

Police Retirement System of Kansas City, Missouri, and Civilian Employees' Retirement System of the
Police Department of Kansas City, Missouri

Investment Committee Meeting

May 9, 2024

Mr. Stewart called the meeting to order.

Present:

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| Wayne Stewart, Member | Jason Hoy, Staff |
| Bob Jones, Member | Ryan Sullivan, RVK |
| Scott Hummel, Member | Marcia Beard, RVK |
| John Mueller, Member | Peter Greig, FCI Advisors |
| Leslie Foreman, Member | James Braunsdorf, FCI Advisors |
| Nate Simeck, Board Member | Joseph Tyner, FCI Advisors |

March Investment Performance Analysis - RVK

Mr. Sullivan from RVK reported that global equity markets experienced another strong month of performance in March. Across both US and international markets, value stocks generally outperformed their growth counterparts. Stocks traded higher on strong economic data and optimism of a soft landing, where inflation moderates and severe economic downturn is avoided.

Equity markets saw positive returns in March, with the S&P 500 gaining 3.22%, the MSCI EAFE rising by 3.29%, and emerging markets up 2.48%, according to the MSCI EM Index. Bonds performed well, with the Bloomberg US Aggregate Bond Index returning 0.92%, outperforming the Treasury Index at 0.49%. Real estate gained 2.06% in March and 4.15% over five years, while private equity showed strong returns of 7.47% for the past year and 14.96% over five years. Absolute return strategies returned 1.62% for the month and 9.68% over the past year.

The Police plan reported a net gain of 1.83% after fees, achieving an ending market value of \$1.012 billion. At the same time, the Civilian Employees' plan also saw a net gain of 1.84% after fees, reaching an ending market value of \$178.6 million. Both plans surpassed expectations, outperforming the target benchmark by .61% and .62%. For the one-year period ending in March, the Police plan boasted a 9.22% gain, and the Civilian Employees' plan achieved a 9.44% net of fees against the target benchmark's one-year gain of 8.52%. Both plans demonstrated strong performance, notably outperforming their fiscal year-to-date targets.

FCI Advisors Fixed Income Update

Peter Greig, James Braunsdorf, and Joseph Tyner from FCI Advisors provided an update on fixed-income markets and an outlook for the remainder of 2024. Mr. Greig reviewed the philosophy behind FCI's fixed-income strategies and the belief that bond portfolios represent the more stable portion of the overall investment program. FCI uses a time-tested, disciplined investment process to construct a high-quality portfolio.

Mr. Greig stated that through March, the Bloomberg US Aggregate index returned 1.73% for the one-year period, lower than the Police and Civilian fund's 2.21% and 2.31%, respectively. He said various factors contributed to the outperformance, including allocating to a high-quality, less risky approach. The increases in inflation are coming from the housing, energy, and food sectors.

Mr. Greig said higher yields, closer to 5%, will serve the retirement systems' fixed-income portfolios very well for the next few years. FCI's outlook is that we have absorbed most of the pain with market losses, and now higher interest rates will provide future benefits.

The following IC meeting will be on June 4th, 2024, at the Retirement Systems Office, 9701 Marion Park Drive.