

NDPERS INVESTMENT COMMITTEE
Meeting
March 12, 2021
MINUTES

* - Present

BOARD MEMBERS: Troy Siebel
*Yvonne Smith
*Adam Miller
Representative Jason Dockter
Kim Wassim

STAFF: *Bryan Reinhardt
*Scott Miller
*Derrick Hohbein
*MaryJo Anderson
*Rebecca Fricke

Others Present: *Dave Hunter, *Alex Browning, *Paul Erlendson, *Melissa Thorpe,
*Lori Schausten, *Mark Morgan, *Jon Waite

Minutes

2:30 – The meeting was rescheduled from February. The meeting was held by video/conference call. The meeting was recorded. The meeting materials were sent out attached to the meeting invite. Bryan started the meeting and introduced TIAA. Melissa introduced the TIAA team and Lori covered the investment update. The target date funds have 70% of the assets and are receiving 81% of the contributions. The markets have rallied since the 2020 decline due to the COVID-19 pandemic. Money is flowing into the markets, but indicators remain mixed.

Lori noted that Wells Fargo is being taken private. There will be a name change coming soon. It is unknown if any of the funds will change. There are a lot of merger and acquisitions going on in the industry. The Templeton bond fund is under formal fund review and continues to underperform. Much of this is due to currency fluctuations and investments in Argentina. It is doing well so far in 2021. The TIAA target date funds have been affected by their direct investment in real estate. There was group discussion on the real estate allocation and how the glide path of the TIAA target date funds affects investment in real estate. The Virtus mid cap value fund is underperforming due to poor stock picking. The Northern small cap value fund is also underperforming. Bryan noted the Columbia mid cap index has drifted into the small cap area. This may have helped returns and there is no concern, but it should be monitored. Brown was down in the 4th quarter, but the 2020 returns were strong.

3:10 – Lori covered the world bond fund analysis. Callan will look at the overall fund lineup and the subcommittee decided to wait before taking any actions or making any fund changes.

3:15 – Melissa covered the plan review and activity reports.

3:30 – Mark and Jon covered the SEI report on the RHIC and Job Service plans. SEI has a long history of working with the NDPERS plans. The returns were good. The RHIC plan is improving its funded status. It has a low 'hurdle' rate as contributions are strong compared to withdrawals. The new asset allocation based on the Callan study last year is starting now. The presentation included alternative asset allocation analysis. The alternate portfolios showed no change is needed. The Job Service plan is derisked to a 20/80 allocation. There are only 5 active employees in the plan and it is 148% funded. SEI recommends not derisking the plan any further for now. The alternative portfolios do bring a recommended change. Portfolio A moves some of the equity allocation to global. The fund is currently overweight in US equity. The fixed income allocation in Portfolio A reduces the limited duration fixed income by 16%. It is noted that this asset class will likely underperform going forward and spreading the allocation from this area will improve returns and spread risk. Discussion followed on the Job Service asset allocation. The subcommittee agreed to bring Portfolio A to the full NDPERS Board with a recommendation to approve the change in the asset mix. Bryan will bring this forward at the next monthly meeting.

4:05 – Dave covered the presentation on the plan returns. The calendar year returns were good. It is important to make sure that comparisons include the same periods, as the fiscal year returns ended June 30, 2020 were low due to the COVID-19 pandemic. Bryan asked about the insurance funds (about \$38 million) and after the session if we know these funds will not be used for at least 2 years if better investments could be used. Dave will have Callan look into this. The group discussed fund rebalancing and how this contributed to returns in the 'V' pandemic market drop and recovery.

4:20 – Bryan covered the quarterly returns. The target date benchmarks are updated to the prospectus 2021 allocations. The subcommittee marked the Templeton bond fund as underperforming. There was no other discussion.

4:30 - Adjourn

To: Cathy Carlson

From: Bryan Reinhardt

Subject: NDPERS Investment Subcommittee Meeting

In accordance with the policy effective August 26, 1993 for compensating Board members for attendance at sub-committee meetings, the date of the investment sub-committee meeting and member attendance is as follows:

Date: March 12, 2021

Meeting Time: 2:30pm – 4:30pm

<u>Attendees</u>	<u>Meeting Length</u>
Yvonne Smith	2.0 hours
Adam Miller	2.0 hours
Jason Dockter	0.0 hours
Troy Siebel	0.0 hours