

**STATE INVESTMENT BOARD  
INVESTMENT COMMITTEE MEETING  
MINUTES OF THE  
April 21, 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  
Chad Roberts, DED/CRO  
Ryan Skor, CFO/COO  
Nitin Vaidya, Chief Risk Officer  
Jason Yu, Risk Officer  
Lance Zietlow, Sr. Investment Officer

**GUESTS:** Craig Chaikin, Callan  
Perry Hopper, 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 Friday, April 21, 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 April 21, 2023, meeting.

**IT WAS MOVED BY MR. CHIN AND SECONDED BY DR. SIMLAI AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE APRIL 21, 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 March 10, 2023, meeting.

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

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

**NAYS: NONE**

**MOTION CARRIED**

**INVESTMENT STRATEGY:**

Mr. Anderson presented an overview of the investment strategy for the RIO program. This strategy is an overarching approach with a 5-year time horizon. The RIO Investment Program has \$19.2 billion of assets under management (AUM) across all client funds which include sovereign wealth, pension, and insurance plans. Mr. Anderson reviewed the investment program focus, objectives, core beliefs, and investment process. The current and future state of the investment program were discussed with the next step of the program moving towards advanced funds management. Mr. Anderson outlined an opportunity to add a new capability. Public markets direct would allow staff to keep rebalance cost low while increasing value added. It would enhance indexing and public market strategies, liquidity management, and exposure management.

Mr. Anderson outlined an operating model consisting of compliance, overlays, transitions, liquidity, rebalancing, and valuation. The necessary capabilities to achieve success include governance, talent management, operations, data/technology infrastructure, and research/knowledge management. Governance changes have been made through the creation of the SIB Governance and Policy Review and Investment Committees. Both committees have recommended changes to the Governance Manual which the Board has approved. A near-term timeline of activities was provided. Committee discussion followed.

**IT WAS MOVED BY DR. TIAN AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO CONCUR WITH STAFF RECOMMENDATIONS.**

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

**NAYS: NONE**

**MOTION CARRIED**

**PRIVATE MARKET BENCHMARK WEIGHTS:**

Mr. Posch presented information on benchmarking. Benchmarks should be investable, provide clear communication of discretionary performance and risk, reflect the investment objectives and asset allocation of the portfolio, and be easy to measure. Current benchmarks are generally a good representation of the asset allocation but could be enhanced in private markets. The current weighting method causes issues with tracking error and performance attribution. Mr. Posch outlined the current weight method and the proposed weight method. Staff presented the following recommendations:

- Change to portfolio weight equal to a benchmark weight where private equity rebalances through public equity and real asset rebalance through half fixed income and half equity
- Restate the 2022 fiscal year based on this performance method and keep a performance measurement using the old system for comparison
- When a benchmark consultant is hired, choose an appropriate benchmark for the private markets rather than benchmark it against its own performance

Committee discussion followed.

**IT WAS MOVED BY MR. ANDERSON AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO CONCUR WITH THE STAFF RECOMMENDATION.**

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

**NAYS: NONE**  
**MOTION CARRIED**

**LEGISLATIVE BILLS:**

Mr. Skor reviewed current legislative bills that could have an impact on the investment program. HB 1088, which changes the composition of the SIB is out of conference committee and waiting for floor votes in each chamber. RIO's budget has passed and is waiting for the Governor's signature. Committee discussion followed.

With no further business to come before the Investment Committee, Treasurer Beadle adjourned the meeting at 11:32 a.m.

Prepared by:

Missy Kopp, Assistant to the Board