

**POLICE AND FIRE RETIREMENT SYSTEM
OF THE
CITY OF DETROIT**

MEETING NO. 3324

THURSDAY FEBRUARY 02, 2023

9:00 A.M.

AGENDA



**CHAIRPERSON: DEAN PINCHECK
VICE CHAIRPERSON: MATTHEW GNATEK**

"With advance notice of seven calendar days, the City of Detroit will provide interpreter services at public meetings, including language translation and reasonable ADA accommodations. Please contact the Civil Rights, Inclusion and Opportunity Department at [\(313\) 224-4950](tel:3132244950) through the TTY number 711, or e-mail crio@detroitmi.gov to schedule these services".

Questions regarding this notice may be sent to the LEP Coordinator in the CRIO Department by email at crio@detroitmi.gov or by phone at (313) 224-4950. Those interested in requesting interpretation or translation services for their department may also contact the LEP Coordinator for assistance in coordinating these services.

Please silence cell phones and to ensure there are no distractions, refrain from personal phone calls/conversations during "open meeting." There is a lobby area to conduct personal business.

ROLL CALL:

Excused:

AGENDA APPROVAL

RETIREMENT APPLICATIONS

NONE

RECEIPTS (ACKNOWLEDGE ONLY)

DISBURSEMENTS

REFUNDS (ANNUITY WITHDRAWALS)

EMPLOYEE LOANS

MINUTES FOR DISTRIBUTION:

January 19, 2022

MINUTES FOR APPROVAL:

December 15, 2022

ASSISTANT EXECUTIVE DIRECTOR'S REPORT

- Disability Memo

EXECUTIVE DIRECTOR'S REPORT

- CIO Update – Daniel Lee

INTERIM CHIEF INVESTMENT OFFICER'S REPORT

- CIO Report

PUBLIC COMMENT (3-minute time limit)

PUBLIC RELATIONS ADVISOR'S REPORT

LOBBYIST'S REPORT

GENERAL COUNSEL'S REPORT

- Legal Report

COMMITTEE REPORT

FOR REVIEW

TABLED MOTIONS/DISCUSSIONS

PRESENTATION SCHEDULE

February 2, 2023

10:00 A.M. –.

10:30 A.M. –

11:00 A.M. –

February 16, 2023

10:00 A.M. – Gabriel, Roeder, Smith & Co

10:30 A.M. –

11:00 A.M. –

March 02, 2023

10:00 A.M. –

10:30 A.M. –

11:00 A.M. –

March 16, 2023

10:00 A.M. –

10:30 A.M. –

11:00 A.M. –

POLICE AND FIRE MEETING SCHEDULE 2023

DATE
February 2, 2023
February 16, 2023
March 2, 2023
March 16, 2023
April 6, 2023
April 20, 2023
May 4, 2023
May 18, 2023
June 1, 2023
June 15, 2023
July 6, 2023- Cancelled
July 20, 2023
August 3, 2023
August 17, 2023
September 7, 2023
September 21, 2023
October 5, 2023
October 19, 2023
November 2, 2023
November 16, 2023
December 7, 2023
December 21, 2023- Cancelled

ALL BOARD MEETINGS ARE ON THURSDAY AND BEGIN AT 9:00 A.M. UNLESS NOTED

2023 MEETING SCHEDULE

INVESTMENT COMMITTEE OF THE POLICE AND FIRE RETIREMENT SYSTEM

DATE
February 20, 2023
April 17, 2023
June 26, 2023
August 21, 2023
October 2, 2023
December 11, 2023

*ALL INVESTMENT COMMITTEE MEETINGS BEGIN AT 10:00 A.M. UNLESS NOTED DIFFERENTLY AND WILL BE IN THE BOARD CONFERENCE ROOM.

FOCUS LIST - UNDERPERFORMERS -as of September 30, 2022 Wilshire Report

Paradigm- US Equity Large Cap Value. Paradigm's Large Cap Value strategy underperformed on the one quarter period returning -13.41% vs the benchmark of -12.21%, bringing their 3-year return below the benchmark, and the strategy below the peer universe median on a 3-year basis.

Allspring- Non-US Equity Small Cap Growth. Allspring's Non-U.S. Equity Small Cap Fund rebounded in 3Q 2022, bouncing back from the large underperformance in 1Q 2022. In 1Q 2022, the strategy struggled, when growth stocks underperformed value. During 3Q 2022, growth underperformed once again, but the strategy was able to add value.

LA Capital – Emerging Markets. LA Capital's Emerging Markets strategy underperformed during 3Q, bringing their 5-year investment performance below policy and peer ranking below median. The emerging markets asset class struggled in 3Q 2022, causing a difficult environment for active managers

Lazard – Emerging Markets. Lazard's Emerging Markets strategy underperformed during 3Q, bringing their 3-year investment performance below policy and peer ranking below median. Similar to LA Capital, the emerging markets asset class struggled in 3Q 2022, causing a difficult environment for active managers.

Ativo- Non-US Equity Large Cap Growth. Ativo's International Equity strategy underperformed during 3Q 2022, returning -10.23% vs the benchmark of -9.91%. The strategy struggled during the quarter, while growth stocks underperformed value. This underperformance over the last two quarters has led the strategy to be below benchmark at the 3 and 5 year period, while also below the peer median on the same periods.

Mondrian- Non-US Equity Small Cap Value. Mondrian's Small Cap strategy performed well over 3Q 2022, returning -11.76% versus -9.46%. Longer-term performance continues to be below the benchmark and peer median over 3 and 5 years.

Allspring – Global Low Volatility Equity. Allspring's investment style and philosophy had struggled to outperform since early 2019 as growth stocks rapidly outperformed value stocks. Allspring began to see some performance recovery during 2021, which continued in early 2022. Allspring's underperformed the benchmark -7.92% versus -6.03% during the quarter. Longer term returns and peer comparisons remain below benchmark and median.

Penn Capital – High Yield Fixed Income. PENN Capital, a high-quality, defensive-oriented high yield investment manager in the DPFRS Portfolio, struggled during the market and credit rally during 2020 and 2021. Over 3Q 2022, they provided downside protection, as we would expect to see with their portfolio construction, given the rate environment, performing -0.35% vs the benchmark of -0.65%.

FOCUS LIST- OUTPERFORMERS – as of September 30, 2022 Wilshire Report

Deroy & Devereaux- US Equity All Cap Value. Deroy & Devereaux, a Diverse-Owned investment manager all cap value strategy in the U.S. Equity portfolio provided strong downside protection, returning -4.16%, vs. the benchmark of -5.56%. Relative to peers D&D performed in the 34th percentile this quarter, while, continuing to perform in the top 2 quartiles over the 3 and 5 year periods.

Kennedy -US Equity Small Cap Value, Kennedy Capital, a small cap value strategy in the U.S. Equity portfolio provided strong downside protection, returning -2.67%, vs. the benchmark of -4.61%. Relative to peers Kennedy performed in the 19th percentile on the 3 year period, while continuing to perform in the top 2 quartiles over the 5 and 10 year periods.

TT International Equity- Non-US Equity Large Cap Value, an international equity strategy in the Non-U.S. Equity portfolio provided strong downside protection, returning -8.82%, vs. the benchmark of -9.20%. Relative to peers TT international performed in the 3rd percentile on the 3-year period, while continuing to perform in the top quartile over the 5 and 10 year periods.

FOCUS LIST- OUTPERFORMERS – as of September 30, 2022 Wilshire Report

Loomis Sayles -Core Plus Fixed Income, Loomis Sayles, a core plus fixed income strategy in the Fixed Income portfolio provided strong downside protection, returning -4.35%, vs. the benchmark of -4.75%. Relative to peers Loomis Sayles performed in the 21st percentile on the 1 quarter period, while continuing to perform in the top quartile over the 1, 3 and 5 year periods.

Harvest Midstream Energy- Harvest, a midstream energy strategy in the Real Asset portfolio provided strong outperformance, returning 6.54%, vs. the benchmark of -0.98%. Harvest has outperformed over all time periods, dating back to inception, providing strong absolute and relative returns vs. the benchmark.

Salient Midstream Energy -Salient, a midstream energy strategy in the Real Asset portfolio provided strong outperformance, returning 3.75%, vs. the benchmark of -0.98%. Salient has outperformed over all time periods, dating back to inception, providing strong absolute and relative returns vs. the benchmark.

COMMITTEES

FINANCE – BERENT, NAGLICK, PEGG, ORZECH AND WATSON

JOINT PERSONNEL – **PFRS:** NAGLICK, PEGG, SERDA AND THOMAS **GRS:** NICKLEBERRY, PERKINS, SHEEHAN, AND HALL-WAGNER

POLICY – BERENT, JAMES, PEGG AND PINCHECK

PUBLIC RELATIONS –BERENT, NAGLICK, PEGG, PINCHECK AND EXECUTIVE STAFF: EXECUTIVE DIRECTOR DAVID CETLINSKI, ASSISTANT EXECUTIVE DIRECTOR KELLY TAPPER AND GENERAL COUNSEL RONALD KING

LOBBYIST – BERENT, ORZECH,PEGG AND PINCHEK