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#### Paul Matson

*Director*

### **Arizona State Retirement System**

**REVISED**

# AGENDA

**NOTICE OF COMBINED PUBLIC MEETING AND POSSIBLE EXECUTIVE SESSION**

**OF THE ARIZONA STATE RETIREMENT SYSTEM**

**INVESTMENT COMMITTEE**

3300 North Central Avenue, 14th Floor Conference Room

Phoenix, Arizona 85012

### April 17, 2018

12:00 p.m.

Pursuant to A.R.S. § 38-431.02(F), notice is hereby given to Trustees of the Arizona State Retirement System (ASRS) Investment Committee (IC) and to the general public that the ASRS IC will hold a meeting open to the public on Tuesday, April 17, 2018, beginning at 12:00 p.m.in the 14th Floor Conference Room of the ASRS offices at 3300 N. Central Avenue, Phoenix, Arizona 85012. Trustees of the Committee may attend either in person or by telephone conference call.

This is a regularly scheduled meeting of the IC; however, due to possible attendance by other ASRS Board Trustees, this meeting may technically become a meeting of the Board or one of its Committees. Actions taken will be consistent with IC governance procedures. Actions requiring Board authority will be presented to the full Board for final decision.

The Chair may take public comment during any agenda item. If any member of the public wishes to speak to a particular agenda item, they should complete a “Request to Speak” form indicating the item and provide it to the Committee Administrator.

Pursuant to A.R.S. § 38-431.03(A)(3), the ASRS IC may vote to go into executive session, which will not be open to the public, for the purpose of obtaining legal advice on any item on the Agenda.

This meeting will be teleconferenced to the ASRS Tucson office at 4400 East Broadway Boulevard, Suite 200, Tucson, Arizona 85711. The conference call to Tucson will be disconnected after 15 minutes if there are no attendees in the Tucson audience.

The Agenda for the meeting is as follows:

1. Call to Order; Roll Call; Opening Remarks (*estimated time 4 minutes*) Mr. Clark Partridge

Acting Chair, Investment Committee

1. Approval of the Minutes of the December 15, 2017 Public Meeting of the ASRS IC (*Action item; estimated time 1 minute*) Mr. Clark Partridge
2. Presentation, Discussion, and Appropriate Action Regarding Market Commentary, House Views and General Discussion *(Informational and discussion item; estimated time 15 minutes)*

 Mr. Karl Polen

Chief Investment Officer (CIO), ASRS

 Mr. Al Alaimo

Sr. Portfolio Manager of Fixed Income, Cash, and Liquid Alternatives, ASRS

 Mr. Eric Glass

Sr. Portfolio Manager of Private Markets, ASRS

Objective:

The CIO and portfolio managers will present their investment views and the committee will discuss the current economic and investment environment. *No action is expected on this item, but the IC may express views or offer guidance on the matters discussed.*

*Pursuant to A.R.S. §§ 38-431.03(A)(2) and 38-718(P), the IC may vote to discuss the following matter in executive session, which will not be open to the public, to consider specific investment manager data that is confidential proprietary commercial information and a record exempt by law from public inspection.*

1. Presentation, Discussion, and Appropriate Action Regarding Quarterly Report on Investment Performance (Informational and discussion item; estimated time 30 minutes) Mr. Karl Polen

 Mr. Al Alaimo

 Mr. Eric Glass

Objective:

The CIO and portfolio managers will report on investment performance and performance attribution in each of the portfolios. The discussion will include returns and holdings based performance analysis and a review of current strategies for the portfolios. *No action is expected on this item, but the IC may express views or offer guidance on the matters discussed.*

1. Presentation, Discussion, and Appropriate Action Regarding Independent Reporting, Monitoring and Oversight (*Informational and discussion item; estimated time 20 minutes*) Mr. Allan Martin

Partner, NEPC

Objective:

NEPC to present total fund performance results for the period ending December 31, 2017 and will report on their monitoring of IMD activities. *No action is expected on this item, but the IC may express views or offer guidance on the matters discussed.*

1. Presentation, Discussion, and Appropriate Action Regarding Risk Management (*Informational and discussion item; estimated time 10 minutes*) Mr. Karl Polen

Objective:

The CIO will present the MSCI risk management report. *No action is expected on this item, but the IC may express views or offer guidance on the matters discussed*.

1. Presentation, Discussion, and Appropriate Action Regarding Updates to the State Street Custody System and Performance Accounting *(Informational and discussion item; estimated time TBD)* Mr. Karl Polen

 Ms. Kerry White

Assistant Chief Investment Officer for Reporting, Compliance & Administration

Objective:

ASRS is in the process of implementing enhancements to the custody and investment accounting systems with State Street. These changes will result in improved timeliness of investment record keeping and will make possible the implementation of improvements in performance accounting. Effective July 1, 2018 we will transition the performance book of record from NEPC to State Street. NEPC will continue to perform the same function on performance calculations, but in a confirmatory role as a check and balance to ensure accuracy of performance calculations. *No action is expected on this item, but the IC may express views or offer guidance on the matters discussed.*

1. Presentation, Discussion, and Appropriate Action Regarding IMD Activities and Asset Class Committee Reports (*Informational and discussion item; estimated time 10 minutes*)

 Mr. Karl Polen

Objective:

The CIO will present recent activities and work plans for IMD and will report on any asset class committee actions since the last investment committee meeting. *No action is expected on this item, but the IC may express views or offer guidance on the matters discussed.*

1. Presentation, Discussion, and Appropriate Action Regarding Compliance (*Informational and discussion item; estimated time 10 minutes*) Ms. Kerry White

Objective:

The Assistant CIO will report on compliance activities including an annual report on tax compliance.

1. Request for Future Agenda Items (*Discussion item; estimated time 5 minutes*)

 Mr. Clark Partridge

 Mr. Karl Polen

1. Call to the Public Mr. Clark Partridge

Those wishing to address the ASRS IC are required to complete a Request to Speak form before the meeting indicating their desire to speak. Request to Speak forms are available at the sign-in desk and should be given to the IC Administrator. Trustees of the Committee are prohibited by A.R.S. § 38-431.01(H) from discussing or taking legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action. As a result of public comment, the IC may direct staff to study and/or reschedule the matter for discussion and decision at a later date.

1. The next ASRS Investment Committee Meeting is scheduled for Friday, June 22, 2018 at 9:00 a.m., at 3300 N. Central Avenue, 14th Floor Conference room, Phoenix, Arizona.

*Pursuant to A.R.S. §§ 38-431.03(A)(2) and 38-718(P), the IC may vote to discuss the following matter in executive session, which will not be open to the public, to consider specific investment manager data that is confidential proprietary commercial information and a record exempt by law from public inspection.*

1. Presentation and Discussion of Pending Investment Transaction (*Informational and discussion item; estimated time 15 minutes*) Mr. Karl Polen

Objective:

The Committee will discuss a pending investment transaction. *No action is expected on this item, but the IC may express views or offer guidance on the matters discussed.*

1. Adjournment of the ASRS IC Meeting.

A copy of the agenda background material provided to IC Trustees (with the exception of material relating to possible executive sessions) is available for public inspection at the ASRS offices located at 3300 North Central Avenue, 14th Floor, Phoenix, Arizona, and 4400 East Broadway Boulevard, Suite 200, Tucson, Arizona. The agenda is subject to revision up to 24 hours prior to meeting. These materials are also available on the ASRS website <https://www.azasrs.gov/content/board-and-committee-meetings> approximately 48 hours prior to the meeting.

Persons with disabilities may request a reasonable accommodation such as a sign language interpreter or alternate formats of this document by contacting Tracy Darmer, ADA Coordinator at (602) 240-5378 in Phoenix, at (520) 239-3100, ext. 5378 in Tucson or 1-800-621-3778, ext. 5378 outside metro Phoenix or Tucson. Requests should be made as early as possible to allow time to arrange the accommodations.

Dated April 16, 2018

ARIZONA STATE RETIREMENT SYSTEM

*Signed Copy on File Signed Copy on File*

Joyce Williams Karl Polen

Committee Administrator Chief Investment Officer