



## Anne Arundel County Retirement and Pension System

### Board of Trustees Minutes of June 17, 2025, Virtual Meeting

DRAFT

**Members Present:** Christine Anderson, Anne Budowski, Karen Henry, Rhody Holthaus, Mary Lu Hughes, Alan Hyatt, Kevin Nethers, Billie Penley, Ronald Seldon, Joseph Solari, Donald Spencer, M. Kathleen Sulick, and LeRoy Wilkison

**Members Absent:** Chris Trumbauer

**Staff Present:** Lynn Daitch, John Hammond, Huija Hasim, Kelly Lovett, Amy Lukas, and Cheryl Wyngarden

**Guests:** Rhett Humphreys, Jose Gonzalez, Sinisa Dukic, Siobhan Kranz, José Morales

**Recorder:** Stacy Kish, Audio Associates

Ms. Anderson called the meeting of the Board of Trustees of the Anne Arundel County Retirement and Pension System (Board) to order at 12:01 p.m. The minutes for May 20, 2025 meeting were approved unanimously.

---

### Manager Interviews

***Dimensional Fund Advisors  
Jose Gonzalez, Sinisa Dukic***

Mr. Gonzalez gave an overview of Dimensional Fund Advisors (DFA), which invests in a mutual fund that has \$11 billion in assets under management and a \$17 billion strategy. DFA saw \$1 billion in negative flow during the past 12 months, which is now slowing. The investment team personnel have not changed.

Mr. Dukic continued that the account is evaluated daily to rank stocks based on characteristics. DFA is looking to gain exposure to each country and find value stocks. DFA is well diversified. The weighted average profitability is lower than MSCI.

Mr. Wilkison asked about the China–Taiwan relationship.

Mr. Dukic stated that DFA is neutral in terms of their approach to investing. DFA is always looking for signs of destabilization. He provided an example of how DFA evolved in regard to Russia. Back in 2009, the investment committee had concerns about Russia and only had exposure in depositary receipts. In 2014 after the annexation of the Crimean peninsula, the investment committee decided to half-weight Russia as a risk control. In 2022, DFA halted any further purchases in Russia due to concern of troop mobilization around the Ukrainian border. In February 2022, DFA removed Russia as an eligible market and sold what it could. Russia provides an example of the lens through which the China–Taiwan situation is viewed.

Mr. Gonzalez let the Board know that DFA performs systematic reviews and is looking at geopolitical situation.

Mr. Dukic continued that year-to-date, the portfolio's performance returned 8.2%. Small caps explain the relative underperformance. DFA also has a deeper emphasis on value.

Ms. Hughes asked about the devaluation of the dollar with regard to emerging markets.

Mr. Dukic stated the response has been a mixed bag. Net-Net, it has contributed a small amount.

***Axiom***  
***Siobhan Kranz, José Morales***

Ms. Kranz stated that Axiom is a founder-led, investor-led, employee-owned private partnership with \$25.8 billion in assets under management. Axiom invests in emerging markets.

The company has realigned the portfolio management structure. Jose Morales will be the lead portfolio manager for the emerging market equity strategy. Andrew Jacobson will be the co-portfolio manager. Alex Harrison has also joined the portfolio management team. Don Ellison has a planned retirement. Young Kim has departed the organization.

Axiom has the philosophy of positive change, sustainable growth, and valuation. The company gives every stock a rating that is a reflection of risk/return profile and weights stocks that have the highest rating [A (least risk) to E (more risk)]. Axiom looks for the gap between rating and consensus and only invests in stocks where there is a gap, placing the biggest weight in the portfolios that have the highest rating. This framework helps the team collaborate and create an internal language that helps clients understand the weighting of stocks.

In 2024, the strategy was up about 7%. India, which has invested in infrastructure to improve the supply chain, drove this performance. Consumer discretionary was the strongest sector. China was challenged, but Axiom has identified select pockets that were doing well, such as travel. Year-to-date, the strategy is up about 5%. The top detractors were the top contributors last year. Axiom started the year by trimming exposure in India. The release of the China AI model garnered enthusiasm for Chinese markets, where Axiom was underweight. The

company has made changes to the portfolio. Korea is a top performer (e.g., ship building and power grids).

Emerging markets are off to a good start. Valuations remain at a discount relative to developed markets. The U.S. dollar has been weak, which is expected to continue. An active and selective approach is important in emerging markets. Axiom's biggest exposure is industrials (i.e., defense spending, power grid, AI). Axiom is neutral on China. The demand for components of the AI supply chain are inflecting positively in 2025.

Ms. Anderson asked about volatility in emerging markets. How does Axiom factor volatility into investment decisions?

Mr. Morales stated there is always something that is evolving (e.g., trade and tariffs). Axiom approaches this country-by-country. It is very selective.

***New England Pension Consultants***  
***Rhett Humphreys***

Mr. Humphreys gave a preliminary report ending May 31. Year-to-date, the markets have been up despite the instability in April. The five-year numbers are over 7%. The report is abbreviated due to confusion over the report presented. Lazard is ahead for the month but still behind for the year. NEPC is meeting with Lazard in about two months to discuss performance. Credit is driving the fixed income component of the portfolio. For May, interest rates are going against the portfolio. Looking at interest in late-April/May, the instability in the Middle East has re-established treasuries as a safe haven. NEPC does not have any concerns with managers. Barings is slightly behind but well within expectations. Reams is well within expectations.

**Administrative Report**

Ms. Budowski reported that Bill No. 59-25 was introduced to take up the negotiated actions. The bill changes the DROP interest rate for members of Police, Fire, and Battalion Chiefs unions. For Police and Fire, it moves it from 4.25% to 5% interest and for Battalion Chiefs, it moves it from 4.25% to 4.75%. For members who enter the DROP on or after July 1, 2025, the bill will be retroactive for DROP entrance beginning in that fiscal year. So, if people are already in the DROP, they are locked into their current 4.25% interest rate. In DODS, CPS has negotiated for the seventh year of DROP. The employee contribution rate for Police and Fire is changing. Beginning mid-year of the fiscal year, the employee rate will increase. The bill will be heard on July 21.

Ms. Penley had no news to report from Finance. Both she and Donald Spencer are available if any members have questions.

Mr. Hammond noted that there are two new private equity members joining the Board. The Board has completed the subscription agreement on Apogem 11. The Apollo private hub fixed

income asset backed fixed income subscription agreement is being reviewed by the tax counsel and will require signatures and notary soon.

Ms. Daitch gave an update on the annual statements, which are scheduled for the end of this month (estimated June 24). Bolton is working diligently to get statements out earlier this year.

The meeting adjourned at 1:05 p.m. The next meeting will occur July 15, 2025, virtually.

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

---

Anne M. Budowski  
Secretary to the Board

---

Date