



San Joaquin County Employees Retirement Association

A G E N D A

BOARD MEETING SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION BOARD OF RETIREMENT

WEDNESDAY, OCTOBER 9, 2024

AT 9:00 AM

Location: SJCERA Board Room, 220 East Channel Street, Stockton, California

The public may also attend the Board meeting live via Zoom by (1) clicking here <https://us02web.zoom.us/j/83142532272> and following the prompts to enter your name and email, or (2) calling (669) 219-2599 or (669) 900-9128 and entering Meeting ID [83142532272#](https://us02web.zoom.us/j/83142532272)

Persons who require disability-related accommodations should contact SJCERA at (209) 468-9950 or ElainaP@sjcera.org at least forty-eight (48) hours prior to the scheduled meeting time.

1.0 ROLL CALL

2.0 PLEDGE OF ALLEGIANCE

3.0 MEETING MINUTES

3.01 Minutes of the Board Meeting of September 13, 2024

04

3.02 Board to consider and take possible action

4.0 PUBLIC COMMENT

4.01 The public is welcome to address the Board during this time on matters within the Board's jurisdiction, following the steps listed below. Speakers are limited to three minutes, and are expected to be civil and courteous. Public comment on items listed on the agenda may be heard at this time, or when the item is called, at the discretion of the Chair.

If joining via Zoom, Public Comment can be made in the following ways:

PC or Mac: select "Participants" in the toolbar at the bottom of your screen, then select the option to raise or lower your hand.

Mobile Device: select the "More" option in the toolbar at the bottom of your screen, then select the option to raise or lower your hand.

Tablet: select the icon labeled "Participants," typically located at the top right of your screen, then select the hand icon next to your device in the Participants column.

If dialing in from a phone for audio only, dial *9 to "raise your hand."

If attending in person, members of the public are encouraged to complete a Public Comment form, which can be found near the entry to the Board Room.

Except as otherwise permitted by the Ralph M. Brown Act (California Government Code Sections 54950 et seq.), no deliberation, discussion or action may be taken by the Board on items not listed on the agenda. Members of the Board may, but are not required to: (1) briefly respond to statements made or questions posed by persons addressing the Board; (2) ask a brief question for clarification; or (3) refer the matter to staff for further information.

5.0 CONSENT ITEMS

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5.06	Board to review and take possible action	

6.0 PACING STUDY PRIVATE EQUITY

6.01	Presentation by Judy Chambers of Meketa Investment Group	30
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7.0 PACING STUDY PRIVATE CREDIT

7.01	Presentation by Maya Ortiz de Montellano of Meketa Investment Group	47
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8.0 INVESTMENT CONSULTANT REPORTS

8.01	Monthly Investment Performance Updates	
01	Manager Performance Flash Report - August 2024	59
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8.02	Board to receive and file reports	

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9.03 Board to receive and file reports

10.0 COMMENTS

10.01 Comments from the Board of Retirement

11.0 SUMMARY OF BOARD DIRECTION

12.0 ADJOURNMENT



San Joaquin County Employees Retirement Association

MINUTES

BOARD MEETING SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION BOARD OF RETIREMENT FRIDAY, SEPTEMBER 13, 2024 AT 9:02 AM

Location: SJCERA Board Room, 220 East Channel Street, Stockton, California.

1.0 ROLL CALL

1.01 MEMBERS PRESENT: Phonxay Keokham, Emily Nicholas, Chanda Bassett, Sam Kaisch, JC Weydert, Raymond McCray, Steve Ding (in at 9:06), Steve Moore, Michael Duffy and Michael Restuccia, presiding

MEMBERS ABSENT: None

STAFF PRESENT: Chief Executive Officer Renee Ostrander, Chief Counsel Aaron Zaheen, Retirement Investment Officer Paris Ba, Management Analyst III Greg Frank, Information Systems Specialist II Jordan Regevig, Administrative Secretary Elaina Petersen

OTHERS PRESENT: David Sancewich, Scott Maynard and Paola Nealon of Meketa, Erik Brischler and Kahei Ingles of Linea

2.0 PLEDGE OF ALLEGIANCE

2.01 Led by Chanda Bassett

3.0 MEETING MINUTES

3.01 Minutes of Board Meeting of August 9, 2024

3.02 The Board voted unanimously (8-0) to approve the minutes of the Board Meeting of August 9, 2024 (Motion Duffy; Second: Weydert)

4.0 PUBLIC COMMENT

4.01 There was no public comment.

NOTE: Item number 12.02 was taken next out of order

5.0 CONSENT ITEMS

5.01 Service Retirements (15)

5.02 Return to active membership - Elizabeth De jong

5.03 Trustee and Executive Staff Travel

01 Conferences and Events Schedule

02 Summary of Pending Trustee and Executive Staff Travel

a Travel Request (3)

03 Summary of Completed Trustee and Executive Staff Travel

a Summary Pension Bridge, Michael Duffy

5.04 The Board voted unanimously (9-0) to approve consent items (Motion: Duffy; Second: Nicholas)

6.0 REAL ESTATE PACING STUDY, REVIEW AND EDUCATION

6.01 Presentation by Scott Maynard of Meketa

7.0 REAL ESTATE MANAGER

7.01 Presentation by Daniel Kubiak, Managing Director and Brooks Monroe, Managing Director of Invesco

8.0 CLOSED SESSION

The Chair convened Closed Session at 10:19 a.m. and adjourned Closed Session and reconvened Open Session at 11:29 a.m.

8.01 Purchase or Sale of Pension Fund Investment
California Government Code Section 54956.81

8.02 Employee Disability Retirement Application(s) (1)
California Government Code Section 54957(b)

01 Michelle Patten
Employment Training Specialist II
HSA

Report out of Closed Session Counsel states the Board approved (8-1) to accept the recommendation of the Administrative Law Judge's and grant the service connected disability retirement (Motion Ding; Second: Duffy), roll call vote follows:

Ayes: Nicholas, Kaisch, Duffy, Restuccia, Ding, Bassett, Weydert, and McCray

Noes: Keokham

Other than items listed on the agenda what is reported above, there was nothing further to report out of closed session.

9.0 REPORT OUT OF PRIOR CLOSED SESSION

9.01 On June 7, 2024, the Board voted 5-2 to approve Resolution 2024-09-01 titled "SROA Capital Fund IX" and to authorize the CEO to sign the necessary documents to invest \$50 million in the fund.

9.02 On August 9, 2024, the Board voted unanimously to approve Resolution 2024-09-02 titled "Silver Rock Tactical Allocation Strategy Vintage Fund 2024" and to authorize the CEO to sign the necessary documents to invest \$63 million in the fund.

10.0 INVESTMENT CONSULTANT REPORTS

10.01 Presented by David Sancewich of Meketa Investment Group

- 01 Quarterly Reports from Investment Consultant for Period Ended June 30, 2024
- a Investment Performance Report
 - b Manager Certification Report
 - c Manager Review Schedule

02 Monthly Investment Performance Updates

a Manager Performance Flash Report - July 2024

b Economic and Market Update - July 2024

10.02 The Board received and filed reports

11.0 2024 ANNUAL INVESTMENT ROUNDTABLE

11.01 Final draft Investment Roundtable agenda

11.02 The Board reviewed proposed topics

12.0 STAFF REPORTS

12.01 Legislative Summary Report/SACRS Legislative Update

12.02 CEO Report

In addition to the written report and the Quarterly Action Plan results, CEO Ostrander stated that things were going well. She discussed the pension administration system implementation plan and the desired timeline acceleration. She explained efforts to accomplish the acceleration: general look for efficiencies, optimization of resources, modifying approach to rollout, and introduction of automated tools. She acknowledged one external issue is the ability of employers to modify their data file reporting. Knowing this, the team conducted meetings this week with each of the employers to discuss new payroll reporting requirements. She shared Erik Brischler and Kahei Ingles from Linea are part of our oversight team for the implementation and are in attendance for questions.

01 Action Plan Quarterly Update

12.03 The Board received and filed reports

13.0 COMMENTS

13.01 Chair Restuccia congratulated SJCERA Retirement Services Associate Andrea Bonilla on her graduation with her Bachelors Degree, receiving a round of congratulations from all Board members and the audience

Trustee Keokham thanked SJCERA staff for the improved sound in the Boardroom; the audio is much better.

Trustee Nicholas thanked the SJCERA staff for coming to San Joaquin County Mosquito and Vector Control District for the open enrollment and benefit faire.

14.0 CALENDAR

14.01 Board Calendar

15.0 SUMMARY OF BOARD DIRECTION

15.01 There were no items noted

16.0 ADJOURNMENT

16.01 There being no further business the meeting was adjourned at 11:42 a.m.

Respectfully Submitted:

Michael Restuccia, Chair

Attest:

Raymond McCray, Secretary



San Joaquin County Employees Retirement Association

October 2024

5.01 Service Retirement

Consent

- 01 PAMELA A GRAHAM** Shelter Social Worker
HSA - Services Staff

Member Type: General
Years of Service: 34y 05m 17d
Retirement Date: 8/1/2024

- 02 MARIA D HOWARD** Nursing Assistant
Hosp Nursing Float Personnel

Member Type: General
Years of Service: 28y 02m 17d
Retirement Date: 8/3/2024

- 03 MIKE R ISHAM** FD 112 HrEmplRate 1 SM FICA
Lathrop Manteca Fire District

Member Type: Safety
Years of Service: 22y 10m 10d
Retirement Date: 8/10/2024

- 04 LARRY P MANDRAS** Sr Solid Waste Recovery Worker
Lovelace Transfer District

Member Type: General
Years of Service: 05y 00m 02d
Retirement Date: 7/23/2024
Comments: Tier 2 member - eligible to retire with 5 years of service credit.

- 05 JANICE K MCCUTCHEON** Chief Deputy Auditor-Controll
Auditor - Controller

Member Type: General
Years of Service: 11y 00m 03d
Retirement Date: 7/27/2024

- 06 ILIANA G RAMIREZ** Deferred Member
N/A

Member Type: General
Years of Service: 16y 03m 03d
Retirement Date: 7/26/2024
Comments: Deferred from SJCERA since December 2016.

- 07 MICHAEL M TARANGO** Deferred Member
N/A

Member Type: General
Years of Service: 14y 10m 15d
Retirement Date: 7/27/2024
Comments: Deferred member from SJCERA since November 2014. Outgoing reciprocity and concurrent retirement with CalPERS.



San Joaquin County Employees Retirement Association

October 2024

08 MICHAEL A TIBON

Correctional Assistant Sheriff
Sheriff - Cust - Admin Support

Member Type: Safety
Years of Service: 24y 11m 25d
Retirement Date: 6/15/2024

09 EVELYN L VANOTTI

Staff Nurse IV - Inpatient
Hosp Intensive Care Nursery

Member Type: General
Years of Service: 11y 03m 17d
Retirement Date: 8/10/2024

2024 - 2025 CONFERENCES AND EVENTS SCHEDULE

2024		EVENT TITLE	EVENT SPONSOR	LOCATION	REG. FEE	WEBLINK FOR MORE INFO	EST. BOARD EDUCATION HOURS
EVENT DATES							
Oct 10	Oct 10	SJCERA Investment Roundtable	SJCERA	Lodi, CA	\$0	SJCERA	7
Oct 11	Oct 11	Trustee Roundtable	CALAPRS	San Jose, CA	\$300	calaprs.org	6
Oct 10	Oct 11	Information Technology Systems Roundtable	CALAPRS	San Jose, CA	\$300	calaprs.org	6
Oct 14	Oct 18	Investment Strategies and Portfolio Mgmt.	Wharton	Philadelphia, PA	\$13250	executiveeducation.wharton.upenn.edu	40
Oct 15	Oct 16	7th Annual Private Equity San Francisco Forum	Markets Group	San Francisco	\$0	marketsgroup.com	TBD
Oct 17	Oct 18	2024 Pensions, Benefits & Investments Fiduciaries' Forum	NOSSAMAN	Berkeley, CA	\$750	iclumpus@nossaman.com	TBD
Oct 26	Oct 27	2024 Program for Advanced Trustee Studies	NCPERS	Indian Wells, CA	\$900	ncpers.com	9*
Nov 12	Nov 15	SACRS Fall Conference	SACRS	Monterey, CA	\$120	sacrs.org	11.5
Nov 22	22-Nov	Virtual Investments Roundtable	CALAPRS	virtual	TBD	calaprs.org	N/A
2025		EVENT TITLE	EVENT SPONSOR	LOCATION	REG. FEE	WEBLINK FOR MORE INFO	EST. BOARD EDUCATION HOURS
EVENT DATES							
Jan 25	Jan 27	Pension Communications Summit	NCPERS	Washington, DC	\$500	ncpers.com	N/A
Jan 27	Jan 29	Legislative Conference	NCPERS	Washington, DC	\$750	ncpers.com	N/A
Jan 27	Jan 29	IREI, VIP Americas	IREI	Dana Point, CA	\$0	irei.com	TBD
Mar 2	Mar 5	General Assembly 2025	CALAPRS	Napa, CA	TBD	calaprs.org	TBD

* Estimates based on prior agendas

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUMMARY OF PENDING TRUSTEE AND EXECUTIVE STAFF TRAVEL**

2024 Event Dates	Sponsor / Event Description	Location	Traveler(s)	Estimated Cost	BOR Approval Date
Oct 10-11	CALAPRS Information Technology Systems Roundtable	San Jose, CA	B. McKelvey	\$775	N/A
Oct 17-18	Nossaman Fiduciaries Forum	Berkeley, CA	R. Ostrander	\$1,350	9/13/2024
Nov 12-15	SACRS Fall Conference	Monterey, CA	S. Ding, R. Ostrander, B. McKelvey, P. Ba A. Zaheen, R. McCray S. Moore, E. Nicholas P. Keokham, C. Bassett, JC Weydert	\$15,400	N/A

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUMMARY OF PENDING TRUSTEE AND EXECUTIVE STAFF TRAVEL**

2025				Estimated	BOR Approval
Event Dates	Sponsor / Event Description	Location	Traveler(s)	Cost	Date
Jan 26-27, 2025	Communications Summit	Washington, DC	R. Ostrander	\$1,823	Pending
Jan 27-29, 2025	Legislative Conference	Washington, DC	R. Ostrander	\$2,467	Pending
Jan 27-29, 2025	IREI - VIP Americas	Dana Point, CA	M. Restuccia, JC Weydert, Paris Ba	\$5,400	6/7/2024 9/13/2024 9/13/2024



National Conference on Public Employee Retirement Systems

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Communications Summit Agenda

2025 PRELIMINARY AGENDA

As of 9/5/24

SUNDAY, JANUARY 26

2:00 PM – 6:00 PM Registration

PM

3:00 PM – 4:00 PM Introductions & Networking

PM

- Get to know your fellow pension communications professionals during this informal kickoff session

- 4:00 PM – 5:00 PM Why Communications Matters for Pensions: The CEO Perspective
- Get the CEO perspective on the transformative impact of investing in their fund's communications efforts
 - How to elevate the role of communications within your organization by demonstrating value, impact
 - Understanding communications as an operational tool
 - Should communications staff be at the exec table?

5:00 PM – 6:30 PM Networking Reception

MONDAY, JANUARY 27

6:30 AM – 6:00 PM Registration

7:00 AM – 8:00 AM Breakfast

- 8:00 AM – 8:30 AM Facilitated Discussion: AI & Technology
- How is your organization using AI?
 - What policies do you have in place?
 - Which tools or technologies are you using to help drive efficiencies?

- 8:30 AM – 9:00 AM AI: How to Use AI, Automation, to Drive Efficiencies
- Tips for creating effective prompts
 - Automation strategies to drive efficiencies
 - How has AI impacted my work?

- 9:00 AM – 9:30 AM AI Ethics: When to Disclose
- How to develop an AI policy
 - When to disclose AI usage in your communications

- 9:30 AM – 10:15 AM Why Every Pension Fund Needs a Crisis Communications Plan
- What types of crises could impact your fund?
 - Overview of crisis communications best practices
 - Preparing staff and board members to respond effectively and efficiently
 - How does a crisis communications plan evolve over time?
 - Case studies from peers' experiences (*i.e.* data breaches, etc.)

10:15 AM – 10:30 AM Networking Break

- 10:30 AM – 11:00 AM Facilitated Discussion: Digital Media Practices
- What are plans using social media for?
 - Where are you seeing the most engagement?
 - What challenges are you having in the digital media space?
 - Best equipment for multimedia production?
- 11:00 AM – 11:45 AM Social Media Best Practices
- Navigating social media platforms
 - Platform demographics, how to reach your target audience
 - Social listening and monitoring tools
- 11:45 AM – 12:30 PM Inbox Impact: How to Improve Your Email Engagement
- How to improve your deliverability rates
 - Tools for benchmarking your email communications
 - Email trends and best practices to break through the clutter
 - Compliance issues to watch
 - List management tips and tricks
- 12:30 PM – 1:30 PM Networking Lunch
- 1:30 PM – 2:00 PM Dealing with Jargon
- Communicating to members and the public effectively in a high-jargon industry
 - Tips for simplifying language
 - How do you measure success?
- 2:00 PM – 2:45 PM Financial Literacy & Member Engagement
- How to build an effective ongoing education campaign
 - Strategies for making an impact with the 18-25 demographic
 - How to build financial literacy within your membership
- 2:45 PM – 3:00 PM Networking Break
- 3:00 PM – 3:30 PM Facilitated Discussion: Member Engagement
- What strategies have been most effective to engage members?
 - What types of communications are you sending?
 - What challenges are you having?
- 3:30 PM – 4:30 PM The Good. The Bad. And the Ugly.
- A discussion around communication success stories, failures and challenges
 - Strategies for communicating about tough topics (i.e. employee contributions, COLA freezes, policy developments, etc.)

- 4:30 PM – 5:15 PM Are You Getting the Best ROI for Your Communications Efforts?
- How to adapt and allocate resources effectively (especially for small teams)
 - Understanding your metrics – how to measure and track performance (and know when to pivot)
- 5:15 PM – 5:30 PM Honoring the 2024 Public Pension Communicators of the Year
- 5:30 PM – 6:30 PM Joint Communications Summit and Legislative Conference Networking Reception

Event Registration

Annual Conference & Exhibition (ACE)

Center for Online Learning

Chief Officers Summit

FALL Conference

Legislative Conference

NCPERS Accredited Fiduciary (NAF) Program

NCPERS University

Pension Communications Summit

- » About the Pension Communications Summit
- » Communications Summit Agenda
- » Pension Communications Summit Registration
- » Pension Communications Summit Sponsorship

Program for Advanced Trustee Studies (PATS)

Public Pension Funding Forum

Public Pension HR Summit

Public Safety Conference

Trustee Educational Seminar (TEDS)

Conference Archives

Future Conferences & Events

National Conference on Public Employee Retirement Systems
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✉ info@ncpers.org

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About the Legislative Conference

Making our voices heard in Washington is vitally important in today's uncertain world and politically divided environment. The NCPERS Legislative Conference is the premier opportunity for public fund trustees and plan administrators to take your story directly to Congress, the Administration, and the federal regulatory agencies that affect public pensions.

Harnessing your real-world experience managing billions of dollars on behalf of state & local public servants is a powerful part of being an effective advocate. At the Legislative Conference, you'll sharpen the tools for discussing the issues face to face your elected leaders on Capitol Hill, their staff as well as federal regulators.

Day one of the conference offers a fast-paced program to brief you on the pressing issues for the upcoming year. You'll hear from lawmakers, their key staff, the Administration, and regulators about their plans for the months ahead. Members of the powerful House Ways & Means Committee, Senate Finance Committee, and speaker from the Treasury Department will be on the agenda. This is your total immersion in the issues, and it will give you the information and the motivation to speak effectively on behalf of public pensions.

Day two is Policy Day, where you can attend several congressional meetings on Capitol Hill, scheduled and managed by NCPERS, aimed at impacting public policy discussions that affect your members and the public pension community. Meeting with your congressional delegations is a great way to build new relationships or strengthen existing ones on Capitol Hill.

Why Attend?

The NCPERS Legislative Conference is an incredible opportunity to educate yourself on the wide range of issues that affect public pensions while serving as an advocate to advance our common interests. There is no better time to make your voice heard. When you represent your members by telling their stories to Congress and the Administration, you are making a difference for public pensions.

Who Should Attend?

Pension trustees, pension staff members, plan sponsors, and public plan stakeholders. Service providers to the public pension community should also attend to understand the critical issues affecting your clients and prospective clients.

[Archives](#)

Event Registration

Annual Conference & Exhibition (ACE)

Center for Online Learning

Chief Officers Summit

FALL Conference

Legislative Conference

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NCPERS Accredited Fiduciary (NAF) Program

NCPERS University

Pension Communications Summit

Program for Advanced Trustee Studies (PATS)

Public Pension Funding Forum

Public Pension HR Summit

Public Safety Conference

Trustee Educational Seminar (TEDS)

Conference Archives

Future Conferences & Events

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**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUMMARY OF COMPLETED TRUSTEE AND EXECUTIVE STAFF TRAVEL**

Event Dates 2024	Sponsor / Event Description	Location	Traveler(s)	Estimated Cost	Actual Cost	Event Report Filed
Jan 22-24	IREI '2024 Visions, Insights & Perspectives - Americas	Carlsbad, CA	M. Restuccia, JC Weydert	\$1,500	\$1134	MR: 02-09-2024 JC: 05-03-2024
Mar 2-5	General Assembly 2024	Rancho Mirage	B. McKelvey	\$1,100	\$1002	N/A
Apr 15-18	PIMCO Institute Educational Seminar	Newport Beach, CA	P. Ba	\$2,200	\$1,516	5/3/2024
Apr 15-18	Pension Bridge	Half Moon Bay, CA	M. Duffy, JC Weydert	\$1,540	\$1,386	MD: 9/13/2024 JC: Pending
May 6	SACRS CEO & Administrators Forum (Pre Spring Conf)	Santa Barbara, CA	R. Ostrander	\$700	\$606	N/A
May 7-10	SACRS Spring Conference	Santa Barbara, CA	R. McCray, P. Ba, R. Ostrander, JC Weydert, A. Zaheen	\$7,800	\$7228	N/A
May 6-9	Wharton Portfolio Concepts and Mgmt.	Wharton, PA	B. McKelvey	\$9,501	\$8494	6/7/2024
May 15-16	2024 AEW Client Conference & Annual Fund Meeting	Boston, MA	P. Ba	\$0	\$52	6/7/2024
May 30	Lightspeed Annual Meeting	Napa, CA	P. Ba	\$96	\$94	7/16/2024
Jun 17-19	NCPERS CEO Summit	Nashville, TN	R. Ostrander	\$1,800	\$1,847	8/9/2024
June 21	Administrators Roundtable - CALAPRS	San Jose, CA	R. Ostrander	\$700.00	\$724	N/A
Jul 22-24	Wharton Advanced Investment Mgmt.	San Francisco	B. McKelvey	\$7,553	\$7,782	8/9/2024
Aug 26-29	Principles of Pension Governance for Trustees	Tiburon, CA	S. Kaisch	\$3,200	\$3,138	N/A
Aug 26-29	Principles of Pension Governance for Trustees Speaking	Tiburon, CA	R. Ostrander	\$200	\$106.06	N/A
Sep 9-11	IREI Americas Editorial Advisory Board	Half Moon Bay, CA	M. Restuccia	\$1,000	\$0	Pending
Sep 9-11	Stockbridge 2024 Annual Meeting	Boca Raton, FL	P. Ba	\$140	\$0	10/9/2024
Sep 17-19	Top1000Funds Fiducial Investors Symposium	Stanford, CA	P. Ba	\$3,200	\$3,590	Pending
Sep 25-27	CALAPRS Administrators Institute	Carmel, CA	R. Ostrander	\$3,500	Pending	N/A

Board Member Travel (not including SACRS & CALAPRS) Dates Amount used of \$4500: Balance of \$4500

RESTUCCIA	IREI	1/22-24/24	\$531.27	\$3,968.73
BASSETT				
DING				
DUFFY	Pension Bridge	4/15/-17/24	\$834.16	\$3,665.84
KAISCH				
KEOKHAM				
MCCRAY				
NICHOLAS				
WEYDERT	IREI; Pension Bridge	1/22-24/24; 4/15-17/24	\$1,153.95	\$3,346.05
MOORE				


*Pending Final Expense



San Joaquin County Employees' Retirement Association

October 9, 2024

TO: Board of Retirement

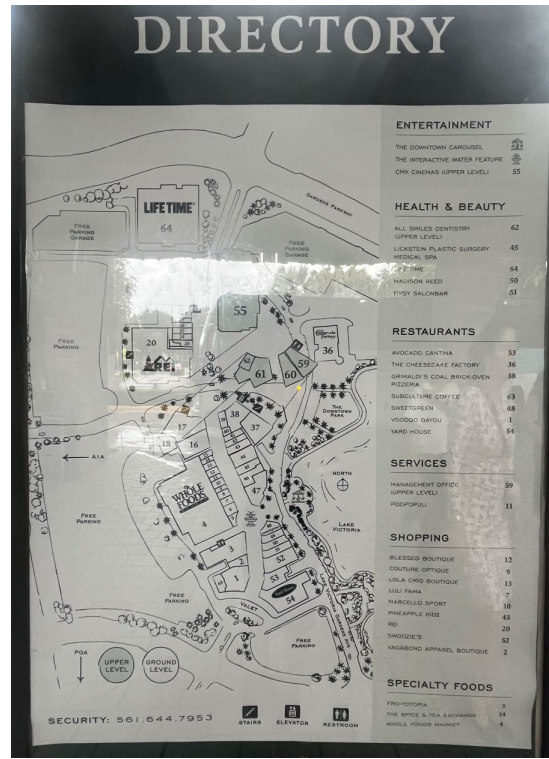
FROM: Paris Ba 
Retirement Investment Officer

SUBJECT: Stockbridge Annual and Advisory Board Meeting

Thank you for the opportunity to attend the Stockbridge Annual and Limited Partner Advisory Board Meeting on September 10, 2024. The event was very well organized and well attended by Limited Partners across the globe, providing me with the opportunity to receive an update on SJCERA's investment with Stockbridge, as well as doing a property tour on two of the portfolio companies. Additionally, I had the privilege of representing SJCERA at the Limited Partner Advisory Committee (LPAC).

SJCERA made a \$45 million commitment to Stockbridge Value Fund III in 2018, and the fund is currently in the disposition/liquidation stage. The since inception return is 11.4% for the fund, and the managers are projecting the final net IRR to be 12.2%. The presentation covered the five recent dispositions that occurred over the last eighteen months, and their plan for active/pending dispositions for the remaining four positions. Value Fund III has returned 113% of capital since inception, and the managers expect the fund to be fully liquidated by the end of 2026.

The (more) exciting part of the annual meeting was the property tour, where we toured two of Stockbridge's portfolio companies – one from the Value Fund series and one from the Niche Logistics Fund series. The property in the Value Fund series is the downtown Palm Beach Gardens that was just acquired in July 2024. It is a retail center with Whole Foods as the anchor tenant in the rapidly growing Palm Beach Garden submarket. Their near-term objectives include some common area renovations (which we saw was ongoing during the time of the tour) and lease-up of vacant space. Overall South Florida's retail market is experiencing significant growth due to population increases and strong consumer spending. Limited available land will continue to restrict new retail construction.



The second place that we toured was an equipment maintenance facility in the Niches Logistic Fund. The property totals two net acres near West Palm Beach. Unfortunately it started raining heavily when we got there, so we were not able to put on some hard hats and tour the facility! This property is 100% leased to United Rentals through December 2030 with two five-year options extending through 2040.



Lastly, Hurricane Helene hit Florida after I got back from my trip, but I am happy to report that there was no damage to any of Stockbridge Value Fund series properties.



TO: State Association of County Retirement Systems
FROM: Cara Martinson, Public House Consulting
Laurie Johnson, LJ Consulting & Advocacy
RE: **Legislative Update – September 2024**

Capitol Update

The 2023-24 Legislative Session ended with some bangs but a lot of whimpers. There were the usual last week “gut and amends” that had many advocates running around the Capitol, but there were some high-profile packages, like the Pro-Tem’s clean energy bills and two major reparations bills that were stalled. Of note, that in the last hours of Session, the Governor called for a Special Session to address gas prices. While the Assembly adopted procedural rules and convened the Second Extraordinary Session, whereas Senate Leader McGuire said he would not convene a special session but is “working with Newsom and Speaker Rivas on the issue.” Time and power plays will tell what becomes of this effort, where 100 out 120 seats are up for election - legislators are eager to return to their districts to continue campaigning before the November election. The Governor has until Monday, September 30th to act on the hundreds of bills passed by the Legislature.

SACRS is tracking the following bills:

- **SB 1189 (Limon)** – This bill authorizes the Ventura County Employees’ Retirement Association to appoint a Chief Technology Officer. Status: This bill was signed by the Governor on 7/15
- **SB 1379 (Dodd)** – This bill creates an exception to PEPRA from the 960-hour limitation on retired public employees working after retirement for hours worked in an appointment by Solano County Sheriff’s Office. Status: This bill was passed by the Legislature on 8/23 and is awaiting action by the Governor.
- **AB 2284 (Grayson)** – The bill amends the definition of “compensation earnable” to define a work classification “grade” to mean a number of employees considered together because they share similarities in job duties, schedules, unit recruitment requirements, work location, collective bargaining unit, or other logical work-related grouping. The bill was amended on 6/27 to include a provision that requires the Board of Supervisors to pass a resolution to allow for the language to become



operational within the jurisdiction. The SACRS Board met on July 18th and took an Oppose position. Status: This bill passed the Legislature and is awaiting action by the Governor.

- **AB 2301 (Nguyen)** – This bill, the Sacramento Area Sewer District Pension Protection Act of 2024, provides for the continuation of benefits and pension obligations for employees transferring from the County of Sacramento to the Sacramento Area Sewer District. Status: This bill was signed by the Governor on 7/2.
- **AB 2474 (Lackey)** – This is a SACRS-sponsored bill and was amended in Committee to allow LACERA-only to deposit retirement allowances into prepaid accounts until January 1, 2028, as a pilot program. The bill also provides clarity regarding the ability of a system to deposit pension payments in a member’s living trust bank account. The bill also clarifies potential consequences when a retiree exceeds the 960-hour post-retirement employment limit and provides systems with administrative flexibility on that matter. This bill was signed by the Governor on 7/15.
- **AB 2770 (Committee on Public Employment and Retirement)** – This is the annual housekeeping bill that includes various technical amendments for CalPERS, CalSTRS, and '37 Act systems. SACRS is a co-sponsor of the bill. The bill removes the “return receipt” requirements as part of current procedures in statute that systems must follow to locate members and beneficiaries. The bill also conforms the sunset date of January 1, 2025, to the Labor Code for the recently added disability presumption for post-traumatic stress disorder. Status: This bill was signed by the Governor on 7/15.
- **AB 3025 (Valencia)** – This bill creates a framework for making benefit corrections and contribution refunds when disallowed compensation is inadvertently included in pension calculations. This bill includes a penalty to be paid by the employer to the member if compensation is later determined to be disallowed. The bill also includes language that is intended to protect a system’s *Alameda* correction process currently underway. The SACRS Legislative Committee is working with the bill’s author and sponsor to ensure '37 Act systems can properly implement the bill, consistent with IRS regulations. The bill was amended on 6/27 to expressly state that confidential information is not subject to the California



Public Records Act. The author has also agreed to accept one last amendment that clarifies “Initiated a process” to mean a system has formally adopted a resolution “*or made an administrative determination*”. Status: The bill was passed by the Legislature on 8/22 and is awaiting action by the Governor.

SACRS is also monitoring the following bills that do not impact the '37 Act systems but are of interest:

- **SB 252 (Gonzalez)** – This bill prohibits CalPERS and CalSTRS from making new investments in a fossil fuel company and requires those systems to divest from fossil fuel companies by July 1, 2031, unless the board determines in good faith that the action is inconsistent with the board’s fiduciary responsibilities. Status: Dead. This bill was not taken up by the Assembly Public Employment and Retirement Committee.
- **SB 962 (Padilla)** – This bill provides that the California Public Employees’ Pension Reform Act permits a public employer to adopt a new defined benefit formula that is not consistent with PEPRA, if that formula is determined and certified by the chief actuary and the board of that employer’s retirement system to not have a greater risk or greater cost to the sponsoring employer than the defined benefit formula required by PEPRA. Approves a specified defined benefit formula applicable to employees of the San Diego Unified Port District. The bill was signed by the Governor on 7/15.
- **AB 817 (Pacheco)** -. The bill would have provided flexibility for local government agencies to conduct remote meetings under Open Meeting laws. Specifically, this bill would have allowed a subsidiary body of a local agency to teleconference their meetings without having to publicly notice or make all locations publicly available. Status: Dead. This bill did not pass out of the Senate Local Government Committee.
- **SB 1240 (Alvarado-Gil)** – This bill provides for the continuation of pension benefits for employees of El Dorado County Fire Protection District and the Diamond Springs Fire Protection District under a new consolidated district. Status: This bill was passed by the Legislature on 8/22 and is awaiting action by the Governor.
- **AB 2715 (Boerner)** – This bill allows a legislative body to discuss a



threat to critical infrastructure controls or critical infrastructure information relating to cyber security during a closed session. Status: This bill was passed by the Legislature on 8/20 and is awaiting action by the Governor.

2025 - SJCERA BOARD OF RETIREMENT MEETING CALENDAR - tentative

MONTH	DATE	Periodic Items / Other Events	MONTH	DATE	Periodic Items / Other Events
JAN	17	Board Meeting Earnings Code Ratification Fourth Quarter Operations Reports* Trustee Education Compliance Report Action Plan Results	JUL	11	Board Meeting Mid-Year Administrative Budget Report Second Quarter Operations Reports* Election of Board Officers Investment Fee Transparency Report Annual Policy Review Asset-Liability Study Final
FEB	14	Board Meeting Notice of CPI/Set Retiree COLA Declining ER Payroll Report Assumptions & CMAs		13-16	SACRS UC Berkeley
	TBD	CEO Performance Review Committee	AUG	8	Board Meeting Adoption of Plan Contribution Rates & Actuarial Experience Study
MAR	14	Board Meeting Fourth Quarter Inv Reports Asset-Liability Education		TBD	CALAPRS Principles of Pension Governance for Trustees, Pepperdine
	TBD	Audit Committee Meeting 2-5 CALAPRS General Assembly TBD CALAPRS Advanced Principles of Pension Governance for Trustees, UCLA	SEP	12	Board Meeting Second Quarter Inv Reports
APR	11	Board Meeting First Quarter Operations Reports* Asset-Liability Education	OCT	15	Board Meeting Adoption of Board Calendar for next year Third Quarter Operations Reports* 2026 Action Plan
MAY	9	Board Meeting Asset-Liability Education		16	Special Meeting - Investment Roundtable
	13-16	SACRS Spring Conf	NOV	7	Board Meeting Consultants and Actuaries Evaluations
	TBD	Audit Committee Meeting		TBD	Administrative Committee Meeting
JUN	6	Board Meeting First Quarter Inv Reports Auditor's Annual Report / CAFR Mid Year Action Plan Results Asset-Liability Study Draft		11-14	SACRS Fall Conference
	TBD	RPESJC Picnic	DEC	12	Board Meeting Third Quarter Inv Reports Annual Administrative Budget
	TBD	Administrative Committee Meeting		TBD	RPESJC Holiday Lunch

Unless otherwise noted on the agenda, Board Meetings convene at 9:00 a.m.

* Disability App Status Report and Pending Retiree Accounts Receivable Report

Notes: May meeting may move to the first Friday due to the SACRS Spring Conference.

June meeting is on the first Friday due to BOS meeting schedule.

October meeting is on Wednesday prior to the Investment Roundtable.

November meeting may move to the first Friday due to the SACRS Fall Conference.

2024 - SJCERA BOARD OF RETIREMENT MEETING CALENDAR

MONTH	DATE	Periodic Items / Other Events	MONTH	DATE	Periodic Items / Other Events
JAN	12	Board Meeting Earnings Code Ratification Fourth Quarter Operations Reports* Trustee Education Compliance Report Action Plan Results	JUL	12	Board Meeting (Cancel) Mid-Year Administrative Budget Report Second Quarter Operations Reports* Election of Board Officers Annual Policy Review Actuarial Report
FEB	9	Board Meeting Notice of CPI/Set Retiree COLA Declining ER Payroll Report Assumptions & CMAs		16	Special Board Meeting SACRS UC Berkeley
	8	CEO Performance Review Committee	AUG	9	Board Meeting Adoption of Plan Contribution Rates & Board Committee Assignments Investment Fee Transparency Report
MAR	8	Board Meeting Fourth Quarter Inv Reports Asset-Liability Education		26-29	CALAPRS Principles of Pension Governance for Trustees, Pepperdine
	8	Audit Committee Meeting 2-5 CALAPRS General Assembly 27-29 CALAPRS Advanced Principles of Pension Governance for Trustees, UCLA	SEP	13	Board Meeting Second Quarter Inv Reports
APR	12	Board Meeting First Quarter Operations Reports* Asset-Liability Education	OCT	9	Board Meeting Adoption of Board Calendar for next year Third Quarter Operations Reports* 2025 Action Plan
	N/A	CEO Performance Review Committee		9	Investment Roundtable Dinner
MAY	3	Board Meeting Asset-Liability Education		10	Special Meeting - Investment Roundtable
	17	Audit Committee Meeting 7-10 SACRS Spring Conf	NOV	8	Board Meeting Consultants and Actuaries Evaluations
JUN	7	Board Meeting First Quarter Inv Reports Auditor's Annual Report / CAFR Mid Year Action Plan Results CEO Performance - Mid Year Asset-Liability Study Draft		8	Administrative Committee Meeting 12-15 SACRS Fall Conference
	7	Administrative Committee Meeting 13 RPESJC Picnic	DEC	13	Board Meeting Third Quarter Inv Reports Annual Administrative Budget
				TBD	RPESJC Holiday Lunch

Unless otherwise noted on the agenda, Board Meetings convene at 9:00 a.m.

* Disability App Status Report and Pending Retiree Accounts Receivable Report

Notes: May meeting is on the first Friday due to the SACRS Spring Conference.

June meeting is on the first Friday due to BOS meeting schedule.

October meeting is on the second Wednesday due to the Investment Roundtable.

November meeting may be on the first Friday due to the SACRS Fall Conference.

San Joaquin County Employees' Retirement Association ("SJCERA")

2024 Private Equity Investment Plan

Table of Contents

1. Program Review and Investment Plan
2. Summary and Recommendation
3. Private Equity Market & Industry Analysis

Section 1: Program Review and Investment Plan

SJCERA Program Overview

- Since inception, \$637 million has been committed across 18 partnerships (as of June 30, 2024).
 - Initial commitment began in 2013.
 - Funds are a combination of Fund-of-Funds, Buyout, Venture, Special Situations and Infrastructure Funds.
- Two new partnerships approved in 2024, thus far.
 - Totaling \$70 million of commitments.
- Private equity targeted to be 10% of the total portfolio as part of the Aggressive Growth allocation.
 - Current actual allocation at approximately 8.3%.
 - Market value of \$365.6 million as of March 31, 2024.
- The Program has approved commitments across ten firms.
 - Ocean Avenue has the largest commitments with a total of \$170 million across four funds and is approximately 39% of the market value.

SJCERA Commitment List

Since Inception Partnership Commitments
(as of June 30, 2024)

Partnership	Vintage Year	Commitment	Strategy
Ocean Avenue Fund II	2013	\$40 million	Primary Market Fund of Funds; diversified
Morgan Creek Partners Fund V	2013	\$12 million	Primary Market Fund of Funds; diversified
Morgan Creek Partners Fund VI	2015	\$20 million	Primary Market Fund of Funds; diversified
Morgan Creek Co-Investment Fund III	2015	\$10 million	Special Situations
Ocean Avenue Fund III	2016	\$50 million	Special Situations
BlackRock Global Energy and Power Infrastructure Fund III	2019	\$50 million	Infrastructure
Ocean Avenue Fund IV	2019	\$50 million	Special Situations
Stellex Capital Partners II	2020	\$50 million	Special Situations
Ocean Avenue Fund V	2021	\$30 million	Special Situations
Lightspeed Select Fund V	2022	\$40 million	Venture Capital
Ridgmont Equity Partners IV	2022	\$50 million	Buyout
Bessemer Forge Fund	2022	\$20 million	Buyout
Bessemer Venture Partners XII	2022	\$30 million	Venture Capital
BlackRock Global Infrastructure Fund IV	2022	\$50 million	Infrastructure
Long Arc Capital Fund I	2022	\$25 million	Buyout
Oaktree Special Situations Fund III	2022	\$40 million	Special Situations
Capitol Meridian Fund I	2024	\$30 million	Buyout
Stellex Capital Partners III	2024	\$40 million	Special Situations
Total Program	---	\$637 million	---

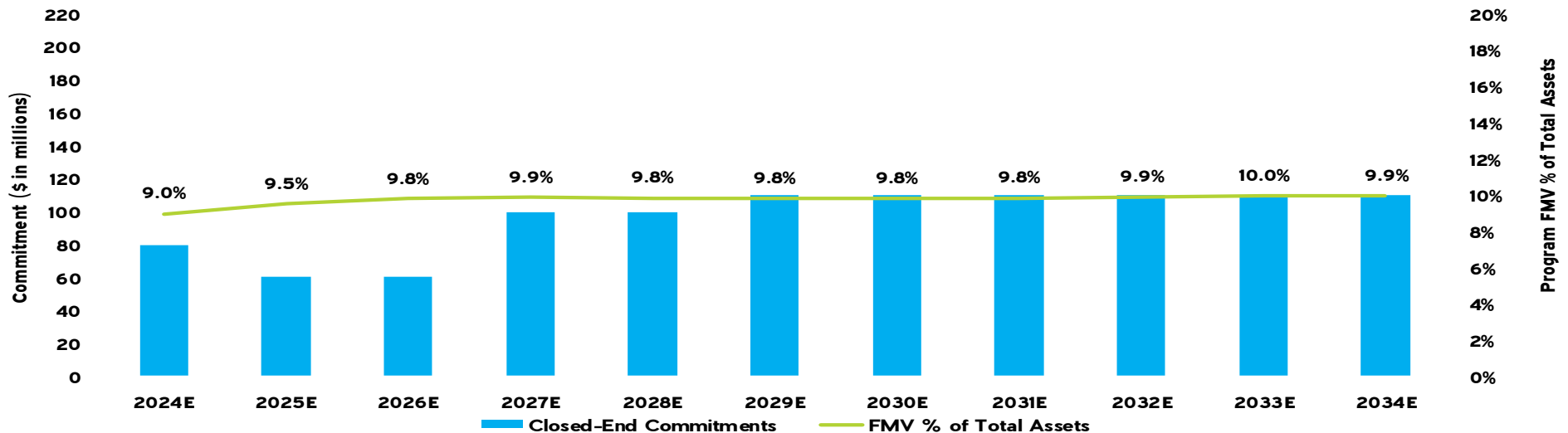
Future Growth

- The current portfolio allocation to private equity is impacted by the denominator effect related to the decrease in the public equity values due to volatility and macroeconomic elements.
- While the portfolio target may be met in the near term, additional investment activity is required to achieve diversification and to position the portfolio for attractive performance over the long term.
 - A consistent deployment of capital is a key element for consistent performance.
 - Further diversification needed – vintage years, geography, and sector.
- Growth of a private equity program is a function of several factors – commitment pace, rate of investment by underlying managers, investment growth, investment liquidations/distributions.
- Percentage allocation to private equity impacted by Total Portfolio growth.
 - Slower Total Portfolio growth = larger private equity allocation
 - Faster Total Portfolio growth = smaller private equity allocation
- The positioning of certain legacy investments should be discussed.

SJCERA Projected Allocation

Private Equity Portfolio Allocation Model

Private market data as of 3/31/2024



→ Modeling above assumes a commitment pace of \$60 to \$110 million per year.

- Reflecting 5% growth scenarios for the Total Portfolio.
- Achieving the target allocation in the 2026-2027 timeframe.

→ Consistent pacing needed to achieve the target allocation over several years.

- Maintains vintage year diversification.
- Revisit pacing annually to reflect existing portfolio conditions.

SJCERA PROJECTED ALLOCATION & FMV BY STRATEGY

	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Buyout	30	40	40	60	60	70	70	70	70	70	70
Venture Capital	10	10	10	20	20	20	20	20	20	20	20
Special Situations	40	10	10	20	20	20	20	20	20	20	20
Infrastructure	0	0	0	0	0	0	0	0	0	0	0
Closed-End Total	80	60	60	100	100	110	110	110	110	110	110

	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Buyout	44%	43%	42%	43%	44%	45%	47%	50%	52%	53%	53%
Venture Capital	10%	13%	16%	19%	21%	23%	25%	25%	26%	27%	27%
Special Situations	17%	20%	22%	22%	22%	21%	20%	19%	18%	18%	17%
Infrastructure	18%	17%	15%	13%	11%	9%	7%	5%	4%	3%	2%
Fund of Funds	10%	7%	5%	3%	2%	1%	1%	1%	0%	0%	0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Section 2: Summary and Recommendation

SJCERA Commitment Pacing

2024 Investment Plan

	Projections
Commitment Target: (commitment range)	\$80 million (\$60 - \$110 million)

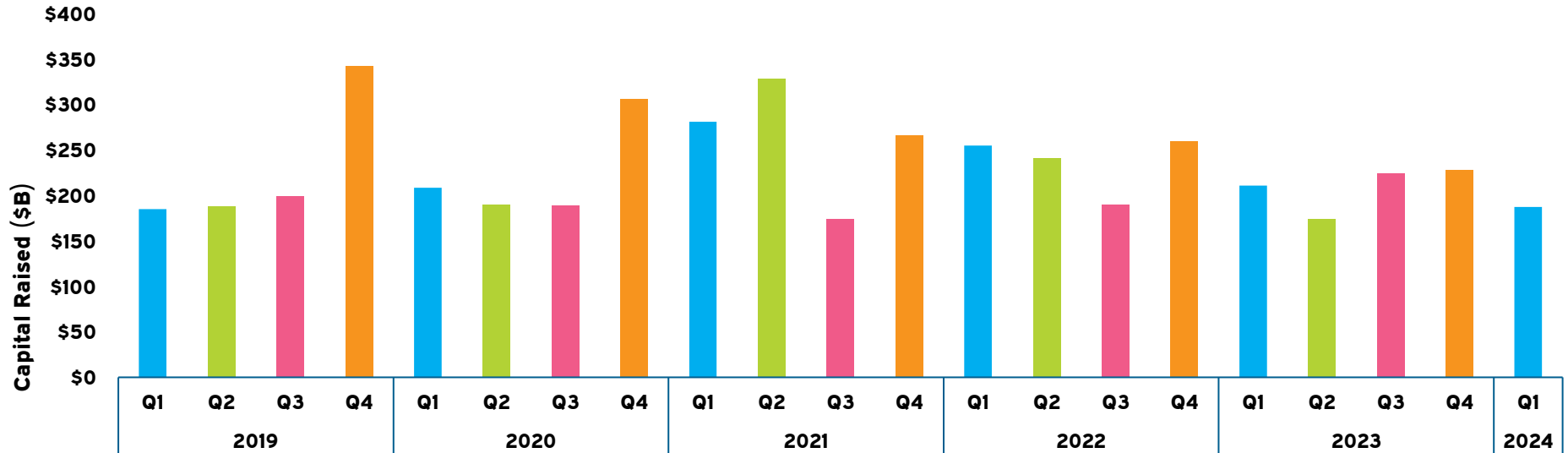
- Recommend targeting \$60 to \$110 million in commitments annually.
 - \$70 million committed across two funds so far in 2024.
 - May scale up or down depending upon opportunity set, market dynamics and portfolio allocation.
- Continue to update pacing targets on an annual basis.
 - Update actual private equity cash flows and market values.
 - Incorporate volatility of the public markets and Total Portfolio growth.
 - Discuss legacy investments and possible secondary sales.

Recommendations

Adopt the proposed 2024 commitment pacing plan and search criteria for the SJCERA private equity program. Specifically, SJCERA should commit \$60 to \$110 million per year to private equity partnerships.

Section 3: Private Equity Market & Industry Analysis – Q1 2024

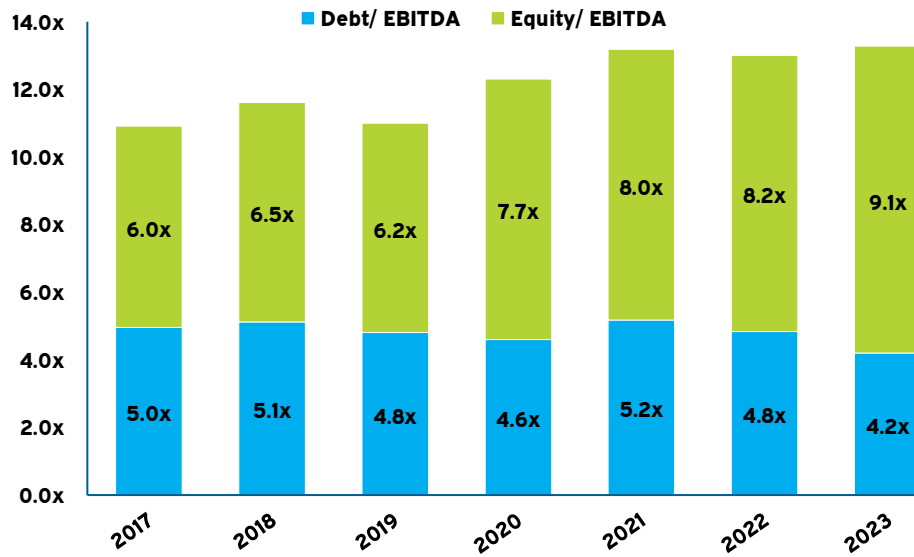
Private Equity
Global Fundraising¹



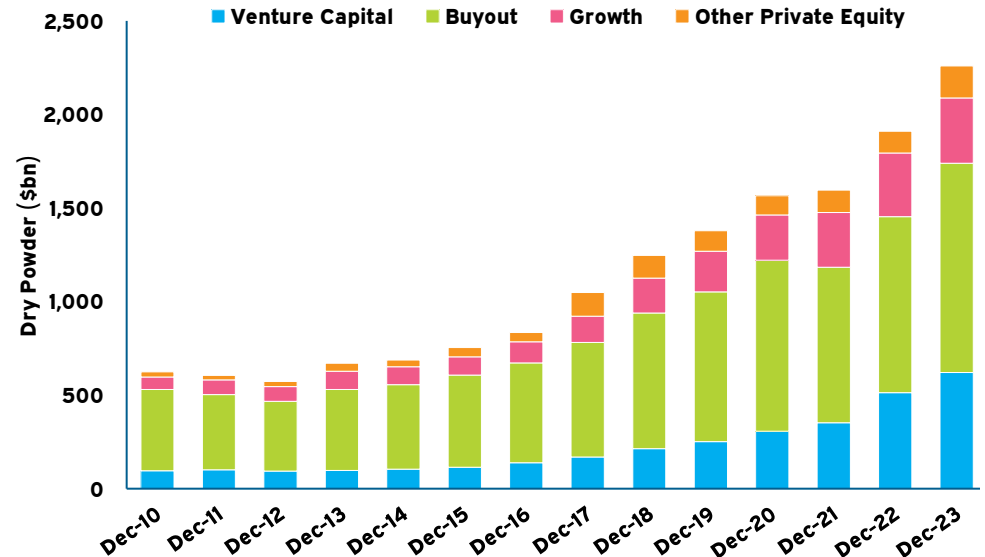
Fundraising activity for private equity funds in the first quarter of 2024 decreased by 18% compared to the previous quarter, with \$187.5 billion raised, and represents the lowest amount of capital raised for a first quarter since 2019. The first quarter showed continued signs of moderation in the private equity fundraising market as subdued private equity exit volumes continue to weigh on the amount of capital that some LPs have available to deploy. Fewer than 400 funds closed in Q1 2024, the lowest total for a quarter over the last four years. There is still some uncertainty in the economic outlook, and the latest developments within the US economy and economic policy may postpone interest rate cuts, thus holding up stimulus to the corporate sector, including private equity. However, the general expectation of a smooth transition is likely to encourage continued investment in deals and fundraising throughout the remainder of 2024. According to Preqin data, there were over 10,600 funds raising in the market as of March 2024, with aggregate capital targeted of approximately \$1.5 trillion. Larger private equity funds (\$1 billion or more target) account for over half of the aggregate capital targeted, with approximately 10% of funds in market targeting 65% of capital targeted. Funds continue to spend more time on the road, with 63% of private equity funds (and 78% of venture capital funds) closed in Q1 2024 having been in market for more than 18 months compared to an average of 47% (and 44% for venture capital) from 2019-2023. Overall, this quarter has once again confirmed the trend toward industry concentration. While only 357 funds closed (the lowest number in any quarter since 2019 and down 38% on the first quarter of 2023), the \$187.5 billion aggregate capital raised is down only 11% year-on-year.

¹ Preqin

Purchase Price Breakdown, All LBOs¹



Dry Powder by Fund Type²

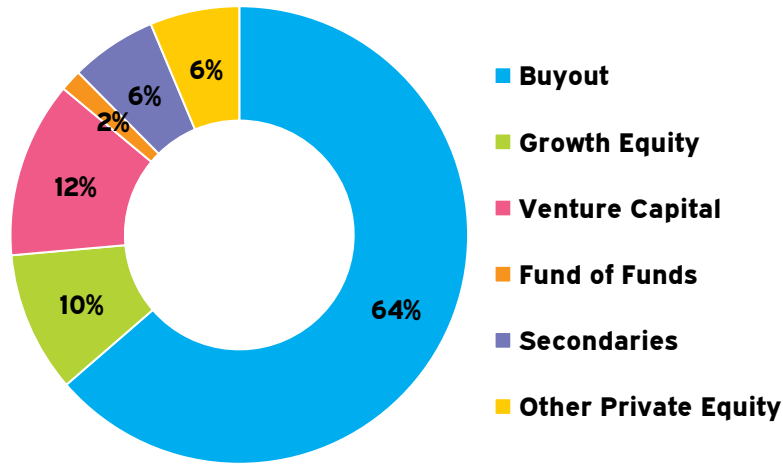


Relative to 2022, the median private equity buyout purchase price multiple increased from 13.0x EBITDA to 13.3x EBITDA in 2023. This represents a slight 2% increase from 2022 relative to the 1% decrease observed in 2022 from 2021. Due to the higher interest rate environment, recent deals, in aggregate, have been financed with more equity capital, as well. Overall, the increase in purchase price multiples on the year shows resilience to the downward pressure of higher interest rates and sellers not willing to exit deals at lower valuations despite the imbalance between expectations of buyers and sellers through most of the year. New deal activity appears to have found a support level after a quarter-on-quarter decline in the first quarter. Relative to the highly active period in 2021 and 2022, the number of deals has stabilized at levels similar to those seen in 2018–2019 although deal sizes were smaller to start the year. In the first quarter of 2024, the aggregate total for 1,780 deals was \$95 billion, only 10 transactions fewer than Q1 2019, but aggregate deals then totaled a much greater \$154 billion. Exit deal activity in the first quarter was up on the same period a year ago, when private equity hit a low point as it began adjusting to higher interest rates. However, activity in the first quarter of 2024 was down from the fourth quarter of 2023. The aggregate value of exits followed a similar pattern with the first-quarter aggregate of \$52 billion up 40% on the same quarter a year ago, but down 57% on Q4 2023. Dry powder levels as of Q4 2023, have increased by approximately 18% from Q4 2022 and remain at all-time highs. Despite macroeconomic worries, GPs still have ample dry powder to deploy, which helps support deal flow even as debt financing has become more expensive and more restrictive.

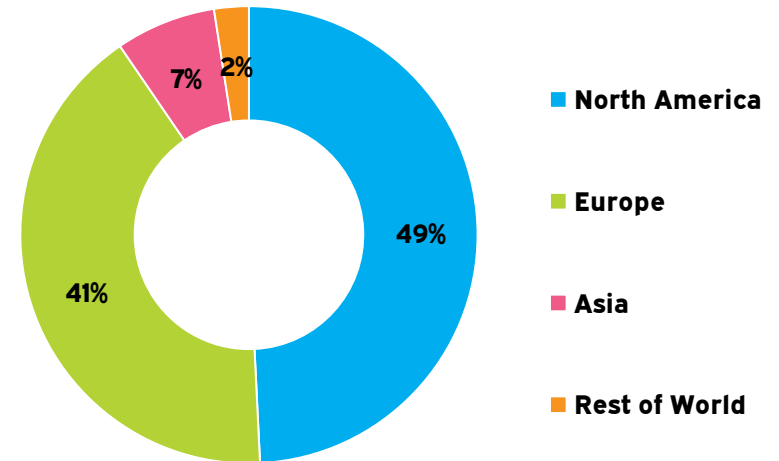
¹ Preqin. Data pulled on July 9, 2024.

² Global Private Equity Dry Powder Split by Strategy. Provided by Preqin on July 9, 2024. There is a six-month lag in Preqin's dry powder data with December 31, 2023, representing the latest figures, which were released in July 2024.

Capital Raised by Strategy¹



Capital Raised by Geography²



Buyout (64% of all private equity capital raised), Venture Capital (12%), and Growth Equity (10%) represented the private equity sub-strategies with the most capital raised during the first quarter of 2024. Buyout funds increased from 53% of capital raised in Q4 2023 to 64% in the first quarter of 2024. Growth Equity and Secondaries decreased the most of any strategy in Q1 2024, each dropping 7% of capital raised from the prior quarter. Secondaries, as a percentage of total capital raised, decreased but demand remains as GPs and LPs seek liquidity solutions. Venture Capital, Fund of Funds, and Other Private Equity, which includes co-investment and hybrid vehicles, remained relatively consistent as a percentage of total capital raised through the first quarter compared to the previous quarter.

North America-focused vehicles continued to represent the highest geographic allocation of funds raised during the first quarter, representing 49% of total capital. This represents a substantial decrease from the 76% of aggregate capital raised in the prior quarter, but North America still accounted for 64% of the number of funds closed during the quarter. Conversely, as a percentage of total capital raised, commitments to Europe increased from 19% to 41% but still only represented 20% of funds closed. Asia-focused funds remained low, representing 7% of total capital raised, reflecting ongoing challenges for China-focused funds. Investor appetite for Rest of World also remain subdued with \$4.6 billion of aggregate capital raised across 18 funds (5% of funds closed) during the quarter.

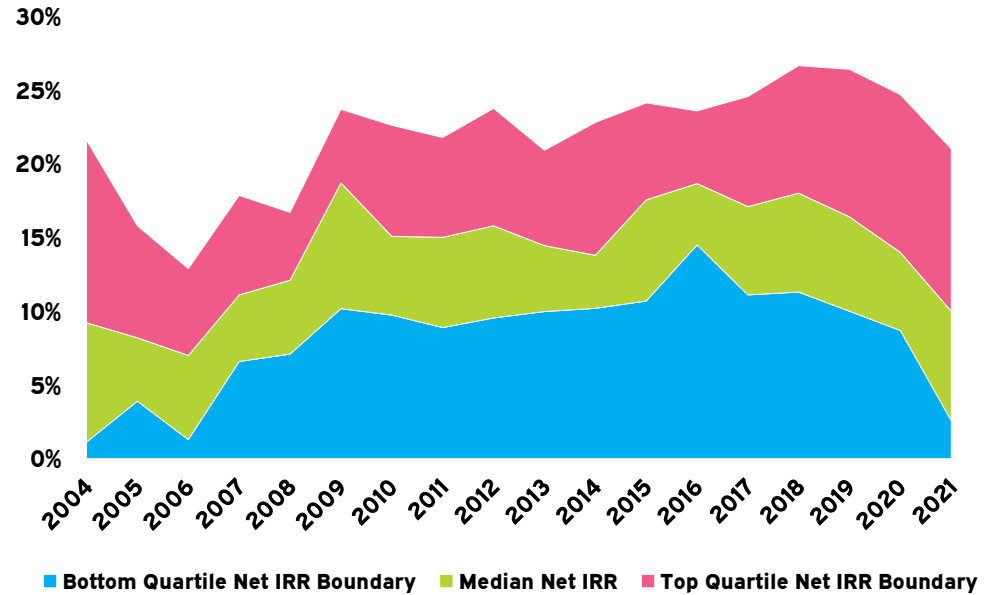
¹ Preqin

² Preqin

Private Equity Performance by Horizon¹

Horizon	Private Equity	Buyout	Venture Capital	Growth Equity
1 Year to 12/2023	6.7%	9.5%	(5.3)%	3.5%
3 Years to 12/2023	12.8	14.7	5.0	7.5
5 Years to 12/2023	16.0	17.8	12.0	12.9
10 Years to 12/2023	15.1	16.4	11.5	14.1

Private Equity Performance by Vintage Year²



As of December 31, 2023, one-year private equity returns increased from the prior quarter, generating a 6.7% IRR over the trailing 12 months through Q4 2023. This compares to the trailing 12-month return of 5.1% as of Q3 2023 and a one-year return of -0.2% at Q4 2022. Overall, private equity returns have proven resilient but still remain far below the highs of recent years. One-year returns remain negative for Venture funds at a -5.3% IRR but have increased for all strategies relative to Q3 2023 marks. In general, however, performance has been strong in each vintage year since the Global Financial Crisis. Buyout, Venture, and Growth funds have all generally performed well over the various time horizons on an absolute basis, with Buyout outperforming both Growth Equity and Venture funds across longer time periods as of Q4 2023. Lastly, the spread between first and third quartile performance in private equity has increased since the Global Financial Crisis; 2007 vintage funds reported an 11.3% spread while 2021 vintage funds reported an 18.4% spread.

¹ Preqin Horizon IRRs as of 12/31/2023. Data as of 3/31/2024 is not yet available.

² Preqin, Private Equity – All, Quartile Returns as of 3/31/2024. Data pulled on July 8, 2024.

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

San Joaquin County Employees' Retirement Association ("SJCERA")

2024 Private Debt Investment Plan

Table of Contents

1. Program Review and Investment Plan
2. Summary and Recommendation

Section 1: Program Review and Investment Plan

SJCERA Program Overview

- Since inception, \$750 million has been committed across 13 partnerships (as of June 30, 2024).
 - Initial commitment began in 2014.
 - Funds are a combination of Direct Lending, Specialty Lending, Special Situations, Distressed, and Real Estate Debt strategies.
- Two new partnerships approved in 2023.
 - \$62.5 million commitment to Ares Pathfinder Fund II.
 - \$62.0 million commitment to Silver Point Specialty Credit Fund III.
- Private debt targeted to be 10% of the total portfolio.
 - Current actual allocation at approximately 9.9% as of March 31, 2024.
 - Market value of \$434.0 million as of March 31, 2024.
- The Program has approved commitments across 11 firms.
 - BlackRock, Raven Capital, and White Oak are the largest relationships by commitment amount with each firm receiving approximately \$100 million in aggregate commitments.

SJCERA Commitment List

Since Inception Partnership Commitments (as of June 30, 2024)

Partnership	Vintage Year	Commitment	Strategy
Crestline Opportunity Fund II	2014	\$45 million	Direct Lending
Raven Asset-Based Opportunity Fund II	2014	\$45 million	Specialty Lending
Raven Asset-Based Opportunity Fund III	2015	\$50 million	Specialty Lending
Mesa West Real Estate Income Fund V	2016	\$75 million	Real Estate Debt
White Oak Summit Peer Fund	2016	\$50 million	Direct Lending
Oaktree Middle Market Direct Lending Fund	2018	\$50 million	Direct Lending
BlackRock Direct Lending Feeder IX	2020	\$100 million	Direct Lending
Davidson Kempner Long-Term Distressed Opportunities Fund V	2020	\$48 million	Distressed
HPS European Asset Value II	2020	\$50 million	Specialty Lending
White Oak Yield Spectrum Fund V	2020	\$50 million	Direct Lending
Silver Rock Tactical Allocation Fund – Vintage 2022	2022	\$62.5 million	Special Situations
Ares Pathfinder Fund II	2023	\$62.5 million	Specialty Lending
Silver Point Specialty Credit Fund III	2023	\$62 million	Direct Lending
Total Program		\$750 million	

Future Growth

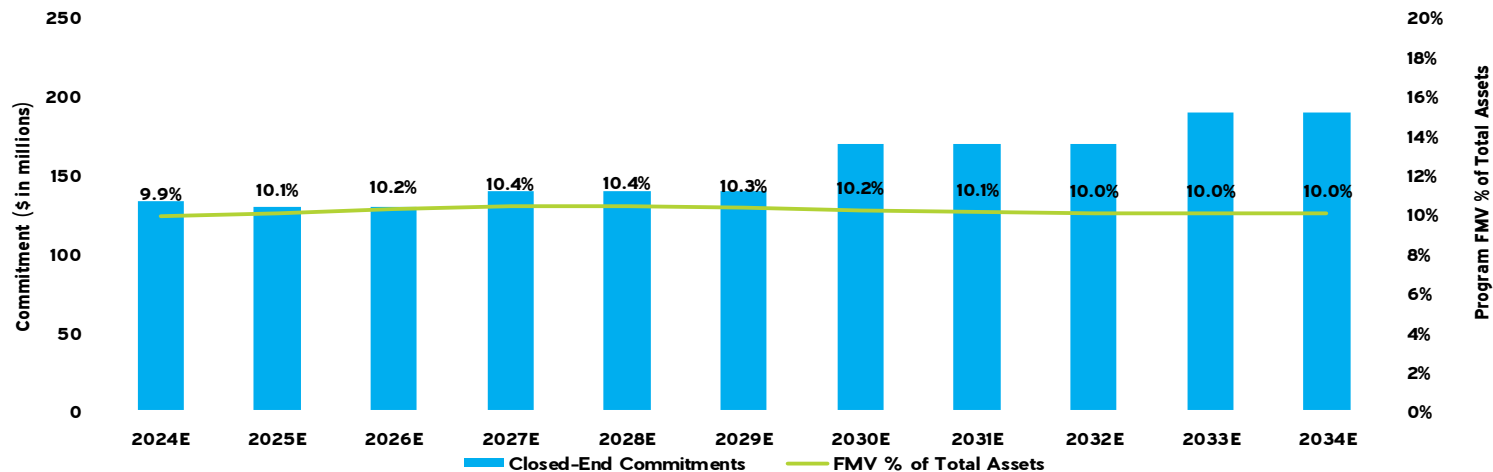
- The private debt portfolio is close to the targeted allocation, though additional investment activity is required to achieve diversification and to position the portfolio for attractive performance over the long term.
 - A consistent deployment of capital is a key element for consistent performance.
 - Further diversification needed – vintage years, geography and sector.
- Growth of a private debt program is a function of several factors – commitment pace, rate of investment by underlying managers, investment growth, and investment liquidations / distributions.
- Percentage allocation to private debt impacted by Total Portfolio growth.
 - Slower Total Portfolio growth = larger private debt allocation.
 - Faster Total Portfolio growth = smaller private debt allocation.

SJCERA Projected Allocation

San Joaquin County Employees' Retirement Association (SJCERA)

Private Debt Portfolio Allocation Model

Private market data as of 3/31/2024



→ Modeling above assumes a commitment pace of \$130 to \$190 million per year

- Reflecting 5% growth scenarios for the Total Portfolio.
- Achieving the target allocation in the 2024/2025 timeframe.

→ Consistent pacing needed to achieve and maintain the target allocation.

- Maintain vintage year diversification.
- Revisit pacing annually to reflect existing portfolio conditions.

SJCERA Projected Allocation & FMV by Strategy

	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Direct Lending	50	50	50	60	60	60	80	80	80	100	100
Opportunistic	63	40	40	40	40	40	40	40	40	40	40
Real Estate Debt	0	0	20	0	0	20	0	25	0	25	0
Private Debt	20	40	20	40	40	20	50	25	50	25	50
Closed-End Total	133	130	130	140	140	140	170	170	170	190	190

	2024E (%)	2025E (%)	2026E (%)	2027E (%)	2028E (%)	2029E (%)	2030E (%)	2031E (%)	2032E (%)	2033E (%)	2034E (%)
Direct Lending	34	35	35	36	37	38	40	41	42	44	45
Opportunistic	27	30	32	33	32	32	31	30	29	27	26
Real Estate Debt	6	4	4	4	4	4	4	5	5	6	6
Private Debt	33	31	28	27	26	25	25	24	24	23	23
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Section 2: Summary and Recommendation

SJCERA Commitment pacing**2024 Investment Plan**

Projections	
Commitment Target: (commitment range)	\$130 million per year (\$130 - \$190 million)

- Recommend targeting \$130 million in commitments annually
 - May scale up or down depending upon opportunity set
- Continue to update pacing targets on an annual basis
 - Update actual private debt cash flows and market values
 - Incorporate volatility of the public markets and Total Portfolio growth
 - Discuss legacy investments

Recommendations

Adopt the proposed 2024 commitment pacing plan and search criteria for the SJCERA private debt program. Specifically, SJCERA should commit \$130 million per year to private debt partnerships.

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

San Joaquin County Employees' Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)'

August 2024

Commitment (\$000)	Sub-Segment	Market Value	Physical % of Total	Policy Target %	1-Mo	3-Mos	YTD	1-Yr	3-Yrs	5-Yrs	SI Return	SI Date
TOTAL PLAN¹		\$ 4,582,363,483	100.0%	100.0%	1.0	3.5	7.9	11.5	3.9	6.7	7.6	Apr-90
Policy Benchmark ⁴					1.8	3.9	9.7	14.2	4.7	7.5	7.6	
Difference:					-0.8	-0.4	-1.9	-2.7	-0.7	-0.8	0.1	
75/25 Portfolio ⁵					2.5	6.3	12.6	19.6	3.7	9.6	7.1	
Difference:					-1.5	-2.8	-4.7	-8.1	0.3	-2.9	0.5	
Broad Growth		\$ 3,522,737,561	76.9%	78.0%	1.4	4.4	9.1	13.8	4.9	8.4	8.3	Jan-95
Aggressive Growth Lag²		\$ 475,518,036	10.4%	12.0%	2.9	2.9	3.4	5.9	13.0	13.1	-1.7	Feb-05
Aggressive Growth Blend ⁶					0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Difference:					2.9	2.9	3.4	5.9	13.0	13.1	-1.7	
BlackRock Global Energy&Power Lag³	\$50,000	Global Infrastructure	\$ 44,422,650	1.0%	9.5	9.5	9.8	12.9	12.2	--	11.4	Jul-19
MSCI ACWI +2% Lag					11.7	11.7	8.5	25.2	8.4	--	13.0	
Difference:					-2.2	-2.2	1.2	-12.3	3.8	--	-1.5	
BlackRock Infrastructure³	\$50,000	Global Infrastructure	\$ 17,672,829	0.4%	0.9	0.9	7.0	7.2	--	--	-2.0	Mar-23
MSCI ACWI +2% Lag					8.8	8.8	21.6	26.2	--	--	28.1	
Difference:					-8.0	-8.0	-14.5	--	--	--	-30.1	
Bessemer Venture Partners Forge Fund³	\$20,000	Middle Market VC	\$ 7,085,865	0.2%	13.1	13.1	--	--	--	--	--	Sep-23
MSCI ACWI +2% Lag					8.8	8.8	--	--	--	--	--	
Difference:					4.2	4.2	--	--	--	--	--	
Bessemer Venture Partners Fund XII, LP³	\$30,000	Early-Stage VC	\$ 2,399,218	0.1%	--	--	--	--	--	--	--	Jun-24
MSCI ACWI +2% Lag					--	--	--	--	--	--	--	
Difference:					--	--	--	--	--	--	--	
Capitol Meridian Fund I Lag³	\$25,000	Special Situations PE	\$ 8,495,065	0.2%	--	--	--	--	--	--	--	Jul-24
MSCI ACWI +2% Lag					--	--	--	--	--	--	--	
Difference:					--	--	--	--	--	--	--	
Lightspeed Venture Ptr Select V Lag³	\$40,000	Growth-Stage VC	\$ 23,257,254	0.5%	-2.2	-2.2	-0.7	-4.5	--	--	-9.4	Jun-22
MSCI ACWI +2% Lag					11.7	11.7	8.5	25.2	--	--	2.4	
Difference:					-13.9	-13.9	-9.2	-29.7	--	--	-11.8	
Long Arc Capital Fund Lag³	\$25,000	Growth-Stage VC	\$ 25,222,476	0.6%	0.0	0.0	4.5	9.8	--	--	1.0	Apr-23
MSCI ACWI +2% Lag					11.7	11.7	8.5	25.2	--	--	29.6	
Difference:					-11.6	-11.6	-4.1	-15.4	--	--	-28.6	
Oaktree Special Situations Lag³	\$40,000	PE Buyout	\$ 13,453,890	0.3%	6.4	6.4	---	---	---	---	---	Mar-24
MSCI ACWI +2% Lag					0.0	0.0	---	---	---	---	---	
Difference:					6.4	6.4	---	---	---	---	---	
Ocean Avenue II Lag³	\$40,000	PE Buyout FOF	\$ 23,048,620	0.5%	-12.8	-12.8	-10.4	-16.7	8.6	17.6	13.7	May-13
MSCI ACWI +2% Lag					11.7	11.7	8.5	25.2	8.4	14.5	9.9	
Difference:					-24.5	-24.5	-19.0	-41.9	0.3	--	3.8	
Ocean Avenue III Lag³	\$50,000	PE Buyout FOF	\$ 51,764,703	1.1%	3.2	3.2	-3.6	7.2	20.3	19.5	22.0	Apr-16
MSCI ACWI +2% Lag					11.7	11.7	8.5	25.2	8.4	14.5	10.3	
Difference:					-8.5	-8.5	-12.1	-18.1	11.9	--	11.7	
Ocean Avenue IV Lag³	\$50,000	PE Buyout	\$ 53,815,304	1.2%	6.7	6.7	12.4	10.7	28.2	--	30.5	Dec-19
MSCI ACWI +2% Lag					8.8	8.8	21.6	26.2	9.6	--	14.4	
Difference:					-2.2	-2.2	-9.2	-15.5	18.6	--	16.1	
Ocean Avenue V Lag³	\$30,000	PE Buyout	\$ 8,894,690	0.2%	-0.3	-0.3	5.0	8.0	--	--	7.9	Jun-23
MSCI ACWI +2% Lag					11.7	11.7	8.5	25.2	--	--	24.6	
Difference:					-12.0	-12.0	-3.5	-17.2	--	--	-16.7	

¹Returns are preliminary and are finalized during each quarterly reporting cycle. Monthly returns since previous quarter are provided by the managers. Market values are provided by Northern Trust.

²Total class returns are as of 6/30/24, and lagged 1 quarter.

³Manager returns are as of 6/30/24, and lagged 1 quarter. Since Inception date reflects one quarter lag.

⁴5/1/24 to present benchmark is 38% MSCI ACWI IMI, 9% BB Aggregate Bond Index, 1.6% 50% BB High Yield/50% S&P Leveraged Loans, 7% NCREIF ODCE +1% lag; 5% T-Bill +4%, 12% MSCI ACWI +2% Lag, 13% CRO Custom Benchmark. Prior to 5/1/24 benchmark is legacy policy benchmark.

⁵4/1/20 to present 75% MSCI ACWI, 25% BB Global Aggregate. Prior to 4/1/20 60% MSCI ACWI, 40% BB Global Aggregate.

⁶1/1/2021 to present 50% MSCI ACWI +2%, 50% NCREIF ODCE +1%

San Joaquin County Employees' Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)¹

August 2024

	Commitment (\$000)	Sub-Segment	Market Value	Physical % of Total	Policy Target %	1-Mo	3-Mos	YTD	1-Yr	3-Yrs	5-Yrs	SI Return	SI Date
Aggressive Growth Lag (continued)													
Morgan Creek III Lag³	\$10,000	Multi-Strat FOF	\$ 6,002,349	0.1%		6.8	6.8	238	37.6	-5.0	-8.2	-2.4	Feb-15
MSCI ACWI +2% Lag						11.7	11.7	8.5	25.2	8.4	14.5	10.1	
Difference:						-4.8	-4.8	15.3	12.3	-13.3	-22.7	-12.5	
Morgan Creek V Lag³	\$12,000	Multi-Strat FOF	\$ 5,510,585	0.1%		-0.6	-0.6	-0.8	-1.2	3.9	7.0	11.3	Jun-13
MSCI ACWI +2% Lag						11.7	11.7	8.5	25.2	8.4	14.5	10.0	
Difference:						-12.2	-12.2	-9.4	-26.5	-4.5	-7.5	1.3	
Morgan Creek VI Lag³	\$20,000	Multi-Strat FOF	\$ 20,909,918	0.5%		0.6	0.6	-5.1	-5.0	6.0	10.3	7.8	Feb-15
MSCI ACWI +2% Lag						11.7	11.7	8.5	25.2	8.4	14.5	10.1	
Difference:						-11.1	-11.1	-13.6	-30.2	-2.4	-4.2	-2.3	
Ridgemont Equity Partners Lag³	\$50,000	Special Situations PE	\$ 21,235,948	0.5%		1.6	1.6	5.6	1.3	--	--	9.6	Apr-23
MSCI ACWI +2% Lag						11.7	11.7	8.5	25.2	--	--	29.6	
Difference:						-10.1	-10.1	-2.9	-23.9	--	--	-20.0	
Stellex Capital Partners II Lag³	\$50,000	Special Situations PE	\$ 44,287,662	1.0%		9.5	9.5	13.5	17.5	--	--	6.6	Jul-21
MSCI ACWI +2% Lag						8.8	8.8	21.6	26.2	--	--	8.2	
Difference:						0.7	0.7	-8.0	-8.7	--	--	-1.6	
Opportunistic Private Real Estate⁴													
Greenfield VII³	\$19,100	Opportunistic Pvt. RE	\$ 1,099,005	0.0%		-4.6	-4.6	-12.0	-9.8	4.3	7.6	8.5	Oct-14
NCREIF ODCE + 1% Lag Blend						-1.6	-1.6	-6.6	-8.3	6.6	6.7	7.7	
Difference:						-3.0	-3.0	-5.4	-1.5	-2.3	0.9	0.8	
Grandview³	\$30,000	Opportunistic Pvt. RE	\$ 13,666,636	0.3%		-0.5	-0.5	10.6	-2.2	11.3	--	17.6	Apr-18
NCREIF ODCE + 1% Lag Blend						-1.6	-1.6	-6.6	-8.3	6.6	--	6.7	
Difference:						1.1	1.1	17.2	6.1	4.7	--	10.9	
Walton Street VI³	\$15,000	Opportunistic Pvt. RE	\$ 6,308,139	0.1%		2.1	2.1	0.4	1.4	10.4	4.6	4.2	Jul-09
NCREIF ODCE + 1% Lag Blend						-1.6	-1.6	-6.6	-8.3	6.6	6.7	7.6	
Difference:						3.7	3.7	7.0	9.7	3.8	-2.1	-3.4	
Value-Added Private Real Estate													
AG Core Plus IV³	\$20,000	Value-Added Pvt. RE	\$ 6,710,392	0.1%		-2.4	-2.4	-17.6	-19.9	-12.7	-5.1	-1.4	Sep-15
NCREIF ODCE + 1% Lag Blend						-1.6	-1.6	-6.6	-8.3	6.6	6.7	9.3	
Difference:						-0.8	-0.8	-11.0	-11.6	-19.3	-11.8	-10.7	
Almanac Realty VI³	\$30,000	Value-Added Pvt. RE	\$ 3,266,434	0.1%		2.0	2.0	-12.6	-19.4	-2.1	-8.6	1.6	Feb-13
NCREIF ODCE + 1% Lag Blend						-1.6	-1.6	-6.6	-8.3	6.6	6.7	11.0	
Difference:						3.6	3.6	-6.0	-11.1	-8.7	-15.3	-9.4	
Berkeley Partners Fund V, LP³	\$40,000	Value-Added Pvt. RE	\$ 33,801,255	0.7%		2.7	2.7	3.9	10.2	14.0	--	15.5	Aug-20
NCREIF ODCE + 1% Lag Blend						-1.6	-1.6	-6.6	-8.3	6.6	6.7	7.1	
Difference:						4.3	4.3	10.5	18.5	7.4	--	8.4	
Berkeley Partners Value Industrial Fund VI, L.P.³	\$40,000	Value-Added Pvt. RE	\$ 3,584,458	0.1%		-2.0	-2.0	--	--	--	--	-2.0	Feb-24
NCREIF ODCE + 1% Lag Blend						-1.6	-1.6	--	--	--	--	-5.5	
Difference:						-0.4	-0.4	--	--	--	--	3.5	
IPI Partners III-A Lag³	\$50,000	Value-Added Pvt. RE	\$ 14,487,142	0.3%		--	--	--	--	--	--	--	Jul-24
MSCI ACWI +2% Lag						--	--	--	--	--	--	--	
Difference:						--	--	--	--	--	--	--	
Stockbridge RE III³	\$45,000	Value-Added Pvt. RE	\$ 14,211,090	0.3%		0.2	0.2	-12.1	11.9	13.2	--	11.4	Jul-18
NCREIF ODCE + 1% Lag Blend						-1.6	-1.6	-6.6	-8.3	6.6	--	8.9	
Difference:						1.8	1.8	-5.5	20.2	6.6	--	2.5	

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²MSCI ACWI IMI Net as of 4/1/2020, MSCI ACWI Gross prior.

³Manager returns are as of 6/30/2024, and lagged 1 quarter. Since Inception date reflects one quarter lag.

⁴Market value includes Walton V \$597,219.

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August 2024

Commitment (\$000)	Sub-Segment	Market Value	Physical % of Total	Policy Target %	1-Mo	3-Mos	YTD	1-Yr	3-Yrs	5-Yrs	SI Return	SI Date
Traditional Growth³		\$ 1,875,053,939	40.9%	38.0%	2.4	6.2	15.7	23.8	6.2	11.2	9.4	Jan-95
<i>MSCI ACWI IMI Net²</i>					2.3	6.4	15.2	22.6	5.2	12.2	8.2	
Difference:					0.0	-0.2	0.5	1.2	1.0	-1.0	1.2	
Global Equity		\$ 1,824,673,959	39.8%									
Northern Trust MSCI World IMI	<i>All Cap Global</i>	\$ 1,635,982,916	35.7%		2.4	6.5	16.2	24.0	6.6	--	12.4	Sep-20
<i>MSCI World IMI Net</i>					2.4	6.4	15.9	23.5	6.2	--	11.9	
Difference:					0.0	0.1	0.3	0.5	0.4	--	0.5	
Emerging Markets		\$ 188,687,822										
GQG Active Emerging Markets	<i>Emerging Markets</i>	\$ 83,594,387	1.8%		0.4	2.3	15.0	27.9	4.3	--	8.2	Aug-20
<i>MSCI Emerging Markets Index Net</i>					1.6	5.9	9.5	15.1	-3.1	--	3.0	
Difference:					-1.2	-3.6	5.5	12.8	7.3	--	5.2	
PIMCO RAE Fundamental Emerging Markets	<i>Emerging Markets</i>	\$ 105,093,435	2.3%		1.5	1.8	12.4	20.5	6.4	10.9	5.9	Apr-07
<i>MSCI Emerging Markets Index Net</i>					1.6	5.9	9.5	15.1	-3.1	4.8	3.5	
Difference:					-0.1	-4.2	2.9	5.4	9.5	6.1	2.5	
REITS		\$ 50,379,980	1.1%									
Invesco All Equity REIT	<i>Core US REIT</i>	\$ 50,379,980	1.1%		4.6	13.6	8.3	17.5	-0.5	3.0	7.9	Aug-04
<i>FTSE NAREIT Equity Index</i>					6.4	16.3	12.9	22.3	2.2	5.5	8.0	
Difference:					-1.8	-2.7	-4.6	-4.7	-2.7	-2.5	-0.1	
Stabilized Growth		\$ 1,172,165,586	25.6%	33.0%	0.5	2.1	2.3	4.2	1.0	4.0	3.7	Jan-05
Risk Parity		\$ 216,419,343	4.7%		1.7	4.8	6.5	10.2	-4.8	1.3	3.5	
<i>T-Bill +4%</i>					0.8	2.3	6.3	9.7	7.5	6.4	5.1	
Difference:					0.9	2.5	0.2	0.6	-12.3	-5.0	-1.7	
Bridgewater All Weather	<i>Risk Parity</i>	\$ 216,419,343	4.7%		1.7	4.8	7.3	13.4	-2.1	3.1	4.1	Mar-12
<i>T-Bill +4%</i>					0.8	2.3	6.3	9.7	7.5	6.4	5.4	
Difference:					0.9	2.5	1.0	3.8	-9.5	-3.3	-1.3	
Liquid Credit		\$ 264,753,142	5.8%		1.0	2.6	7.5	10.8	3.5	3.9	2.5	
<i>50% BB High Yield, 50% S&P/LSTA Leveraged Loans</i>					1.1	3.1	6.0	11.2	4.5	5.1	5.7	
Difference:					-0.1	-0.5	1.4	-0.5	-1.1	-1.2	-3.2	
Neuberger Berman	<i>Global Credit</i>	\$ 113,922,057	2.5%		1.3	3.6	9.8	11.9	1.8	3.3	3.8	Feb-19
<i>33% ICE BofA HY Constrained, 33% S&P/LSTA LL, 33% JPM EMBI Gbl Div.</i>					1.5	3.7	6.2	11.8	2.4	3.5	4.2	
Difference:					-0.2	-0.1	3.6	0.0	-0.7	-0.1	-0.4	
Stone Harbor Absolute Return	<i>Absolute Return</i>	\$ 150,831,085	3.3%		0.8	1.9	5.8	9.9	4.7	4.4	3.3	Oct-06
<i>3-Month Libor Total Return</i>					0.5	1.4	3.7	5.6	3.3	2.4	1.7	
Difference:					0.3	0.5	2.1	4.4	1.4	2.0	1.5	

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²MSCI ACWI IMI Net as of 4/1/2020, MSCI ACWI Gross prior.

³Total Market Value includes SJCERA Transition \$3,107.

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Preliminary Monthly Flash Report (Net)'

August 2024

	Commitment (\$000)	Sub-Segment	Market Value	Physical % of Total	Policy Target %	1-Mo	3-Mos	YTD	1-Yr	3-Yrs	5-Yrs	SI Return	SI Date
Private Credit Lag²			\$ 432,162,901	9.4%		1.5	1.5	1.1	3.9	3.6	3.2	3.5	
<i>S&P/LSTA Leveraged Loans +3% Blend</i>						3.2	3.2	7.0	15.8	12.1	10.5	9.3	
Difference:						-1.7	-1.7	-5.9	-12.0	-8.5	-8.5	-5.9	
Ares Pathfinder Fund II Lag³	\$62,500	Asset Backed	\$ 8,017,169	0.2%		8.3	8.3	---	---	---	---	---	Feb-24
<i>S&P/LSTA Leveraged Loans +3% Blend⁴</i>						0.0	0.0	---	---	---	---	---	
Difference:						8.3	8.3	---	---	---	---	---	
BlackRock Direct Lending Lag³	\$100,000	Direct Lending	\$ 85,349,933	1.9%		0.9	0.9	4.1	15.5	7.9	--	8.7	May-20
<i>S&P/LSTA Leveraged Loans +3% Blend⁴</i>						3.2	3.2	7.0	15.8	12.1	--	11.0	
Difference:						-2.3	-2.3	-2.8	-0.3	-4.1	--	-2.3	
Mesa West RE Income IV Lag³	\$75,000	Comm. Mortgage	\$ 35,591,903	0.8%		-1.8	-1.8	-8.9	-16.2	-7.8	-1.9	1.0	Mar-17
<i>S&P/LSTA Leveraged Loans +3% Blend⁴</i>						3.2	3.2	7.0	15.8	12.1	10.5	9.9	
Difference:						-5.0	-5.0	-15.8	-32.0	-19.9	-12.4	-8.8	
Crestline Opportunity II Lag³	\$45,000	Opportunistic	\$ 10,283,134	0.2%		1.0	1.0	-7.8	-13.9	-7.8	-4.8	1.0	Nov-13
<i>S&P/LSTA Leveraged Loans +3% Blend⁴</i>						3.2	3.2	7.0	15.8	12.1	10.5	9.6	
Difference:						-2.2	-2.2	-14.8	-29.7	-19.9	-15.4	-8.6	
Davidson Kempner Distr Opp V Lag³	\$48,275	Opportunistic	\$ 51,849,698	0.0%		1.7	1.7	3.7	7.1	5.1	--	14.6	Oct-20
<i>S&P/LSTA Leveraged Loans +3% Blend⁴</i>						3.2	3.2	7.0	15.8	12.1	--	11.6	
Difference:						-1.5	-1.5	-3.3	-8.7	-7.0	--	3.0	
Oaktree Middle Market Lag³	\$50,000	Leveraged Direct	\$ 32,527,150	0.7%		1.4	1.4	4.9	11.8	9.9	13.5	10.7	Mar-18
<i>S&P/LSTA Leveraged Loans +3% Blend⁴</i>						3.2	3.2	7.0	15.8	12.1	10.5	10.0	
Difference:						-1.8	-1.8	-2.1	-4.0	-2.1	3.0	0.6	
HPS EU Asset Value II Lag³	\$50,000	Direct Lending	\$ 36,936,433	0.8%		2.7	2.7	5.5	12.7	9.8	--	6.8	Aug-20
<i>S&P/LSTA Leveraged Loans +3% Blend⁴</i>						3.2	3.2	7.0	15.8	12.1	--	11.5	
Difference:						-0.5	-0.5	-1.5	-3.1	-2.2	--	-4.7	
Raven Opportunity III Lag³	\$50,000	Direct Lending	\$ 44,939,338	1.0%		-1.8	-1.8	-13.0	-19.2	-1.7	0.9	1.0	Nov-15
<i>S&P/LSTA Leveraged Loans +3% Blend⁴</i>						3.2	3.2	7.0	15.8	12.1	10.5	9.7	
Difference:						-5.0	-5.0	-19.9	-35.0	-13.7	-9.6	-8.7	
Medley Opportunity II Lag²	\$50,000	Direct Lending	\$ 179,867	0.0%		-1.2	-1.2	-2.9	-6.2	-5.2	-7.4	-2.1	Jul-12
<i>S&P/LSTA Leveraged Loans +3% Blend³</i>						3.2	3.2	7.0	15.8	12.1	10.5	9.5	
Difference:						-4.4	-4.4	-9.9	-22.0	-17.3	-17.9	-11.6	
Silver Point Credit III Lag²	\$62,000	Sub-Sector	\$ 17,233,425	0.4%		4.4	4.4	10.0	--	--	--	--	Nov-23
<i>S&P/LSTA Leveraged Loans +3% Blend⁴</i>						3.2	3.2	7.0	--	--	--	--	
Difference:						1.2	1.2	3.1	--	--	--	--	
SilverRock Tactical Allocation Lag²	\$62,500	Opportunistic	\$ 39,495,242	0.9%		3.6	3.6	5.8	--	--	--	12.0	Jul-23
<i>S&P/LSTA Leveraged Loans +3% Blend⁴</i>						3.2	3.2	7.0	--	--	--	10.0	
Difference:						0.4	0.4	-1.2	--	--	--	1.9	
White Oak Summit Peer Fund Lag²	\$50,000	Direct Lending	\$ 24,376,076	0.5%		0.6	0.6	1.5	5.9	-1.7	1.2	3.7	Mar-16
<i>S&P/LSTA Leveraged Loans +3% Blend³</i>						3.2	3.2	7.0	15.8	12.1	10.5	9.8	
Difference:						-2.6	-2.6	-5.4	-9.9	-13.8	-9.3	-6.1	
White Oak Yield Spectrum Master V Lag²	\$50,000	Direct Lending	\$ 45,383,533	1.0%		3.4	3.4	2.1	4.0	1.2	--	2.4	Mar-20
<i>S&P/LSTA Leveraged Loans +3% Blend³</i>						3.2	3.2	7.0	15.8	12.1	--	11.0	
Difference:						0.2	0.2	-4.9	-11.8	-10.9	--	-8.6	
Core Private Real Estate Lag			\$ 258,830,200	5.6%									
AEW Essential Housing²	\$50,000	Core Pvt. RE	\$ 1,155,135	0.0%		-2.0	-2.0	--	--	--	--	-2.0	Jan-24
<i>NCREIF ODCE + 1% Lag Blend</i>						-1.6	-1.6	--	--	--	--	-5.5	
Difference:						-0.4	-0.4	--	--	--	--	3.5	
Principal US²	\$25,000	Core Pvt. RE	\$ 38,256,406	0.8%		-2.0	-2.0	-8.0	-9.8	2.9	3.2	5.1	Jan-16
<i>NCREIF ODCE + 1% Lag Blend</i>						-1.6	-1.6	-6.6	-8.3	6.6	6.7	8.4	
Difference:						-0.4	-0.4	-1.4	-1.5	-3.7	-3.5	-3.3	
Prologis Logistics²	\$50,500	Core Pvt. RE	\$ 119,653,774	2.6%		1.4	1.4	-8.2	-14.7	13.1	13.8	13.7	Dec-07
<i>NCREIF ODCE + 1% Lag Blend</i>						-1.6	-1.6	-6.6	-8.3	6.6	6.7	7.4	
Difference:						3.0	3.0	-1.6	-6.4	6.5	7.1	6.3	
RREEF America II²	\$45,000	Core Pvt. RE	\$ 50,946,973	1.1%		-0.5	-0.5	-9.0	-11.5	2.7	3.3	2.3	Jul-16
<i>NCREIF ODCE + 1% Lag Blend</i>						-1.6	-1.6	-6.6	-8.3	6.6	6.7	8.9	
Difference:						1.1	1.1	-2.4	-3.2	-3.9	-3.4	-6.6	

¹Returns are preliminary and are finalized during each quarterly reporting cycle. Monthly returns since previous quarter are provided by the managers. Market values are provided by Northern Trust.

²Total class returns are as of 6/30/2024, and lagged 1 quarter.

³Manager returns are as of 6/30/2024, and lagged 1 quarter. Since Inception date reflects one quarter lag.

⁴9% Annual until 6/30/2018; CPI +6% Annual 7/1/2018 - 3/31/2022; S&P/LSTA Leveraged Loans +3% thereafter.

San Joaquin County Employees' Retirement Association (SJCERA)

Preliminary Monthly Flash Report (Net)'

August 2024

Commitment (\$000)	Sub-Segment	Market Value	Physical % of Total	Policy Target %	1-Mo	3-Mos	YTD	1-Yr	3-Yrs	5-Yrs	SI Return	SI Date
Diversifying Strategies		\$ 916,869,784	20.0%	22.0%	-0.7	0.5	4.3	3.6	1.6	1.4	6.0	Oct-90
Principal Protection		\$ 437,675,542	9.6%	9.0%	1.5	4.9	3.8	8.7	-0.2	1.0	5.8	Oct-90
BB Aggregate Bond Index					1.4	4.8	3.1	7.3	-2.1	0.0	5.3	
Difference:					0.1	0.1	0.8	1.4	2.0	1.0	0.5	
Dodge & Cox	Core Fixed Income	\$ 265,989,977	5.8%		1.6	5.1	4.2	9.4	-0.2	1.9	6.6	Oct-90
BB Aggregate Bond Index					1.4	4.8	3.1	7.3	-2.1	0.0	5.3	
Difference:					0.2	0.3	1.2	2.1	2.0	2.0	1.2	
Loomis Sayles	Core Fixed Income	\$ 171,685,565	3.7%		1.4	4.6	3.1	7.2	--	--	0.4	Mar-22
BB Aggregate Bond Index					1.4	4.8	3.1	7.3	--	--	0.2	
Difference:					0.0	-0.2	0.0	-0.1	--	--	0.2	
Crisis Risk Offset		\$ 479,194,242	10.5%	13.0%	-2.6	-3.2	3.5	-0.5	2.8	1.7	5.9	Jan-05
CRO Custom Benchmark ²					0.0	0.8	2.2	4.1	0.5	1.8	4.7	
Difference:					-2.6	-4.0	1.3	-4.6	2.4	-0.1	1.3	
Long Duration		\$ 117,663,712	2.6%		2.0	7.4	1.4	5.6	-9.1	-4.7	-0.6	
BB US Long Duration Treasuries					2.0	7.4	0.4	4.9	-9.8	-5.1	-0.7	
Difference:					0.0	0.0	1.0	0.7	0.7	0.4	0.1	
Dodge & Cox Long Duration	Long Duration	\$ 117,663,712	2.6%		2.0	7.4	1.4	5.6	-9.1	-4.7	-0.6	Feb-16
BB US Long Duration Treasuries					2.0	7.4	0.4	4.9	-9.8	-5.1	-0.7	
Difference:					0.0	0.0	1.0	0.7	0.7	0.4	0.1	
Systematic Trend Following		\$ 229,657,509	5.0%		-3.9	-5.0	2.3	-5.8	7.3	6.0	8.1	
BTOP50 Index					-2.5	-6.0	2.2	0.8	5.5	4.7	4.7	
Difference:					-1.5	1.0	0.1	-6.6	1.8	1.4	3.4	
Mt. Lucas Managed Futures - Cash	Systematic Trend Following	\$ 120,263,093	2.6%		-0.7	2.7	0.9	-3.5	8.2	7.9	7.8	Jan-05
BTOP50 Index					-2.5	-6.0	2.2	0.8	5.5	4.7	4.7	
Difference:					1.7	8.8	-1.3	-4.3	2.7	3.2	3.1	
Graham Tactical Trend	Systematic Trend Following	\$ 109,394,416	2.4%		-7.3	-12.3	3.9	-8.2	6.3	4.1	3.0	Apr-16
SG Trend Index					-4.5	-9.3	1.3	-0.6	7.5	5.5	4.2	
Difference:					-2.8	-3.0	2.6	-7.6	-1.2	-1.4	-1.2	
Alternative Risk Premia		\$ 131,873,020	2.9%		-4.0	-8.2	7.7	4.4	8.7	1.5	7.3	
5% Annual					0.4	1.2	3.3	5.0	5.0	5.0	6.1	
Difference:					-4.5	-9.4	4.4	-0.6	3.7	-3.5	1.2	
AQR Style Premia	Alternative Risk Premia	\$ 74,927,592	1.6%		-1.4	-5.1	19.8	23.8	22.2	9.7	4.3	May-16
5% Annual					0.4	1.2	3.3	5.0	5.0	5.0	5.0	
Difference:					-1.8	-6.3	16.5	18.8	17.2	4.7	-0.7	
PE Diversified Global Macro	Alternative Risk Premia	\$ 56,945,428	1.2%		-7.3	-11.9	-5.0	-13.4	9.1	-3.6	0.5	Jun-16
5% Annual					0.4	1.2	3.3	5.0	5.0	5.0	5.0	
Difference:					-7.7	-13.1	-8.3	-18.4	4.1	-8.6	-4.5	
Cash³		\$ 111,399,696	2.4%	0.0%	0.3	0.7	2.5	3.5	2.5	1.7	2.4	Sep-94
US T-Bills					0.5	1.3	3.6	5.5	3.3	2.3	2.4	
Difference:					-0.2	-0.6	-1.1	-2.0	-0.9	-0.6	0.0	
Northern Trust STIF	Collective Govt. Short Term	\$ 83,344,611	1.8%		0.4	1.1	3.2	4.6	2.9	2.0	2.6	Jan-95
US T-Bills					0.5	1.3	3.6	5.5	3.3	2.3	2.4	
Difference:					-0.1	-0.2	-0.3	-0.9	-0.4	-0.3	0.2	
Parametric Overlay⁴	Cash Overlay	\$ 31,356,442	0.7%		0.0	0.0	0.0	0.0	--	--	0.0	Jan-20

¹Returns are preliminary and are finalized during each quarterly reporting cycle. Monthly returns since previous quarter are provided by the managers. Market values are provided by Northern Trust.

²Benchmark is (1/3) BB Long Duration Treasuries, (1/3) BTOP50 Index, (1/3) 5% Annual.

³Includes lagged cash.

⁴Given daily cash movement returns may vary from those shown above.

Economic and Market Update

August 2024 Report

Commentary

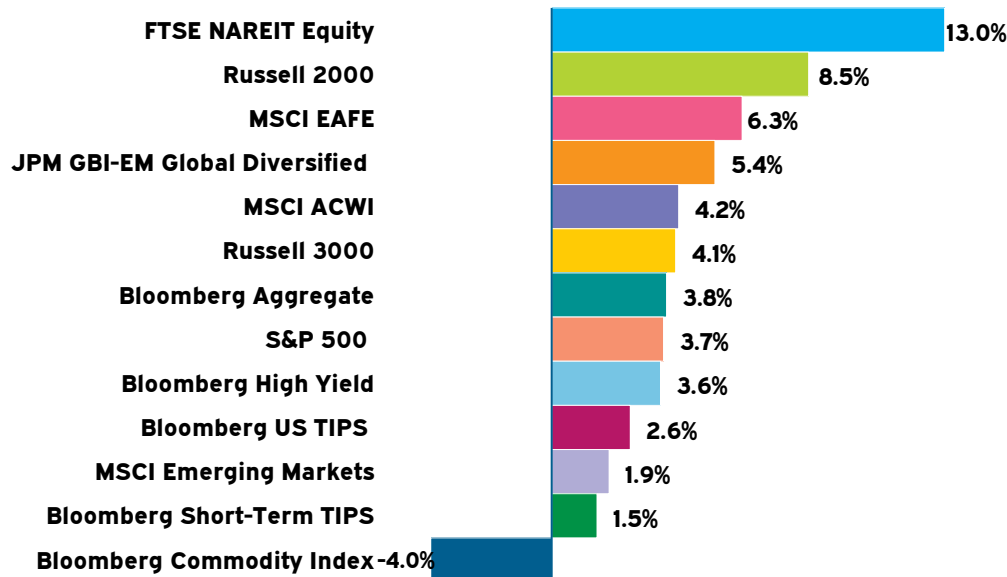
→ After a very volatile start to the month, most asset classes posted gains in August.

- Weak US jobs data caused speculation that the Fed might have waited too long to cut interest rates increasing the risk of a “hard landing” for the US economy. This and pressure from the Bank of Japan raising rates on the yen carry trade drove the equity market volatility at the start of the month.
- Subsequent data was more reassuring though, including an above expectations retail sales report, and the equity market was able to recover for the month. The Bank of Japan also calmed markets with dovish comments to stabilize the unwinding of the yen carry trade.
- From Jackson Hole, Chair Powell indicated that improvements in inflation and a balancing labor market provided justification for rate cuts soon. At their subsequent September meeting they reduced rates by 0.50%.
- In August, the broad market (Russell 3000) returned +2.8%. Large cap stocks (+2.4%) outperformed small cap (-1.5%). For the month healthcare, utilities, and consumer staples took over leadership from technology.
- Non-US developed equity markets outperformed the broad US market in August (+3.3%). A weakening US dollar was a key driver of results.
- Emerging market equities (+1.6%) lagged developed markets with China gaining +1.0%.
- Fixed income markets posted positive returns on expectations for policy rate cuts this fall as inflation pressures recede, and the economy slows.

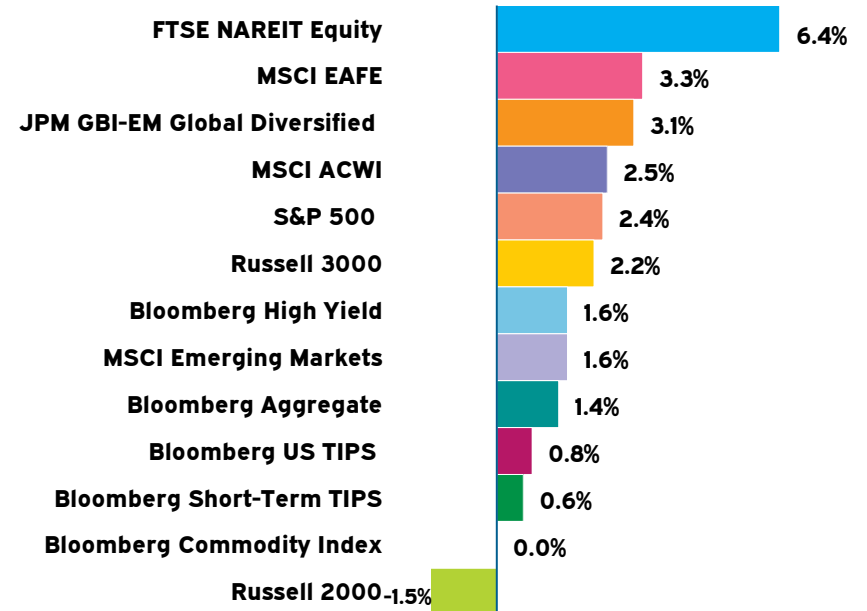
→ Looking ahead, the paths of inflation, labor markets, and monetary policy, China’s economic disorder and slowing economic growth, the yen-carry trade, and the looming US election will be key factors.

Index Returns¹

QTD



August



→ August was positive for most asset classes, but the month started off very volatile given concerns over weak economic data and an unwinding of the yen carry trade due to a rate increase by the Bank of Japan. Eventually things settled down though as additional economic data was released, and corporate earnings remained strong.

→ As we approach the end of the third quarter, US stocks have significantly outperformed other asset classes.

¹ Source: Bloomberg. Data is as of August 31, 2024.

Domestic Equity Returns¹

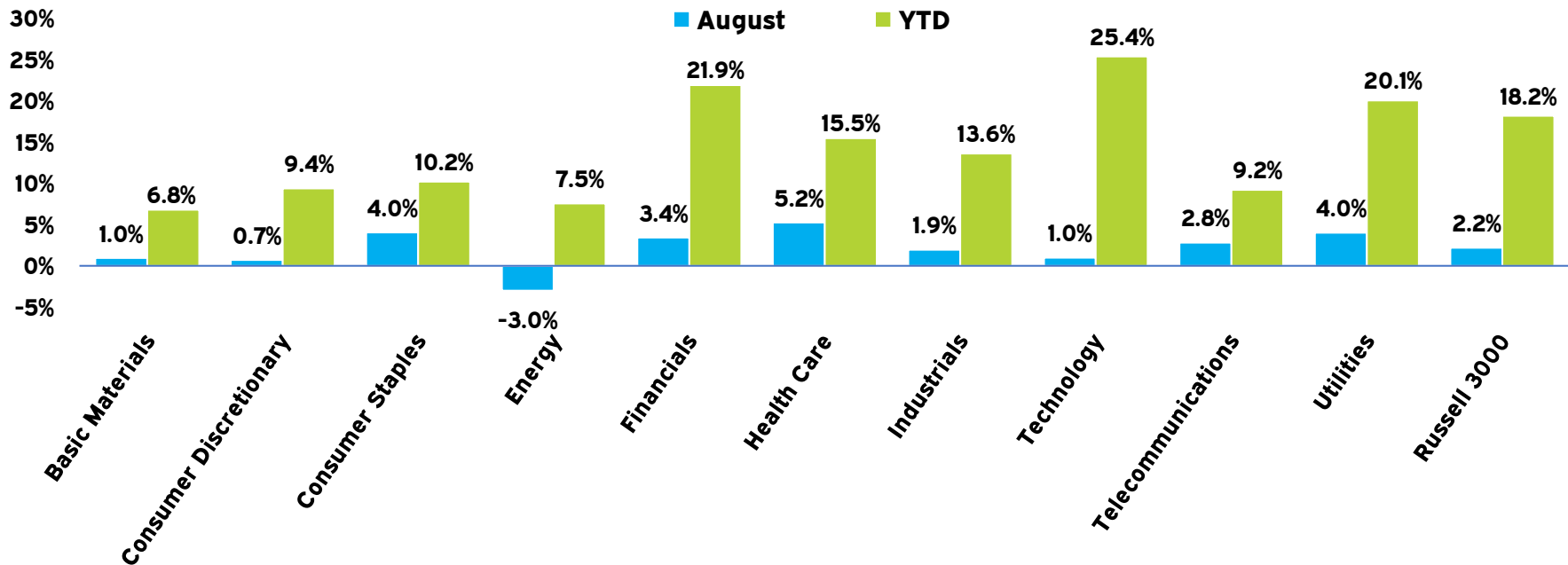
Domestic Equity	August (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	2.4	3.7	19.5	27.1	9.4	15.9	13.0
Russell 3000	2.2	4.1	18.2	26.1	7.9	15.2	12.3
Russell 1000	2.4	3.9	18.6	26.6	8.3	15.5	12.6
Russell 1000 Growth	2.1	0.3	21.1	30.8	8.9	19.1	16.0
Russell 1000 Value	2.7	7.9	15.1	21.1	7.3	11.2	8.8
Russell MidCap	2.0	6.8	12.1	20.2	3.5	11.2	9.6
Russell MidCap Growth	2.5	3.1	9.3	19.1	-0.5	10.5	10.6
Russell MidCap Value	1.9	8.0	13.0	20.2	5.4	10.8	8.3
Russell 2000	-1.5	8.5	10.4	18.5	0.6	9.7	8.0
Russell 2000 Growth	-1.1	7.0	11.7	17.7	-2.1	8.3	8.2
Russell 2000 Value	-1.9	10.1	9.1	19.2	3.1	10.4	7.5

US Equities: The Russell 3000 rose +2.2% in August, bringing the year-to-date results to +18.2%.

- US stocks experienced a sharp drawdown in early August, driven by the unwinding of the yen carry trade and a disappointing July jobs report. However, subsequent encouraging data on jobless claims and retail sales caused investors to be less concerned as the month wore on.
- Apple, Nvidia, and Microsoft now constitute 18% of the Russell 1000 Index (large cap). Taken together they drove the outperformance of the large cap index (+2.4%) over the small cap Russell 2000 index (-1.5%) for the month. The decline in energy prices also contributed to the underperformance as small cap energy companies were more impacted than their large cap peers.

¹ Source: Bloomberg. Data is as of August 31, 2024.

Russell 3000 Sector Returns¹



- In August, economically sensitive energy stood out with negative returns, while other sectors posted positive results.
- Health care (+5.2%) led the way for the month driven by strong results from Eli Lilly related to its weight loss drug. Consumer staples (+4.0%) and utilities (+4.0%) also posted strong gains for the month.
- All sectors have positive returns for the year-to-date period. Technology stocks (+25.4%) continue to lead the broader market, followed by financials (+21.9%), and utilities (+20.1%).

¹ Source: Bloomberg. Data is as of August 31, 2024.

Foreign Equity Returns¹

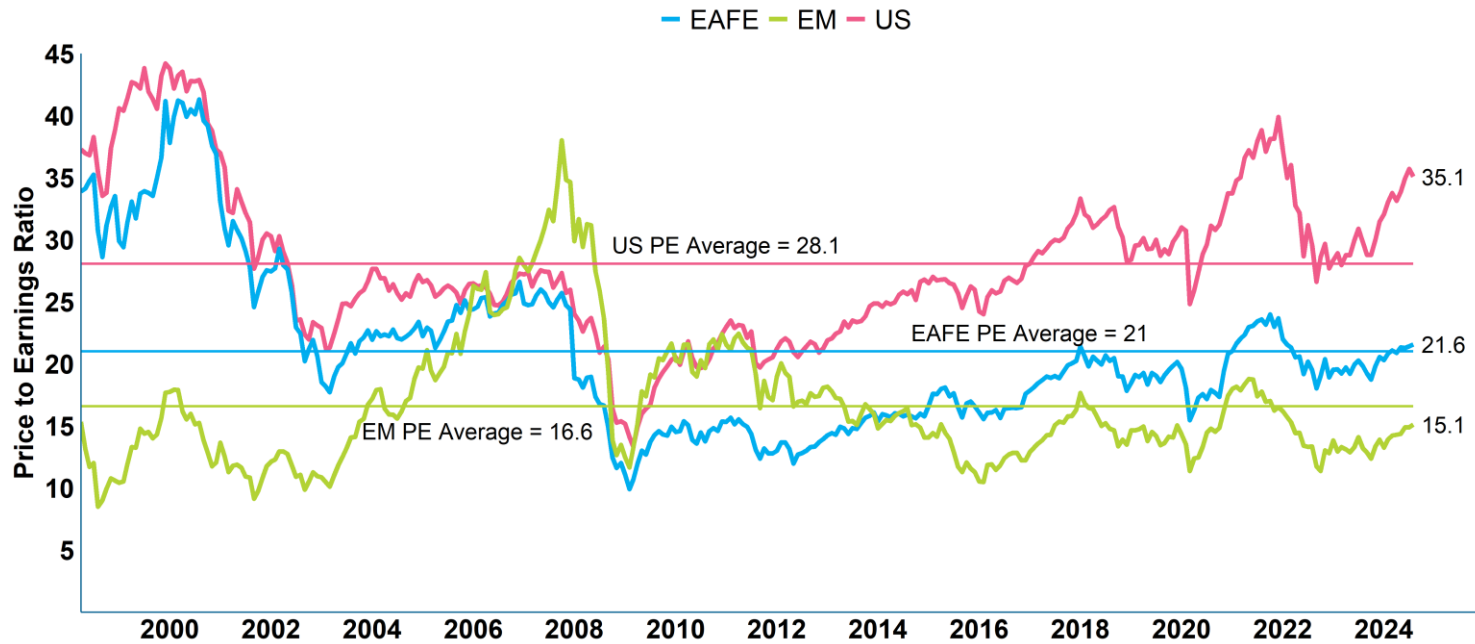
Foreign Equity	August (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI ex. US	2.8	5.2	11.2	18.2	2.1	7.6	4.4
MSCI EAFE	3.3	6.3	12.0	19.4	4.1	8.6	5.2
MSCI EAFE (Local Currency)	0.4	1.2	12.4	16.7	7.6	9.6	7.4
MSCI EAFE Small Cap	2.0	7.8	8.3	15.1	-2.4	6.4	5.3
MSCI Emerging Markets	1.6	1.9	9.5	15.1	-3.1	4.8	2.6
MSCI Emerging Markets (Local Currency)	0.4	1.0	12.1	16.3	0.1	6.6	5.4
MSCI EM ex. China	1.8	2.7	11.3	22.6	1.8	8.7	3.9
MSCI China	1.0	-0.3	4.4	-2.8	-13.6	-3.4	0.6

Foreign Equity: Developed international equities (MSCI EAFE) rose +3.3% in August, while emerging market equities (MSCI Emerging Markets) gained just +1.6%.

- After a sell-off early in the month, developed market equities saw solid returns in August outpacing US equities. The weakening dollar was a major contributor to results with local currency returns much lower (+0.4% versus +3.3%). Europe led global returns for the month following promising inflation news and bolstered by spending around the Paris Olympics. UK returns were positive but comments that tax hikes and spending cuts were on the horizon weighed on relative returns. After initial significant volatility related to the strengthening yen, the Japanese TOPIX ended the month down -2.9%.
- Emerging market equities saw positive returns but lagged its developed peers. Smaller Asian markets saw the greatest returns, due to currency appreciation against the US dollar. China and India saw slight gains but lagged the broad index, while Korea saw losses as tech stocks experienced a correction.

¹ Source: Bloomberg. Data is as of August 31, 2024.

Equity Cyclically Adjusted P/E Ratios¹



→ In August, the US price to earnings ratio fell slightly to 35.1 it still remains well above its 21st century average (28.1).

→ Non-US developed market valuations have increased to slightly above their long-term average while emerging market stocks remain well below their long-term average price-to-earnings ratio.

¹ US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E – Source: Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years. Data is as of August 2024. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month-end respectively.

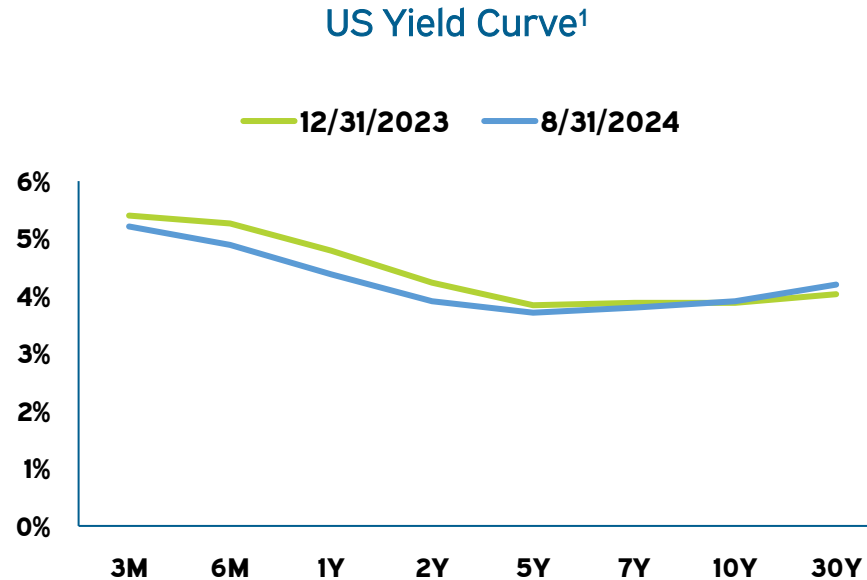
Fixed Income Returns¹

Fixed Income	August (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	1.5	3.8	3.5	7.9	-1.8	0.3	1.9	4.7	6.0
Bloomberg Aggregate	1.4	3.8	3.1	7.3	-2.1	0.0	1.6	4.4	6.2
Bloomberg US TIPS	0.8	2.6	3.3	6.2	-1.3	2.0	2.1	4.0	6.9
Bloomberg Short-term TIPS	0.6	1.5	3.8	6.3	2.2	3.3	2.2	4.1	2.5
Bloomberg High Yield	1.6	3.6	6.3	12.6	2.5	4.5	4.6	7.3	3.5
JPM GBI-EM Global Diversified (USD)	3.1	5.4	1.5	6.0	-1.7	0.1	-0.3	--	--

Fixed Income: The Bloomberg Universal index rose +1.5% in August, bringing the year-to-date return to +3.5%.

- Fixed income indexes rose in August, driven by market participants' expectations for a shift towards more accommodative monetary policy in the coming months largely due to continued easing of inflationary pressures and heightened concerns regarding a weakening labor market.
- The broad US bond market (Bloomberg Aggregate) rose +1.4% over the month, with the broad TIPS market gaining +0.8%. The less interest rate sensitive short-term TIPS index increased +0.6%.
- Riskier bonds led the way during the month, as risk appetite remains strong with emerging market and high yield bonds gaining +3.1% and +1.6%, respectively.

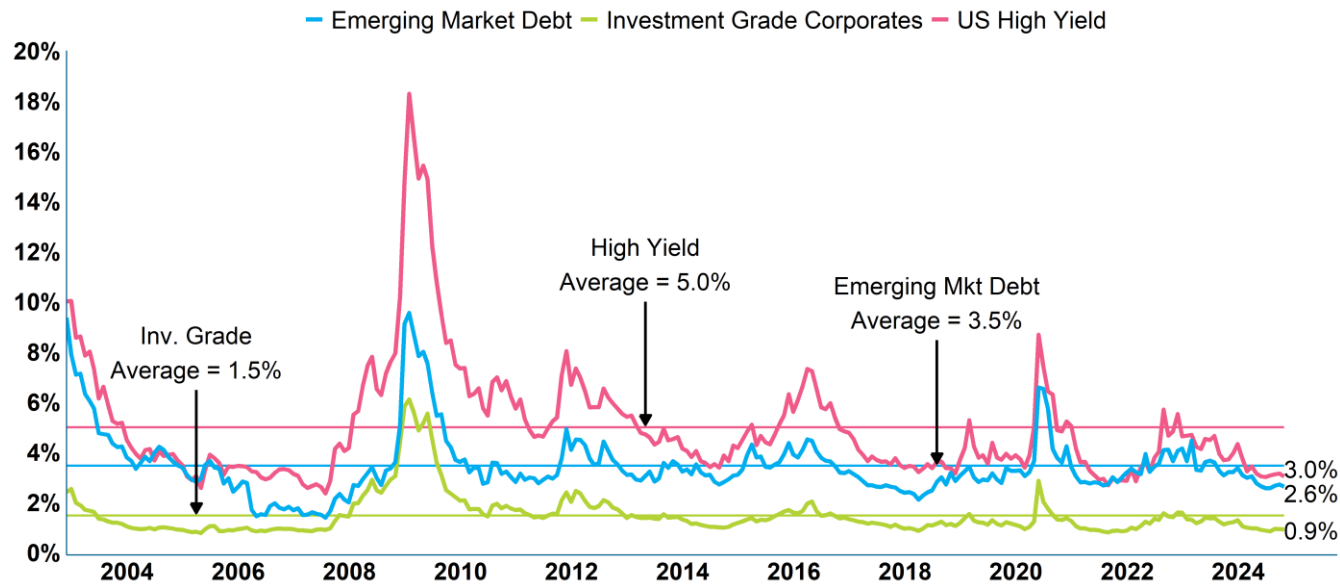
¹ Source: Bloomberg. Data is as of August 31, 2024. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration, respectively. JPM GBI-EM data is from J.P. Morgan. Current yield and duration data is not available.



- Weaker economic data and comments from Chair Powell in August that rate cuts were likely coming in September supported a bond rally for the month.
- Interest rates finished the month lower but largely off the levels reached during the start of the month volatility. The more policy sensitive 2-year Treasury yield declined from 4.26% at the end of July to 3.92% in August. The 10-year Treasury yield fell less in August declining from 4.03% to 3.90%.
- The yield curve was relatively flat at month-end after a long period of inversion, as shorter-dated yields declined the most over the month.

¹ Source: Bloomberg. Data is as of August 31, 2024.

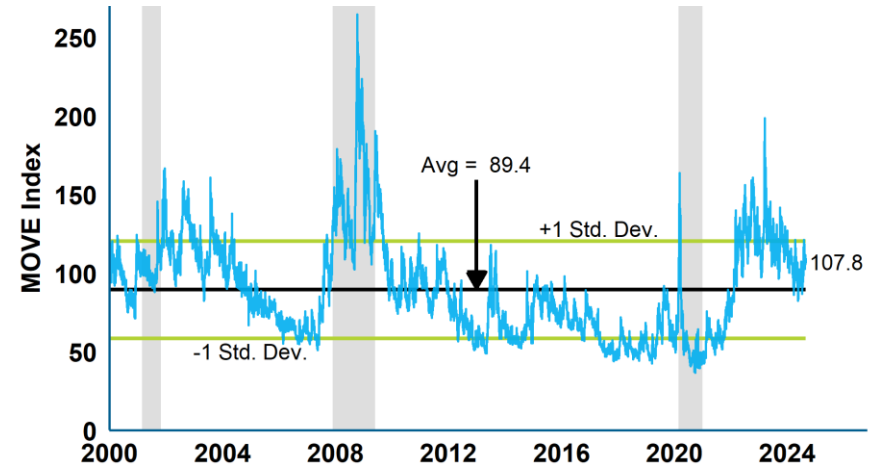
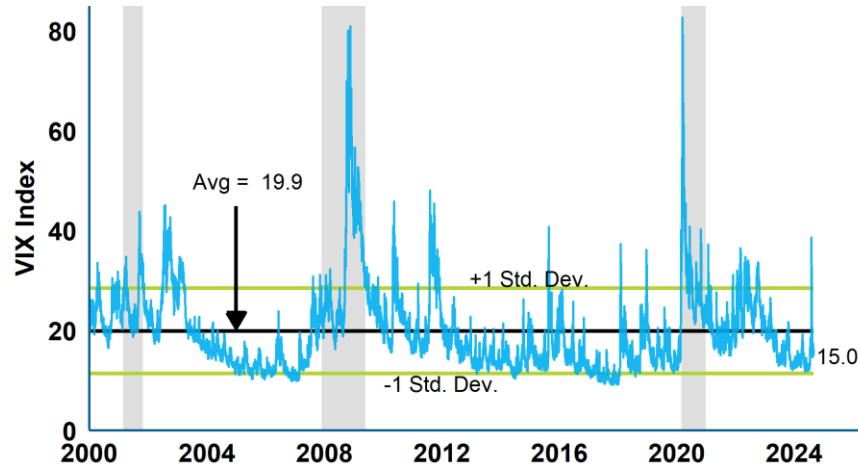
Credit Spreads vs. US Treasury Bonds¹



- Corporate bonds, particularly high yield, generally outperformed government bonds for the month given the prospective for materially lower interest rates.
- Spreads (the yield above a comparable maturity Treasury) widened significantly at the start of the month in the volatile environment but declined after.
- Overall spreads finished largely where they started the month despite the volatility. All spreads remained below their respective long-run averages, particularly high yield.
- Although spreads are relatively tight, yields remain at above-average levels compared to the last two decades, particularly for short-term issues.

¹ Source: Bloomberg. Data is as of August 31, 2024. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

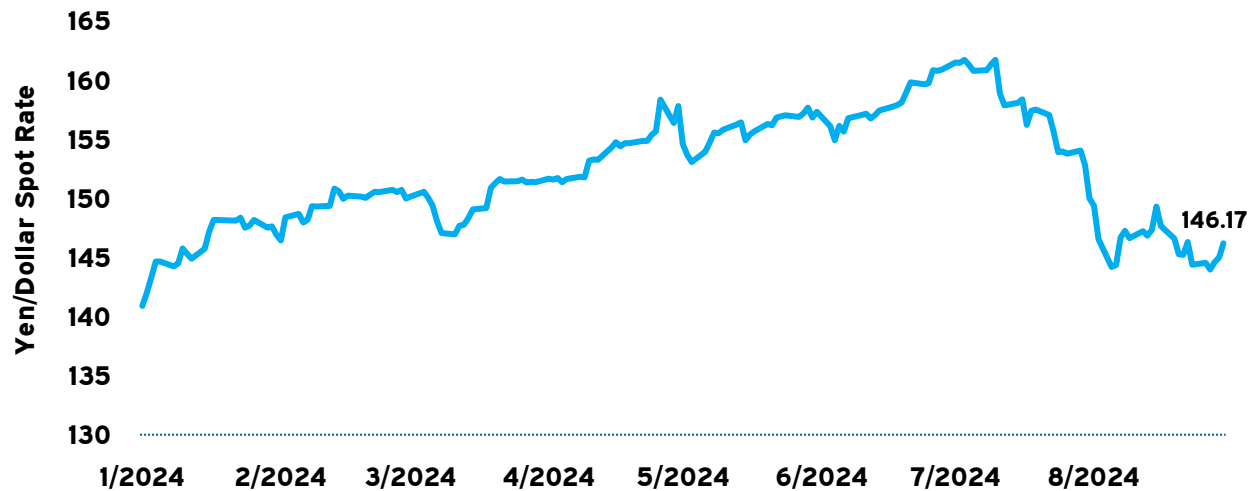
Equity and Fixed Income Volatility¹



- Equity market volatility fell slightly overall in August but this masks the significant volatility in the first part of the month related to the weaker than expected labor report in the US and pressures on the yen carry trade.
- Volatility levels (MOVE) in the bond market also fluctuated through the month finishing off their peak but at a level higher than where they started. Uncertainty in bond markets remain above the long-run average as markets continue to reprice interest rate cuts for the rest of 2024.

¹ Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of August 2024. The average line indicated is the average of the VIX and MOVE values between January 2000 and August 2024.

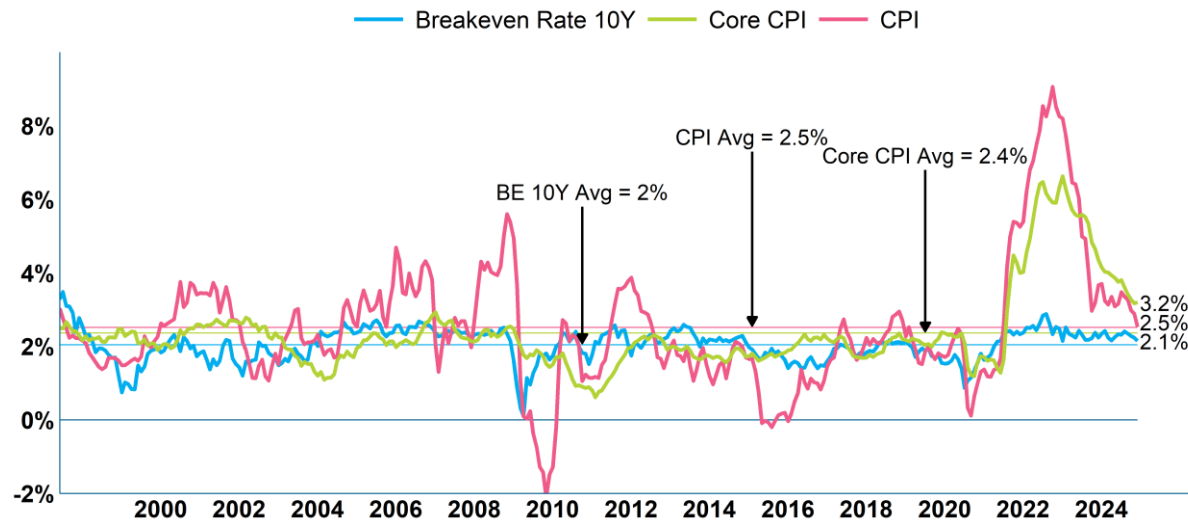
Recent Market Volatility: US Dollar versus Japanese Yen¹



- Given relatively lower interest rates in Japan many have entered the so-called “yen carry trade” borrowing cheaply in Japan and investing in other areas with perceived higher returns.
- This has traditionally involved taking the borrowed proceeds and investing them in Treasuries, but recently has expanded to investing in the US stock market particularly the technology sector.
- When the Bank of Japan signaled, it would continue to increase interest rates with expectations growing for the Fed to cut rates, many unwound this trade contributing to the significant market volatility (in addition to the unemployment miss) at the start of the month.
- With expectations for significant rate cuts ahead in the US the yen has further strengthened after month-end.

¹ Source: Bloomberg. Data as of August 31, 2024.

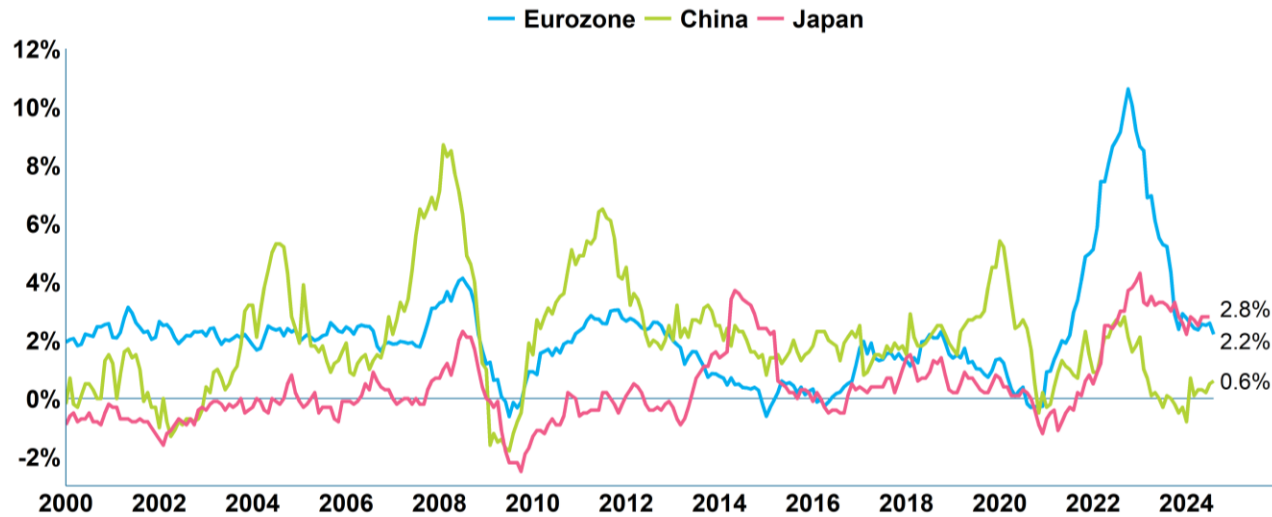
US Ten-Year Breakeven Inflation and CPI¹



- Year-over-year headline inflation continued to fall in August (2.9% to 2.5%), coming in at expectations.
- Month-over-month inflation increased 0.2% in August the same as in July. Shelter and transportation costs posted the largest gains rising 0.5% and 0.9%, respectively. Energy prices (-0.8%) fell for the month while food prices increased (0.1%).
- Core inflation (excluding food and energy) rose 0.3% (slightly above expectations) in August and 3.2% (at expectations) from a year prior.
- Inflation expectations (breakevens) have been relatively stable over the last several years. They remain below current inflation levels.

¹ Source: FRED. Data is as August 2024. The CPI and 10 Year Breakeven average lines denote the average values from February 1997 to the present month-end, respectively. Breakeven values represent month-end values for comparative purposes.

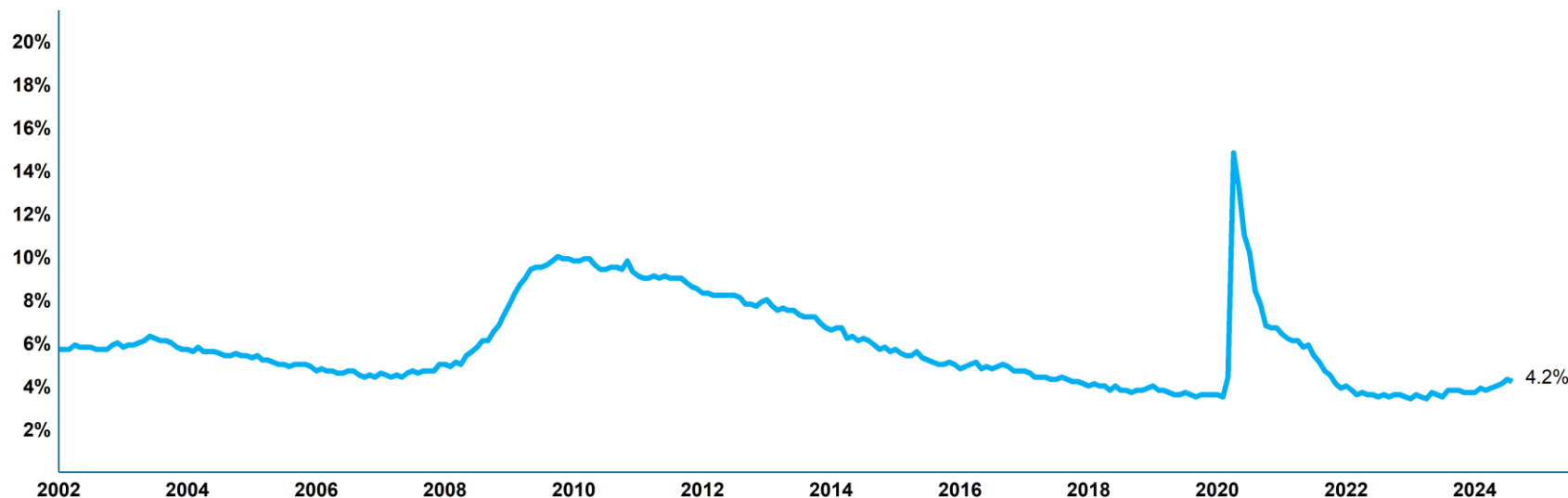
Global Inflation (CPI Trailing Twelve Months)¹



- In the eurozone, inflation fell from 2.5% to 2.2% in August, potentially clearing the way for further rate cuts from the ECB.
- Inflation in Japan remained steady at 2.8% in August for the third straight month. The Bank of Japan made some dovish comments in early August to calm markets, but in early September they signaled a willingness to raise interest rates in the future given inflation levels.
- In China, inflation was slightly up compared to last month representing the seventh straight month of positive price increases after declines late last year. Recent extreme weather has caused supply issues and contributed to higher prices. Inflation in China remains much lower than other countries though due to weak consumer spending and as issues in the real estate sector continue to weigh on sentiment.

¹ Source: Bloomberg. Data is as of August 31, 2024, except Japan which is as of July 31, 2024.

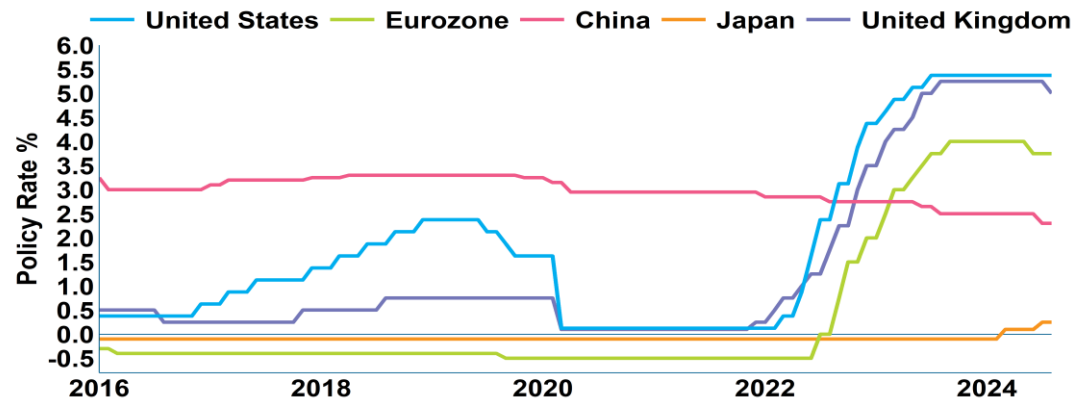
US Unemployment¹



- The unemployment rate fell slightly from 4.3% to 4.2% as the number of people on temporary layoff declined. Compared to a year ago the rate increased by 0.4% (3.8% to 4.2%).
- Construction (+34K), healthcare (+31K), and social services (+13K) sectors added jobs in August while manufacturing reduced jobs (-24k). The total number of jobs created was 142,000 compared to estimates of 165,000.
- The US labor market continues to show signs of slowing with the number of job openings falling to 7.7 million (the peak was over 12 million) and the rate of people quitting jobs is falling.
- The change in average hourly earnings from a year prior remains strong though (around 3.8%), and initial jobless claims are subdued.

¹ Source: FRED. Data is as August 31, 2024.

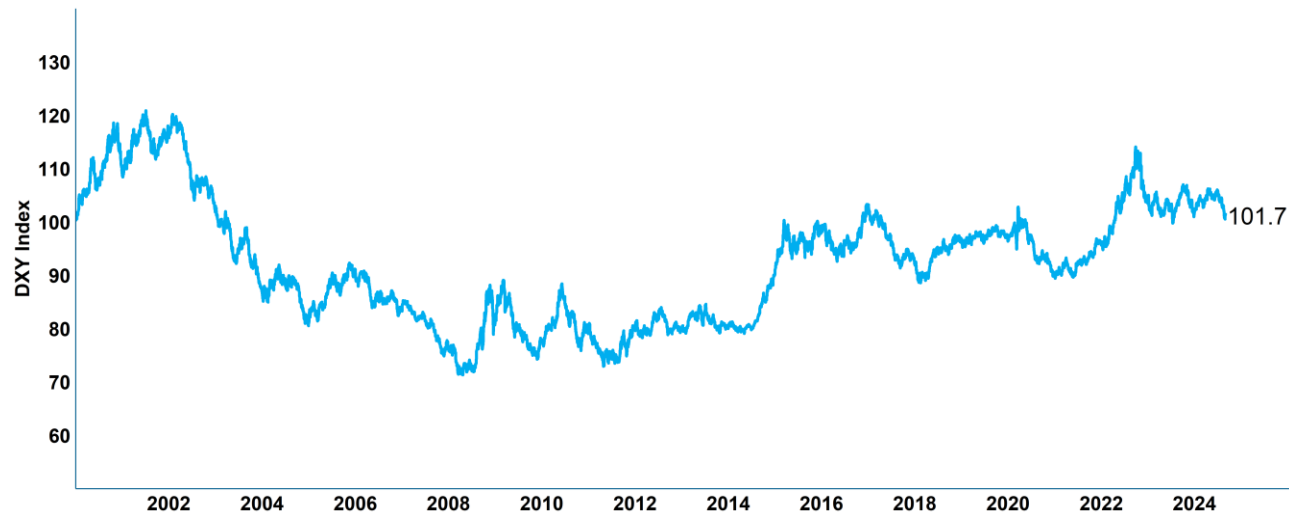
Policy Rates¹



- In the US, the Fed reduced interest rates by 0.5% after holding them at a 5.25%-5.50% level for over a year. Chair Powell cautioned though against assuming that the 0.5% initial cut would be the pace that policymakers would continue at. In their statement they highlighted that they would make additional interest rate cut decisions based on incoming data. Market participants are pricing in two to three additional cuts in 2024.
- The Bank of England (BoE) and European Central Bank (ECB) by contrast have both already started cutting rates. The BoE made a 25 basis points interest rate cut in July while the ECB made two similar cuts in June and September.
- Inflation in Japan remains elevated, prompting Bank of Japan officials to raise the policy rate 0.15% to 0.25% after decades at near-zero rates.
- China's central bank continues to pursue an easing policy given slowing economic growth and low inflation.

¹ Source: Bloomberg. Data is as of August 31, 2024. United States rate is the mid-point of the Federal Funds Target Rate range. Eurozone rate is the ECB Deposit Facility Announcement Rate. Japan rate is the Bank of Japan Unsecured Overnight Call Rate Expected. China rate is the China Central Bank 1-Year Medium Term Interest Rate. UK rate is the UK Bank of England Official Bank Rate.

US Dollar vs. Broad Currencies¹



- The US dollar weakened by over 2% in August on weak economic data and the prospect of rate cuts from the Fed later this year.
- Looking ahead, the track of policy rates across major central banks will be key for the path of the US dollar from here. If the US economy slows more than expected and the Fed relatedly lowers rates at a faster pace, we could see the dollar weaken.

¹ Source: Bloomberg. Data as of August 31, 2024.

Summary

Key Trends:

- According to the International Monetary Fund's (IMF) July report, global growth this year is expected to match the 2023 estimate at around 3.2% with most major economies predicted to avoid a recession.
- Key economic data in the US has largely weakened and come in below expectations, causing markets to expect an additional two to three rate cuts this year after the Fed's initial 0.5% reduction. Uncertainty remains though regarding the timing and pace of interest rate cuts in the coming year.
- We have started to see divergences in monetary policy. Some central banks, such as the European Central Bank and the Bank of England have started to cut interest rates and others, like the Bank of Japan, have increased interest rates, while the Fed appears on the verge of starting rate cuts. This disparity will likely influence capital flows and currencies.
- US consumers could feel pressure as certain components of inflation (e.g., shelter) remain high, borrowing costs are elevated, and the job market may weaken further.
- A focus for US equities going forward will be whether earnings can remain resilient if growth slows. Also, the future paths of the large technology companies that have driven market gains will be important.
- Equity valuations remain lower in emerging and developed markets, but risks remain, including China's economic uncertainty and ongoing weakness in the real estate sector. Japan's recent tightening of monetary policy along with changes in corporate governance in the country could influence relative results.

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San Joaquin County Employees' Retirement Association

October 2, 2024

TO: Board of Retirement
FROM: 
Renee Ostrander
Chief Executive Officer
SUBJECT: Chief Executive Officer Report

Strengthen the long-term financial health of the Retirement Plan

Review and confirm or refresh asset allocation

Complete implementation of 2023 asset allocation policy. Pacing plans set the course for implementing different segments of the asset allocation policy. At the October 9, 2024 Board meeting, Judy Chambers of Meketa Investment Group, will review SJCEA's Private Equity program and recommend a commitment pacing plan. Separately, Maya Ortiz de Montellano of Meketa Investment Group, will review SJCEA's Private Credit program and recommend a commitment pacing plan.

Optimize the investment manager lineup

Evaluate the portfolio for investment efficiency. Almanac Fund Term Extension. Pursuant to Section 2.7 of the Second Amended and Restated Limited Partnership Agreement of the Fund, Almanac Realty (the "General Partner") has determined that it is in the best interest of the Fund to extend the term of the Fund for one additional year until November 6, 2025. This is the last fund term extension at the GP's discretion, and any additional extension will require Limited Partners' approval.

On September 25th, 2024, Oaktree has reached a settlement with the U.S. Securities and Exchange Commission (SEC) related to late filings under Section 13 and 16 of the Securities Exchange Act. While Oaktree was late in making these filings, the SEC did not find that such conduct was intentional or that there was improper trading or an intent to mislead the market. Oaktree agreed to pay a fine of \$375,000. Oaktree does not believe any client was adversely affected by the late filings.

Modernize the operations infrastructure

Implement Pension Administration System (PAS)

Deliver project milestones as scheduled on PAS project plan. On September 3rd, Linea Solutions provided Renee and Brian a draft plan for a "phased" implementation of the pension administration system to deliver core system functionality sooner than the most current "go-live" February 2027 date. The draft plan was reviewed, updated, and delivered to Tegrit for their consideration. Tegrit and Linea will meet with Renee and Brian on October 3 to review and discuss the plan and finalize our mutually agreed approach to the project going forward.

Improve employer experience

Initiate planning and preparation for Employer Portal implementation. Tegrin, Linea, and Brian met with the County's technology team to discuss the changes in the County's file layout and data-gathering logic. Formal project initiation will begin early October as we work with the County's project manager to successfully modify the data files to align to new reporting requirements.

Align resources and organizational capabilities

Enhance education and development across all levels of the organization

Regularly inform staff of available training opportunities. Jordan, Greg and Vickie completed their course for renewal of the BLS (Basic Life Support) certification; Carmen and Marissa attended the CALAPRS Accountants Roundtable; Lolo attended a Cybersecurity Symposium; Elaina attended training for the upgrade for onboarding new staff hired with San Joaquin County; Renee attended the CALAPRS Administrators Institute.

Embed education mindset in organizational culture. In our monthly staff meeting, Jordan provided a "5 Minute Cyber Security Training." In addition, Vickie provided information on Suicide Awareness and Prevention, reminding staff that there are options for help and how to access.

Maintain Business Operations

Employee of the Month

Congratulations to Ron Banez for being named Employee of the Month. Ron has played an integral role in recent activities. In addition to his recent promotion and quickly mastering the new duties of his role, he's been a key subject matter expert on our pension administration system development. Ron has been involved in providing background and education to our developers, testing new functionality, and assisting in the development of new data files for our employers. Ron recently completed the CALAPRS Management Academy and is already putting his new skills to use in his daily work. Keep up the great work, Ron!

2025 Action Plan

During September, the leadership team conducted brainstorming sessions to plan for the 2025 Action Plan. The plan is our annual opportunity to shape the upcoming year using the strategic plan as our foundation and our current environment as inputs to create an action plan to continually move SJCERA forward. Three core themes emerged from the discussion and will be presented during the October meeting. The plan is in draft form to elicit feedback from trustees, in advance of being presented in final form at the December 2024 Board meeting.

Conclusion

During our September staff meeting, we celebrated our two newest graduates. Brian finished his Master of Science in Finance and Andrea completed her Bachelor of Science in Accounting. We were excited as a team to celebrate their hard work and accomplishments. They both donned gowns and completed a graduation walk around the room to the Pomp and Circumstance Graduation Walking March allowing each of us to share our congratulatory support for their success.

At the end of September, I had the opportunity to attend the CALAPRS Administrators Institute. As is prominent in their logo, they are focused on education, communication, and networking. This conference, in particular,



targeted the development of us as administrators and leaders in our organizations. The schedule included sessions on effective communication, performance management, ethical leadership, and understanding the importance of neurodiversity in the workplace. I found the conference to be beneficial to me as an administrator and leader of our team.

And finally, October was designated by the Board of Supervisors as National Retirement Security month in San Joaquin County. SJCERA is happy to participate as a critical component of a county employee's retirement plans, sharing knowledge and ultimately promoting a healthier fiscal future for each employee as they enter retirement. To raise awareness, we are adding logos to our email for the month, highlighting the designation and providing a link to our increased educational opportunities during the month.



ACTION PLAN

For the calendar year 2025



OUR FOCUS FOR 2025

COMMUNICATION

AUTOMATION

GOVERNANCE



1 COMMUNICATION

COMMUNICATION

Communication promotes education and awareness, enhances reputation, and builds relationships with stakeholders such as members, employers, and partners.

The ultimate outcome is to **promote retirement knowledge and readiness amongst our community.**

Highlights

- Develop content (podcast, video, social media, and educational materials) based on member feedback (2B)
- Host Employer Engagement Seminar (2D)
- Establish Employer Training Strategy (2D)





AUTOMATION

AUTOMATION

Automation assists in streamlining operations, reduce errors/risk, and improving data integrity.

The ultimate outcome is to **improve efficiency and stakeholder satisfaction.**

Highlights

- Re-evaluate PAS implementation schedule; determine feasibility of accelerated timeline (2A)
- Define and implement business process improvements in anticipation of new system (2A)
- Evaluate and replace board meeting agenda software (2C)





GOVERNANCE

GOVERNANCE

Governance provides infrastructure and sustainability of operations.

The ultimate outcome is to **promote ethical behavior, mitigate risk and build trust.**

Highlights

- Evaluate fund governance and practices (1F)
- Build a strong baseline of legal compliance with documents, guides, trainings, and implementation of a review process (1F)
- Develop measurements to help track non-financial performance (3D)



FINAL THOUGHTS

Full Action Plan is included in the agenda item

- Define feasible measurements
- 2025 Budget Request
- Refine until December



2025 Action Plan

October 9th, 2024

DRAFT

1 STRENGTHEN THE LONG-TERM HEALTH OF RETIREMENT PLAN

	ACTION ITEM	MEASUREMENTS
1a. Evaluate the Appropriateness of Actuarial Assumptions		
1.a.	Conduct Actuarial Experience Study to assess any relevant changes to demographics	
1b. Asset Allocation		
1.b.i.	Perform Asset-Liability Study	
1.b.ii.	Amend the Strategic Asset Allocation policy based on the result of Asset-Liability Study	
1.b.iii.	Review benchmarks, including private credit, for necessary adjustments	
1c. Operating Model 2025		
1.c.i	Evaluate potential of utilizing our investment consultant for aggregate investment opportunities	
1.c.ii.	Consider modifications to the Funding Policy to address full funding of the system	
1.c.iii.	Initiate the evaluation of best practices on in-house vs. outsourced investment functions	
1d. Optimize Investment Manager Lineup		
1.d.i.	Evaluate the portfolio/investment managers for optimum performance and initiate changes as needed	
1.d.ii.	Conduct Pacing studies for all private asset classes (Private Real Estate, Private Equity, and Private Credit) and consider new managers based on board-approved pacing	
1e. Risk Assessment		
1.e.i	Evaluate risk tolerance during Asset-Liability and Actuarial Experience Study	
1f. Define Emerging Governance Issues		
1.f.i	Evaluate practices related to fund governance	
1.f.ii.	Build a strong baseline of legal compliance with documents, guides, training, and implementation of a review process	

2 MODERNIZE THE OPERATIONS INFRASTRUCTURE

	ACTION ITEM	MEASUREMENTS
2a. New Pension Administration System		
2.a.i.	Re-evaluate PAS implementation schedule; determine feasibility of accelerated timeline	
2.a.ii.	Define and implement business process improvements in anticipation of the new system	
2.a.iii.	Develop and present to board policies needed for new system implementation	
2.a.iv.	Develop SJCERA employee education plan for new system	
2.a.v.	Develop member and employer educational materials to increase understanding and adoption of new pension system	
2.a.vi.	Develop and implement employer and member communication strategy for implementation	
2b. Member Experience		
2.b.i.	Develop member engagement strategy, including new website design and annual member open house	
2.b.ii.	Revamp current education strategy	
2.b.v.	Develop content (podcast, video, social media and educational materials) based on member feedback	
2c. Improve Business Operations		
2.c.i.	Evaluate and replace board meeting agenda software	
2.c.iii.	Develop workflows for tracking current operational workload	
2.c.iv.	Risk Management and Audit with Linea Secure	
2d. Employer Experience		
2.d.i.	Conduct an employer survey to determine educational and engagement needs	
2.d.ii.	Develop and implement an employer education strategy, including tools to enhance education, consistency of communication and compliance	
2.d.iii.	Establish an annual Employer Roundtable	
2.d.iv.	Establish semiannual, in-person meetings with each employer discussing their SJCERA operational issues and current topics	

3 ALIGN RESOURCES AND ORGANIZATIONAL CAPABILITIES

	ACTION ITEM	MEASUREMENTS
3a. Workforce Planning		
3.a.i.	Develop preliminary post-system implementation workforce allocation	
3.a.ii.	Develop onboarding documents for targeted position in SJCERA, including goals for knowledge, anticipated productivity, etc	
3b. Staff Education		
3.b.i.	Enhance current staff evaluation process to include development discussions and planning	
3c. Board of Retirement Practices		
3.c.i.	Develop and present board fiduciary educational presentation for trustees	
3.c.ii.	Develop and present disability educational presentation for trustees	
3d. Organization Metrics		
3.d.i.	Develop measurements to help track non-financial performance	

MANAGING EMERGING NEEDS

	Complete RFP for actuarial and investment consulting services	
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Board of Retirement Meeting

San Joaquin County Employees' Retirement Association

Agenda Item 9.02-01

October 9, 2024

SUBJECT: Pending Member Accounts Receivable – 3rd Quarter

SUBMITTED FOR: CONSENT ACTION INFORMATION

RECOMMENDATION

This report is submitted for the Board's information.

PURPOSE

To report the quarterly summary of pending accounts receivables for SJCERA retired or deferred members as of September 30, 2024.

DISCUSSION

This quarter's Pending Accounts Receivable Report, below, includes all receivables owed by either retirees, beneficiaries or deferred members.

QUARTERLY SUMMARY REPORT OF PENDING ACCOUNTS RECEIVABLE - SJCERA MEMBERS

3rd Quarter - Through September 2024								
Action Date	Total Receivable	Payments Began	Current Balance	Current Payment	Payment Description	Payment End Date	First Reported To Board	
1 07/15/09	\$11,475.48	05/01/11	\$2,231.93	\$163.00	Overpaid Disability Benefits	10/02/25	Jul-11	
2 05/19/02	\$35,537.23	11/01/15	\$7,709.72	\$310.99	Overpaid Retirement Benefits	12/02/27	Jul-21	
3 12/31/22	\$25,062.14	02/01/23	\$12,900.85	\$625.26	Underpaid Health premiums	12/02/26	Apr-23	
4 04/03/23	\$8,494.56	04/03/23	\$4,247.28	\$235.96	Underpaid Contributions	04/02/26	Jul-23	
5 02/01/24	\$13,317.48	02/01/24	\$10,358.04	\$369.93	Overpaid Retirement Benefits	02/02/27	Apr-24	
6 02/01/24	\$8,695.73	02/01/24	\$2,684.45	\$751.41	Overpaid Retirement Benefits	02/02/25	Apr-24	
7 04/01/24	\$644.52	05/01/24	\$107.42	\$107.42	Underpaid Contributions	10/02/24	Jul-24	
Total Accounts Receivable as of 9/30/2024			\$40,239.69					

No new receivables in the third quarter of 2024.


BRIAN MCKELVEY
Asst. Chief Executive Officer

Pending Disability Application Statistics
3rd Quarter 2024
Open Cases

SJCERA received 0 disability applications during Q3 2024

Time Elapsed From Application Date	
01 - 03 Months	0
04 - 06 Months	4
07 - 09 Months	2
10 - 12 Months	1
13 - 15 Months	1
16 - 18 Months	1
19 - 21 Months	0
22 - 24 Months	0
Over 24 Months	0
Total	9

Break Down By Application Type	
Service-Connected	9
Nonservice Connected	0
Service & Nonservice Connected	0
Total	9

Breakdown By Department				Total	SJCERA	
	Service	Nonservice	Service & Nonservice		Members	Ratio
District Attorney	1	0	0	1	270	0.37%
Human Services Agency	1	0	0	1	1,268	0.08%
Mental Health	1	0	0	1	671	0.15%
Sheriff	6	0	0	6	765	0.78%
Totals	9	0	0	9	2,974	0.30%
Total SJCERA Active Members For All Departments As of 9/8/2024					6,836	0.13%
Total Number of Department Groups					4	

2024 Total Cases Resolved = 4

Goal #1 - 100% of applications that do not require a hearing will go to the Board within 9 months

Goal #2 - 80% of applications requiring a hearing will go to the Board within 18 months

- Goal #1** 0% Completed within 9 months
- Goal #2** 0% Completed with Hearing within 18 months

The one case that was resolved in the third quarter of 2024 required a hearing and was not resolved within 18 months, not meeting Goal #2. Staff and our disability attorney meet twice per month and continue to take action to ensure all cases move through the process timely.

Calendar Year Comparison
1/1 to 12/31

	2019	2020	2021	2022	2023	2024
New	13	7	16	14	14	6
Granted	19	10	8	12	13	3
Denied	2	4	3	3	3	0
Dismissed	6	2	0	0	1	1
Withdrawn	4	0	0	2	1	0
Rejected					3	0
Total Closed	31	16	11	17	21	4



Board of Retirement Meeting
 San Joaquin County Employees' Retirement Association

Agenda Item 9.02-03

Q3 2023 – Operational Metrics

As part of SJCERA's efforts to make data-based decisions, the Retirement Services and IT units formalized its initial data collection in August 2023. This report represents the second full quarter we have data to report. The data is already useful for workload allocation and training decisions. As our data collection and analysis matures, we will analyze and report on trends over time.

Retirement Services

Completed Activities	Jul	Aug	Sep	Q3 Totals	Monthly Average ¹
Retirements	15	16	9	40	13
Deaths	18	10	13	41	14
Refunds	30	32	34	96	32
New Employees	62	107	44	213	71
Deferred	42	43	27	112	37
Terminations	60	60	32	152	51
Estimates	23	37	30	90	30
Service Purchases	12	16	14	42	14

Information Technology

Completed Activities	Jul	Aug	Sep	Q3 Totals	Monthly Average ¹
IT Support	247	216	374	837	279
Ongoing Production	228	233	276	737	246
Cybersecurity & Infrastructure Maintenance	86	98	134	318	106
Move related	57	23	12	92	31
Projects	123	105	112	340	113

Brian P. McKelvey
 Assistant Chief Executive Officer

¹ Monthly Average values rounded to nearest whole number.



Organization	SJCERA		
Project	PRIME PAS Implementation		
Subject	Project Status for Board Reporting		
Date	09/25/2024		
Version	1.0	Page	1 of 1

9.02 - 04 PENSION ADMINISTRATION SYSTEM UPDATE - Q3 2024

The goal of the PRIME Pension Administration System (PAS) Implementation Project is to modernize IT and pension work processes to drive efficiency, accuracy, and security associated with SJCERA’s core business and services. This system solution will provide many modern tools that will enable SJCERA to maintain and improve service to members.

DATA CONVERSION

- The data team continued to collaborate on identifying and resolving priority data cleansing issues.
- Planning began for the timing and content of Data Cycle 7 which will focus on high priority data fixes.

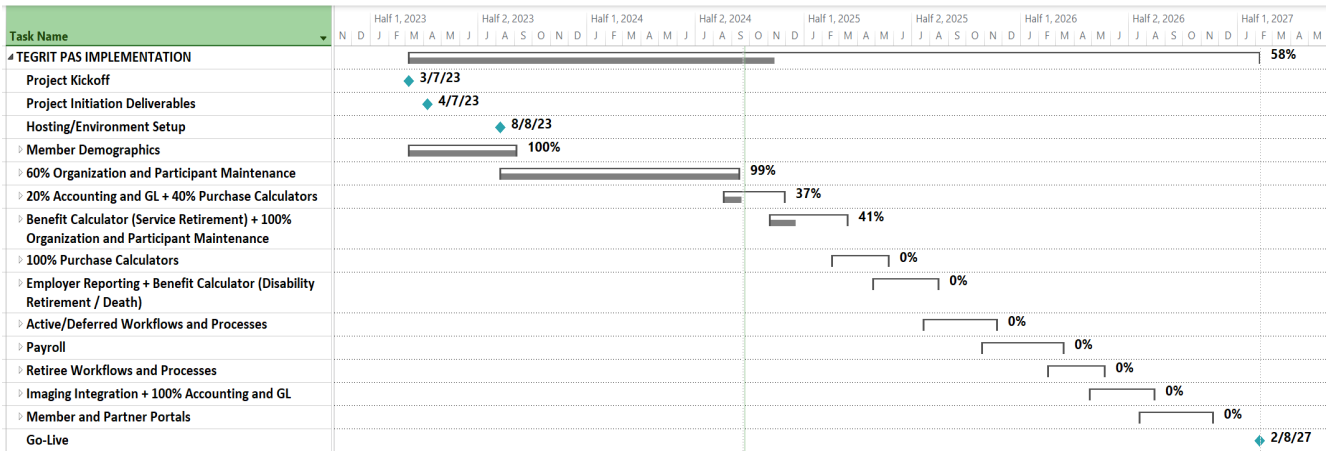
PAS DEVELOPMENT

- Tegrit continued discovery and development on multiple areas in parallel, including Employer Reporting, Optix (imaging system), Contribution Rates, Service, and Service Purchases.
- Tegrit visited SJCERA on September 10 – 12 in part to hold initial meetings with employers San Joaquin County and the Superior Court about new transmittal file development.
- Tegrit presented a proof of concept to SJCERA for data reconciliation activities.
- Tegrit delivered the design document for the Medical Leave Service Purchase Calculator and interface.

TESTING

- Testing was completed on Release 4, which contained new organization and participant maintenance functionality. Testers identified and documented seven issues for Tegrit to correct in a future release.

SCHEDULE



BUDGET

Cost Summary

Total Contracted Cost	\$9,982,500	
Approved Change Orders	\$0	
Total Project Cost	\$9,982,500	
		% of Total
Paid to Date	\$1,221,480	12%
Remaining	\$8,761,020	88%

Upcoming Milestones

Date	Milestone	Invoice
09/13/24	Organization and Participant Maintenance - 60%	\$266,747
11/29/24	Accounting and GL 20%	\$108,000
11/29/24	Purchase Calculators 40%	\$144,000
03/14/25	Benefit Calculator (Service Retirement)	\$646,110
03/14/25	Organization and Participant Maintenance 100% (40%)	\$177,831