

Pension Trust

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



AGENDA

Monday, November 23, 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/95885434996?pwd=Mm5jUVYwT1dGcExzNi9VQ1dxMEVOZz09>

If you wish to listen to the teleconference meeting, please dial 669/900-6833 (Meeting ID 958-8543-4996). If you have any questions or require additional service, please contact SLOOPT 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) ORGANIZATIONAL

2. Announcement of Elected Trustee Vacancy Appointment effective November 23, 2020 (elected Trustees Shoresman and Dacus).
3. Committees – appointment of members by President.
 - i. Audit Committee (standing committee)
 - ii. Personnel Committee (standing committee)

C) CONSENT

4. Minutes of the Regular Meeting of September 28, 2020 (Approve Without Correction).
5. Reports of Deposits and Contributions for the months of September and October 2020 (Receive and File).
6. Reports of Service Retirements, Disability Retirements and DROP Participants for the months of September and October (Receive, Approve and File).
7. Monthly Investment Report for September 2020 (Receive and File).
8. Stipulation for the Division of Pension Benefits – Option Four Pension Benefit Election (Recommend Approval)
9. Resolution Modifying and Affirming Investment and Banking authority - Resolution 2020-05 (Recommend Approval).
10. Social Security Section 218 Agreement - Resolution 2020-06 (Recommend Approval).
11. Annual Pensionable Compensation Limit for 2021 pursuant to the Public Employees Pension Reform Act (Tier 3) (Receive and File).

D) APPLICATIONS FOR DISABILITY RETIREMENT

12. Application for Ordinary Disability Retirement – Case 2020-02 (Recommend Approval).

E) OLD BUSINESS

None

F) NEW BUSINESS

13. Resolution Number 2020-07: A Resolution Establishing the Rate of Interest to be Paid on the Normal Contributions of Members (Recommend Approval).
14. Resolution Number 2020-08: A Resolution Establishing the Rate of Interest to be Paid on the Additional Contributions of Members (Recommend Approval)
15. Actuarial Services Request for Proposal – Actuarial Services Recommendation (Recommend Approval).

G) INVESTMENTS

16. Quarterly Investment Report for the 3rd Quarter of 2020 – Presentation by Scott Whalen, Verus (Receive and File).
17. Monthly Investment Report for October 2020 (Receive and File).
18. Liquidity Portfolio Strategy and Investment Manager Selection (Recommend Approval).
19. Asset Allocation – Implementation Glidepath – Strategy Transition Plan (Review, Discuss, and Recommend Approval).
20. Private Markets Discretionary Advisor – Search Consultant RFI (Review, Discuss, and Recommend Approval).
21. Alternative Investments Fee Disclosure – CA Code 7514.7 - (Receive and File).
22. Asset Allocation - (Review, Discuss, and Direct Staff as necessary)

H) OPERATIONS

22. Staff Reports
23. General Counsel Reports
24. Committee Reports:

- i. Audit Committee No Report
- ii. Personnel Committee No Report
- iii. Ad hoc Actuarial Services Committee Report

25. Upcoming Board Topics (subject to change)

- i. December 21, 2020 (planned as a non-meeting month)
- ii. January 25, 2021
 - a. Election of Officers
 - b. Committee Appointments
 - c. Disability Case
 - d. Annual Policies Review
 - e. Annual Cashflow Analysis
 - f. Private Markets Discretionary Advisor Search
- iii. February 22, 2021
 - a. Annual Cost of Living Adjustment – 2021
 - b. Quarterly Investment Report 4Q20
 - c. Capital Market Assumptions – 2021 – Verus
 - d. Growth Portfolio Strategy
 - e. Private Markets Discretionary Advisor Search
- iv. March 22, 2021
 - a. Annual Actuarial Valuation planning
 - b. Employer prefunding agreement and discount rate
 - c. FY 21-22 SLOCPT administrative budget - preliminary

26. Trustee Comments

I) CLOSED SESSION

None

J) ADJOURNMENT

**PENSION TRUST
BOARD OF TRUSTEES**

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MINUTES

**PENSION TRUST
BOARD OF TRUSTEES**

Monday, September 28, 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
 Michelle Shoresman
- Board Members Absent:** -
- Pension Trust Staff:** Carl Nelson Executive Director
 Amy Burke Deputy Director
 Jennifer Alderete Accountant
- General Counsel:** Chris Waddell
- Consultants:** Scott Whalen Verus
- Others:** Michael Hobbs SLO County Human Resources
 Larry Batchelder SLOCREA
 Lisa Howe SLO County Administrative Office
 Andrea Paley Retiree
 Zack Cziryak Reporter – FinDaily.com
 Shawn Parris JP Morgan Asset Management
 Andrew Paulson Brown Armstrong
 Larry Smith, Ben Maja, Brendon Clark,
 4 others via unidentified teleconference numbers

Call to Order: 9:32 AM by President Savage, presiding over the meeting.

A) PUBLIC COMMENT

None

B) CONSENT

2. Minutes of the Regular Meeting of August 24, 2020 (Approve Without Correction)
3. Reports of Deposits and Contributions for the month of August 2020 (Receive and File)
4. Reports of Service Retirements, Disability Retirements and DROP Participants for the month of August 2020 (Receive, Approve and File)

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

None

D) CLOSED SESSION

9:40 AM – entered Closed Session

5. PUBLIC EMPLOYEE EVALUATION. The Board convened in closed session pursuant to Gov. Code section 54957(b)(1) to conduct the annual employee evaluation of the Executive Director.

9:56 AM – exited Closed Session

Report – President Savage returned the meeting to open session and General Counsel Waddell announced that the Trustees completed the Executive Director’s annual review.

E) APPLICATIONS FOR DISABILITY RETIREMENT

None

F) OLD BUSINESS

None

G) NEW BUSINESS

- 6. Fiduciary Responsibilities Refresher Briefing – Chris Waddell, General Counsel

Discussion: Chris Waddell as General Counsel presented an extensive fiduciary refresher briefing. Trustees asked numerous questions and engaged in dialogue over fiduciary issues.

Public Comment: None

No Action Necessary

H) INVESTMENTS

- 7. Monthly Investment Report for August 2020

Discussion: Monthly investment performance report by Staff.

Motion: Receive and File

Public Comment: None

Motion Made: Mr. Hamm Motion Seconded: Mr. Hamilton

Carried: Unanimous (roll call vote)

10:52 AM – Board President Savage called for a break

11:04 AM – back in session

- 8. Asset Allocation Policy – Amended Investment Policy Statement and Investment Procedures

Discussion: Per direction by the Board at the August 24, 2020 meeting, Mr. Whalen and Mr. Nelson presented their final recommendation for the Investment Policy Statement. The Board discussed the revised Investment Policy Statement and Strategic Asset Allocation Policy extensively and asked numerous questions.

Motion: Approve the recommendation

Public Comment: None

Motion Made: Mr. Sibbach Motion Seconded: Mr. Savage

Carried: Unanimous (roll call vote)

9. Alternative Investment Fee Disclosure – CA Code 7514.7

This item was deferred to a future meeting pending availability of data.

10. Asset Allocation

Discussion: Staff reported briefly on pending asset allocation transfers which are dependent on the result of Item 8 above.

Motion: No action necessary

Public Comment: None

I) STRATEGIC PLANNING SESSION

11. Funding Policy and Projections Update (Review, Discuss, and Direct Staff as necessary)

Discussion: Mr. Nelson presented updated data on actuarial projections based on the 2020 Actuarial Valuation.

Motion: No action necessary

Public Comment: None

12:30 PM –Trustee Shoresman had to depart for other obligations

12:38 PM –President Savage called for a thirty-minute recess

1:02 PM – Back in session

12. Staffing Continuity (Review, Discuss, and Direct Staff as necessary)

Discussion: Ms. Burke introduced the current staffing functions, including responsible positions, back-up staff, and succession planning for staff positions. Mr. Nelson discussed executive succession planning due to his eventual retirement as the Executive Director within 3-6 years.

Board discussion: Trustees discussed the importance of succession planning well ahead of time. President Savage commented that he felt the Pension Trust was positioned well for staff continuity, coverage and training. President Savage also commented that his preference for executive level succession based on general principles is to conduct an external/internal recruitment even if there is a well-qualified internal candidate. Trustee Sibbach indicated his support of an eventual external/internal recruitment for executive level positions – also based on general principles.

Motion: No action necessary

Public Comment: None

13. Investment Consultant – Future Needs (Review, Discuss, and Direct Staff as necessary)

Discussion: Mr. Nelson introduced the two types of Investment Consultants, Advisory and Discretionary. SLOCPT currently uses a General Investment Consultant (Verus) in an Advisory capacity. Due to the change in the Strategic Asset Allocation, which includes a large increase in the allocation to private market investments, Verus recommended a Discretionary Privat Markets Advisor to implement and manage private markets investments. Staff recommends hiring a consultant to conduct a search for a Discretionary Private Markets Advisor(s).

Board discussion: Trustees discussed extensively the large size of the planned private market investment program and the inherent complexity of such a program. Trustees shared the consensus that having an expert consultant to conduct the search for a Discretionary Private Markets Advisor(s) was prudent. Trustees shared the consensus that Mr. Nelson should research consultants to help with Discretionary Private Markets Advisor search.

No public comment.

J) OPERATIONS

14. Staff Reports

- i. Staff reported approximately 140 retirements in 2020, up from 120 in 2019.
- ii. Board of Supervisors update as presented by Mr. Nelson went well. Trustee Savage commented on Mr. Nelson's presentation.
- iii. Staff reported the Chief Investment Officer (CIO) for CalPERS recently resigned due to a conflict of interest.

15. General Counsel Reports

- i. Mr. Waddell commented that the Required Minimum Distribution (RMD) age may need to be updated in the Plan due to the increase of said age from 70½ to 72 for anyone born after July 1, 1949 under the Secure Act passed in December 2019.

16. Committee Reports:

- i. Audit Committee No Report
- ii. Personnel Committee Report – covered in Closed Session

17. Upcoming Board Topics – published on meeting agenda

18. Trustee Comments

None

K) ADJOURNMENT –

There being no further business, the meeting was adjourned at 2:16 PM. The next Regular Meeting was set for November 23, 2020, at 9:30 AM, to be a virtual online meeting.

Respectfully submitted,

Carl Nelson
Executive Director

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

PP 19 9/11/2020	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for		Employee Rate	Combined Rate	Additional Contributions	Buy Backs	TOTAL Contributions
					Employee Contributions	Employee Rate					
By Employer and Tier:											
County Tier 1	3,202,899.74	869,383.85	27.14%	422,596.62	271,980.43	21.69%	48.83%	1,212.50	47,926.12		1,613,099.52
County Tier 2	1,006,212.55	285,144.79	28.34%	62,433.35	84,791.67	14.63%	42.97%	-	332.54		432,702.35
County Tier 3	3,434,029.50	911,894.34	26.55%	465,065.01	-	13.54%	40.10%	-	868.38		1,377,827.73
Superior Court Tier 1	242,025.32	67,191.99	27.76%	44,995.57	-	18.59%	46.35%	-	-		112,187.56
Superior Court Tier 3	106,956.98	28,123.94	26.29%	13,940.06	-	13.03%	39.33%	-	-		42,064.00
APCD Tier 1	56,897.21	14,077.42	24.74%	8,214.07	4,212.26	21.84%	46.58%	-	-		26,503.75
APCD Tier 3	24,652.81	5,877.80	23.84%	3,364.06	-	13.65%	37.49%	-	-		9,241.86
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	11,733.98	2,938.19	25.04%	1,689.34	-	14.40%	39.44%	250.00	-		4,877.53
LAFCO Tier 1	4,314.83	1,326.81	30.75%	343.46	400.85	17.25%	48.00%	-	-		2,071.12
LAFCO Tier 3	1,835.20	534.04	29.10%	196.92	-	10.73%	39.83%	-	-		730.96
RTA Tier 2	25,866.65	6,590.81	25.48%	541.62	3,362.66	15.09%	40.57%	-	-		10,495.09
RTA Tier 3	15,836.80	4,439.28	28.03%	1,759.20	-	11.11%	39.14%	-	-		6,198.48
	8,150,148.64	2,201,834.52	27.02%	1,026,751.04	366,316.68	17.09%	44.11%	1,462.50	49,127.04		\$ 3,645,491.78

PP 20 9/25/2020	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for		Employee Rate	Combined Rate	Additional Contributions	Buy Backs	TOTAL Contributions
					Employee Contributions	Employee Rate					
By Employer and Tier:											
County Tier 1	3,208,251.72	870,668.18	27.14%	423,127.52	272,589.51	21.69%	48.82%	1,212.50	1,374.51		1,568,972.22
County Tier 2	1,005,347.54	284,546.04	28.30%	61,707.86	84,723.94	14.57%	42.87%	-	332.54		431,310.38
County Tier 3	3,438,272.39	912,893.97	26.55%	466,340.23	-	13.56%	40.11%	-	868.38		1,380,102.58
Superior Court Tier 1	248,724.27	69,219.23	27.83%	46,220.37	-	18.58%	46.41%	-	-		115,439.60
Superior Court Tier 3	108,057.01	28,394.95	26.28%	14,142.62	-	13.09%	39.37%	-	-		42,537.57
APCD Tier 1	56,897.21	14,077.42	24.74%	8,214.07	4,212.26	21.84%	46.58%	-	-		26,503.75
APCD Tier 3	25,854.81	6,161.94	23.83%	3,491.71	-	13.51%	37.34%	-	-		9,653.65
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%	1,689.34	-	14.40%	39.44%	250.00	-		4,877.53
LAFCO Tier 1	4,314.83	1,326.81	30.75%	343.46	400.85	17.25%	48.00%	-	-		2,071.12
LAFCO Tier 3	1,835.20	534.04	29.10%	196.92	-	10.73%	39.83%	-	-		730.96
RTA Tier 2	25,866.65	6,590.81	25.48%	541.62	3,362.66	15.09%	40.57%	-	-		10,495.09
RTA Tier 3	15,836.80	4,439.28	28.03%	1,759.20	-	11.11%	39.14%	-	-		6,198.48
	8,167,879.46	2,206,102.12	27.01%	1,029,386.68	366,858.03	17.09%	44.10%	1,462.50	2,575.43		\$ 3,606,384.76

TOTAL FOR THE MONTH	16,318,028.10	4,407,936.64	27.01%	2,056,137.72	733,174.71	17.09%	44.11%	2,925.00	51,702.47		\$ 7,251,876.54
TOTAL YEAR TO DATE	162,043,325.01	42,171,859.67	26.03%	19,179,877.35	7,443,305.17	16.43%	42.45%	26,210.50	337,160.18		69,158,412.87

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

PP 21 10/9/2020	Pensionable	Employer	Employer	Employee	Employer for		Employee	Combined	Additional	Buy	TOTAL
					Employee	Employee					
By Employer and Tier:	Salary	Contributions	Rate	Contributions	Contributions	Rate	Rate	Rate	Contributions	Backs	Contributions
County Tier 1	3,185,760.59	865,048.24	27.15%	420,252.90	270,293.72	21.68%	48.83%	42.82%	1,212.50	1,374.51	1,558,181.87
County Tier 2	1,006,133.87	284,530.90	28.28%	60,437.83	85,878.29	14.54%	42.82%	-	-	332.54	431,179.56
County Tier 3	3,435,354.84	912,469.91	26.56%	465,417.66	-	13.55%	40.11%	-	-	868.38	1,378,755.95
Superior Court Tier 1	247,371.38	68,865.52	27.84%	46,001.17	-	18.60%	46.43%	-	-	-	114,866.69
Superior Court Tier 3	106,926.00	28,097.13	26.28%	14,009.04	-	13.10%	39.38%	-	-	-	42,106.17
APCD Tier 1	56,897.23	14,077.42	24.74%	8,214.09	4,212.26	21.84%	46.58%	-	-	-	26,503.77
APCD Tier 3	27,056.82	6,446.11	23.82%	3,619.36	-	13.38%	37.20%	-	-	-	10,065.47
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	11,874.76	2,973.44	25.04%	1,710.06	-	14.40%	39.44%	250.00	-	-	4,933.50
LAFCO Tier 1	4,314.83	1,326.81	30.75%	343.46	400.85	17.25%	48.00%	-	-	-	2,071.12
LAFCO Tier 3	1,835.20	534.04	29.10%	196.92	-	10.73%	39.83%	-	-	-	730.96
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
	8,142,116.04	2,199,710.87	27.02%	1,024,115.07	365,716.60	17.07%	44.09%	1,462.50	2,575.43	\$	3,593,580.47

PP 22 10/23/2020	Pensionable	Employer	Employer	Employee	Employer for		Employee	Combined	Additional	Buy	TOTAL
					Employee	Employee					
By Employer and Tier:	Salary	Contributions	Rate	Contributions	Contributions	Rate	Rate	Rate	Contributions	Backs	Contributions
County Tier 1	3,189,396.30	866,187.84	27.16%	420,712.14	270,679.90	21.68%	48.84%	42.77%	1,212.50	1,374.51	1,560,166.89
County Tier 2	996,110.16	281,190.57	28.23%	60,888.12	83,989.89	14.54%	42.77%	-	-	332.54	426,401.12
County Tier 3	3,446,253.02	914,619.20	26.54%	466,949.73	-	13.55%	40.09%	-	-	868.38	1,382,437.31
Superior Court Tier 1	233,765.30	65,139.31	27.87%	43,387.69	-	18.56%	46.43%	-	-	-	108,527.00
Superior Court Tier 3	104,487.63	27,485.00	26.30%	13,672.80	-	13.09%	39.39%	-	-	-	41,157.80
APCD Tier 1	56,897.21	14,077.42	24.74%	8,214.07	4,212.26	21.84%	46.58%	-	-	-	26,503.75
APCD Tier 3	27,056.80	6,446.10	23.82%	3,619.36	-	13.38%	37.20%	-	-	-	10,065.46
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	11,874.76	2,973.44	25.04%	1,710.06	-	14.40%	39.44%	250.00	-	-	4,933.50
LAFCO Tier 1	4,314.83	1,326.81	30.75%	343.46	400.85	17.25%	48.00%	-	-	-	2,071.12
LAFCO Tier 3	2,248.00	654.17	29.10%	241.21	-	10.73%	39.83%	-	-	-	895.38
RTA Tier 2	25,866.65	6,590.81	25.48%	541.62	3,362.66	15.09%	40.57%	-	-	-	10,495.09
RTA Tier 3	14,226.56	3,972.47	27.92%	1,587.38	-	11.16%	39.08%	-	-	-	5,559.85
	8,129,384.29	2,194,974.40	27.00%	1,023,479.40	364,214.37	17.07%	44.07%	1,462.50	2,575.43	\$	3,586,706.10

TOTAL FOR THE MONTH	16,271,500.33	4,394,685.27	27.01%	2,047,594.47	729,930.97	17.07%	44.08%	2,925.00	5,150.86	\$	7,180,286.57
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TOTAL YEAR TO DATE	178,314,825.34	46,566,544.94	26.11%	21,227,471.82	8,173,236.14	16.49%	42.60%	29,135.50	342,311.04	\$	76,338,699.44
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REPORT OF RETIREMENTS

September 2020

RETIREE NAME	DEPARTMENT	BENEFIT TYPE *	EFFECTIVE DATE	MONTHLY BENEFIT	SS TEMP ANNUITY**
Baudendistel, Barbara A	Department of Social Services	Service Retirement	08/15/2020	2,110.98	False
Cooper, Rhonda	Public Health	Service Retirement	09/04/2020	463.39	False
Cullinane, Marie A	Planning Department	DROP	09/01/2020	5,084.12	False
Cullinane, Marie A	Planning Department	Additional Annuity	09/01/2020	9.00	False
Estrada, Donna P	Probation Department	Service Retirement	09/23/2020	390.58	False
Estrada, Donna P	Probation Department	Additional Annuity	09/23/2020	6.20	False
Hansen, Pauline E	SLO County Child Support Servi	Service Retirement	09/21/2020	1,893.84	False
Iaquinto, Lawrence Guy	Regional Parks	Service Retirement	09/09/2020	1,935.00	False
Lazzarini, Rhonda J	Sheriff-Coroner	DROP	09/01/2020	6,626.96	False
Melin, Donald R	Community Parks	DROP	09/01/2020	6,639.31	False
Melin, Donald R	Community Parks	Additional Annuity	09/01/2020	150.04	False
Mich, Robert F	Department of Social Services	Service Retirement	09/05/2020	4,532.34	False
Moon, Diosmia N	Public Works ISF	Service Retirement	09/19/2020	2,084.71	False
Sampson, Kim Deanna	Sheriff-Coroner	Service Retirement	08/24/2020	1,825.27	False
Sistek, Lyle M	ITD	Service Retirement	08/15/2020	8,762.59	False
Sistek, Lyle M	ITD	Additional Annuity	08/15/2020	192.31	False
Stamm, Carmen D	Department of Social Services	Service Retirement	09/23/2020	505.14	False
Webster, Catherine I	Department of Social Services	Service Retirement	09/20/2020	1,283.15	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**October 2020**

RETIREE NAME	DEPARTMENT	BENEFIT TYPE *	EFFECTIVE DATE	MONTHLY BENEFIT	SS TEMP ANNUITY**
Armstrong, Denise M	Sheriff-Coroner	Service Retirement	10/17/2020	8,483.64	False
Beebe, James	Public Health Department	Service Retirement	09/19/2020	4,123.51	False
Burns, Julia M	Agricultural Commissioner	Service Retirement	09/26/2020	2,008.42	False
Cadena, Andy	District Attorney	Service Retirement	10/02/2020	5,579.29	False
Chasuk, Suzanne M	Public Health Department	Service Retirement	10/03/2020	3,362.68	False
Cox, Craig A	Public Works ISF	Service Retirement	10/17/2020	2,649.86	False
Cox, Heidi A	SLO County Child Support Servi	Service Retirement	10/03/2020	1,591.93	False
Elliott, Dominick M	Treasurer-Tax Collector-Public	Service Retirement	08/31/2020	276.03	False
Janssen, Matthew L	Planning Department	Service Retirement	09/26/2020	7,525.63	False
Mihesuah, Melody Ann	SLO County Child Support Servi	Service Retirement	10/03/2020	2,949.25	False
Nunez, Joe	Public Works ISF	Service Retirement	09/15/2020	260.76	False
Nunez, Joe	Public Works ISF	Additional Annuity	09/15/2020	3.52	False
Read, Natalie J	Drinking Driver Programs	Service Retirement	10/03/2020	3,228.51	False
Salio, James E	Probation Department	Service Retirement	10/17/2020	14,541.33	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
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www.SLOPensionTrust.org



Date: October 26, 2020

To: Board of Trustees

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

Item 7: Monthly Investment Report for September 2020

	September	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	-1.7% Gross	-0.6% Gross	16.3 % Gross	-3.2 % Gross	15.5 % Gross	6.6 % Gross	-0.8% Gross
Policy Index Return (r)	-1.1%	2.4%	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. [Pending revision to Revised Investment Policy adopted Sept. 2020 to be effective in 2021.](#)

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 September. The attached market commentary from Verus details market conditions in September, but subsequent activity in October is not yet factored into these numbers.

Note that the chaotic markets of 2020 at one point in March had the SLOCPT total fund return year to date at a -12.4% level. The bounce back from that low point has brought the YTD return up to a -0.6% level. Significant improvement, but still likely to lead to an actuarial loss in investments for the full year.

The Economy and Capital Markets:

➤ **Policy Responses to Pandemic**

▪ **Monetary Policy –**

- On September 16th the Federal Open Market Committee wrapped up its last meeting prior to the November elections. The Fed reiterated its expectation of aggressive monetary policy support for the U.S. economy as it recovers from the Covid-19 economic restrictions induced recession. The Fed publicly commented on the possibility that interest rates would not increase until at least 2023. These actions are supportive of the economy but, increase concerns over a moderate resurgence of price inflation. The Fed had previously loosened its target for inflation to consider an average level of inflation. This opened the possibility that the Fed would not tighten monetary policy if inflation over-shot its target level of 2% for some period of time to be determined.

▪ **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. At the date of this writing – about two weeks prior to the election – it appears unlikely that any additional fiscal stimulus legislation will be passed prior to the 1st quarter of 2021. It is likely that the pace of economic growth since the bottom of the pandemic-induced recession will slow markedly without the assistance of continued stimulus spending.

➤ **Employment and Wages –**

- The August DOL report from the BLS on nonfarm employment showed a loss of 661k jobs following the August gain of 1.4 million jobs. However, the Unemployment rate fell from 8.4% in August to 7.9% in September (February low was 3.5%).

➤ **Market Outlook –**

- Loomis Sayles – an investment manager utilized by the Pension Trust - in their October Market Outlook publication included the following excerpt -

“We expect a moderation in economic growth over the course of 2021.

- Social distancing measures and the end of lockdowns have allowed for a rapid rebound in economic activity. However, as the winter months approach and schools remain open, we believe a second wave of COVID-19 cases could weigh on economic activity.

- Medical facilities appear better prepared for another surge of COVID-19 cases, which could reduce the likelihood of a return to broad lockdowns.
- We believe an effective vaccine and adequate vaccine distribution are upside catalysts that could arrive by spring 2021. In that scenario, social distancing measures may begin to lift and economic growth could potentially roar back stronger than currently expected.
- Extraordinary fiscal measures could help buoy consumer spending and the labor market. In the US, additional fiscal stimulus looks likely to be delayed until the first quarter of 2021.
- The monetary and fiscal policy response to COVID-19 has been a key driver of the rebound we've seen thus far. Additional fiscal stimulus would likely be an upside catalyst for growth and risk asset performance.
- Potential leadership shifts in Washington, DC may generate volatility in risk assets, but we believe the macroeconomic backdrop and continued progress through the credit cycle will be the principal drivers of performance over the long term.”

- PIMCO – another investment manager utilized by the Pension Trust - in their October Viewpoint publication included the following excerpt -

“With the U.S. presidential election just weeks away, the focus is broadening from the singular emphasis on the politics of the election to the potential policy implications. At PIMCO, we think the two most likely election scenarios are worth exploring:

- A Democratic sweep, with former Vice President Joseph R. Biden, Jr. winning the White House, and Democrats keeping their majority in the House of Representatives and taking back the Senate (albeit by a very narrow margin). We address this scenario first and in detail below, since it would likely lead to substantial policy shifts.
- A status quo election, with President Donald J. Trump winning reelection and the composition of Congress remaining the same (a Democratic House and Republican Senate).

How would risk markets respond under each scenario?

It is, of course, hard to definitively predict what the market response would be. The conventional wisdom in 2016 predicted a Trump victory would trigger a market sell-off, yet it outperformed for years. Indeed, if history is any guide, risk markets are somewhat impervious to the outcome of the election, having done well under both Democratic- and Republican-led White Houses since 1932. As measured by the S&P 500 Index, the market has historically performed marginally better under Democratic than under Republican administrations, but best under divided government.”

- Market volatility – Equity market valuation levels moderated somewhat during September as the stock market retreated about 6% from record highs early in the month. Indications of equity market volatility following the election are muted given the high probability of Biden winning election. Equity markets historically adjust to election results either way and are more impacted by uncertainty than they are by expected public policy changes.

Respectfully Submitted,

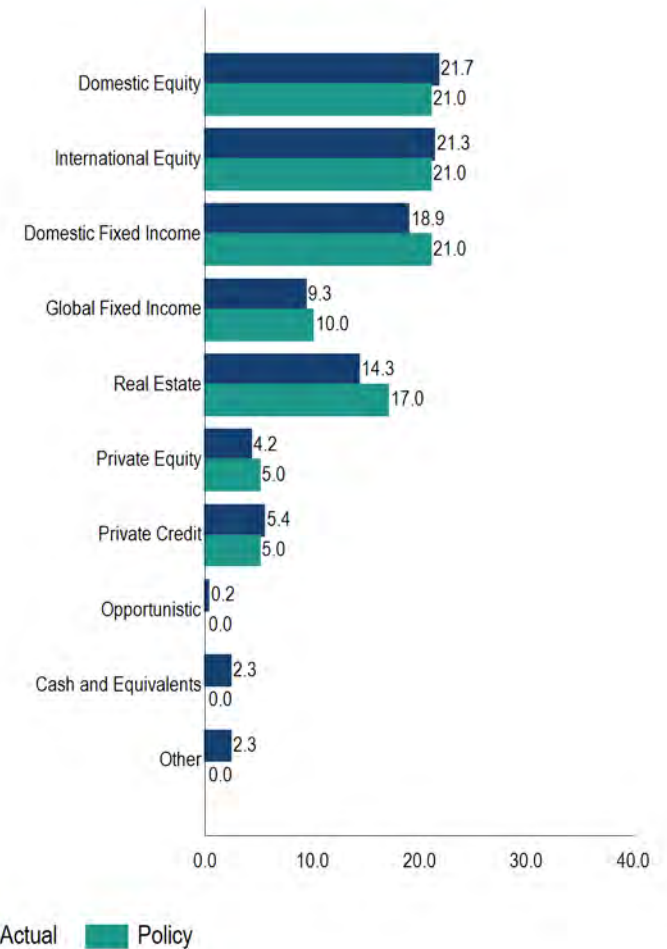
San Luis Obispo County Pension Trust

Executive Summary - Preliminary (Gross of Fees)

Period Ending: September 30, 2020

	Market Value	% of Portfolio	1 Mo	YTD
Total Fund	1,443,121,209	100.0	-1.7	-0.6
<i>Policy Index</i>			-1.1	2.4
Total Domestic Equity	313,260,144	21.7	-3.7	-1.6
<i>Russell 3000</i>			-3.6	5.4
PIMCO RAE US	69,633,281	4.8	-3.0	-10.9
<i>S&P 500</i>			-3.8	5.6
Loomis Sayles Large Cap Growth	101,051,561	7.0	-4.3	22.2
<i>Russell 1000 Growth</i>			-4.7	24.3
Boston Partners Large Cap Value	83,572,629	5.8	-3.1	-13.9
<i>Russell 1000 Value</i>			-2.5	-11.6
Atlanta Capital Mgmt	59,002,673	4.1	-4.4	-7.8
<i>Russell 2500</i>			-2.6	-5.8
Total International Equity	307,566,496	21.3	-3.1	-1.1
<i>MSCI ACWI ex USA Gross</i>			-2.4	-5.1
Dodge & Cox Intl Stock	135,474,492	9.4	-5.4	-17.7
<i>MSCI ACWI ex USA Value Gross</i>			-4.1	-17.2
WCM International Growth	172,092,004	11.9	-1.3	14.0
<i>MSCI ACWI ex USA Growth Gross</i>			-0.9	7.5
Total Domestic Fixed Income	273,026,500	18.9	-0.1	5.7
<i>BBgBarc US Aggregate TR</i>			-0.1	6.8
BlackRock Core Bond	98,577,542	6.8	0.0	8.1
<i>BBgBarc US Aggregate TR</i>			-0.1	6.8
Dodge & Cox Income Fund	101,569,183	7.0	-0.3	7.1
<i>BBgBarc US Aggregate TR</i>			-0.1	6.8
Pacific Asset Corporate Loan	72,879,775	5.1	0.2	-0.1
<i>S&P/LSTA Leveraged Loan Index</i>			0.6	-0.7
Total Global Fixed	134,394,386	9.3	-1.7	-2.7
<i>FTSE World Govt Bond Index</i>			-0.2	7.1
Brandywine Global Fixed Income	66,382,942	4.6	-0.9	--
<i>FTSE WGBI TR</i>			-0.2	--
Ashmore EM Blended Debt Fund	68,011,444	4.7	-2.5	-6.7
<i>50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELM+</i>			-1.7	-2.7

Actual vs Target Allocation (%)



*Other balance represents Clifton Group.

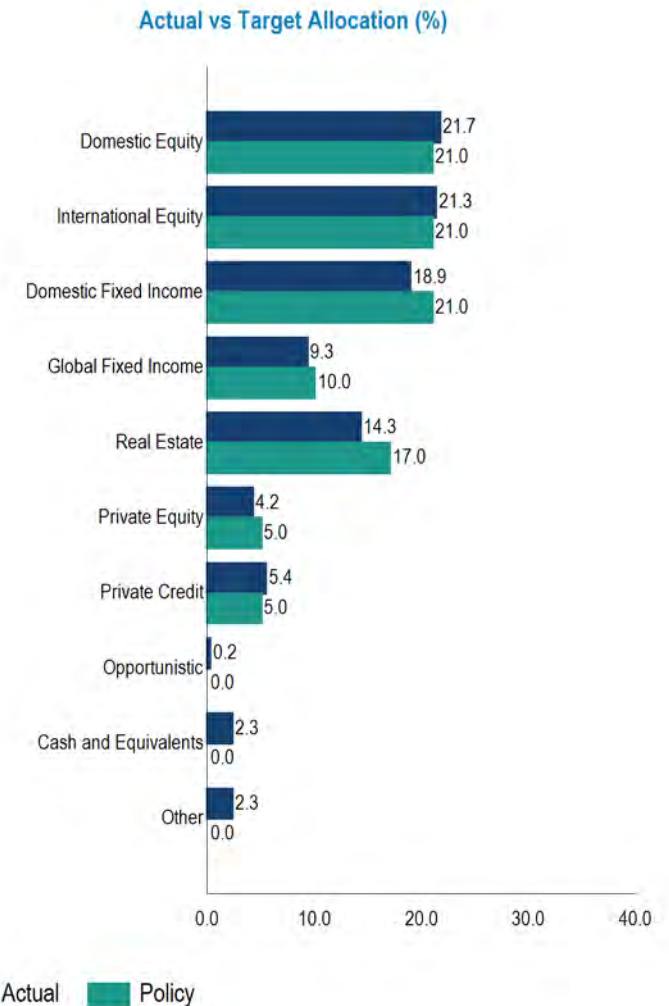
Policy Index (4/1/2020): 21% Russell 3000, 21% MSCI ACWI ex. US, 31% BBgBarc Aggregate, 17% NCREIF Property, 5% Russell 3000 + 300 bp lagged, 5% BBgBarc High Yield + 200 bp lagged. Effective 1/01/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation. 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. Brandywine transitioned from International FI to Global FI on 6/24/2020. PIMCO Distressed Credit liquidated 6/25/2020. 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: September 30, 2020

	Market Value	% of Portfolio	1 Mo	YTD
Total Real Estate	205,814,381	14.3	-0.2	-0.4
NCREIF Property Index			0.0	-0.3
JP Morgan Core Real Estate	167,072,375	11.6	-0.2	-1.2
NCREIF-ODCE			0.5	-0.1
NCREIF Property Index			0.0	-0.3
ARA American Strategic Value Realty	38,742,007	2.7	0.0	3.2
NCREIF-ODCE			0.5	-0.1
NCREIF Property Index			0.0	-0.3
Total Commodities	--	--	-1.6	-10.4
Bloomberg Commodity Index TR USD			-3.4	-12.1
Gresham MTAP Commodity Builder	0	0.0	-1.6	-10.4
Bloomberg Commodity Index TR USD			-3.4	-12.1
Total Private Equity	61,002,922	4.2		
Harbourvest Partners IX Buyout Fund L.P.	14,950,808	1.0		
Pathway Private Equity Fund Investors 9 L.P.	36,172,329	2.5		
Harbourvest 2018 Global Fund L.P.	9,143,151	0.6		
Pathway Private Equity Fund Investors 10 L.P.	736,635	0.1		
Total Private Credit	65,280,620	4.5		
Sixth Street Partners DCP	65,280,620	4.5		
Total Cash	33,050,376	2.3	0.0	1.4
91 Day T-Bills			0.0	0.4
Cash Account	33,050,376	2.3	0.0	1.4
91 Day T-Bills			0.0	0.4
Total Opportunistic	16,472,293	1.1		
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	3,247,249	0.2		
Sixth Street Partners TAO	13,225,044	0.9		



*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. 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. Brandywine transitioned from International FI to Global FI on 6/24/2020. PIMCO Distressed Credit liquidated 6/25/2020. 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**

SEPTEMBER 2020
Capital Markets Update

Market commentary

U.S. ECONOMICS

- Recent figures showed the labor market is still recovering from the coronavirus but not as quickly as in months before. Non-farm payrolls grew by only 661,000 in September, easing sharply from the 1.4 million additions posted in August. Almost half of the added jobs came from the leisure and hospitality sector. The U-3 unemployment rate fell by more than forecast, from 8.4% to 7.9% (exp. 8.2%).
- The trade deficit widened from \$63.6 billion in July to \$67.1 billion in August. The deficit widened by a greater magnitude than the median economist had anticipated (\$66.1 billion) and reached its highest level since August 2006.
- U.S. new home sales rose 4.8% in August to a seasonally adjusted 1.0 million units the highest level since September 2006.

U.S. EQUITIES

- The S&P 500 Index fell -3.8% in September. The index started the month hitting record highs but quickly pulled back as tech companies sold off. The Index was unable to find direction as prospects over a new stimulus package from congress did not come to fruition by month end.
- Polling data indicated that Joe Biden extended his lead over President Trump over the month, and the VIX futures curve drifted lower as expectations for a period of elevated volatility following a contested election moderated slightly.
- Heading into Q3 earnings season, over 25% of S&P 500 companies have not provided EPS guidance for 2020 or 2021. Lack of guidance is mainly due to uncertainty about the future impact of COVID-19 and may result in more volatile price action around earnings reports.

U.S. FIXED INCOME

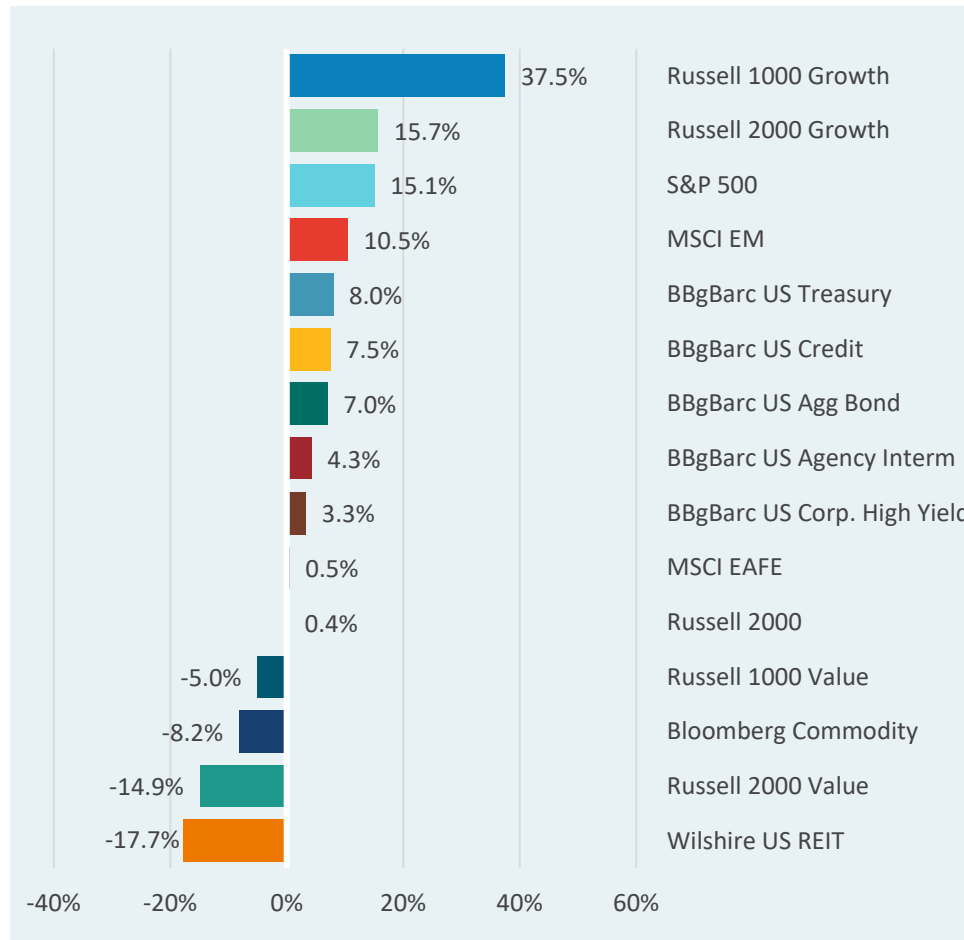
- In its September meeting, the Federal Reserve formalized its new average inflation targeting approach, which will allow for inflation to run higher than the 2% target for some time. Most members believe that short rates are likely to stay near zero through 2023.
- Core PCE – the Fed’s preferred inflation measure – rose to 1.6% year-over-year, 20 basis points higher than where the figure was a month before. Prices rose 5.4% the most in 51 years for used car and trucks and made up 40% of the increase in prices.
- The spread between the 10-year and 2-year Treasury yields shrunk 7 basis points in the first days of the month. By month end the spread came back in and closed the month relatively flat at 0.55%.

INTERNATIONAL MARKETS

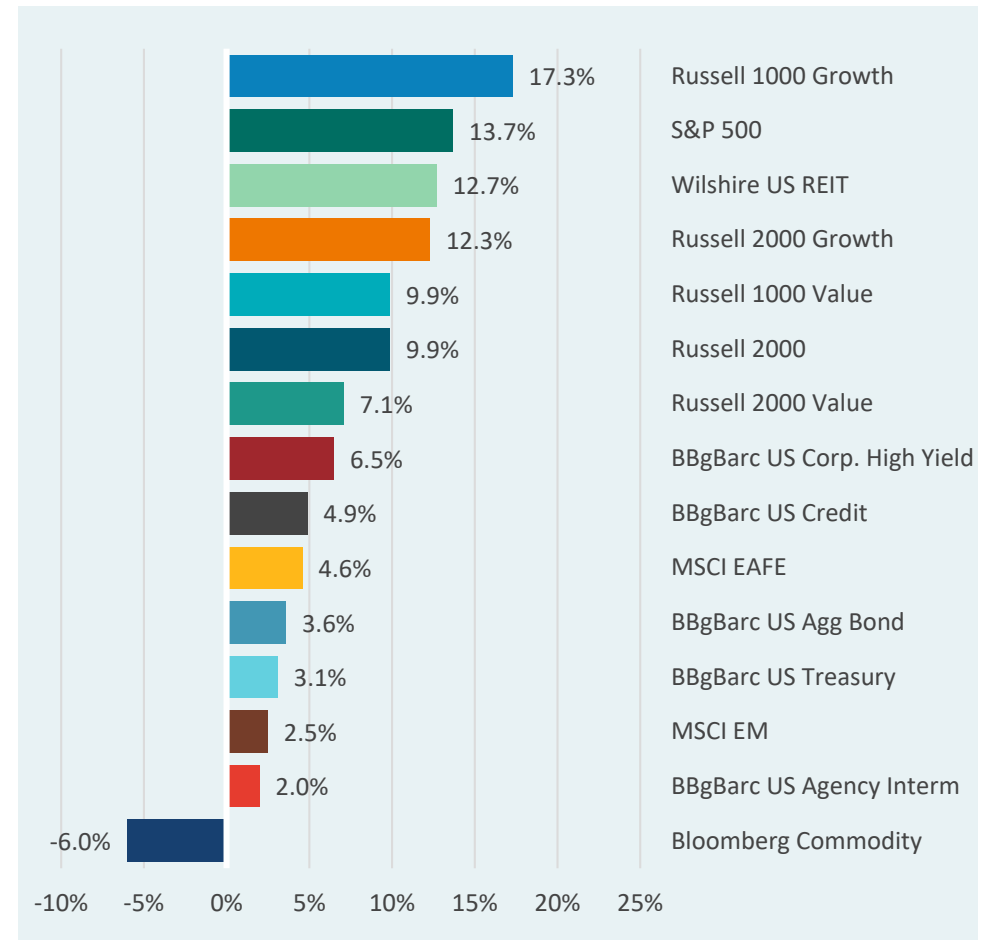
- In September, Eurozone CPI fell -0.2% year-over-year. The biggest changes in prices came from decreases in energy prices which were slightly offset by increases in the price of food, alcohol and tobacco and services.
- Eurozone seasonally adjusted unemployment rate rose slightly to 8.1% in August. The Eurozone is recovering faster than expected given use of short-time work schemes apposed to mass layoffs. The schemes work by subsidizing employers to keep employees on payrolls for set periods of time.
- IHS Markit’s Eurozone Services PMI fell to 47.6 from 51.9 putting the index back in contractionary territory. The French Services PMI fell below 50.0 for the first time in four months. In Germany, the pace of services sector expansion slowed for the second consecutive month but remained positive.

Major asset class returns

ONE YEAR ENDING SEPTEMBER



TEN YEARS ENDING SEPTEMBER



*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 9/30/20

Source: Morningstar, as of 9/30/20

U.S. large cap equities

- The S&P 500 Index fell -3.8% in September as the index pulled back from its rally through July and August. The price index hit an intra-month low of 3237 on September 23rd but by the end of the month had recovered to 3363, just 6.1% from its prior peak.
- Industrial-sector stocks are expected to report a -61.0% year-over-year decline in earnings in Q3. Airlines, one of the largest components of the sector, are expected to see earnings contract 313% year-over-year. Lawmakers in Washington are considering building explicit support for airlines into the next stimulus package, should one be passed.
- Nine of the eleven major sectors had negative returns in the month of September. The Energy sector (-14.5%) led the decline for the overall index, while Materials (+1.1%) and Utilities (+1.3%) were the only two sectors which contributed positively.
- The CBOE VIX Index of implied volatility surged 7.2 points in the first couple of days of September. The level of the index subsequently receded, and closed the month at 26.4. The index remained elevated above historical averages, but well below levels reached during the equity market sell-off back in February and March of this year.

S&P 500 PRICE INDEX



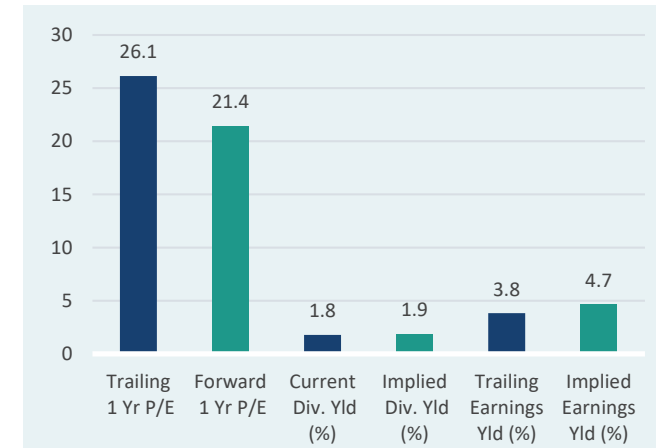
Source: Bloomberg, as of 9/30/20

IMPLIED VOLATILITY (VIX INDEX)



Source: CBOE, as of 9/30/20

S&P 500 VALUATION SNAPSHOT

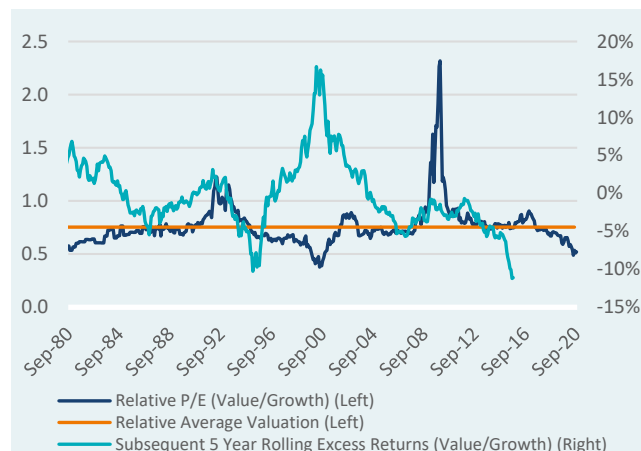


Source: Bloomberg, as of 9/30/20

Domestic equity size and style

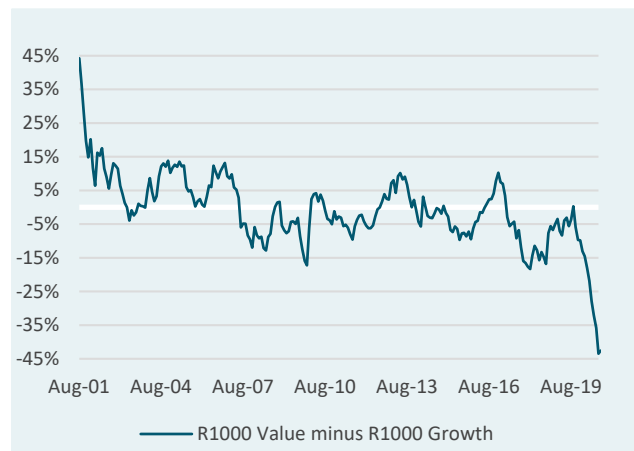
- Though both indices declined over the month, the Russell 3000 Value Index (-2.6%) outperformed the Russell 3000 Growth Index (-4.6%). The last month in which the Russell 3000 Value outperformed the Russell 3000 Growth was in June 2019.
- The MSCI USA Cyclicals - Defensives Total Return Spread Index fell -1.6% in September although the measure is up 18.9% since March lows. The outperformance in defensive sector stocks was likely helped by returns in utilities and losses in cyclical information technology companies.
- Small-cap equities (Russell 2000 Index -3.3%) outperformed large-cap equities (Russell 1000 Index -3.7%) in September. Much of the outperformance of the small-cap index was attributed to its much slighter exposure to the poorly-performing companies in the Information Technology sector.
- The Russell 1000 Growth Index underperformed the Russell 1000 Value Index by -2.2% in September, but has still outperformed by a staggering +43.5% over the last twelve months.

VALUE VS. GROWTH RELATIVE VALUATIONS



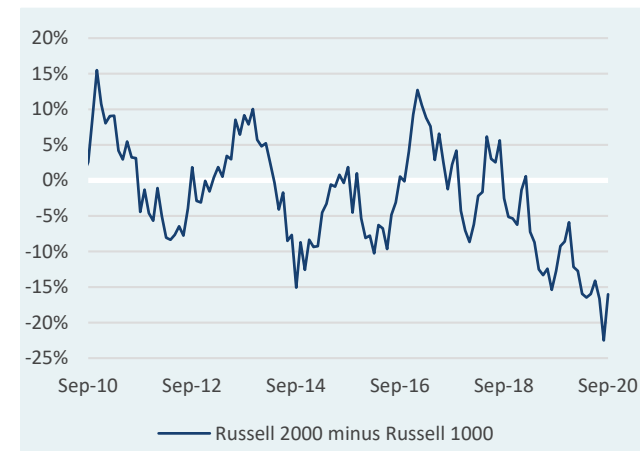
Source: Russell, Bloomberg, as of 9/30/20

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 9/30/20

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE

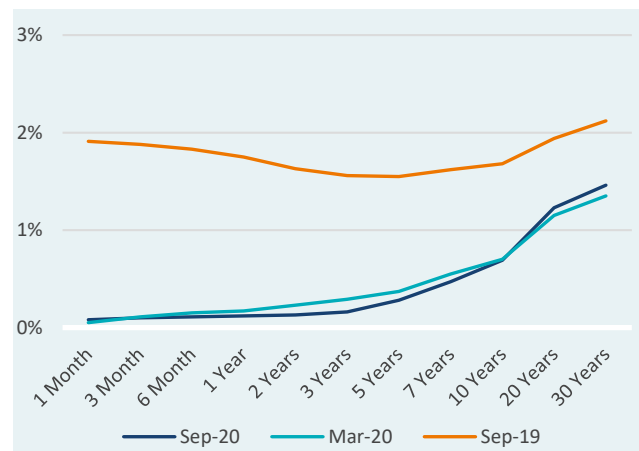


Source: FTSE, Bloomberg, as of 9/30/20

Fixed income

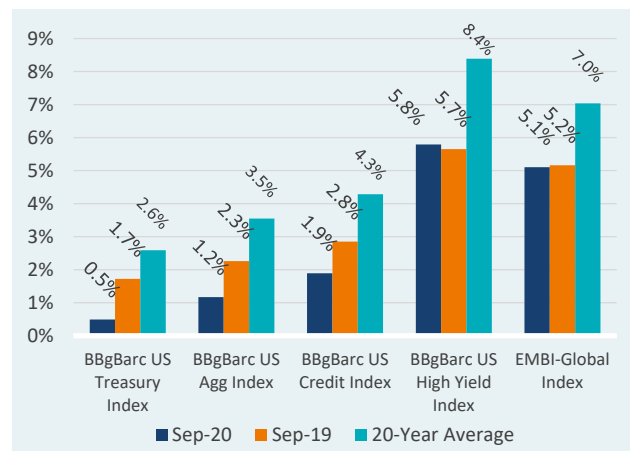
- The European Union M3 money supply grew 9.5% year-over-year in August, but the rate of growth slowed for the first time this year. The European Central Bank relaxed banks required leverage ratios in September, allowing them to make more loans with less capital and boost the money supplied.
- The pound declined -3.4% relative to the U.S. dollar as the Bank of England reportedly discussed the potential implementation of a negative interest rate policy at some point in the future. Markets are pricing in negative interest rates in the U.K. by mid-2021.
- The Chinese yuan hit its strongest point in a year (6.73 ¥/\$) following the release of eco data suggesting China’s economy is surging out of its slump from the virus. The Peoples Bank of China left its benchmark interest rates unchanged, and the one-year and five-year loan prime rates also held steady at 3.85% and 4.65% respectively.
- The ten-year breakeven inflation rate – a measure of priced inflation expectations – remained elevated at 1.6% in September. Real yields continued to be in negative territory in the U.S. with TIPS returning -0.4% for the month.

U.S. TREASURY YIELD CURVE



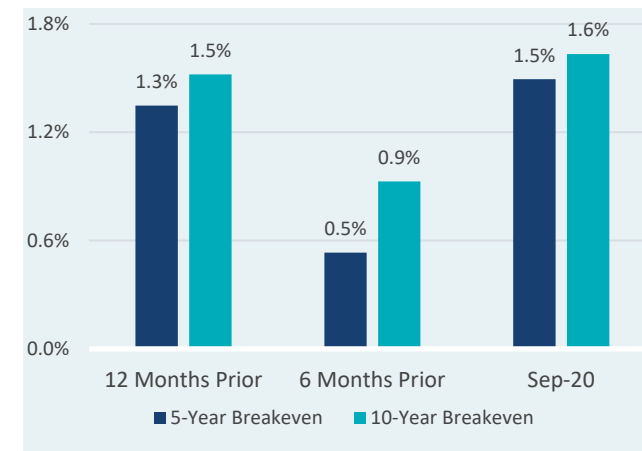
Source: Bloomberg, as of 9/30/20

NOMINAL YIELDS



Source: Morningstar, as of 9/30/20

BREAKEVEN INFLATION RATES

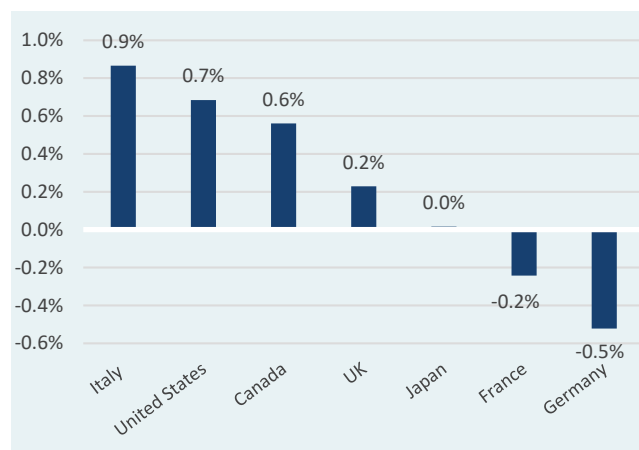


Source: Bloomberg, as of 9/30/20

Global markets

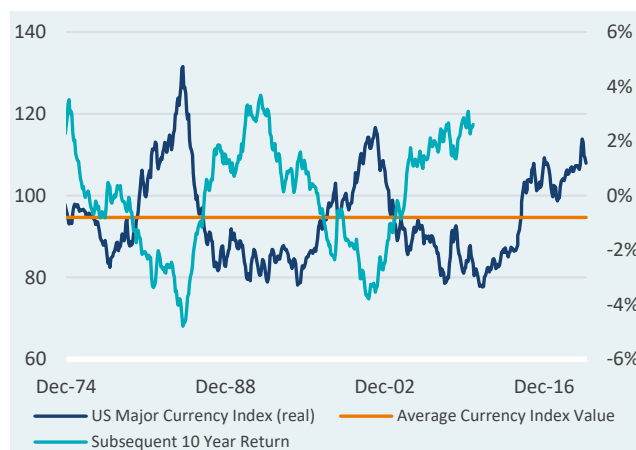
- Emerging market equities (MSCI EM -1.6%) outperformed global equities broadly (MSCI ACWI -3.2%). Emerging markets were also able to outperform individual countries still fighting the virus such as, the U.S. (S&P 500 -3.8%) and European countries (MSCI Euro -3.8%).
- The French Prime Minister announced a two-year, €100 billion (\$118 billion) plan to help stimulate the economy. The jobs program that focuses on green technologies and health care is 4% of France's total GDP. This brings the total amount of stimulus spent for the country to nearly 10% of its GDP.
- U.K. equities slid (MSCI UK -5.0%) as negotiations with the European Union over the terms of the Withdrawal Agreement failed to yield a compromise. Prime Minister Boris Johnson set an October 15th deadline for securing an agreement on trade, and the distribution of fishing rights outside of U.K. and E.U. waters continues to be a major sticking point in the talks.
- Japanese companies (MSCI Japan +1.0%) closed the month higher after a volatile month capped by the sudden resignation of Prime Minister Shinzo Abe. The Japanese yen (+0.5%) strengthened slightly relative to the U.S. dollar over the period.

GLOBAL SOVEREIGN 10-YEAR YIELDS



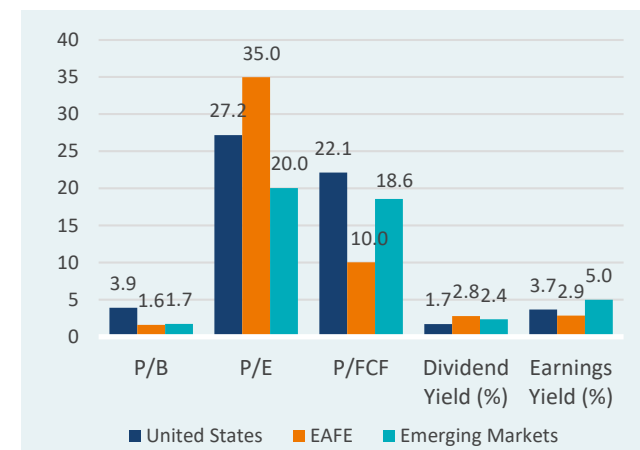
Source: Bloomberg, as of 9/30/20

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 9/30/20

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 9/30/20

Commodities

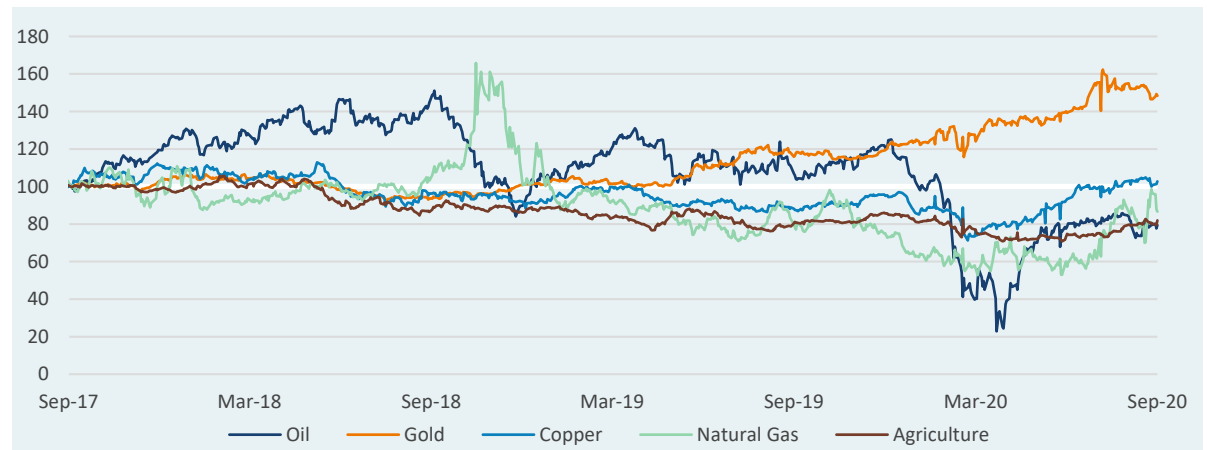
- The Bloomberg Commodity Index closed the month down -3.4%. Performance was weighed down by the Petroleum and Energy sub-indexes. A sell-off in Precious Metals (-7.7%) also contributed to the decline in the overall index. Only the Bloomberg Livestock (+7.4%) and Agriculture (+3.4%) indices managed to deliver positive returns.
- The Energy sector (-9.6%) struggled over the month as oil prices faded. In Q3 2020, the average price of oil was \$40.92, about 27% lower than the average price in Q3 2019 (\$56.44). Saudi Aramco had to cut its oil prices, illuminating the weak demand for oil exacerbated by an aviation sector that remained under significant pressure.
- Precious Metals (-7.7%) sold off as real interest rates stabilized, and the Federal Reserve reiterated that it had no intention of moving nominal short rates into negative territory. Silver spot prices were down -15.8% in September, and spot gold prices slumped -3.8% to end the month at \$1886 per ounce.
- The Bloomberg Livestock (+7.4%) Index advanced on the back of lean hog and cattle futures contracts climbing +14.5% and +3.1% respectively. Grains, which represent roughly 22% of the overall index, returned +6.3%, driven by the strong performance of soybeans (+7.3%) and corn (+5.9%).

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	(3.4)	9.1	(12.1)	(8.2)	(4.2)	(3.1)	(6.0)
Bloomberg Agriculture	3.4	11.9	(4.0)	2.8	(5.1)	(5.0)	(5.3)
Bloomberg Energy	(9.6)	4.3	(44.0)	(40.7)	(15.9)	(14.0)	(15.0)
Bloomberg Grains	6.3	12.3	(2.3)	1.2	(4.6)	(6.8)	(5.5)
Bloomberg Industrial Metals	(2.8)	11.2	1.8	1.6	(1.0)	4.5	(3.7)
Bloomberg Livestock	7.4	13.8	(25.2)	(25.1)	(10.6)	(7.7)	(5.3)
Bloomberg Petroleum	(6.8)	(0.9)	(50.3)	(43.6)	(14.5)	(11.9)	(11.7)
Bloomberg Precious Metals	(7.7)	7.8	22.6	27.2	11.8	9.6	2.2
Bloomberg Softs	(4.9)	7.7	(9.9)	2.6	(8.4)	(4.8)	(8.0)

Source: Morningstar, as of 9/30/20

COMMODITY PERFORMANCE



Source: Bloomberg, as of 9/30/20

Appendix

Periodic table of returns

BEST

	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	24.3	20.1	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	6.8	14.1	13.8
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	6.4	11.4	12.3
Small Cap Growth	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	3.9	9.0	9.9
60/40 Global Portfolio	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	3.6	8.0	9.9
Hedge Funds of Funds	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	2.5	8.0	9.3
Cash	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	0.4	7.7	7.1
Real Estate	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	-0.3	6.1	6.2
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	-1.2	5.3	4.6
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	-7.1	4.2	3.6
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	-8.7	4.1	2.9
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	-11.6	3.1	2.5
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	-12.1	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	-21.5	-3.1	-6.0

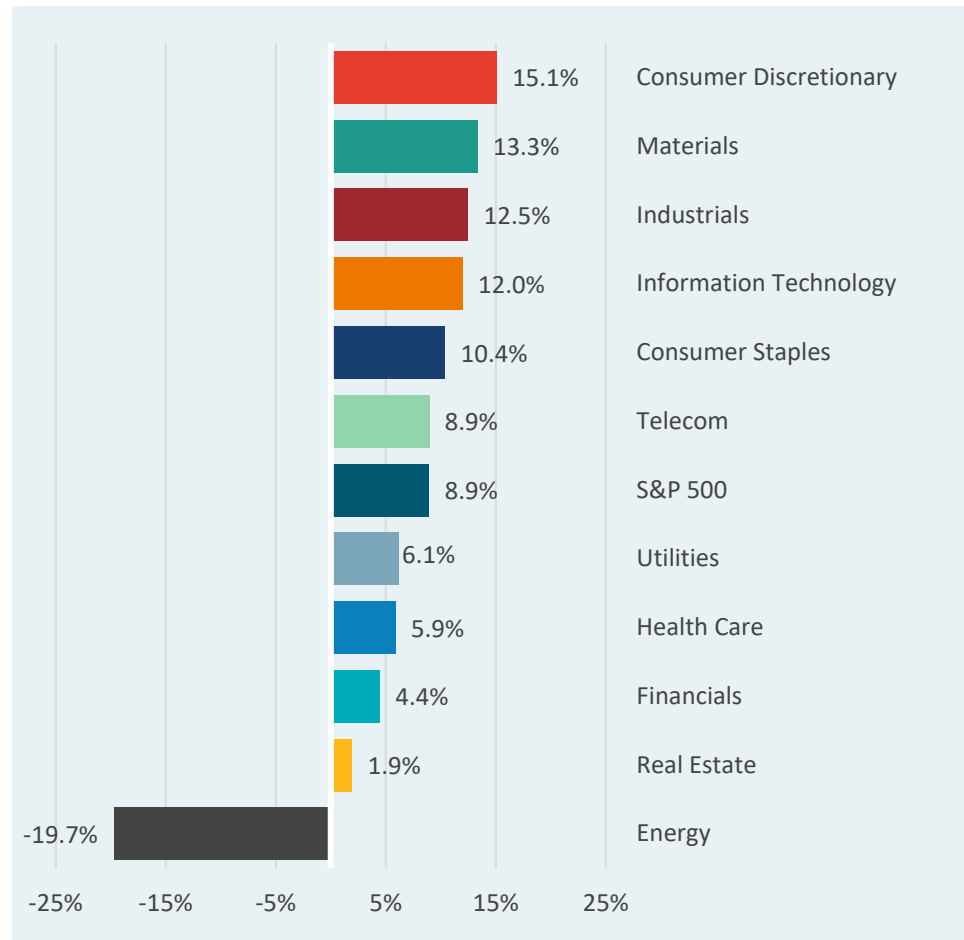
WORST



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.

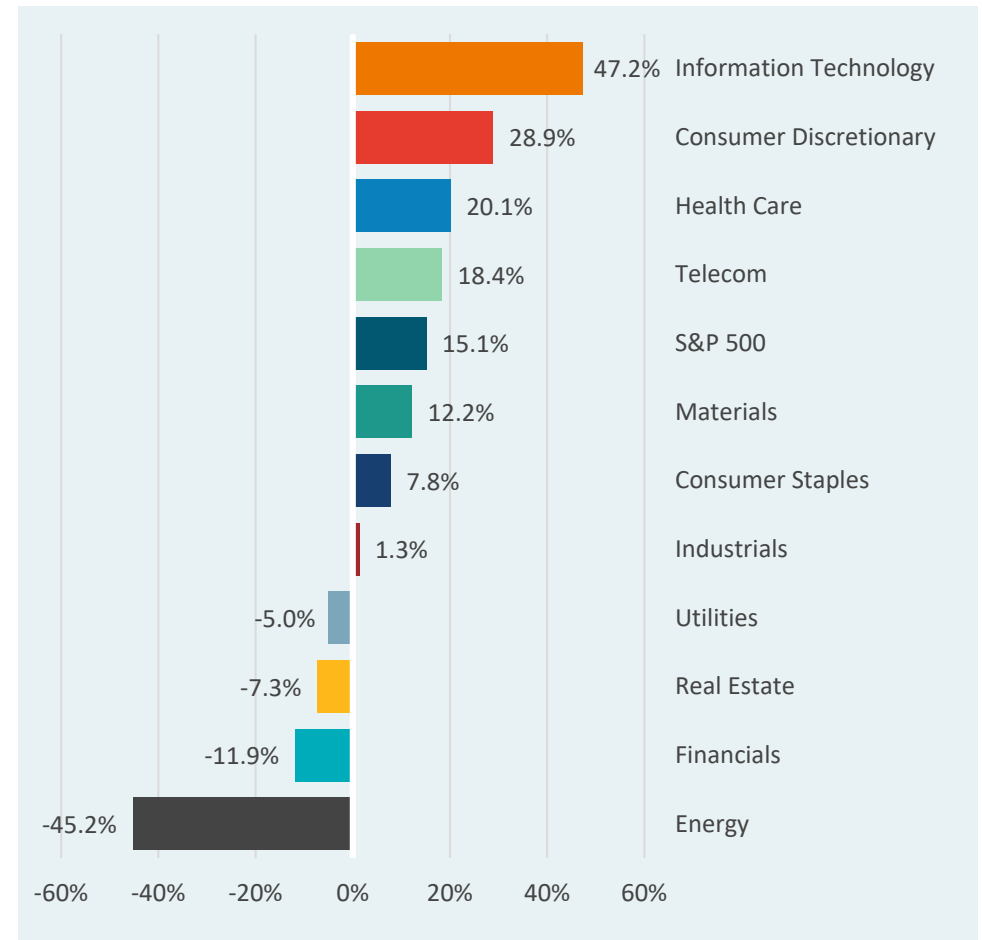
S&P 500 sector returns

Q3 2020



Source: Morningstar, as of 9/30/20

ONE YEAR ENDING SEPTEMBER



Source: Morningstar, as of 9/30/20

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	(3.8)	8.9	5.6	15.1	12.3	14.1	13.7
S&P 500 Equal Weighted	(2.5)	6.7	(4.7)	2.5	6.5	10.3	12.0
DJ Industrial Average	(2.2)	8.2	(0.9)	5.7	10.0	14.0	12.7
Russell Top 200	(4.2)	10.2	9.6	20.3	14.3	15.6	14.5
Russell 1000	(3.7)	9.5	6.4	16.0	12.4	14.1	13.8
Russell 2000	(3.3)	4.9	(8.7)	0.4	1.8	8.0	9.9
Russell 3000	(3.6)	9.2	5.4	15.0	11.6	13.7	13.5
Russell Mid Cap	(1.9)	7.5	(2.3)	4.6	7.1	10.1	11.8
Style Index							
Russell 1000 Growth	(4.7)	13.2	24.3	37.5	21.7	20.1	17.3
Russell 1000 Value	(2.5)	5.6	(11.6)	(5.0)	2.6	7.7	9.9
Russell 2000 Growth	(2.1)	7.2	3.9	15.7	8.2	11.4	12.3
Russell 2000 Value	(4.7)	2.6	(21.5)	(14.9)	(5.1)	4.1	7.1

INTERNATIONAL EQUITY

Broad Index							
MSCI ACWI	(3.2)	8.1	1.4	10.4	7.1	10.3	8.5
MSCI ACWI ex US	(2.5)	6.3	(5.4)	3.0	1.2	6.2	4.0
MSCI EAFE	(2.6)	4.8	(7.1)	0.5	0.6	5.3	4.6
MSCI EM	(1.6)	9.6	(1.2)	10.5	2.4	9.0	2.5
MSCI EAFE Small Cap	(0.7)	10.3	(4.2)	6.8	1.4	7.4	7.3
Style Index							
MSCI EAFE Growth	(0.7)	8.4	4.6	13.4	7.1	9.2	7.0
MSCI EAFE Value	(4.6)	1.2	(18.3)	(11.9)	(5.9)	1.1	2.1
Regional Index							
MSCI UK	(5.0)	(0.2)	(23.4)	(15.8)	(5.6)	(0.4)	2.0
MSCI Japan	1.0	6.9	(0.7)	6.9	3.9	7.5	6.2
MSCI Euro	(3.8)	4.2	(9.1)	(1.9)	(2.1)	4.4	3.5
MSCI EM Asia	(1.1)	11.9	8.0	21.5	5.7	11.3	5.5
MSCI EM Latin American	(5.1)	(1.3)	(36.1)	(29.4)	(11.8)	2.1	(5.7)

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
BBgBarc US TIPS	(0.4)	3.0	9.2	10.1	5.8	4.6	3.6
BBgBarc US Treasury Bills	0.0	0.0	0.7	1.2	1.7	1.2	0.7
BBgBarc US Agg Bond	(0.1)	0.6	6.8	7.0	5.2	4.2	3.6
Duration							
BBgBarc US Treasury 1-3 Yr	0.0	0.1	3.1	3.6	2.7	1.8	1.3
BBgBarc US Treasury Long	0.4	0.1	21.3	16.3	11.9	8.2	7.2
BBgBarc US Treasury	0.1	0.2	8.9	8.0	5.5	3.7	3.1
Issuer							
BBgBarc US MBS	(0.1)	0.1	3.6	4.4	3.7	3.0	3.0
BBgBarc US Corp. High Yield	(1.0)	4.6	0.6	3.3	4.2	6.8	6.5
BBgBarc US Agency Interim	0.1	0.3	4.0	4.3	3.3	2.4	2.0
BBgBarc US Credit	(0.3)	1.5	6.4	7.5	6.2	5.7	4.9

OTHER

Index							
Bloomberg Commodity	(3.4)	9.1	(12.1)	(8.2)	(4.2)	(3.1)	(6.0)
Wilshire US REIT	(3.4)	1.3	(16.7)	(17.7)	0.4	5.7	12.7
CS Leveraged Loans	0.7	4.1	(0.8)	0.8	3.2	4.6	5.0
Alerian MLP	(13.6)	(16.3)	(48.3)	(50.7)	(21.9)	(12.4)	(4.0)
Regional Index							
JPM EMBI Global Div	(1.9)	2.3	(0.5)	1.3	3.5	6.1	5.4
JPM GBI-EM Global Div	(2.0)	0.6	(6.3)	(1.4)	0.2	4.8	0.5
Hedge Funds							
HFRI Composite	(1.2)	4.1	0.5	4.0	2.7	4.0	3.6
HFRI FOF Composite	(0.4)	4.2	2.5	5.6	2.9	3.1	2.9
Currency (Spot)							
Euro	(1.9)	4.4	4.5	7.6	(0.3)	1.0	(1.5)
Pound	(3.4)	4.6	(2.4)	4.9	(1.2)	(3.1)	(2.0)
Yen	0.5	2.2	3.0	2.4	2.2	2.6	(2.3)

Source: Morningstar, HFR, as of 9/30/20

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	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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Board of Trustees

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



Date: November 23, 2020

To: Board of Trustees

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

Agenda Item 8: 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 re-draft of 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). 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.

This Board of Trustees approved an original draft Stipulated Domestic Relations Order (DRO) for Mr. Settevendemie at its August 24, 2020 meeting. However, subsequent to this approval the attorney representing the Alternate Payee had requested the addition of language that adds a provision that would allow the Alternate Payee to receive a proportionate share of the member's account and service credit should he pre-decease retirement. This provision was added to ensure that the Alternate Payee would retain her right to a monthly benefit should the member pass prior to retirement. SLOCPT's staff and Actuary agree that this provision, if applied, will not increase the costs of the benefit.

Attached, for your review is the re-draft 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,

Barbara A. Ginsberg

Attorney at Law

P.O. Box 2707, Oakland, CA 94602

TELEPHONE: (510) 842-3622

FAX: (510) 842-3209

E-MAIL: barbaraginsberg@earthlink.net

October 3, 2020

Anna Bastidos
Retirement Program Specialist
San Luis Obispo County Pension Trust
1000 Mill Road
San Luis Obispo, CA 93408

Re: Member: Martin Settevendemie
Alternate Payee: Susan M. Beevers

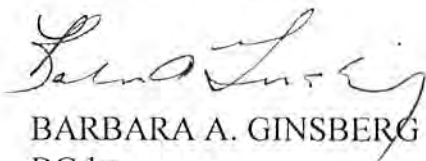
Dear Ms. Bastidos:

You previously approved a draft of a Domestic Relations Order in this matter. Darrell Goodman, the consulting attorney for the Alternate Payee, has requested that additional language be inserted at paragraph 14. I do not object to that language in my capacity as a consultant to the Plan Member, since it appears to me that the language has no effect whatsoever on the amounts payable to the Plan Member during his life and/or to his beneficiaries after his death.

I am therefore enclosing a revised draft which includes that language at paragraph 14, but has not other changes from the previous draft. If it is acceptable to the Plan, please obtain the signature of the Executive Secretary and return the partially signed document to me.

Thank you for your assistance in this matter.

Very truly yours,



BARBARA A. GINSBERG

BG:bg

Encl.

cc: Edward Somogyi (by e-mail)
Darren J. Goodman (by e-mail)

San Luis Obispo County

OCT 08 2020

Pension Trust

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
9 Consultant for Petitioner
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

May 18, 2020(3)

San Luis Obispo County
OCT 08 2020
Pension Trust

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 / / /

San Luis Obispo County
OCT 08 2020
Pension Trust

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.

San Luis Obispo County
OCT 08 2013
Pension Trust

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.

San Luis Obispo County
OCT 08 2010
Pension Trust

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.

San Luis Obispo County
OCT 08 2020
Pension Trust

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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.

a. 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.

/ / /



1 b. If Member dies after the Member is qualified to retire but prior to his
2 actual retirement date with an eligible surviving spouse as defined under Section 7.04 of the
3 Retirement Plan, then Former Spouse shall be paid Former Spouse's proportionate share of
4 any death benefit payable pursuant to Section 7.02 of the Retirement Plan.

5 c. If the Member dies after the Member is qualified to retire but prior to
6 his actual retirement without an eligible surviving spouse as defined under Section 7.04 of
7 the Retirement Plan, then this court retains jurisdiction to amend this Order to direct the
8 Retirement Plan to create a Separate Account for the Former Spouse pursuant to Sections
9 24.01 - 24.04 et seq of the Retirement Plan.

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

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

18 17. Immediately upon the entry of this Order, the Order shall be served upon the
19 Pension Trust.

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

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

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.

San Luis Obispo County
DEC 4 8 2020
Pension Trust

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 Approved:

15 _____
16 Attorney for Petitioner

17 EDWARD L. SOMOGYI
18 Attorney for Respondent

19 Approved as to form:

20 DATED: _____


21 Executive Secretary
22 San Luis Obispo County Pension Trust

23 ORDER

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

27 IT IS SO ORDERED.

28 Date: _____



JUDGE OF THE SUPERIOR COURT



October 29, 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

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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: November 23, 2020

To: Board of Trustees

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

Agenda Item 9: Investment and Banking Authority

Recommendation:

Staff recommends that the Board approve and adopt the attached Resolution 2020-05 and accompanying Incumbency Certificate designating authorized signers for various investment and banking relationships.

Discussion:

SLOCPT updates the designated authorized signers for various investment and banking relationships approximately every six months so that recent documentation of such authorizations by the Board of Trustees is available if needed to execute documents of various sorts. These designations are necessary to the everyday operations of the SLOCPT.

Resolution 2020-05 and its referenced Incumbency Certificate are attached. The approval of a resolution of this type is anticipated to be a routine item before the Board of Trustees biannually or whenever authorized signers are changed.

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**SAN LUIS OBISPO COUNTY
PENSION TRUST**

PRESENT:

ABSENT:

RESOLUTION NO. 2020-05

A Resolution Affirming Investment and Banking Authority

Whereas, the San Luis Obispo County Pension Trust conducts investment and banking activities as part of its normal course of business and finds it necessary to affirm and/or appoint which of its officers and employees are authorized signers for such activities.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED AS FOLLOWS:

The attached San Luis Obispo County Pension Trust Investment and Banking Authority Incumbency Certificate dated November 23, 2020, is hereby approved.

Adopted: November 23, 2020

Approved as to Form and Legal Effect

Chris Waddell
General Counsel

SIGNED: _____

Guy Savage
President, Board of Trustees
San Luis Obispo County Pension Trust

ATTEST: _____
Carl Nelson, Executive Director

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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



Investment and Banking Authority Incumbency Certificate

Effective Date: November 23, 2020
Date of Certification: November 23, 2020

The undersigned, being an officer of the Board of Trustees of the San Luis Obispo County Pension Trust ("SLOCPT"), organized under the laws of the State of California does hereby certify on behalf of SLOCPT that the persons named below are officers or other designated staff members of SLOCPT and that the title and signature at the right of said name, respectively, are the true title and genuine signature of said person and that the persons listed below are each an authorized signatory for the SLOCPT for **any and all investment and banking related matters**. In addition, Carl A. Nelson as the Executive Director is designated as the Bank Contracting Officer.

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Carl A. Nelson	Executive Director	_____
Amy Burke	Deputy Director	_____
Lisa Winter	Retirement Program Specialist	_____
Anna Bastidos	Retirement Program Specialist	_____

Furthermore, the undersigned does certify that the SLOCPT's Board of Trustees as of the date noted above are:

Guy Savage	Jeff Hamm
James Hamilton	Lisa Howe
Michelle Shoresman	Gere Sibbach
Taylor Dacus	

Signed: _____

Date: _____

Guy Savage, President
San Luis Obispo County Pension Trust
Board of Trustees

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Pension Trust

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



Date: November 23, 2020

To: Board of Trustees

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

Agenda Item 10: Social Security Agreement - Resolution 2020-06

Recommendation:

It is recommended that the Board of Trustees approve the attached Resolution authorizing execution of the Application and Agreement for Social Security coverage for employees of the San Luis Obispo County Pension Trust who are members of the San Luis Obispo County Pension Trust.

Discussion:

Since 1955, CalPERS has been designated as the State Social Security Administrator (SSSA) for California. As the SSSA, CalPERS is primarily responsible for administering Section 218 Agreements between the federal Social Security Administration and state and local government employers that have chosen to provide Social Security benefits to their employees. The agreements detail benefits and coverage amount authorized by Section 218 of the Social Security Act.

Per Resolution 2020-03, passed by the Board of Trustees in May 2020, SLOCPT began the process of establishing a Section 218 Agreement retroactive to January 1, 1989. In October, SLOCPT employees unanimously voted to participate in the OASDI program of the Social Security Act. The current resolution, 2020-06, executes the Section 218 Agreement between SLOCPT and CalPERS.

Respectfully submitted,

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**SAN LUIS OBISPO COUNTY
PENSION TRUST**

PRESENT: Guy Savage, Gere Sibbach, Taylor Dacus, Jim Hamilton, Jeff Hamm,
Lisa Howe

ABSENT:

RESOLUTION NO. 2020-06

A Resolution to authorize execution of the Application and Agreement for Social Security coverage for employees of the San Luis Obispo County Pension Trust who are members of the San Luis Obispo County Pension Trust.

WHEREAS, a majority of the eligible employees of the San Luis Obispo County Pension Trust, hereinafter referred to as “Public Agency”, who are members of and in positions covered by the San Luis Obispo County Pension Trust; at a majority vote election conducted in accordance with the provisions of Part 4, Division 5, of Title 2 of the California Government Code, Section 218 of the Federal Social Security Act, and regulations promulgated by the Board of Administration of the California Public Employees’ Retirement System, hereinafter referred to as “State”, voted in favor of coverage under the provisions of the Old-Age, Survivors, Disability and Health Insurance system established by the Federal Social Security Act; and

WHEREAS, the Public Agency desires to file an application with the State and to enter into an agreement with the State to extend to such retirement system members and to other eligible employees of the Public Agency in the same coverage group, as defined in Section 218(d)(4) of the Federal Social Security Act, coverage under the said insurance system on behalf of the Public Agency; and

WHEREAS, official form “Application and Agreement” containing the terms and conditions under which the State will affect such inclusion has been examined by this body;

NOW, THEREFORE, BE IT RESOLVED, that said Application and Agreement on said official form be executed on behalf of the Public Agency and submitted to the State to provide coverage under the California State Social Security Agreement of March 9, 1951, of all services performed by individuals as employees of the Public Agency as members of a coverage group (as defined in Section 218(d)(4) of the Social Security Act) of the San Luis Obispo County Pension Trust, except the following:

1. All services excluded from coverage under the agreement by Section 218 of the Social Security Act; and
2. Services excluded by option of the Applicant as indicated in Resolution No. 2020-03 adopted at a meeting of the San Luis Obispo County Pension Trust on May 18, 2020: Elective Officials, Agricultural Labor.

Effective date of coverage of services under said agreement to be January 1, 1989; and

BE IT FURTHER RESOLVED, that Carl Nelson, Executive Director, 1000 Mill Street, San Luis Obispo, CA 93408, is hereby authorized and directed to execute said Application and Agreement on behalf of and as Authorized Agent of the Public Agency and to forward same to the State for acceptance and further action; and

BE IT FURTHER RESOLVED, that authority hereafter to act as Authorized Agent, and so to conduct all negotiations, conclude all arrangements, submit all reports, and sign all agreements and instruments which may be necessary to carry out the letter and intent of the aforesaid application and agreement, in conformity with all applicable Federal and State laws, rules and regulations, is vested in the position of Executive Director.

San Luis Obispo County Pension Trust

Presiding Officer

Title

Date

APPLICATION AND AGREEMENT

For the purposes of this application and agreement, any reference made herein to any State or Federal statute or statutes, or regulations, or part thereof, applies to all amendments thereto now or hereafter made.

For the purposes of this application and agreement, "Federal System" means Old-Age, Survivors, and Disability and Health Insurance system established by the Federal Social Security Act, "Federal agency" means the Commissioner of Social Security, or successor in function to such officer, "Board" means the Board of Administration of the Public Employees' Retirement System, acting on behalf of the State of California.

The San Luis Obispo County Pension Trust, a public agency as defined in Section 22009 of the Government Code* hereinafter called Applicant, hereby makes application to the Board to execute a modification to the California State Social Security Agreement extending thereunder the Federal System to all services performed by individuals as employees of the Applicant in a coverage group as defined in Section 218(d)(4) of the Social Security Act* of the San Luis Obispo County Pension Trust, a deemed retirement system except the following:

1. Those services mandatorily excluded from said agreement by Section 218 of the Social Security Act. *
2. The following services excluded by option of the Applicant pursuant to Resolution No. 2020-03, adopted on May 18, 2020:

Elective Officials, Agricultural Labor

*See Attachment

In order to carry into effect, the common governmental duties under such statutes and in consideration of the mutual promises hereinafter made, the Applicant and the Board agree as follows:

1. The Board will execute a modification to the California State Social Security Agreement to extend thereunder the Federal System to the services of employees of Applicant as hereinbefore applied for.
2. Applicant will comply promptly and completely, throughout the term of this application and agreement, with the letter and intent of all statutes of the State of California, and Section 218 of the Federal Social Security Act, and applicable Federal and State regulations adopted pursuant thereto.
3. Applicant shall pay to the Federal Government amounts equivalent to the sum of taxes (employer-employee contributions) imposed under the Federal Insurance Contributions Act if the services of employees covered by the application and agreement constituted employment as defined in such Act. Applicant shall keep or cause to be kept accurate records of all remuneration for such services, said records to be maintained as required by Federal or State regulations, and said records shall be available for inspection or audit by the Board or its designated representative.
4. Applicant will prepare and submit such wage reports as may be required.

5. Applicant shall pay and reimburse the State at such times as may be determined by the State:
 - (a) Any sums of money that the State may be obligated to pay or forfeit to the Federal Government by reason of any failure of the Applicant, for any cause or reason, to pay the contributions, penalties, or interest required by the agreement between the Federal agency and the State at such time or in such amounts as required by the said agreement and any State or Federal regulations adopted pursuant thereto.
 - (b) In such amounts, as may be determined by the State, its proportionate share of any and all costs incurred by the State in the administration of the Federal System as it affects the Applicant and its employees.
 - (c) In such amounts, as may be determined by the State, the cost of any and all work and services relating to the election for the purposes of coverage under the Federal System held with respect to the coverage group for which coverage under the Federal System is requested herein.
 - (d) In such amounts, as may be determined by the State, the costs of any audits of the books and records of the Applicant made by the State or its designated representatives pursuant to Section 22559 of the Government Code.
6. The coverage herein provided for shall be effective January 1, 1989.
7. That, subject to the aforesaid provisions and applicable law, this application and agreement may be amended by the mutual consent of the parties in writing.

8. After the filing of this application and agreement, its acceptance and execution by the State shall constitute it a binding agreement between the Applicant and the State of California with respect to the matters herein set forth.

San Luis Obispo County Pension Trust

Signed by:

(Authorized Agent)

And by:

(Witness)

(Title)

(Date)

ACCEPTED: _____

STATE OF CALIFORNIA
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____

Veronica Silva-Gil
State Social Security Administrator
State Social Security Administrator Program

ATTACHMENT

Section 22009, Government Code:

"Public Agency" means the State, any city, county, city and county, district, municipal or public corporation or any instrumentality thereof, or boards and committees established under Chapter 10 of Division 6 of the Agricultural Code, Chapter 754 of Statutes of 1933, as amended, or Chapter 307 of the Statutes of 1935, as amended, the employees of which constitute one or more coverage groups or retirement system coverage groups.

Section 218(d)(4):

For the purposes of subsection (c) of this section, the following employees shall be deemed to be a separate coverage group:

- (A) all employees in positions which were covered by the same retirement system on the date the agreement was made applicable to such system (other than employees to whose services the agreement already applied on such date);
- (B) all employees in positions which became covered by such system at any time after such date; and
- (C) all employees in positions which were covered by such system at any time before such date and to whose services the insurance system established by this title has not been extended before such date because the positions were covered by such retirement system - including employees to whose services the agreement was not applicable on such date because such services were excluded pursuant to subsection (c)(3)(B).

The following services are mandatorily excluded:

- (a) service performed in a policeman's or fireman's position, covered by a retirement system at the time coverage is extended to the Public Agency;
- (b) service performed by an individual who is employed to relieve him from unemployment;
- (c) service performed in a hospital, home, or other institution by a patient or inmate thereof;
- (d) covered transportation service (as defined in Section 210(k) of the Social Security Act, as amended);

- (e) service (other than agricultural labor or service performed by a student) which is excluded from employment by any provision of Section 210(a) of the Social Security Act, other than paragraph 7 of such section, or service the remuneration for which is excluded from wages by paragraph (2) of Section 209(h);
- (f) service performed by an individual as an employee on a temporary basis in case of fire, storm, snow, earthquake, or similar emergency;
- (g) services performed by election officials or election workers for each calendar year in which the remuneration paid for such service is less than the threshold amount mandated by law.

Board of Trustees

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



Date: November 23, 2020
To: Board of Trustees
From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 11: Annual Pensionable Compensation Limit for 2021 pursuant to the Public Employees Pension Reform Act (Tier 3)

Recommendation:

It is recommended that the Board receive and file this report on the Tier 3 AB-340 Pensionable Compensation limit effective January 1, 2021 as calculated by the California Actuarial Advisory Panel for those included in the Federal Social Security system. The annual Tier 3 Compensation limit for 2021 shall be **\$128,059**.

Discussion:

The Public Employees Pension Reform Act of 2012 established a pensionable compensation limit that applies to Tier 3 membership. This amount was specified by PEPRA to equal the January 1, 2013 Social Security maximum wage base of \$113,700. PEPRA also specified that this pensionable compensation limit be adjusted annually based on changes in the Consumer Price Index for All Urban Consumers (CPI-U).

The standardized calculation of this PEPRA Compensation Limit is provided each year by the California Actuarial Advisory Panel (CAAP) (under the State Controllers Office). This report is an annual receive-and-file consent agenda item.

The approved CAAP calculation of the 2021 PEPRA compensation limits for employees who participate in Social Security is shown on the attached CAAP report. **For 2021 this limit is \$128,059 or \$61.56/hour.**

The history of PEPRA compensation limits for employees who participate in Social Security is shown below –

2013	\$113,700	per PEPRA initial amount
2014	\$115,064	+1.2%
2015	\$117,020	+1.7%
2016	\$117,020	0.0%
2017	\$118,775	+1.5%
2018	\$121,388	+2.2%
2019	\$124,180	+2.3%
2020	\$126,291	+1.017%
2021	\$128,059	+1.014%

Respectfully Submitted

California Actuarial Advisory Panel



Paul Angelo
Senior Vice President
and Actuary
Segal
Chairperson

John Bartel
President
Bartel Associates
Vice Chairperson

Ian Altman
Consulting Actuary

David Driscoll
Principal and Consulting
Actuary
Buck Consultants, LLC

David Lamoureux
Deputy System Actuary
California State Teachers'
Retirement System

Todd Tauzer
Vice President
and Actuary
Segal

Graham Schmidt
Consulting Actuary
Cheiron, Inc.

Scott Terando
Chief Actuary
CalPERS

November 6, 2020

**SUBJECT: PEPRA Compensation Limit for 2021
(Code Section 7522.10)**

To Whom It May Concern:

Pursuant to a request from a Public Agency, the California Actuarial Advisory Panel (the Panel) is publishing this letter to provide a calculation of the Pension Compensation Limits for the Calendar Year 2021.

Background

Pursuant to Government Code section 7507.2(b), the responsibilities of the Panel include “Replying to policy questions from public retirement systems in California” and “Providing comment upon request by public agencies.” In 2013, members of the Panel received a request from a public retirement system (the San Joaquin County Employees’ Retirement Association) to compute and publish the annual compensation limit prescribed by the California Public Employees’ Pension Reform Act of 2013 (PEPRA), as amended by Senate Bill No. 13 (SB 13). This request was made to address a concern that minor calculation or rounding differences could result in different systems calculating slightly different pension compensation limits.

The Panel agreed to calculate the dollar amounts of the pension compensation limits for 2014 and future years, as we believe that the use of a uniform compensation limit will provide administrative benefits to California’s public retirement systems. However, as the Panel is an advisory body only (Government Code section 7507.2(e) states that “The opinions of the California Actuarial Advisory Panel are nonbinding and advisory only”), the Panel encourages each system to independently review the calculation of the pension compensation limits contained in this letter.

Analysis

Section 7522.10 of the Government Code is as follows:

7522.10. (a) On and after January 1, 2013, each public retirement system shall modify its plan or plans to comply with the requirements of this section for each public employer that participates in the system.

(b) Whenever pensionable compensation, as defined in Section 7522.34, is used in the calculation of a benefit, the pensionable compensation shall be subject to the limitations set forth in subdivision (c).

(c) The pensionable compensation used to calculate the defined benefit paid to a new member who retires from the system shall not exceed the following applicable percentage of the contribution and benefit base specified in Section 430(b) of Title 42 of the United States Code on January 1, 2013:

(1) One hundred percent for a member whose service is included in the federal system.

(2) One hundred twenty percent for a member whose service is not included in the federal system.

(d) (1) The retirement system shall adjust the pensionable compensation described in subdivision (c) based on the annual changes to the Consumer Price Index for All Urban Consumers: U.S. City Average, calculated by dividing the Consumer Price Index for All Urban Consumers: U.S. City Average, for the month of September in the calendar year preceding the adjustment by the Consumer Price Index for All Urban Consumers: U.S. City Average, for the month of September of the previous year rounded to the nearest thousandth. The adjustment shall be effective annually on January 1, beginning in 2014.

The annual pensionable compensation limit computed by the Panel for 2020 was \$126,291 for those included in the federal Social Security system and \$151,549 for those not included.

The Consumer Price Indices for All Urban Consumers (CPI-U) U.S. City Average for the months of September 2019 and 2020 are as follows¹:

- September, 2020: 260.280
- September, 2019: 256.759

The annual change, computed by dividing the 2020 Index by the 2019 Index, rounded to the nearest thousandth is as follows:

- $260.280 \div 256.759 = 1.014$

¹ <http://data.bls.gov/timeseries/CUUR0000SA0>

Applying this annual adjustment to the 2020 limits yields the following limits for calendar year 2021:

- $\$126,291 \times 1.014 = \$128,059$ (included in federal system)
- $\$151,549 \times 1.014 = \$153,671$ (not included in federal system)

The indexation of the maximum compensation to be used by CalSTRS using the February CPI-U, based on AB 1381 passed by the legislature in 2013, is not addressed in this letter.

Conclusion

The calculations described above indicate the compensation limit for PEPRA members for Calendar Year 2021 will increase to \$128,059 for members participating in the federal system (7522.10(c)(1) limit) and \$153,671 for members not participating in the federal system (7522.10(c)(2) limit). The Panel intends to provide similar calculations in future years. The contents of this letter are nonbinding and advisory only, and we encourage each public retirement system to independently evaluate these calculations.

Sincerely,



Paul Angelo
Chair, California Actuarial Advisory Panel

cc: Panel members
John Bartel, Vice Chair
Ian Altman
David Driscoll
David Lamoureux
Graham Schmidt
Todd Tauzer
Scott Terando

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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: November 23, 2020

To: Board of Trustees

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

Agenda Item 13: Resolution No. 2020-07 – Establishing the Rate of Interest to be paid on the Normal Contributions of Members

Recommendation:

It is recommended that the Board approve the attached Resolution 2020-07. This resolution establishes the rate of interest to be paid on Normal Contributions of Members for the period beginning December 27, 2020 and ending December 25, 2021 at **5.875%**. This rate can be changed at the discretion of the Board of Trustees at any time.

Discussion:

With respect to the establishment of the interest crediting rate for Normal Contribution Accounts, action is taken annually by the Board pursuant to Retirement Plan Section 5.06: Accounting for Contributions. Section 5.06 Accounting For Contributions reads as follows:

The Normal Contributions of Members will be accounted for separately and will be credited with interest as of the last day of each pay period at an annual rate to be determined by the Board of Trustees.

The Retirement Plan is silent as to the method the Trustees use to determine the rate of interest to be credited to a Member's Normal Contribution Account. The practices of other retirement systems in setting a crediting rate for normal contributions vary widely. In the normal case where a Member proceeds to receive a service retirement benefit, the crediting rate for Normal contributions has minimal significance. This is because the retirement benefit is funded by a blending of the Member's Normal Contribution Account and the other reserves (i.e., employer contributions and investment earnings) within the Plan.

If a Member separates service and elects to take a Termination Refund of their Normal Contributions, the interest credited to that account is also paid out to the Member. The loss of the interest in the account is substantially offset by the reduction in liability that was being accrued by the former Member. However, when the interest crediting rate exceeds the rate of return generated by the investment portfolio the interest credited to the Normal Contribution Account implicitly comes from the other reserves within the Plan. The amount of impact on the Plan from Termination Refunds is expected to be minimal because actuarial experience shows that once a Member becomes vested at five years of service the probability of a refund is low.

Last year the Board set the rate of interest to be credited to the Member Normal Contribution Accounts as shown in the table below. Based on the same rationale, Staff's recommendation is to set the interest to be credited to the Member Normal Contribution Accounts at **5.875%** for 2021. **Alternative amounts for setting this rate of interest are also possible and within the discretion of the Board.**

	<u>2020 Adopted</u>	<u>2021 Recommended</u>
Actuarial Earnings Assumption (current year)	7.000%	6.875%
Less	<u>1.000%</u>	<u>1.000%</u>
Interest Rate on Member Normal Contributions	6.000%	5.875%

Also, it is important to note, that this rate can be changed at the discretion of the Board at any point which allows for further adjustments in conjunction with future considerations of actuarial assumptions to be used.

Note that the attached resolution contains an automatic setting of the rate back to 4.50% starting December 28, 2021. The intent of this provision is to establish that the rate can be reduced at the discretion of the Board. This does not bind whatever decision the Board of Trustees may make in establishing the rate of interest being paid on Member Normal Contribution Accounts for periods after 2021.

Respectfully Submitted,

**SAN LUIS OBISPO COUNTY
PENSION TRUST**

RESOLUTION 2020-07

**A RESOLUTION ESTABLISHING THE RATE
OF INTEREST TO BE PAID ON THE
NORMAL CONTRIBUTIONS OF MEMBERS FOR THE PERIOD
BEGINNING DECEMBER 27, 2020 AND ENDING DECEMBER 25, 2021**

WHEREAS, Plan Section 5.06 provides for the crediting of interest on Member's Normal Contributions at an annual rate to be determined by this Board of Trustees; and

WHEREAS, the duties of this Board of Trustees under Plan Section 16.02 require the Board to interpret, construe and apply all provisions of the Plan, and to approve interest rates; and

WHEREAS, pursuant to the above-mentioned Plan Sections, this Board of Trustees, at the Regular Meeting of November 25, 2019, adopted Resolution 2019-05, fixing the rate of interest to be paid on Normal Contribution Accounts at six percent (6.000%); and

WHEREAS, this Board of Trustees has determined that for the period beginning December 27, 2020, establishing the current rate of interest at five and seven eighths percent (5.875%) would be a reasonable and prudent discharge of the above-mentioned duties and a prudent application of funds; and

WHEREAS, uncertainty as to current economic conditions, and volatility of interest rates constitute sufficient cause for the Board of Trustees to limit an increase in said current rate to the period specified above, by returning said rate to four and one-half percent (4.50%), commencing December 26, 2021.

NOW THEREFORE, BE IT RESOLVED by the Board of Trustees of the San Luis Obispo County Pension Trust as follows:

1. That, for the period beginning December 27, 2020, and ending December 25, 2021, the annual rate of interest to be credited to the normal contributions of Members, under Plan Section 5.06 is hereby fixed at five and seven eighths percent (5.875%);
2. That commencing December 26, 2021, and thereafter, the annual rate of interest to be credited to the normal contributions of Members under Plan Section 5.06 is hereby fixed at four and one-half percent (4.50%);
3. That implementation of this Resolution is hereby assigned to the Executive Director of this Pension Trust.

Aye Votes: -
No Votes: -
Abstentions: -
Absent: -

ADOPTED: November 23, 2020

Approved as to Form and Legal Effect

Chris Waddell
General Counsel

SIGNED: _____
Guy Savage, President
Board of Trustees
San Luis Obispo County Pension Trust

ATTEST: _____
Carl Nelson
Executive Director

Board of Trustees

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



Date: November 23, 2020
To: Board of Trustees
From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 14: Resolution No. 2020-08 – Establishing the Rate of Interest to be paid on the Additional Contributions of Members

Recommendation:

It is recommended that the Board approve the attached Resolution 2020-08. This resolution reaffirms the following policy of the rate of interest to be paid on Member Additional Contributions for the period beginning December 27, 2020 and ending December 25, 2021 at **0.28%**.

Discussion:

Section 5.07 of the Retirement Plan sets forth the provisions governing the Additional Contribution Accounts. The section provides that this account is designed to provide additional benefits.

Historically, there have been three sources of Additional Contributions. These are as follows:

1. Voluntary Contributions made by members.
2. “Spill-over” contributions as a result of Employer Paid for Employee Normal Contributions (also known as the “pick up”) in excess of the Member’s required contribution rate. This source of additional contributions has become obsolete due to recent contribution rate increases, as Employers have bargained for the most part with employee groups to split these required increases on a 50/50 basis.
3. Distributions of excess earnings from SLOCPT.

Board of Trustees

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Date: November 23, 2020
To: Board of Trustees
From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 14: Resolution No. 2020-08 – Establishing the Rate of Interest to be paid on the Additional Contributions of Members

Recommendation:

It is recommended that the Board approve the attached Resolution 2020-08. This resolution reaffirms the following policy of the rate of interest to be paid on Member Additional Contributions for the period beginning December 27, 2020 and ending December 25, 2021 at **0.28%**.

Discussion:

Section 5.07 of the Retirement Plan sets forth the provisions governing the Additional Contribution Accounts. The section provides that this account is designed to provide additional benefits.

Historically, there have been three sources of Additional Contributions. These are as follows:

1. Voluntary Contributions made by members.
2. “Spill-over” contributions as a result of Employer Paid for Employee Normal Contributions (also known as the “pick up”) in excess of the Member’s required contribution rate. This source of additional contributions has become obsolete due to recent contribution rate increases, as Employers have bargained for the most part with employee groups to split these required increases on a 50/50 basis.
3. Distributions of excess earnings from SLOCPT.

In 2018, the Board of Trustees approved a benchmark using the yield on Five Year Treasury Bonds as of September 30th of each year. Based on this, Staff recommends for 2021 the interest to be paid on Additional Contribution Accounts be set at the September 30th yield on Five Year Treasury Bonds which is 0.28%.

This action is taken annually by the Board pursuant to Retirement Plan Section 5.07: Additional Contributions.

Respectfully Submitted,

**SAN LUIS OBISPO COUNTY
PENSION TRUST**

RESOLUTION NO. 2020-08

**A RESOLUTION ESTABLISHING THE RATE
OF INTEREST TO BE PAID ON THE
ADDITIONAL CONTRIBUTIONS OF MEMBERS FOR THE PERIOD
BEGINNING DECEMBER 27, 2020 AND ENDING DECEMBER 25, 2021**

WHEREAS, Plan Section 5.07 provides for the crediting of interest to Member Additional Contributions at an annual rate to be determined by this Board of Trustees; and

WHEREAS, the duties of this Board of Trustees under Plan Section 16.02 require the Board to interpret, construe and apply all provisions of the Plan, and to approve interest rates; and

WHEREAS, at the Regular Meeting of the Board of Trustees held November 23, 2009, the Board of Trustees reviewed the matter of crediting Additional Contribution Accounts with appropriate rates of interest, such that participants in said Additional Contribution Accounts receive a rate of return that is consistent with the funding requirements of the Trust; and

WHEREAS, the Board of Trustees finds that portfolio performance on a year-over-year basis is potentially volatile, and that such volatility in the determination of the interest crediting rate is not desirable and, therefore a more stable and objective benchmark to determine the rate of interest credited to the Additional Contribution Accounts is preferable, and

WHEREAS, the Board of Trustees affirms the policy recommendation that the rate of interest to be determined and applied to the Additional Contribution Account be established in a range of not less than 0% and not greater than the established actuarial assumption rate; and

WHEREAS, said policy will ensure the principal amount of a Member's contributions be preserved; and

WHEREAS, the staff recommends and the Board of Trustees finds that the yield on Five Year Treasury Bonds as of September 30th of each year provides a reasonable and objective benchmark for the determination of the appropriate interest crediting rate for Additional Contribution Accounts; and

WHEREAS, based on the foregoing, the rate of interest to be credited to the Employee Additional Contribution Accounts be established for 2021 at a rate of 0.28%.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Trustees of the San Luis Obispo County Pension Trust as follows:

1. That, for the period beginning December 27, 2020, and ending December 25, 2021, the annual rate of interest to be credited to the Member Additional Contribution Accounts, under Plan Section 5.07 is hereby fixed at 0.28%.
2. That commencing December 26, 2021, and thereafter, the annual rate of interest to be credited to the Member Additional Contributions Account under Plan Section 5.07 shall be determined annually by action of the Board of Trustees and may be based on the yield on Five Year Treasury Bonds as of September 30th of each year or a comparable investment.
3. That implementation of this Resolution is hereby assigned to the Executive Director of this Pension Trust.

Aye Votes: -
No Votes: -
Abstentions: -
Absent: -

ADOPTED: November 23, 2020

Approved as to Form and Legal Effect

Chris Waddell
General Counsel

SIGNED: _____
Guy Savage, President
Board of Trustees
San Luis Obispo County Pension Trust

ATTEST: _____
Carl Nelson
Executive Director

In 2018, the Board of Trustees approved a benchmark using the yield on Five Year Treasury Bonds as of September 30th of each year. Based on this, Staff recommends for 2021 the interest to be paid on Additional Contribution Accounts be set at the September 30th yield on Five Year Treasury Bonds which is 0.28%.

This action is taken annually by the Board pursuant to Retirement Plan Section 5.07: Additional Contributions.

Respectfully Submitted,

**SAN LUIS OBISPO COUNTY
PENSION TRUST**

RESOLUTION NO. 2020-08

**A RESOLUTION ESTABLISHING THE RATE
OF INTEREST TO BE PAID ON THE
ADDITIONAL CONTRIBUTIONS OF MEMBERS FOR THE PERIOD
BEGINNING DECEMBER 27, 2020 AND ENDING DECEMBER 25, 2021**

WHEREAS, Plan Section 5.07 provides for the crediting of interest to Member Additional Contributions at an annual rate to be determined by this Board of Trustees; and

WHEREAS, the duties of this Board of Trustees under Plan Section 16.02 require the Board to interpret, construe and apply all provisions of the Plan, and to approve interest rates; and

WHEREAS, at the Regular Meeting of the Board of Trustees held November 23, 2009, the Board of Trustees reviewed the matter of crediting Additional Contribution Accounts with appropriate rates of interest, such that participants in said Additional Contribution Accounts receive a rate of return that is consistent with the funding requirements of the Trust; and

WHEREAS, the Board of Trustees finds that portfolio performance on a year-over-year basis is potentially volatile, and that such volatility in the determination of the interest crediting rate is not desirable and, therefore a more stable and objective benchmark to determine the rate of interest credited to the Additional Contribution Accounts is preferable, and

WHEREAS, the Board of Trustees affirms the policy recommendation that the rate of interest to be determined and applied to the Additional Contribution Account be established in a range of not less than 0% and not greater than the established actuarial assumption rate; and

WHEREAS, said policy will ensure the principal amount of a Member's contributions be preserved; and

WHEREAS, the staff recommends and the Board of Trustees finds that the yield on Five Year Treasury Bonds as of September 30th of each year provides a reasonable and objective benchmark for the determination of the appropriate interest crediting rate for Additional Contribution Accounts; and

WHEREAS, based on the foregoing, the rate of interest to be credited to the Employee Additional Contribution Accounts be established for 2021 at a rate of 0.28%.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Trustees of the San Luis Obispo County Pension Trust as follows:

1. That, for the period beginning December 27, 2020, and ending December 25, 2021, the annual rate of interest to be credited to the Member Additional Contribution Accounts, under Plan Section 5.07 is hereby fixed at 0.28%.
2. That commencing December 26, 2021, and thereafter, the annual rate of interest to be credited to the Member Additional Contributions Account under Plan Section 5.07 shall be determined annually by action of the Board of Trustees and may be based on the yield on Five Year Treasury Bonds as of September 30th of each year or a comparable investment.
3. That implementation of this Resolution is hereby assigned to the Executive Director of this Pension Trust.

Aye Votes: -
No Votes: -
Abstentions: -
Absent: -

ADOPTED: November 23, 2020

Approved as to Form and Legal Effect

Chris Waddell
General Counsel

SIGNED: _____
Guy Savage, President
Board of Trustees
San Luis Obispo County Pension Trust

ATTEST: _____
Carl Nelson
Executive Director

Board of Trustees

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www.SLOPensionTrust.org



Date: November 23, 2020

To: Board of Trustees

From: Board of Trustees ad hoc Actuarial Services RFP Committee
Gere Sibbach, Jeff Hamm, Jim Hamilton
Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 15: Actuarial Services - Request for Proposal Evaluation

Recommendation:

That the Board of Trustees –

1. Approve the retention of **Cheiron** as the Plan Actuary beginning Jan. 1, 2021 for the 2021 Annual Actuarial Valuation.
2. Authorize the Executive Director, with the advice of General Counsel, to execute necessary contracts for actuarial services with Cheiron.

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 key 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 lead 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. The 2020 Valuation was also the first year where the actuarial census data was produced by the new PensionGold system so having the actuarial analysts being very familiar with the data was deemed a prudent precaution.

At the August 24, 2020 Board of Trustees meeting the Board approved the issuance of a Request for Proposal for Actuarial Services. As of the due date of October 9, 2020, five responses were received as discussed below.

Actuarial Services RFP Respondents:

In alphabetical order the RFP respondents with brief descriptions are shown below –

1. Bartel Associates:

- a. Conducted SLOCPT Actuarial Audit – 2018 on 2017 data
- b. Mary Beth Redding – primary actuary
 - i. Includes Joe Herm as actuarial analyst – formerly on SLOCPT actuarial work at GRS.
- c. California based practice – 11 actuaries
- d. Valuation actuary for some smaller California retirement systems
- e. Extensive and varied actuarial consulting practice (OPEB, actuarial audits, replication valuations, financial audits, CalPERS cost analysis)
 - i. Currently retained by SLO County for a labor relations connected analysis – would resign from that assignment if selected by SLOCPT.

2. Cheiron:

- a. Conducted SLOCPT Actuarial Audit – 2013 on 2012 data
- b. Anne Harper – co-lead actuary – formerly a GRS Actuary on the SLOCPT account. Alice Alsberghe as co-lead actuary and Graham Schmidt as special consultant actuary.
- c. Large, national firm – 68 actuaries
- d. Valuation actuary for numerous California City and County retirement systems

3. Gabriel Roeder Smith (GRS):

- a. Incumbent Actuary
- b. Paul Wood – primary actuary – SLOCPT Plan Actuary for 2019 and 2020 Valuations following the retirement of Leslie Thompson in 2019
- c. Large, national firm focused on public sector plans – 66 actuaries
- d. Valuation Actuary for numerous public sector retirement systems nationwide, but SLOCPT is GRS' only California client at present.

4. Milliman:

- a. Daniel Wade – Primary Actuary
- b. Large national firm based in Portland and Seattle – 1,500 actuaries - western regions has 35 actuaries – overall, the largest of the RFP respondent firms

- c. Valuation Actuary for some large California public sector retirement systems (e.g., LACERA).
5. **Segal:**
- a. Todd Tauzer – primary actuary
 - i. Supported by Paul Angelo as Advisory Consultant
 - b. Large national firm covering pensions, healthcare, investment consulting and compensation. Nationwide – 167 actuaries - San Francisco office has 17 actuaries.
 - c. Valuation actuary for numerous California County retirement systems

RFP Evaluation:

Staff and the Board of Trustees ad hoc Actuarial Services RFP Committee evaluated the RFP responses relative to the criteria of –

- Firm’s qualifications and depth of staff
- Primary actuary to be assigned – qualifications and reputation
- National public sector pension experience
- California public sector pension experience
- Understanding of the SLOCPT retirement plan.
- Valuation report sample – clarity and thoroughness
- Experience Study report sample – clarity and thoroughness
- Forecasting model
- Reference call feedback
- Fees

Proposed Fees:

The following table shows the various fee proposals included in the RFP responses. For comparison, the SLOCPT FY20-21 administrative budget includes the following actuarial costs.

	2019-2020 Actual	2020-2021 Budget
Actuarial Valuation	\$58,700	\$56,500
GASB 67/68 disclosure	19,500	21,000
CAFR Information	included	included
Experience Studies	<u>28,000</u>	<u>NA</u>
TOTAL	\$106,200	\$77,500
Routine Actuarial Services	-	\$5,000
Ad Hoc Actuarial Projects	\$3,152	\$5,000

	2021	2022	2023	2024	2025
Bartel					
Actuarial Valuation	\$63,000	\$64,500	\$66,000	\$67,500	\$69,000
GASB 67/68 reports	10,000	10,250	10,500	10,750	11,000
CAFR Information	included	included	included	included	included
Experience Studies	<u>NA</u>	<u>30,500</u>	<u>NA</u>	<u>31,750</u>	<u>NA</u>
TOTAL	\$73,000	\$105,250	\$76,500	\$110,000	\$80,000
Hourly Rates					
Primary Actuary	\$310	\$320	\$325	\$335	\$340
Other Actuary	230-280	235-285	240-295	245-300	250-310
Analyst	165-205	170-215	175-220	180-225	185-230
2021-2022 2 yr total Est.					
\$178k					

	2021	2022	2023	2024	2025
Cheiron					
Actuarial Valuation	\$55,000	\$56,000	\$57,000	\$58,000	\$59,000
GASB 67/68 reports	14,000	14,500	15,500	15,500	16,000
CAFR Information	5,000	5,100	5,300	5,300	5,400
Experience Studies	<u>NA</u>	<u>32,500</u>	<u>NA</u>	<u>35,000</u>	<u>NA</u>
TOTAL	\$74,000	\$108,100	\$77,200	\$113,800	\$80,400
Hourly Rates					
Primary Actuary	\$372-510	+	+	+	+
Other Actuary	190-450	inflation	inflation	inflation	inflation
Analyst	150-225	up to 3%	up to 3%	up to 3%	up to 3%
<i>2021-2022 2 yr total Est.</i>					
<i>\$182k</i>					
GRS					
Actuarial Valuation	\$54,500	+ LA/SF			
GASB 67/68 reports	16,000	CPI rate			
CAFR Information	included				
Experience Studies	<u>NA</u>	29,000			
TOTAL	\$70,500		+ LA/SF	+ LA/SF	+ LA/SF
Hourly Rates			CPI rate	CPI rate	CPI rate
Primary Actuary	\$450				
Other Actuary	375-450	+ LA/SF			
Analyst	250-350	CPI rate			
<i>2021-2022 2 yr total Est.</i>					
<i>\$172k</i>					

	2021	2022	2023	2024	2025
Milliman					
Actuarial Valuation	\$55,000	\$57,000	\$59,000	\$61,000	\$63,000
GASB 67/68 reports	15,000	15,250	15,500	15,750	16,000
CAFR Information	4,000	4,100	4,200	4,300	4,400
Experience Studies	<u>NA</u>	<u>40,000</u>	<u>NA</u>	<u>42,500</u>	<u>NA</u>
TOTAL	\$74,000	\$116,350	\$78,700	\$123,550	\$83,400
Meeting Attendance per On-site meeting	\$3,000 per mtg.	\$3,000 per mtg	\$3,000 per mtg	\$3,000 per mtg	\$3,000 per mtg
Hourly Rates					
Primary Actuary	\$350-485				
Other Actuary	230-340				
Analyst	165-225				
2021-2022 2 yr total Est. \$205k					
Segal					
Actuarial Valuation	\$55,000	\$56,000	\$57,000	\$58,000	\$59,000
GASB 67/68 reports	20,000	20,500	21,000	21,500	22,000
CAFR Information	2,000	2,000	2,000	2,500	2,500
Experience Studies	<u>NA</u>	<u>35,000</u>	<u>NA</u>	<u>37,500</u>	<u>NA</u>
TOTAL	\$77,000	\$113,500	\$80,000	\$119,500	\$83,500
Hourly Rates					
Primary Actuary	\$490	\$500	\$510	\$520	\$530
Other Actuary	320-480	330-490	340-500	350-510	360-520
Analyst	210-315	220-325	230-335	240-345	250-355
2021-2022 2 yr total Est. \$191k					

Committee Recommendation:

Based on the above, the ad hoc Actuarial Services RFP Committee recommends the retention of **Cheiron** to provide actuarial services to the SLOCPT.

All five RFP respondents are fully qualified and could be expected to be highly competent. Both GRS and Cheiron were evaluated to be the preferred choices based on cost, experience with the SLOCPT Plan, and knowledge of California public sector pensions. The Committee found

Cheiron’s greater experience with California public sector retirement systems to be persuasive in advancing Cheiron as the recommended firm.

The agreement for actuarial services to be negotiated is recommended to be for a 5-year engagement, with annual renewals thereafter, with termination for any reason at any time provisions and the schedule of costs identified in the Cheiron proposal.

Schedule:

- Aug. 31, 2020 RFP issued – questions taken until 9/11/20 and answers posted
- Oct. 9, 2020 Due date for responses
- Oct. 21, 2020 ad hoc Actuarial Services RFP Committee meeting
- **Nov. 23, 2020** Recommended actuarial firm presented to the Board for approval

- December Execute contract
- December-January Staff/Actuary kick off meeting(s) + 2019 census data provided
- January-February Cheiron to perform replication of 2020 Valuation for verification
- January 2021 2020 census data provided for use in the 2021 Valuation
- March 2021 2021 Valuation Planning and assumptions at Board meeting
- May 2021 Preliminary Valuation presentation at Board meeting
- June 2021 2021 Actuarial Valuation finalized and approved

Respectfully submitted,

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Board of Trustees

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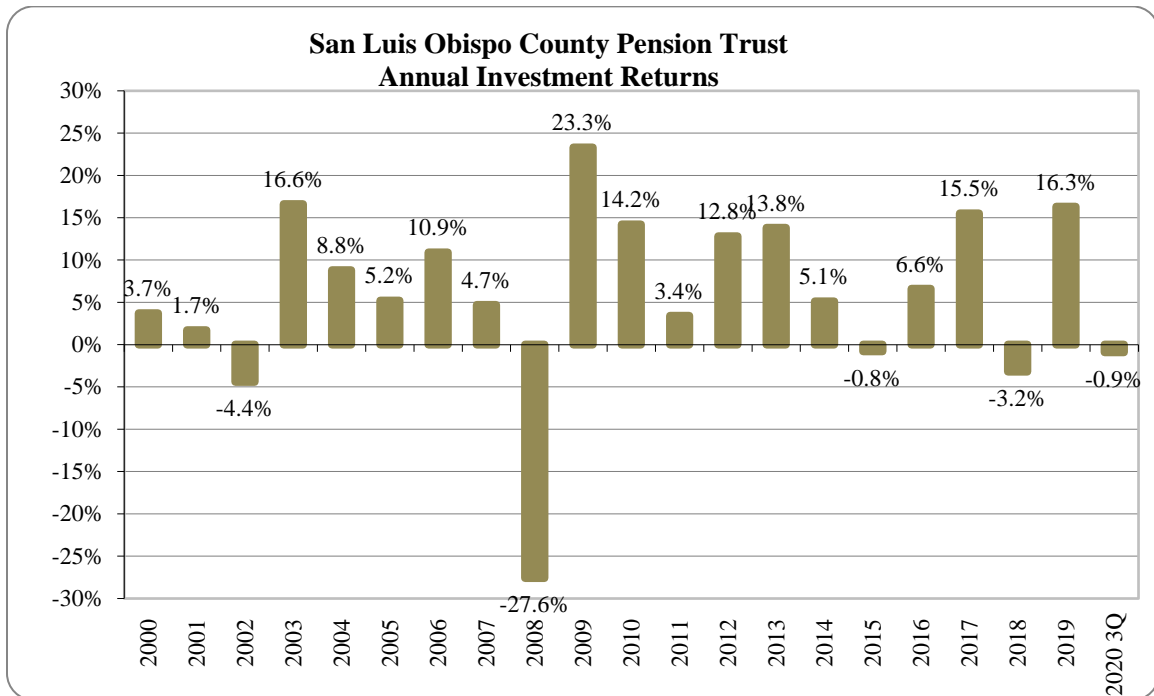
Date: November 23, 2020

To: Board of Trustees

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

Agenda Item 16: Quarterly Investment Report for the 3rd Quarter of 2020

Attached to this memo is the 3Q20 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 -0.9% YTD return in 2020 is made up of the volatile period of -12.4% in 1Q20 , +9.0% in 2Q20, and +3.8% in 3Q20,.



Respectfully submitted,

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**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



PERIOD ENDING: SEPTEMBER 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**

4TH QUARTER 2020
Investment Landscape

Recent Verus research

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

Annual outlooks

2020 PRIVATE OUTLOOK

In the 2020 Private Equity Outlook, we focus attention on General Partner-led (GP-led) secondary transactions that have evolved and are no longer just associated with general partners trying to dispose of lingering assets that have become hard to sell. The outlook also addresses:

- The significant pull back in private equity in 2020
- Our expectations for a decline in both capital calls and distributions from buyout funds likely leading to negative net cash flows for the coming quarters
- Headwinds for perspective IPO's
- Impacts from Covid-19 on many portfolios
- Our view on how the secondary market is very different than it was during the last economic downturn

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.

AEIOU > P P P P P

Manager research and selection have long been described in the language of Ps – people, process, etc. Verus believes the familiar Ps approach, while useful, leaves out important aspects of manager assessment and their products because of its focus on inputs. We outline a vowel-based approach that concentrates research on factors that are more likely to drive investment outcomes.

Webinar replays

BROADENING DIVERSITY CONSIDERATION

AEIOU > P P P P P

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Economic environment 6

Fixed income rates & credit 21

Equity 27

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3rd quarter summary

THE ECONOMIC CLIMATE

- Real GDP contracted at a -9.0% rate year-over-year in Q2 (-31.4% quarterly annualized rate)—likely the most sudden economic recession in American history. **p. 10**
- Europe is experiencing a drastic second wave of COVID-19 which has been sweeping across the continent. The seven-day average daily case growth of the EU and the U.K. combined rose from 4,699 to 48,807 during Q3. **p. 9**
- Election polls and the betting markets are indicating that Joe Biden is leading President Trump materially as we move into the final weeks pre-election. In 2016, the story was largely the same, as Clinton was expected to win up until the day before the election. **p. 18**

PORTFOLIO IMPACTS

- U.S. and emerging markets have recovered most losses year-to-date, while international remain negative. Global equities are now positive for 2020 despite an earnings recession and considerable economic uncertainty. **p. 29**
- U.S. core inflation increased to a more normal level, rising 1.7% year-over-year in August from 1.2% in June. Inflation expectations also normalized. The 10yr U.S. TIPS inflation breakeven rate recovered to 1.6%, from a low of 0.5% on March 19th. The breakeven rate of inflation is now on par with actual year-over-year inflation. **p. 11**

THE INVESTMENT CLIMATE

- The Federal Reserve announced a notable change to its inflation targeting approach, now aiming to achieve “inflation moderately above 2% for some time so that inflation averages 2% over time and longer-term inflation expectations remain well anchored at 2%.” This was a reversal from the prior goal of achieving 2% inflation. **p. 22**
- The Federal Reserve maintained an accommodative tone, and most members of the FOMC held their view that short rates are likely to stay near-zero through 2023—eventually moving to 2.50% over the longer-term. **p. 22**
- According to FactSet, S&P 500 Q3 earnings are expected to be down -20.5%. However, earnings in Q2 beat expectations by 12.5% (-31.6% YoY vs. -44.1%). Another large positive surprise in Q3 would be welcome news to investors. **p. 28**

ASSET ALLOCATION ISSUES

- U.S. equities delivered +8.9% over the quarter, reaching a new high in September before giving back some gains. The S&P 500 is up +5.6% year-to-date, despite an earnings recession and considerable economic uncertainty. **p. 30**
- The U.S. dollar fell -3.5% in Q3, continuing a downward trend since a sudden jump in March on safe-haven buying. The dollar has now completely unwound the gains experienced during the market sell-off. **p. 38**

A more neutral risk positioning may be warranted in the current environment

There seems to be a high degree of uncertainty regarding the future market path

What drove the market in Q3?

“Europeans face prospect of 2nd lockdowns as COVID cases surge”

DAILY NEW CONFIRMED CASES IN THE EU27 AND THE U.K. COMBINED

4/30	5/31	6/30	7/31	8/31	9/30
14,261	5,985	4,699	9,127	22,225	48,807

Article Source: CBS News, September 21st, 2020

“Second \$1,200 stimulus checks had bipartisan support. Now they could be a longshot”

U.S. PERSONAL INCOME GROWTH (YEAR-OVER-YEAR)

Mar	Apr	May	Jun	Jul	Aug
1.8%	14.1%	9.3%	7.8%	8.1%	4.7%

Article Source: CNBC, September 9th, 2020

“The US job market is gradually recovering from the pandemic lockdown shock”

U-3 UNEMPLOYMENT RATE

Apr	May	Jun	Jul	Aug	Sep
14.7%	13.3%	11.1%	10.2%	8.4%	7.9%

Article Source: CNN Business, September 3rd, 2020

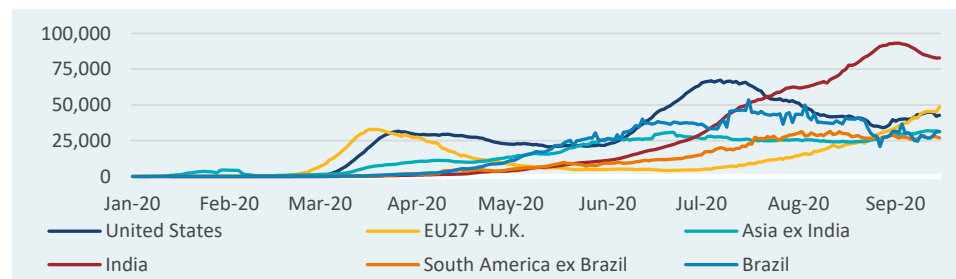
“The market isn’t convinced the Federal Reserve can achieve its inflation objective”

TEN-YEAR BREAK-EVEN INFLATION RATES

4/30	5/31	6/30	7/31	8/31	9/30
1.1%	1.1%	1.3%	1.6%	1.8%	1.6%

Article Source: CNBC, September 17th, 2020

SEVEN-DAY TRAILING AVERAGE DAILY CASE GROWTH BY REGION



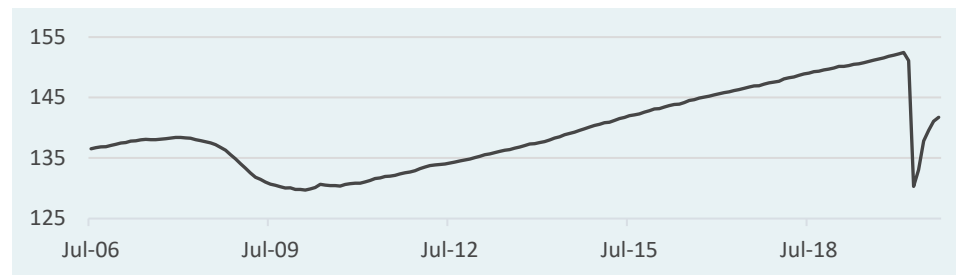
Source: Bloomberg, as of 9/30/20

U.S. PERSONAL INCOME GROWTH (YEAR-OVER-YEAR)



Source: Bureau of Economic Analysis, Bloomberg, as of 8/31/20

NON-FARM EMPLOYEES ON U.S. PAYROLLS (MILLIONS)



Source: Bureau of Labor Statistics, Bloomberg, as of 9/30/20

Economic environment

U.S. economics summary

— Real GDP contracted at a -9.0% rate year-over-year in the second quarter (-31.4% quarterly annualized rate)—likely the most sudden economic recession in American history.

— The Atlanta Fed’s forecast for third quarter growth is -10.7% year-over-year (+33.8% quarterly annualized rate). This projection was based on the expectations that consumption rebounds materially, household investment picks up, businesses begin re-stocking shelves that were allowed to run empty, and supporting fiscal policy.

— The U.S. labor market partially recovered from the recent shock. Unemployment fell from 14.7% in April to 7.9% in September. A report released in September indicated 60% of temporary business closures during the pandemic were now permanent.

— Correlation between election results and market performance

has been weak, and the outcome depends greatly on how the data is sliced and the timing of economic events. The S&P 500 has experienced stronger gains with a Democrat in power, though the results are skewed by extreme events such as the Great Depression.

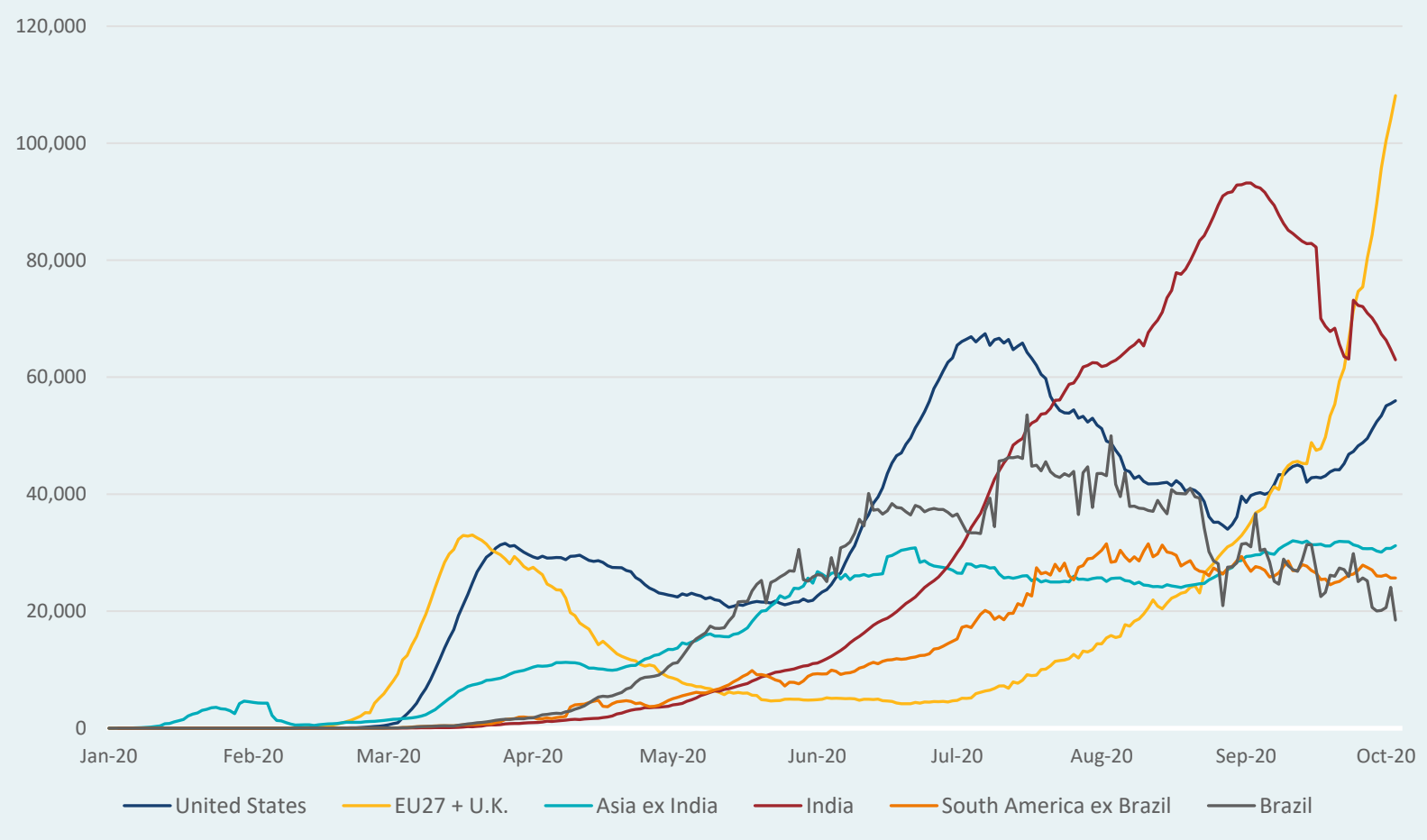
— The NFIB Small Business Optimism Index recovered to 104.0 in Q3, which was in line with pre-pandemic levels. The survey concluded that half of the jobs lost in March and April have been recouped, but that the pace of recovery has slowed.

— The median home price increased 11.1% year-over-year in September, according to Realtor.com. U.S. housing supply has reached record tightness. In August, 3.3 months worth of homes were on the market, which was the lowest inventory ever recorded since the government began tracking this data in 1963.

	Most Recent	12 Months Prior
GDP (YoY)	(9.0%) 6/30/20	2.0% 6/30/19
Inflation (CPI YoY, Core)	1.7% 8/31/20	2.4% 8/31/19
Expected Inflation (5yr-5yr forward)	1.7% 9/30/20	1.7% 9/30/19
Fed Funds Target Range	0% – 0.25% 9/30/20	1.75% – 2.00% 9/30/19
10-Year Rate	0.7% 9/30/20	1.7% 9/30/19
U-3 Unemployment	7.9% 9/30/20	3.5% 9/30/19
U-6 Unemployment	12.8% 9/30/20	6.9% 9/30/19

COVID-19 update

Seven-day trailing daily average case growth by region



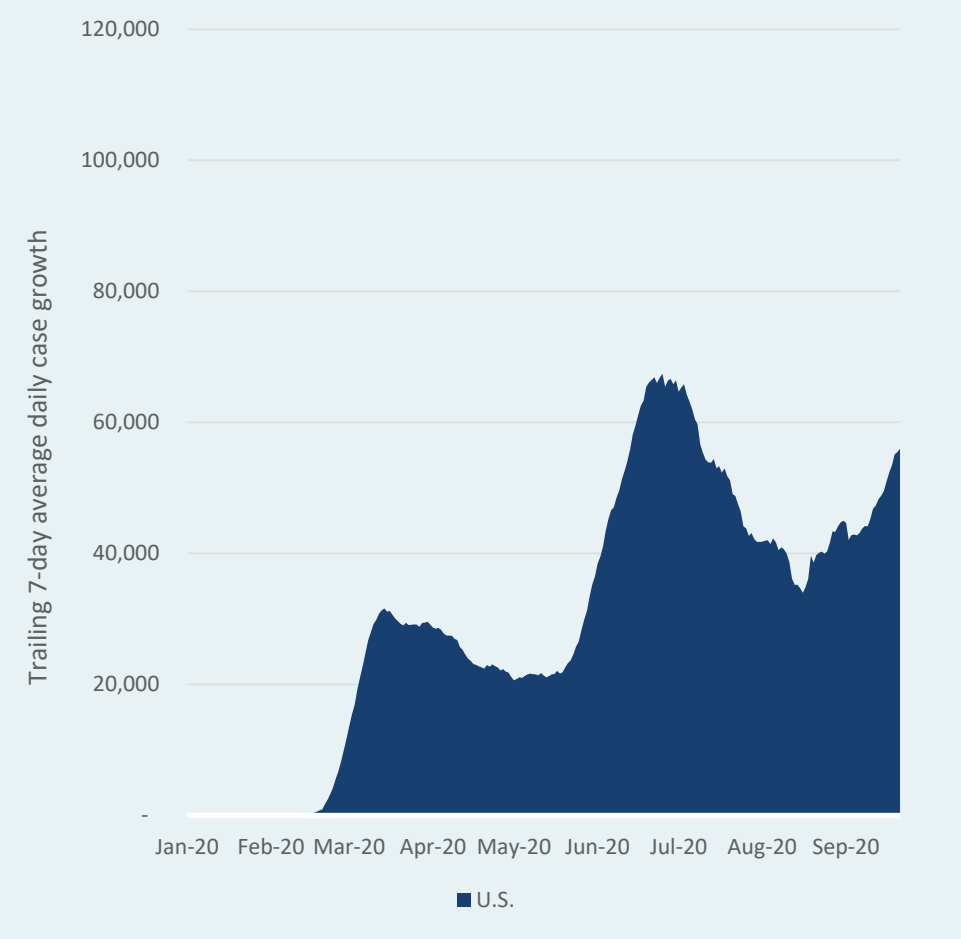
Case growth has increased exponentially across Europe over the past month, resulting in broad reimplementations of economically-restrictive social distancing controls

Deaths have begun to increase on a several-week lag to local case growth, as expected, but remain at lower levels than those seen earlier this year

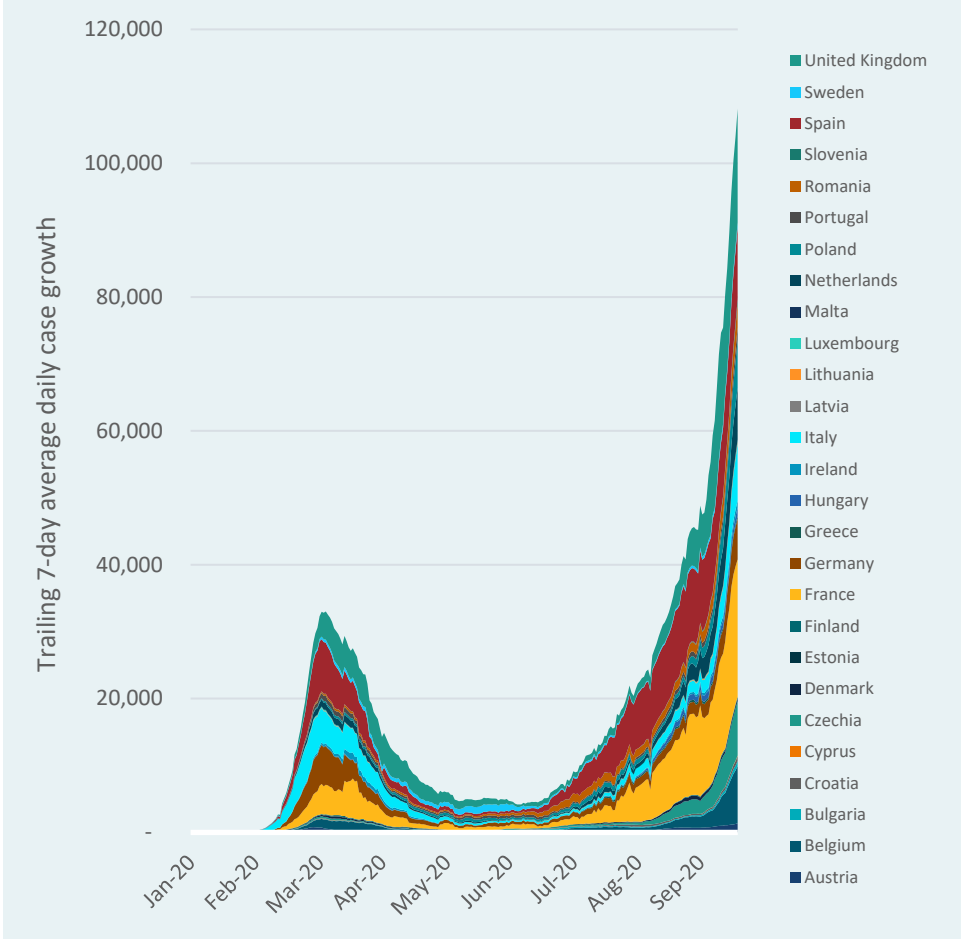
Source: Bloomberg, as of 10/18/20

COVID-19 update

UNITED STATES



EU27 + UNITED KINGDOM



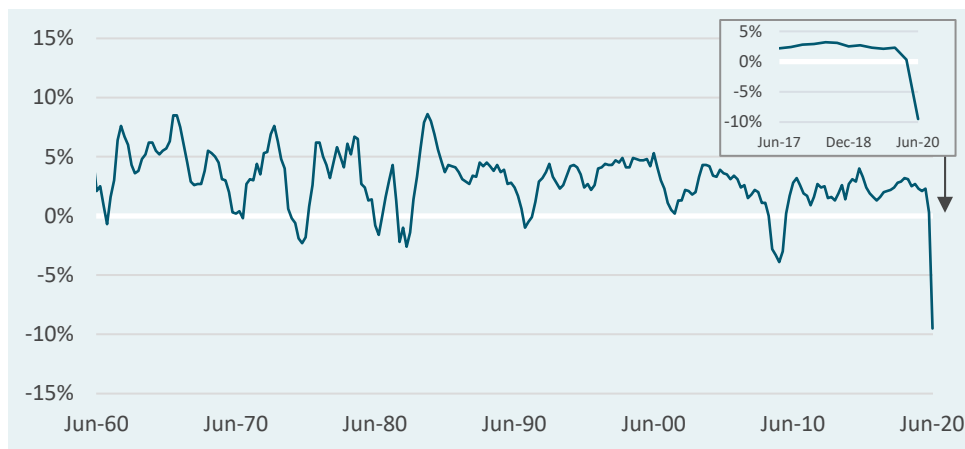
Source: Bloomberg, as of 10/18/20

GDP growth

Real GDP contracted -9.0% year-over-year in Q2 (-31.4% quarterly annualized rate)—likely the most sudden economic recession in American history. Personal consumption expenditures shrunk at a quarterly annualized pace of -24%. The decline was driven by a significant pullback in spending on services (-22%) as economic activity remained constrained. U.S. households and businesses exhibited conservatism in the face of an uncertain outlook on both the virus and policy response fronts. Fixed investment slumped -5.3% and private inventories fell -3.5% as companies appeared unwilling to proactively restock their shelves. Trade remained a tailwind to GDP as the value of imported goods declined more than the value of exported goods.

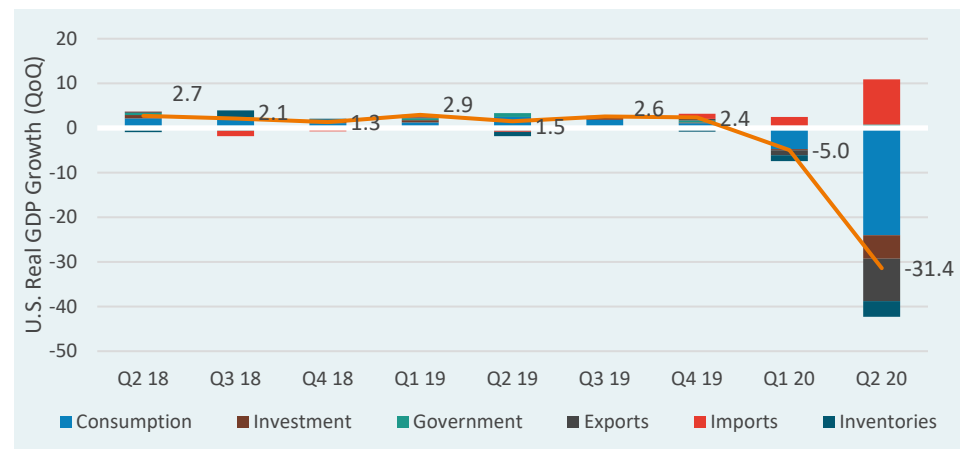
The Atlanta Fed’s forecast for third quarter-growth was +33.8% on a quarter-over-quarter annualized basis (-10.7% year-over-year), as of September 30th. This projection was based on an expectation for consumption to rebound materially, household investment to pick up, businesses to begin re-stocking shelves which were allowed to run empty in the second quarter, and a continuation of supportive fiscal policy. Looking ahead, the strength of the economic recovery will likely remain predicated on the willingness and ability of consumers to spend, the willingness of businesses to supply that demand, and the magnitude of fiscal support.

U.S. REAL GDP GROWTH (YOY)



Source: Bloomberg, as of 6/30/20

U.S. GDP GROWTH ATTRIBUTION



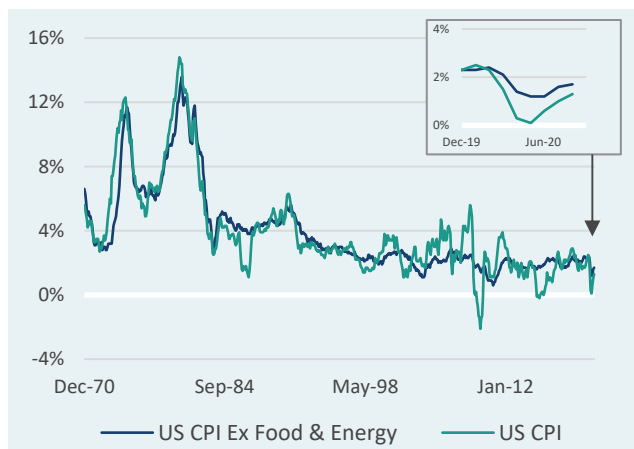
Source: BEA, annualized quarterly rate, as of 6/30/20

Inflation

Growth in headline inflation continued to rebound toward more normal levels in Q3, reaching 1.4% year-over-year in September after bottoming at 0.1% in May. Food items—specifically meats, poultry, fish, eggs, and dairy-related products—continued to drive the recovery in demand for groceries due to COVID-driven restaurant closures. Core inflation, which excludes the more volatile food and energy components, picked up from 1.2% to 1.7% as price increases for used cars and trucks (+10.3%) and medical care services (+4.9%) outweighed a dip in airline fares (-25.0%).

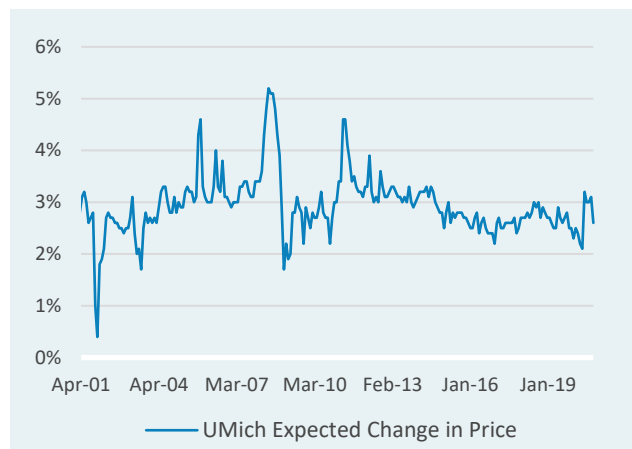
Ten- and 30-year breakeven inflation rates recovered from 1.3% to 1.6% and from 1.6% to 1.8%, respectively, as market participants likely became slightly more bullish on longer-term growth and inflation outlooks. Still, there remains skepticism around the Fed’s ability to sustainably achieve its inflation target average of 2.0%. Year-over-year growth in core PCE inflation recovered to 1.6% in August but remained below the Fed’s target. Officials have stated that in the future they will be less likely to clamp down on rising inflation with restrictive policy and will be more likely to let inflation run above 2.0% for some time.

U.S. CPI (YOY)



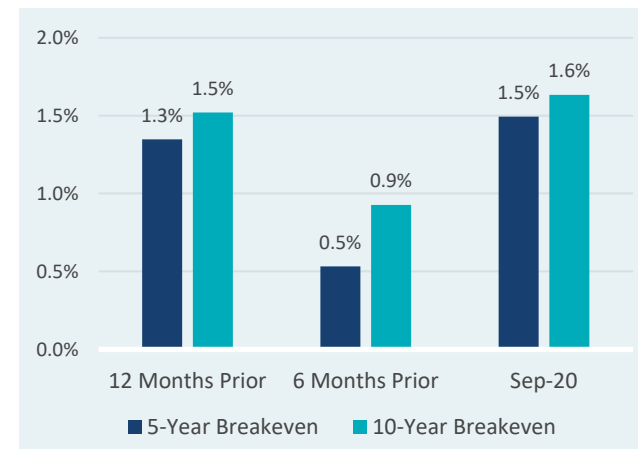
Source: Bloomberg, as of 8/31/20

CONSUMER INFLATION EXPECTATIONS



Source: University of Michigan, as of 9/30/20

BREAKEVEN INFLATION RATES



Source: Bloomberg, as of 9/30/20

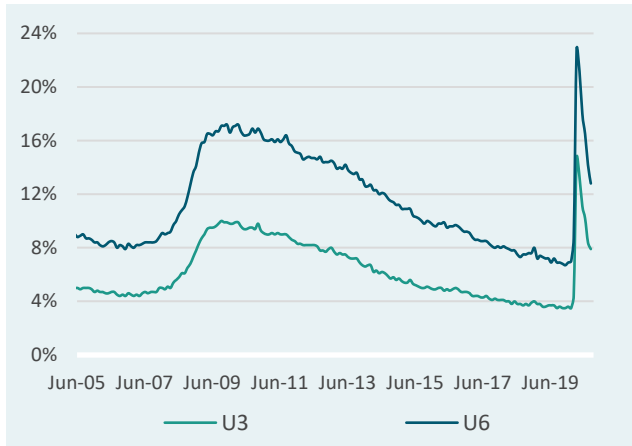
Labor market

The U.S. labor market has partially recovered from the shock sustained in Q1 and Q2. Unemployment fell from 14.7% in April to 7.9% in September. During the economic contraction, the labor participation rate also fell rather dramatically. Most job losses during the pandemic were described by workers as temporary in nature. Most “temporary” job losses have in fact turned out to be temporary, as indicated below. A smaller portion of temporary job losses have unfortunately been reclassified as permanent. We remain watchful regarding how many temporary job losses transition into the “permanent” category in the coming months.

A report released by Yelp in September indicated 60% of businesses that had temporarily closed during the COVID-19 pandemic are now permanently closed. The businesses hit the hardest included: restaurants, bars, retail, fitness, and beauty services. It will be important to monitor whether workers come back to the labor force and once again search for employment as the U.S. economy recovers, or whether these trends result in longer-term unemployment.

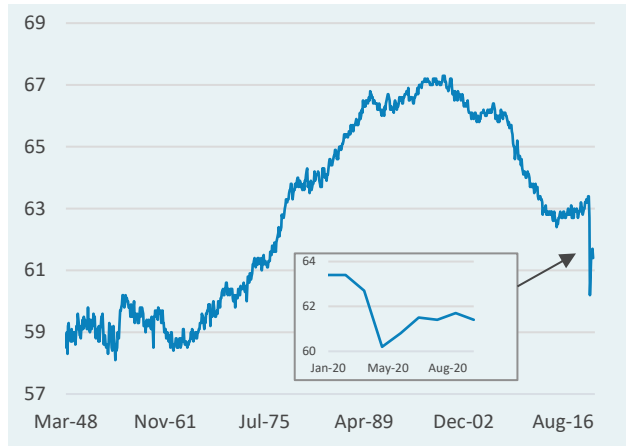
U.S. workers continue to come back to the labor force

U.S. UNEMPLOYMENT



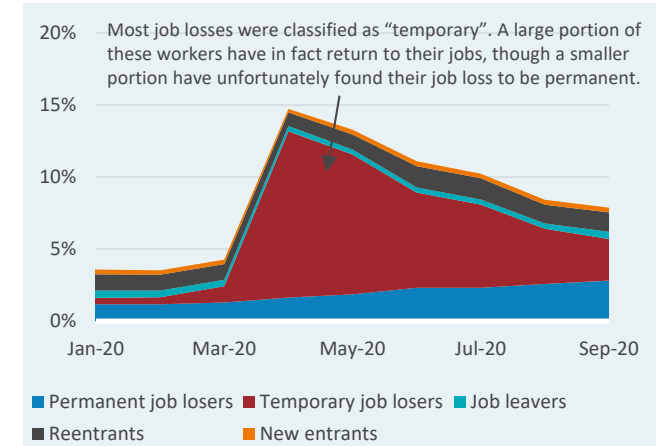
Source: FRED, as of 9/30/20

LABOR PARTICIPATION RATE



Source: FRED, as of 9/30/20

UNEMPLOYMENT DECOMPOSITION BY REASON

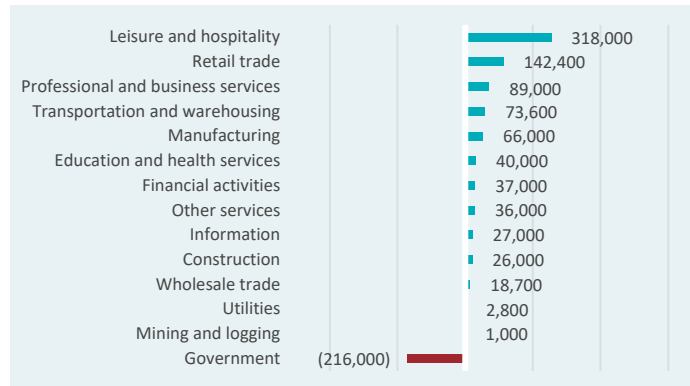


Source: BLS, as of 9/30/20

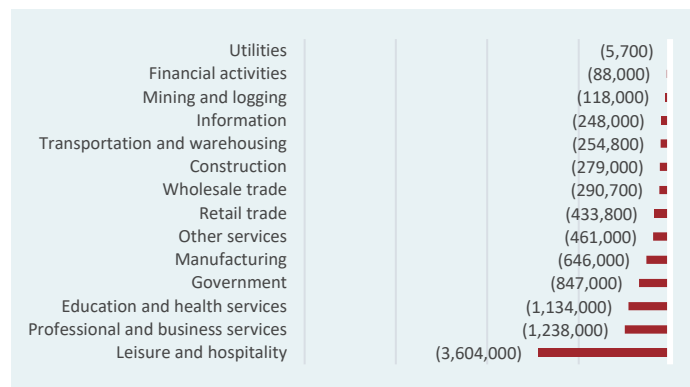
September 2020 jobs report

+661,000 (exp. +859,000) - net revisions to prior two months = +145k

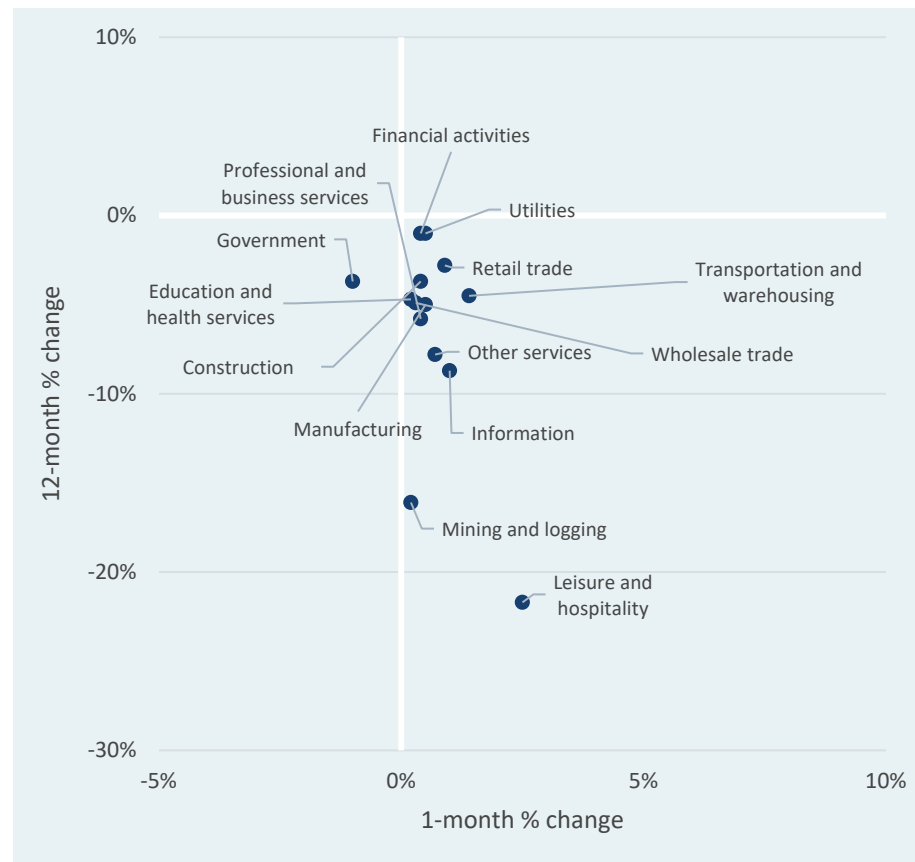
1-MONTH CHANGE



12-MONTH CHANGE



TRAILING % CHANGE



Payrolls continued to recover in the harder-hit services sectors in the third quarter, but payrolls remain well below pre-pandemic levels

All major sectors still have lower payrolls relative to September 2019

Source: BLS, as of 9/30/20

The consumer

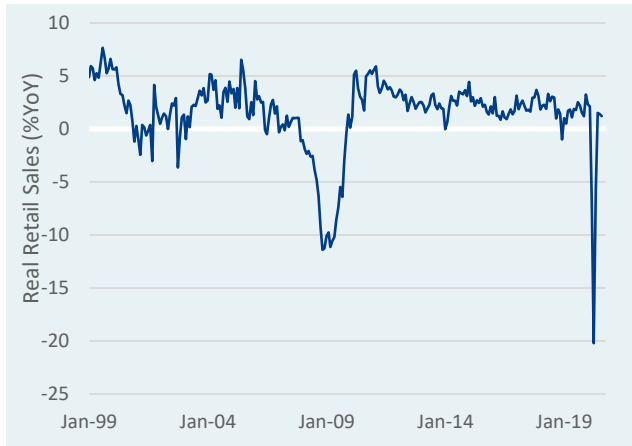
After collapsing -20% year-over-year in April, U.S. real retail sales have now fully recovered and were positive +1.2% in August. Larger purchases, such as automobiles and homes, also slowed considerably earlier in the year but have since rebounded.

The current combination of ultra-low interest rates and vast government fiscal stimulus appears to be supporting many parts of the economy. Despite the inability of households to spend on some traditional discretionary items, other types of purchases have swelled. Recent consumption patterns seem

to indicate that government support is having the intended effect and that the economy is stabilizing.

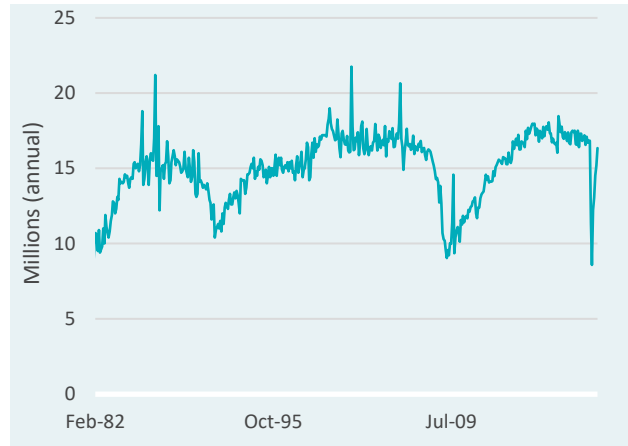
The U.S. personal savings rate fell to 14% in August, largely due to the ending of special unemployment benefits, which expired on July 31st. Broad economic uncertainty typically increases the desire for saving, which is likely the case in today's environment. But perhaps an even greater effect is the overall inability or unwillingness of households to spend on certain items such as vacations and restaurant dining.

REAL RETAIL SALES GROWTH (YOY)



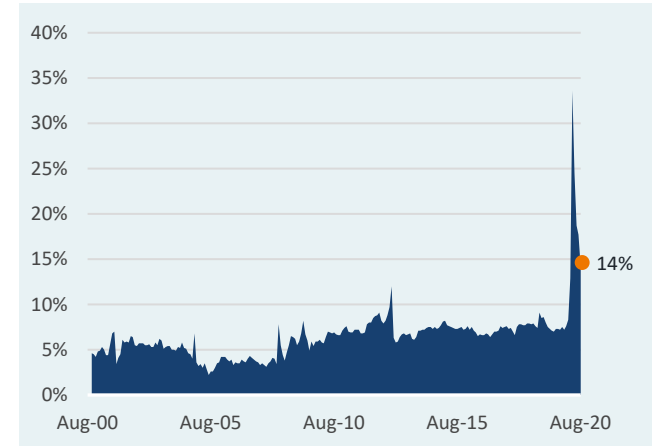
Source: FRED, as of 8/31/20

AUTO SALES



Source: Federal Reserve, as of 9/30/20

PERSONAL SAVINGS RATE



Source: FRED, as of 8/31/20

Sentiment

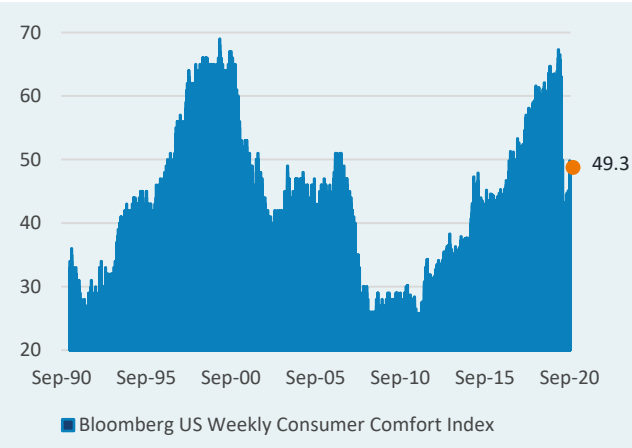
Despite the more optimistic picture painted by a recovery in consumer spending, auto sales, and the housing market, consumer sentiment remains far below the near record-highs of early 2020.

The Bloomberg Consumer Comfort Index attempts to gauge Americans' views on the economy, their personal financial situation, and buying conditions. The index sits at 49.3, compared to a high of 67.3 in January. The University of Michigan Consumer Sentiment Survey attempts to gauge attitudes about the business climate, personal finances, and

spending conditions. The index currently sits at 80.4, down from 101.0 in February.

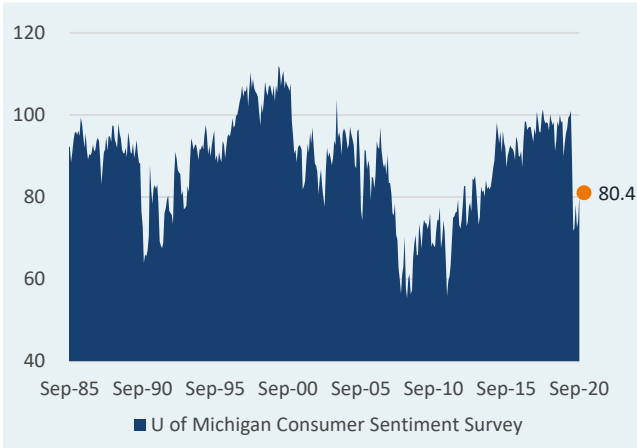
The NFIB Small Business Optimism Index recovered to 104.0 in Q3, which is in line with pre-pandemic levels. The survey concluded that half of the jobs lost in March and April have been recouped, but that the pace of recovery has slowed. Businesses generally expect the economy to continue growing, and hiring plans are now on track with pre-COVID levels.

CONSUMER COMFORT



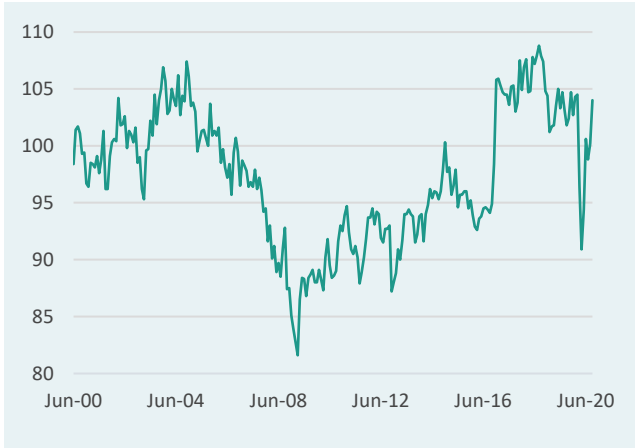
Source: Bloomberg, as of 9/30/20

CONSUMER SENTIMENT



Source: University of Michigan, as of 9/30/20

SMALL BUSINESS OPTIMISM



Source: NFIB, as of 9/30/20

Housing

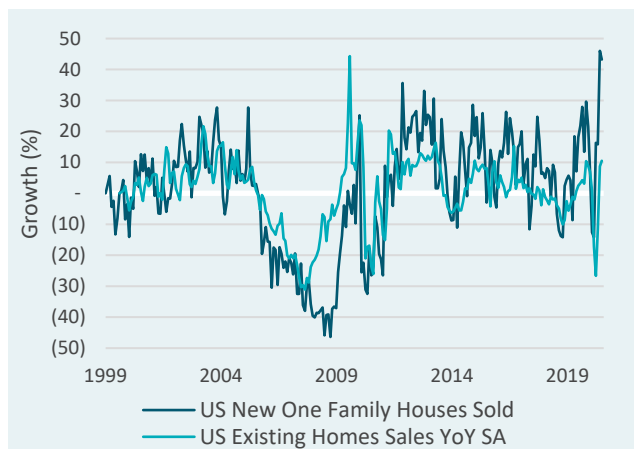
Existing home sales increased intensely over the summer, with existing home purchase activity up 10.5% year-over-year and new home sales higher by a whopping 43.2%. A variety of forces have likely aligned to deliver recent strength, including record-low mortgage interest rates, the desire of many Americans to increase their living space due to the new working-from-home environment, and a record-thin supply of homes on the market.

The portion of U.S. mortgages in the COVID-19 government forbearance program dropped significantly to 5.6% during

the first week of October. This compared to 6.8% the previous week and a high of 8.6% earlier in the year, according to mortgage data firm Black Knight. This positive news eases concerns that the COVID-19 slowdown might lead to another housing crisis.

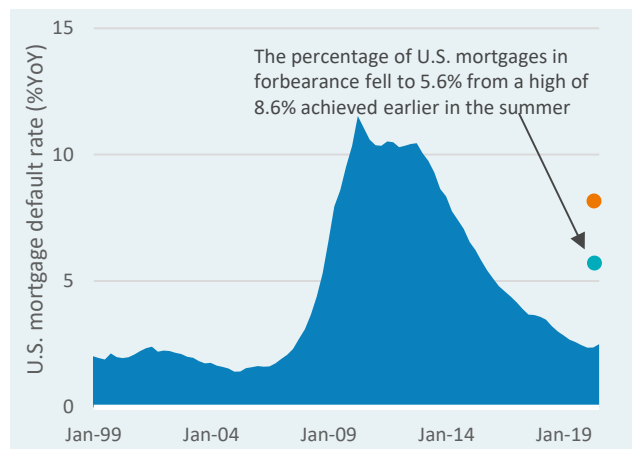
The extremely tight supply of homes has been a major contributor to the recent housing boom. In August, 3.3 months worth of homes were available on the market, which was the lowest inventory level ever recorded since the U.S. government began tracking this data in 1963.

U.S. HOME SALES (YOY)



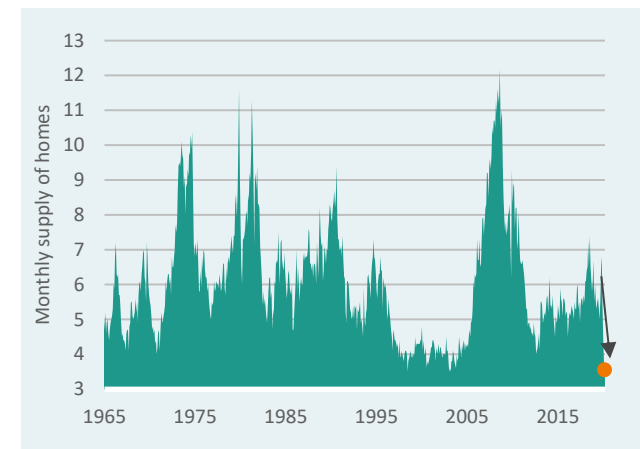
Source: FRED, as of 8/31/20

MORTGAGE DEFAULT RATE (%)



Source: FRED, as of 6/30/20, Black Knight as of 10/9/20

U.S. HOME SUPPLY



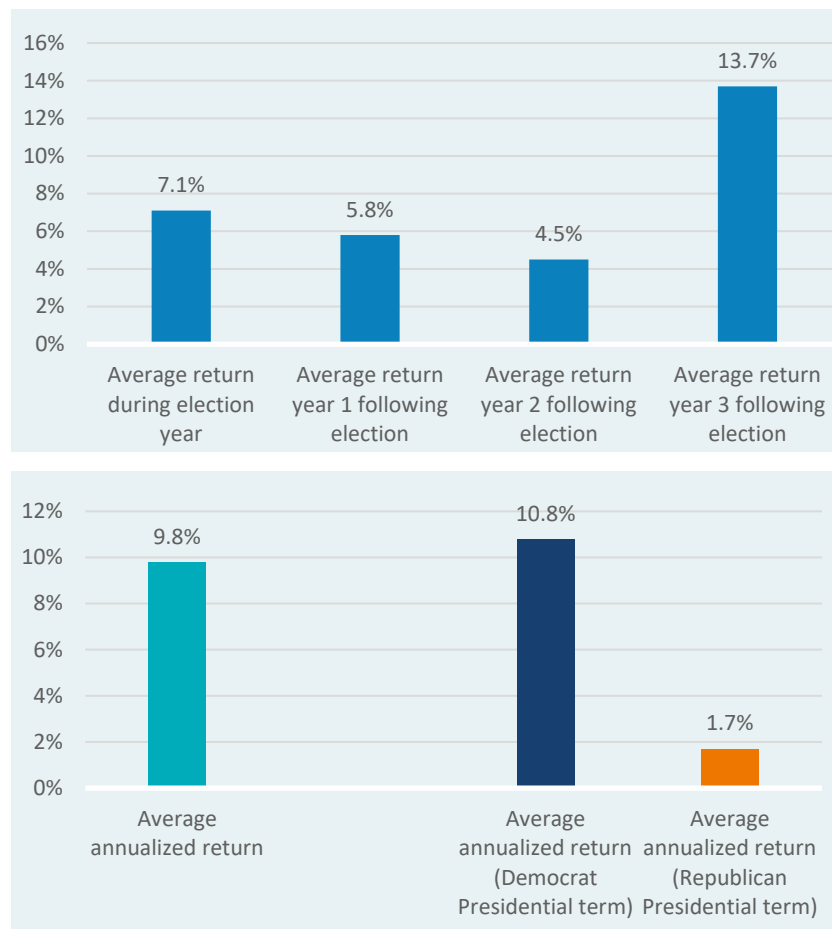
Source: FRED, as of 8/31/20

U.S. presidential election

Correlation between election results and long-term market performance has generally been weak, and the outcome depends greatly on how the data is sliced, as well as the timing of economic and geopolitical events which are often unrelated to elections. The S&P 500 has experienced stronger gains with a Democrat in power, though the results are skewed by extreme events such as the Great Depression (Herbert Hoover saw a -77.1% total return during his presidency, followed by a +205.5% total return in Franklin D. Roosevelt's first term). These events have had a significant impact on the "average" market performance of Democrat and Republican Presidencies.

Markets seem to view a Donald Trump reelection as a positive for markets. But recently investors have also warmed to the idea of a Joe Biden victory, due to expectations for greater fiscal support to the economy which may counteract negative effects of Democratic Party proposals for higher corporate taxes and tax hikes on wealthier households.

PRESIDENTIAL ELECTION & U.S. EQUITY PERFORMANCE (1928 – 2016)



The relationship between election years and market performance has been muddy

Source: Schwab, Bloomberg – S&P 500 Index

Note: Stronger equity performance during one party or the other does not necessarily imply that the party's leadership led to that market performance. The timing of large and significant shocks to the economy such as the Great Depression, natural disasters, and geopolitical turmoil have influenced the performance figures above.

How are we viewing the polling data?

The polls and the betting markets indicate that Biden is leading President Trump materially as we move into the final weeks pre-election. In 2016, the story was largely the same, as Clinton was expected to win up until the day before the election.

“Clinton has 90 percent chance of winning” – Reuters, 11/7/2016

“Election 2016: Hillary Clinton looks poised to lock it up” – Politico, 11/7/2016

“Odds of Clinton win jump on prediction markets” – Financial Times, 11/7/2016

“Polls: Hillary Clinton in position to win the election” – Business Insider, 11/7/2016

Several factors are likely to distort the picture painted by the polling data, including, but not limited to, the following:

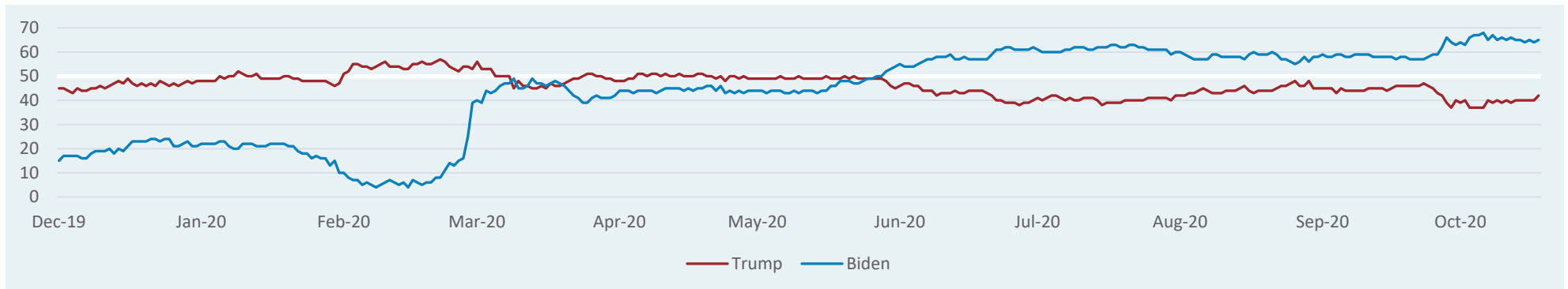
Shy Trump factor: Voters in certain parts of the country may be less willing to express that they would vote for Trump, and this dynamic may be even more prevalent than it was in 2016.

Oversampling: Pollsters do their best to build population samples representative of likely actual voter turnout, but these samples are often flawed. Back in 2016, Democrats were often over-represented in poll samples, which may have incorrectly skewed polling averages in favor of Hillary Clinton. There appears to be some evidence of this effect influencing polling averages this year as well.

Mail-in voting: The increase in reliance on mail-in ballots could delay the distribution of final election results and provide both candidates the opportunity to contest the election results in key swing states.

Late deciding: Voters may break for Trump or Biden in the final few days pre-election, but this is more likely to be a smaller factor than it was in 2016.

PREDICTIT ODDS – WHO WILL WIN THE 2020 U.S. PRESIDENTIAL ELECTION?



Source: PredictIt, as of 10/21/20

International economics summary

- Growth contracted sharply in international developed economies in Q2. Gross domestic product in the Eurozone contracted -14.7% from the prior year, and Japanese GDP sank -9.9% over the same period, despite the deployment of fiscal support to the tune of roughly 40% of Japan's GDP.
- European officials implemented stricter social distancing controls with hopes of stymying the second wave of COVID-19 sweeping across the continent. The seven-day average daily case growth of the EU27 and the United Kingdom combined rose from 4,699 to 48,807 over the third quarter.
- The IMF revised its global growth projections for 2020 and 2021 from -4.9% and 5.4% to -4.4% and 5.2%, respectively. The IMF's model assumes social distancing controls will continue to act as a drag on growth into 2021, and that local transmission of the virus will be falling everywhere by 2023.
- Inflation remained muted globally in the third quarter, supporting arguments that the pandemic's impact has been more disinflationary than inflationary over the short term. The Eurozone's consumer price index ended the quarter -0.3% below its level from September 2019, though most of the deflationary pressures were supplied by an -8.2% decline in energy prices.
- Eurozone retail sales volumes grew 3.7% from the prior year in August (exp. 2.2%), driven by a sharp surge in online purchases and clothing sales. The vigorous rebound in consumer spending has been attributed to pent-up demand and incomes, which have been largely stable due to furlough schemes. Many analysts expect a "normalization" of retail sales in the fourth quarter, under the assumption that current spending levels are unlikely to be sustainable.

Area	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	(9.0%) 6/30/20	1.3% 8/31/20	7.9% 9/30/20
Eurozone	(14.7%) 6/30/20	(0.3%) 9/30/20	8.1% 8/31/20
Japan	(9.9%) 6/30/20	0.2% 9/30/20	3.0% 8/31/20
BRICS Nations	(3.1%) 6/30/20	3.3% 6/30/20	5.3% 6/30/20
Brazil	(11.4%) 6/30/20	2.4% 8/31/20	13.8% 7/31/20
Russia	(8.0%) 6/30/20	3.3% 9/30/20	6.4% 8/31/20
India	(23.9%) 6/30/20	6.7% 8/31/20	8.5% 12/31/17
China	4.9% 9/30/20	2.4% 8/31/20	3.8% 6/30/20

International economics

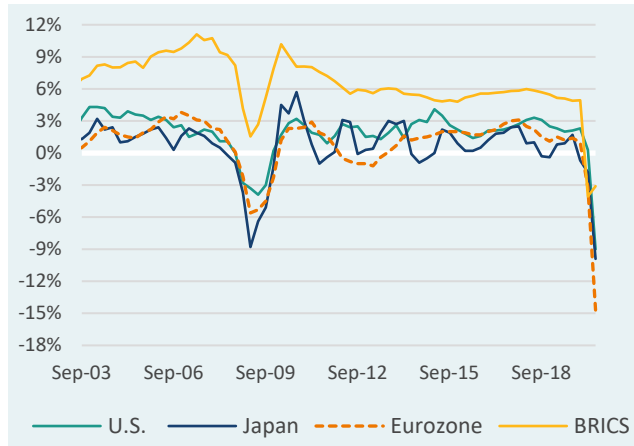
As expected, growth contracted sharply in international developed economies around the world in Q2. Eurozone gross domestic product contracted -14.7% from the prior year, and Japanese growth sank -9.9% over the same period, despite the deployment of fiscal support to the tune of roughly 40% of Japanese GDP.

Growth in most of the emerging markets complex also took a major hit. GDP contracted -11.4% in Brazil, -8.0% in Russia, and -23.9% in India which has been especially hard hit by the coronavirus. China stood out as an exception, and reportedly mustered year-over-year GDP growth of +4.9% in Q3. China's

growth was supported by the People's Bank of China, which cut its 1-year medium-term lending facility rate from 3.15% to 2.95%. Many emerging economies are in a better position to provide monetary stimulus, given higher interest rates.

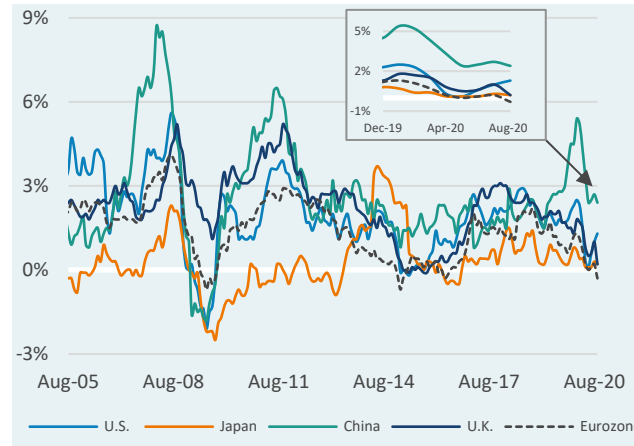
Unemployment in the Eurozone rose from 7.8% to 8.1%, just 0.2% above the quarter-end rate in the United States, as Europe contends with disinflationary pressures. Year-over-year growth of the harmonized consumer price index fell from +0.3% into negative territory at -0.3%. The Union's harmonized measure, however, does not include rents and house prices—a key distinction from the U.S. CPI basket.

REAL GDP GROWTH (YOY)



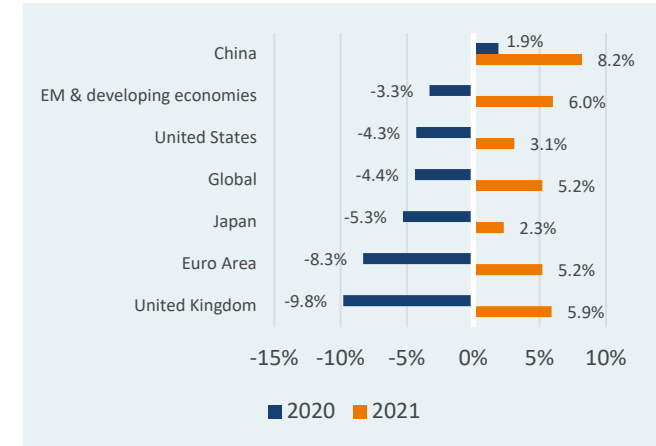
Source: Bloomberg, as of 6/30/20

INFLATION (CPI YOY)



Source: Bloomberg, as of 8/31/20

IMF GLOBAL OUTLOOK GROWTH PROJECTIONS



Source: International Monetary Fund, as of 10/13/20

Fixed income rates & credit

Interest rate environment

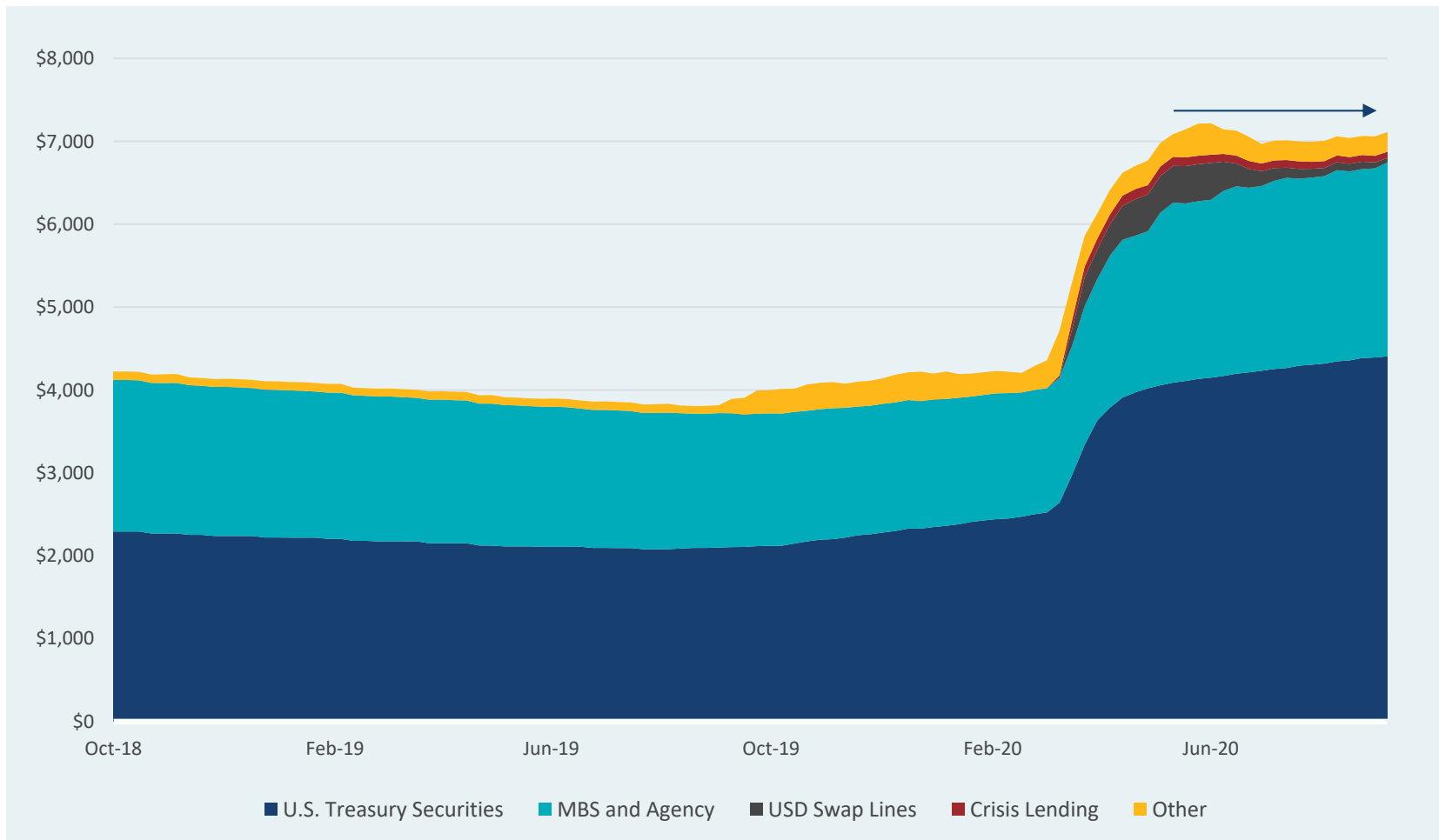
- Global interest rate levels remained extremely depressed relative to long-term averages in Q3, and the 10-year U.S. Treasury yield traded in a relatively narrow range between 0.50%-0.75%.
- The Federal Reserve maintained an accommodative tone, and most members of the Federal Open Market Committee remained of the view that short rates are likely to stay near-zero through 2023, and eventually move toward 2.50% over the longer-term. The Fed repeated that while it has the power to lend, it does not hold the power to spend, and additional fiscal support will likely be required from Congress.
- The U.S. Fed made an adjustment to its policy approach related to its inflation target. Instead of targeting stable prices, defined as 2% annual growth in personal consumption expenditures (PCE), the Fed will now implement an average inflation targeting approach aimed at achieving “inflation moderately above 2% for some time so that inflation averages 2% over time and longer-term inflation expectations remain well anchored at 2%.”
- Officials at the Bank of England (BOE) reportedly warmed to the idea of pursuing a negative interest rate policy, and markets are now pricing in negative overnight rates by May 2021. Many analysts have stated that the BOE is likely to remain extremely supportive and may provide additional monetary accommodation in the form of quantitative easing before year-end.
- Investors were paid for betting on longer-term reflation of growth and inflation, likely due to their expectations for further fiscal and monetary accommodation moving forward. Ten-year breakeven inflation rates recovered from 1.3% to 1.6%, and key term spreads indicated a moderate steepening in the U.S. yield curve.

Area	Short Term (3M)	10-Year
United States	0.09%	0.68%
Germany	(0.63%)	(0.52%)
France	(0.64%)	(0.24%)
Spain	(0.54%)	0.25%
Italy	(0.48%)	0.87%
Greece	(0.08%)	1.02%
U.K.	0.01%	0.23%
Japan	(0.15%)	0.01%
Australia	0.12%	0.79%
China	2.29%	3.13%
Brazil	1.93%	7.45%
Russia	4.09%	6.29%

Source: Bloomberg, as of 9/30/20

Monetary stimulus

FED BALANCE SHEET, MILLIONS



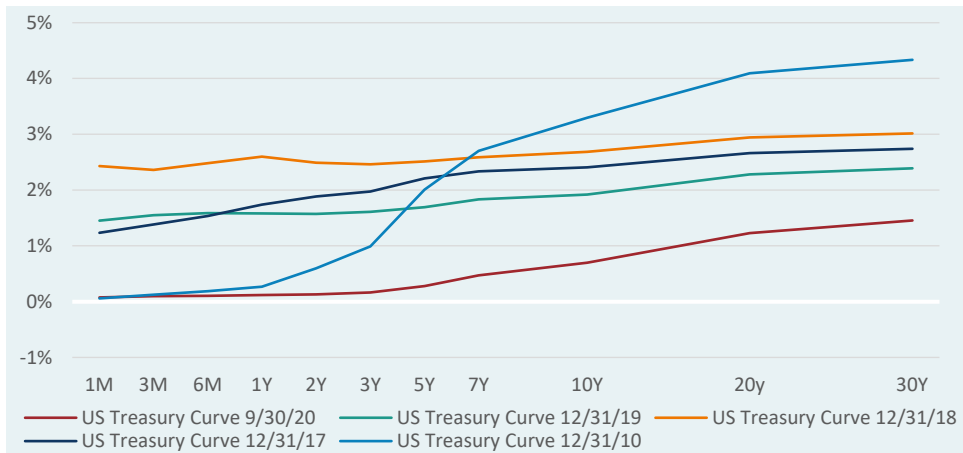
Fed balance sheet levels have remained flat

The Fed provided significant monetary accommodation in Q2. Officials have implied that further stimulus will likely need to come in the form of fiscal support

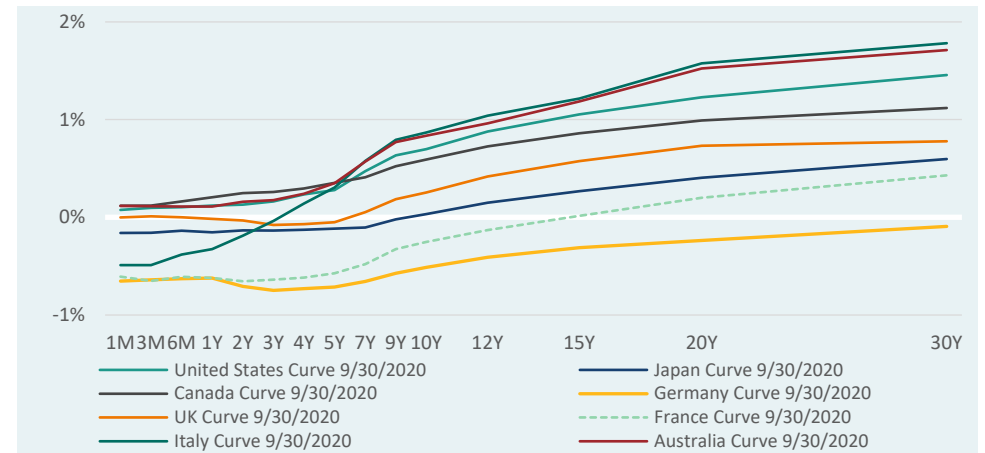
Source: FRED, Bloomberg, as of 9/16/20

Yield environment

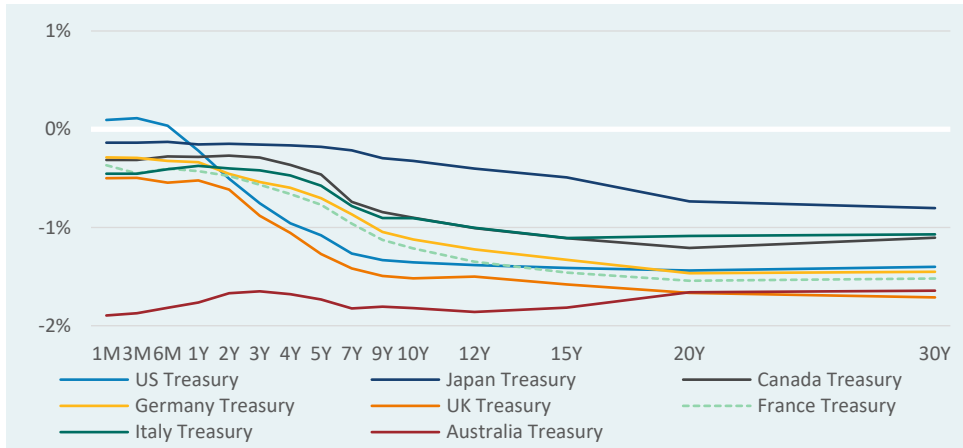
U.S. YIELD CURVE



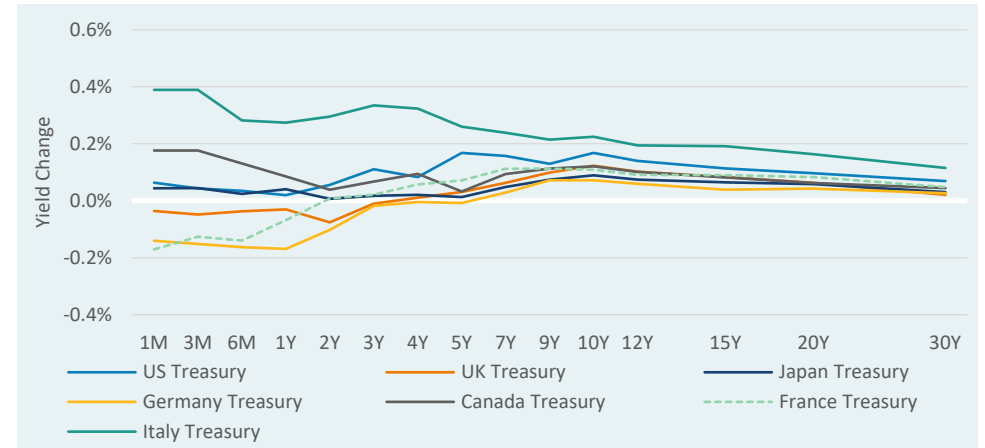
GLOBAL GOVERNMENT YIELD CURVES



YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 9/30/20

Credit environment

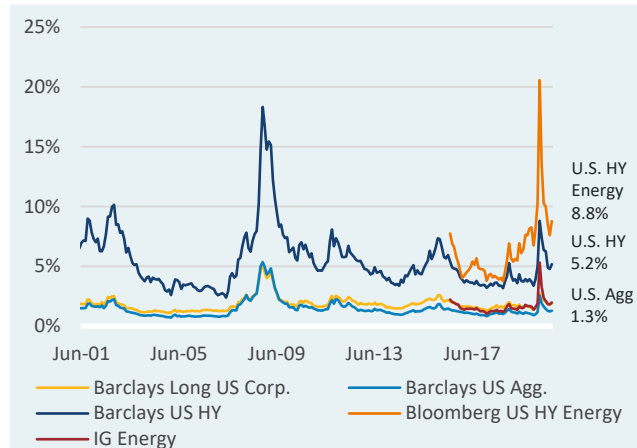
Credit markets performed positively in the third quarter as yields continued to fall from March highs. Buoyed by ongoing support from the Fed as well as increased investor demand for yield, investment grade credit returned 1.5% over the quarter while high yield and leveraged loans returned +4.6% and +4.1%, respectively. Within high yield, lower quality issues outperformed higher quality.

Investment-grade credit has now returned +6.4% year-to-date through September, while high yield performance turned positive at +0.6% and leveraged loans remained negative at -0.8% year-to-date.

Credit spreads fell across the board in Q3 but high yield led the way. Corporate investment grade spreads fell 14 bps through the quarter to 136 bps while high yield spreads fell 109 bps to 517 bps.

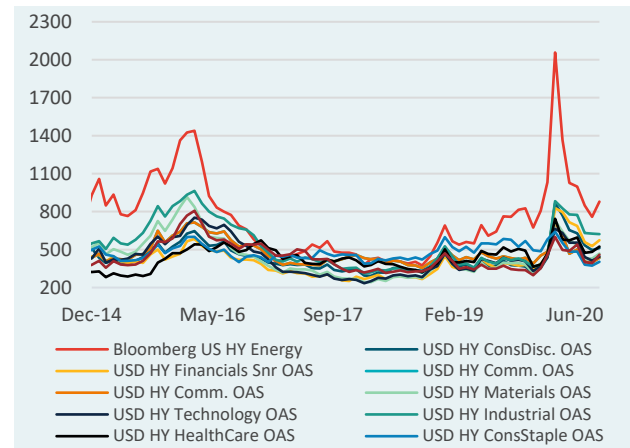
As a result of the post-March recovery, approximately two-thirds of global investment grade debt is now yielding less than 1%, and more debt is currently trading at a negative yield than at above the 2% level. While yields in the U.S. are still modestly higher than pre-pandemic levels, credit markets are priced similarly to how they were in January, despite a very different fundamental picture.

SPREADS



Source: Barclays, Bloomberg, as of 9/30/20

HIGH YIELD SECTOR SPREADS (BPS)



Source: Bloomberg, as of 9/30/20

Market	Credit Spread (OAS)	
	9/30/20	9/30/19
Long U.S. Corp	1.9%	1.7%
U.S. Inv Grade Corp	1.4%	1.2%
U.S. High Yield	5.2%	3.7%
U.S. Bank Loans*	5.3%	4.5%

Source: Barclays, Credit Suisse, Bloomberg, as of 9/30/20
*Discount margin (4-year life)

Default & issuance

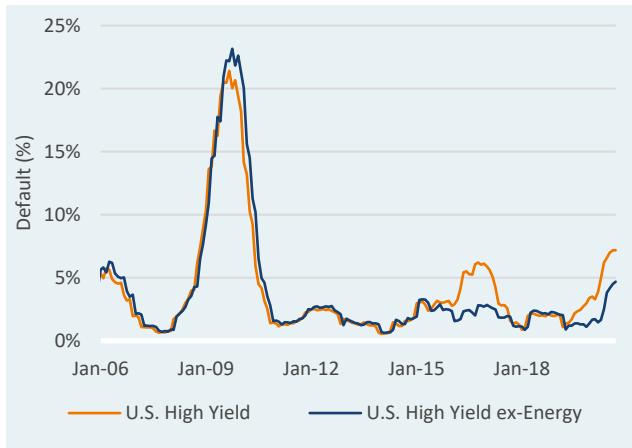
Default activity over the quarter slowed considerably from record numbers in Q2 but remained elevated relative to history. In the third quarter, 26 companies defaulted on \$19.3 billion, bringing the year-to-date default total to \$123.4 billion. This year-to-date figure would rank as the second highest annual default total on record.

The U.S. high yield default rate fell -0.4% in the quarter to 5.8% but remains 3.2% higher than the start of the year. Conversely, the U.S. leveraged loan default rate rose and hit a five-year-high at 4.3%, 2.6% higher year-to-date.

Certain high yield bond issuers took advantage of the low rate environment throughout Q3 and continued to come to market at a record pace. Gross issuance was \$131.9 billion over the quarter, which was second only to \$145.5 billion in Q2, the highest on record. Total gross issuance year-to-date has been \$350.3 billion.

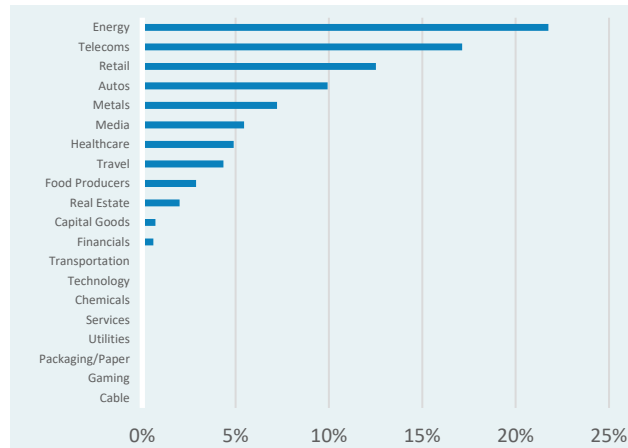
Investment grade issuance fell to nearly half the rate of the second quarter but remains elevated. New investment grade issuance totaled \$371 billion. A year-to-date \$1.54 trillion worth of new investment grade debt was nearly 70% higher than during the same period of 2019.

HY DEFAULT RATE (ROLLING 1-YEAR)



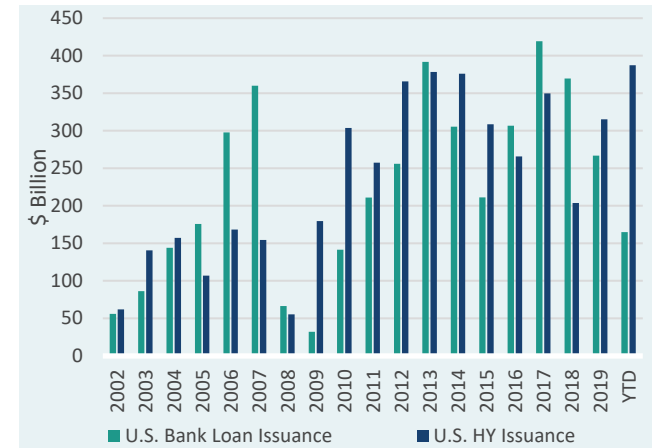
Source: BofA Merrill Lynch, as of 9/30/20

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



Source: BofA Merrill Lynch, as of 9/30/20 – par weighted

U.S. ISSUANCE (\$ BILLIONS)



Source: BofA Merrill Lynch, as of 9/30/20

Equity

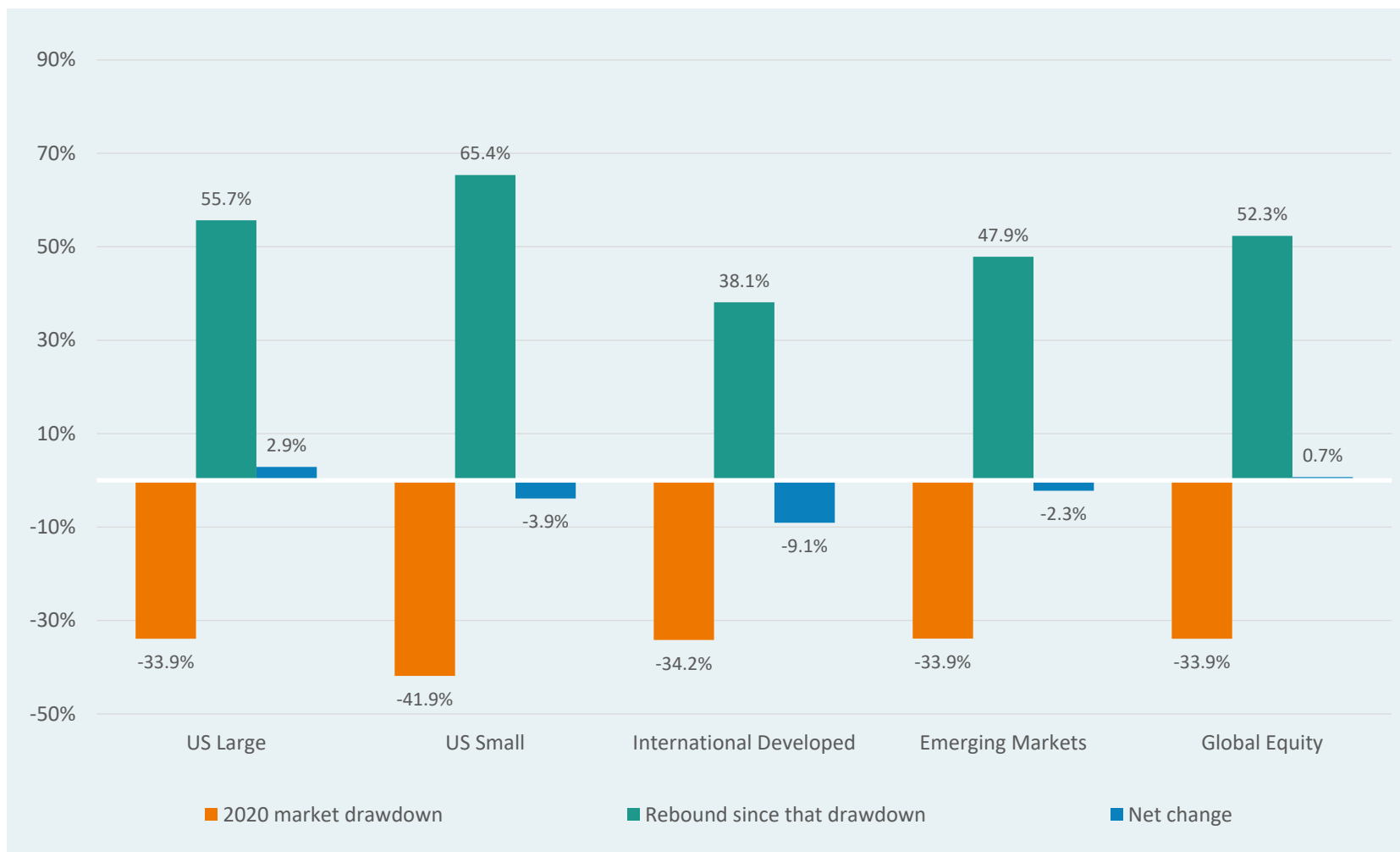
Equity environment

- U.S. equities reached a new high in September before pulling back later in the month. U.S. and emerging markets have recovered most losses year-to-date, while international developed equities remain more negative. Global equities are now positive for 2020 despite an earnings recession and considerable economic uncertainty.
- Emerging market equities outperformed during the quarter (MSCI Emerging Markets +9.6%) followed by domestic equities (S&P 500 +8.9%) and international developed (MSCI EAFE +4.8%).
- According to FactSet, S&P 500 Q3 earnings are expected to be down -20.5%. However, earnings in Q2 beat expectations by 12.5% (-31.6% YoY vs. -44.1%). Another large positive surprise in Q3 would be welcome news to investors. The Cboe VIX Index moderated in June
- from heightened levels and remained generally rangebound during the third quarter. The VIX ended the month of September at 26, higher than the long-term average of 19.
- The U.S. dollar fell -3.5% in the third quarter, continuing a downward trend since a sudden jump in March on safe-haven buying. The dollar has now completely unwound the gains experienced during the market sell-off.
- U.S. growth stocks beat value stocks in the third quarter, continuing an incredible run of market leadership (Russell 1000 Growth +13.2%, Russell 1000 Value +5.6%), while large cap stocks outperformed small cap stocks (Russell 1000 +9.5%, Russell 2000 +4.9%).

	QTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)
US Large Cap (S&P 500)	8.9%		15.1%	
US Small Cap (Russell 2000)	4.9%		0.4%	
US Large Value (Russell 1000 Value)	5.6%		(5.0%)	
US Large Growth (Russell 1000 Growth)	13.2%		37.5%	
International Large (MSCI EAFE)	4.8%	1.3%	0.5%	(3.1%)
Eurozone (Euro Stoxx 50)	3.5%	(0.6%)	(1.7%)	(6.8%)
U.K. (FTSE 100)	0.1%	(4.1%)	(13.9%)	(17.0%)
Japan (NIKKEI 225)	6.8%	4.7%	10.9%	10.2%
Emerging Markets (MSCI Emerging Markets)	9.6%	8.5%	10.5%	12.8%

Source: Russell Investments, MSCI, STOXX, FTSE, Nikkei, as of 9/30/20

Equity market peak-to-trough



Equity markets around the world have recovered most of their losses

As of 10/15/20 - "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 October 15th 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 +8.9% in Q3, reaching a new high in September before pulling back later in the month. The S&P 500 is up +5.6% year-to-date, despite an earnings recession and considerable economic uncertainty.

Consumer Discretionary (+15.1%) and Materials (+13.3%) sectors led in Q3, with Energy (-19.7%) delivering further underperformance. Information Technology stocks have shown impressive performance year-to-date (+27.5%) and have captured headlines as some company valuations have

reached lofty levels. Large technology names have seen greater volatility recently, and exhibited a quick pullback during the first week of September. Growth stocks continue to be in vogue in the current low-growth environment.

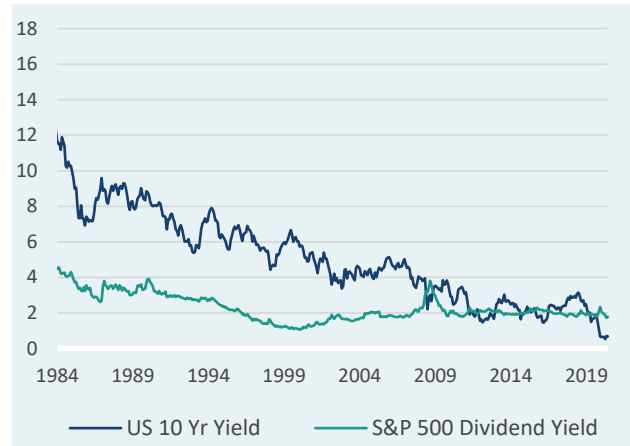
Many investors are justifiably questioning the rationale for such strong risk asset performance, at a time when so much uncertainty exists around public health and the economy, and at a time when some business models may no longer be viable due to COVID-19.

S&P 500



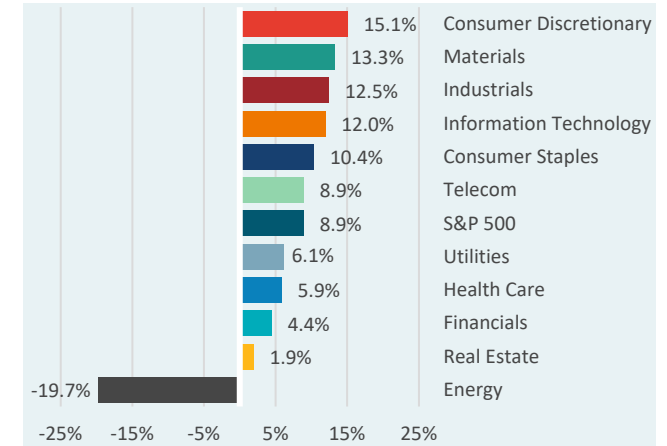
Source: Standard & Poor's, as of 9/30/20

DIVIDEND YIELD VS BOND YIELD



Source: Standard & Poor's, as of 9/30/20

Q3 SECTOR PERFORMANCE



Source: Standard & Poor's, as of 9/30/20

Domestic equity size & style

U.S. growth stocks beat value stocks during Q3, continuing an incredible run of market leadership (Russell 1000 Growth +13.2%, Russell 1000 Value +5.6%), while large cap stocks outperformed small cap stocks (Russell 1000 +9.5%, Russell 2000 +4.9%).

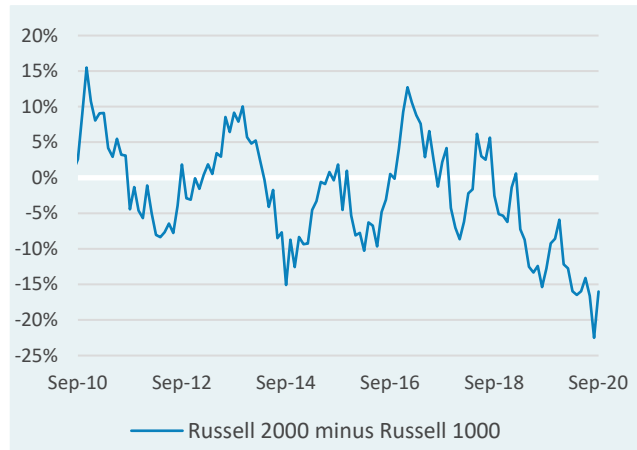
It seems that 2020 has been the perfect storm for value stocks. Commodities sectors were experiencing oversupply leading up to the onset of COVID-19, and the virus greatly accelerated these problems, resulting in a historic crash to prices (the Energy sector contains many value stocks). The Energy sector has delivered -45.2% over the past year. At the same time, the world has been rapidly changing in terms of technological progress, and COVID-19 appears to have accelerated these trends, contributing to extreme

outperformance of the growth-tilted Information Technology sector at +47.2% over the past year.

We recognize that recent value underperformance is anomalous, but we also recognize that much of this price action has been due to global trends that may not necessarily reverse over the short-term. It is very difficult to successfully make short-term bets on style factors, as factors can be incredibly noisy and vulnerable to sector randomness. Value is historically cheap, but a catalyst for a value turnaround is not yet evident. We continue to believe that a buy-and-hold approach to style investing is the best course of action, most of the time, but we are closely watching this space.

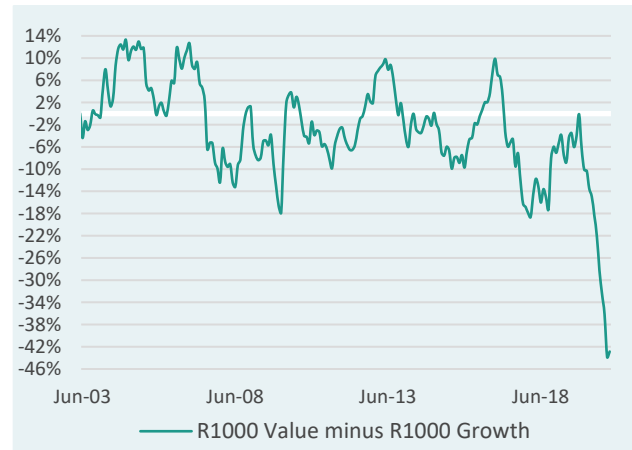
Sector performance has fueled dramatic negative performance of the value premium

SMALL CAP VS LARGE CAP (YOY)



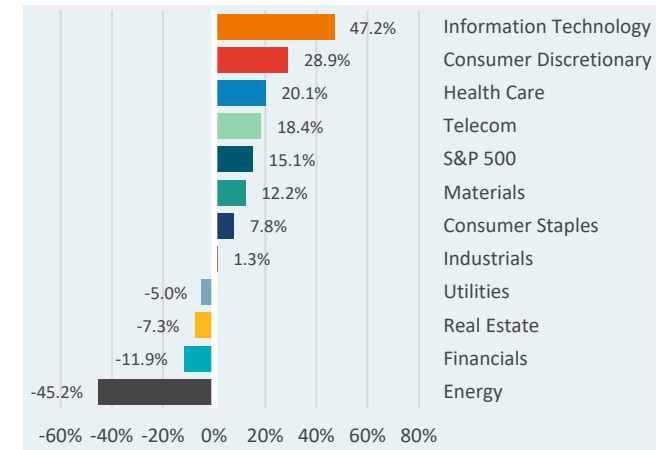
Source: FTSE, as of 9/30/20

VALUE VS GROWTH (YOY)



Source: FTSE, as of 9/30/20

S&P 500 SECTOR PERFORMANCE (1-YEAR)



Source: Standard & Poor's, as of 9/30/20

International developed equity

International equities continued to recover through Q3, though the MSCI EAFE Index (+4.8%) materially lagged the MSCI Emerging Markets Index (+9.6%) and the S&P 500 Index (+8.9%). Dollar weakness coinciding with the risk recovery through the summer was a major theme and dampened the underperformance of international developed equities relative to U.S. equities in U.S. dollar terms. The three largest currency exposures embedded in the MSCI EAFE Index—the euro (32%), the yen (26%), and the pound sterling (13%)—appreciated +4.4%, +2.2%, and +4.6% relative to the greenback over the course of the quarter.

In the second quarter, MSCI EAFE Index revenues dropped nearly -20%, and earnings dropped nearly -60%, pushing certain valuation metrics including price/earnings ratios to historic highs. Moving into Q3 earnings season, analysts are anticipating a historic turnaround in corporate profits, which could help bring valuations back to more normal levels.

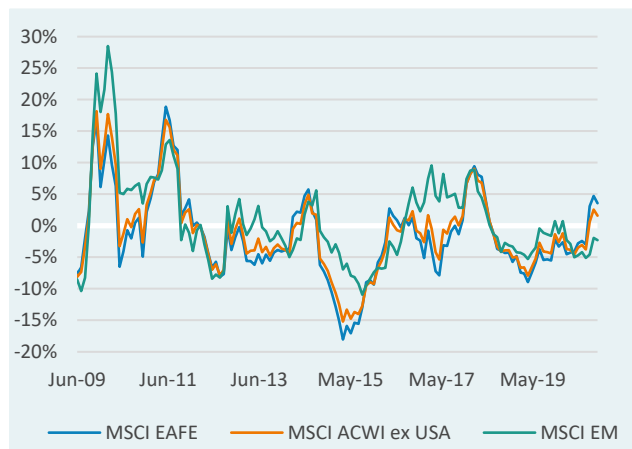
The MSCI EAFE Growth Index returned +8.4% over the third quarter, outpacing the MSCI EAFE Value Index (+1.2%) in U.S. dollar terms, extending its outperformance over the year-to-date to a staggering +23.6%.

INTERNATIONAL DEVELOPED EQUITIES



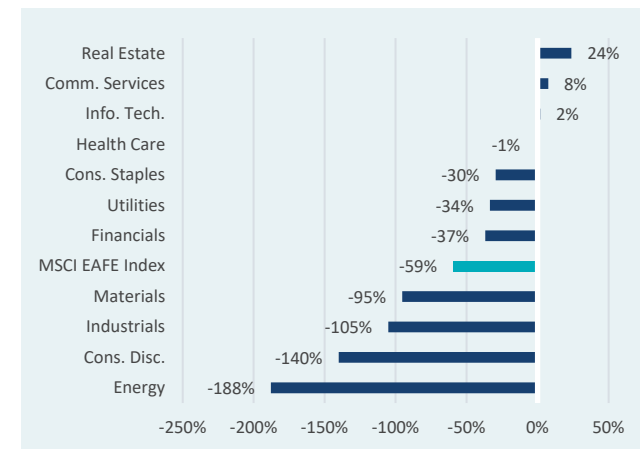
Source: MSCI, as of 9/30/20

EFFECT OF CURRENCY (1-YEAR ROLLING)



Source: MSCI, as of 9/30/20

Q2 2020 EARNINGS GROWTH – MSCI EAFE INDEX



Source: MSCI, Bloomberg, as of 9/30/20

Emerging market equity

Emerging market equities (MSCI EM +9.6%) outperformed U.S. (S&P 500 +8.9%) and international developed equities (MSCI EAFE +4.8%) over the quarter. Looking across the emerging market complex, Latin American equities underperformed (MSCI EM Latin American -1.3%) which was a continuation of a longer-term trend. Latin American stocks have drastically underperformed over the previous 10-year period (MSCI EM Latin America -5.7%, MSCI EM +2.5%).

Inflation remained subdued relative to longer-term averages, due in large part to energy prices remaining under pressure. The Emerging Markets Citi Inflation Surprise Index rose from

-28.8 to -6.6 over the quarter, implying that the magnitude of inflation data misses lessened between June and September.

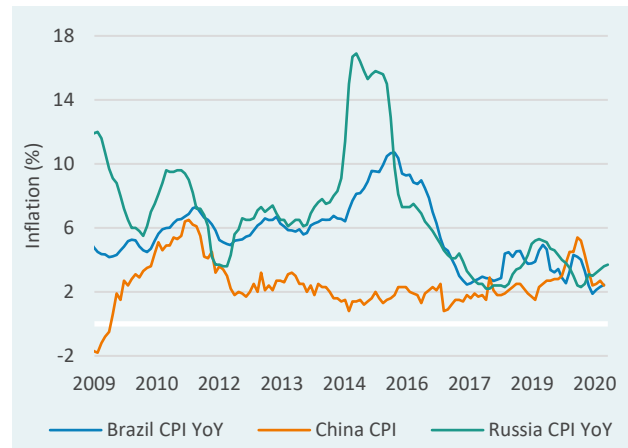
Emerging market currencies broadly appreciated relative to the U.S. dollar, and Asian currencies outperformed. The offshore Chinese renminbi rallied 4.2% versus the greenback to ¥6.78, its strongest level since mid-2019. Part of the rally in the yuan has been attributed to FTSE Russell's recent decision to add Chinese government bonds to its World Government Bond Index. This change would take effect in 2021, and would likely result in increased foreign capital inflows.

EMERGING MARKET EQUITY



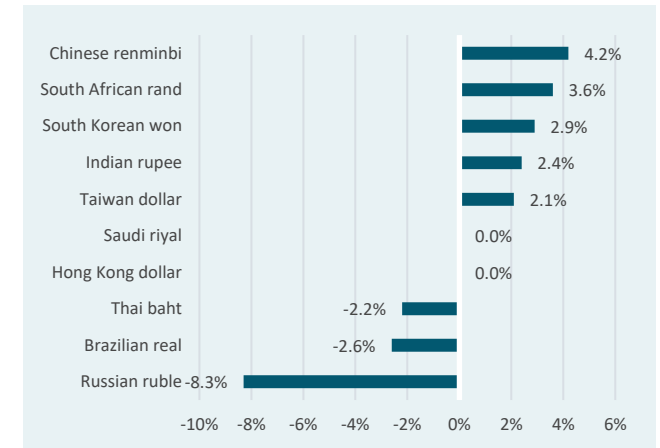
Source: MSCI, as of 9/30/20

INFLATION (YOY)



Source: Bloomberg, as of 9/30/20

Q3 CURRENCY PERFORMANCE – MSCI EM INDEX



Source: Bloomberg, as of 9/30/20

Equity valuations

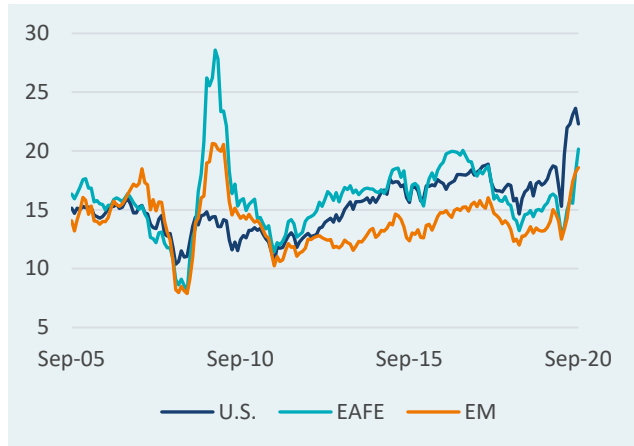
U.S. equity valuation levels moderated in September after continuing to rise through July and August. Prices ended the quarter little changed relative to 12-month earnings forecasts (22.3 Price/Earnings). The moderation of U.S. equity valuations was driven in part by a tech-driven sell-off across U.S. large-caps, and in part by improvement in the earnings growth and outlook.

The blended net profit margin for the S&P 500 Index in Q3, which combines actual reported results and estimated results for companies which have yet to report, is 9.7%. If the

blended net profit margin were to materialize, it would mark the first quarterly improvement in the profitability metric since the second quarter of 2019, and could provide further fundamental backing for current price levels. Analysts are expecting net profit margins to continue to improve. Estimated profit margins for Q4 2020, Q1 2021, and Q2 2021 ended the quarter at 9.8%, 10.4%, and 11.0%, respectively.

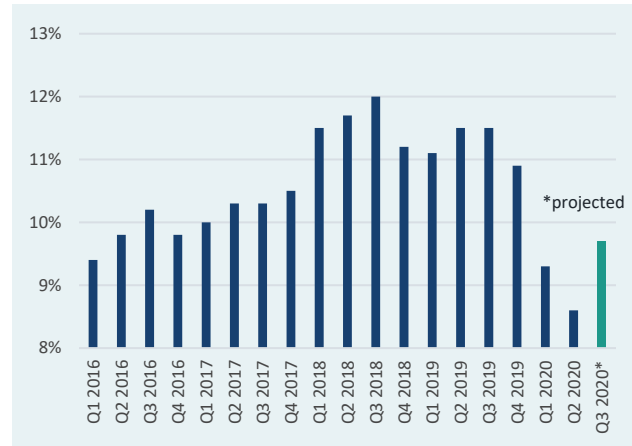
Equity dividend yields remain attractive relative to nominal government bond yields, especially in Europe, and could further entice investors to reach for yield through risk assets.

FORWARD P/E RATIOS



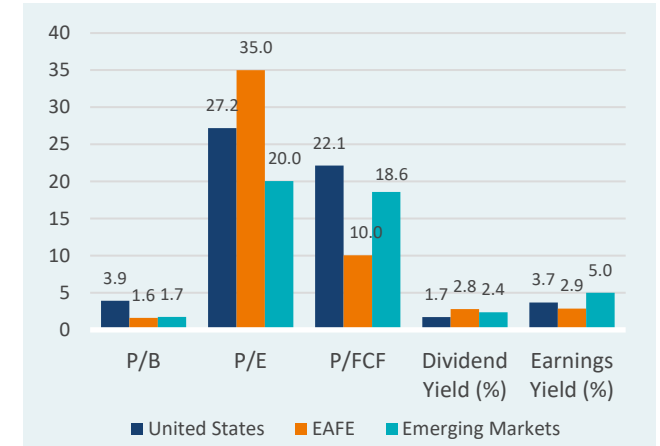
Source: MSCI, 12m forward P/E, as of 9/30/20

S&P 500 NET PROFIT MARGINS



Source: FactSet, as of 9/30/20

VALUATION METRICS (3-MONTH AVERAGE)



Source: Bloomberg, MSCI as of 9/30/20 - trailing P/E

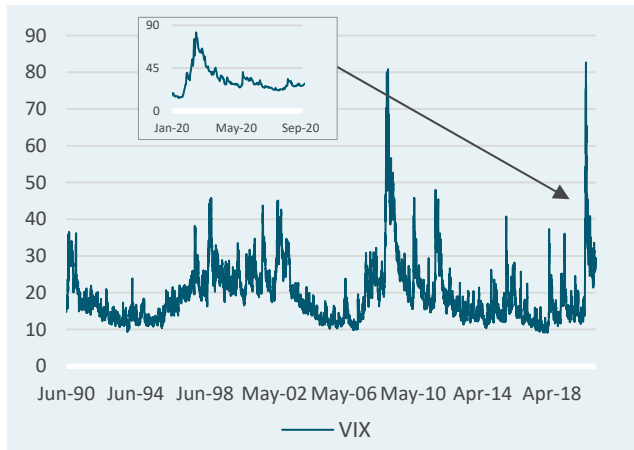
Equity volatility

The Cboe VIX Index moderated in June from heightened levels, and remained generally rangebound during the third quarter. The VIX ended September at 26, but remains elevated relative to the long-term average of 19.

U.S. equities have historically exhibited the lowest risk among developed and emerging markets. In recent years, this relationship has flipped, with U.S. stocks showing higher volatility than developed market stocks, and nearly on par with emerging market equities.

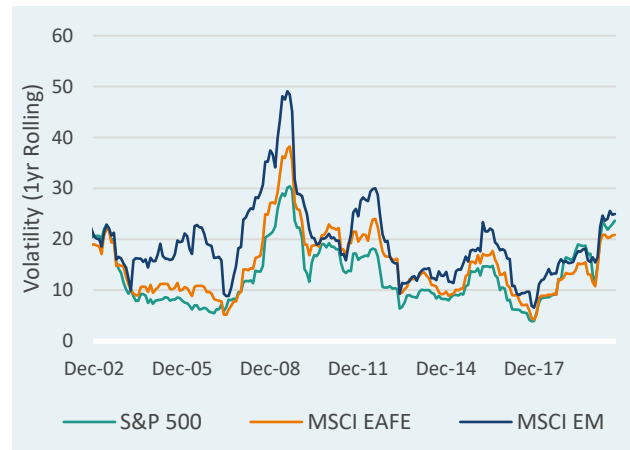
Expectations for short-term equity volatility faded through the summer. The VIX term structure continued to indicate an expectation for heightened volatility around the Presidential election in the beginning of November. Toward the end of the quarter, concerns over the impact of mail-in voting on the timeliness of electoral results reporting led some market participants to position around the prospect of a contested election and its consequences for equity markets. Polling data indicates a widening lead for Biden. The prospect of a “Blue Wave” appears to have emboldened some traders to sell longer-dated VIX futures contracts.

U.S. IMPLIED VOLATILITY (VIX)



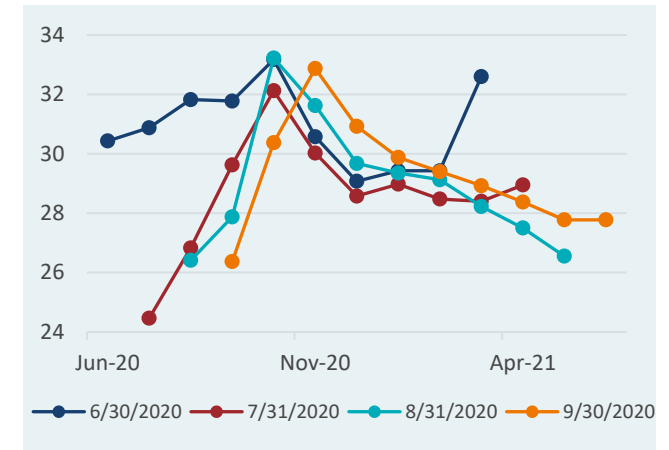
Source: Cboe, as of 9/30/20

REALIZED VOLATILITY



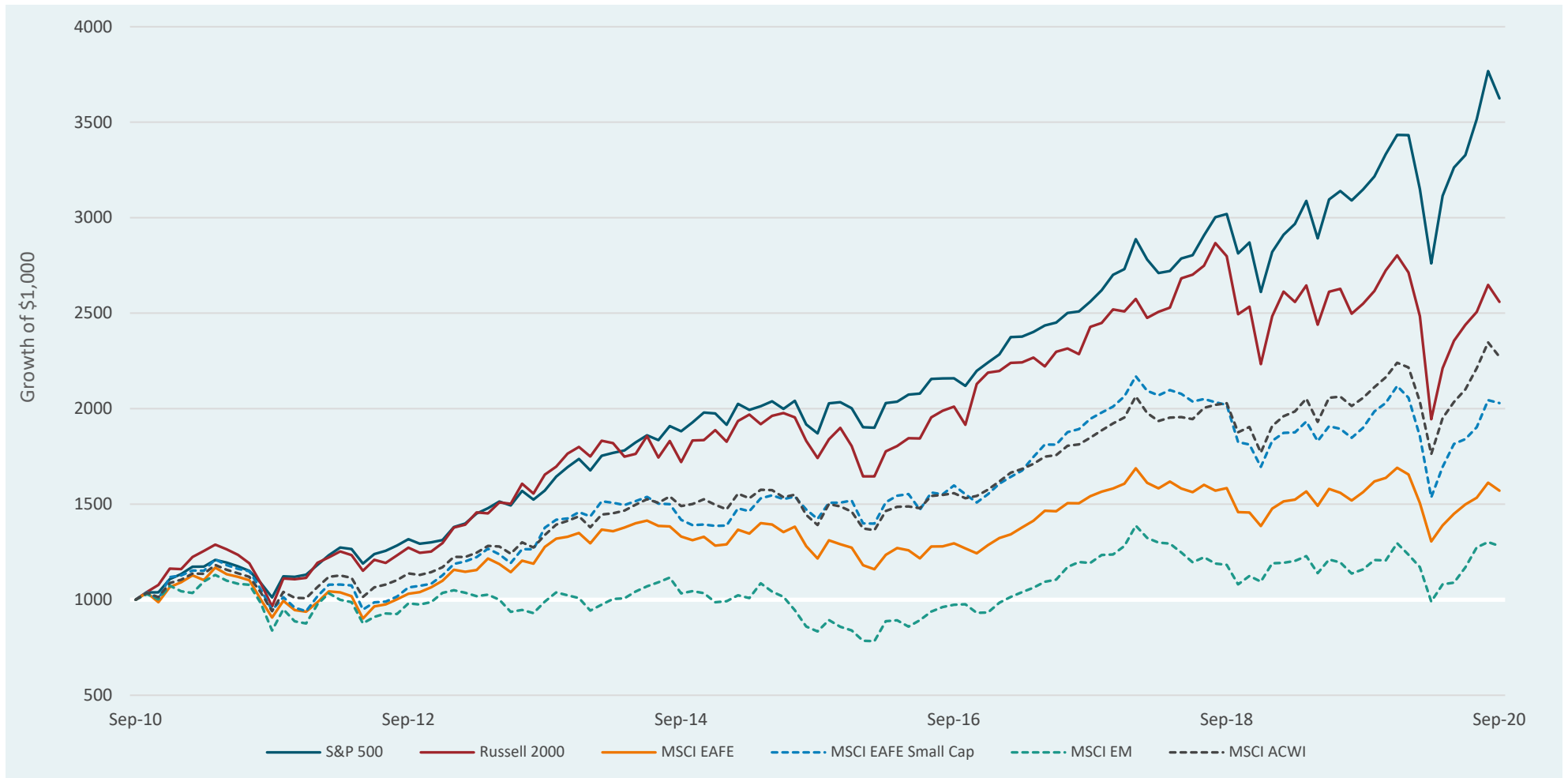
Source: Standard & Poor's, MSCI, as of 9/30/20

HISTORICAL VIX TERM STRUCTURES



Source: Bloomberg, as of 9/30/20

Long-term equity performance



Source: Morningstar, as of 9/30/20

Other assets

Currency

The U.S. dollar fell -3.5% in the third quarter, continuing a downward trend since a sudden jump in March on safe-haven buying. Though the dollar did show some signs of stabilization in September as equities took a step back, the Bloomberg Dollar Spot Index has now completely unwound the gains experienced during the market sell-off.

Interest rate differentials between U.S. Treasury bonds and international developed sovereign bonds have begun to separate once again. U.S. Treasury yields traded in a relatively narrow range while European yields

drifted lower, perhaps as a result of speculation on further quantitative easing from the European Central Bank. A continuation of this trend could be supportive of the dollar bull case, looking ahead.

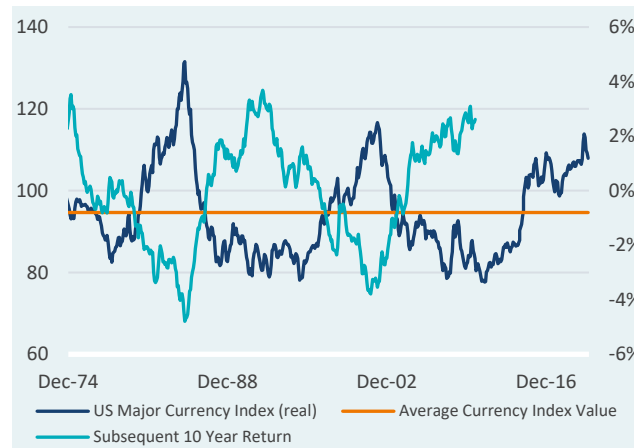
Despite the significant rally of the euro (+4.4%) relative to the greenback in Q3, the common currency remains cheap according to the OECD's purchasing power parity data. At quarter-end, the euro was -20.8% cheap relative to the U.S. dollar, which was significant but still at its least undervalued level since September 2018.

BLOOMBERG DOLLAR SPOT INDEX



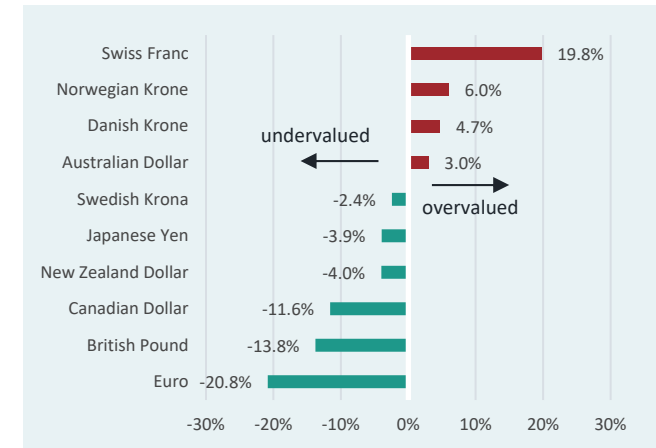
Source: Bloomberg, as of 9/30/20

USD CURRENCY LEVEL & SUBSEQUENT RETURN



Source: Federal Reserve, as of 9/30/20

G10 FX VALUATIONS – OECD PPP (VS USD)



Source: OECD, Bloomberg, as of 9/30/20

Equity factors: A closer look

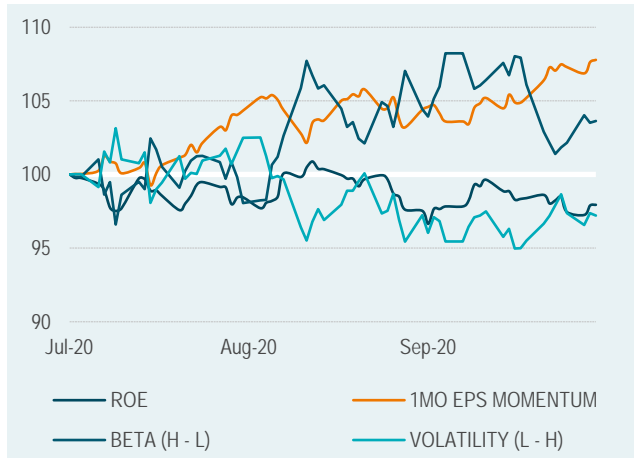
Investors rewarded stocks with improving earnings prospects during the third quarter as one-month earnings momentum (long/short, sector neutral, S&P 500) was the top performing factor for the period. Stocks with higher beta and higher historic volatility also continued to rally during most of the quarter. In contrast, higher quality stocks sold off during the period.

Over the trailing 5-year period, the respective growth, quality and price momentum factors finished with modestly negative results. These factors also showed some recent sensitivity to the dramatic market movements caused by the

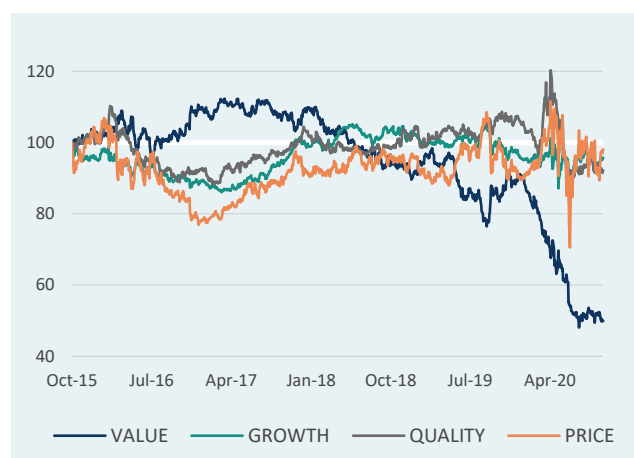
pandemic. In contrast, the value factor remains mired in a long-term drawdown.

The pandemic has caused significant dispersion as investors rushed into stocks perceived to benefit from the crisis. In contrast, the stocks thought to gain most from a potential recovery back to normalcy continue to lag both the beneficiaries and the broad market. The structural risk to the recovery theme is a potential permanent change in behavior as certain activities, such as travel and tourism, remain depressed relative to pre-COVID norms.

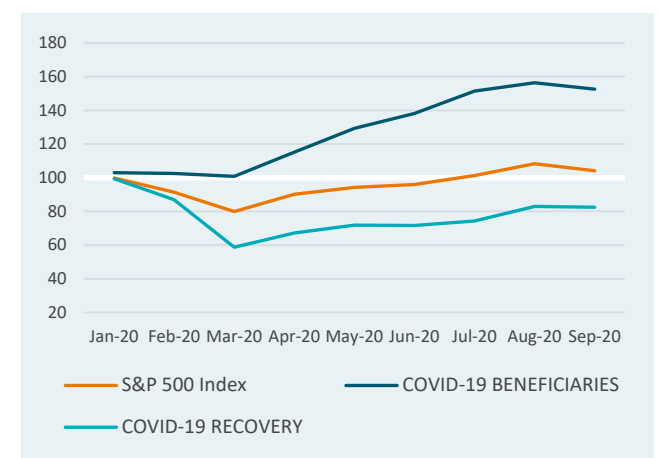
2020 Q3 FACTOR PERFORMANCE



2015Q4 – 2020Q3 FACTOR PERFORMANCE



COVID-19 BASKETS



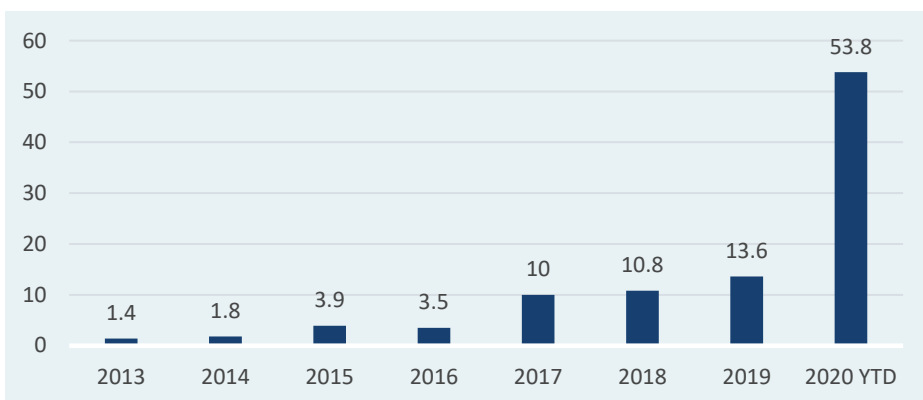
Source: JP Morgan US Equity Strategy

SPACs at a glance

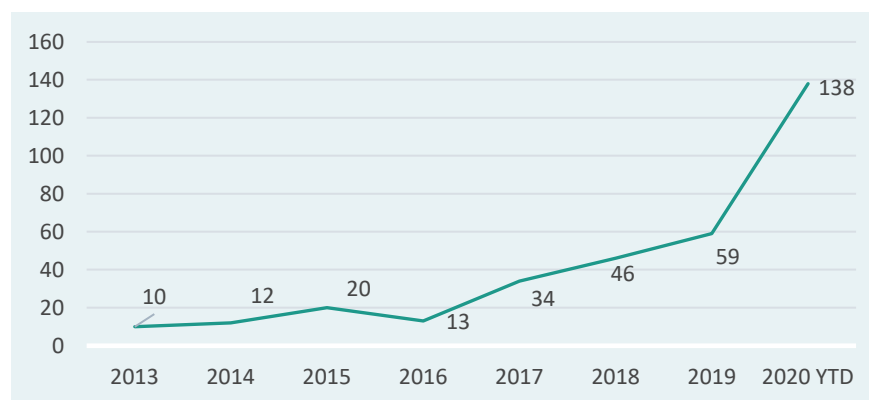
Special Purpose Acquisition Companies, commonly abbreviated as SPACs, have proliferated substantially in 2020, especially in the third quarter. This has been driven by recent market volatility, increasing initial public offering (IPO) risks and inefficiencies, coupled with record retail investor trading volume. The reputation of SPACs is improving as notable investors and operators continue to enter the space.

- A SPAC is a “blank check” shell company formed specifically to acquire a late-stage private company target. From the SPAC sponsor’s point of view, it is analogous to creating a Private Equity fund that renders only one investment, which becomes publicly traded upon the merger process known as “de-SPAC”.
- SPACs allow private companies to undergo public listing quicker, bypassing a traditional IPO process.

TOTAL SPACS CAPITAL RAISED (\$BN)



NUMBER OF SPAC IPOs



Source: SPAC Research, as of 10/9/20

Implications for institutional investors

- SPACs have experienced significant volatility around a historic negative return level.

SPAC RETURNS % POST-MERGER COMPLETION

Sample of SPAC transactions completed since January 2018



- We believe the rise of SPACs will continue to disrupt different asset classes in various ways.
 - In Venture Capital and Leveraged Buyouts, SPAC serves as a new potential exit channel for companies that pre-empts a traditional IPO, generating earlier liquidity for GPs and LPs.
 - SPACs have become a deal source for mutual funds, private markets and hedge fund managers to invest via a PIPE.
 - In SPACs, milestone-based compensation for the management team are more acceptable and normalized as compared to a traditional IPO. This could potentially lead to better alignment of company and GP incentives and interests.

SPACs have yet to be proven as an attractive asset class for prudent investors

We are currently assessing the longer-term impact of SPACs on the private & public markets

Source: Goldman Sachs Global Investment Research, Dealogic, UBS, as of 7/30/20.

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	24.3	20.1	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	6.8	14.1	13.8
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	6.4	11.4	12.3
Small Cap Growth	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	3.9	9.0	9.9
60/40 Global Portfolio	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	3.6	8.0	9.9
Hedge Funds of Funds	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	2.5	8.0	9.3
Cash	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	0.4	7.7	7.1
Real Estate	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	-0.3	6.1	6.2
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	-1.2	5.3	4.6
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	-7.1	4.2	3.6
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	-8.7	4.1	2.9
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	-11.6	3.1	2.5
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	-12.1	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	-21.5	-3.1	-6.0

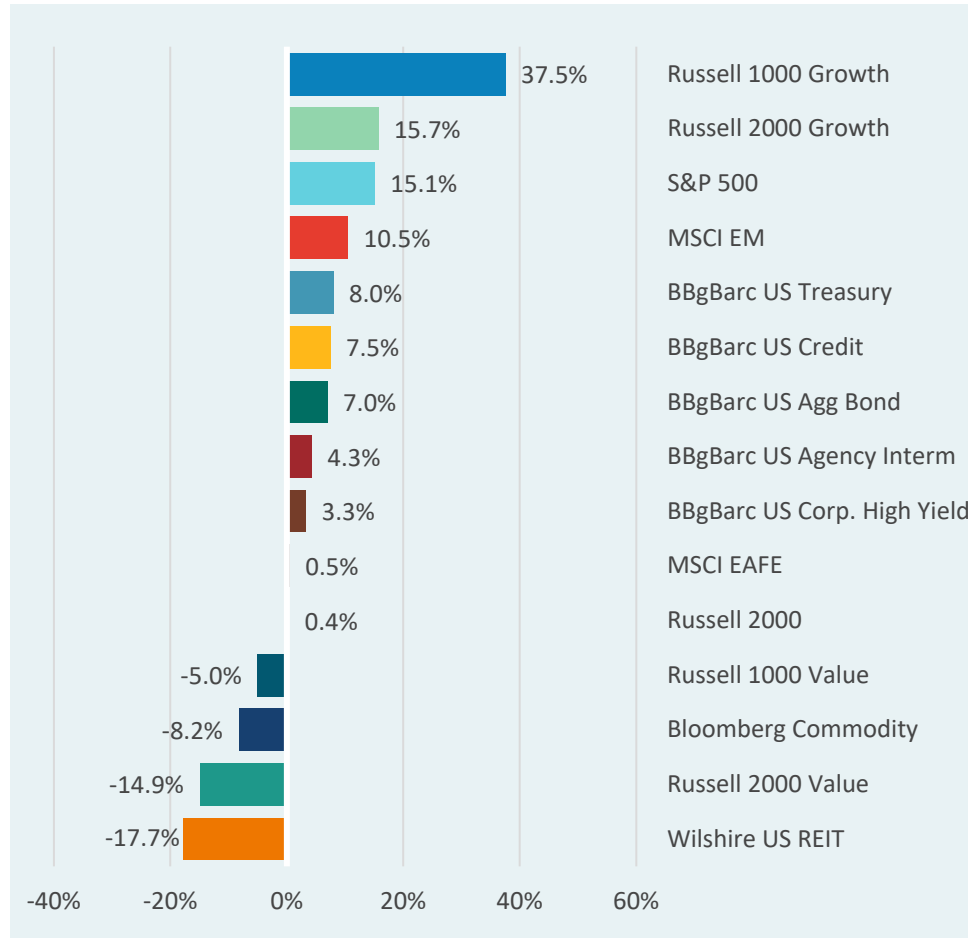
BEST
↑
↓
WORST

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

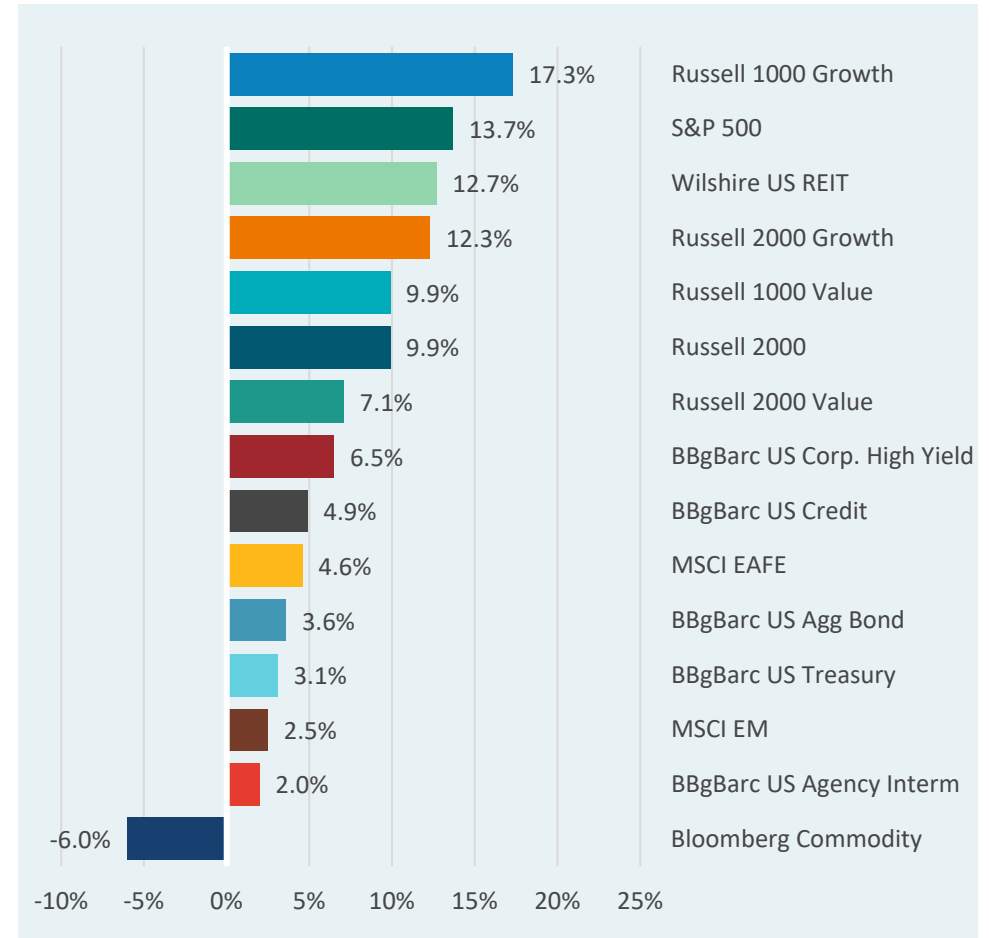
Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, BBgBarc US Aggregate, T-Bill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

Major asset class returns

ONE YEAR ENDING SEPTEMBER



TEN YEARS ENDING SEPTEMBER



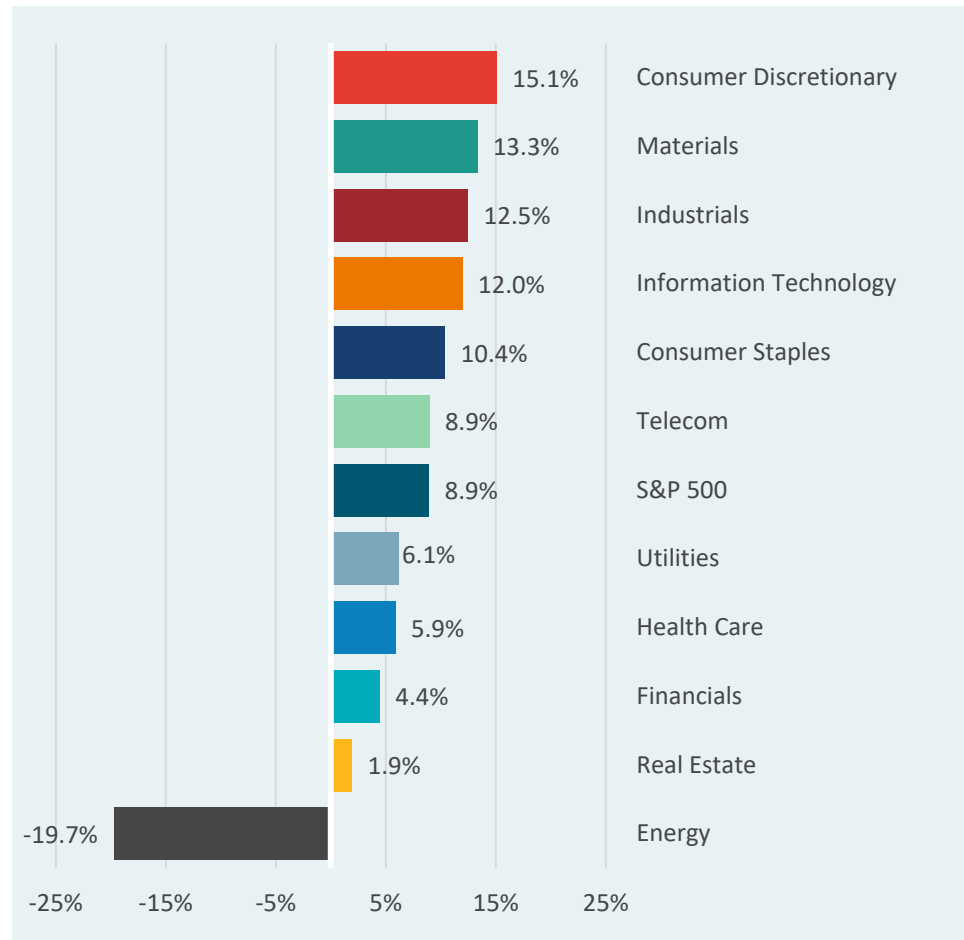
*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

Source: Morningstar, as of 9/30/20

Source: Morningstar, as of 9/30/20

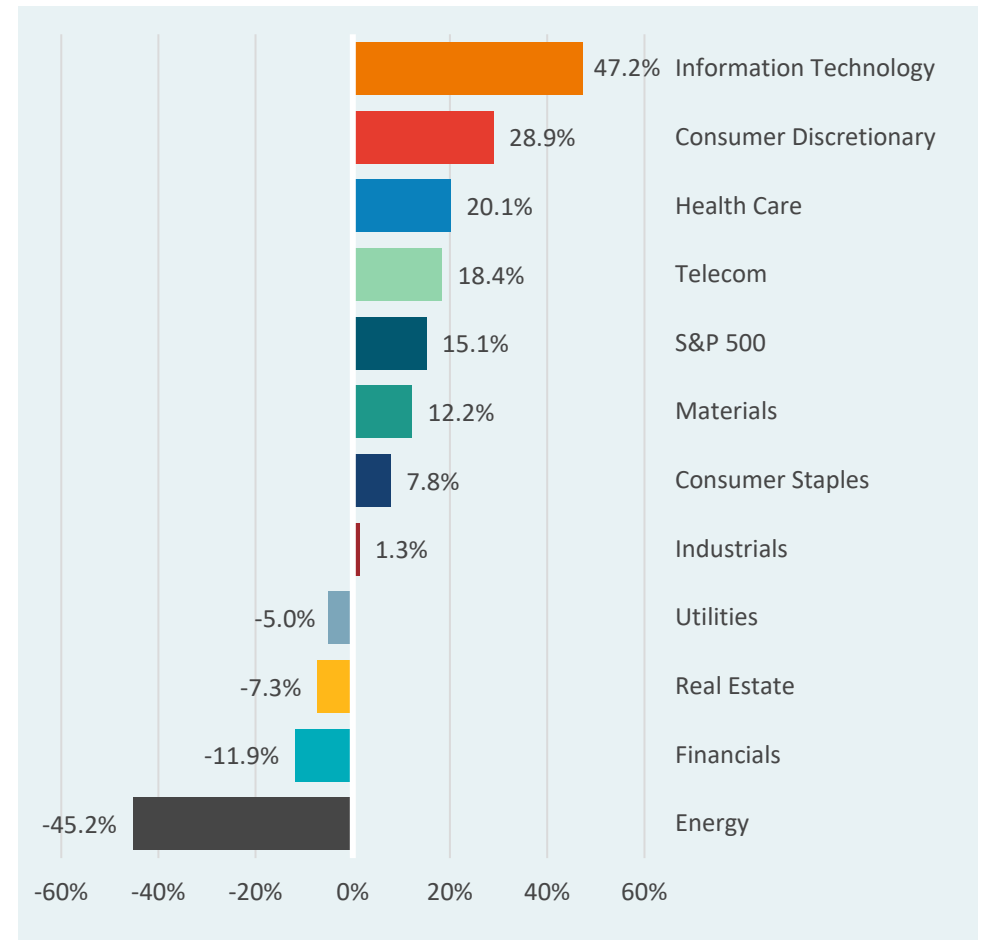
S&P 500 sector returns

Q3 2020



Source: Morningstar, as of 9/30/20

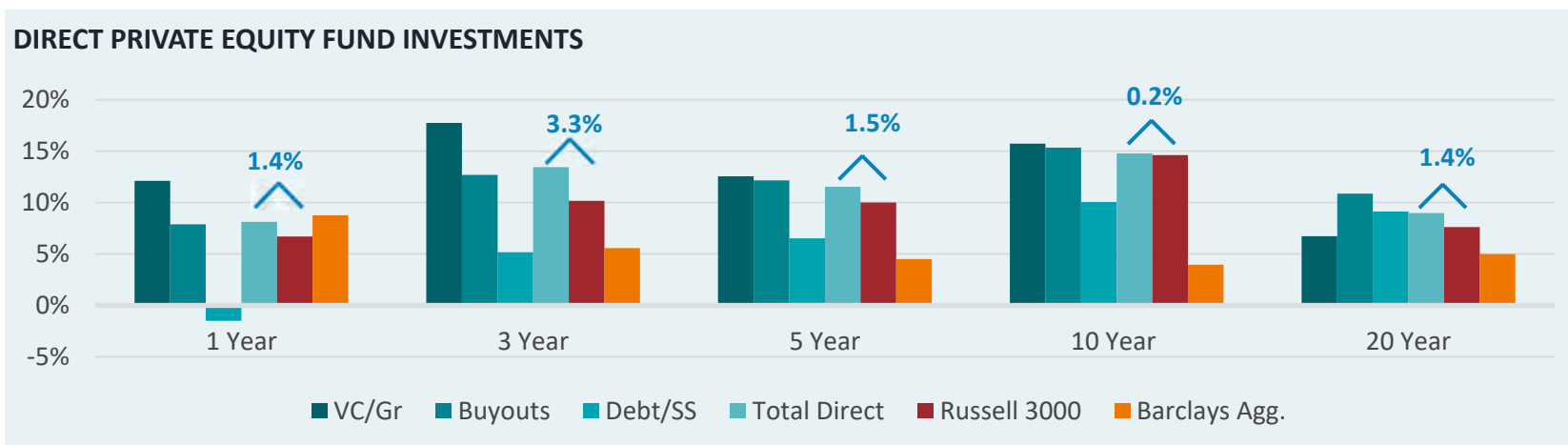
ONE YEAR ENDING SEPTEMBER



Source: Morningstar, as of 9/30/20

Private equity vs. public performance

As of 6/30/2020

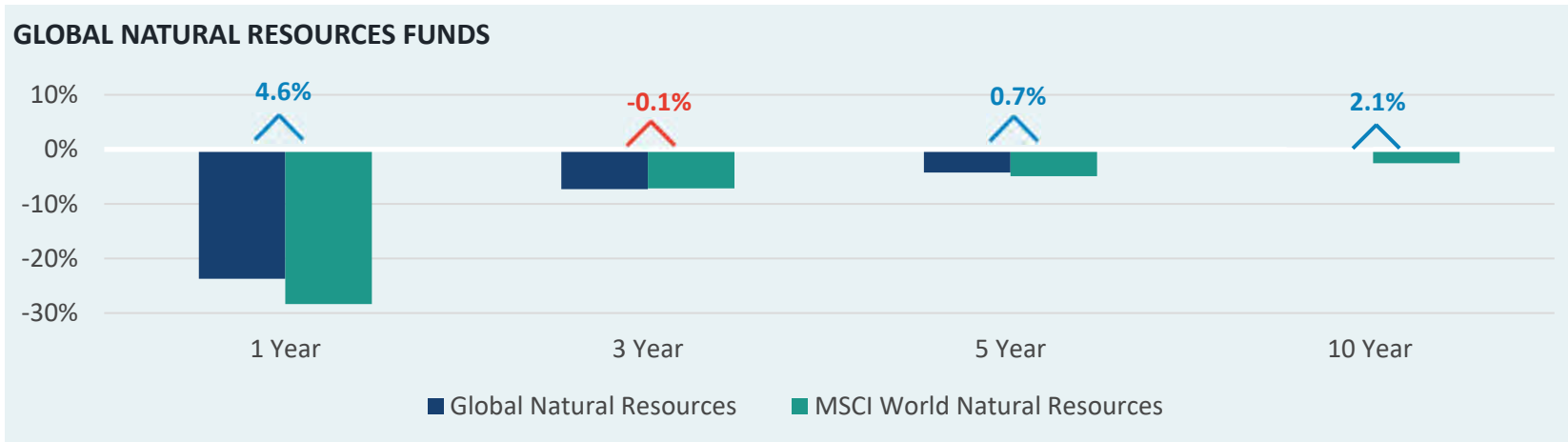


Direct P.E Fund Investments outperformed comparable public equities across all time periods.

Sources: Thomson Reuters Cambridge Universe's PME Module: U.S. Private Equity Funds sub asset classes as of June 30, 2020. Public Market Equivalent returns resulted from "Total Direct's" identical cash flows invested into and distributed from respective traditional asset comparable.

Private equity vs. liquid real assets performance

As of 6/30/2020



N.R. funds underperformed the MSCI World Natural Resources benchmark across all time periods, except on a 3 year basis

Sources: Thomson Reuters C|A PME: Global Natural Resources (vintage 1999 and later, inception of MSCI World Natural Resources benchmark) universes as of June 30, 2020. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real assets universes.

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	(3.8)	8.9	5.6	15.1	12.3	14.1	13.7
S&P 500 Equal Weighted	(2.5)	6.7	(4.7)	2.5	6.5	10.3	12.0
DJ Industrial Average	(2.2)	8.2	(0.9)	5.7	10.0	14.0	12.7
Russell Top 200	(4.2)	10.2	9.6	20.3	14.3	15.6	14.5
Russell 1000	(3.7)	9.5	6.4	16.0	12.4	14.1	13.8
Russell 2000	(3.3)	4.9	(8.7)	0.4	1.8	8.0	9.9
Russell 3000	(3.6)	9.2	5.4	15.0	11.6	13.7	13.5
Russell Mid Cap	(1.9)	7.5	(2.3)	4.6	7.1	10.1	11.8
Style Index							
Russell 1000 Growth	(4.7)	13.2	24.3	37.5	21.7	20.1	17.3
Russell 1000 Value	(2.5)	5.6	(11.6)	(5.0)	2.6	7.7	9.9
Russell 2000 Growth	(2.1)	7.2	3.9	15.7	8.2	11.4	12.3
Russell 2000 Value	(4.7)	2.6	(21.5)	(14.9)	(5.1)	4.1	7.1

INTERNATIONAL EQUITY

Broad Index							
MSCI ACWI	(3.2)	8.1	1.4	10.4	7.1	10.3	8.5
MSCI ACWI ex US	(2.5)	6.3	(5.4)	3.0	1.2	6.2	4.0
MSCI EAFE	(2.6)	4.8	(7.1)	0.5	0.6	5.3	4.6
MSCI EM	(1.6)	9.6	(1.2)	10.5	2.4	9.0	2.5
MSCI EAFE Small Cap	(0.7)	10.3	(4.2)	6.8	1.4	7.4	7.3
Style Index							
MSCI EAFE Growth	(0.7)	8.4	4.6	13.4	7.1	9.2	7.0
MSCI EAFE Value	(4.6)	1.2	(18.3)	(11.9)	(5.9)	1.1	2.1
Regional Index							
MSCI UK	(5.0)	(0.2)	(23.4)	(15.8)	(5.6)	(0.4)	2.0
MSCI Japan	1.0	6.9	(0.7)	6.9	3.9	7.5	6.2
MSCI Euro	(3.8)	4.2	(9.1)	(1.9)	(2.1)	4.4	3.5
MSCI EM Asia	(1.1)	11.9	8.0	21.5	5.7	11.3	5.5
MSCI EM Latin American	(5.1)	(1.3)	(36.1)	(29.4)	(11.8)	2.1	(5.7)

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
BBgBarc US TIPS	(0.4)	3.0	9.2	10.1	5.8	4.6	3.6
BBgBarc US Treasury Bills	0.0	0.0	0.7	1.2	1.7	1.2	0.7
BBgBarc US Agg Bond	(0.1)	0.6	6.8	7.0	5.2	4.2	3.6
Duration							
BBgBarc US Treasury 1-3 Yr	0.0	0.1	3.1	3.6	2.7	1.8	1.3
BBgBarc US Treasury Long	0.4	0.1	21.3	16.3	11.9	8.2	7.2
BBgBarc US Treasury	0.1	0.2	8.9	8.0	5.5	3.7	3.1
Issuer							
BBgBarc US MBS	(0.1)	0.1	3.6	4.4	3.7	3.0	3.0
BBgBarc US Corp. High Yield	(1.0)	4.6	0.6	3.3	4.2	6.8	6.5
BBgBarc US Agency Interm	0.1	0.3	4.0	4.3	3.3	2.4	2.0
BBgBarc US Credit	(0.3)	1.5	6.4	7.5	6.2	5.7	4.9

OTHER

Index							
Bloomberg Commodity	(3.4)	9.1	(12.1)	(8.2)	(4.2)	(3.1)	(6.0)
Wilshire US REIT	(3.4)	1.3	(16.7)	(17.7)	0.4	5.7	12.7
CS Leveraged Loans	0.7	4.1	(0.8)	0.8	3.2	4.6	5.0
Alerian MLP	(13.6)	(16.3)	(48.3)	(50.7)	(21.9)	(12.4)	(4.0)
Regional Index							
JPM EMBI Global Div	(1.9)	2.3	(0.5)	1.3	3.5	6.1	5.4
JPM GBI-EM Global Div	(2.0)	0.6	(6.3)	(1.4)	0.2	4.8	0.5
Hedge Funds							
HFRI Composite	(1.2)	4.1	0.5	4.0	2.7	4.0	3.6
HFRI FOF Composite	(0.4)	4.2	2.5	5.6	2.9	3.1	2.9
Currency (Spot)							
Euro	(1.9)	4.4	4.5	7.6	(0.3)	1.0	(1.5)
Pound	(3.4)	4.6	(2.4)	4.9	(1.2)	(3.1)	(2.0)
Yen	0.5	2.2	3.0	2.4	2.2	2.6	(2.3)

Source: Morningstar, HFR, as of 9/30/20

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.

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San Luis Obispo County Pension Trust

Investment Performance Review

Period Ending: September 30, 2020



VERUSINVESTMENTS.COM

SEATTLE 206-622-3700

LOS ANGELES 310-297-1777

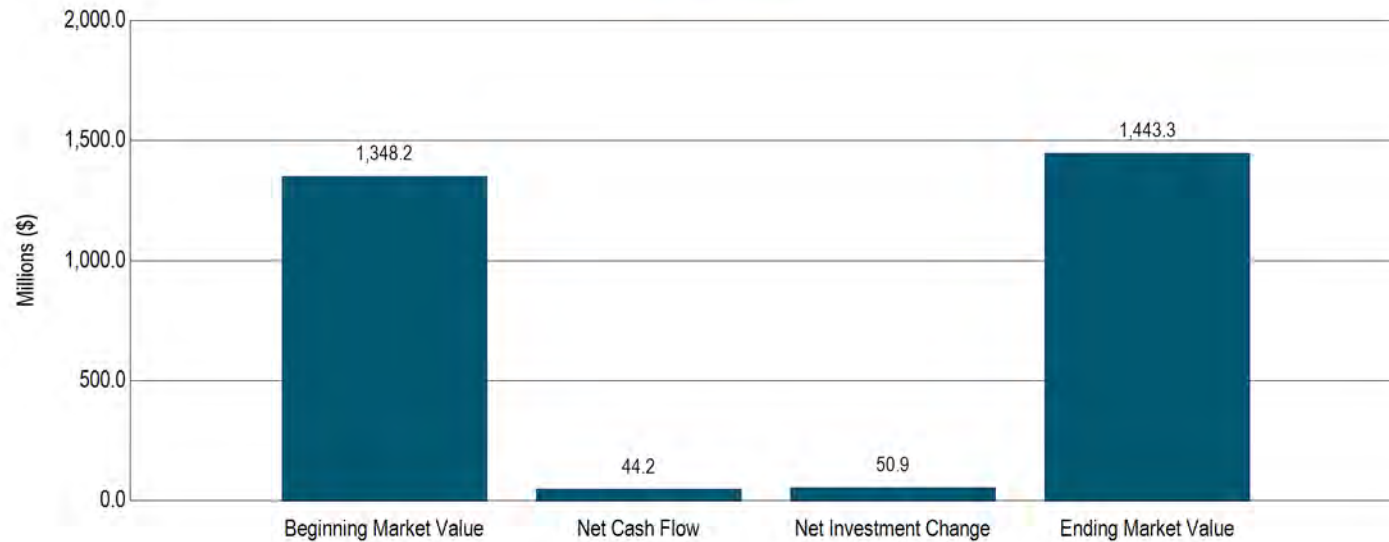
SAN FRANCISCO 415-362-3484

PITTSBURGH 412-784-6678

Portfolio Reconciliation

	Last Three Months	One Year
Beginning Market Value	\$1,348,204,060	\$1,408,635,998
Net Cash Flow	\$44,183,281	-\$22,328,797
Net Investment Change	\$50,935,055	\$57,015,195
Ending Market Value	\$1,443,322,395	\$1,443,322,395

Change in Market Value
Last Three Months



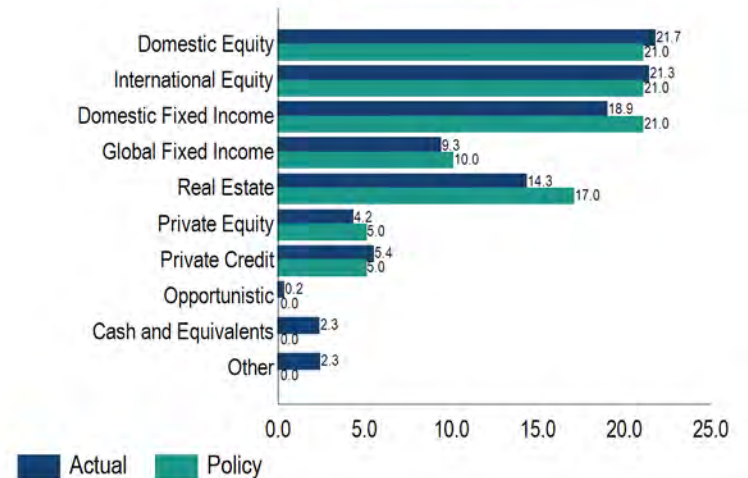
Contributions and withdrawals may include intra-account transfers between managers/funds.

Total Fund Executive Summary (Gross of Fees)

Period Ending: September 30, 2020

	QTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Total Fund	3.8	93	4.4	90	4.9	86	7.1	82
<i>Policy Index</i>	5.2	44	6.9	61	6.1	55	7.6	68
Total Domestic Equity	6.6	94	6.0	89	9.0	63	12.7	34
<i>Russell 3000</i>	9.2	5	15.0	9	11.6	11	13.7	10
Total International Equity	5.3	93	9.1	21	5.3	8	8.5	17
<i>MSCI ACWI ex USA Gross</i>	6.4	78	3.4	75	1.6	50	6.7	50
Total Domestic Fixed Income	1.9	19	6.6	41	5.5	17	4.8	25
<i>BBgBarc US Aggregate TR</i>	0.6	90	7.0	32	5.2	23	4.2	38
Total Global Fixed	3.8	--	1.6	--	0.0	--	3.3	--
<i>FTSE World Govt Bond Index</i>	2.9	--	6.8	--	4.4	--	3.9	--
Total Real Estate	-0.3	--	1.6	--	4.4	--	6.4	--
<i>NCREIF Property Index</i>	0.7	--	2.0	--	5.1	--	6.3	--
Total Commodities	10.2	--	-5.5	--	-3.1	--	-1.9	--
<i>Bloomberg Commodity Index TR USD</i>	9.1	--	-8.2	--	-4.2	--	-3.1	--
Total Private Equity	4.8	--	4.6	--	10.4	--	12.8	--
<i>Russell 3000 +3% (Lagged)</i>	22.9	--	9.7	--	13.3	--	16.0	--
Total Private Credit	7.7	--	-1.0	--	5.9	--	--	--
<i>BBgBarc High Yield +2% (Lagged)</i>	10.7	--	2.0	--	5.4	--	--	--
Total Cash	0.0	--	2.1	--	1.8	--	1.4	--
<i>91 Day T-Bills</i>	0.0	--	0.8	--	1.6	--	1.1	--
Total Opportunistic	-2.6	--	-6.3	--	3.8	--	6.4	--
<i>Russell 3000 + 3%</i>	10.0	--	18.4	--	15.0	--	17.1	--

Actual vs Target Allocation (%)



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



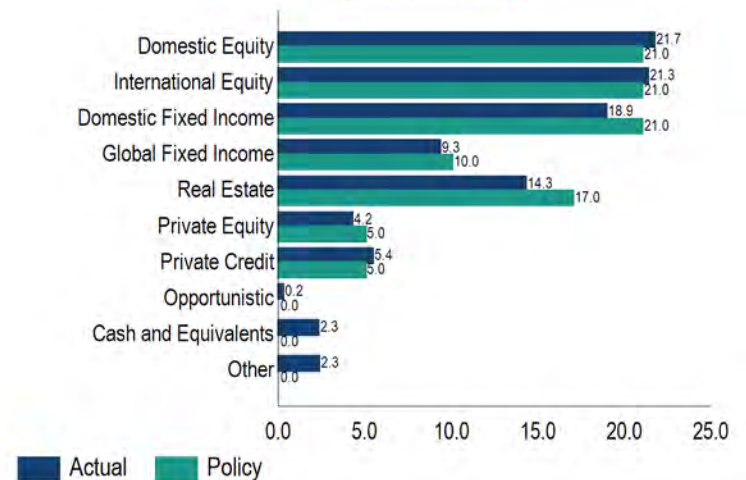
New Policy Index as of 4/1/2020: 21% Russell 3000, 21% MSCI ACWI ex. US, 31% BBgBarc Aggregate, 17% NCREIF Property, 5% Russell 3000 +3% (Lagged), 5% BBgBarc High Yield +2% (Lagged). Private Equity, Private Credit and Opportunistic composite returns are lagged by one quarter. All returns are (G) Gross 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: September 30, 2020

	QTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Total Fund	3.7	94	4.0	92	4.5	90	6.6	88
<i>Policy Index</i>	5.2	44	6.9	61	6.1	55	7.6	68
Total Domestic Equity	6.4	95	5.5	90	8.5	72	12.3	50
<i>Russell 3000</i>	9.2	5	15.0	9	11.6	11	13.7	10
Total International Equity	5.1	94	8.4	28	4.6	12	7.8	25
<i>MSCI ACWI ex USA Gross</i>	6.4	78	3.4	75	1.6	50	6.7	50
Total Domestic Fixed Income	1.8	21	6.3	57	5.2	25	4.5	31
<i>BBgBarc US Aggregate TR</i>	0.6	90	7.0	32	5.2	23	4.2	38
Total Global Fixed	3.6	--	1.0	--	-0.5	--	2.8	--
<i>FTSE World Govt Bond Index</i>	2.9	--	6.8	--	4.4	--	3.9	--
Total Real Estate	-0.3	--	1.6	--	4.4	--	6.2	--
<i>NCREIF Property Index</i>	0.7	--	2.0	--	5.1	--	6.3	--
Total Commodities	10.2	--	-5.5	--	-3.1	--	-2.1	--
<i>Bloomberg Commodity Index TR USD</i>	9.1	--	-8.2	--	-4.2	--	-3.1	--
Total Private Equity	4.8	--	4.6	--	10.4	--	12.3	--
<i>Russell 3000 +3% (Lagged)</i>	22.9	--	9.7	--	13.3	--	16.0	--
Total Private Credit	7.7	--	-1.0	--	5.9	--	--	--
<i>BBgBarc High Yield +2% (Lagged)</i>	10.7	--	2.0	--	5.4	--	--	--
Total Cash	0.0	--	2.1	--	1.8	--	1.4	--
<i>91 Day T-Bills</i>	0.0	--	0.8	--	1.6	--	1.1	--
Total Opportunistic	-2.6	--	-6.3	--	3.8	--	6.0	--
<i>Russell 3000 + 3%</i>	10.0	--	18.4	--	15.0	--	17.1	--

Actual vs Target Allocation (%)



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

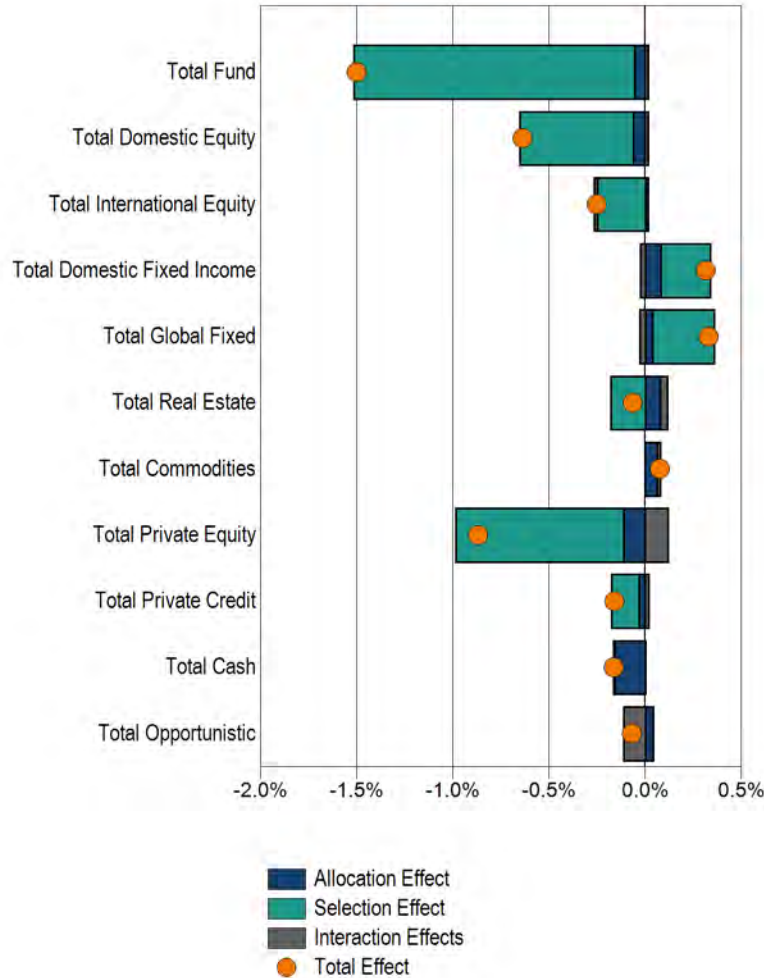


New Policy Index as of 4/1/2020: 21% Russell 3000, 21% MSCI ACWI ex. US, 31% BBgBarc Aggregate, 17% NCREIF Property, 5% Russell 3000 +3% (Lagged), 5% BBgBarc High Yield +2% (Lagged). Private Equity, Private Credit and Opportunistic composite returns are lagged by one quarter. All returns are (G) Gross 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: September 30, 2020

Attribution Effects
3 Months Ending September 30, 2020



Performance Attribution

	Last 3 Mo.
Wtd. Actual Return	3.74%
Wtd. Index Return *	5.24%
Excess Return	-1.50%
Selection Effect	-1.46%
Allocation Effect	-0.06%
Interaction Effect	0.01%

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

Attribution Summary
3 Months Ending September 30, 2020

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total Domestic Equity	6.43%	9.21%	-2.77%	-0.59%	-0.06%	0.01%	-0.64%
Total International Equity	5.15%	6.36%	-1.21%	-0.25%	0.01%	-0.01%	-0.25%
Total Domestic Fixed Income	1.80%	0.62%	1.18%	0.26%	0.08%	-0.02%	0.31%
Total Global Fixed	3.63%	0.62%	3.01%	0.32%	0.04%	-0.03%	0.33%
Total Real Estate	-0.26%	0.74%	-1.00%	-0.18%	0.08%	0.03%	-0.06%
Total Commodities	10.18%	9.07%	1.10%	0.00%	0.06%	0.01%	0.08%
Total Private Equity	4.81%	22.88%	-18.07%	-0.87%	-0.11%	0.11%	-0.87%
Total Private Credit	7.65%	10.71%	-3.05%	-0.14%	-0.03%	0.01%	-0.16%
Total Cash	0.00%	0.02%	-0.02%	0.00%	-0.16%	0.00%	-0.16%
Total Opportunistic	-2.58%	9.99%	-12.58%	0.00%	0.04%	-0.11%	-0.07%
Total	3.74%	5.24%	-1.50%	-1.46%	-0.06%	0.01%	-1.50%

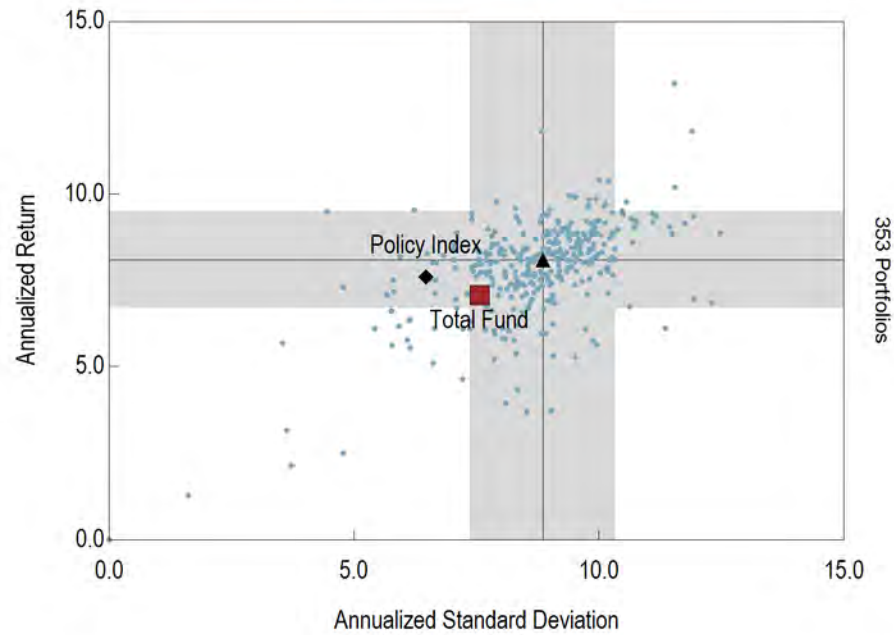
Attribution does not account for effects of overlay program. Weighted returns shown in attribution analysis may differ from actual returns. Wtd. Actual Return is the sum of the products of each group's return and its respective weight at the beginning of the period.

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

Period Ending: September 30, 2020

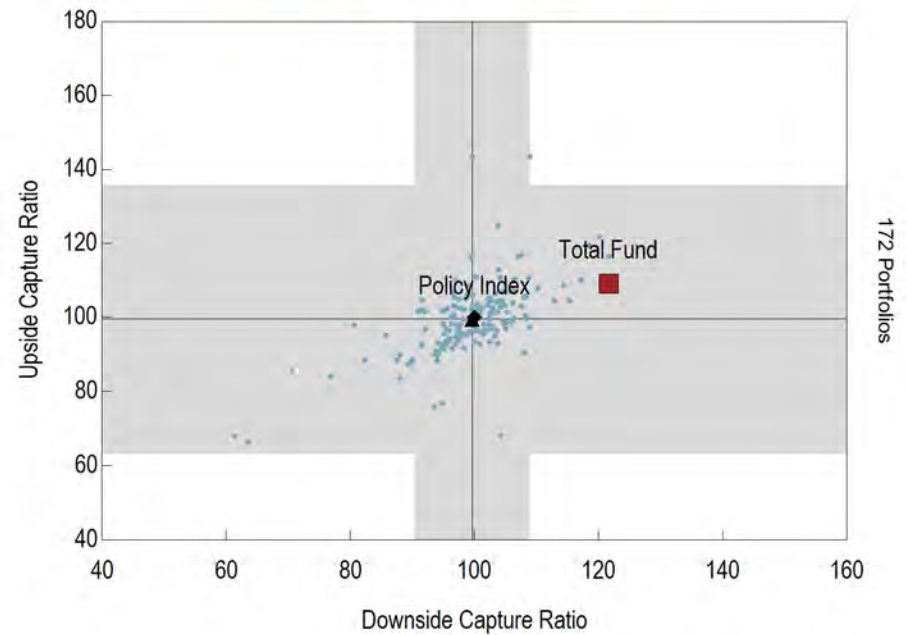
	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
Total Fund	7.06%	-0.54%	7.56%	-1.48%	1.12	2.24%	0.92	0.78	-0.24	109.02%	121.60%

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

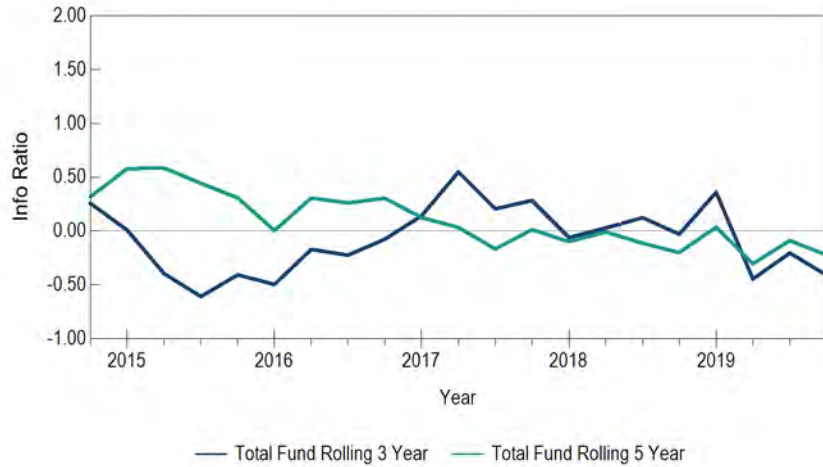


- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvMetrics Public DB Gross

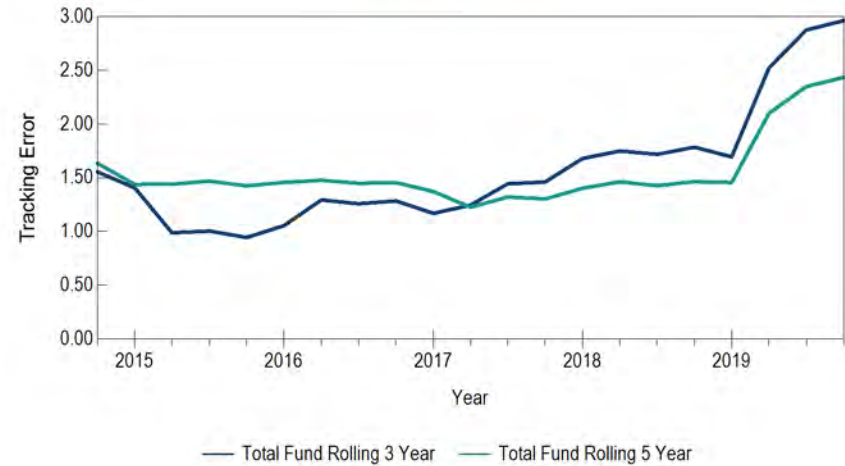
Total Fund
Rolling Risk Statistics (Gross of Fees)

Period Ending: September 30, 2020

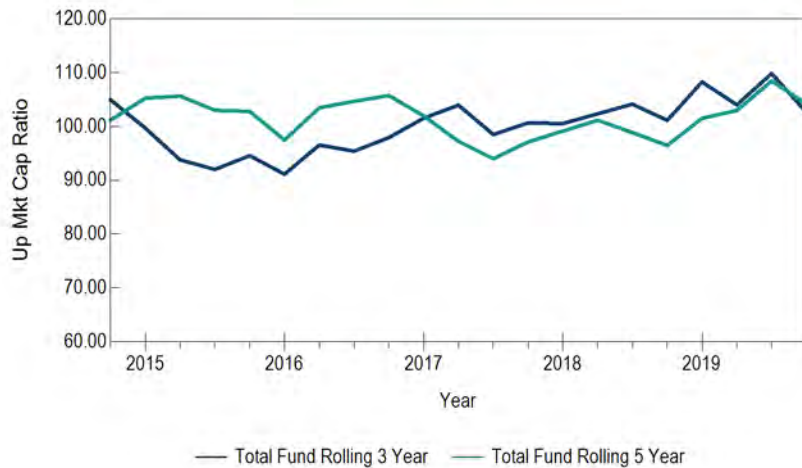
Rolling Information Ratio



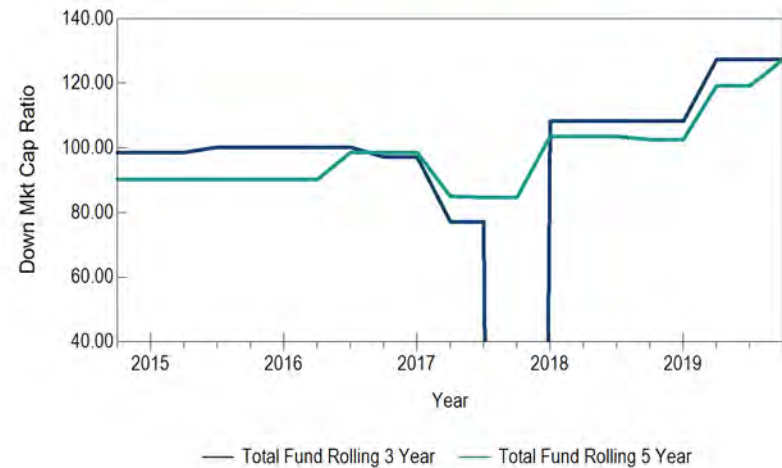
Rolling Tracking Error



Rolling Up Market Capture Ratio (%)



Rolling Down Market Capture Ratio (%)



Total Fund Performance Summary (Gross of Fees)

Period Ending: September 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	1,443,322,395	100.0	3.8	4.4	4.9	7.1	7.2	16.3	-3.1	15.5	6.6	-0.8	--	Feb-07
Policy Index			5.2	6.9	6.1	7.6	7.2	15.3	-2.1	13.3	7.8	-0.5	--	Feb-07
InvMetrics Public DB Gross Rank			93	90	86	82	68	81	25	47	84	74	--	Feb-07
Total Domestic Equity	313,260,144	21.7	6.6	6.0	9.0	12.7	12.9	29.4	-5.2	25.1	13.0	1.2	--	
Russell 3000			9.2	15.0	11.6	13.7	13.5	31.0	-5.2	21.1	12.7	0.5	--	
InvMetrics Public DB US Eq Gross Rank			94	89	63	34	40	66	36	4	48	18	--	
PIMCO RAE US	69,633,281	4.8	6.0	-3.5	3.9	8.2	10.9	25.5	-6.6	17.0	15.9	-2.7	6.9	Nov-07
S&P 500			8.9	15.1	12.3	14.1	13.7	31.5	-4.4	21.8	12.0	1.4	8.9	Nov-07
eV US Large Cap Core Equity Gross Rank			86	99	96	95	96	83	72	89	6	86	97	Nov-07
Loomis Sayles Large Cap Growth	101,051,561	7.0	10.8	34.4	19.3	--	--	32.7	-1.7	34.1	--	--	22.5	Dec-16
Russell 1000 Growth			13.2	37.5	21.7	--	--	36.4	-1.5	30.2	--	--	23.0	Dec-16
eV US Large Cap Growth Equity Gross Rank			59	45	59	--	--	68	58	16	--	--	45	Dec-16
Boston Partners Large Cap Value	83,572,629	5.8	4.0	-6.8	1.6	--	--	24.3	-8.5	--	--	--	4.2	Jan-17
Russell 1000 Value			5.6	-5.0	2.6	--	--	26.5	-8.3	--	--	--	4.1	Jan-17
eV US Large Cap Value Equity Gross Rank			72	75	74	--	--	77	54	--	--	--	59	Jan-17
Atlanta Capital Mgmt	59,002,673	4.1	3.5	-4.3	9.2	12.8	14.6	35.1	-4.5	26.6	12.6	10.4	15.7	Aug-10
Russell 2500			5.9	2.2	4.5	9.0	10.8	27.8	-10.0	16.8	17.6	-2.9	11.9	Aug-10
eV US Small-Mid Cap Equity Gross Rank			78	64	34	29	18	14	25	15	62	1	11	Aug-10
Total International Equity	307,566,496	21.3	5.3	9.1	5.3	8.5	7.3	30.2	-12.2	26.6	2.2	-4.3	--	
MSCI ACWI ex USA Gross			6.4	3.4	1.6	6.7	4.5	22.1	-13.8	27.8	5.0	-5.3	--	
InvMetrics Public DB ex-US Eq Gross Rank			93	21	8	17	5	1	9	81	82	68	--	
Dodge & Cox Intl Stock	135,474,492	9.4	0.6	-8.9	-5.2	2.9	3.8	23.6	-17.5	24.7	9.0	-10.8	1.4	Dec-07
MSCI ACWI ex USA Value Gross			2.4	-10.3	-4.5	2.8	2.1	16.5	-13.4	23.3	9.6	-9.6	-0.2	Dec-07
eV ACWI ex-US All Cap Value Eq Gross Rank			99	82	77	66	38	35	84	71	31	92	40	Dec-07
WCM International Growth	172,092,004	11.9	9.0	25.4	15.4	--	--	36.7	-6.7	--	--	--	17.9	Feb-17
MSCI ACWI ex USA Growth Gross			10.2	17.9	7.7	--	--	27.8	-14.1	--	--	--	11.4	Feb-17
eV ACWI ex-US All Cap Growth Eq Gross Rank			74	34	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: September 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	273,026,500	18.9	1.9	6.6	5.5	4.8	4.2	9.9	0.4	4.3	4.5	1.1	--	
BBgBarc US Aggregate TR			0.6	7.0	5.2	4.2	3.6	8.7	0.0	3.5	2.6	0.6	--	
InvMetrics Public DB US Fix Inc Gross Rank			19	41	17	25	29	11	55	50	49	17	--	
BlackRock Core Bond	98,577,542	6.8	1.2	8.4	6.3	--	--	10.2	0.3	--	--	--	5.8	Jan-17
BBgBarc US Aggregate TR			0.6	7.0	5.2	--	--	8.7	0.0	--	--	--	5.1	Jan-17
eV US Core Fixed Inc Gross Rank			36	23	8	--	--	10	27	--	--	--	29	Jan-17
Dodge & Cox Income Fund	101,569,183	7.0	1.6	8.2	5.9	--	--	10.2	0.1	--	--	--	5.9	Jan-17
BBgBarc US Aggregate TR			0.6	7.0	5.2	--	--	8.7	0.0	--	--	--	5.1	Jan-17
eV US Core Fixed Inc Gross Rank			15	30	29	--	--	11	43	--	--	--	24	Jan-17
Pacific Asset Corporate Loan	72,879,775	5.0	3.2	1.5	3.8	4.7	--	9.1	1.0	4.9	9.2	2.5	4.1	Sep-14
S&P/LSTA Leveraged Loan Index			4.1	1.1	3.1	4.0	--	8.6	0.4	4.1	10.2	-0.7	3.3	Sep-14
eV US Float-Rate Bank Loan Fixed Inc Gross Rank			83	37	18	10	--	36	29	26	51	9	17	Sep-14
Total Global Fixed	134,394,386	9.3	3.8	1.6	0.0	3.3	1.5	7.4	-4.3	13.8	4.6	-10.9	--	
FTSE World Govt Bond Index			2.9	6.8	4.4	3.9	1.9	5.9	-0.8	7.5	1.6	-3.6	--	
InvMetrics Public DB Gbl Fix Inc Gross Rank			--	--	--	--	--	87	61	36	88	94	--	
Brandywine Global Fixed Income	66,382,942	4.6	4.2	--	--	--	--	--	--	--	--	--	4.2	Jun-20
FTSE WGBI ex US TR			4.6	--	--	--	--	--	--	--	--	--	4.6	Jun-20
eV All Global Fixed Inc Gross Rank			29	--	--	--	--	--	--	--	--	--	29	Jun-20
Ashmore EM Blended Debt Fund	68,011,444	4.7	3.3	-3.6	--	--	--	--	--	--	--	--	-1.2	Mar-19
50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+			1.7	0.3	--	--	--	--	--	--	--	--	2.9	Mar-19
eV All Emg Mkts Fixed Inc Gross Rank			20	97	--	--	--	--	--	--	--	--	98	Mar-19
Total Real Estate	205,814,381	14.3	-0.3	1.6	4.4	6.4	8.2	4.3	7.5	7.8	7.8	18.0	--	
NCREIF Property Index			0.7	2.0	5.1	6.3	9.4	6.4	6.7	7.0	8.0	13.3	--	
JP Morgan Core Real Estate	167,072,375	11.6	-0.2	0.9	3.5	5.4	9.8	3.4	7.0	6.1	8.4	15.2	5.0	Mar-08
NCREIF-ODCE			0.5	1.4	5.2	6.6	10.3	5.3	8.3	7.6	8.8	15.0	5.1	Mar-08
NCREIF Property Index			0.7	2.0	5.1	6.3	9.4	6.4	6.7	7.0	8.0	13.3	5.9	Mar-08
ARA American Strategic Value Realty	38,742,007	2.7	-0.3	5.1	7.3	--	--	7.3	9.1	7.4	--	--	7.7	Jun-16
NCREIF-ODCE			0.5	1.4	5.2	--	--	5.3	8.3	7.6	--	--	6.0	Jun-16
NCREIF Property Index			0.7	2.0	5.1	--	--	6.4	6.7	7.0	--	--	5.7	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. Brandywine has changed its strategy from Global Fixed Income to International Fixed Income as of 6/30/2020.

Total Fund Performance Summary (Gross of Fees)

Period Ending: September 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	--	--	10.2	-5.5	-3.1	-1.9	-5.3	8.7	-12.4	6.2	12.6	-25.2	--	
<i>Bloomberg Commodity Index TR USD</i>			9.1	-8.2	-4.2	-3.1	-6.0	7.7	-11.2	1.7	11.8	-24.7	--	
Gresham MTAP Commodity Builder	0	0.0	10.2	-5.5	-3.1	-1.9	--	8.7	-12.4	6.2	12.6	-25.2	-6.5	Aug-13
<i>Bloomberg Commodity Index TR USD</i>			9.1	-8.2	-4.2	-3.1	--	7.7	-11.2	1.7	11.8	-24.7	-7.5	Aug-13
Total Private Equity	61,002,922	4.2												
Harbourvest Partners IX Buyout Fund L.P.	14,950,808	1.0												
Pathway Private Equity Fund Investors 9 L.P.	36,172,329	2.5												
Harbourvest 2018 Global Fund L.P.	9,143,151	0.6												
Pathway Private Equity Fund Investors 10 L.P.	736,635	0.1												
Total Private Credit	65,280,620	4.5												
Sixth Street Partners DCP	65,280,620	4.5												
Total Cash	33,050,376	2.3	0.0	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	0.8	1.6	1.1	0.6	2.1	1.9	0.9	0.3	0.0	--	
Cash Account	33,050,376	2.3	0.0	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	0.8	1.6	1.1	0.6	2.1	1.9	0.9	0.3	0.0	--	
Total Opportunistic	16,673,478	1.2												
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	3,448,434	0.2												
Sixth Street Partners TAO	13,225,044	0.9												

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. Gresham liquidated as of 9/30/2020.

Total Fund Performance Summary (Net of Fees)

Period Ending: September 30, 2020

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Fund	1,443,322,395	100.0	3.7	4.0	4.5	6.6	6.7	15.8	-3.5	15.0	6.0	-1.3
<i>Policy Index</i>			5.2	6.9	6.1	7.6	7.2	15.3	-2.1	13.3	7.8	-0.5
Total Domestic Equity	313,260,144	21.7	6.4	5.5	8.5	12.3	12.4	28.7	-5.7	24.5	12.7	0.8
<i>Russell 3000</i>			9.2	15.0	11.6	13.7	13.5	31.0	-5.2	21.1	12.7	0.5
PIMCO RAE US	69,633,281	4.8	5.9	-3.9	3.4	7.8	10.5	25.0	-7.0	16.5	15.4	-3.2
<i>S&P 500</i>			8.9	15.1	12.3	14.1	13.7	31.5	-4.4	21.8	12.0	1.4
Loomis Sayles Large Cap Growth	101,051,561	7.0	10.7	33.8	18.8	--	--	32.1	-2.1	33.5	--	--
<i>Russell 1000 Growth</i>			13.2	37.5	21.7	--	--	36.4	-1.5	30.2	--	--
Boston Partners Large Cap Value	83,572,629	5.8	3.9	-7.2	1.2	--	--	23.8	-8.9	--	--	--
<i>Russell 1000 Value</i>			5.6	-5.0	2.6	--	--	26.5	-8.3	--	--	--
Atlanta Capital Mgmt	59,002,673	4.1	3.3	-5.0	8.4	11.9	13.8	34.1	-5.3	25.6	11.7	9.6
<i>Russell 2500</i>			5.9	2.2	4.5	9.0	10.8	27.8	-10.0	16.8	17.6	-2.9
Total International Equity	307,566,496	21.3	5.1	8.4	4.6	7.8	6.6	29.3	-12.8	25.8	1.6	-4.9
<i>MSCI ACWI ex USA Gross</i>			6.4	3.4	1.6	6.7	4.5	22.1	-13.8	27.8	5.0	-5.3
Dodge & Cox Intl Stock	135,474,492	9.4	0.4	-9.4	-5.9	2.2	3.1	22.8	-18.0	23.9	8.3	-11.4
<i>MSCI ACWI ex USA Value Gross</i>			2.4	-10.3	-4.5	2.8	2.1	16.5	-13.4	23.3	9.6	-9.6
WCM International Growth	172,092,004	11.9	8.8	24.6	14.6	--	--	35.8	-7.4	--	--	--
<i>MSCI ACWI ex USA Growth Gross</i>			10.2	17.9	7.7	--	--	27.8	-14.1	--	--	--
Total Domestic Fixed Income	273,026,500	18.9	1.8	6.3	5.2	4.5	3.9	9.5	0.0	3.9	4.2	0.9
<i>BBgBarc US Aggregate TR</i>			0.6	7.0	5.2	4.2	3.6	8.7	0.0	3.5	2.6	0.6
BlackRock Core Bond	98,577,542	6.8	1.2	8.0	6.0	--	--	9.9	0.1	--	--	--
<i>BBgBarc US Aggregate TR</i>			0.6	7.0	5.2	--	--	8.7	0.0	--	--	--
Dodge & Cox Income Fund	101,569,183	7.0	1.5	7.7	5.5	--	--	9.7	-0.3	--	--	--
<i>BBgBarc US Aggregate TR</i>			0.6	7.0	5.2	--	--	8.7	0.0	--	--	--
Pacific Asset Corporate Loan	72,879,775	5.0	3.1	1.2	3.4	4.3	--	8.7	0.7	4.6	8.8	2.1
<i>S&P/LSTA Leveraged Loan Index</i>			4.1	1.1	3.1	4.0	--	8.6	0.4	4.1	10.2	-0.7
Total Global Fixed	134,394,386	9.3	3.6	1.0	-0.5	2.8	1.0	6.9	-4.7	13.3	4.1	-11.3
<i>FTSE World Govt Bond Index</i>			2.9	6.8	4.4	3.9	1.9	5.9	-0.8	7.5	1.6	-3.6
Brandywine Global Fixed Income	66,382,942	4.6	4.1	--	--	--	--	--	--	--	--	--
<i>FTSE WGBI ex US TR</i>			4.6	--	--	--	--	--	--	--	--	--
Ashmore EM Blended Debt Fund	68,011,444	4.7	3.1	-4.5	--	--	--	--	--	--	--	--
<i>50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+</i>			1.7	0.3	--	--	--	--	--	--	--	--

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. Brandywine has changed its strategy from Global Fixed Income to International Fixed Income as of 6/30/2020.

Total Fund
Performance Summary (Net of Fees)

Period Ending: September 30, 2020

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Real Estate	205,814,381	14.3	-0.3	1.6	4.4	6.2	7.8	4.3	7.5	7.8	6.8	16.9
<i>NCREIF Property Index</i>			0.7	2.0	5.1	6.3	9.4	6.4	6.7	7.0	8.0	13.3
JP Morgan Core Real Estate	167,072,375	11.6	-0.2	0.9	3.5	5.1	9.1	3.4	7.0	6.1	7.3	14.1
<i>NCREIF-ODCE</i>			0.5	1.4	5.2	6.6	10.3	5.3	8.3	7.6	8.8	15.0
<i>NCREIF Property Index</i>			0.7	2.0	5.1	6.3	9.4	6.4	6.7	7.0	8.0	13.3
ARA American Strategic Value Realty	38,742,007	2.7	-0.3	5.1	7.3	--	--	7.3	9.1	7.4	--	--
<i>NCREIF-ODCE</i>			0.5	1.4	5.2	--	--	5.3	8.3	7.6	--	--
<i>NCREIF Property Index</i>			0.7	2.0	5.1	--	--	6.4	6.7	7.0	--	--
Total Commodities	--	--	10.2	-5.5	-3.1	-2.1	-5.6	8.7	-12.4	6.2	11.8	-25.8
<i>Bloomberg Commodity Index TR USD</i>			9.1	-8.2	-4.2	-3.1	-6.0	7.7	-11.2	1.7	11.8	-24.7
Gresham MTAP Commodity Builder	0	0.0	10.2	-5.5	-3.1	-2.1	--	8.7	-12.4	6.2	11.8	-25.8
<i>Bloomberg Commodity Index TR USD</i>			9.1	-8.2	-4.2	-3.1	--	7.7	-11.2	1.7	11.8	-24.7
Total Private Equity	61,002,922	4.2										
Harbourvest Partners IX Buyout Fund L.P.	14,950,808	1.0										
Pathway Private Equity Fund Investors 9 L.P.	36,172,329	2.5										
Harbourvest 2018 Global Fund L.P.	9,143,151	0.6										
Pathway Private Equity Fund Investors 10 L.P.	736,635	0.1										
Total Private Credit	65,280,620	4.5										
Sixth Street Partners DCP	65,280,620	4.5										
Total Cash	33,050,376	2.3	0.0	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	0.8	1.6	1.1	0.6	2.1	1.9	0.9	0.3	0.0
Cash Account	33,050,376	2.3	0.0	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	0.8	1.6	1.1	0.6	2.1	1.9	0.9	0.3	0.0
Total Opportunistic	16,673,478	1.2										
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	3,448,434	0.2										
Sixth Street Partners TAO	13,225,044	0.9										

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. Gresham liquidated as of 9/30/2020.

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

Period Ending: September 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 US	3.44%	-8.83%	19.22%	-9.52%	1.06	4.44%	0.95	0.09	-1.99	82.43%	116.50%
Loomis Sayles Large Cap Growth	18.77%	-2.90%	17.90%	-1.05%	0.91	4.41%	0.95	0.96	-0.66	86.79%	97.01%
Boston Partners Large Cap Value	1.17%	-1.47%	19.32%	-1.58%	1.04	2.80%	0.98	-0.02	-0.52	101.83%	105.49%
Atlanta Capital Mgmt	8.36%	3.91%	20.39%	4.48%	0.87	6.25%	0.93	0.33	0.62	93.49%	86.37%
Dodge & Cox Intl Stock	-5.85%	-1.34%	19.96%	-0.83%	1.11	4.10%	0.97	-0.38	-0.33	114.04%	108.51%
WCM International Growth	14.58%	6.87%	15.27%	7.37%	0.94	4.78%	0.91	0.85	1.44	104.39%	74.38%
BlackRock Core Bond	6.03%	0.79%	4.30%	-0.01%	1.15	1.92%	0.82	1.04	0.41	122.29%	129.54%
Dodge & Cox Income Fund	5.49%	0.25%	3.61%	1.23%	0.81	2.44%	0.58	1.08	0.10	97.59%	82.80%
Pacific Asset Corporate Loan	3.42%	0.31%	6.46%	1.14%	0.73	2.55%	0.97	0.28	0.12	83.62%	75.59%
JP Morgan Core Real Estate	3.54%	-1.64%	1.70%	2.26%	0.25	2.69%	0.18	1.11	-0.61	24.12%	109.77%
ARA American Strategic Value Realty	7.25%	2.07%	3.32%	9.13%	-0.36	5.07%	0.10	1.71	0.41	--	--
Gresham MTAP Commodity Builder	-3.13%	1.04%	15.01%	1.24%	1.05	4.14%	0.93	-0.32	0.25	113.20%	101.99%

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 US	7.79%	-6.35%	16.00%	-6.94%	1.04	4.01%	0.94	0.41	-1.58	79.98%	113.02%
Atlanta Capital Mgmt	11.90%	2.94%	17.07%	4.28%	0.85	5.97%	0.91	0.63	0.49	90.19%	85.74%
Dodge & Cox Intl Stock	2.21%	-0.54%	18.03%	-0.86%	1.12	4.16%	0.96	0.06	-0.13	119.70%	108.30%
Pacific Asset Corporate Loan	4.32%	0.31%	5.15%	1.41%	0.73	2.11%	0.97	0.62	0.15	83.20%	69.36%
JP Morgan Core Real Estate	5.12%	-1.52%	1.55%	3.90%	0.18	3.02%	0.15	2.57	-0.50	26.44%	109.77%
Gresham MTAP Commodity Builder	-2.09%	1.00%	13.42%	1.08%	1.02	3.44%	0.93	-0.24	0.29	112.40%	100.77%

Private Markets
Non Marketable Securities Overview

Period Ending: September 30, 2020

Vintage	Manager & Fund Name	Estimated 9/30 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.	\$14,950,808	\$20,000,000	\$17,050,000	85%	\$2,950,000	\$13,934,500	\$9,143,151	81.7%	169.4%	17.2%	6/30/20
2018	HarbourVest Partners 2018 Global Fund L.P.	\$9,143,151	\$20,000,000	\$8,022,400	40%	\$11,977,600	\$4,467,898	\$14,950,808	-	-	20.2%	6/30/20
2010	KKR Mezzanine Partners I L.P. ⁶	\$3,448,434	\$20,000,000	\$20,000,000	100%	\$0	\$29,566,840	\$3,448,434	147.8%	165.1%	6.6%	6/30/20
2010	PIMCO Distressed Credit Fund ⁴	\$0	\$20,000,000	\$20,000,000	100%	\$0	\$28,045,175	\$100,628	140.2%	140.2%	12.3%	3/31/20
2016	TPG Diversified Credit Program	\$65,280,620	\$113,750,000	\$66,528,174	58%	\$47,221,826	\$8,636,623	\$63,650,357	13.0%	111.1%	6.3%	6/30/20
2017	Pathway Private Equity Fund Investors 9 L.P.	\$36,172,329	\$65,000,000	\$37,005,356	57%	\$27,994,644	\$394,145	-	1.1%	98.8%	-	-
2020	Pathway Private Equity Fund Investors 10 L.P.	\$736,635	\$20,000,000	\$1,100,678	6%	\$18,899,322	\$46,848	-	4.3%	71.2%	-	-
2020	TPG Adjacent Opportunities Partners	\$8,254,667	\$60,000,000	\$12,752,284	21%	\$47,247,716	\$0	\$8,254,667	0.0%	64.7%	8.5%	6/30/20
Total Alternative Illiquids		\$137,986,644	\$338,750,000	\$182,458,892	54%	\$156,291,108	\$85,092,029	\$99,548,045	54.6%	101.2%		
% of Portfolio (Market Value)		9.6%										

	Management Fee	Admin Fee	Interest Expense	Other Expense	Total Expense ⁷
HarbourVest Partners IX-Buyout Fund L.P.	\$49,825	\$0	\$428	\$4,545	\$54,798
HarbourVest Partners 2018 Global Fund L.P.	\$47,296	\$0	\$19	\$15,121	\$62,436
KKR Mezzanine Partners I L.P.	\$16,024	\$0	\$0	\$15,388	\$31,412
PIMCO Distressed Credit Fund ⁴	\$0	\$0	\$0	\$0	\$0
TPG Diversified Credit Program	\$0	\$0	\$0	\$19,556	\$19,556
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	\$96,888	\$0	\$89,822	\$91,399	\$278,109
	\$210,033	\$0	\$90,269	\$146,009	\$446,311

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

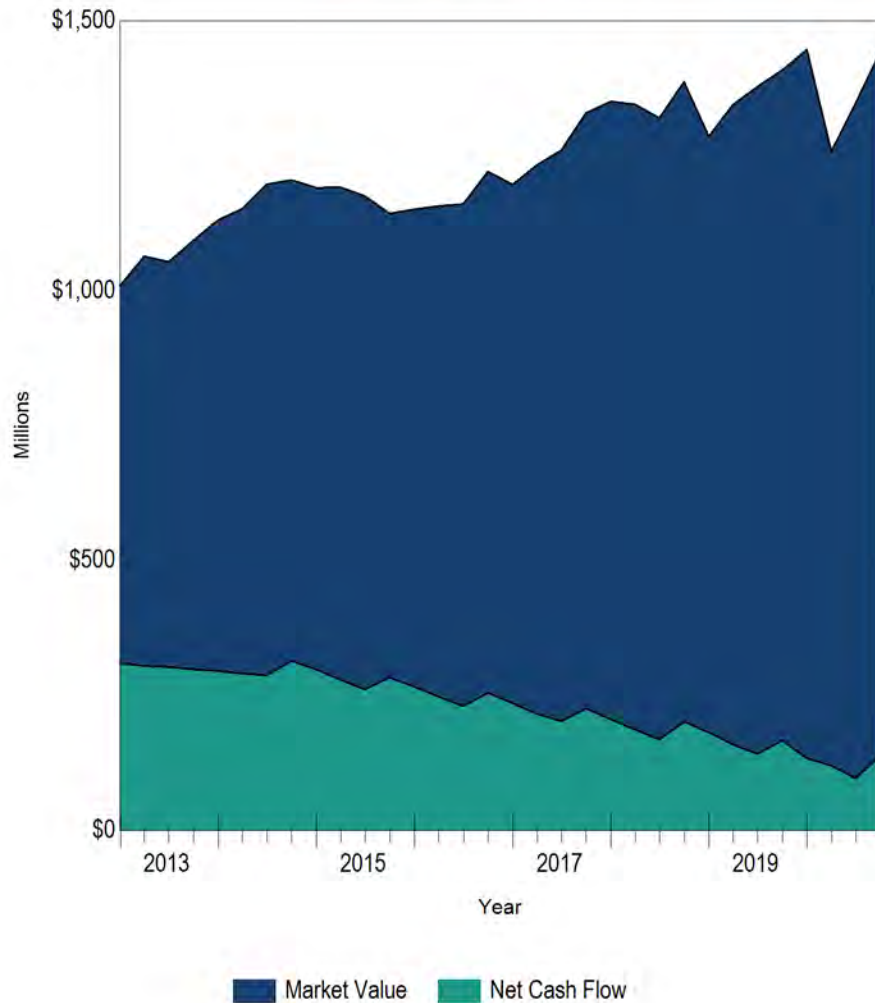
⁴Investment period ended, no further capital to be called. Liquidated as of June 2020

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.

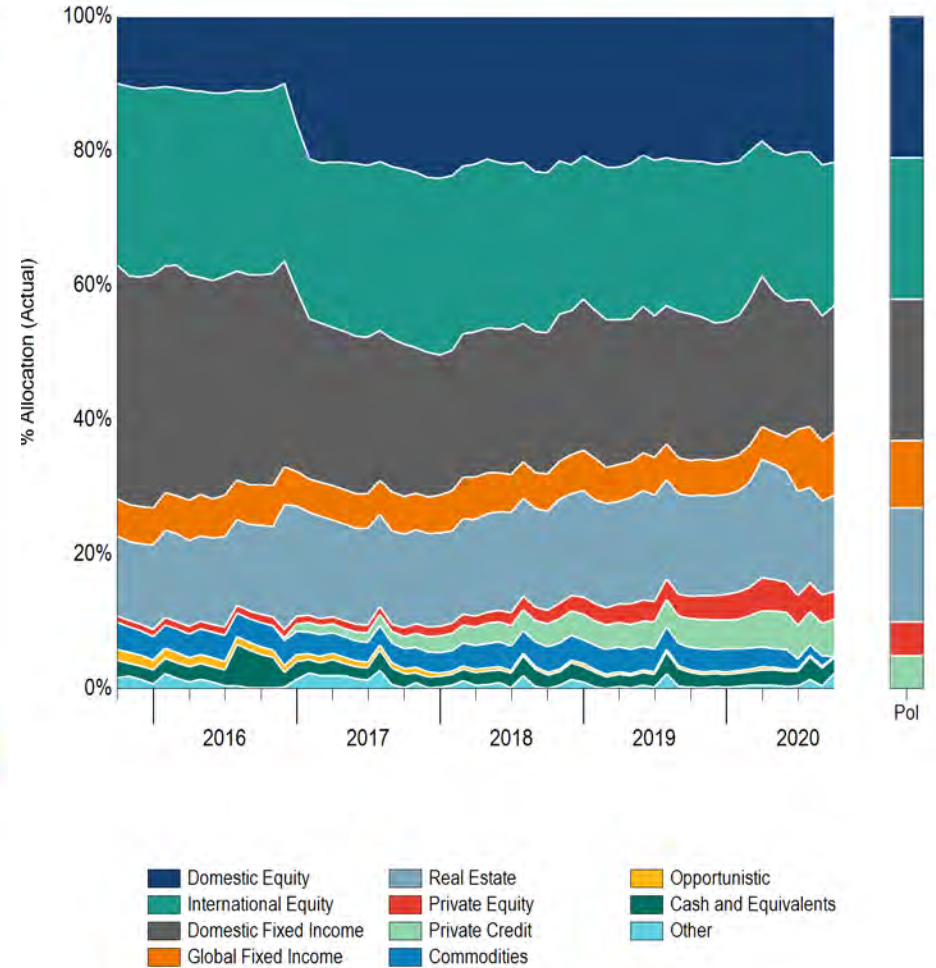
⁶KKR: As of 2Q2020, total capital called is \$23,714,418, which includes recycled distributions. Unused capital commitment is \$1,988,589 after including distribution proceeds available for reinvestment

⁷All fees and expenses are for 2Q 2020.

Market Value History



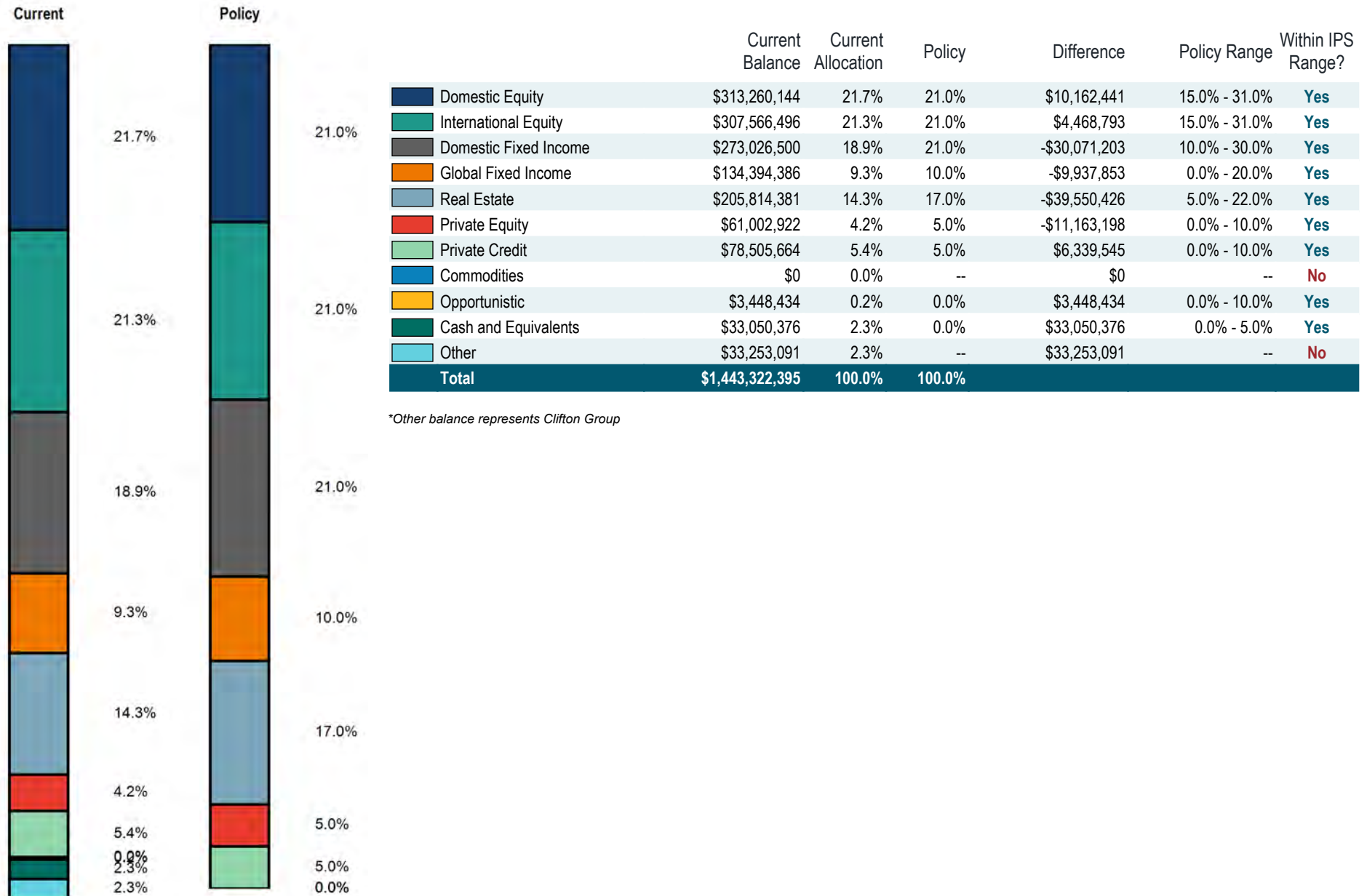
Asset Allocation History



*Other balance represents Clifton Group

Total Fund
Asset Allocation vs. Policy

Period Ending: September 30, 2020



Total Fund Investment Fund Fee Analysis

Period Ending: September 30, 2020

Account	Fee Schedule	Market Value As of 9/30/2020	% 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	\$38,742,007	2.7%	\$456,162	1.18%
Ashmore EM Blended Debt Fund	1.00% of Assets	\$68,011,444	4.7%	\$680,114	1.00%
Atlanta Capital Mgmt	0.80% of First 50.0 Mil, 0.70% of Next 100.0 Mil, 0.60% Thereafter	\$59,002,673	4.1%	\$463,019	0.78%
BlackRock Core Bond	0.28% of First 100.0 Mil, 0.26% Thereafter	\$98,577,542	6.8%	\$276,017	0.28%
Boston Partners Large Cap Value	0.40% of Assets	\$83,572,629	5.8%	\$334,291	0.40%
Brandywine Global Fixed Income	0.45% of First 50.0 Mil, 0.40% of Next 50.0 Mil, 0.35% Thereafter	\$66,382,942	4.6%	\$290,532	0.44%
Cash Account	No Fee	\$33,050,376	2.3%	--	--
Dodge & Cox Income Fund	0.42% of Assets	\$101,569,183	7.0%	\$426,591	0.42%
Dodge & Cox Intl Stock	0.64% of Assets	\$135,474,492	9.4%	\$867,037	0.64%
Harbourvest 2018 Global Fund L.P.	282,000 Annually	\$9,143,151	0.6%	\$282,000	3.08%
Harbourvest Partners IX Buyout Fund L.P.	200,000 Annually	\$14,950,808	1.0%	\$200,000	1.34%
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	\$167,072,375	11.6%	\$1,456,579	0.87%
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	300,000 Annually	\$3,448,434	0.2%	\$300,000	8.70%
Loomis Sayles Large Cap Growth	0.45% of First 100.0 Mil, 0.40% Thereafter	\$101,051,561	7.0%	\$454,206	0.45%
Pacific Asset Corporate Loan	0.37% of Assets	\$72,879,775	5.0%	\$269,655	0.37%
Pathway Private Equity Fund Investors 10 L.P.	Please see footnote	\$736,635	0.1%	--	--
Pathway Private Equity Fund Investors 9 L.P.	Please see footnote	\$36,172,329	2.5%	--	--
PIMCO RAE US	0.40% of Assets	\$69,633,281	4.8%	\$278,533	0.40%
Sixth Street Partners DCP	Please see footnote	\$65,280,620	4.5%	--	--
Sixth Street Partners TAO	Please see footnote	\$13,225,044	0.9%	--	--
The Clifton Group	50,000 Annually	\$33,253,091	2.3%	\$50,000	0.15%
WCM International Growth	0.70% of Assets	\$172,092,004	11.9%	\$1,204,644	0.70%
Investment Management Fee		\$1,443,322,395	100.0%	\$8,289,380	0.57%

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.

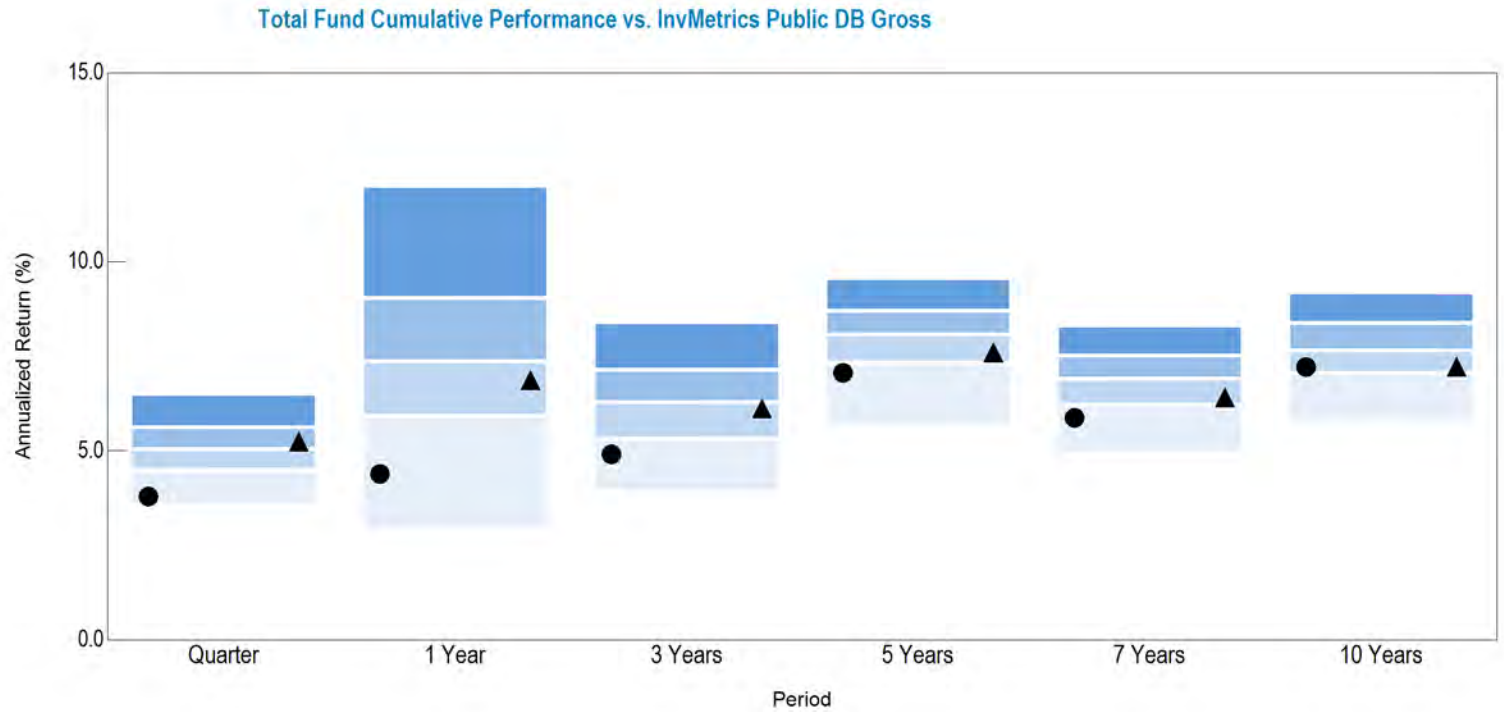
Clifton Group fee schedule represents contractual minimum fee. Actual fee charged is \$1,500 per month through at least 6/30/2015.

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: September 30, 2020

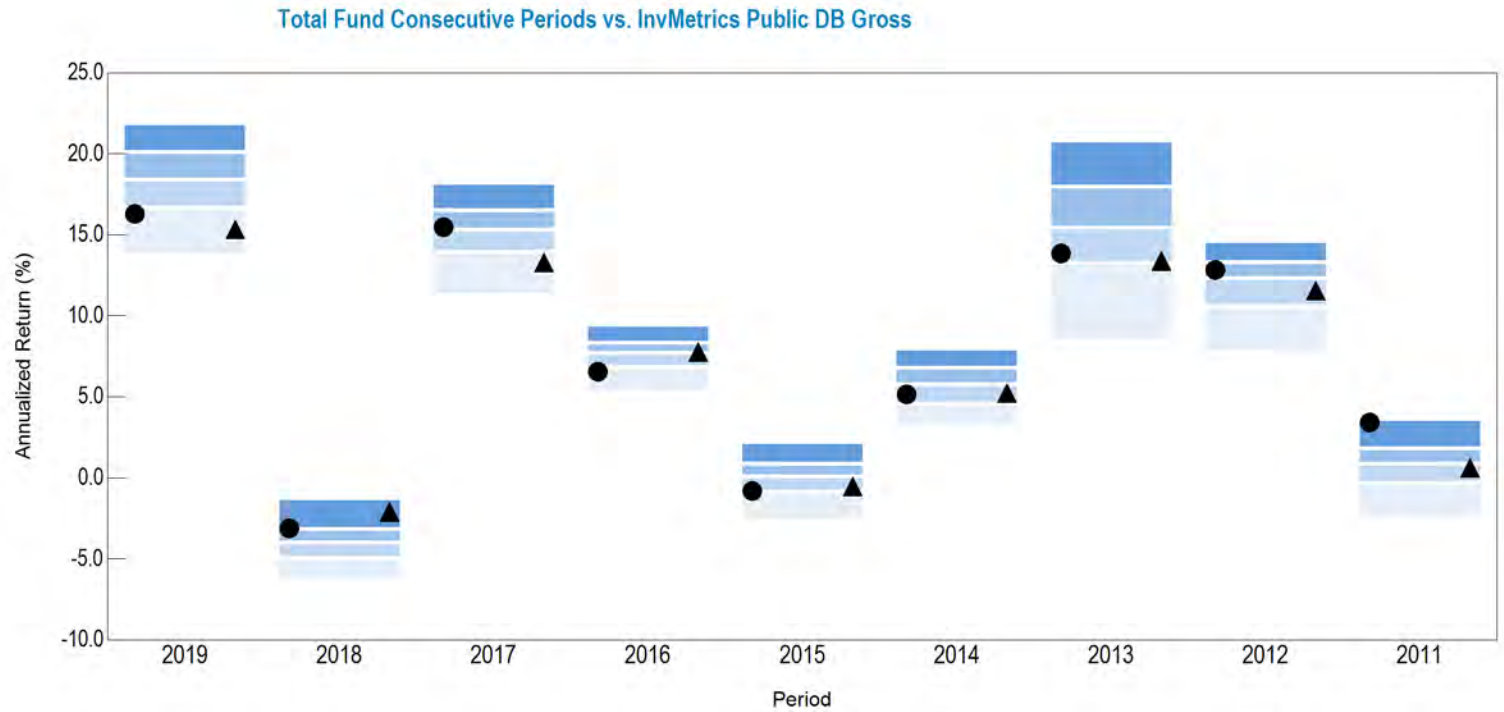


	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	6.5	12.0	8.4	9.6	8.3	9.2						
25th Percentile	5.6	9.1	7.2	8.7	7.5	8.4						
Median	5.1	7.4	6.3	8.1	6.9	7.7						
75th Percentile	4.5	5.9	5.3	7.3	6.2	7.1						
95th Percentile	3.6	2.9	3.9	5.7	5.0	5.8						
# of Portfolios	381	376	366	353	338	308						
● Total Fund	3.8 (93)	4.4 (90)	4.9 (86)	7.1 (82)	5.9 (85)	7.2 (68)						
▲ Policy Index	5.2 (44)	6.9 (61)	6.1 (55)	7.6 (68)	6.4 (71)	7.2 (68)						

Total Fund

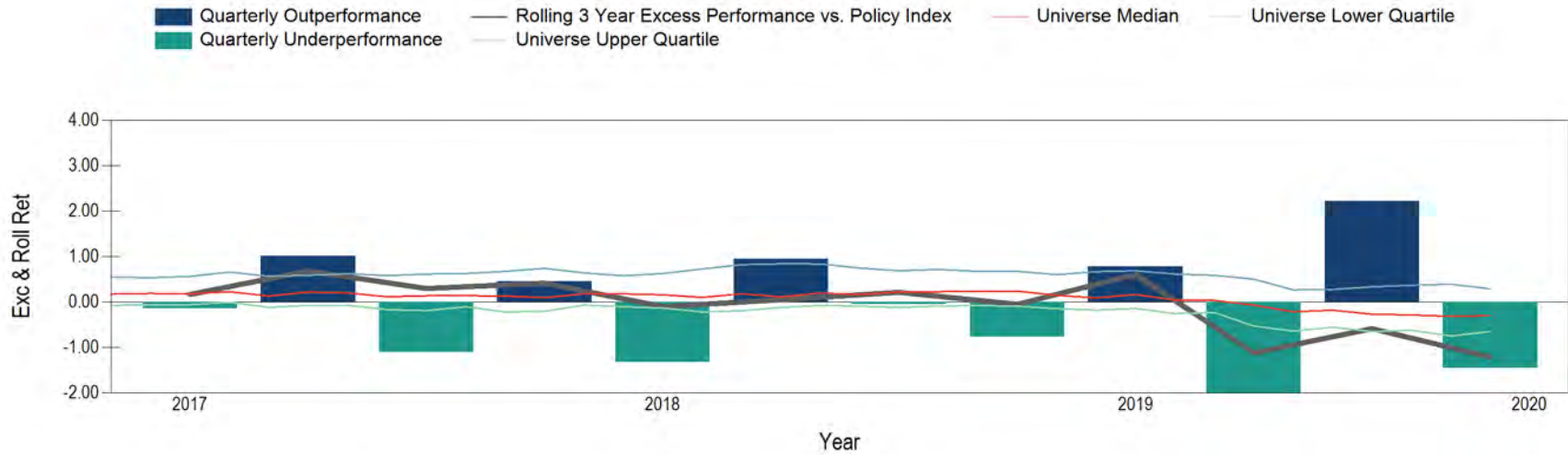
Peer Universe Comparison: Consecutive Periods (Gross of Fees)

Period Ending: September 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)	

Rolling 3 Year Annualized Excess Performance



Rolling 5 Year Annualized Excess Performance

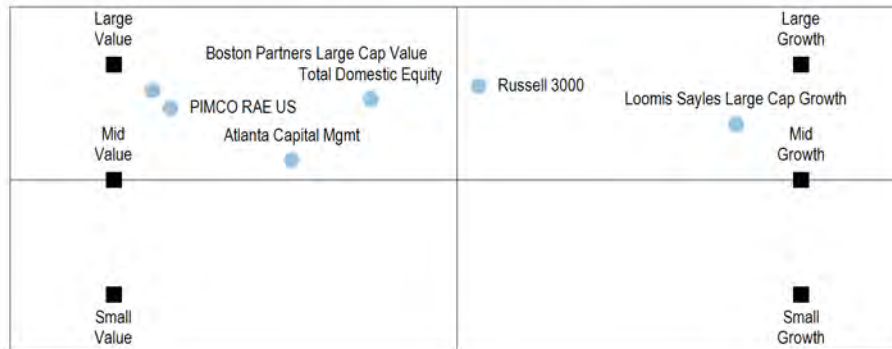


Total Domestic Equity Asset Class Overview (Gross of Fees)

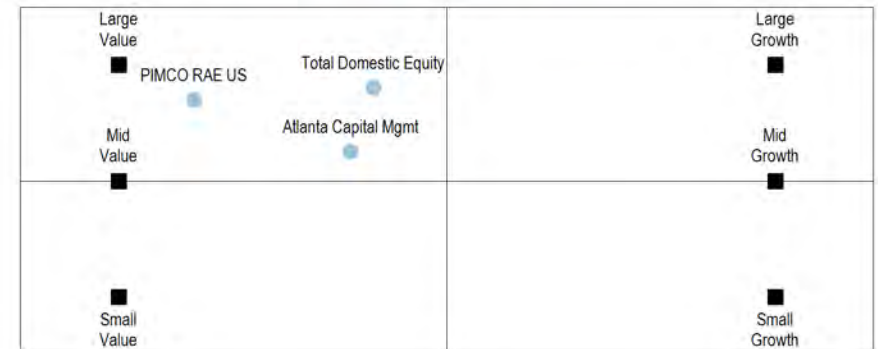
Period Ending: September 30, 2020

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Domestic Equity	313,260,144	6.6	6.0	9.0	12.7	12.9	29.4	-5.2	25.1	13.0	1.2
<i>Russell 3000</i>		9.2	15.0	11.6	13.7	13.5	31.0	-5.2	21.1	12.7	0.5
<i>InvMetrics Public DB US Eq Gross Rank</i>		94	89	63	34	40	66	36	4	48	18
PIMCO RAE US	69,633,281	6.0	-3.5	3.9	8.2	10.9	25.5	-6.6	17.0	15.9	-2.7
<i>S&P 500</i>		8.9	15.1	12.3	14.1	13.7	31.5	-4.4	21.8	12.0	1.4
<i>eV US Large Cap Core Equity Gross Rank</i>		86	99	96	95	96	83	72	89	6	86
Loomis Sayles Large Cap Growth	101,051,561	10.8	34.4	19.3	--	--	32.7	-1.7	34.1	--	--
<i>Russell 1000 Growth</i>		13.2	37.5	21.7	--	--	36.4	-1.5	30.2	--	--
<i>eV US Large Cap Growth Equity Gross Rank</i>		59	45	59	--	--	68	58	16	--	--
Boston Partners Large Cap Value	83,572,629	4.0	-6.8	1.6	--	--	24.3	-8.5	--	--	--
<i>Russell 1000 Value</i>		5.6	-5.0	2.6	--	--	26.5	-8.3	--	--	--
<i>eV US Large Cap Value Equity Gross Rank</i>		72	75	74	--	--	77	54	--	--	--
Atlanta Capital Mgmt	59,002,673	3.5	-4.3	9.2	12.8	14.6	35.1	-4.5	26.6	12.6	10.4
<i>Russell 2500</i>		5.9	2.2	4.5	9.0	10.8	27.8	-10.0	16.8	17.6	-2.9
<i>eV US Small-Mid Cap Equity Gross Rank</i>		78	64	34	29	18	14	25	15	62	1

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



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



Total Domestic Equity
 Asset Class Overview (Net of Fees)

Period Ending: September 30, 2020

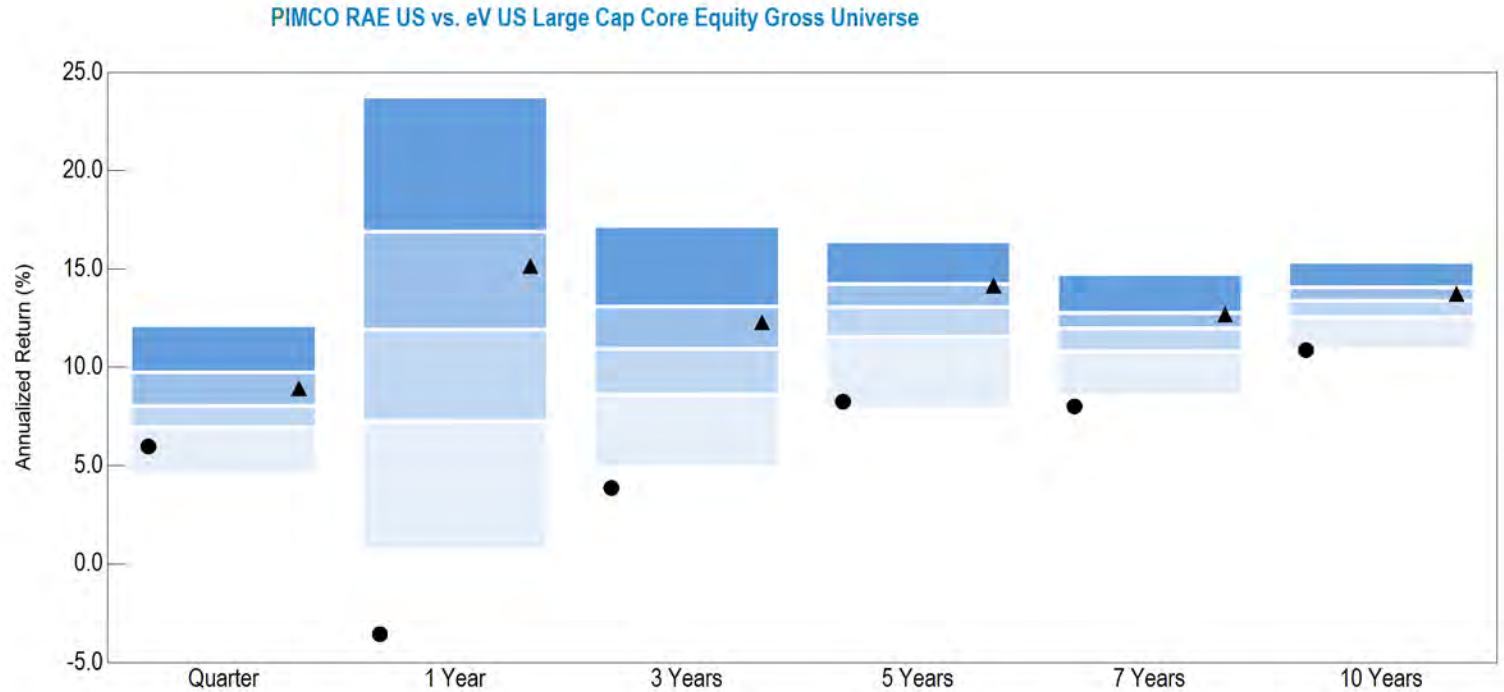
	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Domestic Equity	313,260,144	6.4	5.5	8.5	12.3	12.4	28.7	-5.7	24.5	12.7	0.8
<i>Russell 3000</i>		9.2	15.0	11.6	13.7	13.5	31.0	-5.2	21.1	12.7	0.5
PIMCO RAE US	69,633,281	5.9	-3.9	3.4	7.8	10.5	25.0	-7.0	16.5	15.4	-3.2
<i>S&P 500</i>		8.9	15.1	12.3	14.1	13.7	31.5	-4.4	21.8	12.0	1.4
Loomis Sayles Large Cap Growth	101,051,561	10.7	33.8	18.8	--	--	32.1	-2.1	33.5	--	--
<i>Russell 1000 Growth</i>		13.2	37.5	21.7	--	--	36.4	-1.5	30.2	--	--
Boston Partners Large Cap Value	83,572,629	3.9	-7.2	1.2	--	--	23.8	-8.9	--	--	--
<i>Russell 1000 Value</i>		5.6	-5.0	2.6	--	--	26.5	-8.3	--	--	--
Atlanta Capital Mgmt	59,002,673	3.3	-5.0	8.4	11.9	13.8	34.1	-5.3	25.6	11.7	9.6
<i>Russell 2500</i>		5.9	2.2	4.5	9.0	10.8	27.8	-10.0	16.8	17.6	-2.9

Total Domestic Equity
 Asset Class Overview (Net of Fees)

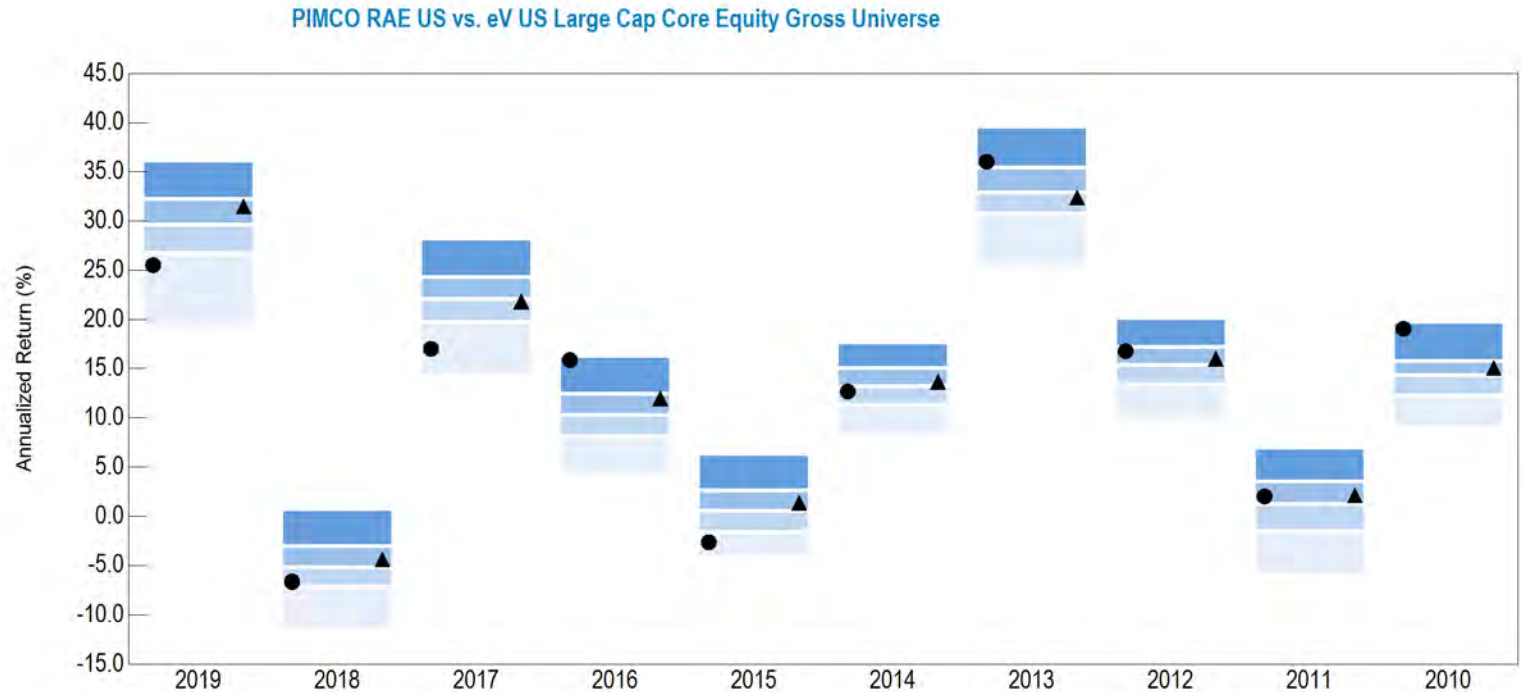
Period Ending: September 30, 2020

Correlation Matrix
 Last 1 Year

	Total Domestic Equity	PIMCO RAE US	Loomis Sayles Large Cap Growth	Boston Partners Large Cap Value	Atlanta Capital Mgmt	Russell 3000
Total Domestic Equity	1.00	--	--	--	--	--
PIMCO RAE US	0.99	1.00	--	--	--	--
Loomis Sayles Large Cap Growth	0.99	0.97	1.00	--	--	--
Boston Partners Large Cap Value	0.99	1.00	0.97	1.00	--	--
Atlanta Capital Mgmt	0.99	0.98	1.00	0.98	1.00	--
Russell 3000	1.00	0.99	0.99	0.99	0.99	1.00

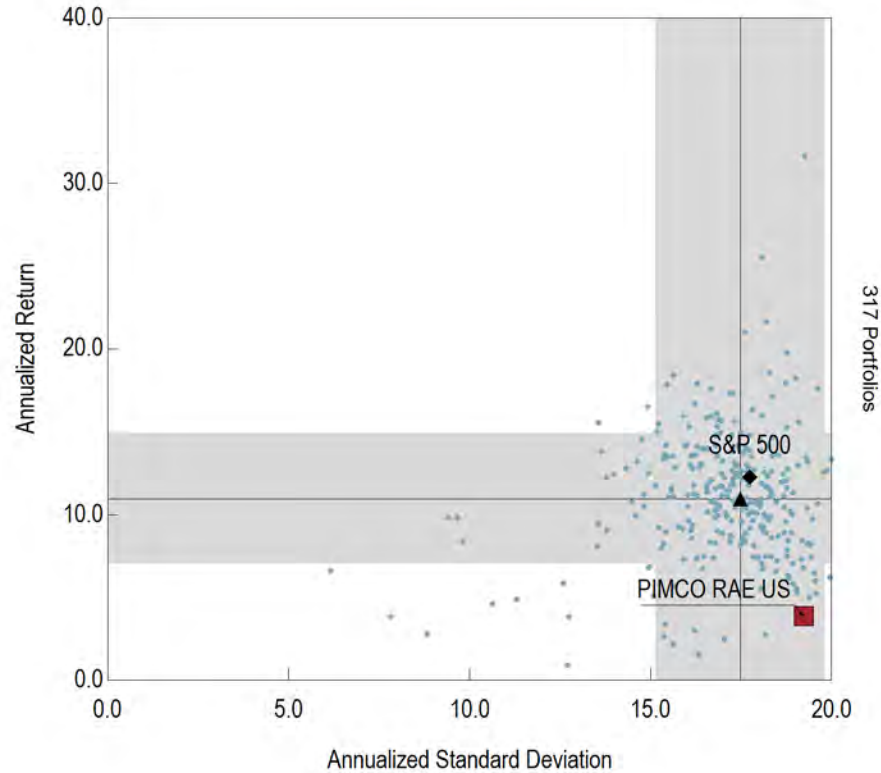


	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	12.1		23.8		17.2		16.4		14.7		15.4	
25th Percentile	9.8		16.9		13.1		14.2		12.8		14.1	
Median	8.1		12.0		11.0		13.1		12.0		13.4	
75th Percentile	7.0		7.3		8.6		11.6		10.8		12.6	
95th Percentile	4.6		0.7		4.9		7.9		8.6		10.9	
# of Portfolios	327		327		317		289		274		225	
● PIMCO RAE US	6.0	(86)	-3.5	(99)	3.9	(96)	8.2	(95)	8.0	(96)	10.9	(96)
▲ S&P 500	8.9	(38)	15.1	(33)	12.3	(35)	14.1	(27)	12.7	(30)	13.7	(38)

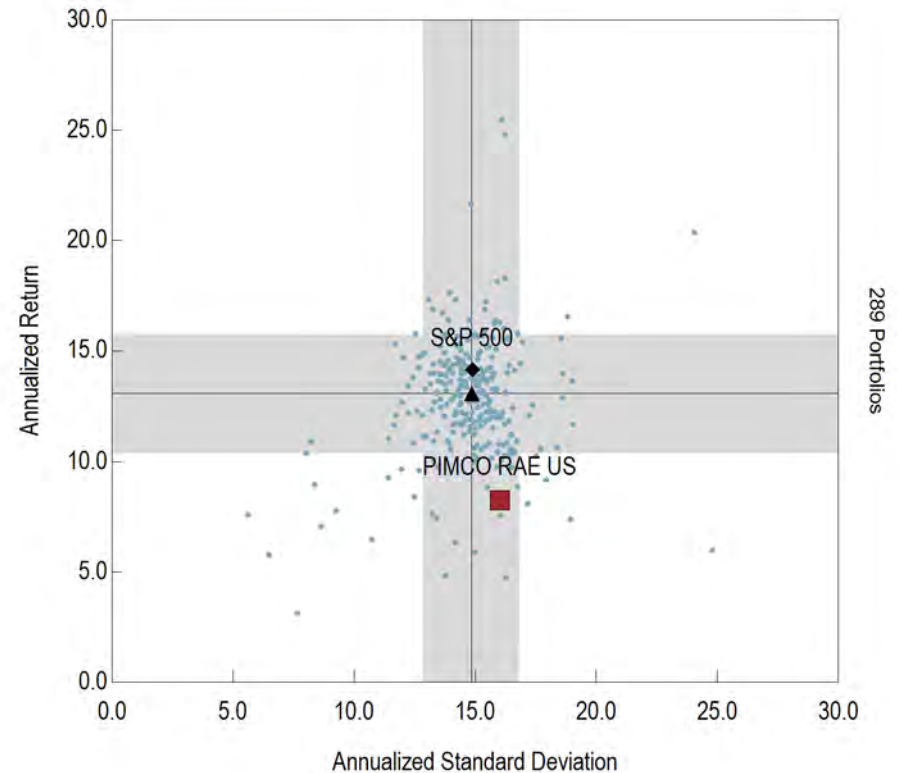


	Return (Rank)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
5th Percentile	36.1	0.7	28.2	16.3	6.3	17.7	39.6	20.1	7.0	19.7
25th Percentile	32.3	-3.0	24.3	12.5	2.7	15.1	35.5	17.2	3.6	15.8
Median	29.7	-5.1	22.1	10.4	0.6	13.3	32.9	15.4	1.3	14.4
75th Percentile	26.8	-7.1	19.8	8.2	-1.6	11.4	30.8	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 US	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 September 30, 2020

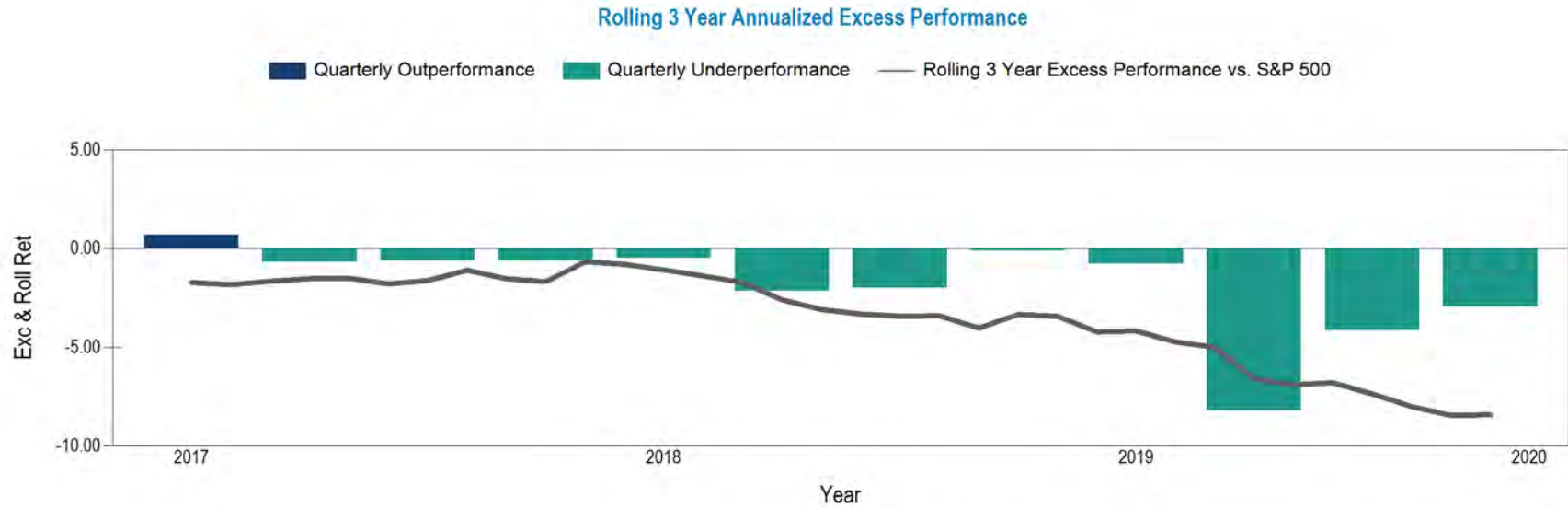


Annualized Return vs. Annualized Standard Deviation
 5 Years Ending September 30, 2020



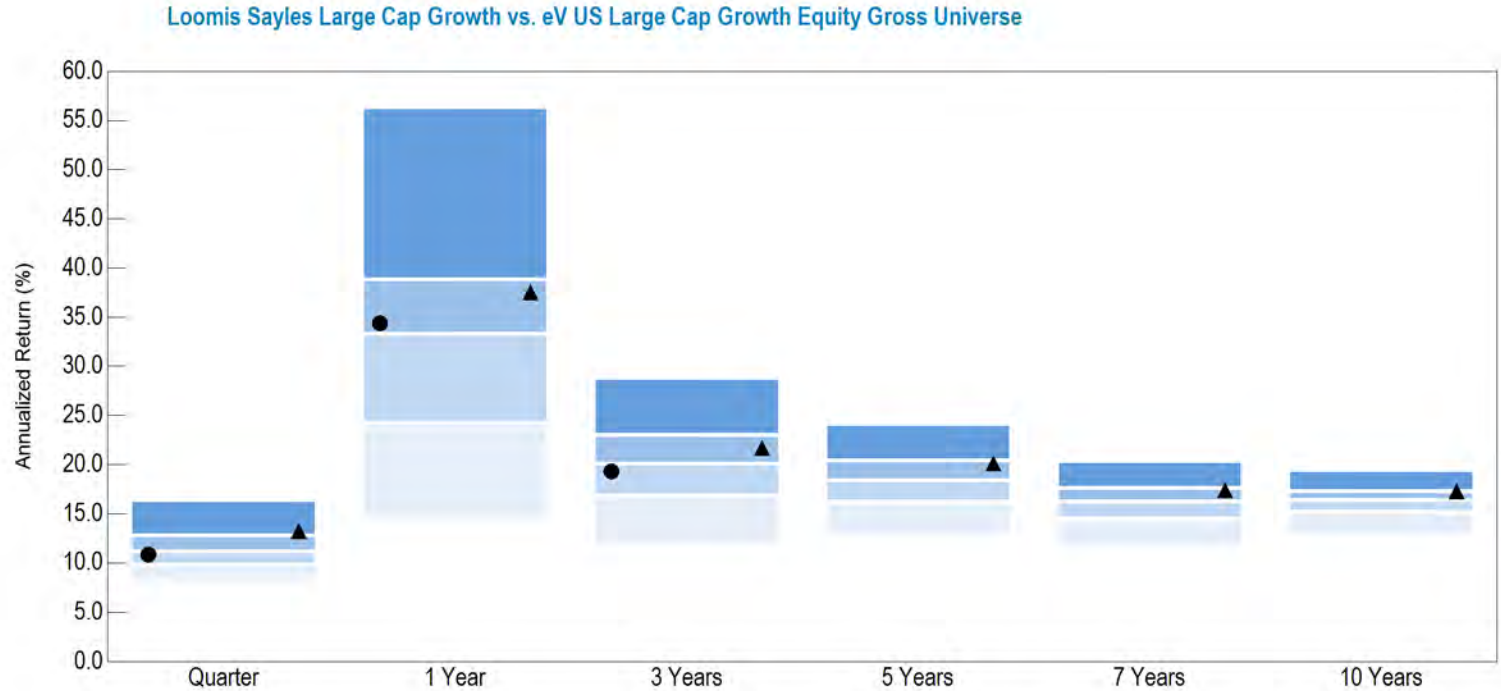
- PIMCO RAE US
- ◆ S&P 500
- ▲ Universe Median
- 68% Confidence Interval
- eV US Large Cap Core Equity Gross

- PIMCO RAE US
- ◆ 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)

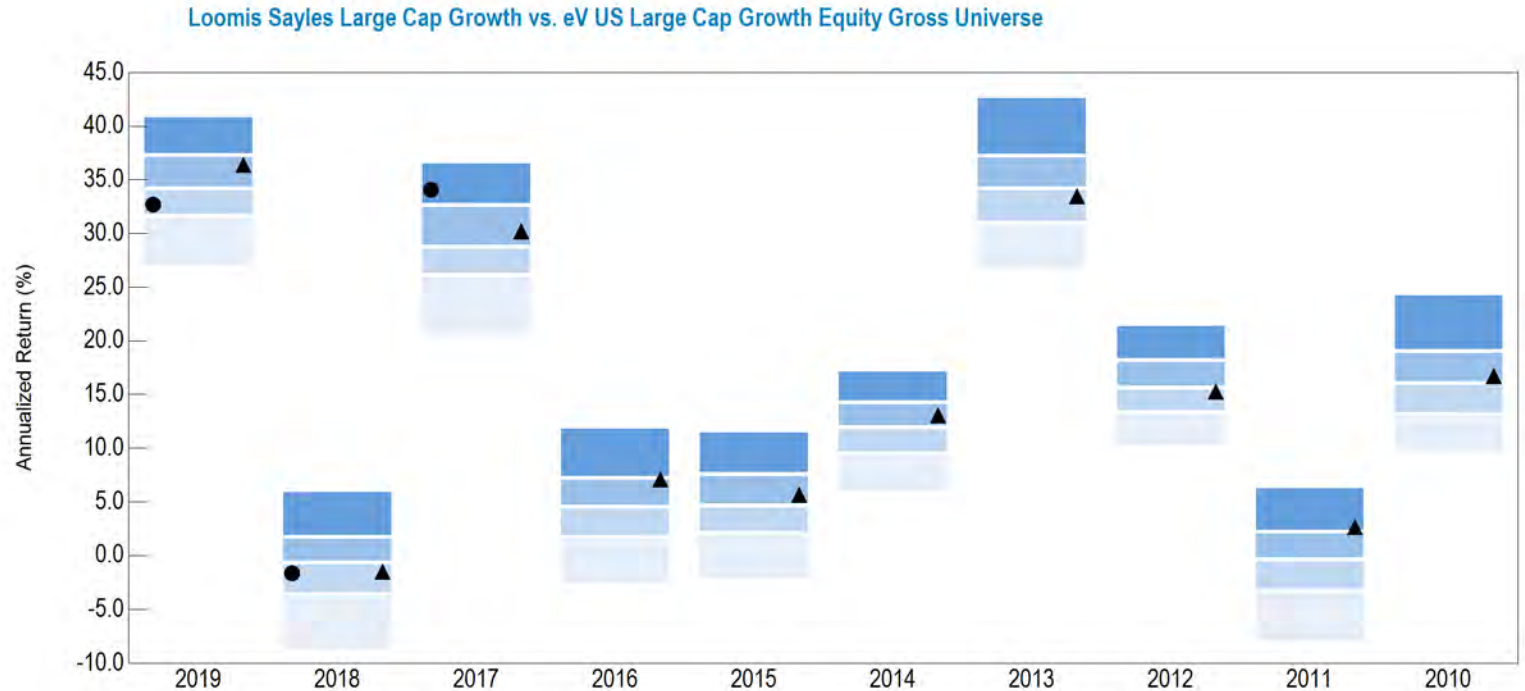
Period Ending: September 30, 2020



	Return (Rank)											
	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	16.4		56.3		28.8		24.1		20.3		19.4	
25th Percentile	12.9		38.9		23.0		20.4		17.6		17.3	
Median	11.2		33.3		20.2		18.4		16.3		16.4	
75th Percentile	9.8		24.3		16.9		16.3		14.6		15.2	
95th Percentile	8.1		14.4		11.9		12.7		11.7		12.8	
# of Portfolios	252		252		246		231		226		209	
● Loomis Sayles Large Cap Growth	10.8	(59)	34.4	(45)	19.3	(59)	--	(--)	--	(--)	--	(--)
▲ Russell 1000 Growth	13.2	(22)	37.5	(30)	21.7	(39)	20.1	(28)	17.4	(29)	17.3	(27)

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

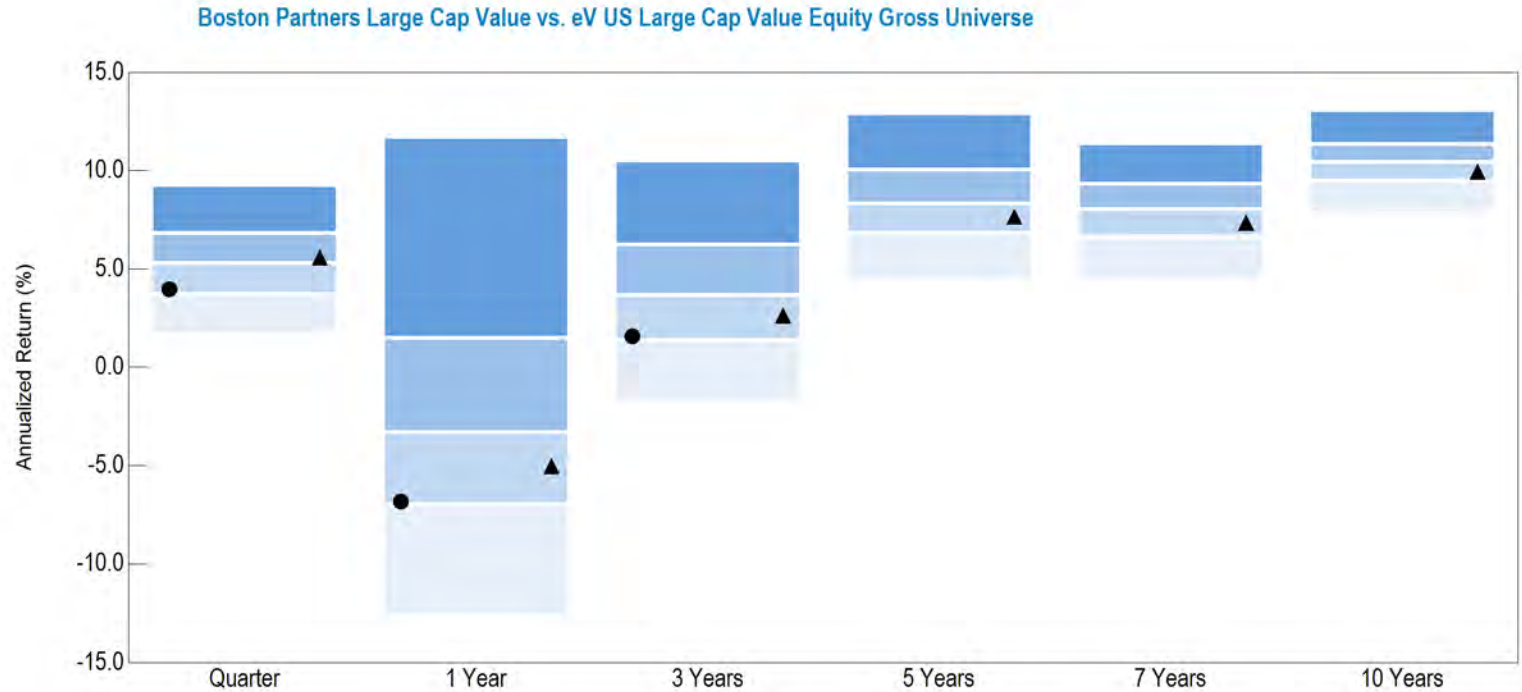
Period Ending: September 30, 2020



	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)

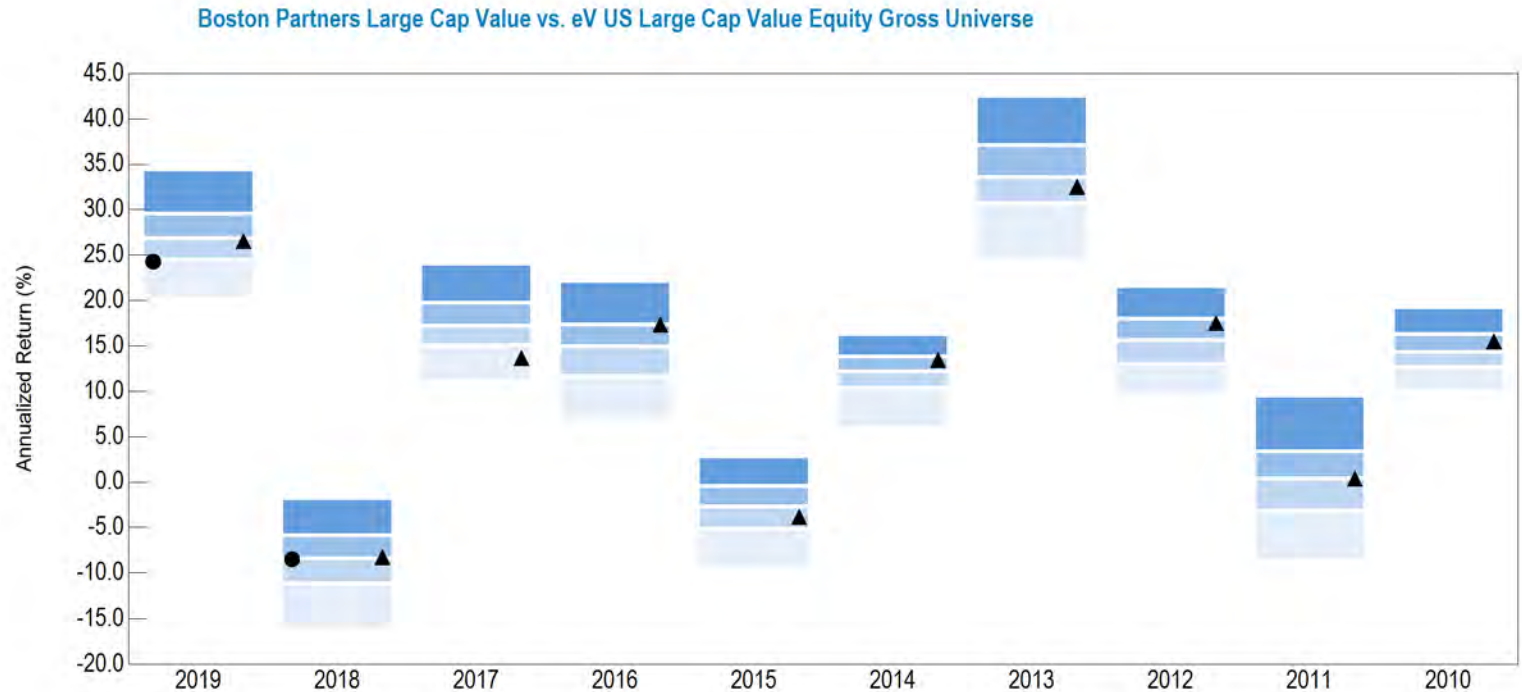
Period Ending: September 30, 2020



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	9.3		11.7		10.5		12.9		11.4		13.1	
25th Percentile	6.8		1.5		6.3		10.1		9.4		11.4	
Median	5.3		-3.3		3.7		8.4		8.0		10.5	
75th Percentile	3.8		-7.0		1.4		6.8		6.7		9.5	
95th Percentile	1.7		-12.5		-1.7		4.5		4.5		7.9	
# of Portfolios	326		326		320		309		299		263	
● Boston Partners Large Cap Value	4.0	(72)	-6.8	(75)	1.6	(74)	--	(--)	--	(--)	--	(--)
▲ Russell 1000 Value	5.6	(44)	-5.0	(66)	2.6	(65)	7.7	(61)	7.4	(64)	9.9	(66)

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

Period Ending: September 30, 2020

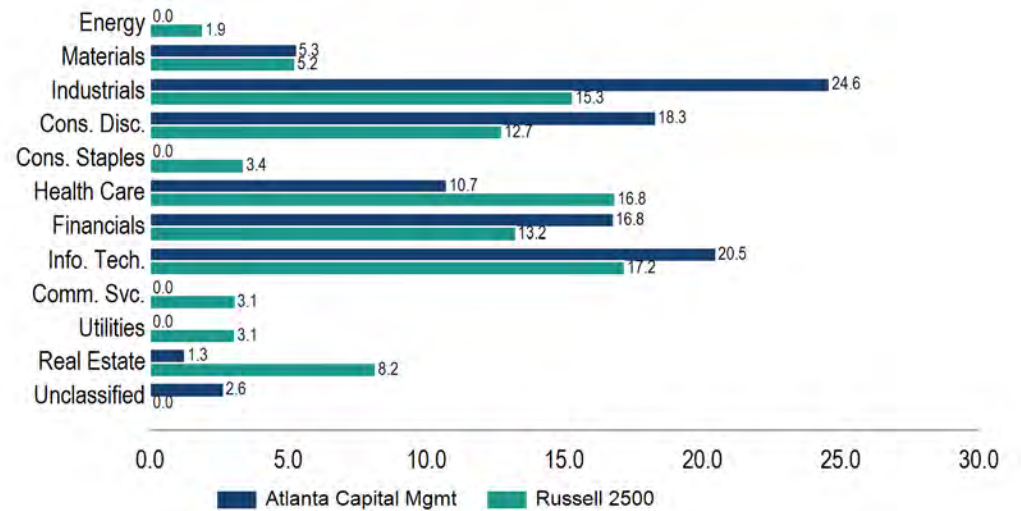


	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Return (Rank)										
5th Percentile	34.4	-1.8	24.0	22.1	2.8	16.3	42.5	21.5	9.5	19.2
25th Percentile	29.6	-5.8	19.8	17.4	-0.4	13.9	37.2	18.0	3.4	16.3
Median	26.9	-8.3	17.2	15.0	-2.6	12.2	33.6	15.7	0.5	14.3
75th Percentile	24.5	-11.1	15.1	11.8	-5.1	10.4	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	58	2,521
Weighted Avg. Market Cap. (\$B)	8.76	5.42
Median Market Cap. (\$B)	7.43	0.99
Price To Earnings	28.53	19.81
Price To Book	3.39	3.04
Price To Sales	1.78	1.32
Return on Equity (%)	4.06	0.58
Yield (%)	0.79	1.43
Beta	0.88	1.00

Sector Allocation (%) vs Russell 2500



*Unclassified includes Cash

Top Holdings
 Ending Period Weight

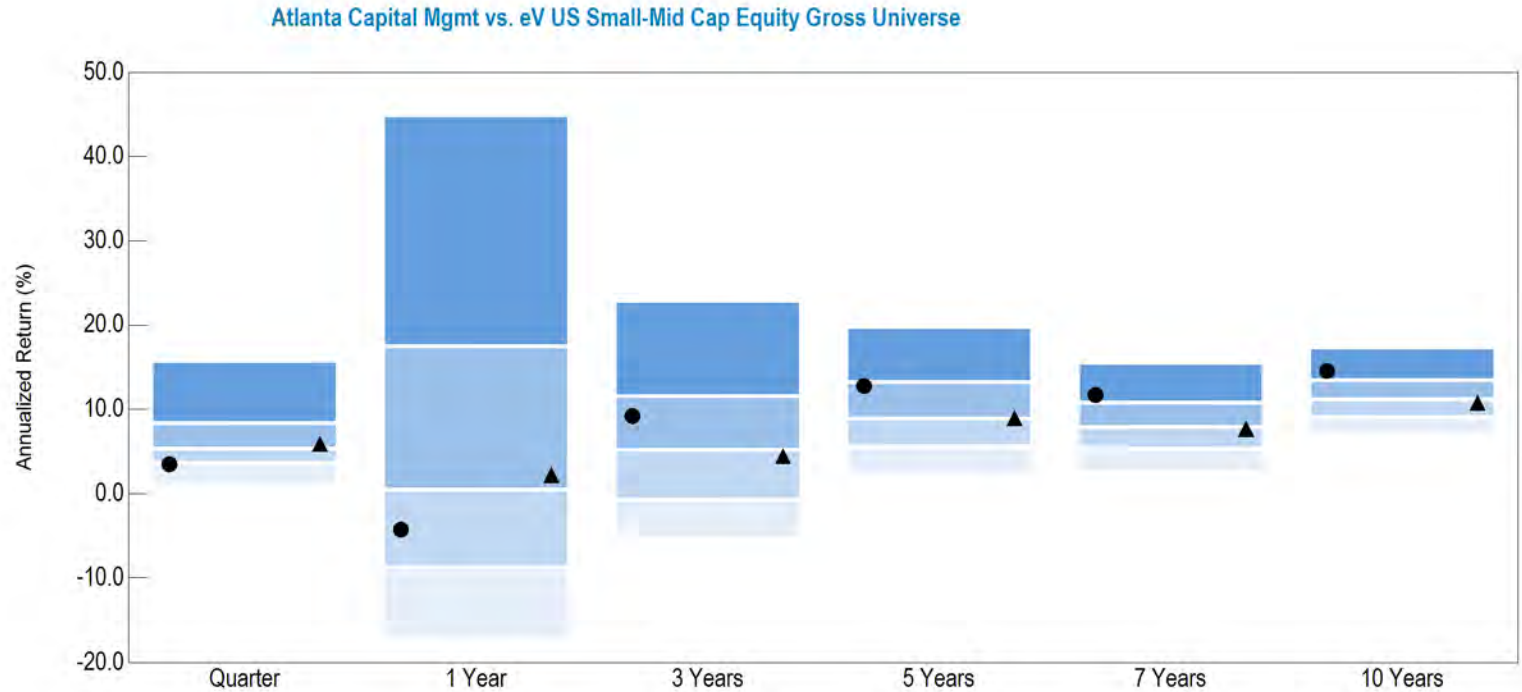
BERKLEY (W.R.) CORP	4.58%
J.B. HUNT TRANSPORT SERVICES INC.	3.48%
TERMINIX GLOBAL HOLDINGS INC	3.47%
ARAMARK	3.32%
CARLISLE COS INC	3.09%
WEX INC	3.01%
APTARGROUP INC.	2.86%
JPMORGAN FEDERAL MMKT - AGENCY SHR FUND 355 MONTHLY VARIABLE 12312049	2.65%
ENVISTA HOLDINGS CORP	2.47%
RPM INTERNATIONAL INC	2.43%
Total	31.35%

Top Contributors

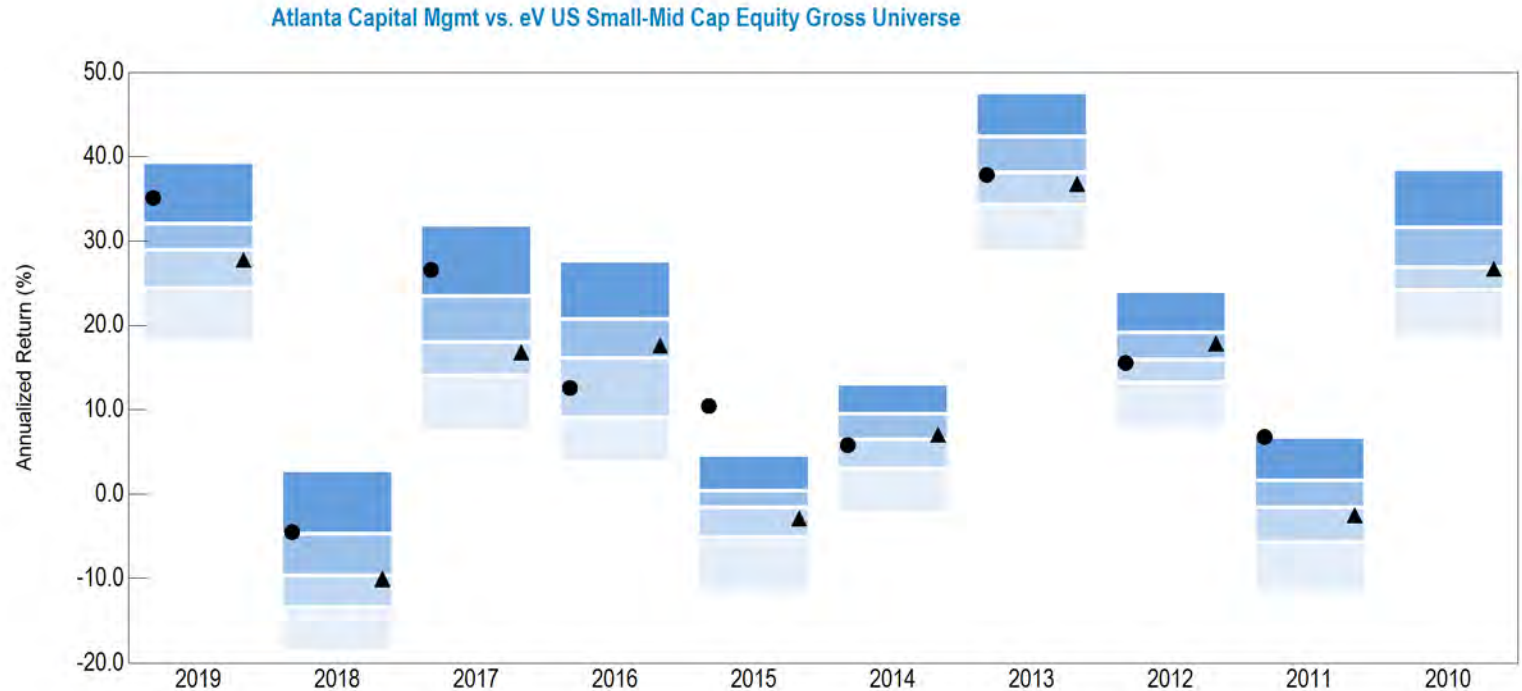
	Avg Wgt	Return	Contribution
ARAMARK	2.93	17.74	0.52
IAA INC	1.41	35.00	0.49
VARIAN MEDICAL SYSTEMS INC	1.03	40.38	0.41
LENNOX INTERNATIONAL INC.	2.31	17.34	0.40
TERMINIX GLOBAL HOLDINGS INC	3.21	11.74	0.38
ENVISTA HOLDINGS CORP	2.19	17.02	0.37
BERKLEY (W.R.) CORP	4.44	6.94	0.31
IDEX CORP	1.64	15.76	0.26
GRACO INC.	0.91	28.27	0.26
POOL CORP	1.09	23.27	0.25

Bottom Contributors

	Avg Wgt	Return	Contribution
WEX INC	3.70	-15.78	-0.58
HEXCEL CORP	2.16	-25.81	-0.56
KIRBY CORP	1.45	-32.47	-0.47
SALLY BEAUTY HOLDINGS INC	1.00	-30.65	-0.31
TELEFLEX INC	3.05	-6.39	-0.19
SEI INVESTMENTS CO	1.90	-7.75	-0.15
PROSPERITY BANCSHARES INC	1.17	-11.95	-0.14
HENRY (JACK) & ASSOCIATES INC	1.17	-11.41	-0.13
FRONTDOOR INC	1.05	-12.23	-0.13
FLIR SYSTEMS INC	1.05	-11.22	-0.12

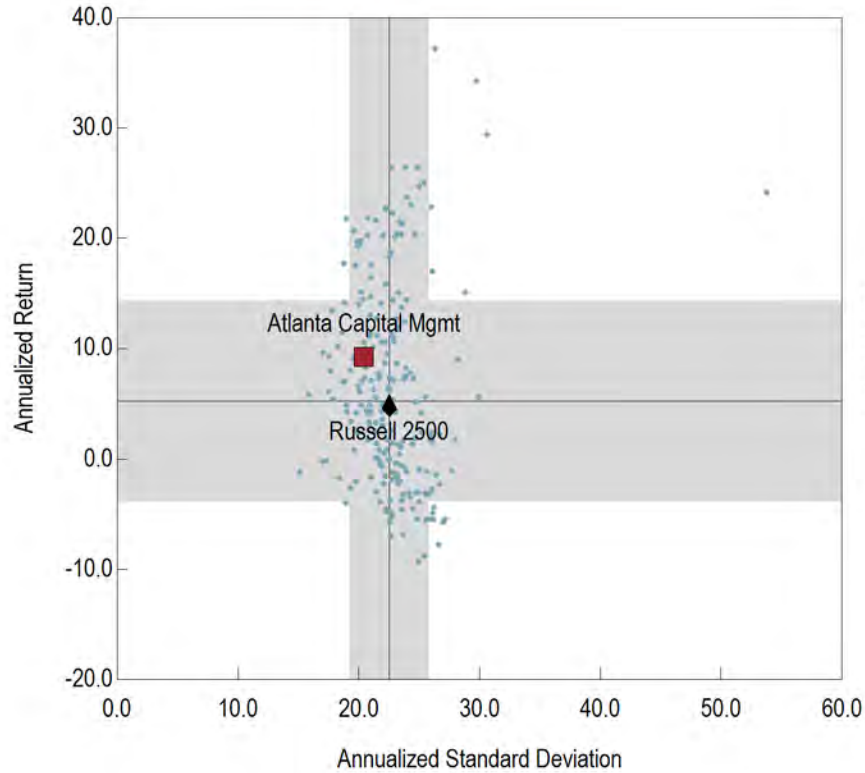


	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	15.8		44.9		22.8		19.7		15.5		17.3	
25th Percentile	8.4		17.5		11.6		13.3		10.9		13.5	
Median	5.4		0.5		5.2		8.9		7.9		11.2	
75th Percentile	3.7		-8.7		-0.7		5.7		5.4		9.1	
95th Percentile	1.0		-17.1		-5.4		2.2		2.6		7.1	
# of Portfolios	239		239		230		203		184		155	
● Atlanta Capital Mgmt	3.5	(78)	-4.3	(64)	9.2	(34)	12.8	(29)	11.7	(20)	14.6	(18)
▲ Russell 2500	5.9	(47)	2.2	(46)	4.5	(53)	9.0	(50)	7.7	(54)	10.8	(56)



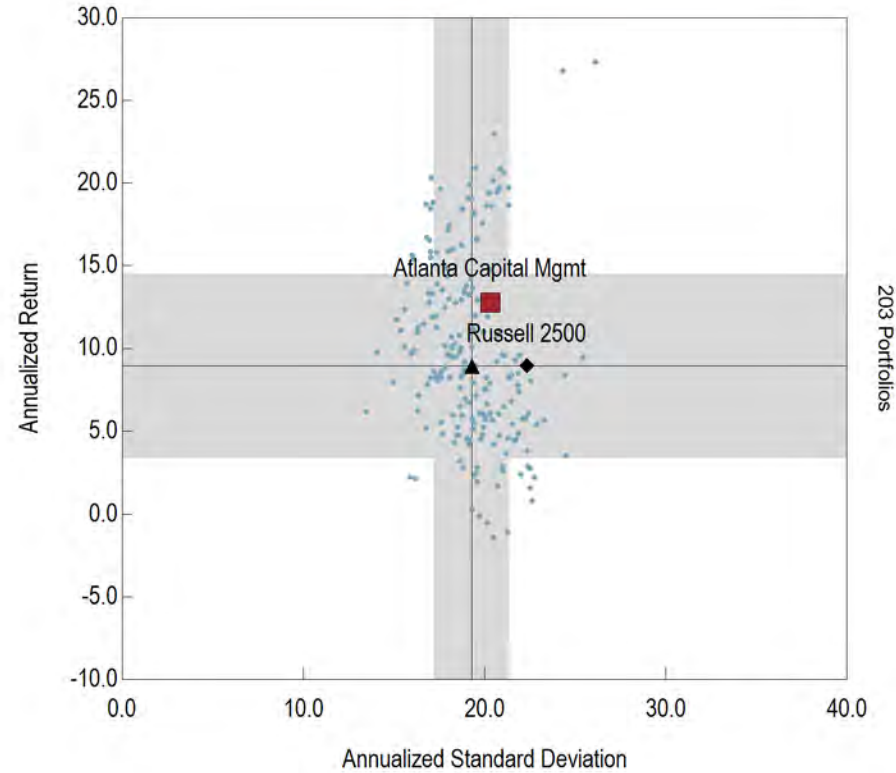
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Return (Rank)										
5th Percentile	39.4	2.8	31.9	27.6	4.6	13.0	47.6	24.1	6.8	38.5
25th Percentile	32.1	-4.6	23.5	20.8	0.4	9.6	42.5	19.2	1.7	31.7
Median	29.0	-9.6	18.1	16.1	-1.5	6.5	38.2	16.0	-1.5	26.9
75th Percentile	24.5	-13.3	14.1	9.2	-5.0	3.1	34.4	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 September 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 September 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: September 30, 2020

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total International Equity	307,566,496	5.3	9.1	5.3	8.5	7.3	30.2	-12.2	26.6	2.2	-4.3
<i>MSCI ACWI ex USA Gross</i>		6.4	3.4	1.6	6.7	4.5	22.1	-13.8	27.8	5.0	-5.3
<i>InvMetrics Public DB ex-US Eq Gross Rank</i>		93	21	8	17	5	1	9	81	82	68
Dodge & Cox Intl Stock	135,474,492	0.6	-8.9	-5.2	2.9	3.8	23.6	-17.5	24.7	9.0	-10.8
<i>MSCI ACWI ex USA Value Gross</i>		2.4	-10.3	-4.5	2.8	2.1	16.5	-13.4	23.3	9.6	-9.6
<i>eV ACWI ex-US All Cap Value Eq Gross Rank</i>		99	82	77	66	38	35	84	71	31	92
WCM International Growth	172,092,004	9.0	25.4	15.4	--	--	36.7	-6.7	--	--	--
<i>MSCI ACWI ex USA Growth Gross</i>		10.2	17.9	7.7	--	--	27.8	-14.1	--	--	--
<i>eV ACWI ex-US All Cap Growth Eq Gross Rank</i>		74	34	13	--	--	11	1	--	--	--

EAFE Effective Style Map
3 Years 3 Months Ending September 30, 2020



EAFE Effective Style Map
5 Years 3 Months Ending September 30, 2020



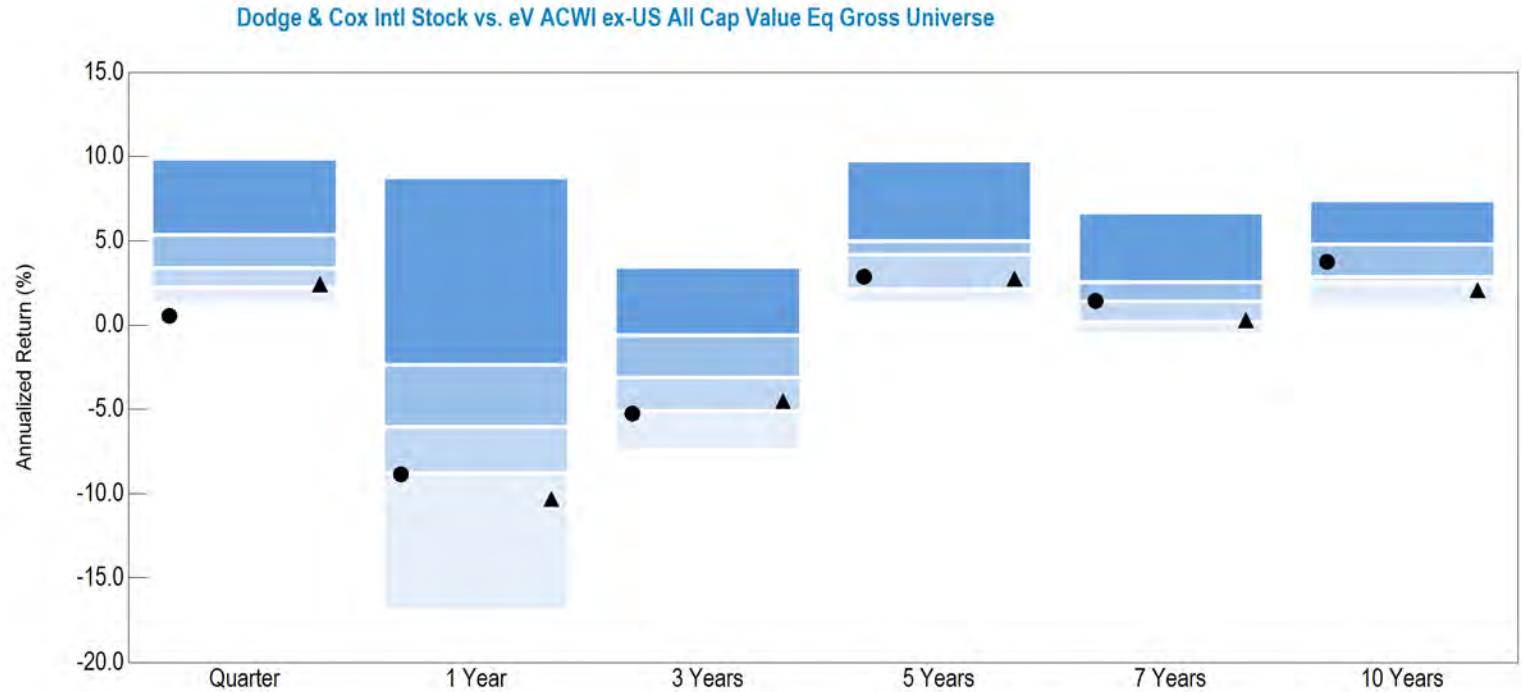
Total International Equity
 Asset Class Overview (Net of Fees)

Period Ending: September 30, 2020

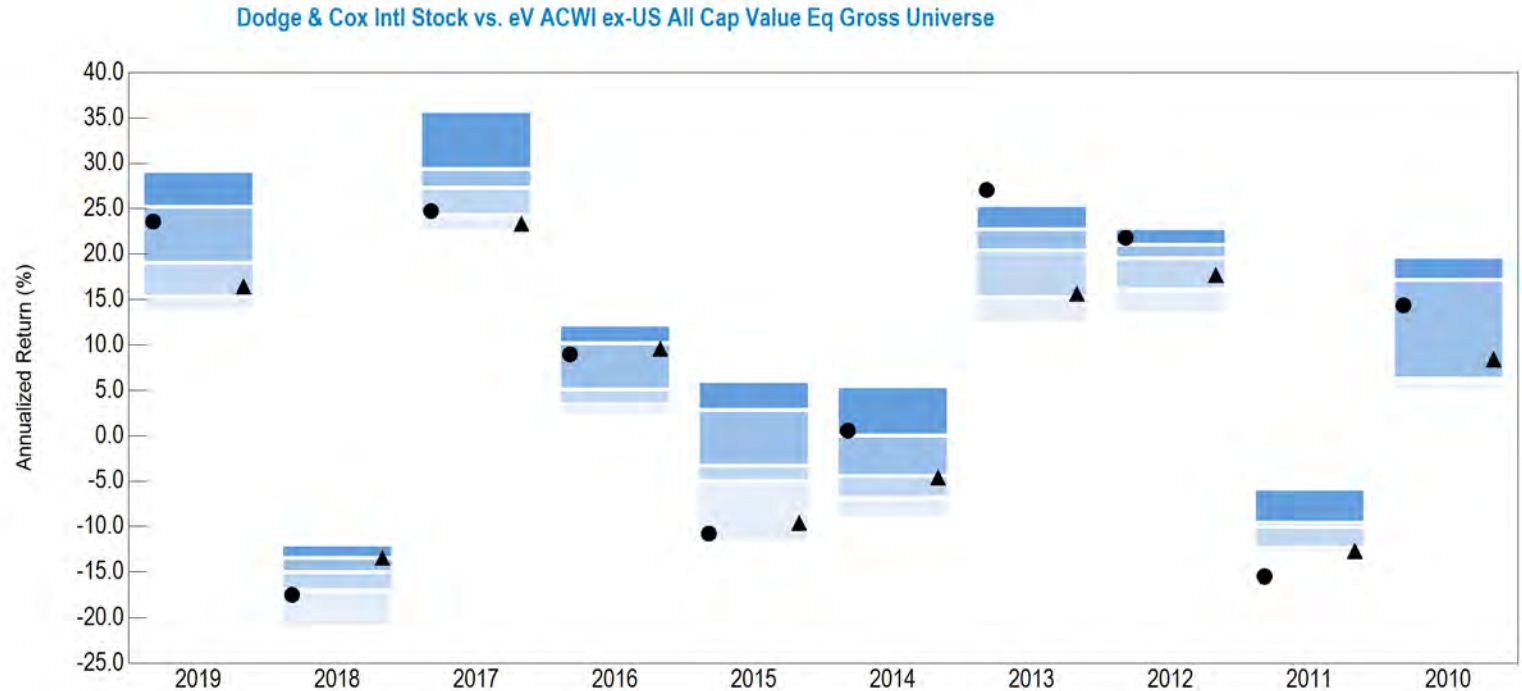
	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total International Equity	307,566,496	5.1	8.4	4.6	7.8	6.6	29.3	-12.8	25.8	1.6	-4.9
<i>MSCI ACWI ex USA Gross</i>		6.4	3.4	1.6	6.7	4.5	22.1	-13.8	27.8	5.0	-5.3
Dodge & Cox Intl Stock	135,474,492	0.4	-9.4	-5.9	2.2	3.1	22.8	-18.0	23.9	8.3	-11.4
<i>MSCI ACWI ex USA Value Gross</i>		2.4	-10.3	-4.5	2.8	2.1	16.5	-13.4	23.3	9.6	-9.6
WCM International Growth	172,092,004	8.8	24.6	14.6	--	--	35.8	-7.4	--	--	--
<i>MSCI ACWI ex USA Growth Gross</i>		10.2	17.9	7.7	--	--	27.8	-14.1	--	--	--

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

Period Ending: September 30, 2020

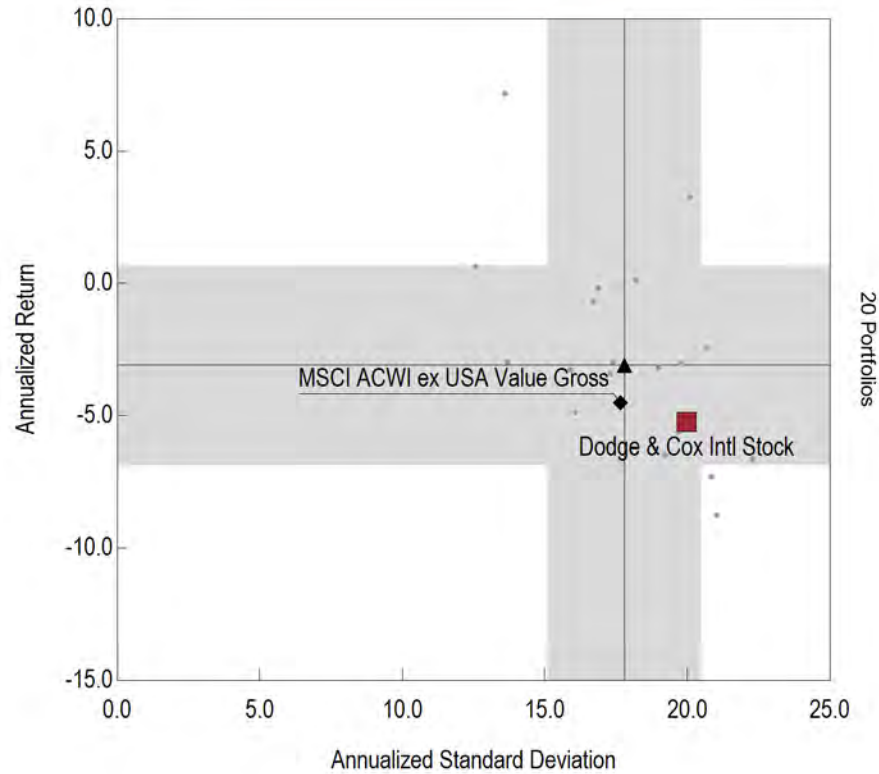


	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	9.9		8.8		3.5		9.7		6.7		7.4	
25th Percentile	5.4		-2.3		-0.6		5.0		2.6		4.8	
Median	3.4		-6.0		-3.1		4.2		1.4		2.9	
75th Percentile	2.3		-8.7		-5.1		2.2		0.2		2.6	
95th Percentile	1.2		-16.9		-7.4		1.3		-0.5		1.2	
# of Portfolios	20		20		20		18		17		13	
● Dodge & Cox Intl Stock	0.6	(99)	-8.9	(82)	-5.2	(77)	2.9	(66)	1.4	(50)	3.8	(38)
▲ MSCI ACWI ex USA Value Gross	2.4	(74)	-10.3	(89)	-4.5	(68)	2.8	(67)	0.3	(69)	2.1	(82)



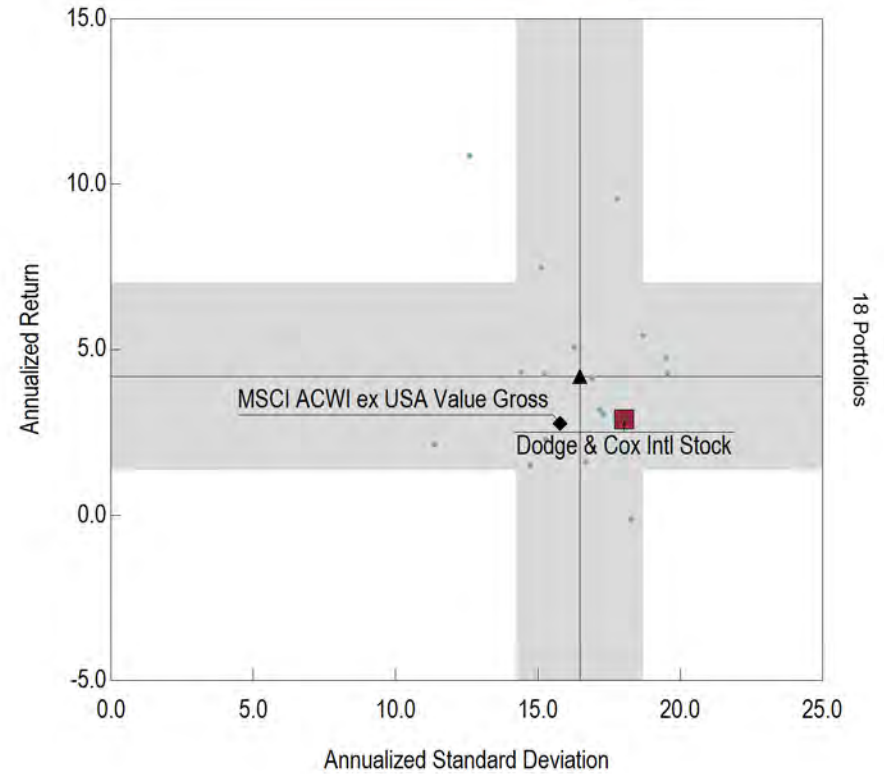
	Return (Rank)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
5th Percentile	29.1	-12.0	35.8	12.2	6.0	5.4	25.4	22.9	-5.9	19.7
25th Percentile	25.2	-13.4	29.4	10.2	2.9	0.0	22.8	21.1	-9.6	17.2
Median	19.1	-15.0	27.3	5.1	-3.3	-4.4	20.5	19.6	-10.1	6.3
75th Percentile	15.4	-16.9	24.3	3.5	-4.9	-6.8	15.3	16.1	-12.3	6.1
95th Percentile	13.8	-21.0	22.6	2.4	-11.7	-8.9	12.5	13.5	-12.9	5.2
# of Portfolios	21	24	23	21	13	13	12	11	9	9
● Dodge & Cox Intl Stock	23.6 (35)	-17.5 (84)	24.7 (71)	9.0 (31)	-10.8 (92)	0.6 (16)	27.1 (2)	21.8 (18)	-15.5 (99)	14.4 (32)
▲ MSCI ACWI ex USA Value Gross	16.5 (71)	-13.4 (26)	23.3 (81)	9.6 (30)	-9.6 (89)	-4.6 (52)	15.7 (74)	17.7 (66)	-12.7 (93)	8.4 (46)

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

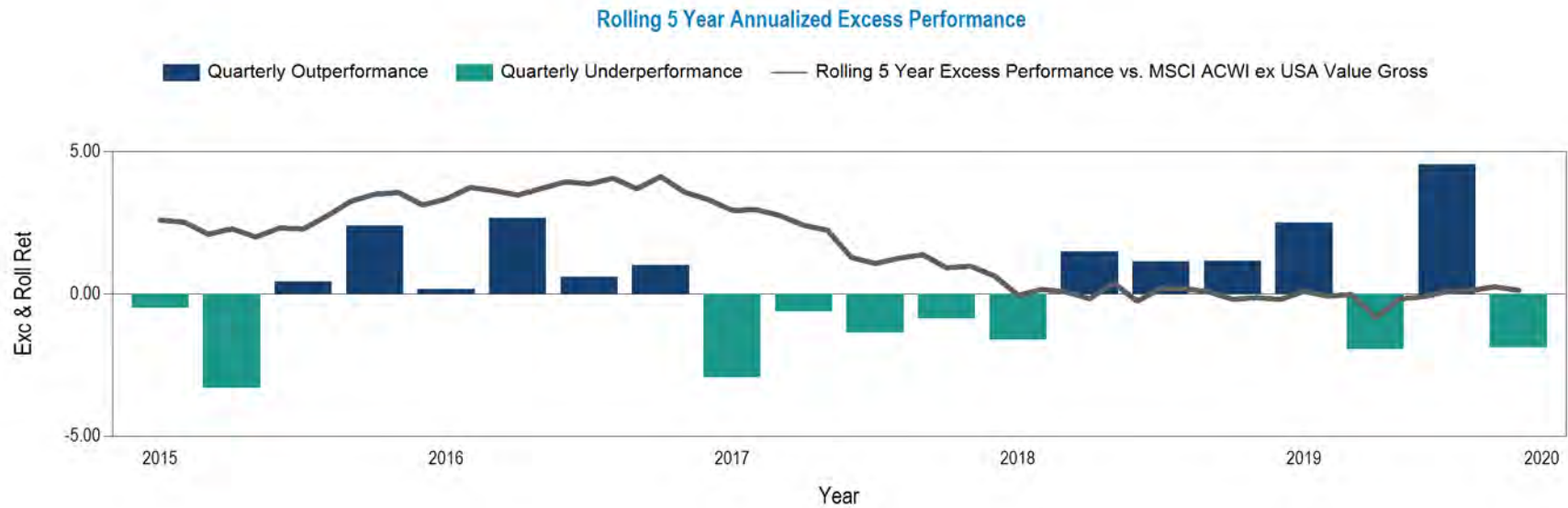
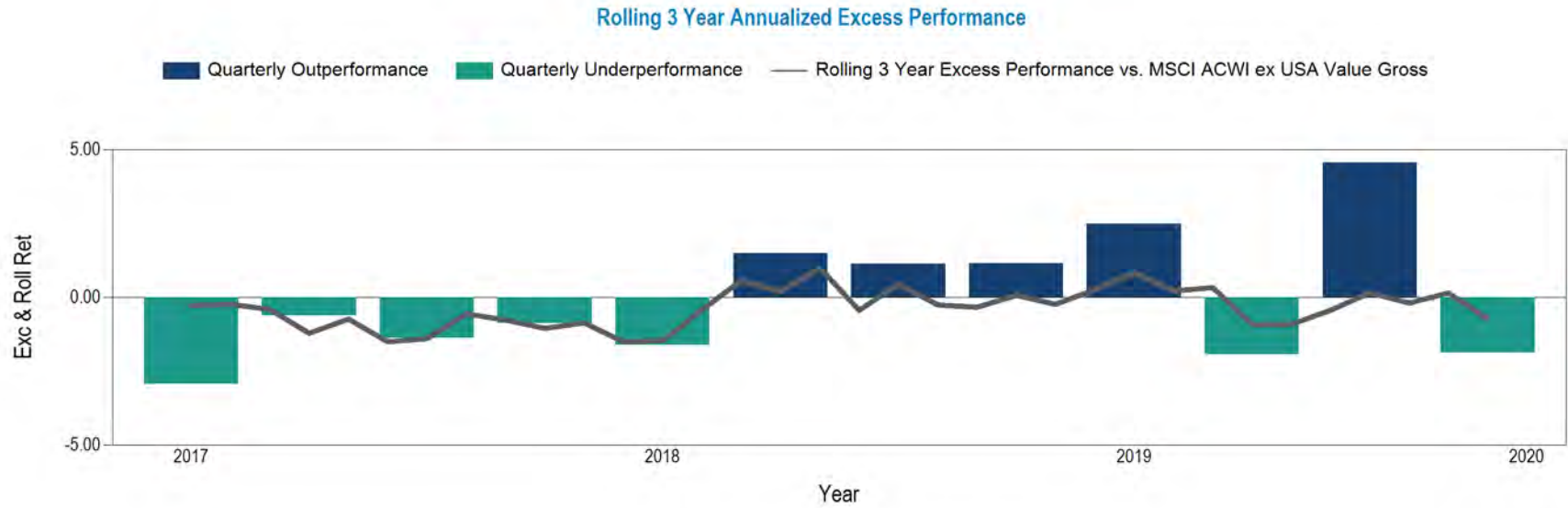


- Dodge & Cox Intl Stock
- ◆ MSCI ACWI ex USA Value Gross
- ▲ Universe Median
- 68% Confidence Interval
- eV ACWI ex-US All Cap Value Eq Gross

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

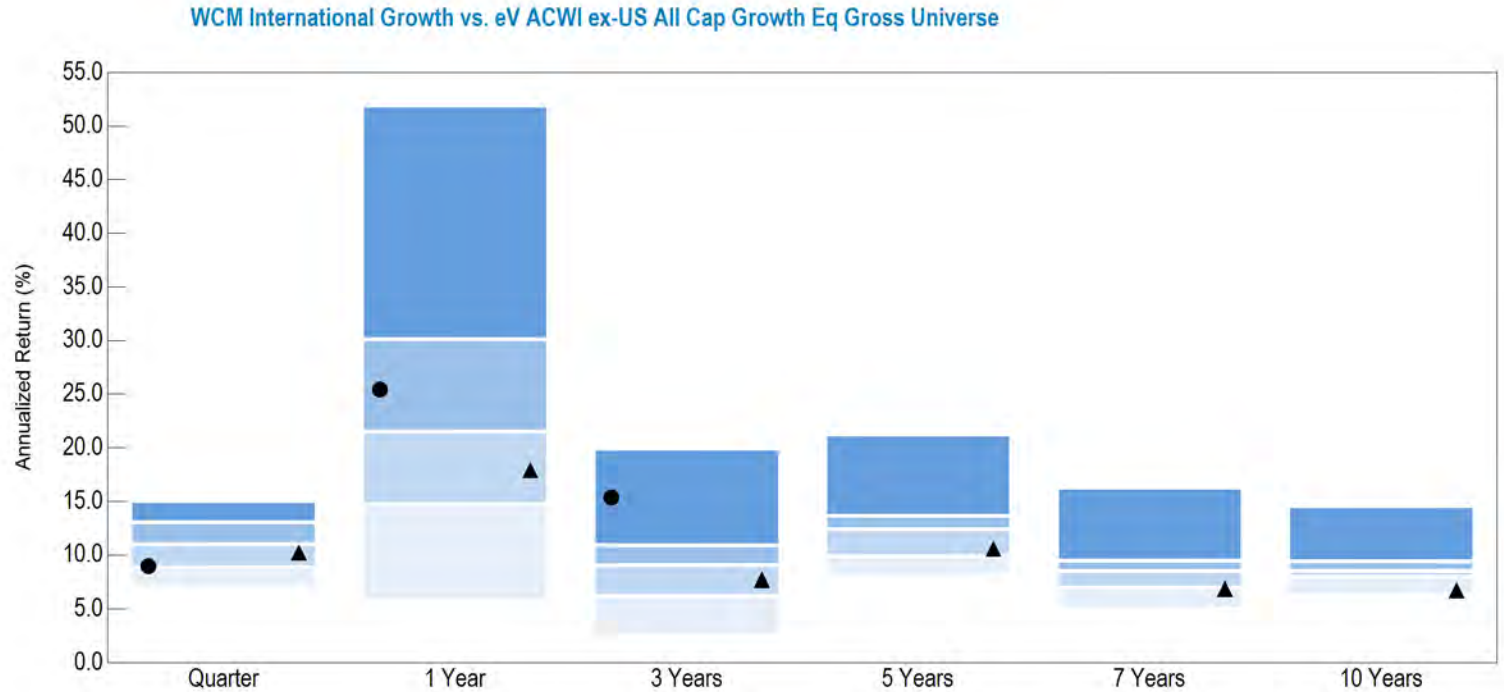


- Dodge & Cox Intl Stock
- ◆ MSCI ACWI ex USA Value Gross
- ▲ Universe Median
- 68% Confidence Interval
- eV ACWI ex-US All Cap Value Eq Gross



WCM International Growth
 Cumulative Performance Comparison (Gross of Fees)

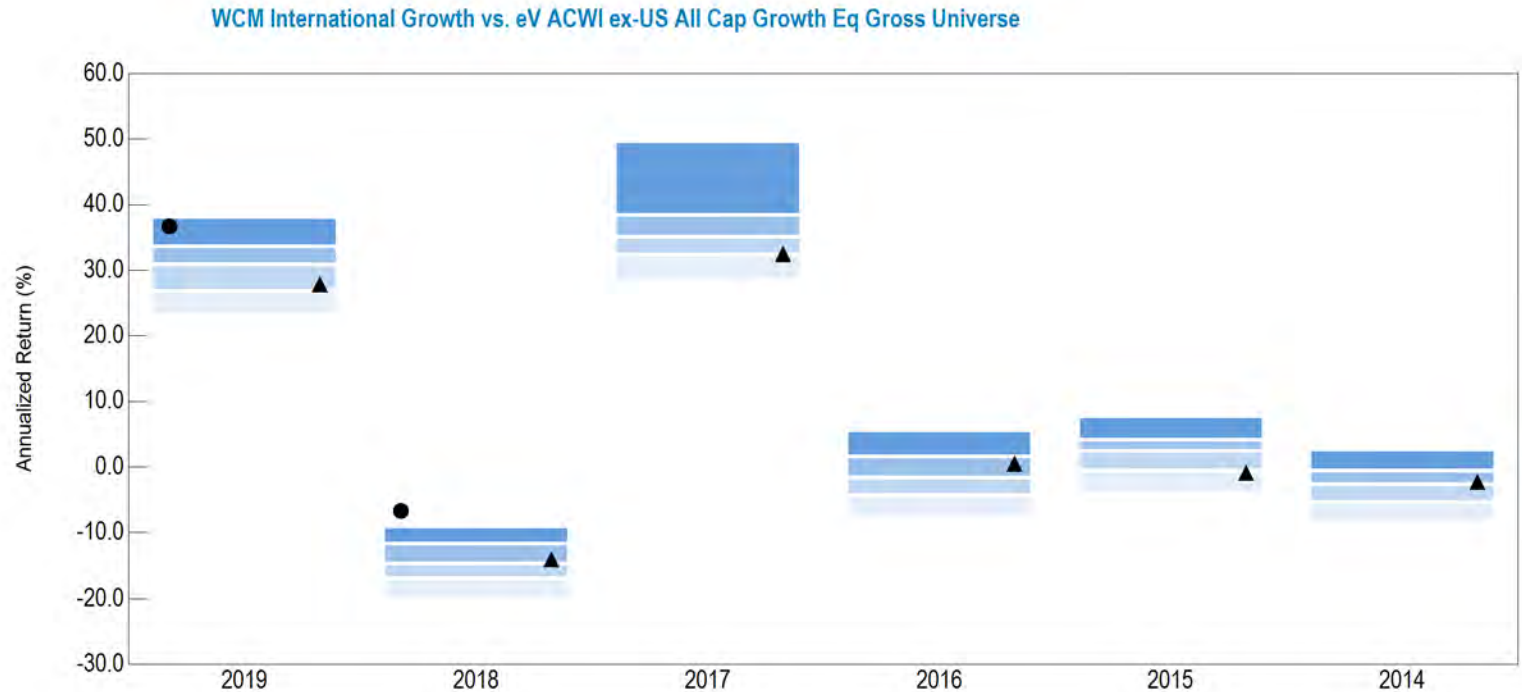
Period Ending: September 30, 2020



	Return (Rank)											
	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	15.0		51.9		19.9		21.2		16.2		14.5	
25th Percentile	13.1		30.1		10.9		13.7		9.5		9.5	
Median	11.0		21.6		9.1		12.4		8.5		8.5	
75th Percentile	8.9		14.8		6.3		9.9		7.0		8.0	
95th Percentile	7.1		5.7		2.6		8.1		5.1		6.4	
# of Portfolios	36		36		35		31		29		26	
● WCM International Growth	9.0	(74)	25.4	(34)	15.4	(13)	--	(--)	--	(--)	--	(--)
▲ MSCI ACWI ex USA Growth Gross	10.2	(61)	17.9	(57)	7.7	(62)	10.6	(64)	6.9	(77)	6.8	(91)

WCM International Growth
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: September 30, 2020



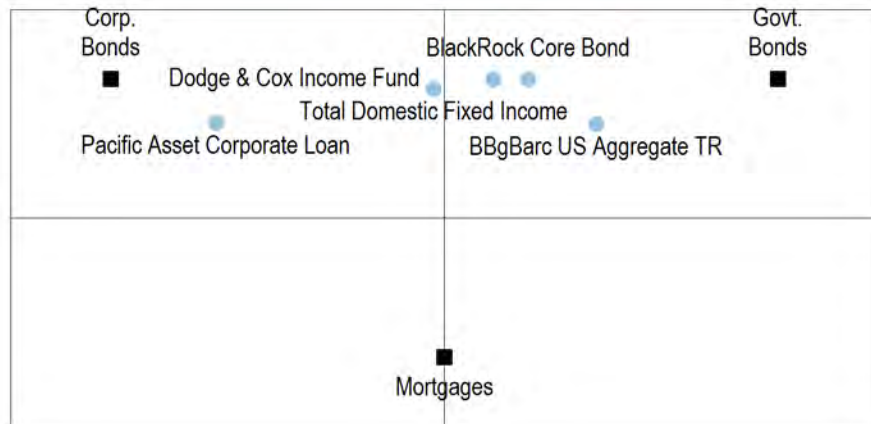
	Return (Rank)											
	2019		2018		2017		2016		2015		2014	
5th Percentile	38.1		-9.1		49.7		5.5		7.7		2.6	
25th Percentile	33.7		-11.6		38.5		1.7		4.2		-0.5	
Median	31.0		-14.6		35.2		-1.6		2.5		-2.5	
75th Percentile	26.9		-16.9		32.4		-4.2		-0.5		-5.2	
95th Percentile	23.3		-19.8		28.5		-7.7		-3.9		-8.4	
# of Portfolios	35		28		29		28		25		23	
● WCM International Growth	36.7	(11)	-6.7	(1)	--	(--)	--	(--)	--	(--)	--	(--)
▲ MSCI ACWI ex USA Growth Gross	27.8	(71)	-14.1	(50)	32.5	(70)	0.5	(37)	-0.9	(86)	-2.3	(49)

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

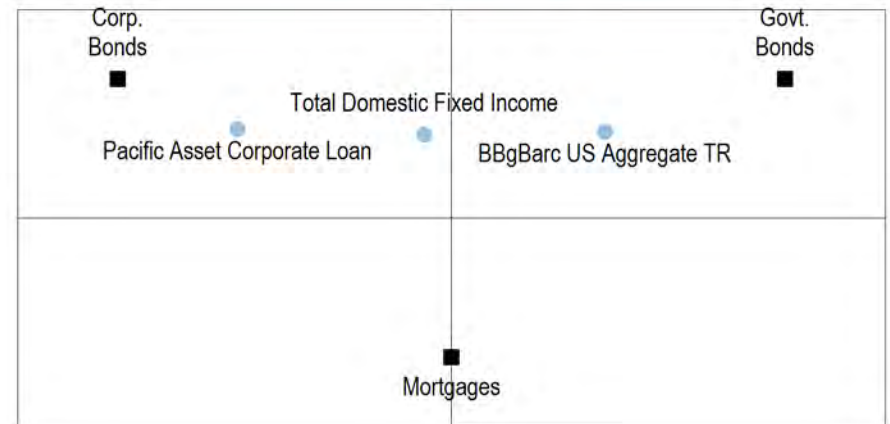
Period Ending: September 30, 2020

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Domestic Fixed Income	273,026,500	1.9	6.6	5.5	4.8	4.2	9.9	0.4	4.3	4.5	1.1
<i>BBgBarc US Aggregate TR</i>		0.6	7.0	5.2	4.2	3.6	8.7	0.0	3.5	2.6	0.6
<i>InvMetrics Public DB US Fix Inc Gross Rank</i>		19	41	17	25	29	11	55	50	49	17
BlackRock Core Bond	98,577,542	1.2	8.4	6.3	--	--	10.2	0.3	--	--	--
<i>BBgBarc US Aggregate TR</i>		0.6	7.0	5.2	--	--	8.7	0.0	--	--	--
<i>eV US Core Fixed Inc Gross Rank</i>		36	23	8	--	--	10	27	--	--	--
Dodge & Cox Income Fund	101,569,183	1.6	8.2	5.9	--	--	10.2	0.1	--	--	--
<i>BBgBarc US Aggregate TR</i>		0.6	7.0	5.2	--	--	8.7	0.0	--	--	--
<i>eV US Core Fixed Inc Gross Rank</i>		15	30	29	--	--	11	43	--	--	--
Pacific Asset Corporate Loan	72,879,775	3.2	1.5	3.8	4.7	--	9.1	1.0	4.9	9.2	2.5
<i>S&P/LSTA Leveraged Loan Index</i>		4.1	1.1	3.1	4.0	--	8.6	0.4	4.1	10.2	-0.7
<i>eV US Float-Rate Bank Loan Fixed Inc Gross Rank</i>		83	37	18	10	--	36	29	26	51	9

Fixed Income Effective Style Map
3 Years 3 Months Ending September 30, 2020



Fixed Income Effective Style Map
5 Years 3 Months Ending September 30, 2020



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

Period Ending: September 30, 2020

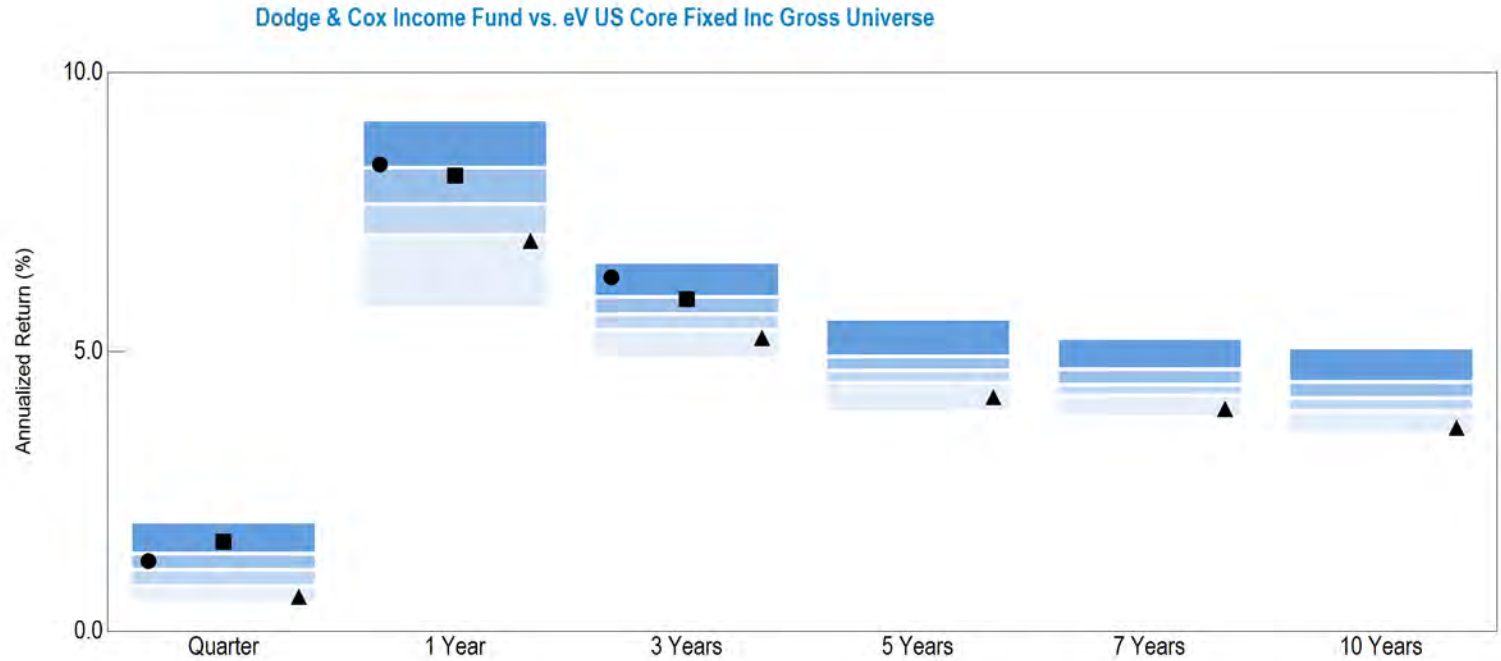
	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Domestic Fixed Income	273,026,500	1.8	6.3	5.2	4.5	3.9	9.5	0.0	3.9	4.2	0.9
<i>BBgBarc US Aggregate TR</i>		0.6	7.0	5.2	4.2	3.6	8.7	0.0	3.5	2.6	0.6
BlackRock Core Bond	98,577,542	1.2	8.0	6.0	--	--	9.9	0.1	--	--	--
<i>BBgBarc US Aggregate TR</i>		0.6	7.0	5.2	--	--	8.7	0.0	--	--	--
Dodge & Cox Income Fund	101,569,183	1.5	7.7	5.5	--	--	9.7	-0.3	--	--	--
<i>BBgBarc US Aggregate TR</i>		0.6	7.0	5.2	--	--	8.7	0.0	--	--	--
Pacific Asset Corporate Loan	72,879,775	3.1	1.2	3.4	4.3	--	8.7	0.7	4.6	8.8	2.1
<i>S&P/LSTA Leveraged Loan Index</i>		4.1	1.1	3.1	4.0	--	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	0.89	1.00	--	--	--
Dodge & Cox Income Fund	0.98	0.96	1.00	--	--
Pacific Asset Corporate Loan	0.92	0.63	0.82	1.00	--
BBgBarc US Aggregate TR	0.04	0.50	0.24	-0.35	1.00

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

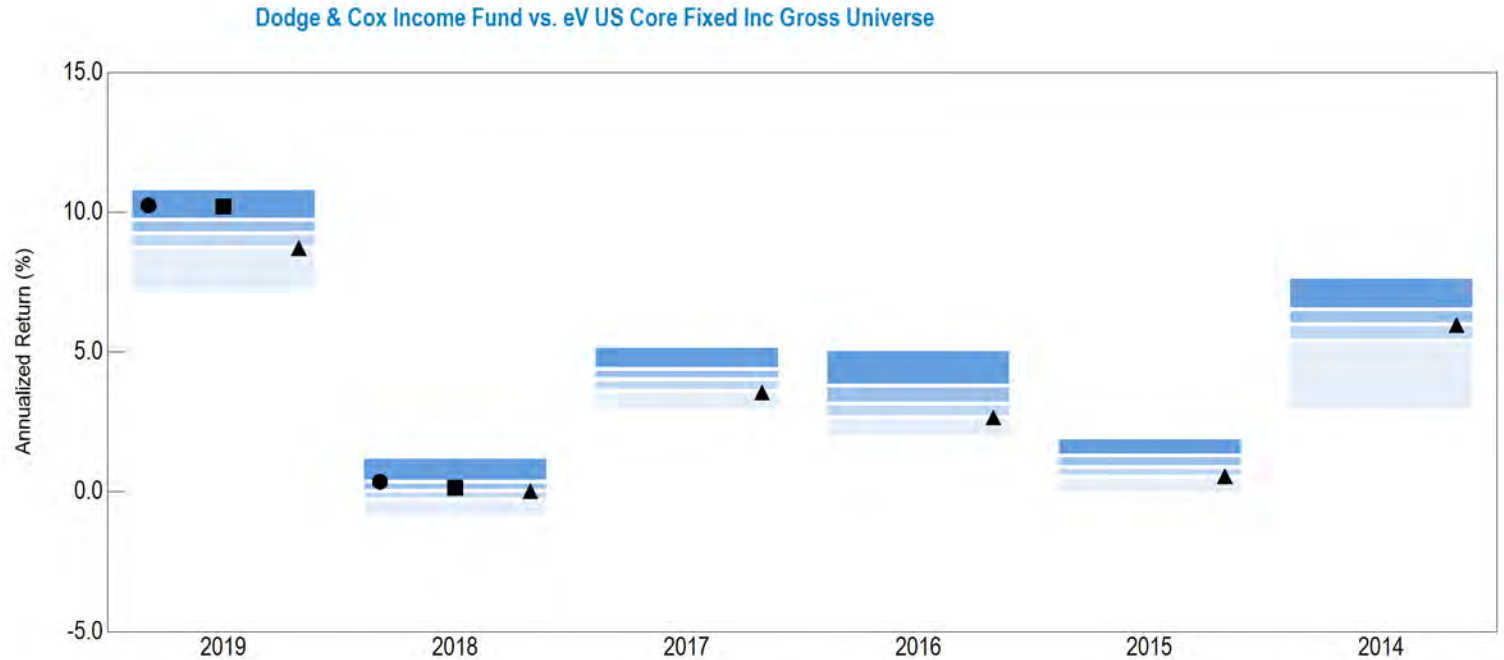
Period Ending: September 30, 2020



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	1.9		9.1		6.6		5.6		5.2		5.1	
25th Percentile	1.4		8.3		6.0		4.9		4.7		4.5	
Median	1.1		7.6		5.7		4.7		4.4		4.2	
75th Percentile	0.8		7.1		5.4		4.5		4.2		3.9	
95th Percentile	0.5		5.8		4.9		3.9		3.8		3.5	
# of Portfolios	223		223		220		216		213		207	
● BlackRock Core Bond	1.2	(36)	8.4	(23)	6.3	(8)	--	(--)	--	(--)	--	(--)
■ Dodge & Cox Income Fund	1.6	(15)	8.2	(30)	5.9	(29)	--	(--)	--	(--)	--	(--)
▲ BBgBarc US Aggregate TR	0.6	(90)	7.0	(78)	5.2	(86)	4.2	(91)	4.0	(91)	3.6	(94)

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

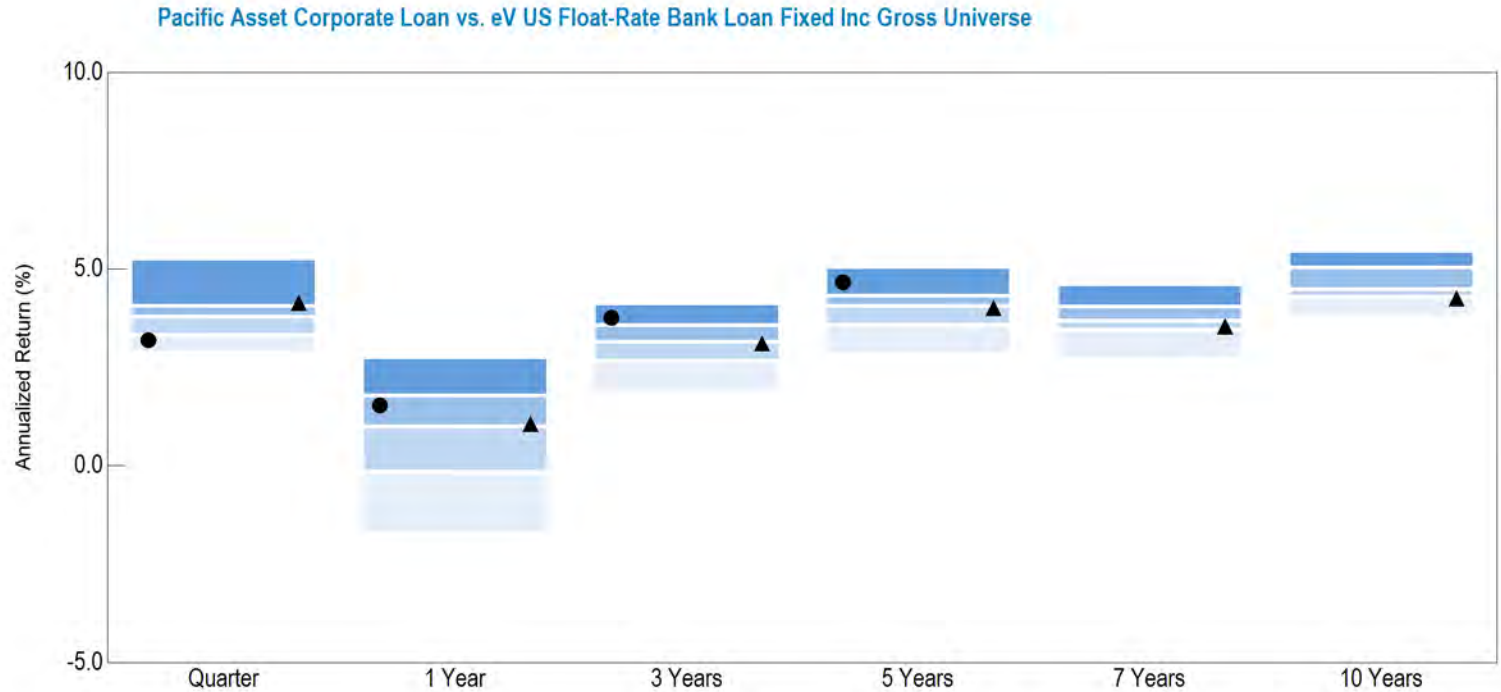
Period Ending: September 30, 2020



	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)

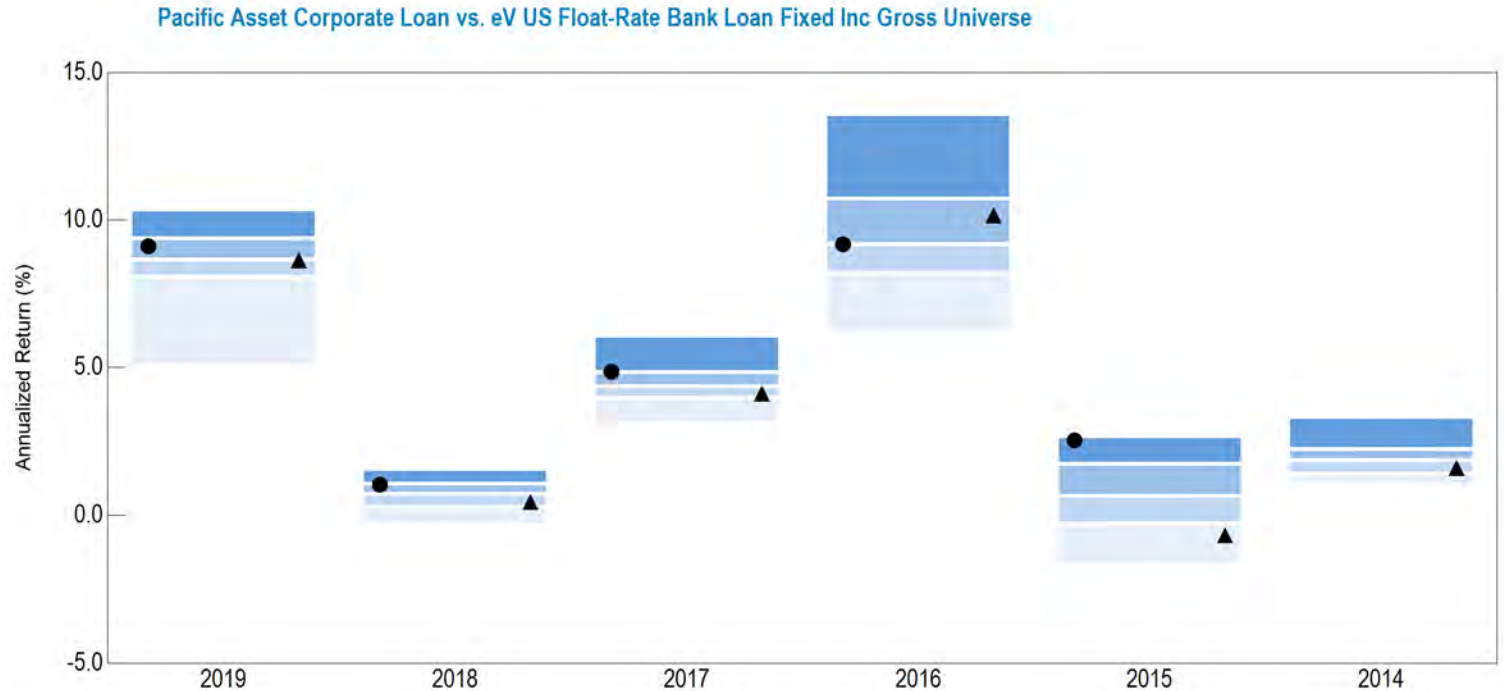
Period Ending: September 30, 2020



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	5.3		2.8		4.1		5.0		4.6		5.4	
25th Percentile	4.1		1.8		3.6		4.3		4.1		5.1	
Median	3.8		1.0		3.2		4.1		3.7		4.5	
75th Percentile	3.3		-0.1		2.7		3.6		3.5		4.3	
95th Percentile	2.9		-1.7		1.9		2.8		2.7		3.8	
# of Portfolios	78		78		75		71		65		50	
● Pacific Asset Corporate Loan	3.2	(83)	1.5	(37)	3.8	(18)	4.7	(10)	--	(--)	--	(--)
▲ S&P/LSTA Leveraged Loan Index	4.1	(24)	1.1	(50)	3.1	(54)	4.0	(54)	3.5	(67)	4.3	(78)

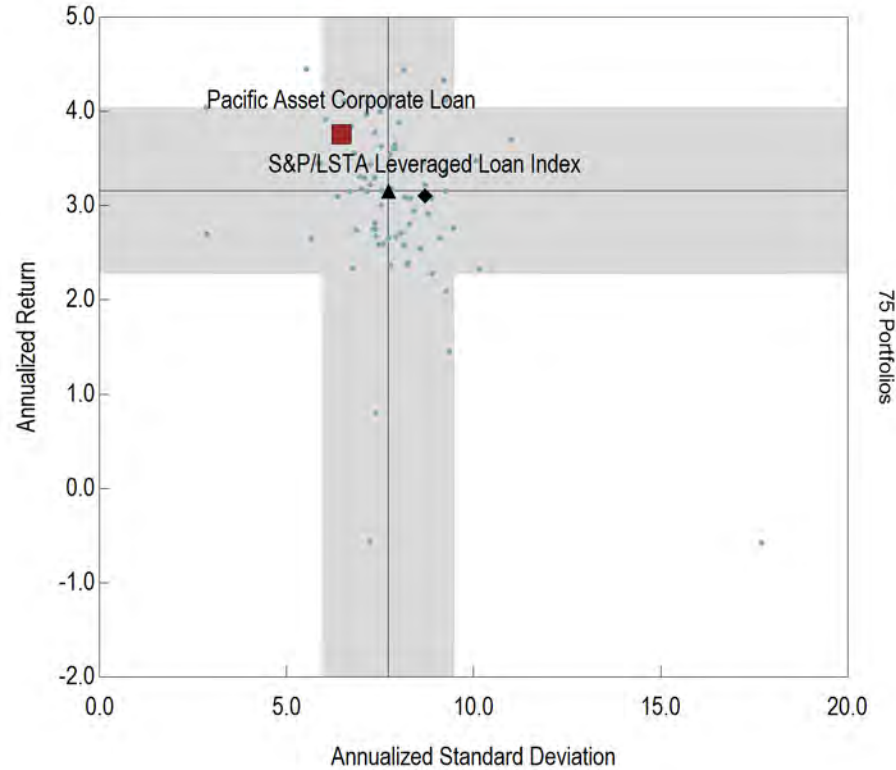
Pacific Asset Corporate Loan
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: September 30, 2020



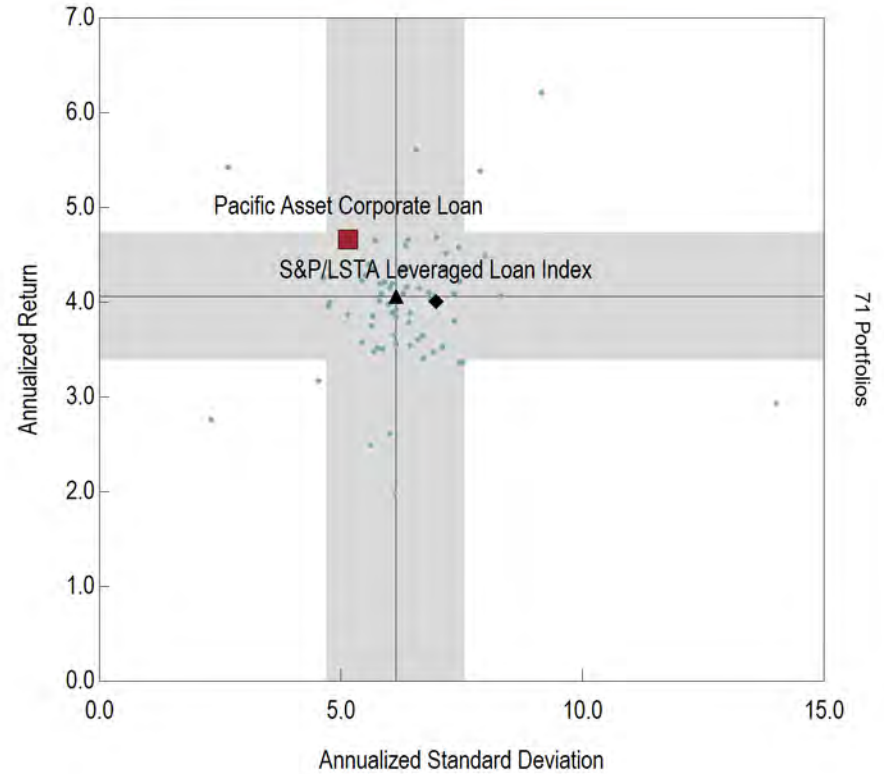
	2019		2018		2017		2016		2015		2014	
Return (Rank)												
5th Percentile	10.3		1.6		6.1		13.6		2.7		3.3	
25th Percentile	9.4		1.1		4.9		10.7		1.8		2.3	
Median	8.7		0.7		4.4		9.2		0.7		1.9	
75th Percentile	8.1		0.3		4.0		8.2		-0.3		1.4	
95th Percentile	5.1		-0.3		3.1		6.2		-1.7		1.1	
# of Portfolios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

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

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Global Fixed	134,394,386	3.8	1.6	0.0	3.3	1.5	7.4	-4.3	13.8	4.6	-10.9
<i>FTSE World Govt Bond Index</i>		2.9	6.8	4.4	3.9	1.9	5.9	-0.8	7.5	1.6	-3.6
<i>InvMetrics Public DB Gbl Fix Inc Gross Rank</i>		--	--	--	--	--	87	61	36	88	94
Brandywine Global Fixed Income	66,382,942	4.2	--	--	--	--	--	--	--	--	--
<i>FTSE WGBI ex US TR</i>		4.6	--	--	--	--	--	--	--	--	--
<i>eV All Global Fixed Inc Gross Rank</i>		29	--	--	--	--	--	--	--	--	--
Ashmore EM Blended Debt Fund	68,011,444	3.3	-3.6	--	--	--	--	--	--	--	--
<i>50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+</i>		1.7	0.3	--	--	--	--	--	--	--	--
<i>eV All Emg Mkts Fixed Inc Gross Rank</i>		20	97	--	--	--	--	--	--	--	--

Total Global Fixed
Asset Class Overview (Net of Fees)

Period Ending: September 30, 2020

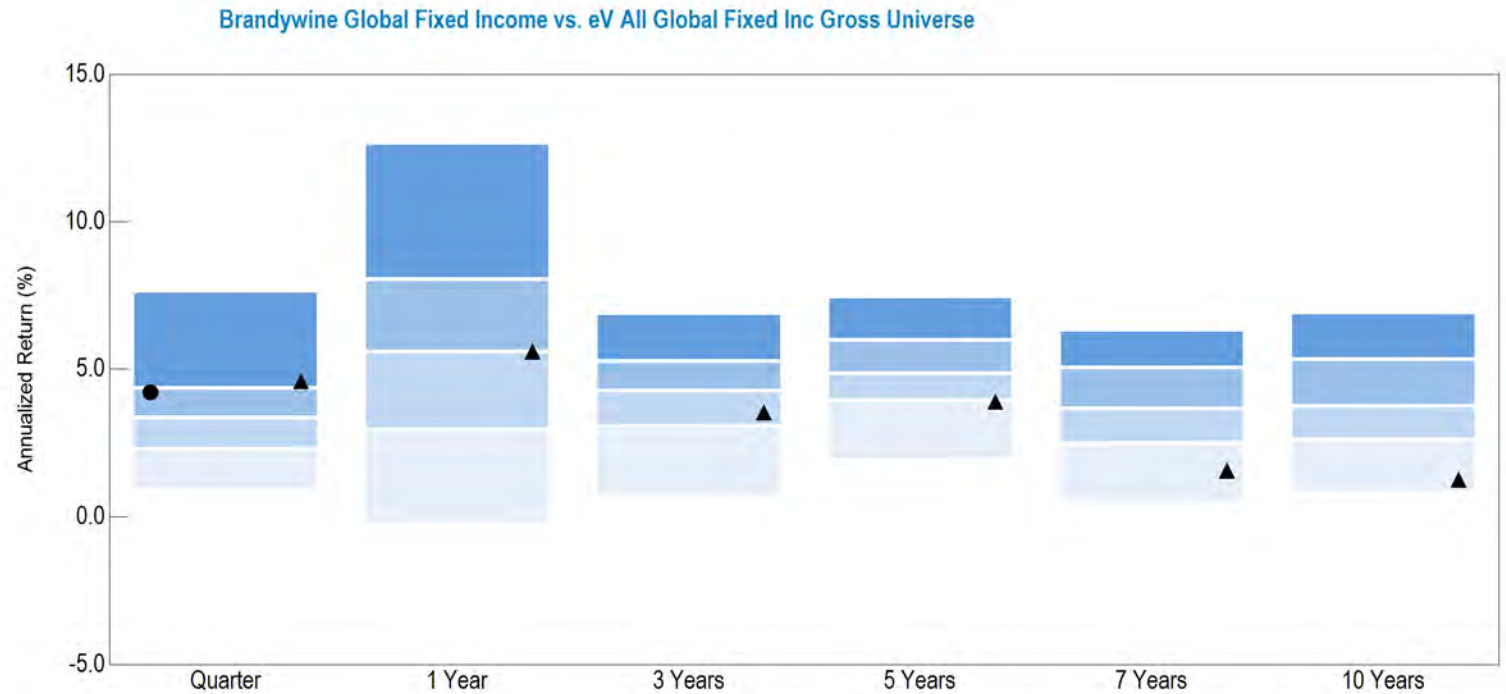
	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Global Fixed	134,394,386	3.6	1.0	-0.5	2.8	1.0	6.9	-4.7	13.3	4.1	-11.3
<i>FTSE World Govt Bond Index</i>		2.9	6.8	4.4	3.9	1.9	5.9	-0.8	7.5	1.6	-3.6
Brandywine Global Fixed Income	66,382,942	4.1	--	--	--	--	--	--	--	--	--
<i>FTSE WGBI ex US TR</i>		4.6	--	--	--	--	--	--	--	--	--
Ashmore EM Blended Debt Fund	68,011,444	3.1	-4.5	--	--	--	--	--	--	--	--
<i>50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+</i>		1.7	0.3	--	--	--	--	--	--	--	--

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	--	--	--	--
Ashmore EM Blended Debt Fund	1.00	--	1.00	--
FTSE World Govt Bond Index	-0.11	--	-0.06	1.00

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

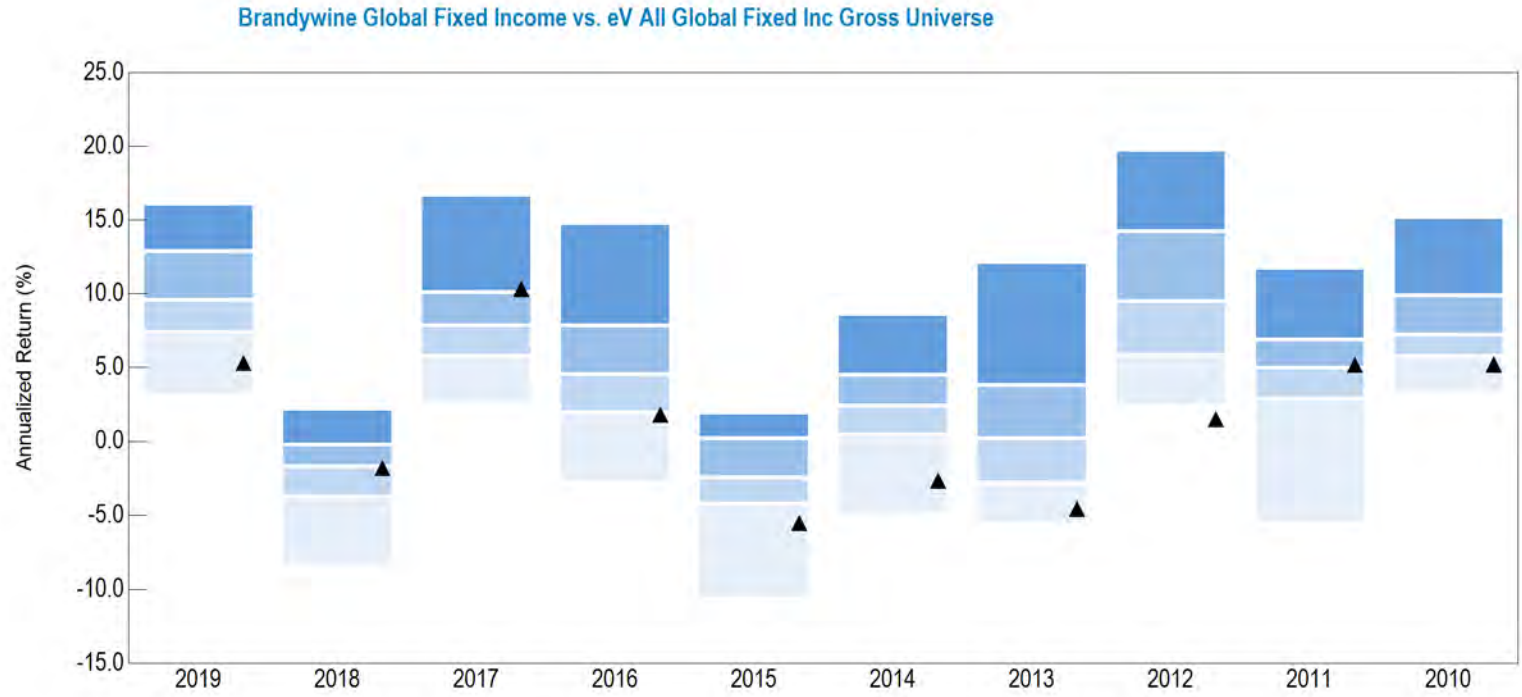
Period Ending: September 30, 2020



	Return (Rank)											
	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	7.7		12.7		6.9		7.5		6.3		6.9	
25th Percentile	4.4		8.1		5.3		6.0		5.1		5.4	
Median	3.4		5.6		4.3		4.9		3.7		3.8	
75th Percentile	2.3		3.0		3.1		4.0		2.5		2.6	
95th Percentile	0.9		-0.2		0.7		1.9		0.5		0.8	
# of Portfolios	504		504		470		437		377		275	
● Brandywine Global Fixed Income	4.2	(29)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)
▲ FTSE WGBI ex US TR	4.6	(22)	5.6	(51)	3.5	(67)	3.9	(78)	1.6	(86)	1.3	(94)

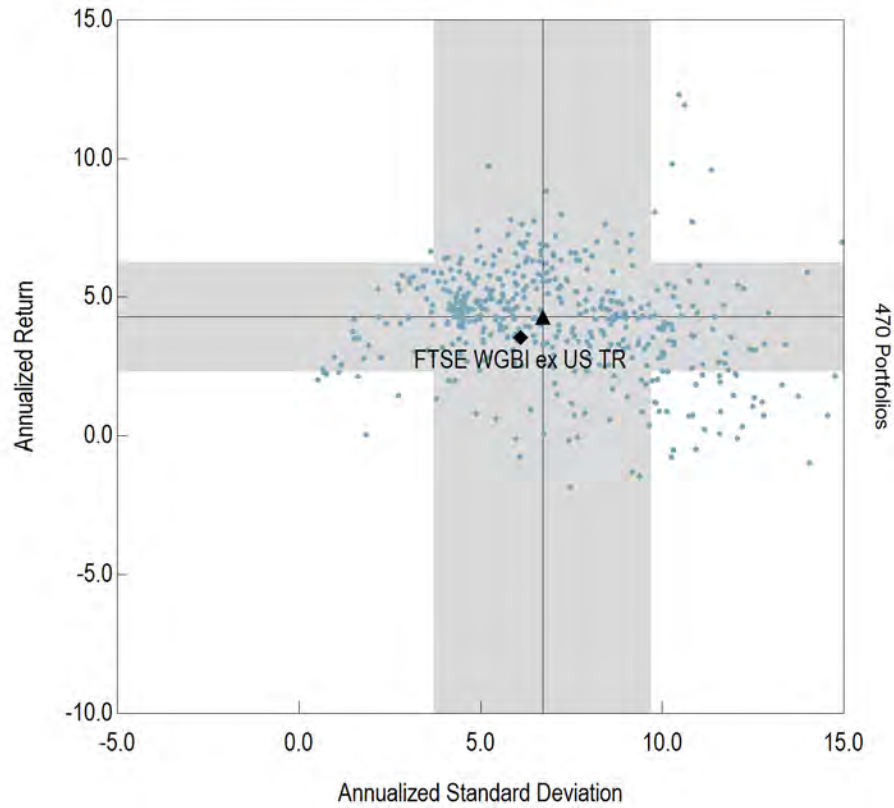
Brandywine Global Fixed Income
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: September 30, 2020



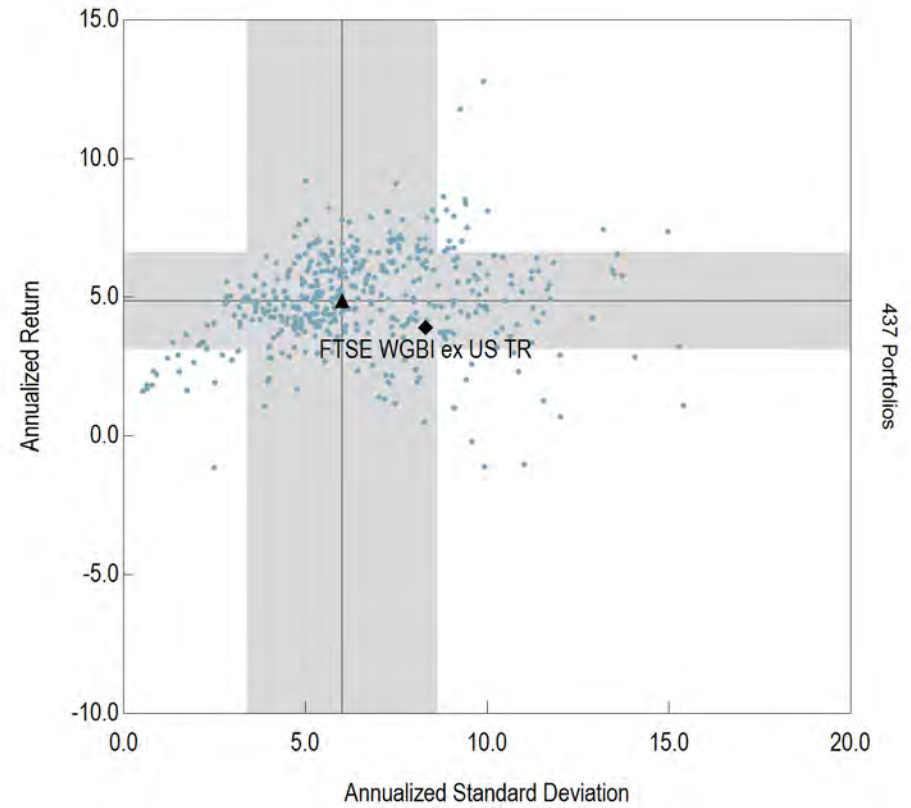
	Return (Rank)																			
	2019		2018		2017		2016		2015		2014		2013		2012		2011		2010	
5th Percentile	16.1	2.2	16.7	14.8	1.9	8.6	12.1	19.7	11.7	15.2	16.1	2.2	16.7	14.8	1.9	8.6	12.1	19.7	11.7	15.2
25th Percentile	12.9	-0.2	10.1	7.9	0.3	4.5	3.9	14.3	6.9	9.9	12.9	-0.2	10.1	7.9	0.3	4.5	3.9	14.3	6.9	9.9
Median	9.6	-1.7	7.9	4.6	-2.4	2.5	0.2	9.5	5.0	7.3	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	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	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	491	458	445	432	332	263	225	197	171	100
● Brandywine Global Fixed Income	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)
▲ 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 September 30, 2020



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

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

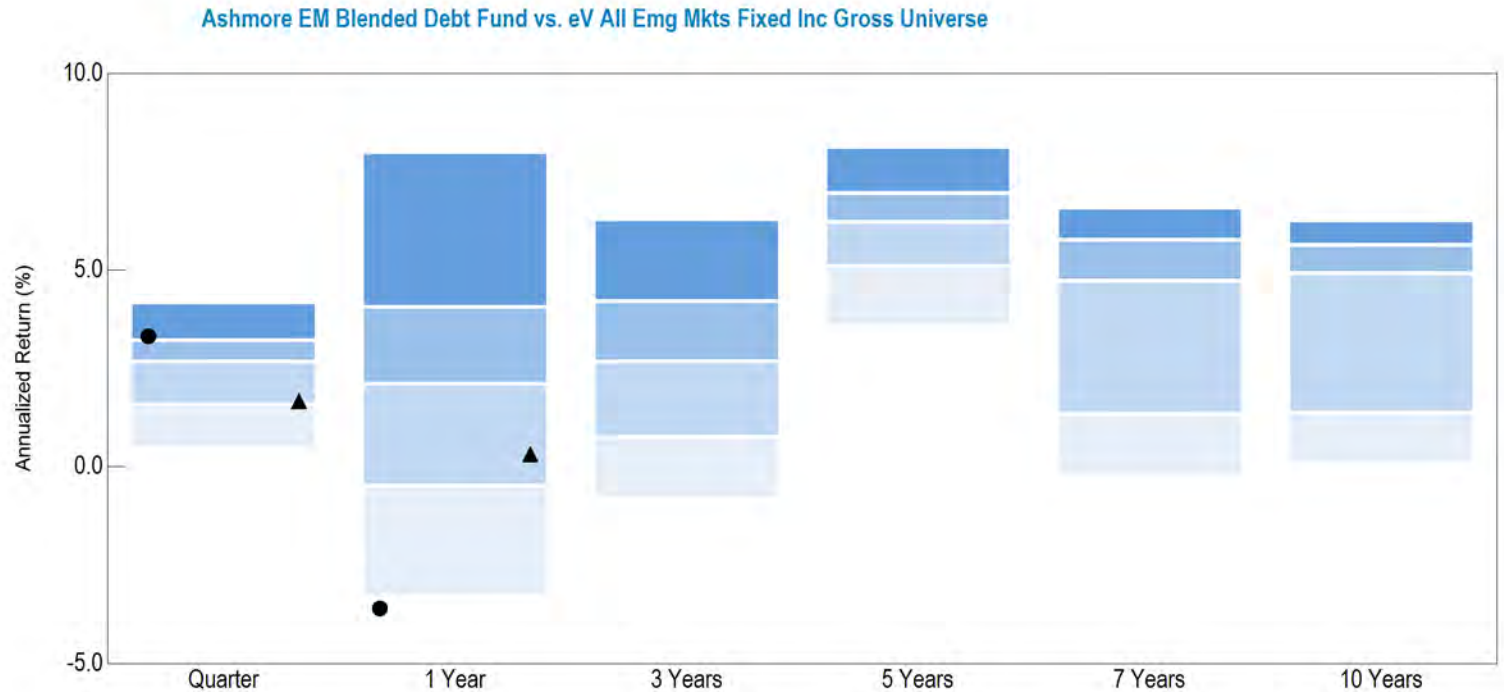


- ◆ FTSE WGBI ex US TR
- ▲ Universe Median
- 68% Confidence Interval
- eV All Global Fixed Inc Gross



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

Period Ending: September 30, 2020



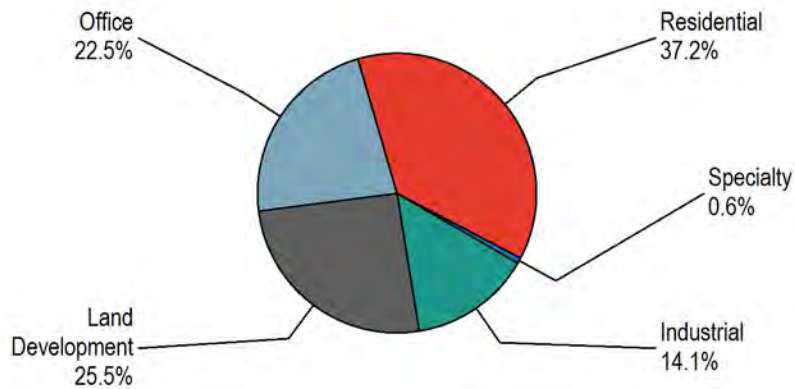
	Return (Rank)											
5th Percentile	4.2	8.0	6.3	8.1	6.6	6.3						
25th Percentile	3.2	4.1	4.2	7.0	5.8	5.6						
Median	2.7	2.1	2.7	6.2	4.7	4.9						
75th Percentile	1.6	-0.5	0.8	5.1	1.4	1.4						
95th Percentile	0.5	-3.3	-0.8	3.6	-0.2	0.1						
# of Portfolios	292	291	279	260	216	126						
● Ashmore EM Blended Debt Fund	3.3	(20)	-3.6	(97)	--	(--)	--	(--)	--	(--)	--	(--)
▲ 50% JPM EMBI GD/25% JPM GBI EM GD/25%	1.7	(75)	0.3	(68)	--	(--)	--	(--)	--	(--)	--	(--)

Total Real Estate
Asset Class Overview (Gross of Fees)

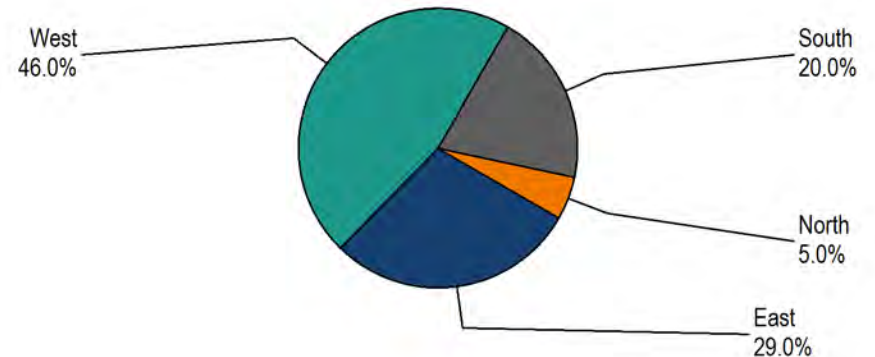
Period Ending: September 30, 2020

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Real Estate	205,814,381	-0.3	1.6	4.4	6.4	8.2	4.3	7.5	7.8	7.8	18.0
<i>NCREIF Property Index</i>		0.7	2.0	5.1	6.3	9.4	6.4	6.7	7.0	8.0	13.3
JP Morgan Core Real Estate	167,072,375	-0.2	0.9	3.5	5.4	9.8	3.4	7.0	6.1	8.4	15.2
<i>NCREIF-ODCE</i>		0.5	1.4	5.2	6.6	10.3	5.3	8.3	7.6	8.8	15.0
<i>NCREIF Property Index</i>		0.7	2.0	5.1	6.3	9.4	6.4	6.7	7.0	8.0	13.3
ARA American Strategic Value Realty	38,742,007	-0.3	5.1	7.3	--	--	7.3	9.1	7.4	--	--
<i>NCREIF-ODCE</i>		0.5	1.4	5.2	--	--	5.3	8.3	7.6	--	--
<i>NCREIF Property Index</i>		0.7	2.0	5.1	--	--	6.4	6.7	7.0	--	--

Property Type Allocation
Allocation as of September 30, 2020



Geographic Diversification
Allocation as of September 30, 2020



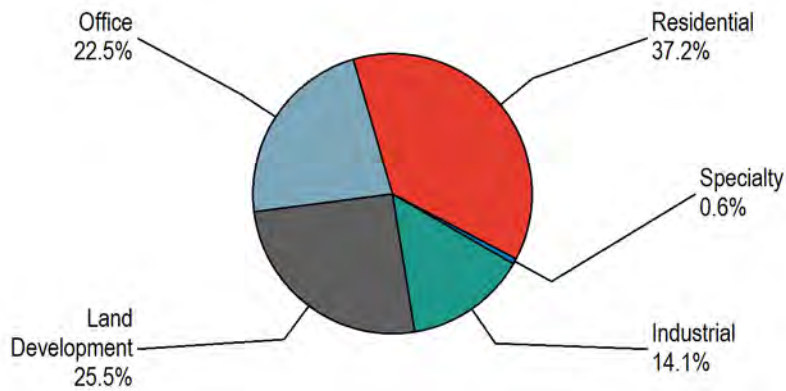
ARA American Strategic Value Realty is lagged one quarter.

Total Real Estate
Asset Class Overview (Net of Fees)

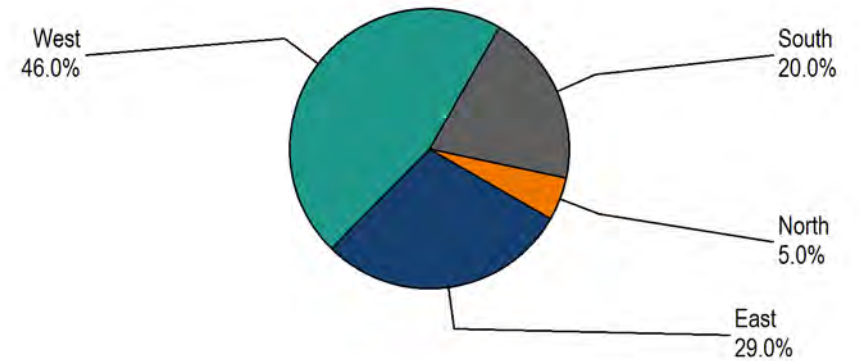
Period Ending: September 30, 2020

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019	2018	2017	2016	2015
Total Real Estate	205,814,381	-0.3	1.6	4.4	6.2	7.8	4.3	7.5	7.8	6.8	16.9
<i>NCREIF Property Index</i>		0.7	2.0	5.1	6.3	9.4	6.4	6.7	7.0	8.0	13.3
JP Morgan Core Real Estate	167,072,375	-0.2	0.9	3.5	5.1	9.1	3.4	7.0	6.1	7.3	14.1
<i>NCREIF-ODCE</i>		0.5	1.4	5.2	6.6	10.3	5.3	8.3	7.6	8.8	15.0
<i>NCREIF Property Index</i>		0.7	2.0	5.1	6.3	9.4	6.4	6.7	7.0	8.0	13.3
ARA American Strategic Value Realty	38,742,007	-0.3	5.1	7.3	--	--	7.3	9.1	7.4	--	--
<i>NCREIF-ODCE</i>		0.5	1.4	5.2	--	--	5.3	8.3	7.6	--	--
<i>NCREIF Property Index</i>		0.7	2.0	5.1	--	--	6.4	6.7	7.0	--	--

Property Type Allocation
Allocation as of September 30, 2020



Geographic Diversification
Allocation as of September 30, 2020



ARA American Strategic Value Realty is lagged one quarter.

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	Sixth Street Partners DCP	2016 ¹	TPG
Brandywine Global Fixed	6/24/2020	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
			Sixth Street Partners TAO	4/16/2020	TPG

¹Represents 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%

Other Disclosures

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: November 23, 2020

To: Board of Trustees

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

Agenda Item 18: Liquidity Portfolio Strategy and Investment Manager Selection

Recommendation:

1. Review and discuss the accompanying presentation from Scott Whalen of Verus on the Liquidity Portfolio portion of the Pension Trust Investments under the Strategic Asset Allocation (SAA) Policy adopted September 28, 2020.
2. Approve the hiring of PIMCO to be investment manager of the Short Duration Government/Investment Grade allocation in the Liquidity Portfolio using **PIMCO's Low Duration Fully Restricted** fund.

Background:

The Pension Trust amended its SAA policy September 28, 2020 to include, among other changes, an allocation to a Liquidity Sub-Portfolio of 10% of total assets. The purpose of the Liquidity Portfolio is to provide a steady source of liquidity for approximately 1.5 to 2.0 years of gross retirement benefits. The Liquidity Portfolio balances an increase in higher expected return, but illiquid, private market investments in the Growth Sub-Portfolio of the fund.

The SAA policy specifies that the Liquidity Portfolio will be allocated –

Cash Equivalents	4%
Short Term Investment Funds (STIF)	
SLO County Treasury (3 months of benefits)	
Short Duration Government/ Investment Grade bonds	6%

The Cash Equivalents portion of the Liquidity Portfolio is invested in the STIF funds at the Pension Trusts custodian bank or in the San Luis Obispo County Treasury fund in a segregated account. The SLO Treasury fund is where plan sponsor contributions are received. Pas policy and the current SAA policy specify that 3 months of retirement benefits are to be retained in the SLO Treasury fund. The SLO Treasury fund is managed by the SLO County Treasurer's office and earns a competitive rate of return for very low risk investments. Traditionally this reservation of funds in the SLO Treasury is also an operational risk mitigation in that the very unlikely event of custodian bank operational disruptions is less likely to create a short term liquidity problem for the payment of monthly retirement benefits.

The Short Duration portion of the Liquidity Portfolio is planned to be managed by a separate Investment Manager (IM) with broader expertise in the short-term fixed income markets. The risk and return expectations for this allocation remain low given the overriding purpose of providing reserve liquidity. However, it is expected to provide a modest return above that available in STIF funds.

The attached presentation material from Verus details their research on six recommended IMs for the Short Duration Govt./IG role. Verus maintains in-depth research on numerous IMs and the six presented here are all highly competent and recommended for the Short Duration Govt./IG assignment.

The recommendation of Verus and Staff is to select the PIMCO Low Duration Fully Restricted strategy for this allocation. PIMCO is a well-established firm with a proven philosophy and process that has produced positive results across a wide range of fixed strategies. The Low Duration fund has delivered highly competitive risk-adjusted returns since its inception more than 30 years ago. Verus and Staff further recommend the institutional mutual fund version of the fund (Ticker: "PLDTX"), which is offered at 50 basis points. In the future, as the mandate is funded and the allocation meets the minimum threshold for a separate account, we may consider changing to a separate account structure to reduce fees.

Respectfully submitted,



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



NOVEMBER 2020

Shor Duration Fixed Income Manager Search

San Luis Obispo County Pension Trust

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Manager overview

Manager comparison

	SIT: Short Dur	IR+M 1-3 Year	Insight: US ST Fix	WAMCO: US ST Const	BlackRock: SD (1-3)	PIMCO: LD Full Rest
FIRM OWNERSHIP	96% employee owned	100% employee owned	100% owned by BNY Mellon	100% owned by Franklin Templeton	Publicly traded (NYSE:BLK)	Wholly owned subsidiary of Allianz Global
FIRM NAME	Sit Investment Associates, Inc.	Income Research & Management	Insight Investment	Western Asset Management Company, LLC	BlackRock	PIMCO
PRODUCT NAME	Short Duration	IR+M 1-3 Year	US Short Term Fixed Income	WA US Short Duration Constrained	Short Duration (1-3 Year)	Low Duration - Fully Restricted
FIRM TOTAL AUM (\$MM)	\$13,991	\$81,304	\$908,746	\$479,825	\$7,808,497	\$2,022,172
STRATEGY AUM (\$MM)	\$2,596	\$2,494	\$6,788	\$5,249	\$71,333	\$9,394
INCEPTION DATE	Dec-90	Dec-88	Jan-05	Apr-06	Nov-97	Nov-89
Benchmark	Bloomberg Barclays US 1-3 Yr Government	Bloomberg Barclays US 1-3 Yr Treasuries	ICE BofAML 1-3 Year US Treasury	ICE BofAML 1-3 Year US Treasury	ICE BofAML 1-3 Year US Treasury	ICE BofAML 1-3 Year US Treasury
INVESTMENT APPROACH	Fundamental	Fundamental	Top-Down Bottom-Up	Fundamental	Fundamental	Top-Down Bottom-Up
SCREENING APPROACH	Bottom-Up	Bottom-Up	Combined	Combined	Bottom-Up	Combined

Fees

Vehicle Type	Sit	IR&M	Insight	WAMCO	BlackRock	PIMCO
Separate Account	1 st \$20mm: 40 bps Nxt \$30: 30 bps Negotiable for accounts over \$50mm	1 st \$50mm: 25 bps Nxt \$50: 15 bps 10 bps thereafter \$50mm min. inv.	1 st 150: 5bps 3bps thereafter \$100m min fee	1 st \$100mm: 25bps 12.5bps thereafter	1 st \$100mm: 13bps Nxt \$150: 10bps Nxt \$150: 8bps Nxt \$500: 6bps 5bps thereafter \$100mm min. inv. \$150m min fee	1 st \$100mm: 20bps Nxt \$150: 15bps Nxt \$150: 12.5bps 10bps thereafter \$75mm min. inv.
Commingled Fund	35 bps \$1mm min. inv. Negotiable for accounts over \$50mm	25 bps \$5mm min. inv.				
Mutual Fund					44bps Ticker: CLDBX	50bps Ticker: PLDTX

Strategy overview

SIT

The objective of the SIT's Short Duration Strategy is to outperform the Barclays 1-3 Year Government Index over an interest rate cycle with less return volatility. Relative incremental value is achieved primarily through sector rotation and individual security selection. Gradual shifts in portfolio duration within a range of one to three years are made in concert with their current economic outlook and interest rate forecast. The strategy focuses on "seasoned" high-coupon agency MBS securities that provide higher income/yield than other comparable short duration securities. Sit has developed analytic tools to effectively model the risk/reward of these complex securities.

IR&M

IR&M's investment philosophy is based on the belief that careful security selection and active portfolio risk management will lead to superior returns over the long-term. Portfolios are constructed using a disciplined, bottom-up approach applied to a variety of investment grade fixed income sectors. IR&M believes that predicting the timing, direction, and magnitude of future interest rate changes is very difficult to consistently get right. As such, they keep duration and yield curve exposure neutral to the benchmark. This philosophy has remained consistent since the inception of the firm.

Insight

Insight's fixed income investment philosophy focuses on the delivery of consistent performance by virtue of two key investment principles: precision and diversification. Insight believes in building portfolios that precisely target sources of added value that reflect their prevailing investment views. This means that when they assess investment opportunities, they seek to include only those elements of market risk they consider attractive and aim to eliminate unintended risks. Insight also believes steady and superior long-term portfolio returns are generated by covering a wide range of fixed income investment opportunities as opposed to a narrow focus on any particular source of added value. These diversified sources of added value include market allocation, duration and yield curve management, credit strategy and security and currency selection.

Strategy overview (cont'd)

BlackRock

BlackRock's investment philosophy centers on the overarching objective to generate consistent, attractive risk-adjusted returns across all market environments leveraging market insights, proprietary analytics, and the expertise of the portfolio management team. They apply a diversified relative-value approach that seeks to generate alpha utilizing three alpha sources: macro alpha, security alpha, and portfolio alpha, and they actively allocate to each alpha source based on their best ideas or highest information ratio strategies. The Team uses this flexible approach to maximize income through diversified exposure to the best risk-adjusted return opportunities across the short-term fixed income spectrum.

WAMCO

The investment philosophy of Western Asset is long-term fundamental value investing, using multiple diversified strategies. This investment philosophy has not changed since Western Asset's founding and is consistently implemented across all the firm's investment strategies. Prices can deviate from fundamental fair value, but over time, and Western Asset believes they can systematically identify mispricings. They do this by comparing prices to the fundamental fair values estimated by its macroeconomic and credit research teams around the globe. The greater the difference between the firm's view of fair value and markets' pricing, the bigger the potential value opportunity. Western Asset seeks to diversify investments and add value across interest rate duration, yield curve, sector allocation, security selection, country and currency strategies. Western Asset deploys multiple diversified strategies that benefit in different environments so no one strategy dominates performance, helping to dampen volatility.

PIMCO

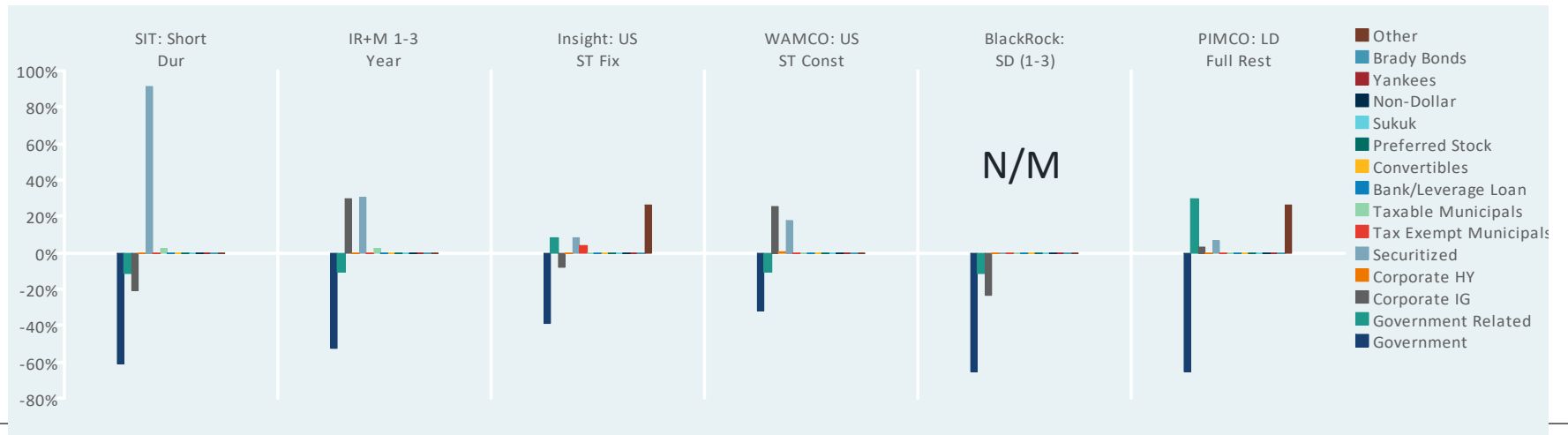
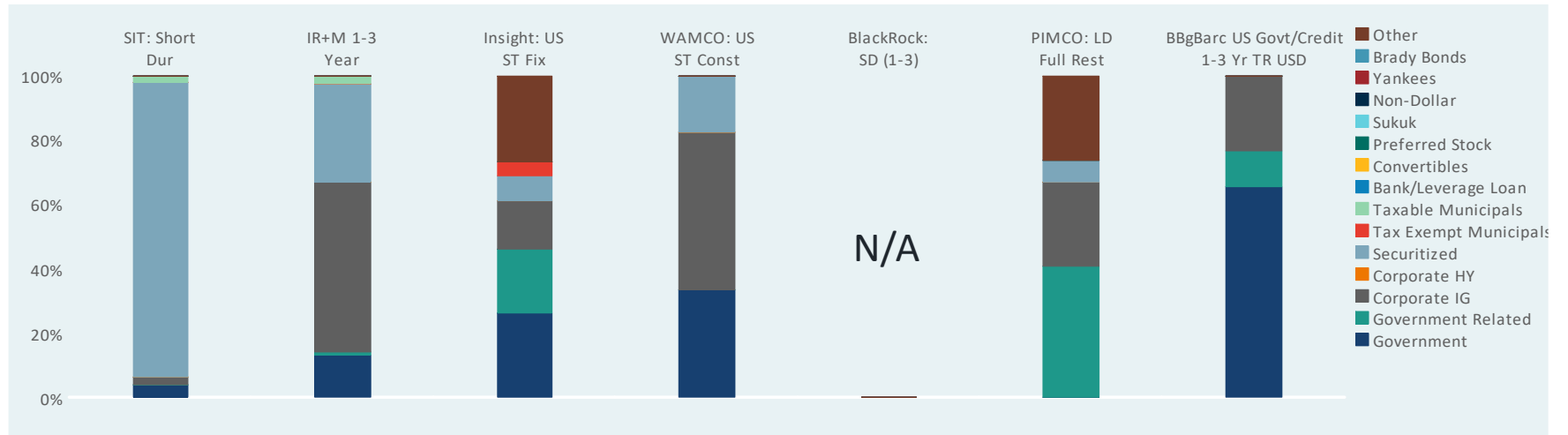
PIMCO's Low Duration philosophy revolves around the principle of diversification. They believe no single risk should dominate returns. PIMCO seeks to add value through the use of "top down" strategies such as their exposure to interest rates, or duration, changing volatility, yield curve positioning and sector rotation. "Bottom up" strategies are also employed involving analysis and selection of specific securities.

Performance summary - as of August 2020

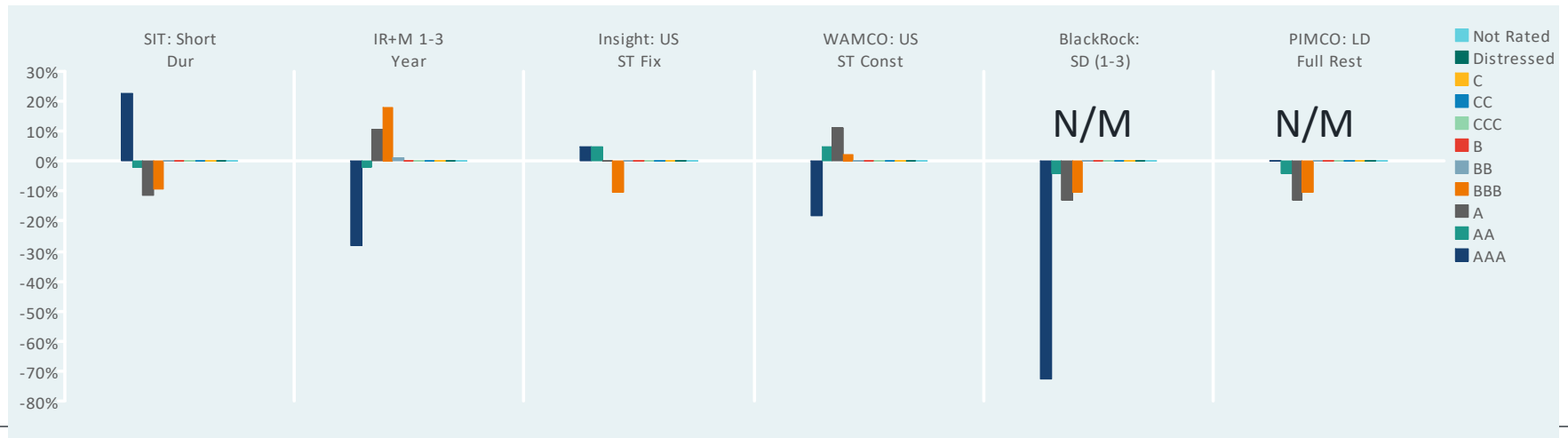
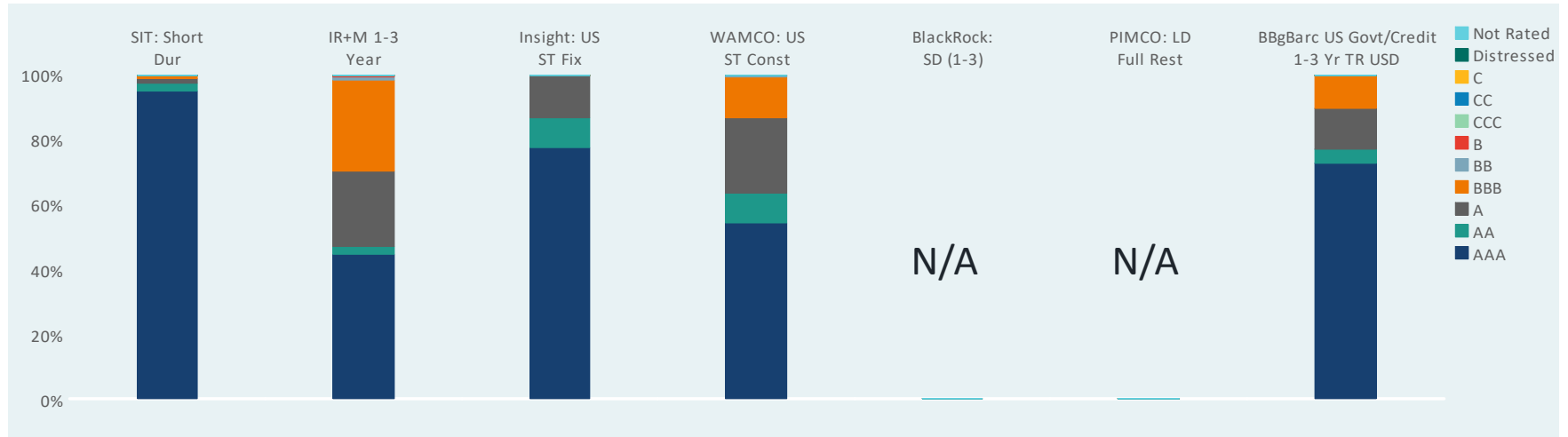
	SIT: Short Dur	IR+M 1-3 Year	Insight: US ST Fix	WAMCO: US ST Const	BlackRock: SD (1-3)	PIMCO: LD Full Rest	BBgBarc US Govt/Cred 1-3 Yr TR USD
PERFORMANCE ANALYSIS - (5 Years)							
Alpha %	0.3	0.3	0.1	0.6	0.3	0.7	0.0
Beta	1.7	1.1	0.9	1.0	1.1	0.8	1.0
R-squared %	81.0	68.4	95.5	78.3	71.7	75.7	100.0
Sharpe Ratio	1.1	1.2	1.2	1.5	1.1	1.8	1.1
Treynor Ratio	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tracking Error %	1.0	0.7	0.2	0.5	0.6	0.4	0.0
Annualized Std Dev %	1.8	1.2	0.9	1.0	1.1	0.8	1.0
Information Ratio	1.0	0.7	0.1	1.2	0.5	1.0	---
Max Drawdown %	-1.2	-0.8	-0.4	-0.4	-0.8	-0.4	-0.7
Calmar Ratio	2.6	3.2	5.0	6.4	3.2	6.7	3.1
Excess Ann. Return %	1.0	0.5	0.0	0.6	0.3	0.5	0.0
PERFORMANCE TO DATE							
1 Year	4.0	4.7	3.9	3.4	4.0	4.4	3.7
3 Year	3.8	3.3	2.9	3.3	3.2	3.2	2.8
5 Year	3.2	2.6	2.2	2.8	2.5	2.6	2.2
7 Year	3.3	2.3	1.9	2.3	2.2	2.2	1.8
10 Year	3.3	2.2	1.6	1.9	2.0	1.9	1.6
Common Inception (Apr-06)	4.5	3.4	2.6	2.8	3.2	3.1	2.6
CALENDAR YEAR RETURNS							
2019	5.1	4.3	3.7	4.9	4.5	3.8	4.0
2018	2.4	1.7	1.8	2.0	1.7	1.8	1.6
2017	1.7	1.2	0.9	1.9	1.4	1.8	0.8
2016	2.2	1.7	1.0	2.0	1.4	1.7	1.3
2015	2.9	1.0	0.9	0.9	1.0	0.6	0.7
2014	4.0	1.2	1.2	1.0	1.1	1.1	0.8
2013	-0.3	1.0	0.3	0.7	0.7	0.2	0.6
2012	4.1	3.4	1.4	1.8	2.4	2.1	1.3
2011	5.1	2.7	1.8	1.2	2.7	1.9	1.6
2010	6.9	3.9	2.0	2.1	3.6	4.6	2.8

Style analysis

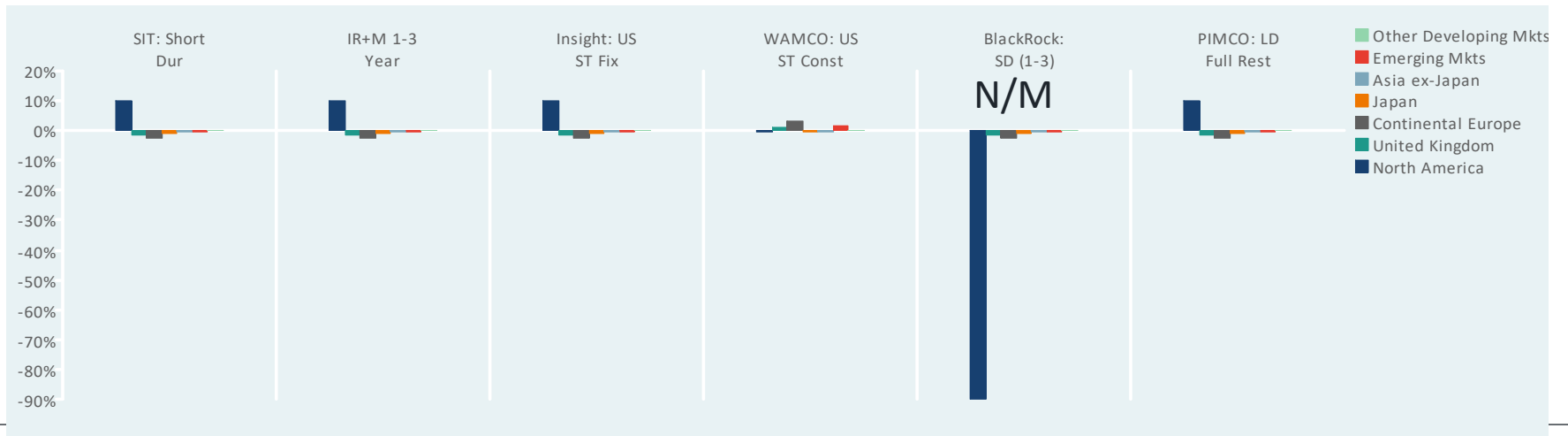
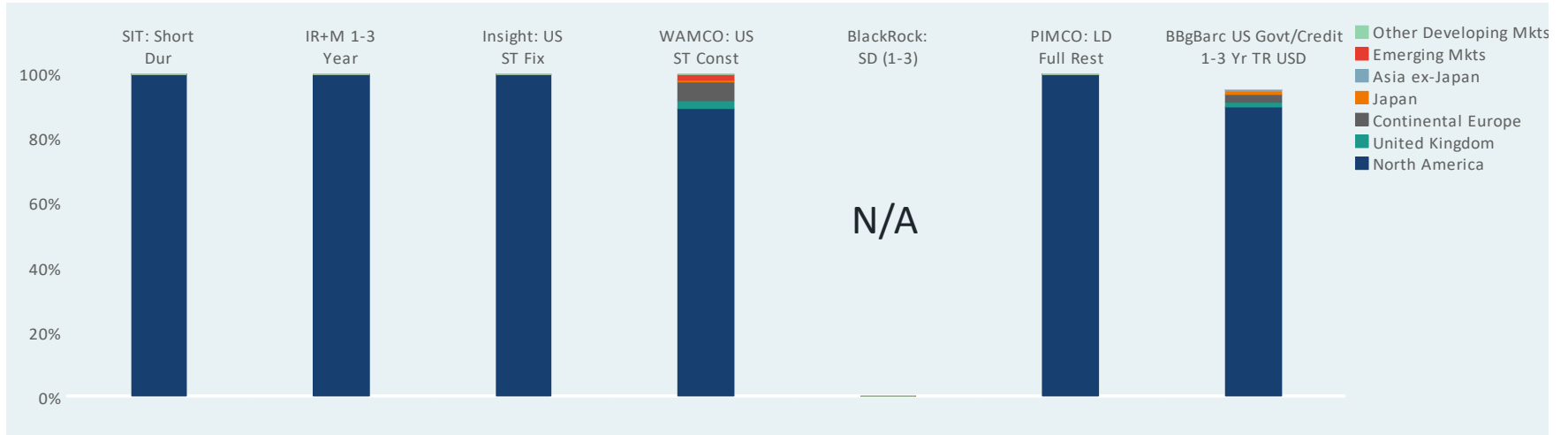
Fixed income sector exposure



Fixed income quality exposure



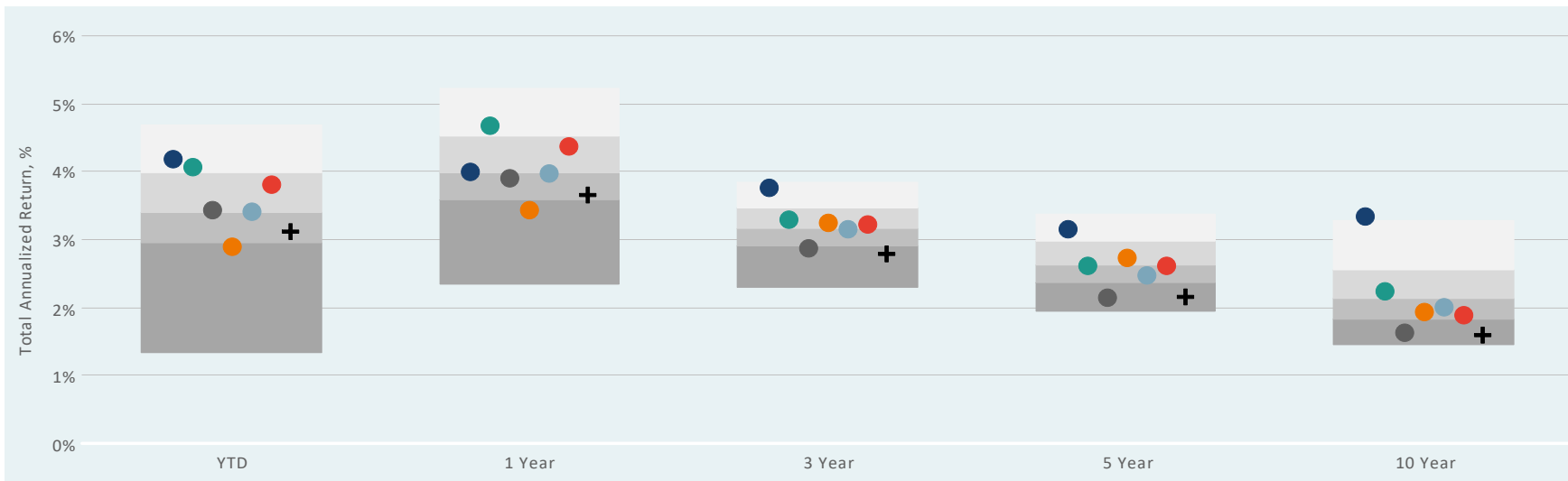
Regional exposure



Performance and risk

Performance comparison - as of August 2020

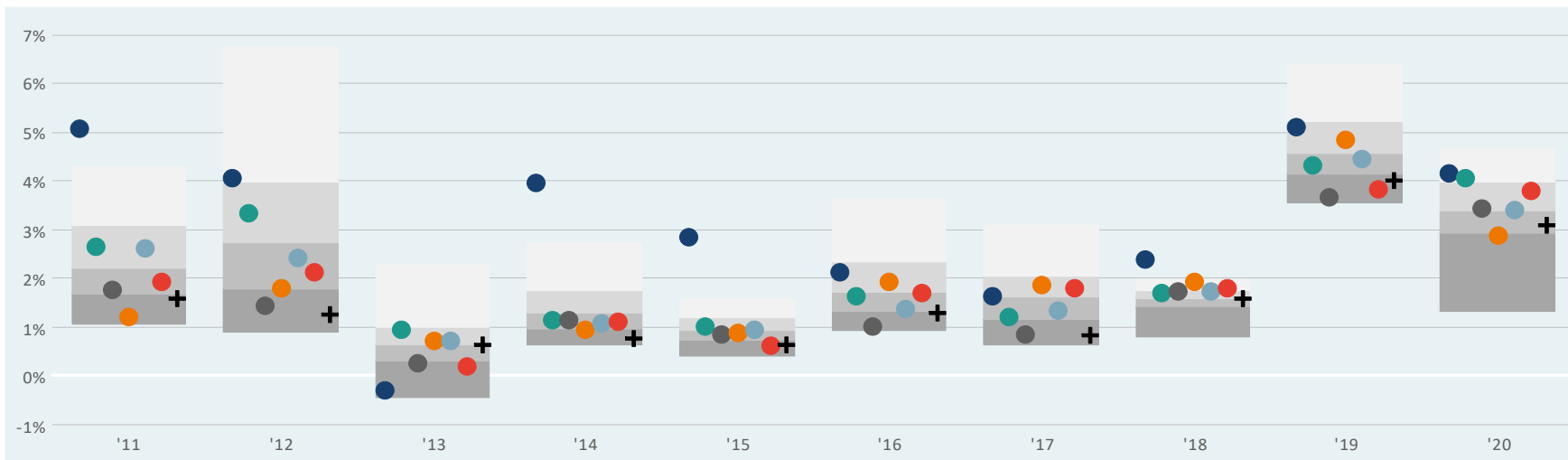
- SIT: Short Dur
- IR+M 1-3 Year
- Insight: US ST Fix
- WAMCO: US ST Const
- BlackRock: SD (1-3)
- PIMCO: LD Full Rest
- + BBgBarc US Govt/Credit 1-3 Yr TR USD



EXCESS ANNUALIZED RETURN TO DATE, %	YTD	1 Year	3 Year	5 Year	10 Year
SIT: Short Dur	1.1	0.4	1.0	1.0	1.8
IR+M 1-3 Year	1.0	1.0	0.5	0.5	0.7
Insight: US ST Fix	0.3	0.3	0.1	0.0	0.0
WAMCO: US ST Const	-0.2	-0.2	0.5	0.6	0.3
BlackRock: SD (1-3)	0.3	0.3	0.4	0.3	0.4
PIMCO: LD Full Rest	0.7	0.7	0.4	0.5	0.3

Calendar year performance

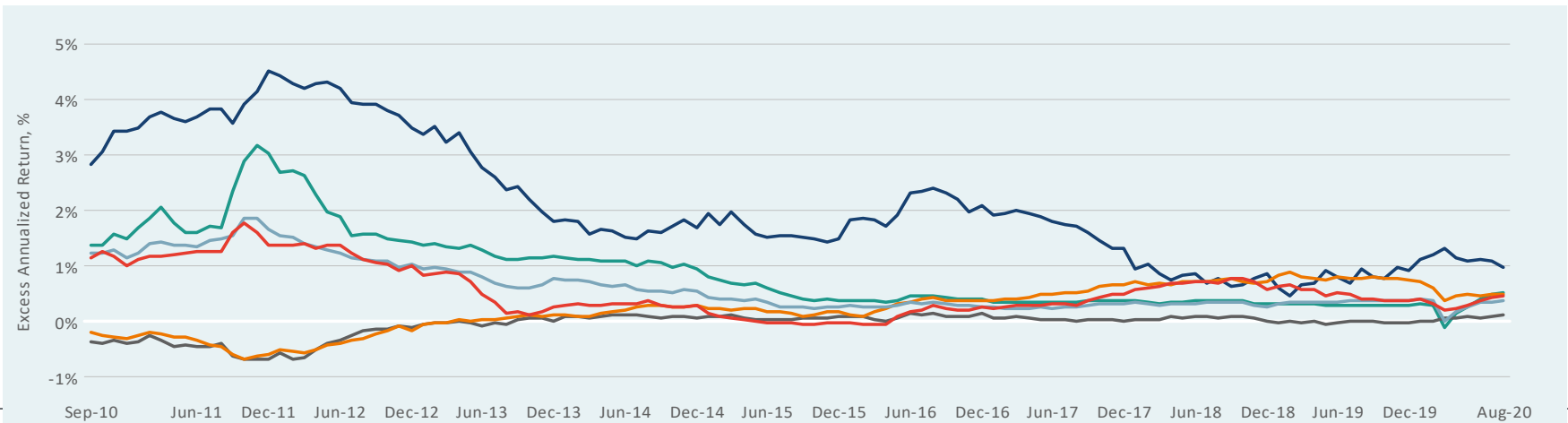
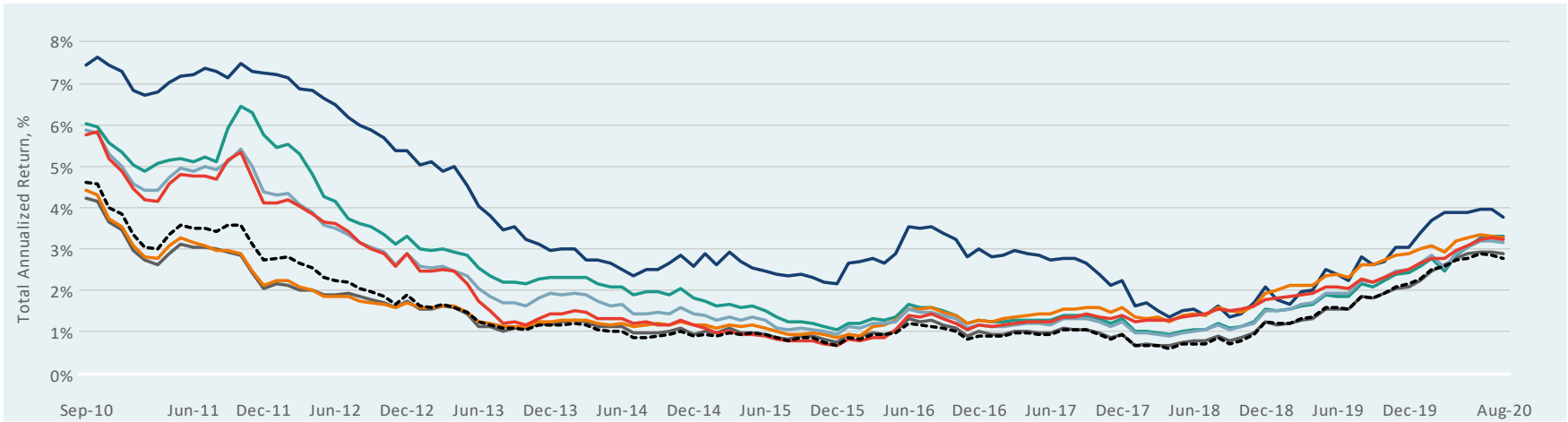
- SIT: Short Dur
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- BlackRock: SD (1-3)
- PIMCO: LD Full Rest
- ✚ BBgBarc US Govt/Credit 1-3 Yr TR USD



ANNUAL PERFORMANCE + RANKING	2012	2013	2014	2015	2016	2017	2018	2019	2020
SIT: Short Dur	4.1	-0.3	4.0	2.9	2.2	1.7	2.4	5.1	4.2
Rank	23	93	1	0	31	46	1	28	18
IR+M 1-3 Year	3.4	1.0	1.2	1.0	1.7	1.2	1.7	4.3	4.1
Rank	35	26	58	43	53	73	33	63	22
Insight: US ST Fix	1.4	0.3	1.2	0.9	1.0	0.9	1.8	3.7	3.5
Rank	84	77	62	62	90	88	24	91	46
WAMCO: US ST Const	1.8	0.7	1.0	0.9	2.0	1.9	2.0	4.9	2.9
Rank	74	40	74	58	36	31	6	34	77
BlackRock: SD (1-3)	2.4	0.7	1.1	1.0	1.4	1.4	1.7	4.5	3.4
Rank	57	40	66	48	73	64	27	55	49
PIMCO: LD Full Rest	2.1	0.2	1.1	0.6	1.7	1.8	1.8	3.8	3.8
Rank	64	80	64	83	50	34	14	86	31
BBgBarc US Govt/Credit 1-3 Yr TR USD	1.3	0.6	0.8	0.7	1.3	0.8	1.6	4.0	3.1
Rank	86	49	89	83	78	91	49	79	67

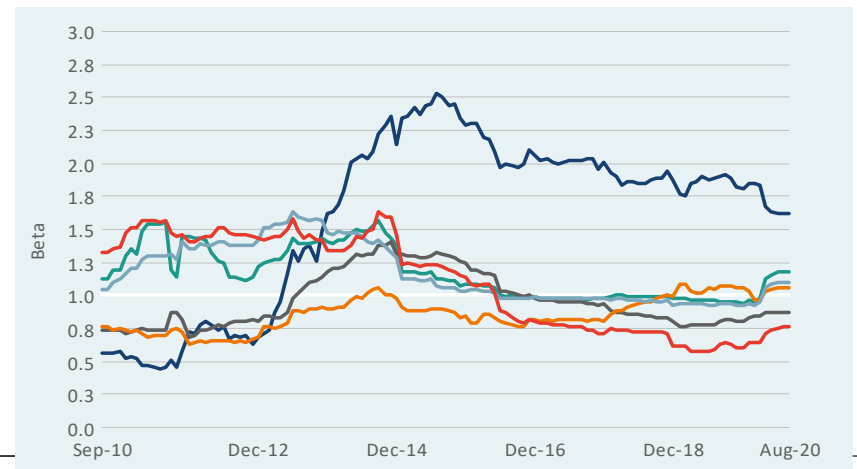
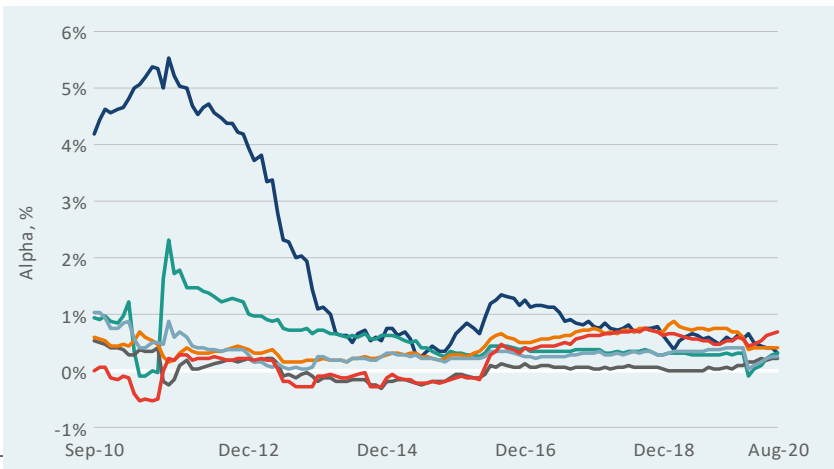
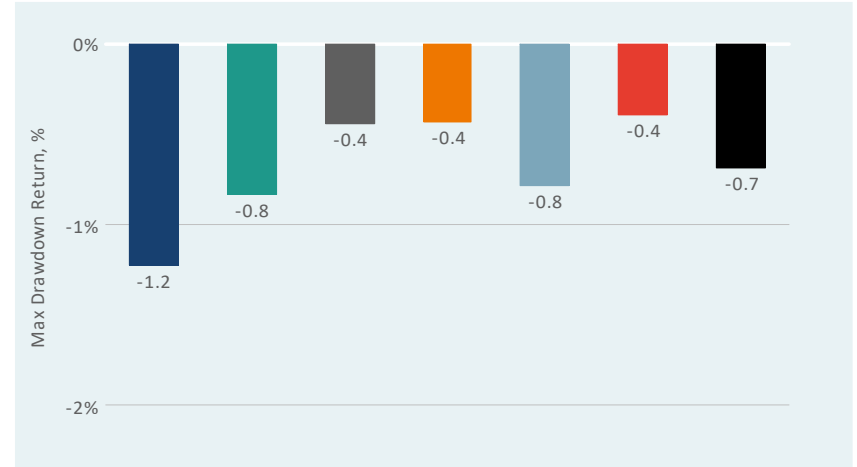
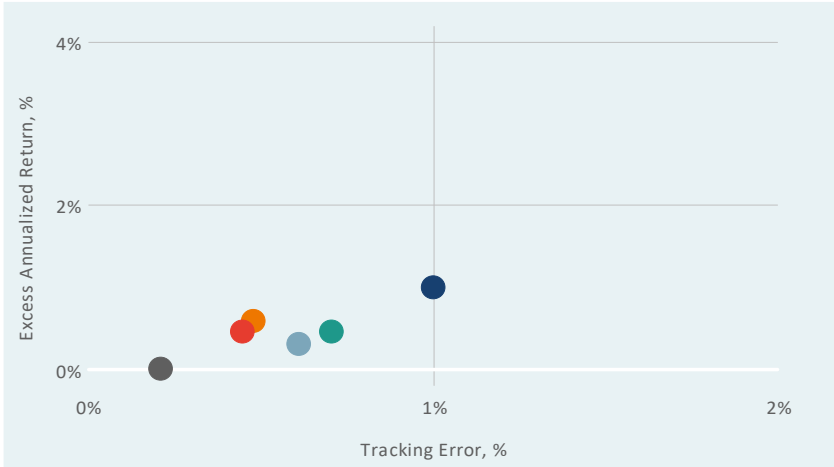
Rolling performance

- SIT: Short Dur
- IR+M 1-3 Year
- Insight: US ST Fix
- WAMCO: US ST Const
- BlackRock: SD (1-3)
- PIMCO: LD Full Rest
- BBgBarc US Govt/Credit 1-3 Yr TR USD



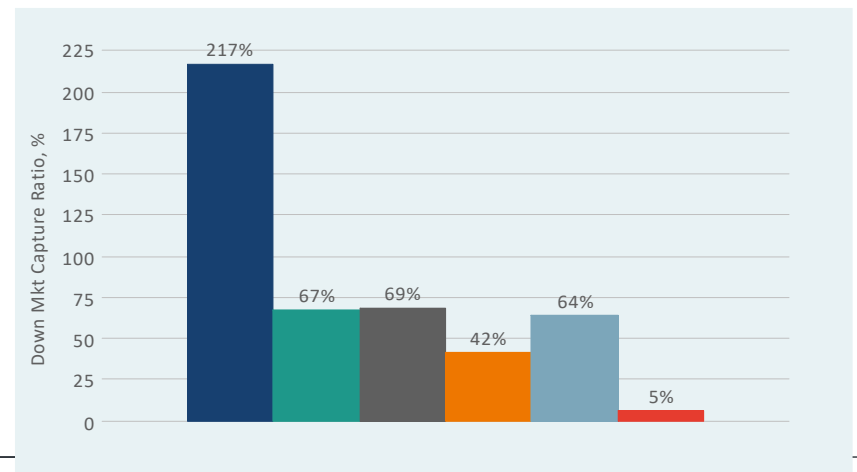
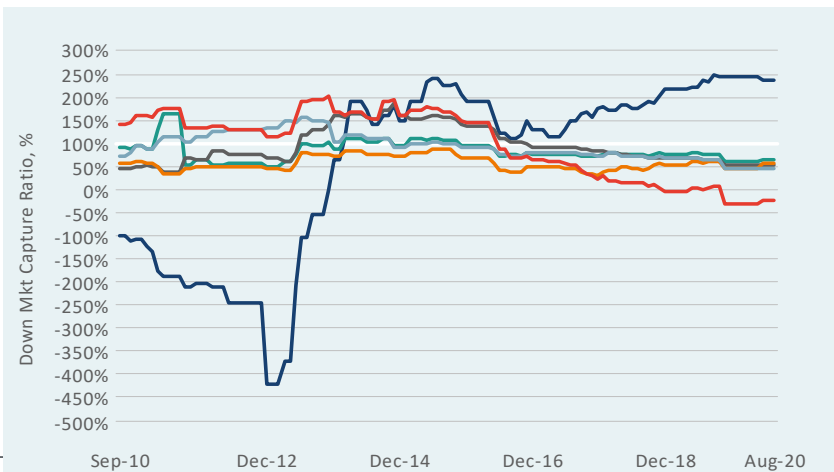
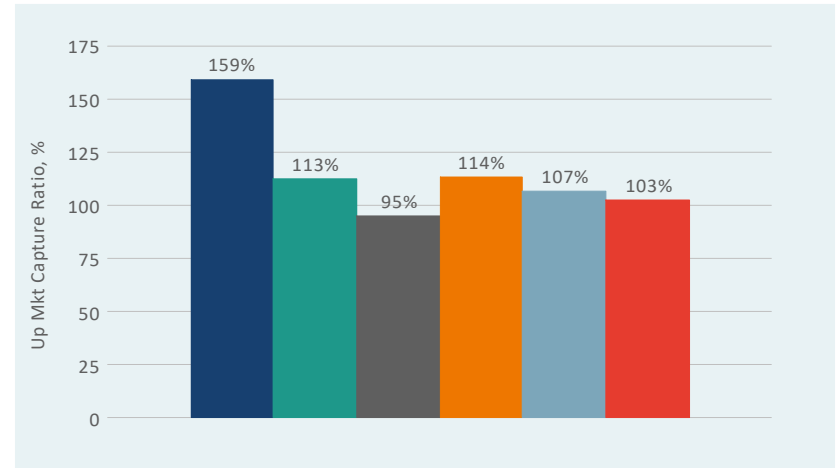
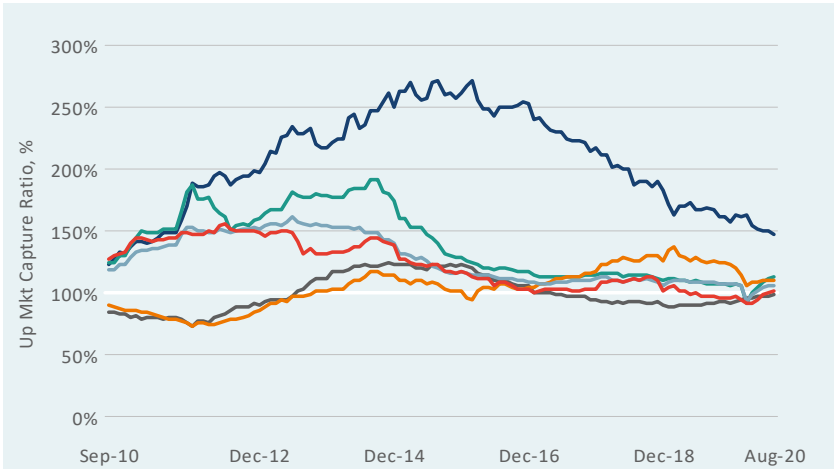
Performance statistics

- SIT: Short Dur
- IR+M 1-3 Year
- PIMCO: LD Full Rest
- BBgBarc US Govt/Credit 1-3 Yr TR USD
- Insight: US ST Fix
- WAMCO: US ST Const
- BlackRock: SD (1-3)



Up & down market analysis

- SIT: Short Dur
- IR+M 1-3 Year
- Insight: US ST Fix
- WAMCO: US ST Const
- BlackRock: SD (1-3)
- PIMCO: LD Full Rest
- BBgBarc US Govt/Credit 1-3 Yr TR USD



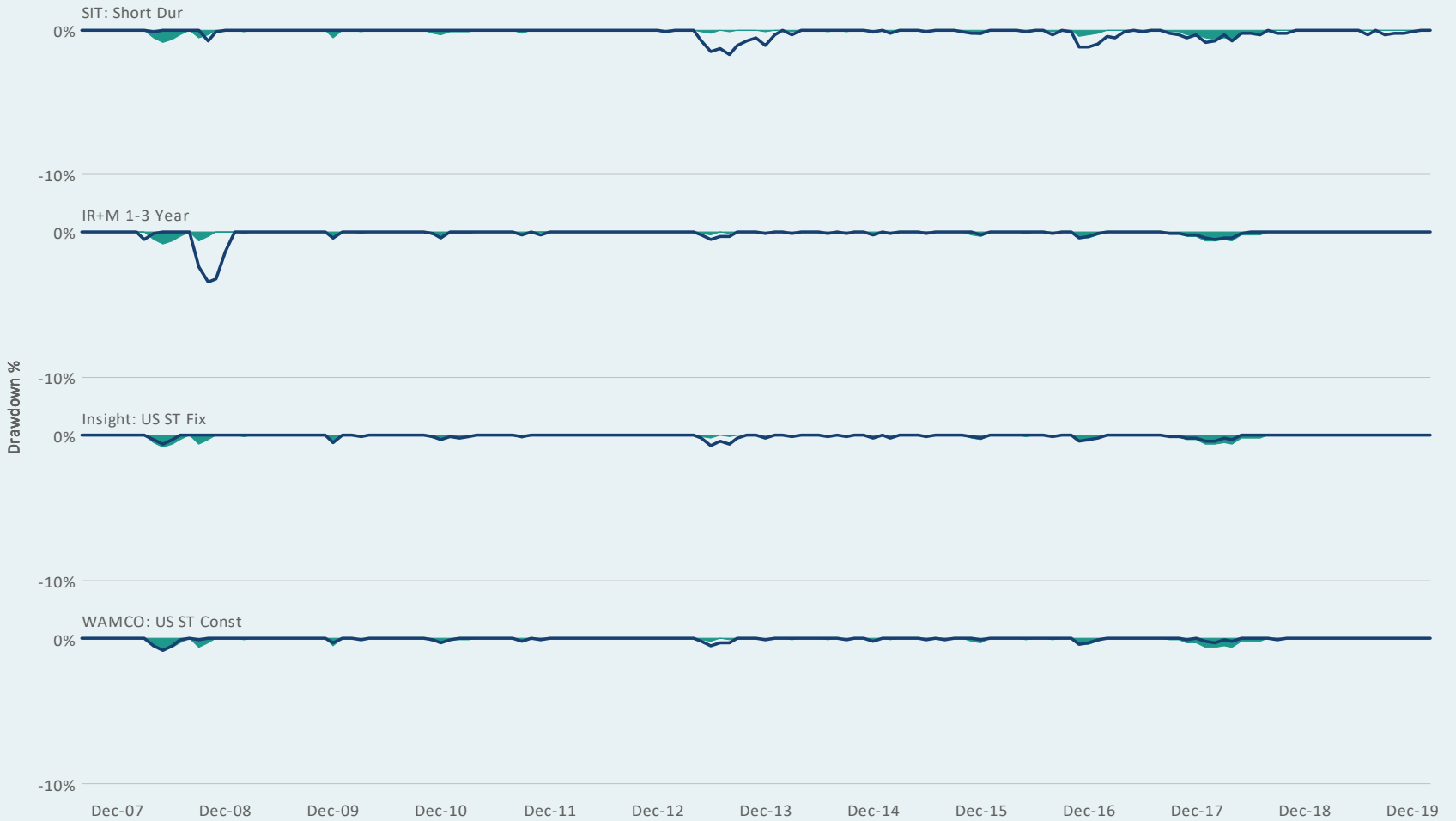
Historical drawdowns

CUMULATIVE PERFORMANCE EXTREMES

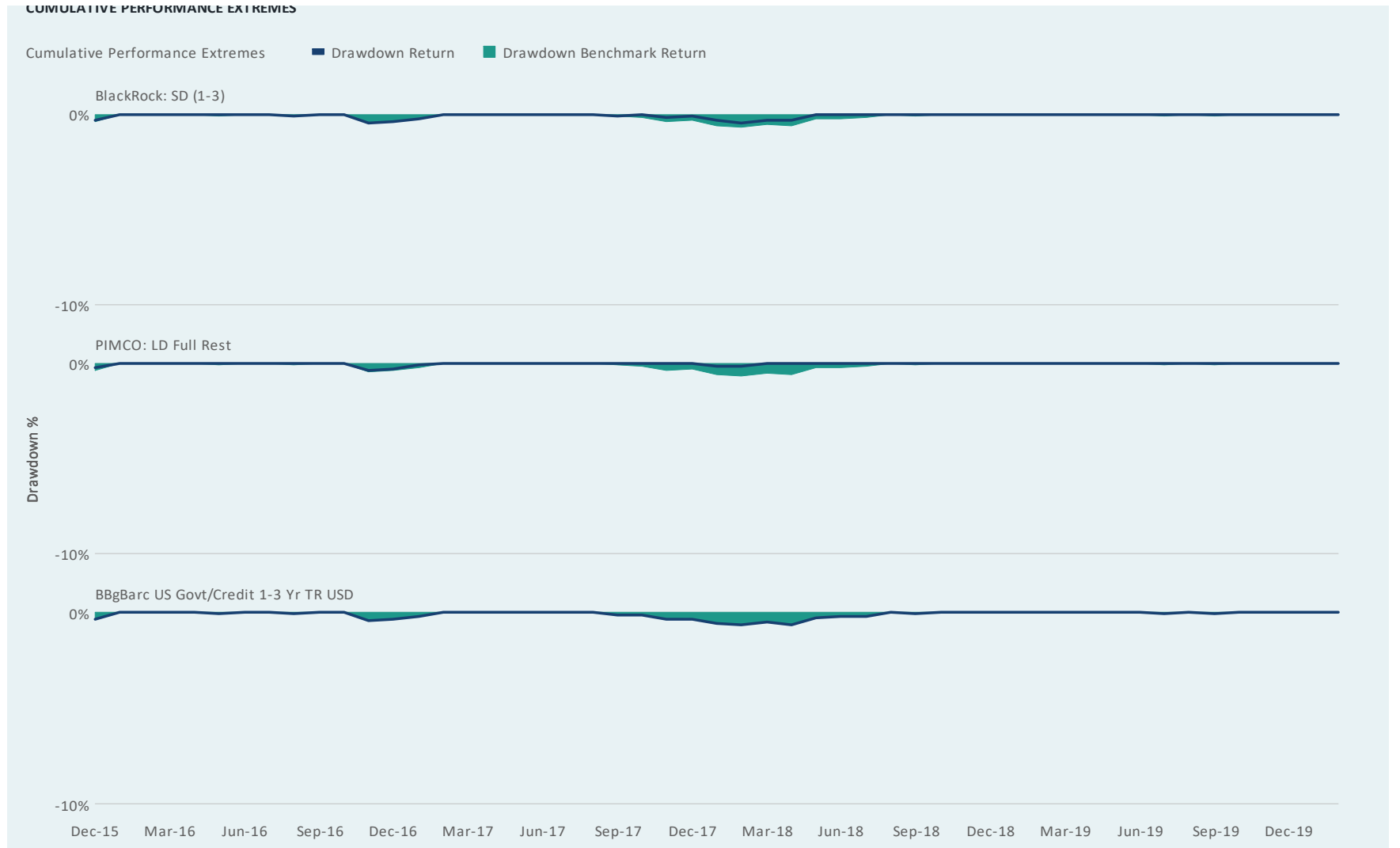
Cumulative Performance Extremes

■ Drawdown Return

■ Drawdown Benchmark Return



Historical drawdowns



Performance statistics

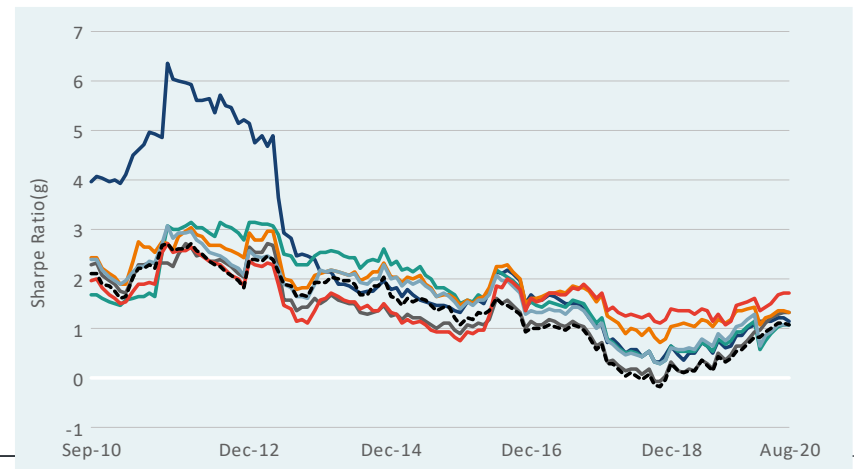
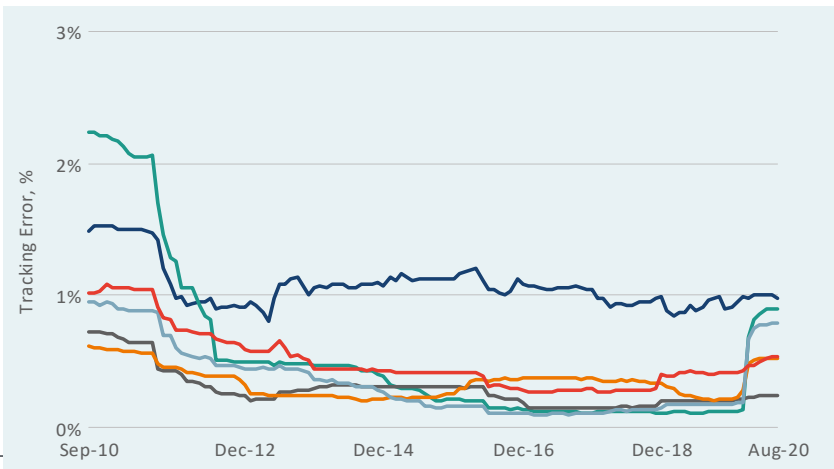
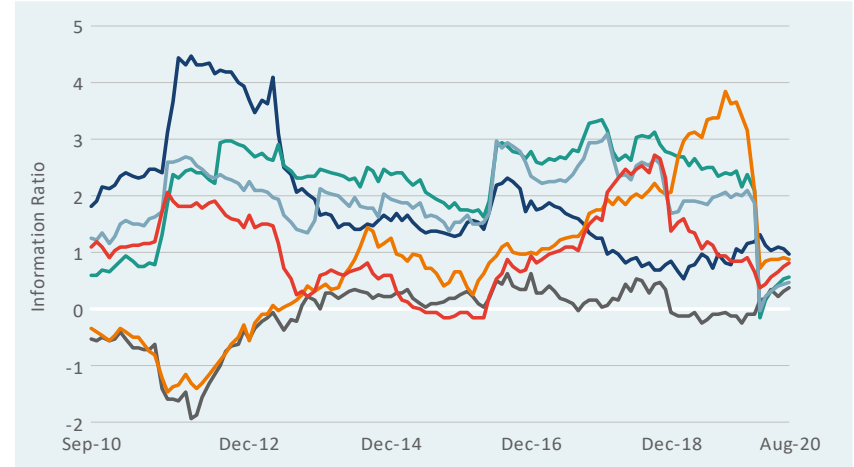
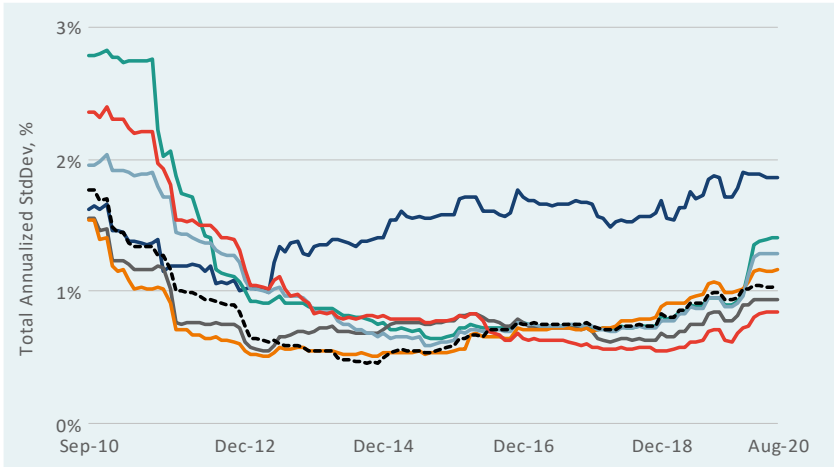
● SIT: Short Dur
● PIMCO: LD Full Rest

● IR+M 1-3 Year
+ BBgBarc US Govt/Credit 1-3 Yr TR USD

● Insight: US ST Fix

● WAMCO: US ST Const

● BlackRock: SD (1-3)



Risk vs. return

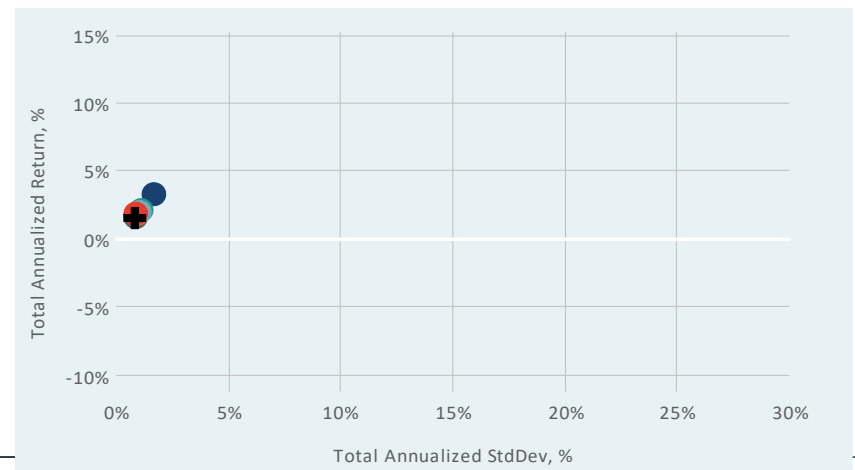
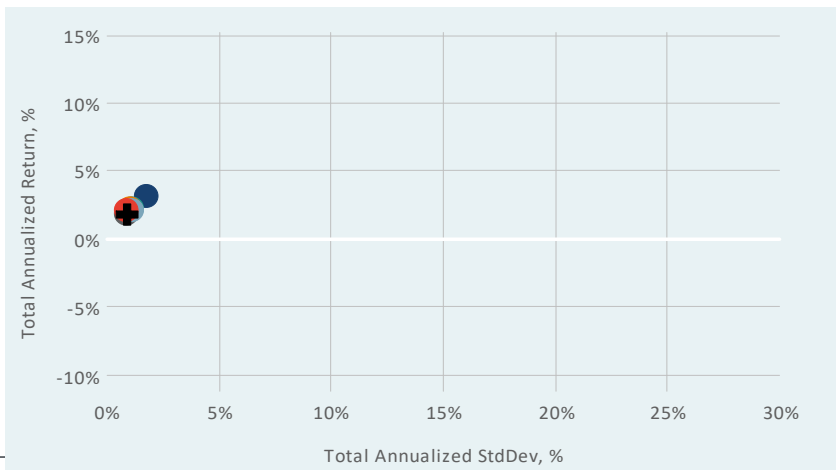
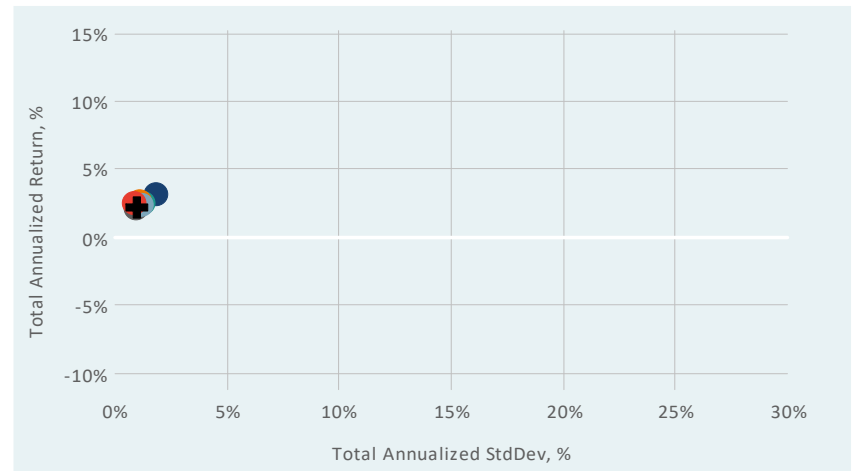
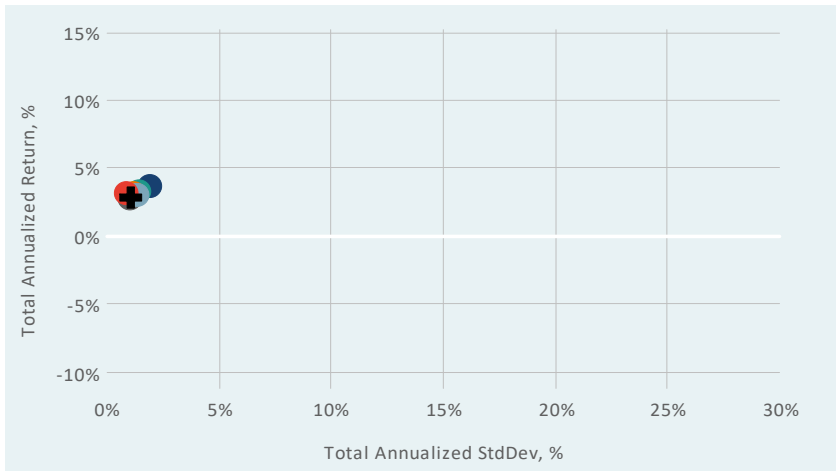
● SIT: Short Dur
● PIMCO: LD Full Rest

● IR+M 1-3 Year
+ BBgBarc US Govt/Credit 1-3 Yr TR USD

● Insight: US ST Fix

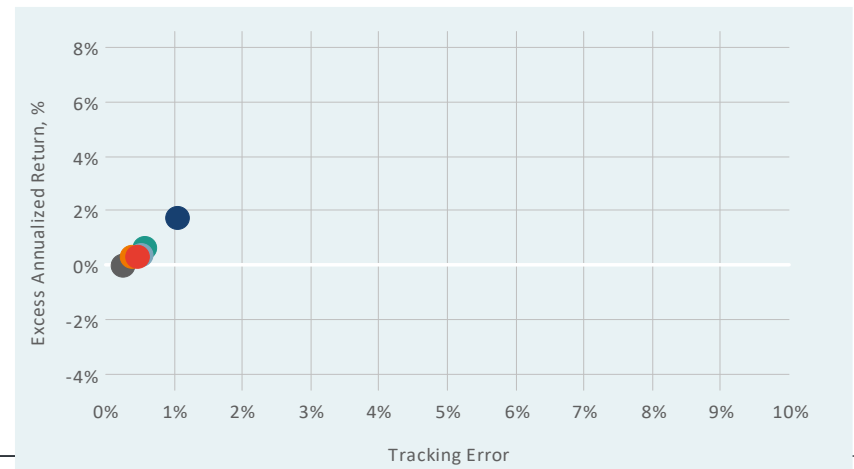
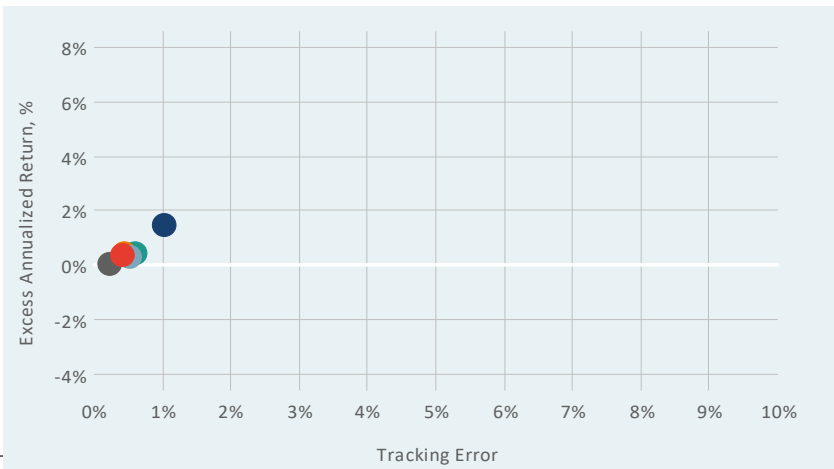
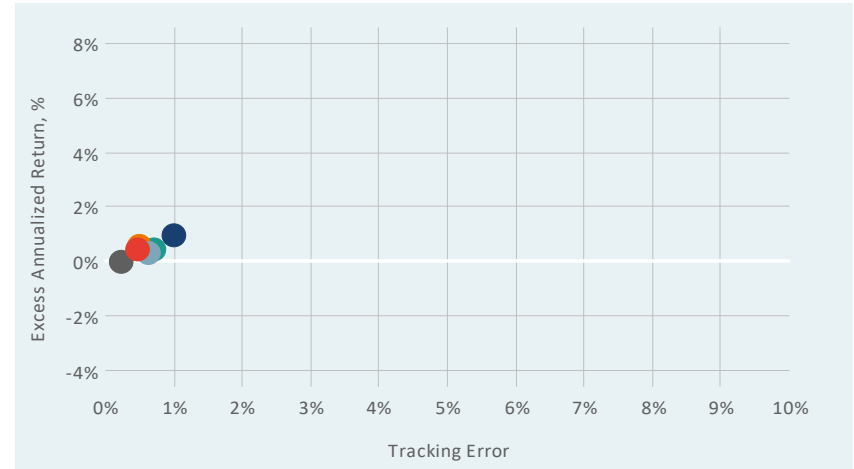
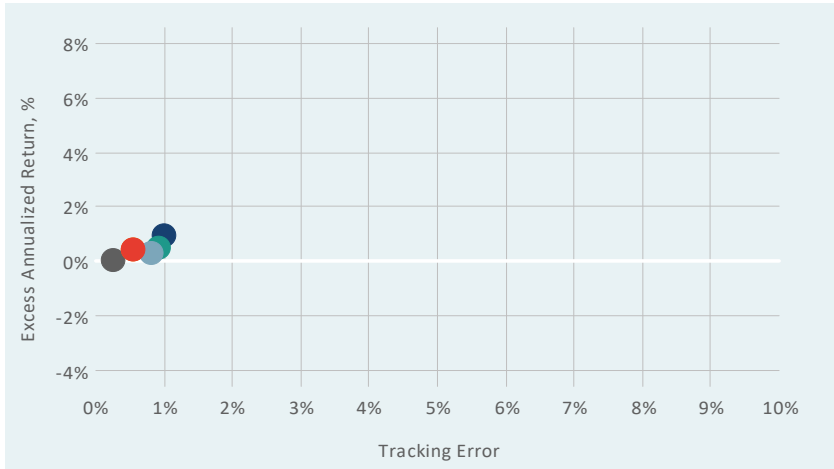
● WAMCO: US ST Const

● BlackRock: SD (1-3)



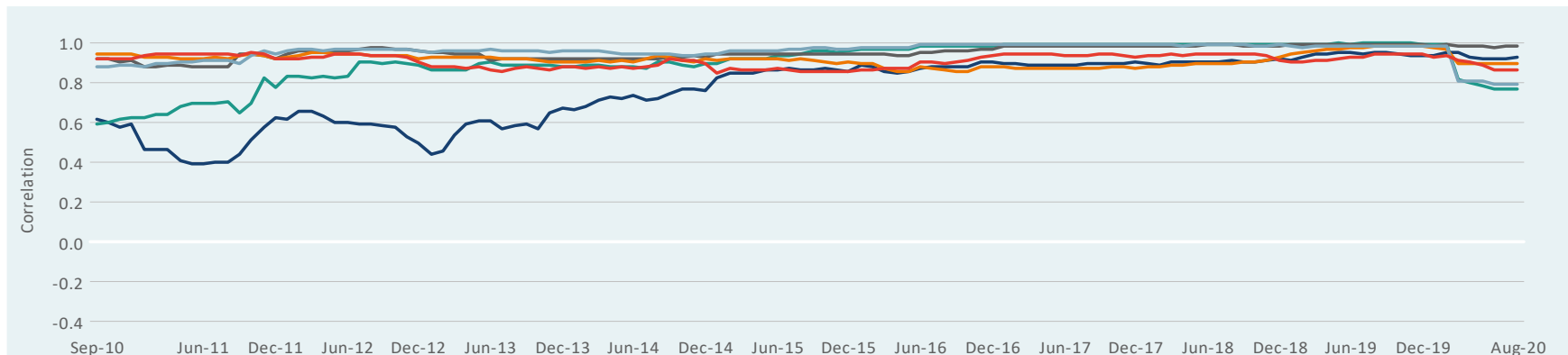
Performance efficiency

● SIT: Short Dur
 ● IR+M 1-3 Year
 ● Insight: US ST Fix
 ● WAMCO: US ST Const
 ● BlackRock: SD (1-3)
 ● PIMCO: LD Full Rest
 + BBgBarc US Govt/Credit 1-3 Yr TR USD



Correlations

- SIT: Short Dur
- IR+M 1-3 Year
- Insight: US ST Fix
- WAMCO: US ST Const
- BlackRock: SD (1-3)
- PIMCO: LD Full Rest
- BgBarc US Govt/Credit 1-3 Yr TR USD



3 YEAR ENDING 08/2020

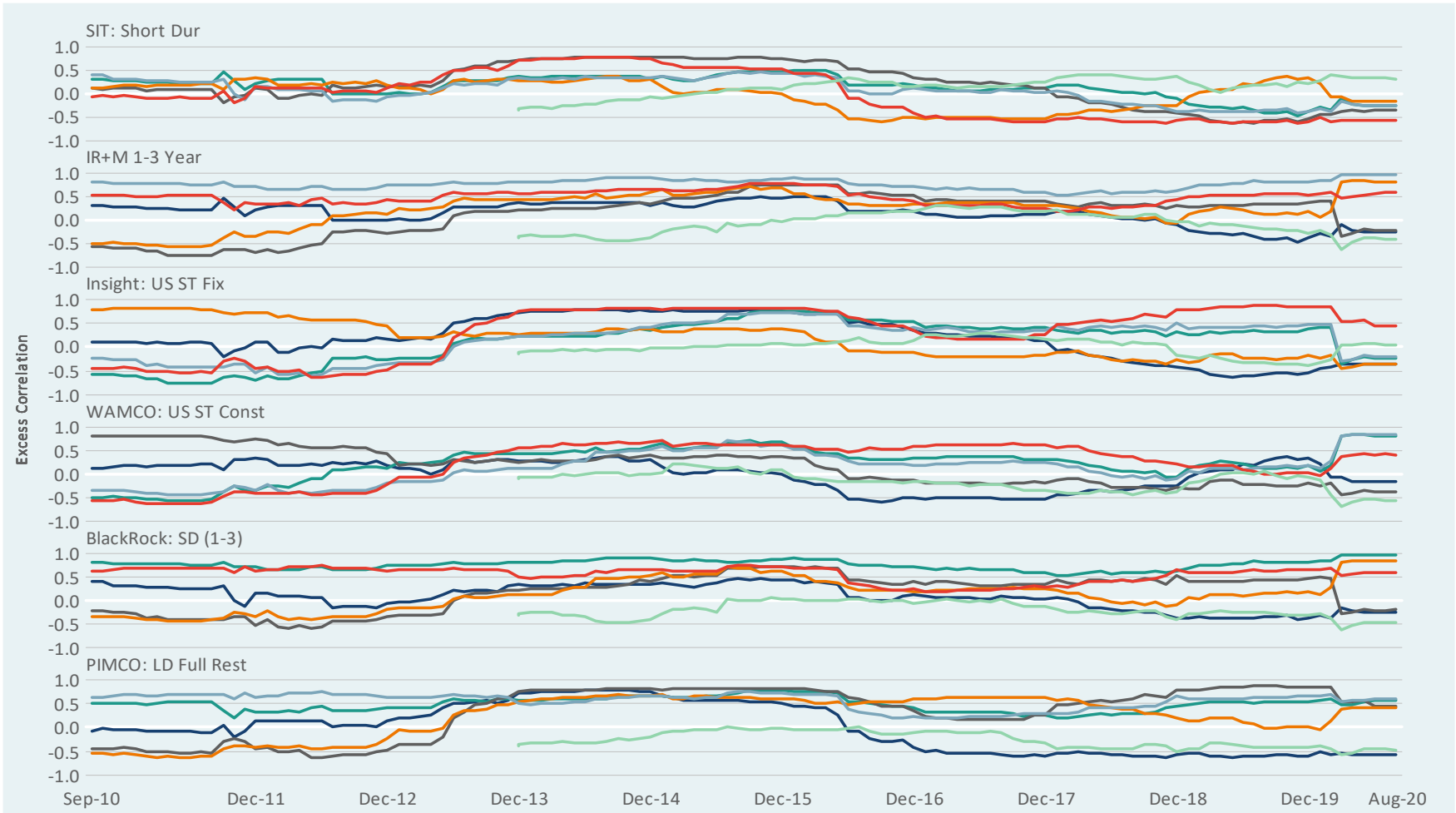
	SIT: Short Dur	IR+M 1-3 Year	Insight: US ST Fix	WAMCO: US ST Const	BlackRock: SD (1-3)	PIMCO: LD Full Rest	BgBarc US Govt/Credit 1-3 Yr TR USD
SIT: Short Dur	1.00	0.61	0.90	0.79	0.65	0.74	0.92
IR+M 1-3 Year	0.61	1.00	0.71	0.92	0.99	0.91	0.76
Insight: US ST Fix	0.90	0.71	1.00	0.83	0.74	0.86	0.98
WAMCO: US ST Const	0.79	0.92	0.83	1.00	0.94	0.89	0.89
BlackRock: SD (1-3)	0.65	0.99	0.74	0.94	1.00	0.91	0.79
PIMCO: LD Full Rest	0.74	0.91	0.86	0.89	0.91	1.00	0.86
BgBarc US Govt/Credit 1-3 Yr TR USD	0.92	0.76	0.98	0.89	0.79	0.86	1.00

5 YEAR ENDING 08/2020

	SIT: Short Dur	IR+M 1-3 Year	Insight: US ST Fix	WAMCO: US ST Const	BlackRock: SD (1-3)	PIMCO: LD Full Rest	BgBarc US Govt/Credit 1-3 Yr TR USD
SIT: Short Dur	1.00	0.68	0.90	0.76	0.71	0.77	0.91
IR+M 1-3 Year	0.68	1.00	0.77	0.91	0.99	0.91	0.81
Insight: US ST Fix	0.90	0.77	1.00	0.83	0.80	0.89	0.98
WAMCO: US ST Const	0.76	0.91	0.83	1.00	0.93	0.90	0.88
BlackRock: SD (1-3)	0.71	0.99	0.80	0.93	1.00	0.92	0.84
PIMCO: LD Full Rest	0.77	0.91	0.89	0.90	0.92	1.00	0.89
BgBarc US Govt/Credit 1-3 Yr TR USD	0.91	0.81	0.98	0.88	0.84	0.89	1.00

Rolling excess return correlation

- SIT: Short Dur
- IR+M 1-3 Year
- Insight: US ST Fix
- WAMCO: US ST Const
- BlackRock: SD (1-3)
- PIMCO: LD Full Rest
- + BBgBarc US Govt/Credit 1-3 Yr TR USD



Excess return correlations

1 YEAR ENDING 08/2020

	SIT: Short Dur	IR+M 1-3 Year	Insight: US ST Fix	WAMCO: US ST Const	BlackRock: SD (1-3)	PIMCO: LD Full Rest
SIT: Short Dur	1.00	-0.32	0.33	-0.52	-0.30	-0.27
IR+M 1-3 Year	-0.32	1.00	-0.52	0.96	0.99	0.81
Insight: US ST Fix	0.33	-0.52	1.00	-0.50	-0.53	-0.29
WAMCO: US ST Const	-0.52	0.96	-0.50	1.00	0.96	0.80
BlackRock: SD (1-3)	-0.30	0.99	-0.53	0.96	1.00	0.78
PIMCO: LD Full Rest	-0.27	0.81	-0.29	0.80	0.78	1.00

3 YEAR ENDING 08/2020

	SIT: Short Dur	IR+M 1-3 Year	Insight: US ST Fix	WAMCO: US ST Const	BlackRock: SD (1-3)	PIMCO: LD Full Rest
SIT: Short Dur	1.00	-0.26	-0.35	-0.16	-0.26	-0.57
IR+M 1-3 Year	-0.26	1.00	-0.23	0.82	0.98	0.59
Insight: US ST Fix	-0.35	-0.23	1.00	-0.37	-0.20	0.46
WAMCO: US ST Const	-0.16	0.82	-0.37	1.00	0.85	0.42
BlackRock: SD (1-3)	-0.26	0.98	-0.20	0.85	1.00	0.61
PIMCO: LD Full Rest	-0.57	0.59	0.46	0.42	0.61	1.00

5 YEAR ENDING 08/2020

	SIT: Short Dur	IR+M 1-3 Year	Insight: US ST Fix	WAMCO: US ST Const	BlackRock: SD (1-3)	PIMCO: LD Full Rest
SIT: Short Dur	1.00	-0.18	-0.28	-0.27	-0.19	-0.53
IR+M 1-3 Year	-0.18	1.00	-0.18	0.70	0.97	0.55
Insight: US ST Fix	-0.28	-0.18	1.00	-0.32	-0.16	0.45
WAMCO: US ST Const	-0.27	0.70	-0.32	1.00	0.72	0.46
BlackRock: SD (1-3)	-0.19	0.97	-0.16	0.72	1.00	0.57
PIMCO: LD Full Rest	-0.53	0.55	0.45	0.46	0.57	1.00

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www.SLOPensionTrust.org



Date: November 23, 2020

To: Board of Trustees

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

Agenda Item 19: Asset Allocation – Implementation Glidepath – Strategy Transition Plan

Recommendation:

1. Approve the Interim Benchmark asset mix discussed below for 2021 as the first of approximately four years of interim asset allocation benchmarks under the approved SAA Policy. Note that this action is not a change to the adopted SAA Policy – rather it is a recognition that a transition of this type is best completed over multiple years.

Background:

The Pension Trust amended its SAA policy September 28, 2020 to include, among other changes, a target allocation to the Growth Sub-Portfolio of 75%. Included in the Growth Portfolio is a large increase in the allocation to Private Market assets – Private Equity and Private Credit – from the 2020 target of 10% to the new SAA Policy of 30%. In addition, a portion of the Real Assets allocation (5% Core Real Estate, 5% Value-Add Real Estate, 5% Infrastructure) is made up of Private market assets as well. Value Add Real Estate allocation are often managed in various closed-end private market structures. Likewise, Infrastructure is often managed in various closed-end private market structures. Given the illiquid nature of private market assets and the importance of vintage-year diversification, any realistic implementation plan should extend over 3-5 years and perhaps longer.

A multi-year implementation plan was discussed as part of the adoption of the revised SAA Policy in August and September. This analysis and recommendation brings more specificity to the implementation of the changes in the Growth Portfolio. It is the Implementation Glidepath progressing from the current asset mix – based on the prior SAA Policy – to the adopted asset mix

in the revised SAA Policy. A key feature of the proposed Interim Benchmarks as presented below maintains the investment risk/return exposure consistently throughout the implementation period.

Interim Benchmarks:

The Interim Benchmarks for asset allocation (from slide 9 of the attached presentation) recommended are –

	Current	Implementation Benchmark				SAA
		2021	2022	2023	2024	
Growth	81%	81%	79%	76%	75%	75%
Public Equity	43%	40%	37%	33%	30%	30%
Private Equity	5%	8%	12%	15%	18%	18%
Private Credit	5%	7%	9%	10%	12%	12%
Non-US Debt	14%	11%	7%	4%	0%	0%
Core Real Estate	14%	12%	9%	7%	5%	5%
Private RE + Infra	0%	3%	5%	8%	10%	10%
Diversifying	14%	15%	15%	15%	15%	15%
Core US Bonds	14%	10%	7%	4%	0%	0%
LD Treasury/TIPS	0%	5%	8%	11%	15%	15%
Liquidity	5%	4%	6%	8%	10%	10%
Cash	5%	2%	2%	3%	4%	4%
ST Fixed Income	0%	2%	4%	5%	6%	6%

The recommendation for Board of Trustees approval is to approve the Implementation Benchmark for 2021 for use in asset allocation planning and performance benchmarking. The Implementation Benchmarks on this glidepath are forecasted and would be adjusted each year by Board approval.

The specific investment benchmarks to be used in calculating the “Policy Index” for performance reporting are shown in the table below. These benchmarks are consistent with the current method used by Verus in quarterly investment reporting. The changes are only related to the Implementation Benchmark weightings.

			Implementation Benchmark				
as of 9/30/20	Benchmark	Current	2021	2022	2023	2024	SAA
Total Growth		81%	81%	79%	76%	75%	75%
Public Equity	MSCI ACWI	43%	40%	37%	33%	30%	30%
Private Equity	Actual returns	5%	8%	12%	15%	18%	18%
Private Credit	Actual returns	5%	7%	9%	10%	12%	12%
HY/Non-US Debt	BBgBarc Agg	14%	11%	7%	4%	0%	0%
Core Real Estate	NCREIF Property	14%	12%	9%	7%	5%	5%
Private RE +Infra	Actual returns	0%	3%	5%	8%	10%	10%
Total Risk Diversifying		14%	15%	15%	15%	15%	15%
Core US Bonds	BBgBarc Agg	14%	10%	7%	4%	0%	0%
LD Treasury/TIPS	Blend TIPS/10-yr Treas Index	0%	5%	8%	11%	15%	15%
Liquidity		5%	4%	6%	8%	10%	10%
Cash	90-day T-bill	5%	2%	2%	3%	4%	4%
ST Fixed Income	BBgBarc 1-3 Gov/Credit	0%	2%	4%	5%	6%	6%

Other Implementation Considerations:

- **Investment Manager Roster** - The asset allocation changes discussed above will eventually lead to Investment Manager (IM) changes. The public market equities can be managed by the current roster of IMs, albeit at reduced size allocations. Taken together, the current roster of equity managers constitute a Global allocation as included in the SAA Policy. Or the public market equity IMs could change through the normal process of tactical realignment and IM evaluation within the public market allocation. For public market fixed income, these allocations will reduce to zero over time and so the Pension

Trust's bond IMs will eventually be eliminated. Real Estate allocations will need to be adjusted between the current open-end Core RE and Value-Add RE funds.

- **Implementation Efficiency – Overlay strategy** – Depending on the nature and structure of whatever Private Markets Discretionary Advisor is selected, there will be multi-year operational issues to provide a pool of liquid assets within the Growth Portfolio. Such a liquidity pool is separate from the larger Liquidity Portfolio that provides for benefit payments. Rather, liquidity within the Growth Portfolio is a practical matter for making asset shifts, funding capital calls in Private Market assets, etc. A future topic that may come before the Board may be to authorize an Overlay strategy. Overlay strategies use derivatives (futures, options, etc.) to adjust for this operational liquidity pool as well as asset mix rebalancing considerations. The Pension Trust has used a derivative-based Overlay strategy in the past for cash balances and it is an efficient tool. Derivatives are used by several of the current IMs for tactical and trading efficiency purposes and are a mainstream practice. Derivative use in the context of Overlay strategies is risk-neutral for the overall portfolio. They are not used to “leverage up” the risk exposure as they might be in other aggressive strategies. The addition of an Asset Mix Overlay strategy will be presented to the Board in the future depending on how implementation of the transition under the adopted SAA evolves.
- **Private Markets Discretionary Advisor** – This is the most complex and-long-term of the revised SAA implementation steps. This is a subject matter that Verus is not able to advise the Pension Trust on due to potential conflict of interest issues. Therefore, it will be addressed in separate Board memos from Staff.

Respectfully submitted,



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



NOVEMBER 2020

FFP Implementation Glidepath

San Luis Obispo County Pension Trust

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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. Verus Advisory Inc. and Verus Investors, LLC (“Verus”) file a single form ADV under the United States Investment Advisors Act of 1940, as amended.*

Implementation update

Activity	Years																Status
	2020				2021				2022				2023				
	Q1	Q2	Q3	Q4													
Revise IPS		█															✓
Design liquidity portfolio		█															✓
Identify liquidity portfolio managers		█															✓
Design diversifying portfolio				█													✓
Design detailed implementation plan				█													In process
Assess alternative private markets approaches				█	█												Critical path
Design growth portfolio						█											Dependent on advisor selection
Implement									█	█	█	█	█	█	█	█	

Implementation glidepath - overview

Utilizing a phased approach to reaching target strategic asset allocation (SAA)

— Achieving the target SAA will take some time

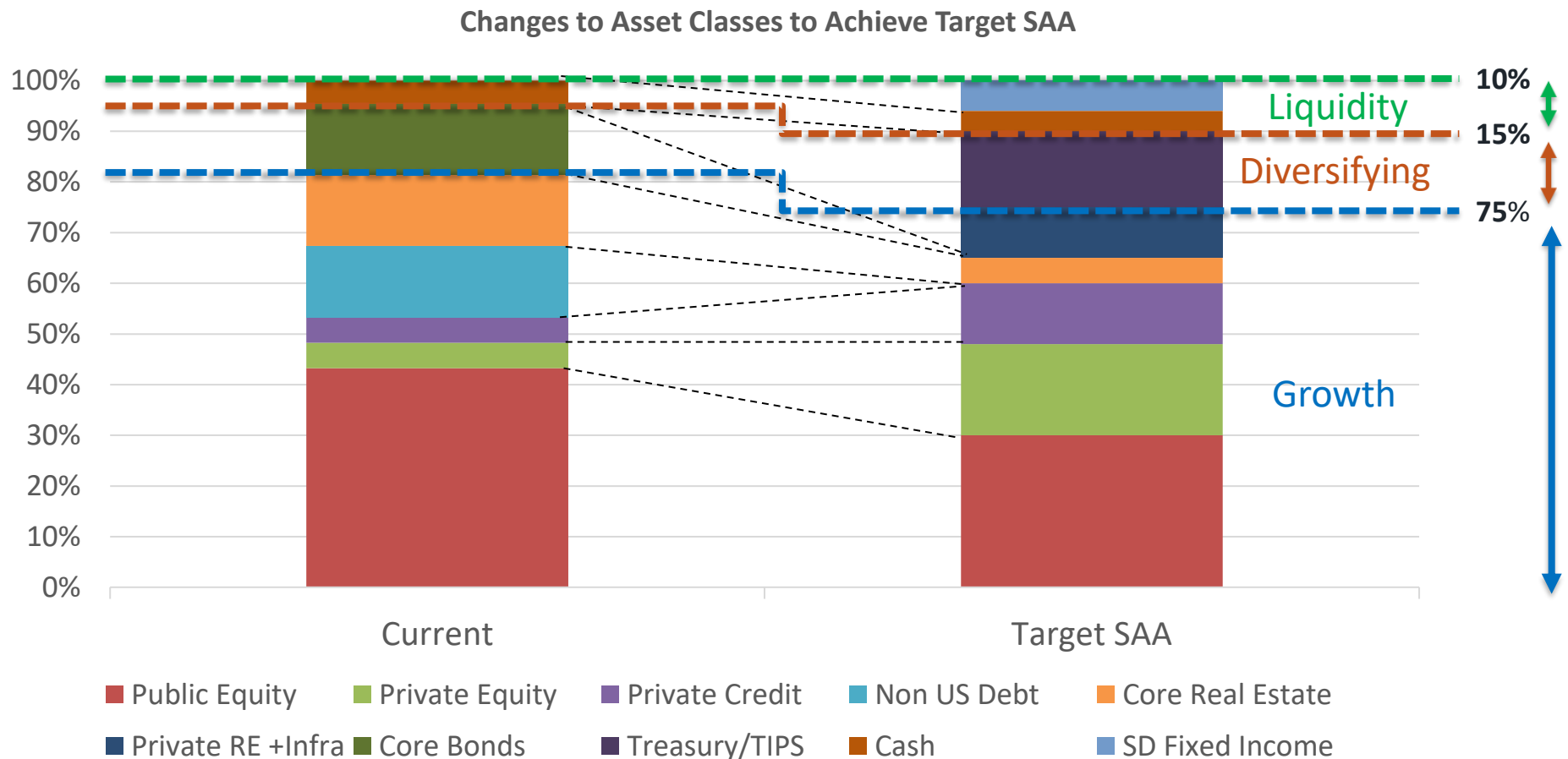
- The FFP SAA of the SLOCPT portfolio has an overall SAA to private markets investments of 40%
 - Current allocation of 10%
 - It is expected to take a minimum of 4 years to implement the private's program's target asset allocations
- Public equity, public fixed income and core real estate will serve as reasonable proxies as private markets investments are funded
- Interim benchmarks will be used to track progress and measure performance along the way

— Glidepath objectives

- Achieve and maintain overall FFP SAA asset class and risk objectives while implementing private markets investments programs
- Provide a roadmap for directing and measuring the prescribed changes required to reach the targeted FFP allocations

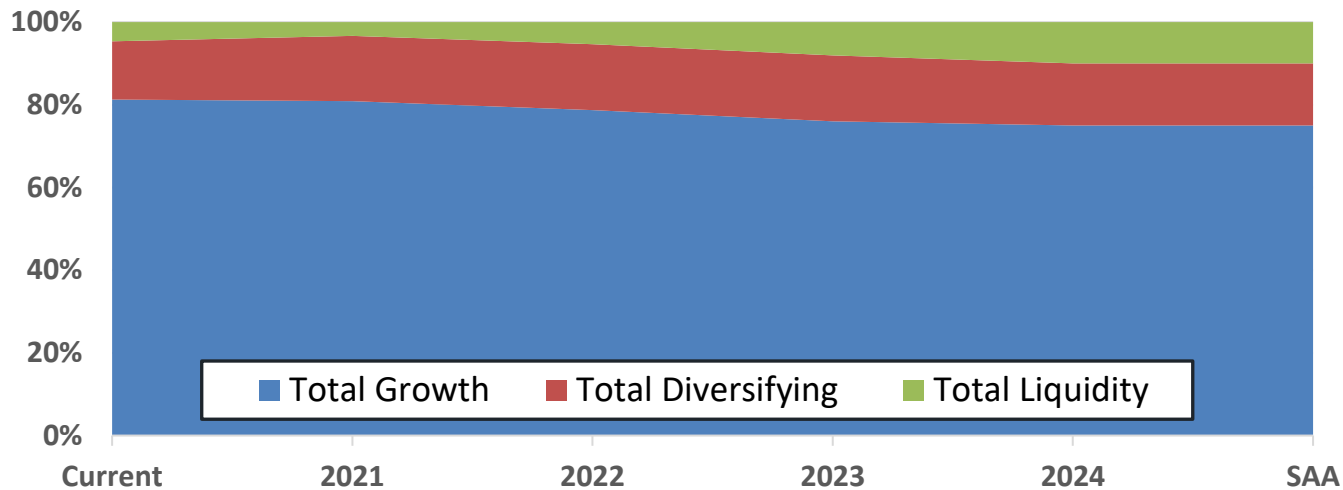
Implementation glidepath - transitioning to target

The transition between and within functional buckets must be managed to ensure desired risk allocation is achieved throughout the implementation process



Implementation glidepath – optimizing risk/return

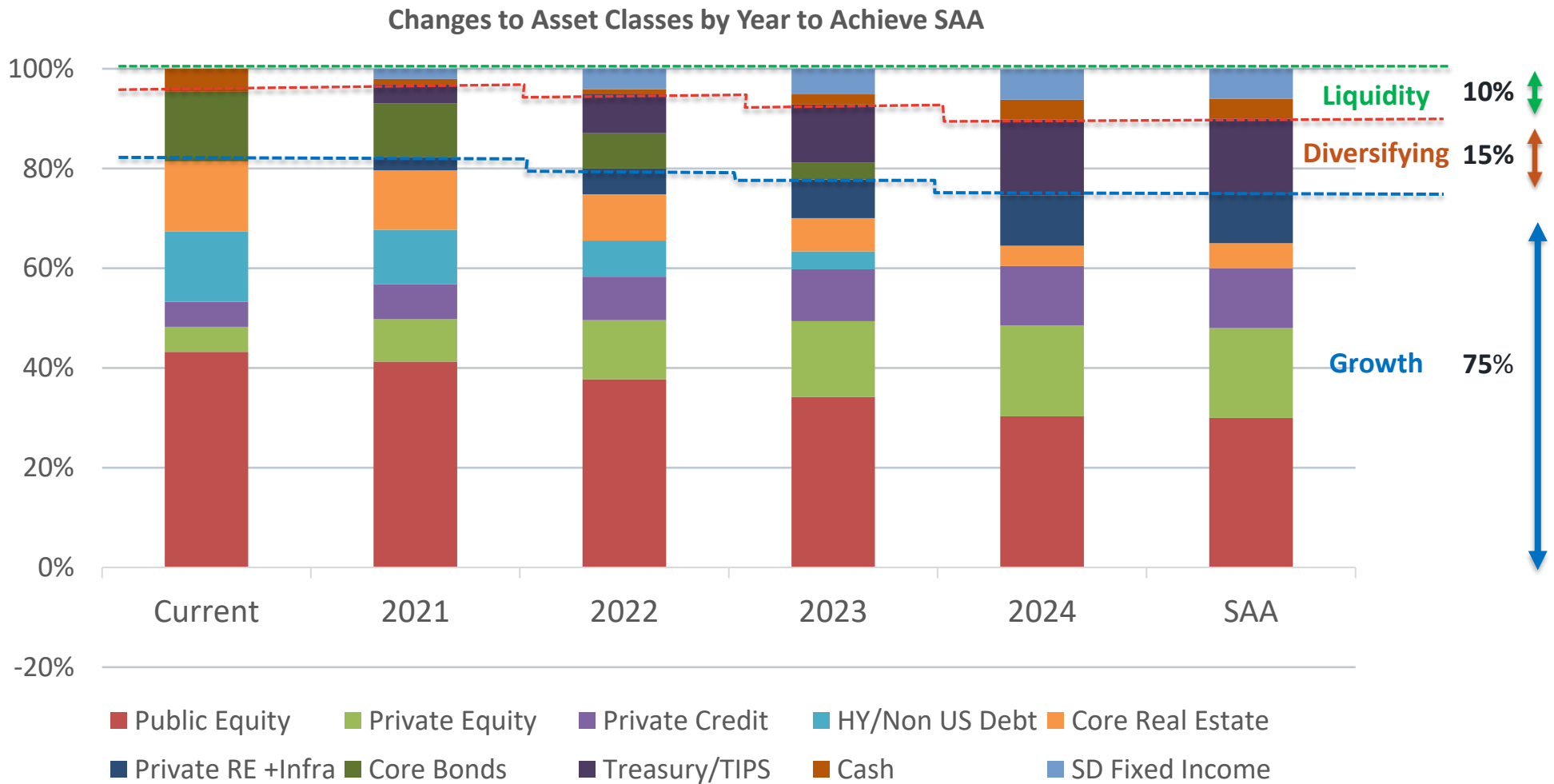
Plan assumes 4-year implementation timeline to achieve target SAA



- Liquidity portfolio increases to 10%
- Diversifying portfolio remains constant at about 15%
- Growth portfolio declines from 81% to 75%
- Expected risk/return profile optimized throughout implementation process

As of 9/30/20	Current	2021	2022	2023	2024	SAA
Exp. 10-yr Return (Annualized)	6.5%	6.5%	6.7%	6.9%	6.9%	6.9%
Expected Risk (Standard Dev)	10.7%	10.3%	10.6%	10.8%	10.8%	10.8%
Sharpe Ratio	.43	.44	.45	.46	.46	.46
1-Yr Decline	-16.0%	-15.4%	-15.7%	-15.8%	-15.9%	-15.9%
% privates	10%	18%	25%	32%	40%	40%

Implementation glide path - interim annual targets



Interim benchmark

Utilizing a Glidepath Implementation Benchmark (GIB) ensures the plan stays on track and allows for meaningful performance measurement throughout transition process

— What is a Glidepath Implementation Benchmark and why do we need one?

- A GIB is an interim additional benchmark which assumes the current actual allocation to private investments is equal to its fully invested SAA
- Provides clarity as to attribution of performance as privates are funded and liquid asset class changes are made

— Does the GIB replace our SAA benchmark?

- No- Both GIB and SAA benchmarks be reported on a quarterly basis
- The SAA benchmark will always reflect the target allocation of the plan per the IPS

Interim benchmark (cont'd)

	Current	Implementation Benchmark				SAA
		2021	2022	2023	2024	
Growth	81%	81%	79%	76%	75%	75%
Public Equity	43%	40%	37%	33%	30%	30%
Private Equity	5%	8%	12%	15%	18%	18%
Private Credit	5%	7%	9%	10%	12%	12%
Non-US Debt	14%	11%	7%	4%	0%	0%
Core Real Estate	14%	12%	9%	7%	5%	5%
Private RE + Infra	0%	3%	5%	8%	10%	10%
Diversifying	14%	15%	15%	15%	15%	15%
Core US Bonds	14%	10%	7%	4%	0%	0%
LD Treasury/TIPS	0%	5%	8%	11%	15%	15%
Liquidity	5%	4%	6%	8%	10%	10%
Cash	5%	2%	2%	3%	4%	4%
ST Fixed Income	0%	2%	4%	5%	6%	6%

- Public equities decline from 43% to 30%
- Private investments (PE, PC, RE, Infra) increase from 10% to 40%
- Core real estate declines from 15% to 5%
- Treasuries and TIPS increase from 0% to 15%
- Cash/short term investments increase from 5% to 10%

Future considerations and next steps

Future Considerations

- Should an overlay strategy be used to maximize implementation efficiency?

Next Steps

- Develop detailed implementation plan (managers/fund flows)
- Hire short duration fixed income manager
- Expedite private markets advisory search
- Develop detailed private markets investment strategy
- Begin implementation

Board of Trustees

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Date: November 23, 2020

To: Board of Trustees

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

Agenda Item 20: Private Markets Discretionary Advisor – Search Consultant RFI

Recommendation:

1. Review and discuss with Staff the proposed Private Markets Discretionary Advisor concept and strategy.
2. Approve the use of a Search Consultant to facilitate the selection of a Private Markets Discretionary Advisor. Administrative budget amendments may be necessary when determined.
3. Authorize the Executive Director to issue a Request for Information for Search Consultants and to bring a recommended consultant(s) to the Board for approval at a future meeting.
4. Discuss the level of Board of Trustees and possible Committee involvement in the evaluation of a Private Markets Discretionary Advisor.

Background:

The Pension Trust amended its Strategic Asset Allocation (SAA) policy September 28, 2020 to include, among other changes, a target allocation within the Growth Sub-Portfolio of 30% to Private Equity (PE) and Private Credit (PC). The allocation to Private Markets in the prior SAA was 10%.

Prior to the revision to the SAA Policy, the Pension Trust invested in Private Market assets in the structures shown below –

- **Private Equity** (5% target allocation) – **Fund of Funds** (FofF) where the PE manager provides an overarching Limited Partnership (LP) that invests in other PE LP funds. Multiple clients invest in the Fund of Funds LP.
 - Fund of Fund Advantages – greater diversification, improved performance relative to small commitments, consistent management by the FofF LP General Partner, limited administrative impact on the client.
 - Fund of Fund Disadvantages – higher level of fees. The underlying LP investments have their own fees (e.g., XXX basis points on committed capital + YY% of profits above a threshold return). In addition the FofF LP has its own fees to compensate the GP of the Fund (e.g., XX basis points on committed capital). Hence the critique of FofF as having a “double layer of fees”.

- **Private Credit** (5% target allocation) – a custom **Fund of One** (FofOne) where the PC manager – TPG, now named Sixth Street Partners (SSP) provides an overarching Limited Partnership (LP) that invests in other SSP funds.
 - Fund of One Advantages – greater diversification, a quasi-evergreen structure that can carry on indefinitely with successive generations of SSP managed PC funds, no added fees for the FofOne LP.
 - Fund of One Disadvantages – Limited to only funds managed by SSP.

Current Pension Trust PE and PC Commitments:

\$ millions	Original Commitment	3Q20 Est. Mkt Value	Remining Commitments to Fund	Expected Final Distribution
PE – Harbourvest Fund IX (buyout) 2011	\$20	\$15	\$3	2024
PE – Pathway Fund 9 (diversified) 2017	\$65	\$36	\$28	2029+
PE - Harbourvest 2018 Global (diversified) 2018	\$20	\$8	\$12	2030+
PE – Pathway Fund 10 (diversified) 2020	\$20	\$1	\$19	2032+
PRIVATE EQUITY Total	\$125	\$60	\$62	

\$ millions	Original Commitment	3Q20 Est. Mkt Value	Remining Commitments to Fund	Expected Final Distribution
PC – KKR Mezzanine Debt Fund 1 2010	\$20	\$3	\$0	2023
PC – SSP Div. Credit Program 2016	\$114	\$65	\$47	At PT discretion
PC – SSP TAO Contingent Fund 2020	\$60	\$8	\$47	2032
PRIVATE CREDIT Total	\$194	\$76	\$94	

Recommended Direct Private Markets Program:

As part of the revised SAA Policy and the increase to a 30% Private Markets allocation, Verus noted that the economies of scale at that level suggest the possibility of a direct program of investments instead of the current fund-of-funds strategy may be advantageous. The following, based on Staff research, indicates that if a direct program is chosen by the Pension Trust, this may entail –

1. Eschewing Fund of Funds structures in favor of directly investing in Private Market LPs
2. Use of a Discretionary Advisor to manage the Private Market PE and PC investments. A Discretionary advisor has authority to make PE and PC investments for the client without client approval of each LP invested in. This is analogous to a Public Markets investment manager who has authority to buy and sell individual stocks and bonds in the client’s portfolio.
3. The underlying PE and PC LP investments are held only by one client in a custom portfolio.
4. Potential advantages of a Private Markets Discretionary Advisor arrangement –
 - a. Fees will likely be less than those of Fund of Funds structures
 - b. A \$1.4b pension fund with a 30% target allocation to Private Markets is large enough to achieve –
 - i. Adequate diversification across multiple types of LP funds.
 - ii. Improved performance relative to Fund of Funds.
 - iii. Access to better performing PE and PC funds due to having an adequate size to make efficiently sized commitments to each fund. That is , a \$20+

million “bite size” per investment is more attractive to a top performing LP manager than a small fund with a \$5 million commitment – particularly if done in conjunction with other client’s commitments to such a fund in parallel with each other as managed by the same advisor. Private Markets history shows a distinct advantage to investors who are able to invest with top quartile PE fund performance. The consistently higher performing General Partners (GPs) often have each LP they raise oversubscribed by investors so the GP can pick and choose which investors it is efficient for them to work with.

- iv. Custom strategy by the Private Markets Discretionary Advisor that integrates with any legacy Fund of Funds investments that still have several years to run before those funds make their final distributions back to the investor.
5. Potential disadvantages of a Private Markets Discretionary Advisor arrangement –
- a. Complexity
 - b. The need to search for an advisor without Verus’ advice (see below).

Private Markets Discretionary Advisor Search:

As part of the recommendation to use a direct Private Markets Discretionary Advisor, Verus noted that there are many well-qualified firms – including Verus. Because Verus is a possible candidate for being hired as a Private Markets Discretionary Advisor, conflict of interest considerations preclude them from advising the Pension Trust on this topic. Consequently, this research is being done by the Executive Director/Chief Investment Officer without the assistance or counsel of Verus.

Staff recommends the retention of a Private Markets Advisor search consultant. We understand there are a number of consulting firms that –

- Advise on the strategy and the search for a Private Markets Discretionary Advisor.
- Do not also manage investments in this area, so are free of conflict of interest issues.
- Act in a fiduciary role as a consultant.
- Conduct an extensive RFP process to develop a list of qualified candidates for a custom Private Markets Discretionary Advisor assignment.
- Are paid a consulting fee for the assignment and avoid further conflict of interest issues related to where their compensation comes from. These fees may be well above \$40,000 and push towards six digits.
- Recommend a finalist Advisor or facilitate Staff and Board evaluation.
- Document the search process.

Private Markets Strategy - Preliminary:

The specific investment strategy for a robust, direct program using a Private Markets Discretionary Advisor will depend on the advice of the Advisor retained. As a working concept for this search the following serves as a starting point for the project. It will evolve as the Advisor is selected and it will evolve over the following years as the market changes.

1. Private Markets direct program
 - a. Private Equity – 18% target allocation or about \$250m
 - i. Integrated with present Fund of Funds
 - b. Private Credit – 12% target allocation or about \$170m
 - i. Integrated with present two SSP managed funds.
 - c. Potential inclusion of the Real Assets Infrastructure allocation of 5% (for a total allocation of 35%. This is identified in the SAA as a separate allocation. However, depending on the Advisor selected, closed end Infrastructure LPs are often managed under the umbrella of Private Markets instead of Real Assets.
2. Private Markets program structure (see Private Market Program Functions below)
 - a. Separately Managed Account (SMA)
 - i. Investment Management agreement with Advisor.
 - ii. Investments held in name of the client. Easier to change Advisor if necessary.
 - iii. Legal review, cashflow management and reporting can be specified in IM agreement to be done by the Advisor.
 - b. Fund of One
 - i. Advisor sets up master LP that holds all the underlying investments. The Advisor is the GP for the fund.
 - ii. Fee for Fund of One typically well below Fund of Funds fees
 1. Optionally, the Advisor as GP may have their own equity invested in the Fund of One.
 2. Optionally, the Advisor's compensation can be just an asset fee, a flat fee, or an asset fee plus a small excess return participation carry.
 - iii. Investments held in the name of the Fund of One LP. Harder to change Advisor if necessary, but possible.
 - iv. Legal review, cashflow management, reporting, and audit of the LP responsibility of the Advisor / GP.

3. Private Markets Strategy

- a. Authority and Governance specified.
- b. Strategic Plan identified with Advisor – with flexibility over time.
- c. Investment Pacing forecast from the start and will evolve over time.
- d. Types of Investments
 - i. Direct LP investments
 - ii. Secondary market acquisition of LP interests
 - iii. Co-investments with fund GPs (e.g., PE fund holds companies in its LPs, raises more capital for portfolio companies with direct investments from LP partners – underwriting done by GP, no GP fees on co-investments)
- e. Geographic
 - i. North America
 - ii. Europe
 - iii. Global
- f. Private Equity
 - i. Buyout
 - 1. Small buyout
 - 2. Medium buyout
 - 3. Growth buyout
 - 4. Large buyout
 - ii. Venture Capital
 - 1. Early stage
 - 2. Growth Equity
- g. Private Credit
 - i. Direct lending
 - ii. Mezzanine
 - iii. Distressed
 - iv. Specialty Finance
 - v. Asset backed
 - vi. Structured Credit
 - vii. Renewable Infrastructure Debt
 - viii. Special Situations
 - ix. Reverse Mortgages
 - x. Insurance Linked – Life Settlements
 - xi. Insurance Linked – Catastrophe Bonds
 - xii. Royalties

4. Private Market Program Functions
 - a. Strategy formulation by the Advisor
 - b. Due Diligence and analysis of investments by Advisor
 - c. Legal review of LP documents by Advisor and Advisor's Counsel
 - i. May include constraints from the Client
 - d. Investment decisions by Advisor
 - i. Direct LP investments
 - ii. Secondary market LP purchases
 - iii. Co-investments
 - e. Monitoring and Reporting by Advisor with review by outside consultant
 - f. Audit and financial statements of a Fund of One vehicle
 - g. Cashflow Management of Capital Calls and Distributions preferably done by Advisor.

Respectfully submitted,

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Board of Trustees

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Date: November 23, 2020

To: Board of Trustees

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

Agenda Item 21: Alternative Investments Fee Disclosure – CA Code 7514.7

Recommendation:

Receive and File the attached report on Alternative Investment Fee Disclosure as required by California Code Sections 7514.7.

Discussion:

California Assembly Bill 2833 added Section 7514.7 to the California Code effective at the start of 2017 requiring additional disclosures on fees and expenses paid by a retirement system for alternative investment vehicles. The intent of the legislation is to increase the transparency of fees public investors are paying for alternative investments. CA Code 7514.7 also incorporates certain alternative investment related disclosures as specified in CA Code Section 6254.26.

These additional alternative investment disclosures are unique to California public pension systems. Many of these disclosure requirements are already included in the Verus quarterly investment reports received by the Board of Trustees. The Disclosure Requirements can be summarized as –

- Applies to any private fund that is an alternative investment vehicle whose contract with a California retirement plan was entered into on or after January 1, 2017 or for an existing contract at December 31, 2016 for which an additional capital commitment is made on or after January 1, 2017.

- The CA Code 7514.7 disclosure requirements are –
 - The fees and expenses that the California retirement system pays directly to the alternative investment vehicle, the fund manager, or related parties.
 - The California retirement system’s pro rata share of fees and expenses not included above that are paid from the alternative investment vehicle to the fund manager or related parties.
 - The California retirement system’s pro rata share of carried interest distributed to the fund manager or related parties.
 - The California retirement system’s pro rata share of aggregate fees and expenses paid by all of the portfolio companies held within the alternative investment vehicle to the fund manager or related parties.
 - Additional information specified in CA Code 6254.26 – including
 - Name, address and vintage year of each alternative investment vehicle.
 - Commitment amount since inception.
 - Contributions made since inception.
 - Distributions received since inception.
 - Amount of distributions received plus remaining value of partnership assets.
 - Net Internal Rate of Return since inception.
 - Investment multiple of funds returned since inception.
 - Amount of total management fees and costs paid on a fiscal year basis. (Note – total management fees reported under CA Code 6254.26 may differ from fees reported under the broader definitions included in CA Code 7514.7)
 - Cash profit (distributions) received on a fiscal year basis.
- For alternative investments entered into prior to January 1, 2017 California retirement systems are required to use reasonable efforts to acquire the mandatory information. The funds invested in by the SLOCPT prior to 2017 do not publish equivalent fee disclosure information so are not included in the CA Code 7514.7 reporting. They are included in the supplementary CA Code 6254.26 reporting to the extent the data is available from Verus quarterly investment reports. The one exception to this is the HarbourVest IX Fund (circa 2011) that voluntarily provides CA Code 751.7 reporting.
- The CA Code 7514.7 disclosures must be presented at least once annually in a report at a meeting open to the public.

The annual presentation of this data in this report satisfies the SLOCPT’s reporting requirements under CA Code 7514.7. No action other than a Receive and File by the Board of Trustees is necessary.

Respectfully Submitted,

San Luis Obispo County
Pension Trust
SLOOPT

NM = not meaningful

NR = Not reported

Section 7514.7 Disclosure - Alternative Investments
2019

Source: Alt. Inv. Mgr.s ILPA reporting

Investment	Commitment	Ending Valuation	Mgmt. Fee	Partnership Expenses	Offsets	Other Fees & Expenses paid to GP	Carried Interest Paid	Fees & Expenses paid by Portfolio Companies	Net IRR	Gross IRR
Private Credit:										
TSSP Diversified Credit Program 2016 (A), L.P. (a)	113,750,000	60,746,825	-	719,079	-	-	-	6,891,184	10.0%	10.8%
Private Equity:										
HarbourVest Partners IX - Buyout Partnership Fund L.P. (b)	20,000,000	15,819,705	199,869	53,777	-	-	45,259	898,561	183.0%	NR
Pathway Private Equity Fund Investors 9, L.P. (c)	65,000,000	32,992,378	363,283	56,932	-	52,420	-	363,283	NM (c)	NM (c)
HarbourVest 2018 Global Fund L.P. (d)	20,000,000	5,275,785	118,114	122,935	-	-	135,915	97,452	28.3%	NR
Pathway Private Equity Fund Investors 10, L.P. (e)	20,000,000	572,104	-	34,919	-	-	-	-	NM (e)	NM (e)

(a) TSSP DCP fund data from commencement of operations 2016 through 2019

(b) HarbourVest Fund IX fund data from commencement of operations 2011 through 2019 (pre2017 - voluntary Section 7514.7 disclosure)

(c) PPEF Fund 9 fund data from commencement of operations 2017 through 2019

(d) HarbourVest 2018 Global fund data from commencement of operations 2018 through 2019

(e) PPEF Fund 10 fund data from commencement of operations 2019 through 2019

San Luis Obispo County Pension Trust
Section 6254.26 Disclosure - Alternative Investments
2019

Source: Verus, quarterly investment reports

Investment	Address	Vintage	Commitment	Contributions since inception	Distributions since inception	Remaining Value	Total Value Distrib. + Remaining Value	Since Inception Net IRR	Net Invest. Multiple	Total Mgmt. Fees in FY	Cash Profit (Distrib.) Received in FY
Private Credit:											
TSSP Diversified Credit Program 2016 (A), L.P. (a)	San Francisco	2016	75,000,000	55,421,508	5,530,296	58,511,774	64,042,070	10.0%	1.18x	474,379	4,026,198
Private Equity:											
Pathway Private Equity Fund Investors 9, L.P. (c)	Boston	2017	65,000,000	33,844,883	243,611	32,992,378	33,235,989	NA	1.02x	329,066	715,633
HarbourVest 2018 Global Fund L.P. (d)	Boston	2018	20,000,000	4,600,000	-	4,949,792	4,949,792	28.3%	NA	272,598	-
Pathway Private Equity Fund Investors 10, L.P. (e)	Boston	2019	20,000,000	572,104	-	572,104	572,104	NA	NA	-	-
Private Equity - pre Jan. 1, 2017 (not subject to 7514.7)											
Harbourvest Partners IX - Buyout Fund, L.P. (b)	Boston	2011	20,000,000	16,550,000	12,917,312	15,819,705	28,737,017	18.3%	1.74x	265,006	2,167,382
KKR Mezzanine Partners I, L.P.	San Francisco	2010	20,000,000	20,000,000	29,566,840	4,695,289	34,262,129	8.2%	1.71x	88,823	212,306
PIMCO Distressed Credit Fund	Newport Beach	2010	20,000,000	20,000,000	27,950,093	102,169	28,052,262	12.3%	1.40x	1,874	-

(a) TSSP DCP fund data 12 months through December 31, 2019

(b) HarbourVest Fund IX fund data from commencement of operations 2011 through 2019

(c) PPEF Fund 9 fund data from commencement of operations 2017 through 2019

(d) HarbourVest 2018 Global fund data from commencement of operations 2018 through 2019

(e) PPEF Fund 10 fund data from commencement of operations 2019 through 2019