

**MINUTES: PUBLIC MEETING
ARIZONA STATE RETIREMENT SYSTEM
INVESTMENT COMMITTEE**

**HELD Wednesday, June 25, 2025
9:30 a.m.**

A quorum of the Arizona State Retirement System (ASRS) Investment Committee met in public session in the First Floor Board Room of the ASRS Office, 3300 N. Central Avenue, Phoenix, Arizona 85012.

Mr. Kevin McCarthy, Vice-chairperson of the Investment Committee, called the meeting to order at 9:30 a.m.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Jay Petkunas (excused)
Ms. Diane Landis (in-person)
Mr. Kevin McCarthy (in-person)

Ms. Makenzie Sikes, Committee Administrator, provided all attendees with the meeting guidelines.

2. Consent Agenda:

a. Minutes of the March 26, 2025, Public Meeting of the ASRS Investment Committee (IC)

Motion: Ms. Landis moved to approve the Consent Agenda. Mr. McCarthy seconded the motion.

By a roll call vote of 2 in favor, 0 opposed, 0 abstentions, 1 excused, and 0 vacancies, the motion was approved. The trustee votes were as follows:

Ms. Diane Landis – approved
Mr. Kevin McCarthy – approved
Mr. Jay Petkunas – excused

3. Presentation, Discussion, and Appropriate Action Regarding the Investment Market Environment, Outlook, and Independent Reporting, Monitoring, and Oversight for the period ending March 31, 2025:

Ms. Rose Dean, NEPC, discussed the current economic, political, and investment environment and reported on monitoring Investment Management Division asset class activities. She presented the on the ASRS investment objectives, commodity and equity markets. Ms. Dean also presented information on fund, market, and benchmark performance; a summary was also given on monitoring, oversight, and compliance. She presented the investment objectives, clarifying that those deemed partially met were only partially met during the shorter periods and were met during various more extended periods. Ms. Dean noted that the portfolio is being implemented according to objectives. She noted that the asset class committee meetings approved manager recommendations and implementation plans.

Mr. Kevin McCarthy asked a question regarding the complexity and understanding of private market investments, and a discussion ensued with respect to private investments, their increasing role in the industry, and various governance approaches to making investment decisions. A discussion ensued to clarify.

Discussion Participants: Mr. Kevin McCarthy, Mr. Paul Matson, and Ms. Rose Dean

4. Presentation, Discussion, and Appropriate Action Regarding the Asset Class Investment Reports and Preliminary Total Fund Investment Performance for the Period Ending March 31, 2025:

- a. **Public Equity:** Mr. Cole Smith, Senior Public Equity Portfolio Manager, presented information and materials, including a summary of the ASRS public equity asset class, the portfolio management strategy, discussion of portfolio holdings, and the asset class' performance. Mr. Smith presented information on the performance measurement improvements of the internally managed portfolios. He presented further information on market equities, benchmark comparisons, portfolio holdings, and future projections.

Ms. Diane Landis asked a question regarding holding comparisons. A discussion ensued to clarify.

Discussion participants: Ms. Diane Landis, Mr. Michael Viteri, and Mr. Cole Smith

- b. **Interest Rate Sensitive Asset Class:** Mr. John Trusiak, Fixed Income Portfolio Manager, presented information and materials pertaining to performance over the one-year, 3-year, and 5-year periods. Mr. Trusiak presented information on interest rate-sensitive assets and investment-grade corporate bonds, including current and expected performance, asset allocation targets, internally and externally managed accounts, and the asset class benchmark. He also noted market volatility and treasury yield rates.

Ms. Diane Landis asked a question regarding treasury maturities and the purpose of treasuries, and a discussion ensued to clarify.

Discussion participants: Ms. Diane Landis, Mr. Michael Viteri, and Mr. John Trusiak

- c. **2025 Private Equity Asset Class Implementation Plan:** Mr. Micheal Copeland, Senior Private Markets Portfolio Manager, provided an overview of private equity market conditions, portfolio performance, valuations, capital market trends, returns, and recent portfolio activity. He also discussed cash flows, interest rates, and distributions. Mr. Copeland presented information on the Private Equity Asset Class Implementation plan, detailing portfolio commitments, allocation, and cash flows. Mr. Copeland then gave an example of a current private equity portfolio.

Ms. Diane Landis asked a question regarding management selection, and Mr. Kevin McCarthy asked a question regarding cash flow and portfolio allocation. A discussion ensued to clarify.

Discussion Participants: Ms. Diane Landis, Mr. Kevin McCarthy, Mr. Micheal Copeland, Mr. Paul Matson, and Mr. Michael Viteri

- d. **2025 Real Estate Asset Class Implementation Plan:** Mr. Copeland presented information and materials regarding the Real Estate Investment Portfolio, including the current asset allocation, benchmark outcome, return rate, debt availability, and capital market and quarterly performance. He introduced Ms. Cyndi Thomas, Managing Director, RCLCO, who presented information on the 2025 Real Estate Asset Class Implementation Plan. She provided information on RCLCO certification process for new real estate assets, capital calls and distributions, real estate target returns, conviction levels behind the investment strategies, and possible tariff disruption. She noted value enhancement strategies, forecasted capital draws and distributions, and active portfolio management. Mr. Copeland gave an example of multifamily development investments.

Ms. Diane Landis asked a question regarding called and committed capital, and Mr. Kevin McCarthy asked a question regarding investment allocation decisions as they relate to called capital versus committed capital. A discussion ensued to clarify.

Discussion Participants: Ms. Diane Landis, Mr. Kevin McCarthy, Mr. Michael Viteri, Ms. Cyndi Thomas, and Mr. Micheal Copeland.

- e. **2025 Credit Asset Class Implementation Plan:** Mr. Al Alaimo, Deputy Chief Investment Officer, presented information and materials, including the past performance of the ASRS credit asset class, the current approved allocation and benchmarks, the current performance and positioning of the asset class, and the opportunities in the private market. Mr. Alaimo also presented information on the ASRS credit asset class performance vs. the new private credit benchmark. He went into detail on the 2025 Credit Asset Class Implementation Plan, noting long-term target returns, performance, growth forecast, and projected capital commitments necessary to meet the 22% target allocation for the Credit asset class. Mr. Alaimo detailed the focus of the Credit asset class on fund-of-one partnerships, including the benefits to ASRS.

Ms. Diane Landis asked a question regarding asset management. A discussion ensued to clarify.

Discussion participants: Ms. Diane Landis, Mr. Al Alaimo, Mr. Paul Matson, and Mr. Michael Viteri

- f. **Preliminary Total Fund Performance:** Mr. Michael Viteri presented information and materials regarding total fund performance for the period ending March 31, 2025.

Mr. Kevin McCarthy asked a question regarding long-term total fund gains. A discussion ensued to clarify.

5. **Presentation, Discussion, and Appropriate Action Regarding Risk Analysis and Investment Compliance:**

- a. **Risk Analysis:** Mr. Robert Butler, Investment Risk & Compliance Officer, presented information and materials on the ASRS asset class correlation and contribution to volatility, diversification of investments, and the building of a multiple asset portfolio. Mr. Butler presented information about private and public asset managers, the public market's top 20 global issuers, and the most significant external manager concentrations.

- b. Investment Compliance:** Mr. Robert Butler presented information and materials regarding the internally managed portfolio's pre-trade compliance system, the custody bank's investment compliance program, and the private markets investment compliance program. All compliance review periods have been completed for 2022, with RCLCO currently performing compliance reviews for 2023. There were no exceptions in the internally managed portfolio pre-trade compliance system. The Meketa Investment Group - Commingled Funds & Non-Real Estate Separate Accounts Investment Compliance Review has completed the review for 2020, is nearing completion for the 2021 review, and is currently processing the review for 2023.

6. Call to the Public.

No members of the public requested to address the Committee.

Mr. Michael Viteri offered compliments to the following staff members: Ms. Lupita Breland, Investment Operations Manager; Mr. Evan Smith, Senior Performance Measurement Analyst; Mr. James Samolowicz, Senior Investment Operations Analyst; Ms. Rebecca Fox, Investment Operations Analyst. Mr. Viteri thanked them for their vital contributions to the ASRS.

7. Request for Future Agenda Items.

None were requested.

8. The next ASRS Investment Committee Meeting is scheduled for October 1, 2025, at 9:30 a.m.

Mr. Kevin McCarthy noted that the next Investment Committee meeting is scheduled for October 1, 2025, at 9:30 a.m.

9. Adjournment of the ASRS Investment Committee Meeting:

Mr. Kevin McCarthy adjourned the meeting at 11:27 a.m.

Respectfully submitted by:

Makenzie Sikes
Investment Committee Administrator
ARIZONA STATE RETIREMENT SYSTEM