

**Alabama Trust Fund
Board of Trustees Meeting
May 16, 2019
State Capitol, E-317**

Pursuant to public notice, a meeting of the Alabama Trust Fund Board of Trustees was held on May 16, 2019. The meeting was called to order at 10:00 AM by Vice Chair, Kelly Butler. The roll was called by Secretary McMillan and recorded as follows with a quorum present.

Present:

Mr. John McMillan, Secretary
Mr. Kelly Butler, Vice Chair
Mr. Guice Slawson, Jr
Mr. John Hornsby
Mr. Daniel Hughes
Mr. Stacy Faison

Absent:

Governor Kay Ivey, Chair
Mr. Edgar Pruitt
Dr. Sandra Sims-deGraffenried

The first decision item was the review and approval of the minutes of February 21, 2019. Upon a motion made by Mr. Hughes, and a second by Mr. Hornsby, the reading of the minutes was dispensed and were approved as presented.

Mr. McMillan then reviewed the quarterly financial reports. He noted the Balance Sheet as of March 31, 2019, indicates total assets of \$3.17 billion, an increase of approximately \$57 million from the previous quarter end. Total capital is \$3.0 billion. The Statement of Revenues and Expenditures indicates total revenues of \$55.2 million and total distributions of \$30.1 million. Oil and gas receipts for the quarter were \$13.2 million. The remainder of the financial reports were reviewed and received as information.

Ms. West, Callan, presented the quarterly investment performance measurement report and market overview. Asset allocation was within rebalancing ranges. The portfolio had an overweight to Small Cap Equity and International Equity and underweight to Large Cap Equity. The return for the quarter was a positive 8.98 percent beating the the benchmark by 94 bps. Ms. West noted the managers as a group added value of 92 bps for the quarter. The one-year return was a positive 4.06 percent. Ms. West then reviewed the returns by manager. Mr. Hughes asked if the quarterly distributions could be paid from cash to avoid selling securities. Mr. Hornsby requested Callan to also look at retaining dividend and interest yields to fund quarterly distributions instead of reinvesting. Ms. West will provide an analysis at the next meeting. Ms. West noted Intech's performance has not added value in the long term and the Board may want to review the Large Cap Equity structure.

Ms. West reviewed the flash report for April. The fund had unrealized gains of \$77 million. The fund overall is \$3.2 billion. The fund was up 2.45 percent for the month of April and for the calendar year the fund was up 11.66 percent beating the benchmark by 1.5 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. McMillan, the decision was approved.

Ms. West then reviewed the CMT fund quarterly performance. For the quarter, the fund was up 8.37 percent and beating the benchmark by 33 bps. The one-year number is positive 3.78 percent beating the benchmark by 3 bps. Ms. West noted the portfolio has an underweight to Fixed Income and an overweight to Equity.

The April flash report for the CMT indicates unrealized gains of \$12 million and the fund overall is \$498 million. The fund was up 2.53 percent and beating the benchmark by 60 bps for the month. The total fund is up 11.11 percent for the calendar year. Mr. Butler then reviewed the CMT distribution schedule for FY 2019.

Under other business, Dr. Nick Tew from the Oil & Gas Board presented the Board with an update on the oil and gas royalties.

There being no other business the meeting was adjourned.

Approved on August 22, 2019.

John McMillan, Secretary