



Anne Arundel County Retirement and Pension System

Board of Trustees Minutes of November 18, 2025, In-Person Meeting

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

Members Absent: Ronald Seldon

Staff Present: John Hammond, Kelly Lovett, Amy Lukas, Beth Zimmerman

Guests: Chad Bounds, Rhett Humphreys, Lee Incandela

Recorder: Laura C. Jackson, 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 12:03 p.m. The board unanimously approved the minutes of the October 21, 2025 meeting.

Manager Interviews

HarbourVest Chad Bounds, Lee Incandela

HarbourVest is a global private markets allocator and investor. With more than 40 years of expertise, HarbourVest specializes in private market equity credit and real assets as well as primary, secondary and direct co-investments. The firm has \$147.9 billion in assets under management.

In June, the county pension system committed \$47 million to HarbourVest's Dover Street XI, a private equity secondary fund. The county also invested \$40 million in the firm's Direct Lending Fund II, a private credit fund. Both investments continue to meet expectations, said Mr. Incandela.

HarbourVest launched Dover Street XI, a \$15 billion commingled fund, in 2022. The fund is 82 percent committed across 48 deals, said Mr. Bounds. Managers expect the fund to be fully committed with about 53 deals by the end of 2025. So far the firm has deployed about \$6.3 billion across 20 deals. Nearly 90 percent of the portfolio is in buyouts.

The firm initiated the fund during a period of interest rate hikes, and corporate liquidity has been muted. That has created opportunities to acquire assets at attractive prices. Dover XI should benefit from this environment as it reaches the end of the investment period. HarbourVest looks forward to tracking the fund's progress during the next 12 to 18 months. Most of the fund's value has come from portfolio appreciation rather than discounts at purchase, which speaks to the firm's focus on quality, added Mr. Bounds. HarbourVest is now in the market for Dover XII.

In private credit, HarbourVest has more than \$10 billion in assets. The firm has dedicated about \$7 billion to senior direct lending. Managers get returns for investors by not making mistakes, said Mr. Incandela. With a focus on asset quality and deal selection, HarbourVest has a zero percent loss ratio in senior credit.

Direct Lending Fund II is a 2024 vintage fund with 45 names in the portfolio. The fund has \$870 million of commitments across the total fund. The fund remains in the investment period, and managers plan to invest the remainder of the committed resources during the first half of 2026. Mr. Incandela noted that the businesses in this portfolio will be recession resilient with predictable cash flow.

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

Mr. Humphreys presented several documents for board review.

Reviewing the county's performance for the period ending October 31, 2025, Mr. Humphreys highlighted composite returns of 1.1 percent for the month and 14 percent year-to-date. The county posted a 5-year number of 10.2 percent.

In the equities portfolio, Westwood reported -1.2 percent for the month versus the benchmark's 0.4 percent. Year-to-date returns were 4.6 percent against benchmark returns of 12.1 percent. NEPC still has confidence in the firm and reported no concerns.

Turning to Lazard in international equities, Mr. Humphreys said the firm continues to underperform. The pension board's Investment Committee recommended ending the pension system's relationship with Lazard and moving the funds into an international equity composite index fund that has lower fees than Lazard. Mr. Trumbauer will work with Lazard to liquidate the county's portfolio and move the funds into a State Street index provider fund before the end of the year.

Mr. Humphreys next reviewed a new bond manager, Reams Core Plus. The county hired this firm in January. Reams reported 1-month returns of 0.8 percent, slightly ahead of the benchmark's 0.6 percent.

The Barings U.S. High Yield bond portfolio has managed funds for the county since June 2024. Barings reported 7.9 percent for the year. The benchmark posted 8 percent. Since inception, Barings had returns of 9.4 percent versus the benchmark's 9.8 percent.

Mr. Humphreys said Barings still showed solid results. Mr. Humphreys also highlighted PIMCO's year-to-date returns of 15 percent versus 13.1 percent for the benchmark.

Turning to the Private Markets Report, Mr. Humphreys said the private equity program continues to show strong performance. For the period ending June 30, the program noted a quarterly internal rate of return (IRR) of 2.66 percent and a 5-year IRR of 13.04 percent. The since-inception IRR was 10.18 percent.

MOTION: Mr. Wilkison motioned to liquidate the Lazard portfolio and move the funds into a State Street international equity composite index fund. Ms. Hughes seconded, and the board approved the motion unanimously.

Administrative Report

Ms. Zimmerman presented pension system financial statements for the period ending September 30, 2025. Ms. Lovett reported 10 retirements for the month, a slight decrease from 12 last year. The retirement seminars have seen strong turnout, added Ms. Lovett.

The meeting adjourned at 1:00 p.m. The next meeting will occur virtually December 16, 2025.

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



Anne M. Budowski
Secretary to the Board

1/5/2024
Date