

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

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INVESTMENT COMMITTEE MINUTES

January 16, 2025

PRESENT: Matt Hastedt - chair, Joey Hager, Mike Feehley, Teresa Smith (arrived at 8:15 a.m.)

ABSENT: John Carr

OTHER: Sandy Thiry, Michelle Maxwell, Desiré Dixon, Lisa Flowers – Assistant City Attorney (arrived at 8:08 a.m.)

GUESTS: Elizabeth Hood, Tony Bass

OFFICIAL CALL TO ORDER by Matt Hastedt at 8:03 a.m.

Approval of Meeting Minutes

Mike Feehley motioned to approve the November 21, 2024 meeting minutes as presented and Joey Hager seconded the motion. The motion carried unanimously.

Asset Allocation Report

The Committee reviewed a draft Asset Allocation report for November 30, 2024 and December 31, 2024. They determined all classes were in acceptable ranges based on the Investment Policy Statement and market conditions.

Domestic Equity Review

Boston Partners Mid-Cap Value

Conner Watson advised that there were no firm or team updates to report. He provided the investment performance and noted that all reporting periods back to the date of inception in June 1998, except for the 1-year period, have outperformed the benchmark. However, 2024 came with some challenges slightly trailing the benchmark by 2.5%. The Mid-Cap Value strategy assets were \$31.6M as of December 31, 2024.

Michael McCune reviewed the stock selection process. He discussed the three characteristics of stock which include valuation, business fundamentals, and business momentum. When those characteristics intersect, those stock tend to outperform over time. He also discussed the portfolio's position and where opportunities exist.

MFS Mid-Cap Growth

Chris Rooney provided the Committee with the firm's senior management updates. As of January 1, 2025 Alison O'Neill serves as the Chief Investment Officer and Ted Maloney as the Chief Executive Officer. These transitions were part of the long-term succession plan.

Laura Granger reviewed performance and advised that the portfolio was up 14% as of November 30, 2024. She discussed strong absolute returns on the portfolio for 2 years but under performed on relative performance to the benchmark. Although the stock market can be volatile, Federal rate cuts in September 2024 and the U.S. presidential election were some of the factors that impacted performance. Palantir and AppLovin stocks were the biggest contributors to the Index returns at 52% in Q4, however, they have drifted to a large cap stock and will be removed from the portfolio.

Investment Manager Interviews Process

The Committee conducted in-person interviews with 3 possible candidates narrowed down from a comprehensive search.

The final candidates interviewed included Acadian, Victory Capital, and Westwood. Each firm presented information about their investment firm, such as experience and qualifications, opportunities for CFRS fiduciary education; the overall ability to perform and produce results; and their proposed fees. The Committee considered all firms to determine the best fit for the CFRS.

Motion: Mike Feehley motioned to terminate Morgan Stanley and hire Westwood Global Investments. Joey Hager seconded the motion. The motion carried unanimously.

Various Manager Updates

In January, UBS Realty announced that Larissa Belova joined UBS Asset Management's US Real Estate business as Chief Investment Officer. In her role she'll drive the market positioning and growth of the real estate investment strategy and products.

New Business

There was no new business presented during the January meeting.

Joey Hager motioned to adjourn at 11:41 a.m. and Mike Feehley seconded the motion.
The motion carried unanimously.

The next Investment Committee meeting is scheduled for Thursday, February 20, 2025 at 8:00 a.m.