

**Alabama Trust Fund
Board of Trustees Meeting
August 16, 2018
State Capitol, E-317**

Pursuant to public notice, a meeting of the Alabama Trust Fund Board of Trustees was held on August 16, 2018. The meeting was called to order at 10:00 AM by Secretary, Young Boozer. The roll was called by Secretary Boozer and recorded as follows with a quorum present.

Present:

Mr. Young Boozer, Secretary
Mr. Kelly Butler, Vice Chair
Mr. Edgar Pruitt
Mr. Daniel Hughes
Mr. John Hornsby
Mr. Guice Slawson, Jr

Absent:

Governor Kay Ivey, Chair
Dr. Sandra Sims-deGraffenried
Mr. Sam Upchurch

The first decision item was the review and approval of the minutes of July 23, 2018. Upon a motion made by Mr. Hughes, and a second by Mr. Pruitt, the reading of the minutes was dispensed and the minutes were approved as presented.

Mr. Boozer then reviewed the quarterly financial reports. He noted the Balance Sheet as of June 30, 2018, indicates total assets of \$3.11 billion, an increase of approximately \$19 million from the previous quarter end. Liabilities are \$108 million and total capital is \$3.0 billion. The Statement of Revenues and Expenditures indicates total revenues of \$52 million and total distributions of \$58 million. Oil and gas receipts for the quarter were \$11.9 million. The remainder of the financial reports were reviewed and received as information.

Ms. West presented the quarterly investment performance measurement report and market overview. Asset allocation was within rebalancing ranges. The portfolio has an overweight to International Equity and underweight to Fixed Income. The return for the quarter was a positive 39 bps trailing the benchmark by 49 bps. Ms. West noted Domestic Equity beat the benchmark while International Equity and Fixed Income trailed the benchmark for the quarter. The one-year return was 7.43 percent. Ms. West then reviewed the returns by manager.

Ms. West then reviewed the flash report for July. The fund had unrealized gains of \$59 million with outflows of about \$20 million. The fund overall is \$3 billion. The fund was up 1.89 percent for the month of July and for the year the fund was up 2.11 percent.

On the watch list, Ms. West made the recommendation for Invesco to remain on the watch list. Upon a motion made by Mr. Hughes and second by Mr. Pruitt, the decision was approved.

Under decision items, Mr. Boozer reviewed the Small Cap Growth Finalists. The Investment Committee recommended that Federated Investors, Hood River Capital Management, and Wasatch Advisors, Inc be interviewed. With a motion made by Mr. Boozer on behalf of the Investment Committee and a second by Mr. Hughes, the decision to accept the recommendation was approved.

Ms. West then presented the Asset Allocation Follow-Up. Mr. Kloepper, Callan, discussed the asset class mix and performance examples requested by Mr. Hughes in the previous meeting. After discussion by the Board the decision was made to issue requests for proposals for Hedge

Fund-of-Fund managers and Multi-Asset Class Strategies managers. Upon a motion made by Mr. Hughes and a second by Mr. Pruitt the motion passed.

Mr. Kloepper presented the CMT Asset Allocation Review. After discussing the different asset class mixes presented the Board decided to make no changes to the CMT portfolio at this time.

Ms. West then reviewed the CMT fund quarterly performance. For the quarter, the fund was up 0.67 percent and trailing the benchmark by 21 bps. The one-year number is 6.95 percent trailing the benchmark by 26 bps. Ms. West noted the portfolio has a slight underweight to Fixed Income and International Equity managers underperformed for the quarter.

The July flash report for the CMT indicates unrealized gains of almost \$10 million and the fund stood at \$500 million. Under manager performance, Ms. West noted that the fund was up 2.04 percent and beating the benchmark by about 40 bps for the month. The total fund is up 2.24 percent for the year.

Invesco representatives presented a report on the company's performance. The representatives discussed their strategies and how the current market affected Invesco's performance. Mr. Hughes requested performance data for two and three years to date.

There being no other business the meeting was adjourned.

Young Boozer, Secretary