

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

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INVESTMENT COMMITTEE MINUTES

March 20, 2025

PRESENT: John Carr, Joey Hager, Mike Feehley

ABSENT: Teresa Smith, Matt Hastedt

OTHER: Sandy Thiry, Desiré Dixon, Lisa Flowers – Assistant City Attorney

GUESTS: Tony Bass, Jason White, Angana Lujan and Jason Widener - (phone), Clay Lindsey, Doug Kryscio, Matt Fleming, Greg Czarnecki

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

Approval of Meeting Minutes

Joey Hager motioned to approve the January 16, 2025 meeting minutes as presented and Mike Feehley seconded the motion. The motion carried unanimously.

Asset Allocation Report

The Committee reviewed the Asset Allocation reports for January 31, 2025 and February 28, 2025. All classes were in acceptable range based on the Investment Policy Statement and market conditions. Morgan Stanley is expected to liquidate and Westwood will be funded with these proceeds at quarter-end.

International Equity Review

T. Rowe Price International Small Cap

Jason White reported that as of December 31, 2024, T. Rowe managed \$26.8 million for the CFRS and their total strategy assets were \$6.8 billion. Over the trailing 12-months, this strategy experienced approximately \$1 billion in negative asset outflow due to poor sentiment for the asset class.

All reporting periods except the 3-year period beat the benchmark, gross of fees. Jason White reported that the portfolio is relatively insulated from any geopolitical tariff concerns due to investing in more domestically-focused businesses in the local small cap international markets. He also informed the Committee of an upcoming team change. Wenli Zheng will move to T. Rowe Price's Emerging Market Equity team in January 2026. In anticipation of this change, Dawei Feng will assume research coverage of China starting in April 2025.

U.S. Small Cap Equity Reviews

Eagle Asset Management Small Cap Growth

Clay Lindsey presented the portfolio update report. As of December 31, 2024, Eagle managed \$27.6 million for the CFRS and their total investment strategy assets were \$2.0 billion (46% of which was for institutional investors and 54% for retail investors). Clay reported that their Small Cap Growth strategy has been closed to new institutional investors for over 12 years, but they re-opened the retail mutual fund 9 months ago. They experienced a total of \$475 million in institutional investor outflows in 2024. Eagle is a wholly-owned subsidiary of Raymond James Investment Management.

The quarter-to-date, 1-year, and 3-year reporting periods have underperformed the benchmark, net of fees. Both the 5-year and 10-year periods beat the benchmark, net of fees. Since Inception, their investment results have been

index-like. Clay reminded the Committee that they do not take big sector bets, and their stock selection drives the majority of their relative performance.

William Blair Small Cap Value

Doug Kryscio introduced Matt Fleming, Portfolio Manager, and Greg Czarnecki, Portfolio Specialist. Investment Counselors of Maryland (ICM) was originally hired by the CFRS in December 1993. ICM was subsequently acquired by William Blair and reorganized into the William Blair Small Cap Value Fund in July 2021. Since that time, they have retained 100% of their institutional clients in the strategy. As of February 28, 2025, William Blair managed \$27.3 million for the CFRS and Doug reported that there is approximately \$3.7 billion in the Small Cap Value strategy. Greg added that they have experienced approximately \$250 million of positive inflows into their institutional mutual fund since their last report to the CFRS. The institutional mutual fund remains open to new investors and their strategy has approximately \$4.2 billion in total asset capacity.

Doug announced that from an organizational perspective, Stephanie Braming, President and Global Head of William Blair Investment Management, will retire at the end of 2025. Beth Satterfield, COO, will lead the search with an external recruiter for Stephanie's replacement. Matt reported that the Small Cap Value investment team is now fully-staffed having hired a research analyst in September 2024. New analyst, Carson Dickson has 19 years of investment experience and covers the Industrials and Materials sectors which represents 10-15 stocks in the Small Cap Value portfolio. He previously worked at T. Rowe Price in Baltimore.

Matt discussed that the portfolio faced major headwinds as a result of being overweight to pro-economic growth positioning. While the quarter-to-date, 1-, 3-, and 5-year reporting periods have lagged the benchmark as of February 28, 2025, the investment team has remained true to the style and cap-size of the mandate. They have positioned the portfolio to capture anticipated accelerated earnings in 2025 and 2026. Their report showed that the Small Cap Value Fund exceeded the benchmark, net of fees, for the 10-, 15-, 20-, and 25-year time periods.

New Business

Lisa Flowers, Assistant City Attorney, discussed House Bill 215 which Representative Mike Clampitt introduced to the General Assembly of North Carolina. This bill is at the Pension Committee before it will go to the local government for approval. House Bill 215 adds regulations to the Act that may protect participants of the Charlotte Firefighters' Retirement System from financial harm by including cybersecurity and data protection requirements. Lisa made suggested edits to improve terminology and understanding, manage reasonable expectations, and best practices. Managing cybersecurity and fraud is a constant topic within the pension community as many of the members are older and assumed to be an easier target. Legal staff and the Administrator will continue doing research and provide results as additional information becomes available.

Joey Hager motioned to adjourn at 10:32 a.m. and Mike Feehley seconded the motion.
The motion carried unanimously.

The next Investment Committee Meeting is scheduled for April 17, 2025 at 8:00 a.m.