



# 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, April 21, 2014

2:30 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 2:33 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.

### 2. Approval of Minutes of the November 18, 2013 Investment Committee Meeting and the January 31, 2014 Investment Committee and Executive Session Meeting

**Motion:** Mr. Dennis Hoffman moved to approve the minutes of the February 20, 2014 Public and Executive Session Meetings and the February 24, 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. William Poole, Senior Advisor with Merk Investments, Mr. Michael Cembalest, Chairman of Market & Investment Strategy with J.P. Morgan, and Mr. Kurt Winkelmann, Head of Risk and Analytical Research with MSCI engaged in detailed discussions on key issues relating to the Federal Reserve balance sheets, the effects of increased monetary policy, and federal tapering. Each also provided their viewpoints on various subject matters relating to macroeconomic policy issues as they relate to monetary policy and investors.

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

Mr. Gary Dokes, ASRS Chief Investment Officer, provided an overview of the ASRS investment program as it relates to Asset Class Committees, tactical portfolio positioning, IMD belief systems, IMD House Views, IMD projects, activities and research initiatives.

Mr. Kien Trinh, State Street Assistant Vice President, provided an overview of the State Street Report, stating risk reports have been consistent with no major changes since the last report provided to members of the IC.

**5. Presentation, Discussion, and Appropriate Action Regarding Independent Reporting, Monitoring and Oversight of the ASRS Investment Program**

Mr. Allan Martin, NEPC Partner, presented information on NEPC's reporting, monitoring, and oversight of the ASRS investment program. Mr. Martin stated the fund continues to make significant progress in moving toward the long-term Strategic Asset Allocation Policy (SAAP) and explained the restructure of the non-U.S. Develop Markets Portfolio. He also noted the different methods available to allow portfolios to be less resistant to down drafts at lower costs and expanded on the current ASRS asset allocation.

**6. Presentation, Discussion, and Appropriate Action Regarding Total Equities Asset Class Presentation**

Mr. Dave Underwood, Assistant Chief Investment Officer provided the Committee with a detailed summary of the Public Equity Asset Class as of February 28, 2014. He gave detailed information on the Equities liquidation of \$400 million from Domestic Equities asset classes to various other portfolios; provided market performance commentary; and discussed the performance of current investment managers.

Mr. Karl Polen, Head of Private Markets Investing and Eric Glass, Portfolio Manager of Private Markets, provided a brief summary of the Private Equity Program. Members of the IC were provided information relating to key areas of focus, areas of capital demand and the emphasis placed on manager selection in terms of performance, organizational criteria and terms (i.e. cost, fees, governance, etc.).

**7. Requests for Future Agenda Items**

There were no requests for future Agenda items.

**8. Call to the Public**

No members of the public requested to speak.

**9. Adjournment**

The meeting adjourned at 6:06 p.m.

Respectfully submitted,

ARIZONA STATE RETIREMENT SYSTEM

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Gloria Trujillo Date  
Investment Committee Administrator

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Gary Dokes Date  
Chief Investment Officer