

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

**MEETING NO. 3332**

**THURSDAY June 1, 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](mailto: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](mailto: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

RECEIPTS (ACKNOWLEDGE ONLY)

DISBURSEMENTS

REFUNDS (ANNUITY WITHDRAWALS)

EMPLOYEE LOANS

MINUTES FOR DISTRIBUTION:

May 18, 2023

MINUTES FOR APPROVAL:

May 04, 2023

ASSISTANT EXECUTIVE DIRECTOR'S REPORT

- NCPERS Report
- Chair/Vice Chair elections notice

EXECUTIVE DIRECTOR'S REPORT

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**

**June 1, 2023**

10:00 A.M. – Disability -Closed Session

10:30 A.M. –

11:00 A.M. –

**June 15, 2023**

10:00 A.M. – Chair/Vice Chair elections

10:30 A.M. –

11:00 A.M.

**July 20, 2023**

10:00 A.M. –

10:30 A.M. –

11:00 A.M.

POLICE AND FIRE MEETING SCHEDULE 2023

| <u>DATE</u>                  |
|------------------------------|
| 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

| <u>DATE</u>       |
|-------------------|
| 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 March 31, 2022 Wilshire Report**

**Paradigm-** US Equity Large Cap Value. Paradigm's Large Cap Value strategy underperformed on the one quarter period returning -0.39% vs the benchmark of 1.01%, keeping their 3-year return below the benchmark, and the strategy below the peer universe median on a 3-year basis. The underperformance over the last year has also brought the 5-year return below the benchmark, and the strategy below the peer universe median on a 5-year basis.

**Allspring-** Non-US Equity Small Cap Growth. Allspring's Non-U.S. Equity Small Cap Fund continued to rebound in 1Q 2023, bouncing back from the large underperformance in early 2022. In early 2022, the strategy struggled, when growth stocks underperformed value. During 1Q 2023, the strategy outperformed it's benchmark, returning 8.23% vs the benchmark of 4.99%. The 3-year return remains below benchmark, along with the peer ranking below median.

**LA Capital** – Emerging Markets. LA Capital's Emerging Markets strategy outperformed during 1Q 2023, but their 5-year investment performance remains below policy and peer ranking below median. During 1Q 2023, the strategy outperformed it's benchmark, returning 5.63% vs the benchmark of 3.96%.

**Ativo-** Non-US Equity Large Cap Growth. Ativo's International Equity strategy underperformed during 1Q 2023, returning 6.43% vs the benchmark of 6.87%. The underperformance over the last year 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 underperformed the benchmark in 1Q 2023, returning 3.79% versus 4.99%. Long term performance continues to be below the benchmark and peer median over the 3 and 5 year periods.

**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 2022. In 1Q 2023 Allspring underperformed the benchmark 0.62% versus 1.53% during the quarter. Longer term returns and peer comparisons remain below benchmark and median on a 5-year basis.

**Penn Capital** – High Yield Fixed Income. PENN Capital, a high-quality, defensive-oriented high yield investment manager in the DPFERS Portfolio, struggled during the market and credit rally during 2020 and 2021. PENN Capital High Yield was terminated after 1Q 2023, due to underperformance and organizational turnover.

**FOCUS LIST- OUTPERFORMERS – as of March 31, 2023 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 on a 1 year basis, returning -4.27%, vs. the benchmark of -6.35%. Relative to peers D&D performed in the 45th percentile on a 1-year basis, 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 on a 1-year basis, returning -7.14%, vs. the benchmark of

-12.96%. Relative to peers Kennedy performed in the 28<sup>th</sup> percentile on the 3 year period, while continuing to perform in the top 2 quartiles over the 5 and 10 year periods.

**LA Capital** – Global Low Vol Equity – LA Capital Global Vol Equity strategy outperformed the benchmark on a quarter basis, returning 5.01 versus the benchmark of 1.53%. On a 3-year basis, the strategy has outpaced the benchmark 13.07% versus 8.25%

**Loomis Sayles** -Core Plus Fixed Income, Loomis Sayles, a core plus fixed income strategy in the Fixed Income portfolio provided strong performance, returning 3.49%, vs. the benchmark of 2.96%. Relative to peers Loomis Sayles performed in the 11th percentile on the 1 quarter period, while continuing to perform in the top quartile over the 1, 3 and 5 year periods.

**Harvest Advisors MLP** - Harvest outperformed the benchmark 3.76% versus 0.77% on a quarterly basis. On a 3-year basis, they have outpaced the benchmark 40.91% versus 34.76%.

### **COMMITTEES**

**FINANCE** – BERENT, NAGLICK, PEGG, ORZECH AND WATSON

**JOINT PERSONNEL** – **PFRS:** NAGLICK, PEGG, 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