

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

Investment Committee Meeting

April 4, 2023

Mr. Hoy called the meeting to order.

Present:

Wayne Stewart, Member	Jenn Best, Staff
Robert Jones, Member	Lisa Colclasure, Staff
Marcia Beard, RVK	Jason Hoy, Staff
Ryan Sullivan, RVK	James Pyle, Staff
Robert Woodard, Mariner	

February Investment Performance Analysis

Mr. Sullivan and Ms. Beard, from RVK said the February capital markets flash report showed negative returns for equities, fixed income and absolute return. The Police plan lost 1.59% net of fees in and had an ending market value of \$945 million. The Civilian Employees' plan lost 1.59% net of fees and had an ending market value of \$164 million. The target benchmark for both plans lost 1.78%. For the one year and fiscal year periods ending in February, the Police plan lost 4.73% and Civilian Employees' plan lost 4.64% net of fees. The target benchmark for the same time period lost 3.91%. The Police plan trailed the 7.25% fiscal year to date target by 7.27% while the Civilian Employees' plan trailed the 7.10% fiscal year target by 7.03%

2023 Asset Allocation Review

Mr. Sullivan and Ms. Beard reviewed the current asset allocation which includes the following asset classes and targets: Global Equity – 38%, US Aggregate Fixed Income – 31%, Senior Secured Direct Lending – 7%, Core Real Estate – 13%, Multi Strategy Hedge Funds 11%, Cash Equivalents – 0%. The expected arithmetic return of the portfolio is 6.1%, the expected standard deviation (risk) is 8.2%, and the expected compounded return is 5.8%. Ms. Beard also reviewed the expected return, by percentile, for the portfolio for 1 year and 10-year periods. Mr. Sullivan reviewed RVK's 2023 Capital Markets Assumptions which showed expected increases in returns for each asset class except real estate.

Education

The IC continued the discussion on private credit which started with Messrs. Pickens, Stewart, and Hoy's visit to RVK in Portland. RVK will provide more specific information on private credit managers at the May IC meeting.

Manager Update

Mr. Hoy said Abbott Capital has made the final distributions from their ACE V fund. We continue to hold small private equity investments in the Abbott Capital ACE VI and the J.P. Morgan PEG funds.

The next IC meeting will be May 11, 2023 following the 1:00pm Retirement Board meeting at the Greater KC Public Safety Credit Union, 2800 E. 14th Street.