



Notice of Public Meeting

The Board of Retirement

of the San Mateo County Employees' Retirement Association will meet on

Tuesday, April 23, 2024, at 10:00 A.M.

PUBLIC SESSION – The Board will meet in Public Session at 10:00 a.m.

1. Call to Order, Roll Call and Miscellaneous Business

2. Oral Communications

- 2.1 Oral Communications from the Board
- 2.2 Oral Communications from the Public

3. Approval of the Minutes

- 3.1 Approval of Regular Board Meeting Minutes from March 26, 2024

4. Approval of the Consent Agenda*

- | | |
|--------------------------------|--|
| 4.1 Disability Retirements (1) | 4.6 Member Account Refunds |
| • Lindauer, Daubrey | 4.7 Member Account Rollovers |
| 4.2 Survivor Death Benefits | 4.8 Member Account Redeposits |
| 4.3 Service Retirements | 4.9 Report of Trustee Education Received |
| 4.4 Continuances | 4.10 Report on Proxy Voting Summary for the Year |
| 4.5 Deferred Retirements | Ended December 31, 2023 |

5. Benefit & Actuarial Services

- 5.1 Consideration of Agenda Items, if any, removed from the Consent Agenda

6. Investment Services

- 6.1 Preliminary Monthly Portfolio Performance Report for the Period Ended March 31, 2024
- 6.2 Report on Currency Hedge Manager Annual Review
- 6.3 Report on Cash Overlay (Parametric) Annual Review
- 6.4 Report on Custodian (Northern Trust) Annual Review
- 6.5 Report on SamCERA's Risk Dashboard as of 12/31/23
- 6.6 Report on SamCERA's Annual Portfolio Review
- 6.7 Approve Proposed Updates to the Investment Policy Statement regarding Securities Lending Program Guidelines
- 6.8 Approval of Proposed Alternative Investments (Confidential Under Gov. Codes §54956.81 and §7928.710, to be heard in Closed Session, C2)

7. Board & Management Support

- 7.1 Approval of SamCERA's Fiscal Year 2024-25 Budget
- 7.2 Approval of Resolution Authorizing CEO to Negotiate and Enter into an Agreement for Actuarial Services
- 7.3 Approval of Resolution Authorizing CEO to Negotiate and Enter into an Agreement for Financial Auditing Services

- 7.4 Approval of Resolution Authorizing CEO to Negotiate and Enter into an Agreement for Custodial Services
- 7.5 Selection of and Direction for SamCERA Voting Delegates at the SACRS Spring Business Meeting

8. Management Reports

- 8.1 Chief Executive Officer's Report
- 8.2 Assistant Executive Officer's Report
- 8.3 Chief Investment Officer's Report
- 8.4 Chief Legal Counsel's Report

CLOSED SESSION – The Board may meet in closed session prior to adjournment

- C1** Consideration of Disability Items, if any, removed from the Consent Agenda
- C2** Approval of Proposed Alternative Investments to be heard in Closed Session (Confidential Under Gov. Code §54956.81 and §7928.710, see item 6.8)

9. Report on Action Taken in Closed Session

10. Adjournment in Memory of the Following Deceased Members:

Driver, Tedd	November 25, 2020	Information Services
Huffman, Abraham	March 1, 2024	General Services
Farrell, James	March 8, 2024	Sheriff's
Krenzer, Thomas	March 8, 2024	Public Works
Rogers, Ralph	March 9, 2024	Probation
Whittington, Marie	March 12, 2024	Probation
Burnell, Diana	March 19, 2024	Crystal Springs Rehab Center
Florez, Joseph	March 20, 2024	Public Works
Borg, Susie	March 29, 2024	Human Services
Cobry, James	March 19, 2024	Hospital
Otten, Constance	March 27, 2024	Hospital
Vanderhorst, Gloria	March 30, 2024	Human Services
Hood, William	April 2, 2024	Assessor's
Lumm, George	April 10, 2024	Human Services

Scott Hood, Chief Executive Officer

Posted: April 17, 2024

(* ALL ITEMS ON THE CONSENT AGENDA ARE APPROVED BY ONE ROLL CALL MOTION UNLESS A REQUEST IS MADE BY A BOARD MEMBER THAT AN ITEM BE WITHDRAWN OR TRANSFERRED TO THE REGULAR AGENDA. ANY ITEM ON THE REGULAR AGENDA MAY BE TRANSFERRED TO THE CONSENT AGENDA. ANY 4.1 ITEMS REMOVED FROM THE CONSENT AGENDA WILL BE TAKEN UP UNDER CLOSED SESSION; ALL OTHER ITEMS REMOVED FROM THE CONSENT AGENDA WILL BE TAKEN UP UNDER ITEM 5.1.)

THE BOARD MEETS AT 100 MARINE PARKWAY, SUITE 160, WHICH IS LOCATED ON THE SE CORNER OF TWIN DOLPHIN & MARINE PARKWAY IN REDWOOD CITY. Detailed directions are available on the "Contact Us" page of the website www.samcera.org. *Free Parking is available in all lots in the vicinity of the building. A copy of the Board of Retirement's open session agenda packet is available for review at the SamCERA offices and on our website unless the writings are privileged or otherwise exempt from disclosure under the provisions of the California Public Records Act. Office hours are Monday through Thursday 7 a.m. – 6 p.m.*

IN COMPLIANCE WITH THE CALIFORNIA GOVERNMENT CODE AND THE AMERICANS WITH DISABILITIES ACT: *SamCERA's* facilities and board and committee meetings are accessible to individuals with disabilities. Contact *SamCERA* at (650) 599-1234 at least three business days prior to the meeting if (1) you need special assistance or a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in this meeting; or (2) you have a disability and wish to receive the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting in an alternative format. Notification in advance of the meeting will enable *SamCERA* to make reasonable arrangements to ensure full accessibility to this meeting and the materials related to it.

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
MARCH 26, 2024 – REGULAR BOARD MEETING MINUTES**

2403.1 Call to Order, Roll Call and Miscellaneous Business

Call to Order: Mr. Battey, Chair, called the Regular Meeting of the Board of Retirement to order at 8:30 a.m.

Roll Call:

Present: Sandie Arnott, Mark Battey, Al David, Kurt Hoefer, Kimathi Marangu, Katherine O'Malley, Elaine Orr, Robert Raw, and Alma Salas.

Absent: None.

Alternates: April DeCarsky and Nicole McKay.

Staff: Michael Coultrip, Lili Dames, Scott Hood, Jenny Lukan, Doris Ng, Paul Okada, and Gladys Smith.

Consultants and speakers: Joe Abdou, Jeff MacLean, John Nicolini, and Ian Toner (Verus); Wil VanLoh (Quantum Capital Group); and Jimmy Hassani (FBI).

2403.2.1 Oral Communications from the Board: None.

2403.2.2 Oral Communications from the Public: None.

2403.3.1 Approval of Board Meeting Minutes from February 27, 2024: Mr. Battey asked if there were any changes or corrections, or objections, to the minutes from the regular meeting held on February 27, 2024. There were no changes, corrections, or objections presented.

Action: Mr. David moved to approve the minutes from the February 27, 2024 regular Board meeting. The motion was seconded by Ms. Arnott and carried with a vote of 8-0, with trustees Arnott, Battey, David, Hoefer, Marangu, O'Malley, Raw, and Salas all in favor; Orr abstained; none opposed.

2403.4.0 Approval of the Consent Agenda: Mr. Battey asked if there were any items to be removed for discussion from the Consent Agenda. No items were removed.

Action: Ms. Salas moved to approve the items on the Consent Agenda. The motion was seconded by Mr. Marangu and carried with a vote of 9-0, with trustees Arnott, Battey, David, Hoefer, Marangu, O'Malley, Orr, Raw, and Salas all in favor; none opposed.

2403.4.1 Disability Retirements: None.

2403.4.2 Survivor Death Benefits: None.

2403.4.3 Service Retirements:

Name	Effective Retirement Date	Department
Allington, Linda	January 3, 2024	Emergency Medical Services
Aozasa, Lisa	January 6, 2024	Planning & Building
Arredondo, Alicia	January 22, 2023	Sheriff's Office
Bush, Judith	February 1, 2024	Assessor Clerk Recorder Elections
Criado, Joseph	January 27, 2024	Sheriff's Office
Davis, Margarie	January 20, 2024	Mental Health
Duerre, Kevin	February 1, 2024	Courts
Hernandez, Ana	January 27, 2024	San Mateo County Health
Hurst, Kim	January 3, 2024	County Executive's Office
Hurtado, Yolanda	January 2, 2024	Def'd - San Mateo County Health

leong, Tak	January 25, 2024	Courts
MacAskill Johnson, Bonnie	January 20, 2024	Probation
Merlo, Kathleen	January 30, 2024	Human Services Agency
Murphy, Brett	January 7, 2024	Sheriff's Office
Oropeza, Guadalupe	January 6, 2024	District Attorney's Office
Padilla, Joseph F	January 20, 2024	Aging & Adult Services
Pena, Aurora	February 1, 2024	Behavioral Health
Pena, Tiare	January 6, 2024	Planning & Building
Reed, Mark	January 20, 2024	Aging & Adult Services
Strother, Debra	January 20, 2024	Aging & Adult Services
Yuen, Matthew	January 27, 2024	Courts

2403.4.4 **Continuances:**

Survivor's Name

Gutierrez-Gil, Gloria
 Gooden, Katherine
 Harper-Metoyer, Gwendolyn
 Hefler, John W
 Mason, Ann
 Sisk, Judith
 Ybarra, Jose

Beneficiary of:

Dragich, Colleen
 Gooden, Quillie
 Metoyer, Charles
 Gill, Roberta
 Lynn, Rebecca
 Sisk, John
 Arredondo, Alicia

2403.4.5 **Deferred Retirements:**

Name

Ballard, Estela
 Barajas, Alejandro
 Borrell, Claudia
 Castaneda, James
 Chiang, Yen-Ching
 Deffenderfer, Barbara
 Dixon Romero, Monica
 Finklang, Julie
 Gonzalez, Denise
 Hughes, Danella
 Ip, Yuen Ki
 Kelava, Luca
 Kollings, Yvonne
 La, Diana
 La, Nguyen
 McDonald, Eboni
 Monge, Margaret
 Shannon, Ryan
 Salto, Jose
 Silva, Jennifer

Retirement Plan Type

G7, Non-Vested - Reciprocity
 G4, Vested Auto Defer – Code 31700
 G5, Vested - Reciprocity
 G4, Vested Auto Defer – Code 31700
 S7, Vested
 G7, Vested - Reciprocity
 G7, Vested Auto Defer – Code 31700
 G4, Vested - Reciprocity
 G7, Vested
 S7, Vested Auto Defer – Code 31700
 G7, Vested - Reciprocity
 G7, Vested Auto Defer – Code 31700
 G5, Vested - Reciprocity
 G7, Vested Auto Defer – Code 31700
 G7, Vested - Reciprocity
 G5, Vested - Reciprocity
 G7, Vested Auto Defer – Code 31700
 G4, Vested
 G7, Non-Vested - Reciprocity
 G4, Vested Auto Defer – Code 31700

2403.4.6 **Member Account Refunds:**

Name

Blacksher, Joe (FBO: The Estate of Joe L Blacksher, Jr)

Retirement Plan Type

P4, Vested

Cheng, Rosina	G7, Non-vested
Echano, Calvin Charlemagne	S7, Vested
Gajunia, Florabel	G4, Vested
Tate, Danielle	G7, Non-vested
Vaughn, Dominic	S7, Vested
Wu, Byron	S7, Non-vested

2403.4.7 **Member Account Rollovers:**

Name	Retirement Plan Type
Cook, Gesel	G4, Vested
Hsu, Amy	G7, Non-vested

2403.4.8 **Member Account Redeposits:** None.

2403.4.9 **Acceptance of Trustees' Reports of Educational Activities:** The Board accepted the submitted report for educational activities attended by Mr. David and Mr. Raw.

2403.4.10 **Report on Prepayment of County Contributions:** The Board accepted the report on the prepayment of County contributions totaling \$192.6 million for fiscal year 2024-25.

2403.4.11 **Approval of Resolution Amending SamCERA's Investment Policy Statement:** The Board approved the Resolution Amending SamCERA's Investment Policy Statement.

2403.5.1 **Consideration of Agenda Items, if any, Removed from the Consent Agenda:** None.

2403.6.1 **Report on Preliminary Monthly Portfolio Performance for the Period Ended February 29, 2024:** Mr. Coultrip reported that SamCERA's net preliminary return for February was 1.7%, bringing the preliminary trailing twelve-month net return ending February 2024 to 9.2%, which is below our benchmark return of 10.8% but above our assumed earnings rate of 6.25%. SamCERA's estimated market value as of February was \$6.34 billion, while the actuarial funded ratio as of June 30, 2023 was 88.3%.

2403.8.1 **Chief Executive Officer's Report:** Mr. Hood reminded the Board that Pension Bridge and SACRS conferences are both coming up. Mr. Hood informed the Board that for the April Board Meeting, agenda items will include RFP wrap-ups, next year's budget, and SACRS voting delegate.

2403.8.2 **Assistant Executive Officer's Report:** Ms. Smith had no updates for the Board. Ms. Lukan reported to the Board upcoming education opportunities including Pension Bridge in April, CALAPRS Trustees Virtual Round Table in May, and SACRS Spring Conference and NCPERS both in May. She will send a follow-up email with the information. Ms. Lukan also asked the Board to please notify her if they would like to attend the Spring SACRS conference by end of day Monday. Ms. Lukan reported to the Board that the annual Fiduciary Insurance fee of \$25 is due via check or cash.

2403.8.3 **Chief Investment Officer's Report:** Mr. Coultrip informed the Board of upcoming Real Estate Annual Reviews on April 4, 2024, with PGIM; April 11, 2024, with Harrison Street Core; and April 25, 2024, with INVESCO and Stockbridge.

2403.8.4 **Chief Legal Counsel's Report:** No update.

C1 **Consideration of Disability Items, if any, removed from the Consent Agenda:** None.

2403.9.0 **Reports on Actions Taken in Closed Session:** None.

2403.2.3 Retreat Presentations and Discussion:

Economic Outlook:

Mr. Toner, Chief Investment Officer of Verus, discussed with the Board his thoughts on economic resilience, key economic and market drivers, and client portfolio implications for 2023 and 2024.

The Board took a break at 9:52 a.m. and reconvened at 10:05 a.m.

Energy Security:

Mr. VanLoh, Founder and CEO of Quantum Capital Group, provided to the Board a presentation on energy security and the practical realities of the energy transition.

The Board took a break at 11:15 a.m. and reconvened at 11:30 a.m. Mr. Raw left the meeting during the break and returned during the working lunch.

Working Lunch and Ethics Instruction:

Mr. Okada provided Ethics Training, to the Board, covering laws relating to personal financial gain by public servants and laws relating to claiming perquisites of office.

The Board took a break at 12:52 p.m. and reconvened at 12:58 p.m. Ms. Orr left the meeting at 12:53 p.m. and did not return.

Why We Invest in International Equities:

Mr. MacLean, Chief Executive Officer of Verus, provided to the Board a presentation on international developed equities and why we invest in them.

The Board took a break at 1:56 p.m. and reconvened at 2:03 p.m.

Cybersecurity:

SSA Jimmy Hassani, FBI Sacramento Field Office, provided to the Board a presentation on Cybersecurity.

2403.10 **Adjournment:** Mr. Battey adjourned the meeting at 3:06 p.m. in memory of the deceased members listed below.

Bolivar, Sybil	December 31, 2023	Information Services
Taylor, George R	January 27, 2024	Courts
Evans, Beverley	February 14, 2024	Revenue Services
Gonzalez, Michelle	February 16, 2024	Courts
Davenport, Gussie	February 18, 2024	General Services
Parra, Victoria	February 24, 2024	San Mateo County Health
Alzugaray, Pilar	February 27, 2024	Human Services
Beukers, Margaret	February 28, 2024	Mental Health
Duffy, Perry	March 2, 2024	Sheriff's
Murray, Martin	March 4, 2024	District Attorney's Office
Nicewonger, Richard	March 15, 2024	Assessor's

Mark Battey
Chair

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2024

Agenda Items 4.1- 4.9

TO: Board of Retirement

FROM: Elizabeth LeNguyen, Retirement Benefits Manager



SUBJECT: Approval of Consent Agenda Items 4.1 – 4.9

4.1 Disability Retirements

a) The Board find that **Daubrey Lindauer** (1) is permanently incapacitated from the performance of his usual and customary duties as a Deputy Sheriff, (2) find that his disability was the result of an injury arising out of and in the course of his employment and (3) grant his application for a service-connected disability retirement.

4.2 Survivor Death Benefits

None.

4.3 Service Retirements

The Board ratifies the service retirement for the individuals listed below as follows:

Name	Effective Retirement Date	Department
Alcala, Jesus	February 17, 2024	Deferred - Human Services Agency
Arechavala, Gustavo	February 18, 2024	Mental Health
Burg, Nadine	February 9, 2024	Deferred - Courts
Chan, Shun	February 3, 2024	District Attorney's Office
Freeman, Dorian	March 1, 2024	Deferred - Probation
Gallegos-Jackson, Elisa	March 1, 2024	Deferred - San Mateo County Health
Hannon, Deneane	February 29, 2024	Deferred - Probation
Henderson, Lance	February 3, 2024	Probation
Hook, David	February 27, 2024	Deferred - San Mateo County Health
Lacson-Kuan, Theresa	February 6, 2024	Deferred - County Counsel
Leus, Alejandro	February 29, 2024	Public Health
LoSchiavo, Joseph	February 29, 2024	Sheriff's Office
Smith, Jay	March 1, 2024	Library
Smith, Sherry	February 28, 2024	Sheriff's Office

Stone, Sharon	February 23, 2024	Human Services Agency
Wozniak, David	February 26, 2024	Sheriff's Office

4.4 Continuances

The Board ratifies the granting of a continuance to the following individuals:

Survivor's Name	Beneficiary of:
Bond, Richard	Wong-Bond, Meiling
Botti, Susan	Botti, Lou
Caton-Darby, Mireille	Darby, John
Darwazeh, Halah	Evans, Lori
Fishell, Sheryl	Alejo, Mary Ann
Gonzalez, Juan	Camarena, Blanca
Horan, Cheryl	Horan, Bruce
Love, Kenneth	Love, Corinne

4.5 Deferred Retirements

The Board ratifies the deferred retirements as listed below for the following individuals:

Name	Retirement Plan Type
Cheng, Chelsi	G5, Vested - Reciprocity
Constantino, Andrew	S7, Vested Auto Defer – Code 31700
Deasis, Rudy	G7, Non-Vested - Reciprocity
Garcia, Alexandria	G7, Non-Vested - Reciprocity
Li Hou, Dong	G7, Non-Vested - Reciprocity
Pauselius, Joseph	S7, Non-Vested - Reciprocity
Rodriguez, Edith	G3, Non-Vested - Reciprocity
Tamayo, Aracely	G7, Vested Auto Defer – Code 31700
Velasquez, Alan	G7, Vested - Reciprocity

4.6 Member Account Refunds

The Board ratifies the refunds as listed below for the following individuals:

Name	Retirement Plan Type
Corzine, Christina	G7, Vested
Johnson, Darci	G7, Non-vested

Mashni, Nadia	G7, Non-vested
Melstad, Eric	G7, Non-vested
Ramirez Barajas, Saul	G7, Non-vested
Sandoval, Amaranta	G4, Vested
Vaughn, Dominic	S7, Non-vested
Wu, Annie	G7, Non-vested

4.7 Member Account Rollovers

The Board ratifies the rollovers as listed below for the following individuals:

Name	Retirement Plan Type
Ardema, Marcela	G7, Non-vested
Boyo, Toritsesan O.	G7, Non-vested
Cahalan Sanghvi, Ashley	G7, Non-vested
Corzine, Christina	G7, Vested
Jones, Kaila	G7, Non-vested

4.8 Member Account Redeposits

The Board ratifies the redeposit as listed below for the following individuals:

Name	Retirement Plan Type
Reed, Rick	G2

4.9 Acceptance of Trustees' Reports of Educational Activities


None.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2024

Agenda Item 4.10

TO: Board of Retirement

FROM: Doris Ng, Investment Analyst 

SUBJECT: Report on Proxy Voting Summary for the Year Ended December 31, 2023

Recommendation

Accept the Proxy Voting Summary Report for the year ended December 31, 2023.

Background

Consistent with SamCERA's Investment Policy, investment managers are delegated authority for the voting of proxies. Managers have been providing staff with monthly or quarterly reports on all proxies cast.

The summary report is a more streamlined and robust aggregation of the various reports and shows an overview of the proxy voting conducted by SamCERA's domestic and international equity managers on SamCERA's behalf for the period.

On the summary page, the first table shows statistics of the proposals voted and how they were voted relative to management's or proxy advisor's recommendations. The majority of proposals are typically cast in favor of management's recommendations. In the second table, we drill into the proposals cast against management's or proxy advisor's recommendations by proposal type.

Details of the subset of proposals voted against management's or proxy advisor's recommendations will be provided upon request.

Discussion

For the calendar year ended December 31, 2023, there were a total of 111,718 proxy proposals. Of the total proposals, 13% were cast against management's recommendation, 85% with management's recommendation and 2% not voted, which is in-line with prior years. The top three categories of votes cast against management's recommendation were Boards and Directors (47%), Remuneration and Benefits (18%), and Capital Structure, Mergers, Asset Sales and Other Special Transactions (17%). Within the Boards and Directors category, independence, performance and capacity of the directors were some of the common concerns cited against candidate nominations. Within the Remuneration and Benefits category, disconnect between pay and performance, structure of remuneration arrangements, and insufficient information disclosure were some of the common concerns cited in the voting rationales. Within the Capital Structure, Mergers, Asset Sales and Other Special Transactions

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

category, potential dilution of shareholder interest, anti-takeover potential and giving the board excessive discretion on capital issuance were some of the common concerns.

There were 120 votes cast against management's recommendation in the category of Social, Ethical and Environmental Issues, which is in-line with prior calendar year. Some of the common proposals included disclosure on climate risk/greenhouse gas emissions, diversity, equity and inclusion policies and initiatives, donations and political contributions/lobbying activities.

Attachment

Proxy Voting Summary for Calendar Year Ended December 31, 2023

Year Ended 12/31/2023

Proxy Voting Summary Statistics

Investment Manager ¹	Strategy	Total Proposals	Proposals Not Voted	WITH Mgmt Rec	AGAINST Mgmt Rec	AGAINST Proxy Advisor Rec ²
Acadian Asset Management	U.S. Managed Volatility	137	0	123	14	0
Baillie Gifford	International Growth	1,229	10	1,154	65	0
Passive Core	Russell 1000, EAFE, ACWI ex US IMI	101,634	2,038	86,043	13,553	0
Mondrian ³	International Value	856	12	809	35	21
Mondrian ³	Emerging Markets Equity Fund, L.P.	673	0	613	60	16
Low Volatility Core	Defensive Equity U.S. Low Volatility	3,352	6	3,127	219	0
PGIM Quantitative Solutions ⁴	Small Cap Core	3,837	30	3,488	319	436
Grand Total		111,718	2,096	95,357	14,265	473

¹ Note: Information not available for investment manager, D.E. Shaw as related to the Large Cap Core 130/30

² Information not available or applicable for all managers.

³ Voting rationale provided for only select proposals voted against management and/or proxy advisor due to manual process.

⁴ Voting rationale may not be provided for all proposals that were voted against management, but consistent with manager's internal proxy voting policy.

Votes Against Management or Proxy Advisor

Count of Proposal Type	Investment Manager		Acadian Asset Management		Low Volatility Core	Grand Total
	Baillie Gifford	Mondrian	Passive Core	Core		
Boards and Directors	16	58	5,170	11	120	5,375
Capital Structure, Mergers, Asset Sales and Other Special Transactions	20	29	1,884		1	1,934
General Corporate Governance Matters	6	15	1,503		13	1,537
Remuneration and Benefits	21	29	1,927	2	39	2,018
Social, Ethical and Environmental Issues			73	1	46	120
Auditors and Audit-Related Issues	2	2	513			517
Grand Total	65	133	11,070	14	219	11,501

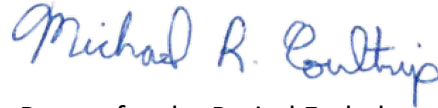
SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2024

Agenda Item 6.1

TO: Board of Retirement

FROM: Michael Coultrip, Chief Investment Officer



SUBJECT: Preliminary Monthly Portfolio Performance Report for the Period Ended
March 31, 2024

Recommendation

Accept the preliminary performance report dated March 31, 2024.

Background

This preliminary report is intended to provide a high-level view of the portfolio and its trends. It is not intended to provide short-term performance upon which the Board would act. The quarterly performance metrics are not yet available for our private equity, private credit, private real asset, and real estate portfolios. The performance for these portfolios will be reflected in the quarterly performance report generated by Verus.

The fund's net preliminary return for March was 1.8%, bringing the preliminary trailing twelve-month net return ending March 2024 to 9.8%, which is below our benchmark return of 12.7% but above our assumed earnings rate of 6.25%.

SamCERA's estimated market value as of March was \$6.44 billion, while the actuarial funded ratio as of June 30, 2023 was 88.3%.

Discussion

Most assets were higher in March as a risk-on sentiment prevailed across most markets.

The U.S. equity market (as measured by the S&P 500 Index) was up 3.2%, while small-capitalization stocks were up 3.6%. Developed international equity (as measured by MSCI EAFE) was up 3.3%, while emerging markets were up 2.5%.

U.S. economic activity was strong in March. Manufacturing strengthened and is now in positive territory for the first time in 16 months. The labor market added an above consensus 303,000 jobs in March, and the headline unemployment rate decreased from 3.9% to 3.8%. Inflation (as measured by the Consumer Price Index - All Urban Consumers) increased 3.5% for the 12-months ending March, which was above expectations.

The general U.S. fixed income market was up 0.90% in March as interest rates fell slightly. The 10-year U.S. Treasury yield was lower by 5 basis points during the month and ended at 4.20% by month-end.

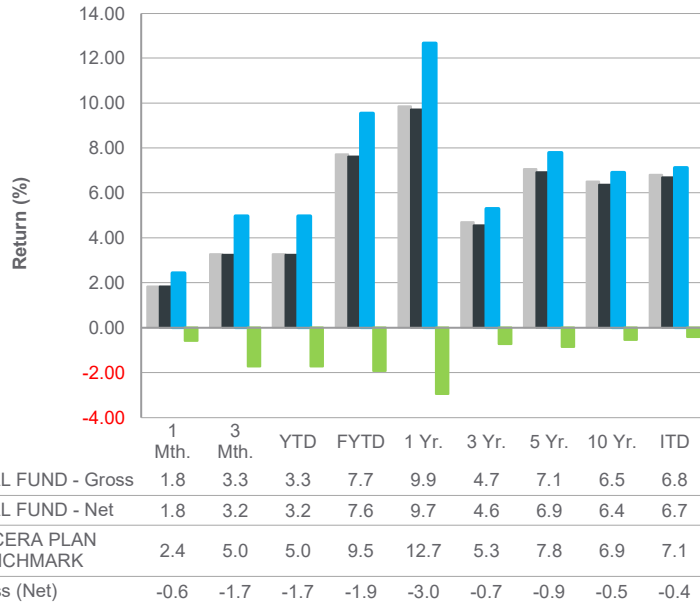
Attachments

Northern Trust Monthly Preliminary Performance Report
Verus Market Update

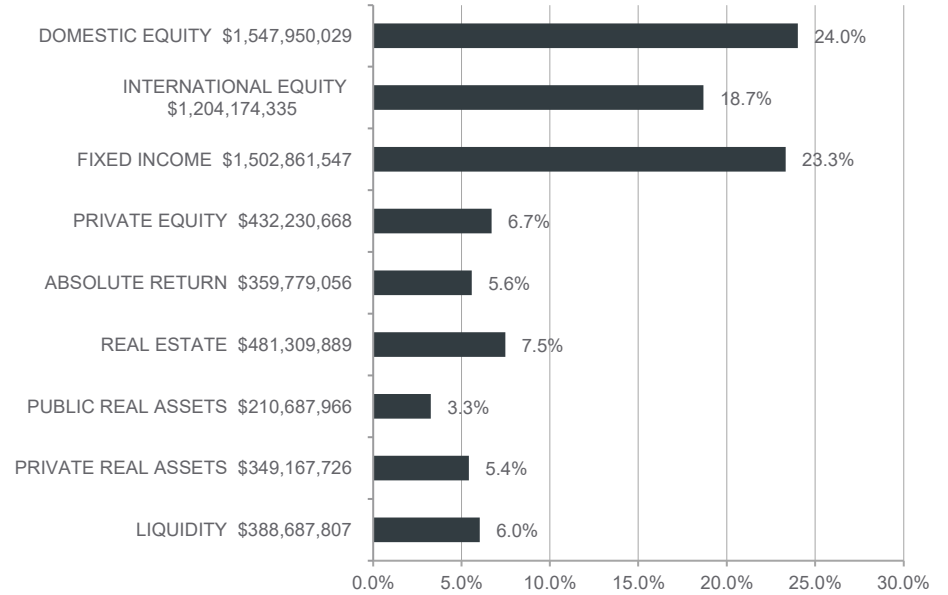
San Mateo County Composite Return Summary March 31, 2024



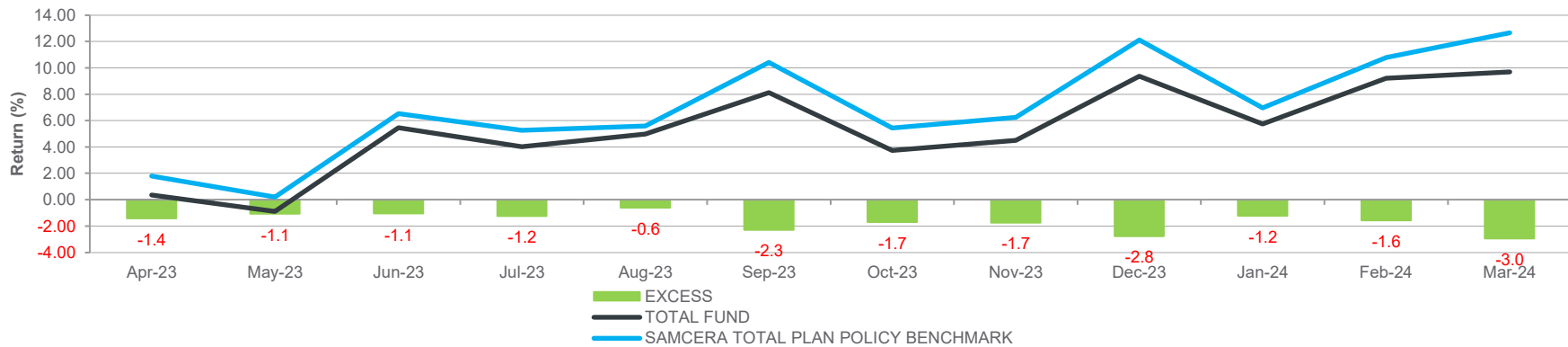
Total Fund Performance



Asset Allocation



Rolling Month End Annual Returns

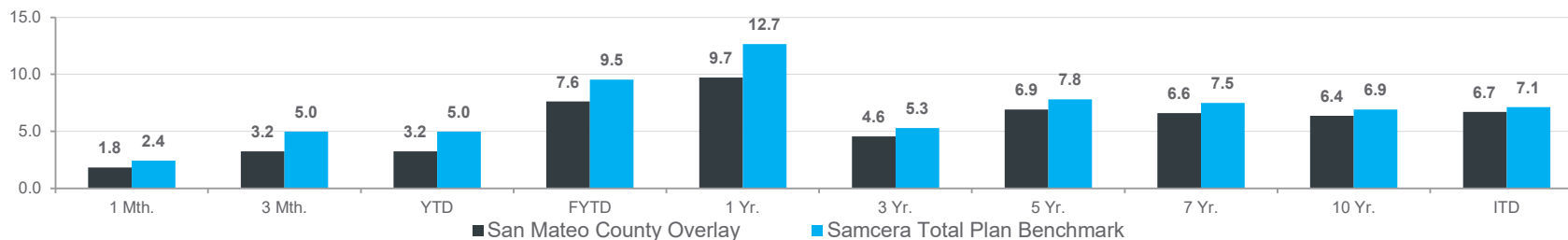


San Mateo County Composite Return Summary

March 31, 2024



Return Comparison



Composite Returns (Net of Manager Fees)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
San Mateo County Overlay	6,441,463,034	1.8	3.2	3.2	7.6	9.7	4.6	6.9	6.6	6.4	6.7
Samcera Total Plan Benchmark		2.4	5.0	5.0	9.5	12.7	5.3	7.8	7.5	6.9	7.1
Excess		-0.6	-1.7	-1.7	-1.9	-3.0	-0.7	-0.9	-0.9	-0.5	-0.4
San Mateo Ex-Clifton Overlay	6,430,164,692	1.8	3.2	3.2	7.6	9.8	4.5	6.9	6.5	6.3	6.6
Samcera Total Plan Benchmark		2.4	5.0	5.0	9.5	12.7	5.3	7.8	7.5	6.9	7.1
Excess		-0.6	-1.7	-1.7	-1.9	-2.9	-0.7	-0.9	-1.0	-0.6	-0.5
Total Equity	2,752,124,364	3.0	7.1	7.1	13.5	18.9	6.0	10.1	9.6	8.6	8.1
Samcera Total Equity Benchmark		3.3	8.3	8.3	16.1	23.0	7.4	11.3	10.6	9.8	8.8
Excess		-0.3	-1.2	-1.2	-2.6	-4.1	-1.4	-1.2	-1.0	-1.3	-0.7
Fixed Income	1,502,861,547	0.9	0.2	0.2	4.9	5.5	-0.3	2.0	2.4	2.9	4.9
Samcera Fixed Income Benchmark		1.1	0.1	0.1	4.9	4.8	-0.6	1.8	2.3	2.5	4.4
Excess		-0.2	0.1	0.1	0.0	0.6	0.3	0.2	0.1	0.4	0.5
Alternatives	792,009,724	1.6	4.0	4.0	6.5	8.0	6.2	11.7	9.2	8.3	1.2
Samcera Alternatives Benchmark		3.3	8.0	8.0	13.9	19.7	9.5	12.4	10.8	9.0	8.6
Excess		-1.8	-4.0	-4.0	-7.4	-11.7	-3.3	-0.6	-1.6	-0.8	-7.4
Inflation Hedge	1,041,165,582	0.8	-1.7	-1.7	-1.0	-2.6	6.7	3.7	3.9	--	5.0
SamCERA Inflation Hedge Index		2.0	2.8	2.8	-1.9	-2.8	6.2	5.9	5.7	--	--
Excess		-1.2	-4.5	-4.5	0.8	0.2	0.5	-2.2	-1.8	--	--
Liquidity	388,687,807	0.4	0.9	0.9	4.4	5.2	--	--	--	--	4.2
Liquidity Composite Benchmark		0.4	0.6	0.6	3.9	3.8	--	--	--	--	3.1
Excess		0.0	0.3	0.3	0.4	1.4	--	--	--	--	1.1



San Mateo County Composite Return Summary

March 31, 2024



Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Equity	2,752,124,364	3.0	7.1	7.1	13.5	18.9	6.0	10.1	9.6	8.6	8.1
Samcera Total Equity Benchmark		3.3	8.3	8.3	16.1	23.0	7.4	11.3	10.6	9.8	8.8
Excess		-0.3	-1.2	-1.2	-2.6	-4.1	-1.4	-1.2	-1.0	-1.3	-0.7
Domestic Equity	1,547,950,029	3.3	9.3	9.3	17.5	25.1	9.9	13.0	12.3	11.4	9.4
Samcera Dom. Equity Benchmark		3.2	10.0	10.0	19.3	29.3	9.8	14.3	13.4	12.2	9.9
Excess		0.0	-0.7	-0.7	-1.8	-4.2	0.1	-1.3	-1.1	-0.8	-0.5
Large Cap Equity	1,396,110,423	3.3	9.8	9.8	17.7	25.2	10.1	13.2	12.7	12.0	10.0
Russell 1000		3.2	10.3	10.3	19.6	29.9	10.5	14.8	13.9	12.7	10.6
Excess		0.1	-0.5	-0.5	-1.9	-4.6	-0.4	-1.6	-1.1	-0.7	-0.5
Blackrock Russell 1000	920,367,925	3.2	10.3	10.3	19.6	29.8	10.5	14.9	13.9	--	14.2
Russell 1000		3.2	10.3	10.3	19.6	29.9	10.5	14.8	13.9	--	14.1
Excess		-0.0	-0.0	-0.0	-0.0	-0.0	0.0	0.1	0.1	--	0.1
DE Shaw Commingled Fund	226,027,094	3.7	12.4	12.4	21.0	28.1	10.2	13.7	13.0	--	12.4
Russell 1000		3.2	10.3	10.3	19.6	29.9	10.5	14.8	13.9	--	12.5
Excess		0.5	2.1	2.1	1.4	-1.7	-0.2	-1.1	-0.9	--	-0.1
Panagora Defuseq -SL	249,715,404	3.3	5.9	5.9	8.3	9.7	7.1	8.9	--	--	11.7
Russell 1000		3.2	10.3	10.3	19.6	29.9	10.5	14.8	--	--	17.0
Excess		0.1	-4.4	-4.4	-11.3	-20.2	-3.4	-5.9	--	--	-5.3
Small Cap Equity	134,191,761	3.2	4.5	4.5	15.3	23.4	6.3	9.4	7.7	6.4	6.8
Russell 2000		3.6	5.2	5.2	13.8	19.7	-0.1	8.1	7.7	7.6	7.8
Excess		-0.4	-0.6	-0.6	1.5	3.6	6.4	1.2	-0.0	-1.2	-1.0
QMA US Small Cap	134,191,761	3.2	4.5	4.5	15.3	23.4	6.3	9.4	7.7	--	9.1
Russell 2000		3.6	5.2	5.2	13.8	19.7	-0.1	8.1	7.7	--	8.8
Excess		-0.4	-0.6	-0.6	1.5	3.6	6.4	1.2	-0.0	--	0.3
Domestic Equity Overlay	17,647,845	2.8	8.5	8.5	8.4	18.8	77.5	--	--	--	88.4
ICE BofAML US 3-Month Treasury Bill		0.4	1.3	1.3	4.0	5.2	2.6	--	--	--	2.0
Excess		2.3	7.2	7.2	4.4	13.6	74.9	--	--	--	86.4
International Equity	1,204,174,335	2.7	4.3	4.3	8.6	11.7	1.6	6.8	6.4	4.9	5.6
SamCERA Custom Hedge Intl		3.5	6.2	6.2	12.4	15.9	4.4	7.7	7.1	5.2	5.4
Excess		-0.8	-2.0	-2.0	-3.8	-4.2	-2.8	-0.8	-0.7	-0.3	0.2



San Mateo County
Composite Return Summary
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Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Developed Markets Equity	1,195,258,939	2.7	4.3	4.3	8.7	11.8	-0.1	6.5	6.3	4.8	4.7
--		--	--	--	--	--	--	--	--	--	--
Excess		--	--	--	--	--	--	--	--	--	--
Dev Mrkts Equity Curr Hedge	3,822,177	--	--	--	--	--	--	--	--	--	--
--		--	--	--	--	--	--	--	--	--	--
Excess		--	--	--	--	--	--	--	--	--	--
Dev Mrkts Equity Ex Curr Hedge	1,191,436,762	2.6	3.7	3.7	8.4	10.5	-0.5	6.3	6.1	4.7	4.7
MS AC WldxUS IMI Nt		3.1	4.3	4.3	10.6	13.2	1.7	6.0	5.9	4.3	5.0
Excess		-0.5	-0.7	-0.7	-2.2	-2.7	-2.2	0.3	0.2	0.3	-0.3
Baillie Gifford	291,486,610	1.3	3.8	3.8	3.9	3.9	-6.7	5.2	5.5	4.5	6.3
MSCI ACWI ex USA Growth		2.8	6.0	6.0	9.3	11.5	-0.5	6.6	7.0	5.5	--
Excess		-1.6	-2.2	-2.2	-5.4	-7.6	-6.2	-1.4	-1.5	-0.9	--
Blackrock MSCI ACWI ex US IMI	615,535,511	3.0	4.3	4.3	10.4	13.2	1.9	--	--	--	7.7
MS AC WldxUS IMI Nt		3.1	4.3	4.3	10.6	13.2	1.7	--	--	--	7.7
Excess		-0.1	-0.0	-0.0	-0.2	-0.0	0.2	--	--	--	0.1
Mondrian Investment Partners	284,414,641	3.1	2.2	2.2	8.8	11.6	2.3	4.4	4.4	3.3	5.0
MSCI ACWI xUSA Value		3.6	3.6	3.6	12.5	16.2	5.3	6.0	5.5	3.8	5.3
Excess		-0.5	-1.4	-1.4	-3.7	-4.5	-3.0	-1.6	-1.1	-0.5	-0.3
International Equity Overlay	8,915,396	0.6	2.3	2.3	--	--	--	--	--	--	16.7
ICE BofAML US 3-Month Treasury Bill		0.4	1.3	1.3	--	--	--	--	--	--	2.7
Excess		0.1	1.0	1.0	--	--	--	--	--	--	14.0



San Mateo County Composite Return Summary

March 31, 2024



Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Fixed Income	1,502,861,547	0.9	0.2	0.2	4.9	5.5	-0.3	2.0	2.4	2.9	4.9
Samcera Fixed Income Benchmark		1.1	0.1	0.1	4.9	4.8	-0.6	1.8	2.3	2.5	4.4
Excess		-0.2	0.1	0.1	0.0	0.6	0.3	0.2	0.1	0.4	0.5
Core Fixed Income	827,086,013	1.0	-1.0	-1.0	3.0	2.3	-2.4	0.5	1.2	1.9	4.2
Samcera Core Fixed Income		1.0	-1.4	-1.4	1.1	0.2	-2.9	0.1	0.8	1.4	3.9
Excess		0.0	0.4	0.4	2.0	2.1	0.6	0.4	0.3	0.5	0.4
FIAM B Core Bond	129,473,314	1.0	-0.5	-0.5	3.0	2.2	-2.1	1.2	1.7	--	2.1
BBG US Aggregate		0.9	-0.8	-0.8	2.6	1.7	-2.5	0.4	1.1	--	1.2
Excess		0.1	0.3	0.3	0.5	0.5	0.4	0.8	0.7	--	0.9
DoubleLine	259,371,713	1.0	0.2	0.2	3.4	2.8	-2.3	--	--	--	-1.0
BBG US Aggregate		0.9	-0.8	-0.8	2.6	1.7	-2.5	--	--	--	-1.8
Excess		0.1	0.9	0.9	0.8	1.1	0.1	--	--	--	0.7
NISA Long Treasury	178,709,279	1.3	-3.3	-3.3	-3.7	--	--	--	--	--	-3.9
Bloomberg US Long Tsy		1.2	-3.3	-3.3	-3.9	--	--	--	--	--	-4.0
Excess		0.0	-0.0	-0.0	0.2	--	--	--	--	--	0.1
NISA Core Bond	250,708,957	0.9	-0.6	-0.6	2.8	2.0	-2.1	--	--	--	-1.7
BBG US Aggregate		0.9	-0.8	-0.8	2.6	1.7	-2.5	--	--	--	-2.2
Excess		0.0	0.2	0.2	0.3	0.3	0.4	--	--	--	0.4
Core Fixed Income Overlay	8,822,750	-0.2	-2.8	-2.8	-4.8	--	--	--	--	--	--
ICE BofAML US 3-Month Treasury Bill		0.4	1.3	1.3	4.0	5.2	2.6	--	--	--	2.0
Excess		-0.6	-4.1	-4.1	-8.9	--	--	--	--	--	--
Opportunistic Credit	675,775,534	0.7	1.7	1.7	7.1	9.2	2.9	4.3	4.6	5.0	7.3
Samcera Opp Credit Bench		1.3	1.8	1.8	9.4	10.3	2.4	4.4	4.5	4.5	6.2
Excess		-0.6	-0.1	-0.1	-2.3	-1.1	0.5	-0.1	0.1	0.5	1.1



San Mateo County
Composite Return Summary
 March 31, 2024



Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Public Credit	476,762,378	0.9	1.6	1.6	7.8	--	--	--	--	--	7.8
BBG US Corp High Yield		1.2	1.5	1.5	9.2	--	--	--	--	--	9.2
Excess		-0.3	0.1	0.1	-1.5	--	--	--	--	--	-1.5
AG Opportunistic Whole Loan	31,925	0.0	0.0	0.0	-8.1	-19.7	14.8	12.8	16.0	--	12.0
BBG US Corp High Yield		1.2	1.5	1.5	9.2	11.2	2.2	4.2	4.4	--	4.4
Excess		-1.2	-1.5	-1.5	-17.4	-30.9	12.6	8.6	11.6	--	7.6
Beach Point Select Fund	112,679,006	1.0	2.2	2.2	9.4	12.6	5.5	8.6	7.4	--	8.0
BBG US Corp High Yield		1.2	1.5	1.5	9.2	11.2	2.2	4.2	4.4	--	4.8
Excess		-0.2	0.7	0.7	0.1	1.4	3.3	4.4	3.1	--	3.2
Brigade Cap Mngmt	108,730,541	0.2	2.3	2.3	7.5	11.4	2.8	4.8	4.3	4.3	5.8
BBG US Corp High Yield		1.2	1.5	1.5	9.2	11.2	2.2	4.2	4.4	4.4	6.0
Excess		-1.0	0.8	0.8	-1.7	0.3	0.6	0.6	-0.1	-0.1	-0.2
Eaton Vance EM	60,000,000	0.0	--	--	--	--	--	--	--	--	0.0
BBG US Corp High Yield		1.2	--	--	--	--	--	--	--	--	1.5
Excess		-1.2	--	--	--	--	--	--	--	--	-1.5
Franklin Templeton	1	0.2	-2.3	-2.3	2.3	1.8	-2.6	-4.1	-2.6	-1.0	0.9
Bloomberg Multiverse Index		0.6	-1.9	-1.9	2.4	0.9	-4.5	-1.0	0.2	0.1	0.9
Excess		-0.4	-0.3	-0.3	-0.1	0.9	1.9	-3.1	-2.9	-1.0	0.0
One William Street	65,279,022	1.0	3.7	3.7	8.8	--	--	--	--	--	--
BBG US Corp High Yield		1.2	1.5	1.5	9.2	--	--	--	--	--	10.1
Excess		-0.1	2.2	2.2	-0.4	--	--	--	--	--	--



San Mateo County
Composite Return Summary
 March 31, 2024



Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
PIMCO Div. Income Fund	130,041,883	1.6	1.3	1.3	8.0	9.0	-0.3	1.9	--	--	2.4
BBG US Corp High Yield		1.2	1.5	1.5	9.2	11.2	2.2	4.2	--	--	4.1
Excess		0.4	-0.2	-0.2	-1.2	-2.2	-2.5	-2.4	--	--	-1.7
Private Credit	199,013,156	0.5	1.9	1.9	4.8	--	--	--	--	--	4.8
Credit Suisse Lev Loan 1 QTR L		1.6	2.9	2.9	9.6	--	--	--	--	--	9.6
Excess		-1.1	-0.9	-0.9	-4.8	--	--	--	--	--	-4.8
AG CREDIT SOL FU LP	7,942,496	0.0	5.1	5.1	11.7	14.1	10.2	--	--	--	14.4
Credit Suisse Lev Loan 1 QTR L		1.6	2.9	2.9	9.6	--	--	--	--	--	--
Excess		-1.6	2.2	2.2	2.0	--	--	--	--	--	--
AG CSF ADF II	8,360,372	0.0	6.8	6.8	15.3	18.4	--	--	--	--	--
Credit Suisse Lev Loan 1 QTR L		1.6	2.9	2.9	9.6	--	--	--	--	--	--
Excess		-1.6	4.0	4.0	5.6	--	--	--	--	--	--
AG CSF II	24,522,654	0.0	4.9	4.9	17.2	19.9	--	--	--	--	5.8
Credit Suisse Lev Loan 1 QTR L		1.6	2.9	2.9	9.6	--	--	--	--	--	--
Excess		-1.6	2.0	2.0	7.6	--	--	--	--	--	--
Blackrock Direct Lending Feede	40,103,796	2.8	2.8	2.8	5.3	9.7	6.4	--	--	--	4.5
Credit Suisse Lev Loan 1 QTR L		1.6	2.9	2.9	9.6	--	--	--	--	--	--
Excess		1.2	-0.0	-0.0	-4.4	--	--	--	--	--	--
Pimco Private Income	49,633,749	0.0	1.0	1.0	4.7	7.0	5.7	6.8	--	--	6.8
Credit Suisse Lev Loan 1 QTR L		1.6	2.9	2.9	9.6	--	--	--	--	--	--
Excess		-1.6	-1.9	-1.9	-4.9	--	--	--	--	--	--
TCP Direct Lending VIII	10,466,574	1.8	1.3	1.3	5.9	7.4	5.4	5.9	6.0	--	--
Credit Suisse Lev Loan 1 QTR L		1.6	2.9	2.9	9.6	--	--	--	--	--	--
Excess		0.2	-1.5	-1.5	-3.7	--	--	--	--	--	--
White Oak Yield Spec	29,518,478	0.0	0.8	0.8	3.1	4.3	4.4	5.1	--	--	--
Credit Suisse Lev Loan 1 QTR L		1.6	2.9	2.9	9.6	--	--	--	--	--	--
Excess		-1.6	-2.0	-2.0	-6.6	--	--	--	--	--	--



San Mateo County Composite Return Summary

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Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
White Oak YSF V	28,465,037	-1.3	-1.3	-1.3	0.6	0.2	0.5	--	--	--	0.6
Credit Suisse Lev Loan 1 QTR L		1.6	2.9	2.9	9.6	--	--	--	--	--	--
Excess		-2.9	-4.1	-4.1	-9.1	--	--	--	--	--	--
Alternatives	792,009,724	1.6	4.0	4.0	6.5	8.0	6.2	11.7	9.2	8.3	1.2
Samcera Alternatives Benchmark		3.3	8.0	8.0	13.9	19.7	9.5	12.4	10.8	9.0	8.6
Excess		-1.8	-4.0	-4.0	-7.4	-11.7	-3.3	-0.6	-1.6	-0.8	-7.4
Private Equity	432,230,668	1.9	1.5	1.5	4.1	6.3	6.1	20.3	17.3	16.7	-5.0
Samcera PE Benchmark		5.5	12.8	12.8	19.7	29.1	11.6	18.3	14.9	14.3	15.9
Excess		-3.6	-11.3	-11.3	-15.6	-22.7	-5.5	2.0	2.4	2.4	-20.9
Absolute Return	359,779,056	1.2	7.0	7.0	9.4	10.1	5.9	1.1	-0.4	1.9	2.1
Samcera SOFR + 4%		0.8	2.3	2.3	7.1	9.4	6.7	6.1	6.0	5.5	5.2
Excess		0.4	4.7	4.7	2.3	0.7	-0.8	-5.0	-6.4	-3.6	-3.1
Graham Global Investment	96,380,686	5.8	17.6	17.6	16.6	19.5	11.2	--	--	--	8.5
Samcera SOFR +4%		0.7	2.2	2.2	6.7	9.0	6.6	--	--	--	6.0
Excess		5.1	15.4	15.4	9.9	10.5	4.7	--	--	--	2.6
PIMCO MAARS Fund L.P.	95,447,034	1.6	9.5	9.5	14.9	20.1	12.9	--	--	--	10.6
Samcera SOFR +4%		0.8	2.3	2.3	7.2	9.6	6.8	--	--	--	6.2
Excess		0.8	7.1	7.1	7.7	10.5	6.1	--	--	--	4.4
Acadian MAAR Fund LLC	78,842,351	-0.7	1.4	1.4	-2.0	-3.1	-0.8	--	--	--	-0.2
Samcera SOFR +4%		0.8	2.3	2.3	7.2	9.6	6.8	--	--	--	6.4
Excess		-1.4	-0.9	-0.9	-9.2	-12.7	-7.7	--	--	--	-6.7
CFM SYS Global Macro Fund	89,108,985	-2.3	-0.2	-0.2	7.3	3.8	6.2	--	--	--	8.0
Samcera SOFR +4%		0.8	2.3	2.3	7.2	9.6	6.8	--	--	--	6.4
Excess		-3.0	-2.5	-2.5	0.0	-5.9	-0.6	--	--	--	1.5
Inflation Hedge	1,041,165,582	0.8	-1.7	-1.7	-1.0	-2.6	6.7	3.7	3.9	--	5.0
SamCERA Inflation Hedge Index		2.0	2.8	2.8	-1.9	-2.8	6.2	5.9	5.7	--	--
Excess		-1.2	-4.5	-4.5	0.8	0.2	0.5	-2.2	-1.8	--	--
Real Estate	481,309,889	-0.5	-5.0	-5.0	-6.3	-9.5	4.2	3.9	5.1	--	5.6
Samcera NCREIF ODCE (gross)		0.0	0.0	0.0	-6.6	-9.1	4.2	4.0	5.0	--	5.4
Excess		-0.5	-5.0	-5.0	0.3	-0.4	0.0	-0.1	0.1	--	0.1



San Mateo County Composite Return Summary

March 31, 2024



Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Invesco Core Real Estate	244,540,770	0.0	-4.8	-4.8	-6.4	-12.6	4.3	3.4	4.8	6.8	6.7
Samcera NCREIF ODCE (gross)		0.0	0.0	0.0	-6.6	-9.1	4.2	4.0	5.0	7.0	6.9
Excess		0.0	-4.8	-4.8	0.2	-3.4	0.1	-0.6	-0.2	-0.3	-0.2
Invesco US Val IV	347,564	0.0	-19.6	-19.6	-42.9	-60.4	-36.2	-20.9	-12.8	--	-9.2
Samcera NCREIF ODCE (gross)		0.0	0.0	0.0	-6.6	-9.1	4.2	4.0	5.0	--	5.9
Excess		0.0	-19.6	-19.6	-36.3	-51.2	-40.4	-24.9	-17.9	--	-15.1
Invesco Value-Add Fund	22,688,850	-12.0	-12.0	-12.0	-15.1	-17.9	--	--	--	--	-10.7
Samcera NCREIF ODCE (gross)		0.0	0.0	0.0	-6.6	-9.1	--	--	--	--	-10.4
Excess		-12.0	-12.0	-12.0	-8.4	-8.7	--	--	--	--	-0.3
PGIM Real Estate US Debt Fund	73,177,514	0.6	1.3	1.3	4.6	6.4	6.1	6.0	--	--	5.4
Samcera NCREIF ODCE (gross)		0.0	0.0	0.0	-6.6	-9.1	4.2	4.0	--	--	5.0
Excess		0.6	1.3	1.3	11.2	15.6	1.9	2.0	--	--	0.4
Invesco US VAL V	23,710,068	0.0	-23.8	-23.8	-27.2	-26.4	-2.0	0.3	--	--	0.3
Samcera NCREIF ODCE (gross)		0.0	0.0	0.0	-6.6	-9.1	4.2	4.0	--	--	--
Excess		0.0	-23.8	-23.8	-20.5	-17.2	-6.2	-3.7	--	--	--
Harrison Street Core Property	91,671,877	0.0	-3.5	-3.5	-4.9	-5.0	4.2	--	--	--	3.7
Samcera NCREIF ODCE (gross)		0.0	0.0	0.0	-6.6	-9.1	4.2	--	--	--	3.7
Excess		0.0	-3.5	-3.5	1.7	4.1	0.0	--	--	--	-0.0
Stockbridge Value IV	25,173,246	0.0	0.1	0.1	-5.2	-4.7	--	--	--	--	5.7
Samcera NCREIF ODCE (gross)		0.0	0.0	0.0	-6.6	-9.1	--	--	--	--	4.3
Excess		0.0	0.1	0.1	1.4	4.4	--	--	--	--	1.4
Public Real Assets	210,687,966	4.3	1.3	1.3	3.3	0.8	5.8	1.4	2.2	--	--
SamCera Liquid Real Asset Inde		4.3	1.1	1.1	3.4	1.1	5.8	4.4	4.4	--	5.7
Excess		-0.0	0.1	0.1	-0.1	-0.3	0.1	-3.0	-2.2	--	--
SSGA CST REAL ASSET NL	210,687,966	4.3	1.3	1.3	3.3	0.8	5.8	4.4	4.5	--	--
SamCera Liquid Real Asset Inde		4.3	1.1	1.1	3.4	1.1	5.8	4.4	4.4	--	5.0
Excess		-0.0	0.1	0.1	-0.1	-0.3	0.1	-0.0	0.1	--	--
Private Real Assets	349,167,726	0.7	1.3	1.3	4.7	6.9	15.9	9.5	4.5	--	9.6
SamCERA Private Real Asset Idx		4.2	8.7	8.7	3.1	6.0	9.2	9.6	8.4	--	10.2
Excess		-3.5	-7.4	-7.4	1.6	0.9	6.7	-0.0	-3.9	--	-0.6



San Mateo County
Composite Return Summary
 March 31, 2024



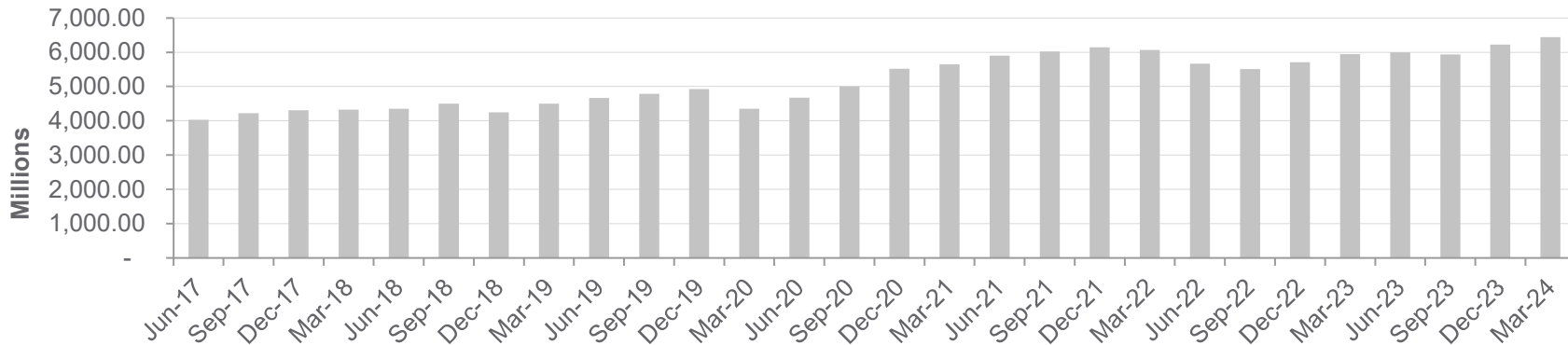
Composite Returns (NET)	Market Value (\$)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Liquidity	388,687,807	0.4	0.9	0.9	4.4	5.2	--	--	--	--	4.2
Liquidity Composite Benchmark		0.4	0.6	0.6	3.9	3.8	--	--	--	--	3.1
Excess		0.0	0.3	0.3	0.4	1.4	--	--	--	--	1.1
Cash Flow - Match Liquidity	315,424,434	0.4	0.8	0.8	4.4	4.8	--	--	--	--	3.8
BBG US Agg Govt Credit 1-3		0.4	0.4	0.4	3.9	3.5	--	--	--	--	2.5
Excess		0.0	0.4	0.4	0.5	1.3	--	--	--	--	1.3
Insight Investment	304,813,869	0.4	0.8	0.8	4.5	4.8	--	--	--	--	3.4
BBG US Credit 1-3 Yrs		0.5	0.7	0.7	4.5	4.7	--	--	--	--	3.4
Excess		-0.1	0.1	0.1	-0.0	0.2	--	--	--	--	0.0
County Treasury Pool	10,610,564	0.0	0.3	0.3	1.7	4.2	2.1	2.0	1.8	1.5	2.6
91 Day T-Bill		0.4	1.3	1.3	4.0	5.2	2.6	2.0	1.9	--	--
Excess		-0.4	-1.0	-1.0	-2.3	-1.1	-0.5	-0.0	-0.1	--	--
Cash & Cash Overlay	73,263,374	0.5	1.4	1.4	4.2	5.5	--	--	--	--	--
ICE BofAML US 3-Month Treasury Bill		0.4	1.3	1.3	4.0	5.2	2.6	--	--	--	2.0
Excess		0.0	0.1	0.1	0.2	0.3	--	--	--	--	--
General Account	61,965,032	0.5	1.4	1.4	4.2	5.6	2.8	2.1	2.0	1.5	2.0
Transition Account	0	--	--	--	--	--	--	--	--	--	--
Cash Overlay	11,298,342	0.5	1.3	1.3	4.1	5.2	2.2	--	--	--	1.7
San Mateo County Overlay	6,441,463,034	1.8	3.2	3.2	7.6	9.7	4.6	6.9	6.6	6.4	6.7
Samcera Total Plan Benchmark		2.4	5.0	5.0	9.5	12.7	5.3	7.8	7.5	6.9	7.1
Excess		-0.6	-1.7	-1.7	-1.9	-3.0	-0.7	-0.9	-0.9	-0.5	-0.4



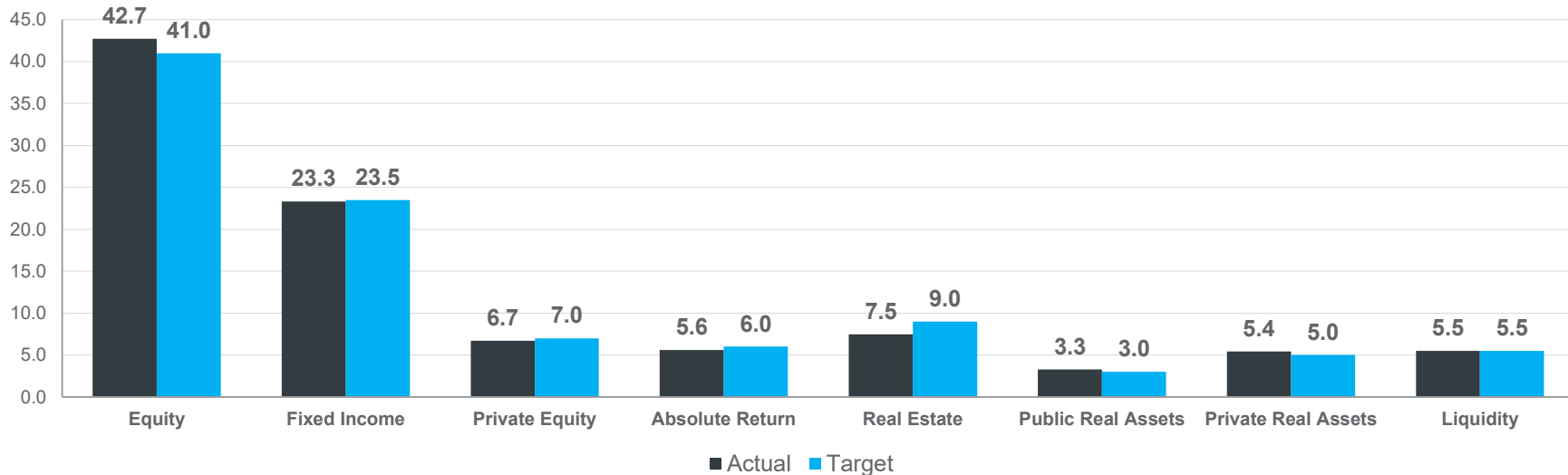
Record of Asset Growth

	Three Months	One Year
TOTAL FUND		
Beginning Market Value	6,218,256,956	5,941,741,122
Contributions	100,810,839	399,622,194
Withdrawals	-82,319,723	-477,015,194
Income Received	30,291,850	126,157,811
Gain/Loss	174,518,555	452,664,502
Ending Market Value	6,441,463,034	6,441,463,034

Net Asset Values Over Time (\$000)

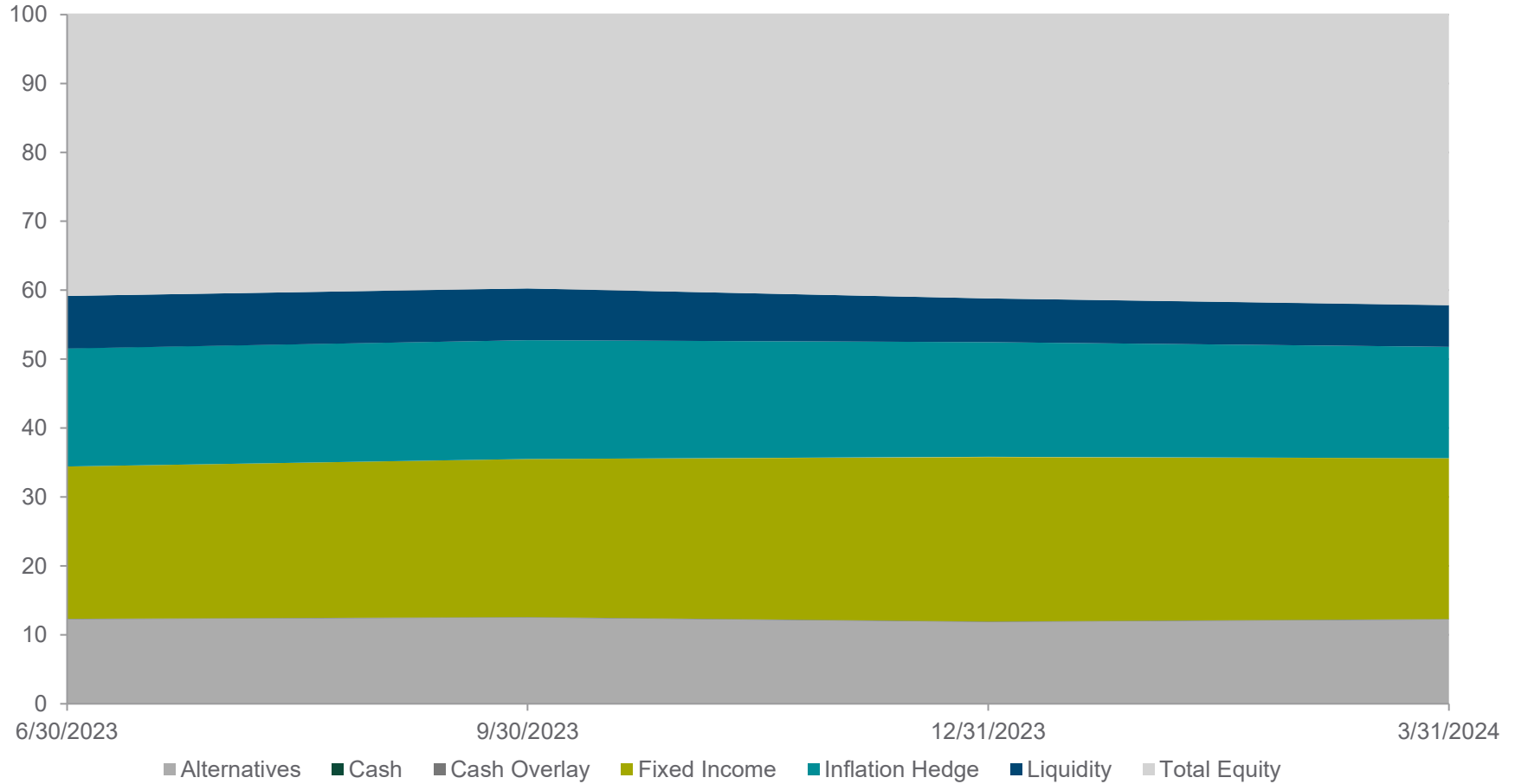


Actual vs Target Weights

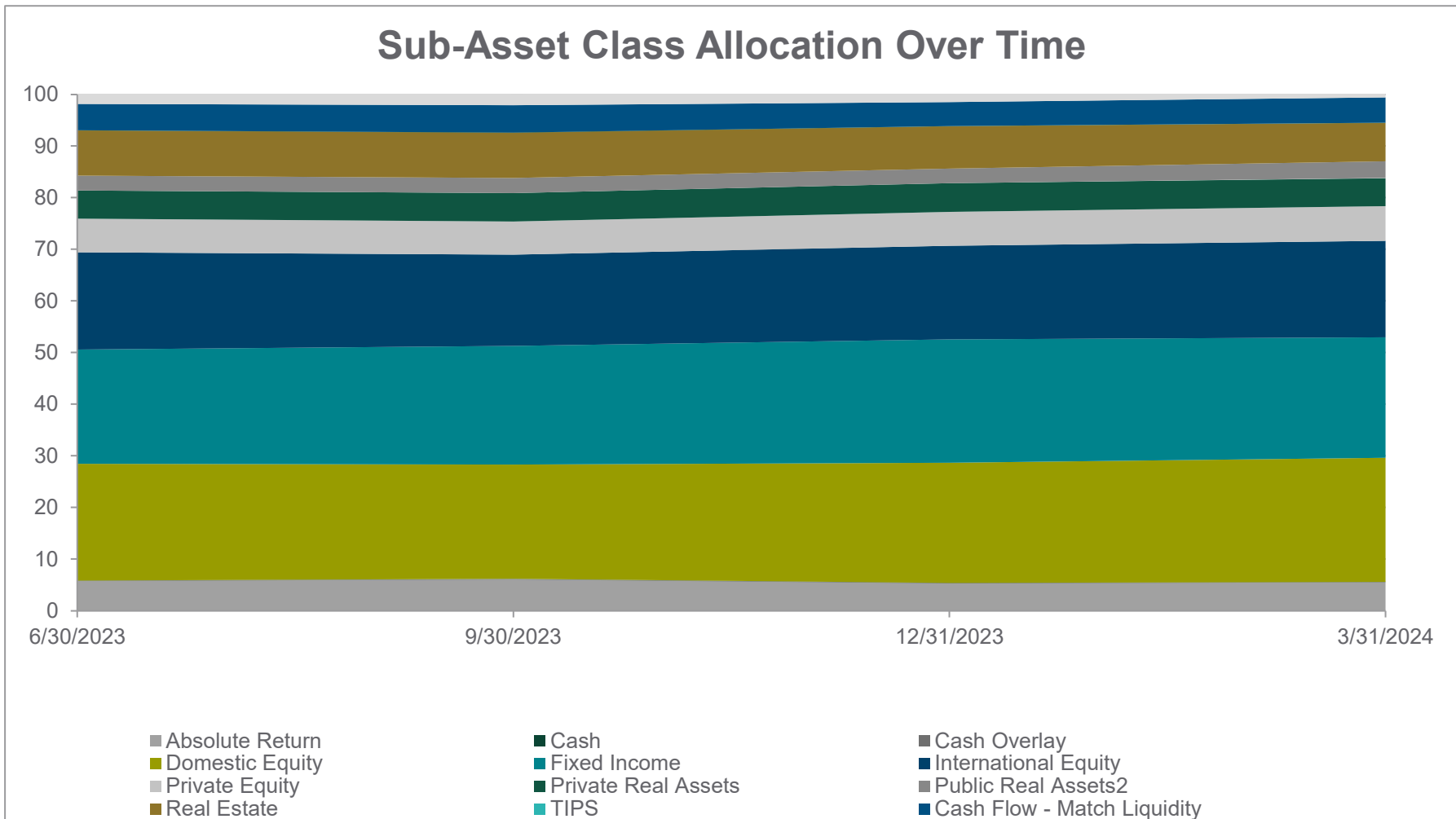


	Min	Actual	Target	Deviation	Max
Equity	38.0	42.7	41.0	1.7	44.0
Fixed Income	21.5	23.3	23.5	-0.2	25.5
Private Equity	5.0	6.7	7.0	-0.3	9.0
Absolute Return	4.0	5.6	6.0	-0.4	8.0
Real Estate	7.0	7.5	9.0	-1.5	11.0
Public Real Assets	1.0	3.3	3.0	0.3	5.0
Private Real Assets	3.0	5.4	5.0	0.4	7.0
Liquidity		5.5	5.5	0.0	

Asset Allocation over Time



Sub-Asset Class Allocation Over Time



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**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

MARCH 2024
Capital Markets Update

Market commentary

U.S. ECONOMICS

- Inflation jumped in March, rising +0.4% month-over-month, above expectations of a +0.3% increase. This brought year-over-year inflation up to 3.8%, over the expected 3.4%. While the lagged shelter component continues to be a major story, increasing +0.4% month-over-month, the broader services basket contributed the most to inflation, rising +0.5%.
- Nonfarm payrolls came in far above expectations in March, adding 303,000 jobs (over the projected 200,000), and unemployment came down from 3.9% to 3.8%. Labor participation increased from 62.5% to 62.7%, fueled by increased employment. Jobs were primarily added in Health care (+72k), Government (+71k) and Leisure & Hospitality (+49k).
- The ISM Manufacturing Index came in at 50.3, above expectations of 48.5, notching its first expansionary reading after 16 consecutive months of contractionary readings. Respondents cited better demand and higher production levels, with inputs suggesting strong future growth. The Services PMI print was 51.4, which despite being below expectations of 52.6, still suggests expanding business conditions.

U.S. EQUITIES

- The U.S. market posted a +3.2% gain (S&P 500), continuing its strong run, notching another all-time high. The market remains somewhat optimistic about the prospect of some rate cuts in 2024, as well as underlying economic strength as Q1 earnings season approaches.
- Expectations are for +3.2% year-over-year Q1 EPS growth, which would mark the third straight quarter of year-over-year growth. The market will be watching the Magnificent Seven, specifically Nvidia and Meta, which have contributed a substantial amount to sector earnings (per Factset).

U.S. FIXED INCOME

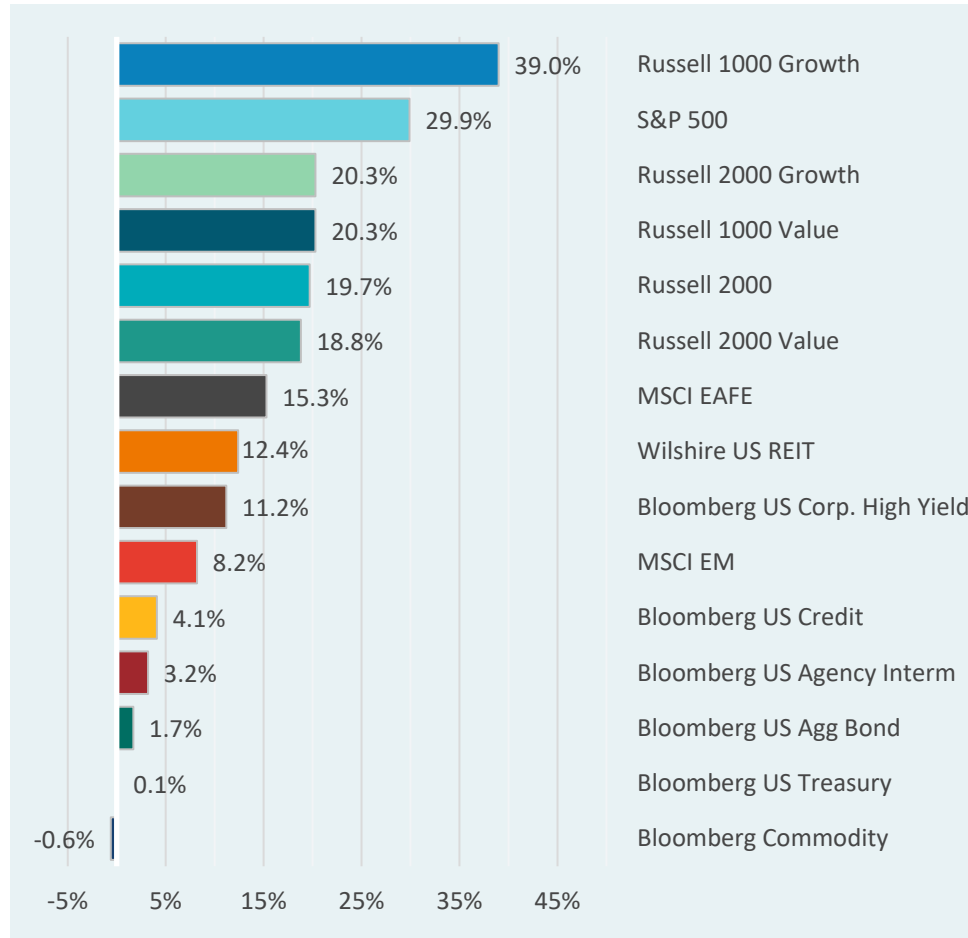
- Fixed Income logged the first positive performance month of 2024 (Bloomberg U.S. Aggregate Index +0.9%), as the market benefits from the higher yields and awaits more data to inform the Fed's rate cut path. The Fed has reiterated expectations for rate cuts this year but has also stated that they aren't in a hurry to cut, reinforcing that containing inflation is the priority.
- The yield curve movements were minimal in March, with a small parallel decrease in yields of -5bps on the 2-year and 10-year U.S. treasury. Economic data was mixed and did not provide much clarity around the Fed's rate cut path. As of April 10, investors were pricing in a full cut by November, much later than the July cut that was priced in at the end of February.
- Bank Loans (+2.5%) and High Yield (1.5%) closed out the quarter as the top performers. Contracting spreads lifted valuations, and the floating rate component of Bank Loans provided protection from *higher for longer* expectations, as short-term yields have remained elevated.

INTERNATIONAL MARKETS

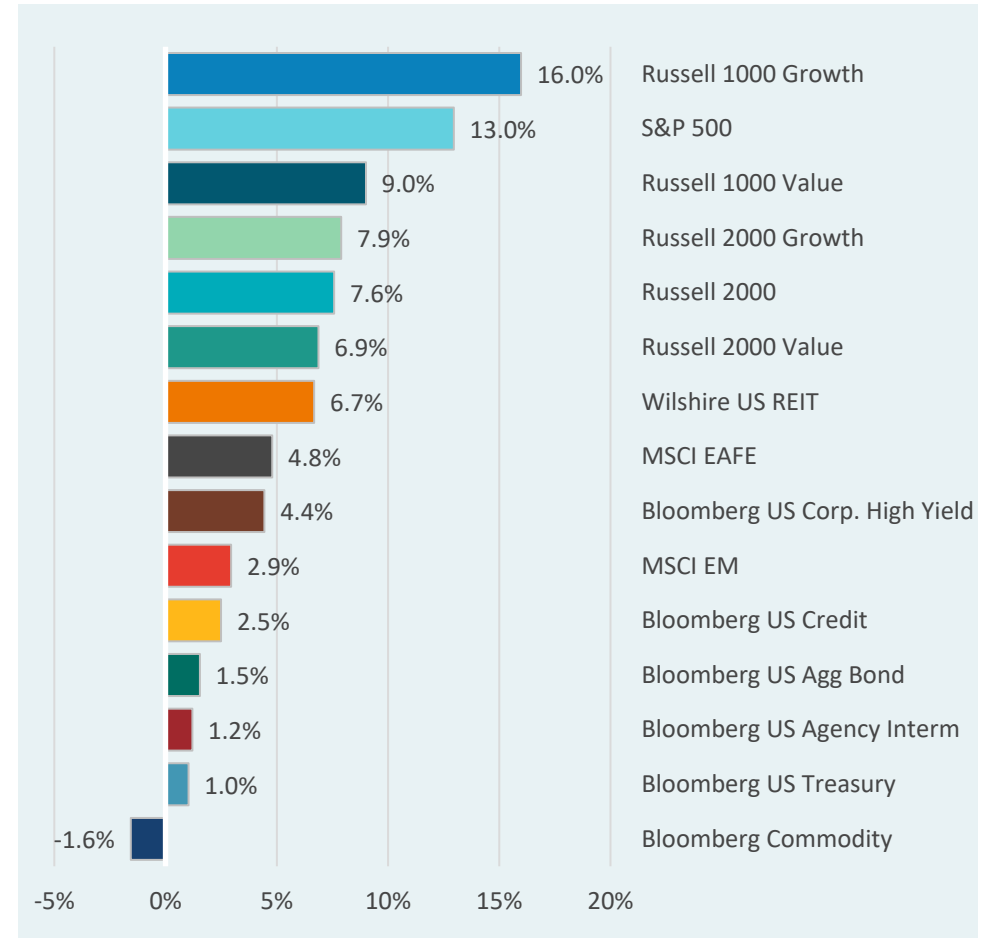
- European markets outperformed the domestic market in March, as falling inflation has boosted chances of an accelerated rate cut path for the European Central Bank relative to the United States. Larger European markets such as France and Germany have struggled with stagnant economic growth, providing further evidence that rate cuts may be warranted.
- The U.K. appears to be exiting the recession that it dipped into over the second half of 2023, as a drop in inflation from 4.0% to 3.4% may be helping to ease conditions for households and support spending activity. The MSCI UK Index increased +4.5% in March, as evidence of stronger growth and potential rate cuts lifted the market.

Major asset class returns

ONE YEAR ENDING MARCH



TEN YEARS ENDING MARCH



*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

Source: Morningstar, as of 3/31/24

Source: Morningstar, as of 3/31/24

U.S. large cap equities

- The S&P 500 Index (+3.2%) continued its rally to start 2024, closing Q1 up +10.6%. The Federal Reserve has expressed its intent to cut rates later in the year, which has been received positively by investors, despite hotter-than-expected inflation readings and other strong economic prints.
- All 11 sectors were positive for the second month running, with Energy (+10.6%), Utilities (+6.6%), and Materials (+6.5%) performing the best. This followed a month of broad commodity price increases, as these sectors are often positively correlated to commodity trends.
- Performance of the “Magnificent Seven” has continued to diverge, with some investors choosing to instead focus on the “Fab Four”. Nvidia (+82% YTD) and Meta (+37% YTD) have broken away, with Amazon and Microsoft also beating the broader market. Apple and Tesla have struggled to start the year, down -10.8% and -29.3%, respectively.
- Volatility remained low in March. The VIX closed at 13, below the February reading of 13.4. A sustained period of low volatility has likely been supported by narrowing expectations around the Fed’s rate cut path.

S&P 500 PRICE INDEX



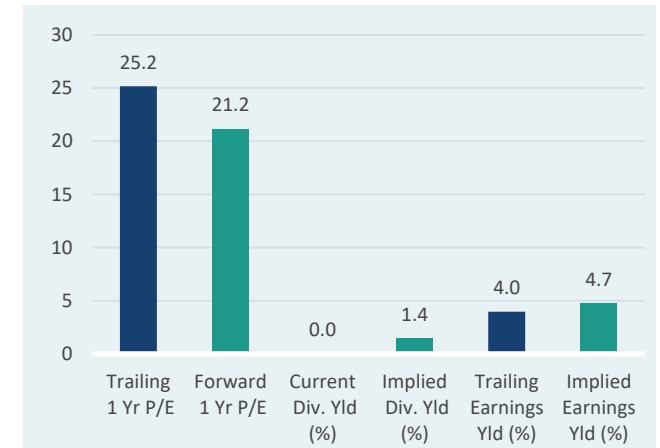
Source: Bloomberg, as of 3/31/24

IMPLIED VOLATILITY (VIX INDEX)



Source: Cboe, as of 3/31/24

S&P 500 VALUATION SNAPSHOT

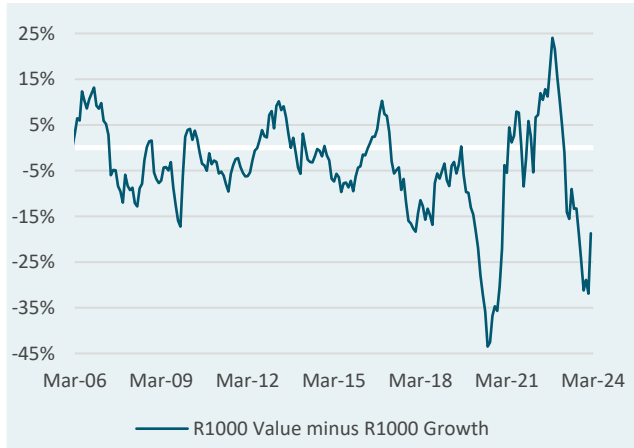


Source: Bloomberg, as of 3/31/24

Domestic equity size and style

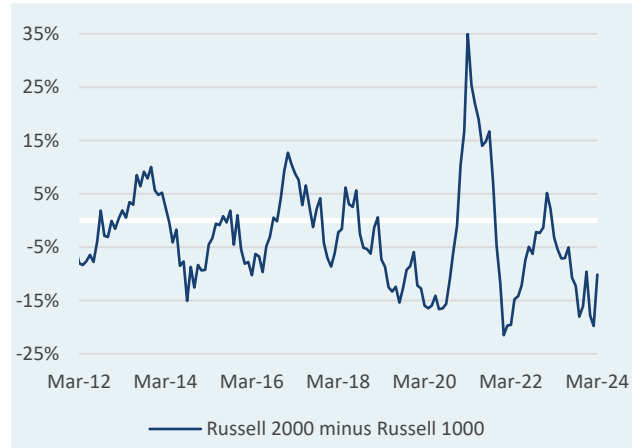
- While strong U.S. equity performance was broad across size and style types, value stocks led in domestic equity. The Russell 1000 Value Index (+5.0%) was the top performer, beating the Russell 1000 Growth Index (+1.8%), though rolling 1-year relative performance was very poor at -18.7%.
- Small caps delivered a slight reversal from the negative trend of the past year, outperforming large cap (Russell 2000 Index +3.6%, Russell 1000 Index +3.2%). More rate-sensitive small cap companies have been buoyed by a clearer path laid out for rate cuts.
- The S&P 500 Equal-weighted Index (+7.9%) lagged the market-cap weighted S&P 500 (+10.6%) over the quarter. Despite concerns regarding equity concentration, investing in the equal-weighted index has historically resulted in higher volatility, often more expensive index valuations, and unintentional size and style bets that have not necessarily been rewarded with excess return.
- Relative valuations remain around 10-year averages for large cap value and small cap. Large cap growth has deviated significantly, with the Russell 1000 Growth trading at 27.8x forward earnings, a 25% premium to the 10-year average.

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 3/31/24

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 3/31/24

1-YEAR SIZE & STYLE PERFORMANCE

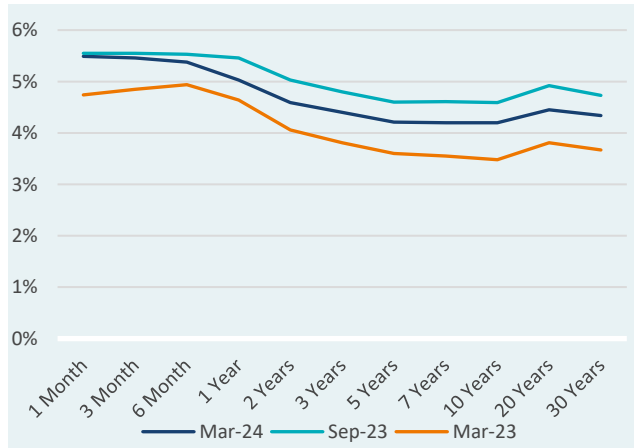
	Value	Core	Growth
Large Cap	20.3%	29.9%	39.0%
Mid Cap	20.4%	22.3%	26.3%
Small Cap	18.8%	19.7%	20.3%

Source: FTSE, Bloomberg, as of 3/31/24

Fixed income

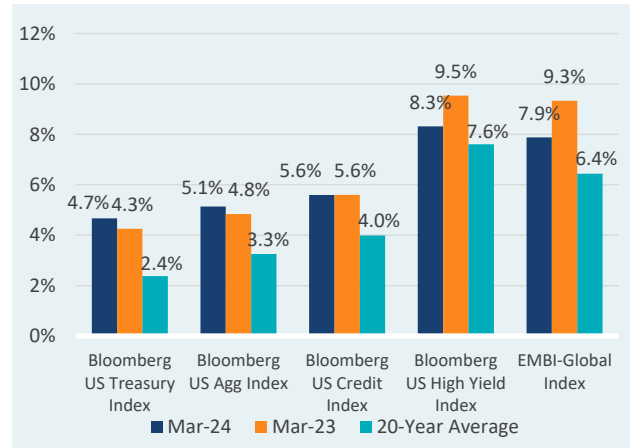
- U.S. bonds were positive in March, with the Bloomberg U.S. Aggregate Index gaining +0.9%. Treasury yields were largely unchanged, as the bond market eagerly awaited further guidance regarding the Fed’s rate cut path. Fed funds futures are currently pricing in a 19% chance of a 25bp rate cut by the June Fed meeting.
- The Bloomberg U.S. Corp. Investment Grade Index was the top performer (+1.3%). High-quality bonds benefited from higher coupon rates and narrowing spreads. The worst performing index was the Bloomberg 1-3 Yr US Treasury (+0.4%), which did not benefit from term or credit premiums as other indexes.
- Spreads continue to narrow across the board, providing a tailwind to fixed income sectors with credit exposure. High yield spreads decreased -14bps to 3.15%, bringing year-to-date performance to +1.5%. Bank loan spreads decreased -10bps to 4.63%, raising year-to-date performance to +2.5%, making it the best-performing major bond index to start the year.
- Yield curve movements were muted, with 2-year and 10-year yields both decreasing by 5bps to 4.59% and 4.20%, respectively. The 10/2 yield curve inversion remained unchanged at -39 bps.

U.S. TREASURY YIELD CURVE



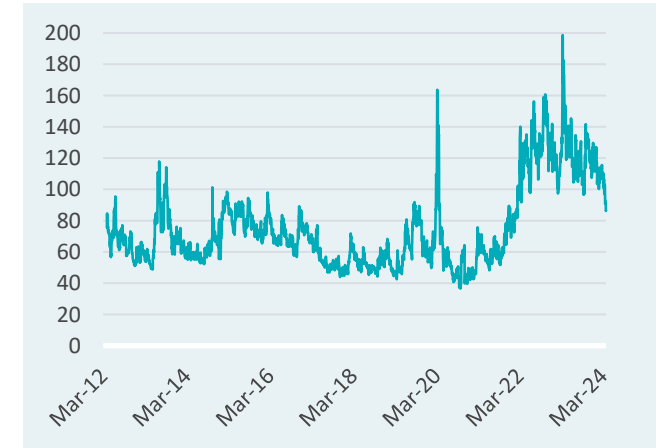
Source: Bloomberg, as of 3/31/24

NOMINAL YIELDS



Source: Morningstar, as of 3/31/24

U.S. TREASURY IMPLIED VOL (“MOVE” INDEX)

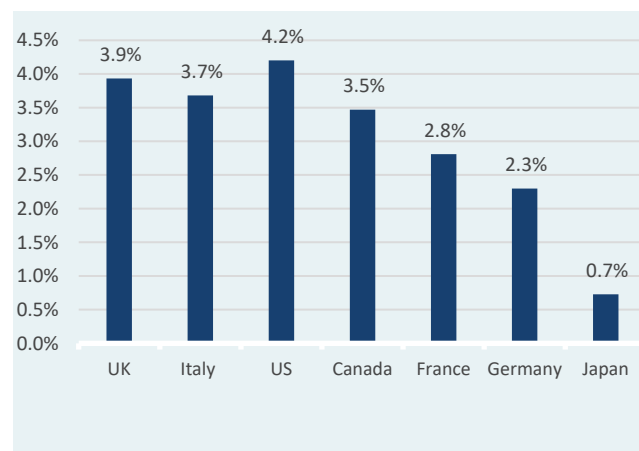


Source: Bloomberg, as of 3/31/24

Global markets

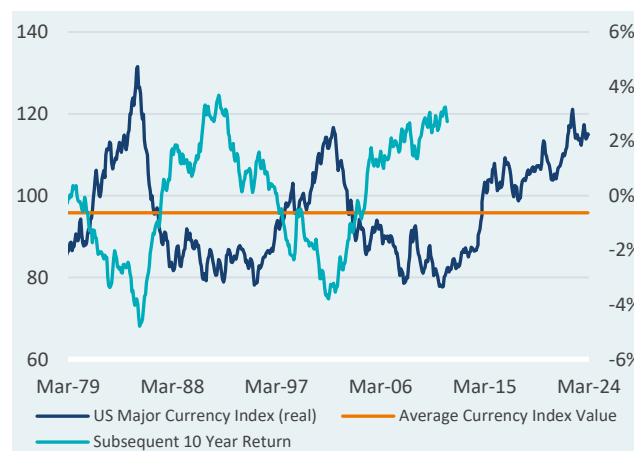
- International equities performed in line with U.S. equities (MSCI ACWI ex US +3.1%). Developed markets are arguably in a similar situation to the U.S., with a strengthening consumer and easing inflation leading to hopes of rate cuts and sustained growth.
- A sharp drop in inflation and a return to positive growth helped propel the MSCI UK (+4.5%) in March. Inflation falling from 4.0% to 3.4% is fueling expectations of a summer rate cut from the Bank of England. Additionally, UK GDP came in at +0.1% in January, after contracting in the second half of 2023.
- Similar factors are leading to expectations of a June rate cut from the ECB, lifting European markets in March (MSCI Euro +4.1%). Eurozone inflation decreased to 2.6% year-over-year, from the prior month's 2.8% print. Given the recent stagnant growth compared to the U.S., new data may compel the ECB to lower rates sooner than the U.S. does.
- Emerging markets also gained in March, despite underperforming developed markets (MSCI EM +2.5%). Chinese markets continue to be a drag, closing out the quarter down -2.2%, below the MSCI EM (+2.4%) and global market index (MSCI ACWI +8.2%).

GLOBAL SOVEREIGN 10-YEAR YIELDS



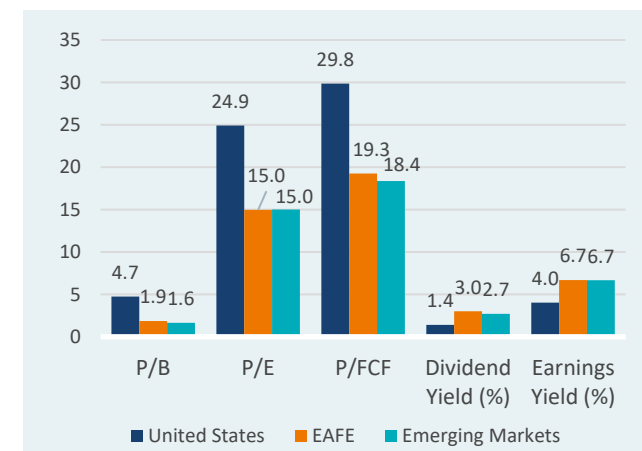
Source: Bloomberg, as of 3/31/24

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 3/31/24

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 3/31/24

Commodities

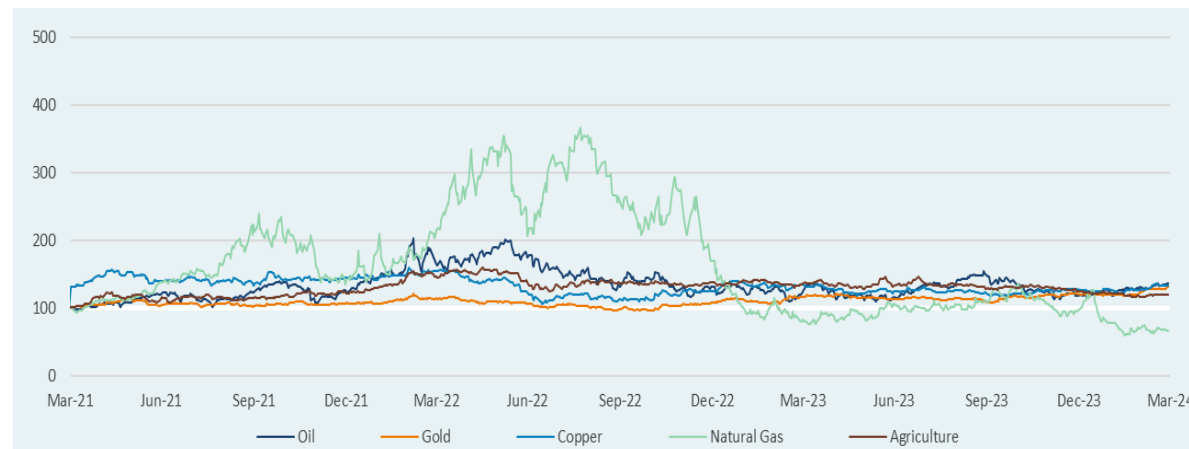
- The Bloomberg Commodity index more than reversed last month's losses, climbing +3.3%, with seven of eight major sub-indexes increasing. All-time highs for Gold and higher oil prices helped to lift the overall index.
- Precious Metals were the top performing index (+8.6%), with Gold jumping 22% over the month. Commodity strategists are calling into question the relationship that Gold has historically held with real interest rates, instead citing geopolitical tensions as the primary reason for the rally. In addition to the continuation of the Russia-Ukraine war and fears of widening conflict in the Middle East, the Chinese central bank has been increasing its gold reserves.
- Oil prices continued to climb in March, following an announcement that OPEC+ would cut production by 2.2 millions barrels per day during the second quarter of the year. Ukrainian drone strikes on Russian refineries also interrupted production. West Texas Intermediate (WTI) crude oil closed the month at \$83 per barrel, a +6.3% increase from February.
- Softs showed little movement in March (+0.7%), despite Cocoa trading significantly up in the last year. Futures are up above record highs, with prices up 246% from a year ago. This comes following poor weather in West Africa causing a weak harvest for the second year running.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	3.3	2.2	2.2	(0.6)	9.1	6.4	(1.6)
Bloomberg Agriculture	2.5	(3.0)	(3.0)	(7.3)	8.3	10.7	(1.5)
Bloomberg Energy	2.4	4.8	4.8	1.0	13.2	(1.2)	(9.3)
Bloomberg Grains	2.5	(8.0)	(8.0)	(18.0)	1.8	7.4	(3.9)
Bloomberg Industrial Metals	1.8	(0.7)	(0.7)	(7.9)	2.2	4.8	2.4
Bloomberg Livestock	(0.8)	11.0	11.0	13.7	4.8	(2.7)	(3.5)
Bloomberg Petroleum	6.2	16.7	16.7	24.0	31.1	11.9	(2.4)
Bloomberg Precious Metals	8.6	6.6	6.6	9.9	6.6	10.0	3.9
Bloomberg Softs	0.7	9.6	9.6	18.9	22.4	14.1	(0.3)

Source: Morningstar, as of 3/31/24

COMMODITY PERFORMANCE



Source: Bloomberg, as of 3/31/24

Appendix

Periodic table of returns

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	5-Year	10-Year
Large Cap Growth	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	37.3	6.7	36.4	38.5	28.3	16.1	42.7	11.4	18.5	16.0
Large Cap Equity	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	30.2	1.9	31.4	34.6	27.6	9.4	26.5	10.3	14.8	12.7
Large Cap Value	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	0.9	17.3	25.0	0.0	28.5	21.0	27.1	1.5	18.7	9.0	10.3	9.0
Small Cap Growth	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	12.1	22.2	-1.5	26.5	20.0	26.5	-4.7	18.2	7.6	8.2	7.9
International Equity	16.5	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.0	11.8	21.7	-3.5	25.5	18.3	25.2	-7.5	16.9	5.8	8.1	7.6
Small Cap Equity	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	11.3	17.1	-4.8	22.4	14.0	17.7	-13.0	15.4	5.2	7.4	6.9
60/40 Global Portfolio	14.3	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	-0.8	11.2	14.6	-6.0	22.0	10.3	14.8	-14.5	14.6	4.0	7.3	6.8
Hedge Funds of Funds	12.9	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	-1.4	8.0	13.7	-8.3	18.6	7.8	11.3	-14.5	11.5	3.9	6.4	5.3
Small Cap Value	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	7.1	7.8	-9.3	18.4	7.5	8.9	-17.3	9.8	2.9	6.2	4.8
Emerging Markets Equity	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	5.7	7.7	-11.0	8.7	4.6	6.5	-19.1	6.3	2.4	5.0	3.6
Commodities	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.6	7.0	-11.2	7.8	2.8	2.8	-20.1	5.5	2.2	4.3	2.9
Cash	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	3.5	-12.9	7.7	0.5	0.0	-20.4	5.0	1.3	2.2	1.5
Real Estate	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	0.5	1.7	-13.8	6.4	0.5	-1.5	-26.4	-7.9	0.0	1.9	1.3
US Bonds	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	0.3	0.9	-14.6	2.1	-3.1	-2.5	-29.1	-7.9	-0.8	0.4	-1.6

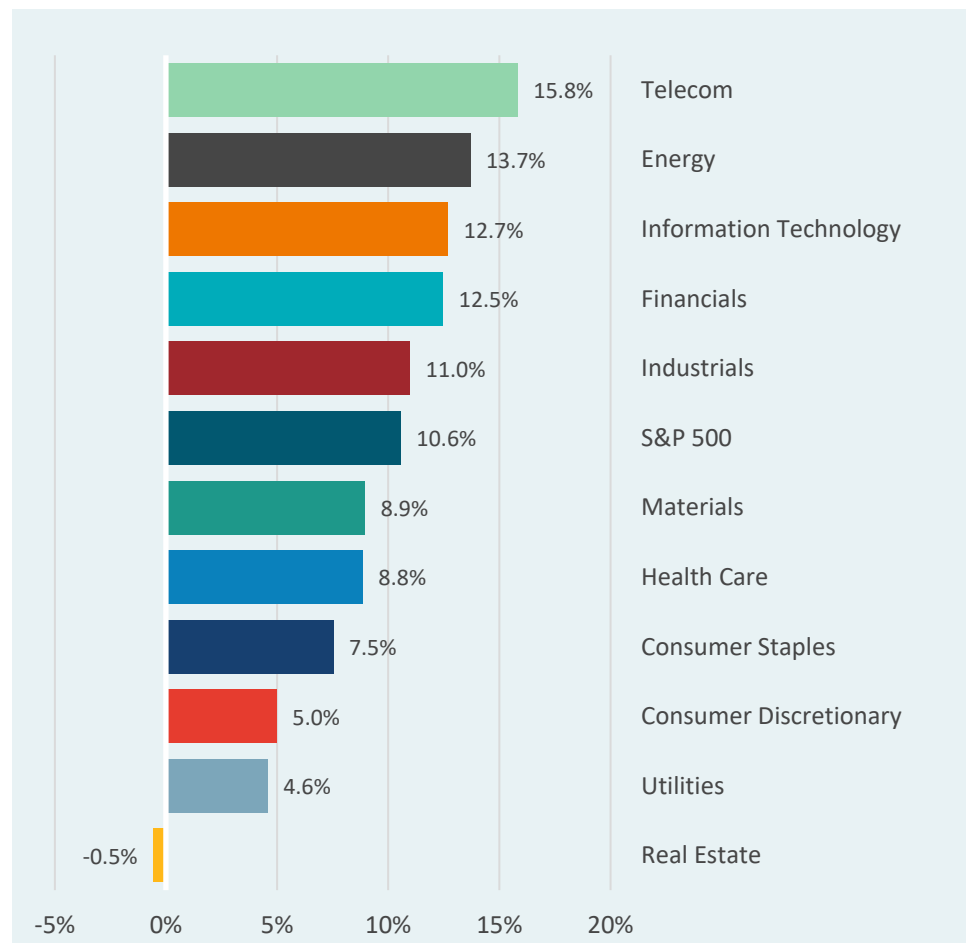
BEST
↑
↓
WORST

 Large Cap Equity	 Small Cap Growth	 Commodities
 Large Cap Value	 International Equity	 Real Estate
 Large Cap Growth	 Emerging Markets Equity	 Hedge Funds of Funds
 Small Cap Equity	 US Bonds	 60% MSCI ACWI/40% Bloomberg Global Bond
 Small Cap Value	 Cash	

Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 12/31/23.

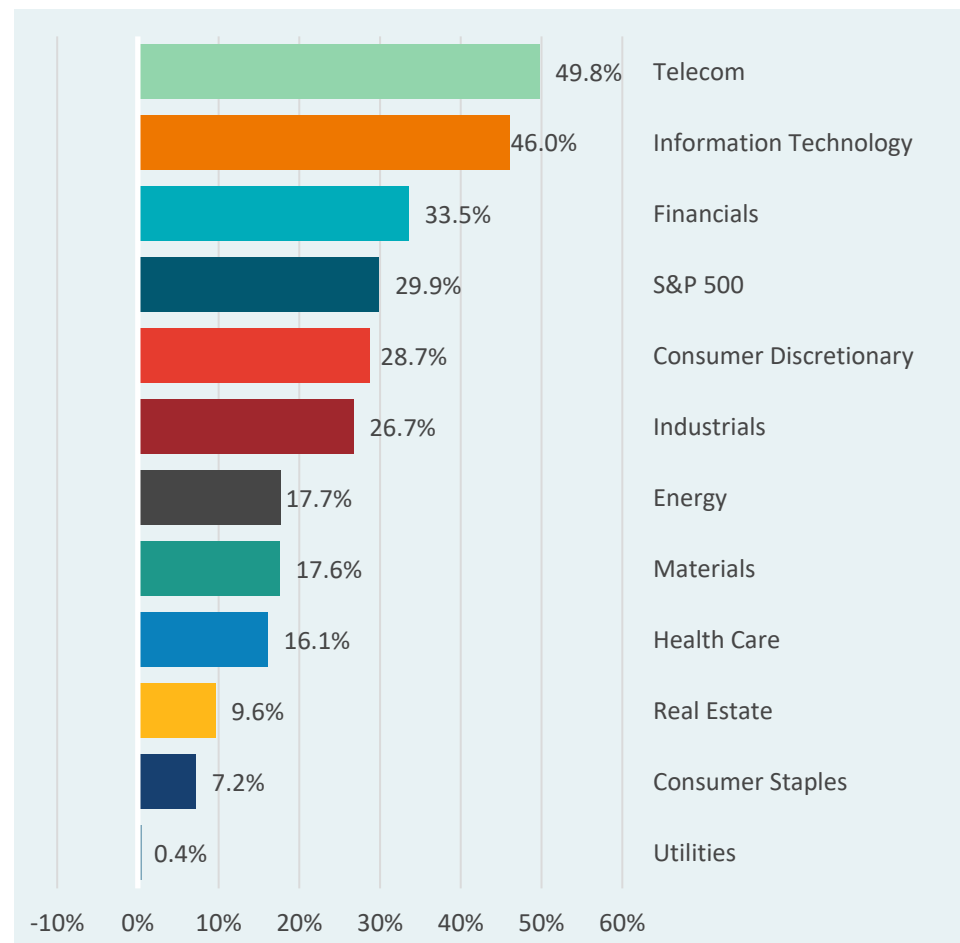
S&P 500 sector returns

QTD



Source: Morningstar, as of 3/31/24

ONE YEAR ENDING MARCH



Source: Morningstar, as of 3/31/24

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	3.2	10.6	10.6	29.9	11.5	15.1	13.0
S&P 500 Equal Weighted	4.5	7.9	7.9	19.4	8.2	12.4	10.9
DJ Industrial Average	2.2	6.1	6.1	22.2	8.7	11.3	11.8
Russell Top 200	2.9	10.8	10.8	32.4	12.0	16.1	13.7
Russell 1000	3.2	10.3	10.3	29.9	10.5	14.8	12.7
Russell 2000	3.6	5.2	5.2	19.7	(0.1)	8.1	7.6
Russell 3000	3.2	10.0	10.0	29.3	9.8	14.3	12.3
Russell Mid Cap	4.3	8.6	8.6	22.3	6.1	11.1	9.9
Style Index							
Russell 1000 Growth	1.8	11.4	11.4	39.0	12.5	18.5	16.0
Russell 1000 Value	5.0	9.0	9.0	20.3	8.1	10.3	9.0
Russell 2000 Growth	2.8	7.6	7.6	20.3	(2.7)	7.4	7.9
Russell 2000 Value	4.4	7.8	(1.4)	18.8	2.2	8.2	6.9

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	3.1	8.2	8.2	23.2	7.0	10.9	8.7
MSCI ACWI ex US	3.1	4.7	4.7	13.3	1.9	6.0	4.3
MSCI EAFE	3.3	5.8	5.8	15.3	4.8	7.3	4.8
MSCI EM	2.5	2.4	2.4	8.2	(5.1)	2.2	2.9
MSCI EAFE Small Cap	3.7	2.4	2.4	10.4	(1.4)	4.9	4.7
Style Index							
MSCI EAFE Growth	2.3	7.0	7.0	13.3	2.8	7.8	5.9
MSCI EAFE Value	4.4	4.5	4.5	17.3	6.6	6.4	3.5
Regional Index							
MSCI UK	4.5	3.1	3.1	10.9	7.7	5.1	2.9
MSCI Japan	3.0	11.0	11.0	25.8	3.7	7.8	6.7
MSCI Euro	4.1	8.4	8.4	17.4	6.9	9.0	4.7
MSCI EM Asia	3.0	3.4	3.4	6.3	(6.5)	2.8	4.5
MSCI EM Latin American	1.0	(4.0)	(4.0)	22.6	10.5	3.7	1.7

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	0.8	(0.1)	(0.1)	0.5	(0.5)	2.5	2.2
Bloomberg US Treasury Bills	0.5	1.3	1.3	5.3	2.6	2.0	1.4
Bloomberg US Agg Bond	0.9	(0.8)	(0.8)	1.7	(2.5)	0.4	1.5
Bloomberg US Universal	1.0	(0.5)	(0.5)	2.7	(2.1)	0.7	1.8
Duration							
Bloomberg US Treasury 1-3 Yr	0.4	0.3	0.3	2.9	0.0	1.1	1.1
Bloomberg US Treasury Long	1.2	(3.3)	(3.3)	(6.1)	(8.0)	(2.8)	1.2
Bloomberg US Treasury	0.6	(1.0)	(1.0)	0.1	(2.7)	(0.1)	1.0
Issuer							
Bloomberg US MBS	1.1	(1.0)	(1.0)	1.4	(2.8)	(0.4)	1.1
Bloomberg US Corp. High Yield	1.2	1.5	1.5	11.2	2.2	4.2	4.4
Bloomberg US Agency Interm	0.4	0.2	0.2	3.2	(0.6)	0.8	1.2
Bloomberg US Credit	1.2	(0.2)	(1.6)	4.1	(1.9)	1.4	2.5

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	3.3	2.2	2.2	(0.6)	9.1	6.4	(1.6)
Wilshire US REIT	1.5	(0.0)	(0.0)	12.4	4.5	4.4	6.7
CS Leveraged Loans	0.8	2.5	2.5	12.4	5.8	5.3	4.6
S&P Global Infrastructure	4.6	1.3	1.3	4.1	5.5	4.9	5.2
Alerian MLP	4.9	14.7	14.7	37.3	29.2	10.4	2.9
Regional Index							
JPM EMBI Global Div	2.1	2.0	2.0	11.3	(1.4)	0.7	3.0
JPM GBI-EM Global Div	(0.0)	(2.1)	(2.1)	4.9	(1.6)	0.1	(0.3)
Hedge Funds							
HFRI Composite	2.5	4.9	4.9	12.1	4.3	7.0	5.0
HFRI FOF Composite	1.3	3.9	3.9	9.4	2.8	5.0	3.6
Currency (Spot)							
Euro	(0.2)	(2.2)	(2.2)	(0.6)	(2.8)	(0.8)	(2.4)
Pound Sterling	(0.1)	(0.9)	(0.9)	2.2	(2.9)	(0.6)	(2.7)
Yen	(1.1)	(6.9)	(6.9)	(12.1)	(10.0)	(6.1)	(3.8)

Source: Morningstar, HFRI, as of 3/31/24

Detailed private market returns

Comparison to public market index returns

Private Equity Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Private Equity FoFs & Secondary Funds	0.3	17.9	14.6	13.4
<i>MSCI World Index (PME)</i>	21.9	8.6	7.5	8.4
Global Private Equity Direct Funds ¹	3.7	15.5	15.5	15.1
<i>MSCI World Index (PME)</i>	21.6	7.8	7.3	8.3
U.S. Private Equity Direct Funds ¹	2.6	17.5	17.3	16.4
<i>Russell 3000 Index (PME)</i>	20.2	9.2	9.2	11.4
Europe Private Equity Direct Funds ¹	11.7	14.9	14.8	13.5
<i>MSCI Europe Index (PME)</i>	28.0	6.6	4.3	3.9
Asia Private Equity Direct Funds ^{1,4}	2.7	7.3	9.0	12.3
<i>MSCI AC Asia Pacific Index (PME)</i>	15.7	(0.6)	1.3	3.4

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt ^{2,4}	7.5	16.0	11.9	11.0
<i>Morningstar LSTA U.S. Leveraged Loan 100 Index (PME)</i>	13.8	5.4	4.6	4.3

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	(3.9)	12.2	8.9	11.7
<i>FTSE NAREIT Equity REIT Index (PME)</i>	2.6	7.0	3.5	7.4

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources ^{3,4}	7.5	22.3	4.5	3.8
<i>S&P Global Natural Resources Index (PME)</i>	18.1	20.6	5.8	5.7
Global Infrastructure ⁴	9.5	11.5	10.2	10.5
<i>S&P Global Infrastructure Index (PME)</i>	4.9	4.8	2.6	3.4

Source: Pooled IRRs and Public Market Equivalents (PMEs) are both from Refinitiv C/A, as of September 30th, 2023. All returns in U.S. dollars.

1. Includes Buyout, Growth Equity and Venture Capital.

2. Includes Control-Oriented Distressed, Credit Opportunities, Senior Debt and Subordinated Capital.

3. Includes Private Equity Energy, Timber and Upstream Energy & Royalties.

4. Due to limited history of the PME, only the funds with the same vintage years as PMEs are included.

Notices & disclosures

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**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement**

April 23, 2024

Agenda Item 6.2

TO: Board of Retirement

FROM: Doris Ng, Investment Analyst 

SUBJECT: Report on Currency Hedge Manager Annual Review

Recommendation

Accept the report on the annual review of SamCERA's currency hedge manager, Record Currency Management Limited.

Background

Record was hired in March 2023 to provide dynamic currency hedging services to hedge developed, international equity currency exposure within SamCERA's portfolio. The program is managed systematically with a focus on managing the risk of negative cash outflows and varies the hedge ratio between a range of 0-100% for each of the currency pairs based on currency movements and trends relative to the USD.

The meeting lasted approximately 1.5 hours, and consisted of a firm/organizational update, investment process review, and performance review and attribution.

Discussion

On March 7th, SamCERA staff and consultant met with Record to review the dynamic currency hedge program. From inception (3/20/23) through December 31, 2023, the dynamic currency hedge program has produced a return of \$5.2 million, or 45 basis points as a % of the mandate size.

There were no major concerns identified during the review. Meeting notes summarizing the findings from the annual review are attached to this memo.

Attachment

Record Dynamic Currency Overlay Annual Review Meeting Notes 2024

Date of meeting: 3/7/24

Location: SamCERA

Manager Representative

Tom Arnold (Client Relations)
Nick Archer (Client Relations)
James Allen (Director FX)
Andrew Bloomfield (Head of Macro Research)

Verus Representative(s)

Joseph Abdou (Consultant)

Client Representative(s)

Mike Coultrip (CIO),
Doris Ng (Analyst)

Product Description

Record is one of the world's largest and longest standing currency managers with over 40 years of experience in delivering tailored currency solutions for institutional clients. Record was established in 1983 and grew largely around currency hedging for both corporate and institutional clients, with mandates including the world's first stand-alone currency hedging mandate in 1985. Record's parent company is Record plc, which is a publicly listed company on the London Stock Exchange. As of December 31, 2023, Record manages US \$99.5bn in exposures for 114 clients, of which \$15bn is in Dynamic Hedging mandates.

Organization

Record Financial Group, the established name for the group, has a flat group structure with multiple regulated entities, including Record Currency Management Limited and Record Asset Management GmbH. Record Financial Group is the collective name for the group of companies wholly or ultimately owned by the publicly listed holding company, Record plc. Almost 50% of the public company shares in Record are held by employees which aligns senior staff incentives with those of the business and clients.

Investment Team

Record has a large team dedicated to currency management. The team is led by Dmitri Tikhonov (CIO) and has 14 senior investment professionals supported by 34 investment professionals and 7 research members.

The Investment Management Group (IMG) is responsible for the day-to-day management of our products. Three sub-teams exist within the IMG and one of them has oversight of Active Currency Overlay programs, including SamCERA's mandate. This sub-team is led by Andrey Rumyantsev (Head of FX Risk Management Solutions), and also includes Dmitri Tikhonov (Chief Investment Officer), James Allen (Director of FX Risk Management Solutions) and Andrew Bloomfield (Head of Macro Research). The team is further supported by research analysts depending on the subject. The team are jointly involved in portfolio and market reviews as well as supporting relevant client relationships.

Investment Strategy

Record's investment philosophy is underpinned by a belief that the best results are delivered by a robust, systematic investment process, overseen by an experienced team of investment professionals. The systematic process exploits inefficiencies in the FX markets, in this case their tendency to trend, in an explicable, repeatable way. The discretionary risk management oversight ensures that the program is responsive to the prevailing market conditions and best reflects an individual client's objectives.

As the base currency (e.g. USD) appreciates against foreign currency, the hedge ratio will rise. Inversely, as the base currency falls in value, hedge ratios will also fall. The process targets high hedge ratios when the base currency is strong (and strengthening) and low hedge ratios when foreign currency is strong (and strengthening). The intended results are:

- a) adding value through profitable hedges when the base currency is strong;
- b) limiting and protecting the plan from hedging cash drawdown during periods when the base currency is weak;
- c) constraining costs and discretionary oversight during periods of excessive volatility.

The Dynamic Hedging program is implemented through a number of equally sized, independently managed positions for each foreign currency exposure. Each position is established with a reference protection level. Dynamic Hedging opens and closes positions at frequent intervals based on whether they are "in the money". A position can be either open (hedge is on) or closed (hedge is off), depending on the prevailing exchange rate relative to the protection level. In this way, the process builds hedges incrementally from 0% to 100% (or the maximum allowable hedge ratio) during periods of base currency strength when the hedging program will be delivering an increasingly positive P&L. During times of base currency weakness, loss-making positions are closed until the hedge ratio reaches 0%, limiting losses from hedging.

Performance & Positioning

Record is a relatively new manager which implemented the Dynamic Currency Hedging portfolio in March 2023. 2023 had positive gross performance gaining 0.45%, and since inception the strategy has gained 1.29% through February 23, 2024. The strategy will do well when currencies trend. For the recent time period, the Yen and Swiss Franc have provided most of the outperformance. Trends in these currencies remained strong in 2023. The model is typically left to run with minimal intervention; however, in 2023 the team did intervene to take profits and lower risk within Japan. Interventions are almost exclusively to lower risk in a currency and take profits from trending currencies.

Conclusion


Verus continues to believe that Record is well suited to implement a successful dynamic currency mandate. Record's experience, investment team, and approach contribute to our confidence in the strategy. Performance over the short term has been a contributor to the portfolio and inline with our expectations.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2024

Agenda Item 6.3

TO: Board of Retirement

FROM: Doris Ng, Investment Analyst 

SUBJECT: Report on Cash Overlay (Parametric) Annual Review

Recommendation

Accept the report on the annual review of SamCERA's overlay manager, Parametric Portfolio Associates.

Background

Parametric's institutional overlay program (formerly The Clifton Group) was hired in May 2013 to provide overlay management services to SamCERA. Parametric initially provided securitization of total fund cash, manager cash equitization, and overlay transition management services. Subsequently, portfolio rebalancing was added in January 2014. A passive, currency hedge program, utilizing a 50% static hedge ratio, was added in September 2018, and later closed as part of the transition to a dynamic currency hedge program.

Parametric Policy Implementation Overlay Services (PIOS) provides increased operational efficiency for fund cash flow management, exposure management during manager transitions, elimination of performance drag due to residual manager cash, and rebalancing during times of meaningful deviation from policy targets. All of Parametric's overlay services are performed out of the Minneapolis (MN) Investment Center.

The meeting lasted approximately 1.5 hours, and consisted of a firm/organizational update, investment process review, and performance review and attribution.

Discussion

On March 7th, SamCERA staff and consultant held an onsite annual review meeting to review the Parametric cash overlay program. Overall overlay program results were in line with long-term expectations. From inception (8/6/2013) through December 31, 2023, the overlay program produced a synthetic index overlay return of \$41.8 million, or 11 basis points return as a % of total fund assets. From inception (9/17/2018) through March 20, 2023, the passive, currency hedge program produced a return of \$52.1 million (as the U.S. Dollar strengthened), or 298 basis points as a % of the overlay hedge target.

There were no major concerns identified during the review. Meeting notes summarizing the findings from the annual review are attached to this memo.

Attachment

Parametric Cash Overlay Annual Review Meeting Notes 2024

Date of meeting: 3/7/24

Location: SamCERA

Manager Representative

Dan Ryan (Client Relations)
James Thorson (PM)

Verus Representative(s)

Joseph Abdou (Consultant)

Client Representative(s)

Mike Coultrip (CIO),
Doris Ng (Analyst)

Product Description

Parametric's cash overlay program is an efficient way for SamCERA to maintain its target asset allocation in a systematic fashion through cash securitization at the fund and manager level, transition/reallocation support and asset class rebalancing back to target within defined bands. The cash overlay program is invested synthetically using liquid futures with cash balances reviewed daily. A combination of domestic large cap, domestic small cap and international equity futures implementation is the proxy for private equity. SamCERA's investment guidelines initially allowed only for cash overlay. Rebalancing was added to the SamCERA program in January 2014.

Parametric estimates that their overlay services should add 10-20 basis points to portfolio returns over time using their systematic approach. Since inception through 12/31/23, SamCERA's overlay program has added 11 basis points to portfolio returns since inception, in line with expectations.

Organization

Parametric Portfolio Associates was a wholly owned subsidiary of Eaton Vance Corp. As of March 1, 2021, Morgan Stanley acquired Eaton Vance Corp. Parametric is still running the day-to-day business autonomously from Morgan Stanley. Many of the back office functions that Eaton Vance supported (HR, Finance, billing) is now being taken care of by Morgan Stanley. Parametric is comprised of three investment centers – Seattle, Minneapolis and Westport, CT. The firm's institutional overlay strategies reside within the Minneapolis investment center which was formerly The Clifton Group prior to Parametric's acquisition of the firm in 2012. Just before the review marked the 2-year anniversary of the acquisition by Morgan Stanley. The day-to-day operations and executive committee has remained autonomous and no concerns were evident about the acquisition.

Parametric's firm-wide assets under management were \$475 billion in total as of 12/31/23. The firm manages over \$140 billion in overlay strategies representing 790 accounts managed out of Minneapolis.

Investment Team

The investment team consists of Dan Wamre, CFA, Ricky Fong CFA, and James Thorson, CFA. Ricky leads the team responsible for the implementation and enhancement of Parametric's Overlay Services strategy. Dan leads the team responsible for trading, designing, and managing overlay portfolios. And James is responsible for the designing, trading, and managing of the overlay portfolio.

Investment Strategy

Parametric's cash overlay services are known internally as Policy Implementation Overlay Services (PIOS). The

objectives of PIOS are to: 1) increase day-to-day availability of cash and provide operational efficiency for cash flow management, 2) eliminate performance drag due to unintended cash, 3) enable staff to obtain a daily snapshot of total fund exposures, and 4) maintain asset class exposure during manager changes.

Parametric uses liquid futures in the implementation of PIOS. US equity exposures are maintained using large cap and small cap futures. Non-US equity exposures are replicated using developed and emerging markets futures. Fixed income Treasury futures are used for bond replication so interest rate sensitivities are addressed. Credit exposure is not addressed so there is some tracking error within the fixed income asset class compared to SamCERA exposures.

Performance & Positioning

Parametric has implemented its overlay strategy within SamCERA's guidelines, reducing cash and maintaining the portfolio target asset allocation within tight tracking error bands. SamCERA had an average cash position of \$145 million, with an effective cash position of just over \$1 million or 0.03% of the Plan. SamCERA's overlay added 13 bps to the portfolio over the past year. Over the long term the portfolio is in line with expectations gaining 11 bps, mostly from cash equitization.


Conclusion

Verus continues to have confidence in Parametric's overlay capabilities and Parametric's implementation of SamCERA's program. Alpha and tracking to the fund's strategic asset allocation are in line with expectations.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2024

Agenda Item 6.4

TO: Board of Retirement
FROM: Doris Ng, Investment Analyst 
SUBJECT: Report on Global Custodian (Northern Trust) Annual Review

Recommendation

Accept the report on the annual review of SamCERA's custodian bank.

Background

Northern Trust became SamCERA's custodian effective July 1, 2014. Northern Trust provides SamCERA with global custody and securities lending services.

Discussion

On March 6th, SamCERA staff held an annual review meeting with Northern Trust in a hybrid meeting format. Colleen Brennan (Client Executive), Matt Pfaff (Client Service Manager) and Shane Crea (Performance & Analytics) attended in-person from Northern Trust, and representatives from their Accounting (Maurie Jacobeit) and Securities Lending (Norma Cardenas) teams joined virtually.

The meeting lasted approximately 1 hour, and consisted of a firm/organizational update, global custody overview, securities lending review, and a service performance review.


Overall, Northern Trust continues to provide consistent and reliable levels of service to staff. There were no major concerns identified during the review. Annual review materials will be sent separately to the Board.

**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement**

April 23, 2024

Agenda Item 6.5

TO: Board of Retirement
FROM: Michael Coultrip, Chief Investment Officer
SUBJECT: Report on SamCERA's Risk Dashboard



Recommendation

Accept the SamCERA risk dashboard.

Background

Verus provides semi-annual risk management reporting (SamCERA Risk Dashboard) using index level holdings to better highlight various risk exposures of the plan. Verus presents the Risk Dashboard on an annual basis to the Board.

Discussion

Marc Gesell of Verus will present the SamCERA Risk Dashboard with data as of December 31, 2023.

Attachment

SamCERA Risk Dashboard

San Mateo County Employees' Retirement Association

Portfolio Risk Report

December 31, 2023

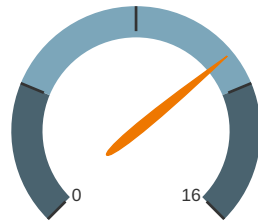
1 Portfolio risk



Portfolio: 10.0%



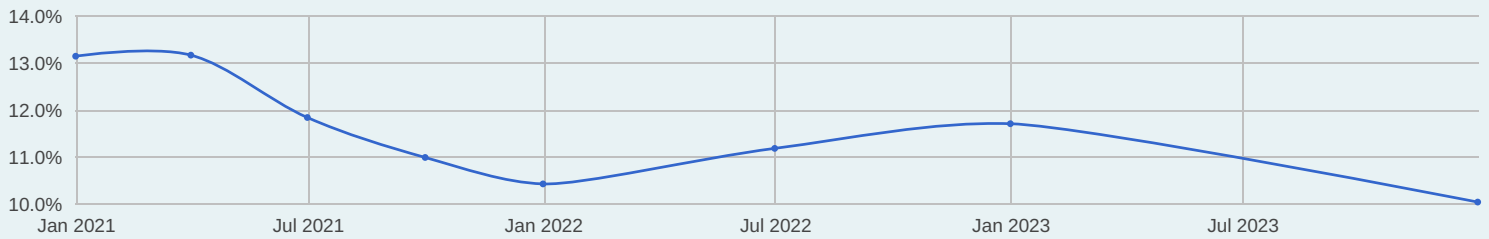
Policy: 10.6%



Average Public Pension: 11.0%



Global 60/40: 11.2%



2 Portfolio equity beta



Portfolio: 0.60



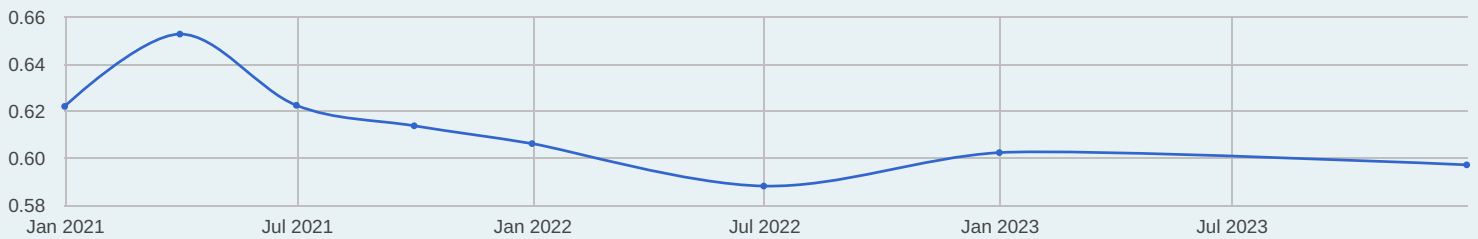
Policy: 0.64



Average Public Pension: 0.66



Global 60/40: 0.67



3 Portfolio interest rate risk - Duration



Portfolio: 1.7



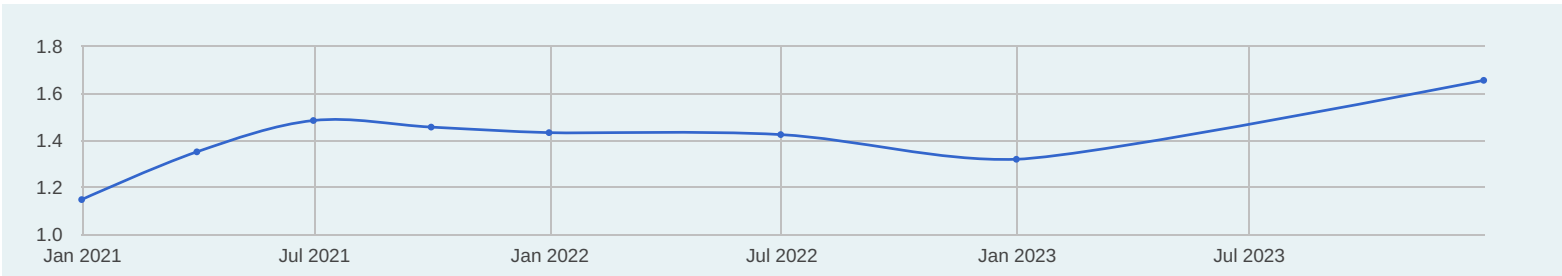
Policy: 1.6



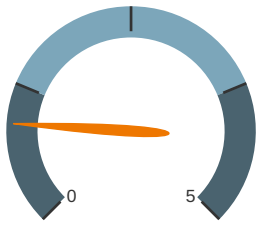
Average Public Pension: 1.5



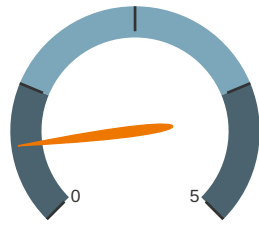
Global 60/40: 2.4



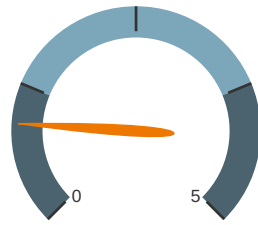
4 Portfolio credit risk - Spread duration



Portfolio: 0.9



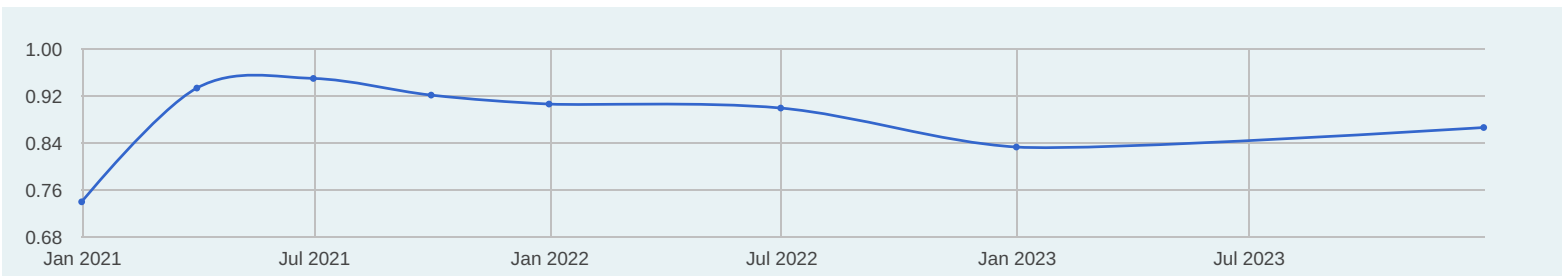
Policy: 0.7



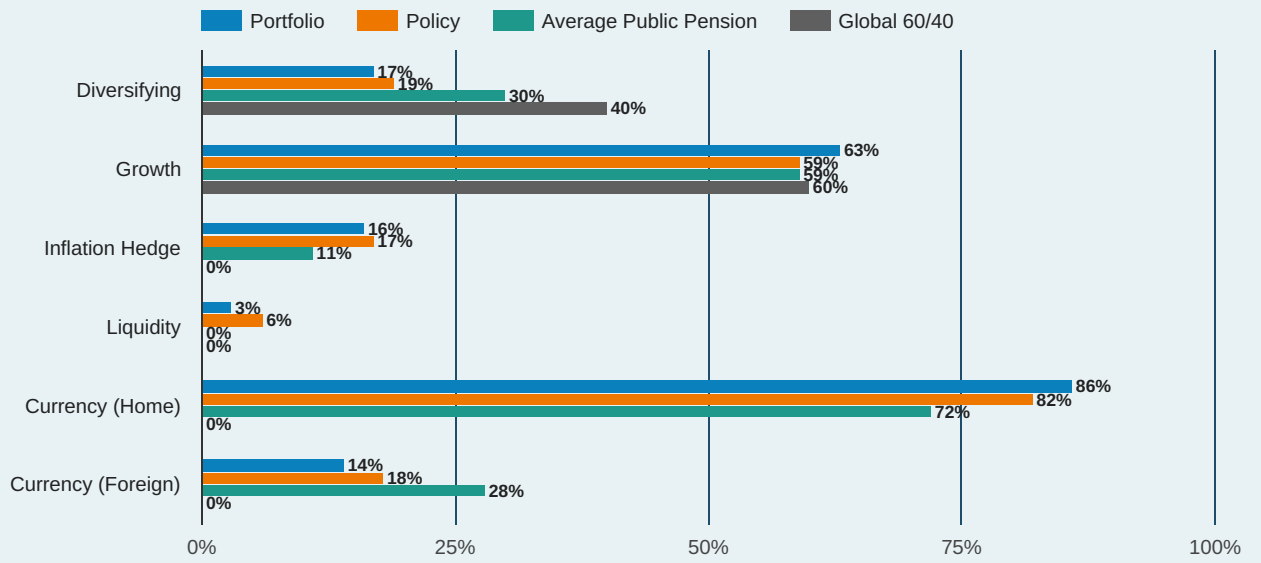
Average Public Pension: 0.9



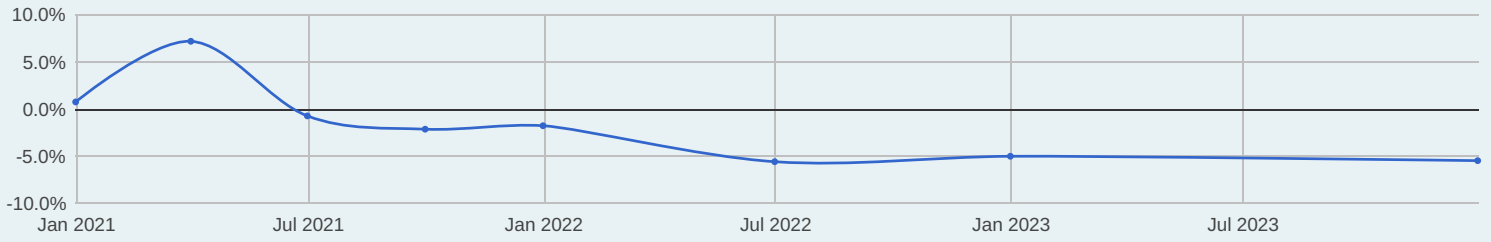
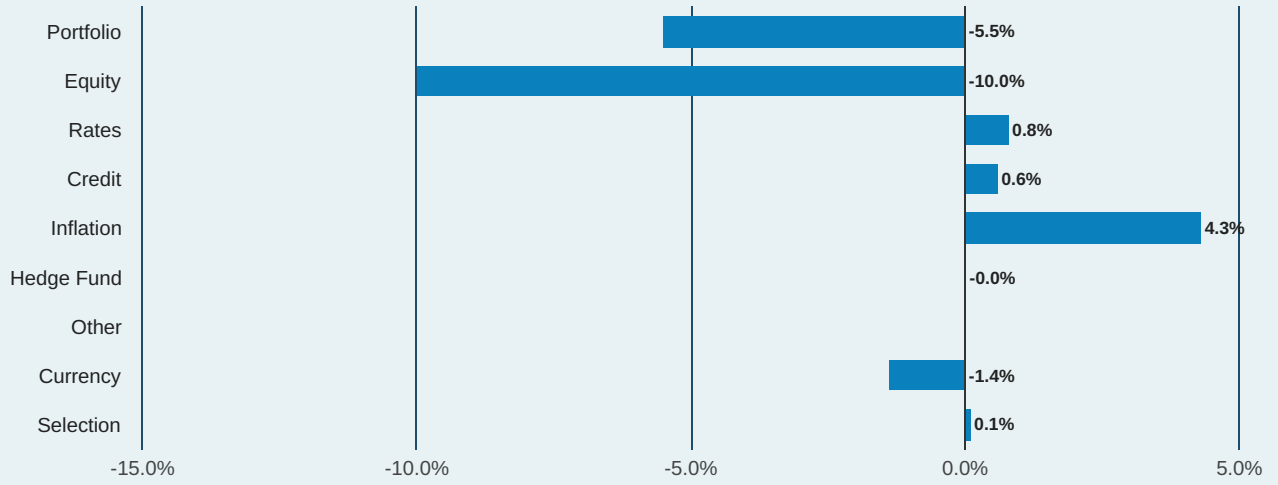
Global 60/40: 1.4



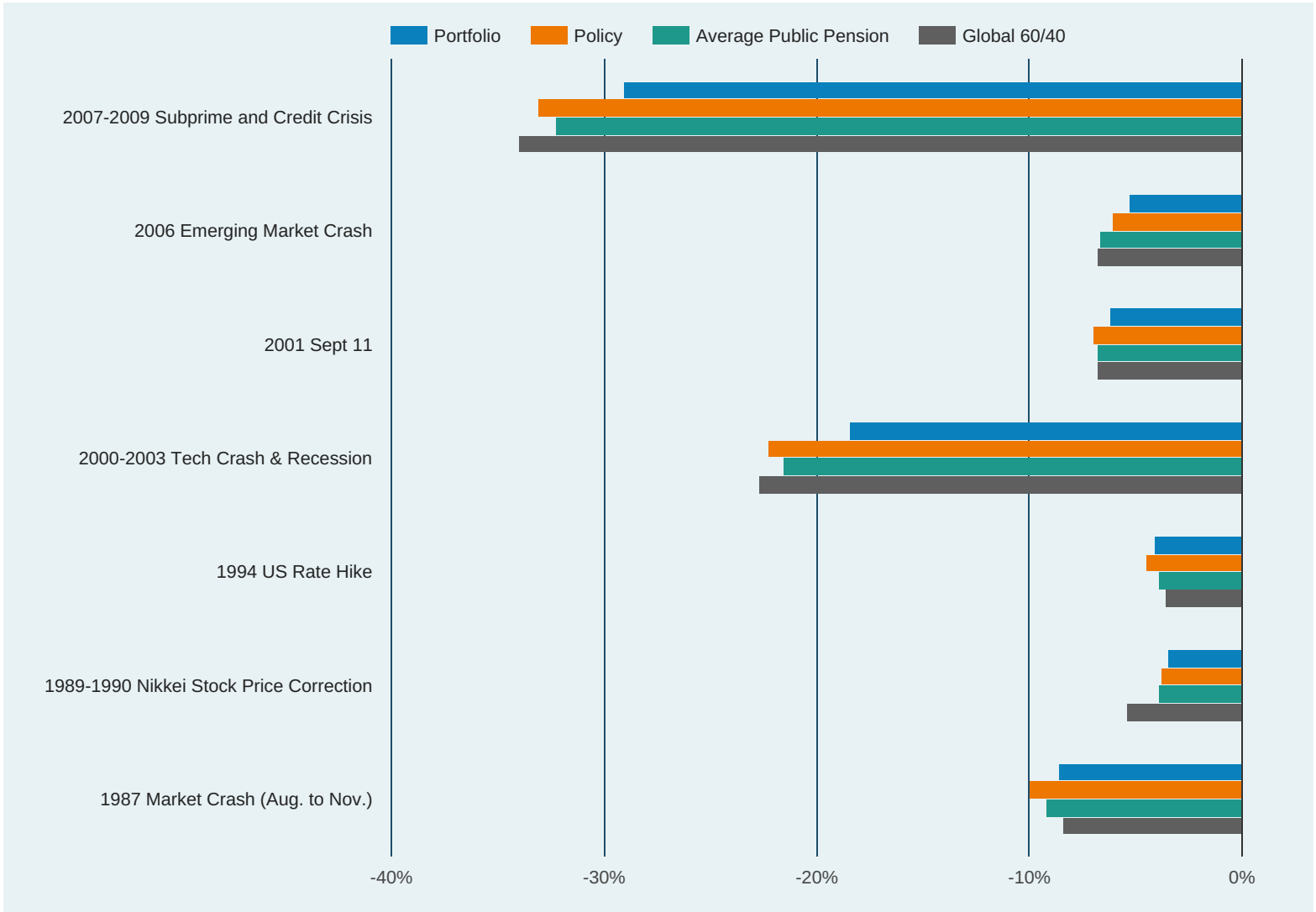
5 Exposure allocation



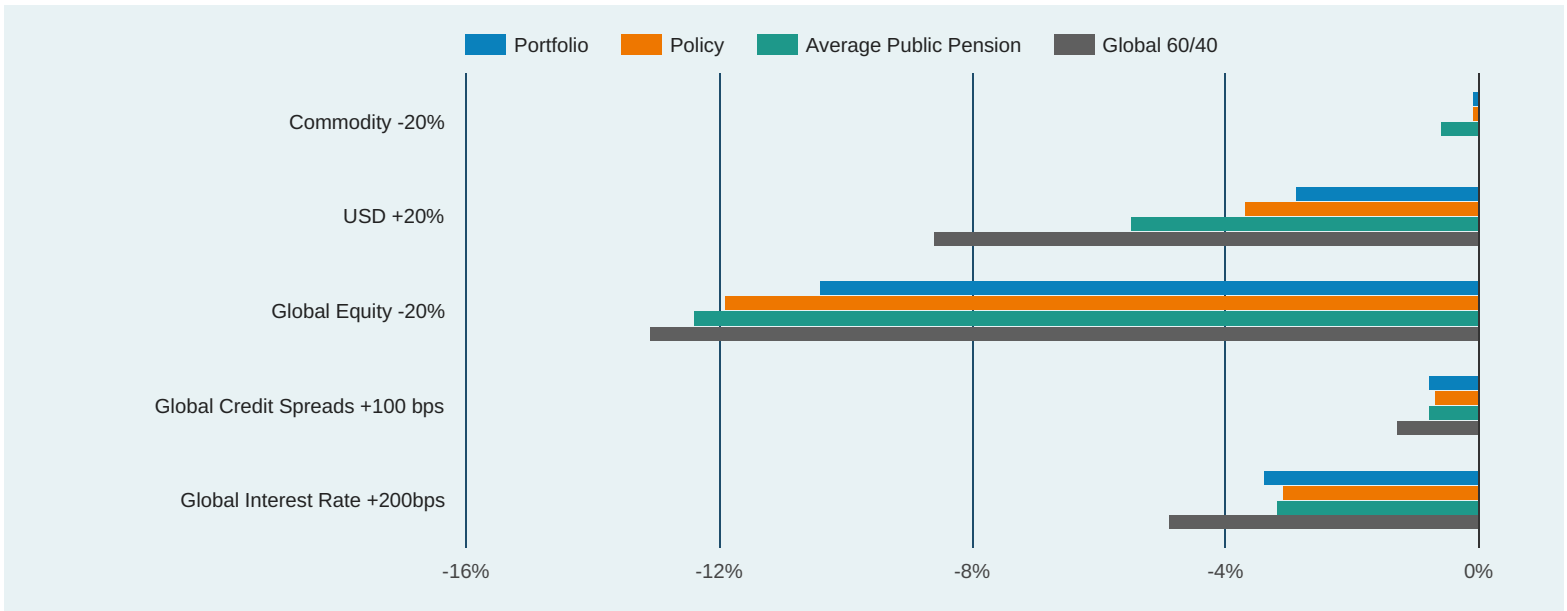
6 Risk factor weight relative to target



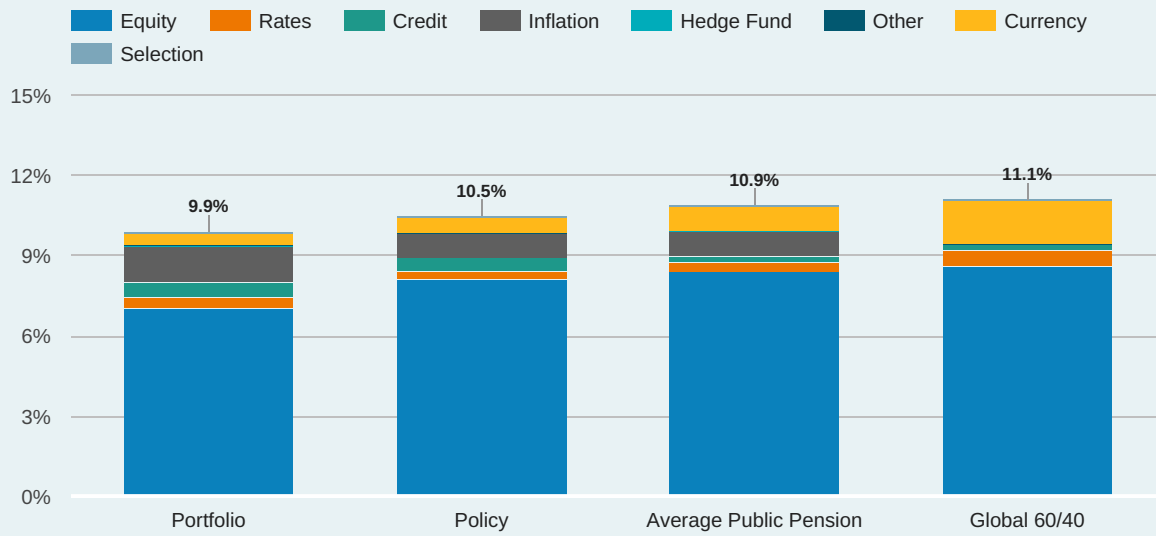
7 Tail risk - Scenario analysis



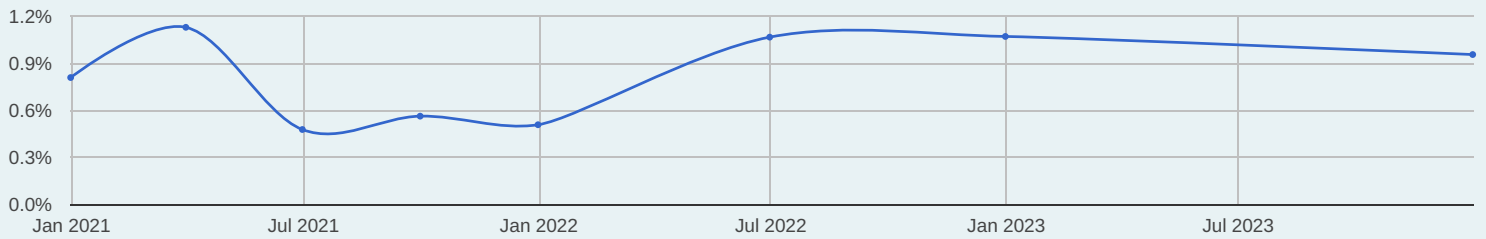
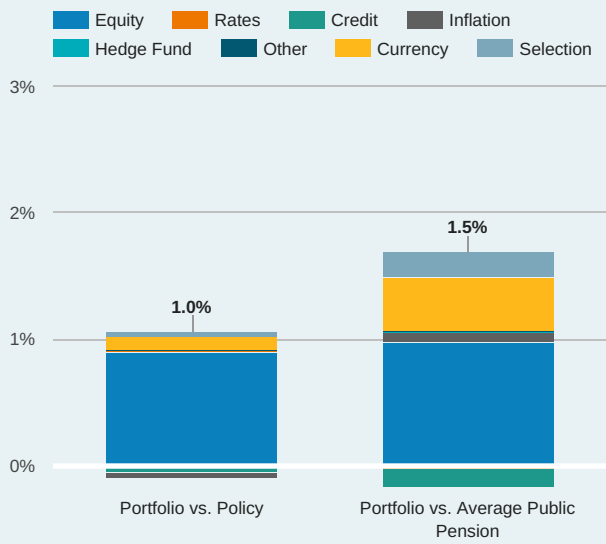
8 Tail risk - Stress tests



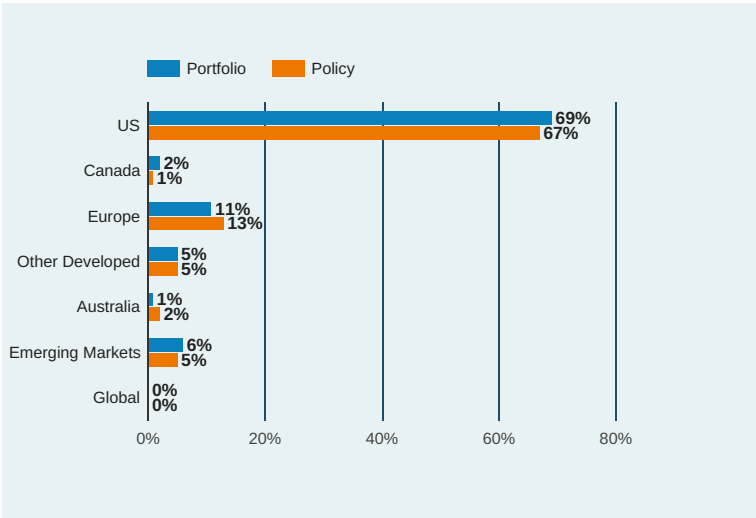
9 Risk contribution by risk factor



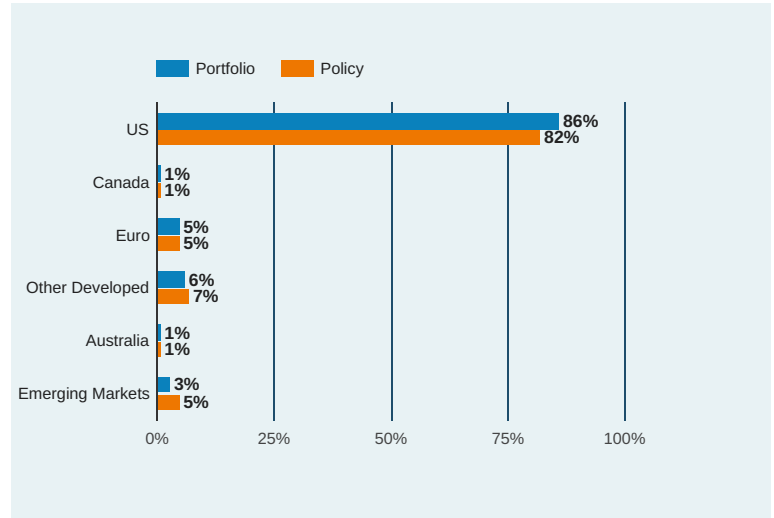
10 Active risk contribution by risk factor



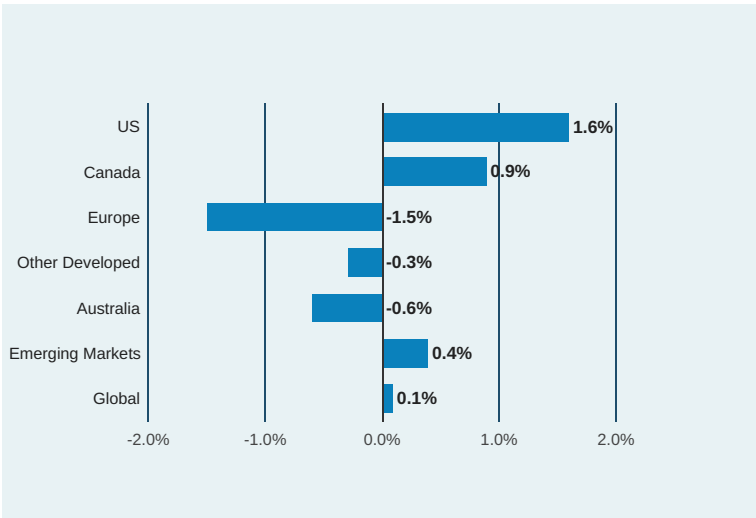
11 Geographic exposure



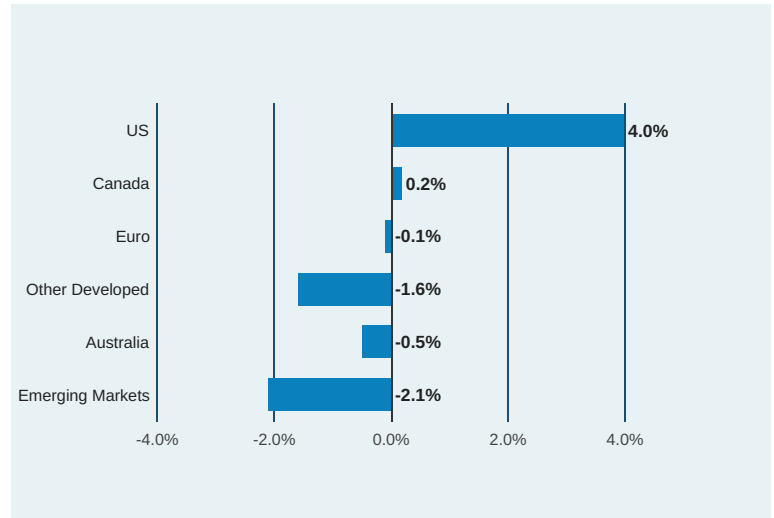
12 Currency exposure



13 Net geographic exposure



14 Net currency exposure



15 Market value summary per BarraOne

Bucket	Asset Class	Account Name	Account	Market Value (millions)
Cash	Cash	Insight Investment	SAMCERA097	278.6
		General Account	SAMCERA049	107.7
		Cash Overlay	SAMCERA085	16.4
		General Account	SAMCERA098	8.9
		Transition Account	SAMCERA078	0.0
Cash Total				411.6
Credit	Global Credit	PIMCO Diversified	SAMCERA064	128.3
		Franklin Templeton	SAMCERA_FRANKTEMP	57.1
		Angelo Gordon Credit Solutions	SAMCERA075	9.0
	HY Bonds	AG CSF ADF II	SamCERA100	11.4
		AG CSF Annex Dislocation Fund	SAMCERA079	0.0
	Private Credit	PIMCO Private Income	SAMCERA072	50.2
		Blackrock DL Feeder IX-U	SAMCERA074	39.2
		White Oak YSF V	SamCERA094	29.2
		White Oak Yield	SAMCERA062	28.7
		TCP Direct Lending VIII	SAMCERA057	10.3
	US Credit	Brigade Capital	SAMCERA029	116.2
		Beach Point Select	SAMCERA028	110.3
		One William Street	17907303	63.0
		Angelo Gordon Opportunistic	SAMCERA026	0.0
Credit Total				653.0
Equity	Global Equity	Mondrian	SAMCERA017	278.1
		Baillie Gifford	SAMCERA014	270.6
	International Equity	BlackRock MSCI ACWI EX-US IMI	SAMCERA091	580.0
	Private Equity	Private Equity	SAMCERA_PE	408.5
	US Equity	BlackRock Russell 1000	SAMCERA059	872.5

		PanAgora Defuseq	SAMCERAO69	235.8
		DE Shaw	SAMCERAO04	201.2
		QMA US Small Cap	SAMCERAO55	128.2
		PGIM Quant Solutions	SAMCERAO96	25.1
		Acadian US MGD V	SAMCERAO68	0.0

Equity Total 2,999.9

Hedge Fund	Fund of Funds	Aberdeen Standard GARS	SAMCERAO37	0.0
	Hedge Fund	CFM Systematic Global Macro	SamCERAO93	89.2
		PIMCO MAARS Fund LP	SAMCERAO80	87.2
		Graham Quant Macro	SAMCERAO76	82.0
		Acadian MAAR Fund LLC	SamCERAO92	77.7

Hedge Fund Total 336.1

Inflation	Commodities	SSgA Custom Real Asset	SAMCERAO58	177.4
	Real Estate	Private Real Asset	SAMCERA_RA	339.5
		Invesco	SAMCERAO44	248.7
		Harrison Street Core Property	SAMCERAO73	91.7
		PGIM RE US Debt Fund	SAMCERAO63	73.7
		Stockbridge Value IV	SamCERAO95	25.2
		Invesco US Val VI	SamCERAO99	24.7
		Invesco US Val V	SAMCERAO71	23.7
		Invesco US Val IV	SAMCERAO45	0.4

Inflation Total 1,005.0

Rates	Core Bonds	NISA Core Bond	SAMCERAO90	242.0
	US Bonds	DoubleLine	SAMCERAO77	238.8
		NISA LONG TREASURY	17906628	184.7
		FIAM Bond	SAMCERAO21	130.1

Rates Total 795.6

Chart Definitions

1 Portfolio risk

Total risk comparison of Portfolio, Policy, Average Public Pension, and Global 60/40. Policy is composed of: 10.0% Bloomberg Barclays U.S. Corporate High Yield, 15.5% Bloomberg Barclays Aggregate Index, 7.0% HFRI FOF Diversified, 2.5% Bloomberg 1-3 Yr Gov Credit, 4.5% Custom Real Asset Index, 4.5% Custom Real Asset Index, 9.0% NCREIF ODCE, 15.0% MSCI EAFE, 4.0% MSCI EM, 7.0% Private Equity, 19.0% Russell 1000 Index, and 2.0% Russell 2000 Index. Average Public Pension consists of: 24.7% S&P 500 - Daily, 5.0% MSCI ACWI IMI - Daily, 16.1% MSCI ACWI ex USA IMI - Daily, 1.0% MSCI EAFE - Daily, 2.8% MSCI EM (EMERGING MARKETS) - Daily, 1.1% Bloomberg Barclays Global Aggregate, 2.1% Bloomberg Barclays Global Treasury ex US, 19.0% Bloomberg Barclays US Aggregate, 1.1% Bloomberg Barclays Emerging Markets Debt, 5.6% HFRI FOF Index, 8.0% Private Equity Proxy (BURGISS), 3.0% Bloomberg Commodity Index, 8.4% NCREIF Property Index, 2.1% Cash. Global 60/40 is composed of 60% MSCI ACWI IMI and 40% Bloomberg Barclays Global Aggregate.

2 Portfolio equity beta

Equity risk presented by equity beta to market. Equity beta is a measure describing the sensitivity of portfolio returns with returns of the equity market (MSCI ACWI).

3 Portfolio interest rate risk - Duration

For investments, bonds, with fixed cash flows, interest rate duration is the estimated price change given a 1% change in interest rates, calculated by the weighted average of the instruments cash flows (including both interest and maturity payments).

4 Portfolio credit risk - Spread duration

Credit risk presented by spread duration and dollar movement of portfolios. Spread duration measures the percentage change in price for a one percentage point change in spreads.

5 Exposure allocation

Exposure allocation among major risk buckets (rates, credit, equity, inflation, currency) and net currency exposure (domestic vs. foreign). Full Cash collateral is assumed for all derivatives.

6 Risk factor weight relative to target

Contribution by factor to total relative risk of the Portfolio vs the Policy: For example, Equity is equity risk contribution to Portfolio minus equity risk contribution to the Policy, divided by total risk of the Policy. The factor overweights are additive to the total relative risk at the top line. Other includes Country factors and World factors.

7 Tail risk - Scenario analysis

Tail risk is a form of risk measurement that considers the possibility that a market will experience losses greater than what the normal distribution would suggest. This graph shows the expected performance under various historical scenarios (described in the appendix at the end of this report). For each historical scenario, the current market value is recalculated to determine return under identical market conditions, assuming an instantaneous shock. Note: nominal rates are not floored at 0%.

8 Tail risk - Stress tests

This display shows expected performance when individual risk factors are subjected to instantaneous shocks. Directly affected assets are revalued at factor level.

9 Risk contribution by risk factor

Risk contribution by risk factor. Volatility measures the price variation of a portfolio or financial instrument over time.

10 Active risk contribution by risk factor

Active risk in terms of annual tracking error: Tracking Error (TE) measures how closely a portfolio follows its benchmark. It is the standard deviation of the difference between the portfolio and benchmark returns.

11 Geographic exposure

Geographic exposures are calculated using the notional exposure as a percentage of market value, including derivatives, cash securities and currency holdings, but excluding currency derivatives. Any portfolio that uses derivatives may have a total different than 100% because both cash and derivative country exposures are included.

12 Currency exposure

Currency portfolio allocation. Currency exposures from both the underlying securities and the purchasing currency of the futures contract are included.

13 Net geographic exposure

Difference between portfolio and policy allocation among major geographic areas.

14 Net currency exposure

Difference between portfolio and policy allocation among major currencies.

15 Market value summary per BarraOne

Market Value is presented by account and risk bucket in dollars as reported by BarraOne. Some differences may exist due to timing, pricing sources and availability of information on new investments.

Tail Risk Scenario Definitions

1 2007-2009 Subprime and Credit Crisis

(9/30/2007 - 3/4/2009) The burst of the housing bubble in mid-2007 marked the beginning of the years-long subprime mortgage crisis, rooted from the easy credit, low interest rates, and loose regulatory environment in the early 2000s, which made low quality (subprime) mortgaging extremely easy. The contagious meltdown quickly led to plunging asset prices in the financial markets, rising bankruptcies, delinquencies, and foreclosures, and central bank monetary rescues and fiscal interventions by governments around the globe.

2 2006 Emerging Market Crash

(5/10/2006 - 6/14/2006) A number of emerging markets, including Brazil, India, and Argentina, plunged rapidly in May 2006.

3 2001 Sept 11

(9/7/2001 - 9/21/2001) The U.S. stock market was closed for a week upon a series of coordinated suicide attacks upon the United States on September 11, 2001. It plunged sharply over the week upon reopening.

4 **2000-2003 Tech Crash & Recession**

(1/19/2000 - 3/12/2003) Period of crisis and slowdown for technological firms due to a rapid jump in stock prices when a speculative technology bubble began to burst, triggering a sell-off of companies. The period includes a slowdown for internet companies that went out of business as the stock market plummeted further.

5 **1994 US Rate Hike**

(1/31/1994 - 12/13/1994) In combating inflation, the U.S. Federal Reserve raised its interest rate from 3.25% in February to 5.5% in November 1994.

6 **1989-1990 Nikkei Stock Price Correction**

(12/29/1989 - 3/30/1990) After hitting the Nikkei stock index's all-time high on December 29, 1989, the Japan financial market crashed and plunged to a low in March 1990.

7 **1987 Market Crash (Aug. to Nov.)**

(8/3/1987 - 11/30/1987) The U.S. stock market began to topple on October 14, 1987 after reaching a record high. It was triggered by reports of a larger trade deficit and the elimination of the tax benefits of financing mergers. The aggravating selling pressure in October 19 from confused and fearful investors and the failing portfolio insurers' models led to a substantial global market sell-off.

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(The identification of the information and service provider in the heading of each paragraph is for reference only)

Barra, LLC

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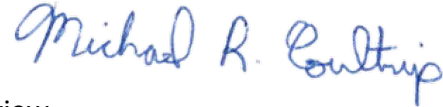
**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement**

April 23, 2024

Agenda Item 6.6

TO: Board of Retirement

FROM: Michael Coultrip, Chief Investment Officer



SUBJECT: Report on SamCERA's Annual Portfolio Review

Recommendation

Accept SamCERA's Annual Portfolio Review report.

Discussion

Per Section 14.0 of SamCERA's Investment Policy Statement, staff will review SamCERA's portfolio for calendar year 2023. The review will cover the following areas:

1. Total Portfolio Absolute Performance
2. Total Portfolio Relative Performance
3. Composite Relative Performance
4. Total Fund Historical Performance and Risk
5. Two-Stage Portfolio Assessment
6. Investment Manager Dashboard
7. Summary of Rebalancing Activities

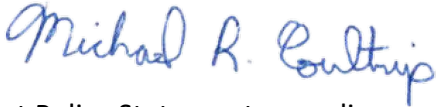
The annual report will be distributed in the Board's Day of Folder. Mike Coultrip will present the report to the Board and will be available for questions.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2024

Agenda Item 6.7

TO: Board of Retirement

FROM: Michael Coultrip, Chief Investment Officer 

SUBJECT: Approve Proposed Updates to the Investment Policy Statement regarding Securities Lending Program Guidelines.

Recommendation

Approve proposed updates to the Investment Policy Statement regarding securities lending program guidelines.

Background

SamCERA commenced its securities lending program on July 1, 2007. The program was implemented by SamCERA's then custodian, State Street Bank & Trust. Effective July 1, 2014, SamCERA switched custodial banks from State Street Bank & Trust to The Northern Trust Company. SamCERA's securities lending program guidelines are set forth in Section 16 of the Investment Policy Statement and the guidelines' requirements are agreed to by SamCERA's custodial bank in a separate Securities Lending Agreement.

Discussion

In connection with the Request for Proposals process for global custody and securities lending services, staff determined that the current securities lending program guidelines should be modified to allow for more flexibility within the program to potentially earn incremental income while targeting a similar level of risk. Both potential custodians estimated that the proposed modifications to SamCERA's securities lending program guidelines, in aggregate, would result in additional securities lending revenue. Staff is therefore recommending the changes summarized below.

Staff recommends that Sections 16(C)(iii), 16(C)(v), and 16(C)(vi) of the Investment Policy Statement be replaced in their entirety with the following:

- (iii) Acceptable collateral shall be in the form of cash or obligations issued or guaranteed by the U.S. Government, or its agencies or instrumentalities, as well as highly-rated OECD Debt (rated AA – or better).

- (v) The maximum allowable amount of assets on loan to any single borrower shall not be greater than 20% of the program assets on loan.

- (vi) The maximum total amount of program assets on loan shall not be greater than 50% of the total plan.

All of the recommended changes are redlined in the proposed Investment Policy Statement attached to this memorandum.

With regards to proposed changes to Sections 16(C)(v) and (vi), SamCERA's securities lending program previously included a 20% borrower restriction. Due to changes in SamCERA's domestic equity account structure in 2016 and 2017, there was a meaningful drop in the number of separately managed accounts within the plan. As a result, the volume of lendable assets declined, and the 20% borrower restriction effectively prevented any further lending. In June 2017, the Board approved replacing the 20% borrower restriction with a \$3 million per borrower cap and \$10 million overall program cap. Over the years, SamCERA's account structure has changed with an increase in the number of separately managed accounts. Reverting to the previous 20% borrower cap with a 50% overall loan cap would provide more flexibility at this point.

With regards to proposed change to Section 16(C)(iii), expanding the non-cash collateral pool to include highly-rated OECD debt increases potential lending opportunities as the utilization of non-cash collateral vs. cash collateral has been increasing in the marketplace.

As noted above, SamCERA has a Securities Lending Agreement with its custodial bank which implements the requirements of SamCERA's securities lending program. If the Board approves staff's recommendation to contract with Northern Trust for custodial and securities lending services, the resulting securities lending agreement would include a provision to switch the collateral reinvestment pool from the current Northern NILAP to the Northern SL Core STIF, which will increase potential lending opportunities. The SL Core STIF has a higher spread and yield vs. the NILAP, which allows for more trades to be profitable (after deduction of rebate fees that are paid to borrowers). The NILAP is required to invest a minimum of 99.5% of assets in cash, government securities and/or government repurchase agreements, but the SL Core STIF is allowed to invest in other types of high-grade, short-term, money market instruments besides government securities, such as CDs, time deposits and commercial paper. The SL Core STIF also has similar risk and return profile as the Northern Trust Collective Short Term Investment Fund, which is currently used as a cash sweep vehicle for cash in the total plan.

As of 3/31/2024	Total Net Assets	Current Yield	Weighted Average Maturity	Quality Rating
NT NILAP	\$1.7 Billion	5.51%	14 Days	AAAm /Tier 1
NT SL Core STIF	\$13.3 Billion	5.61%	47 Days	A1+ / Tier 1

Attachments

SamCERA Investment Policy Statement April 2024 (Redlined)

SamCERA Investment Policy Statement April 2024 (Clean)

Resolution Revising the Investment Policy Statement

Northern Institutional Funds Liquid Assets Portfolio (NILAP) Factsheet

Northern Trust Securities Lending Core Short-Term Investment Fund (SL Core STIF) Factsheet



SamCERA's Investment Policy Statement

Latest Revision ~~March~~ April 2024

1.0 ESTABLISHMENT OF INVESTMENT POLICY

The Board of Retirement (the “Board”), having exclusive authority and exclusive fiduciary responsibility for the investment and administration of the Trust Fund (the “Fund”), hereby establishes the following Investment Policy (the “Policy”) for the investment of the San Mateo County Employees’ Retirement Association (“SamCERA”) assets. The Board reserves the right to amend, supplement or rescind this Policy at any time.

The purpose of this Policy is to assist SamCERA in effectively supervising its investments in order to meet the requirements of the California Constitution, the County Employees Retirement Law of 1937 (“the 1937 Act”), the Mission and Goals of SamCERA and other requirements, and to encourage effective communication between SamCERA and its investment managers (the “Manager(s)”) and investment consultants (the “Consultant(s)”).

A. GOVERNING DOCUMENTS FOR THE INVESTMENTS OF THE FUND.

The powers and duties of the Board are set forth in the 1937 Act and in Article XVI of the State Constitution. They are further defined by the Mission and Goals adopted by the Board.

SamCERA was created by San Mateo County Ordinance No. 564 adopted by the Board of Supervisors, effective July 1, 1944. This ordinance established the retirement system in accordance with the provisions of California's County Employees' Retirement Law of 1937.

Constitution of the State of California

Article XVI, Section 17, relates to the administration of the system and investment of the Fund assets. It reads in pertinent part:

“(a)...The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system.

“(b) The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.

“(c) The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

“(d) The members of the retirement board of a public pension or retirement system shall diversify the investments of the system so as to minimize the risk of loss and to

maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.”

The 1937 Act

The 1937 Act contains language similar to that in the State Constitution regarding the investments of the Fund:

Government Code section 31595.

“The board has exclusive control of the investment of the employees’ retirement fund. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system. Except as otherwise expressly restricted by the California Constitution and by law, the board may, in its discretion, invest, or delegate the authority to invest, the assets of the fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the board.

The board and its officers and employees shall discharge their duties with respect to the system: (a) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.

(b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

(c) Shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

SamCERA’s Mission and Goals

The Board has adopted a Mission and Goals statement. The Mission summarizes SamCERA’s reason to exist.

“Mission: SamCERA exists to serve as loyal fiduciary for its members and as prudent administrator of the retirement system.”

The Mission is further defined by three goals. One goal speaks to the management of the assets of the Fund. This asset management goal reads:

“Prudently manage the assets in order to appropriately fund the actuarial liabilities of the retirement system, to ensure the ability to pay all earned benefits while minimizing the costs to employers.”

In recognition of the requirements of the California Constitution, the 1937 Act, the SamCERA Mission and Goals and other legal requirements, the SamCERA Board has established this Investment Policy.

2.0 MANAGEMENT OF THE FUND

A. ROLES AND PRINCIPAL DUTIES

The Fund investments shall be prudently planned, implemented, managed, and monitored by the Board. Investment Staff (the “Staff”), Investment Consultant (the “Consultant”), Custodian Bank (the “Custodian”), and Investment Managers (the “Managers”) shall support the Board in this activity. The roles are set forth below:

1. The Board establishes and maintains the investment policy, including: investment philosophy, investment objectives, strategic asset allocation, allocation-level performance benchmarks, and risk philosophy. The Board makes investment and monitoring decisions based upon the recommendations of Staff, Consultants, and other service providers engaged by the Board. The Board reviews and monitors all investments, as well as the policies, guidelines and procedures required to prudently administer the Fund and to effectively mitigate risk to the Fund. From time to time, the Board will utilize its Investment Committee to assist the Board in these activities and related specified tasks.
2. Staff oversees the Fund’s investment program activities, implements the Board’s decisions, manages the existing fund investments, and makes recommendations to the Board regarding Fund management, including investment-related policies and procedures. Staff makes recommendations regarding the selection of the Consultant, Managers, Custodian as set forth below and monitors the performance and compliance of these and other investment related service providers.
3. The Consultant reviews, analyzes and evaluates the Fund’s effectiveness and efficiency and makes fund management related recommendations. Consultant assists Staff in implementing the Board’s decisions and developing all investment-related policies. Consultant’s responsibilities are detailed in the service agreement between SamCERA and Consultant.
4. The Custodian provides custody of SamCERA’s investment assets. In addition, the Custodian manages the securities lending program. The Custodian’s responsibilities are detailed in the service agreement between SamCERA and Custodian.
5. The Managers manage their mandated allocations in accordance with all applicable laws, Board-established policies, guidelines and procedures, as well as specific investment guidelines. For separately managed accounts, managers’ responsibilities are detailed in the Investment Management Agreements (IMA) between SamCERA and each Manager. For commingled funds, managers’ responsibilities are detailed in the related Fund documents.

B. INVESTMENT PORTFOLIO MANAGEMENT

The Board, with the assistance of Staff and Consultant, select and monitor Managers to manage the assets of the Fund.

1. Hiring New Managers

For public markets manager searches (i.e. non private equity and private real assets), Staff will inform the Board about the search process, including scope of the mandate, and the investment style, benchmark, and the minimum qualifications for candidates. Staff will update the Board on the short list of potential managers. Consultant and Staff will perform due diligence activities deemed applicable by the Chief Investment Officer, which may include analysis of performance records, meetings, due diligence questionnaires, interviews, and on-site visits. Upon completion of such due diligence, Staff and Consultant will bring a finalist to the Board for approval. The recommendation shall provide the Board with a summary description of the conducted due diligence activities.

For private markets, the Consultant, with Staff input, sources managers that can best fit the desired mandate consistent with the annual pacing study and applicable investment policy. Consultant and Staff will bring potential private markets opportunities to the Board for approval. An exception to this policy is when a decision for a private market investment must be made prior to the date of the next regularly scheduled Board meeting. In these instances, and for investments of \$35 million or less, the Chief Executive Officer is authorized to make an investment-related decision after consulting with the Board Chair, or if the Chair is not available, the Vice Chair, one member of the Investment Committee, the Board's Investment Consultant, staff and legal counsel as long as such decision is in the best interest of the fund and consistent with applicable Board policy. Any action under this authorization will be reported to the Board at a subsequent regularly scheduled meeting.

2. Managing and Monitoring Existing Managers

The Board monitors the individual investment managers on a continuous basis through information provided by Staff, the Consultant, the Managers, and other investment service providers. Monthly, the Chief Investment Officer will present a preliminary performance report to the Board that is meant to provide a high-level summary of how the fund and each monthly-valued manager is performing. In addition, for SamCERA's separate accounts, Staff receives holdings and attribution reports from each separate account Manager on a monthly basis. For commingled funds, staff receives from the Manager either monthly or quarterly portfolio performance, attribution, exposure, and commentary reports.

Quarterly, the Consultant, with assistance from the Chief Investment Officer, will present an investment performance report to the Board, as specified in Section 13.0 (Quarterly Investment

Performance Reporting) in the Investment Policy. This report provides a more detailed performance attribution for the total plan and individual Managers, and helps to identify any short-term outlier deviations from expectations.

Semi-annually (month-end June and December of each year), every public markets (i.e. not private equity or private real asset) Manager completes a compliance statement identifying any significant firm, regulatory, and portfolio issues. In addition, semi-annually as of June and December of each year, Consultant will present performance reports for both the Private Equity and Private Real Assets programs that summarize each program and shows total program performance and program diversification by strategy, geography, industry, and vintage year.

Annually, Staff and Consultant will convene an investment strategy session, as specified in Section 14.0 (Annual Investment Strategy) in the Investment Policy, to allow a longer-term assessment of the Managers and the total fund performance. Lastly, all public markets Managers are interviewed annually by Staff and Consultant, and must complete a due diligence questionnaire.

During these presentations at SamCERA, Managers will provide an update on the Manager's organization and business plan, any changes to the investment process, and a summary of investment performance. Staff and Consultant report to the Board following these meetings.

After the Board approves an initial investment to be held in a separate account or open-end evergreen commingled fund, staff will be responsible for managing that allocation, including initiating any adjustments to that allocation amount, consistent with the allocation ranges outlined in Section 6.0. For those investments held in closed-end (or non-perpetual life) commingled funds (e.g. private equity, private real assets, private credit, value-add real estate), staff will seek Board approval for any additional allocation to those funds, including re-up commitments, unless the timing of the decision is subject to the policy exception set forth in paragraph 1.

3. Terminating Existing Managers

The Board recognizes investments may need to be adjusted or removed from the Fund from time to time for a variety of reasons, including organization changes at the Manager, changes in Manager style, underperformance relative to expectations, and the Managers' strategy is no longer appropriate for the fund. The Board determines if a Manager should be terminated after receiving input and or recommendations from Staff and Consultant.

In situations in which developments give immediate concern that an investment with a Manager is no longer prudent for the investment program and a termination or other related investment decision should be made prior to the next regularly scheduled Board meeting, the Chief Executive Officer is authorized to terminate the Manager and or move Fund assets after consulting with the Board Chair (or Vice Chair or Secretary based on availability, in that order) and one member

of the Investment Committee. Situations causing an immediate concern, include, but are not limited to, when: (1) the firm suffers the resignation or other loss of its key portfolio managers on the strategy, (2) the firm dissolves, ceases to exist, or is otherwise incapable of carrying out its activities in the ordinary course of its business, (3) the firm is actually or effectively shut down by a regulatory agency or is accused of theft or fraud or other serious malfeasance by a regulatory agency, or (4) the fund's investment is in jeopardy of material loss. The Board will be promptly notified of the determination by the Chief Executive Officer.

3.0 INVESTMENT OBJECTIVES

The Board shall develop an investment program, consistent with the Investment Beliefs and General Investment Policies as stipulated in Sections 4.0 and 5.0, respectively, to meet the primary goal of ensuring liquidity is available to provide for the required monthly benefit payments in a timely manner. In addition, the following secondary objectives will be considered:

- A. Generate risk-adjusted returns that exceed the Asset Allocation Policy Benchmark (as defined in Section 6.0) on a net-of-fee basis over five-year rolling periods.
- B. Achieve long-term real growth while minimizing the funded status volatility.
- C. Provide a more consistent return stream than a traditional 60% Equity / 40% Fixed Income portfolio as measured by lower portfolio drawdowns over a full market cycle.

4.0 INVESTMENT BELIEFS

The following section summarizes the Board's investment beliefs that have guided it in the development of this Policy document and will guide it in the oversight of the Plan assets.

- Strategic asset allocation is the primary driver of portfolio risk and return.
- SamCERA should have a long-term horizon and not be tempted to deviate from its long-term plan in response to short-term volatility.
- Everything else being equal, simplicity is preferred over complexity.
- For those asset classes evidencing market efficiencies, the manager structure may favor the employment of passive strategies.
- Focus on income and capital appreciation should be balanced and not overly dependent on one or the other.
- Diversification is fundamental.
- There is no single definition of risk. There are various measures of 'risk' that can be used for various purposes.
- The portfolio should be diversified across many risk dimensions/timeframes.

- SamCERA should not pursue investments that will not adequately compensate it for the risks that those investments bring.
- Costs matter.
- Incorporating sustainability criteria into the decision-making process can positively impact long-term risk and reward characteristics of an investment.

5.0 GENERAL INVESTMENT POLICIES

Consistent with the investment beliefs contained in Section 4.0, it is the investment policy of the Board to:

- A. Achieve long-term risk-adjusted returns consistent with its fiduciary duty.
- B. Pursue an investment strategy that reduces the volatility of returns through prudent diversification of the portfolio across a broad selection of distinct asset classes, as provided for in Section 6.0 of this Investment Policy.
- C. Further diversify other risks, including extreme events, liquidity, and leverage by looking beyond traditional asset class definitions by utilizing multiple lenses on portfolio risks.
- D. Adopt an asset allocation target to guide the structure of the investment portfolio, as provided for in Section 6.0, and reevaluate on an annual basis.
- E. Reevaluate the asset-liability study every three to five years.
- F. Determine whether to replenish the cash flow match account on an annual basis.
- G. Delegate to staff the management of existing investment managers, and for those strategies in separately managed accounts and evergreen (or open-end) commingled fund structures, the on-going adjustments to allocations to such managers consistent with the investment policies and investment ranges contained in Section 6.0.
- H. Delegate full discretion, including whether to include environmental, social, and governance factors, if such factors have a direct relationship to the economic and financial value of an investment, when analyzing the financial merits of competing investment choices on behalf of SamCERA, to each investment manager to the extent authorized in their Investment Management Agreement (IMA).
- I. Adopt objectives that encourage investment managers to maximize their performance, within acceptable risk parameters, relative to their individual investment style benchmark.
- J. Refrain from drastically shifting asset class allocations over short time spans, unless it is in the Fund's best interest to do so.
- K. Rebalance the portfolio in accordance with the Rebalancing Policy set forth in Section 7.0.

6.0 ASSET ALLOCATION & PORTFOLIO STRUCTURE

A. Asset Allocation by Performance Driver

In addition to grouping investments into traditional asset classes (Public Equity, Fixed Income, Alternative Assets, Inflation Hedge and Liquidity), SamCERA also groups its investments by the underlying performance drivers within each asset class composite. As part of this process, SamCERA classifies its portfolio into four main drivers of performance listed below.

Growth

The Growth category includes assets in which their primary driver of returns is tied to the general strength of economic output. These assets will generally do well when economic conditions are favorable, but generally struggle in times of economic weakness and recession. Assets classified in the Growth category include Public Equity (consisting of U.S. and International Equity), Private Equity within Alternatives, and Opportunistic Credit (consisting of Public Credit and Private Credit) within Fixed Income.

Diversifying

Diversifying assets provide protection from equity risk and may be characterized as being more defensive (i.e. may help provide stability when markets fall) or more absolute-return oriented (i.e. performance is not as dependent on the overall strength of equity markets). Assets classified in the Diversifying category include Defensive Fixed Income and Absolute Return within Alternatives.

Inflation Hedge

Inflation Hedge assets provide additional diversification from equity risk and provide a potential hedge against unexpected inflation. Assets classified in this category include Real Estate, Public Real Assets, and Private Real Assets.

Liquidity

The Liquidity category consists of liquid assets with the primary purposes to pre-fund net benefit payments, satisfy expense obligations in the near-term (e.g. capital calls and management fees), support the overlay and currency hedge overlay accounts, and also meet any unforeseen cash needs. Assets classified in this category include two subcategories: 1) Cash Flow-Matched Liquidity and 2) Cash & Cash Overlay. The Cash Flow-Matched Liquidity category includes our Cash Flow-Matched Liquidity account and our County Treasury Pool, which are both used for the primary purpose of pre-funding and

paying out benefit payments. SamCERA currently pre-funds up to 36 months of net benefit payments.

The Cash & Cash Overlay category includes our general cash account (used to satisfy capital calls, pay management fees, meet unforeseen cash needs, etc) and our cash overlay and currency hedge overlay account.

Updated Asset Allocation Policy[^]

Performance Driver View	Target Allocation	Rebalancing Range	Traditional Asset Class View *
Growth	59%	±3%	
Public Equity	41%	±3%	Public Equity
Private Equity **	7%	±2%	Alternatives
Opportunistic Credit	11%	±2%	Fixed Income
Public Credit	8%	±2%	
Private Credit	3%	±2%	
Diversifying	18.5%	±2%	
Defensive Fixed Income	12.5%	±2%	Fixed Income
Absolute Return	6%	±2%	Alternatives
Inflation Hedge	17%	±2%	
Real Estate	9%	±2%	Inflation Hedge
Private Real Assets **	5%	±2%	Inflation Hedge
Public Real Assets	3%	±2%	Inflation Hedge
Liquidity	5.5%	NA	
Cash Flow-Matched Liquidity ***	4.5%	NA	Liquidity
Cash & Cash Overlay	1%	±2%	Liquidity

[^]The updated asset allocation policy was approved in the February 2023 board meeting. The long-term strategic asset allocation policy will include a 1% increase to Private Equity (funded from public equity), which will take multiple quarters to reach the target.

* Traditional Asset Allocation: 41% Public Equity, 28% Fixed Income, 13% Alternatives, 17% Inflation Hedge, and 1% Liquidity.

** Recognizing the illiquidity of the asset class, rebalancing will be considered over six- to twelve-month periods.

*** The Cash Flow-Matched Liquidity sub-category doesn't have rebalancing bands as the target will naturally fluctuate over time as payments are made from and cash is replenished in the accounts.

B. Growth Asset Allocation

Growth assets shall be allocated to managers within the following asset/sub-asset classes:

GROWTH ASSET CLASSES	TARGET ALLOCATION	REBALANCE RANGE
Public Equity	41%	±3%
Large Capitalization Domestic	21.0%	±2%
Passive Core	14.0%	±2%
Active Core	3.0%	±2%
Active Low-Volatility Core	4.0%	±2%
Small Capitalization Domestic	2.0%	±2%
Active Core	2.0%	±2%
International	18.0%	±2%
Passive Core	9.0%	±2%
Growth	4.5%	±2%
Value	4.5%	±2%
Private Equity	7%	±2%
Opportunistic Credit	11%	±2%
Total Growth Assets	59%	±3%

C. Diversifying Asset Allocation

Diversifying assets shall be allocated to managers within the following asset/sub-asset classes:

DIVERSIFYING ASSET CLASSES	TARGET ALLOCATION	REBALANCE RANGE
Defensive Fixed Income	12.5%	±2%
Core	5.5%	±2%
Core Securitized	4.0%	±2%
Long Treasury	3.0%	±2%
Absolute Return	6%	±2%
TOTAL DIVERSIFYING ASSETS	18.5%	±2%

D. Inflation Hedge Asset Allocation

Inflation Hedge assets shall be allocated as follows:

INFLATION HEDGE ASSET CLASSES	TARGET ALLOCATION	REBALANCE RANGE
Real Estate	9.0%	±2%
Private Real Assets	5.0%	±2%
Public Real Assets	3.0%	±2%
TOTAL INFLATION HEDGE ASSETS	17.0%	±2%

E. Liquidity Asset Allocation

Liquidity assets shall be allocated as follows:

LIQUIDITY ASSET CLASSES	TARGET ALLOCATION	REBALANCE RANGE
Cash Flow-Matched Liquidity	4.5%	NA
Cash & Cash Overlay	1%	±2%
TOTAL LIQUIDITY	5.5%	NA

F. Asset Allocation Policy Benchmark

The Asset Allocation Policy Benchmark defined below is derived by assigning a passive benchmark to each of the sub-asset classes referenced in Sections 6.0 (A) through 6.0 (E) and weighting each by the Target Allocation. The performance of the Asset Allocation Policy Benchmark is computed by the Plan's investment consultant.

Benchmark	Asset Allocation Policy Benchmark
Growth Assets	59%
Russell 3000 Index	23%
MSCI ACWI x US IMI Index Hedged [^]	18%
Russell 3000 +3% (One Quarter Lagged)	7%
Custom Opportunistic Credit Index [*]	11%

Diversifying Assets	18.5%
BC Aggregate Index	9.5%
BC Long Treasury Index	3%
SOFR + 4%	6%
Inflation Hedge	17%
NCREIF ODCE	9%
Custom Private Real Asset Index**	5%
Custom Public Real Asset Index***	3%
Liquidity	5.5%
BC 1-3 Year Gov't/Credit Index	4.5%
91 Day T-Bills	1%

^ 50% hedge ratio

*Comprised of 73% BC High Yield Index and 27% Credit Suisse Leveraged Loan Index (One Quarter Lagged). Only Credit Suisse Leveraged Loan Index portion is lagged by one quarter.

**Comprised of 75% S&P Global Infrastructure Index and 25% S&P Global LargeMidCap Commodity and Resources Index + 2% (One Quarter Lagged)

***Comprised of 25% Bloomberg Roll Select Commodity Index, 25% Bloomberg US TIPS Index, 25% S&P Global LargeMidCap Commodity and Resources Index, and 25% S&P Global Infrastructure Index.

7.0 REBALANCING POLICY

A. The Chief Investment Officer (CIO) shall rebalance the portfolio as needed in conformance with the asset allocation tactical ranges set forth in Section 6.0.

B. The potential need to rebalance will be continuously monitored, and will be subject to deviations within the established rebalance ranges specified in Section 6.0.

C. The CIO will have discretion to rebalance to Target or to some other allocation, as long as it is within policy ranges.

D. Cash flows will be used first to rebalance, and to the extent possible, exchange-traded derivatives will be used to rebalance in a cost-effective manner.

E. All rebalancing activity shall be reported to the Board at the next scheduled meeting.

8.0 GENERAL MANAGER INVESTMENT PERFORMANCE POLICIES

The responsibility for securities selection, purchase and sale decisions, and proxy voting (where appropriate) is delegated to the external investment managers. The individual investment guideline parameters (including diversification constraints, concentration limits,

asset type exclusions, etc.) and performance objectives for each investment manager will be established within the IMA or other applicable legal agreement(s) with each firm.

The Board expects to measure investment performance quarterly and will generally follow prudent time horizons when evaluating short, intermediate, and long-term performance of its investment managers. Generally, the Board will focus on a complete market cycle (defined as between three and five years) when analyzing a manager's performance relative to their broad-market-based benchmark, stated style, peer group, and other criteria deemed acceptable to the Board.

9.0 GROWTH ASSETS INVESTMENT POLICIES

GROWTH ASSETS OVERVIEW:

Assets classified in the Growth category include Public Equity (consisting of Domestic and International Equity), Private Equity within Alternatives, and Opportunistic Credit (consisting of Public Credit and Private Credit) within Fixed Income.

Public Equity: Public equity assets include funds shares/stock of a company through a public market. SamCERA invests utilizing both passive approaches (meant to track the performance and characteristics of major market indices, like the Russell 1000 Index and MSCI ACWI ex US IMI Index), and via active approaches that are meant to outperform the major market benchmarks. Public Equity is expected to produce returns higher than that provided from Fixed Income but at potentially higher levels of volatility. Exposure to this asset class will provide return streams generally correlated to that of general economic growth. There are two primary components to the Public Equity category: 1) Domestic Equity, and 2) International Equity.

1) Domestic Equity: SamCERA further breaks out its U.S. public equity holdings into two sub-composites: 1) U.S. Large Capitalization Domestic, which is comprised of U.S. companies valued generally over \$10 billion, and 2) U.S. Small Capitalization Domestic, which is comprised of U.S. companies valued generally under \$2 billion.

For the domestic equity program, the majority of the tracking error will come from stock selection via active management as the overall manager structure for domestic equities will not possess any significant biases in terms of investment style. The Domestic Equity composite will consist of two sub-composites: 1) Large-Capitalization Equity, and 2) Small-Capitalization Equity. Large Capitalization Equity will consist of three Core strategies: one passive, one low-tracking error active, and one low-volatility active. Small-Capitalization Equity will consist of an actively managed Core strategy.

2) International Equity: International Equity consists of developed (public companies domiciled in developed market countries such as Germany, France, UK, Japan, etc.) and emerging markets (public companies domiciled in emerging market countries such as China, Brazil, Mexico, India, etc.)

International Equity will consist of three strategies: 1) Passive Core, 2) Active Value, and 3) Active Growth. All three strategies will have exposure to both developed and emerging

markets. Additionally, a dynamic currency hedging strategy is utilized to dynamically hedge certain developed market currency exposures within the three equity strategies.

Private Equity: Private Equity are funds, typically illiquid investments, that directly invest in private companies, or that engage in buyouts of public companies. Private Equity is expected to be one of the highest returning asset classes over the long-term. Its role in the portfolio is to provide high return potential to maximize the ability of the Fund to meet its performance objectives.

The Private Equity program will contain manager allocations to three primary sub-categories: 1) Buyouts, 2) Venture Capital, and 3) Distressed/Special Situations. These allocations will be implemented via allocation to primary and secondary fund investments and co-investment opportunities. The sub-allocation targets and target ranges are summarized below:

Sub-Category	Target Allocation	Range
Buyouts	70%	+/- 30%
Venture Capital	30%	0 – 40%
Distressed/Special Situations	0%	0 – 30%

The responsibility for private equity sourcing is delegated to SamCERA’s investment consultant. The private equity portfolio shall adhere to the following investment guidelines covering diversification and quality:

(a) Diversification: Subject to availability of sufficient attractive opportunities, the portfolio is to be diversified over multiple years by the following:

Vintage Year: It is expected that roughly equal amounts of new funding will be committed in each calendar year, with deviations permitted to accommodate market opportunities and to facilitate initial entry into the asset class.

Investment Manager: The reported value plus unfunded commitments of any one investment manager (excluding fund of funds) up to no more than twenty (20) percent of the reported value plus unfunded commitments of the total private equity portfolio.

Geography: Through commitments to funds located and/or investing both in and outside of the United States.

Industry: It is expected that the private equity portfolio will be generally diversified by sector/industry.

(b) **Quality:** All commitments to private equity by SamCERA must be of institutional quality as evidenced by other tax-exempt institutional investors’ commitments to the investment manager’s prior or current funds.

Fund managers are expected to comply with SamCERA's private placement disclosure rules.

Opportunistic Credit: Fixed income assets are debt investments that provide a return in periodic payments in debt instruments issued by governments and corporations. Opportunistic Credit is expected to be the highest-risk category within fixed income, and will be used to enhance return by investing via public and private investments in non-traditional sectors of the fixed income market, including emerging market debt, high yield bonds, direct lending, bank loans, convertible bonds, and RMBS/CMBS/ABS securities. This category will be exposed to general economic risk factors, similar to public equities, but may provide a steadier stream of returns than public equity asset classes. There are two primary components to the Opportunistic Credit category: 1) Public Credit, and 2) Private Credit.

GROWTH ASSETS PERFORMANCE OBJECTIVE:

The performance objective of the Growth Assets Composite is to outperform, on a net-of-fee basis, a customized index (Customized Benchmark Portfolio) incorporating the weighted average components for four composite sub-asset classes (which results in the following weights: 39% Russell 3000, 30% MSCI ACWI ex US IMI Index hedged, 12% Russell 3000 Index + 3% (one quarter lagged), and 19% Custom Opportunistic Credit Index).

The Public Equity composite has a maximum tracking error of 3% to its composite benchmark.

GROWTH ASSETS RISK EXPOSURES AND RISK MITIGATION:

Public Equity: The primary risk factors for Public Equity are correlation to general economic growth, high volatility in returns, and potential illiquidity in smaller-capitalization and certain emerging market stocks. SamCERA will control for these risk factors by diversifying the plan across assets that exhibit limited correlation to economic growth. In addition, SamCERA's rebalancing ranges for small-cap equity will help ensure adequate diversification within the equity portion of the SamCERA portfolio.

Private Equity: Private Equity, while expected to provide attractive returns, also have a number of risks. Chief among these are illiquidity risk and leverage. By their nature Private Equity is generally illiquid in that the life of these fund investments can be as long as ten to twelve years. SamCERA recognizes that this illiquidity is a necessary characteristic (and source of return premium) for these asset classes and as such will endeavor to take this illiquidity into account at the total plan level when addressing total plan liquidity needs during strategic planning asset liability studies. Leverage can be employed by private equity managers to enhance the overall risk-adjusted returns. SamCERA will control leverage exposure through partnership selection and portfolio construction and diversification.

Opportunistic Credit: Opportunistic Credit is generally the highest risk, lowest liquidity sub-category within Fixed Income. SamCERA will consider unique risk factors when constructing

the fixed income portfolio to help ensure that the overall risk profile of the total portfolio is consistent with expectations. Opportunistic Credit typically includes the risk factors contained in Core, but depending on the mandate, with higher emphasis to credit default risks, emerging markets sovereign/corporate default risk, potential leverage, and potential illiquidity. It is expected that strategies within Opportunistic Credit will have a maximum leverage ratio of 2.5x at the fund level (i.e. certain holdings may be levered higher than the 2.5x limit, as long as the fund (or strategy) has a maximum 2.5x leverage). Strategies employing higher leverage will be relegated to the distressed/special situations category of Private Equity (see above).

GROWTH ASSET CLASSES	BENCHMARK INDEX
Growth Assets	Customized Benchmark Portfolio
Public Equity	
Domestic Equity	Russell 3000
Large Capitalization Domestic Equity	Russell 1000
Passive Core	Russell 1000
Active Core	Russell 1000
Active Low Volatility Core	Russell 1000
Small Capitalization Domestic Equity	Russell 2000
Active Core	Russell 2000
International Equity	MSCI All Country World ex US IMI hedged*
International Passive Core	MSCI ACWI ex US IMI
International Growth	MSCI ACWI Free ex US Growth
International Value	MSCI ACWI Free ex US Value
Private Equity	Russell 3000 + 3% (One Quarter Lagged)
Opportunistic Credit	73% BC High Yield Index and 27% Credit Suisse Leveraged Loan Index (One Quarter Lagged)

* 50% hedge ratio

10.0 DIVERSIFYING ASSETS INVESTMENT POLICIES

DIVERSIFYING ASSETS OVERVIEW:

Assets classified in the Diversifying category include Defensive Fixed Income and Absolute Return within Alternatives.

Defensive Fixed Income: Defensive fixed income assets are debt investments that provide a return in periodic payments in debt instruments issued by governments and corporations. Defensive Fixed Income is expected to provide a lower, but steadier stream of returns than public equity asset classes, and also to reduce the risk of the overall portfolio as bonds have

lower risk than most other major asset classes. That said, there are several sub-categories within Defensive Fixed Income, which exhibit different risk/return trade-offs and hold slightly different tasks in terms of role in the portfolio but have the common goal of dampening portfolio volatility and/or protecting against an equity drawdown. Defensive Fixed Income is broken out into three subcategories:

- 1) Core, and 2) Core Securitized, and 3) Long Treasury

Core: Core is generally considered a lower-risk fixed income category, and one that invests in primarily liquid, investment grade U.S. Dollar denominated bonds. It also generally consists of sectors that comprise the Bloomberg Barclays Aggregate Bond Index. Core's role in the portfolio is to dampen portfolio volatility and protect the portfolio in times of economic duress.

Core Securitized: Core Securitized is a low/medium-risk fixed income sub-category, and contains securitized sectors, including mortgage-backed securities, commercial mortgage-backed securities, and asset-backed securities. Core Securitized's role in the portfolio, in addition to dampening portfolio volatility, is to provide higher yield and slightly lower interest rate sensitivity as compared to the Bloomberg Barclays Aggregate Bond Index.

Long Treasury: Long Treasury is a portfolio of long-duration U.S. Treasury securities that are expected to provide risk mitigation to the growth portfolio. Long Treasury's role is to protect the growth portfolio (public equity, private equity, and opportunistic credit) in times of economic duress. The high quality, liquid securities should perform well in times of economic crisis, which is when we would expect our growth portfolio (public equity, private equity, and opportunistic credit) to not do as well.

Absolute Return: The Absolute Return category will focus on funds that have an absolute return orientation and are not expected to contain significant levels of public market beta over the long term. This category is expected to provide a diversifying return stream to the total plan that is not correlated to the public markets. Suitable investment strategies include multi-strategy funds, alternative risk premia funds, GTAA or global macro funds, and CTA/Managed Futures trend following funds. It is expected that this category will be implemented via commingled funds and not in separate accounts so that SamCERA's investment in any single fund would be 'ring-fenced' (i.e. any potential losses would be limited to the investment in the single fund, and not extend to the total plan assets).

DIVERSIFYING ASSETS PERFORMANCE OBJECTIVE:

The performance objective of the Diversifying Assets Composite is to outperform, on a net-of-fee-basis, a customized index (Customized Benchmark Portfolio) incorporating the weighted average components for two composite sub-asset classes (which results in the following weights: 52% Bloomberg Barclays Aggregate Index, 32% to SOFR + 4, and 16% Bloomberg Long Treasury Index. The Defensive Fixed Income sub-asset class has a maximum tracking error of 3% to its composite benchmark.

DIVERSIFYING ASSETS RISK EXPOSURES AND RISK MITIGATION:

The Defensive Fixed Income sub-sectors have different risk factor exposures. SamCERA will take into account these unique risk factors when constructing the Defensive Fixed Income portfolio to help ensure that the overall risk profile of the total portfolio is consistent with expectations.

Core: The primary risk factors are sensitivity to changes in interest rates, changes in mortgage prepayment speeds, and investment-grade corporate and sovereign credit risk.

Core Securitized: The primary risk factors are complexity, credit and prepayment risk across various securitized sectors (e.g. ABS, CMBS, and RMBS) with interest rate sensitivity being a relatively lower risk factor as compared to assets within Core (above). The focus is on higher quality securitized investments to minimize credit risk.

Long Treasury: The primary risk factors are sensitivity to changes in interest rates (given the longer interest rate duration). In addition, another risk factor is the possibility of potential positive correlation of bonds to equity, which would diminish the risk mitigation attribute of long-duration Treasury securities.

Absolute Return: Absolute Return, while expected to provide attractive returns that are less correlated to the returns provided by public asset classes, also has a number of risks. Chief among these is leverage. Leverage can be employed by absolute return managers to enhance the overall risk-adjusted returns. SamCERA will control leverage exposure through fund selection as well as portfolio construction and diversification.

DIVERSIFYING ASSET CLASSES	BENCHMARK INDEX
DIVERSIFYING ASSETS	CUSTOMIZED BENCHMARK PORTFOLIO
Defensive Fixed Income	
Core/Core Securitized	Bloomberg Barclays Aggregate Bond Index
Long Treasury	Bloomberg Long Treasury Index
Absolute Return	SOFR + 4%

11.0 INFLATION HEDGE INVESTMENT POLICIES

INFLATION HEDGE OVERVIEW:

The Inflation Hedge category combines inflation-sensitive assets under a single asset class to simplify the asset allocation process and enable better performance monitoring of the plan’s overall, direct exposure to assets with inflation-hedging properties. The plan also has indirect exposure to inflation-sensitive assets through other asset classes, such as Public Equity, Fixed Income, and Alternatives. When determining the appropriate allocation of inflation protection, both direct and indirect exposures to inflation-sensitive assets across the plan are taken into account. The Inflation Hedge category is expected to provide a high degree of inflation beta, attractive risk-adjusted returns and diversification benefits to the overall plan.

Inflation Hedge is broken out into three subcategories:

- 1) Real Estate, 2) Private Real Assets, and 3) Public Real Assets

Real Estate: Real Estate is expected to provide a return and risk profile between that provided by fixed income and equities. Real estate will be composed of three sub-categories: 1) Core, 2) Value-Add, and 3) Debt. Most of the exposure will be in Core real estate assets of the highest quality located in the best locations in North America, Europe, and Asia. Value-Add properties are expected to provide somewhat higher return potential along with somewhat higher risk than Core assets. Real Estate Debt strategies range from lower risk senior loans on stable properties to higher risk/return mezzanine and construction loans. SamCERA utilizes Debt strategies for risk mitigation and to enhance the portfolio's yield.

Income will be a large part of the return stream generated from the Real Estate portfolio. The role of this portfolio is to provide diversification benefits, some protection against unanticipated inflation, and a steady income stream. Higher risk Opportunistic/Development real estate strategies will reside in the Private Real Assets composite due to their higher-risk, longer time horizon, and the less liquid nature of the investment set compared to Core, Value-Add, and Debt strategies. The sub-allocation targets and target ranges are summarized below:

Real Estate Strategy	Target Allocation	Range
Core Real Estate	60%	50 -70%
Value-Add Real Estate	20%	0 - 30%
Real Estate Debt	20%	0 - 30%

Private Real Assets: Private Real Assets are expected to provide attractive total and risk-adjusted returns that exhibit low correlations with traditional asset classes but positive correlation with inflation. Private Real Assets will be composed of two sub-categories: 1) Infrastructure (Core and Value-Add, Secondary, Midstream Energy, and Power), and 2) Natural Resources (Energy Exploration & Production, Mining, Farmland, Timber, and Water). These allocations will be implemented via allocation to primary and secondary fund investments and co-investment opportunities. The sub-allocation targets and target ranges are summarized below:

Sub-Category	Target Allocation	Range
Infrastructure	75%	+/- 25%
Natural Resources	25%	+/- 25%

The responsibility for Private Real Asset sourcing is delegated to SamCERA's investment consultant.

Public Real Assets: Similar to Private Real Assets, Public Real Assets is expected to provide positive correlation to inflation, but with potentially higher beta to public equity markets. Public Real Assets may be used to fund new strategies in Private Real Assets and will be composed of four sub-categories: 1) Commodities, 2) U.S. TIPS, 3) Listed Global Natural Resources, and 4) Listed Global Infrastructure. All four sub-categories are meant to provide some protection from higher levels of unanticipated inflation while providing a diversifying return stream from that of public markets.

The sub-allocation targets and target ranges are summarized below:

Sub-Category	Target Allocation	Range
Commodities	25%	0 - 50%
U.S. TIPS	25%	0 - 50%
Listed Global Natural Resources	25%	0 – 50%
Listed Global Infrastructure	25%	0 – 50%

INFLATION HEDGE PERFORMANCE OBJECTIVE:

The performance objective of the Inflation Hedge Composite is to outperform, on a net-of-fee basis, a customized index (Customized Benchmark Portfolio) incorporating the weighted average components for three composite sub-asset classes (which results in the following weights: 53% NCREIF ODCE, 29% Custom Private Real Asset Index, and 18% Custom Public Real Asset Index).

INFLATION HEDGE RISK EXPOSURES AND RISK MITIGATION:

Real Estate: Many real estate funds utilize leverage to enhance returns. Lack of liquidity is also a concern, but less so for core real estate and senior debt investments. Value-add, mezzanine debt, and opportunistic strategies also tend to have more exposure to general economic conditions than core properties.

These risks will be mitigated in a number of ways. First, the primary emphasis of SamCERA’s real estate program will be focused on Core properties, with a secondary emphasis to Value-Add properties and Debt strategies. Opportunistic-oriented strategies will reside in our Private Real Assets portfolio due to their higher risk profile

Private Real Assets: By their nature, Private Real Assets are generally illiquid in that the life of these fund investments can be as long as ten to twelve years. SamCERA recognizes that this illiquidity is a necessary characteristic (and source of return premium) for these asset classes and as such will endeavor to take this illiquidity into account at the total plan level when addressing total plan liquidity needs during strategic planning asset liability studies. Leverage can be employed by alternative managers to enhance the overall risk-adjusted

returns. SamCERA will control leverage exposure through partnership selection and portfolio construction and diversification.

INFLATION HEDGE ASSET CLASSES	BENCHMARK INDEX
INFLATION HEDGE ASSETS	CUSTOMIZED BENCHMARK PORTFOLIO
REAL ESTATE	NCREIF ODCE
PRIVATE REAL ASSETS	CUSTOM PRIVATE REAL ASSET INDEX
PUBLIC REAL ASSETS	CUSTOM PUBLIC REAL ASSET INDEX

12.0 LIQUIDITY INVESTMENT POLICIES

LIQUIDITY ASSETS OVERVIEW:

Assets classified in the Liquidity category include 1) Cash Flow-Matched Liquidity, and 2) Cash & Cash Overlay.

The Cash Flow-Matched Liquidity category consists of both our Cash Flow-Matched Liquidity account and our County Treasury Pool. The Cash Flow-Matched Liquidity account consists mainly of investment grade, shorter-term government and credit securities with a liquidity profile that matches the near three-year benefit payment schedule to satisfy benefit payment obligations. The County Treasury Pool consists of shorter-term fixed income and cash equivalent investments.

On an annual basis, cash projections of expected contributions and plan benefit payments will be updated by our actuary, and an assessment by the Board will be made as to whether to replenish the Cash Flow-Matched Liquidity account at that time. Given the that benefit payments are paid monthly, the Cash Flow-Matched Liquidity account will be drawn down monthly as well. Assuming annual replenishment, the balance in the Cash Flow-Matched Liquidity account is expected to fluctuate between 24 and 48 months. It is anticipated that SamCERA will maintain a minimum of 12 months balance.

Cash & Cash Overlay investments will be used for satisfying miscellaneous liquidity needs, including capital calls, expenses, and other unforeseen needs, and also supporting the derivatives positions in our cash overlay and currency hedge overlay account.

LIQUIDITY ASSETS PERFORMANCE OBJECTIVE:

The performance objective of the Liquidity Assets Composite is to meet the plan’s liquidity needs.

LIQUIDITY ASSETS RISK EXPOSURES AND RISK MITIGATION:

The primary risk in the Cash Flow-Matched Liquidity account component is credit risk. The portfolio is structured to be primarily a buy and maintain strategy using cash flows from coupons and principal maturities to line up with benefit payments. The biggest risk to the strategy is risk of default.

LIQUIDITY ASSET CLASSES	BENCHMARK INDEX
LIQUIDITY ASSETS	CUSTOMIZED BENCHMARK PORTFOLIO
Liquidity	
Cash Flow-Matched Liquidity	BC 1-3 Year Gov't/Credit Index
Cash & Cash Overlay	91 Day T-Bills

13.0 QUARTERLY INVESTMENT PERFORMANCE REPORTING

The quarterly investment performance reports will be designed as a risk management tool and will afford the Board the opportunity to timely identify potential risk issues within the portfolio and to assess the relative performance of the investment managers.

The report will provide sufficient information to assess the following:

- A. Total and active risk assessment at total fund, composite and individual manager level.
- B. Performance attribution at total fund, composite and individual manager level.
- C. Adherence to the investment style for which the manager is retained, as measured by the quarterly risk adjusted active return (deviation of the manager's performance from the specified performance benchmark) over the last quarter, six months, one-, three-, and five-year periods, including updates from previous quarterly reports regarding adherence to the style for which the firm was retained;
- D. Ability of the active manager to demonstrate consistently positive information ratios, including updates from previous quarterly reports regarding the firm's information ratios;
- E. Quarterly, annual, three- and five-year total time-weighted returns relative to the specified performance benchmark and manager style peer group.

14.0 ANNUAL INVESTMENT STRATEGY

Annually, the Board/Staff shall convene an investment strategy session with the objective of addressing strategic investment policy issues and to deliberate any policies that could benefit the performance of the retirement Fund. The agenda for these sessions should include (but is not limited to) the following information:

- (a) Compare the Fund's actual investment performance for the prior fiscal year against the investment objectives set forth in Section 3.0 and evaluate the relative success or

failure of the prior year's performance; specific commentary to this objective shall be an integral part of the performance measurement process.

(b) Compare each investment manager's investment performance for the prior fiscal year against the relevant benchmarks and peer groups and evaluate the relative success or failure of their prior year's performance.

(c) Evaluate and review the total Fund performance attribution and contribution to return at the composite level to isolate performance drivers.

(d) Evaluate and review the various risk exposures of the plan versus appropriate policy limits and on-going trends through time.

(e) Evaluate and review the portfolio rebalancing activity for the year.

(f) Evaluate the Fund's liquidity requirements for the current and next fiscal years.

(g) Compare each investment manager's fees to their respective peer universe.

15.0 PROXY VOTING

The Investment Managers are delegated authority for the voting of proxies, subject to the following guidelines:

A. All proxies shall be voted in the best interest of the shareholders, but in no instance shall the economic interests of the retirement Fund be subordinated to any other interest.

B. Investment managers shall provide staff with quarterly reports on all proxies cast, in a mutually acceptable format.

16.0 SECURITIES LENDING

A. Pursuant to Section 2.0 (A), the Custodian shall manage a securities lending program to enhance income in accordance with the terms and conditions set forth in a mutually acceptable securities lending agreement and guaranty.

B. The Board reserves exclusive authority to approve the securities lending agreement prior to the commencement of securities lending activity.

C. Unless otherwise specified in the agreement(s):

(i) All loans shall be marked-to-market daily.

(ii) Collateral on each loan shall be maintained daily at 102% of loan value for domestic securities and 105% of loan value for international securities.

(iii) Acceptable collateral shall be in the form of cash or obligations issued or guaranteed by the U.S. Government, or its agencies or instrumentalities, as well as highly-rated OECD Debt (rated AA- or better).

(iv) Borrower must have a long-term credit rating of either "A" from S&P or "A2" from Moody's. For split rated borrowers, the higher rating shall prevail if not the same rating,

with the lower rating having a minimum long-term credit rating of either “A-” from S&P or “A3” from Moody’s.

(v) The maximum allowable amount of assets on loan to any single borrower shall not be greater than ~~\$3 million~~ 20% of the program assets on loan.

(vi) The maximum total amount of program assets on loan shall not be greater than ~~\$10 million~~ 50% of the total plan.

D. The Chief Investment Officer shall be responsible for monitoring the securities lending program and recommending changes as appropriate.

APPENDIX A

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Investment Committee Charter as Amended
RESOLUTION 99-00-09

*This Resolution, adopted by the Board of Retirement (Board)
of the San Mateo County Employees' Retirement Association (SamCERA),
sets forth the Charter for the Board's Investment Committee.*

WHEREAS, Article XVI, §17 of the Constitution of the State of California as amended in 1992 to read, in pertinent part, as follows:

Notwithstanding any other provisions of law or this Constitution to the contrary, the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system, subject to all of the following:

(a) The retirement board ... shall have the sole and exclusive fiduciary responsibility over the assets of the ... system. The retirement board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. The assets ... are trust funds and shall be held for the exclusive purposes of providing benefits to participants ... and their beneficiaries and defraying reasonable expenses of administering the system.

(b) The members of the retirement board ... shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.

(c) *The members of the retirement board ... shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.*

(d) *The members of the retirement board...shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.*

(e) *The retirement board..., consistent with the exclusive fiduciary responsibilities vested in it, shall have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the... system. &*

WHEREAS, California Government Code §31595 states, as follows:

The Board has exclusive control of the investment of the employees retirement fund. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system. Except as otherwise expressly restricted by the California Constitution and by law, the Board may, in its discretion, invest, or delegate the authority to invest, the assets of the fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the Board...; &

WHEREAS, *The Board of Retirement*, wishes to exercise these powers as follows:

EXERCISE OF POWERS: *The Board shall exercise its investment, management and administrative authority and responsibility through the approval of motions recorded in public meeting &*

WHEREAS, the Board has adopted SamCERA's Investment Policy and amendments thereto to direct the investments of the Retirement Fund and now wishes to establish an Investment Committee to guide the future evolution of SamCERA's Investment Policy. Therefore, be it

RESOLVED that the Board hereby establishes a standing Investment Committee to direct the Board in its ongoing evaluation of SamCERA's Investment Policy, including but not limited to

- 1.0 CONDUCT ASSET ALLOCATION STUDIES
 - 1.1 Determine the characteristics of the Policy's liabilities in regards to the nature of Fund's cash flows

- 2.0 DEVELOP ASSET MIX ALTERNATIVES TO MEET LIABILITY REQUIREMENTS
 - 2.1 Establish allowable asset classes
 - 2.2 Determine asset class benchmarks
 - 2.3 Develop risk, return & correlation projections

- 3.0 EVALUATE EFFICIENT FRONTIER ALTERNATIVES
 - 3.1 Define risk, return and correlation
 - 3.2 Evaluate mean variance optimization
 - 3.3 Determine low risk alternatives and high risk alternatives

- 3.4 Scale portfolios between two extremes
- 3.5 Evaluate optimized efficient frontier
- 3.6 Integrate optimized efficient frontier with asset-liability relationships
- 4.0 ANALYZE BOARD RISK TOLERANCE
 - 4.1 Assess risk/reward trade-offs
 - 4.2 Assess contribution rate sensitivity & variability
 - 4.3 Assess ability to exceed actuarial interest rate
 - 4.4 Assess comfort level with characteristics of specific asset mixes
- 5.0 RECOMMEND PREFERRED ASSET MIX
 - 5.1 Evaluate differences from current target
 - 5.2 Evaluate Board's willingness to implement new target asset mix
 - 5.3 Evaluate appropriateness of variance from peer public fund norms
- 6.0 RECOMMEND AMENDMENTS TO SAMCERA'S INVESTMENT POLICY
 - 6.1 Adjust target asset mix
 - 6.2 Introduce new benchmarks
 - 6.3 Include required asset class/portfolio modifications
- 7.0 RECOMMEND REVISIONS TO MANAGER STRUCTURE
 - 7.1 Adjust manager/style line-up as necessary
 - 7.2 Introduce new managers/asset classes
 - 7.3 Terminate managers/asset classes as necessary
 - 7.4 Establish active & passive allocation targets as appropriate
- 8.0 IMPLEMENT CHANGES TO MANAGER STRUCTURE
 - 8.1 Recommend time-line & approach to revise structure
 - 8.2 Conduct manager evaluations
 - 8.3 Establish portfolio and asset allocation rebalancing procedures
- 9.0 EVALUATE MANAGER PERFORMANCE
 - 9.1 Monitor results of managers both gross and net of investment management fees
 - 9.2 Assess consistency of portfolio decision making
 - 9.3 Evaluate organizational, ownership, personnel & other firm developments
- 10.0 RECOMMEND AND EVALUATE INVESTMENT CONSULTANT STRUCTURE & PERFORMANCE
 - 10.1 Recommend for Board determination the retention and termination of Investment Consultant(s) as necessary
 - 10.2 Define and assign special projects as warranted
 - 10.3 Monitor performance of Investment Consultant(s)
 - 10.4 Conduct evaluations of Investment Consultant(s)
 - 10.5 Evaluate organizational, ownership, personnel and other firm developments
- 11.0 INITIATE & EVALUATE SPECIAL INVESTMENT STUDIES
- 12.0 UNDERTAKE OTHER WORK ASSIGNED TO IT BY THE BOARD Be it further

RESOLVED that the Chair may appoint the members of the Investment Committee per Regulation 2.5.1.
Be it further

RESOLVED that the Chief Executive Officer is hereby instructed to provide the Committee with access to all appropriate and available resources and records, so long as such access is consistent with sound fiduciary practices. Be it further

RESOLVED that the Chief Executive Officer is hereby authorized to provide compensation of \$100 per meeting for not more than two meetings per month to the members of the Committee eligible for such compensation, per GC§31521. Be it further

RESOLVED that the Board hereby reserves to itself sole authority to accept, modify, or reject the recommendations, which the Investment Committee may present from time to time pursuant to the provisions of this Resolution, per Regulation 2.3.

ADOPTED by unanimous vote, January 25, 2000

AMMENDED by unanimous vote, May 22, 2001

AMMENDED by unanimous vote, October 25, 2004

APPENDIX B

Derivatives Investment Policy

1) Introduction

There is a genuine need to allow SamCERA's separate account managers to evaluate new securities and introduce them into their portfolios, given that the investment process followed by the investment managers complies with the subsequent provisions of this policy statement. This policy statement allows SamCERA's separate account Managers to exercise reasonable investment freedom, while minimizing the possibility of adverse implications for the Board.

2) Derivative Definition

A 'derivative' commonly is defined as a financial instrument whose performance is derived, at least in part, from the performance of an underlying asset (such as a security or an index of securities).

3) Types of Securities Included or Excluded

Since the derivative sector of the market is likely to experience considerable change, provisions must be made for the general characteristics of a derivative security, its evaluation and monitoring. Therefore, it is most appropriate to not attempt to definitively list all of the derivative securities that are covered by this policy. Instead, what will be explicitly stated is the investment process that governs derivative investments and the evaluation and monitoring requirements of this policy.

4) Approach to Policy

An approach has been developed which states allowable derivative investments, limited allocation derivative investments and restricted derivative investments.

Derivative securities not specified in the above three groups of securities must be evaluated in accordance with the following section entitled Derivative Investment Process. If the security meets these provisions and the spirit of these policies, the manager may establish a prudent position in the instrument. However, the manager must be able to demonstrate the appropriateness of such an investment in light of SamCERA's guidelines.

5) Counter-Party Evaluation

When entering into a non-exchange traded derivative investment, the investment manager must fully evaluate the other side of the derivative transaction—the counter-parties to the trade. Due to the possibility of counter-party default, SamCERA's investment managers must evaluate the risks associated with the counter-party as if an investment were being made in the traditional securities issued by the counter-party.

At a minimum, the investment manager must evaluate the counter-party's following criteria:

- a) Corporate earnings stream
- b) Corporate asset quality
- c) Capitalization
- d) Corporate liquidity
- e) Moody's and Standard & Poor's debt ratings
- f) Other fundamental investment and risk characteristics

For those counter-parties that are broker/dealers, they must:

- a) Have investment grade (Moody's and S&P rated) debt
- b) Be registered with the SEC
- c) Have significant net capital to protect against potential adverse market circumstances

For those counter-parties that are financial institutions (banks), they must have:

- a) Investment grade (Moody's and S&P rated) debt
- b) Total assets in excess of \$1 billion
- c) Significant net capital to protect against potential adverse market circumstances

The investment manager must monitor individual investment and total portfolio exposure to counter-parties. Individual counter-party exposure must be well diversified and not concentrated in a small number of organizations.

6) Purposes for Derivatives

The acceptable investment purposes for the use of derivatives are as follows:

- a. Appropriate to use futures, options and forward currency contracts to assist investment managers in mitigating portfolio risk.
- b. Useful substitute for an existing, traditional investment. In certain circumstances it may be cheaper, quicker or easier to invest in a derivative instrument or security rather than transacting in the cash or traditional security market.
- c. Provides investment value to the portfolio, while being consistent with SamCERA's overall and specific investment policies.
- d. Obtains investment exposure that is appropriate with the manager's investment strategy and SamCERA's investment guidelines, but could not be made through traditional investment securities.

Given that one or more of these investment purposes are clearly met, it is the responsibility of the investment manager to explain and demonstrate how derivative investments impact portfolio risk and the context of the investment within the overall portfolio.

Any other derivative investment purpose is not allowed. Derivatives may not be introduced into the portfolio to create economic leverage or to create investment exposures that are otherwise excluded by SamCERA's Investment Policy. However, if a manager develops an investment purpose other than those listed above which he/she feels is legitimate and consistent with the spirit of SamCERA's guidelines, this purpose should be proposed in writing to the Board.

7) Investment Restrictions and Derivatives Policy

For the purpose of these guidelines, convertible debt, traditional zero coupon bonds, mortgage pass-through securities and asset-backed securities are not viewed as derivatives. Based upon the factors enumerated in the above Section 4 entitled Approach to Policy, the following guidelines have been established:

Allowable derivative investments

- a. Stable and well-structured mortgage CMO's (Collateralized Mortgage Obligations)
- b. Financial futures (if Exchange Traded)
- c. Currency forward contracts and currency options (Exchange and OTC traded)
- d. Interest rate swaps

Derivative investments with allocation limits

- a. Interest only mortgage CMO's
- b. Principal only mortgage CMO's
- c. Options (if Exchange Traded)
- d. Caps and floors as they apply to the above stated allowable derivative investments
- e. Credit Default Swaps (CDS)

Derivative investments with allocation limits, as listed above, may not represent more than 5% of the individual portfolio manager's assets (based on market value) managed for SamCERA. At the same time, derivative investments with allocation limits in aggregate may not expose the individual manager's portfolio to losses in excess of 5% of the manager's total assets managed for SamCERA. In addition, the use of options, caps and floors, and CDS may be used only for defensive investment purposes.

Managers investing in the above-defined limited allocation derivative instruments should ensure that portfolio exposure is maintained within the stated constraints, and communicate the assumptions and model used to estimate VAR (Value at Risk) and/or other reasonable risk measurement procedures annually to the Boards.

Restricted derivative investments

- a. Inverse floating rate notes and bonds
- b. Structured notes

Restricted derivatives cannot be held in SamCERA's separate account portfolios at any time.

8) Risk Analysis and Monitoring of Derivatives

For those securities that are classified as derivative investments with allocation limits, the investment managers are required to test and measure derivative investment sensitivities to changes in key risk factors. These risk factors include extreme changes in interest rates, volatility, liquidity, credit quality, and cash market prices.

These risk factors will be assessed prior to initial investment and on a quarterly basis. Results of such risk testing on derivative investments with allocation limits will be supplied to SamCERA on an annual basis (December 31). If the investment manager identifies additional risks that should be evaluated, these other risk factors should be added to the list and handled in a manner consistent with the previously stated approach.

9) Derivative Investment Process

Investment managers are expected to cover the following issues before purchasing a derivative instrument or security, whether specifically stated as an allowable derivative investment, a derivative investment with

allocation limits, or a derivative not specifically discussed in the Investment Restrictions and Derivatives Policy section above:

- a. Determine if the purpose for investing in a derivative security is consistent with one or more of the purposes in the previous section entitled Purposes for Derivatives.
- b. Determine where the security fits into the classification system, if at all, stated in the Investment Restrictions and Derivatives Policy.
- c. Evaluate, at a minimum, the counter-party risk and the risks stated in the Risk Analysis and Monitoring section of the derivatives policy.
- d. Evaluate the derivative in a comparably thorough manner as the firm would any other traditional investment opportunity.

10) Reporting Requirements

It is the responsibility of SamCERA's investment managers to certify and demonstrate that their portfolios are in compliance with SamCERA's overall guidelines as well as those that apply to derivative investments. On an annual basis (December 31), SamCERA's investment managers will provide the following minimum monitoring information on all derivative securities:

- a. A general statement from the investment manager that its portfolio is in compliance with this Derivatives Policy.
- b. When stating the market value of the derivative exposure, the manager will specify the security pricing sources. The pricing source must be exchange-listed.
- c. A statement of the risks (credit risk—an evaluation of potential counter-party default on obligations, market risk—percent of portfolio invested in derivatives, and any other relevant risks) associated with the derivative investments.
- d. Potential adverse impact on market values if extreme adverse market movements occur.
- e. A statement regarding the liquidity of the derivative investments.
- f. Summary comments and the firm's list of approved counter-parties, ratings, and a statement regarding any changes to this list.
- g. An overall statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

Appendix C

DISCLOSURE OF PLACEMENT AGENT FEES, GIFTS, AND CAMPAIGN CONTRIBUTIONS

This amended policy is effective immediately upon its adoption. This policy is intended to supplement any applicable provisions of state or federal law, which shall govern in the event of any inconsistency.

I. PURPOSE

This Policy is adopted pursuant to the requirements set forth in Government Code Section 7513.85 to help ensure that San Mateo County Employees' Retirement Association's (SamCERA's) investment decisions are made solely on the merits of the investment opportunity. This Policy requires broad, timely, and updated disclosure of all Placement Agents, as well as their relationships, compensation, and fees. All capitalized terms used herein shall be defined as set forth in California Government Code section 7513.8.

II. APPLICATION

This Policy applies broadly to every type of SamCERA investment manager including, but not limited to, general partners, sponsors of hedge funds, private equity funds, real estate funds, and infrastructure funds, as well as public market investment managers.

This Policy, as last amended, applies to all agreements with External Managers that are:

- (1) Entered into after the date this Policy, as last amended, is adopted; or
- (2) Amended to extend the term of the agreement or the investment period, increase the commitment of funds by SamCERA, or otherwise change the agreement's substantive term, including increasing or accelerating the fees or compensation payable to the External Manager, to the extent such amendments to the agreement (referred to hereafter as "Amendment") are executed subsequent to the adoption of amendments to this Policy. In the case of an Amendment, the disclosure provisions of this Policy shall apply to the Amendment and not to the original agreement.

III. RESPONSIBILITIES

A. The Board is responsible for:

1. Only entering into agreements with External Managers which agree in writing to comply with this policy.
2. Not entering into any agreements with External Managers that have violated this policy within the previous five years. However, this prohibition may be reduced by a majority vote of the Board at a public session upon a showing of good cause.

B. Each External Manager is responsible for:

1. Executing an agreement requiring that the External Manager comply with this policy.
2. Providing the following information to SamCERA Investment Staff within 45 days of the date that investment discussions are initiated with the External Manager, and, in any event, prior to the completion of due diligence. In the case of Amendments, an updated Placement Agent Information Disclosure is required prior to execution of the Amendment.
 - a. Disclosure of payments or compensation by the External Manager or any of its principals, employees, agents, or affiliates, directly or indirectly, to any person or entity to act as a Placement Agent in connection with SamCERA investments.
 - b. A resume for each officer, partner, and principal of the Placement Agent detailing their education, professional designations, regulatory licenses, and investment and work experience. If any such person is a current or former SamCERA Board Member, employee, or Consultant, or a member of the immediate family of any such person, this fact shall be specifically noted.
 - c. A description of any and all compensation of any kind provided, or agreed to be provided, to a Placement Agent, including the nature, timing, and value thereof. Compensation to Placement Agents includes, but is not limited to, compensation from the External Manager to third parties as well as the External Manager's own employees who solicit or market investments to SamCERA, or who are paid based upon investment commitments secured by such employees.
 - d. A description of the services to be performed by the Placement Agent and a statement as to whether the Placement Agent is utilized by the External Manager with all prospective clients or only with a subset of the External Manager's prospective clients.
 - e. A written copy of any and all agreements between the External Manager and the Placement Agent.
 - f. A statement whether the Placement Agent, or any of its affiliates, are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association, or any similar regulatory agent in a country other than the United States, and the details of that registration or explanation as to why no registration is required.
 - g. A statement whether the Placement Agent, or any of its affiliates, is registered as a lobbyist with any state or national government.
 - h. The names of any current or former SamCERA Board Members, employees, or Consultants who suggested the retention of the Placement Agent.

3. Providing an update of any changes to any of the information provided pursuant to Section B.2 above within 30 calendar days of the date that the External Manager knew or should have known of the change in information.
4. Representing and warranting the accuracy of the information described in Section B.2 above.
5. Causing its engaged Placement Agent to disclose, prior to acting as a Placement Agent to SamCERA:
 - a. All campaign contributions made by the Placement Agent to any publicly elected SamCERA Board Member during the prior 24 month period. Additionally, any subsequent campaign contribution(s) made by the Placement Agent to any publicly elected SamCERA Board Member during the time the Placement Agent is receiving compensation in connection with a SamCERA investment shall also be disclosed.
 - b. All gifts, as defined in Government Code Section 82028, given by the Placement Agent to any SamCERA Board Member during the prior 24 month period. Additionally, any subsequent gift(s) made by the Placement Agent to any SamCERA Board Member during the time the Placement Agent is receiving compensation in connection with a SamCERA investment shall also be disclosed.
6. Acknowledging and agreeing that SamCERA reserves the right to deem any failure by a Placement Agent to disclose the information required by Sections B.5(a) and B.5(b) as a material breach of the External Manager's agreement with SamCERA.

C. SamCERA Investment Staff (“Staff”) are responsible for:

1. Providing External Managers with a copy of this Policy at the time that discussions are initiated with respect to a prospective investment or engagement.
2. Confirming, within 45 days of the time the execution of the investment contract or Amendment, that the information in Section B above has been received from the External Manager.
3. Securing the agreement of each External Manager in any contract or Amendment that is entered into after the date this Policy (as last amended) is adopted, that, in the event that there was or is an intentional material omission or inaccuracy in the Placement Agent Information Disclosure or any other violation of this Policy, SamCERA reserves the right to reimbursement of any management or advisory fees paid by SamCERA from the date of violation to the date of the imposition of the fees.

4. Prohibiting any External Manager or Placement Agent from soliciting new investments from SamCERA for five years after they have committed a material violation of this Policy; provided, however, that SamCERA's Board, by majority vote at a noticed, public meeting, may reduce this prohibition upon a showing of good cause.
5. Providing the Board with Placement Agent information relating to each investment at the time the investment is brought to the Board for its decision.
6. Maintaining Placement Agent Information Disclosures as a public record and reporting to the Board any a material violation of this Policy.

Adopted December 14, 2010

Amended October 25, 2011

Amended March 28, 2017

Amended April 25, 2023

DEFINITIONS:

The following definitions are excerpted from California Government Code section 7513.8 and are current as of March 28, 2017. Should the legislature subsequently amend the definitions below, the definition of these terms as amended shall supersede the definitions contained in this policy.

“External Manager” means either of the following: (1) a Person who is seeking to be, or is, retained by a board or an Investment Vehicle to manage a portfolio of securities or other assets for compensation; (2) a Person who manages an Investment Fund and who offers or sells, or has offered or sold, an ownership interest in the Investment Fund to a board or an Investment Vehicle. (All code section references are to the Government Code, unless otherwise noted.)

“Person” means an individual, corporation, partnership, limited partnership, limited liability company, or association, either domestic or foreign.

“Investment Vehicle” means a corporation, partnership, limited partnership, limited liability company, association, or other entity, either domestic or foreign, managed by an External Manager in which a board is the majority investor and that is organized in order to invest with, or retain the investment management services of, other External Managers.

“Investment Fund” means a private equity fund, public equity fund, venture capital fund, hedge fund, fixed income fund, real estate fund, infrastructure fund, or similar pooled investment entity that is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, owning, holding, or trading securities or other assets. Notwithstanding the preceding sentence, an investment company that is registered with the

Securities and Exchange Commission pursuant to the Investment Company Act of 1940 (15 U.S.C. Sec. 8a-1 et seq.) and that makes a public offering of its securities is not an Investment Fund.

“Placement Agent” means any Person directly or indirectly hired, engaged, or retained by, or serving for the benefit of or on behalf of, an External Manager or an Investment Fund managed by an External Manager, and who acts or has acted for compensation as a finder, solicitor, marketer, consultant, broker or other intermediary in connection with the offer or sale to a board or an Investment Vehicle either of the following: in the case of an External Manager as defined in subpart (1) of the definition of an External Manager, the investment management services of the External Manager; in the case of an External Manager as defined in subpart (2) of the definition of an External Manager, an ownership interest in an Investment Fund managed by the External Manager. Notwithstanding the preceding sentence, an individual who is an employee, officer, director, equity holder, partner, member, or trustee of an External Manager and who spends one-third or more of his or her time, during a calendar year, managing the securities or assets owned, controlled, invested, or held by the External Manager is not a Placement Agent.



SamCERA's Investment Policy Statement

Latest Revision April 2024

1.0 ESTABLISHMENT OF INVESTMENT POLICY

The Board of Retirement (the “Board”), having exclusive authority and exclusive fiduciary responsibility for the investment and administration of the Trust Fund (the “Fund”), hereby establishes the following Investment Policy (the “Policy”) for the investment of the San Mateo County Employees’ Retirement Association (“SamCERA”) assets. The Board reserves the right to amend, supplement or rescind this Policy at any time.

The purpose of this Policy is to assist SamCERA in effectively supervising its investments in order to meet the requirements of the California Constitution, the County Employees’ Retirement Law of 1937 (“the 1937 Act”), the Mission and Goals of SamCERA and other requirements, and to encourage effective communication between SamCERA and its investment managers (the “Manager(s)”) and investment consultants (the “Consultant(s)”).

A. GOVERNING DOCUMENTS FOR THE INVESTMENTS OF THE FUND.

The powers and duties of the Board are set forth in the 1937 Act and in Article XVI of the State Constitution. They are further defined by the Mission and Goals adopted by the Board.

SamCERA was created by San Mateo County Ordinance No. 564 adopted by the Board of Supervisors, effective July 1, 1944. This ordinance established the retirement system in accordance with the provisions of California's County Employees' Retirement Law of 1937.

Constitution of the State of California

Article XVI, Section 17, relates to the administration of the system and investment of the Fund assets. It reads in pertinent part:

“(a)...The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system.

“(b) The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.

“(c) The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

“(d) The members of the retirement board of a public pension or retirement system shall diversify the investments of the system so as to minimize the risk of loss and to

maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.”

The 1937 Act

The 1937 Act contains language similar to that in the State Constitution regarding the investments of the Fund:

Government Code section 31595.

“The board has exclusive control of the investment of the employees’ retirement fund. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system. Except as otherwise expressly restricted by the California Constitution and by law, the board may, in its discretion, invest, or delegate the authority to invest, the assets of the fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the board.

The board and its officers and employees shall discharge their duties with respect to the system: (a) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.

(b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

(c) Shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

SamCERA’s Mission and Goals

The Board has adopted a Mission and Goals statement. The Mission summarizes SamCERA’s reason to exist.

“Mission: SamCERA exists to serve as loyal fiduciary for its members and as prudent administrator of the retirement system.”

The Mission is further defined by three goals. One goal speaks to the management of the assets of the Fund. This asset management goal reads:

“Prudently manage the assets in order to appropriately fund the actuarial liabilities of the retirement system, to ensure the ability to pay all earned benefits while minimizing the costs to employers.”

In recognition of the requirements of the California Constitution, the 1937 Act, the SamCERA Mission and Goals and other legal requirements, the SamCERA Board has established this Investment Policy.

2.0 MANAGEMENT OF THE FUND

A. ROLES AND PRINCIPAL DUTIES

The Fund investments shall be prudently planned, implemented, managed, and monitored by the Board. Investment Staff (the “Staff”), Investment Consultant (the “Consultant”), Custodian Bank (the “Custodian”), and Investment Managers (the “Managers”) shall support the Board in this activity. The roles are set forth below:

1. The Board establishes and maintains the investment policy, including: investment philosophy, investment objectives, strategic asset allocation, allocation-level performance benchmarks, and risk philosophy. The Board makes investment and monitoring decisions based upon the recommendations of Staff, Consultants, and other service providers engaged by the Board. The Board reviews and monitors all investments, as well as the policies, guidelines and procedures required to prudently administer the Fund and to effectively mitigate risk to the Fund. From time to time, the Board will utilize its Investment Committee to assist the Board in these activities and related specified tasks.
2. Staff oversees the Fund’s investment program activities, implements the Board’s decisions, manages the existing fund investments, and makes recommendations to the Board regarding Fund management, including investment-related policies and procedures. Staff makes recommendations regarding the selection of the Consultant, Managers, Custodian as set forth below and monitors the performance and compliance of these and other investment related service providers.
3. The Consultant reviews, analyzes and evaluates the Fund’s effectiveness and efficiency and makes fund management related recommendations. Consultant assists Staff in implementing the Board’s decisions and developing all investment-related policies. Consultant’s responsibilities are detailed in the service agreement between SamCERA and Consultant.
4. The Custodian provides custody of SamCERA’s investment assets. In addition, the Custodian manages the securities lending program. The Custodian’s responsibilities are detailed in the service agreement between SamCERA and Custodian.
5. The Managers manage their mandated allocations in accordance with all applicable laws, Board-established policies, guidelines and procedures, as well as specific investment guidelines. For separately managed accounts, managers’ responsibilities are detailed in the Investment Management Agreements (IMA) between SamCERA and each Manager. For commingled funds, managers’ responsibilities are detailed in the related Fund documents.

B. INVESTMENT PORTFOLIO MANAGEMENT

The Board, with the assistance of Staff and Consultant, select and monitor Managers to manage the assets of the Fund.

1. Hiring New Managers

For public markets manager searches (i.e. non private equity and private real assets), Staff will inform the Board about the search process, including scope of the mandate, and the investment style, benchmark, and the minimum qualifications for candidates. Staff will update the Board on the short list of potential managers. Consultant and Staff will perform due diligence activities deemed applicable by the Chief Investment Officer, which may include analysis of performance records, meetings, due diligence questionnaires, interviews, and on-site visits. Upon completion of such due diligence, Staff and Consultant will bring a finalist to the Board for approval. The recommendation shall provide the Board with a summary description of the conducted due diligence activities.

For private markets, the Consultant, with Staff input, sources managers that can best fit the desired mandate consistent with the annual pacing study and applicable investment policy. Consultant and Staff will bring potential private markets opportunities to the Board for approval. An exception to this policy is when a decision for a private market investment must be made prior to the date of the next regularly scheduled Board meeting. In these instances, and for investments of \$35 million or less, the Chief Executive Officer is authorized to make an investment-related decision after consulting with the Board Chair, or if the Chair is not available, the Vice Chair, one member of the Investment Committee, the Board's Investment Consultant, staff and legal counsel as long as such decision is in the best interest of the fund and consistent with applicable Board policy. Any action under this authorization will be reported to the Board at a subsequent regularly scheduled meeting.

2. Managing and Monitoring Existing Managers

The Board monitors the individual investment managers on a continuous basis through information provided by Staff, the Consultant, the Managers, and other investment service providers. Monthly, the Chief Investment Officer will present a preliminary performance report to the Board that is meant to provide a high-level summary of how the fund and each monthly-valued manager is performing. In addition, for SamCERA's separate accounts, Staff receives holdings and attribution reports from each separate account Manager on a monthly basis. For commingled funds, staff receives from the Manager either monthly or quarterly portfolio performance, attribution, exposure, and commentary reports.

Quarterly, the Consultant, with assistance from the Chief Investment Officer, will present an investment performance report to the Board, as specified in Section 13.0 (Quarterly Investment

Performance Reporting) in the Investment Policy. This report provides a more detailed performance attribution for the total plan and individual Managers, and helps to identify any short-term outlier deviations from expectations.

Semi-annually (month-end June and December of each year), every public markets (i.e. not private equity or private real asset) Manager completes a compliance statement identifying any significant firm, regulatory, and portfolio issues. In addition, semi-annually as of June and December of each year, Consultant will present performance reports for both the Private Equity and Private Real Assets programs that summarize each program and shows total program performance and program diversification by strategy, geography, industry, and vintage year.

Annually, Staff and Consultant will convene an investment strategy session, as specified in Section 14.0 (Annual Investment Strategy) in the Investment Policy, to allow a longer-term assessment of the Managers and the total fund performance. Lastly, all public markets Managers are interviewed annually by Staff and Consultant, and must complete a due diligence questionnaire.

During these presentations at SamCERA, Managers will provide an update on the Manager's organization and business plan, any changes to the investment process, and a summary of investment performance. Staff and Consultant report to the Board following these meetings.

After the Board approves an initial investment to be held in a separate account or open-end evergreen commingled fund, staff will be responsible for managing that allocation, including initiating any adjustments to that allocation amount, consistent with the allocation ranges outlined in Section 6.0. For those investments held in closed-end (or non-perpetual life) commingled funds (e.g. private equity, private real assets, private credit, value-add real estate), staff will seek Board approval for any additional allocation to those funds, including re-up commitments, unless the timing of the decision is subject to the policy exception set forth in paragraph 1.

3. Terminating Existing Managers

The Board recognizes investments may need to be adjusted or removed from the Fund from time to time for a variety of reasons, including organization changes at the Manager, changes in Manager style, underperformance relative to expectations, and the Managers' strategy is no longer appropriate for the fund. The Board determines if a Manager should be terminated after receiving input and or recommendations from Staff and Consultant.

In situations in which developments give immediate concern that an investment with a Manager is no longer prudent for the investment program and a termination or other related investment decision should be made prior to the next regularly scheduled Board meeting, the Chief Executive Officer is authorized to terminate the Manager and or move Fund assets after consulting with the Board Chair (or Vice Chair or Secretary based on availability, in that order) and one member

of the Investment Committee. Situations causing an immediate concern, include, but are not limited to, when: (1) the firm suffers the resignation or other loss of its key portfolio managers on the strategy, (2) the firm dissolves, ceases to exist, or is otherwise incapable of carrying out its activities in the ordinary course of its business, (3) the firm is actually or effectively shut down by a regulatory agency or is accused of theft or fraud or other serious malfeasance by a regulatory agency, or (4) the fund's investment is in jeopardy of material loss. The Board will be promptly notified of the determination by the Chief Executive Officer.

3.0 INVESTMENT OBJECTIVES

The Board shall develop an investment program, consistent with the Investment Beliefs and General Investment Policies as stipulated in Sections 4.0 and 5.0, respectively, to meet the primary goal of ensuring liquidity is available to provide for the required monthly benefit payments in a timely manner. In addition, the following secondary objectives will be considered:

- A. Generate risk-adjusted returns that exceed the Asset Allocation Policy Benchmark (as defined in Section 6.0) on a net-of-fee basis over five-year rolling periods.
- B. Achieve long-term real growth while minimizing the funded status volatility.
- C. Provide a more consistent return stream than a traditional 60% Equity / 40% Fixed Income portfolio as measured by lower portfolio drawdowns over a full market cycle.

4.0 INVESTMENT BELIEFS

The following section summarizes the Board's investment beliefs that have guided it in the development of this Policy document and will guide it in the oversight of the Plan assets.

- Strategic asset allocation is the primary driver of portfolio risk and return.
- SamCERA should have a long-term horizon and not be tempted to deviate from its long-term plan in response to short-term volatility.
- Everything else being equal, simplicity is preferred over complexity.
- For those asset classes evidencing market efficiencies, the manager structure may favor the employment of passive strategies.
- Focus on income and capital appreciation should be balanced and not overly dependent on one or the other.
- Diversification is fundamental.
- There is no single definition of risk. There are various measures of 'risk' that can be used for various purposes.
- The portfolio should be diversified across many risk dimensions/timeframes.

- SamCERA should not pursue investments that will not adequately compensate it for the risks that those investments bring.
- Costs matter.
- Incorporating sustainability criteria into the decision-making process can positively impact long-term risk and reward characteristics of an investment.

5.0 GENERAL INVESTMENT POLICIES

Consistent with the investment beliefs contained in Section 4.0, it is the investment policy of the Board to:

- A. Achieve long-term risk-adjusted returns consistent with its fiduciary duty.
- B. Pursue an investment strategy that reduces the volatility of returns through prudent diversification of the portfolio across a broad selection of distinct asset classes, as provided for in Section 6.0 of this Investment Policy.
- C. Further diversify other risks, including extreme events, liquidity, and leverage by looking beyond traditional asset class definitions by utilizing multiple lenses on portfolio risks.
- D. Adopt an asset allocation target to guide the structure of the investment portfolio, as provided for in Section 6.0, and reevaluate on an annual basis.
- E. Reevaluate the asset-liability study every three to five years.
- F. Determine whether to replenish the cash flow match account on an annual basis.
- G. Delegate to staff the management of existing investment managers, and for those strategies in separately managed accounts and evergreen (or open-end) commingled fund structures, the on-going adjustments to allocations to such managers consistent with the investment policies and investment ranges contained in Section 6.0.
- H. Delegate full discretion, including whether to include environmental, social, and governance factors, if such factors have a direct relationship to the economic and financial value of an investment, when analyzing the financial merits of competing investment choices on behalf of SamCERA, to each investment manager to the extent authorized in their Investment Management Agreement (IMA).
- I. Adopt objectives that encourage investment managers to maximize their performance, within acceptable risk parameters, relative to their individual investment style benchmark.
- J. Refrain from drastically shifting asset class allocations over short time spans, unless it is in the Fund's best interest to do so.
- K. Rebalance the portfolio in accordance with the Rebalancing Policy set forth in Section 7.0.

6.0 ASSET ALLOCATION & PORTFOLIO STRUCTURE

A. Asset Allocation by Performance Driver

In addition to grouping investments into traditional asset classes (Public Equity, Fixed Income, Alternative Assets, Inflation Hedge and Liquidity), SamCERA also groups its investments by the underlying performance drivers within each asset class composite. As part of this process, SamCERA classifies its portfolio into four main drivers of performance listed below.

Growth

The Growth category includes assets in which their primary driver of returns is tied to the general strength of economic output. These assets will generally do well when economic conditions are favorable, but generally struggle in times of economic weakness and recession. Assets classified in the Growth category include Public Equity (consisting of U.S. and International Equity), Private Equity within Alternatives, and Opportunistic Credit (consisting of Public Credit and Private Credit) within Fixed Income.

Diversifying

Diversifying assets provide protection from equity risk and may be characterized as being more defensive (i.e. may help provide stability when markets fall) or more absolute-return oriented (i.e. performance is not as dependent on the overall strength of equity markets). Assets classified in the Diversifying category include Defensive Fixed Income and Absolute Return within Alternatives.

Inflation Hedge

Inflation Hedge assets provide additional diversification from equity risk and provide a potential hedge against unexpected inflation. Assets classified in this category include Real Estate, Public Real Assets, and Private Real Assets.

Liquidity

The Liquidity category consists of liquid assets with the primary purposes to pre-fund net benefit payments, satisfy expense obligations in the near-term (e.g. capital calls and management fees), support the overlay and currency hedge overlay accounts, and also meet any unforeseen cash needs. Assets classified in this category include two subcategories: 1) Cash Flow-Matched Liquidity and 2) Cash & Cash Overlay. The Cash Flow-Matched Liquidity category includes our Cash Flow-Matched Liquidity account and our County Treasury Pool, which are both used for the primary purpose of pre-funding and

paying out benefit payments. SamCERA currently pre-funds up to 36 months of net benefit payments.

The Cash & Cash Overlay category includes our general cash account (used to satisfy capital calls, pay management fees, meet unforeseen cash needs, etc) and our cash overlay and currency hedge overlay account.

Updated Asset Allocation Policy[^]

Performance Driver View	Target Allocation	Rebalancing Range	Traditional Asset Class View *
Growth	59%	±3%	
Public Equity	41%	±3%	Public Equity
Private Equity **	7%	±2%	Alternatives
Opportunistic Credit	11%	±2%	Fixed Income
Public Credit	8%	±2%	
Private Credit	3%	±2%	
Diversifying	18.5%	±2%	
Defensive Fixed Income	12.5%	±2%	Fixed Income
Absolute Return	6%	±2%	Alternatives
Inflation Hedge	17%	±2%	
Real Estate	9%	±2%	Inflation Hedge
Private Real Assets **	5%	±2%	Inflation Hedge
Public Real Assets	3%	±2%	Inflation Hedge
Liquidity	5.5%	NA	
Cash Flow-Matched Liquidity ***	4.5%	NA	Liquidity
Cash & Cash Overlay	1%	±2%	Liquidity

[^]The updated asset allocation policy was approved in the February 2023 board meeting. The long-term strategic asset allocation policy will include a 1% increase to Private Equity (funded from public equity), which will take multiple quarters to reach the target.

* Traditional Asset Allocation: 41% Public Equity, 28% Fixed Income, 13% Alternatives, 17% Inflation Hedge, and 1% Liquidity.

** Recognizing the illiquidity of the asset class, rebalancing will be considered over six- to twelve-month periods.

*** The Cash Flow-Matched Liquidity sub-category doesn't have rebalancing bands as the target will naturally fluctuate over time as payments are made from and cash is replenished in the accounts.

B. Growth Asset Allocation

Growth assets shall be allocated to managers within the following asset/sub-asset classes:

GROWTH ASSET CLASSES	TARGET ALLOCATION	REBALANCE RANGE
Public Equity	41%	±3%
Large Capitalization Domestic	21.0%	±2%
Passive Core	14.0%	±2%
Active Core	3.0%	±2%
Active Low-Volatility Core	4.0%	±2%
Small Capitalization Domestic	2.0%	±2%
Active Core	2.0%	±2%
International	18.0%	±2%
Passive Core	9.0%	±2%
Growth	4.5%	±2%
Value	4.5%	±2%
Private Equity	7%	±2%
Opportunistic Credit	11%	±2%
Total Growth Assets	59%	±3%

C. Diversifying Asset Allocation

Diversifying assets shall be allocated to managers within the following asset/sub-asset classes:

DIVERSIFYING ASSET CLASSES	TARGET ALLOCATION	REBALANCE RANGE
Defensive Fixed Income	12.5%	±2%
Core	5.5%	±2%
Core Securitized	4.0%	±2%
Long Treasury	3.0%	±2%
Absolute Return	6%	±2%
TOTAL DIVERSIFYING ASSETS	18.5%	±2%

D. Inflation Hedge Asset Allocation

Inflation Hedge assets shall be allocated as follows:

INFLATION HEDGE ASSET CLASSES	TARGET ALLOCATION	REBALANCE RANGE
Real Estate	9.0%	±2%
Private Real Assets	5.0%	±2%
Public Real Assets	3.0%	±2%
TOTAL INFLATION HEDGE ASSETS	17.0%	±2%

E. Liquidity Asset Allocation

Liquidity assets shall be allocated as follows:

LIQUIDITY ASSET CLASSES	TARGET ALLOCATION	REBALANCE RANGE
Cash Flow-Matched Liquidity	4.5%	NA
Cash & Cash Overlay	1%	±2%
TOTAL LIQUIDITY	5.5%	NA

F. Asset Allocation Policy Benchmark

The Asset Allocation Policy Benchmark defined below is derived by assigning a passive benchmark to each of the sub-asset classes referenced in Sections 6.0 (A) through 6.0 (E) and weighting each by the Target Allocation. The performance of the Asset Allocation Policy Benchmark is computed by the Plan's investment consultant.

Benchmark	Asset Allocation Policy Benchmark
Growth Assets	59%
Russell 3000 Index	23%
MSCI ACWI x US IMI Index Hedged [^]	18%
Russell 3000 +3% (One Quarter Lagged)	7%
Custom Opportunistic Credit Index [*]	11%

Diversifying Assets	18.5%
BC Aggregate Index	9.5%
BC Long Treasury Index	3%
SOFR + 4%	6%
Inflation Hedge	17%
NCREIF ODCE	9%
Custom Private Real Asset Index**	5%
Custom Public Real Asset Index***	3%
Liquidity	5.5%
BC 1-3 Year Gov't/Credit Index	4.5%
91 Day T-Bills	1%

^ 50% hedge ratio

*Comprised of 73% BC High Yield Index and 27% Credit Suisse Leveraged Loan Index (One Quarter Lagged). Only Credit Suisse Leveraged Loan Index portion is lagged by one quarter.

**Comprised of 75% S&P Global Infrastructure Index and 25% S&P Global LargeMidCap Commodity and Resources Index + 2% (One Quarter Lagged)

***Comprised of 25% Bloomberg Roll Select Commodity Index, 25% Bloomberg US TIPS Index, 25% S&P Global LargeMidCap Commodity and Resources Index, and 25% S&P Global Infrastructure Index.

7.0 REBALANCING POLICY

- A. The Chief Investment Officer (CIO) shall rebalance the portfolio as needed in conformance with the asset allocation tactical ranges set forth in Section 6.0.
- B. The potential need to rebalance will be continuously monitored, and will be subject to deviations within the established rebalance ranges specified in Section 6.0.
- C. The CIO will have discretion to rebalance to Target or to some other allocation, as long as it is within policy ranges.
- D. Cash flows will be used first to rebalance, and to the extent possible, exchange-traded derivatives will be used to rebalance in a cost-effective manner.
- E. All rebalancing activity shall be reported to the Board at the next scheduled meeting.

8.0 GENERAL MANAGER INVESTMENT PERFORMANCE POLICIES

The responsibility for securities selection, purchase and sale decisions, and proxy voting (where appropriate) is delegated to the external investment managers. The individual investment guideline parameters (including diversification constraints, concentration limits,

asset type exclusions, etc.) and performance objectives for each investment manager will be established within the IMA or other applicable legal agreement(s) with each firm.

The Board expects to measure investment performance quarterly and will generally follow prudent time horizons when evaluating short, intermediate, and long-term performance of its investment managers. Generally, the Board will focus on a complete market cycle (defined as between three and five years) when analyzing a manager's performance relative to their broad-market-based benchmark, stated style, peer group, and other criteria deemed acceptable to the Board.

9.0 GROWTH ASSETS INVESTMENT POLICIES

GROWTH ASSETS OVERVIEW:

Assets classified in the Growth category include Public Equity (consisting of Domestic and International Equity), Private Equity within Alternatives, and Opportunistic Credit (consisting of Public Credit and Private Credit) within Fixed Income.

Public Equity: Public equity assets include funds shares/stock of a company through a public market. SamCERA invests utilizing both passive approaches (meant to track the performance and characteristics of major market indices, like the Russell 1000 Index and MSCI ACWI ex US IMI Index), and via active approaches that are meant to outperform the major market benchmarks. Public Equity is expected to produce returns higher than that provided from Fixed Income but at potentially higher levels of volatility. Exposure to this asset class will provide return streams generally correlated to that of general economic growth. There are two primary components to the Public Equity category: 1) Domestic Equity, and 2) International Equity.

1) Domestic Equity: SamCERA further breaks out its U.S. public equity holdings into two sub-composites: 1) U.S. Large Capitalization Domestic, which is comprised of U.S. companies valued generally over \$10 billion, and 2) U.S. Small Capitalization Domestic, which is comprised of U.S. companies valued generally under \$2 billion.

For the domestic equity program, the majority of the tracking error will come from stock selection via active management as the overall manager structure for domestic equities will not possess any significant biases in terms of investment style. The Domestic Equity composite will consist of two sub-composites: 1) Large-Capitalization Equity, and 2) Small-Capitalization Equity. Large Capitalization Equity will consist of three Core strategies: one passive, one low-tracking error active, and one low-volatility active. Small-Capitalization Equity will consist of an actively managed Core strategy.

2) International Equity: International Equity consists of developed (public companies domiciled in developed market countries such as Germany, France, UK, Japan, etc.) and emerging markets (public companies domiciled in emerging market countries such as China, Brazil, Mexico, India, etc.)

International Equity will consist of three strategies: 1) Passive Core, 2) Active Value, and 3) Active Growth. All three strategies will have exposure to both developed and emerging

markets. Additionally, a dynamic currency hedging strategy is utilized to dynamically hedge certain developed market currency exposures within the three equity strategies.

Private Equity: Private Equity are funds, typically illiquid investments, that directly invest in private companies, or that engage in buyouts of public companies. Private Equity is expected to be one of the highest returning asset classes over the long-term. Its role in the portfolio is to provide high return potential to maximize the ability of the Fund to meet its performance objectives.

The Private Equity program will contain manager allocations to three primary sub-categories: 1) Buyouts, 2) Venture Capital, and 3) Distressed/Special Situations. These allocations will be implemented via allocation to primary and secondary fund investments and co-investment opportunities. The sub-allocation targets and target ranges are summarized below:

Sub-Category	Target Allocation	Range
Buyouts	70%	+/- 30%
Venture Capital	30%	0 – 40%
Distressed/Special Situations	0%	0 – 30%

The responsibility for private equity sourcing is delegated to SamCERA’s investment consultant. The private equity portfolio shall adhere to the following investment guidelines covering diversification and quality:

(a) Diversification: Subject to availability of sufficient attractive opportunities, the portfolio is to be diversified over multiple years by the following:

Vintage Year: It is expected that roughly equal amounts of new funding will be committed in each calendar year, with deviations permitted to accommodate market opportunities and to facilitate initial entry into the asset class.

Investment Manager: The reported value plus unfunded commitments of any one investment manager (excluding fund of funds) up to no more than twenty (20) percent of the reported value plus unfunded commitments of the total private equity portfolio.

Geography: Through commitments to funds located and/or investing both in and outside of the United States.

Industry: It is expected that the private equity portfolio will be generally diversified by sector/industry.

(b) **Quality:** All commitments to private equity by SamCERA must be of institutional quality as evidenced by other tax-exempt institutional investors’ commitments to the investment manager’s prior or current funds.

Fund managers are expected to comply with SamCERA's private placement disclosure rules.

Opportunistic Credit: Fixed income assets are debt investments that provide a return in periodic payments in debt instruments issued by governments and corporations. Opportunistic Credit is expected to be the highest-risk category within fixed income, and will be used to enhance return by investing via public and private investments in non-traditional sectors of the fixed income market, including emerging market debt, high yield bonds, direct lending, bank loans, convertible bonds, and RMBS/CMBS/ABS securities. This category will be exposed to general economic risk factors, similar to public equities, but may provide a steadier stream of returns than public equity asset classes. There are two primary components to the Opportunistic Credit category: 1) Public Credit, and 2) Private Credit.

GROWTH ASSETS PERFORMANCE OBJECTIVE:

The performance objective of the Growth Assets Composite is to outperform, on a net-of-fee basis, a customized index (Customized Benchmark Portfolio) incorporating the weighted average components for four composite sub-asset classes (which results in the following weights: 39% Russell 3000, 30% MSCI ACWI ex US IMI Index hedged, 12% Russell 3000 Index + 3% (one quarter lagged), and 19% Custom Opportunistic Credit Index).

The Public Equity composite has a maximum tracking error of 3% to its composite benchmark.

GROWTH ASSETS RISK EXPOSURES AND RISK MITIGATION:

Public Equity: The primary risk factors for Public Equity are correlation to general economic growth, high volatility in returns, and potential illiquidity in smaller-capitalization and certain emerging market stocks. SamCERA will control for these risk factors by diversifying the plan across assets that exhibit limited correlation to economic growth. In addition, SamCERA's rebalancing ranges for small-cap equity will help ensure adequate diversification within the equity portion of the SamCERA portfolio.

Private Equity: Private Equity, while expected to provide attractive returns, also have a number of risks. Chief among these are illiquidity risk and leverage. By their nature Private Equity is generally illiquid in that the life of these fund investments can be as long as ten to twelve years. SamCERA recognizes that this illiquidity is a necessary characteristic (and source of return premium) for these asset classes and as such will endeavor to take this illiquidity into account at the total plan level when addressing total plan liquidity needs during strategic planning asset liability studies. Leverage can be employed by private equity managers to enhance the overall risk-adjusted returns. SamCERA will control leverage exposure through partnership selection and portfolio construction and diversification.

Opportunistic Credit: Opportunistic Credit is generally the highest risk, lowest liquidity sub-category within Fixed Income. SamCERA will consider unique risk factors when constructing

the fixed income portfolio to help ensure that the overall risk profile of the total portfolio is consistent with expectations. Opportunistic Credit typically includes the risk factors contained in Core, but depending on the mandate, with higher emphasis to credit default risks, emerging markets sovereign/corporate default risk, potential leverage, and potential illiquidity. It is expected that strategies within Opportunistic Credit will have a maximum leverage ratio of 2.5x at the fund level (i.e. certain holdings may be levered higher than the 2.5x limit, as long as the fund (or strategy) has a maximum 2.5x leverage). Strategies employing higher leverage will be relegated to the distressed/special situations category of Private Equity (see above).

GROWTH ASSET CLASSES	BENCHMARK INDEX
Growth Assets	Customized Benchmark Portfolio
Public Equity	
Domestic Equity	Russell 3000
Large Capitalization Domestic Equity	Russell 1000
Passive Core	Russell 1000
Active Core	Russell 1000
Active Low Volatility Core	Russell 1000
Small Capitalization Domestic Equity	Russell 2000
Active Core	Russell 2000
International Equity	MSCI All Country World ex US IMI hedged*
International Passive Core	MSCI ACWI ex US IMI
International Growth	MSCI ACWI Free ex US Growth
International Value	MSCI ACWI Free ex US Value
Private Equity	Russell 3000 + 3% (One Quarter Lagged)
Opportunistic Credit	73% BC High Yield Index and 27% Credit Suisse Leveraged Loan Index (One Quarter Lagged)

* 50% hedge ratio

10.0 DIVERSIFYING ASSETS INVESTMENT POLICIES

DIVERSIFYING ASSETS OVERVIEW:

Assets classified in the Diversifying category include Defensive Fixed Income and Absolute Return within Alternatives.

Defensive Fixed Income: Defensive fixed income assets are debt investments that provide a return in periodic payments in debt instruments issued by governments and corporations. Defensive Fixed Income is expected to provide a lower, but steadier stream of returns than public equity asset classes, and also to reduce the risk of the overall portfolio as bonds have

lower risk than most other major asset classes. That said, there are several sub-categories within Defensive Fixed Income, which exhibit different risk/return trade-offs and hold slightly different tasks in terms of role in the portfolio but have the common goal of dampening portfolio volatility and/or protecting against an equity drawdown. Defensive Fixed Income is broken out into three subcategories:

- 1) Core, and 2) Core Securitized, and 3) Long Treasury

Core: Core is generally considered a lower-risk fixed income category, and one that invests in primarily liquid, investment grade U.S. Dollar denominated bonds. It also generally consists of sectors that comprise the Bloomberg Barclays Aggregate Bond Index. Core's role in the portfolio is to dampen portfolio volatility and protect the portfolio in times of economic duress.

Core Securitized: Core Securitized is a low/medium-risk fixed income sub-category, and contains securitized sectors, including mortgage-backed securities, commercial mortgage-backed securities, and asset-backed securities. Core Securitized's role in the portfolio, in addition to dampening portfolio volatility, is to provide higher yield and slightly lower interest rate sensitivity as compared to the Bloomberg Barclays Aggregate Bond Index.

Long Treasury: Long Treasury is a portfolio of long-duration U.S. Treasury securities that are expected to provide risk mitigation to the growth portfolio. Long Treasury's role is to protect the growth portfolio (public equity, private equity, and opportunistic credit) in times of economic duress. The high quality, liquid securities should perform well in times of economic crisis, which is when we would expect our growth portfolio (public equity, private equity, and opportunistic credit) to not do as well.

Absolute Return: The Absolute Return category will focus on funds that have an absolute return orientation and are not expected to contain significant levels of public market beta over the long term. This category is expected to provide a diversifying return stream to the total plan that is not correlated to the public markets. Suitable investment strategies include multi-strategy funds, alternative risk premia funds, GTAA or global macro funds, and CTA/Managed Futures trend following funds. It is expected that this category will be implemented via commingled funds and not in separate accounts so that SamCERA's investment in any single fund would be 'ring-fenced' (i.e. any potential losses would be limited to the investment in the single fund, and not extend to the total plan assets).

DIVERSIFYING ASSETS PERFORMANCE OBJECTIVE:

The performance objective of the Diversifying Assets Composite is to outperform, on a net-of-fee-basis, a customized index (Customized Benchmark Portfolio) incorporating the weighted average components for two composite sub-asset classes (which results in the following weights: 52% Bloomberg Barclays Aggregate Index, 32% to SOFR + 4, and 16% Bloomberg Long Treasury Index. The Defensive Fixed Income sub-asset class has a maximum tracking error of 3% to its composite benchmark.

DIVERSIFYING ASSETS RISK EXPOSURES AND RISK MITIGATION:

The Defensive Fixed Income sub-sectors have different risk factor exposures. SamCERA will take into account these unique risk factors when constructing the Defensive Fixed Income portfolio to help ensure that the overall risk profile of the total portfolio is consistent with expectations.

Core: The primary risk factors are sensitivity to changes in interest rates, changes in mortgage prepayment speeds, and investment-grade corporate and sovereign credit risk.

Core Securitized: The primary risk factors are complexity, credit and prepayment risk across various securitized sectors (e.g. ABS, CMBS, and RMBS) with interest rate sensitivity being a relatively lower risk factor as compared to assets within Core (above). The focus is on higher quality securitized investments to minimize credit risk.

Long Treasury: The primary risk factors are sensitivity to changes in interest rates (given the longer interest rate duration). In addition, another risk factor is the possibility of potential positive correlation of bonds to equity, which would diminish the risk mitigation attribute of long-duration Treasury securities.

Absolute Return: Absolute Return, while expected to provide attractive returns that are less correlated to the returns provided by public asset classes, also has a number of risks. Chief among these is leverage. Leverage can be employed by absolute return managers to enhance the overall risk-adjusted returns. SamCERA will control leverage exposure through fund selection as well as portfolio construction and diversification.

DIVERSIFYING ASSET CLASSES	BENCHMARK INDEX
DIVERSIFYING ASSETS	CUSTOMIZED BENCHMARK PORTFOLIO
Defensive Fixed Income	
Core/Core Securitized	Bloomberg Barclays Aggregate Bond Index
Long Treasury	Bloomberg Long Treasury Index
Absolute Return	SOFR + 4%

11.0 INFLATION HEDGE INVESTMENT POLICIES

INFLATION HEDGE OVERVIEW:

The Inflation Hedge category combines inflation-sensitive assets under a single asset class to simplify the asset allocation process and enable better performance monitoring of the plan’s overall, direct exposure to assets with inflation-hedging properties. The plan also has indirect exposure to inflation-sensitive assets through other asset classes, such as Public Equity, Fixed Income, and Alternatives. When determining the appropriate allocation of inflation protection, both direct and indirect exposures to inflation-sensitive assets across the plan are taken into account. The Inflation Hedge category is expected to provide a high degree of inflation beta, attractive risk-adjusted returns and diversification benefits to the overall plan.

Inflation Hedge is broken out into three subcategories:

- 1) Real Estate, 2) Private Real Assets, and 3) Public Real Assets

Real Estate: Real Estate is expected to provide a return and risk profile between that provided by fixed income and equities. Real estate will be composed of three sub-categories: 1) Core, 2) Value-Add, and 3) Debt. Most of the exposure will be in Core real estate assets of the highest quality located in the best locations in North America, Europe, and Asia. Value-Add properties are expected to provide somewhat higher return potential along with somewhat higher risk than Core assets. Real Estate Debt strategies range from lower risk senior loans on stable properties to higher risk/return mezzanine and construction loans. SamCERA utilizes Debt strategies for risk mitigation and to enhance the portfolio’s yield.

Income will be a large part of the return stream generated from the Real Estate portfolio. The role of this portfolio is to provide diversification benefits, some protection against unanticipated inflation, and a steady income stream. Higher risk Opportunistic/Development real estate strategies will reside in the Private Real Assets composite due to their higher-risk, longer time horizon, and the less liquid nature of the investment set compared to Core, Value-Add, and Debt strategies. The sub-allocation targets and target ranges are summarized below:

Real Estate Strategy	Target Allocation	Range
Core Real Estate	60%	50 -70%
Value-Add Real Estate	20%	0 - 30%
Real Estate Debt	20%	0 - 30%

Private Real Assets: Private Real Assets are expected to provide attractive total and risk-adjusted returns that exhibit low correlations with traditional asset classes but positive correlation with inflation. Private Real Assets will be composed of two sub-categories: 1) Infrastructure (Core and Value-Add, Secondary, Midstream Energy, and Power), and 2) Natural Resources (Energy Exploration & Production, Mining, Farmland, Timber, and Water). These allocations will be implemented via allocation to primary and secondary fund investments and co-investment opportunities. The sub-allocation targets and target ranges are summarized below:

Sub-Category	Target Allocation	Range
Infrastructure	75%	+/- 25%
Natural Resources	25%	+/- 25%

The responsibility for Private Real Asset sourcing is delegated to SamCERA’s investment consultant.

Public Real Assets: Similar to Private Real Assets, Public Real Assets is expected to provide positive correlation to inflation, but with potentially higher beta to public equity markets. Public Real Assets may be used to fund new strategies in Private Real Assets and will be composed of four sub-categories: 1) Commodities, 2) U.S. TIPS, 3) Listed Global Natural Resources, and 4) Listed Global Infrastructure. All four sub-categories are meant to provide some protection from higher levels of unanticipated inflation while providing a diversifying return stream from that of public markets.

The sub-allocation targets and target ranges are summarized below:

Sub-Category	Target Allocation	Range
Commodities	25%	0 - 50%
U.S. TIPS	25%	0 - 50%
Listed Global Natural Resources	25%	0 – 50%
Listed Global Infrastructure	25%	0 – 50%

INFLATION HEDGE PERFORMANCE OBJECTIVE:

The performance objective of the Inflation Hedge Composite is to outperform, on a net-of-fee basis, a customized index (Customized Benchmark Portfolio) incorporating the weighted average components for three composite sub-asset classes (which results in the following weights: 53% NCREIF ODCE, 29% Custom Private Real Asset Index, and 18% Custom Public Real Asset Index).

INFLATION HEDGE RISK EXPOSURES AND RISK MITIGATION:

Real Estate: Many real estate funds utilize leverage to enhance returns. Lack of liquidity is also a concern, but less so for core real estate and senior debt investments. Value-add, mezzanine debt, and opportunistic strategies also tend to have more exposure to general economic conditions than core properties.

These risks will be mitigated in a number of ways. First, the primary emphasis of SamCERA’s real estate program will be focused on Core properties, with a secondary emphasis to Value-Add properties and Debt strategies. Opportunistic-oriented strategies will reside in our Private Real Assets portfolio due to their higher risk profile

Private Real Assets: By their nature, Private Real Assets are generally illiquid in that the life of these fund investments can be as long as ten to twelve years. SamCERA recognizes that this illiquidity is a necessary characteristic (and source of return premium) for these asset classes and as such will endeavor to take this illiquidity into account at the total plan level when addressing total plan liquidity needs during strategic planning asset liability studies. Leverage can be employed by alternative managers to enhance the overall risk-adjusted

returns. SamCERA will control leverage exposure through partnership selection and portfolio construction and diversification.

INFLATION HEDGE ASSET CLASSES	BENCHMARK INDEX
INFLATION HEDGE ASSETS	CUSTOMIZED BENCHMARK PORTFOLIO
REAL ESTATE	NCREIF ODCE
PRIVATE REAL ASSETS	CUSTOM PRIVATE REAL ASSET INDEX
PUBLIC REAL ASSETS	CUSTOM PUBLIC REAL ASSET INDEX

12.0 LIQUIDITY INVESTMENT POLICIES

LIQUIDITY ASSETS OVERVIEW:

Assets classified in the Liquidity category include 1) Cash Flow-Matched Liquidity, and 2) Cash & Cash Overlay.

The Cash Flow-Matched Liquidity category consists of both our Cash Flow-Matched Liquidity account and our County Treasury Pool. The Cash Flow-Matched Liquidity account consists mainly of investment grade, shorter-term government and credit securities with a liquidity profile that matches the near three-year benefit payment schedule to satisfy benefit payment obligations. The County Treasury Pool consists of shorter-term fixed income and cash equivalent investments.

On an annual basis, cash projections of expected contributions and plan benefit payments will be updated by our actuary, and an assessment by the Board will be made as to whether to replenish the Cash Flow-Matched Liquidity account at that time. Given the that benefit payments are paid monthly, the Cash Flow-Matched Liquidity account will be drawn down monthly as well. Assuming annual replenishment, the balance in the Cash Flow-Matched Liquidity account is expected to fluctuate between 24 and 48 months. It is anticipated that SamCERA will maintain a minimum of 12 months balance.

Cash & Cash Overlay investments will be used for satisfying miscellaneous liquidity needs, including capital calls, expenses, and other unforeseen needs, and also supporting the derivatives positions in our cash overlay and currency hedge overlay account.

LIQUIDITY ASSETS PERFORMANCE OBJECTIVE:

The performance objective of the Liquidity Assets Composite is to meet the plan’s liquidity needs.

LIQUIDITY ASSETS RISK EXPOSURES AND RISK MITIGATION:

The primary risk in the Cash Flow-Matched Liquidity account component is credit risk. The portfolio is structured to be primarily a buy and maintain strategy using cash flows from coupons and principal maturities to line up with benefit payments. The biggest risk to the strategy is risk of default.

LIQUIDITY ASSET CLASSES	BENCHMARK INDEX
LIQUIDITY ASSETS	CUSTOMIZED BENCHMARK PORTFOLIO
Liquidity	
Cash Flow-Matched Liquidity	BC 1-3 Year Gov't/Credit Index
Cash & Cash Overlay	91 Day T-Bills

13.0 QUARTERLY INVESTMENT PERFORMANCE REPORTING

The quarterly investment performance reports will be designed as a risk management tool and will afford the Board the opportunity to timely identify potential risk issues within the portfolio and to assess the relative performance of the investment managers.

The report will provide sufficient information to assess the following:

- A. Total and active risk assessment at total fund, composite and individual manager level.
- B. Performance attribution at total fund, composite and individual manager level.
- C. Adherence to the investment style for which the manager is retained, as measured by the quarterly risk adjusted active return (deviation of the manager's performance from the specified performance benchmark) over the last quarter, six months, one-, three-, and five-year periods, including updates from previous quarterly reports regarding adherence to the style for which the firm was retained;
- D. Ability of the active manager to demonstrate consistently positive information ratios, including updates from previous quarterly reports regarding the firm's information ratios;
- E. Quarterly, annual, three- and five-year total time-weighted returns relative to the specified performance benchmark and manager style peer group.

14.0 ANNUAL INVESTMENT STRATEGY

Annually, the Board/Staff shall convene an investment strategy session with the objective of addressing strategic investment policy issues and to deliberate any policies that could benefit the performance of the retirement Fund. The agenda for these sessions should include (but is not limited to) the following information:

- (a) Compare the Fund's actual investment performance for the prior fiscal year against the investment objectives set forth in Section 3.0 and evaluate the relative success or

failure of the prior year's performance; specific commentary to this objective shall be an integral part of the performance measurement process.

(b) Compare each investment manager's investment performance for the prior fiscal year against the relevant benchmarks and peer groups and evaluate the relative success or failure of their prior year's performance.

(c) Evaluate and review the total Fund performance attribution and contribution to return at the composite level to isolate performance drivers.

(d) Evaluate and review the various risk exposures of the plan versus appropriate policy limits and on-going trends through time.

(e) Evaluate and review the portfolio rebalancing activity for the year.

(f) Evaluate the Fund's liquidity requirements for the current and next fiscal years.

(g) Compare each investment manager's fees to their respective peer universe.

15.0 PROXY VOTING

The Investment Managers are delegated authority for the voting of proxies, subject to the following guidelines:

A. All proxies shall be voted in the best interest of the shareholders, but in no instance shall the economic interests of the retirement Fund be subordinated to any other interest.

B. Investment managers shall provide staff with quarterly reports on all proxies cast, in a mutually acceptable format.

16.0 SECURITIES LENDING

A. Pursuant to Section 2.0 (A), the Custodian shall manage a securities lending program to enhance income in accordance with the terms and conditions set forth in a mutually acceptable securities lending agreement and guaranty.

B. The Board reserves exclusive authority to approve the securities lending agreement prior to the commencement of securities lending activity.

C. Unless otherwise specified in the agreement(s):

(i) All loans shall be marked-to-market daily.

(ii) Collateral on each loan shall be maintained daily at 102% of loan value for domestic securities and 105% of loan value for international securities.

(iii) Acceptable collateral shall be in the form of cash or obligations issued or guaranteed by the U.S. Government, or its agencies or instrumentalities, as well as highly-rated OECD Debt (rated AA- or better).

(iv) Borrower must have a long-term credit rating of either "A" from S&P or "A2" from Moody's. For split rated borrowers, the higher rating shall prevail if not the same rating,

with the lower rating having a minimum long-term credit rating of either “A-” from S&P or “A3” from Moody’s.

(v) The maximum allowable amount of assets on loan to any single borrower shall not be greater than 20% of the program assets on loan.

(vi) The maximum total amount of program assets on loan shall not be greater than 50% of the total plan.

D. The Chief Investment Officer shall be responsible for monitoring the securities lending program and recommending changes as appropriate.

APPENDIX A

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Investment Committee Charter as Amended

RESOLUTION 99-00-09

This Resolution, adopted by the Board of Retirement (Board) of the San Mateo County Employees' Retirement Association (SamCERA), sets forth the Charter for the Board's Investment Committee.

WHEREAS, Article XVI, §17 of the Constitution of the State of California as amended in 1992 to read, in pertinent part, as follows:

Notwithstanding any other provisions of law or this Constitution to the contrary, the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system, subject to all of the following:

(a) The retirement board ... shall have the sole and exclusive fiduciary responsibility over the assets of the ... system. The retirement board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. The assets ... are trust funds and shall be held for the exclusive purposes of providing benefits to participants ... and their beneficiaries and defraying reasonable expenses of administering the system.

(b) The members of the retirement board ... shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.

(c) *The members of the retirement board ... shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.*

(d) *The members of the retirement board...shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.*

(e) *The retirement board..., consistent with the exclusive fiduciary responsibilities vested in it, shall have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the... system. &*

WHEREAS, California Government Code §31595 states, as follows:

The Board has exclusive control of the investment of the employees retirement fund. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system. Except as otherwise expressly restricted by the California Constitution and by law, the Board may, in its discretion, invest, or delegate the authority to invest, the assets of the fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the Board...; &

WHEREAS, *The Board of Retirement*, wishes to exercise these powers as follows:

EXERCISE OF POWERS: *The Board shall exercise its investment, management and administrative authority and responsibility through the approval of motions recorded in public meeting &*

WHEREAS, the Board has adopted SamCERA's Investment Policy and amendments thereto to direct the investments of the Retirement Fund and now wishes to establish an Investment Committee to guide the future evolution of SamCERA's Investment Policy. Therefore, be it

RESOLVED that the Board hereby establishes a standing Investment Committee to direct the Board in its ongoing evaluation of SamCERA's Investment Policy, including but not limited to

- 1.0 CONDUCT ASSET ALLOCATION STUDIES
 - 1.1 Determine the characteristics of the Policy's liabilities in regards to the nature of Fund's cash flows

- 2.0 DEVELOP ASSET MIX ALTERNATIVES TO MEET LIABILITY REQUIREMENTS
 - 2.1 Establish allowable asset classes
 - 2.2 Determine asset class benchmarks
 - 2.3 Develop risk, return & correlation projections

- 3.0 EVALUATE EFFICIENT FRONTIER ALTERNATIVES
 - 3.1 Define risk, return and correlation
 - 3.2 Evaluate mean variance optimization
 - 3.3 Determine low risk alternatives and high risk alternatives

- 3.4 Scale portfolios between two extremes
- 3.5 Evaluate optimized efficient frontier
- 3.6 Integrate optimized efficient frontier with asset-liability relationships
- 4.0 ANALYZE BOARD RISK TOLERANCE
 - 4.1 Assess risk/reward trade-offs
 - 4.2 Assess contribution rate sensitivity & variability
 - 4.3 Assess ability to exceed actuarial interest rate
 - 4.4 Assess comfort level with characteristics of specific asset mixes
- 5.0 RECOMMEND PREFERRED ASSET MIX
 - 5.1 Evaluate differences from current target
 - 5.2 Evaluate Board's willingness to implement new target asset mix
 - 5.3 Evaluate appropriateness of variance from peer public fund norms
- 6.0 RECOMMEND AMENDMENTS TO SAMCERA'S INVESTMENT POLICY
 - 6.1 Adjust target asset mix
 - 6.2 Introduce new benchmarks
 - 6.3 Include required asset class/portfolio modifications
- 7.0 RECOMMEND REVISIONS TO MANAGER STRUCTURE
 - 7.1 Adjust manager/style line-up as necessary
 - 7.2 Introduce new managers/asset classes
 - 7.3 Terminate managers/asset classes as necessary
 - 7.4 Establish active & passive allocation targets as appropriate
- 8.0 IMPLEMENT CHANGES TO MANAGER STRUCTURE
 - 8.1 Recommend time-line & approach to revise structure
 - 8.2 Conduct manager evaluations
 - 8.3 Establish portfolio and asset allocation rebalancing procedures
- 9.0 EVALUATE MANAGER PERFORMANCE
 - 9.1 Monitor results of managers both gross and net of investment management fees
 - 9.2 Assess consistency of portfolio decision making
 - 9.3 Evaluate organizational, ownership, personnel & other firm developments
- 10.0 RECOMMEND AND EVALUATE INVESTMENT CONSULTANT STRUCTURE & PERFORMANCE
 - 10.1 Recommend for Board determination the retention and termination of Investment Consultant(s) as necessary
 - 10.2 Define and assign special projects as warranted
 - 10.3 Monitor performance of Investment Consultant(s)
 - 10.4 Conduct evaluations of Investment Consultant(s)
 - 10.5 Evaluate organizational, ownership, personnel and other firm developments
- 11.0 INITIATE & EVALUATE SPECIAL INVESTMENT STUDIES
- 12.0 UNDERTAKE OTHER WORK ASSIGNED TO IT BY THE BOARD Be it further

RESOLVED that the Chair may appoint the members of the Investment Committee per Regulation 2.5.1.
Be it further

RESOLVED that the Chief Executive Officer is hereby instructed to provide the Committee with access to all appropriate and available resources and records, so long as such access is consistent with sound fiduciary practices. Be it further

RESOLVED that the Chief Executive Officer is hereby authorized to provide compensation of \$100 per meeting for not more than two meetings per month to the members of the Committee eligible for such compensation, per GC§31521. Be it further

RESOLVED that the Board hereby reserves to itself sole authority to accept, modify, or reject the recommendations, which the Investment Committee may present from time to time pursuant to the provisions of this Resolution, per Regulation 2.3.

ADOPTED by unanimous vote, January 25, 2000

AMMENDED by unanimous vote, May 22, 2001

AMMENDED by unanimous vote, October 25, 2004

APPENDIX B

Derivatives Investment Policy

1) Introduction

There is a genuine need to allow SamCERA's separate account managers to evaluate new securities and introduce them into their portfolios, given that the investment process followed by the investment managers complies with the subsequent provisions of this policy statement. This policy statement allows SamCERA's separate account Managers to exercise reasonable investment freedom, while minimizing the possibility of adverse implications for the Board.

2) Derivative Definition

A 'derivative' commonly is defined as a financial instrument whose performance is derived, at least in part, from the performance of an underlying asset (such as a security or an index of securities).

3) Types of Securities Included or Excluded

Since the derivative sector of the market is likely to experience considerable change, provisions must be made for the general characteristics of a derivative security, its evaluation and monitoring. Therefore, it is most appropriate to not attempt to definitively list all of the derivative securities that are covered by this policy. Instead, what will be explicitly stated is the investment process that governs derivative investments and the evaluation and monitoring requirements of this policy.

4) Approach to Policy

An approach has been developed which states allowable derivative investments, limited allocation derivative investments and restricted derivative investments.

Derivative securities not specified in the above three groups of securities must be evaluated in accordance with the following section entitled Derivative Investment Process. If the security meets these provisions and the spirit of these policies, the manager may establish a prudent position in the instrument. However, the manager must be able to demonstrate the appropriateness of such an investment in light of SamCERA's guidelines.

5) Counter-Party Evaluation

When entering into a non-exchange traded derivative investment, the investment manager must fully evaluate the other side of the derivative transaction—the counter-parties to the trade. Due to the possibility of counter-party default, SamCERA's investment managers must evaluate the risks associated with the counter-party as if an investment were being made in the traditional securities issued by the counter-party.

At a minimum, the investment manager must evaluate the counter-party's following criteria:

- a) Corporate earnings stream
- b) Corporate asset quality
- c) Capitalization
- d) Corporate liquidity
- e) Moody's and Standard & Poor's debt ratings
- f) Other fundamental investment and risk characteristics

For those counter-parties that are broker/dealers, they must:

- a) Have investment grade (Moody's and S&P rated) debt
- b) Be registered with the SEC
- c) Have significant net capital to protect against potential adverse market circumstances

For those counter-parties that are financial institutions (banks), they must have:

- a) Investment grade (Moody's and S&P rated) debt
- b) Total assets in excess of \$1 billion
- c) Significant net capital to protect against potential adverse market circumstances

The investment manager must monitor individual investment and total portfolio exposure to counter-parties. Individual counter-party exposure must be well diversified and not concentrated in a small number of organizations.

6) Purposes for Derivatives

The acceptable investment purposes for the use of derivatives are as follows:

- a. Appropriate to use futures, options and forward currency contracts to assist investment managers in mitigating portfolio risk.
- b. Useful substitute for an existing, traditional investment. In certain circumstances it may be cheaper, quicker or easier to invest in a derivative instrument or security rather than transacting in the cash or traditional security market.
- c. Provides investment value to the portfolio, while being consistent with SamCERA's overall and specific investment policies.
- d. Obtains investment exposure that is appropriate with the manager's investment strategy and SamCERA's investment guidelines, but could not be made through traditional investment securities.

Given that one or more of these investment purposes are clearly met, it is the responsibility of the investment manager to explain and demonstrate how derivative investments impact portfolio risk and the context of the investment within the overall portfolio.

Any other derivative investment purpose is not allowed. Derivatives may not be introduced into the portfolio to create economic leverage or to create investment exposures that are otherwise excluded by SamCERA's Investment Policy. However, if a manager develops an investment purpose other than those listed above which he/she feels is legitimate and consistent with the spirit of SamCERA's guidelines, this purpose should be proposed in writing to the Board.

7) Investment Restrictions and Derivatives Policy

For the purpose of these guidelines, convertible debt, traditional zero coupon bonds, mortgage pass-through securities and asset-backed securities are not viewed as derivatives. Based upon the factors enumerated in the above Section 4 entitled Approach to Policy, the following guidelines have been established:

Allowable derivative investments

- a. Stable and well-structured mortgage CMO's (Collateralized Mortgage Obligations)
- b. Financial futures (if Exchange Traded)
- c. Currency forward contracts and currency options (Exchange and OTC traded)
- d. Interest rate swaps

Derivative investments with allocation limits

- a. Interest only mortgage CMO's
- b. Principal only mortgage CMO's
- c. Options (if Exchange Traded)
- d. Caps and floors as they apply to the above stated allowable derivative investments
- e. Credit Default Swaps (CDS)

Derivative investments with allocation limits, as listed above, may not represent more than 5% of the individual portfolio manager's assets (based on market value) managed for SamCERA. At the same time, derivative investments with allocation limits in aggregate may not expose the individual manager's portfolio to losses in excess of 5% of the manager's total assets managed for SamCERA. In addition, the use of options, caps and floors, and CDS may be used only for defensive investment purposes.

Managers investing in the above-defined limited allocation derivative instruments should ensure that portfolio exposure is maintained within the stated constraints, and communicate the assumptions and model used to estimate VAR (Value at Risk) and/or other reasonable risk measurement procedures annually to the Boards.

Restricted derivative investments

- a. Inverse floating rate notes and bonds
- b. Structured notes

Restricted derivatives cannot be held in SamCERA's separate account portfolios at any time.

8) Risk Analysis and Monitoring of Derivatives

For those securities that are classified as derivative investments with allocation limits, the investment managers are required to test and measure derivative investment sensitivities to changes in key risk factors. These risk factors include extreme changes in interest rates, volatility, liquidity, credit quality, and cash market prices.

These risk factors will be assessed prior to initial investment and on a quarterly basis. Results of such risk testing on derivative investments with allocation limits will be supplied to SamCERA on an annual basis (December 31). If the investment manager identifies additional risks that should be evaluated, these other risk factors should be added to the list and handled in a manner consistent with the previously stated approach.

9) Derivative Investment Process

Investment managers are expected to cover the following issues before purchasing a derivative instrument or security, whether specifically stated as an allowable derivative investment, a derivative investment with

allocation limits, or a derivative not specifically discussed in the Investment Restrictions and Derivatives Policy section above:

- a. Determine if the purpose for investing in a derivative security is consistent with one or more of the purposes in the previous section entitled Purposes for Derivatives.
- b. Determine where the security fits into the classification system, if at all, stated in the Investment Restrictions and Derivatives Policy.
- c. Evaluate, at a minimum, the counter-party risk and the risks stated in the Risk Analysis and Monitoring section of the derivatives policy.
- d. Evaluate the derivative in a comparably thorough manner as the firm would any other traditional investment opportunity.

10) Reporting Requirements

It is the responsibility of SamCERA's investment managers to certify and demonstrate that their portfolios are in compliance with SamCERA's overall guidelines as well as those that apply to derivative investments. On an annual basis (December 31), SamCERA's investment managers will provide the following minimum monitoring information on all derivative securities:

- a. A general statement from the investment manager that its portfolio is in compliance with this Derivatives Policy.
- b. When stating the market value of the derivative exposure, the manager will specify the security pricing sources. The pricing source must be exchange-listed.
- c. A statement of the risks (credit risk—an evaluation of potential counter-party default on obligations, market risk—percent of portfolio invested in derivatives, and any other relevant risks) associated with the derivative investments.
- d. Potential adverse impact on market values if extreme adverse market movements occur.
- e. A statement regarding the liquidity of the derivative investments.
- f. Summary comments and the firm's list of approved counter-parties, ratings, and a statement regarding any changes to this list.
- g. An overall statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

Appendix C

DISCLOSURE OF PLACEMENT AGENT FEES, GIFTS, AND CAMPAIGN CONTRIBUTIONS

This amended policy is effective immediately upon its adoption. This policy is intended to supplement any applicable provisions of state or federal law, which shall govern in the event of any inconsistency.

I. PURPOSE

This Policy is adopted pursuant to the requirements set forth in Government Code Section 7513.85 to help ensure that San Mateo County Employees' Retirement Association's (SamCERA's) investment decisions are made solely on the merits of the investment opportunity. This Policy requires broad, timely, and updated disclosure of all Placement Agents, as well as their relationships, compensation, and fees. All capitalized terms used herein shall be defined as set forth in California Government Code section 7513.8.

II. APPLICATION

This Policy applies broadly to every type of SamCERA investment manager including, but not limited to, general partners, sponsors of hedge funds, private equity funds, real estate funds, and infrastructure funds, as well as public market investment managers.

This Policy, as last amended, applies to all agreements with External Managers that are:

- (1) Entered into after the date this Policy, as last amended, is adopted; or
- (2) Amended to extend the term of the agreement or the investment period, increase the commitment of funds by SamCERA, or otherwise change the agreement's substantive term, including increasing or accelerating the fees or compensation payable to the External Manager, to the extent such amendments to the agreement (referred to hereafter as "Amendment") are executed subsequent to the adoption of amendments to this Policy. In the case of an Amendment, the disclosure provisions of this Policy shall apply to the Amendment and not to the original agreement.

III. RESPONSIBILITIES

A. The Board is responsible for:

1. Only entering into agreements with External Managers which agree in writing to comply with this policy.
2. Not entering into any agreements with External Managers that have violated this policy within the previous five years. However, this prohibition may be reduced by a majority vote of the Board at a public session upon a showing of good cause.

B. Each External Manager is responsible for:

1. Executing an agreement requiring that the External Manager comply with this policy.
2. Providing the following information to SamCERA Investment Staff within 45 days of the date that investment discussions are initiated with the External Manager, and, in any event, prior to the completion of due diligence. In the case of Amendments, an updated Placement Agent Information Disclosure is required prior to execution of the Amendment.
 - a. Disclosure of payments or compensation by the External Manager or any of its principals, employees, agents, or affiliates, directly or indirectly, to any person or entity to act as a Placement Agent in connection with SamCERA investments.
 - b. A resume for each officer, partner, and principal of the Placement Agent detailing their education, professional designations, regulatory licenses, and investment and work experience. If any such person is a current or former SamCERA Board Member, employee, or Consultant, or a member of the immediate family of any such person, this fact shall be specifically noted.
 - c. A description of any and all compensation of any kind provided, or agreed to be provided, to a Placement Agent, including the nature, timing, and value thereof. Compensation to Placement Agents includes, but is not limited to, compensation from the External Manager to third parties as well as the External Manager's own employees who solicit or market investments to SamCERA, or who are paid based upon investment commitments secured by such employees.
 - d. A description of the services to be performed by the Placement Agent and a statement as to whether the Placement Agent is utilized by the External Manager with all prospective clients or only with a subset of the External Manager's prospective clients.
 - e. A written copy of any and all agreements between the External Manager and the Placement Agent.
 - f. A statement whether the Placement Agent, or any of its affiliates, are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association, or any similar regulatory agent in a country other than the United States, and the details of that registration or explanation as to why no registration is required.
 - g. A statement whether the Placement Agent, or any of its affiliates, is registered as a lobbyist with any state or national government.
 - h. The names of any current or former SamCERA Board Members, employees, or Consultants who suggested the retention of the Placement Agent.

3. Providing an update of any changes to any of the information provided pursuant to Section B.2 above within 30 calendar days of the date that the External Manager knew or should have known of the change in information.
4. Representing and warranting the accuracy of the information described in Section B.2 above.
5. Causing its engaged Placement Agent to disclose, prior to acting as a Placement Agent to SamCERA:
 - a. All campaign contributions made by the Placement Agent to any publicly elected SamCERA Board Member during the prior 24 month period. Additionally, any subsequent campaign contribution(s) made by the Placement Agent to any publicly elected SamCERA Board Member during the time the Placement Agent is receiving compensation in connection with a SamCERA investment shall also be disclosed.
 - b. All gifts, as defined in Government Code Section 82028, given by the Placement Agent to any SamCERA Board Member during the prior 24 month period. Additionally, any subsequent gift(s) made by the Placement Agent to any SamCERA Board Member during the time the Placement Agent is receiving compensation in connection with a SamCERA investment shall also be disclosed.
6. Acknowledging and agreeing that SamCERA reserves the right to deem any failure by a Placement Agent to disclose the information required by Sections B.5(a) and B.5(b) as a material breach of the External Manager's agreement with SamCERA.

C. SamCERA Investment Staff (“Staff”) are responsible for:

1. Providing External Managers with a copy of this Policy at the time that discussions are initiated with respect to a prospective investment or engagement.
2. Confirming, within 45 days of the time the execution of the investment contract or Amendment, that the information in Section B above has been received from the External Manager.
3. Securing the agreement of each External Manager in any contract or Amendment that is entered into after the date this Policy (as last amended) is adopted, that, in the event that there was or is an intentional material omission or inaccuracy in the Placement Agent Information Disclosure or any other violation of this Policy, SamCERA reserves the right to reimbursement of any management or advisory fees paid by SamCERA from the date of violation to the date of the imposition of the fees.

4. Prohibiting any External Manager or Placement Agent from soliciting new investments from SamCERA for five years after they have committed a material violation of this Policy; provided, however, that SamCERA's Board, by majority vote at a noticed, public meeting, may reduce this prohibition upon a showing of good cause.
5. Providing the Board with Placement Agent information relating to each investment at the time the investment is brought to the Board for its decision.
- 6 Maintaining Placement Agent Information Disclosures as a public record and reporting to the Board any a material violation of this Policy.

Adopted December 14, 2010

Amended October 25, 2011

Amended March 28, 2017

Amended April 25, 2023

DEFINITIONS:

The following definitions are excerpted from California Government Code section 7513.8 and are current as of March 28, 2017. Should the legislature subsequently amend the definitions below, the definition of these terms as amended shall supersede the definitions contained in this policy.

“External Manager” means either of the following: (1) a Person who is seeking to be, or is, retained by a board or an Investment Vehicle to manage a portfolio of securities or other assets for compensation; (2) a Person who manages an Investment Fund and who offers or sells, or has offered or sold, an ownership interest in the Investment Fund to a board or an Investment Vehicle. (All code section references are to the Government Code, unless otherwise noted.)

“Person” means an individual, corporation, partnership, limited partnership, limited liability company, or association, either domestic or foreign.

“Investment Vehicle” means a corporation, partnership, limited partnership, limited liability company, association, or other entity, either domestic or foreign, managed by an External Manager in which a board is the majority investor and that is organized in order to invest with, or retain the investment management services of, other External Managers.

“Investment Fund” means a private equity fund, public equity fund, venture capital fund, hedge fund, fixed income fund, real estate fund, infrastructure fund, or similar pooled investment entity that is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, owning, holding, or trading securities or other assets. Notwithstanding the preceding sentence, an investment company that is registered with the

Securities and Exchange Commission pursuant to the Investment Company Act of 1940 (15 U.S.C. Sec. 8a-1 et seq.) and that makes a public offering of its securities is not an Investment Fund.

“Placement Agent” means any Person directly or indirectly hired, engaged, or retained by, or serving for the benefit of or on behalf of, an External Manager or an Investment Fund managed by an External Manager, and who acts or has acted for compensation as a finder, solicitor, marketer, consultant, broker or other intermediary in connection with the offer or sale to a board or an Investment Vehicle either of the following: in the case of an External Manager as defined in subpart (1) of the definition of an External Manager, the investment management services of the External Manager; in the case of an External Manager as defined in subpart (2) of the definition of an External Manager, an ownership interest in an Investment Fund managed by the External Manager. Notwithstanding the preceding sentence, an individual who is an employee, officer, director, equity holder, partner, member, or trustee of an External Manager and who spends one-third or more of his or her time, during a calendar year, managing the securities or assets owned, controlled, invested, or held by the External Manager is not a Placement Agent.

**RESOLUTION AMENDING SAMCERA'S
INVESTMENT POLICY STATEMENT**

RESOLUTION 2024-____

WHEREAS, pursuant to Article XVI, Section 17, of the California Constitution, the Board of Retirement (the "Board") has the exclusive authority and fiduciary responsibility for the investment and administration of the assets of the retirement system (the "Fund"), and on April 23, 2024, established an Investment Policy Statement (the "Policy") for the investment of the Fund assets; and

WHEREAS, the purpose of the Policy is to assist SamCERA in effectively supervising its investments in order to meet the requirements of the California Constitution, the County Employees Retirement Law of 1937, the Mission and Goals of SamCERA and other requirements, and to encourage effective communication between SamCERA and its investment managers and investment consultants; and

WHEREAS, the Board periodically reviews its Policy and amends it as necessary so as to remain up to date to reflect recent actions of the Board; and

WHEREAS, Staff is proposing the following changes to the Investment Policy Statement:

Amend Section 16.0 "Securities Lending" to allow for more flexibility within the securities lending program to potentially earn incremental income while targeting a similar level of risk

WHEREAS, the Board and desires to make such amendments; Now, therefore, be it

RESOLVED, that the SamCERA "Investment Policy Statement" be revised to read as set forth in the attached document.

* * * * *

Regularly passed and adopted, by the San Mateo County Employees' Retirement Association, Board of Retirement, on April 23, 2024.

- Ayes, Trustees:
- Noes, Trustees:
- Absent, Trustees:
- Abstain, Trustees:

Elaine Orr, Board Secretary

NORTHERN INSTITUTIONAL LIQUID ASSETS PORTFOLIO

MONEY MARKET

AS OF MARCH 31, 2024

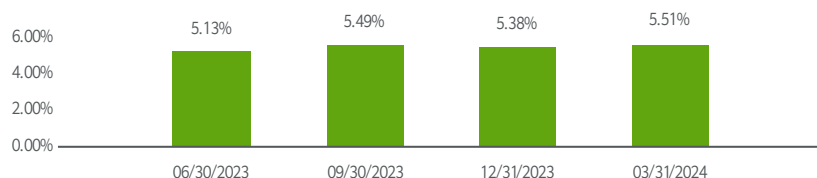
Investment Objective

The Portfolio seeks to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity by investing exclusively in high quality money market instruments.

Investment Approach

The Portfolio seeks to maximize current income while also preserving capital and maintaining liquidity by investing exclusively in high quality money market instruments.

7-DAY SEC YIELD HISTORY (LIQUID ASSETS PORTFOLIO)*



MONTH-END 7-DAY SEC YIELD %*	2023										2024		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
	4.87	5.12	5.13	5.33	5.38	5.49	5.41	5.38	5.38	5.37	5.37	5.51	

TOTAL RETURNS %	1-Year	3-Years	5-Years	10-Years	Since Inception
As of 3/31/24*	5.42	2.73	2.06	1.44	1.62

*The Fund also includes voluntary expense reimbursements that may change or end at anytime. Without the voluntary expense reimbursements, the 7-Day SEC Yield as of March 31, 2024, would have been 5.41%. The 7-Day SEC Yield w/waivers represents the annualization of the Fund's net investment income, excluding capital gain income and includes contractual expense reimbursements on the last day of the month. It would be lower without those reimbursements. The 7-Day SEC Yield w/o waivers represents the annualization of the Fund's net investment income, excluding capital gain income and excludes contractual expense reimbursements, resulting in a lower yield.

Performance quoted represents past performance and does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown here.

In the absence of applicable expense reimbursements and fee waivers, fund performance and returns since inception and dividends would have been reduced. Total return is based on net change in NAV assuming reinvestment of distributions.

Market Value NAV is calculated using current market quotations, or an appropriate substitute, to value a portfolio. This NAV is not currently being used for transacting purchase and sale activity. All purchase and sale activity is being transacted at the Amortized Cost NAV of \$1.00.

You could lose money by investing in the Fund. Although the funds seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Portfolio's sponsor has no legal obligation to provide financial support to the Portfolio, and you should not expect that the sponsor will provide financial support to the Portfolio at any time.

FUND OVERVIEW

Inception Date	8/15/01
Total Net Portfolio Assets	\$1.7 Billion
Minimum Investment	N/A
Cut Off Time - Purchases	3:00 p.m. CT
Cut Off Time - Redemptions	3:00 p.m. CT
Symbol	NILAP
CUSIP	665279105

RATING

Standard & Poor's	AAAm
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7-DAY SEC YIELD %*

Liquid Assets Portfolio	5.51
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QUALITY DISTRIBUTION %

Tier 1	100.0
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SECTOR DISTRIBUTION %

Broker/Dealer	73.9
Government Agency	18.8
US Treasury	7.3

ANNUAL EXPENSE RATIOS %

Gross Expense Ratio	0.13
Net Expense Ratio ¹	0.03

SECURITY DISTRIBUTION %

Repurchase Agreements	73.9
Variable Rate Note/Bond	15.7
Discount Note/Treasury Bill	7.5
Fixed Rate Note/Bond	2.9

All distribution calculations (Quality Distribution, Security Distribution, Maturity Distribution and Sector Distribution) are measured on a trade date basis and exclude uninvested cash from the market value used to compute the percentage calculations.

Please see back page for important investment considerations.

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

MATURITY DISTRIBUTION %

Maturity Range

Overnight	80.8
2-15 Days	9.0
31-60 Days	4.0
61-97 Days	3.2
98-180 Days	0.5
181-270 Days	1.4
271-366 Days	1.2
Weighted Average Maturity	14 Days
Weighted Average Life	80 Days

PORTFOLIO MANAGEMENT

Refer to Northern Trust's website for more information on the Portfolio Management Team managing this fund.

DISCLOSURE

All data is as of date indicated and subject to change.

¹ Includes contractual expense reimbursements that, if not extended, will end on April 01, 2025. Unaudited as of March 31, 2024.

TOP ISSUERS %

Company	Net Assets
Barclays PLC (Repo)	19.4
Federal Farm Credit Banks Funding Corp	14.2
Bank of America Corp (Repo)	12.4
JP Morgan Chase & Co (Repo)	11.3
Societe Generale SA (Repo)	11.3
Citigroup Inc (Repo)	10.0
United States Treasury	7.2
Federal Home Loan Banks	4.2
Mitsubishi Ufj Financial Group Inc (Repo)	2.8
Royal Bank of Canada (Repo)	2.8



DEFINITIONS AND RISKS

The 7-Day SEC Yield is an annualized yield based on the most recent 7-day period. The 7-Day SEC Yield more closely reflects the current earnings of the Portfolio than the total return quotation. The 7-Day SEC Yield is calculated in accordance with SEC requirements and does not include capital gains. At times, the 7-Day SEC Yield may differ from the actual distribution rate of a Portfolio because of the exclusion of distributed capital gains. The 1-Day Yield and 7-Day Yield includes capital gains, if any. The subsidized yields reflect any contractual or voluntary reimbursement or waivers that may be in effect for all of a period shown. Unsubsidized yields reflect the performance of the Portfolio if any contractual or voluntary waivers had not been in place during the period shown.

Ratings are subject to change. Fitch Rating provides forward-looking credit opinions, as indicated by its rating, that reflect its expectations of credit behavior over a range of scenarios. A Standard & Poor's principal stability fund rating, also known as "money market fund rating", is a forward-looking opinion about a fixed income fund's capacity to maintain stable principal (net asset value). When assigning a principal stability rating to a fund, Standard & Poor's analysis focuses primarily on the creditworthiness of the fund's investments and counterparties, and also its investments' maturity structure and management's ability and policies to maintain the fund's stable net asset value. Principal stability fund ratings are assigned to funds that seek to maintain a stable or an accumulating net asset value. A fund rated AAAm demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk.

The fund is a managed portfolio and its holdings are subject to change.

The holdings percentages are based on net assets at the close of business on March 31, 2024 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes.

Quality Distribution is determined as follows: A security is classified as Tier 1 when two or more of the three nationally recognized statistical rating agencies have assigned a rating in their top short-term ratings category (A1+ and A1 for Standard & Poor's, P1 for Moody's and F1+ and F1 for Fitch). A security is classified as Tier 2 when two or more of the ratings assigned to that security are below the top short-term ratings from the agencies (this would include ratings of A2 for Standard & Poor's, P2 for Moody's and F2 for Fitch). If a security has only two short-term ratings available, the lower rating is used to define the Tier; i.e. a split rating of A1/P2 is considered Tier 2. If only one short-term rating is available for a security, the Tier is determined by that one agency. A security is classified as Tier 3 if it does not meet the definition of Tier 1 or Tier 2, has two or more ratings below A2, P2, or F2 or if the security does not have a short-term rating.

The gross and net expense ratios are as of the most recent prospectus.

The Maturity Distribution data is measured using the lower of the stated maturity date or next interest rate reset date. The weighted average maturity (WAM) of a money market portfolio is the asset-weighted days until maturity of each security in the portfolio. The days until maturity for WAM are calculated using the lower of the stated maturity date or next interest rate reset date. The weighted average life (WAL) of a money market portfolio is the asset-weighted days until maturity of each security in the portfolio. The days to maturity for WAL are calculated using the lower of the stated maturity date or demand feature date.

U.S. Government Guarantee Risk: U.S. government guarantees apply only to the underlying securities of a Fund's portfolio and not the Fund's shares.

U.S. Government Securities Risk: The risk that the U.S. government will not provide financial support to its agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. Certain U.S. government securities purchased by the Fund are neither issued nor guaranteed by the U.S. Treasury and, therefore, may not be backed by the full faith and credit of the United States. The maximum potential liability of the issuers of some U.S. government securities may greatly exceed their current resources, including any legal right to support from the U.S. Treasury. It is possible that the issuers of such securities will not have the funds to meet their payment obligations in the future.

THE PORTFOLIO IS A SERIES OF NORTHERN INSTITUTIONAL FUNDS WHICH IS REGISTERED AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THIS MATERIAL MUST BE PRECEDED OR ACCOMPANIED BY A CURRENT PROSPECTUS.

Shares of the Portfolio are offered by Northern Institutional Funds (the "Trust") on a private placement basis in accordance with Regulation D under the Securities Act of 1933 exclusively to securities lending customers of TNTC and other affiliated entities.

Shares of the Northern Institutional Funds Liquid Assets Portfolio are not registered for sale and are not available for purchase by the general public. Information on this fact sheet is intended for shareholders and does not constitute an offer to sell or the solicitation of an offer to buy shares of the Portfolio. For additional information about their accounts, shareholders of the Portfolio may contact the Northern Institutional Funds Center at 800-637-1380.



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P-041024-3501256-060924

NORTHERN TRUST ASSET MANAGEMENT

SL CORE SHORT TERM INVESTMENT FUND

CASH

COLLECTIVE

AS OF MARCH 31, 2024

Investment Objective

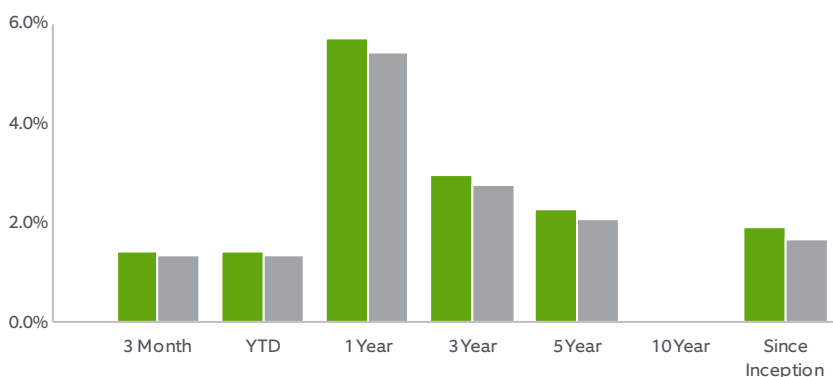
The Northern Trust Collective SL Core Short Term Investment Fund is an investment vehicle for cash reserves, that seeks to offer a competitive rate of return through a portfolio of high-grade, short-term, money market instruments. Principal preservation is the primary objective, with liquidity management also emphasized to provide for redemption of units on any business day. Admissions and withdrawals may be made at a constant \$1.00 net asset value (NAV). Interest is accrued and distributed monthly.

Investment Approach

The fund invests primarily in high quality securities. Within quality, maturity, and sector diversification guidelines, the fund invests in those securities with the most attractive yields.

INVESTMENT PERFORMANCE % — AS OF 3/31/24

■ SL Core Short Term Investment Fund
■ Fed Funds Effective¹



Average Annualized Returns

	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
■ Fund (Net)	1.41	1.41	5.68	2.94	2.28	—	1.92
■ Benchmark ¹	1.35	1.35	5.43	2.77	2.05	—	1.67

PERFORMANCE DISCLOSURES

Past performance is not a guarantee of future results. Returns for periods greater than one year are annualized. Performance returns and the principal value of an investment will fluctuate. Performance returns contained herein are subject to revision by Northern Trust Investments, Inc. (NTI). Comparative indices shown are provided as an indication of the performance of a particular segment of the capital markets and/or alternative strategies in general. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index. Net performance returns are reduced by investment management fees and other expenses relating to the management of the account. Gross performance returns contained herein include reinvestment of dividends and other earnings, transaction costs, and all fees and expenses other than investment management fees, unless indicated otherwise. For additional information on fees, please refer to Part 2a of the Form ADV or consult an NTI representative.

All securities investing and trading activities risk the loss of capital. There can be no assurance that any portfolio investment objectives will be achieved. Risk controls and models do not promise any level of performance or guarantee against loss of principal. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Any discussion of risk management is intended to describe NTI's efforts to monitor and manage risk but does not imply low risk.

FUND OVERVIEW

	Fund
Benchmark/Index ¹	Fed Funds Effective
Inception Date	10/4/15
Total Net Assets	\$13.33 Billion

FEES AND EXPENSES

	Fund
Administrative Fee Cap (%)	0.0100
Total Fees and Expenses (%)	0.0100
Per \$1000 Investment (\$)	0.1000

As set forth in the Fund Declaration for each Fund, NTI has established an Administrative Fee Cap pursuant to which the sum of (i) the fees charged by the Fund's external auditor and (ii) the Custody and Fund Administration Fee paid by the Fund will not exceed a specified percentage of the Fund's assets. NTI may at any time modify or discontinue the above-described Fees and Expenses.

FUND CHARACTERISTICS

	Fund
Total Number of Issues	90
Current Yield (%)	5.61
Average Quality Rating	A1+
Weighted Average Maturity	47 Days
Asset-Backed Commercial Paper (%)	5.99
7 Day Yield (%)	5.61
30 Day Yield (%)	5.61

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

SL CORE SHORT TERM INVESTMENT FUND

CALENDAR YEAR RETURNS %

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund (Net)	5.43	1.87	0.22	0.73	2.47	2.17	1.29	0.71	—	—
Benchmark ¹	5.20	1.73	0.08	0.38	2.21	1.88	1.02	0.40	—	—

Performance quoted represents past performance and does not guarantee future results.

CREDIT

QUALITY %	Fund
Tier 1	100.00
Tier 2	0.00

MATURITY

BREAKDOWN %	Fund
Overnight (1 business day)	25.56
2 to 15 Days	4.01
16 to 30 Days	4.75
31 to 60 Days	16.34
61 to 97 Days	32.59
98 to 180 Days	10.96
181 to 270 Days	1.20
271 to 366 Days	4.60

SECTOR

DISTRIBUTION %	Fund
Banking Industry	46.97
Broker/Dealer	46.32
Finance & Insurance	5.99
Government Agency	0.72

IMPORTANT INFORMATION

The information contained herein is intended for use with current or prospective clients of Northern Trust Investments, Inc. (NTI) or its affiliates. The information is not intended for distribution or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation. NTI and its affiliates may have positions in and may effect transactions in the markets, contracts and related investments different than described in this information. This information is obtained from sources believed to be reliable, and its accuracy and completeness are not guaranteed. Information does not constitute a recommendation of any investment strategy, is not intended as investment advice and does not take into account all the circumstances of each investor. This factsheet is provided for informational purposes only and is not intended to be, and should not be construed as, an offer, solicitation or recommendation with respect to any transaction and should not be treated as legal advice, investment advice or tax advice. Recipients should not rely upon this information as a substitute for obtaining specific legal or tax advice from their own professional legal or tax advisors. Information is subject to change based on market or other conditions.

The fund is a collective trust fund for which Northern Trust Investments, Inc. serves as trustee. The fund is not a mutual fund and is privately offered. Prospectuses are not required and fees and expenses are not available in local publications. Information on fees and expenses can be obtained from Northern Trust Investments, Inc. Principal value and investment return's will fluctuate, so that a participant's units when redeemed may be worth more or less than the original investment. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time. Fund participants and potential participants are strongly encouraged to review the fund's declaration of trust and fund declaration for additional information regarding the operation and investment objectives of the fund. The information in this factsheet may not meet all requirements for an ERISA section 404(c) plan, as described in Department of Labor regulations under 29 CFR 2550.404c-1. In addition, the information in this factsheet may not meet all requirements of Department of Labor regulations under 29 CFR 2550.404a-5. To comply with such regulations, plan sponsors will need to provide plan participants with additional information and should contact the plan administrator or plan recordkeeper regarding disclosure of total expenses to participants.

INVESTMENT RISKS

The following Risks are for SL Core Short Term Investment Fund:

ACTIVE MANAGEMENT RISK: The investment is actively managed and subject to the risk that the advisor's usage of investment techniques and risk analyses to make investment decisions fails to perform as expected, which may cause the portfolio to lose value or underperform investments with similar objectives and strategies or the market in general.

CREDIT AND COUNTERPARTY RISK: The issuer or guarantor of a fixed-income security, counterparty to an OTC derivatives contract, or other borrower may not be able to make timely principal, interest, or settlement payments on an obligation.

INTEREST RATE RISK: Increases in prevailing interest rates will cause fixed-income securities, including convertible securities, held by the Fund to decline in value.

DEFINITIONS

¹The federal funds rate is the interest rate at which a depository institution lends immediately available funds (balances at the Federal Reserve) to another depository institution overnight. The rate may vary from depository institution to depository institution and from day to day. It is not possible to invest directly in an index.

Northern Trust Asset Management is composed of Northern Trust Investments, Inc., Northern Trust Global Investments Limited, Northern Trust Fund Managers (Ireland) Limited, Northern Trust Global Investments Japan, K.K., NT Global Advisors, Inc., 50 South Capital Advisors, LLC, Northern Trust Asset Management Australia Pty Ltd and investment personnel of The Northern Trust Company of Hong Kong Limited and The Northern Trust Company.



For more complete information concerning this Fund, including risks and expenses, please contact your relationship manager or call 877/651-9156 to request a copy of the most recent Annual Report and read it carefully before investing in the Fund.

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NORTHERN TRUST ASSET MANAGEMENT
SL CORE SHORT TERM
INVESTMENT FUND

CASH

COLLECTIVE

AS OF MARCH 31, 2024

FUND OVERVIEW

Assets Under Management (\$)	13,330,928,093.89	Weighted Average Maturity:	47 Days
Mark to Market NAV (\$)	1.0001	Weighted Average Life:	69 Days
Amortized Cost NAV (\$)	1.0000		

Note: Supplementary information (e.g. 7-Day Yield, Maturity Breakdown, Average Quality Rating) is contained on Fund Fact Sheets that are produced monthly. In addition, information contained on this report or the Fund Fact Sheet may be available daily. To obtain supplementary or more frequent fund information, contact your Relationship Manager or Northern Trust at 877-651-9156.

Issuer Name	Category of Investment	CUSIP	Principal Amount	Maturity Date ⁽¹⁾	Final Legal Maturity Date ⁽²⁾	Coupon / Yield (%)	Amortized Cost Value (\$)
BARCLAYS BANK PLC US COLLATER	Asset Backed Commercial Paper	06741FDH7	75,000,000.00	4/17/2024	4/17/2024	5.36	74,810,000.00
BAY SQUARE FUNDING	Asset Backed Commercial Paper	07260AJL2	75,000,000.00	9/20/2024	9/20/2024	5.68	72,953,916.67
CHARIOT FUNDING	Asset Backed Commercial Paper	15963TDH9	185,000,000.00	4/17/2024	4/17/2024	5.06	184,557,644.44
CHARIOT FUNDING	Asset Backed Commercial Paper	15963TDG1	75,000,000.00	4/16/2024	4/16/2024	5.04	74,831,875.00
COLLATERALIZED COMMERCIAL PA	Asset Backed Commercial Paper	19423RCV9	116,500,000.00	4/1/2024	10/11/2024	5.68	116,500,000.00
COLLATERALIZED COMMERCIAL PAPER	Asset Backed Commercial Paper	19421MFS6	100,000,000.00	7/15/2024	7/15/2024	6.05	100,000,000.00
JUPITER SECURITIZATION COMPANY	Asset Backed Commercial Paper	48207KAX3	75,000,000.00	4/1/2024	7/18/2024	5.62	75,000,000.00
JUPITER SECURITIZATION COMPANY	Asset Backed Commercial Paper	4820P2DN2	110,000,000.00	4/22/2024	4/22/2024	5.11	109,656,708.34
SHEFFIELD RECEIVABLES C	Asset Backed Commercial Paper	82124LE81	20,000,000.00	5/8/2024	5/8/2024	5.19	19,890,438.89
BANK OF AMERICA NA	Certificate of Deposit	06051WHD9	125,000,000.00	7/9/2024	7/9/2024	5.42	125,000,000.00
BANK OF AMERICA NA	Certificate of Deposit	06050FKD3	176,000,000.00	4/1/2024	1/24/2025	5.69	176,000,000.00
BANK OF MONTREAL (CHICAGO B	Certificate of Deposit	06367D6Y6	121,500,000.00	4/1/2024	6/14/2024	5.98	121,500,000.00
BANK OF MONTREAL (LONDON BRA	Certificate of Deposit	BNT8ZLXC4	106,000,000.00	6/17/2024	6/17/2024	5.62	106,000,000.00
BANK OF MONTREAL (LONDON BRA	Certificate of Deposit	BNT96NQU8	75,000,000.00	3/4/2025	3/4/2025	5.38	75,000,000.00
BANK OF NOVA SCOTIA (HOUSTON	Certificate of Deposit	06417M3Z6	25,000,000.00	4/1/2024	9/5/2024	5.90	25,000,000.00
BANK OF NOVA SCOTIA (HOUSTON BRANC	Certificate of Deposit	06417MZ65	225,000,000.00	4/1/2024	5/9/2024	5.93	225,000,000.00
BARCLAYS BANK PLC (NEW YORK	Certificate of Deposit	06742T7M2	65,000,000.00	6/21/2024	6/21/2024	5.55	65,000,000.00
CITIBANK NA NEW YORK BRANCH	Certificate of Deposit	17330QEV5	50,000,000.00	4/1/2024	9/18/2024	5.98	50,000,000.00
COOPERATIEVE RABOBANK UA (LOND	Certificate of Deposit	BNT8XM1Y1	105,000,000.00	5/28/2024	5/28/2024	5.66	105,000,000.00
CREDIT AGRICOLE CORPORATE AN	Certificate of Deposit	22536DS90	9,419,000.00	4/1/2024	4/1/2024	5.32	9,419,000.00
CREDIT AGRICOLE CORPORATE AN	Certificate of Deposit	22532XWW4	105,000,000.00	4/1/2024	8/1/2024	5.52	105,000,000.00
CREDIT AGRICOLE CORPORATE AN	Certificate of Deposit	22536DET1	75,000,000.00	5/8/2024	5/8/2024	5.85	75,000,000.00
CREDIT INDUSTRIEL ET COMMER	Certificate of Deposit	BNT95CXD3	165,000,000.00	8/16/2024	8/16/2024	5.47	165,000,000.00
CREDIT INDUSTRIEL ET COMMERCIA	Certificate of Deposit	BNT94QZV1	111,000,000.00	8/8/2024	8/8/2024	5.24	108,897,923.01
ING BANK NV (LONDON BRA	Certificate of Deposit	BNT96H3B8	75,000,000.00	3/3/2025	3/3/2025	5.40	75,000,000.00
MITSUBISHI UFJ TRUST AND BANKI	Certificate of Deposit	BNT97E1W0	82,500,000.00	6/7/2024	6/7/2024	5.50	82,500,000.00
MUFG BANK LTD (LONDON BRA	Certificate of Deposit	BNT95L8R0	85,000,000.00	5/21/2024	5/21/2024	5.50	85,000,000.00
MUFG BANK LTD (LONDON BRA	Certificate of Deposit	BNT987MX9	79,500,000.00	6/17/2024	6/17/2024	5.48	79,500,000.00
NATIONAL AUSTRALIA BANK LTD (L	Certificate of Deposit	BNT95WWR9	250,000,000.00	8/23/2024	8/23/2024	5.40	250,000,000.00
NATIONAL WESTMINSTER BANK PLC	Certificate of Deposit	BNT8U7044	25,000,000.00	4/12/2024	4/12/2024	5.84	25,000,000.00



NTAC:3NS-20

Issuer Name	Category of Investment	CUSIP	Principal Amount	Maturity Date ⁽¹⁾	Final Legal Maturity Date ⁽²⁾	Coupon / Yield (%)	Amortized Cost Value (\$)
NATIXIS (NEW YORK B	Certificate of Deposit	63873QT79	126,000,000.00	5/29/2024	5/29/2024	5.64	126,000,000.00
NATIXIS (NEW YORK B	Certificate of Deposit	63873QP57	135,000,000.00	4/1/2024	4/1/2024	5.86	135,000,000.00
NORDEA BANK ABP (NEW YORK B	Certificate of Deposit	65558U5N8	75,000,000.00	4/1/2024	5/20/2024	5.48	75,000,000.00
SUMITOMO MITSUI BANKING COR	Certificate of Deposit	86565F5X6	210,000,000.00	4/1/2024	8/2/2024	5.50	210,000,000.00
SUMITOMO MITSUI BANKING CORP	Certificate of Deposit	86565FZ62	50,000,000.00	4/24/2024	4/24/2024	5.85	50,000,000.00
SUMITOMO MITSUI TRUST BANK	Certificate of Deposit	BNT93NY57	112,000,000.00	4/26/2024	4/26/2024	5.48	112,000,000.00
SWEDBANK AB NE	Certificate of Deposit	87019WRF4	50,000,000.00	4/15/2024	4/15/2024	5.85	50,000,000.00
TORONTO-DOMINION BANK (NEW Y	Certificate of Deposit	89115BX47	174,500,000.00	4/1/2024	9/18/2024	5.98	174,500,000.00
AUSTRALIA AND NEW ZEALAND BANK	Financial Company Commercial Paper	05253MVS0	50,000,000.00	4/1/2024	8/23/2024	5.51	50,000,000.00
BNP PARIBAS	Financial Company Commercial Paper	09660ED16	150,000,000.00	4/1/2024	4/1/2024	0.00	150,000,000.00
JP MORGAN SECURITIES	Financial Company Commercial Paper	46656HBP6	125,000,000.00	4/1/2024	3/4/2025	5.68	125,000,000.00
JP MORGAN SECURITIES	Financial Company Commercial Paper	46656HBQ4	160,000,000.00	4/1/2024	2/25/2025	5.68	160,000,000.00
NATIONAL BANK OF CAN	Financial Company Commercial Paper	63307LFS5	75,000,000.00	6/26/2024	6/26/2024	5.44	74,013,687.49
ROYAL BANK OF CANADA (NEW YORK	Financial Company Commercial Paper	78016LAJ0	25,000,000.00	4/1/2024	1/21/2025	5.68	25,000,000.00
ROYAL BANK OF CANADA (TORONTO B	Financial Company Commercial Paper	78014XLS4	50,000,000.00	4/1/2024	11/15/2024	5.85	50,000,000.00
SANTANDER U	Financial Company Commercial Paper	80285PE16	105,000,000.00	5/1/2024	5/1/2024	5.17	104,532,750.00
TRI-PARTY CF SECURED	Government Agency Repurchase Agreement	BNT99S636	300,000,000.00	4/1/2024	4/1/2024	5.35	300,000,000.00
TRI-PARTY NOMURA SECURITIES INT	Government Agency Repurchase Agreement	BNT9721H9	217,000,000.00	7/1/2024	7/1/2024	5.70	217,000,000.00
AUSTRALIA AND NEW ZEALAND BANKING	Non-Negotiable Time Deposit	BNT99T3P8	230,000,000.00	4/1/2024	4/1/2024	5.32	230,000,000.00
BARCLAYS BANK PLC (LONDON BRANCH)	Non-Negotiable Time Deposit	BNT99SN29	125,000,000.00	4/2/2024	4/2/2024	5.32	125,000,000.00
CANADIAN IMPERIAL BANK OF COMMERCE	Non-Negotiable Time Deposit	BNT99T4C6	100,000,000.00	4/1/2024	4/1/2024	5.31	100,000,000.00
CREDIT AGRICOLE CORPORATE AND INVE	Non-Negotiable Time Deposit	BNT99T7X7	200,000,000.00	4/1/2024	4/1/2024	5.32	200,000,000.00
CREDIT INDUSTRIEL ET COMMERCIAL (P	Non-Negotiable Time Deposit	BNT99SRL3	370,000,000.00	4/1/2024	4/1/2024	5.32	370,000,000.00
CREDIT INDUSTRIEL ET COMMERCIAL (P	Non-Negotiable Time Deposit	BNT99ST31	25,000,000.00	4/2/2024	4/2/2024	5.33	25,000,000.00
CREDIT INDUSTRIEL ET COMMERCIAL (P	Non-Negotiable Time Deposit	BNT99T2J3	380,000,000.00	4/2/2024	4/2/2024	5.33	380,000,000.00
DNB BANK ASA (NEW YORK BRANCH)	Non-Negotiable Time Deposit	BNT99S7S0	200,000,000.00	4/1/2024	4/1/2024	5.31	200,000,000.00
HSBC BANK PLC (LONDON BRANCH)	Non-Negotiable Time Deposit	BNT99VKA7	28,132,000.00	4/1/2024	4/1/2024	5.38	28,132,000.00
KBC BANK NV (NEW YORK BRANCH)	Non-Negotiable Time Deposit	BNT99TRZ0	168,000,000.00	4/1/2024	4/1/2024	5.31	168,000,000.00
MIZUHO BANK LTD (NEW YORK BRANCH)	Non-Negotiable Time Deposit	BNT99VKN9	50,500,000.00	4/1/2024	4/1/2024	5.32	50,500,000.00
ROYAL BANK OF CANADA (TORONTO BRAN	Non-Negotiable Time Deposit	BNT99T5U5	415,000,000.00	4/1/2024	4/1/2024	5.32	415,000,000.00
SKANDINAVISKA ENSKILDA BANKEN AB (Non-Negotiable Time Deposit	BNT99SMJ3	250,000,000.00	4/1/2024	4/1/2024	5.31	250,000,000.00
SKANDINAVISKA ENSKILDA BANKEN AB (Non-Negotiable Time Deposit	BNT99SML8	429,000,000.00	4/1/2024	4/1/2024	5.31	429,000,000.00
NEDERLANDSE WATERSCHAPSBANK	Non-U.S. Sovereign, Sub-Sovereign, Supra National	63975UDV1	100,000,000.00	4/29/2024	4/29/2024	5.10	99,588,944.44
TRI-PARTY BARCLAYS BA	Other Repurchase Agreement	BNT7B7ZP2	100,000,000.00	5/4/2024	5/4/2024	5.52	100,000,000.00
TRI-PARTY BARCLAYS BA	Other Repurchase Agreement	BNT7B7Y40	150,000,000.00	7/1/2024	7/1/2024	5.63	150,000,000.00
TRI-PARTY BARCLAYS BAN	Other Repurchase Agreement	BNT7B7VL5	533,250,000.00	7/1/2024	7/1/2024	5.66	533,250,000.00
TRI-PARTY BARCLAYS BAN	Other Repurchase Agreement	BNT7B7W42	125,000,000.00	7/1/2024	7/1/2024	5.69	125,000,000.00
TRI-PARTY BARCLAYS BANK	Other Repurchase Agreement	BNT7BSGG7	200,000,000.00	6/26/2024	6/26/2024	5.57	200,000,000.00



Issuer Name	Category of Investment	CUSIP	Principal Amount	Maturity Date ⁽¹⁾	Final Legal Maturity Date ⁽²⁾	Coupon / Yield (%)	Amortized Cost Value (\$)
TRI-PARTY BARCLAYS CAPITA	Other Repurchase Agreement	BNT7A2PG5	225,000,000.00	7/1/2024	7/1/2024	5.66	225,000,000.00
TRI-PARTY BARCLAYS CAPITA	Other Repurchase Agreement	BNT7B7U85	250,000,000.00	7/1/2024	7/1/2024	5.69	250,000,000.00
TRI-PARTY BOFA SECURITIES INC	Other Repurchase Agreement	BNT5SBL33	125,000,000.00	7/1/2024	7/1/2024	5.77	125,000,000.00
TRI-PARTY BOFA SECURITIES INC	Other Repurchase Agreement	BNT8ZQ120	115,000,000.00	7/1/2024	7/1/2024	5.77	115,000,000.00
TRI-PARTY CITIGROUP GLOBAL MA	Other Repurchase Agreement	BNT7157S2	100,000,000.00	5/2/2024	5/2/2024	5.62	100,000,000.00
TRI-PARTY CITIGROUP GLOBAL MA	Other Repurchase Agreement	BNT6QB9H6	50,000,000.00	7/1/2024	7/1/2024	5.77	50,000,000.00
TRI-PARTY CITIGROUP GLOBAL MAR	Other Repurchase Agreement	BNT83Z5U9	100,000,000.00	7/1/2024	7/1/2024	5.77	100,000,000.00
TRI-PARTY CITIGROUP GLOBAL MAR	Other Repurchase Agreement	BNT870BR2	200,000,000.00	7/1/2024	7/1/2024	5.72	200,000,000.00
TRI-PARTY GOLDMAN SACHS	Other Repurchase Agreement	BNT7K3ZS5	50,000,000.00	5/2/2024	5/2/2024	5.55	50,000,000.00
TRI-PARTY JP MORGAN SECURITIE	Other Repurchase Agreement	BNT69CQV3	135,000,000.00	7/1/2024	7/1/2024	5.64	135,000,000.00
TRI-PARTY JP MORGAN SECURITIE	Other Repurchase Agreement	BNT6WCFP2	350,000,000.00	7/1/2024	7/1/2024	5.64	350,000,000.00
TRI-PARTY JP MORGAN SECURITIES	Other Repurchase Agreement	BNT94D1Z8	137,000,000.00	7/1/2024	7/1/2024	5.68	137,000,000.00
TRI-PARTY JP MORGAN SECURITIES	Other Repurchase Agreement	BNT94D246	150,000,000.00	7/1/2024	7/1/2024	5.68	150,000,000.00
TRI-PARTY JP MORGAN SECURITIES	Other Repurchase Agreement	BNT69CNZ7	350,000,000.00	7/1/2024	7/1/2024	5.67	350,000,000.00
TRI-PARTY ROYAL BANK OF CANA	Other Repurchase Agreement	BNT78C107	400,000,000.00	5/2/2024	5/2/2024	5.57	400,000,000.00
TRI-PARTY SCOTIA CAPITAL US	Other Repurchase Agreement	BNT7ZL008	175,000,000.00	7/1/2024	7/1/2024	5.62	175,000,000.00
TRI-PARTY SCOTIA CAPITAL US	Other Repurchase Agreement	BNT7ZKRW1	275,000,000.00	5/2/2024	5/2/2024	5.53	275,000,000.00
TRI-PARTY SCOTIA CAPITAL US	Other Repurchase Agreement	BNT889WD0	250,000,000.00	5/2/2024	5/2/2024	5.56	250,000,000.00
TRI-PARTY SOCIETE GENER	Other Repurchase Agreement	BNT7Q55A6	175,000,000.00	5/2/2024	5/2/2024	5.50	175,000,000.00
TRI-PARTY SOCIETE GENERAL	Other Repurchase Agreement	BNT3YAHR5	120,000,000.00	5/2/2024	5/2/2024	5.52	120,000,000.00
TRI-PARTY SOCIETE GENERAL	Other Repurchase Agreement	BNT96MV00	264,750,000.00	6/1/2024	6/1/2024	5.57	264,750,000.00
TRI-PARTY BARCLAYS BAN	Treasury Repurchase Agreement	BNT99S5Y9	500,000,000.00	4/1/2024	4/1/2024	5.32	500,000,000.00

⁽¹⁾ **Maturity Date:** Maturity Date represents the lower of the stated maturity date or next interest rate reset date.

⁽²⁾ **Legal/Final Maturity Date:** Legal/Final Maturity Date represents the date when principal payments must be paid, taking into account any call options exercised by the issuer and any permissible maturity shortening features other than interest rate resets.

Weighted Average Maturity: The weighted average maturity (WAM) of a money market portfolio is the asset-weighted days until maturity of each security in the portfolio. The days until maturity for WAM are calculated using the lower of the stated maturity date or next interest rate reset date.

Weighted Average Life: The weighted average life (WAL) of a money market portfolio is the asset-weighted days until maturity of each security in the portfolio. The days to maturity for WAL are calculated using the lower of the stated maturity date or demand feature date.

This information is unaudited, and the portfolios holdings are subject to change at any time. This list is not intended as a recommendation or offer to buy, hold or sell any of the securities listed.

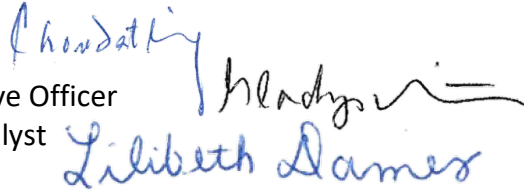
**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement**

April 23, 2024

Agenda Item 7.1

TO: Board of Retirement

FROM: Tat-Ling Chow, Finance Officer
Gladys Smith, Assistant Executive Officer
Lilibeth Dames, Investment Analyst



SUBJECT: SamCERA's Proposed Budget for Fiscal Year 2024-25

RECOMMENDATION

Approve SamCERA's proposed budget for fiscal year (FY) 2024-25 totaling \$48.7 million, which is 4% higher than the adopted budget for FY 2023-24.

	<u>FY 2024-25 Proposed</u>	<u>FY 2023-24 Adopted</u>	<u>Increase</u>	<u>% of Change</u>
Professional Services	\$ 38,579,193	\$ 37,552,118	\$ 1,027,075	3%
Administrative	8,712,755	7,956,983	755,772	9%
Information Technology	1,365,200	1,270,200	95,000	7%
Total Budget - SamCERA	<u>\$ 48,657,148</u>	<u>\$ 46,779,301</u>	<u>\$ 1,877,847</u>	4%

BACKGROUND

SamCERA's budget consists of three units: professional services, administrative, and information technology.

Professional Services Budget – covers professional fees that are authorized by Government Code §31596.1. This code authorizes the Board of Retirement (the Board) to expend funds from investment earnings of the pension trust for specific professional services, which include actuarial consulting, custodial, investment management, investment consulting, and external legal services.

SamCERA employs professional investment managers to manage its portfolio. Some management fees are performance driven, dependent primarily upon the market value of the assets under management and negotiated fee schedules. As the market values of invested assets increase, so do management fees. Other management fees are based on contractual agreements. Fees for the actuarial consulting, investment consulting, and global custodian services are either on per-service or per-retainer basis.

The Chief Investment Officer and the investment consultant periodically report the portfolio's performance to the Board. Investment staff actively monitor professional service fees against respective contractual agreements.

The **professional services budget** for FY 2024-25 is projected to be \$38.6 million, about 3% above the adopted budget for FY 2023-24.

	FY 2024-25 Proposed	FY 2023-24 Adopted	Increase	% of Change
Investment Management Fees	\$ 37,519,743	\$ 36,402,618	\$ 1,117,125	3%
Other Professional Service Fees	1,059,450	1,149,500	(90,050)	-8%
Total - Professional Services Budget	<u>\$ 38,579,193</u>	<u>\$ 37,552,118</u>	<u>\$ 1,027,075</u>	3%

- Investment management fees increase by 3%, driven mainly by a projected increase in assets under management. These fees are either driven by contractual agreements or based on the value of assets under management, the amount of capital committed, and the investment performance.

Investment Management Fees						
Investment Manager	Fee (bps)	FY 2024-25 Projected			FY 2023-24 Adopted	% of Change
		Annual Fee	Fee Performance	Total	Total	
Total Public Equity	16.9	\$ 4,195,798	\$ 385,627	\$ 4,581,425	\$ 4,975,970	-8%
Total Fixed Income	59.3	9,223,670	-	9,223,670	7,805,668	18%
Total Alternative Assets	177.6	13,733,344	577,196	14,310,540	14,410,605	-1%
Total Inflation Hedge	75.3	8,199,108	-	8,199,108	8,510,375	-4%
Total Cash Overlay	n/a	890,000	-	890,000	385,000	131%
Total Liquidity	10.8	315,000	-	315,000	315,000	0%
Total	58.0	<u>\$36,556,920</u>	<u>\$ 962,823</u>	<u>\$ 37,519,743</u>	<u>\$ 36,402,618</u>	3%

n/a - Not applicable.

Below are significant changes in management fee projections for FY 2024-25 when compared to FY 2023-24.

- For Public Equity, the 8% decrease in management fees reflect a budget realignment resulting from the overestimation of fees in fiscal year 2023-24 for two International Equity managers.
- For Fixed Income, the 18% increase in management fees are due mainly to the projected addition of capital to the private credit and private equity portfolios.
- For Cash Overlay, the 131% increase in management fees are triggered primarily by the addition of a Dynamic Currency Hedge manager to manage risks against changing currency exchange rates.

- Other professional service fees, mostly on per-service basis, are expected to have a net decrease of 8%.

Other Professional Service Fees					
Contractor	Service	FY 2024-25		FY 2023-24	% of
		(bps)	Projected	Adopted	Change
Milliman Inc.	Actuarial Consulting	0.2	\$ 129,450	\$ 149,500	-13%
Cheiron Inc.	Actuarial Audit	0.0	-	40,000	-100%
Verus Investments	Investment Consulting	1.0	630,000	600,000	5%
To Be Determined	Custodian	0.6	300,000	360,000	-17%
Total		1.8	<u>\$ 1,059,450</u>	<u>\$ 1,149,500</u>	-8%

Budget items with significant changes are discussed below.

- Actuarial consulting fees decrease by 13%. The consulting fees for fiscal year 2023-24 were higher than normal because Milliman performed the triennial experience study in addition to the annual valuation.
- Actuarial audit fees are down to \$0. In October 2023, Cheiron completed the triennial audit of the annual valuation performed by Milliman. The next valuation audit is slated to transpire in the fall of 2026.
- Custodial fees for FY 2024-25 are adjusted downwards by 17% following a competitive Request for Proposal process.

Administrative Budget – accounts for administrative expenses such as salaries and benefits. Government Code §31580.2(a) of the County Employees’ Retirement Law of 1937 limits SamCERA’s administrative budget to twenty-one hundredths of one percent (0.21%) of the accrued actuarial liability of the retirement system.

The proposed administrative budget for FY 2024-25 is \$8.7 million, modestly above the adopted budget for FY 2023-24 by 9%. This amount approximates to 0.12% of the total accrued actuarial liability of \$7.0 billion as of June 30, 2023.

Budget items with significant changes are discussed below.

- Salaries and benefits are both up by 7%. The increases are primarily based on projections furnished by the County. Additionally, the current labor contract is set to expire in October 2024, and a buffer is established to absorb unexpected increases resulting from labor negotiation.
- Fiduciary liability insurance premium is adjusted upwards by 9% to cover an expected fee increase due to inflation. The insurance provides liability coverage for the individuals who are responsible for administering the pension plan assets.
- Medical record and appeal hearing outlays increase significantly by 32%. The increase is driven mainly by ongoing efforts to process the remaining backlog of disability retirement

applications. Effective January 1, 2024, SamCERA adopted a new practice under which every disability retirement applicant is required to have an independent medical evaluation. While this new practice will increase medical advisor service costs, it will expedite the review process performed by the intake physicians and better enable staff to deliver timely services to members.

- Education and conference spending increase by 9% to be in sync with the anticipated level of in-person attendance.
- Transportation and lodging outlays increase by 43%. The increase is triggered mainly by inflation, growing participation in “in-person” off-site training and meetings, and “due diligence” business trips for investments.
- Property and equipment funding nearly double to finance the acquisition of ergonomic equipment designed to help reduce strain and undue fatigue.
- Leased facility expenses increase by 9%, due primarily to the scheduled increase in monthly rent and projected increases in proportionate share of common area maintenance expenses and real estate taxes.
- County service charges rise by 28%, primarily to match the projected increase in indirect costs of County services. To support its operation, SamCERA employs services from various County departments (such as Treasurer, Controller, Elections, Human Resources, and Information Services). Direct costs of such services are determined by the servicing departments; indirect costs are determined through the County’s cost allocation plan.
- Other professional service charges decline by 17%. The downward adjustment reflects the anticipated level of legal services from outside that is considerably less than the prior fiscal year.

Information Technology Budget – covers projected expenses for information technology that are authorized by Government Code §31580.2(b). The Code states that “Expenditures for computer software, computer hardware, and computer technology consulting services in support of these computer products shall not be considered a cost of administration of the retirement system.”

The information technology budget for FY 2024-25 is estimated to be \$1.4 million, 7% above the adopted budget for FY 2023-24.

	FY 2024-25 <u>Proposed</u>	FY 2023-24 <u>Adopted</u>	Increase <u>(Decrease)</u>	% of <u>Change</u>
Computer Equipment and Software	\$ 25,000	\$ 25,000	\$ -	0%
IT Infrastructure:				
Software License Maintenance	753,200	760,200	(7,000)	-1%
Maintenance Tools & Equipment	225,000	200,000	25,000	13%
Contract IT Services	328,000	251,000	77,000	31%
Imaging	25,000	25,000	-	0%
Technology Research and Development	5,000	5,000	-	0%
IT Subscription	4,000	4,000	-	0%
Total - Information Technology Budget	<u>\$ 1,365,200</u>	<u>\$ 1,270,200</u>	<u>\$ 95,000</u>	7%

Due to resource constraints, most IT projects slated for fiscal year 2023-24 have been deferred to fiscal year 2024-25. Below are the budget items with significant changes over the year.


- The appropriation for maintenance tools and equipment increases by 13%, which is designated for the retrofit of audio and video functionalities in the Boardroom.
- The appropriation for contract IT services goes up by 31%. A tentative plan has been made to migrate certain on-site servers to Amazon Web Services. This plan may potentially reduce the operating costs and the level of disaster recovery efforts in the long run.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2024

Agenda Item 7.2

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer 

SUBJECT: Agreement with Milliman, Inc. for Actuarial Services

Recommendation

Approve a Resolution Authorizing the Chief Executive Officer to negotiate and execute an agreement with Milliman, Inc. for actuarial services not to exceed \$850,000 (Eight Hundred and Fifty Thousand Dollars) for a term of five years.

Background

SamCERA issued a Request for Proposal (RFP) for actuarial services on January 3, 2024. The RFP solicited proposals from qualified and experienced actuarial firms to serve as an independent actuary to perform services including:

- An annual Actuarial Valuation and review of the Retirement Fund (commencing with the actuarial valuation for the year ending June 30, 2024)
- An annual Disclosure Report pursuant to Governmental Accounting Standards Board (GASB) Statement No. 67 and GASB Statement No. 68 (commencing with the actuarial valuation for the year ending June 30, 2024)
- Two Triennial Experience Studies (for the years ending June 30, 2026, and June 30, 2029)

SamCERA received responses from our incumbent actuary, Milliman, Inc. along with Cavanaugh and MacDonald, Cheiron, and Segal. An Evaluation Committee comprised of Scott Hood, Chief Executive Officer, Gladys Smith, Assistant Executive Officer and Tat-Ling Chow, Finance Officer reviewed the RFP responses and focused on the following evaluation criteria:

- Experience (both quality and quantity) of the proposing organization and its proposed SamCERA Team of actuaries in providing services comparable to SamCERA's needs.
- Expertise in all aspects of actuarial consulting services, preferably as it relates to public defined benefit plans, the County Employees Retirement Law, and the Public Employees' Pension Reform Act.
- Ability to serve as an actuary with respect to required services (*e.g.*, time commitments, number of other clients assigned to proposed SamCERA actuarial team.)
- Proposal quality, conciseness, and completeness.
- Sample reports and educational presentation materials.
- Fees.

Discussion

After thoroughly reviewing the above information, the Evaluation Committee recommends that the Board authorize the Chief Executive Officer to enter into contract negotiations with Milliman Inc. While all four proposers are all excellent, highly professional, and experienced actuarial consulting firms, the Committee decided that Milliman, Inc. best fits SamCERA's needs for the following primary reasons:

- **Dedicated Client Service:** Milliman's "client to consulting actuary" ratio ensures continued personalized service for SamCERA, despite our plan size. For example, due to other client commitments and/or timing issues, at least one other proposer was unable to guarantee that it could perform the required work on SamCERA's desired timeline and might otherwise need to complete the work on a different schedule.
- **Team Continuity and Experience:** Milliman's dedicated team features Nick Collier (Senior Actuary) with 35 years of experience and Craig Glyde (Senior Supporting Actuary) with 25 years, and importantly, Messrs. Collier and Glyde have collaborated together for 20 years and over 15 years on the SamCERA account. Their 20 year experience working together on a team far exceeded that of the other proposers and provided more confidence to SamCERA of a solid working team relationship. Further, at least one proposer, while it had actuarial auditing experience with a CERL system, did not have actuarial consulting experience with a CERL system.
- **Approach to Actuarial Services:** Milliman's actuarial approach aligns well with SamCERA's established practices, promoting a higher level of confidence in their recommended changes.
- **Competitive Fees:** Milliman's proposed hourly rates were the lowest of all proposers. While Milliman's total projected total fees were not the least expensive, they were competitive. Moreover, it was not clear from the other proposers how many hours they anticipated SamCERA's work would require and Milliman's proposed hourly rates for any subsequent special projects (of which, SamCERA generally has around 120 hours per year) were also one of the lowest proposed.

Ultimately, after considering these factors, along with the others set forth in the RFP, the evaluation committee determined that Milliman's proposal represented the best overall option for SamCERA. In light of the fact that Milliman's current contract runs through December 31, 2024, staff recommends that the CEO commence negotiations for a new agreement with a start date of January 1, 2025. The resulting agreement will be for an amount not to exceed \$850,000 for a term of five years (*i.e.*, ending December 31, 2029), with the standard 30-day termination clause. This dollar limit includes estimated costs for special projects throughout the term. These fixed-rate costs increase about 2.5% each year.

Attachment

Resolution Authorizing Chief Executive Officer to Execute an Agreement with Milliman, Inc. for Actuarial Services

RESOLUTION 2024-_____

**RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO
NEGOTIATE AND EXECUTE AN AGREEMENT WITH MILLIMAN, INC.
FOR THE PROVISION OF ACTUARIAL SERVICES**

WHEREAS, pursuant to Government Code Section 31453 and other applicable provisions, the Board of Retirement has a duty to engage the services of an actuary; and

WHEREAS, SamCERA staff developed and on January 3, 2024, issued a Request for Proposals (RFP) for actuarial services and four proposals were received; and

WHEREAS, an Evaluation Committee evaluated the proposals and recommends that the Chief Executive Officer commence contract negotiations with Milliman, Inc. ("Milliman") for the actuarial services set forth in the RFP; and

WHEREAS, the Chief Executive Officer has accepted the recommendation that an agreement be entered into for such services and believes Milliman best meets the needs of SamCERA; and

WHEREAS, this Board has determined that it is in the best interest of SamCERA authorize the Chief Executive Officer to negotiate and execute a five-year agreement not to exceed \$850,000 with Milliman for the provision of actuarial services; therefore be it

RESOLVED, that the Chief Executive Officer is hereby authorized to negotiate and execute an agreement with Milliman for actuarial services for a term of five years in an amount not to exceed \$850,000, with such agreement to be consistent with the parameters set forth in the RFP. Be it further

RESOLVED, that the Chief Executive Officer is hereby authorized and directed to execute subsequent amendments and minor modifications in an amount not to exceed \$50,000 in the aggregate throughout the term of the agreement.

Regularly passed and adopted, by the San Mateo County Employees' Retirement Association, Board of Retirement, on April 23, 2024.

Ayes, Trustees:

Noes, Trustees:

Absent, Trustees:

Abstain, Trustees:


Elaine Orr, Board Secretary

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2024

Agenda Item 7.3

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer 

SUBJECT: Agreement with Brown Armstrong for Independent Auditing Services

Recommendation

Approve a resolution authorizing the Chief Executive Officer to negotiate and execute an agreement with Brown Armstrong for auditing services.

Background

SamCERA issued a Request for Proposals (RFP) for auditing services on January 25, 2024. The RFP solicited proposals from qualified independent certified public accounting firms with applicable experience to serve as an independent auditor for services including the following:

- **Auditor's Opinion.** The Auditor shall audit and express an opinion on the fair presentation of SamCERA's basic financial statements and other information (the Schedule of Cost Sharing Employer Allocations and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan) in conformity with generally accepted accounting principles (GAAP) in the United State of America.
- **Review of SamCERA's Annual Comprehensive Financial Report (ACFR).** The Auditor shall review the ACFR for consistency, reasonableness, and compliance with applicable accounting and financial reporting standards prescribed by Governmental Accounting Standards Board (GASB) and all requirements dictated by Government Finance Officers Association (GFOA).
- **Review of SamCERA's Internal Controls over Financial Reporting, Compliance, and Other Matters.** The Auditor shall review the effectiveness of SamCERA's internal controls; the compliance with certain provisions of laws, regulations, contracts, and agreements; and other matters that are required to be reported under Government Auditing Standards.

SamCERA received five responses from Brown Armstrong Accountancy Corporation, CliftonLarsonAllen LLP, Macias Gini & O'Connell LLP, Moss Adams LLP, and UHY LLP. An Evaluation Committee comprised of Scott Hood, Chief Executive Officer; Gladys Smith, Assistant Executive Officer; and Tat-Ling Chow, Finance Officer reviewed the RFP responses with focus on the following evaluation criteria:

- Experience (both quality and quantity) of the proposing organization and the proposed SamCERA auditing team.
- Expertise in all aspects of auditing services, preferably relating to public defined benefit plans, the County Employees Retirement Law, and the Public Employees' Pension Reform Act.
- Ability to provide the required services efficiently and effectively.
- Ability to protect member information from exposure.
- Proposal quality, conciseness, and completeness.
- Sample reports and educational presentation materials.
- Fees.

Discussion

After thoroughly reviewing the above information, the Evaluation Committee recommends that the Chief Executive Officer enter into contract negotiations with Brown Armstrong, our incumbent auditor, as it best fits SamCERA's needs for the following primary reasons:

- **Experienced Team:** Brown Armstrong, as an organization, and the proposed audit team of Ashley Green (Engagement Partner) and Paul Sahota (Engagement Audit Manager) have extensive audit experience with public defined benefit plans generally and with clients governed by the County Employees Retirement Law of 1937 (CERL) and Public Employees' Pension Reform Act (PEPRA) in particular. While other proposers had audit experience regarding other types of public entities, Brown Armstrong's experience set them apart.
- **Self-Reliant.** Brown Armstrong is able to deliver the required services using its own employees in comparison with certain of the other proposers who utilize subcontractors to perform portions of the required work. Such in-house knowledge and competence can ensure that the quality of the service to SamCERA is not compromised or dependent on third-parties with whom SamCERA has not directly selected or contracted.
- **Reasonable Fees.** Among all the proposals received, Brown Armstrong's hourly rates for their audit team is the lowest. While Brown Armstrong's total estimated fees were not the lowest of the proposers, such total were competitive. Further, it should be noted that other proposers' estimated total hours needed to complete the audit did not comport with SamCERA's past experiences. If the other proposers were to spend the same number of hours as estimated by Brown Armstrong, then their total estimated fees would be greater than Brown Armstrong's estimate.

While the evaluators were generally impressed with the quality of all the proposals received, the above-referenced factors set Brown Armstrong apart.

The proposed agreement will commence in May 2024, for an amount not to exceed \$350,000 for a term of five years, with the standard 30-day termination clause. The audit fee is capped at \$64,800 for 2024, and is subject to an annual increase of 3% throughout the term of the

agreement. The proposed resolution authorizes the Chief Executive Officer to negotiate and execute a contract with Brown Armstrong consistent with the parameters of the RFP including the terms above, and further allows for minor amendments throughout the term in an amount not to exceed \$50,000 in the aggregate.

Attachment

Resolution Authorizing Chief Executive Officer to Negotiate and Execute an Agreement with Brown Armstrong, for Auditing Services

RESOLUTION 2024-_____

**RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO
NEGOTIATE AND EXECUTE AN AGREEMENT WITH BROWN ARMSTRONG
FOR THE PROVISION OF INDEPENDENT AUDITING SERVICES**

WHEREAS, pursuant to Government Code Section 31593 and other applicable provisions, the Board of Retirement has a duty to engage the services of an independent auditor to conduct a financial audit of the retirement system and report on its financial condition; and

WHEREAS, SamCERA staff developed and, on January 25, 2024, issued a Request for Proposals (RFP) for auditing services and five proposals were received; and

WHEREAS, an Evaluation Committee evaluated proposals and recommends that the Chief Executive Officer commence contract negotiations with Brown Armstrong for the independent auditing services set forth in the RFP; and

WHEREAS, the Chief Executive Officer has accepted the recommendation that an agreement be entered into for such services and believes Brown Armstrong best meets the needs of SamCERA; and

WHEREAS, this Board has determined that it is in the best interest of SamCERA to authorize the Chief Executive Officer to negotiate and execute a five-year agreement not to exceed \$350,000 with Brown Armstrong for the provision of independent auditing services; therefore be it

RESOLVED, that the Chief Executive Officer is hereby authorized to negotiate and execute an agreement with Brown Armstrong for independent auditing services for a term of five years in an amount not to exceed \$350,000, with such agreement to be consistent with the parameters set forth in the RFP. Be it further

RESOLVED, that the Chief Executive Officer is hereby authorized and directed to execute subsequent amendments and minor modifications in an amount not to exceed \$50,000 in the aggregate throughout the term of the agreement.

Regularly passed and adopted, by the San Mateo County Employees' Retirement Association, Board of Retirement, on April 23, 2024.

Ayes, Trustees:

Noes, Trustees:

Absent, Trustees:

Abstain, Trustees:

Elaine Orr, Board Secretary

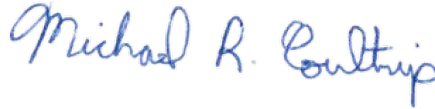
SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2024

Agenda Item 7.4

TO: Board of Retirement

FROM: Michael Coultrip, Chief Investment Officer



SUBJECT: Approve a Resolution Authorizing the Chief Executive Officer to Negotiate and Execute Agreements with The Northern Trust Company for Global Custody Services and Securities Lending.

Recommendation

Approve a resolution authorizing the Chief Executive Officer to negotiate and execute an agreement or agreements with the Northern Trust Company in an amount not to exceed \$2 million and applicable lending fees for global custody services and securities lending.

Background

SamCERA developed and issued a Request for Proposal (RFP) for global custody services and securities lending on January 8, 2024. The RFP solicited proposals from custodian banks to provide services that include, but are not limited to asset safekeeping, accounting, securities settlement, cash management, corporate actions, class actions and proxy processing, securities lending, performance and risk analytics, and miscellaneous system queries and reporting requirements.

SamCERA received responses from our incumbent provider, Northern Trust, along with State Street. An Evaluation Committee comprised of Michael Coultrip, CIO; Lilibeth Dames, Investment Analyst; Doris Ng, Investment Analyst; and Chezelle Milan, Senior Accountant; reviewed their RFP responses and focused on the following evaluation criteria: Organization, Accounting, Cash Management, Securities Lending, Performance/Risk, Technology, Alternative Assets and Fees. After assessing the written responses, the Committee invited both proposers to present their capabilities on-site at SamCERA. Each proposer was allocated three hours each, with each presenting a demonstration of their on-line interface program. In addition, both proposers were sent a number of clarifying questions in advance of meetings at SamCERA and also following the meetings. The last stage of the process was to issue a request to each proposer for their best and final fee proposal assuming certain modifications to SamCERA's current securities lending program guidelines.

Discussion

After thoroughly reviewing the above information, the Evaluation Committee recommends that the Board authorize the CEO to enter into contract negotiations with Northern Trust for custodial and securities lending services. This recommendation is contingent on certain modifications to SamCERA's current securities lending program guidelines which the Board is

considering at this same meeting. Both proposers were asked to provide additional pricing information based on the modified guidelines which would allow for more flexibility within the program while targeting a similar level of risk.

While both proposers offer compelling attributes, the Committee has decided to recommend Northern Trust for the following primary reasons:

- Strong level of client service and client focus throughout the organization
- Client focus is in the mid-sized plan area, consistent with SamCERA's size.
- Their capabilities are a good fit for SamCERA's current needs while allowing for longer-term flexibility as SamCERA's needs change through time.
- Attractive value proposition-to-price ratio.

It is anticipated that the resulting agreements will not exceed \$2 million and applicable lending fees over the 5- year term of the contract. The anticipated contract start date for Northern Trust will be July 1, 2024 as the end date for the current contract is June 30, 2024.

Attachment

Resolution Authorizing Chief Executive Officer to Negotiate and Execute an Agreement with the Northern Trust Company for Global Custody Services and Securities Lending

RESOLUTION 2024-__

**RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO NEGOTIATE
AND EXECUTE AGREEMENTS WITH THE NORTHERN TRUST COMPANY
FOR GLOBAL CUSTODY SERVICES AND SECURITIES LENDING**

WHEREAS, Article XVI, Section 17 of the California Constitution vests with the Board the sole and exclusive fiduciary responsibility over the assets of SamCERA; and

WHEREAS, in accordance with the provisions of Article XVI, Section 17 of the California Constitution and California Government Code Section 31596(b), SamCERA, with the approval of its Board, may employ a depository institution or a trust company, licensed under state or federal law to conduct the business of a trust company or any Federal Reserve Bank, to act as custodian of any securities or other properties beneficially owned by SamCERA

WHEREAS, on January 8, 2024, Staff issued a request for proposals ("RFP") for custodial services and as a result of that process determined that it was in SamCERA's best interest to enter into a contract with Northern Trust Company; and

WHEREAS, Northern Trust Company, in response to the RFP, has represented to SamCERA that it is qualified to serve as a custodian and that it shall perform all actions undertaken with the standard of care as set forth in an agreement; and

WHEREAS, Northern Trust Company Custodian is a trust company duly constituted in accordance with all applicable federal and state laws of Illinois to render banking and trust custodial services and is authorized to conduct the business of a trust company; and

WHEREAS, Staff has not completed the negotiation for the final agreements for global custody services and securities lending but estimates that the resulting agreements will be in an amount not to exceed \$2 million and applicable lending fees and will be for a term of five years with other terms consistent with the parameters set forth in the RFP and subsequent selection process; and

WHEREAS, this Board has determined that it is in the best interest of SamCERA to enter into these agreements with the Northern Trust Company; therefore, be it

RESOLVED, that the Chief Executive Officer is hereby authorized to negotiate and execute an agreement or agreements with the Northern Trust Company in an amount not to exceed \$2 million and applicable lending fees for global custody services and

securities lending for a term of five years, with such agreement to be consistent with the parameters set forth in the RFP and subsequent selection process. Be it further

RESOLVED, that the Chief Executive Officer is hereby authorized and directed to execute subsequent amendments and minor modifications in an amount not to exceed \$50,000 in the aggregate.

Regularly passed and adopted, by the San Mateo County Employees' Retirement Association, Board of Retirement, on April 23, 2024.

Ayes, Trustees:

Noes, Trustees:

Absent, Trustees:

Abstain, Trustees:


Elaine Orr, Board Secretary

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

April 23, 2024

Agenda Item 7.5

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer 

SUBJECT: Approval of SACRS Voting Delegate for the SACRS Spring 2024 Business Meeting and Direction to Voting Delegate

Recommendation

Staff recommends the Board designate Al David as the Voting Delegate and Scott Hood, CEO, as the voting delegate alternate to cast SamCERA's votes at the SACRS Spring 2024 Conference.

Staff further recommends that the Board provide direction to the Voting Delegates that is in the best interest of SamCERA.

Background

Prior to each SACRS conference the retirement boards are asked to select the individuals from each county system who are authorized to serve as voting delegate and alternate voting delegates at the conference business meeting.

Discussion

SamCERA normally selects from attendees who plan to attend the Friday morning business meeting. Delegates can be either trustees or staff.

The business meeting will occur on the last morning of the conference, at 10:15 a.m., Friday, May 10, 2024.

The SACRS business meeting packet was not available for the mailing and will be provided when available.