

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
ANNUITY AND PENSION BOARD**

Minutes of the Investment Committee Meeting
held June 5, 2025 via teleconference

The meeting was called to order at 9:00 a.m.

Committee Members Present: Matthew Bell
 Justin DeCleene
 Deborah Ford
 Timothy Heling
 Thomas Klusman, Chair
 Nik Kovac

Committee Members Not Present: Bill Christianson (arrived 9:02 a.m.)
 Rudy Konrad (arrived 9:02 a.m.)

ERS Staff Present: Jerry Allen, Executive Director
 David Silber, Chief Investment Officer
 Erich Sauer, Deputy Chief Investment Officer
 Keith Dickerson, Pension Investment Analyst – Sr.
 Dan Gopalan, Chief Financial Officer
 Jan Wills, Board Stenographer

Others present: Cheryl Cannistra, Ben Perl, Neuberger Berman; Andrew Boyd, Matt Westhoven, MFS; John Jackson, Mike Joecken, Callan; Lauren Albanese, Financial News; Patrick McClain, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc.; two members of the public called into the meeting.

Chief Investment Officer Report. Mr. Silber provided the Committee with the rebalance activity since the Glide Path was approved in April, as well as a performance and market update for the Fund and upcoming initiatives. He noted the Glide Path was approved within a couple days of the market trough. Mr. Silber noted the Fund is making good progress toward the new targets due to the strong equity market rally since mid-April. Mr. Silber noted \$41 million was withdrawn from stocks in April and \$120.4 million was withdrawn in May, noting the May amount includes withdrawals made in both early May and late May. He stated \$68 million was invested into Fixed Income managers in April and another \$79 million in May. Mr. Silber added that about \$80 million in benefit payments were also made during this time. He said that the priority has been to get the Fixed Income allocation closer to its new target, especially since the Fund is overweight to both Public and Private Equity. Mr. Silber said the new benchmark will be effective on July 1st. He said the next Investment Committee meeting will be in September. Discussion ensued.

Please be advised that the Investment Committee may vote to convene in closed session on the following item as provided in Section 19.85(1)(e) and Section 19.85(1)(f), Wisconsin State Statutes, to deliberate or negotiate the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session and for considering financial, medical, social or personal histories or

disciplinary data of specific persons, preliminary consideration of specific personnel problems or the investigation of charges against specific persons except where par. (b) applies which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems or investigations. The Investment Committee may then vote to reconvene in open session following the closed session.

The Board did not convene in closed session as noticed.

Neuberger Berman Private Equity Presentation. As a matter of information, Committee members received the “NB Secondary Opportunities Fund ‘SOF’ Update” booklet from Neuberger Berman. Mr. Silber noted the ERS has invested in three of Neuberger Berman’s funds and they have invested money on the Fund’s behalf for over a decade. Mr. Perl stated Neuberger Berman is a large, global independent asset manager and manage half a trillion dollars globally across public and private Fixed Income and Equities and are 100% employee owned. Mr. Perl gave a presentation on the Neuberger Berman Platform and Secondary Strategy and discussed the following topics: Independent, Privately Owned, Global Asset Manager; NB Private Markets Overview; Differentiated Market Intelligence and Enhanced Due Diligence Capabilities; Dedicated Secondary Investment Team Leveraging the Neuberger Berman Platform; SOF Flagship Fund Series – Investment Strategy Overview; Sourcing – Leveraging NB’s Global Relationships and Platform to Source Attractive Opportunities; Underwriting – Differentiated Access to GPs, Proprietary Company Information and Industry Experts; Targeting the Secondary Middle Market With Global Institutional Resources; Overview of Active Flagship Secondary Opportunity Funds (“SOF”); and Summary Investment Highlights.

Mr. Perl also gave a Secondary Market Update and discussed the following topics; Strong Long-Term Growth in Secondary Market Transaction Volumes; Key Secular Growth Drivers for the Secondary Market; Current Market Conditions Create Potential for Attractive Secondary Supply; Lack of Exits Creating Cash Flow Challenge; Growth in Transaction Volumes Outpacing Growth in Fundraising; Different Secondary Strategies – Illustrative Comparisons; Relative Risk / Reward of Levered Beta LP Transactions vs Targeted Secondaries; Market Observation – Targeted Buying Strategies Capitalize on Dislocation; Illustrative Example of Identifying Value as a Buyer Through Asset Selection; Secondary Market Pricing Trends; GP-Led Market: Attractive, Rapidly Growing Segment; GP-Led Market: Capturing Share from Traditional Private Equity Exit Alternatives; GP-Led Market: Types of Continuation Funds and Age of Assets; and Potential Benefits to Investors: Continuation Fund vs Buyout Fund Dynamics. Discussion ensued.

MFS Investment Management Presentation. As a matter of information, Committee members received the MFS Global Growth Equity booklet from MFS. Mr. Silber noted MFS is the ERS’ Global Growth Public Equity Manager who invests in growth stocks headquartered in both the United States and around the world. Mr. Silber stated they have been managing money for the ERS since 2012. Messrs. Boyd and Westhoven provided an MFS Overview and Investment Overview presentation on the following topics: Responsible Active Management; Business Profile; MFS Perspectives – Featured Events & Insights; Executive Summary; MFS Global Growth Equity Team; MFS Global Growth Equity; Consistent Quality Exposure; Exposure to Durable Growth Compounds; Valuation; Downside Risk Management; Historical Relative Performance Over Rolling Periods; Performance Results – Gross and Net of Fees (USD); Leadership Broadened Significantly in Q1; Valuation Matters in the Long Run; Expensive Valuation Has Led Since 2023;

Valuation Quintiles – A Return to Long-Term Pattern; Market Concentration Near Historical Levels; Market has Become Increasingly Concentrated; Performance Drivers – Sectors; Performance Drivers – Stocks; Significant Transactions; Sector Weights; Regional Exposures – Domicile vs. Revenue; Characteristics and Top 10 Holdings: and MFS Global Growth Equity Composite (USD). Discussion ensued.

The Chair called for a break at 10:17 a.m.

The Chair resumed the meeting at 10:23 a.m.

Callan Statement of Investment Policy Review. As a matter of information, Committee members received a redlined copy of the Statement of Investment Policy. Mr. Silber noted the document gets updated as needed, but a lot of the sections are at least 20 years old and Staff and Callan decided it was time for a deep-dive review. He said the goal is to explain the document to the Committee and identify areas that can be improved. Mr. Joecken walked Committee members through the document to discuss what is in it and what the Committee wants the document to be. He noted the document is used by Board Members, Committee members, and members of the public as a high-level document in terms of what is the purpose of the Fund, what are the responsibilities of the parties and stakeholders involved in the Fund, what are the important things to know about the Fund, who does what, and how to think about managing the Fund. Mr. Joecken stated some of the suggested changes are stylistic, some are changes in the wording to make things more clear, some are changes to make the document better describe existing practice, and some are changes to reflect what they see as trends amongst the ERS' peers. He said many of the ERS' peers place the Investment Guidelines in a separate document or within the Investment Manager Agreements signed with each manager. Mr. Joecken went over Sections I. through XI. with the Committee and presented on the following topics: Statement of Investment Policy (Introduction, Responsibilities of the Board, Scope and Purpose of the Policy, Duties of Fiduciaries, including Staff, Investment Consultant, Investment Managers, Custodian, Additional Professionals); Investment Goals and Objectives (Funding Levels and Liquidity Requirements, Asset Allocation Considerations, Target Allocations, Rebalancing Procedures, Transition Manager Procedures); Guidelines for Actively Managed Fund Assets (Risk Aversion, Fully Invested, Investment Discipline Objectives, Commingled Funds, Brokerage and Execution of Transactions); Selection and Review of Investment Managers (Performance Review and Evaluation); Definitions and Conclusion; Specific Objectives for Individually Managed Portfolios (Investment Objectives and Guidelines, Board Restrictions, Derivatives, Transition Manager, Total Fund Objectives and Guidelines, Individual Investment Managers Objectives and Guidelines); Required Reporting of Actively Managed Investment Portfolios; Proxy Voting Guidelines; Policy and Guidelines for Brokerage Services; Approved Securities Lending Programs; and Addendum.

Ms. Ford left the meeting at 10:44 a.m.

Informational.

Callan 1st Quarter 2025 Performance Report. Mr. Klusman accepted this item and placed it on file.

06/05/25

It was moved by Mr. Christianson and seconded by Mr. Bell to adjourn the meeting.

There being no further business, Mr. Klusman adjourned the meeting at 11:29 a.m.

Bernard J. Allen
Secretary and Executive Director

NOTE: All proceedings of the Annuity and Pension Board Meetings and related Committee Meetings are recorded. All recordings and material mentioned herein are on file in the office of the Employees' Retirement System, 789 N. Water Street, Suite 300.)