

**Worcester Retirement Board Financial Meeting**  
**April 13<sup>th</sup> 2023**

The Worcester Retirement Board met Open Public Session on Thursday, April 13<sup>th</sup>, 2023 in the Levi Lincoln Chambers, 3<sup>rd</sup> Floor, City Hall, Worcester, Ma. 01608 for their a Financial Meeting at 8:30 a.m.

Board members E. Early, M. Wally, R. Stearns, and J. Mahan were present.

Steven Maclellen Managing Principal and Board Consultant from Meketa Investment Group was in attendance to update the Board on the portfolio and economic markets.

Equities are currently leading the market. In general asset classes continue to recover apart from commodities which is down (-5.2%).

The Silicon Valley Bank & Signature Financial recently failed which cause some market turmoil. The Worcester Retirement Portfolio was not affected by this.

The Yield Curve is still inverted. This is a sign there is a chance that the Federal Reserve may increase interest rates once more.

Inflation continues to decrease, and Unemployment is returning to pre-pandemic levels with a current 3.6%.

The Portfolio remains in policy range with the known exception of Private Equity.

The Portfolio YTD is at 2.1% outperforming the benchmark in most asset classes.

Bond returns have increased over 2% due to Federal Reserve rate increases.

The Portfolios goals were to gain returns of 6.8%. The Portfolio is built to obtain returns of 7.3%. This provides enough risk in the portfolio to obtain expected returns with room in case of downturns. This year the portfolio is expected 9.1% in returns. The Portfolios expected return increased given the rise in return expectations across major asset classes. This is not unfavorable; it raises the Portfolios chance of reaching its return goals. However, according to MGL Regulation 840 CMR 18 “The rate of return objective for the entire portfolio should not exceed the assumed rate of return used in the most recent actuarial valuation of the system by more than 1.00%” . The Board discussed their options on how to approach this.

Asset Allocation recommendation will be provided at the next board meeting as well as the Appropriation recommendation.

Meketa was hired by PRIM in February as their Consultant for public managers market research, and Steve will be on that team. This would include Public Equity and Public Fixed Income. This does not impact Board however wanted to inform the board for full transparency. This role would not include asset allocation or handling funds, just consulting in their public market research.

The Board adjourned at 9:20 a.m.

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