



**VERMONT PENSION INVESTMENT COMMITTEE
AUGUST 26, 2014**

VPIC Members Present:

STEPHEN RAUH, CHAIR
BETH PEARCE, VICE-CHAIR, Vermont State Treasurer
JOSEPH MACKKEY, VSTRS Representative, term expiring June 30, 2015
VAUGHN ALTEMUS, Governor's Delegate, term expiring June 30, 2018
ROBERT HOOPER, VSERS Representative, term expiring June 30, 2016
KAREN PAUL, Governor's Delegate, term expiring June 30, 2018
THOMAS GOLONKA, VMERS Representative, term expiring June 30, 2016

VPIC Member(s) Absent:

VPIC Alternate Members Present:

STEVEN JEFFREY, VMERS *Alternate*, term expiring June 30, 2018
DAVID STARR, *Alternate* Governor's Delegate, term expiring June 30, 2016

VPIC Alternate Member(s) Absent:

LINDA DELIDUKA, VSTRS *Alternate*, term expiring June 30, 2017

Also attending:

Matt Considine, Director of Investments
Steve Wisloski, Deputy Treasurer
Katie Green, Investments Manager
Nick Foss, Investments Analyst
Doug Moseley, Chris Levell, & Richard Charlton, NEPC LLC
Jesse Moorman, Attorney General's Office

CALL TO ORDER:

The Chair, Mr. Rauh, called the Tuesday, August 26, 2014 meeting to order at 8:30 a.m., which was held in the 4th Floor Conference Room, 109 State Street, Montpelier, VT.

ITEM 1: **Agenda Approval and Announcements**

The Chair, Mr. Rauh, reviewed the agenda with the Committee and indicated the agenda was approved as written.

ITEM 2: **Consent Agenda**

- **Previous VPIC Meeting Minutes**
- **Routine Contract Amendments and Renewals**

The Chair, Mr. Rauh, indicated the items in the Consent Agenda today were the minutes and routine contract items.

On a motion by Vaughn Altemus, seconded by Beth Pearce, the Committee unanimously approved the Consent Agenda.

ITEM 3: Director of Investments Report and Action Items

Mr. Considine reviewed the Director of Investments Report with the Board. He outlined the Portfolio Asset Allocation table and notified the board that as of July 31st the composite AUM were at \$4.04B and that the allocations across the portfolio were expected to be in line with the target allocations. Mr. Considine informed the Board that the investments staff had a manager update meeting with Guggenheim Investment Partners, which involved a review of strategy, as well as, a discussion on portfolio performance. Guggenheim staff shared their U.S. and global economic outlook, which was characterized by an expectation of accelerated growth within the U.S. and Europe, with an environment that continues to favor risk assets. Mr. Considine guided the Board through the Q2 Up/down analysis, and gave context to the changes in relative performance that have occurred during VPIC's history.

ITEM 4: Discussion Items and Updates

- Vermont State Treasurer's Update
- Previous Month's Flash Report
- NEPC Investment Manager Watch List

Treasurer Pearce provided an update on a number of various administrative items, which included a meeting with representatives from 350VT. Treasurer Pearce shared with the Board their support of fossil fuel divestment, and noted that they had gathered a number of signatures in support of divestment. Treasurer Pearce also notified the Board that a meeting had occurred with JP Morgan to discuss their process of foreign exchange fees and the applicable impact it has on the VPIC portfolio.

Mr. Moseley reviewed the previous month's Flash Report with the Committee and responded to any questions they had. PIMCO and Schroder remain on the NEPC Watch List with no new additions.

Bob Hooper left the meeting at 10:50 AM

ITEM 5: Preparation for After-Fee Manager Performance Evaluation

The Board discussed possible scheduling for performing an After-Fee Manager Performance Evaluation in order to analyze relative performance against fee dollars. The resulting decision was that the evaluation should take place before January.

ITEM 6: Q2/Fiscal Year Investment Performance Review

NEPC reviewed with the Committee the *Investment Performance Analysis* document. NEPC reviewed the VPIC Composite in detail. NEPC responded to the questions as posed by the Committee members.

Joe Mackey left the meeting at 11:05AM

ITEM 7: Asset/Liability Risk Management Project

Mr. Considine reviewed an updated version of the Asset/Liability Risk Management Study, which included additional supporting charts with a more conversational presentation, as well as, full data sets for VSTRS, VMERS, and VSERS.

ITEM 8: Economic and Financial Market Dashboard

Mr. Foss reviewed with the Committee the economic and financial markets dashboard. The Committee, staff and NEPC discussed the ebb and flow of the markets during the month of July and August. The Committee discussed charts outlining the estimated earnings growth in European equities compared to their current valuations, and what implications that could have for Europe going forward.

ITEM 9: New or Other Business/Public Comment

None.

ITEM 10: Adjournment

On a motion by Vaughn Altemus, seconded by Beth Pearce, the Committee unanimously approved to adjourn the meeting at 12:27p.m.

Respectfully submitted,

Matthew Considine, CFA
Director of Investments