

PLYMOUTH RETIREMENT BOARD

Friday, September 17, 2021

8:30 a.m.

This Meeting Was Held Remotely

Pursuant to Governor Baker's March 12, 2020, Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, §18, and the Governor's March 15, 2020, Order imposing strict limitations on the number of people that may gather in one place, this meeting of the Plymouth Retirement Board is being conducted via remote participation. No in-person attendance of members of the public will be permitted, but every effort will be made to ensure that the public can adequately access the proceedings as provided for in the Order.

Chairman Thomas Kelley called the meeting to order at 8:27 a.m. Other participating Board Members were Lynne Barrett, Gerald Coughlin, Dale Webber, and Robert Ness. Anthony Tranghese from Fiducient Advisors, Executive Director, Wendy Cherry, and Assistant Director, Karry Barros participated remotely as well.

Chairman Kelley noted that this meeting is being held remotely due to the COVID-19 Pandemic.

Roll-call vote at 8:27 a.m. to enter into Regular Session:

Mr. Kelley	yes
Ms. Barrett	yes
Mr. Coughlin	yes
Mr. Webber	yes
Mr. Ness	yes

Unanimously Voted.

Section I: Investments:

RFP: International Growth

Manager Interviews:

Chairman Kelley asked Mr. Tranghese the amount of the mandate.

Mr. Tranghese told the Board that the mandate is approximately \$11 Million, about 5% of the portfolio, and Invesco is the incumbent.

Mr. Ness informed the Board that he has Mutual Funds with one of the three companies being interviewed and asked Mr. Tranghese if this would be considered a conflict of interest for him.

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Mr. Tranghese stated that he did not think so and asked Mr. Ness if he was invested in an international position.

Mr. Ness answered in the negative.

Invesco:

Jake Passero, Gregory Allison, and Clos Olsson from Invesco joined the meeting at 8:31 a.m.

Mr. Passero greeted the Board and introduced himself as a Director with the Institutional Team joined by his colleagues Clos Olsson, Chief Investment Officer, and Greg Allison, Senior Portfolio Manager. Mr. Passero thanked the Board and stated it is his hope to continue to work with the Board in the future.

Mr. Passero told the Board that Invesco has 50 offices around the world and manages \$1.5 Trillion in global assets. Their sole focus is on investments and providing an exceptional experience to their clients.

Mr. Tranghese mentioned seeing an article in the Journal that stated Invesco and State Street would be merging.

Mr. Passero informed the Board that he had no comment regarding media speculation.

Gar Chung from Financial Investment News joined the meeting at 8:35 a.m.

Mr. Allison informed the Board that Invesco's International Growth strategy was launched in 1992, noting they will hit thirty (30) years in March 2022. They have five (5) Senior Managers and a very stable, experienced, team. Invesco looks for durable, not fast growers. Their focus is on less risk and consistency. He added that Invesco has outperformed 80% of the time over the last five (5) year period. Clos Olsson is the team lead and there are three (3) to four (4) people in each pod, with no change to leadership. The portfolio is built from the bottom up with additional focus on the long term. Often times a stock will be held in excess of five (5) years, there is no chasing the fastest growers. Invesco's basic principals are EQV, Earnings, Quality, and Valuation.

Chairman Kelley asked Mr. Allison his thoughts on Bitcoin?

Mr. Allison explained that although Bitcoin is a "sign of the times" and "expansion of the dollar," Invesco does not invest in Bitcoin. The older generation typically invests in gold but, the younger generation has turned their focus to alternative currency. Invesco tends to look at companies with long term, risk adjusted, returns. Using a long-term, conservative approach, has caused their One-Year numbers to show underperformance however, they have seen a change in the Market more recently. The vaccine has proved to efficient, shedding some light at the end of the tunnel.

Mr. Tranghese asked if there is need for a catalyst to see a change.

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Mr. Olsson stated that the catalyst tends to be interest rates which, are at a historical low right now. When the economy strengthens, rates will rise. There is also inflation to consider. The Pandemic highlighted the fact that there is a need for production close to home.

Mr. Allison told the Board that the team likes the that way they are positioned. It is taking some time but, the Global Economy is reopening. Invesco is well situated and very optimistic about the future.

The Board thanked Mr. Passero, Mr. Allison, and Mr. Olsson.

Mr. Passero, Mr. Allison, and Mr. Olsson left the meeting at 8:57 a.m.

MFS:

Peter Loncto, Director & Investment Product Specialist, and Kelley Rullo, Director, Institutional Sales, joined the meeting at 8:58 a.m.

Ms. Rullo introduced herself and Mr. Loncto. She then thanked the Board for their time and consideration.

Ms. Rullo informed the Board that MFS is a Global Asset Manager headquartered in Boston, Massachusetts. From a Firm perspective, they manage \$661 Billion in total assets. They invest with a long-term horizon, focusing on high quality companies, and aiming to benefit from long-term, above average growth potential, across full market cycles. Ms. Rullo directed the Board's attention to page number 12 of the presentation material and explained that their 10-Year number outperformed the benchmark 100% of the time.

Chairman Kelley asked if MFS outperformed the benchmark every year for the past 10 years.

Ms. Rullo explained that each dot represents a 10-Year period and for each 10-Year time period, MFS outperformed the benchmark with outperformance of 2.5%. She added that the rolling One-Year shows underperformance due to an extreme Up Market, which is an environment that MFS does not perform well in.

Mr. Loncto thanked the Board and gave them some information about the Management Team. Members of the Management Team are, Matthew Barrett, a Portfolio Manager that works from the U.K., Kevin Dwan, a Portfolio Manager that works from Singapore, and Brett Fleishman who, manages cash flow with Mr. Loncto himself, here in the U.S. This Portfolio is managed from a far on an integrated basis. The portfolio is managed with the philosophy of investing with a long-term view, not like other investors that are concerned with short term events. The most attractive companies are those with strong brands. MFS has a conservative growth style and a strong belief that a very common mistake is to overpay. Mr. Loncto told the Board that MFS has delivered strong down-side protection and, gave an example of this by informing the Board that in 2008, MFS outperformed by over 550 basis points. They continue to do this by avoiding stocks with downside risks. They have roughly 80 stocks in the portfolio however, their analysts cover over 1000 International Stocks. All analysts discuss every decision that Matt and Kevin make and are located in the place the business to be considered is located

Mr. Tranghese asked if there is any exposure to Emerging Markets and thoughts on the China regulations.

Mr. Loncto told the Board that they own three (3) names in Tech Space but have never owned for profit education. He added that the regulations are sensible and in line with Western practice. It is their feeling that the Market overreacted, they have not changed their position.

The Board thanked Mr. Loncto and Ms. Rullo. They left the meeting at 9:21 a.m.

Lazard:

Megan Costa, Director, Institutional Business Development and Louis Florentin-Lee, Managing Director, Portfolio Manager/Analyst joined the meeting at 9:24 a.m.

Ms. Costa thanked the Board and introduced herself as the Relationship Manager for public pensions. She introduced Mr. Florentin-Lee, informing the Board that he is not only a Portfolio Manager but the chief architect behind the strategy. Mr. Florentin-Lee resides in London but, invests across the world. Ms. Costa informed the Board that Lazard is most known for equity investing in International. Their Quality Growth Fund has delivered strong returns in different market environments in part because growth stocks do better over long periods of time.

Mr. Florentin-Lee greeted the Board from London and communicated that he is encouraged to get the opportunity to interview. He told the Board that he has twenty (20) years of experience managing portfolio's and during this time has learned from errors and, the commonality of successes. He shared that Lazard's philosophy/style is to invest in "Compounders" which are quality companies that generate substantially high returns on capital with the ability to reinvest at similarly high returns, to drive future growth. Their investment process is bottom-up fundamental analysis focused on key drivers, barriers to competition, and reinvestment opportunities. Stock selection, as opposed to sector or regional allocation, has been a driver of attribution. During fundamental analysis, these questions are asked: How does the company generate such high returns; How long can the company sustain those returns; How will Management invest cash to grow; How long must the returns be sustained to justify valuation. Their process has been in place for over ten (10) years now and the heart of it exists in fundamental analysis. While reviewing performance, it was noted that Lazard had a downside capture of 75% since inception and an upside capture of 106% since inception. Whether Growth Markets or Value Markets, Lazard produces alpha for their clients. In closing, Mr. Florentin-Lee told the Board that it would be hard to find an International Portfolio that compares to the one presented here today.

Ms. Barrett mentioned that if the inception of the Fund was in 2016, there is a about six years of performance to look at.

Mr. Florentin-Lee stated that this Global Fund's inception was in 2016, however, Lazard's over ten (10) year performance has been very similar.

The Board thanked Ms. Costa and Mr. Florentin-Lee and they left the meeting at 9:50 a.m.

Chairman Kelley told the Board that he is leaning toward Lazard.

Mr. Ness informed the Board that he has come to the same conclusion on the quantitative side. Lazard is ranked above the other two Managers who interviewed today. He added, the short window of time this International Fund has been around, is the down-side.

Mr. Tranghese told the Board that he does not disagree. He added that MFS and Invesco take less risk however, the Lazard Team has a good reputation in the industry.

Ms. Barrett stated that she finds it interesting that the Fund is much smaller with only forty (40) holdings.

Mr. Tranghese explained that this speaks to conviction in names. Both MFS and Invesco are more diversified. The Lazard approach is: when they pick a good name, they want it to have a meaningful impact on the portfolio.

Ms. Barrett asked how long the Board has been with Invesco.

Mr. Tranghese stated seven (7) years.

Ms. Barrett informed the Board that she agrees with change, a change is due. She stated that she would be for, either MFS or Lazard.

Mr. Ness stated that both MFS and Lazard have performed substantially better than Invesco.

Chairman Kelley shared that Lazard has a history of picking good companies and he is leaning towards a smaller portfolio.

Ms. Barrett agreed.

Mr. Coughlin agreed and shared, he likes that MFS is a Boston based firm. He added that he is onboard with making a change.

Mr. Ness called the Board's attention to the RFP Rating Sheets pointing out that Invesco has approx. \$11 Billion in the proposed product and Lazard has approx. \$16 Billion. He added that there is more risk of volatility if something goes bad.

Chairman Kelley informed the Board that he is still leaning toward Lazard because the portfolio is smaller and, they have quality people.

Motion to terminate Invesco as the Fund's International Growth Equity Manager and replace with Lazard made by Ms. Barrett; Seconded by Mr. Ness.

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Roll-call vote:

Mr. Kelley	yes
Ms. Barrett	yes
Mr. Coughlin	yes
Mr. Webber	yes
Mr. Ness	yes

Unanimously Voted.

The Board thanked Mr. Tranghese.

Mr. Tranghese informed the Board that the August Flash Report is not in yet but, he will forward as soon as it is available. He added that performance was at +12.5 through July 31, 2021.

Next Meeting:

September 24, 2021

Adjourn:

Motion to adjourn meeting made by Ms. Barret at 10:04 a.m.; Seconded by Mr. Coughlin.

Roll-call vote:

Mr. Kelley	yes
Ms. Barrett	yes
Mr. Coughlin	yes
Mr. Webber	yes
Mr. Ness	yes

Unanimously Voted.

Respectfully submitted,

Karry A. Barros
Assistant Director

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Plymouth Retirement Board:

Mr. Thomas Kelley, Chairman

Lynne Barrett

Gerald Coughlin

Dale Webber

Robert Ness

Dated: December 17, 2021