

**NEW ORLEANS FIRE FIGHTER'S
PENSION AND RELIEF FUND
Investment Board Meeting**

Martin Gaal
Board President

Thomas F. Meagher, III
Secretary-Treasurer

SUBJECT:

Board of Trustees Investment Board Meeting
Fire Fighter's Pension & Relief Fund

TIME, DATE AND PLACE:

10:00 am December 11, 2024
5710 General Haig Street
New Orleans, Louisiana 70124

This meeting was available via Webex.

Board President Martin Gaal called the meeting to order. The following members of the Board of Trustees were present: Gaal, Meagher, Krsak, Roy, Nelson, Meagher, Samuel and Tervalon.

With a quorum being present, the Board President declared the meeting duly convened to conduct business at 10:45 a.m. The Secretary Treasurer opened the meeting.

Also present:
Louis Robein, Board Attorney
Jon Breth, And Co. Consulting
Teresa Kehoe

COMMUNICATIONS:

None

REVIEW AND ACCEPT MINUTES

The November investment minutes require approval.

MOTION: Moved by Meagher and seconded by Roy to approve the November Investment board minutes.

Motion passed.

NO OBJECTIONS

REGULAR BUSINESS:

Jon Breth provided the Board with a performance update for the period ended November 30, 2024. Jon noted that the fund was up 3.2% for the month and 11.3% for the year to date. The year to date lags the policy benchmark due to the excess cash held in the portfolio and the lag in performance of the legacy assets. He noted that last month the Fund invested \$6,000,000 of cash and will move in the short term to make investments in real estate and direct lending.

Jon noted that the market reacted positively to the presidential election results in November, indicating that there will not be post-election litigation or issues regarding the outcome.

Jon discussed the Fund's investments individually, noting value of the holdings, expectations in the current market and compliance with the investment policy, among other attributes. Some key comments follow:

Fisher outperformed the index for the month although it lags the index

Fisher is a quality buyer, which he believes will pay off in performance over the long run. The small cap index was buoyed by out performance of certain tech stocks earlier this year.

The **Europacific Growth Fund** also outperformed for the month as growth stocks come into favor.

Fixed income markets were a bit volatile as rates rose last month. There was no negative performance, but performance fell as investors tried to figure out what the Fed will do with rate cuts and its effect on inflation and slowing the economy. Our managers are doing well by not taking big bets which has led to the outperformance in the portfolio. Jon discussed the reasons for outperformance of the three fixed income managers.

The Fund received another capital call from **Taurus**. We have \$200,000 invested there. Jon noted that certain legacy accounts in the report have been written down in the monthly investment report as a review of those assets in **Endgame** and **Capital One** require adjustment. **Greensprings** still has value as well as **Lakewood**, **LA Fund 1**.

NEW BUSINESS

Asset Allocation- Jon noted that the Fund is within its allocation benchmarks, but has prepared a pension allocation review. He discussed how investment strategy is based on a number of different decisions including target return, asset classes invested in, \$ value of investment in each asset class, appropriate allocation ranges of each asset class and the appropriate investment vehicle for each asset class. He discussed asset class performance correlation, long term return assumptions and provided the Fund with a few asset allocation scenarios. The asset allocation models included expected return, expected risk and correlation. Discussion on various risks including business risk, interest rate, investment manager, headline risk, inflationary and leverage risk among others. He noted that future return expectations moving forward are coming down

versus past returns. Expectations for Core real estate is expected to outperform prior years, due primarily to under performance in prior years for a number of years. Private equity and direct lending are also attractive. Premiums are available in direct lending that are not available in the core fixed income area. Jon presented 4 asset allocation scenarios and the Funds current asset mix with expected return and standard deviation. He noted Mix A, which added a 5% direct lending allocation and 10% core real estate component would provide, in his opinion, the most appropriate update to the fund's current asset allocation policy. The Black Rock allocation would be eliminated. Jon will update the policy for a vote at the next meeting.

Core Real Estate Jon discussed the attributes of a core real estate fund, the role within a portfolio, assets in a portfolio, how a fund is built and comparisons to other real estate classes. Three managers were presented to the Fund- Intercontinental Real Estate Corporation, Principal Global Investors and Stockbridge Core and Value Advisors. Jon discussed corporate strategy, leverage, investment focus, geographic location of investments, ownership, investment team, management fees and asset allocation of each manager and performance. Jon recommended a 5% allocation or \$5 million to the core real estate manager selected. Additional discussion on the managers followed including liquidity, investment timing, lockup periods. Discussion followed on the merits of each manager and the Board felt that Principal stood out and was the most appropriate fit for the Fund at this time.

MOTION: Moved by Meagher and seconded by Tervalon to allocate \$5 million to Principal Enhanced Property Fund and adjust the asset allocation policy to reflect the allocation.
Motion passed. NO OBJECTION

Meeting adjourned

MOTION: Moved by Meagher and seconded by Roy to adjourn the meeting.
Motion passed. NO OBJECTIONS

APPROVED BY: Thomas F. Meagher III **DATE:** 01/08/2025