

Worcester Retirement Board
Finance Meeting
August 15th 2024

The Board met at 9:30 a.m. in open public session for a financial meeting on August 15th, 2024, in the Levi Lincoln Chambers, Worcester, 01608. All Board Members were in attendance with exception of John Mahan. Meketa Representative Steven Maclellan was present. A member of the public was present, as well as Sharan McQueen Retired Police Officer

In regard to the markets, US equity has been performing strong as well as Non-US markets. Fixed income is mixed performance.

As of recent, everyone is still trying to determine when the feds will be cutting rates. The two items continuously looked at are inflation and unemployment. There was concern at the beginning of August due to a significant rise in unemployment, above 4%. A recession was feared as imminent. However, there were no other signs of a recession. Since then, the rates have come back to typical levels. Expected rate cut in September .25 to .5 a percent.

The yield curve continues to be inverted.

At 9:40 Nathan Johnson from Human resources joined the meeting.

The portfolio estimated returns through July, excluding private equity, is at about 6%. YTD return at 5.7% as of yesterday.

The portfolios allocation versus the state allocation update. The portfolio is a little closer to PRIM/PRIT but small differences are Real Assets and Private Equity sectors

As of June, the portfolio is up 5%, The portfolio is behind the benchmark in some asset classes that were very supportive in the past 5 years are not performing as well. Infrastructure and Private Equity, they are not detracting from the portfolio just not helping with relative returns. This is expected to bounce back.

At 9:45 Board attorney Michael Sacco joined the meeting.

R Stearns questioned the difference in the two benchmarks for Private Equity. S. Maclellan explained MSCI ACWI IMI +2 as the global public benchmark with an additional 2% premium. This is to account for the liquidity premium due to the lag between funding up front and the 7 years to recoup. The Prequin is the peer benchmark which are 1quarter behind due to valuation method.

White Deer fund I has fully liquidated.

S. Maclellan reviewed Asset Allocation. There were 3 Proposed Policy Changes which were explained. E. Early requested to revisit at next meeting date when all members are available for the presentation.

10:00 AM Adjourned

Respectfully Submitted

Lisa Poske, Executive Secretary

Elizabeth Early, Chair/ Elected Member

Matthew Wally, Appointed Member

Robert Stearns, Ex-Officio Member

John Mahan, Elected Member - DNA

Tamara Cullen, Fifth Member