

**STATE INVESTMENT BOARD  
INVESTMENT COMMITTEE MEETING  
MINUTES OF THE  
MARCH 10, 2023, 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:** Derek Dukart, Investment Officer  
Missy Kopp, Exec. Assistant  
George Moss, Sr. Investment Officer  
Matt Posch, Sr. Investment Officer  
Ryan Skor, CFO/COO  
Nitin Vaidya, Chief Risk Officer  
Jason Yu, Risk Officer

**GUESTS:** Alex Browning, Callan

**CALL TO ORDER:**

Treasurer Beadle called the State Investment Board (SIB) Investment Committee (IC) meeting to order at 9:05 a.m. on Friday, March 10, 2023, 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, Mr. Chin, Commissioner Heringer, Dr. Simlai, and Dr. Tian.

**AGENDA:**

The agenda was considered for the March 10, 2023, meeting.

**IT WAS MOVED BY MR. CHIN AND SECONDED BY MR. ANDERSON AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE MARCH 10, 2023, MEETING AS DISTRIBUTED.**

**AYES: COMMISSIONER HERINGER, MR. ANDERSON, DR. SIMLAI, DR. TIAN, MR. CHIN, AND TREASURER BEADLE  
NAYS: NONE  
MOTION CARRIED**

**MINUTES:**

The minutes were considered for the February 10, 2023, meeting.

**IT WAS MOVED BY DR. SIMLAI AND SECONDED BY COMMISSIONER HERRINGER AND CARRIED BY A VOICE VOTE TO APPROVE THE MINUTES FOR THE FEBRUARY 10, 2023, MEETING AS DISTRIBUTED.**

**AYES: DR. SIMLAI, COMMISSIONER HERINGER, MR. CHIN, DR. TIAN, MR. ANDERSON, AND TREASURER BEADLE  
NAYS: NONE  
MOTION CARRIED**

### **INVESTMENT PERFORMANCE REVIEW:**

Mr. Anderson reviewed the investment performance for the quarter ending December 31, 2022. The markets were very challenging with both equity and fixed income producing negative returns. The performance for PERS, TFFR, Legacy Fund, and WSI were reviewed. Mr. Anderson discussed equity and fixed income risk and return. Committee discussion followed.

### **FIXED INCOME TRANSITION UPDATE:**

Mr. Chin provided an update on the fixed income transition. The object of the transition is to harmonize the investment grade portfolios across pools. This transition has been complex. Staff looked for ways to reduce costs using inter-pool transfers and crossing. State Street Global Markets (SSGM) was hired as the transition manager. The transition began in January 2023 and ramped up on March 6, 2023. Staff expect the transition to be mostly complete on April 1, 2023. Next steps will include a reconciliation and post trade review of the transition with SSGM. Staff will continue portfolio analysis across asset classes and begin work on the Investment Grade Fixed Income Portfolio 2.0 project. Committee discussion followed.

### **INVESTMENT COMMITTEE CONTENT:**

Mr. Anderson reviewed an earlier discussion about the Investment Committee content for the first few meetings. The Committee has spent the first meetings learning about the Investment Program and is now able to move to a more standard agenda. Mr. Anderson reviewed the typical Committee meeting content going forward. Committee discussion followed.

### **LEGISLATIVE BILLS:**

Mr. Anderson reviewed current legislative bills that could have an impact on the investment program. HB 1040 and SB 2239 both address the PERS retirement plan in different ways. Both have passed and have gone to the other chamber.

HB 1088 which changes the composition of the SIB was heard in the Senate Industry and Business Committee which amended the bill back to the original with one exception which would change the Legacy and Budget Stabilization Fund Advisory Board representative to a voting member. The amended version passed the Senate and was sent back to the House.

HB 1227 requires a cost-benefit analysis for a measure or policy affecting the Legacy Fund. This bill passed the House and will soon have a vote in the Senate. Staff have been tracking multiple ESG-related bills. Some did not pass, but HB 1368 and 1429, which have been amended are remaining. SB 2330 would change the Legacy Fund earnings definition and change the Legacy Fund investment policy related to in-state equity. Committee discussion followed.

### **DISCUSSION:**

Mr. Anderson informed the Committee about work that staff has done on country risk. The goal is to gain the ability to trade in other countries and to have separately managed instead of comingled funds. India is a challenge for separately managed funds, but staff are working on a solution. Committee discussion followed.

With no further business to come before the Investment Committee, Treasurer Beadle adjourned the meeting at 11:41 a.m.

Prepared by:

Missy Kopp, Assistant to the Board