

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

Minutes of the Investment Committee Meeting
held September 4, 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 (excused)
 Rudy Konrad (excused)

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

Others present: Bo Abesamis III, Alvaro Vega, Ashley Kahn, John Jackson, Mike Joecken, Callan; Bryant Ferguson, Teresa Kulick, Reinhart; Lauren Albanese, Financial News; Patrick McClain, Travis Gresham, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc.; seven members of the public called into the meeting.

Mr. Klusman took the meeting out of order to item IV. Approval of Neuberger Berman NB Secondary Opportunities Fund VI LP Side Letter for the purpose of investing in Private Equity.

Approval of Neuberger Berman NB Secondary Opportunities Fund VI LP Side Letter for the purpose of investing in Private Equity.

Mr. Silber stated Neuberger Berman is one of the investment managers that manages some of the ERS' Private Equity investments. All of our Private Equity investments are made by committing money to limited partnership vehicles that are invested by managers such as Neuberger Berman. Staff would like the Committee to consider approving a Side Letter that the Reinhart Boerner Van Deuren law firm negotiated on our Fund's behalf, specific to our Fund's interest in investing in

the Neuberger Berman Secondary Opportunities Fund VI. To deliberate or negotiate investing in this limited partnership, we now need to request that the Committee go into closed session for competitive and or bargaining reasons.

Mr. Klusman advised that the Investment Committee may vote to convene in closed session on the following item (IV.), as provided in Section 19.85(1)(e), 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. The Investment Committee may then vote to reconvene in open session following the closed session.

It was moved by Mr. DeCleene, and seconded by Mr. Bell to convene in closed session. The motion prevailed by the following roll call: AYES: Ms. Ford; Messrs. Bell, DeCleene, Heling, Klusman, and Kovac. NOES: None.

The Committee convened in closed session at 9:03 a.m.

The Committee re-convened in open session at 9:26 a.m.

It was moved by Mr. Bell, seconded by Mr. Klusman, and unanimously carried, to approve the Approval of Neuberger Berman NB Secondary Opportunities Fund VI LP Side Letter for the purpose of investing in Private Equity.

Mr. Klusman returned the meeting to order to item I. Callan 2026 Private Equity Commitment Pacing and Reinvestments Presentation.

Callan 2026 Private Equity Commitment Pacing and Reinvestments Presentation. Mr. Silber noted this is done every year. He said we take the current status of our current Private Equity program and make assumptions about the next 10-years to determine how much the Fund should commit to new Private Equity vehicles in 2026. Mr. Silber noted that we have been fortunate enough to work with Ashley Kahn for a number of years. Mr. Jackson introduced Ms. Kahn and said she is a Senior Vice President at Callan, is a shareholder, and is a member of the Callan Alternatives Consulting arm within the organization. He said Ms. Kahn has been with Callan since 2015 and has done a number of these throughout the years.

Ms. Kahn walked the Committee members through the review and analysis. She noted Callan had to do a pretty extensive modeling this year to incorporate the de-risking glide path, so that involved modeling multiple scenarios because the Private Equity target is expected to drop over the next 10 years. She stated they are not expecting any new commitments this year, while smaller commitments may still be necessary to maintain the appropriate target in subsequent years. Ms. Kahn noted the program is mature and performing well and Callan works with Staff on the commitment pacing analysis, which is done on an annual basis. She stated with the analysis, Callan and Staff are looking to determine the commitment amount for the upcoming year in order to maintain the appropriate Private Equity exposure over the long term. As a matter of information, Committee members received the 2026 Commitment Pacing and Reinvestments booklet from

Callan, which is on file with the Board Secretary and is incorporated as part of these minutes. Ms. Kahn presented the following topics: Private Equity Market Trends, Private Equity Education: Valuations, Portfolio Review & Performance Analysis, Commitment Pacing, Manager Performance, and Conclusion & Recommendations. Discussion ensued. Ms. Kahn concluded with the program summary that the program captures the institutional private equity opportunity set broadly, with two core managers (70%) providing diversified exposure and two specialty managers (30%) enhancing liquidity and market-cap breadth. She noted for the funding summary, the program's NAV is expected to decline gradually over time as part of CMERS' de-risking glidepath, aiming for a 4% private equity target in 10 year. Ms. Kahn said there has been strong, consistent performance, with returns continuing to rank in the second quartile. She stated Callan's recommendations are no re-investments in 2026, with a smaller level of commitment budgeted for 2027, pending future pacing analyses.

Approval of 2026 Private Equity Commitment Recommendation.

It was moved by Mr. Heling, seconded by Mr. Bell, and unanimously carried, to approve the Approval of 2026 Private Equity Commitment Recommendation.

The Chair took the meeting out of order to item V. Approval of Callan LLC Investment Consultant Contract.

Please be advised that the Investment Committee may vote to convene in closed session on the following item (V.), as provided in Section 19.85(1)(e), 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.

The Committee did not convene in closed session as noticed.

Approval of Callan LLC Investment Consultant Contract. As a matter of information, Committee members received the Agreement between The Employees' Retirement System of the City of Milwaukee and Callan LLC. Mr. Silber said the term on the current contract ends at the end of 2025. He noted Staff worked with Messrs. McClain and Gresham to present the contract, which has been negotiated by the City Attorney's office and Callan, for the Committee's consideration. Mr. Silber stated this Callan LLC Investment Consultant Contract is an evergreen contract with no fixed term, but can be terminated by the Board with 60 days' notice and by Callan with 120 days' notice. He added this is the structure the Fund has with the investment manager contracts. Mr. Silber thanked Callan for not using this process to negotiate new terms, as there were minimal changes in the redline the Committee received. He said Staff noted that they intend to propose to incorporate, before the end of this year, an annual Consultant review along with an every other year staff visit to Callan's offices, into the Fund's Statement of Investment Policy, Board Rules & Regulations, or both, in recognition of this change to Callan's contract.

Mr. Gresham said Mr. Silber addressed the fiduciary concern when he discussed the upcoming proposal to incorporate an annual Consultant review along with an every other year staff visit to Callan's offices, into the Fund's Statement of Investment Policy, Board Rules & Regulations, or

both. Mr. Silber concluded that they believe the fees are competitive and the financial terms between this contract and the expiring contract did not change.

It was moved by Mr. Klusman, seconded by Ms. Ford, and unanimously carried, to approve the Approval of Callan LLC Investment Consultant Contract.

The Chair returned the meeting to item III. Neuberger Berman Due Diligence Report.

Neuberger Berman Due Diligence Report. As a matter of information, Committee members received a memo from Mr. Sauer regarding his and Mr. Courtright's Neuberger Berman due diligence meeting on June 16, 2025. Mr. Sauer reminded the Committee of CMERS' commitment to Funds III, IV, and V and today, approved a commitment to Fund VI. He said performance of their prior funds has been as expected and they are a leader in the secondary market. Mr. Sauer said they have maintained a strong team and added resources to that team to execute the types of transactions they are looking to do. He said there has been growth at the junior, mid, and senior levels by promoting people internally to the senior level and bringing in senior, external hires as he stated Neuberger Berman's transactions can be complex and take a lot of manpower to execute. Mr. Sauer said they are asking all their managers their approach to AI and the head of Neuberger Berman gave them an overview of AI. He noted they have an internal tool that runs on a custom version of ChatGPT called NBGPT which is only their data, with 14,000 interactions a day. Primary use cases are for summarizing documents, and analyzing unstructured data to make them more efficient. Mr. Sauer concluded CMERS is perfectly comfortable continuing to invest with them. Discussion ensued.

Mr. Kovac left the meeting at 10:31 a.m.

The Chair called for a break at 10:32 a.m.

The Chair resumed the meeting at 10:37 a.m. and returned the meeting to item VI. Callan Cryptocurrency and Blockchain Education Workshop.

Callan Cryptocurrency and Blockchain Education Workshop. As a matter of information, Committee members received the Callan Cryptocurrency and Blockchain Education Workshop booklet. Mr. Joecken thanked CMERS for their continued confidence in Callan as Callan has been working with CMERS for 15 years. Mr. Abesamis discussed the Evolution of Asset Servicing, and Mr. Vega discussed the Life of a Trade and Custody, Blockchain and Distributed Ledger Technology, Digital Assets Level Set (Common ground and nomenclature), Blockchain (Process), Public & Private Keys, Smart Contracts, Tokenization (Creation, Current Trends), Structural Changes, Ecosystem, Options for Digital Custody, Potential Benefits, and Challenges. Discussion ensued, with Callan, Staff, and legal counsel all raising process, complexity, volatility, liquidity, valuation, and fiduciary concerns in response to suggestions that the Fund establish an allocation to Bitcoin. Mr. Heling requested more information from Callan on bitcoin ETFs for future meetings.

Mr. Klusman left the meeting at 11:00 a.m. Ms. Ford chaired the remainder of the meeting.

BlackRock Due Diligence Report. As a matter of information, Committee members received a memo from Mr. Dickerson regarding his BlackRock due diligence meeting on May 28, 2025. He said BlackRock manages multiple strategies for the CMERS portfolio, including the Alpha Tilts Strategy, the Russell 1000 Value Index Strategy, Government Bond Index, ACWI ex. U.S. Growth, and the Aggregate Bond, the last two which, he said, are temporary investments with BlackRock. Mr. Dickerson noted that BlackRock is the largest asset manager in the world and as of March 31 this year, they managed over \$11.6 trillion in assets. He commented that he met with multiple investment portfolio managers who manage CMERS' strategies. Mr. Dickerson also met with people from legal, compliance, risk management, business continuity and disaster recovery, and transition management services leadership team. He said everything seemed to be working as it should in those functions.

CMERS 2nd Quarter 2025 Performance Update. As a matter of information, Committee members received the CMERS 2nd Quarter 2025 Performance Update. Mr. Sauer stated Public Equity had a strong return while other asset classes had modest, positive returns for the benchmarks and Private Equity went in our favor. He noted Value Equity Bias and Small Cap Equity Bias went against the Fund, Fixed Income Credit was a benefit, and Private Equity was strong. Mr. Sauer noted this quarter reflects two quarters of Private Equity statements so the total of those came in at a 2.3% gain compared to that down 4% benchmark. He said the ERS Total Fund had a 4.6% return for the quarter versus 4.7% for the benchmark and year-to-date brought the Fund to 5.9% versus 5.7%. Mr. Sauer commented the Fund is underperforming in the one- and three-year periods while matching or exceeding in the longer time periods of seven, 10, and 15 years. He said for Fund Attribution, Private Equity was the positive with the benchmark which was offset by the detractors which netted out to 10 basis points of underperformance. Mr. Sauer said Style Bias detracted 56 basis points, primarily from US Value and the Fund's allocation detracted. He said the Glidepath was approved in April, but the benchmark change did not kick in until the beginning of Q3. Mr. Sauer noted the underweight to Public Equity and the Overweight to Fixed Income versus the pre-Glidepath targets detracted 31 basis points. He stated Private Equity contributed 38 basis points and Fixed Income managers have been a bright spot with Loomis and Reams adding 10 basis points each. Mr. Sauer said Public Equity overall had underperformance from the Growth Managers primarily related to under-ownership of Mag 7 stocks, but had some nice International Style Bias which helped offset that and Public Equity as a whole, detracted nine basis points. He noted CMERS Manager Events and said Harrison Street is 75% owned by Colliers International. Mr. Sauer said Colliers is rebranding its investment management division as Harrison Street Asset Management. He said Christopher Merrill, Co-Founder and CEO of Harrison Street, will become the Global CEO of Harrison Street Asset Management. Mr. Sauer noted that there is no change to the team or the process that manages the Harrison Street Core Property Fund Investment. He said for LaSalle, Alfreda Delle, Deputy Portfolio Manager for LaSalle, started taking an extended leave of absence on September 1 that will last for at least six months. Mr. Sauer said Patrick Pelling will be brought in as a Portfolio Manager, along with hiring an additional Deputy Portfolio Manager.

Mr. Dickerson stated for Public Equity for the quarter, Public Equity, net of fees, underperformed the benchmark with the net return at 9.1% versus the benchmark return of 11.6%, largely due to the Value Bias, but also with Manager Selection within the Public Equity space. He said year-to-date, it is close to the benchmark and modestly underperforming. Mr. Dickerson stated net of fees, there was a 9.5% return and 9.8% for the benchmark. He said the 10- and 15-year returns are pretty close to the benchmark. Mr. Dickerson said for the 10-year return, it was a 9.8% return, net of fees, versus 9.9% for the benchmark. He said for the 15-year return, it was 11.1% net, versus 11.2% for the benchmark. Mr. Dickerson said two of the active equity managers, AQR and DFA U.S. Small Cap Value, outperformed during the quarter. He noted that for AQR, stock selection was a key driver of returns in the quarter, gross of fees their stock selection added 147 basis points of return, that came from exposure to consumer stocks, financials, and industrials. Mr. Dickerson said this portfolio also has an allocation to country risk and currency risk. He noted for DFA, their performance came from its lack of exposure to the REITS and utility sectors. Mr. Dickerson stated seven active managers underperformed during the quarter with Earnest and MFS leading the way. He said with Earnest and MFS it is more of a story of what they did not own in the portfolio than what they did own in the portfolio. He said Earnest had one stock in their index that they did not own that detracted 100 basis points of relative performance. Mr. Dickerson said the same could be said for MFS, being a global, large-cap growth manager that is a bit more diversified, pays attention to valuation in terms of stocks that they buy and that also impacted their performance during the quarter. He commented that for the index managers and real assets managers, things are performing as they should be.

Mr. Dickerson discussed Fixed Income and said it continued to be a bright spot over the quarter and year-to-date. He said for the quarter, the return was 1.9% versus the benchmark of 1.2% and year-to-date, the return was 4.7%, net of fees, versus the benchmark return of 4%, and still seeing good relative outperformance over the longer time periods. Mr. Dickerson stated for the peer group ranks, the Fund is comfortably in the top quartile for the second quarter, year-to-date, and one-year periods. He said for relative investment performance, Loomis and Reams had a positive contribution with Loomis' contribution coming from their security selection within securitized, investment-grade, high-yield credit as well as non-U.S. dollar bonds. Mr. Dickerson said for Reams' exposure, both investment grade and high-yield were top contributors.

He discussed Absolute Return and said it continues to be a bright spot in the portfolio as Aptitude returned 230 basis points over the benchmark, attributable to results they saw from their equity, relative value, and tactical trading strategies.

Mr. Sauer concluded with the Performance Update and stated as of September 3, 2025, the estimated value of the Fund was \$6.22 billion. He said for returns for July, the Fund was up 0.3% versus 0.4% for the benchmark and for August, the Fund was estimated to be up 1.7% versus 1.5% for the benchmark. Mr. Sauer said for September the best estimate is that the Fund is down 20 basis points month-to-date and the benchmark includes the Private Equity benchmark for September. He noted it has flipped again with Public Equities up strongly in the second quarter which means a very difficult Private Equity benchmark. Mr. Sauer said the September estimate

does not include any Private Equity reports yet but is hoping they will come in positive to chip away at the gap. He stated year-to-date, the Fund is up 7.8% versus 9.0% for the benchmark.

Informational.

Chief Investment Officer Report.

Preliminary Performance Report and Asset Allocation.

Adjusted Quarterly Cost Basis of Equity.

Class Action Income 2025 YTD.

Callan 2nd Quarter 2025 Performance Report.

Ms. Ford accepted the Informational items and placed them on file.

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

There being no further business, Ms. Ford adjourned the meeting at 12:26 p.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.)