

MINUTES

### POLICE RETIREMENT SYSTEM OF KANSAS CITY and CIVILIAN EMPLOYEES' RETIREMENT SYSTEM OF THE POLICE DEPARTMENT OF KANSAS CITY INVESTMENT COMMITTEE MEETING Tuesday, June 3, 2025

Jason Hoy called the meeting to order.

PRESENT:

Robert Jones, Member Nate Simecek, Member Wayne Stewart, Member Leslie Foreman, Member John Mueller, Member James Manley, Member Jason Hoy, Staff Ryan Sullivan, RVK Jake Derrah, RVK Rob Woodard, Mariner

# **APRIL INVESTMENT PERFORMANCE ANALYSIS - RVK**

Mr. Sullivan and Mr. Derrah from RVK reported that April was marked by heightened volatility across global markets, driven by a sharp increase in U.S. import tariffs and renewed uncertainty surrounding global trade policy. The S&P 500 Index experienced a steep drop of over 10% early in the month before recovering to close with a modest loss of 0.68%. In comparison, international markets performed better, with developed markets returning 4.58% and emerging markets gaining 1.31%. Economic data pointed to growing recession concerns, as U.S. GDP contracted at an annualized rate of 0.3% in the first quarter, missing expectations for growth, and consumer confidence fell to its lowest level since May 2020. Treasury markets also experienced elevated volatility. The yield curve steepened as short-term rates declined and long-term rates rose, and crude oil prices fell more than 16% during the month, extending their year-over-year decline to 27%.

The Police Plan posted a gain of .45% net of fees for April, underperforming the target benchmark by .09%. Similarly, the Civilian Employees' plan posted a net gain of .47% after fees for the month, while the target benchmark gained .54%. The Police plan began the month with a market value of \$1.028 billion and saw a gain of \$4.6 million in investment assets, resulting in an ending market value of \$1.030 billion. Similarly, the Civilian Employees' plan began with a market value of \$184.0 million and generated an investment gain of \$0.9 million, ultimately ending with a market value of \$184.2 million. For the one-year period ending in April, the Police plan achieved a 6.80% gain, and the Civilian Employees' plan achieved a 6.87% net gain, excluding fees, against the Systems' assumed rate of return of 6.85%.

# **INVESTMENT POLICY REVIEW**

During the April Investment Committee meeting, the Committee conducted its annual review of the Investment Policy Statement. As part of this review, a new allocation to Private Infrastructure was

formally added, reflecting the Board's continued commitment to portfolio diversification and long-term return enhancement. In conjunction with this update, the Committee engaged in a broader discussion regarding appropriate benchmarking for the asset class, ensuring future performance is measured in alignment with investment objectives. The policy was also revised to standardize naming conventions across asset classes and to incorporate the updated KCPERS logo and branding. A motion was made by Mr. Simecek, seconded by Mr. Manley, and unanimously approved to implement the addition of the new allocation, naming alignment, and updated branding, and to forward the revised Investment Policy Statement to the full Retirement Board for approval.

## **INFRASTRUCTURE MANAGER RECOMMENDATIONS**

Mr. Sullivan presented a recommendation to hire JP Morgan Infrastructure Investments Fund (IIF) to fulfill 50 percent of KCPERS' newly adopted 10 percent allocation to Private Core Infrastructure. This recommendation followed the Board's approval in May to add infrastructure as a dedicated asset class within the long-term target allocation. JP Morgan IIF was selected for its strong long-term performance, global diversification across more than 900 assets, and a yield-focused strategy that aligns with KCPERS' risk and return objectives. The fund also offers inflation protection through regulated and contracted revenue structures and is managed by an experienced team with a consistent performance track record.

The Committee discussed several merits of the JP Morgan IIF strategy, including immediate access to a mature portfolio, competitive fee structure, moderate volatility, and the availability of a currency-hedged investment sleeve. However, members also considered potential drawbacks, such as the fund's size, which has grown to over \$40 billion, as well as its historical performance during the global financial crisis. These concerns were balanced by JPMorgan's refocused strategy, improved governance, and reduced fees at higher asset levels.

After a thorough review of the materials and peer comparison with other leading infrastructure managers, a motion was made by Mr. Simecek and seconded by Mr. Manley to recommend hiring JP Morgan IIF as KCPERS' Private Infrastructure Manager. The Committee unanimously approved the motion and will be forwarded to the full Board for final consideration.

### **COMMITTEE MEMBER COMMENTS**

The Investment Committee recognized Mr. Robert Jones for his dedicated service and valuable contributions throughout his tenure on the Committee. As he prepares to retire from the Board, June marks his final month as a member of both the Board and the Investment Committee. Members expressed their appreciation for his thoughtful guidance, leadership, and steadfast commitment to the long-term success of the System.

### **PUBLIC COMMENTS**

Time was made for public comments.

### ADJOURNMENT

The next regularly scheduled IC meeting is on August 14, 2025, at the Public Safety Credit Union.

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