

BOARD OF INVESTMENT TRUSTEES
Montgomery County Public Schools Retirement System Trust

February 22, 2018
Carver Educational Services Center
Room 134
850 Hungerford Drive
Rockville, Maryland 20850

OPEN SESSION

Board Members Present: Nicola Diamond
Joanne Hill
David Schick
Ted Urban, Chair
Andrew Zuckerman

Others Present: Marisa Grant
Susan Lau
Rhett Humphries, NEPC
Keith Stronkowsky, NEPC
Mark Cintolo, NEPC

Call to Order/Approval of Minutes

Ted Urban called the meeting to order at 8:30 a.m. The Board reviewed a draft of the open session minutes of the November 30 meeting. A motion was made for the approval of the minutes, and it was seconded. The Board unanimously approved the minutes.

Fourth Quarter 2017 Investment Portfolio Analysis

Rhett Humphries reviewed capital markets trends and performance for the fourth quarter of 2017 and the early period of 2018. Mr. Humphries then reviewed the pension portfolio performance for the fourth quarter. The total portfolio return was 3.6% for Q4 2017 and 15.4% for the year ending December 31. The portfolio's calendar-year return was running ahead of the actuarial expected rate of return assumption of 7.0% despite trailing the policy benchmark return of 16.6%. The policy benchmark, as amended by the Investment Policy Statement approved by the Board in September 2017, is calculated using the portfolio's policy target weights and the benchmark returns for the various asset classes in which it is invested. Credit strategies recently added to the portfolio performed well in the fourth quarter relative to core fixed income. For example, in the fiscal year-to-date period, the bank loan allocation increased 2.5% versus the 0.7% return registered by the core fixed income allocation.

Motion to Close Meeting

The Board discussed closing the meeting to discuss the investment of public funds with respect to investments in private partnerships and the possible additions and redemptions from investment managers. Mr. Urban read a closing statement. A motion was made to go into closed session, and it was seconded. The Board unanimously approved the motion. The meeting went into closed session at 9:00 a.m.

Return to Open Meeting/Meeting Adjournment

The Board returned to open session and upon a motion duly made and seconded, the meeting was adjourned at 12:30 p.m.

Respectfully submitted,
Marisa Grant