

**STATE INVESTMENT BOARD  
INVESTMENT COMMITTEE MEETING  
MINUTES OF THE  
DECEMBER 9, 2022, MEETING**

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

**MEMBER ABSENT:** Eric Chin, Deputy CIO

**STAFF PRESENT:** Derek Dukart, Investment Officer  
Jecca Geffre, Outreach & Communications Dir  
Missy Kopp, Exec. Assistant  
Jan Murtha, Exec. Director  
Matt Posch, Sr. Investment Officer  
Sara Seiler, Suprv. of Internal Audit  
Ryan Skor, CFO/COO

**CALL TO ORDER:**

Treasurer Beadle called the State Investment Board (SIB) Investment Committee (IC) meeting to order at 9:00 a.m. on Friday, December 9, 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, Treasurer Beadle, Commissioner Heringer, Dr. Simlai, and Dr. Tian.

**AGENDA:**

The agenda was considered for the December 9, 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 DECEMBER 9, 2022, MEETING AS DISTRIBUTED.**

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

**NAYS: NONE**

**ABSENT: MR. CHIN**

**MOTION CARRIED**

**MINUTES:**

The minutes were considered for the November 10, 2022, meeting.

**IT WAS MOVED BY MR. ANDERSON AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A VOICE VOTE TO APPROVE THE MINUTES FOR THE NOVEMBER 10, 2022, MEETING AS DISTRIBUTED.**

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

**NAYS: NONE**

**ABSENT: MR. CHIN**

**MOTION CARRIED**

**FIXED INCOME (FI) PORTFOLIO REVIEW:**

Mr. Anderson began by describing the three-phase approach that staff have been following to find an optimal risk level at the lowest cost. Staff have undertaken a comprehensive portfolio review. Mr. Anderson reviewed the activities in each phase. Staff would like the IC to discuss adding an independent benchmark consultant to ensure we have the most appropriate benchmarks and exposures. Mr. Anderson reviewed the changes in the composition of the portfolio. Staff are implementing a consistent core FI sub-allocation. Manulife and the Long Treasury Fund have been terminated, not because of underperformance, but staff do not want to have a short duration securitized mandate. Terminations also include SSGA US Government Credit Bond Index which is being broken up into component parts of SSGA Gov Index and SSGA Credit Index. The next steps will be to identify a transition manager for the FI transition then coordinate with the Fiscal Division with the goal of completing the transition in the first quarter of 2023. Staff will continue the portfolio analysis across the asset classes. Mr. Anderson discussed FI risk and return and how we measure risk. Mr. Posch highlighted some of the managers in the FI portfolio. Committee discussion followed.

**FUND VALUE ALLOCATION PROCESS:**

Mr. Anderson reviewed the allocation of value and performance to client funds. Investment performance is constrained by operational capability. There is a fund level opportunity to have reduced operational complexity with fewer Equity, FI, and private market sub-asset allocations and pooling of allocations. There would be better scale advantages, fewer manager searches, optimal active risk and return, implementation time savings, and managed concentration risk. Mr. Anderson outlined the steps to accomplish reduced operational complexity. Mr. Skor reviewed the current plan allocation process and the inefficiencies that exist. The fiscal team is developing a new allocation process which will lead to more efficient rebalancing and enhanced risk management. Staff plan to go live with the new process in the second quarter of 2023. Committee discussion followed.

**OTHER**

Mr. Anderson and Treasurer Beadle led a conversation about the implementation of SB 2291 which was passed by the Legislature in 2021. The statute prohibits social investments and mandates that we manage our funds for the exclusive benefit of our beneficiaries. Committee discussion followed.

Dr. Simlai left the meeting at 11:46 a.m.

With no further business to come before the Investment Committee, Treasurer Beadle adjourned the meeting at 12:02 p.m.

Prepared by:

Missy Kopp  
Assistant to the Board