



**Tuesday, March 12, 2024
Public Markets Committee**

1:00 P.M.

Virtual Meeting

The link to view the meeting virtually can be found at www.sib.wa.gov/meetings.html

OR

Members of the public may view the virtual meeting in person at the Washington State Investment Board Olympia Office located at 2100 Evergreen Park Drive SW, Olympia, WA 98502

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

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

A. Adoption of the December 5, 2023, meeting minutes.

3. Policy Revisions (1:05-1:10)

A. Technical Policy Revisions

4. Public Equity Education Session (1:10-2:10)

A. Value/Growth Cycles: Current Landscape

5. Other Items (2:10-2:15)

6. Adjourn (2:15p)

**2024 WASHINGTON STATE INVESTMENT BOARD
Public Markets Committee Meeting Minutes
March 12, 2024**

The Public Markets Committee met in open public session via Microsoft Teams video conferencing available to participants and members of the public at <https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting?rtc=1>, Meeting ID: 282 575 876 572 Passcode: 6xayje; Dial-In Number 1-360-726-3322, Phone Conference ID: 447 611 390#

Members Present: Liz Lewis, Chair
Sara Ketelsen
Representative Mia Gregerson
Treasurer Mike Pellicciotti
Tracy Stanley
George Zinn
David Nierenberg
Mary Pugh

Members Absent:

Other Members Present:

Others Present: Allyson Tucker, Chief Executive Officer
Chris Hanak, Chief Investment Officer
Phil Paroian, Senior Investment Officer – Public Equity
Ada Chen, Investment Officer – Public Equity
Ashana Wenzel, Administrative Assistant
Anisa Mathson, Administrative Assistant

Tor Jernudd, Assistant Attorney General
Dr. Josef Lakonishok, LSV Asset Management

CALL TO ORDER

Chair Lewis called the meeting to order at 1:02 p.m. and took roll call. Tammie Nuber attended as an observer only and did not participate in the discussions.

ADOPTION OF MINUTES

Chair Lewis moved to adopt the December 5, 2023, minutes. Ms. Ketelsen seconded, and the motion carried unanimously.

POLICY REVISION

Technical Policy Revision

Presenter: Chris Hanak, Chief Investment Officer

Staff presented one policy to the Public Markets Committee that was due for the required 3-year review to ensure policies remain relevant and appropriate.

Chris Hanak introduced the technical revisions to the Public Markets Committee Charter Policy 1.00.150. The recommendations simplify language and update the title of Service Provider Policy 2.00.230 referenced in the current charter.

Chair Lewis moved that the Board approve the proposed revisions to the Public Markets Committee Charter Policy 1.00.150.

Ms. Ketelsen seconded, and the motion carried unanimously.

[George Zinn joined the meeting at 1:10 p.m.]

PUBLIC EQUITY EDUCATION SESSION

Value/Growth Cycles: Current Landscape

**Presenters: Ada Chen, Investment Officer – Public Equity
Dr. Josef Lakonishok, LSV Asset Management**

Ada Chen introduced Dr. Josef Lakonishok with LSV Asset Management.

Dr. Lakonishok presented a variety of topics related to value versus growth cycles, including current versus historical market valuations, lessons from the tech bubble of 2000, persistence of growth rates, merits of contrarian strategies and potential dangers of trend chasing. Dr. Lakonishok observed that the largest U.S. companies are valued at levels far exceeding their long-term averages and the relative valuations of value and growth are near stretched levels. Dr. Lakonishok proceeded to examine signs that could be pointing to irrational exuberance and laid out data showing that growth rates are difficult to predict, and high rates of growth generally do not persist. Dr. Lakonishok concluded his prepared remarks by reiterating that being contrarian is a difficult but proven strategy and investments require patience.

Discussion ensued regarding valuation gaps between different sectors, the best way to navigate geopolitical risk and opportunities in a global portfolio, and how to assess whether a company's research and development spend leads to better competitive positioning.

[David Nierenberg left the meeting at 1:49 p.m.]

[Joel Sacks joined the meeting at 2:09 p.m.]

The Committee discussed the persistence of growth rates and recognized that most corporations reverted to growing at similar rates as the economy over time.

Discussion ensued regarding the relative performance of U.S. stocks by valuation quintiles. It was noted that after periods in which the spread in relative valuations of cheap versus expensive stocks are wide, value strategies have tended to outperform over the following one-year time periods.

OTHER ITEMS

There was no further business to come before the Public Markets Committee, and the meeting adjourned at 2:18 p.m.