

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

**HELD Wednesday, October 01, 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. Jay Petkunas, 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 (virtual)
Mr. Tom Connelly (in-person)
Ms. Diane Landis (in-person)
Mr. Rene Guillen (in-person)

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

2. Consent Agenda:

a. Minutes of the June 25, 2025, Public Meeting of the ASRS Investment Committee (IC)

Motion: Mr. Connelly moved to approve the Consent Agenda. Mr. Guillen seconded the motion.

By a roll call vote of 4 in favor, 0 opposed, 0 abstentions, 0 excused, and 0 vacancies, the motion was approved. The trustee votes were as follows:

Mr. Jay Petkunas - approved
Mr. Tom Connelly - approved
Ms. Diane Landis - approved
Mr. Rene Guillen - approved

3. Presentation, Discussion, and Appropriate Action Regarding the Investment Market Environment, Outlook, and Independent Reporting, Monitoring, and Oversight for the period ending June 30, 2025:

Ms. Rose Dean, NEPC, discussed the current economic, political, and investment environment and reported on the monitoring of Investment Management Division asset class activities. She presented on the ASRS investment objectives, as well as 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 performance and 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 in accordance with its objectives and gave a summary of the asset class committee meetings for the second quarter of 2025.

Mr. Guillen asked questions regarding the comparison of current and previous investment objective benchmarks. Mr. Petkunas asked questions regarding the comparison of private and public performance histories and weighted returns, as well as portfolio allocations in relation to current public equity values and cash flow. Mr. Tom Connelly asked a question regarding the total fund return over time. Discussions ensued to clarify.

Mr. Tom Connelly requested a future agenda item regarding strategic and operational matters related to public and private market valuations.

Discussion participants: Mr. Tom Connelly, Mr. Rene Guillen, Mr. Jay Petkunas, Ms. Rose Dean, Mr. Paul Matson, Mr. Michael Viteri

4. Presentation, Discussion, and Appropriate Action Regarding the Asset Class Investment Reports and Preliminary Total Fund Investment Performance for the Period Ending August 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, a discussion of portfolio holdings, and the asset class's 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, indexing, global equities, and future projections. Mr. Samer Ghaddar, Deputy Chief Investment Officer, explained the expected value that will be added to the portfolio over time due to compounding excess returns.

Mr. Smith introduced Mr. Bryan Tsiao, Investment Portfolio Analyst.

Mr. Connelly asked questions regarding equity performance measurement and strategies for mitigating domestic market downturns. Discussions ensued to clarify.

Discussion participants: Mr. Tom Connelly, Mr. Samer Ghaddar, Mr. Cole Smith

- b. **Private Equity:** Mr. Ghaddar provided an overview of private equity market conditions, portfolio performance, valuations, capital market trends, returns, and recent as well as anticipated activities. He also discussed cash flows, interest rates, and distributions.

Mr. Connelly asked questions regarding quarterly distribution amounts and ideal market valuations. Ms. Landis asked a question regarding market liquidity and returns. Discussions ensued to clarify.

Discussion Participants: Mr. Tom Connelly, Ms. Diane Landis, Mr. Samer Ghaddar, Mr. Paul Matson, Mr. Michael Viteri

- c. **Real Estate:** Mr. Micheal Copeland, Private Markets Portfolio Manager, 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 included information regarding cash flow and cap rate compressions. Mr. Copeland noted that returns in the real estate portfolio are expected to increase over the next year.



Mr. Connelly asked a question regarding rental markets, housing values, and wage growth. A discussion ensued to clarify.

Discussion Participants: Mr. Tom Connelly, Mr. Jay Petkunas, Mr. Micheal Copeland, Mr. Paul Matson

- d. **Credit:** Mr. John Trusiak, Fixed Income Portfolio Manager, presented information and materials, including the past performance of the ASRS credit asset class, the current approved allocation and benchmarks, net cash flow, the current performance and positioning of the asset class, and the opportunities in the private market. He noted that the leverage loan index is currently at an all-time high. Mr. Trusiak also presented information on the ASRS credit asset class performance vs. the new private credit benchmark.

Mr. Connelly asked a question regarding defaulted contracts. Mr. Petkunas asked a question regarding subscription lines. Discussions ensued to clarify.

Discussion participants: Mr. Tom Connelly, Mr. Jay Petkunas, Mr. John Trusiak

- e. **Interest Rate Sensitive Asset Class:** Mr. Trusiak 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 benchmark for the asset class.
- f. **Preliminary Total Fund Performance:** Mr. Michael Viteri presented information and materials regarding total fund performance for the period ending August 31, 2025.

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.

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 top 20 global issuers in the public market, and the most significant external manager concentrations.

Mr. Connelly asked questions regarding the asset classes in the risk report. Mr. Petkunas asked a question regarding the measurement of volatility in total returns and asset value. Mr. Guillen asked a question regarding the portfolio application. Discussions ensued to clarify.

Discussion participants: Mr. Tom Connelly, Mr. Rene Guillen, Mr. Jay Petkunas, Mr. Robert Butler, Mr. Michael Viteri



- 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. Mr. Butler noted that there were no areas of concern. He presented information on monthly public and private market compliance reviews. Mr. Butler gave a summary of the current RCLCO and Meketa Investment Group yearly reviews. He noted that the reviews for 2020 and 2021 have been completed, with reviews for 2023 in progress.

Mr. Petkunas asked a question regarding the timeliness of the yearly compliance reviews. Ms. Landis asked a question regarding the catch-up period of the reviews. Mr. Guillen asked a question regarding the years being reviewed. Mr. Connelly asked a question regarding the findings from the RCLCO and Meketa reviews. Discussions ensued to clarify.

Discussion participants: Mr. Tom Connelly, Mr. Rene Guillen, Ms. Diane Landis, Mr. Jay Petkunas, Mr. Robert Butler, Mr. Michael Viteri

6. Call to the Public.

One member of the public requested to address the Committee. Mr. Michael Fenne, Private Equity Stakeholder Project, a nonprofit watchdog organization for the private equity industry, read his comment onto the record. Materials from Mr. Fenne were distributed to Trustees at the previous ASRS Board meeting on August 28, 2025. Mr. Petkunas thanked Mr. Fenne and closed the Call to the Public.

7. Request for Future Agenda Items.

Mr. Tom Connelly requested a future agenda item regarding strategic and operational matters related to public and private market valuations.

8. The next ASRS Investment Committee Meeting is scheduled for December 17, 2025, at 9:30 a.m.

Mr. Jay Petkunas noted that the next Investment Committee meeting is scheduled for December 17, 2025, at 9:30 a.m.

9. Adjournment of the ASRS Investment Committee Meeting:

Mr. Jay Petkunas adjourned the meeting at 12:09 p.m.

Respectfully submitted by:

Makenzie Sikes
Investment Committee Administrator
ARIZONA STATE RETIREMENT SYSTEM

