



**City of Cincinnati Retirement System
Investment Committee Meeting
Minutes
November 6, 2025 / 12:00 P.M.
City Hall – Council Chambers and remote**

Committee Members Present

Sonya Morris, Chair
Aliya Riddle, Vice Chair
Kathy Rahtz
Mark Menkhaus, Jr.
Monica Morton
Seth Walsh
Bill Moller
Tom Gamel
Tom West

Administration

Jon Salstrom

Marquette

Brett Christenson

Law

Kevin Frank

CALL TO ORDER

Chair Morris called the meeting to order at 12:08 p.m. and a roll call of attendance was taken. Committee Members Morris, Riddle, Rahtz, Menkhaus, Morton, Moller and West were present. Committee Members Gamel and Wash were absent.

PUBLIC COMMENT

No public comment.

APPROVAL OF MINUTES

Approval of the minutes of the Investment Committee meeting of November 6, 2025, was moved by Committee Member Moller and seconded by Committee Member Menkhaus. The minutes were approved by unanimous roll call vote.

Old Business

Update Investment Manager Contracts

- Private Equity: Both new investment manager contracts were completed since the last Committee meeting. WindRose was the final contract to be executed. Neither WindRose nor Sapphire has drawn capital yet, but initial capital calls are expected within the next few quarters.
- Index Transition: Most of the transition has been completed. The U.S. index transitions

were completed first. The ACWI ex U.S transition took additional time but is now largely finished. Approximately \$100,000 in the foreign accounts still needs to settle. All other transition activity is complete.

New Business

Current Market Environment Report

Brett Christenson from Marquette was in attendance to present.

3Q 2025 Market Summary:

- Fixed Income: Spreads continue tightening and valuations remain rich. Core bonds are appealing with yields around 4.5%. Corporate fundamentals are solid, but tight valuations leave little margin for error. Uncertainty persists due to the U.S. government shutdown, geopolitical tensions, and a large fiscal deficit.
- U.S. Equities: Small-cap earnings show signs of stabilization. A more accommodative monetary policy and lower interest rates could support returns. Growth-oriented stocks may benefit from innovation and stable earnings despite high valuations. Overall, conditions favor a cautious approach.
- Non-U.S. Equities: Europe benefits from defense spending trends, but valuations are already elevated. Emerging markets (e.g. Brazil, India) face U.S. trade policy challenges. Asian tech presents selective opportunities. Non-U.S. small caps appear attractive due to better valuations, tariff insulation, and stronger earnings.
- Real Assets: Core real estate continues its recovery with improved sentiment and transaction activity. The debt market is slowly reawakening. Infrastructure remains stable, offering income-oriented performance supported by regulated or contracted cash flows.
- Private Equity: Broader private equity markets face ongoing headwinds, but U.S. middle-market private equity is strong (steady flow, stable valuations). Weak exit activity and slow fundraising may dampen optimism. Outlook is neutral to mildly positive, especially in the middle-market segment.
- Private Credit: New issuance remains stable; distress is limited, but capital solutions may offer upside opportunities.

Quarterly Investment Report

Pension Fund Quarterly Activity Summary:

- The transition from Northern Trust index funds to BNY Mellon index funds began in late August with the three domestic equity funds. Transition of the Agg Bond fund occurred in September. Transition of the ACWI fund is currently in progress.
- The plan's Private Debt funds called \$8.4 million during 3Q25 while distributing \$1.3 million.
- The plan's Private Equity funds called \$7.1 million during 3Q25 while distributing \$7.2 million.

Committee Member Moller made a motion to accept and approve the Marquette quarterly

report and seconded by Committee Member Menkhaus. The motion was approved by unanimous roll call vote.

New Asset Allocation Recommendations

CRS aims to strengthen its portfolio's long-term resilience by emphasizing compounding, risk management, and liquidity. As markets continue to evolve, CRS is seeking to better balance return objectives with protection against volatility, inflation shocks, and correlated market selloffs—particularly environments like 2022 where rising inflation drove equities and bonds down simultaneously.

Core Objectives

- Build a more robust, cycle-resilient portfolio focused on long-term compounding.
- Improve protection against volatility and major drawdowns, especially in public markets.
- Address liquidity challenges by adding exposures that can provide accessible capital during market stress.
- Increase diversification across uncorrelated asset classes, adding more effective and efficient sub-categories of return drivers.
- Reduce reliance on traditional assets in environments with rising inflation or higher correlations.

CRS recommends to allocate to all five proposed managers to fill the Hedge Fund and Opportunistic Credit allocations.

Scenario Analysis

The discussion covered a range of historical market stress events and deterministic hypothetical scenarios used to analyze portfolio resilience. These differ from stochastic Monte Carlo simulations because they apply fixed shocks rather than probability-driven outcomes.

Historical Scenarios Reviewed

- *2008 Financial Crisis (Oct 2007–Feb 2009)*: Global equities fell 40–50%; major financial institutions neared collapse. U.S. 10-year Treasury yield declined from 4.5% to 3.1%.
- *Black Monday (Oct 1987)*: Worldwide market crash; the Dow Jones fell 22.6% in a single day. U.S. 10-year Treasury yield dropped from 9.6% to 8.9%.
- *2011 U.S. Debt Ceiling Crisis (June–Sept 2011)*: Political standoff led to the first-ever U.S. credit rating downgrade. The S&P 500 declined 15%.
- *1994 Interest Rate Spike (Dec 1993–Dec 1994)*: Rapid Fed rate increases caused 30-year Treasury yields to rise ~200 bps; S&P 500 fell 1.5%.
- *1981 Volcker Rate Spike (July 1980–July 1981)*:
- Aggressive rate hikes pushed 10-year Treasury yields from 10.3% to 14.3%. Equities were resilient, rising over 7.5%.

Hypothetical Deterministic Scenarios

- *Interest Rates Rise 1% for One Year*: Parallel curve shift; rates rise 1% in year 1 only.
- *Interest Rates Rise 1% Annually for 3 Years*: Parallel curve shift each year for three

years.

- *Equities Decline 20% for One Year*: Broad equity selloff; corporate spreads widen 1%. Markets normalize after year 1.
- *Equities Decline 15% Annually for 3 Years*: Prolonged downturn with spreads widening 1% annually.
- *Perfect Storm for One Year*: Rates and spreads +1%; equities –20% in year 1; conditions normalize afterward.
- *Perfect Storm for Three Years*: Rates and spreads +1% annually; equities –15% each year.

New Investment Manager Recommendations

- Silver Point, founded in 2002 by former Goldman Sachs partners Ed Mulé and Bob O'Shea, is a leading investment firm specializing in stressed, distressed, and special situations corporate credit. The firm's flagship Silver Point Capital Fund invests across the full credit cycle using a combination of bottom-up fundamental credit research and top-down macro analysis.

Silver Point invests opportunistically across industries, geographies, capital structures, and market caps. The firm is 100% employee-owned by seven partners and is headquartered in Greenwich, Connecticut, with additional offices in New York and Chicago.

As of September 30, 2025, the firm managed approximately \$41 billion in AUM, including \$12 billion in its hedge fund strategies.

- FourSixThree Capital was founded in 2020 by Scott Balkan and Bill Kelly and is a 100% employee-owned investment firm based in New York. The firm maintains a long-standing strategic relationship with Leucadia Asset Management, a subsidiary of Jefferies Financial Group.

Leucadia provided \$200 million in seed capital at launch and continues to support the firm with global distribution and operational infrastructure. While Leucadia holds no ownership or governance rights, it retains a revenue-share arrangement tied to its seed investment. Its capital—locked up until March 2024—has since moved to a 12.5% quarterly investor-level gate, with any redemptions reducing future revenue-share distributions. Leucadia may periodically take profits from the investment, but its core capital commitment remains largely intact.

As of September 30, 2025, FourSixThree managed \$2.1 billion across its flagship fund, single-position co-investment vehicles, and a separately managed account run *pari passu* with the flagship strategy.

- Alyeska is a Chicago-based investment firm founded in October 2007 by Anand Parekh, formerly a Partner and Head of Global Equities at Citadel. Before Citadel, Parekh held

senior roles at Deutsche Bank within Global Markets, overseeing emerging markets, global risk management, and structured derivatives.

The firm began with \$1 billion in seed capital from Deutsche Bank and has since grown to approximately \$15 billion in assets under management. Alyeska is structured as a Delaware limited partnership and is 100% employee-owned, with Parekh holding the majority of the equity and senior portfolio managers owning smaller stakes.

- Whitebox Advisors is a multi-strategy alternative asset manager founded in 1999, investing globally across asset classes through fund vehicles and institutional accounts. The firm's headquarters and core operations are based in Minneapolis, with additional offices in Austin, New York, and London supporting portfolio management, trading, and operational functions.

Whitebox is primarily employee-owned, with CIO Robert Vogel holding a majority stake. Additional minority ownership stakes are held by Jacob Mercer, Paul Roos, Brian Lutz, and Nickolas Stukas. Dyal Capital, an affiliate of Neuberger Berman, owns a 20% minority equity interest.

The firm manages approximately \$7.5 billion in total AUM, including about \$3.1 billion in its flagship Multi-Strategy Fund.

- Kirkoswald Capital Partners is a global macro investment firm originally founded in 2013 as Abbeville Partners and rebranded in January 2018. The firm operates across multiple international offices, including London, New York, Singapore, Milan, Abu Dhabi, and the Bahamas.

Kirkoswald is led by Greg Coffey, a highly experienced macro investor with over 30 years in developed and emerging markets. Coffey previously held senior macro and EM trading roles at Moore Capital, GLG Partners, and Bankers Trust, and he maintains ultimate equity control of the firm.

The investment team spans specialists across rates, FX, credit, equities, and commodities, supported by dedicated research and operations staff. The structure promotes collaborative decision-making, with regional expertise contributing to a unified macro view led by Coffey.

As of August 31, 2025, Kirkoswald managed approximately \$9.1 billion in AUM, with about \$8.5 billion invested in its flagship hedge fund.

Adjournment

Following a motion to adjourn by Committee Member Moller and seconded by Committee Member Rahtz. The Committee approved the motion by unanimous roll call vote. The meeting was adjourned at 1:55 p.m.

Meeting video link: <https://archive.org/details/crs-investment-11-6-25>

Next Meeting: Thursday, February 5, 2025, at 12:00 P.M. City Hall Council Chambers and via Zoom

Jon Salstrom
Secretary