

**Alabama Trust Fund
Board of Trustees Meeting
February 15, 2018
State Capitol, E-317**

Pursuant to public notice, a meeting of the Alabama Trust Fund Board of Trustees was held on February 15, 2018. The meeting was called to order at 10:00 AM by Vice Chair, Clinton Carter. The roll was called by Secretary Boozer and recorded as follows with a quorum present.

Present:

Mr. Clinton Carter, Vice Chair
Mr. Young Boozer, Secretary
Mr. Edgar Pruitt
Mr. Guice Slawson, Jr
Mr. Daniel Hughes
Mr. John Hornsby
Mr. Sam Upchurch

Absent:

Governor Kay Ivey, Chair
Dr. Sandra Sims-deGraffenried

The first decision item was the review and approval of the minutes of November 16, 2017. 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 December 31, 2017 indicates total assets of \$3.0 billion with a slight decrease. Total Capital is \$2.9 billion. The Statement of Revenues and Expenditures indicates total revenues of approximately \$55 million and total distributions of \$53.6 million. Oil and gas receipts for the quarter were approximately \$12 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 close to the target and no rebalancing was needed. The portfolio has a slight overweight to International Equity and underweight to Fixed Income. The return for the quarter was a positive 3.60 percent beating the benchmark by 16 bps. Fixed Income managers outperformed the benchmark for the quarter. The one-year return was 16.2 percent. Ms. West then reviewed the returns by manager.

Mr. Kloepfer then reviewed the asset allocation update as requested by Mr. Hughes in the previous meeting. Mr. Kloepfer discussed various asset allocations mixes including the potential introduction of new investment strategies. Mr. Hornsby requested that Callan provide some examples of the different strategies discussed.

Ms. West gave an update on the Forever Wild Stewardship Fund. Accounts for Forever Wild Stewardship have been set up with Western Asset as the Fixed Income manager and State Street as the Equity manager.

On the watch list, Ms. West made the recommendation for Smith Group to remain on the watch list and for Invesco to be added to the watch list for performance. Upon a motion to approve made by Mr. Boozer and second by Mr. Pruitt, the decision was approved.

Under decision items, Mr. Boozer requested that the Board extend the Investing Consulting Services Agreement with Callan Associates for another two years as allowed under the current agreement. Upon a motion to approve made by Mr. Hughes and second by Mr. Upchurch, the

decision to extend the Investing Consulting Services Agreement with Callan Associates was approved.

Ms. West then reviewed the CMT fund quarterly performance. For the quarter, the fund was up 3.35 percent and trailed the benchmark by 10 bps. The one-year number is 14.61 percent trailing the benchmark by 5 bps. Ms. West noted International Equity had a negative effect of 33 bps on the portfolio this quarter.

Under other business, Mr. Boozer reviewed House Bill 78 and House Bill 362 that were under current consideration in the legislature. Mr. Boozer then gave the Board a brief overview of the Alabama Trust Fund 2017 Annual Report.

There being no other business the meeting was adjourned.

Clinton Carter, Vice-Chairman

Young Boozer, Secretary