



“RE-BUILDING THE CITY’S WATER SYSTEMS FOR THE 21ST CENTURY”

EMPLOYEES’ RETIREMENT SYSTEM OF THE Sewerage & Water Board OF NEW ORLEANS

LaToya Cantrell, President

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May 11, 2022

The Pension Committee met on Wednesday, May 11, 2022, in the Executive Boardroom. The meeting convened at approximately 10:31 A.M.

Present:

Director Joseph Peychaud
Director Maurice Sholas
Director Nichelle Taylor
Ms. Latressia Matthews
Mr. Kenneth Davis, Sr.
Mr. Mubashir Maqbool

Other Board Members Present:

N/A

Absent:

Director Ralph Johnson
Director Alejandra Guzman
Mr. Harold Heller

Also, in attendance: Deputy Special Counsel Mr. Ed Morris; Mr. E. Grey Lewis, Chief Financial Officer; Mr. Kweku Obed, Marquette Associates, Inc.; Mr. Beau Coash and Sarah Weddleton, Fidelity Investments.

PRESENTATION ITEMS

Director Peychaud introduced Mr. Kweku Obed of Marquette Associates, Inc. who provided an executive summary of the current financial markets.

Capital Markets Executive Summary

- **Decades-high inflation:** Inflation remains the biggest risk for U.S. investors, with steep year-over-year price increases threatening the strength of the consumer and forcing the Fed to act more aggressively.
- **Fed lift-off:** Since initially raising rates in March, expectations have built for larger increases at subsequent FOMC meetings. While the Fed must prioritize controlling inflation, it does raise the risk the Committee moves too quickly and triggers a recession.

- **Russia/Ukraine:** Russia's invasion of Ukraine and subsequent sanctions from the West have added to inflationary pressures and macro uncertainties, with a more direct impact on non-U.S. markets.
- **Improved stock selection opportunities:** While the best of the bull market is likely behind us, volatility and heightened dispersion in equity markets has improved the opportunity set for active and long/short managers.
- **Alternatives to mitigate inflation:** Hedge funds, real estate, infrastructure, and private equity and credit can improve diversification of a portfolio and have all shown to perform well during inflationary environments.
- **Limited opportunities in fixed income:** Low yields and tight credit spreads coupled with higher expected rates limit the upside potential of traditional fixed income this year.

Director Peychaud introduced Ms. Sarah Weddleton and Mr. Beau Coash of Fidelity Investments, who provided a summary of the SWBNO portfolio and positioning and market environment.

PUBLIC COMMENT

None.

INFORMATION ITEMS

The information items were received.

ADJOURNMENT:

There being no further business to come before the Pension Committee, Director Peychaud made a motion to adjourn. Director Sholas accepted. Director Guzman seconded. The motion carried. The meeting adjourned at approximately 11:10 A.M.

Respectfully submitted,

Mr. Joseph Peychaud, Chair