

**Worcester Retirement Board Financial Meeting**  
**June 8<sup>th</sup> 2023**

The Worcester Retirement Board met Open Public Session on Thursday, June 8<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.

All Board members were present.

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

Returns for basic asset classes YTD are in the positive, especially compared to last year.

Concern regarding the national debt ceiling was causing market unrest however that has been tamed currently since recent legislation.

The yield curve is still inverted which has been the case for the past few updates. This could be warning of a recession however it does not tell you when. E. Early discussed the likelihood of a soft landing or not and summarized information discussed at the recent MACRS conference in regard to an upcoming recession.

Inflation is slowly decreasing.

In regards to the portfolio, as of June its estimated at 5% YTD after the debt ceiling legislation was enacted. YTD through April the portfolio was YTD 3.8%. Compared to the benchmarks YTD, the portfolio is trailing, however looking at the 3-year returns the portfolio is outperforming. Underperformance is mainly due to PRIT's under performance. Historically PRIT has had strong returns until recently. PRIT is 35% of the portfolio. International Developed equity is also behind short term which would contribute to current returns. Overall, other asset classes are performing well.

Ridgemont II makes up about a third of the buyout portfolio. They are no longer investing in energy.

Entrust is being closely looked at. Performance is disappointing and is going to be researched thoroughly within the next few weeks and then reported back to the Board.

The portfolio is due for a 20M commitment to Infrastructure. The Board has already approved the RFP search for this. Other investors and other Pension Boards are looking to invest this coming year as well. Meketa will work to get a more beneficial group rate later this year and bring results to the Board.

Based on the current allocation of the portfolio expected rate of return is 8.8% which can cause issues with older regulations. However, the Board can choose to use the Commonwealths expected returns which results in a 7.7% rate of return for the portfolio.

Meketa is looking to reduce Real Estate exposure due to the uncertainty in the markets for the median term. The PRIT Real Estate is highly liquid and easier to add funds to later in time. Emerging Market Equity risks are also unclear and may need to be reduced. The goal would be to reallocate this exposure to Bonds/Core Fixed Income which have been performing very well. Core-Fixed income would also increase liquidity.

Meketa provided 3 Policy Changes for the Board to compare and discuss (A-B-C).

R. Stearns made motion to accept policy C.M. Wally 2<sup>nd</sup> the motion. Board Voted 5-0.

For the upcoming appropriation, Maclellan discussed the majority would go to Core-Fixed Income. Steve and Lisa will coordinate the appropriation allocations.

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

Tamara Cullen, Fifth Member