



Seattle Retirement

Seattle City Employees' Retirement System

Investment Committee Meeting
Pacific Building, 720 3rd Avenue, Suite 900, Seattle
(206) 386-1293

Minutes, Thursday, July 31, 2025

IC Members Present: Sherri Crawford (Chair), Judith Blinder, Joseph Hoffman, Jamie Carnell, Kimberly Loving

IAC Members Present: Dwight McRae

SCERS Staff Present: Jeff Davis, Jason Malinowski, Paige Alderete, Leola Ross, George Emerson, Sean Hayes, Nina Melencio, Mark Schimizzze, William Kee

Others Present: Rose Dean (NEPC), Daniel Hennessy (NEPC), Brett Johnson (PEI Group), Joe Ebisa (With.Intelligence), Lindsay Saienni (Fin News), Joseph Boateng (Casey Family Programs), Ben Sheng (FundFire)

Call to Order

Sherri Crawford, Chair, called the meeting to order at 11:00 am.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the June 26, 2025 Investment Committee Meeting.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Investment Committee approved the minutes from the June 26, 2025 Investment Committee Meeting. The motion passed unanimously (5-0).

Core & Long-Term Fixed Income Deep Dive

George Emerson presented the annual Core Fixed Income and Long-Term Fixed Income deep dives. He reintroduced both asset classes, discussed the market environment, reviewed the allocations and answered questions from committee members.

The primary role of Core Fixed Income in SCERS's portfolio is diversification and as a source of stability and liquidity to meet short-term cash flow needs and rebalance the portfolio. Core Fixed Income is represented by

high-quality borrowers and has low expected volatility, return, and sensitivity to equity markets. SCERS's target allocation to Core Fixed Income is 14% with a current allocation of 16.0%. Performance for Core Fixed Income continues to closely track the Bloomberg US Aggregate Index. SCERS's Core Fixed Income allocation is actively managed by PIMCO and Pugh Capital Management.

Long-Term Fixed Income is a newer asset class that was added to the portfolio in early 2024 following the most recent asset-liability study. The performance since inception has been modest given the increase in long-term interest rates. The primary role of Long-Term Fixed Income is diversification and its very strong alignment with SCER's long-lived liabilities. Long-Term Fixed Income is represented by fixed-rate and inflation-protected securities issued by the US government with more than 10 years remaining to maturity. SCERS's target allocation to Long-Term Fixed Income is 5% with a current allocation of 5.1%. SCERS's Long-Term Fixed Income allocation is passively managed by Russell Investments.

Over the last 12 months, there has not been much activity in either asset class. Staff continue to monitor and meet with existing managers as well as perform regular rebalancing as the market values change. Looking forward, staff will re-underwrite and re-evaluate the core fixed income portfolio alongside NEPC.

Benchmarking Primer

Leola Ross as well as Rose Dean and Dan Hennessy, of NEPC, presented the benchmarking primer which included an introduction to benchmarks, characteristics that make a good benchmark, SCERS total portfolio benchmarks, and SCERS asset class benchmarks.

Benchmarks are used to measure the performance and risk of an investment portfolio. It serves as a reference point in making asset allocation decisions. SCERS has one target (actuarial rate of return) and two benchmarks (passive reference benchmark and strategic policy benchmark).

The Passive Reference Benchmark is a broad benchmark. The goal is to match or exceed this benchmark over a full market cycle. The Strategic Policy Benchmark is used for primary performance tracking. The goal is to match or exceed this benchmark over an intermediate period of five (5) years. It is tailored to the risk tolerance and the investment goals of SCERS. SCERS's asset allocation is very close to the strategic policy benchmark.

SCERS evaluates public market asset classes and managers using either broad market benchmarks or combinations of broad market benchmarks. Private market asset classes using either fund universe benchmarks or combinations of fund universe benchmarks. NEPC endorses both choices due to significant drawbacks with other types of benchmarks.

Mr. Malinowski added that staff plan to continue developing and sharing foundational educational materials with the committee such as this benchmarking primer. Staff welcome feedback on other topics that would be of interest to the committee.

Adjourn Meeting

Motion: Upon motion, Sherri Crawford, seconded by Judith Blinder, the Investment Committee voted to adjourn the meeting at 12:07 pm. The motion passed unanimously (5-0).