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MINUTES: PUBLIC MEETING
ARIZONA STATE RETIREMENT SYSTEM
INVESTMENT COMMITTEE

HELD Wednesday, December 17, 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 (excused)

Ms. Clarissa DeCoux, Committee Administrator, provided all attendees with the meeting guidelines.

2. Consent Agenda:

a. **Minutes of October 1, 2025, Public Meeting of the ASRS Investment Committee (IC)**
b. **The 2026 Calendar Year Investment Committee Meeting Schedule**

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

By a roll call vote of 3 in favor, 0 opposed, 0 abstentions, 1 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 - excused

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

Ms. Rose Dean, NEPC, discussed the current investment market environment and reported on the monitoring of the Investment Management Division asset class versus benchmarks. She presented the ASRS investment objectives and performance, along with information on funds, market conditions, earnings, performance, and the expected 20-year return. She also provided a summary on monitoring, oversight, and compliance. Ms. Dean noted that, although some objectives were only partially met, as of the fourth quarter, no action was recommended for the Investment Committee.

Mr. Jay Petkunas asked questions regarding benchmark comparisons, historical markers, clarification of the one-year return, and whether adjustments had been made to the portfolio and ODCE. Discussions ensued to provide clarification.

Mr. Tom Connelly asked a question regarding how data was reported on private equity and private credit benchmarks. Discussions ensued to provide clarification.

Discussion participants: Mr. Jay Petkunas, Mr. Tom Connelly, Mr. Samer Ghaddar, Mr. Micheal Copeland, 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 September 30, 2025:

a. **Public Equity:** Mr. Cole Smith, Senior Public Equity Portfolio Manager, presented an overview of the ASRS public equity asset class, including portfolio management strategy, holdings, and performance. He reported on performance measurement improvements for internally managed portfolios and provided additional information on market equities, benchmark comparisons, indexing, global equities, and future projections. Mr. Michael Viteri introduced Mr. Samer Ghaddar, Deputy Chief Investment Officer (CIO). Mr. Ghaddar discussed how the Tactical Allocation Committee monitored portfolio exposure and emphasized the importance of positioning the portfolio defensively in anticipation of potential market disruption. Mr. Paul Matson, Executive Director, provided updates on U.S. and global equities, noting shifts in interest -rate-sensitive areas, an increased allocation to U.S. Treasuries, and a slight reduction in public equity holdings.

Mr. Tom Connelly asked for clarification on the use of specific governance metrics, or indicators that would trigger an action within the portfolio. Discussions ensued to clarify.

Discussion participants: Mr. Tom Connelly, Mr. Paul Matson, Mr. Michael Viteri, Mr. Samer Ghaddar, Mr. Cole Smith

b. **Private Equity:** Mr. Samer Ghaddar, Deputy CIO, provided an overview of private equity market conditions and portfolio performance. He reviewed valuations, capital market trends, employment, and inflation, along with recent and anticipated activities. He also discussed interest rates and distributions.

Discussion Participants: Mr. Michael Viteri, Mr. Samer Ghaddar,

c. **Real Estate:** Mr. Micheal Copeland, Private Markets Portfolio Manager, presented information and materials regarding the Real Estate Investment Portfolio. He reviewed current asset allocation, benchmark outcomes, return rates, debt availability, and quarterly performance. He also discussed cash flow, cap rate compression, and the differences between power shell and turnkey leases when developing data centers.

Ms. Diane Landis asked a question regarding data centers. Mr. Tom Connelly asked questions regarding real estate, public equity, and asset classes. Discussions ensued to provide clarification.

Discussion Participants: Mr. Tom Connelly, Ms. Diane Landis, Mr. Micheal Copeland

d. **Credit:** Mr. Al Alaimo, Deputy CIO, presented information and materials on the ASRS credit asset class. His presentation included Time Weighted Returns (TWR) and Internal Rate of Returns (IIR). He reviewed past performance, the current approved allocation and benchmarks, net cash flow, and the positioning of the asset class. He also discussed opportunities in the private market.

Mr. Connelly asked clarifying questions regarding credit performance, distressed debt, dates for TWR and IIR's, and benchmarks. Mr. Petkunas asked a question regarding subscription lines. Discussions ensued to provide clarification.

Discussion participants: Mr. Jay Petkunas, Mr. Tom Connelly, Mr. Michael Viteri, Mr. Samer Ghaddar, Mr. Alaimo

e. **Interest Rate Sensitive Asset Class:** Mr. John Trusiak, Fixed Income Portfolio Manager, presented information and materials on performance over the one-, three-, five-, and ten-year periods. He reported on interest rate-sensitive assets and investment-grade corporate bonds, including current and expected performance, asset allocation targets, internally and externally managed accounts, Federal Reserve considerations, and benchmark comparisons.

Mr. John Trusiak noted that recent changes had been implemented with some rotation into the interest -rate-sensitive asset class. He stated that at the next meeting, the committee would review an updated asset allocation, bringing this asset class closer to the SAA target.

f. **Preliminary Total Fund Performance:** Mr. Michael Viteri presented information and materials regarding total fund performance for the period ending November 30, 2025.

INVESTMENT COMMITTEE RECESSED: 11:24 a.m.
INVESTMENT COMMITTEE RECONVENED TO PUBLIC SESSION: 11:36 a.m.

5. Presentation, Discussion, and Appropriate Action Regarding Private Benchmarks, including Asset Class Performance and Opportunity Cost Benchmarks.

Mr. Jay Petkunas, Chairperson, requested to postpone Item **#5** for this meeting. If time permits, Item **#5** will be addressed after Items **#6** and **#7**. If not addressed during this session, Item **#5** will be deferred and carried forward to the next meeting.

6. 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 ASRS asset class correlations and their contribution to volatility. He reviewed diversification of investments and the construction of a multiple asset portfolio. Mr. Butler also presented information regarding private investment managers, Meketa, and hypothetical stress testing.

Mr. Jay Petkunas asked clarifying questions regarding the distinction between the 2008 Lehman collapse and the 2007–2009 subprime crisis. Discussions ensued to provide clarification.

Discussion participants: Mr. Jay Petkunas, Mr. Robert Butler

b. **<u>Investment Compliance</u>:** Mr. Robert Butler, Investment Risk & Compliance Officer, 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. He also reported on monthly public and private market compliance reviews.

7. Presentation, Discussion, and Appropriate Action Regarding Fund Oversight Risk Modeling Methods and Processes.

Mr. Robert Butler, Investment Risk & Compliance Officer, introduced Mr. Chris Breckon, Executive Director, MSCI, and Mr. Jason Crisostomo, Vice President, MSCI. Mr. Breckon presented information and materials regarding the MSCI and BarraOne overview, the private equity model, asset class contributions to volatility, and hypothetical stress scenarios. Mr. Crisostomo presented information and materials on the subprime crisis, the credit crisis, and other historical scenarios.

Mr. Tom Connelly asked for clarification regarding the total risk number, correlations, and data processes for public and private allocations, as well as stress testing. Discussions ensued to provide clarification.

Discussion participants: Mr. Tom Connelly, Mr. Michael Viteri, Mr. Robert Butler, Mr. Jason Crisostomo Mr. Chris Breckon

8. Summary of Current Events.

No additional items.

9. Call to the Public.

There were no members of the public requesting to address the committee.

10. Board Member or Executive Director Requests for Future Agenda Items.

Due to time constraints, Mr. Paul Matson, Executive Director, requested that Agenda Item **#5**, Discussion and Appropriate Action Regarding Private Benchmarks, including Asset Class Performance and Opportunity Cost Benchmarks, be deferred to the next Investment Committee meeting. Mr. Jay Petkunas approved the request.

11. The next ASRS Investment Committee Meeting is tentatively scheduled for March 26, 2026, at 9:30 a.m.

Mr. Jay Petkunas noted that the next Investment Committee meeting is tentatively scheduled for March 26, 2026, at 9:30 a.m.

12. Adjournment of the ASRS Investment Committee Meeting.

Mr. Jay Petkunas adjourned the meeting at 12:16 p.m.

Respectfully submitted by:

Clarissa DeCoux
Investment Committee Administrator
ARIZONA STATE RETIREMENT SYSTEM