers (Assistant City Attorney)

GUESTS: Michael Feehley (active member), Elizabeth Hood (Callan), Todd Carabasi (Callan)

OFFICIAL CALL TO ORDER by John Carr at 8:00 a.m.

Meeting Minutes Approval

Matt Hastedt motioned to approve the October 19, 2023 meeting minutes, and Teresa Smith seconded the motion. The motion carried unanimously.

Asset Allocation Report / Cash Draw for operating expenses

The Committee reviewed the October 31, 2023 asset allocation report for compliance and the quarterly cash draw request by the Administrator. All asset classes were in-compliance with the Investment Policy Statement.

Teresa Smith made a motion to liquidate a total of \$5M from the SSGA Russell 1000 Index Fund. Matt Hastedt seconded the motion. The motion passed unanimously.

Callan, LLC

Todd Carabasi provided the Committee with the Fund's quarterly performance results for the Third Quarter 2023 and a recap of the global economy. The Total Fund returned -3.56% over the course of the Third Quarter which lagged the Custom Index return of -3.15% due to underperformance of the active international equity managers. The 5-year return of 3.96% underperformed the Custom Index return of 4.72% and placed the Fund at the 94th percentile. Since Inception, the Total Fund returned 8.42% which was well-above the current 7% actuarial assumed rate and outperformed the Custom Index by 51 basis points on an annualized basis, ranking in the 34th percentile. As of September 30, 2023 the market value of the CFRS was \$577,578,608. Todd noted that Large Cap outperformed Small Cap stocks, Value outperformed Growth within small and mid-caps, and US Fixed Income was negative in the Third Quarter. Lower appraisal values caused Core Real Estate to experience negative absolute returns as well.

The Committee reviewed each of the managers and discussed firm updates and areas of concerns. Todd noted that the JP Morgan Strategic Property Fund's senior portfolio manager left the firm last week and 2 new portfolio managers are expected to be named. The Committee discussed the announced change and the potential redemption process, including the redemption queue notice deadline and any withdrawal penalties that may be associated with a redemption. Questions were raised regarding a potential reduction to the real estate allocation, in general. Callan will verify if there are any penalties related to withdrawing from the redemption queue. Callan will continue to closely monitor the situation.

Motion: Matt Hastedt motioned to put JP Morgan on the watchlist due to the departure of key personnel; to request the quarterly dividends be distributed back to CFRS starting immediately; and to enter the redemption queue upon confirmation that there would be no penalties associated with a withdrawal from the queue, if the Committee determined to do so at a future date. Lee Thompson seconded the motion. The motion carried unanimously.

The Watch List was reviewed. The Committee will review MFS and Barrow Hanley again over the next quarter. Callan commented that they have not seen any problems with either firm related to the Watch List issues.

The Committee was updated regarding the changes to commission reimbursement in the T. Rowe Price Common Trust Funds. Effective 1/1/2024, T. Rowe Price intends to terminate their commission reimbursement program to be consistent with industry practices. The trust will bear investment research costs. No action is required by the CFRS.

Elizabeth Hood reviewed the annual investment fee analysis for all of CFRS' money managers. All manager fees were shown to be in-line or below their relative peer groups. The performance fee calculation for Boston Partners was discussed and is pending follow-up discussion with Callan.

Elizabeth provided a recap of all the completed consulting projects in calendar year 2023 and outlined Callan's proposed work plan for 2024.

RFP Scope

The Committee reviewed the drafted Investment Consultant RFP and began to work through the questions to include in the RFP. The Committee provided guidance to staff and counsel concerning the format of questions and will continue to review at the next meeting.

New Business

No new business was presented during the November IC meeting.

Lee Thompson motioned to adjourn at 10:51 a.m. and Matt Hastedt seconded the motion.
The motion carried unanimously.

The next Investment Committee Meeting is scheduled for
Thursday, December 21, 2023 at 8:00 a.m.