

**STATE INVESTMENT BOARD
INVESTMENT COMMITTEE MEETING
MINUTES OF THE
NOVEMBER 10, 2022, MEETING**

MEMBERS PRESENT: Thomas Beadle, State Treasurer, Chair
Joseph Heringer, Trust Lands Commissioner, Vice Chair
Scott Anderson, CIO
Eric Chin, Deputy CIO
Dr. Prodosh Simlai, External Representative
Dr. Ruilin Tian, External Representative

STAFF PRESENT: Jecca Geffre, Outreach & Communications Dir
Rachel Kmetz, Accounting Mgr
Missy Kopp, Exec Assistant
Jan Murtha, Exec Director
Matt Posch, Sr. Investment Officer
Chad Roberts, DED/CRO
Sara Sauter, Suprv of Internal Audit
Ryan Skor, CFO/COO

GUESTS: Alex Browning, Callan
Craig Chaikin, Callan
John Pirone, Callan
Members of the Public

CALL TO ORDER:

Treasurer Beadle called the State Investment Board (SIB) Investment Committee (IC) meeting to order at 9:03 a.m. on Thursday, November 10, 2022, at the Retirement and Investment Office (virtual host), 1600 E Century Ave., Bismarck, ND.

The following Investment Committee members were present representing a quorum, Mr. Anderson, Mr. Chin, Treasurer Beadle, Commissioner Heringer, Dr. Simlai, and Dr. Tian.

AGENDA:

The agenda was considered for the November 10, 2022, meeting.

IT WAS MOVED BY DR. SIMLAI AND SECONDED BY MR. ANDERSON AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE NOVEMBER 10, 2022, MEETING AS DISTRIBUTED.

AYES: COMMISSIONER HERINGER, MR. ANDERSON, DR. SIMLAI, MR. CHIN, DR. TIAN, AND TREASURER BEADLE

NAYS: NONE

MOTION CARRIED

MINUTES:

The minutes were considered for the October 7, 2022, meeting.

IT WAS MOVED BY MR. CHIN AND SECONDED BY DR. SIMLAI AND CARRIED BY A VOICE VOTE TO APPROVE THE MINUTES FOR THE OCTOBER 7, 2022, MEETING AS DISTRIBUTED.

**AYES: DR. SIMLAI, MR. CHIN, COMMISSIONER HERINGER, DR. TIAN, MR. ANDERSON,
AND TREASURER BEADLE**

NAYS: NONE

MOTION CARRIED

INVESTMENT COMMITTEE PROPOSED CALENDAR:

Staff provided a proposed meeting schedule for the IC through the end of the fiscal year. The Committee members agreed that the proposed meeting schedule would work. Staff will move forward with invites and public notice of those meetings.

EQUITY PORTFOLIO REVIEW:

Mr. Anderson, Mr. Chin, and Mr. Posch provided an overview of the equity portfolio. Staff have undertaken a comprehensive portfolio review so the team can become familiar with how the portfolio operates. The investment staff have been working on a harmonization of equity weights and moving to one equity implementation across the portfolio. Staff have broken the review into phases. Staff are working on benchmark harmonization that will correspond to the MSCI ACWI IMI 60% US and 40% non-US. Mr. Chin reviewed the implementation process to get to the new equity allocation. Mr. Anderson discussed the one and five-year contribution to equity active return and the challenge that exists without a daily performance system. Mr. Posch highlighted certain Public Equity Managers who are heavily weighted. Committee discussion followed.

TRANSITION UPDATE:

Mr. Chin provided an update on the equity transition. The SIB approved a new equity portfolio across the three pools at the May 2022 meeting. The new equity portfolio will harmonize the equity portfolios across the three pools and create an optimal equity allocation. Staff will implement one policy benchmark that sets the Russell 3000 and MSCI SCWI EX US IMI as the new policy benchmark. Staff will also add passive index exposure to equity sub-asset classes for exposure management and liquidity. The transition is 99% complete as of November 1, 2022. The transition is a complex and nuanced transaction with approximately \$3.3 billion of adds and \$3.3 billion of redemptions. The total cost of the transition came in lower than pre-trade estimates. The next steps include a formal post-trade review of the transition with Northern Trust then staff will begin the implementation of Equity 2.0. Committee discussion followed.

COMPLIANCE PROCESS:

Mr. Chin reviewed RIO's compliance process. Investment compliance activities and tasks include investment guidelines, ongoing compliance monitoring, and document review. Mr. Chin provided details for each step of the process. Committee discussion followed.

With no further business to come before the Investment Committee, Treasurer Beadle adjourned the meeting at 11:24 a.m.

Prepared by:

Missy Kopp
Assistant to the Board