

Police Retirement System of Kansas City, Missouri and Civilian Employees' Retirement System of the  
Police Department of Kansas City, Missouri

Investment Committee Meeting

August 3, 2021

Mr. Pickens called the meeting to order.

Present:

Chad Pickens, Member	Marcia Beard, RVK
Scott Hummel, Member	Ryan Sullivan, RVK
Bob Jones, Member	Robert Woodard, Mariner
Wayne Stewart, Member	Jason Hoy, Staff
Brian Bartch, Member	Jim Pyle, Staff
John Mueller, Member	

**PIMCO Income Fund Review**

Emmanuel Roman, Joachim Fels, Daniel Ivascyn, and Ken Chambers provided a portfolio review of the PIMCO Income Fund. Mr. Roman provided a firm update and said PIMCO was focused on investing to continually upgrade technology and cybersecurity. He said from an investment perspective, PIMCO sees investment opportunities in private credit and real estate and are increasing their capabilities in those asset classes.

Mr. Fels provided an economic outlook and said he is noticing peaks in economic growth, fiscal stimulus, monetary policy, and inflation. He said growth has shifted from expenditures on goods and equipment to services and entertainment following the release of the COVID vaccines. In addition to the infrastructure stimulus package, it's possible one more stimulus package could be considered by Congress. Mr. Fels said core inflation at 3.5% should not be unexpected following the release of vaccines. The bulk of inflationary pressure is limited to automobiles and travel/entertainment. Wage inflation has been well behaved in part because unemployment numbers are declining. He is looking to 2022 and possibly later before any policy interest rate hikes.

Mr. Chambers said the Income Fund is up 2.5% year to date through July while the Barclay's US Aggregate benchmark is still negative for the year.

Mr. Ivascyn reviewed the portfolio characteristics and said the Income Fund needs and uses a wide variety of investment options to build a resilient portfolio. In the higher yielding sectors Mr. Ivascyn is being selective in Emerging Markets and non-agency mortgages. In the higher quality sectors, investments include U.S. Agency Mortgage Backed Securities and financials while being cautious on generic credit.

## **May 2021 Investment Portfolio Analysis**

Ms. Beard and Mr. Sullivan reviewed the May 2021 Investment Performance Analysis. Mr. Sullivan reviewed the May capital markets flash report which showed positive returns for equities, fixed income, and alternatives. Ms. Beard said the Police plan gained 0.98% net of fees in May and had an ending market value of \$1.044 billion. The Civilian Employees' plan gained 1.03% net of fees and had an ending market value of \$175.7 million. The target benchmark for both plans gained 0.71%. For the one year period ending in May, the Police plan gained 20.6% net of fees and the Civilian Employees' plan gained 20.8% net of fees. The target benchmark for the same time period gained 16.0%.

**The next IC meeting, scheduled for September 7 at 9:00am via conference call.**