



**MINUTES SUMMARY**  
**Board Meeting**  
**Thursday, September 10, 2020**

The regular and supplemental meetings of the Dallas Police and Fire Pension System Board of Trustees were held at 8:30 a.m. on Thursday, September 10, 2020, via telephone conference.

**REGULAR POLICE AND FIRE PENSION SYSTEM BOARD MEETING**

The meeting was called to order at 8:33 a.m.

**A. TRUSTEES**

The Board welcomed new and reappointed Trustees.

**B. MOMENT OF SILENCE**

The Board observed a moment of silence in memory of members and pensioners who recently passed away.

**C. CONSENT AGENDA**

Approved by the Board, subject to the final review of the staff.

**D. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION**

1. The Chairman updated the Board on the Mayoral Trustee status.
2. The Executive Director reviewed the Monthly Contribution Report.
3. The Board approved upcoming Trustee education attendance.
4. The Chief Financial Officer provided a status update on the annual financial audit.
5. The Peer Organizational and Expense review was postponed to the October Board meeting.

**MINUTES SUMMARY**  
**Board Meeting**  
**Thursday, September 10, 2020**

6. Investment Staff briefed the Board on recent events and current developments with respect to the investment portfolio.
7. Staff provided an overview of DPDFP public equity investments.
8. Meketa and Investment Staff reviewed investment performance
9. Staff briefed the Board on funds managed by Lone Star Investment Advisors.
10. Authorized the Executive Director to enter into a settlement agreement with the Texas Attorney General with respect to the pending Public Information Act litigation against the Texas Attorney General.

**E. BRIEFING ITEMS**

1. The Chairman extended an opportunity for public comment. No one requested to speak to the Board.
2. The Executive Director's report was presented.

The regular Board meeting was adjourned at 10:47 a.m.

**SUPPLEMENTAL PLAN POLICE AND FIRE PENSION SYSTEM  
BOARD MEETING**

The meeting was called to order and recessed at 8:33 a.m.

The meeting was reconvened at 10:47 a.m.

**CONSENT AGENDA**

Approved by the Board, subject to the final review of the staff.

The supplemental Board meeting was adjourned at 10:48 a.m.

**Dallas Police and Fire Pension System**  
**Thursday, September 10, 2020**  
**8:30 a.m.**  
**Via telephone conference**

Regular meeting, William F. Quinn, Chairman, presiding:

**ROLL CALL**

**Board Members**

Present at 8:33 a.m. William F. Quinn, Nicholas A. Merrick, Susan M. Byrne, Robert B. French, Gilbert A. Garcia, Armando Garza, Kenneth Haben, Tina Hernandez Patterson, Steve Idoux, Mark Malveaux, Allen R. Vaught

Absent: None

**Staff**

Kelly Gottschalk, Josh Mond, Kent Custer, Brenda Barnes, John Holt, Greg Irlbeck, Milissa Romero, Cynthia Thomas, Ryan Wagner, Michael Yan

**Others**

Leandro Festino, Aaron Lally, Kenneth Latz, Kenneth Garnett

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The meeting was called to order at 8:33 a.m.

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**A. WELCOME NEW AND REAPPOINTED TRUSTEES**

The Board welcomed Police Officer Trustee, Kenneth Haben and incumbent Fire Fighter Trustee, Armando Garza, both of whom were certified and deemed elected by the Board at the June Board meeting and will serve from September 1, 2020 until August 31, 2023.

No motion was made.

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**B. MOMENT OF SILENCE**

The Board observed a moment of silence in memory of retired police officers J. T. Thompson, Jr., Eduardo D. Huerta, Janice L. Green, and retired firefighters E. G. Harris, S. E. Shuemaker.

No motion was made.

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**Regular Board Meeting  
Thursday, September 10, 2020**

**C. CONSENT AGENDA**

**1. Approval of Minutes**

Regular meeting of August 13, 2020

- 2. Approval of Refunds of Contributions for the Month of August 2020**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for September 2020**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits**
- 6. Approval of Service Retirements**
- 7. Approval of Alternate Payee Benefits**
- 8. Approval of Payment of Military Leave Contributions**

After discussion, Mr. Quinn made a motion to approve the minutes of the regular meeting of August 13, 2020. Ms. Byrne seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Quinn made a motion to approve the remaining items on the Consent Agenda, subject to the final approval of the staff. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

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**D. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION**

**1. Chairman's Discussion Items**

Mayoral Trustee Status Update

The Chairman briefed the Board on his conversation with the Mayor of the City of Dallas. Mr. Quinn stated that the terms for himself, Nicholas Merrick, and Susan Byrne ended on August 31, 2020 and they will serve as hold-over trustees until such time as Mayor Johnson makes new trustee appointments.

No motion was made.

**Regular Board Meeting  
Thursday, September 10, 2020**

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**2. Monthly Contribution Report**

The Executive Director reviewed the Monthly Contribution Report.

No motion was made.

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**3. Board approval of Trustee education and travel**

- a. Future Education and Business-related Travel
- b. Future Investment-related Travel

The Board and staff discussed approval of future education and business-related travel. There was no future investment-related travel.

After discussion, Mr. Quinn made a motion to approve Ms. Hernandez Patterson's request to attend the NCPERS Fall Conference. Mr. Haben seconded the motion, which was unanimously approved by the Board.

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**4. Financial Audit Status**

The Chief Financial Officer provided a status update on the annual financial audit.

No motion was made.

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**5. Peer Organizational & Expense Review**

The Peer Organizational and Expense review was postponed to the October 2020 Board meeting.

No motion was made.

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**Regular Board Meeting  
Thursday, September 10, 2020**

**6. Portfolio Update**

Investment staff briefed the Board on recent events and current developments with respect to the investment portfolio.

No motion was made.

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**7. Public Equity Portfolio Review**

Staff provided an overview of DPFPP public equity investments.

No motion was made.

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**8. Second Quarter 2020 Investment Performance Analysis and First Quarter 2020 Private Markets & Real Assets Review**

Leandro Festino, Managing Principal and Aaron Lally, Principal of the Meketa Investment Group and Investment Staff reviewed investment performance.

No motion was made.

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**9. Lone Star Investment Advisors Update**

Investment staff updated the Board on recent performance, operational, and administrative developments with respect to DPFPP investments in funds managed by Lone Star Investment Advisors.

The Board went into closed executive session at 10:11 a.m.

The meeting was reopened at 10:45 a.m.

No motion was made.

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**Regular Board Meeting  
Thursday, September 10, 2020**

- 10. Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation including litigation with the Texas Attorney General regarding open records requests under the Public Information Act or any other legal matter in which the duty of the attorneys to DFPF and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**

The Board went into closed executive session at 10:11 a.m.

The meeting was reopened at 10:45 a.m.

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Mr. Merrick left the meeting at 10:40 a.m.

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After discussion, Ms. Byrne made a motion to authorize the Executive Director to enter into a settlement agreement with the Texas Attorney General with respect to the pending Public Information Act litigation against the Texas Attorney General. Mr. Garcia seconded the motion, which was unanimously approved by the Board. Mr. Merrick was not present for the vote.

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**E. BRIEFING ITEMS**

**1. Public Comment**

Prior to commencing items for Board discussion and deliberation, the Chairman extended an opportunity for public comment. No one requested to speak to the Board.

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**Regular Board Meeting  
Thursday, September 10, 2020**

**2. Executive Director's report**

- a. Associations' newsletters
  - NCPERS Monitor (September 2020)
  - TEXPERS Pension Observer

<http://online.anyflip.com/mxfu/vumv/mobile/index.html>
- b. Open Records

The Executive Director's report was presented.

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Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Quinn and a second by Mr. Garcia, the meeting was adjourned at 10:47 a.m.

/s/ William F. Quinn

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William F. Quinn  
Chairman

**ATTEST:**

/s/ Kelly Gottschalk

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Kelly Gottschalk  
Secretary



## AGENDA



**Date:** September 3, 2020

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, September 10, 2020, via telephone conference for audio at 214-271-5080 access code 588694 or Toll-Free (US & CAN): 1-800-201-5203 and Zoom meeting for visual <https://us02web.zoom.us/j/82846523386?pwd=VVBOcGFPVStHQXdoWFpGMHUxcWJCUT09> Passcode: 288250.** Items of the following agenda will be presented to the Board:

### **A. TRUSTEES**

**Welcome New and Reappointed Trustees**

### **B. MOMENT OF SILENCE**

### **C. CONSENT AGENDA**

#### **1. Approval of Minutes**

Regular meeting of August 13, 2020

- 2. Approval of Refunds of Contributions for the Month of August 2020**
- 3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for September 2020**
- 4. Approval of Estate Settlements**
- 5. Approval of Survivor Benefits**
- 6. Approval of Service Retirements**
- 7. Approval of Alternate Payee Benefits**
- 8. Approval of Payment of Military Leave Contributions**

**D. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION**

**1. Chairman's Discussion Items**

Mayoral Trustee Status Update

**2. Monthly Contribution Report**

- 3. Board approval of Trustee education and travel**
  - a. Future Education and Business-related Travel
  - b. Future Investment-related Travel
- 4. Financial Audit Status**
- 5. Peer Organizational & Expense Review**
- 6. Portfolio Update**
- 7. Public Equity Portfolio Review**
- 8. Second Quarter 2020 Investment Performance Analysis and First Quarter 2020 Private Markets & Real Assets Review**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.072 of the Texas Government Code.

- 9. Lone Star Investment Advisors Update**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.071 of the Texas Government Code.

- 10. Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation including litigation with the Texas Attorney General regarding open records requests under the Public Information Act or any other legal matter in which the duty of the attorneys to DFPF and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**

## **E. BRIEFING ITEMS**

### **1. Public Comment**

### **2. Executive Director's report**

#### **a. Associations' newsletters**

- NCPERS Monitor (September 2020)
- TEXPERS Pension Observer

<https://online.anyflip.com/mxfu/vumv/mobile/index.html>

#### **b. Open Records**

The term "possible action" in the wording of any Agenda item contained herein serves as notice that the Board may, as permitted by the Texas Government Code, Section 551, in its discretion, dispose of any item by any action in the following non-exclusive list: approval, disapproval, deferral, table, take no action, and receive and file. At the discretion of the Board, items on this agenda may be considered at times other than in the order indicated in this agenda.

At any point during the consideration of the above items, the Board may go into Closed Executive Session as per Texas Government Code, Section 551.071 for consultation with attorneys, Section 551.072 for real estate matters, Section 551.074 for personnel matters, and Section 551.078 for review of medical records.



## DISCUSSION SHEET

### ITEM A

**Topic:** **Welcome New and Reappointed Trustees**

**Discussion:** The Police Officer Trustee, Kenneth Haben and incumbent Fire Fighter Trustee, Armando Garza, were certified and deemed elected by the Board at the June Board meeting and will serve from September 1, 2020 until August 31, 2023.

The terms of William Quinn, Nicholas Merrick, and Susan Byrne ended on August 31, 2020 and they will serve as hold-over trustees until such time as Mayor Johnson makes new trustee appointments.

*Regular Board Meeting – Thursday, September 10, 2020*

# Kenneth S. Haben



## Objective

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Consulting position concentrating on financial investigations and investment process.

## Key Qualifications

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Experienced police supervisor concentrating on financial and fraud investigations. Have served on numerous national and local boards.

## Work Experience

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**Public Arbitrator** August 2017-Present

- Public Arbitrator for the Financial Industry Regulatory Authority (FINRA).
- FINRA is a regulatory body tasked with governing all business dealings conducted between dealers, brokers, and all public investors.

**Police Sergeant** November 1984-August 2017  
Dallas Police Department

- Narcotics Supervisor. Supervised investigations of asset forfeiture and money laundering
- Financial Crimes Supervisor. Supervised investigations involving embezzlement, forgery, swindles and intellectual property rights
- Internal Audit Unit Supervisor-Supervised and conducted compliance audits for the department
- Northeast Division Investigative Supervisor for property crimes
- Detention Services Supervisor-review arrest for probable cause and legality.
- Patrol Sector Supervisor
- Deployment Unit Supervisor-undercover assignment at a patrol station involving property crimes

**Investigator** April 1983-November 1984  
Dallas Police Department

- Vice Investigator. Worked in an undercover capacity, filed cases on numerous vice related offenses.

**Patrol Officer** November 1978-April 1983  
Dallas Police Department

- Patrol Officer in the Central and Northwest Patrol Divisions.

## Education

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**BA Political Science-Public Admin** Aug 1978  
Slippery Rock University of Pennsylvania

**Graduate** 1990

- First graduating class of the Law Enforcement Management Institute of Texas (LEMIT), now titled the Leadership Command College.

**Graduate** 1985

- Southwest Police Institute School of Police Supervision.

## **Offices, Directorates, Positions Held**

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Board Member National White Collar Crime Center

Board Member City of Dallas Deferred Compensation System

1. Chairman 457 Board
2. Vice Chairman 401k Board

Trustee Dallas Police and Fire Pension System

1. Vice Chairman Pension Board
2. Investment Advisory Committee
3. Hiring Committee on the hiring of a new Director and CIO
4. Chairman Administrative and Audit Advisory Committee
5. Chairman Professional Services Committee
6. Governance Committee

Past President Dallas Chapter Association of Certified Fraud Examiners

Chairman National Save for Retirement Week for the National Association of Government Defined Contribution Administrators (NAGDCA)

Trustee Badge of Honor Memorial Foundation

FINCEN rep for the Dallas Police Dept

## **Training Educational Accomplishments**

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- Basic and Advance Trustee Training with TEXPERS
- Trustee Education Seminar through NCPERS
- Certified Fraud Examiner
- First Class Law Enforcement Management Institute of Texas
- NCPERS Accredited Fiduciary

## **Membership In Professional Associations**

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- Association of Certified Fraud Examiners
- National Association of Government Defined Contribution Administrators
- Life member International Police Association



## ITEM B

### MOMENT OF SILENCE

In memory of our Members and Pensioners who recently passed away

NAME	ACTIVE/ RETIRED	DEPARTMENT	DATE OF DEATH
J. T. Thompson, Jr.	Retired	Police	Aug. 3, 2020
E. G. Harris	Retired	Fire	Aug. 8, 2020
Edwardo D. Huerta	Retired	Police	Aug. 11, 2020
Janice L. Green	Retired	Police	Aug. 25, 2020
S. E. Shuemake	Retired	Fire	Aug. 28, 2020

*Regular Board Meeting – Thursday, September 10, 2020*



**Dallas Police and Fire Pension System  
Thursday, August 13, 2020  
8:30 a.m.  
Via telephone conference**

Regular meeting, William F. Quinn, Chairman, presiding:

**ROLL CALL**

**Board Members**

Present at 8:31 a.m. William F. Quinn, Nicholas A. Merrick, Joseph P. Schutz, Susan M. Byrne, Robert B. French, Steve Idoux, Gilbert A. Garcia, Mark Malveaux, Armando Garza, Allen R. Vaught, Tina Hernandez Patterson

Absent: None

**Staff**

Kelly Gottschalk, Josh Mond, Kent Custer, Brenda Barnes, John Holt, Cynthia Thomas, Ryan Wagner, Greg Irlbeck, Michael Yan, Milissa Romero

**Others**

Robert Jones, Leandro Festino

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The meeting was called to order at 8:31 a.m.

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**A. MOMENT OF SILENCE**

The Board observed a moment of silence in memory of retired police officers Thomas B. McKee, Gilbert A. Kelley, Jr., Ronald D. Bridges, Roy B. Brooks, Joe A. Walden, and retired firefighters James E. Carlin, Steven B. Wise, Charles E. Gibbs.

No motion was made.

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**Regular Board Meeting  
Thursday, August 13, 2020**

**B. CONSENT AGENDA**

**1. Approval of Minutes**

Regular meeting of July 9, 2020

**2. Approval of Refunds of Contributions for the Month of July 2020**

**3. Approval of Activity in the Deferred Retirement Option Plan (DROP) for August 2020**

**4. Approval of Estate Settlements**

**5. Approval of Survivor Benefits**

**6. Approval of Service Retirements**

**7. Approval of Payment of Military Leave Contributions**

After discussion, Mr. Quinn made a motion to approve the minutes of the regular meeting of July 9, 2020. Mr. Garcia seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Quinn made a motion to approve the remaining items on the Consent Agenda, subject to the final approval of the staff. Ms. Byrne seconded the motion, which was unanimously approved by the Board.

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**C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION**

**1. Monthly Contribution Report**

The Executive Director reviewed the Monthly Contribution Report.

No motion was made.

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**Regular Board Meeting  
Thursday, August 13, 2020**

**2. Board approval of Trustee education and travel**

- a. Future Education and Business-related Travel
- b. Future Investment-related Travel

The Board and staff discussed future Trustee education. There was no future Trustee business-related travel or investment-related travel scheduled.

No motion was made.

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**3. Financial Audit Status**

The Chief Financial Officer provided a status update on the annual financial audit.

No motion was made.

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**4. Quarterly Financial Reports**

The Chief Financial Officer presented the second quarter 2020 financial statements.

No motion was made.

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**5. 2020 Mid-Year Budget Review**

The Chief Financial Officer reviewed the 2020 Operating Expense Budget detailing expenses for the first six months of the calendar year.

No motion was made.

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**6. Report on Audit Committee**

The Audit Committee met with representatives of BDO on July 9, 2020. The Committee Chair commented on the Committee observations and advice.

No motion was made.

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**Regular Board Meeting  
Thursday, August 13, 2020**

**7. Portfolio Update**

Investment staff briefed the Board on recent events and current developments with respect to the investment portfolio.

No motion was made.

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**8. Securities Lending**

Investment staff discussed an updated analysis of the securities lending program. The program has failed to achieve expected income levels and staff believes that the modest income is not sufficient to warrant expending monitoring resources or incurring the limited risk related to reinvestment of cash collateral. Meketa concurs with this recommendation.

After discussion, Mr. Quinn made a motion to approve the suspension of the securities lending program. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

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**9. Private Equity and Debt Portfolio Review**

Investment Staff provided an overview of DPF investments in private equity and private debt.

No motion was made.

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**10. Lone Star Investment Advisors Update**

Investment staff updated the Board on recent performance, operational, and administrative developments with respect to DPF investments in funds managed by Lone Star Investment Advisors.

The Board went into closed executive session at 10:06 a.m.

The meeting was reopened at 10:18 a.m.

No motion was made.

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**Regular Board Meeting  
Thursday, August 13, 2020**

- 11. Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation or any other legal matter in which the duty of the attorneys to DPF and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**

The Board went into closed executive session at 10:06 a.m.

The meeting was reopened at 10:18 a.m.

Mr. Malveaux recused himself during the discussion of pending litigation against the City of Dallas involving claims under USERRA.

No motion was made.

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- 12. Chairman’s Discussion Items**

Thank Outgoing Trustees

The Chairman thanked the outgoing Trustees for their service. A number of other trustees voiced their thanks as well including their thanks for the Chairman and the work he had done during his tenure.

No motion was made.

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- 13. DPF Office and Board Procedural Response to COVID-19**

The Executive Director provided an update about DPF’s COVID-19 office response and discussed Board procedures for upcoming meetings.

No motion was made.

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**Regular Board Meeting  
Thursday, August 13, 2020**

**D. BRIEFING ITEMS**

**1. Public Comment**

Prior to commencing items for Board discussion and deliberation, the Board received public comments during the open forum.

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**2. Executive Director's report**

- a. Associations' newsletters
  - NCPERS Monitor (August 2020)
  - NCPERS PERSist (Summer 2020)
  - TEXPERS Pension Observer<http://online.anyflip.com/mxfu/yumv/mobile/index.html>
- b. Open Records

The Executive Director's report was presented.

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Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Quinn and a second by Ms. Byrne, the meeting was adjourned at 10:18 a.m.

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William F. Quinn  
Chairman

**ATTEST:**

\_\_\_\_\_  
Kelly Gottschalk  
Secretary



## **DISCUSSION SHEET**

### **ITEM #D1**

**Topic:** **Chairman's Discussion Item**

Mayoral Trustee Status Update

**Discussion:** The Chairman will brief the Board on the status of this item.

*Regular Board Meeting – Thursday, September 10, 2020*



## **DISCUSSION SHEET**

### **ITEM #D2**

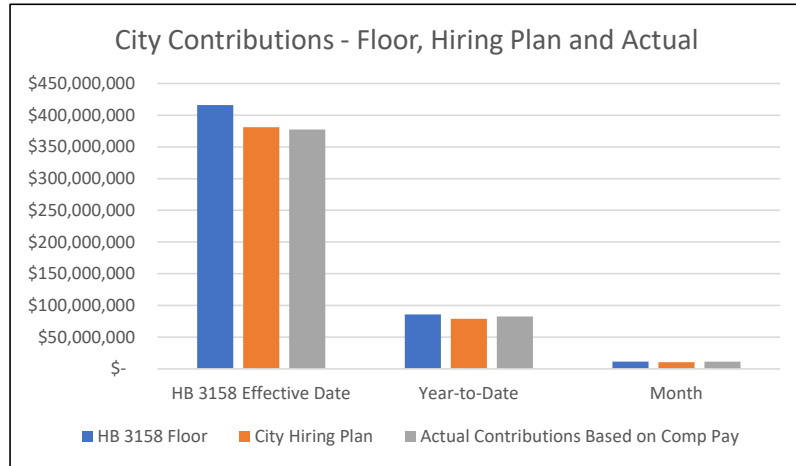
**Topic:** Monthly Contribution Report

**Discussion:** Staff will review the Monthly Contribution Report.

*Regular Board Meeting – Thursday, September 10, 2020*



**Contribution Tracking Summary - September 2020 (July 2020 Data)**



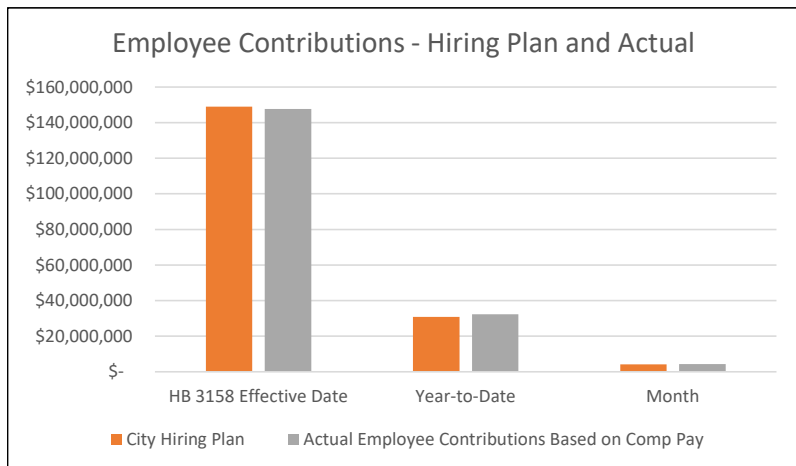
Actual Comp Pay was 99% of the Hiring Plan estimate since the effective date of HB 3158.

In the most recent month Actual Comp Pay was 107% of the Hiring Plan estimate and 98% of the Floor amount.

The Hiring Plan Comp Pay estimate increased by 3.39% in 2020. The Floor increased by 2.75%.

Through 2024 the HB 3158 Floor is in place so there is no City Contribution shortfall.

The combined actual hiring was 112 higher than the Hiring Plan for the pay period ending August 4, 2020. Fire was over the estimate by 96 fire fighters and Police over by 16 officers.



Employee contributions exceeded the Hiring Plan estimate for the month and the year.

There is no Floor on employee contributions.

**Contribution Summary Data**

**City Contributions**

<b>Jul-20</b>	<b>Number of Pay Periods Beginning in the Month</b>	<b>HB 3158 Floor</b>	<b>City Hiring Plan</b>	<b>Actual Contributions Based on Comp Pay</b>	<b>Additional Contributions to Meet Floor Minimum</b>	<b>Comp Pay Contributions as a % of Floor Contributions</b>	<b>Comp Pay Contributions as a % of Hiring Plan Contributions</b>
Month	2	\$ 11,448,000	\$ 10,509,231	\$ 11,236,161	\$ 211,839	98%	107%
Year-to-Date		\$ 85,860,000	\$ 78,819,231	\$ 82,564,293	\$ 3,295,707	96%	105%
HB 3158 Effective Date		\$ 416,207,000	\$ 380,959,615	\$ 377,621,501	\$ 38,585,499	91%	99%

*Due to the Floor through 2024, there is no cumulative shortfall in City Contributions  
Does not include the flat \$13 million annual City Contribution payable through 2024.  
Does not include Supplemental Plan Contributions.*

**Employee Contributions**

<b>Jul-20</b>	<b>Number of Pay Periods Beginning in the Month</b>	<b>City Hiring Plan</b>	<b>Actual Employee Contributions Based on Comp Pay</b>	<b>Actual Contribution Shortfall Compared to Hiring Plan</b>	<b>Actuarial Valuation Contribution Assumption</b>	<b>Actual Contributions as a % of Hiring Plan Contributions</b>	<b>Actual Contributions as a % of Actuarial Val Assumption</b>
Month	2	\$ 4,112,308	\$ 4,381,271	\$ 268,963	\$ 4,112,308	107%	107%
Year-to-Date		\$ 30,842,308	\$ 32,293,917	\$ 1,451,609	\$ 30,842,310	105%	105%
HB 3158 Effective Date		\$ 149,071,154	\$ 147,762,998	\$ (1,308,156)	\$ 143,961,948	99%	103%

Potential Earnings Loss from the Shortfall based on Assumed Rate of Return \$ (516,519)

*Does not include Supplemental Plan Contributions.*

**Reference Information**

**City Contributions: HB 3158 Bi-weekly Floor and the City Hiring Plan Converted to Bi-weekly Contributions**

	HB 3158 Bi-weekly Floor	City Hiring Plan-Bi-weekly	HB 3158 Floor Compared to the Hiring Plan	Hiring Plan as a % of the Floor	% Increase/ (decrease) in the Floor	% Increase/ (decrease) in the Hiring Plan
2017	\$ 5,173,000	\$ 4,936,154	\$ 236,846	95%		
2018	\$ 5,344,000	\$ 4,830,000	\$ 514,000	90%	3.31%	-2.15%
2019	\$ 5,571,000	\$ 5,082,115	\$ 488,885	91%	4.25%	5.22%
2020	\$ 5,724,000	\$ 5,254,615	\$ 469,385	92%	2.75%	3.39%
2021	\$ 5,882,000	\$ 5,413,846	\$ 468,154	92%	2.76%	3.03%
2022	\$ 6,043,000	\$ 5,599,615	\$ 443,385	93%	2.74%	3.43%
2023	\$ 5,812,000	\$ 5,811,923	\$ 77	100%	-3.82%	3.79%
2024	\$ 6,024,000	\$ 6,024,231	\$ (231)	100%	3.65%	3.65%

The HB 3158 Bi-weekly Floor ends after 2024

**Employee Contributions: City Hiring Plan and Actuarial Val. Converted to Bi-weekly Contributions**

	City Hiring Plan Converted to Bi-weekly Employee Contributions	Actuarial Valuation Assumption Converted to Bi-weekly Employee contributions	Actuarial Valuation as a % of Hiring Plan
2017	\$ 1,931,538	\$ 1,931,538	100%
2018	\$ 1,890,000	\$ 1,796,729	95%
2019	\$ 1,988,654	\$ 1,885,417	95%
2020	\$ 2,056,154	\$ 2,056,154	100%
2021	\$ 2,118,462	\$ 2,118,462	100%
2022	\$ 2,191,154	\$ 2,191,154	100%
2023	\$ 2,274,231	\$ 2,274,231	100%
2024	\$ 2,357,308	\$ 2,357,308	100%

The information on this page is for reference. The only numbers on this page that may change before 2025 are the Actuarial Valuation Employee Contributions Assumptions for the years 2020-2024 and the associated percentage.

**Reference Information - Actuarial Valuation and GASB 67/68 Contribution Assumptions**

**Actuarial Assumptions Used in the Most Recent Actuarial Valuation - These assumptions will be reevaluated annually & may change.**

City Contributions are based on the Floor through 2024, the Hiring Plan from 2025 to 2037, after 2037 an annual growth rate of 2.75% is assumed  
 Employee Contributions for 2018 are based on the 2017 actual employee contributions inflated by the growth rate of 2.75% and the Hiring Plan for subsequent years until 2038, when the 2037 Hiring Plan is increased by the 2.75 growth rate for the next 10 years

**Actuarial/GASB Contribution Assumption Changes Since the Passage of HB 3158**

	Actuarial Valuation	GASB 67/68
<b>YE 2017 (1/1/2018 Valuation)</b>		
2018 Employee Contributions Assumption - based on 2017 actual plus growth rate not the Hiring Plan Payroll	\$ (2,425,047)	*
<b>2019 Estimate (1/1/2019 Valuation)</b>		
2019 Employee Contribution Assumption	\$ 9,278	*

*\*90% of Hiring Plan was used for the Cash Flow Projection for future years in the 12/31/2017 GASB 67/68 calculation. At 12-31-17 and 12-31-18 this did not impact the pension liability or the funded percentage.*

The information on this page is for reference. It is intended to document contribution related assumptions used to prepare the Actuarial Valuation and changes to those assumptions over time, including the dollar impact of the changes. Contribution changes impacting the GASB 67/68 liability will also be included.

<b>City Hiring Plan - Annual Computation Pay and Numbers of Employees</b>						
Year	Computation Pay			Number of Employees		
	Hiring Plan	Actual	Difference	Hiring Plan	Actual EOY	Difference
2017	\$ 372,000,000	Not Available	Not Available	5,240	4,935	(305)
2018	\$ 364,000,000	\$ 349,885,528	\$ (14,114,472)	4,988	4,983	(5)
2019	\$ 383,000,000	\$ 386,017,378	\$ 3,017,378	5,038	5,104	66
2020	\$ 396,000,000			5,063		
2021	\$ 408,000,000			5,088		
2022	\$ 422,000,000			5,113		
2023	\$ 438,000,000			5,163		
2024	\$ 454,000,000			5,213		
2025	\$ 471,000,000			5,263		
2026	\$ 488,000,000			5,313		
2027	\$ 507,000,000			5,363		
2028	\$ 525,000,000			5,413		
2029	\$ 545,000,000			5,463		
2030	\$ 565,000,000			5,513		
2031	\$ 581,000,000			5,523		
2032	\$ 597,000,000			5,523		
2033	\$ 614,000,000			5,523		
2034	\$ 631,000,000			5,523		
2035	\$ 648,000,000			5,523		
2036	\$ 666,000,000			5,523		
2037	\$ 684,000,000			5,523		

Comp Pay by Month - 2020	Annual Divided by 26 Pay Periods	Actual	Difference	2020 Cumulative Difference	Number of Employees EOM	Difference
January	\$ 30,461,538	\$ 31,291,360	\$ 829,821	\$ 829,821	5136	73
February	\$ 30,461,538	\$ 31,414,646	\$ 953,108	\$ 1,782,929	5114	51
March	\$ 30,461,538	\$ 31,492,765	\$ 1,031,226	\$ 2,814,156	5093	30
April	\$ 45,692,308	\$ 47,775,422	\$ 2,083,114	\$ 4,897,270	5125	62
May	\$ 30,461,538	\$ 32,261,636	\$ 1,800,098	\$ 6,697,367	5113	50
June	\$ 30,461,538	\$ 32,512,380	\$ 2,050,842	\$ 8,748,209	5173	110
July	\$ 30,461,538	\$ 32,568,582	\$ 2,107,043	\$ 10,855,252	5175	112
August	\$ 30,461,538					
September	\$ 45,692,308					
October	\$ 30,461,538					
November	\$ 30,461,538					
December	\$ 30,461,538					



## DISCUSSION SHEET

### ITEM #D3

**Topic:** Board approval of Trustee education and travel

- a. Future Education and Business-related Travel
- b. Future Investment-related Travel

**Discussion:**

- a. Per the Education and Travel Policy and Procedure, planned Trustee education and business-related travel and education which does not involve travel requires Board approval prior to attendance.

Attached is a listing of requested future education and travel noting approval status.

- b. Per the Investment Policy Statement, planned Trustee travel related to investment monitoring, and in exceptional cases due diligence, requires Board approval prior to attendance.

There is no future investment-related travel for Trustees at this time.

*Regular Board Meeting – Thursday, September 10, 2020*

**Future Education and Business Related Travel & Webinars  
Regular Board Meeting – September 10, 2020**

ATTENDING APPROVED

**Conference:** NCPERS Fall Conference  
**Dates:** September 29-30, 2020  
**Location:** Virtual Event  
**Cost:** \$300



## DISCUSSION SHEET

### ITEM #D4

**Topic:** Financial Audit Status

**Discussion:** The Chief Financial Officer will provide a status update on the annual financial audit.

*Regular Board Meeting – Thursday, September 10, 2020*





## **DISCUSSION SHEET**

### **ITEM #D5**

**Topic:** **Peer Organizational & Expense Review**

**Discussion:** In December 2019, the Board directed the Executive Director to conduct a Peer Organizational and Expense review.

The Board will be briefed on the results of this review.

*Regular Board Meeting – Thursday, September 10, 2020*



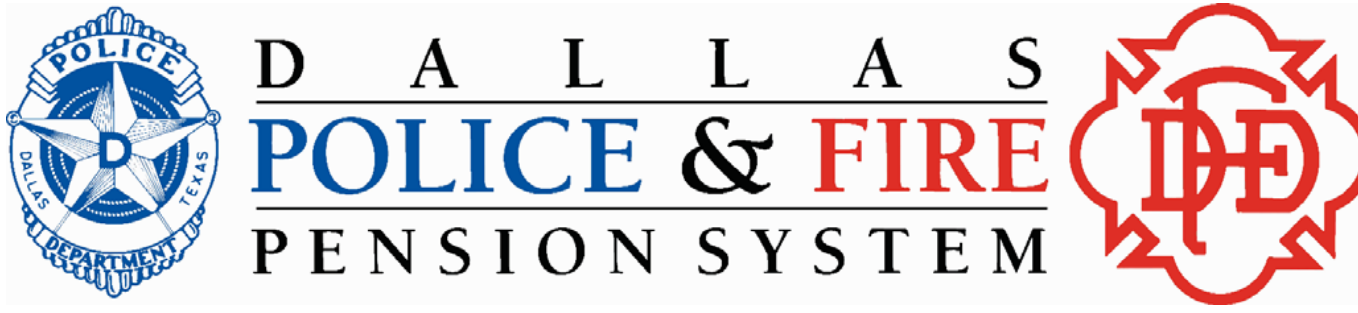
## DISCUSSION SHEET

### ITEM #D6

**Topic:** Portfolio Update

**Discussion:** Investment Staff will brief the Board on recent events and current developments with respect to the investment portfolio.

*Regular Board Meeting – Thursday, September 10, 2020*



# Portfolio Update

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September 10, 2020

# Asset Allocation

DPFP Asset Allocation	8/31/20		Target		Variance	
	\$ mil.	%	\$ mil.	%	\$ mil.	%
<b>Equity</b>	<b>919</b>	<b>45.4%</b>	<b>1,115</b>	<b>55.0%</b>	<b>-196</b>	<b>-9.6%</b>
Global Equity	574	28.3%	811	40.0%	-236	-11.7%
Emerging Markets	52	2.6%	203	10.0%	-151	-7.4%
Private Equity*	293	14.4%	101	5.0%	191	9.4%
<b>Fixed Income</b>	<b>579</b>	<b>28.6%</b>	<b>709</b>	<b>35.0%</b>	<b>-130</b>	<b>-6.4%</b>
Safety Reserve - Cash	59	2.9%	61	3.0%	-2	-0.1%
Safety Reserve - ST IG Bonds	216	10.6%	243	12.0%	-28	-1.4%
Investment Grade Bonds	61	3.0%	81	4.0%	-20	-1.0%
Global Bonds	68	3.4%	81	4.0%	-13	-0.6%
Bank Loans	80	3.9%	81	4.0%	-1	-0.1%
High Yield Bonds	70	3.4%	81	4.0%	-11	-0.6%
Emerging Mkt Debt	20	1.0%	81	4.0%	-61	-3.0%
Private Debt*	6	0.3%	0	0.0%	6	0.3%
<b>Real Assets*</b>	<b>528</b>	<b>26.1%</b>	<b>203</b>	<b>10.0%</b>	<b>326</b>	<b>16.1%</b>
Real Estate*	361	17.8%	101	5.0%	260	12.8%
Natural Resources*	123	6.1%	101	5.0%	22	1.1%
Infrastructure*	44	2.2%	0	0.0%	44	2.2%
<b>Total</b>	<b>2,027</b>	<b>100.0%</b>	<b>2,027</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>
Safety Reserve	275	13.6%	304	15.0%	-29	-1.4%
*Private Market Assets	827	40.8%	304	15.0%	523	25.8%

Source: JP Morgan Custodial Data, Staff Estimates and Calculations

data is preliminary

# Adjusted Asset Allocation

In this view staff **adjusts reported** private market values to roughly estimate the impact from lower oil prices and Covid-19.

DPFP Asset Allocation Using Stressed Private Market Values	8/31/20		Target		Variance	
	\$ mil.	%	\$ mil.	%	\$ mil.	%
<b>Equity</b>	<b>769</b>	<b>42.7%</b>	<b>989</b>	<b>55.0%</b>	<b>-221</b>	<b>-12.3%</b>
Global Equity	574	31.9%	720	40.0%	-145	-8.1%
Emerging Markets	52	2.9%	180	10.0%	-128	-7.1%
Private Equity*	142	7.9%	90	5.0%	52	2.9%
<b>Fixed Income</b>	<b>579</b>	<b>32.2%</b>	<b>630</b>	<b>35.0%</b>	<b>-50</b>	<b>-2.8%</b>
Safety Reserve - Cash	59	3.3%	54	3.0%	5	0.3%
Safety Reserve - ST IG Bonds	216	12.0%	216	12.0%	0	0.0%
Investment Grade Bonds	61	3.4%	72	4.0%	-11	-0.6%
Global Bonds	68	3.8%	72	4.0%	-4	-0.2%
Bank Loans	80	4.4%	72	4.0%	8	0.4%
High Yield Bonds	70	3.9%	72	4.0%	-2	-0.1%
Emerging Mkt Debt	20	1.1%	72	4.0%	-52	-2.9%
Private Debt*	6	0.3%	0	0.0%	6	0.3%
<b>Real Assets*</b>	<b>451</b>	<b>25.1%</b>	<b>180</b>	<b>10.0%</b>	<b>271</b>	<b>15.1%</b>
Real Estate*	289	16.1%	90	5.0%	199	11.1%
Natural Resources*	118	6.5%	90	5.0%	28	1.5%
Infrastructure*	44	2.4%	0	0.0%	44	2.4%
<b>Total</b>	<b>1,799</b>	<b>100.0%</b>	<b>1,799</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>
Safety Reserve	275	15.3%	270	15.0%	5	0.3%
*Private Mkt. Assets w/NAV Discount	599	33.3%	270	15.0%	329	18.3%

Source: JP Morgan Custodial Data, Staff Estimates and Calculations

data is preliminary



No significant changes to assumptions since 7/31/20. Overall private market NAV discount is 27.6% vs. 27.7% previously.

# Investment Initiatives

- Liquidation of private market assets remains the top focus. Significant delays expected due to COVID-19 market disruption.
- Staff continuing evaluation of and engagement with private equity funds.
- Rebalanced certain fixed income accounts to adjusted Fund NAV.
  - \$3.1 million from Brandywine Global Bonds
  - \$14.8 million from Loomis High Yield.
  - \$10.0 million from Pacific Asset Management Bank Loans (xfr on 9/2)
  - \$27.9 million to Cash
  - Safety Reserve at \$285 million (\$69M Cash, \$216M STB) as of 9/2/20
  - The Safety Reserve dollar target is \$270 million, representing 30 months of net cash outflow averaging ~ \$9 million per month.
- Made some progress on public equity structure evaluation
- Evaluating High Yield Bond guidelines
- Evaluating Global Bond allocation
- On-deck: IMA reviews

# 2020 Investment Review Calendar\*

January ✓	<ul style="list-style-type: none"> <li>Real Estate Reviews: Vista 7, King's Harbor, &amp; Museum Twr.</li> </ul>
March ✓	<ul style="list-style-type: none"> <li>Real Estate: Clarion Presentation</li> </ul>
April ✓	<ul style="list-style-type: none"> <li>Real Estate: AEW Presentation</li> </ul>
May ✓	<ul style="list-style-type: none"> <li>Timber: Staff Review of FIA &amp; BTG</li> <li>Real Estate: Staff Review of Hearthstone</li> </ul>
June ✓	<ul style="list-style-type: none"> <li>Natural Resources: Hancock Presentation</li> </ul>
July ✓	<ul style="list-style-type: none"> <li>Infrastructure: Staff review of AIRRO and JPM Maritime</li> </ul>
August ✓	<ul style="list-style-type: none"> <li>Staff review of Private Equity and Debt</li> </ul>
September	<ul style="list-style-type: none"> <li>Public Equity Manager Reviews</li> </ul>
October	<ul style="list-style-type: none"> <li>Fixed Income Manager Reviews</li> </ul>

\*Presentation schedule is subject to change.



## DISCUSSION SHEET

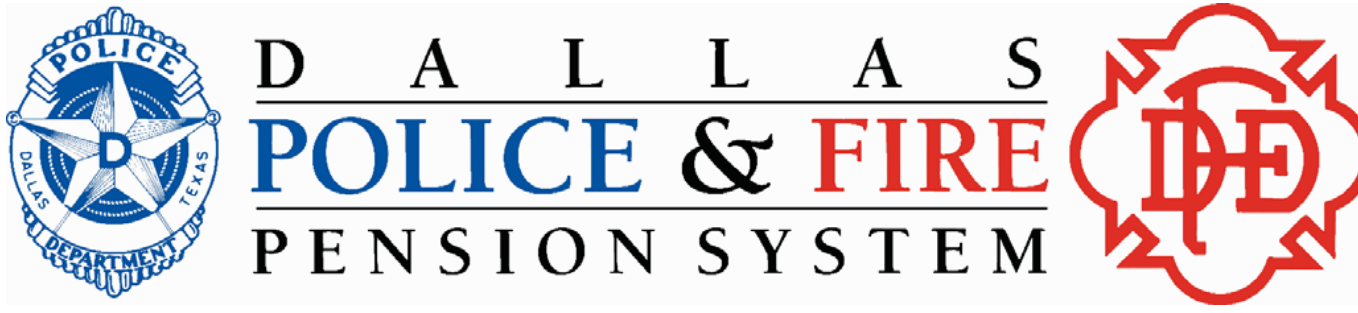
### ITEM #D7

**Topic:** Public Equity Portfolio Review

**Discussion:** Staff will provide an overview of DPFP public equity investments.

*Regular Board Meeting – Thursday, September 10, 2020*





# Public Equity Portfolio Review

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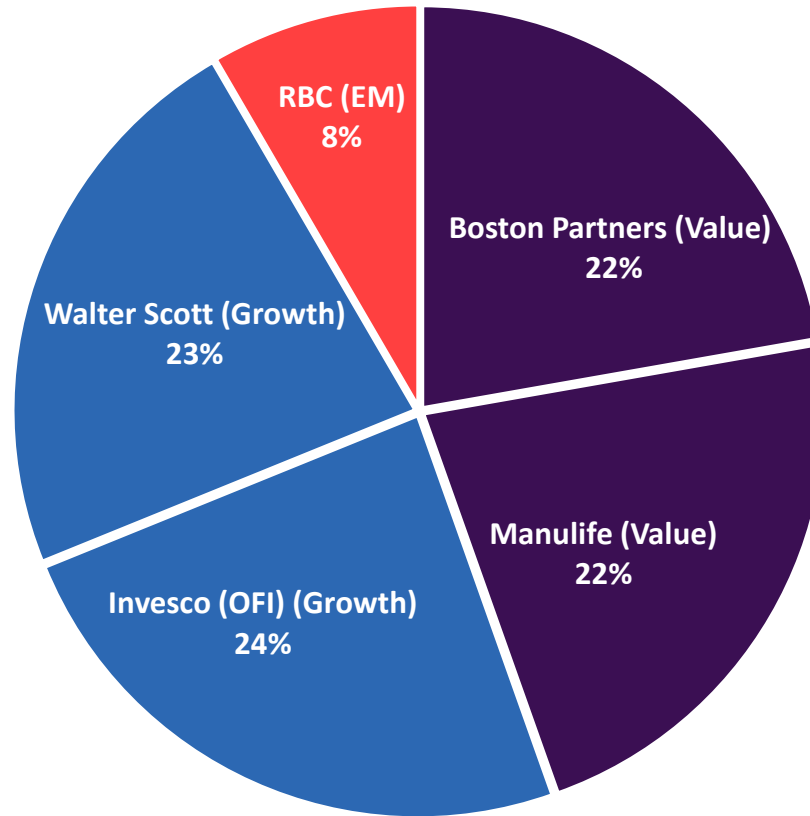
September 10, 2020

# Public Equity Structure Overview

- Four equal- weighted Global Equity managers
  - One dedicated EM equity manager

## Public Equity Composition

As of 06/30/2020



Global Equity re-balanced to equal-weight on 03-16-2020

# Portfolio Performance (net)

as of 6/30/20	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	SI 07/06
<b>Public Equity</b>	18.6%	-6.9%	0.7%	6.0%	6.9%	9.8%	6.1%
MSCI ACWI IMI Net	19.8%	-7.1%	1.2%	5.5%	6.1%	9.1%	5.7%
<i>Excess Return</i>	-1.2%	0.2%	-0.5%	0.5%	0.8%	0.7%	0.4%

as of 6/30/20	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	SI 07/06
<b>Global Equity</b>	18.8%	-7.3%	0.5%	6.2%	7.0%	9.9%	6.1%
MSCI ACWI IMI Net	19.8%	-7.1%	1.2%	5.5%	6.1%	9.1%	5.7%
<i>Excess Return</i>	-1.0%	-0.2%	-0.7%	0.7%	0.9%	0.8%	0.4%

- Current Global Equity structure implemented in July 2017
- Emerging Markets manager (RBC) implemented in January 2018
  - RBC is included in Public Equity, excluded from Global Equity

# Excess Return Correlations (net)

\*Dates: June 2016 - June 2020

	Public Equity	Boston Partners	Manulife	Invesco/OFI	Walter Scott	RBC
Public Equity	1.00	0.11	0.40	0.33	0.54	0.16
Boston Partners	0.11	1.00	0.29	-0.11	-0.38	-0.26
Manulife	0.40	0.29	1.00	-0.25	0.26	-0.11
Invesco/OFI	0.33	-0.11	-0.25	1.00	-0.05	-0.24
Walter Scott	0.54	-0.38	0.26	-0.05	1.00	0.18
RBC	0.16	-0.26	-0.11	-0.24	0.18	1.00

- All correlations are vs. MSCI ACWI IMI
- Average excess return correlation of just the four Global Equity managers is 0.11

# 3-Yr Risk Statistics

3 years ending 6/30/20	Beta	Tracking Error	Active Share <sup>^</sup>	Annualized Alpha	Up Mkt Capture	Down Mkt Capture
Public Equity	0.96	1.80%	79%	0.05%	98%	97%
Global Equity	0.98	1.76%	70%	0.06%	101%	98%
Boston Partners Global Equity	1.10	2.65%	89%	-8.60%	80%	111%
Manulife Global Equity	1.00	3.22%	85%	-1.90%	92%	98%
Invesco (fka OFI) Global Equity	1.10	4.71%	87%	2.30%	130%	107%
Walter Scott Global Equity	0.90	3.57%	87%	6.30%	111%	86%
RBC Emerging Markets Equity	0.90	3.86%**	76%	1.70%	93%	90%
*Active Share vs. MSCI ACWI IMI, except for RBC vs. MSCI EM IMI		*Based on composite data				

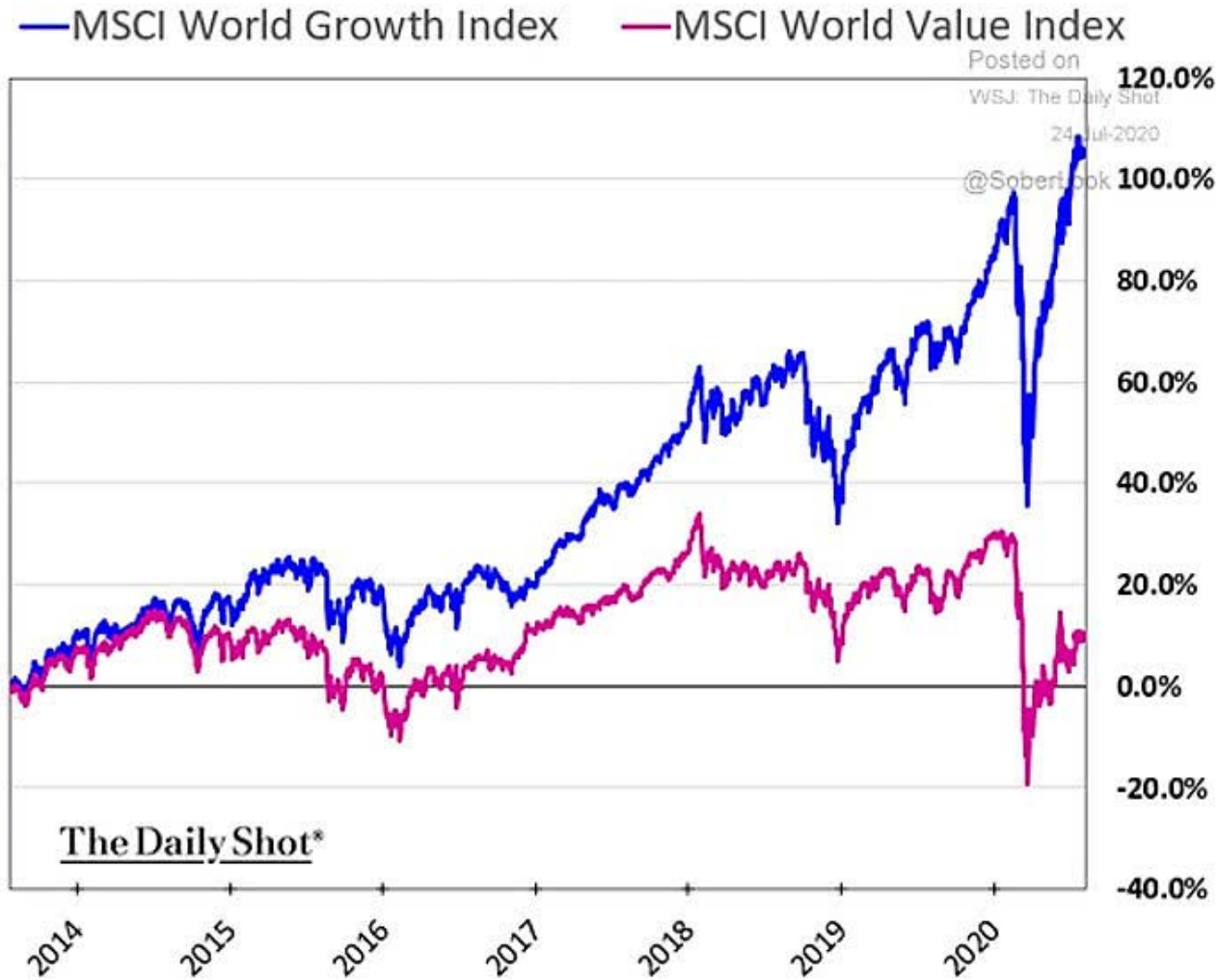
- Public Equity and Global Equity vs. MSCI ACWI IMI Net
  - Managers vs. respective manager benchmarks

# Portfolio Characteristics

as of 06/30/2020

	Boston Partners	Manulife	Invesco (OFI)	Walter Scott	MSCI ACWI	RBC EM	MSCI EM
Number of Holdings	113	56	66	52	2,988	49	1,385
Weighted Avg. Market Cap. (\$B)	52.3	291.4	160.4	181.3	234	106.2	130.7
Median Market Cap. (\$B)	24.5	44.7	38.1	65.2	9.1	13.7	5.4
Price To Earnings	13.5	18.8	33.3	28.2	19.6	20.3	15.6
Price To Book	1.9	3.1	4.7	5.7	3.5	3.1	2.9
Price To Sales	1	2.2	2.5	4.3	1.9	2.4	1.5
Return on Equity	12.9%	25.5%	15.4%	27.1%	19.1%	19.0%	15.6%
Yield	2.5%	2.4%	0.9%	1.5%	2.2%	2.0%	2.7%
Large Cap	65.3%	93.3%	82.0%	97.5%	81.0%	79.7%	77.4%
Mid Cap	18.1%	5.8%	12.1%	2.5%	15.4%	17.9%	17.5%
Small Cap	16.5%	0.9%	5.9%	0.0%	3.6%	2.4%	5.1%

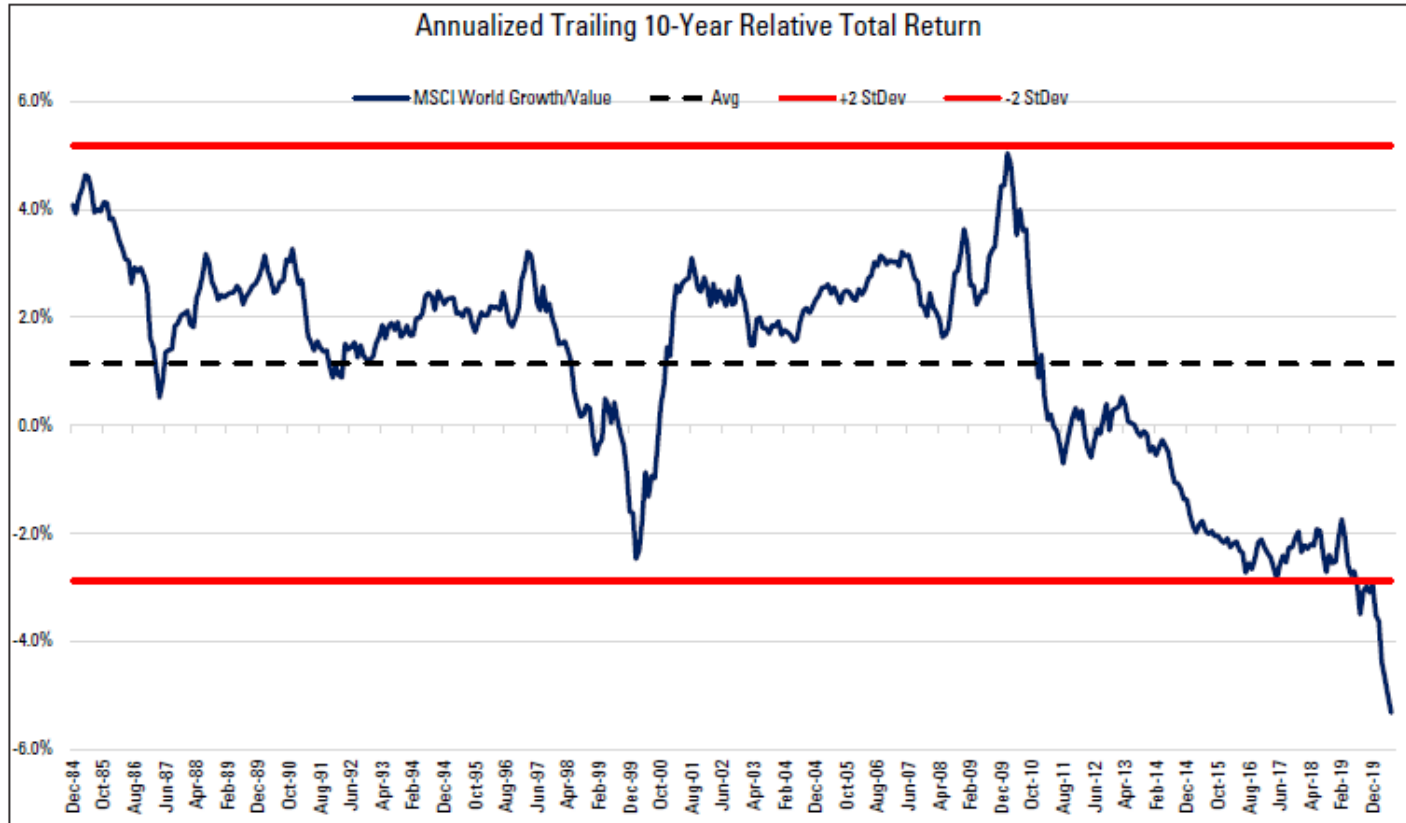
# Growth vs. Value



- Growth has outperformed Value dramatically over the past few years

# Growth vs. Value

December 1984 through June 2020



Data as of June 30, 2020.

Source: MSCI; Boston Partners.

Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

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- The relative performance of Growth vs. Value is well outside historical norms



# Boston Partners *Global Equity*



Market Value (06-30-2020):	\$126,549,595	Inception Date:	June 2017
Investment Structure:	Separate Account	Style:	Value

## Strategy/Portfolio Summary

- *Philosophy:* portfolios with three characteristics: low relative valuation, strong business fundamentals, and business momentum outperform over time
  - Highly flexible all-cap portfolio, diversified across market capitalization, region, and industry sector
  - Fundamental, bottom-up approach that analyzes stocks on relative valuation, strong balance sheet fundamentals, and positive fundamentals momentum
  - Provides exposure to more mid-cap and small-cap stocks
  - Top ten holdings typically represent about 20% of portfolio
  - 70-140 positions

## Process Summary

- Systematic, repeatable method of originating, researching, and selecting
- Quantitative screen on valuation, momentum, fundamentals followed by fundamental research
- Sell Discipline: appreciation to price target, weakening fundamentals, or reversal of momentum

# Boston Partners Performance (net)

as of 6/30/20	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	SI 7/17
Boston Partners	16.0%	-16.5%	-10.1%	-1.4%	--	--	-1.4%
MSCI World Net	19.4%	-5.8%	2.8%	6.7%	6.9%	10.0%	6.7%
MSCI World Value Net	12.6%	-17.8%	-11.3%	-0.8%	2.2%	6.9%	-0.1%
<i>Excess Return vs. Value</i>	<i>3.4%</i>	<i>1.3%</i>	<i>1.2%</i>	<i>-0.6%</i>	--	--	<i>-1.3%</i>
<i>Excess Return vs. World</i>	<i>-3.4%</i>	<i>-10.7%</i>	<i>-12.9%</i>	--	--	--	<i>-8.1%</i>

- Recent performance is driven largely by stock selection, particularly in Financials and Technology, with sector and country allocation having little impact. Insurance holdings were the primary detractors due to regulator pressure to reduce dividends and uncertainty around ultimate effects of COVID-19. Not holding Apple, Microsoft, Paypal and Amazon – which are too expensive to fit the value investment thesis – led to underperformance as well.
- Relative underperformance over the longer term is driven by value headwinds as growth has outperformed value for the last several years. Value has lagged growth by 24% YTD through June 2020 alone. However, Boston Partners has performed favorably against the MSCI Value index recently.
- Current positioning is overweight Europe and Emerging Markets and underweight North America. Added to pharmaceutical and health care services during the selloff earlier this year and is overweight Industrials and Materials while underweight Technology.

# Manulife Investment Management *Global Equity*



Market Value (06-30-2020):	\$127,161,102	Inception Date:	June 2017
Investment Structure:	Separate Account	Style	Value

## Strategy/Portfolio Summary

- *Philosophy:* long-term orientation and focus on fundamentals, quality, and valuation will drive risk-adjusted outperformance with downside market protection
  - Fundamental approach primarily in large cap companies
  - Investment focus on strong franchise, management team, balance sheet, valuation discount, declining capital intensity
  - Quality defined by high ROI, sustainable cash flow, reasonable leverage
  - Active ownership after investment (proxy voting, engagement on ESG concerns, ongoing monitoring and follow-up company meetings)
  - Concentrated portfolio of 40-80 names
  - Typically provides downside protection

## Process Summary

- Idea generation from informal ideas generated by research and formal screens
- Sell discipline - reaches fair value, deteriorating fundamentals, more attractive opportunity
- ESG risk analysis a part of investment risk management process

# Manulife Performance (net)

as of 6/30/20	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	SI 07/17
Manulife	16.8%	-9.9%	-2.1%	4.0%	--	--	4.0%
MSCI ACWI Net	19.2%	-6.3%	2.1%	6.1%	6.5%	9.2%	6.1%
<i>Excess Return</i>	-2.4%	-3.6%	-4.2%	--	--	--	-2.1%

- Manulife has some significant sector allocation variances (overweight Consumer Staples, Industrials, Materials while underweight Financials) vs. benchmark, which contributed almost equally as stock selection to the underperformance in Q2. Portfolio has a defensive stance arising from the quality orientation focused on companies that have low debt, high profitability, and lower multiples vs. index.
- YTD underperformance is also partially due to value positioning, as market has shown a strong preference for growth. The strategy's quality value focus protected capital during the market decline in early June but was offset by the market's growth rebound.
- The portfolio positioning is balanced in opportunities for long-term value creation and stability during short-term earnings weakness. Has used volatility to make valuation trades while selling positions that reached fair value estimates. Current positioning continues with large overweight to Consumer Staples and underweight to Financials. Recently reduced US exposure and continues to overweight European stocks.



## Invesco (formerly OFI) *Global Equity*

Market Value (06-30-2020):	\$138,244,225	Inception Date:	October 2007
Investment Structure:	Separate Account	Style:	Growth

### Strategy/Portfolio Summary

- *Philosophy:* growth is driven by long-term structural trends and macro-economic themes, buys should occur in a contrarian price-sensitive fashion, and being benchmark agnostic allows a focus on absolute return opportunities
  - Fundamental, bottom-up approach
  - Structural and long duration themes : Mass Affluence, New Technologies, Restructuring, Aging
  - Stock selection based on sustainable growth, improving fundamentals, barriers to entry, quality of management, product, technology, transparency, and pricing versus future growth
  - Typically invests in mid-cap and large-cap stocks.
  - 75-125 positions

### Process Summary

- Research driven by team, but portfolio manager has the final decision on portfolio inclusion
- Sell discipline – changes in market dynamic, restructuring completed, overvalued vs. prospects

# Invesco (formerly OFI) Performance (net)

as of 6/30/20	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	SI 10/07
Invesco (OFI)	25.3%	-0.6%	7.7%	9.3%	8.2%	11.6%	6.5%
MSCI ACWI Net	19.2%	-6.3%	2.1%	6.1%	6.5%	9.2%	4.1%
<i>Excess Return</i>	<i>6.1%</i>	<i>5.7%</i>	<i>5.6%</i>	<i>3.2%</i>	<i>1.7%</i>	<i>2.4%</i>	<i>2.4%</i>

- High beta manager with performance driven by stock selection over the long-term, despite sector allocation variations and considerable performance volatility in the short-term.
- Q2 outperformance was broad-based, with 8 of the 11 GICs sectors beating the ACWI benchmark index. Invesco holds the growth stocks, especially in Technology, that the market has favored during the rebound.
- Consumer Discretionary and Materials stock selection detracted modestly from performance, and Energy had no impact relative to the ACWI. Top contributors included PayPal, Alphabet, JD.com, Adobe. Detractors included holdings in European Financials, and a luxury goods holding.
- Positioning is a result of the bottom-up, long-term thematic investment process, and portfolio has very low turnover year-to-year. Positions are added with an eye towards the five-year growth forecast and holding period. Overweight primarily in Technology and Communication Services.



## Walter Scott *Global Equity*

Market Value (06-30-2020):	\$129,468,597	Inception Date	December 2009
Investment Structure:	Separate Account	Style:	Growth
<b>Strategy/Portfolio Summary</b>			
<ul style="list-style-type: none"> <li>• <i>Philosophy:</i> sustainable company wealth generation drives investor return                             <ul style="list-style-type: none"> <li>○ Fundamental financial analysis in seven areas: marketability, product/franchise, industry, management, competitive position, profitability, financial control</li> <li>○ Research to find companies capable of 20% wealth generation per annum</li> <li>○ High focus on quality with little balance sheet leverage</li> <li>○ No constraints on countries or market cap.</li> <li>○ Concentrated portfolio of 40-60 positions with low turnover</li> <li>○ Typically outperforms in flat or declining markets.</li> </ul> </li> </ul>			
<b>Process Summary</b>			
<ul style="list-style-type: none"> <li>• Investment buys must be unanimous investment team decision (19 members, including research team and investment executives)</li> <li>• Investment sells require only a single dissenter</li> <li>• Risk controls on single stock exposure limit of 10%</li> </ul>			

# Walter Scott Performance (net)

as of 6/30/20	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	SI 12/09
Walter Scott	17.0%	-2.7%	5.9%	11.8%	10.6%	11.2%	9.7%
MSCI ACWI Net	19.2%	-6.3%	2.1%	6.1%	6.5%	9.2%	7.8%
<i>Excess Return</i>	-2.2%	3.6%	3.8%	5.7%	4.1%	--	1.9%

- Walter Scott is a concentrated portfolio with high tracking error, that often outperforms in volatile and declining markets. Conversely, the quality focus contributes to the tendency to lag during sharply rising markets.
- YTD performance has been aided by market preference for growth, and holdings in Technology stock top contributors such as Microsoft and Adobe.
- Strong regional outperformance in Japan, Canada, and UK added to performance in Q2, while stock selection detracted in some of the more heavily allocated sectors such as Healthcare and Information Technology. However, the strategy outperformed in some of the under-allocated sectors such as Energy.
- Current positioning includes over-weights vs. benchmark in Information Technology, Health Care, and Industrials. Of note is a substantial under-weight in Financials.
- Manager continues to focus on long-term growth through evaluation of company operations, balance sheet strength, and earnings trajectories regardless of short-term market fluctuations.





Global Asset Management

## RBC EM Equity *Emerging Markets Equity*

Market Value (06-30-2020):	\$47,789,391	Inception Date:	October 2017
Investment Structure:	Commingled Fund – daily liquidity	Style:	Core EM Equity

### Strategy Summary

- *Philosophy: Companies with sustainably high cash flow return on investment (CFROI) produce superior returns.*
  - RBC focuses on quality and growth at a reasonable price
  - Quality focus defined by sustainable cash flow and ROIC
  - Top-down thematic research drives sector views
  - Goal is 60-80% of return from stock selection, 20%-40% from top down themes
  - ESG considerations a part of investment process
  - High conviction portfolio of 40-80 holdings

### Process Summary

- Sell discipline: investment case changes, valuation, a better stock is found
- Investment team rotates sector and geographic coverage every few years
- Portfolio manager makes final decision on investment inclusion

## RBC – Performance (net)

as of 6/30/20	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	SI 01/18
RBC EM Equity	17.0%	-10.1%	-6.1%	--	--	--	-2.0%
MSCI EM IMI Net	18.9%	-10.1%	-4.0%	1.3%	2.3%	3.1%	-4.2%
<i>Excess Return</i>	<i>-1.9%</i>	<i>0.0%</i>	<i>-2.1%</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>2.2%</i>

- RBC investment approach tends to drive relatively low volatility and Beta, historically providing some downside protection during declining markets.
- RBC tends to have large variances in sector allocation as a result of top-down thematic views (large overweights to Consumer Discretionary and Consumer Staples while underweight Communication Services), and this has been a bigger driver of Q2 performance than stock selection. YTD, sector allocation has offset underperformance in stock selection. Country allocations have not been substantial contributors to performance overall.
- Current positioning is notable for considerable underweight to China, but overweights to other Asia region countries such as Hong Kong and Taiwan. The portfolio has approximately double the allocation to India vs. the index, and no exposure to Russia which has contributed to YTD performance.
- Outlook is that long-term structural drivers to EM growth are intact despite the COVID-19 crisis in the near term.



## **DISCUSSION SHEET**

### **ITEM #D8**

**Topic:** **Second Quarter 2020 Investment Performance Analysis and First Quarter 2020 Private Markets & Real Assets Review**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.072 of the Texas Government Code.

**Attendees:** Leandro Festino, Managing Principal - Meketa Investment Group  
Aaron Lally, Principal - Meketa Investment Group  
Sidney Kawanguzi, Associate – Meketa Investment Group

**Discussion:** Meketa and Investment Staff will review investment performance

*Regular Board Meeting – Thursday, September 10, 2020*



# Dallas Police & Fire Pension System

June 30, 2020

Fund Evaluation Report



## Dallas Police & Fire Pension System

### Agenda

## Agenda

1. Executive Summary
2. Performance Update As of June 30, 2020
3. Disclaimer, Glossary and Notes

# **Executive Summary**

## **As of June 30, 2020**



## Dallas Police and Fire Pension System

### Executive Summary

#### DPFP 2Q20 Flash Summary

Category	Results	Notes
Total Fund Performance Return	Positive	+5.6%
Performance vs. Policy Index	Underperformed	+5.6% vs. +10.7%
Performance vs. Peers <sup>1</sup>	Underperformed	+5.6% vs. +10.5% median (99th percentile in peer group)
Asset Allocation vs. Targets	Negative	Underweight public equities and overweight Real Estate and Private Equity hurt
Safety Reserve Exposure	Sufficient	\$275 million (approximately 14%)
Active Management	Mixed	5/10 beat benchmarks
DPFP Public Markets vs. 60/40 <sup>2</sup>	Underperformed	+11.8% vs. +13.1%
DPFP Public Markets vs. Peers	Outperformed	+11.8% vs. +10.5% median (27th percentile in peer group)
Compliance with Targets	No	Below minimum in EM Equity

<sup>1</sup> InvestorForce Public DB \$1-5 billion net

<sup>2</sup> Performance of Total Fund excluding private market investments relative to a 60% MSCI ACWI IMI Net/40% Barclays Global Aggregate Index.



## Dallas Police and Fire Pension System

### Executive Summary

#### DPPF Trailing One-Year Flash Summary

Category	Results	Notes
Total Fund Performance Return	Positive	+4.7%
Performance vs. Policy Index	Outperformed	+4.7% vs. +1.9%
Performance vs. Peers <sup>1</sup>	Outperformed	+4.7% vs. +1.3% median (1st percentile in peer group)
Asset Allocation vs. Targets	Mixed	Overweight real estate helped, while overweight Infrastructure and Private Equity hurt
Active Management	Mixed	5/10 beat benchmarks
DPPF Public Markets vs. 60/40 <sup>2</sup>	Underperformed	+2.1% vs. +2.9%
DPPF Public Markets vs. Peers	Outperformed	+2.1% vs. +1.3% median (35th percentile in peer group)

<sup>1</sup> InvestorForce Public DB \$1-5 billion net.

<sup>2</sup> Performance of Total Fund excluding private market investments relative to a 60% MSCI ACWI IMI Net/40% Barclays Global Aggregate Index.





**Dallas Police and Fire Pension System**

**Executive Summary**

**DPFP Trailing Three-Year Flash Summary**

Category	Results	Notes
Total Fund Performance Return	Positive	+3.4%
Performance vs. Policy Index	Underperformed	+3.4% vs. +4.4%
Performance vs. Peers <sup>1</sup>	Underperformed	+3.4% vs. +4.8% median (93rd percentile in peer group)
Active Management	Hurt	Hurt in most asset classes, but favorable in global equity and short term core bonds
DPFP Public Markets vs. 60/40 <sup>2</sup>	Underperformed	+4.7% vs. +5.2%
DPFP Public Markets vs. Peers	Underperformed	+4.7% vs. +4.8% median (62nd percentile in peer group)

<sup>1</sup> InvestorForce Public DB \$1-5 billion net

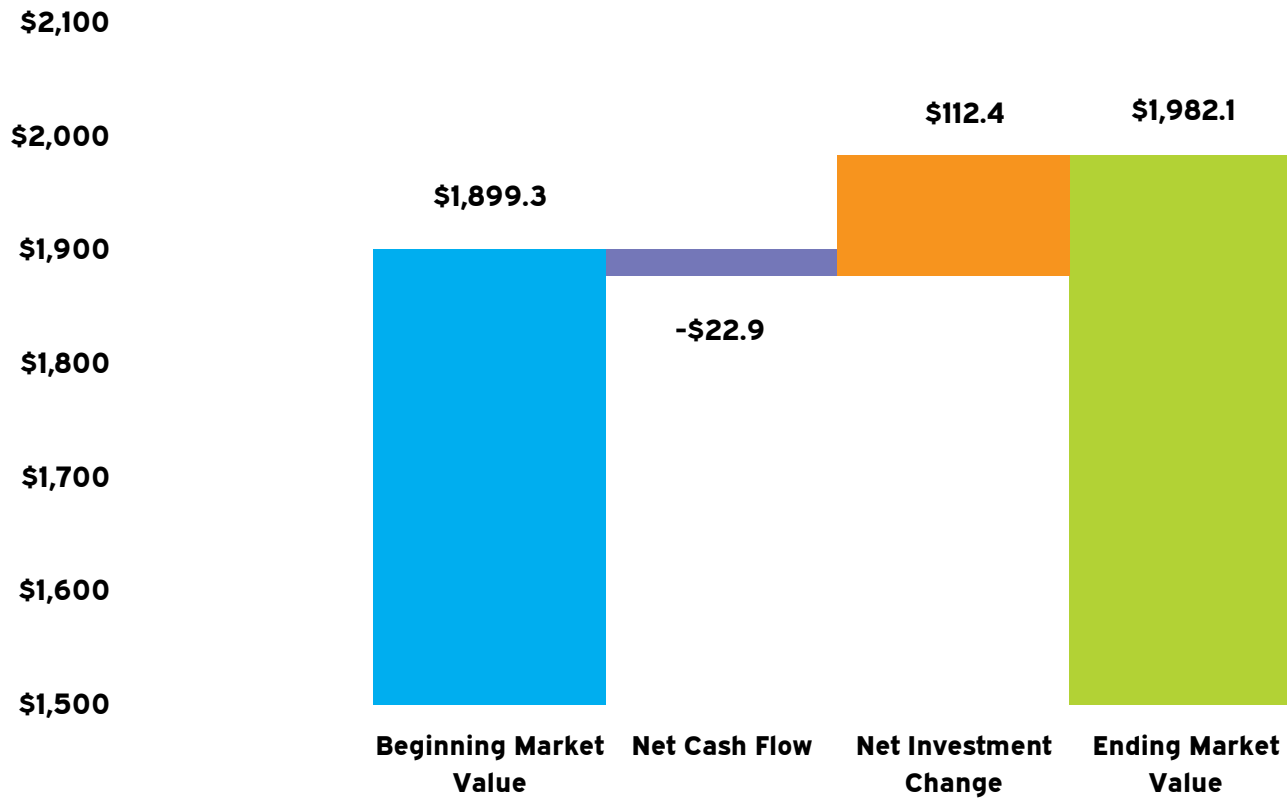
<sup>2</sup> Performance of Total Fund excluding private market investments relative to a 60% MSCI ACWI IMI Net/40% Barclays Global Aggregate Index.



Dallas Police and Fire Pension System

Executive Summary

Quarterly Change in Market Value

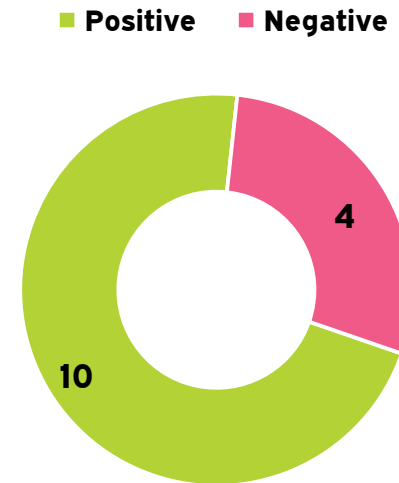
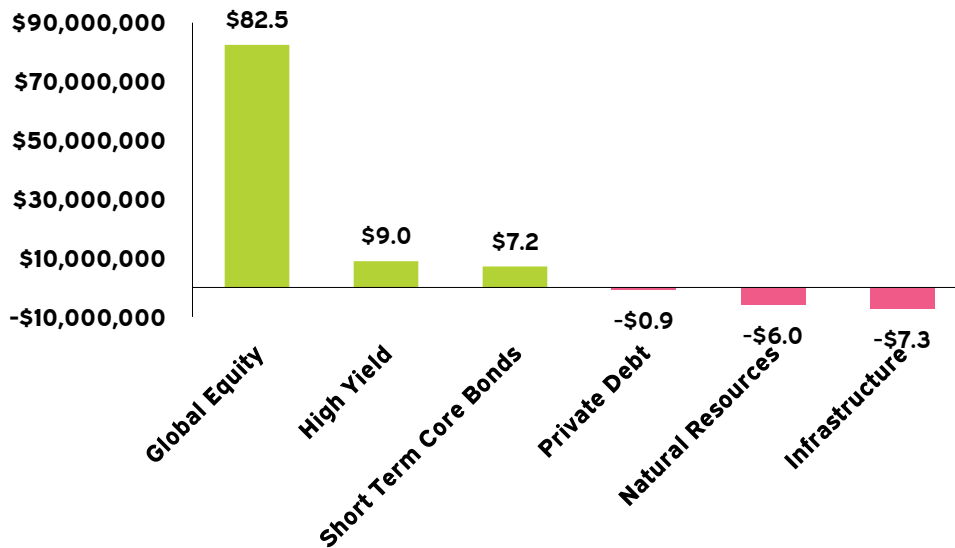


- Total market value increased due to positive investment performance.



Quarterly Absolute Performance

**Asset Classes Dollar Gain/ Loss<sup>1</sup>  
Top Three and Bottom Three**      **Asset Class Absolute Performance**



- Asset class performance was mostly positive during the quarter.
- In absolute terms, Global Equity appreciated the most, gaining approximately \$82.5 million in market value.
- Infrastructure depreciated the most, losing approximately \$7.3 million in value.

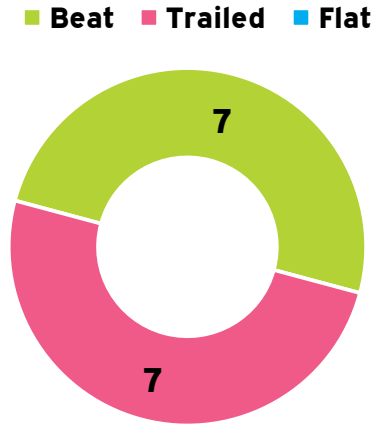
<sup>1</sup> Estimated Gain/ Loss calculated by multiplying beginning market value by quarterly performance.



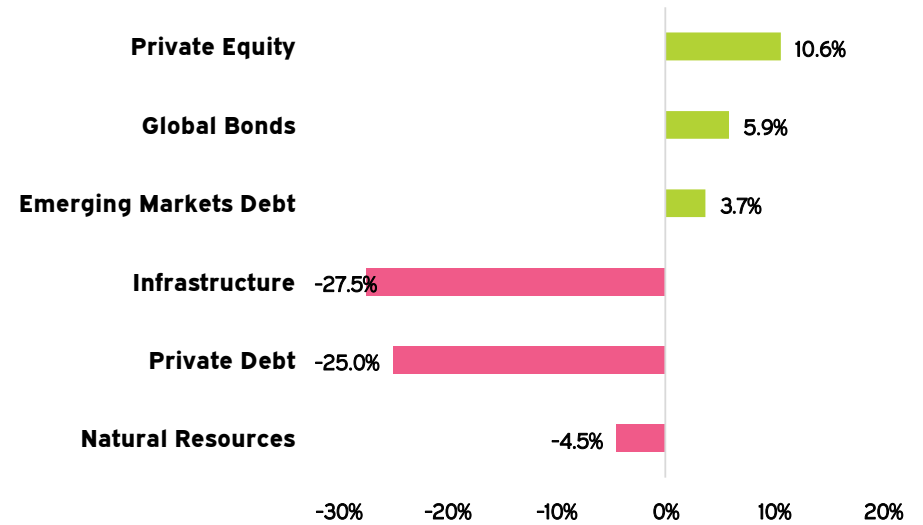
Quarterly Relative Performance

Asset Classes vs Benchmarks

Asset Classes vs Benchmarks



Asset Classes vs Benchmarks  
Top Three and Bottom Three

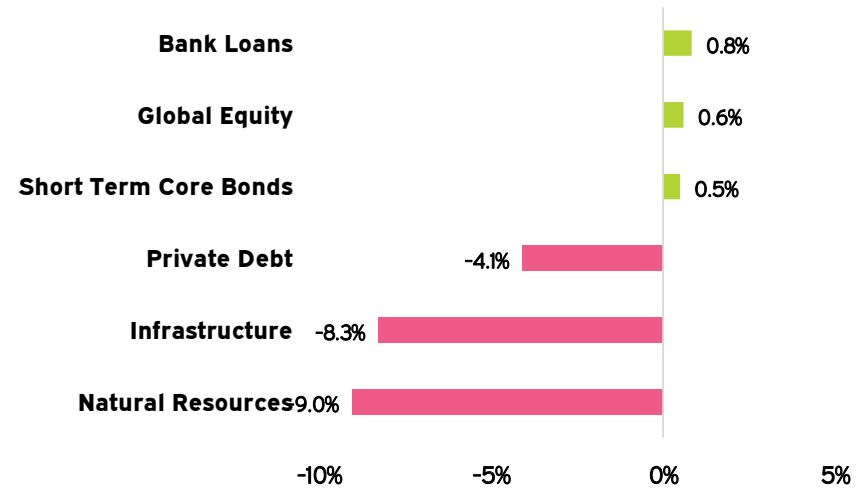
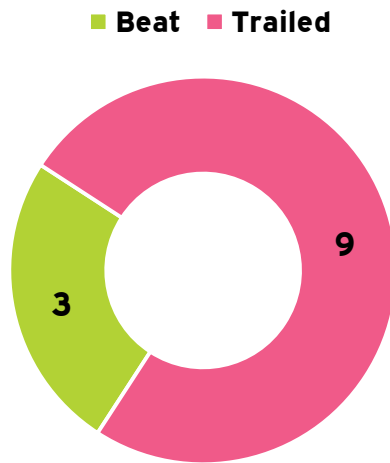


- Private Equity, Global Bonds and Emerging Markets Debt had the best relative performance for the quarter.
- Over the quarter, Infrastructure, Private Debt and Natural Resources had the worst relative performance.
- Seven of fourteen asset classes delivered positive relative performance versus respective benchmarks.



Trailing 3 Year Relative Performance

Asset Classes vs Benchmarks<sup>1</sup>      Asset Classes vs Benchmarks  
Top Three and Bottom Three



- 3 of the 12 asset classes with trailing three-year return history delivered positive relative performance versus respective benchmarks.
- Over the trailing three-year period, the best relative performance came from Bank Loans, Global Equity and Short Term Core Bonds.
- Private Debt, Infrastructure and Natural Resources had the worst relative performance over the trailing three-year period.

<sup>1</sup> Analysis excludes cash and asset classes with a performance history of less than three years.

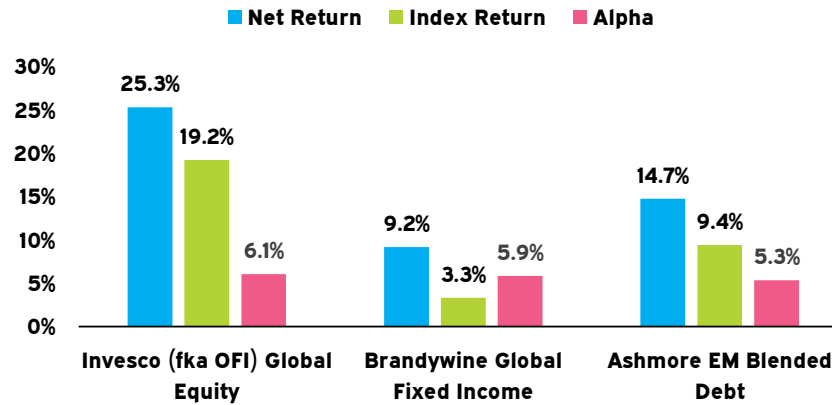


Dallas Police and Fire Pension System

Executive Summary

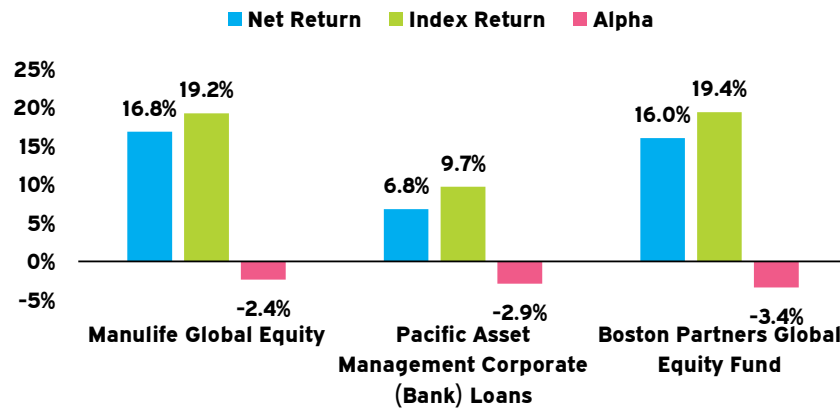
Public Manager Alpha

Top Three  
Outperformers in  
Quarter



\$225 million  
Combined exposure

Bottom Three  
Underperformers in  
Quarter



\$331 million  
Combined exposure



Dallas Police and Fire Pension System

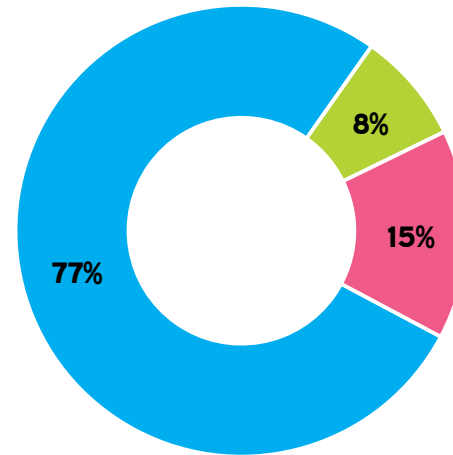
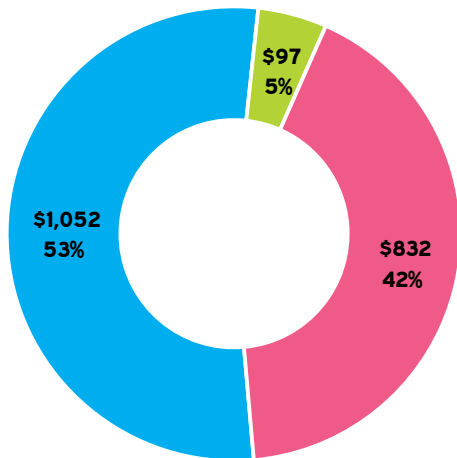
Executive Summary

Liquidity Exposure  
As of June 30, 2020

**Exposure (\$ mm)** **Targets**

■ Daily or Weekly ■ Monthly ■ Illiquid

■ Daily or Weekly ■ Monthly ■ Illiquid



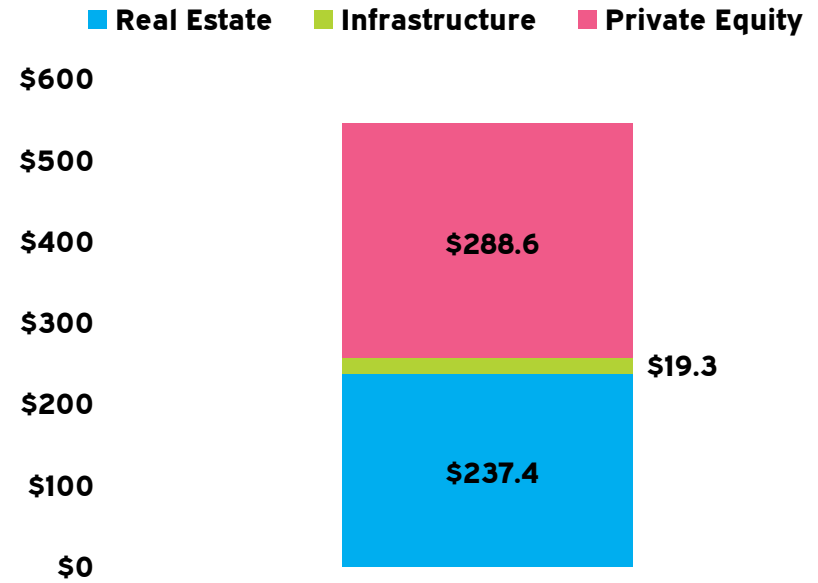
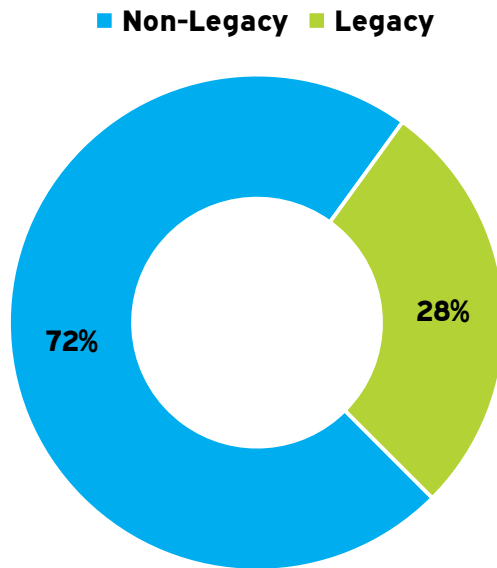
- Approximately 42% of the System’s assets are illiquid versus 15% of the target allocation.



## Dallas Police and Fire Pension System

### Executive Summary

#### Legacy Assets



**\$545 million**  
Net Asset Value of Legacy Assets



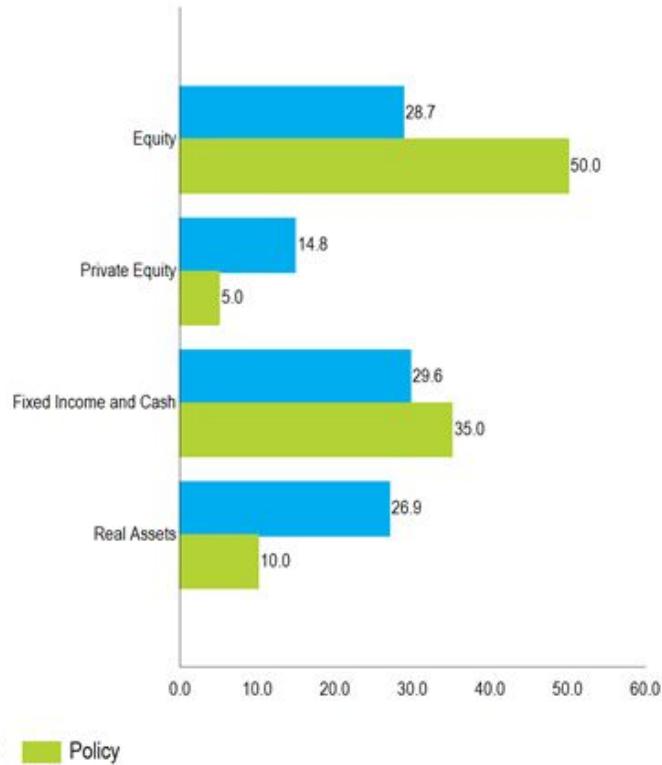
## **Performance Update As of June 30, 2020**



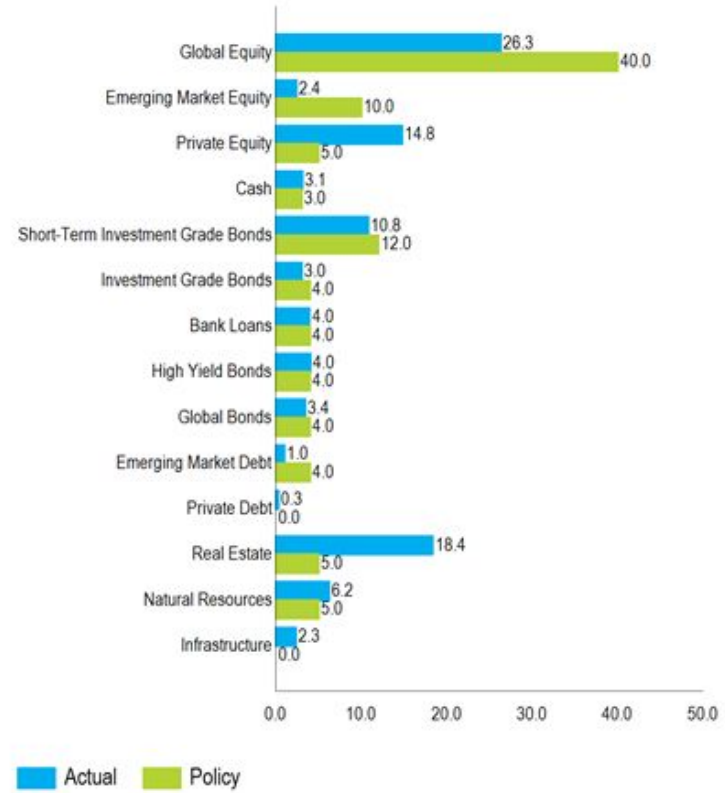
## Dallas Police & Fire Pension System

DPFP | As of June 30, 2020

**Asset Category  
Actual vs Target Allocation (%)  
As of June 30, 2020**



**Asset Classes Actual vs Target Allocation (%)  
As of June 30, 2020**





## Dallas Police & Fire Pension System

DPFP | As of June 30, 2020

Allocation vs. Targets and Policy					
	Current Balance	Current Allocation	Policy	Policy Range	Within IPS Range?
<b>Equity</b>	<b>\$569,212,909</b>	<b>29%</b>	<b>50%</b>		
Global Equity	\$521,423,518	26%	40%	22% - 48%	Yes
Emerging Market Equity	\$47,789,391	2%	10%	3% - 12%	No
Private Equity	\$292,716,007	15%	5%		
<b>Fixed Income and Cash</b>	<b>\$586,712,309</b>	<b>30%</b>	<b>35%</b>		
Cash	\$60,819,690	3%	3%	0% - 5%	Yes
Short-Term Investment Grade Bonds	\$214,383,954	11%	12%	5% - 15%	Yes
Investment Grade Bonds	\$60,228,068	3%	4%	2% - 6%	Yes
Global Bonds	\$68,030,229	3%	4%	2% - 6%	Yes
Bonds Bank Loans	\$78,370,114	4%	4%	2% - 6%	Yes
High Yield Bonds	\$79,823,449	4%	4%	2% - 6%	Yes
Emerging Market Debt	\$19,058,913	1%	4%	0% - 6%	Yes
Private Debt	\$5,997,892	0%	0%		
<b>Real Assets</b>	<b>\$533,496,830</b>	<b>27%</b>	<b>10%</b>		
Real Estate	\$363,865,826	18%	5%		
Natural Resources	\$123,564,163	6%	5%		
Infrastructure	\$46,066,841	2%	0%		
<b>Total</b>	<b>\$1,982,138,054</b>	<b>100%</b>	<b>100%</b>		

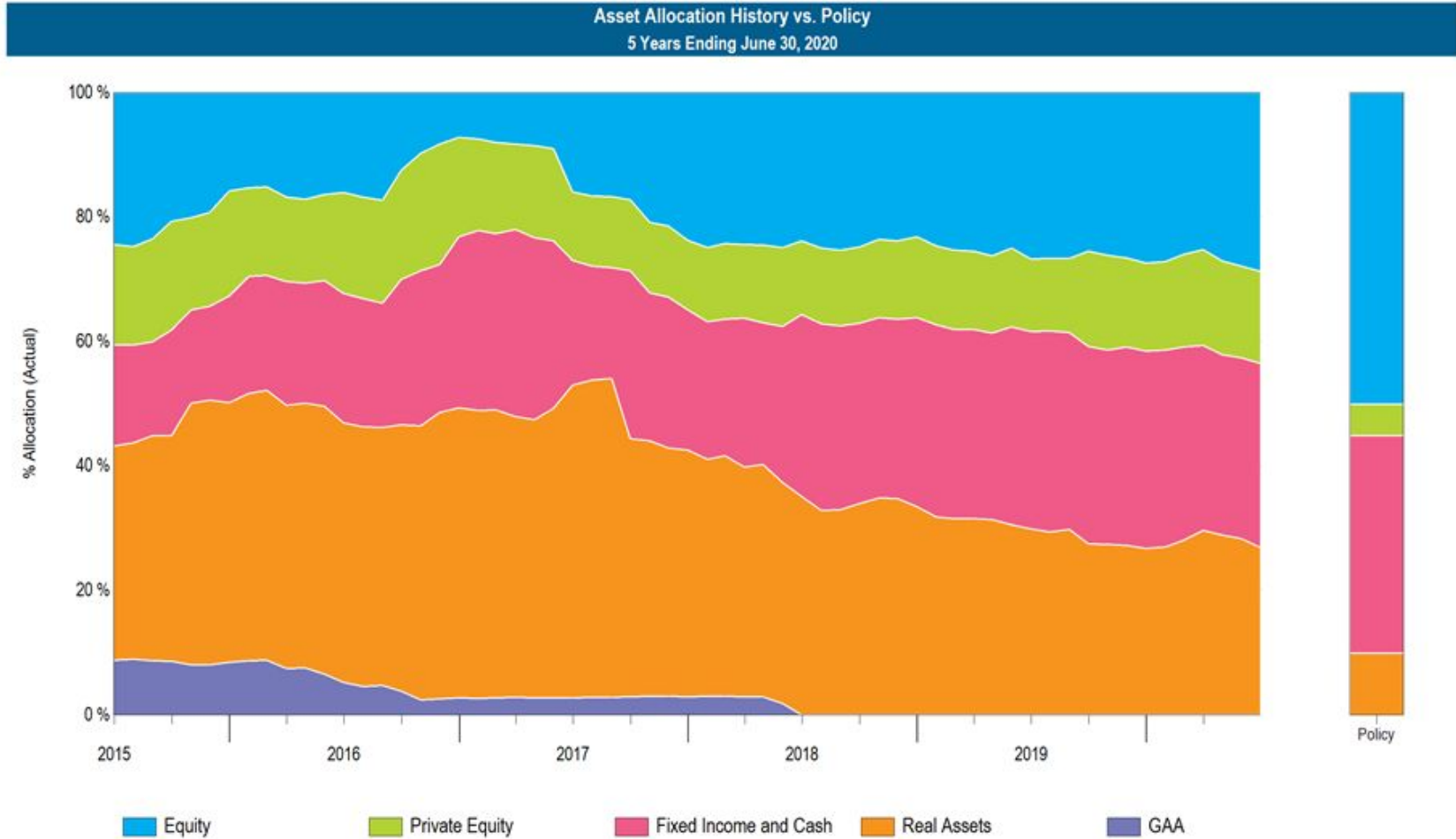
As of 6/30/2020 the Safety Reserve exposure was approximately \$275.2 million (14%).

Rebalancing ranges are not established for illiquid assets (Private Equity, Private Debt, Natural Resources, Infrastructure and Real Estate)



### Dallas Police & Fire Pension System

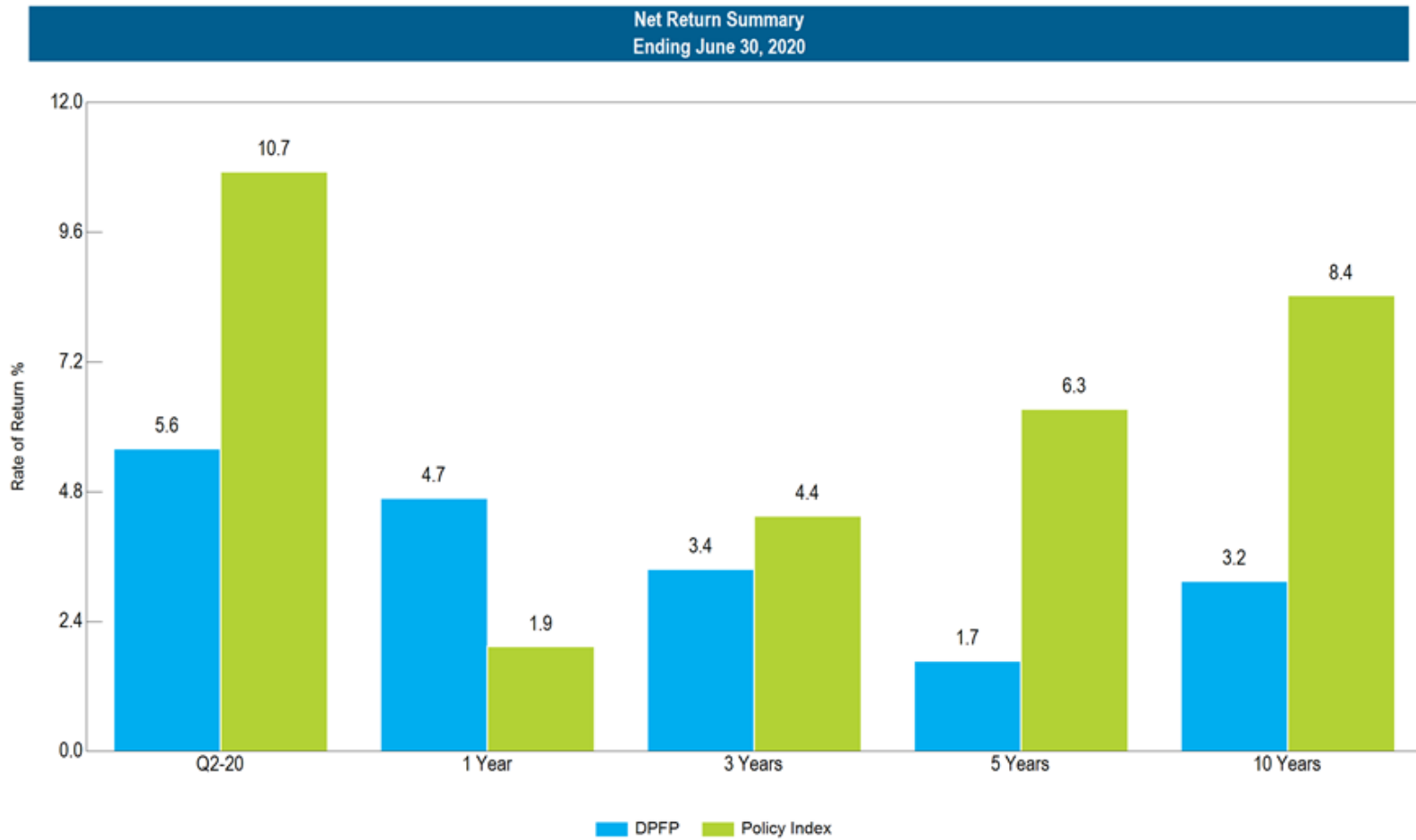
DPPF | As of June 30, 2020





## Dallas Police & Fire Pension System

DPFP | As of June 30, 2020

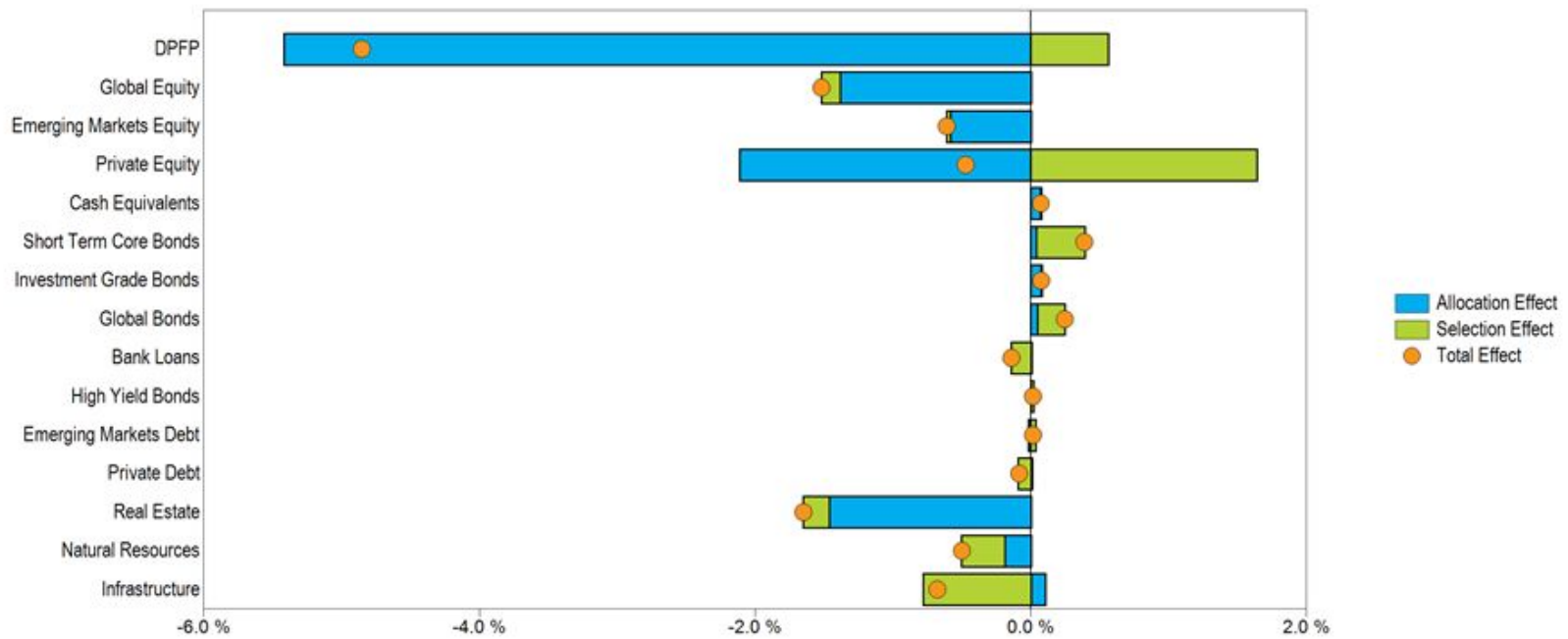




Dallas Police & Fire Pension System

DPFP | As of June 30, 2020

**Attribution Effects vs. Policy Benchmark  
3 Months Ending June 30, 2020**



Attribution Summary 3 Months Ending June 30, 2020						
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
<b>Total</b>	<b>5.6%</b>	<b>10.5%</b>	<b>-4.9%</b>	<b>0.6%</b>	<b>-5.4%</b>	<b>-4.9%</b>

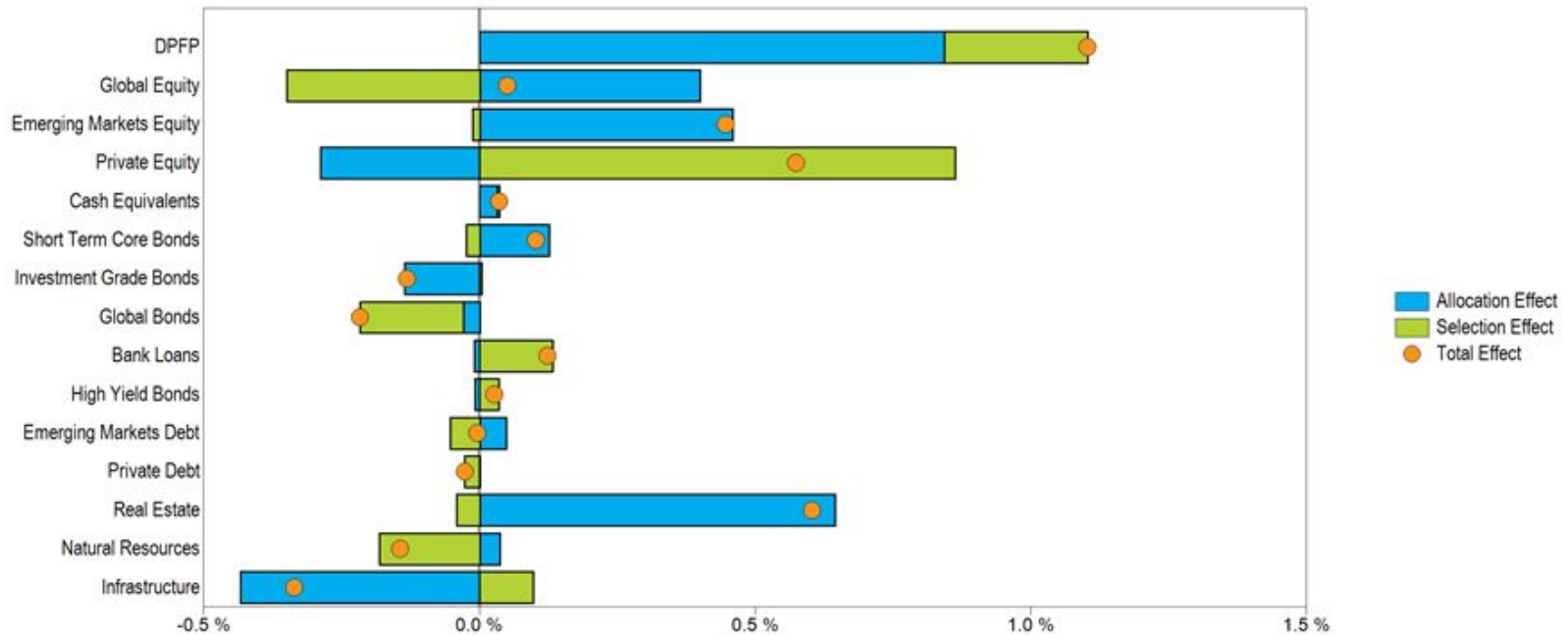
The performance calculation methodology in attribution tables is different from the standard time weighted returns (geometric linkage of monthly returns) found throughout the rest of the report. In attribution tables, the average weight of each asset class (over the specified time period) is multiplied by the time period performance of that asset class and summed. Values may not sum due to rounding.



Dallas Police & Fire Pension System

DPFP | As of June 30, 2020

Attribution Effects vs. Policy Benchmark  
Year to Date Ending June 30, 2020



Attribution Summary Year to Date Ending June 30, 2020						
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
<b>Total</b>	<b>-1.7%</b>	<b>-2.8%</b>	<b>1.1%</b>	<b>0.3%</b>	<b>0.8%</b>	<b>1.1%</b>

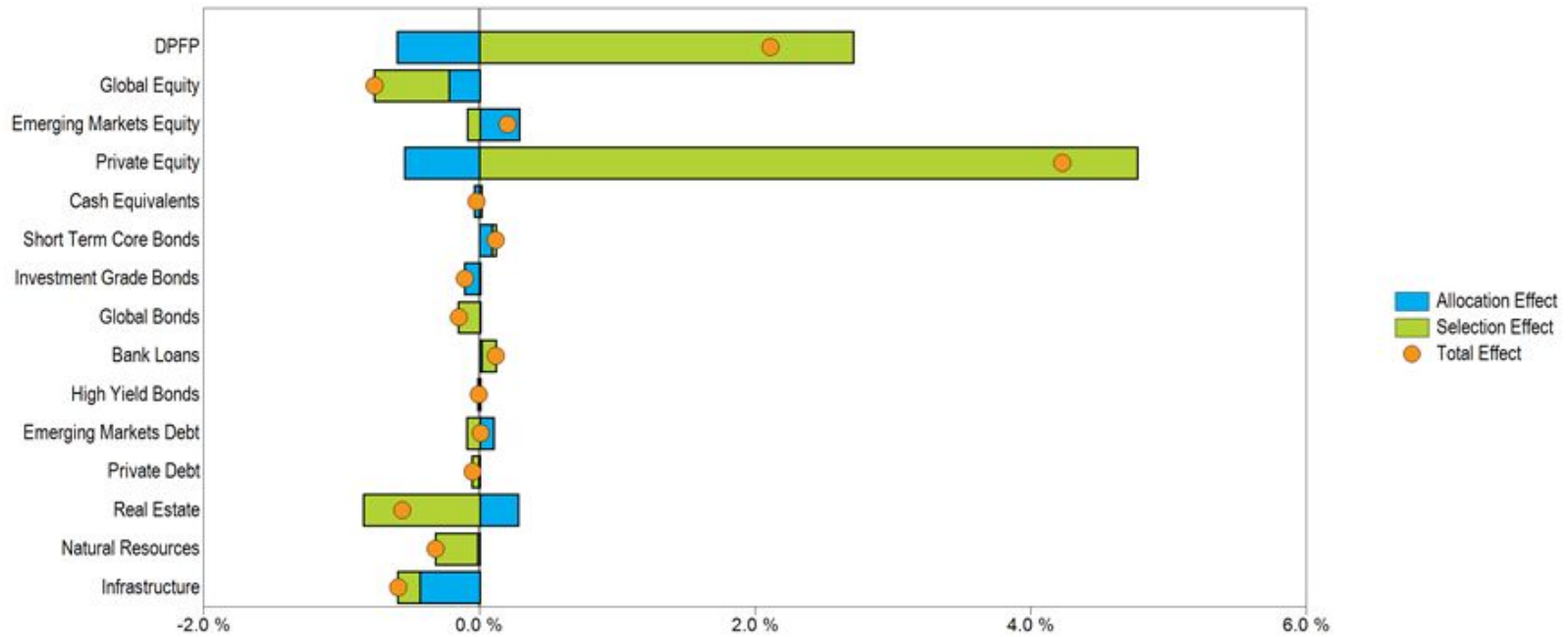
The performance calculation methodology in attribution tables is different from the standard time weighted returns (geometric linkage of monthly returns) found throughout the rest of the report. In attribution tables, the average weight of each asset class (over the specified time period) is multiplied by the time period performance of that asset class and summed. Values may not sum due to rounding.



Dallas Police & Fire Pension System

DPFP | As of June 30, 2020

Attribution Effects vs. Policy Benchmark  
1 Year Ending June 30, 2020



Attribution Summary 1 Year Ending June 30, 2020						
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
<b>Total</b>	<b>4.7%</b>	<b>2.6%</b>	<b>2.1%</b>	<b>2.7%</b>	<b>-0.6%</b>	<b>2.1%</b>

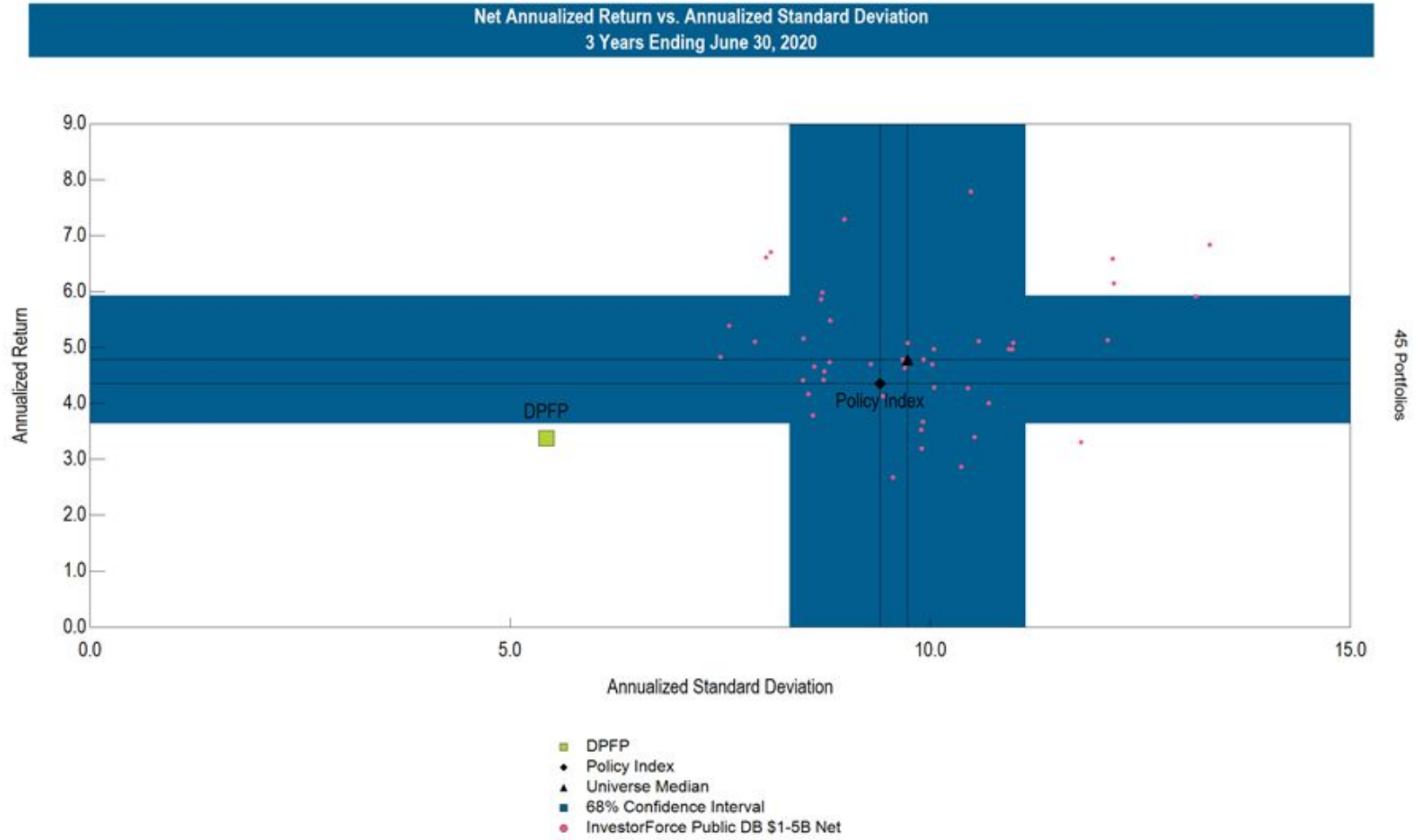
The performance calculation methodology in attribution tables is different from the standard time weighted returns (geometric linkage of monthly returns) found throughout the rest of the report. In attribution tables, the average weight of each asset class (over the specified time period) is multiplied by the time period performance of that asset class and summed. Values may not sum due to rounding.





# Dallas Police & Fire Pension System

DPFP | As of June 30, 2020

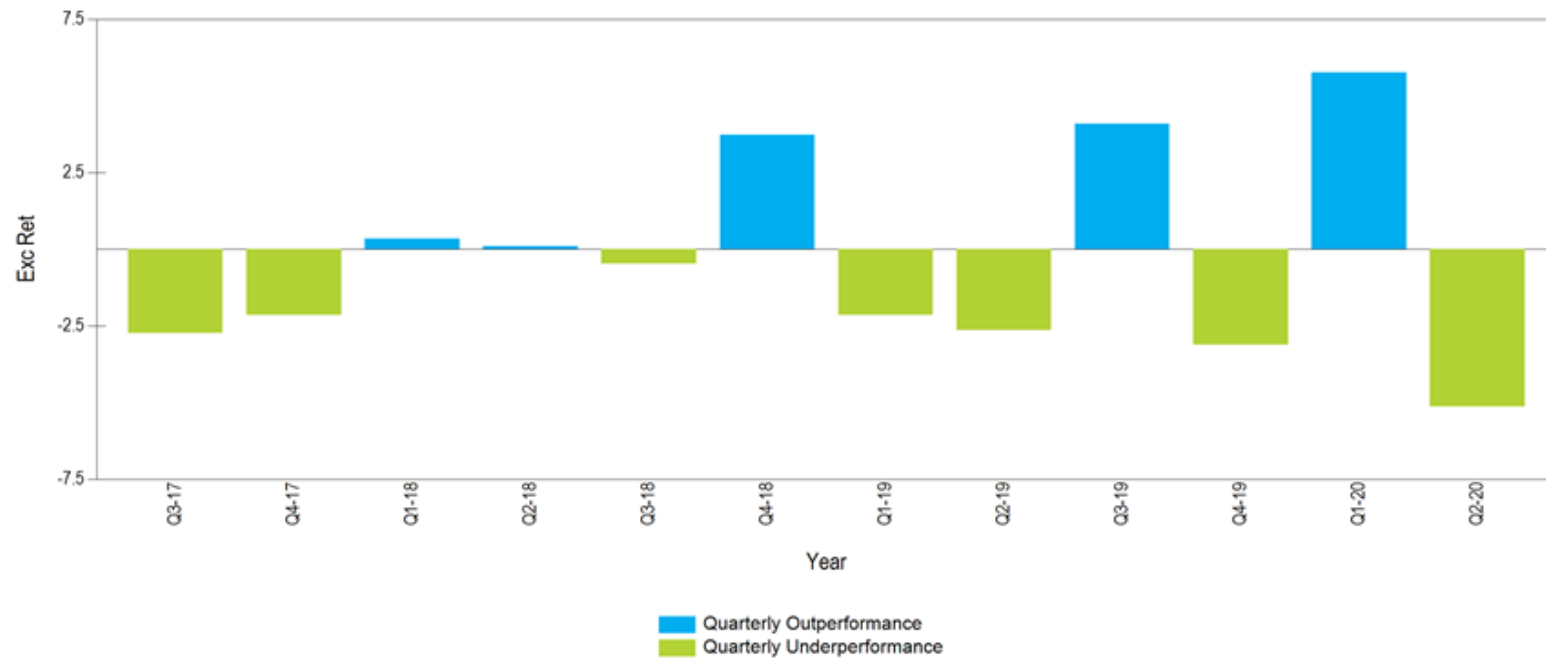




### Dallas Police & Fire Pension System

DPFP | As of June 30, 2020

Quarterly Excess Performance vs. Policy Benchmark





Dallas Police & Fire Pension System

DPFP | As of June 30, 2020

Total Fund Correlation Matrix  
1 Year Ending June 30, 2020

	DPFP	Policy Index	60% MSCI ACWI/40% Barclays Global Agg
DPFP	1.00	-	-
Policy Index	0.85	1.00	-
60% MSCI ACWI/40% Barclays Global Agg	0.82	0.99	1.00

Total Fund Correlation Matrix  
3 Years Ending June 30, 2020

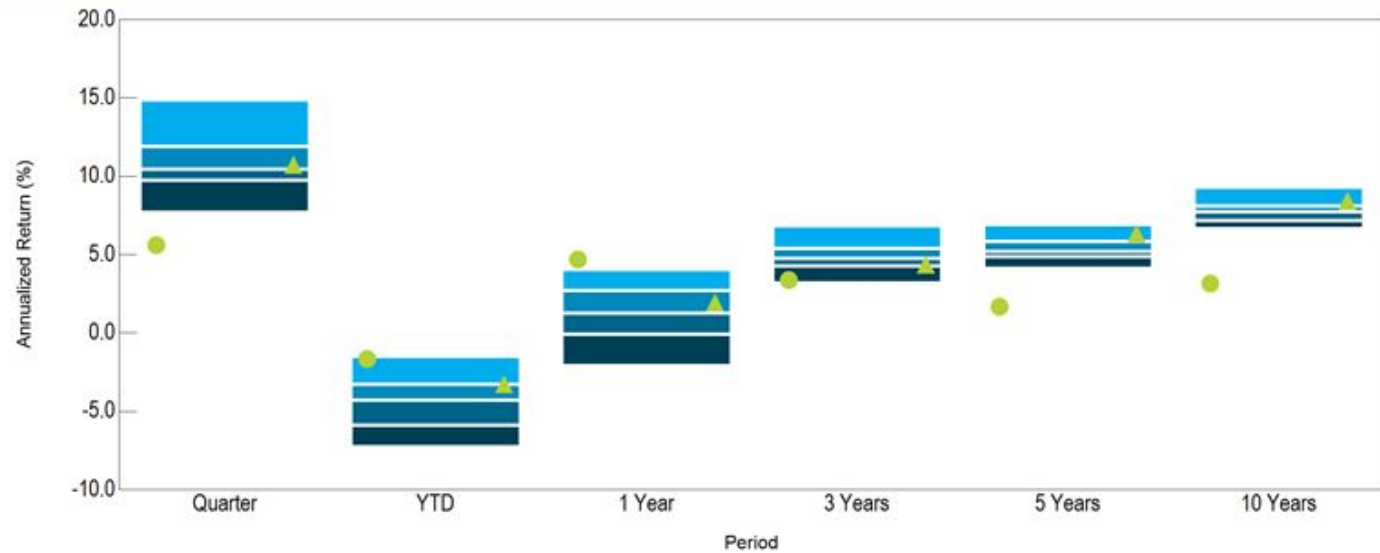
	DPFP	Policy Index	60% MSCI ACWI/40% Barclays Global Agg
DPFP	1.00	-	-
Policy Index	0.86	1.00	-
60% MSCI ACWI/40% Barclays Global Agg	0.84	0.99	1.00



## Dallas Police & Fire Pension System

DPFP | As of June 30, 2020

**Total Plan vs. InvestorForce Public DB \$1-5B Net Accounts**  
Ending June 30, 2020



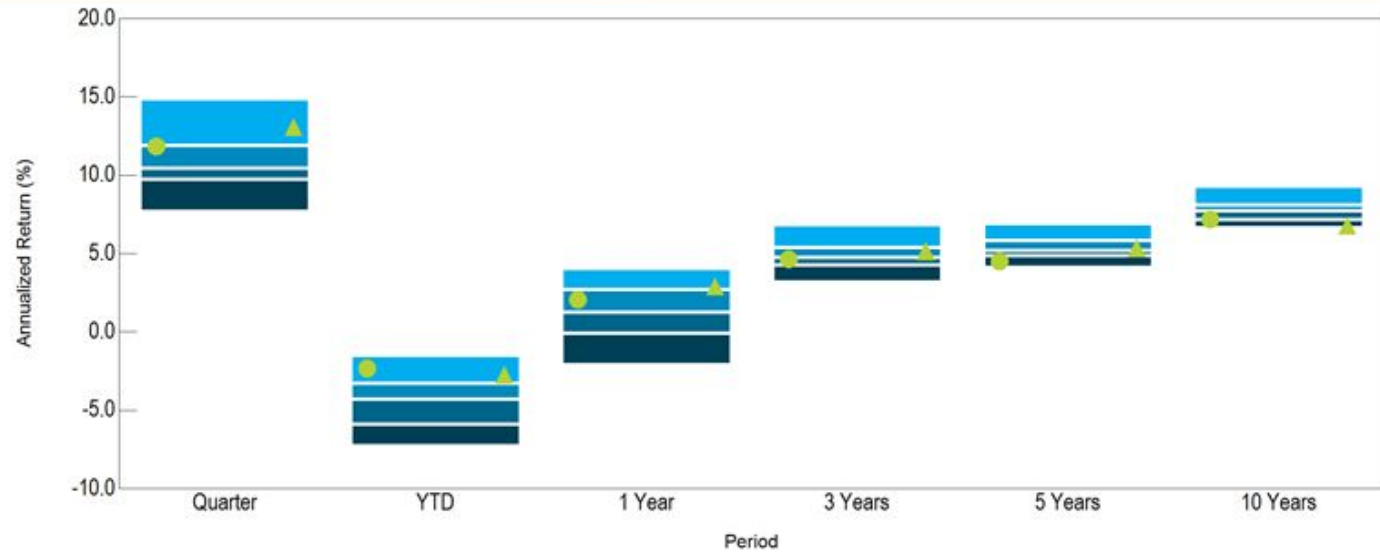
	Return (Rank)											
5th Percentile	14.9		-1.5		4.0		6.8		6.9		9.3	
25th Percentile	11.9		-3.3		2.7		5.4		5.9		8.1	
Median	10.5		-4.3		1.3		4.8		5.2		7.7	
75th Percentile	9.7		-5.9		-0.1		4.3		4.9		7.2	
95th Percentile	7.7		-7.2		-2.1		3.2		4.1		6.7	
# of Portfolios	45		45		45		45		45		40	
● DPFP	5.6	(99)	-1.7	(10)	4.7	(1)	3.4	(92)	1.7	(99)	3.2	(99)
▲ Policy Index	10.7	(41)	-3.3	(26)	1.9	(36)	4.4	(72)	6.3	(15)	8.4	(19)



## Dallas Police & Fire Pension System

DPFP | As of June 30, 2020

**Total Plan ex Privates vs. InvestorForce Public DB \$1-5B Net Accounts**  
As of June 30, 2020



	Return (Rank)		Quarter		YTD		1 Year		3 Years		5 Years		10 Years	
5th Percentile	14.9		-1.5		4.0		6.8		6.9		9.3			
25th Percentile	11.9		-3.3		2.7		5.4		5.9		8.1			
Median	10.5		-4.3		1.3		4.8		5.2		7.7			
75th Percentile	9.7		-5.9		-0.1		4.3		4.9		7.2			
95th Percentile	7.7		-7.2		-2.1		3.2		4.1		6.7			
# of Portfolios	45		45		45		45		45		40			
● Total Fund ex Privates	11.8	(27)	-2.3	(15)	2.1	(35)	4.6	(64)	4.5	(91)	7.2	(76)		
▲ 60% MSCI ACWI IMI Net/40% Barclays Global	13.1	(15)	-2.7	(18)	2.9	(23)	5.2	(28)	5.3	(46)	6.8	(93)		



## Dallas Police &amp; Fire Pension System

DPFP | As of June 30, 2020

Asset Class Performance Summary (Net)										
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>DPFP</b>	<b>1,982,138,054</b>	<b>100.0</b>	<b>5.6</b>	<b>-1.7</b>	<b>4.7</b>	<b>3.4</b>	<b>1.7</b>	<b>3.2</b>	<b>5.7</b>	<b>Jun-96</b>
<i>Policy Index</i>			10.7	-3.3	1.9	4.4	6.3	8.4	--	Jun-96
<i>Allocation Index</i>			5.0	-2.3	1.9	4.6	6.2	7.7	7.0	Jun-96
<i>Total Fund Ex Private Markets</i>			11.8	-2.3	2.1	4.6	4.5	7.2	5.4	Jun-96
<i>60% MSCI ACWI IMI Net/40% Barclays Global Aggregate Index</i>			13.1	-2.7	2.9	5.2	5.3	6.8	5.9	Jun-96
<b>Global Equity</b>	<b>521,423,518</b>	<b>26.3</b>	<b>18.8</b>	<b>-7.3</b>	<b>0.5</b>	<b>6.2</b>	<b>7.0</b>	<b>9.9</b>	<b>6.1</b>	<b>Jul-06</b>
<i>MSCI ACWI IMI Net USD</i>			19.8	-7.1	1.2	5.5	6.1	9.1	5.7	Jul-06
<b>Emerging Markets Equity</b>	<b>47,789,391</b>	<b>2.4</b>	<b>17.0</b>	<b>-10.1</b>	<b>-6.1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-2.0</b>	<b>Jan-18</b>
<i>MSCI Emerging Market IMI Net</i>			18.9	-10.1	-4.0	1.3	2.3	3.1	-4.2	Jan-18
<b>Private Equity</b>	<b>292,716,007</b>	<b>14.8</b>	<b>0.5</b>	<b>0.3</b>	<b>35.1</b>	<b>7.4</b>	<b>-2.4</b>	<b>-1.2</b>	<b>0.8</b>	<b>Oct-05</b>
<i>Cambridge Associates US All PE (1 Qtr Lag)</i>			-10.1	-6.6	-2.1	8.6	9.1	12.1	11.7	Oct-05
<b>Cash Equivalents</b>	<b>60,819,690</b>	<b>3.1</b>	<b>0.1</b>	<b>0.5</b>	<b>1.7</b>	<b>1.8</b>	<b>1.5</b>	<b>--</b>	<b>1.5</b>	<b>Apr-15</b>
<i>91 Day T-Bills</i>			0.0	0.4	1.3	1.7	1.1	0.6	1.1	Apr-15
<b>Short Term Core Bonds</b>	<b>214,383,954</b>	<b>10.8</b>	<b>3.1</b>	<b>3.3</b>	<b>4.7</b>	<b>3.2</b>	<b>--</b>	<b>--</b>	<b>3.2</b>	<b>Jun-17</b>
<i>BBgBarc US Treasury 1-3 Yr TR</i>			0.2	3.0	4.1	2.7	1.9	1.3	2.7	Jun-17
<b>Investment Grade Bonds</b>	<b>60,228,068</b>	<b>3.0</b>	<b>3.0</b>	<b>6.4</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>6.4</b>	<b>Oct-19</b>
<i>BBgBarc US Aggregate TR</i>			2.9	6.1	8.7	5.3	4.3	3.8	6.3	Oct-19
<b>Global Bonds</b>	<b>68,030,229</b>	<b>3.4</b>	<b>9.2</b>	<b>-2.4</b>	<b>-0.1</b>	<b>1.7</b>	<b>2.7</b>	<b>--</b>	<b>2.6</b>	<b>Dec-10</b>
<i>BBgBarc Global Aggregate TR</i>			3.3	3.0	4.2	3.8	3.6	2.8	2.3	Dec-10
<b>Bank Loans</b>	<b>78,370,114</b>	<b>4.0</b>	<b>6.2</b>	<b>-1.4</b>	<b>0.4</b>	<b>3.0</b>	<b>3.4</b>	<b>--</b>	<b>3.6</b>	<b>Jan-14</b>
<i>Credit Suisse Leveraged Loan</i>			9.7	-4.8	-2.3	2.1	2.9	--	3.0	Jan-14
<b>High Yield Bonds</b>	<b>79,823,449</b>	<b>4.0</b>	<b>12.6</b>	<b>-3.8</b>	<b>-1.7</b>	<b>1.0</b>	<b>3.4</b>	<b>--</b>	<b>5.3</b>	<b>Dec-10</b>
<i>BBgBarc Global High Yield TR</i>			12.2	-4.7	-2.0	2.2	4.4	6.4	5.6	Dec-10
<b>Emerging Markets Debt</b>	<b>19,058,913</b>	<b>1.0</b>	<b>14.7</b>	<b>-10.0</b>	<b>-9.7</b>	<b>-0.7</b>	<b>2.8</b>	<b>--</b>	<b>2.4</b>	<b>Dec-10</b>
<i>50% JPM EMBI/50% JPM GBI-EM</i>			11.0	-4.8	-1.1	2.4	3.9	--	3.1	Dec-10
<b>Private Debt</b>	<b>5,997,892</b>	<b>0.3</b>	<b>-12.3</b>	<b>-12.4</b>	<b>-11.6</b>	<b>0.2</b>	<b>--</b>	<b>--</b>	<b>-4.5</b>	<b>Jan-16</b>
<i>Barclays Global High Yield +2%</i>			12.7	-3.7	0.0	4.3	6.5	--	8.1	Jan-16

<sup>1</sup> AEW Funds 12/31/2019 valuation used, Huff Alternative Fund 12/31/2019 valuation used and Lone Star Funds 9/30/2019 valuation used.



Dallas Police & Fire Pension System

DPFP | As of June 30, 2020

Asset Class Performance Summary (Net)										
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>Real Estate</b>	<b>363,865,826</b>	<b>18.4</b>	<b>-0.2</b>	<b>2.0</b>	<b>1.0</b>	<b>3.2</b>	<b>-1.3</b>	<b>-3.1</b>	<b>3.7</b>	<b>Mar-85</b>
<i>NCREIF Property (1-quarter lagged)</i>			0.7	2.3	5.3	6.4	7.6	10.2	8.0	Mar-85
<b>Natural Resources</b>	<b>123,564,163</b>	<b>6.2</b>	<b>-4.6</b>	<b>-0.9</b>	<b>-1.1</b>	<b>-3.3</b>	<b>-1.0</b>	<b>--</b>	<b>3.4</b>	<b>Dec-10</b>
<i>NCREIF Farmland Total Return Index 1Q Lag</i>			-0.1	2.2	4.0	5.7	6.6	10.9	11.3	Dec-10
<b>Infrastructure</b>	<b>46,066,841</b>	<b>2.3</b>	<b>-13.6</b>	<b>-15.6</b>	<b>-17.7</b>	<b>-9.2</b>	<b>3.8</b>	<b>--</b>	<b>3.5</b>	<b>Jul-12</b>
<i>S&amp;P Global Infrastructure TR USD</i>			13.9	-19.4	-14.8	-0.9	2.6	6.9	5.6	Jul-12

<sup>1</sup> Please see the Appendix for composition of the Custom Benchmarks. <sup>2</sup> As of 6/30/2020, the Safety Reserve exposure was approximately \$275.2 million (14%). <sup>3</sup> All private market data is one quarter lagged, unless otherwise noted. <sup>4</sup> AEW Funds 12/31/2019 valuation used, Huff Alternative Fund 12/31/2019 valuation used and Lone Star Funds 9/30/2019 valuation used.



## Dallas Police &amp; Fire Pension System

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Trailing Net Performance											
	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>DPFP</b>	<b>1,982,138,054</b>	<b>100.0</b>	<b>--</b>	<b>5.6</b>	<b>-1.7</b>	<b>4.7</b>	<b>3.4</b>	<b>1.7</b>	<b>3.2</b>	<b>5.7</b>	<b>Jun-96</b>
<i>Policy Index</i>				10.7	-3.3	1.9	4.4	6.3	8.4	--	Jun-96
<i>Allocation Index</i>				5.0	-2.3	1.9	4.6	6.2	7.7	7.0	Jun-96
<i>Total Fund Ex Private Markets</i>				11.8	-2.3	2.1	4.6	4.5	7.2	5.4	Jun-96
<i>60% MSCI ACWI IMI Net/40% Barclays Global Aggregate Index</i>				13.1	-2.7	2.9	5.2	5.3	6.8	5.9	Jun-96
<i>InvestorForce Public DB \$1-5B Net Rank</i>				99	10	1	92	99	99	83	Jun-96
<b>Total Equity</b>	<b>861,928,916</b>	<b>43.5</b>	<b>43.5</b>	<b>11.8</b>	<b>-4.3</b>	<b>11.3</b>	<b>6.6</b>	<b>0.8</b>	<b>--</b>	<b>4.8</b>	<b>Dec-10</b>
<i>MSCI ACWI IMI Net USD</i>				19.8	-7.1	1.2	5.5	6.1	9.1	7.0	Dec-10
<b>Public Equity</b>	<b>569,212,909</b>	<b>28.7</b>	<b>66.0</b>	<b>18.6</b>	<b>-6.9</b>	<b>0.7</b>	<b>6.0</b>	<b>6.9</b>	<b>9.8</b>	<b>6.1</b>	<b>Jul-06</b>
<i>MSCI ACWI IMI Net USD</i>				19.8	-7.1	1.2	5.5	6.1	9.1	5.7	Jul-06
<i>eV All Global Equity Net Rank</i>				54	51	51	45	37	39	38	Jul-06
<b>Global Equity</b>	<b>521,423,518</b>	<b>26.3</b>	<b>91.6</b>	<b>18.8</b>	<b>-7.3</b>	<b>0.5</b>	<b>6.2</b>	<b>7.0</b>	<b>9.9</b>	<b>6.1</b>	<b>Jul-06</b>
<i>MSCI ACWI IMI Net USD</i>				19.8	-7.1	1.2	5.5	6.1	9.1	5.7	Jul-06
<i>eV All Global Equity Net Rank</i>				54	53	52	43	36	38	38	Jul-06
<i>Boston Partners Global Equity Fund</i>	126,549,595	6.4	24.3	16.0	-16.5	-10.1	-1.4	--	--	-1.4	Jul-17
<i>MSCI World Net</i>				19.4	-5.8	2.8	6.7	6.9	10.0	6.7	Jul-17
<i>eV Global Large Cap Value Eq Net Rank</i>				47	48	56	70	--	--	70	Jul-17
<i>Manulife Global Equity Strategy</i>	127,161,102	6.4	24.4	16.8	-9.9	-2.1	4.0	--	--	4.0	Jul-17
<i>MSCI ACWI Net</i>				19.2	-6.3	2.1	6.1	6.5	9.2	6.1	Jul-17
<i>eV Global Large Cap Value Eq Net Rank</i>				37	10	9	11	--	--	11	Jul-17

<sup>1</sup>60% MSCI ACWI IMI Net/40% Barclays Global Aggregate Index composed of 60% MSCI ACWI (Net)/ 40% Barclays Global Aggregate in periods before 2/1/1997.





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	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
Invesco (fka OFI) Global Equity	138,244,225	7.0	26.5	25.3	-0.6	7.7	9.3	8.2	11.6	6.5	Oct-07
<i>MSCI ACWI Net</i>				19.2	-6.3	2.1	6.1	6.5	9.2	4.1	Oct-07
<i>eV Global Large Cap Growth Eq Net Rank</i>				36	75	83	93	89	67	54	Oct-07
Walter Scott Global Equity Fund	129,468,597	6.5	24.8	17.0	-2.7	5.9	11.8	10.6	11.2	9.7	Dec-09
<i>MSCI ACWI Net</i>				19.2	-6.3	2.1	6.1	6.5	9.2	7.8	Dec-09
<i>eV Global Large Cap Growth Eq Net Rank</i>				99	91	91	77	68	80	86	Dec-09
<b>Emerging Markets Equity</b>	<b>47,789,391</b>	<b>2.4</b>	<b>8.4</b>	<b>17.0</b>	<b>-10.1</b>	<b>-6.1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-2.0</b>	<b>Jan-18</b>
<i>MSCI Emerging Market IMI Net</i>				18.9	-10.1	-4.0	1.3	2.3	3.1	-4.2	Jan-18
<i>eV Emg Mkts Equity Net Rank</i>				79	51	63	--	--	--	25	Jan-18
RBC Emerging Markets Equity	47,789,391	2.4	100.0	17.0	-10.1	-6.1	--	--	--	-2.0	Jan-18
<i>MSCI Emerging Market IMI Net</i>				18.9	-10.1	-4.0	1.3	2.3	3.1	-4.2	Jan-18
<i>eV Emg Mkts Equity Net Rank</i>				79	51	63	--	--	--	25	Jan-18
<b>Private Equity</b>	<b>292,716,007</b>	<b>14.8</b>	<b>34.0</b>	<b>0.5</b>	<b>0.3</b>	<b>35.1</b>	<b>7.4</b>	<b>-2.4</b>	<b>-1.2</b>	<b>0.8</b>	<b>Oct-05</b>
<i>Cambridge Associates US All PE (1 Qtr Lag)</i>				-10.1	-6.6	-2.1	8.6	9.1	12.1	11.7	Oct-05
<b>Total Fixed Income and Cash</b>	<b>586,712,309</b>	<b>29.6</b>	<b>29.6</b>	<b>5.2</b>	<b>0.4</b>	<b>1.9</b>	<b>2.8</b>	<b>2.6</b>	<b>5.3</b>	<b>5.1</b>	<b>Jul-06</b>
<i>BBgBarc Multiverse TR</i>				3.7	2.5	3.8	3.7	3.6	3.0	3.9	Jul-06
<i>eV All Global Fixed Inc Net Rank</i>				78	50	60	63	80	24	39	Jul-06
<b>Cash Equivalents</b>	<b>60,819,690</b>	<b>3.1</b>	<b>10.4</b>	<b>0.1</b>	<b>0.5</b>	<b>1.7</b>	<b>1.8</b>	<b>1.5</b>	<b>--</b>	<b>1.5</b>	<b>Apr-15</b>
<i>91 Day T-Bills</i>				0.0	0.4	1.3	1.7	1.1	0.6	1.1	Apr-15

<sup>1</sup> All Private Equity market values are one quarter lagged unless otherwise noted.

<sup>2</sup> AEW Funds 12/31/2019 valuation used, Huff Alternative Fund 12/31/2019 valuation used and Lone Star Funds 9/30/2019 valuation used.



## Dallas Police &amp; Fire Pension System

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	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>Public Fixed Income</b>	<b>519,894,727</b>	<b>26.2</b>	<b>88.6</b>	<b>6.1</b>	<b>0.7</b>	<b>2.3</b>	<b>3.0</b>	<b>4.2</b>	<b>--</b>	<b>5.0</b>	<b>Dec-10</b>
BBgBarc Multiverse TR				3.7	2.5	3.8	3.7	3.6	3.0	2.5	Dec-10
eV All Global Fixed Inc Net Rank				70	47	55	59	34	--	24	Dec-10
<b>Short Term Core Bonds</b>	<b>214,383,954</b>	<b>10.8</b>	<b>41.2</b>	<b>3.1</b>	<b>3.3</b>	<b>4.7</b>	<b>3.2</b>	<b>--</b>	<b>--</b>	<b>3.2</b>	<b>Jun-17</b>
BBgBarc US Treasury 1-3 Yr TR				0.2	3.0	4.1	2.7	1.9	1.3	2.7	Jun-17
IR&M 1-3 Year Strategy	214,383,954	10.8	100.0	3.1	3.3	4.7	3.2	--	--	3.2	Jul-17
BBgBarc US Govt/Credit 1-3 Yr. TR				1.2	2.9	4.2	2.9	2.1	1.6	2.9	Jul-17
eV US Short Duration Fixed Inc Net Rank				35	21	23	26	--	--	26	Jul-17
<b>Investment Grade Bonds</b>	<b>60,228,068</b>	<b>3.0</b>	<b>11.6</b>	<b>3.0</b>	<b>6.4</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>6.4</b>	<b>Oct-19</b>
BBgBarc US Aggregate TR				2.9	6.1	8.7	5.3	4.3	3.8	6.3	Oct-19
Vanguard Total Bond Market Index Inst	60,228,068	3.0	100.0	3.0	6.4	--	--	--	--	5.5	Sep-19
BBgBarc US Aggregate Float Adjusted TR				3.0	6.3	8.9	5.4	4.4	3.9	5.8	Sep-19
<b>Global Bonds</b>	<b>68,030,229</b>	<b>3.4</b>	<b>13.1</b>	<b>9.2</b>	<b>-2.4</b>	<b>-0.1</b>	<b>1.7</b>	<b>2.7</b>	<b>--</b>	<b>2.6</b>	<b>Dec-10</b>
BBgBarc Global Aggregate TR				3.3	3.0	4.2	3.8	3.6	2.8	2.3	Dec-10
eV All Global Fixed Inc Net Rank				40	67	70	82	78	--	67	Dec-10
Brandywine Global Fixed Income	68,030,229	3.4	100.0	9.2	-2.4	-0.1	1.7	2.6	4.1	4.4	Oct-04
BBgBarc Global Aggregate TR				3.3	3.0	4.2	3.8	3.6	2.8	3.6	Oct-04
eV All Global Fixed Inc Net Rank				40	67	70	82	81	53	58	Oct-04



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	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>Bank Loans</b>	<b>78,370,114</b>	<b>4.0</b>	<b>15.1</b>	<b>6.2</b>	<b>-1.4</b>	<b>0.4</b>	<b>3.0</b>	<b>3.4</b>	<b>--</b>	<b>3.6</b>	<b>Jan-14</b>
<i>Credit Suisse Leveraged Loan</i>				9.7	-4.8	-2.3	2.1	2.9	--	3.0	Jan-14
<i>eV US Float-Rate Bank Loan Fixed Inc Net Rank</i>				92	3	4	3	3	--	3	Jan-14
Pacific Asset Management Corporate (Bank) Loans	76,854,203	3.9	98.1	6.8	-3.3	-0.5	--	--	--	2.6	Aug-17
<i>Credit Suisse Leveraged Loan</i>				9.7	-4.8	-2.3	2.1	2.9	--	1.9	Aug-17
<i>eV US Float-Rate Bank Loan Fixed Inc Net Rank</i>				84	11	9	--	--	--	6	Aug-17
Loomis Sayles Senior Rate and Fixed Income	1,515,911	0.1	1.9								
<b>High Yield Bonds</b>	<b>79,823,449</b>	<b>4.0</b>	<b>15.4</b>	<b>12.6</b>	<b>-3.8</b>	<b>-1.7</b>	<b>1.0</b>	<b>3.4</b>	<b>--</b>	<b>5.3</b>	<b>Dec-10</b>
<i>BBgBarc Global High Yield TR</i>				12.2	-4.7	-2.0	2.2	4.4	6.4	5.6	Dec-10
<i>eV Global High Yield Fixed Inc Net Rank</i>				19	25	66	93	80	--	64	Dec-10
Loomis Sayles High Yield Fund	79,823,449	4.0	100.0	12.6	-3.9	-1.8	1.0	3.5	6.5	8.6	Oct-98
<i>BBgBarc Global High Yield TR</i>				12.2	-4.7	-2.0	2.2	4.4	6.4	7.8	Oct-98
<i>eV Global High Yield Fixed Inc Net Rank</i>				19	26	66	93	78	21	--	Oct-98
<b>Emerging Markets Debt</b>	<b>19,058,913</b>	<b>1.0</b>	<b>3.7</b>	<b>14.7</b>	<b>-10.0</b>	<b>-9.7</b>	<b>-0.7</b>	<b>2.8</b>	<b>--</b>	<b>2.4</b>	<b>Dec-10</b>
<i>50% JPM EMBI/50% JPM GBI-EM</i>				11.0	-4.8	-1.1	2.4	3.9	--	3.1	Dec-10
<i>eV All Emg Mkts Fixed Inc Net Rank</i>				26	98	99	96	69	--	63	Dec-10
Ashmore EM Blended Debt	19,058,913	1.0	100.0	14.7	-10.0	-9.7	--	--	--	-1.8	Dec-17
<i>Ashmore Blended Debt Benchmark</i>				9.4	-4.3	-1.3	2.2	3.5	3.6	1.4	Dec-17
<i>eV All Emg Mkts Fixed Inc Net Rank</i>				26	98	99	--	--	--	96	Dec-17
<b>Private Debt</b>	<b>5,997,892</b>	<b>0.3</b>	<b>1.0</b>	<b>-12.3</b>	<b>-12.4</b>	<b>-11.6</b>	<b>0.2</b>	<b>--</b>	<b>--</b>	<b>-4.5</b>	<b>Jan-16</b>
<i>Barclays Global High Yield +2%</i>				12.7	-3.7	0.0	4.3	6.5	--	8.1	Jan-16

<sup>1</sup> The Loomis Sayles Senior Rate and Fixed Income market value represents a residual balance.



## Dallas Police & Fire Pension System

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	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>Total Real Assets</b>	<b>533,496,830</b>	<b>26.9</b>	<b>26.9</b>	<b>-2.5</b>	<b>-0.5</b>	<b>-1.4</b>	<b>0.5</b>	<b>0.3</b>	<b>--</b>	<b>-1.8</b>	<b>Dec-10</b>
<i>Total Real Assets Policy Index</i>				<i>0.3</i>	<i>2.3</i>	<i>4.6</i>	<i>6.1</i>	<i>7.1</i>	<i>10.6</i>	<i>10.6</i>	<i>Dec-10</i>
<b>Real Estate</b>	<b>363,865,826</b>	<b>18.4</b>	<b>68.2</b>	<b>-0.2</b>	<b>2.0</b>	<b>1.0</b>	<b>3.2</b>	<b>-1.3</b>	<b>-3.1</b>	<b>3.7</b>	<b>Mar-85</b>
<i>NCREIF Property (1-quarter lagged)</i>				<i>0.7</i>	<i>2.3</i>	<i>5.3</i>	<i>6.4</i>	<i>7.6</i>	<i>10.2</i>	<i>8.0</i>	<i>Mar-85</i>
<b>Natural Resources</b>	<b>123,564,163</b>	<b>6.2</b>	<b>23.2</b>	<b>-4.6</b>	<b>-0.9</b>	<b>-1.1</b>	<b>-3.3</b>	<b>-1.0</b>	<b>--</b>	<b>3.4</b>	<b>Dec-10</b>
<i>NCREIF Farmland Total Return Index 1Q Lag</i>				<i>-0.1</i>	<i>2.2</i>	<i>4.0</i>	<i>5.7</i>	<i>6.6</i>	<i>10.9</i>	<i>11.3</i>	<i>Dec-10</i>
<b>Infrastructure</b>	<b>46,066,841</b>	<b>2.3</b>	<b>8.6</b>	<b>-13.6</b>	<b>-15.6</b>	<b>-17.7</b>	<b>-9.2</b>	<b>3.8</b>	<b>--</b>	<b>3.5</b>	<b>Jul-12</b>
<i>S&amp;P Global Infrastructure TR USD</i>				<i>13.9</i>	<i>-19.4</i>	<i>-14.8</i>	<i>-0.9</i>	<i>2.6</i>	<i>6.9</i>	<i>5.6</i>	<i>Jul-12</i>

<sup>1</sup> All Private Market market values are one quarter lagged unless otherwise noted.

## **Disclaimer, Glossary, and Notes**



## Disclaimer, Glossary, and Notes

WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT AND THAT IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. ANY OPINIONS OR RECOMMENDATIONS PRESENTED HEREIN REPRESENT OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND ARE SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK. THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM", "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD-LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.



## Disclaimer, Glossary, and Notes

**Credit Risk:** Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security).

**Duration:** Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

**Information Ratio:** This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

**Jensen's Alpha:** A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk.  $\text{Portfolio Return} - [\text{Risk Free Rate} + \text{Beta} * (\text{market return} - \text{Risk Free Rate})]$ .

**Market Capitalization:** For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

**Market Weighted:** Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

**Maturity:** The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

**Prepayment Risk:** The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

**Price-Book Value (P/B) Ratio:** The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.



## Disclaimer, Glossary, and Notes

**Price-Earnings (P/E) Ratio:** A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

**Quality Rating:** The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

**Sharpe Ratio:** A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

**STIF Account:** Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

**Standard Deviation:** A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

**Style:** The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

**Tracking Error:** A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, as defined by the difference in standard deviation.





## Disclaimer, Glossary, and Notes

**Yield to Maturity:** The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a “basis book.” For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

**Yield to Worst:** The lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call, or sinking fund, are used by the issuer.

**NCREIF Property Index (NPI):** Measures unleveraged investment performance of a very large pool of individual commercial real estate properties acquired in the private market by tax-exempt institutional investors for investment purposes only. The NPI index is capitalization-weighted for a quarterly time series composite total rate of return.

**NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE):** Measures the investment performance of 28 open-end commingled funds pursuing a core investment strategy that reflects funds' leverage and cash positions. The NFI-ODCE index is equal-weighted and is reported gross and net of fees for a quarterly time series composite total rate of return.

Sources: [Investment Terminology](#), International Foundation of Employee Benefit Plans, 1999.  
[The Handbook of Fixed Income Securities](#), Fabozzi, Frank J., 1991

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.



# Dallas Police & Fire Pension System

As of March 31, 2020

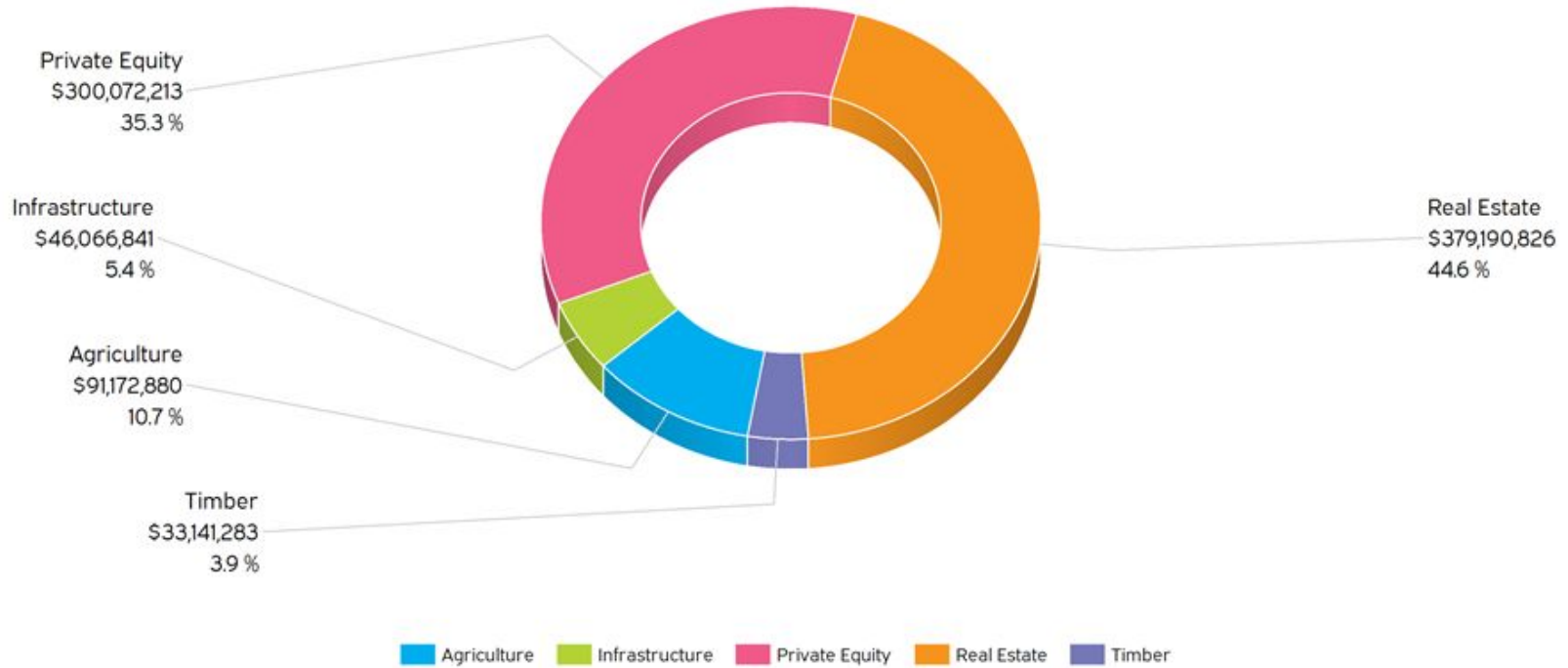
Private Markets Review



### Dallas Police & Fire Pension System

### Private Markets Review | As of March 31, 2020

Private Market Investments as of March 31, 2020  
Market Value Allocation by Asset Class



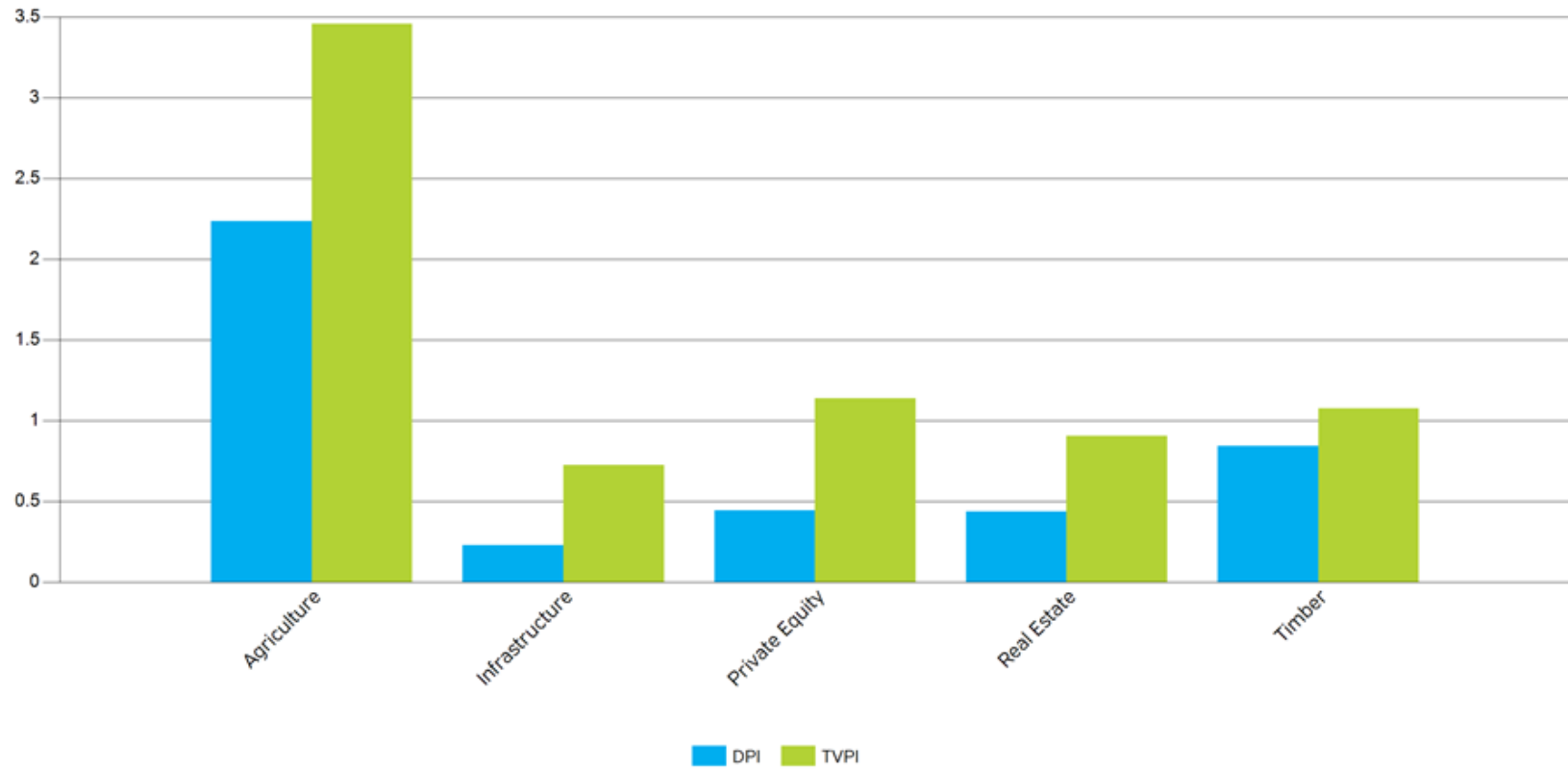
1. Private Equity is composed of Private Equity and Private Debt



### Dallas Police & Fire Pension System

### Private Markets Review | As of March 31, 2020

Private Market Investments as of March 31, 2020  
DPI and TVPI by Asset Class



- 1. Private Equity is composed of Private Equity and Private Debt
- 2. Private markets performance reflected is composed of active investments only



## Dallas Police & Fire Pension System

### Private Markets Review | As of March 31, 2020

Private Market Investments Overview										
Active Funds	Commitments		Distributions & Valuations				Performance			
Asset Class	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
Total Agriculture	74,420,001	74,420,001	166,342,840	91,172,880	257,515,720	183,095,719	1.00	2.24	3.46	14.90
Total Infrastructure	97,000,000	93,204,236	21,669,031	46,066,841	67,735,872	-25,468,363	0.96	0.23	0.73	-5.74
Total Private Equity	414,034,369	444,470,384	192,481,165	300,072,213	492,553,377	48,082,994	1.07	0.43	1.11	1.66
Total Real Estate	822,976,052	812,326,532	354,408,024	379,190,826	733,598,850	-78,727,682	0.99	0.44	0.90	-1.47
Total Timber	141,956,240	141,956,240	119,330,209	33,141,283	152,471,492	10,515,252	1.00	0.84	1.07	1.33
<b>Total</b>	<b>1,550,386,662</b>	<b>1,566,377,392</b>	<b>854,231,268</b>	<b>849,644,042</b>	<b>1,703,875,310</b>	<b>137,497,919</b>	<b>1.01</b>	<b>0.55</b>	<b>1.09</b>	<b>1.32</b>

1. Private Equity is composed of Private Equity and Private Debt

2. Private markets performance reflected is composed of active investments only

3. Commitment value is equal to paid in capital for direct investments made outside of a traditional limited partnership fund structure.



## Dallas Police & Fire Pension System

### Active Funds with Unfunded Commitments Overview | As of March 31, 2020

Active Funds with Unfunded Commitments				
Active Funds		Commitments		
Investment Name	Vintage Year	Commitment (\$)	Paid In Capital (\$)	Unfunded Commitment (\$)
<b>Infrastructure</b>				
TRG AIRRO	2008	37,000,000	37,400,186	2,927,246
TRG AIRRO II	2013	10,000,000	7,219,074	2,368,615
JPM Maritime Fund, LP	2009	50,000,000	48,584,975	1,365,941
<b>Total Infrastructure</b>		<b>97,000,000</b>	<b>93,204,236</b>	<b>6,661,802</b>
<b>Private Equity</b>				
Huff Energy Fund LP	2006	100,000,000	99,001,404	119,979
Industry Ventures Partnership IV	2016	5,000,000	3,327,842	1,465,000
Lone Star Growth Capital	2006	16,000,000	26,560,000	2,240,000
Riverstone Credit Partners LP	2016	10,000,000	12,242,390	554,343
Yellowstone Capital	2008	5,283,254	5,112,307	170,947
<b>Total Private Equity</b>		<b>136,283,254</b>	<b>146,243,943</b>	<b>4,550,269</b>
<b>Real Estate</b>				
Hearthstone MS II Homebuilding Investors	1999	10,000,000	7,973,058	1,008,131
Hearthstone MS III Homebuilding Investors	2003	10,000,000	1,221,446	1,997,675
<b>Total Real Estate</b>		<b>20,000,000</b>	<b>9,194,504</b>	<b>3,005,806</b>
<b>Total</b>		<b>253,283,254</b>	<b>248,642,682</b>	<b>14,217,877</b>

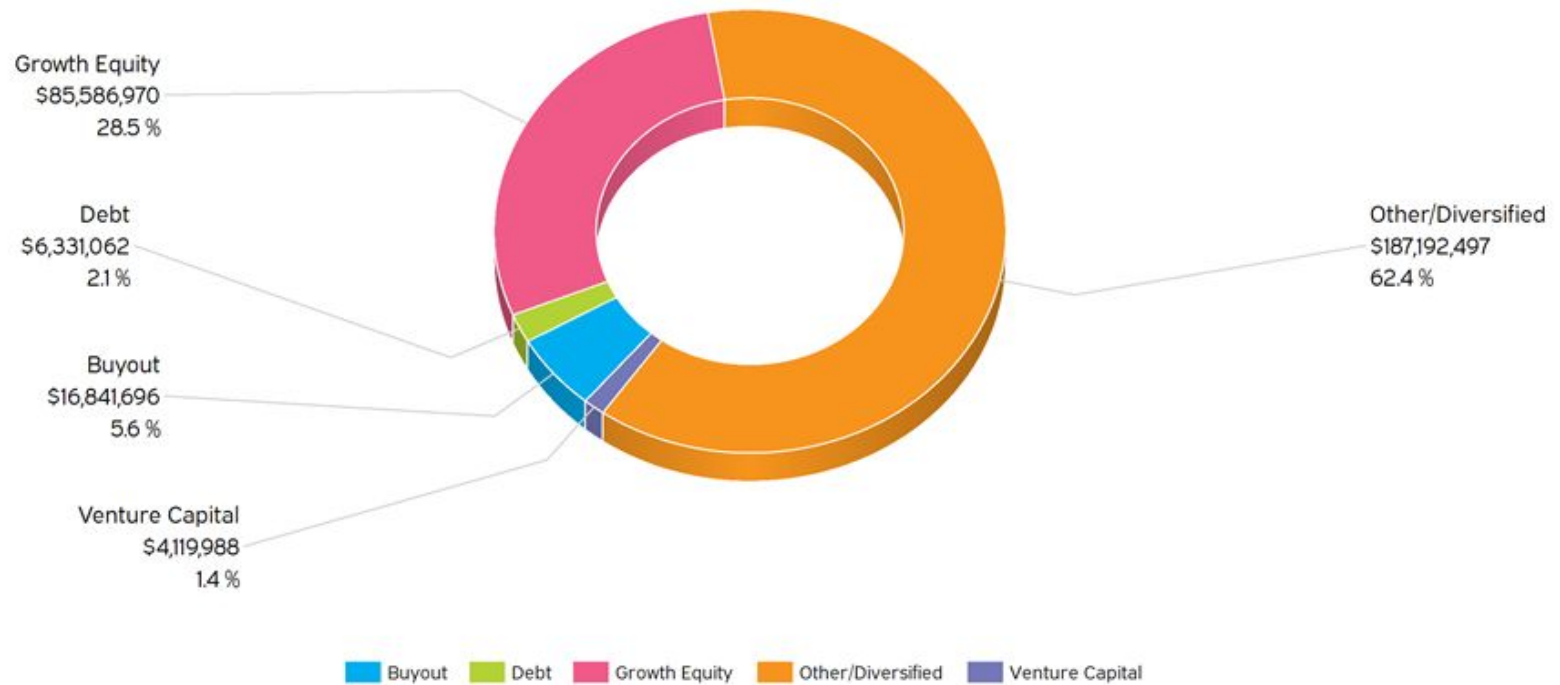
1. Private markets performance reflected is composed of active investments only
2. The funds and figures above represent investments with unfunded capital commitments
3. Lone Star valuations as directed by Dallas Police and Fire investment staff



## Dallas Police & Fire Pension System

### Private Equity and Debt | As of March 31, 2020

Private Equity and Debt Investments as of March 31, 2020  
Market Value Allocation by Strategy

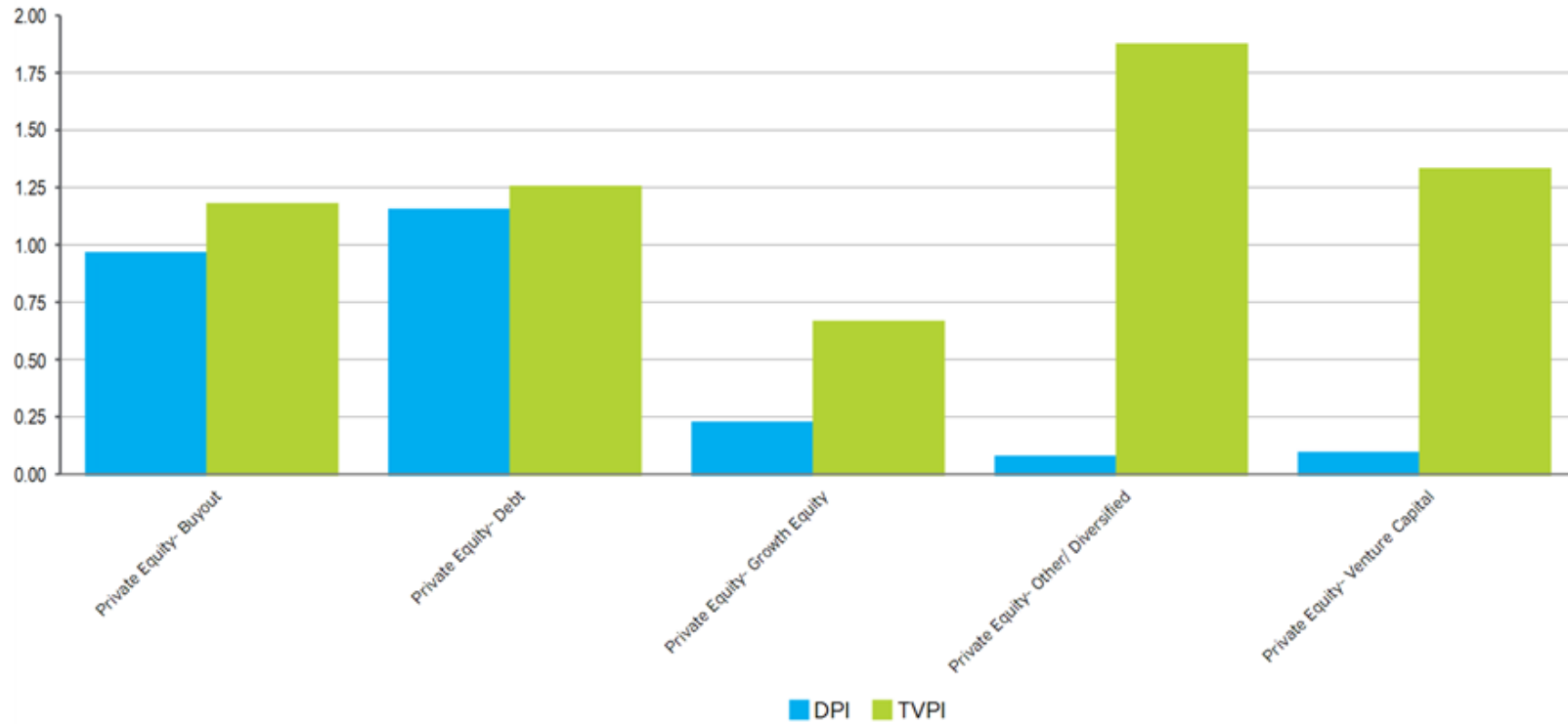




Dallas Police & Fire Pension System

Private Equity and Debt | As of March 31, 2020

Private Equity and Debt Investments as of March 31, 2020  
DPI and TVPI by Strategy



1. Private markets performance reflected is composed of active investments only





## Dallas Police & Fire Pension System

### Private Equity and Debt | As of March 31, 2020

Private Equity and Debt Investments Overview											
Active Funds		Commitments		Distributions & Valuations				Performance			
Investment Name	Vintage Year	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
<b>Buyout</b>											
Huff Alternative Fund	2000	66,795,718	78,833,017	74,493,789	16,841,696	91,335,485	12,502,468	1.18	0.94	1.16	1.79
<b>Total Buyout</b>		<b>66,795,718</b>	<b>78,833,017</b>	<b>74,493,789</b>	<b>16,841,696</b>	<b>91,335,485</b>	<b>12,502,468</b>	<b>1.18</b>	<b>0.94</b>	<b>1.16</b>	<b>1.79</b>
<b>Debt</b>											
Highland Crusader Fund	2003	50,955,397	50,955,397	63,561,006	1,040,468	64,601,474	13,646,077	1.00	1.25	1.27	4.16
Riverstone Credit Partners LP	2016	10,000,000	12,242,390	8,125,750	5,290,594	13,416,344	1,173,954	1.22	0.66	1.10	5.44
<b>Total Debt</b>		<b>60,955,397</b>	<b>63,197,787</b>	<b>71,686,756</b>	<b>6,331,062</b>	<b>78,017,818</b>	<b>14,820,031</b>	<b>1.04</b>	<b>1.13</b>	<b>1.23</b>	<b>4.22</b>
<b>Growth Equity</b>											
Hudson Clean Energy	2009	25,000,000	24,994,470	4,732,352	1,915,764	6,648,116	-18,346,354	1.00	0.19	0.27	-19.51
Lone Star CRA	2008	50,000,000	58,243,084	12,928,698	59,026,786	71,955,484	13,712,400	1.16	0.22	1.24	6.58
Lone Star Growth Capital	2006	16,000,000	26,560,000	12,800,000	8,937,751	21,737,751	-4,822,249	1.66	0.48	0.82	-8.53
Lone Star Opportunities V	2012	75,000,000	75,000,000	531,444	14,148,181	14,679,625	-60,320,375	1.00	0.01	0.20	-39.93
North Texas Opportunity Fund	2000	10,000,000	10,000,000	9,127,239	1,558,488	10,685,727	685,727	1.00	0.91	1.07	0.74
<b>Total Growth Equity</b>		<b>176,000,000</b>	<b>194,797,554</b>	<b>40,119,733</b>	<b>85,586,970</b>	<b>125,706,703</b>	<b>-69,090,851</b>	<b>1.11</b>	<b>0.21</b>	<b>0.65</b>	<b>-13.00</b>
<b>Other/Diversified</b>											
Huff Energy Fund LP	2006	100,000,000	99,001,404	4,477,394	187,192,497	191,669,891	92,668,487	0.99	0.05	1.94	6.71
Yellowstone Capital	2008	5,283,254	5,112,307	1,458,572	0	1,458,572	-3,653,735	0.97	0.29	0.29	-32.45
<b>Total Other/Diversified</b>		<b>105,283,254</b>	<b>104,113,711</b>	<b>5,935,966</b>	<b>187,192,497</b>	<b>193,128,463</b>	<b>89,014,752</b>	<b>0.99</b>	<b>0.06</b>	<b>1.85</b>	<b>6.32</b>
<b>Venture Capital</b>											
Industry Ventures Partnership IV	2016	5,000,000	3,327,842	244,921	4,119,988	4,364,909	1,037,067	0.67	0.07	1.31	12.03
<b>Total Venture Capital</b>		<b>5,000,000</b>	<b>3,327,842</b>	<b>244,921</b>	<b>4,119,988</b>	<b>4,364,909</b>	<b>1,037,067</b>	<b>0.67</b>	<b>0.07</b>	<b>1.31</b>	<b>12.03</b>
<b>Unclassified</b>											
Miscellaneous Private Equity Expenses	2016		200,473								
<b>Total Unclassified</b>			<b>200,473</b>								
<b>Total</b>		<b>414,034,369</b>	<b>444,470,384</b>	<b>192,481,165</b>	<b>300,072,213</b>	<b>492,553,377</b>	<b>48,082,994</b>	<b>1.07</b>	<b>0.43</b>	<b>1.11</b>	<b>1.66</b>

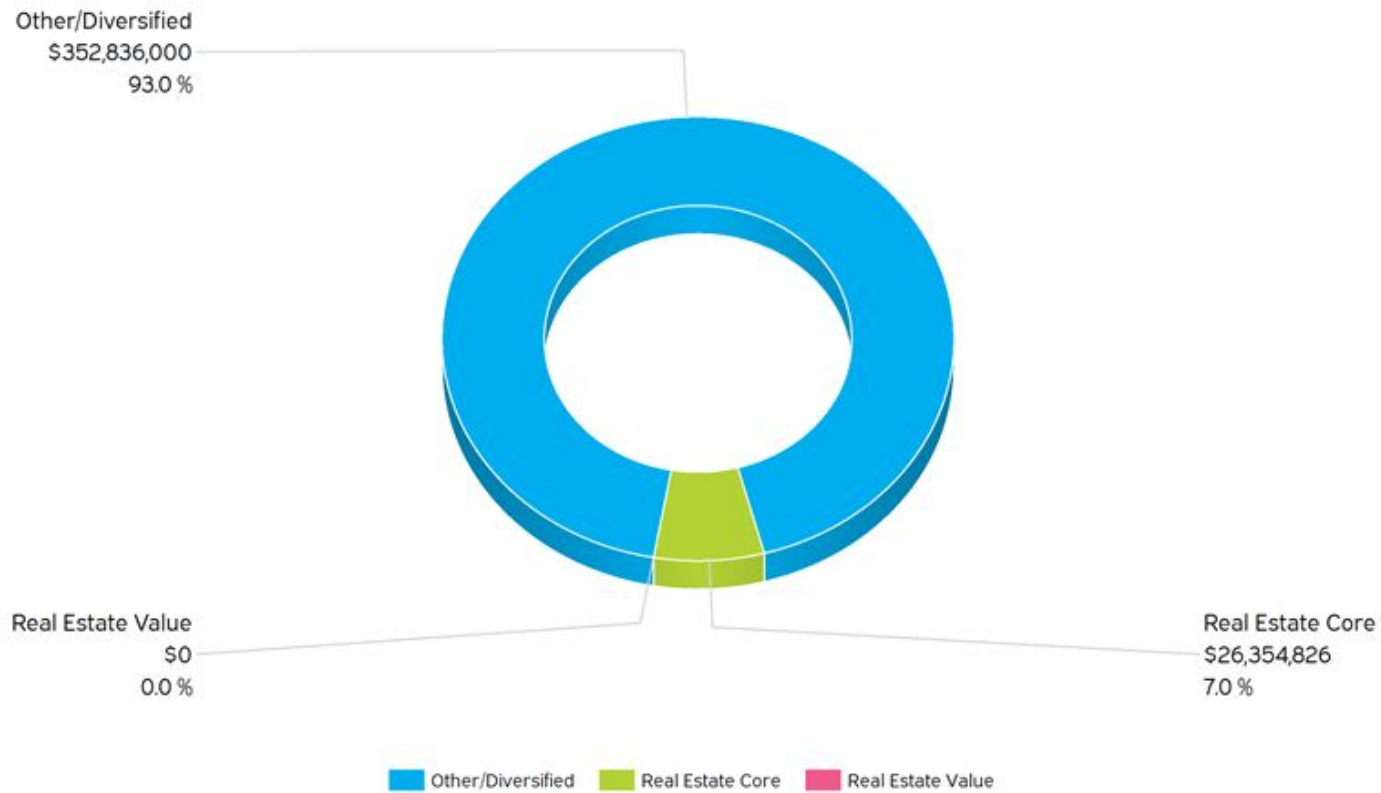
1. Private Markets performance reflected is composed of active investments only.
2. Lone Star valuations directed by Dallas Police and Fire investment staff.
3. Huff Alternative Fund valuation shown represents 12/31/19 NAV adjusted for Q120 cash flows.



### Dallas Police & Fire Pension System

Real Estate | As of March 31, 2020

#### Real Estate Investments as of March 31, 2020 Market Value Allocation by Strategy



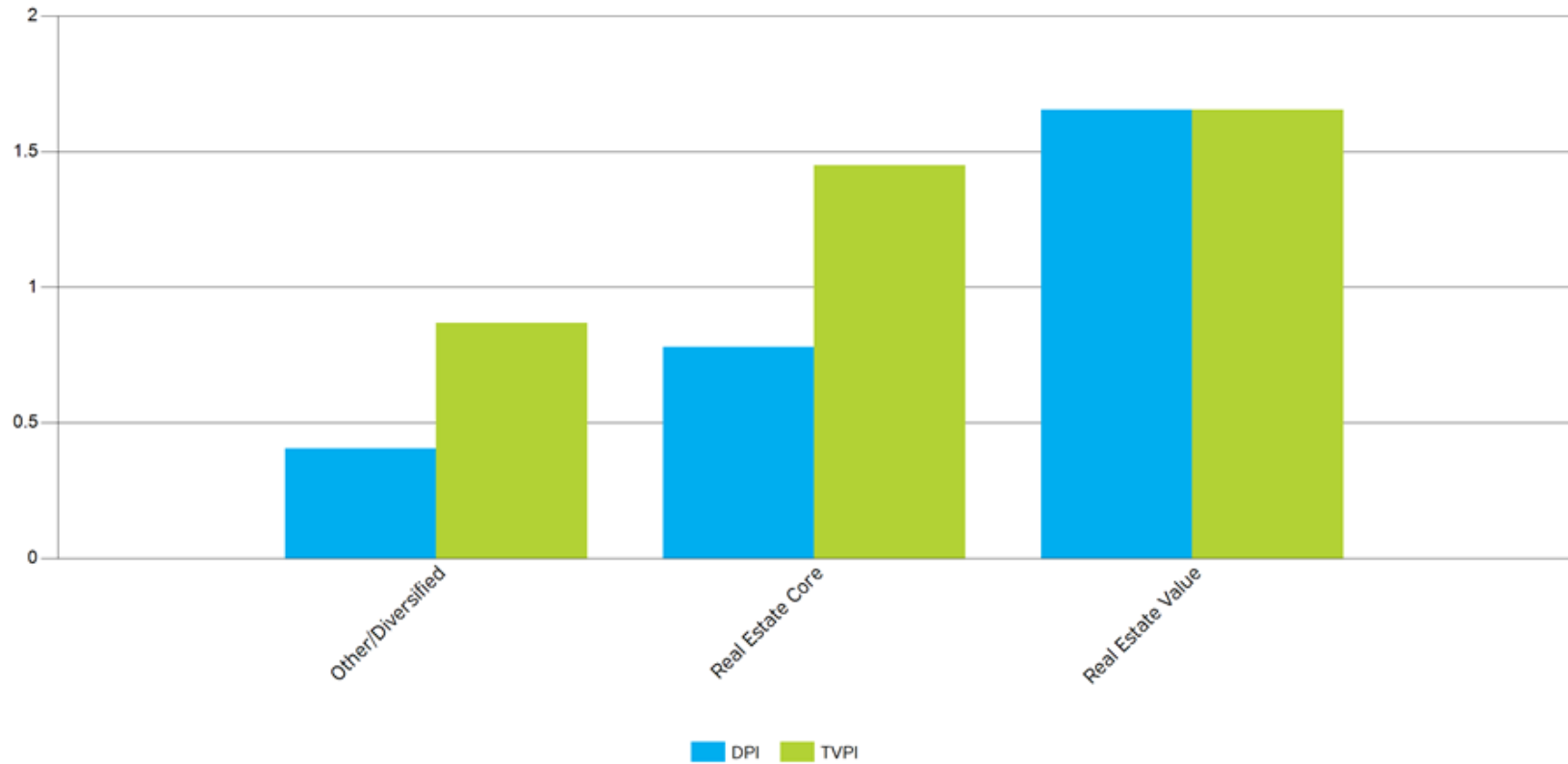
1. Other/Diversified is composed of direct real estate investments made by the fund



### Dallas Police & Fire Pension System

Real Estate | As of March 31, 2020

Real Estate Investments as of March 31, 2020  
DPI and TVPI by Strategy



- 1. Other/Diversified is composed of direct real estate investments made by the fund
- 2. Private markets performance reflected is composed of active investments only



Dallas Police & Fire Pension System

Real Estate | As of March 31, 2020

Real Estate Investments Overview										
Active Funds	Commitments		Valuations				Performance			
Investment Name	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
Total Other/Diversified Real Estate Core	763,532,792	763,532,792	307,872,447	352,836,000	660,708,447	-102,824,345	1.00	0.40	0.87	-2.03
Total Real Estate Core Real Estate Value	39,443,260	39,443,260	30,648,535	26,354,826	57,003,361	17,560,101	1.00	0.78	1.45	5.31
Total Real Estate Value	20,000,000	9,194,504	15,206,576	0	15,206,576	6,012,072	0.46	1.65	1.65	25.93
<b>Total</b>	<b>822,976,052</b>	<b>812,326,532</b>	<b>354,408,024</b>	<b>379,190,826</b>	<b>733,598,850</b>	<b>-78,727,682</b>	<b>0.99</b>	<b>0.44</b>	<b>0.90</b>	<b>-1.47</b>

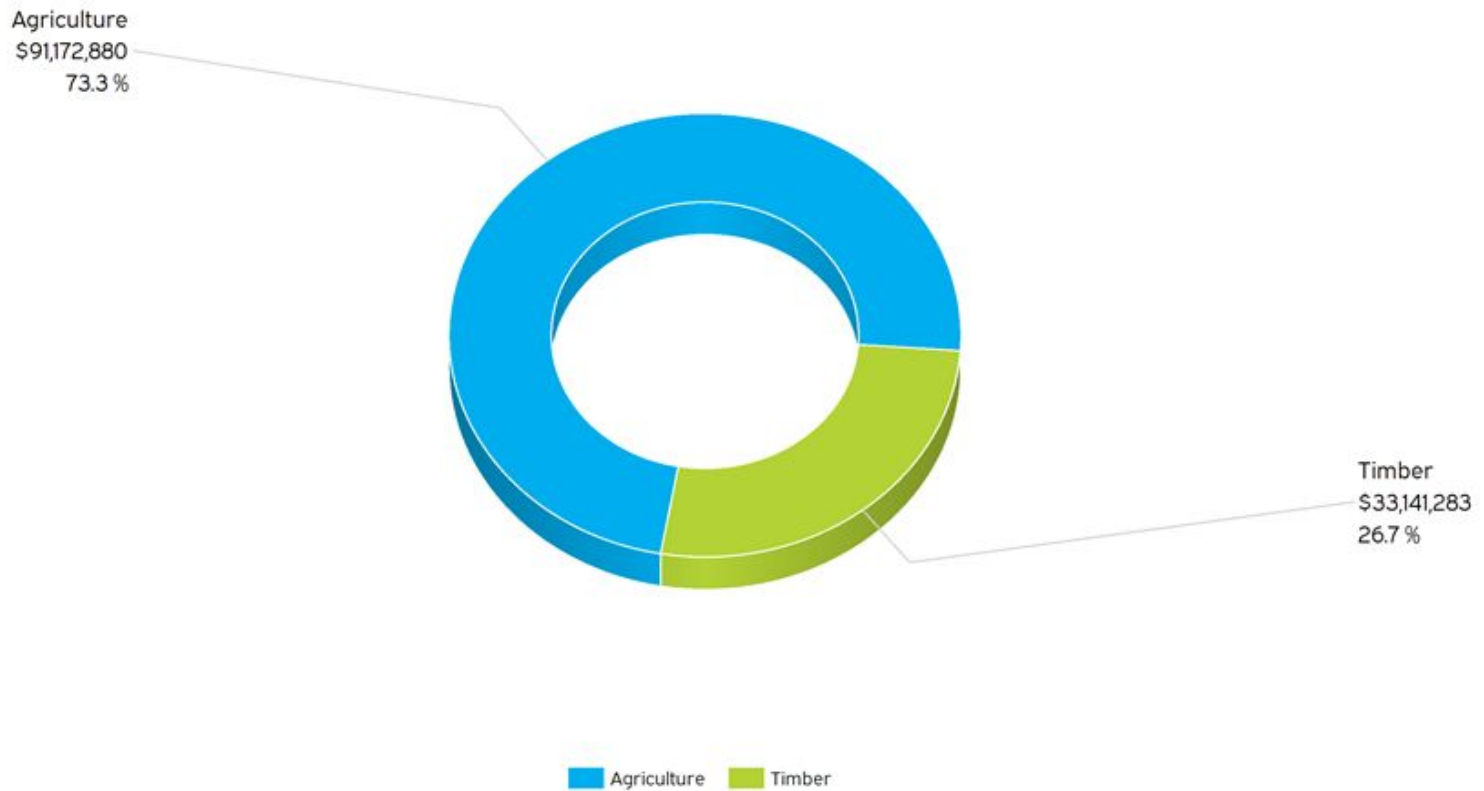
- 1. Private markets performance reflected is composed of active investments only
- 2. Commitment value is equal to paid in capital for direct investments made outside of a traditional Limited Partnership fund structure



### Dallas Police & Fire Pension System

Natural Resources | As of March 31, 2020

Natural Resources Investments as of March 31, 2020  
Market Value Allocation by Asset Class

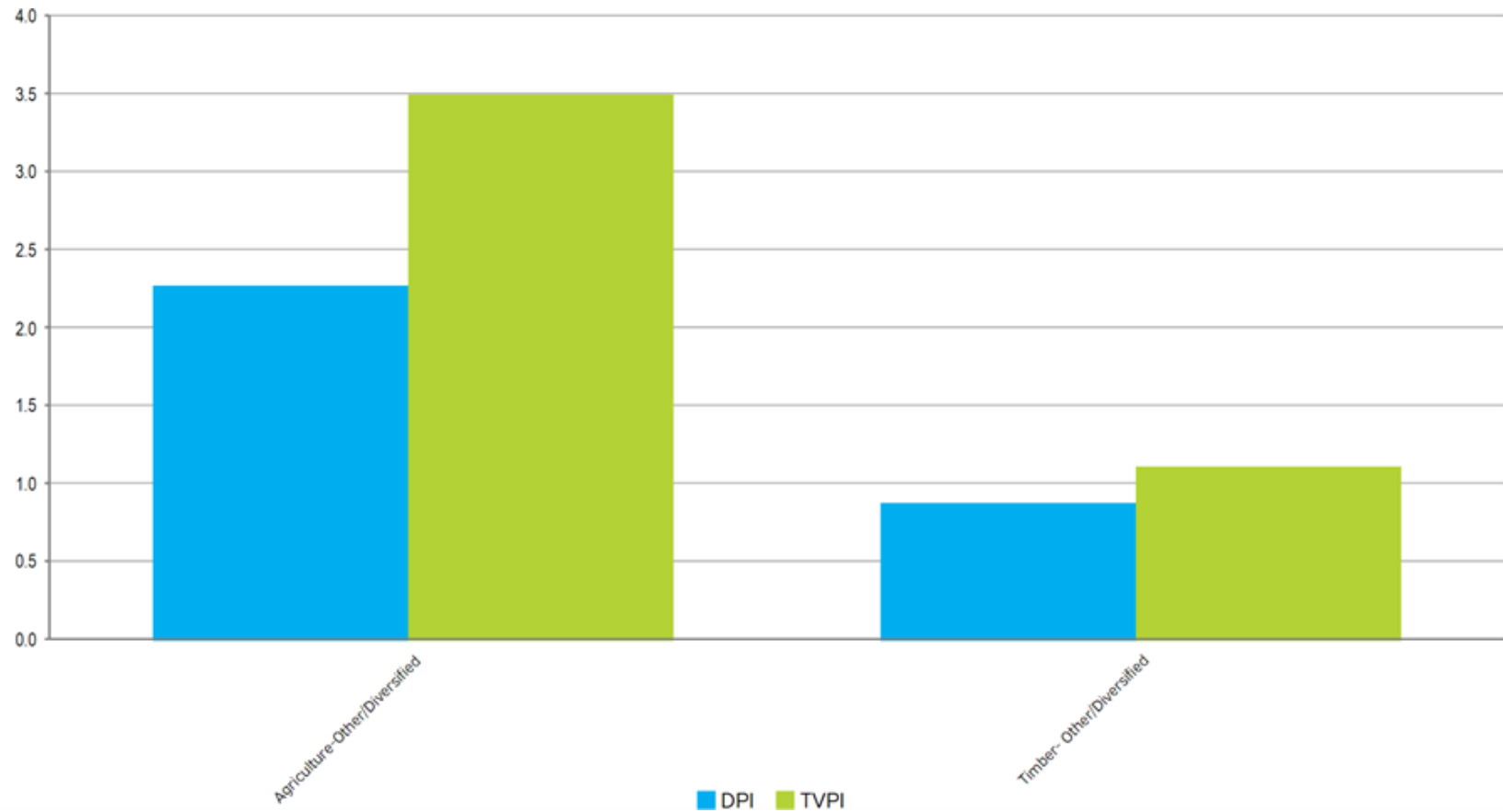




Dallas Police & Fire Pension System

Natural Resources | As of March 31, 2020

Natural Resource Investments as of March 31, 2020  
DPI and TVPI by Strategy



- 1. Agriculture 'Other/Diversified' is composed of permanent and row crops exposure.
- 2. Timber 'Other/Diversified' is composed of domestic and global timber exposure.
- 3. Private markets performance reflected is composed of active investments only



## Dallas Police & Fire Pension System

Natural Resources | As of March 31, 2020

Natural Resource Investments Overview											
Active Funds		Commitments		Valuations				Performance			
Investment Name	Vintage Year	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Unrealized Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
<b>Agriculture</b>											
Hancock Agricultural	1998	74,420,001	74,420,001	166,342,840	91,172,880	257,515,720	183,095,719	1.00	2.24	3.46	14.90
<b>Total Agriculture</b>		<b>74,420,001</b>	<b>74,420,001</b>	<b>166,342,840</b>	<b>91,172,880</b>	<b>257,515,720</b>	<b>183,095,719</b>	<b>1.00</b>	<b>2.24</b>	<b>3.46</b>	<b>14.90</b>
<b>Timber</b>											
BTG Pactual	2006	82,306,544	82,306,544	18,300,000	24,366,166	42,666,166	-39,640,377	1.00	0.22	0.52	-9.12
Forest Investment Associates	1992	59,649,696	59,649,696	101,030,209	8,775,117	109,805,326	50,155,630	1.00	1.69	1.84	7.71
<b>Total Timber</b>		<b>141,956,240</b>	<b>141,956,240</b>	<b>119,330,209</b>	<b>33,141,283</b>	<b>152,471,492</b>	<b>10,515,253</b>	<b>1.00</b>	<b>0.84</b>	<b>1.08</b>	<b>1.33</b>
<b>Total</b>		<b>216,376,241</b>	<b>216,376,241</b>	<b>285,673,049</b>	<b>124,314,163</b>	<b>409,987,212</b>	<b>193,610,972</b>	<b>1.00</b>	<b>1.32</b>	<b>1.90</b>	<b>8.78</b>

1. Private markets performance reflected is composed of active investments only

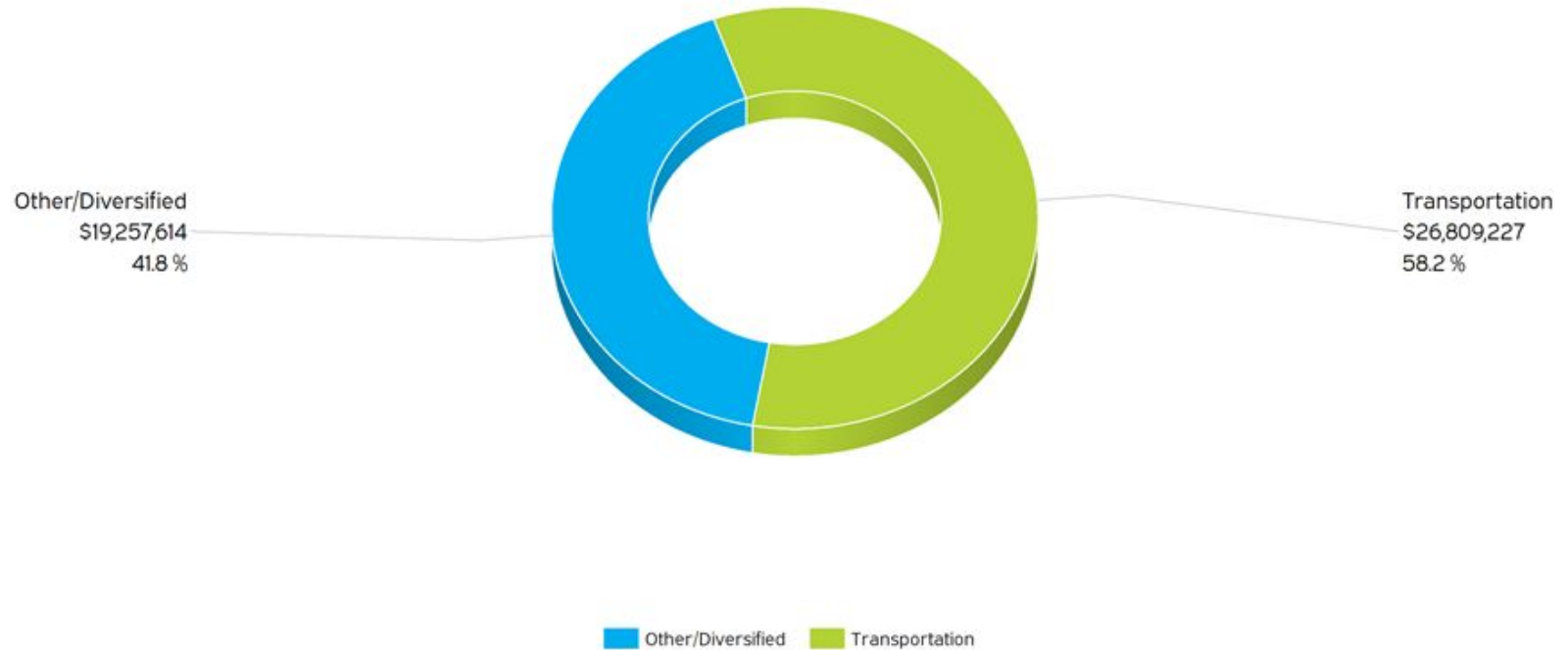
2. Commitment value is equal to paid in capital for direct investments made outside of a traditional limited partnership fund structure.



## Dallas Police & Fire Pension System

Infrastructure | As of March 31, 2020

### Infrastructure Investments as of March 31, 2020 Market Value Allocation by Strategy



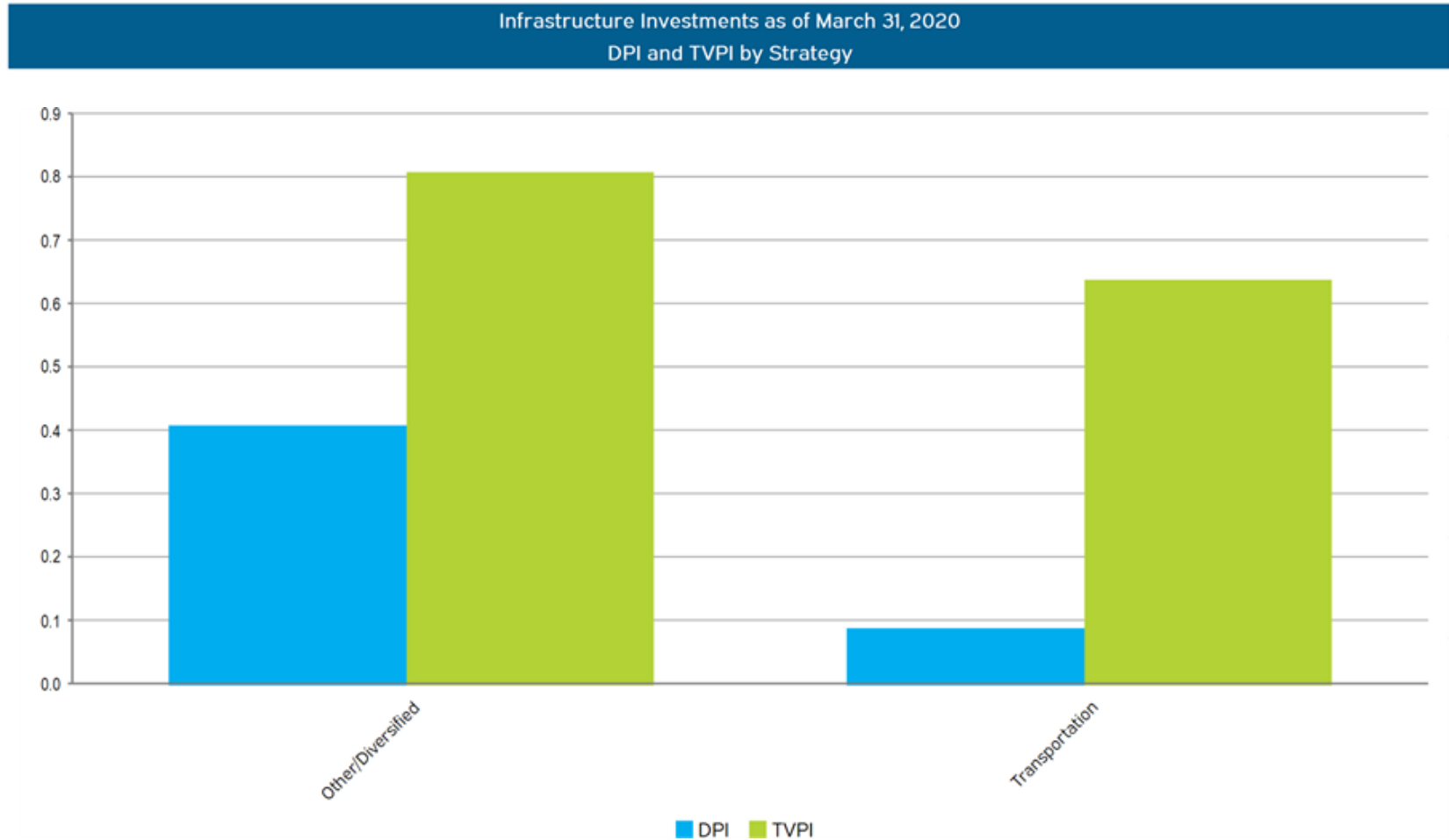
<sup>1</sup>'Other/Diversified' is composed of various operating and developing infrastructure project exposure





## Dallas Police & Fire Pension System

Infrastructure | As of March 31, 2020



- 1. Other/Diversified' is composed of various operating and developing infrastructure project exposure
- 2. Private markets performance reflected is composed of active investments only



## Dallas Police & Fire Pension System

Infrastructure | As of March 31, 2020

Infrastructure Investments Overview											
Active Funds		Commitments		Distributions & Valuations				Performance			
Investment Name	Vintage Year	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
<b>Infrastructure</b>											
TRG AIRRO	2008	37,000,000	37,400,186	17,873,234	16,059,318	33,932,552	-3,467,634	1.01	0.48	0.91	-1.51
TRG AIRRO II	2013	10,000,000	7,219,074	58,731	3,198,296	3,257,027	-3,962,047	0.72	0.01	0.45	-12.40
JPM Maritime Fund, LP	2009	50,000,000	48,584,975	3,737,066	26,809,227	30,546,293	-18,038,683	0.97	0.08	0.63	-8.95
<b>Total Infrastructure</b>		<b>97,000,000</b>	<b>93,204,236</b>	<b>21,669,031</b>	<b>46,066,841</b>	<b>67,735,872</b>	<b>-25,468,363</b>	<b>0.96</b>	<b>0.23</b>	<b>0.73</b>	<b>-5.74</b>

1. Private markets performance reflected is composed of active investments only

**Private Markets Review  
List of Completed Funds**



## Dallas Police &amp; Fire Pension System

## Private Markets Review | As of March 31, 2020

Total Real Assets Program												
Completed Funds	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Addtl Fees	Cummulative Distributions	Valuation	Total Value	Gain/Loss	DPI Ratio	TVPI Ratio	IRR
AEW Creative Holdings	2007	13,035,849	13,035,849	0	0	0	0	0	-13,035,849	0.00	0.00	N/A
Barings Lake Luciana	2006	95,025,191	95,025,191	0	0	17,872,293	0	17,872,293	-77,152,898	0.19	0.19	-19.89%
Barings Lake P&F Real Estate	2010	18,112,486	18,112,486	0	0	4,227,991	0	4,227,991	-13,884,495	0.23	0.23	-15.79%
BTG U.S. Timberland	2007	22,230,000	22,230,000	0	0	33,065,920	0	33,065,920	10,835,920	1.49	1.49	4.82%
CDK Multifamily I	2014	10,559,876	10,617,376	0	0	10,025,434	0	10,025,434	-591,942	0.94	0.94	-1.99%
Clarion 1210 South Lamar	2014	10,500,000	10,201,489	0	0	13,214,065	0	13,214,065	3,012,576	1.30	1.30	12.85%
Clarion 4100 Harry Hines Land	2006	3,088,810	3,092,788	0	0	3,641,946	0	3,641,946	549,158	1.18	1.18	1.69%
Clarion Beat Lofts	2005	8,729,783	8,730,183	0	0	1,137,817	0	1,137,817	-7,592,366	0.13	0.13	-30.76%
Clarion Bryan Street Lofts	2005	5,112,048	5,112,048	0	0	4,163,659	0	4,163,659	-948,389	0.81	0.81	-2.23%
Clarion Four Leaf	2005	16,892,767	16,892,767	0	0	3,733,148	0	3,733,148	-13,159,619	0.22	0.22	-39.69%
Clarion The Tribute	2007	29,929,676	29,929,676	0	0	47,138,778	0	47,138,778	17,209,102	1.57	1.57	4.84%
Hearthstone Dry Creek	2005	52,303,043	52,303,043	0	0	8,973,059	0	8,973,059	-43,329,984	0.17	0.17	-38.78%
Hearthstone Nampa	2006	11,666,284	11,666,284	0	0	2,562,654	0	2,562,654	-9,103,630	0.22	0.22	-31.90%
JP Morgan Infrastructure Investments Fund	2007	37,000,000	37,000,000	0	-5,658	44,302,131	0	44,302,131	7,307,789	1.20	1.20	2.48%
L&B Realty Advisors Beach Walk	2006	33,013,796	33,013,796	0	0	36,752,690	0	36,752,690	3,738,894	1.11	1.11	2.19%
L&B Realty Advisors KO Olina	2008	28,609,658	28,609,658	0	0	30,529,136	0	30,529,136	1,919,478	1.07	1.07	1.11%
L&B Realty Advisors West Bay Villas	2007	8,712,411	8,712,411	0	0	3,785,480	0	3,785,480	-4,926,931	0.43	0.43	-8.29%
LBJ Infrastructure Group Holdings, LLC (LBJ)	2009	50,000,000	44,346,229	0	0	77,892,000	0	77,892,000	33,545,771	1.76	1.76	12.77%
Lone Star Fund III (U.S.), L.P.	2000	20,000,000	19,827,576	0	0	40,701,250	0	40,701,250	20,873,674	2.05	2.05	31.88%
Lone Star Fund IV (U.S.), L.P.	2001	20,000,000	19,045,866	0	0	43,898,442	0	43,898,442	24,852,576	2.30	2.30	30.15%
Lone Star Fund V (U.S.), L.P.	2005	22,500,000	22,275,229	0	0	20,605,895	0	20,605,895	-1,669,334	0.93	0.93	-1.41%
Lone Star Fund VI (U.S.), L.P.	2008	25,000,000	20,034,018	0	0	31,712,968	0	31,712,968	11,678,950	1.58	1.58	21.76%
Lone Star Real Estate Fund (U.S.), L.P.	2008	25,000,000	20,743,769	0	0	25,403,707	0	25,403,707	4,659,938	1.22	1.22	5.15%
Lone Star Real Estate Fund II	2011	25,000,000	22,169,907	0	0	32,789,371	0	32,789,371	10,619,464	1.48	1.48	24.73%
Lone Star Real Estate Fund III	2014	25,000,000	23,490,784	0	0	26,638,028	0	26,638,028	3,147,244	1.13	1.13	8.20%
M&G Real Estate Debt Fund II	2013	29,808,841	21,523,663	0	0	17,088,107	0	17,088,107	-4,435,556	0.79	0.79	-15.04%
NTE 3a-3b	2012	50,000,000	23,794,565	0	0	28,186,978	0	28,186,978	4,392,413	1.18	1.18	16.03%
NTE Mobility Partners Holding, LLC (NTE)	2009	50,000,000	43,397,054	0	0	105,890,000	0	105,890,000	62,492,946	2.44	2.44	19.33%
Olympus II-Hyphen Solutions	2007	836,511	836,511	0	0	1,418,149	0	1,418,149	581,638	1.70	1.70	5.96%
P&F Housing IV	2006	134,015,889	134,015,889	0	0	83,179,802	0	83,179,802	-50,836,087	0.62	0.62	-8.44%
RREEF North American Infrastructure Fund	2007	50,000,000	50,000,000	0	846,289	55,238,755	0	55,238,755	4,392,466	1.09	1.09	12.59%
Sungate	2005	6,481,568	6,481,568	0	0	308,624	0	308,624	-6,172,944	0.05	0.05	-22.30%
Tucson Loan	2014	4,500,000	4,500,000	0	0	5,082,785	0	5,082,785	582,785	1.13	1.13	5.75%
<b>Total Completed Funds</b>		<b>942,664,487</b>	<b>880,767,673</b>	<b>0</b>	<b>840,631</b>	<b>861,161,062</b>	<b>0</b>	<b>861,161,062</b>	<b>-20,447,242</b>	<b>0.98</b>	<b>0.98</b>	



## Dallas Police &amp; Fire Pension System

## Private Markets Review | As of March 31, 2020

Private Equity & Debt Funds												
Completed Funds	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Addnl Fees	Cummulative Distributions	Valuation	Total Value	Gain/Loss	DPI Ratio	TVPI Ratio	IRR
Ashmore Global Special Situations Fund IV	2007	70,000,000	70,012,300	0	0	39,652,711	0	39,652,711	-30,359,589	0.57	0.57	-10.12%
BankCap Partners Fund I	2007	20,000,000	20,000,000	0	0	24,960,986	0	24,960,986	4,960,986	1.25	1.25	2.58%
BankCap Partners Opportunity Fund, LP	2013	20,000,000	19,587,052	0	0	18,266,454	0	18,266,454	-1,320,598	0.93	0.93	-5.69%
CDK Southern Cross	2008	1,535,316	1,535,316	0	0	0	0	0	-1,535,316	0.00	0.00	-20.08%
Highland Credit Ops	2006	35,348,165	35,348,165	0	0	29,994,190	0	29,994,190	-5,353,975	0.85	0.85	-2.06%
HM Capital Sector Performance Fund	2008	47,300,000	44,354,248	0	1,933,378	39,792,545	0	39,792,545	-6,495,081	0.86	0.86	-4.01%
Huff Alternative Income Fund	1994	40,000,000	40,000,000	0	2,018,676	66,940,198	0	66,940,198	24,921,522	1.59	1.59	17.82%
Kainos Capital Partners, L.P.	2013	35,000,000	30,316,015	0	0	43,263,688	0	43,263,688	12,947,673	1.43	1.43	24.76%
Levine Leichtman Capital Partners IV	2008	50,000,000	38,009,085	0	0	78,916,788	0	78,916,788	40,907,703	2.08	2.08	20.12%
Levine Leichtman Capital Partners V, L.P.	2013	25,000,000	19,181,272	0	-4,405	24,506,336	0	24,506,336	5,329,469	1.28	1.28	15.26%
Levine Leichtman Deep Value Fund	2006	75,000,000	75,000,000	0	11,025,662	88,688,224	0	88,688,224	2,662,562	1.03	1.03	0.73%
Levin Leichtman Private Capital Solutions II, L.P.	2012	25,000,000	17,961,807	0	-175	18,691,764	0	18,691,764	730,132	1.04	1.04	1.30%
Lone Star Fund IX (U.S.), L.P.	2014	35,000,000	24,241,467	0	0	23,459,730	0	23,459,730	-781,737	0.97	0.97	-3.28%
Lone Star Fund VII (U.S.), L.P.	2011	25,000,000	23,469,024	0	0	41,624,566	0	41,624,566	18,155,542	1.77	1.77	47.54%
Lone Star Fund VIII (U.S.), L.P.	2013	25,000,000	22,564,537	0	0	28,017,551	0	28,017,551	5,453,014	1.24	1.24	16.26%
Merit Energy Partners E-I	2004	7,018,930	7,031,052	0	-1,741	14,975,776	0	14,975,776	7,946,465	2.13	2.13	14.48%
Merit Energy Partners F-I	2005	8,748,346	8,749,275	0	0	3,801,206	0	3,801,206	-4,948,069	0.43	0.43	-17.19%
Merit Energy Partners G, LP	2008	39,200,000	39,320,050	0	0	26,756,651	0	26,756,651	-12,563,399	0.68	0.68	-9.96%
Merit Energy Partners H, LP	2010	10,000,000	10,033,415	0	0	6,870,451	0	6,870,451	-3,162,964	0.68	0.68	-13.78%
Oaktree Fund IV	2001	50,000,000	50,000,000	0	0	82,516,590	0	82,516,590	32,516,590	1.65	1.65	28.36%
Oaktree Loan Fund 2X	2007	60,000,000	60,004,628	0	0	65,066,951	0	65,066,951	5,062,323	1.08	1.08	2.24%
Oaktree Power Fund III	2011	30,000,000	16,167,147	0	0	23,839,959	0	23,839,959	7,672,812	1.47	1.47	12.35%
Pharos Capital Co-Investment, LLC	2007	20,000,000	20,000,000	0	0	10,019,157	0	10,019,157	-9,980,843	0.50	0.50	-9.92%
Pharos Capital Co-Investment, LP	2008	40,000,000	40,000,000	0	0	67,459,271	0	67,459,271	27,459,271	1.69	1.69	8.42%
Pharos Capital Partners IIA, L.P.	2005	20,000,000	20,080,306	0	0	17,715,199	0	17,715,199	-2,365,107	0.88	0.88	-2.39%
Pharos Capital Partners III, L.P.	2012	50,000,000	28,397,038	0	-54,286	20,196,932	0	20,196,932	-8,145,820	0.71	0.71	-19.95%
<b>Total Completed Funds</b>		<b>864,150,757</b>	<b>781,363,199</b>	<b>0</b>	<b>14,917,109</b>	<b>905,993,874</b>	<b>0</b>	<b>905,993,874</b>	<b>109,713,566</b>	<b>1.14</b>	<b>1.14</b>	



## Disclaimer

WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT AND THAT IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. ANY OPINIONS OR RECOMMENDATIONS PRESENTED HEREIN REPRESENT OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND ARE SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK. THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM", "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD-LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.



## DISCUSSION SHEET

### ITEM #D9

**Topic:** Lone Star Investment Advisors Update

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.071 of the Texas Government Code.

**Discussion:** Investment Staff will update the Board on recent performance, operational, and administrative developments with respect to DFPF investments in funds managed by Lone Star Investment Advisors.

*Regular Board Meeting – Thursday, September 10, 2020*



## **DISCUSSION SHEET**

### **ITEM #D10**

**Topic:**                    **Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation including litigation with the Texas Attorney General regarding open records requests under the Public Information Act or any other legal matter in which the duty of the attorneys to DFPF and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**

**Discussion:**            Counsel will brief the Board on these issues.

*Regular Board Meeting – Thursday, September 10, 2020*





## DISCUSSION SHEET

### ITEM #E1

**Topic:** Public Comment

**Discussion:** Comments from the public will be received by the Board.

*Regular Board Meeting – Thursday, September 10, 2020*



## DISCUSSION SHEET

### ITEM #E2

**Topic:** Executive Director's report

- a. Associations' newsletters
  - NCPERS Monitor (September 2020)
  - TEXPERS Pension Observer  
<https://online.anyflip.com/mxfu/vumv/mobile/index.html>
- b. Open Records

**Discussion:** The Executive Director will brief the Board regarding the above information.

*Regular Board Meeting – Thursday, September 10, 2020*

THE NCPERS

# MONITOR

The Latest in Legislative News

September 2020

## In This Issue

### 2 Fall Congressional Agenda



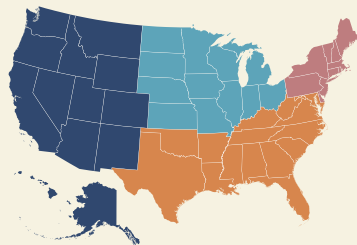
As we move through the virtual party conventions and into the home stretch of the election season, Congressional legislative actions will become fewer and fewer.

### 3 Executive Directors Corner

**FALL CONFERENCE**  
 FINANCIAL ACTUARIAL LEGISLATIVE LEGAL  
 September 29-30, 2020

The NCPERS Financial, Actuarial, Legislative & Legal (FALL) Conference, scheduled for September 29 and 30, is a creative response to extraordinary circumstances. It is, essentially, an unconventional convention that will bring our community together for two days of in-depth learning and networking from the safety of our own workspaces.

### 4 Around the Regions



This month, we will highlight Maine, Michigan, North Carolina and Oregon.

## Public Pension Trade Groups to Actuarial Standards Board: Rethink New Risk Measurement



**N**CPERS has teamed up with two public-sector retirement organizations to recommend changes to a standard-setting organization's proposal on how actuaries should measure certain pension risks.

A comment letter to the Actuarial Standards Board (ASB) spearheaded by the National Association of State Retirement Administrators (NASRA) praised the board's embrace of a low-default risk obligation measure. However, this calculation does not belong in the exposure draft under consideration, which would revise Actuarial Standards of Practice No. 4 (ASOP 4), the authors argued. NCPERS and the National Council on Teacher Retirement (NCTR) joined NASRA in signing the July 30 letter.

ASOP 4, which was last revised in 2013, is titled *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*. In December 2014, ASB formed a Pension Task Force to address potential changes and began discussing how to calculate and disclose a

[CONTINUED ON PAGE 5](#)

# Fall Congressional Agenda

By Tony Roda

**A**s we move through the virtual party conventions and into the home stretch of the election season, Congressional legislative actions will become fewer and fewer. Every four years, and often every two years with Congressional elections, this phenomenon occurs. It is short-lived, however, and sometimes results in active lame-duck sessions.

Of course, it's too early to make any real pronouncements about a lame-duck session. Certainly, if the Senate flips to Democratic control or former Vice President Joe Biden prevails over President Trump, there would be no incentive to enact significant legislative changes in November and December.

On the other hand, a status quo election, which would result in the same party split in Congress and the re-election of President Trump, offers some hope for a productive lame-duck session. Following a status quo election the President and Congress often want to clear the legislative decks in order to start fresh in the second term, but the bitterness of the election season can make even that impossible to achieve.

Looking ahead to the fall and early 2021 there are a number of items pending in Congress that could impact state and local governmental pension plans.

First, there is the possibility of further action on Covid-related legislation that could bear on the use of retirement accounts, specifically issues related to Required Minimum Distributions (RMDs) and rollovers of distributions. RMDs apply to Internal Revenue Code (IRC) Section 401(a) plans, 401(k) plans, governmental 457(b) plans, 403(b) plans, and IRAs.

The House-passed HEROES Act, the Democrats latest response to the Covid crisis, included a waiver of 2019 RMDs and an extended rollover deadline for already-received 2019 and 2020 RMDs to November 30, 2020. The current deadline for rollovers of 2020 RMDs, which were waived in the CARES Act, is August 31, 2020. Given that investment account balances have rebounded since the lows of earlier this year, the proposal to waive 2019 RMDs is unlikely to gain enough traction to be enacted. However, an



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extended rollover deadline for waived 2020 RMDs could be put in place either legislatively or administratively.

Another RMD-related issue under consideration is a provision in the Senate's next generation retirement legislation, S. 1431, which would increase the age trigger for RMDs, once again. The trigger was increased in last year's SECURE Act from age 70 ½ to 72. The provision contained in S. 1431, which was introduced by Senators Rob Portman (R-OH) and Ben Cardin (D-MD), would increase the trigger from age 72 to 75 in 2029.

Second, the House Ways and Means Committee is developing its next generation retirement legislation, which is being called the SECURE Act 2.0. Attempts are being made to include changes to the Healthcare Enhancement for Local Public Servants Act, commonly known as HELPS, in that legislation.

HELPS allows retired public safety officers to exclude from their gross income up to \$3,000 per year from pension distributions if the monies are used for qualified health insurance or long-term care premiums, provided the monies are paid directly by the pension plan to the health care or long-term care provider. This provision was enacted as part of the Pension Protection Act of 2006. It is found in IRC Section 402(l).

H.R. 4897, introduced by Rep. Dan Lipinski (D-IL), would increase the current \$3,000 annual exclusion to \$6,000. The cap has been unchanged since its original enactment in 2006 and is not indexed for inflation.

[CONTINUED ON PAGE 5](#)



NCPERS

Executive Directors Corner

## NCPERS FALL Conference Delivers Real Value Virtually

Sometimes it seems that the world has stopped, but in the public pension arena, we know that’s not true. Pension systems are busy and are keenly focused on delivering on their promises to their members. To help our members continue to do just that, we at NCPERS are focused on delivering quality educational offerings.

The NCPERS Financial, Actuarial, Legislative & Legal (FALL) Conference, scheduled for September 29 and 30, is a creative response to extraordinary circumstances. It is, essentially, an unconventional convention that will bring our community together for two days of in-depth learning and networking from the safety of our own workspaces.

The FALL Conference is structured into three tracks to provide opportunities for in-depth learning in Financial, Actuarial, Legislative & Legal matters impacting public pensions.

The schedule provides time for everything you expect from an NCPERS conference—keynotes, breakout sessions, networking, and even an exhibit, all delivered virtually. And it is compact, with sessions scheduled six hours each day, starting at 11 A.M. EDT and concluding at 5 P.M. EDT.

Two keynotes will serve as bookends for the conference. We will open with [Randi Weingarten](#), president of the American Federation of Teachers, presenting our opening keynote. The renowned labor leader, educator, and lawyer will address our imperative to protect public employees and pensions during a triple crisis—a health crisis, an economic crisis, and a justice crisis. In the closing session, we will hear firsthand from a pioneering doctor and medical researcher, Camillo Ricordi, on efforts underway to develop a potentially groundbreaking therapy for Covid-19 patients. A distinguished professor at the

University of Miami, Dr. Ricordi will illuminate how we can all band together to fight the battle against Covid-19.

In between, we will have 18 separate breakout sessions—seven in the financial track, six in the legislative and legal track, and five in the actuarial track—as well as four express talks. Sessions will explore big-picture issues, such as pandemic aftershocks, societal changes, and the outlook for global equity markets, as well as more granular matters, such as responding to cyber-attacks, reconsidering pension obligation bonds, and sustainable investing strategies.

Participating is easy. You will receive an email from NCPERS with your log in instructions; once you have logged in to the ‘welcome’ page, go to the ‘agenda’ page for all of our sessions. You will be able to join the sessions live here and view the sessions until December 1!

Getting the most out of a virtual conference is easy too, but it does take planning. It’s important to block out time to attend, just as you would if you were traveling out of town for a conference. Put away distractions and silence your phone so you can concentrate on the learning experience. Test your technology before you get online. Use the live chat function to participate in Q&A sessions. Engage on social media, and reach out to people you’ve met or would like to meet.

We are all continuing to adapt and adjust to the situation in which we find ourselves. Our signature events like the Annual Conference & Exhibition will be back as soon as it’s safe. But in the meantime, our gathering space is virtual, and our need to keep learning and growing hasn’t changed. We look forward to seeing many of you at the Fall Conference. ♦

NCPERS  
A Virtual Event with  
Educational Tracks

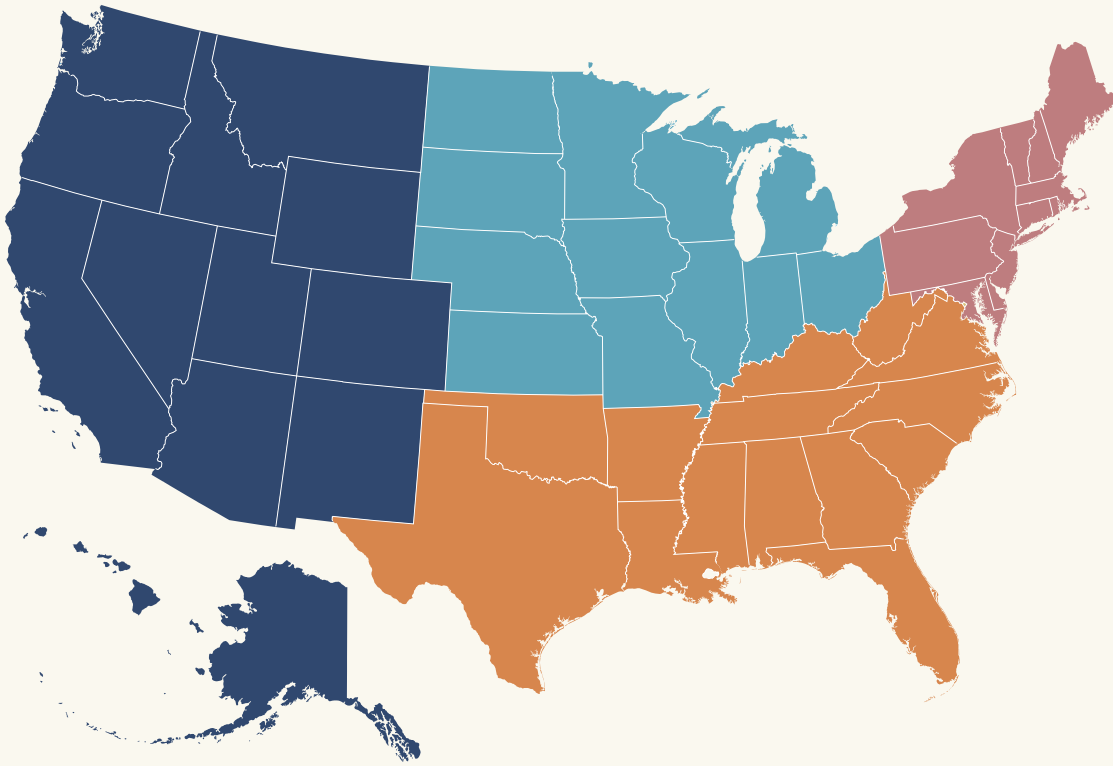


CONFERENCE  
September 29-30, 2020

## NCPERS

## Around the Regions

This month, we will highlight Maine, Michigan, North Carolina and Oregon.



## NORTHEAST: Maine



Legislation advanced to the Maine State Senate on August 4 to establish a public-private partnership program to establish workplace automatic retirement savings accounts for private sector workers who currently lack such options.

The bill, LD 594, was introduced 18 months earlier, in February 2019, by State Senator Eloise Vitelli. It would create a seven-person Maine Retirement Savings Board within the Office of the Treasurer of State, which would then conduct a market and legal analysis for the program. The bill had been under consideration by the Senate Committee on Health Coverage, Insurance and Financial Services, which held hearings last year.

If Maine were to enact enabling legislation, it would join a growing list of states and municipalities that have created private-sector

retirement savings programs inspired by the Secure Choice model that NCPERS unveiled in 2011.

LD 594 would apply to all employers that don't offer workers a federally qualified retirement plan. It would require those employers to give workers the opportunity to contribute to a state-sponsored plan through payroll deduction.

The legislation outlines the program requirements, but would leave matters such as minimum or default contribution amounts up to the proposed retirement savings board. It would, to the extent possible, require the state to "use existing employer and public infrastructure to facilitate contributions to the plan, record keeping and outreach."

[CONTINUED ON PAGE 6](#)

**RETHINK NEW RISK MEASUREMENT CONTINUED FROM PAGE 1**

solvency value for funding purposes. The ASB issued its first exposure draft of proposed revisions in March 2018 and a second exposure draft in December 2019. A public comment period closed July 31.

In its second exposure draft, the ASB maintained that the calculation and disclosure of a low-default-risk obligation measure provides appropriate, useful information regarding the funded status of a pension plan. It praised the ASB for improving upon what it originally called the investment risk defeasement measure in the first exposure draft, and for making clear in the second exposure draft that the new risk measure is intended to be informative, not prescriptive.

But while the risk measure was improved in the second exposure, it does not belong in ASOP 4, NASRA, NCPERS, and NCTR said. The purpose of the risk measure is to gauge a plan's level of risk, a purpose that is inconsistent with ASOP 4 but is consistent with ASOP 51, which is titled *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*, the letter said.

The risk measure belongs in ASOP 51, the letter said. "Because the purpose of an actuarial valuation is to measure a pension plan's obligations and costs, our overarching concern with the second exposure draft is that the proposed [risk measure] will result in confusion to users," it stated.

The letter noted that ASOP 51 does not include mandatory quantitative risk assessments, nor does it require a specific one. Instead, ASOP 51 suggests various methods for assessment of risk. Many of the methods listed as examples in ASOP 51 would be more generally applicable than the proposed LDRM currently prescribed in the ASOP 4 exposure draft, the authors wrote. But confusion and misinterpretations may result if funds are required to calculate and report a low-default-risk obligation measure while also complying with ASOP 51, the letter said. ♦

**FALL CONGRESSIONAL AGENDA CONTINUED FROM PAGE 2**

Also, H.R. 6436, introduced by Reps. Steve Chabot (R-OH) and Kendra Horn (D-OK), would repeal the direct payment requirement. This requirement is not an excessive burden when the pension plan needs to interact with one or just a handful of insurance providers. However, in many cases pension plans must interface with dozens of insurance providers or, as one public plan said in a letter to Congress, "hundreds of insurance companies..." In fact, this administrative complexity has led some plans to decide not to offer the HELPS benefit to its retired first responders.

Additional issues are certain to arise in the next Congress, particularly if there is a change in the presidency or in party control of the Senate. New priorities will certainly emerge if either situation occurs.

Please be aware that NCPERS will keep you apprised as relevant and significant events unfold. ♦

*Tony Roda is a partner at the Washington, D.C. law and lobbying firm **Williams & Jensen**, where he specializes in federal legislative and regulatory issues affecting state and local governmental pension plans. He represents NCPERS and statewide, county, and municipal pension plans in California, Colorado, Georgia, Kentucky, Ohio, Tennessee, and Texas. He has an undergraduate degree in government and politics from the University of Maryland, J.D. from Catholic University of America, and LL.M (tax law) from Georgetown University.*

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[AROUND THE REGIONS CONTINUED FROM PAGE 4](#)

## MIDWEST: Michigan



Two City of Grand Rapids pension funds are seeking class-action status in a lawsuit against the Bayer pharmaceutical company, arguing that the company deceived and misled investors in its acquisition of Monsanto. The case was filed in July in the U.S. District Court for the Northern District of California.

The city's General Retirement System and Police and Fire Retirement System said that, during the acquisition, Bayer downplayed the risks from Monsanto's Roundup weed-killer, *Pensions & Investments* reported. Bayer's purchase of Monsanto was announced in September 2016 and completed in June 2018.

The chemical ingredients in Roundup were classified as "probably carcinogenic to humans" in early 2016. The company was hit with numerous lawsuits from consumers who claimed their cancers were caused by the herbicide.

Between May 23, 2016, and March 19, 2019—the period covered by the proposed class action—Bayer misled the public by downplaying liability risks related to Roundup, the pension funds argued. Instead, Bayer presented the Monsanto deal as a compelling transaction that would create significant shareholder value by generating "stronger growth, better profitability, and a more resilient business profile."

In 2018, a California Superior Court jury unanimously found that Monsanto's Roundup was a "substantial factor" in causing a plaintiff to develop non-Hodgkin's lymphoma." In 2019, the U.S. District Court for the Northern District of California made a similar finding.

## SOUTHEAST: North Carolina



North Carolina's state pension system has bounced back from Covid-19-induced stock market shocks, producing a 6.38% return in the second quarter, State Treasurer Dale Folwell announced.

After recording a \$4.2 billion drop in the first quarter, the state pension plan has now surpassed its record value set in December 2019, Folwell said. The system's assets totaled \$103.9 billion on June 30, an increase of \$5.6 billion from \$98.3 billion at the end of the 1st quarter of 2020. As of August 14, assets had climbed further to \$107.3 billion, exceeding the fund's 2020 high of \$106.9 billion in February prior to the Covid-19 economic shutdown.

"A 6.38% return during one of the most volatile markets I've ever seen is a testament to the great work done here by our investment management team," Folwell said. "We've maintained the conservative investment strategies of previous state treasurers, allowing us to minimize losses during the down market, and to also see substantial gains when the market rebounded."

The treasurer's office also reported that its internal passive equity funds yielded second-quarter returns of 20.84% and 24.71%, in lined with the Russell 200 and the Russell Mid Cap indexes respectively. North Carolina created the first-ever Department of State Treasurer internally managed passive index funds in November 2017, and currently manages \$11.6 billion in these funds.

[CONTINUED ON PAGE 7](#)



**NCPERS**

**Around the Regions**

AROUND THE REGIONS CONTINUED FROM PAGE 6

**WEST:  
Oregon**



The Oregon Supreme Court on August 6 upheld certain reductions in public employee pension benefits that state lawmakers passed in 2019. As a result of the decision, employees will shoulder increased costs for pension benefits, and a \$195,000 limit on the final salary will be applied in some benefit calculations.

An Oregon Public Employee Retirement System (PERS) coalition had asked the court to strike down parts of the state’s pension reform law on grounds that the changes breached the PERS contract with workers and impacted benefits that workers had already earned.

The court concluded that the legislative actions—first, to divert a portion of employees’ contributions to a new account designed to lower employer costs, and second, to institute a permanent cap on the salary against which benefits are calculated—only impacted

future benefits and that the statutes at issue did not contain a promise that was “irrevocable.” The court did, however, reaffirm that benefits for service already provided are fully protected and cannot be changed.

The decision raises issues of generational equity, recruitment and retention, and what is morally right, said Aruna Basih, a partner with the Portland, Ore., law firm of Bennett Hartman, who represented PERS coalition members.

Starting July 1, 2020, people earning more than \$2,500 a month lost a portion of the 6% of salary that previously went into individual account programs. Instead, the funds are being diverted into a new account to lower employer costs. The amount diverted would be either 0.75% or 2.5% depending on the employee’s tier level. The diversion will stay in effect until the PERS fund is 90% funded, and it provides no benefit to members.

The salary cap change affects benefits after January 1, 2020, and the diversion affects benefits after July 1, 2020. Benefits earned prior to that remain protected. ♦

# Don't Miss NCPERS' Social Media











*The Voice for Public Pensions*



## 2020 Conferences

### September

**NCPERS F.A.L.L. Conference**  
September 29-30, 2020  
A Virtual Event

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