Notice of Public Meeting

The Board of Retirement

Tuesday, January 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 Board Meeting Minutes from December 5, 2023

4. Approval of the Consent Agenda*
- 4.1 Disability Retirements (2)
  - Esmond, Janae
  - Stock, Anna
- 4.2 Survivor Death Benefits
  - Smathers. Helen
- 4.3 Service Retirements
- 4.4 Continuances
- 4.5 Deferred Retirements
- 4.6 Member Account Refunds
- 4.7 Member Account Rollovers
- 4.8 Member Account Redeposits
- 4.9 Acceptance of Trustees' Reports of Educational Activities
- 4.10 Approval of Resolutions that define Compensation Earnable and Pensionable Compensation
- 4.11 Semi-Annual Compliance Certification Statements for the Period Ended December 31, 2023

5. Benefit & Actuarial Services
- 5.1 Consideration of Agenda Items, if any, Removed from the Consent Agenda
- 5.2 Approval of Cost of Living Allowance (COLA)

6. Investment Services
- 6.1 Report on Preliminary Monthly Portfolio Performance Report for the Period Ended December 31, 2023
- 6.2 Report on Cash-Flow Matching Manager Annual Review
- 6.3 Approval of Opportunistic Credit Manager Recommendation

7. Board & Management Support
- 7.1 Discussion of Board-Staff Retreat Topics
- 7.2 Approval of Resolution Amending Board Education Policy
- 7.3 Approval of Resolution Amending Policy for Procurement and Contracting for Certain Goods and Services

8. Management Reports
- 8.1 Chief Executive Officer's Report
- 8.2 Assistant Executive Officer's Reports
- 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 Public Employee Performance Evaluation, in accordance with Gov. Code § 54957, Title: Chief Executive Officer (to be heard in Closed Session Confidential Under Gov. Code §54957)

9. Report on Actions Taken in Closed Session

10. Adjournment in Memory of the Following Deceased Members:

Smathers, Helen	October 14, 2023	Behavioral Health
Powell, Letha	November 15, 2023	Probation
Regos, Agnes	November 20, 2023	Health Services
Jacobs, Vicki	November 20, 2023	Environmental Services
Camarena, Blanca	November 28, 2023	Health
Shockley, Nancy	November 30, 2023	Human Resources
Ahern, William	December 2, 2023	Sheriff's Office
Sisk, John	December 8, 2023	Mental Health
Bickel, Olive	December 16, 2023	County Clerk's
O'Toole, Diane	December 16, 2023	Probation
Galicia, Marcelo	December 16, 2023	Public Health
Dragich, Colleen	December 20, 2023	Human Services
Castell, Lorraine	December 21, 2023	District Attorney's Office
Harris, Melvin	December 23, 2023	Sheriff's Office
Metoyer, Charles	December 25, 2023	Courts
Lipp, Sharon	December 26, 2023	Hospital
Hughes, Dorothy	December 30, 2023	Hospital

Scott Hood, Chief Executive Officer Posted: January 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
DECEMBER 5, 2023 – Regular Board Meeting Minutes

2312.1 **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 10:00 a.m.

Roll Call:
Present: Sandie Arnott, Mark Battey, Al David, April DeCarsky (for Katherine O'Malley), Kurt Hoefer, Kimathi Marangu, Elaine Orr, and Robert Raw.
Absent: Katherine O'Malley and Alma Salas.
Alternates: Nicole McKay.
Staff: Michael Coultrip, Lili Dames, Scott Hood, Jenny Lukan, Elizabeth LeNguyen, Doris Ng, Paul Okada, and Gladys Smith.
Consultants: Joe Abdou, John Nicolini, and Faraz Shooshani (Verus).

2312.2.1 **Oral Communications from the Board:** Mr. Battey informed the Board about the passing of Mr. Don Horsley, former County Supervisor.

2312.2.2 **Oral Communications from the Public:** None.

2312.3.1 **Approval of Board Meeting Minutes from October 31, 2023:** Mr. Battey asked if there were any changes or corrections, or objections, to the minutes from the regular meeting held on October 31, 2023. There were no changes, corrections, or objections presented.

Action: Mr. David moved to approve the minutes from the October 31, 2023 regular Board meeting. The motion was seconded by Ms. DeCarsky and carried with a vote of 7-0, with trustees Battey, David, DeCarsky, Hoefer, Marangu, McKay, and Raw all in favor; Arnott and Orr abstained; none opposed.

2312.3.2 **Approval of Audit Committee Minutes from October 31, 2023:** Mr. Battey asked if there were any changes or corrections, or objections, to the minutes from the Audit Committee meeting held on October 31, 2023. Mr. Okada presented one change to the Board regarding the replacement of Ms. Salas for Ms. Arnott on the committee.

Action: Mr. David moved to approve the corrected minutes from the October 31, 2023 Audit Committee meeting. The motion was seconded by Mr. Marangu and carried with a vote of 7-0, with trustees Battey, David, DeCarsky, Hoefer, Marangu, McKay, and Raw all in favor; Arnott and Orr abstained; none opposed.

2312.4.0 **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: Mr. Hoefer moved to approve the items on the Consent Agenda. The motion was seconded by Mr. Raw and carried with a vote of 9-0, with trustees Arnott, Battey, David, DeCarsky, Hoefer, Marangu, McKay, Orr, and Raw all in favor; none opposed.

2312.4.1 **Disability Retirements:**

a) The Board found that **Roderick Arakaki-Barbanica** (1) is permanently incapacitated from the performance of his usual and customary duties as a Cook II, (2) found that his disability was the result of an injury arising out of and in the course of his employment and (3) granted his application for a service-connected disability retirement.

b) The Board found that **Shao Mei Gan** (1) is permanently incapacitated from the performance of her usual and customary duties as a Library Assistant I, (2) found that her disability was the result of an injury arising out of and in the course of her employment and (3) granted her application for a service-connected disability retirement.

c) The Board found that **Nidia Gonzalez**, (1) is permanently incapacitated from the performance of her usual and customary duties as a Patient Services Supervisor, (2) found that her disability was the result of an injury arising out of and in the course of her employment and (3) granted her application for a service-connected disability retirement.

d) The Board found that **Edgar Manilla** (1) is permanently incapacitated from the performance of his usual and customary duties as a Deputy Sheriff, (2) found that his disability was the result of an illness arising out of and in the course of his employment and (3) granted his application for a service-connected disability retirement.

e) The Board found that **Rosa M. Ramirez** (1) is able to substantially perform her usual and customary duties as a Patient Services Assistant II and (2) denied her application for a service-connected disability retirement.

f) The Board finds that **Hadi Tafreshiha** (1) is permanently incapacitated from the performance of his usual and customary duties as an IS Client Systems Specialist II, (2) found that his disability was the result of an injury arising out of and in the course of his employment and (3) granted his application for a service-connected disability retirement.

2312.4.2 **Survivor Death Benefits:** None.

2312.4.3 **Service Retirements:**

Name	Effective Retirement Date	Department
Cardoza, Manuel	September 13, 2023	San Mateo County Health
Dunbar, Michael	October 1, 2023	Deferred - Public Works
Escobar, Roberto	September 7, 2023	San Mateo County Health
Flannery, Kelly	September 8, 2023	Def'd - San Mateo County Health
Gathright, Marcus	September 28, 2023	Sheriff's Office
Healy, Diane	September 18, 2023	Deferred - Aging & Adult Services
Idarius, Kristine	September 2, 2023	San Mateo County Health
Jimenez, Joaquin	September 13, 2023	Deferred – Probation
Lewis, Brian	September 25, 2023	Deferred - Behavioral Health
Monheit, Juliette	September 30, 2023	Deferred - Behavioral Health
Muccia, Charles	July 12, 2023 (rescinded)	QDRO of Wright, Tamara
Perez, Antonio	September 12, 2023	San Mateo County Health
Rogers, Bryan	September 14, 2023	Deferred - Human Services
Salas, Heather	September 29, 2023	Family Health
Smyser, Michael	September 17, 2023	Sheriff's Office
Valdez, Robert	September 30, 2023	Deferred - Public Works
Villagracia, Marites	September 16, 2023	Probation
West, Karen	November 17, 2022	San Mateo County Health

2312.4.4 **Continuances:**

Survivor's Name	**Beneficiary of:**
Cardoza, Regina	Cardoza, Ronald
Coleman, Mary	Coleman, Jerome
Hickman, Maryanne	Hickman, Philip
Holm, Carolyn	Holm, Carl

2312.4.5 **Deferred Retirements:**

Name	**Retirement Plan Type**
Aison, Marvin	G7, Vested Auto Defer – Code 31700
Brown, Mark	G4, Vested - Reciprocity
Ernst, Diana	G7, Vested Auto Defer – Code 31700
Ford, Tracy	G7, Vested Auto Defer – Code 31700
Forman, Emily	G7, Vested Auto Defer – Code 31700
Hernandez, Alberto	G4, Vested – Reciprocity
Hurrell, Angelina	G7, Vested – Reciprocity
Kumar, Divya	G7, Vested Auto Defer – Code 31700
Lee, I-Chieh	G4, Vested Auto Defer – Code 31700
Llamas, Jennifer	G7, Vested Auto Defer – Code 31700
Madrigal, Heriberto	G5, Vested Auto Defer – Code 31700
Martinez Tostado, Lisvette	G7, Vested Auto Defer – Code 31700
Masic, Mirsad	G7, Vested Auto Defer – Code 31700
Medina, Jamie	G7, Vested Auto Defer – Code 31700
Romero Davila, Gerardo	S7, Vested Auto Defer – Code 31700
Ruybal, Kevin	G7, Vested Auto Defer – Code 31700
Silva, Rosalinda	G7, Non-Vested – Reciprocity
Tsang, Suzanne	G7, Non-Vested – Reciprocity
Verber, Nicholas	S7, Vested Auto Defer – Code 31700
Wang, Joshua	S5, Vested - Reciprocity
Wu, Winnie	G7, Vested Auto Defer – Code 31700

2312.4.6 **Member Account Refunds:**

Name	**Retirement Plan Type**
Aldanese, Michael John	G7, Non-vested
Berlanga, Jr, Frank	G7, Vested
Borghi, Gabriel (FBO: Borghi, Beverly)	G2, Vested
Jackson, Raven	G7, Non-vested
Lujan, Janneth	G5, Vested
Mesele, Nigest Assefa	G7, Non-vested
Myers, David	G4, Non-vested
Nagrampa, Wencesa	G4, Non-vested
Perdomo, Le'Russyan	G7, Vested
Rodriguez, Hector	G7, Non-vested
Trujillo, Isidro	G7, Non-vested
Woods, Simone Kaitlyn	G7, Vested

2312.4.7 **Member Account Rollovers:**

Name	**Retirement Plan Type**
Bell, Joanna	G7, Non-vested
DeLipski, Paul	G2, Vested
Hertz, Annabel	G7, Non-vested
Huang, Annieyuhong	G7, Non-vested
Muccia, Charles	G7, Vested
Quan, Daisy	G7, Non-vested
Tsang, Agnes	G7, Non-vested

2312.4.8 **Member Account Redeposits:**

Name	**Retirement Plan Type**
Aenlle, Victor	G2

2312.4.9 **Acceptance of Trustees' Reports of Educational Activities:** None.

2312.4.10 **Affirm Procedure for Determination of Whether Compensation Was Paid to Enhance a Member's Pension:** The Board reaffirmed the "Board Procedures for Assessment and Determination of Whether an Element of Compensation Was Paid to Enhance a Member's Pension Benefit."

2312.4.11 **Affirm Procedure for Determination of Whether Compensation Was Paid to Enhance a Member's Pension:** The Board reaffirmed the "Board of Retirement Procedures for Auditing of Employer Data and Information to Determine Correctness of Member's Retirement Benefits, Reportable Compensation, Enrollment in and Reinstatement to, the Retirement System."

2312.5.1 **Consideration of Agenda Items, if any, Removed from the Consent Agenda:** None.

The Chair noted that, in order to accommodate the Auditor's schedule, Item 7.1 would be called immediately prior to Item 5.2.

2312.5.2 **Review of Funding Dashboard:** Mr. Hood reported on the Quarterly Funding Progress Dashboard for the Period Ended September 30, 2023, which showed projected funded status and employer contribution rate. This item was informational and for discussion only, no action was taken.

2312.6.1 **Report on Preliminary Monthly Portfolio Performance Report for the Period Ended October 31, 2023:** Mr. Coultrip reported that SamCERA's net preliminary return for October was -1.8%, bringing the preliminary trailing twelve-month net return ending October 2023 to 3.7%, which is below both our benchmark return of 5.4% and SamCERA's assumed earnings rate of 6.25%. SamCERA's estimated market value as of October was $5.81 billion, while the actuarial funded ratio as of June 30, 2023 was 88.3%.

2312.6.2 **Report on Quarterly Investment Performance for the Period Ended September 30, 2023:** Mr. Coultrip reported that the 3rd quarter net total return for the SamCERA portfolio was -1.6%, which was 50 bps lower than the -1.1% policy benchmark return. The growth category detracted from performance (private equity and international equity), while the diversifying category (core fixed income and absolute return) contributed to results. Mr. Nicolini and Mr. Abdou from Verus presented the Verus Quarterly Performance Report Ending September 30, 2023, to the Board.

2312.6.3 **Report on Report on Manager Reviews – Absolute Return:** Ms. Ng reviewed the meeting notes from the annual review meetings with SamCERA's absolute return managers, CFM, PIMCO, and Acadian Asset Management, on October 5th, 2023. Each meeting lasted approximately 1 hour, and consisted of a firm/organizational update, investment process review, performance review and attribution, and current positioning/market outlook. This item was informational and for discussion only, no action was taken.

2312.6.4 **Report on Investment Consultant Annual Review:** Ms. Ng presented the results of Verus' annual review reporting that trustees and staff provided above average/high ratings. She also shared the Board's feedback on educational topics they would like Verus to cover next year. This item was informational and for discussion only, no action was taken.

2312.6.5 **Presentation on Private Asset Semi-Annual Performance Reports as of June 30, 2023:** In light of the Consultant's schedule, this item was taken out of order after Items 7.3 and 7.4. Mr. Shooshani and Mr. Nicolini presented the private equity and private real assets reports. As of June 30, 2023, SamCERA's private equity portfolio had a total market value of $394.2 million (6.6% of SamCERA's total fund) while the private real assets portfolio had a total market value of $324.3 million (5.4% of SamCERA's total fund). This item was informational and for discussion only, no action was taken.

2312.6.6 **Approval of Proposed Alternative Investments (Confidential Under Gov. Codes §54956.81 and §7928.710, to be heard in Closed Session, C2)**

2312.7.1 **Annual Review of SamCERA's Audit Firm, Brown Armstrong:** This item was taken out of order and heard after the Consent Agenda prior to Item 5.2. Ms. Smith thanked those that completed the annual survey for Brown Armstrong. She shared that Board and staff provided Brown Armstrong with high ratings and that there were no issues reported. Mr. Hood and Ms. Smith thanked Ms. Green and the rest of the team for their service and partnership. Ms. Green appeared via telephone and thanked the Board and staff for the favorable ratings and was available for questions from the Board. This item was informational and for discussion only, no action was taken.

2312.7.2 **Discussion of Board Staff Retreat Topics:** Mr. Hood provided the Board with suggested topics for the March Board-Staff retreat such as a high-level look at the economy, a deep dive into the portfolio, energy security, inflation, cybersecurity, and artificial intelligence. He also gave the Board an opportunity to provide their feedback. This item was informational and for discussion only, no action was taken.

2312.7.3 **Review and Approval of Trustee Special Request to Attend an Educational Event:** This item was taken out of order and discussed after the review and discussion of Item 7.4). The Board discussed Ms. Orr's request to attend the Milken Institute Global Conference. Mr. Okada informed the Board that Ms. Orr's request to the attend the Women in Private Equity Conference has been rescinded. It was noted that the Milken Institute has a discounted government rate that is available for public employees. Ms. Orr's request to attend the Miken Institute Global Conference was amended to reflect that SamCERA would pay the government rate for registration.

Action: Mr. David moved to approve Ms. Orr's Special Request to Attend the Milken Institute Global Conference. The motion was seconded by Ms. McKay and carried with a vote of 9-0, with trustees Arnott, Battey, David, DeCarsky, Hoefer, Marangu, McKay, Orr, and Raw all in favor; none opposed.

Mr. Marangu left the meeting after this agenda item at 12:11 pm.

2312.7.4 **Review and Discussion of SamCERA's Education Policy:** The Board discussed the Education Policy and proposed improvements to the special request form. The updated policy and form will be brought back to the Board at its January meeting. This item was information and for discussion only, no action was taken.

2312.8.1 **Chief Executive Officer's Report:** Mr. Hood informed the Board that there wasn't a building relocation update since he last updated the Board, but that the building owners will be touring the building. Mr. Hood also informed the Board that the year-at-a-glance calendar has been uploaded to Dropbox and mentioned that in 2024 there will be several Request for Proposals (RFPs). Mr. Hood notified the Board that SamCERA will be closed the week between Christmas and New Year's for Winter Recess and will reopen January 2nd. Mr. Hood made a special announcement congratulating Ms. Dames on her 20 years of service with SamCERA and the County. Lastly, Mr. Hood informed the Board that the January meeting will include the CEO review, topics for the Board retreat, and the education policy.

2312.8.2 **Assistant Executive Officer's Report:** Ms. LeNguyen presented the Board with an update on disability processing data. Ms. LeNguyen reported that this time last year SamCERA was at 65 disability applications and now they are at 28 applications. Ms. Lukan informed the Board of the upcoming IFEBP education opportunity in February and will send an email with the information.

2312.8.3 **Chief Investment Officer's Report:** Mr. Coultrip informed the Board that SamCERA and Verus will be visiting Eaton Vance in Boston on Monday. Depending on how the visit goes, SamCERA will come back to the Board with a recommendation in January.

2312.8.4 **Chief Legal Counsel's Report:** Mr. Okada informed the Board that the surveys for the CEO review have been sent out, responses have been sent in, and the committee is still waiting on a few responses from staff. Mr. Okada informed the Board that trustee surveys will be sent out and they will include the responses from the employers and staff. Lastly, Mr. Okada informed the Board that SamCERA will be working on updates to trustee education hours and Ms. Lukan will be sending that out soon.

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

C2 **Approval of Proposed Alternative Investments (to be heard in Closed Session, Confidential Under Gov. Code §54956.81 and §7928.710, see item 6.6):**

This item and the Chief Legal Counsel's report (Item 9.0) heard following Items 7.3 and 7.4 and prior to Item 8.1. The Board entered Closed Session at 12:12 p.m. The Board met in Closed Session for the approval of proposed alternative investments:

Regarding a commitment of $10 million to DCVC BIO III, L.P., as part of SamCERA's Venture Capital portfolio within Private Equity under the Growth category, there was a motion and second to approve such commitment.

Ayes: Arnott, Battey, David, Decarsky (alt.), Hoefer, McKay (alt.), Orr, and Raw
Nos: None
Abstain: None
Absent: Marangu, O'Malley, and Salas
Motion carried 8-0-0

No other reportable action was taken. Open Session was reconvened at 12:24 p.m.

2312.9.0 **Reports on Actions Taken in Closed Session:** Mr. Okada reported on Items C1 and C2 above. There were no additional closed session items.

2312.10 **Adjournment:** Mr. Battey adjourned the meeting at 12:32 p.m. in memory of the deceased members listed below.

Gordon, Mary L	September 5, 2023	Courts
McCreagh, Helen	October 13, 2023	Courts
Gonzales, Kathleen	October 28, 2023	Probation
Messier, Robert	October 31, 2023	Sheriff's Office
Jordan, Karel	October 31, 2023	Human Services
Oda, Wenonah	November 1, 2023	Probation
Nolan, Muriel	November 1, 2023	Social Services
Swanson, Bob	November 15, 2023	Weights & Measures
Bresler, Roland	November 16, 2023	County Manager's Office
Wish, Helen	November 24, 2023	Social Services
Horsley, Donald	November 24, 2023	Sheriff's Office

____
Mark Battey
Chair

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 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 finds that **Janae Esmond** (1) is permanently incapacitated from the performance of her usual and customary duties as a Sheriff's Correctional Officer, (2) find that her disability was the result of an injury arising out of and in the course of her employment and (3) grant her application for a service-connected disability retirement.

b) The Board finds that **Anna Stock** (1) is permanently incapacitated from the performance of her usual and customary duties as a Clinical Lab Scientist II, (2) find that her disability was the result of an injury arising out of and in the course of her employment and (3) grant her application for a service-connected disability retirement.

4.2 Survivor Death Benefits

a) The Board finds that **Helen Smathers**, would have been entitled to a non-service-connected disability but has died, and Ronald Smathers, the surviving spouse, has elected to receive an optional death allowance pursuant to Government Code § 31781.3.

4.3 Service Retirements

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

Name	Effective Retirement Date	Department
Baker, Dee	November 12, 2023	QDRO of Henry, Daniel
Baker, Vaughn	August 31, 2021	Behavioral Health
Barcenas, Maria	November 14, 2023	San Mateo County Health
Bayer, Ross	October 28, 2023	Deferred - Public Works
Chow, Christine	November 1, 2023	San Mateo County Health
Concepcion, Bonifacio	November 30, 2023	San Mateo County Health
Frangos, Maria	November 1, 2023	Human Services Agency
Galera, Chadie	October 11, 2023	Probation
Guzman, Evelyn	October 14, 2023	Probation

Hoffman, Andrew	November 2, 2023	QDRO of Erwin, Patricia
Horace, Romel	November 22, 2023	Family Health
Johnson, James S	November 29, 2023	Deferred - Human Resources
Martinez de Vargas, Jean-Pierre	October 22, 2023	Sheriff's Office
Martinez, Brian	November 3, 2023	Deferred - Environmental Health
Martinez, Monica	November 3, 2023	Probation
Miyazaki, Ayana	December 1, 2023	San Mateo County Health
Moody, Stacey	October 27, 2023	Sheriff’s Office - Plan 3 Only
Padilla, David	October 27, 2023	Sheriff's Office
Ramirez, Guillermo	October 21, 2023	San Mateo County Health
Ruiz, Nicole	November 1, 2023	Probation
Sievert, Ann	October 15, 2023	Deferred - Courts
Zuno, Salvador	November 18, 2023	Sheriff's Office

4.4 Continuances

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

Survivor’s Name	Beneficiary of:
Gonzales, William	Gonzales, Kathleen
Lem, Donna	Yee, Warren
Melica, Aurelia	Melica, George
Messier, Marion	Messier, Robert
Oda, Robert	Oda, Wenonah
Radojevich, Bonnie	Radojevich, Milan
Swanson, Michele	Swanson, Bob

4.5 Deferred Retirements

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

Name	Retirement Plan Type
Abbott, Lisa	G7, Non–Vested - Reciprocity
Aguilar, Jill	G7, Vested Auto Defer – Code 31700
Ansari, Tamiem	G7, Vested
Caracheo Luna, Viridiana	G7, Vested - Reciprocity

Del Prado	G7, Vested Auto Defer – Code 31700
Dela Pena, Mohini	G7, Vested Auto Defer – Code 31700
Fuller, Darrin	G7, Non-Vested - Reciprocity
Gonzalez, Nohely	G7, Non-Vested - Reciprocity
Haupt, Jacquelyn	G7, Vested - Reciprocity
Hayes, Aaron	G4, Vested Auto Defer – Code 31700
Halperin, Ernst	G7, Vested - Reciprocity
Kallusch, Charlene	G7, Vested Auto Defer – Code 31700
Kunkel, Mark	G7, Vested
Kuramoto, Garrett	G5, Vested - Reciprocity
Leong, King	G7, Vested - Reciprocity
Mayorga, Zulma	G5, Vested Auto Defer – Code 31700
McMahon, Breana	G7, Non-Vested - Reciprocity
Moniot, Andre	S5, Vested Auto Defer – Code 31700
Parsons-Barillas	G7, Vested Auto Defer – Code 31700
Patino, Colin	S5, Vested
Patino, Lilia	G7, Vested
Ramirez, Karla	G7, Vested Auto Defer – Code 31700
Scherer, Alison	G7, Vested - Reciprocity
Shandilya, Swati	G7, Vested Auto Defer – Code 31700
Sztenderowicz, Michael	G7, Non-Vested - Reciprocity
Wang, Peng	G7, Vested - Reciprocity

4.6 Member Account Refunds

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

Name	Retirement Plan Type
Alcantara, Brittany	G7, Non-vested
Cortez Trujillo, Maria de Jesus	G7, Non-vested
Garcia, Francisco	G7, Non-vested
Gilman, Nicolette	G7, Non-vested

4.7 Member Account Rollovers

Name	Retirement Plan Type
Clark, Cheree	G7, Vested
Kim, Su Yeon	G7, Non-vested

4.8 Member Account Redeposits

None.

4.9 Acceptance of Trustees' Reports of Educational Activities

None.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 23, 2024 Agenda Item 4.10

TO: Board of Retirement

FROM: Gladys Smith, Assistant Executive Officer Gladys Smith

SUBJECT: Amending Resolutions Defining Compensation Earnable and Pensionable Compensation

Recommendation

Approve amendments to (1) the Resolution defining Compensation Earnable, pursuant to Government Code §31461 for members who are not subject to Government Code §7522.34 and (2) the Resolution defining Pensionable Compensation for members who are subject to Government Code §7522.34 to include the following non-pensionable overtime earnings codes:

ATKS & WD Code	New Earnings Code Description
251	Comp Time Earned at 2x
266	Overtime Worked at 2x
270	Overtime Special Duty at 2x
273	OT Spec Duty Night Shift at 2x
275	OT Night Shift at 2x

Background

Depending upon a member's date of hire and other factors, a member is either subject to Government Code §31461 in the County Employees Retirement Law ("CERL") or §7522.34 of the Public Employees' Pension Reform Act (PEPRA). Under CERL, Compensation Earnable is used: (1) to calculate final compensation in order to determine a member's pension benefit and (2) to calculate the ongoing contributions to be paid by the member and the employer. For the PEPRA members, "Pensionable Compensation" is used for the same purposes. The Board determines which elements of compensation are to be included in both of these categories of pensionable earnings.

Discussion

At its December 6, 2023, meeting, the Board of Supervisors approved resolutions ratifying tentative agreements with the Deputy Sheriffs Association and the Organization of Sheriff's Sergeants, that under certain criteria, provide compensation at the rate of two times the hours worked whether compensated by monetary payment or by the granting of compensatory time off. These earnings codes are non-pensionable.

Staff will address any specific questions that the Board may have. The attached resolutions each rescind the current resolutions and restate the resolutions in their entirety with the new earnings codes.

Attachments
Resolution Defining Compensation Earnable pursuant to Government Code §31461
Resolution Defining Pensionable Compensation pursuant to Government Code §7522.34

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

RESOLUTION 2024-__

RESOLUTION DEFINING COMPENSATION EARNABLE PURSUANT TO GOVERNMENT CODE §31461 FOR MEMBERS WHO ARE NOT SUBJECT TO GOVERNMENT CODE §7522.34

WHEREAS, for those current members who became active members prior to January 1, 2013, and those members who became active members on or after January 1, 2013, but who are not subject to Government Code §7522.34 of the California Public Employees' Pension Reform Act, the determination of compensation earnable for remuneration earned by those members is governed by Government Code §31461; and

WHEREAS, Government Code §31461 provides that compensation earnable by a member means the average compensation as determined by the Board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay; and

WHEREAS, Government Code §31461 provides that this Board determine which items of remuneration earned by members shall constitute "Compensation Earnable"; and

WHEREAS, the Board has reviewed the current pay items and has determined which of those items are to be included in "Compensation Earnable" and which items are not to be included; and

WHEREAS, it is necessary for this Board from time to time to amend its determinations of compensation earnable due to changes made by SamCERA employers in their compensation schedules as well as changes in the law, and the creation of new earning codes resulting from labor negotiations, the Board finds that new pay codes designations should be added; Therefore, be it;

RESOLVED, that Resolution number 2023-13 is rescinded, and pursuant to Government Code §31461 as interpreted by the courts, the Board hereby makes the following determinations to be effective December 24, 2023, as to what is included in "Compensation Earnable" and items of remuneration that are not included:

1. Compensation earnable shall include:

Pay Code	Description
001	Regular hours worked
001-G	Regular hours worked (grace paid)
001-M	Regular hours worked (mandatory meeting)
001-T	Regular hours worked (training)
001-TW	Regular hours worked (telecom)
006	Sheriff's 84/12 Plan
00680	84/12 Plan (Sheriff)
010	Release time with pay
011	Training/Officer of the Day/Courtroom Clerk Electronic Recording Pay
013	Night shift differential
014	Special night shift differential

Pay Code	Description
015	Special duty hours
016	Inspection/Testing/Repair with a Certification
019	Charge pay differential
020	Split shift
021-L1	Bilingual pay
021-L2	Bilingual pay
022	Staffing differential
023	Weekend pay
027	Required and Regular On-call hours
035	Sick leave with pay
035B	Sick Leave Supplemental Pay
035-R	Reserve Sick Hours
036	Sick leave with pay (work-related injury)
036-R	Reserve Sick – work related injury
041	Vacation hours with pay
041-A	X-Vacation hours with pay
041B	Vacation Supplemental pay
041H	Vacation hours with pay on holiday
043	Holiday hours regular pay
043CNA	Holiday premium for PT CNA
044	Holiday worked at 1.5
045	Holiday hours worked at straight time
045-P	Holiday hours worked at straight time
045O	Holiday hours worked at straight time-overflow
048	Accumulated holiday hours taken
048-A	X-Accumulated holiday hours taken
048B	Accumulated Holiday Supplemental pay
048H	Holiday hours taken on holiday
052	Comp time hours used
052-A	X-Comp/Admin Leave Hours Used
052B	Comp Time Supplemental pay
052H	Comp time hours used on holiday
054	Administrative leave
055	Jury duty with pay
056	Military-leave with pay
057	Education leave with pay
058	Other leave with pay
059	Disability leave with pay
064	Management overtime used
080	Uniform/tool allowance
080A	Uniform/tool allowance annual
081	Transportation allowance
087	Bi-weekly special pay
088	Miscellaneous special pay
090	Voluntary time off used

Pay Code	Description
093	Furlough w/o pay used with payment of contributions
1TW	Regular hours teleworked
102	Admin leave cash out
104	LTC shift differential
104B	LTC shift differential adjustment
110	Compulsory time off
112	Bereavement leave
113	Special Circumstances (BOS Policies) Leave
114	Psychiatry Residency Program
130	Lactation Pay
131	Winter Recess HRs Regular Pay
133	Accum Winter Recess Hrs Taken
313	LC4850 night shift differential
315	LC4850 special duty
359	LC4850 disability with pay
502	Admin leave cash out w/1-time deferred comp
557	Educational lv with pay
635	Emergency Sick Leave
636	Emergency FMLA Paid
638	Supplemental COVID-19 Emergency Sick Leave
641	Essential Worker COVD19 Leave
306	LC4850WC 84/12 plan shf
30680	LC4850WC 84/12 plan shf

2. Compensation Earnable, at a minimum, shall not include, in any case, the following pay items.
   A. The following pay codes are not included:

Pay Code	Description
007	EH relief nurse pm shift differential
009	EH relief nurse night shift differential
024	Voluntary or Ad Hoc On-Call hours
025	Call back pay
025-P	Call back pay (premium)
025S	Call back pay SART nurses
025-S	Call back pay SART nurses
026	Part-time double shift differential
028	On call EH. relief nurse
029	Part-time double shift differential
037	Layoff sick leave
040	Terminal vacation
042	Mandatory Time Off Unpaid
046	Holiday hours accrued
046CNA	Holiday premium hours accrued for PT CNA
046-P	Holiday hours accumulated at straight time
047	Holiday hours accrued at 1.5
049	Terminal holiday pay

Pay Code	Description
050	Terminal compensatory pay
051	Comp Time Earned at 1.5
051-P	Premium portion for call back
053	Comp time earned at straight time
060	Absent without leave
061	Leave without pay
061-A	X-Leave without pay
062	Disability leave without pay
063	Terminal MOT Pay
065	Overtime training hours
066	Overtime at time and one-half
069	Overtime special duty desk officer
069-P	Overtime special duty desk officer
070	Overtime special duty
073	Overtime special duty night shift
075	Overtime night shift premium hours
076	Rest period/Court CART differential
079	Overtime special shift differential
083	Worker's compensation payment
084	Employee incentives
085	Disability payment
086	Taxable benefits-DP
089	Relocation Allowance
091	Terminal VTO pay
096	County Deferred Comp Contribution
097	Miscellaneous terminal pay
101	LTD payments
103	FMLA earnings
105	Miscellaneous subsidies
106	FSLA adjustments
106 80	FSLA adjustment for 84/12
106 980-P1	FSLA adjustment 9/80 period 1
106 980-P2	FSLA adjustment 9/80 period 2
107	Overtime at straight time
108	Comp hours earned at straight time (OT)
111	Terminal compulsory time off
115	Missed Work Meal or Break Pay
125	Call back pay st.
132	Winter Recess Hours Accrued
134	Terminal Winter Recess Pay
203	Wellness Dividend
225	Call back pay flat rate
251	Comp Time Earned at 2x
266	Overtime Worked at 2x

Pay Code	Description
270	Overtime Special Duty at 2x
273	OT Spec Duty Night Shift at 2x
275	OT Night Shift at 2x
383	LC4850 workers compensation payment
637	Emergency FMLA Unpaid
640	Terminal EW COVID19 Leave
642	Essential Worker Onsite
803	SART nurses meeting/service-flat rate
804	SART nurses training and education-flat rate
P25	Call in phone

B. Payments associated with the provision of insurance benefits, or other third-party payments such as professional membership dues that are not received in cash by a member.

C. Payments by a SamCERA employer of member-required contributions to the retirement system under Government Code sections 31581.1, 31630, 31639.85 or under a memorandum of understanding (MOU) between members (or their representatives) and the SamCERA employer.

3. Pursuant to Government Code §31461(b) compensation earnable, shall not include in any case the following:

A. Any compensation determined by the Board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:

(1) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.

(2) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.

(3) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period regardless of when reported or paid.

B. Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.

C. Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

D. Payments made at the termination of employment, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.

4. To be included as pay code 027, the time for on-call hours which compensation is received must be within the working hours set forth in the applicable employment agreement, resolution, and/or departmental policies which should reflect that on-call is ordinarily worked by others in the same grade or classification or organizational unit at the same rate of pay; is a part of the regular work assignment (as distinguished from ad hoc or voluntarily worked) for all members in the organizational unit; reflect the amount of assigned and scheduled on-call hours (or method of regular rotation of assignment of scheduled on-call among all members of the organizational unit); and reflect that the method of filling vacancies or absences in such a schedule is accomplished through a rotational basis as distinguished from ad hoc or volunteering.

5. Pursuant to Government Code §31641(c), the terms listed above in paragraph 3 and 4 are intended to be consistent with and not in conflict with the holdings in *Salus v. San Diego County Employees Retirement Association* (2004) 117 Cal.App.4th 734 and *In re Retirement Cases* (2003)110 Cal.App.4th 426 and *Alameda County Deputy Sheriffs' Assoc. v. Alameda County Employees' Retirement Association* (2020) 9 Cal.5th 1032.

BE IT FURTHER RESOLVED, that the above-listed determinations by the Board of what is included or not included in compensation earnable, shall be in effect until such time as action taken by the Board or action by the Legislature or the Courts as a matter of law requires a different determination, and it is hereby clarified that, to the extent pay codes were inadvertently omitted or included from the pay code charts in prior resolutions, but such omissions or inclusions were contrary to the narrative of such resolutions or prior resolutions, the narrative language of such resolutions shall control.

* * * * *

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

Ayes, Trustees:

Noes, Trustees:

Absent, Trustees:

Abstain, Trustees:

____

Elaine Orr, Board Secretary, SamCERA

San Mateo County Employees' Retirement Association

RESOLUTION 2024-___

RESOLUTION DEFINING PENSIONABLE COMPENSATION PURSUANT TO GOVERNMENT CODE §7522.34 FOR MEMBERS WHO ARE NOT SUBJECT TO GOVERNMENT CODE §31461

Whereas, for those members who became active members on or after January 1, 2013, and who are subject to the California Public Employees' Pension Reform Act contained in Government Code §7522 et seq., the determination of their pensionable compensation is governed by Government Code §7522.34; and

Whereas, the pensionable compensation for those employee members who are subject to Government Code §7522.34 shall be the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules; and

Whereas, the Board has reviewed the current pay items and has determined which of those items are to be included in "Pensionable Compensation" and which items are not to be included; and

Whereas, it is necessary for this Board, from time to time, to amend its determinations of pensionable compensation due to changes made by SamCERA employers in their compensation schedules as well as changes in the law, and the creation of new earning codes resulting from labor negotiations, the Board finds that new pay codes designations should be added; Therefore, be it;

Resolved, Resolution number 2023-14 is rescinded, and pursuant to Government Code §7522.34 as interpreted by the courts, the Board hereby makes the following determinations to be effective December 24, 2023, as to what is included in "Pensionable Compensation" and items of remuneration that are not included:

1. Pensionable compensation shall include:

Pay Code	Description
001	Regular hours worked
001-G	Regular hours worked (grace paid)
001-M	Regular hours work (mandatory meeting)
001-T	Regular hours worked (training)
001-TW	Regular hours worked (telecom)
006	Sheriff's 84/12 Plan
00680	84/12 Plan (Sheriff)
010	Release time with pay
011	Training/Officer of the Day/Courtroom Clerk Electronic Recording Pay
013	Night shift differential
014	Special night shift differential
015	Special duty hours

Pay Code	Description
016	Inspection/Testing/Repair with a Certification
019	Charge pay differential
020	Split shift
021-L1	Bilingual pay
021-L2	Bilingual pay
022	Staffing differential
023	Weekend pay
035	Sick leave with pay
035B	Sick Leave Supplemental Pay
035-R	Reserve Sick Hours
036	Sick leave with pay (work-related injury)
036-R	Reserve Sick – work related injury
041	Vacation hours with pay
041-A	X-Vacation hours with pay
041B	Vacation Supplemental pay
041H	Vacation hours with pay on holiday
043	Holiday hours regular pay
043CNA	Holiday premium for PT CNA
044	Holiday worked at 1.5
045	Holiday hours worked at straight time
045-P	Holiday hours worked at straight time
048	Accumulated holiday hours taken
048-A	X-Accumulated holiday hours taken
048B	Accumulated Holiday Supplemental pay
048H	Holiday hours taken on holiday
052	Comp time hours used
052-A	X-Comp/Admin leave hours used
052B	Comp Time Supplemental pay
052H	Comp time hours used on holiday
054	Administrative leave
055	Jury duty with pay
056	Military leave with pay
057	Educational leave with pay
058	Other leave with pay
059	Disability leave with pay
064	Management overtime used
087	Bi-weekly special pay
090	Voluntary time off used
093	Furlough w/o pay used with payment of contributions
1TW	Regular Hours Teleworked
104	LTC shift differential
104B	LTC shift differential adjustment
110	Compulsory time off
112	Bereavement leave
113	Special Circumstances (BOS Policies) Leave

Pay Code	Description
114	Psychiatry Residency Program
130	Lactation Pay
131	Winter Recess HRs Regular Pay
133	Accum Winter Recess Hrs Taken
313	LC4850 night shift differential
315	LC4850 special duty
359	LC4850 disability with pay
557	Educational lv with pay
635	Emergency Sick Leave
636	Emergency FMLA Paid
638	Supplemental COVID-19 Emergency Sick Leave
641	Essential Worker COVD19 Leave
30680	LC4850WC 84/12 plan shf

2. Pensionable compensation, at a minimum, shall <u>not</u> include, in any case, the following pay items.
   A. The following pay codes are <u>not</u> included:

Pay Code	Description
007	EH relief nurse pm shift differential
009	EH relief nurse night shift differential
025	Call back pay
025-P	Call back pay (premium)
025S	Call back pay SART nurses
025-S	Call back pay SART nurses
026	Part-time double shift differential
027	On-call hours
028	On call E.H. relief nurse
029	Part-time double shift differential
037	Layoff sick leave
040	Terminal vacation
042	Mandatory Time Off Unpaid
045O	Holiday hours worked at straight time-overflow
046	Holiday hours accrued
046CNA	Holiday premium hours accrued for PT CNA
046-P	Holiday hours accumulated at straight time
047	Holiday hours accrued at 1.5
049	Terminal holiday pay
050	Terminal compensatory pay
051	Comp Time Earned at 1.5
051-P	Premium portion for call back
053	Comp time earned at straight time
060	Absent without leave
061	Leave without pay
061-A	X-Leave without pay
062	Disability leave without pay

Pay Code	Description
063	Terminal MOT Pay
065	Overtime training hours
066	Overtime at time and one-half
069	Overtime special duty desk officer
069-P	Overtime for mandatory meeting
070	Overtime special duty
073	Overtime special duty night shift
075	Overtime night shift premium hours
076	Rest period/Court CART differential
079	Overtime special shift differential
080	Uniform/tool allowance
080A	Uniform/tool allowance annual
081	Transportation allowance
083	Worker's compensation payment
084	Employee incentives
085	Disability payment
086	Taxable benefits-DP
088	Miscellaneous special pay
089	Relocation Allowance
091	Terminal VTO pay
096	County Deferred Comp Contribution
097	Miscellaneous terminal pay
101	LTD payments
102	Admin leave cash out
103	FMLA earnings
105	Miscellaneous subsidies
106	FSLA adjustments
106 80	FSLA adjustment for 84/12
106 980-P1	FSLA adjustment 9/80 period 1
106 980-P2	FSLA adjustment 9/80 period 2
107	Overtime at straight time
108	Comp hours earned at straight time (OT)
111	Terminal compulsory time off
115	Missed Work Meal or Break Pay
125	Call back pay st.
127	On-call days/hours – Post 2012
132	Winter Recess Hours Accrued
134	Terminal Winter Recess Pay
203	Wellness Dividend
225	Call back pay flat rate
251	Comp Time Earned at 2x
266	Overtime Worked at 2x
270	Overtime Special Duty at 2x
273	OT Spec Duty Night Shift at 2x
275	OT Night Shift at 2x

Pay Code	Description
383	LC4850 worker's compensation payment
502	Admin leave cash out w/1-time deferred comp
637	Emergency FMLA Unpaid
640	Terminal EW COVID19 Leave
642	Essential Worker Onsite
803	SART nurses meeting/service flat rate
804	SART nurses training and education flat rate
P25	Call in phone

B. Pursuant to Government Code §7522.34, pensionable compensation does not include the following:

1) Any compensation determined by the Board to have been paid to increase a member's retirement benefit.
2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment. Any one-time or ad hoc payments made to a member.
3) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment but is received by the member while employed.
4) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
5) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
6) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
7) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.
8) Employer contributions to deferred compensation or defined contribution plans.
9) Any bonus paid in addition to the compensation described in subdivision (a) of Government Code §7522.34.
10) Any other form of compensation the Board determines is inconsistent with the requirements of subdivision §7522.34 (a).
11) Any other form of compensation that this Board determines should not be pensionable compensation.

3. Pursuant to Government Code §7522.10, whenever pensionable compensation, as defined in §7522.34, is used in the calculation of a benefit, the pensionable compensation shall be subject to

the monetary limitations set forth in subdivision §7522.10.

Be It Further Resolved, that the above listed determinations by the Board of what is included or not included in pensionable compensation, shall be in effect until such time as this Board, the Legislature, or the Courts take action that as a matter of law requires a different determination, and it is hereby clarified that, to the extent pay codes were inadvertently omitted or included from the pay code charts in prior resolutions, but such omissions or inclusions were contrary to the narrative of such resolutions or prior resolutions, the narrative language of such resolutions shall control.

* * * * *

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

Ayes, Trustees:

Noes, Trustees:

Absent, Trustees:

Abstain, Trustees:

____

Elaine Orr, Board Secretary, SamCERA

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 23, 2024 | Agenda Item 4.11

TO: Board of Retirement

FROM: Doris Ng, Investment Analyst

SUBJECT: Semi-Annual Compliance Certification Statements for Period Ended December 31, 2023

Recommendation
Accept the semi-annual Compliance Certification Statements for SamCERA's non-alternative investment managers, as of December 31, 2023.

Background
As part of SamCERA's ongoing due diligence process, the Compliance Certification Statement is completed by each of the association's public equity, fixed income, real estate, real asset and cash overlay investment managers and investment consultant on a semi-annual basis.

These statements are used to update SamCERA on any firm-wide compliance issues and to provide strategic-level information regarding such things as derivatives and portfolio positioning. For investment managers whose investments are considered "alternative investment vehicles" per the California Government Section Code §7928.710, the Compliance Certification Statements are not provided in the public board packet and will be sent separately to the Board.

Discussion
The Compliance Certification Statements report that SamCERA's investment managers and investment consultant are in compliance with SamCERA's Investment Policy as of December 31, 2023. There were no reported significant developments in portfolio construction, investment approach, firm ownership or organizational structure of concern relating to the association's public investments. There were no notable issues regarding industry or regulatory actions that impact SamCERA. The managers were also requested to provide data regarding the characteristics and composition of their portfolios. No prominent issues were identified during the review. Any items that raise concern will be brought to the manager's or investment consultant's attention and will be thoroughly vetted by staff.

Please note the fully completed Compliance Certification Statements for Mondrian, PIMCO, State Street Global Advisors and Parametric were not received in time to be included in the mailing but will be included in the February board packet.

Attachments
Compliance Certification Statement Matrix 12-2023
Compliance Certification Statements (14)

A. Domestic Equity: BlackRock, PanAgora, PGIM Quantitative Solutions
B. International Equity: Baillie Gifford, BlackRock
C. Fixed Income: DoubleLine, FIAM LLC, NISA Investment Advisors (2)
D. Real Estate: Harrison Street, INVESCO
E. Liquidity: Insight Investment
F. Overlay: Record Currency Management Limited
G. Investment Consultant: Verus Advisory

Compliance Certification Statement Matrix – December 31, 2023

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
Domestic Equity					
BlackRock Russell 1000		No Concerns	No Concerns	No Concerns	• Largest single security Apple 6.5% • Largest single industry Info Technology 27.9%
DE Shaw		*Confidential under California Gov. Section Code §7928.710*			
PanAgora (Low Volatility strategy)		• May 2023 Great-West Lifeco announced Franklin Templeton's acquisition of Putnam Investments (a Power Corporation of Canada subsidiary/ PanAgora affiliate). PanAgora's ownership structure is not impacted by acquisition.	Not Applicable	No Concerns	• Largest single security by risk weight is 1.99% • Largest sector risk weight is Industrials 10%

Compliance Certification Statement Matrix – December 31, 2023

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
PGIM Quantitative Solutions LLC (f.k.a. QMA)		No Concerns	Not Applicable	No Concerns	• Largest holding: 0.92% • Largest industry: Bank 9.04% (-0.51% underweight vs. Russell 2000)
International Equity					
Baillie Gifford		No Concerns	Not Applicable	No Concerns	• 6.3% ADR • 19.3% Emerging Market
Blackrock MSCI ACWI ex US IMI		No Concerns	No Concerns	No Concerns	• 0.43% ADR 27.8% Emerging Market
Mondrian	Pending				
Fixed Income					
Angelo Gordon (Credit Solutions Fund)	*Confidential under California Gov. Section Code §7928.710*				
Angelo Gordon (Credit Solutions Fund II)	*Confidential under California Gov. Section Code §7928.710*				

Compliance Certification Statement Matrix – December 31, 2023

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
Angelo Gordon (CS2A Dislocation Fund)	*Confidential under California Gov. Section Code §7928.710*				
Beach Point	*Confidential under California Gov. Section Code §7928.710*				
Blackrock (Direct Lending Fund VIII)	*Confidential under California Gov. Section Code §7928.710*				
Blackrock (Direct Lending Fund IX)	*Confidential under California Gov. Section Code §7928.710*				
Brigade	*Confidential under California Gov. Section Code §7928.710*				
DoubleLine		No Concerns	No Concerns	No Concerns	• 19.32% in Rule 144A securities
Fidelity Institutional Asset Management (FIAM) BMD Bond		No Concerns	No Concerns	No Concerns	• 0.28% below inv grade (inv grade at purchase) • 14.15% in Rule 144A securities
NISA Core Bond		• Dec 2023-Greg Yess, Mng Director Client Services, retired end of yr.	No Concerns	No Concerns	• 6.47% Rule 144A securities

Compliance Certification Statement Matrix – December 31, 2023

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
		Mark Folkins, Chief Administrative Officer, joined NISA's management committee.			
NISA Long Treasury		• Dec 2023-Greg Yess, Mng Director Client Services, retired end of yr. Mark Folkins, Chief Administrative Officer, joined NISA's management committee.	Not Applicable	No Concerns	No Concerns
PIMCO (Diversified Income Fund)	Pending				
PIMCO (Private Income Fund)	*Confidential under California Gov. Section Code §7928.710*				
White Oak Yield Spectrum Fund (Fund IV)	*Confidential under California Gov. Section Code §7928.710*				
White Oak Yield Spectrum Fund V	*Confidential under California Gov. Section Code §7928.710*				
Real Estate					

Compliance Certification Statement Matrix – December 31, 2023

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
Harrison Street (Core Property Fund)		No Concerns	Not Applicable	No Concerns	No Concerns
Invesco (U.S. Core Real Estate Fund)		• Oct 2023 Bill Grubbs retired from Invesco	Not Applicable	No Concerns	No Concerns
Invesco (U.S. Value-Add Fund IV)		*Confidential under California Gov. Section Code §7928.710*			
Invesco (U.S. Value-Add Fund V)		*Confidential under California Gov. Section Code §7928.710*			
Invesco (U.S. Value-Add Fund VI)		*Confidential under California Gov. Section Code §7928.710*			
PGIM (US Real Estate Debt)		*Confidential under California Gov. Section Code §7928.710*			
Stockbridge (Value IV Fund)		*Confidential under California Gov. Section Code §7928.710*			
Real Assets					
State Street Global Advisors (Custom Real Asset Account)	Pending				
Liquidity					

Compliance Certification Statement Matrix – December 31, 2023

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
Insight Investment (Cash-flow driven investing)		• Head of US Investment Risk departed firm, but interim Head has been assigned. Expect to fill position in Q1-2024.	Not Applicable	No Concerns	• 8.75% Rule 144a
Overlay					
Parametric Portfolio Associates	Pending				
Record Currency Management Limited (RCML)		• July 2023 Neil Record retired as non-executive Chairman of Record plc after planned transition to David Morrison • Nov 2023 announced Leslie Hill will retire as CEO of Record plc in Apr 2024, to be succeeded by Dr. Jan Witte (current CEO of RCML)	Largest single counterparty (from mark to mkt perspective): Royal Bank of Canada	No Concerns	No Concerns

Compliance Certification Statement Matrix – December 31, 2023

Investment Manager	Mandate	General Compliance Issues	Derivative Instruments	Investment Manager Guidelines	Mandate Specific
Investment Consultant					
Verus Advisory		No Concerns	Not Applicable	Not Applicable	Not Applicable

34 Total | **14** Completed | **4** Pending Information |**16** Confidential

BlackRock Russell 1000 Index – December 31, 2023

Compliance Certification Statement
San Mateo County
Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Tuesday, January 9, 2024**.

General Compliance Issues

1. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
   ☐ **Yes: Please explain.** / ☒ **No**

2. Have there been any changes in the firm's investment approach?
   ☐ **Yes: Please explain.** / ☒ **No**

3. Have there have been any industry or regulatory disciplinary actions taken against the firm?
   ☐ **Yes: Please explain.** / ☒ **No**

4. Has the firm's insurance coverage been sustained?
   ☒ **Yes** / ☐ **No: Please explain.**

5. Have there been any investment guideline breaches with respect to the Fund's guidelines in the offering documents during the prior 6 months?
   ☐ **Yes: Please explain.** / ☒ **No**

6. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA*?
   ☒ **Yes** / ☐ **No: Please explain.**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule less favorable than those charged other institutional clients who hold an account investment substantially similar to ours?
   ☐ **Yes: Please explain.** / ☒ **No**

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
   ☒ **Yes: Please ANSWER the remaining questions in this section.**
   ☐ **No: Please SKIP the remaining questions in this section.**
   We only utilize exchange traded futures for cash equitization purposes. We do not utilize other kinds of derivatives in the management of this portfolio. The responses to questions 2-4 are N/A.

2. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
   ☐ **Yes** / ☐ **No: Please explain.**

3. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?
   ☐ **Yes** / ☐ **No**

   If **Yes**:
   a) Do the counter-parties have investment grade debt? ☐ **Yes/** ☐ **No**
   b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? ☐ **Yes/** ☐ **No: Please explain.**

4. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
   ☐ **Yes** / ☐ **No**

   If **Yes:**
   a) Do the counter-parties have investment grade debt? ☐ **Yes/** ☐ **No**
   b) Do the counter-parties have total assets in excess of $1 billion, and significant net capital to protect against potential adverse market circumstances?
   ☐ **Yes/** ☐ **No: Please explain.**

5. Is individual counter-party exposure well diversified? ☒ **Yes/** ☐ **No: Please explain.**
   a) What is the largest exposure to a single counter-party within the portfolio?
   b) Please specify the name of the counter-party and the amount of exposure.
   c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months?

6. Specify the security pricing sources used when developing portfolio market value exposures for non-exchange traded derivative positions. N/A, we only use exchange traded futures.

7. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

8. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. ☒ **Yes: Please explain. /** ☐ **No**

Domestic Equity Portfolios (Large, Mid & Small)

1. Please state the percentage of the portfolio held in each of the following types of securities

Common Stock	*99.27%*
Preferred Stock	*0%*
Convertible Securities	*0%*
Cash & Equivalents	*0.73%*

2. Specify the large, mid and small capitalization exposure of the portfolios? Please specify percentages.

Large-Cap	*100%*
Mid-Cap	*0%*
Small-Cap	*0%*

3. Specify the percentage of the portfolio that is invested in American Depository Receipts (ADR's). Also, specify the percentage of the portfolio invested in ADR securities that are 144A securities. If greater than 10%, explain why. N/A

4. What is the largest percentage of the portfolio represented by a single security? Please specify the security and percentage amount. If any securities were above 5% at the time of purchase, please list and explain why.

Apple, 6.5% of the portfolio. The weight of this security in the portfolio tracks the weight of the security in the index.

5. What is the largest percentage of the portfolio represented by a single industry? Specify the name of the industry, percentage amount and size relative to benchmark. Please specify all industries above 15%.

Information Technology represents 27.9% of the portfolio, which is in line with the benchmark. It is the only sector above 15%.

Signed by: Grant Dechert
Dated: 1/9/2024
Name of Firm: BlackRock

PanAgora Asset Management Defensive Equity U.S. Low Volatility –

December 31, 2023

Compliance Certification Statement
San Mateo County
Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Tuesday, January 9, 2024**.

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
   ☒ **Yes /** ☐ **No: Please explain.**

2. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
   ☒ **Yes: Please explain. /** ☐ **No**

   In May 2023 Great-West Lifeco announced that it entered into an agreement with Franklin Templeton, whereby Franklin Templeton would acquire Putnam Investments (a Power Corporation of Canada subsidiary / PanAgora affiliate) from Great-West Lifeco. The transaction officially closed on January 2, 2024. Upon the close of the transaction, the structure referenced above remains in place such that PanAgora continues to be owned indirectly by Power Corporation.

   As a reminder, PanAgora's ownership interests are held by Power Corporation, indirectly through its subsidiaries, and by PanAgora employees. Specifically, Power Corporation, indirectly through its subsidiaries, Power Financial Corporation/Great-West Lifeco/Empower Annuity Insurance Company of America, holds all of the voting interests of PanAgora. Additionally, PanAgora employees may, in the aggregate, own up to 20% of PanAgora's economic interests through restricted stock and options under the provisions of the PanAgora Management Equity Plan. Power Corporation holds, indirectly through the subsidiaries noted above, the residual economic interests of PanAgora.

3. Have there been any changes in the firm's investment approach?
   ☐ **Yes: Please explain. /** ☒ **No**

4. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly different from other similar portfolios?
   ☐ **Yes: Please explain. /** ☒ **No**

5. Have there have been any industry or regulatory disciplinary actions taken against the firm?
   ☐ **Yes: Please explain. /** ☒ **No**

6. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA* and in a manner consistent with the Board's proxy policies?
   ☒ **Yes /** ☐ **No: Please explain.**

7. Have there been any investment guideline breaches during the prior 6 months?
   ☐ **Yes: Please explain. /** ☒ **No**

8. Has the firm's insurance coverage been sustained?
   ☒ **Yes /** ☐ **No: Please explain.**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
   ☐ **Yes: Please explain. /** ☒ **No The investment management fee schedule applicable to SamCERA's investment in Defensive U.S. Large Cap Low Volatility represents the most beneficial (lowest) fee schedule offered to other institutional clients who hold a substantially similar account investment in such investment strategy.**

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
   ☐ **Yes: Please ANSWER the remaining questions in this section.**
   ☒ **No: Please SKIP the remaining questions in this section.**

2. Are derivative investments in compliance with *SamCERA's* investment policies?
   ☐ **Yes /** ☐ **No: Please explain.**

3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
   ☐ **Yes /** ☐ **No: Please explain.**

4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?
   ☐ **Yes /** ☐ **No**

   If **Yes**:
   a) Do the counter-parties have investment grade debt? ☐ **Yes/** ☐ **No**

b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? ☐ **Yes/** ☐ **No: Please explain.**

5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
   ☐ **Yes /** ☐ **No**

   If **Yes:**
   a) Do the counter-parties have investment grade debt? ☐ **Yes/** ☐ **No**
   b) Do the counter-parties have total assets in excess of $1 billion, and significant net capital to protect against potential adverse market circumstances?
   ☐ **Yes/** ☐ **No: Please explain.**

6. Is individual counter-party exposure well diversified? ☐ **Yes/** ☐ **No: Please explain.**
   a) What is the largest exposure to a single counter-party within the portfolio?
   b) Please specify the name of the counter-party and the amount of exposure.
   c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months?

7. Are the investment purposes for a derivative investment consistent with the four purposes stated in *SamCERA's* policies? ☐ **Yes /** ☐ **No: Please explain.**

   a) Has the firm developed any new purposes for derivative investments? ☐ **Yes: Please explain. /** ☐ **No**

8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment.

   a) State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. ☐ **Yes /** ☐ **No: Please explain.**
   b) State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

9. State if any restricted derivative investments are held in *SamCERA's* portfolios.
   ☐ **Yes /** ☐ **No**

   a) If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.

10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? ☐ **Yes /** ☐ **No: Please explain**.

11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? ☐ **Yes /** ☐ **No: Please explain**.

12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.

13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. ☐ **Yes: Please explain. /** ☐ **No**

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities?
   ☒ **Yes /** ☐ **No: Please explain**.

2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? ☐ **Yes: Please explain. /** ☒ **No**

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? ☐ **Yes /** ☒ **No**

   a) If **Yes,** do the investments comply with the policies? ☐ **Yes /** ☐ **No: Please explain**.

Domestic Equity Portfolio (Large, Mid & Small)

1. Specify the percentage of the portfolio held in each of the following types of securities:

Common Stock	*99.88%*
Preferred Stock	*0%*
Convertible Securities	*0%*
ADRs	*0%*
Cash & Equivalents	*0.12%*

2. Specify the large, mid and small capitalization exposure of the portfolios.

Large-Cap	*83.73%*
Mid-Cap	*14.87%*
Small-Cap	*1.39%*

3. Specify the percentage of the portfolio that is invested in American Depository Receipts (ADR's). Also, specify the percentage of the portfolio invested in ADR securities that are 144A securities. If greater than 10%, explain why. **The account holds 0% in ADR's and ADR securities that are 144A's.**

4. What is the largest percentage of the portfolio represented by a single security? Please specify the security and percentage amount. If any securities were above 4% at the time of purchase, please list and explain why. **The largest security risk weight percentage held in the account is Williams Cos Inc (WMB US) 1.99111%.**

5. What is the largest percentage of the portfolio represented by a single industry? Specify the name of the industry, percentage amount and size relative to benchmark. Please specify all industries above 15%. **The largest sector risk weight percentage held in the account is Industrials, 10.71017%. The benchmark's risk weight percentage for Industrials is 10.0013%**

6. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets? **PanAgora's Defensive U.S. Low Volatility products make up 0.71923% of the total AUM of the firm. SamCERA's account comprises 99.1025% of the total product assets.**

Signed by:	Joe Cherepowich - Manager, Investment Compliance
Dated:	January 9th, 2024
Name of Firm	PanAgora Asset Management, Inc.

PGIM Quantitative Solutions U.S. Small Cap Core – December 31, 2023

Compliance Certification Statement
San Mateo County
Employees' Retirement Association

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General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
☒ **Yes /** ☐ **No: Please explain.**

2. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
☐ **Yes: Please explain. /** ☒ **No**

3. Have there been any changes in the firm's investment approach?
☐ **Yes: Please explain. /** ☒ **No**

4. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly different from other similar portfolios?
☐ **Yes: Please explain. /** ☒ **No**

5. Have there been any industry or regulatory disciplinary actions taken against the firm? ☐ **Yes: Please explain. /** ☒ **No**

6. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA* and in a manner consistent with the Board's proxy policies?
☒ **Yes /** ☐ **No: Please explain.**

7. Have there been any investment guideline breaches during the prior 6 months?
☐ **Yes: Please explain. /** ☒ **No**

8. Has the firm's insurance coverage been sustained?
☒ **Yes /** ☐ **No: Please explain.**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
   ☐ **Yes: Please explain. /** ☒ **No**

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
   ☐ **Yes: Please ANSWER the remaining questions in this section.**
   ☒ **No: Please SKIP the remaining questions in this section.**

2. Are derivative investments in compliance with *SamCERA's* investment policies?
   ☐ **Yes /** ☐ **No: Please explain.**

3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
   ☐ **Yes /** ☐ **No: Please explain.**

4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?
   ☐ **Yes /** ☐ **No**

   If **Yes**:
   a) Do the counter-parties have investment grade debt? ☐ **Yes/** ☐ **No**
   b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? ☐ **Yes/** ☐ **No: Please explain.**

5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
   ☐ **Yes /** ☐ **No**

   If **Yes:**
   a) Do the counter-parties have investment grade debt? ☐ **Yes/** ☐ **No**
   b) Do the counter-parties have total assets in excess of $1 billion, and significant net capital to protect against potential adverse market circumstances?
      ☐ **Yes/** ☐ **No: Please explain.**

6. Is individual counter-party exposure well diversified? ☐ **Yes/** ☐ **No: Please explain.**
   a) What is the largest exposure to a single counter-party within the portfolio?
   b) Please specify the name of the counter-party and the amount of exposure.
   c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months?

7. Specify the security pricing sources used when developing portfolio market value exposures for non-exchange traded derivative positions.

8. Are the investment purposes for a derivative investment consistent with the four purposes stated in *SamCERA's* policies? ☐ **Yes** / ☐ **No: Please explain.**

   a) Has the firm developed any new purposes for derivative investments? ☐ **Yes: Please explain.** / ☐ **No**

9. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment.

   a) State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. ☐ **Yes** / ☐ **No: Please explain.**
   b) State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

10. State if any restricted derivative investments are held in *SamCERA's* portfolios.
    ☐ **Yes** / ☐ **No**

    a) If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.

11. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? ☐ **Yes** / ☐ **No: Please explain**.

12. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? ☐ **Yes** / ☐ **No: Please explain**.

13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past <u>six</u> months. ☐ **Yes: Please explain.** / ☐ **No**

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? ☒ **Yes** / ☐ **No**

   a) If **Yes,** do the investments comply with the policies? ☒ **Yes** / ☐ **No: Please explain**.

Domestic Equity Portfolios (Large, Mid & Small)

1. Please state the percentage of the portfolio held in each of the following types of securities

Common Stock	*99.38%*
Preferred Stock	*0%*
Convertible Securities	*0%*
Cash & Equivalents	*0.62%*

2. Specify the large, mid and small capitalization exposure of the portfolios? Please specify percentages.

Large-Cap	*0.92%*
Mid-Cap	*63.38%*
Small-Cap	*35.69%*

Large-Cap (>$10BN)
Mid-cap ($2BN-$10BN)
Small-cap (<= $2BN)

3. Specify the percentage of the portfolio that is invested in American Depository Receipts (ADR's). Also, specify the percentage of the portfolio invested in ADR securities that are 144A securities. If greater than 10%, explain why.

   None – 0.00%

4. What is the largest percentage of the portfolio represented by a single security? Specify the name of the security and percentage amount. If any securities were above 5% at the time of purchase, please list and explain why.

   Super Micro Computer, Inc. (SMCI), 0.92%

5. What is the largest percentage of the portfolio represented by a single industry? Specify the industry, percentage amount and size relative to benchmark. Please specify all industries above 15%.

   Banks: portfolio weight = 9.04%, benchmark weight = 9.55% → active bet = -0.51%

6. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

As of 9/30/2023
Firm: 0.13%
Composite: 10.1%

Signed by: Patrick McMenamin
Dated: 1/9/2024
Name of Firm: PGIM Quantitative Solutions

Baillie Gifford Overseas International Growth – December 31, 2023

Compliance Certification Statement
San Mateo County
Employees' Retirement Association

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General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
☒ **Yes** / ☐ **No: Please explain.**

2. Are *SamCERA's* market benchmarks in the respective asset class areas acceptable to the firm?
☒ **Yes** / ☐ **No: Please explain.**

3. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
☐ **Yes: Please explain.** / ☒ **No**

4. Have there been any changes in the firm's investment approach?
☐ **Yes: Please explain.** / ☒ **No**

5. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly different from other similar portfolios?
☐ **Yes: Please explain.** / ☒ **No**

6. Have there have been any industry or regulatory disciplinary actions taken against the firm?
☐ **Yes: Please explain.** / ☒ **No**

7. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA* and in a manner consistent with the Board's proxy policies?
☒ **Yes** / ☐ **No: Please explain.**

8. Have there been any investment guideline breaches during the prior 6 months?
☐ **Yes: Please explain.** / ☒ **No**

9. Has the firm's insurance coverage been sustained?
☒ **Yes** / ☐ **No: Please explain.**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
   ☐ **Yes: Please explain. /** ☒ **No**

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
   ☐ **Yes: Please ANSWER the remaining questions in this section.**
   ☒ **No: Please SKIP the remaining questions in this section.**

2. Are derivative investments in compliance with *SamCERA's* investment policies?
   ☐ **Yes /** ☐ **No: Please explain.**

3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
   ☐ **Yes /** ☐ **No: Please explain.**

4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?
   ☐ **Yes /** ☐ **No**

   If **Yes**:
   a) Do the counter-parties have investment grade debt? ☐ **Yes/** ☐ **No**
   b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? ☐ **Yes/** ☐ **No: Please explain.**

5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
   ☐ **Yes /** ☐ **No**

   If **Yes:**
   a) Do the counter-parties have investment grade debt? ☐ **Yes/** ☐ **No**
   b) Do the counter-parties have total assets in excess of $1 billion, and significant net capital to protect against potential adverse market circumstances?
      ☐ **Yes/** ☐ **No: Please explain.**

6. Is individual counter-party exposure well diversified? ☐ **Yes/** ☐ **No: Please explain.**
   a) What is the largest exposure to a single counter-party within the portfolio?
   b) Please specify the name of the counter-party and the amount of exposure.
   c) Have there been any changes to the investment manager's list of approved counter-parties over the past <u>six</u> months?

7. Are the investment purposes for a derivative investment consistent with the four purposes stated *SamCERA's* policies? ☐ **Yes /** ☐ **No: Please explain.**

   a) Has the firm developed any new purposes for derivative investments? ☐ **Yes: Please explain. /** ☐ **No**

8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment.

   a) State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. ☐ **Yes /** ☐ **No: Please explain.**
   b) State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

9. State if any restricted derivative investments are held in *SamCERA's* portfolios.
   ☐ **Yes /** ☐ **No**

   a) If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.

10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? ☐ **Yes /** ☐ **No: Please explain**.

11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? ☐ **Yes /** ☐ **No: Please explain**.

12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.

13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past <u>six</u> months. ☐ **Yes: Please explain. /** ☐ **No**

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities?
   ☒ **Yes /** ☐ **No: Please explain**.

2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? ☐ **Yes: Please explain. /** ☒ **No**

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? ☐ **Yes /** ☒ **No**

   a) If **Yes,** do the investments comply with the policies? ☐ **Yes /** ☐ **No: Please explain**.

International Equity Portfolios - Developed

1. Specify the percentage of the portfolio held in each of the following types of securities:

Foreign Ordinary Shares	*92.13%*
ADR's	*6.30%*
Cash & Equivalents (Foreign)	*0.00%*
Cash & Equivalents (Domestic)	*1.57%*

2. Specify the large, mid and small capitalization exposure of the portfolios.

Large-Cap	*83.23%*
Mid-Cap	*15.94%*
Small-Cap	*0.83%*

**Above figures exclude cash*

3. Is the firm monitoring the country, currency, sector and security selection risks associated with its portfolio? ☒ **Yes /** ☐ **No: Please explain**

4. Does the portfolio invest in emerging and/or frontier markets? ☒ **Yes /** ☐ **No**

   a) If **Yes**, please specify the percentage(s) of the portfolio invested in emerging and/or frontier markets.

   19.3% is invested in Emerging Markets as at December 31, 2023.

5. Does the portfolio currently employ a currency hedging strategy? ☐ **Yes /** ☒ **No**

6. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

   Based on provisional end-December 2023 AUM data, the ACWI ex US All Cap Strategy comprised 3.6% of the firm's total AUM. Within the strategy, San Mateo County Employees Retirement Association held $269.7 million representing 2.6% of the total strategy. Should there be a change to these figures once our AUM data is finalized, we will provide a revised certification.

Signed by: DocuSigned by: Eoin Anderson 3EEED2387733423...

Eoin Anderson, Client Service Director

Dated: 01/09/2024

Name of Firm Baillie Gifford Overseas Limited

BlackRock MSCI ACWI ex US IMI Index – December 31, 2023

Compliance Certification Statement
San Mateo County
Employees' Retirement Association

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General Compliance Issues

1. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
   ☐ **Yes: Please explain. /** ☒ **No**

2. Have there been any changes in the firm's investment approach?
   ☐ **Yes: Please explain. /** ☒ **No**

3. Have there have been any industry or regulatory disciplinary actions taken against the firm?
   ☐ **Yes: Please explain. /** ☒ **No**

4. Has the firm's insurance coverage been sustained?
   ☒ **Yes /** ☐ **No: Please explain.**

5. Have there been any investment guideline breaches with respect to the Fund's guidelines in the offering documents during the prior 6 months?
   ☐ **Yes: Please explain. /** ☒ **No**

6. Have proxy ballots been voted in accordance with the best economic interest of *SamCERA*?
   ☒ **Yes /** ☐ **No: Please explain.**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule less favorable than those charged other institutional clients who hold an account investment substantially similar to ours?
   ☐ **Yes: Please explain. /** ☒ **No**

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
   ☒ **Yes: Please ANSWER the remaining questions in this section.**
   ☐ **No: Please SKIP the remaining questions in this section.**
   We only utilize exchange traded futures for cash equitization purposes. We do not utilize other kinds of derivatives in the management of this portfolio. The responses to questions 2-4 are N/A.

2. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
   ☐ **Yes /** ☐ **No: Please explain.**

3. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?
   ☐ **Yes /** ☐ **No**

   If **Yes**:
   a) Do the counter-parties have investment grade debt? ☐ **Yes/** ☐ **No**
   b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? ☐ **Yes/** ☐ **No: Please explain.**

4. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
   ☐ **Yes /** ☐ **No**

   If **Yes:**
   a) Do the counter-parties have investment grade debt? ☐ **Yes/** ☐ **No**
   b) Do the counter-parties have total assets in excess of $1 billion, and significant net capital to protect against potential adverse market circumstances?
      ☐ **Yes/** ☐ **No: Please explain.**

5. Is individual counter-party exposure well diversified? ☒ **Yes/** ☐ **No: Please explain.**
   a) What is the largest exposure to a single counter-party within the portfolio?
   b) Please specify the name of the counter-party and the amount of exposure.
   c) Have there been any changes to the investment manager's list of approved counter-parties over the past <u>six</u> months?

6. Specify the security pricing sources used when developing portfolio market value exposures for non-exchange traded derivative positions. N/A, we only use exchange traded futures.

7. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives. This fund is a fund of fund and the three underlying components each hold a position in exchange traded futures for liquidity and cash equitization purposes.

8. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. ☐ **Yes: Please explain. /** ☒ **No**

International Equity Portfolios

1. Specify the percentage of the portfolio held in each of the following types of securities:

Foreign Ordinary Shares	*99.57%*
ADR's	*0.43%*
Cash & Equivalents (Foreign)	*0%*
Cash & Equivalents (Domestic)	*0%*

2. Specify the large, mid and small capitalization exposure of the portfolios.

Large-Cap	*61.5%*
Mid-Cap	*30.6%*
Small-Cap	*7.9%*

3. What percentage of the portfolio is invested in emerging and/or frontier markets?
   27.8% in Emerging Markets, the fund has no exposure to Frontier Markets.

Signed by: Grant Dechert
Dated: 1/9/2024
Name of Firm: BlackRock

DoubleLine Securitized Income – December 31, 2023

Compliance Certification Statement
San Mateo County
Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Tuesday, January 9, 2024**.

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
   ☒ **Yes** / ☐ **No: Please explain.**

2. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
   ☐ **Yes: Please explain.** / ☒ **No**

   DoubleLine Capital LP is a dynamic private partnership, that is predominately owned by DoubleLine employees and other DoubleLine entities. The composition of the partnership changes from time to time due to the addition of new partners and retirement of existing partners. DoubleLine also has a dynamic portfolio of strategies and offerings that change from time to time based on market conditions and climate. None of these changes should have any negative material effect on DoubleLine's ability to manage client funds.

3. Have there been any changes in the firm's investment approach?
   ☐ **Yes: Please explain.** / ☒ **No**

4. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly different from other similar portfolios?
   ☐ **Yes: Please explain.** / ☒ **No**

5. Have there been any industry or regulatory disciplinary actions taken against the firm? ☐ **Yes: Please explain.** / ☒ **No**

6. Have there been any investment guideline breaches during the prior 6 months?
   ☐ **Yes: Please explain.** / ☒ **No**

7. Has the firm's insurance coverage been sustained?
   ☒ **Yes** / ☐ **No: Please explain.**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
   ☐ **Yes: Please explain. /** ☒ **No**
   SamCERA's investment management fee schedule does not result in a higher fee charged than the fee charged to another institutional client who holds an account that is substantially similar to SamCERA's in terms of investment objectives and guidelines, and therefore, is in compliance with the "most favored nations" clause (Section 2.2) of SamCERA's investment manager agreement.

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
   ☒ **Yes: Please ANSWER the remaining questions in this section.**
   ☐ **No: Please SKIP the remaining questions in this section.**

2. Are derivative investments in compliance with *SamCERA's* investment policies?
   ☒ **Yes /** ☐ **No: Please explain.**

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities?
   ☒ **Yes /** ☐ **No: Please explain**.

2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? ☐ **Yes: Please explain. /** ☒ **No**

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? ☒ **Yes /** ☐ **No**

   a) If **Yes,** do the investments comply with the policies? ☒ **Yes /** ☐ **No: Please explain**.

Domestic Fixed Income Portfolios

1. State the percentage of the portfolio held in each of the following types of securities:

Certificates of Deposit	*0%*
Commercial Paper	*0%*
Other High Grade Short-term securities	*0%*

U.S. Government & Agency securities	*73.93%*
Corporate Bonds	*0%*
Mortgage- and asset-backed securities	*72.17%*
Yankee bond securities	*0%*
Others (CLO)	*4.71%*

2. Is the firm monitoring the country, currency, sector and security selection risks associated with its portfolio? ☒ **Yes /** ☐ **No: Please explain**

3. Does the firm conduct horizon analysis testing? ☒ **Yes /** ☐ **No: Please explain.**

4. Are any holdings below investment grade? ☒ **Yes /** ☐ **No**

   a) If **Yes**, does the percentage of investments held below investment grade represent more than 10% of the portfolio? ☐ **Yes /** ☒ **No**

5. Excluding U. S. Government and Agency bond holdings, did any individual bond issue represent more than 5% of the market value of the portfolio? ☐ **Yes /** ☒ **No**

   a) If **Yes**, please specify the bond issue and percentage amount.

6. What percentage of the portfolio is held in Rule 144A securities? 19.32%

7. At the time of purchase, was there any single industry which represented more than 15% of the market value of the account. ☐ **Yes /** ☒ **No**
   a) If **Yes**, please specify the name of the industry, percentage amount and size relative to the benchmark.

8. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?
   AUM information as of 12/31/23 will be available on 1/15/24. We will send you this information on or before that date.

Signature: Youse Guia
Signed by: Youse Guia
Dated: 1/5/2024
DoubleLine Capital

FIAM Important Information

Please read this information carefully.

All information & data is as of the date of this Proposal unless otherwise indicated.

Information provided in, and presentation of, this document is for informational and educational purposes only and are not a recommendation to take any particular action, or any action at all, nor an offer or solicitation to buy or sell any securities or services presented. It is not investment advice. Fidelity does not provide legal or tax advice.

Before making any investment decisions, you should consult with your own professional advisers and take into account all of the particular facts and circumstances of your individual situation. Fidelity and its representatives may have a conflict of interest in the products or services mentioned in this material because they have a financial interest in them, and receive compensation, directly or indirectly, in connection with the management, distribution, and/or servicing of these products or services, including Fidelity funds, certain third-party funds and products, and certain investment services.

Performance

Gross composite returns do not reflect the deduction of investment advisory ("IA"), performance, administrative or custodial fees, but do include trading expenses. Net composite returns are calculated by deducting the highest advisory fee applicable to any account employing this strategy during the time period shown and applicable performance fee (if any), exclusive of minimum fee arrangements. Other fees and expenses may reduce returns. See the GIPS Composite Report for performance figures that are net of the highest advisory fee (including performance fee, if any) applicable to any account in the Composite, which includes accounts managed by FIAM LLC and its affiliated advisory entities, as permitted, including Fidelity Diversifying Solutions LLC (FDS). Historical performance shown may have been achieved by a different investment adviser in the GIPS Firm definition than the investment adviser presenting the performance, and the investment team responsible for the performance shown may have changed over the course of the composite's performance time period shown. See FIAM LLC's Form ADV for more information about advisory fees if FIAM LLC is the investment manager for the account. See FDS' Form ADV for more information about advisory fees if FDS is the investment manager for the account. For additional information about advisory fees related to other affiliated advisory entities of FIAM LLC, speak with your relationship manager. All results reflect realized and unrealized appreciation and the reinvestment of dividends and investment income, if applicable. Taxes have not been deducted. FIAM LLC and its affiliated advisory entities claims compliance with the Global Investment Performance Standards (GIPS) as part of the Fidelity Investments firm.

Target/Expected Return and Excess Return (Target Alpha)

Target Return is aspirational and is not determined using any calculation methodology. Net Target Return is presented net the highest fee applicable to any FIAM client employing this strategy. FIAM determines the strategy's Target Return taking into consideration the strategy's target tracking error and applying an assumed information ratio. Target Return is determined when a product is launched and is not revised over time. Target Return is speculative and of extremely limited use to any investor and should not be relied upon in any way.

Although FIAM believes it has a reasonable basis for any target or expected returns, there is no assurance that actual results will be comparable. Actual results will depend on prevailing systemic conditions impacting capital markets as well as idiosyncratic factors affecting individual portfolio securities.

Risks

Past performance is no guarantee of future results. Investors should be aware that an investment's value may be volatile and involves the risk that you may lose money. Performance for individual accounts will differ from performance for composites and representative accounts due to factors, including but not limited to, portfolio size, trading restrictions, account objectives and restrictions, fees and expenses, and factors specific to a particular investment structure. Representative account information is based on an account in that strategy's composite that generally reflects that strategy's management and is not based on performance of that account.

The value of a strategy's investments will vary in response to many factors, including adverse issuer, political, regulatory, market or economic developments. The value of an individual security or a particular type of security can be more volatile than and perform differently from the market as a whole. Nearly all accounts are subject to volatility in non-U.S. markets, either through direct exposure or indirect effects on U.S. markets from events abroad, including fluctuations in foreign currency exchanges rates and, in the case of less developed markets, currency illiquidity. Developments that disrupt global economies and financial markets, such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions or other events may magnify factors that affect performance.

In addition, some countries experience low or negative interest rates, from time to time, which may magnify interest rate risk for the markets as a whole and for the funds or accounts. The discontinuation and replacement of LIBOR (an indicative measure of the average interest rate at which major global banks could borrow from one another) and other benchmark rates may have a significant impact on the financial markets and may adversely impact fund or account performance. Additionally, funds or accounts that pursue debt investments are subject to risks of prepayment or default, as well as changes to bankruptcy or debtor relief laws, which may impede collection efforts or alter timing and amount of collections.

Diversification does not ensure a profit nor protect against loss in a declining market.

Risk Metrics

This document may include risk metrics such as Standard Deviation, Sharpe Ratio, Beta, Up/Downside Market Capture, Information Ratio, Tracking Error, Active Risk. Risk metrics shown are provided for illustrative purposes and are not intended to represent performance of the strategy. They are presented gross of any fees and expenses that would apply to an investment in the strategy. Historical risk metrics do not necessarily guarantee future risk profile of the strategy.

ESG

While environmental. social, and corporate governance (ESG) factors are made available to all investment teams, ESG assessments represent one of many pieces of research available to the portfolio management and the degree to which it impacts the strategy's holdings may vary strategy by strategy based on the portfolio manager's discretion.

The performance of fixed income strategies will change daily based on changes in interest rates and market conditions and in response to other economic, political, or financial developments. Debt securities are sensitive to changes in interest rates depending on their maturity and may involve the risk that their prices may decline if interest rates rise or, conversely, if interest rates decline, their prices may increase. Debt securities carry the risk of default, prepayment risk, and inflation risk. Changes specific to an issuer, such as its financial condition or its economic environment, can affect the credit quality or value of an issuer's securities. Lower-quality debt securities (those rated or considered below investment-grade quality, also referred to as high-yield debt securities) and certain types of other securities are more volatile, speculative and involve greater risk due to increased sensitivity to adverse issuer, political, regulatory, and market developments, especially in periods of general economic difficulty. The value of mortgage securities may change due to shifts in the market's perception of issuers and changes in interest rates, regulatory, or tax changes.

Derivatives may be volatile and involve significant risk, including but not limited to credit risk, currency risk, leverage risk, counterparty risk, valuation risk, and liquidity risk. Using derivatives can disproportionately increase losses and reduce opportunities for gains in certain circumstances.

Derivatives involve leverage because they can provide investment exposure in an amount exceeding the initial investment. Leverage can magnify investment risks and cause losses to be realized more quickly. A small change in the underlying asset, instrument, or index can lead to a significant loss. Assets segregated to cover these transactions may decline in value and are not available to meet redemptions. Government legislation or regulation could affect the use of these transactions and could limit the ability to pursue such investment strategies.

General

These materials contain statements that are “forward-looking statements,” which are based on certain assumptions of future events. FIAM and its affiliated advisory entities do not assume any duty to update any forward-looking statement. Actual events may differ from those assumed. There can be no assurance that forward-looking statements, including any projected returns, will materialize or that actual market conditions and/or performance results will not be materially different or worse than those presented.

Certain data and other information in this RFP have been supplied by outside sources and are believed to be reliable and current. Data and information from third-party databases, such as eVestment Alliance, Callan, and Morningstar are self-reported by firms that generally pay a subscription fee to use such databases, and the database sponsors do not guarantee or audit the accuracy, timeliness, or completeness of the data and information provided, including any rankings. Rankings or similar data reflect information at the time rankings were retrieved from a third-party database, and such rankings may vary significantly as additional data from managers is reported. Rankings may include a variety of product structures, including some in which certain clients may not be eligible to invest. FIAM cannot verify the accuracy of information from outside sources, and potential investors should be aware that such information is subject to change without notice.

Miscellaneous

The Chartered Financial Analyst (CFA) designation is offered by the CFA Institute. To obtain the CFA charter, candidates must pass three exams demonstrating their competence, integrity, and extensive knowledge in accounting, ethical and professional standards, economics, portfolio management, and security analysis, and must also have at least four years of qualifying work experience, among other requirements. CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.

Chartered Alternative Investment Analyst (CAIA) is offered by the Association of Chartered Alternative Analysts. Candidates are expected to understand the basic concepts of finance and quantitative analysis and need to pass two exams. One year of professional experience with a bachelor’s degree or four of professional experience without a bachelor’s degree is required. Professional experience is defined as full-time employment in a professional capacity within the regulatory, banking, financial, or related fields.

Financial Risk Manager (FRM) is offered by the Global Association of Risk Professionals. Candidates must pass two exams demonstrating their competence in risk management and must also have at least two years of professional full-time financial risk management work experience, among other requirements.

Entities

Fidelity Asset Management Solutions (FAMS) provides a broad array of investment solutions and services with its Global Institutional Solutions (GIS), Global Asset Allocation (GAA), and institutional equity, fixed income, high income, and alternative asset management teams through Fidelity Diversifying Solutions LLC (FDS) and FIAM LLC, each a U.S. registered investment adviser; and Fidelity Institutional Asset Management Trust Company (FIAMTC), a New Hampshire trust company.

The following are commingled pools of the FIAM Group Trust for Employee Benefit Plans, and are managed by FIAMTC: Freedom Target Date pools, the FIAM 30/70 pool, and the FIAM Pension Journey pools. Commingled pools are not mutual funds.

“Fidelity Investments” and/or “Fidelity” refers collectively to FMR LLC, a U.S. company, and its subsidiaries, including but not limited to Fidelity Management & Research Company LLC (FMR), FDS, FIAM LLC and FIAMTC.

Disclaimers

The information contained herein is confidential. By accepting this information, the recipient agrees that it will use, and it will cause its directors, partners, officers, employees, and representatives to use, the information only to evaluate its potential interest in the securities described herein and for no other purpose and will not divulge any such information to any other party. Any reproduction of this information, in whole or in part, is prohibited.

The information contained herein has been prepared solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any trading strategy. If any offer of securities is made, it will be made pursuant to a Private Placement Memorandum, Limited Partnership Agreement, Subscription Agreement, and other documents (collectively, the "Offering Documents") prepared by or on behalf of the Fund that contain material information not contained herein and that shall, to the extent applicable, supersede, amend, and supplement the information contained herein in its entirety. Any decision to invest in the securities described herein should be made after reviewing the Offering Documents, conducting such investigations as the investor deems necessary or appropriate and consulting the investor's own legal, accounting, tax, and other advisors in order to make an independent determination of the suitability and consequences of an investment in the securities.

The securities described herein will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), and the Fund will not be registered under the Investment Company Act of 1940, as amended. The securities described herein will not be approved or disapproved by any federal, state, or foreign securities commission or any other regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of the information contained herein. Any representation to the contrary is a criminal offense.

Fidelity makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, and nothing contained herein shall be relied upon as a promise or representation whether as to the past or future performance. Fidelity disclaims any and all liability relating to this information, including, without limitation any express or implied representation or warranty for statements contained in and omissions from this information. The information contained herein may include estimates and projections and involves significant elements of subjective judgment and analysis. No representations are made as to the accuracy of such estimates or projections or that all assumptions relating to such estimates or projections have been considered or stated or that such projections will be realized. Fidelity shall have no duty to update the information contained herein.

Risk Factors

The risk factors will vary depending on the private fund. Investors should review the offering documents, including the description of risk factors contained in the Fund's Confidential Private Placement Memorandum (the "Memorandum"), prior to making a decision to invest in the securities described herein. An investment in the Fund involves a high degree of risk and is suitable only for those investors willing to risk losing some or all of their principal investment and who have the experience and ability to evaluate the risks and merits of an investment in the Fund. The Memorandum will include more complete descriptions of the risks described below as well as additional risks relating to, among other things, foreign exposure, conflicts of interest and regulatory and tax matters. Any decision to invest in the securities described herein should be made after reviewing such Memorandum, conducting such investigations as the investor deems necessary and consulting the investor's own legal, accounting and tax advisors in order to make an independent determination of the suitability and consequences of an investment in the Fund.

Fidelity Institutional Asset Management U.S. Core Bonds – December 31, 2023

Compliance Certification Statement
San Mateo County
Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Tuesday, January 9, 2024**.

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
☒ **Yes /** ☐ **No: Please explain.**

2. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
☐ **Yes: Please explain. /** ☒ **No**

3. Have there been any changes in the firm's investment approach?
☐ **Yes: Please explain. /** ☒ **No**

4. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly different from other similar portfolios?
☐ **Yes: Please explain. /** ☒ **No**

5. Have there been any industry or regulatory disciplinary actions taken against the firm? ☐ **Yes: Please explain. /** ☐ **No**

FIAM LLC:

From time to time, in the regular course of its business, FIAM LLC may receive inquiries (including subpoenas and voluntary requests for information) from regulatory authorities or law enforcement; a regulator may conduct an on-site examination; or a regulator may commence an investigation. The Firm does not make public comment about such inquiries, examinations, or investigations unless and until enforcement proceedings are initiated. To the extent FIAM LLC or its securities affiliates have been sanctioned, fined, or cited by the Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA), or any other regulatory body, any such sanction, fine or citation has been disclosed in its or its affiliates' Forms BD and/or Forms ADV in accordance with the requirements of such forms.

6. Have there been any investment guideline breaches during the prior 6 months?
☐ **Yes: Please explain. /** ☒ **No**

7. Has the firm's insurance coverage been sustained?
☒ **Yes /** ☐ **No: Please explain.**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
   ☐ **Yes: Please explain. /** ☒ **No**

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
   ☒ **Yes: Please ANSWER the remaining questions in this section.**
   ☐ **No: Please SKIP the remaining questions in this section.**

2. Are derivative investments in compliance with *SamCERA's* investment policies?
   ☒ **Yes /** ☐ **No: Please explain.**

3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
   ☒ **Yes /** ☐ **No: Please explain.**

Not applicable.

4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?
   ☒ **Yes /** ☐ **No**

   If **Yes**:
   a) Do the counter-parties have investment grade debt? ☒ **Yes/** ☐ **No**
   b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? ☒ **Yes/** ☐ **No: Please explain.**

Not applicable.

5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
   ☒ **Yes /** ☐ **No**

   If **Yes:**
   a) Do the counter-parties have investment grade debt? ☒ **Yes/** ☐ **No**
   b) Do the counter-parties have total assets in excess of $1 billion, and significant net capital to protect against potential adverse market circumstances?
   ☒ **Yes/** ☐ **No: Please explain.**

Not applicable.

6. Is individual counter-party exposure well diversified? ☒ **Yes/** ☐ **No: Please explain.**
   a) What is the largest exposure to a single counter-party within the portfolio?
   b) Please specify the name of the counter-party and the amount of exposure.
   c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months?

Not applicable.

7. Are the investment purposes for a derivative investment consistent with the four purposes stated in *SamCERA's* policies? ☒ **Yes** / ☐ **No: Please explain.**

   a) Has the firm developed any new purposes for derivative investments? ☐ **Yes: Please explain.** / ☒ **No**

8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment.

As of December 31, 2023, the portfolio held no derivative securities.

   a) State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. ☐ **Yes** / ☐ **No: Please explain.**

Not applicable.

   b) State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

Not applicable.

9. State if any restricted derivative investments are held in *SamCERA's* portfolios.
   ☐ **Yes** / ☒ **No**

   a) If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.

10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? ☐ **Yes** / ☐ **No: Please explain**.

As of December 31, 2023, the portfolio held no derivative securities.

11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? ☒ **Yes** / ☐ **No: Please explain**.

12. Specify the security pricing sources used when developing portfolio market value exposures for non-exchanged traded derivative positions.

Fidelity Fund and Investment Operations (FFIO) utilizes a combination of sources for derivatives pricing. Primary source for most derivative instruments is third-party pricing vendors, including Markit, Pricing Direct, Refinitiv, and Bloomberg (Refinitiv is our primary source on futures).

13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

All derivative instruments used in the portfolio are liquid. Given the minimum role they play in the portfolio and the extensive research conducted by the Counterparty Risk Team and the large team of in-house and external lawyers that support these efforts, we feel the legal and regulatory risks are minimal.

As of As of December 31, 2023, no derivatives were held in the portfolio.

14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. ☐ **Yes: Please explain. /** ☒ **No**

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities?
☒ **Yes /** ☐ **No: Please explain**.

2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? ☐ **Yes: Please explain. /** ☒ **No**

Domestic Fixed Income Portfolios

1. State the percentage of the portfolio held in each of the following types of securities:

Certificates of Deposit	*%*
Commercial Paper	*%*
Other High Grade Short-term securities	*%*
U.S. Government & Agency securities	*37%*
Corporate Bonds	*29%*
Mortgage- and asset-backed securities	*33%*
Yankee bond securities	*1%*

2. Does the firm conduct horizon analysis testing? ☒ **Yes /** ☐ **No: Please explain.**

Scenario Analysis is performed at both the security and portfolio level. We perform scenario analysis on a daily basis for most fixed-income securities in our universe. There are 13 interest-rate scenarios consisting of unchanged, shift, and twist yield curve movements. We also allow for interactive analysis, incorporating spread changes into the estimated scenarios.

3. Are any holdings below investment grade? ☒ **Yes** / ☐ **No**

   a) If **Yes**, why are they held in the portfolio?

As of December 31, 2023, 0.28% of holdings in the portfolio were below investment grade. Purchased as investment grade, these holdings have been downgraded due to increased leverage or other fundamental credit criteria. We still feel they hold relative value, although we are monitoring these securities closely.

4. Excluding U. S. Government and Agency bond holdings, did any individual bond issue represent more than 5% of the market value of the portfolio? ☐ **Yes** / ☒ **No**

   a) If **Yes**, please specify the bond issue and percentage amount.

5. What percentage of the portfolio is held in Rule 144A securities?

14.15%

6. At the time of purchase, was there any single industry which represented more than 15% of the market value of the account. ☐ **Yes** / ☒ **No**

   a) If **Yes**, please specify the name of the industry, percentage amount and size relative to benchmark.

7. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

As of December 31, 2023, the SamCERA Broad Market Duration account represents <1% of the assets in the Broad Market Duration strategy and less than 1% of total FIAM assets.

DocuSigned by:

Signed by: Mark Botelho
Dated: 1/10/2024 | 18:25:00 PM EST
3B8B58BBECA94ED...
Name of Firm: FIAM LLC

NISA Investment Advisors, LLC – December 31, 2023
Core Bond Account

Compliance Certification Statement
San Mateo County
Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Tuesday, January 9, 2024**.

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
   ☒ **Yes /** ☐ **No: Please explain.**

2. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
   ☐ **Yes: Please explain. /** ☒ **No**

   NISA Investment Advisors, LLC is a wholly owned subsidiary of NISA, LLC. NISA, LLC is 100 percent employee-owned through membership interests in NISA, LLC. During Q4 2023, there were no material changes to NISA's ownership structure.

   During Q3 2023, as part of NISA's ongoing efforts to broaden the management responsibilities of its Senior Team, the following individuals were promoted.

   Rusty Groth, CFA – Director, Client Services
   David Murad, CFA, ASA, CERA – Director, Investment Strategies
   Alik Ulmasov, CFA – Director, Investment Strategies

   Greg Yess, Managing Director, Client Services retired on 12/31/2023 and is no longer a member of NISA's Management Committee. In conjunction with Greg's retirement, Mark Folkins, Chief Administrative Officer joined NISA's Management Committee.

3. Have there been any changes in the firm's investment approach?
   ☐ **Yes: Please explain. /** ☒ **No**

4. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly different from other similar portfolios?
   ☐ **Yes: Please explain. /** ☒ **No**

5. Have there have been any industry or regulatory disciplinary actions taken against the firm?
   ☐ **Yes: Please explain. /** ☒ **No**

6. Have there been any investment guideline breaches during the prior 6 months?
   ☐ **Yes: Please explain. /** ☒ **No**

7. Has the firm's insurance coverage been sustained?
   ☒ **Yes /** ☐ **No: Please explain.**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
   ☐ **Yes: Please explain. /** ☒ **No**

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
   ☒ **Yes: Please ANSWER the remaining questions in this section.**
   ☐ **No: Please SKIP the remaining questions in this section.**

2. Are derivative investments in compliance with *SamCERA's* investment policies?
   ☒ **Yes /** ☐ **No: Please explain.**

3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
   ☐ **Yes /** ☐ **No: Please explain.**

4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?
   ☐ **Yes /** ☐ **No**

   If **Yes**:

   a) Do the counter-parties have investment grade debt? ☐ **Yes/** ☐ **No**

   b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? ☐ **Yes/** ☐ **No: Please explain.**

5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
   ☐ **Yes /** ☐ **No**

   If **Yes:**

   a) Do the counter-parties have investment grade debt? ☐ **Yes/** ☐ **No**

b) Do the counter-parties have total assets in excess of $1 billion, and significant net capital to protect against potential adverse market circumstances?
☐ **Yes/** ☐ **No: Please explain.**

6. Is individual counter-party exposure well diversified? ☒ **Yes/** ☐ **No: Please explain.**

a) What is the largest exposure to a single counter-party within the portfolio?

The NISA-managed SamCERA Aggregate Bond Portfolio holds exchange traded, U.S. Treasury futures contracts with JP Morgan as the FCM. As of 12/31/2023, the gross notional futures exposure with JP Morgan was $37,379,594.

b) Please specify the name of the counter-party and the amount of exposure.

The NISA-managed SamCERA Aggregate Bond Portfolio holds exchange traded, U.S. Treasury futures contracts with JP Morgan as the FCM. As of 12/31/2023, the gross notional futures exposure with JP Morgan was $37,379,594.

c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months?

Yes. During the six months ending 12/31/2023, the following changes were made to NISA's Approved Broker List: Jane Street Execution Services, LLC was added. B. Riley Securities, Credit Suisse Securities, and NatWest Markets Securities were removed.

7. Are the investment purposes for a derivative investment consistent with the four purposes stated *SamCERA's* policies? ☒ **Yes /** ☐ **No: Please explain.**

a) Has the firm developed any new purposes for derivative investments? ☐ **Yes: Please explain. /** ☒ **No**

8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment.

N/A. The NISA-managed SamCERA Portfolio only holds exchange traded futures contracts, which falls under the 'Allowable Derivative Instruments' in the SamCERA IPS.

a) State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. ☐ **Yes /** ☐ **No: Please explain.**

N/A. The NISA-managed SamCERA Aggregate Bond Portfolio only holds exchange traded futures contracts, which falls under the 'Allowable Derivative Instruments' in the SamCERA IPS.

b) State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

N/A. The NISA-managed SamCERA Aggregate Bond Portfolio only holds exchange traded futures contracts, which falls under the 'Allowable Derivative Instruments' in the SamCERA IPS.

9. State if any restricted derivative investments are held in *SamCERA's* portfolios.
☐ **Yes** / ☒ **No**

a) If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.

N/A

10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? ☐ **Yes** / ☐ **No: Please explain**.

N/A

11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? ☒ **Yes** / ☐ **No: Please explain**.

12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.

N/A

13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

The Treasury futures held in the NISA-managed SamCERA Aggregate Bond Portfolio are highly liquid instruments. For these exchange traded instruments, initial margin is posted to an FCM and variation margin is exchanged daily. For risk management purposes, NISA generally seeks to limit the amount of excess cash and securities on deposit with a FCM by transferring funds to or from the account daily, if needed. In addition, NISA negotiated provisions with FCMs that include limits on margin requirements (i.e., clearing member excess margin requirements), notice (e.g., position limits, termination, fee changes), acceptance of offsetting trades, and default (e.g., limit what constitutes default, opportunity to cure).

14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past <u>six</u> months. ☐ **Yes: Please explain.** / ☒ **No**

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities?
   ☒ **Yes /** ☐ **No: Please explain**.

2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? ☐ **Yes: Please explain. /** ☒ **No**

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? ☒ **Yes /** ☐ **No**

   a) If **Yes,** do the investments comply with the policies? ☒ **Yes /** ☐ **No: Please explain**.

Domestic Fixed Income Portfolios

1. State the percentage of the portfolio held in each of the following types of securities:

Certificates of Deposit	*0.00%*
Commercial Paper	*0.00%*
Other High Grade Short-term securities	*0.41%*
U.S. Government & Agency securities	*36.20%*
Corporate Bonds	*30.91%*
Mortgage- and asset-backed securities	*31.11%*
Yankee bond securities	*1.36%*

**Corporate Bonds include 1.83% in Taxable Municipal Bonds*

2. Is the firm monitoring the country, currency, sector and security selection risks associated with its portfolio? ☒ **Yes /** ☐ **No: Please explain**

3. Does the firm conduct horizon analysis testing? ☐ **Yes /** ☒ **No: Please explain.**

   While not part of any formal process or "test", when making investment decisions NISA does consider factors such as ex ante tracking error associated with current and potential positions as well as the impact that various market events (e.g. Treasury Curve changes, Economic shocks) could have on the portfolios return.

4. Are any holdings below investment grade? ☐ **Yes /** ☒ **No**

   a) If **Yes**, why are they held in the portfolio?

5. Excluding U. S. Government and Agency bond holdings, did any individual bond issue represent more than 5% of the market value of the portfolio? ☐ **Yes** / ☒ **No**

a) If **Yes**, please specify the bond issue and percentage amount.

6. What percentage of the portfolio is held in Rule 144A securities?

As of 12/31/2023, 6.47% of the Aggregate Bond Portfolio's market value was held in 144A securities.

7. At the time of purchase, was there any single industry which represented more than 15% of the market value of the account. ☐ **Yes** / ☒ **No**

a) If **Yes**, please specify the name of the industry, percentage amount and size relative to benchmark.

8. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

As of 12/31/2023, NISA's Short/Core Duration Product ($32.9bn) makes up approximately 11.4% of NISA's total, physical AUM ($287.7bn).

As of 12/31/2023, the NISA-managed SamCERA Aggregate Bond Portfolio ($242.0mm) makes up approximately 0.74% of NISA's Short/Core Duration Product ($32.9bn).

Signed by:

Richard M. Dolson

Richard M. Dolson
Chief Compliance Officer

Dated: January 09, 2024
Name of Firm: NISA Investment Advisors, LLC

NISA Investment Advisors, LLC – December 31, 2023
Long Treasury Account

Compliance Certification Statement
San Mateo County
Employees' Retirement Association

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General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
   ☒ **Yes /** ☐ **No: Please explain.**

2. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
   ☐ **Yes: Please explain. /** ☒ **No**

   NISA Investment Advisors, LLC is a wholly owned subsidiary of NISA, LLC. NISA, LLC is 100 percent employee-owned through membership interests in NISA, LLC. During Q4 2023, there were no material changes to NISA's ownership structure.

   During Q3 2023, as part of NISA's ongoing efforts to broaden the management responsibilities of its Senior Team, the following individuals were promoted.

   Rusty Groth, CFA – Director, Client Services
   David Murad, CFA, ASA, CERA – Director, Investment Strategies
   Alik Ulmasov, CFA – Director, Investment Strategies

   Greg Yess, Managing Director, Client Services retired on 12/31/2023 and is no longer a member of NISA's Management Committee. In conjunction with Greg's retirement, Mark Folkins, Chief Administrative Officer joined NISA's Management Committee.

3. Have there been any changes in the firm's investment approach?
   ☐ **Yes: Please explain. /** ☒ **No**

4. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly different from other similar portfolios?
   ☐ **Yes: Please explain. /** ☒ **No**

5. Have there have been any industry or regulatory disciplinary actions taken against the firm?
   ☐ **Yes: Please explain. /** ☒ **No**

6. Have there been any investment guideline breaches during the prior 6 months?
   ☐ **Yes: Please explain. /** ☒ **No**

7. Has the firm's insurance coverage been sustained?
   ☒ **Yes /** ☐ **No: Please explain.**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
   ☐ **Yes: Please explain. /** ☒ **No**

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
   ☐ **Yes: Please ANSWER the remaining questions in this section.**
   ☒ **No: Please SKIP the remaining questions in this section.**

2. Are derivative investments in compliance with *SamCERA's* investment policies?
   ☐ **Yes /** ☐ **No: Please explain.**

3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
   ☐ **Yes /** ☐ **No: Please explain.**

4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?
   ☐ **Yes /** ☐ **No**

   If **Yes**:

   a) Do the counter-parties have investment grade debt? ☐ **Yes/** ☐ **No**

   b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? ☐ **Yes/** ☐ **No: Please explain.**

5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
   ☐ **Yes /** ☐ **No**

   If **Yes:**

   a) Do the counter-parties have investment grade debt? ☐ **Yes/** ☐ **No**

b) Do the counter-parties have total assets in excess of $1 billion, and significant net capital to protect against potential adverse market circumstances?
☐ **Yes/** ☐ **No: Please explain.**

6. Is individual counter-party exposure well diversified? ☐ **Yes/** ☐ **No: Please explain.**

   a) What is the largest exposure to a single counter-party within the portfolio?

   b) Please specify the name of the counter-party and the amount of exposure.

   c) Have there been any changes to the investment manager's list of approved counter-parties over the past <u>six</u> months?

7. Are the investment purposes for a derivative investment consistent with the four purposes stated *SamCERA's* policies? ☐ **Yes /** ☐ **No: Please explain.**

   a) Has the firm developed any new purposes for derivative investments? ☐ **Yes: Please explain. /** ☐ **No**

8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment.

   a) State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. ☐ **Yes /** ☐ **No: Please explain.**

   b) State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

9. State if any restricted derivative investments are held in *SamCERA's* portfolios.
   ☐ **Yes /** ☐ **No**

   a) If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.

10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? ☐ **Yes /** ☐ **No: Please explain**.

11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? ☐ **Yes /** ☐ **No: Please explain**.

12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.

13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

    N/A

14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. ☐ **Yes: Please explain. /** ☐ **No**

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities?
   ☒ **Yes /** ☐ **No: Please explain**.

2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? ☐ **Yes: Please explain. /** ☒ **No**

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? ☒ **Yes /** ☐ **No**

   a) If **Yes,** do the investments comply with the policies? ☒ **Yes /** ☐ **No: Please explain**.

Domestic Fixed Income Portfolios

1. State the percentage of the portfolio held in each of the following types of securities:

U.S. Government & Agency securities	*99.74%*
Other	*0.26%*

2. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

   As of 12/31/2023, NISA's Liability Driven Investing (LDI) Product ($237.9bn) makes up approximately 82.7% of NISA's total, physical AUM ($287.7bn).

   As of 12/31/2023, NISA's Governments Only LDI Engagements ($37.0bn) makes up approximately 15.57% of NISA's total, LDI Product ($237.9bn).

   As of 12/31/2023, the NISA-managed SamCERA Long Treasury Portfolio ($184.7mm) makes up approximately 0.50% of NISA's Governments Only LDI Engagements ($37.0bn).

Signed by:

Richard M. Dolson
Chief Compliance Officer

Dated: January 09, 2024
Name of Firm: NISA Investment Advisors, LLC

Harrison Street Core Property Fund, LP – December 31, 2023

Compliance Certification Statement
San Mateo County
Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Tuesday, January 9, 2024**.

General Compliance Issues

1. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
   ☐ **Yes: Please explain. /** ☒ **No**

2. Have there been any changes in the firm's investment approach?
   ☐ **Yes: Please explain. /** ☒ **No**

3. Have there have been any industry or regulatory disciplinary actions taken against the firm?
   ☐ **Yes: Please explain. /** ☒ **No**

4. Has the firm's insurance coverage been sustained?
   ☒ **Yes /** ☐ **No: Please explain.**

5. Have there been any investment guideline breaches with respect to the Fund's guidelines in the offering documents during the prior 6 months?
   ☐ **Yes: Please explain. /** ☒ **No**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
   ☐ **Yes: Please explain. /** ☒ **No**

Investment Manager Guidelines

1. Are portfolio holdings well-diversified? ☒ **Yes /** ☐ **No: Please explain.**

2. Has the firm used leverage? ☒ **Yes /** ☐ **No**

a) If yes, is the portfolio leverage within the 40% of overall loan to value guideline?
☒ **Yes** / ☐ **No: Please explain**.

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? ☐ **Yes** / ☒ **No**

   a) If **Yes,** do the investments comply with the policies? ☐ **Yes** / ☐ **No: Please explain**.

Real Estate Portfolios

1. Is the portfolio diversified as to region, property type, industry, and economic base?
   ☒ **Yes** / ☐ **No**

   a) If **No**, do the investments comply with the policies?

2. Is the portfolio achieving a total time-weighted rate of return, net of fees, which equals or exceeds, the NFI ODCE index? ☐ **Yes** / ☒ **No: Please explain**.

   Harrison Street Core Property Fund, L.P. ("Core Fund" or the "Fund") uses NPI-ODCE as a supplemental comparison given its dominance as the index for traditional core real estate open-end funds; however, given the Fund's differentiated sector focus, it does not have a proper benchmark.

   Further, due to the stark differences in sector exposures between our Fund and ODCE, we've performed a comparison of the Core Fund's historical returns as a supplemental analysis that we featured in our recent webinar, which shows the Fund's distribution of returns and standard deviation relative to ODCE (see attached). We believe that this demonstrates the strong risk-adjusted performance as well as the low correlation (beta) to the index since inception, which is driven by the underlying sectors that have defensive, demographic demand drivers. Given the Fund's differentiated target sectors, the Fund's performance is not expected to track the performance of ODCE in every measuring period. However, as mentioned above, we use ODCE as a supplemental comparison given its dominance as the index for traditional core real estate open-end funds. From an attribution perspective, we would expect the Core Fund to have larger swings in allocation scores, but we would say that this is intentional as the Fund is designed to deliver lower volatility and lower correlation to ODCE.

3. Does the core fund concentration exceed 40% (by value) in any single property type, 15% (by value) in any single investment, or 30% in any single metropolitan statistical area, determined as of the date of the acquisition of the property?
   ☐ **Yes: Please explain.** / ☒ **No**

4. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

Please note Harrison Street Real Estate Capital, LLC (“HS” or the “Firm”) and Fund level AUM figures and ownership percentages as of December 31, 2023, will not be published until after the due date of this request. As of September 30, 2023, Core Fund assets comprised 35.0% of total Firm AUM, and SamCERA’s ownership percentage of the Core Fund was 0.91%. The Firm is happy to subsequently provide figures as of December 31, 2023, if required.

Signed by: Joey Lansing, Partner; Global Head of Portfolio Management & Strategy
Dated: January 2, 2024
Name of Firm: Harrison Street Real Estate Capital, LLC

INVESCO Core Real Estate – December 31, 2023

Compliance Certification Statement
San Mateo County
Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Tuesday, January 9, 2024**.

General Compliance Issues

1. Are *SamCERA's* market benchmarks in the respective asset class areas acceptable to the firm?
   ☒ **Yes** / ☐ **No: Please explain.**

2. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
   ☐ **Yes: Please explain.** / ☒ **No** **As previously announced, Bill Grubbs retired from IRE effective October 1, 2023**

3. Have there been any changes in the firm's investment approach?
   ☐ **Yes: Please explain.** / ☒ **No**

4. Have there have been any industry or regulatory disciplinary actions taken against the firm?
   ☐ **Yes: Please explain.** / ☒ **No** **We note that this response solely pertains to Invesco Core Real Estate – U.S.A., L.P. and those managing such entity.**

5. Has the firm's insurance coverage been sustained?
   ☒ **Yes** / ☐ **No: Please explain.**

6. Have there been any investment guideline breaches with respect to the Fund's guidelines in the offering documents during the prior 6 months?
   ☐ **Yes: Please explain.** / ☒ **No**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
   ☐ **Yes: Please explain.** / ☒ **No**

Investment Manager Guidelines

1. Are portfolio holdings well-diversified? ☒ **Yes** / ☐ **No: Please explain.**

Cash & Equivalents

1. Does the firm directly invest in short term fixed income investments? ☐ **Yes** / ☒ **No**

   a) If **Yes,** do the investments comply with the policies? ☐ **Yes** / ☐ **No: Please explain**.

Real Estate Portfolios

1. Is the portfolio diversified as to region, property type, industry, and economic base? ☒ **Yes** / ☐ **No**

   a) If **No**, do the investments comply with the policies?

2. Is the portfolio achieving a total time-weighted rate of return, net of fees, which equals or exceeds, the NFI ODCE index? ☒ **Yes** / ☐ **No: Please explain**. **As of September 30, 2023, the Fund's since inception net return of 6.72% exceeds the net NFI ODCE index - CW of 6.43%.**

3. Does the core fund concentration exceed 40% (by value) in any single property type or 35% in any single metropolitan statistical area, determined as of the date of the acquisition of the property? ☐ **Yes: Please explain.** / ☒ **No**

4. Has the firm used leverage? ☒ **Yes** / ☐ **No**

   a) Is the portfolio leverage within the 35% of overall loan to value guideline? ☒ **Yes** / ☐ **No: Please explain**. **The maximum leverage for the Fund is 35%. As of September 30, 2023, the Fund's leverage was 27.1%.**

5. What proportion of total AUM do the assets in this product make-up of the firm? **17.5% (based on IRE GAV as of June 30, 2023)** What size does SamCERA's account comprise of total product assets? **2.29% (as of September 30, 2023)**

General Partner:

IRI Core I, L.P.

By: IRI Core-GP, LLC, its general partner

By: Invesco Realty, Inc., its sole member

Beth Zayicek

Name: Beth Zayicek
Title: Vice President

Insight Investment Cash Flow Driven Investment – December 31, 2023

Compliance Certification Statement
San Mateo County
Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Tuesday, January 9, 2024**.

General Compliance Issues

1. Has the firm acted as a fiduciary and invested its assets for the sole benefit of *SamCERA*?
   ☒ **Yes** / ☐ **No: Please explain.**

2. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
   ☒ **Yes: Please explain.** / ☐ **No**

   The Head of US Investment Risk left Insight for an external opportunity. An acting Head of US Investment Risk has been appointed from the existing team and David Benjamin, Global Head of Investment Risk, and Lennart Kaltenbach, Head of Fixed Income Risk Management, will provide oversight and operational support to the US team as needed. A new head of US investment risk is expected to be appointed in Q1 2024.

3. Have there been any changes in the firm's investment approach?
   ☐ **Yes: Please explain.** / ☒ **No**

4. Do *SamCERA's* guidelines require your firm to manage the portfolio significantly different from other similar portfolios?
   ☐ **Yes: Please explain.** / ☒ **No**

5. Have there been any industry or regulatory disciplinary actions taken against the firm?
   ☐ **Yes: Please explain.** / ☒ **No**

6. Have there been any investment guideline breaches during the prior 6 months?
   ☐ **Yes: Please explain.** / ☒ **No**

7. Has the firm's insurance coverage been sustained?
   ☒ **Yes** / ☐ **No: Please explain.**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule higher than those charged other institutional clients who hold an account investment substantially similar to ours?
   ☐ **Yes: Please explain. /** ☒ **No**

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
   ☐ **Yes: Please ANSWER the remaining questions in this section.**
   ☒ **No: Please SKIP the remaining questions in this section.**

2. Are derivative investments in compliance with *SamCERA's* investment policies?
   ☐ **Yes /** ☐ **No: Please explain.**

3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counterparty fully evaluated?
   ☐ **Yes /** ☐ **No: Please explain.**

4. For non-exchange traded derivative transactions, were the counterparties broker/dealers?
   ☐ **Yes /** ☐ **No**

   If **Yes**:
   a) Do the counterparties have investment grade debt? ☐ **Yes/** ☐ **No**
   b) Are the counterparties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? ☐ **Yes/** ☐ **No: Please explain.**

5. For non-exchange traded derivative transactions, were the counterparties financial institutions (banks)?
   ☐ **Yes /** ☐ **No**

   If **Yes:**
   a) Do the counterparties have investment grade debt? ☐ **Yes/** ☐ **No**
   b) Do the counterparties have total assets in excess of $1 billion, and significant net capital to protect against potential adverse market circumstances?
      ☐ **Yes/** ☐ **No: Please explain.**

6. Is individual counter-party exposure well diversified? ☐ **Yes/** ☐ **No: Please explain.**
   a) What is the largest exposure to a single counterparty within the portfolio?
   b) Please specify the name of the counterparty and the amount of exposure.
   c) Have there been any changes to the investment manager's list of approved counterparties over the past six months?

7. Are the investment purposes for a derivative investment consistent with the four purposes stated in *SamCERA's* policies? ☐ **Yes /** ☐ **No: Please explain.**

a) Has the firm developed any new purposes for derivative investments? ☐ **Yes: Please explain. /** ☐ **No**

8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment.

   a) State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. ☐ **Yes /** ☐ **No: Please explain.**
   b) State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

9. State if any restricted derivative investments are held in *SamCERA's* portfolios.
   ☐ **Yes /** ☐ **No**

   a) If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.

10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? ☐ **Yes /** ☐ **No: Please explain**.

11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? ☐ **Yes /** ☐ **No: Please explain**.

12. Specify the security pricing sources used when developing portfolio market value exposures for non-exchanged traded derivative positions.

13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past <u>six</u> months. ☐ **Yes: Please explain. /** ☐ **No**

Investment Manager Guidelines

1. Are portfolio holdings well-diversified, and made in liquid securities?
   ☒ **Yes /** ☐ **No: Please explain**.

2. Has the firm engaged in short selling, use of leverage or margin and/or investments in commodities? ☐ **Yes: Please explain. /** ☒ **No**

Domestic Fixed Income Portfolios

1. State the percentage of the portfolio held in each of the following types of securities:

Certificates of Deposit	*0%*
Commercial Paper	*0%*
Other High Grade Short-term securities	*0%*
U.S. Government & Agency securities	*30.59%*
Corporate Bonds	*54.58%*
Mortgage- and asset-backed securities	*7.95%*
Yankee bond securities	*6.87%*
Other	*.01%*

2. Does the firm conduct horizon analysis testing? ☒ **Yes** / ☐ **No: Please explain.**

We use annualized ex-ante TEV as one of our primary risk monitoring measures. Besides that, we run various historical and bespoke stress tests as required.

3. Are any holdings below investment grade? ☐ **Yes** / ☒ **No**

   If **Yes**, why are they held in the portfolio?

   In full disclosure, we hold 1 bond in the portfolio that is considered BBB- using the middle rating, but Moody's does have a Ba1 rating.

Description	Cusip	Fitch Rtg	S&P Rtg	Moody's Rtg	Nominal/Quantity	Total Value (Portfolio)	%
Charter Comm Opt Llc/cap 4.908% 23jul2025 (callable 23apr25)	161175AY0	BBB-	BBB-	Ba1	1,269,000.00	1,279,724.42	0.43%

4. Excluding U. S. Government and Agency bond holdings, did any individual bond issue represent more than 5% of the market value of the portfolio? ☐ **Yes** / ☒ **No**

   a) If **Yes**, please specify the bond issue and percentage amount.

5. What percentage of the portfolio is held in Rule 144A securities? 8.75%

6. At the time of purchase, was there any single industry which represented more than 15% of the market value of the account. ☐ **Yes** /☒ **No**

   a) If **Yes**, please specify the name of the industry, percentage amount and size relative to benchmark.

7. What proportion of total AUM do the assets in this product make-up of the firm? What size does SamCERA's account comprise of total product assets?

As of 9/30/23, this product makes up 16.2% of the firm's AUM. SamCera's account comprise of 0.2% of the total product assets. The 12/31/23 data will not be ready until later this month.

Signed by: *Bertha Lui-McKee*
Dated: January 9, 2024
Name of Firm: Insight North America

Record Currency Management Limited – December 31, 2023

Compliance Certification Statement
San Mateo County
Employees' Retirement Association

In accordance with SamCERA's Investment Policy Statement, the following compliance worksheet will be completed by each of *SamCERA's* investment managers on a semi-annual basis. These statements must be e-mailed to *SamCERA's* office (Investments@samcera.org) by **Tuesday, January 9, 2024**.

General Compliance Issues

1. Have there been any significant portfolio developments, major changes in firm ownership, organizational structure and personnel?
   ☐ **Yes: Please explain. /** ☒ **No**

There were no such significant developments impacting Record Currency Management (RCML), the entity contracting with SamCERA.

However, for reference, RCML is wholly owned by Record plc and in July, Neil Record stepped down as non-executive Chairman of the plc. Neil founded the business 40 years ago and his retirement follows a planned transition period to David Morrison, Chairman, who previously served as non-executive Director.

In line with our succession strategy, in November, an announcement was made on the London Stock Exchange that Leslie Hill will retire as CEO of Record plc, effective 1 April 2024. Leslie will be succeeded by Dr Jan Witte, who currently serves, and will continue as, CEO of RCML. For reference, a link to the announcement has been included below.

Both Leslie and Neil retain a significant shareholding in Record plc.

Board Changes - Record Financial Group (recordfg.com)

2. Have there been any changes in Record's dynamic currency hedging investment approach?
   ☐ **Yes: Please explain. /** ☒ **No**

3. Have there have been any industry or regulatory disciplinary actions taken against the firm?
   ☐ **Yes: Please explain. /** ☒ **No**

4. Has the firm's insurance coverage been sustained?
   ☒ **Yes /** ☐ **No: Please explain.**

5. Have there been any investment guideline breaches within SamCERA's account during the past 6 months?
☐ **Yes: Please explain. /** ☒ **No**

Investment Management Fees

1. Is *SamCERA*'s investment management fee schedule less favorable than those charged other institutional clients who hold an account investment substantially similar to ours?
☐ **Yes: Please explain. /** ☒ **No**

Derivative Investments

1. Are derivatives used in the management of the investment strategy?
☒ **Yes: Please ANSWER the remaining questions in this section.**
☐ **No: Please SKIP the remaining questions in this section.**

2. Are derivative investments in compliance with *SamCERA's* investment policies?
☒ **Yes /** ☐ **No: Please explain.**

3. If the firm entered into a non-exchange traded derivative, was the general nature and associated risks of the counter-party fully evaluated?
☒ **Yes /** ☐ **No: Please explain.**

4. For non-exchange traded derivative transactions, were the counter-parties broker/dealers?
☐ **Yes /** ☒ **No**

   If **Yes**:
   a) Do the counter-parties have investment grade debt? ☐ **Yes/** ☐ **No**
   b) Are the counter-parties registered with the SEC and do they have net capital to protect against potential adverse market circumstances? ☐ **Yes/** ☐ **No: Please explain.**

5. For non-exchange traded derivative transactions, were the counter-parties financial institutions (banks)?
☒ **Yes /** ☐ **No**

   If **Yes:**
   a) Do the counter-parties have investment grade debt? ☒ **Yes/** ☐ **No**
   b) Do the counter-parties have total assets in excess of $1 billion, and significant net capital to protect against potential adverse market circumstances?
   ☒ **Yes/** ☐ **No: Please explain.**

6. Is individual counter-party exposure well diversified? ☒ **Yes/** ☐ **No: Please explain.**

a) What is the largest exposure to a single counter-party within the portfolio?

The SamCERA mandate trades under ISDA agreements. As such we believe that the most relevant measure of counterparty exposure risk is the mark-to-market value. In this context, as at December 29, 2023, the largest exposure is to Royal Bank of Canada where the exposure was US$ 1.9m at the end for the reporting period.

There are other measures of counterparty exposure, such as the net outstanding notional exposure. By this measure, the largest net exposure was US$ 225m to HSBC Bank, or 18.7%. The basis of this calculation aggregates by counterparty, maturity date and currency pair. Therefore, if a position is opened and closed with different counterparties, the net exposure is calculated for all counterparties (i.e. there is a degree of double counting). As such, the aggregate net counterparty exposure could be greater than the mandate size.

The table below shows the net outstanding notional and mark-to-market exposure to all counterparties as at December 29, 2023.

Counterparty	Net Exposure (US$)	Net as % of Mandate Size*	Mark-to-market exposure (US$)	Mark-to-market as % of Mandate Size*
ANZ - MELBOURNE	18,490,740	2.5%	238,406	0.0%
B.N.P. Paribas - Paris	222,686,477	30.3%	(514,366)	(0.1%)
Bank of New York Mellon-London	38,231,909	5.2%	577,834	0.1%
CitiBank - London	67,738,636	9.2%	(400,714)	(0.1%)
Goldman Sachs - London	5,476,037	0.7%	(115,272)	(0.0%)
HSBC Bank - London	225,226,500	30.6%	(285,656)	(0.0%)
Royal Bank of Canada - London	113,127,492	15.4%	1,870,874	0.3%
State Street - London	177,078,588	24.1%	(722,034)	(0.1%)
Toronto Dominion - Toronto	105,413,144	14.3%	9,919	0.0%
UBS AG - London	71,328,638	9.7%	(178,165)	(0.0%)
Westpac - Sydney	162,838,501	22.1%	(4,188,921)	(0.6%)
Totals	1,207,636,662		(3,708,096)	

**Based upon a mandate size of USD 736,152,749.00 as at November 30, 2023*

b) Please specify the name of the counter-party and the amount of exposure.

Please refer to the answer above.

c) Have there been any changes to the investment manager's list of approved counter-parties over the past six months?

Given the SamCERA account went live in March 2023, counterparties were added to the bank panel progressively throughout the year as onboarding completed. During the reporting period Record elected to suspend trading with two banks, Northern Trust and

Standard Chartered. However, the SamCERA bank panel remained sufficiently diversified with 13 banks available to trade with throughout the period. The impact on trading of these suspensions was insignificant. Record continues to onboard two banks, Credit Agricole and SEB, to further improve the diversification of the bank panel.

7. Are the investment purposes for a derivative investment consistent with the four purposes stated in *SamCERA's* policies? ☒ **Yes** / ☐ **No: Please explain.**

   a) Has the firm developed any new purposes for derivative investments? ☐ **Yes: Please explain.** / ☒ **No**

8. List all limited allocation derivative investments individually and the percentage of the portfolio's assets represented by each investment.

   None.

   a) State if the firm has evaluated the exposure to market value losses that can occur from each of these derivatives. ☐ **Yes** / ☐ **No: Please explain.**
   b) State if these derivative investments in total represent more than 5% of the portfolio's market value. If more than 5%, please explain.

   Not applicable.

9. State if any restricted derivative investments are held in *SamCERA's* portfolios.
   ☐ **Yes** / ☒ **No**
   a) If any are held, state the percentage of the portfolio's assets held in such derivatives and why the firm is not in compliance with the investment policies.

10. For derivative investments with allocation limits, has the firm tested and measured these investments' sensitivities to changes in key risk factors? ☐ **Yes** / ☒ **No: Please explain**.

    No such derivative instruments are used within the program.

11. Have all derivative investments been made in a manner consistent with the derivative investment process specified in the policy statement? ☒ **Yes** / ☐ **No: Please explain**.

12. Specify the security pricing sources used when developing portfolio market value exposures for limited allocation derivatives.

    Not applicable. No such derivative instruments are used within the program.

13. Provide a statement regarding the liquidity of the derivative investments. Provide a general statement discussing the legal and regulatory risks associated with the portfolio manager's investments in derivatives.

Liquidity

The depth of the foreign exchange market, which is the most liquid financial market in the world with approximately $7.5 trillion traded per day[1], means that liquidity can be less of a binding factor in FX than for other asset classes. The mandate with SamCERA is focused on managing currency risk across some of the most liquid currency pairs and in relatively limited volumes. As a result, liquidity risk is less of a consideration than it is for our clients who are exposed to less liquid DM and EM/Frontier currency pairs, however, and as we do for other clients, we do look at structuring our execution in the context of all the mandates in the same strategy / crosses to ensure our overall trading volumes are managed in line with market conditions and best execution principles.

For the SamCERA program we aim to execute throughout the day for better price and position diversification and to access liquidity across different time zones and counterparties. More specifically, trading signals for EUR, CHF, JPY and AUD are analyzed in the the morning and GBP, SEK and CAD in the afternoon (UK hours). These are subject to periodic review and ongoing feedback from the Trading team.

Record has experience of trading FX derivatives through periods of market stress, for example during the coronavirus pandemic. Leaning on our strong relationships with counterparty banks, we have developed methods to sufficiently mitigate liquidity risk, even when automated streams may not be visible on electronic platforms, and at much tighter spreads. During such events, the Trading team has necessary flexibility to determine the best execution approach and if necessary will advise the Investment Management Group[2] on the costs and feasibility of execution. This may lead to specific discretionary interventions on certain days.

Legal and Regulatory Risk

Following the financial crisis, new regimes such as Dodd Frank and EMIR were introduced across the globe to regulate the OTC derivatives markets, such regimes impose clearing, reporting, credit risk mitigation, and other requirements to improve transparency, regulatory oversight, and resilience of the global OTC derivatives market.

More recently, the final phase of un-cleared margin rules (UMR) were implemented (September 2022), where firms who have an average aggregate notional amount (AANA) of derivatives transactions in excess of USD 8billion are required to post initial margin for in-scope derivatives. Whilst Record does not trade any in-scope derivatives under UMR for SamCERA, the instruments utilized in the currency hedging program do contribute to the

[1] According to the BIS 2022 triennial survey

[2] The IMG is tasked with managing the implementation costs and value at risk of the SamCERA mandate. In addition, the IMG monitors global macroeconomic developments and risk factors that may affect the performance of our return-generating and risk management strategies, monitoring the development of new investment strategies, and providing timely and reliable advice to the Investment Committee.

AANA calculation and thus Record provides the annual calculation of the AANA, as it may impact other derivatives in SamCERA's portfolio.

The limited risks associated with trading deliverable FX forward contracts are mitigated by Record only transacting on the basis of market standard agreements, such as the ISDA Master Agreement. Record has established procedures to ensure adequate legal review of all documentation.

Similarly, to mitigate the legal risk of transacting with various counterparty banks, Record only transacts with banks from its approved counterparty list which are selected in accordance with its Credit Risk Policy.

14. State if the legal and regulatory risk associated with portfolio derivative investments have changed over the past six months. ☐ **Yes: Please explain. /** ☒ **No**

Signed by: Grady Laurie, Director, Head of Compliance
Dated: January 8, 2024
Name of Firm Record Currency Management Limited

Verus Advisory, Inc. – December 31, 2023

Compliance Certification Statement
San Mateo County
Employees' Retirement Association

Please complete the following compliance certification statement and e-mail to *SamCERA* (Investments@samcera.org) by **Tuesday, January 9, 2024**.

General Compliance Issues

1. Have there been any significant changes in firm ownership, organizational structure and firm leadership team personnel?
   ☐ **Yes: Please explain. /** ☒ **No**

2. Have there been any changes to the general consulting, private markets consulting & research, public markets research, or risk advisory personnel?
   ☐ **Yes: Please explain. /** ☒ **No**

3. Have there have been any industry or regulatory non-routine investigations, examinations, complaints, disciplinary actions or other proceeding against the firm or any investment professionals employed by the firm? ☐ **Yes: Please explain. /** ☒ **No**

4. Has the firm maintained its status as a Registered Investment Advisory under the Investment Advisors Act of 1940?
   ☒ **Yes /** ☐ **No: Please explain.**

5. Has the firm's insurance coverage been sustained?
   ☒ **Yes /** ☐ **No: Please explain.**

Fees

1. Is *SamCERA*'s fee structure less favorable than other clients with the same level of service and access to investment opportunities?
   ☐ **Yes: Please explain. /** ☒ **No**

Signed by: Warren Spencer, Chief Compliance Officer

Dated: 12/28/2023
Verus Advisory, Inc.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 23, 2024 Agenda Item 5.2

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer

SUBJECT: Adoption of Cost of Living Adjustments (COLAs) for 2024

Recommendation
Approve resolution adopting the Cost of Living Adjustments as recommended by Milliman, Inc.

Discussion
Annual COLAs to SamCERA benefits are calculated pursuant to the County Employees Retirement Law (CERL) which requires that COLAs be based on the change in the Consumer Price Index for the Bay Area provided by the U.S. Bureau of Labor Statistics and rounded to the nearest one half of one percent.

Milliman, Inc. has calculated the annual COLAs for each retirement tier and plan for approval by the Board. As reflected in the attached letter, Milliman reports that the CPI increased 3.67% during 2023. Rounded to the nearest one half of one percent, this yields a COLA of 3.5% for General and Safety Plan 1 members, a COLA of 3% for Probation Plan 1 and all Plan 2 members and a COLA of 2% for Plan 4, 5, 6 and 7 members if they retire before April 2, 2024. Plan 3 members do not receive a cost of living increase.

General and Safety Plan 1 members who retired on or before 4/1/23 have .5% in their COLA bank, which will be used to provide a COLA of 4.0% for 2024. Probation Plan 1 members will have 0.5% deposited into their COLA bank since they will receive the maximum 3%.

All COLAs will be paid beginning with the April 2024 benefit payments.

Attachments
January 15, 2024 letter from Milliman, Inc.
Resolution Adopting Cost of Living Adjustments Effective April 1, 2024 as Recommended by Milliman, Inc.

Milliman

1301 Fifth Avenue
Suite 3800
Seattle, WA 98101-2605
USA

Tel +1 206 624 7940

milliman.com

January 15, 2024

Scott Hood
Chief Executive Officer
San Mateo County Employees' Retirement Association
100 Marine Parkway, Suite 125
Redwood Shores, CA 94065-5208

Re: Annual COLA Payable in 2024

Dear Scott:

The San Mateo County Employees' Retirement Association (SamCERA) provides a Cost-of-Living Adjustment (COLA) to retirees and beneficiaries who retired on or before April 1 of each year in accordance with Article 16.5 of the County Employees' Retirement Law of 1937 (CERL). This letter outlines the COLA percentage and changes to the COLA Bank to be adopted by the Board and effective in April of 2024.

Inflation Index

The first step in the calculation process is the measurement of inflation. The calculation of the annual COLA is specified in the CERL. For Plan 1 General and Safety members, the COLA is governed by Section 31870.2. For Plan 1 Probation and all Plan 2 members, the details of the COLA are provided under Section 31870.1. For Plan 4-7 members, the COLA is governed by Section 31870. Plan 3 members do not receive any COLA under Article 16.5 of the CERL.

Section 31870.2 says that the COLA should be calculated using…

> ...the cost of living as of January 1st of each year as shown by the then current Bureau of Labor Statistics Consumer Price Index for All Urban Consumers for the area in which the county seat is situated…

Identical language appears in Sections 31870 and 31870.1 of the CERL. The Retirement Board has adopted the Annual Average Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-Hayward area (Base Period: 1982-84=100) as the basis for making the annual adjustments. This index increased by 3.67% during the 2023 calendar year, from an index value of 327.060 in 2022 to an index value of 339.050 in 2023.

COLA and COLA Bank

The annual COLA that SamCERA retirees and beneficiaries are eligible to receive is based on the change in the consumer price index rounded to the nearest one-half of one percent (subject to the maximum COLAs specified in relevant sections of the CERL). We recommend that the SamCERA Board adopt the following items to take effect in April 2024:

- COLA percentage
  - Plan 1. Each retiree and beneficiary who retired on or before April 1, 2024 will receive a Cost-of-Living Adjustment in accordance with the following table.

Date of Retirement	General	Safety	Probation
On or before 04/01/2023	4.0%	4.0%	3.0%
04/02/2023 – 04/01/2024	3.5%	3.5%	3.0%

  - Plan 2. Each retiree and beneficiary who retired on or before April 1, 2024 will receive a Cost-of-Living Adjustment of 3.0%
  - Plan 3. No Cost-of-Living Adjustment is provided to Plan 3 retirees and beneficiaries.
  - All Other Plans. Each retiree and beneficiary who retired on or before April 1, 2024 will receive a Cost-of-Living Adjustment of 2.0%, the maximum increase under CERL 31870.

- COLA Bank
  - Plan 1. Each retiree and beneficiary who retired on or before April 1, 2024 will have his or her COLA Bank established in accordance with the following table:

Date of Retirement	General	Safety	Probation
On or before 04/01/2023	0.0%	0.0%	3.0%
04/02/2023 – 04/01/2024	0.0%	0.0%	0.5%

  - All Other Plans. In accordance with Section 31874.4 of the CERL, retirees and beneficiaries of plans 2 through 7 do not accumulate COLA Banks.

Certification

Milliman's work product was prepared exclusively for the use or benefit of SamCERA for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning SamCERA's operations. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal, investment, or accounting counsel.

The signing actuaries are independent of the plan sponsors. We are not aware of any relationship that would impair the objectivity of our work.

We are members of the American Academy of Actuaries and Associates of the Society of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please let us know if you have any questions or need any additional information.

Sincerely,

Nick Collier, ASA, EA, MAAA
Consulting Actuary

Craig Glyde, ASA, EA, MAAA
Consulting Actuary

NC/CG/va

cc: Gladys Smith

San Mateo County Employees' Retirement Association
Plan 1 COLA Bank Accumulations
General and Safety

Based on the Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-Hayward area (Base Period: 1982-84=100)

Retirement during 12-month period ended April 1	Accumulated COLA Bank April 1, 2024	Accumulated COLA Bank April 1, 2023	2024 Annual COLA
2024	0.0%	0.0%	3.5%
2023 or earlier	0.0%	0.5%	4.0%

San Mateo County Employees' Retirement Association
Plan 1 COLA Bank Accumulations
Probation

Based on the Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-Hayward area (Base Period: 1982-84=100)

Retirement during 12-month period ended April 1	Accumulated COLA Bank April 1, 2024	Accumulated COLA Bank April 1, 2023	2024 Annual COLA
2024	0.5%	0.0%	3.0%
2023 or earlier	3.0%	2.5%	3.0%

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SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

RESOLUTION 2024- __

RESOLUTION ADOPTING COST OF LIVING ADJUSTMENTS EFFECTIVE APRIL 1, 2024 AS RECOMMENDED BY MILLIMAN, INC.

WHEREAS, Government Code Sections 31870, 31870.1, 31870.2 and 31874.4 authorize the Board to grant cost of living adjustments on an annual basis to recipients of SamCERA benefits; and

WHEREAS, the Board has retained Milliman, Inc. to provide actuarial services to the Board; and

WHEREAS, Milliman, Inc., by its letter dated January 15, 2024, has provided the appropriate annual cost of living adjustments for benefits based on the member's retirement tier, date of retirement; and applicable County Employees Retirement Law (CERL) statute, therefore, be it

RESOLVED, that the Board adopts the schedules of cost of living adjustments set forth in the attached January 15, 2024, letter from Nick J. Collier and Craig Glyde, Consulting Actuaries, Milliman, Inc., to Chief Executive Officer Scott Hood, therefore, be it further

RESOLVED, that the Board hereby adopts said cost of living adjustments effective April 1, 2024. Be it further

RESOLVED, that the Chief Executive Officer is hereby authorized and directed to take all actions necessary to provide for the payment of cost of living adjustments in accordance with the adopted schedules.

* * * * * *

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

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

____
Elaine Orr, Board Secretary

San Mateo County Employees' Retirement Association
Board of Retirement

January 23, 2024 Agenda Item 6.1

TO: Board of Retirement

FROM: Michael Coultrip, Chief Investment Officer Michael R. Coultrip

SUBJECT: Preliminary Monthly Portfolio Performance Report for the Period Ended December 31, 2023

Recommendation
Accept the preliminary performance report dated December 31, 2023.

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 December was 3.1%, bringing the preliminary trailing twelve-month net return ending December 2023 to 9.6%, which is below our benchmark return of 12.6% but above our assumed earnings rate of 6.25%.

SamCERA's estimated market value as of December was $6.22 billion, while the actuarial funded ratio as of June 30, 2023 was 88.3%.

Discussion
Most assets generally were higher in December (similar to November) as investor sentiment warmed due to dovish comments from Fed Chair Powell, resulting in easing financial conditions.

The U.S. equity market (as measured by the S&P 500 Index) was up 4.5% (+26.3% for 2023), while small-capitalization stocks were up 12.2% (+16.9% for 2023). Developed international equity (as measured by MSCI EAFE) was up 5.3% (+18.2% for 2023), while emerging markets were up 3.9% (+9.8% for 2023).

U.S. economic activity was generally positive in December. Manufacturing strengthened slightly but continues to be in contraction territory. The labor market added 216,000 jobs in December, similar to November. The headline unemployment rate ended the year at 3.7%. Inflation (as measured by the Consumer Price Index - All Urban Consumers) increased 3.4% for the 12-months ending December.

The general U.S. fixed income market was up 3.8% in December (+5.5% for 2023) as interest rates fell. The 10-year U.S. Treasury yield was lower by 49 basis points during the month and ended at 3.88% by year-end. High Yield returns were up 3.7% (+13.4% for 2023) and the Bloomberg Commodity Index was down 2.7% (-7.9% for 2023).

Attachments
Verus Capital Market Update
Northern Trust Monthly Preliminary Performance Report

Verus

DECEMBER 2023
Capital Markets Update

PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS

Market commentary

U.S. ECONOMICS

— Nonfarm payrolls showed 216,000 jobs added in December, similar to November. Over the past year, unemployment rose from 3.5% to 3.7%, while the long-term unemployed (27 weeks or more) increased by 261,000. Additionally, the most recent Job Openings and Labor Turnover Survey (JOLTS) showed a decrease of nearly 2 million job openings from November 2022 to November 2023.

— The ISM Manufacturing PMI Index increased +0.7 to 46.7 but remains in contractionary territory. Among the sub-indexes, the Prices Index fell -4.7 points to 45.2 - the eighth consecutive month of raw materials price decreases - while the Backlog Orders and New Export Orders indexes advanced to 45.3 and 49.9, respectively. The readings are indicative of future manufacturing stability rather than contraction.

— The University of Michigan index of Consumer Sentiment rose to 69.7, reversing the prior four months of declines. The sharp increase was driven in part by an improved consumer outlook around inflation. One-year inflation expectations fell to 3.1% from 4.5% last month.

U.S. EQUITIES

— The S&P 500 gained +4.5% in December to close out the year +26.3%. Consumer Discretionary (+17.7%) and Real Estate (+22.2%) led the market over the final two months of the year. Energy was the only sector to report a decline for the month, albeit marginally (-0.02%), as the sector struggles amid price decreases in oil and natural gas.

— The Information Technology and Telecom sectors were the best performers for the year. While both sectors posted modest gains in December, they finished the year +57.8% and +55.8%, respectively. The “Magnificent Seven” stocks played a large role in driving the market higher as they averaged +104.7% for the year and accounted for nearly two-thirds of the S&P 500 +26.3% return.

U.S. FIXED INCOME

— The December 12th-13th FOMC meeting and Chairman Powell’s comments were well received by investors, particularly the agreement among Federal Reserve officials that interest rate cuts are likely in 2024. Although the benchmark rate was left unchanged at 5.25%-5.50%, members indicated that they expect three 0.25% rate cuts by the end of 2024. Those rates cuts are expected to begin by mid-year.

— Reinforced expectations of 2024 rate cuts led to U.S. Treasury yields falling in the days following the FOMC meeting. Over the month, tenors from the 2-year to the 30-year each fell by between -47bps and -52bps.

— Similar to November, falling yields led to a broadly positive month for fixed income. The Bloomberg U.S. Aggregate Index posted +3.8% and the Bloomberg U.S. Treasury Long – which was the only broad index still negative for the year in November – led the asset class with +8.6%, bringing performance to +3.1% for the year.

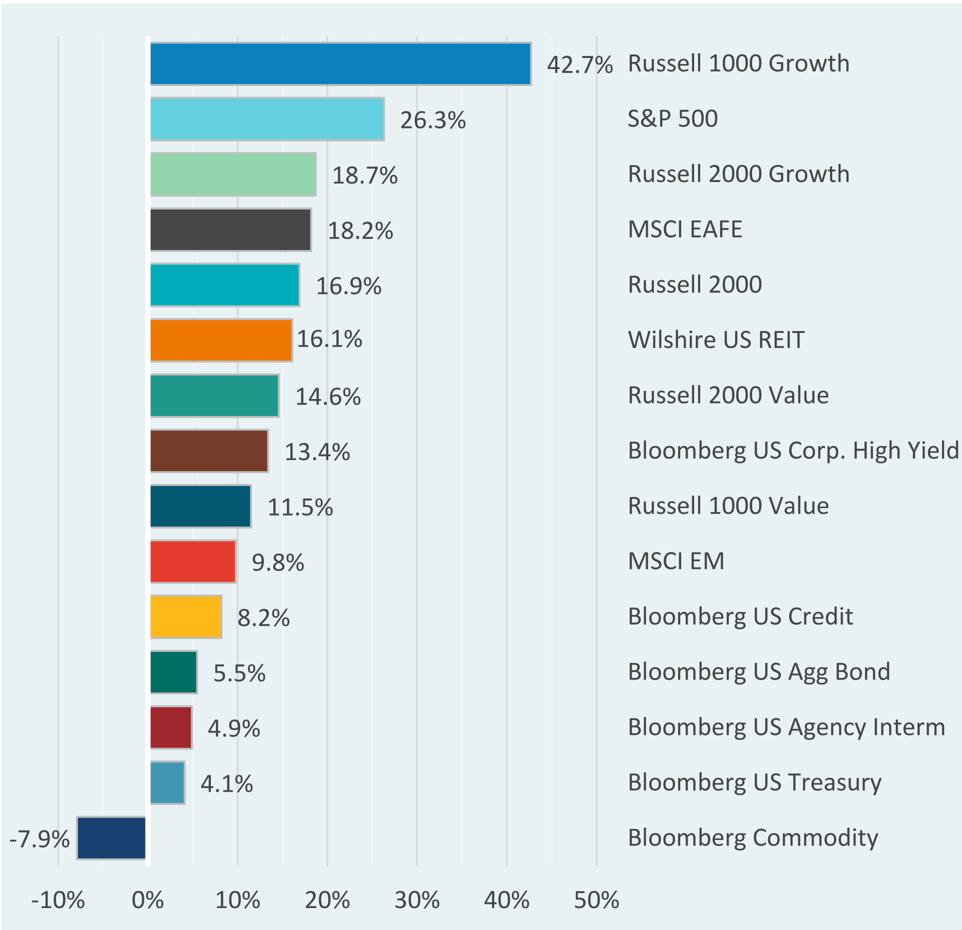
INTERNATIONAL MARKETS

— The European Central Bank (ECB) held the last meeting of the year on December 14th and announced a similar stance to that of U.S. Fed officials. The ECB opted to hold rates unchanged and noted that inflation is expected to gradually decline in the coming year. President Christine Lagarde announced that the council did not discuss rate cuts, though investors appear to be optimistic that disinflation will in fact lead to cuts in 2024.

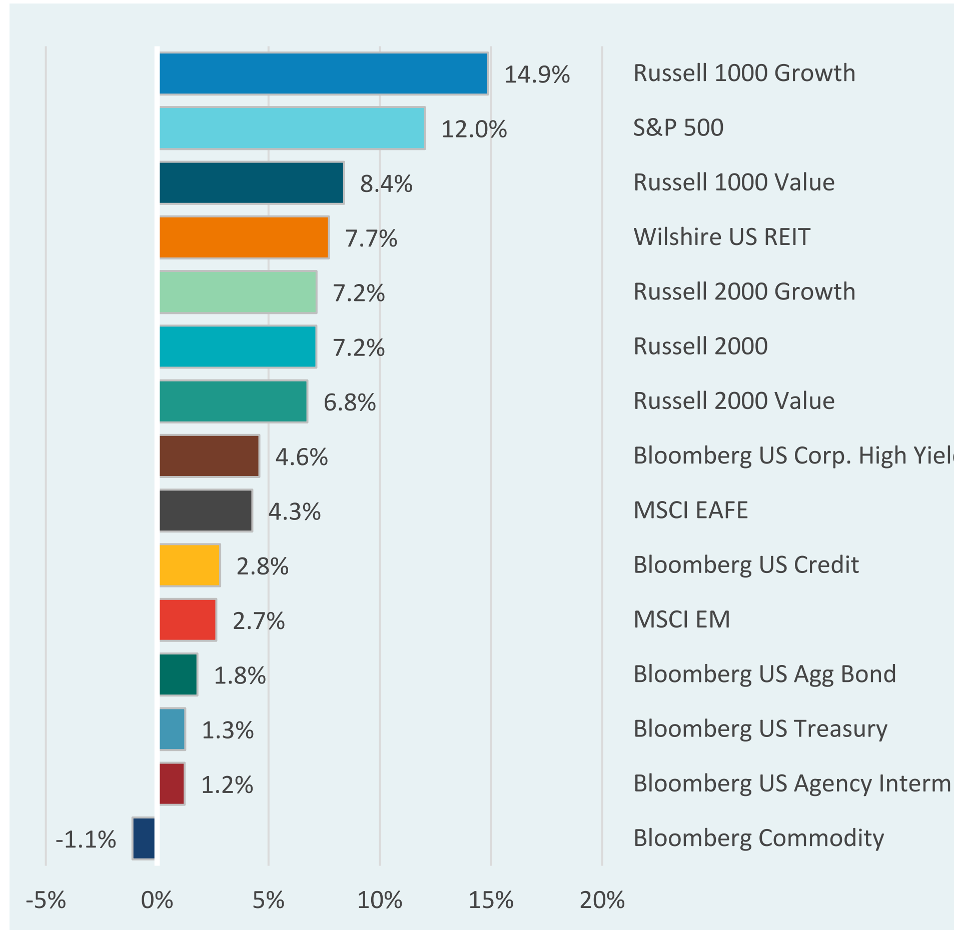
— In its final meeting of the year, the Bank of Japan (BOJ) unanimously voted to keep interest rates at -0.1%. Bank of Japan Governor Ueda stated that the outlook remains extremely uncertain and that unless inflation sustainably hits their 2% target, the bank cannot justify a safe exit from ultra-loose monetary policy. Following the decision, both the yen and 10-year Japanese government bond yields fell.

Major asset class returns

ONE YEAR ENDING DECEMBER



TEN YEARS ENDING DECEMBER



**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 12/31/23

Source: Morningstar, as of 12/31/23

U.S. large cap equities

— December closed out a strong year for the S&P 500, increasing +4.5% to bring calendar year returns to +26.3%. The *soft landing* narrative has been reinforced, as the Fed signaled three rate cuts in 2024 on the back of easing inflation and cooling employment data.

— Earnings growth is expected to decline to 1.3% year-over-year in Q4, from Q3 earnings of +4.9%. Despite a decrease in forecasted earnings growth and a greater number of companies providing negative guidance, the S&P 500 is trading at 19.5x forward earnings - higher than its 10-year average of 17.6x.

— 10 out of 11 S&P 500 sectors gained in December. Real Estate (+8.7%) and Industrials (+7.0%) were the top performers, while Energy (0.0%) was flat. Broad gains in the S&P 500 were supported by a continual decline in treasury yields and rising stock valuations across the board.

— U.S. equity volatility remained low in December, with the VIX falling to 12.5, and trading down to 11.8 intramonth. This decline in volatility was supported by optimistic Fed comments and steady market gains.

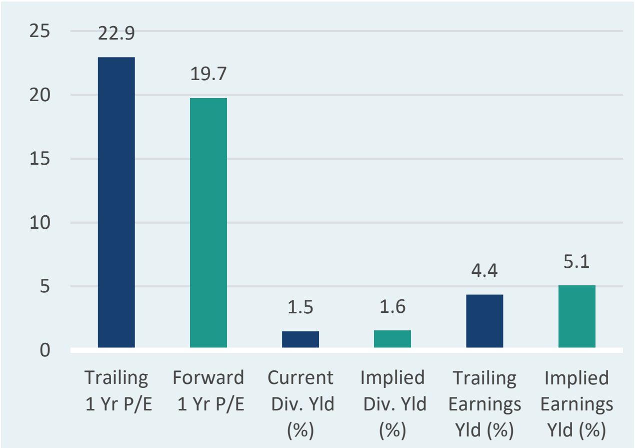
S&P 500 PRICE INDEX

Source: Bloomberg, as of 12/31/23

IMPLIED VOLATILITY (VIX INDEX)

Source: Cboe, as 12/31/23

S&P 500 VALUATION SNAPSHOT



Source: Bloomberg, as of 12/31/23

Domestic equity size and style

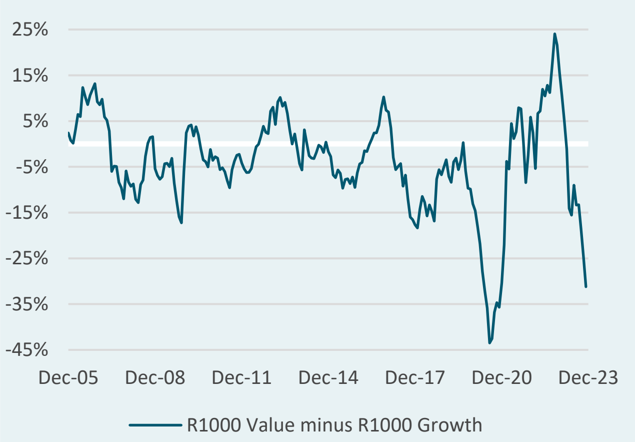
— While December delivered another month of gains across the board, small-cap stocks (Russell 2000 +12.2%) were able to reverse some of their underperformance on the year relative to large-cap (Russell 1000 +4.9%). A greater likelihood of near-term rate cuts had an outsized impact on small cap stocks which tend to be more interest rate-sensitive.

— Small-cap value slightly outperformed growth (Russell 2000 Value +12.4% vs Russell 2000 Growth +12.0%). This brought small-cap growth's outperformance on the year to +4.1%.

— Growth outperforming value in the large-cap space was the biggest style investing story this year, with the Russell 1000 Growth (+42.7%) beating the Russell 1000 Value (+11.5%) by +31.2%, the second largest margin in 20 years (next to year 2020).

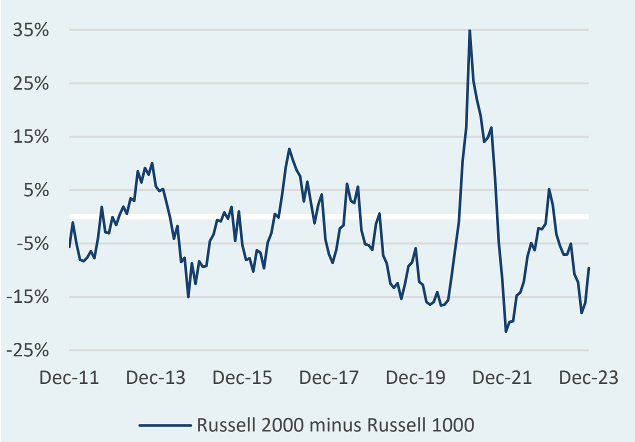
— Relative valuations continued to increase in December. The S&P trades at 19.5x forward earnings – a 10.8% premium to the historical average. The Russell 2000 Index is trading closer to the historical average at 21.9x forward earnings, now at a -10.2% discount.

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 12/31/23

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 12/31/23

1-YEAR SIZE & STYLE PERFORMANCE

	Value	Core	Growth
Large Cap	11.5%	26.5%	42.7%
Mid Cap	12.7%	17.2%	25.9%
Small Cap	14.6%	16.9%	18.7%

Source: FTSE, Bloomberg, as of 12/31/23

Fixed income

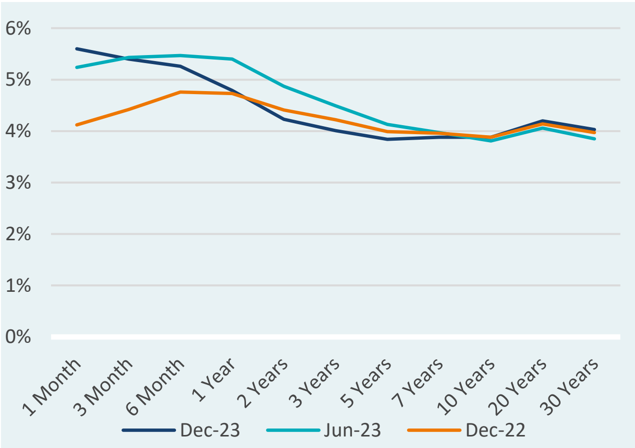
— U.S. bonds posted gains for the second straight month (Bloomberg U.S. Aggregate Index +3.8%), to end the year +5.5%. Easing inflation and rate cuts announced by the Fed contributed to declining yields and higher bond valuations.

— Yield curve shifts were evenly spread between 2- and 10-year yields, decreasing -50bps and -49bps, respectively. Curve inversion as defined by the 2yr minus 10yr bond yield remained stable at approximately -35bps. Due to the large shift in yields, long-dated treasuries were the best performers for the second straight month (Bloomberg U.S. Treasury Long +8.6%).

— Spreads continued to narrow for High Yield and Bank Loans, by -45bps and -35bps, to 339bps and 490bps, respectively. The CS Leveraged Loan Index (+1.6%) and Bloomberg US Corporate High Yield (+3.7%) built on strong performance, ending the year up +13.0% and 13.4%, respectively.

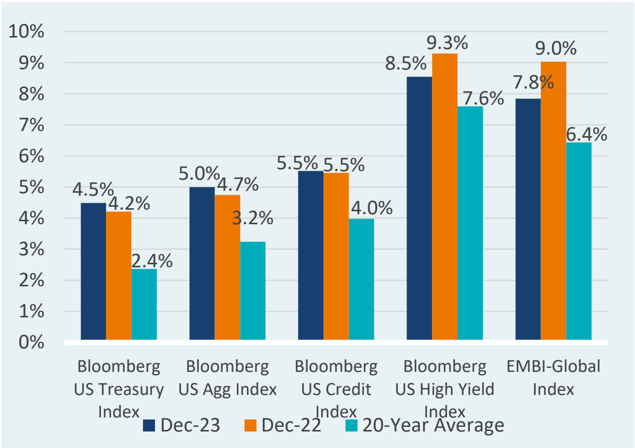
— The Bloomberg U.S. MBS Index (+4.3%) outperformed the Aggregate Index, as mortgage rates continued to decline, further reinforcing investors' expectation that peak rates are in the past. 30-year fixed mortgage rates fell to 6.6% to close the month, the lowest level since May.

U.S. TREASURY YIELD CURVE



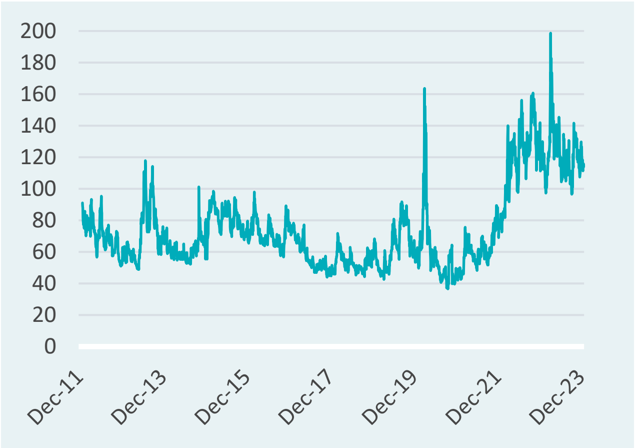
Source: Bloomberg, as of 12/31/23

NOMINAL YIELDS



Source: Morningstar, as of 12/31/23

U.S. TREASURY IMPLIED VOL ("MOVE" INDEX)



Source: Bloomberg, as of 12/31/23

Global markets

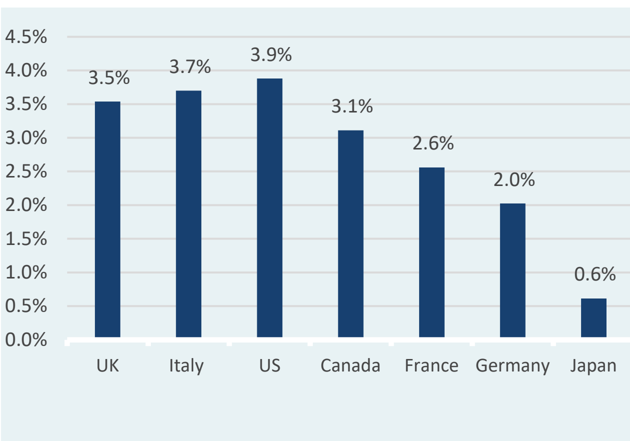
— International equities outperformed the U.S. (MSCI ACWI ex U.S. + 5.0%), amid cooling global inflation and expected easing from central banks. The Fed signaling future rate cuts has led to expectations that other central banks may follow suit.

— European equities slightly underperformed (MSCI Euro +4.4%), as the ECB is expected to be slower than the Fed to cut rates. Economic signals were mixed, as unemployment reached its lowest level since 2000, but manufacturing (Eurozone PMI) ventured further into contractionary territory. Inflation came in at 2.4%, dropping closer to the bank's long-term 2% target.

— China continues to be among the worst performers (MSCI China Index -2.4%), bringing total return on the year down to -11.2%. The outlook is poor, as domestic demand has missed expectations, and the second straight month of deflation was reported in November. Price decreases are potentially responsible for increasing exports, as China has maintained fiscal stimulus.

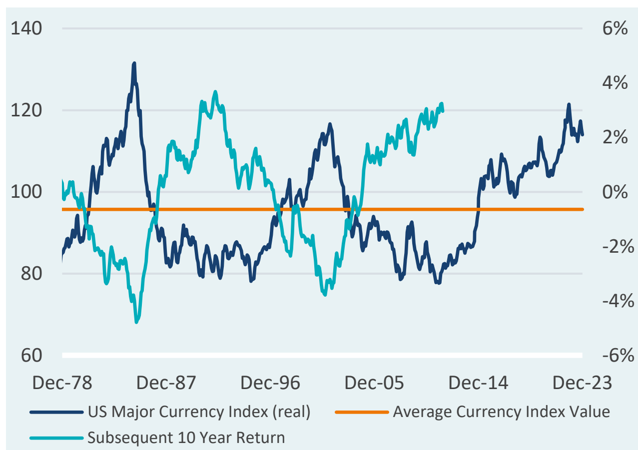
— The MSCI Latin America Index (+8.3%) continued its strong performance, with Mexico (+9.5%) and Columbia (+13.5%) reacting positively to the prospect of rate cuts around the world, and Brazil (+7.2%) opting to cut rates.

GLOBAL SOVEREIGN 10-YEAR YIELDS



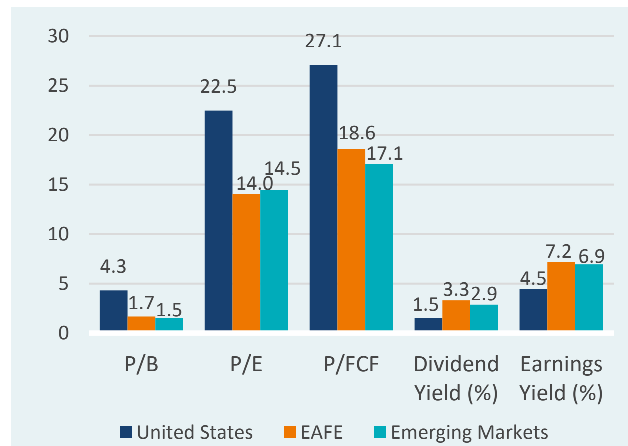
Source: Bloomberg, as of 12/31/23

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 12/31/23

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 12/31/23

Commodities

— Commodities were one of the few pain points among asset classes. The Bloomberg Commodity Index ended the month down -2.7% as every sub-index besides Industrial Metals (+4.0%) was negative. Energy (-6.0%) and Petroleum (-4.8%) - which make up a larger weight in broad commodity index - faced pricing pressures and a less certain outlook.

— Natural Gas (-10.3%) was the worst performer in the Energy sub-index (-6.0%). Mild weather and warmer temperatures that were predicted months prior came to fruition. This amplified the existing oversupply dynamics that had been weighing on prices for several months.

— The Bloomberg Industrial Metals sub-index gained +4.0%. Performance was largely driven by spikes in Aluminum (+8.6%) and Zinc (+6.8%) prices. Copper and Nickel lagged their counterparts, posting +1.0% and -0.3%, respectively.

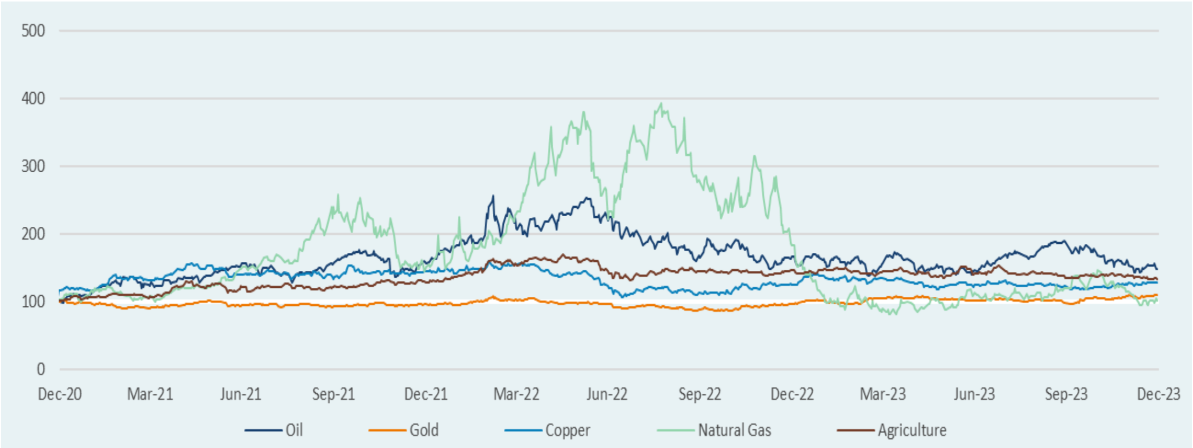
— The Bloomberg Softs sub-index (-7.5%), which includes sugar, coffee and cotton, was weighed down by a -21% decline in sugar prices. Sugar prices fell on record high production in Brazil which eased supply pressures across the global supply chain. Coffee and cotton posted modest gains of +1.9% and +1.2%, respectively.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	(2.7)	(4.6)	(7.9)	(7.9)	10.8	7.2	(1.1)
Bloomberg Agriculture	(4.4)	(0.3)	(4.4)	(4.4)	11.8	10.6	0.3
Bloomberg Energy	(6.0)	(18.1)	(21.6)	(21.6)	17.5	0.8	(9.4)
Bloomberg Grains	(1.4)	0.9	(13.0)	(13.0)	7.5	7.9	(1.7)
Bloomberg Industrial Metals	4.0	0.2	(9.1)	(9.1)	4.9	7.5	2.0
Bloomberg Livestock	(2.4)	(9.0)	(1.9)	(1.9)	4.6	(3.8)	(3.0)
Bloomberg Petroleum	(4.8)	(15.4)	(0.1)	(0.1)	33.3	13.6	(3.9)
Bloomberg Precious Metals	(0.4)	10.4	9.6	9.6	1.0	8.7	3.8
Bloomberg Softs	(7.5)	(0.3)	18.5	18.5	18.1	12.1	0.7

Source: Morningstar, as of 12/31/23

COMMODITY PERFORMANCE



Source: Bloomberg, as of 12/31/23

Appendix

Periodic table of returns

BEST ↑ ↓ WORST

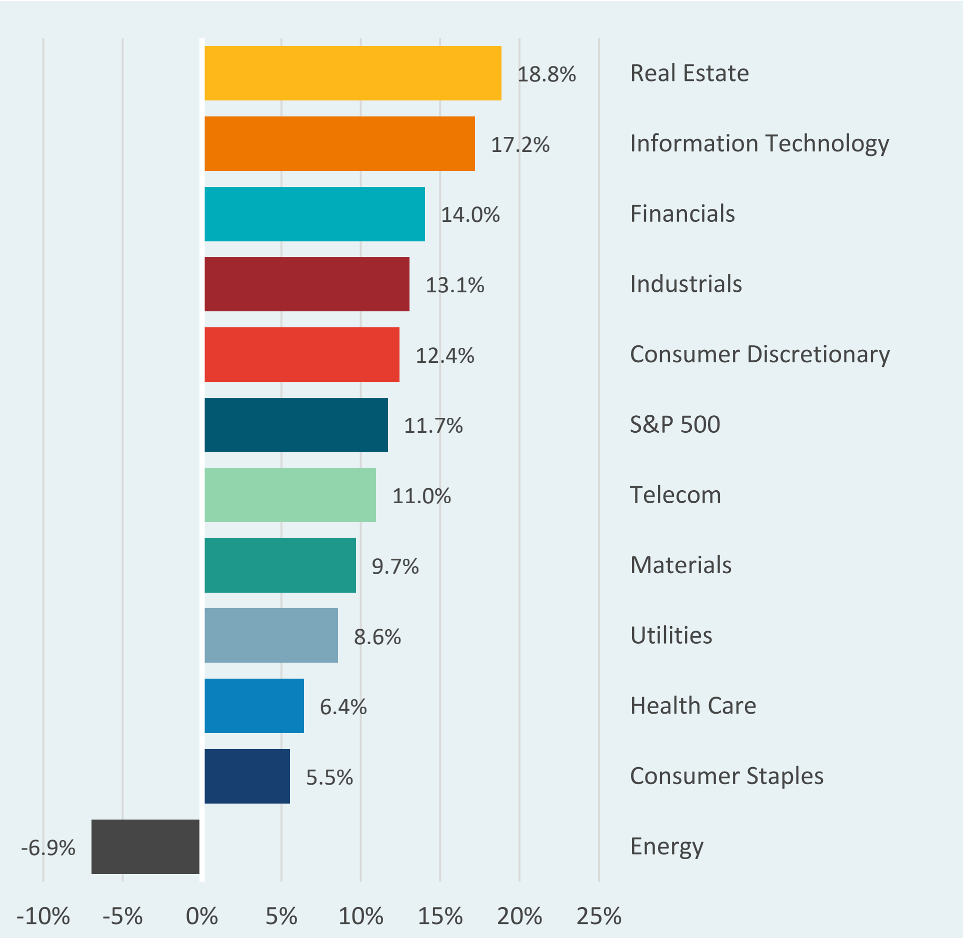
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	5-Year	10-Year
Large Cap Growth	56.3	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	37.3	6.7	36.4	38.5	28.3	16.1	42.7	19.5	14.9
Large Cap Equity	48.5	22.2	21.4	26.9	16.2	1.4	37.2	26.9	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	15.5	11.8
Small Cap Growth	47.3	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	10.9	8.4
International Equity	46.0	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	10.0	7.4
Small Cap Equity	39.2	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	10.0	7.2
60/40 Global Portfolio	30.0	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	9.2	7.2
Small Cap Value	29.9	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	8.2	6.8
Large Cap Value	29.7	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	7.2	5.1
Emerging Markets Equity	25.2	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	7.0	4.3
Hedge Funds of Funds	23.9	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	5.3	3.3
US Bonds	11.6	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	5.1	2.7
Cash	9.0	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	3.7	1.8
Real Estate	4.1	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	-5.1	1.8	1.2
Commodities	1.0	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	1.1	-1.1

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

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 9/30/23.

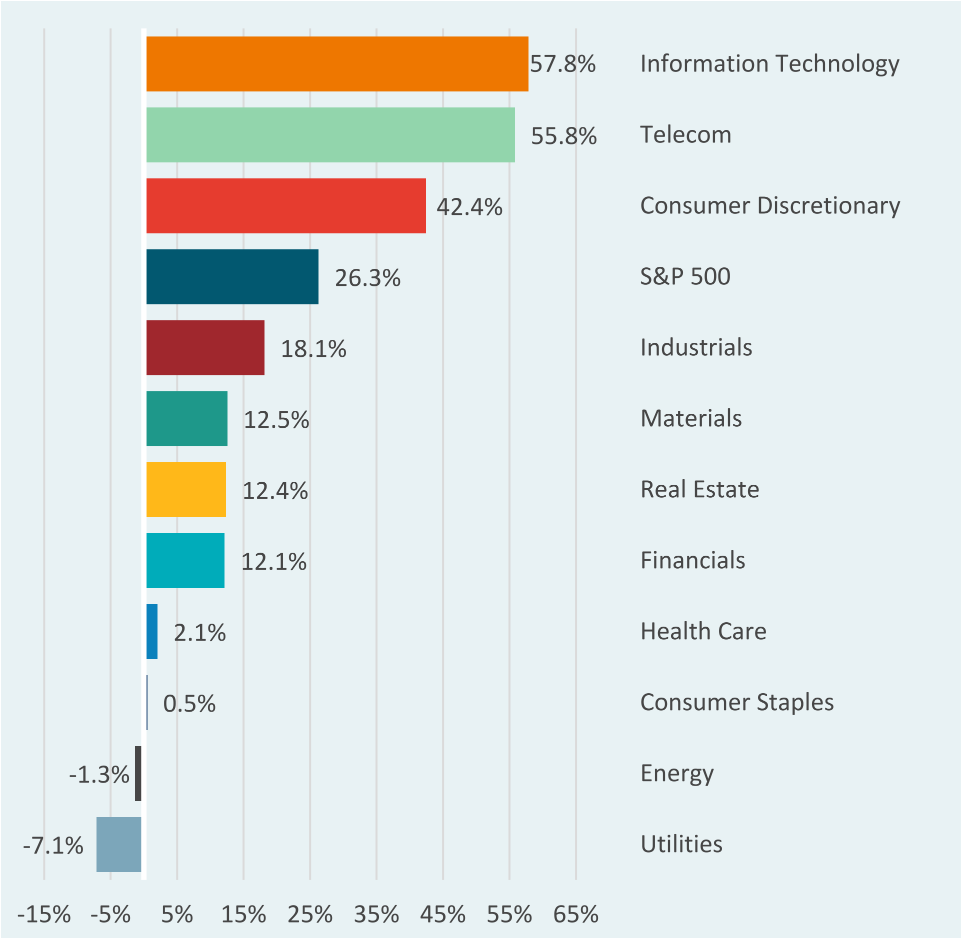
S&P 500 sector returns

QTD



Source: Morningstar, as of 12/31/23

ONE YEAR ENDING DECEMBER



Source: Morningstar, as of 12/31/23

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	4.5	11.7	26.3	26.3	10.0	15.7	12.0
S&P 500 Equal Weighted	6.9	11.9	13.9	13.9	9.3	13.8	10.4
DJ Industrial Average	4.9	13.1	16.2	16.2	9.4	12.5	11.1
Russell Top 200	4.1	11.7	29.9	29.9	10.0	16.5	12.7
Russell 1000	4.9	12.0	26.5	26.5	9.0	15.5	11.8
Russell 2000	12.2	14.0	16.9	16.9	2.2	10.0	7.2
Russell 3000	5.3	12.1	26.0	26.0	8.5	15.2	11.5
Russell Mid Cap	7.7	12.8	17.2	17.2	5.9	12.7	9.4
Style Index							
Russell 1000 Growth	4.4	14.2	42.7	42.7	8.9	19.5	14.9
Russell 1000 Value	5.5	9.5	11.5	11.5	8.9	10.9	8.4
Russell 2000 Growth	12.0	12.7	18.7	18.7	(3.5)	9.2	7.2
Russell 2000 Value	12.4	15.3	14.6	14.6	7.9	10.0	6.8

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	4.8	11.0	22.2	22.2	5.7	11.7	7.9
MSCI ACWI ex US	5.0	9.8	15.6	15.6	1.5	7.1	3.8
MSCI EAFE	5.3	10.4	18.2	18.2	4.0	8.2	4.3
MSCI EM	3.9	7.9	9.8	9.8	(5.1)	3.7	2.7
MSCI EAFE Small Cap	7.3	11.1	13.2	13.2	(0.7)	6.6	4.8
Style Index							
MSCI EAFE Growth	5.7	12.7	17.6	17.6	0.3	8.8	5.1
MSCI EAFE Value	4.9	8.2	19.0	19.0	7.6	7.1	3.2
Regional Index							
MSCI UK	4.5	6.9	14.1	14.1	8.8	6.9	2.5
MSCI Japan	4.4	8.2	20.3	20.3	0.7	6.9	5.0
MSCI Euro	4.4	12.9	25.2	25.2	6.0	9.3	4.1
MSCI EM Asia	3.3	6.7	7.8	7.8	(6.9)	4.3	4.1
MSCI EM Latin American	8.3	17.6	32.7	32.7	9.9	6.1	2.1

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	2.7	4.7	3.9	3.9	(1.0)	3.2	2.4
Bloomberg US Treasury Bills	0.5	1.4	5.1	5.1	2.1	1.9	1.3
Bloomberg US Agg Bond	3.8	6.8	5.5	5.5	(3.3)	1.1	1.8
Bloomberg US Universal	3.8	6.8	6.2	6.2	(3.0)	1.4	2.1
Duration							
Bloomberg US Treasury 1-3 Yr	1.2	2.6	4.3	4.3	(0.1)	1.3	1.0
Bloomberg US Treasury Long	8.6	12.7	3.1	3.1	(11.4)	(1.2)	2.3
Bloomberg US Treasury	3.4	5.7	4.1	4.1	(3.8)	0.5	1.3
Issuer							
Bloomberg US MBS	4.3	7.5	5.0	5.0	(2.9)	0.3	1.4
Bloomberg US Corp. High Yield	3.7	7.2	13.4	13.4	2.0	5.4	4.6
Bloomberg US Agency Interm	1.6	3.2	4.9	4.9	(1.1)	1.1	1.2
Bloomberg US Credit	4.2	8.2	8.2	8.2	(3.2)	2.4	2.8

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	(2.7)	(4.6)	(7.9)	(7.9)	10.8	7.2	(1.1)
Wilshire US REIT	10.2	16.3	16.1	16.1	7.5	7.6	7.7
CS Leveraged Loans	1.6	2.9	13.0	13.0	5.6	5.6	4.4
S&P Global Infrastructure	4.2	10.9	6.8	6.8	6.0	7.4	5.7
Alerian MLP	(3.4)	3.0	23.8	23.8	31.8	10.9	1.6
Regional Index							
JPM EMBI Global Div	4.7	9.2	11.1	11.1	(3.6)	1.7	3.2
JPM GBI-EM Global Div	3.2	8.1	12.7	12.7	(3.2)	1.1	0.1
Hedge Funds							
HFRI Composite	2.6	3.6	7.5	7.5	4.3	7.0	4.5
HFRI FOF Composite	2.3	3.4	6.3	6.3	2.3	5.1	3.3
Currency (Spot)							
Euro	1.2	4.3	3.5	3.5	(3.4)	(0.7)	(2.2)
Pound Sterling	0.7	4.4	6.0	6.0	(2.3)	0.0	(2.6)
Yen	4.9	5.9	(6.4)	(6.4)	(9.9)	(4.9)	(2.9)

Source: Morningstar, HFRI, as of 12/31/23

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	(2.2)	21.4	15.3	13.9
MSCI World Index (PME)	*18.7*	*12.8*	*9.3*	*9.8*
Global Private Equity Direct Funds [1]	2.2	20.1	16.4	15.8
MSCI World Index (PME)	*19.0*	*12.0*	*9.2*	*9.7*
U.S. Private Equity Direct Funds [1]	2.0	22.4	18.3	17.2
Russell 3000 Index (PME)	*19.5*	*13.8*	*11.5*	*12.6*
Europe Private Equity Direct Funds [1]	7.6	20.2	15.8	14.6
MSCI Europe Index (PME)	*22.4*	*10.2*	*5.8*	*6.3*
Asia Private Equity Direct Funds [1,4]	(1.3)	10.1	9.2	12.8
MSCI AC Asia Pacific Index (PME)	*6.3*	*3.0*	*2.0*	*4.4*

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt [2,4]	7.1	18.0	12.2	11.3
Moringstar LSTA U.S. Leveraged Loan 100 Index (PME)	*11.8*	*5.4*	*4.2*	*3.9*

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	(2.3)	14.1	9.7	12.0
FTSE NAREIT Equity REIT Index (PME)	*0.4*	*10.3*	*5.4*	*7.4*

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources [3,4]	5.9	21.0	4.3	3.6
S&P Global Natural Resources Index (PME)	*7.9*	*19.7*	*5.4*	*6.0*
Global Infrastructure [4]	8.3	12.8	10.6	10.9
S&P Global Infrastructure Index (PME)	*4.5*	*9.9*	*5.5*	*6.4*

Source: Pooled IRRs and Public Market Equivalents (PMEs) are both from Refinitiv C|A, as of June 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 PMEs, only the funds with the same vintage years as PMEs are included.

Notices & disclosures

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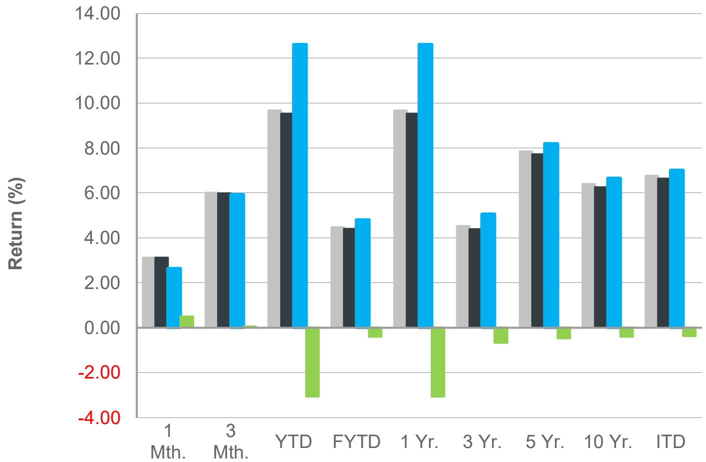
San Mateo County
Composite Return Summary
December 31,2023

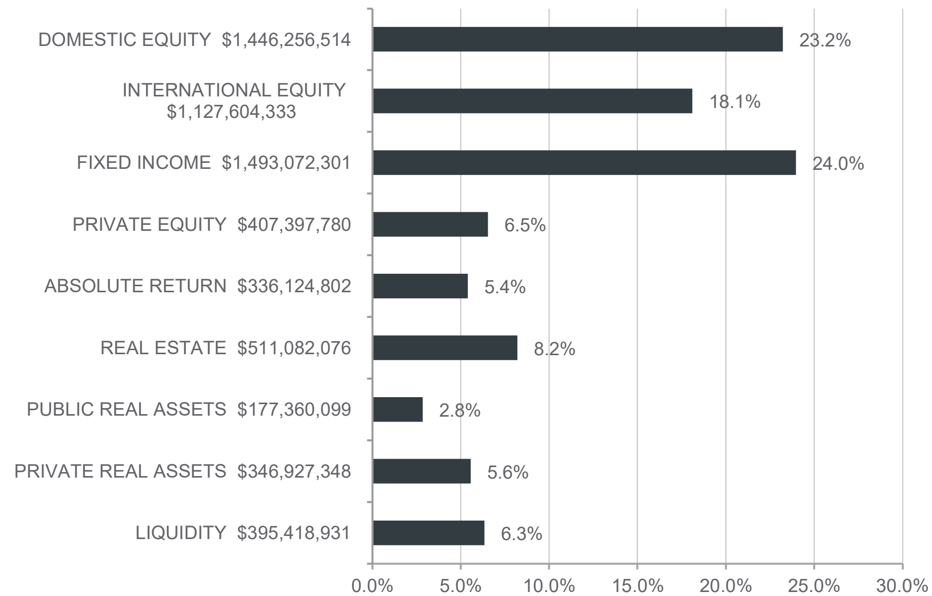
SamCERA

Total Fund Performance

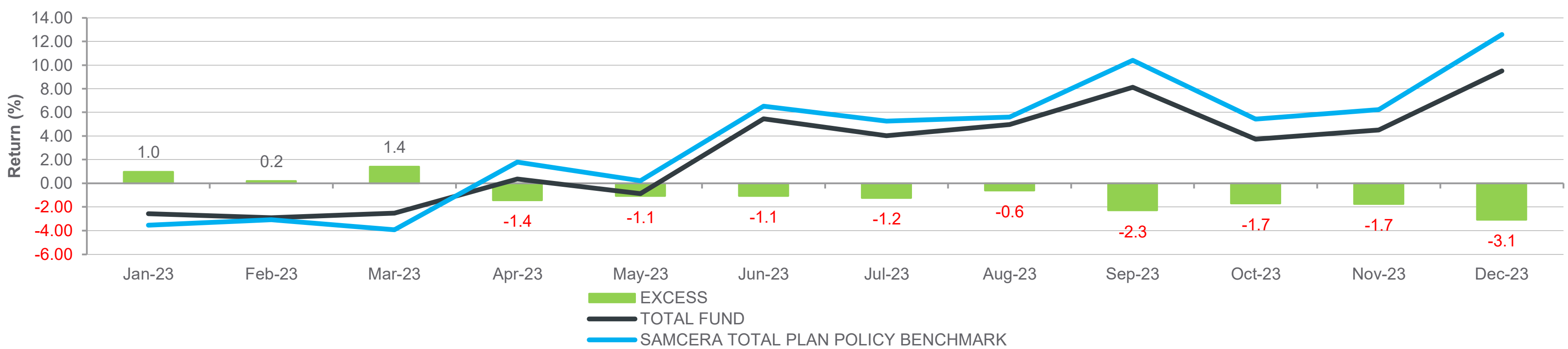


	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	ITD
TOTAL FUND - Gross	3.1	6.0	9.7	4.5	9.7	4.5	7.8	6.4	6.8
TOTAL FUND - Net	3.1	6.0	9.5	4.4	9.5	4.4	7.7	6.2	6.6
SAMCERA PLAN BENCHMARK	2.6	5.9	12.6	4.8	12.6	5.0	8.2	6.6	7.0
Excess (Net)	0.5	0.1	-3.1	-0.4	-3.1	-0.7	-0.5	-0.4	-0.4

Asset Allocation



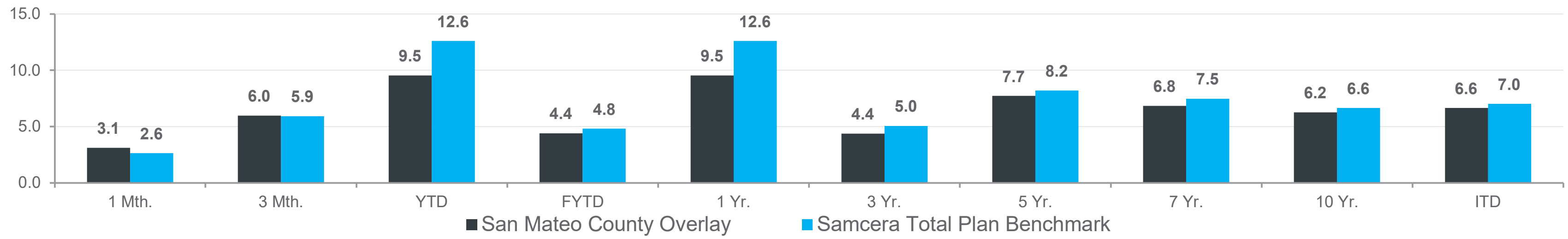
Rolling Month End Annual Returns



Northern Trust

SamCERA

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	6,227,806,401	3.1	6.0	9.5	4.4	9.5	4.4	7.7	6.8	6.2	6.6
Samcera Total Plan Benchmark		2.6	5.9	12.6	4.8	12.6	5.0	8.2	7.5	6.6	7.0
Excess		0.5	0.1	-3.1	-0.4	-3.1	-0.7	-0.5	-0.6	-0.4	-0.4
San Mateo Ex-Clifton Overlay	6,217,602,231	3.1	5.9	9.5	4.4	9.5	4.4	7.6	6.8	6.2	6.6
Samcera Total Plan Benchmark		2.6	5.9	12.6	4.8	12.6	5.0	8.2	7.5	6.6	7.0
Excess		0.5	0.0	-3.1	-0.4	-3.1	-0.7	-0.5	-0.7	-0.5	-0.4
Total Equity	2,573,860,847	5.0	9.9	17.9	5.9	17.9	5.4	11.1	9.7	8.0	7.9
Samcera Total Equity Benchmark		4.8	10.2	21.4	7.2	21.4	6.6	12.2	10.4	9.1	8.6
Excess		0.2	-0.2	-3.4	-1.3	-3.4	-1.1	-1.1	-0.7	-1.1	-0.7
Fixed Income	1,493,072,301	4.4	7.2	8.5	5.4	8.5	-0.5	2.6	2.8	3.1	4.9
Samcera Fixed Income Benchmark		4.0	7.3	8.0	4.8	8.0	-1.4	2.6	2.5	2.7	4.4
Excess		0.4	-0.1	0.5	0.6	0.5	0.9	0.0	0.4	0.4	0.5
Alternatives	743,522,582	-0.7	-0.2	4.1	2.4	4.1	5.5	10.9	9.2	8.0	1.0
Samcera Alternatives Benchmark		-2.1	-0.3	16.5	5.5	16.5	9.3	9.3	10.2	8.5	8.3
Excess		1.4	0.1	-12.4	-3.1	-12.4	-3.8	1.6	-0.9	-0.5	-7.3
Inflation Hedge	1,035,369,523	0.3	1.0	-2.1	0.7	-2.1	8.3	5.0	4.4	--	5.4
SamCERA Inflation Hedge Index		-0.6	-0.7	-1.9	-2.0	-1.9	8.4	6.6	6.1	--	--
Excess		0.9	1.7	-0.2	2.7	-0.2	-0.1	-1.6	-1.7	--	--
Liquidity	395,418,931	0.9	2.2	5.5	3.4	5.5	--	--	--	--	4.3
Liquidity Composite Benchmark		1.1	2.5	4.7	3.3	4.7	--	--	--	--	3.2
Excess		-0.2	-0.3	0.8	0.1	0.8	--	--	--	--	1.1

San Mateo County
Composite Return Summary
December 31,2023

SamCERA

Composite Returns (NET)	Market Value ($)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Total Equity	2,573,860,847	5.0	9.9	17.9	5.9	17.9	5.4	11.1	9.7	8.0	7.9
Samcera Total Equity Benchmark		4.8	10.2	21.4	7.2	21.4	6.6	12.2	10.4	9.1	8.6
Excess		0.2	-0.2	-3.4	-1.3	-3.4	-1.1	-1.1	-0.7	-1.1	-0.7
Domestic Equity	1,446,256,514	5.2	11.1	19.6	7.5	19.6	8.7	13.8	12.0	10.5	9.1
Samcera Dom. Equity Benchmark		5.3	12.1	26.0	8.4	26.0	8.5	15.2	12.8	11.3	9.6
Excess		-0.1	-1.0	-6.3	-1.0	-6.3	0.2	-1.4	-0.8	-0.8	-0.5
Large Cap Equity	1,309,454,823	4.5	10.9	19.3	7.2	19.3	8.4	13.9	12.4	11.1	9.8
Russell 1000		4.9	12.0	26.5	8.4	26.5	9.0	15.5	13.2	11.8	10.3
Excess		-0.4	-1.1	-7.2	-1.2	-7.2	-0.5	-1.6	-0.8	-0.7	-0.5
Blackrock Russell 1000	872,511,656	4.9	12.0	26.6	8.5	26.6	9.0	15.7	--	--	13.2
Russell 1000		4.9	12.0	26.5	8.4	26.5	9.0	15.5	--	--	13.1
Excess		-0.0	0.0	0.0	0.0	0.0	0.0	0.1	--	--	0.1
DE Shaw Commingled Fund	201,157,014	4.0	9.8	20.9	7.7	20.9	7.0	13.5	12.2	--	11.3
Russell 1000		4.9	12.0	26.5	8.4	26.5	9.0	15.5	13.2	--	11.6
Excess		-0.9	-2.1	-5.6	-0.8	-5.6	-1.9	-2.0	-1.0	--	-0.4
Panagora Defuseq -SL	235,786,153	3.5	7.8	3.7	2.3	3.7	6.9	10.7	--	--	11.0
Russell 1000		4.9	12.0	26.5	8.4	26.5	9.0	15.5	--	--	15.7
Excess		-1.4	-4.2	-22.8	-6.2	-22.8	-2.1	-4.8	--	--	-4.6
Small Cap Equity	128,204,456	12.5	12.7	21.5	10.3	21.5	10.3	10.9	7.4	6.1	6.7
Russell 2000		12.2	14.0	16.9	8.2	16.9	2.2	10.0	7.3	7.2	7.7
Excess		0.3	-1.4	4.6	2.1	4.6	8.0	0.9	0.1	-1.0	-1.0
QMA US Small Cap	128,204,456	12.5	12.7	21.5	10.3	21.5	10.3	10.9	7.4	--	8.8
Russell 2000		12.2	14.0	16.9	8.2	16.9	2.2	10.0	7.3	--	8.4
Excess		0.3	-1.4	4.6	2.1	4.6	8.0	0.9	0.1	--	0.4
Domestic Equity Overlay	8,597,235	5.5	15.4	18.3	-0.1	18.3	91.6	--	--	--	92.4
ICE BofAML US 3-Month Treasury Bill		0.5	1.4	5.0	2.7	5.0	2.2	--	--	--	1.8
Excess		5.0	14.0	13.2	-2.8	13.2	89.4	--	--	--	90.6
International Equity	1,127,604,333	4.7	8.5	16.0	4.1	16.0	1.8	8.1	7.1	4.6	5.5
SamCERA Custom Hedge Intl		4.3	8.0	16.2	5.8	16.2	4.1	8.5	7.3	4.6	5.2
Excess		0.5	0.5	-0.2	-1.7	-0.2	-2.4	-0.4	-0.3	-0.0	0.3

SamCERA

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	1,124,936,184	4.8	8.5	16.2	4.2	16.2	-0.4	7.8	6.9	4.6	4.6
--		--	--	--	--	--	--	--	--	--	--
Excess		--	--	--	--	--	--	--	--	--	--
Dev Mrkts Equity Curr Hedge	3,696,254	--	--	--	--	--	--	--	--	--	--
--		--	--	--	--	--	--	--	--	--	--
Excess		--	--	--	--	--	--	--	--	--	--
Dev Mrkts Equity Ex Curr Hedge	1,128,632,437	5.2	9.9	15.5	4.6	15.5	-0.6	7.7	6.8	4.5	4.6
MS AC WldxUS IMI Nt		5.2	9.8	15.6	6.0	15.6	1.5	7.2	6.4	4.0	4.8
Excess		0.0	0.1	-0.1	-1.4	-0.1	-2.1	0.5	0.4	0.5	-0.3
Baillie Gifford	270,565,920	5.9	11.3	10.0	0.1	10.0	-7.7	7.1	6.4	4.4	6.1
MSCI ACWI ex USA Growth		4.8	11.2	14.4	3.1	14.4	-2.4	7.8	7.5	4.9	--
Excess		1.1	0.2	-4.4	-3.0	-4.4	-5.3	-0.8	-1.1	-0.5	--
Blackrock MSCI ACWI ex US IMI	579,988,334	5.1	9.7	15.7	5.8	15.7	1.7	--	--	--	7.0
MS AC WldxUS IMI Nt		5.2	9.8	15.6	6.0	15.6	1.5	--	--	--	6.9
Excess		-0.1	-0.1	0.1	-0.1	0.1	0.2	--	--	--	0.1
Mondrian Investment Partners	278,078,183	4.9	9.1	18.8	6.4	18.8	3.6	5.8	5.3	3.4	4.9
MSCI ACWI xUSA Value		5.3	8.5	18.1	8.6	18.1	6.5	7.0	6.0	3.5	5.2
Excess		-0.4	0.6	0.7	-2.1	0.7	-2.9	-1.2	-0.7	-0.1	-0.2
International Equity Overlay	2,668,149	3.8	14.1	--	--	--	--	--	--	--	14.1
ICE BofAML US 3-Month Treasury Bill		0.5	1.4	--	--	--	--	--	--	--	1.4
Excess		3.3	12.7	--	--	--	--	--	--	--	12.7

Composite Returns (NET)	Market Value ($)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Fixed Income	1,493,072,301	4.4	7.2	8.5	5.4	8.5	-0.5	2.6	2.8	3.1	4.9
Samcera Fixed Income Benchmark		4.0	7.3	8.0	4.8	8.0	-1.4	2.6	2.5	2.7	4.4
Excess		0.4	-0.1	0.5	0.6	0.5	0.9	0.0	0.4	0.4	0.5
Core Fixed Income	797,906,683	5.1	8.4	6.6	4.0	6.6	-3.0	1.2	1.5	2.3	4.3
Samcera Core Fixed Income		5.0	8.3	4.6	2.5	4.6	-3.6	0.9	1.2	1.7	4.0
Excess		0.1	0.2	2.0	1.6	2.0	0.6	0.3	0.3	0.5	0.4
FIAM B Core Bond	130,079,697	4.0	7.0	5.7	3.6	5.7	-2.9	2.0	2.0	--	2.2
BBG US Aggregate		3.8	6.8	5.5	3.4	5.5	-3.3	1.1	1.3	--	1.3
Excess		0.2	0.1	0.2	0.2	0.2	0.4	0.9	0.7	--	0.9
DoubleLine	238,832,346	4.1	6.6	6.7	3.2	6.7	-3.2	--	--	--	-1.1
BBG US Aggregate		3.8	6.8	5.5	3.4	5.5	-3.3	--	--	--	-1.7
Excess		0.2	-0.2	1.1	-0.1	1.1	0.1	--	--	--	0.5
NISA Long Treasury	184,752,025	8.8	12.9	--	-0.4	--	--	--	--	--	-0.6
Bloomberg US Long Tsy		8.6	12.7	--	-0.6	--	--	--	--	--	-0.8
Excess		0.2	0.2	--	0.2	--	--	--	--	--	0.1
NISA Core Bond	242,070,217	3.9	6.8	5.7	3.4	5.7	-3.0	--	--	--	-1.7
BBG US Aggregate		3.8	6.8	5.5	3.4	5.5	-3.3	--	--	--	-2.1
Excess		0.1	-0.0	0.2	0.1	0.2	0.3	--	--	--	0.4
Core Fixed Income Overlay	2,172,398	3.5	3.4	--	-2.1	--	--	--	--	--	--
ICE BofAML US 3-Month Treasury Bill		0.5	1.4	5.0	2.7	5.0	2.2	--	--	--	1.8
Excess		3.0	2.0	--	-4.8	--	--	--	--	--	--
Opportunistic Credit	695,165,618	3.6	5.7	10.6	6.7	10.6	3.6	4.9	5.2	5.3	7.4
Samcera Opp Credit Bench		3.0	6.2	12.0	7.4	12.0	1.8	5.4	4.5	4.7	6.2
Excess		0.7	-0.5	-1.4	-0.7	-1.4	1.8	-0.6	0.8	0.7	1.2

San Mateo County
Composite Return Summary
December 31,2023

SamCERA

Composite Returns (NET)	Market Value ($)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Public Credit	537,808,505	4.8	7.0	--	8.0	--	--	--	--	--	8.0
BBG US Corp High Yield		3.7	7.2	--	7.7	--	--	--	--	--	7.7
Excess		1.1	-0.2	--	0.3	--	--	--	--	--	0.3
AG CREDIT SOL FU LP	8,615,890	0.0	2.9	8.4	6.3	8.4	11.6	--	--	--	14.0
BBG US Corp High Yield		3.7	7.2	13.4	7.7	13.4	2.0	--	--	--	3.2
Excess		-3.7	-4.3	-5.1	-1.4	-5.1	9.6	--	--	--	10.7
AG CSF ADF II	10,765,198	0.0	2.4	11.7	7.9	11.7	--	--	--	--	--
BBG US Corp High Yield		3.7	7.2	13.4	7.7	13.4	--	--	--	--	7.6
Excess		-3.7	-4.8	-1.7	0.2	-1.7	--	--	--	--	--
AG CSF II	23,942,355	0.0	3.4	13.9	11.8	13.9	--	--	--	--	4.0
BBG US Corp High Yield		3.7	7.2	13.4	7.7	13.4	--	--	--	--	1.9
Excess		-3.7	-3.8	0.5	4.1	0.5	--	--	--	--	2.1
AG Opportunistic Whole Loan	31,925	0.0	-4.9	-21.5	-8.1	-21.5	21.7	12.9	16.4	--	12.3
BBG US Corp High Yield		3.7	7.2	13.4	7.7	13.4	2.0	5.4	4.6	--	4.4
Excess		-3.7	-12.1	-35.0	-15.8	-35.0	19.7	7.5	11.9	--	7.9
Beach Point Select Fund	129,804,146	11.5	12.8	21.9	15.6	21.9	9.6	9.8	9.0	--	8.9
BBG US Corp High Yield		3.7	7.2	13.4	7.7	13.4	2.0	5.4	4.6	--	4.8
Excess		7.8	5.6	8.5	7.9	8.5	7.7	4.4	4.4	--	4.1
Brigade Cap Mngmt	116,233,485	2.6	3.1	11.6	5.1	11.6	4.2	5.1	4.9	4.3	5.7
BBG US Corp High Yield		3.7	7.2	13.4	7.7	13.4	2.0	5.4	4.6	4.6	6.0
Excess		-1.1	-4.1	-1.8	-2.6	-1.8	2.3	-0.3	0.3	-0.2	-0.3

San Mateo County
Composite Return Summary
December 31,2023

Composite Returns (NET)	Market Value ($)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Franklin Templeton	57,110,741	5.1	9.1	6.7	4.7	6.7	-2.8	-3.0	-1.6	-0.7	1.1
Bloomberg Multiverse Index		4.1	8.1	6.0	4.4	6.0	-5.3	-0.1	0.8	0.5	1.0
Excess		1.0	1.0	0.7	0.3	0.7	2.4	-2.9	-2.4	-1.2	0.1
One William Street	62,961,174	0.6	2.4	--	4.9	--	--	--	--	--	--
BBG US Corp High Yield		3.7	7.2	--	7.7	--	--	--	--	--	8.5
Excess		-3.1	-4.7	--	-2.7	--	--	--	--	--	--
PIMCO Div. Income Fund	128,343,591	4.0	7.8	10.4	6.6	10.4	-1.5	2.7	--	--	2.2
BBG US Corp High Yield		3.7	7.2	13.4	7.7	13.4	2.0	5.4	--	--	4.0
Excess		0.3	0.6	-3.1	-1.1	-3.1	-3.4	-2.6	--	--	-1.8
Private Credit	157,357,112	0.0	1.5	--	2.8	--	--	--	--	--	2.8
Credit Suisse Lev Loan 1 QTR L		0.9	3.4	--	6.6	--	--	--	--	--	6.6
Excess		-0.9	-1.8	--	-3.8	--	--	--	--	--	-3.8
Blackrock Direct Lending Feede	38,999,579	-0.3	2.5	8.3	2.4	8.3	5.7	--	--	--	4.1
Credit Suisse Lev Loan 1 QTR L		0.9	3.4	--	6.6	--	--	--	--	--	--
Excess		-1.2	-0.9	--	-4.2	--	--	--	--	--	--
Pimco Private Income	50,149,894	0.0	1.7	5.3	3.7	5.3	7.4	--	--	--	7.0
Credit Suisse Lev Loan 1 QTR L		0.9	3.4	--	6.6	--	--	--	--	--	--
Excess		-0.9	-1.7	--	-2.9	--	--	--	--	--	--
TCP Direct Lending VIII	10,331,600	0.9	2.5	6.8	4.5	6.8	5.8	6.1	6.2	--	--
Credit Suisse Lev Loan 1 QTR L		0.9	3.4	--	6.6	--	--	--	--	--	--
Excess		0.0	-0.8	--	-2.0	--	--	--	--	--	--
White Oak Yield Spec	28,721,354	0.0	0.5	2.4	2.2	2.4	4.7	5.1	--	--	--
Credit Suisse Lev Loan 1 QTR L		0.9	3.4	--	6.6	--	--	--	--	--	--
Excess		-0.9	-2.9	--	-4.4	--	--	--	--	--	--
White Oak YSF V	29,154,685	-0.0	0.5	0.0	1.9	0.0	1.1	--	--	--	1.1
Credit Suisse Lev Loan 1 QTR L		0.9	3.4	--	6.6	--	--	--	--	--	--
Excess		-0.9	-2.9	--	-4.7	--	--	--	--	--	--
Alternatives	743,522,582	-0.7	-0.2	4.1	2.4	4.1	5.5	10.9	9.2	8.0	1.0
Samcera Alternatives Benchmark		-2.1	-0.3	16.5	5.5	16.5	9.3	9.3	10.2	8.5	8.3
Excess		1.4	0.1	-12.4	-3.1	-12.4	-3.8	1.6	-0.9	-0.5	-7.3

Composite Returns (NET)	Market Value ($)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Private Equity	407,397,780	-0.1	1.9	6.5	2.6	6.5	6.8	19.9	18.2	16.8	-5.2
Samcera PE Benchmark		-4.5	-2.6	23.5	6.1	23.5	12.4	12.2	14.0	13.3	15.2
Excess		4.3	4.5	-17.0	-3.5	-17.0	-5.6	7.8	4.2	3.5	-20.4
Absolute Return	336,124,802	-1.3	-2.5	1.6	2.2	1.6	3.5	-0.2	-1.2	1.2	1.6
Samcera SOFR + 4%		0.8	2.3	9.2	4.6	9.2	6.3	6.0	5.8	5.4	5.1
Excess		-2.0	-4.8	-7.6	-2.4	-7.6	-2.8	-6.2	-7.1	-4.2	-3.5
Graham Global Investment	81,980,598	-4.2	-8.3	2.1	-0.8	2.1	4.9	--	--	--	4.7
Samcera SOFR +4%		0.7	2.2	8.9	4.4	8.9	6.2	--	--	--	5.8
Excess		-4.9	-10.5	-6.8	-5.3	-6.8	-1.3	--	--	--	-1.1
PIMCO MAARS Fund L.P.	87,174,234	-0.6	-1.4	7.1	5.0	7.1	10.1	--	--	--	8.7
Samcera SOFR +4%		0.8	2.4	9.4	4.8	9.4	6.4	--	--	--	6.0
Excess		-1.4	-3.7	-2.2	0.2	-2.2	3.8	--	--	--	2.7
Acadian MAAR Fund LLC	77,722,217	-2.7	-5.2	-5.4	-3.3	-5.4	-1.3	--	--	--	-0.7
Samcera SOFR +4%		0.8	2.4	9.4	4.8	9.4	6.4	--	--	--	6.2
Excess		-3.5	-7.6	-14.8	-8.1	-14.8	-7.7	--	--	--	-6.9
CFM SYS Global Macro Fund	89,247,753	2.1	5.2	1.7	7.4	1.7	7.6	--	--	--	8.6
Samcera SOFR +4%		0.8	2.4	9.4	4.8	9.4	6.4	--	--	--	6.2
Excess		1.3	2.8	-7.7	2.7	-7.7	1.2	--	--	--	2.5
Inflation Hedge	1,035,369,523	0.3	1.0	-2.1	0.7	-2.1	8.3	5.0	4.4	--	5.4
SamCERA Inflation Hedge Index		-0.6	-0.7	-1.9	-2.0	-1.9	8.4	6.6	6.1	--	--
Excess		0.9	1.7	-0.2	2.7	-0.2	-0.1	-1.6	-1.7	--	--
Real Estate	511,082,076	0.1	-1.6	-7.8	-1.4	-7.8	6.7	5.4	5.9	--	6.5
Samcera NCREIF ODCE (gross)		0.0	0.0	-7.6	-1.9	-7.6	6.7	5.3	6.0	--	6.3
Excess		0.1	-1.6	-0.3	0.5	-0.3	0.0	0.1	-0.1	--	0.2
Invesco Core Real Estate	260,847,501	0.0	-1.7	-12.8	-1.7	-12.8	6.5	4.8	5.6	7.5	7.1
Samcera NCREIF ODCE (gross)		0.0	0.0	-7.6	-1.9	-7.6	6.7	5.3	6.0	7.8	7.3
Excess		0.0	-1.7	-5.3	0.2	-5.3	-0.1	-0.4	-0.5	-0.4	-0.2
Invesco US Val IV	432,108	0.0	-28.0	-51.9	-29.0	-51.9	-30.1	-16.7	-9.9	--	-7.0
Samcera NCREIF ODCE (gross)		0.0	0.0	-7.6	-1.9	-7.6	6.7	5.3	6.0	--	6.8
Excess		0.0	-28.0	-44.4	-27.1	-44.4	-36.8	-22.0	-16.0	--	-13.7

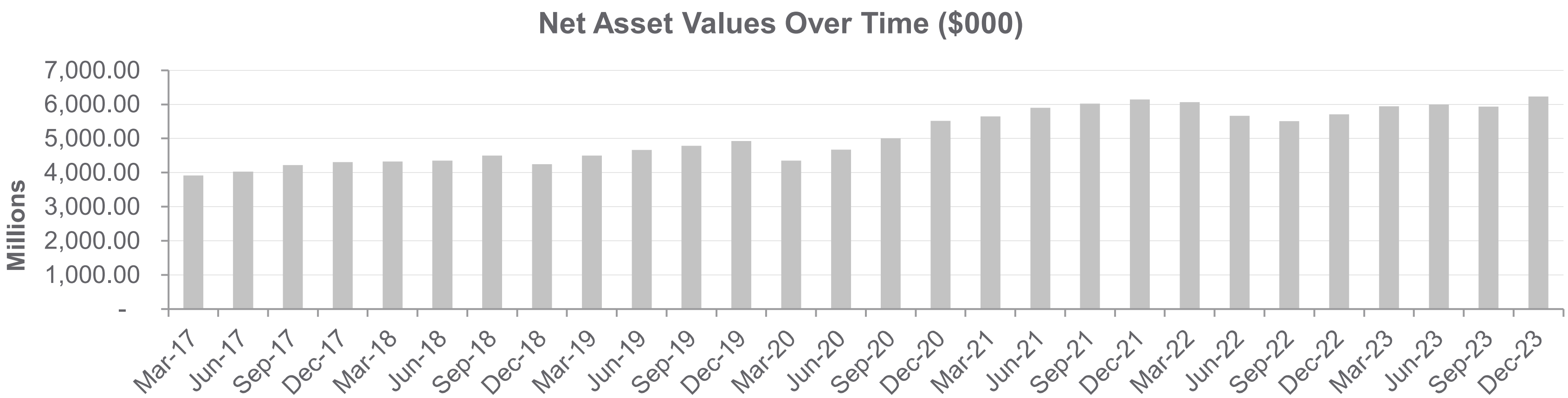
SamCERA

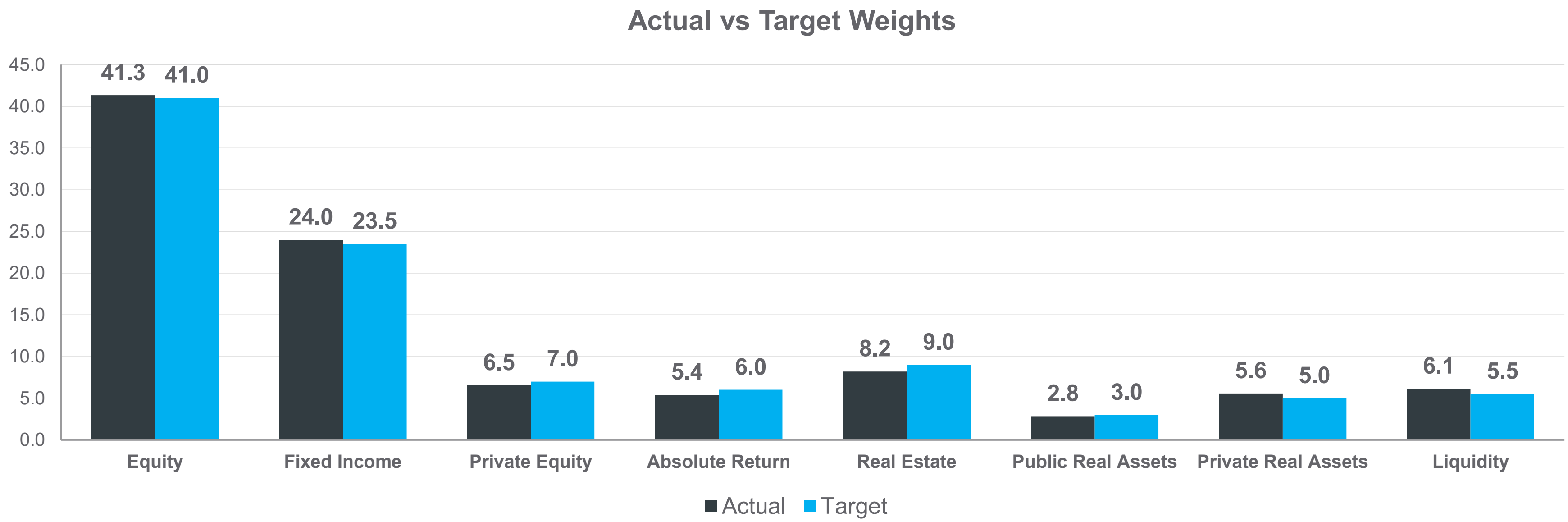
Composite Returns (NET)	Market Value ($)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Invesco Value-Add Fund	24,737,697	0.0	-2.7	-8.5	-3.5	-8.5	--	--	--	--	-3.7
Samcera NCREIF ODCE (gross)		0.0	0.0	-7.6	-1.9	-7.6	--	--	--	--	-8.9
Excess		0.0	-2.7	-1.0	-1.6	-1.0	--	--	--	--	5.2
PGIM Real Estate US Debt Fund	73,787,743	0.7	1.3	7.0	3.2	7.0	6.4	6.1	--	--	5.4
Samcera NCREIF ODCE (gross)		0.0	0.0	-7.6	-1.9	-7.6	6.7	5.3	--	--	6.0
Excess		0.7	1.3	14.6	5.1	14.6	-0.3	0.8	--	--	-0.5
Invesco US VAL V	31,113,700	0.0	-3.8	-9.3	-4.4	-9.3	9.1	--	--	--	6.0
Samcera NCREIF ODCE (gross)		0.0	0.0	-7.6	-1.9	-7.6	6.7	--	--	--	--
Excess		0.0	-3.8	-1.7	-2.5	-1.7	2.5	--	--	--	--
Harrison Street Core Property	94,968,225	0.0	-1.5	-3.1	-1.5	-3.1	5.9	--	--	--	4.9
Samcera NCREIF ODCE (gross)		0.0	0.0	-7.6	-1.9	-7.6	6.7	--	--	--	5.3
Excess		0.0	-1.5	4.4	0.4	4.4	-0.8	--	--	--	-0.4
Stockbridge Value IV	25,195,102	0.0	-5.4	-2.6	-5.3	-2.6	--	--	--	--	6.3
Samcera NCREIF ODCE (gross)		0.0	0.0	-7.6	-1.9	-7.6	--	--	--	--	6.7
Excess		0.0	-5.4	5.0	-3.4	5.0	--	--	--	--	-0.4
Public Real Assets	177,360,099	1.9	2.7	-0.2	2.0	-0.2	7.1	3.5	2.4	--	--
SamCera Liquid Real Asset Inde		2.0	3.0	0.1	2.2	0.1	7.1	6.3	4.7	--	5.8
Excess		-0.1	-0.3	-0.2	-0.3	-0.2	0.0	-2.8	-2.4	--	--
SSGA CST REAL ASSET NL	177,360,099	1.9	2.7	-0.2	2.0	-0.2	7.1	6.2	4.7	--	--
SamCera Liquid Real Asset Inde		2.0	3.0	0.1	2.2	0.1	7.1	6.3	4.7	--	5.0
Excess		-0.1	-0.3	-0.2	-0.3	-0.2	0.0	-0.1	-0.1	--	--
Private Real Assets	346,927,348	-0.1	4.2	7.1	3.3	7.1	15.6	6.4	5.1	--	9.7
SamCERA Private Real Asset Idx		-3.2	-4.4	9.3	-5.2	9.3	11.8	5.8	7.2	--	9.3
Excess		3.1	8.7	-2.3	8.5	-2.3	3.8	0.6	-2.1	--	0.4

Composite Returns (NET)	Market Value ($)	1 Mth.	3 Mth.	YTD	FYTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	10 Yr.	ITD
Liquidity	395,418,931	0.9	2.2	5.5	3.4	5.5	--	--	--	--	4.3
Liquidity Composite Benchmark		1.1	2.5	4.7	3.3	4.7	--	--	--	--	3.2
Excess		-0.2	-0.3	0.8	0.1	0.8	--	--	--	--	1.1
Cash Flow - Match Liquidity	287,521,271	1.0	2.4	5.2	3.5	5.2	--	--	--	--	3.9
BBG US Agg Govt Credit 1-3		1.2	2.7	4.6	3.4	4.6	--	--	--	--	2.6
Excess		-0.2	-0.3	0.5	0.1	0.5	--	--	--	--	1.2
Insight Investment	278,615,082	1.1	2.5	5.4	3.7	5.4	--	--	--	--	3.4
BBG US Credit 1-3 Yrs		1.3	3.0	5.3	3.8	5.3	--	--	--	--	3.5
Excess		-0.2	-0.6	0.1	-0.1	0.1	--	--	--	--	-0.0
County Treasury Pool	8,906,189	0.0	1.0	4.1	1.4	4.1	2.1	2.0	1.8	1.5	2.6
91 Day T-Bill		0.5	1.4	5.0	2.7	5.0	2.2	1.9	1.7	--	--
Excess		-0.5	-0.4	-0.9	-1.3	-0.9	-0.1	0.1	0.1	--	--
Cash & Cash Overlay	107,897,660	0.5	1.4	5.2	2.8	5.2	--	--	--	--	--
ICE BofAML US 3-Month Treasury Bill		0.5	1.4	5.0	2.7	5.0	2.2	--	--	--	1.8
Excess		0.0	0.0	0.2	0.1	0.2	--	--	--	--	--
General Account	97,693,490	0.5	1.4	5.3	2.8	5.3	2.3	1.9	1.8	1.4	2.0
Transition Account	0	--	--	--	--	--	--	--	--	--	--
Cash Overlay	10,204,170	0.5	1.4	4.9	2.7	4.9	1.7	--	--	--	1.5
San Mateo County Overlay	6,227,806,401	3.1	6.0	9.5	4.4	9.5	4.4	7.7	6.8	6.2	6.6
Samcera Total Plan Benchmark		2.6	5.9	12.6	4.8	12.6	5.0	8.2	7.5	6.6	7.0
Excess		0.5	0.1	-3.1	-0.4	-3.1	-0.7	-0.5	-0.6	-0.4	-0.4

Record of Asset Growth

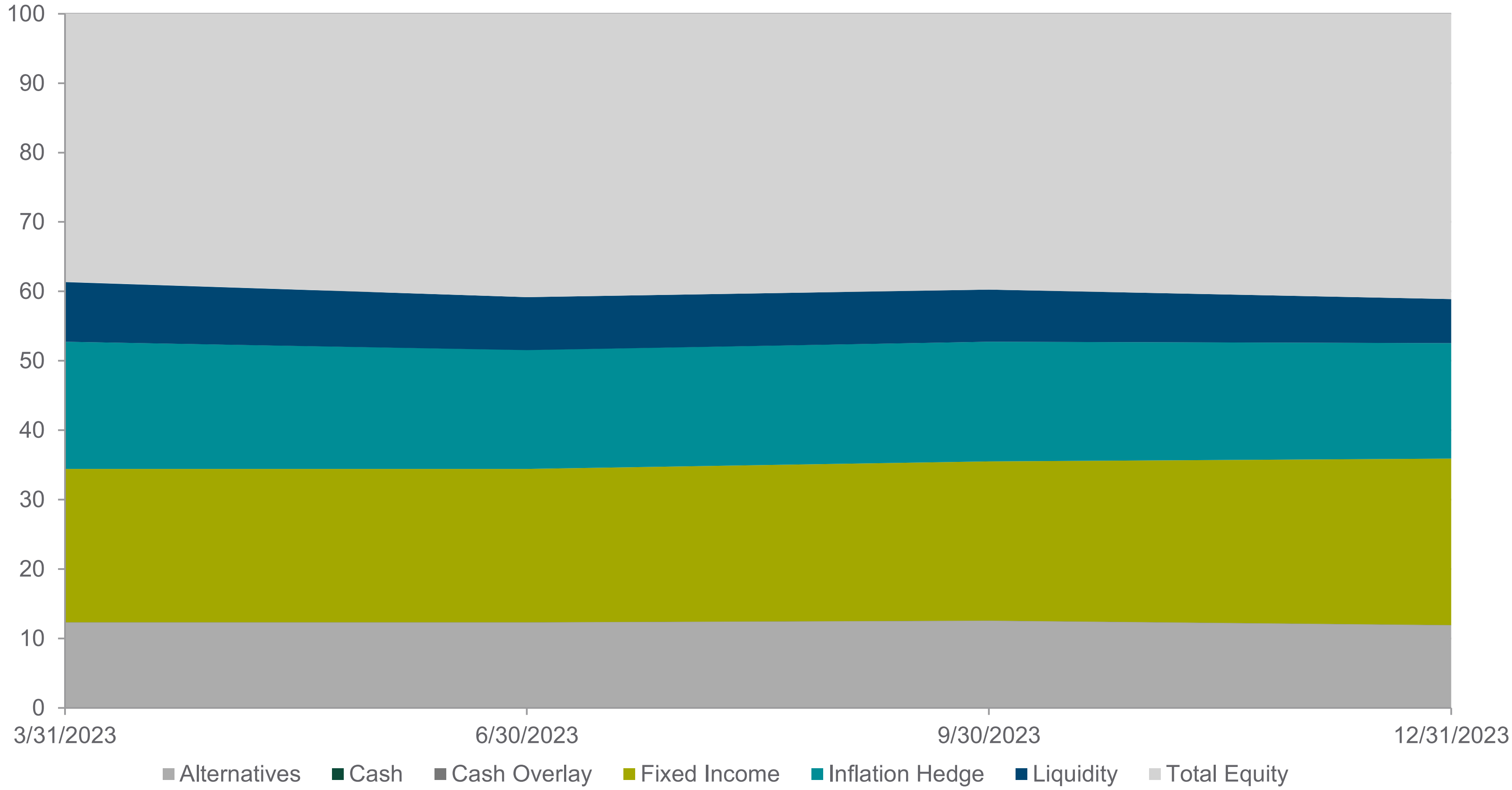
	Three Months	One Year
TOTAL FUND		
Beginning Market Value	5,935,795,397	5,704,689,472
Contributions	16,341,777	443,150,127
Withdrawals	-78,550,000	-472,051,207
Income Received	30,773,285	125,814,351
Gain/Loss	323,532,517	428,090,014
Ending Market Value	6,227,806,401	6,227,806,401

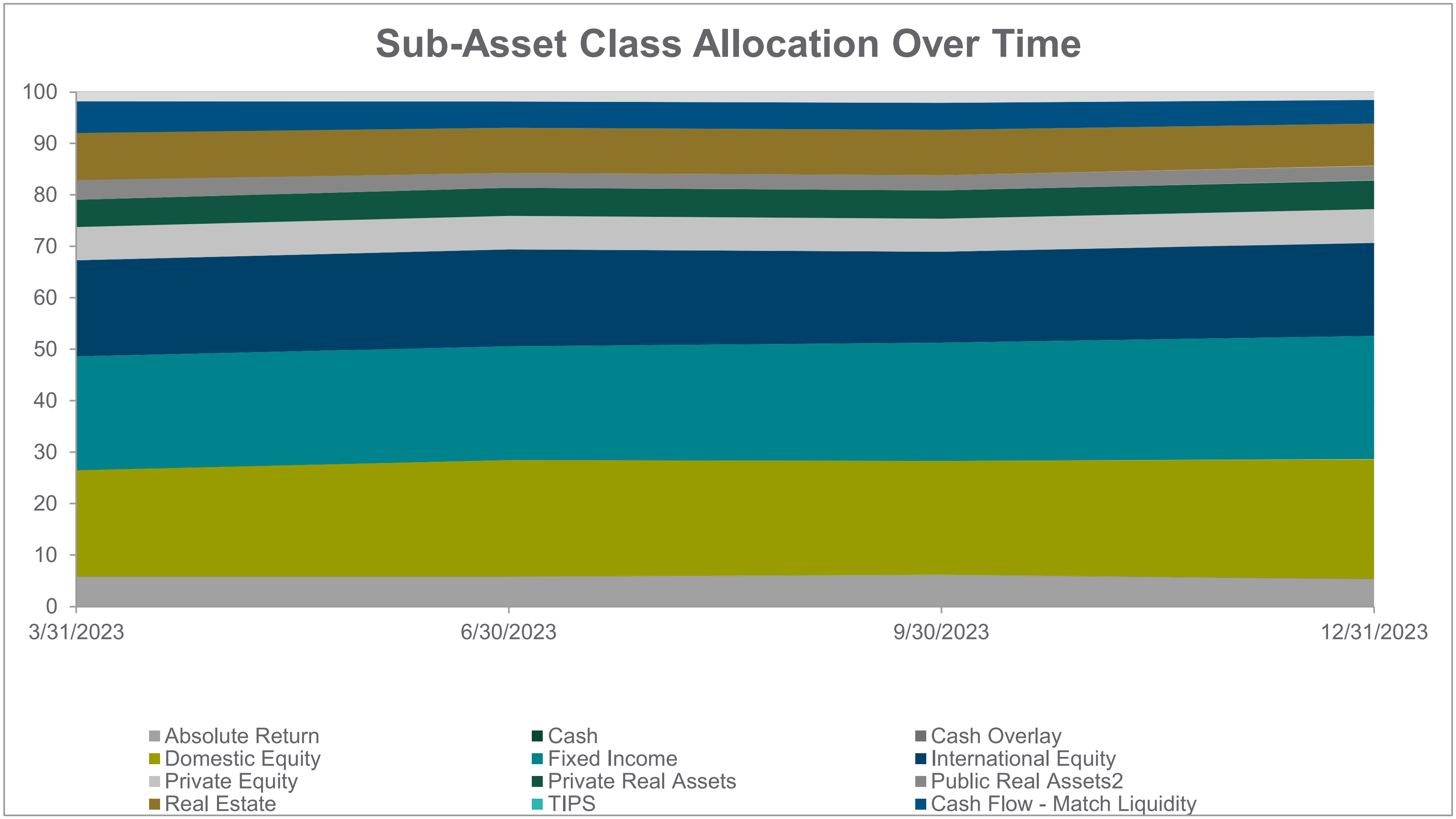




	Min	Actual	Target	Deviation	Max
Equity	38.0	41.3	41.0	0.3	44.0
Fixed Income	21.5	24.0	23.5	0.5	25.5
Private Equity	5.0	6.5	7.0	-0.5	9.0
Absolute Return	4.0	5.4	6.0	-0.6	8.0
Real Estate	7.0	8.2	9.0	-0.8	11.0
Public Real Assets	1.0	2.8	3.0	-0.2	5.0
Private Real Assets	3.0	5.6	5.0	0.6	7.0
Liquidity		6.1	5.5	0.6	

Asset Allocation over Time




Sub-Asset Class Allocation Over Time
100
90
80
70
60
50
40
30
20
10
0
3/31/2023
6/30/2023
9/30/2023
12/31/2023
Absolute Return
Cash
Cash Overlay
Domestic Equity
Fixed Income
International Equity
Private Equity
Private Real Assets
Public Real Assets2
Real Estate
TIPS
Cash Flow - Match Liquidity

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SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 23, 2024 Agenda Item 6.2

TO: Board of Retirement

FROM: Doris Ng, Investment Analyst

SUBJECT: Report on Cash-Flow Matching Manager Annual Review

Recommendation

Review the report on the annual review of SamCERA's cash-flow matched liquidity manager, Insight Investment.

Background

On October 19th, SamCERA staff and consultant held annual review meeting with Insight Investment.

The meeting lasted approximately 1 hour, and consisted of a firm/organizational update, investment process review, performance review and attribution, and current positioning/market outlook.

Discussion

SamCERA's cash-flow matched liquidity mandate with Insight Investment invests in short-duration fixed income securities to match SamCERA's projected near-term net benefit payments (net liability cashflows) over the next 3-4 years. The mandate utilizes a "buy and maintain" strategy, where credit selection is the primary focus to minimize the risk of default as interest payments and principal repayments are utilized to meet projected liability cashflows.

There were no significant concerns identified during the meeting. Attached you will find meeting notes from Verus summarizing the findings from the annual review.

Attachment

Insight Investment Annual Review Meeting Notes

Date of meeting: 10/19/2023

Location: SamCERA Office

Manager Representative(s)

Matthew Logan (Client Service)
Sweta Vaidya (Solutions Design)
Shivin Kwatra (Portfolio Manager)

Verus Representative(s)

John Nicolini

Account Assets

$297 mm (9/30/2023)

Client Representative(s)

Mike Coultrip (CIO), Doris Ng (Investment Analyst), Lili Dames (Investment Analyst)

Product Description

One of Insight's core competencies is Liability Driven Investing and Cash Flow Driven Investing (CDI). SamCERA is utilizing Insight for its CDI strategy. The strategy implements a risk-controlled approach by matching SamCERA's 4-year negative cash flows with short-term liquid securities with the timing of cash flows from investments matching the projected cash flows of SamCERA. Annually, following the actuarial review, Investment Staff will discuss adding the subsequent years' worth of cashflows to the mandate. In 2023, SamCERA opted to increase the cash flow matching program from 3-years to 4-years (which due to market conditions didn't involve adding to the mandate). Insight has 2 teams that work in conjunction with each other for this strategy. The Solutions design team is in charge of liability modeling and implementation. The Portfolio Management team is responsible for working with Insight's Credit Analyst Team to identify securities for the mandate.

Meeting Notes

Organization

Founded in 2002, Insight Investment Management has 290 investment professionals worldwide and 90 in the US. Insight has offices in London, New York, Boston, San Francisco, Dublin, Frankfurt, Manchester, Sydney and Tokyo. In November 2009, Insight became part of The Bank of New York Mellon Corporation (BNY Mellon). In 2013, currency risk management specialist, Pareto Investment Management, became part of Insight, and in 2015, US fixed income boutique, Cutwater Asset Management (Cutwater), was acquired by BNY Mellon. Today, these businesses operate as Insight Investment. BNY Mellon Investment Management and Insight announced in February 2021 that the specialized fixed income investment teams within affiliate Mellon Investments (Mellon) would be moving to Insight as the center of fixed income. Insight continues to run autonomously from BNY Mellon; however, BNY Mellon holds two Insight Board of Director seats. There are also independent Board members on the Insight Board. Insight manages $800 billion in assets of which $129 billion is in cash flow aware and LDI strategies.

Investment Team

Two teams are responsible for the creation of the CDI Portfolio.

Solution design: Sweta Vaidya*, Head of Solution Design North America, Justin Demino, Solutions Designer, Erik Thoren, Head of LDI Quantitative Analytics, and Michael DeSimone, Pension Solutions Analyst would be responsible for understanding SamCERA's objectives, overseeing liability modeling and quantitative analysis, investment solution design and working with the broader team on market strategy, implementation and ensuring the solution is executed in line with SamCERA requirements on an ongoing basis.

Portfolio management: Shivin Kwatra, Head of LDI Portfolio Management – North America, would be responsible for portfolio management. Shivin will work closely with Gerard Berrigan, Head of US Strategic Credit, and broader fixed income credit research and portfolio management teams across corporates, securitized, municipal and EM. Additional support will be provided by Julien Perron, Quantitative Analyst and Kevin Loescher, Portfolio Implementation Specialist.

Shivin Kwatra, the head of LDI, will be responsible for SamCERA's portfolio. He is assisted by the solutions team, and credit research team, all located in the New York office. Insight was unique in having a two-team approach, the solutions design team which is responsible for customizing CDI and LDI portfolios, and a separate research/credit team.

Investment Strategy

The Credit Analysis Team is responsible for analyzing companies which are issuers of investment grade, non-investment grade corporate bonds and leveraged loans. Analysts specialize in industry sectors where they determine the key business drivers of that sector and how these drivers will impact the individual companies within it. For each company, cashflow modeling forms a key element of an analyst's work, as does a detailed assessment of the things which can typically lead to a sharp change in credit quality, such as the ability of a company to service debt when capital markets are shut. Each analyst is responsible for formulating a clear fundamental credit opinion of the companies they cover, as well as understanding the specifics of the supporting bond or loan documentation. Using this information, they make an assessment of the relative valuation to generate buy/sell recommendations to the portfolio managers.

All of the ratings and issuers are loaded into AYLA, which is Insight's proprietary cashflow optimization system. Cash flows and guideline limitations are also loaded into the system. From this portfolio managers will review the output and make changes to the portfolio as needed.

AYLA allows for various outputs including sector breakout, quality, and other factors buy maturity date (which is ultimately matched to SamCERA's cash flows.) Portfolio construction is a collaborative process between the portfolio manager and solutions team. It is done repeatedly until the optimal portfolio is created. Once created, AYLA is typically used once a year when updated cash flow projections are available. AYLA allows for a tight buy and maintain portfolio, as well as a higher risk solution, should SamCERA desire one in the future. This modeling is the basis for Insight's ability to create a buy and maintain portfolio.

Performance & Positioning

SamCERA funded the Insight CDI portfolio on July 5^{th}, 2022. Proceeds were initially invested in treasuries until additional funding round was made in October. The CDI portfolio was then diversified into a mix of treasuries, corporates and ABS securities. Following an additional contribution in early 2023, the portfolio was fully implemented and now holds a mix of treasuries, corporates, ABS, agencies and cash. Since inception, the portfolio has outperformed the Bloomberg 1-3 year Credit and Bloomberg 1-3 year Gov/Credit benchmark, net of fees. As of August 2023, the portfolio is yielding 5.6% with an effective duration of 1.1. Most recently, following a discussion with Insight, SamCERA elected to utilize a 4-year cash flow matching portfolio, an increase from the prior 3-year matching program.

*Sweta Vaidya recently left Insight for personal reasons and will be replaced by Ciaran Carr, Head of Client Solutions Group North America.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 23, 2024 Agenda Item 6.3

TO: Board of Retirement

FROM: Doris Ng, Investment Analyst

SUBJECT: Approval of Opportunistic Credit Manager Recommendation

Recommendation

Approve recommendation to invest approximately 1% of plan assets ($60 million) in the Eaton Vance Emerging Markets Debt Opportunities strategy in a private fund vehicle.

Background

In August 2023, staff communicated to the Board regarding the plan to commence a search for an emerging markets debt manager as part of its Opportunistic Credit Portfolio within the Growth category. SamCERA is looking for an emerging markets, unconstrained, best ideas mandate, which largely has discretion on allocation across corporate debt, country, sovereign debt and currency. The current policy allocation to Opportunistic Credit is 11%.

Discussion

In September 2023, staff and consultant sent a request for information (RFI) to an initial list of eight investment managers and received responses back from seven managers. After reviewing the responses and information provided, staff and consultant conducted further due diligence with a short list of two investment managers. Staff and consultant provided an update on the search process during the October 2023 board meeting and after further review, Eaton Vance was selected for an on-site due diligence visit in December 2023.

Staff and consultant recommend Eaton Vance's Emerging Markets Debt Opportunities strategy due to the size and experience of the team, investment process, trading infrastructure, focus on risk management and experience in managing emerging and frontier markets debt.

Attachments

Staff Recommendation – Emerging Markets Debt Manager
Emerging Markets Debt Opportunities Presentation
Verus Memorandum Opportunistic Credit EMD Recommendation
Verus Assessment Emerging Markets Debt Opportunities Strategy

EATON VANCE EMERGING MARKETS DEBT OPPORTUNITIES STRATEGY
INVESTMENT RECOMMENDATION

January 23, 2024

SamCERA
SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1) Product Name	Eaton Vance Emerging Markets Debt Opportunities Strategy
2) Contact Person	Daniel Grzywacz, CFA, Executive Director 617-672-8946
3) Asset Class	Fixed Income / Opportunistic Credit / Public Credit
4) Consolidation	Growth
5) Product Profile/ Role in Portfolio	Eaton Vance's Emerging Markets Debt Opportunities strategy is a best ideas approach that seeks investment opportunities across local and external sovereign bonds, corporate bonds, and loans within emerging and frontier markets in a benchmark agnostic manner. The primary role of the proposed debt strategy is return-seeking as part of the Opportunistic Credit portfolio with lower volatility versus equities.
6) Manager Benchmark	The strategy is not managed to a particular benchmark. However, the J.P. Morgan EMB (JEMB) Hard Currency/Local currency 50-50 is used for performance tracking purposes.
7) Ex-Ante Return Target	The strategy targets a Sharpe ratio between 0.5 – 1 and volatility between 4-8%. An expected return target was not provided, but based on the strategy's Sharpe ratio and volatility targets, the expected return is between 7-13%.
8) Ex-Ante Volatility Target	Volatility Target 4-8%
9) Number of positions	The proposed strategy will generally invest in 30-70 countries and each country exposure may consist of a single bond or collection of bonds and derivatives. Currently, the portfolio has approximately 120 positions.
10) Firm Ownership Structure	Morgan Stanley completed its acquisition of Eaton Vance in March 2021, and the proposed strategy is now managed by the combined emerging market debt teams of both organizations. Morgan Stanley Investment Management (MSIM) was established in 1975. MSIM is an SEC registered investment advisor and a wholly-owned subsidiary of Morgan Stanley, a publicly traded corporation. MSIM manages $1.4 trillion in assets under management across equities, fixed income, alternatives, liquidity and customized solutions. The firm manages $181 billion in fixed income, of which $14 billion is managed by the Emerging Markets

	Debt Team in emerging markets. The firm is headquartered in New York with 4,408 employees located globally across 54 offices in 25 countries. Of the firm's total employees, 967 are investment professionals and 376 are research staff.
11) Key Personnel	The proposed strategy is managed by the Emerging Markets Debt team, which consists of a total of 52 individuals based out of Boston, Washington DC, New York, Singapore and London. The key personnel include the two co-Heads of the Emerging Markets Debt Team (Marshall Stocker and Kyle Lee), three cross regional portfolio managers (Sahil Tandon, Brian Shaw and Frederico Sequeda), two regional portfolio managers (Patrick Campbell and Hussein Khattab), Head of EM Corporate Credit (Akbar Causer), Head of Asia Corporate Credit (Budi Suharto) and Head of Emerging Markets Trading (Courtney Graham). Idea generation is a team-based effort across research associates, analysts, portfolio managers and traders, but the specific individuals who are responsible for idea generation and decision-making include all of the individuals listed above with exception of Marshall and Courtney, and additionally, two sovereign research analysts (Peter Szecsenyi and Max Chou). The Head of EM Corporate Credit, Akbar Causer, is also the coordinating portfolio manager for the proposed strategy and is responsible for top-down assessment of the portfolio.
12) Investment Process Summary	The team has daily regional news meetings, weekly group-wide research meetings, and weekly risk management meetings. The team also conducts 60-80 country visits annually. **Country Analysis** The investment process begins with country research across a large investment universe of over 100 countries. Portfolio managers and analysts share their views on countries' fundamentals within their respective regions. In particular, they focus on countries exhibiting structural change over the intermediate to long-term horizon (1-5 years) and look to uncover investment catalysts, including where the market's perception of the country differs from the team's fundamental research, imminent events occurring (such as elections or legislations) and irrational pricing. **Security Selection and Implementation** The team evaluates the best way to execute on the opportunities based on the country analysis. Each proposed security is decomposed into its embedded risk factors (currency risk, interest-rate risk, sovereign credit risk and corporate credit risk) to identify the best instrument(s) to achieve the desired risk exposure(s) and offset any undesired risk exposure(s). Each security is evaluated across four factors: country-level fundamentals, expected risk/return, portfolio fit/diversification potential and estimated price of liquidity to determine appropriate sizing. Portfolio managers and analysts work with the trading and operations team to access the desired markets, and also with the portfolio construction team to ensure investment ideas are sized appropriately and risks are consistent with the strategy's mandate. The coordinating portfolio manager also reviews the portfolio from a top-down perspective and makes any adjustments as necessary.
13) Strategy Fees	Management Fee: 54 bps per annum Fund Operating Expense Cap: 5 bps per annum

14) Annual Turnover	Annual turnover is expected to be 30-60% (excluding derivative rolls/maintenance trades).
15) List of Investment Instruments Used	The proposed mandate may invest in external (hard currency-denominated) and local sovereign bonds, loans, corporate bonds and derivatives within emerging and frontier markets.
16) Derivatives Usage	Derivatives may be utilized to gain desired risk exposures as well as hedge undesired risks. Derivatives instruments that are typically utilized include currency forwards (both deliverable and non-deliverable), interest-rate swaps and futures, and sovereign credit-default swaps. The strategy hedges out US duration. The strategy also hedges developed currency risk in emerging markets hard currency debt that are not denominated in USD (e.g. bonds issued by emerging market countries that make payments in euros).
17) Leverage	The strategy will not use traditional leverage (direct borrowing). However, there is inherent, economic leverage due to the use of derivatives. Gross notional exposure is expected to range from 150-200% while net notional exposure is expected to range from 100-125%.
18) Liquidity	Fund liquidity is monthly. Illiquid securities (Rule 144A securities and also those with legal resale restrictions, such as private placements) are capped at 15% of the portfolio.
19) Performance Expectations	Sharpe Ratio Target 0.5 - 1 Volatility Target 4-8% An expected return target was not provided, but based on the strategy's Sharpe ratio and volatility targets, the expected return is between 7-13%.
20) Risk management process	The Emerging Markets Debt team measures and monitors portfolio risks throughout its investment process. The coordinating portfolio manager is ultimately responsible for monitoring aggregate risk exposures of each account within the strategy. In addition to the investment team, there is also independent risk oversight from MSIM's Global Risk and Analysis team, Internal Audit, Portfolio Surveillance, Compliance and Legal. **Portfolio Guidelines** **Sector** Local Sovereign 0-100%, External Sovereign 0-100%, Corporate 0-50% **Risk** EM FX 0-100%, EM Duration Contribution 1-8 yrs, EM Spread Duration Contribution 0- 6 yrs, US Duration Contribution 0 yrs **Position Maximums** 20% country, 15% currency, 1 year duration contribution, 12% sovereign credit and 3% corporate credit.
21) Strategy Assets	As of September 30, 2023, the Eaton Vance Emerging Markets Debt Opportunity strategy has \$3.1 billion in assets under management.

22) Clients in Strategy	Approximately $1.4 billion of the strategy's overall assets are managed for institutional clients, and within the private fund vehicle ($316 million), 85% of assets are managed for public fund clients.
23) Key Advantages	**Investment Universe** The investment team believes the emerging market debt universe is highly differentiated, and tries to source investment opportunities from the broadest, possible opportunity set to increase the likelihood of identifying attractive opportunities. The team's research universe consists of over 100 emerging markets countries and is larger than the universe covered by traditional emerging markets debt benchmarks. The large investment universe is made possible by having a large emerging markets debt team and also due to the trading and operations team's efforts to gain market access (related to third point below). **Idea Generation** The investment team is focused on idea generation with individual accountability. Investment decision-making is decentralized and spread across multiple individuals on the team to mitigate key-person risk. These individuals are held accountable for their absolute performance (not relative to benchmark) with profit and loss metrics tracked. **Access to Market/Operations** The trading and operations team has extensive experience in sourcing liquidity across both external and local debt markets. Accessing local debt markets, in particular, requires expertise in overcoming significant operational and/or regulatory hurdles. The team has purposely built the infrastructure over the past three decades to be able to access the broad market. The Emerging Markets Debt trading desk operates 24 hours a day from Boston, London and Singapore to provide access to global markets' local trading hours.
24) Perceived Risks	**Merger Transaction** Morgan Stanley completed its acquisition of Eaton Vance Corp in March 2021. The legacy Eaton Vance emerging markets debt team and MSIM emerging markets sovereign debt team merged in January 2022, and was later joined by the MSIM emerging markets corporate debt team in June 2022. The investment philosophy and process for the strategy remain the same under the legacy Eaton Vance emerging markets debt team's approach as the size of the Eaton Vance emerging markets debt team was much larger than the MSIM emerging markets sovereign debt team (47 vs. 6) pre-merger. The respective corporate debt teams were similar in size. During the merger, a few senior members of the legacy Eaton Vance emerging markets debt team departed and joined another investment firm to start a similar, emerging markets debt strategy. A potential concern is as assets grow under this new strategy, members of the Eaton Vance emerging markets debt team may be approached to join the new strategy. While this is not an immediate concern, it is something we will continue to monitor. The current team is stable and well-resourced.

	Portfolio Concentration / Frontier Market Exposure The strategy is benchmark-agnostic and may have more concentrated holdings as well as significant non-benchmark and frontier market exposures versus the benchmark to express the investment team's best ideas. Potential concern around concentration and tracking error (relative to benchmark) risk is mitigated by the team's focus on selecting countries/securities with a high probability of absolute return relative to risk taken, which the team believes is the best way to limit volatility and drawdown. The approach used for country analysis and assessing relative attractiveness of positions is the same across both frontier and emerging markets countries. Each country is evaluated through the lens of what is most important pertaining to that country and investment risk at that particular time.
25) Sizing	$60 Million
26) Due Diligence Summary	Due diligence was conducted via a virtual meeting on October 25, 2023. Kyle Lee, Akbar Causer, Bradford Godfrey and Daniel Grzywacz participated from Eaton Vance. John Nicolini and Joe Abdou participated from Verus Advisory. Michael Coultrip and Doris Ng participated from SamCERA. On December 11, 2023, a follow-up due diligence meeting was conducted on-site at Eaton Vance's Boston office. Representatives from various departments of Eaton Vance attended, including Brad Godfrey, Dan Grzywacz, Marshall Stocker, Kyle Lee, Patrick Campbell, Akbar Causer, Brian Shaw, Courtney Graham, and Alex Dyson. John Nicolini and Joe Abdou participated from Verus Advisory. Michael Coultrip and Doris Ng participated from SamCERA. Reference calls were also conducted with two existing clients in the strategy, and there were no issues or concerns noted.
27) Implementation Vehicle	Private Fund Vehicle (commingled account)

Recommendation:
Staff and Consultant recommend a $60 million investment in Eaton Vance's Emerging Markets Debt Opportunities strategy for the benefit of the San Mateo County Employees' Retirement Association portfolio to be placed in the Growth risk category (Opportunistic Credit/ Public Credit asset class composite).

Morgan Stanley

INVESTMENT MANAGEMENT

Emerging Markets Debt Opportunities Strategy

Third Quarter 2023

PRESENTATION TO: San Mateo County Employees' Retirement Association

FOR PROFESSIONAL, ACCREDITED OR INSTITUTIONAL INVESTORS ONLY.

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Section 5	Portfolio Historical Positioning and Performance
Section 6	Appendix & GIPS Reports

Certain statements made herein reflect the subjective views and opinions of Morgan Stanley Investment Management and its personnel. Such statements cannot be independently verified and are subject to change.

Firm Overview

Section 1

Our Investment Capabilities

Our Specialized Solutions and Scalable Resources Cover a Broad Range of Asset Classes Across Public and Private Markets

Leadership Across Investment Capabilities, $1.4 Trillion Total AUM [1]

HIGH-CONVICTION EQUITIES

A broad range of actively managed equity strategies with global reach and local expertise

FIXED INCOME & LIQUIDITY

Active fixed income and liquidity offerings that invest across the world's fixed income markets

ALTERNATIVE INVESTMENTS

Private equity, private credit, real assets, infrastructure, multi-asset and hedge fund solutions

CUSTOMIZED SOLUTIONS

Individually customized strategies that give clients greater control over their investments and taxes

SUSTAINABLE SOLUTIONS

Morgan Stanley is committed to driving ESG innovation and progress across global capital markets. Our sustainable investing expertise is delivered across asset classes through a broad range of customized solutions and dedicated capabilities to help achieve client goals.

Not all strategies incorporate sustainable investing. Those that do, may have different sustainable investing goals and restrictions.

1. Source: Morgan Stanley Investment Management, data as of September 30, 2023. The figure represents the assets under management (AUM) of the four listed broad range of capabilities and includes all discretionary and non-discretionary assets of Morgan Stanley Investment Management (MSIM) and all advisory affiliates. MSIM Fund of Fund assets represent assets under management and assets under supervision. MSIM direct private investing assets represents the basis on which the firm earns management fees, not the market value of the assets owned

Fixed Income Team

Actively Managed Strategies Focused on Alpha Generation

- Global platform with investment capabilities spanning the full spectrum of active fixed income capabilities
- Specialized teams with global reach, consisting of approximately 260 professionals
- ESG considerations embedded in the research process, supporting principles-driven as well as bespoke sustainable investing solutions

Fixed Income Platform: USD $181 BN

EMERGING MARKETS	INVESTMENT GRADE CREDIT	LEVERAGED CREDIT	MULTI-SECTOR	MUNICIPAL	SECURITIZED
USD 15.5 BN	USD 19.5 BN	USD 53.5 BN	USD 69.1 BN	USD 15.1 BN	USD 8.6 BN
• External • Local • Corporate • Long/Short	• US • European • Sterling • Global	• High Yield • Floating-Rate Loan • CLO Debt • Convertibles • Multi-Asset Credit	• Global • U.S. • European • Developed Markets Sovereign	• Tax-Exempt Income • Taxable Municipal	• Mortgage-Backed Securities • Securitized Credit

All references to assets under management are as of September 30, 2023. Strategy assets are inclusive of client mandates invested in the strategy, as well as assets managed on behalf of other MSIM products (primarily global/regional and asset allocation co-managed strategies). The information provided herein is for illustrative purposes only. It should not be construed as a recommendation to buy or sell any particular security or to adopt any investment strategy.

Guiding Principles

Independent Specialization and Collaboration

- Research-focused teams dedicated to uncovering value for clients across asset classes
- Emphasis on diversity and collaboration elevate team's impact as investors
- Portfolio teams supported by global operational and analytical resources to promote investment excellence

Specialized Teams

Autonomy and specialization enable each team to leverage its unique capabilities

INVESTMENT AUTONOMY

- Focused teams and resources
- Research emphasis
- Independent pursuit of alpha

SPECIALIZATION

- Highly specialized skill sets
- Dedicated research and trading
- Unique team cultures

Collaborative Culture

Collaboration allows us to raise the collective bar

COLLABORATION

- Cross-pollination of market views
- Credit & ESG research integration
- Asset allocation & macro forums

Fixed Income Team Structured to Promote Alpha Generation

Distinct Capabilities Led by Specialized Teams

LEADERSHIP

Co-Head of Fixed Income
Jeff Mueller

Co-Head of Fixed Income
Ken Topping

PLATFORM RESOURCES

Chief Operating Officer, Business Management: Kim Cross

Chief Operating Officer, Investments: Zamir Klinger

INVESTMENT TEAMS

Agency MBS: Andrew Szczurowski

Broad Markets: Richard Ford & Vishal Khanduja

Emerging Markets: Kyle Lee & Marshall Stocker

Floating-Rate Loans: Andrew Sveen

High Yield: Jeff Mueller & Steve Concannon

Municipals: Cynthia Clemson & Craig Brandon

Securitized: Gregory Finck

PLATFORM RESOURCES

Calvert Strategy & Research: Anuj Gulati

Product Strategy: Katie Herr

As of October 19, 2023. Team members may change without notice from time to time.
In addition to his investment responsibilities, Andrew Sveen serves as Chairman of MSIM Fixed Income, reporting to the Chief Administrative Officer of MSIM in that capacity.

Morgan Stanley

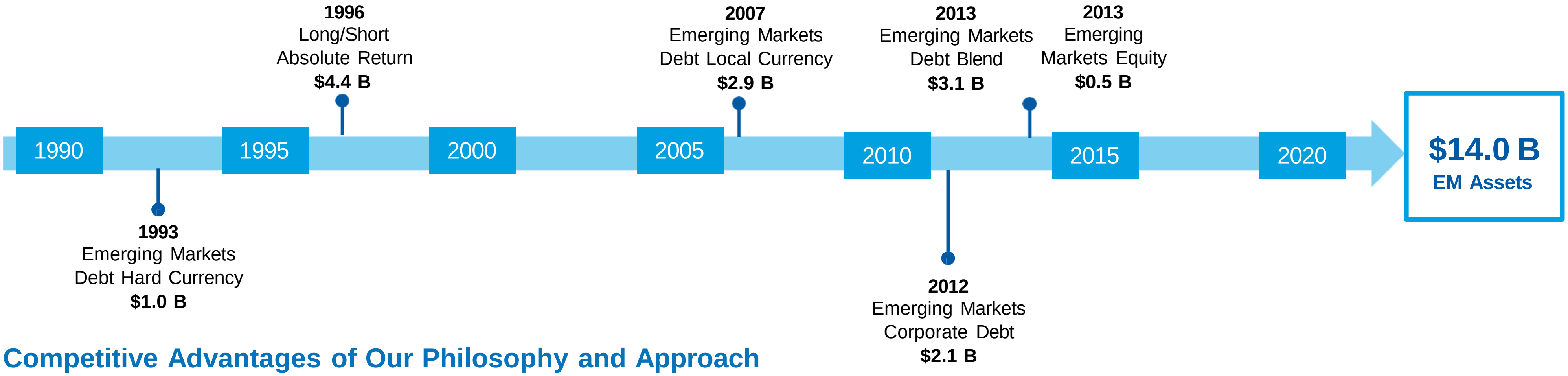
INVESTMENT MANAGEMENT

Overview of Our Approach

Section 2

Our Unique Perspective

Our 30-year history of managing money across every investable country in the world—developed and emerging—has given us a unique perspective on managing risk.



Competitive Advantages of Our Philosophy and Approach

Advantage 1 **Investment Universe**	Advantage 2 **Focus on Idea Generation**		Advantage 3 **Access to Markets**
The universe is vast and differentiated.	**Countries matter most.**	**Mind your risk factors.**	**Trading expertise adds measureable value.**
We source ideas from the broadest possible opportunity set.	We concentrate our research efforts on countries exhibiting structural change.	We take active positions only in risk factor(s) for which we believe we are adequately compensated and seek offset the rest.	We embrace logistical challenges as opportunities to add operational alpha in our clients' portfolios.

Total assets managed by the Emerging Markets Debt Investment Team as of September 30, 2023. Assets are primarily invested in emerging markets debt but also includes some developed markets and equity exposure held in the team's global unconstrained strategies.

The Emerging Markets Debt team analyzes opportunities from multiple points of view—fundamental, quantitative, and operational—to determine the optimal investment positions for our clients' portfolios.

INVESTMENT IDEA GENERATION

Regional

Marshall Stocker, Ph.D., CFA
Co-Head, Portfolio Manager
Years Experience: 24
Years with EV: 10

Kyle Lee, CFA
Co-Head, Portfolio Manager
Years Experience:15
Years with EV:15

John Baur
Senior Advisor
Years Experience:18
Years with EV:18

CEEMEA

Hussein Khattab, CFA
Portfolio Manager

Peter Szecsenyi, CFA
Research Analyst

Research Associates

ASIA

Kyle Lee, CFA
Co-Head, Portfolio Manager

Max Chou, CFA
Research Analyst

Research Associates

LATAM

Patrick Campbell, CFA
Portfolio Manager

Research Associate

Corporates

Akbar Causer
Portfolio Manager, Head of EM Corporate Credit

Budi Suharto
Portfolio Manager, Head of Asia Corporate Credit

Corporate Credit Analysts

Cross-Regional

Federico Sequeda, CFA
Portfolio Manager, Head of Country Research

Brian Shaw, CFA
Portfolio Manager, Interest Rates Strategist

Sahil Tandon, CFA
Portfolio Manager, Head of Portfolio Analysis

Steve Vanne, FRM, CFA
Portfolio Manager Equity, Portfolio Analyst

Institutional Portfolio Management

Bradford Godfrey, CFA
Institutional Portfolio Manager

Matthew Murphy, CFA, CAIA
Institutional Portfolio Manager

Product Managers

COUNTRY ACCESS

Trading and Operations

Courtney Graham, CFA
Head of Emerging Markets Trading

Shiva Iyer, CFA
Senior Trader

David Doggett, CFA
Senior Trader

Traders

Brittany Panzino
Trading Assistant Manager

Trading Assistants

PORTFOLIO CONSTRUCTION

Portfolio Analysis

Alex Dyson, CFA
Lead Portfolio Analyst, Risk Manager

Portfolio Analysts

Quantitative Analysis

Chris Loger, CFA
Head of Quantitative Analysis

Quantitative Analysts

As of September 30, 2023. Information is subject to change

Emerging Markets Debt Opportunities: Strategy Overview

Since Inception, our Emerging Markets Debt Opportunities Strategy Has Beaten its Benchmark while Exhibiting Meaningfully Less Benchmark Volatility.

Client Benefits

FULL SPECTRUM OF OPPORTUNITIES

- Local Sovereigns
- External Sovereigns
- Corporates
- Loans

EFFICIENT FIT INTO OVERALL PORTFOLIO

- Pure EMD exposure
- Lower drawdowns
- 4-8% volatility target

PERFORMANCE TARGET PROFILE

- 300-600 bps Tracking Error
- 0.5-1.0 Sharpe Ratio

Competitive Advantages

1. INVESTMENT UNIVERSE

We source ideas from the broadest possible opportunity set—100+ countries—which includes every country with investable assets.

2. FOCUS ON IDEA GENERATION

At the country level, we concentrate our research on countries exhibiting structural change.

At the security level, we take active positions only in the risk factors for which we are adequately compensated and offset any undesired exposures.

3. ACCESS TO MARKETS

We embrace logistical challenges as opportunities to add operational alpha in our clients' portfolios.

Past performance is not a reliable indicator of future results. Current performance may be lower or higher than the figures shown. See page 12 for gross and net standardized performance.The Emerging Markets Debt Opportunities portfolio has a blended benchmark, comprised of 50% J.P. Morgan EMB (JEMB) Hard Currency 50% JEMB Local Currency 50-50. This represents how the portfolio management team generally implements its investment process under normal market conditions. There is no assurance a portfolio's investment objectives will be achieved. The targets, turnovers and exposures presented are typical ranges. There is no assurance that these targets will be attained. Investing involves risks.

Performance Statistics

Performance Statistics Summary: Since Inception (04/01/13)

Past performance is not a reliable indicator of future results.

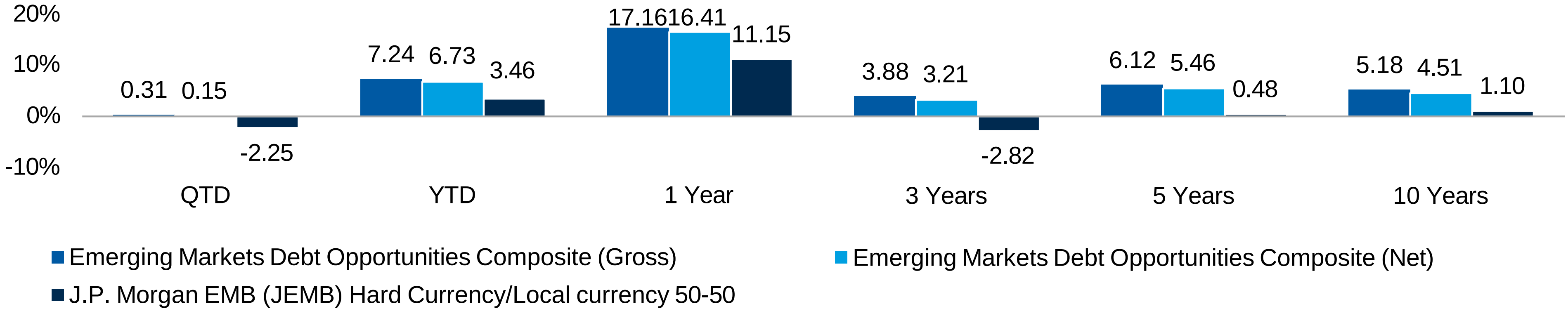
	Emerging Market Debt Opportunities Composite	Blended Benchmark (1)
Absolute Return (Gross)	4.57%	0.49%
Absolute Return (Net)	3.91%	0.49%
Standard Deviation	7.90%	9.04%
Excess Return (Gross)	4.08%	--
Excess Return (Net)	3.42%	--
Tracking Error	4.05%	0.00%
Correlation	0.89	1.00
Beta	0.78	1.00
Sharpe Ratio	0.44	-0.06
Information Ratio	1.01	0.00
Upside Capture (Gross)	86.69%	100.00%
Downside Capture (Gross)	55.64%	100.00%
Max Drawdown	-14.51%	-23.79%
Nominal Yield	8.56%	7.84%

Source: Zephyr as of September 30, 2023.
1. J.P. Morgan EMB (JEMB) Hard Currency/Local Currency 50-50.
Current performance may be lower or higher than the figures shown. See page 13 for gross and net standardized performance.

Performance

Past performance is not a reliable indicator of future results.

Emerging Markets Debt Opportunities Composite: Annualized Results as of 09/30/2023



Annual Results (%)

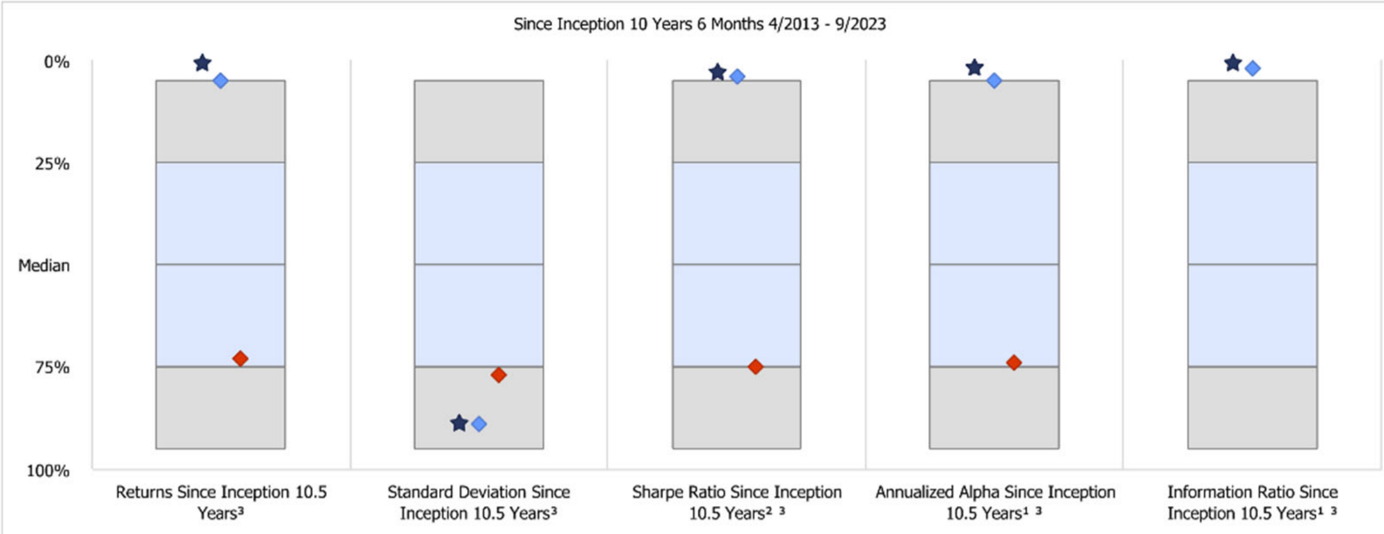
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Composite - Gross	-5.40	2.40	8.35	19.33	-3.44	14.00	11.84	-3.00	1.18	—
Composite - Net	-6.01	1.74	7.71	18.63	-4.06	13.27	11.13	-3.63	0.53	—
J.P. Morgan EMB (JEMB) Hard Currency/Local currency 50-50	-13.34	-4.65	4.49	13.84	-4.50	12.15	10.06	-7.11	0.14	—
Excess Return - Gross of Fees	7.94	7.05	3.86	5.49	1.06	1.85	1.78	4.11	1.04	—
J.P. Morgan Government Bond Index: Emerging Market (JPM GBI-EM) Global Diversified	-11.69	-8.75	2.69	13.47	-6.21	15.21	9.94	-14.92	-5.72	-8.98
J.P. Morgan Emerging Market Bond Index (EMBI) Global Diversified	-17.78	-1.80	5.26	15.04	-4.26	10.26	10.15	—	—	—
J.P. Morgan CEMBI Broad Divers	-12.26	0.91	7.13	13.09	-1.65	7.96	9.65	1.30	4.96	-0.60

Past performance is not a reliable indictor of future results. This information is for illustrative purposes only, is subject to change at any time and should not be considered investment advice, a recommendation to buy or sell any particular security or adopt any particular investment strategy. The information is based upon the total assets of all fee-paying discretionary accounts eligible for inclusion in the Emerging Markets Debt Opportunities Composite (the "Composite") for the periods shown. Performance returns reflect the average annual rates of return. Periods less than 1 year are not annualized. Composite results shown are GROSS and NET of management fees, which include performance fee if applicable, are quoted in USD and include the reinvestment of dividends and income. Each portfolio may differ due to specific investment guidelines and restrictions. Accordingly, individual results will vary. Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval.

Performance Analysis: Since Inception

Emerging Markets Debt Opportunities Composite, Since Inception as of September 30, 2023

Past performance is not a reliable indicator of future results.



Universe: eVestment Global Emerging Mkts Fixed Income - Blended Currency (Percentile)

	Returns Since Inception 10.5 Years[3]	Rk	Standard Deviation Since Inception 10.5 Years[3]	Rk	Sharpe Ratio Since Inception 10.5 Years[2] [3]	Rk	Annualized Alpha Since Inception 10.5 Years[1] [3]	Rk	Information Ratio Since Inception 10.5 Years[1] [3]	Rk
5th percentile	3.89		12.36		0.32		3.57		0.75	
25th percentile	1.59		10.84		0.06		1.21		0.41	
Median	1.30		10.31		0.02		0.87		0.22	
75th percentile	0.38		9.31		-0.06		-0.09		-0.04	
95th percentile	-0.76		6.80		-0.17		-1.15		-0.27	
# of Observations	37		37		37		37		37	
Eaton Vance: EM Debt Opportunities (Gross)	4.57	1	7.90	89	0.44	3	4.17	2	1.00	1
Eaton Vance: EM Debt Opportunities (Net)	3.91	5	7.90	89	0.36	4	3.51	5	0.84	2
J.P. Morgan: EMB (JEMB) Hard/Local Ccy 50/50	0.49	73	9.05	77	-0.06	75	0.00	74	---	---

Results displayed in USD using Spot Rate (SR). [1]J.P. Morgan EMB (JEMB) Hard/Local Ccy 50/50; [2]FTSE 3-Month T-Bill; [3]04/2013 - 09/2023

Source: eVestment Alliance. This information is for illustrative purposes only, is subject to change at any time and should not be considered investment advice or a recommendation to buy or sell any particular security. The information is based upon the total assets of all fee-paying discretionary accounts comprising the Emerging Markets Debt Opportunities Composite for the periods shown. It is not possible to directly invest in an index. See page 13 for gross and net standardized performance.

Historically Better Risk-Adjusted Returns

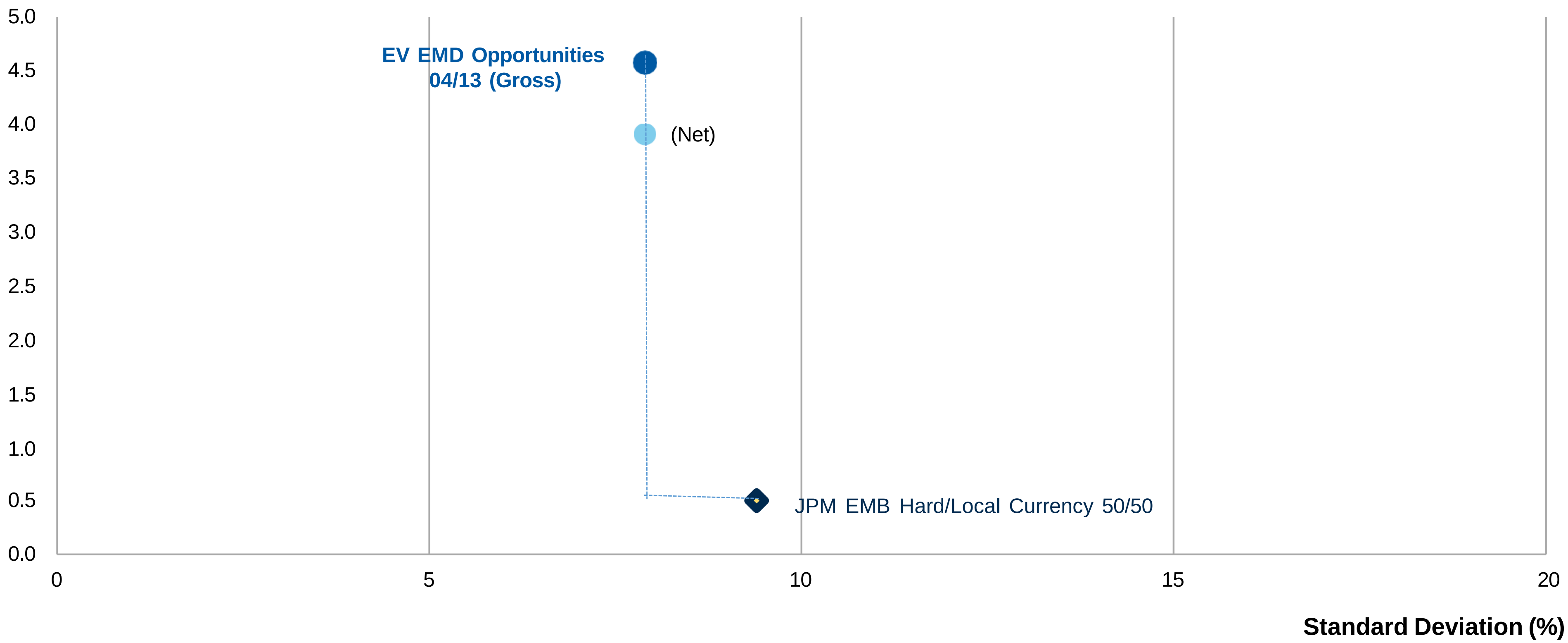
We leverage our unique perspective to help provide clients with better risk-adjusted returns across the spectrum of emerging markets debt.

Risk and Return: Emerging Markets Debt Opportunities Strategy vs. Benchmarks since Composite Inception Date (1)

(Periods Ending September 30, 2023)

Return (%) Gross of fees

Past performance is not a reliable indicator of future results.



1. Emerging Markets Debt Opportunities (4/13 Inception) vs. J.P. Morgan EMB Hard Currency/Local Currency 50/50.

Past performance is not a reliable indicator of future results. See page 13 for gross and net standardized performance. These accounts were chosen because they are unrestricted and fairly represents the overall style of the manager as described. Standard deviation measures the historic volatility of a portfolio.

Morgan Stanley

INVESTMENT MANAGEMENT

Emerging Markets Debt Opportunities

Section 3

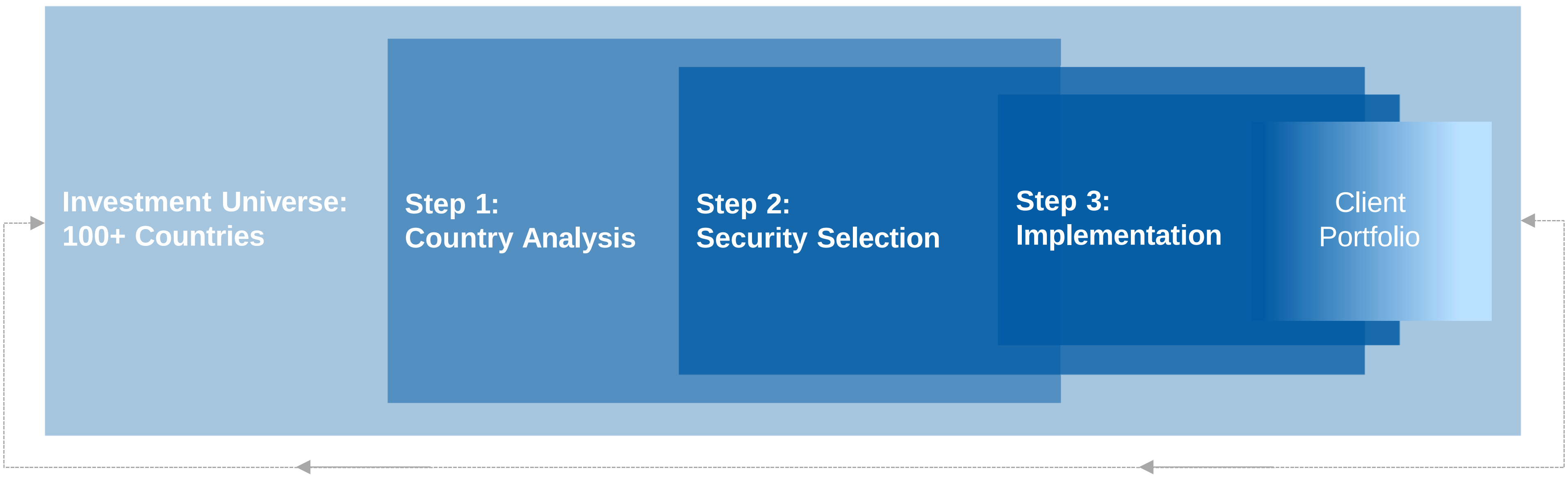
Investment Process Overview

Our Investment Process Capitalizes On Our Unique Advantages While Continually Expanding the Investment Opportunity Set.

Advantage 1:
Investment Universe

Advantage 2:
Focus on Idea Generation

Advantage 3:
Access to Markets



Source ideas from broadest possible opportunity set

Focus on countries poised for structural change

Align country analysis with highly specific risk factors

Seek to mitigate risk, reduce transaction costs and exploit local-market price differentials

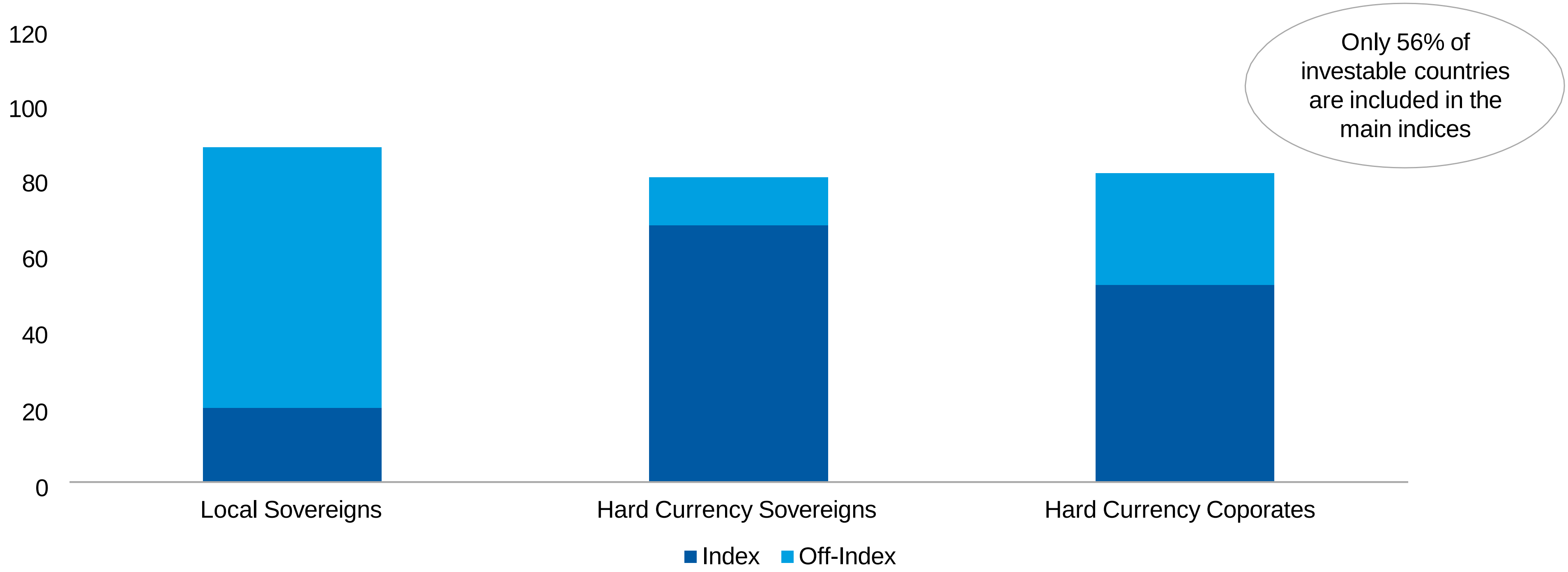
This represents how the portfolio management team generally implements its investment process under normal market conditions.

Investment Universe: 100+ Emerging Market Countries

We Consider Every Emerging Market Country with Investable Assets — 100+ — Resulting In a $15+ Trillion Opportunity Set

Number of Countries

Benchmark Representation vs. Morgan Stanley Investment Management Investable Universe (Index plus Off-Index)



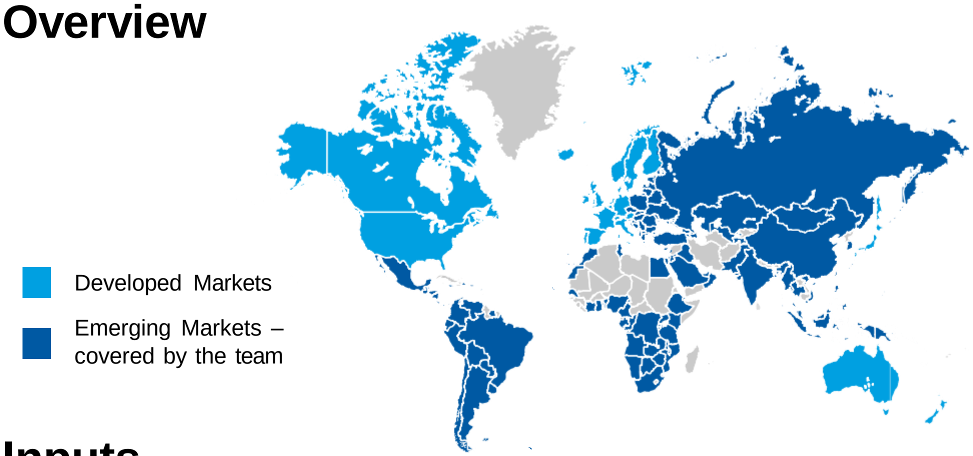
INVESTORS LIMITED TO THE BENCHMARKS MISS OUT ON A MAJORITY OF THE EMERGING MARKETS UNIVERSE WHICH COULD LIMIT POTENTIAL VALUE AND DIVERSIFICATION

Source: Eaton Vance and J.P. Morgan as of 9/30/2023

Focus on Idea Generation: Assess Trajectory of Politics and Policies

Our First Task Is to Understand the Path of a Country's Politics and Policies.

Overview



- **Prioritize structural change**
- **Seek out diverse sources of information**
- **Understand full spectrum of influences**

Inputs

POLITICS

- Domestic political calendar
- Structural reform agenda
- Geopolitical standing
- Relationships with IFIs

NON-FINANCIAL FACTORS (ESG)

- Environmental policies
- Social dynamics
- Governance structures

FISCAL POLICY

- Budget
- Taxes
- Debt management strategy

INCOMES POLICY

- Price controls
- Pensions
- Wages

MONETARY POLICY

- Inflation
- Soundness of money
- Central bank mandate

TRADE POLICY

- Trade agreements
- Tariffs
- Quotas
- Ease of doing business

This represents how the portfolio management team generally implements its investment process under normal market conditions. There is no assurance a portfolio's investment objectives will be achieved. Investing involves risks.

Focus on Idea Generation: Target Countries On the Brink of Change

We Add Value By Exploiting Knowledge Gaps in Uncovered Countries as Well as Capitalizing on a Longer Investment Time Horizon.

We Cover the World

TECHNOLOGY

- Iris database
- 24/7 information harvesting
  - News
  - Economic data
  - Market price movements

TEAM

- Daily regional news meetings with PMs
- Weekly group-wide research meeting
- Weekly PM risk management meeting
- Annual research onsite

FIELD

- 60-80 country visits per year
- Public and private sources
- Established local networks

Situations that Draw Our Focus

1. PERCEPTION PROBLEM

Country has a perception problem where the team believes the facts on the ground contradict the market's perception of the circumstances.

2. IMMINENT EVENT

There is a specific event in the near future, such as an election or piece of legislation, that requires an assessment of probabilities of likely outcomes.

3. IRRATIONAL PRICING

Asset prices have moved without justification from the team's perspective.

This represents how the portfolio management team generally implements its investment process under normal market conditions. There is no assurance a portfolio's investment objectives will be achieved. Investing involves risks.

Focus on Idea Generation: Security Selection

We Seek to Add Value by Achieving Highly Specific Risk-factor Exposures and Eliminating Unintended Bets.

Overview

ONE INSTRUMENT

SINGLE BOND

POTENTIAL FOR MULTIPLE EXPOSURES

- Currency Risk
- Interest-Rate Risk
- Sovereign Credit Risk
- Corporate Credit Risk

- **Decompose each bond into its discrete risk factors**
- **Identify best instrument to achieve desired exposure**
- **Offset undesired exposures embedded in the security**

Risk Factors

CURRENCIES

Identify countries that are implementing, or are expected to implement, policies that are supportive of currency risk

- Growth
- Improving external balances
- Interest rate differentials

RATES

By analyzing monetary policy, economic growth, and inflation trends, select interest rate exposure can add value

- Credibility of monetary policy
- Interest rate/inflation differentials
- Nominal and real yields

SOVEREIGN CREDIT

Encouraging and improving fiscal policy, budget management, and debt dynamics can provide value for select sovereign credit exposures

- Fiscal policy credibility
- Willingness and ability to pay

CORPORATE CREDIT

Analyzing spread-over-sovereign and spreads across companies within an industry are key to uncovering value

- Cash flow and liquidity
- Probability of default
- Loss given default

This represents how the portfolio management team generally implements its investment process under normal market conditions.

Focus on Idea Generation: ESG Considerations

ESG Research is an Integral Part of Sovereign Analysis and Part of Our Process in Analyzing Countries.

ESG APPROACH

- Consideration of material ESG risks and opportunities
- Emphasis on the direction of change of ESG factors; significantly more important than the absolute level
- Employ a bottom-up approach to sovereign analysis
- Avoid or minimize exclusions (depending on the mandate) to allow investment in improvers

ENGAGEMENT

- Approximately 20-25 foreign trips a year, typically visiting multiple countries, resulting in 60-80 country visits per year
- Typically related to the rule of law, regulatory efficiency, and market transparency.
- Engagements on relevant ESG factors can have mutually beneficial outcomes for both the country and investors

TWO METHODS OF ANALYSIS

QUALITATIVE

- Country reports with qualitative ESG assessments are produced by the Investment Team's Research Associates (RA)
- RAs identify key, material issues specific to each country relative to each of the E, S, and G pillars
- Much of an RA's time is spent focusing on the outlook (momentum factor) of ESG factors for each country
- Momentum factors feed directly into the quantitative model – connecting the qualitative and quantitative analyses

QUANTITATIVE

- Driven primarily by the Sovereign Sustainability Model
- A materiality based selection of ESG factors
  - Adjustments of our E, S, G scores by GDP per capita to help remove bias against emerging markets.
- Incorporation of a momentum factor: combines our analysts' qualitative view (60% weight) with a quantitative assessment of track record (40% weight).
- The output of the model ranks countries into five categories, ranging from "Significant ESG Underperformer" to "Significant ESG Outperformer". The ranking is done by income group, for High-, Medium-, and Low-income countries.

Source of data: Morgan Stanley Investment Management as of 12/31/2022. This represents how the portfolio management team generally implements its investment process under normal market conditions. There is no assurance a portfolio's investment objectives will be achieved. Investing involves risks. Individual client accounts operating within specific fixed income strategies may have specific ESG related goals and restrictions. Portfolio holdings and results may vary due to specific investment restrictions and guidelines both related and unrelated to ESG show less.

Focus on Idea Generation: Corporate Credit

The EM Corporate Debt Universe Represents a Vast, Disparate and Rapidly Growing Market, Comprised of a Range of Issuers Looking to Raise Long-Term Debt Capital from International Investors.

Collaboration Between Country and Corporate Research Creates a Complete Investment Picture

COUNTRY RESEARCH

- Macroeconomic Research
- Political Analysis
- Fiscal Policy
- Monetary Policy
- Trade Policy
- Income Policy
- Recent News
- Country Visits

- Industry Analysis
- Business Model
- Management / Owner Review
- Site Visits
- Competitor and Supplier Reviews
- Asset Valuation
- Financial Analysis
- Cash Flow Projections

CORPORATE RESEARCH

A Particularly Ripe Opportunity Set

- Most issuers are “national champions” with unique competitive advantages and business moats
- Credit metrics are often superior to developed market capital structures and owners manage the operations with higher liquidity levels
- EM economies are often higher-growth and capital starved – allowing larger business to enjoy high returns on invested capital
- Diversified and large crossover buyer base can creates inefficiencies in security pricing
- Opportunity for investors to engage actively with issuers to improve ESG metrics

- ~$1.5+ trillion of total bonds outstanding
- ~1,200 issuers
- ~60% investment grade / ~40% high yield
- ~50% Asia / 25% CEMEA / 25% Latin America

Source: J.P. Morgan and Bank of America.
This represents how the portfolio management team generally implements its investment process under normal market conditions.

Focus on Idea Generation: Corporate Credit

Our Unique Process Combines our Top-down Country Views with Value-oriented, Bottoms-up Analysis to Identify Attractive Risk-adjusted Investment Opportunities in the EM Corporate Universe.

SYNERGIES with Country Research Effort

Deep FUNDAMENTAL Research

Focus on HIGH CONVICTION Ideas

Benchmark AGNOSTIC Approach

Leveraging Our Network of RELATIONSHIPS

This Process Allows us to Identify Investment Ideas Across a Variety of Mispriced Situations

- **Dislocated Securities**
- **Complicated Primary Issuances**
- **Long-Term Transformational Improvement Stories**
- **Uncovered Credits**
- **Frontier Markets**
- **Special Situations / Event-Driven**

INVESTMENT ALPHA

This represents how the portfolio management team generally implements its investment process under normal market conditions. There is no assurance a portfolio's investment objectives will be achieved. Investing involves risks. Individual client accounts may have specific ESG-related goals and restrictions.

ESG Considerations

Analyzing the ESG risk factors associated with the EM corporates we invest in is an integral part of our qualitative research process.

Environmental

- Responsible resource usage
- Emission reduction goals
- Conscientious waste and pollution management

Social

- Investing in job creation
- Community engagement and enhancement
- Protecting customer and employee data
- Embracing workers rights

Governance

- Bond covenants that respect property rights
- Independent board director representation
- Understand management incentives
- Isolating corruption risk

Engagement

- Make recommendations for improvement of board composition
- Encourage better transparency in disclosures of companies
- Provide feedback on ESG efforts and initiatives

Source: Morgan Stanley Investment Management.
This represents how the portfolio management team generally implements its investment process under normal market conditions.
Individual client accounts may have specific ESG related goals and restrictions. Please refer to governing documents of individual vehicles to understand their binding ESG criteria.

Implementation: Construct Portfolio

The team's risk takers recommend investment positions, which are evaluated in relation to existing positions and overall portfolio risk parameters with the assistance of the coordinating portfolio manager and portfolio analysts team.

POSITION		PORTFOLIO	
EVALUATION	**MAXIMUMS**	**CONSIDERATIONS**	**GUIDELINES**
FUNDAMENTALS: slope of issuer improvement	Country: 20%	**EXPOSURES**: • Sector • Regional	**BY SECTOR:** • Sov. Local:0 - 100% • Sov. External: 0 – 100% • Corporate: 0 – 50%
RISK/RETURN: expected total gain and loss	Currency: 15%		
PORTFOLIO FIT: degree of sensitivity to broad macro factors	Duration Con: 1 year	**STRESS TESTS**: • DM Rates • DM FX • Commodities • Risk Proxies	**BY RISK:** • EM FX: 0 – 100% • EM Dur. Con: 1 – 8 yrs • EM Spr. Dur.: 0 – 6 yrs • US Dur. Con: 0 yrs
PRICE OF LIQUIDITY: estimate of transaction and market impact costs	Sov. Credit: 12%		
CONVICTION LEVEL: analyst's level of confidence in the investment idea	Corp. Credit: 3%	**VAR MEASUREMENTS:** • Stand-alone • Marginal	

Example is for illustrative purposes only. This represents how the portfolio management team generally implements its investment process under normal market conditions. There is no assurance a portfolio's investment objectives will be achieved. Investing involves risks. The weights and the number of holdings represent typical ranges and are not a maximum number. The portfolio may exceed this from time to time due to market conditions and outstanding trades.

Implementation: Assess Trading Options

Continually Working to Expand our Trading Networks Over 30+ Years has Given us Unparalleled Market Access, Enabling us to Seek to Add Operational Alpha in Our Clients' Portfolios

Objectives

- Mitigate risk
- Harness local-market price differentials
- Engage with central banks, regulators, and policy makers to help lower country risk premium

Improvements

- Reduce transaction costs
- Focus on data analysis and automation
- Understand evolving execution protocols and engage with policy makers on best practices
- Partner with local market participants around improvements in market infrastructure

Assessment

STUDY MARKET STRUCTURES

- Efficient methods of market access
- Requirements for both entry and exit

CONSIDER ALL AVAILABLE LIQUIDITY SOURCES

- Traditional sources
- Non-traditional sources

ENSURE BEST EXECUTION

- Directly manage counterparty risk
- Outsource only when risks of local market implementation outweigh outperformance potential

Recent Engagement Examples

- **EASTERN EUROPEAN COUNTRY:** Country joined the GBI-EM local currency bond index after a many year process where our team championed improvements in local regulatory framework, transparency, ease of account opening, depository improvements which improved the investment climate
- **ASIA COUNTRY:** Improvements in secondary market foreign exchange trading infrastructure by engaging with local regulators to codify third party and interbank foreign exchange trading for foreigners. This increased transparency and reduced trading costs

Source: Morgan Stanley Investment Management

Why Choose Emerging Markets Debt Opportunities Strategy?

Emerging Markets Debt Opportunities Is a Unique Alpha-Seeking Strategy that Seeks to Outperform its Benchmark with Meaningfully Lower Levels of Risk.

Persistent Advantages

1. INVESTMENT UNIVERSE

Source ideas from the broadest possible opportunity set — 100+ countries

2. FOCUS ON IDEA GENERATION

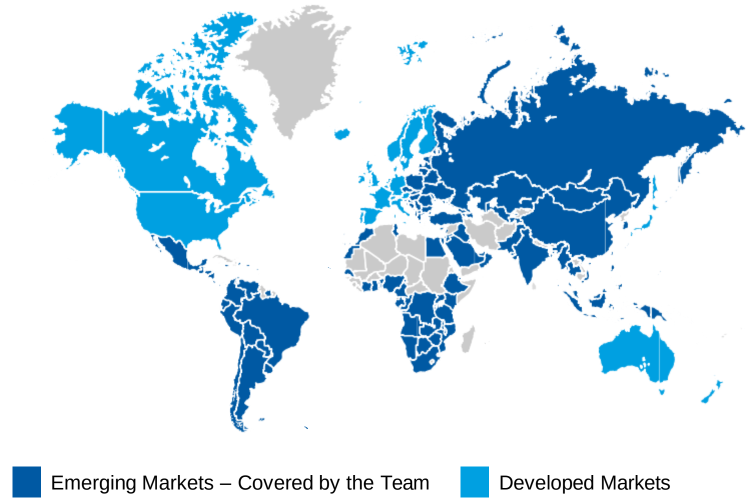
Focus on countries poised for structural change

Achieve highly specific risk exposures and eliminate unintended bets

3. ACCESS TO MARKETS

Mitigate risk, reduce transaction costs and exploit price differentials available from local market access

Full Spectrum of Opportunities



- **Local Sovereigns**
- **External Sovereigns**
- **Corporates**
- **Loans**

Efficient Fit into Overall Portfolio

- Pure EMD exposure
- Lower drawdowns
- 4-8% volatility target

Performance Target Profile

- 300-600 bps tracking error
- 0.5-1.0 Sharpe ratio

This represents how the portfolio management team generally implements its investment process under normal market conditions. There is no assurance a portfolio's investment objectives will be achieved. Investing involves risks.

Morgan Stanley
INVESTMENT MANAGEMENT

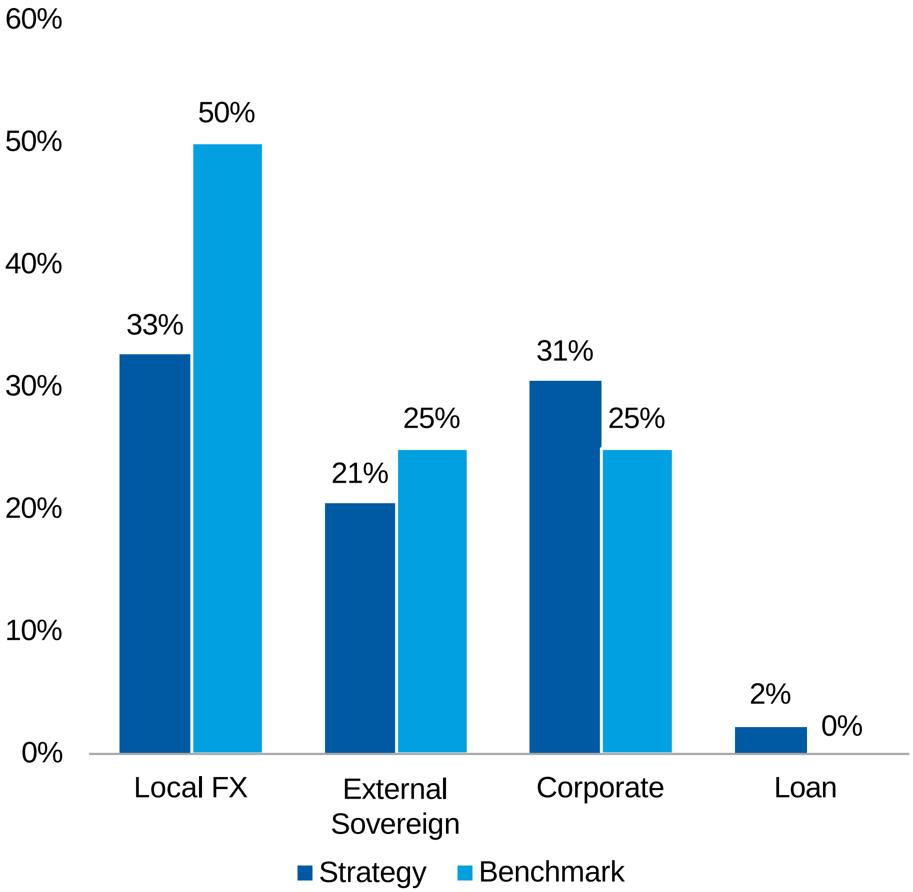
Portfolio Characteristics and Results

Section 4

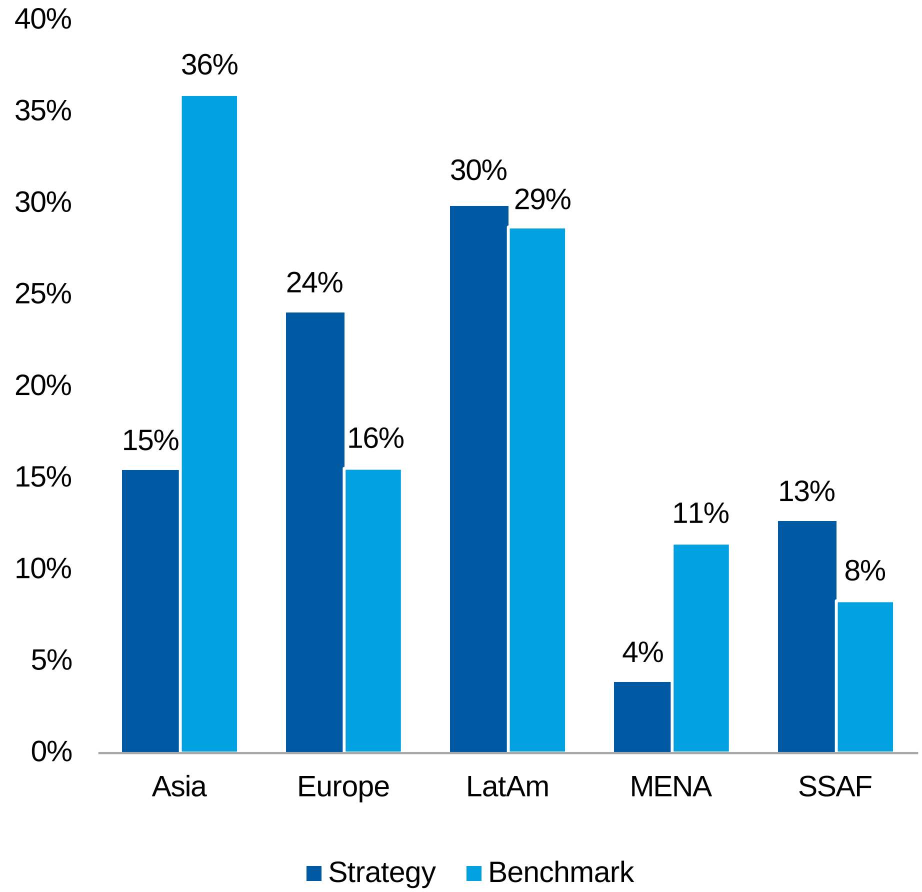
Asset Class and Regional Exposures

Exposures as of September 30, 2023

Asset Class Exposure



Regional Exposure

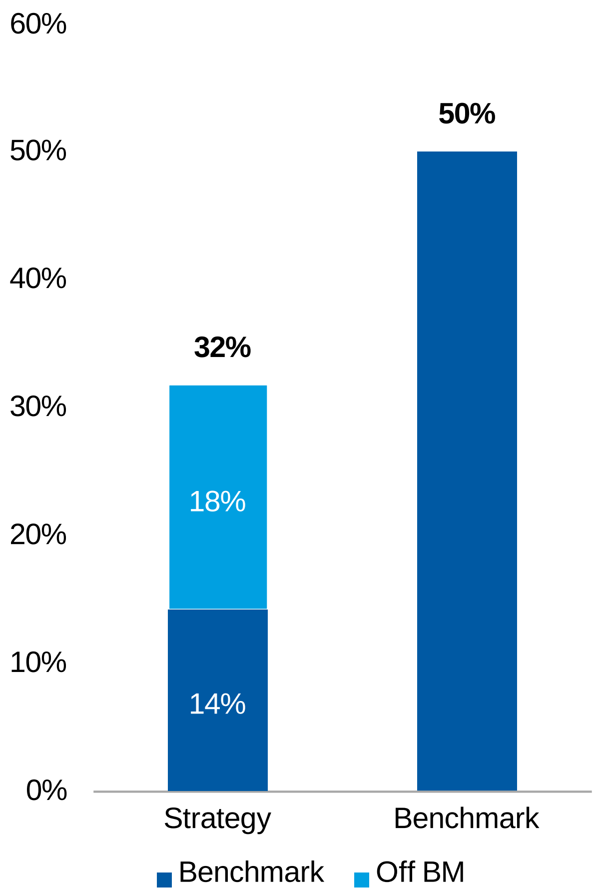


Portfolio Characteristics and Portfolio Composition data is based upon the total assets of a single Representative Account which is included in the Emerging Markets Debt Opportunities (Composite) for the periods shown. This account was chosen because it is unrestricted and fairly represents the overall style of the manager as described. Each portfolio may differ due to specific investment guidelines and restrictions. Accordingly, individual results will vary. Please refer to the Appendix for important additional information and disclosures.

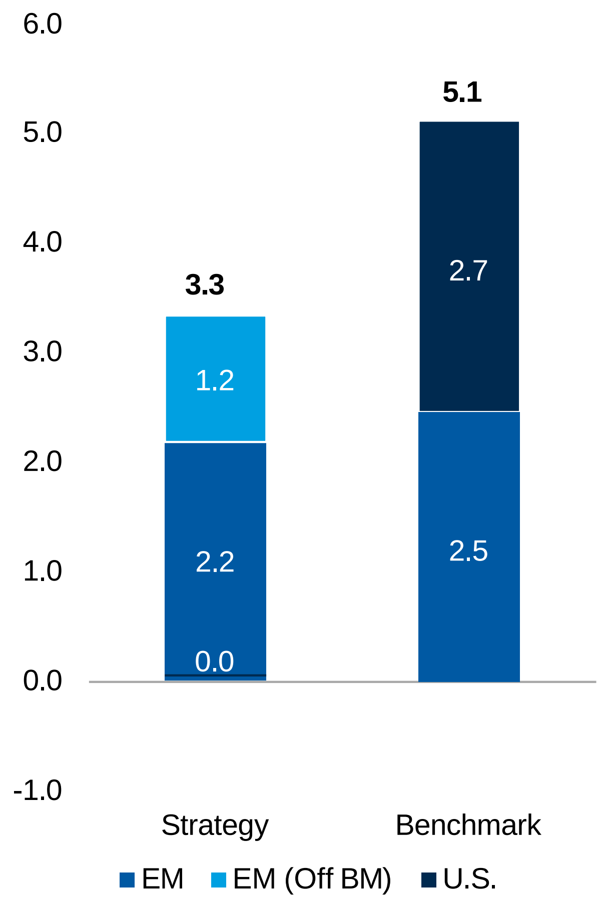
Risk-Factor Exposures

Exposures as of September 30, 2023

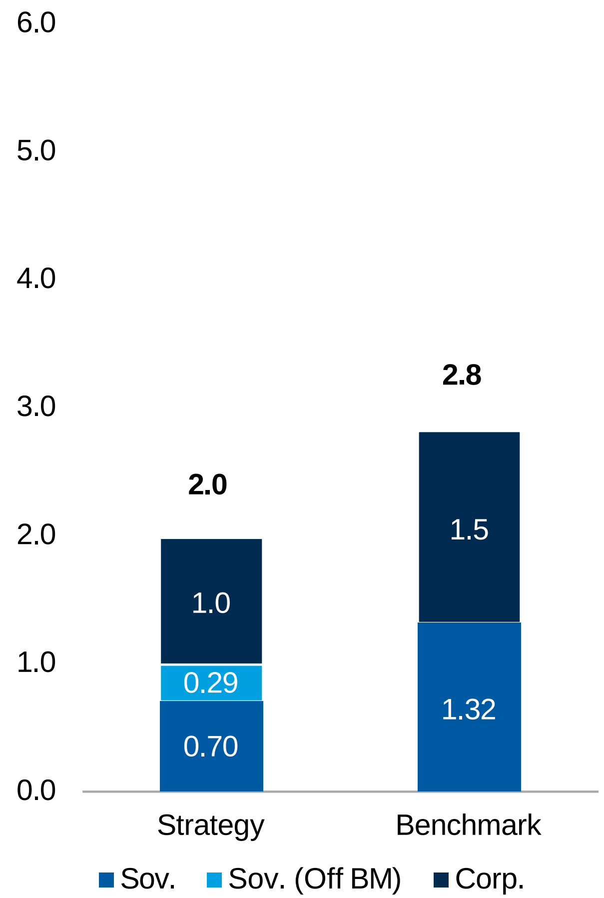
Currency Exposure



Interest Rate Duration (Years)



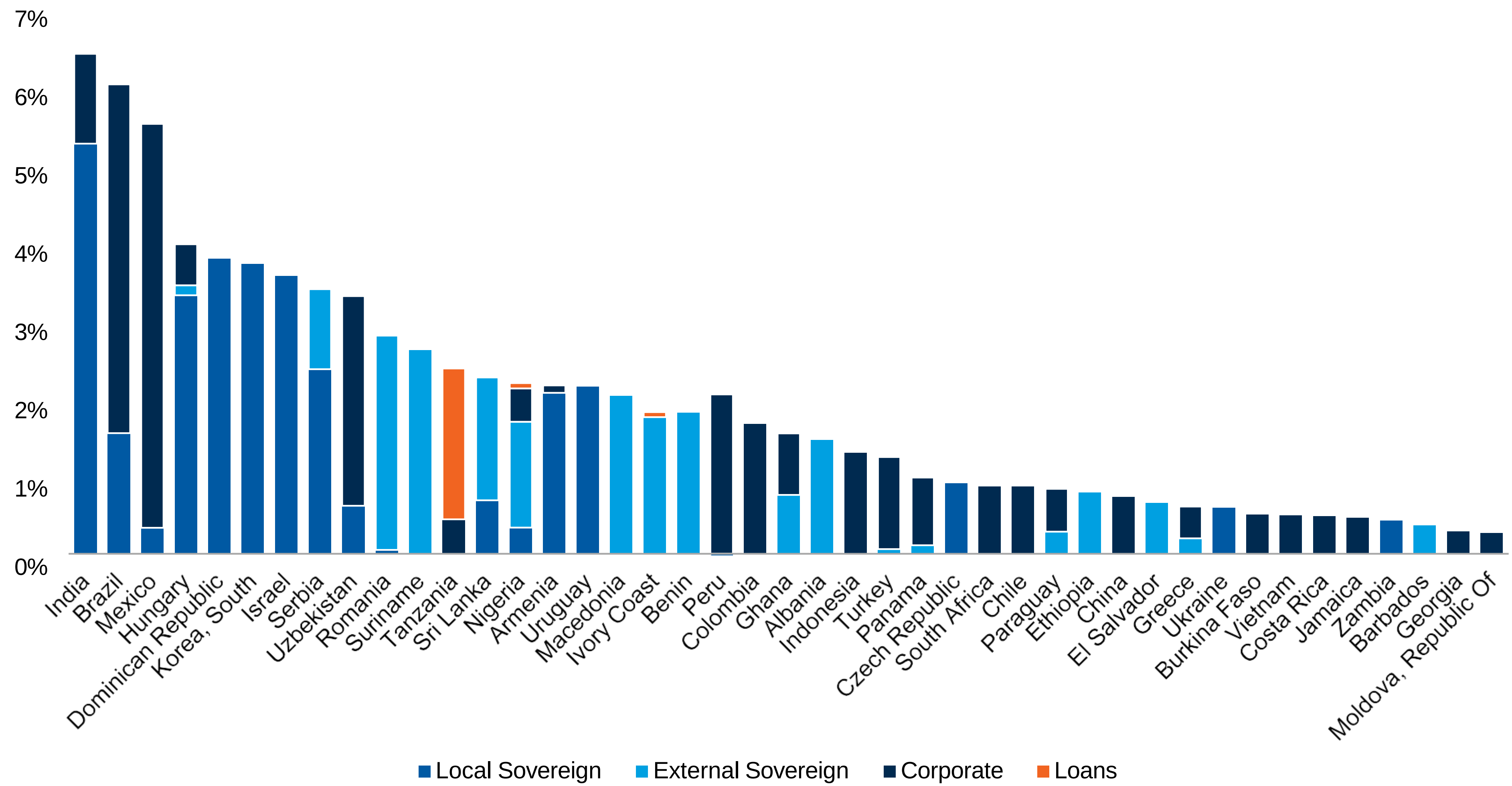
Credit Spread Duration (Years)



Portfolio Characteristics and Portfolio Composition data is based upon the total assets of a single Representative Account which is included in the Emerging Markets Debt Opportunities (Composite) for the periods shown. This account was chosen because it is unrestricted and fairly represents the overall style of the manager as described. Each portfolio may differ due to specific investment guidelines and restrictions. Accordingly, individual results will vary. Please refer to the Appendix for important additional information and disclosures.

Asset Classes by Country

Allocations as of September 30, 2023

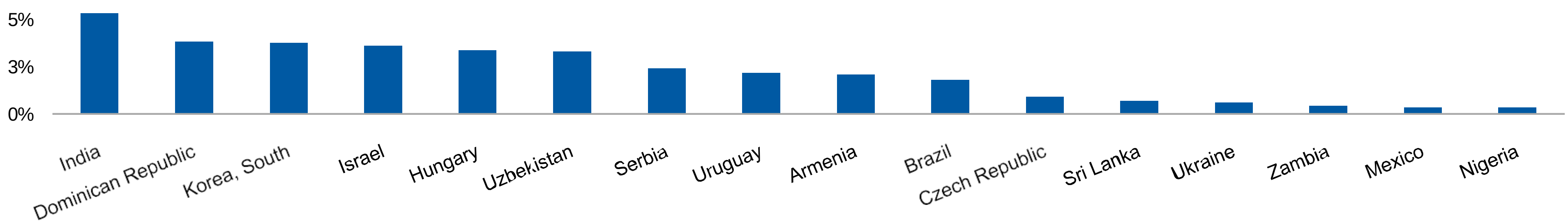


Percent of total net assets. Excludes countries with less than 0.25% of exposure. Portfolio Characteristics and Portfolio Composition data is based upon the total assets of a single Representative Account which is included in the Emerging Markets Debt Opportunities (Composite) for the periods shown. This account was chosen because it is unrestricted and fairly represents the overall style of the manager as described. Each portfolio may differ due to specific investment guidelines and restrictions. Accordingly, individual results will vary. Please refer to the Appendix for important additional information and disclosures.

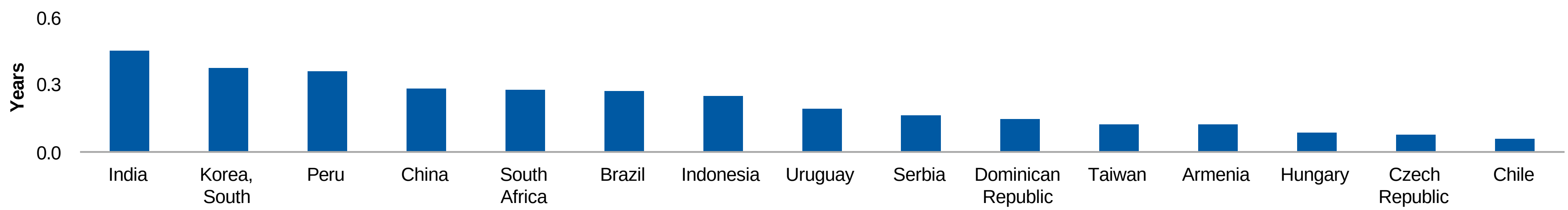
Portfolio Positioning: Risk Factors by Country

Exposures as of September 30, 2023

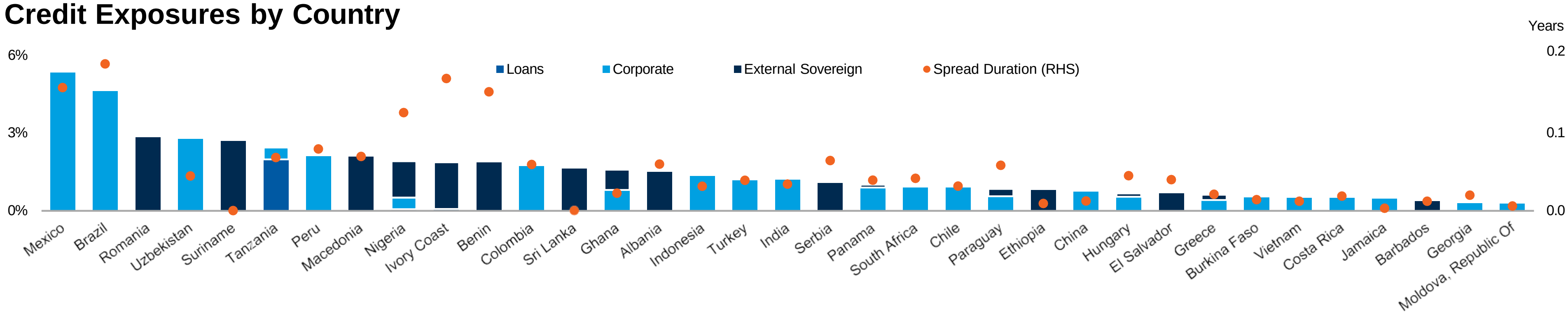
Currency Exposures



Interest-Rate Duration Contribution by Country



Credit Exposures by Country



Excludes countries with less than 0.25% of exposure and 0.05 years of duration. Portfolio Characteristics and Portfolio Composition data is based upon the total assets of a single Representative Account which is included in the Emerging Markets Debt Opportunities (Composite) for the periods shown. This account was chosen because it is unrestricted and fairly represents the overall style of the manager as described. Each portfolio may differ due to specific investment guidelines and restrictions. Accordingly, individual results will vary. Please refer to the Appendix for important additional information and disclosures.

Morgan Stanley

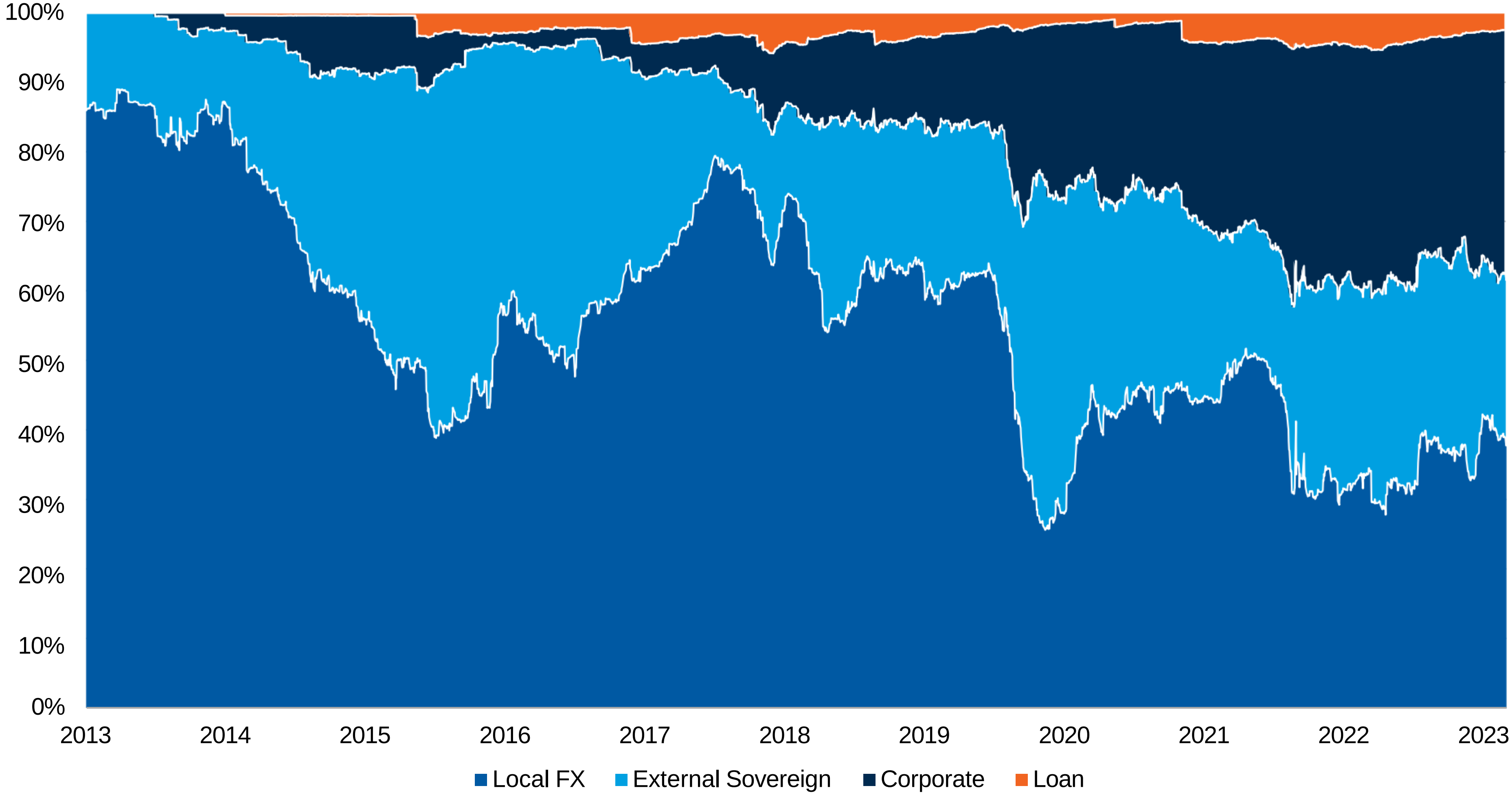
INVESTMENT MANAGEMENT

Emerging Markets Debt Opportunities Strategy

Historical Positioning and Performance

EMDO Positioning: Historical Asset Class Exposure

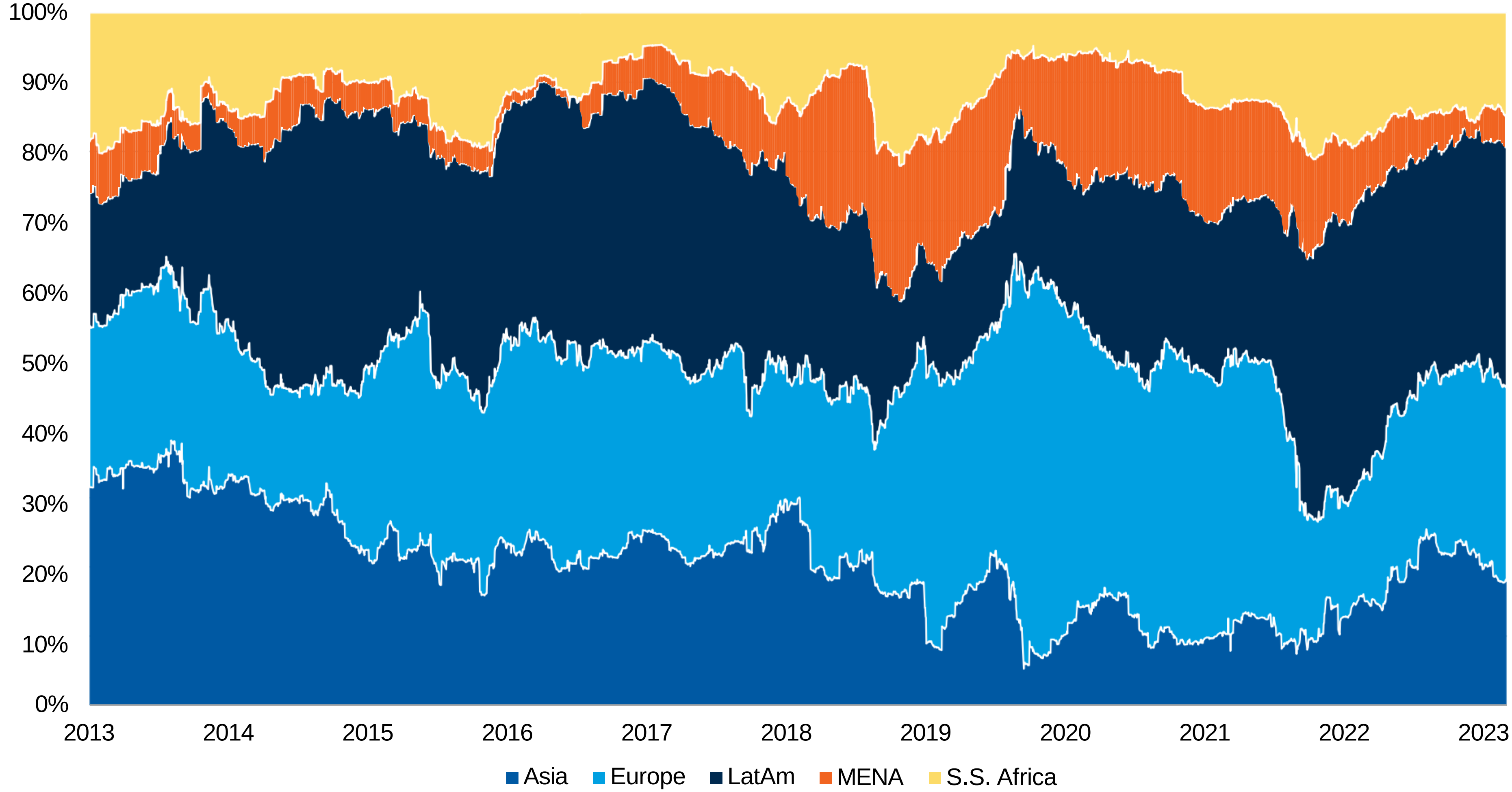
Exposures as of September 30, 2023



Portfolio Characteristics are based upon the total assets of a single Representative Account which is included in the Emerging Markets Debt Opportunities (Composite) for the periods shown. This account was chosen because it is unrestricted and fairly represents the overall style of the manager as described. Each portfolio may differ due to specific investment guidelines and restrictions. Accordingly, individual results will vary.Please refer to the important additional information and disclosures contained herein.

EMDO Positioning: Historical Regional Exposure

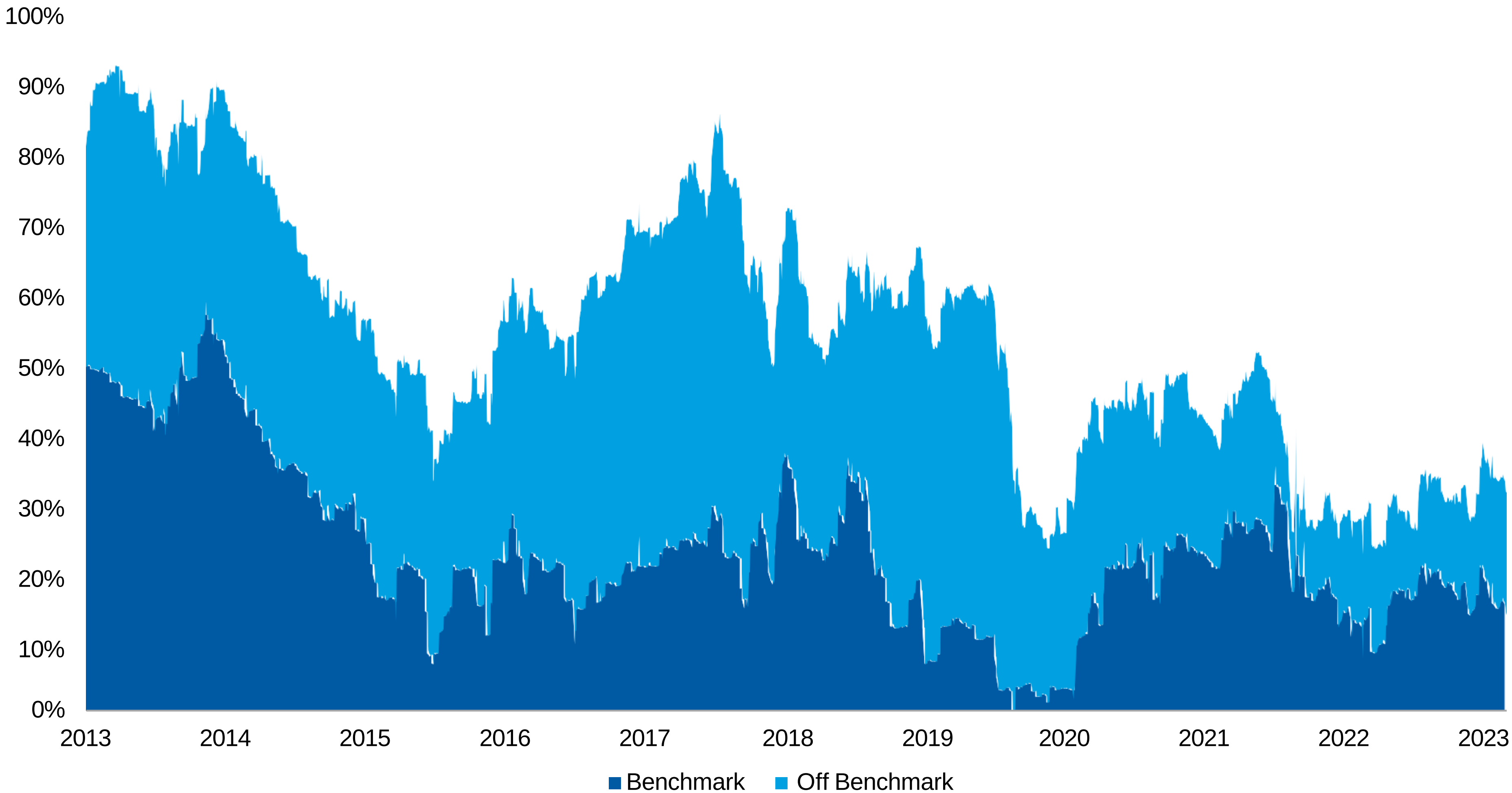
Exposures as of September 30, 2023



Portfolio Characteristics are based upon the total assets of a single Representative Account which is included in the Emerging Markets Debt Opportunities (Composite) for the periods shown. This account was chosen because it is unrestricted and fairly represents the overall style of the manager as described. Each portfolio may differ due to specific investment guidelines and restrictions. Accordingly, individual results will vary.Please refer to the important additional information and disclosures contained herein.

EMDO Positioning: Historical Currency Exposure

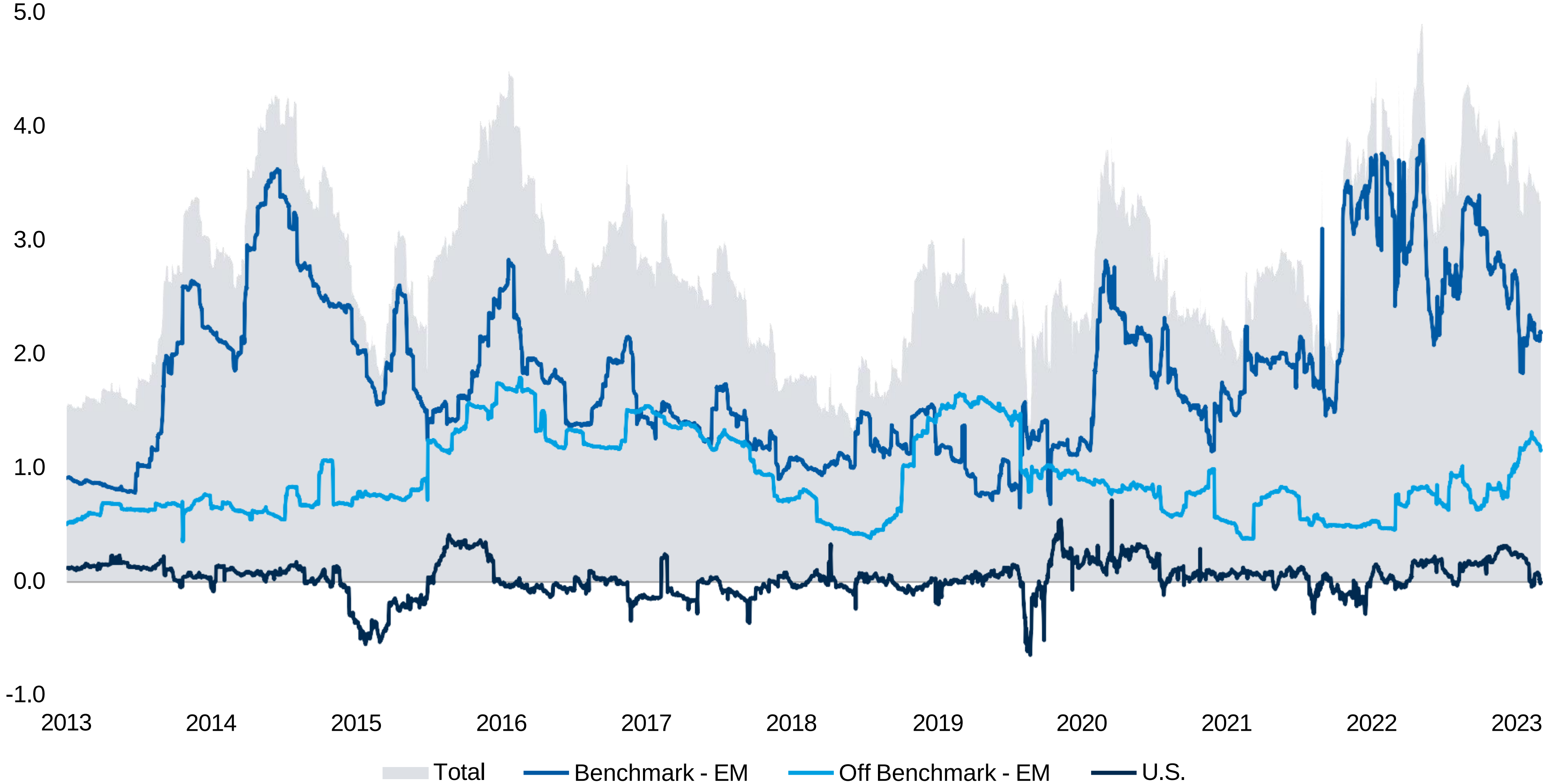
Exposures as of September 30, 2023



Portfolio Characteristics are based upon the total assets of a single Representative Account which is included in the Emerging Markets Debt Opportunities (Composite) for the periods shown. This account was chosen because it is unrestricted and fairly represents the overall style of the manager as described. Each portfolio may differ due to specific investment guidelines and restrictions. Accordingly, individual results will vary.Please refer to the important additional information and disclosures contained herein.

EMDO Positioning: Historical Interest Rate Duration (Years)

Exposures as of September 30, 2023

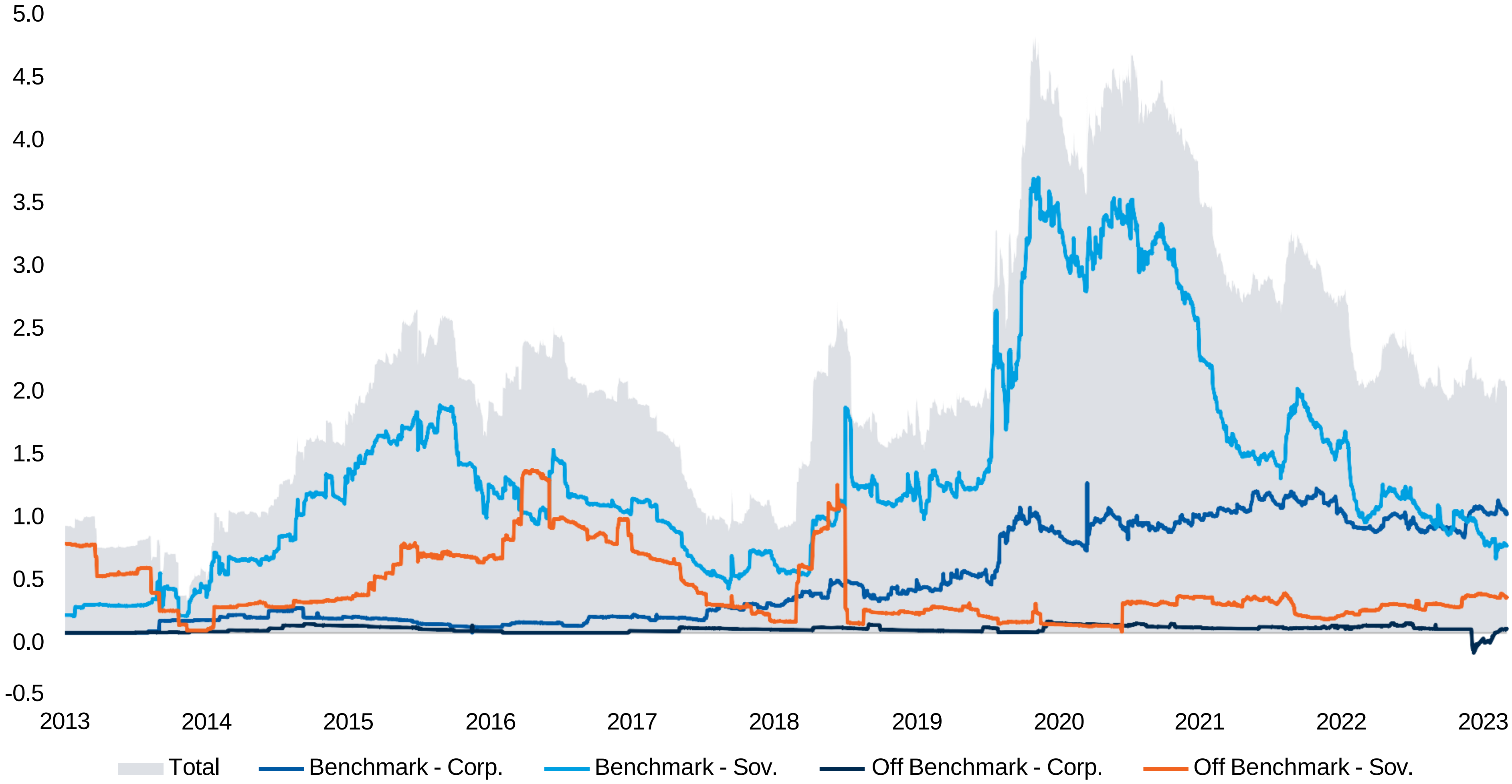


Past performance is not a reliable indicator of future results. Portfolio Characteristics are based upon the total assets of a single Representative Account which is included in the Emerging Markets Debt Opportunities (Composite) for the periods shown. This account was chosen because it is unrestricted and fairly represents the overall style of the manager as described. Each portfolio may differ due to specific investment guidelines and restrictions. Accordingly, individual results will vary. Please refer to the important additional information and disclosures contained herein.

EMDO Positioning: Historical Credit Spread Duration (Years)

Exposures as of September 30, 2023

Past performance is not a reliable indicator of future results.



Portfolio Characteristics are based upon the total assets of a single Representative Account which is included in the Emerging Markets Debt Opportunities (Composite) for the periods shown. This account was chosen because it is unrestricted and fairly represents the overall style of the manager as described. Each portfolio may differ due to specific investment guidelines and restrictions. Accordingly, individual results will vary. Please refer to the important additional information and disclosures contained herein.

Attribution: Risk Factor / Region (Relative)

Emerging Markets Debt Opportunities Composite

Past performance is not a reliable indicator of future results.

Exposures as of September 30, 2023

Risk Factor (bps)	2020	2021	2022	Trailing 1 Year	YTD	Q3 2023
EM Debt Opps	**323**	**744**	**889**	**537**	**349**	**261**
Currency	74	376	149	-157	-81	-17
Sovereign Credit	363	80	131	118	55	-48
Interest Rates	-382	127	550	348	266	216
Corporate Credit	271	157	51	225	112	109
Other	-3	4	8	4	-3	-1

Region (bps)	2020	2021	2022	Trailing 1 Year	YTD	Q3 2023
EM Debt Opps	**323**	**744**	**889**	**537**	**349**	**261**
Asia	143	-24	9	107	70	-6
E. Europe	55	338	177	216	115	60
Latin America	181	163	-115	-105	-2	53
Middle East & Africa	276	174	1	89	-31	-24
Other	-332	93	817	231	198	177

Current performance may be lower or higher than the figures shown. See page 13 for gross and net standardized performance. Please refer to the important additional information and disclosures contained herein.

Attribution: Risk Factor / Region (Absolute)

Emerging Markets Debt Opportunities Composite

Past performance is not a reliable indicator of future results.

Exposures as of September 30, 2023

Risk Factor (bps)	2020	2021	2022	Trailing 1 Year	YTD	Q3 2023
EM Debt Opps	**886**	**256**	**-467**	**1,633**	**700**	**38**
Currency	12	216	145	428	182	-48
Sovereign Credit	262	114	-71	393	137	-4
Interest Rates	316	-294	-516	463	226	-35
Corporate Credit	299	216	-33	347	157	126
Other	-3	4	8	4	-3	-1

Region (bps)	2020	2021	2022	Trailing 1 Year	YTD	Q3 2023
EM Debt Opps	**886**	**256**	**-467**	**1,633**	**700**	**38**
Asia	273	-27	-107	279	84	-47
E. Europe	96	97	-457	475	195	18
Latin America	143	-27	-60	396	279	13
Middle East & Africa	259	200	-26	165	-65	-7
Other	115	13	183	320	208	61

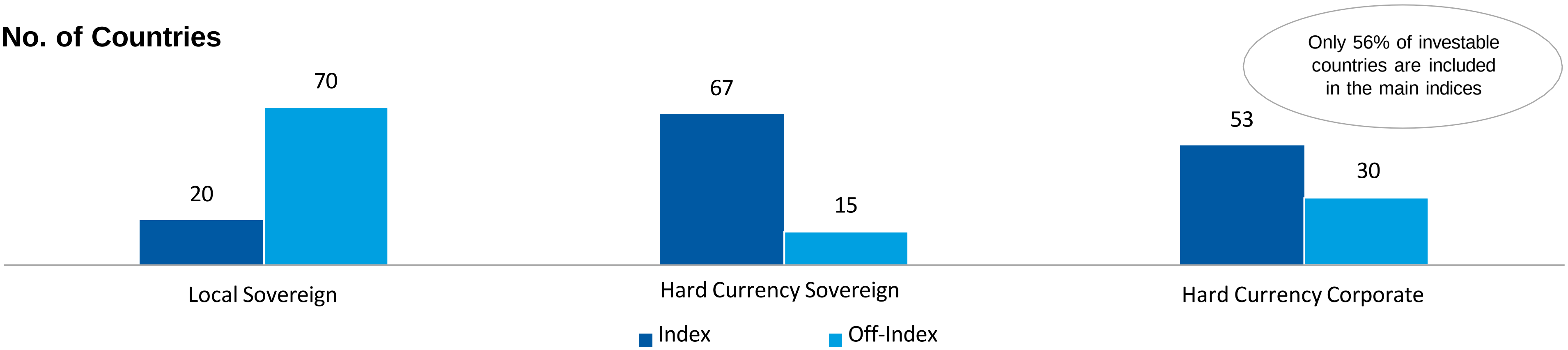
Current performance may be lower or higher than the figures shown. See page 13 for gross and net standardized performance. Please refer to the important additional information and disclosures contained herein.

Appendix

Investment Challenge

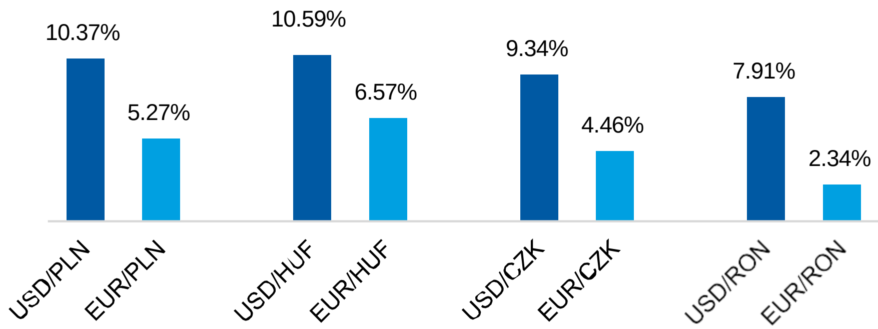
We Believe that Investors have been Poorly Served by Traditional Approaches to Emerging Markets Debt

No. of Countries



Developed-Market Risk is Embedded in Emerging Debt Markets

10-Year Trailing Volatility: CCE Currencies vs. USD and EUR



U.S. Treasury Component of Total Emerging Market Debt Return

Measured by the J.P. Morgan Emerging Market Bond Index Global (EMBIG) 1/31/98 – 3/31/22

Component	Annualized Return
SPREAD	3.09%
TREASURY	3.56%
TOTAL	**6.78%**

Over the last two decades, U.S. Treasury returns have accounted for about 53% of total EMBIG returns

Sources: Bloomberg, Eaton Vance, as of 3/31/2023. Other Chart Sources: JPMorgan and Eaton Vance proprietary data and calculations as of 3/31/2023. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. No. of Countries indexes: **Local sovereign** – JPM GBI EM Global Diversified Index, **Hard Currency Sovereign:** JPM EMBI Global Diversified Index, **Hard Currency Corporate**: JPM CEMBI Broad Diversified Index, and **Hard Currency Loans**: Estimated universe approximated by Eaton Vance. 10-year volatility is measured by standard deviation. Currency Benchmark: JPM GBI EM Global Diversified Index

Risk Management: Assessments and Systems

We Continually Monitor Portfolio Characteristics Using a Combination of Proprietary and Third-party Systems.

Assessments

ASSESSMENT	METHODS
Risk Assessment	• Volatility • Left-tail analysis • Correlation • Access considerations
Return Assessment	• Return components • Skew • Timing • Catalysts
Risk Contribution	• Marginal contribution to risk level • Target tracking error
Expected Beta	• Marginal sensitivity to benchmark • Limits on market risk exposure
Downside Risk Mitigation	• Horizon rate of return ("carry")

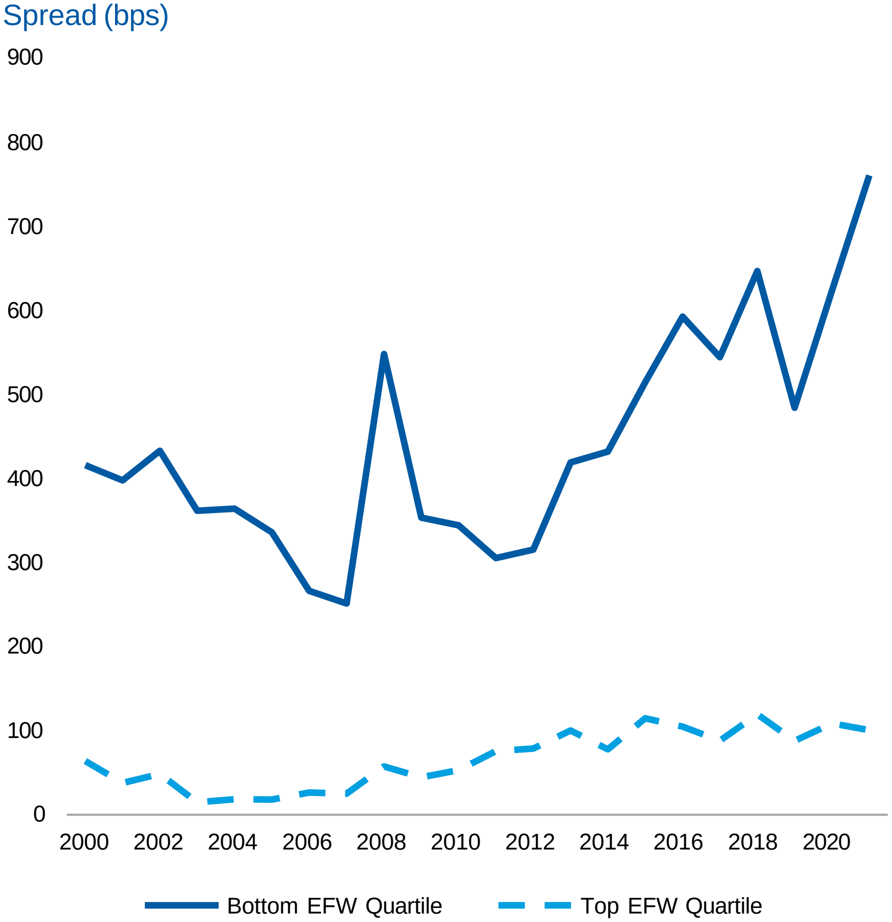
Systems

FUNCTION	SYSTEMS
Trade Order Management	• Aladdin (BlackRock Solutions)
Portfolio Management	• Aladdin
Risk Management	• Aladdin
Portfolio Analytics	• Aladdin • Proprietary Database • Proprietary Spreadsheets
Prices Models/Systems	• Third-Party Vendor Pricing • Bloomberg Valuation Tools • Proprietary Models
Cash Management	• Aladdin • Proprietary Spreadsheets
Reconciliations	• Aladdin • Proprietary Database • Proprietary Spreadsheets

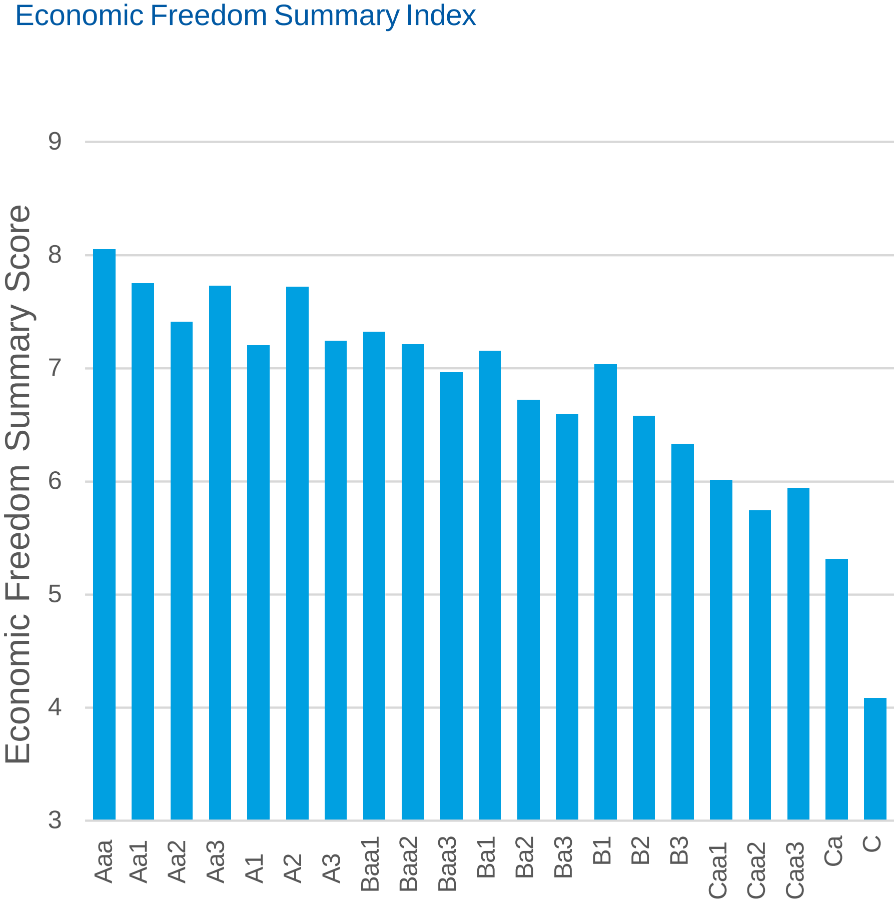
This represents how the portfolio management team generally implements its investment process under normal market conditions. **Risk management implies an effort to monitor risk, but should not be confused with and does not imply low risk.**

Economic Freedom

Economic Freedom and Sovereign Bond Spreads



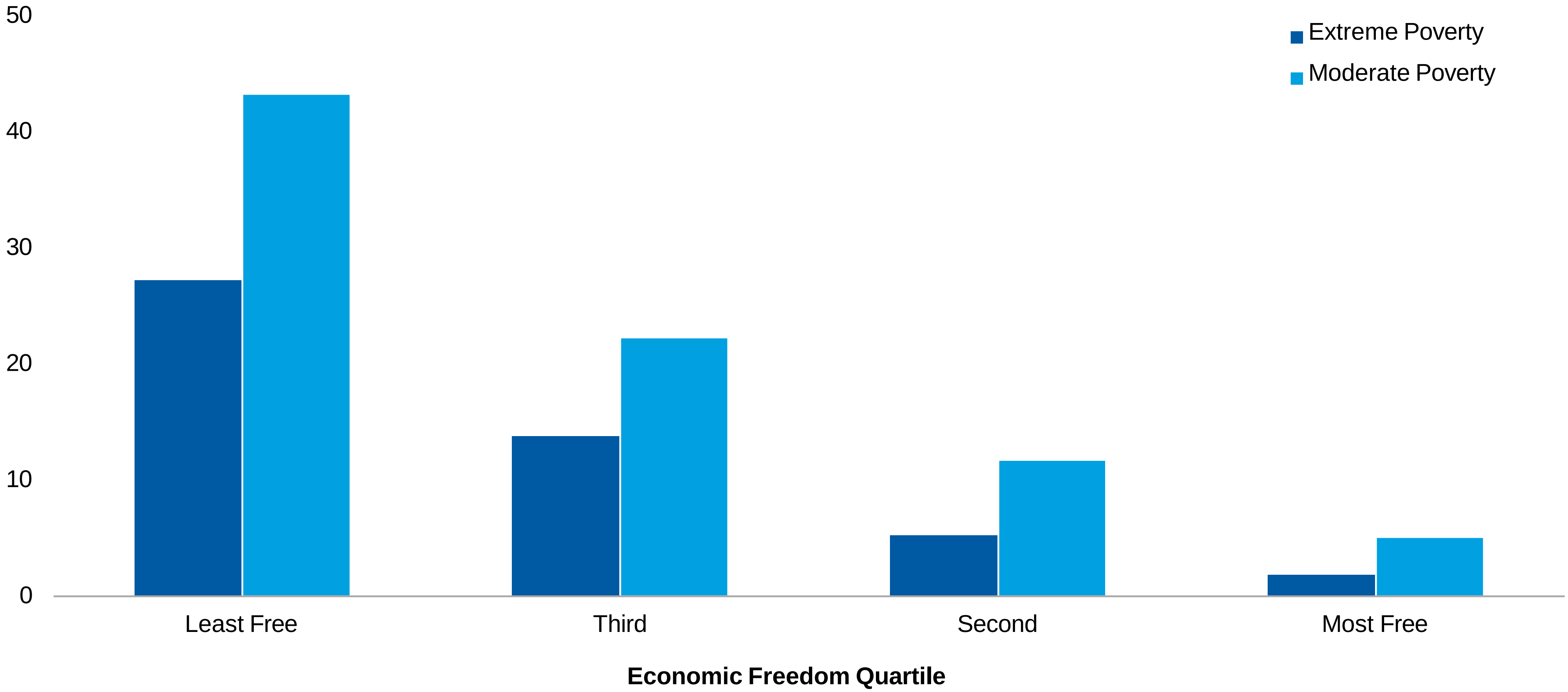
Economic Freedom and Moody’s Credit Ratings



Data provided for informational purposes only. Sources: Stocker, M. (2020). “Emerging markets debt: Determinants of sovereign bond quality and returns.” Morgan Stanley Investment Management ; Damodaran. Country Risk Premiums. (http://pages.stern.nyu.edu/-adamodar), Stern School of Business, New York University; Gwartney, Hall, and Lawson. Economic freedom of the world: 2023 annual report (forthcoming). The Fraser Institute, 2023.
Fraser Institute’s Economic Freedom of the World (EFW) Index data set.

Economic Freedom and Poverty

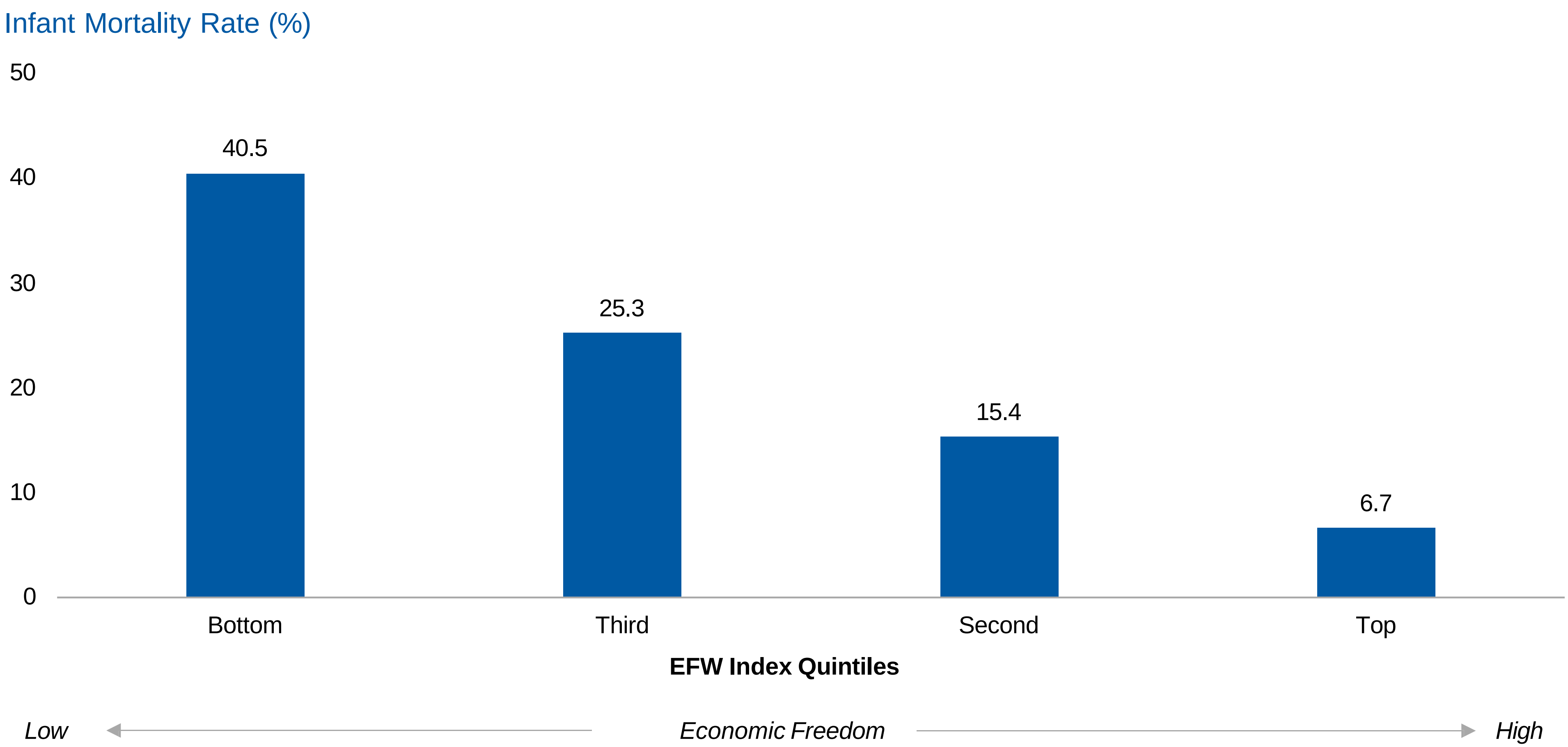
Poverty Rate (%)



Data provided for informational purposes only. Source: Gwartney, Hall, Lawson, and Murphy 2019, Economic Freedom of the World: 2019; World Bank, 2017, World Development Indicators.

Economic Freedom and Infant Deaths

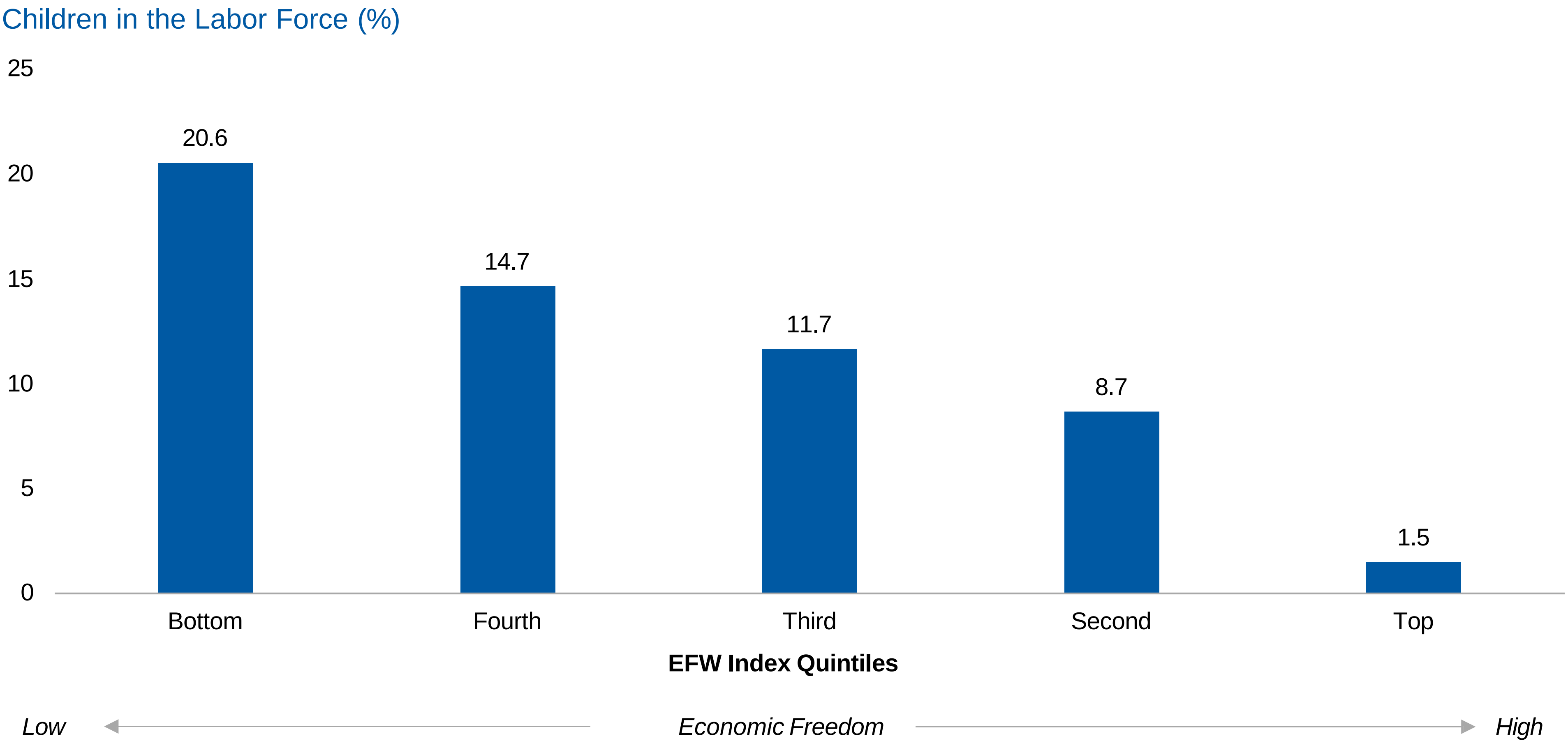
Economic Freedom and Infant Mortality Rate (Per 1,000 Live Births)



Data provided for informational purposes only. Source: Gwartney, Hall, Lawson, and Murphy 2019, *Economic Freedom of the World: 2019 Annual Report; World Bank, 2017, World Development Indicators.*

Economic Freedom and Child Labor

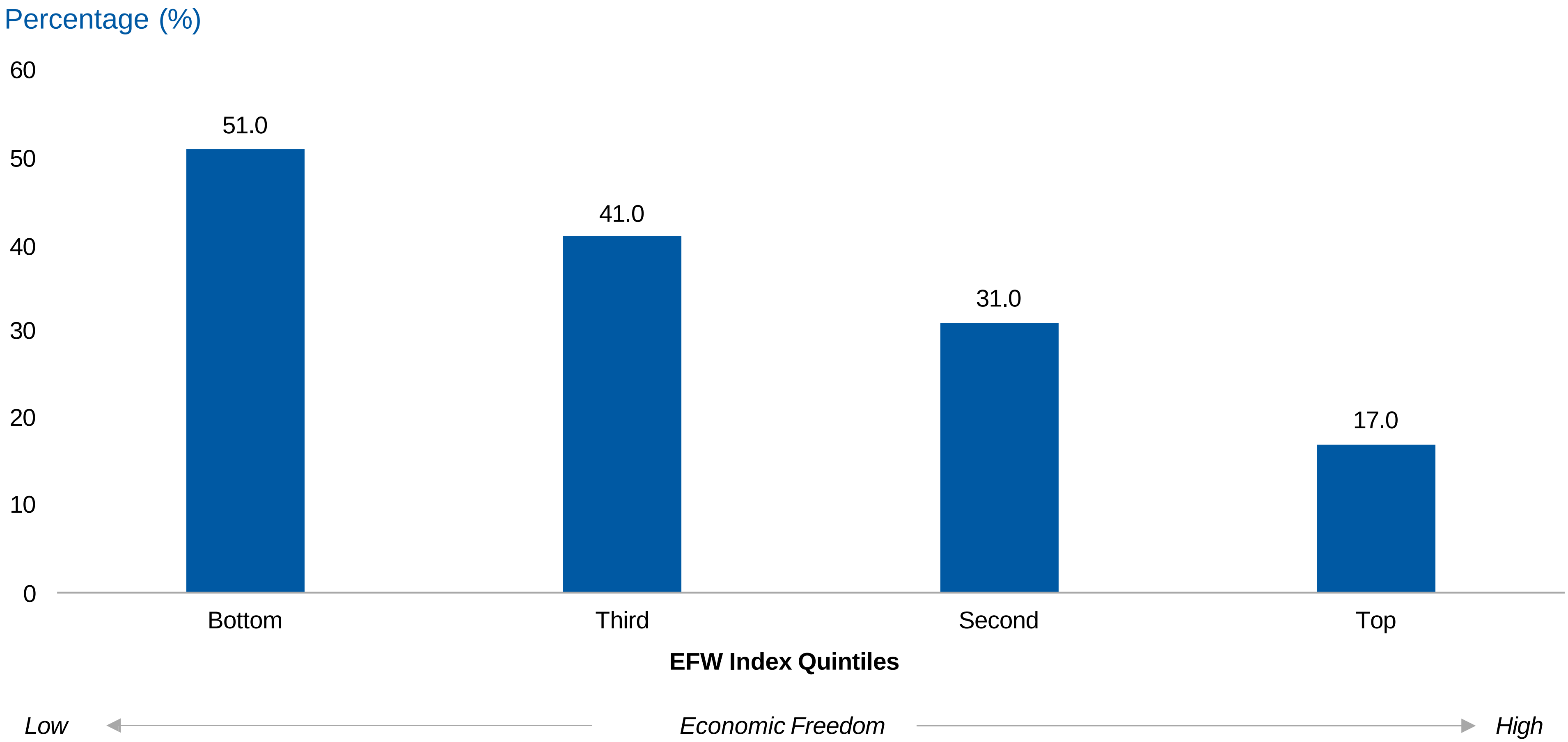
Economic Freedom and the Percentage of Children in the Labor Force (Ages 5 to 14 Years)



Data provided for informational purposes only. Data provided for informational purposes only. Source: Gwartney, Hall, Lawson, and Murphy 2019, *Economic Freedom of the World: 2016 Annual Report*; Unicef, *Global Databases*, 2016.

Economic Freedom and Gender Equality

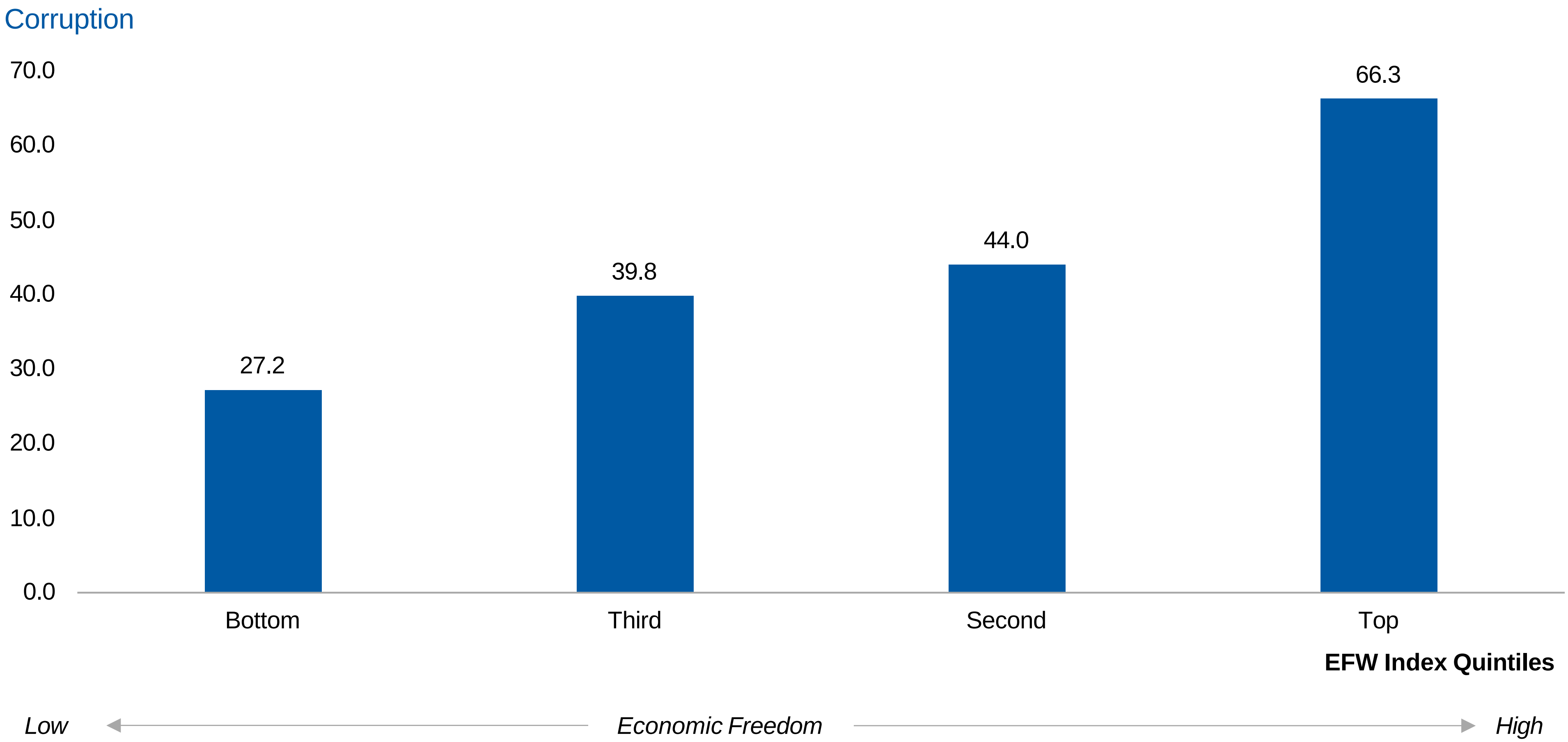
Economic Freedom and Gender Inequality



Source: Gwartney, Hall, Lawson, and Murphy 2019, *Economic Freedom of the World: 2019 Annual Report*; United Nationals Development Programme, 2019, *Gender Inequality Index.* Data provided for informational purposes only.

Economic Freedom and Corruption

Economic Freedom and Corruption



Data provided for informational purposes only. Note: Corruption is measured on a scale from zero to 100: zero = highly corrupt; 100 = little or no corruption.
Source: Gwartney, Hall, Lawson, and Murphy 2019, *Economic Freedom of the World: 2019 Annual Report*; Transparency International, *Corruption Perceptions Index 2018.*

Notes to Schedule

Eaton Vance Management

Organization

Eaton Vance Management (EVM or the Company) is an SEC registered investment adviser with its headquarters located in Boston, Massachusetts. Since 1924, the Company has provided a full range of investment products to corporations, public agencies, labor unions, hospitals, charitable and educational organizations, individuals and various qualified investment plans. It supplies investment advisory services through several SEC registered investment advisers and a trust company – EVM, Boston Management and Research (BMR), Eaton Vance Trust Company (EVTC), Eaton Vance Management International Limited (EVMI), and Eaton Vance Advisers International Ltd (EVAIL). The Company is defined as all five entities operating under the Eaton Vance brand. On March 1, 2021, Eaton Vance Management and its affiliates became a wholly-owned, independently managed subsidiary of Morgan Stanley. The firm continues to operate as Eaton Vance Management.

Effective May 1, 2011, EVM's Real Estate Investment Group, a constituent of EVM, is operating as a separate division of EVM, and its assets are no longer represented in EVM's total assets under management. Effective July 1, 2021, Eaton Vance WaterOak Advisors became a stand-alone GIPS® defined firm and is no longer part of EVM. Effective September 30, 2021, Eaton Vance Global Advisors Limited (EVGA) merged with MSIM Fund Management (Ireland) Limited and is no longer part of EVM's GIPS® defined firm.

Performance Returns

Unless otherwise stated, composite returns and market values are reported in U.S. dollars. All performance returns are presented as total returns, which include the reinvestment of all income and distributions. Returns for periods less than one year are not annualized.

Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

Composite Dispersion

Annual internal return dispersion is represented by the highest and lowest gross returns of all portfolios within a composite or pure gross returns in the case of SMA composites. Internal dispersion is shown only for composites that held at least six accounts for the full year. Internal dispersion is shown as not applicable, "N/A", for composites that held five or fewer accounts for the full year. External composite and benchmark dispersion are shown to demonstrate the variability of returns over time, and is represented by the three-year ex-post standard deviation of gross monthly returns or pure gross returns in the case of SMA composites. External dispersion is not shown for composite inception through December 2010, as it is not required for periods prior to 2011.

Other Matters

A complete list of all composites and limited distributed pooled funds (LDPF) maintained by EVM with descriptions and related performance results for each is available upon request. To receive a complete list and description of the Company's composites and/or a GIPS Report that adheres to the GIPS®, contact the Performance Department at (800) 225-6265 ext. 26733 or write to Eaton Vance Management, Two International Place, Boston, MA 02110, Attention GIPS Performance Department, 3rd floor. A list of the firm's broad distribution pooled funds is available on the firm's website.

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Notes to Schedule: Emerging Markets Debt Opportunities Composite

Eaton Vance Management
Emerging Markets Debt Opportunities Composite (MF 204)

COMPOSITE DEFINITION

The investment objective of this style is to seek total return by investing at least 80% of total net assets in (1) fixed-income securities denominated in currencies of emerging market countries, (2) income instruments issued by emerging-market entities or sovereign nations, and/or (3) derivative instruments denominated in, or based on, the currencies, interest rates or issues of emerging-market countries. A portfolio's short investment exposures to emerging markets will not exceed 20% of net assets, and, likewise, its short exposures to the EUR will not exceed 30%. Portfolios expect to hold U.S. Treasury, government agency and agency mortgage-backed securities (and derivatives thereon) to use as collateral for its derivative positions and to help manage duration. Portfolios expect to achieve certain exposures primarily through derivative transactions, including forward foreign-currency exchange contracts; futures on securities, indexes, currencies, swaps and other investments; options; and interest-rate swaps, cross-currency swaps, total return swaps and credit-default swaps, which may create economic leverage in a portfolio. A portfolio's use of derivatives is expected to be extensive. An account is included in the composite at the beginning of the first full month that the portfolio manager deems it fully invested, and a closed account is included through the last full month under management. No selective periods of performance have been used.

RISK CONSIDERATIONS

The value of investments held by the strategy may increase or decrease in response to economic, and financial events (whether real, expected or perceived) in the U.S. and global markets. Investments in foreign instruments or currencies can involve greater risk and volatility than U.S. investments because of adverse market, economic, political, regulatory, geopolitical, currency exchange rates or other conditions. In emerging countries, these risks may be more significant. Investments in debt instruments may be affected by changes in the creditworthiness of the issuer and are subject to the risk of non-payment of principal and interest. The value of income securities also may decline because of real or perceived concerns about the issuer's ability to make principal and interest payments. As interest rates rise, the value of certain income investments is likely to decline. Because the strategy may invest significantly in a particular geographic region or country, the strategy may fluctuate more than a strategy with less exposure to such areas. A non-diversified strategy may be subject to greater risk by investing in a smaller number of investments than a diversified strategy. Investments rated below investment grade (sometimes referred to as Junk) are typically subject to greater price volatility and illiquidity than higher rated investments. The strategy is exposed to liquidity risk when trading volume, lack of a market maker or trading partner, large position size, market conditions, or legal restrictions impair its ability to sell particular investments or to sell them at advantageous market prices. Using derivatives involves specific risks, including those related to counterparty, liquidity, valuation, correlation, and market risks.

BENCHMARK

The Composite's benchmark is J.P. Morgan EMB (JEMB) Hard Currency / Local currency 50-50. The index is composed of the following: 50% J.P. Morgan Government Bond Index - Emerging Market Global Diversified, 25% J.P. Morgan Emerging Market Bond Index Global Diversified, 25% J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified. JEMB is an unmanaged index of local-currency bonds with maturities of more than one year issued by governments of emerging markets. EMBI is an unmanaged index of USD-denominated bonds with maturities of more than one year issued by governments of emerging markets. CEMBI is an unmanaged index of USD-denominated emerging-market corporate bonds. The benchmark is rebalanced monthly.

GROSS AND NET RETURNS

Composite gross returns are after transaction costs, any foreign withholding taxes and other direct expenses, but before management fees, custody charges and other indirect expenses.

Composite net returns are calculated by deducting from the gross performance returns the highest management fee, 0.65%, paid by any account in the composite. The complete fee schedule is as follows: 0.55% on the first $250 Million; 0.50% on the next $250 Million; 0.45 % on the balance.

NOTES TO COMPOSITE

The creation date of this composite is April 2013, and the inception date is April 2013. Effective December 2020, the composites maximum management fee changed from 0.60%. Effective December 2018, the composites maximum management fee changed from 0.65%. Clients or prospective clients should not assume that they will have an investment experience similar to that indicated by past performance results, as shown on the Schedule.

Emerging Markets Debt Opportunities Composite

Schedule of Performance Returns

Period	Gross Returns	Net Returns	Benchmark Returns	Number of Accounts	Internal High	Dispersion Low	Composite Assets $(000)	Total Firm Assets $(000)	Composite Assets as % of Firm Assets	3-yr External Composite	Dispersion Benchmark
2013 [1]	-1.48	-1.96	-5.59	≤ 5	NA	NA	14,755	172,036,715	0.01	NA	NA
2014	1.18	0.53	0.14	≤ 5	NA	NA	48,246	164,420,664	0.03	NA	NA
2015	-3.00	-3.63	-7.11	≤ 5	NA	NA	46,421	156,199,594	0.03	NA	NA
2016	11.84	11.13	10.06	≤ 5	NA	NA	65,911	166,832,375	0.04	6.20	8.18
2017	14.00	13.27	12.15	≤ 5	NA	NA	89,394	193,976,437	0.05	5.73	7.29
2018	-3.44	-4.06	-4.50	≤ 5	NA	NA	127,059	192,823,274	0.07	5.40	7.37
2019	19.33	18.63	13.84	≤ 5	NA	NA	264,688	214,941,744	0.12	4.72	6.06
2020	8.35	7.71	4.49	≤ 5	NA	NA	576,656	177,164,831	0.33	10.62	10.33
2021	2.40	1.74	-4.65	≤ 5	NA	NA	1,223,050	192,859,785	0.63	10.36	9.96
2022	-5.40	-6.01	-13.34	≤ 5	NA	NA	965,431	158,998,526	0.61	11.70	11.55

Annualized Returns For Periods Ending December 31, 2022

	YTD	1 Year	3 Year	5 Year	7 Year	10 Year	Since Inception [2]
Composite Gross	-5.40	-5.40	1.63	3.88	6.38		4.18
Composite Net	-6.01	-6.01	0.99	3.23	5.71		3.52
Benchmark	-13.34	-13.34	-4.78	-1.26	2.13		0.18

1. Represents data from 3/31/2013 through 12/31/2013
2. Inception Date:4/1/2013

Eaton Vance claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Eaton Vance has been independently verified for the periods January 1, 1996 through December 31, 2022. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

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Please see Notes to Schedule accompanying these returns

Index Definitions

INDEX	
Bloomberg Capital Global Aggregate	The Bloomberg Capital Global Aggregate Index measures the performance of global investment grade fixed income securities.
Bloomberg Capital Global Aggregate Ex USD	The Bloomberg Capital Global Aggregate Ex USD Index measures the performance of global investment grade fixed income securities excluding U.S. Dollar denominated issues.
Bloomberg Capital U.S. Intermediate Government	The Bloomberg Capital U.S. Intermediate Government Index is an unmanaged index of U.S. government bonds with maturities from one year up to (but not including) 10 years.
Bloomberg Capital U.S. Aggregate	The Bloomberg Capital U.S. Aggregate Index is an unmanaged index of domestic investment-grade bonds, including corporate, government and mortgage-backed securities.
ICE BofA U.S. Treasury	The ICE BofA U.S. Treasury Index is an unmanaged index of U.S. Treasury securities.
ICE BofA U.S. High Yield	The ICE BofA U.S. High Yield Index is an unmanaged index of below-investment grade U.S. corporate bonds.
J.P. Morgan Government Bond Index: Emerging Market (GBI-EM) Global Diversified	The J.P. Morgan Government Bond Index: Emerging Market (GBI-EM) Global Diversified is an unmanaged index of local-currency bonds with maturities of more than one year issued by emerging markets governments. Inception date for index is 12/31/02.
J.P. Morgan Emerging Market Bond Index (EMBI) Global Diversified	The J.P. Morgan Emerging Market Bond Index (EMBI) Global Diversified is an unmanaged index of USD-denominated bonds with maturities of more than one year issued by emerging markets governments.
J.P. Morgan Emerging Markets Bond Index Global (EMBIG)	The J.P. Morgan Emerging Markets Bond Index Global (EMBIG) is an unmanaged index of USD-denominated bonds with maturities of more than one year issued by emerging markets governments.
J.P. Morgan Corporate Emerging Market Bond Index (CEMBI) Broad Diversified	The J.P. Morgan Corporate Emerging Market Bond Index (CEMBI) Broad Diversified is an unmanaged index of USD-denominated emerging market corporate bonds.
J.P Morgan Emerging Markets Bond Index Plus (EMBI+)	The J.P. Morgan Emerging Market Bond Index (EMBI+) is a market-cap weighted index that measures USD-denominated Brady Bonds, Eurobonds, and traded loans issued by sovereign entities.
J.P. Morgan GBI-Global ex U.S.	The J.P. Morgan GBI-Global ex U.S. Index is an unmanaged index of foreign-denominated government bonds of a core group of developed countries outside the U.S.
J.P. Morgan Next Generation Markets (NEXGEM)	The J.P. Morgan Next Generation Markets Index measures USD-denominated bonds issued by governments in smaller, less liquid population of emerging market countries.

It is not possible to invest directly in an index. Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. Historical performance of the index illustrates market trends and does not represent the past or future performance of the fund. ICE® BofAML® indices are not for redistribution or other uses; provided "as is", without warranties, and with no liability. Eaton Vance has prepared this report and ICE Data Indices, LLC does not endorse it, or guarantee, review, or endorse Eaton Vance's products. BofAML® is a licensed registered trademark of Bank of America Corporation in the United States and other countries. Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval.

Important Information and Disclosures

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Source of Data: Morgan Stanley Investment Management

DEFINITIONS

Standard deviation measures the historic volatility of a fund. **Tracking Error** measures the standard deviation of excess returns, showing how closely a portfolio is following its benchmark. **Correlation** measures how closely the performance of one asset tracks that of another. **Beta** measures the volatility of a fund relative to the overall market. **Sharpe ratio** is a risk- adjusted measure calculated as the ratio of excess return to standard deviation. **Information Ratio** uses excess standard deviation and excess return to determine reward per unit of risk relative to the benchmark. **Upside market** capture measures the percentage of the benchmark's returns that was captured by the manager, in periods defined by positive returns for the benchmark. **Downside market** capture ratio measures the percentage of the benchmark's returns that was captured by the manager, in periods defined by negative returns for the benchmark.

Important Information and Disclosures

IMPORTANT INFORMATION

RISK CONSIDERATIONS

There is no assurance that a Portfolio will achieve its investment objective. Portfolios are subject to market risk, which is the possibility that the market values of securities owned by the Portfolio will decline and may therefore be less than what you paid for them. Market values can change daily due to economic and other events (e.g. natural disasters, health crises, terrorism, conflicts and social unrest) that affect markets, countries, companies or governments. It is difficult to predict the timing, duration, and potential adverse effects (e.g. portfolio liquidity) of events. Accordingly, you can lose money investing in this Portfolio. Please be aware that this Portfolio may be subject to certain additional risks. **Fixed-income securities** are subject to the ability of an issuer to make timely principal and interest payments (credit risk), changes in interest rates (interest-rate risk), the creditworthiness of the issuer and general market liquidity (market risk). In a rising interest-rate environment, bond prices may fall and may result in periods of volatility and increased portfolio redemptions. In a declining interest-rate environment, the portfolio may generate less income. Investments in **foreign instruments or currencies** can involve greater risk and volatility than U.S. investments because of adverse market, economic, political, regulatory, geopolitical, currency exchange rates or other conditions. In emerging or frontier countries, these risks may be more significant. **Investors should be aware that this strategy may be subject to additional risks, which should be carefully considered prior to any investment decision.**

There is no guarantee that any investment strategy will work under all market conditions, and each investor should evaluate their ability to invest for the long-term, especially during periods of downturn in the market.

A separately managed account may not be appropriate for all investors. Separate accounts managed according to the Strategy include a number of securities and will not necessarily track the performance of any index. Please consider the investment objectives, risks and fees of the Strategy carefully before investing. A minimum asset level is required.

For important information about the investment managers, please refer to Form ADV Part 2.

Important Information and Disclosures

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MIDDLE EAST

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Eaton Vance

THANK YOU

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6859 11.3.2023

Verus

Memorandum

To:	San Mateo County Employees' Retirement Association Board of Trustees
From:	Joseph Abdou, Consultant
	John Nicolini, Senior Consultant
Date:	January 23, 2024
RE:	Opportunistic Credit (EMD) manager search recommendation

Executive Summary

The purpose of this memorandum is to summarize the due diligence process followed for SamCERA's Emerging Market Debt manager search and to provide detail on the recommended strategy, Morgan Stanley Emerging Market Debt. Staff and Verus initiated an Emerging Market Debt search in late 2023 to replace the current Global Fixed Income manager within the opportunistic credit asset class. The Board was last updated on the search process in October when finalists were identified.

Following a comprehensive due diligence process, Verus and Staff recommend a $60 million allocation to Morgan Stanley (formerly Eaton Vance) Emerging Markets Debt Opportunities Strategy. The manager search process and attributes of the strategy are below:

Due Diligence Process

Verus' San Francisco consulting team, with input from the firm's fixed income research professionals, identified eight possible fund options for SamCERA's Emerging Market Debt Search and subsequently issued an RFI. SamCERA Staff and Verus reviewed the RFI's received and individually identified managers that best fit the mandate. Following that process, two strategies were identified for further review.

Verus and SamCERA staff conducted calls with both managers and concluded that Morgan Stanley had a notable edge in resources, performance and approach to sourcing ideas in emerging market debt. Once the candidate was identified, an onsite was conducted to review all aspects of the firm and the strategy. Below you can find a summary of the onsite visit.

Morgan Stanley (EV) Emerging Markets Debt Opportunities Strategy

On December 11th, 2023, Mike Coultrip, Doris Ng, John Nicolini, and Joe Abdou visited Morgan Stanley onsite in Boston, MA. While there, we met with multiple senior investment professionals associated with the strategy, client service professionals, traders, and Risk managers. Participants from Morgan Stanley were:

Marshall Stocker – Co-Head, Portfolio Manager
Kyle Lee, Co-Head Portfolio Manager
Patrick Campbell, LATAM Portfolio Manager
Akbar Causer, EM Corporates Portfolio Manager/ Coordinating Portfolio Manager for Strategy
Brian Shaw, Cross-Regional Portfolio Manager, interest rate strategies
Courtney Graham, Head of Emerging Markets Trading
Alex Dyson, Lead Portfolio Analyst, Risk Manager
Brian Godfrey, Managing Director, Institutional Portfolio Manager
Dan Grzywacz, Executive Director, Relationship Management.

Initially, we discussed the changes to the team from 2021. Michael Cirami, the lead portfolio manager for 8 years left the strategy after Eaton Vance was acquired by Morgan Stanley. Michael O'Brian, who was a co-PM on the strategy for 8 months followed Michael Cirami to Artisan. Marshall and Kyle were invited to leave with the other portfolio managers, but believed they need a large team of researchers to thrive in the Emerging Market Debt space. They decided to stay at Morgan Stanley and lead the team. John Bauer who was a portfolio manager on the strategy decided to retire in 2023 (giving 14 months lead time and remaining on as a strategic advisor.)

Currently there is a team of 47 people at Morgan Stanley led by Marshall Stocker and Kyle Lee. They are supported by 7 regional portfolio managers, and 10 research/credit associates. There are also four dedicated cross regional portfolio managers along with 7 dedicated traders. The cross-regional portfolio managers have expertise that work across geographies. These portfolio managers specialize in country research, interest rates, quantitative analytics, or equity analysis. The size of the team is a key advantage relative to other Emerging Markets Debt strategies. In 2023, they added a research associate in Asia, and currently have 2 trading assistant positions open. The strategy has seen significant interest and growth. In 2023, the strategy had its largest net inflow year since the inception of the strategy.

Akbar Causer, head of the EM corporates team is also charged with being the coordinating portfolio manager for the strategy. Akbar reviews risk reports and sizing of positions to ensure the strategy is not taking unintended risks. Akbar was brought in to build an EM corporate team and currently has a team of 7 supporting him. Akbar also shifted the team's philosophy around EM corporate. Other Emerging Market Debt strategies will look for corporate spreads over that country's spread which is only part of the picture according to Akbar. There are cases, where companies within the EM countries might have higher recovery and lower default rates due to strong balance sheets. The team will incorporate this analysis into their decision-making process. Due to this, the allocation to corporates in the portfolio has risen over the past 3 years. The larger team is also able to underwrite more ideas as there are 1200 issuers in the universe and currently 60 in the portfolio.

The team also touted operational alpha which is comprised of trading and middle office efficiencies. The team gave the example of Vietnam as a middle office efficiency. To open a local account they needed notarized passports, and court documents for all portfolio managers' and firm leadership. This had to be sent to Vietnam and approved locally. Other strategies with smaller operations teams might not have the manpower to do this. For trading, the team looks to build liquidity locally through engagement. All trades are discussed with the coordinating PM (Akbar).

Recommendation

Our onsite visit served to confirm our favorable opinion based on due diligence conducted prior to the onsite and reaffirmed our view that this is the most appropriate Emerging Market Debt strategy to incorporate into SamCERA's portfolio. The Morgan Stanley (Eaton Vance) Emerging Markets Debt Opportunities Strategy is a benchmark agnostic strategy that looks to identify countries on the brink of meaningful structural change. The team looks for improvement in country fundamentals by focusing on the risk profile of each country (currency risk, interest rate risk, sovereign credit, and corporate credit). Verus and Staff have noted several senior departures shortly after Morgan Stanley acquired the team from Eaton Vance. While this is a concern, Verus and staff will continue to monitor, but are comfortable with the team size and structure. The commingled fund also has monthly liquidity should turnover in the team accelerate.

Verus research has rated this product an IQ1, indicating its highest conviction within the Emerging Market Debt asset class. A full write up of their analysis has been included as an attachment to this memo.

Verus and Staff recommend a $60 million allocation to Morgan Stanley Emerging Markets Debt Opportunities Strategy.

Eaton Vance Management Emerging Markets Debt Opportunities

IQ RATING AS OF:	09/06/2023
RESEARCH UPDATE:	07/18/2023
PRODUCT ID:	990488

Asset Class:	Fixed Income	**Verus IQ Rating:**	IQ1
Sub-Asset Class:	Emerging Market Debt - Blended	**Flag:**	No Flag
Strategy Inception:	2/4/2013	**ESG Rating:**	B
Benchmark:	JEMB Hard Currency / Local currency 50-50	**Emerging | Diverse:**	N/A
Performance Objective:	Excess returns of 100-200bps over full market cycle	**Risk Objective:**	Tracking error ~3-6%

Executive Summary

Eaton Vance's Emerging Market Debt Opportunities (EMDO) strategy utilizes a combination approach to build a portfolio that is highly diversified across geographies, issuers, credit quality, and currencies to achieve a higher expected return relative to the benchmark with similar volatility.

The investment team focuses on adding value primarily through an expanded opportunity set which can include both off-benchmark emerging and frontier countries sovereign or corporate bonds and currencies. The team believes its competitive advantage in the space is a combination of experience navigating in less trafficked credits while also avoiding defaults. Opportunities are evaluated on a risk/reward basis and provide the flexibility to invest across a broad set of securities in order to express the team's viewpoints on both the political and macroeconomic environment.

Eaton Vance has a significant portion of their EMDO assets in retail mutual fund vehicles. These vehicles are often subject to large and poorly timed redemptions which can take focus away from the team in the event that there is a mismatch between redemptions and liquidity in the market. That said, the performance of the strategy has demonstrated the team's ability to navigate difficult market environments over a long period of time. Strategy assets have grown considerably in recent years despite challenges related to the pandemic.

The strategy focuses on the underlying economic fundamentals at the country level seeking to mitigate both downgrade and default risk. Additionally, the team will seek to identify mispriced securities, especially those in countries not included in benchmarks. As a result of the combination of these factors, the strategy has delivered solid excess returns over all trailing time periods compared to the custom blended benchmark.

Firm Assets:	$1,387,594.97MM	**Separate Accounts:**	Available
Strategy Assets:	$2,927.08MM	**Commingled Vehicles:**	Available
Location:	522 Fifth Avenue New York New York, 10036	**Mutual Funds:**	Available
Key Persons:	Team-managed, Marshall Stocker	**Status (Open/Closed):**	Active

Alignment - The investment product is supported by a robust and stable organizational and team structure.

Eaton Vance was formed in 1979 by the merger of two investment managers, Eaton & Howards and Vance, Sanders & Company. Its roots, however, trace back to 1924 when employees of Learoyd, Foster & Company and predecessor firm of Vance, Sanders & Company started the first mutual fund, Massachusetts Investors Trust. Over the last several years, Eaton Vance has increased its coverage of the market by acquiring smaller boutique shops; including subsidiaries Atlanta Capital, Parametric, Calvert and Hexavest. The addition of these subsidiaries increases the total assets managed at Eaton Vance to over $1 trillion. In 2022, Morgan Stanley (MSIM) completed an acquisition of Eaton Vance, making Eaton Vance a full subsidiary, though the Eaton Vance team for this strategy remains largely intact. Morgan Stanley is 85% owned by institutional shareholders with the remaining percentage owned by Morgan Stanley employees, including those employed at Eaton Vance.

Compensation of portfolio managers and other investment professionals at Eaton Vance has three primary components: base salary; annual cash bonus; and annual stock-based compensation consisting of options to purchase shares of non-voting common stock at Morgan Stanley and restricted shares of nonvoting common stock. EVM compensates its portfolio managers based primarily on the scale and complexity of their portfolio responsibilities and the total return performance of managed funds and accounts versus appropriate peer groups or benchmarks. In addition to rankings within peer groups of funds on the basis of absolute performance, consideration may also be given to relative risk-adjusted performance. Risk-adjusted performance measures include, but are not limited to, the Sharpe Ratio. In evaluating the performance of a fund and its manager, primary emphasis is normally placed on three-year performance, with secondary consideration of performance over longer and shorter periods. For funds with an investment objective other than total return (such as current income), consideration is given to the fund's success in achieving its objective. For managers responsible for multiple funds and accounts, investment performance is evaluated on an aggregate basis, based on averages, or weighted averages among managed funds and accounts.

Eaton Vance has a large, experienced, and dedicated Emerging Market Debt team. Senior team members have a long tenure at the firm, and most have backgrounds covering both sovereign and corporate issuers. The team has exhibited stability and low turnover despite the recent organizational changes. In addition, Eaton Vance has internal and external legal advisors that ensure all loan agreements are drafted on terms as represented to the investment team by the arranging institution and issuer. The Emerging Market Debt team employs team-based decision-making with co-Heads Marshall Stocker and Kyle Lee sharing decision-making authority. Analysts present recommendations to regional portfolio managers, who are charged with making all final decisions regarding strategy inclusion. While the team is broad and well-resourced, we do view Stocker as being critically important to the investment process, and as such, deem him to be a "key person" and in the event of his departure, would reevaluate our rating.

Justification

We view Eaton Vance to be a well-resourced, stable, and long-standing organization with a solid reputation for managing fixed income assets. The two co-heads of the EMDO team, John Baur and Marshall Stocker, are long-tenured members with experience across sovereign and corporate spaces, with Stocker having served as Head of Country Research at Eaton Vance. While we have been notified of future departures, notably Baur in the first half of 2024, the team is well equipped to replace him with Kyle Lee, who currently operates as a key decision maker alongside Stocker. Despite this turnover within the team, the retention of the remainder of the EMDO team during the acquisition, as well as the level of discretion given to the EMDO team in who is brought on indicates the team is compensated in-line with industry standards. We also believe the firm has been able to attract and retain key employees in the absence of traditional equity ownership that is in place under the agreement with Morgan Stanley.

Edge - The manager has articulated an inefficiency or market-based belief that informs its process.

The team believes that its ability to add value is directly related to having the largest opportunity set possible while focusing on idea generation and improving market liquidity where possible. The investable universe consists of more than 100 emerging and frontier countries. In order to research and execute in these markets effectively, the team has spent more than 30-years building institutional relationships and the infrastructure necessary. Idea generation includes both top-down and bottom-up assessments of intermediate-to-long-term views (1-5 years) to identify local themes. Finally, the firm's Trading team is charged with navigating a country's capital markets and may include both traditional and non-traditional liquidity sources in order to execute the potential investment.

Portfolio construction is broadly agnostic to benchmarks. The team has complete flexibility to invest in countries both in and out of the index and will actively utilize their risk budget in these off-benchmark exposures. While there are elements of top-down influences, the portfolio is primarily built from the bottom-up, with each individual position evaluated across four factors: change in country-level fundamentals, expected risk/return, portfolio diversification potential, and the estimated price of liquidity. The resulting portfolio is typically more concentrated than benchmark-aware approaches.

Justification

We view the scope and scale of this strategy to be well-suited to produce excess returns from the EM Debt space despite the relatively higher concentration that results from their issuer selection. The resources afforded to the team by MSIM is supportive of the in-depth, on-the-ground, research that is necessary to research the less liquid positions the EMDO team includes in its portfolio. The team is expected to travel extensively as a part of the investment process. We are very constructive of this hands-on approach and view the breadth of EMDOs investment universe as the main differentiator from other EMD strategies. While we are less constructive on the large retail base that makes up the managed assets of the strategy, the team has exhibited the ability to manage assets during previous periods of extreme markets headwinds.

Implementation - The manager has described an investment approach which is sensible, repeatable.

The investment process consists of analyzing the broadest set of countries possible – approximately 120 developing and frontier countries. The team believes this to be the broadest universe available and represents a significant competitive advantage relative to their peers. In each of these countries, the team's proprietary, fundamental research seeks to determine potential changes in policy and economic institutions. These changes empirically drive capital market outcomes in country. Importantly, the team has access to and utilizes a variety of sources in this process including politicians, government officials, academia, local journalists, think-tanks, private sector leaders, and private consultants with relevant expertise. Equally as important, the team will conduct extensive, in-country research – typically visiting between 60 and 80 countries per year collectively.

Once the direction of policy and economic institutions is determined, the team analyzes valuations on various risk exposures within the country to identify any mispricings that may exist. At that intersection, investment ideas are generated and implemented within the portfolio. A mispriced risk exposure is pinpointed for inclusion in the portfolio while any exogenous investment risk associated with an instrument is hedged away (or an instrument is utilized that does not contain additional investment risk). A good example of this is that the team may decide to hedge away the U.S. Treasury duration associated with an investment in a USD-denominated bond to isolate the sovereign or corporate credit spread. The portfolio is designed to have as little (near zero) U.S. duration as possible.

The trading team is responsible for navigating each country's capital markets and utilizing the most efficient means to execute trades. This includes maintaining access to multiple, traditional, and nontraditional liquidity sources as well as intimate knowledge of local market "plumbing." The belief is that the dedicated trading and operational infrastructure represents a competitive advantage over most other EMD managers who are unwilling or unable to do negotiate these agreements.

As the team's cohort of risk-takers generate investment ideas from the bottom-up and in a decentralized fashion, the coordinating portfolio manager works closely with the team of portfolio analysts in conducting top-down risk measurement. This process ensures that the end portfolio is constructed in a way that delivers the expected experience to investors. That includes reviewing VaR metrics, cross-correlations, scenarios analysis and stress tests.

Justification

We believe that the team has been able to implement their philosophy and approach consistently and effectively in various market environments. Over time, we have observed the team's ability to rotate into, and out of risk during periods of heightened volatility. We appreciate the team's research process and approach to identifying opportunities across a broad set of countries, currencies, and credits. Importantly, we believe the team has the necessary resources to execute the investment process effectively given the wide opportunity set.

Optimal use of risk - The manager has an effective framework to assess and manage risk inherent in its process.

Sovereign credit, corporate credit, and liquidity are the major components of risk in emerging market investing. The portfolio is constructed using a "best ideas" approach rather than being constrained by a benchmark. As such, the team believes that success in mitigating risk is best measured by focusing on portfolio volatility and drawdown performance and on the Sharpe ratio for measuring risk-adjusted returns. The portfolio typically holds between 200-250 issues and is diversified by issuer, credit rating, and geography. Diversification is paramount to the strategy's approach and should lead to lower performance volatility relative to the overall emerging debt market, while helping to minimize risk during periods of market distress marked by widening credit spreads.

Portfolio risk is managed primarily at the portfolio level by the investment team. Risk is viewed first at the country-level with a focus on changes in the country's fundamentals. If the team believes there is a material change in the economic conditions in-country, the position size will be increased or decreased depending on the direction of the change. Risk is further mitigated with country, currency, sector, and issuer limits, in addition to bounds around the duration of the portfolio. The team utilizes the BlackRock Aladdin portfolio management system to monitor portfolio and issuer risk. Additionally, the parent company Morgan Stanley Investment Management has various controls in place to ensure compliance with all applicable portfolio rules, limits, and regulations.

MSIM has a centralized and dedicated risk management team, Global Risk and Analysis (GRA), which operates independently of the business functions. This independent risk oversight team provides MSIM with a critical check and balance system between Investment Management and Risk Management. The GRA risk team oversees all aspects of financial and non-financial risk and produces a wide range of analytics and reporting including, but not limited to, tracking error, R-squared, Beta, Information Ratio, absolute and relative exposures, concentrations, stress tests and scenario analysis, downgrades and default trends, factor-based risk and stress P&L attribution, and risk limits utilization, both client and regulatory. The team uses a range of vendor-based and proprietary systems to conduct this analysis. Reporting for each investment strategy is available to the investment teams, divisional management and MSIM Risk Committee.

Separately, MSIM Internal Audit acts as an independent oversight function with an enforcement ability and sound understanding of capital markets, the business, and risk management, which enables an effective challenge of both the front office and the GRA team. Additionally, MSIM has various internal controls in place to ensure compliance with all applicable laws and regulations with the goal of safeguarding the firm's franchise and reputation. Other MSIM teams provide independent oversight include Portfolio Surveillance, Compliance, and Legal.

Justification

We believe the combination approach employed by the team and MSIM provide sufficient oversight and independent risk management functions. The strategy's approach to diversification and integrated top-down and bottom-up approach to portfolio construction should help mitigate risk and reduce systematic volatility. Equally as important, we believe the top-level risk oversight provided by MSIM provides another layer of risk management that should prevent significant drawdowns due to uncompensated or outsized risks.

Understandable Performance - Historical and future performance sensitivities are consistent with the manager's process.

The team expects the strategy to provide outperformance relative to the blended benchmark consisting of 50% JPMorgan GBI-EM and 50% JPMorgan EMBI-GD over time, with higher degrees of tracking error compared to other strategies using the same index. Tracking error is estimated to range between 300 to 600 basis points annually. Given that the team does not manage the strategy relative to its performance benchmark and the fact that the index is concentrated in the biggest, most volatile countries, in a strong risk on environment the strategy may lag its peers. Additionally, the team will often look to hedge away some of the US Treasury during that is inherent in dollar-denominated emerging market bonds. As a result, the strategy has historically been slightly underweight duration relative to the index, so when US Treasury bonds are rallying the strategy may face additional headwinds.

Conversely, during risk off environments, the fund should be expected to perform well given the portfolio construction approach and exposure to less trafficked credits. Some of this relative performance can be attributed to the liquidity attached to each of the issuers and countries. During periods of increasing market volatility, the largest, most liquid issuers are usually sold first. For evidence, the strategy's historical upmarket capture has averaged roughly 90% while the down-market capture has averaged roughly 60%. Finally, some of the relative performance of the strategy can be attributed to the fact that the countries and companies the team invests in have higher relative yields. Out yielding the index can create a cushion that offers the potential for some downside protection.

Justification

We view performance to be in line with overall expectations of a strategy that takes a unique approach to the EMD space and believe this makes sense given the strategy's mandate and objectives. Emerging market debt has struggled as an asset class following 2008, as showcased by multiple drawdown periods. This risk-off mentality has benefitted the investment style of the EMDO, as the strategy has outperformed the benchmark by nearly 300 basis points net of fees over a 10-year basis. More recently, the strategy has outperformed by 550 and 600 basis points net of fees on a 3- and 5-year basis. The risk-on environment following the rapid rate hikes in 2022 have led the strategy to lag in recent periods, though we view this as in line with expectations. Tracking error has fallen within the target range over the long term, at around 500, 450, and 400 basis points on a 3-, 5-, and 10-year basis. Recently the degree of tracking error has spiked to above 600 basis points. In total, we view this strategy as having exceeded performance expectations over multiple market cycles, producing annual Sharpe ratios that often fall within the top decile of the peer group.

The manager has described an integration of ESG into their investment philosophy.

The team has been incorporating social and governance factors into the research process since the inception of the strategy and consider the practice an integral part of the process in evaluating the credit worthiness of emerging market sovereign debt analysis. More recently, environmental factors have increasingly become more relevant and the team has integrated those factors into the analysis of issuers beginning in 2018. The team believes that at the country level, ESG factors have a built-in risk premium which can be identified and harvested.

The ESG evaluation includes both quantitative and qualitative approaches. The quantitative approach is driven by the team's Sovereign Sustainability Model which incorporates underlying ESG data that is sourced from publicly available information. Factors include such things as (E) climate vulnerability, conservation, (S) health, education, living standards, (G) political stability, rule of law, and effective governance. The team believes that in the shorter-term, social and governance factors have a more immediate impact while environmental factors are slower moving.

The team's approach to evaluating the qualitative factors is a bottom-up process beginning with individual country assessments. Research analysts create a quarterly Fundamental Country Analysis report that contains an ESG assessment along with a general political and economic analysis. Similar to the quantitative approach, the direction of governmental policies is likely to better explain outcomes in the near-term as country-level sustainability data is usually lagged. This quarterly outlook is then used as part of the broader mosaic for each opportunity when considered for portfolio inclusion.

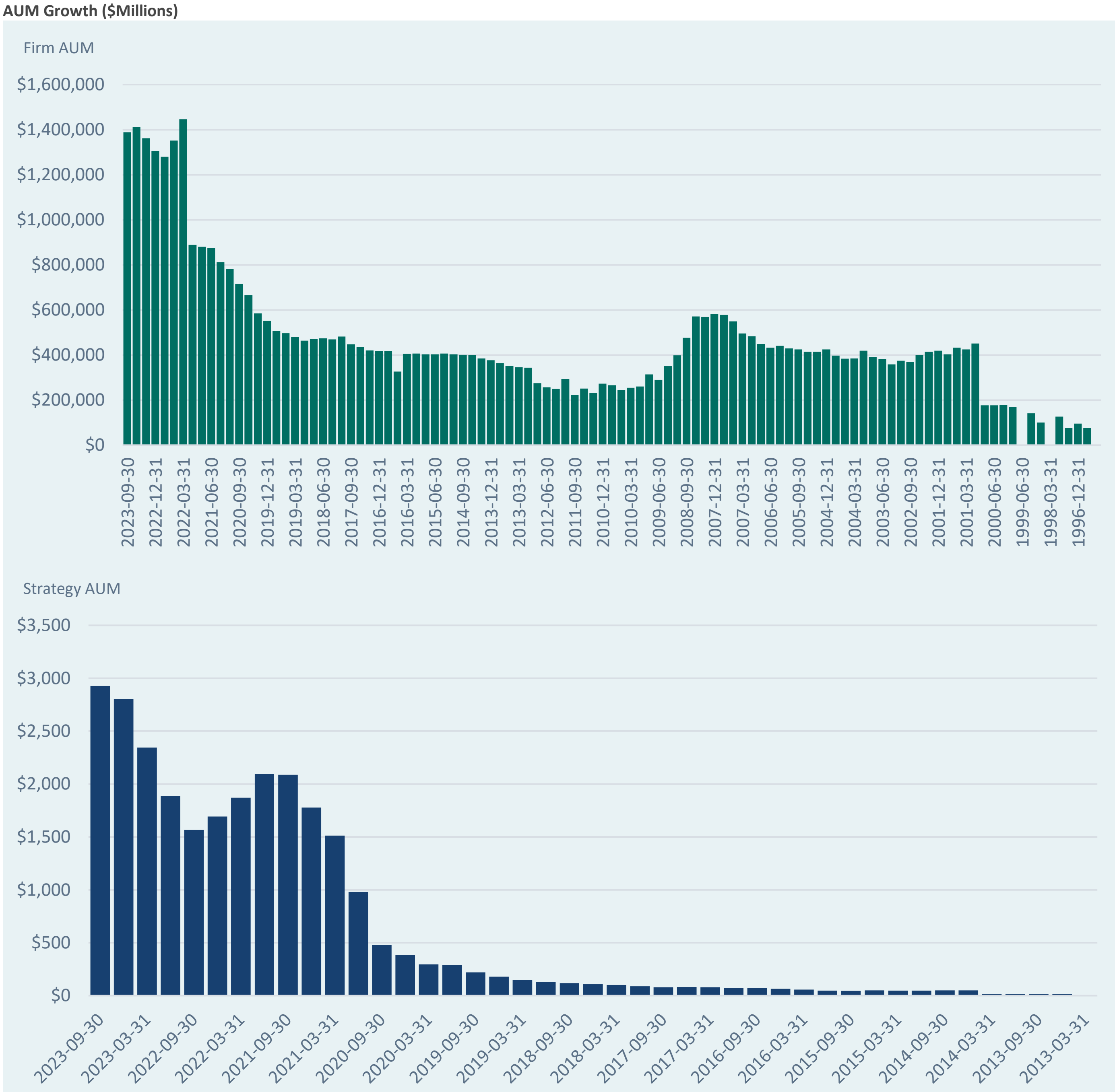
Justification

We appreciate that the team has been actively using ESG factors as part of the broader portfolio construction process over multiple market cycles. Further, we appreciate that the analysis for each country is bespoke and based on materiality, with each analyst producing an ESG report for each country covered. The process leverages both the team's internal resources in addition to several third-party sources that should result in a comprehensive understanding of the factors. For these reasons, we believe the ESG approach used by the team exceeds their industry peers and distinguishes the strategy.

Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	3.00	-0.78	0.15	0.29	0.97	3.15	1.62	-0.91	-0.39	-0.25	2.63	-
2022	-1.25	-5.09	-0.35	-0.74	-0.75	-4.84	-0.95	3.13	-3.17	0.74	5.65	2.64
2021	0.36	0.03	-1.51	1.84	1.48	0.03	-0.64	1.62	-0.65	-0.54	-1.24	1.67
2020	0.65	-1.20	-13.48	2.95	6.97	3.60	0.84	2.11	-0.65	0.95	3.83	2.94
2019	3.88	0.78	0.10	0.44	0.67	3.11	2.47	-0.78	1.57	1.34	1.55	2.77
2018	1.94	-0.26	0.68	-0.16	-2.26	-1.90	0.94	-2.95	0.40	-0.64	0.87	-0.04
2017	0.93	1.58	1.13	1.34	0.91	1.23	1.11	1.85	1.31	-0.15	1.00	0.95
2016	-2.37	1.26	4.79	2.66	-0.04	2.38	0.93	2.09	1.01	0.36	-2.85	1.26
2015	0.73	0.84	-1.34	2.71	-0.57	-0.90	-1.13	-2.69	-2.77	2.52	0.75	-1.03
2014	-1.10	1.25	1.88	0.90	1.42	0.38	0.58	0.37	-2.05	0.90	-0.34	-2.90

AUM Growth ($Millions)



Author: *Philip Schmitt*
Reviewer: *Kyle Jangard*

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SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 23, 2024 Agenda Item 7.1

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer

SUBJECT: 2024 Board-Staff Retreat Topics

Recommendation

Provide direction for staff regarding the topics and schedule for the March 26, 2024, Board-Staff Retreat.

Background

The annual Board-Staff retreat is scheduled for March 26, 2024. The Board assists on setting the topics to be addressed at the retreat and provides input regarding the proposed presenters. This agenda item gives trustees its first opportunity to discuss retreat topics. We will bring this item back to the Board again prior to finalizing the agenda.

Discussion

Last year, we returned to holding our Board-Staff retreat in-person after almost three years of remote meetings. We will again have an in-person retreat this year and follow a similar outline as last year's retreat. The Board already approved a start time of 8:30 a.m. for March 26 and we are proposing this one-day retreat to occur immediately after the regular Board meeting. The retreat portion will have 4 major topics, which will be decided by the Board and an educational session on ethics. There will be an opportunity between topics for discussion.

Thus far, we have confirmed Bill Montgomery, Partner from Quantum Capital, to present on energy security and Jimmy Hassani, Supervisory Special Agent from the FBI to present on cybersecurity. Both topics were presented at the Fall SACRS Conference. We also have scheduled Ian Toner and Jeff MacLean from Verus. Ian will give an update on the economy and Jeff will provide insights on the impact of inflation and interest rates on the asset classes. In addition, Paul Okada will provide an hour of ethics training. A draft agenda is attached.

Attachment

Draft 2024 Board-Staff Retreat Agenda

Board/staff retreat

MARCH 26, 2024

DRAFT BOARD/STAFF RETREAT AGENDA

8:30 a.m.	Beginning of Regular Board Meeting Agenda
8:45 a.m.	Economic Outlook Ian Toner, Chief Investment Officer, Verus
9:45 a.m.	Break
10:00 a.m.	Energy Security Bill Montgomery, Partner Quantum Capital Group
11:30 a.m.	Working Lunch and Ethics Instruction Paul Okada, Chief Legal Counsel
12:30 p.m.	Break
12:45 p.m.	Cybersecurity Jimmy Hassani, SSA Sacramento Field Office, FBI
1:45 p.m.	Break
2:00 p.m.	Higher Interest Rates and Inflation and the Implications to the Asset Classes Jeff MacLean, Chief Executive Officer, Verus

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 23, 2024 Agenda Item 7.2

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer

SUBJECT: Amendment of Board's Education Policy

Recommendation
Adopt a Resolution amending the Board's Education Policy.

Background
The current Education Policy was approved by the Board in December 2016, with revisions in December 2017 to reference the Board's ethics and anti-harassment training requirements. Since December 2017, the Board has reviewed the education policy each year, but no further substantive revisions have been adopted. The revised policy before the Board today reflects discussion at the Board's December 2023 meeting concerning the approval of educational events that are out of the Bay Area and not on the Board's pre-approved list.

In all other respects, the policy is substantially the same as the policy last reaffirmed in December 2022.

Discussion
The policy continues to reflect the core principles stated by the Board's Ad Hoc Education Policy Committee in 2016 and authorizes each Trustee to attend all of the following each fiscal year:

- Unlimited number of conferences and education programs within the Bay Area; and
- Any program sponsored by the State Association of County Retirement Systems (SACRS) and the California Association of Public Retirement Systems (CALAPRS) wherever located; and
- Up to two (2) approved out-of-Bay Area educational events requiring overnight stays.

The above-referenced "two (2) approved out-of-Bay Area educational events requiring overnight stays" can be from the following list of "pre-approved" providers:

- International Foundation of Employee Benefit Plans (IFEBP)
- Wharton investment management programs
- Chartered Financial Analyst (CFA) Institute
- National Conference on Public Employee Retirement Systems (NCPERS)
- Institutional Limited Partner Association (ILPA) Institute (Educational Programs)

Trustees requesting to attend a conference or event that is not on the above list must complete a form providing information about the conference or event with the item then placed on the regular agenda for approval.

The amendments to the Education Policy reflect the Board's discussion at its December 2023 meeting regarding obtaining additional information in connection with the Board's approval of any special requests to attend out-of-Bay Area educational events requiring overnight stays. Such additional information includes information regarding conference/event sponsors, the conference/event registration costs, and whether any costs related to the conference or event have been waived and, if so, which entities are covering the costs of the waiver. Staff will make corresponding revisions to the special request approval form to reflect these amendments to the Board's policy.

Attachments
Resolution Amending the Board's Education Policy
Education Policy (Clean and Redlined)

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

RESOLUTION 2024-___

RESOLUTION AMENDING THE BOARD OF RETIREMENT'S EDUCATION POLICY

WHEREAS, California Constitution Article XVI, § 17 provides that the Board of Retirement has fiduciary responsibility for investment of the Retirement Fund moneys and administration of retirement system; and

WHEREAS, Government Code §31522.8, requires that the Board have an Education Policy that sets forth a minimum number of required hours of requisite training in particular subject areas; and

WHEREAS, the Board acknowledges the vital importance of making informed judgments on all matters which come before it and has adopted a Code of Conduct and an Educational Policy to guide its actions; and

WHEREAS, the Board acknowledges that Board members come to the Board with differing backgrounds, knowledge and expertise and that each member has a duty to receive the education that best fits his or her needs in order to exercise his or her fiduciary duties; and

WHEREAS, consistent with its fiduciary duties, the Board wishes to encourage Board members and staff to receive education from the best quality providers; and

WHEREAS, consistent with its fiduciary duties, Board member education should be obtained in a cost-efficient manner minimizing costs wherever possible and each Board member shall make every effort to obtain his or her education within California; and

WHEREAS, the current Education Policy was approved by the Board in December 2016, with revisions in December 2017 to reference the Board's ethics and anti-harassment training requirements; and

WHEREAS, in reviewing the Education Policy in December 2023, the Board discussed the process for approving educational events that are out of the Bay Area and not on the Board's pre-approved list and directed staff to draft potential revisions to the policy regarding the information submitted by trustees in connection with the Board's approval of their attendance at such events; and

WHEREAS, staff has drafted potential amendments to the Education Policy for the Board's consideration and the Board has reviewed such amendments and considered the same;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Retirement hereby approves the attached amended Board of Retirement Education Policy.

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

Ayes, Trustees:

Noes, Trustees:

Absent, Trustees:

Abstain, Trustees:

____

Elaine Orr, Board Secretary
SamCERA

San Mateo County Employees' Retirement Association

BOARD OF RETIREMENT
EDUCATION POLICY

SECTION 1. BOARD MEMBER EDUCATION IS REQUIRED

A. **Fiduciary Duty.** Consistent with the Board's fiduciary responsibility to discharge its duties with respect to the system with care, skill, prudence, and diligence, the Board acknowledges the vital importance of making informed judgments on all matters which come before it and has determined that educational activities help provide the Board with knowledge and skills to make such informed decisions. Board members come to the Board with differing backgrounds, knowledge, and expertise and have a duty to receive the education that best fits their needs. Board member education should develop the individual knowledge of each Board member and, in turn, improve the knowledge of the Board as whole so that it may discharge its fiduciary duties.

B. **Minimum Required Hours of Training.** Each Board member shall receive a minimum of 24 hours of Board member education in the topics listed in Section 3(A) within the first two years of assuming office and for every subsequent two-year period the Board member continues to hold membership, in accordance with Government Code §31522.8.

C. **Posting of Policy and Board Member Compliance.** Staff shall maintain a record of Board member compliance with this policy, and both this policy and an annual report on Board member compliance will be posted on the Board's website which shall reflect the education completed for the prior fiscal year or calendar, depending upon when the Board member's term commences, in accordance with Government Code §31522.8.

D. **Timely Report by Board Member of Educational Participation.** Following a Board member's participation in an educational activity, such Board member shall submit a summary written report on the content of that educational activity for inclusion on the Consent Agenda at the next regularly scheduled Board meeting. The written summary shall substantially reflect the information contained in the attached sample report.

SECTION 2 COST EFFECTIVE EDUCATION

A. **Limit for Attendance at Overnight Out-Of-Bay Area Educational Events.** Board member education should be obtained in a cost-efficient manner, minimizing costs wherever possible. Every Board member is authorized to attend conferences and education programs within the Bay Area, as well as programs sponsored by the State Association of County Retirement Systems (SACRS) and the California Association of Public Retirement Systems (CALAPRS). In addition, every Board member is authorized to attend up to two (2) approved out-of-Bay Area educational events requiring overnight stays per fiscal year. Board members shall make every effort to obtain their education within California in light of the fact that multiple education providers provide similar educational opportunities. As a general matter, Board members should not attend educational activities that conflict with regularly scheduled Board meetings.

B. **Travel Expenses.** Travel expenses incurred by a Board member for education are subject to reimbursement by SamCERA in accordance with this policy and the Board's "Policy For Reimbursement of Travel and Other Official Expenses For Trustees and Staff." Any international travel by a Board member must be placed on the Board's regular agenda for the Board's pre-approval. Costs for attendance at educational events that are not consistent with both policies will not be subject to reimbursement without Board approval.

C. **Education through Electronic Means.** The Board further encourages members to participate to the fullest extent possible in approved taped and/or electronically-delivered educational opportunities.

D. **Education Given by SamCERA Staff and Consultants.** Training provided by or arranged by the Chief Executive Officer, Chief Investment Officer, Chief Legal Counsel, and other SamCERA staff, the Board's Medical Advisor, Actuary, Investment Consultant, and Investment Managers shall satisfy the required education for the subject matters presented at such training and the required educational hours for the length of the training.

E. **Education from Publications.** Board members may count up to three hours towards their biannual education requirement by reading Pensions & Investments, the Public Retirement Journal, and/or the Wall Street Journal.

F. **Education from Onsite Visits.** Board members may count up to three hours towards their biannual education requirement by accompanying staff on onsite visits to potential or existing investment consultants, managers, or other SamCERA providers. Visits outside of the Bay Area requiring an overnight stay will count as an approved trip in accordance with Section 2(A).

SECTION 3. APPROVED EDUCATIONAL TOPIC AREAS AND PROGRAMS

A. **Educational Topic Areas.** Appropriate topics for Board member education shall include two hours of Ethics Training consistent with Government Code §53234, and two hours of Anti-Harassment Training consistent with Government Code §53237.1 in a manner approved by the Chief Legal Counsel and, in accordance with Government Code §31522.8, and may include but is not limited to, the following topics:

   (1) Fiduciary responsibilities
   (2) Ethics
   (3) Pension fund investments and investment program management
   (4) Actuarial matters
   (5) Pension funding
   (6) Benefits administration
   (7) Disability evaluation
   (8) Fair hearings
   (9) Pension fund governance
   (10) New board member orientation

B. **Approved Educational Programs and Activities.** In addition to the SACRS and CALAPRS conferences and educational programs referenced in Section 2(A), a Board member's attendance at and/or viewing or listening of recordings of one or more programs listed below shall satisfy the required education for the subject matters presented at such programs and the required educational hours for the length of the program. This list of programs is subject to annual review by the Board and shall be revised as determined by the Board.

   (1) International Foundation of Employee Benefit Plans (IFEBP)
   (2) Wharton investment management programs
   (3) Chartered Financial Analyst (CFA) Institute
   (4) National Conference on Public Employee Retirement Systems (NCPERS)
   (5) Institutional Limited Partner Association (ILPA) Institute (Educational Programs)

C. **Recommended Education for New Board members.** As part of a new Board member's orientation, staff will provide a recommended educational plan that best suits the Board member's educational needs for the member's first term.

D. **Special Request to Attend Education Activity.** In considering each request to attend a specified educational activity that is not listed in Section 2(B), the Board will consider if the overnight travel is appropriate and consistent with the intent of this policy and shall consider items such as:

(1) Are the conference or event topics of current interest and importance to SamCERA?
(2) Will the conference meet the specific educational needs of the attendee?
(3) Can similar education be received from an already approved provider or that provider's on-line resources?
(4) Does the cost of the event and overnight travel justify the benefits particularly if the conference is out of California?
(5) Who is sponsoring the cost of the conference or event? If any of the registration or other conference/event costs for the Trustee will be waived, are any marketing companies, investment managers, or other potential service providers covering the cost of such waiver(s)?
(6) How many overnight trips has the Board member attended and/or is planning on attending this fiscal year?
(7) Have reports from previous attendees been favorable regarding the content of the conference and the continuing value of future attendance?

SECTION 4. EDUCATIONAL EXPENSES FOR STAFF

The Chief Executive Officer is authorized to approve the participation and associated travel of the Chief Executive Officer and staff in educational activities to the extent that the Chief Executive Officer finds that such participation will contribute to the staff member's ability to perform the staff member's duties and the budget provides funds for such activities.

San Mateo County Employees' Retirement Association

BOARD OF RETIREMENT
EDUCATION POLICY

SECTION 1. BOARD MEMBER EDUCATION IS REQUIRED

A. **Fiduciary Duty.** Consistent with the Board's fiduciary responsibility to discharge its duties with respect to the system with care, skill, prudence, and diligence, the Board acknowledges the vital importance of making informed judgments on all matters which come before it and has determined that educational activities help provide the Board with knowledge and skills to make such informed decisions. Board members come to the Board with differing backgrounds, knowledge, and expertise and have a duty to receive the education that best fits their needs. Board member education should develop the individual knowledge of each Board member~~the Board members~~ and, in turn, improve the knowledge of the Board as whole so that it may discharge its fiduciary duties.

B. **Minimum Required Hours of Training.** Each Board member shall receive a minimum of 24 hours of Board member education in the topics listed in Section 3(A) within the first two years of assuming office and for every subsequent two-year period the Board member continues to hold membership, in accordance with Government Code §31522.8.

C. **Posting of Policy and Board Member Compliance.** Staff shall maintain a record of Board member compliance with this policy, and both this policy and an annual report on Board member compliance will be posted on the Board's website which shall reflect the education completed for the prior fiscal year or calendar, depending upon when the Board member's term commences, in accordance with Government Code §31522.8.

D. **Timely Report by Board Member of Educational Participation.** Following a Board member's participation in an educational activity, such Board member shall submit a summary written report on the content of that educational activity for inclusion on the Consent Agenda at the next regularly scheduled Board meeting. The written summary shall substantially reflect the information contained in the attached sample report.

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C. **Education through Electronic Means.** The Board further encourages members to participate to the fullest extent possible in approved taped and/or electronically-delivered educational opportunities.

D. **Education Given by SamCERA Staff and Consultants.** Training provided by or arranged by the Chief Executive Officer, Chief Investment Officer, Chief Legal Counsel, and other SamCERA staff, the Board's Medical Advisor, Actuary, Investment Consultant, and Investment Managers shall satisfy the required education for the subject matters presented at such training and the required educational hours for the length of the training.

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C. **Recommended Education for New Board members.** As part of a new Board member's orientation, staff will provide a recommended educational plan that best suits the Board member's educational needs for the member's first term.

D. **Special Request to Attend Education ~~Event~~Activity.** In considering each request to attend a specified educational activity that is not listed in Section 2(B), the Board will consider if the overnight travel is appropriate and consistent with the intent of this policy and shall consider items such as:

(1) Are the conference or event topics of current interest and importance ~~and related to issues facing~~to SamCERA?

(2) Will the conference meet the specific educational needs of the attendee?

~~Have reports from previous attendees been favorable regarding the content of the conference and the continuing value of future attendance?~~

~~(3) Will the conference meet the educational needs of the attendee?~~

(3~~4~~) Can similar education be received from an already approved provider or that provider's on-line resources?

(4~~5~~) Does the cost of the event and overnight travel justify the benefits particularly if the conference is out of California?

(5) Who is sponsoring the cost of the conference or event? If any of the registration or other conference/event costs for the Trustee will be waived, are any marketing companies, investment managers, or other potential service providers covering the cost of such waiver(s)?

(6) How many overnight trips has the Board member attended and/or is planning on attending this fiscal year?

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SECTION 4. EDUCATIONAL EXPENSES FOR STAFF

The Chief Executive Officer is authorized to approve the participation and associated travel of the Chief Executive Officer and staff in educational activities to the extent that the Chief Executive Officer finds that such participation will contribute to the staff member's ability to perform the staff member's duties and the budget provides funds for such activities.

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Board of Retirement

January 23, 2024 Agenda Item 7.3

TO: Board of Retirement

FROM: Scott Hood, Chief Executive Officer

SUBJECT: Amendment of the Policy for the Procurement and Contracting for Certain Goods and Services

Recommendation
Adopt a resolution amending the Board's "Policy for Procurement and Contracting for Certain Goods and Services."

Background
The Board's Policy for Procurement and Contracting for Certain Goods and Services" ("Policy") sets forth which contracts must be approved by the Board as opposed to those contracts which are delegated to the Chief Executive Officer (CEO). Under the Policy, which was most recently amended in 2020, the Board retains the authority to select and direct the CEO to execute agreements for the following services: actuarial, investment related services, legal, custodial, auditing, and any other service provider that provides advisory or consulting services directly to the Board. The Board further retains the authority to execute all leases. With respect to contracts for which the Board has not expressly retained authority, the 2020 policy amendments increased the CEO's authority to enter into such contracts up to $200,000 in accordance with state law and the County's policies.

Discussion
Since 2020, the County of San Mateo has significantly revised its contracting policies. Although SamCERA and the Board are not bound by the County's contracting policies, SamCERA conforms to such policies in many instances either because these policies represent best practices, or because the adoption of such processes will better facilitate workflow insofar as SamCERA still utilizes the County Controller for the payment of certain contracts.

The current amendments reflect revisions for clarity as well as to better conform to the County's revised policies. The amendment also clarifies references to other Board policies and resolutions which expressly authorize the CEO to enter into certain types of agreements (*i.e.*, agreements for investments of $35 million or less) or in certain situations (*i.e.*, in the event of a declared state of emergency) notwithstanding this Policy. Additionally, staff is in the process of finalizing revisions to SamCERA's Contract Handbook to better conform to the County's revised policies where it is in SamCERA's best interests.

Attachments
Resolution Amending the Board's Policy for the Procurement and Contracting for Certain Goods and Services
Policy for the Procurement and Contracting for Certain Goods and Services (Clean and Redlined)

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

RESOLUTION 2024-___

RESOLUTION AMENDING THE POLICY FOR THE PROCUREMENT AND CONTRACTING FOR CERTAIN GOODS AND SERVICES

WHEREAS, pursuant to Government Code section 31520, the management of the retirement system is vested in the Board of Retirement ("Board"); and

WHEREAS, the Board has a fiduciary obligation to the fund to conserve assets and protect the integrity of the fund, for the benefit of the members and beneficiaries of SamCERA; and

WHEREAS, this Board adopted a "Policy for the Procurement and Contracting for Certain Goods and Services" (the "Policy") for the purposes of procuring goods and services in an efficient, diligent, transparent, and fair manner; and to delegate authority to the Chief Executive Officer ("CEO"), or the CEO's designee, to select vendors and enter into certain contracts without approval by the Board, as long as the expenditures are included in the applicable budget or budget; and

WHEREAS, the Board has also adopted other Resolutions authorizing the CEO to negotiate and enter into agreements without prior Board approval where such agreements are for certain investments for $35 million or less (Resolution No. 2023-11) and authorizing the CEO to negotiate and enter into agreements during a declared state of emergency (Resolution 2023-10; and

WHEREAS, the Board desires to further amend its Policy to conform with the County's recent revisions to its procurement policies where such amendments are in SamCERA's best interests; therefore, be it

RESOLVED that the Board of Retirement hereby approves the attached amended "Policy for the Procurement and Contracting for Certain Goods and Services."

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

Ayes, Trustees:

Noes, Trustees:

Absent, Trustees:

Abstain, Trustees:

____

Elaine Orr, Board Secretary
SamCERA

BOARD OF RETIREMENT

POLICY FOR THE PROCUREMENT AND CONTRACTING FOR CERTAIN GOODS AND SERVICES

I. POLICY OF THE BOARD OF RETIREMENT

The management of the retirement system is vested with the Board of Retirement ("Board") pursuant to Government Code Section 31520. Consistent with the Board's fiduciary duty to conserve retirement fund assets, protect the integrity of the fund for the benefit of the members and beneficiaries, and minimize the costs of administering the system, it is the policy of the Board that the procurement of goods and services be made in the best interest of SamCERA and be undertaken in an efficient, diligent, transparent, economical, and fair manner.

II. RETENTION OF BOARD AUTHORITY/DELEGATION OF AUTHORITY TO THE CHIEF EXECUTIVE OFFICER

A. **Retained Authority**. The Board retains the authority to execute agreements for any service provider providing an advisory or consulting service to the Board including but not limited to actuarial, auditing, custodial, investment and investment consulting, and legal services. The Board further retains the authority to execute all leases. In retaining its contracting authority, the Board may direct the Chief Executive Officer (CEO) to undertake a competitive selection process, recommend providers to the Board, negotiate agreements with service providers, and otherwise facilitate the procurement process.

B. **Delegated Authority**. The Chief Executive Officer (hereinafter CEO) or the CEO's designee may bind SamCERA for the purchase of goods or services or terminate such relationships based upon the provisions of this policy. In the event of a state of emergency, the Board has authorized the CEO to act on behalf of SamCERA as set forth in Board Resolution No. 23-10 ("Authorization for the Chief Executive Officer to Take Action in the Best Interests of the Retirement Fund during a Declaration of Emergency"). The Board has also authorized the CEO to negotiate and execute investment documents and alternative investment purchases of $35 million or less as set forth in Board Resolution No. 23-11 ("Authorization for the Chief Executive Officer to Execute Documentation for Investments as Required") and the Board's Investment Policy. Additionally, the Board, in its discretion, may expressly authorize the CEO or the CEO's designee to act on SamCERA's behalf from time to time in situations not described in this policy.

III. CONTRACTS FOR SERVICES

A. **Service Contracts in the Amount of $200,000 or Less**. The CEO has the authority to undertake a selection process and to negotiate and execute contracts for the provision of services for which the Board has not retained authority as set forth in Section II.A., so long as the contract's aggregate maximum payment amount is $200,000 or less. If the agreement is amended and the amended total ultimately exceeds $200,000, the CEO must obtain Board approval to execute the amendment.

B. **Service Contracts in an Amount Exceeding $200,000**. All contracts for services, regardless of the type of service, which are for amounts exceeding $200,000, must be approved by the Board unless the Board has previously delegated its contracting authority to the CEO for the services at issue.

IV. PURCHASE ORDERS/CONTRACTS FOR GOODS & SUPPLIES

The CEO has authority to purchase goods, supplies, equipment, and other items needed by SamCERA. If it is in the best interest of SamCERA, and if authorized by the County, the CEO may utilize the County's Procurement Division and processes.

V. BUDGET APPROVAL

All expenditures for contracts entered into by the CEO pursuant to the authority delegated by this policy must be included in the applicable budget or budgets. All budgets must be approved by the Board.

VI. PROCEDURES FOR PROCURING GOODS AND SERVICES

The selection of goods and services shall be efficient, diligent, transparent, economical, fair manner and made in the best interest of SamCERA. The CEO will develop a procurement handbook setting forth guidelines for staff in procuring such goods and services. As a general matter, staff shall use selection procedures that will enable the consideration of a broad range of potential suppliers of good and services in the selection process, which will meet budgetary, staffing, time, and other relevant constraints. Competitive selection procedures need not be used, however, if there is only a "sole source provider" and no other qualified provider.

Amended January ___, 2024

BOARD OF RETIREMENT

POLICY FOR THE PROCUREMENT AND CONTRACTING FOR CERTAIN GOODS AND SERVICES

I. POLICY OF THE BOARD OF RETIREMENT

The management of the retirement system is vested with the Board of Retirement ("Board") pursuant to Government Code Section 31520. Consistent with the Board's fiduciary duty to conserve retirement fund assets, ~~to~~ protect the integrity of the fund for the benefit of the members and beneficiaries, and ~~to~~ minimize the costs of administering the system, it is the policy of the Board that the procurement of goods and services be made in the best interest of SamCERA and be undertaken in an efficient, diligent, transparent, economical, and fair manner.

II. RETENTION OF BOARD AUTHORITY/DELEGATION OF AUTHORITY TO THE CHIEF EXECUTIVE OFFICER

A. **Retained Authority**. The Board retains the authority to ~~select and direct the CEO to~~ execute agreements for any service provider providing an advisory or consulting service to the Board including but not limited to~~the following services:~~ actuarial, auditing, custodial, investment and investment consulting, and legal services~~, custodial, auditing and any other service provider providing an advisory or consulting service for the Board. The CEO's authority regarding investment services is set forth by a separate resolution entitled "Authorization For The Chief Executive Officer To Execute Documentation For Investments As Required."~~ The Board further retains the authority to execute all leases. In retaining its contracting authority, the Board may direct the Chief Executive Officer (CEO) to undertake a competitive selection process, recommend providers to the Board, negotiate agreements with service providers, and otherwise facilitate the procurement process.

B. **Delegated Authority**. The Chief Executive Officer (hereinafter CEO) or the CEO's designee ~~(hereinafter CEO)~~ may bind SamCERA for the purchase of goods or services or terminate such relationships based upon the provisions of this policy~~, except in emergencies and as may be otherwise authorized by the Board~~. ~~In cases of emergencies, the CEO is authorized to act on behalf of SamCERA subject to later ratification by the Board~~In the event of a state of emergency, the Board has authorized the CEO to act on behalf of SamCERA as set forth in Board Resolution No. 23-10 ("Authorization for the Chief Executive Officer to Take Action in the Best Interests of the Retirement Fund during a Declaration of Emergency"). The Board has also authorized the CEO to negotiate and execute investment documents and alternative investment purchases of $35 million or less as set forth in Board Resolution No. 23-11

("Authorization for the Chief Executive Officer to Execute Documentation for Investments as Required") and the Board's Investment Policy. Additionally, the Board, in its discretion, may expressly authorize the CEO or the CEO's designee to act on SamCERA's behalf from time to time in situations not described in this policy.

~~A. **Retained Authority**. The Board retains the authority to select and direct the CEO to execute agreements for the following services: actuarial, investment and investment consulting, legal, custodial, auditing and any other service provider providing an advisory or consulting service for the Board. The CEO's authority regarding investment services is set forth by a separate resolution entitled "Authorization For The Chief Executive Officer To Execute Documentation For Investments As Required." The Board further retains the authority to execute all leases.~~

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III. CONTRACTS FOR SERVICES

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A. **Service Contracts in the Amount of $200,000 ~~and~~ or ~~Below~~Less**. The CEO has the authority to undertake a selection process and to negotiate and execute ~~For c~~contracts for the provision of services ~~that~~ for which the Board has not retained authority as set forth in Section ~~II B~~II.A., so long as ~~the CEO may enter into agreements for~~ the contract's aggregate maximum payment amount is $200,000 or less~~and below~~. If the agreement is amended and the amended total ~~is more than~~ultimately exceeds $200,000, the CEO must ~~have~~ obtain Board approval to execute the amendment.

B. **Service Contracts in an Amount ~~Above~~ Exceeding $200,000**. All contracts for services, regardless of the type of service, which are for amounts exceeding ~~-~~$200,000 ~~or above~~, must be approved by the Board unless the Board has previously delegated its contracting authority to the CEO for the services at issue ~~must have Board approval to execute the contract~~.

IV. PURCHASE ORDERS/CONTRACTS FOR GOODS & SUPPLIES

The CEO has authority to purchase goods, supplies, equipment, and other items needed by SamCERA. If it is in the best interest of SamCERA, and if authorized by the County, the CEO may utilize the County's Procurement Division and processes.

V. BUDGET APPROVAL

All expenditures for contracts entered into by the CEO pursuant to the authority delegated by this policy must be included in the applicable budget or budgets. All budgets must be approved by the Board.

VI. PROCEDURES FOR ~~PROCURRING~~PROCURING GOODS AND SERVICES

~~CEO will use selection procedures that will enable the consideration of a broad range of potential suppliers of good and services in the selection process, which will meet budgetary, staffing, time and other relevant constraints.~~

The selection of goods and services shall be efficient, diligent, transparent, economical, fair manner and made in the best interest of SamCERA. The CEO will develop a procurement handbook setting forth guidelines for staff in procuring such goods and services. As a general matter, staff shall use selection procedures that will enable the consideration of a broad range of potential suppliers of good and services in the selection process, which will meet budgetary, staffing, time, and other relevant constraints. ~~Selection~~ Competitive selection procedures need not be used, however, if there is only a "sole source provider" and no other qualified provider.

Amended ~~April 23, 2019~~January ____, 2024