

Worcester Retirement Financial Board Meeting Minutes October 20th 2022

The Worcester Retirement Board met at 8:30 A.M. on Thursday October 20th, 2022 for their financial board meeting through teleconference. E.Early, M.Wally, R. Stearns, and J. Mahan were in attendance.

Meketa representatives S. MacLellan. Gar Chung and investment journalist from Financial Investment News was in attendance.

Eight managers were present to discuss their respective funds.

Entrust was presented by Sophia Mullen. Entrust is one of the Boards opportunistic funds in the portfolio. Entrust stays true to being purely opportunistic and do not pre-determine value or opportunity sets. A little more than half of the committed capital has been called. The fund is very equity heavy due to market trends and opportunities. In regard to public vs private in current shifting markets; public funds have not been favorable while private credit is very constructed and attractive. Private credit can be negotiated on a bi-lateral basis.

Old Farm was presented by Kiernan Cavana and Nishi Shah. Old Farm is the other opportunistic fund of the portfolio. Since inception they have invested aggressively into materials and energy such as helium and uranium. Investment calls are made from a bottom up basis where ideas are taken from discussions between many managers. There is a large structural supply and demand history emerging from management ideas and market trends. The fund has had positive returns just up until September however they expect positive returns in the future.

Eaton Vance was presented by Rachel Carey and Brad Godfrey. The Eaton Vance and Morgan Stanley merger has continued and as of 1/1/2022 all Eaton Vance employees have Morgan Stanley emails. No major changes to the Eaton team since last meeting. Performance is strong. The fund has increased 450bp annually since inception. One strength against the competitors is the structural zero weight to UST duration, compared to the benchmark's over three years of U.S. duration. The near-zero weight contributed 202bps to performance for the quarter.

IFM was presented by David Greenberg and Meredith Mannix. The fund has been fully drawn and has been reinvesting distributions, Net TWR since inception is 12.47%. There have been no significant changes with the team with the past year. No significant changes to strategy or processes. Inflation is the current challenge of the fund however IFM is confident the fund is diversified enough through geography and sub-categories, and revenue streams to overcome this challenge.

AEW was presented by Emily Margolis and John Watson. The portfolio is involved with 3 funds with AEW (VI, VII, IX). VI is fully realized and had a 16.5% net IRR. VII is almost fully realized with a projected net IRR of 11%. The funds final assets are expected to sell within the next year so its too early to compare to the benchmark, but they project strong returns. IX is 85% invested with a projected net IRR of 14%. 85% of the allocated funds have been invested into 27 investments into sectors such as medical office, industrial warehouses, and apartment developments in the suburban areas with aims towards aging millennials. They will be launching their next fund soon. No significant changes to process or strategy's or team.

Ascent Venture Partners was presented by Tom Scanlon and Walter Dick . There are two funds left in the portfolio (V and VI). Current challenges this past year were inflation and economy contraction. Ascent took advantage of tech/digital trends brought on by these challenges The funds responded well to this. Ascent will not be making new investments. In regards to fund V half of the investments have been realized and half are unrealized with a current net IRR of 7.1%. 3 of the 5 remaining investments demonstrate fund driver potential. Fund VI has 9 investments, with one realized and 8 unrealized with a current net IRR of 4.7%. This fund is currently balanced equally with divers, contributors, and defense.

NorthStar was presented by Tim Duffy and Brian Schneider. The investment team is stable, no significant changes. The portfolio current has 2 funds left with NorthStar (V and VI). Fund V is almost in liquidation with one investment left to be realized. Fund V should be realized by the end of the year with expected returns above target. Fund VI is one of their strongest performing funds. Out of 28 investments in Fund VI 19 are fully realized with a current net IRR of 12%.

Capital International was presented by Jim McGuigan. The Current fund is a 2011 vintage fund. The fund made 18 Investments globally in emerging markets. Currently the portfolio has a remaining 8 investors in the Asian region. The Portfolio has committed 7.5M commitment and returned 5.16M to date and the current value of the fund is over 1B. The fund has had challenges in energy and commodities with failed investments in those sectors. Currently the fund has a net IRR of (-0.1) aggregate realized and unrealized. The fund is expected to fully realize late next year. Steve Maclellan requested clarification on Turkrow updates. Its no longer an investing company its a arbitral award. Fund investment in Turkish mining company, the quality of the ore was not certified. During investigation fraud was found from the inception conducted by the family selling the asset. Through litigation the fund now is an arbitration award. Litigation continues withs goals of settlement of this award.

Matthew Wally left the meeting at 11:15 A.M.

In Regard to current economic update, markets are trading off drivers. Europe lost their most recent prime minister to resignation. There are still negative returns across most asset classes,

In regards to estimated current portfolio performance the portfolio is a (-11.0%) YTD as of 09/30. This does not include private equity due to the reports not released yet. On a relative basis returns are strong compared to the benchmarks including PRIT.

The Board adjourned at approximately 11:26 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

DNA

Tamara Cullen, Fifth Member

Lisa M. Poske, Executive Secretary