

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

Investment Committee Meeting

August 13, 2020

Mr. Pickens called the meeting to order.

Present:

Chad Pickens, Member	Marcia Beard, RVK
Web Bixby, Member	Ryan Sullivan, RVK
Scott Hummel, Member	Robert Woodard, Mariner
Robert Jones, Member	Jason Hoy, Staff
Leslie Lewis, Member	Jim Pyle, Staff
Tom Mills, Member	
Brian Bartch, Member	
John Mueller, Member	

Asset Allocation Review

Ryan Sullivan and Marcia Beard, from RVK, presented a structure analysis for the equity portion of the portfolio. Following a review of the role of equity investments in the portfolio; RVK's public equity capital markets assumptions and expectations; and a review of the current global equity portfolio, associated fees, and five year performance RVK made the following recommendations: 1) Consolidate the small cap investments with Wellington and LSV into one global small cap investment; 2) Move the LSV Emerging Markets investment to a manager that is more growth oriented; 3) Increase the allocation for small cap equity to 15% of the total equity allocation; 4) Increase the allocation for emerging markets equities to 10% of the total equities portfolio; 5) Decrease the allocation for passive large cap global equities to 31% of the total equities portfolio; 6) Leave both the large cap global growth and value allocations unchanged at 22% of the total equities portfolio.

Ms. Beard also reviewed the statistical metrics, fee structure, and regional exposure of the proposed equity portfolio. She also reviewed the same information for the proposed funds from Wellington and GQG Partners.

Mr. Sullivan reviewed RVK's recommendation to move the emerging markets investment to GQG Partners Emerging Markets Equity Fund. He provided information on statistical metrics for the fund, the growth of assets under management, and GQG's plans to close the fund to new investors. He also discussed the tracking error that the fund carries against the MSCI EM benchmark.

Mr. Sullivan also reviewed RVK's recommendation to move the small cap investments to Wellington's Global Perspectives Fund. The Global Perspective fund uses the same analysts and a similar investment approach to the US Small Cap 2000 fund and International Small Cap Research Equity fund.

Current Portfolio (Option 1)			Option 2	
NT Collective Daily ACW IMI NL	40%		NT Collective Daily ACW IMI NL	31%
Artisan Global Opportunities	22%		Artisan Global Opportunities	22%
LSV Global Large Cap Value	22%		LSV Global Large Cap Value	22%
LSV Emg Mkts Equity	5%	→	GQG EM Equity	10%
WTC-CIF II US Sm Cap 2000 Series	5%	→	Wellington Global Perspectives	15%
WTC-CTF Intl Sm Cap Research Equity	4%	↗		
LSV Emg Mkts Sm Cap Equity	2%	↗		

Mr. Woodard said he thought the recommendations to consolidate the portfolios, increase the allocations to small cap and emerging markets, and to hire GQG and Wellington were thoughtful and well-reasoned by RVK. The GQG investment process, growth orientation, and portfolio concentration are all characteristics that fit well within our asset allocation. The Wellington fund is also a good fit for the portfolio based on the experience we have had with the two current investments. A core manager with a slight value tilt in the small cap space provides us with broad exposure, at a reasonable fee, with good downside protection.

The IC will recommend the Retirement Board implement the equity portfolio recommendations provided by RVK and invest in the GQG Emerging Markets Equity fund and Wellington Global Perspective fund.

The next IC meeting, scheduled for September 1 at 9:00am via conference call has been cancelled.