

Investment Committee Chair Lockett called the meeting to order at 1:01 p.m. and welcomed all in attendance.

2. ACG: Mandate and Replacement Search Overview

Rives began with a review of the mandate followed by an overview of the managers. She described this mandate as being offense, not defense. Cedar Street and Grandeur Peak were both described as niche boutique managers who will invest in the micro- and small-cap space. They will invest anywhere in the smaller, non-U.S. end of the market. While Cedar Street will call themselves a value-oriented manager, ACG does not consider them in this way. However, from a value standpoint, they will buy stocks of companies that are more challenged with the belief there is significant upside appreciation opportunities. Grandeur Peak on the other hand is looking for higher growth companies. Rives also described Grandeur Peak as being capacity constrained. They have closed several times and subsequently reopened after experiencing asset value declines due to market conditions. ACG believes both managers provide an excellent opportunity for the DB portfolio, however because of the mandate size, they recommend only investing with one.

3. Presentations Regarding International Small Cap Equity Management Firms

1:15 – 1:55 Cedar Street International Small Cap Value – Jonathan Brodsky, Waldemar Mozes, and Sandy Pavlik

Pavlik introduced the team and the firm. Pavlik is the Chief Operating Officer and joined the firm four (4) years ago after running a hedge fund. She was joined by Founder, Principal, and Portfolio Manager Jonathan Brodsky and Director of Investments and Portfolio Manager Waldemar Mozes. Cedar Street is an independent boutique investment firm founded in 2016 focused solely on investing in non-U.S. small cap stocks across developed and emerging markets. The firm is structured as a partnership and is 95% employee-owned to ensure interests are aligned with clients. They manage assets across four (4) different strategies with International Small Cap Value being the largest at \$637.3 million. The investment team is a purpose built multi-cultural team led by Jonathan and Waldemar comprised of six (6) total members. The client service, operations, trading, and compliance team is led by Sandy Pavlik and is composed of five (5) members. The entire eleven (11) member team is based out of Chicago. Brodsky highlighted the necessity of having team members who speak the language and understand the culture of the countries where investments are made. Furthermore, interns are hired through the Posse Program with the goal of possibly hiring them as employees in the future.

Brodsky reviewed the merits of the asset class describing the current opportunity set as being very attractive when compared to other areas of the market. Specifically, these companies are more inexpensive while still being as productive as the S&P 500 when measuring price-to-earnings, price-to-book, and sales growth. In addition, Brodsky stated investing in International Small Cap is one of the most compelling ways to gain true diversification benefits. In addition, International Small Cap stocks provide similar risk profiles to the EAFE large cap stocks.

Mozes described the investing process as being an active fundamental approach focused on understanding valuation and quality while ensuring firm ownership interests are directly aligned with the strategy's investors. The investment process starts with idea generation where the universe of investable stocks is created and screened. In the next step, called "Tear Sheet" review, analysts create a valuation profile focusing on key fundamentals. Following the Tear Sheet review, analysts conduct a deep dive analysis to identify sources of economic value and upside/downside modeling. Finally, the portfolio is constructed from bottom-up individual investments comprised of 50 – 75 names with approximately one-third turning over every year. Potential investments will

be valued in the range of \$500 million up to \$8 billion with a typical valuation being \$2 billion. When evaluating potential investments, the team examines such factors: corporate actions creating spin-offs or management turnover; business fundamentals considering operating cycles or technology disruption; stocks going under-the-radar due to lack of analyst coverage or limited market access; and corporate structures where businesses have excess cash or recently optimized assets. Multiple team members collaborating with each other throughout the entire process is extremely important. Mozes described the collaborative culture as being the “secret sauce” that makes the process work effectively. While Brodsky and Mozes are the final decision makers on which investments enter or exit the portfolio, all team members have a voice in the decision-making process. This process is designed to be a stock-picker’s portfolio with less than 5% tracking error.

1:55 – 2:05 Break

2:05 – 2:45 Grandeur Peak International Opportunities – Blake Walker and Todd Matheny

Matheny opened with an introduction to the firm and Blake Walker, who is co-founder, Chief Executive Officer, and one of the portfolio managers on the International Opportunities fund. The firm was founded in 2011 with the exclusive goal of investing from a global perspective in International Small Cap companies. Walker and two other co-founders initially joined Wasatch in 1981 and at that time began investing in this space. The firm was lifted out of Wasatch in 2011 and has now grown to \$3.8 billion with forty-three employees averaging 18 years of experience. The firm maintains a global perspective when considering investments with a team who travels the world evaluating new investment opportunities providing a boots-on-the-ground perspective. The team evaluates companies growing their earnings at an elevated and consistent rate over time.

Matheny stated there are approximately 40,000 public equity companies around the world with only 4% being the large and mega-cap companies. The remaining smaller sized companies are not considered by large asset managers simply because they do not have the time and/or resources to properly evaluate them. These under-covered smaller companies are where Grandeur Peak believes companies providing consistent earnings growth will provide superior stock price performance. Together, these two factors create an inefficient market where stock pickers can outperform, with Matheny stressing that inefficient markets also require patience.

The process is very structured, and team oriented with a primary and a co-portfolio manager on every strategy and every security has a primary and a secondary analyst. There are also sector teams and geography teams who speak the language in the country or region where investments are being made. Portfolio managers have an average tenure of 18 years and analysts have an average tenure of 13 years. A quantitative team is also utilized to further screen the universe down to prospective investable names.

The fund has opened and closed to new investors several times in its history. Matheny characterized this as the firm always putting client interests first. In periods of rapidly appreciating markets, the fund could have taken in more capital at the cost of becoming less nimble and potentially hurting returns. Instead, the fund closed to new investors which helped maximize the existing client experience and returns. Then during periods of negative returns, the fund reopened to new investors. The firm also maintains a self-described fortress balance sheet with assets approximately four (4) times fixed costs enabling them to weather volatile markets and gives them staying power.

Walker described the entire investment thesis as being built around the idea of finding good companies with sustainable competitive advantages, room to grow, a good business model and good management teams at favorable valuations. Furthermore, keeping asset size small and prioritizing performance over being asset gatherers provides the firm with a competitive advantage allowing them to move into securities more nimbly.

Walker described the investment management team as being fundamental bottom-up investors using a proprietary scoring system to better understand qualitative characteristics of a company. When conducting fundamental analysis, the quantitative team screens the investable universe down to potential investments. Analysts then conduct fundamental due diligence examining the business model and strength of earnings per share growth; looking for favorable valuation metrics. Portfolio managers and analysts then have direct interactions with companies to better understand their culture and management teams to look for best-in-class business models. Walker stated that AI tools are used to better understand data analytics and pattern recognition, however there is no replacement for walking the factory floors and meeting management teams face-to-face to gain a deeper insight behind their business models.

The goal of the fund is to keep pace in up markets and outperform down markets. Risk is measured through fundamental evaluation of the balance sheet and finding stocks with lower volatility. While traditional measures are considered, they are not the focus. This helps create a long-term investing framework of what they consider to be lower risk, steadily growing companies.

4. **Discuss and Develop a Recommendation for Board Consideration and Possible Action for the purpose of Hiring an International Small Cap Equity Manager within the International Equity Component of the Defined Benefit Portfolio**

Rives reviewed the differences in fee structures between the two managers, stating ACG has a negotiated fee structure with Cedar Street of 0.78% whereas Grandeur Peak is 1.38%.

Motion by Lockett, seconded by Tinker, to recommend to the Oklahoma Municipal Retirement Fund Board of Trustees to hire Cedar Street as the International Small Cap Equity Manager within the International Equity Component of the Defined Benefit Portfolio.

Lockett: Yes

Reames: Yes

Tinker: Yes

5. **Discuss and Develop a Recommendation for Board Ratification of Staff Action Taken in the Month of March 2026, in Consultation with ACG, to Use Redemptions from Ninety One International Dynamic Equity and to Reinvest the Private Equity Cash Distributions Received in March as the Funding Sources to Fulfill Private Equity Capital Calls Received Intramonth**

Whatley explained that due to the increase in private equity activity related to capital calls as well as distributions in the month of March, and upon consultation with Asset Consulting Group, staff took action to satisfy the private equity capital calls using Ninety One International Dynamic Equity along with private equity cash distribution proceeds received as the funding sources.

Motion by Tinker, seconded by Lockett, to recommend to the Oklahoma Municipal Fund Board of Trustees to ratify staff action taken in the month of March 2026, in consultation with ACG, to use redemptions from Ninety One International Dynamic Equity and to reinvest the private equity cash distributions received in March as the funding sources to fulfill private equity capital calls received intramonth.

Luckett: Yes

Reames: Yes

Tinker: Yes

6. Discuss and Develop a Recommendation for Board Consideration and Possible Action to Amend the Board's Standing Directives Regarding the Private Equity Funding Policy Enacted on March 31, 2023, and the Private Equity Cash Distribution Policy Enacted on December 21, 2023

Whatley explained the Board's prior direction from March 31, 2023, was to use the SSGA S&P 500 as the funding source for future capital calls and the prior direction from December 21, 2023, was to hold cash distributions to pay plan expenses, or benefit payments, if needed. However, if not needed, cash distributions were to be reinvested in the SSGA S&P 500. Due to changing market conditions and growth of capital contributions and distributions, staff is requesting the board retract both standing directives and, on a prospective basis, seek ACG recommendation for funding capital calls and/or reinvesting cash distributions.

Motion by Tinker, seconded by Luckett, to recommend to the Oklahoma Municipal Fund Board of Trustees to amend the Board's standing directives regarding the Private Equity funding policy enacted on March 31, 2023, and the Private Equity cash distribution policy enacted on December 21, 2023, in order to mirror the Private Equity cash management policy reflected within the Defined Benefit Investment Policy Statement.

Luckett: Yes

Reames: Yes


Tinker: Yes


7. New Business

None.


8. Adjourn

With no further discussion, meeting adjourned at 3:32 p.m.


Jim Luckett, Jr., Investment Chair


Denna Doolen, Chair of OkMRF

Respectfully submitted by:


Chris E. Whatley
