



# Seattle City Employees' Retirement System

**Investment Committee Meeting**  
Pacific Building, 720 3<sup>rd</sup> Avenue, Suite 900, Seattle  
(206) 386-1293

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## **Minutes, Thursday, August 25, 2022**

**IC Members Present:** Robert Harvey, Jr., Sherri Crawford, Judith Blinder, Jamie Carnell, Kimberly Loving

**IAC Members Present:** Joseph Boateng, Steven Hill, Dwight McRae, Cathy Cao

**SCERS Staff Present:** Jeff Davis, Jason Malinowski, Paige Alderete, Leola Ross, Mengfei Cao, George Emerson, Nina Melencio, Mark Schimizza

**Others Present:** Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Don Stracke (NEPC), Mike Malchenko (NEPC), Joe Ebisa (With.Intelligence), Matt Courtois (FAS), Lauren Albanese (FIN News)

### **Call to Order**

Robert Harvey, Jr., chair, called the meeting to order at 12:00 pm.

### **Public Comment**

There was no public comment.

### **Minutes**

Approved Minutes from the July 28, 2022 Investment Committee.

**Motion:** Upon motion by Sherri Crawford, seconded by Jamie Carnell, the Investment Committee approved the minutes from the July 28, 2022 Investment Committee meeting. The motion passed unanimously (5-0).

### **Q2 2022 Quarterly Performance Report**

Mike Malchenko of NEPC reviewed the performance report for the period that ended June 30, 2022.

It was a difficult quarter, but the portfolio continued to perform well in the long run. Gross performance over the last 30 years is 7.2%, above the assumed rate of return of 6.75%. For the one-year period ending June 30, 2022, the fund returned -5.6% net of fees, underperforming the Strategic Policy Benchmark by 0.7%. The fund continues to outperform the reference passive benchmark and the median public plan over most time periods.

### **Core Fixed Income Deep Dive**

George Emerson and Mengfei Cao presented the annual Core Fixed Income deep dive. Core Fixed Income is represented by high-quality borrowers and has low expected risk, return, and sensitivity to equity markets. Persistent inflation coupled with growth concerns fueled sharp drawdowns across both fixed income and equities.

SCERS's target allocation to Core Fixed Income is 18% with a current allocation of 18.6%. Performance has been in-line with the index.

Core Fixed Income managers are PIMCO and Pugh Capital Management. Both managers modestly outperformed the index in the last three years.

Over the last 12 months, staff continued to monitor the Core Fixed Income portfolios with periodic rebalancing as market values changed. Staff will explore adding an explicit allocation to long-dated bonds in the next asset liability study as part of adopting a liability-aware investing framework.

Jason Malinowski informed the committee that members of the Investment Advisory Committee (IAC) had their quarterly meeting with he and Jeff Davis prior to today's Investment Committee meeting. Staff continues to benefit from their perspective and guidance.

### **Adjourn Meeting**

**Motion:** Upon motion by Sherry Crawford, seconded by Jamie Carnell, the Investment Committee voted to adjourn the meeting at 12:45 p.m. The motion passed unanimously (5-0).