

Pension Trust

1000 Mill Street
San Luis Obispo, CA 93408
(805) 781-5465 Phone
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www.SLOPensionTrust.org



AGENDA

Monday, August 24, 2020 9:30 AM

PENSION TRUST BOARD OF TRUSTEES

*** Online only**

MEETING MATERIALS

Materials for the meeting may be found at

<http://www.slocounty.ca.gov/Departments/Pension-Trust/Board-of-Trustees>

Any supporting documentation that relates to an agenda item for open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available at this location.

AMERICANS WITH DISABILITIES ACT (Government Code §54953.2)

Disabled individuals who need special assistance to listen to and/or participate in any meeting of the Board of Trustees may request assistance by calling 805/781-5465, or sending an email to SLOCPT@co.slo.ca.us. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting materials and access available in alternative formats. Requests for assistance should be made at least two days in advance of a meeting whenever possible.

*** TELE-CONFERENCE / VIDEO-CONFERENCE**

Due to the current pandemic Board of Trustees meetings are closed to the public attending in person until further notice.

This meeting of the Board of Trustees will be held via teleconference and/or videoconference pursuant to Executive Order N-25-20, issued by Governor Newsom on March 12, 2020, Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, and Executive Order N-35-20, issued by Governor Newsom on March 21, 2020. Items of business will be limited to the matters shown on the agenda.

If you wish to view the videoconference of the meeting please access

<https://zoom.us/j/94158592269?pwd=YlI0UkpZZ2daYkl0Q3U2VE93aHdqZz09>

If you wish to listen to the teleconference meeting, please dial 669/900-6833 (Meeting ID 941-5859-2269). If you have any questions or require additional service, please contact SLOCPT at 805/781-5465.

A) PUBLIC COMMENT

1. Public Comment: Members of the public wishing to address the Board on matters other than scheduled items may do so when recognized by the Chair. Presentations are limited to three minutes per individual.

B) CONSENT

2. Minutes of the Regular Meeting of June 22, 2020 (Approve Without Correction).
3. Reports of Deposits and Contributions for the months of June and July 2020 (Receive and File).
4. Reports of Service Retirements, Disability Retirements and DROP Participants for the months of June and July 2020 (Receive, Approve and File).
5. Monthly Investment Report for June 2020 (Receive and File).
6. Stipulation for the Division of Pension Benefits – Option Four Pension Benefit Election (Recommend Approval)

C) ORGANIZATIONAL

7. Resolution Honoring Trustee Matt Janssen - Resolution 2020-04 (Recommend Approval).
8. Committees – appointment of members by President.
 - i. Audit Committee (standing committee)
 - ii. Personnel Committee (standing committee)

D) APPLICATIONS FOR DISABILITY RETIREMENT

None

E) OLD BUSINESS

None

F) NEW BUSINESS

9. June 30, 2020 Mid-Year Financial Statements and Fiscal Year 2019-2020 Administrative Budget Status (Receive and File).
10. Actuarial Services Request for Proposal – Process and RFP Draft (Recommend Approval).

G) INVESTMENTS

11. Quarterly Investment Report for the 2nd Quarter of 2020 – Presentation by Scott Whalen, Verus (Receive and File).
12. Monthly Investment Report for July 2020 (Receive and File).
13. Asset Allocation Policy – Amended Investment Policy Statement (Review, Discuss, and Direct Staff as necessary).
14. Private Markets – Program Review (Review, Discuss, and Direct Staff as necessary).
15. Asset Allocation - (Review, Discuss, and Direct Staff as necessary)

H) OPERATIONS

16. Staff Reports
17. General Counsel Reports
18. Committee Reports:
 - i. Audit Committee No Report
 - ii. Personnel Committee No Report
19. Upcoming Board Topics (subject to change)
 - i. September 28, 2020
 - a. Fiduciary Refresher briefing
 - b. Investment Policy – Adopt IPS and SAA Policy
 - c. Investment Strategy – Liquidity Pool
 - d. Annual Strategic Planning session
 - (a) Funding Policy update
 - (b) Staff Continuity planning
 - (c) Investment Consultant – future needs
 - e. Executive Director evaluation

- ii. October 26, 2020 (planned as a non-meeting month)
- iii. November 23, 2020
 - a. Interest Crediting Rates and PEPRAs Compensation Limit
 - b. Actuarial Services RFP responses and Selection
 - c. Quarterly Investment Report
 - d. Investment Strategy – Growth Asset Classes
- iv. December 21, 2020 (planned as a non-meeting month)
- v. January 25, 2021
 - a. Appointment of Replacement Elected Trustee
 - b. Election of Officers
 - c. Committee Appointments
 - d. Annual Policies Review
 - e. Annual Cashflow Analysis

20. Trustee Comments

I) CLOSED SESSION

None

J) ADJOURNMENT

**PENSION TRUST
BOARD OF TRUSTEES**

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MINUTES

**PENSION TRUST
BOARD OF TRUSTEES**

Monday, June 22, 2020 *
Regular Meeting of the Pension Trust
Board of Trustees

** Note – all attendees participated via videoconference as noticed on the agenda for the meeting. Public access was available via videoconference or an audio-only phone-in line.*

Board Members Present: Guy Savage President
Gere Sibbach Vice President
Taylor Dacus
Jim Hamilton **
Jeff Hamm
Matt Janssen
Michelle Shoresman **

Board Members Absent: -

Pension Trust Staff: Carl Nelson ** Executive Director
Amy Burke Deputy Director
Jennifer Alderete Accountant

General Counsel: Chris Waddell

Consultants: Rosalva Flores and Alaina Vandermade
Brown Armstrong Accountancy
Paul Wood and Thomas Lyle
Gabriel Roeder Smith

Others: Michael Hobbs SLO County Human Resources
Lisa Winter, Anna Bastidos, Josh Lopez
SLOCPT staff
Larry Batchelder SLOCREA
Andrea Paley Retiree
5 others via unidentified teleconference numbers

*** Present at the physical location of the meeting, Board of Supervisors chamber, County Government Center.*

Call to Order: 9:34 AM by President Savage, presiding over the meeting.

A) PUBLIC COMMENT

None

B) CONSENT

2. Minutes of the Regular Meeting of May 18, 2020 (Approve Without Correction).
3. Reports of Deposits and Contributions for the month of May 2020 (Receive and File).
4. Reports of Service Retirements, Disability Retirements and DROP Participants for the month of May 2020 (Receive, Approve and File).
5. Monthly Investment Report for April 2020 (Receive and File).
6. Reserved agenda item – not used

Motion: Approve the Consent items.

Public Comment: none

Discussion: none

Motion Made: Mr. Savage Motion Seconded: Mr. Hamm

Carried: Unanimous (roll call vote)

C) ORGANIZATIONAL

Trustee Savage announced that the Elected Trustee position occupied on an appointed basis by Trustee Shoresman had a notice of election sent out in May. Ms. Shoresman was the only person to file a notice of candidacy. Ms. Shoresman was confirmed by the Board of Supervisors to fill the Elected Trustee position for the term ending in June 2023.

D) APPLICATIONS FOR DISABILITY RETIREMENT

None

E) OLD BUSINESS

None

F) NEW BUSINESS**7. Audited Financial Statements for the period ended December 31, 2019 – Comprehensive Annual Financial Report – presentation by Rosalva Flores and Alaina Vandermade, CPAs of Brown Armstrong Accountancy.**

Discussion: The SLOCPT's external audit firm – Brown Armstrong - presented the results of their audit of the 2019 financial statements. They reported an unmodified audit opinion (the highest form of audit opinion) and no material internal control weaknesses or deficiencies. Minor management letter comments were noted with suggestions for small changes to practice. Trustee Sibbach reported that the Audit Committee was pleased with the results, particularly since 2019 included a large record keeping system conversion.

Motion: To receive and file the 2019 audited financial statements, approve the 2019 Comprehensive Annual Financial Report, and direct Staff to distribute in accordance with the Retirement Plan.

Public Comment: None

Motion Made: Mr. Sibbach Motion Seconded: Mr. Janssen

Carried: Unanimous (roll call vote)

8. January 1, 2020 Actuarial Valuation and Pension Contribution Rates

Discussion: The Plan Actuary – Paul Wood and Thomas Lyle of Gabriel Roeder Smith and Staff presented the 2020 Actuarial Valuation with an extensive presentation and discussion. Trustees asked numerous questions about the results of the Valuation and discussed the issues with the actuaries. Extensive discussion was held regarding a reduction in the Discount Rate used from 7.000% to 6.875% as a step towards lowering the funding risk of the Plan.

Motion: To –

- 1) Approve the January 1, 2020 Actuarial Valuation, incorporating a number of actuarial assumption changes approved at the May 18, 2020 Board of Trustees meeting including the use of a 6.875% Discount Rate.
- 2) Approve the transfer of \$33,440,791 from the Current Reserve to the Retiree Reserve as recommended by GRS in the Reserves Comment of the Valuation.
- 3) Approve the recommendation of the Plan Actuary to increase the current level of County Appropriation and Employee Contribution rates such that a **Total Contribution Rate of 47.92% effective January 1, 2020 is received - an increase of 3.60% over the current Charged Rate of contributions as of 1/1/20** as recommended by GRS in the Contribution Rate Comment of the Valuation. This increase is subject to delayed

implementation as may be requested by the Plan Sponsor, with adjustments to the rate calculated by GRS to account for the deferred implementation. In addition, this rate increase is the aggregate pension contribution rate increase for all classes of Members. Different contribution rate increases are recommended for Miscellaneous, Probation, and Safety classes of Members due to their differing benefit formulas as shown on the Deferred Implementation Date exhibit.

Public Comment: none

Motion Made: Mr. Savage Motion Seconded: Mr. Janssen

Carried: Unanimous (roll call vote)

9. Employer Contributions FY19-20 Prefunding Amount

Discussion: Staff presented the recommendation to approve the amount calculated for FY20-21 by SLOCPT’s actuary, Gabriel Roeder Smith (GRS), for the prefunding of Employer Contributions and Employer for Employee Contributions (“pick up”) for the County and APCD.

Motion: Approve Staff Recommendation

Public Comment: None

Motion Made: Mr. Sibbach Motion Seconded: Mr. Hamm

Carried: Unanimous (roll call vote)

G) INVESTMENTS

10. Monthly Investment Report for May 2020

Discussion: Monthly investment performance report by Staff.

Motion: Receive and File

Public Comment: None

Motion Made: Mr. Savage Motion Seconded: Mr. Janssen

Carried: Unanimous (roll call vote)

11. Asset Allocation

Discussion: Staff reviewed routine administrative asset allocation transfers related to liquidity and portfolio rebalancing to asset allocation policy targets.

Public Comment: None

No Action Necessary

H) OPERATIONS

12. Staff Reports

- i. Elected Trustee replacement process – Staff commented that the process to be followed by Elected Trustees Shoresman and Dacus to appoint a replacement for the remainder of Trustee Janssen’s term after his retirement is at their discretion.
- ii. Pension Administration System – Staff reported that following the July 2019 implementation of PensionGold Version 3 that the initial year of warranty is ending without any significant issues.
- iii. Brandywine Global Fund – Staff reported that the previously authorized transition from the Brandywine International Fixed Income Fund to the Brandywine Global Fixed Income Fund successfully took place during June.
- iv. PIMCO Distressed Credit Fund – Staff reported that the final distribution from the PIMCO DCF initiated in 2010 took place. The annualized Net IRR of the opportunistic private credit fund 2010 to 2020 was 12.38%.

13. General Counsel Reports

- i) Chris Waddell as General Counsel commented on the current California Supreme Court case involving Alameda County’s retirement system. Mr. Waddell does not expect a decision in this case prior to the August 3rd due date. He expects the California Supreme Court to rule narrowly in this case and not make any significant changes affecting the Vested Rights doctrine. The expected impact may alter how 1937 Act County Retirement Systems administer some elements of pensionable compensation and is unlikely to have any effect on San Luis Obispo County.

14. Committee Reports:

- i. Audit Committee Addressed during Agenda Item 7 above
- ii. Personnel Committee No Report

15. Upcoming Board Topics – published on meeting agenda

16. Trustee Comments

None

I) CLOSED SESSION

None

J) ADJOURNMENT –

There being no further business, the meeting was adjourned at 11:18 AM. The next Regular Meeting was set for August 24, 2020, at 9:30 AM, in the Board of Supervisors chamber, County Government Center, San Luis Obispo, California 93408.

Respectfully submitted,

Carl Nelson
Executive Director

**REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF
JUNE 2020**

PP 12 6/5/2020 By Employer and Tier:	Pensionable	Employer	Employer	Employee	Employer for	Employee	Combined	Additional	Buy	TOTAL
	Salary	Contributions	Rate	Contributions	Employee Contributions	Rate	Rate	Contributions	Backs	Contributions
County Tier 1	3,255,489.38	835,598.70	25.67%	391,469.64	276,797.63	20.53%	46.19%	912.50	3,762.55	1,508,541.02
County Tier 2	996,812.52	266,800.85	26.77%	50,695.78	84,062.27	13.52%	40.28%	-	332.54	401,891.44
County Tier 3	3,393,530.91	851,410.19	25.09%	419,962.87	-	12.38%	37.46%	-	809.92	1,272,182.98
Superior Court Tier 1	251,260.60	69,909.82	27.82%	46,805.38	-	18.63%	46.45%	-	-	116,715.20
Superior Court Tier 3	106,618.37	28,167.49	26.42%	14,038.22	-	13.17%	39.59%	-	-	42,205.71
APCD Tier 1	58,306.30	14,417.43	24.73%	8,444.82	4,293.28	21.85%	46.57%	-	-	27,155.53
APCD Tier 3	21,044.80	5,024.86	23.88%	2,924.24	-	13.90%	37.77%	-	-	7,949.10
SLOCPT Tier 1	7,715.87	1,860.30	24.11%	1,026.98	716.80	22.60%	46.71%	-	-	3,604.08
SLOCPT Tier 2	9,171.20	2,211.17	24.11%	346.67	852.01	13.07%	37.18%	-	-	3,409.85
SLOCPT Tier 3	11,733.98	2,771.56	23.62%	1,523.88	-	12.99%	36.61%	250.00	-	4,545.44
LAFCO Tier 1	10,832.21	3,269.43	30.18%	709.51	1,006.31	15.84%	46.02%	-	-	4,985.25
LAFCO Tier 3	1,731.20	479.20	27.68%	161.35	-	9.32%	37.00%	-	-	640.55
RTA Tier 2	25,056.98	6,384.51	25.48%	527.05	3,257.40	15.10%	40.58%	-	-	10,168.96
RTA Tier 3	11,816.96	3,418.14	28.93%	1,199.49	-	10.15%	39.08%	-	-	4,617.63
	8,161,121.28	2,091,723.65	25.63%	939,835.88	370,985.70	16.06%	41.69%	1,162.50	4,905.01	\$ 3,408,612.74

PP 13 6/19/2020 By Employer and Tier:	Pensionable	Employer	Employer	Employee	Employer for	Employee	Combined	Additional	Buy	TOTAL
	Salary	Contributions	Rate	Contributions	Employee Contributions	Rate	Rate	Contributions	Backs	Contributions
County Tier 1	3,248,035.12	833,979.41	25.68%	390,476.92	276,313.69	20.53%	46.21%	912.50	1,692.05	1,503,374.57
County Tier 2	994,803.46	267,028.42	26.84%	49,965.46	84,455.18	13.51%	40.35%	-	332.54	401,781.60
County Tier 3	3,394,142.06	852,937.95	25.13%	420,907.15	-	12.40%	37.53%	-	809.92	1,274,655.02
Superior Court Tier 1	249,678.14	69,478.38	27.83%	46,384.43	-	18.58%	46.40%	-	-	115,862.81
Superior Court Tier 3	110,077.29	28,882.76	26.24%	13,530.34	-	12.29%	38.53%	-	-	42,413.10
APCD Tier 1	58,504.91	14,465.35	24.73%	8,482.46	4,304.70	21.86%	46.58%	-	-	27,252.51
APCD Tier 3	21,560.82	5,146.85	23.87%	3,016.46	-	13.99%	37.86%	-	-	8,163.31
SLOCPT Tier 1	7,715.87	1,860.30	24.11%	1,026.98	716.80	22.60%	46.71%	-	-	3,604.08
SLOCPT Tier 2	9,171.20	2,211.17	24.11%	346.67	852.01	13.07%	37.18%	-	-	3,409.85
SLOCPT Tier 3	11,733.97	2,771.56	23.62%	1,523.88	-	12.99%	36.61%	250.00	-	4,545.44
LAFCO Tier 1	10,832.21	3,269.43	30.18%	709.51	1,006.31	15.84%	46.02%	-	-	4,985.25
LAFCO Tier 3	1,731.20	479.20	27.68%	161.35	-	9.32%	37.00%	-	-	640.55
RTA Tier 2	25,056.98	6,384.51	25.48%	527.05	3,257.40	15.10%	40.58%	-	-	10,168.96
RTA Tier 3	15,422.40	4,319.14	28.01%	1,719.40	-	11.15%	39.15%	-	-	6,038.54
	8,158,465.63	2,093,214.43	25.66%	938,778.06	370,906.09	16.05%	41.71%	1,162.50	2,834.51	\$ 3,406,895.59

TOTAL FOR THE MONTH	16,319,586.91	4,184,938.08	25.64%	1,878,613.94	741,891.79	16.06%	41.70%	2,325.00	7,739.52	\$ 6,815,508.33
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TOTAL YEAR TO DATE	104,767,508.91	26,810,297.66	25.59%	12,057,253.63	4,854,720.11	16.14%	41.73%	16,573.00	268,275.30	\$ 44,007,119.70
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**REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF
JULY 2020**

PP 14 7/2/2020	By Employer and Tier:	Pensionable	Employer	Employer	Employee	Employer for	Employee	Combined	Additional	Buy	TOTAL
		Salary	Contributions	Rate	Contributions	Contributions	Rate	Rate	Contributions	Bucks	Contributions
	County Tier 1	3,230,272.66	829,865.78	25.69%	388,385.58	274,571.94	20.52%	46.21%	912.50	1,692.05	1,495,427.85
	County Tier 2	997,667.74	267,634.68	26.83%	50,672.06	84,062.09	13.50%	40.33%	-	332.54	402,701.37
	County Tier 3	3,393,493.82	850,700.15	25.07%	419,859.75	-	12.37%	37.44%	-	3,064.49	1,273,624.39
	Superior Court Tier 1	248,344.23	69,120.15	27.83%	46,136.93	-	18.58%	46.41%	-	-	115,257.08
	Superior Court Tier 3	111,389.52	29,312.53	26.32%	14,651.29	-	13.15%	39.47%	-	-	43,963.82
	APCD Tier 1	58,504.90	14,465.35	24.73%	8,482.46	4,304.70	21.86%	46.58%	-	-	27,252.51
	APCD Tier 3	21,216.80	5,065.52	23.88%	2,954.98	-	13.93%	37.80%	-	-	8,020.50
	SLOCPT Tier 1	7,715.87	1,860.30	24.11%	1,026.98	716.80	22.60%	46.71%	-	-	3,604.08
	SLOCPT Tier 2	9,171.20	2,211.17	24.11%	346.67	852.01	13.07%	37.18%	-	-	3,409.85
	SLOCPT Tier 3	11,733.97	2,771.56	23.62%	1,523.88	-	12.99%	36.61%	250.00	-	4,545.44
	LAFCO Tier 1	10,832.21	3,269.43	30.18%	709.51	1,006.31	15.84%	46.02%	-	-	4,985.25
	LAFCO Tier 3	1,731.20	479.20	27.68%	161.35	-	9.32%	37.00%	-	-	640.55
	RTA Tier 2	25,056.98	6,384.51	25.48%	527.05	3,257.40	15.10%	40.58%	-	-	10,168.96
	RTA Tier 3	15,422.40	4,319.14	28.01%	1,719.40	-	11.15%	39.15%	-	-	6,038.54
		8,142,553.50	2,087,459.47	25.64%	937,157.89	368,771.25	16.04%	41.67%	1,162.50	5,089.08	\$ 3,399,640.19
PP 15 7/17/2020	By Employer and Tier:	Pensionable	Employer	Employer	Employee	Employer for	Employee	Combined	Additional	Buy	TOTAL
	County Tier 1	3,253,056.05	882,775.40	27.14%	429,174.74	276,652.34	21.70%	48.83%	912.50	1,692.05	1,591,207.03
	County Tier 2	1,009,433.14	286,157.60	28.35%	61,871.59	85,083.11	14.56%	42.91%	-	332.54	433,444.84
	County Tier 3	3,441,148.88	912,172.61	26.51%	466,332.70	-	13.55%	40.06%	-	780.88	1,379,286.19
	Superior Court Tier 1	250,808.54	69,928.06	27.88%	47,682.76	-	19.01%	46.89%	-	-	117,610.82
	Superior Court Tier 3	106,671.16	28,198.23	26.43%	14,041.21	-	13.16%	39.60%	-	-	42,239.44
	APCD Tier 1	56,345.96	13,944.40	24.75%	8,116.92	4,180.56	21.82%	46.57%	-	-	26,241.88
	APCD Tier 3	21,216.81	5,065.52	23.88%	2,954.98	-	13.93%	37.80%	-	-	8,020.50
	SLOCPT Tier 1	7,715.87	1,969.86	25.53%	1,135.78	716.80	24.01%	49.54%	-	-	3,822.44
	SLOCPT Tier 2	9,171.20	2,341.40	25.53%	475.98	852.01	14.48%	40.01%	-	-	3,669.39
	SLOCPT Tier 3	11,733.96	2,938.19	25.04%	1,689.33	-	14.40%	39.44%	250.00	-	4,877.52
	LAFCO Tier 1	10,730.60	3,388.84	31.58%	854.15	996.87	17.25%	48.83%	-	-	5,239.86
	LAFCO Tier 3	1,835.20	660.27	35.98%	159.65	-	8.70%	44.68%	-	-	819.92
	RTA Tier 2	25,056.98	6,384.51	25.48%	527.05	3,257.40	15.10%	40.58%	-	-	10,168.96
	RTA Tier 3	15,422.40	4,319.14	28.01%	1,719.40	-	11.15%	39.15%	-	-	6,038.54
		8,220,346.75	2,220,244.03	27.01%	1,036,736.24	371,739.09	17.13%	44.14%	1,162.50	2,805.47	\$ 3,632,687.33
PP 16 7/31/2020	By Employer and Tier:	Pensionable	Employer	Employer	Employee	Employer for	Employee	Combined	Additional	Buy	TOTAL
	County Tier 1	3,280,592.68	889,532.12	27.11%	431,439.07	279,178.85	21.66%	48.78%	1,212.50	1,692.05	1,603,054.59
	County Tier 2	1,008,654.81	286,309.69	28.39%	62,153.78	84,968.78	14.59%	42.97%	-	332.54	433,764.79
	County Tier 3	3,427,772.64	911,132.28	26.58%	464,437.27	-	13.55%	40.13%	-	780.88	1,376,350.43
	Superior Court Tier 1	248,175.84	69,080.65	27.84%	46,068.65	-	18.56%	46.40%	-	-	115,149.30
	Superior Court Tier 3	106,643.12	28,693.20	26.91%	14,192.97	-	13.31%	40.21%	-	-	42,886.17
	APCD Tier 1	56,689.22	14,027.23	24.74%	8,181.96	4,200.30	21.84%	46.59%	-	-	26,409.49
	APCD Tier 3	21,216.82	5,065.52	23.88%	2,954.98	-	13.93%	37.80%	-	-	8,020.50
	SLOCPT Tier 1	7,715.87	1,969.86	25.53%	1,135.78	716.80	24.01%	49.54%	-	-	3,822.44
	SLOCPT Tier 2	9,171.20	2,341.40	25.53%	475.98	852.01	14.48%	40.01%	-	-	3,669.39
	SLOCPT Tier 3	11,733.97	2,938.19	25.04%	1,689.33	-	14.40%	39.44%	250.00	-	4,877.52
	LAFCO Tier 1	10,730.60	3,388.84	31.58%	854.15	996.87	17.25%	48.83%	-	-	5,239.86
	LAFCO Tier 3	1,835.20	407.81	22.22%	234.19	-	12.76%	34.98%	-	-	642.00
	RTA Tier 2	25,866.65	6,590.81	25.48%	541.62	3,362.67	15.09%	40.57%	-	-	10,495.10
	RTA Tier 3	15,836.80	4,439.28	28.03%	1,759.20	-	11.11%	39.14%	-	-	6,198.48
		8,232,635.42	2,225,916.88	27.04%	1,036,118.93	374,276.28	17.13%	44.17%	1,462.50	2,805.47	\$ 3,640,580.06
TOTAL FOR THE MONTH		24,595,535.67	6,533,620.38	26.56%	3,010,013.06	1,114,786.62	16.77%	43.33%	3,787.50	10,700.02	\$ 10,672,907.58
TOTAL YEAR TO DATE		129,363,044.58	33,343,918.04	25.78%	15,067,266.69	5,969,506.73	16.26%	42.04%	20,360.50	278,975.32	\$ 54,680,027.28

REPORT OF RETIREMENTS**June 2020**

RETIREE NAME	DEPARTMENT	BENEFIT TYPE *	EFFECTIVE DATE	MONTHLY BENEFIT	SS TEMP ANNUITY**
Collins, Mary K	Public Health Department	Service Retirement	06/06/2020	4,363.71	False
Elliott, Teri L	Behavioral Health	Service Retirement	06/02/2020	3,870.62	False
Griffin, Jeanetta	SLO County Child Support Servi	Service Retirement	06/08/2020	1,765.73	True
Juel, Lynn A	Department of Social Services	Service Retirement	06/13/2020	2,089.19	False
Poel, Jeffrey D	Public Health Department	Service Retirement	04/01/2020	1,429.77	False
Teubner, Richard Michael	Behavioral Health	Service Retirement	05/30/2020	1,348.71	False

* Additional Annuity Benefits are calculated based on the Additional Contribution and associated Interest balance of the Retiree at the point of retirement (per Sections 5.07, 27.12, 28.12, 29.12, 30.12, and 31.12 of the Plan)

** If "True" Retiree has elected an optional Social Security Coordinated Temporary Annuity (per Section 13.06 of the Plan), actual monthly allowance will be increased until age 62 and then actuarially reduced going forward

REPORT OF RETIREMENTS**July 2020**

RETIREE NAME	DEPARTMENT	BENEFIT TYPE *	EFFECTIVE DATE	MONTHLY BENEFIT	SS TEMP ANNUITY**
Anderson, Lisa Marie	ITD	Service Retirement	07/04/2020	2,238.49	False
Andrews-Hurliman, Teresa	Auditor-Contrlr-Treas-Tax-Coll	Service Retirement	06/20/2020	6,943.33	False
Armstrong, John Paul	Sheriff-Coroner	DROP	07/01/2020	3,027.44	False
Gardner, Linda M	Air Pollution Control District	DROP	07/01/2020	3,506.30	False
Goldberg, Monica R	Department of Social Services	Service Retirement	06/18/2020	1,723.07	False
Johnson, Robert E	Public Health Department	Service Retirement	07/11/2020	3,851.82	False
Newell, Richard S	Sheriff-Coroner	DROP	07/01/2020	4,813.67	False
Ortiz, Rosana	Probation Department	Service Retirement	07/11/2020	9,014.70	True
Zimmer, Susan J	Public Health Department	Service Retirement	04/04/2020	815.32	False
Zimmer, Susan J	Public Health Department	Additional Annuity	04/04/2020	147.92	False

* *Additional Annuity Benefits are calculated based on the Additional Contribution and associated Interest balance of the Retiree at the point of retirement (per Sections 5.07, 27.12, 28.12, 29.12, 30.12, and 31.12 of the Plan)*

** *If "True" Retiree has elected an optional Social Security Coordinated Temporary Annuity (per Section 13.06 of the Plan), actual monthly allowance will be increased until age 62 and then actuarially reduced going forward*

Board of Trustees

1000 Mill Street
San Luis Obispo, CA 93408
Phone: (805) 781-5465
Fax: (805) 781-5697
www.SLOPensionTrust.org



Date: July 27, 2020

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Monthly Investment Report for June 2020

	June	Year to Date 2020	2019	2018	2017	2016	2015
Total Trust Investments (\$ millions)	\$1,351		\$1,446 year end	\$1,285 year end	\$1,351 year end	\$1,196 year end	\$1,148 year end
Total Fund Return	1.8% Gross	-4.1% Gross	16.3 % Gross	-3.2 % Gross	15.5 % Gross	6.6 % Gross	-0.8% Gross
Policy Index Return (r)	0.4%	-2.5%	16.4 %	-3.2 %	13.4 %	7.7 %	-0.5 %

(r) Policy index as of April 1, 2020 revision to Strategic Asset Allocation Policy: 21% domestic equity, 21% international equity, 15% core bonds, 6% bank loans, 5% global bonds, 5% emerging market debt, 17% real estate, 0% commodities, 5% private equity, 5% private credit.

SLOCPT Investment Returns:

The attached report from Verus covers the preliminary investment returns of the SLOCPT portfolio and general market conditions through the end of June. The attached market commentary from Verus details market conditions in June, but subsequent activity in July is not yet factored into these numbers.

The dramatic path of total fund returns in 2020 is shown in the following table. The Total Fund Return has recovered about 2/3rds of its losses at the low point in March.

Total Fund Return (gross)	Jan.	Feb.	Mar.	Apr.	May	June
Month by Month	-0.9%	-3.3%	-8.7%	+4.7%	+3.3%	+1.8%
Cumulative Year-To-Date	-0.9%	-4.1%	-12.4% lowest	-8.2%	-5.7%	-4.1%

The Economy and Capital Markets:

➤ **Covid-19 Pandemic Impact -**

- The global pandemic and the economic consequences of public health measures to limit it’s spread continue to dominate economies and investment markets.
- The June-July surge in U.S. infection rates and deaths shows limited evidence of having peaked.
- The imposition of renewed economic shut down orders in some states can be expected to hinder the budding economic recovery from the March lows.

➤ **Global Recession -**

- The IMF in June drastically lowered its outlook for global economic growth –
 - 2020 global GDP growth expected to average -4.9%.
 - 2020 U.S. GDP growth expected to be -8%.
 - 2020 China GDP growth expected to end the year at +1%
- PIMCO’s “house outlook” on the economy and markets as of mid-July can be summarized as –
 - The global. recession is expected to end in 3Q20 for a short and sharp recession with slow recovery already underway.
 - Global economic growth is expected to be subdued through the course of the pandemic with full recovery of pre-pandemic GDP levels to take place in 2022.
 - Inflation should remain at low levels.
 - Valuation levels for risk assets (e.g. U.S. equities) have grown significantly since the March market rout and are somewhat decoupled from actual economic conditions. However, given the massive monetary policy response to the crisis domestic equity valuation are elevated, but not excessive in PIMCO’s view.

➤ **Policy Responses**

- Monetary Policy – The Fed continued its strong provision of liquidity to the capital markets and zero-bounded interest rate policy.
- Fiscal Policy – The Federal government is expected to approve some version of renewed economic stimulus to follow the July 31st expiration of the supplemental

unemployment benefits that were a particularly effective component of the CARES Act. Inclusion of aid to State and Local governments in whatever new stimulus bill passes is expected to be much lower than that proposed in the House-passed / Senate-spurned HEROES Act of May. Speculation includes that any aid to State & Local governments will include “guardrails” to limit the subsidy to “poorly managed” states.

➤ **Employment and Wages –**

- The June DOL report from the BLS on nonfarm employment showed another strong gain of 4.8 million jobs. Unemployment fell from 13.3% in May to 11.1% in June (February low was 3.5%). Economists caution that the June jobs report is based on min-month survey data. The rapidly changing ebb and flow of economic restrictions related to the Covid pandemic crisis may already be fueling a worsening of employment in late June and into July.
 - The San Luis Obispo county unemployment rate in June fell to 11.5%, down from 14% in April.
- Unemployment - by the start of July new applications for unemployment benefits in the U.S. on a weekly basis had moderated to the 1.3 million range – and to 1.4 million in the middle of July. Historically very high, but off the unprecedented peak in March and April.
- The enhanced unemployment benefits under the CARES Act have effectively limited widespread descents into poverty for most unemployed workers. Some estimates are that 40% of those receiving UI benefits are getting more in benefits than they made when employed. However, the enhanced unemployment benefits are scheduled to expire at the end of July. An extension or moderated replacement for the CARES Act benefits is under active debate in Congress. Due to the disincentive to return to work in the supplemented unemployment benefits for many it is expected that any continuation of the extra UI benefit will be at a greatly reduced level.

Respectfully Submitted,

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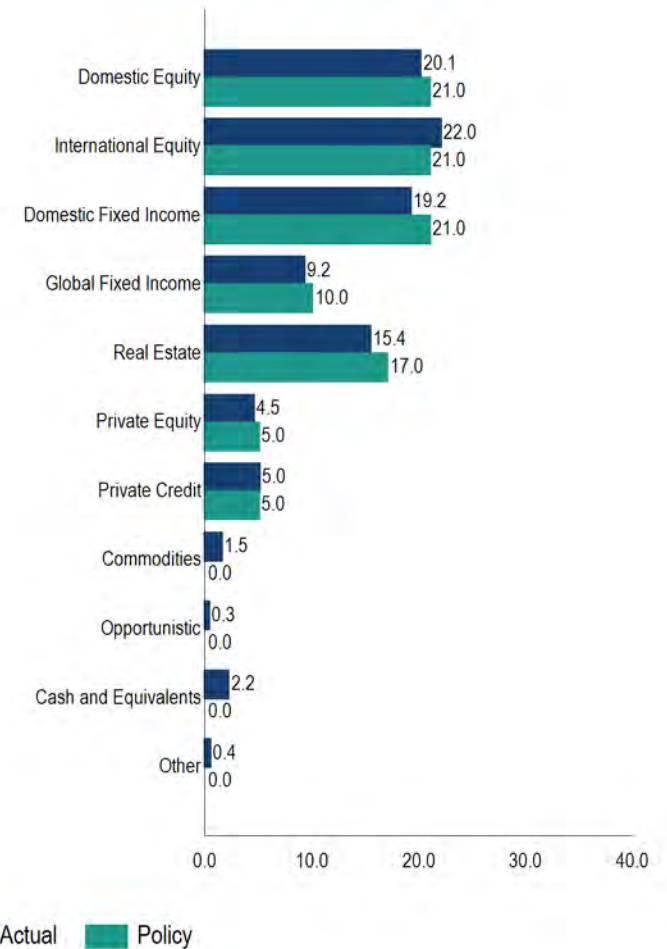
San Luis Obispo County Pension Trust

Executive Summary - Preliminary (Gross of Fees)

Period Ending: June 30, 2020

	Market Value	% of Portfolio	1 Mo	YTD
Total Fund	1,350,625,708	100.0	1.8	-4.1
<i>Policy Index</i>			0.4	-2.5
Total Domestic Equity	271,829,769	20.1	1.6	-7.7
<i>Russell 3000</i>			2.3	-3.5
PIMCO RAE Fundamental PLUS Instl	56,355,795	4.2	1.1	-16.0
<i>S&P 500</i>			2.0	-3.1
Loomis Sayles Large Cap Growth	91,266,336	6.8	3.7	10.3
<i>Russell 1000 Growth</i>			4.4	9.8
Boston Partners Large Cap Value	67,193,867	5.0	0.3	-17.2
<i>Russell 1000 Value</i>			-0.7	-16.3
Atlanta Capital Mgmt	57,013,771	4.2	0.5	-10.9
<i>Russell 2500</i>			2.9	-11.1
Total International Equity	297,007,066	22.0	5.9	-6.1
<i>MSCI ACWI ex USA Gross</i>			4.6	-10.8
Dodge & Cox Intl Stock	125,195,413	9.3	5.1	-18.2
<i>MSCI EAFE Gross</i>			3.4	-11.1
WCM International Growth	171,811,653	12.7	6.5	4.7
<i>MSCI ACWI ex USA Gross</i>			4.6	-10.8
Total Domestic Fixed Income	259,366,741	19.2	1.0	3.8
<i>BBgBarc US Aggregate TR</i>			0.6	6.1
BlackRock Core Bond	97,434,947	7.2	1.2	6.7
<i>BBgBarc US Aggregate TR</i>			0.6	6.1
Dodge & Cox Income Fund	100,087,787	7.4	1.3	5.5
<i>BBgBarc US Aggregate TR</i>			0.6	6.1
Pacific Asset Corporate Loan	61,844,007	4.6	0.0	-3.1
<i>S&P/LSTA Leveraged Loan Index</i>			1.1	-4.6
Total Global Fixed	124,848,019	9.2	2.7	-7.1
<i>FTSE World Govt Bond Index</i>			0.6	4.1
Brandywine Global Fixed Income	58,944,973	4.4	1.7	-4.7
<i>FTSE WGBI ex US TR</i>			1.0	1.0
Ashmore EM Blended Debt Fund	65,903,046	4.9	3.6	-9.7
<i>50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELM+</i>			2.1	-4.3

Actual vs Target Allocation (%)



*Other balance represents Clifton Group.

Policy Index (4/1/2020): 21% Russell 3000, 21% MSCI ACWI ex. US, 31% BBgBarc Aggregate, 17% NCREIF Property, 5% Russell 3000 + 300 bp lagged, 5% BBgBarc High Yield + 200 bp lagged. Effective 1/01/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation. Boston Partners funded 2/1/2017. WCM Intl Growth replaced Vontobel on 2/15/2017. Pathway 9 funded 4/7/2017. SSGA TIPS liquidated on 12/7/2017. Fidelity Real Estate Growth III liquidated on 12/29/2017. SSGA Flagship S&P 500 liquidated 2/1/2018. Harbourvest 2018 Global Fund L.P. funded 12/14/2018. Stone Harbor liquidated 3/22/2019. Ashmore EM Blended Debt funded 3/31/2019. Direct RE liquidated 5/3/2019. Pathway 10 funded 3/25/2020. TPG Adjacent Opportunities Partners funded 4/16/2020. Most recently reported market values for private equity/credit, opportunistic, and illiquid real estate funds adjusted for calls and distributions through the report end date. All data is preliminary.

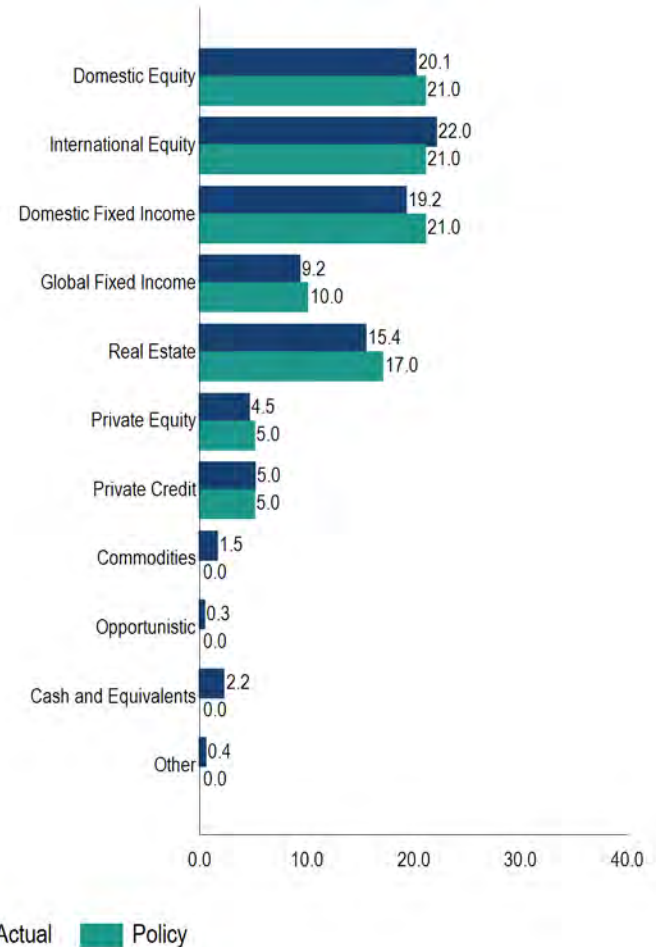
San Luis Obispo County Pension Trust

Executive Summary - Preliminary (Gross of Fees)

Period Ending: June 30, 2020

	Market Value	% of Portfolio	1 Mo	YTD
Total Real Estate	208,483,710	15.4	-1.4	-0.1
<i>NCREIF Property Index</i>			0.0	0.7
JP Morgan Core Real Estate	169,614,824	12.6	-1.7	-0.9
<i>NCREIF-ODCE</i>			-1.6	-0.6
<i>NCREIF Property Index</i>			0.0	0.7
ARA American Strategic Value Realty	38,868,885	2.9	0.0	3.5
<i>NCREIF-ODCE</i>			-1.6	-0.6
<i>NCREIF Property Index</i>			0.0	0.7
Total Commodities	20,507,923	1.5	2.8	-18.7
<i>Bloomberg Commodity Index TR USD</i>			2.3	-19.4
Gresham MTAP Commodity Builder	20,507,923	1.5	2.8	-18.7
<i>Bloomberg Commodity Index TR USD</i>			2.3	-19.4
Total Private Equity	61,241,766	4.5		
Harbourvest Partners IX Buyout Fund L.P.	13,789,546	1.0		
Pathway Private Equity Fund Investors 9 L.P.	39,254,088	2.9		
Harbourvest 2018 Global Fund L.P.	7,144,302	0.5		
Pathway Private Equity Fund Investors 10 L.P.	1,053,830	0.1		
Total Private Credit	60,221,664	4.5		
TPG Diversified Credit Program	60,221,664	4.5		
Total Cash	29,089,652	2.2	0.4	1.4
<i>91 Day T-Bills</i>			0.0	0.4
Cash Account	29,089,652	2.2	0.4	1.4
<i>91 Day T-Bills</i>			0.0	0.4
Total Opportunistic	12,013,149	0.9		
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	4,225,695	0.3		
PIMCO Distressed Credit Fund	5,546	0.0		
TPG Adjacent Opportunities Partners	7,781,907	0.6		

Actual vs Target Allocation (%)



*Other balance represents Clifton Group.

Policy Index (4/1/2020): 21% Russell 3000, 21% MSCI ACWI ex. US, 31% BBgBarc Aggregate, 17% NCREIF Property, 5% Russell 3000 + 300 bp lagged, 5% BBgBarc High Yield + 200 bp lagged. Effective 1/01/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation. Boston Partners funded 2/1/2017. WCM Intl Growth replaced Vontobel on 2/15/2017. Pathway 9 funded 4/7/2017. SSGA TIPS liquidated on 12/7/2017. Fidelity Real Estate Growth III liquidated on 12/29/2017. SSGA Flagship S&P 500 liquidated 2/1/2018. Harbourvest 2018 Global Fund L.P. funded 12/14/2018. Stone Harbor liquidated 3/22/2019. Ashmore EM Blended Debt funded 3/31/2019. Direct RE liquidated 5/3/2019. Pathway 10 funded 3/25/2020. TPG Adjacent Opportunities Partners funded 4/16/2020. Most recently reported market values for private equity/credit, opportunistic, and illiquid real estate funds adjusted for calls and distributions through the report end date. All data is preliminary.



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

JUNE 2020
Capital Markets Update

Market commentary

U.S. ECONOMICS

- The ISM Manufacturing PMI jumped from a contractionary level of 43.1 in May to 52.6 in June—its highest level since April 2019. This was the largest 1-month move since 1980. The new orders, production, and price components of the index rebounded to expansionary levels while employment and new export orders improved but remained in contractionary territory.
- In May, the Pending Home Sales Index increased 44.3% month-over-month, marking the largest gain since 2001. Pending home sales—a forward-looking economic indicator that tends to lead actual sales by about 45 to 60 days—remained down -10.4% year-over-year.
- Unemployment declined from 13.3% in May to 11.1% in June. The Congressional Budget Office estimated that the main jobless rate may end the year near 10.5%.

U.S. EQUITIES

- The S&P 500 Index ended the month of June up 2.0%. The S&P 500 Price Index hit intra-month highs of 3,232 on June 8th, which marked the first time the index achieved a positive year-to-date return since the sell-off began in February.
- As of June 29th there were 34 states with a COVID-19 reproductive rate above 1.0, an indication that the virus continues to spread. States in the South and in the Sun Belt are seeing a resurgence in cases, and are taking lockdown steps reminiscent of March and April, only weeks after state governors reopened their economies.
- According to FactSet, the estimated S&P 500 year-over-year decline in earnings for Q2 is -43.8%. If this decline were to materialize, it would mark the largest decline in earnings since Q4 2008 (-69.1%).

U.S. FIXED INCOME

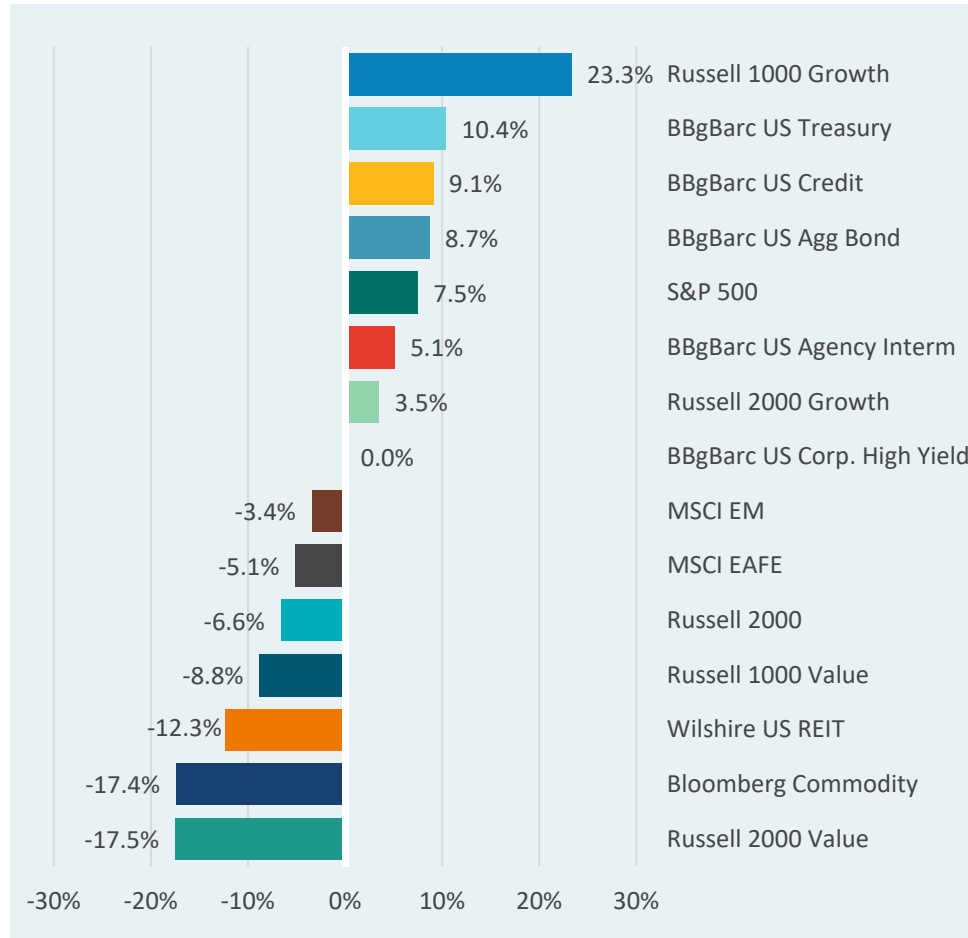
- The Federal Reserve is considering a new monetary policy tool to help keep interest rates low and strengthen short-term rate forward guidance with the use of yield-caps. Yield-curve control may be a way to hold bond yields low with less intervention.
- The Federal Reserve identified 794 companies whose bonds will be bought directly to support the market for corporate debt. The Fed now also owns \$6.8 billion in corporate bond ETFs, making it a top 5 holder of some of the largest investment-grade bond ETFs.
- U.S. Fed officials warned of uncertainty surrounding the ability to reopen the economy safely and stressed the need for “highly accommodative monetary policy and sustained support from fiscal policy”. Benchmark short-term rates remained near zero.

INTERNATIONAL MARKETS

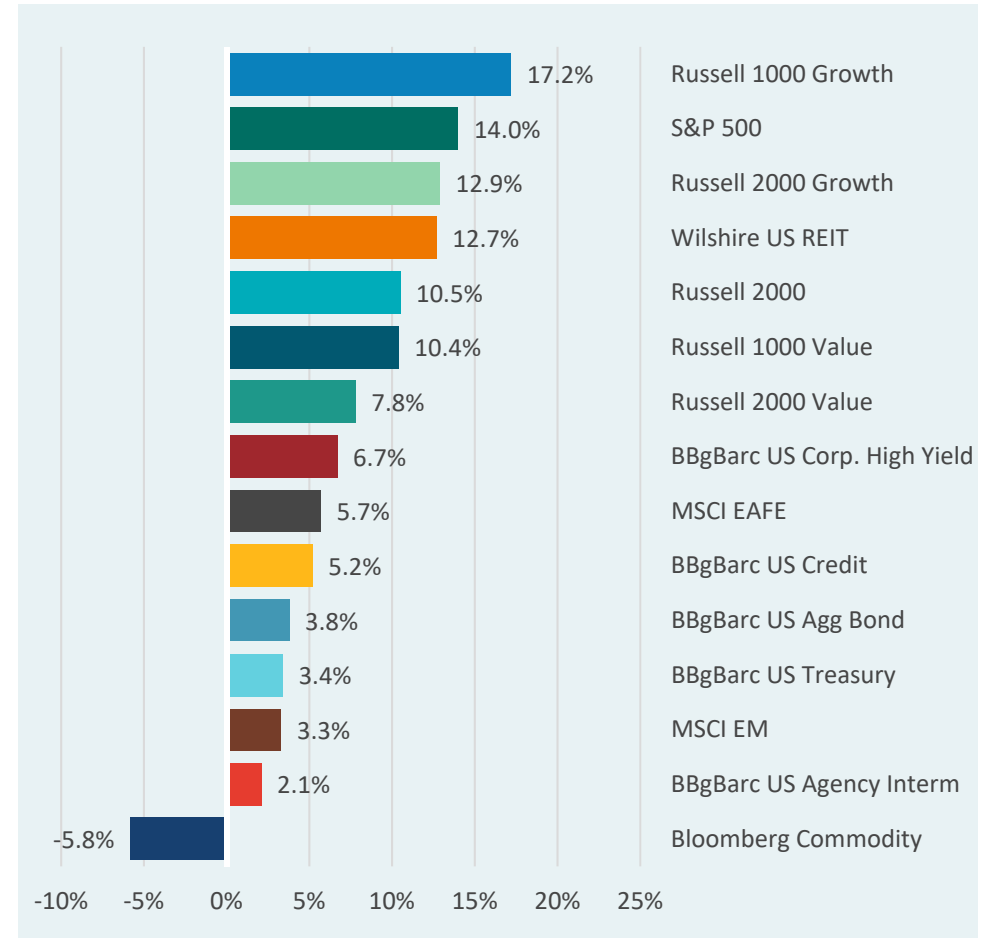
- The Trump administration placed restrictions on U.S. exports to Hong Kong in response to a Chinese law aimed at tightening control over the territory. The restrictions apply to only 2.2% of U.S. exports, but sanctions on China could further unravel an already-fragile agreement between the economic powerhouses.
- Eurozone seasonally-adjusted unemployment slightly increased to 7.4% in May, below expectations of 8.2%. German unemployment rose to 6.3% in May.
- Markit PMI readings showed activity contracted at a slower pace than in prior months. World services PMIs in developed countries such as Japan (45.0), China (58.4), and Germany (47.3) all improved. The PMI reading in France (50.7) rose above 50.0, indicating services activity expansion.

Major asset class returns

ONE YEAR ENDING JUNE



TEN YEARS ENDING JUNE



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

Source: Morningstar, as of 6/30/20

Source: Morningstar, as of 6/30/20

U.S. large cap equities

- The S&P 500 Index continued to climb in June and returned 2.0%. Despite reaching a positive year-to-date return in the middle of the month, the index remained down -3.1% year-to-date.
- According to FactSet, at month end the S&P 500 forward P/E ratio was 21.8, an increase of 20% from where the measure stood at the end of first quarter. This is well above the 5-year (16.9) and 10-year averages (15.2). The forward 12-month EPS estimate decreased by -12.7% over the same time period.
- In June, the S&P 500 sectors performed very differently. Six of the eleven major sectors contributed positively to returns. Information Technology (+7.1%) led the index higher for the third consecutive month. Consumer Discretionary (+4.9%) was a top performing sector within the index.
- Moves in the CBOE VIX Index have moderated in the past month. The long-term average of the VIX Index stands around 19. The index has remained above that level since late February, reaching a high point of 82.7 on March 16th and closing the month at 30.4.

S&P 500 PRICE INDEX



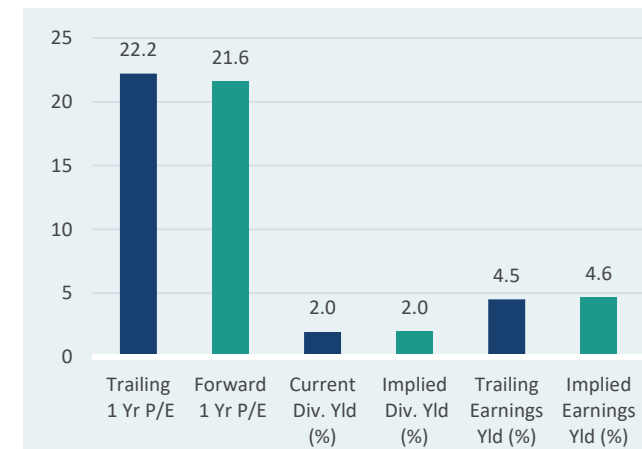
Source: Bloomberg, as of 6/30/20

IMPLIED VOLATILITY (VIX INDEX)



Source: CBOE, as of 6/30/20

S&P 500 VALUATION SNAPSHOT

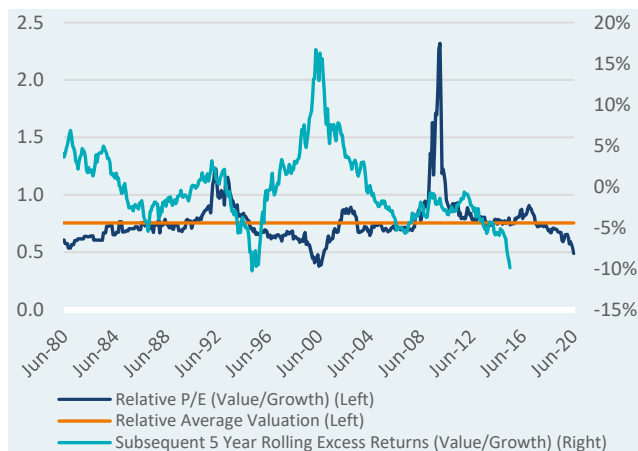


Source: Bloomberg, as of 6/30/20

Domestic equity size and style

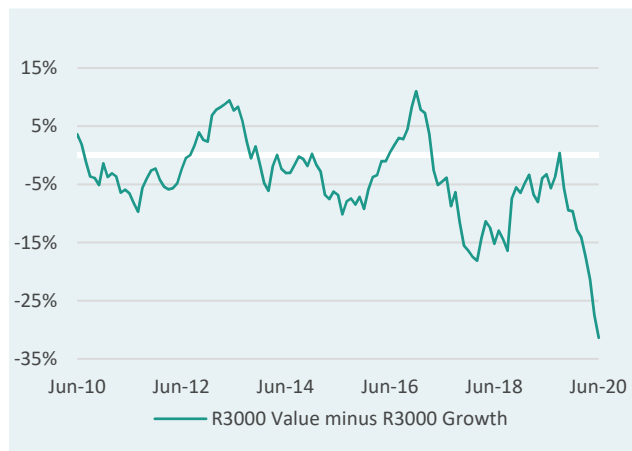
- Growth stocks beat value stocks for the 9th consecutive month. The Russell 3000 Growth Index (+4.3%) outperformed the Russell 3000 Value Index (-0.5%). While value stocks remain historically cheap, a compelling catalyst for a turnaround in value stocks relative to growth is yet to be seen.
- Economic data-sensitive cyclicals outperformed the less-sensitive defensive stocks again this month. The MSCI USA Cyclicals - Defensives Total Return Spread Index returned 6.2%.
- Small-cap equities (Russell 2000 Index +3.5%) outperformed large-caps (Russell 1000 Index +2.2%) during the month. The outperformance in small-cap stocks was likely attributed to the relatively larger weight of the healthcare sector within that index.
- The S&P 500 Momentum Index outperformed the S&P 500 Index by +0.7% in June. Moving forward, investors may be looking more towards fundamentals as valuations have expanded considerably over the rebound from the equity market lows in March.

VALUE VS. GROWTH RELATIVE VALUATIONS



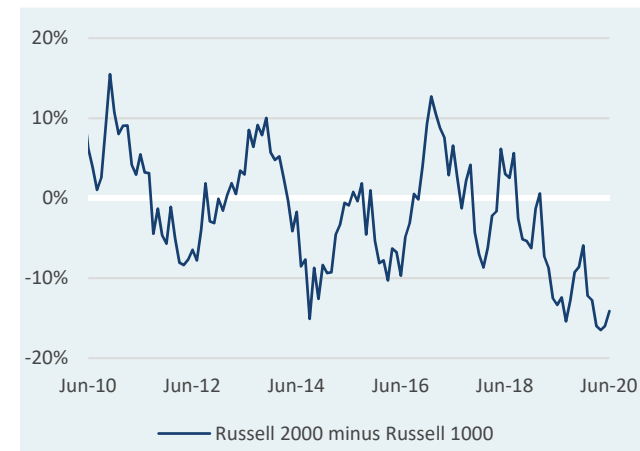
Source: Russell, Bloomberg, as of 6/30/20

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 6/30/20

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE

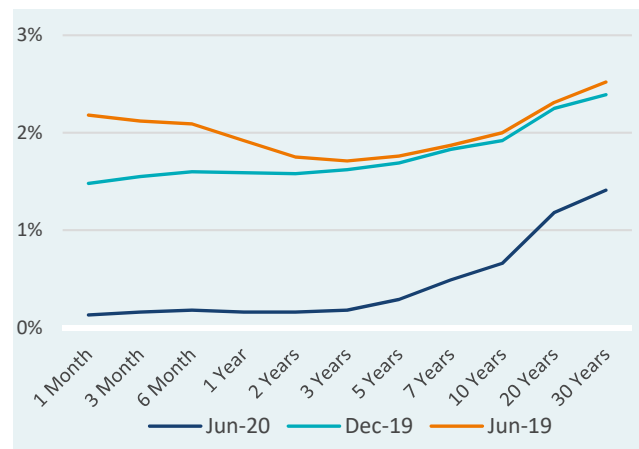


Source: FTSE, Bloomberg, as of 6/30/20

Fixed income

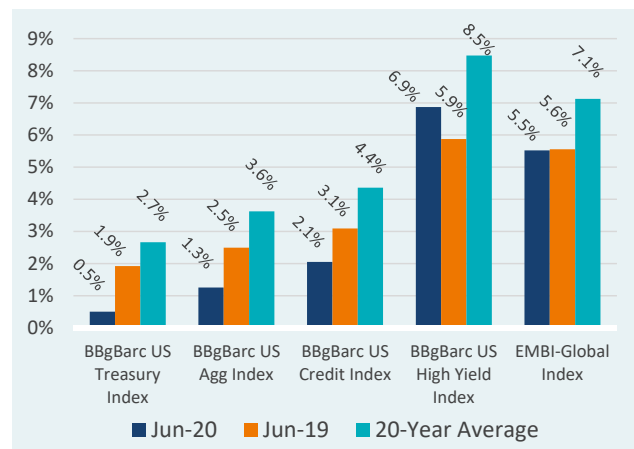
- The Bloomberg Barclays U.S. Credit Index returned +1.8% in June, bringing its second quarter return to +8.2%. At month-end, the index remained down -4.8% year-to-date. Yield for the index was 1% lower relative to this time last year.
- After depreciating materially relative to trade-weighted currency pairs between mid-May and mid-June, the U.S. dollar stabilized. The Bloomberg Dollar Spot Index fell -0.9% in June.
- Global risky credit performed well again in June. Hard-currency denominated emerging market debt (JPM EMBI Global Diversified Index) returned +3.5% and outperformed local-currency denominated emerging market debt (J.P. Morgan GBI-EM +0.5%).
- Five-year breakeven inflation rates rose another 0.4% from May. In March, liquidity in Treasuries exceeded that of TIPS and caused a decline in breakeven inflation. As the TIPS liquidity crunch eased, breakeven inflation rates have recovered.

U.S. TREASURY YIELD CURVE



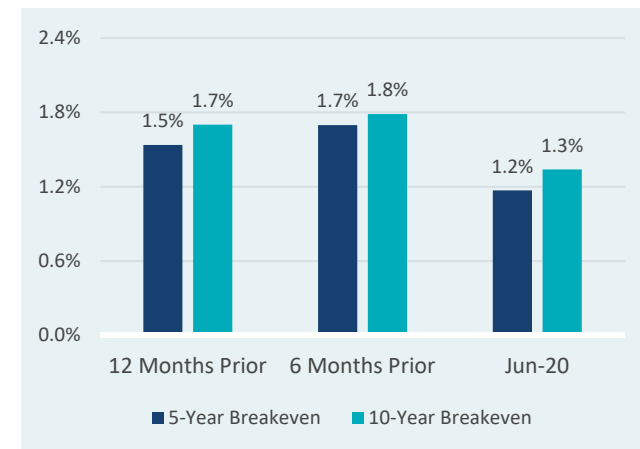
Source: Bloomberg, as of 6/30/20

NOMINAL YIELDS



Source: Morningstar, as of 6/30/20

BREAKEVEN INFLATION RATES

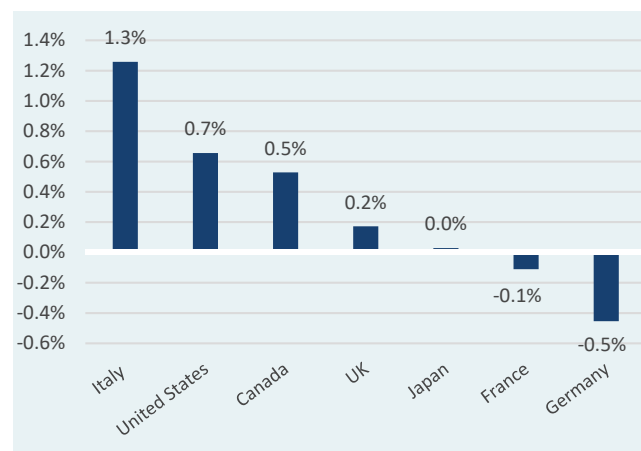


Source: Bloomberg, as of 6/30/20

Global markets

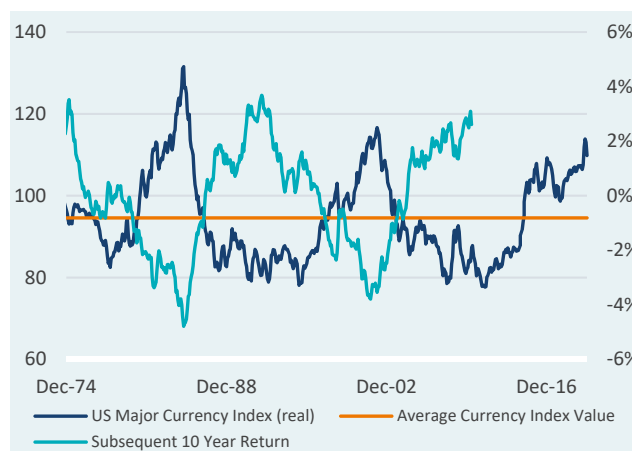
- The U.S. Major Currency Index—a measure of value for the U.S. dollar relative to a basket of major trading partner currencies—is now 4.0 points off the recent April high of 113.8 as the dollar has depreciated. The index last peaked in February 2002 at 116.6 points before sliding to 89.0 points through January 2004.
- The European Union ruled that it would deny U.S. citizens entry to Europe due to COVID-19 concerns. Some are wondering if this move will have political and economic ramifications as Europe and the United States begin a new round of trade negotiations.
- Emerging market equities (MSCI EM +7.4%) outperformed both international developed equities (MSCI EAFE +3.4%) and US equities (Russell 3000 +2.3%). Within the MSCI EM Index, Asian companies (MSCI EM Asia +8.2%) outperformed Latin American companies (MSCI EM Latin America +5.3%) in U.S. dollar terms.
- The Euro appreciated 1.0% relative to the dollar in June, benefiting from global risk-on sentiment, as well as the recovery in European asset prices. The MSCI Europe Index posted a 6.2% return in June.

GLOBAL SOVEREIGN 10-YEAR YIELDS



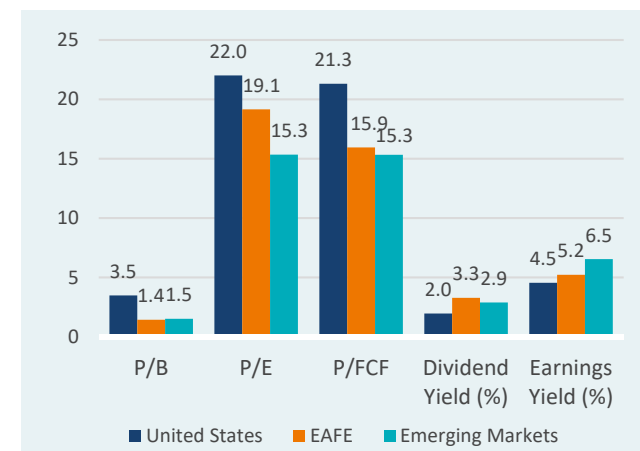
Source: Bloomberg, as of 6/30/20

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 6/30/20

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 6/30/20

Commodities

- The Bloomberg Commodity Index continued to rise in June, and returned 2.3%. Petroleum (+9.6%) recouped more losses from the beginning of the year, helping the overall index higher. Industrial Metals (+6.9%) have also staged a comeback as countries begin to restart production. Copper returned +11.9% in June.
- Oil prices stabilized but traded in a relatively narrow range. WTI crude started the month at \$35.49 a barrel and closed the month at \$39.27. Domestic crude stockpiles have risen as gasoline consumption remains at the weakest seasonal level in more than 20 years.

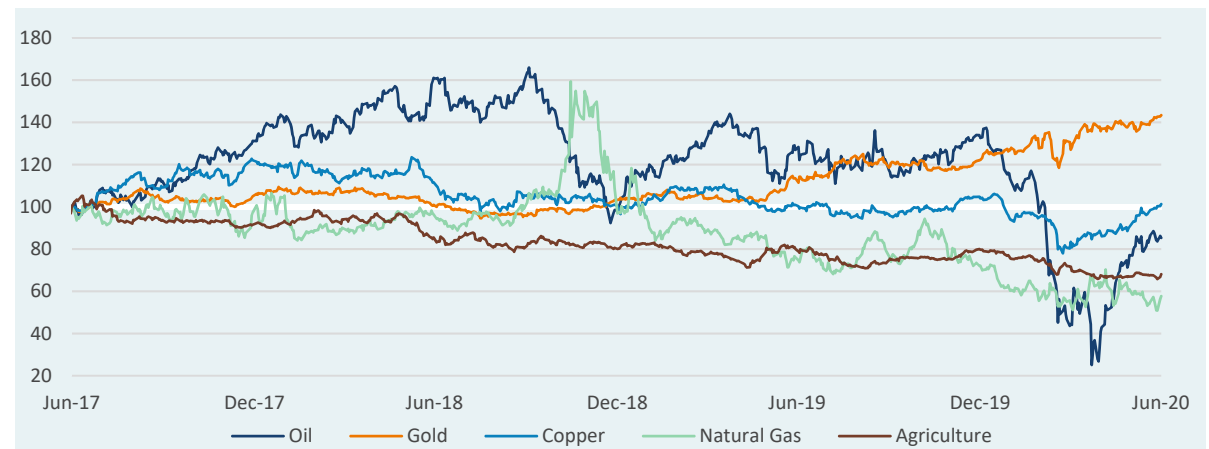
- The Bloomberg Livestock Index (-8.5%) saw losses this month as Chinese customs officials hinted that the country could raise barriers for meat imports, due to fears of COVID-19 outbreaks within meat processing plants. Demand for meat has fallen from continued restaurant closures which have driven prices lower.
- The Bloomberg Precious Metals Index posted a +2.2% return in June. Gold continued its bull run, up 2.8% this month, marking the highest price per ounce since 2011. Gold was worth \$1781 per ounce at the end of the month.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	2.3	5.1	(19.4)	(17.4)	(6.1)	(7.7)	(5.8)
Bloomberg Agriculture	1.8	(4.8)	(14.2)	(13.8)	(10.5)	(9.6)	(4.0)
Bloomberg Energy	2.2	9.8	(46.3)	(45.7)	(14.4)	(18.9)	(15.8)
Bloomberg Grains	0.2	(6.3)	(13.0)	(15.8)	(11.2)	(11.6)	(4.2)
Bloomberg Industrial Metals	6.9	12.3	(8.4)	(6.4)	(1.4)	(0.0)	(2.9)
Bloomberg Livestock	(8.5)	(8.6)	(34.3)	(33.7)	(16.6)	(11.1)	(6.1)
Bloomberg Petroleum	9.6	25.8	(49.8)	(46.1)	(10.1)	(16.6)	(11.3)
Bloomberg Precious Metals	2.2	15.0	13.8	24.2	9.9	6.7	2.2
Bloomberg Softs	6.1	0.6	(16.3)	(12.9)	(10.9)	(7.6)	(6.4)

Source: Morningstar, as of 6/30/20

COMMODITY PERFORMANCE



Source: Bloomberg, as of 6/30/20

Appendix

Periodic table of returns

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD	5-Year	10-Year
Large Cap Growth	38.7	66.4	31.8	14.0	25.9	56.3	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	37.3	6.7	36.4	9.8	15.9	17.2
US Bonds	27.0	43.1	22.8	8.4	10.3	48.5	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	30.2	1.9	31.4	6.1	10.5	14.0
Real Estate	20.3	33.2	12.2	7.3	6.7	47.3	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	0.9	17.3	25.0	0.0	28.5	0.7	7.0	12.9
Cash	19.3	27.3	11.6	3.3	1.6	46.0	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	12.1	22.2	-1.5	26.5	0.4	6.9	10.5
Hedge Funds of Funds	16.2	26.5	7.0	2.8	1.0	39.2	16.5	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.0	11.8	21.7	-3.5	25.5	-2.3	5.5	10.4
60/40 Global Portfolio	8.7	21.3	4.1	-2.4	-6.0	29.9	14.3	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	-0.8	11.2	14.6	-6.0	22.4	-2.3	4.6	9.8
Large Cap Equity	15.6	24.3	6.0	2.5	-5.9	30.0	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	11.3	17.1	-4.8	22.0	-2.8	4.3	7.8
Small Cap Growth	4.9	20.9	-3.0	-5.6	-11.4	29.7	12.9	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	-1.4	8.0	13.7	-8.3	18.6	-3.1	4.3	6.8
Emerging Markets Equity	1.2	13.2	-7.3	-9.1	-15.5	25.2	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	7.1	7.8	-9.3	18.4	-9.8	2.9	5.7
International Equity	-2.5	11.4	-7.8	-9.2	-15.7	23.9	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	5.7	7.7	-11.0	8.7	-11.3	2.1	3.8
Small Cap Equity	-5.1	7.3	-14.0	-12.4	-20.5	11.6	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.6	7.0	-11.2	7.8	-13.0	1.4	3.3
Large Cap Value	-6.5	4.8	-22.4	-19.5	-21.7	9.0	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	3.5	-12.9	7.7	-16.3	1.3	2.7
Commodities	-25.3	-0.8	-22.4	-20.4	-27.9	4.1	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	0.5	1.7	-13.8	6.4	-19.4	1.1	0.6
Small Cap Value	-27.0	-1.5	-30.6	-21.2	-30.3	1.0	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	0.3	0.9	-14.6	2.1	-23.5	-7.7	-5.8

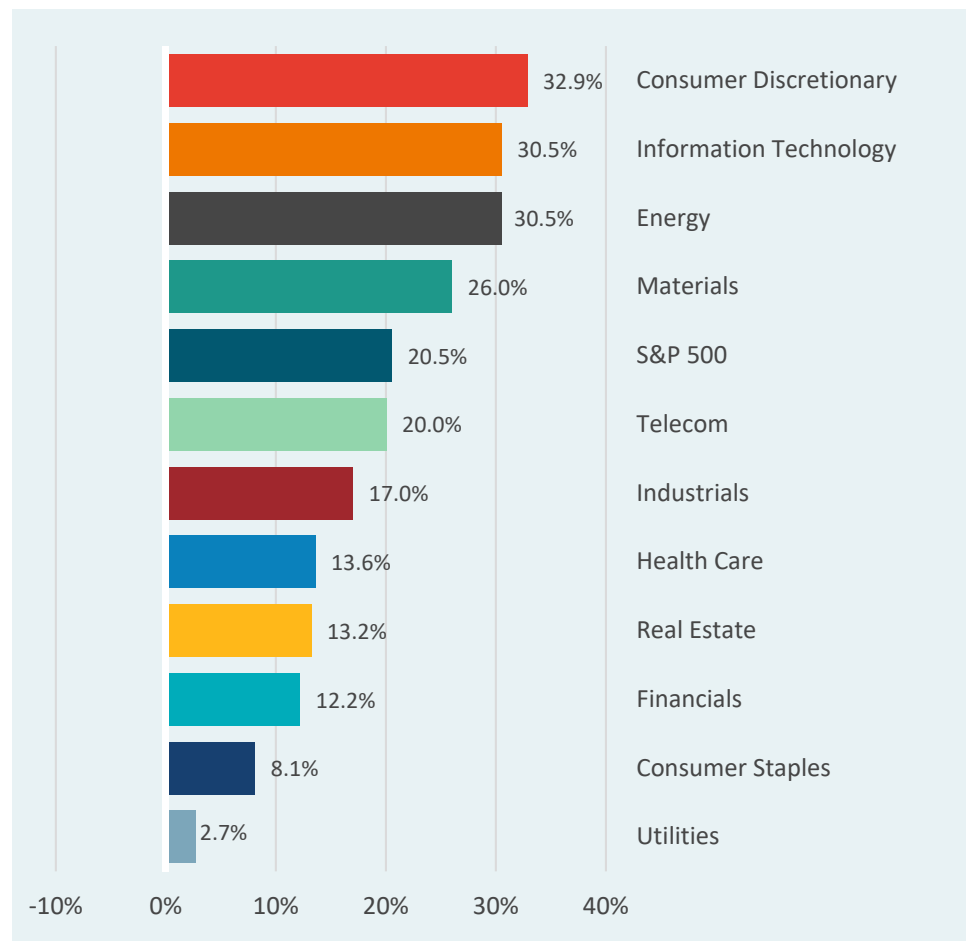
BEST
↑
↓
WORST

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

Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, BBgBarc US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, BBgBarc Global Bond. NCREIF Property Index performance data as of 3/31/20.

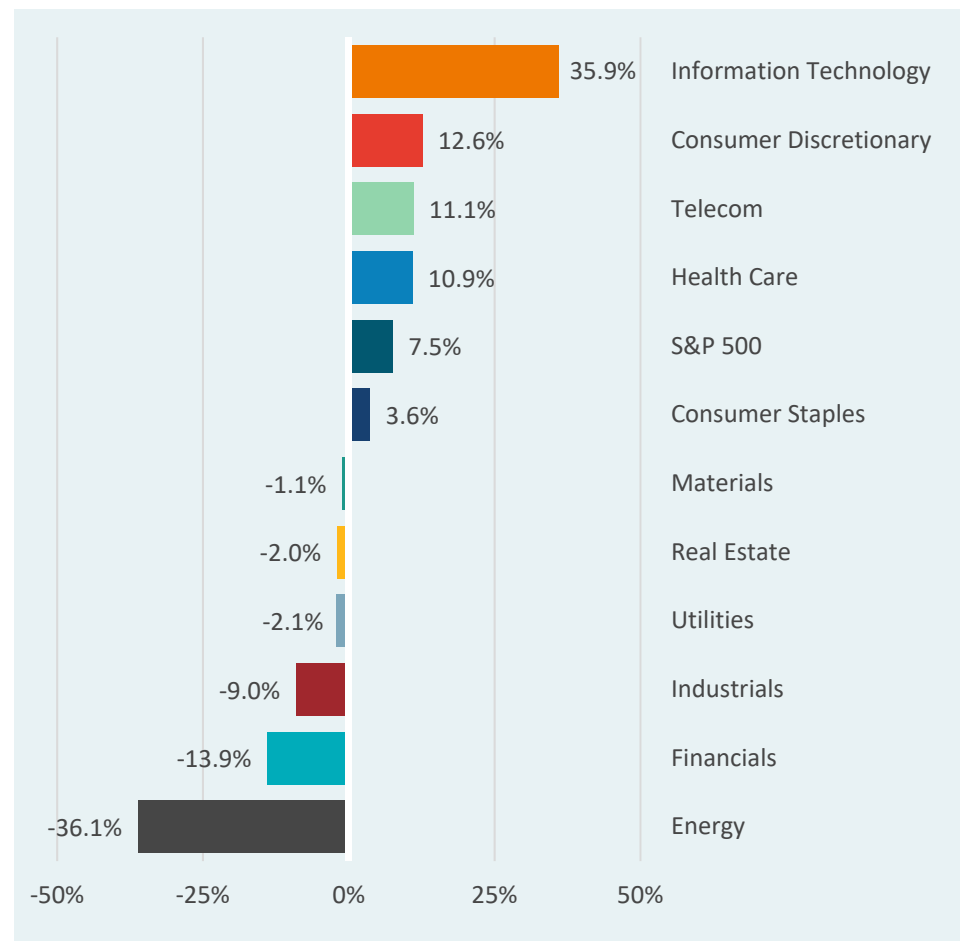
S&P 500 sector returns

QTD



Source: Morningstar, as of 6/30/20

ONE YEAR ENDING JUNE



Source: Morningstar, as of 6/30/20

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	2.0	20.5	(3.1)	7.5	10.7	10.7	14.0
S&P 500 Equal Weighted	1.6	21.7	(10.8)	(3.2)	5.4	7.1	12.6
DJ Industrial Average	1.8	18.5	(8.4)	(0.5)	9.1	10.6	13.0
Russell Top 200	2.4	20.9	(0.5)	11.2	12.5	11.9	14.6
Russell 1000	2.2	21.8	(2.8)	7.5	10.6	10.5	14.0
Russell 2000	3.5	25.4	(13.0)	(6.6)	2.0	4.3	10.5
Russell 3000	2.3	22.0	(3.5)	6.5	10.0	10.0	13.7
Russell Mid Cap	1.8	24.6	(9.1)	(2.2)	5.8	6.8	12.3
Style Index							
Russell 1000 Growth	4.4	27.8	9.8	23.3	19.0	15.9	17.2
Russell 1000 Value	(0.7)	14.3	(16.3)	(8.8)	1.8	4.6	10.4
Russell 2000 Growth	3.8	30.6	(3.1)	3.5	7.9	6.9	12.9
Russell 2000 Value	2.9	18.9	(23.5)	(17.5)	(4.3)	1.3	7.8

INTERNATIONAL EQUITY

Broad Index							
MSCI ACWI	3.2	19.2	(6.3)	2.1	6.1	6.5	9.2
MSCI ACWI ex US	4.5	16.1	(11.0)	(4.8)	1.1	2.3	5.0
MSCI EAFE	3.4	14.9	(11.3)	(5.1)	0.8	2.1	5.7
MSCI EM	7.4	18.1	(9.8)	(3.4)	1.9	2.9	3.3
MSCI EAFE Small Cap	1.4	19.9	(13.1)	(3.5)	0.5	3.8	8.0
Style Index							
MSCI EAFE Growth	3.2	16.9	(3.5)	4.2	5.9	5.5	7.8
MSCI EAFE Value	3.6	12.4	(19.3)	(14.5)	(4.4)	(1.6)	3.5
Regional Index							
MSCI UK	1.4	7.8	(23.3)	(17.7)	(3.9)	(2.5)	3.9
MSCI Japan	(0.0)	11.6	(7.1)	3.1	3.0	3.4	6.1
MSCI Euro	6.2	19.6	(12.7)	(7.7)	(0.9)	1.6	5.0
MSCI EM Asia	8.2	17.8	(3.5)	4.9	4.1	4.8	5.8
MSCI EM Latin American	5.3	19.1	(35.2)	(32.5)	(7.2)	(3.2)	(3.8)

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
BBgBarc US TIPS	1.1	4.2	6.0	8.3	5.0	3.7	3.5
BBgBarc US Treasury Bills	0.0	0.0	0.7	1.7	1.8	1.2	0.7
BBgBarc US Agg Bond	0.6	2.9	6.1	8.7	5.3	4.3	3.8
Duration							
BBgBarc US Treasury 1-3 Yr	0.0	0.2	3.0	4.1	2.7	1.9	1.3
BBgBarc US Treasury Long	0.1	0.2	21.2	25.4	12.0	9.3	7.7
BBgBarc US Treasury	0.1	0.5	8.7	10.4	5.6	4.1	3.4
Issuer							
BBgBarc US MBS	(0.1)	0.7	3.5	5.7	4.0	3.2	3.1
BBgBarc US Corp. High Yield	1.0	10.2	(3.8)	0.0	3.3	4.8	6.7
BBgBarc US Agency Interm	0.1	0.8	3.7	5.1	3.3	2.5	2.1
BBgBarc US Credit	1.8	8.2	4.8	9.1	6.1	5.5	5.2

OTHER

Index							
Bloomberg Commodity	2.3	5.1	(19.4)	(17.4)	(6.1)	(7.7)	(5.8)
Wilshire US REIT	2.3	10.6	(17.8)	(12.3)	0.2	5.7	12.7
CS Leveraged Loans	1.3	9.7	(4.8)	(2.3)	2.1	4.6	5.0
Alerian MLP	(8.2)	47.2	(38.3)	(44.1)	(18.3)	(13.6)	(1.4)
Regional Index							
JPM EMBI Global Div	3.5	12.3	(2.8)	0.5	3.6	5.3	6.0
JPM GBI-EM Global Div	0.5	9.8	(6.9)	(2.8)	1.1	2.3	1.6
Hedge Funds							
HFRI Composite	1.9	9.0	(3.5)	(0.6)	2.1	2.3	3.7
HFRI FOF Composite	1.3	7.2	(2.3)	(0.2)	2.0	1.4	2.7
Currency (Spot)							
Euro	1.0	2.4	0.1	(1.4)	(0.5)	0.2	(0.9)
Pound	(0.1)	(0.4)	(6.7)	(2.9)	(1.7)	(4.7)	(1.9)
Yen	(0.1)	0.1	0.7	(0.1)	1.4	2.6	(2.0)

Source: Morningstar, HFR, as of 6/30/20

Detailed private market returns

Comparison to public market index returns

Private Equity Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Private Equity FoFs & Secondary Funds	11.9	13.0	10.0	11.9
Global Private Equity Direct Funds *	17.6	16.5	13.3	14.3
U.S. Private Equity Direct Funds *	18.8	16.7	13.7	15.6
Europe Private Equity Direct Funds *	18.8	20.4	15.0	12.2
Asia Private Equity Direct Funds *	12.6	13.4	11.9	13.2

Public Index Time-weighted Returns				
MSCI World	27.7	12.6	8.7	9.5
S&P 500	31.5	15.3	11.7	13.6
MSCI Europe	23.8	9.8	5.1	5.2
MSCI AC Asia Pacific	19.4	10.8	6.9	6.1

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	9.1	9.8	10.4	13.1

Public Index Time-weighted Returns				
FTSE NAREIT Equity REIT	26.0	8.1	7.2	11.9

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt **	9.0	9.2	8.3	11.1

Public Index Time-weighted Returns				
S&P / LSTA U.S. Leveraged Loan 100 Index	10.7	4.3	4.1	4.7

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources ***	(5.8)	0.2	(0.4)	3.3
Global Infrastructure	10.3	12.3	11.3	9.8

Public Index Time-weighted Returns				
S&P Global Natural Resources	17.2	7.9	4.8	1.6
S&P Global Infrastructure	27.0	11.3	6.6	7.7

Source: Pooled IRRs are from Thompson Reuters C/A and Time-weighted Returns are from Investment Metrics, as of December 31st, 2019. All returns in U.S. dollars.

* Includes Buyout, Growth Equity and Venture Capital.

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

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

Notices & disclosures

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Board of Trustees

1000 Mill Street
San Luis Obispo, CA 93408
Phone: (805) 781-5465
Fax: (805) 781-5697
www.SLOPensionTrust.org



Date: August 24, 2020

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 6: Stipulation for the Division of Pension Benefits – Option Four Pension Benefit Election

Recommendation:

It is recommended that the Board approve an Optional Settlement No. 4 as ordered in the attached Stipulated Domestic Relations Order (DRO) Re: San Luis Obispo County Pension Trust Retirement Plan Benefits and Allowances for Member Martin Settevendemie. Legal counsel agrees with this recommendation.

Discussion:

The San Luis Obispo County Employees Retirement Plan (the “Plan”) provides for four different optional settlements, aside from the Unmodified Allowance. The Unmodified Allowance is the maximum allowance payable to a Member that also provides for a 50% continuance of monthly benefits to be paid to an eligible surviving spouse or registered domestic partner. Article 13: Options Available After Retirement of the Plan allows a Member to elect an actuarially reduced monthly benefit to provide for a larger continuing monthly allowance for their surviving spouse/registered domestic partner, or a continuance or lump sum payment to a named beneficiary that would not qualify as an eligible surviving spouse or registered domestic partner. The four alternative options are summarized as:

Option 1 – provides that any remaining employee contributions are paid to named beneficiary or beneficiaries upon the death of the Retiree.

Option 2 – provides a 100% continuance of the actuarially reduced monthly benefit be paid to the named beneficiary upon death of the Retiree.

Option 3 – provides a 50% continuance of the actuarially reduced monthly benefit to be paid to the named beneficiary that is not a survivor/registered domestic partner upon death of the Retiree.

Option 4 – provides an **actuarially equivalent** continuance of monthly benefits to be paid to the named beneficiary upon the death of the Retiree (not greater than that available under Option 2). This option affords a great deal of flexibility to Members in arranging their retirement benefit, as long as it is an actuarial equivalent and does not increase cost to the Plan. The terms of the Retirement Plan for Option 4 **require Board of Trustees approval.**

In this case, Mr. Settevendemie is an active Member of the SLOCPT who has filed for dissolution of marriage. As part of the settlement of community property he and his former spouse (Alternate Payee) have agreed to a division of their interests with regards to the benefits provided by the SLOCPT that will occur at the time he retires from County service. The Alternate Payee will receive her portion of the monthly retirement allowance for her lifetime and will be permitted to name a beneficiary that will receive her monthly benefit through Mr. Settevendemie lifetime – provisions not available under one of the other payment options. When parties elect to split their interests at the point of retirement, the Alternate Payee's benefit under the Unmodified Allowance and Options 1, 2, and 3 ceases upon the death of the Retiree. As a result, Mr. Settevendemie is required to elect **Option 4** at the time of his retirement to accommodate the continuing monthly benefit to his Alternate Payee at the time of his passing.

Attached, for your review is the draft Stipulated Domestic Relations Order (DRO). This DRO establishes that Mr. Settevendemie, upon retirement, must select **Option 4**. Mr. Settevendemie's Unmodified Allowance will be calculated and then divided pursuant to that which is described in the order. At that time, the Alternate Payee's allowance will be further adjusted (reduced) using appropriate actuarial methods to reflect the Alternate Payee's life expectancy thus ensuring an actuarial equivalent benefit is distributed in a manner consistent with the Plan.

Also attached is a letter from Gabriel Roeder Smith, SLOCPT's actuary, who has reviewed the DRO and has certified that it fulfills the definition of actuarial equivalence.

Respectfully submitted,

1 EDWARD L. SOMOGYI
A Professional Law Corporation
2 695 Santa Rose Street
San Luis Obispo, CA 93401
3 (805) 781-0800

4 Attorney for Petitioner
MARTIN SETTEVENDEMIE

5 BARBARA A. GINSBERG, SBN 69902
6 Attorney at Law
P.O. Box 2707
7 Oakland, CA 94602
(510) 842-3622

8 Consultant for Petitioner
9 Re: Retirement Benefits Only

10 SUPERIOR COURT OF CALIFORNIA, SAN LUIS OBISPO COUNTY

11 In Re Marriage of:

Case No: FL 12-0250

12 Petitioner: MARTIN SETTEVENDEMIE

STIPULATED DOMESTIC RELATIONS
ORDER RE: SAN LUIS OBISPO
COUNTY PENSION TRUST
RETIREMENT PLAN BENEFITS AND
ALLOWANCES

13 and

14 Respondent: SUSAN BEEVERS

15

16 The parties stipulate that this Order Re: San Luis Obispo County Pension Trust
17 Retirement Benefits shall be made the Order of the court.

18 This Order is entered pursuant to the following facts:

19 A. MARTIN SETTEVENDEMIE and SUSAN BEEVERS married on March
20 9, 1996 and separated on May 18, 2010. Judgment of Dissolution of Marriage has been
21 entered by this court on August 5, 2014.

22 B. Petitioner MARTIN SETTEVENDEMIE accrued retirement benefits as a
23 Participant in the San Luis Obispo County Pension Trust Retirement Plan during the period
24 of the marriage. He has not retired and is not in pay status on the date of this Order.

25

26

27

28

1 C. 1. The San Luis Obispo County Pension Trust (“Pension Trust”) was
2 formed, exists, and is administered under Sec. 53215, et. seq., of the California Government
3 Code and Chapter 2.56 of the San Luis Obispo County Code and the Pension Trust By-Laws
4 and Pension Trust Retirement Plan (“Retirement Plan”).

5 2. The San Luis Obispo County Pension Trust has been properly joined as
6 a party claimant to this action pursuant to Secs. 2060 through 2065 of the California Family
7 Code.

8 D This Court has personal jurisdiction over both Petitioner and Respondent and
9 jurisdiction over the subject matter of this Order and the dissolution of marriage.

10 NOW, THEREFORE, pursuant to the above referenced facts, the following Order
11 shall be the order of the court:

12 1. a. This Order is entered pursuant to the California Family Code.

13 b. This Order relates to the division and/or allocation of marital property
14 rights, more particularly any rights Respondent SUSAN BEEVERS (hereinafter the “Former
15 Spouse”) may have to receive a portion of the retirement benefits payable to Petitioner
16 MARTIN SETTEVENDEMIE (hereinafter the “Member”) as a result of his participation in
17 the San Luis Obispo County Pension Trust Retirement Plan.

18 2. The identification, including name, mailing address, social security number and
19 date of birth of the Member is as follows:

20 MARTIN SETTEVENDEMIE
21 317 Grove Street
22 Los Osos, CA 93402

23 D/B: *to be provided by separate, unfiled statistical information sheet*
24 SSN: *to be provided by separate, unfiled statistical information sheet*

25 / / /

26 / / /

27
28 May 18, 2020(2)

2

1 3. The identification, including name, mailing address, social security number and
2 date of birth of the Former Spouse is as follows:

3 SUSAN BEEVERS
4 390 Java Street
5 Morro Bay, CA 93442

6 SSN: *to be provided by separate, unfiled statistical information sheet*
7 D/B: *to be provided by separate, unfiled statistical information sheet*

8 4. Notice of change of address or telephone number shall be made in writing to
9 the Pension Trust at the following address:

10 San Luis Obispo County Pension Trust
11 1000 Mill Street
12 San Luis Obispo, CA 93408

13 5. Calculation of the Community Property Interest. The parties' community
14 property interest in the Member's rights under the Retirement Plan shall be a fraction, the
15 numerator of which is the number of years and fractional parts thereof of the Member's
16 Pension Trust Service Credit accrued between the date of the parties' marriage (that is,
17 March 9, 1996) and the date of the parties' separation (that is, May 18, 2010). The
18 denominator of the fraction is the Member's total Pension Trust Service Credit accrued from
19 the Member's entry into the Pension Trust until the Member's effective date of retirement.
20 The resulting fraction shall be converted into a percentage interest which shall be the
21 Community Property Interest.

22 6. Calculation of Former Spouse's Share. The Former Spouse's share of the
23 Community Property Interest shall be determined by multiplying the Community Property
24 Interest by one-half.

25 7. Award of the Former Spouse's Share.

26 a. The Court allocates and awards to the Former Spouse, as the Former
27 Spouse's sole and separate property, the Former Spouse's share of the Community Property
28 Interest in the Member's rights under the Retirement Plan.

1 b. The Former Spouse's share of the Member's plan allowances and
2 benefits under the Retirement Plan shall apply to, but not be limited to, the Monthly
3 Retirement Allowances paid to member during the Member's lifetime, the Former Spouse's
4 interest in the Retirement Plan as a beneficiary of the Member, and the Former Spouse's
5 share of any Employee Additional Contribution account in the name of Member. Except
6 that, in the event that Member retires on a Disability Allowance, Former Spouse's share of
7 the Member's Disability Allowance shall apply only to the extent set out a paragraph 8 of this
8 Order.

9 c. The Former Spouse's share shall include her proportionate share of any
10 Cost-of-Living Adjustment ("COLA") to which Member becomes entitled.

11 d. As more particularly set out at paragraph 12, any actuarial adjustment
12 to provide for Former Spouse's benefits under Optional Settlement No. 4 shall be taken from
13 Former Spouse's share of the benefits.

14 8. a. In the event that Member retires on a disability pension, Former Spouse
15 shall begin receiving her community property share of the benefits, as calculated at paragraph
16 paragraphs 5 and 6, either on the date when Member would otherwise be eligible to retire on
17 a service pension or on Member's actual retirement date, if later.

18 b. The community property fraction set out at paragraphs 5 and 6 shall be
19 applied to the monthly benefit which Member would otherwise have received if he had
20 retired on a service pension on that date, unless the Members entire monthly disability
21 pension amount is less than such service pension, in which case the community property
22 fraction shall be applied to the entire disability pension amount.

23 9. Member's Additional Contributions. In the event that the Member has an
24 Employee Additional Contribution account with the Retirement Plan, the Former Spouse's
25 share of that account shall be paid to her in accordance with Section 5.07 of the Retirement
26 Plan.

1 10. All Retirement Plan allowances and benefits which are not awarded to the
2 Former Spouse pursuant to this Order shall be the Member's sole and separate property.

3 11. Surviving Spouse. The Court finds that: As of the date of separation of the
4 parties, the Member had not retired from employment and that, therefore, the Former Spouse
5 is not qualified as and will not qualify to become the Member's "Eligible Surviving Spouse"
6 under Section 7.04 of the Retirement Plan

7 12. Election of Retirement Allowance Method. At such time as the Member
8 applies to the Pension Trust for a Monthly Retirement Allowance, the Member shall elect
9 Optional Settlement No. 4 as provided under Article 13 of the Retirement Plan. The
10 Alternate Payee's share of the Community Property Interest of the Member's Monthly
11 Retirement Allowance (determined as an Unmodified Retirement Allowance as provided for
12 under Article 6 of the Retirement Plan) shall be converted from being paid for the lifetime
13 of the Member to being paid for the lifetime of the Alternate Payee. The amount of the
14 monthly benefit paid to the Alternate Payee's lifetime shall be the actuarial equivalent (based
15 on the actuarial assumptions of the Pension Trust) of the Alternate Payee's share of the
16 Unmodified allowance.

17 If, on the effective date of the Member's retirement, the Member is married and
18 the Member's spouse is determined to be an Eligible Survivor, then the Member's Retirement
19 Allowance shall be calculated as follows:

- 20 a. The Unmodified allowance shall be determined in accordance with the
21 Retirement Plan formula applicable to the member on the date of
22 retirement.
- 23 b. The Alternate Payee's portion of the Unmodified allowance shall be
24 determined in accordance with the provisions of this Order, specifically
25 paragraphs 6 and 7.

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c. The Survivor Continuance portion of the Unmodified Allowance (per Section 7.02 or 7.03 as applicable), which is payable to the Member's Eligible Spouse upon the Member's death after retirement shall be determined based on the Unmodified allowance that remains after the award of the Alternate Payee's share of the Unmodified allowance has been determined.

d. In the case of the Member's death after Retirement, the Unmodified allowance payable to the Alternate Payee, as adjusted pursuant to this section, shall be paid for the remainder of the Alternate Payee's lifetime.

13. Payment of Retirement Allowance to the Former Spouse if Member Retires.

At such time as the member retires and commences receiving a monthly retirement allowance from the Pension Trust, the Former Spouse shall commence receiving Former Spouse's Community Property share of the Member's monthly retirement allowance by separate warrant directly from the Pension Trust. Except that, as set out at paragraph 8, if Member retires on a disability retirement, the Former Spouse shall commence receiving Former Spouse's Community Property share of the Member's monthly retirement allowance by separate warrant directly from the Pension Trust on the date when Member would otherwise have become eligible for a service pension or on Member's actual retirement date, if later.

14. Payment to the Former Spouse in the event of the Member's Death Prior to Retirement. If the Member dies before the Member is qualified to retire, then the Former Spouse shall be paid the Former Spouse's proportionate share of the death benefit provided pursuant to Section 7.01 of the Retirement Plan. If Member dies after the Member is qualified to retire but prior to his actual retirement date, then Former Spouse shall be paid Former Spouse's proportionate share of any death benefit payable pursuant to Section 7.02 of the Retirement Plan.

1 15. Payment of Former Spouse's share if She Pre-deceases Member. In the event
2 that Former Spouse pre-deceases Member, her share shall be paid to her named beneficiary
3 (or, if none, then to her estate) until the subsequent death of Member.

4 16. For purposes of Sections 402 and 72 of the Internal Revenue Code, any
5 Alternate Payee who is the spouse or former spouse of the Participant shall be treated as the
6 distributee of any distribution or payments made to the Alternate Payee under the terms of
7 the Order and, as such, Former Spouse will be required to pay the appropriate federal, state,
8 and local income taxes on such distributions.

9 17. Immediately upon the entry of this Order, the Order shall be served upon the
10 Pension Trust.

11 18. This Order shall not be construed to expand the contractual or statutory
12 obligations, whether substantive or procedural, of the Pension Trust with respect to paying
13 the above allowances and/or benefits.

14 19. a. This Order shall be administered and interpreted in conformity with the
15 laws governing the Pension Trust, the By-laws and Retirement Plan, and other applicable
16 law. If such laws, By-Laws, or Retirement Plan are amended, then the Member and the
17 Former Spouse shall immediately take any steps necessary to amend this Order to comply
18 with any such amendments, changes, and/or modifications.

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1 b. Additionally, the Member, the Former Spouse, and the Court intend that
2 this Order meet all of the requirements of a domestic relations order under laws governing
3 the Pension Trust and other applicable laws of the State of California. Therefore, this court
4 shall specifically retain jurisdiction to amend or modify this Order or to make such other and
5 further orders as are necessary or appropriate to enforce or clarify the provisions of this
6 Order, to meet the requirements of the Pension Trust and the Retirement Plan and of State
7 and Federal law, to maintain this Order as a domestic relations order, to resolve any disputes
8 that may arise among the parties relative to benefit payments or any other aspect of this
9 Order, and to make any appropriate changes to the Order as are necessary to effectuate the
10 intent of the parties.

11 20. This Order shall additionally apply to any successor or transferee plan of the
12 Pension Trust, including any plan into which the Pension Trust is merged. This Order shall
13 continue to be effective following the termination of the Pension Trust.

14 21. a. The Member and the Former Spouse shall sign any forms, letters and
15 other documents as required to effect the distribution(s) described herein and the intent of
16 this Order.

17 b. The Former Spouse and her agents and attorneys are authorized to
18 receive such information from the Pension Trust concerning the Member's allowances and
19 benefits as may be needed to verify the Former Spouse's allowance.

20 22. The Member shall act as constructive trustee of any benefits assigned to the
21 Alternate Payee under this Order which may be paid to or received by the Member. The
22 Member, as trustee, shall promptly pay or transmit any such benefits to the Alternate Payee
23 at the Alternate Payee's last known address. The Alternate Payee shall act as constructive
24 trustee of any benefits assigned to the Member under this Order which may be paid to or
25 received by the Alternate Payee. The Alternate Payee, as trustee, shall promptly pay or
26 transmit any such benefits to the Member at the Member's last known address.

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1 23. Each executed copy of this Order shall be deemed an original for all purposes.
2 This Order may be executed in counterparts or by annexing signature pages hereto showing
3 assent to the terms of this Order. Fax and/or PDF signatures shall have the same force and
4 effect as original signatures.

5 **It is so Stipulated.**

6
7 DATED: _____

8 MARTIN SETTEVENDEMIE
9 Petitioner

10 DATED: _____

11 SUSAN BEEVERS
12 Respondent

13 Approved: _____
14 _____


15 Approved:

16 Attorney for Petitioner

17 EDWARD L. SOMOGYI
18 Attorney for Respondent

19 Approved as to form:

20 DATED: 7/23/20

21 
22 Executive Secretary
23 San Luis Obispo County Pension Trust

24 ORDER

25 The Stipulation of the parties in regards to Petitioner MARTIN SETTEVENDEMIE's
26 benefits as a participant in the San Luis Obispo County Pension Trust Retirement Plan is
27 hereby made the Order of this Court.

28 IT IS SO ORDERED.

Date: _____

JUDGE OF THE SUPERIOR COURT



July 14, 2020

Mr. Carl Nelson
Executive Secretary
San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, CA 93408

Re: Settevendemie Domestic Relations Order No. FL 12-0250

Dear Carl:

The purpose of this letter is to confirm that the DRO issued by the Superior Court of California in regards to the member (Martin Settevendemie) and his Alternate Payee (Susan Beevers) fulfills the definition of actuarial equivalence. In particular, this DRO includes the Option 4 benefit.

The alternate payee's unmodified allowance will be adjusted for the alternate payee's mortality to create an actuarial equivalent benefit according to Section 13.05 of the By Laws and Retirement Plan of the San Luis Obispo County Pension Trust, including revisions through June 28, 2020.

If you have any questions or need additional information, please don't hesitate to contact us.

Sincerely,

A handwritten signature in black ink that reads "Paul T. Wood". The signature is written in a cursive, flowing style.

Paul T. Wood, ASA, FCA, MAAA
Consultant

Board of Trustees

1000 Mill Street
San Luis Obispo, CA 93408
Phone: (805) 781-5465
Fax: (805) 781-5697
www.SLOPensionTrust.org



Date: August 24, 2020

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director
Jennifer Alderete – Accountant

Agenda Item 9: June 30, 2020 Mid-Year Financial Statements and Fiscal Year (FY) 2019-2020 Final Administrative Budget Status

Recommendation:

It is recommended by Staff that the Board of Trustees –

- Receive and file the unaudited June 30, 2020 mid-year financial statements
- Receive and file the final FY19-20 Final Administrative Budget status report

Discussion:

Attached for your review are the following reports issued for the San Luis Obispo County Pension Trust:

- Statements of Fiduciary Net Position as of June 30, 2020 (unaudited) and December 31, 2019
- Statements of Changes in Fiduciary Net Position for the six months ended June 30, 2020 (unaudited) and the year ended December 31, 2019
- Final Administrative Budget Status – FY19-20

The SLOCPT produces audited financial statements in a full Comprehensive Annual Financial Report (CAFR) format at the end of each calendar year. As a further accounting report to the Board of Trustees, Staff has maintained the practice of closing its books mid-year as well and producing a set of basic unaudited financial statements as of June 30th. For comparison purposes, figures for the prior year end have been included.

The SLOCPT's FY19-20 Administrative Budget was adopted by the Board of Trustees. The total expense budget for FY19-20 was adopted to be \$2,827,000. Staff has determined actual expenses to be \$2,302,625 for FY19-20, which is \$524,375 or 18.55% under the approved budget. Actual expenses for FY18-19 and FY20-21 adopted budget amounts have been shown for comparison.

Respectfully Submitted,

**SAN LUIS OBISPO COUNTY PENSION TRUST
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2020 AND DECEMBER 31, 2019**

	Unaudited 6/30/2020	12/31/2019
ASSETS		
Cash and Cash Equivalents	\$ 56,959,062	\$ 46,396,399
Receivables		
Accrued Interest and Dividends Receivable	453,788	716,114
Accounts Receivable	9,719	24,701
Contributions Receivable	3,393,389	3,287,950
Securities Sold	3,718,725	981,205
Total Receivables	7,575,621	5,009,970
Investments, at Fair Value		
Bonds and Notes	253,594,320	265,883,323
International Fixed Income	130,168,039	148,271,810
Collateralized Mortgage Obligations	8,334,977	5,983,103
Domestic Equities	270,107,708	298,421,573
International Equities	297,007,066	323,757,992
Alternative Investments	150,215,881	165,992,908
Real Estate	208,483,774	204,950,456
Total Investments	1,317,911,765	1,413,261,165
Other Assets		
Prepaid Expenses	156,114	75,376
Capital Assets - Net of Accumulated Depreciation	7,082,850	7,407,268
Total Other Assets	7,238,964	7,482,644
Total Assets	\$ 1,389,685,412	\$ 1,472,150,178
LIABILITIES		
Securities Purchased	\$ 21,200,534	\$ 3,432,132
Accrued Liabilities	1,617,545	1,740,469
Prefunded Contributions	(993,228)	27,973,374
Total Liabilities	\$ 21,824,851	\$ 33,145,975
FIDUCIARY NET POSITION		
Fiduciary Net Position Restricted for Pension Benefits	\$ 1,367,860,561	\$ 1,439,004,203

SAN LUIS OBISPO COUNTY PENSION TRUST
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
SIX MONTHS ENDED JUNE 30, 2020 AND YEAR ENDED DECEMBER 31, 2019

	Unaudited 6/30/2020	12/31/2019
ADDITIONS		
Contributions		
Employer Contributions	\$ 26,902,380	\$ 48,957,564
Plan Member Contributions	17,212,462	32,983,211
	<hr/>	<hr/>
Total Contributions	44,114,842	81,940,775
	<hr/>	<hr/>
Investment Income (Loss)		
Realized and Unrealized Gains and Losses, Net	(58,752,370)	181,520,905
Interest	1,851,101	4,450,180
Dividends	1,603,597	11,371,561
Real Estate Operating Income, Net	-	11,549
Investment Expenses	(1,337,081)	(3,632,547)
	<hr/>	<hr/>
Net Investment Income	(56,634,753)	193,721,648
	<hr/>	<hr/>
Other Income	17,642	18,930
	<hr/>	<hr/>
Total Additions	(12,502,269)	275,681,353
	<hr/>	<hr/>
DEDUCTIONS		
Benefits		
Monthly Benefit Payments	53,810,494	101,220,652
Refund of Contributions	1,867,511	3,291,865
Death Benefits	542,706	118,337
	<hr/>	<hr/>
Total Benefits	56,220,711	104,630,854
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Other Deductions		
Administration and Actuarial	1,314,301	2,120,046
Prefunded Discount Amortization	1,106,361	1,546,334
	<hr/>	<hr/>
Total Other Deductions	2,420,662	3,666,380
	<hr/>	<hr/>
Total Deductions	58,641,373	108,297,234
	<hr/>	<hr/>
Net Increase (Decrease) in Fiduciary Net Position	\$ (71,143,642)	\$ 167,384,119
	<hr/>	<hr/>
Fiduciary Net Position Restricted for Pension Benefits - December 31, 2019 and December 31, 2018	\$ 1,439,004,203	\$ 1,271,620,084
	<hr/>	<hr/>
Fiduciary Net Position Restricted for Pension Benefits - June 30, 2020 and December 31, 2019	\$ 1,367,860,561	\$ 1,439,004,203
	<hr/>	<hr/>

San Luis Obispo County Pension Trust
BUDGET STATUS UPDATE
Fiscal Year 2019-2020
as of 6/30/2020

	FY18-19 Actual Expenses	FY19-20 Adopted Budget	FY19-20 Actual Expenses	Budget Variance	FY20-21 Adopted Budget
INVESTMENT EXPENSE (discretionary):					
Custody & Consultant	\$ 450,931	\$ 505,000	\$ 486,383	\$ (18,617)	\$ 511,000
ADMINISTRATIVE EXPENSE:					
Personnel Services	\$ 1,096,016	\$ 1,111,000	\$ 1,097,470	\$ (13,530)	\$ 1,197,000
Professional Service					
Accounting & Auditing	64,146	60,000	59,657	(343)	60,000
Actuarial	93,376	136,000	109,352	(26,648)	87,500
Legal	197,511	220,500	177,332	(43,168)	220,000
Medical Evaluations - Disabilities	22,703	21,500	17,625	(3,875)	25,000
Human Resources Consulting	5,000	5,000	5,000	-	5,000
Information Technology Services	152,934	271,500	65,418	(206,082)	253,000
Banking and Payroll	18,129	21,000	19,536	(1,464)	21,000
Other Professional Services	1,514	2,500	1,518	(982)	2,000
Total Professional Services	\$ 555,313	\$ 738,000	\$ 455,438	\$ (282,562)	\$ 673,500
Other Expenses					
Trustee Election Expenses	-	6,000	-	(6,000)	6,000
Property Taxes	-	22,000	-	(22,000)	3,000
Insurance	116,402	126,000	115,839	(10,161)	126,000
Building Maintenance	26,056	58,000	42,064	(15,936)	74,000
Office Expense	22,510	28,500	21,260	(7,240)	28,000
Memberships & Publications	5,522	5,000	6,234	1,234	6,500
Postage	27,016	32,000	33,609	1,609	32,000
Communications	1,557	3,000	2,605	(395)	3,500
Training & Travel	18,394	43,000	13,576	(29,424)	47,500
Information Technology	900	4,500	24,550	20,050	36,500
Equipment	3,712	10,000	3,597	(6,403)	10,000
Total Other Expenses	\$ 222,069	\$ 338,000	\$ 263,334	\$ (74,666)	\$ 373,000
TOTAL ADMINISTRATIVE	\$ 1,873,398	\$ 2,187,000	\$ 1,816,242	\$ (370,758)	\$ 2,243,500
TOTAL ADMIN. + INVEST.	\$ 2,324,329	\$ 2,692,000	\$ 2,302,625	\$ (389,375)	\$ 2,754,500
Contingencies	\$ -	\$ 135,000	\$ -	\$ (135,000)	\$ 138,000
TOTAL	\$ 2,324,329	\$ 2,827,000	\$ 2,302,625	\$ (524,375)	\$ 2,892,500

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Board of Trustees

1000 Mill Street
San Luis Obispo, CA 93408
Phone: (805) 781-5465
Fax: (805) 781-5697
www.SLOPensionTrust.org



Date: August 24, 2020

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 10: Actuarial Service Request for Proposal and Process

Recommendation:

That the Board of Trustees –

1. Approve proceeding with issuing a Request for Proposal for Actuarial Services.
2. Approve the Request for Proposal for actuarial services including the incorporated schedule targeted on a November 23rd final selection approval.
3. Direct Staff on the level of Board involvement in the interviewing process and whether or not the Board prefers to have a finalist or finalists make presentations at the November 23rd Board meeting.

Background:

It has been the practice of the Pension Trust to issue Requests for Proposals (RFPs) for professional services only when necessary and not on a set number of years schedule (the exception being for Auditor done every 5 years). Reasons for issuing RFPs for professional services include change in assigned personnel, concern over fees, or performance.

The Pension Trust has used the services of Gabriel Roeder Smith (GRS) as Plan Actuary since 2007. In 2019, the primary actuary on the assignment, Leslie Thompson, retired and was replaced by another GRS led actuary, Paul Wood. At the time of Ms. Thompson's retirement it was approved by the Board of Trustees to continue with GRS as the Plan Actuary through the 2020 Annual Actuarial Valuation and the 2020 biennial Actuarial Experience Study. The complexity

of a biennial experience study year combined with several years of familiarity with Mr. Wood as an actuary on the assignment suggested that it was prudent to defer an immediate RFP for Actuarial Services.

Now that the 2020 Valuation and Experience Study is done, it is appropriate to consider issuing an RFP for Actuarial Services. GRS is welcome to submit a proposal in the process. The timing of an Actuarial Services RFP needs to be done after the conclusion of the 2020 Valuation (June 2020) and in time to start planning for the 2021 Actuarial Valuation (January 2021).

If the Board of Trustees agrees, the process and schedule for consideration of RFPs is –

- Aug. 31, 2020 RFP issued – questions taken until 9/11/20 and answers posted
- **Oct. 9, 2020** Due date for responses
- October Staff review of RFP responses
- Nov. 2-6, 2020 Possible Finalist interviews with Staff
 - Trustees invited to observe at their option and in less than quorum number
- **Nov. 23, 2020** Recommended actuarial firm presented to the Board for approval
 - Board of Trustees presentation by finalist(s) at Board option

The attached draft RFP for Actuarial Consulting Services is identical in legal form to the RFP last used by the Pension Trust in selecting a firm for the last Actuarial Audit. The questions have been revised to fit with the selection of an actuary for ongoing valuation services.

Respectfully submitted,

1000 Mill Street
San Luis Obispo, CA 93408
(805) 781-5465 Phone
(805) 781-5697 Fax
www.SLOPensionTrust.org



Request for Proposal For Actuarial Consulting Services

KEY DATES

Request for Proposals (RFP) issued:	August 31, 2020
Written Questions Due	September 11, 2020
Responses to Questions Posted on Website	September 18, 2020
Due date for submission of Proposals	October 9, 2020
Possible Interview(s) of Finalists	November 2-6, 2020
Estimated Board Approval and Contract Execution	November 23, 2020

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4. Submission of Proposal	Page 5
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6. Proposal Review and Selection Process	Page 8

1. Introduction & Background

The San Luis Obispo County Pension Trust (SLOCPT) is an independent public retirement trust established pursuant to California Government Code Section 53215 et seq. Under the provisions of the Government Code, the applicable County ordinances and the San Luis Obispo County Employees Retirement Plan, administration and investment of assets is governed by a seven member Board of Trustees. Three of the Trustees are elected by the Active Members, three are appointed by the Board of Supervisors and the County Treasurer is ex-officio a member.

SLOCPT has about \$1.4 billion in assets and about 6,250 participants. The active membership is composed of three separate member classifications: Miscellaneous, Probation and Safety. There are additional benefit differentials that exist between sworn and non-sworn safety officers as well represented and management employees that include retirement factors, benefit caps and pensionable compensation components. Beginning with most new hires in 2011-2012 a Tier 2 benefit structure was established for Miscellaneous and Safety (sworn and non-sworn) members. Beginning with new hires in 2013 a Tier 3 benefit structure for all classes of membership consistent with the Public Employees Pension Reform Act of 2012 (PEPRA) was established. The Retirement Plan is available online at SLOCPT's web site: www.slopensiontrust.org.

The total rate of contributions to the Retirement Plan is established based on SLOCPT's Actuary's recommendation. The allocation of the total pension contribution rate between Employee contributions (age-at-entry schedules) and Employer appropriations are determined by the Plan Sponsor and contracting agencies consistent with various collective bargaining agreements. Under the current collective bargaining agreements, pension contribution rate increases are generally split 50/50 between employer and employee with some modifying caps on increases in some agreements.

Plan Normal Costs are calculated for each Tier within each member classification. Total Required Contributions to the Plan are expressed as a percentage of payroll that reflects a blending of the Normal Cost rates between Tier 1 and Tier 2 & 3 and the required UAAL amortization.

The San Luis Obispo County Superior Court, Air Pollution Control District, Local Agency Formation Commission and Regional Transit Authority (administrative staff only) all contract with SLOCPT to provide benefits to their employees. All Contract Agency employees are categorized as Miscellaneous and each have specific arrangements with SLOCPT dictating which Tier and benefit structure they participate in.

Plan investments and benefits are administered by a staff of eight. The Executive Director is the Plan Administrator and Chief Investment Officer. The Deputy Director assists the Executive Director and manages operations. Verus provides investment consulting services to the Board and the staff. Legal counsel is provided by the Olson | Remcho firm, who is retained by the Board of Trustees.

The Trust currently retains Gabriel, Roeder, Smith and Company to provide actuarial consulting services. On June 22, 2020 the Board of Trustees approved the January 1, 2020 valuation covering the Plan year ending December 31, 2019. An Actuarial Experience Study is performed biennially with the most recent Experience Study completed in 2020 covering the 5-year period from January 1, 2015- through December 31, 2019.

The actuarial assumptions incorporated in the 2020 Annual Actuarial Valuation are detailed in that report and include a 6.875% discount rate. Mortality Assumptions were significantly updated with the 2016 and 2020 Actuarial Valuations. The amortization of the Unfunded Actuarial Accrued Liability is on a 20-year layered basis with a legacy UAAL amortization from prior to the adoption of the 20-year layered approach also being amortized through 2040.

It is the practice of the SLOCPT to retain a different actuarial firm every five years to perform an Actuarial Audit of the most recent Actuarial Valuation. The last such Actuarial Audit was performed by Bartel & Associates for the 2018 Annual Actuarial Valuation for the year ending December 31, 2017.

The Board of Trustees is seeking proposal to provide actuarial services as described below. SLOCPT currently uses Gabriel Roeder Smith for actuarial services and has done so since 2007. The lead actuary at GRS on the SLOCPT account retired in 2019 which is the reason for issuing this RFP. Gabriel Roeder Smith is invited to respond to this RFP.

Term of Engagement - A contract with an initial term of five (5) years is contemplated commencing January 1, 2021 and the contract may be extended beyond December 31, 2025 by mutual agreement of the parties by written amendment. SLOCPT's decision to exercise contract extension(s), not to exceed a total of five (5) additional years, will be subject to satisfactory negotiation of terms.

2. Services to be Provided

The services to be provided pursuant to this RFP include:

1. Annual Actuarial Valuations (set fee schedule)
2. Annual CAFR actuarial information updates (set fee schedule)
3. Annual GASB 67/68 Financial Statement Disclosure Report (set fee schedule)
4. Biennial Actuarial Experience Studies (set fee schedule)
5. Routine actuarial services such as but not limited to - (hourly basis for costs)
 - a. Actuarial and Government table updates,
 - b. benefit calculations for divorces,
 - c. analysis of optional forms of retirement benefits,
 - d. 415 Limit calculations,

- e. PEPRA compensation limits,
 - f. Retiree COLA calculations,
 - g. Other actuarial analysis and calculations on a TBD basis
6. Ad hoc special projects (hourly basis for costs)

3. Information to be Furnished by Proposer

A complete Proposal shall include the following elements:

A. Introduction and statement of understanding

B. General Qualifications including:

- Organizational Structure
- List of any material changes to the organization structure within the last 5 years
- Length of time the Proposer has been performing actuarial consulting
- Percentage of revenue derived from actuarial consulting
- Number of full-time profession actuarial consultants employed by Proposer
- Description of Proposers compensation and incentive program for actuarial consultants
- Listing of recent actuarial projects the Proposer deems similar to the projects described in this RFP
- Description of Proposer's systems controls, security, and resources utilized to ensure the confidentiality and integrity of client data
- Description of how the Proposer evaluates their clients' satisfaction

C. Professional Staff Qualifications and Experience including:

- Name, and title of primary individual(s) who would be responsible for the SLOCPT account
- Biography/profile/resume for each person identified above
- Primary role(s) of each person identified above regarding the services provided to SLOCPT

D. Potential Conflicts: provide details of any potential conflict of interest related to any other client relationships, SLOCPT affiliates, SLOCPT trustees or staff if awarded the engagement

E. Legal Situations. Answer to the following:

- Has any officer or principal of your organization been involved in litigation or legal proceedings related to any actuarial or other consulting activities? If so, provide a brief explanation and indicated the current status of proceedings.
- Has your firm ever been censured or fined by any regulatory body? If, so please indicate the dates and describe the situation.

F. Fee Schedule: provide all-inclusive fee (or hourly rate where specified) for each item listed in section 2, Service to be Provided. Address future pricing for the expected term of the engagement (5 years).

G. References: provide a listing of three (3) client references for which the Proposer performs actuarial consulting service similar to those described in the RFP

H. Attachments to the Proposal to included:

- Proposer's Financial Information or Audited Financial Statements
- Example – Actuarial Valuation
- Example – Actuarial Experience Study
- Sample Contract
- Additional Materials the Proposer wishes to include

The following information can be obtained from the SLOCPT website:

www.slopensiontrust.org

- Actuarial Valuation: January 1, 2020 with supplementary exhibits
- Biennial Actuarial Experience Study: January 1, 2020
- Actuarial Audit of the 2018 Actuarial Valuation
- The Retirement Plan Document
- SLOCPT 2019 CAFR
- This RFP
- Questions (received by **September 11, 2020**) and Answers

4. Submission of Proposals

A. **Electronic:** Send the proposal and any attachments to cnelson@co.slo.ca.us. Electronic proposals and attachments thereto should be submitted in PDF format.

B. Proposals should be received at the above location by 5:00 P.M PDT. **October 9, 2020.**

C. Modifications to proposals should be in writing (electronically delivered) and received before the above referenced date.

D. All costs associated with developing proposals and/or making presentations to the Board of Trustees should the Board decide to interview candidate firms, are the responsibility of the Proposer.

E. This RFP is not an offer capable of acceptance, but an invitation to you to submit a proposal to render professional services. The SLOCPT Board of Trustees reserves the right

to reject any and all proposals submitted and to award the contract on criteria deemed appropriate by the Board of Trustees in the exercise of its sole discretion in this matter.

F. Under the provisions of the California Public Records Act (the “Act”), Government Code section 6252 et seq., all “public records” (as defined in the Act) of a local agency, such as SLOCPT, must be available for inspection and copying upon the request of any person. Under the Act, SLOCPT may be obligated to provide a copy of any and all responses to this Request for Proposal, if such requests are made after the contract is awarded. One exception to this required disclosure is information which fits within the definition of a confidential trade secret [Government Code section 6254(k)] or contains other technical, financial or other data whose public disclosure could cause injury to the proposer’s competitive position. If any proposer believes that information contained in its response to this Request for Proposal should be protected from disclosure, the proposer **MUST** specifically identify the pages of the response that contains the information by properly marking the applicable pages and inserting the following notice in the front of its response:

NOTICE: The data on pages _ of this response identified by an asterisk (*) contain technical or financial information, which are trade secrets, or information for which disclosure would result in substantial injury to the proposer’s competitive position. Proposer requests that such data be used only for the evaluation of the response, but understands that the disclosure will be limited to the extent that SLOCPT considers proper under the law. If an agreement is entered into with the proposer, SLOCPT shall have the right to use or disclose the data as provided in the agreement, unless otherwise obligated by law.

SLOCPT will not honor any attempt by proposer to designate its entire proposal as proprietary. If there is any dispute, lawsuit, claim or demand as to whether information within the response to the Request for Proposal is protected from disclosure under the Act, Proposer shall indemnify, defend, and hold harmless, SLOCPT arising out of such dispute, lawsuit, claim or demand.

G. The bidder may withdraw or revise their proposal at any time prior to the due date specified above. After this due date the proposal is to be considered firm and may not be withdrawn for 120 days.

5. Contract Terms and Conditions

The contract will include, but may not be limited to, the following provisions:

A. Payment: The contractor will be paid in full upon full performance and receipt of deliverables specified in proposal and other documentation if requested.

B. Expense Reports: The contractor shall provide an itemized statement of expenses.

C. Nonassignable: The contract shall not be assignable either in whole or in part without prior written approval of the Board of Trustees.

D. Entire Agreement: The contract shall contain all representations and the entire understanding of the parties with respect to the subject matter. The RFP and the Contractor's proposal shall not be considered part of the contract unless expressly incorporated therein.

E. Choice of Law: The formation, construction and performance of the contract shall be governed and construed in accordance with the laws of State of California, County of San Luis Obispo.

F. Confidentiality: The Contractor, in the course of its duties, may handle financial, accounting, statistical and personal information pertaining to SLOCPT members and funds. All such information is to be considered confidential; and unless permitted by the Board of Trustees in writing, shall not disclose such information, directly or indirectly, or use said information in any other way, either during the term of the contract or at any time thereafter, except to perform its duties under the contract. Any disclosure of information contrary to this provision shall be considered a material breach of contract.

G. Disputes: Any controversy or claim arising out of or relating to the contract, or the breach thereof, shall be settled by the Executive Secretary whose decision shall be final.

H. Amendment: No amendment to the contract shall be valid unless made in writing and signed by both parties.

I. Independent Contractor: The contractor shall be liable for any act or acts of its own, of its agents or employees, and nothing in the contract shall be construed as creating an employer-employee relationship between the Board of Trustees and the Contractor or its employees or agents. The Contractor shall be deemed at all times to be an independent contractor and shall be wholly responsible for the manner in which it performs the services required of it. The Contractor shall agree to assume exclusive responsibility for the acts of its employees and/or agents as they relate to the services to be provided during the course and scope of their employment.

J. Termination: The Contract may be terminated at any time upon thirty (30) calendar day's written notice by either party.

K. Insurance: A satisfactory level of errors and omissions insurance coverage will be required.

L. Conflicts of Interest: The Contractor shall provide details of any other client relationships that could create either an actual conflict of interest or the appearance of a conflict of interest if awarded this engagement. The Contractor will also be required to describe the purpose and monetary value of any gifts, travel, expenses, entertainment or meals given to any member of the Board of Trustees or SLOCPT staff in the last two (2) years.

M. Indemnification: Please note that Section 16.02 of the Retirement Plan specifically prohibits the Board of Trustees from indemnification of any other party for any reason, absent authorization by the Board of Trustees based on a series of required findings.

6. Proposal Review and Selection Process

A. The Staff will conduct an initial review of all proposals received by the deadline set forth in this RFP. The purpose of this initial review is to ensure that all proposals meet the minimum requirements set forth in the RFP.

B. The Staff will then conduct a review of the proposals and present their recommendation to the Board of Trustees as to the proposal that best meets the needs of the Trust. It is anticipated that a Staff recommendation to the Board of Trustees will be made on **November 23, 2020**.

C. The Board of Trustees will review the staff analysis and recommendation of the proposals and then select a successful proposer or, in the alternative, select providers to be interviewed by the full Board of Trustees, after which the Board will make its selection.

D. To restate: The SLOCPT Board of Trustees reserves the right to reject any and all proposals submitted and to award the contract on criteria deemed appropriate by the Board of Trustees in the exercise of its sole discretion in this matter.

For Questions or Clarifications please contact:

Carl Nelson, Executive Director

or

Amy Burke, Deputy Director

San Luis Obispo County Pension Trust
(805) 781-5465 / Fax (805) 781 -5697

CNelson@co.slo.ca.us

ABurke@co.slo.ca.us

Any questions received by **September 11, 2020** at 5:00 PM PDT will be answered and posted (anonymously) on the www.slopensiontrust.org website by **September 18, 2020** at 3:00 PM PDT.

Board of Trustees

1000 Mill Street
San Luis Obispo, CA 93408
Phone: (805) 781-5465
Fax: (805) 781-5697
www.SLOPensionTrust.org



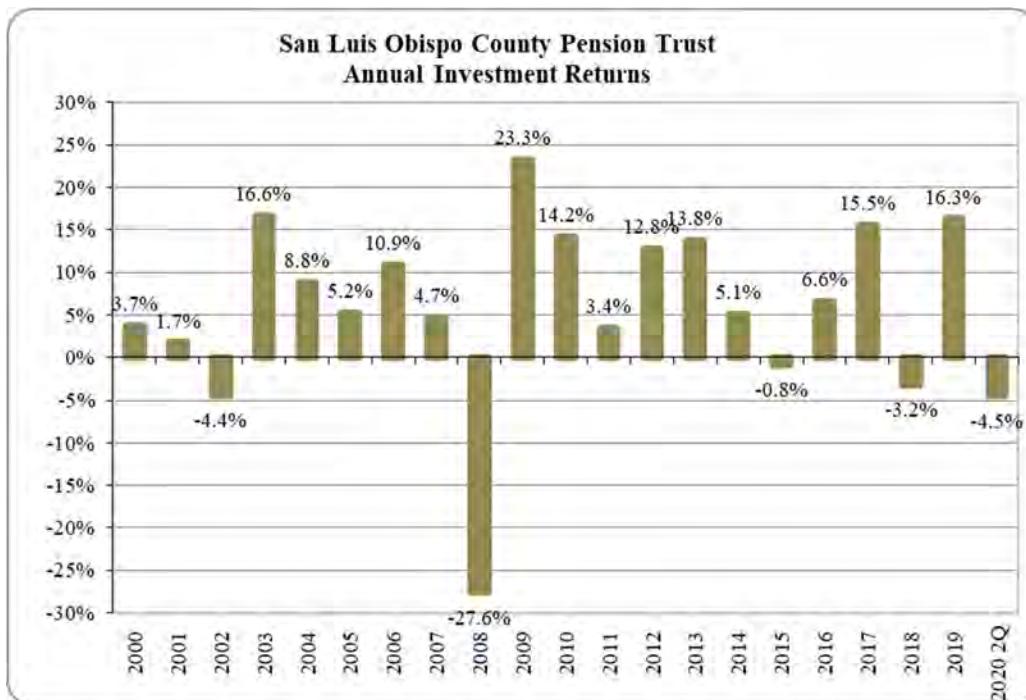
Date: August 24, 2020

To: Board of Trustees

From: Carl Nelson – Executive Secretary
Amy Burke – Deputy Executive Secretary

Agenda Item 11: Quarterly Investment Report for the 2nd Quarter of 2020

Attached to this memo is the 2Q20 quarterly investment report prepared by the Trust’s investment consultant Verus. Scott Whalen of Verus will make a detailed presentation and discuss the quarterly report. The 20 year history of the rates of return gross of fees of the Pension Trust are shown below as an extension of the data in the Verus report. The -4.5% YTD return in 2020 is made up of the volatile period of -12.4% in 1Q20 and +9.0% in 2Q20.



Respectfully submitted,

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**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



PERIOD ENDING: JUNE 30, 2020

Investment Performance Review for

San Luis Obispo County Pension Trust

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[VERUSINVESTMENTS.COM](https://www.verusinvestments.com)

SEATTLE 206-622-3700

LOS ANGELES 300-297-1777

SAN FRANCISCO 415-362-3484

PITTSBURGH 412-784-6678

Investment Landscape

TAB I

Investment Performance
Review

TAB II



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

3RD QUARTER 2020
Investment Landscape

Recent Verus research

Visit: <https://www.verusinvestments.com/insights/>

Annual outlooks

2020 REAL ASSETS OUTLOOK

The ongoing impact of COVID-19 on the global economy has dramatically altered our outlook on inflation, risk and asset class returns. Going into 2020, valuations for many risk assets were rich and expected returns were low. In a matter of weeks, we've seen a broad market sell-off, improving valuations.

- A combination of poor performance, high volatility and ESG-related concerns are driving a shift in investor preference within real assets.
- The shutdowns of economies around the globe will likely have lasting impacts and create some stress and distress for affected assets and those with highly levered capital structures.
- Negative impacts in real estate will likely take several quarters to flow through the appraisal cycle on the private side, creating challenges for existing assets and opportunities for fresh capital.

Topics of interest

BROADENING DIVERSITY CONSIDERATION

CIO Ian Toner, CFA, and Public Markets Managing Director Marianne Feeley, CFA, outline broader elements of diversity – beyond ownership – that may be used to characterize the demographic qualities of an investment firm. It frames the broader approach to understanding diversity that we are adapting at Verus, which is an integral part of our process of collecting and using information about investment managers.

STRATEGIC LIQUIDITY

An analysis of illiquid allocations across a universe of portfolios suggests that institution type and size may be the determining factors in how much capital is allocated to illiquid assets. We believe illiquid allocations should be based on the financial situation of the institution. Verus has developed a framework to analyze the impact illiquid asset programs have on the overall portfolio.

Sound thinking

KNOWING WHERE YOU'RE GOING MATTERS

CIO Ian Toner, CFA, and Public Markets Managing Director Marianne Feeley, CFA, outline broader elements of diversity – beyond ownership – that may be used to characterize the demographic qualities of an investment firm.

It frames the broader approach to understanding diversity that we are adapting at Verus, which is an integral part of our process of collecting and using information about investment managers.

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Equity 27

Other assets 38

Appendix 41

2nd quarter summary

THE ECONOMIC CLIMATE

- U.S. GDP grew at a -9.5% rate year-over-year in Q2 (-32.9% quarterly annualized rate). The contraction consisted of decreased consumer spending, exports, inventory investment, fixed investment, as well as state and local government expenditures. Federal government spending partly offset the slowdown. **p. 11**
- The U.S. labor market experienced a historic shock in Q2, as unemployment jumped from 4.4% in March to 14.7% in April, then recovered partially to 11.1% in June. Recent labor market data have beat expectations materially, but the severity of the shock is notable. A majority of the unemployed have reported their job losses as temporary. It will be important to watch what portion of these losses are indeed temporary rather than permanent. **p. 13**

PORTFOLIO IMPACTS

- Most major equity benchmarks are within 15% of all-time highs, despite major damage that COVID-19 has inflicted on the global economy. Some of this damage has been mitigated by government support, but some damage is likely yet to be felt. **p. 28**
- U.S. core inflation fell steeply from 2.1% in March to 1.2% in June, while food prices have risen. COVID-19 has led to a significant rise in at-home meal preparation (greater demand for certain items), while reportedly negatively impacting food processing facilities (less supply). **p. 12**

THE INVESTMENT CLIMATE

- The Federal Reserve continued to roll out the litany of support programs that were announced in the first quarter. The Fed's balance sheet grew from \$5.3 trillion to \$7.1 trillion over the second quarter. **p. 23**
- Moves in the CBOE VIX Index moderated in June. The long-term average of the index is near 19. It has remained above that level since February, reaching a high point of 85 on March 18th, and closing June at 30. **p. 36**
- The Fed expanded the list of eligible securities for purchase to include corporate debt. While the Fed will primarily target investment grade debt securities, it will also buy some non-investment grade debt from "fallen angels" which were investment-grade prior to the pandemic. **p. 23**

ASSET ALLOCATION ISSUES

- U.S. equities delivered an incredible comeback, following a sudden and significant sell-off in March. The S&P 500 rallied +20.5% in the second quarter, bringing year-to-date performance to -3.1%, and positive +7.5% over the past twelve months. **p. 30**
- The U.S. dollar weakened in Q2, falling -2.3%. The market recovery (less demand for safe-haven currencies) and materially lower U.S. interest rates (less attractive U.S. dollar) have likely contributed to depreciation. **p. 39**

A mildly underweight risk stance appears appropriate in today's environment

We remain watchful of the COVID-19 second wave and its impact on economic reopening

What drove the market in Q2?

“The second wave of coronavirus: How bad will it be as lockdowns ease?”

U.S. DAILY NEW CONFIRMED COVID-19 CASES

1/31	2/29	3/31	4/30	5/31	6/30
2	8	26,169	29,419	19,665	45,596

Article Source: *The Philadelphia Inquirer*, May 6th, 2020

“Early results from Moderna coronavirus vaccine trial show participants developed antibodies against the virus”

MODERNA U.S. EQUITY SHARE PRICE

1/31	2/29	3/31	4/30	5/31	6/30
\$20.51	\$25.93	\$29.95	\$45.99	\$61.50	\$64.21

Article Source: *CNN*, May 18th, 2020

“Nasdaq erases losses for 2020 as mega-cap tech rallies offset coronavirus drag”

NASDAQ COMPOSITE INDEX TOTAL RETURN MINUS S&P 500 TOTAL RETURN

Jan	Feb	Mar	Apr	May	Jun
+2.1%	+2.0%	+2.3%	+2.7%	+2.1%	+4.1%

Article Source: *Business Insider*, May 7th, 2020

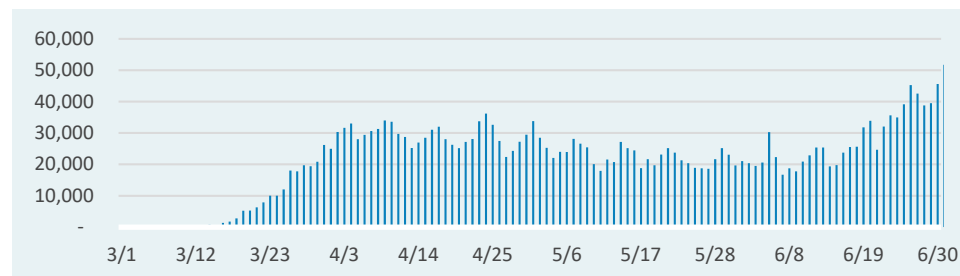
“How China’s national security law could change Hong Kong forever”

HONG KONG VISITOR ARRIVALS (YEAR OVER YEAR CHANGE)

Dec	Jan	Feb	Mar	Apr	May
-51.5%	-52.7%	-96.4%	-98.6%	-99.9%	-99.9%

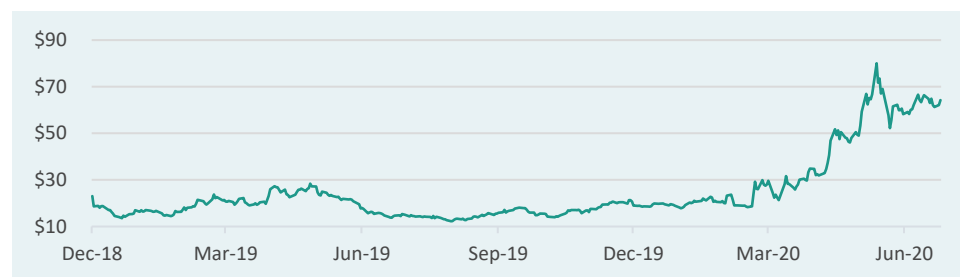
Article Source: *CNBC*, July 1st, 2020

DAILY NEW COVID-19 CASES (UNITED STATES)



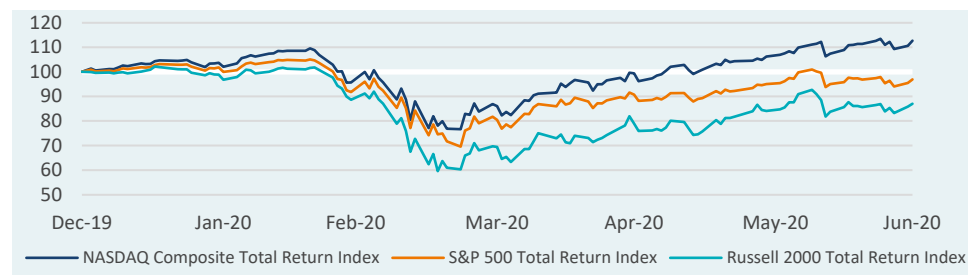
Source: *Bloomberg*, as of 6/30/20

MODERNA INC. SHARE PRICE



Source: *Bloomberg*, as of 6/30/20

U.S. EQUITY INDEX PERFORMANCE (INDEXED 12/31/2019=100)



Source: *NASDAQ*, *Standard and Poor's*, *FTSE Russell*, *Bloomberg*, as of 6/30/20

Economic environment

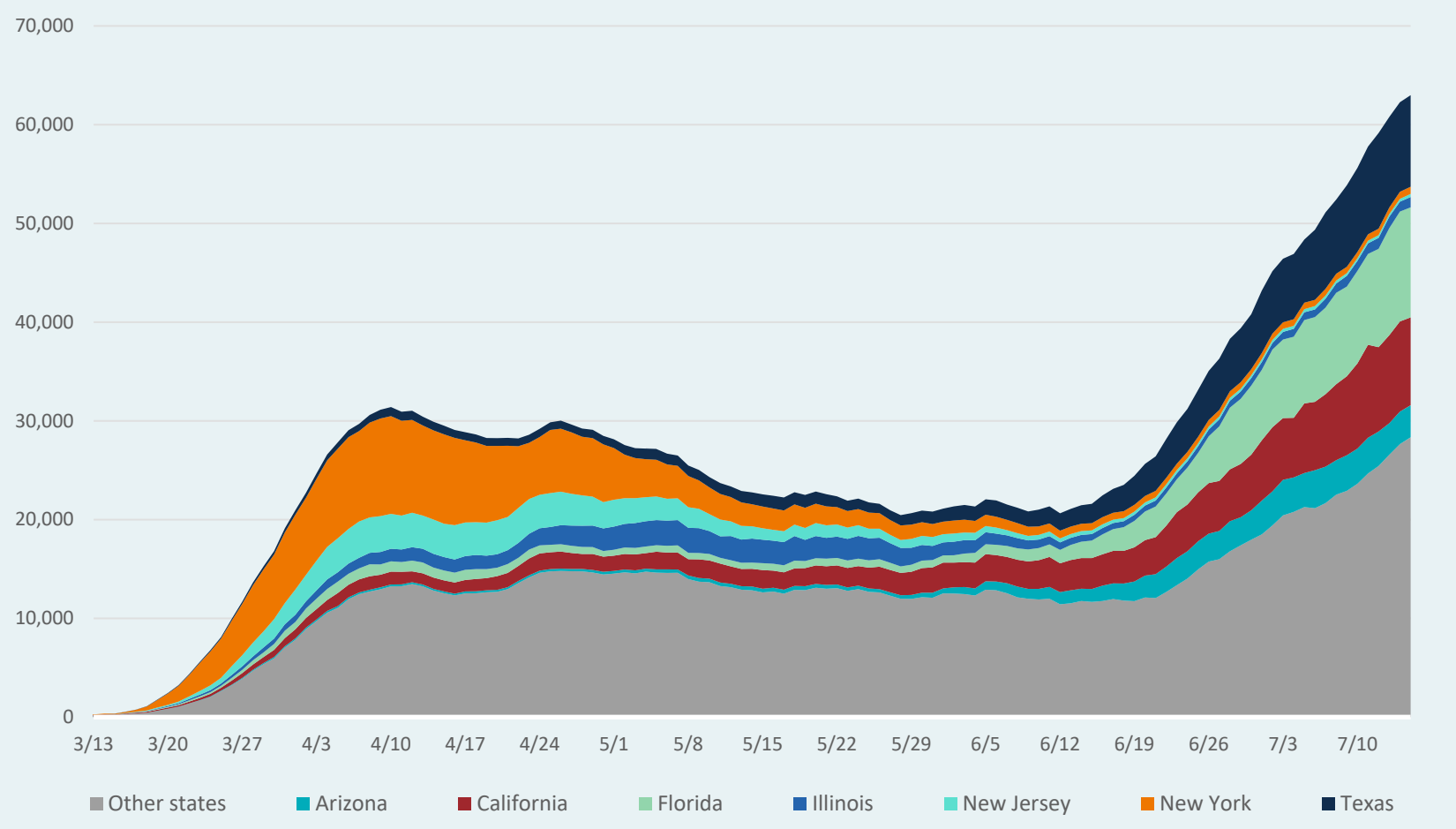
U.S. economics summary

- U.S. GDP grew at a -9.5% rate year-over-year in Q2 (-32.9% quarterly annualized rate). The contraction consisted of decreased consumer spending, exports, inventory investment, fixed investment, as well as state and local government expenditures. Federal government spending partly offset the slowdown.
- U.S. core inflation exhibited a steep drop from 2.1% in March to 1.2% in June. Headline inflation also slowed from 1.5% to 0.6%, pushed lower by the recent decline in energy prices. On the other hand, food prices have been rising—specifically meats, poultry, fish and eggs—due in large part to interruptions at processing plants.
- As of June 29th there were 34 states with a transmission rate of COVID-19 above 1.0, an indication that the virus continues to spread exponentially. Southern states and Sun Belt states are in retreat—taking lockdown steps reminiscent of March and April—only weeks after governors began to reopen their economies.
- The Bloomberg Consumer Comfort Index experienced a dramatic weakening year-to-date, falling from a near-record high of 67.3 in late January to 34.7 in May, then ending June at 43.3.
- It has been reported that 8.6% of all mortgages in the U.S. are in forbearance. To put this number into perspective, during the 2008-2009 housing crisis the mortgage default rate reached approximately 10%. If a large portion of loans in forbearance later face foreclosure, this could put significant pressure on the housing market.
- The U.S. labor market experienced a historic shock in Q2 as unemployment jumped from 4.4% in March to 14.7% in April, then recovered partially to 11.1% in June.

	Most Recent	12 Months Prior
GDP (YoY)	(9.5%) 6/30/20	2.0% 6/30/19
Inflation (CPI YoY, Core)	1.2% 5/31/20	2.0% 5/31/19
Expected Inflation (5yr-5yr forward)	1.5% 6/30/20	1.8% 6/30/19
Fed Funds Target Range	0% – 0.25% 6/30/20	2.25% – 2.50% 6/30/19
10 Year Rate	0.7% 6/30/20	2.0% 6/30/19
U-3 Unemployment	11.1% 6/30/20	3.7% 6/30/19
U-6 Unemployment	18.0% 6/30/20	7.2% 6/30/19

COVID-19 update

U.S. DAILY NEW CASES DECOMPOSITION (7-DAY TRAILING AVERAGE)



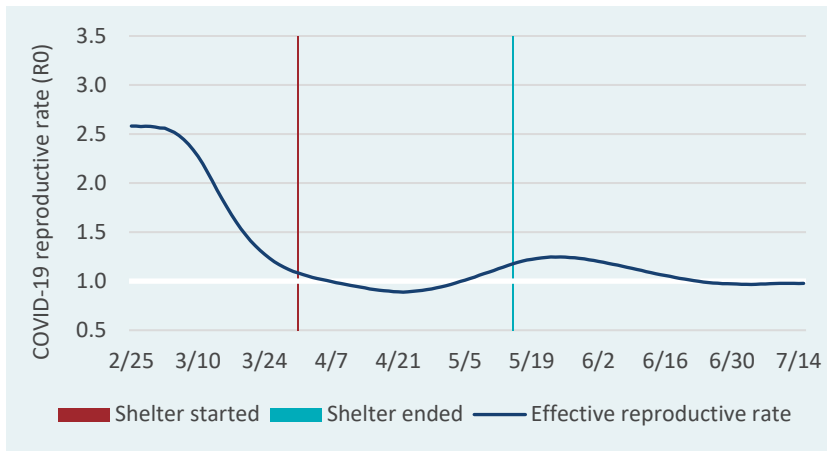
Toward the end of June, daily case growth began to indicate the emergence of a second wave of COVID-19

Most of the resurgence has occurred across a small group of U.S. states

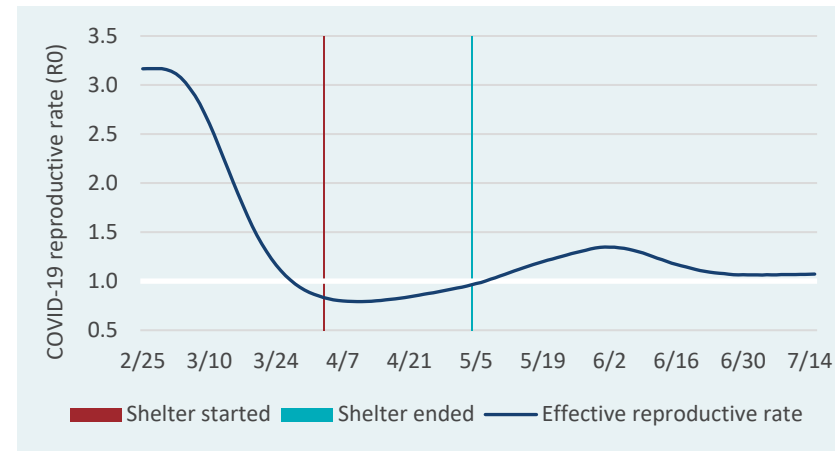
Source: Bloomberg, as of 7/15/20

Reproductive rates (R0) by state hot spot

ARIZONA

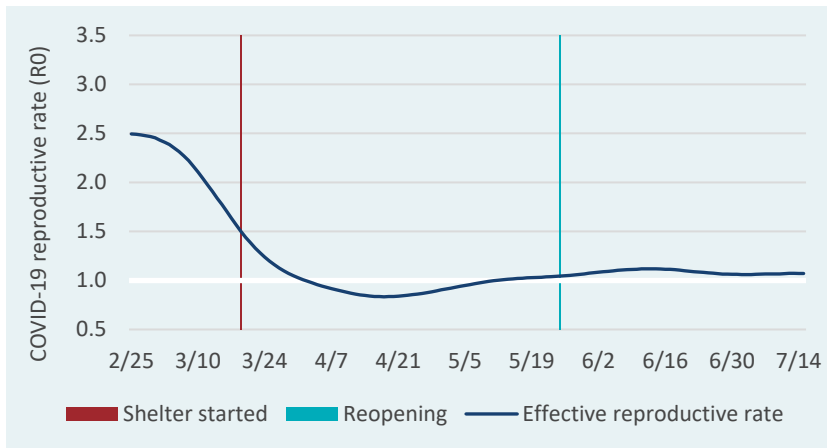


FLORIDA

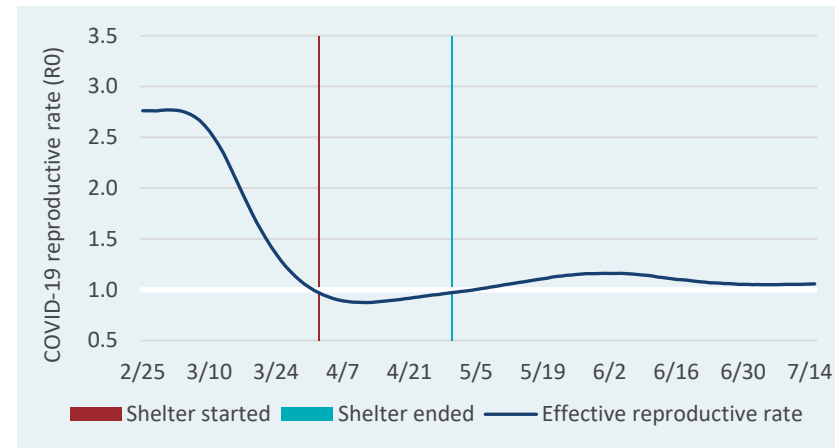


In many states around the country, resurgences in R0 rates above 1.0 began prior to the formal ending of shelter-in-place orders

CALIFORNIA



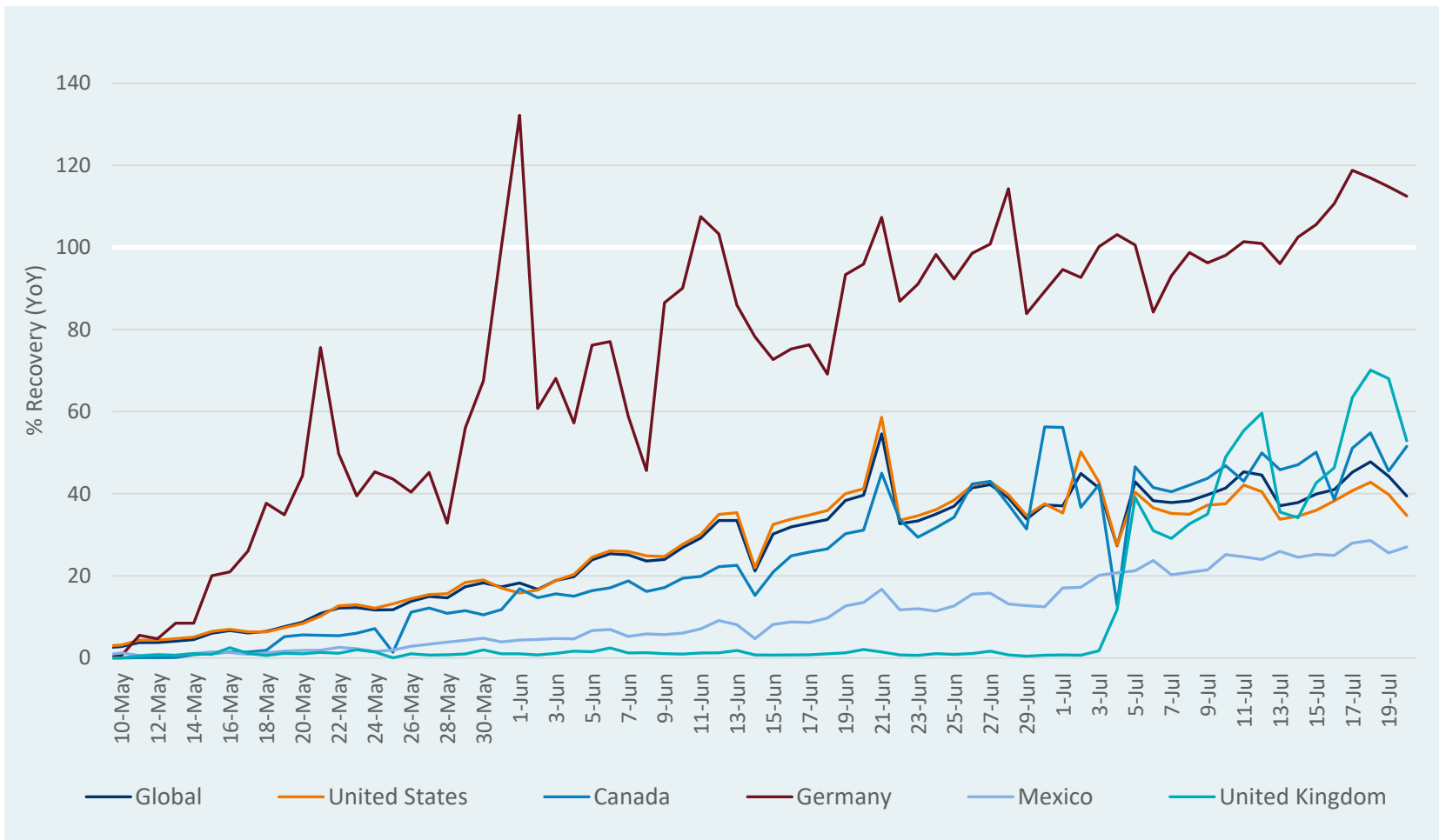
TEXAS



Source: rt.live, as of 7/15/20. The R0 rate represents the average number of additional people each infected person will transmit the virus to. R0 rates below 1.0 indicate the virus will decline and eventually die out.

Restaurants reopening

RECOVERY OF RESTAURANT INDUSTRY



Restaurant activity recovered notably from May through June, but remains far below pre-pandemic levels

Source: OpenTable, as of 7/20/20 – Number of meals served for a given week relative to the same week of the prior year

GDP growth

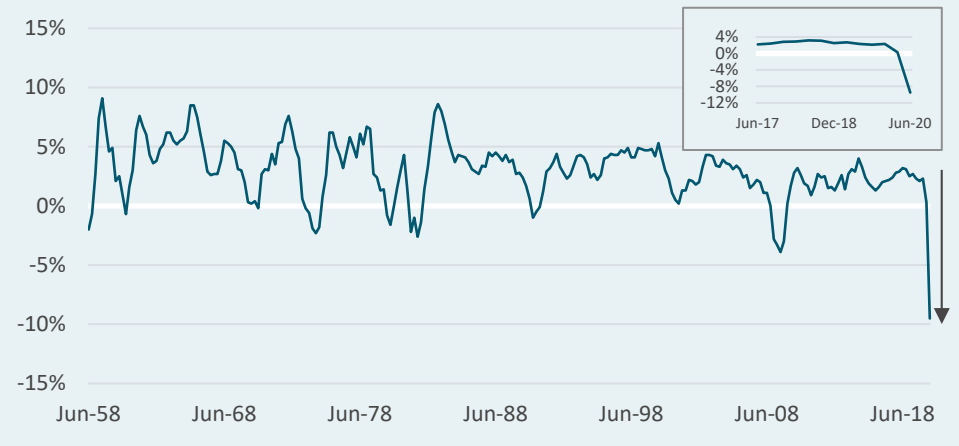
U.S. GDP grew at a -9.5% rate year-over-year in Q2 (-32.9% quarterly annualized rate). The contraction consisted of decreased consumer spending, exports, inventory investment, fixed investment, as well as state and local government expenditures. Federal government spending partly offset the slowdown.

The United States runs a significant trade deficit, and imports far more than it exports in U.S. dollar terms. As a result, the slowdown in global trade in the second quarter provided a tailwind for GDP growth as exports fell less in nominal terms than imports, leading to a reduction in the size of the trade deficit. Additionally, the recent inventory

drawdowns may leave room for inventory builds to contribute positively to GDP growth in the coming quarters. Still, consumption accounts for roughly 70% of GDP. The financial health of the consumer and the willingness of the consumer to spend will likely determine the shape of the recovery over the remainder of the year.

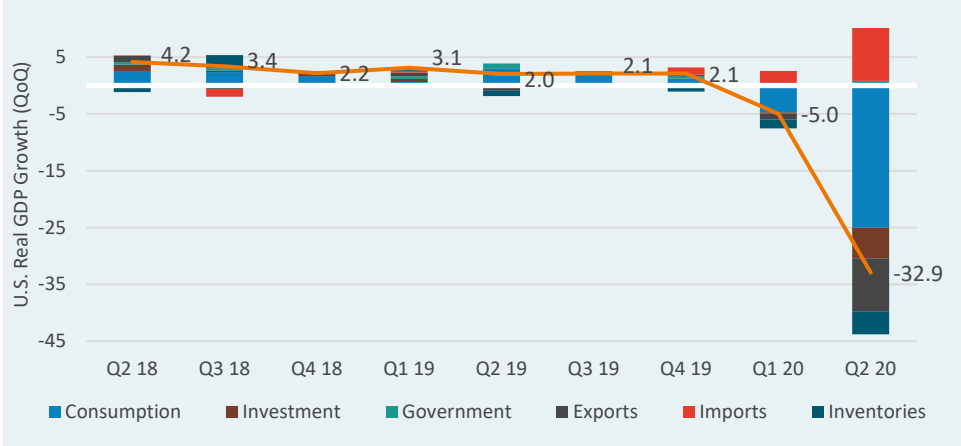
Thus far, fiscal support through the CARES Act and other packages have amounted to roughly 12% of U.S. GDP. Only Japan (42%) has spent more as a percentage of GDP. Moving forward into Q3, the ability and willingness of Congress to provide further accommodation will feature prominently in discussions around the economic outlook.

U.S. REAL GDP GROWTH (YOY)



Source: Bloomberg, as of 6/30/20

U.S. GDP GROWTH ATTRIBUTION



Source: BEA, annualized quarterly rate, as of 6/30/20

Inflation

U.S. core inflation exhibited a steep drop from 2.1% in March to 1.2% in June. Headline inflation also slowed from 1.5% to 0.6%, pushed lower by the recent decline in energy prices.

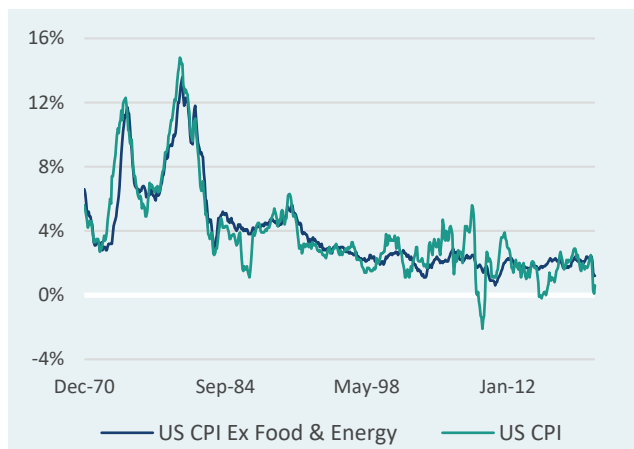
On the other hand, food prices have been increasing—specifically meats, poultry, fish and eggs. COVID-19 has led to a significant rise in at-home meal preparation (greater demand for certain items), while reportedly interrupting food processing plants (less supply). Both effects may be contributing to recent price increases.

The 10yr U.S. TIPS inflation breakeven rate recovered to 1.3%

from a low of 0.5% on March 19th. The breakeven rate is at a level not seen since 2016 at the depths of an oil crash that sparked broad fears of deflation.

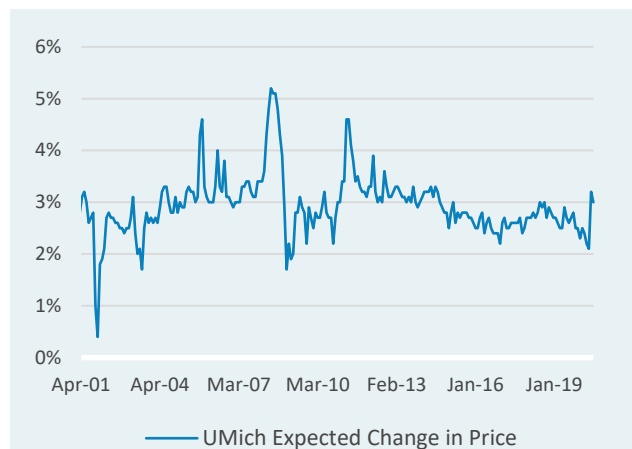
Interestingly, consumer inflation surveys indicate that expectations jumped significantly from 2.1% in April to 3.0% in June. Investors have engaged in an ongoing debate regarding the possible direction of inflation throughout the economic recovery. There seem to be reasonable arguments for inflationary pressures, but also for deflationary pressures, as a result of the COVID-19 induced economic slowdown.

U.S. CPI (YOY)



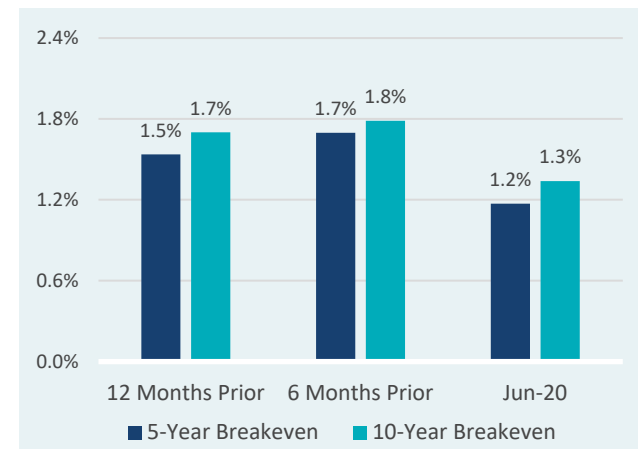
Source: Bloomberg, as of 6/30/20

CONSUMER INFLATION EXPECTATIONS



Source: University of Michigan, as of 6/30/20

BREAKEVEN INFLATION RATES



Source: Bloomberg, as of 6/30/20

Labor market

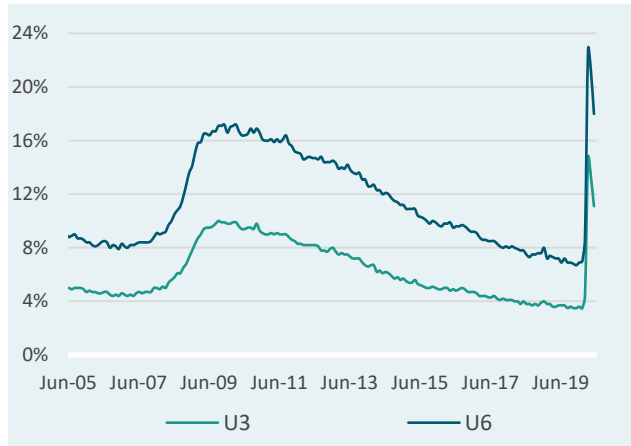
The U.S. labor market experienced a historic shock in Q2, as unemployment jumped from 4.4% in March to 14.7% in April, before recovering partially to 11.1% in June. However, many workers were not present at work but remained categorized as employed. If these workers were instead counted as jobless, the true unemployment rate may have reached 20% before recovering to around 12%. Although recent labor market data has generally beat expectations by a wide margin, the severity of the shock and current magnitude of dislocation is notable. Most of the unemployed have reported their joblessness to be temporary and believe that their employer will be calling them back to work.

It will be important to watch what portion of job losses are indeed temporary, and what portion end up being more permanent in nature.

Churn within the labor market has remained extremely elevated as businesses have contended with the constantly-evolving COVID-19 situation and its impacts on mandated social distancing controls. Additionally, some employers have decided to remain closed until the end of July to allow their employees the flexibility to receive an additional \$600 in weekly unemployment benefits set to expire on July 31st.

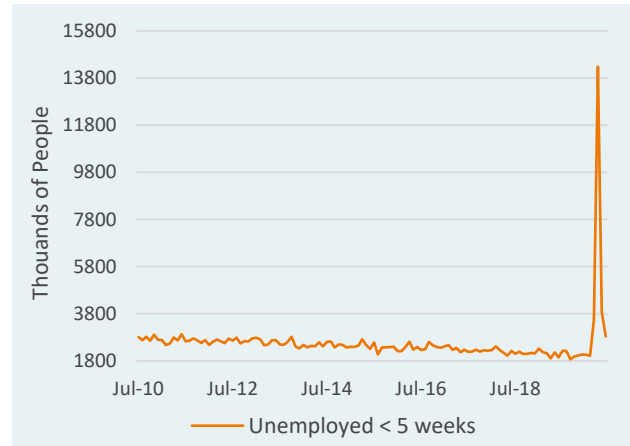
U.S. labor market experienced the largest negative shock in modern history

U.S. UNEMPLOYMENT



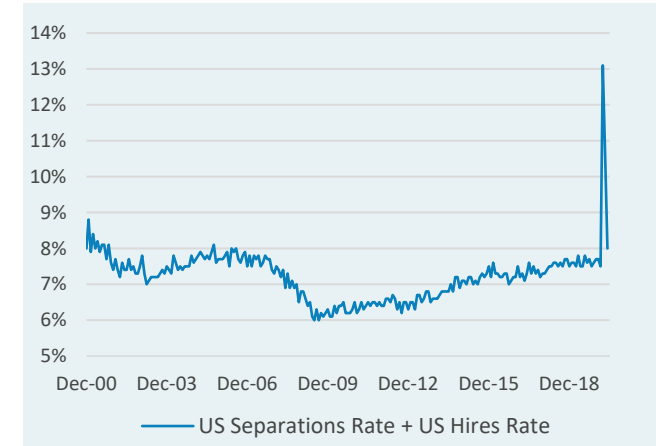
Source: FRED, as of 6/30/20

U.S. UNEMPLOYMENT DURATION



Source: U.S. Bureau of Labor Statistics, as of 6/30/20

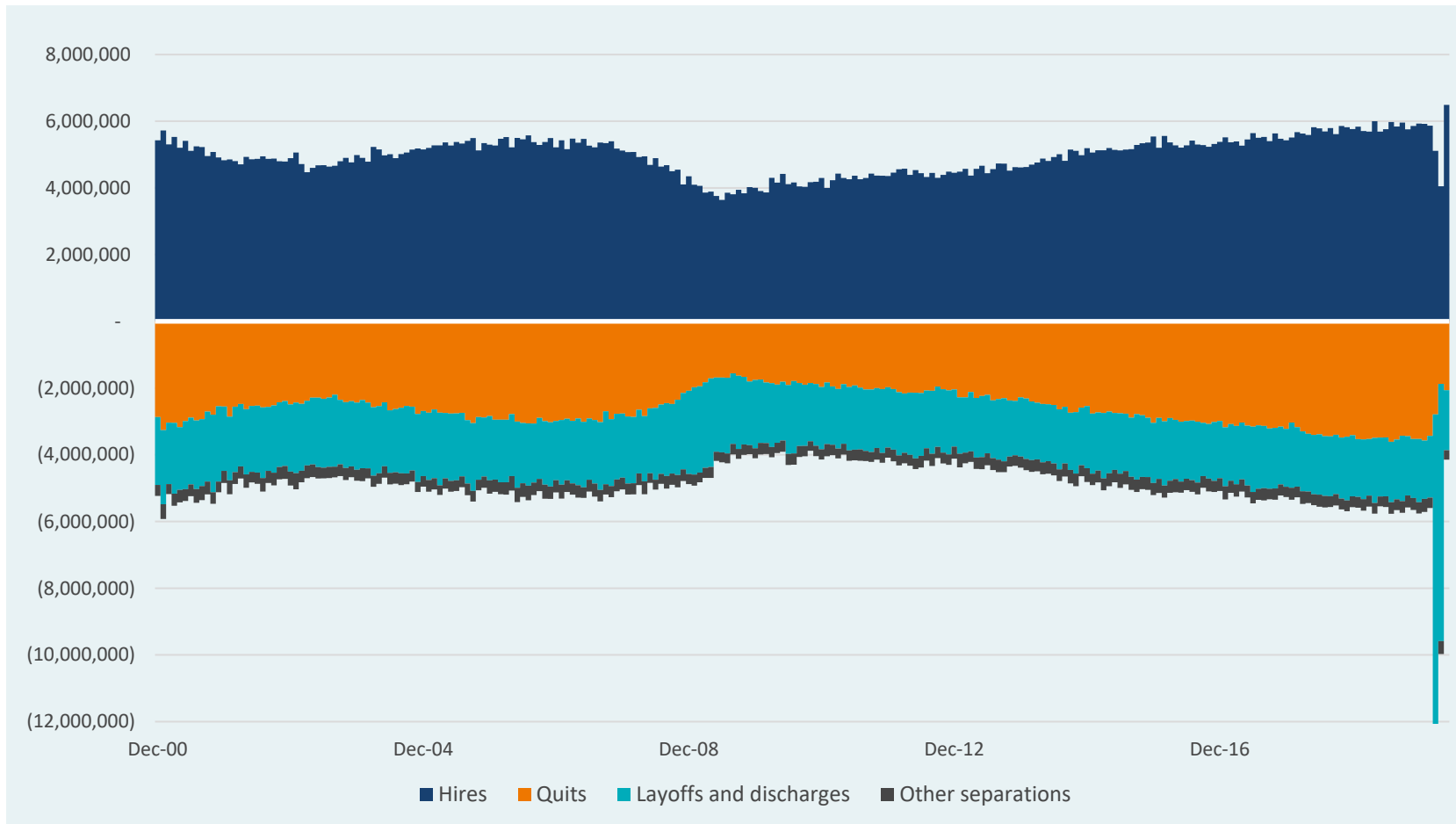
U.S. LABOR MARKET CHURN



Source: BLS, as of 5/31/20 – Chart illustrates the total number of U.S. workers departing work and starting new work

Labor market churn

MONTHLY JOB HIRES, QUILTS, LAYOFFS & DISCHARGES, AND OTHER SEPARATIONS LEVELS

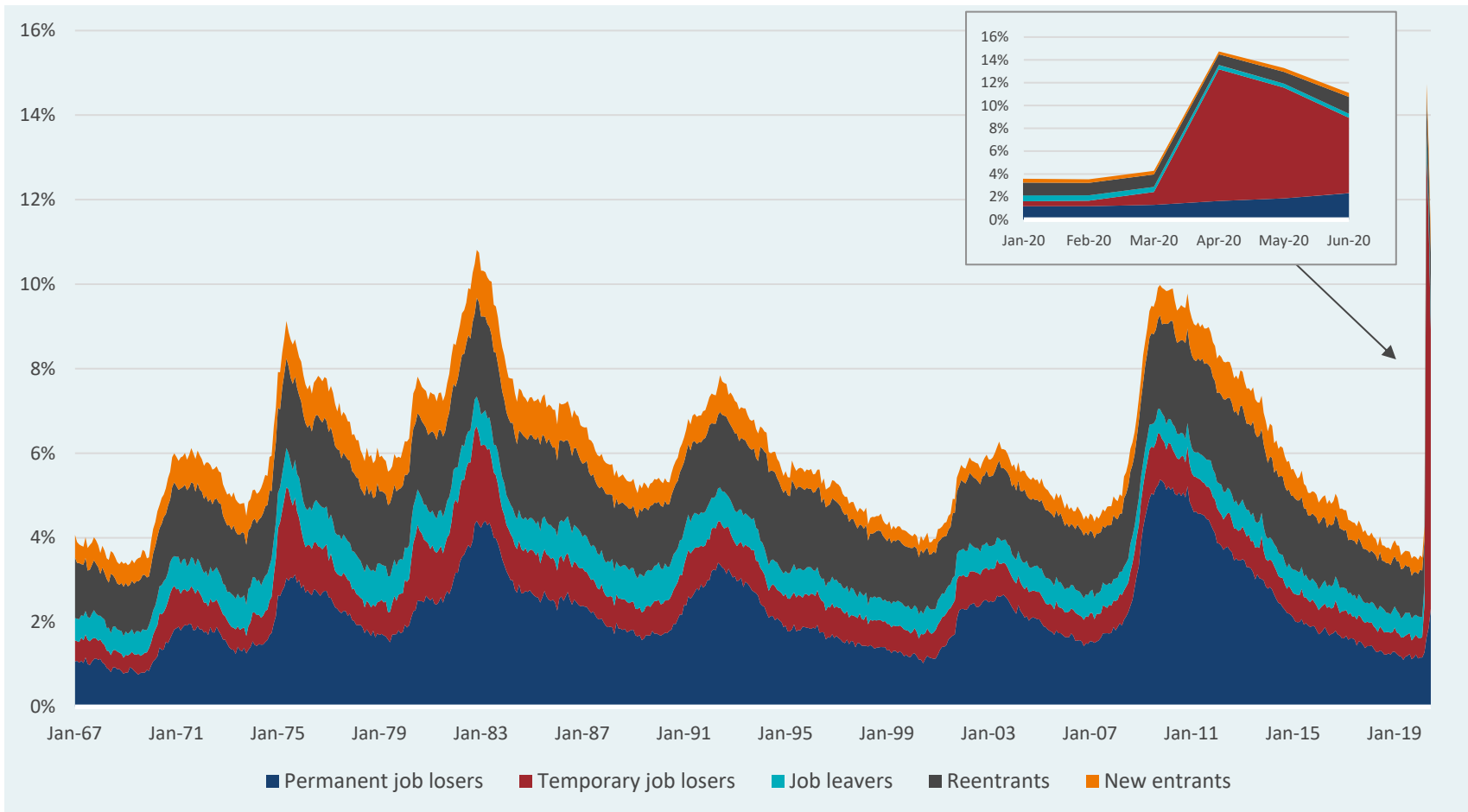


While voluntary separations (quits) have slowed, both hires and involuntary separations have spiked to record levels

Source: BLS, as of 5/31/20

Permanent job losses are increasing...

U-3 UNEMPLOYMENT RATE – CONTRIBUTION BY COHORT



Many temporarily unemployed workers have gone back to work

Some temporary job losses have become permanent, while many unemployed have reignited their job search

Source: BLS, as of 6/30/20

The consumer

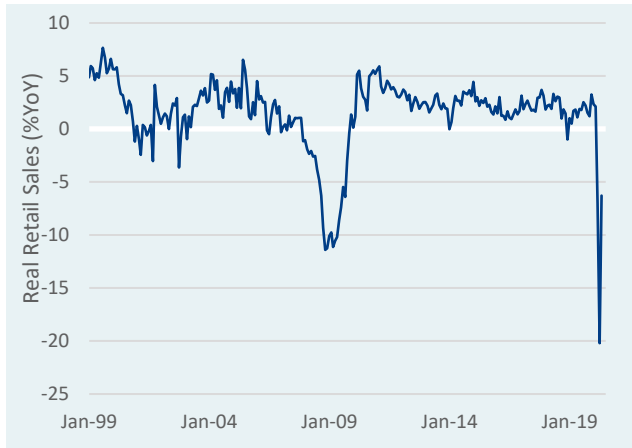
The U.S. consumer has been the greatest support to moderate domestic economic growth in recent years. Consumers have also shown conservatism in their spending habits and restraint in the use of credit, with household balance sheets remaining robust. The economic slowdown resulted in a severe drop in spending—a drop-off in fact nearly double the size of the contraction experienced during the 2008-2009 Global Financial Crisis.

Between February and May, revolving U.S. consumer credit outstanding shrunk by about \$104 billion to \$996 billion, indicating that American consumers have been paying down

their credit card debts significantly. Some of this deleveraging has been made possible by recent fiscal stimulus.

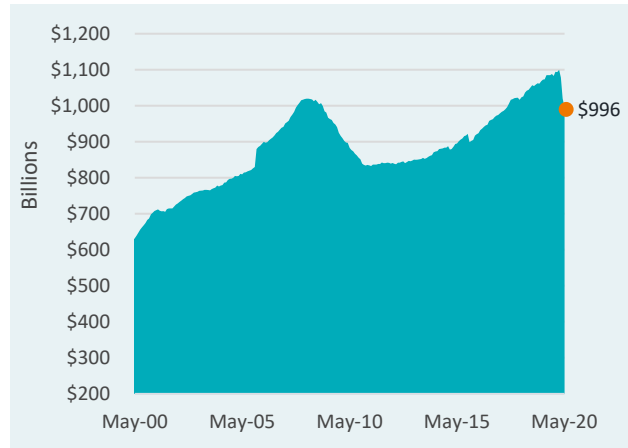
The U.S. personal savings rate reached 32% in April—the highest reading since its inception in the 1960s. The extreme conservatism shown recently has likely been fueled by uncertainty around job security, but also by a simple inability to spend as restaurants and businesses which typically are the recipients of discretionary spending have been forced to (or have willingly) closed their doors, and vacation plans have been delayed or canceled.

REAL RETAIL SALES GROWTH (YOY)



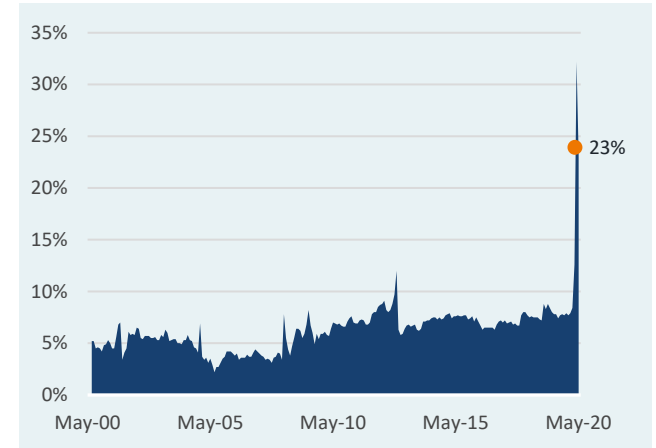
Source: FRED, as of 5/31/20

U.S. REVOLVING CREDIT OUTSTANDING



Source: Federal Reserve, as of 5/31/20

PERSONAL SAVINGS RATE



Source: FRED, as of 5/31/20

Sentiment

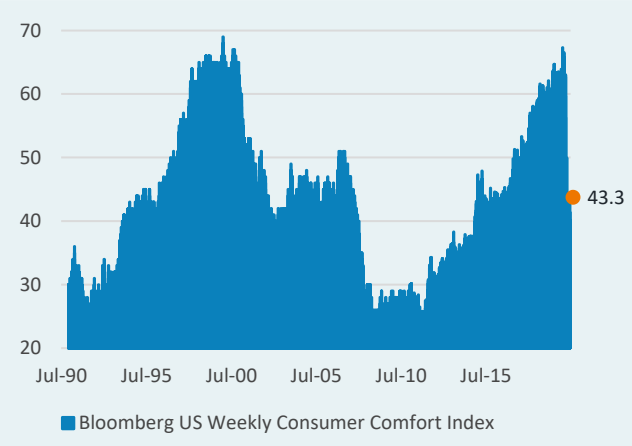
The Bloomberg Consumer Comfort Index attempts to gauge Americans' view on the economy, their personal financial situation, and buying conditions. The index experienced a dramatic weakening year-to-date, falling from a near-record high of 67.3 in late January to 34.7 in May, then ending June at 43.3.

The University of Michigan Consumer Sentiment Survey is similar in purpose to the Bloomberg index. The survey attempts to gauge attitudes about the business climate, personal finances, and spending conditions. This index also showed a significant weakening in Q2 which was comparable

in magnitude to past U.S. economic slowdowns, falling from 101.0 in February to 71.8 in April, before partially rebounding to 78.1 in June. The rebound was reportedly supported by gains in employment. Few survey respondents anticipated favorable economic conditions anytime soon.

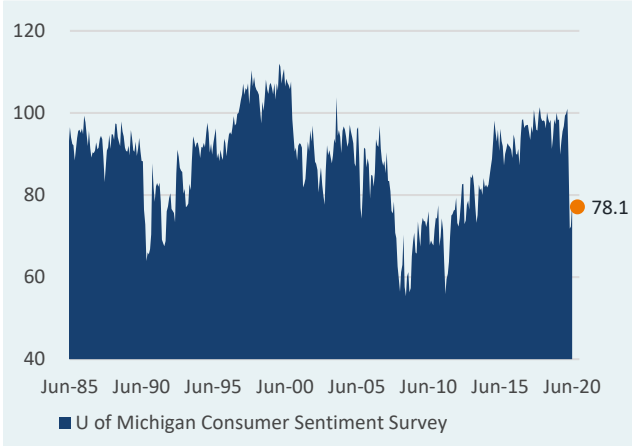
The Small Business Optimism Index has rebounded since the onset of COVID-19 and the subsequent economic slowdown. The index rose to 100.6, as many business owners reportedly expect sales to improve, remain optimistic about future business conditions, and generally expect the recession to be short-lived.

CONSUMER COMFORT



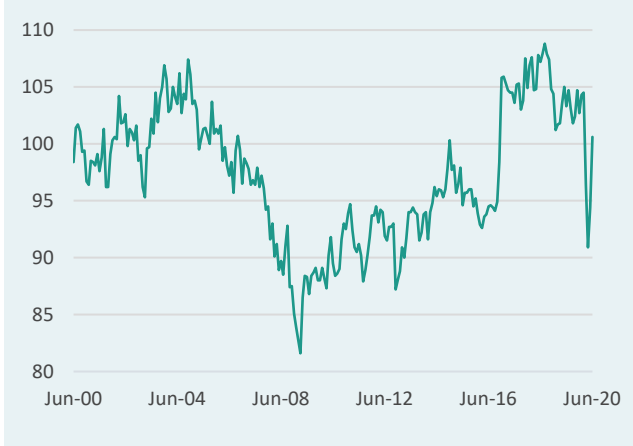
Source: Bloomberg, as of 6/30/20

CONSUMER SENTIMENT



Source: University of Michigan, as of 6/30/20

SMALL BUSINESS OPTIMISM



Source: NFIB, as of 6/30/20

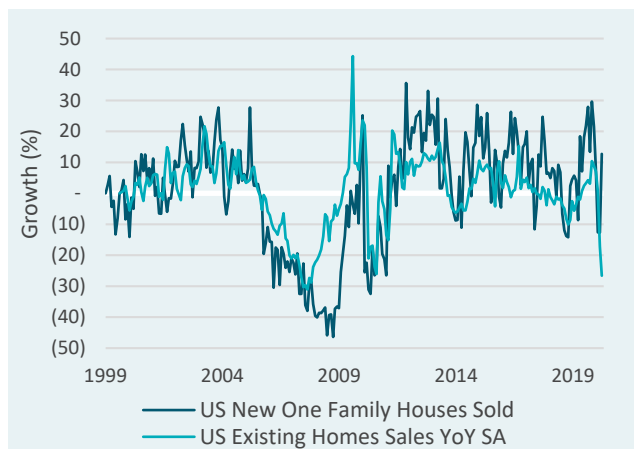
Housing

Existing home sales slowed significantly in Q2, dropping -26.6% year-over-year in June. The 30-year fixed mortgage interest rate fell further, finishing the second quarter at 3.07%. Near record-low interest rates have likely boosted home demand, helping to mitigate the significant effects of the economic recession. Trends in the housing market are typically slower-moving and often lag economic downturns, which may mean the true impact of COVID-19 on the U.S. housing market has yet to be seen.

backed mortgages who have been affected by COVID-19 are able to request forbearance on mortgage payments for up to 180 days, with an option to extend for an additional 180 days. According to Black Knight, a mortgage data provider, 8.6% of all mortgages in the United States were in forbearance during late-June. To put this number into perspective, during the 2008-2009 housing crisis the mortgage default rate reached approximately 10%. If these loans in forbearance later face foreclosure, it could put significant pressure on the housing market.

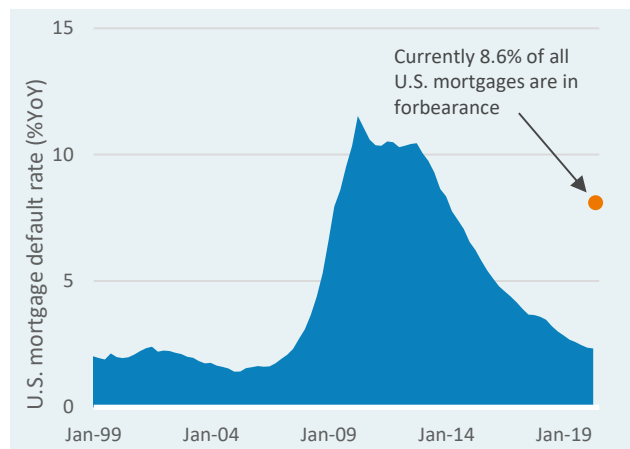
Under the new CARES Act, homeowners with federally-

U.S. HOME SALES (YOY)



Source: FRED, as of 5/31/20

MORTGAGE DEFAULT RATE (%)



Source: FRED, as of 3/31/20

30YR FIXED RATE MORTGAGE



Source: FRED, as of 6/30/20

International economics summary

— In Q1, most international economies began contracting in what will likely turn out to be a global recession. The steady and stable economic expansion in recent years has shifted suddenly with the onset of COVID-19. The IMF now expects 2020 global GDP to fall -4.9%, followed by a +5.4% recovery in 2021.

— Policymakers in Brussels achieved unanimous approval on a €750 billion stimulus package to help support an economic recovery within the European Union. After much debate, officials decided to distribute €390 billion in the form of grants to member states hardest hit by the pandemic (Italy/Spain), and the other €360 in low-interest, non-concessionary loans for members of the bloc.

— U.S.-China relations were further strained Q2. The Trump administration placed restrictions on U.S. exports to Hong Kong in response to a Chinese law which

effectively tightens control over the territory. The restrictions apply to only 2.2% of U.S. exports, but sanctions on China could unravel an already fragile agreement between the two global powers. U.S.-China tensions have been escalating and will warrant close monitoring in the coming months.

— Headline consumer prices fell materially over the second quarter as spending at brick-and-mortar stores, restaurants, and bars weakened alongside the implementation of social distancing controls. Continued broad-based price declines could soon lead to deflation risks for many economies.

— Since hitting lows of -304.6 in early May, the Citi Eurozone Economic Surprise Index rallied back to -99.8, indicating that economic data have been improving relative to median economist estimates. Continued relative strengthening could be supportive to the equity market.

Area	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	(9.5%) 6/30/20	0.1% 5/31/20	11.1% 6/30/20
Eurozone	(3.1%) 3/31/20	0.3% 6/30/20	7.4% 5/31/20
Japan	(1.7%) 3/31/20	0.3% 6/30/20	2.9% 5/31/20
BRICS Nations	(4.1%) 3/31/20	4.9% 3/31/20	5.1% 3/31/20
Brazil	(0.3%) 3/31/20	1.9% 5/31/20	12.9% 5/31/20
Russia	1.6% 3/31/20	2.9% 5/31/20	6.1% 5/31/20
India	4.7% 12/31/19	5.8% 3/31/20	8.5% 12/31/17
China	(6.8%) 3/31/20	2.4% 5/31/20	3.7% 3/31/20

International economics

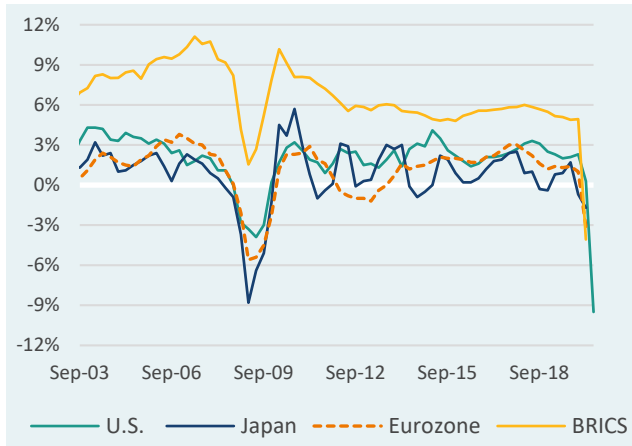
In the first quarter, most international economies began contracting, in what will likely turn out to be a global recession. The steady and stable economic expansion in recent years has shifted suddenly with the onset of COVID-19. The IMF now expects 2020 global GDP to fall -4.9%, followed by a +5.4% recovery in 2021.

Headline consumer prices fell internationally over Q2 as spending at brick-and-mortar stores, restaurants, and bars weakened alongside the implementation of social distancing controls. Continued broad-based price declines could soon lead to deflation risks for many economies. A large contributor to disinflation has been the recent sell-off in crude oil. The price of a barrel of Brent crude oil fell from

around \$80 per barrel at year-end to around \$30 per barrel at the end of Q1, and bottomed at \$22.90 on April 28th. Oil later recovered, due in part to certain economies beginning to gradually reopen, as well as price-supportive output cuts announced by OPEC+.

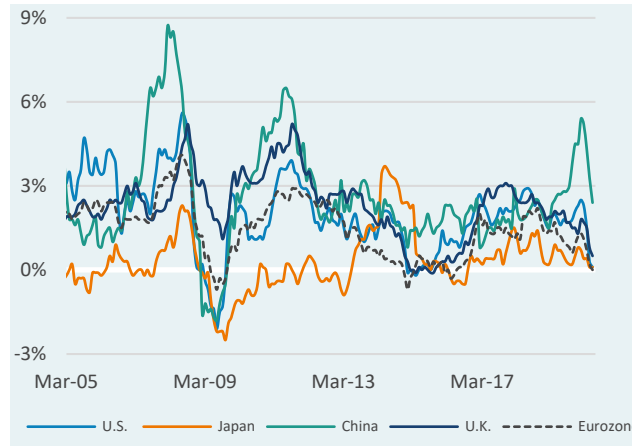
Policymakers in Brussels managed to achieve unanimous approval on a €750 billion stimulus package to help support an economic recovery within the European Union. After much debate, officials decided to distribute €390 billion in the form of grants to member states hardest hit by the pandemic (Italy/Spain), and the other €360 in low-interest, non-concessionary loans for members of the bloc.

REAL GDP GROWTH (YOY)



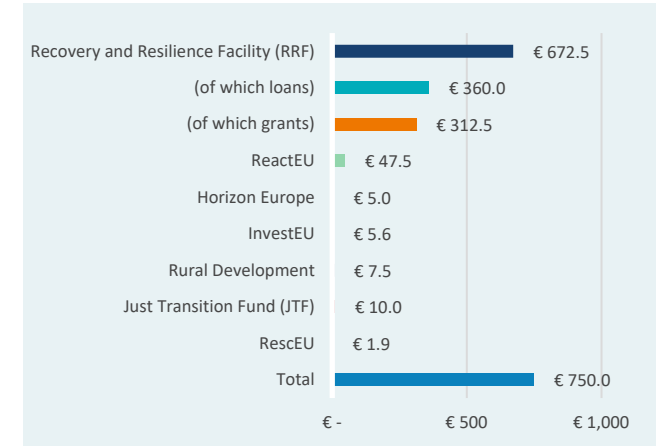
Source: Bloomberg, as of 6/30/20, or most recent release

INFLATION (CPI YOY)



Source: Bloomberg, inflation range of past 5 years, as of 5/31/20

E.U. STIMULUS PACKAGE (BILLIONS)



Source: European Council, as of 7/21/20

U.S.-China tensions escalating



Fixed income rates & credit

Interest rate environment

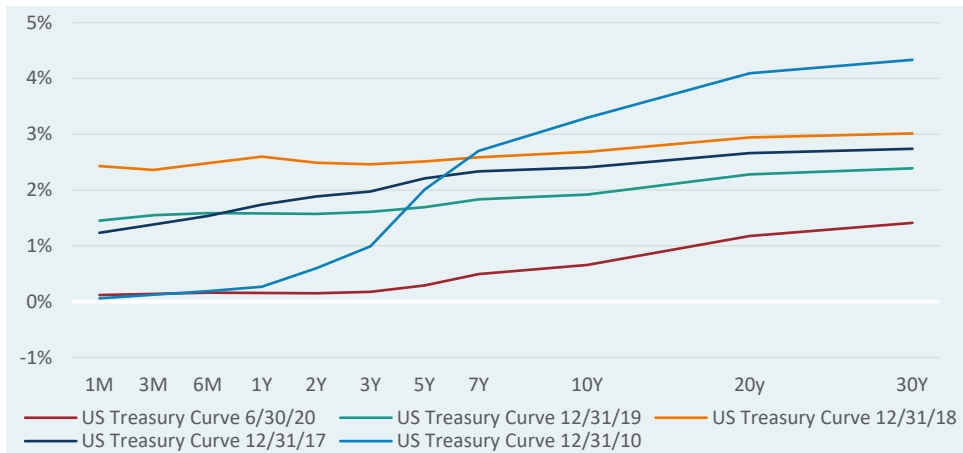
- The Federal Reserve continued to roll out the litany of support programs it announced in the first quarter. The Fed’s balance sheet grew from \$5.3 trillion to \$7.1 trillion over the second quarter.
- It appears the Federal Reserve may implement a yield curve control policy as a component of its policy toolkit. At the June Fed meeting, officials acknowledged that while setting intermediate-term yield caps may help strengthen short-term rate guidance, they remained concerned about several potential implications of beginning down that path.
- The Fed also expanded the list of eligible securities for purchase through its Primary and Secondary Market Credit Facilities to include corporate debt, either directly through companies or through exchange-traded funds. The Fed indicated that it would primarily target investment grade debt securities, and that it would also purchase certain non-investment grade debt from “fallen angels” which held investment-grade debt ratings prior to the pandemic.
- The European Central Bank increased the size of its Pandemic Emergency Purchase Programme from the initial €750 billion to a total of €1.35 trillion. The ECB will now be able to deploy the funds in a “flexible manner over time, across asset classes and among jurisdictions” through June 2021, which may help reduce borrowing costs.
- Real yields continued to decline around the globe as nominal sovereign bond yields were largely unchanged and longer-term inflation expectations recovered.
- Emerging market debt yields fell considerably in the second quarter, likely supported by disinflationary effects of the sell-off in commodities which emboldened central bankers to adopt more accommodative policy.

Area	Short Term (3M)	10-Year
United States	0.13%	0.66%
Germany	(0.56%)	(0.46%)
France	(0.52%)	(0.11%)
Spain	(0.49%)	0.46%
Italy	(0.29%)	1.26%
Greece	0.32%	1.20%
U.K.	0.01%	0.17%
Japan	(0.17%)	0.02%
Australia	0.21%	0.87%
China	1.74%	2.84%
Brazil	2.04%	6.83%
Russia	4.57%	5.92%

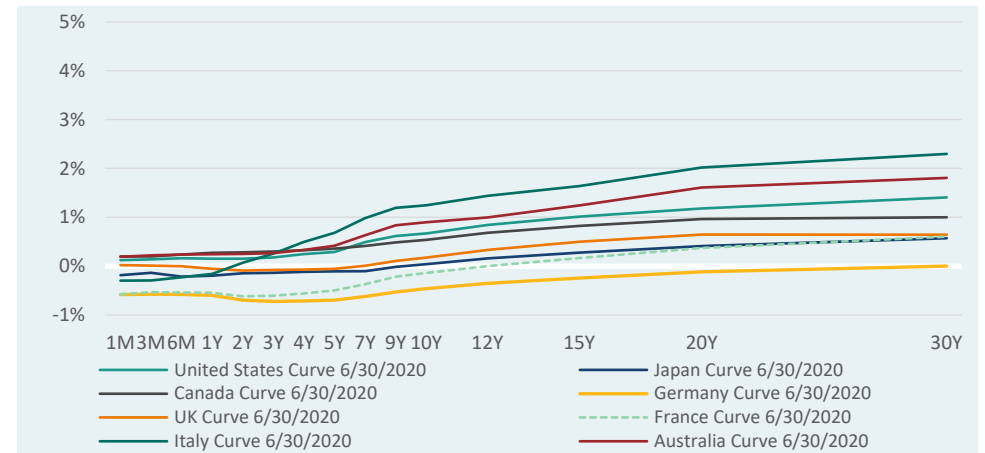
Source: Bloomberg, as of 6/30/20

Yield environment

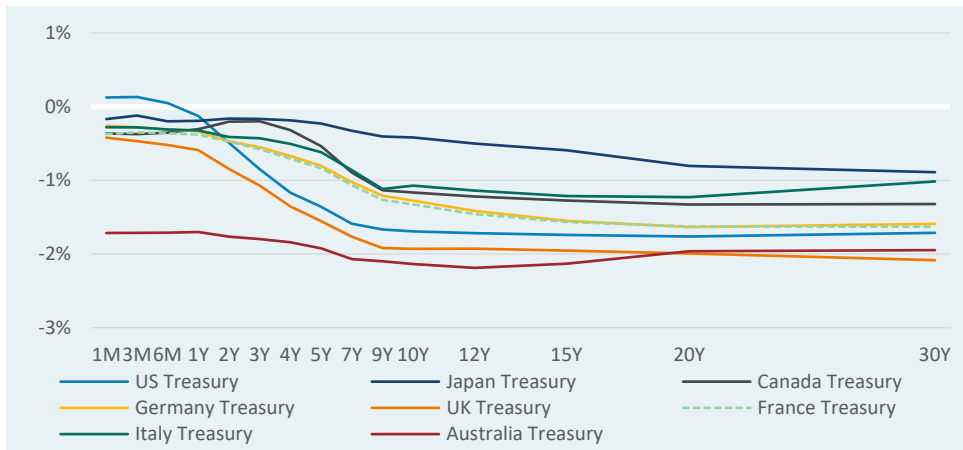
U.S. YIELD CURVE



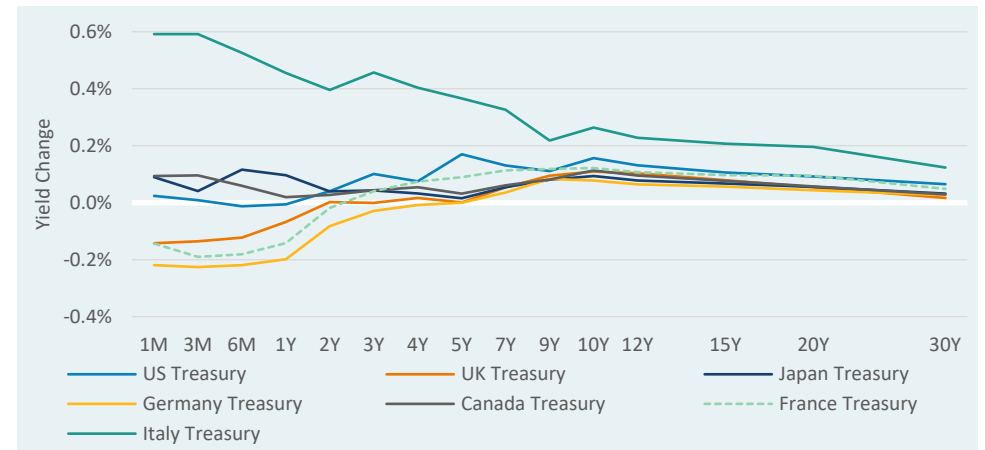
GLOBAL GOVERNMENT YIELD CURVES



YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 6/30/20

Credit environment

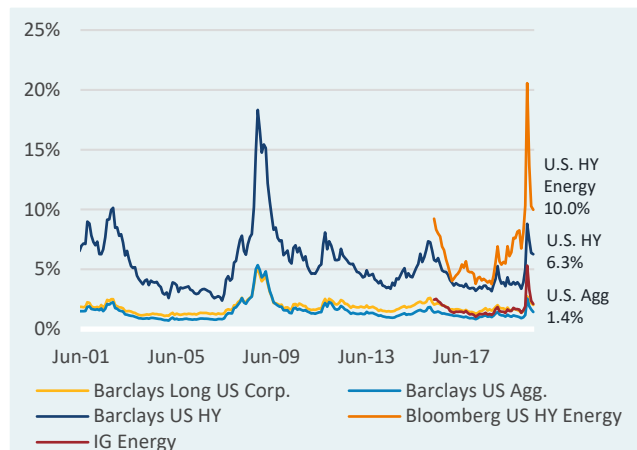
Despite historically weak economic data releases throughout Q2, a significant degree of confidence and liquidity was restored to credit markets due to continued support from the Federal Reserve, which ended the quarter with nearly \$10 billion in corporate debt on its balance sheet. Accordingly, credit markets displayed a dramatic recovery, with some of the worst performing sectors of Q1 leading the rebound. High yield and leveraged loans returned 10.2% and 9.7%, respectively, while the broad U.S. Credit Index returned 8.2%. Within U.S. credit, longer-duration and lower-quality issues tended to perform best.

Credit spreads tightened across the board in Q2, as U.S. corporate investment grade tightened to 150 bps from 272 bps at the end

of the first quarter, and high yield spreads moved from 880 bps to 626 bps.

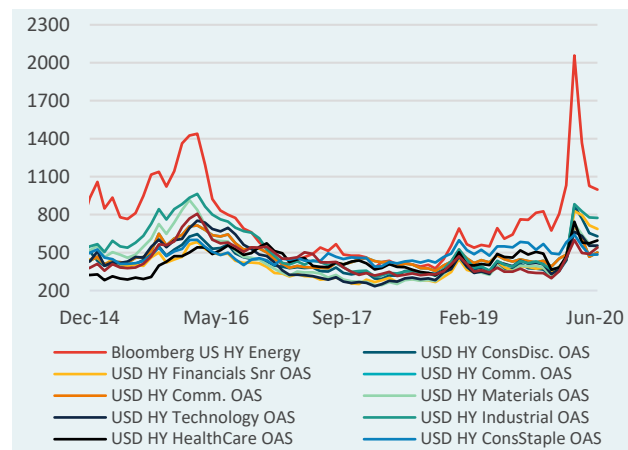
U.S. investment grade downgrades slowed dramatically in June, with only two issuers deteriorating to high yield status. This was down from three issuers in May, five issuers in April, and a peak of 10 issuers in March. So far in 2020, a majority of downgrades have come from the energy and automotive sectors, which have contributed 40% and 25% of total fallen angels, respectively.

SPREADS



Source: Barclays, Bloomberg, as of 6/30/20

HIGH YIELD SECTOR SPREADS (BPS)



Source: Bloomberg, as of 6/30/20

Market	Credit Spread (OAS)	
	6/30/20	6/30/19
Long U.S. Corp	2.0%	1.6%
U.S. Inv Grade Corp	1.5%	1.2%
U.S. High Yield	6.3%	3.8%
U.S. Bank Loans*	6.2%	4.4%

Source: Barclays, Credit Suisse, Bloomberg, as of 6/30/20
*Discount margin (4-year life)

Default & issuance

The second quarter saw a broad upsurge in default activity with \$76.2 billion of defaults. This figure was only slightly below the \$76.6 billion worth of defaults seen in Q1 2009.

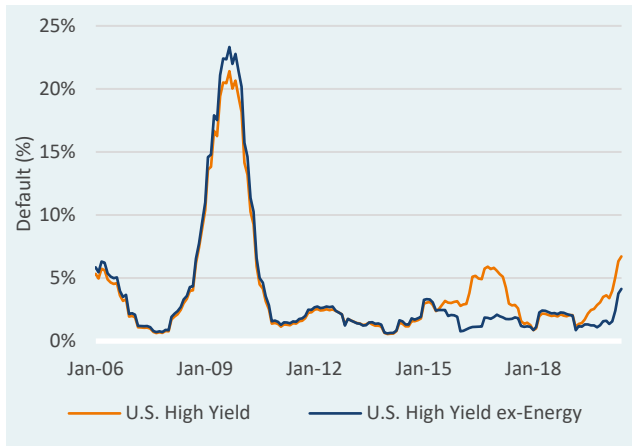
Through the first half of 2020, 60 companies defaulted which pushed the par-weighted U.S. high yield default rate to a 10-year high of 6.2%. The default rate of bank loans rose to 4.0% from 1.9% in Q1, remaining at a lower level than high yield largely due to less representation from the energy sector.

The energy sector continues to experience the greatest pain year-to-date, with 18 defaults/distressed transactions comprising 30% of the

\$106 billion total. The next hardest-hit sectors have been telecommunications (15.8%), cable & satellite (13.6%), and retail (10.4%).

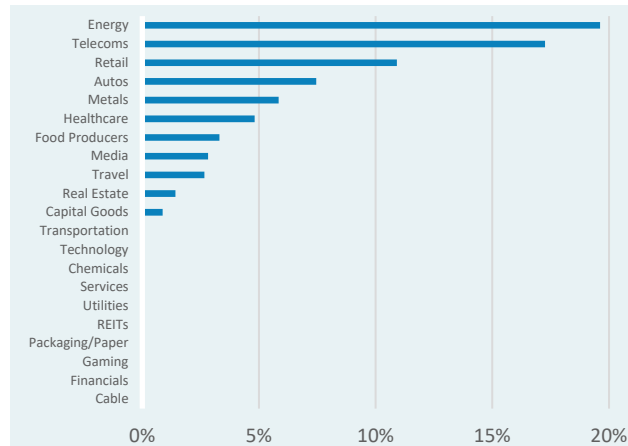
So far, 2020 has seen record issuance of investment grade and high yield bonds. Investment grade issuance peaked in April with \$284 billion of new issues, before falling back to a still elevated level of \$163 billion in June. Year-to-date net issuance of investment grade was \$781 billion, driven by a record \$1.2 trillion of new issuance. High yield has also seen aggressive new issuance, with \$218 billion over 330 new issues.

HY DEFAULT RATE (ROLLING 1-YEAR)



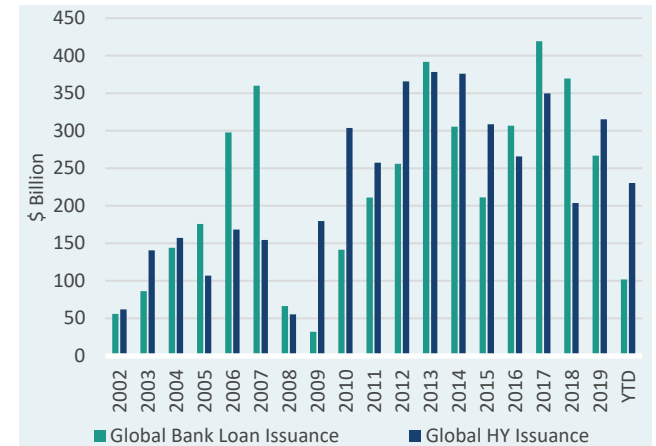
Source: BofA Merrill Lynch, as of 6/30/20

U.S. HY SECTOR DEFAULTS (LAST 12 MONTHS)



Source: BofA Merrill Lynch, as of 6/30/20 – par weighted

GLOBAL ISSUANCE (\$ BILLIONS)



Source: Bloomberg, BofA Merrill Lynch, as of 6/30/20

Equity

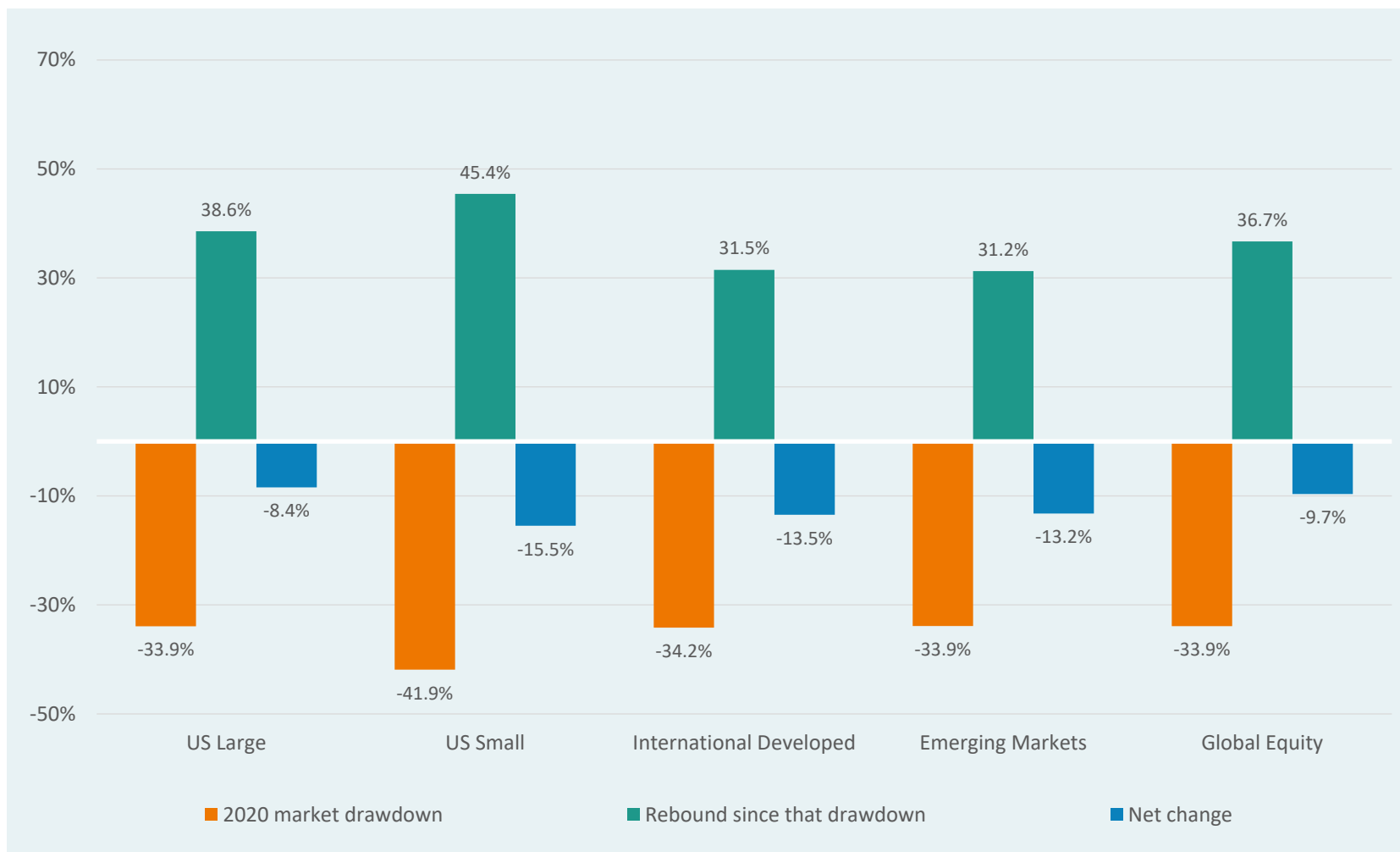
Equity environment

- U.S. equities delivered an incredible comeback, following the sudden sell-off in March. The S&P 500 rallied +20.5% in Q2, bringing year-to-date performance to -3.1%, and positive +7.5% over the past twelve months. International developed equities (MSCI EAFE +12.9% QTD, -5.1% YoY) and emerging market equities (MSCI EM +18.1% QTD, -3.4% YoY) lagged the domestic market.
- Most major equity benchmarks are within 15% of all-time highs, despite major damage that COVID-19 has inflicted on the global economy. Some of this damage has been mitigated by government support, but some damage is likely yet to be felt.
- According to FactSet, the estimated S&P 500 year-over-year decline in earnings for Q2 is -43.8%. This would mark the largest decline in earnings since Q4 2008 (-69.1%).
- Moves in the CBOE VIX Index moderated in June. The long-term average of the index is near 19. It has remained above that level since February, reaching a high point of 85.0 on March 18th, and closing June at 30.4.
- The U.S. dollar weakened in Q2, falling -2.3% according to the Bloomberg Dollar Spot Index. The market recovery (less demand for save-haven currencies) and materially lower U.S. interest rates (less attractive U.S. Dollar) have likely contributed to the move.
- Growth stocks beat value stocks for the ninth consecutive month. The Russell 1000 Growth Index (+27.8%) outperformed the Russell 1000 Value Index (+14.3%). Sector performance disparity continues to impact the behavior of value. While energy delivered outsized returns relative to the overall index, other value-tilted sectors such as utilities and financials delivered poor performance.

	QTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)
US Large Cap (S&P 500)	20.5%		7.5%	
US Small Cap (Russell 2000)	25.4%		(6.6%)	
US Large Value (Russell 1000 Value)	14.3%		(8.8%)	
US Large Growth (Russell 1000 Growth)	27.8%		23.3%	
International Large (MSCI EAFE)	14.9%	12.9%	(5.1%)	(2.1%)
Eurozone (Euro Stoxx 50)	20.1%	17.8%	(6.4%)	(2.7%)
U.K. (FTSE 100)	9.0%	9.2%	(15.9%)	(12.2%)
Japan (NIKKEI 225)	17.9%	18.2%	6.6%	9.0%
Emerging Markets (MSCI Emerging Markets)	18.1%	16.6%	(3.4%)	1.7%

Source: Russell Investments, MSCI, STOXX, FTSE, Nikkei, as of 6/30/20

Equity market peak-to-trough



Equity markets around the world have recovered most of their losses

As of 6/30/20 - "Peak-to-trough" is defined as the total loss from the highest value achieved in 2020 to the lowest value achieved following the COVID-19 market drawdown. "Net change" is the difference between the market price on June 30th and the highest value achieved in 2020. Indexes include: S&P 500, Russell 2000, MSCI EAFE, MSCI Emerging Markets, MSCI ACWI.

Domestic equity

U.S. equities delivered an incredible comeback, following the sudden and significant sell-off in March. The S&P 500 rallied +20.5% in the second quarter, bringing the year-to-date performance to -3.1%, and positive +7.5% over the past year.

While the Consumer Discretionary (+32.9%) and IT (+30.5%) sectors did post outsized performance, participation in the rebound was broad-based and not confined to mega-cap tech names such as Amazon. The S&P 500 Equal-Weighted Index outperformed the S&P 500 Index by 1.2%.

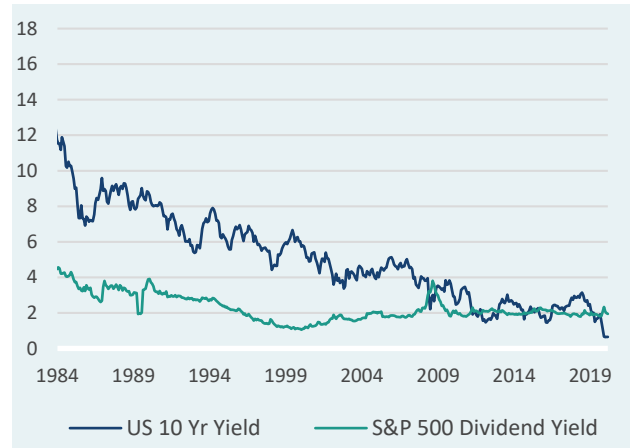
U.S. Treasury yields have moved closer to zero in 2020, which has reignited an ongoing discussion around the extent to which this dynamic will affect the equity market. We believe that the recent decline in interest rates should foundationally have a lifting effect on the value of equities, all else equal, since the value of a stock equals the present value of all future cash flows from that stock (lower interest rates result in higher present values). Generationally-low interest rates also create difficulties in holding higher quality fixed income due to inherent drag on portfolio performance. This potentially puts pressure on investors to make larger allocations to risky assets.

S&P 500



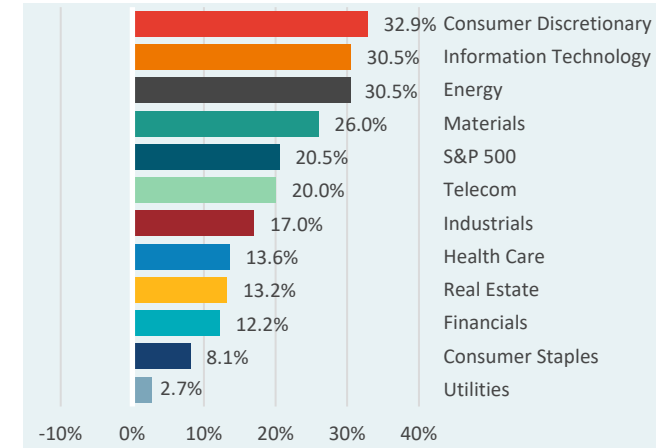
Source: Standard & Poor's, as of 6/30/20

DIVIDEND YIELD VS BOND YIELD



Source: Standard & Poor's, as of 6/30/20

Q2 SECTOR PERFORMANCE



Source: Standard & Poor's, as of 6/30/20

Domestic equity size & style

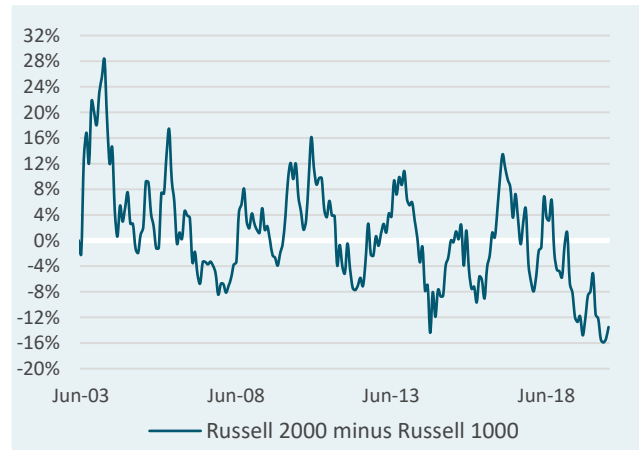
Growth stocks beat value stocks for the ninth consecutive month. The Russell 1000 Growth Index (+27.8%) outperformed the Russell 1000 Value Index (+14.3%). Small stocks beat large during the quarter (Russell 2000 +25.4%, Russell 1000 +21.8%), but continue to lag significantly over the longer-term.

Sector performance disparity continues to impact the behavior of value. While energy (+32.6%) delivered outsized returns over the quarter relative to the overall index (+21.8%), other value-tilted sectors such as financials (+16.3%), consumer staples (+9.0%), and utilities (+4.0%)

presented a drag on overall index performance.

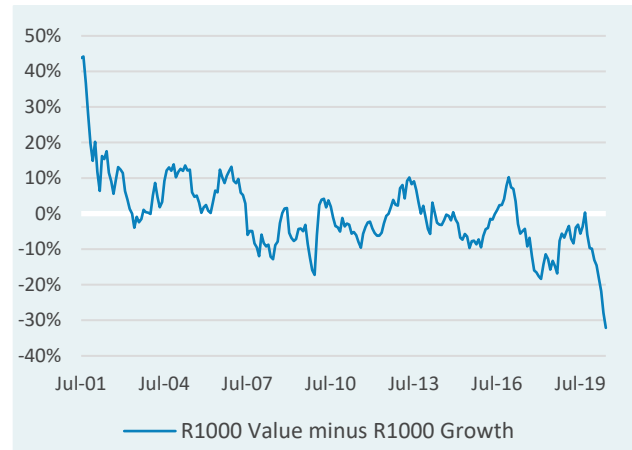
We believe it is extremely difficult to successfully make short-term bets on style factors. Factor performance can be incredibly noisy and vulnerable to sector randomness. Value has become historically cheap, to arguably attractive levels, though a catalyst for a value turnaround is not yet evident. We are watching closely the developments in this space to identify potential opportunities. However, we continue to believe that consistent long-term exposure to the value factor is an ideal implementation approach for most investors, most of the time.

SMALL CAP VS LARGE CAP (YOY)



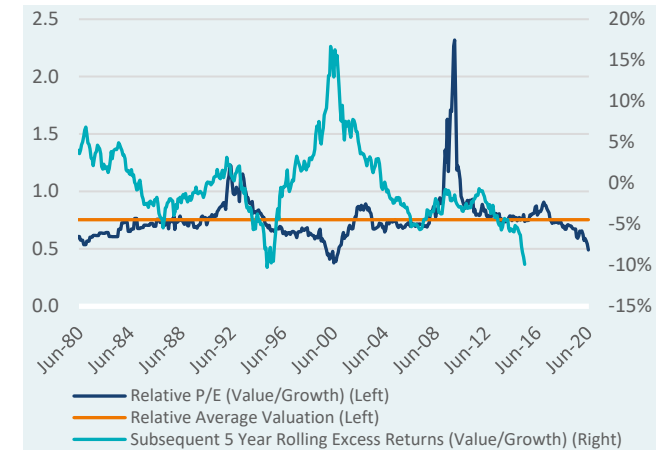
Source: FTSE, as of 6/30/20

VALUE VS GROWTH (YOY)



Source: FTSE, as of 6/30/20

VALUE APPEARS HISTORICALLY CHEAP



Source: Russell, Bloomberg, as of 6/30/20

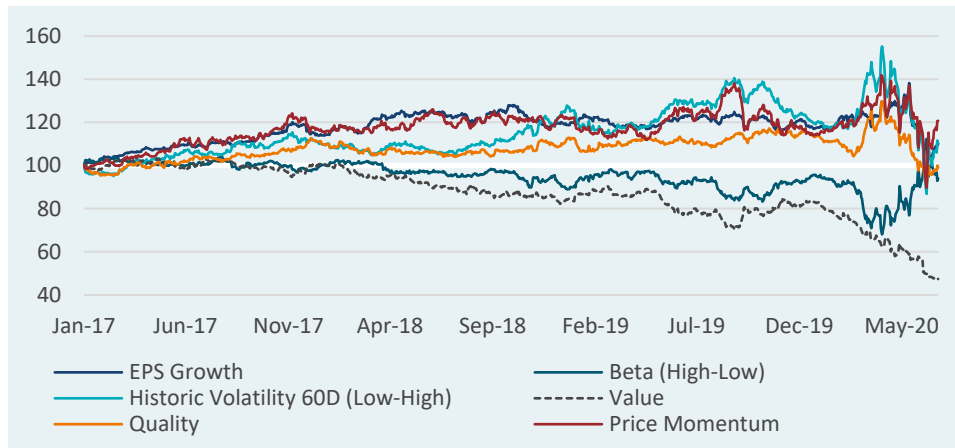
Equity factor monitor

A significant rotation into higher beta, higher volatility, and/or lower quality (long/short, sector neutral, S&P 500 Index quintiles) stocks occurred during the second quarter. The change in investor preferences began in early April and was likely triggered by a combination of extraordinary central bank intervention, along with better than initially expected economic news and COVID-19 pandemic-related data. The rotation began moderating in mid-June as higher quality stocks bounced back.

From a longer-term perspective, the Q2 rotation did not come close to reversing the longer-term positive results accruing to the momentum and low volatility equity factors.

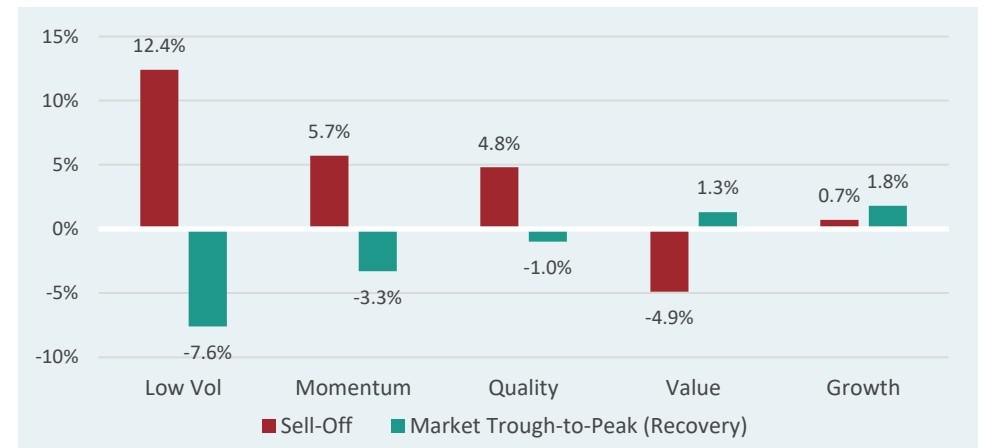
The value factor continued its long-term run of weak results during the quarter. Some have speculated that the value factor returns may benefit from a change in market regime from the current low growth and inflation backdrop to an environment of higher growth and inflation. The rise of factor-focused investing through dedicated smart beta ETFs could also be playing a role. Historical analysis suggests growth is the only factor showing relatively low sensitivity to both upturns and downturns. This analysis also indicates that low volatility, momentum, and quality factors were better protectors of capital during sell-offs.

FACTOR PERFORMANCE (INDEXED 1/2/2017=100)



Source: J.P. Morgan, as of 6/26/20

MEDIAN STYLE PERFORMANCE DURING MARKET SELL-OFF & RECOVERY



Source: J.P. Morgan, as of 6/26/20

International developed equity

Equity markets around the world delivered a surprisingly strong recovery in the second quarter, rising between 12% to 20%. U.K. equities have lagged, only rising +7.8% over the quarter and remained down -23.3% over the year-to-date. Eurozone equities were among the top performers (MSCI Euro +19.6%). However, international equities lagged domestic markets (S&P 500 +20.5%).

On a one-year basis, the volatility of currency markets detracted from the performance of investors with unhedged currency exposure. Investors in international developed

equities lost -3.0% due to currency movement (MSCI EAFE), and investors in emerging markets lost -5.1% (MSCI EM).

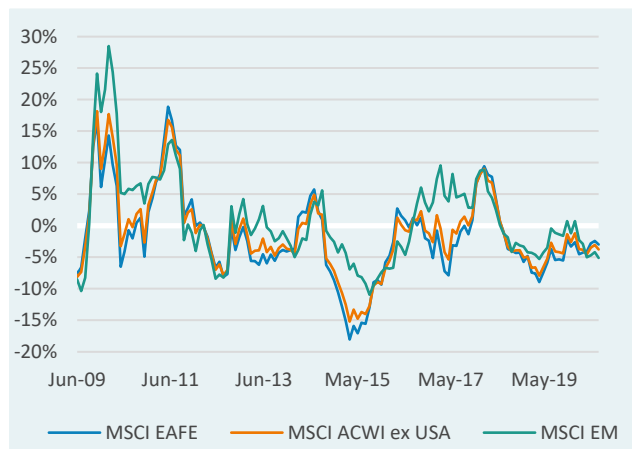
Earnings have fallen materially while equity prices recovered much of their losses. These two effects have led to a significant jump in equity valuations. This dynamic is not uncommon in environments where investors “look to the other side” of a crisis and generally expect tough conditions to be short-lived. With that said, if earnings do not recover to prior levels in a timely manner, investors may begin to question elevated multiples.

INTERNATIONAL DEVELOPED EQUITIES



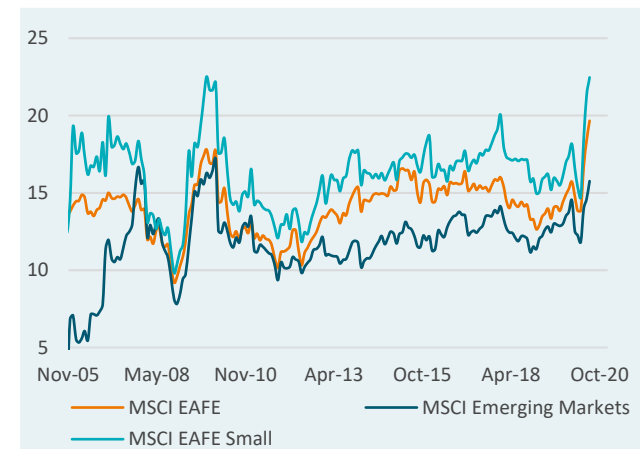
Source: MSCI, as of 6/30/20

EFFECT OF CURRENCY (1-YEAR ROLLING)



Source: MSCI, as of 6/30/20

FORWARD P/E



Source: MSCI, as of 6/30/20

Emerging market equity

Emerging market equities (MSCI EM +18.1%) underperformed U.S. (S&P 500 +20.5%) while outperforming international developed equities (MSCI EAFE +14.9%) over the quarter. Within the emerging market complex, Latin American equities outperformed Asia over the quarter (MSCI EM Latin American +19.1% vs. MSCI EM Asia +17.8%) but underperformed year-to-date (-35.2% vs. -3.5%).

Low inflation in emerging economies may allow central banks more room to maneuver relative to developed economies with regard to the use of monetary policy in

encouraging economic growth during the global slowdown.

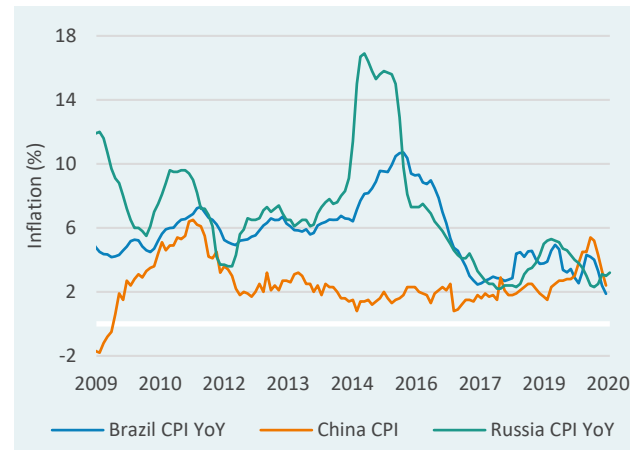
Emerging currencies appreciated in Q2, which was additive to performance (MSCI EM Unhedged +18.1%, MSCI EM Hedged +16.6%). The significant depreciation of the Brazilian real and Turkish lira provided material headwinds for the performance of U.S. investors who have unhedged exposure to emerging markets. On the other hand, the Russian ruble saw large gains as the currency benefitted from rising oil prices.

EMERGING MARKET EQUITY



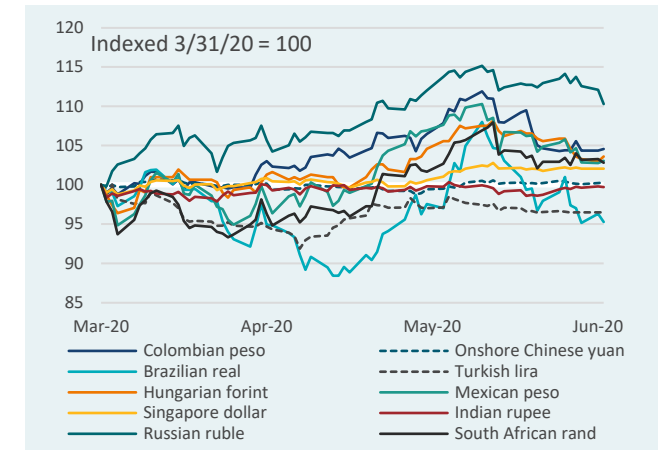
Source: MSCI, as of 6/30/20

INFLATION (YOY)



Source: Bloomberg, as of 6/30/20

J.P. MORGAN EMCI CONSTITUENTS (VS. USD)



Source: Bloomberg, as of 6/30/20

Equity valuations

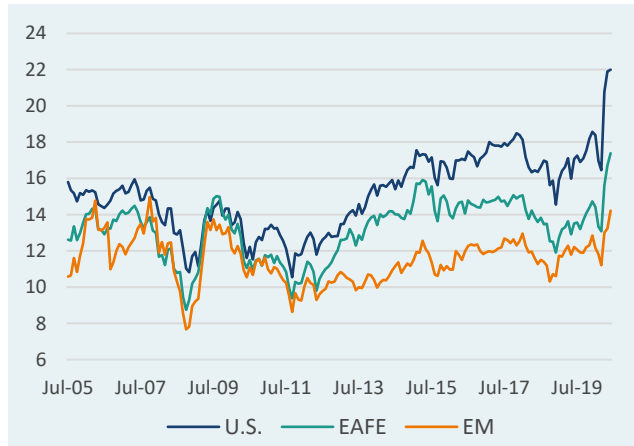
Equity valuations fell in Q1 alongside the broad market selloff. In Q2, valuations reflated significantly as investors seemed to interpret the pandemic-induced earnings recession as more temporary in nature.

Equity prices are typically viewed as the present value of the sum of future cash flows. If the earnings drawdown is indeed temporary and “v-shaped” in nature, this implies mathematically a more modest loss of equity value. Furthermore, near zero interest rates in the developed world likely offset some of this impact (lower interest rates increase

the present value of equity). While we do not necessarily disagree with the argument that the equity rebound has been *too much too soon*, these two effects (potentially quick recovery but very low interest rates) may help us to better understand the recent rally.

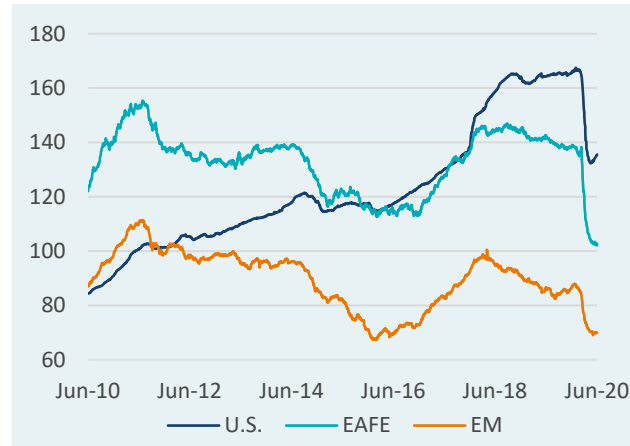
Expected earnings over the next 12 months appear to have bottomed in the United States and look close to bottoming for the international developed and emerging markets. These expectations may provide some stability to equity valuations in the coming months.

FORWARD P/E RATIOS



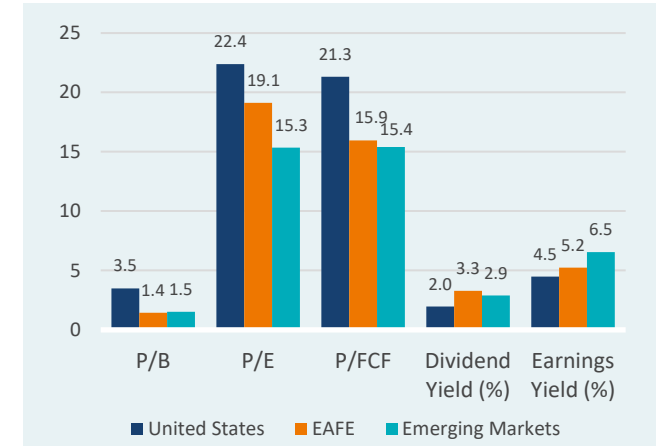
Source: MSCI, 12m forward P/E, as of 3/31/20

BLENDED FORWARD 12-MONTH EPS ESTIMATES



Source: MSCI, 12m forward EPS, as of 6/30/20

VALUATION METRICS (3-MONTH AVERAGE)



Source: Bloomberg, MSCI as of 6/30/20 - trailing P/E

Equity volatility

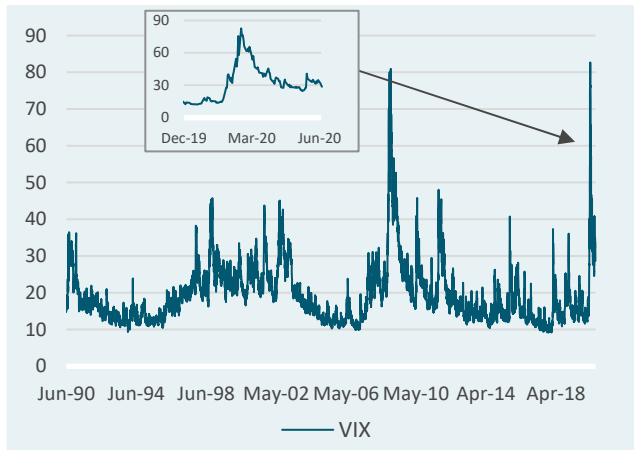
Moves in the CBOE VIX Index moderated in June. The long-term average of the index is near 19. It has remained above that level since February, reaching a high point of 85.0 on March 18th, and closing June at 30.4.

The VIX futures curve, which reflects expectations for future implied volatility of S&P 500 Index options, has taken on an inverted “v-shape” over the next six months, indicating market participants are pricing in higher S&P 500 volatility toward the end of the year around the U.S. election. After October, the market expectation is for volatility to subside

considerably. In normal circumstances, the VIX futures curve exhibits a moderate upward slope due to the skewed and mean-reverting nature of volatility generally (it is low most of the time, though there are occasional, large, short-lived spikes).

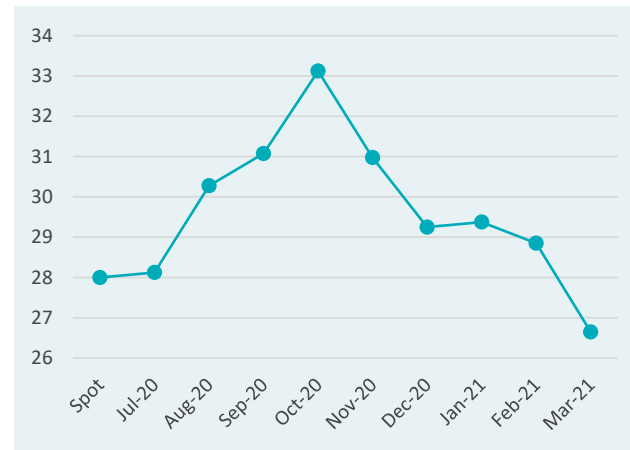
In the first quarter, the implied volatility on S&P 500 Index out-of-the-money put options spiked relative to similarly out-of-the-money call options, indicating investor preference for downside protection. That preference faded over the second quarter, but remained fairly strong relative to recent history.

U.S. IMPLIED VOLATILITY (VIX)



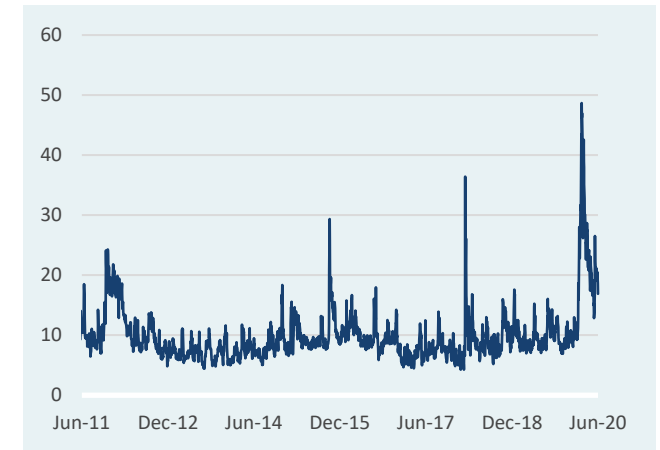
Source: CBOE, as of 6/30/20

VIX FUTURES CURVE



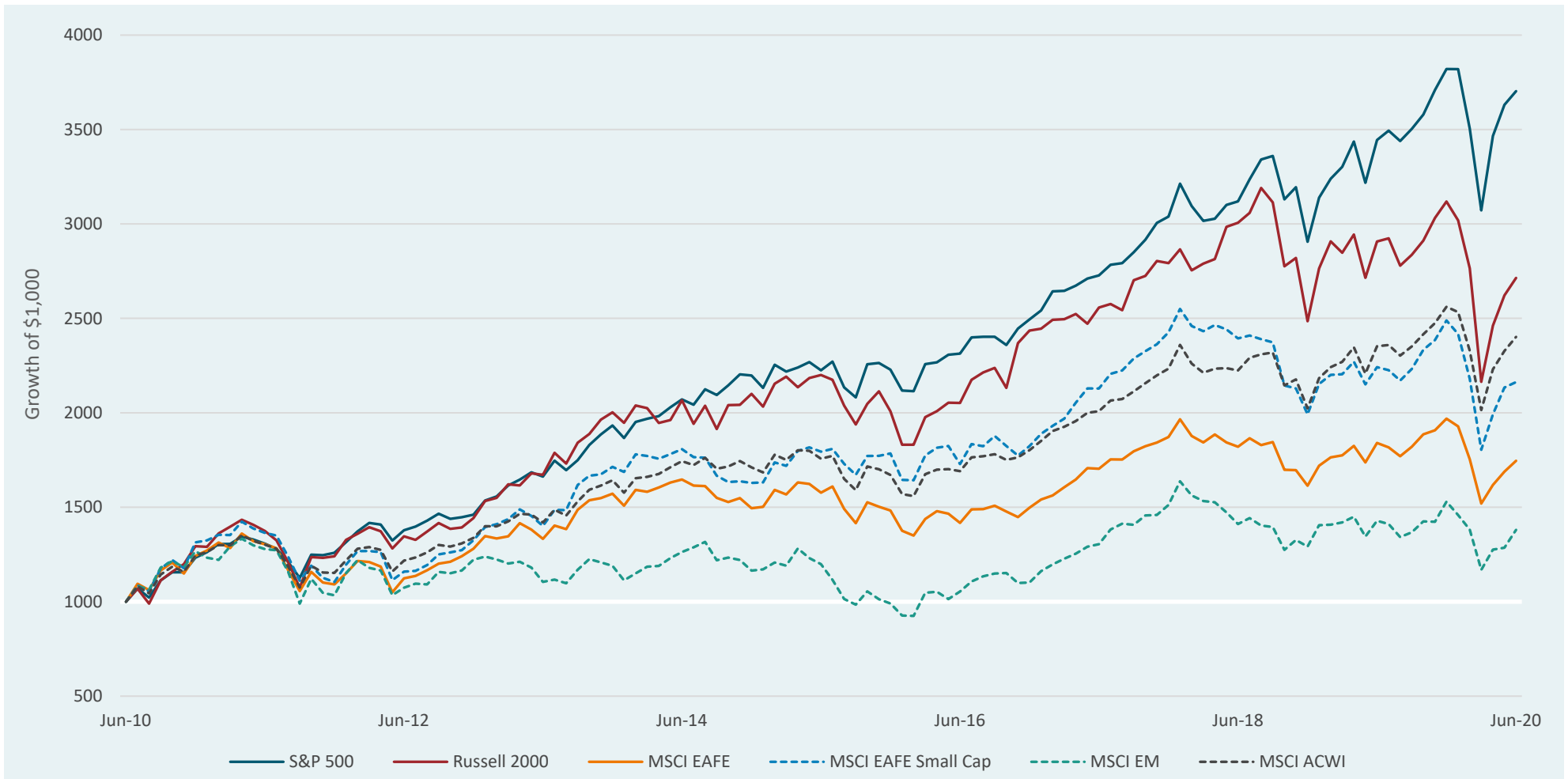
Source: CBOE, Bloomberg, as of 6/30/20

30-DAY 10-DELTA SKEW (S&P 500 OPTIONS)



Source: CBOE, Bloomberg, as of 6/30/20

Long-term equity performance



Source: Morningstar, as of 6/30/20

Other assets

Currency

The U.S. dollar weakened in the second quarter, falling -2.3% according to the Bloomberg Dollar Spot Index. The dollar fell -2.4% against the Euro, appreciated +0.4% against the British pound, and fell -0.1% relative to the Japanese yen. The market recovery (less demand for safe-haven currencies) and materially lower U.S. interest rates (less attractive U.S. dollar) have likely contributed to the move lower.

As the euro strengthened in Q2, some currency analysts have adopted a more optimistic view on the common currency. Improved macroeconomic conditions relative to the United

States, the potential implications of a strong cyclical rebound, as well as the ECB's apparent unwillingness to push rates much lower below 0%, may be leading to euro appreciation.

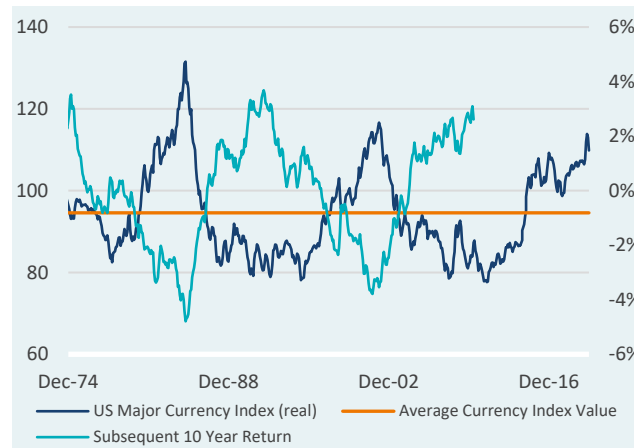
The MSCI Currency Factor Mix Index, constructed as a combination of individual currency factor indices (carry, value, momentum) declined 1.7% in Q2. The momentum factor (-7.8%) drove declines in the overall index as the U.S. dollar began to weaken relative to other major currency pairs following a period of strong appreciation.

BLOOMBERG DOLLAR SPOT INDEX



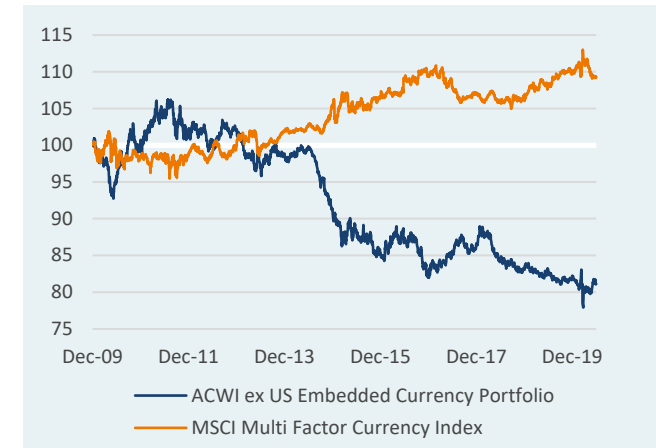
Source: Bloomberg, as of 6/30/20

USD CURRENCY LEVEL & SUBSEQUENT RETURN



Source: Federal Reserve, as of 6/30/20

EMBEDDED CURRENCY VS CURRENCY BETA



Source: MSCI, Bloomberg, as of 6/30/20

Commodities

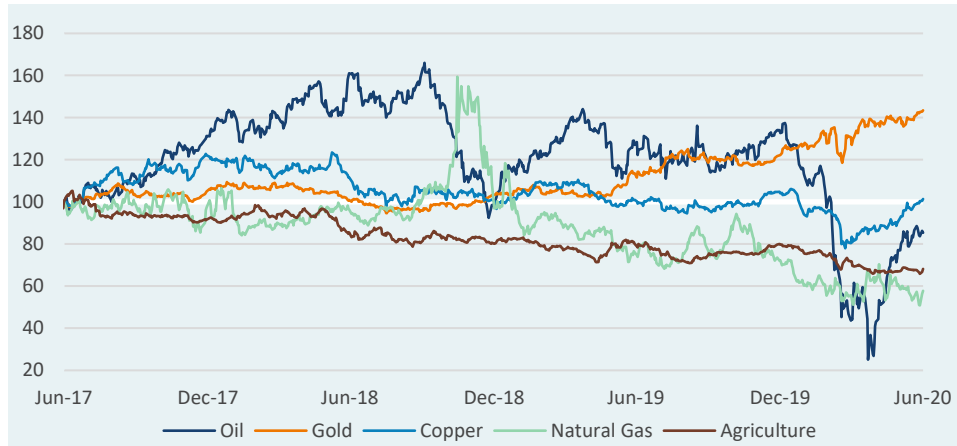
The Bloomberg Commodity Index returned 5.1% in the second quarter, though the index remains depressed year-to-date (-19.4%). A global recession driven by COVID-19 has led to an unprecedented industrial slowdown, severely impacting the demand for energy. The energy (-46.3%) and petroleum (-49.8%) components of the index have dragged performance lower year-to-date.

Gold prices climbed higher during Q2 amidst a backdrop of heightened geopolitical and economic uncertainty, lower global real yields (which diminish the opportunity cost of holding gold), and a weakening U.S. dollar. Spot gold prices

rose from \$1577/oz to \$1781/oz, their highest level since 2011, and have returned 17.1% so far this year. Industrial metals (+12.3%) were bid higher in the second quarter alongside oil, perhaps on enthusiasm around reopening plans and a possible economic rebound. Copper (+21.2%) experienced supply-side tailwinds as COVID-19 spread through Peru, raising production concerns.

Some of the poor recent performance of commodities has been caused by an upward sloping futures curve, which can generate losses due to negative “roll return”. Unattractive futures curve shape continues to contribute to performance.

COMMODITY PERFORMANCE



Source: Bloomberg, as of 6/30/20

COMMODITIES ROLL RETURN



Source: Standard & Poor's, as of 6/30/20

Appendix

Periodic table of returns

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD	5-Year	10-Year
Large Cap Growth	38.7	66.4	31.8	14.0	25.9	56.3	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	37.3	6.7	36.4	9.8	15.9	17.2
US Bonds	27.0	43.1	22.8	8.4	10.3	48.5	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	30.2	1.9	31.4	6.1	10.5	14.0
Real Estate	20.3	33.2	12.2	7.3	6.7	47.3	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	0.9	17.3	25.0	0.0	28.5	0.7	7.0	12.9
Cash	19.3	27.3	11.6	3.3	1.6	46.0	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	12.1	22.2	-1.5	26.5	0.4	6.9	10.5
Hedge Funds of Funds	16.2	26.5	7.0	2.8	1.0	39.2	16.5	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.0	11.8	21.7	-3.5	25.5	-2.3	5.5	10.4
60/40 Global Portfolio	8.7	21.3	4.1	-2.4	-6.0	29.9	14.3	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	-0.8	11.2	14.6	-6.0	22.4	-2.3	4.6	9.8
Large Cap Equity	15.6	24.3	6.0	2.5	-5.9	30.0	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	11.3	17.1	-4.8	22.0	-2.8	4.3	7.8
Small Cap Growth	4.9	20.9	-3.0	-5.6	-11.4	29.7	12.9	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	-1.4	8.0	13.7	-8.3	18.6	-3.1	4.3	6.8
Emerging Markets Equity	1.2	13.2	-7.3	-9.1	-15.5	25.2	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	7.1	7.8	-9.3	18.4	-9.8	2.9	5.7
International Equity	-2.5	11.4	-7.8	-9.2	-15.7	23.9	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	5.7	7.7	-11.0	8.7	-11.3	2.1	3.8
Small Cap Equity	-5.1	7.3	-14.0	-12.4	-20.5	11.6	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.6	7.0	-11.2	7.8	-13.0	1.4	3.3
Large Cap Value	-6.5	4.8	-22.4	-19.5	-21.7	9.0	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	3.5	-12.9	7.7	-16.3	1.3	2.7
Commodities	-25.3	-0.8	-22.4	-20.4	-27.9	4.1	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	0.5	1.7	-13.8	6.4	-19.4	1.1	0.6
Small Cap Value	-27.0	-1.5	-30.6	-21.2	-30.3	1.0	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	0.3	0.9	-14.6	2.1	-23.5	-7.7	-5.8

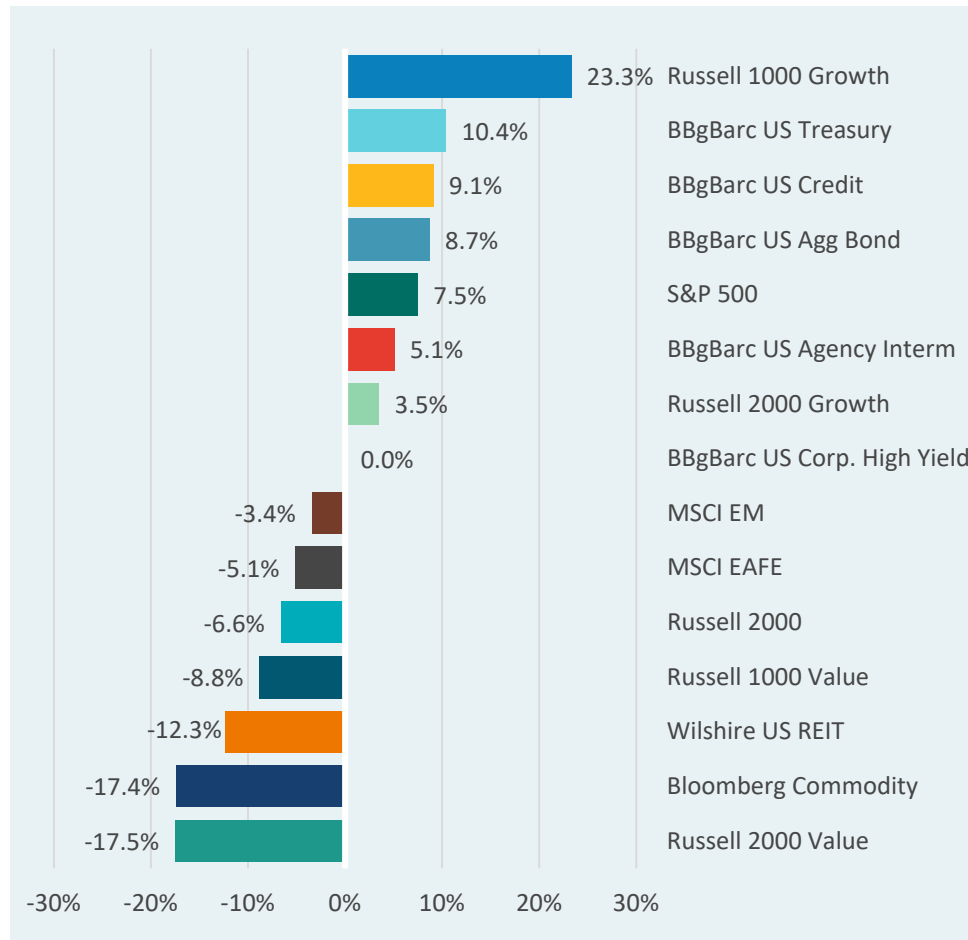
BEST
↑
↓
WORST

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

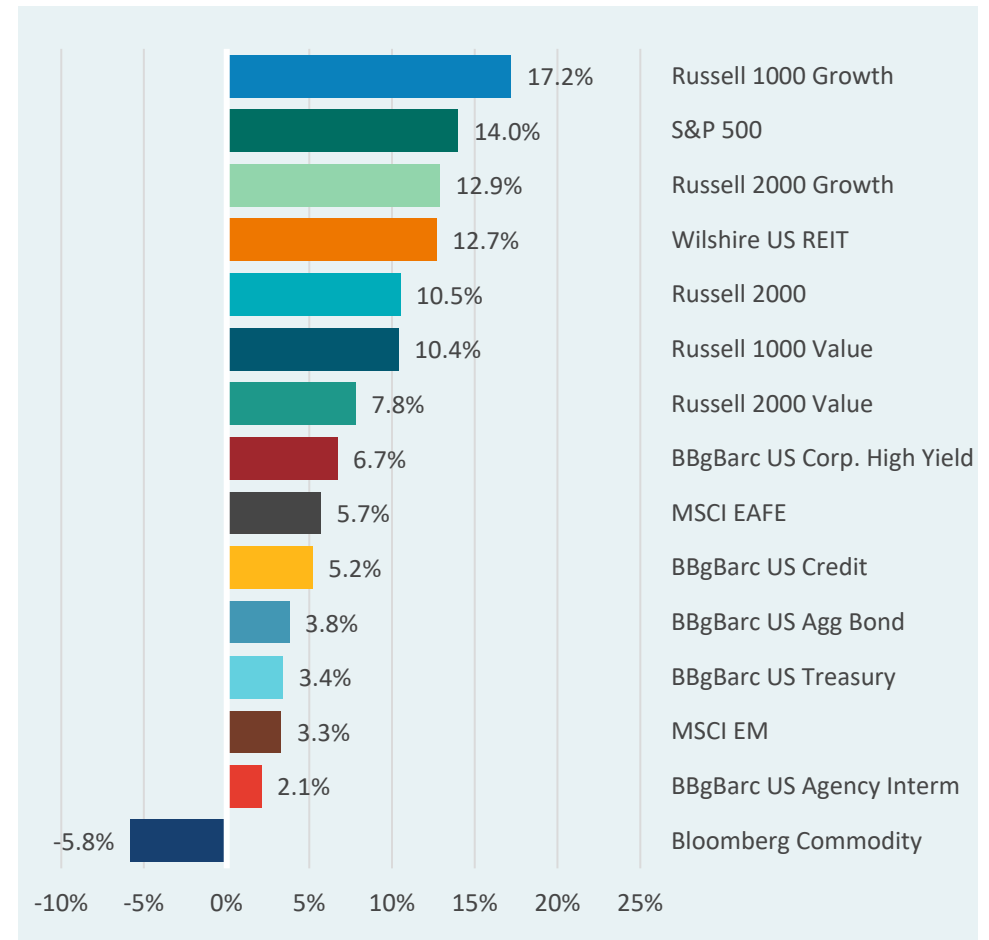
Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, BBgBarc US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, BBgBarc Global Bond. NCREIF Property Index performance data as of 3/31/20.

Major asset class returns

ONE YEAR ENDING JUNE



TEN YEARS ENDING JUNE



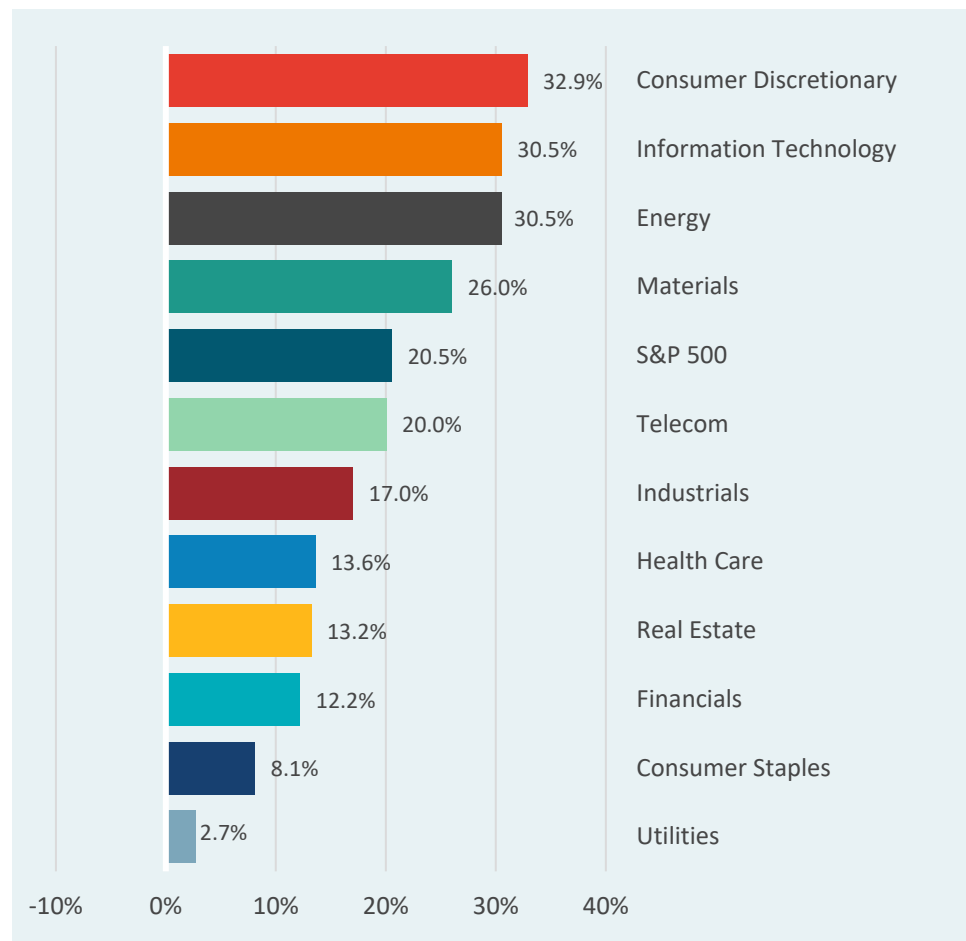
*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

Source: Morningstar, as of 6/30/20

Source: Morningstar, as of 6/30/20

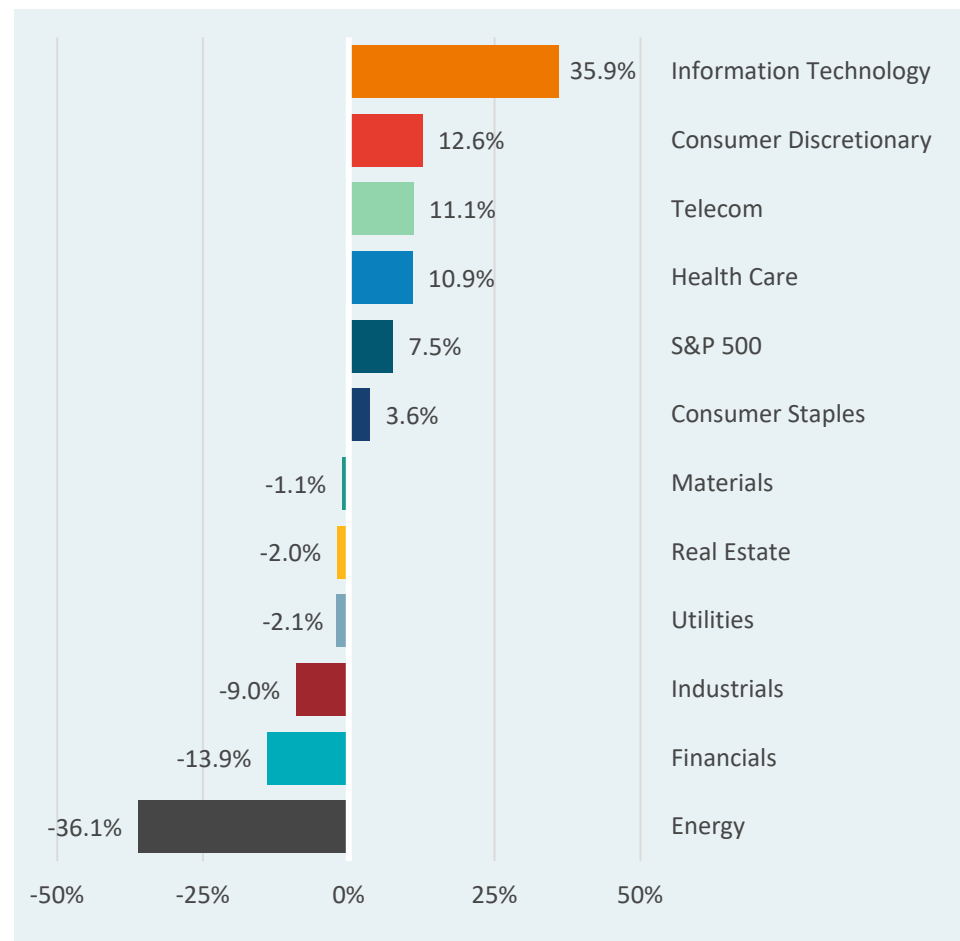
S&P 500 sector returns

QTD



Source: Morningstar, as of 6/30/20

ONE YEAR ENDING JUNE

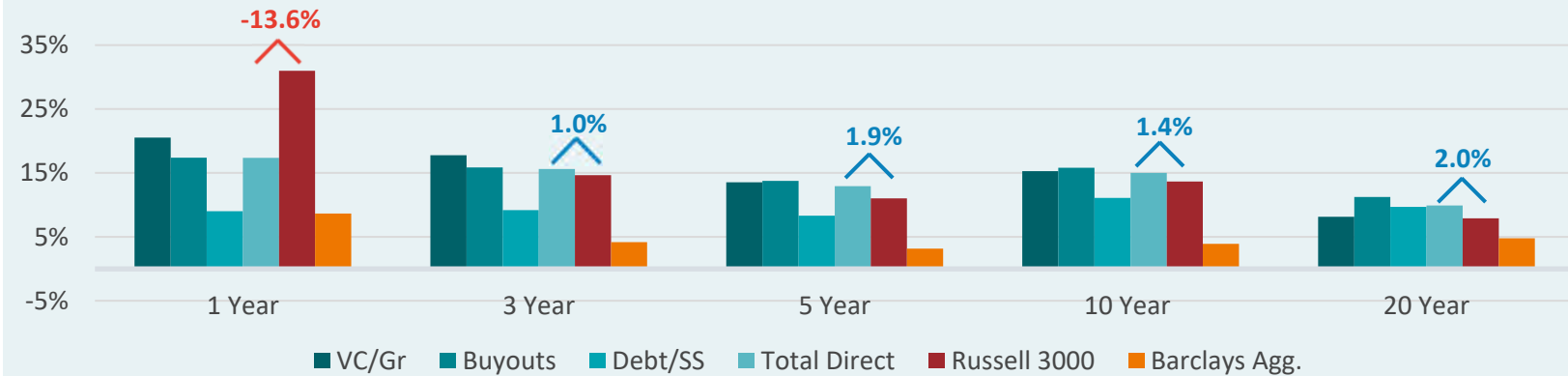


Source: Morningstar, as of 6/30/20

Private equity vs. public performance

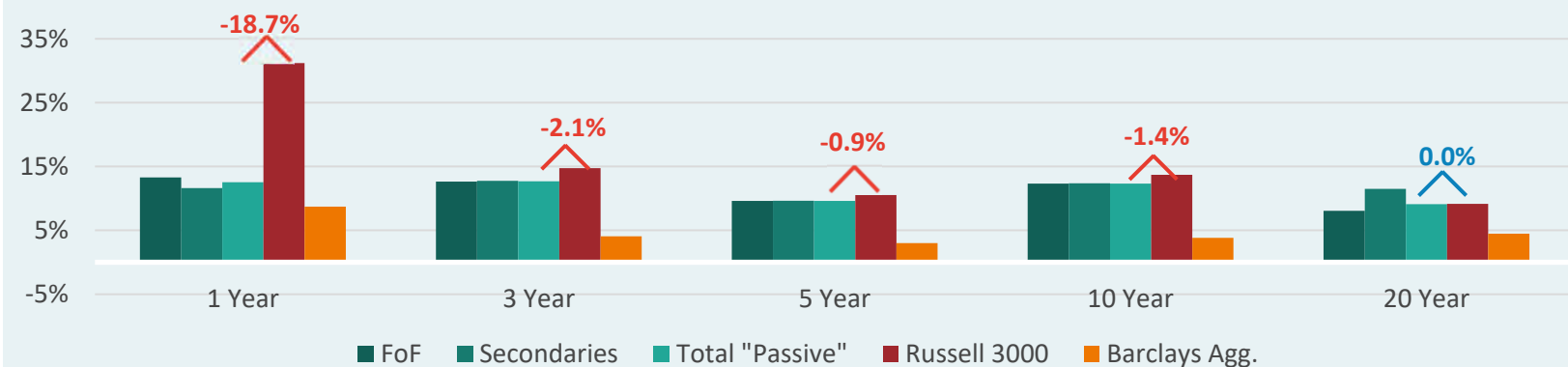
As of 12/31/2019

DIRECT PRIVATE EQUITY FUND INVESTMENTS



Direct P.E Fund Investments outperformed comparable public equities across all time periods, except on a 1-year basis

"PASSIVE" STRATEGIES



"Passive" strategies underperformed comparable public equities across all time periods, except on a 20-year basis

Sources: Thomson Reuters Cambridge Universe's PME Module: U.S. Private Equity Funds sub asset classes as of December 31, 2019. Public Market Equivalent returns resulted from "Total Passive" and Total Direct's identical cash flows invested into and distributed from respective traditional asset comparable.

Private equity vs. liquid real assets performance

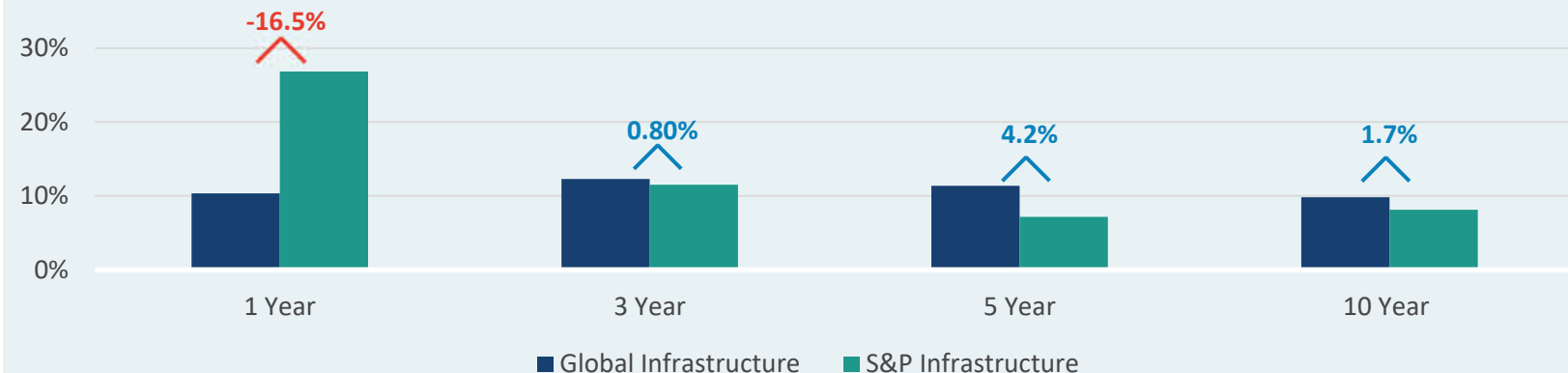
As of 12/31/2019

GLOBAL NATURAL RESOURCES FUNDS



N.R. funds underperformed the MSCI World Natural Resources benchmark across all time periods, except on a 10 year basis

GLOBAL INFRASTRUCTURE FUNDS



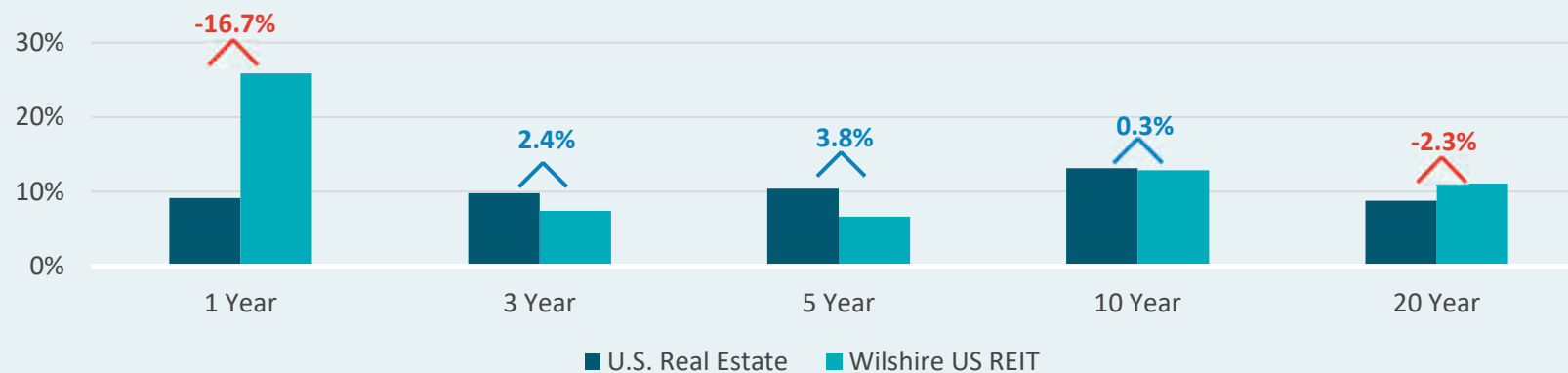
Infra. funds outperformed the S&P Infra. across all periods, except on a 1-year basis

Sources: Thomson Reuters CJA PME: Global Natural Resources (vintage 1999 and later, inception of MSCI World Natural Resources benchmark) and Global Infrastructure (vintage 2002 and later, inception of S&P Infrastructure benchmark) universes as of December 31, 2019. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real assets universes.

Private vs. liquid & core real estate performance

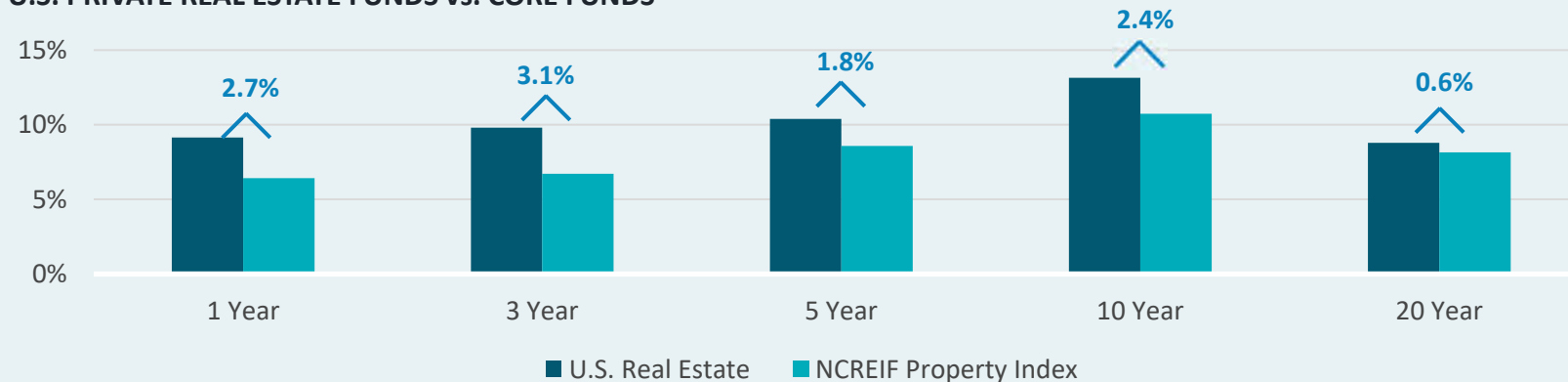
As of 12/31/2019

U.S. PRIVATE REAL ESTATE FUNDS vs. LIQUID UNIVERSE



U.S. Private R.E. funds underperformed the Wilshire U.S. REIT Index on a 1- and 20-year basis, but not over 3-, 5-, and 10-years basis.

U.S. PRIVATE REAL ESTATE FUNDS vs. CORE FUNDS



U.S. Private R.E. Funds outperformed the NCREIF Property Index over all time periods

Sources: Thomson Reuters C|A PME: U.S. Real Estate universes as of December 31, 2019. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real estate universes.

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	2.0	20.5	(3.1)	7.5	10.7	10.7	14.0
S&P 500 Equal Weighted	1.6	21.7	(10.8)	(3.2)	5.4	7.1	12.6
DJ Industrial Average	1.8	18.5	(8.4)	(0.5)	9.1	10.6	13.0
Russell Top 200	2.4	20.9	(0.5)	11.2	12.5	11.9	14.6
Russell 1000	2.2	21.8	(2.8)	7.5	10.6	10.5	14.0
Russell 2000	3.5	25.4	(13.0)	(6.6)	2.0	4.3	10.5
Russell 3000	2.3	22.0	(3.5)	6.5	10.0	10.0	13.7
Russell Mid Cap	1.8	24.6	(9.1)	(2.2)	5.8	6.8	12.3
Style Index							
Russell 1000 Growth	4.4	27.8	9.8	23.3	19.0	15.9	17.2
Russell 1000 Value	(0.7)	14.3	(16.3)	(8.8)	1.8	4.6	10.4
Russell 2000 Growth	3.8	30.6	(3.1)	3.5	7.9	6.9	12.9
Russell 2000 Value	2.9	18.9	(23.5)	(17.5)	(4.3)	1.3	7.8

INTERNATIONAL EQUITY

Broad Index							
MSCI ACWI	3.2	19.2	(6.3)	2.1	6.1	6.5	9.2
MSCI ACWI ex US	4.5	16.1	(11.0)	(4.8)	1.1	2.3	5.0
MSCI EAFE	3.4	14.9	(11.3)	(5.1)	0.8	2.1	5.7
MSCI EM	7.4	18.1	(9.8)	(3.4)	1.9	2.9	3.3
MSCI EAFE Small Cap	1.4	19.9	(13.1)	(3.5)	0.5	3.8	8.0
Style Index							
MSCI EAFE Growth	3.2	16.9	(3.5)	4.2	5.9	5.5	7.8
MSCI EAFE Value	3.6	12.4	(19.3)	(14.5)	(4.4)	(1.6)	3.5
Regional Index							
MSCI UK	1.4	7.8	(23.3)	(17.7)	(3.9)	(2.5)	3.9
MSCI Japan	(0.0)	11.6	(7.1)	3.1	3.0	3.4	6.1
MSCI Euro	6.2	19.6	(12.7)	(7.7)	(0.9)	1.6	5.0
MSCI EM Asia	8.2	17.8	(3.5)	4.9	4.1	4.8	5.8
MSCI EM Latin American	5.3	19.1	(35.2)	(32.5)	(7.2)	(3.2)	(3.8)

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
BBgBarc US TIPS	1.1	4.2	6.0	8.3	5.0	3.7	3.5
BBgBarc US Treasury Bills	0.0	0.0	0.7	1.7	1.8	1.2	0.7
BBgBarc US Agg Bond	0.6	2.9	6.1	8.7	5.3	4.3	3.8
Duration							
BBgBarc US Treasury 1-3 Yr	0.0	0.2	3.0	4.1	2.7	1.9	1.3
BBgBarc US Treasury Long	0.1	0.2	21.2	25.4	12.0	9.3	7.7
BBgBarc US Treasury	0.1	0.5	8.7	10.4	5.6	4.1	3.4
Issuer							
BBgBarc US MBS	(0.1)	0.7	3.5	5.7	4.0	3.2	3.1
BBgBarc US Corp. High Yield	1.0	10.2	(3.8)	0.0	3.3	4.8	6.7
BBgBarc US Agency Interm	0.1	0.8	3.7	5.1	3.3	2.5	2.1
BBgBarc US Credit	1.8	8.2	4.8	9.1	6.1	5.5	5.2

OTHER

Index							
Bloomberg Commodity	2.3	5.1	(19.4)	(17.4)	(6.1)	(7.7)	(5.8)
Wilshire US REIT	2.3	10.6	(17.8)	(12.3)	0.2	5.7	12.7
CS Leveraged Loans	1.3	9.7	(4.8)	(2.3)	2.1	4.6	5.0
Alerian MLP	(8.2)	47.2	(38.3)	(44.1)	(18.3)	(13.6)	(1.4)
Regional Index							
JPM EMBI Global Div	3.5	12.3	(2.8)	0.5	3.6	5.3	6.0
JPM GBI-EM Global Div	0.5	9.8	(6.9)	(2.8)	1.1	2.3	1.6
Hedge Funds							
HFRI Composite	1.9	9.0	(3.5)	(0.6)	2.1	2.3	3.7
HFRI FOF Composite	1.3	7.2	(2.3)	(0.2)	2.0	1.4	2.7
Currency (Spot)							
Euro	1.0	2.4	0.1	(1.4)	(0.5)	0.2	(0.9)
Pound	(0.1)	(0.4)	(6.7)	(2.9)	(1.7)	(4.7)	(1.9)
Yen	(0.1)	0.1	0.7	(0.1)	1.4	2.6	(2.0)

Source: Morningstar, HFR, as of 6/30/20

Definitions

Bloomberg US Weekly Consumer Comfort Index - tracks the public's economic attitudes each week, providing a high-frequency read on consumer sentiment. The index, based on cell and landline telephone interviews with a random, representative national sample of U.S. adults, tracks Americans' ratings of the national economy, their personal finances and the buying climate on a weekly basis, with views of the economy's direction measured separately each month. (www.lanqerresearch.com)

University of Michigan Consumer Sentiment Index - A survey of consumer attitudes concerning both the present situation as well as expectations regarding economic conditions conducted by the University of Michigan. For the preliminary release approximately three hundred consumers are surveyed while five hundred are interviewed for the final figure. The level of consumer sentiment is related to the strength of consumer spending. (www.Bloomberg.com)

NFIB Small Business Outlook - Small Business Economic Trends (SBET) is a monthly assessment of the U.S. small-business economy and its near-term prospects. Its data are collected through mail surveys to random samples of the National Federal of Independent Business (NFIB) membership. The survey contains three broad question types: recent performance, near-term forecasts, and demographics. The topics addressed include: outlook, sales, earnings, employment, employee compensation, investment, inventories, credit conditions, and single most important problem. (<http://www.nfib-sbet.org/about/>)

NAHB Housing Market Index - the housing market index is a weighted average of separate diffusion indices for three key single-family indices: market conditions for the sale of new homes at the present time, market conditions for the sale of new homes in the next six months, and the traffic of prospective buyers of new homes. The first two series are rated on a scale of Good, Fair, and Poor and the last is rated on a scale of High/Very High, Average, and Low/Very Low. A diffusion index is calculated for each series by applying the formula $(\text{Good-Poor} + 100)/2$ to the present and future sales series and $(\text{High/Very High-Low/Very Low} + 100)/2$ to the traffic series. Each resulting index is then seasonally adjusted and weighted to produce the HMI. Based on this calculation, the HMI can range between 0 and 100.

Notices & disclosures

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San Luis Obispo County Pension Trust

Investment Performance Review

Period Ending: June 30, 2020



VERUSINVESTMENTS.COM

SEATTLE 206-622-3700

LOS ANGELES 310-297-1777

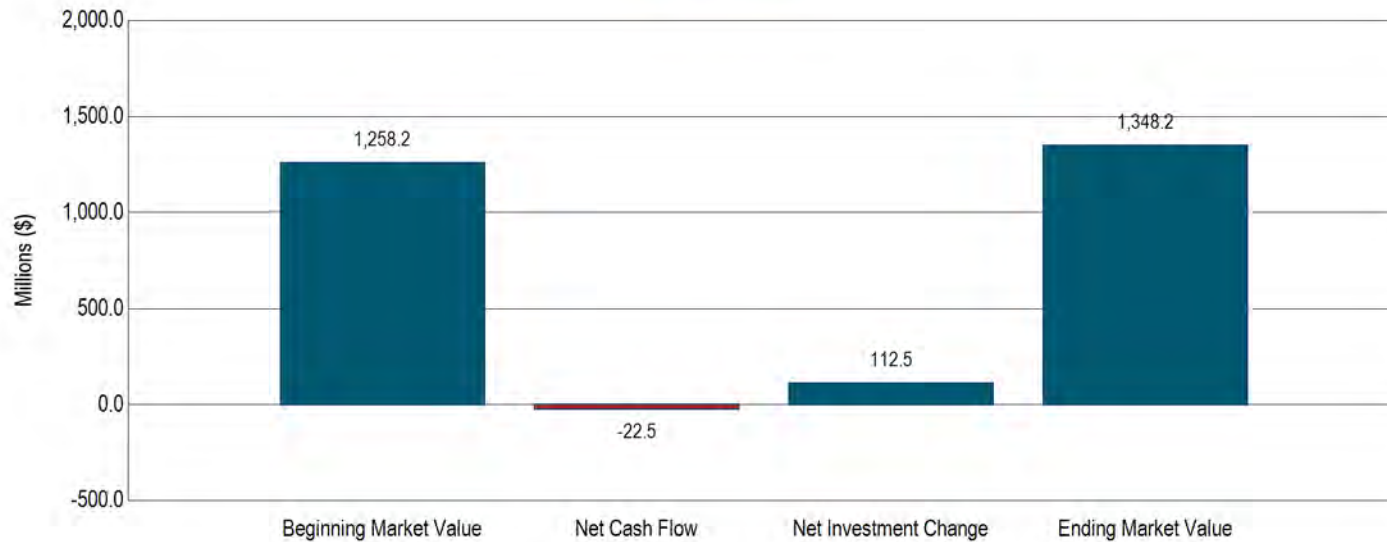
SAN FRANCISCO 415-362-3484

PITTSBURGH 412-784-6678

Portfolio Reconciliation

	Last Three Months	One Year
Beginning Market Value	\$1,258,199,447	\$1,377,943,003
Net Cash Flow	-\$22,532,957	-\$40,372,562
Net Investment Change	\$112,537,570	\$10,633,619
Ending Market Value	\$1,348,204,060	\$1,348,204,060

Change in Market Value
Last Three Months



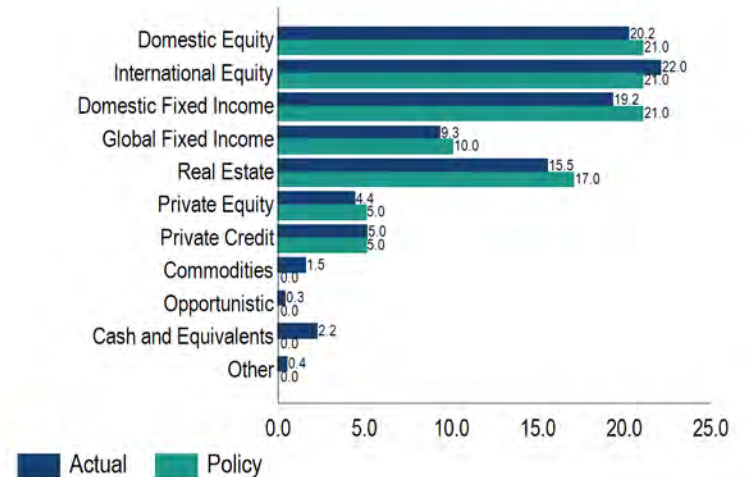
Contributions and withdrawals may include intra-account transfers between managers/funds.

Total Fund Executive Summary (Gross of Fees)

Period Ending: June 30, 2020

	QTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Total Fund	9.0	93	1.0	86	4.8	79	5.3	77
<i>Policy Index</i>	6.8	97	2.7	60	5.4	61	5.5	67
Total Domestic Equity	20.2	80	0.5	85	8.5	47	9.8	17
<i>Russell 3000</i>	22.0	40	6.5	7	10.0	15	10.0	13
Total International Equity	21.9	7	2.7	10	5.5	9	5.2	10
<i>MSCI ACWI ex USA Gross</i>	16.3	81	-4.4	66	1.6	38	2.7	50
Total Domestic Fixed Income	6.3	13	6.8	62	5.3	19	4.6	19
<i>BBgBarc US Aggregate TR</i>	2.9	86	8.7	18	5.3	17	4.3	32
Total Global Fixed	11.8	--	-5.8	--	-1.0	--	0.8	--
<i>FTSE World Govt Bond Index</i>	2.0	--	4.6	--	4.0	--	3.7	--
Total Real Estate	-1.6	--	2.4	--	5.0	--	7.1	--
<i>NCREIF Property Index</i>	-1.0	--	2.7	--	5.4	--	6.8	--
Total Commodities	8.6	--	-16.3	--	-5.1	--	-6.9	--
<i>Bloomberg Commodity Index TR USD</i>	5.1	--	-17.4	--	-6.1	--	-7.7	--
Total Private Equity	-7.9	--	1.9	--	10.1	--	13.0	--
<i>Russell 3000 +3% (Lagged)</i>	-20.3	--	-6.4	--	7.1	--	9.8	--
Total Private Credit	-12.7	--	-5.4	--	3.9	--	--	--
<i>BBgBarc High Yield +2% (Lagged)</i>	-12.2	--	-5.1	--	2.8	--	--	--
Total Cash	0.9	--	2.1	--	1.8	--	1.4	--
<i>91 Day T-Bills</i>	0.0	--	1.3	--	1.7	--	1.1	--
Total Opportunistic	-6.4	--	-0.5	--	6.4	--	6.2	--
<i>Russell 3000 + 3%</i>	22.9	--	9.7	--	13.3	--	13.3	--

Actual vs Target Allocation (%)



Rolling Annualized Excess Performance and Tracking Error
Total Fund vs. Policy Index



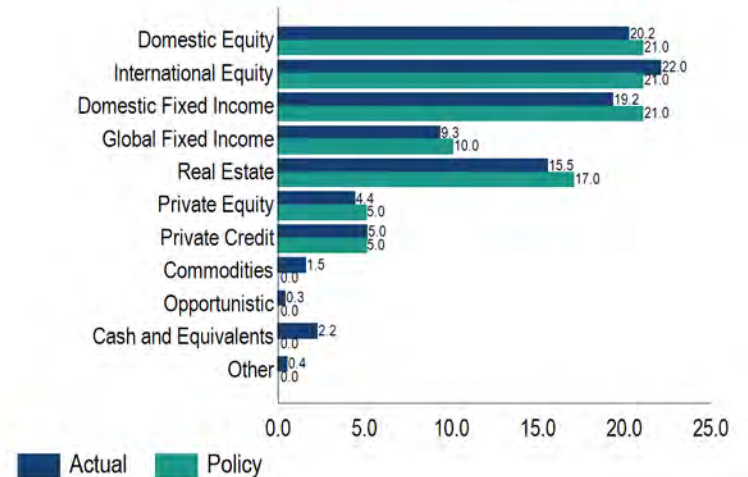
New Policy Index as of 4/1/2020: 21% Russell 3000, 21% MSCI ACWI ex. US, 31% BBgBarc Aggregate, 17% NCREIF Property, 5% Russell 3000 +3% (Lagged), 5% BBgBarc High Yield +2% (Lagged). Private Equity, Private Credit and Opportunistic composite returns are lagged by one quarter. All returns are (G) Gross of fees. Effective 1/1/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation.

Total Fund Executive Summary (Net of Fees)

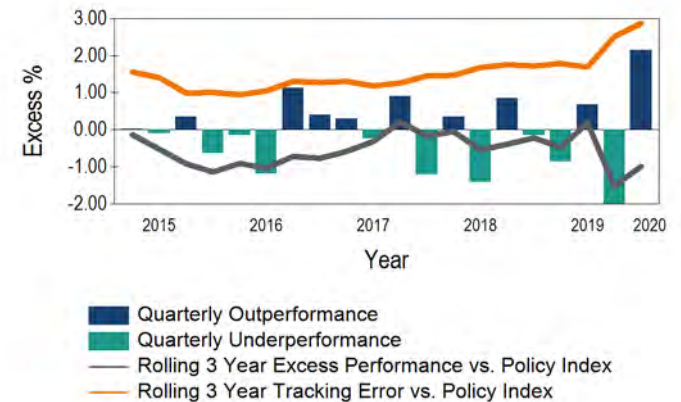
Period Ending: June 30, 2020

	QTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Total Fund	8.9	93	0.6	88	4.4	88	4.8	85
<i>Policy Index</i>	6.8	97	2.7	60	5.4	61	5.5	67
Total Domestic Equity	20.1	84	0.0	88	7.9	62	9.4	33
<i>Russell 3000</i>	22.0	40	6.5	7	10.0	15	10.0	13
Total International Equity	21.7	8	2.1	11	4.8	10	4.5	17
<i>MSCI ACWI ex USA Gross</i>	16.3	81	-4.4	66	1.6	38	2.7	50
Total Domestic Fixed Income	6.2	15	6.5	70	4.9	28	4.3	33
<i>BBgBarc US Aggregate TR</i>	2.9	86	8.7	18	5.3	17	4.3	32
Total Global Fixed	11.6	--	-6.5	--	-1.7	--	0.1	--
<i>FTSE World Govt Bond Index</i>	2.0	--	4.6	--	4.0	--	3.7	--
Total Real Estate	-1.6	--	2.4	--	5.0	--	6.8	--
<i>NCREIF Property Index</i>	-1.0	--	2.7	--	5.4	--	6.8	--
Total Commodities	8.6	--	-16.3	--	-5.1	--	-7.1	--
<i>Bloomberg Commodity Index TR USD</i>	5.1	--	-17.4	--	-6.1	--	-7.7	--
Total Private Equity	-7.9	--	1.9	--	10.1	--	12.3	--
<i>Russell 3000 +3% (Lagged)</i>	-20.3	--	-6.4	--	7.1	--	9.8	--
Total Private Credit	-12.7	--	-5.4	--	3.9	--	--	--
<i>BBgBarc High Yield +2% (Lagged)</i>	-12.2	--	-5.1	--	2.8	--	--	--
Total Cash	0.9	--	2.1	--	1.8	--	1.4	--
<i>91 Day T-Bills</i>	0.0	--	1.3	--	1.7	--	1.1	--
Total Opportunistic	-6.4	--	-0.5	--	6.4	--	5.9	--
<i>Russell 3000 + 3%</i>	22.9	--	9.7	--	13.3	--	13.3	--

Actual vs Target Allocation (%)



Rolling Annualized Excess Performance and Tracking Error
Total Fund vs. Policy Index

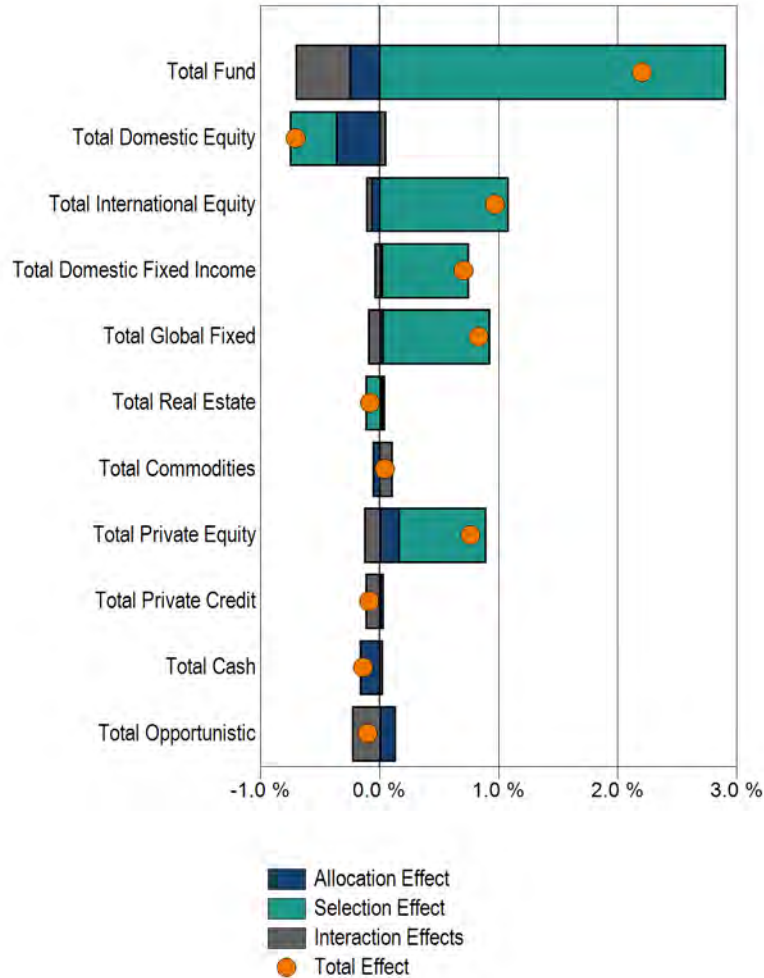


New Policy Index as of 4/1/2020: 21% Russell 3000, 21% MSCI ACWI ex. US, 31% BBgBarc Aggregate, 17% NCREIF Property, 5% Russell 3000 +3% (Lagged), 5% BBgBarc High Yield +2% (Lagged). Private Equity, Private Credit and Opportunistic composite returns are lagged by one quarter. All returns are (G) Gross of fees. Effective 1/1/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation.

Total Fund
Attribution (Net of Fees)

Period Ending: June 30, 2020

Attribution Effects
3 Months Ending June 30, 2020



Performance Attribution

	Last 3 Mo.
Wtd. Actual Return	8.98%
Wtd. Index Return *	6.77%
Excess Return	2.20%
Selection Effect	2.90%
Allocation Effect	-0.25%
Interaction Effect	-0.44%

*Calculated from policy benchmark returns and policy weightings of each component of the policy benchmark.

Attribution Summary
3 Months Ending June 30, 2020

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total Domestic Equity	20.08%	22.03%	-1.95%	-0.39%	-0.36%	0.04%	-0.70%
Total International Equity	21.74%	16.30%	5.44%	1.07%	-0.07%	-0.04%	0.97%
Total Domestic Fixed Income	6.22%	2.90%	3.32%	0.72%	0.02%	-0.03%	0.70%
Total Global Fixed	11.64%	2.90%	8.74%	0.89%	0.03%	-0.09%	0.83%
Total Real Estate	-1.61%	-0.99%	-0.62%	-0.11%	0.03%	0.01%	-0.08%
Total Commodities	8.57%	5.08%	3.49%	0.00%	-0.05%	0.10%	0.04%
Total Private Equity	-7.91%	-20.26%	12.35%	0.72%	0.16%	-0.12%	0.76%
Total Private Credit	-12.65%	-12.23%	-0.42%	0.00%	0.03%	-0.11%	-0.09%
Total Cash	0.86%	0.03%	0.83%	0.00%	-0.16%	0.02%	-0.14%
Total Opportunistic	-6.36%	22.88%	-29.24%	0.00%	0.13%	-0.23%	-0.10%
Total	8.98%	6.77%	2.20%	2.90%	-0.25%	-0.44%	2.20%

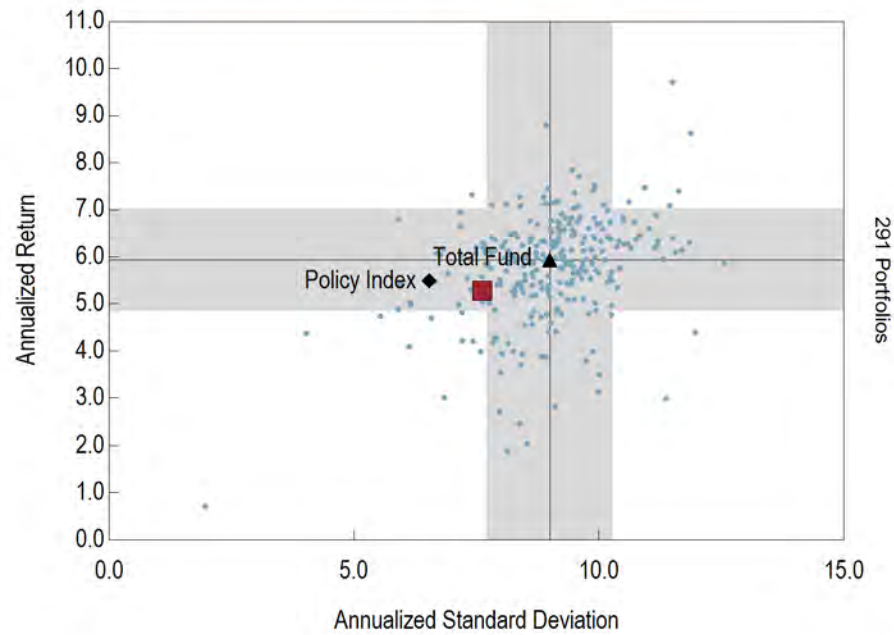
Attribution does not account for effects of overlay program. Weighted returns shown in attribution analysis may differ from actual returns. Wtd. Actual Return is the sum of the products of each group's return and its respective weight at the beginning of the period.

Total Fund
Risk Analysis - 5 Years (Gross of Fees)

Period Ending: June 30, 2020

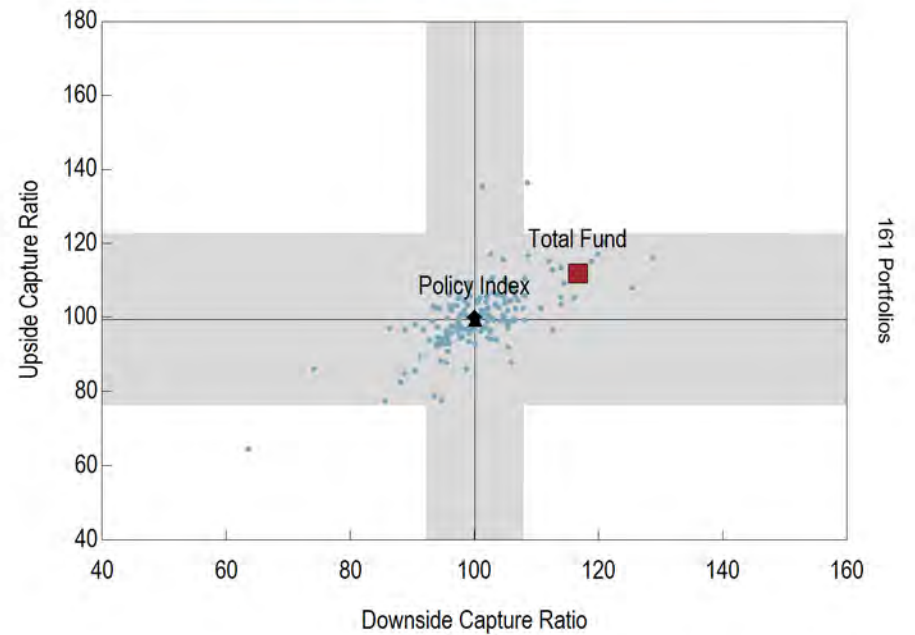
	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
Total Fund	5.28%	-0.21%	7.62%	-0.88%	1.12	2.21%	0.93	0.54	-0.09	111.90%	116.65%

Annualized Return vs. Annualized Standard Deviation



- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvMetrics Public DB Gross

Upside Capture Ratio vs. Downside Capture Ratio

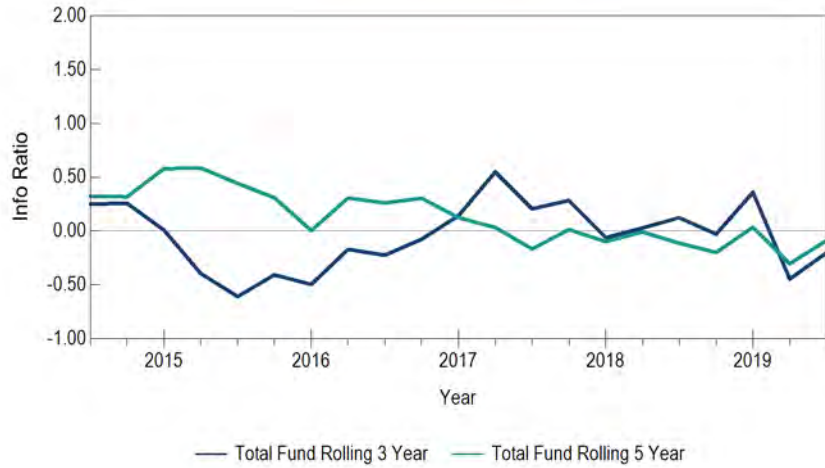


- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvMetrics Public DB Gross

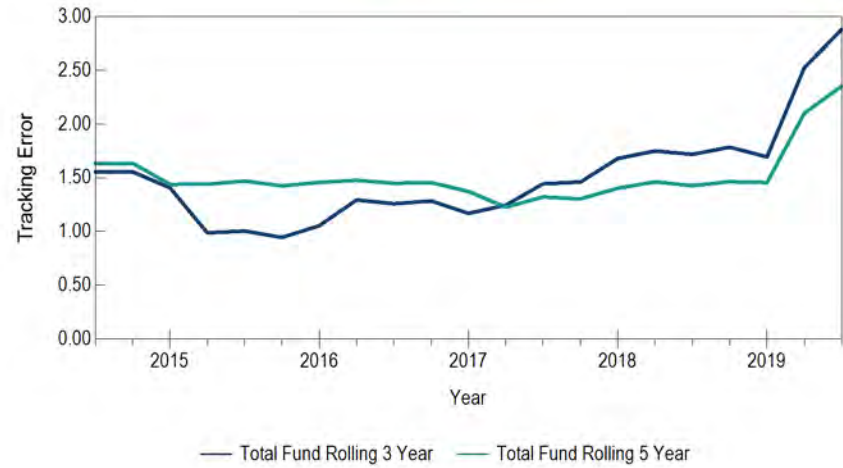
Total Fund
Rolling Risk Statistics (Gross of Fees)

Period Ending: June 30, 2020

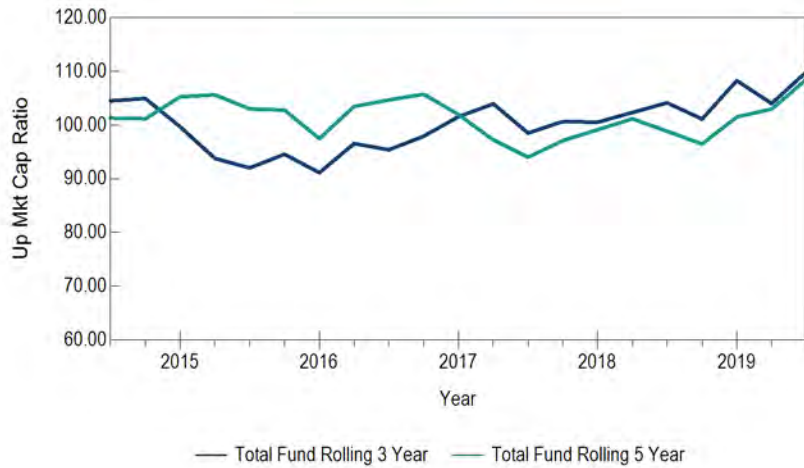
Rolling Information Ratio



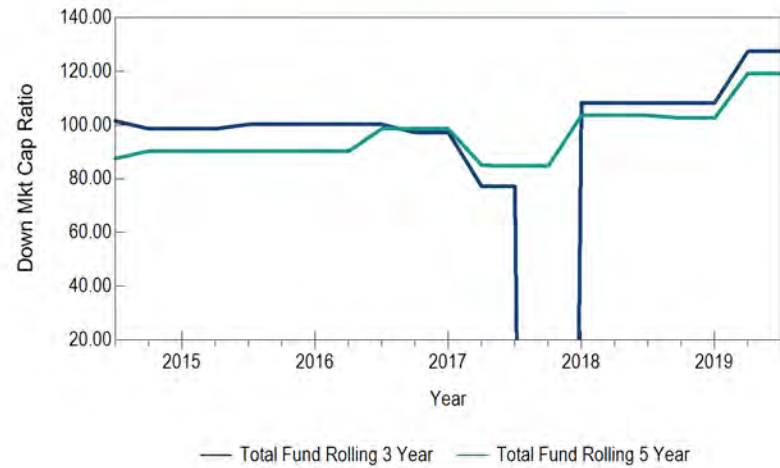
Rolling Tracking Error



Rolling Up Market Capture Ratio (%)



Rolling Down Market Capture Ratio (%)



Total Fund Performance Summary (Gross of Fees)

Period Ending: June 30, 2020

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015	Inception	Inception Date
Total Fund	1,348,204,060	100.0	9.0	1.0	4.8	5.3	7.8	16.3	-3.1	15.5	6.6	-0.8		
Policy Index			6.8	2.7	5.4	5.5	7.6	15.3	-2.1	13.3	7.8	-0.5		
InvMetrics Public DB Gross Rank			93	86	79	77	59	81	25	47	84	74		
Total Domestic Equity	271,829,769	20.2	20.2	0.5	8.5	9.8	13.4	29.4	-5.2	25.1	13.0	1.2		
Russell 3000			22.0	6.5	10.0	10.0	13.7	31.0	-5.2	21.1	12.7	0.5		
InvMetrics Public DB US Eq Gross Rank			80	85	47	17	28	66	36	4	48	18		
PIMCO RAE Fundamental PLUS Instl	56,355,795	4.2	16.4	-7.5	3.4	5.5	11.4	25.5	-6.6	17.0	15.9	-2.7	6.6	Nov-07
S&P 500			20.5	7.5	10.7	10.7	14.0	31.5	-4.4	21.8	12.0	1.4	8.3	Nov-07
eV US Large Cap Core Equity Gross Rank			81	99	97	97	94	83	72	89	6	86	97	Nov-07
Loomis Sayles Large Cap Growth	91,266,336	6.8	24.2	19.6	17.7	--	--	32.7	-1.7	34.1	--	--	20.6	Dec-16
Russell 1000 Growth			27.8	23.3	19.0	--	--	36.4	-1.5	30.2	--	--	20.5	Dec-16
eV US Large Cap Growth Equity Gross Rank			76	52	50	--	--	68	58	16	--	--	40	Dec-16
Boston Partners Large Cap Value	67,193,867	5.0	16.6	-8.8	1.8	--	--	24.3	-8.5	--	--	--	3.4	Jan-17
Russell 1000 Value			14.3	-8.8	1.8	--	--	26.5	-8.3	--	--	--	2.7	Jan-17
eV US Large Cap Value Equity Gross Rank			47	70	68	--	--	77	54	--	--	--	53	Jan-17
Atlanta Capital Mgmt	57,013,771	4.2	22.3	-4.7	9.4	10.6	--	35.1	-4.5	26.6	12.6	10.4	15.8	Aug-10
Russell 2500			26.6	-4.7	4.1	5.4	--	27.8	-10.0	16.8	17.6	-2.9	11.6	Aug-10
eV US Small-Mid Cap Equity Gross Rank			67	50	31	20	--	14	25	15	62	1	7	Aug-10
Total International Equity	297,007,066	22.0	21.9	2.7	5.5	5.2	8.2	30.2	-12.2	26.6	2.2	-4.3		
MSCI ACWI ex USA Gross			16.3	-4.4	1.6	2.7	5.5	22.1	-13.8	27.8	5.0	-5.3		
InvMetrics Public DB ex-US Eq Gross Rank			7	10	9	10	5	1	9	81	82	68		
Dodge & Cox Intl Stock	125,195,413	9.3	17.5	-10.7	-3.2	-0.6	5.5	23.6	-17.5	24.7	9.0	-10.8	1.4	Dec-07
MSCI EAFE Gross			15.1	-4.7	1.3	2.5	6.2	22.7	-13.4	25.6	1.5	-0.4	1.3	Dec-07
eV All EAFE Equity Gross Rank			43	89	91	96	87	48	73	74	3	99	77	Dec-07
WCM International Growth	171,811,653	12.7	25.2	14.8	13.8	--	--	36.7	-6.7	--	--	--	16.3	Feb-17
MSCI ACWI ex USA Gross			16.3	-4.4	1.6	--	--	22.1	-13.8	--	--	--	4.0	Feb-17
eV ACWI ex-US All Cap Growth Eq Gross Rank			35	24	13	--	--	11	1	--	--	--	12	Feb-17

Since Inception ranking is from the beginning of the first complete month of performance. Research Affiliates converted to PIMCO RAE Fundamental Plus Instl on 6/5/15 (performance prior to this date represents previously held Research Affiliates Equity US Large, L.P.). ARA American funded 6/22/2016. Fidelity Real Estate Growth II liquidated 12/31/2015. Loomis Sayles Large Cap Growth funded 12/31/2016. Boston Partners funded 1/31/2017. Vontobel liquidated 2/15/2017. WCM International funded 2/15/2017. PIMCO Core Plus liquidated 1/6/2017. BlackRock Core and Dodge & Cox Income funded 1/19/2017. Pathway Private Equity Fund Investors 9 L.P. funded 4/7/2017. Fidelity Real Estate Growth III liquidated 12/29/2017. SSGA S&P 500 Flagship liquidated 1/3/2018. SSGA TIPS liquidated 1/17/2018. Harbourvest 2018 Global Fund L.P. funded 12/14/2018. Stone Harbor Local Markets terminated 3/22/2019. Ashmore EM Blended Debt funded 3/31/2019. Direct RE liquidated as of 12/19/2019. Pathway Private Equity Fund Investors 10 L.P. funded 3/25/2020. TPG Adjacent Opportunities Partners funded 4/16/2020.

Total Fund Performance Summary (Gross of Fees)

Period Ending: June 30, 2020

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015	Inception	Inception Date
Total Domestic Fixed Income	259,366,741	19.2	6.3	6.8	5.3	4.6	4.4	9.9	0.4	4.3	4.5	1.1		
BBgBarc US Aggregate TR			2.9	8.7	5.3	4.3	3.8	8.7	0.0	3.5	2.6	0.6		
InvMetrics Public DB US Fix Inc Gross Rank			13	62	19	19	27	11	55	50	49	17		
BlackRock Core Bond	97,434,947	7.2	6.2	9.6	6.3	--	--	10.2	0.3	--	--	--	5.9	Jan-17
BBgBarc US Aggregate TR			2.9	8.7	5.3	--	--	8.7	0.0	--	--	--	5.3	Jan-17
eV US Core Fixed Inc Gross Rank			6	32	6	--	--	10	27	--	--	--	35	Jan-17
Dodge & Cox Income Fund	100,087,787	7.4	6.1	8.8	5.8	--	--	10.2	0.1	--	--	--	5.9	Jan-17
BBgBarc US Aggregate TR			2.9	8.7	5.3	--	--	8.7	0.0	--	--	--	5.3	Jan-17
eV US Core Fixed Inc Gross Rank			7	61	35	--	--	11	43	--	--	--	37	Jan-17
Pacific Asset Corporate Loan	61,844,007	4.6	6.9	-0.2	3.1	4.0	--	9.1	1.0	4.9	9.2	2.5	3.7	Sep-14
S&P/LSTA Leveraged Loan Index			9.7	-2.0	2.1	2.9	--	8.6	0.4	4.1	10.2	-0.7	2.8	Sep-14
eV US Float-Rate Bank Loan Fixed Inc Gross Rank			81	16	14	6	--	36	29	26	51	9	13	Sep-14
Total Global Fixed	124,848,019	9.3	11.8	-5.8	-1.0	0.8	2.0	7.9	-6.6	14.4	5.8	-11.8		
FTSE World Govt Bond Index			2.0	4.6	4.0	3.7	2.4	5.9	-0.8	7.5	1.6	-3.6		
InvMetrics Public DB Gbl Fix Inc Gross Rank			--	--	--	--	--	83	99	29	67	95		
Brandywine Global Fixed Income	58,944,973	4.4	8.6	-2.6	-0.1	1.1	2.9	6.2	-4.1	12.5	2.2	-9.3	3.2	Nov-07
FTSE WGBI ex US TR			3.0	0.9	2.9	3.3	1.8	5.3	-1.8	10.3	1.8	-5.5	2.2	Nov-07
eV All Global Fixed Inc Gross Rank			44	93	96	93	83	84	80	14	75	92	78	Nov-07
Ashmore EM Blended Debt Fund	65,903,046	4.9	14.9	-9.1	--	--	--	--	--	--	--	--	-3.9	Mar-19
50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+			9.4	-1.3	--	--	--	--	--	--	--	--	2.1	Mar-19
eV All Emg Mkts Fixed Inc Gross Rank			21	99	--	--	--	--	--	--	--	--	98	Mar-19
Total Real Estate	208,483,710	15.5	-1.6	2.4	5.0	7.1	8.6	4.3	7.5	7.8	7.8	18.0		
NCREIF Property Index			-1.0	2.7	5.4	6.8	9.7	6.4	6.7	7.0	8.0	13.3		
JP Morgan Core Real Estate	169,614,824	12.6	-2.2	1.3	4.1	6.1	10.3	3.4	7.0	6.1	8.4	15.2	5.2	Mar-08
NCREIF-ODCE			-1.6	2.2	5.7	7.3	10.8	5.3	8.3	7.6	8.8	15.0	5.1	Mar-08
NCREIF Property Index			-1.0	2.7	5.4	6.8	9.7	6.4	6.7	7.0	8.0	13.3	6.0	Mar-08
ARA American Strategic Value Realty	38,868,885	2.9	1.2	7.1	8.2	--	--	7.3	9.1	7.4	--	--	8.3	Jun-16
NCREIF-ODCE			-1.6	2.2	5.7	--	--	5.3	8.3	7.6	--	--	6.2	Jun-16
NCREIF Property Index			-1.0	2.7	5.4	--	--	6.4	6.7	7.0	--	--	5.8	Jun-16

Since Inception ranking is from the beginning of the first complete month of performance. Research Affiliates converted to PIMCO RAE Fundamental Plus Instl on 6/5/15 (performance prior to this date represents previously held Research Affiliates Equity US Large, L.P.). ARA American funded 6/22/2016. Fidelity Real Estate Growth II liquidated 12/31/2015. Loomis Sayles Large Cap Growth funded 12/31/2016. Boston Partners funded 1/31/2017. Vontobel liquidated 2/15/2017. WCM International funded 2/15/2017. PIMCO Core Plus liquidated 1/6/2017. BlackRock Core and Dodge & Cox Income funded 1/19/2017. Pathway Private Equity Fund Investors 9 L.P. funded 4/7/2017. Fidelity Real Estate Growth III liquidated 12/29/2017. SSGA S&P 500 Flagship liquidated 1/3/2018. SSGA TIPS liquidated 1/17/2018. Harbourvest 2018 Global Fund L.P. funded 12/14/2018. Stone Harbor Local Markets terminated 3/22/2019. Ashmore EM Blended Debt funded 3/31/2019. Direct RE liquidated as of 12/19/2019. Pathway Private Equity Fund Investors 10 L.P. funded 3/25/2020. TPG Adjacent Opportunities Partners funded 4/16/2020.

Total Fund Performance Summary (Gross of Fees)

Period Ending: June 30, 2020

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015	Inception	Inception Date
Total Commodities	20,507,923	1.5	8.6	-16.3	-5.1	-6.9	-5.2	8.7	-12.4	6.2	12.6	-25.2		
<i>Bloomberg Commodity Index TR USD</i>			5.1	-17.4	-6.1	-7.7	-5.8	7.7	-11.2	1.7	11.8	-24.7		
Gresham MTAP Commodity Builder	20,507,923	1.5	8.6	-16.3	-5.1	-6.9	--	8.7	-12.4	6.2	12.6	-25.2	-8.0	Aug-13
<i>Bloomberg Commodity Index TR USD</i>			5.1	-17.4	-6.1	-7.7	--	7.7	-11.2	1.7	11.8	-24.7	-8.9	Aug-13
Total Private Equity	58,820,118	4.4												
Harbourvest Partners IX Buyout Fund L.P.	13,789,546	1.0												
Pathway Private Equity Fund Investors 9 L.P.	36,832,440	2.7												
Harbourvest 2018 Global Fund L.P.	7,144,302	0.5												
Pathway Private Equity Fund Investors 10 L.P.	1,053,830	0.1												
Total Private Credit	60,221,664	4.5												
TPG Diversified Credit Program	60,221,664	4.5												
Total Cash	29,089,652	2.2	0.9	2.1	1.8	1.4	0.9	2.2	1.5	1.0	0.5	0.4		
<i>91 Day T-Bills</i>			0.0	1.3	1.7	1.1	0.6	2.1	1.9	0.9	0.3	0.0		
Cash Account	29,089,652	2.2	0.9	2.1	1.8	1.4	0.9	2.2	1.5	1.0	0.5	0.4		
<i>91 Day T-Bills</i>			0.0	1.3	1.7	1.1	0.6	2.1	1.9	0.9	0.3	0.0		
Total Opportunistic	12,013,149	0.9												
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	4,225,695	0.3												
PIMCO Distressed Credit Fund	5,546	0.0												
TPG Adjacent Opportunities Partners	7,781,907	0.6												

Since Inception ranking is from the beginning of the first complete month of performance. Research Affiliates converted to PIMCO RAE Fundamental Plus Instl on 6/5/15 (performance prior to this date represents previously held Research Affiliates Equity US Large, L.P.). ARA American funded 6/22/2016. Fidelity Real Estate Growth II liquidated 12/31/2015. Loomis Sayles Large Cap Growth funded 12/31/2016. Boston Partners funded 1/31/2017. Vontobel liquidated 2/15/2017. WCM International funded 2/15/2017. PIMCO Core Plus liquidated 1/6/2017. BlackRock Core and Dodge & Cox Income funded 1/19/2017. Pathway Private Equity Fund Investors 9 L.P. funded 4/7/2017. Fidelity Real Estate Growth III liquidated 12/29/2017. SSGA S&P 500 Flagship liquidated 1/3/2018. SSGA TIPS liquidated 1/17/2018. Harbourvest 2018 Global Fund L.P. funded 12/14/2018. Stone Harbor Local Markets terminated 3/22/2019. Ashmore EM Blended Debt funded 3/31/2019. Direct RE liquidated as of 12/19/2019. Pathway Private Equity Fund Investors 10 L.P. funded 3/25/2020. TPG Adjacent Opportunities Partners funded 4/16/2020.

Total Fund Performance Summary (Net of Fees)

Period Ending: June 30, 2020

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Fund	1,348,204,060	100.0	8.9	0.6	4.4	4.8	7.3	15.8	-3.5	15.0	6.0	-1.3
<i>Policy Index</i>			6.8	2.7	5.4	5.5	7.6	15.3	-2.1	13.3	7.8	-0.5
Total Domestic Equity	271,829,769	20.2	20.1	0.0	7.9	9.4	12.9	28.7	-5.7	24.5	12.7	0.8
<i>Russell 3000</i>			22.0	6.5	10.0	10.0	13.7	31.0	-5.2	21.1	12.7	0.5
PIMCO RAE Fundamental PLUS Instl	56,355,795	4.2	16.3	-7.9	2.9	5.0	11.0	25.0	-7.0	16.5	15.4	-3.2
<i>S&P 500</i>			20.5	7.5	10.7	10.7	14.0	31.5	-4.4	21.8	12.0	1.4
Loomis Sayles Large Cap Growth	91,266,336	6.8	24.0	19.0	17.2	--	--	32.1	-2.1	33.5	--	--
<i>Russell 1000 Growth</i>			27.8	23.3	19.0	--	--	36.4	-1.5	30.2	--	--
Boston Partners Large Cap Value	67,193,867	5.0	16.4	-9.2	1.4	--	--	23.8	-8.9	--	--	--
<i>Russell 1000 Value</i>			14.3	-8.8	1.8	--	--	26.5	-8.3	--	--	--
Atlanta Capital Mgmt	57,013,771	4.2	22.0	-5.5	8.5	9.7	--	34.1	-5.3	25.6	11.7	9.6
<i>Russell 2500</i>			26.6	-4.7	4.1	5.4	--	27.8	-10.0	16.8	17.6	-2.9
Total International Equity	297,007,066	22.0	21.7	2.1	4.8	4.5	7.5	29.3	-12.8	25.8	1.6	-4.9
<i>MSCI ACWI ex USA Gross</i>			16.3	-4.4	1.6	2.7	5.5	22.1	-13.8	27.8	5.0	-5.3
Dodge & Cox Intl Stock	125,195,413	9.3	17.4	-11.3	-3.8	-1.2	4.8	22.8	-18.0	23.9	8.3	-11.4
<i>MSCI EAFE Gross</i>			15.1	-4.7	1.3	2.5	6.2	22.7	-13.4	25.6	1.5	-0.4
WCM International Growth	171,811,653	12.7	25.0	14.0	13.0	--	--	35.8	-7.4	--	--	--
<i>MSCI ACWI ex USA Gross</i>			16.3	-4.4	1.6	--	--	22.1	-13.8	--	--	--
Total Domestic Fixed Income	259,366,741	19.2	6.2	6.5	4.9	4.3	4.1	9.5	0.0	3.9	4.2	0.9
<i>BBgBarc US Aggregate TR</i>			2.9	8.7	5.3	4.3	3.8	8.7	0.0	3.5	2.6	0.6
BlackRock Core Bond	97,434,947	7.2	6.1	9.3	6.0	--	--	9.9	0.1	--	--	--
<i>BBgBarc US Aggregate TR</i>			2.9	8.7	5.3	--	--	8.7	0.0	--	--	--
Dodge & Cox Income Fund	100,087,787	7.4	6.0	8.3	5.4	--	--	9.7	-0.3	--	--	--
<i>BBgBarc US Aggregate TR</i>			2.9	8.7	5.3	--	--	8.7	0.0	--	--	--
Pacific Asset Corporate Loan	61,844,007	4.6	6.8	-0.5	2.8	3.6	--	8.7	0.7	4.6	8.8	2.1
<i>S&P/LSTA Leveraged Loan Index</i>			9.7	-2.0	2.1	2.9	--	8.6	0.4	4.1	10.2	-0.7
Total Global Fixed	124,848,019	9.3	11.6	-6.5	-1.7	0.1	1.3	7.2	-7.2	13.7	5.1	-12.4
<i>FTSE World Govt Bond Index</i>			2.0	4.6	4.0	3.7	2.4	5.9	-0.8	7.5	1.6	-3.6
Brandywine Global Fixed Income	58,944,973	4.4	8.4	-3.1	-0.5	0.6	2.3	5.7	-4.5	12.0	1.7	-9.7
<i>FTSE WGBI ex US TR</i>			3.0	0.9	2.9	3.3	1.8	5.3	-1.8	10.3	1.8	-5.5

Research Affiliates converted to PIMCO RAE Fundamental Plus Instl on 6/5/15 (performance prior to this date represents previously held Research Affiliates Equity US Large, L.P.). ARA American funded 6/22/2016. Fidelity Real Estate Growth II liquidated 12/31/2015. Loomis Sayles Large Cap Growth funded 12/31/2016. Boston Partners funded 1/31/2017. Vontobel liquidated 2/15/2017. WCM International funded 2/15/2017. PIMCO Core Plus liquidated 1/6/2017. BlackRock Core and Dodge & Cox Income funded 1/19/2017. Pathway Private Equity Fund Investors 9 L.P. funded 4/7/2017. Fidelity Real Estate Growth III liquidated 12/29/2017. SSGA S&P 500 Flagship liquidated 1/3/2018. SSGA TIPS liquidated 1/17/2018. Harbourvest 2018 Global Fund L.P. funded 12/14/2018. Stone Harbor Local Markets terminated 3/22/2019. Ashmore EM Blended Debt funded 3/31/2019. Direct RE liquidatrf as of 12/19/2019. Pathway Private Equity Fund Investors 10 L.P. funded 3/25/2020. TPG Adjacent Opportunities Partners funded 4/16/2020.

Total Fund Performance Summary (Net of Fees)

Period Ending: June 30, 2020

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Ashmore EM Blended Debt Fund	65,903,046	4.9	14.7	-10.0	--	--	--	--	--	--	--	--
50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+			9.4	-1.3	--	--	--	--	--	--	--	--
Total Real Estate	208,483,710	15.5	-1.6	2.4	5.0	6.8	8.1	4.3	7.5	7.8	6.8	16.9
NCREIF Property Index			-1.0	2.7	5.4	6.8	9.7	6.4	6.7	7.0	8.0	13.3
JP Morgan Core Real Estate	169,614,824	12.6	-2.2	1.3	4.1	5.8	9.5	3.4	7.0	6.1	7.3	14.1
NCREIF-ODCE			-1.6	2.2	5.7	7.3	10.8	5.3	8.3	7.6	8.8	15.0
NCREIF Property Index			-1.0	2.7	5.4	6.8	9.7	6.4	6.7	7.0	8.0	13.3
ARA American Strategic Value Realty	38,868,885	2.9	1.2	7.1	8.2	--	--	7.3	9.1	7.4	--	--
NCREIF-ODCE			-1.6	2.2	5.7	--	--	5.3	8.3	7.6	--	--
NCREIF Property Index			-1.0	2.7	5.4	--	--	6.4	6.7	7.0	--	--
Total Commodities	20,507,923	1.5	8.6	-16.3	-5.1	-7.1	-5.5	8.7	-12.4	6.2	11.8	-25.8
Bloomberg Commodity Index TR USD			5.1	-17.4	-6.1	-7.7	-5.8	7.7	-11.2	1.7	11.8	-24.7
Gresham MTAP Commodity Builder	20,507,923	1.5	8.6	-16.3	-5.1	-7.1	--	8.7	-12.4	6.2	11.8	-25.8
Bloomberg Commodity Index TR USD			5.1	-17.4	-6.1	-7.7	--	7.7	-11.2	1.7	11.8	-24.7
Total Private Equity	58,820,118	4.4										
Harbourvest Partners IX Buyout Fund L.P.	13,789,546	1.0										
Pathway Private Equity Fund Investors 9 L.P.	36,832,440	2.7										
Harbourvest 2018 Global Fund L.P.	7,144,302	0.5										
Pathway Private Equity Fund Investors 10 L.P.	1,053,830	0.1										
Total Private Credit	60,221,664	4.5										
TPG Diversified Credit Program	60,221,664	4.5										
Total Cash	29,089,652	2.2	0.9	2.1	1.8	1.4	0.9	2.2	1.5	1.0	0.5	0.4
91 Day T-Bills			0.0	1.3	1.7	1.1	0.6	2.1	1.9	0.9	0.3	0.0
Cash Account	29,089,652	2.2	0.9	2.1	1.8	1.4	0.9	2.2	1.5	1.0	0.5	0.4
91 Day T-Bills			0.0	1.3	1.7	1.1	0.6	2.1	1.9	0.9	0.3	0.0
Total Opportunistic	12,013,149	0.9										
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	4,225,695	0.3										
PIMCO Distressed Credit Fund	5,546	0.0										
TPG Adjacent Opportunities Partners	7,781,907	0.6										

Research Affiliates converted to PIMCO RAE Fundamental Plus Instl on 6/5/15 (performance prior to this date represents previously held Research Affiliates Equity US Large, L.P.). ARA American funded 6/22/2016. Fidelity Real Estate Growth II liquidated 12/31/2015. Loomis Sayles Large Cap Growth funded 12/31/2016. Boston Partners funded 1/31/2017. Vontobel liquidated 2/15/2017. WCM International funded 2/15/2017. PIMCO Core Plus liquidated 1/6/2017. BlackRock Core and Dodge & Cox Income funded 1/19/2017. Pathway Private Equity Fund Investors 9 L.P. funded 4/7/2017. Fidelity Real Estate Growth III liquidated 12/29/2017. SSGA S&P 500 Flagship liquidated 1/3/2018. SSGA TIPS liquidated 1/17/2018. Harbourvest 2018 Global Fund L.P. funded 12/14/2018. Stone Harbor Local Markets terminated 3/22/2019. Ashmore EM Blended Debt funded 3/31/2019. Direct RE liquidatrf as of 12/19/2019. Pathway Private Equity Fund Investors 10 L.P. funded 3/25/2020. TPG Adjacent Opportunities Partners funded 4/16/2020.

Investment Manager
Performance Analysis - 3 & 5 Years (Net of Fees)

Period Ending: June 30, 2020

3 Years

	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
PIMCO RAE Fundamental PLUS Instl	2.95%	-7.78%	18.90%	-8.73%	1.09	4.37%	0.95	0.06	-1.78	87.09%	119.10%
Loomis Sayles Large Cap Growth	17.18%	-1.81%	16.73%	-0.32%	0.92	4.19%	0.94	0.93	-0.43	90.35%	97.24%
Boston Partners Large Cap Value	1.44%	-0.38%	19.11%	-0.46%	1.05	2.82%	0.98	-0.01	-0.13	104.26%	103.52%
Atlanta Capital Mgmt	8.52%	4.44%	20.08%	5.00%	0.86	6.19%	0.93	0.34	0.72	93.59%	84.50%
Dodge & Cox Intl Stock	-3.85%	-5.14%	19.80%	-5.48%	1.26	6.52%	0.93	-0.28	-0.79	119.31%	126.59%
WCM International Growth	13.04%	11.43%	14.86%	11.68%	0.85	6.69%	0.82	0.77	1.71	110.38%	63.79%
BlackRock Core Bond	6.00%	0.67%	4.16%	-0.07%	1.14	1.90%	0.80	1.04	0.35	119.97%	129.39%
Dodge & Cox Income Fund	5.37%	0.05%	3.44%	1.23%	0.78	2.43%	0.55	1.08	0.02	93.55%	78.28%
Pacific Asset Corporate Loan	2.78%	0.71%	6.39%	1.26%	0.73	2.52%	0.97	0.18	0.28	86.48%	75.09%
Brandywine Global Fixed Income	-0.49%	-3.36%	9.17%	-3.75%	1.14	6.55%	0.50	-0.23	-0.51	99.77%	140.99%
JP Morgan Core Real Estate	4.13%	-1.53%	1.66%	2.82%	0.23	2.78%	0.18	1.45	-0.55	26.80%	109.77%
ARA American Strategic Value Realty	8.21%	2.55%	3.43%	10.55%	-0.41	5.35%	0.13	1.91	0.48	--	--
Gresham MTAP Commodity Builder	-5.06%	1.07%	14.23%	1.60%	1.08	3.96%	0.93	-0.48	0.27	121.33%	104.07%

5 Years

	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
PIMCO RAE Fundamental PLUS Instl	4.99%	-5.74%	16.02%	-6.31%	1.05	3.91%	0.94	0.24	-1.47	81.85%	111.94%
Atlanta Capital Mgmt	9.72%	4.30%	17.16%	5.13%	0.85	6.00%	0.91	0.50	0.72	90.56%	83.23%
Dodge & Cox Intl Stock	-1.22%	-3.76%	18.38%	-4.31%	1.21	6.41%	0.91	-0.13	-0.59	117.47%	116.70%
Pacific Asset Corporate Loan	3.65%	0.76%	5.11%	1.55%	0.73	2.11%	0.97	0.49	0.36	84.74%	66.62%
Brandywine Global Fixed Income	0.63%	-2.68%	8.75%	-2.46%	0.93	6.02%	0.53	-0.06	-0.45	79.76%	108.80%
JP Morgan Core Real Estate	5.83%	-1.48%	1.56%	4.54%	0.18	3.26%	0.16	3.00	-0.45	27.43%	109.77%
Gresham MTAP Commodity Builder	-7.07%	0.62%	13.73%	0.94%	1.04	3.33%	0.94	-0.60	0.19	115.95%	102.07%

Private Markets

Non-Marketable Securities Overview

Period Ending: June 30, 2020

Vintage	Manager & Fund Name	Estimated 6/30 Market Value ³	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value as of IRR date	Distrib./ Paid-In (DPI) ¹	Tot. Value/ Paid-In (TVPI) ²	Net IRR Since Inception ⁵	IRR Date
2011	HarbourVest Partners IX-Buyout Fund L.P.	\$13,789,546	\$20,000,000	\$17,050,000	85%	\$2,950,000	\$13,934,500	\$13,807,665	81.7%	162.6%	16.2%	3/31/20
2018	HarbourVest Partners 2018 Global Fund L.P.	\$7,144,302	\$20,000,000	\$7,222,400	36%	\$12,777,600	-	\$6,344,302	-	-	-1.6%	3/31/20
2010	KKR Mezzanine Partners I L.P. ⁶	\$4,225,695	\$20,000,000	\$20,000,000	100%	\$0	\$29,566,840	\$4,225,695	147.8%	169.0%	7.5%	3/31/20
2010	PIMCO Distressed Credit Fund ⁴	\$5,546	\$20,000,000	\$20,000,000	100%	\$0	\$28,045,175	\$100,628	140.2%	140.3%	12.3%	3/31/20
2016	TPG Diversified Credit Program	\$60,221,664	\$113,750,000	\$64,596,844	57%	\$49,153,156	\$7,155,322	\$55,761,471	11.1%	104.3%	2.4%	3/31/20
2017	Pathway Private Equity Fund Investors 9 L.P.	\$36,832,440	\$65,000,000	\$37,005,356	57%	\$27,994,644	\$394,145	-	1.1%	100.6%	-	-
2020	Pathway Private Equity Fund Investors 10 L.P.	\$1,053,830	\$20,000,000	\$1,100,678	6%	\$18,899,322	\$46,848	-	4.3%	100.0%	-	-
2020	TPG Adjacent Opportunities Partners	\$7,781,907	\$60,000,000	\$7,781,907	13%	\$52,218,093	\$0	-	0.0%	100.0%	-	-

Total Alternative Illiquids \$131,054,931 \$338,750,000 \$174,757,185 52% \$163,992,815 \$79,142,830 \$80,239,761 45.9% 91.2%

% of Portfolio (Market Value) 9.7%

	Management Fee	Admin Fee	Interest Expense	Other Expense	Total Expense ⁷
HarbourVest Partners IX-Buyout Fund L.P.	\$49,812	\$0	\$0	\$9,357	\$59,169
HarbourVest Partners 2018 Global Fund L.P.	\$35,209	\$0	\$0	\$28,266	\$63,475
KKR Mezzanine Partners I L.P.	\$16,024	\$0	\$0	\$17,173	\$33,197
PIMCO Distressed Credit Fund ⁴	\$0	\$0	\$0	\$1,665	\$1,665
TPG Diversified Credit Program	\$0	\$0	\$0	\$47,161	\$47,161
Pathway Private Equity Fund Investors 9 L.P.	\$0	\$0	\$0	\$0	\$0
Pathway Private Equity Fund Investors 10 L.P.	\$0	\$0	\$0	\$0	\$0
TPG Adjacent Opportunities Partners	\$0	\$0	\$0	\$0	\$0
	\$101,045	\$0	\$0	\$103,622	\$204,667

¹(DPI) is equal to (capital returned / capital called)

²(TVPI) is equal to (market value + capital returned) / capital called

³Last known market value + capital calls - distributions

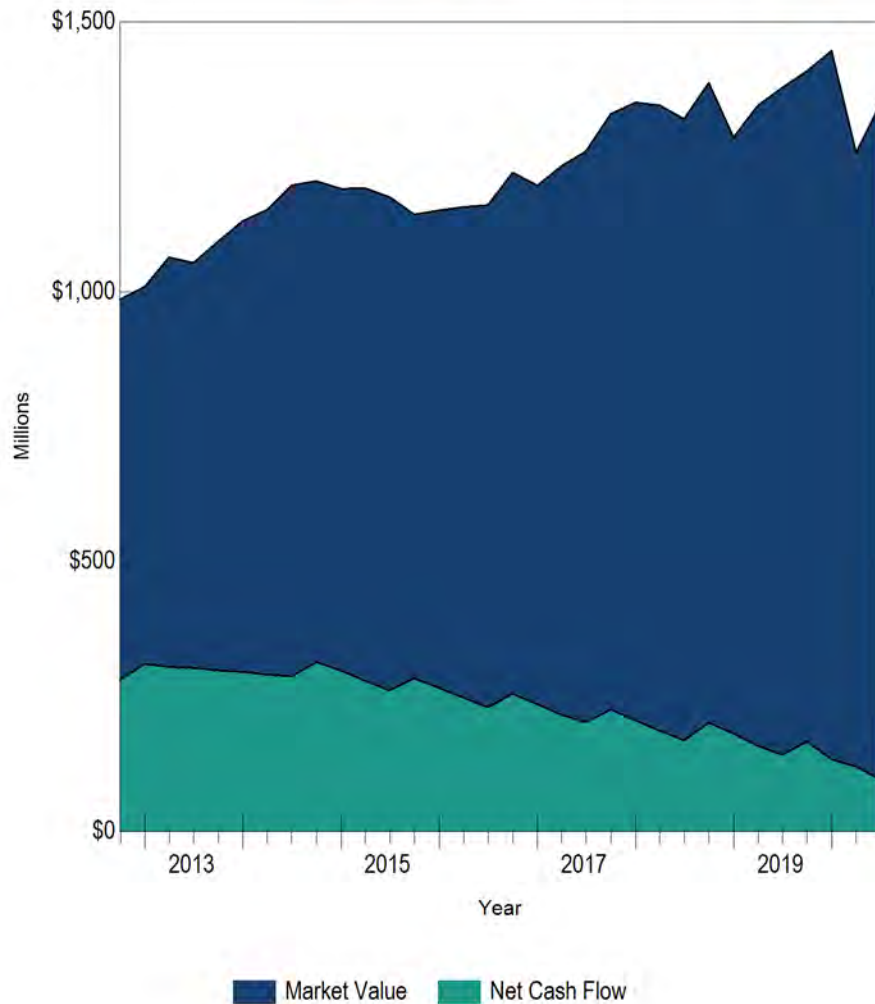
⁴Investment period ended, no further capital to be called. Liquidated as of June 2020

⁵Net IRR is calculated on the cash flows of the underlying investments of the fund and is net of the underlying fund fees and carried interest.

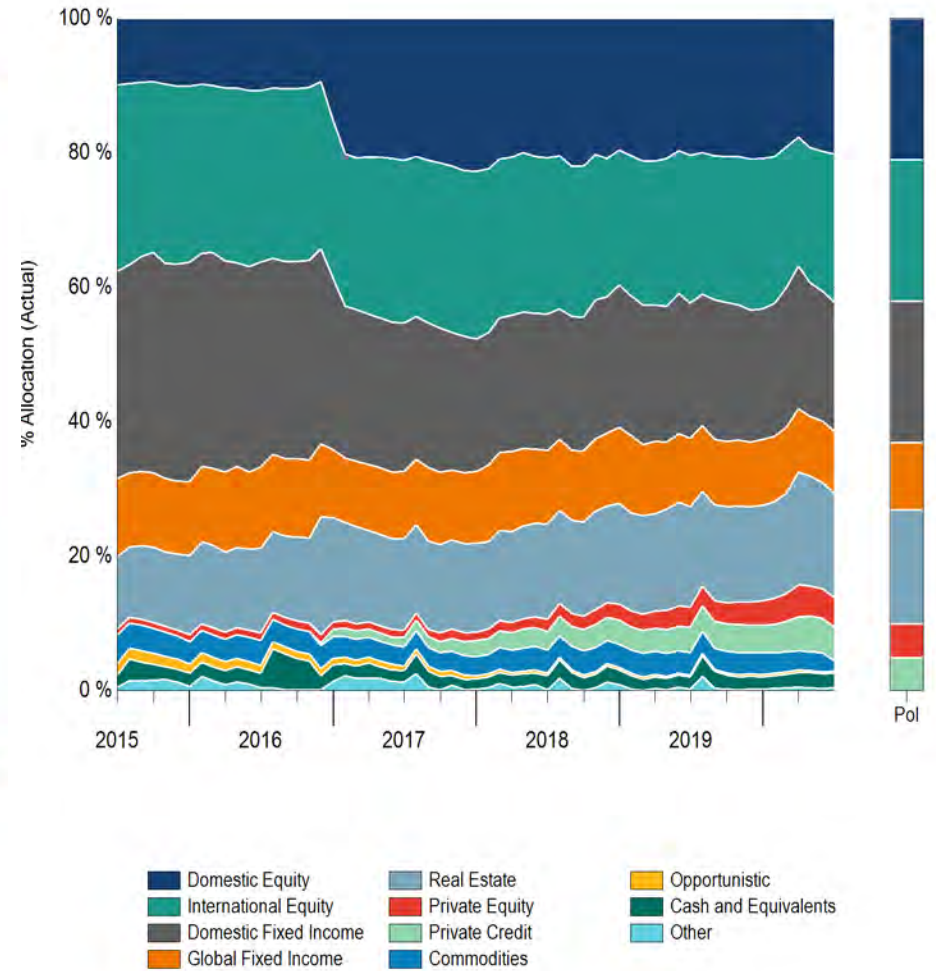
⁶KKR: As of 1Q2020, total capital called is \$23,714,418, which includes recycled distributions. Unused capital commitment is \$1,988,589 after including distribution proceeds available for reinvestment

⁷All fees and expenses are for 1Q 2020.

Market Value History



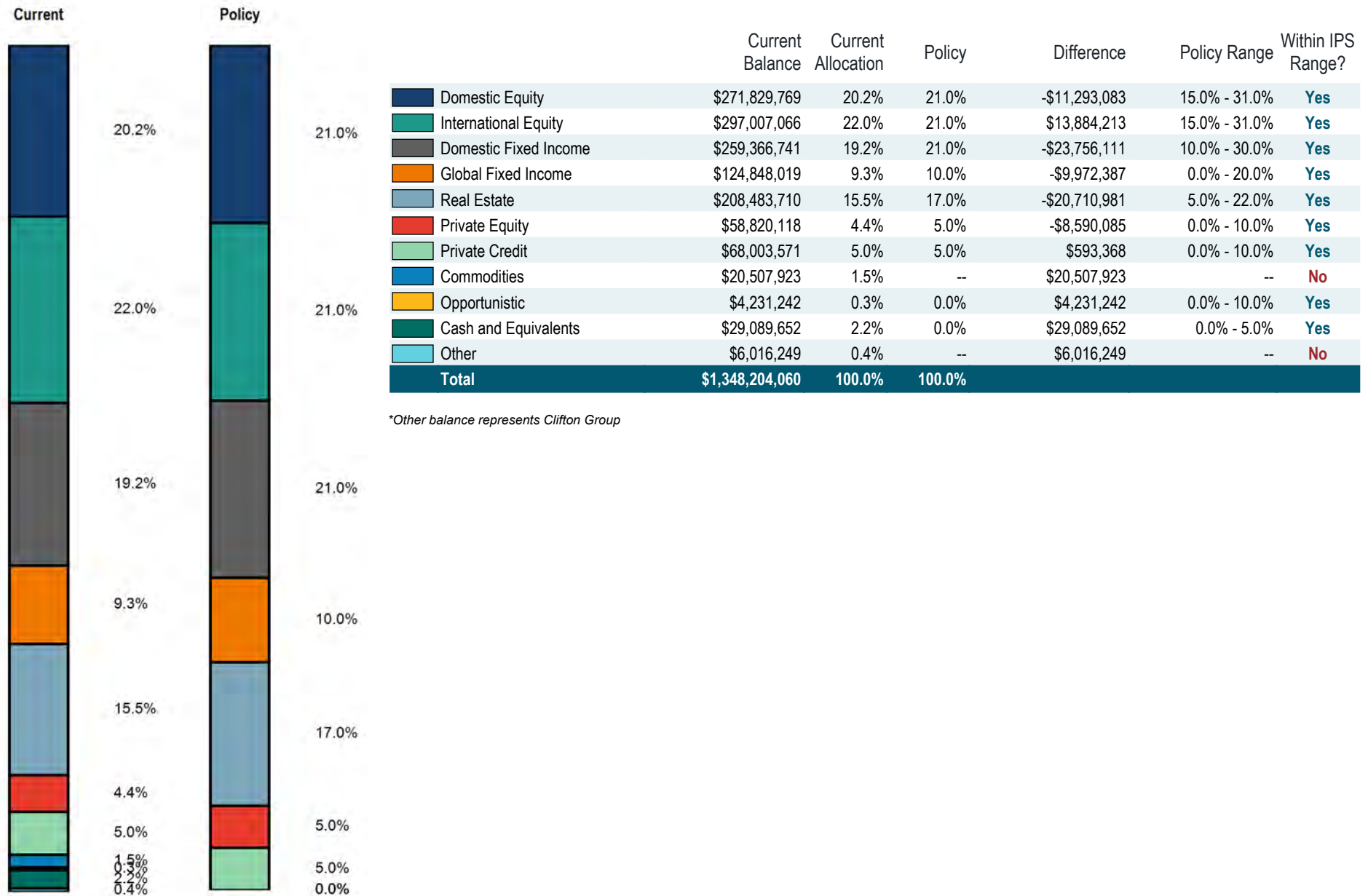
Asset Allocation History



*Other balance represents Clifton Group

Total Fund
Asset Allocation vs. Policy

Period Ending: June 30, 2020



Total Fund Investment Fund Fee Analysis

Period Ending: June 30, 2020

Account	Fee Schedule	Market Value As of 6/30/2020	% of Portfolio	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
ARA American Strategic Value Realty	1.25% of First 10.0 Mil, 1.20% of Next 15.0 Mil, 1.10% of Next 25.0 Mil, 1.00% Thereafter	\$38,868,885	2.9%	\$457,558	1.18%
Ashmore EM Blended Debt Fund	1.00% of Assets	\$65,903,046	4.9%	\$659,030	1.00%
Atlanta Capital Mgmt	0.80% of First 50.0 Mil, 0.70% of Next 100.0 Mil, 0.60% Thereafter	\$57,013,771	4.2%	\$449,096	0.79%
BlackRock Core Bond	0.28% of First 100.0 Mil, 0.26% Thereafter	\$97,434,947	7.2%	\$272,818	0.28%
Boston Partners Large Cap Value	0.40% of Assets	\$67,193,867	5.0%	\$268,775	0.40%
Brandywine Global Fixed Income	0.45% of First 50.0 Mil, 0.40% of Next 50.0 Mil, 0.35% Thereafter	\$58,944,973	4.4%	\$260,780	0.44%
Cash Account	No Fee	\$29,089,652	2.2%	--	--
Dodge & Cox Income Fund	0.42% of Assets	\$100,087,787	7.4%	\$420,369	0.42%
Dodge & Cox Intl Stock	0.64% of Assets	\$125,195,413	9.3%	\$801,251	0.64%
Gresham MTAP Commodity Builder	0.75% of First 50.0 Mil, 0.50% Thereafter	\$20,507,923	1.5%	\$153,809	0.75%
Harbourvest 2018 Global Fund L.P.	282,000 Annually	\$7,144,302	0.5%	\$282,000	3.95%
Harbourvest Partners IX Buyout Fund L.P.	200,000 Annually	\$13,789,546	1.0%	\$200,000	1.45%
JP Morgan Core Real Estate	0.92% of First 100.0 Mil, 0.80% of Next 150.0 Mil, 0.70% of Next 250.0 Mil, 0.50% Thereafter	\$169,614,824	12.6%	\$1,476,919	0.87%
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	300,000 Annually	\$4,225,695	0.3%	\$300,000	7.10%
Loomis Sayles Large Cap Growth	0.45% of First 100.0 Mil, 0.40% Thereafter	\$91,266,336	6.8%	\$410,699	0.45%
Pacific Asset Corporate Loan	0.37% of Assets	\$61,844,007	4.6%	\$228,823	0.37%
Pathway Private Equity Fund Investors 10 L.P.	Please see footnote	\$1,053,830	0.1%	--	--
Pathway Private Equity Fund Investors 9 L.P.	Please see footnote	\$36,832,440	2.7%	--	--
PIMCO Distressed Credit Fund	150,000 Annually	\$5,546	0.0%	\$150,000	2,704.49%
PIMCO RAE Fundamental PLUS Instl	0.40% of Assets	\$56,355,795	4.2%	\$225,423	0.40%
The Clifton Group	50,000 Annually	\$6,016,249	0.4%	\$50,000	0.83%
TPG Adjacent Opportunities Partners	Please see footnote	\$7,781,907	0.6%	--	--
TPG Diversified Credit Program	Please see footnote	\$60,221,664	4.5%	--	--
WCM International Growth	0.70% of Assets	\$171,811,653	12.7%	\$1,202,682	0.70%
Investment Management Fee		\$1,348,204,060	100.0%	\$8,270,031	0.61%

HarbourVest, KKR and PIMCO Distressed Credit fees are estimated gross management fees only and do not include incentive allocations or offsetting cash flows received by the fund. Pathway fee steps up and down over time, with an effective average of 0.71% up to \$25m, 0.67% up to \$50m, 0.63% up to \$75m, and 0.40% above \$75m.

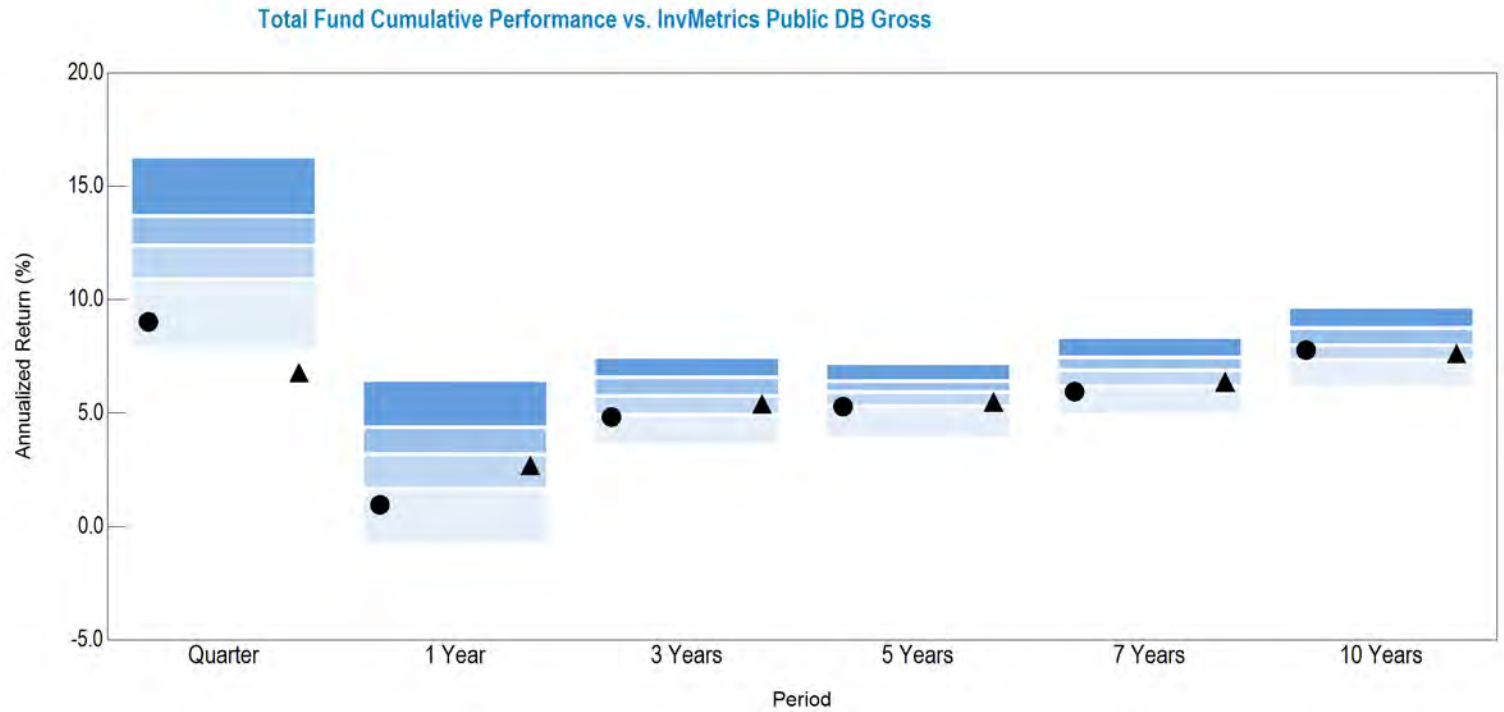
Clifton Group fee schedule represents contractual minimum fee. Actual fee charged is \$1,500 per month through at least 6/30/2015.

TPG: No management fee at SMA level. Subject to the annual fees of each of the underlying TSSP funds. (1) TAO 65bps on unfunded commitments and 1.35% on remaining capital contributions (long-term designation) (2) TSLE 1.5% on commitments, 1.25% on remaining capital contributions post commitment period (3) TICP 30bps on remaining capital contributions (4) TCS 1.0% on unfunded commitments, 1.5% on remaining capital contributions.

Total Fund

Peer Universe Comparison: Cumulative Performance (Gross of Fees)

Period Ending: June 30, 2020

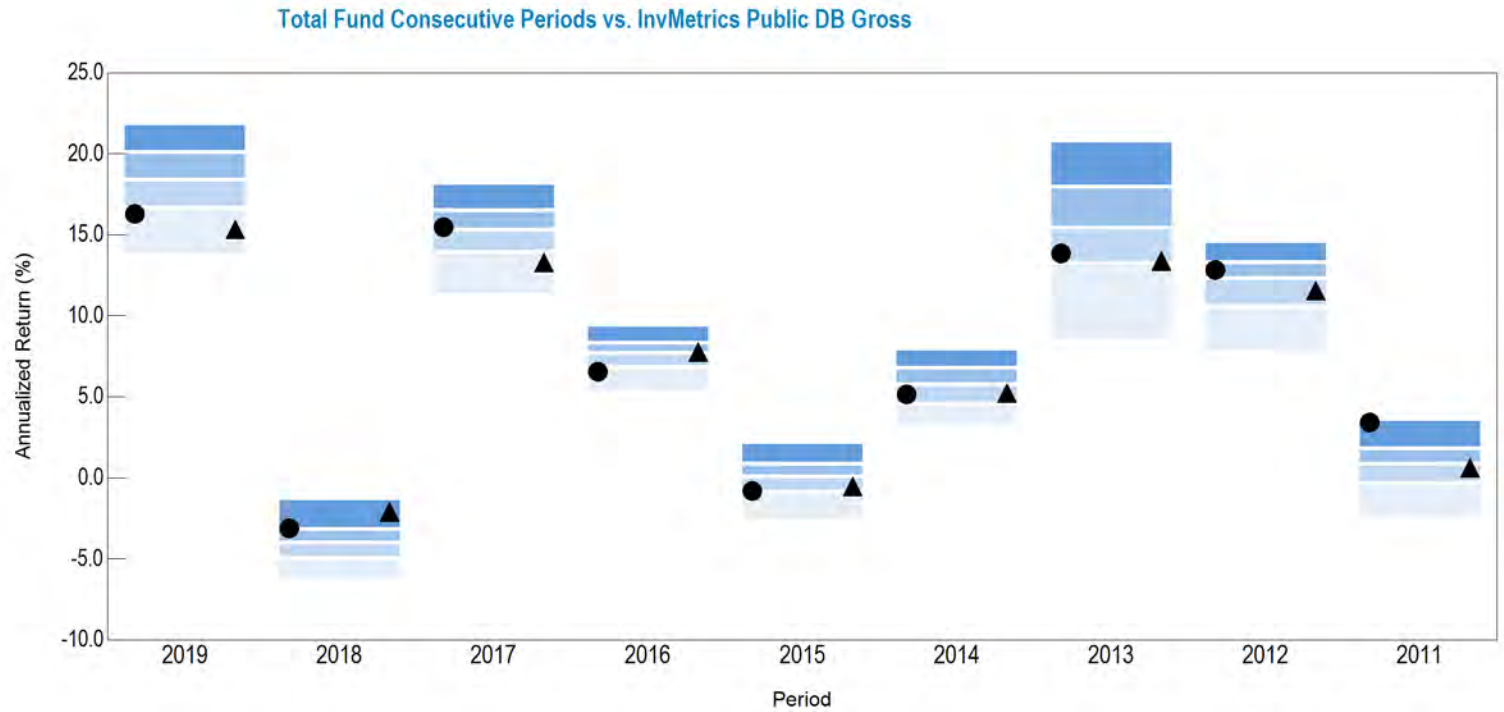


	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	16.3	6.4	7.5	7.2	8.3	9.7						
25th Percentile	13.7	4.4	6.6	6.4	7.5	8.8						
Median	12.4	3.2	5.8	5.9	6.9	8.0						
75th Percentile	10.9	1.7	4.9	5.3	6.2	7.3						
95th Percentile	7.8	-0.8	3.6	3.9	4.9	6.2						
# of Portfolios	315	310	298	291	274	245						
● Total Fund	9.0 (93)	1.0 (86)	4.8 (79)	5.3 (77)	5.9 (84)	7.8 (59)						
▲ Policy Index	6.8 (97)	2.7 (60)	5.4 (61)	5.5 (67)	6.4 (70)	7.6 (64)						

Total Fund

Peer Universe Comparison: Consecutive Periods (Gross of Fees)

Period Ending: June 30, 2020

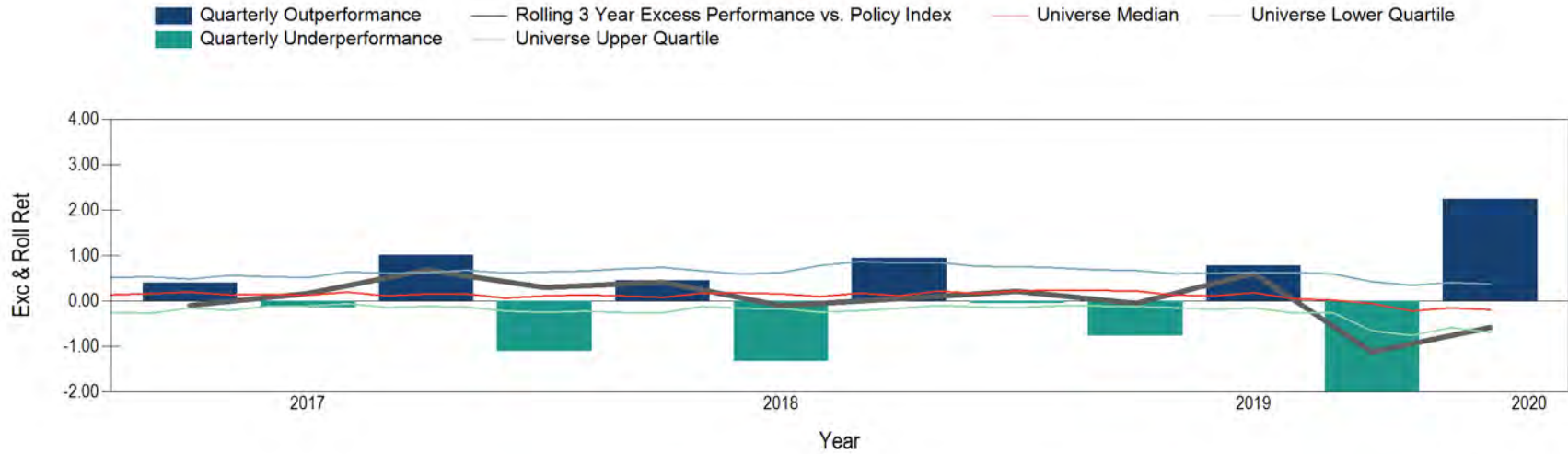


	Return (Rank)									
5th Percentile	21.9	-1.3	18.2	9.4	2.2	8.0	20.8	14.6	3.6	
25th Percentile	20.1	-3.1	16.5	8.4	0.9	6.8	18.0	13.4	1.9	
Median	18.4	-4.0	15.3	7.7	0.1	5.8	15.5	12.4	0.9	
75th Percentile	16.7	-4.9	14.0	6.9	-0.9	4.6	13.3	10.7	-0.3	
95th Percentile	13.7	-6.3	11.3	5.3	-2.6	3.2	8.5	7.8	-2.5	
# of Portfolios	330	319	304	305	316	248	231	236	206	
● Total Fund	16.3 (81)	-3.1 (25)	15.5 (47)	6.6 (84)	-0.8 (74)	5.1 (66)	13.8 (71)	12.8 (40)	3.4 (6)	
▲ Policy Index	15.3 (90)	-2.1 (10)	13.3 (86)	7.8 (49)	-0.5 (67)	5.2 (64)	13.4 (74)	11.6 (69)	0.6 (60)	

Total Fund
 Rolling Return Analysis (Gross of Fees)

Period Ending: June 30, 2020

Rolling 3 Year Annualized Excess Performance



Rolling 5 Year Annualized Excess Performance



Total Domestic Equity Asset Class Overview (Gross of Fees)

Period Ending: June 30, 2020

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Domestic Equity	271,829,769	20.2	0.5	8.5	9.8	13.4	29.4	-5.2	25.1	13.0	1.2
<i>Russell 3000</i>		22.0	6.5	10.0	10.0	13.7	31.0	-5.2	21.1	12.7	0.5
<i>InvMetrics Public DB US Eq Gross Rank</i>		80	85	47	17	28	66	36	4	48	18
PIMCO RAE Fundamental PLUS Instl	56,355,795	16.4	-7.5	3.4	5.5	11.4	25.5	-6.6	17.0	15.9	-2.7
<i>S&P 500</i>		20.5	7.5	10.7	10.7	14.0	31.5	-4.4	21.8	12.0	1.4
<i>eV US Large Cap Core Equity Gross Rank</i>		81	99	97	97	94	83	72	89	6	86
Loomis Sayles Large Cap Growth	91,266,336	24.2	19.6	17.7	--	--	32.7	-1.7	34.1	--	--
<i>Russell 1000 Growth</i>		27.8	23.3	19.0	--	--	36.4	-1.5	30.2	--	--
<i>eV US Large Cap Growth Equity Gross Rank</i>		76	52	50	--	--	68	58	16	--	--
Boston Partners Large Cap Value	67,193,867	16.6	-8.8	1.8	--	--	24.3	-8.5	--	--	--
<i>Russell 1000 Value</i>		14.3	-8.8	1.8	--	--	26.5	-8.3	--	--	--
<i>eV US Large Cap Value Equity Gross Rank</i>		47	70	68	--	--	77	54	--	--	--
Atlanta Capital Mgmt	57,013,771	22.3	-4.7	9.4	10.6	--	35.1	-4.5	26.6	12.6	10.4
<i>Russell 2500</i>		26.6	-4.7	4.1	5.4	--	27.8	-10.0	16.8	17.6	-2.9
<i>eV US Small-Mid Cap Equity Gross Rank</i>		67	50	31	20	--	14	25	15	62	1

U.S. Effective Style Map
3 Years Ending June 30, 2020



U.S. Effective Style Map
5 Years Ending June 30, 2020



Total Domestic Equity
Asset Class Overview (Net of Fees)

Period Ending: June 30, 2020

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Domestic Equity	271,829,769	20.1	0.0	7.9	9.4	12.9	28.7	-5.7	24.5	12.7	0.8
<i>Russell 3000</i>		22.0	6.5	10.0	10.0	13.7	31.0	-5.2	21.1	12.7	0.5
PIMCO RAE Fundamental PLUS Instl	56,355,795	16.3	-7.9	2.9	5.0	11.0	25.0	-7.0	16.5	15.4	-3.2
<i>S&P 500</i>		20.5	7.5	10.7	10.7	14.0	31.5	-4.4	21.8	12.0	1.4
Loomis Sayles Large Cap Growth	91,266,336	24.0	19.0	17.2	--	--	32.1	-2.1	33.5	--	--
<i>Russell 1000 Growth</i>		27.8	23.3	19.0	--	--	36.4	-1.5	30.2	--	--
Boston Partners Large Cap Value	67,193,867	16.4	-9.2	1.4	--	--	23.8	-8.9	--	--	--
<i>Russell 1000 Value</i>		14.3	-8.8	1.8	--	--	26.5	-8.3	--	--	--
Atlanta Capital Mgmt	57,013,771	22.0	-5.5	8.5	9.7	--	34.1	-5.3	25.6	11.7	9.6
<i>Russell 2500</i>		26.6	-4.7	4.1	5.4	--	27.8	-10.0	16.8	17.6	-2.9

Total Domestic Equity
 Asset Class Overview (Net of Fees)

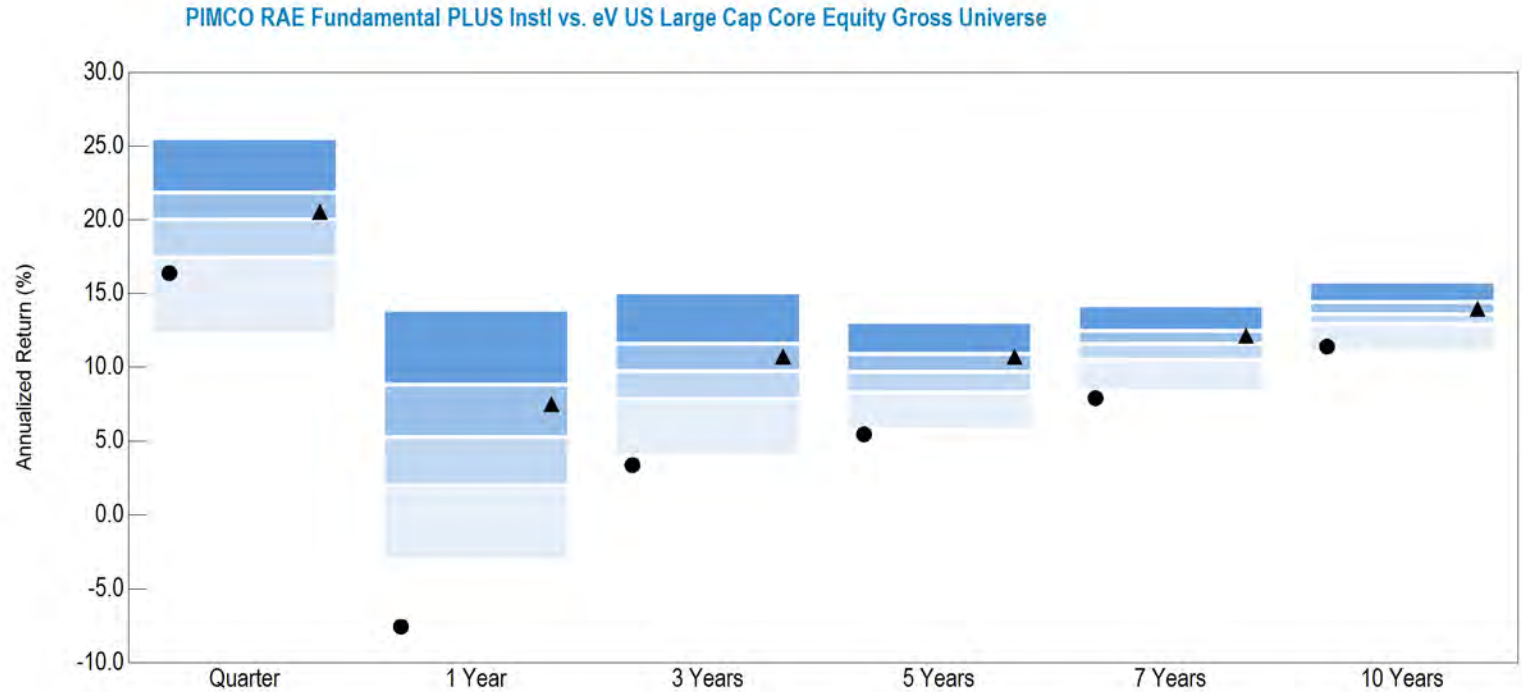
Period Ending: June 30, 2020

Correlation Matrix
 Last 1 Year

	Total Domestic Equity	PIMCO RAE Fundamental PLUS Instl	Loomis Sayles Large Cap Growth	Boston Partners Large Cap Value	Atlanta Capital Mgmt	Russell 3000
Total Domestic Equity	1.00	--	--	--	--	--
PIMCO RAE Fundamental PLUS Instl	0.99	1.00	--	--	--	--
Loomis Sayles Large Cap Growth	0.95	0.91	1.00	--	--	--
Boston Partners Large Cap Value	0.99	1.00	0.90	1.00	--	--
Atlanta Capital Mgmt	0.99	0.98	0.93	0.98	1.00	--
Russell 3000	1.00	0.98	0.97	0.98	0.99	1.00

PIMCO RAE Fundamental PLUS Instl
 Cumulative Performance Comparison (Gross of Fees)

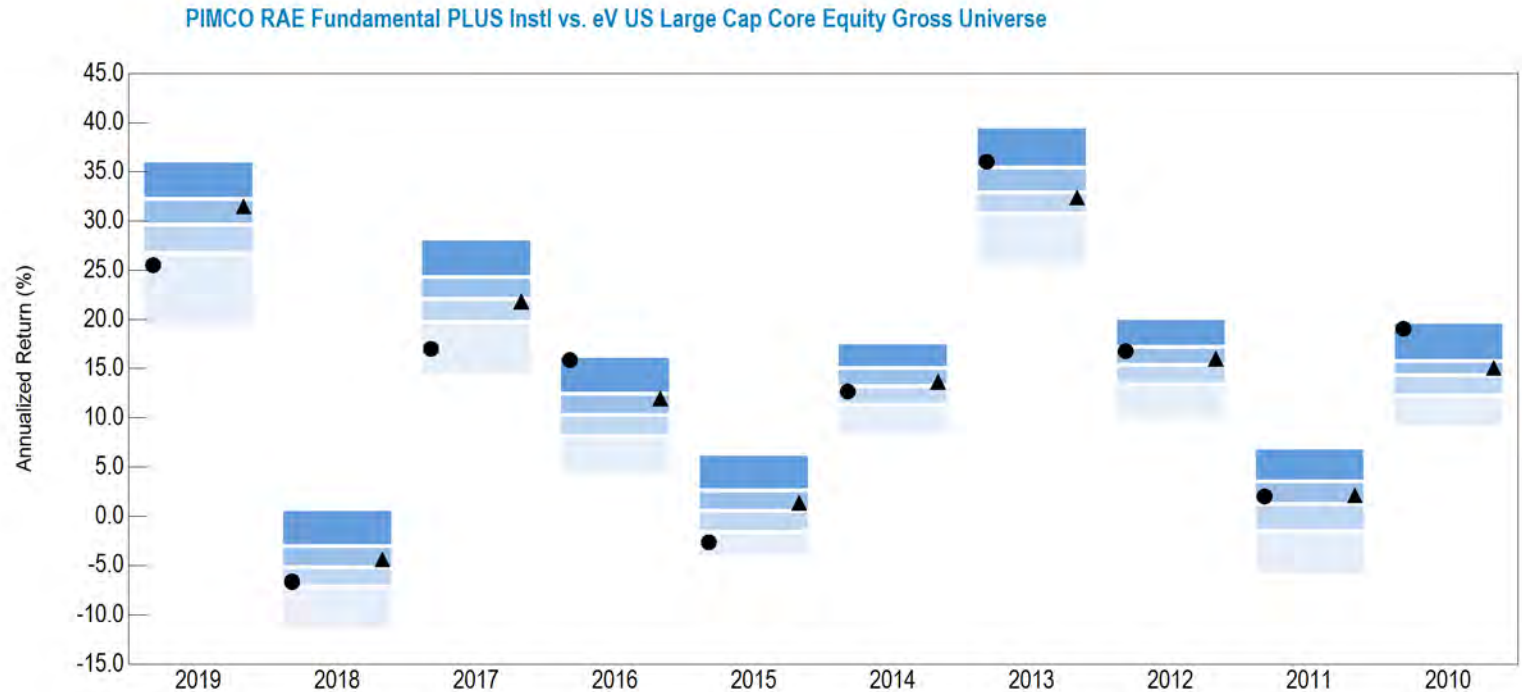
Period Ending: June 30, 2020



	Return (Rank)					
	Quarter	1 Year	3 Years	5 Years	7 Years	10 Years
5th Percentile	25.5	13.9	15.1	13.1	14.2	15.8
25th Percentile	21.9	8.9	11.6	10.9	12.5	14.4
Median	20.0	5.3	9.7	9.7	11.6	13.6
75th Percentile	17.5	2.0	7.9	8.3	10.5	13.0
95th Percentile	12.2	-3.1	4.0	5.8	8.4	11.1
# of Portfolios	311	311	300	274	257	211
● PIMCO RAE Fundamental PLUS Instl	16.4 (81)	-7.5 (99)	3.4 (97)	5.5 (97)	7.9 (96)	11.4 (94)
▲ S&P 500	20.5 (44)	7.5 (34)	10.7 (36)	10.7 (30)	12.1 (35)	14.0 (40)

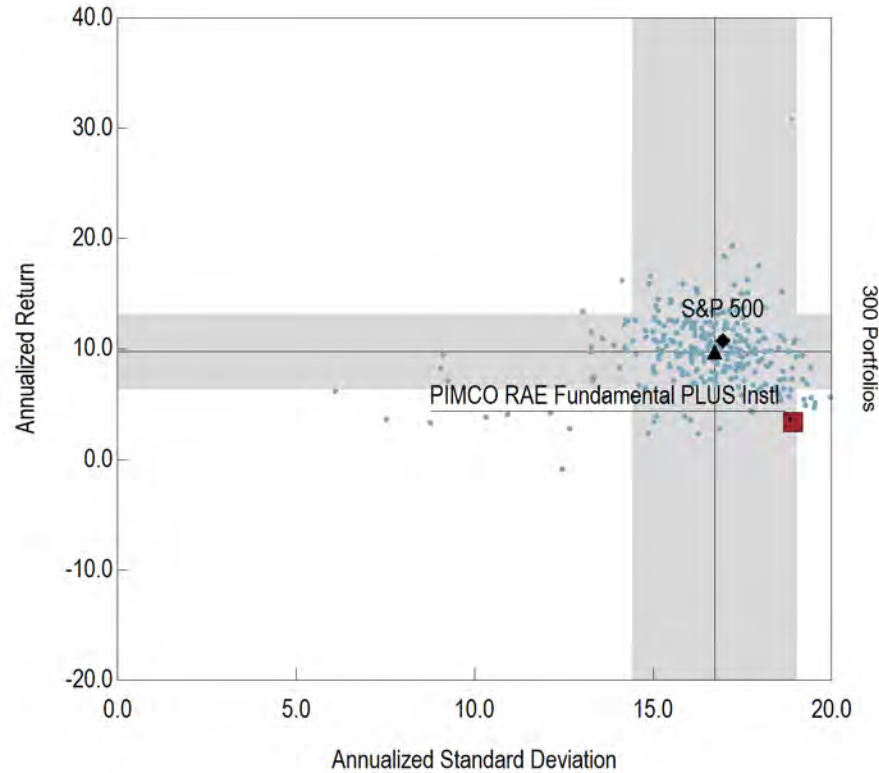
PIMCO RAE Fundamental PLUS Instl
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: June 30, 2020



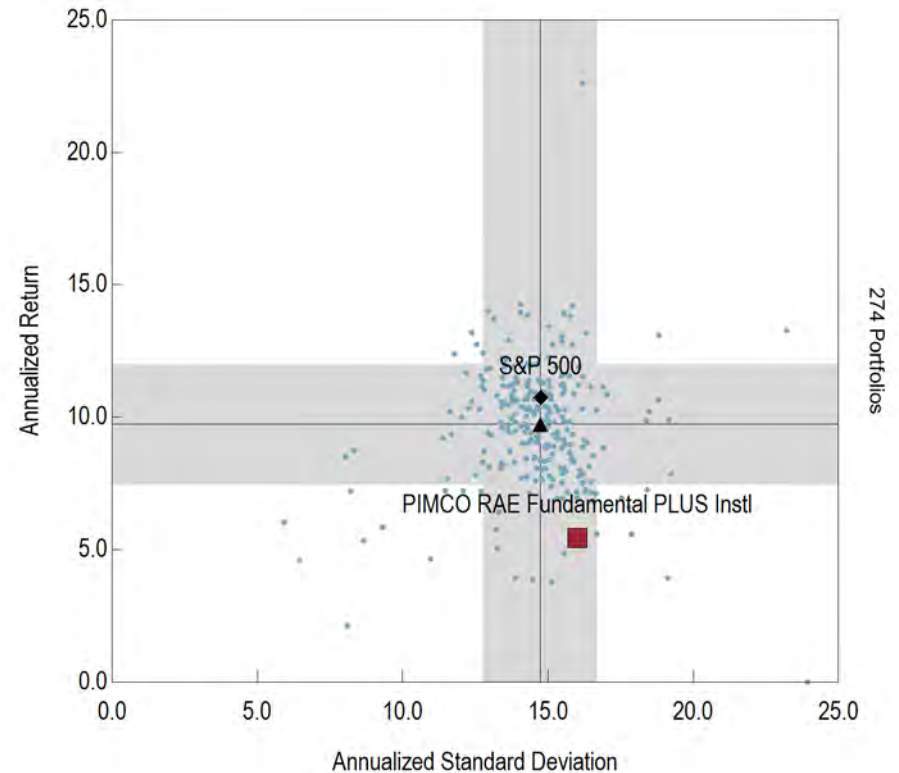
	Return (Rank)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
5th Percentile	36.1	0.7	28.2	16.3	6.3	17.7	39.6	20.1	7.0	19.7
25th Percentile	32.3	-3.0	24.3	12.5	2.7	15.1	35.5	17.2	3.6	15.8
Median	29.7	-5.1	22.1	10.4	0.6	13.3	32.9	15.4	1.3	14.4
75th Percentile	26.8	-7.1	19.8	8.2	-1.6	11.4	30.8	13.4	-1.5	12.3
95th Percentile	19.2	-11.4	14.4	4.3	-4.1	8.2	25.4	9.8	-5.9	9.1
# of Portfolios	318	316	318	308	267	267	261	254	259	254
● PIMCO RAE Fundamental PLUS Instl	25.5 (83)	-6.6 (72)	17.0 (89)	15.9 (6)	-2.7 (86)	12.7 (58)	36.0 (22)	16.8 (29)	2.0 (41)	19.0 (7)
▲ S&P 500	31.5 (33)	-4.4 (40)	21.8 (53)	12.0 (31)	1.4 (42)	13.7 (42)	32.4 (58)	16.0 (41)	2.1 (40)	15.1 (37)

Annualized Return vs. Annualized Standard Deviation
 3 Years Ending June 30, 2020

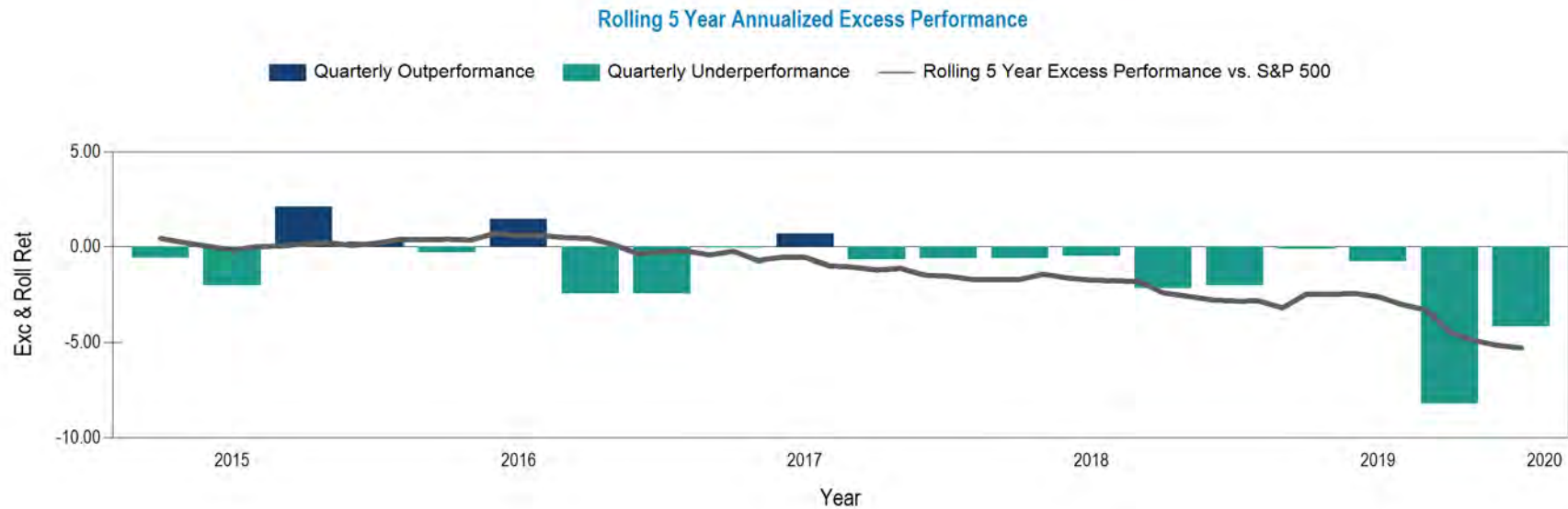
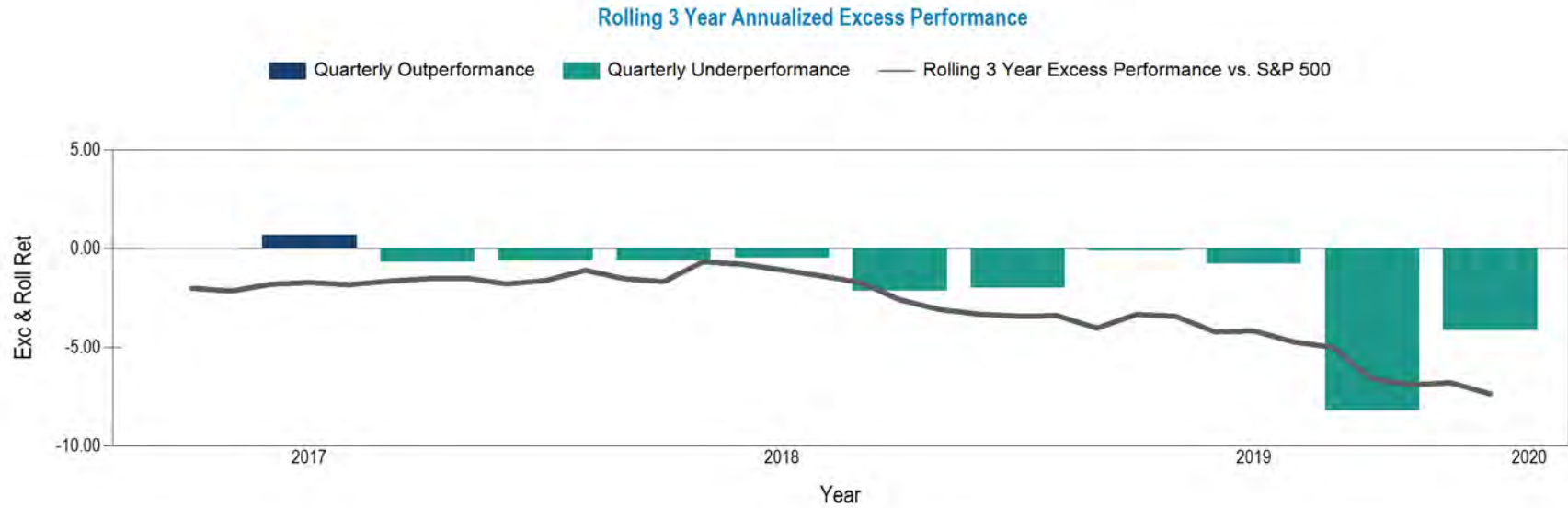


- PIMCO RAE Fundamental PLUS Instl
- ◆ S&P 500
- ▲ Universe Median
- 68% Confidence Interval
- eV US Large Cap Core Equity Gross

Annualized Return vs. Annualized Standard Deviation
 5 Years Ending June 30, 2020

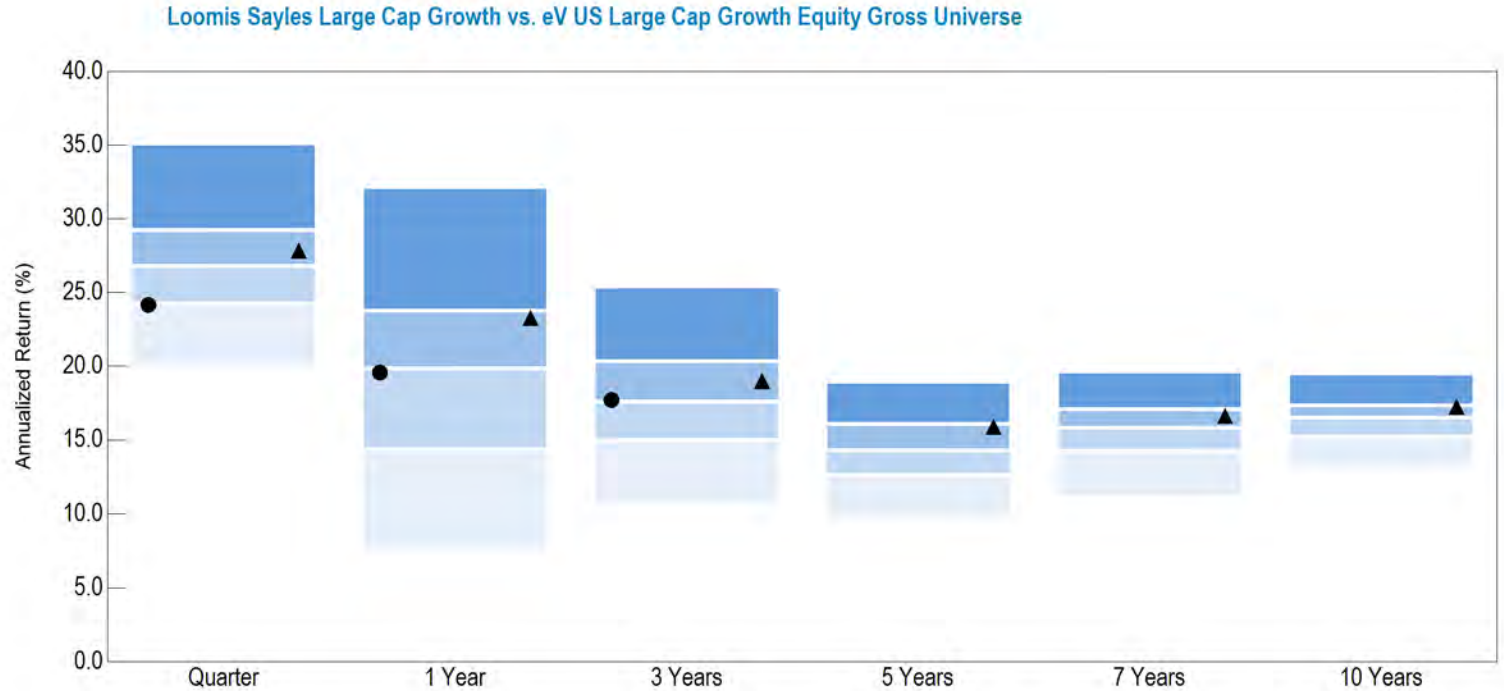


- PIMCO RAE Fundamental PLUS Instl
- ◆ S&P 500
- ▲ Universe Median
- 68% Confidence Interval
- eV US Large Cap Core Equity Gross



Loomis Sayles Large Cap Growth
 Cumulative Performance Comparison (Gross of Fees)

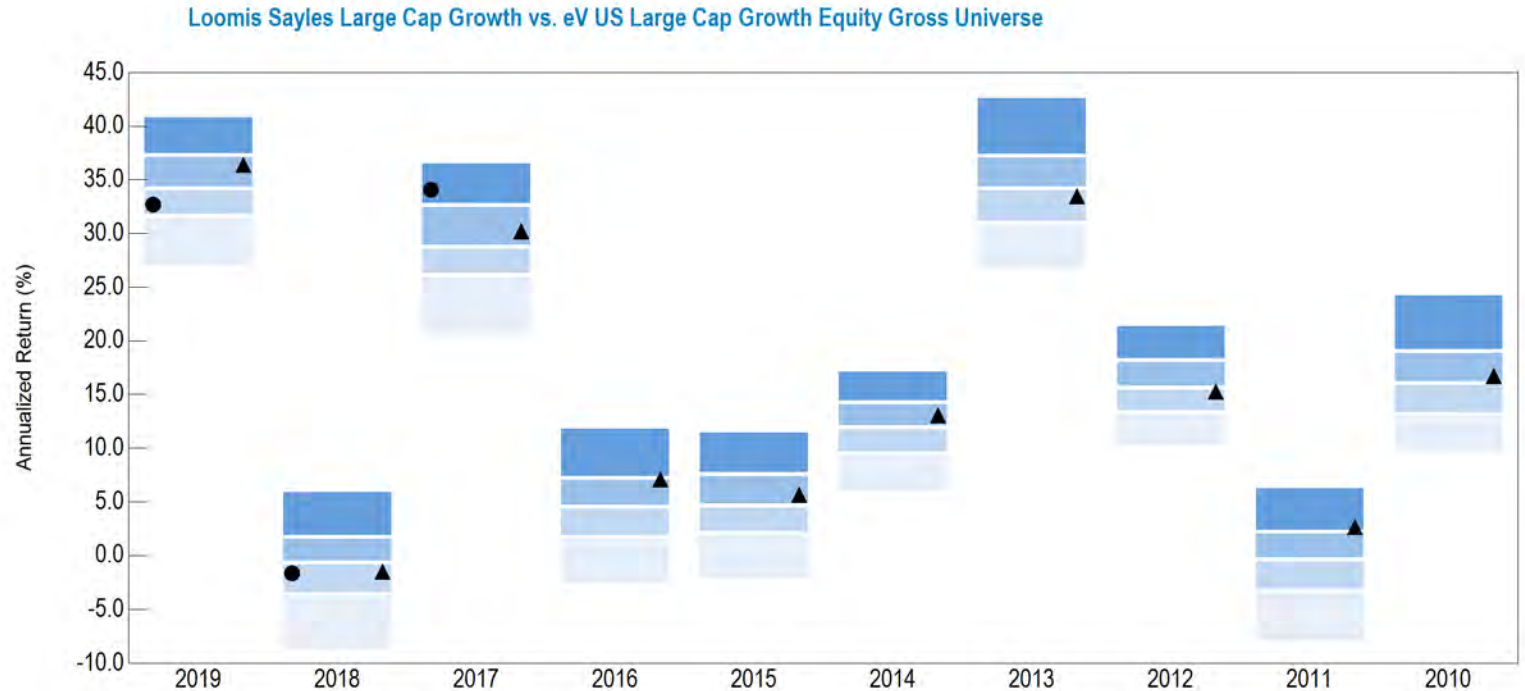
Period Ending: June 30, 2020



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	35.1		32.1		25.4		18.9		19.6		19.5	
25th Percentile	29.3		23.8		20.4		16.1		17.1		17.4	
Median	26.9		19.9		17.6		14.3		15.8		16.5	
75th Percentile	24.3		14.4		15.0		12.6		14.3		15.2	
95th Percentile	20.1		7.5		10.7		9.6		11.1		13.1	
# of Portfolios	239		239		235		223		218		202	
● Loomis Sayles Large Cap Growth	24.2	(76)	19.6	(52)	17.7	(50)	--	(--)	--	(--)	--	(--)
▲ Russell 1000 Growth	27.8	(39)	23.3	(29)	19.0	(38)	15.9	(28)	16.6	(33)	17.2	(29)

Loomis Sayles Large Cap Growth
 Consecutive Performance Comparison (Gross of Fees)

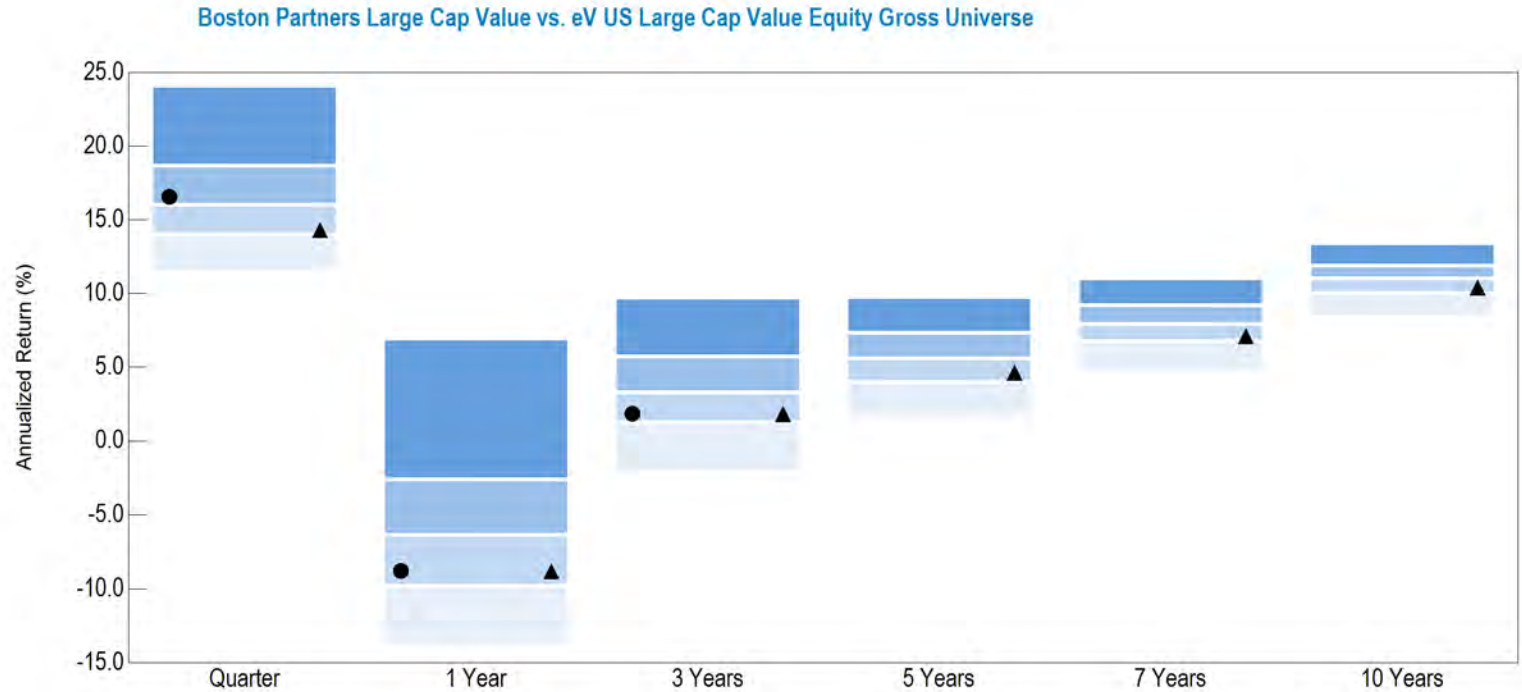
Period Ending: June 30, 2020



	Return (Rank)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
5th Percentile	41.0	6.1	36.7	12.0	11.6	17.3	42.8	21.6	6.4	24.4
25th Percentile	37.3	1.7	32.7	7.3	7.6	14.3	37.3	18.2	2.2	19.1
Median	34.2	-0.6	28.8	4.6	4.7	12.0	34.3	15.7	-0.3	16.1
75th Percentile	31.7	-3.5	26.2	1.8	2.1	9.5	31.0	13.4	-3.2	13.2
95th Percentile	26.9	-8.8	20.5	-2.7	-2.4	5.8	26.6	10.2	-8.0	9.6
# of Portfolios	253	255	265	282	270	291	274	274	294	304
● Loomis Sayles Large Cap Growth	32.7 (68)	-1.7 (58)	34.1 (16)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
▲ Russell 1000 Growth	36.4 (32)	-1.5 (57)	30.2 (42)	7.1 (26)	5.7 (42)	13.0 (38)	33.5 (56)	15.3 (55)	2.6 (22)	16.7 (46)

Boston Partners Large Cap Value
 Cumulative Performance Comparison (Gross of Fees)

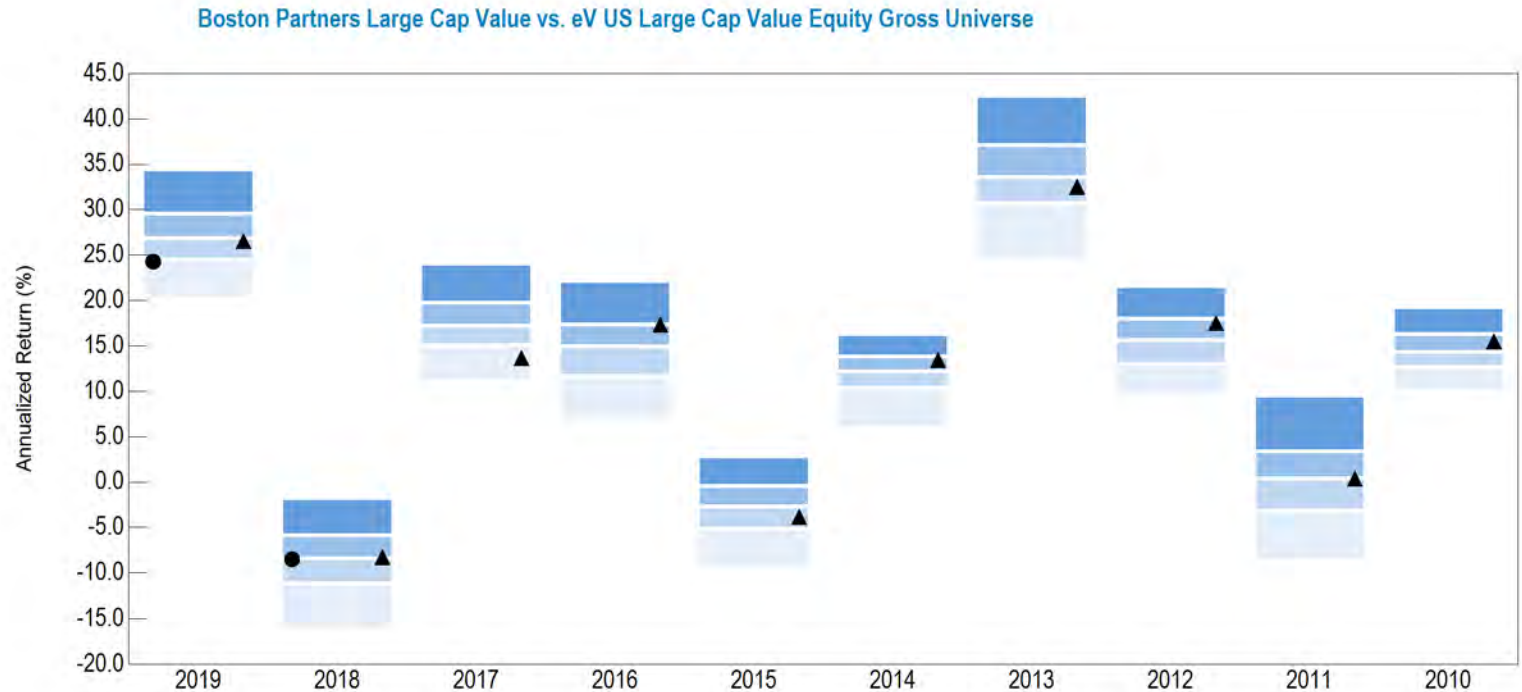
Period Ending: June 30, 2020



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	24.1		6.9		9.7		9.8		11.0		13.4	
25th Percentile	18.7		-2.6		5.7		7.4		9.2		11.9	
Median	16.1		-6.4		3.3		5.6		8.0		11.0	
75th Percentile	14.0		-9.7		1.3		4.0		6.8		10.1	
95th Percentile	11.5		-13.8		-2.1		1.6		4.8		8.4	
# of Portfolios	311		311		306		295		285		251	
● Boston Partners Large Cap Value	16.6	(47)	-8.8	(70)	1.8	(68)	--	(--)	--	(--)	--	(--)
▲ Russell 1000 Value	14.3	(73)	-8.8	(71)	1.8	(69)	4.6	(66)	7.1	(69)	10.4	(70)

Boston Partners Large Cap Value
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: June 30, 2020

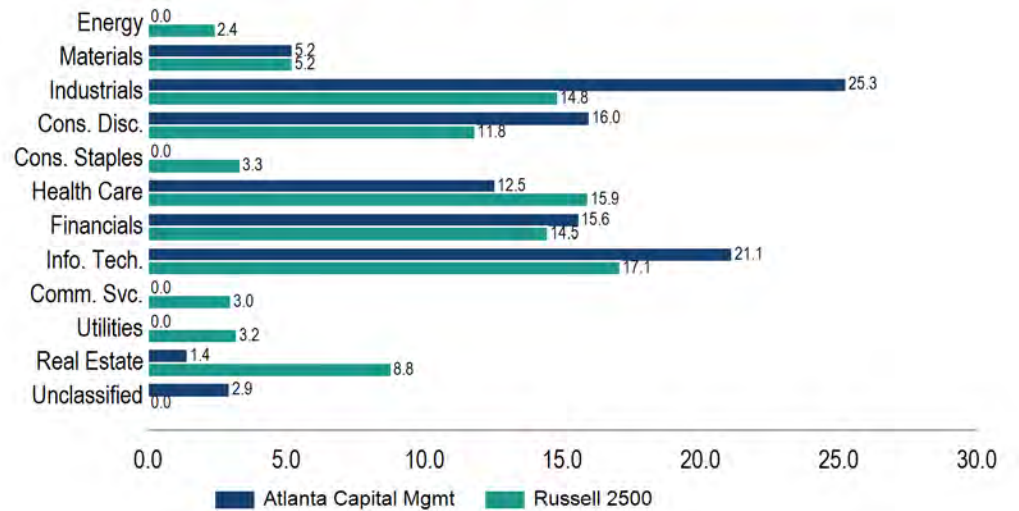


	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Return (Rank)										
5th Percentile	34.4	-1.8	24.0	22.1	2.8	16.3	42.5	21.5	9.5	19.2
25th Percentile	29.6	-5.8	19.8	17.4	-0.4	13.9	37.2	18.0	3.4	16.3
Median	26.9	-8.3	17.2	15.0	-2.6	12.2	33.6	15.7	0.5	14.3
75th Percentile	24.5	-11.1	15.1	11.8	-5.1	10.4	30.8	13.0	-3.1	12.7
95th Percentile	20.3	-16.1	11.2	7.0	-9.4	5.9	24.6	9.6	-8.6	10.1
# of Portfolios	331	336	342	346	312	307	310	303	310	323
● Boston Partners Large Cap Value	24.3 (77)	-8.5 (54)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
▲ Russell 1000 Value	26.5 (54)	-8.3 (50)	13.7 (87)	17.3 (26)	-3.8 (64)	13.5 (33)	32.5 (60)	17.5 (30)	0.4 (51)	15.5 (35)

Characteristics

	Portfolio	Russell 2500
Number of Holdings	57	2,500
Weighted Avg. Market Cap. (\$B)	8.54	4.66
Median Market Cap. (\$B)	7.59	0.98
Price To Earnings	25.32	17.76
Price To Book	3.59	2.83
Price To Sales	2.39	1.61
Return on Equity (%)	20.16	1.33
Yield (%)	0.78	1.49
Beta	0.89	1.00

Sector Allocation (%) vs Russell 2500



*Unclassified includes Cash

Top Holdings
 Ending Period Weight

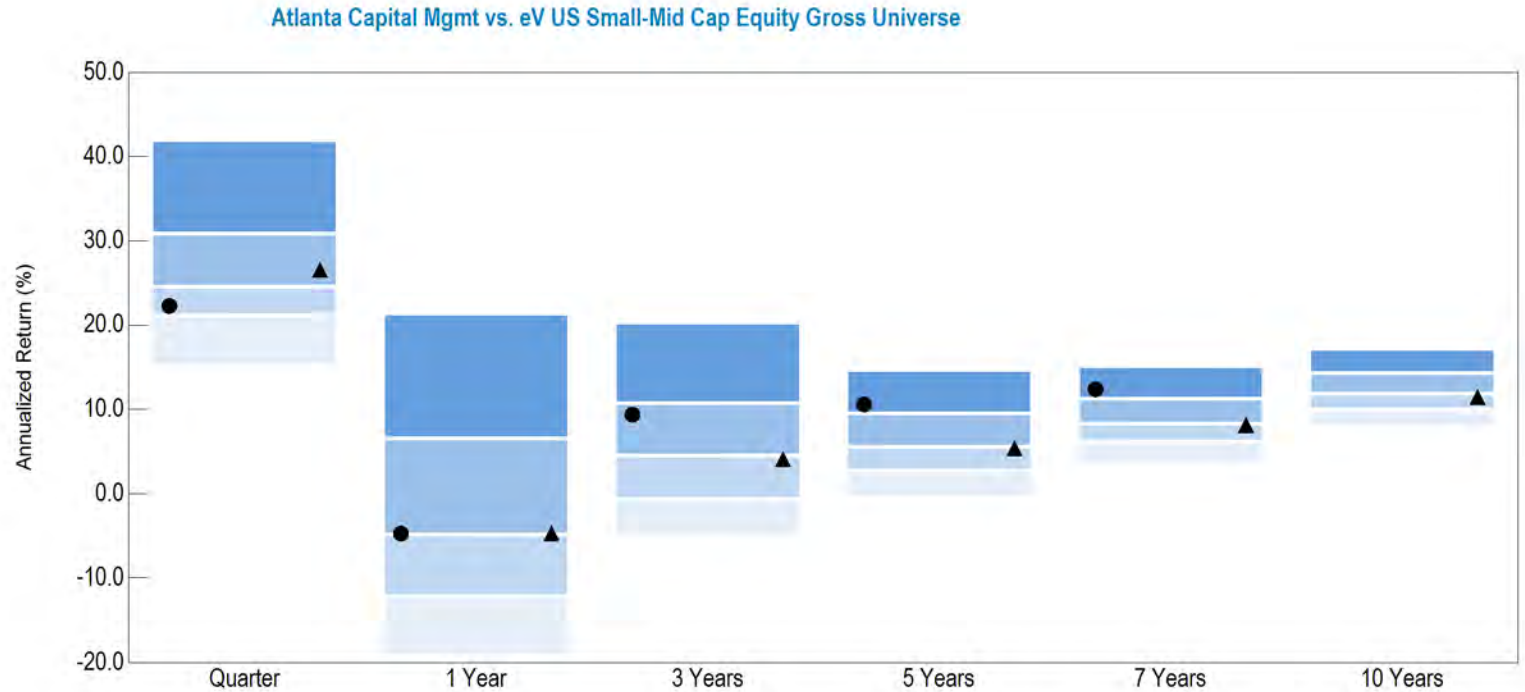
BERKLEY (W.R.) CORP	4.44%
WEX INC	3.70%
J.B. HUNT TRANSPORT SERVICES INC.	3.43%
SERVICEMASTER GLOBAL HOLDINGS INC	3.21%
TELEFLEX INC	3.05%
ARAMARK	2.93%
JPMORGAN FEDERAL MMKT - AGENCY SHR FUND 355 MONTHLY VARIABLE 12312049	2.93%
APTARGROUP INC.	2.92%
CARLISLE COS INC	2.66%
TRANSUNION	2.54%
Total	31.81%

Top Contributors

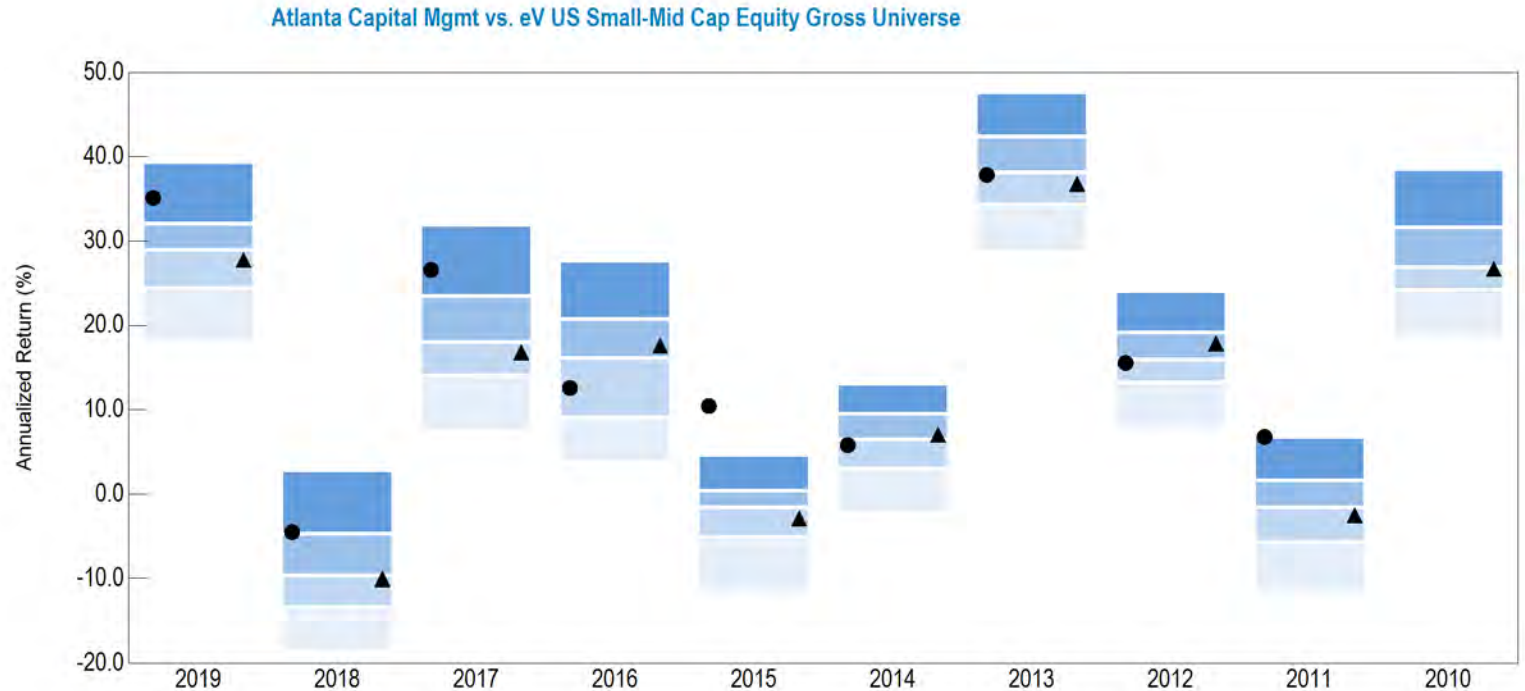
	Avg Wgt	Return	Contribution
MANHATTAN ASSOCIATES INC	1.68	89.08	1.50
WEX INC	2.32	57.83	1.34
TELEFLEX INC	4.26	24.41	1.04
J.B. HUNT TRANSPORT SERVICES INC.	3.21	30.83	0.99
SERVICEMASTER GLOBAL HOLDINGS INC	2.97	32.19	0.96
TRANSUNION	2.95	31.64	0.93
BIO-TECHNE CORP	2.05	39.43	0.81
NORDSON CORP	1.63	40.76	0.67
LENNOX INTERNATIONAL INC.	2.21	28.59	0.63
ENVISTA HOLDINGS CORP	1.46	41.16	0.60

Bottom Contributors

	Avg Wgt	Return	Contribution
CARLISLE COS INC	2.90	-4.03	-0.12
UMPQUA HOLDINGS CORP	1.42	-2.39	-0.03
WESTAMERICA BANCORPORATION	1.21	-1.66	-0.02
GRACO INC.	1.13	-1.15	-0.01
MARKEL CORP	2.00	-0.51	-0.01
SERVICE CORP INTERNATIONAL	0.87	-0.07	0.00
JONES LANG LASALLE INC	1.28	2.46	0.03
CACI INTERNATIONAL INC	1.40	2.71	0.04
BLACKBAUD INC	1.99	2.75	0.05
HEICO CORP	0.26	33.67	0.09

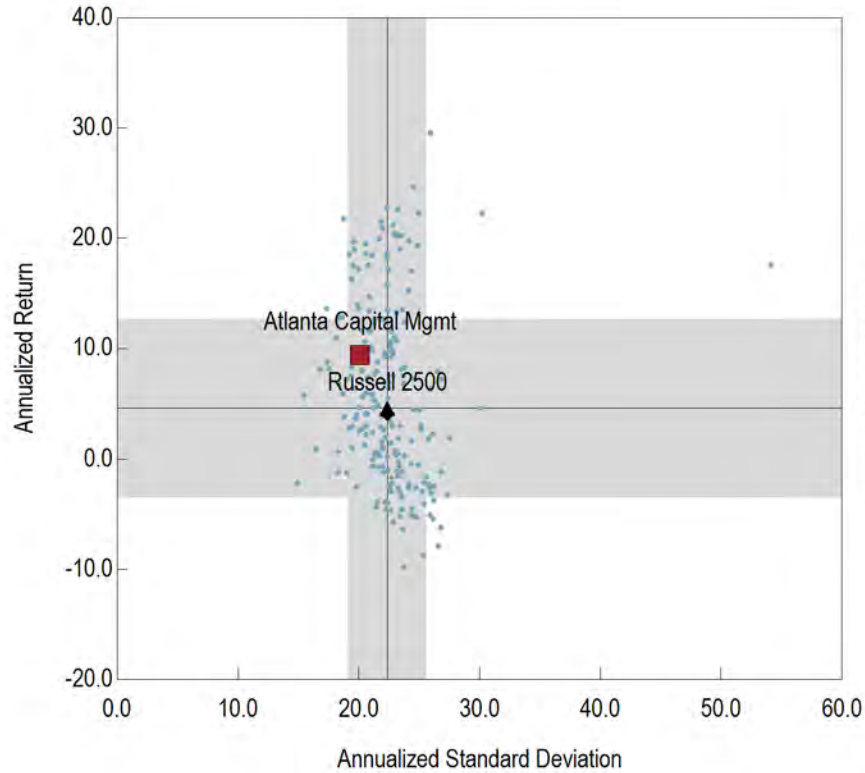


	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	41.9		21.4		20.3		14.7		15.1		17.2	
25th Percentile	30.9		6.6		10.8		9.5		11.3		14.4	
Median	24.6		-4.8		4.6		5.6		8.4		11.9	
75th Percentile	21.2		-12.1		-0.6		2.8		6.2		10.0	
95th Percentile	15.3		-19.2		-5.1		-0.4		3.7		7.9	
# of Portfolios	229		229		219		195		175		151	
● Atlanta Capital Mgmt	22.3	(67)	-4.7	(50)	9.4	(31)	10.6	(20)	12.4	(20)	--	(--)
▲ Russell 2500	26.6	(41)	-4.7	(50)	4.1	(53)	5.4	(55)	8.2	(55)	11.5	(57)



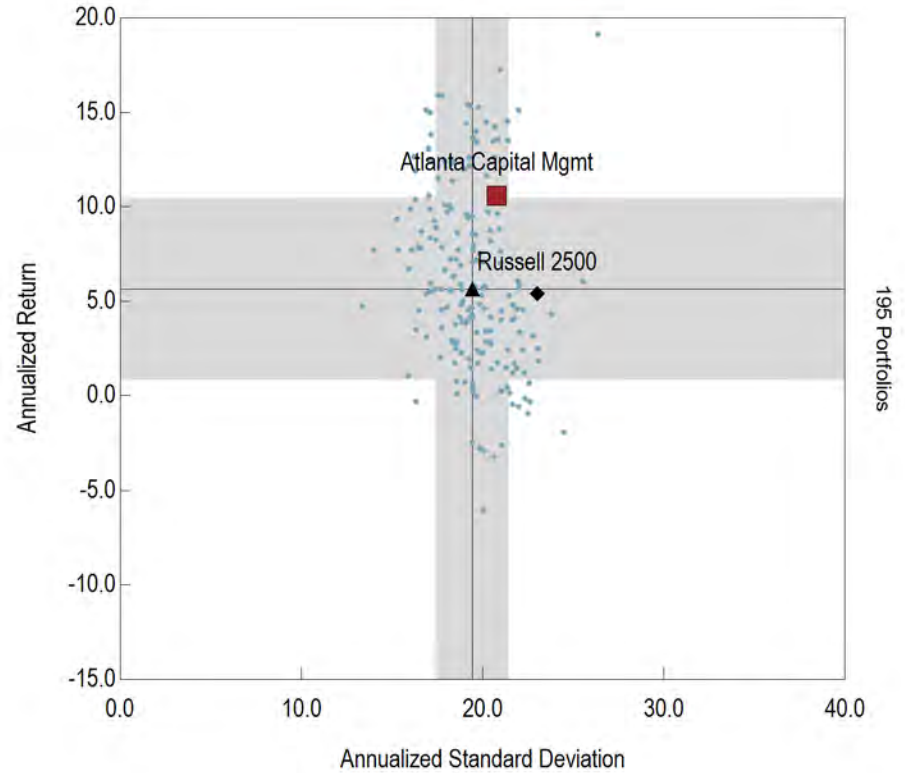
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Return (Rank)										
5th Percentile	39.4	2.8	31.9	27.6	4.6	13.0	47.6	24.1	6.8	38.5
25th Percentile	32.1	-4.6	23.5	20.8	0.4	9.6	42.5	19.2	1.7	31.7
Median	29.0	-9.6	18.1	16.1	-1.5	6.5	38.2	16.0	-1.5	26.9
75th Percentile	24.5	-13.3	14.1	9.2	-5.0	3.1	34.4	13.3	-5.6	24.3
95th Percentile	18.1	-18.5	7.5	3.8	-11.6	-2.3	28.7	7.8	-11.6	18.7
# of Portfolios	237	236	233	238	215	210	210	216	211	210
● Atlanta Capital Mgmt	35.1 (14)	-4.5 (25)	26.6 (15)	12.6 (62)	10.4 (1)	5.8 (56)	37.8 (52)	15.5 (55)	6.8 (5)	-- (--)
▲ Russell 2500	27.8 (58)	-10.0 (53)	16.8 (61)	17.6 (38)	-2.9 (64)	7.1 (46)	36.8 (58)	17.9 (36)	-2.5 (56)	26.7 (52)

Annualized Return vs. Annualized Standard Deviation
 3 Years Ending June 30, 2020

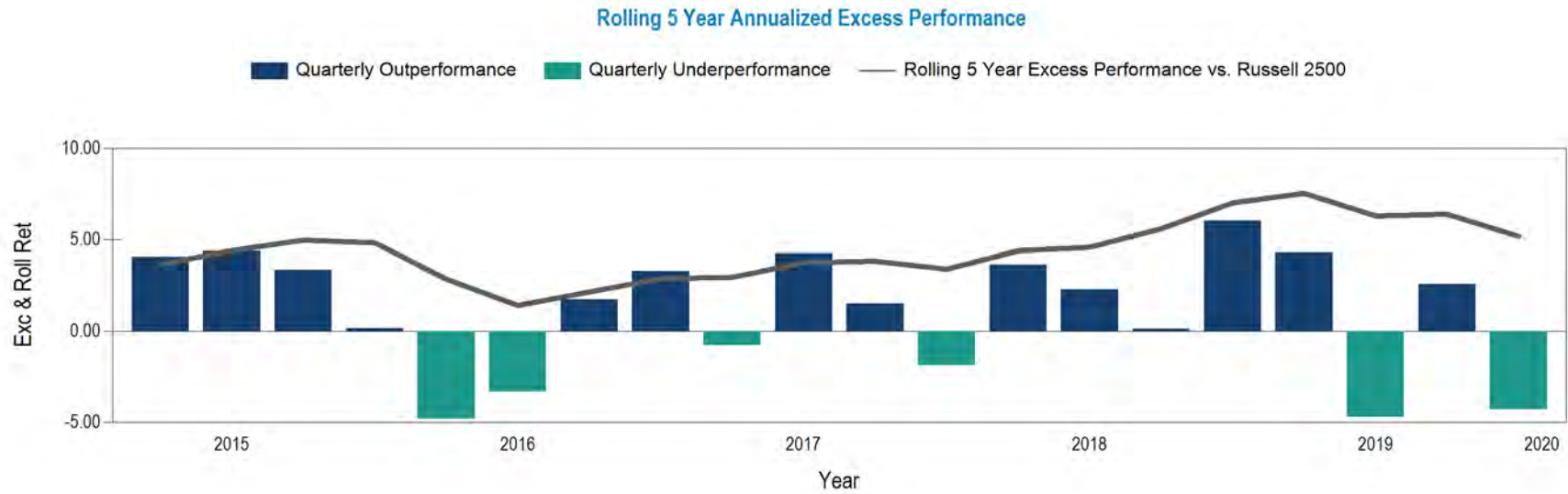
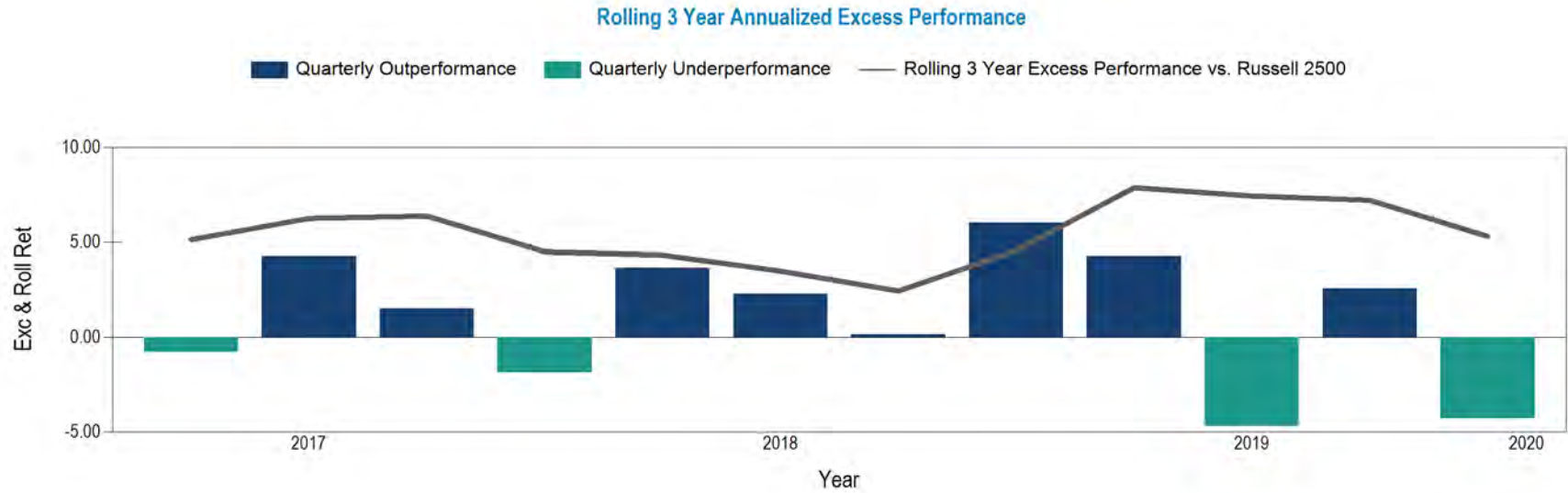


- Atlanta Capital Mgmt
- ◆ Russell 2500
- ▲ Universe Median
- 68% Confidence Interval
- eV US Small-Mid Cap Equity Gross

Annualized Return vs. Annualized Standard Deviation
 5 Years Ending June 30, 2020



- Atlanta Capital Mgmt
- ◆ Russell 2500
- ▲ Universe Median
- 68% Confidence Interval
- eV US Small-Mid Cap Equity Gross



Total International Equity

Asset Class Overview (Gross of Fees)

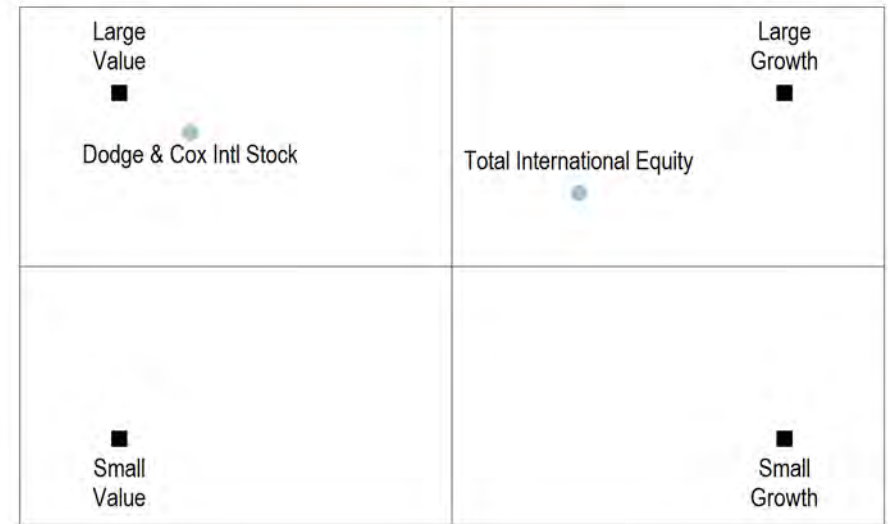
Period Ending: June 30, 2020

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total International Equity	297,007,066	21.9	2.7	5.5	5.2	8.2	30.2	-12.2	26.6	2.2	-4.3
MSCI ACWI ex USA Gross		16.3	-4.4	1.6	2.7	5.5	22.1	-13.8	27.8	5.0	-5.3
InvMetrics Public DB ex-US Eq Gross Rank		7	10	9	10	5	1	9	81	82	68
Dodge & Cox Intl Stock	125,195,413	17.5	-10.7	-3.2	-0.6	5.5	23.6	-17.5	24.7	9.0	-10.8
MSCI EAFE Gross		15.1	-4.7	1.3	2.5	6.2	22.7	-13.4	25.6	1.5	-0.4
eV All EAFE Equity Gross Rank		43	89	91	96	87	48	73	74	3	99
WCM International Growth	171,811,653	25.2	14.8	13.8	--	--	36.7	-6.7	--	--	--
MSCI ACWI ex USA Gross		16.3	-4.4	1.6	--	--	22.1	-13.8	--	--	--
eV ACWI ex-US All Cap Growth Eq Gross Rank		35	24	13	--	--	11	1	--	--	--

EAFE Effective Style Map
3 Years Ending June 30, 2020



EAFE Effective Style Map
5 Years Ending June 30, 2020



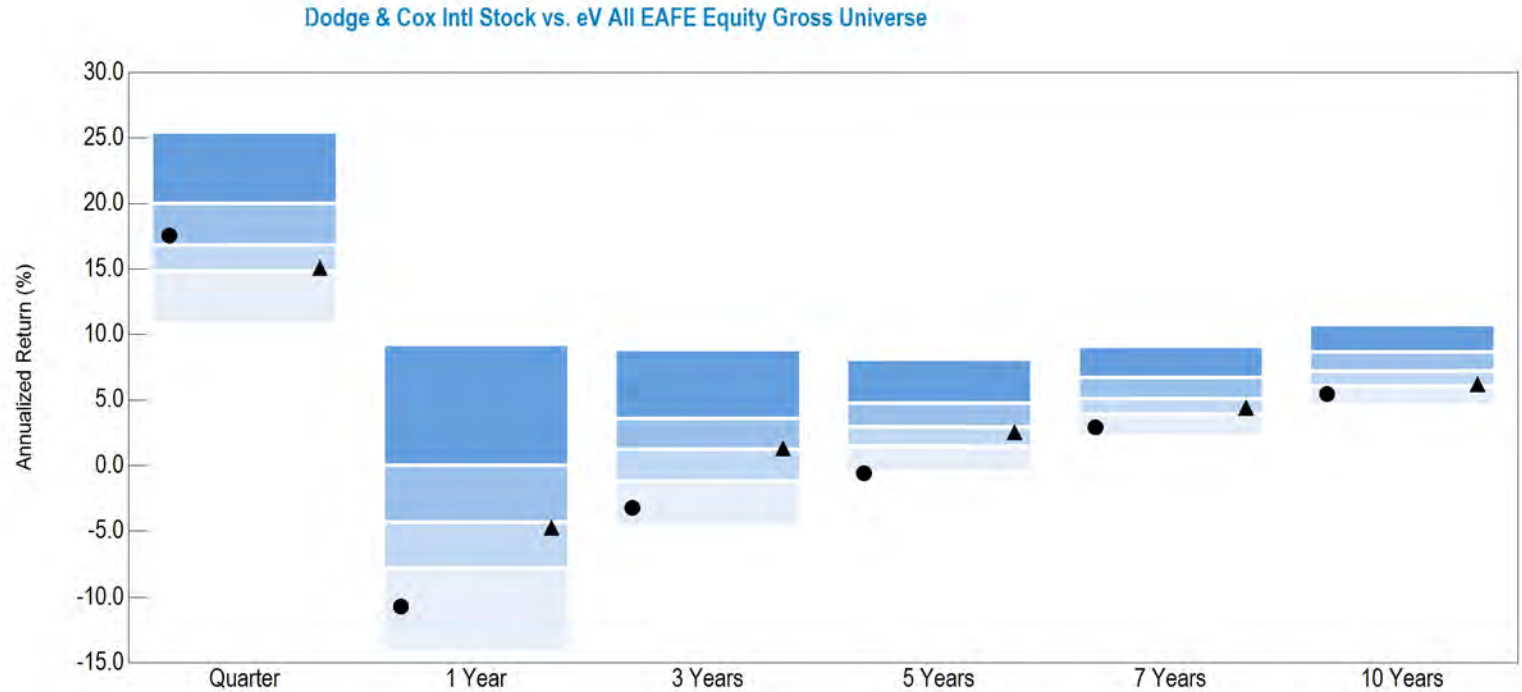
Total International Equity
 Asset Class Overview (Net of Fees)

Period Ending: June 30, 2020

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total International Equity	297,007,066	21.7	2.1	4.8	4.5	7.5	29.3	-12.8	25.8	1.6	-4.9
<i>MSCI ACWI ex USA Gross</i>		16.3	-4.4	1.6	2.7	5.5	22.1	-13.8	27.8	5.0	-5.3
Dodge & Cox Intl Stock	125,195,413	17.4	-11.3	-3.8	-1.2	4.8	22.8	-18.0	23.9	8.3	-11.4
<i>MSCI EAFE Gross</i>		15.1	-4.7	1.3	2.5	6.2	22.7	-13.4	25.6	1.5	-0.4
WCM International Growth	171,811,653	25.0	14.0	13.0	--	--	35.8	-7.4	--	--	--
<i>MSCI ACWI ex USA Gross</i>		16.3	-4.4	1.6	--	--	22.1	-13.8	--	--	--

Dodge & Cox Intl Stock
 Cumulative Performance Comparison (Gross of Fees)

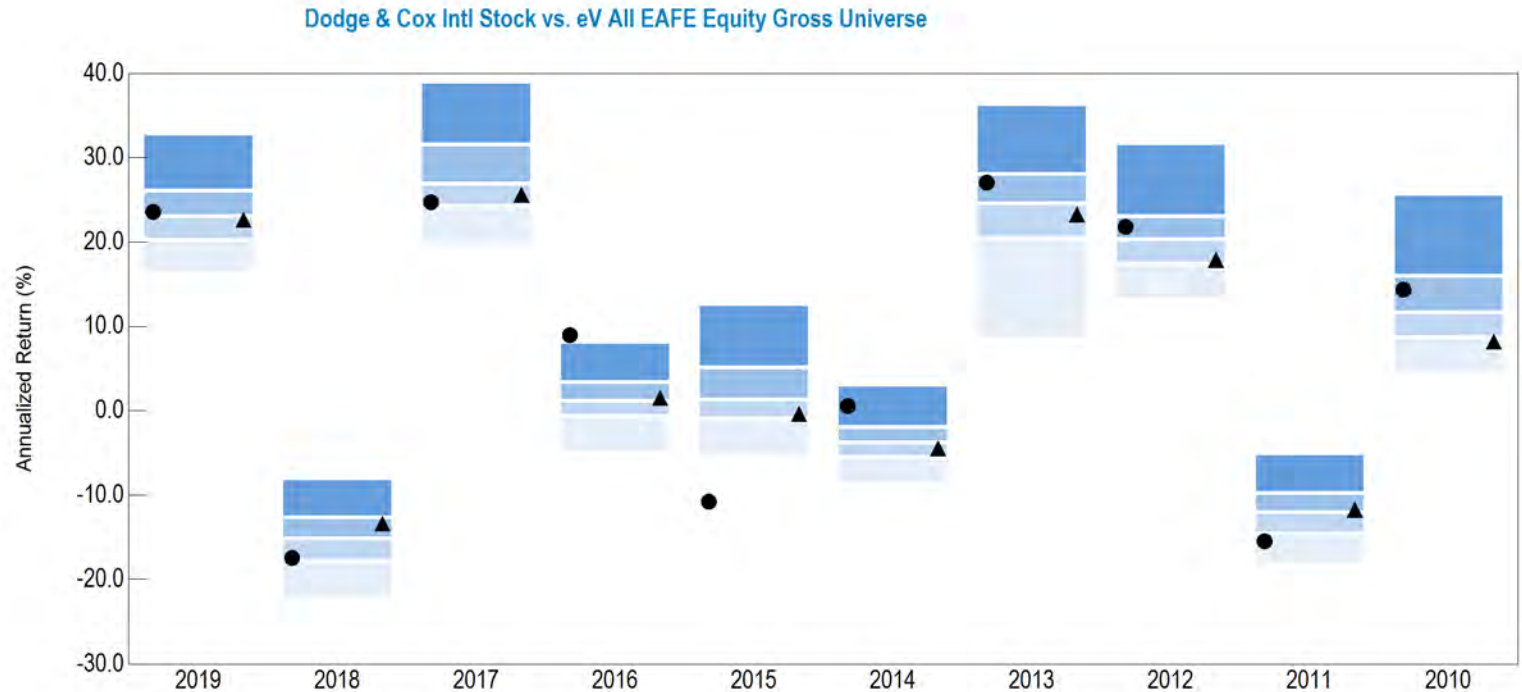
Period Ending: June 30, 2020



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	25.4		9.2		8.8		8.1		9.1		10.8	
25th Percentile	20.0		0.0		3.6		4.8		6.8		8.7	
Median	16.8		-4.3		1.3		3.0		5.1		7.2	
75th Percentile	14.8		-7.8		-1.2		1.5		4.0		6.1	
95th Percentile	10.8		-14.1		-4.5		-0.5		2.2		4.6	
# of Portfolios	386		385		367		334		293		253	
● Dodge & Cox Intl Stock	17.5	(43)	-10.7	(89)	-3.2	(91)	-0.6	(96)	2.9	(91)	5.5	(87)
▲ MSCI EAFE Gross	15.1	(71)	-4.7	(54)	1.3	(50)	2.5	(55)	4.4	(63)	6.2	(72)

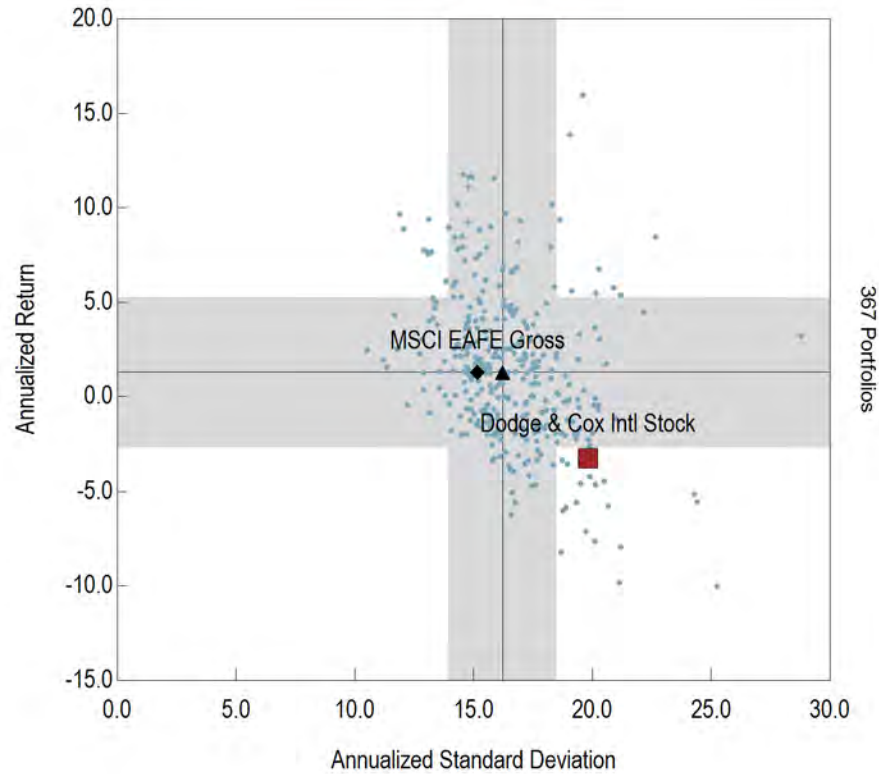
Dodge & Cox Intl Stock
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: June 30, 2020



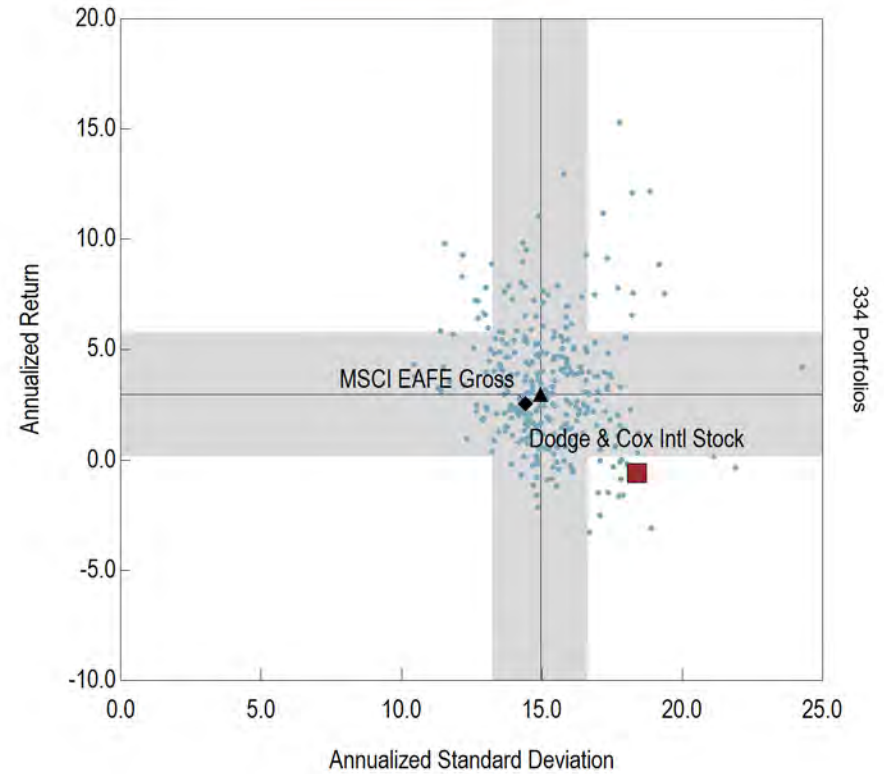
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Return (Rank)										
5th Percentile	32.9	-8.0	39.0	8.1	12.6	3.0	36.3	31.7	-5.1	25.7
25th Percentile	26.1	-12.6	31.6	3.4	5.2	-1.9	28.1	23.1	-9.7	16.1
Median	23.2	-15.1	27.0	1.3	1.4	-3.7	24.6	20.4	-12.0	11.7
75th Percentile	20.3	-17.8	24.3	-0.6	-0.9	-5.4	20.5	17.5	-14.5	8.7
95th Percentile	16.4	-22.2	19.7	-4.9	-5.4	-8.6	8.6	13.3	-18.2	4.6
# of Portfolios	397	391	370	350	325	314	284	263	278	352
● Dodge & Cox Intl Stock	23.6 (48)	-17.5 (73)	24.7 (74)	9.0 (3)	-10.8 (99)	0.6 (14)	27.1 (32)	21.8 (37)	-15.5 (82)	14.4 (36)
▲ MSCI EAFE Gross	22.7 (54)	-13.4 (35)	25.6 (63)	1.5 (47)	-0.4 (66)	-4.5 (60)	23.3 (60)	17.9 (72)	-11.7 (47)	8.2 (78)

Annualized Return vs. Annualized Standard Deviation
 3 Years Ending June 30, 2020

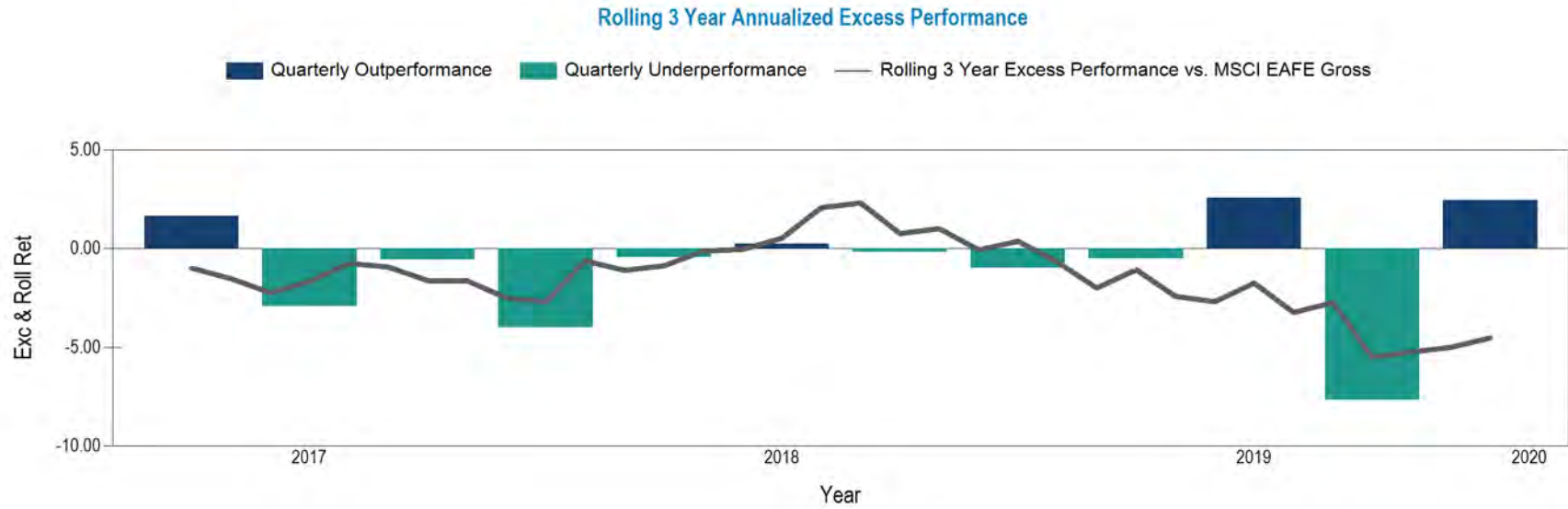


- Dodge & Cox Intl Stock
- ◆ MSCI EAFE Gross
- ▲ Universe Median
- 68% Confidence Interval
- eV All EAFE Equity Gross

Annualized Return vs. Annualized Standard Deviation
 5 Years Ending June 30, 2020

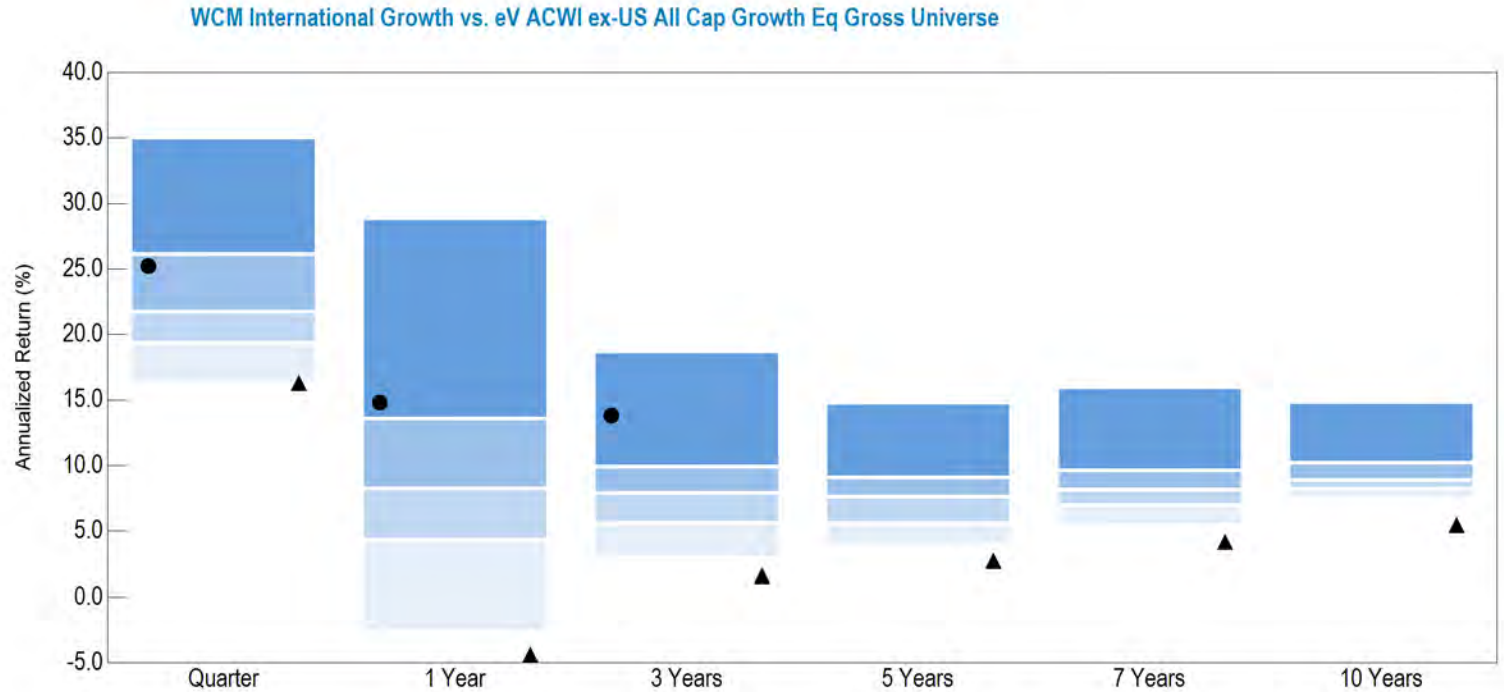


- Dodge & Cox Intl Stock
- ◆ MSCI EAFE Gross
- ▲ Universe Median
- 68% Confidence Interval
- eV All EAFE Equity Gross



WCM International Growth
 Cumulative Performance Comparison (Gross of Fees)

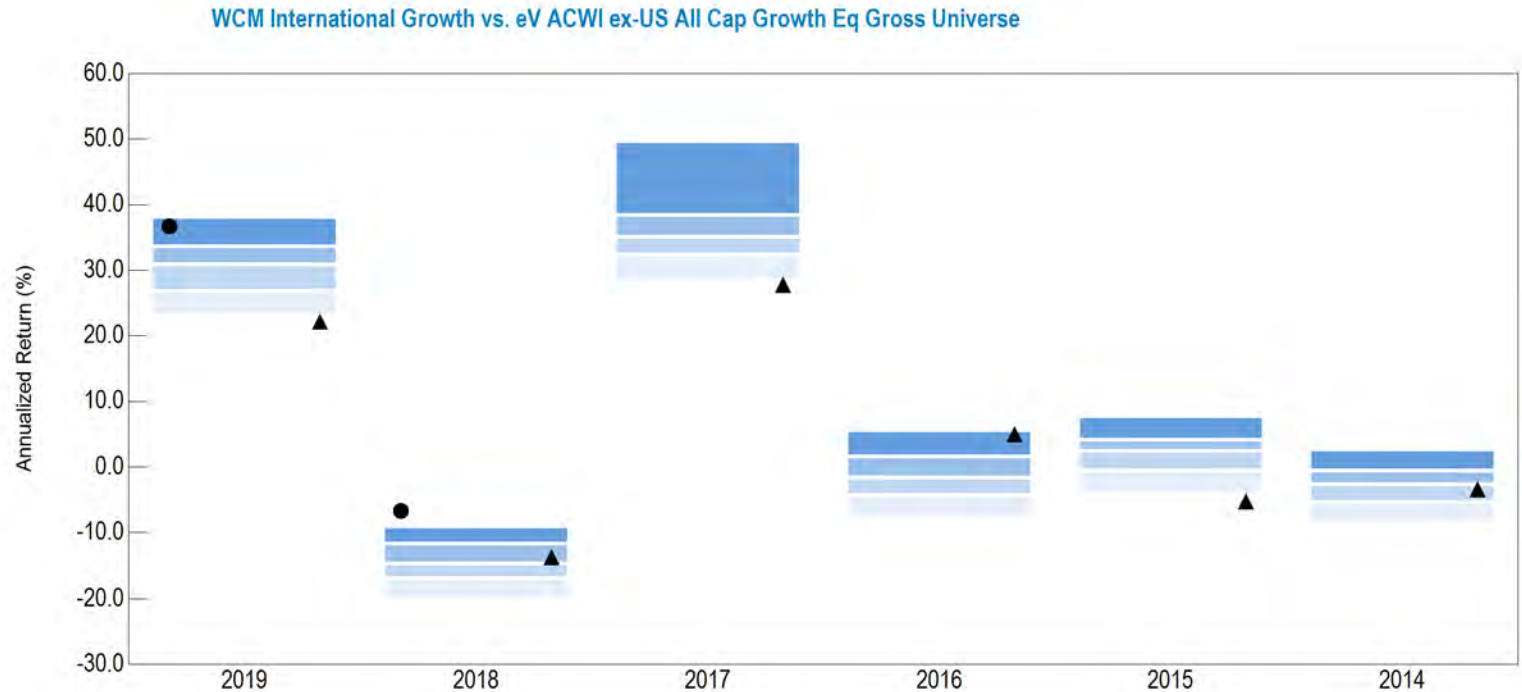
Period Ending: June 30, 2020



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	35.0		28.8		18.7		14.8		16.0		14.8	
25th Percentile	26.2		13.6		9.9		9.1		9.6		10.3	
Median	21.8		8.3		8.0		7.7		8.2		8.9	
75th Percentile	19.4		4.4		5.7		5.6		7.0		8.2	
95th Percentile	16.3		-2.6		3.0		4.0		5.5		7.4	
# of Portfolios	36		36		35		31		29		26	
● WCM International Growth	25.2	(35)	14.8	(24)	13.8	(13)	--	(--)	--	(--)	--	(--)
▲ MSCI ACWI ex USA Gross	16.3	(96)	-4.4	(98)	1.6	(97)	2.7	(98)	4.2	(99)	5.5	(99)

WCM International Growth
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: June 30, 2020



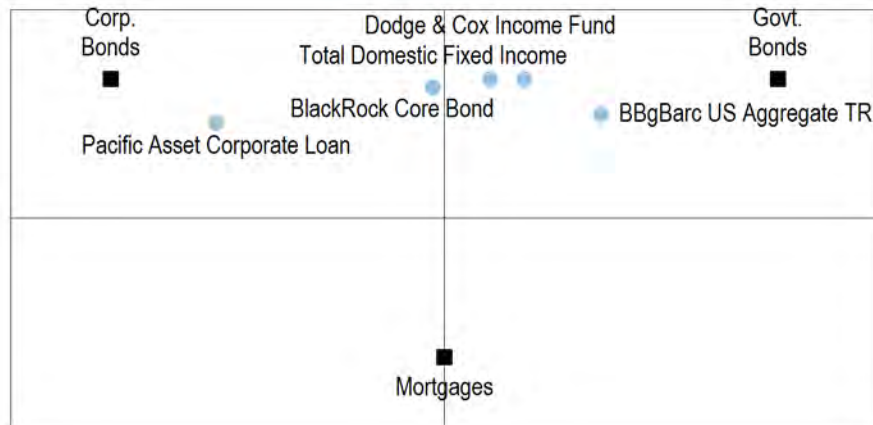
	2019		2018		2017		2016		2015		2014	
5th Percentile	38.1		-9.1		49.7		5.5		7.7		2.6	
25th Percentile	33.7		-11.6		38.5		1.7		4.2		-0.5	
Median	31.0		-14.6		35.2		-1.6		2.5		-2.5	
75th Percentile	26.9		-16.9		32.4		-4.2		-0.5		-5.2	
95th Percentile	23.3		-19.8		28.5		-7.7		-3.9		-8.4	
# of Portfolios	35		28		29		28		25		23	
● WCM International Growth	36.7	(11)	-6.7	(1)	--	(--)	--	(--)	--	(--)	--	(--)
▲ MSCI ACWI ex USA Gross	22.1	(98)	-13.8	(49)	27.8	(97)	5.0	(8)	-5.3	(97)	-3.4	(69)

Total Domestic Fixed Income Asset Class Overview (Gross of Fees)

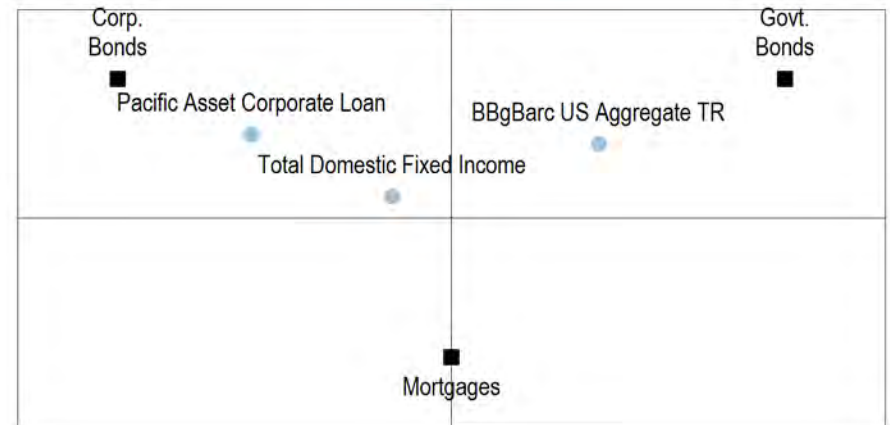
Period Ending: June 30, 2020

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Domestic Fixed Income	259,366,741	6.3	6.8	5.3	4.6	4.4	9.9	0.4	4.3	4.5	1.1
<i>BBgBarc US Aggregate TR</i>		2.9	8.7	5.3	4.3	3.8	8.7	0.0	3.5	2.6	0.6
<i>InvMetrics Public DB US Fix Inc Gross Rank</i>		13	62	19	19	27	11	55	50	49	17
BlackRock Core Bond	97,434,947	6.2	9.6	6.3	--	--	10.2	0.3	--	--	--
<i>BBgBarc US Aggregate TR</i>		2.9	8.7	5.3	--	--	8.7	0.0	--	--	--
<i>eV US Core Fixed Inc Gross Rank</i>		6	32	6	--	--	10	27	--	--	--
Dodge & Cox Income Fund	100,087,787	6.1	8.8	5.8	--	--	10.2	0.1	--	--	--
<i>BBgBarc US Aggregate TR</i>		2.9	8.7	5.3	--	--	8.7	0.0	--	--	--
<i>eV US Core Fixed Inc Gross Rank</i>		7	61	35	--	--	11	43	--	--	--
Pacific Asset Corporate Loan	61,844,007	6.9	-0.2	3.1	4.0	--	9.1	1.0	4.9	9.2	2.5
<i>S&P/LSTA Leveraged Loan Index</i>		9.7	-2.0	2.1	2.9	--	8.6	0.4	4.1	10.2	-0.7
<i>eV US Float-Rate Bank Loan Fixed Inc Gross Rank</i>		81	16	14	6	--	36	29	26	51	9

Fixed Income Effective Style Map
3 Years Ending June 30, 2020



Fixed Income Effective Style Map
5 Years Ending June 30, 2020



Total Domestic Fixed Income
Asset Class Overview (Net of Fees)

Period Ending: June 30, 2020

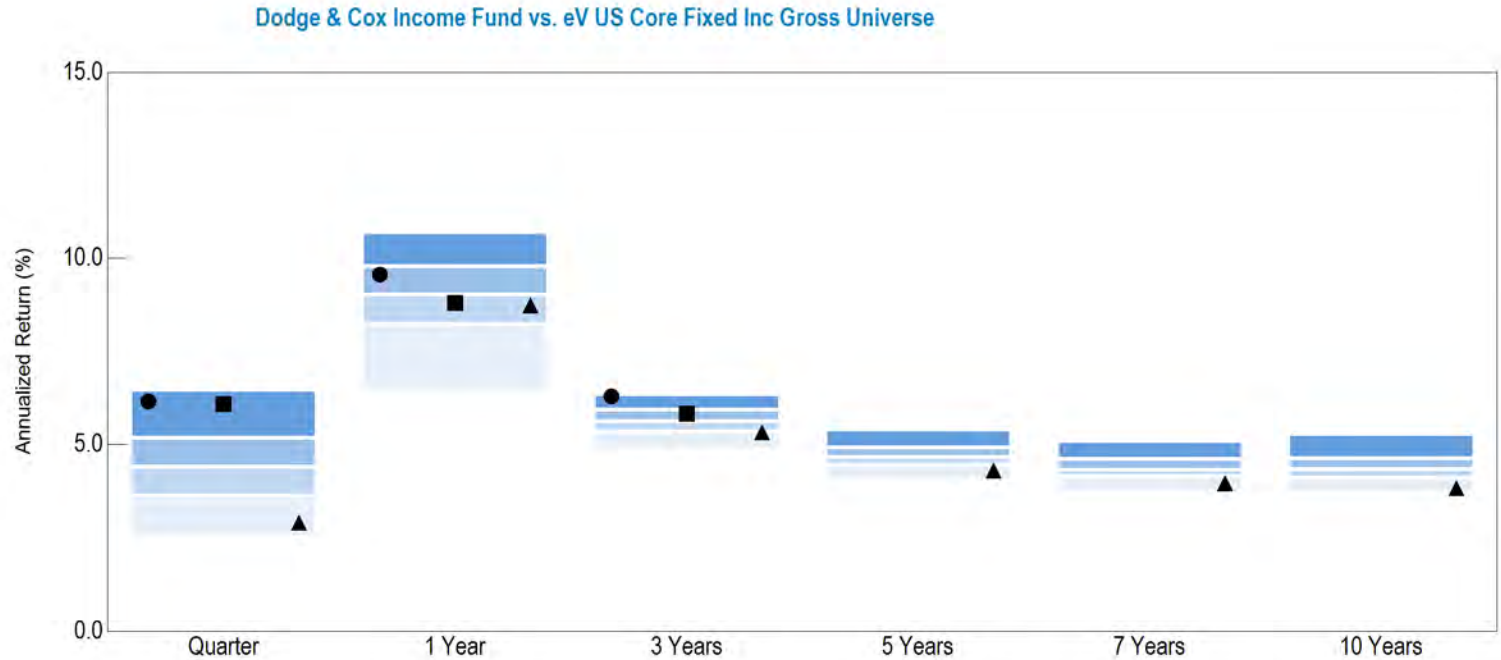
	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Domestic Fixed Income	259,366,741	6.2	6.5	4.9	4.3	4.1	9.5	0.0	3.9	4.2	0.9
<i>BBgBarc US Aggregate TR</i>		2.9	8.7	5.3	4.3	3.8	8.7	0.0	3.5	2.6	0.6
BlackRock Core Bond	97,434,947	6.1	9.3	6.0	--	--	9.9	0.1	--	--	--
<i>BBgBarc US Aggregate TR</i>		2.9	8.7	5.3	--	--	8.7	0.0	--	--	--
Dodge & Cox Income Fund	100,087,787	6.0	8.3	5.4	--	--	9.7	-0.3	--	--	--
<i>BBgBarc US Aggregate TR</i>		2.9	8.7	5.3	--	--	8.7	0.0	--	--	--
Pacific Asset Corporate Loan	61,844,007	6.8	-0.5	2.8	3.6	--	8.7	0.7	4.6	8.8	2.1
<i>S&P/LSTA Leveraged Loan Index</i>		9.7	-2.0	2.1	2.9	--	8.6	0.4	4.1	10.2	-0.7

Correlation Matrix
Last 1 Year

	Total Domestic Fixed Income	BlackRock Core Bond	Dodge & Cox Income Fund	Pacific Asset Corporate Loan	BBgBarc US Aggregate TR
Total Domestic Fixed Income	1.00	--	--	--	--
BlackRock Core Bond	0.91	1.00	--	--	--
Dodge & Cox Income Fund	0.99	0.96	1.00	--	--
Pacific Asset Corporate Loan	0.94	0.71	0.87	1.00	--
BBgBarc US Aggregate TR	0.07	0.47	0.22	-0.26	1.00

US Core Fixed Income
 Cumulative Performance Comparison (Gross of Fees)

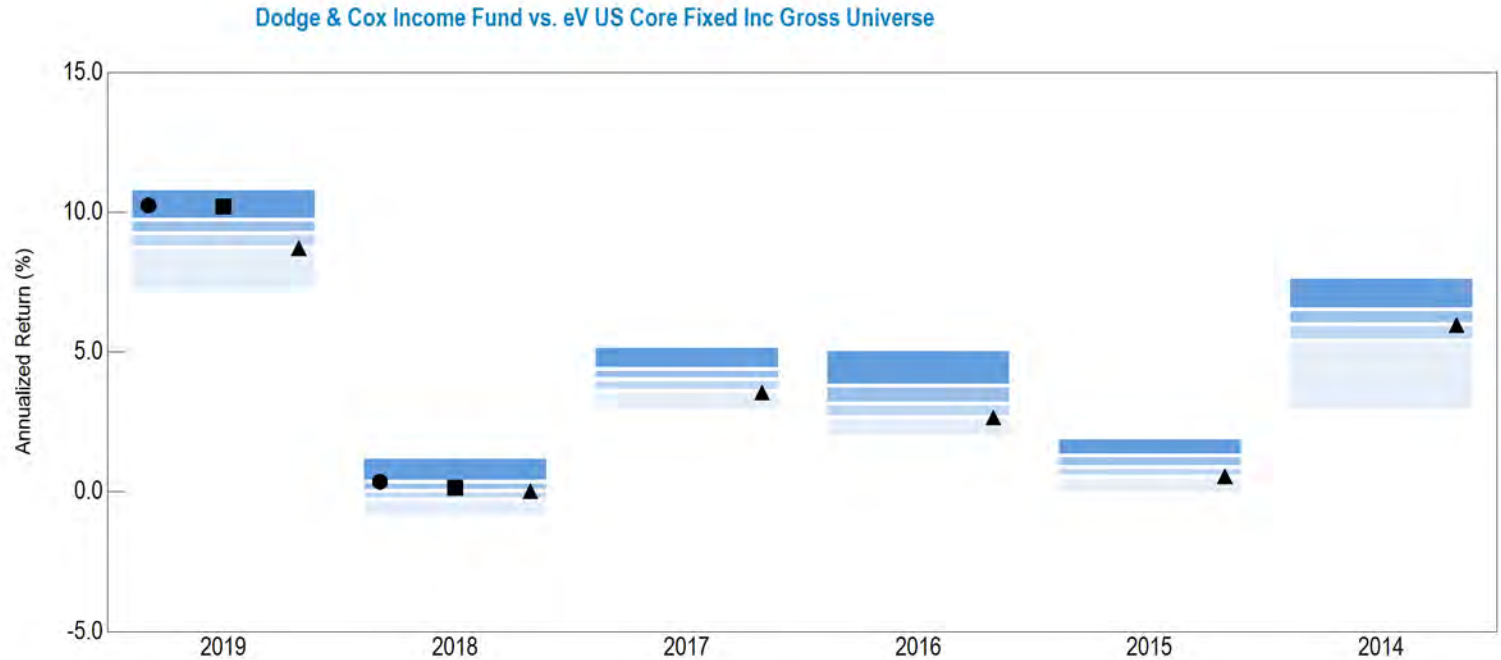
Period Ending: June 30, 2020



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	6.5		10.7		6.3		5.4		5.1		5.3	
25th Percentile	5.2		9.8		5.9		4.9		4.6		4.6	
Median	4.4		9.0		5.6		4.7		4.3		4.3	
75th Percentile	3.6		8.2		5.4		4.5		4.2		4.1	
95th Percentile	2.5		6.5		4.9		4.0		3.7		3.7	
# of Portfolios	204		204		203		199		198		190	
● BlackRock Core Bond	6.2	(6)	9.6	(32)	6.3	(6)	--	(--)	--	(--)	--	(--)
■ Dodge & Cox Income Fund	6.1	(7)	8.8	(61)	5.8	(35)	--	(--)	--	(--)	--	(--)
▲ BBgBarc US Aggregate TR	2.9	(92)	8.7	(64)	5.3	(79)	4.3	(88)	4.0	(92)	3.8	(94)

US Core Fixed Income
 Consecutive Performance Comparison (Gross of Fees)

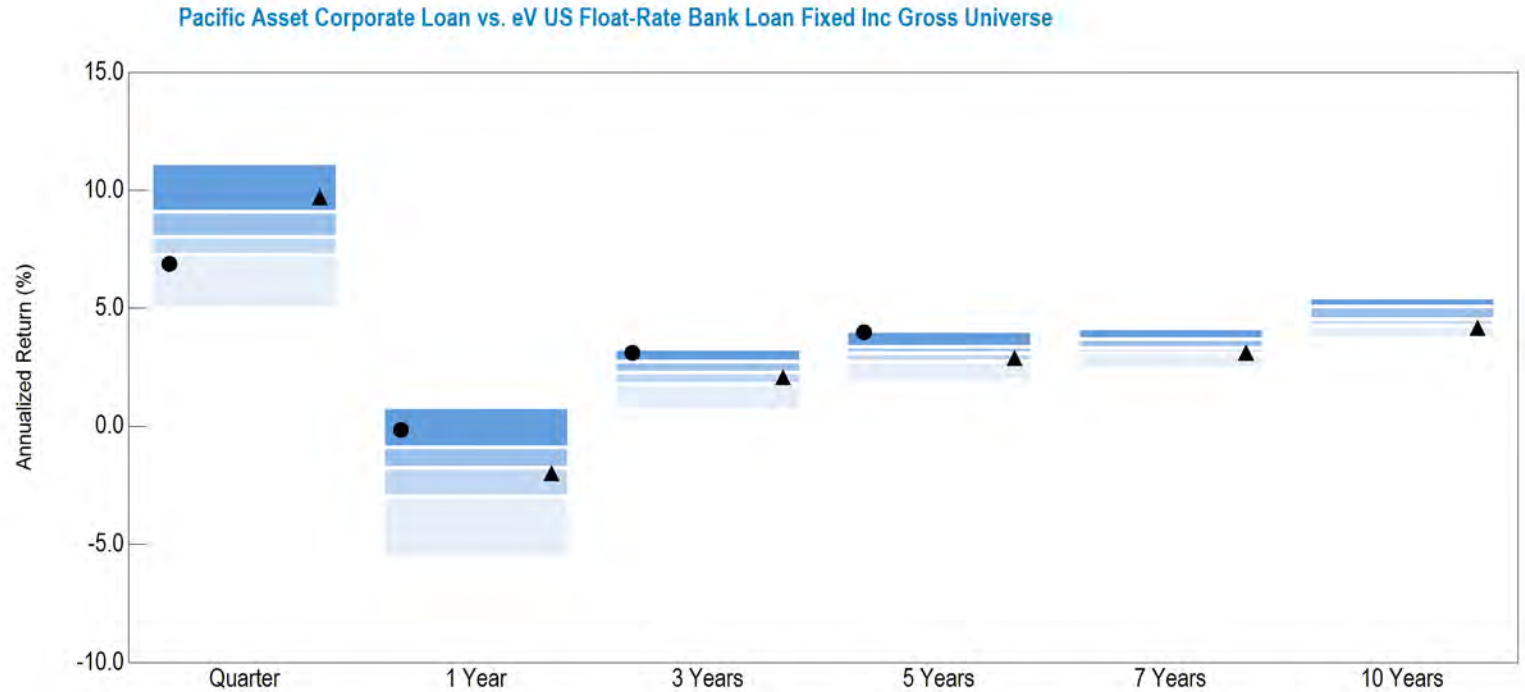
Period Ending: June 30, 2020



	Return (Rank)											
	2019		2018		2017		2016		2015		2014	
5th Percentile	10.9		1.2		5.2		5.1		1.9		7.7	
25th Percentile	9.8		0.4		4.4		3.8		1.3		6.5	
Median	9.3		0.0		4.0		3.2		0.9		6.0	
75th Percentile	8.7		-0.3		3.6		2.7		0.5		5.4	
95th Percentile	7.2		-0.9		2.9		2.0		-0.1		2.9	
# of Portfolios	228		240		233		223		196		213	
● BlackRock Core Bond	10.2	(10)	0.3	(27)	--	(--)	--	(--)	--	(--)	--	(--)
■ Dodge & Cox Income Fund	10.2	(11)	0.1	(43)	--	(--)	--	(--)	--	(--)	--	(--)
▲ BBgBarc US Aggregate TR	8.7	(77)	0.0	(54)	3.5	(79)	2.6	(77)	0.6	(75)	6.0	(52)

Pacific Asset Corporate Loan
 Cumulative Performance Comparison (Gross of Fees)

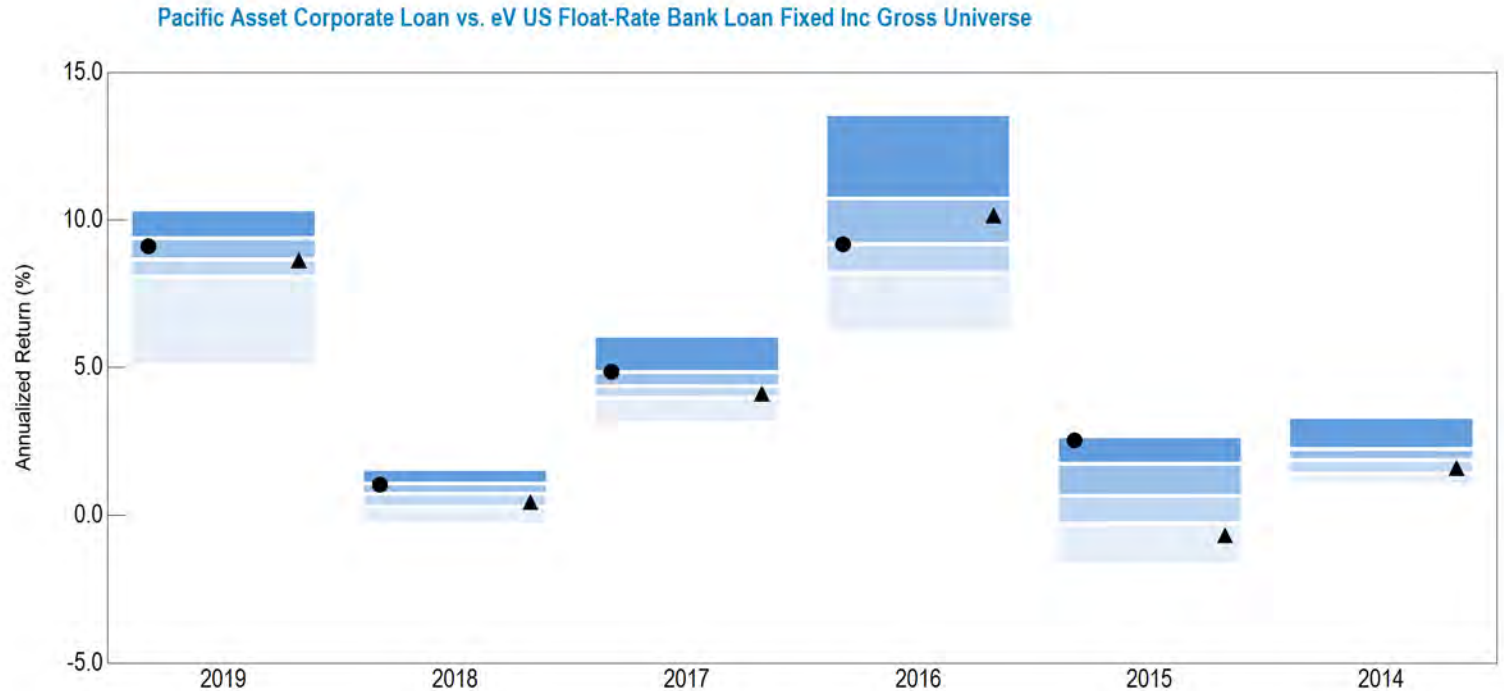
Period Ending: June 30, 2020



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	11.2		0.8		3.3		4.0		4.1		5.4	
25th Percentile	9.1		-0.9		2.7		3.4		3.7		5.1	
Median	8.1		-1.8		2.3		3.1		3.3		4.6	
75th Percentile	7.3		-3.0		1.8		2.8		3.1		4.3	
95th Percentile	5.0		-5.6		0.7		1.9		2.5		3.8	
# of Portfolios	69		69		66		63		59		45	
● Pacific Asset Corporate Loan	6.9	(81)	-0.2	(16)	3.1	(14)	4.0	(6)	--	(--)	--	(--)
▲ S&P/LSTA Leveraged Loan Index	9.7	(15)	-2.0	(56)	2.1	(61)	2.9	(65)	3.1	(74)	4.2	(85)

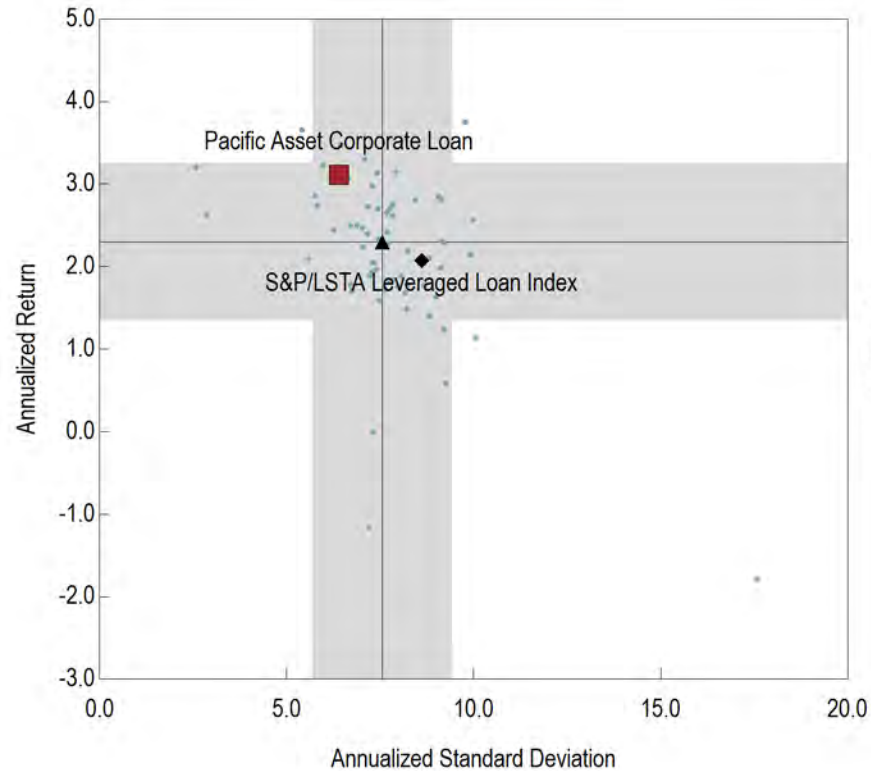
Pacific Asset Corporate Loan
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: June 30, 2020



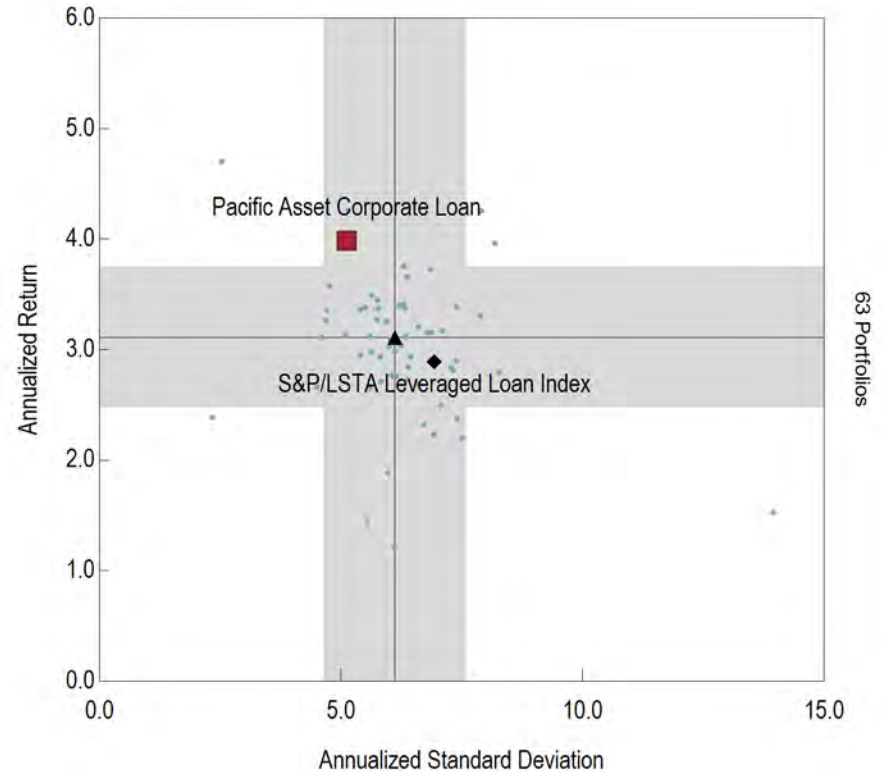
	2019		2018		2017		2016		2015		2014	
Return (Rank)	10.3		1.6		6.1		13.6		2.7		3.3	
5th Percentile	9.4		1.1		4.9		10.7		1.8		2.3	
25th Percentile	8.7		0.7		4.4		9.2		0.7		1.9	
Median	8.1		0.3		4.0		8.2		-0.3		1.4	
75th Percentile	5.1		-0.3		3.1		6.2		-1.7		1.1	
95th Percentile	76		76		75		69		54		48	
# of Portfolios	9.1	(36)	1.0	(29)	4.9	(26)	9.2	(51)	2.5	(9)	--	(--)
● Pacific Asset Corporate Loan	8.6	(52)	0.4	(68)	4.1	(71)	10.2	(35)	-0.7	(82)	1.6	(68)
▲ S&P/LSTA Leveraged Loan Index												

Annualized Return vs. Annualized Standard Deviation
 3 Years Ending June 30, 2020



- Pacific Asset Corporate Loan
- ◆ S&P/LSTA Leveraged Loan Index
- ▲ Universe Median
- ▣ 68% Confidence Interval
- eV US Float-Rate Bank Loan Fixed Inc Gross

Annualized Return vs. Annualized Standard Deviation
 5 Years Ending June 30, 2020



- Pacific Asset Corporate Loan
- ◆ S&P/LSTA Leveraged Loan Index
- ▲ Universe Median
- ▣ 68% Confidence Interval
- eV US Float-Rate Bank Loan Fixed Inc Gross



Total Global Fixed
Asset Class Overview (Gross of Fees)

Period Ending: June 30, 2020

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Global Fixed	124,848,019	11.8	-5.8	-1.0	0.8	2.0	7.9	-6.6	14.4	5.8	-11.8
<i>FTSE World Govt Bond Index</i>		2.0	4.6	4.0	3.7	2.4	5.9	-0.8	7.5	1.6	-3.6
<i>InvMetrics Public DB Gbl Fix Inc Gross Rank</i>		--	--	--	--	--	83	99	29	67	95
Brandywine Global Fixed Income	58,944,973	8.6	-2.6	-0.1	1.1	2.9	6.2	-4.1	12.5	2.2	-9.3
<i>FTSE WGBI ex US TR</i>		3.0	0.9	2.9	3.3	1.8	5.3	-1.8	10.3	1.8	-5.5
<i>eV All Global Fixed Inc Gross Rank</i>		44	93	96	93	83	84	80	14	75	92
Ashmore EM Blended Debt Fund	65,903,046	14.9	-9.1	--	--	--	--	--	--	--	--
<i>50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+</i>		9.4	-1.3	--	--	--	--	--	--	--	--
<i>eV All Emg Mkts Fixed Inc Gross Rank</i>		21	99	--	--	--	--	--	--	--	--

Total Global Fixed
Asset Class Overview (Net of Fees)

Period Ending: June 30, 2020

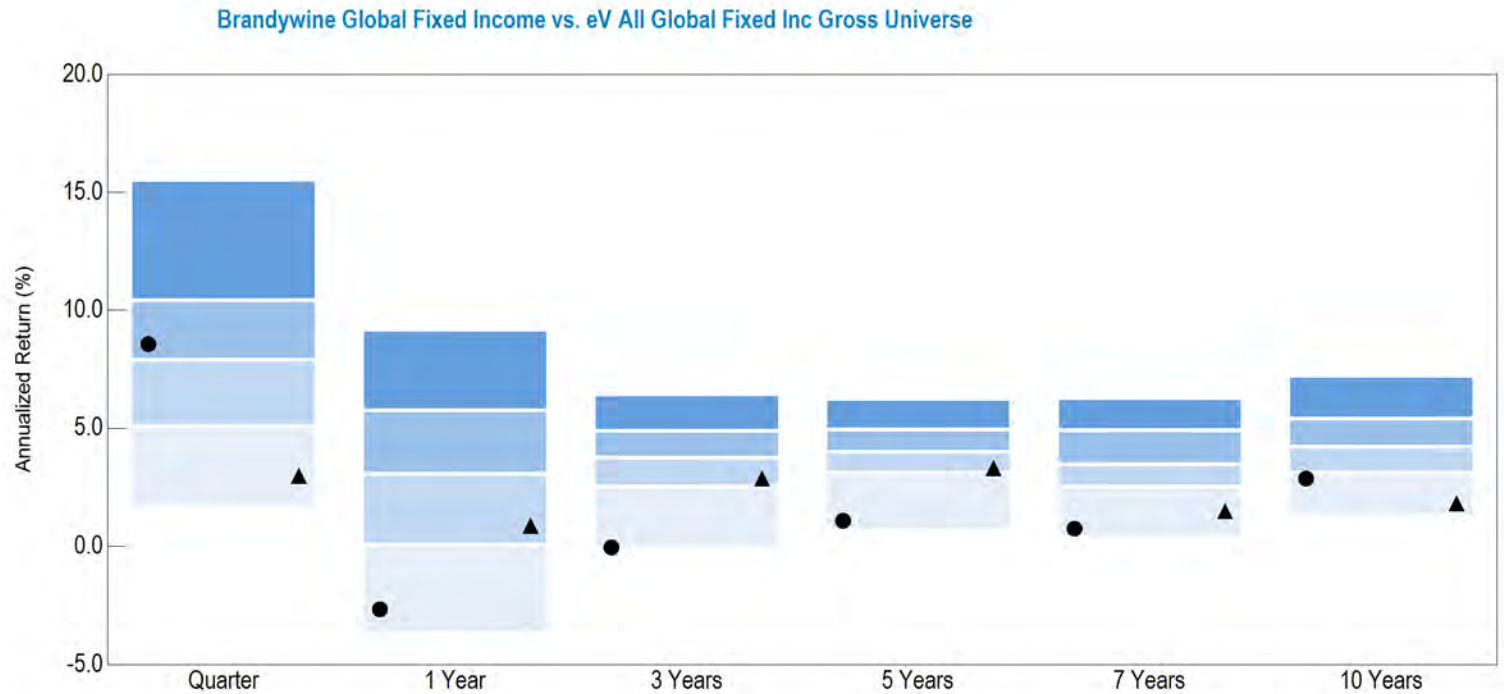
	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Global Fixed	124,848,019	11.6	-6.5	-1.7	0.1	1.3	7.2	-7.2	13.7	5.1	-12.4
<i>FTSE World Govt Bond Index</i>		2.0	4.6	4.0	3.7	2.4	5.9	-0.8	7.5	1.6	-3.6
Brandywine Global Fixed Income	58,944,973	8.4	-3.1	-0.5	0.6	2.3	5.7	-4.5	12.0	1.7	-9.7
<i>FTSE WGBI ex US TR</i>		3.0	0.9	2.9	3.3	1.8	5.3	-1.8	10.3	1.8	-5.5
Ashmore EM Blended Debt Fund	65,903,046	14.7	-10.0	--	--	--	--	--	--	--	--
<i>50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+</i>		9.4	-1.3	--	--	--	--	--	--	--	--

Correlation Matrix
Last 1 Year

	Total Global Fixed	Brandywine Global Fixed Income	Ashmore EM Blended Debt Fund	FTSE World Govt Bond Index
Total Global Fixed	1.00	--	--	--
Brandywine Global Fixed Income	0.99	1.00	--	--
Ashmore EM Blended Debt Fund	1.00	0.98	1.00	--
FTSE World Govt Bond Index	-0.22	-0.30	-0.18	1.00

Brandywine Global Fixed Income
 Cumulative Performance Comparison (Gross of Fees)

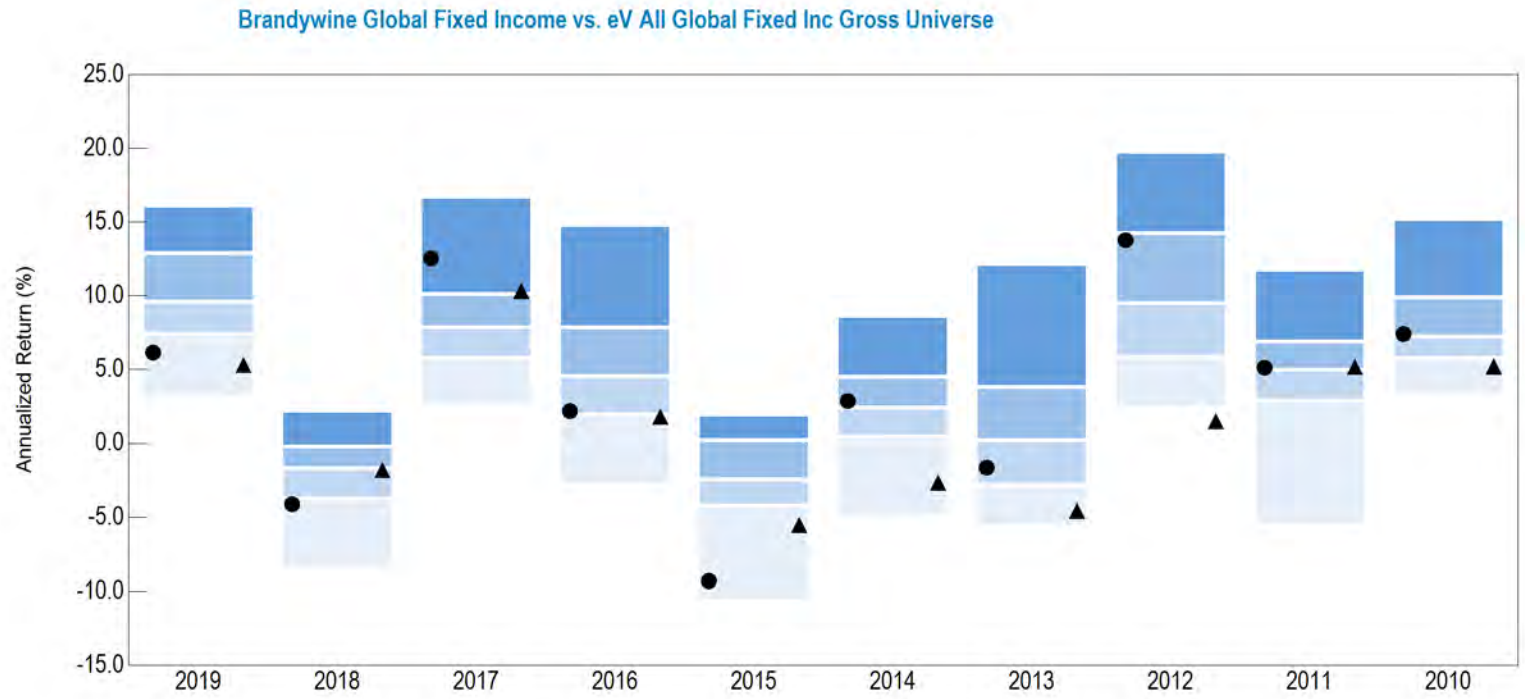
Period Ending: June 30, 2020



	Return (Rank)					
	Quarter	1 Year	3 Years	5 Years	7 Years	10 Years
5th Percentile	15.5	9.2	6.4	6.3	6.3	7.2
25th Percentile	10.4	5.8	4.9	5.0	4.9	5.4
Median	7.9	3.1	3.8	4.0	3.5	4.2
75th Percentile	5.1	0.1	2.5	3.1	2.5	3.1
95th Percentile	1.7	-3.7	-0.1	0.7	0.4	1.3
# of Portfolios	486	486	454	417	361	256
● Brandywine Global Fixed Income	8.6 (44)	-2.6 (93)	-0.1 (96)	1.1 (93)	0.7 (93)	2.9 (83)
▲ FTSE WGBI ex US TR	3.0 (88)	0.9 (70)	2.9 (69)	3.3 (71)	1.5 (88)	1.8 (93)

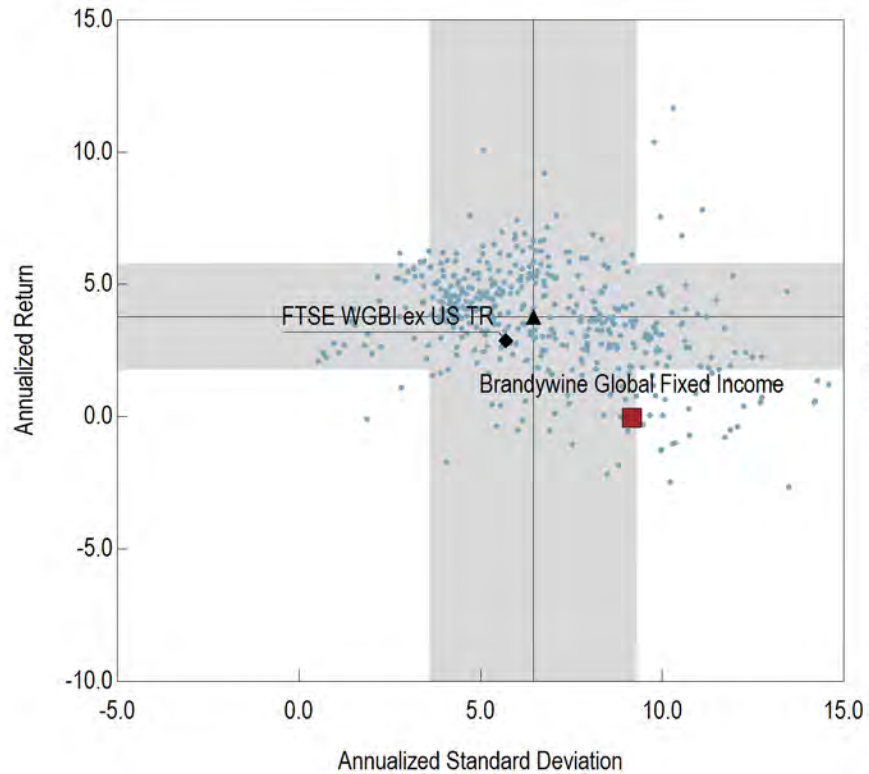
Brandywine Global Fixed Income
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: June 30, 2020

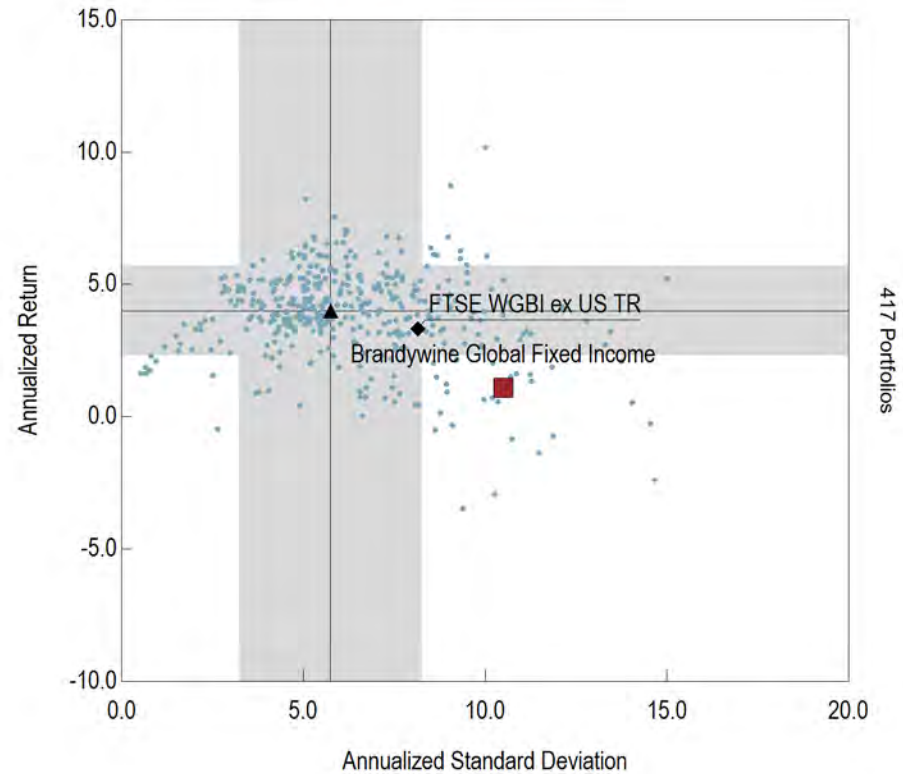


	Return (Rank)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
5th Percentile	16.1	2.2	16.7	14.8	1.9	8.6	12.1	19.7	11.7	15.2
25th Percentile	12.9	-0.2	10.1	7.9	0.3	4.5	3.9	14.3	6.9	9.9
Median	9.6	-1.7	7.9	4.6	-2.4	2.5	0.2	9.5	5.0	7.3
75th Percentile	7.5	-3.7	5.8	2.0	-4.2	0.5	-2.8	5.9	2.9	5.8
95th Percentile	3.1	-8.4	2.6	-2.8	-10.6	-4.9	-5.6	2.5	-5.5	3.4
# of Portfolios	491	458	445	432	332	263	225	197	171	100
● Brandywine Global Fixed Income	6.2 (84)	-4.1 (80)	12.5 (14)	2.2 (75)	-9.3 (92)	2.9 (46)	-1.6 (66)	13.8 (29)	5.1 (47)	7.4 (50)
▲ FTSE WGBI ex US TR	5.3 (89)	-1.8 (53)	10.3 (23)	1.8 (77)	-5.5 (85)	-2.7 (92)	-4.6 (90)	1.5 (99)	5.2 (46)	5.2 (85)

Annualized Return vs. Annualized Standard Deviation
 3 Years Ending June 30, 2020



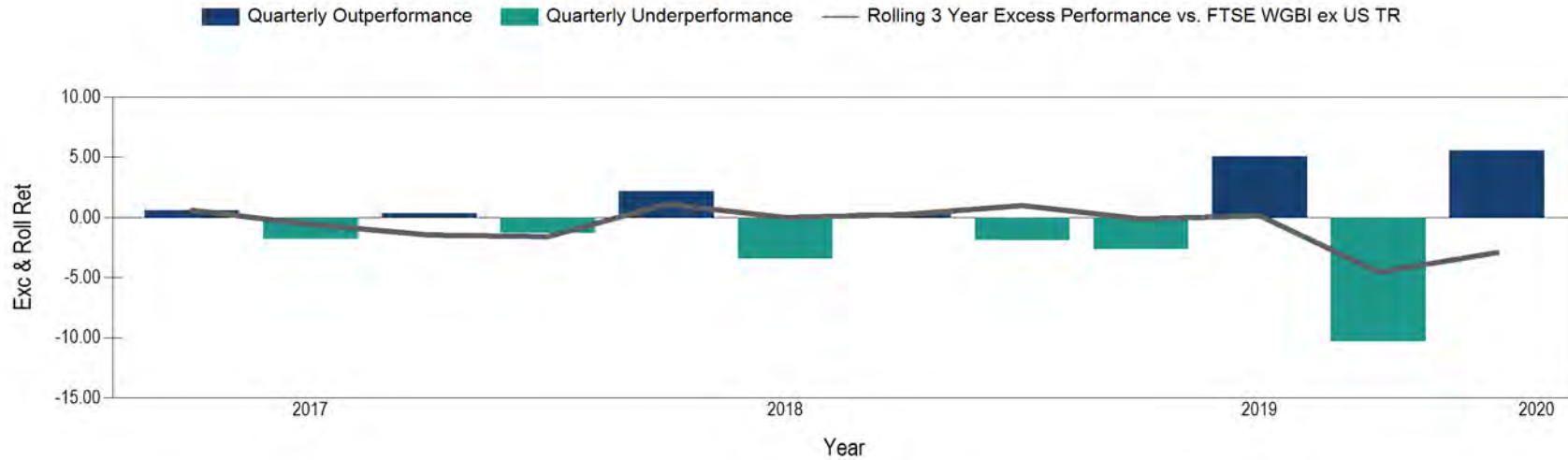
Annualized Return vs. Annualized Standard Deviation
 5 Years Ending June 30, 2020



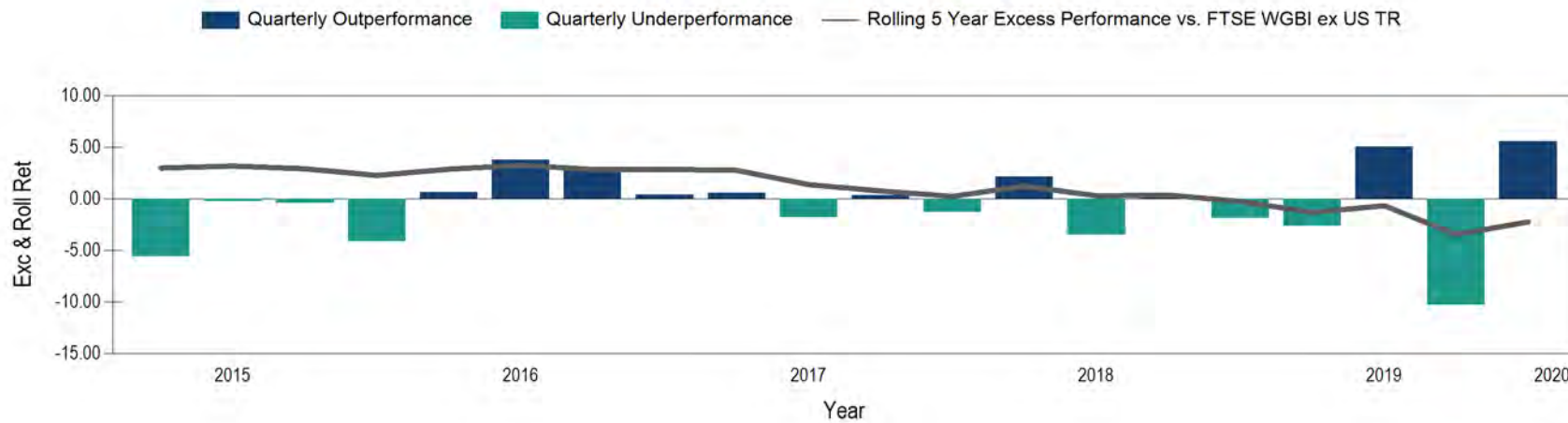
- Brandywine Global Fixed Income
- ◆ FTSE WGBI ex US TR
- ▲ Universe Median
- 68% Confidence Interval
- eV All Global Fixed Inc Gross

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- ▲ Universe Median
- 68% Confidence Interval
- eV All Global Fixed Inc Gross

Rolling 3 Year Annualized Excess Performance

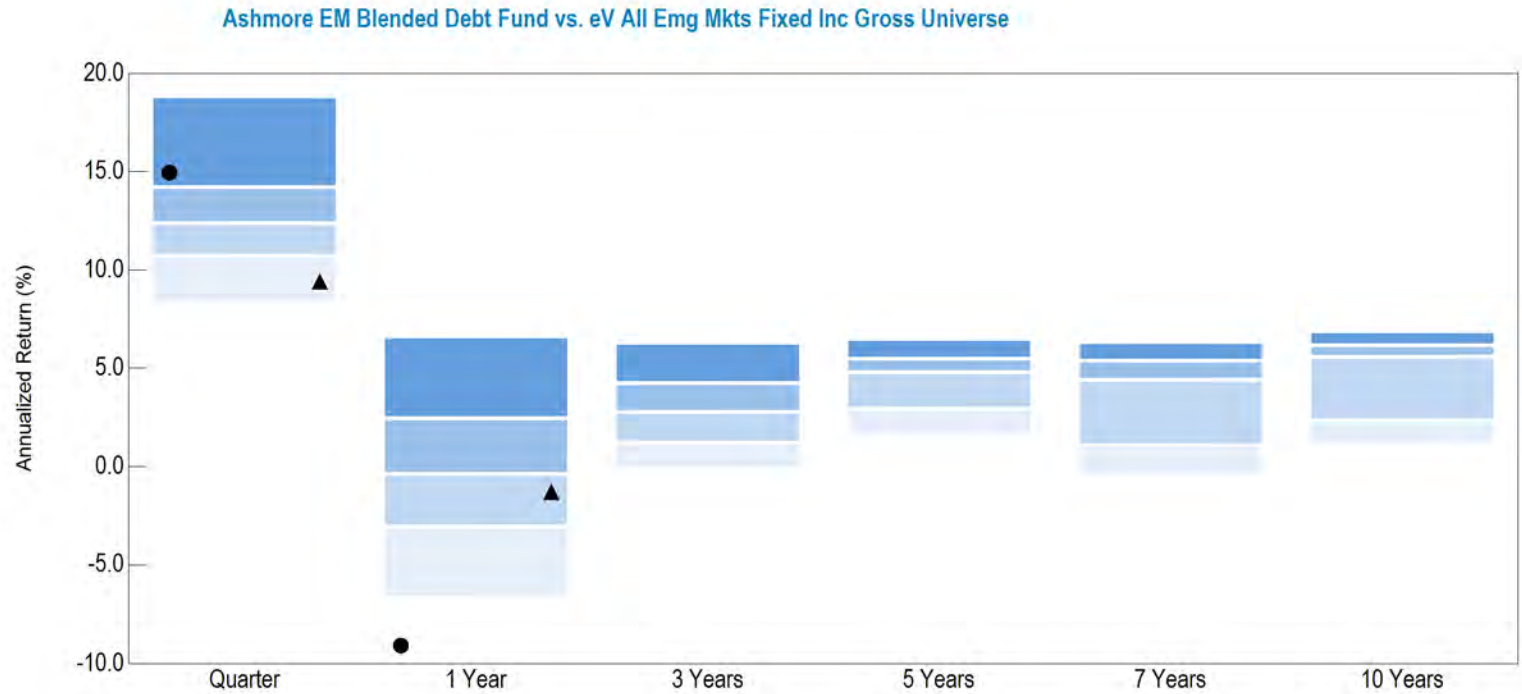


Rolling 5 Year Annualized Excess Performance



Ashmore EM Blended Debt Fund
 Cumulative Performance Comparison (Gross of Fees)

Period Ending: June 30, 2020



	Return (Rank)											
5th Percentile	18.8		6.6		6.3		6.5		6.3		6.9	
25th Percentile	14.2		2.5		4.3		5.5		5.4		6.2	
Median	12.4		-0.3		2.8		4.8		4.4		5.6	
75th Percentile	10.7		-3.0		1.2		3.0		1.1		2.4	
95th Percentile	8.3		-6.6		-0.1		1.6		-0.5		1.1	
# of Portfolios	285		284		273		250		207		117	
● Ashmore EM Blended Debt Fund	14.9	(21)	-9.1	(99)	--	(--)	--	(--)	--	(--)	--	(--)
▲ 50% JPM EMBI GD/25% JPM GBI EM GD/25%	9.4	(93)	-1.3	(59)	--	(--)	--	(--)	--	(--)	--	(--)

Total Real Estate
Asset Class Overview (Gross of Fees)

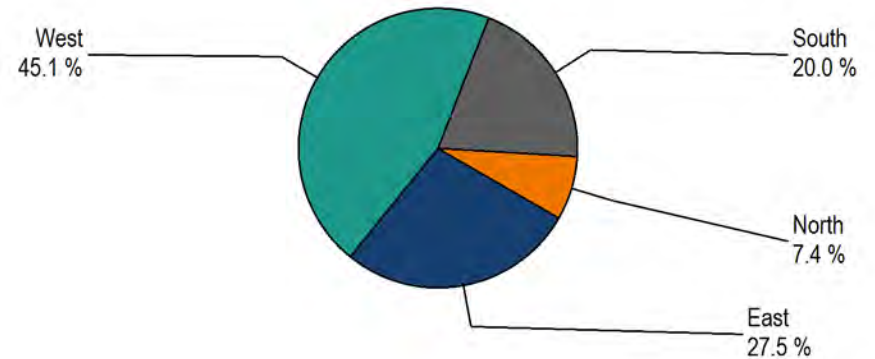
Period Ending: June 30, 2020

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Real Estate	208,483,710	-1.6	2.4	5.0	7.1	8.6	4.3	7.5	7.8	7.8	18.0
<i>NCREIF Property Index</i>		-1.0	2.7	5.4	6.8	9.7	6.4	6.7	7.0	8.0	13.3
JP Morgan Core Real Estate	169,614,824	-2.2	1.3	4.1	6.1	10.3	3.4	7.0	6.1	8.4	15.2
<i>NCREIF-ODCE</i>		-1.6	2.2	5.7	7.3	10.8	5.3	8.3	7.6	8.8	15.0
<i>NCREIF Property Index</i>		-1.0	2.7	5.4	6.8	9.7	6.4	6.7	7.0	8.0	13.3
ARA American Strategic Value Realty	38,868,885	1.2	7.1	8.2	--	--	7.3	9.1	7.4	--	--
<i>NCREIF-ODCE</i>		-1.6	2.2	5.7	--	--	5.3	8.3	7.6	--	--
<i>NCREIF Property Index</i>		-1.0	2.7	5.4	--	--	6.4	6.7	7.0	--	--

Property Type Allocation
Allocation as of June 30, 2020



Geographic Diversification
Allocation as of June 30, 2020



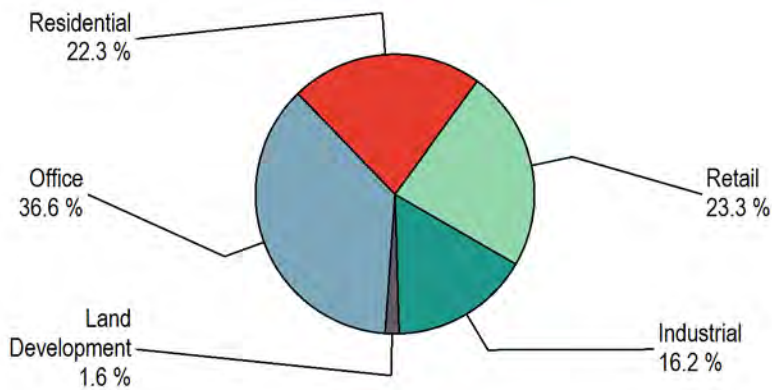
ARA American Strategic Value Realty is lagged one quarter.

Total Real Estate
Asset Class Overview (Net of Fees)

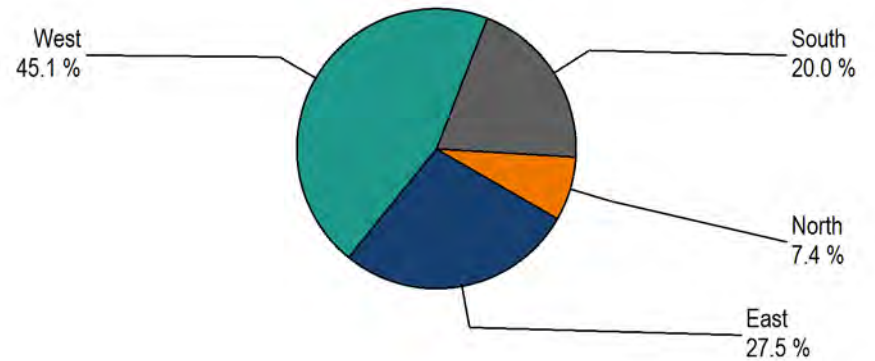
Period Ending: June 30, 2020

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Real Estate	208,483,710	-1.6	2.4	5.0	6.8	8.1	4.3	7.5	7.8	6.8	16.9
<i>NCREIF Property Index</i>		-1.0	2.7	5.4	6.8	9.7	6.4	6.7	7.0	8.0	13.3
JP Morgan Core Real Estate	169,614,824	-2.2	1.3	4.1	5.8	9.5	3.4	7.0	6.1	7.3	14.1
<i>NCREIF-ODCE</i>		-1.6	2.2	5.7	7.3	10.8	5.3	8.3	7.6	8.8	15.0
<i>NCREIF Property Index</i>		-1.0	2.7	5.4	6.8	9.7	6.4	6.7	7.0	8.0	13.3
ARA American Strategic Value Realty	38,868,885	1.2	7.1	8.2	--	--	7.3	9.1	7.4	--	--
<i>NCREIF-ODCE</i>		-1.6	2.2	5.7	--	--	5.3	8.3	7.6	--	--
<i>NCREIF Property Index</i>		-1.0	2.7	5.4	--	--	6.4	6.7	7.0	--	--

Property Type Allocation
Allocation as of June 30, 2020



Geographic Diversification
Allocation as of June 30, 2020



ARA American Strategic Value Realty is lagged one quarter.

Total Commodities
 Asset Class Summary (Gross of Fees)

Period Ending: June 30, 2020

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Commodities	20,507,923	8.6	-16.3	-5.1	-6.9	-5.2	8.7	-12.4	6.2	12.6	-25.2
<i>Bloomberg Commodity Index TR USD</i>		5.1	-17.4	-6.1	-7.7	-5.8	7.7	-11.2	1.7	11.8	-24.7
Gresham MTAP Commodity Builder	20,507,923	8.6	-16.3	-5.1	-6.9	--	8.7	-12.4	6.2	12.6	-25.2
<i>Bloomberg Commodity Index TR USD</i>		5.1	-17.4	-6.1	-7.7	--	7.7	-11.2	1.7	11.8	-24.7

Total Commodities
 Asset Class Summary (Net of Fees)

Period Ending: June 30, 2020

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Commodities	20,507,923	8.6	-16.3	-5.1	-7.1	-5.5	8.7	-12.4	6.2	11.8	-25.8
<i>Bloomberg Commodity Index TR USD</i>		5.1	-17.4	-6.1	-7.7	-5.8	7.7	-11.2	1.7	11.8	-24.7
Gresham MTAP Commodity Builder	20,507,923	8.6	-16.3	-5.1	-7.1	--	8.7	-12.4	6.2	11.8	-25.8
<i>Bloomberg Commodity Index TR USD</i>		5.1	-17.4	-6.1	-7.7	--	7.7	-11.2	1.7	11.8	-24.7

Performance Return Calculations

Performance is calculated using Time Weighted Rates of Return (TWRR) methodologies. Monthly returns are geometrically linked and annualized for periods longer than one year.

Data Source

Verus is an independent third party consulting firm and calculates returns from best source book of record data. Returns calculated by Verus may deviate from those shown by the manager in part, but not limited to, differences in prices and market values reported by the custodian and manager, as well as significant cash flows into or out of an account. It is the responsibility of the manager and custodian to provide insight into the pricing methodologies and any difference in valuation.

Illiquid Alternatives

Due to the inability to receive final valuation prior to report production, closed end funds (including but are not limited to Real Estate, Hedge Funds, Private Equity, and Private Credit) performance is typically reported at a one-quarter lag. Valuation is reported at a one-quarter lag, adjusted for current quarter flow (cash flows are captured real time). Closed end fund performance is calculated using a time-weighted return methodology consistent with all portfolio and total fund performance calculations. For Private Markets, performance reports also include Verus-calculated multiples based on flows and valuations (e.g. DPI and TVPI) and manager-provided IRRs.

Manager Line Up

Manager	Inception Date	Data Source	Manager	Inception Date	Data Source
PIMCO RAE Fundamental PLUS	11/30/2007	J.P. Morgan	JP Morgan Core Real Estate	3/6/2008	J.P. Morgan
Loomis Sayles Large Cap Growth	12/31/2016	J.P. Morgan	Gresham MTAP Commodity	8/31/2013	BNY Mellon
Boston Partners Large Cap Value	1/31/2017	Boston Partners	Cash Account	-	SLOCPT
Atlanta Capital Management	8/31/2010	J.P. Morgan	HarbourVest Partners IX-Buyout	2011 ¹	HarbourVest
Dodge & Cox Intl Stock	12/6/2007	J.P. Morgan	HarbourVest 2018 Global Fund L.P.	-	HarbourVest
WCM International Growth	2/15/2017	WCM	KKR Mezzanine Partners	2010 ¹	KKR
BlackRock Core Bond	1/19/2017	J.P. Morgan	PIMCO Distressed Credit Fund	2010 ¹	Brown Brothers Harriman
Dodge & Cox Income	1/19/2017	Deutsche Bank	ARA American Strategic Value	6/22/2016	American Realty Adv.
Pacific Asset Corporate Loan	9/1/2014	Deutsche Bank	TPG Diversified Credit Program	2016 ¹	TPG
Brandywine Global Fixed	11/30/2007	J.P. Morgan	Pathway Private Equity Fund 9	2017 ¹	Pathway
Ashmore EM Blended Debt Fund	3/31/2019	Ashmore	Pathway Private Equity Fund 10	3/25/2020	Pathway
			TPG Adjacent Opportunities Partners	4/16/2020	TPG

¹ Represents fund vintage year.

Policy & Custom Index Composition

Policy Index (4/1/2020-Current)	21% Russell 3000, 21% MSCI ACWI ex-US (Gross), 31% BBgBarc U.S. Aggregate, 17% NCREIF Property Index, 5% Russell 3000+ 300 bps (lagged), 5% BBgBarc High Yield +2% (lagged).
Policy Index (1/1/2017-3/31/2020)	20% Russell 3000, 20% MSCI ACWI ex-US (Gross), 30% BBgBarc U.S. Aggregate, 15% NCREIF Property Index, 5% Bloomberg Commodity Index, 5% Russell 3000+ 300 bps (lagged), 5% BBgBarc High Yield +2% (lagged).
Policy Index (10/1/2016-12/31/2016)	20% Russell 3000, 20% MSCI ACWI ex-US (Gross), 30% BBgBarc U.S. Aggregate, 15% NCREIF Property Index, 5% Bloomberg Commodity Index, 5% Russell 3000+ 300 bps, 5% BBgBarc High Yield +2% (lagged).
Policy Index (7/1/2014-9/30/2016)	23% Russell 3000, 22% MSCI ACWI ex-US (Gross), 35% BBgBarc U.S. Aggregate, 10% NCREIF Property Index, 5% Bloomberg Commodity Index, 5% Russell 3000+ 300 bps.
Policy Index (7/1/2013-6/30/2014)	27% Russell 3000, 23% MSCI ACWI ex-US (Gross), 30% BBgBarc U.S. Aggregate, 10% NCREIF Property Index, 5% Bloomberg Commodity Index, 5% Russell 3000+ 300 bps.
Policy Index (4/1/2011-6/30/2013)	27% Russell 3000, 23% MSCI ACWI ex-US (Gross), 20% BBgBarc U.S. Aggregate, 5% Citi World Gov't Bond, 5% Barclays US TIPS, 10% NCREIF Property Index, 5% Bloomberg Commodity Index, 5% Russell 3000+ 300 bps.
Private Equity Index (1/1/2017-Current)	Russell 3000 +3% (Lagged)
Private Equity Index (6/1/2011-12/31/2016)	Russell 3000 +3%

Glossary

Allocation Effect: An attribution effect that describes the amount attributable to the managers' asset allocation decisions, relative to the benchmark.

Alpha: The excess return of a portfolio after adjusting for market risk. This excess return is attributable to the selection skill of the portfolio manager. Alpha is calculated as: $\text{Portfolio Return} - [\text{Risk-free Rate} + \text{Portfolio Beta} \times (\text{Market Return} - \text{Risk-free Rate})]$.

Benchmark R-squared: Measures how well the Benchmark return series fits the manager's return series. The higher the Benchmark R-squared, the more appropriate the benchmark is for the manager.

Beta: A measure of systematic, or market risk; the part of risk in a portfolio or security that is attributable to general market movements. Beta is calculated by dividing the covariance of a security by the variance of the market.

Book-to-Market: The ratio of book value per share to market price per share. Growth managers typically have low book-to-market ratios while value managers typically have high book-to-market ratios.

Capture Ratio: A statistical measure of an investment manager's overall performance in up or down markets. The capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen (up market) or fallen (down market). The capture ratio is calculated by dividing the manager's returns by the returns of the index during the up/down market, and multiplying that factor by 100.

Correlation: A measure of the relative movement of returns of one security or asset class relative to another over time. A correlation of 1 means the returns of two securities move in lock step, a correlation of -1 means the returns of two securities move in the exact opposite direction over time. Correlation is used as a measure to help maximize the benefits of diversification when constructing an investment portfolio.

Excess Return: A measure of the difference in appreciation or depreciation in the price of an investment compared to its benchmark, over a given time period. This is usually expressed as a percentage and may be annualized over a number of years or represent a single period.

Information Ratio: A measure of a manager's ability to earn excess return without incurring additional risk. Information ratio is calculated as: excess return divided by tracking error.

Interaction Effect: An attribution effect that describes the portion of active management that is contributable to the cross interaction between the allocation and selection effect. This can also be explained as an effect that cannot be easily traced to a source.

Portfolio Turnover: The percentage of a portfolio that is sold and replaced (turned over) during a given time period. Low portfolio turnover is indicative of a buy and hold strategy while high portfolio turnover implies a more active form of management.

Price-to-Earnings Ratio (P/E): Also called the earnings multiplier, it is calculated by dividing the price of a company's stock into earnings per share. Growth managers typically hold stocks with high price-to-earnings ratios whereas value managers hold stocks with low price-to-earnings ratios.

R-Squared: Also called the coefficient of determination, it measures the amount of variation in one variable explained by variations in another, i.e., the goodness of fit to a benchmark. In the case of investments, the term is used to explain the amount of variation in a security or portfolio explained by movements in the market or the portfolio's benchmark.

Selection Effect: An attribution effect that describes the amount attributable to the managers' stock selection decisions, relative to the benchmark.

Sharpe Ratio: A measure of portfolio efficiency. The Sharpe Ratio indicates excess portfolio return for each unit of risk associated with achieving the excess return. The higher the Sharpe Ratio, the more efficient the portfolio. Sharpe ratio is calculated as: $\text{Portfolio Excess Return} / \text{Portfolio Standard Deviation}$.

Sortino Ratio: Measures the risk-adjusted return of an investment, portfolio, or strategy. It is a modification of the Sharpe Ratio, but penalizes only those returns falling below a specified benchmark. The Sortino Ratio uses downside deviation in the denominator rather than standard deviation, like the Sharpe Ratio.

Standard Deviation: A measure of volatility, or risk, inherent in a security or portfolio. The standard deviation of a series is a measure of the extent to which observations in the series differ from the arithmetic mean of the series. For example, if a security has an average annual rate of return of 10% and a standard deviation of 5%, then two-thirds of the time, one would expect to receive an annual rate of return between 5% and 15%.

Style Analysis: A return based analysis designed to identify combinations of passive investments to closely replicate the performance of funds

Style Map: A specialized form or scatter plot chart typically used to show where a Manager lies in relation to a set of style indices on a two-dimensional plane. This is simply a way of viewing the asset loadings in a different context. The coordinates are calculated by rescaling the asset loadings to range from -1 to 1 on each axis and are dependent on the Style Indices comprising the Map.

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Verus will make every reasonable effort to obtain and include accurate market values. However, if managers or custodians are unable to provide the reporting period's market values prior to the report issuance, Verus may use the last reported market value or make estimates based on the manager's stated or estimated returns and other information available at the time. These estimates may differ materially from the actual value. Hedge fund market values presented in this report are provided by the fund manager or custodian. Market values presented for private equity investments reflect the last reported NAV by the custodian or manager net of capital calls and distributions as of the end of the reporting period. These values are estimates and may differ materially from the investments actual value. Private equity managers report performance using an internal rate of return (IRR), which differs from the time-weighted rate of return (TWRR) calculation done by Verus. It is inappropriate to compare IRR and TWRR to each other. IRR figures reported in the illiquid alternative pages are provided by the respective managers, and Verus has not made any attempts to verify these returns. Until a partnership is liquidated (typically over 10-12 years), the IRR is only an interim estimated return. The actual IRR performance of any LP is not known until the final liquidation.

Verus receives universe data from InvMetrics, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. Verus will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.

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Board of Trustees

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Date: August 24, 2020

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Item 12: Monthly Investment Report for July 2020

	July	Year to Date 2020	2019	2018	2017	2016	2015
Total Trust Investments (\$ millions)	\$1,443		\$1,446 year end	\$1,285 year end	\$1,351 year end	\$1,196 year end	\$1,148 year end
Total Fund Return	2.7% Gross	-1.7% Gross	16.3 % Gross	-3.2 % Gross	15.5 % Gross	6.6 % Gross	-0.8% Gross
Policy Index Return (r)	3.5%	0.8%	16.4 %	-3.2 %	13.4 %	7.7 %	-0.5 %

(r) Policy index as of April 1, 2020 revision to Strategic Asset Allocation Policy: 21% domestic equity, 21% international equity, 15% core bonds, 6% bank loans, 5% global bonds, 5% emerging market debt, 17% real estate, 0% commodities, 5% private equity, 5% private credit.

SLOCPT Investment Returns:

The attached report from Verus covers the preliminary investment returns of the SLOCPT portfolio and general market conditions through the end of July. The attached market commentary from Verus details market conditions in July, but subsequent activity in August is not yet factored into these numbers.

The dramatic path of total fund returns in 2020 is shown in the following table. The Total Fund Return has recovered about 85% of its losses from the at the low point in March.

Total Fund Return (gross)	Jan.	Feb.	Mar.	Apr.	May	June	July
Month by Month	-0.9%	-3.3%	-8.7%	+4.7%	+3.3%	+1.8%	+2.7%
Cumulative Year-To-Date	-0.9%	-4.1%	-12.4% lowest	-8.2%	-5.7%	-4.1%	-1.7%

The Economy and Capital Markets:

➤ **Covid-19 Pandemic Impact -**

- The global pandemic and the economic consequences of public health measures to limit its spread continue to dominate economies, investment markets and politics.
- The June-July surge in U.S. infection rates and deaths shows evidence of having peaked. Concerns over a second wave of infection as the weather cools are a large unknown.
- U.S. consumer spending in March was about 35% below 2019 levels. As of July consumer spending was only about 5% below 2019 levels – due in part to effective unemployment supplemental benefits.
- In-person consumer spending in the U.S. (not e-commerce) was about 70% below 2019 levels in March, but only down about 30% in July as economic shutdowns eased.

➤ **Policy Responses**

▪ **Monetary Policy –**

- The Fed continued its strong provision of liquidity to the capital markets and zero-bounded interest rate policy. Increasingly, the Fed’s management of monetary policy is a completely necessary adjunct to the overall role of fiscal stimulus. Aggressive Fed action contains the economic damage to allow fiscal policy to progress.
- Inflation expectations remain low despite massive amounts of new money supply due to excess supply of capacity in the economy.
- Many market commentators do not expect the Fed to resort to negative interest rates and the economic distortions they create. Rather, the Fed’s ability to pump out unlimited dollars as the world’s reserve currency allow Fed policy to be effective at a non-negative level of interest rates.

- **Fiscal Policy** –
 - The Federal government failed to pass some version of renewed economic stimulus to follow the July 31st expiration of the supplemental unemployment benefits that were a particularly effective component of the CARES Act.
- **Eurozone stimulus** – The EU passed an unprecedented level of economic cooperation with a substantial fiscal stimulus package that shares the burden across the stronger and weaker nations in the EU.

➤ **Employment and Wages** –

- The July DOL report from the BLS on nonfarm employment showed a gain of 1.8 million jobs despite surging Covid-19 infections. The June jump in new jobs was +4.8 million. Unemployment fell from 11.1% in June to 10.2% in July (February low was 3.5%). As of July-end it was reported that 42% of the jobs lost since the start of the pandemic have been refilled. The early gains in job recovery are likely to be fastest followed by a slower pace.
- Unemployment – by-mid August new applications for unemployment benefits in the U.S. on a weekly basis had moderated to the just under the 1.2 million/week range – well off the peak new-unemployment rates of March and April. The total of unemployed still drawing unemployment benefits stands above 16 million, down slightly for the month.
- The enhanced unemployment benefits under the CARES Act have effectively limited widespread descents into poverty for most unemployed workers. However, the enhanced unemployment benefits expired at the end of July. An intractable impasse between the House, and the Senate over a renewed fiscal stimulus measure led to no progress. The Administration through Executive Order extended some unemployment benefits although the funding of such benefits is unclear. A reversal of the May-July improvement in consumer spending is likely.

➤ **Equity Markets** –

- The U.S. equity markets continue to advance with the S&P 500 making a record high as shown below.

February 15 th	3,386	high point
March 23 rd	2,237	-33% off the Feb. 15 th high
August 18 th	3,389	+51% from the Mar. 23 rd low

- The seeming disconnect between the U.S. equity markets and an economy staging a comeback from a short and devastatingly deep recession draws much commentary. An August 19th NY Times article by Ian Prasad Philbrick and Sanam Yar can be paraphrased as –

1. **The stock market is forward looking** and expects a strong recovery into 2021.
2. **The big get bigger** – much of the market run up has been in a few large Tech companies like Apple, Amazon and Microsoft. Large retailers like Walmart and Home Depot prosper while smaller competitors falter.
3. **Betting on a vaccine** – the markets expect success on Coronavirus vaccination in 2021.
4. **The only game in town** – with the Fed printing money for the foreseeable future and interest rates suppressed, the stock market becomes the default most-attractive investment.
5. **Help from Washington** – the market is betting that further economic stimulus is forthcoming.

Risks to the rosy outlook for the stock market include: a devastating second wave of infection and economic shutdown; a delay in an effective vaccine; a constitutional crisis over the November election; runaway inflation; higher corporate taxes; or a significant trade war with China.

Respectfully Submitted,

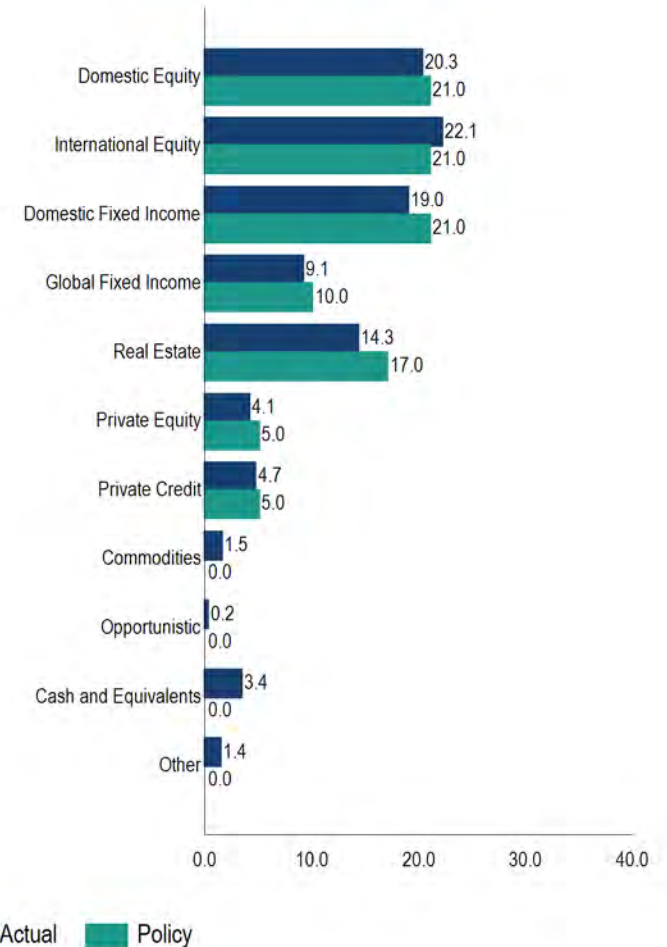
San Luis Obispo County Pension Trust

Executive Summary - Preliminary (Gross of Fees)

Period Ending: July 31, 2020

	Market Value	% of Portfolio	1 Mo	YTD
Total Fund	1,443,179,727	100.0	2.7	-1.7
<i>Policy Index</i>			3.5	0.8
Total Domestic Equity	292,318,032	20.3	4.2	-3.8
<i>Russell 3000</i>			5.7	2.0
PIMCO RAE Fundamental PLUS Instl	63,390,038	4.4	3.6	-12.9
<i>S&P 500</i>			5.6	2.4
Loomis Sayles Large Cap Growth	95,850,378	6.6	5.1	15.9
<i>Russell 1000 Growth</i>			7.7	18.3
Boston Partners Large Cap Value	74,151,114	5.1	4.2	-13.7
<i>Russell 1000 Value</i>			4.0	-12.9
Atlanta Capital Mgmt	58,926,503	4.1	3.4	-7.9
<i>Russell 2500</i>			4.0	-7.5
Total International Equity	319,136,991	22.1	4.1	-2.2
<i>MSCI ACWI ex USA Gross</i>			4.5	-6.7
Dodge & Cox Intl Stock	137,061,374	9.5	1.5	-16.9
<i>MSCI EAFE Gross</i>			2.4	-9.0
WCM International Growth	182,075,617	12.6	6.0	11.0
<i>MSCI ACWI ex USA Gross</i>			4.5	-6.7
Total Domestic Fixed Income	273,497,472	19.0	2.0	5.9
<i>BBgBarc US Aggregate TR</i>			1.5	7.7
BlackRock Core Bond	99,398,109	6.9	2.0	8.9
<i>BBgBarc US Aggregate TR</i>			1.5	7.7
Dodge & Cox Income Fund	102,154,293	7.1	2.1	7.7
<i>BBgBarc US Aggregate TR</i>			1.5	7.7
Pacific Asset Corporate Loan	71,945,070	5.0	1.8	-1.4
<i>S&P/LSTA Leveraged Loan Index</i>			2.0	-2.7
Total Global Fixed	131,528,372	9.1	5.3	-2.2
<i>FTSE World Govt Bond Index</i>			3.6	7.9
Brandywine Global Fixed Income	62,307,277	4.3	5.7	0.7
<i>FTSE WGBI ex US TR</i>			5.1	6.2
Ashmore EM Blended Debt Fund	69,221,095	4.8	5.1	-5.1
<i>50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELM+</i>			3.1	-1.4

Actual vs Target Allocation (%)



*Other balance represents Clifton Group.

Policy Index (4/1/2020): 21% Russell 3000, 21% MSCI ACWI ex. US, 31% BBgBarc Aggregate, 17% NCREIF Property, 5% Russell 3000 + 300 bp lagged, 5% BBgBarc High Yield + 200 bp lagged. Effective 1/01/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation. Boston Partners funded 2/1/2017. WCM Intl Growth replaced Vontobel on 2/15/2017. Pathway 9 funded 4/7/2017. SSGA TIPS liquidated on 12/7/2017. Fidelity Real Estate Growth III liquidated on 12/29/2017. SSGA Flagship S&P 500 liquidated 2/1/2018. Harbourvest 2018 Global Fund L.P. funded 12/14/2018. Stone Harbor liquidated 3/22/2019. Ashmore EM Blended Debt funded 3/31/2019. Direct RE liquidated 5/3/2019. Pathway 10 funded 3/25/2020. Sixth Street Partners TAO funded 4/16/2020. PIMCO Distressed Credit liquidated 6/25/20. Most recently reported market values for private equity/credit, opportunistic, and illiquid real estate funds adjusted for calls and distributions through the report end date. All data is preliminary.

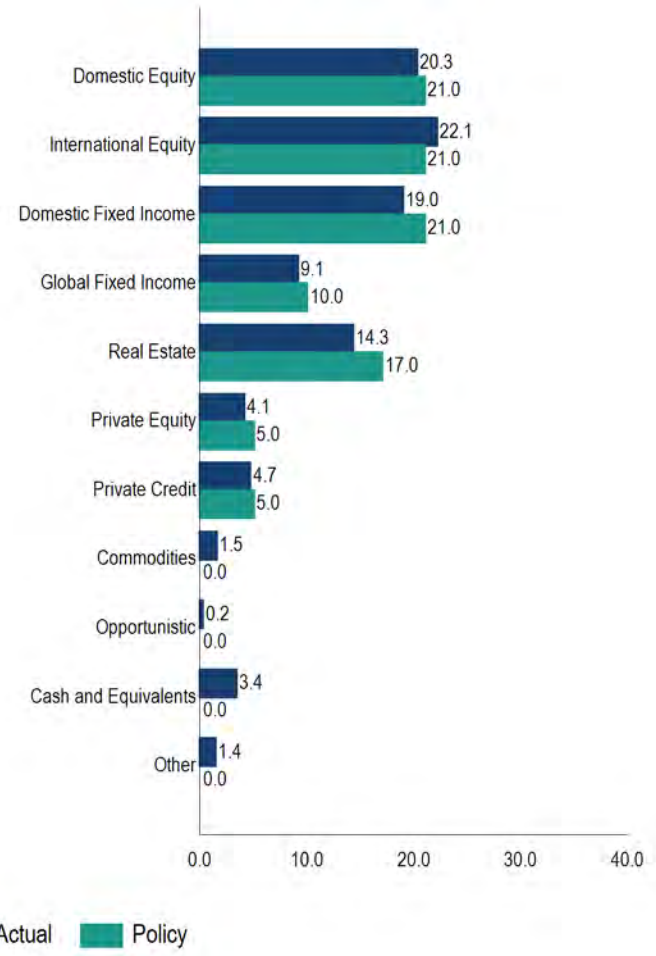
San Luis Obispo County Pension Trust

Executive Summary - Preliminary (Gross of Fees)

Period Ending: July 31, 2020

	Market Value	% of Portfolio	1 Mo	YTD
Total Real Estate	206,234,636	14.3	0.1	-0.1
NCREIF Property Index			0.0	-0.3
JP Morgan Core Real Estate	167,492,629	11.6	0.2	-0.8
NCREIF-ODCE			0.0	-0.6
NCREIF Property Index			0.0	-0.3
ARA American Strategic Value Realty	38,742,007	2.7	-0.3	3.2
NCREIF-ODCE			0.0	-0.6
NCREIF Property Index			0.0	-0.3
Total Commodities	21,745,553	1.5	6.0	-13.8
Bloomberg Commodity Index TR USD			5.7	-14.8
Gresham MTAP Commodity Builder	21,745,553	1.5	6.0	-13.8
Bloomberg Commodity Index TR USD			5.7	-14.8
Total Private Equity	59,121,050	4.1		
Harbourvest Partners IX Buyout Fund L.P.	13,290,478	0.9		
Pathway Private Equity Fund Investors 9 L.P.	36,832,440	2.6		
Harbourvest 2018 Global Fund L.P.	7,944,302	0.6		
Pathway Private Equity Fund Investors 10 L.P.	1,053,830	0.1		
Total Private Credit	59,041,430	4.1		
Sixth Street Partners DCP	59,041,430	4.1		
Total Cash	48,460,499	3.4	0.0	1.4
91 Day T-Bills			0.0	0.4
Cash Account	48,460,499	3.4	0.0	1.4
91 Day T-Bills			0.0	0.4
Total Opportunistic	11,703,101	0.8		
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	3,448,434	0.2		
Sixth Street Partners TAO	8,254,667	0.6		

Actual vs Target Allocation (%)



*Other balance represents Clifton Group.

Policy Index (4/1/2020): 21% Russell 3000, 21% MSCI ACWI ex. US, 31% BBgBarc Aggregate, 17% NCREIF Property, 5% Russell 3000 + 300 bp lagged, 5% BBgBarc High Yield + 200 bp lagged. Effective 1/01/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation. Boston Partners funded 2/1/2017. WCM Intl Growth replaced Vontobel on 2/15/2017. Pathway 9 funded 4/7/2017. SSGA TIPS liquidated on 12/7/2017. Fidelity Real Estate Growth III liquidated on 12/29/2017. SSGA Flagship S&P 500 liquidated 2/1/2018. Harbourvest 2018 Global Fund L.P. funded 12/14/2018. Stone Harbor liquidated 3/22/2019. Ashmore EM Blended Debt funded 3/31/2019. Direct RE liquidated 5/3/2019. Pathway 10 funded 3/25/2020. Sixth Street Partners TAO funded 4/16/2020. PIMCO Distressed Credit liquidated 6/25/20. Most recently reported market values for private equity/credit, opportunistic, and illiquid real estate funds adjusted for calls and distributions through the report end date. All data is preliminary.



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

JULY 2020
Capital Markets Update

Market commentary

U.S. ECONOMICS

- Year-over-year U.S. GDP growth fell from +0.3% to -9.5% in Q2. Sharp contractions in personal consumption, gross private domestic investment, and exports resulted in the largest ever quarterly contraction in GDP. On a quarterly annualized basis, GDP plunged -32.9%. For comparison, the worst annualized quarterly decline during the Global Financial Crisis was -8.4% back in Q4 of 2008.
- The ISM Services PMI increased from 57.1 in June to 58.1 in July, its highest level since February 2019. Since bottoming at 41.8 in April, the indicator has recovered significantly. It will be interesting to see if the services sector activity can continue to recover if states' re-opening progress is bogged down by increases in case growth.
- The U.S. added 1.8 million to non-farm payrolls in July, better than economists' expectations of 1.4 million jobs. The U.S. unemployment rate fell from 11.1% in June to 10.2% in July.

U.S. EQUITIES

- The S&P 500 Index advanced again in July and returned 5.6%. The S&P 500 Price Index closed the month at 3,271. The index closed the month 115 points below the 52-week high, seemingly undeterred by increasing U.S.- Chinese tensions and global COVID-19 cases.
- The S&P 500 Index finished the month with a forward price-to-earnings ratio of 22.0x, which was above both the five-year average (17.0x) as well as the ten-year average (15.3x).
- According to FactSet, in July analysts increased Q3 bottom-up EPS estimates for S&P 500 companies by 1.1%. The increase marked the first time since April 2008 that bottom-up EPS estimates were revised higher in the first month after quarter-end.

U.S. FIXED INCOME

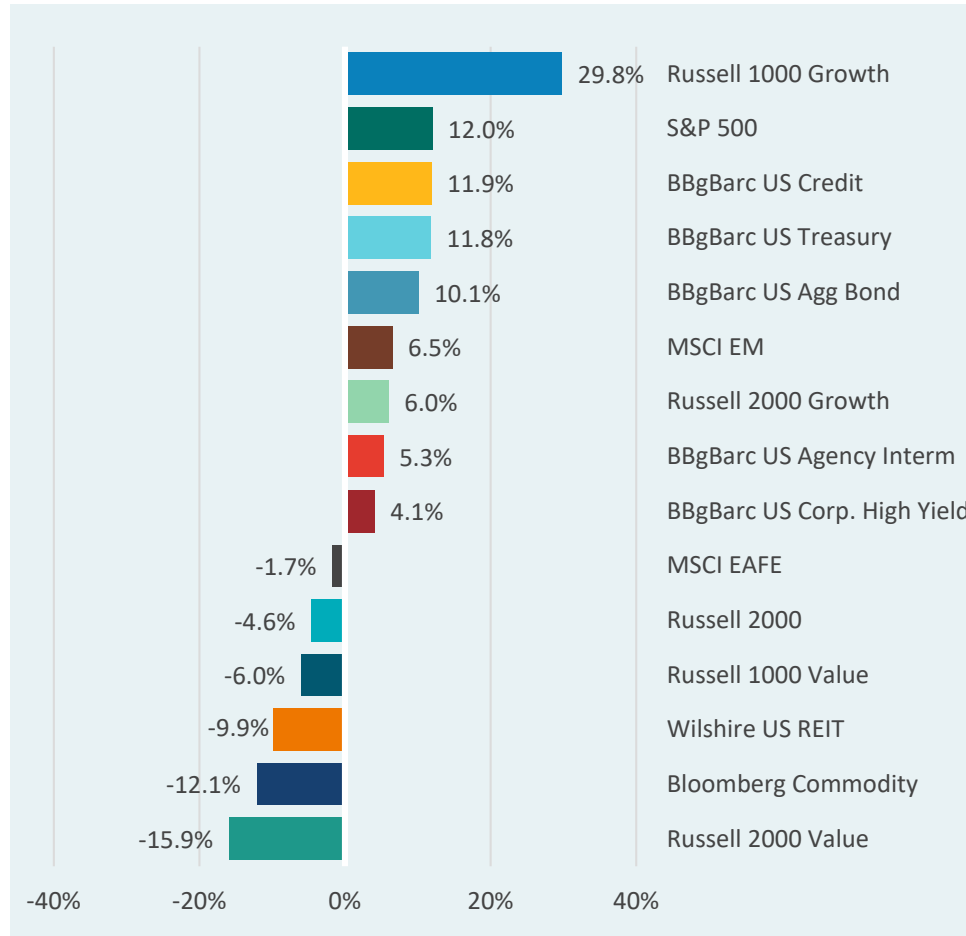
- The Federal Reserve left the range for federal funds unchanged at 0.00-0.25% - where they have been since March 15th. The Fed offered little guidance as to the path forward for interest rates and stated that the path of the economy will depend on the virus.
- The Federal Open Market Committee decided that it would extend dollar liquidity swap lines and temporary repo-operations through at least March 31st, 2021, to further ensure U.S. dollar liquidity.
- Further economic relief is being ironed out by the Senate. Democrats proposed a \$3.5 trillion 'Heroes Act' and Republicans later proposed a \$1 trillion 'Heals Act'. A decision has yet to have been made as additional unemployment benefits expired at the end of July.

INTERNATIONAL MARKETS

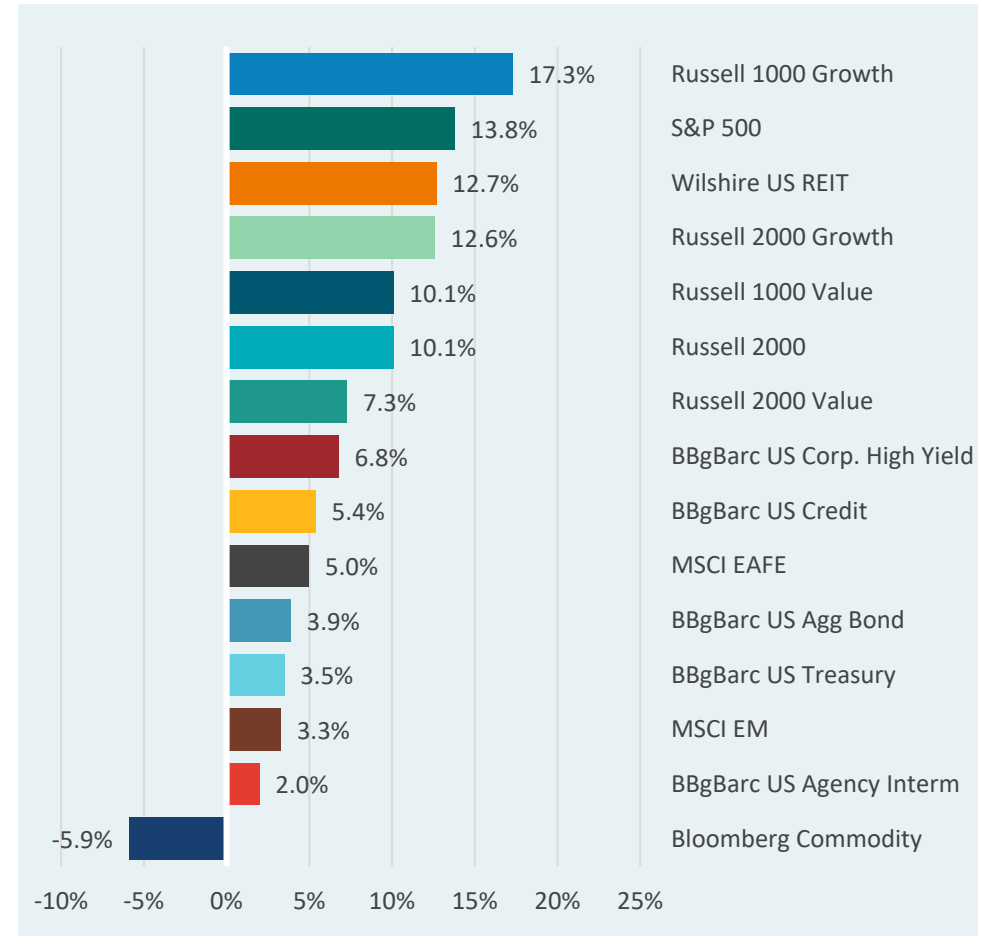
- Relations between China and the developed world further deteriorated. The U.S. shut down the Chinese consulate in Houston over allegations of espionage. Additionally, the U.S. Navy sent a destroyer near the Spratly Islands in the South China Sea, disputing China's maritime territorial claims.
- Chinese GDP grew +3.2% year-over-year in the 2nd quarter, beating analyst expectations for a +2.4% growth rate. The rebound in the economy was powered by a revival in export orders as well as building projects.
- Eurozone gross domestic product contracted at an annualized quarterly pace of -12.1% in Q2, in line with expectations. Year-over-year, the contraction in output (-15.0%) was slightly larger than analysts had anticipated (-14.5%).

Major asset class returns

ONE YEAR ENDING JULY



TEN YEARS ENDING JULY



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

Source: Morningstar, as of 7/31/20

Source: Morningstar, as of 7/31/20

U.S. large cap equities

- The S&P 500 Index continued to climb in July and returned 5.6%. By month-end, the index had regained all losses over the year-to-date, and was only 3.4% below the all-time-high level set on February 19th.
- According to FactSet, as of month end, 63% of S&P 500 companies had reported earnings, and 84% of those companies had reported positive earnings surprise. At the sector level, the Information Technology and Materials had the highest percentage of earnings beats (94%), while Real Estate and Energy had the lowest percentage of earnings beats (63%).
- The S&P 500 Index shrugged off concerns of continued COVID-19 case growth and posted a strong return in July. Ten of the eleven major sectors contributed positively to returns. The Consumer Discretionary (+9.0%) led the gains for the overall index.
- The CBOE VIX Index of implied volatility moved lower over the course of the month. Between June 30th and July 31st, the index fell from 30.4 to 24.5. While still elevated relative to longer-term history, the VIX ended the month at its lowest level since before the outbreak of the pandemic in the United States in February.

S&P 500 PRICE INDEX



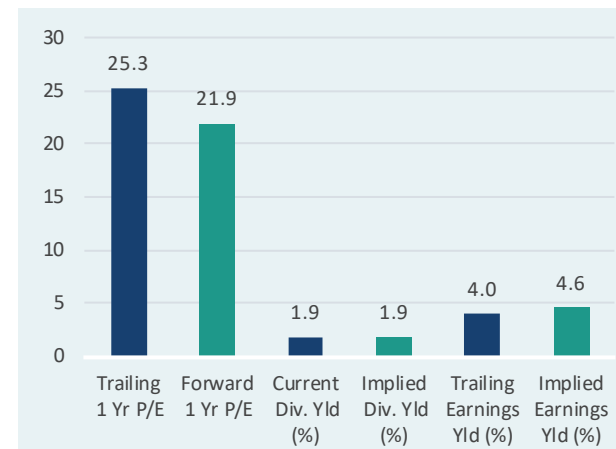
Source: Bloomberg, as of 7/31/20

IMPLIED VOLATILITY (VIX INDEX)



Source: CBOE, as of 7/31/20

S&P 500 VALUATION SNAPSHOT

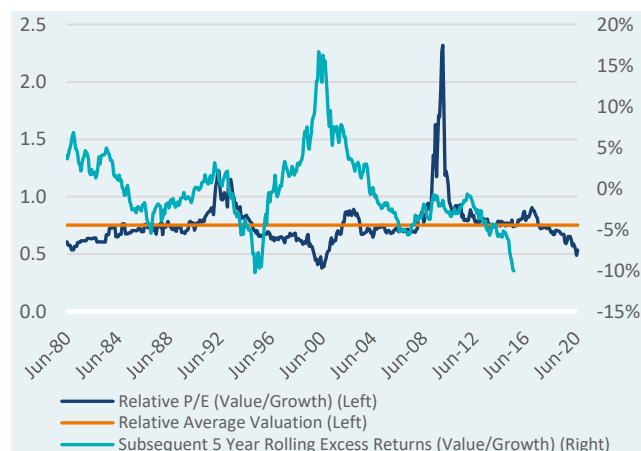


Source: Bloomberg, as of 7/31/20

Domestic equity size and style

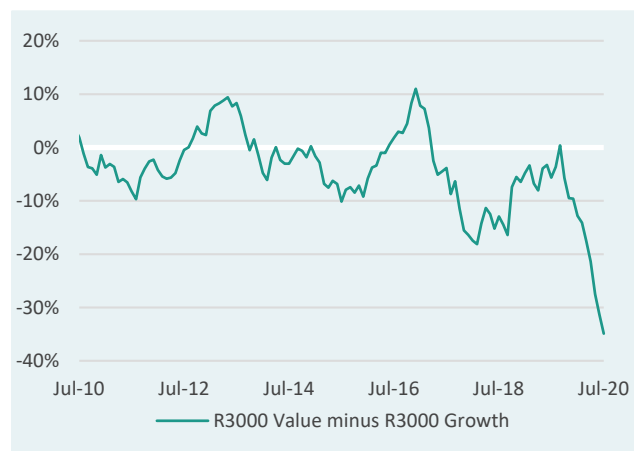
- Growth stocks beat value stocks for the 10th consecutive month as the Russell 3000 Growth Index (+7.4%) outperformed the Russell 3000 Value Index (+3.8%). Growth companies were propelled forward by better-than-expected earnings from mega-cap technology stocks during the month.
- Economic data-sensitive cyclicals outperformed the less-sensitive defensive stocks again this month. The MSCI USA Cyclicals - Defensives Total Return Spread Index returned +2.6%.
- Large-caps (Russell 1000 Index +5.9%) outperformed small-cap equities (Russell 2000 Index +2.8%) during the month. Large-cap stocks' outperformance over small-cap stocks was supported by several impressive Q2 2020 earnings reports released by tech companies such as Apple with high index weights.
- Momentum factor investing—a strategy of buying stocks that have performed well and selling underperformers—continued to outpace the broader market. The S&P 500 Momentum Index outperformed the S&P 500 Index by +2.3% in July.

VALUE VS. GROWTH RELATIVE VALUATIONS



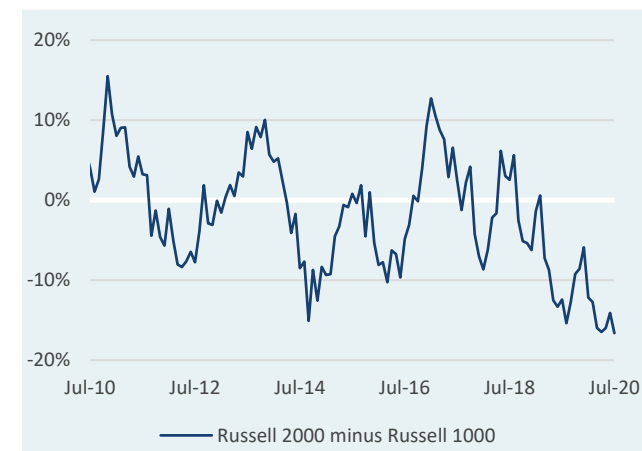
Source: Russell, Bloomberg, as of 7/31/20

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 7/31/20

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE

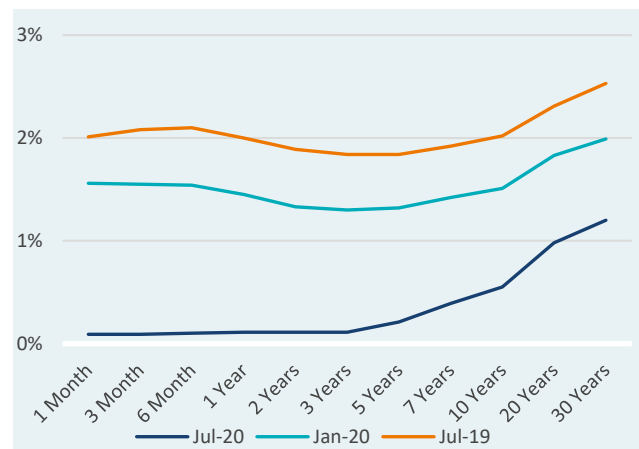


Source: FTSE, Bloomberg, as of 7/31/20

Fixed income

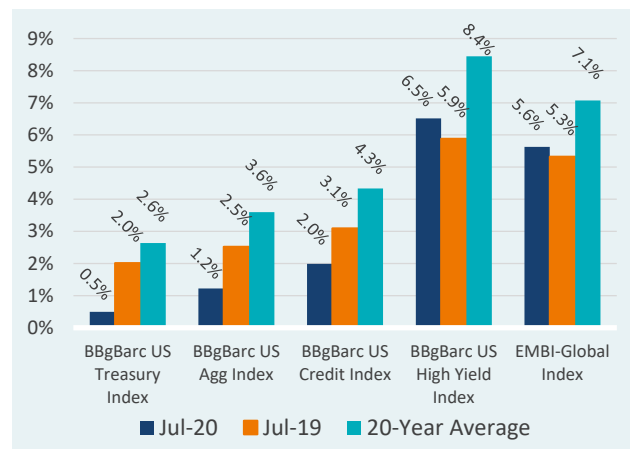
- Within the U.S. fixed income market, high yield fixed income (BBgBarc US Corp. High Yield +4.7%) and long-duration Treasuries (BBgBarc US Treasury Long +4.2%) were the top performers as high yield credit spreads compressed from 6.26% to 4.88% and yields on the long end of the curve fell 21 basis points.
- Speculation that the U.S. fiscal and monetary policy response will eventually lead to a reflation in growth and inflation expectations resulted in increasingly negative real yields and supported a weaker U.S. dollar. The Bloomberg Dollar Spot Index fell -3.9% in July.
- Global risky credit performed well again in July. Hard-currency denominated emerging market debt (JPM EMBI Global Diversified Index) returned +3.7% and outperformed local-currency denominated emerging market debt (J.P. Morgan GBI-EM +3.0%).
- The ten-year breakeven inflation rate, the gap between nominal and inflation-linked debt yields, rose to 1.6%, up from 0.5% in March. Ten-year real yields dropped from -0.68% to -1.03%.

U.S. TREASURY YIELD CURVE



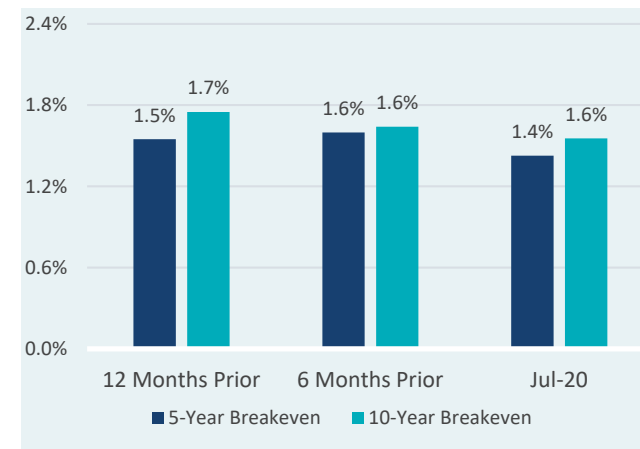
Source: Bloomberg, as of 7/31/20

NOMINAL YIELDS



Source: Morningstar, as of 7/31/20

BREAKEVEN INFLATION RATES

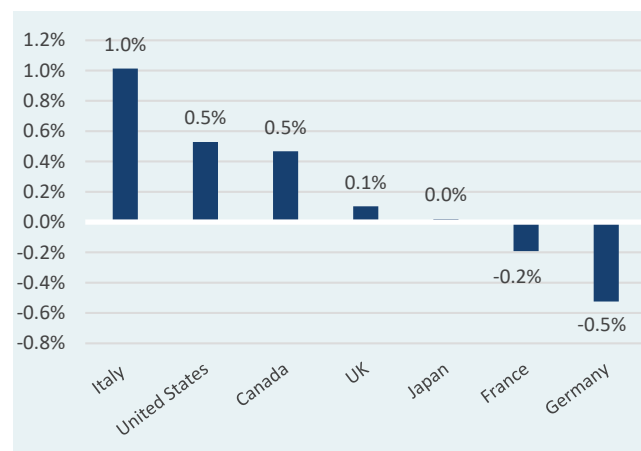


Source: Bloomberg, as of 7/31/20

Global markets

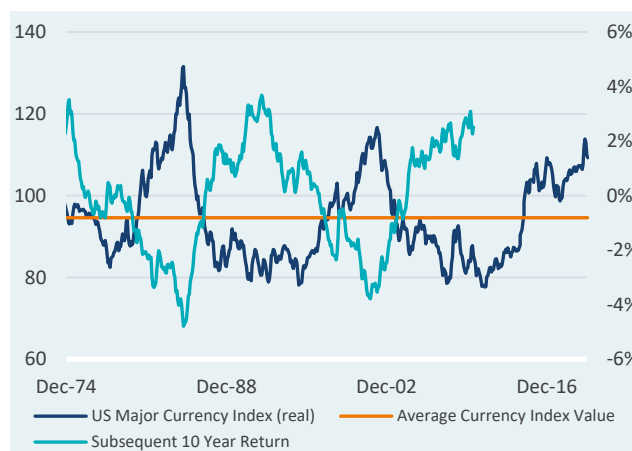
- The pound rallied +6.2% against the U.S. dollar in July, resulting in currency tailwinds for unhedged U.S. investors in U.K. equities. The MSCI United Kingdom Index returned +1.4% while the index hedged to U.S. dollars, returned -4.9%.
- Emerging market equities (MSCI EM +8.9%) outperformed both US equities (Russell 3000 +5.7%) and international developed equities (MSCI EAFE +2.3%). Within the MSCI EM Index, Latin American companies (MSCI EM Latin America +10.9%) outperformed Asian companies in U.S. dollar terms (MSCI EM Asia +9.7%).
- The European Commission approved a €750 billion fiscal support package (\$857 billion) financed by joint debt issuance to help buffer European economies from COVID-19 impacts. Of the €750 billion, €390 billion will be allocated in the form of grants, and the remaining €360 billion will be distributed as loans.
- The Euro appreciated 5.3% against the U.S. dollar in July, marking its biggest monthly gain since September 2010. Many investors viewed the European Commission’s decision to joint-finance a fiscal support package as short-term euro-positive.

GLOBAL SOVEREIGN 10-YEAR YIELDS



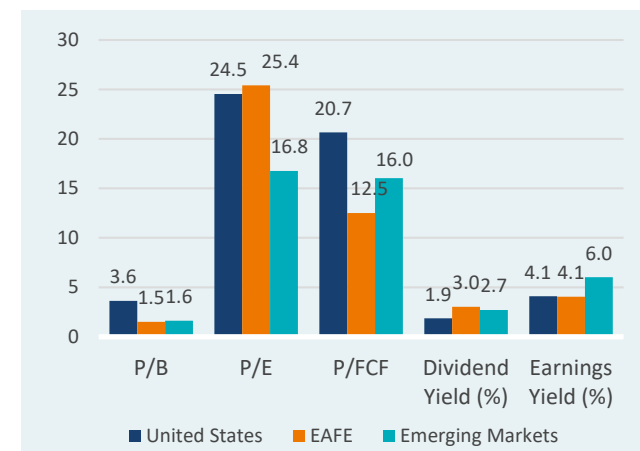
Source: Bloomberg, as of 7/31/20

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 7/31/20

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 7/31/20

Commodities

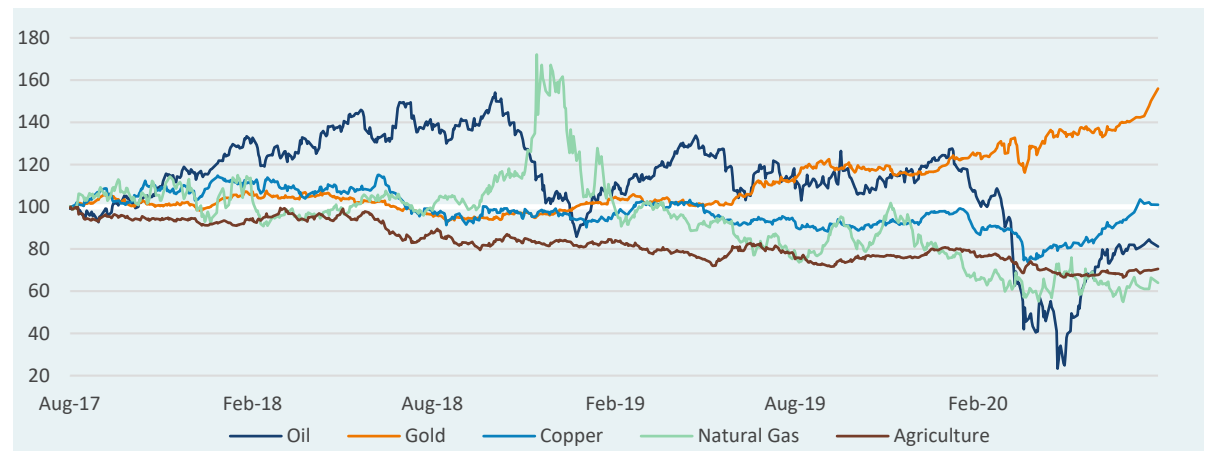
- The Bloomberg Commodity Index returned +5.7% in July. Precious Metals (+12.7%) and Industrial Metals (+7.0%), which combine to account for roughly 35% of the overall Bloomberg Commodity Index, led the advance.
- Precious metals spot prices surged in the month of July as U.S. dollar weakness persisted. Spot gold prices appreciated +10.9% in the month to \$1976/ounce. The price of silver appreciated 34.0% to over \$24/ounce, supported by supply-side concerns as some of the largest-producing countries faced COVID-19-related labor force disruptions.
- Softs advanced +9.5% in July. The price of coffee appreciated by 17.5% over the month to \$1.216/pound. Supply concerns drove up prices as Brazil remains one of the countries hardest hit by the coronavirus pandemic.
- Lumber futures due for delivery in September advanced +35.7% in the month of July. According to the National Association of Home Builders, homebuilder sentiment jumped 14 points to 72 in July supporting strong demand for lumber, while existing home inventory remained lean. Further, mills cut production across the country in wake of COVID, choking off the supply of processed timber.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	5.7	5.7	(14.8)	(12.1)	(5.1)	(4.5)	(5.9)
Bloomberg Agriculture	2.5	2.5	(12.1)	(6.8)	(10.0)	(7.0)	(5.0)
Bloomberg Energy	2.1	2.1	(45.2)	(44.7)	(15.1)	(16.0)	(15.9)
Bloomberg Grains	(0.7)	(0.7)	(13.6)	(11.3)	(10.7)	(9.2)	(5.7)
Bloomberg Industrial Metals	7.0	7.0	(2.0)	(1.3)	(0.5)	2.9	(3.3)
Bloomberg Livestock	5.5	5.5	(30.7)	(32.0)	(13.7)	(9.7)	(5.9)
Bloomberg Petroleum	2.8	2.8	(48.4)	(45.0)	(11.9)	(12.8)	(11.3)
Bloomberg Precious Metals	12.7	12.7	28.2	36.8	13.7	10.8	3.9
Bloomberg Softs	9.5	9.5	(8.4)	0.6	(10.3)	(4.4)	(6.4)

Source: Morningstar, as of 7/31/20

COMMODITY PERFORMANCE



Source: Bloomberg, as of 7/31/20

Appendix

Periodic table of returns

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD	5-Year	10-Year
Large Cap Growth	38.7	66.4	31.8	14.0	25.9	56.3	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	37.3	6.7	36.4	18.3	16.8	17.3
US Bonds	27.0	43.1	22.8	8.4	10.3	48.5	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	30.2	1.9	31.4	7.7	11.3	13.9
Large Cap Equity	20.3	33.2	12.2	7.3	6.7	47.3	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	0.9	17.3	25.0	0.0	28.5	2.9	7.5	12.6
60/40 Global Portfolio	19.3	27.3	11.6	3.3	1.6	46.0	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	12.1	22.2	-1.5	26.5	2.1	6.8	10.1
Cash	16.2	26.5	7.0	2.8	1.0	39.2	16.5	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.0	11.8	21.7	-3.5	25.5	0.4	6.3	10.1
Small Cap Growth	8.7	21.3	4.1	-2.4	-6.0	29.9	14.3	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	-0.8	11.2	14.6	-6.0	22.4	0.3	6.1	9.7
Real Estate	15.6	24.3	6.0	2.5	-5.9	30.0	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	11.3	17.1	-4.8	22.0	-0.3	5.4	7.3
Emerging Markets Equity	4.9	20.9	-3.0	-5.6	-11.4	29.7	12.9	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	-1.4	8.0	13.7	-8.3	18.6	-1.7	5.1	6.6
Hedge Funds of Funds	1.2	13.2	-7.3	-9.1	-15.5	25.2	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	7.1	7.8	-9.3	18.4	0.5	4.5	5.0
International Equity	-2.5	11.4	-7.8	-9.2	-15.7	23.9	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	5.7	7.7	-11.0	8.7	-9.3	2.2	3.9
Small Cap Equity	-5.1	7.3	-14.0	-12.4	-20.5	11.6	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.6	7.0	-11.2	7.8	-10.6	2.1	3.3
Large Cap Value	-6.5	4.8	-22.4	-19.5	-21.7	9.0	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	3.5	-12.9	7.7	-12.9	1.9	2.9
Commodities	-25.3	-0.8	-22.4	-20.4	-27.9	4.1	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	0.5	1.7	-13.8	6.4	-14.8	1.1	0.6
Small Cap Value	-27.0	-1.5	-30.6	-21.2	-30.3	1.0	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	0.3	0.9	-14.6	2.1	-21.9	-4.5	-5.9

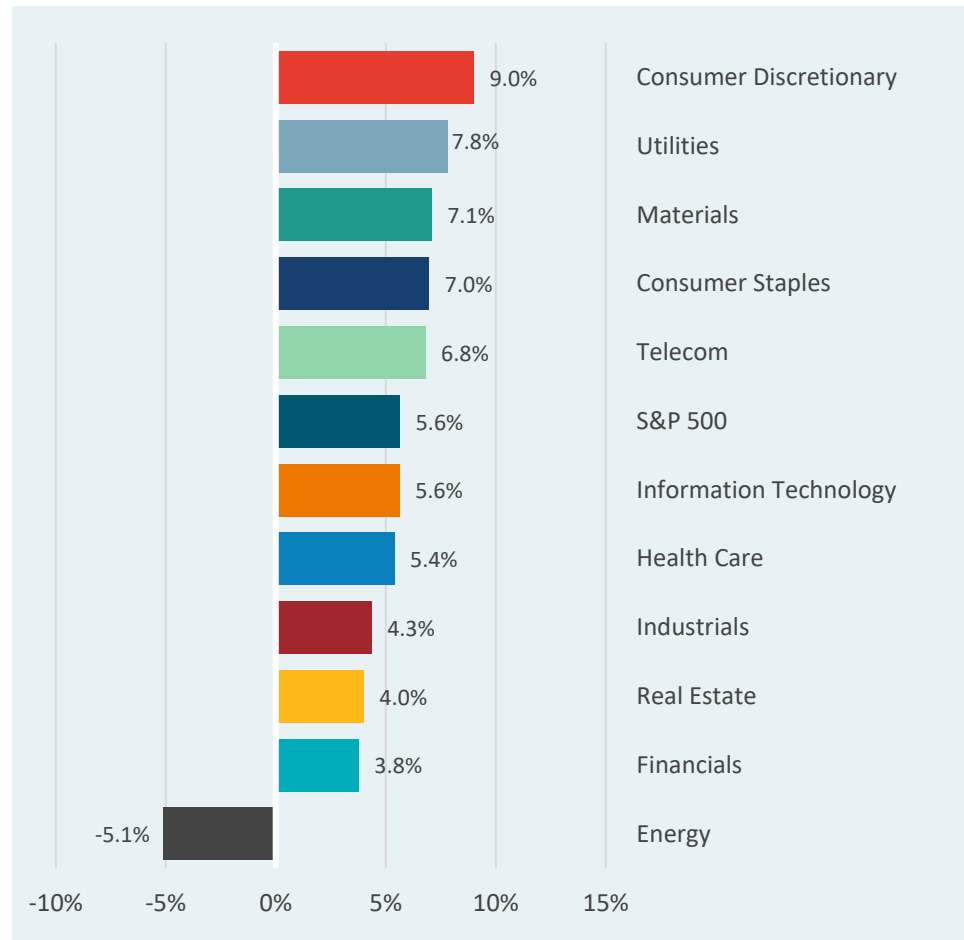
BEST
↑
↓
WORST

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

Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, BBgBarc US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, BBgBarc Global Bond. NCREIF Property Index performance data as of 6/30/20.

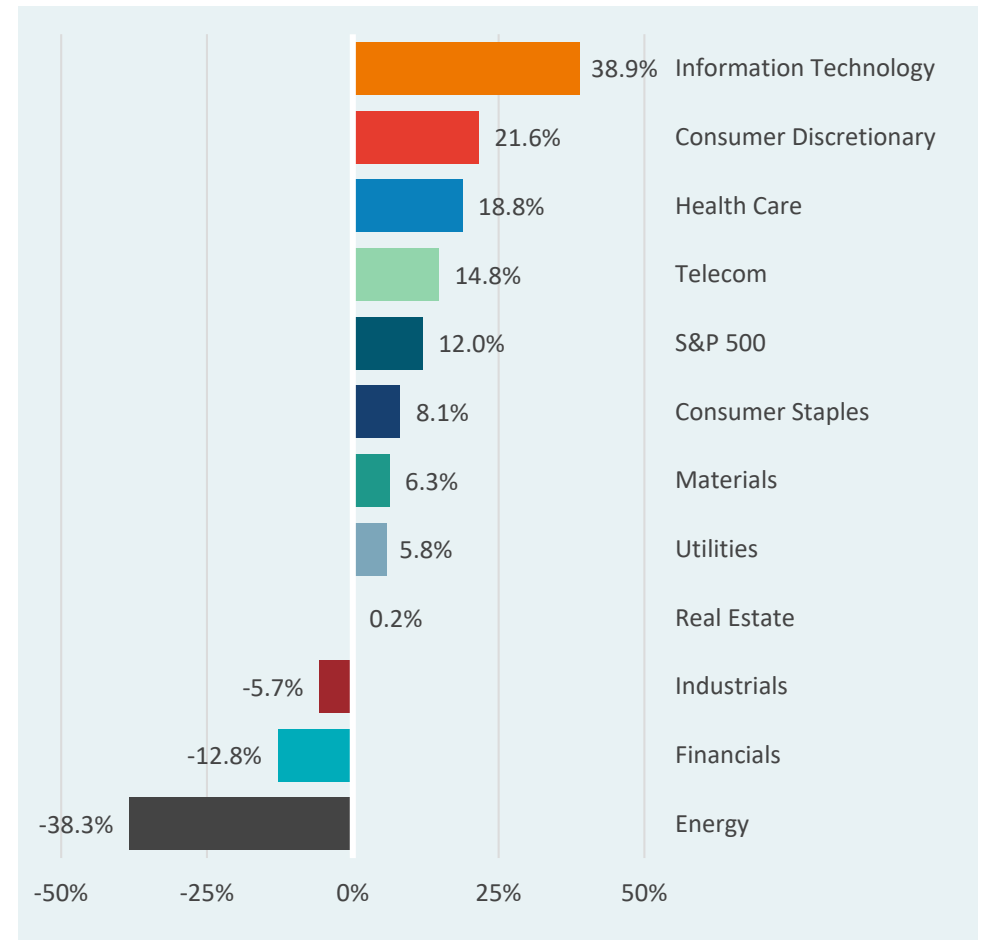
S&P 500 sector returns

QTD



Source: Morningstar, as of 7/31/20

ONE YEAR ENDING JULY



Source: Morningstar, as of 7/31/20

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	5.6	5.6	2.4	12.0	12.0	11.5	13.8
S&P 500 Equal Weighted	4.8	4.8	(6.4)	0.6	6.5	8.0	12.4
DJ Industrial Average	2.5	2.5	(6.1)	0.8	9.0	11.1	12.5
Russell Top 200	5.9	5.9	5.3	15.8	13.8	12.6	14.5
Russell 1000	5.9	5.9	2.9	12.0	12.0	11.3	13.9
Russell 2000	2.8	2.8	(10.6)	(4.6)	2.7	5.1	10.1
Russell 3000	5.7	5.7	2.0	10.9	11.4	10.9	13.6
Russell Mid Cap	5.9	5.9	(3.8)	2.0	7.3	7.8	12.2
Style Index							
Russell 1000 Growth	7.7	7.7	18.3	29.8	20.9	16.8	17.3
Russell 1000 Value	4.0	4.0	(12.9)	(6.0)	2.7	5.4	10.1
Russell 2000 Growth	3.4	3.4	0.3	6.0	8.8	7.5	12.6
Russell 2000 Value	2.1	2.1	(21.9)	(15.9)	(3.9)	2.2	7.3

INTERNATIONAL EQUITY

Broad Index							
MSCI ACWI	5.3	5.3	(1.3)	7.2	7.0	7.4	8.9
MSCI ACWI ex US	4.5	4.5	(7.0)	0.7	1.4	3.2	4.5
MSCI EAFE	2.3	2.3	(9.3)	(1.7)	0.6	2.1	5.0
MSCI EM	8.9	8.9	(1.7)	6.5	2.8	6.1	3.3
MSCI EAFE Small Cap	3.4	3.4	(10.2)	0.4	0.4	4.3	7.5
Style Index							
MSCI EAFE Growth	4.5	4.5	0.8	9.2	6.6	5.9	7.4
MSCI EAFE Value	0.2	0.2	(19.1)	(12.3)	(5.4)	(1.9)	2.5
Regional Index							
MSCI UK	1.4	1.4	(22.2)	(15.0)	(4.3)	(2.5)	2.9
MSCI Japan	(1.6)	(1.6)	(8.6)	1.3	1.7	3.0	5.6
MSCI Euro	3.7	3.7	(9.5)	(2.1)	(0.9)	1.6	4.1
MSCI EM Asia	9.7	9.7	5.8	16.9	5.4	8.4	6.2
MSCI EM Latin American	10.9	10.9	(28.1)	(25.2)	(6.5)	0.6	(3.9)

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
BBgBarc US TIPS	2.3	2.3	8.4	10.4	5.7	4.2	3.7
BBgBarc US Treasury Bills	0.0	0.0	0.7	1.5	1.8	1.2	0.7
BBgBarc US Agg Bond	1.5	1.5	7.7	10.1	5.7	4.5	3.9
Duration							
BBgBarc US Treasury 1-3 Yr	0.1	0.1	3.1	4.4	2.7	1.9	1.3
BBgBarc US Treasury Long	4.2	4.2	26.3	30.5	13.8	9.4	8.2
BBgBarc US Treasury	1.1	1.1	10.0	11.8	5.9	4.1	3.5
Issuer							
BBgBarc US MBS	0.2	0.2	3.7	5.4	3.9	3.1	3.0
BBgBarc US Corp. High Yield	4.7	4.7	0.7	4.1	4.5	5.9	6.8
BBgBarc US Agency Interm	0.2	0.2	3.9	5.3	3.3	2.4	2.0
BBgBarc US Credit	3.1	3.1	8.0	11.9	7.0	6.1	5.4

OTHER

Index							
Bloomberg Commodity	5.7	5.7	(14.8)	(12.1)	(5.1)	(4.5)	(5.9)
Wilshire US REIT	4.4	4.4	(14.2)	(9.9)	1.3	5.7	12.7
CS Leveraged Loans	1.9	1.9	(3.0)	(1.2)	2.5	4.6	5.0
Alerian MLP	(3.6)	(3.6)	(40.5)	(45.8)	(19.5)	(13.9)	(2.4)
Regional Index							
JPM EMBI Global Div	3.7	3.7	0.8	3.0	4.6	6.0	6.0
JPM GBI-EM Global Div	3.0	3.0	(4.1)	(0.8)	1.4	3.5	1.4
Hedge Funds							
HFRI Composite	3.2	3.2	(0.4)	2.2	2.8	3.1	3.9
HFRI FOF Composite	2.8	2.8	0.5	2.4	2.6	1.9	2.9
Currency (Spot)							
Euro	5.3	5.3	5.3	6.2	0.1	1.4	(1.0)
Pound	6.2	6.2	(0.9)	7.2	(0.2)	(3.4)	(1.8)
Yen	2.0	2.0	2.8	2.7	1.5	3.2	(2.0)

Source: Morningstar, as of 7/31/20

Detailed private market returns

Comparison to public market index returns

Private Equity Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Private Equity FoFs & Secondary Funds	4.9	10.8	9.3	11.6
Global Private Equity Direct Funds *	3.6	12.2	11.4	13.5
U.S. Private Equity Direct Funds *	4.7	12.7	11.5	14.7
Europe Private Equity Direct Funds *	3.6	14.9	14.8	12.1
Asia Private Equity Direct Funds *	2.3	9.7	9.5	12.0

Public Index Time-weighted Returns	1 Year	3 Year	5 Year	10 Year
MSCI World	(10.4)	1.9	3.2	6.6
S&P 500	(7.0)	5.1	6.7	10.5
MSCI Europe	(15.5)	(2.3)	(1.3)	2.5
MSCI AC Asia Pacific	(12.1)	0.1	1.1	3.4

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	0.1	6.7	8.6	12.6

Public Index Time-weighted Returns	1 Year	3 Year	5 Year	10 Year
FTSE NAREIT Equity REIT	(21.3)	(3.1)	(0.3)	7.4

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt **	(5.9)	4.0	5.5	9.4

Public Index Time-weighted Returns	1 Year	3 Year	5 Year	10 Year
S&P / LSTA U.S. Leveraged Loan 100 Index	(5.1)	0.5	1.6	3.2

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources ***	(28.3)	(8.7)	(5.2)	(0.1)
Global Infrastructure	2.4	8.7	10.6	9.3

Public Index Time-weighted Returns	1 Year	3 Year	5 Year	10 Year
S&P Global Natural Resources	(30.0)	(6.4)	(2.7)	(2.2)
S&P Global Infrastructure	(21.1)	(3.2)	(0.4)	4.2

Source: Pooled IRRs are from Thompson Reuters C/A and Time-weighted Returns are from Investment Metrics, as of March 31st, 2020. All returns in U.S. dollars.

* Includes Buyout, Growth Equity and Venture Capital.

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

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

Notices & disclosures

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Date: August 24, 2020

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director
Scott Whalen - Verus

Item 13: Investment Policy Revisions

Recommendation:

That the Board of Trustees review and discuss the proposed rewrites of the Pension Trust Investment Policy Statement and direct staff and Verus on how to proceed. The proposed documents are intended to be presented to the Board of Trustees at the September 28, 2020 regular meeting for approval.

1. **Investment Policy Statement (IPS)** based on a Functionally Focused Portfolio asset allocation methodology. It includes an illustrative Strategic Asset Allocation (SAA) exhibit as **Addendum A**. The draft Addendum A on SAA Policy included is preliminary and not final. A finalized recommendation on SAA Policy and the Addendum A to the IPS will be presented at the September 28th Board of Trustees meeting.
2. **Investment Procedures** – a policy document supplement to the IPS that addresses administrative and investment governance related matters. Both the IPS and the Investment Procedures documents are edits from the prior IPS. They are presented here split into two documents for logical ease and readability.

Discussion:

Staff and Verus have discussed the concept of a Functionally Focused Portfolio (FFP) asset allocation methodology with the Board over several prior meetings. At the May 18th Board of Trustees meeting, the Board agreed to proceed with an FFP based asset allocation policy. The policy documents presented here for review and discussion prior to approval in September are the vehicles for implementing such an asset allocation policy.

The Investment Policy Statement (IPS) and the Investment Procedures document are both derived from the present IPS. The investment policy sections and the procedural/governance sections of the existing IPS have been separated into two documents for improved focus and clarity of presentation. All sections of the existing IPS are included in one or the other of these two documents. Changes from the original IPS are shown in redline form.

Existing, MVO based asset allocation –

In a traditional asset allocation methodology is to optimize expected returns and risk (volatility of returns) to approximate and efficient trade-off of risk-adjusted returns. Based on Modern Portfolio Theory this method uses a Mean Variance Optimization (MVO) model that is quite familiar to the Trustees from many earlier asset allocation presentations.

An MVO based approach is a simple model that overlooks disruptions and relies on forecasts of expected return, volatility and correlations between asset classes. MVO is based on the maximum return for a stated amount of risk – a reasonable long-term approach. However, MVO methods do not address other investor priorities, such as liquidity or income. MVO also assumes that correlations between the asset classes are stable over time which has led to numerous departures between investment reality and theory (e.g., 2008-2009). Historically, when the MVO approach has failed, actuarial practice buffers the impact on pension funds through smoothing of returns and long-term amortization of actuarial gains and losses. However, this adds to the contribution rate burden for employers and employees.

Proposed FFP based asset allocation –

A Functionally Focused Portfolio based asset allocation policy sets the Strategic Asset Allocation (SAA) policy into three elements –

- **Liquidity** Sub-portfolio – designed to **provide** for the payment of retirement benefits with a meaningful allocation to very liquid, short term investments – e.g., 10% to 20% of the total fund.
- **Growth** Sub-portfolio – designed to **produce** long term investment gains to fund the Plan with lessened constraints on risk and liquidity (which are accomplished with the other two sub-portfolios) with a majority allocation to diverse, long term investments – e.g., 70% to 80% of the total fund.
- **Risk-Diversifying** Sub-portfolio – designed to **protect** by reducing the volatility inherent in the Growth sub-portfolio – particularly in times of market dislocations with a “anchor to windward” allocation to diversifying assets – e.g., 10% to 20% of the total fund.

The advantages of an FFP based methodology include –

- Based on functional goals and conceptually simple.
- Diversification across risk factors is improved.
- Higher Sharpe ratio (amount of excess return per unit of risk).

- Based on providing a structured and explicit level of liquidity.
- Allows Growth assets to focus on higher risk-adjusted returns with lessened need for liquid assets (e.g., more Private Equity and less Public Market Equity).

Based on prior discussions with the Board of Trustees, the design of the Strategic Asset Allocation policy to be adopted with the final IPS will be designed to include a level of expected risk (volatility of return) comparable to the present policy. That is – about an 11% standard deviation of expected return (based on the February 2020 Verus Capital Market Assumptions analysis). The anticipated impact is to create a slightly higher expected rate of return for the level of risk to create a more efficient, higher Sharpe ratio, SAA policy.

Exhibits –

1. SAA policy illustrative Addendum A exhibit comparing the existing SAA policy to a sample, yet to be finalized, FFP based allocation. This will be finalized prior to the September Board of Trustees meeting and will hinge on a reasonable target size for the Liquidity sub-portfolio.
2. Draft Investment Policy Statement – note that the included Addendum A on SAA policy is also illustrative, and not final.
3. Draft Investment Procedures document.

Next Steps –

- Finalize overall SAA policy (Liquidity/Growth/Risk-Diversifying) allocations based on a Liquidity analysis underway by Verus.
- Approve the final IPS and Investment Procedures documents – September 2020
- Liquidity sub-portfolio strategy and investment manager selection – September 2020
- Liquidity sub-portfolio funding and build up of assets – through 2021
- Growth sub-portfolio asset classes – 4Q20 to 2Q21
- Risk Diversifying sub-portfolio asset classes – 4Q20 to 3Q21
- Implementing changes to investment manager line-up – through 2021 with ongoing changes in future years for illiquid investments.

Respectfully Submitted,

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**San Luis Obispo County Pension Trust
Strategic Asset Allocation (SAA) Policy**

DRAFT - Illustrative only

Strategic Asset Allocation Policy Illustrative Comparison	Present SAA	Limits		FFP TARGET	Limits		Chg. Target
		Min.	Max.		Min.	Max.	
				**			
LIQUIDITY							
Total Liquidity Allocation	0%	0%	5%	15%	5%	20%	15%
Cash Equivalents	0%	0%	5%	3%	1%	20%	
Short Duration Govt/ IG Credit				12%	0%	15%	
GROWTH							
Total Growth Allocation	100%	45%	100%	75%	25%	90%	-25%
Equities - Public Market	42%	15%	31%	25%	10%	75%	-17%
US Large Cap Growth/Value	17%	12%	22%	5%	2%	10%	
US Small/Mid Cap Growth/Value	4%	2%	9%	5%	2%	10%	
Intl. Developed Market	14%	9%	19%	5%	2%	10%	
Intl. Emerging Market	7%	0%	12%	5%	2%	10%	
Global				5%	2%	10%	
Debt - Public Market	31%	25%	46%	0%	0%	20%	-31%
US Core Bonds - Govt. / IG Credit	15%	10%	20%	0%			
Intl. Sovereign / IG Credit	5%	0%	10%	0%			
Global Aggregate				0%			
HY below IG Credit				0%			
Bank Loans	6%	0%	10%	0%			
Emerging market Debt (hard currency)	5%	0%	10%	0%			
Emerging market Debt (local currency)				0%			
Real Assets	17%	5%	22%	20%	10%	30%	3%
Real Estate - Core - N. America	11%	6%	16%	5%	5%	15%	
Real Estate Value Add - N. America	6%	1%	11%	10%	0%	15%	
Real Estate - Global							
Commodities	0%						
Infrastructure - Global				5%	0%	10%	
Infrastrucutre - Specialized							

**San Luis Obispo County Pension Trust
Strategic Asset Allocation (SAA) Policy**

DRAFT - Illustrative only

Strategic Asset Allocation Policy Illustrative Comparison	Present SAA	Limits		FFP TARGET	Limits		Chg. Target
		Min.	Max.		Min.	Max.	
Private Markets	10%	0%	10%	25%	5%	25%	15%
Private Equity Diversified PE strategies Specific PE funds Equity related alternatives	5%	0%	10%	15%	5%	25%	
Private Credit Diversified PC strategies Specific PC funds Debt related alternatives	5%			10%	5%	25%	
Other Growth Strategies Opportunistic Risk Parity Global Macro Hedge Funds Life Settlements Income Stream / low equity correlation	Varies	0%	10%	5%	0%	10%	5%
RISK DIVERSIFYING							
Total Risk Diversifying Allocation				10%	5%	15%	10%
US Treasury - Long Duration Alternative Risk Premia Trend Following Hedge Fund Tail Risk Hedging				10%	5%	15%	
TOTAL	100%			100%			
<p>** Asset mixes shown are for illustrative purposes only - recommendation pending</p> <p>(a) Liquidity target ~ 2 yrs gross pension benefits - currently ~\$230m ~15%</p> <p>(b) Growth - long-term investments with some illiquidity. Periodic drawdowns to replenish Liquidity as needed.</p> <p>(c) IG = Investment Grade Credit HY = High Yield - below IG Credit</p>							



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



AUGUST 2020

FFP Update

San Luis Obispo County Pension Trust

Functionally focused portfolio (FFP)

Description

- Design based on functional elements, rather than categorizing assets by asset class or risk factors (e.g., liquidity and short-term needs, long term growth assets, diversifying strategies)

Pros

- Highly diversified from a risk factor and asset perspective
- Portfolio is conceptually simple and strategically aligned with functional goals
- Higher expected return with lower risk than traditional 60/40
 - Higher Sharpe Ratio
 - Smaller drawdowns

Cons

- Less upside potential
- High peer risk (may not keep up with peers in strong equity markets)

FFP vs. traditional portfolio

Relative to a traditional approach, the Functionally Focused Portfolio puts liquidity at the center of the process and builds in growth and diversification once that core function has been satisfied

The portfolio is segmented to meet three primary functional purposes:

Provide – designed to meet monthly net outflows and a meaningful liquidity cushion

Produce – designed for sufficient growth to satisfy the perpetual nature of the Plan

Protect – designed to reduce the volatility inherent in the growth portfolio and provide liquidity to take advantage of market dislocations

Mean Variance Analysis - updated

	Policy	FFP Revised	Return (g)	Return (a)	Standard Deviation
US Large	16.0	5.0	5.5	6.6	15.4
US Small	4.0	5.0	5.7	7.7	21.1
Total Domestic Equity	20	10			
International Developed	13.0	5.0	7.0	8.4	17.5
Emerging Markets	7.0	5.0	7.6	10.4	25.6
Total Int'l Equity	20	10			
Global Equity	0.0	5.0	6.4	7.7	16.8
Total Equity	40	25			
Core Plus Fixed Income	15.0	0.0	2.7	3.0	8.3
US Treasury	0.0	10.0	1.7	1.9	6.7
Short-Term Gov't/Credit	0.0	10.0	1.7	1.8	3.6
Bank Loans	5.0	0.0	5.3	5.8	10.0
Global Aggregate	5.0	0.0	1.2	1.4	6.2
Global Credit	0.0	0.0	1.4	1.6	7.4
Emerging Market Debt (Hard)	2.5	0.0	5.0	5.7	12.4
Emerging Market Debt (Local)	2.5	0.0	5.7	6.4	12.0
Total Fixed Income	30	20			
Commodities	5.0	0.0	3.8	4.9	15.4
Real Estate Debt	0.0	3.0	4.0	4.3	7.6
Core Real Estate	10.0	10.0	6.6	7.3	12.4
Value Add Real Estate	5.0	5.0	8.6	10.0	17.7
Infrastructure	0.0	5.0	7.2	8.6	17.8
Total Real Assets	20	23			
Risk Parity	0.0	3.0	6.9	7.4	10.0
Private Equity	5.0	0.0	8.5	11.3	25.3
Private Equity (Direct)	0.0	7.0	9.5	12.3	25.3
Private Equity (FoF)	0.0	8.0	7.5	10.3	25.3
Private Credit	5.0	9.0	7.0	7.5	10.0
Total Non-Public Investments	10	27			
Cash	0.0	5.0	1.9	1.9	1.2
Total Allocation	100	100			

	Policy	FFP Revised
Mean Variance Analysis		
Forecast 10 Year Return	6.2	6.4
Standard Deviation	11.0	10.1
<i>Return/Std. Deviation</i>	<i>0.6</i>	<i>0.6</i>
<i>1st percentile ret. 1 year</i>	<i>-16.4</i>	<i>-14.6</i>
Sharpe Ratio	0.44	0.49

The preliminary FFP allocation provides a higher expected return with lower expected risk.

Note: The FFP asset allocation is preliminary, and adjustments may be made through the implementation process.

Transitioning to an FFP allocation

Current Allocation /
Traditional Buckets

Asset Class	Allocation
Domestic Equity	20
International Equity	20
Total Public Equity	40
Core+ Fixed Income	15
Bank Loans	5
Global Bonds	5
Emerging Market Debt	5
Total Fixed Income	30
Commodities	5
Core Real Estate	10
Value-Added Real Estate	5
Total Real Assets	20
Private Equity	5
Private Credit	5
Total Illiquid Assets	10
Total Assets	100



FFP Allocation/
Traditional Buckets

Asset Class	Allocation
Domestic Equity	14
International Equity	11
Total Public Equity	25
Cash	5
Short-Term Gov/Credit	10
US Treasury Bonds	10
Total Fixed Income	25
Core Real Estate	10
Value-Added Real Estate	5
Total Real Assets	15
Private Equity	15
Private Credit	10
Total Illiquid Assets	25
Other Diversifying Assets	10
Total Assets	100



FFP Allocation /
Functional Buckets

Functional Bucket	Allocation
Public Markets Equity	25
Private Equity	10
Private Credit	15
Real Estate	15
Other Growth Assets	10
Total Growth Assets	75
Cash	5
Short-Term Gov/Credit	10
Total Liquid Assets	15
Treasuries	10
Total Diversifying Assets	10
Total Assets	100

Note: The FFP asset allocation is preliminary, and adjustments may be made throughout the implementation process.

Implementation update

<u>Activity</u>	<u>Years</u>																<u>Status</u>	
	2020				2021				2022				2023					
	Q1	Q2	Q3	Q4														
Revise IPS		█																<input checked="" type="checkbox"/>
Design liquidity portfolio		█																Planned for Sep Mtg
Identify liquidity portfolio managers		█																Planned for Sep Mtg
Assess alternative private markets approaches		█	█															Begins Today
Design diversifying portfolio				█														Planned for Nov Mtg
Design growth portfolio					█													Planned for Feb '21 Mtg
Design detailed implementation plan				█	█													Planned for Feb '21 Mtg
Implement					█	█	█	█	█	█	█	█	█	█	█	█	█	

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**SAN LUIS OBISPO COUNTY
PENSION TRUST**

BOARD OF TRUSTEES

INVESTMENT POLICY STATEMENT

September 28, 2020

**Replaces prior Investment Policy
Dated Nov. 23, 2015 and
Last amended March 23, 2020**

I. Investment Policy Purpose and Authority

The San Luis Obispo County Pension Trust Board of Trustees, pursuant to applicable County, State and Federal laws and regulations and in keeping with its fiduciary responsibilities, has established this Investment Policy to govern the investment of the assets of the Pension Trust.

The purpose of this Investment Policy is to provide policy guidance and documentation of the authority, role and governance practices of the Pension Trust relative to the investment of the Trust's assets.

In formulating this Investment Policy, the Board of Trustees has followed the provisions of Article XVI, Section 17 of the California State Constitution which are set forth in pertinent part below:

1. Notwithstanding any other provision of law or of the California Constitution to the contrary, the Board of Trustees shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the Pension Trust.
2. The Board of Trustees shall have the sole and exclusive fiduciary responsibility over the assets of the Pension Trust.
3. The Board of Trustees shall have the sole and exclusive responsibility to administer the Pension Trust in a manner that will assure the prompt delivery of benefits and related services to members, participants, and their beneficiaries.
4. The assets of the Pension Trust are trust funds and shall be held for the exclusive purpose of providing benefits to members, participants and their beneficiaries and defraying the reasonable expenses of administering the Pension Trust.
5. That each member of the Board of Trustees shall discharge his or her duty with respect to the Pension Trust solely in the interest of, and for the exclusive purposes of:
 - a. providing benefits to members, retired participants and their beneficiaries
 - b. minimizing contributions to the Pension Trust
 - c. defraying the reasonable expenses of administering the Pension Trust.
6. The Board of Trustees' duty to its members, participants and beneficiaries shall take precedence over any other duty.
7. Each member of the Board of Trustees shall discharge his or her duty with respect to the Pension Trust with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
8. The Board shall diversify the investments of the Pension Trust so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

II. Investment Objectives

1. The overall objective is to invest the assets of the Pension Trust solely for the benefit of plan members, participants and their beneficiaries while attempting to minimize contributions, investment costs and administration costs.
2. The long-term performance objective for the Pension Trust is to meet or exceed the actuarially assumed rate of return net of fees and expenses, over a complete economic cycle and relevant longer periods.

III. Investment Philosophy

1. Time Horizon - The Pension Trust will periodically review the portfolio's alignment with the Retirement Plan's liabilities. The investment policy and guidelines are based on a time horizon of greater than five years. The Pension Trust will consider both intermediate-term and longer-term investment return horizons in formulating expected returns and assessing portfolio risk parameters. The Pension Trust's strategic asset allocation is based on this longer-term perspective. Fluctuations of investment results in the interim should be viewed with an appropriate perspective
2. Risk Tolerance - Investment opportunities in various asset classes have differing risk and return expectations. In general, investments with higher expected returns involve a higher level of risk. The Pension Trust recognizes that some level of risk must be assumed to achieve the long-term investment objectives. The Pension Trust will attempt to achieve its investment return objective with an appropriate level of risk using an efficient combination of investable assets.
3. Drawdown Risk – The Pension Trust is a retirement system in a negative cashflow status (benefits paid exceed contributions received annually), As a result, the Pension Trust's funded level and required contributions are increasingly sensitive to periods when investment returns are negative even with the expectation that investment markets will recover after such events. As part of its consideration of risk tolerance and asset allocation the Pension Trust will attempt to manage short-term drawdown risk when developing its long-term asset allocation policy and when shifting or rebalancing the portfolio.
4. Liquidity Needs - Sufficient liquidity must be maintained to pay benefits and expenses. Investment income and contributions may or may not exceed projected benefit payments and expenses on an annual basis. Within the constraints of maintaining adequate liquidity for the payment of benefits and expenses, a reasonable portion of the portfolio may be invested in illiquid investments. The liquidity requirements shall be reviewed at least annually.
5. Asset Allocation as Primary Control Over Risk and Return - It is impossible to accurately and consistently predict the future; therefore, the Plan is required to be prudently diversified across

and within asset classes in anticipation of various economic conditions. In a well-diversified portfolio, the overall volatility of investment returns is principally driven by the asset allocation and secondarily driven by the individual investment strategies. As such, asset allocation is the primary tool by which the Board can manage the expected risk/return profile of the Plan.

5.6. Performance Objectives - The expected and actual investment returns of the total fund will depend on the asset allocation targets, the mix of investment styles within asset classes, and individual manager performance. Therefore, performance objectives have been set at three levels: total fund, asset class, and individual portfolios.

a. Total Fund

- i. Meet or exceed the actuarial ~~rate of interest~~discount rate which has taken into account expected composite portfolio returns. Annualized investment returns (net of fees) should exceed the actuarial ~~discount rate~~interest rate over most five-year periods and over complete economic cycles.
- ii. Meet or exceed the policy benchmark. Annualized investment returns (net of fees) to exceed the policy benchmark over five-year periods. The policy benchmark is a composite of the benchmarks of the asset classes in the asset allocation policy. Composition of the policy benchmark is detailed in Addendum A.

b. Asset Class

- i. Annualized returns (net of fees) for the asset classes should exceed their respective benchmarks over a five-year period. The asset class benchmarks will be broad market indices that are representative of the investment structure for that asset class. Current benchmarks for the asset classes are shown in Addendum A.

c. Individual Portfolios

- i. Performance objectives for manager portfolios are stated in the respective investment-manager-agreements. Returns (net of fees) are expected to exceed the respective benchmarks over three to five-year periods. Manager benchmarks will be determined based upon the investment style of the portfolio for which the manager is hired.

6.7. Compliance – The Board believes that investment policies, in aggregate, are the most important determinants of investment success. Compliance with investment policies should, therefore, be monitored diligently.

IV. Asset Classes

The asset classes that may be utilized by the Pension Trust include, but are not limited to, the listing shown below. Not all asset classes listed below may be approved for use at any given time. **The asset classes approved by the Board of Trustees at any given time are specified in the Strategic Asset Allocation (SAA) policy contained in Addendum A to this Investment Policy.**

The purpose of utilizing multiple asset classes for the investment of Pension Trust assets is to diversify across different assets that respond to economic and capital market conditions differently. The expected returns, volatility of returns, cross-asset-class-correlations, liquidity and cashflow of different asset classes are to be considered in the setting of the Strategic Asset Allocation specified in **Addendum A**.

Possible Asset Classes:

1. Domestic Equities
2. International / Global Equities
3. International – Developed Market Equities
4. International – Emerging Market Equities
5. Domestic Fixed Income / Bonds
6. International / Global Fixed Income
7. International – Developed Market Fixed Income
8. International – Emerging Market Fixed Income
9. Short Term Cash Equivalents
10. Domestic Real Estate
11. International / Global Real Estate
12. Infrastructure
13. Timber
14. Commodities
15. Private Equity
16. Private Credit
17. Other Alternative Strategies (e.g., Risk Parity, Alternative Risk Premia, Momentum, Volatility Capture, Currency Beta)

V. Asset Allocation

The current Strategic Asset Allocation – approved asset classes, target allocations and ranges are detailed in Addendum A as approved by the Board of Trustees of the Pension Trust.

The Board of Trustees of the Pension Trust has adopted a strategic asset allocation plan based upon the fund's projected actuarial liabilities and liquidity needs, the Pension Trust's risk tolerances and the risk/return expectations for various asset classes. This asset allocation plan seeks to optimize long-term returns for the level of risk that the Pension Trust considers appropriate. Since projected liability and risk/return expectations will change over time, the Pension Trust will conduct a periodic review of the asset allocation plan, at least triennially, to maintain an optimal allocation, and may also revise the asset allocation in response to significantly changing market conditions that have affected valuations and forward-looking expected returns of asset classes. The Pension Trust will review capital market expectations at least annually.

Functionally Focused Sub-Portfolios

The asset allocation methodology used in this Strategic Asset Allocation (SAA) policy is based on the Functionally Focused Portfolios model. Three primary sub-portfolios are employed – Liquidity, Growth, and Risk-Diversifying. Specific investment strategies and investment managers fit within these three Functional sub-Portfolios. The sub-portfolios are described below.

LIQUIDITY

- Purpose - to ensure adequate assets are available to pay benefits over an extended period, thereby allowing the Growth sub-portfolio to invest for the long term with lessened constraints on liquidity.
- Liquidity Allocation – to be established in the setting of the SAA policy specified in Addendum A to this Investment Policy as a certain number of months of gross benefit payments set within an allowable range.
- Replenishment – to be replenished through contribution payments and periodic-transfers from the Growth or Risk-Diversifying -sub-portfolios as part of routine rebalancing transactions.
- Investments - highly liquid, low volatility securities expected to generate modest levels of return while preserving capital throughout a market cycle. This portfolio will contain assets such as cash, short-term bonds, laddered government bonds, derivatives, and other investments that provide fixed, contractual cash flows with an acceptable –level of credit risk.
- Secondary Purpose - a portion of the Liquidity sub-portfolio may be allocated to the Growth sub-portfolio on an opportunistic basis during broad market corrections so long as at least 50% of the SAA Policy target for the Liquidity sub-portfolio is maintained.

- The success of the Liquidity sub-portfolio will be measured by its ability to directly fund benefit payments through low-risk, cash flowing investments, as well as providing a stable offset to the rest of the portfolio during periods of severe market stress.

GROWTH

- Purpose - to grow invested assets over the long term to pay future benefits. Assets from the Growth sub-portfolio may be sold over time and transferred to the Liquidity sub-portfolio as needed.
- Time Horizon, risk and return - The Growth sub-portfolio has a long investment horizon and can, therefore, accept a higher level of risk. Assets in this portfolio may be volatile, have reduced liquidity, and derive the bulk of their return from capital appreciation. These assets include public and private equity, corporate and other debt with credit risk premiums, private real estate and other private assets.
- The success of this portfolio will be measured primarily by compounded annual growth rates in conjunction with the annualized standard deviation of returns as the primary measure of risk. Performance evaluation will, therefore, focus on the long-term total risk-adjusted return of the portfolio.

RISK DIVERSIFYING

- Purpose - to offset the investment risk of the Growth sub-portfolio.
- Time Horizon, risk and return - investment strategies in the Risk Diversifying sub-portfolio are expected to have return profiles that have a low correlation to those in the Growth sub-portfolio. This low correlation of returns is expected to effectively dampen the market volatility across the entire portfolio.
- Secondary Purpose - the investment strategies in the Risk Diversifying sub-portfolio will offer additional sources of return to those in the Liquidity and Growth sub-portfolios. Assets in the Diversifying sub-portfolio may be sold during times of market stress or when the assets in the Growth Sub-portfolio are impaired -to fund the Liquidity sub-portfolio.
- The success of the Risk Diversifying sub-portfolio will be measured by its ability to offset declines in value in the Growth sub-portfolio, as well as its ability to provide liquidity during times of market stress.

ADMINISTRATION OF THE FUNCTIONAL SUB-PORTFOLIOS

- The allocations to the Liquidity, Growth, and Risk Diversifying sub-portfolios will vary over time.

- The Liquidity sub-portfolio will operate as a drawdown vehicle to pay benefits and expenses.
- The Growth and Risk Diversifying sub-portfolios will be subject to the volatility of the markets in which each functional sub-portfolio invests.
- In order to reallocate between the functional sub-portfolios, the SAA Policy as shown in Addendum A to this Investment Policy will guide periodic rebalancing transactions.
- The SAA Policy as shown in Addendum A to this Investment Policy will be reviewed annually by the Board of Trustees based on the advice of the Executive Director / CIO and the Investment Consultant(s).

DRAFT

VI. Investment Managers

Internal vs. External Investment Management:

The Board of Trustees may from time to time authorize the Pension Trust staff to provide investment management services directly, on an internally managed basis. Any such internal management must consider the professional qualifications and resources of Pension Trust staff. Any such internal management must be fully specified with a stated investment style and goals equivalent to those applied to external investment managers. **In general, the Pension Trust has a strong bias towards utilizing external investment managers.**

Investment Manager Diversification:

In general, the Pension Trust will employ multiple investment managers across asset classes with diversified investment styles. Examples of investment manager diversification may include, but are not limited to the list shown below.

1. Domestic Equities – diversified by -
 - a. Market capitalization (e.g., small cap, mid cap, large cap)
 - b. Industry and across individual companies
 - c. Investment style (e.g., “growth” and “value”)
 - d. Active investment management and index/ passive/ semi-passive strategies.
2. International / Global Equities – diversified by -
 - a. Developed markets
 - b. Emerging markets
 - c. Global markets (including both domestic U.S. and international)
 - d. Individual countries
 - e. Currency exposure and management
 - f. Market capitalization (e.g., small cap, mid cap, large cap)
 - g. Industry and across individual companies
 - h. Investment style (e.g., “growth” and “value”)
 - i. Active investment management and index/ passive/ semi-passive strategies.
3. Domestic Fixed Income / Bonds – diversified by –
 - a. Governmental or corporate issuer
 - b. Credit quality
 - c. Industry
 - d. Collateral (e.g., mortgage backed)
 - e. Maturity and Duration
 - f. Yield
 - g. Active or passive management
 - h. Investment Style
4. International / Global Fixed Income – diversified by –
 - a. Developed markets

- b. Emerging markets
 - c. Governmental or corporate issuer
 - d. Country
 - e. Currency exposure and management
 - f. Credit quality
 - g. Industry
 - h. Collateral (e.g., mortgage backed)
 - i. Maturity and Duration
 - j. Yield
 - k. Active or passive management
 - l. Investment Style
5. Domestic / International / Global Real Estate Income – diversified by –
- a. Geographic area
 - b. Property type
 - c. Leverage
 - d. Investment style – e.g., “core”, “value added”
 - e. Open end commingled fund or closed end fund (e.g., a limited partnership)
6. Commodities– diversified by –
- a. Active or passive management
 - b. Derivatives used
7. Private Equity, ~~and~~ Private Credit, and other private market illiquid funds – diversified by –
- a. Type of investment (e.g., venture capital, buyout, debt, secondary market interests, co-investments)
 - b. General Partner
 - c. Vintage year of limited partnership
 - d. Investment Style

Active Investment Management:

The Pension Trust may from time to time utilize active investment managers to the extent that it holds the expectation that active investment management can generate risk adjusted returns greater than relevant, investable benchmarks over an entire market cycle. The use of passive or index-based investment management will be preferred by the Pension Trust in the absence of expectations of active management outperformance. The Pension Trust will regularly evaluate all active investment managers relative to lower cost alternatives of passive or index-based management.

Environmental / Social / Governance:

The Pension Trust recognizes that the economic value of its investments may be impacted by Environmental / Social / Governance issues. In its capacity as fiduciaries, the Board of Trustees in the interests of prudent diversification may evaluate potential Environmental / Social / Governance issues at the investment manager level as being a reasonable factor when other expected investment alternatives are estimated to be equal in merit (i.e., all else being equal). The Pension Trust delegates consideration of the merits of any such Environmental / Social / Governance issues at the individual investment level to investment managers employed by the Pension Trust. Investment managers employed by the Pension Trust may consider Environmental / Social / Governance factors (e.g., environmentally sustainable business practices, responsible corporate governance and transparency) in the context of their positive impacts on expected investment returns. The Pension Trust expects its investment managers to be aware of Environmental / Social / Governance issues and consider their impact on diversification and risk in their portfolios.

Role of Derivatives, Cash Securities, Long/Short Positions, Leverage:

In general Pension Trust investments will be in long positions in cash securities markets. Some asset strategies may employ both long and short positions in derivative securities or which may be acceptable depending on the type of investment manager and/or strategy applicable. Some asset strategies may employ leverage which may be acceptable depending on the type of investment manager and/or strategy applicable.

Some investment exposures may be more efficiently achieved with derivative instruments which are acceptable depending on the type of investment manager and/or strategy applicable. Investment managers may be permitted under the terms of individual investment guidelines to use derivative instruments to implement market decisions and security positions and to control portfolio risk. Derivatives are contracts or securities whose returns are derived from the returns of other securities, indices or instruments including, but not limited to, futures, forwards, options, swaps and options on futures. Examples of appropriate applications of derivative strategies include hedging interest rate and currency risk, rebalancing portfolio exposures, securitizing fund level and manager cash, maintaining exposure to a desired asset class while effecting asset allocation changes, adjusting portfolio duration for fixed income and gaining exposure to commodities. Portfolio liabilities associated with investments (i.e. mortgage forward bond purchases, futures, in-the-money short puts, reverse repurchase agreements, etc.) shall be backed by cash equivalents or deliverable securities. No derivatives positions can be established that create portfolio characteristics outside of portfolio guidelines. Managers must ascertain and carefully monitor the creditworthiness of any third parties involved in derivative transactions.

VII. Investment Policy Statement and Investment Procedures – Review and Revision

The Board of Trustees reserves the right to amend ~~the~~is Investment Policy Statement and ~~these~~ Investment Procedures at any time they deem such amendment to be necessary, or to comply with changes in federal law as these changes affect the investment of Fund assets.

This Investment Policy Statement and ~~these~~ Investment Procedures shall be reviewed, at a minimum, every three years or as directed by the Board of Trustees. Such reviews will focus on the continuing feasibility of achieving the investment objectives and the continued appropriateness of the investment policy relative to the Pension Trust's circumstances.

It is not expected that the investment policy will change frequently; in particular, short-term changes in the financial markets generally should not require an adjustment in the investment policy. However, specific policy issues may be visited whenever the Board of Trustees deems necessary. Specific occurrences which might suggest to the Board an earlier review include, but are not limited to, a change in the Fund's circumstances and / or a material change in the capital market environment.

San Luis Obispo County Pension Trust
 Statagic Asset Allocation (SAA) Policy

ADDENDUM A

DRAFT - Illustrative only

Strategic Asset Allocation Policy Illustrative Policy Sep. 28, 2020		TARGET	Limits		Performance Benchmark
			Min.	Max.	
LIQUIDITY		**			
Total Liquidity Allocation	(a)	15%	5%	20%	Policy mix composite
Cash Equivalents		3%	1%	20%	90 day T-Bills
Short Duration Govt/ IG Credit	(c)	12%	0%	15%	
GROWTH		**			
Total Growth Allocation	(b)	75%	25%	90%	Policy mix composite
Equities - Public Market	**	25%	10%	75%	Russell 3000
US Large Cap Growth/Value	TBD	5%	2%	10%	S&P 500
US Small/Mid Cap Growth/Value		5%	2%	10%	Russell 2500
Intl. Developed Market Growth/Value		5%	2%	10%	MSCI EAFE
Intl. Emerging Market		5%	2%	10%	
Global		5%	2%	10%	MSCI ACWI
Debt - Public Market	**	0%	0%	20%	
US Core Bonds - Govt. / IG Credit	(c)	0%			BC Aggregate Bond
Intl. Sovereign / IG Credit		0%			Citi World Govt. Bond
Global Aggregate		0%			
HY below IG Credit		0%			
Bank Loans		0%			S&P LSTA
Emerging market Debt (hard currency)		0%			JPM GBI EM
Emerging market Debt (local currency)		0%			JPM GBI EM
Real Assets	**	20%	10%	30%	Policy mix composite
Real Estate - Core - N. America		5%	5%	15%	NCREIF
Real Estate Value Add - N. America		10%	0%	15%	NCREIF
Real Estate - Global					
Commodities		0%			
Infrastructure - Global		5%	0%	10%	
Infrastructre - Specialized					

**San Luis Obispo County Pension Trust
Strategic Asset Allocation (SAA) Policy**

ADDENDUM A

DRAFT - Illustrative only

Strategic Asset Allocation Policy Illustrative Policy Sep. 28, 2020		TARGET	Limits		Performance Benchmark
			Min.	Max.	
Private Markets	**	25%	5%	25%	Russell 3000 + 3%
Private Equity Diversified PE strategies Specific PE funds Equity related alternatives		15%	5%	25%	
Private Credit Diversified PC strategies Specific PC funds Debt related alternatives		10%	5%	25%	
Other Growth Strategies	**	5%	0%	10%	
RISK DIVERSIFYING	**				
Total Risk Diversifying Allocation		10%	5%	15%	
US Treasury - Long Duration Alternative Risk Premia Trend Following Hedge Fund Tail Risk Hedging		10%	5%	15%	
TOTAL		100%			Total Fund Policy mix
<p>** Asset mixes shown are for illustrative purposes only - recommendation pending</p> <p>(a) Liquidity target ~ 2 yrs gross pension benefits - currently ~\$230m ~15%</p> <p>(b) Growth - long-term investments with some illiquidity. Periodic drawdowns to replenish Liquidity as needed.</p> <p>(c) IG = Investment Grade Credit HY = High Yield - below IG Credit</p>					

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**SAN LUIS OBISPO COUNTY
PENSION TRUST**

BOARD OF TRUSTEES

INVESTMENT PROCEDURES

Supplement to Investment Policy Statement

September 28, 2020

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I. Investment Procedures Purpose and Authority

The San Luis Obispo County Pension Trust (SLOCPT) Board of Trustees establishes the Investment Policy governing the investment of Pension Trust assets. The Investment Policy Statement (IPS) approved and periodically amended by the Board of Trustees is the guiding document for investments.

This document on Investment Procedures addresses the various procedures that support the implementation of the IPS and thus is supplementary to the Investment Policy Statement. The Investment Procedures are presented herein as a separate document from the IPS for the sake of clarity and a concise focus in the IPS.

The primary responsibility for administering, monitoring, and reporting to the Board of Trustees on the Pension Trust Investment Policy lies with the Executive Director / Chief Investment Officer (CIO).

II. Investment Managers

Investment Manager Guidelines:

All investment managers engaged by the Pension Trust must:

1. Be registered investment advisors with the Securities and Exchange Commission, trust companies that are regulated by State and Federal Banking authorities, or mutual fund companies.
2. Accept fiduciary responsibility and contractually agree to notify the President of the Board of Trustees and the Executive ~~Director~~Secretary in writing if they are unable to continue acting in the capacity of a fiduciary or investment advisor.
3. Maintain insurance coverage, including errors & omissions, surety bond, fiduciary liability, ERISA bond, etc. consistent with normal practices for investment management firms managing retirement plan assets.

Each investment manager hired by the Pension Trust shall be governed by ~~the~~is Investment Policy Statement and these Investment Procedures. Moreover, each investment manager shall be hired by the Board of Trustees pursuant to a written agreement which shall incorporate this Investment Policy Statement and these Investment Procedures~~Investment Policy~~ and which shall provide that the agreement is terminable at any time, with or without cause, at the discretion of the Board of Trustees.

Investment Managers shall agree to:

1. Maintain the investment approach that the manager was hired to implement under any

and all capital market environments.

2. Immediately report in writing to the Board any changes in firm structure, firm management, portfolio management personnel, or the manager's investment decision making process.
3. Fully educate the Pension Trust as to the specifics of the manager's investment process.
4. Exclusive of specific Pension Trust investment guidelines, maintain a portfolio that generally conforms to other portfolios managed by the investment manager for other clients using similar mandates.
5. Otherwise, treat the portfolio managed for the Pension Trust in a manner consistent with similar to other comparable portfolios managed for other clients in portfolio construction, trading, and all other aspects.

Members of the investment manager's research and portfolio management teams will comply with the CFA Institute Professional Standards and Code of Ethics. Any industry or regulatory disciplinary action taken against members of the investment manager's investment staff must be immediately reported in writing to the Board.

If the Board delegates proxy voting responsibilities to its investment managers, the investment manager agrees to vote all proxy ballots according to the best economic interest of the Pension Trust and in a manner consistent with any specified Board approved proxy policies.

Investment Manager Due Diligence – Retention and Termination:

The Board of Trustees delegates to Staff, with assistance from its Consultant(s), the process of identifying and recommending investment managers for retention or termination. Staff, working with Consultant(s), will conduct comprehensive due diligence to provide the Board of Trustees with necessary and sufficient information in support of recommendations to retain or terminate external investment managers. The specific elements of due diligence will vary based on the asset class and the characteristics of the individual manager(s) and/or strategies under consideration. The due diligence with respect to underlying investment managers shall include, but is not limited to, an assessment of the merits of investment process and philosophy, resources and talent available to the organization, the likelihood that key resources will remain, risk management processes, internal control and compliance processes and procedures, and other organizational considerations.

Prohibited Transactions, Transactions and Brokerage:

The following transactions will be prohibited: selling on margin; "prohibited transactions" as defined under ERISA; transactions that involve a broker acting as a "principal" where such broker is also the investment manager who is making the transaction; and any or all investment activities forbidden by Securities and Exchange Commission or other applicable governing bodies. The Pension Trust hereby instructs its investment managers to seek best execution when conducting all trades. Managers are instructed to seek to minimize commission and market impact costs when trading securities. Also, either internally or through an externally provided transaction cost evaluation service, investment managers are expected to measure the costs associated with their

investment trades. When trading securities, best execution is the paramount consideration and this objective is expected to provide for and protect the best economic interest of the Pension Trust.

Placement Agents:

The Pension Trust will not use the services of investment managers secured through the use of external Placement Agents as that term is defined in Section 7513.8(d) of the California Government Code.

III. Investment Custody

Master Custodian:

~~The Pension Trust will hold its investments to the extent possible through the custody of a qualified trust bank.~~

The Custodian Bank, selected by the Board to act as the principal custodian of assets of the Trust, is delegated the responsibility of holding the assets and evidence of interests owned by the Pension Trust in investment vehicles and cash (and equivalents). The Board may authorize the Custodian Bank to invest in temporary short-term fixed income investments both for the investment strategies and as a part of the cash portion of the Pension Trust assets. Such investments will be managed in general accordance with short-term fixed income investment guidelines as detailed in the Custodial Agreement. Cash managed for investment strategies shall be considered to be sub-portions of the assets managed by the directing Investment Managers.

The Custodian Bank shall be authorized to conduct a securities lending program within liquidity and risk constraints if established by the Board.

Separate Account vs. Commingled Funds:

The Pension Trust may hold its investments in separate accounts managed by investment managers and custodied by a master custodian. The Pension Trust may also hold its investments in pooled, commingled accounts, mutual funds, collective trusts, limited partnership interests or similar arrangements. In general, the Pension Trust has a bias in favor of commingled funds where available.

IV. Investment Consultants

The Board of Trustees of the Pension Trust recognizes that the employment of highly qualified investment consultants is necessary to the discharge of its fiduciary duties. Accordingly, it is the policy of the Pension Trust to consistently employ a general investment consultant. From time to time the Pension Trust may employ more specialized investment consultants as deemed necessary for particular asset classes (e.g., real estate, private equity, other alternatives).

V. Investment Administration

Liquidity Management:

Cashflow Analysis - Annually the Executive ~~Secretary-Director/CIO~~ shall cause to be prepared a Cashflow Analysis of the Pension Trust addressing contributions, benefit payments, investment cashflows, administrative expenses and the net liquidity needs of the Pension Trust and submit such report to the Board of Trustees.

Cash Management – The Executive ~~Director/CIO Secretary~~ will manage the cash transactions of the Pension Trust such that benefit payments are made in a timely manner. A reserve of liquid funds shall be maintained equal to at least three months of expected benefit payments. ~~Such liquidity reserve should not exceed six months of expected benefit payments except to fund upcoming investment cashflows (e.g., capital calls).~~

Portfolio Rebalancing:

The Pension Trust recognizes the importance of regular and disciplined rebalancing of its asset allocation to match the target allocations and remain within the approved asset mix ranges as specified in Addendum A to the Investment Policy Statement. Accordingly, the Executive ~~Secretary-Director/CIO and/or Chief Investment Officer~~ is authorized by this policy to evaluate the need for rebalancing at least quarterly and effect regular rebalancing of the asset mix as needed, but no less than annually if needed.

Portfolio rebalancing necessary to maintain the targeted level of the Liquidity Pool under the adopted Investment Policy Statement shall be performed monthly by the Executive Director / CIO.

Proxy Voting:

The Pension Trust acknowledges that the ownership of equities requires proxies to be voted and commits to managing its proxy voting rights with the same care, skill, diligence, and prudence as is exercised in managing its other assets. As a responsible fiduciary, the Pension Trust will exercise its proxy voting rights in the sole interest of the Plan's members, participants, and their beneficiaries in accordance with all applicable statutes. Consequently, all proxies shall be voted by the Pension Trust's equity investment managers consistent with their respective policies on proxy voting and in the best interest of the shareholders. The investment managers will provide a copy of their proxy voting guidelines to the Pension Trust when first hired and whenever there are changes thereafter. The Executive ~~Secretary-Director~~/-CIO will monitor the voting of proxies by external investment managers managing separate accounts to ensure that all proxies are being voted and to identify any potential policy concerns with such votes. The Executive ~~Secretary-Director~~/CIO will report to the Board of Trustees as necessary with respect to proxy voting.

Reporting:

1. Monthly reports on the estimated investment performance and status of the Pension Trust shall be made to the Board of Trustees.
- ~~2.~~ Quarterly reports on investment performance shall be made to the Board of Trustees and shall include a review of the Pension Trust's adherence to investment style and discipline as set forth by the Investment Policy Statement and these Investment Procedures~~this policy~~, a review of current strategy, and recent investment performance. Investment performance is to be evaluated on a total return basis. Quarterly reports will include a report on asset allocation policy compliance.
- ~~3.2.~~ ~~An annual report on asset allocation policy compliance shall be made to the Board of Trustees~~
- ~~4.3.~~ An annual report on expected capital market returns and recommendations for potential modifications to asset allocation policy shall be made to the Board of Trustees.

Policy Compliance Monitoring:

The Executive ~~Secretary-Director~~ and/or the Chief Investment Officer shall monitor the compliance of the Pension Trust's Investment Managers with the requirements of the Investment Policy Statement and these Investment Procedures~~this policy~~ and their respective investment management agreements, and report any instances of non-compliance to the investment consultant and to the Board of Trustees.

Funds Transfers:

1. Funds transfers, including wire transfers, outside of the accounts of the Master Custodian may be necessary for purposes that include –
 - a. Benefit payments
 - b. Administrative expenses
 - c. Transfers to or from commingled investment accounts, mutual funds or limited partnerships.

2. All Wire Transfer Instructions shall –
 - a. Be in writing or submitted via a secure online portal to the Custodian Bank.
 - b. Require the signatures or electronic validation through a secure online portal to the Custodian Bank -of at least two officers of the Pension Trust as may be designated by-from time to time by Board of Trustees action.
 - c. Wire Transfer Instructions for amounts in excess of \$5,000,000 shall always require the signature or electronic validation through a secure online portal to the Custodian Bank of the Executive ~~Secretary~~ Director or the Deputy ~~Executive Secretary~~ Director .
 - d. Wire Transfers shall be verified by the Bank via telephone with one of the Pension Trust employees authorized as officers with signing authority over the account consistent with the Bank's policy on wire transfers, or verified via electronic validation through a secure online portal to the Custodian Bank.

VI. Responsibilities and Delegation of Authority

Responsibilities of the Board of Trustees:

In keeping with the provisions of California State Constitution, the Board of Trustees shall have the following responsibilities under this policy:

1. Establish Policy and Policy Guidelines.
2. Delegation of Specific Authority to Qualified Investment Personnel or Providers
3. Designate the Executive ~~Secretary~~ Director of the Pension Trust to act as the Chief Investment Officer (CIO) or designate other staff or service providers/consultants to act as the CIO under the supervision of the Executive Director ~~Secretary~~.
4. Establish the Strategic Asset Allocation (SAA) Policy.
5. Monitor Compliance and Adherence to This Policy.
6. Retaining and terminating investment managers based on recommendations of the Executive Director ~~Secretary~~, CIO, and ~~the~~ Investment Consultant(s).
7. Retaining and terminating key professionals including General Counsel, Investment Counsel, -and Investment Consultants.

Responsibilities of the Executive Director ~~Secretary~~:

The Executive Director ~~Secretary~~ shall have the following responsibilities under this policy:

1. Management and Supervision of the investment activities of the Pension Trust
2. Adherence to and implementation of ~~theis~~ Investment Policy Statement and these Investment Procedures ~~Policy including periodic rebalancing transactions~~.
3. Management and Supervision of the Chief Investment Officer and other investment staff if applicable
4. Respond to Information Requests from the Board of Trustees
5. Maintenance of Due Diligence of Custodian Banks, Consultants and External Managers
6. Ensure Policy Compliance, Identify Areas for Review and Revision
7. Implement Asset Allocation Decisions of the Board of Trustees

8. Manage internally managed investment portfolios if directed by the Board of Trustees and execute investment trades as necessary
9. Manage the cashflow of the Pension Trust to ensure the timely payment of benefits;

VII. Investment Policy Statement and Investment Procedures – Review and Revision

The Board of Trustees reserves the right to amend the Investment Policy Statement and these Investment Procedures at any time they deem such amendment to be necessary, or to comply with changes in federal law as these changes affect the investment of Fund-Plan assets.

This Investment Policy Statement and these Investment Procedures shall be reviewed, at a minimum, every three years or as directed by the Board of Trustees. Such reviews will focus on the continuing feasibility of achieving the investment objectives and the continued appropriateness of the investment policy relative to the Pension Trust's circumstances.

It is not expected that the investment policy will change frequently; in particular, short-term changes in the financial markets generally should not require an adjustment in the investment policy. However, specific policy issues may be visited whenever the Board of Trustees deems necessary. Specific occurrences which might suggest to the Board an earlier review include, but are not limited to, a change in the Fund's circumstances and/or a material change in the capital market environment.

Board of Trustees

1000 Mill Street
San Luis Obispo, CA 93408
Phone: (805) 781-5465
Fax: (805) 781-5697
www.SLOPensionTrust.org



Date: August 24, 2020

To: Board of Trustees

From: Carl Nelson – Executive Secretary
Amy Burke – Deputy Executive Secretary

Agenda Item 14: Private Markets – Program Review

Recommendation:

Review and discuss the attached Verus presentation on the Private Markets (Private Equity and Private Credit) program.

Discussion:

The attached presentation from Verus is the annual review of private equity and private credit. It covers the outlook for private markets as well as the way in which the Pension Trust manages its private market program.

Given the recommended change to the Pension Trust's Strategic Asset Allocation (SAA) policy planned for the September 28th Board of Trustees meeting, it would be premature to recommend a specific 2020 new commitment to private markets at this time.

Respectfully submitted,

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**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



AUGUST 2020

Private markets program review

San Luis Obispo County Pension Trust

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VERUSINVESTMENTS.COM

SEATTLE 206-622-3700

LOS ANGELES 310-297-1777

SAN FRANCISCO 415-362-3484

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Past performance is no guarantee of future results. This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other “forward-looking statements.” No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal. Additional information about Verus Advisory, Inc. is available on the SEC’s website at www.adviserinfo.sec.gov. Verus – also known as Verus Advisory™.

Executive summary

Private Equity

- SLOCPT's private equity program comprises 2.8% of the total fund relative to its 5% policy target.
- The program utilizes two managers (HarbourVest and Pathway) in a multi-series, global fund structure to gain sector, geographic, and vintage year diversification.
- The program has performed well since inception.

Private Credit

- SLOCPT's private credit program comprises 3.8% of the total fund relative to its 5% policy target.
- The private credit program was initiated through a single-platform, multi-fund structure.
- The program began with a \$75million commitment to three separate funds in 2016. An additional commitment of \$20million to a fourth fund was approved in late 2018.
- The fund has ramped up quickly and has exceeded performance expectations.

Recommendations

- Based on transition to FFP and current allocation at targets, we recommend no additional commitments at this time.

I. Overview

Portfolio allocation

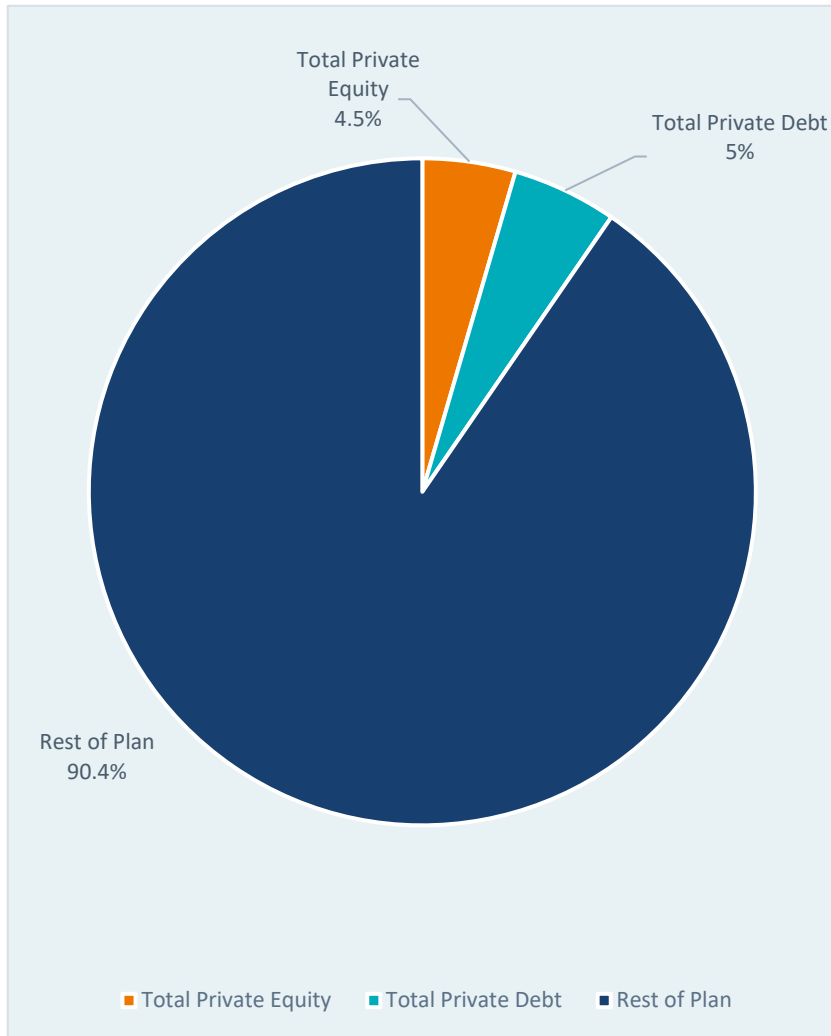
Asset Class	Policy	Current (3/31/20)
Domestic Equity	20%	17.8%
International Equity	20%	19.2%
Core Plus Fixed Income	15%	16.3%
Bank Loans	5%	5.0%
Global Fixed Income	5%	4.8%
Emerging Markets Debt	5%	4.6%
Core Real Estate	10%	13.8%
Value-Add Real Estate	5%	3.0%
Commodities	5%	2.8%
Private Equity	5%	4.5%
Private Credit	5%	5.1%
Opportunistic*	0%	0.4%
Cash**	0%	2.7%

*Opportunistic is composed of KKR Mezzanine and PIMCO DCF, both winding down, and a new allocation to TAO Contingent was funded in April 2020.

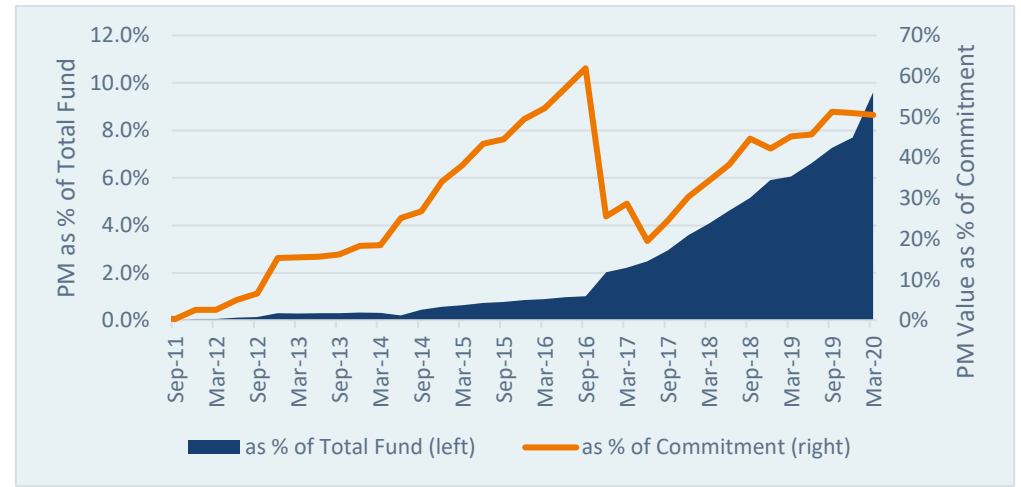
**Cash also includes cash overlay manager Parametric Clifton

Private markets program at a glance

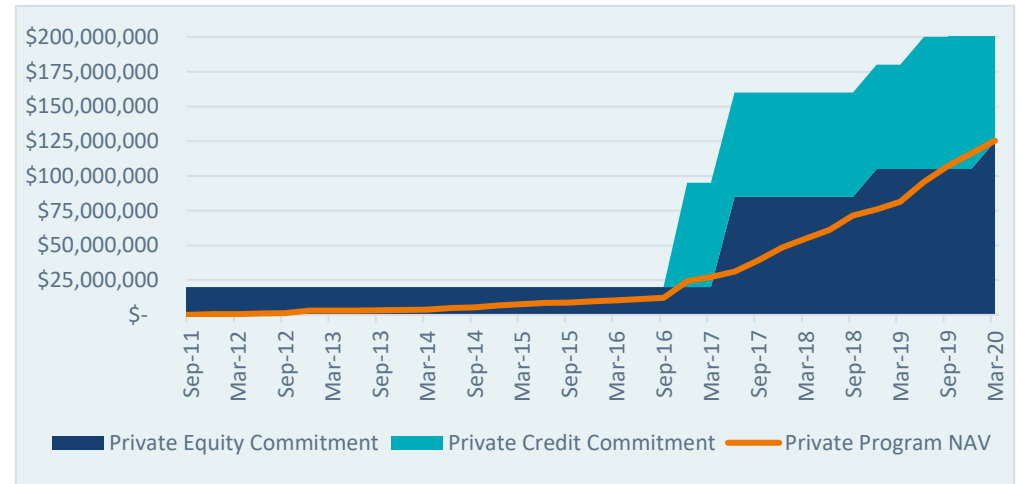
PRIVATE MARKETS AS % OF TOTAL FUND



PRIVATE MARKETS VALUE AS % OF COMMITMENT AND TOTAL FUND



PRIVATE MARKETS TOTAL COMMITMENT AND CURRENT VALUE



As of 3/31/20

Current private market holdings

Vintage	Manager & Fund Name	Estimated 3/31 Market Value ³	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value as of IRR date	Distrib/ Paid-In (DPI) ¹	Tot. Value/ Paid-In (TVPI) ²	Net IRR Since Inception ⁵	IRR Date
2011	HarbourVest Partners IX-Buyout Fund L.P.	\$14,895,591	\$20,000,000	\$16,550,000	83%	\$3,450,000	\$13,416,381	-	81.1%	171.1%	-	-
2018	HarbourVest Partners2018 Global Fund L.P.	\$6,772,192	\$20,000,000	\$6,422,400	32%	\$13,577,600-		-	-	-	-	-
2010	KKR Mezzanine Partners I L.P. ⁶	\$4,782,478	\$20,000,000	\$20,000,000	100%	\$0	\$29,566,840	\$4,766,761	147.8%	171.7%	8.2%	12/31/19
2010	PIMCO Distressed Credit Fund ⁴	\$102,120	\$20,000,000	\$20,000,000	100%	\$0	\$27,950,093	\$102,120	139.8%	140.3%	12.3%	12/31/19
2016	TPG Diversified Credit Program	\$63,836,942	\$113,750,000	\$58,511,774	78%	\$16,488,226	\$5,530,445	\$60,746,825	9.5%	118.6%	10.0%	12/31/19
2017	Pathway Private Equity Fund Investors 9 L.P.	\$34,373,940	\$65,000,000	\$33,844,883	52%	\$31,155,117	\$243,611	-	0.7%	102.3%	-	-
2020	Pathway Private Equity Fund Investors 10 L.P.	\$572,104	\$20,000,000	\$572,104	3%	\$19,427,896	\$0	-	0.0%	100.0%	-	-
Total Alternative Illiquids		\$125,335,367	\$278,750,000	\$155,901,161	65%	\$84,098,839	\$76,707,370	\$65,615,706	42.1%	91.3%		
% of Portfolio (Market value)		10.0%										

	Management Fee	Admin Fee	Interest Expense	Other Expense	Total Expense ⁷
HarbourVest Partners IX-Buyout Fund L.P.	\$49,826	\$0	\$0	\$0	\$49,826
HarbourVest Partners2018 Global Fund L.P.	\$32,665	\$0	\$0	\$36,277	\$68,942
KKR Mezzanine Partners I L.P. ⁶	\$15,717	\$0	\$0	\$4,410	\$20,127
PIMCO Distressed Credit Fund ⁴	\$0	\$0	\$0	\$12	\$12
TPG Diversified Credit Program	\$0	\$0	\$0	\$233,021	\$233,021
Pathway Private Equity Fund Investors 9 L.P.	\$99,375	\$0	\$0	\$0	\$99,375
Pathway Private Equity Fund Investors 10 L.P.	\$0	\$0	\$0	\$0	\$0
	\$197,583	\$0	\$0	\$273,720	\$471,303

¹(DPI) is equal to (capital returned / capital called)

²(TVPI) is equal to (market value + capital returned) / capital called

³Last known market value + capital calls - distributions

⁴Investment period ended, no further capital to be called.

⁵Net IRR is calculated on the cash flows of the underlying investments of the fund and is net of the underlying fund fees and carried interest.

⁶KKR: As of 4Q2019, total capital called is \$23,714,418, which includes recycled distributions. Unused capital commitment is \$1,988,589 after including distribution proceeds available for reinvestment

⁷All fees and expenses are for 4Q 2019, except for Pathway 9 and HarbourVest 2018, for which 3Q19 fees are shown.

Excerpt from SLOOPT'S 3/31/20 performance report. Private equity holdings data are reported on a lagged cycle and are reflective of the last known values at the time of the report.

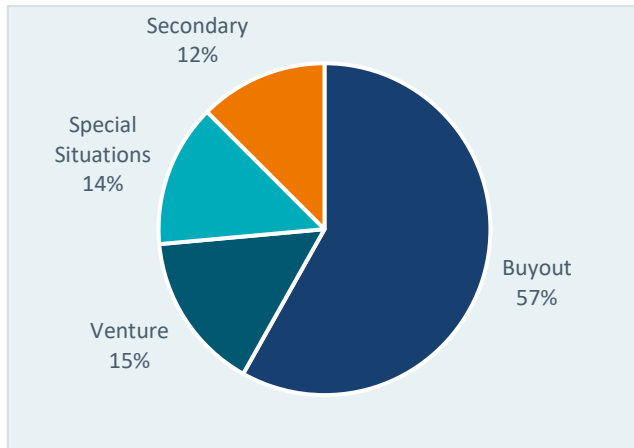
KKR Mezzanine, PIMCO DCF are categorized as Opportunistic within SLOOPT's investment policy and are not part of this study.

II. Private equity

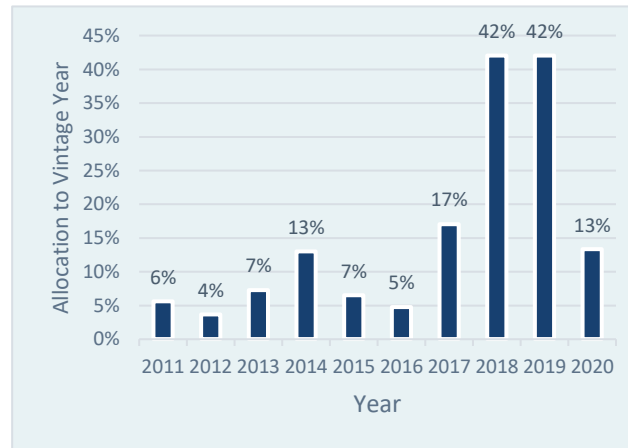
Diversification within the PE program

- The program is diversified across four funds, two managed by HarbourVest and two by Pathway.
- The most recent allocation was to Pathway Fund 10, which had its first draw on 3/25/20.
- Currently, the largest allocation is to Pathway Fund 9.
- The program currently spans 10 vintage years with the highest concentration in years 2018 and 2019 (a function of both managers deploying a large allocation into funds).
- Leveraged Buyouts make up most of the program, with a caveat. Underlying secondary investments can be categorized as buyout, venture, credit, etc. We include secondaries as a strategy/stage type because fund managers will allocate to second-hand deals to mitigate the j-curve or to pick up an undervalued asset with high upside potential.

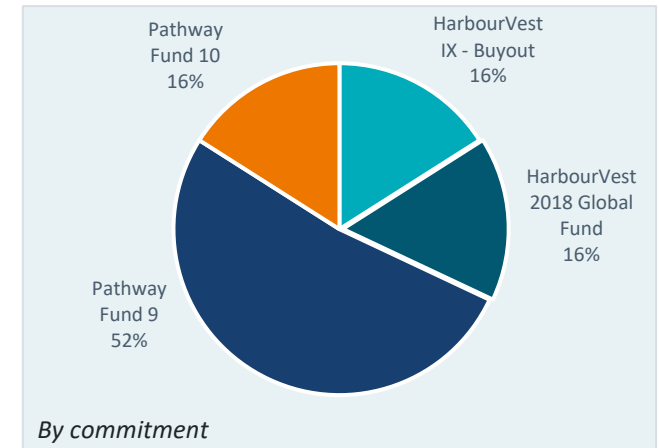
STRATEGY/STAGE DIVERSIFICATION



VINTAGE YEAR DIVERSIFICATION

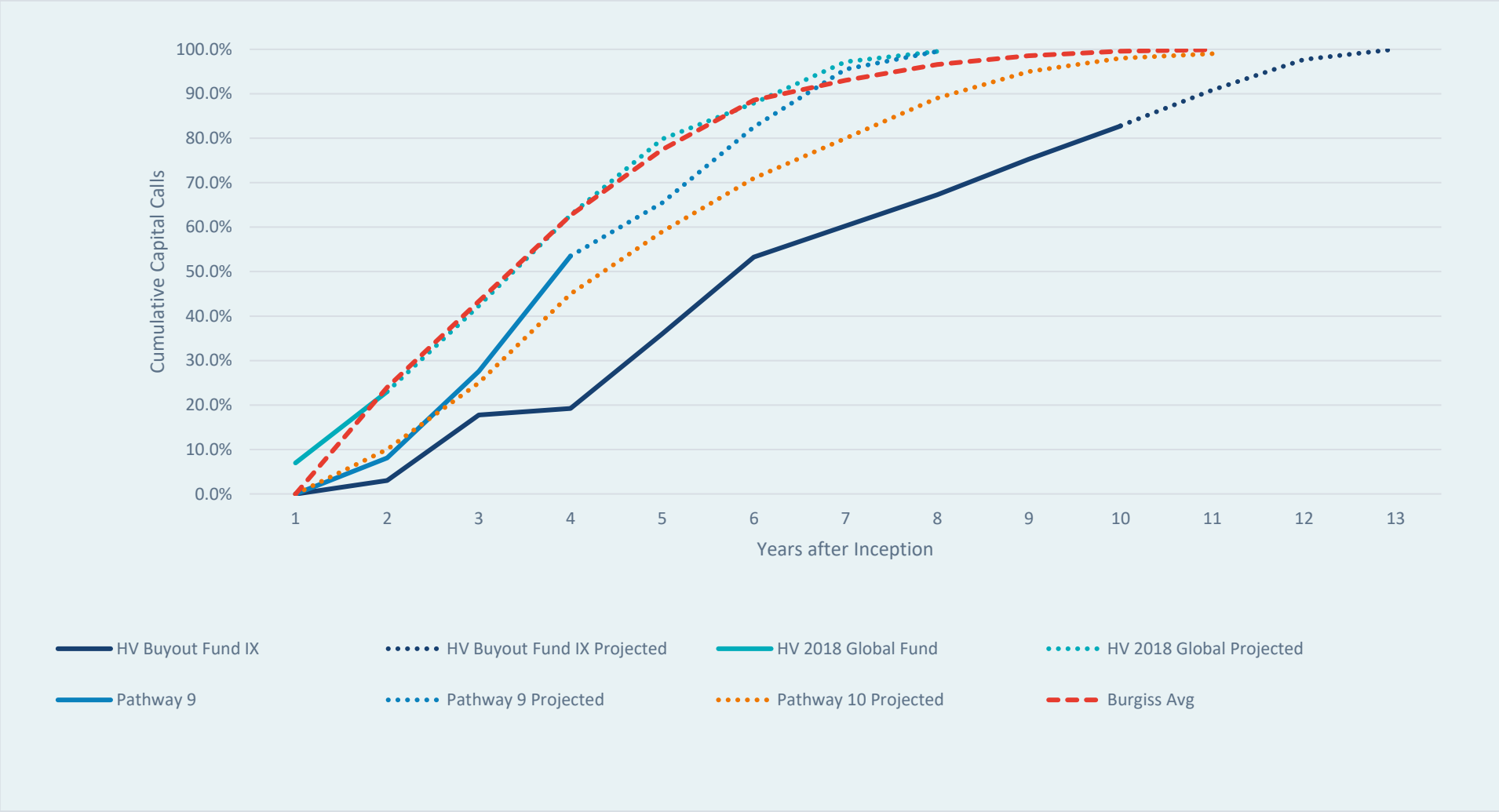


MANAGER DIVERSIFICATION



As of 3/30/20

Capital call pace



Projected figures based on capital call projections as of 3/31/20

Program fees

	HarbourVest Fund IX Buyout	Pathway 9	HarbourVest 2018 Global Fund	Pathway 10
Commitment	\$20,000,000	\$65,000,000	\$20,000,000	\$20,000,000
Vintage Year	2011	2017	2018	2020
Year 1	0.25%	0.21%	0.45%	0.20%
Year 2	0.50%	0.43%	0.66%	0.41%
Year 3	0.75%	0.64%	0.88%	0.61%
Year 4	1.00%	0.86%	0.88%	0.81%
Year 5	1.00%	0.86%	0.88%	0.81%
Year 6	1.00%	0.86%	0.88%	0.81%
Year 7	1.00%	0.86%	0.88%	0.81%
Year 8	1.00%	0.86%	0.88%	0.81%
Year 9	1.00%	0.77%	0.66%	0.73%
Year 10	1.00%	0.68%	0.45%	0.65%
Year 11	0.90%	0.60%	0.22%	0.57%
Year 12	0.81%	0.51%	0.13%	0.49%
Average	0.85%	0.68%	0.65%	0.64%

Total lifetime private equity program costs average to about 70 bps¹

1. Calculation is cap-weighted based on commitment amounts of current funds.

Private equity performance as of 3/31/20

Fund	Net IRR	Unlevered IRR	PME Return	PME Benchmark
HarbourVest Fund IX – Buyout	16.2%	14.4%	7.8%	S&P 500
			4.1%	Russell 2000
HarbourVest 2018 Global	-1.6%	-2.8%	-24.4%	MSCI World ex-US
Pathway 9	1.1%	NM	-4.2%	S&P 500
			-7.5%	MSCI World

See Appendix for PME calculation notes

Source: Harbourvest, Pathway

NM – Not Meaningful

Private equity projections

Fund	Vintage Year	Commitment	Remaining Commitment	Cumulative To Date	(Contributions) / Distributions									
					2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
HarbourVest IX Buyout	2011	\$20.00	\$3.45											
Net Cash Flow					\$0.2	\$2.8	\$5.0	\$5.6	\$4.4	\$2.4	\$1.0	\$0.3	\$0.0	
NAV				\$14.9	\$16.2	\$14.9	\$11.4	\$6.9	\$3.2	\$1.1	\$0.3	\$0.0	\$0.0	
HarbourVest 2018 Global Fund	2018	\$20.00	\$13.57											
Net Cash Flow					(\$1.9)	(\$2.5)	(\$0.3)	\$3.4	\$4.1	\$5.1	\$4.1	\$3.7	\$3.0	\$0.0
NAV				\$1.4	\$3.7	\$7.3	\$10.0	\$9.8	\$8.8	\$6.5	\$4.5	\$2.3	(\$0.0)	(\$0.0)
Pathway 9	2017	\$65.00	\$31.20											
Net Cash Flow					(\$7.2)	(\$7.8)	\$2.0	\$15.0	\$18.2	\$18.9	\$19.5	\$17.6	\$13.7	\$10.4
NAV				\$20.7	\$32.5	\$47.6	\$56.3	\$53.9	\$47.8	\$39.7	\$29.1	\$18.1	\$8.5	(\$0.0)
Pathway 10	2020	\$20.00	\$19.43											
Net Cash Flow					(\$2.0)	(\$2.8)	(\$3.4)	(\$1.8)	(\$0.8)	\$3.0	\$4.2	\$5.8	\$4.6	\$5.0
NAV				\$20.7	\$21.8	\$23.6	\$25.9	\$26.6	\$26.2	\$22.0	\$16.8	\$10.3	\$5.2	\$0.0
PE Balance		\$125.00	\$67.65	\$57.64	\$74.09	\$93.44	\$103.61	\$97.28	\$86.05	\$69.40	\$50.76	\$30.67	\$13.73	\$0.00
% of Total Assets				4.6%	5.6%	6.6%	6.9%	6.1%	5.1%	3.9%	2.7%	1.5%	0.6%	0.0%
Total Plan Assets				\$1,256	\$1,333	\$1,416	\$1,504	\$1,597	\$1,696	\$1,801	\$1,913	\$2,032	\$2,158	\$2,291

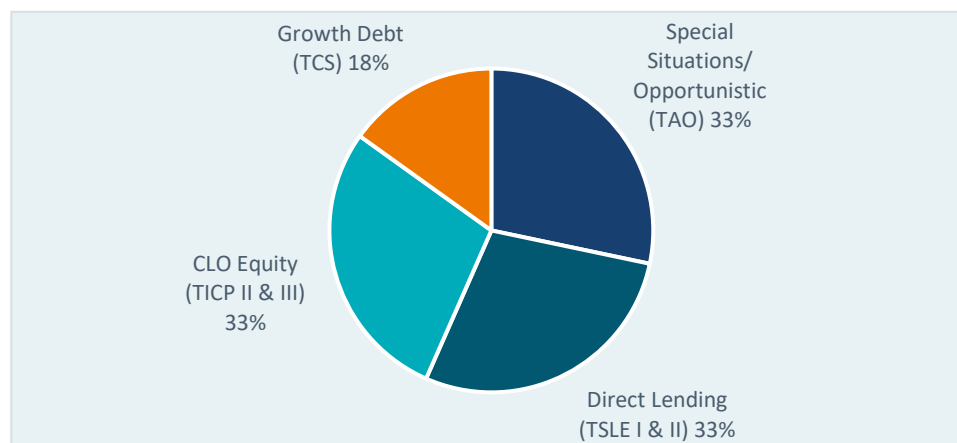
Total Plan Assets growth rate is based on the forecasted expected return from the 2020 strategic asset allocation study (6.2%)

III. Private credit

Diversification within the PC program

- The private credit program is diversified across 4 TPG platforms including their flagship fund, TAO (broad special situation), TSLE (European lending), TICP (CLO) and TCS (Growth Debt).
- Currently, the private credit program is managed through TPG, with a commitment of \$113,750,000.
- The private credit program is a quasi-evergreen structure where commitments are rolled over into subsequent funds automatically.
- The private credit program was implemented in December 2016 with a commitment of \$75,000,000. An additional \$20,000,000 commitment was added in April 2019, allocated to TCS, and \$18,750,000 commitment was added in December 2019, allocated to TICP III.
- In April 2020, \$18,750,000 commitment to TSLE II was activated. This is not reflected in data for this review as everything is as of March 31, 2020.

STRATEGY DIVERSIFICATION



Fund descriptions

TAO

Focuses on the entire set of credit opportunities generated across the TSSP platform. It is TSSP's most flexible investment vehicle and can house any investment that meets the firm's broad investment criteria.

TSLE

Focuses on direct loans to middle-market companies, primarily in Europe.

TICP

Focuses on investments in the floating-rate leveraged loan and structured credit markets.

TCS

Focuses on providing flexible financing solutions to growth companies (i.e., companies growing faster than the economy that require a high level of investment capital for continued expansion).

Private credit program fees

	TSLE ^{3,4}		TAO 3.0 ¹		TICP II ²		TCS ^{3,5}		TICP III ²		TSLE II ^{3,4}	
Commitment	\$18,750,000		\$37,500,000		\$18,750,000		\$20,000,000		\$18,750,000		\$18,750,000	
Vintage Year	2015		2016		2016		2018		2020		2020	
	Committed ⁶	Invested ⁶	Unused	Invested	Unused	Invested	Unused	Invested	Unused	Invested	Committed ⁷	Invested ⁷
Year 1	1.50%	1.50%	0.65%	1.35%	0.00%	0.30%	1.00%	1.50%	0.00%	0.30%	0.25%	1.25%
Year 2	1.50%	1.50%	0.65%	1.35%	0.00%	0.30%	1.00%	1.50%	0.00%	0.30%	0.25%	1.25%
Year 3	1.50%	1.50%	0.65%	1.35%	0.00%	0.30%	1.00%	1.50%	0.00%	0.30%	0.25%	1.25%
Year 4	1.50%	1.50%	0.65%	1.35%	0.00%	0.30%	1.00%	1.50%	0.00%	0.30%	0.25%	1.25%
Year 5	0.85%	1.25%	0.65%	1.35%	0.00%	0.30%	1.00%	1.50%	0.00%	0.30%	0.25%	1.25%
Year 6	0.00%	1.25%	0.65%	1.35%	0.00%	0.30%	0.00%	1.50%	0.00%	0.30%	0.00%	1.25%
Year 7	0.00%	1.25%	0.00%	1.35%	0.00%	0.30%	0.00%	1.50%	0.00%	0.30%	0.00%	1.25%
Year 8	0.00%	1.25%	0.00%	1.35%	0.00%	0.30%	0.00%	1.50%	0.00%	0.30%	0.00%	1.25%
Year 9	0.00%	1.25%	0.00%	1.35%	0.00%	0.30%	0.00%	1.50%	0.00%	0.30%	0.00%	1.25%
Year 10	0.00%	1.25%	0.00%	1.35%	0.00%	0.30%	0.00%	1.50%	0.00%	0.30%	0.00%	1.25%
Year 11			0.00%	1.35%								
Average	0.69%	1.35%	0.35%	1.35%	0.00%	0.30%	0.50%	1.50%	0.00%	0.30%	0.13%	1.25%

Note: For illustrative purposes only. Commitment periods are based on TSSP's views and are subject to change. Furthermore, the above table is a simplification. Please refer to fund documentation for the complete terms and definitions.

1 Assumes termination of TAO 3.0 after Minimum Commitment Period of 5.5 years, with subsequent wind down of portfolio lasting 5 years.

2 Assumes 10-year fund life.

3 Assumes wind down of portfolio lasts 5 years.

4 TSLE Year 5 includes adjustment for one-year commitment period extension.

5 DCP commitment to TCS was made in April 2019, analysis above shows all fund commitments beginning in "Year 1".

6 During TSLE commitment period (before 1-year extension), management fees are calculated based on LP fund commitments.

7 SLOCPT received early close discount

Private credit performance

TSSP Vehicle	Net IRR	De-levered Net IRR	PME Return	PME Benchmark ¹
TAO 3.0	7.9%	NA	-2.5%	S&P/LSTA Lev Loan ²
			-2.5%	Credit Suisse Lev Loan ³
TICP II	-12.7%	NA	-2.3%	S&P/LSTA Lev Loan
			-2.2%	Credit Suisse Lev Loan
TSLE I ⁴	12.4%	NA	-2.4%	S&P/LSTA Lev Loan
			-2.3%	Credit Suisse Lev Loan
TCS (A)	2.4%	NA	-15.9%	S&P/LSTA Lev Loan
			-16.3%	Credit Suisse Lev Loan

Note: All performance numbers are as of 3/31/20. Past performance does not guarantee future results, which may vary.

1. The benchmark numbers above are presented as a Public Market Equivalent (“PME”) analysis based on the actual timing of net cash flows in the Sixth Street vehicles. For all funds, the investor’s individual net cash flows were used. Index performance has been adjusted to include 75bps impact from management fees, as these indices cannot be accessed directly.

2. S&P/LSTA Leveraged Loan Total Return Index (Bloomberg Finance).

3. Credit Suisse Leveraged Loan Total Return Index (Bloomberg Finance).

4. As of 3/31/20, the TSLE I Main Fund had returned a levered net IRR of 8.3% and a **de-levered net IRR of 7.5%***. SLOCPT is invested in the TSLE I USD feeder fund. The net return shown here reflects SLOCPT's actual net IRR based on their investor-specific cash flows. Difference is attributable to date of first capital contribution and cash flows. Regarding the de-levered IRR, there is no asset leverage at the feeder fund level, just on the Main Fund level.

Source: TSSP

Private credit program projections

Sixth Street (TSSP) Vehicle	Vintage Year	Commitment	Remaining Commitment	Current NAV	(Contributions) / Distributions			
					2020	2021	2022	2023
TSLE	2015	\$18.75						
Net Contributions/Distributions					10.0%	30.0%	20.0%	5.0%
TAO 3.0	2016	\$37.50						
Net Contributions/Distributions					(5.0)%	(2.5)%	0.0%	1.0%
TICP II	2016	\$18.75						
Net Contributions/Distributions					7.5%	15.0%	15.0%	40.0%
TCS	2018	\$20.00						
Net Contributions/Distributions					(20.0)%	(35.0)%	10.0%	30.0%
TICP III	2020	\$18.75						
Net Contributions/Distributions					(10.0)%	(35.0)%	(30.0)%	10.0%
TSLE II*	2020	\$18.75						
Net Contributions/Distributions					(20.0)%	(30.0)%	(25.0)%	15.0%
Total Fund Level		\$132.50	\$55.24					
Net Cash Flow					\$8.22	\$11.69	\$1.75	(\$19.50)
NAV				\$63.84	\$60.09	\$52.61	\$54.54	\$77.86
PC Balance		\$132.50	\$55.24	\$63.84	\$60.09	\$52.61	\$54.54	\$77.86
% of Total Assets				5.1%	4.5%	3.7%	3.6%	4.9%
Total Plan Assets				\$1,256	\$1,333	\$1,416	\$1,504	\$1,597

Note: Estimates above are illustrative cash flows that represent TSSP's current estimate based on a number of subjective judgements and current market conditions that are subject to change. No assurance can be given that actual cash flows will not differ from these estimates.

Total plan Assets growth rate is based on the forecasted expected return from the 2020 strategic asset allocation study (6.2%)

*Funded in April 2020

IV. Implementation

The implementation approach decision

Depends on resources, desired flexibility/control, expertise, time and fees



Required Activities

1. Investment management

- Strategy design
- Investment due diligence
- Operational due diligence

2. Legal support

- Document review
- Side letters

3. Operational support

- Pacing
- Cashflow management

4. Performance reporting

- Net IRR, TVPI, DPI
- Peer rankings
- Exposure analysis by sub-asset, geography, industry, vintage year

Fee impact

FoF Fees		Allocation		Direct Fees	
<u>BPs</u>	<u>\$</u>	<u>% of Port</u>	<u>\$</u>	<u>\$</u>	<u>BPs</u>
70-100	\$0.5-\$0.7mm	5%	\$70mm	\$0.5 - \$1.0mm	71-142
	\$1.0-\$1.4mm	10%	\$140mm		36-72
	\$1.2-\$2.1mm	15%	\$210mm		24-48
	\$2.0-\$2.8mm	20%	\$280mm		18-36

Assumes Fund AUM of \$1.4 Billion

Potential next steps

- RFP
- Evaluate
- Decide

Appendix

Assumptions for PE cash flow model

- Asset Values are represented in millions.
- This is a hypothetical model based on reasonable assumptions and does not reflect actual timing and should not be interpreted as predicting the future.
- Hypothetical cash flows provided by each respective manager with the following exceptions:
- Pathway provided 4 years of projections.
 - The remaining contributions are allocated evenly over six years after Pathway's provided forecast.
 - Remaining distributions calculated assuming the fund returns a total of ~1.5x to investors. The balance of distributions in excess of Pathway's estimate is distributed evenly over six years following the provided forecast.
- IRR over each fund's entire life will be different
- Total Plan assets are assumed to grow at 6.7% per annum based on the May 2019 Asset Allocation study.
- Current MVs are based on last known valuation.
- NAV at future dates are estimated based on cash flows and implied remaining life IRR.
- Cash flows occur at year end.
- NAV at future dates are estimated based on cash flows and growth rates

Assumptions for PC cash flow model

- Asset Values are represented in millions.
- This is a hypothetical model based on reasonable assumptions and does not reflect actual timing and should not be interpreted as predicting the future.
- Contribution and distribution forecasts are provided by Sixth Street Partners at the request of Verus. Hypothetical assumptions are based on experience of prior funds, current market conditions, and current fund expectations. Actual pace and timing of cash flows is likely to be different.
- Drawdowns and distributions will continue beyond the final year (2023) shown in this exercise.
- Total Plan assets are assumed to grow at the rate forecasted in SLOCPT 2020 asset allocation study (6.2%).
- Current MVs are based on last known balance.
- NAV at future dates are estimated based on cash flows and Verus forecasted returns for the private credit asset class.

Public Market Equivalent (PME)

- PME information represents adjusted model performance of each index as if the respective index had been purchased and sold at the time of the limited partners' capital calls and distributions, with the remainder held at the date noted. Dividends are not reinvested.
- Under this methodology, the capital calls for the purchase of the public market index are the same as the capital calls for the Fund(s). The distributions for the sales of the public market index are scaled to represent the same proportion of the Fund's NAV at the time of the distribution.
 - For example, if the Fund distributes 5% of NAV, then 5% of the index NAV is distributed. Thus, the index returns presented are not actual index returns, but adjusted model returns.
- In certain instances, the comparison is based on the PME+ (public market equivalent) method as described in an article titled, "Beating the Public Market," by Christophe Rouvinez, as published in the Private Equity International in December 2003 / January 2004. When using this methodology, both the Fund and the adjusted index are assumed to have the same ending NAV. The ending NAV for the adjusted index is derived by scaling the distributions by a constant scaling factor, while preserving the overall cash flow pattern.

Private equity projections - expanded

Fund	Vintage Year	Commitment	Remaining Commitment	Cumulative To Date	(Contributions) / Distributions													
					2020	2021	2022	2023	2024	2025	2026	2027	2028	2029				
HarbourVest IX Buyout	2011	\$20.00	\$3.45															
Contributions (%)				(83%)	(8%)	(7%)	(2%)											
Distributions (%)				67%	9%	21%	27%	28%	22%	12%	5%	1%						
Contributions (\$)				(\$16.6)	(\$1.6)	(\$1.4)	(\$0.5)											
Distributions (\$)				\$13.4	\$1.8	\$4.2	\$5.5	\$5.6	\$4.4	\$2.4	\$1.0	\$0.3	\$0.0					
Net Cash Flow					\$0.2	\$2.8	\$5.0	\$5.6	\$4.4	\$2.4	\$1.0	\$0.3	\$0.0					
NAV				\$14.9	\$16.2	\$14.9	\$11.4	\$6.9	\$3.2	\$1.1	\$0.3	\$0.0	\$0.0					
HarbourVest 2018 Global Fund	2018	\$20.00	\$13.57															
Contributions (%)				(32.1%)	(10.6%)	(20.4%)	(17.1%)	(8.1%)	(9.3%)	(2.3%)								
Distributions (%)				\$0.0	1.2%	7.9%	15.5%	25.0%	30.0%	27.7%	20.4%	18.5%	15.1%	11.9%				
Contributions (\$)				(\$6.4)	(\$2.1)	(\$4.1)	(\$3.4)	(\$1.6)	(\$1.9)	(\$0.5)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Distributions (\$)				\$0.0	\$0.2	\$1.6	\$3.1	\$5.0	\$6.0	\$5.5	\$4.1	\$3.7	\$3.0	\$2.4				
Net Cash Flow					(\$1.9)	(\$2.5)	(\$0.3)	\$3.4	\$4.1	\$5.1	\$4.1	\$3.7	\$3.0	\$0.0				
NAV				\$1.4	\$3.7	\$7.3	\$10.0	\$9.8	\$8.8	\$6.5	\$4.5	\$2.3	(\$0.0)	(\$0.0)				
Pathway 9	2017	\$65.00	\$31.20															
Contributions (%)				(52.1%)	(12.0%)	(17.0%)	(13.0%)	(9.0%)	(4.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Distributions (%)				0.4%	1.0%	5.0%	16.0%	32.0%	32.0%	29.0%	30.0%	27.0%	21.0%	16.0%				
Contributions (\$)				(\$33.8)	(\$7.8)	(\$11.1)	(\$8.5)	(\$5.9)	(\$2.6)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Distributions (\$)				\$0.2	\$0.7	\$3.3	\$10.4	\$20.8	\$20.8	\$18.9	\$19.5	\$17.6	\$13.7	\$10.4				
Net Cash Flow					(\$7.2)	(\$7.8)	\$2.0	\$15.0	\$18.2	\$18.9	\$19.5	\$17.6	\$13.7	\$10.4				
NAV				\$20.7	\$32.5	\$47.6	\$56.3	\$53.9	\$47.8	\$39.7	\$29.1	\$18.1	\$8.5	(\$0.0)				
Pathway 10	2020	\$20.00	\$19.43															
Contributions (%)				(2.9%)	(10.0%)	(15.0%)	(20.0%)	(14.0%)	(12.0%)	(9.0%)	(9.0%)	(6.0%)	(3.0%)	(1.0%)				
Distributions (%)				0.0%	0.0%	1.0%	3.0%	5.0%	8.0%	24.0%	30.0%	35.0%	26.0%	26.0%				
Contributions (\$)				(\$0.6)	(\$2.0)	(\$3.0)	(\$4.0)	(\$2.8)	(\$2.4)	(\$1.8)	(\$1.8)	(\$1.2)	(\$0.6)	(\$0.2)				
Distributions (\$)				\$0.0	\$0.0	\$0.2	\$0.6	\$1.0	\$1.6	\$4.8	\$6.0	\$7.0	\$5.2	\$5.2				
Net Cash Flow					(\$2.0)	(\$2.8)	(\$3.4)	(\$1.8)	(\$0.8)	\$3.0	\$4.2	\$5.8	\$4.6	\$5.0				
NAV				\$20.7	\$21.8	\$23.6	\$25.9	\$26.6	\$26.2	\$22.0	\$16.8	\$10.3	\$5.2	\$0.0				
PE Balance		\$125.00	\$67.65	\$57.64	\$74.09	\$93.44	\$103.61	\$97.28	\$86.05	\$69.40	\$50.76	\$30.67	\$13.73	\$0.00				
% of Total Assets				4.6%	5.6%	6.6%	6.9%	6.1%	5.1%	3.9%	2.7%	1.5%	0.6%	0.0%				
Total Plan Assets				\$1,256	\$1,333	\$1,416	\$1,504	\$1,597	\$1,696	\$1,801	\$1,913	\$2,032	\$2,158	\$2,291				

Total plan Assets growth rate is based on the forecasted expected return from the 2020 strategic asset allocation study (6.2%)

Board of Trustees

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Date: August 24, 2020

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 15: Asset Allocation & Rebalancing - August 2020

This item on the agenda provides a properly noticed opportunity for the Board of Trustees to discuss and take action, if necessary, regarding asset allocation and related investment matters.

The normal investment portfolio drawdowns for liquidity to fund benefit payments and capital calls for 3Q20 are in process throughout the quarter. Additional transfers for the purpose of rebalancing are planned during the remainder of 3Q20 as concurred with by Verus. The anticipated changes are administrative matters pursuant to the adopted investment policy and are summarized below.

Operational Transfers – 3Q20 - completed				
Timing	Source	Amount	To	Comment
July	Cash	\$4m	Boston Partners equity	Rebalancing
July	Cash	\$0.8m	Harbourvest 2018 PE fund	Capital Call
July	JP Morgan RE fund	\$2.5m	Cash	Rebalancing
July	SLO County prefunding	\$62m	Treasury	Contributions
July	Treasury	\$39m	Cash	Rebalancing
July	Cash	\$5m	PIMCO RA equity	Rebalancing
July	Cash	\$10m	Dodge & Cox Intl equity	Rebalancing
July	Cash	\$9m	PAM bank loans	Rebalancing

Rebalancing Transfers – 3Q20 - planned				
Timing	Source	Amount	To	Comment
August	Loomis equity	\$5m	Boston Partners equity	Rebalancing
August	Cash	\$5m	Boston Partners equity	Rebalancing
August	Cash	\$5m	Brandywine Global bonds	Rebalancing
August	Cash	\$5m	PIMCO RA equity	Rebalancing
August	Gresham Commodities	\$10m	Cash	Gradual drawdown
Sept.	WCM Intl. equity	\$5m	Boston Partners equity	Rebalancing
Sept.	WCM Intl. equity	\$10m	Dodge & Cox Intl. equity	Rebalancing
Sept.	Gresham Commodities	\$10m	Cash	Final drawdown
Pending	JP Morgan Core Real Estate	\$32m remaining of \$35m	TBD	Multi-qtr drawdown for rebalance to Value-Add Real estate and others TBD

Respectfully submitted