



**Tuesday, September 6, 2022
Public Markets Committee Meeting**

Call to Order - 1:00 P.M.

**The Committee meeting will be conducted via _____ video conference.
Members of the public will be provided access via teleconference.**

1. Call to Order/Roll Call (1:00p)

2. Adoption of the Minutes (1:00-1:05)

A. Adoption of the March 3, 2022, Minutes

3. 2023 Public Markets Committee Meeting Schedule (1:05-1:10)

A. 2023 Public Markets Committee Meeting Schedule

4. Global Equity Manager Recommendation (1:10-4:30)

A. Staff Recommendation

B. Executive Session - Staff Recommendation Continued

C. Manager Recommendations

5. Other Items (4:30-4:35)

6. Adjourn (4:35p)

**2022 WASHINGTON STATE INVESTMENT BOARD
Public Markets Committee Meeting Minutes
September 6, 2022**

The Washington State Investment Board met in open session via Webex video conferencing and dial-in access to the public.

Members Present: Yona Makowski, Chair
Bill Longbrake
Treasurer Mike Pellicciotti
Representative Tim Ormsby
Mary Pugh
George Zinn

Members Absent: Greg Markley
Sara Ketelsen

Other Members Present: Tracy Guerin

Others Present: Allyson Tucker, Chief Executive Officer
Chris Hanak, Chief Investment Officer
Phil Paroian, Senior Investment Officer – Public Equity
Fletcher Wilson, Assistant Senior Investment Officer – Public Equity
Ashana Wenzel, Administrative Assistant

Tor Jernudd, Assistant Attorney General

CALL TO ORDER

Chair Makowski called the meeting to order at 1:04 p.m. and took roll call.

[Representative Ormsby arrived at the meeting at 1:06 p.m.]

ADOPTION OF MINUTES

Chair Makowski moved to adopt the March 1, 2022, minutes. Treasurer Pellicciotti seconded, and the motion carried unanimously.

2023 PUBLIC MARKETS COMMITTEE MEETING SCHEDULE

Chair Makowski proposed the following 2023 Public Markets Committee meeting dates: March 7, June 6, September 5, and December 5.

Chair Makowski moved to adopt the 2023 Public Markets Committee Meeting Schedule as presented. Treasurer Pellicciotti seconded, and the motion carried unanimously.

GLOBAL EQUITY MANGER RECOMMENDATION

Staff Recommendation

Mr. Wilson provided introductory remarks and discussed the outline of the active global equity search and manager recommendations. He explained that one role of public equity in the Commingled Trust Fund (CTF) is to provide a high level of liquidity as a complimentary asset class and discussed allocations to passive versus active

management in the portfolio. Mr. Wilson discussed the search timeline, including challenges due COVID-19 travel restrictions. He said staff recommends signing new contracts with incumbent managers Arrowstreet Capital (Arrowstreet) and William Blair Investment Management (William Blair) and hiring new managers BLS Capital (BLS) and Mawer Investment Management (Mawer). Mr. Wilson discussed the termination of one incumbent non-U.S. manager, due to the global mandate requirement of the search, and the extension of due diligence on another incumbent manager, due to significant personnel changes during staff's review.

Executive Session – Staff Recommendation Continued

Chair Makowski announced that the Committee would go into executive session to discuss financial and commercial information relating to an investment since public knowledge regarding the discussion would result in loss to the funds managed by the WSIB or would result in private loss to the providers of the information. The executive session was expected to last approximately 10 minutes at which time the Committee would reconvene in open session.

[The Committee went into executive session at 1:15 p.m.]

[The Committee reconvened in open session at 1:30 p.m.]

BLS Capital

Ms. Armour introduced the firm and said BLS is a majority employee-owned, focused equity boutique based in Copenhagen, Denmark that views partnership in three dimensions: investors, companies, and employees. She discussed the investment team, value add, and historical track record.

Mr. Bundgaard discussed BLS' investment philosophy and said the firm is focused on being long-term investors; investing in high-quality companies and teams with stable, consistent growth; portfolio concentration; and environmental, social, and governance (ESG) discipline.

Mr. Lund discussed the BLS active assessment, which includes assessing the business model, management, capital, and valuation. He reviewed the firm's current portfolio returns and companies. Most companies held in the portfolio have existed for over a century and all have proven business models. Mr. Lund discussed value creation as well as earnings resilience and compounding.

Ms. Armour discussed BLS' diversity, equity, and inclusion (DEI) philosophy.

Discussion ensued regarding the custom portfolio offered to the WSIB, BLS' capacity to take on new clients, and liquidity.

[The Board recessed at 2:00 p.m. and reconvened at 2:10 p.m.]

Arrowstreet Capital

Mr. Simon provided an overview of the firm and its relationship with the WSIB, stating Arrowstreet is a research-driven, privately-owned specialist in global equities. He discussed assets under management (AUM) as well as DEI and ESG principles.

Mr. Rathjens said Arrowstreet's investment process emphasizes active management, which is guided by identifying investment signals that are relevant to share price and

less obvious to investors. He discussed the firm's competitive advantage, focus on producing sustainable alpha, and research innovations.

Discussion ensued regarding balancing innovation and technology with integrity, barriers to entry, and DEI.

[The Board recessed at 2:45 p.m. and reconvened at 2:55 p.m.]

William Blair Investment Management

Ms. Braming reviewed the partnership with the WSIB as well as the firm's mission and culture. She discussed William Blair's diversity efforts, global footprint, and ESG framework.

Mr. McAtanmney discussed the Global Leaders Strategies, integrated investment team, investment philosophy, and sustainable value creation. He introduced the Global Leaders Strategies' portfolio managers and discussed portfolio diversification and investment process. Mr. McAtanmney highlighted William Blair's risk adjusted returns, performance consistency, and commitment to innovation.

Discussion ensued regarding the firm's founder and history, as well as their global equity platform.

[The Board recessed at 3:22 p.m. and reconvened at 3:30 p.m.]

[Representative Ormsby left the meeting at 3:30 p.m.]

Mawer Investment Management

Mr. Uncles introduced the firm and said Mawer is an independently owned firm focused on risk management and client relationships. He discussed the firm's AUM, institutional investor base, investment philosophy, and 99 percent client retention rate.

Mr. Deckart discussed the research team's backgrounds and the firm's formalized diversity and inclusion approach. He explained Mawer's culture and employee ownership aligns with clients and has resulted in 95 percent employee retention and team stability. Mr. Deckart said the Global Equity portfolio is supported by the research team and highlighted the core members.

Mr. Deckart discussed Mawer's investment philosophy, structured due diligence, and benchmarking. He highlighted the firm's integrated ESG approach, global equity stocks matrix, and risk management.

Discussion ensued regarding Public Equity's ongoing due diligence of an incumbent manager, as well as Mawer's risk and portfolio management functions.

Due to a lack of quorum, the Committee was unable to take action. It was the consensus of those Committee members present to forward this item to the Board for approval.

OTHER ITEMS

There was no further business to come before the Public Markets Committee, and the meeting adjourned at 4:02 p.m.