EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
ANNUITY AND PENSION BOARD

Minutes of the Investment Committee Meeting
held November 6, 2025 via teleconference

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

Committee Members Present: Matthew Bell
Bill Christianson
Justin DeCleene
Deborah Ford
Timothy Heling
Thomas Klusman, Chair
Rudy Konrad

Committee Members Not Present: Nik Kovac (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: Munir Iman, John Jackson, Mike Joecken, Adam Lozinski, Callan; Lauren Albanese, Financial News; Patrick McClain, Alex Foundos, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc.; five members of the public called into the meeting.

Approval of Neuberger Berman NB Secondary Opportunities Fund VI LP Side Letter Revision.

Mr. Klusman said this agenda item would be going into closed session.

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. Neuberger Berman informed us that they overlooked one thing in Neuberger Berman's Secondary Opportunities Fund VI Side Letter that this Committee approved in September and requests that the Committee approve the revised Side Letter that has been reviewed and negotiated by the Reinhart law firm on our Fund's behalf. To deliberate or negotiate investing in this limited partnership, we now need to request that the Committee go into closed session for competitive and bargaining reasons.

Mr. Klusman advised that the Investment Committee may vote to convene in closed session on Item I. 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. Christianson, and seconded by Mr. Kovac to convene in closed session. The motion prevailed by the following roll call: AYES: Ms. Ford; Messrs. Bell, Christianson, DeCleene, Heling, Klusman, Konrad, and Kovac. NOES: None.

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

The Committee re-convened in open session at 9:15 a.m.

It was moved by Mr. Konrad, seconded by Mr. DeCleene, and unanimously carried, to approve the Approval of Neuberger Berman NB Secondary Opportunities Fund VI LP Side Letter Revision.

Callan 2025 Fixed Income Structure Study Presentation. As a matter of information, Committee members received the 2025 Fixed Income Structure Study booklet. Mr. Joecken said earlier this year, the new asset allocation was approved following the asset liability study. He said one of the things to come out of that was an increase in the fixed income allocation within the total Fund. Mr. Lozinski provided a presentation and said the last time a fixed income structure study was conducted was in 2021. He noted in 2021, the fixed income allocation was 22% of the total fund target, but now it has moved up to 31%. Mr. Lozinski said both figures exclude a 1% target to cash. He said one of the biggest changes from 2021 was that the passive component was moved from the full Bloomberg Aggregate to just the US Government Index to pinpoint the balancing of the higher credit allocations with some of the active managers. Mr. Lozinski said the passive component was reduced from 36% of the structure to 25%. He stated the allocation to Reams was bumped up to 45% of the structure and the target to Loomis was lowered by 2%. Mr. Lozinski said the theme today is the need to diversify manager exposure. He noted the main intent of the study is to add some further manager diversification given that the Fixed Income allocation has been increased and some of the managers are now at 10% or more of the total Fund. He said the goal is to add some diversification through a new manager and keep the structure characteristics. Mr. Lozinski stated 31% of the Fixed Income target represents about $2 billion of the $6 billion total assets in the Plan as of June 30, 2025. He said the current target mix is expected to be in place until the Plan reaches 85% funding. Mr. Lozinski said the main reason the Fund has been adding to Fixed Income is to mitigate risk in the Plan. Discussion ensued. After Mr. Lozinski discussed the existing structure, he discussed the alternative structures. He noted the three alternative portfolio mixes consider the addition of a new core manager. He also discussed Sector and Quality Allocations for Alternative Portfolio Mixes, Style Analysis for Alternative Portfolio Mixes, Yield and Duration for Alternative Portfolio Mixes, Equity and Fixed Income Beta for Alternative Portfoli Mixes, 5- and 20-Year Pro Forma Risk/Return for Alternative Portfolio Mixes, 5- and 20-Year Pro Forma Excess Risk/Return for Alternative Portfolio Mixes, and Considerations for Each Mix. Mr. Lozinski said the current structure served the Fund well, but a new manager is needed. Discussion ensued.

Approval of Fixed Income Structure. It was moved by Mr. Bell to approve the Approval of Fixed Income Structure for Alternative 1 as discussed, seconded by Ms. Ford, and unanimously carried, to approve the Approval of Fixed Income Structure Alternative 1. Mr. Silber added that at the next Investment Committee Meeting in December, Callan will present a Fixed Income

Manager Search and Candidate Profile that will provide the parameters of what Callan wants to focus on when they conduct the core manager search. The Committee will then rely on Callan's Investment Manager Fixed Income research experts to recommend a list of finalists to consider interviewing. He said the Committee can decide how many managers they want to interview and who they want to interview from Callan's recommended list. He said interviews could be scheduled by next April.

Callan Real Estate Presentation. Mr. Klusman stated this item is marked for closed session but Mr. Iman will let the Committee know when to go into closed session. As a matter of information, Committee members received Callan's Real Estate Performance Review 2Q25 booklet. Mr. Iman gave a presentation on the following topics: Market Overview, Portfolio Summary, Conclusions and Recommendations. He said this is the best the market has been in Real Estate the past three years and the Fund portfolio has made progress over the past year and outperforming over the five-year period. The Plan's Real Estate Market Value is $490.80 million as of June 30, 2025, comprising 7.8% of the total portfolio. Mr. Iman stated the ERS target allocation to real estate is 8.7% as it was lowered from 9.7% to 8.7% at the April 2025 board meeting. Discussion ensued.

Mr. Silber stated that in the open session portion of this presentation, Callan has discussed ERS' Real Estate allocation. We now need to request that the Committee go into closed session to further expand into the details of certain aspects of the Real Estate investments that cannot be discussed in open session for competitive and reputational 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. Bell, and seconded by Mr. Christianson to convene in closed session. The motion prevailed by the following roll call: AYES: Ms. Ford; Messrs. Bell, Christianson, DeCleene, Heling, Klusman, Konrad, and Kovac. NOES: None.

The Committee convened in closed session at 10:19 a.m.

The Committee re-convened in open session at 10:29 a.m.

The Chair called for a break at 10:30 a.m.

Mr. Kovac left for his 10:30 a.m. meeting.

The Chair resumed the meeting at 10:36 a.m.

Callan Real Estate Structure Review Presentation. As a matter of information, Committee members received the CMERS' Structure Review and Guidelines which included topics on CMERS' Portfolio Guidelines/Constraints, the 4Q2023 Approved Structure, 2Q2025 Core Fund Portfolio Allocation, and CMERS Real Estate Portfolio – Recommendation. Mr. Iman said the

Real Estate allocation is currently underweight at 7.8% and the recommendation includes a slight increase to Harrison Street to increase the weight to non-traditional sectors. He said the real estate portfolio is well diversified. Mr. Silber added that 8.7% is the real estate target at the Fund level and the five targets will guide the Fund over the long term. He said his Staff is also supportive of the recommended targets. Discussion ensued.

Approval of Real Estate Structure. It was moved by Mr. Konrad, seconded by Mr. Bell, and unanimously carried, to approve the Approval of Real Estate Structure. Mr. Silber added that he will need to use his discretion in terms of how quickly re-balancing is done. He noted there are a few considerations, including liquidity. Discussion ensued.

Approval of Adviser Compliance Associates, L.L.C. Contract Amendment. Mr. Sauer said the Committee requested this in April. He said that Adviser Compliance Associates, formerly known as Global Trading Analytics, is CMERS' transaction cost analysis provider, who CMERS has been with over a decade, and the current contract expires at the end of the year and it does have two one-year extension options at the mutual agreement of the parties. Mr. Sauer noted the direction they had was to work with the City Attorney's Office to utilize one of the extension options. He said the investment team worked with Mr. Foundos from the City Attorney's Office who drafted the amendment which Adviser Compliance Associates accepted. Mr. Foundos noted it extends the contract by one year, keeping in place the underlying terms and conditions of the contract and he reviewed the contract and found it to be adequate.

It was moved by Mr. Heling, seconded by Mr. Christianson, and unanimously carried, to approve the Approval of Adviser Compliance Associates, L.L.C. Contract Amendment.

Statement of Investment Policy Update Discussion. Mr. Silber commented that at an Investment Committee Meeting earlier this year, Callan walked the Committee through the Statement of Investment Policy Update, highlighting some key parts and giving examples of things that the Committee might want to consider updating. He said the document has been updated as needed over the years, but has not had a thorough review in at least 20 years. Mr. Silber said Callan, Messrs. McClain and Gresham from the City Attorneys' Office, and the investment team believe they will have something final for proposed consideration at the December Investment Committee Meeting. Mr. Silber said there is nothing to approve today, but there are three items they want to discuss and get Committee feedback about today. For the first item, he discussed the rebalancing procedure and the impact that the asset allocation targets and minimum and maximum ranges have on current practice He said he wanted to update the language as well as the minimum and maximum ranges to make sure they are explicitly clear on what the Committee's intent is. He said the current rebalancing practice is that Staff cannot initiate a rebalance unless the market or cash flows actually move a Fund's asset class outside of the minimum or maximum range. Discussion ensued. For the second item, Mr. Joecken said in May or June they talked about performance standards for the Total Fund and the individual managers, particularly at the Total Fund level. He said we are looking at public fund peers when talking about the universe. Mr. Joecken said those peers have different risk tolerances and different asset allocations. He said now that the Fund is a closed public plan, Callan suggests eliminating peer universe performance standards since from an external perspective it may invite unwarranted scrutiny. Mr. Joecken said from a benchmark perspective, Callan does not want to put a percentage hurdle on the benchmark, but just wants to beat the benchmark, net of fees, over long-term time periods. He said Callan is going to set an asset allocation that gives the expected rate of return. Mr. Joecken stated they will measure volatility and tracking error, but it is not necessary to have an arbitrary constraint on tracking error. Discussion ensued. Mr. Sauer noted for the third item, the required reporting for managers is being looked at. He said 25 years ago when this was created, a blanket, every manager gives the same report might have worked for the Fund, but now the Fund has matured to a point where we want to have more flexibility in what we are asking managers to provide us. Mr. Sauer stated the way we are looking at changing this for the monthly and quarterly reports, managers will provide appropriate reports given their investment style and asset class, as determined by Staff. He noted they would keep the required compliance certificate and required proxy reporting so that is not weakened. Mr. McClain added that the point is to give Staff increased flexibility to tailor these reporting requirements to what makes sense. He said the issue he and Mr. Gresham identified is a policy consideration of governance consideration for the Board. Mr. McClain also stated that the investment policy statement gets incorporated into the investment manager agreements. He stated if a manager said they did not want to reply with that reporting schedule because it was not in the Statement of Investment Policy, that is not a legally untenable argument that they can make. Mr. McClain said he and Mr. Silber discussed this at length and there are pretty substantial mitigating factors, the first is that there would be basic generally applicable minimum reporting requirements that are left in the policy so that mitigates the risk right there. He said additionally if the relationship deteriorated to the point that a manager was haggling about providing information, we would have bigger problems anyway. He said while this is a legal consideration, he said the Board can do what Messrs. Silber and Sauer are proposing, he wanted the Board to be aware of that potential impact on contracting enforceability. Mr. Sauer noted it is unlikely that they would get into a legal dispute with a manger over reporting as a manager would be terminated long before it came to that. Discussion ensued.

2026 Tentative Due Diligence Schedule. Mr. Sauer said this is put together around this time every year and it is a tentative schedule of our due diligence trips for 2026. He stated the reason we do this is to give you a preview of what is on deck and to give you the opportunity to join us on one of these if you would like. Mr. Sauer said it is a good educational experience of what we are doing when we go to see these managers every other year. He said the Committee members should let him know of any trips they are interested in so Committee members can be included in the planning process. Mr. Sauer said it is tentative so the dates could be slightly different and the team could change based on people's travel availability or sometimes a conference lines up in the same city and we are able to tack that on and we will move things around. Mr. Klusman noted that anyone interested should reach out to Messrs. Sauer or Silber.

CMERS 3rd Quarter 2025 Performance Update. As a matter of information, Committee members received the CMERS 3rd Quarter 2025 Performance Update. Mr. Sauer noted it was a strong quarter across the board with the benchmark for Public Equity up 7.7%, Fixed Income was up 2.0%, Real Assets up 1.7%, Private Equity was up 11.2%, and Absolute Return was up 1.8%. He said it worked out to a total benchmark of 5.0%. Mr. Sauer stated the Value Bias went against the Fund with the Russell 3000 Value at 5.6% versus the Russell 3000 Growth at 10.4%. He said the Small Cap Bias went in the Fund's favor with the Russell 2000 at 12.4% versus the Russell 1000 at 8.0%. Mr. Sauer said in the U.S., unprofitable companies outperformed profitable companies by significant margins. He stated Fixed Income Credit went in the Fund's favor with Loomis Sayles outperforming the benchmark at 2.5% versus the Bloomberg U.S. Aggregate at 2.0%. Mr. Sauer noted the Private Equity benchmark went against the Fund at 3.7% versus the

Private Equity benchmark at 11.2%. Mr. Sauer stated that works out to a 4.0% net of fees return for the Total Fund versus 5.0% for the benchmark. He noted for longer-term performance, he said outperformance versus underperformance is mixed depending on the time period, and you can see how strong the last three years have been in the markets, for a diversified Fund like the ERS that has been going through a de-risking process, to have produced an 11% annualized return over the last three years. He stated Private Equity generated 2.3% of the underperformance over the past 3 years with the benchmark issue that has been discussed previously. Discussion ensued. Mr. Sauer said in the 3rd quarter, the main detractor was Private Equity which detracted 99 basis points and the Value Bias in the U.S. was also a detractor at 22 basis points. He said the Overall Allocation with overweight Private Equity and Underweight Real Assets and Absolute Return added 21 basis points. Mr. Sauer stated for year-to-date attribution, Private Equity is the main driver detracting 60 basis points. He said with the Public Equity manager selection, it goes with the unprofitable versus profitable companies mentioned earlier. Mr. Sauer stated the Fund has underperformance from the growth managers, including MFS and Blair when Blair was in the portfolio, Polen, and then DFA US, and Earnest which are in this area where those unprofitable companies are making their benchmarks difficult to keep up with. He said Public Equity was partially offset by outperformance from Brandes and DFA International which have been having outstanding years. Mr. Sauer said Reams added 16 basis points and Loomis added 15 basis points. He said for the Overall Allocation, in a second quarter phenomenon, the Fund was underweight Public Equity versus the pre-Glidepath target because we implemented the new Glidepath targets more quickly than we changed the benchmark so that detracted 24 basis points at the end of the 2nd quarter. Mr. Sauer stated for the Total Fund versus the Universe, the Fund is right at the median for Q3.

Mr. Dickerson provided an update on the Public Equity portfolio and said for the quarter, net of fees, the Public Equity portfolio returned 6.8% versus the benchmark of 7.7% so there is underperformance there which carried over into the year-to-date number where the portfolio's return was 17%, net of fees and the Public Equity benchmark returned 18.3%. He said looking over the longer-analysis periods, Public Equity portfolio is modestly underperforming the benchmark net of fees, but still posting a good five-year number. Mr. Dickerson said versus the peer group, Public Equity continues to perform well as Q3 had the Fund finishing in the 41st percentile against the peer group and the 36 percentile year-to-date. When looking at the portfolio snapshot, he said Information Technology is now the largest sector in the portfolio at 19.1%, which has surpassed financials which has historically been there. Mr. Dickerson noted the Valuation Characteristics have remained in line with expectations versus the benchmark. He said valuations as a whole did move up over the previous quarter given how the equity markets have performed. Mr. Dickerson discussed individual manager performance who outperformed during the 3rd quarter. He noted DFA International and Brandes, the international value manager, have provided meaningful performance this year with DFA International returning 10.6% for the 3rd quarter and is up 41.6% year-to-date and Brandes returned 8.5% for the quarter and returned 32.3% year-to-date. Mr. Dickerson stated with respect to DFA, performance is attributable to overweight positioning in both the financials and material sectors. He stated with respect to Brandes, it has been a consumer discretionary story in terms of the key drivers of the returns. Mr. Dickerson said that sector alone contributed 230 basis points of relative performance. He said the underperforming managers were MFS and Polen in the 3rd quarter and year-to-date. Mr. Dickerson stated MFS' mindfulness around quality companies and buying growth companies at reasonable valuations, that is a style that has not been in favor for a decent period of time, but Staff is still comfortable with MFS as a manager in the portfolio. He said Polen also underperformed during the quarter,

specifically within Information Technology and Polen had a good story with their position in Oracle which was a key contributor.
Mr. Dickerson then discussed Fixed Income which he said continues to be a good story for the Fund on a quarterly and year-to-date basis. He stated quarterly, the Fund returned 2.2%, net of fees versus the U.S. Aggregate at 2.0%. Mr. Dickerson said year-to-date, Fixed Income is up 7%, net of fees, and the Aggregate is up 6.1%. He said against peers, for the quarter, the Fund was in the 3rd quartile and for the year-to-date and one- and three-year analysis periods, the Fund is still in the top third. Mr. Dickerson said from the manager performance perspective, Loomis and Reams are up 2.5% and 2.4%, respectively, for the quarter and 7.8% and 7.3% for Loomis and Reams, respectively, year-to-date.

Mr. Sauer then discussed Absolute Return and said Aptitude is outperforming in all time periods and has a 12.3% return for the one-year period. He said UBS underperformed slightly in the most recent quarter, but are essentially even with the benchmark year-to-date. Mr. Sauer noted there is a decent history with UBS, out to 10 years. He said on a total asset class level, there is a consistent outperformance versus the T-Bill + 3% target that Staff set.

Mr. Sauer stated Staff is happy with how the Private Equity program is performing. He said the exit environment has been muted and Staff is hoping, whether it is the IPO market and M&A activity will pick up. Mr. Sauer said when funds exit deals, historically a 20-30% lift is seen in prices versus where the asset is held on the books. He said when the exit environment picks up, that will hopefully drive a little bit of acceleration in Private Equity returns.

Mr. Sauer concluded with the Performance Update and stated as of November 5, 2025, the estimated value of the Fund was $6.29 billion. He said for returns for October, the Fund was up 70 basis points versus 1.0% for the benchmark and for November, the Fund was down 30 basis points versus down 40 for the benchmark and up 10.5% year-to-date versus 11.6% for the benchmark.

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

There being no further business, Mr. Klusman adjourned the meeting at 11:57 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 Employes' Retirement System, 789 N. Water Street, Suite 300.)