



## INVESTMENT COMMITTEE REPORT

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

JANUARY 23, 2025

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To: The Board of Trustees

FROM: John Carr, Chair Teresa Smith Matt Hastedt Joey Hager Mike Feehley

RE: INVESTMENT COMMITTEE REPORT

Summary of meetings since the October 24, 2024 Board Meeting:

November 21, 2024	Quarterly Performance Review– Callan (Investment Consultant); Manager Fee Review; Real Estate & International Equity Review
December 19, 2024	Cancelled
January 16, 2025	Midcap Equity Manager Updates; International Equity Manager Interviews

### **THIRD QUARTER 2024 INVESTMENT PERFORMANCE REVIEW**

The Third Quarter's investment performance provided strong returns across the board. The Total Fund returned 6.08% over the course of the Third Quarter 2024, beating the Custom Index return of 5.77% and ranked at the 6th percentile in the Callan Public Fund Sponsor Database. Since Inception, the Total Fund yielded a return of 8.77% and outperformed the Custom Index by 51 basis points on an annualized basis, ranking in the 11<sup>th</sup> percentile.

As of September 30, 2024, the Total Fund market value was \$683,040,620.

### **MANAGER FEE REVIEW**

Callan reviewed the annual investment fee analysis for all of CFRS' money managers. All manager fees were in-line, or below, their respective peer groups.

### **CORE REAL ESTATE & INTERNATIONAL EQUITY REVIEWS**

The Committee continued discussions with Callan regarding the Core Real Estate and the International Equity structures within the portfolio, including an option to add a complimentary core real estate open-ended commingled fund to further diversify the existing manager structure.

The Committee interviewed potential International Equity Manager candidates that would complement the System's asset allocation and long-term goals.

**MOTION:** To hire Westwood Developed Markets ex-US Equity Fund as a replacement for Morgan Stanley International Equity Fund.

### **WATCH LIST UPDATE**

JP Morgan Strategic Property Fund, who was placed on watch effective November 16, 2023 due to a change in key personnel pursuant to the Investment Policy Statement, continued to be closely monitored. The CFRS remains in the redemption queue until a long-term plan can be determined.



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Morgan Stanley International Equity Fund was placed on watch effective June 20, 2024 due to performance issues pursuant to the Investment Policy Statement. The Committee is recommending to terminate Morgan Stanley and replace them with Westwood Global Investments.

William Blair Small Cap Value was placed on watch effective June 20, 2024 due to key personnel changes pursuant to the Investment Policy Statement.

### **ASSET ALLOCATION REVIEW**

Each month, the Investment Committee reviewed the asset allocation reports. All asset classes were within the allowable ranges, except for Private Real Estate as noted in previous reports.

### **MIDCAP EQUITY MANAGER UPDATES**

#### **BOSTON PARTNERS MIDCAP VALUE**

Boston Partners was hired by the CFRS on May 28, 1998. As of December 31, 2024 all reporting periods, except the 1-year period, have beat the benchmark. There have been no firm or investment team changes over the past year.

#### **MFS MIDCAP GROWTH**

As of November 30, 2024, the 1-year, 3-year, and Since Inception periods have lagged the benchmark. Recent performance concentration is becoming a concern in the midcap growth market.