

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

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INVESTMENT COMMITTEE MINUTES

September 17, 2020

PRESENT: John Carr - Chair, Teresa Smith, Joey Hager, Marvin Wilson, and Kelly Flannery

GUEST: Janhavi Kumar and Carl Roberts, Colchester Global Investors

OTHERS: Staff - Sandy Thiry, Desiré Dixon, and Tony Bass

AGENDA

CALL TO ORDER

John Carr called the meeting to order at 8:00 a.m. Due to the North Carolina's gathering restrictions surrounding COVID-19, the Investment Committee meeting took place via teleconference. Attendance was taken via roll call and all Committee members were in attendance.

I. COLCHESTER GLOBAL INVESTORS

- A. **Firm Updates** – Janhavi Kumar explained there are 80 employees within the five offices in New York, London, Singapore, Sydney, and Dubai. She announced the departure of Senior Executive Officer Paul Grice who left in the first quarter and advised that his responsibilities will be allocated to existing staff. Prior to Paul's retirement, Jean Lee was hired as additional staff last year as an Investment Officer which aided in a smooth transition of Paul's duties. There have been no additional new hires since that time. Ms. Kumar explained that the team is designed so that a rotation of market coverage occurs naturally to avoid country bias. Carl Roberts is the new Investment Officer assigned to CFRS's portfolio. The Committee learned of Carl's background including that he joined Colchester 3 years ago from Pictet Asset Management's Emerging Market Debt team and has over 15 years of industry experience.
- B. **Performance Review** – Carl Roberts reported that the firm's assets under management were \$41.3B with their diversified products in Global Sovereign at \$26.4B, Global Inflation Linked at \$2.2B, Emerging Markets Debt at \$11.8B and Alpha Program at \$934M. The International Bond Fund represents \$1.7B of assets within the Global Sovereign strategy. Since the CFRS's inception date of February 1, 2017, Colchester has outperformed by 24 basis point and posted a 5.19% annualized gross of fee return. The year-to-date gross of fee return as of August 31, 2020 was 5.43%, lagging the benchmark of 5.99%. Their real yield valuation analyzes at each country's 10-year nominal yield less Colchester's Inflation Forecast. Countries with positive real yield are overweight in the portfolio while the countries with negative real yield are expected to be underweight. Both bonds and currency are components of the portfolio construction with 60% of the portfolio's bonds having a maturity of less than 10 years. Based on their economic and inflation outlook, Colchester expects that the money supply increase is unlikely to be inflationary in the short term, and more muted and varied responses across Emerging Markets.

III. VARIOUS MANAGER UPDATES

- A. **WINSLOW CAPITAL** – The weightings as of 9/11/2020 for Amazon and Microsoft were reviewed. Amazon’s portfolio weight was 9.26% versus the benchmark of 8.22% and Microsoft’s portfolio weight was 8.43% versus the benchmark of 9.51%. Both stock weightings have declined in the portfolio due to market depreciation. The Committee will continue to monitor.
- B. **BARROW HANLEY** - Sandy Thiry and Lisa Flowers reviewed the Client Consent Form and contract for any legal concerns and reported no issues. The Committee authorized Sandy Thiry to sign the Client Consent Form agreeing to Barrow Hanley’s change of ownership and to return it by the deadline of September 30, 2020.
- C. **ASSET ALLOCATION REPORT** –The Committee reviewed the August 31, 2020 month-end report and noted all asset classes were in-compliance with the stated target ranges in the Investment Policy Statement. The Total Fund market value was \$594,101,526.

NEW BUSINESS

No new business was presented during the Investment Committee meeting.

Joey Hager motioned to adjourn the meeting at 9:14 a.m. Kelly Flannery seconded the motion. The vote was taken via roll call and the motion carried unanimously.

The next meeting is scheduled for October 15, 2020 at 8:00 a.m.

cc: Vanessa Heffron, Board Chair
Lisa Flowers, Assistant City Attorney