

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

Minutes of the Investment Committee Meeting
held December 4, 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
Nik Kovac

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
Jan Wills, Board Stenographer

Others present: John Jackson, Jack Malone, Callan; Lauren Albanese, Financial News; Patrick McClain, City Attorney's Office; John Barmore Trustee-Elect (Retirees); Terry Siddiqui, DS Consulting, Inc.; five members of the public called into the meeting.

Chief Investment Officer Report. Mr. Silber said the Fund had an estimated market value as of December 3, 2025 of \$6.32 billion dollars. He noted the Fund's net of fee return year-to-date through September was 10.1% versus the benchmark of 11.0%. Mr. Silber said the October return was 0.7%, a good monthly return but below the 1.0% return of the benchmark. He said the preliminary return for November is coincidentally also 0.7%, but in this case better than the benchmark return of 0.4%. Mr. Silber stated for the first three days of December, the returns are flat. He reminded the Committee about the impact that the Private Equity and Real Estate benchmarks have on quarter-end months, and noted that since stocks did really well in the third quarter, the Private Equity benchmark will be over 8% in December. Mr. Silber said major stock indices are up over 20% this year so far and the Fund's Private Equity returns will not keep up with the benchmark in time periods like this, and as a result the ERS is not expected to outperform in December or for the full year. Mr. Silber commented on November and said there were three themes that stood out to him. He said there was a pullback in Artificial Intelligence related stocks, and this helped the Fund outperform during the month because the Fund's Public Equity portfolio is more diversified and less concentrated than the benchmark and many of our peers. Mr. Silber noted the second theme he saw was with private credit and said the Fund does not have any direct

exposure to it. He said private credit has grown significantly since the Global Financial Crisis but it has not been tested in terms of a bankruptcy or big-stress recessionary cycle. He noted recent reports about reputable banks and investment managers taking significant mark downs on their private credit holdings. He concluded the third theme was the cryptocurrency theme. Mr. Silber said there was a pullback in that market in the last six to eight weeks and the Fund does not have any direct exposure to that. He said cryptocurrency came after the Global Financial Crisis also. Mr. Silber noted that since the Fund was well positioned for the November market environment, it helped the Fund have lower volatility and outperform during the month. He said at the Board meeting last week, he emphasized asset allocation, which is expected to be the biggest driver of the Fund's risk and return characteristics. Mr. Silber stated that the second most important driver are the asset class structures, which is how the ERS implements the asset class allocations. He walked through the asset classes and said the returns are very good, while the relative returns in recent time periods for the Fund and Private Equity are trailing. For Private Equity, Mr. Silber stated the last Private Equity cycle peaked around 2021 and has had headwinds since then. He said Real Estate peaked in the first half of 2022 and has also had headwinds since then. Mr. Silber said neither asset class has kept up with Callan's long-term 10- to 30- year capital market assumptions in recent years. He stated if the IPO market can open up, it will hopefully support the returns that we expect from the Private Equity asset class going forward. For Real Estate, Mr. Silber said supply and demand are getting back into balance, and that will hopefully support the returns that we expect from the Real Estate asset class going forward. He noted when Callan talks about the ERS' Private Equity and Real Estate allocations, the majority of the Fund's managers are in the first and second quartile. He then discussed Fixed Income and Absolute Return and noted that they are bright spots in the Fund's portfolio and play similar roles in the portfolio. Mr. Silber commented that the targets to these two asset classes were increased earlier this year and they are both outperforming and generating returns higher than Callan's capital market assumptions. Mr. Silber concluded with a discussion on Public Equity and tied it to his Public Equity Structure Education that he gave earlier this year. He said the Public Equity portfolio is performing really well, except it is not outperforming its benchmark in recent years because U.S. large cap growth stocks have done exceptionally well. Mr. Silber said when Callan puts together capital market assumptions, they tell investors to expect 7-8% annualized returns on stocks over the next 10 years. He noted when the ERS does its Public Equity Structure Review, they strive for a risk-adjusted allocation that will add value and have better risk-adjusted returns over the long term, but it is not meant to outperform in every single time period. Mr. Silber said when the benchmark is up about 20% like it is this year, the Fund is not designed to exceed the benchmark in this environment. He noted when the market pulled back in April and November, the Fund's style bias's to value managers and international managers were adding value relative to the benchmark. He said they did not necessarily have positive returns, but were losing a lot less than the market. Mr. Silber concluded the Fund is positioned well and there is cash on hand to pay the benefits. Discussion ensued.

Approval of Statement of Investment Policy Update. As a matter of information, Committee members received the Statement of Investment Policy Update for December 2025 and the previous Statement of Investment Policy Update for May 2025. Mr. Silber said they had not done a deep dive into the Statement of Investment Policy Update in over 20 years, but it has been updated as necessary during this time. He noted this was a collaborative effort between Callan, the City Attorney's office, and the Investment team. Mr. Silber said in some cases, changes to the document

were made because they were out-of-date, and in other cases the language was updated to reflect current practice. Mr. Silber commented that the Committee had previously been briefed on other changes specific to rebalancing, reporting, and guidelines used to measure the investment managers such as time periods, universe, and excess returns. He said there was also a lot of effort made to make the document more straightforward and readable. Mr. Silber showed side-by-side versions of the current and previous documents and presented the proposed changes to the Board. Mr. McClain added that they will be proposing some amendments to the Board Rules that capture changes in the Statement of Investment Policy Update and that was discussed at the last Investment Committee meeting. He said that is just governance best practice and not a legal problem. Discussion ensued.

It was moved by Mr. Bell, seconded by Mr. Heling, and unanimously carried, to approve the Approval of Statement of Investment Policy Update.

Approval of Real Estate Investment Policy Statement Update. As a matter of information, Committee members received the Real Estate Investment Policy Statement Update. Mr. Silber noted this document needed to be updated because the Real Estate and Real Assets targets were changed as part of the Glide Path study. He said the Real Assets allocation was lowered from 13% to 12% and all of that came from Real Estate. Mr. Silber said Real Estate went from 9.7% to 8.7%. He commented the ranges stayed the same from a plus or minus standpoint around the target. Mr. Silber also said that language used in the document to describe Core open-end Fund's has evolved over the last decade. He said Core funds are now investing more in senior housing, life sciences, and student housing, and two of the Fund's five Core managers do not have benchmarks that are ODCE-specific. Mr. Silber said Prologis is 100% industrial and Harrison Street is all non-traditional ODCE.

It was moved by Mr. Christianson, seconded by Mr. DeCleene, and unanimously carried, to approve the Approval of Real Estate Investment Policy Statement Update.

Approval of Private Equity Statement of Investment Policy Update. As a matter of information, Committee members received the Private Equity Statement of Investment Policy Update. Mr. Silber said this document needed to be updated as part of the de-risking initiative earlier this year when the Private Equity target was lowered from 12% to 11%, and noted the ranges were kept at the same magnitude around the new target. He also went over the language changes in the Private Equity Sectors and Diversification, Liquidity, and Derivatives sections.

It was moved by Mr. Kovac, seconded by Mr. Konrad, and unanimously carried, to approve the Approval of Private Equity Statement of Investment Policy Update.

The Chair called for a break at 10:25 a.m.

The Chair resumed the meeting at 10:31 a.m.

Approval of Fixed Income Manager Search and Candidate Profile. As a matter of information, Committee members received the Fixed Income Manager Search and Candidate Profile. Mr. Jackson discussed the document consisting of two components: the Client Profile and Search

Profile. He said Callan provides information about CMERS, about the structure and type of the Plan, the size of the Plan, the assets to be allocated, and then Callan lists all the underlying investment managers and their associated sizes, or percentage of the total Fund. Mr. Jackson said this information is helpful to Callan's manager research group who will develop a list of suitable candidates who are brought forward. He said the process will then identify suitable candidates, and go through their internal search committee, which will winnow that list down to a manageable number. Mr. Jackson said they will come out of the search committee with four to six candidates which will be reviewed with the CMERS Staff. He said Callan will come out of the search committee by February 4, 2026. Mr. Jackson said they have a consistent, repeatable, transparent approach. He said when the search committee reviews the candidates, they invite the clients to observe and participate. Mr. Jackson concluded that they are looking to identify a Core Fixed Income manager as a result of the recent asset liability study and are looking for a mandate of approximately \$215 million dollars. He said a separate account is the preferred vehicle. Mr. Jackson said they will come forward with the candidates, review them with Staff, and the Committee will select who will make a presentation to the Investment Committee from the finalist candidates recommended to them by Callan. Discussion ensued.

It was moved by Ms. Ford, seconded by Mr. Christianson, and unanimously carried, to approve the Approval of Fixed Income Manager Search and Candidate Profile.

Callan Cryptocurrency and Blockchain Education Workshop follow up. Mr. Klusman had added this back to the agenda and he stated it was started on September 4, 2025 at the Investment Committee Meeting in which Callan provided a presentation. He said it is back because there were six of eight Board members at the September Investment Committee meeting, then two had to leave before or during the Cryptocurrency presentation, and so four remained for the entire presentation. Mr. Klusman noted that this is an interesting topic, but he wondered if this asset allocation is appropriate for the Fund. He noted what he heard from listening to the presentation is that the underlying principles of crypto have yet to be defined and that there is really no way to add crypto into our Fund without increasing risk and he said earlier this year the Fund embarked on a de-risking Glide Path. Mr. Klusman stated that the Board minutes had stated there is a request for Callan for more information on this for future meetings and he said he owed it to the Committee as chair to make sure there is clarity. He said Mr. Heling had brought up that request at the September meeting but there was no second or motion for it. Mr. Klusman commented he was re-opening that up to see what the feelings of the Board are. He stated that the workshop was a very interesting topic and for those that didn't make the meeting, he highly recommended Board members listen to the tape and follow along with the presentation that Callan put together, which is in this agenda's packet, and learn about what this is. Mr. Klusman commented that right now, it does not fit into the Fund's Plan because our plan is to de-risk and to do more de-risking in the future. He said unless this asset class gets a lot less risky, faster than the Plan is de-risking, it is probably not in the Plan's future. Ms. Ford asked what is needed to be done. Mr. Klusman noted the Board received the presentation, one Board member asked for more information on it, there was a request for a second or any other Committee member support, there was nothing, but the minutes showed that Crypto was going to be discussed at future meetings, including one request for every meeting. Mr. Klusman said this was his last Investment meeting and he did not want to leave loose edges. He said when he asked the Staff, they indicated that Callan and Staff would prefer to have clearer direction going forward regarding what follow-up the Committee expected

them to focus on with respect to cryptocurrency. Mr. Klusman said he was trying to put clarity to this and wanted to know if this is something the Board wants to revisit or not. Mr. Heling said he is a big believer in cryptocurrency and there is a paradigm shift happening now. He said what he wants from this committee is to keep it in the background like AI or new technology and keep educating the Board on it. Mr. Heling noted there is a big difference between all the other cryptos and bitcoin as he said bitcoin is totally separate than all the other cryptocurrencies. He stated it does not fit into our Fund right now, but maybe it does get less volatile somewhere down the line and it does fit into the Fund's portfolio in the future. Mr. Heling said it is down 30% from the last month and is very volatile, but in the overall 16 or 17 years it has been trading, it actually can provide less risk to a portfolio. He said the Fund's portfolio is complicated and complex, but Mr. Heling stated he did not want it to fall off the edge and never talked about it again. Mr. Klusman said he was glad Mr. Heling brought it up and it is a perfect direction and he said Messrs. Silber and Jackson track other asset classes and if things start to shift in the future to the point where it might fit, he said he was confident they would bring it back to the Committee for discussion. Mr. Jackson said that was correct. Mr. Klusman noted both Messrs. Abesamis and Vega of Callan are very knowledgeable in this. Mr. Jackson noted they interface with Staff in monitoring the portfolio and if Callan sees something particularly attractive for the asset allocation, and particularly when conducting the asset liability studies, that is something that would be taken into account. Mr. Christianson said he did not think the door should be slammed shut on this, and as things develop in the crypto and the bitcoin space, there may be a reason to revisit this in the future. He said a recurring meeting was not necessary, but as things develop, he would like to hear what the latest is. Mr. Klusman concluded that the Board would keep its ears and eyes open, but that there is not a direction to continue on this right now. Mr. Konrad stated he read that there are a lot of ongoing discussions in Washington among the regulators about potential changes to regulations to open up cryptocurrency as an investment for fiduciary-type accounts. He thought under the current regulations, it probably could not be done, but it would be helpful to keep tabs on what is going on in reference to these regulations, because if they ever do open it up for fiduciary-type accounts, crypto would be expected to go through the ceiling as everybody suddenly feels they have to have it in their account. Mr. Konrad thought someone should keep an eye on what the regulatory environment is in reference to this issue. Mr. Konrad suggested the IceMiller law firm could help with this. Mr. McClain said he would be happy to reach out to IceMiller, but is not sure if the Board wants a presentation on this in the near future or if the directive is to keep the Board apprised of regulatory developments as appropriate. He stated he would be happy to make that communication and put this on the radar. Mr. McClain said if it helps the Board make a decision, that during the fiduciary training there was a slide about the current federal regulations related to crypto as there was a compliance assistance release earlier this year that reverted the crypto guidance back to what it was before the Biden administration. He said the Biden administration had put into place an extreme care recommendation and the new guidance removes that and directs investors to go back to essentially the prudent investor rule guidelines. Mr. McClain said that was the last update he was aware of so the direction to IceMiller could be that if that ever changes or anything further develops, to report to the Board and provide more information. Mr. Heling added that there was another bill that just got passed in the House and is going to the Senate, talking about the market structure and it has to get passed by the Senate now. He mentioned that is the Clarity Bill. Mr. Konrad stated that he did not think anyone knows how to apply the prudent investor rule to cryptocurrency, and until someone figures it out in some court and proves it, it is a very difficult area to make any decision in. Mr. Allen said he asked NCPERS for some guidance

about a point that he is particularly concerned about. He said what is bothering him is the whole prudence question. Mr. Allen stated the chief regulator of the United States has a personal stake in this asset class and he is promoting it, but is also charged with overseeing the people who regulate it. Mr. Allen said this is a significant concern and he has asked Hank Kim at NCPERS if he would poll all the other members of NCPERS for any insight into this issue as it seems there is a huge potential conflict of interest that might make it difficult for anybody to see that it would be prudent to invest in an asset class where the regulators are promoting it because of personal financial stakes in it. He noted an extraordinary amount of due diligence would be necessary here in order to satisfy the Board with the idea that it would be prudent to invest in an asset class under the circumstances we are now facing. Ms. Ford commented that Mr. McClain and IceMiller can determine at what point cryptocurrency is something the Board can discuss and consider making any decisions about without raising any significant fiduciary Board risk. She said if the Committee gets comfortable with the regulatory and legal environment, then Callan and Staff can get involved in how much we can or cannot do. Ms. Ford said she is also concerned about the legal ramifications of anything the Board does, but having guidance from IceMiller and Mr. McClain would be very helpful. Mr. Klusman concluded he thought it was good that it was brought back at this meeting when the Committee members are all here so that clear direction could be provided to Staff and Callan going forward.

Mr. Kovac left the meeting 10:57 a.m. due to an appointment.

Callan 2026 Work Plan. As a matter of information, Committee members received the Callan 2026 Work Plan. Mr. Jackson said this is a single-page document that is a road map with a preliminary list of topics that are planned to bring to the Investment Committee throughout the year. He noted on February 12, there will be an Asset Allocation Discussion, which reflects the 10-year projections for a variety of asset classes that Callan produces each year. Mr. Jackson noted they will also show some projections in terms of current allocations and what is expected over the next 10-year period. He said the Core Fixed Income Search was just approved so on February 12, there will be a list of candidates to share and to finalize those that would come in on April 16 to make a presentation. He said on May 7, there will be an Investment Manager Due Diligence Report that Callan produces on the Fund's active managers. He said in May there will also be the semi-annual Real Estate Performance Review and the beginning of the Public Equity Structure study. Mr. Jackson said on September 10th, Callan will go through a pacing analysis on Private Equity and will continue the Public Equity Structure Review as necessary. He stated on November 5th, there will be a Real Estate Performance Review as it is another semi-annual review of Real Estate. Mr. Jackson concluded that at next year's December 3rd meeting, Callan will launch the first phase of the Absolute Return Structure Review and finalize Public Equity Searches if they were necessary, and then again produce a document for 2027 similar to what we are reviewing today.

Due Diligence Reports.

Abbott Capital. Mr. Courtright said he and Mr. Sauer attended a due diligence meeting at Abbott on June 17. He noted Abbott is one of CMERS' four Private Equity managers and one of two Core Private Equity managers, with Mesirow being the other. He said CMERS has \$490 million committed to their annual program vehicles which started in 2010 and has annual funds going to 2025, so there are 15 Fund commitments with them so far. He stated it was a good meeting

with an experienced and capable staff and they met with the key members of Abbott Capital management and the Investment team. Mr. Courtright noted then-president Jonathan Roth retired in 2023 and there was a transition of the presidential responsibility which went to Len Pangburn and that transition has gone smoothly and Mr. Pangburn is performing his responsibilities well and up to expectations. He said an additional highlight from the personnel standpoint is that Lauren Massey, an Abbott Managing Director and Chief Administrative Officer, is retiring at the end of 2025 after 30 years with Abbott. Mr. Courtright mentioned she was a key person on the operational side, but her responsibilities will be transitioned to other members of the Investment team or to other people in operations. He noted Abbott has a good track record in managing transitions, but Staff and Callan will continue to monitor. Mr. Courtright said another highlight is performance as it has been strong from AP 2010 through AP 2016 with multiples on invested capital ranging from 2.0X to 2.3X. He stated all the key members of the Abbott team remain in place and their philosophy and process are also stable. Mr. Courtright concluded that Staff believes Abbott continues to be a capable Fund of Fund manager for CMERS' Core Private Equity mandate.

Apogem Capital. Mr. Courtright stated Apogem is one of the four Private Equity managers for CMERS and is considered a specialist managers in the small buyout private equity space. He said CMERS has committed \$165 million to them since Fund VI which was started in 2015 and is comprised of six different funds. Mr. Courtright said one takeaway is the people who remain in place are stable which is a key part of Staff's due diligence process. He said one notable update of the individuals of the Investment team is that Kee Raab, Managing Director is a significant member of the team since CMERS has been involved with Apogem. Mr. Courtright said she has shifted her focus from the small buyout space to help lead a legacy middle market private fund which came from the GoldPoint side of the business combination within Apogem. He said Ms. Raab does remain at the firm and is accessible to the team. Mr. Courtright said Staff and Callan will continue to monitor the time demands that might be on the Apogem team going forward if Ms. Raab continues to be more in the middle market space rather than the lower market or the small buyout space. He said the team, the philosophy, the process remain stable, and performance is also quite strong. Mr. Courtright stated Fund VI through Fund X multiples on invested capital range from 1.5X to 1.9X, which is quite respectable. He concluded that Apogem and the small buyout team is quite capable and able to fulfill the responsibility as CMERS' Private Equity Specialist Manager.

Principal Global Investors. Mr. Dickerson said CMERS has been invested in Principal's Diversified Real Asset Strategy since 2016. He noted as of October 31, 2025, Principal manages approximately \$212 million or 3.2% of the Fund's assets. Mr. Dickerson said he and Mr. Sauer met with Principal both in Des Moines on July 8, 2025 and New York on September 11, 2025. He said since the last due diligence visit, there were several organizational or personnel changes that were implemented. Mr. Dickerson said as far as all of the undertakings as a result of these new personnel, things seem to be going to plan from an execution standpoint. He noted a few takeaways from the recent meeting and more applies to the parent Principal Asset Management as there has been some added responsibilities to one of the portfolio managers, specifically on the Diversified Real Asset Strategy. Mr. Dickerson said Principal is undertaking an effort to centralize their investment capabilities. He said prior to this effort, they were more organized in a de-centralized boutique structure with autonomous investment teams. Mr. Dickerson said that means there are a lot of investment teams throughout Principal managing assets in their own particular way and style, with dedicated resources within the team they leverage to execute investment strategy. He said this

is not uncommon to see in the industry so there are no concerns about the way they have been organized. Mr. Dickerson stated moving more to this centralized model which is common within the industry, and typically common among bigger asset managers, Principal had \$580 billion of assets under management as of June 30, 2025. He said with this centralized model, there will be more resource sharing within the firm in terms of information sharing, knowledge sharing, resource sharing, etc. Mr. Dickerson said it is worth keeping any eye on how that materializes over the next three to five years with respect to how Principal is running their asset management business. He said in the spirit of that centralization process, with respect to Principal's Asset Allocation team, organizationally there is Principal Asset Management, and the Principal Asset Allocation team rolls up as part of that. Mr. Dickerson said the Diversified Real Asset team falls within that Principal Asset Allocation team. He noted with Principal Asset Allocation, they are combining resources with the Latin American capability that they have, and as a result, Todd Jablonski, who is the Chief Investment Officer of Principal Asset Allocation, is going to be overseeing that Latin America team as well as the U.S.-based operations. He said Mr. Jablonski is not overly-involved with the day-to-day management of CMERS' diversified Real Asset portfolio, but they are trying to combine that Latin America resource and the U.S.-based team. Mr. Dickerson said they will monitor that to see how it unfolds in the future to see if that impacts anything with respect to the Diversified Real Assets. He said specific to the Fund's strategy, May Tong was brought on as a portfolio manager in May 2021 and she has been given some additional responsibilities within Principal Asset Allocation. Mr. Dickerson said she was named as a portfolio manager on Principal's Targeting Series and also with Principal's Core Satellite Strategies. He said he and Mr. Sauer had a lengthy discussion with her about what these responsibilities are going to entail and she and others on the team and within the organization were adamant that this should only consume a small amount of her time. Mr. Dickerson said Ms. Tong described these responsibilities as strategic in nature and serving in a mentorship capacity to the current portfolio managers of the target date franchise and of the Core Satellite Strategies. He said what the mentorship means is taking a lot of what she had done with the Diversified Real Asset Strategy in terms of integrating Principal's external resources that helped her make better decisions with respect to CMERS' Diversified Real Assets Strategy and teaching the other portfolio managers what she did with the CMERS' strategy to help make their strategies more efficient. Mr. Dickerson said Staff will continue to monitor from a time resource perspective and Staff did discuss this with Callan as far as Ms. Tong goes and did not have any immediate concerns. He noted the team and responsibilities remain intact and he and Mr. Sauer discussed with Principal in Des Moines. Mr. Dickerson said they provided documentation on this as far as the asset classes they are covering within the strategy. He stated the Fund's assets have declined a bit from \$5 billion to \$4 billion, but he noted this is a product of investors leaving the asset class as a whole versus anything specific to Principal, but nothing the Staff found to be alarming. Mr. Dickerson said the investment process remains unchanged with the team allocating to managers who invest in inflation-sensitive sectors and the manager alpha research team are still fulfilling their function in terms of finding new managers for the portfolio. He commented the portfolio management team will still be handling the day-to-day decisions once the new managers are included. Mr. Dickerson said they also met with some of the separate teams within Principal that provide ongoing oversight of the managers as well as compliance monitoring so it was encouraging to see all those added layers of due diligence in terms of what is going into the portfolio. He said performance was soft over the last 18 months, but did have an in-depth discussion around that, but it was a by-product of some of the infrastructure investments in the portfolio. Mr. Dickerson said historically they had been fairly

conservative managers and within the infrastructure space, it echoed a lot with what is heard as far as the concentration you would see in the S&P 500 where a small handful of stocks driving the returns. He said that is what was happening in the infrastructure as well and Staff will continue to monitor that in the next few years. Mr. Dickerson noted they are meeting their investment objectives in terms of trying to return CPI plus 3-5% and Principal is still hitting their mark on longer-term investments.

Reams Asset Management. Mr. Dickerson said he and Mr. Sauer visited Reams in August 2025. He said they were very impressed with Reams and left with the impression they were firing on all cylinders. Mr. Dickerson said as of August 31st, Reams managed \$816.5 million, or 13.1% of the Fund's assets. He said since 2025, Reams has been able to increase their assets by \$7.8 billion dollars, which was encouraging to see. He said search activity has remained strong for the strategy and the institutional consultants have a favorable view of them and things seem to be going well from a firm perspective. Mr. Dickerson said Reams' team dynamic continues to stay in place and they have a unique philosophy where they want their investment professionals to think as analysts, traders and portfolio managers while they are performing their specific responsibilities. He said they feel this gives each of their investment professionals a unique insight into the Fixed Income market and enables them to make meaningful contributions into some of the ideas that go into the portfolio. Mr. Dickerson said the credit team still has their formal sector rotation program and he said Reams is very deliberate on where they add talent. He said their model has always been to hire early career individuals and teach them the Reams process. Mr. Dickerson said Reams has made a few internal promotions at the junior level so it is good to see that process on how they bring on talent and promote them internally. He said their team is building out their client service model since they have brought on more clients and need more personnel to service them so they will bring on more client portfolio specialists to help with the day-to-day client interaction marketing responsibilities which he said is encouraging because it allows the portfolio management team and investment professionals to focus on what they do best. Mr. Dickerson said the process remains consistent as does the investment meeting cadence in which they hold investment team meetings on Monday, Wednesday, and Friday. He commented that he and Mr. Sauer were fortunate to participate in one of those and during the meetings, they demonstrate a high degree of discipline in terms of analyzing the overall Fixed Income market, sharing ideas and identifying what opportunities may be out there. Mr. Dickerson stated the portfolio itself is still primarily sector rotation strategy and can expect 50% of the returns to come from the rotation strategy with another 25% coming from duration yield curve positioning and another 25% coming from security selection. He said those are secondary drivers of return. Mr. Dickerson said one notable thing from an organizational perspective is with respect to compliance. He said Raymond James Financial acquired Carillon Tower Advisors which Reams was a part of back in 2017. Mr. Dickerson stated in 2022, Raymond James Financial re-branded Carillon to Raymond James Investment Management. He said Raymond James has been going through the process of taking on a lot of the non-investment management-related functions that these teams had conducted themselves, one of those being compliance. Mr. Dickerson stated Raymond James has a compliance professional onsite that is in charge of portfolio monitoring. He said the person is a Raymond James employee, not a Reams employee. Mr. Dickerson stated Raymond James will also be handling a lot of other compliance responsibilities such as marketing review, code of ethics attestations, personal trading, etc. He noted that a lot of those business management activities are being assumed by Raymond James, so Reams can focus on more day-to-day management of the

portfolio. Mr. Dickerson said they came away feeling good about their firm and what they are doing in managing part of CMERS' Fixed Income portfolio.

Mr. Klusman added that, speaking on behalf of the two-thirds of the membership who are retirees, he first looked at the due diligence reports as an informational item, but as he read them, he said he learned there is a lot to them and the Investment team deserves a lot of credit with the effort and sacrifice the four members of the Investment team put into the due diligence reports. He commended them for taking the time to travel and having to be away from their families to attend the meetings. Mr. Klusman also commended them for taking the managers to task to make sure everything is on the up and up and he said by their thorough reports, that is happening.

Informational.

Callan 3rd Quarter 2025 Performance Report. Mr. Klusman accepted the Callan 3rd Quarter 2025 Performance Report and placed it on file.

It was moved by Mr. Konrad, seconded by Mr. Bell to adjourn the meeting.

There being no further business, Mr. Klusman adjourned the meeting at 11:30 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.)