



D A L L A S
POLICE & FIRE
PENSION SYSTEM



DPFP Investment Program Update

City of Dallas Ad Hoc Pensions Committee Meeting

February 8, 2024

\$1.93B AUM

- \$1.43B in liquid assets
- Funding Level (Market Value): 34%
- \$120M, or 6% of fund assets, required annually to fund benefit outflows, net of contributions.

OVERSEEN BY 11-PERSON BOARD

- 6 Trustees appointed by the Dallas Mayor
- 10-person Investment Advisory Committee which includes several current and former CIOs provides advice to the Board

DALLAS POLICE & FIRE PENSION SYSTEM

ASSETS MANAGED BY EXTERNAL ADVISORS

- 13 Public Investment Managers
- 15 Private Market Investments
- Investment Consulting relationships with Meketa and Albourne (Private Markets)

ASSET ALLOCATION

Below targets set by Investment Policy

- 60% Public Equity
- 25% Public Fixed Income & Cash
- 5% Private Equity
- 5% Real Estate
- 5% Natural Resources

DPFP Board of Trustees

Appointed by Mayor



Nick Merrick,
Chair



Tina Hernandez
Patterson,
Vice-Chair



Michael Brown



Steve Idoux



Mark Malveaux



Tom Tull

Voted by Membership



Nancy Rocha



Tony Scavuzzo



Marcus Smith

Member Trustees



Matthew Shomer -
Fire



Michael Taglienti –
Police,
Deputy Vice Chair

DPFP Investment Advisory Committee

Trustee Members



Tom Tull - Chair
Former Texas ERS
CIO



Tina Hernandez Patterson
Sub Saharan African Fund
Co-Founder



Michael Brown
Adjunct Partners
Co-Founder



Nancy Rocha
Stifel, Nicolaus & Co
Director

Outside Members



Ryan Bailey
Paradigm Investors
CIO



Rakesh Dahiya
SMU CIO



Luke Gittemeier
Nokomis Capital
Co-Founder



Ken Haben
Former DPFP Trustee
Former Chair of City of
Dallas 457 Board and Vice
Chair of 401k Board



Robert Jones
Texas Health
Resources CIO



Jamil McNeal
True North Advisors
Director of Credit & Private
Market Investments

DPFP Governance

DPFP Board of Trustees

With Support From:

Adopts Investment Policy

Investments Staff

Investment Consultant
– *Meketa*

Investment Advisory
Committee (IAC)

Sets Asset Allocation

Investments Staff

Investment Consultant
– *Meketa*

Investment Advisory
Committee (IAC)

**Hires & Terminates
Investment
Managers**

Investments Staff

Investment Consultant
– *Meketa & Albourne*

Investment Advisory
Committee (IAC)

**Monitors Portfolio
& Performance**

Investments Staff

Investment Consultant
– *Meketa & Albourne*

Investment Advisory
Committee (IAC)

DPFP Oversight

Monthly Investment Reports to Board

Board Approval of All New Investments

Investment Policy Statement (IPS) Updated Annually – *74 Roles & Responsibilities Outlined in the IPS*

Annual Required Reporting to Texas Pension Review Board (PRB)

Investment Practices and Performance Evaluation Report – *Independent Report from Consultant to Board and PRB Every 3 Years*

Annual Comprehensive Financial Report (ACFR) – *GFOA Award for Excellence in Financial Reporting for 8 consecutive years*

Independent Outside Consultants act as Fiduciaries to Board – *Meketa as General Consultant & Albourne as Private Market Specialists*

Roles of Parties Responsible for DPFP Investment Portfolio

- The role of the **Board** is to:
 - Meet monthly as required by statute.
 - Establish investment objectives consistent with the needs of DPFP and approve the Investment Policy Statement (IPS).
 - Approve strategic asset allocation targets and ranges, and asset class structures.
 - Prudently hire, monitor, and terminate key investment service providers including Consultant(s), Investment Managers and Custodian(s).
 - Appoint members to the Investment Advisory Committee (IAC).
- The role of the **Investment Advisory Committee (IAC)** is to:
 - Meet quarterly to ensure that DPFP investments are prudently managed. The IAC can be anywhere from 3 people on up with a majority being non-Trustee members. Current composition is 4 Board members and 6 outside members.
 - Make non-binding recommendations to the Board. The IAC is heavily involved in new manager searches and interviews.

Role of Parties Responsible for DPFP Investment Portfolio

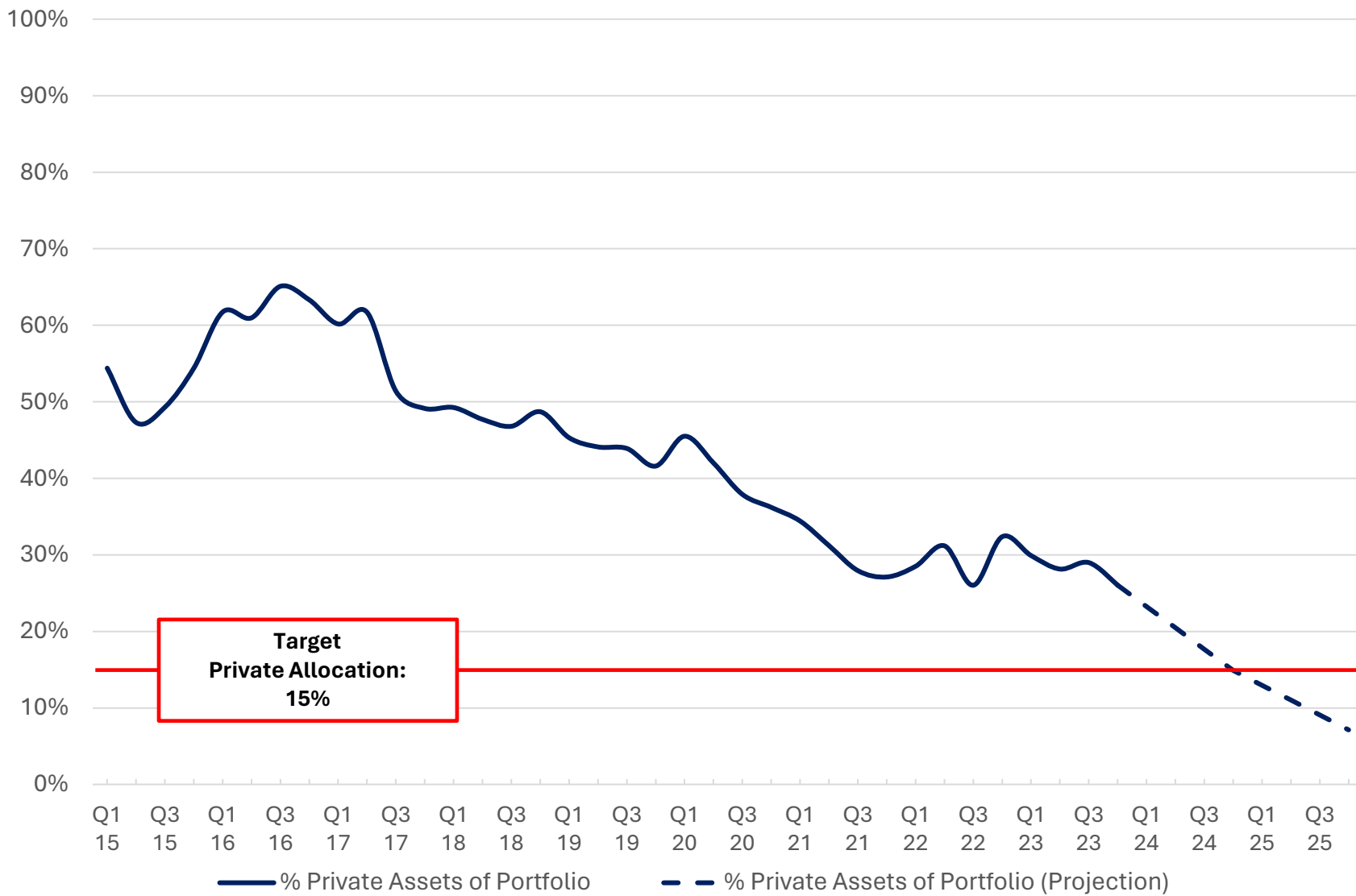
- The role of **DPFP Staff** is to:
 - Educate, advise, and provide expertise and solutions to the Board.
 - Administer, oversee and implement the investment activities of DPFP under policy guidance from the Board.
 - Manage the portfolio operationally consistent with ongoing liquidity needs of the System.
 - Oversee and manage all current asset manager and consultant relationships.
 - Along with consultant, develop, recommend and implement asset allocation, portfolio construction, new manager selection/due diligence.
- The role of the **Consultant(s)** is to:
 - Act as a Fiduciary and provide independent investment expertise to the Board, IAC, and Staff.
 - Report to the Board and works closely with Staff.
 - Provide advice on portfolio construction, asset allocation, annual planning and new investment manager recommendations.
 - Provide quarterly investment performance reporting to the Board.

DPFP Service Providers

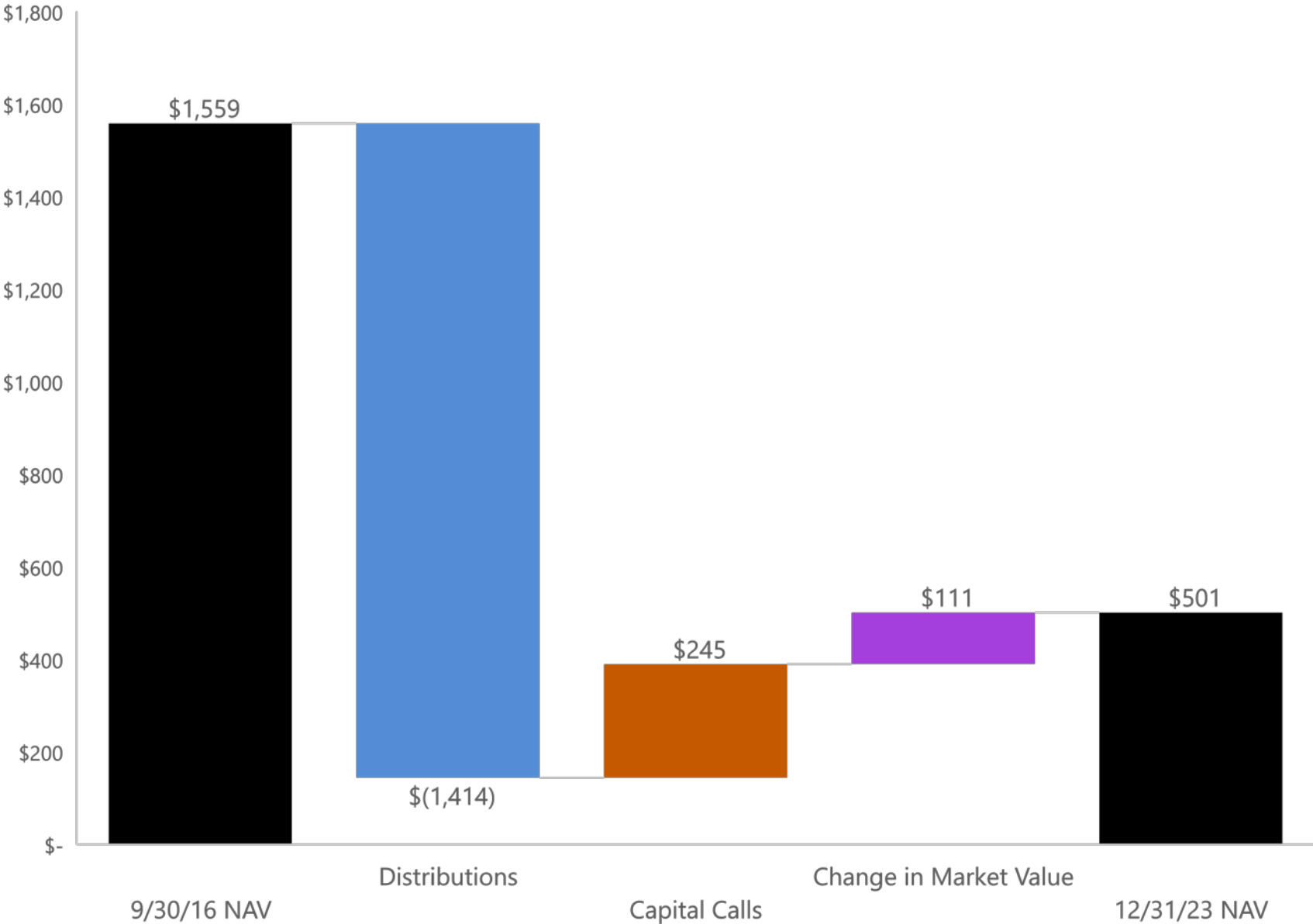
- **Meketa** was hired as the investment consultant in 2018.
 - Staff holds bi-monthly meetings with Meketa.
 - Meketa was re-appointed as the General Investment Consultant in July 2023.
- **Albourne** was approved by the Board to provide Private Markets consulting services in July 2023.
 - DPFP is still overallocated to private markets and will likely begin using Albourne's services in 2024.
- **JP Morgan** was hired as the custodian in 2002.
 - JP Morgan provides custody support functions as well as investment reporting. Staff plans to conduct a Custodian Search in 2024.
- **BDO** has been DPFP's auditor since 2014.
- **Segal** has been DPFP's actuary since 2016.
- **Jackson Walker** has been DPFP's fiduciary counsel since 2016.

Asset Allocation Private Markets Over Time

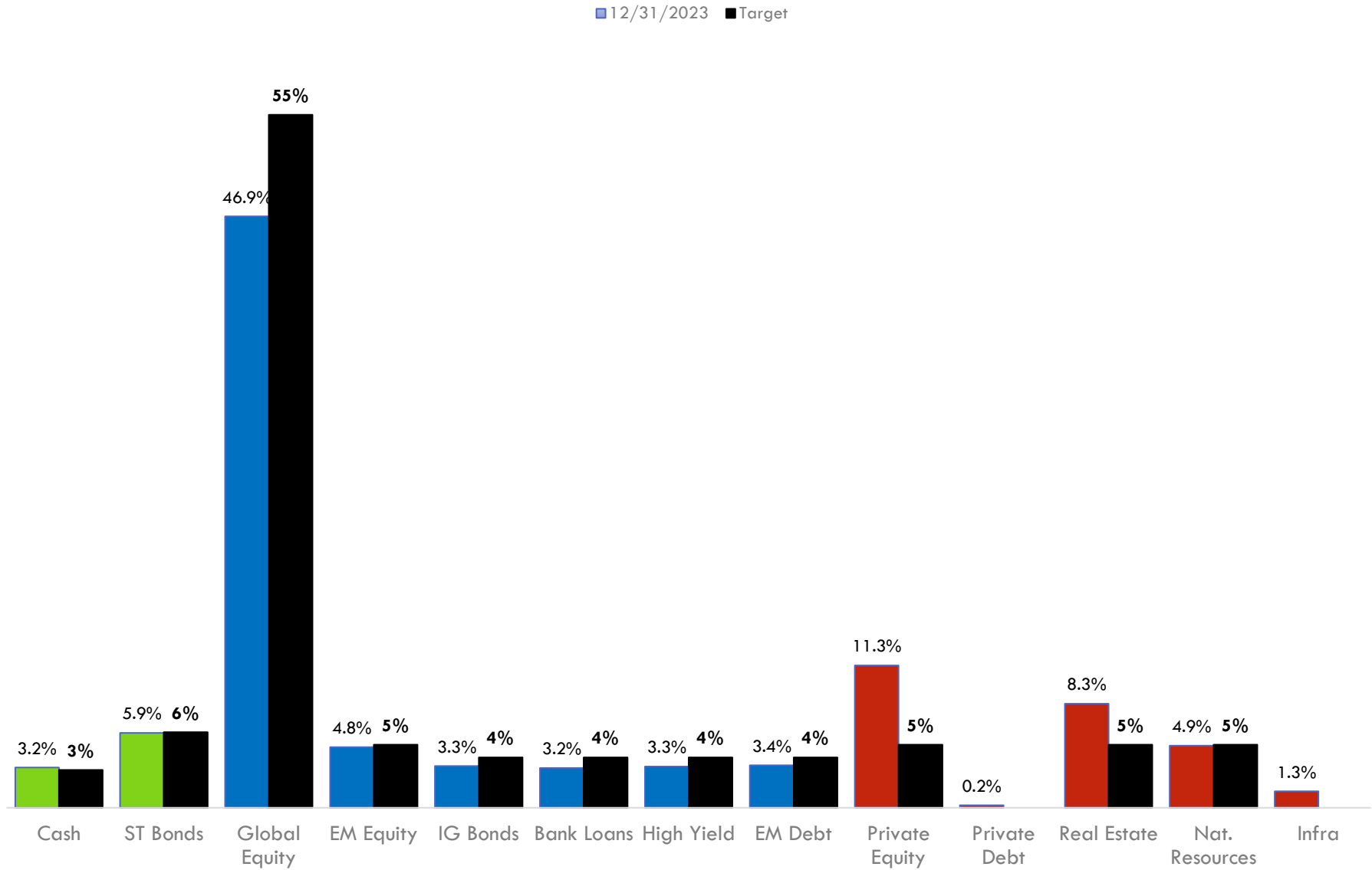
Private asset cash flow projections are based on either in-process/planned sales, if available, or a gradual disposition through 2025.
Assumes 100% of private asset proceeds are reinvested into liquid investments and flat fund NAV



Private Markets Bridge Chart – Since 9/30/16

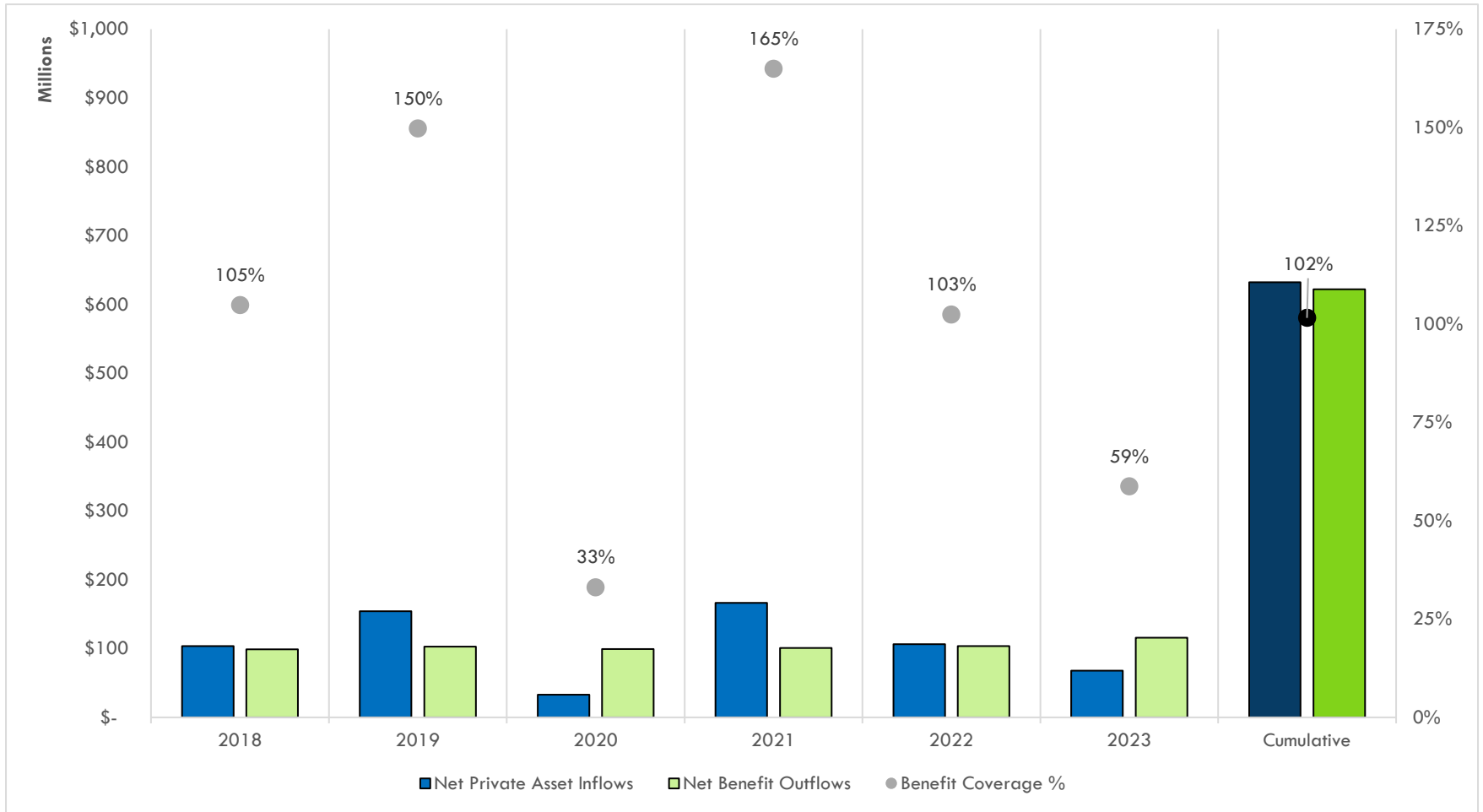


Asset Allocation – Actual vs. Target



Benefit Outflow Coverage

Since 2018, net Private Asset inflows have covered 102% of net benefit outflows.



DPFP Investment Managers

Public Equity

Walter Scott
Global Investment Management

Boston Partners



WCM
INVESTMENT MANAGEMENT

Manulife
Investment Management



NORTHERN TRUST
ASSET MANAGEMENT



EASTERN SHORE
CAPITAL MANAGEMENT

Fixed Income



LS LOOMIS | SAYLES



LIM
LONGFELLOW
Investment Management

MetLife
Investment
Management



ALVAREZ & MARSAL

RIVER
STONE

Private Equity

INDUSTRY VENTURES

LONESTAR
INVESTMENT ADVISORS



The Huff
Energy Fund, L.P.

Natural Resources

Manulife
Investment Management

BTG Pactual

Infrastructure

THE
ROHATYN
GROUP

Real Estate

AEW

CLARION
PARTNERS

DPFP Trailing Performance Summary - as of 9/30/23

Net Annualized Returns	Allocation	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
DPFP	100.0%	10.1%	4.2%	3.2%	3.3%	1.6%
DPFP ex Private Markets	71.6%	16.9%	3.8%	4.4%	5.1%	5.0%
<i>InvMetrics Public DB > \$1B Median</i>		10.0%	5.5%	5.5%	6.8%	6.4%
<i>60% MSCI ACWI IMI/40% Bloomberg Global Agg</i>		12.8%	1.3%	3.2%	4.5%	4.4%
Global Equity	46.5%	22.0%	7.4%	6.6%	9.2%	8.2%
<i>InvMetrics Public DB Global Equity Median</i>		19.5%	6.9%	6.4%	8.4%	8.4%
<i>MSCI ACWI IMI Net</i>		20.2%	6.9%	6.1%	8.3%	7.4%
Emerging Markets Equity	4.6%	16.5%	-0.1%	2.2%	--	--
<i>InvMetrics Public DB EM Equity Median</i>		13.9%	0.5%	1.1%	--	--
<i>MSCI Emerging Markets IMI Net</i>		13.2%	-0.3%	1.3%	--	--
Fixed Income & Cash	20.7%	6.7%	-0.5%	1.0%	1.6%	1.9%
<i>InvMetrics Public DB Total Fixed Income Median</i>		3.1%	-3.1%	1.1%	0.9%	1.5%
<i>Bloomberg Multiverse</i>		2.7%	-6.6%	-1.5%	-1.3%	-0.3%
DPFP Private Markets		1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Private Equity	11.8%	-7.9%	9.3%	2.6%	-3.3%	-4.6%
<i>Russell 3000 + 2% (1 Quarter Lag)</i>		22.8%	11.9%	12.0%	13.9%	14.4%
Real Estate	8.6%	12.4%	6.4%	4.0%	4.5%	-1.4%
<i>NCREIF Property (1 Quarter Lag)</i>		-6.6%	6.8%	5.9%	6.2%	7.8%
Natural Resources	5.7%	-6.4%	-0.2%	0.1%	-1.4%	1.0%
<i>NCREIF Farmland Total Return (1 Quarter Lag)</i>		8.4%	7.7%	6.5%	6.5%	8.4%
Infrastructure	2.1%	-3.6%	21.2%	5.3%	11.6%	7.6%
<i>S&P Global Infrastructure (1 Quarter Lag)</i>		6.9%	7.3%	4.1%	5.1%	5.1%

Source: Meketa Investment Group, peer data only updated through 9/30/23 which is why that was selected as end point. As is standard practice, Private Market returns are on a one-quarter lag.

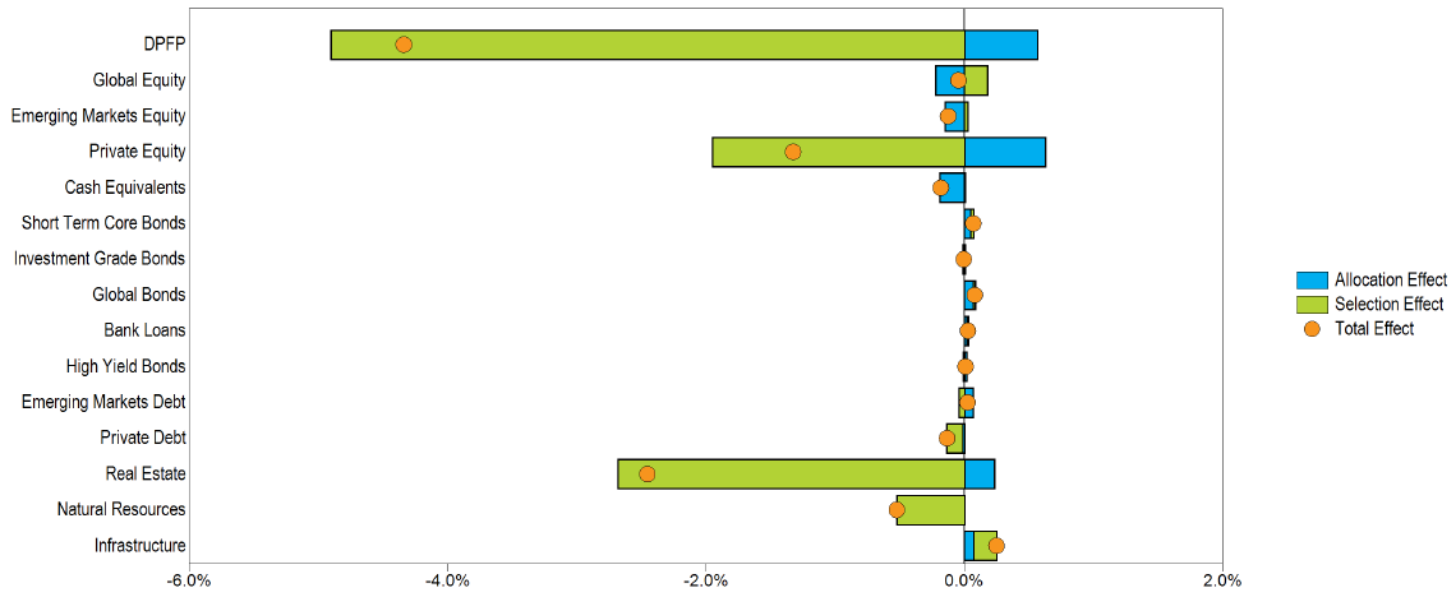
10-year Return Attribution - as of 9/30/23



Dallas Police & Fire Pension System

DPFP | As of September 30, 2023

Attribution Effects vs. Policy Benchmark 10 Year Ending September 30, 2023

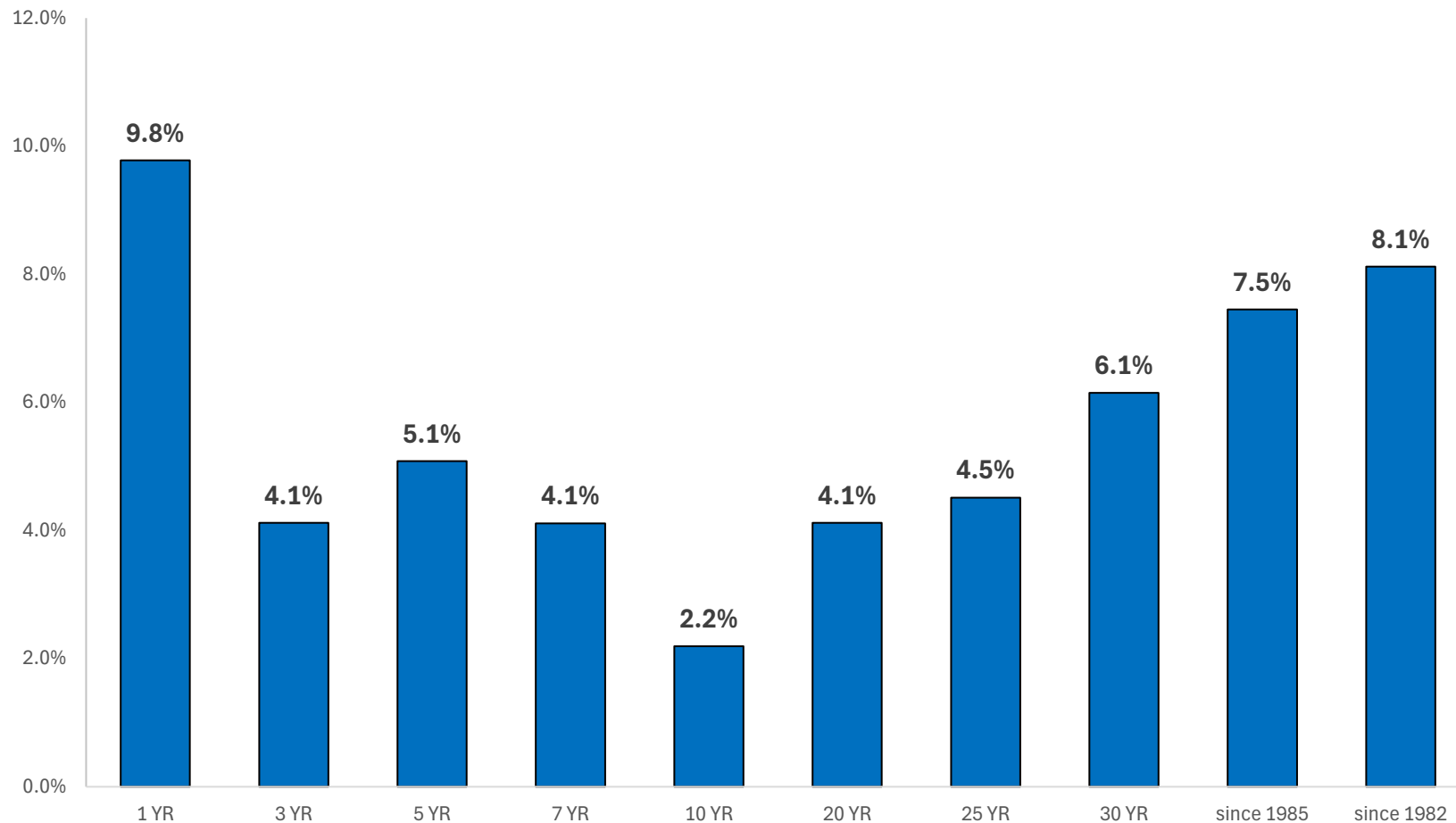


Attribution Summary						
10 Years Ending September 30, 2023						
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Total	1.6%	5.4%	-3.8%	-4.9%	0.6%	-4.3%

The performance calculation methodology in attribution tables is different from the standard time weighted returns (geometric linkage of monthly returns) found throughout the rest of the report. In attribution tables, the average weight of each asset class (over the specified time period) is multiplied by the time period performance of that asset class and summed. Values may not sum due to rounding.

MEKETA INVESTMENT GROUP

DPFP Estimated Trailing Net Returns - as of 12/31/23



Source: Meketa Investment Group, Q4 223 Private Market Return estimated based on changes to NAV that have been reported to date. As is standard practice, Private Market returns are on a one-quarter lag.