



MINUTES

POLICE RETIREMENT SYSTEM OF KANSAS CITY and CIVILIAN EMPLOYEES' RETIREMENT SYSTEM OF
THE POLICE DEPARTMENT OF KANSAS CITY
INVESTMENT COMMITTEE MEETING
Tuesday, April 1, 2025

Wayne Stewart called the meeting to order.

PRESENT:

Robert Jones, Member
Wayne Stewart, Member
John Mueller, Member
Leslie Lewis, Member
Nate Simecek, Member
Scott Hummel, Member

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

FEBRUARY INVESTMENT PERFORMANCE ANALYSIS - RVK

Mr. Sullivan from RVK reported that global markets delivered mixed results. Domestic equities declined, with the S&P 500 down 1.30% and the Nasdaq falling 3.9%, while international equities outperformed, led by a 1.94% gain in the MSCI EAFE Index. Fixed income posted solid gains, with the Bloomberg US Aggregate Bond Index up 2.20% and international bonds returning 0.84%. Public real estate rose 3.61%, and private equity remained strong with a 9.07% one-year return. Absolute return strategies fell 0.82% for the month. Inflation continued to rise, reaching 3.0% year-over-year, and consumer confidence saw its steepest drop since August 2021. Crude oil prices fell 3.82% in February and are down 10.86% year-over-year.

The Police Plan posted a loss of .018% net of fees for February, underperforming the target benchmark by 0.59%. Similarly, the Civilian Employees' plan posted a net loss of .16% after fees for the month, while the target benchmark gained .41%. The Police plan began the month with a market value of \$1.044 billion and saw a loss of \$1.9 million in investment assets, resulting in an ending market value of \$1.038 billion. Similarly, the Civilian Employees' plan began with a market value of \$186.4 million and produced an investment loss of \$.4 million, ultimately ending with a market value of \$185.7 million. For the one-year period ending in February, the Police plan achieved a 7.08% gain, and the Civilian Employees' plan achieved a 7.35% net gain, excluding fees, against the target benchmark's one-year gain of 8.94%.

ASSET ALLOCATION REVIEW - RVK

Mr. Sullivan, Mr. Derrah, and Ms. Beard of RVK provided a continued update on the Asset Allocation Study and Capital Market Assumptions (CMA) developed as part of their strategic review of the Fund's investment structure. The CMA analysis, updated to reflect current economic and market conditions, indicated slight recalibrations to expected returns and risk profiles across asset classes.

As part of the broader Asset Allocation Study, RVK analyzed ten distinct portfolio scenarios incorporating varying Equities, Fixed Income, and Alternative Investments. Each scenario was tested against return objectives, volatility, liquidity needs, and downside risk. While the analysis confirmed that the current target allocation remains efficient and broadly aligned with the Asset Liability Study, RVK noted that moderate adjustments could further optimize the portfolio's long-term risk-return profile.

Mr. Sullivan reiterated the central importance of asset allocation as the most significant determinant of long-term fund performance, noting that even the best-performing investment managers cannot overcome the structural limitations of an inefficient allocation. He emphasized the need for a disciplined, forward-looking asset allocation strategy that can adapt to market changes while maintaining alignment with the Fund's liability structure and risk tolerance.

RVK recommended the introduction of Private Infrastructure as a new asset class, citing its inflation sensitivity, stable cash flow characteristics, and low correlation with traditional markets. They proposed that any allocation to Private Infrastructure be phased in over time and funded through a gradual reduction in the Fixed Income allocation, maintaining overall portfolio liquidity and balance. The Investment Committee discussed the recommendation in detail and agreed it represented a prudent addition to the Fund's long-term strategy. A motion was made by Mr. Simecek, seconded by Mr. Jones, and approved to present the recommendation to the full Board for consideration and formal approval.

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 May 8, 2025, at the Public Credit Safety Union.