

**MINUTES: PUBLIC MEETING
ARIZONA STATE RETIREMENT SYSTEM
INVESTMENT COMMITTEE
HELD June 30, 2026, 9:30 a.m.**

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 ASRS Investment Committee, called the meeting to order at 9:30 a.m.

1. Call to Order; Roll Call; Opening Remarks.

Present: Mr. Jay Petkunas, Chairperson (virtually)
Mr. Tom Connelly
Mr. René Guillen

A quorum was present for the purpose of conducting business.

Ms. Mercedes Rodriguez, ASRS Committee Administrator, provided all attendees with meeting guidelines.

2. Consent Agenda.

a. Minutes of March 26, 2026, Public Meeting of the ASRS Investment Committee (IC)

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

By a roll call vote of 3 in favor, 0 opposed, 0 abstentions, 0 excused, the motion was approved.

The Trustee votes were as follows:

Mr. Jay Petkunas – approved
Mr. Tom Connelly – approved
Mr. René Guillen – approved

3. Presentation, Discussion, and Appropriate Action Regarding the Investment Market Environment; Outlook and Independent Reporting, Monitoring, and Oversight for the period ending March 31, 2026.

Ms. Rose Dean, NEPC, presented the market environment and independent oversight report for the period ending March 31, 2026. She noted that most asset classes declined in the first quarter, with commodities as an exception, and that markets rebounded in the second quarter through early June as volatility eased and investor sentiment improved. Ms. Dean reviewed market indicators and explained that lower volatility readings suggest more stable market expectations. She also discussed recent movements in gold prices, attributing them to expectations of higher interest rates and the Federal Reserve consideration of potential rate increases.

Ms. Dean reviewed the oversight scorecard and noted that, while long-term objectives remain met, several shorter-term measures were partially met, primarily due to private-market performance relative to public markets. She reported that the portfolio has underperformed over one- and three-year periods but continues to show strong long-term and risk-adjusted performance compared to peers.

She also reviewed asset allocation compliance, noting a total fund market value of approximately \$62.4 billion and that all allocations remained within policy ranges, including the interest-rate-sensitive allocation being at its 6% target and credit remaining modestly below target. Ms. Dean explained that short-term private market results can differ from public markets due to valuation timing, temporary currency impacts, and select credit-related investments, while emphasizing their importance to long-term return objectives.

Ms. Dean concluded with a summary of first-quarter asset class committee activity, noting multiple meetings and approvals across private credit, private equity, and real estate.

No questions or comments were received from the Committee.

4. **Presentation, Discussion, and Appropriate Action Regarding the Asset Class Investment Reports, 2026 Private Market Implementation Plans, and Preliminary Total Fund Investment Performance for the Period Ending March 31, 2026.**

- a. **Public Equity Asset Class:** Presented by Mr. Cole Smith, Senior Public Equity Portfolio Manager, noted that while first-quarter 2026 performance was challenging, longer-term returns remained strong and above the System's assumed rate of return. Mr. Smith described the enhanced indexing strategy, which is designed to generate small, steady excess returns with limited tracking error, supported by a structure of internally managed beta and alpha portfolios. Mr. Tom Connelly inquired about the factors contributing to the strategy's consistent performance, the sustainability of those results, and the rationale for expanding internally managed alpha portfolios. Discussion ensued to provide clarification.

Mr. Cole Smith discussed the team's framework for evaluating current market conditions and short-term return probabilities. Mr. Smith then concluded by discussing the team's approach to forecasting long-term returns, emphasizing the realistic expectations supported by scenario analysis.

Note: There was a momentary audio connectivity issue at approximately 10:05 a.m. The issue was resolved at approximately 10:19 a.m. Mr. Petkunas confirmed audio connectivity had been restored and called the public session back to order.

Discussion Participants: Mr. Tom Connelly, Mr. Michael Viteri, Mr. Samer Ghaddar, Mr. Cole Smith

- b. **2026 Private Equity Asset Class Implementation Plan** Presented by Mr. Samer Ghaddar, Deputy CIO, who provided the private equity asset class update, reporting that while some investments experienced short-term valuation declines, the portfolio continues to perform well over the longer term. Mr. Ghaddar noted that the ASRS portfolio has remained relatively resilient compared to many peers due to its diversified investment approach and lower exposure to certain higher-risk technology investments. He also reviewed co-investment

opportunities, explaining how they can reduce investment costs while providing additional opportunities for long-term returns.

Mr. Jay Petkunas requested additional discussion regarding the portfolio's expected long-term performance and the factors supporting staff's outlook. A discussion ensued regarding the portfolio's diversification and its role in mitigating recent market volatility and supporting long-term performance expectations. Staff noted that each co-investment opportunity undergoes a rigorous due diligence process prior to recommendation for investment.

Mr. Tom Connelly commented on the historical data, which shows a remarkably stable Residual Value to Paid-In-Capital (RVPI), and asked for clarification on the residual value left in partnerships. Mr. Jay Petkunas asked for clarification on co-investment opportunities at zero promotion fee and zero management fee, and what was compelling sponsors to take this approach. Discussions ensued to clarify.

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

- c. **2026 Real Estate Asset Class Implementation Plan** Presented by Mr. Micheal Copeland, Private Markets Portfolio Manager, who reported the asset class as underperforming over the one-year period but remaining strong over longer time periods. Staff noted improving transaction activity and gradually increasing liquidity in select sectors, with continued discussion around multifamily, industrial, office, and data center exposures. Mr. Tom Connelly requested further discussion regarding Artificial Intelligence (AI) infrastructure investments and associated market risks. Discussion ensued regarding the portfolio's exposure to AI-related data centers and broader public market impacts.

Discussion Participants: Mr. Jay Petkunas, Mr. Tom Connelly, Mr. René Guillen, Mr. Michael Copeland

- d. **2026 Credit Asset Class Implementation Plan:** Presented by Mr. Al Alaimo, Deputy CIO, who provided an overview of recent performance, current portfolio composition, and the outlook for future investment opportunities. Mr. Tom Connelly requested clarification regarding the causes of distressed credit investments and whether the underlying issues were attributable to underwriting or changing market conditions. Discussion ensued regarding the impact of evolving economic conditions, interest rates, market dynamics, and legacy investments on portfolio performance. Mr. Alaimo also reviewed the portfolio's current investment strategy, areas of focus within the credit portfolio, and the market conditions influencing future investments.

Discussion Participants: Mr. Tom Connelly, Mr. Al Alaimo

- e. **Interest Rate Sensitive Asset Class:** Presented by Mr. John Trusiak, Fixed Income Portfolio Manager, who provided an overview of the portfolio's recent performance, investment approach, and current market conditions. He discussed how the portfolio is being managed in response to changes in interest rates and the broader economy. Mr. Tom Connelly requested an update regarding the use of Treasury Inflation-Protected Securities (TIPS). Mr. Trusiak explained that TIPS have been added as another investment option to help manage the Fund's assets but are managed outside of this asset class. Deputy CIO Samer Ghaddar discussed the reasons for incorporating TIPS, noting continued concerns

about inflation and economic uncertainty. Discussion also included the Fund's outlook on interest rates, ongoing efforts to position the portfolio for changing market conditions, and staffing updates supporting the investment program.

Discussion Participants: Mr. Tom Connelly, Mr. Michael Viteri, Mr. Samer Ghaddar, Mr. John Trusiak

- f. **Preliminary Total Fund Investment Performance:** Mr. Michael Viteri, CIO, recognized members of the Investment Operations team for their ongoing support of the ASRS investment program and acknowledged staff contributions. Mr. Viteri then provided a preliminary update on fund performance, noting continued growth in assets and overall positive investment results. He stated that performance remains above long-term objectives and that the Fund continues to make progress toward its long-term funding goals.

No questions or comments were received from the Committee.

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

- a. **Risk Analysis**
- b. **Investment Compliance**

Mr. Robert Butler, Investment Risk and Compliance Officer, presented an update on portfolio risk and compliance. Mr. Butler discussed portfolio diversification and the role of asset allocation in managing overall portfolio risk and return outcomes. He reviewed portfolio risk characteristics, including the contribution of various asset classes to overall volatility.

Mr. Butler also presented stress testing results and noted that the scenarios are hypothetical and intended to illustrate potential portfolio performance under different market conditions. He emphasized that the results do not reflect actual historical performance.

Note: There was a momentary audio connectivity issue at approximately 11:22 a.m. The issue was resolved at approximately 11:23 a.m. Mr. Petkunas confirmed audio connectivity had been restored and called the public session back to order.

No questions or comments were received from the Committee.

6. Presentation, Discussion, and Appropriate Action Regarding NEPC Private Debt Market Update:

Ms. Rose Dean, NEPC, presented an overview of current conditions in the private debt market and emerging trends affecting the asset class. She discussed the structure of the private debt market, including direct lending, distressed debt, and niche credit strategies, and noted significant growth in the asset class over the past decade, driven by changes in bank lending and increased investor participation.

Ms. Dean discussed evolving market conditions, including increased competition, greater capital inflows, and the growing use of investment structures such as evergreen and secondary-market vehicles. She noted that these changes, along with higher interest rates, have made deal sourcing more competitive and returns more dependent on manager selection and specialized expertise.

Ms. Dean also reviewed current market risks, including increased defaults, valuation uncertainty, and liquidity constraints in certain private debt vehicles. She highlighted that while stress in parts of the market has been observed, overall systemic risk is considered limited at this time.

No questions or comments were received from the Committee.

7. Presentation, Discussion, and Appropriate Action Regarding Tactical Asset Allocation Adjustments

Due to time constraints, Mr. Jay Petkunas requested to postpone Agenda Item 7 to be presented to the Investment Committee at an upcoming meeting.

8. Summary of Current Events.

Mr. Matson had no additional items to report for current events.

9. Call to the Public

No members of the public requested to speak.

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

Mr. Tom Connelly requested further analysis on the implications of artificial intelligence and related technologies for investment strategy and portfolio exposures.

11. The next regular public ASRS Investment Committee meeting is scheduled for Thursday, October 01, 2026, at 9:30 a.m.

Mr. Petkunas announced that the next public ASRS Investment Committee meeting is scheduled to begin at 9:30 a.m. on Thursday, October 01, 2026.

12. Adjournment of the ASRS Investment Committee

Mr. Petkunas adjourned the June 30, 2026, ASRS Investment Committee meeting at 11:44 a.m.

Respectfully Submitted by:

Ms. Mercedes Rodriguez
Committee Administrator
ARIZONA STATE RETIREMENT SYSTEM