



MINUTES

POLICE RETIREMENT SYSTEM OF KANSAS CITY and CIVILIAN EMPLOYEES' RETIREMENT SYSTEM OF
THE POLICE DEPARTMENT OF KANSAS CITY
INVESTMENT COMMITTEE MEETING
Thursday, May 8, 2025

Jason Hoy called the meeting to order.

PRESENT:

Robert Jones, Member
Nate Simecek, Member

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

WORK PLAN FOR 2025 - RVK

Ms. Beard of RVK presented an updated work plan outlining the IC's priorities for the remainder of the calendar year 2025. The plan is designed to align with the System's long-term investment objectives and to support continued portfolio optimization.

A key priority in the months ahead will be identifying a replacement manager for the System's Direct Lending allocation, following the decision to transition away from White Oak. RVK noted that the search would be focused on managers with a disciplined credit underwriting process, strong performance in varied market environments, and alignment with the System's risk-return profile in private credit.

Additionally, Ms. Beard discussed the implementation phase of the Board-approved Private Infrastructure allocation. This emerging asset class is expected to provide the System with long-term inflation-linked cash flows and reduced sensitivity to public market volatility. RVK is preparing to conduct a targeted manager search focused on firms with operational expertise and robust track records in core and core-plus infrastructure strategies.

Finally, RVK will undertake a comprehensive evaluation of the System's Public Equity structure. This review will assess the current active/passive blend, geographic and style exposures, and overall efficiency of the equity portfolio. The analysis will incorporate forward-looking capital market assumptions, peer comparisons, and the potential role of emerging markets and small-cap strategies in enhancing diversification and return potential.

1ST QUARTER 2025 INVESTMENT PERFORMANCE ANALYSIS

Mr. Sullivan, Mr. Derrah, and Ms. Beard presented the March 31, 2025, Investment Performance Analysis for the Police Retirement System and Civilian Employees' Retirement System. Mr. Sullivan reviewed the performance and trends in capital markets from Q1 2025. He said that U.S. equity markets began Q1 with positive momentum but reversed course due to concerns over the emergence of China's DeepSeek AI tool and uncertainties surrounding U.S. tariff policy, resulting in a negative quarter for domestic stocks, particularly those tied to the AI sector. In contrast, European, Japanese, and Chinese equities showed greater resilience, with China posting gains. Fixed income markets performed well, benefiting from falling Treasury yields and strength in securitized and corporate debt. However, post-quarter volatility intensified after the U.S. announced unexpectedly broad and steep tariffs, pressuring risk assets until a 90-day pause was declared. While this helped stabilize markets and lower recession expectations, ongoing trade uncertainty remains a headwind for global growth.

The Police Plan posted a gain of .56% net of fees for the quarter, while the target benchmark posted the same .56% gain. Compared to other retirement plans with assets below \$2 billion, the Police plan investment performance was in the top 22% for the quarter, bottom 25% for the one-year period, and bottom 20% for the three-year period. Similarly, the Civilian Employees' plan posted a gain of 0.65% net of fees for the quarter, while the target benchmark gained 0.56%. Compared to other public retirement plans with assets below \$250 million, the Civilian Employees' plan's investment performance was in the top 20% for the quarter, bottom 25% for the one-year period, and bottom 20% for the three-year period.

The Police plan began the quarter with a market value of \$1.030 billion, a negative net cash flow, and a loss in investment assets of \$1.8 million, resulting in an ending market value of \$1.028 billion. Similarly, the Civilian Employees' plan started with a market value of \$183.5 million, had positive net cash flows and an investment gain of \$0.3 million, ending with a market value of \$183.7 million.

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 June 3, 2025, at the Retirement Systems Offices.