



ARIZONA STATE RETIREMENT SYSTEM

3300 NORTH CENTRAL AVENUE • PO BOX 33910 • PHOENIX, AZ 85067-3910 • PHONE (602) 240-2000
7660 EAST BROADWAY BOULEVARD • SUITE 108 • TUCSON, AZ 85710-3776 • PHONE (520) 239-3100
TOLL FREE OUTSIDE METRO PHOENIX AND TUCSON 1 (800) 621-3778
EMAIL ADDRESS: ASKMAC@AZASRS.GOV • WEB ADDRESS: WWW.AZASRS.GOV

Paul Matson
Director

MINUTES OF THE PUBLIC MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM INVESTMENT COMMITTEE

HELD ON

Monday, August 18, 2014

1:00 p.m.

The Arizona State Retirement System (ASRS) Investment Committee (IC) met at 3300 N. Central Avenue, 14th Floor, Phoenix, AZ 85012. Mr. Tom Connelly, Chair of the IC, called the meeting to order at 1:02 p.m.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Tom Connelly, Chair
Prof. Dennis Hoffman, Vice-chair
Mr. Marc Boatwright (via teleconference)

A quorum was present for the purpose of conducting business.

Also in attendance was Board Trustee Dr. Richard Jacob.

2. Approval of Minutes of the June 23, 2014 Investment Committee Meeting

Motion: Mr. Dennis Hoffman moved to approve the minutes of the June 23, 2014 Public Meeting. Mr. Tom Connelly seconded the motion.

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

3. Presentation and Roundtable Discussion of Alternate Beta Investments and Return Generating Investment Factors

Guest speakers, Mr. Cliff Asness, Managing Principle and CIO of AQR Capital Management, Mr. Sunil Wahal, Jack D. Furst Professor of Finance with ASU, and Mr. Paul Podolsky, Portfolio Strategist with Bridgewater Associates Inc., shared their varying perspectives regarding alpha and beta investment strategies.

4. Presentation and Roundtable Discussion of Alternate Beta Investments and Return Generating Investment Factors

Mr. Ross Stevens, CEO of Stone Ridge Asset Management, presented to the IC. Due to the proprietary information relating to Stone Ridges' investment strategies that would be presented, the IC voted to go into executive session pursuant to A.R.S. § 38-431.03(A)(2) for the purpose of considering or discussing records exempt by law from public inspection.

Motion: Prof. Dennis Hoffman moved to go into executive session. Mr. Tom Connelly seconded the motion.

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

The Committee convened to Executive Session at 4:04 p.m.

The Committee reconvened to Public Session at 5:21 p.m.

5. Presentation, Discussion, and Appropriate Action Regarding ASRS Investment Program Updates

Mr. Gary Dokes, ASRS Chief Investment Officer, referenced the CIO report included in the IC packet and suggested that if there were no specific IC questions, he would present the ASRS Investment Program Updates to the full Board at the August 22 Board Meeting. IC Trustees agreed with his suggestion.

6. Presentation, Discussion, and Appropriate Action Regarding Independent Reporting, Monitoring and Oversight of the ASRS Investment Program – Includes Total Fund and Investment Performance Report Q2-14

Mr. Allan Martin, NEPC Partner, provided the Committee with a brief overview of the fund performance, noting that as of June 30, 2014, the Total Fund returned 18.6% (net of fees). He stated when compared to the peer universe, the ASRS outperformed at 19.3% (gross of fees), which was primarily due to manager selection, equity exposure and tactical asset allocation.

7. Presentation, Discussion, Update and Appropriate Action with Respect to the Asset Allocation Policy Study

Mr. Dokes stated the SAAP Study has begun with initial conversations occurring between NEPC, the Director, and the CIO. Mr. Dokes anticipates the scheduling of a possible ad-hoc IC meeting over the next 30-45 days with one or two additional IC meetings likely required before recommendations related to changes to the ASRS SAAP being presented to the full Board in calendar year-end 2014.

8. Presentation, Discussion, Update and Appropriate Action with Respect to New Investment Strategies and Industry Investment Trends

A discussion of these topics did not occur at this meeting, however, may take place at some future IC meeting at the discretion of IC Trustees, Director or the CIO.

9. Requests for Future Agenda Items

Mr. Connelly requested a follow-up discussion of how the ASRS does or does not utilize risk factors in structuring the portfolio or analyzing the risks of the portfolio. Mr. Dokes said that he would include a broader discussion of this topic for a future IC meeting.

10. Call to the Public

No members of the public requested to speak.

11. Adjournment

The meeting adjourned at 5:35 p.m.

Respectfully submitted,

ARIZONA STATE RETIREMENT SYSTEM

Gloria Trujillo Date
Investment Committee Administrator

Gary Dokes Date
Chief Investment Officer