

Worcester Retirement Financial Board Meeting Minutes
June 9th 2022

The Worcester Retirement Board met at 8:30 A.M. on Thursday June 9th, 2022 for their financial board meeting. All Board Members were present. Meketa representatives S. MacLellan and P. Markarian.

In regards to the current economic and market update; Market Volatility rose in April due to continued inflation pressures driven by supply chain issues, global stimulus, and the war in Ukraine. All classes declined except commodities. The US experienced the deepest decline in Equities.

In regards to System performance, reporting has been delayed this year from some managers causing some revision to the 2021 Performance. In Feb returns were measured as 19.1% net of fees however as of the meeting the portfolio is 19. % net of fees. 1st Quarter 2022 the portfolio was (1.4%). As of April 30th the portfolio was (5.1%). All asset classes are underperforming due to the global economic climate. However the portfolio is still out performing the benchmarks which were (8.3%) & (12.2%) YTD. As of May 31st the system is down (4.9%) YTD.

Asset allocation is in line with PRIT by 2-3% depending on the asset. This small difference has been beneficial to the portfolio where Private Equity has done well and the portfolio is more allocated to Private Equity compared to PRIT.

Meketa presented the Board with the recommendation for the appropriation allocation. The Board voted to allocate the funds as Meketa presented (5-0).

S. MacLellan reviewed stagnation with the Board. Stagnation is not the current economic state however it is a possibility given the proper catalyst. Stagnation last accrued during the 70's – 80's in the US. The portfolio is believed to be equipped with the proper diversification to withstand this possibility.

S. MacLellan reviewed the portfolios current Private Equity benchmark used and its comparison to other benchmarks commonly used. Meketa recommends using the broadest public equity benchmark as the primary benchmark in addition to the peer benchmark currently used. MSCI ACWI IMI has exposure to public equities globally and using a one quarter lag to match the timing of when the private equity's NAVs are applies, and then adding a 200bps spread.

The Board adjourned at approximately 9:30 A.M.

Respectfully Submitted,

Elizabeth A. Early, Elected Member, Chair

Matthew Wally, Appointed Member

Robert V. Stearns, Ex Officio Member

John F. Mahan, Elected Member

Tamara Cullen, Fifth Member

Lisa M. Poske, Executive Secretary