POLICE AND FIRE RETIREMENT PLAN
FEDERATED RETIREMENT PLAN
ATTACHMENT D - TRAVEL CONTENT REPORT GUIDELINES
BOARD MEMBER TRAVEL/EDUCATIONAL EVALUATION

Adopted: May 6, 2010   Report Date: **April 7, 2025**

Board Member Name: **Matthew Faulkner**

Conference/Seminar Title: **Pension Bridge**

Location: **Half Moon Bay, CA**

Date(s):   **March 24-26**

Travel Category:

Fiduciary responsibilities		
Actuarial Science		
Pension law		
Asset Allocation	✓	
Real estate investing	✓	
Equity and security investing	✓	
International Investing	✓	
Pension Plan Administration		

Brief summary of information and knowledge gained:
The conference provided insights into Strategic Asset Allocation, public and private credit, hedge funds, infrastructure, ESG trends, and the...

Evaluation of the event:
I find this event great for staying up on current trends and getting brief takeaways on multiple asset classes around the globe.

Recommendation concerning future attendance:
I would recommend this conference for trustees interested in the investments knowledge of practitioners and for staff sifting through investment managers.

Other comments:

The conference provided insights into strategic asset allocation, public and private credit, hedge funds, infrastructure, ESG trends, and the evolving roles of private equity (PE). Key takeaways include:

- Strategic Asset Allocation: Emphasis on return, diversification, and liquidity. Efficacy testing and liquidity (e.g., 2-year spending needs for Massachusetts) are central to decision-making. TPA (Total Portfolio Analysis) is another method of running the portfolio beyond SAA.
  - TPA is a method of portfolio construction and management that treats the entire portfolio holistically, rather than separating it into distinct sub-portfolios or asset class "silos" for SAA. Yet, TPA is probably not a 0-100 jump, but rather a 3-5 year integration.
- Key Characteristics:
  - Integrated decision-making: All assets are assessed based on their contribution to the overall portfolio's objectives, rather than managing separate buckets like "equities," "bonds," or "alternatives."
  - Opportunity-driven: Asset allocation decisions are driven by the best available risk-adjusted opportunities, not by sticking to a pre-set policy mix.
  - Focus on total return: It emphasizes the total portfolio return relative to liabilities or objectives, which is could be useful for institutions like pension funds or sovereign wealth funds.
  - Dynamic: Unlike traditional strategic allocation which can be relatively static, TPA can be more flexible and dynamic in adjusting exposures. Is this good or bad?
- TPA: Breaks down the walls between silos to make allocation decisions based on overall portfolio impact and goals.
- Private & Public Credit: Discussion highlighted the shifting dynamics between public and private credit, including "covenant light" structures and transparency concerns. The growth of large private credit funds and VC analogies were noted.
- Private Equity: Long-term investment views are critical (5-year+ over quarterly earnings). With S&P 500 expected returns falling, PE is seen as a return enhancer (targeting 20% annually). Valuation differences between books were discussed.
- Hedge Funds: Emphasis on their heterogeneity—hedge funds are not a uniform asset class. Concerns included fees, lockups, and fund flows. Hedge fund due diligence, especially in crypto, remains a challenge.
- ESG Investing: While still focused on alpha and returns, the academic and accounting perspectives on ESG were explored. ESG data is extremely uncorrelated, must do own diligence rather than rely on one data source.
- Infrastructure: Managed lanes (e.g., toll/express lanes) were mentioned as investment opportunities, connecting to the broader theme of long-duration, cash-flow generating assets.
- Innovation & Technology: Machine learning and NLP are increasingly used in active portfolio management, especially for sentiment analysis (e.g., BlackRock's broker sentiment, or "BSENT").
- Global Perspectives: Sessions included Japan PE market (with NSSK), emphasizing succession planning and women in PE.
- Macro & Market Trends: IPO markets, low-beta strategies, and long-term macro disruptions (like China's consumption growth or Silicon Valley housing) were discussed as quoted indicators for asset allocation.