

**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: July 29, 2025

Board Member Name: Matthew Faulkner

Conference/Seminar Title: Public Funds Summit East

Location: Newport, RI

Date(s): July 21-23

Travel Category:

Fiduciary responsibilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Actuarial Science	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pension law	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Asset Allocation	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Real estate investing	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Equity and security investing	<input checked="" type="checkbox"/>	<input type="checkbox"/>
International Investing	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pension Plan Administration	<input type="checkbox"/>	<input type="checkbox"/>

Brief summary of information and knowledge gained:

**Please see attached.**

Evaluation of the event:

**Solid Conference. Lots of good sessions, not salesperson heavy. Not as much networking with otehr trustees/admins as Pension Bridge**

Recommendation concerning future attendance:

**Yes, I'd recommend 7/10**

Other comments:

# Opal Pension Funds East Conference Summer 2025

## Global Macro Outlook

- Use 10-year historical data to contextualize short-term volatility and avoid overreacting to near-term moves.
- Global equity return expectations:
  - 15-year return of 15% for S&P raised questions of sustainability.
  - Increased focus on global diversification and alternative assets (private equity, private credit, real assets).

## ESG & Diversification

- ESG still under evaluation...what do allocators really know?
- Diversification remains the "only free lunch" in investing.

## China & Geopolitical Risk

- China cited as "most opaque" environment for capital outflows...lesson from Russia.
- Importance of linking portfolios to real assets, AI, and infrastructure to better align cash flows and reduce long-term volatility.

## Public-Private Blending

- Interest in blending infrastructure and AI exposure for return + impact.

## Fixed Income Strategies

- Use fixed income to model payments and cash flows, not solely as a return enhancer.
- Rising rates have reset yield expectations (e.g., AT&T bonds moved from S&P ~108 to 30–40s).
- Emphasis on credit quality, sector-specific positioning.

## Equity Markets

- Value vs. Growth:
  - Value at 30-year lows vs. growth in allocation.
  - Yet S&P 500 (growth-heavy) outperforms...VC-style concentration risk?
- Small Cap & International: Still underweighted; some recommend rebalancing.
- Avoid "value traps" — "Don't buy just because it's cheap."
- 5 largest S&P 500 stocks are now bigger than any other *stock market*, indicating risk in concentration.
  - And S&P small cap/S&P at all-time-lows, equal weight S&P/S&P at all-time-lows
    - Yet market cap weighted SP500 continues to outperform.

## Litigation & Fiduciary

- Importance of clearly defining roles...plaintiff or passive?
- Litigation firms should help trustees navigate positioning.
- Consider active involvement to improve chances of success.

## HOOPP (Healthcare of Ontario Pension Plan) Session

- 111% funded with a 5.65% discount rate.
- Multiple benefit improvements since 2018.
- Focus on integrating mental, physical, and social health into long-term outcomes.
- Strong thought leadership via white papers and research partnerships (possible future collaboration opportunity).

## Private Credit

- Growing role in pension portfolios for enhanced yield.
- Interest in fee structures, cash flow alignment, and concentration risk.
- Secondaries increasingly seen as efficient option with better liquidity and lower fees.

## Energy & Infrastructure

- Natural gas powers 70–90% of AI data centers...national security and investment risk overlap.
- 50% of world propane exports from U.S., critical geopolitical positioning.

## Non-Investment Challenges

- Actuarial credibility questioned due to COVID mortality shifts.
- AI initiatives (OCERS example): using data to reduce friction and improve service delivery.
  - Each dept had a representative to an AI steering committee.
  - Example: Disability program partnering with AI software
- Trustee takeaway: consider long-term planning for demographic shifts and data integration.

## Cash Flow–Matched Portfolio Design

- Focus on “immunized portfolios” using fixed income and private credit to match long-term liabilities.
- Stress-testing needed to avoid overconfidence in risk models.

## Liquidity Tiers

- Tier 1–6 scale used to evaluate how liquid each portfolio segment is.
  - More institutions incorporating liquidity scoring in investment reviews.
- Private credit performance may diminish as public credit rates rise.

## Key Takeaways for the Board

- Diversification and liquidity are critical, especially under regime shifts.
- Need to balance income generation with cash flow matching, not just return chasing.
- Alternative investments, especially infrastructure, AI, and private credit, are gaining traction but require careful risk, fee, and liquidity assessment.
- Healthcare pension models (e.g., HOOPP) may offer insights into integrated health and benefits strategy.
- Continue focus on fiduciary clarity, litigation readiness, and governance roles.
- Be prepared to respond to concentration risk, especially within S&P 500-heavy portfolios.
- Consider potential collaboration on research, AI, or thought leadership for long-term value.