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

Minutes of the Investment Committee Meeting
held February 12, 2026 via teleconference

The meeting was called to order at 9:02 a.m.

Committee Members Present:	John Barmore Matthew Bell Bill Christianson Justin DeCleene Deborah Ford Timothy Heling Rudy Konrad
Committee Members Not Present:	Nik Kovac (excused)
ERS Staff Present:	Patrick McClain, 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 Robin Hayes, Pension Accounting Manager Jan Wills, Board Stenographer

Others present: Dario Buechi, Munir Iman, John Jackson, Mike Joecken, Adam Lozinski, Callan; Lauren Albanese, Financial News; Lauri Rollings, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc.; six members of the public called into the meeting.

Appointment of Investment Committee Chair for 2026. Mr. Heling referred the first item to Board Chairman Mr. Bell who stated due to the timing of this meeting and not wanting to wait until the regular Board meeting, he said he would like to nominate Mr. Heling for the Investment Committee Chair for 2026. Mr. Bell thanked Mr. Heling for accepting this role.

Election of Vice Chair. Mr. Heling asked for any nominations for Vice Chair of the Investment Committee. Mr. Barmore nominated Ms. Ford for Vice Chair. Mr. Heling asked Ms. Ford if she would be willing to accept the position of Vice Chair and she replied "Yes, I'd be honored." Mr. Heling asked three more times if there were any more nominations for Vice Chair of the Investment Committee. He said not hearing any further nominations, Ms. Ford is the Vice Chair of the Investment Committee.

Callan 2026 Capital Markets Projections and Asset Allocation Modeling Presentation. As a matter of information, Committee members received the Callan 2026 Capital Markets Projections and Asset Allocation Modeling Presentation booklet. Mr. Jackson stated he was here with Mr. Joecken in person and that Mr. Lozinski would give a presentation on the Capital Markets Projections and Asset Allocation Modeling for the system. He said Mr. Lozinski has been with Callan since 2017 and is a shareholder of the firm and a senior vice president. Mr. Jackson said Mr. Lozinski would go through the capital market projections and Mr. Jackson stated they update the 10-year market projections each year and present to the Committee. He noted it gives the Committee a sense of what Callan sees going forward in the markets in terms of expected returns and volatility as well as how it pertains to the ERS portfolio.

Mr. Lozinski gave a presentation on Summary of 2026 Projections (including Why Make Capital Market Projections?, How Our Capital Markets Assumptions Are Constructed, How Are Capital Market Projections Constructed?, Callan's Capital Markets Assumptions: 10 Years (2026-2035), Callan's 2026-2035 Capital Market Assumptions, 2026 Asset Allocation Modeling – CMERS Outlook, and 2026 Asset Allocation Modeling – CMERS Range of Potential Outcomes); Current Market Conditions (including A Wild Ride in 2025 But it Leads to the Same 10-Year Projections?, Key Macro Theme: Tariffs, Tracking the Effective Tariff Rate, Key Macro Theme: The Job Market, Global Equities Continue to Run in 2025, The Callan Periodic Table of Investment Returns, U.S. Economy, Labor, The Shifting Mindset at the Fed, The Fed's 'Dot Plot,' Market Expectations vs. Fed Expectations, Bond Market Forecasts of Inflation, Stock Market Returns by Calendar Year, and Market Volatility in Context). Discussion ensued.

Mr. Lozinski also provided a presentation on 2026 Expectations, including Fixed Income (Projected Fixed Income Returns, Shape of Yield Curve at Different Points in Forecast Horizon, Drowning Out the Noise, Spreads Act as a Headwind); Public Equity (including Equity Forecasts Overview, Equity Forecasts, Callan's Equity Risk Premia Forecasts Over Time, U.S. Equity Market: Key Metrics, and Equity Forecasts); and Private Markets (Core Real Estate, Private Infrastructure, Private Equity, Private Credit, and Hedge Funds). He also discussed Portfolio Implications (including 7% Expected Returns Over Past 30 Years, 7.5% Expected Returns Over Past 30 Years, 5% Expected Real Returns Over Past 30 Years, Sample Portfolios in 2026 vs. 2025, Optimization Set – Public Stocks and Bonds Plus Alternatives, Risk Aversion, 2026-2035 Callan Capital Markets Assumptions Correlations, Return Projections: Major Asset Classes, Risk Projections: Major Asset Classes, Actual Returns vs. Callan Projections, and Public Plan Return Assumptions).

Callan Core Fixed Income Investment Manager Search Presentation. Mr. Silber said he would be making a comment before the Board went into closed session. Mr. Silber stated agenda items IV. and V. are related to the Fixed Income Manager Search approved in December 2025. He said the Committee directed Callan to utilize its expertise to conduct the investment manager search. Mr. Silber said Callan is prepared to recommend finalists for the Committee to consider and these discussions need to be done in closed session for competitive and bargaining reasons. He stated he would speak to items VI. and VII. as well. Mr. Silber said agenda item VI. relates to Morgan Stanley, one of the investment managers that manages some of the ERS' core Private Real Estate allocation. He stated that all of the ERS' Real Estate investments are made by investing money into commingled vehicles that are invested by managers such as Morgan Stanley. Mr. Silber said Morgan Stanley requested the ERS' consent regarding their proposal to restructure the Prime Property Fund LLC vehicle we are currently invested in. He said to deliberate or negotiate the

ERS' investment in the Prime Property Fund LLC, we will need to request that the Committee go into closed session for competitive and bargaining reasons. Mr. Silber said for agenda item VII., part of this discussion will be in open session, but there are aspects to the request that the Committee does need to go into closed session for to further expand into the details of certain aspects that are contemplated with the Real Assets structure changes that cannot be discussed in open session for competitive reasons. He stated for all these reasons, Mr. Chairman, the Committee needs to go into closed session for these next four items.

Mr. Heling advised that the Investment Committee may vote to convene in closed session on the following items (IV, V., VI. and VII.) as provided in Section 19.85(1)(e), Wisconsin 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. Decleene to convene in closed session. The motion prevailed by the following roll call: AYES: Ms. Ford; Messrs. Barmore, Bell, Christianson, DeCleene, Heling, and Konrad. NOES: None.

The Committee convened in closed session at 9:46 a.m.

The Committee re-convened in open session at 10:55 a.m.

Consider, Discuss, and Potentially Approve Fixed Income Manager Search Finalists. It was moved by Mr. Heling, seconded by Mr. Bell, and unanimously carried, to approve the Fixed Income Manager Search Finalists.

Consider, Discuss, and Potentially Approve Recommendation regarding Morgan Stanley Prime Property Fund, LLC consent to Restructure. It was moved by Mr. Heling, seconded by Mr. Christianson, and unanimously carried, to approve the Recommendation regarding Morgan Stanley Prime Property Fund, LLC consent to Restructure.

Callan Real Assets Benchmark and Structure Changes Update. As a matter of information, Committee members received from Callan a Memorandum regarding the Real Assets Benchmark and Structure Changes. Mr. Iman stated for context for January 20, 2026, CMERS approved the termination of an investment manager responsible for implementing the public diversified Real Assets allocation, which had a 3.3% target. He said Callan and Staff reviewed alternatives for the portfolio, with everything from sub-asset classes to potentially adding an additional manager, and even looking at an additional allocation to Private Real Estate, all while being guided by Callan's recently updated Capital Market Assumptions. Mr. Iman mentioned that a new Real Estate Structure was approved at the November 2025 Board meeting, and reiterated that all five existing Real Estate managers are in good standing. He noted it was prudent to allocate the 3.3% Real Assets allocation exposure to Private Core Real Estate, and to do it in a way that maintains the Real Estate Structure approved in November 2025, and that is the recommendation to the Committee. Mr. Iman said the main purpose of the Private Real Estate exposure is to lower overall volatility, generate predictable stable income, and achieve a return between stocks and bonds.

Approval of Real Assets Structure. It was moved by Mr. Heling, seconded by Mr. DeCleene, and unanimously carried, to approve the Approval of Real Assets Structure.

The Chair called for a break at 11:03 a.m.

The Chair resumed the meeting at 11:10 a.m.

Approval of Statement of Investment Policy Update. As a matter of information, Committee members received a redline copy and a clean copy of the Statement of Investment Policy. Mr. Silber said Principal's benchmark has always been incorporated into CMERS' Real Assets benchmark, and the Real Assets benchmark is further incorporated into the Total Fund benchmark. Mr. Silber said now that the Committee has approved a Real Assets Structure that does not include diversified Real Assets, the Statement of Investment Policy needs to be updated to account for that. He said based on the conversations in items VII. and VIII., Staff recommends updating three pages within the Investment Policy. Mr. Silber went over the changes needed to reflect the new 12% target for Private Real Estate, replace references to Real Assets to instead say Private Real Estate, and update the Fund's benchmark. Mr. Silber noted that while it is not ideal to have a mismatch within the benchmark for a couple months that is caused by the termination of the Diversified Real Assets mandate, the new benchmark will be effective April 1, 2026 since it is not a best practice to change a benchmark in the middle of a quarter. He said the only numbers that are changing within the Fund's benchmark are removing the 3.3% Diversified Real Assets component and changing the Real Estate allocation from 8.7% to 12%. Mr. Silber concluded that these recommended changes get the policy up-to-date with the Investment Committee's recent actions and Staff recommends approval.

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

CMERS 4th Quarter 2025 Performance Update. As a matter of information, Committee members received the 4th Quarter 2025 Performance Report with the topics of Fund Overview, Public Equity, Fixed Income, Absolute Return, Private Equity, and Recent Performance Update. Mr. Sauer stated he would talk about the Total Fund, Absolute Return, Private Equity and a recent Performance Update. He said Mr. Dickerson will discuss Public Equity and Fixed Income. Mr. Sauer discussed the Market Environment and stated with the benchmark returns, the fourth quarter of 2025 was another nice quarter with the Public Equity benchmark up 3.2%, Fixed Income up 1.1%, Real Assets up 1.0%, Private Equity up 8.6%, and Absolute Return up 1.7%, which worked out to a CMERS benchmark of 2.7%. He discussed Relative Performance Expectations with the benchmark and said the Value Bias went in the Fund's favor with the Russell 3000 Value up 3.8% versus 1.1% for the 3000 Growth. Mr. Sauer said Small Cap went against the Fund but only slightly with the Russell 2000 up 2.2% versus 2.4% for the Russell 1000. He noted Fixed Income Credit was additive with Loomis outperforming the Bloomberg Agg. by about 60 basis points. Mr. Sauer commented that in a similar story to earlier in the year, the Private Equity benchmark was tough to keep up with at 8.6% versus the Private Equity portfolio, which was up 2.4%. He said that shakes out to 2.5% for the CMERS Total Fund versus 2.7% for the CMERS Benchmark. Mr. Sauer said looking at the Total Fund Performance and the longer-term performance, the Fund was up 12.9% for 2025. He said for the longer term, the numbers of seven-, 10-, and 15 years were strong as well and matching or exceeding the benchmark and all exceeding the assumed rate of return. Mr. Sauer said for the ERS Fund Attribution, the main driver of relative performance in the 4th quarter was the Private Equity benchmark which detracted 81 points in Manager Selection, which was partially offset through a number of nice performances from the active managers. He said DFA International added 13 basis points, Earnest added 11, UBS added seven, Aptitude added five, and Loomis added five. Mr. Sauer noted the way the attribution math works, because the Fund was overweight to Private Equity and that was the best performing benchmark, that overweight added 16 basis points. He stated for the full-year attribution, Private Equity detracted 151 basis points because of the way Private Equity is benchmarked which was talked about all year. Mr. Sauer said this was partially offset by manager performance in Fixed Income so Loomis added 20 basis points and Reams added 18 basis points. He stated for the Total Fund versus the Universe, this was a really strong quarter versus the universe, which is an illustration of how even with the smaller Public Equity allocation now than a lot of the peers, when Value goes in the Fund's favor, the Fund still looks good versus the peers as shown in the 16th percentile rank. He added that similar to last quarter, the benchmark ranks well, in the top 10% of the universe, which shows how difficult that benchmark is to keep up with.. Mr. Sauer stated for the longer term for the seven- and 10-year numbers, the Fund still ranks solidly in the second quartile. He discussed the 2025 Market Value Change and noted there was a $763.5 million capital market gain. Mr. Sauer stated there was one Manager Event to report as Prologis announced that Kosta Karmaniolas joined USLF which is the fund CMERS invests in with Prologis. He said Mr. Karmaniolas is a VP of fund management with USLF and had been with Prologis for 14 years with experience on both the client and the portfolio management side. Mr. Sauer said Mr. Karmaniolas would also be taking over as the fund manager from Bobby Bransfield who is the current fund manager in addition to his role as global head of fund management. He stated Mr. Karmaniolas would be taking over for Mr. Bransfield at the end of 2026. Mr. Sauer said there are no immediate concerns but just something to monitor. Mr. Sauer added that they did get an update yesterday from Aptitude, one of CMERS' Hedge Fund of Fund managers, that two key people left the team and said one worked in portfolio management and client communication while the other person was Aptitude's legal expert. He said Aptitude felt those responsibilities are being duplicated by other parts of the organization. Mr. Sauer commented they will have some follow-up questions for Aptitude and they are on the due diligence schedule for this year and will find out how those other responsibilities are being picked up.

Mr. Dickerson gave a Public Equity overview and said it was a strong quarter, returning 3.9%, net of fees, which outperformed the benchmark of 3.2% for the quarter. He said for the year, it was a strong number at 21.5% return, net of fees. Mr. Dickerson noted while the Fund underperformed the benchmark, 21.5% is not anything to be upset about, with a good result there. He said the three-year number is a little weak, but looking across the five-, seven-, 10- and longer-time periods, there are largely in-line good results, especially with seven and 10 years returning 13.4% and 11.4%, net of fees, which are very good numbers. Mr. Dickerson said for the fourth quarter 2025, there was a really strong relative performance amongst the universe in the peer group in the 17 percentile and the one-year return was right outside the top quartile. He noted looking across the longer-time periods of the five-, the seven-, and the 10-year, there was a 30 percentile rank for the five-year, comfortably in the top half of the peer group for the seven- and 10-year with really good performance from the longer-term numbers which shows consistency of the equity performance. Mr. Dickerson said not much changed with respect to the Public Equity Portfolio Snapshot as

Equity Sector Exposure, Regional Exposure by Domicile, and Regional Exposure by Source of Revenue has been consistent over the past few quarters. He stated with respect to the Top 10 holdings, the only change that came about from the previous quarter was that Alibaba was lost in the Top 10, while Samsung moved up into the Top 10 from a holdings perspective. Mr. Dickerson noted that with the Top 10 Managers, the BlackRock Russell 1000 Value Index edged up just ahead of the S&P 500 Index Strategy, but otherwise remained largely consistent. He said the Public Equity Statistics remained consistent. Mr. Dickerson noted for Public Equity Valuation Characteristics, the majority of these strategies and the Public Equity part of the Fund, they did edge up, which should not come as a surprise given how equity markets performed in the fourth quarter. He stated as was reiterated in previous Investment Committee meetings, when Public Equity is looked at as a whole, it is maintaining those value characteristics as one would expect relative to the benchmark characteristics. Mr. Silber added that the majority of the Fund's public equity managers have forward P/E ratios below the S&P 500, which Mr. Lozinski noted in his earlier presentation was elevated compared to the last 30 years. He said the Fund's Style Bias's in Small Caps, Value, and International have benefited the Fund in the first six weeks of the year, as it also did in November and December of 2025. Mr. Dickerson talked about outperforming Equity Managers for the quarter and stated DFA International was the story of the quarter and story of the year with a 52.1% return for the one-year period, which outperformed the benchmark by 20.2%. He said when breaking down the attribution, sectors like financial and materials were key contributors to performance last year as well as the Fund size factor and that strategy is being rewarded for why Staff picked it. Mr. Dickerson noted Earnest underperformed last year and had some performance challenges in 2024, but were firmly convicted in their portfolio, the stocks they were picking, the process they were using came through in the fourth quarter with a 4.1% return and outperformed by 3.9%. He added that a lot of their performance has come from their stock selection within energy, materials, and industrials. Mr. Dickerson talked about the Underperforming Equity Managers and stated the growth managers have faced some challenges with the type of growth companies they invest in are not the type of growth companies that have been rewarded in recent history. He said when looking over the longer return periods, these funds are more or less meeting the objectives that they were hired for. Mr. Dickerson noted they will continue to watch and monitor and have conversations with the managers. He talked about the Passive Equity Managers and said they are still maintaining a low-tracking error and these types of strategies were hired for the cheap beta. Mr. Dickerson discussed Fixed Income and said it has been a bright spot for the portfolio and for the quarter, and returned 1.2%, net of fees, and outperformed the benchmark. He said for the full year, Fixed Income returned 8.3%, net of fees, outperforming the Agg. by 1%, which he stated for a Fixed Income Portfolio that is really strong. Mr. Dickerson said the longer-term performance looks good as well. He stated versus the Universe, for the most recent quarter, the Fund was in the top half, almost the top third, the one-year number in the top quartile, three-number comfortably in the top-third, with a really good performance from the Fixed Income Portfolio. Mr. Dickerson highlighted performance from Loomis and Reams specifically and said both managers had good one- and three-year performances, in addition to the quarter. He noted, when looking at these two strategies, comparatively speaking, when it is seen how they perform relative to the benchmark, if looking at the three-year number, Loomis outperforms by 3.0% and Reams outperforms by 1.0%. Mr. Dickerson said for the five-year number, Loomis outperforms by 2.6% and Reams outperforms by 0.9%. He stated also for the seven- and 10-year periods, a theme is seen where Loomis modestly outperforms Reams on a year after year, quarter-to-quarter basis and that is what is expected from these two portfolios because

Loomis is going to have a more aggressive type of characteristic to it and will be taking on more credit risk. Mr. Dickerson said Reams is Core Plus, but is on the less-aggressive side as far as Core Plus goes. Mr. Sauer then discussed Absolute Return Managers and said Staff is happy with how this part of the portfolio is performing. He said both UBS and Aptitude are outperforming over all time periods with both having a strong 2025, with Aptitude up 11.9% outperforming its benchmark by 3.6% and UBS up 9.7%, outperforming its benchmark by 1.4%. He noted both managers had a strong fourth quarter to cap off the year. Mr. Sauer said Callan mentioned earlier in this meeting an assumption of 5.7% for this part of the portfolio, so if the managers can continue to deliver something close to this, they will be doing the job Staff asked them to do. He discussed Private Equity and said earlier how difficult it was to keep up with the Private Equity benchmark, but the Private Equity portfolio is doing fine. Mr. Sauer reiterated returns are reported at a quarter lag so this page shows September 30, 2025, with four quarters of returns reflected in each calendar year. He said the returns that came in were not spectacular, but they were solid. Mr. Sauer commented that they are hearing from market participants that they are expecting IPOs and merger activity to pick up in 2026. He said if the pick-up occurs, it will lead to increased distributions and likely write-ups.

Mr. Sauer concluded with a Performance Update and said the estimated Fund Value as of February 25, 2026, was $6.74 billion. He said Staff has seen the rotation with Value, Mid- and Small-Cap in favor which has been very good for the Fund. Mr. Sauer said there are days where the markets are down, but the Public Equity allocation still generates a positive return. He said there is a January estimated return of 1.9% versus the benchmark of 1.4%. Mr. Sauer said February month-to-date is 1.1% versus the benchmark of 0.8% with some nice outperformance in Public Equity driving a portion of that. He said the year-to-date is up 3.0% versus 2.2% for the benchmark so it is a strong start to the year. Chairman Heling gave kudos to the team and thanked them for all their hard work.

Value Add Analysis. As a matter of information, Committee members received the Historical Value Add documents for January 1, 1995 – December 31, 2025 for the CMERS Total Fund (everything except Real Assets) and the CMERS Public Equity and Fixed Income only. Mr. Silber stated this is a report that Staff provides the Committee on an annual basis. He stated the Value Add Analysis is another way to evaluate how the Fund is doing. Mr. Silber said there are two versions of this where one three-page document is the CMERS Total Fund (everything except Real Assets) and the other three-page document isolates the stock and bond part of the portfolio. He said when the analysis was first started, it just focused on the stock and bond allocations. Mr. Silber noted in 2010 the Fund added Private Equity, which, he said, was kind of a stock replacement in the portfolio. He said in 2014, the Fund added Absolute Return, the hedge fund-of-funds portfolio, which is kind of a Fixed Income replacement, implemented when rates were close to zero. Mr. Silber went over the Total Fund pages, but stated the methodology is the same for both documents. Mr. Silber noted the analysis estimates the Fund has generated $929.7 million in additional returns above and beyond what could have been achieved investing in low-cost index funds over the past 31 years, net of investment manager fees. Mr. Silber said the analysis estimates the Fund has generated $282.3 million in additional returns above what could have been achieved investing in low-cost index funds over the past 10 years, net of investment manager fees. Mr. Silber commended current and past Committee members for staying the course during both good and challenging times, and said the hardest decision in investing is often to do nothing and make the decision to stay the course. He concluded that the Board and Investment team can feel good about the net-of-fee added value over the 10- and 31-year time periods and it is a testament to ERS' governance process and long-term focus.

Mr. Heling noted the Value Add Analysis shows how important the Investment team is and that the majority of the income is coming from the investment side. He gave a kudos to Messrs. Silber, Sauer, and the rest of the Investment team.

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

There being no further business, Mr. Heling adjourned the meeting at 11:55 a.m.

Patrick J. McClain
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.)