

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

Investment Committee Meeting

May 4, 2021

Mr. Pyle called the meeting to order.

Present:

Chad Pickens, Member	Marcia Beard, RVK
Scott Hummel, Member	Ryan Sullivan, RVK
Bob Jones, Member	Robert Woodard, Mariner
Tom Mills, Member	Jason Hoy, Staff
	Jim Pyle, Staff

Grosvenor Capital Management FOB Absolute Return Fund Review

David Richter, Matthew Leimetter, Bradley Meyers, and Mark Roman from Grosvenor Capital Management provided a portfolio review of the FOB Absolute Return Fund. Mr. Richter provided a review of the key attributes of the FOB fund including: 82% of the fund is invested with funds that have exhibited persistent alpha, meaning they are not dependent on market returns; 70% of the fund is invested with closed or capacity constrained funds; 1 year net performance was 19.8%, 5 year net performance was 5.8%; 39% average downside market capture vs. the S&P 500 in declining equity markets. Hedge funds offer portfolio diversification especially when 60% equity/ 40% fixed income models are challenged due to lower fixed income returns.

Mr. Meyers reviewed the current environment for hedge funds including: the impact on the short squeeze earlier this year; the rotation from growth to value stocks; and the underperformance of commonly held long equities. He said many of the fund managers in the FOB fund have incorporated additional risk management measures as a result of the short squeeze. Mr. Leimetter reviewed the performance of several funds in the FOB fund and how the line of credit allowed Grosvenor to make investments in funds that, earlier this year, briefly opened to new investors.

March 2021 Investment Portfolio Analysis

Ms. Beard and Mr. Sullivan reviewed the March 2021 Investment Performance Analysis. Mr. Sullivan reviewed the capital markets flash report and said RVK would review the March quarterly report at the May Retirement Board meeting. Ms. Beard said the Police plan gained 0.84% net of fees in March and had an ending market value of \$1.015 billion. The Civilian Employees' plan gained 0.80% net of fees and had an ending market value of \$170.6 million. The target benchmark for both plans gained 0.89%. For the one year period ending in March, the Police plan gained 25.4% net of fees and the Civilian Employees' plan gained 25.8% net of fees. The target benchmark for the same time period gained 20.3%.

The next IC meeting, scheduled for June 1 at 9:00am via conference call.