

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

Investment Committee Meeting

April 5, 2022

Mr. Pickens called the meeting to order.

Present:

Chad Pickens, Member	Marcia Beard, RVK
Robert Jones, Member	Ryan Sullivan, RVK
DeJ'on Slaughter, Member	Robert Woodard, Mariner
Wayne Stewart, Member	Lisa Colclasure, Staff
Brian Bartch, Member	Jason Hoy, Staff
John Mueller, Member	Jim Pyle, Staff

February 2022 Investment Portfolio Analysis

Ryan Sullivan and Marcia Beard, from RVK, reviewed the February 2022 Investment Performance Analysis. The February capital markets flash report showed negative returns for equities, fixed income and absolute return. Mr. Sullivan said bond performance in the first quarter of 2022 was the third worst quarter on record. Ms. Beard said the Police plan lost 1.5% net of fees in February and had an ending market value of \$1.027 billion. The Civilian Employees' plan lost 1.53% net of fees and had an ending market value of \$174.7 million. The target benchmark for both plans lost 1.17%. For the one year period ending in February, the Police plan gained 5.19 % and the Civilian Employees' plan gained 5.09% net of fees. The target benchmark for the same time period gained 5.25%. For the fiscal year to date, ending in February, the Police plan gained 1.87% and the Civilian Employees' plan gained 1.84%. The Police plan trails the 7.25% fiscal year to date target by 4.14% while the Civilian Employees' plan trails the 7.10% fiscal year to date target by 4.04%.

Asset Allocation Review

Ms. Beard and Mr. Sullivan reviewed the asset allocation process with the IC. The Investment Policy Statement requires an annual review of the asset allocation for reasonableness relative to significant economic and market changes or to changes in the Plan's long term goals and objectives. The IPS also calls for a formal asset allocation study at least every three years to verify or amend target allocations. The current target allocations, which were adopted in 2020, are as follows: 38% to Global Equity, 31% to US Aggregate Fixed Income, 7% to Senior Secured Direct Lending, 13% to Core Real Estate, and 11% to Multi-Strategy Hedge Funds. That allocation translates into the following investment themes: 45% to Capital Appreciation (Global Equity and Direct Lending), 31% to Capital Preservation (Fixed Income), 11% to Alpha (Hedge Funds), and 13% Inflation Protection (Real Estate). Using the RVK Capital Markets Assumptions the long term expected returns for a similarly indexed portfolio is 5%, the portfolio generates 8% of expected risk, and expected compound returns of just under 5%.

Next month the IC will review survey results of member's risk tolerance profiles and discuss RVK's recommendations for expected risk and return of potential changes to the asset allocation targets.

Investment Consultant RFP

Mr. Hoy said investment consulting firms had reached out with questions about the Request for Proposal document, and specifically about the minimum qualification requirements and required content in the proposal response. Consultants asking questions about the Investment Policy Statement and asset allocation were directed to the KCPERS website. Proposals are due, via email, at 5:00pm CST on April 21.