



MINUTES

POLICE RETIREMENT SYSTEM OF KANSAS CITY and CIVILIAN EMPLOYEES' RETIREMENT SYSTEM OF
THE POLICE DEPARTMENT OF KANSAS CITY
INVESTMENT COMMITTEE MEETING
Thursday, March 04, 2025

Jason Hoy called the meeting to order.

PRESENT:

Robert Jones, Member
Wayne Stewart, Member
John Mueller, Member
Scott Hummel, Member

Jason Hoy, Staff
Ryan Sullivan, RVK
Marcia Beard, RVK
Jake Derrah, RVK
Rob Woodard, Mariner

JANUARY INVESTMENT PERFORMANCE ANALYSIS - RVK

Mr. Sullivan from RVK reported that in January, global equity markets advanced, with U.S. and international stocks delivering low to mid-single-digit gains. The S&P 500 rose 2.78%, while international developed and emerging markets gained 5.26% and 1.79%, respectively. Market sentiment was shaped largely by U.S. federal policy updates and trade concerns, particularly the potential impact of new tariffs. Late in the month, tech and AI-related stocks came under pressure following news that the Chinese firm DeepSeek had developed a cost-effective AI model with lower computing demands, which impacted chipmakers. The Federal Reserve held interest rates steady, pausing after three cuts, and noted inflation remained elevated, with CPI rising 2.9% in 2024. Fixed-income returns were modest, with U.S. and international bonds experiencing slight value increases. Public real estate rose 1.04%, while private equity and absolute return strategies posted strong trailing one-year gains.

The Police Plan posted a gain of 1.69% net of fees for January, outperforming the target benchmark by 0.22%. Similarly, the Civilian Employees' plan posted a net gain of 1.78% after fees for the month, while the target benchmark gained 1.47%. The Police plan began the month with a market value of \$1.025 billion and saw a gain of \$17.1 million in investment assets, resulting in an ending market value of \$1.040 billion. Similarly, the Civilian Employees' plan began with a market value of \$182.7 million and generated an investment gain of \$3.2 million, ultimately ending with a market value of \$185.7 million. For the one-year period ending in January, the Police plan achieved an 8.26% gain, and the Civilian Employees' plan achieved an 8.27% net gain, excluding fees, against the target benchmark's one-year gain of 9.25%.

ASSET ALLOCATION REVIEW - RVK

Mr. Sullivan, Mr. Derrah, and Ms. Beard provided an update on the recently concluded Asset Allocation Study and Capital Market Assumptions (CMA) conducted by RVK. The CMA analysis indicated slight adjustments, with a modest increase in Fixed Income and a decrease in Equities. As part of the Asset

Allocation Study, RVK evaluated ten different portfolio scenarios, each incorporating varying levels of Equities, Fixed Income, and Alternative Investments. Their analysis determined that while the current allocation remains efficient, minor adjustments would further enhance the portfolio. Additionally, RVK will be recommending the inclusion of Private Infrastructure as a potential asset class for consideration. RVK concluded that the Asset Allocation Study confirms the existing target allocation is both effective and aligned with the results of the Asset Liability Study.

During their review, Mr. Sullivan underscored the critical importance of asset allocation, highlighting it as one of the most pivotal investment decisions. He emphasized that strategic asset allocation is the primary determinant of the total fund performance over the long term. While good manager evaluation decisions can undoubtedly enhance performance, they cannot compensate for an inadequately diversified and inefficient allocation strategy. This recognition highlights the importance of a well-planned and dynamic asset allocation framework in achieving the fund's investment objectives effectively. The discussion surrounding Asset Allocation will continue at next month's Investment Committee meeting.

COMMITTEE MEMBER COMMENTS

There were no additional comments from the board members.

PUBLIC COMMENTS

Time was made for public comments.

ADJOURNMENT

The next regularly scheduled IC meeting is on April 1, 2025, at the Retirement System Offices.