



State of Connecticut
Office of the Treasurer

SHAWN T. WOODEN
TREASURER

M E M O R A N D U M

TO: Members of Investment Advisory Council

FROM: Shawn T. Wooden, State Treasurer and Council Secretary

DATE: February 5, 2021

SUBJECT: Investment Advisory Council Meeting – February 10, 2021

Enclosed is the agenda package for the Investment Advisory Council meeting on Wednesday, February 10, 2021 starting at 9:00 A.M.

The following subjects will be covered at the meeting:

- Item 1: Approval of the Minutes of the January 13, 2021 IAC Meeting**
- Item 2: Opening Comments by the Treasurer**
- Item 3: Update on the Market and the CRPTF Performance**
Steven Meier, Interim Chief Investment Officer, will provide an update on the capital market environment and will report on the following:
- The CRPTF performance as of December 31, 2020
- Item 4: Liquidity Fund Review**
Michael Terry, Principal Investment Officer, will provide a review of the Liquidity Fund as of January 2021.
- Item 5: Brokerage Program Review**
Lyndsey Farris, Principal Investment Officer, will provide a review of the Brokerage Program as of December 31, 2020.
- Item 6: Consideration of Proposed Revisions to the CRPTF's Domestic Proxy Voting Policies**
Christine Shaw, Assistant Treasurer for Corporate Governance & Sustainable Investment, will provide an overview of the proposed changes to the CRPTF's Domestic Proxy Voting Policies.
- Item 7: Other Business**
- Discussion of the preliminary agenda for the March 10, 2021 IAC meeting

Item 8: Comments by the Chair

We look forward to reviewing these agenda items with you at the February 10th meeting.

If you find that you are unable to attend this meeting, please email katrina.farquhar@ct.gov.

STW/kf

Enclosures

INVESTMENT ADVISORY COUNCIL
Wednesday, January 13, 2021

**SUCH MINUTES ARE IN DRAFT FORM AND SUBJECT TO THE FINAL REVIEW
AND APPROVAL OF THE INVESTMENT ADVISORY COUNCIL**

MEETING NO. 483

Members present:

D. Ellen Shuman, Chair
Treasurer Wooden, Secretary
Thomas Fiore, representing Secretary Melissa McCaw

**11:19am departure

Joshua Hall **

Michael Knight

Michael LeClair

William Murray

*10:00am arrival

Patrick Sampson*

Carol Thomas

Members absent:

Steven Muench

Others present:

Laurie Martin, Chief Investment Officer
Kevin Cullinan, Chief Risk Officer
Patricia DeMaras, Legal Counsel
Mark Evans, Principal Investment Officer
Katrina Farquhar, Executive Assistant
Lyndsey Farris, Principal Investment Officer
John Flores, General Counsel
Karen Grenon, Legal Counsel
Darrell Hill, Deputy Treasurer
Barbara Housen, Chief Compliance Officer, Deputy General Counsel
Danita Johnson, Principal Investment Officer
Harvey Kelly, Pension Fund Analyst
Raynald Leveque, Deputy Chief Investment Officer
Steven Meier, Senior Principal Investment Officer
Paul Osinloye, Principal Investment Officer
Christine Shaw, Assistant Treasurer for Corporate Governance &
Sustainable Investment
Michael Terry, Principal Investment Officer

Guests:

Kevin Alcala, Goldman Sachs
Drianne Benner, Appomattox
Mary Beth Boyle, Rock Creek
LaRoy Brantley, Meketa Investment Group
Ronan Burke, Capital Group
Judy Chambers, Meketa Investment Group
Dyice Ellis-Beckham, Invesco
Noel Henry, Man Investments

Will Greene, Loop Capital
Deirdre Guice-Minor, T. Rowe Price
Tiffany Lee, Dimensional Fund Advisors
Christopher Morgan, Franklin Templeton
Mary Mustard, Meketa Investment Group
William Rejeski, Goldman Sachs
Richard Ross, CT Resident
Lisa Rotenberg, Goldman Sachs
Manesha Sampath, RockCreek
Liz Smith, AllianceBernstein
Ryan Wagner, T. Rowe Price
Peter Wooley, Meketa Investment Group

With a quorum present, Chair D. Ellen Shuman called the Investment Advisory Council (“IAC”) meeting to order at 9:01 a.m.

Approval of Minutes of the December 9, 2020 IAC Meeting

Chair Shuman called for a motion to accept the minutes of the December 9, 2020 IAC meeting. **William Murray moved to approve the minutes of the December 9, 2020 IAC meeting. The motion was seconded by Carol Thomas. There being no further discussion, the Chair called for a vote and the motion passed.**

Comments by the Treasurer

Treasurer Wooden welcomed the IAC members to the first meeting of 2021 and began by discussing the opening of the 2021 legislative session. He stated that the pandemic remains at the top of mind for those in public service as well as the thousands of Connecticut families that continue to struggle. Treasurer Wooden continued by saying our State is better situated financially to weather the storm and is on track with the vaccine distribution and he is confident that state lawmakers and local officials will work together this session to enact policies that will enable us to emerge from this crisis as a stronger and more resilient State.

Next, he announced that Chief Investment Officer (“CIO”), Laurie Martin, had accepted an opportunity and would be leaving the office. He thanked Ms. Martin for her commitment to the office and the work she has done during her tenure with the State of Connecticut.

Last, Treasurer Wooden mentioned his recent decision to commit \$125 million to the K5 Private Investors Fund and £100 million or approximately \$133 million to the Livingbridge 7 Fund. He then provided a summary of the meeting agenda and a brief overview of the scheduled presentations.

Update on the Market and the Connecticut Retirement Plans and Trust Funds Performance for Month Ending November 30, 2020

Ms. Martin, CIO, provided an update on the Connecticut Retirement Plans and Trust Fund’s performance and commented on the capital market environment and the economic outlook.

Co-Investment Program Overview

Raynald Leveque, Deputy CIO, Danita Johnson and Mark Evans, Principal Investment Officers (“PIO”), provided an overview of the Co-Investment Program.

Presentation by and Consideration of Grain Communications Opportunity Fund III

Danita Johnson, PIO, provided opening remarks and introduced Grain Communications Opportunity Fund III (“Grain”), a Real Assets Fund (“RAF”) opportunity.

Grain, represented by David Grain, CEO & Managing Director and Kathlika T. Fontes, Director, made a presentation to the IAC.

Roll Call of Reactions for the Grain Communications Opportunity Fund III.

Ms. Thomas, Michael Knight, Joshua Hall, Mr. Murray, Patrick Sampson, Michael LeClair, Thomas Fiore, and Chair Shuman provided feedback on Grain. Chair Shuman called for a motion to waive the 45-day comment period. **A motion was made by Mr. Murray, seconded by Ms. Thomas, to waive the 45-day comment period for Grain. There being no discussion, the Chair called for a vote and the motion passed.**

Presentation by and Consideration of Insight Partners Opportunity Fund I

Mark Evans, PIO, provided opening remarks and introduced Insight Partners Opportunity Fund I (“Insight”), a Private Investment Fund (“PIF”) opportunity.

Insight, represented by Cain Cotter, Managing Director; Conrad Goropse, Principal and Andrew Prodromos, Deputy General Counsel, Chief Compliance Officer & Head of ESG, made a presentation to the IAC.

Roll Call of Reactions for the Insight Partners Opportunity Fund I.

Messrs. Fiore, Hall, Knight, LeClair, Murray, Sampson, Ms. Thomas and Chair Shuman provided feedback on Insight. Chair Shuman called for a motion to waive the 45-day comment period. **A motion was made by Mr. Sampson, seconded by Mr. Murray, to waive the 45-day comment period for Insight. There being no discussion, the Chair called for a vote and the motion passed.**

Presentation by and Consideration of One Rock Capital Partners III

Mark Evans, PIO, provided opening remarks and introduced One Rock Capital Partners III (“One Rock”), a Private Investment Fund (“PIF”) opportunity.

One Rock, represented by Tony Lee, Co-founder & Managing Partner; Scott Spielvogel, Co-founder & Managing Partner and Deepa Patil Madhani, Head of Investor Relations, made a presentation to the IAC.

Roll Call of Reactions for the One Rock Capital Partners III.

Messrs. Fiore, Knight, LeClair, Murray, Sampson, Ms. Thomas and Chair Shuman provided feedback on Insight. Chair Shuman called for a motion to waive the 45-day comment period. **A motion was made by Ms. Thomas, seconded by Mr. Fiore, to waive the 45-day comment**

period for One Rock. There being no discussion, the Chair called for a vote and the motion passed.

Other Business

Chair Shuman invited the council members to submit agenda items for the next meeting being held on February 10, 2021.

Comments by the Chair

Chair Shuman thanked Ms. Martin for her professionalism, leadership, collegiality, and dedication to the office and the people of the State of Connecticut. The IAC members also thanked Ms. Martin for her work and support throughout the years.

Executive Session

At 12:05 p.m., a motion was made by Mr. Sampson, seconded by Mr. LeClair that the IAC enter into Executive Session to consider a personnel matter. The motion passed unanimously. Darrell Hill, Deputy Treasurer and John Flores, General Counsel were invited to participate in the Executive Session.

Regular Session

Chair Shuman asked for a motion to reconvene the regular session at 12:37 p.m. Ms. Thomas moved to reconvene the regular session and the motion was seconded by Mr. Fiore and passed unanimously. Chair Shuman noted that no votes or action were taken during the Executive Session.

Consent to the Appointment of the Interim Chief Investment Officer

Treasurer Wooden presented his recommendation and asked the IAC's consent to appoint Steven Meier as the Interim CIO.

Chair Shuman asked for a motion to accept the recommendation of the appointment of Steven Meier as Interim CIO for the CRPTF.

A motion was made by Mr. Fiore, seconded by Ms. Thomas, to accept the appointment of Steven Meier as Interim CIO. The motion passed unanimously.

Meeting Adjourned

There being no further business, Chair Shuman called for a motion to adjourn the meeting. **Mr. Fiore moved to adjourn the meeting and the motion was seconded by Mr. Murray. There being no discussion, the meeting was adjourned at 12:39 p.m.**



TEACHER'S RETIREMENT FUND

Net of All Fees and Expenses
Periods Ending December 31, 2020

AGENDA ITEM #3

Funds	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Compound, annualized returns			
											Three Year	Five Year	Seven Year	Ten Year
Benchmark														
Teacher's Retirement Fund	100.0%				\$20,533.5	3.35	9.14	14.94	10.97	10.97	7.39	9.25	7.40	7.72
Policy Benchmark						2.18	8.59	15.53	11.38	11.38	7.97	9.53	7.53	7.93
Dynamic Benchmark						2.58	8.96	15.10	11.68	11.68	7.88	9.50	7.53	N/A
Domestic Equity	22.2%	20.0	15.0	25.0	\$4,553.6	4.36	14.28	24.82	20.75	20.75	14.27	15.27	12.66	13.63
Russell 3000						4.50	14.68	25.24	20.89	20.89	14.49	15.43	12.76	13.79
Developed Markets ISF	12.8%	11.0	6.0	16.0	\$2,628.2	4.99	16.51	23.10	9.87	9.87	4.66	8.44	6.25	7.14
MSCI EAFE IMI Net						4.97	16.23	22.69	8.47	8.47	5.88	8.48	6.56	7.22
Emerging Markets ISF	11.9%	9.0	4.0	14.0	\$2,439.3	8.18	20.58	36.06	26.02	26.02	8.99	14.54	7.28	4.54
MSCI Emerging Markets IMI						7.39	19.95	31.69	18.39	18.39	5.77	12.22	6.02	3.47
Core Fixed Income	15.1%	13.0	8.0	18.0	\$3,092.3	0.23	0.92	1.82	8.06	8.06	5.05	4.39	3.85	3.79
Barclays U.S. Aggregate Bond Index						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	3.84
Emerging Market Debt	5.1%	5.0	0.0	10.0	\$1,055.3	3.40	9.21	11.68	3.30	3.30	3.16	6.94	3.96	4.06
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						2.69	7.70	9.27	4.02	4.02	4.09	6.97	3.93	4.64
High Yield	6.1%	3.0	0.0	8.0	\$1,253.0	2.24	6.75	12.42	7.93	7.93	5.53	7.96	5.13	6.29
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						1.88	6.44	11.32	6.27	6.27	5.83	8.31	5.29	6.44
Liquidity Fund	1.1%	2.0	0.0	3.0	\$235.9	0.01	0.04	0.10	0.64	0.64	1.67	1.57	0.95	0.78
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						0.03	0.03	0.10	1.54	1.54	1.93	1.47	1.10	0.83
Real Assets⁽¹⁾	11.0%	19.0	10.0	25.0	\$2,253.7	N/A	1.14	1.93	1.62	1.62	5.12	6.25	8.00	8.76
Blended Custom Benchmark 1Q in Arrears ⁽²⁾						N/A	1.01	1.42	4.03	4.03	5.46	6.49	8.13	9.48
Private Investment⁽¹⁾	7.6%	10.0	5.0	15.0	\$1,561.4	N/A	8.20	18.16	15.54	15.54	15.51	13.18	13.74	13.18
Russell 3000 + 250 basis points 1Q in Arrears ⁽²⁾						N/A	9.65	33.98	17.50	17.50	12.63	14.28	12.26	13.42
Private Credit⁽¹⁾	0.6%	5.0	0.0	10.0	\$130.9	N/A	3.15	8.53	N/A	N/A	N/A	N/A	N/A	N/A
S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears ⁽²⁾						N/A	4.51	15.04	N/A	N/A	N/A	N/A	N/A	N/A
Alternative Investment Fund	6.5%	3.0	0.0	10.0	\$1,329.8	1.90	3.69	6.43	-0.39	-0.39	2.73	3.21	2.90	N/A
Absolute Return Strategy blended benchmark ⁽³⁾						0.49	0.95	1.56	4.37	4.37	4.34	2.82	2.02	N/A

⁽¹⁾ Actual performance, reported one quarter in arrears.

⁽²⁾ A blended benchmark comprised of the weightings of Real Estate, Infrastructure / Natural Resources and U.S. TIPS as of April 2020.

⁽³⁾ A blended benchmark comprised of the weightings of each of the investments utilized within the fund of funds vehicle multiplied by their respective benchmarks as of April 2020.



STATE EMPLOYEES' RETIREMENT FUND

Net of All Fees and Expenses
Periods Ending December 31, 2020

Funds	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Compound, annualized returns			
											Three Year	Five Year	Seven Year	Ten Year
Benchmark														
State Employees' Retirement Fund	100.0%				\$15,122.9	3.34	9.15	15.01	11.06	11.06	7.48	9.31	7.46	7.77
Policy Benchmark						2.18	8.59	15.53	11.38	11.38	7.96	9.53	7.55	7.95
Dynamic Benchmark						2.57	8.97	15.19	11.80	11.80	7.95	9.61	7.65	N/A
Domestic Equity	21.9%	20.0	15.0	25.0	\$3,316.4	4.36	14.28	24.82	20.75	20.75	14.27	15.27	12.66	13.63
Russell 3000						4.50	14.68	25.24	20.89	20.89	14.49	15.43	12.76	13.79
Developed Markets ISF	12.7%	11.0	6.0	16.0	\$1,920.2	4.99	16.51	23.10	9.87	9.87	4.66	8.44	6.25	7.14
MSCI EAFE IMI Net						4.97	16.23	22.69	8.47	8.47	5.88	8.48	6.56	7.22
Emerging Markets ISF	11.8%	9.0	4.0	14.0	\$1,777.7	8.18	20.58	36.06	26.02	26.02	8.99	14.54	7.28	4.55
MSCI Emerging Markets IMI						7.39	19.95	31.69	18.39	18.39	5.77	12.22	6.02	3.47
Core Fixed Income	14.9%	13.0	8.0	18.0	\$2,259.7	0.23	0.92	1.82	8.06	8.06	5.05	4.39	3.85	3.79
Barclays U.S. Aggregate Bond Index						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	3.84
Emerging Market Debt	5.1%	5.0	0.0	10.0	\$769.9	3.40	9.21	11.68	3.30	3.30	3.16	6.94	3.96	4.06
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						2.69	7.70	9.27	4.02	4.02	4.09	6.97	3.93	4.64
High Yield	6.0%	3.0	0.0	8.0	\$909.8	2.24	6.75	12.42	7.93	7.93	5.53	7.96	5.13	6.29
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						1.88	6.44	11.32	6.27	6.27	5.83	8.31	5.29	6.44
Liquidity Fund	2.2%	2.0	0.0	3.0	\$331.1	0.01	0.04	0.10	0.65	0.65	1.67	1.57	0.95	0.79
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						0.03	0.03	0.10	1.54	1.54	1.93	1.47	1.10	0.83
Real Assets⁽¹⁾	10.8%	19.0	10.0	25.0	\$1,636.6	N/A	1.14	1.93	1.62	1.62	5.12	6.25	8.00	8.76
Blended Custom Benchmark 1Q in Arrears ⁽²⁾						N/A	1.01	1.42	4.03	4.03	5.46	6.49	8.13	9.48
Private Investment⁽¹⁾	7.5%	10.0	5.0	15.0	\$1,138.8	N/A	8.20	18.16	15.54	15.54	15.51	13.18	13.74	13.18
Russell 3000 + 250 basis points 1Q in Arrears ⁽²⁾						N/A	9.65	33.98	17.50	17.50	12.63	14.28	12.26	13.42
Private Credit⁽¹⁾	0.6%	5.0	0.0	10.0	\$94.3	N/A	3.15	8.53	N/A	N/A	N/A	N/A	N/A	N/A
S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears ⁽²⁾						N/A	4.51	15.04	N/A	N/A	N/A	N/A	N/A	N/A
Alternative Investment Fund	6.4%	3.0	0.0	8.0	\$968.4	1.90	3.69	6.43	-0.39	-0.39	2.73	3.22	2.90	N/A
Absolute Return Strategy blended benchmark ⁽³⁾						0.49	0.95	1.56	4.37	4.37	4.34	2.82	2.02	N/A

⁽¹⁾ Actual performance, reported one quarter in arrears.

⁽²⁾ A blended benchmark comprised of the weightings of Real Estate, Infrastructure / Natural Resources and U.S. TIPS as of April 2020.

⁽³⁾ A blended benchmark comprised of the weightings of each of the investments utilized within the fund of funds vehicle multiplied by their respective benchmarks as of April 2020.



MUNICIPAL EMPLOYEES RETIREMENT FUND

Net of All Fees and Expenses
Periods Ending December 31, 2020

Funds	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Compound, annualized returns			
											Three Year	Five Year	Seven Year	Ten Year
Benchmark														
Municipal Employees' Retirement Fund	100.0%				\$3,067.1	3.35	9.18	15.01	11.09	11.09	7.60	9.17	7.31	7.38
Policy Benchmark						2.18	8.59	15.53	11.38	11.38	7.95	9.36	7.24	7.64
Dynamic Benchmark						2.59	9.00	15.19	11.85	11.85	8.04	9.44	7.35	N/A
Domestic Equity	22.1%	20.0	15.0	25.0	\$676.4	4.36	14.28	24.82	20.75	20.75	14.27	15.27	12.66	13.63
Russell 3000						4.50	14.68	25.24	20.89	20.89	14.49	15.43	12.76	13.79
Developed Markets ISF	12.8%	11.0	6.0	16.0	\$391.9	4.99	16.51	23.10	9.87	9.87	4.66	8.44	6.25	7.14
MSCI EAFE IMI Net						4.97	16.23	22.69	8.47	8.47	5.88	8.48	6.56	7.22
Emerging Markets ISF	11.8%	9.0	4.0	14.0	\$363.2	8.18	20.58	36.06	26.02	26.02	8.99	14.54	7.29	4.55
MSCI Emerging Markets IMI						7.39	19.95	31.69	18.39	18.39	5.77	12.22	6.02	3.47
Core Fixed Income	15.0%	13.0	8.0	18.0	\$460.6	0.23	0.92	1.82	8.06	8.06	5.05	4.39	3.85	3.80
Barclays U.S. Aggregate Bond Index						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	3.84
Emerging Market Debt	5.1%	5.0	0.0	10.0	\$157.0	3.40	9.21	11.68	3.30	3.30	3.16	6.94	3.96	4.06
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						2.69	7.70	9.27	4.02	4.02	4.09	6.97	3.93	4.64
High Yield	6.0%	3.0	0.0	8.0	\$185.5	2.24	6.75	12.42	7.93	7.93	5.53	7.95	5.13	6.29
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						1.88	6.44	11.32	6.27	6.27	5.83	8.31	5.29	6.44
Liquidity Fund	1.7%	2.0	0.0	3.0	\$52.7	0.01	0.04	0.10	0.65	0.65	1.67	1.57	0.95	0.79
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						0.03	0.03	0.10	1.54	1.54	1.93	1.47	1.10	0.83
Real Assets⁽¹⁾	10.9%	19.0	15.0	25.0	\$333.4	N/A	1.14	1.93	1.62	1.62	5.12	6.25	8.00	8.76
Blended Custom Benchmark 1Q in Arrears ⁽²⁾						N/A	1.01	1.42	4.03	4.03	5.46	6.49	8.13	9.48
Private Investment⁽¹⁾	7.5%	10.0	5.0	15.0	\$230.2	N/A	8.20	18.16	15.54	15.54	15.51	13.18	13.74	13.18
Russell 3000 + 250 basis points 1Q in Arrears ⁽²⁾						N/A	9.65	33.98	17.50	17.50	12.63	14.28	12.26	13.42
Private Credit⁽¹⁾	0.6%	5.0	0.0	10.0	\$19.4	N/A	3.15	8.53	N/A	N/A	N/A	N/A	N/A	N/A
S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears ⁽²⁾						N/A	4.51	15.04	N/A	N/A	N/A	N/A	N/A	N/A
Alternative Investment Fund	6.4%	3.0	0.0	10.0	\$196.9	1.90	3.69	6.43	-0.39	-0.39	2.73	3.21	2.90	N/A
Absolute Return Strategy blended benchmark ⁽³⁾						0.49	0.95	1.56	4.37	4.37	4.34	2.82	2.02	N/A

⁽¹⁾ Actual performance, reported one quarter in arrears.

⁽²⁾ A blended benchmark comprised of the weightings of Real Estate, Infrastructure / Natural Resources and U.S. TIPS as of April 2020.

⁽³⁾ A blended benchmark comprised of the weightings of each of the investments utilized within the fund of funds vehicle multiplied by their respective benchmarks as of April 2020.



OPEB FUND
Net of All Fees and Expenses
Periods Ending December 31, 2020

Funds <i>Benchmark</i>	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Compound, annualized returns			
											Three Year	Five Year	Seven Year	Ten Year
OPEB	100.0%				\$1,765.6	3.38	9.26	15.16	11.23	11.23	7.93	8.82	7.33	N/A
Policy Benchmark						2.18	8.59	15.53	11.38	11.38	8.18	8.95	7.35	N/A
Dynamic Benchmark						2.61	9.08	15.33	11.93	11.93	8.54	9.17	7.48	N/A
Domestic Equity	22.0%	20.0	15.0	25.0	\$388.7	4.36	14.28	24.82	20.75	20.75	14.28	15.26	12.66	N/A
Russell 3000						4.50	14.68	25.24	20.89	20.89	14.49	15.43	12.76	N/A
Developed Markets ISF	12.8%	11.0	6.0	15.0	\$226.2	4.99	16.51	23.10	9.87	9.87	4.67	8.44	6.25	N/A
MSCI EAFE IMI Net						4.97	16.23	22.69	8.47	8.47	5.88	8.48	6.56	N/A
Emerging Markets ISF	11.8%	9.0	4.0	14.0	\$208.8	8.18	20.58	36.06	26.02	26.02	8.99	14.54	7.28	N/A
MSCI Emerging Markets IMI						7.39	19.95	31.69	18.39	18.39	5.77	12.22	6.02	N/A
Core Fixed Income	15.0%	13.0	8.0	18.0	\$265.2	0.23	0.92	1.82	8.06	8.06	5.05	4.39	3.85	N/A
Barclays U.S. Aggregate Bond Index						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	N/A
Emerging Market Debt	5.1%	5.0	0.0	10.0	\$89.8	3.40	9.21	11.68	3.29	3.29	3.16	6.95	3.97	N/A
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						2.69	7.70	9.27	4.02	4.02	4.09	6.97	3.93	N/A
High Yield	6.0%	3.0	0.0	8.0	\$106.5	2.24	6.75	12.42	7.93	7.93	5.52	7.95	5.12	N/A
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						1.88	6.44	11.32	6.27	6.27	5.83	8.31	5.29	N/A
Liquidity Fund	2.2%	2.0	0.0	3.0	\$38.1	0.01	0.04	0.10	0.65	0.65	1.69	1.62	0.99	N/A
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						0.03	0.03	0.10	1.54	1.54	1.93	1.47	1.10	N/A
Real Assets⁽¹⁾	10.7%	19.0	15.0	25.0	\$188.7	N/A	1.14	1.93	1.62	1.62	5.12	6.25	8.00	N/A
Blended Custom Benchmark 1Q in Arrears ⁽²⁾						N/A	1.01	1.42	4.03	4.03	5.46	6.49	8.13	N/A
Private Investment⁽¹⁾	7.5%	10.0	5.0	15.0	\$132.3	N/A	8.20	18.16	15.54	15.54	15.51	13.18	13.74	N/A
Russell 3000 + 250 basis points 1Q in Arrears ⁽²⁾						N/A	9.65	33.98	17.50	17.50	12.63	14.28	12.26	N/A
Private Credit⁽¹⁾	0.6%	5.0	0.0	10.0	\$10.3	N/A	3.15	8.53	N/A	N/A	N/A	N/A	N/A	N/A
S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears ⁽²⁾						N/A	4.51	15.04	N/A	N/A	N/A	N/A	N/A	N/A
Alternative Investment Fund	6.3%	3.0	0.0	10.0	\$111.1	1.90	3.69	6.43	-0.39	-0.39	2.73	3.22	2.90	N/A
Absolute Return Strategy blended benchmark ⁽³⁾						0.49	0.95	1.56	4.37	4.37	4.34	2.82	2.02	N/A

⁽¹⁾ Actual performance, reported one quarter in arrears.

⁽²⁾ A blended benchmark comprised of the weightings of Real Estate, Infrastructure / Natural Resources and U.S. TIPS as of April 2020.

⁽³⁾ A blended benchmark comprised of the weightings of each of the investments utilized within the fund of funds vehicle multiplied by their respective benchmarks as of April 2020.



PROBATE JUDGES EMPLOYEES' RETIREMENT FUND

Net of All Fees and Expenses
Periods Ending December 31, 2020

Funds	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Compound, annualized returns			
											Three Year	Five Year	Seven Year	Ten Year
Benchmark														
Probate Judges Employees' Retirement Fund	100.0%				\$125.3	3.35	9.21	15.02	11.00	11.00	7.50	9.16	7.30	7.41
Policy Benchmark						2.18	8.59	15.53	11.38	11.38	7.93	9.46	7.31	7.71
Dynamic Benchmark						2.58	9.03	15.18	11.79	11.79	8.08	9.56	7.45	N/A
Domestic Equity	22.1%	20.0	15.0	25.0	\$27.6	4.36	14.28	24.82	20.75	20.75	14.27	15.27	12.66	13.63
Russell 3000						4.50	14.68	25.24	20.89	20.89	14.49	15.43	12.76	13.79
Developed Markets ISF	12.9%	11.0	6.0	16.0	\$16.1	4.99	16.51	23.10	9.87	9.87	4.66	8.44	6.25	7.14
MSCI EAFE IMI						4.97	16.23	22.69	8.47	8.47	5.88	8.48	6.56	7.22
Emerging Markets ISF	11.8%	9.0	4.0	14.0	\$14.8	8.18	20.58	36.06	26.02	26.02	8.99	14.54	7.28	4.55
MSCI Emerging Markets IMI						7.39	19.95	31.69	18.39	18.39	5.77	12.22	6.02	3.47
Core Fixed Income	15.1%	13.0	8.0	18.0	\$18.9	0.23	0.92	1.82	8.06	8.06	5.05	4.39	3.85	3.80
Barclays U.S. Aggregate Bond Index						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	3.84
Emerging Market Debt	5.1%	5.0	0.0	10.0	\$6.4	3.40	9.21	11.68	3.30	3.30	3.16	6.94	3.96	4.07
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						2.69	7.70	9.27	4.02	4.02	4.09	6.97	3.93	4.64
High Yield	6.1%	3.0	0.0	8.0	\$7.6	2.24	6.75	12.42	7.93	7.93	5.53	7.96	5.13	6.29
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						1.88	6.44	11.32	6.27	6.27	5.83	8.31	5.29	6.44
Liquidity Fund	1.5%	2.0	0.0	3.0	\$1.9	0.01	0.04	0.10	0.65	0.65	1.67	1.56	0.94	0.79
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						0.03	0.03	0.10	1.54	1.54	1.93	1.47	1.10	0.83
Real Assets⁽¹⁾	10.8%	19.0	15.0	25.0	\$13.6	N/A	1.14	1.93	1.62	1.62	5.12	6.25	8.00	8.76
Blended Custom Benchmark 1Q in Arrears ⁽²⁾						N/A	1.01	1.42	4.03	4.03	5.46	6.49	8.13	9.48
Private Investment⁽¹⁾	7.6%	10.0	5.0	15.0	\$9.6	N/A	8.20	18.16	15.54	15.54	15.51	13.18	13.74	13.18
Russell 3000 + 250 basis points 1Q in Arrears ⁽²⁾						N/A	9.65	33.98	17.50	17.50	12.63	14.28	12.26	13.42
Private Credit⁽¹⁾	0.5%	5.0	0.0	10.0	\$0.7	N/A	3.15	8.53	N/A	N/A	N/A	N/A	N/A	N/A
S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears ⁽²⁾						N/A	4.51	15.04	N/A	N/A	N/A	N/A	N/A	N/A
Alternative Investment Fund	6.5%	3.0	0.0	10.0	\$8.2	1.90	3.69	6.43	-0.39	-0.39	2.73	3.21	2.90	N/A
Absolute Return Strategy blended benchmark ⁽³⁾						0.49	0.95	1.56	4.37	4.37	4.34	2.82	2.02	N/A

⁽¹⁾ Actual performance, reported one quarter in arrears.

⁽²⁾ A blended benchmark comprised of the weightings of Real Estate, Infrastructure / Natural Resources and U.S. TIPS as of April 2020.

⁽³⁾ A blended benchmark comprised of the weightings of each of the investments utilized within the fund of funds vehicle multiplied by their respective benchmarks as of April 2020.



STATE JUDGES RETIREMENT FUND

Net of All Fees and Expenses
Periods Ending December 31, 2020

Funds	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Compound, annualized returns			
											Three Year	Five Year	Seven Year	Ten Year
Benchmark														
State Judges Retirement Fund	100.0%				\$273.2	3.34	9.16	15.00	10.99	10.99	7.62	9.17	7.32	7.48
Policy Benchmark						2.18	8.59	15.53	11.38	11.38	7.95	9.36	7.24	7.64
Dynamic Benchmark						2.58	8.98	15.16	11.78	11.78	8.19	9.53	7.41	N/A
Domestic Equity	22.0%	20.0	15.0	25.0	\$60.0	4.36	14.28	24.82	20.75	20.75	14.27	15.27	12.66	13.63
Russell 3000						4.50	14.68	25.24	20.89	20.89	14.49	15.43	12.76	13.79
Developed Markets ISF	12.8%	11.0	6.0	16.0	\$34.9	4.99	16.51	23.10	9.87	9.87	4.66	8.44	6.26	7.14
MSCI EAFE IMI Net						4.97	16.23	22.69	8.47	8.47	5.88	8.48	6.56	7.22
Emerging Markets ISF	11.8%	9.0	4.0	14.0	\$32.2	8.18	20.58	36.06	26.02	26.02	8.99	14.54	7.29	4.55
MSCI Emerging Markets IMI						7.39	19.95	31.69	18.39	18.39	5.77	12.22	6.02	3.47
Core Fixed Income	15.1%	13.0	8.0	18.0	\$41.3	0.23	0.92	1.82	8.06	8.06	5.05	4.39	3.85	3.80
Barclays U.S. Aggregate Bond Index						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	3.84
Emerging Market Debt	5.1%	5.0	0.0	10.0	\$13.9	3.40	9.21	11.68	3.30	3.30	3.16	6.94	3.96	4.07
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						2.69	7.70	9.27	4.02	4.02	4.09	6.97	3.93	4.64
High Yield	6.1%	3.0	0.0	8.0	\$16.6	2.24	6.75	12.42	7.93	7.93	5.53	7.95	5.13	6.29
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						1.88	6.44	11.32	6.27	6.27	5.83	8.31	5.29	6.44
Liquidity Fund	1.9%	2.0	0.0	3.0	\$5.1	0.01	0.04	0.10	0.65	0.65	1.67	1.57	0.95	0.76
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						0.03	0.03	0.10	1.54	1.54	1.93	1.47	1.10	0.83
Real Assets⁽¹⁾	10.8%	19.0	15.0	25.0	\$29.5	N/A	1.14	1.93	1.62	1.62	5.12	6.25	8.00	8.76
Blended Custom Benchmark 1Q in Arrears ⁽²⁾						N/A	1.01	1.42	4.03	4.03	5.46	6.49	8.13	9.48
Private Investment⁽¹⁾	7.5%	10.0	5.0	15.0	\$20.5	N/A	8.20	18.16	15.54	15.54	15.51	13.18	13.74	13.18
Russell 3000 + 250 basis points 1Q in Arrears ⁽²⁾						N/A	9.65	33.98	17.50	17.50	12.63	14.28	12.26	13.42
Private Credit⁽¹⁾	0.6%	5.0	0.0	10.0	\$1.5	N/A	3.15	8.53	N/A	N/A	N/A	N/A	N/A	N/A
S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears ⁽²⁾						N/A	4.51	15.04	N/A	N/A	N/A	N/A	N/A	N/A
Alternative Investment Fund	6.5%	3.0	0.0	10.0	\$17.8	1.90	3.69	6.43	-0.39	-0.39	2.73	3.21	2.90	N/A
Absolute Return Strategy blended benchmark ⁽³⁾						0.49	0.95	1.56	4.37	4.37	4.34	2.82	2.02	N/A

⁽¹⁾ Actual performance, reported one quarter in arrears.

⁽²⁾ A blended benchmark comprised of the weightings of Real Estate, Infrastructure / Natural Resources and U.S. TIPS as of April 2020.

⁽³⁾ A blended benchmark comprised of the weightings of each of the investments utilized within the fund of funds vehicle multiplied by their respective benchmarks as of April 2020.



STATE'S ATTORNEYS' RETIREMENT FUND

Net of All Fees and Expenses
Periods Ending December 31, 2020

Funds	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Compound, annualized returns			
											Three Year	Five Year	Seven Year	Ten Year
Benchmark														
State's Attorneys' Retirement Fund	100.0%				\$2.5	3.34	9.13	14.96	10.95	10.95	6.91	9.12	6.95	7.04
Policy Benchmark						2.18	8.59	15.53	11.38	11.38	8.17	9.68	7.48	N/A
Dynamic Benchmark						2.57	8.95	15.11	11.76	11.76	8.11	9.64	7.49	N/A
Domestic Equity	21.9%	20.0	15.0	25.0	\$0.5	4.36	14.28	24.82	20.75	20.75	14.27	15.27	12.66	13.63
Russell 3000						4.50	14.68	25.24	20.89	20.89	14.49	15.43	12.76	13.79
Developed Markets ISF	12.7%	11.0	6.0	16.0	\$0.3	4.99	16.51	23.10	9.87	9.87	4.66	8.44	6.26	N/A
MSCI EAFE IMI Net						4.97	16.23	22.69	8.47	8.47	5.88	8.48	6.56	N/A
Emerging Markets ISF	11.8%	9.0	4.0	14.0	\$0.3	8.18	20.58	36.06	26.02	26.02	8.98	14.54	7.28	N/A
MSCI Emerging Markets IMI						7.39	19.95	31.69	18.39	18.39	5.77	12.22	6.02	N/A
Core Fixed Income	14.9%	13.0	8.0	18.0	\$0.4	0.23	0.92	1.82	8.06	8.06	5.05	4.39	3.85	3.83
Barclays U.S. Aggregate Bond Index						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	3.84
Emerging Market Debt	5.0%	5.0	0.0	10.0	\$0.1	3.40	9.21	11.68	3.30	3.30	3.15	6.94	3.96	4.06
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						2.69	7.70	9.27	4.02	4.02	4.09	6.97	3.93	4.64
High Yield	6.0%	3.0	0.0	8.0	\$0.1	2.24	6.75	12.42	7.93	7.93	5.53	7.96	5.13	6.27
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						1.88	6.44	11.32	6.27	6.27	5.83	8.31	5.29	6.44
Liquidity Fund	2.4%	2.0	0.0	3.0	\$0.1	0.01	0.04	0.10	0.65	0.65	1.67	1.58	0.95	0.80
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						0.03	0.03	0.10	1.54	1.54	1.93	1.47	1.10	0.83
Real Assets⁽¹⁾	10.7%	19.0	15.0	25.0	\$0.3	N/A	1.14	1.93	1.62	1.62	N/A	N/A	N/A	N/A
Blended Custom Benchmark 1Q in Arrears ⁽²⁾						N/A	1.01	1.42	4.03	4.03	N/A	N/A	N/A	N/A
Private Investment⁽¹⁾	7.6%	10.0	5.0	15.0	\$0.2	N/A	8.20	18.16	15.54	15.54	N/A	N/A	N/A	N/A
Russell 3000 + 250 basis points 1Q in Arrears ⁽²⁾						N/A	9.65	33.98	17.50	17.50	N/A	N/A	N/A	N/A
Private Credit⁽¹⁾	0.5%	5.0	0.0	10.0	\$0.0	N/A	3.15	8.53	N/A	N/A	N/A	N/A	N/A	N/A
S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears ⁽²⁾						N/A	4.51	15.04	N/A	N/A	N/A	N/A	N/A	N/A
Alternative Investment Fund	6.4%	3.0	0.0	10.0	\$0.2	1.90	3.69	6.43	-0.39	-0.39	N/A	N/A	N/A	N/A
Absolute Return Strategy blended benchmark ⁽³⁾						0.49	0.95	1.56	4.37	4.37	N/A	N/A	N/A	N/A

⁽¹⁾ Actual performance, reported one quarter in arrears.

⁽²⁾ A blended benchmark comprised of the weightings of Real Estate, Infrastructure / Natural Resources and U.S. TIPS as of April 2020.

⁽³⁾ A blended benchmark comprised of the weightings of each of the investments utilized within the fund of funds vehicle multiplied by their respective benchmarks as of April 2020.



AGRICULTURAL COLLEGE FUND

Net of All Fees and Expenses
Periods Ending December 31, 2020

Funds	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Compound, annualized returns			
											Three Year	Five Year	Seven Year	Ten Year
Benchmark														
Agricultural College Fund	100.0%				\$0.7	0.23	0.92	1.84	8.07	8.07	5.10	4.43	3.88	3.92
Policy Benchmark						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	3.88
Dynamic Benchmark						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	N/A
Core Fixed Income	99.6%	100.0	100.0	100.0	\$0.7	0.23	0.92	1.82	8.06	8.06	5.05	4.39	3.85	3.79
Barclays U.S. Aggregate Bond Index						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	3.84
Liquidity Fund ⁽¹⁾	0.4%				\$0.0	0.01	0.04	0.06	0.63	0.63	1.51	1.23	0.72	0.65
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US						0.03	0.03	0.10	1.54	1.54	1.93	1.47	1.10	0.83
Government Treasury 1 to 3 Year Index														

⁽¹⁾ Operational cash balance and expense accruals



ANDREW C. CLARK FUND
Net of All Fees and Expenses
Periods Ending December 31, 2020

Funds	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Compound, annualized returns			
											Three Year	Five Year	Seven Year	Ten Year
Benchmark														
Andrew C. Clark Fund	100.0%				\$1.4	1.72	5.49	9.01	11.40	11.40	6.86	7.08	5.74	6.14
Policy Benchmark						1.61	5.19	8.16	10.55	10.55	7.06	6.98	5.87	6.10
Dynamic Benchmark						1.64	5.33	8.49	10.66	10.66	7.13	7.06	5.92	N/A
Domestic Equity	15.6%	15.0	10.0	20.0	\$0.2	4.36	14.28	24.82	20.75	20.75	14.28	15.27	12.66	13.61
Russell 3000						4.50	14.68	25.24	20.89	20.89	14.49	15.43	12.76	13.79
Developed Markets ISF	11.5%	11.0	6.0	16.0	\$0.2	4.99	16.51	23.10	9.87	9.87	4.67	8.45	6.26	N/A
MSCI EAFE IMI Net						4.97	16.23	22.69	8.47	8.47	5.88	8.48	6.56	N/A
Emerging Markets ISF	4.4%	4.0	0.0	5.0	\$0.1	8.18	20.58	36.06	26.02	26.02	8.99	14.54	7.28	N/A
MSCI Emerging Markets IMI						7.39	19.95	31.69	18.39	18.39	5.77	12.22	6.02	N/A
Core Fixed Income	65.9%	67.0	57.0	77.0	\$0.9	0.23	0.92	1.82	8.06	8.06	5.05	4.39	3.85	3.79
Barclays U.S. Aggregate Bond Index						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	3.84
Liquidity Fund	2.6%	3.0	0.0	4.0	\$0.0	0.01	0.04	0.79	1.35	1.35	4.21	3.56	2.25	1.74
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						0.03	0.03	0.10	1.54	1.54	1.93	1.47	1.10	0.83



SOLDIERS' SAILORS' & MARINES' FUND

Net of All Fees and Expenses
Periods Ending December 31, 2020

Funds	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Compound, annualized returns			
											Three Year	Five Year	Seven Year	Ten Year
Benchmark														
Soldiers' Sailors' & Marines Fund	100.0%				\$89.4	1.73	5.60	9.03	11.42	11.42	6.87	7.08	5.74	6.14
Policy Benchmark						1.61	5.19	8.16	10.55	10.55	7.06	6.98	5.87	6.07
Dynamic Benchmark						1.66	5.44	8.53	10.70	10.70	7.15	7.08	5.93	N/A
Domestic Equity	15.7%	15.0	10.0	20.0	\$14.1	4.36	14.28	24.82	20.75	20.75	14.28	15.27	12.66	13.63
Russell 3000						4.50	14.68	25.24	20.89	20.89	14.49	15.43	12.76	13.79
Developed Markets ISF	11.5%	11.0	6.0	16.0	\$10.3	4.99	16.51	23.10	9.87	9.87	4.67	8.45	6.26	N/A
MSCI EAFE IMI Net						4.97	16.23	22.69	8.47	8.47	5.88	8.48	6.56	N/A
Emerging Markets ISF	4.5%	4.0	0.0	5.0	\$4.0	8.18	20.58	36.06	26.02	26.02	8.99	14.54	7.28	N/A
MSCI Emerging Markets IMI						7.39	19.95	31.69	18.39	18.39	5.77	12.22	6.02	N/A
Core Fixed Income	65.8%	67.0	57.0	77.0	\$58.9	0.23	0.92	1.82	8.06	8.06	5.05	4.39	3.85	3.79
Barclays U.S. Aggregate Bond Index						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	3.84
Liquidity Fund	2.4%	3.0	0.0	4.0	\$2.2	0.01	0.04	0.10	0.65	0.65	1.67	1.57	0.95	0.80
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						0.03	0.03	0.10	1.54	1.54	1.93	1.47	1.10	0.83



SCHOOL FUND
Net of All Fees and Expenses
Periods Ending December 31, 2020

Funds	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Compound, annualized returns			
											Three Year	Five Year	Seven Year	Ten Year
Benchmark														
School Fund	100.0%				\$13.7	1.72	5.67	9.14	11.47	11.47	6.90	7.12	5.77	6.12
Policy Benchmark						1.61	5.19	8.16	10.55	10.55	7.06	6.98	5.87	6.10
Dynamic Benchmark						1.64	5.52	8.64	10.73	10.73	7.16	7.10	5.96	N/A
Domestic Equity	15.9%	15.0	10.0	20.0	\$2.2	4.36	14.28	24.82	20.75	20.75	14.28	15.27	12.66	13.63
Russell 3000						4.50	14.68	25.24	20.89	20.89	14.49	15.43	12.76	13.79
Developed Markets ISF	11.4%	11.0	6.0	16.0	\$1.6	4.99	16.51	23.10	9.87	9.87	4.66	8.44	6.26	N/A
MSCI EAFE IMI Net						4.97	16.23	22.69	8.47	8.47	5.88	8.48	6.56	N/A
Emerging Markets ISF	4.3%	4.0	0.0	5.0	\$0.6	8.18	20.58	36.06	26.02	26.02	8.99	14.54	7.28	N/A
MSCI Emerging Markets IMI						7.39	19.95	31.69	18.39	18.39	5.77	12.22	6.02	N/A
Core Fixed Income	66.4%	67.0	57.0	77.0	\$9.1	0.23	0.92	1.82	8.06	8.06	5.05	4.39	3.85	3.79
Barclays U.S. Aggregate Bond Index						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	3.84
Liquidity Fund	2.0%	3.0	0.0	4.0	\$0.3	0.01	0.05	0.15	1.24	1.24	2.92	2.52	1.48	1.16
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						0.03	0.03	0.10	1.54	1.54	1.93	1.47	1.10	0.83



IDA EATON COTTON FUND

Net of All Fees and Expenses
Periods Ending December 31, 2020

Funds	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Compound, annualized returns			
											Three Year	Five Year	Seven Year	Ten Year
Benchmark														
IDA Eaton Cotton Fund	100.0%				\$3.0	1.72	5.49	9.05	11.40	11.40	6.87	7.09	5.74	6.14
Policy Benchmark						1.61	5.19	8.16	10.55	10.55	7.06	6.98	5.87	6.10
Dynamic Benchmark						1.64	5.33	8.54	10.66	10.66	7.13	7.06	5.91	N/A
Domestic Equity	15.7%	15.0	10.0	20.0	\$0.5	4.36	14.28	24.82	20.75	20.75	14.28	15.27	12.66	13.63
Russell 3000						4.50	14.68	25.24	20.89	20.89	14.49	15.43	12.76	13.79
Developed Markets ISF	11.4%	11.0	6.0	16.0	\$0.3	4.99	16.51	23.10	9.87	9.87	4.67	8.45	6.26	N/A
MSCI EAFE IMI Net						4.97	16.23	22.69	8.47	8.47	5.88	8.48	6.56	N/A
Emerging Markets ISF	4.3%	4.0	0.0	5.0	\$0.1	8.18	20.58	36.06	26.02	26.02	8.99	14.54	7.28	N/A
MSCI Emerging Markets IMI						7.39	19.95	31.69	18.39	18.39	5.77	12.22	6.02	N/A
Core Fixed Income	65.9%	67.0	57.0	77.0	\$2.0	0.23	0.92	1.82	8.06	8.06	5.05	4.39	3.85	3.79
Barclays U.S. Aggregate Bond Index						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	3.84
Liquidity Fund	2.6%	3.0	0.0	4.0	\$0.1	0.01	0.04	0.67	1.22	1.22	4.53	3.73	2.37	1.79
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						0.03	0.03	0.10	1.54	1.54	1.93	1.47	1.10	0.83



HOPEMEAD FUND
Net of All Fees and Expenses
Periods Ending December 31, 2020

Funds	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Compound, annualized returns			
											Three Year	Five Year	Seven Year	Ten Year
Benchmark														
Hopemead Fund	100.0%				\$4.8	1.71	5.62	9.03	11.33	11.33	6.84	7.05	5.71	6.00
Policy Benchmark						1.61	5.19	8.16	10.55	10.55	7.06	6.98	5.87	6.10
Dynamic Benchmark						1.64	5.46	8.54	10.61	10.61	7.11	7.04	5.90	N/A
Domestic Equity	15.7%	15.0	10.0	20.0	\$0.8	4.36	14.28	24.82	20.75	20.75	14.28	15.27	12.66	13.61
Russell 3000						4.50	14.68	25.24	20.89	20.89	14.49	15.43	12.76	13.79
Developed Markets ISF	11.4%	11.0	6.0	16.0	\$0.5	4.99	16.51	23.10	9.87	9.87	4.67	8.45	6.26	N/A
MSCI EAFE IMI Net						4.97	16.23	22.69	8.47	8.47	5.88	8.48	6.56	N/A
Emerging Markets ISF	4.3%	4.0	0.0	5.0	\$0.2	8.18	20.58	36.06	26.02	26.02	8.99	14.54	7.28	N/A
MSCI Emerging Markets IMI						7.39	19.95	31.69	18.39	18.39	5.77	12.22	6.02	N/A
Core Fixed Income	65.8%	67.0	57.0	77.0	\$3.2	0.23	0.92	1.82	8.06	8.06	5.05	4.39	3.85	3.79
Barclays U.S. Aggregate Bond Index						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	3.84
Liquidity Fund	2.8%	3.0	0.0	4.0	\$0.1	0.01	0.04	0.10	0.65	0.65	1.67	1.57	0.95	0.81
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						0.03	0.03	0.10	1.54	1.54	1.93	1.47	1.10	0.83



ARTS ENDOWMENT FUND

Net of All Fees and Expenses
Periods Ending December 31, 2020

Funds	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Compound, annualized returns			
											Three Year	Five Year	Seven Year	Ten Year
Benchmark														
Arts Endowment Fund	100.0%				\$22.7	3.58	11.27	18.45	14.36	14.36	7.97	8.13	6.48	6.60
Policy Benchmark						3.47	10.96	17.91	11.97	11.97	7.97	7.88	6.51	6.69
Dynamic Benchmark						3.48	11.14	17.65	13.33	13.33	8.18	N/A	N/A	N/A
Domestic Equity	28.3%	28.0	23.0	33.0	\$6.4	4.36	14.28	24.82	20.75	20.75	14.27	15.28	12.67	N/A
Russell 3000						4.50	14.68	25.24	20.89	20.89	14.49	15.43	12.76	N/A
Developed Markets ISF	17.1%	17.0	12.0	22.0	\$3.9	4.99	16.51	23.10	9.87	9.87	4.66	8.45	6.26	N/A
MSCI EAFE IMI Net						4.97	16.23	22.69	8.47	8.47	5.88	8.48	6.56	N/A
Emerging Markets ISF	12.6%	12.0	7.0	17.0	\$2.9	8.18	20.58	36.06	26.02	26.02	8.98	14.55	7.29	N/A
MSCI Emerging Markets IMI						7.39	19.95	31.69	18.39	18.39	5.77	12.22	6.02	N/A
Core Fixed Income	15.4%	16.0	11.0	21.0	\$3.5	0.23	0.92	1.82	8.06	8.06	5.05	4.39	3.85	3.79
Barclays U.S. Aggregate Bond Index						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	3.84
Emerging Market Debt	7.9%	8.0	3.0	13.0	\$1.8	3.40	9.21	11.68	3.30	3.30	N/A	N/A	N/A	N/A
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						2.69	7.70	9.27	4.02	4.02	N/A	N/A	N/A	N/A
High Yield	8.9%	9.0	4.0	14.0	\$2.0	2.24	6.75	12.42	7.93	7.93	N/A	N/A	N/A	N/A
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						1.88	6.44	11.32	6.27	6.27	N/A	N/A	N/A	N/A
Private Credit⁽¹⁾	8.4%	9.0	4.0	14.0	\$1.9	N/A	3.15	8.53	N/A	N/A	N/A	N/A	N/A	N/A
S&P / LSTA Leveraged Loan Index + 150 basis points						N/A	4.51	15.04	N/A	N/A	N/A	N/A	N/A	N/A
1Q in Arrears^														
Liquidity Fund	1.3%	1.0	0.0	3.0	\$0.3	0.01	0.04	0.10	0.64	0.64	1.67	1.53	0.92	0.79
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						0.03	0.03	0.10	1.54	1.54	1.93	1.47	1.10	0.83

⁽¹⁾ Actual performance, reported one quarter in arrears,



POLICEMEN AND FIREMEN SURVIVORS' BENEFIT FUND

Net of All Fees and Expenses
Periods Ending December 31, 2020

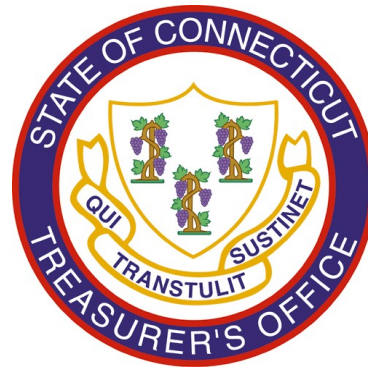
Funds	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Compound, annualized returns			
											Three Year	Five Year	Seven Year	Ten Year
Benchmark														
Policemen and Firemen Survivors' Benefit Fund	100.0%				\$43.5	3.35	9.13	14.94	10.95	10.95	7.53	9.20	7.40	7.92
Policy Benchmark						2.18	8.59	15.53	11.38	11.38	7.95	9.45	7.34	N/A
Dynamic Benchmark						2.57	8.93	15.06	11.72	11.72	8.08	9.55	7.46	N/A
Domestic Equity	22.0%	20.0	15.0	25.0	\$9.6	4.36	14.28	24.82	20.75	20.75	14.27	15.27	12.66	13.81
Russell 3000						4.50	14.68	25.24	20.89	20.89	14.49	15.43	12.76	13.79
Developed Markets ISF	12.8%	11.0	6.0	16.0	\$5.5	4.99	16.51	23.10	9.87	9.87	4.66	8.44	6.25	N/A
MSCI EAFE IMI Net						4.97	16.23	22.69	8.47	8.47	5.88	8.48	6.56	N/A
Emerging Markets ISF	11.8%	9.0	4.0	14.0	\$5.1	8.18	20.58	36.06	26.02	26.02	8.99	14.54	7.29	N/A
MSCI Emerging Markets IMI						7.39	19.95	31.69	18.39	18.39	5.77	12.22	6.02	N/A
Core Fixed Income	14.9%	13.0	8.0	18.0	\$6.5	0.23	0.92	1.82	8.06	8.06	5.05	4.39	3.85	3.85
Barclays U.S. Aggregate Bond Index						0.14	0.67	1.29	7.51	7.51	5.34	4.44	4.09	3.84
Emerging Market Debt	5.1%	5.0	0.0	10.0	\$2.2	3.40	9.21	11.68	3.30	3.30	3.16	6.94	3.96	4.06
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						2.69	7.70	9.27	4.02	4.02	4.09	6.97	3.93	4.64
High Yield	6.0%	3.0	0.0	8.0	\$2.6	2.24	6.75	12.42	7.93	7.93	5.53	7.95	5.13	6.27
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						1.88	6.44	11.32	6.27	6.27	5.83	8.31	5.29	6.44
Liquidity Fund	2.1%	2.0	0.0	3.0	\$0.9	0.01	0.04	0.10	0.65	0.65	1.67	1.57	0.95	0.80
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						0.03	0.03	0.10	1.54	1.54	1.93	1.47	1.10	0.83
Real Assets⁽¹⁾	10.7%	19.0	15.0	25.0	\$4.6	N/A	1.14	1.93	1.62	1.62	5.12	6.25	8.00	8.72
Blended Custom Benchmark 1Q in Arrears ⁽²⁾						N/A	1.01	1.42	4.03	4.03	5.46	6.49	8.13	9.48
Private Investment⁽¹⁾	7.7%	10.0	5.0	15.0	\$3.3	N/A	8.20	18.16	15.54	15.54	15.51	13.18	13.74	N/A
Russell 3000 + 250 basis points 1Q in Arrears ⁽²⁾						N/A	9.65	33.98	17.50	17.50	12.63	14.28	12.26	N/A
Private Credit⁽¹⁾	0.5%	5.0	0.0	10.0	\$0.2	N/A	3.15	8.53	N/A	N/A	N/A	N/A	N/A	N/A
S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears ⁽²⁾						N/A	4.51	15.04	N/A	N/A	N/A	N/A	N/A	N/A
Alternative Investment Fund	6.5%	3.0	0.0	10.0	\$2.8	1.90	3.69	6.43	-0.39	-0.39	2.73	3.21	2.90	N/A
Absolute Return Strategy blended benchmark ⁽³⁾						0.49	0.95	1.56	4.37	4.37	4.34	2.82	2.02	N/A

⁽¹⁾ Actual performance, reported one quarter in arrears.

⁽²⁾ A blended benchmark comprised of the weightings of Real Estate, Infrastructure / Natural Resources and U.S. TIPS as of April 2020.

⁽³⁾ A blended benchmark comprised of the weightings of each of the investments utilized within the fund of funds vehicle multiplied by their respective benchmarks as of April 2020.

Office of Connecticut State Treasurer Shawn T. Wooden



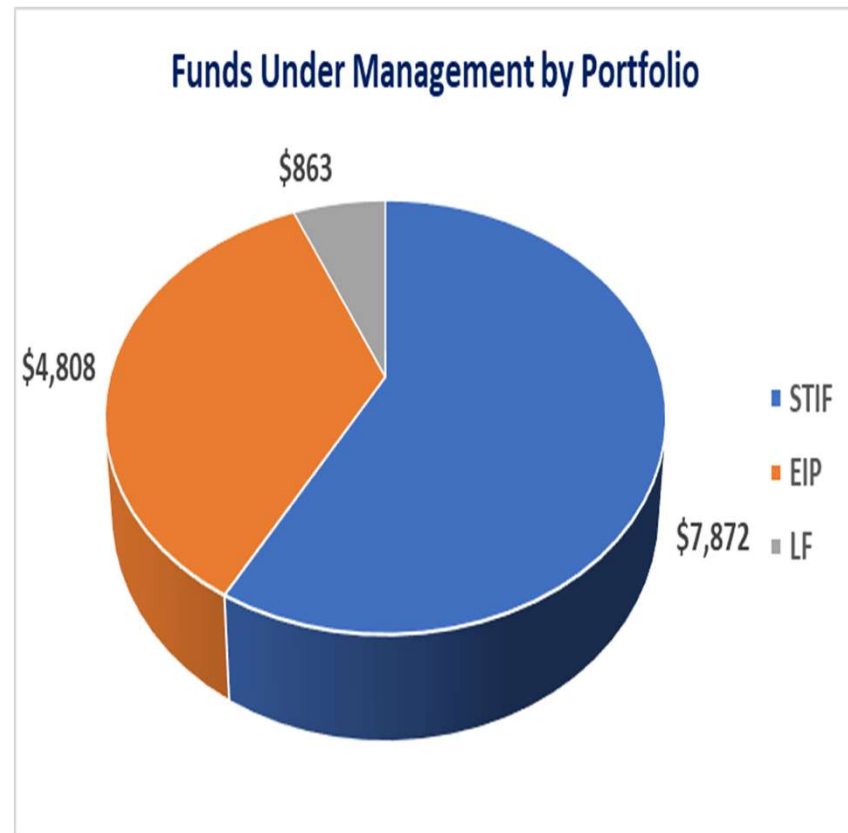
A Review of the Internally Managed Short-Term Funds

February 2021

Internally Managed Funds

The internally managed funds total nearly \$14 billion and consist of:

- Short-Term Investment Fund (“STIF”)
- Extended Investment Portfolio (“EIP”)
- CRPTF Liquidity Fund (“LF”)



Investment Team

Steven R. Meier, CFA, FRM, CFP

Interim Chief Investment Officer, Asst. Treasurer - Cash Management, Senior Principal Investment Officer

Investment Team

➤ **Michael M Terry, CFA**

Principal Investment Officer, 8 years with the fund(s)

➤ **Paul A. Coudert**

Investment Officer, 24 years with the fund(s)

➤ **Marc R. Gagnon**

Securities Analyst, 24 years with the fund(s)

➤ **Peter J. Kennedy**

Securities Analyst, 10 months with the fund(s)

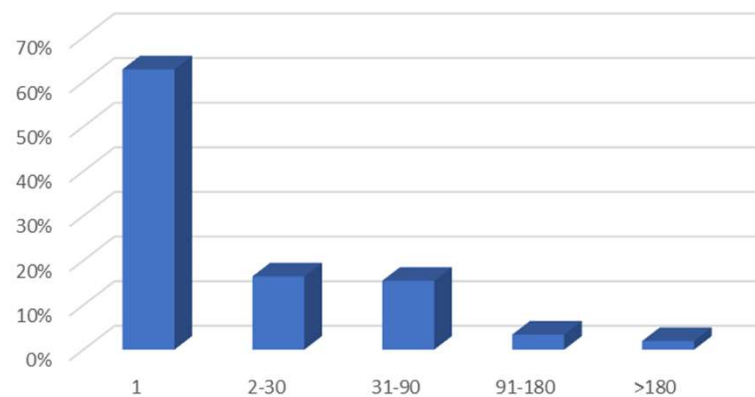
➤ **Danielle D. Thompson**

Investment Technician, 7 months with the fund(s)

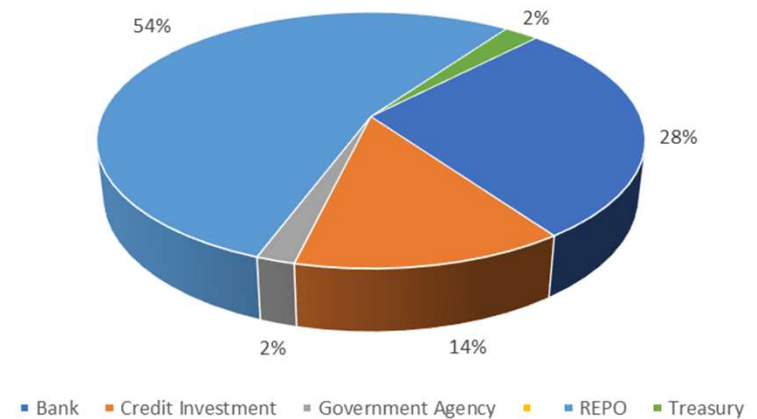
All turnover has remained within the OTT

Liquidity Fund

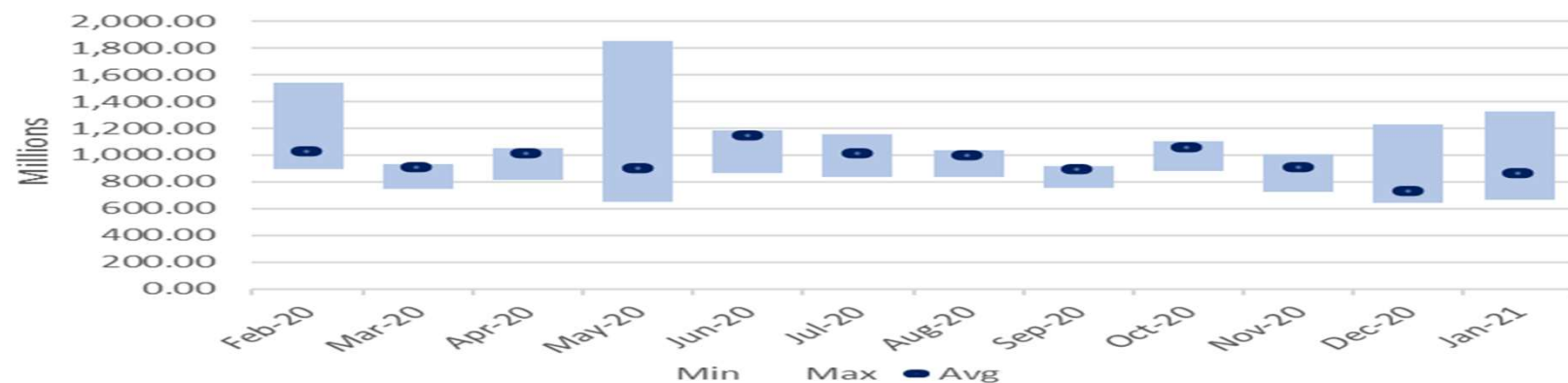
Liquidity Fund - Maturity Distribution



Liquidity Fund - Sector Allocation

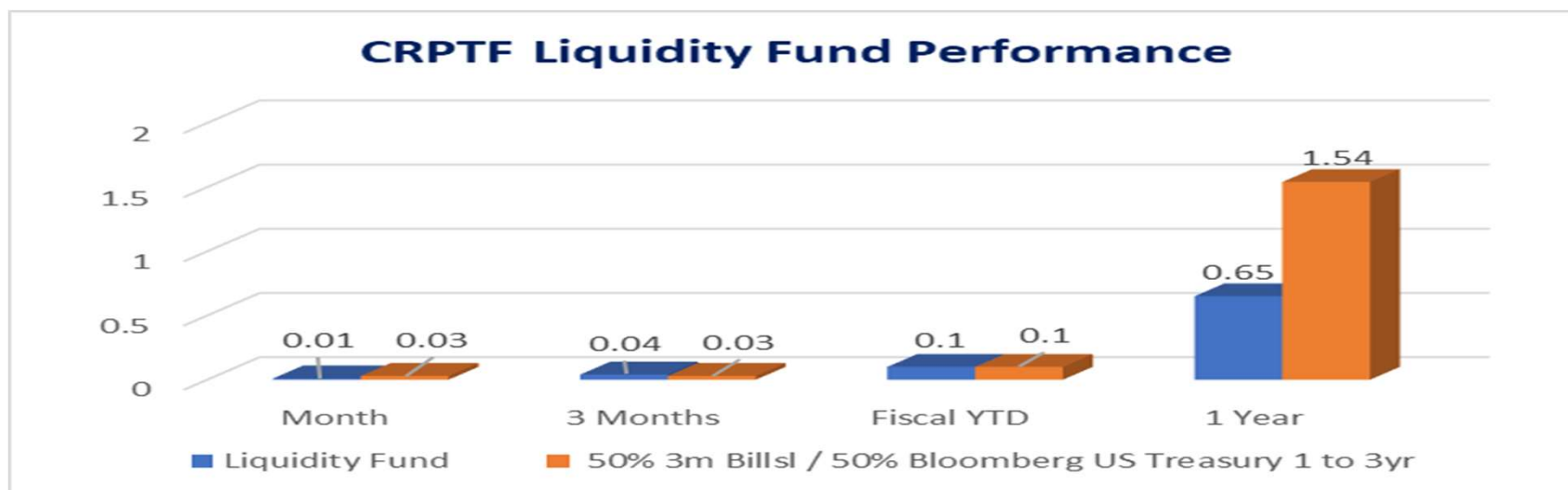


Liquidity Fund - Balance and Dispersion



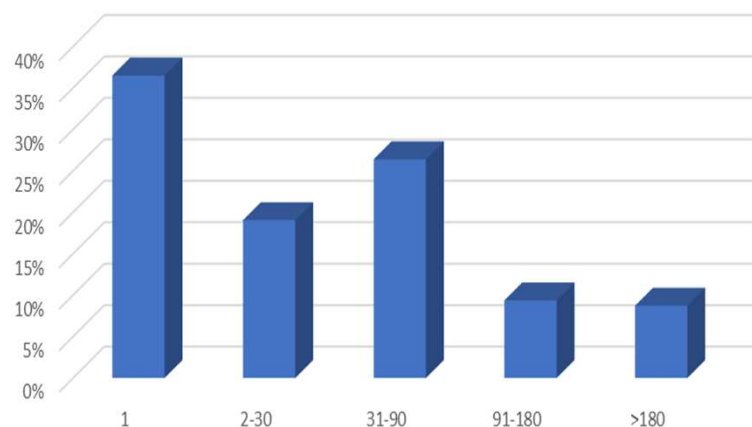
Liquidity Fund

The internally managed liquidity fund has kept up with its benchmark except for underperformance in the one-year period. The fund began to be managed internally in February 2020 and investments were curtailed with the prior manager in January 2020. The prior manager had a different benchmark and the fund was ramping up when COVID-19 emerged and the index returned 2.2% (1/31/20 – 4/01/20). With the fund and its holdings representing internal management, returns should be more consistent with its benchmark.

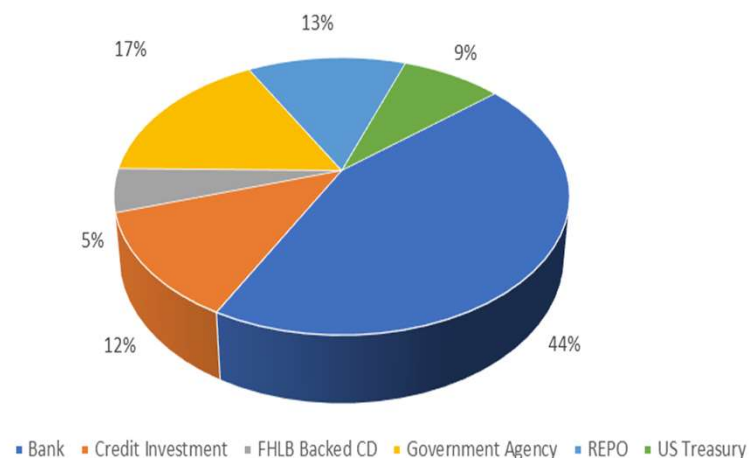


Short-Term Investment Fund

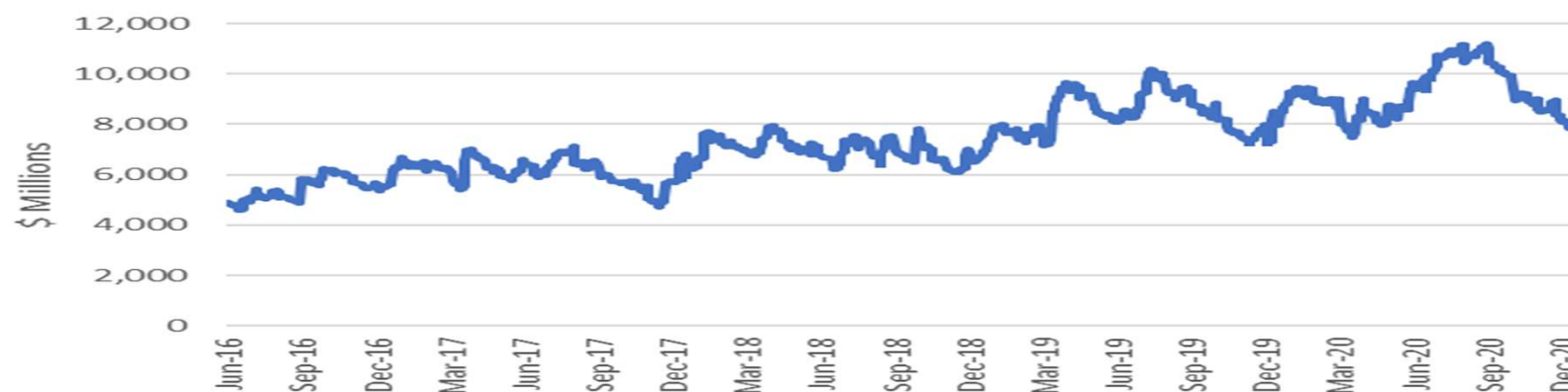
Short-Term Investment Fund - Maturity Distribution



Short-Term Investment Fund - Sector Breakdown

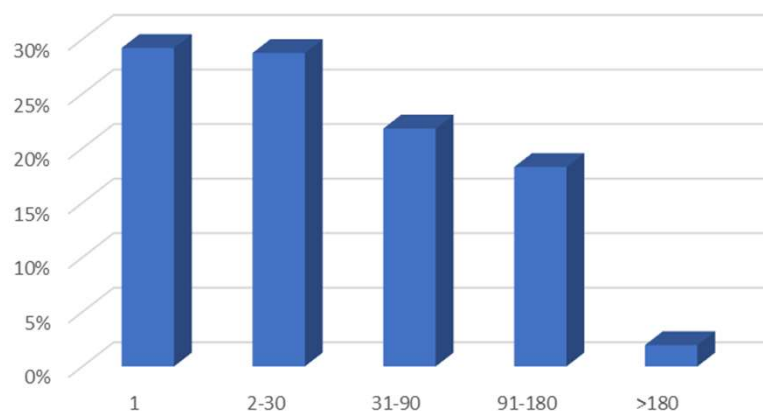


Short-Term Investment Fund - Assets

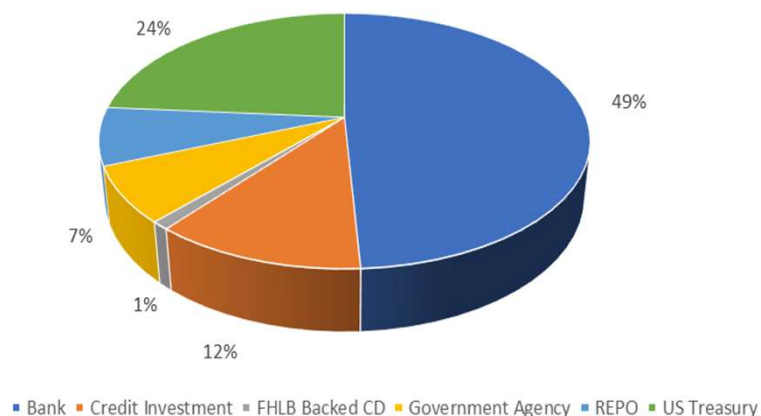


Extended Investment Portfolio

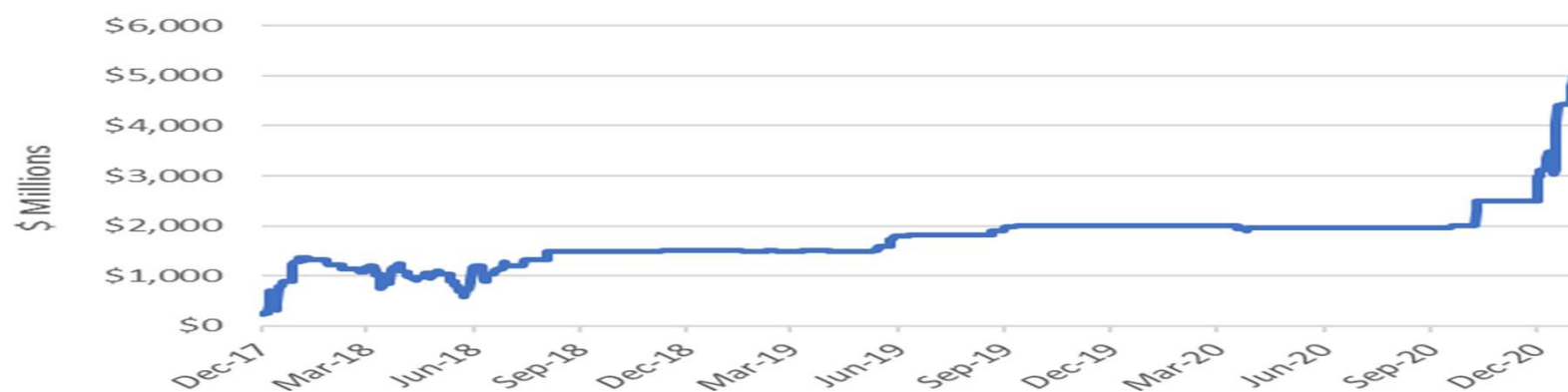
EIP - Maturity Distribution



EIP - Sector Breakdown

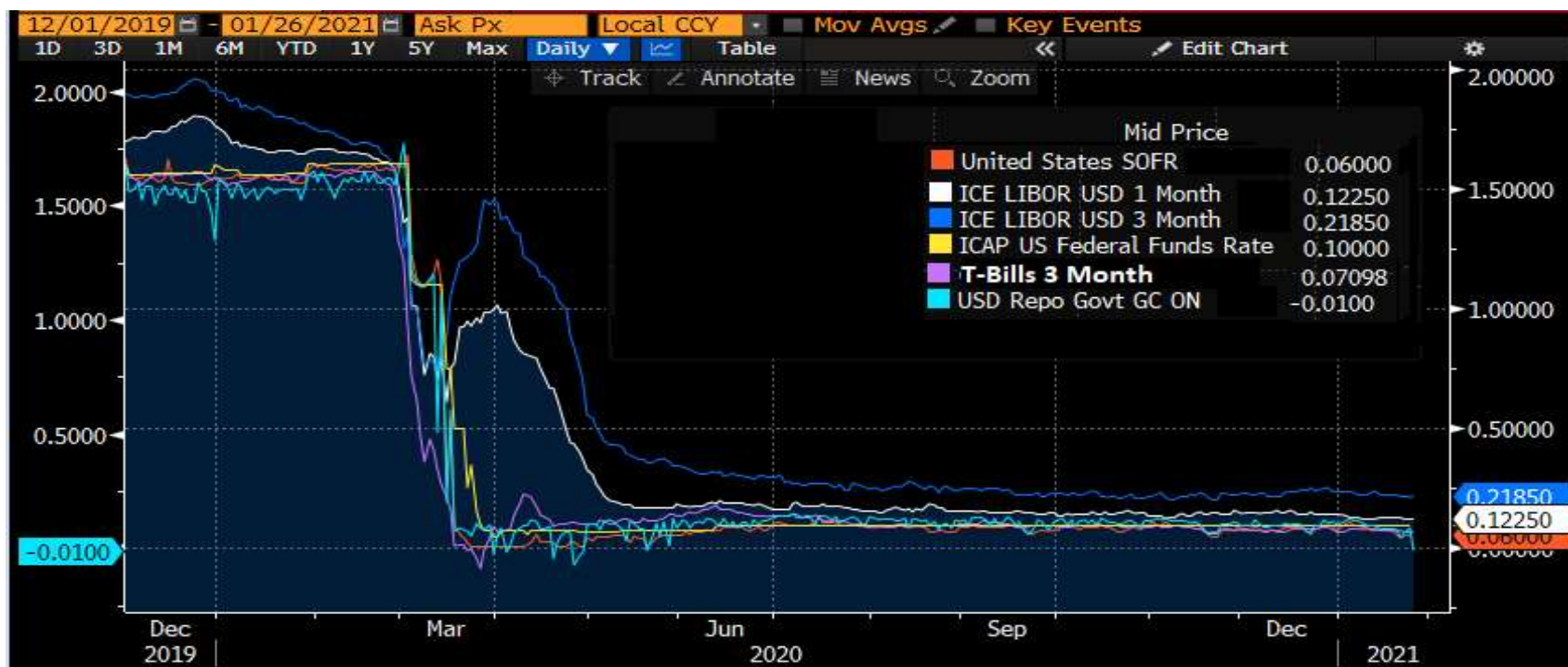


Extended Investment Account - Assets



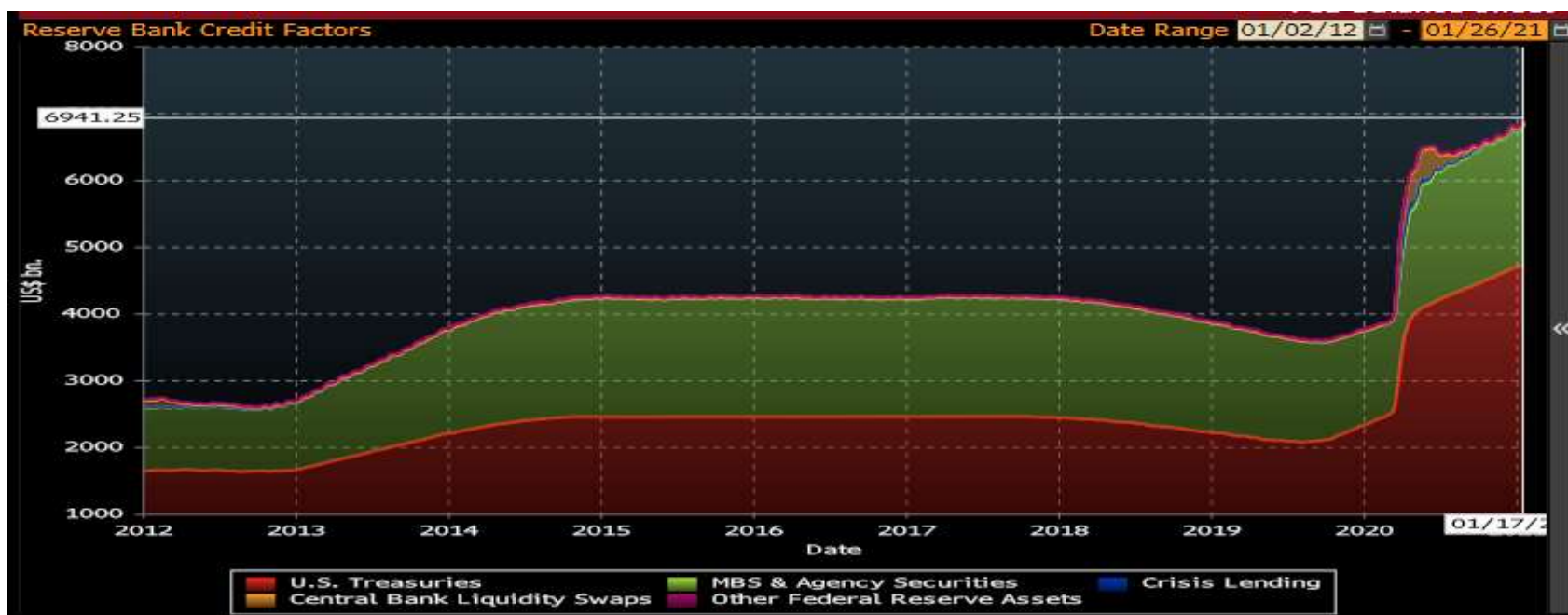
Short-Term Market Overview

As a result of COVID-19 and the economic fallout due to COVID-19, short-term rates dropped considerably and are trading near the low end of the US Federal Reserve's ("Fed") Federal Funds target range (which is currently 0.00% to 0.25%).



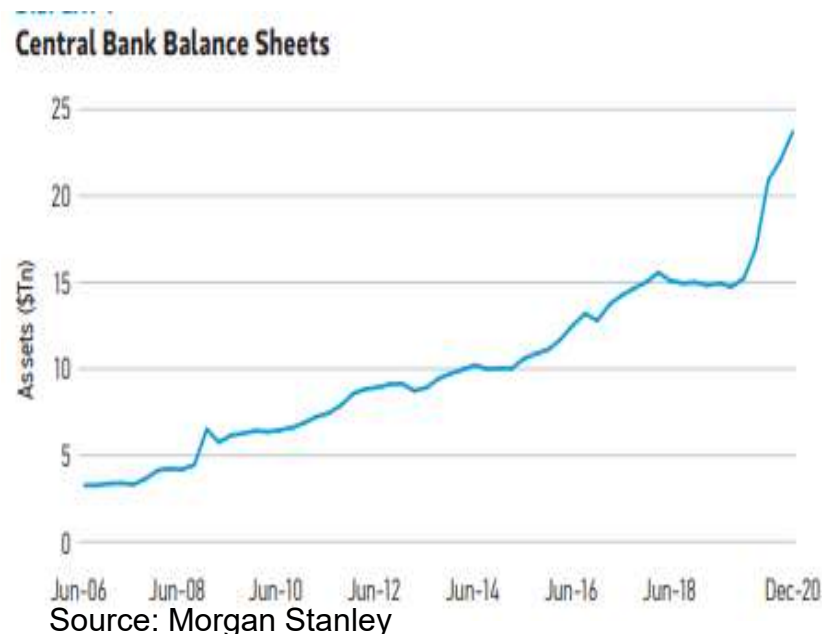
Short-Term Market Overview

Lower rates are a function of multiple factors. In addition to the Fed's Federal Funds target rate of 0.00% - 0.25%, there is another significant factor – liquidity. The Federal Reserve's balance sheet has grown by approximately \$3 trillion dollars since COVID-19 impacted the market(s) through purchases of U.S. Treasuries and Mortgage-Backed Securities.



Short-Term Market Overview

The massive flow of liquidity into the markets might (almost) be manageable if it was just the Fed, but nearly every central bank has been injecting liquidity, growing global central bank balance sheets by nearly \$10 trillion since COVID-19 impacted the markets. On top of central bank liquidity, commercial banks have been adding to their “excess reserves” – or those reserves not required by the Fed to meet risk reserve requirements.



Short-Term Market Overview

The demand for repurchase agreement (“Repo”) investments by money funds and the Government Sponsored Enterprises (“GSE” or Fannie Mae and Freddie Mac) when coupled by the lower funding needs of the dealer community (due to higher reserves), has pushed Repo rates toward the lower end of the Federal Funds range (which is currently 0.00% to 0.25%).



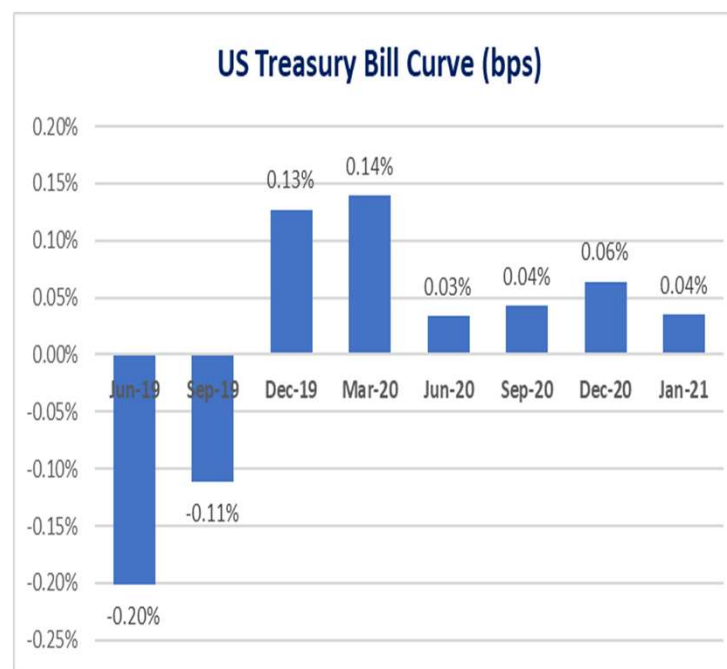
Short-Term Market Overview

The risk premium on commercial paper within the money markets has migrated to multi-year lows, reducing the benefit of adding non-financial credit to the various portfolios.



Short-Term Market Overview

Returns are, under normal conditions and environments, a factor of both risk premiums and the slope of the yield curve. In addition to the reduced risk premium on credit-based investments, the Treasury yield curve has also flattened, reducing the ability to create additional yield when investing in longer maturity securities.



Short-Term Investment Fund

Actions Taken in Response to COVID-19

The primary actions taken across portfolios as a result of COVID-19 were:

- Liquidity was increased in order to meet any unexpected drawdowns to the funds.
- Holdings of U.S. Treasuries increased in order to have access to liquidity and as a result of reduced issuance elsewhere.
- Credit investments were evaluated and companies that could be most impacted by the economic fallout of the pandemic were reduced and/or shortened. Only one company was temporarily restricted.
- Investments in financial institutions were evaluated for reserve resiliency – no bank exposure had to be eliminated.

Short-Term Investment Fund

Expectations Going Forward

Our base case expectations for the coming year are as follows:

- The yield curve will steepen (somewhat) as inflation expectations increase and supply increases.
- The Federal Funds target range will remain at 0.00% - 0.25%.
- Treasury issuance will increase to fund additional stimulus, which should support repo rates at/near their current yield of 0.05% - 0.08%.
- Commercial paper rates and the risk premia on credit based investments will remain low, but provide additional yield relative to Treasuries and other government bonds.
- The rate and risk premia on bank deposit instruments will also remain low and provide additional relative yield.

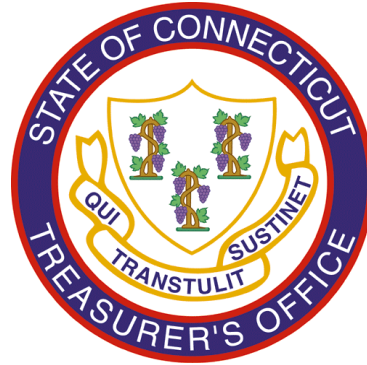
Short-Term Investment Fund

Executing on Expectations

As a result of our base case expectations, the following strategies will be opportunistically employed in the portfolio:

- Fund liquidity will continue to be invested in repo and short-term deposits and commercial paper.
- Longer maturities will predominately be invested in the 5-9 month area of the yield curve in order to increase yield while being able to take advantage of expected increases in yields.
- Yankee CDs (US dollar denominated issuance of US branches of foreign banks) will continue to be relied on due to availability and attractiveness versus US peers and non-financial issuers.
- Commercial paper of fundamentally strong issuers will be utilized with longer maturities.
- The funds will continue to focus on the liquidity needs of their investors and any changes arising in those liquidity needs.
- Floating rate securities with non-LIBOR indices will be used when attractive.

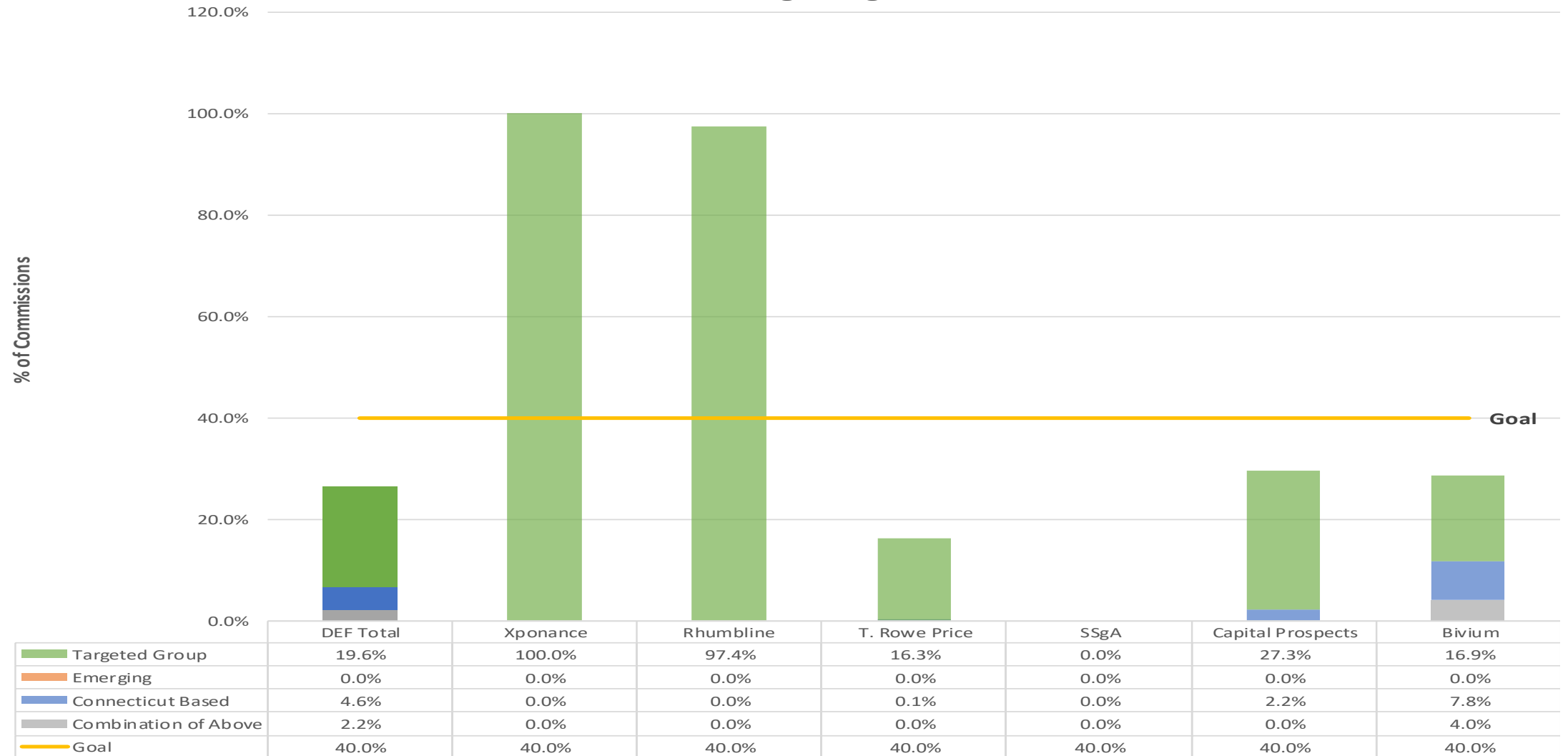
The Connecticut Retirement Plans and Trust Funds



Q4 2020 Brokerage Program

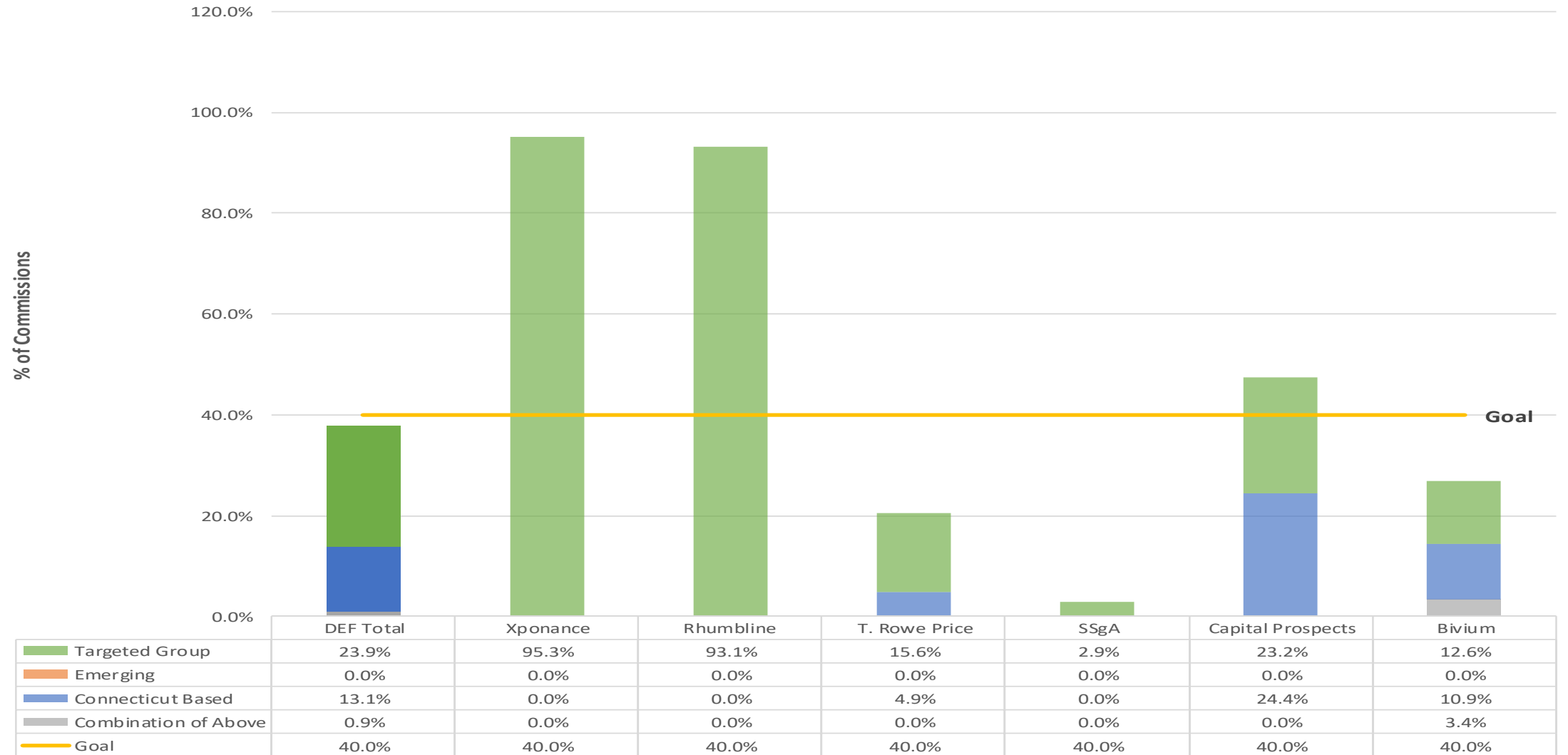
DEF Q4 2020

DEF Brokerage Program



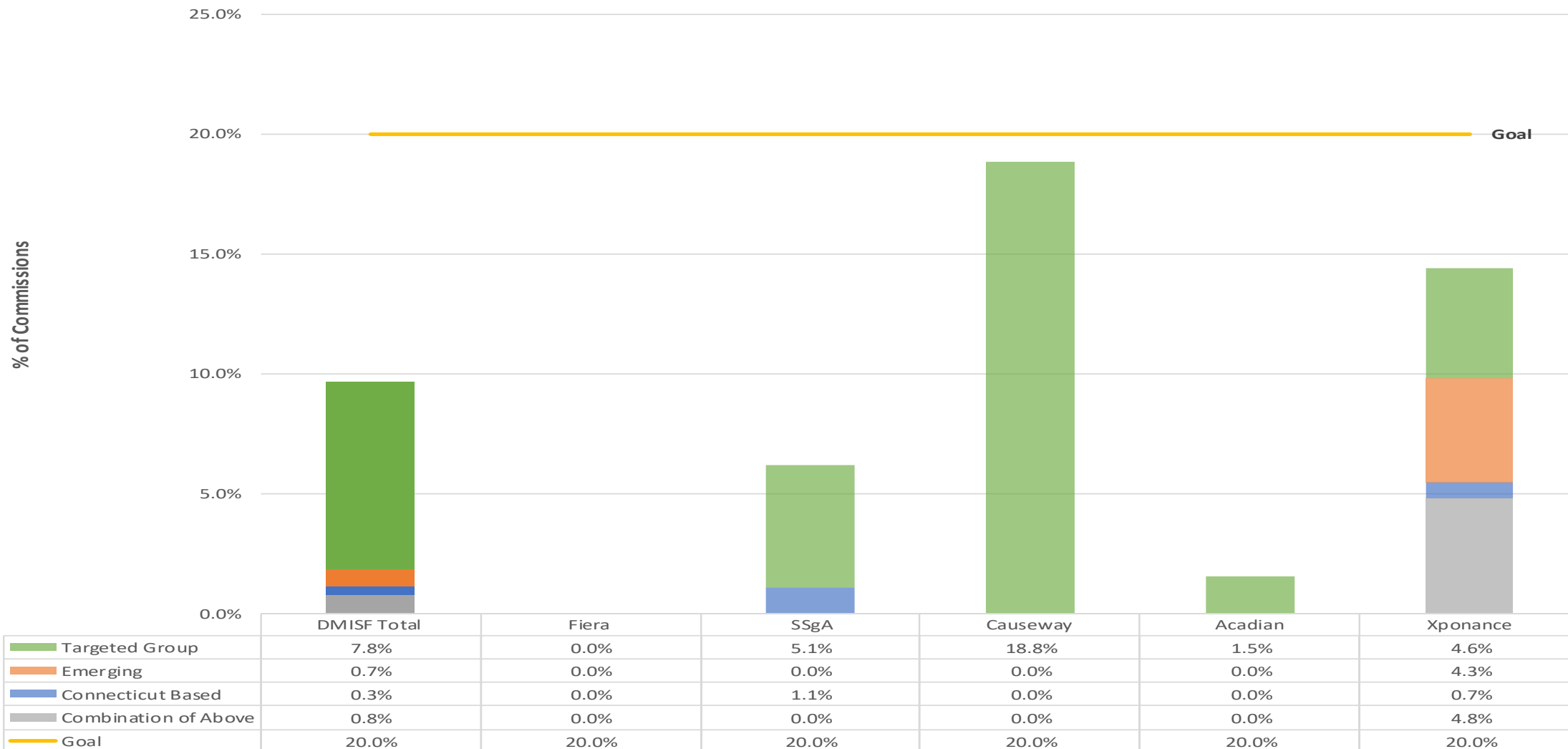
DEF YTD 2020

DEF Brokerage Program



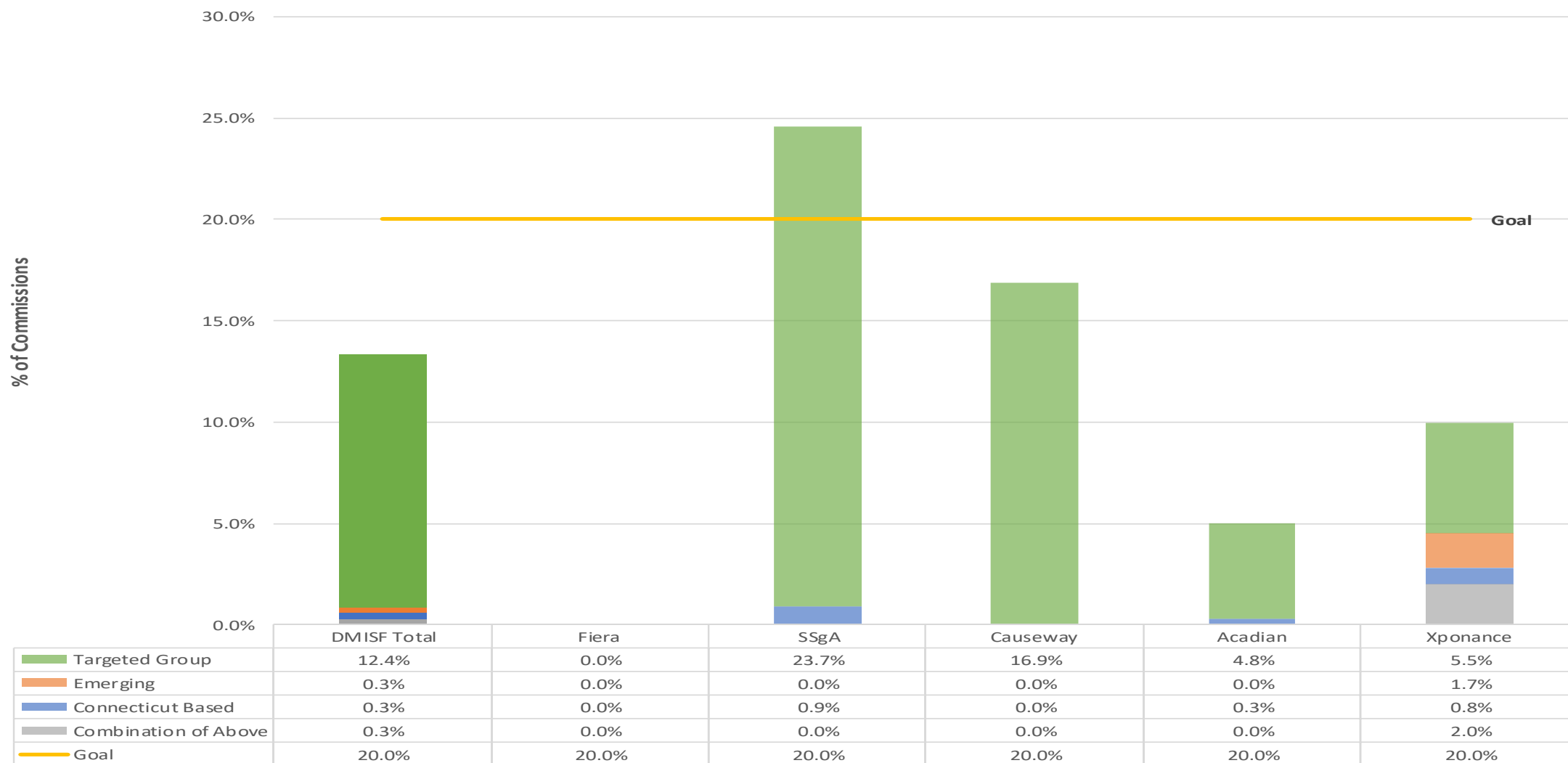
DMISF Q4 2020

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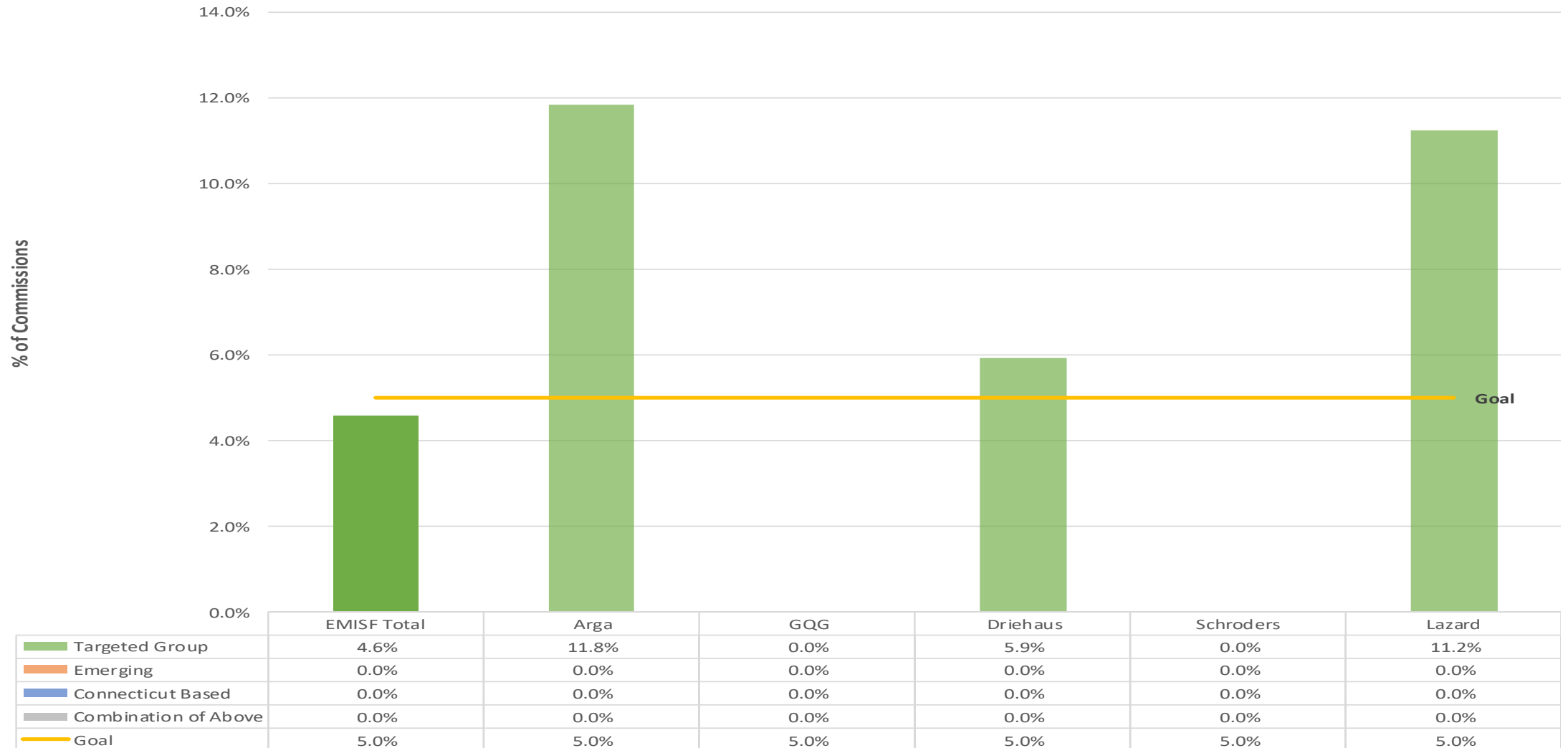
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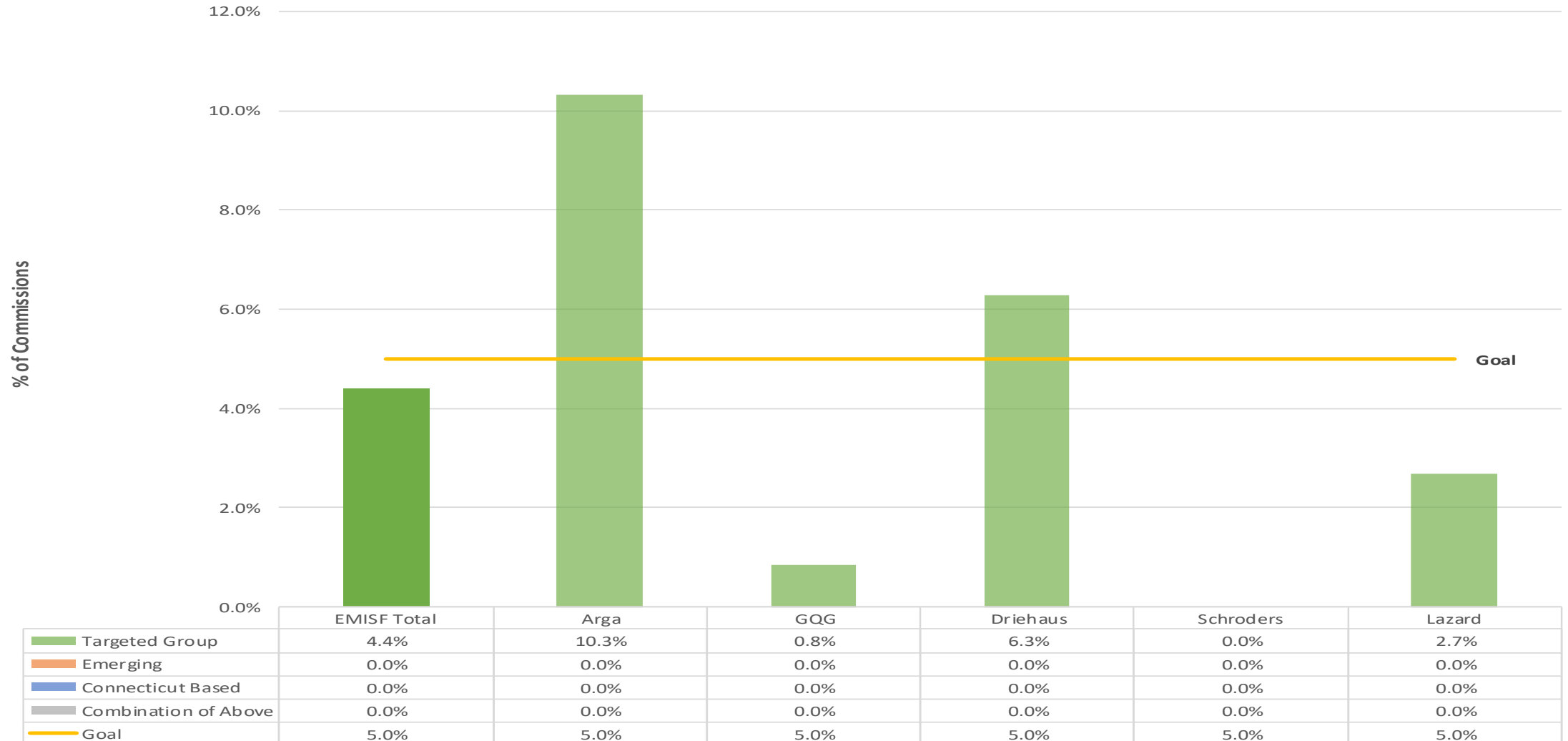
EMISF Q4 2020

EMISF Brokerage Program



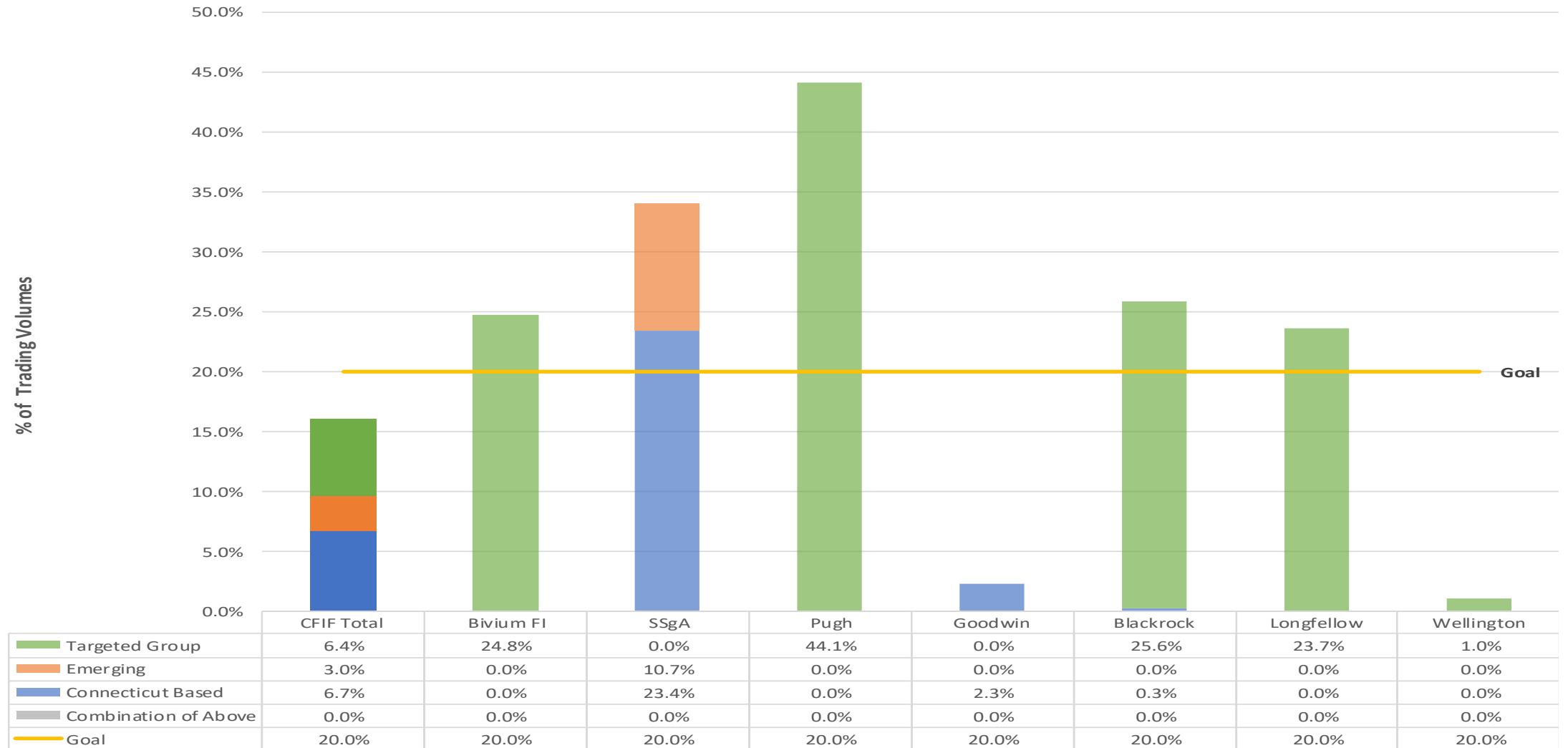
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EMISF Brokerage Program



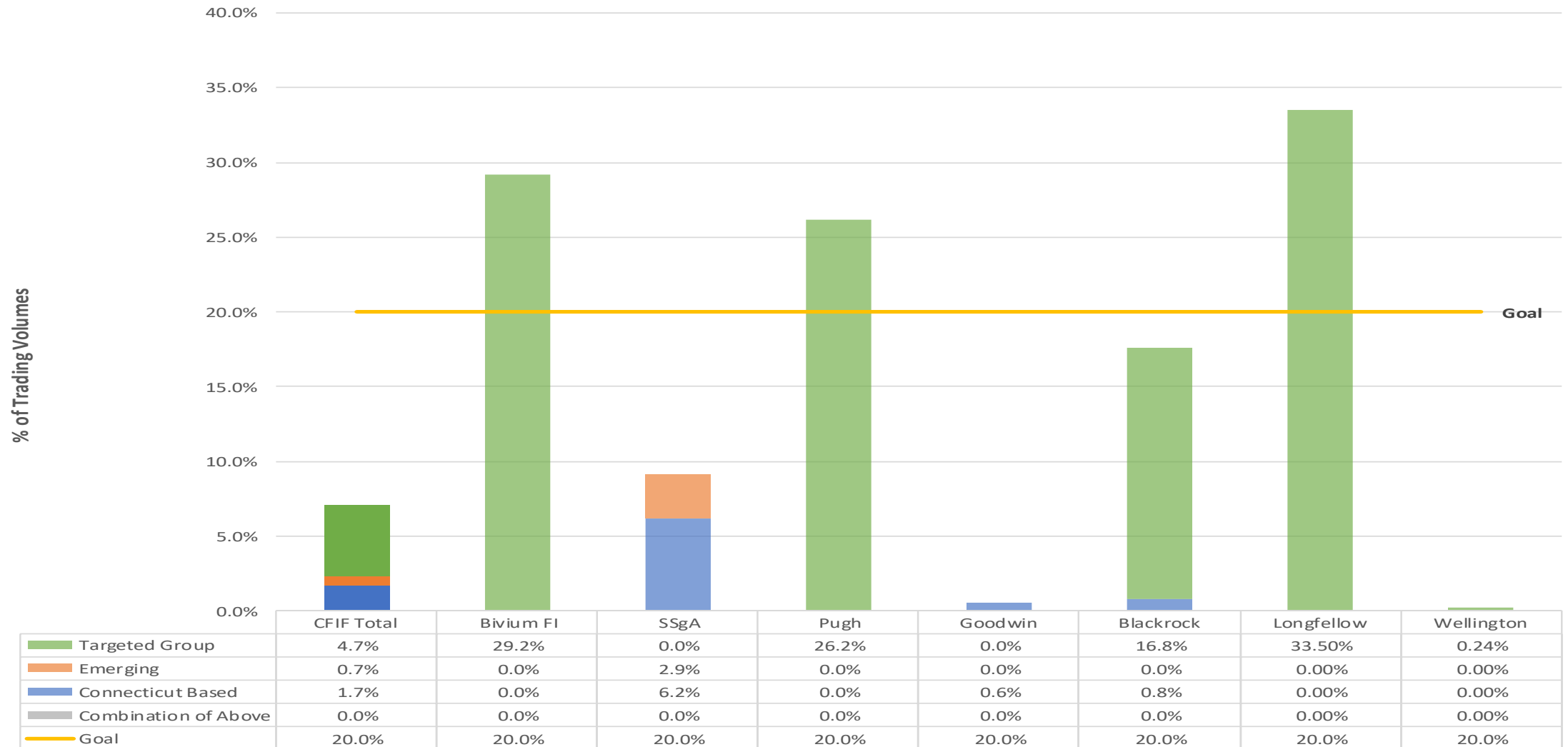
CFIF Q4 2020

CFIF Brokerage Program



CFIF YTD 2020

CFIF Brokerage Program





State of Connecticut
Office of the Treasurer

SHAWN T. WOODEN
TREASURER

February 5, 2021

Members of the Investment Advisory Council

Re: Consideration of Proposed Revisions to the CRPTF's Domestic Proxy Voting Policies

Dear Fellow IAC Member:

Attached you will find a memorandum which recommends three (3) revisions to the CRPTF's Domestic Proxy Voting Policies, as set forth Appendix B, Section I of the Investment Policy Statement. These proposed revisions are submitted for your review during the February 10th meeting of the Investment Advisory Council, and will be resubmitted for formal approval at the March 10th meeting of the IAC.

I look forward to discussing these revisions with you at next week's meeting.

Sincerely,

A handwritten signature in blue ink, appearing to read "Shawn T. Wooden".

Shawn T. Wooden
State Treasurer

OFFICE OF THE STATE TREASURER

MEMORANDUM



TO: Shawn T. Wooden, State Treasurer

FROM: Christine Shaw, Assistant Treasurer for Corporate Governance & Sustainable Investment
Pamela Bartol, Assistant Investment Officer for Corporate Governance

CC: Steven Meier, Interim Chief Investment Officer

DATE: January 28, 2021

RE: *Proposed Revisions to the CRPTF's Domestic Proxy Voting Policies*

INTRODUCTION

This memorandum sets forth three (3) recommended revisions to the CRPTF's Domestic Proxy Voting Policies (hereinafter "Proxy Voting Policies"), as set forth in Appendix B, Section I of the Investment Policy Statement. These recommendations may be presented to the Investment Advisory Council for their review and comment at their February meeting. Thereafter, the Treasurer may adopt a revised Appendix B and submit to the IAC for approval at their March meeting.

RECOMMENDATION NO. 1: Revise the Proxy Voting Policies to allow for a vote against Nominating Committee members where their company fails to disclose the racial and ethnic composition of the board of directors.

Background/Discussion

A priority of the Treasury's corporate governance program has been advocacy for diversity of the boards of the CRPTF's portfolio companies. As long-term investors, we believe that the diversity of a company's board of directors is an important attribute of a well-functioning board, an indicator of sound corporate governance, and positively correlated with increased shareholder value.¹

Currently, publicly traded companies are not required to disclose the race or ethnicity of their directors, and there is no comprehensive source of information that would allow investors to evaluate board composition on these metrics. Institutional Investor Services ("ISS"), the CRPTF's proxy voting advisor, is one of the only providers of limited racial data, covering roughly 6,000 companies. While the Treasury subscribes to ISS' diversity data feed to identify engagement targets

¹ There is compelling, empirical data that supports the conclusion that a diverse board creates shareholder value. According to research from McKinsey & Co., "[c]ompanies in the top quartile for gender diversity on their executive teams were 21% more likely to experience above-average profitability than companies in the fourth quartile." With respect to racial and ethnic diversity, McKinsey found that "[c]ompanies in the top quartile for racial and ethnic diversity are 33% more likely to outperform on profitability than companies in the bottom quartile." See <https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity>.

for the Northeast Investors' Diversity Initiative ("NIDI"), even ISS readily admits that its database is not comprehensive, and they only have just begun to build out this service over recent years.

In addition to Treasurer Wooden's leadership of NIDI, as well as advocacy for board diversity in coordination with The Thirty Percent Coalition, in October of 2020 the Connecticut Treasury joined the Illinois Treasury in writing to companies listed on the Russell 3000 seeking voluntary disclosure of the racial/ethnic composition of their boards of directors. The objective behind this initiative is to improve the quality and quantity of information around board composition for the benefit of all investors interested in holding boards accountable, promote transparency, and guide more effective engagement efforts around board diversity.

In the case of companies that either fail to respond to this request for voluntary disclosure or decline to disclose, Staff recommends that the CRPTF vote against the election of Nominating Committee directors. The CRPTF's current Proxy Voting Policies don't explicitly allow for this position, however there is language that is supportive of the recommendation. Specifically, the Policies allow for votes to either be withheld or cast against the reelection directors where the "board did not respond to a request from major institutional investors about significant policy issues that have a material significance to shareholder value."² On a related note, the current Policies allow for a vote against directors of companies where there are no woman on the board.³

RECOMMENDATION NO. 2: Revise the Proxy Voting Policies to classify a director with a tenure of more than 10 years as non-independent.

Background/Discussion

The current Proxy Voting Policies set forth two standards related to the independence of board members: first, that at least a majority of directors be independent of management; and second, that all members of key committees (such as nominating, compensation and audit) be independent.⁴ The Policies go on to enumerate a number of circumstances under which a director will not be deemed independent, which include the existence of an employment or other professional relationship between the director and the company, as well as any familial connection with executive level employees, among others. The Policies do not define board independence in terms of director tenure.

In 2020, the New York City Comptroller's Office and Majority Action organized a vote "no" campaign targeting Lee Raymond, lead independent director of JPMorgan Chase & Co. One of the reasons cited for voting against Mr. Raymond was his 33-year tenure as lead independent director, and the closeness of his connection with company management that belied common-sense notions of independence. Mr. Raymond also served on the Nominating and Compensation Committees, and investors expressed concern over the board's role in guiding the bank's lending practices to the fossil fuel industry.

² See Appendix B, Section I of the Investment Policy Statement at p. 7.

³ *Id.*

⁴ *Id.* at p. 5.

Connecticut ultimately voted against Mr. Raymond on the basis of other provisions of the CRPTF's Proxy Voting Policies, namely, that the disclosure of a family member's transactional relationships with JPMorgan rendered Mr. Raymond a non-independent member of the board whose service on several key committees required a "no" vote. Staff believes that the Policies' provisions related to independence can be bolstered with the introduction of a tenure standard for evaluating director independence, in keeping with the stated preference for overall board independence.

RECOMMENDATION NO. 3: Revise the Proxy Voting Policies to allow for a vote against directors at companies in key sectors that have failed to align their business plans with the goals of limiting global warming to 1.5 degrees Celsius, as set forth in the Paris Climate Agreement, and/or establishing a plan to achieve net zero emissions by 2050.

Background/Discussion

Climate change and related risks continue to be a key area of concern for investors. According to the CERES Investor Network, a leading advocate for climate-related shareholder advocacy (and of which Connecticut is a member), its members filed 139 climate-related shareholder proposals in 2020, many with oil and gas companies seeking reports of how their strategic plans align with the Paris Climate Agreement. Of these, agreements were reached with 55 companies for enhanced disclosure. However, a 2019 Carbon Tracker report found there were no large oil companies currently aligned with the Paris Agreement, and there is considerable room for improved disclosure.

The CRPTF's Proxy Voting Policies acknowledge the economic and financial risks associated with climate change, citing the United Nations' Intergovernmental Panel on Climate Change and its 2018 conclusion that "the current pace of greenhouse gas emissions will have significant, adverse impact on the world's economy as soon as 2040."⁵ The Policies provide specific examples where the CRPTF would vote for a resolution, including those requesting companies to "assess financial risks resulting from climate change and its impacts on shareholder value,"⁶ as well as requests for reports on "greenhouse gas emissions from company operation and of the company's products in relation to their impact on global climate change."⁷

Staff recommends that in addition to citing the circumstances under which the shares of the CRPTF would be voted in favor of climate-related resolutions, the Policies would be bolstered with language that would allow the CRPTF to hold boards directly accountable by voting against the directors of companies that have failed to adequately plan for climate change. Majority Action, a non-profit advocate focused primarily on climate-related governance issues, has developed a proposal for coordinated action among institutional investors that would hold directors of companies in key sectors⁸ accountable for failure to align their business plans with the 1.5 degree Celsius target set forth in the Paris Climate Agreement. Voting against directors on these grounds would require revision to Connecticut's proxy voting guidelines.

⁵ *Id.* at p. 35.

⁶ *Id.*

⁷ *Id.*

⁸ The preliminary list of sectors includes roughly 30+ companies within the oil and gas, transportation, utilities, and financial services sectors.

Consistent with this approach to accountability, ISS, the CRPTF's proxy advisor, revised its internal proxy voting guidelines in November of 2020, which will apply to director elections for the 2021 proxy season. Specifically, their updated guidelines have expanded the concept of "failure of risk oversight" -- grounds for voting against directors and/or the entire board -- to include "demonstrably poor risk oversight of environmental and social issues."

Staff recommends that the Proxy Voting Policies be revised to include the following language:

"The CRPTF may vote against directors at companies that have failed to align their business plans with the goals of limiting global warming to 1.5 degrees Celsius, as set forth in the Paris Climate Agreement, and/or establishing a plan to achieve net zero emissions by 2050."