

Pension Trust

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(805) 781-5465 Phone
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www.SLOPensionTrust.org

San Luis Obispo County
Pension Trust
SLOCPT

AGENDA

Monday, May 24, 2021 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/92172563171?pwd=by9Bblc5N1ZUV2cxRXArNIJtVFpGdz09>

If you wish to listen to the teleconference meeting, please dial 669/900-6833 (Meeting ID 921 7256 3171). If you have any questions or require additional service, please contact SLOCPT at 805/781-5465.

A) PUBLIC COMMENT

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

B) ORGANIZATIONAL

2. Resolution Honoring Trustee Guy Savage - Resolution 2021-01 (Recommend Approval).
3. Committees – appointment of members by President.
 - i. Audit Committee (standing committee)
 - ii. Personnel Committee (standing committee)
 - iii. Private Markets Investment Committee (ad hoc committee)

C) CONSENT

4. Minutes of the Regular Meeting of March 22, 2021 (Approve Without Correction).
5. Reports of Deposits and Contributions for the months of March and April 2021 (Receive and File).
6. Reports of Service Retirements, Disability Retirements and DROP Participants for the months of March and April 2021 (Receive, Approve and File).
7. Monthly Investment Report for March 2021 (Receive and File).
8. Resolution Modifying and Affirming Investment and Banking authority - Resolution 2020-02 (Recommend Approval).
9. Stipulation for the Division of Pension Benefits – Option Four Pension Benefit Election (Recommend Approval)

D) APPLICATIONS FOR DISABILITY RETIREMENT

10. Application for Industrial Disability Retirement – Case 2020-04 (Recommend Approval).

E) OLD BUSINESS

None

F) NEW BUSINESS

11. Actuarial Valuation – 2021 Actuarial Assumptions Approval - (Discuss, Direct Actuary and Staff as necessary – Recommend Approval).
12. Administrative Budget for Fiscal Year 2021-2022 - Proposed – (Recommend Approval).

G) INVESTMENTS

13. Quarterly Investment Report for the 1st Quarter of 2021 – Verus (Receive and File).
14. Monthly Investment Report for April 2021 (Receive and File).
15. Private Markets Discretionary Advisor Search Update - NEPC - (Review, Discuss, Direct Consultant and Staff as necessary).
16. Asset Allocation - (Review, Discuss, and Direct Staff as necessary).

H) OPERATIONS

17. Staff Reports
18. General Counsel Reports
19. Committee Reports:
 - i. Audit Committee No Report
 - ii. Personnel Committee No Report
 - iii. Private Markets Investments Report
20. Upcoming Board Topics (subject to change)
 - i. June 28, 2021
 - a. 2020 Financial Audit Report / CAFR Approval
 - b. 2021 Actuarial Valuation / Contribution Rate changes
 - c. Employer prefunding amount
 - d. Disability Hearing Referee Panel Update
 - e. Private Markets Discretionary Advisor
 - ii. July 26, 2021 – planned as a non-meeting month
 - iii. August 23, 2021
 - a. New Trustee – Seating / Committee appointments
 - b. Mid year Financial Statements and Budget Status
 - c. Quarterly Investment Report

- d. Private Markets Discretionary Advisor – Update, Finalists
 - e. Financial Controls Review / Audit Process educational presentation
- iv. September 27, 2021
- a. Executive Director Evaluation
 - b. Private Markets Discretionary Advisor – Selection
 - c. Fiduciary Refresher Briefing
 - d. Annual Strategic Planning session
 - (a) Funding Policy Update and Projections
 - (b) Benefits Administration briefing
 - (c) Cybersecurity Update
 - (d) Policy Updates
 - (i) Governance
 - (ii) Ethical and Fiduciary Conduct
 - (iii) Trustee Competencies
 - (iv) Personnel Policy

21. Trustee Comments

I) CLOSED SESSION

None

J) ADJOURNMENT

San Luis Obispo County
Pension Trust
SLOOPT

RESOLUTION NO. 2021-01

**A Resolution Honoring Guy Savage
For Service to the Pension Trust**

Whereas Guy Savage has served the County of San Luis Obispo well and honorably as the head of Information Technology and as the Assistant County Administrative Officer for 18 years; and

Whereas Guy Savage has served the San Luis Obispo County Pension Trust as an appointed Trustee on the Board of Trustees equally well and honorably for over 8 years from 2013 to 2021, providing loyal and dedicated service to the Members and Participants of the Pension Trust; and

Whereas Guy Savage has brought his clear and analytical professionalism, thoughtful questioning, wide-ranging knowledge, and commitment to the Pension Trust mission to the complex duties of a Trustee; and

Whereas Guy Savage has exhibited the judgement, discretion, critical thought, listening skills, independence, and diligence at professional education crucial to the fiduciary role of a Trustee; and

Whereas Guy Savage has demonstrated those attributes central to the mission of the Pension Trust – honesty, integrity, and dedication to the Trust, its Members, Participants and Plan Sponsors.

Now, Therefore Be It Resolved and Ordered as follows:

That this Board of Trustees hereby does thank, recognize, commend, congratulate, and honor Guy Savage, for his loyal service to the Pension Trust. In addition, the Trustees wish Guy many years of well-deserved bicycle-riding retirement.

Adopted: May 24, 2021

SIGNED: _____
Gere Sibbach
President, Board of Trustees
San Luis Obispo County Pension Trust

ATTEST: _____
Carl Nelson
Executive Director

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**PENSION TRUST
BOARD OF TRUSTEES**

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MINUTES

**PENSION TRUST
BOARD OF TRUSTEES**

Monday, March 22, 2021 *
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: Gere Sibbach
Jeff Hamm
Taylor Dacus
Jim Hamilton
Lisa Howe
Guy Savage
Michelle Shoresman

Board Members Absent: -

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

General Counsel: Chris Waddell Olson | Remcho
Kristen Rogers Olson | Remcho

Consultants: Anne Harper Cheiron
Alice Alsberghe Cheiron
Graham Schmidt Cheiron

Others: Larry Batchelder SLOCREA
Vince Ortega
Zack Cziryak financial reporter
Lisa Winter SLOCTPT
Suzette Lopez SLOCTPT
Unidentified call-in attendees (2)

Call to Order: 9:35 AM by President Sibbach

A) PUBLIC COMMENT

1. None

B) ORGANIZATIONAL

None

C) CONSENT

2. Minutes of the Regular Meeting of February 22, 2021 (Approve Without Correction).
3. Reports of Deposits and Contributions for the month of February 2021 (Receive and File).
4. Reports of Service Retirements, Disability Retirements and DROP Participants for the month of February 2021 (Receive, Approve and File).
5. Indemnification – Authorization pursuant to Section 16.02(j) of the Retirement Plan – BlackRock and SSGA (Recommend Approval)

Motion: Approve the Consent items

Discussion: Trustee Savage commented relative to agenda Item 5 that he is frustrated over the investment management industry trend to require greater indemnification from their clients. General Counsel Waddell discussed the types of client-provided indemnifications commonly found in agreements and the impediments to clients eliminating such provisions. Mr. Waddell in answer to a question from Trustee Savage noted that he was not aware of any cases yet where a public sector retirement system was harmed by having to provide such indemnifications.

Public Comment: none

Motion Made: Mr. Savage

Motion Seconded: Mr. Hamm

Carried: Unanimous (roll call vote)

D) APPLICATIONS FOR DISABILITY RETIREMENT

6. Application for Industrial Disability Retirement – Case 2020-05 (Recommend Approval).

Motion: Approve Staff recommendation to approve Industrial Disability Retirement case 2020-05.

Discussion: Ms. Burke presented the staff recommendation on this disability case.

Public Comment: None

Motion Made: Mr. Sibbach

Motion Seconded: Mr. Hamm

Carried: Unanimous (roll call vote)

E) OLD BUSINESS

None

F) NEW BUSINESS

7. 2021 Actuarial Valuation Planning - Presentation by Anne Harper and Alice Alsberghe, Cheiron - Plan Actuary - (Discuss, Direct Actuary and Staff as necessary).

Discussion: Anne Harper and Alice Alsberghe, Plan Actuaries, from Cheiron presented at length on planning for the 2021 Annual Actuarial Valuation. Several possible Valuation assumption and method changes were previewed. Any such actuarial changes will be addressed at the May 24, 2021 Board of Trustees meeting. Trustee Sibbach acknowledged the Board of Trustees previously expressed bias in favor of lowering the Discount Rate in the current investment environment. Ms. Harper also discussed the satisfactory outcome of Cheiron's replication of the 2020 Actuarial Valuation. Trustees engaged in an extensive discussion of various possible actuarial assumptions and methods in preparation for decision-making on these items at the May 24th meeting.

Public Comment: None

No Action Necessary

11:03 AM - Trustee Hamilton left the meeting temporarily.

President Sibbach deferred consideration of Agenda Item 8 until Trustee Hamilton could return.

9. Administrative Budget for Fiscal Year 2021-2022 - Proposed – (Review, Discuss, and Direct Staff as necessary).

Discussion: Ms. Burke presented the Staff recommendation on the Pension Trust's administrative budget for FY21-22. The budget – possibly in revised form – will be presented for approval at the May 24th meeting. Trustees asked questions and commented on the draft budget.

Public Comment: None

No Action Necessary

11:20 AM - President Sibbach called for a 10 minute break.

11:24 AM – Trustee Hamilton returned.

11:30 AM – Back in session

President Sibbach returned to consideration of Agenda Item 8.

8. Employer Contributions Prefunding and Discount Rate (Discuss, Direct Staff as necessary).

Motion: Approve Staff recommendation to allow SLO County to prefund Employer pension contributions in FY21-22 at a discount rate benchmarked to the real rate of return assumption to be used in the 2021 Actuarial Valuation.

Discussion: Ms. Burke presented the staff recommendation on employer pension contribution rate prefunding. The staff recommendation continued the prior year practice of using the assumed real rate of return in the Pension Trust's annual actuarial valuation (4.50% in 2020 which may change as actuarial assumptions are adopted at the May 24th Board of Trustees meeting) as a convenient benchmark for discounting prepaid contributions. Trustees discussed the topic thoroughly. Mr. Hamilton speaking as SLO County Treasurer (and not as a Trustee) noted that he expected the County to take advantage of employer pension contribution prefunding again in FY21-22.

Public Comment: None

Motion Made: Mr. Hamm

Motion Seconded: Mr. Savage

Carried: Unanimous (roll call vote)

G) INVESTMENTS

10. Search Consultant Selection - Private Markets Discretionary Advisor (Review, Discuss, and Recommend Approval).

Motion: Approve recommendation of the ad hoc Private Markets Investment Committee and Staff recommendation to retain NEPC, Inc. as a search consultant for the 2021 project to hire a Private Markets Discretionary Advisor.

Discussion: Mr. Nelson presented the Committee and Staff recommendation from the RFI process to find a consultant to advise SLOCPT in the search for a Private Markets Discretionary Advisor. Four search consultant firms submitted RFI responses. The ad hoc Private Markets Investment Committee and Staff recommended hiring NEPC, Inc. to conduct the search through an open RFP process.

Public Comment: None

Motion Made: Mr. Savage

Motion Seconded: Mr. Hamilton

Carried: Unanimous (roll call vote)

11. Strategic Asset Allocation – Benchmark Technical Update (Recommend Approval)

Motion: Approve Staff recommendation to amend Addendum A (Strategic Asset Allocation Policy) to the Investment Policy Statement to update specified performance benchmarks.

Discussion: Mr. Nelson presented the proposed amendment to investment policy to update performance benchmarks. No changes to asset allocation policy were included in this technical amendment.

Public Comment: None

Motion Made: Mr. Sibbach

Motion Seconded: Mr. Dacus

Carried: Unanimous (roll call vote)

12. Monthly Investment Report for February 2021 (Receive and File)

Discussion: Monthly investment performance report by Staff and Verus.

Motion: To Receive and File the monthly investment report.

Discussion: Mr. Nelson presented the report.

Public Comment: None

Motion Made: Mr. Hamm

Motion Seconded: Mr. Savage

Carried: Unanimous (roll call vote)

13. Asset Allocation

Discussion: Routine item included should asset allocation changes be necessary. No action needed.

Public Comment: None

No Action Necessary

H) OPERATIONS

14. Staff Reports

- i. Custody Bank cash investment vehicles: Mr. Nelson reported that SLOCPT's Custodian Bank, JP Morgan, has to modify its end-of-day sweep of uninvested cash to interest bearing accounts for regulatory reasons. Mr. Nelson authorized the

operational change to cease using a money market short term investment fund for cash. Instead, uninvested cash balances will become bank deposits with JP Morgan/Chase Bank and bear a competitive rate of interest. Such deposits will be collateralized. Scott Whalen of Verus concurs with this minor change.

15. General Counsel Reports

None

16. Committee Reports:

- | | |
|---|------------------------|
| i. Audit Committee | No Report |
| ii. Personnel Committee | No Report |
| iii. Private Markets Investments (ad hoc) | part of Agenda Item 10 |

17. Upcoming Board Topics – published on meeting agenda

18. Trustee Comments

- i. CALAPRS 2021 General Assembly – Trustee Hamm reported on the virtual conference. The Cybersecurity presentation he found interesting and requested a future staff report on cybersecurity at SLOCPT.
- ii. Trustee election – Trustee Savage requested Mr. Nelson to summarize the status of the upcoming Trustee election.

I) CLOSED SESSION

None

J) ADJOURNMENT

There being no further business, the meeting was adjourned at 12:18 PM. The next Regular Meeting was set for May 24, 2021, 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
MARCH 2021**

PP 5	3/12/2021	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for	Employee Rate	Combined Rate	Additional Contributions	Buy Backs	TOTAL Contributions
						Employee Contributions					
By Employer and Tier:											
	County Tier 1	3,016,706.46	819,206.58	27.16%	395,348.78	257,091.56	21.63%	48.78%	1,137.50	790.83	1,473,575.25
	County Tier 2	984,032.05	278,540.02	28.31%	59,963.35	83,098.69	14.54%	42.84%	-	176.75	421,778.81
	County Tier 3	3,663,051.10	972,367.30	26.55%	495,730.61	-	13.53%	40.08%	-	1,092.38	1,469,190.29
	Superior Court Tier 1	218,779.87	60,929.79	27.85%	40,738.09	-	18.62%	46.47%	-	-	101,667.88
	Superior Court Tier 3	106,301.55	28,092.47	26.43%	13,885.43	-	13.06%	39.49%	-	-	41,977.90
	APCD Tier 1	47,918.77	12,830.38	26.78%	7,615.88	3,733.32	23.68%	50.46%	-	-	24,179.58
	APCD Tier 3	30,278.42	7,784.00	25.71%	4,585.27	-	15.14%	40.85%	-	-	12,369.27
	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	9,347.20	2,386.34	25.53%	485.12	868.36	14.48%	40.01%	-	-	3,739.82
	SLOCPT Tier 3	12,132.36	3,037.94	25.04%	1,747.73	-	14.41%	39.45%	250.00	-	5,035.67
	LAFCO Tier 3	2,248.00	654.17	29.10%	241.21	-	10.73%	39.83%	-	-	895.38
	RTA Tier 2	26,464.25	6,743.10	25.48%	551.16	3,440.36	15.08%	40.56%	-	-	10,734.62
	RTA Tier 3	16,310.40	4,489.12	27.52%	1,889.55	-	11.58%	39.11%	-	-	6,378.67
		8,141,286.30	2,199,031.07	27.01%	1,023,917.96	348,949.09	16.86%	43.87%	1,387.50	2,059.96	\$ 3,575,345.58
PP 6	3/26/2021	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for Employee Contributions	Employee Rate	Combined Rate	Additional Contributions	Buy Backs	TOTAL Contributions
By Employer and Tier:											
	County Tier 1	3,019,827.09	820,327.76	27.16%	395,654.78	257,497.85	21.63%	48.79%	1,137.50	790.83	1,475,408.72
	County Tier 2	976,810.77	276,810.71	28.34%	59,763.25	82,374.37	14.55%	42.89%	-	176.75	419,125.08
	County Tier 3	3,670,491.62	975,097.18	26.57%	496,606.52	-	13.53%	40.10%	-	1,092.38	1,472,796.08
	Superior Court Tier 1	217,457.71	60,610.59	27.87%	40,618.24	-	18.68%	46.55%	-	-	101,228.83
	Superior Court Tier 3	108,296.68	28,640.60	26.45%	14,240.08	-	13.15%	39.60%	-	-	42,880.68
	APCD Tier 1	47,918.76	12,830.37	26.78%	7,615.88	3,733.32	23.68%	50.46%	-	-	24,179.57
	APCD Tier 3	30,278.41	7,783.99	25.71%	4,585.27	-	15.14%	40.85%	-	-	12,369.26
	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	9,347.20	2,386.34	25.53%	485.12	868.36	14.48%	40.01%	-	-	3,739.82
	SLOCPT Tier 3	12,132.36	3,037.94	25.04%	1,747.73	-	14.41%	39.45%	250.00	-	5,035.67
	LAFCO Tier 3	2,248.00	654.17	29.10%	241.21	-	10.73%	39.83%	-	-	895.38
	RTA Tier 2	26,464.25	6,743.10	25.48%	551.16	3,440.36	15.08%	40.56%	-	-	10,734.62
	RTA Tier 3	16,310.40	4,489.12	27.52%	1,889.55	-	11.58%	39.11%	-	-	6,378.67
		8,145,299.12	2,201,381.73	27.03%	1,025,134.57	348,631.06	16.87%	43.89%	1,387.50	2,059.96	\$ 3,578,594.82
TOTAL FOR THE MONTH		16,286,585.42	4,400,412.80	27.02%	2,049,052.53	697,580.15	16.86%	43.88%	2,775.00	4,119.92	\$ 7,153,940.40
 TOTAL YEAR TO DATE		48,736,389.22	13,167,062.12	27.02%	6,129,242.96	2,099,759.43	16.88%	43.90%	8,400.00	16,026.11	21,420,490.62

**REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF
APRIL 2021**

PP 7 4/9/2021	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	3,003,182.46	816,735.71	27.20%	393,704.04	255,750.92	21.63%	48.82%	1,137.50	591.48		1,467,919.65
County Tier 2	981,663.39	278,012.73	28.32%	60,008.99	82,810.07	14.55%	42.87%	-	176.75		421,008.54
County Tier 3	3,715,478.90	987,786.24	26.59%	502,756.62	-	13.53%	40.12%	-	762.04		1,491,304.90
Superior Court Tier 1	217,652.12	60,682.67	27.88%	40,649.55	-	18.68%	46.56%	-	-		101,332.22
Superior Court Tier 3	108,650.68	28,728.99	26.44%	14,285.91	-	13.15%	39.59%	-	-		43,014.90
APCD Tier 1	47,918.78	12,830.38	26.78%	7,615.88	3,733.32	23.68%	50.46%	-	-		24,179.58
APCD Tier 3	30,843.22	7,928.20	25.70%	4,663.01	-	15.12%	40.82%	-	-		12,591.21
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	9,347.20	2,386.34	25.53%	485.12	868.36	14.48%	40.01%	-	-		3,739.82
SLOCPT Tier 3	12,233.16	3,063.18	25.04%	1,760.04	-	14.39%	39.43%	250.00	-		5,073.22
LAFCO Tier 3	2,248.00	654.17	29.10%	241.21	-	10.73%	39.83%	-	-		895.38
RTA Tier 2	26,464.25	6,743.10	25.48%	551.16	3,440.36	15.08%	40.56%	-	-		10,734.62
RTA Tier 3	16,310.40	4,489.12	27.52%	1,889.55	-	11.58%	39.11%	-	-		6,378.67
	8,179,708.43	2,212,010.69	27.04%	1,029,746.86	347,319.83	16.84%	43.88%	1,387.50	1,530.27		\$ 3,591,995.15

PP 8 4/23/2021	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	2,997,143.95	815,108.77	27.20%	393,503.53	255,036.69	21.64%	48.83%	1,137.50	22,749.95		1,487,536.44
County Tier 2	986,058.65	279,272.64	28.32%	60,238.48	83,179.31	14.54%	42.87%	-	176.75		422,867.18
County Tier 3	3,730,621.78	992,067.76	26.59%	504,688.21	-	13.53%	40.12%	-	759.72		1,497,515.69
Superior Court Tier 1	217,716.60	60,705.22	27.88%	40,674.62	-	18.68%	46.57%	-	-		101,379.84
Superior Court Tier 3	108,467.84	28,683.37	26.44%	14,257.58	-	13.14%	39.59%	-	54.54		42,995.49
APCD Tier 1	47,918.78	12,830.38	26.78%	7,615.88	3,733.32	23.68%	50.46%	-	-		24,179.58
APCD Tier 3	30,719.23	7,896.54	25.71%	4,644.34	-	15.12%	40.82%	-	-		12,540.88
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	9,347.20	2,386.34	25.53%	485.12	868.36	14.48%	40.01%	-	-		3,739.82
SLOCPT Tier 3	12,233.16	3,063.18	25.04%	1,760.04	-	14.39%	39.43%	250.00	-		5,073.22
LAFCO Tier 3	2,248.00	654.17	29.10%	241.21	-	10.73%	39.83%	-	-		895.38
RTA Tier 2	26,464.25	6,743.10	25.48%	551.16	3,440.36	15.08%	40.56%	-	-		10,734.62
RTA Tier 3	16,310.40	4,489.12	27.52%	1,889.55	-	11.58%	39.11%	-	-		6,378.67
	8,192,965.71	2,215,870.45	27.05%	1,031,685.50	346,974.84	16.83%	43.87%	1,387.50	23,740.96		\$ 3,619,659.25

TOTAL FOR THE MONTH	16,372,674.14	4,427,881.14	27.04%	2,061,432.36	694,294.67	16.83%	43.88%	2,775.00	25,271.23		\$ 7,211,654.40
TOTAL YEAR TO DATE	65,109,063.36	17,594,943.26	27.02%	8,190,675.32	2,794,054.10	16.87%	43.90%	11,175.00	41,297.34		28,632,145.02

REPORT OF RETIREMENTS**March 2021**

RETIREE NAME	DEPARTMENT	BENEFIT TYPE *	EFFECTIVE DATE	MONTHLY BENEFIT	SS TEMP ANNUITY**
Leigan, Elisa M	Behavioral Health	Service Retirement	03/21/2021	4,249.10	False
Liebscher, Karen L	Superior Court	Service Retirement	02/20/2021	9,228.89	False
Ogren, Jill J	Public Works ISF	Service Retirement	03/05/2021	8,420.11	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**April 2021**

RETIREE NAME	DEPARTMENT	BENEFIT TYPE *	EFFECTIVE DATE	MONTHLY BENEFIT	SS TEMP ANNUITY**
Culpepper, John	Library	Service Retirement	04/17/2021	4,170.65	False
Graber, Starlene	Behavioral Health	DROP	04/01/2021	10,236.75	False
Guzzardi, Joseph	Emergency Services	Service Retirement	01/31/2021	442.36	False
Nast, Jason	ITD	Service Retirement	03/08/2021	346.04	False
Nolan, Jean	Sheriff-Coroner	Service Retirement	03/15/2021	490.78	False
Paik, Julie	SLO County Child Support Servi	Service Retirement	03/31/2021	807.74	False
Pang, Kenneth	Public Works ISF	DROP	04/01/2021	4,392.58	False
PAREDES, MARTHA	Superior Court	Service Retirement	03/01/2021	2,453.95	False
Sitorius, Jeanne	SLO County Child Support Servi	DROP	04/01/2021	3,380.15	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

Board of Trustees

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San Luis Obispo County Pension Trust *SLOOPT*

Date: April 26, 2021

To: Board of Trustees

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

Agenda Item 7: Monthly Investment Report for March 2021

	March	Year to Date 2021	2020	2019	2018	2017	2016
Total Trust Investments (\$ millions)	\$1,591		\$1,552 year end	\$1,446 year end	\$1,285 year end	\$1,351 year end	\$1,196 year end
Total Fund Return	0.9% Gross	2.5% Gross	8.9 % Gross	16.3 % Gross	-3.2 % Gross	15.5 % Gross	6.6 % Gross
Policy Index Return (r)	1.2%	2.0%	10.0 %	16.4 %	-3.2 %	13.4 %	7.7 %

- (r) Policy index as of Sept. 2020 Strategic Asset Allocation Policy with 2021 Interim targets:
- Public Mkt Equity- 20% Russell 3000, 20% MSCI ACWI ex-US
 - Public Mkt Debt- 11% Barclays US Aggregate,
 - Risk Diversifying 10% Barclays US Aggregate, 3% Barclays 7-10yr Treasury, 2% Barclays 5-10yr US TIPS
 - Real Estate & Infrastructure- 12% NCREIF Index, 3% Private RE/Infrastructure actual returns
 - Private Equity- 8% actual private equity returns
 - Private Credit- 7% actual private credit returns
 - Liquidity- 2% 90 day T-Bills, 2% Barclays 1-3yr Gov/Credit
- Pending annual updates to interim targets.

SLOOPT Investment Returns:

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

The Economy and Capital Markets:

➤ The Economy

- JP Morgan in its 2Q21 Guide to the Markets report included forecasts on –
 - GDP Growth – US - strong US domestic growth during 2021 rising to a 7.5% year over year GDP growth by 4Q21. Growth on a global basis in JP Morgan’s forecast is expected to converge on synchronized global growth after a slower start from European growth.
 - Unemployment – US - unemployment to improve to 4.2% by year end 2021 and to a full-employment level of 3.5% by year end 2022.
 - Inflation – US - for the strong economic recovery to push the GDP price deflator measure of inflation to the area of 2.4% by year end 2021.
 - Fed and Monetary Policy - The strong 2021 economy expected suggests that the Fed may taper off its asset purchase program in 2022 that would put upward pressure on interest rates.

- Jamie Dimon – Chair of JP Morgan Chase in his widely read annual letter to shareholders included –
 - “The U.S. economy will likely boom. A combination of excess savings, deficit spending, a potential infrastructure bill, vaccinations and euphoria around the end of the pandemic may create a boom that could easily run into 2023.”
 - “There is a chance that a rise in inflation would be more than temporary forcing the Fed to raise interest rates aggressively.” “Rapidly raising rates to offset an overheating economy is a typical cause of recession. But he hopes for the Goldilocks scenario of fast growth, gently increasing inflation, and a measured rise in interest rates.”
 - “China’s leaders believe that America is in decline.” While the U.S. has faced tough times before, today “the Chinese see an America that is losing ground in technology, infrastructure and education — a nation torn and crippled by politics, as well as racial and income inequality — and a country unable to coordinate government policies (fiscal, monetary, industrial, regulatory) in any coherent way to accomplish national goals,” he wrote. “Unfortunately, recently, there is a lot of truth to this.”
 - “With more widespread remote working, JP Morgan may need only 60 seats for every 100 employees – This will significantly reduce our need for real estate.”

➤ Policy Responses to Pandemic

- **Monetary Policy** –
 - Interest rates have seen a steepening of the yield curve and modest increases as the bond market anticipates improved economic conditions and an increase in inflation.

- Fed Chair Powell has been unwavering in his indications to the markets that the Fed will continue to hold interest rates at very low levels to bolster a recovering economy. This support includes the Fed’s 2020 softening of the inflation rate it targets to accommodate a more flexible measurement period.
- **Fiscal Policy –**
 - The Biden administration’s success at passing the American Rescue Plan stimulus program buoyed expectations for 2021-2023 economic growth. The proposed sweeping infrastructure bill likewise would be largely stimulative to the economy, although its probability of passage as proposed is up in the air.
- **Employment and Wages –**
- The March jobs report from the BLS on nonfarm employment with a gain of 916k new jobs showed an economy continuing to recover from the 2020 pandemic pullback. Of the total new jobs in March, 280k were in the leisure and hospitality sectors.
 - The unemployment rate in March decreased to 6.0% - compared to 2020’s low of 3.5% in February and the high of 14.7% in April. The total number of unemployed is 9.7 million, 4.0 million higher than the February 2020 level. The number of long-term unemployed (jobless for 27 weeks or more) stands at 4.2 million making up 43% of the total unemployed.
 - In March the Bureau of labor Statistics estimated that 21% of employed persons teleworked.
- **Market Outlook –**
- **Equity Valuations** - The bull market in US Stocks continued through March with the S&P 500 up 75% from its low point in March 2020. A March 23rd New York times article by Matt Phillips, excerpted below, discussed market apprehensions about the elevated market level and its appearance as a possible “bubble” prone to upset.

“The bull market turned a year old on Tuesday, a testament to the unbridled enthusiasm that let investors shrug off the economic carnage of the pandemic and buy stocks — and pretty much anything else.

Few on Wall Street will ever predict a broad-based bubble, the overenthusiastic rise of prices that can be ruinous to investors when they burst. So it’s remarkable that the b-word is on anyone’s lips when you consider the outlook a year ago. The stock market had plunged nearly 34 percent and finally bottomed out on March 23, 2020.

The sell-off stopped only after the Federal Reserve took steps to cut interest rates almost to zero and restarted bond-buying programs that bought trillions of dollars in government-backed debt to get money flowing through financial markets. Stocks began climbing again and accelerated as the government provided aid including expanded unemployment benefits and three rounds of direct stimulus payments worth as much as \$3,200 a person. That spending gave investors a psychological

lift. While the economy still looks weak, the flood of money — along with the rising number of vaccinations — has raised expectations for 2021 economic growth from 2 percent a year ago to 5.7 percent Tuesday, according to Bloomberg data. That suggests a rush of corporate profits — key drivers for stock prices — will follow.

The conditions for a bubble are clearly present, said John D. Turner, a professor of financial history at Queen's University Belfast. To make them, he said, you need three key ingredients, plus a spark. The ingredients are ease of trading, access to credit, and mass speculation — all of which are in ready supply right now.”

- **Interest Rates and Inflation** - In the near-term, capital markets continue to be nervous about the risk of unexpected spikes in inflation that could trigger an end to accommodative monetary policies. Inflation fears certainly can find root in the unprecedented level of fiscal stimulus slated to pour into the economy in parallel with very stimulative monetary policy. Hence the uptick in the yield curve in recent months.
 - The US CPI spiked modestly in March with a 0.6% increase capping a 2.6% trailing 12-month CPI increase. However, the CPI jump was exaggerated by the negative CPI in March 2020 as the pandemic first took hold as well as a run up in gasoline prices.
 - The Breakeven Inflation rate embedded in TIPS prices looking out 5 years is currently around 2.5%. At year-end 2020 the Breakeven Inflation rate was around 1.9%. These rates are consistent with the Fed's targets and guidance on inflation rates.

Respectfully Submitted,

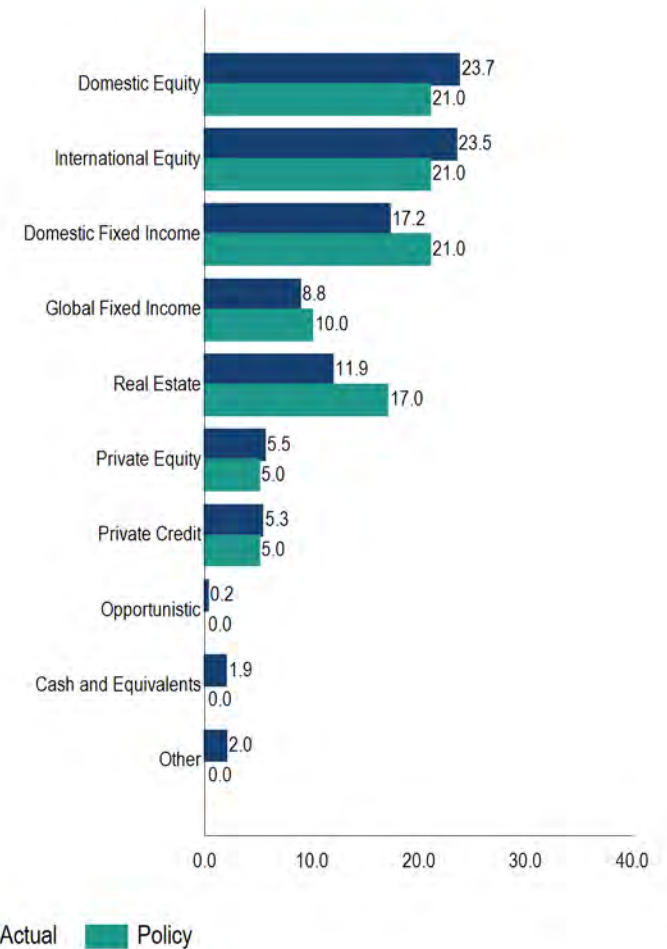
San Luis Obispo County Pension Trust

Executive Summary - Preliminary (Gross of Fees)

Period Ending: March 31, 2021

	Market Value	% of Portfolio	1 Mo	YTD
Total Fund	1,591,266,446	100.0	0.9	2.5
<i>Policy Index</i>			1.2	2.0
Total Domestic Equity	377,478,983	23.7	3.0	7.1
<i>Russell 3000</i>			3.6	6.3
PIMCO RAE US	93,040,992	5.8	6.8	14.3
<i>S&P 500</i>			4.4	6.2
Loomis Sayles Large Cap Growth	103,183,233	6.5	2.9	3.0
<i>Russell 1000 Growth</i>			1.7	0.9
Boston Partners Large Cap Value	104,121,129	6.5	-1.8	4.9
<i>Russell 1000 Value</i>			5.9	11.3
Atlanta Capital Mgmt	77,133,628	4.8	5.5	8.2
<i>Russell 2500</i>			1.6	10.9
Total International Equity	373,154,829	23.5	0.5	3.5
<i>MSCI ACWI ex USA Gross</i>			1.3	3.6
Dodge & Cox Intl Stock	171,017,768	10.7	0.7	7.3
<i>MSCI ACWI ex USA Value Gross</i>			2.9	7.2
WCM International Growth	202,137,061	12.7	0.4	0.3
<i>MSCI ACWI ex USA Growth Gross</i>			-0.3	0.0
Total Domestic Fixed Income	274,089,352	17.2	-0.6	-1.6
<i>BBgBarc US Aggregate TR</i>			-1.2	-3.4
BlackRock Core Bond	96,460,745	6.1	-0.8	-3.2
<i>BBgBarc US Aggregate TR</i>			-1.2	-3.4
Dodge & Cox Income Fund	101,471,148	6.4	-0.9	-2.4
<i>BBgBarc US Aggregate TR</i>			-1.2	-3.4
Pacific Asset Corporate Loan	76,157,459	4.8	0.0	1.6
<i>S&P/LSTA Leveraged Loan Index</i>			0.0	1.8
Total Global Fixed	140,225,719	8.8	-1.6	-4.7
<i>FTSE World Govt Bond Index</i>			-2.1	-5.7
Brandywine Global Fixed Income	70,092,392	4.4	-1.1	-2.7
<i>FTSE WGBI ex US TR</i>			-2.6	-6.4
Ashmore EM Blended Debt Fund	70,133,327	4.4	-2.1	-6.5
<i>50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELM+</i>			-1.6	-4.6

Actual vs Target Allocation (%)



*Other balance represents Clifton Group.

New Policy Index as of 1/1/2021 23% Russell 3000, 20% MSCI ACWI ex-US (Gross), 23% BBgBarc U.S. Aggregate, 3% BbgBarc US Treasury 7-10 yr, 2% BBgBarc US TIPS, 15% NCREIF Property Index, 5% Actual Private Equity Return, 5% Actual Private Credit Return, 2% 91 day T-Bills, 2% BBgBarc 1-3 yr Gov/Credit. 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. (e) To avoid unnecessary and possibly misleading Tracking Error, the Total Fund Policy Benchmark uses actual time-weighted private markets returns applied to actual private market asset class weights rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market investment's public market "equivalent" (e.g., private equity to public equity; private credit to public fixed income, private real estate to public real estate).

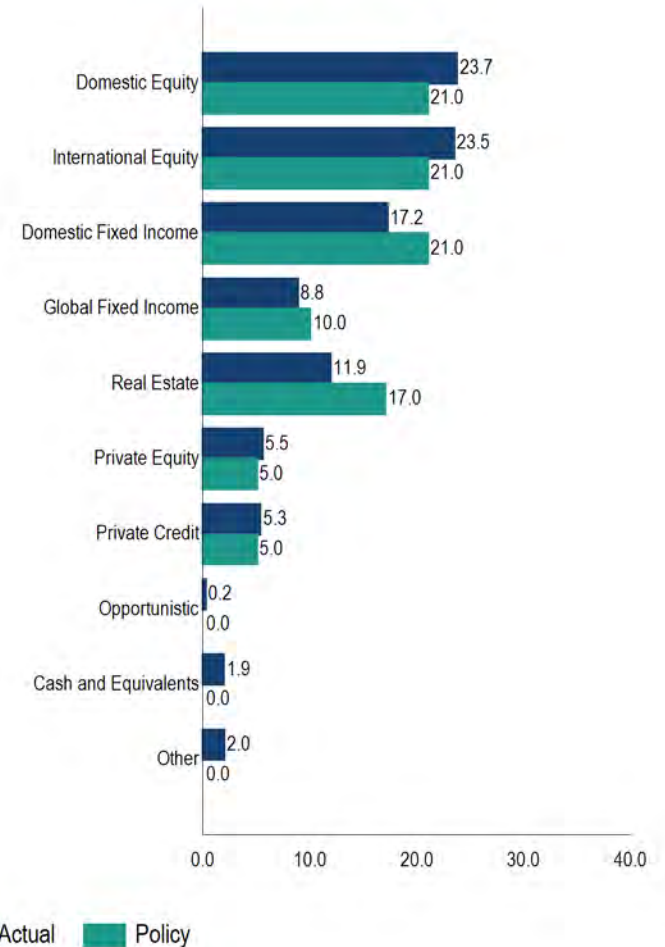
San Luis Obispo County Pension Trust

Executive Summary - Preliminary (Gross of Fees)

Period Ending: March 31, 2021

	Market Value	% of Portfolio	1 Mo	YTD
Total Real Estate	188,975,613	11.9	0.5	1.5
NCREIF Property Index			1.7	1.7
JP Morgan Core Real Estate	149,679,128	9.4	0.6	1.6
NCREIF-ODCE			2.1	2.1
NCREIF Property Index			1.7	1.7
ARA American Strategic Value Realty	39,296,485	2.5	0.0	0.9
NCREIF-ODCE			2.1	2.1
NCREIF Property Index			1.7	1.7
Total Private Equity	87,928,504	5.5		
Harbourvest Partners IX Buyout Fund L.P.	15,562,730	1.0		
Pathway Private Equity Fund Investors 9 L.P.	57,153,982	3.6		
Harbourvest 2018 Global Fund L.P.	12,403,796	0.8		
Pathway Private Equity Fund Investors 10 L.P.	2,807,996	0.2		
Total Private Credit	84,642,185	5.3		
Sixth Street Partners DCP	66,866,238	4.2		
Sixth Street Partners TAO	17,775,947	1.1		
Total Cash	61,354,230	3.9	0.0	0.2
91 Day T-Bills			0.0	0.0
Cash Account	30,271,982	1.9	0.0	0.3
91 Day T-Bills			0.0	0.0
The Clifton Group	31,082,248	2.0		
Total Opportunistic	3,417,031	0.2		
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	3,417,031	0.2		

Actual vs Target Allocation (%)



*Other balance represents Clifton Group.

New Policy Index as of 1/1/2021 23% Russell 3000, 20% MSCI ACWI ex-US (Gross), 23% BbgBarc U.S. Aggregate, 3% BbgBarc US Treasury 7-10 yr, 2% BbgBarc US TIPS, 15% NCREIF Property Index, 5% Actual Private Equity Return, 5% Actual Private Credit Return, 2% 91 day T-Bills, 2% BbgBarc 1-3 yr Gov/Credit. 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. (e) To avoid unnecessary and possibly misleading Tracking Error, the Total Fund Policy Benchmark uses actual time-weighted private markets returns applied to actual private market asset class weights rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market investment's public market "equivalent" (e.g., private equity to public equity; private credit to public fixed income, private real estate to public real estate).



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

MARCH 2021
Capital Markets Update

Market commentary

U.S. ECONOMICS

- U.S. manufacturing expanded at its fastest rate in 37 years. The ISM Manufacturing Index jumped to 64.7 from 60.8, well over the neutral mark of 50. The move was driven in large part by strong growth in new orders, highlighting increased demand from businesses and households.
- Nonfarm payroll additions in March totaled 916,000 and easily beat expectations (+660,000), likely due to the increased number of Americans getting vaccinated. A surge (+280,000) in leisure and hospitality suggests that economic activity is picking up.
- President Biden announced his \$2 trillion Infrastructure Plan. The bill would spend \$400b on expanded care for the elderly and disabled, invest \$500b on electric vehicle subsidies and incentives, spend \$100b on national high-speed broadband internet access, with a smaller portion of the spending going towards traditional infrastructure such as power grid, railway, and public transit.

U.S. EQUITIES

- The S&P 500 was up 4.4%, which marked the 8th consecutive month of positive returns as the recovery from coronavirus shutdowns continued and states began to reopen activities at some capacity.
- Per FactSet, the bottom-up 12-month target price for the S&P 500 Index is 4472, which represents a 12.6% increase over March's close of 3973. Expectations are for the information technology (+17.9%) sector to see the largest increase and industrials (+4.4%) the smallest.
- The Federal Reserve announced its intentions to ease restrictions on bank dividends and stock buybacks starting in June for banks that pass current stress tests. In June 2020, banks were required to suspend buybacks and cap dividends as a COVID-19 precautionary measure.

U.S. FIXED INCOME

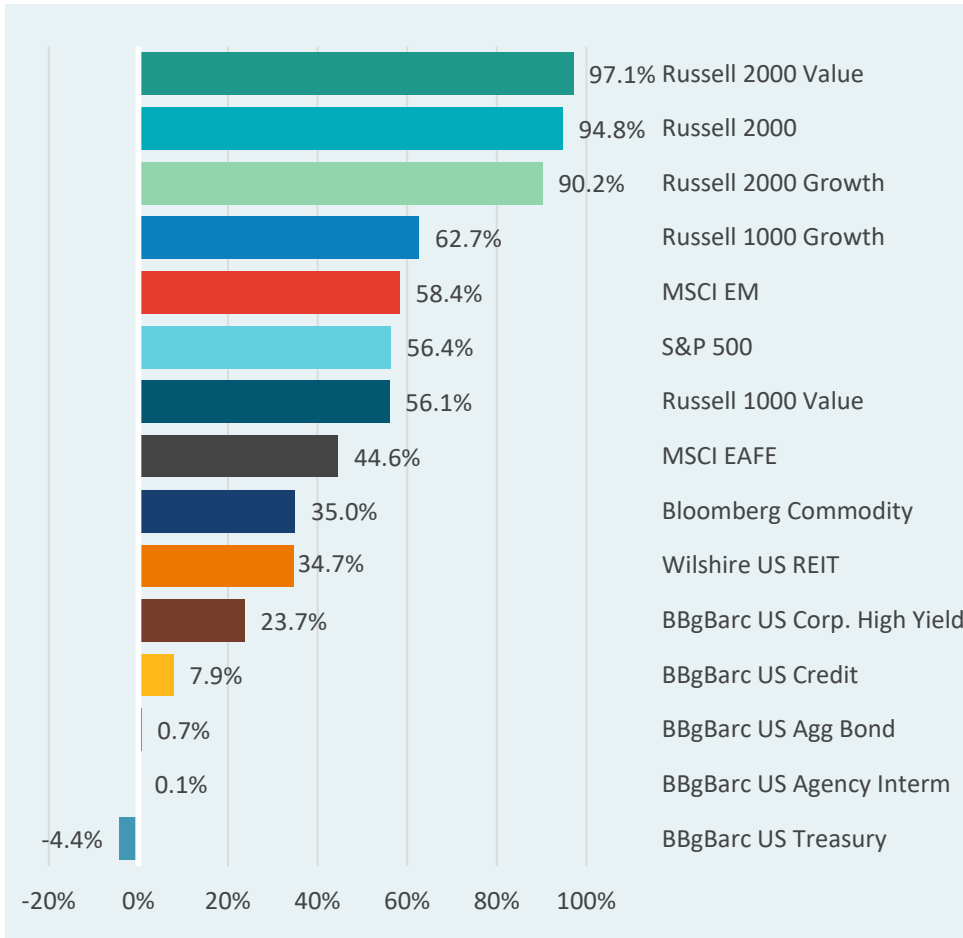
- The Federal Open Market Committee continues to hold the fed funds range steady at 0.00% - 0.25%. Federal Reserve Chair Jerome Powell noted that despite an improving U.S. outlook and inflation concerns he projects rates to remain near zero through 2023.
- The 10-year U.S. Treasury yield rose 34 basis points to 1.74% over the month after briefly touching a 14-month high of 1.77% as expectations for inflation ticked higher.
- U.S. corporate high yield bonds (+0.1%) were one of the few bright-spots in U.S. fixed income. U.S. companies now have the highest levels of debt on record at more than \$10.5 trillion.

INTERNATIONAL MARKETS

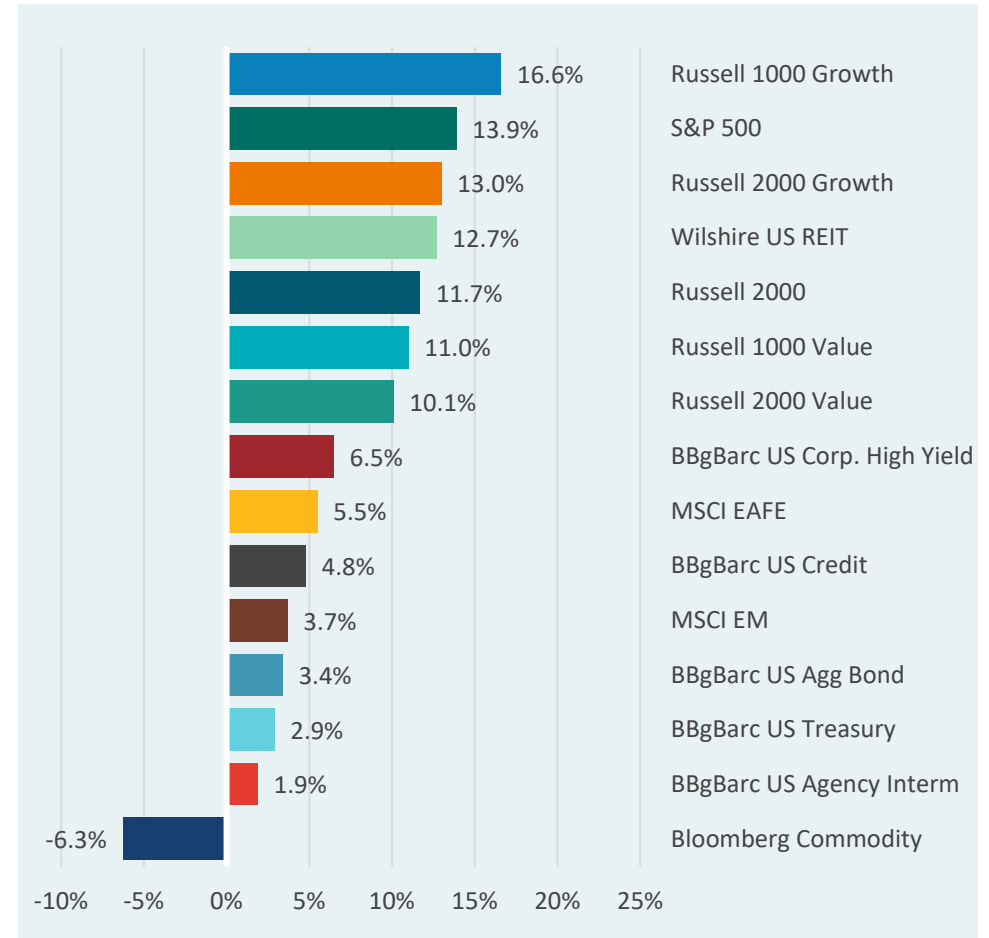
- The Organization for Economic Co-operation and Development raised its global GDP growth forecast to 5.6%, up from December's forecast of 4.2%, in large part due to the substantial rise in forecasted U.S. GDP growth from 3.2% to 6.5%. If correct, it would be the first instance since 1984 of U.S. GDP growth above 6%.
- The Euro (-3.2%), the Pound (-1.3%), and a basket of emerging market currencies (JPM EMCI -1.1%) all slid relative to the dollar. The Bloomberg Dollar Spot Index continued to rise for the third straight month; the index was up 2.6% in March.
- On March 23rd, the Suez Canal was blocked by a ship that ran aground. Before the blockage, roughly 12% of global trade passed through the canal. The ship was dislodged on March 29th, although it remains to be seen how companies will handle the costs from an already strained supply chain.

Major asset class returns

ONE YEAR ENDING MARCH



TEN YEARS ENDING MARCH



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

Source: Morningstar, as of 3/31/21

Source: Morningstar, as of 3/31/21

U.S. large cap equities

- The S&P 500 posted another month of gains and was up 4.4% in March. The index closed the month at 3973 points, just shy of the monumental 4000-point mark. Consumer cyclicals (+8.2%) and financials (+5.8%) contributed most to relative performance for the index.
- All 11 major GICS sectors posted a positive performance over the month. The top performing sectors were the utilities (+10.5%) and industrial sectors (+8.9%). The heavily weighted information technology stocks (+1.7%) posted relatively small gains and weighed on the index.
- Large cap indices traded up to all-time highs on optimism surrounding a better-than-expected vaccine rollout. President Biden doubled the vaccination goal for his first 100 days in office to 200 million after the first 100 million were administered by the 59th day of his administration. Even as the national average vaccination rate is 5-times that of the global average, highly contagious variants are rapidly spreading.
- Implied volatility declined to its lowest level since the pandemic began. The VIX index of implied volatility fell below 20 in the middle of the month and later traded sideways to end the month at 18.9.

S&P 500 PRICE INDEX



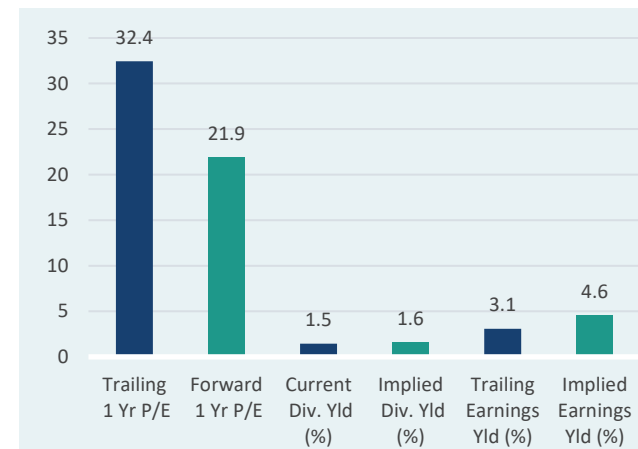
Source: Bloomberg, as of 3/31/21

IMPLIED VOLATILITY (VIX INDEX)



Source: CBOE, as of 3/31/21

S&P 500 VALUATION SNAPSHOT

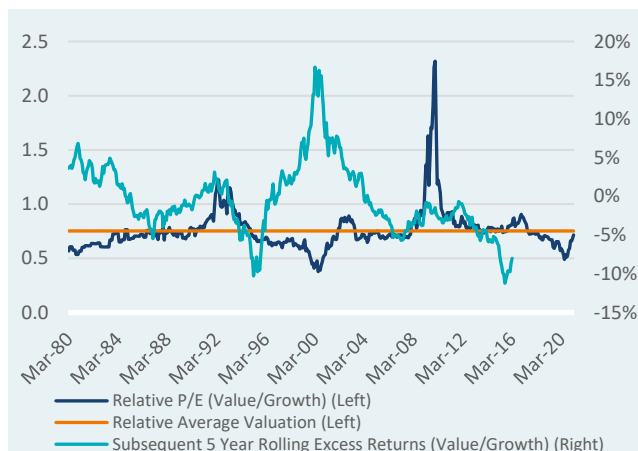


Source: Bloomberg, as of 3/31/21

Domestic equity size and style

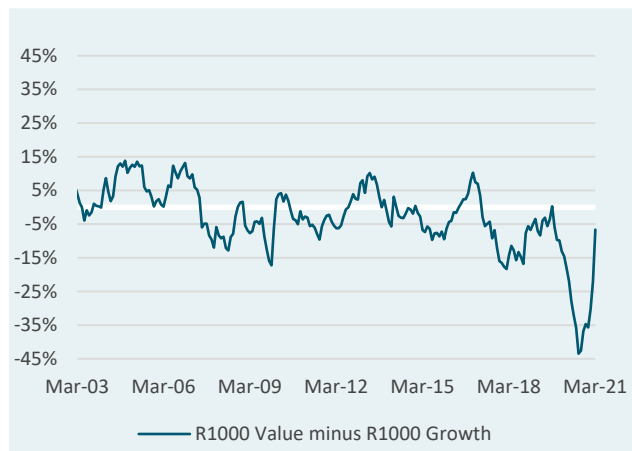
- Large-cap equities outpaced small-cap equities for the first time since August. The Russell 1000 Index rose 3.8% while the Russell 2000 Index returned 1.0%. Year-to-date, small-cap equities (+12.7%) further outperformed large-cap (+5.9%).
- The S&P 500 Low Volatility High Dividend Index returned +8.8% for the month and outperformed the broad S&P 500 by 4.4%. This index is concentrated in deep value stocks which have posted handsome returns over the past few months.
- Value stocks outperformed growth stocks (Russell 3000 Value +5.8% vs. Russell 3000 Growth +1.4%) as tech took a breather in March. Value style index outperformance was helped by a relative overweight to both basic materials and utilities sectors which posted strong performance.
- The iShares Edge MSCI USA Quality Factor ETF, which seeks to track the performance of high quality large and mid-cap stocks based on ROE, earnings visibility, and leverage, rose 4.8%—roughly in line with the S&P 500 Index.

VALUE VS. GROWTH RELATIVE VALUATIONS



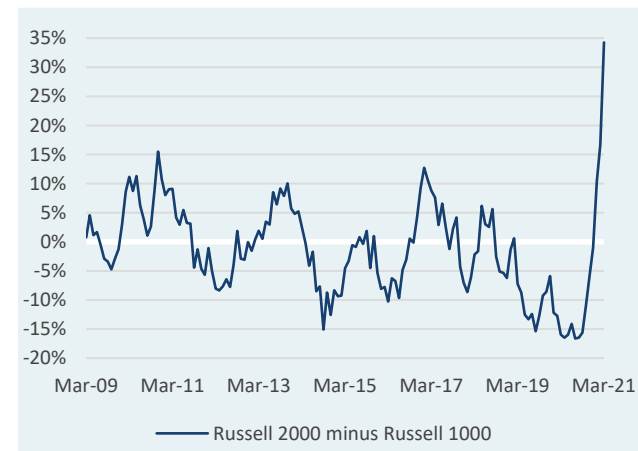
Source: FTSE, Bloomberg, as of 3/31/21

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 3/31/21

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE

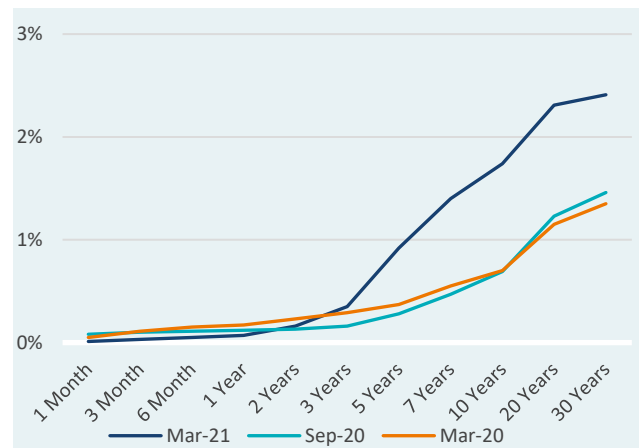


Source: FTSE, Bloomberg, as of 3/31/21

Fixed income

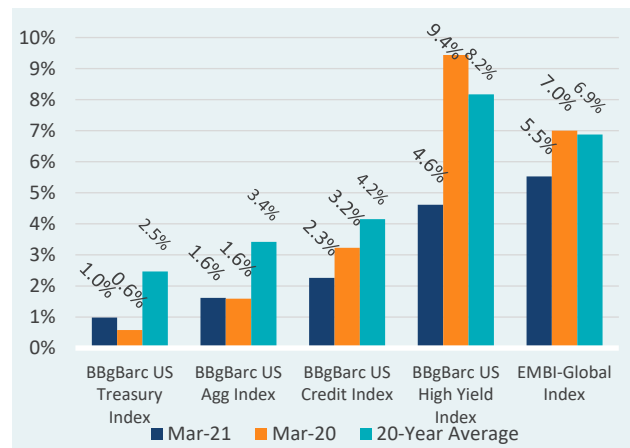
- Over the last two weeks of March the European Central Bank purchased \$23.5 billion worth of bonds in an effort to combat rising borrowing costs that could threaten the Eurozone economic recovery. Yields have likely risen in part due to a global “reflation trade”, while the Eurozone remains bogged down with a slow vaccination rollout.
- Sovereign bond yields rose across emerging markets and resulted in losses for bond indices. Local currency denominated debt (JPM GBI-EM Global Div -3.1%) faced headwinds relative to hard currency emerging market debt (JPM EMBI Global Div -1.0%).
- In March, several emerging market central banks raised their benchmark interest rate, likely in an attempt to combat inflation, which remained well above their target numbers. Turkey raised its rate from 17% to 19%, Brazil from 2.00% to 2.75%, and Russia from 4.25% to 4.5%.
- Some of the past year’s gains from holding duration were given back as rates on the 30-year Treasury Bond climbed 23 basis points to pre-pandemic highs. Longer duration Treasury Bonds (BBgBarc US Treasury Long -5.0%) saw decreases in price due to yield movements in March.

U.S. TREASURY YIELD CURVE



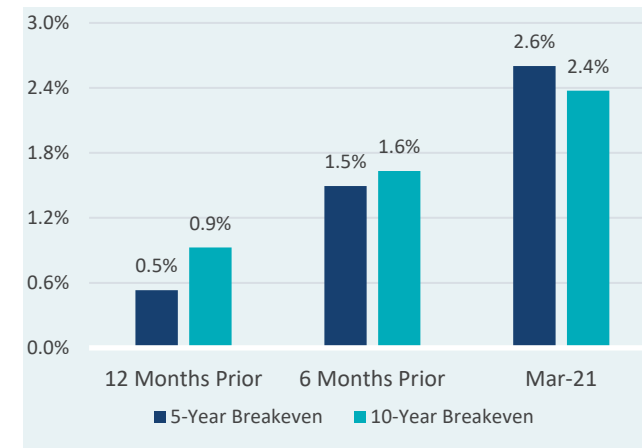
Source: Bloomberg, as of 3/31/21

NOMINAL YIELDS



Source: Morningstar, as of 3/31/21

BREAKEVEN INFLATION RATES

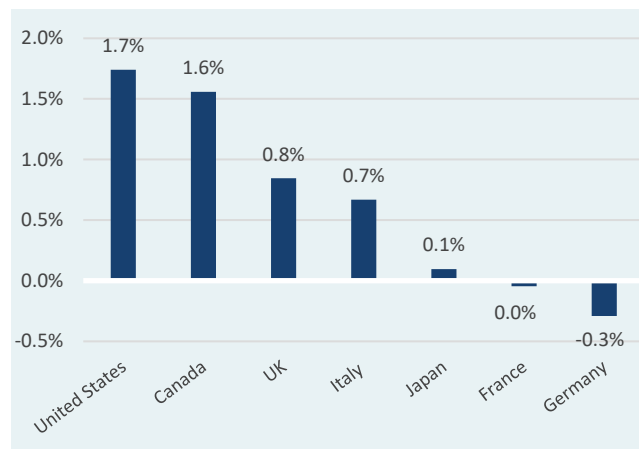


Source: Bloomberg, as of 3/31/21

Global markets

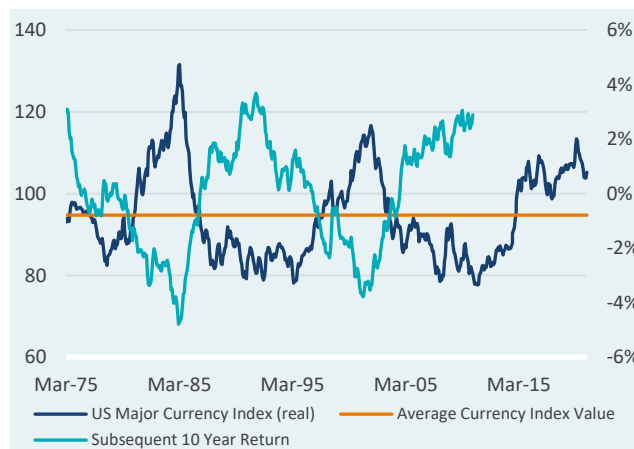
- Global equities (MSCI ACWI +2.7%) delivered positive performance in March in both local and U.S. dollar terms. All broad world equity indices were higher over the month except for emerging market equities (MSCI EM -1.5%).
- Japanese Equities (MSCI Japan +1.1%) underperformed other developed equities (MSCI EAFE +2.3%). Japan extended its state of emergency and struggled to import enough vaccines from Europe. Japan is currently relying on importing vaccines, being it is one of the few developed countries not making a vaccine domestically.
- World Bank President David Malpass announced that the G-20 would extend the debt relief program for the world's poorest nations through the end of 2021. The Debt Service Suspension Initiative, which took effect last May, gave \$5 billion in relief to more than 40 countries in 2020.
- The Biden Administration met with China for the first time and signaled that “trading at all costs” would not be their position. It seems that the administration is holding on to the tough tone set by the previous Trump Administration as negotiations continue.

GLOBAL SOVEREIGN 10-YEAR YIELDS



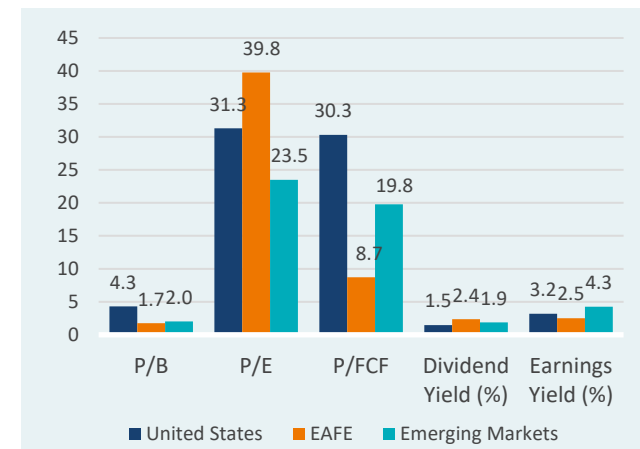
Source: Bloomberg, as of 3/31/21

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 3/31/21

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 3/31/21

Commodities

- In March, the Bloomberg Commodity Index (-2.1%) gave back some of its performance that was seen over the past year. Livestock (+5.3%) was the only bright spot among the subindexes and significantly outperformed the index overall. The Bloomberg Softs Sub-Index (-9.9%) and energy (-3.6%) were major laggards.
- Precious metals (-2.4%) were down as gold prices fell. The price of an ounce of gold tumbled from \$1,742 to \$1,707 as dollar strength and rising yields ate into the safe-haven asset's appeal. For the quarter, gold is down -10.1%, its worst quarterly performance since December 2016.

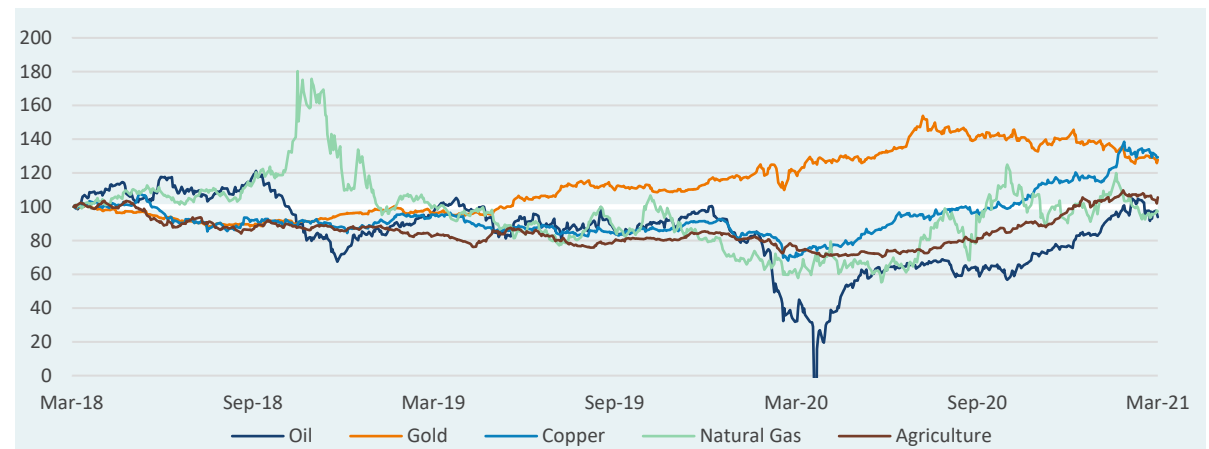
- The Bloomberg Livestock Sub-Index gained 5.3% as red meat prices rose. Pork sales in the U.S. hit new highs for the year and sales were led by Chinese buyers. Chinese pork inventories have remained low, in part due to cases of Africa Swine Fever that continued to rise. The disease has now spread to Taiwan's pigs from mainland China.
- The Bloomberg Energy Sub-Index (-3.6%) weighed on the overall commodities basket. Following news on increased lockdowns across Europe, crude oil prices fell from post pandemic highs of just under \$70 a barrel on March 11th to \$63.54 a barrel at month-end. Crude Oil price action left the commodity down -3.9% for the month.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	(2.1)	6.9	6.9	35.0	(0.2)	2.3	(6.3)
Bloomberg Agriculture	(1.8)	6.8	6.8	38.0	3.1	0.4	(5.3)
Bloomberg Energy	(3.6)	17.3	17.3	37.4	(13.6)	(4.3)	(14.8)
Bloomberg Grains	(0.1)	8.3	8.3	39.2	4.1	0.1	(4.8)
Bloomberg Industrial Metals	(2.4)	7.5	7.5	53.3	4.7	10.3	(2.9)
Bloomberg Livestock	5.3	10.4	10.4	17.7	(4.6)	(5.0)	(4.9)
Bloomberg Petroleum	(2.5)	22.8	22.8	83.8	(8.9)	1.5	(10.4)
Bloomberg Precious Metals	(2.4)	(9.3)	(9.3)	15.2	8.6	6.0	(0.8)
Bloomberg Softs	(9.9)	(1.5)	(1.5)	21.9	(3.0)	(4.4)	(10.5)

Source: Morningstar, as of 3/31/21

COMMODITY PERFORMANCE



Source: Bloomberg, as of 3/31/21

Appendix

Periodic table of returns

BEST ↑

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	5-Year	10-Year
Small Cap Value	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	38.5	21.2	21.0	16.6
Small Cap Equity	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	34.6	12.7	18.6	14.0
Large Cap Value	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	21.0	11.3	16.7	13.0
Commodities	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	20.0	6.9	16.4	11.7
Large Cap Equity	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	18.3	5.9	13.6	11.0
Small Cap Growth	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	14.0	4.9	12.1	10.1
International Equity	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	10.3	3.5	11.7	8.6
Emerging Markets Equity	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	7.8	2.3	9.2	6.6
Hedge Funds of Funds	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	7.5	2.0	8.8	5.5
60/40 Global Portfolio	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	4.6	1.0	5.6	3.7
Large Cap Growth	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	2.8	0.9	5.4	3.4
Cash	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	0.5	0.0	3.1	3.4
Real Estate	-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	0.5	0.0	2.3	0.6
US Bonds	-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	-3.1	-3.4	1.1	-6.3

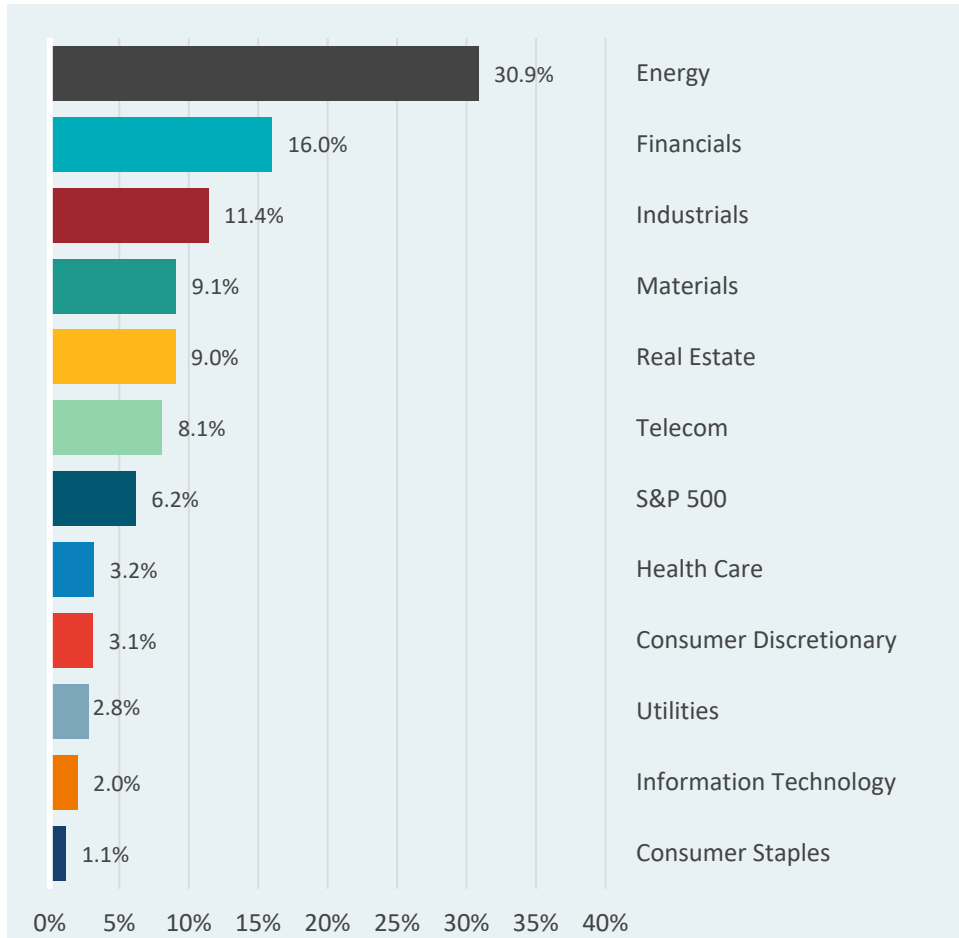
↓ WORST



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 12/31/20.

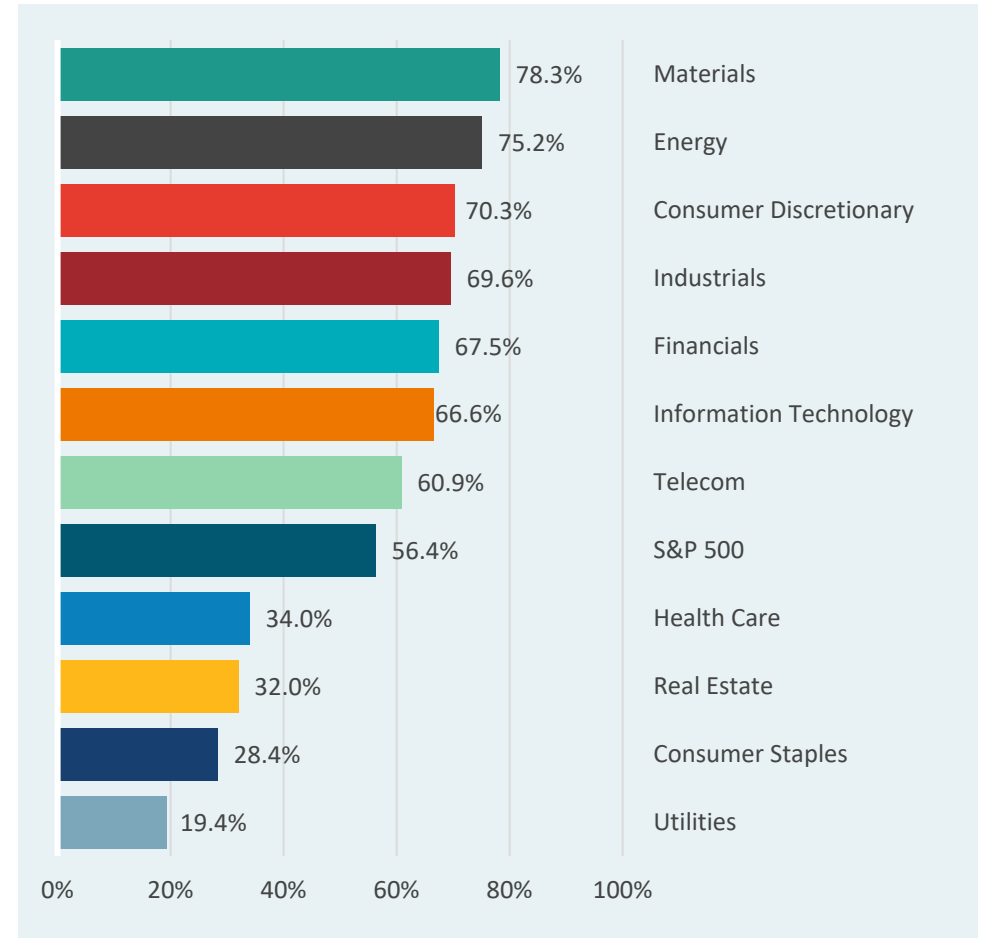
S&P 500 sector returns

Q1 2021



Source: Morningstar, as of 3/31/21

ONE YEAR ENDING MARCH



Source: Morningstar, as of 3/31/21

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	4.4	6.2	6.2	56.4	16.8	16.3	13.9
S&P 500 Equal Weighted	6.0	11.5	11.5	71.6	14.9	14.7	13.1
DJ Industrial Average	6.8	8.3	8.3	53.8	13.6	16.0	13.1
Russell Top 200	4.2	5.1	5.1	56.3	18.3	17.4	14.6
Russell 1000	3.8	5.9	5.9	60.6	17.3	16.7	14.0
Russell 2000	1.0	12.7	12.7	94.8	14.8	16.4	11.7
Russell 3000	3.6	6.3	6.3	62.5	17.1	16.6	13.8
Russell Mid Cap	2.7	8.1	8.1	73.6	14.7	14.7	12.5
Style Index							
Russell 1000 Growth	1.7	0.9	0.9	62.7	22.8	21.0	16.6
Russell 1000 Value	5.9	11.3	11.3	56.1	11.0	11.7	11.0
Russell 2000 Growth	(3.1)	4.9	4.9	90.2	17.2	18.6	13.0
Russell 2000 Value	5.2	21.2	21.2	97.1	11.6	13.6	10.1

INTERNATIONAL EQUITY

Broad Index							
MSCI ACWI	2.7	4.6	4.6	54.6	12.1	13.2	9.1
MSCI ACWI ex US	1.3	3.5	3.5	49.4	6.5	9.8	4.9
MSCI EAFE	2.3	3.5	3.5	44.6	6.0	8.8	5.5
MSCI EM	(1.5)	2.3	2.3	58.4	6.5	12.1	3.7
MSCI EAFE Small Cap	2.2	4.5	4.5	62.0	6.3	10.5	8.0
Style Index							
MSCI EAFE Growth	1.2	(0.6)	(0.6)	42.6	9.8	10.8	7.2
MSCI EAFE Value	3.4	7.4	7.4	45.7	1.8	6.6	3.7
Regional Index							
MSCI UK	2.8	6.2	6.2	33.5	0.9	4.3	3.3
MSCI Japan	1.1	1.6	1.6	39.7	6.3	10.5	7.2
MSCI Europe	3.1	4.1	4.1	44.9	5.6	8.2	5.1
MSCI EM Asia	(3.0)	2.2	2.2	60.1	9.5	14.5	6.6
MSCI EM Latin American	4.6	(5.3)	(5.3)	50.1	(6.1)	4.0	(4.1)

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
BBgBarc US TIPS	(0.2)	(1.5)	(1.5)	7.5	5.7	3.9	3.4
BBgBarc US Treasury Bills	0.0	0.0	0.0	0.1	1.5	1.2	0.7
BBgBarc US Agg Bond	(1.2)	(3.4)	(3.4)	0.7	4.7	3.1	3.4
BBgBarc US Universal	(1.2)	(3.1)	(3.1)	3.0	4.9	3.6	3.8
Duration							
BBgBarc US Treasury 1-3 Yr	(0.0)	(0.1)	(0.1)	0.3	2.8	1.7	1.3
BBgBarc US Treasury Long	(5.0)	(13.5)	(13.5)	(15.8)	5.9	3.1	6.3
BBgBarc US Treasury	(1.5)	(4.3)	(4.3)	(4.4)	4.1	2.2	2.9
Issuer							
BBgBarc US MBS	(0.5)	(1.1)	(1.1)	(0.1)	3.7	2.4	2.8
BBgBarc US Corp. High Yield	0.1	0.9	0.9	23.7	6.8	8.1	6.5
BBgBarc US Agency Interim	(0.4)	(1.0)	(1.0)	0.1	3.2	2.0	1.9
BBgBarc US Credit	(1.6)	(4.5)	(4.5)	7.9	5.9	4.7	4.8

OTHER

Index							
Bloomberg Commodity	(2.1)	6.9	6.9	35.0	(0.2)	2.3	(6.3)
Wilshire US REIT	4.8	8.8	8.8	34.7	9.0	5.7	12.7
CS Leveraged Loans	0.1	2.0	2.0	20.8	4.1	4.6	5.0
Alerian MLP	6.9	22.0	22.0	99.1	(4.0)	(2.1)	(0.7)
Regional Index							
JPM EMBI Global Div	(1.0)	(4.5)	(4.5)	16.0	4.0	5.1	5.6
JPM GBI-EM Global Div	(3.1)	(6.7)	(6.7)	13.0	(0.8)	3.1	0.5
Hedge Funds							
HFRI Composite	1.0	6.1	6.1	34.0	7.7	7.5	4.6
HFRI FOF Composite	0.4	2.0	2.0	23.9	5.4	5.6	3.4
Currency (Spot)							
Euro	(3.2)	(3.9)	(3.9)	7.1	(1.5)	0.6	(1.9)
Pound Sterling	(1.3)	0.9	0.9	11.3	(0.6)	(0.8)	(1.5)
Yen	(3.6)	(6.6)	(6.6)	(2.3)	(1.3)	0.3	(2.8)

Source: Morningstar, HFRI, as of 3/31/21

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	12.3	12.2	10.4	11.9
Global Private Equity Direct Funds *	20.4	16.2	14.8	14.6
U.S. Private Equity Direct Funds *	21.0	17.6	15.0	16.0
Europe Private Equity Direct Funds *	18.6	14.2	16.3	12.7
Asia Private Equity Direct Funds *	19.9	14.3	13.8	13.3

Public Index Time-weighted Returns	1 Year	3 Year	5 Year	10 Year
MSCI World	10.4	7.7	10.5	9.4
S&P 500	15.1	12.3	14.1	13.7
MSCI Europe	(0.8)	(0.6)	4.2	4.3
MSCI AC Asia Pacific	11.2	4.3	9.1	5.6

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	0.5	6.6	7.9	12.2

Public Index Time-weighted Returns	1 Year	3 Year	5 Year	10 Year
FTSE NAREIT Equity REIT	(18.2)	0.2	3.9	7.9

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt **	3.7	6.4	8.2	10.2

Public Index Time-weighted Returns	1 Year	3 Year	5 Year	10 Year
S&P / LSTA U.S. Leveraged Loan 100 Index	1.7	3.4	4.1	4.1

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources ***	(20.2)	(7.5)	(2.8)	(0.0)
Global Infrastructure	6.6	8.5	10.7	9.6

Public Index Time-weighted Returns	1 Year	3 Year	5 Year	10 Year
S&P Global Natural Resources	(9.5)	(2.8)	6.7	0.2
S&P Global Infrastructure	(13.9)	(1.4)	4.5	5.5

Source: Pooled IRRs are from Thompson Reuters C/A and Time-weighted Returns are from Investment Metrics, as of September 30th, 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

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Fax: (805) 781-5697
www.SLOPensionTrust.org



Date: May 24, 2021

To: Board of Trustees

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

Agenda Item 8: Investment and Banking Authority

Recommendation:

Staff recommends that the Board approve and adopt the attached Resolution 2021-02 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 2021-02 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. 2021-02

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 May 24, 2021, is hereby approved.

Adopted: May 24, 2021

Approved as to Form and Legal Effect

Chris Waddell
General Counsel

SIGNED: _____

Gere Sibbach
President, Board of Trustees
San Luis Obispo County Pension Trust

ATTEST: _____
Carl Nelson, Executive Director

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Board of Trustees

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Investment and Banking Authority Incumbency Certificate

Effective Date: May 24, 2021
Date of Certification: May 24, 2021

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: _____

Gere Sibbach, President
San Luis Obispo County Pension Trust
Board of Trustees

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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: May 24, 2021

To: Board of Trustees

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

Agenda Item 9: 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 draft of Stipulated Domestic Relations Order (DRO) Re: San Luis Obispo County Pension Trust Retirement Plan Benefits and Allowances for Member Brent Dugan. 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 to 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. Dugan 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. 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. Dugan is required to elect **Option 4** at the time of his retirement to accommodate the continuing monthly benefit to his Alternate Payee at the time of his passing.

Attached, for your review is the draft DRO. This DRO establishes that Mr. Dugan, upon retirement, must select **Option 4**. Mr. Dugan'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 Cheiron, SLOCPT's actuary, who has reviewed the DRO and has certified that it fulfills the definition of actuarial equivalence.

Respectfully submitted,

Pension Trust

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Date: May 24, 2021

To: Board of Trustees

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

Agenda Item 11: Actuarial Valuation – 2021 Actuarial Assumptions Approval

Recommendation:

Following the receipt and discussion of SLOCPT’s Actuary’s preliminary 2021 Actuarial Valuation results –

1. Direct the Actuary to use the same actuarial assumptions used in the 2020 Valuation for the 2021 Actuarial Valuation with the exception of a possible change in the Discount Rate used.
2. Direct the actuary to use a Discount Rate, netting of Administrative Expenses and phasing-in of UAL payment method as summarized below in “Expected Results”.

Discussion:

It is the policy of SLOCPT to have an annual Actuarial Valuation to assist in setting the total level of contributions necessary to fund the retirement system – the Total Combined Actuarially Determined Contribution (Total ADC). In support of that annual Actuarial Valuation, SLOCPT engages an Actuarial Experience Study every other year to ensure future projections are consistent with past experience. The last Experience Study was completed in 2020 and 2021 is an off-year for the study. It has been the practice of SLOCPT to change major actuarial assumptions (if change is warranted) on a biennial basis in conjunction with the Actuarial Experience Study and in a coordinated manner.

However, the Board of Trustees in 2020 expressed a willingness to consider further changes to the Discount Rate used in the 2021 Actuarial valuation. A planned, phased,

annual implementation of changes is reasonable. For example, a reduction in the Discount Rate could be phased over several years.

The Discount Rate is a highly sensitive assumption and will determine the resulting Actuarially Determined Contribution (ADC) rate increase as estimated below.

Expected Results:

For pension contribution rate changes, the current Charged Rate is compared to the Actuarially Determined Contribution rate to determine if a change to the current charged rate is necessary to ensure SLOCPT is able to pay its future promised benefits.

Current Pension Contribution Charged Rate (% of pensionable payroll) –

Charged Rate as of 12/31/2020	44.05%
Plus future rate increase effective 7/1/21 from 2020 Actuarial Valuation	+ 4.13%
	48.18%

Note – the results of the 2020 Valuation called for an ADC of 47.92%. The actual Charged Rate will naturally vary as the demographics of the Plan change through the year.

Actuarially Determined Contribution (ADC) rate consists of:

Normal Cost – base rate required to fund promised benefits as of the Actuarial Valuation date using approved Actuarial Assumption.

Unfunded Actuarial Accrued Liability (UAAL) Amortization – the rate required to pay off the difference between the actuarially calculated liability of future promised benefits and the actuarial value of assets (financial statement gains and losses smoothed over a 5-year period). The UAAL payment is spread over a 20-year layered period.

2021 Contributions as a % of pensionable pay	ADC as of 1/1/21	Less Charged Rate at 1/1/21	Change in Contribution Rate*
Baseline – no changes	47.8%	48.2%	-0.4%
Option 1 – Admin. Expense 20bp net Discount Rate = 6.875%	48.8%	48.2%	0.6%

2021 Contributions as a % of pensionable pay	ADC as of 1/1/21	Less Charged Rate at 1/1/21	Change in Contribution Rate*
Option 2 – Admin. Expense 20bp net Discount Rate = 6.750%	50.3%	48.2%	2.10%
Option 3 – Admin. Expense 20bp net Discount Rate = 6.750% 3 yr phase-in for UAL pmt.	49.5%	48.2%	1.3%
Option 4 – Admin. Expense 20bp net Expense of 20bp with Discount Rate = 6.500%	53.4%	48.2%	5.2%
Option 5 – Admin. Expense 20bp net Discount Rate = 6.500% 3 yr phase-in for UAL pmt.	51.0%	48.2%	2.8%

* Assumes implementation of any increase on Jan. 1, 2021. Later implementation dates (e.g. July 1, 2022) will require a slightly larger rate increase. This difference will be included in the Actuarial Valuation.

The allocation of the contribution rate changes between Employer and Employee are determined by the sponsoring Employer and its various collective bargaining and unrepresented employee agreements.

Contribution rates shown are aggregate across the entire Plan and will differ based on Classification (Miscellaneous/Probation/Safety), Tier, and Member's age at entry into the Plan.

These results are subject to change upon final delivery of the 2021 Actuarial Valuation to be presented at the June 28, 2021 Board of Trustees meeting.

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2021 Preliminary Actuarial Valuation Results

May 24, 2021

Anne D. Harper, FSA, MAAA, EA
Alice I. Alsberghe, ASA, MAAA, EA



Preliminary 2021 Valuation Results

Changes Since Last Valuation

Historical Review

2021 Baseline Projections

Investment Return Discussion



Should answer three questions:

- 1) Where are you now?
- 2) Where have you been?
- 3) Where are you going?

Preliminary 2021 Valuation Results



- Total contribution rate decreased from 47.92% to 47.77% of pay, a decrease of 0.15% of pay
- Funded ratio increased:
 - 66.3% to 68.8% (market value basis)
 - 65.3% to 66.1% (actuarial value basis)
- Investment returns, net of investment and administrative expenses:
 - 10.38% on a market value basis
 - 7.86% on an actuarial value basis
- Market value of assets almost 4.0% higher than actuarial value of asset; \$60 million in deferred asset gains!

Preliminary 2021 Valuation Results



Summary of Key Valuation Results (in thousands)

	January 1, 2020	January 1, 2021	Change
Membership			
Actives	2,752	2,747	-0.2%
Retirees and Beneficiaries	2,968	3,070	3.4%
Inactives ¹	<u>531</u>	<u>799</u>	50.5%
Total	6,251	6,616	5.8%
Total Projected Payroll	\$ 205,694,000	\$ 214,044,000	4.1%
Average Pay	\$ 74,743	\$ 77,919	4.2%
Actuarial Liabilities and Funded Ratio			
Actuarial Liability	\$ 2,170,071	\$ 2,277,428	5.0%
Actuarial Value of Assets (AVA)	<u>1,416,763</u>	<u>1,506,270</u>	6.3%
Unfunded Actuarial Liability (UAL)	\$ 753,309	\$ 771,158	2.4%
Funding Ratio (AVA Basis)	65.3%	66.1%	0.8%
Market Value of Assets (MVA)	\$ 1,439,004	\$ 1,566,326	8.9%
Unfunded Actuarial Liability (MVA Basis)	731,067	711,102	-2.7%
Funding Ratio (MVA Basis)	66.3%	68.8%	2.5%
Actuarially Determined Contributions			
Total Normal Cost	21.04%	20.43%	-0.61%
Unfunded Actuarial Liability Payment			
Interest	24.43%	22.84%	-1.59%
Principal	<u>2.45%</u>	<u>4.50%</u>	<u>2.05%</u>
Total	26.88%	27.34%	0.46%
Total Actuarially Determined Contribution	47.92%	47.77%	-0.15%

¹ January 1, 2021 Inactive Membership count includes 226 non-vested members with contributions on account.

Preliminary 2021 Valuation Results



Components of Actuarially Determined Contribution Rate and Reconciliation of Charged Rate

Valuation Date	January 1, 2020	January 1, 2021
Actuarially Determined Contribution Rate		
1. Gross Normal Cost	21.04%	20.43%
2. Employee Contributions	<u>16.31%</u>	<u>16.89%</u>
3. Employer Normal Cost [(1) - (2)]	4.73%	3.54%
4. UAL Amortization Payment	<u>26.88%</u>	<u>27.34%</u>
5. Employer Contribution Rate [(3) + (4)]	31.61%	30.88%
6. Total Actuarially Determined Contribution [(2) + (5)]	47.92%	47.77%
Reconciliation of Charged Rate		
7. Employer Charged Rate	25.16%	27.00%
8. Member Charged Rate	<u>16.48%</u>	<u>17.05%</u>
9. Total Charged Rate [(7) + (8)]	41.64%	44.05%
10. Increase to Charged Rate ¹	<u>2.68%</u>	<u>4.13%</u>
11. Total Charged Rate as of January 1 [(9) + (10)]	44.32%	48.18%
12. Difference in ADC and Charged Rate as of January 1 [(6) - (11)]	3.60%	-0.41%

Changes Since Last Valuation



Actuarially Determined Contribution (ADC) Rate Reconciliation

	Normal Cost	UAL Payment	Total
GRS Total ADC as of January 1, 2020	21.04%	26.88%	47.92%
Actuarial transition	<u>-0.26%</u>	<u>0.10%</u>	<u>-0.16%</u>
Cheiron Total ADC as of January 1, 2020	20.78%	26.98%	47.76%
Actuarial investment gain	0.00%	-0.46%	-0.46%
PEPRA new hires	-0.41%	0.00%	-0.41%
Effect of payroll on UAL payments	0.00%	-0.34%	-0.34%
Increase due to contribution timing lag	0.00%	0.28%	0.28%
Demographic experience	<u>0.06%</u>	<u>0.88%</u>	<u>0.94%</u>
Total Change	-0.35%	0.36%	0.01%
Total ADC as of January 1, 2021	20.43%	27.34%	47.77%

- Demographic experience primarily due to COLA for retirees (3.0% actual compared to 2.5% assumed for Tier 1) and salary increases for actives above expectations
- Salary experience resulted in larger payroll growth than expected (4.1% compared to 2.75%); since UAL payments increase with assumed payroll growth, UAL payments as a percentage of payroll decreased

Changes Since Last Valuation



Change in Unfunded Actuarial Liability (in thousands)

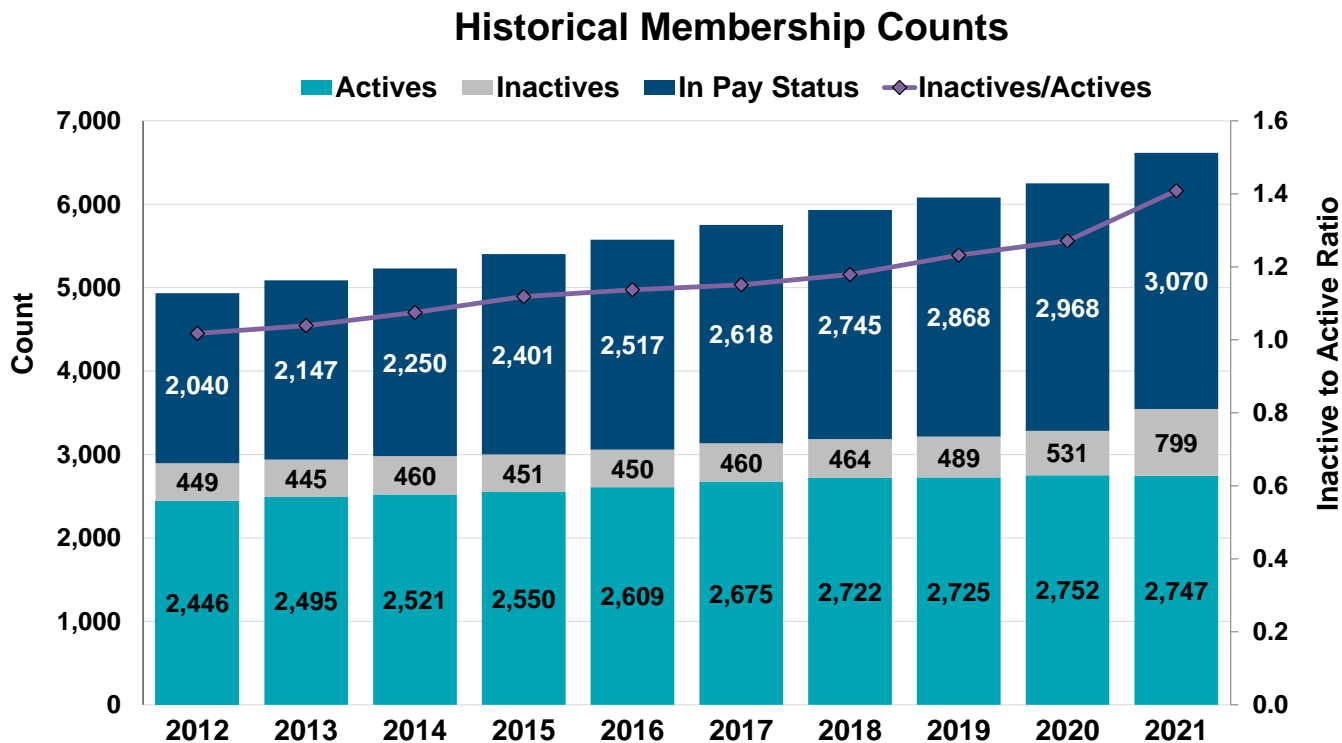
Unfunded Actuarial Liability, January 1, 2020	\$ 753,309
Actuarial transition	\$ 2,802
Expected change in Unfunded Actuarial Liability	(5,370)
Unfunded decrease due to actuarial asset gain ¹	(5,684)
Unfunded increase due to liability loss	<u>26,101</u>
Total change	\$ 17,849
Unfunded Actuarial Liability, January 1, 2021	\$ 771,158

¹ Includes net loss due to contribution-timing lag.

- Contributions exceeded the interest on the UAL plus normal cost (active member benefits accruing for the next year)
- Actuarial liability loss of \$26.1 million is 1.2% of the expected AL of \$2,251 million



Historical Review - Membership

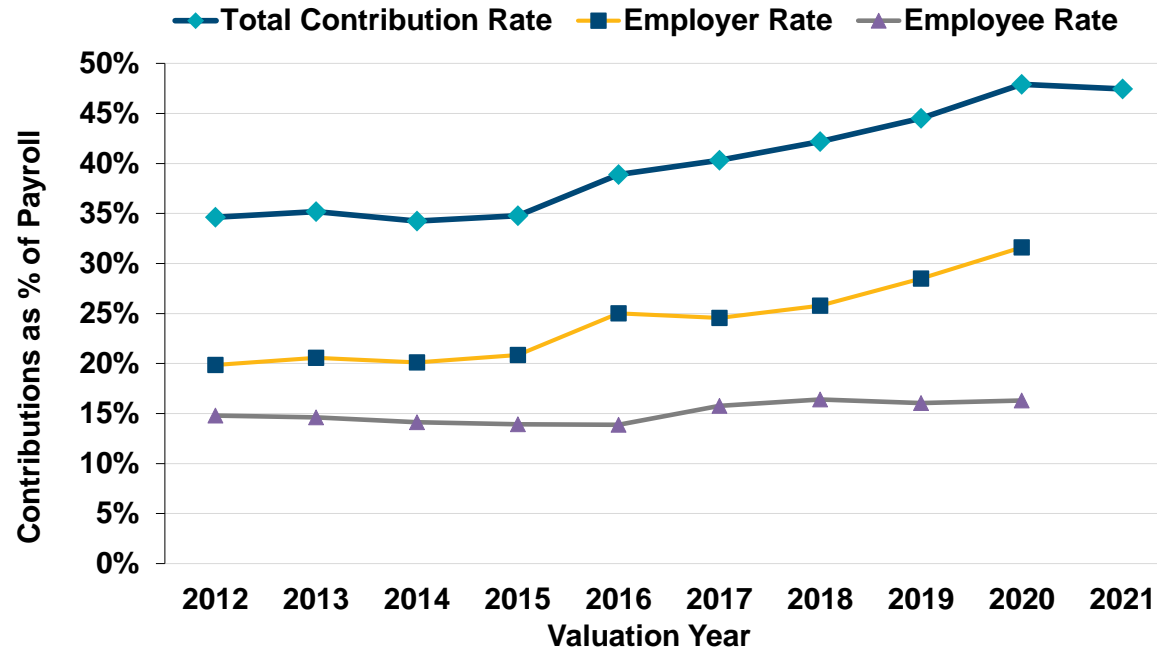


- The ratio of inactive to actives has steadily increased from 1.0 to 1.4
- Active membership increased by 12%; members in pay status increased by 50%
- Inactive membership increased by 28% (excluding non-vested members). The number of inactives reported in 2021 includes 226 non-vested members with employee contributions on account.

Historical Review - Contributions



Historical Contribution Rates

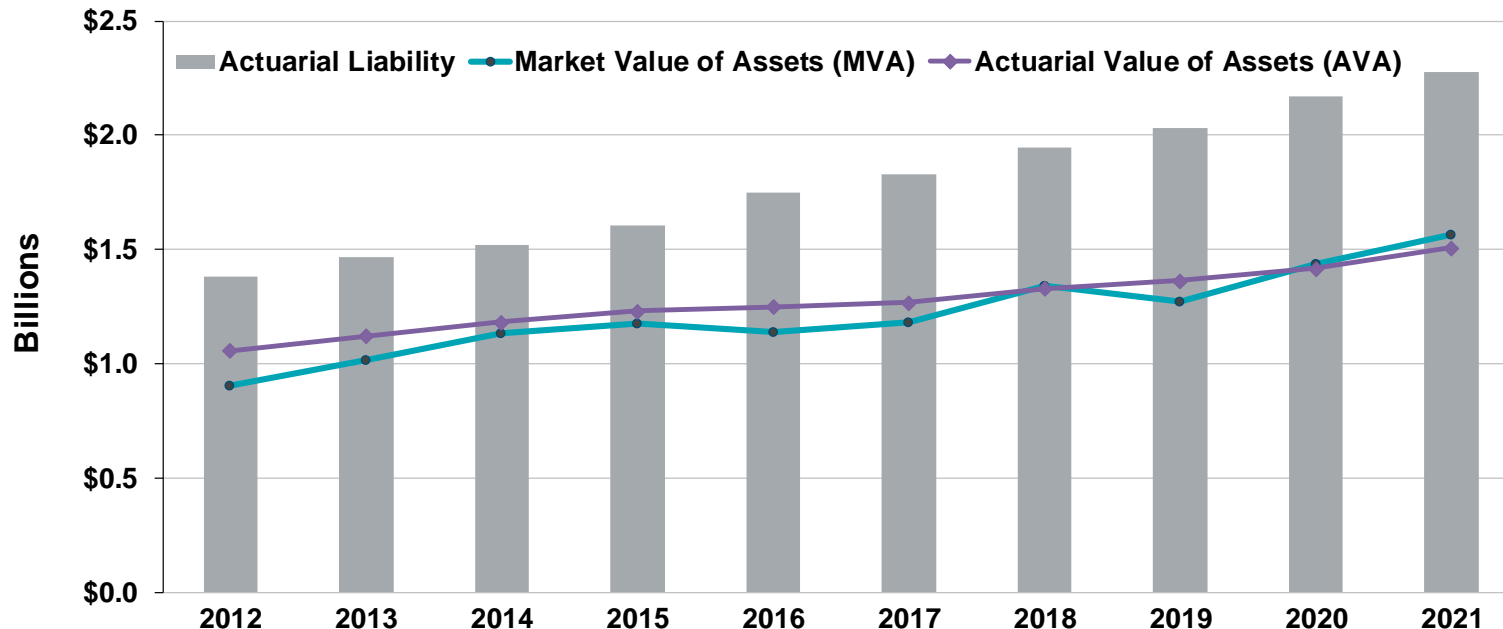


- Contribution rates have increased primarily due to investment losses and assumption changes
 - 19.8% to 30.9% for employers
 - 14.8% to 16.9% for employees
- 2021 total contribution rate slightly decreased with asset gains and the effect of PEPRA new hires offset by demographic experience losses

Historical Review – Funded Ratio



Assets and Liabilities



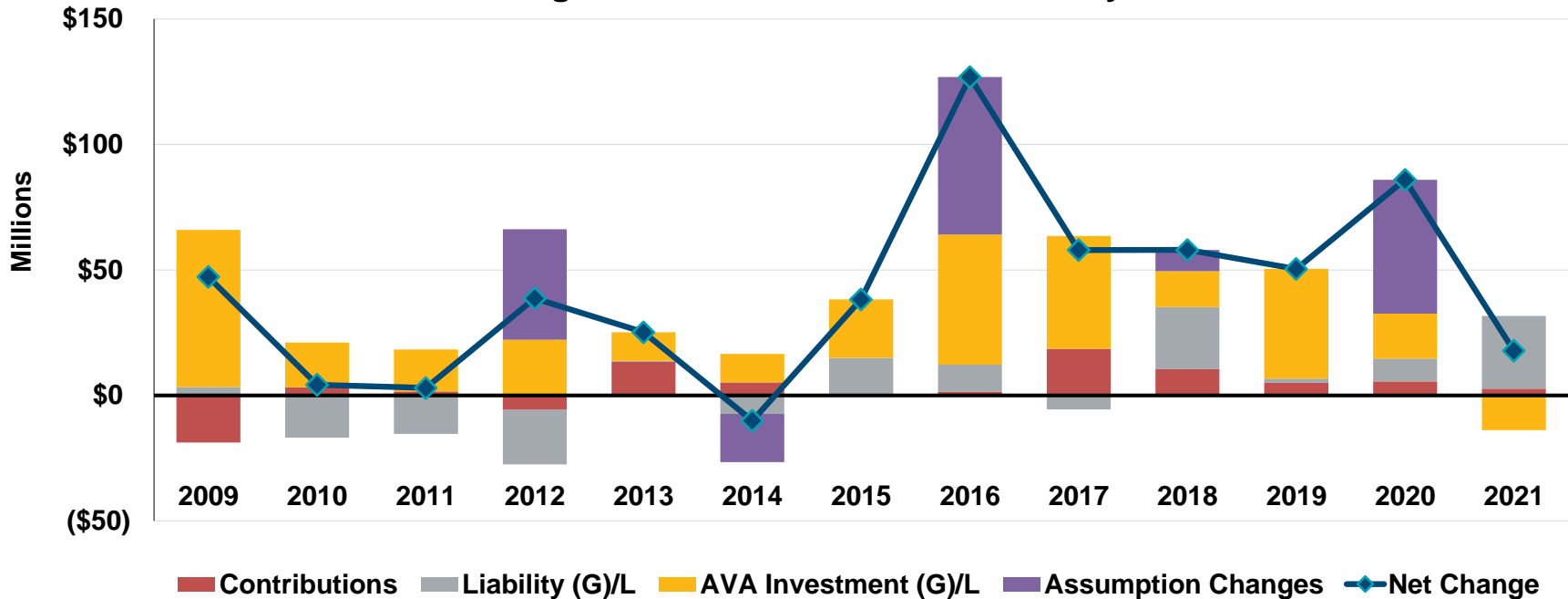
Funded Ratio (AVA)	76.7%	76.4%	77.9%	76.7%	71.4%	69.4%	68.3%	67.1%	65.3%	66.1%
UAL (Billions)	\$ 0.32	\$ 0.35	\$ 0.34	\$ 0.37	\$ 0.50	\$ 0.56	\$ 0.62	\$ 0.67	\$ 0.75	\$ 0.77

- Increase in funded ratio from 65.3% in 2020 to 66.1% in 2021 was primarily due to asset gains
- Actuarial liability growth has outpaced asset growth, leading to a decreased funded ratio from 76.7% in 2012 to 66.1% in 2021
- Large decrease in 2016 funded ratio was due to changes in actuarial assumptions and asset losses; Recent assumption changes in 2020 also decreased the funded ratio

Sources of Unfunded Actuarial Liability



Changes in Unfunded Actuarial Liability



- **Investment Losses: \$324 million**
- **Assumption Changes: \$149 million**
- **Contributions: \$44 million**
- **Liability Losses: \$26 million**

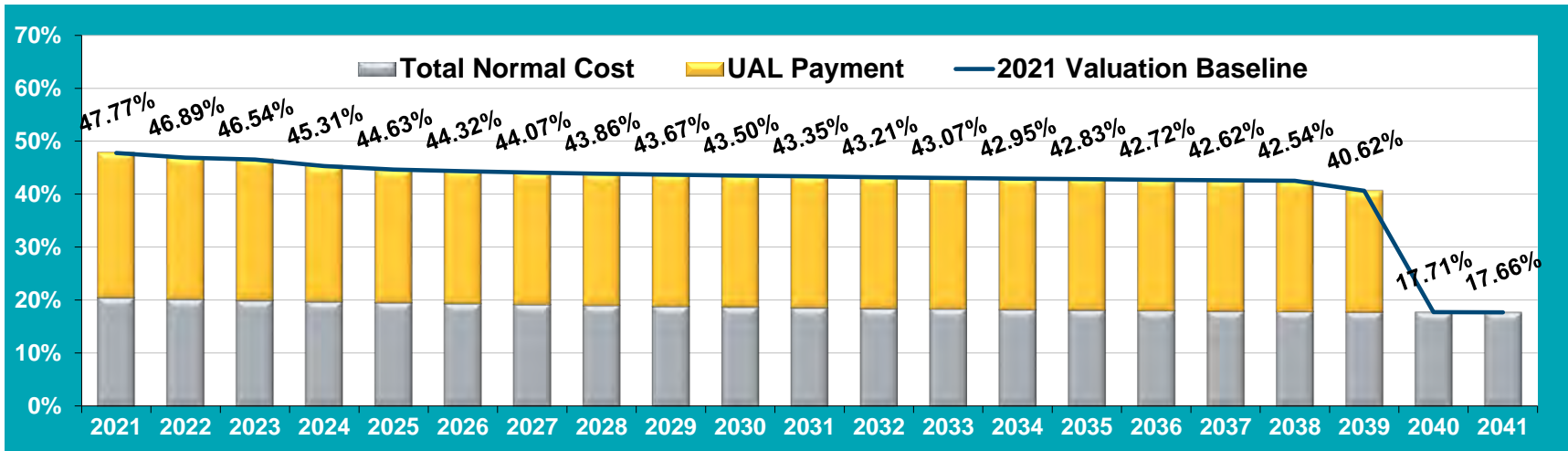
Projections





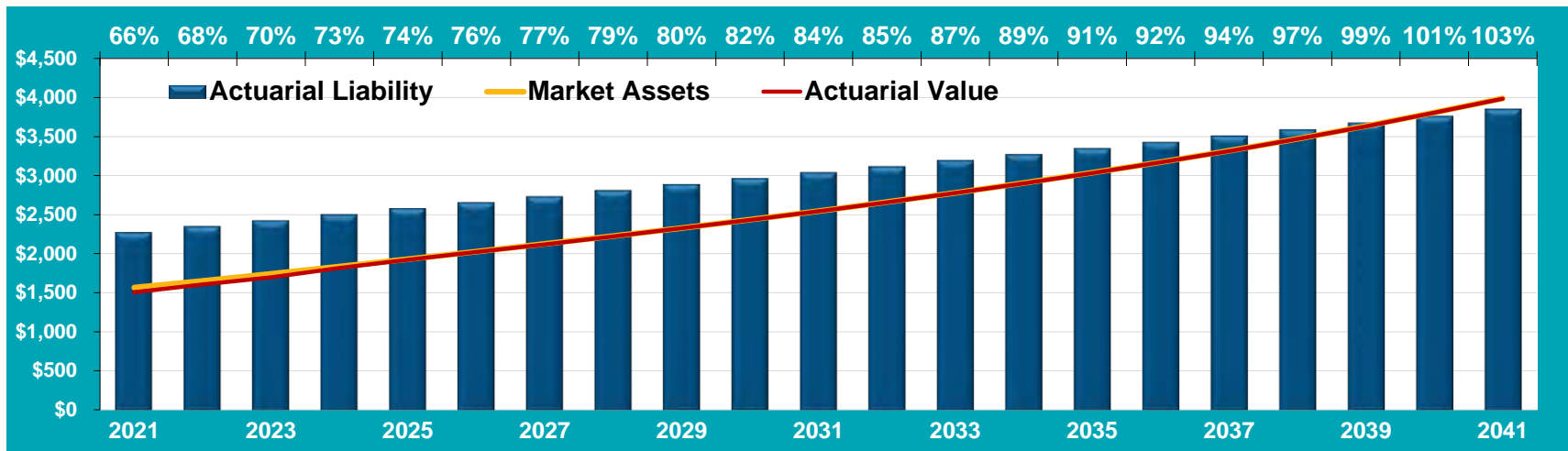
- Assume the return on the Market Value of Assets is 6.875% each and every year in the projection period
- All other actuarial assumptions are assumed to be met each and every year
- Actuarially Determined Contribution (ADC) rate will be paid by employers and employees
- Stable active population; PEPRA members will replace legacy members when they leave active employment
 - Payroll expected to grow by 2.75% per year

2021 Projections – Total Contribution Rate



- Total Contribution Rate, or Actuarially Determined Contribution (ADC), is 47.77% for 2021
- Total Normal Cost rate declines very gradually over the projection period shown from 20.43% in 2021 to 17.66% in 2041 as new hires continue to enter the PEPRA Tier
- UAL is projected to be paid off in 19 years, rather than 20 years, due to continued recognition of deferred asset gains

2021 Projections – Funded Ratio



- SLOCPT is projected to make steady funding progress over the next twenty years
- UAL payment is large enough to pay down interest and principal going forward
- Current funding policy is sufficient for SLOCPT to reach full funding by the end of the projection period shown

Investment Return Discussion



Investment Return Discussion



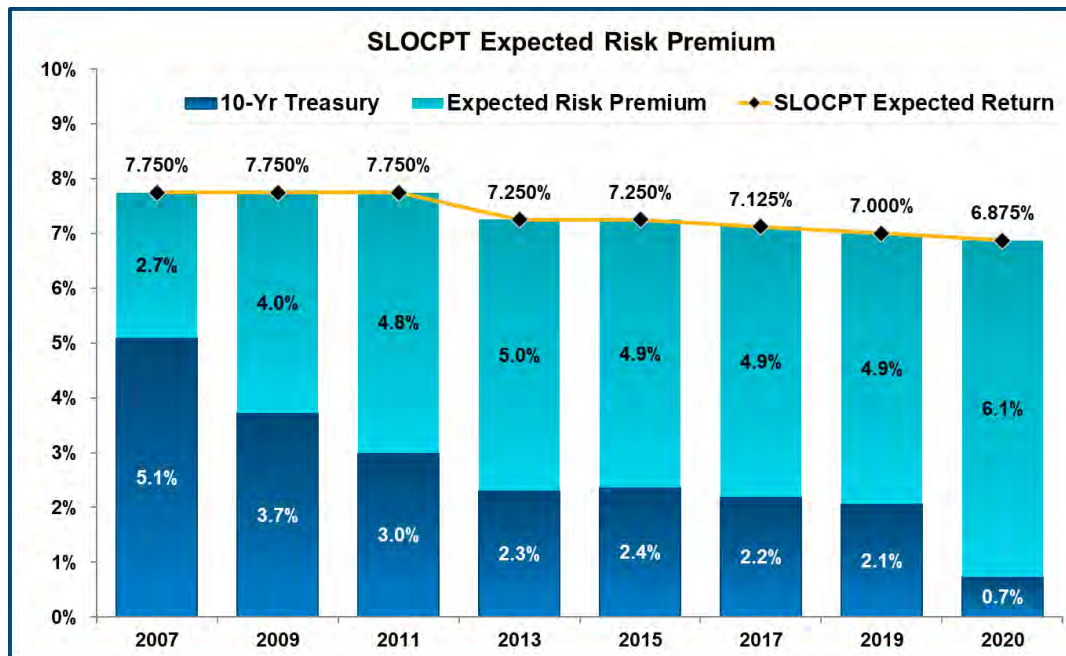
- On March 22, 2021 Board Meeting, we began discussing SLOCPT's investment return assumption
- Market expectations have decreased considerably since early 2020
 - Main driver was lower interest rates
 - After COVID-19 hit US in March 2020, 10-year U.S. Treasury fell below 1.0%
 - Rates have recovered somewhat to ~1.6% in May 2021



Investment Return Discussion



- SLOCPT asset allocation is expected to return 5.6%, based on Verus' capital market assumptions (CMAs)
- If objective is to keep the same level of risk or possibly reduce it, the assumed rate of return would eventually need to be reduced
- Today, more risk needs to be taken to achieve a lower expected return



Target Allocation and CMAs



Verus 10-year Assumptions (2021)

Asset Category	Target Allocation	Arithmetic Return	Geometric Return	Standard Deviation
Cash	4.00%	0.2%	0.2%	1.2%
Global Equity	30.00%	6.6%	5.2%	17.3%
Private Equity	18.00%	12.1%	9.3%	25.7%
US TIPS	7.00%	1.2%	1.1%	5.3%
US Treasury	8.00%	0.9%	0.7%	6.7%
Global Sovereign ex-US	0.00%	0.6%	0.1%	9.6%
US Core	0.00%	1.6%	1.5%	4.0%
Short-Term Govt/Credit	6.00%	0.8%	0.7%	3.6%
Bank Loans	0.00%	0.0%	0.0%	0.0%
Private Credit	12.00%	5.2%	4.6%	11.2%
EMD USD	0.00%	0.0%	0.0%	0.0%
EMD Local	0.00%	0.0%	0.0%	0.0%
Real Estate	5.00%	6.5%	5.8%	12.6%
Value Add Real Estate	5.00%	9.1%	7.8%	17.1%
Infrastructure	5.00%	9.4%	7.8%	18.8%
Total	100%	6.2%	5.6%	11.4%
Real Return		4.2%	3.6%	



SLOCPT Portfolio Return Expectations

Source	Nominal	Inflation	Real
2021 Verus (10-year)	5.63%	2.00%	3.63%
2020 Horizon Survey (10-year)	6.24%	1.98%	4.26%
2021 Verus (30-year)	5.90%	2.00%	3.90%
2020 Horizon Survey (20-year)	6.98%	2.17%	4.81%
Current SLOCPT Assumptions	6.875%	2.25%	4.625%

- Returns shown are NOT net of the 0.20% administrative expenses



Expected Return on Assets



Expected Distribution of Average Annual Asset Return

Percentile	Verus		Horizon Survey	
	10 Years	30 Years	10 Years	20 Years
95th	11.7%	9.3%	12.4%	10.5%
75th	8.1%	7.3%	8.7%	8.4%
65th	7.0%	6.7%	7.6%	7.8%
55th	6.1%	6.1%	6.7%	7.2%
50th	5.6%	5.9%	6.2%	7.0%
45th	5.2%	5.6%	5.8%	6.7%
35th	4.3%	5.1%	4.9%	6.2%
25th	3.2%	4.5%	3.8%	5.6%
5th	-0.1%	2.5%	0.5%	3.6%

- 10-year scenarios show less than a 50% chance of achieving the current assumed rate of return of 6.875%
- Horizon Survey expected returns are about 0.6% and 1.1% higher than Verus' 10-year and 30-year returns, respectively



- Consider changing the investment return assumption to be net of investment expenses only, NOT net of administrative expenses
 - Complies with GASB's methodology for determining the discount rate
- When the current assumption was set, expected rate of return was reduced by 0.20% to account for expenses being paid from the investment earnings
 - Assumed rate of return, net of investment expenses only, would be
 - 7.075% with the current assumption
 - WITH an explicit administrative expense assumption as a percentage of payroll added to the contribution rate
- A three-year average of SLOCPT's administrative expenses (indexed for inflation) is \$2.3 million which would be an increase to the contribution rate of 1.07% of pay

Potential Choices Ahead





Change structure of assumption so returns are net of only investment expenses, include an explicit administrative expense assumption, AND

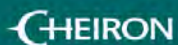
1. Keep assumed investment return at 6.875%
2. Reduce assumed investment return to 6.75%
3. Reduce assumed investment return to 6.75% with a three-year phase-in of the UAL payment
4. Reduce assumed investment return to 6.50%
5. Reduce assumed investment return to 6.50% with a three-year phase-in of the UAL payment

Projections – Underlying Assumptions



- Assume the return on the Market Value of Assets is either 6.875%, 6.75% or 6.50% each and every year in the projection period, depending on the assumed rate of return scenario
- Assume rate of return is net of investment expenses only, with an explicit administrative expense assumption of \$2.3 million which increases by assumed payroll growth each year
- All other actuarial assumptions are assumed to be met each and every year
- Actuarially Determined Contribution (ADC) rate will be paid by employers and employees
- Stable active population; PEPRA members will replace legacy members when they leave active employment
 - Payroll expected to grow by 2.75% per year

2021 Baseline: 6.875% Assumed Rate of Return



Stress Testing

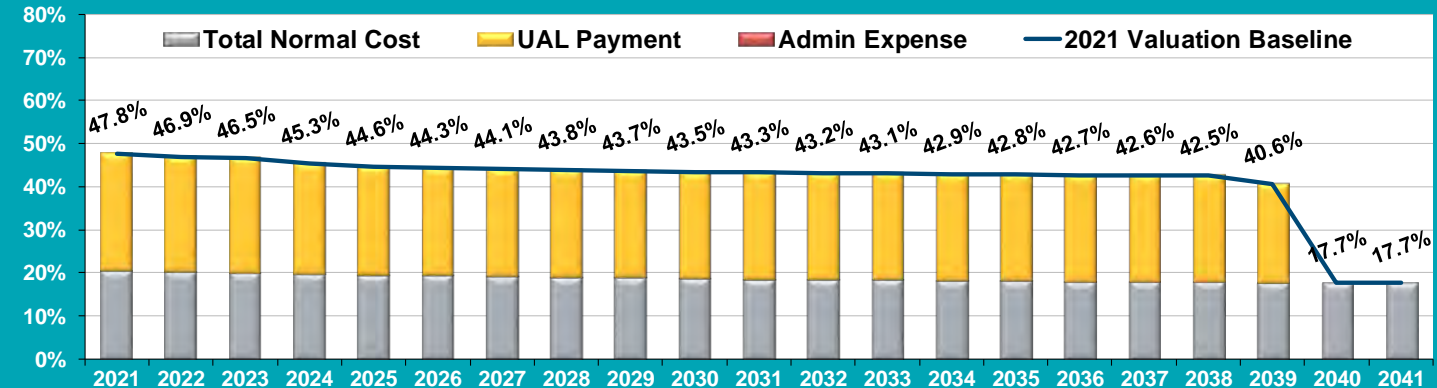
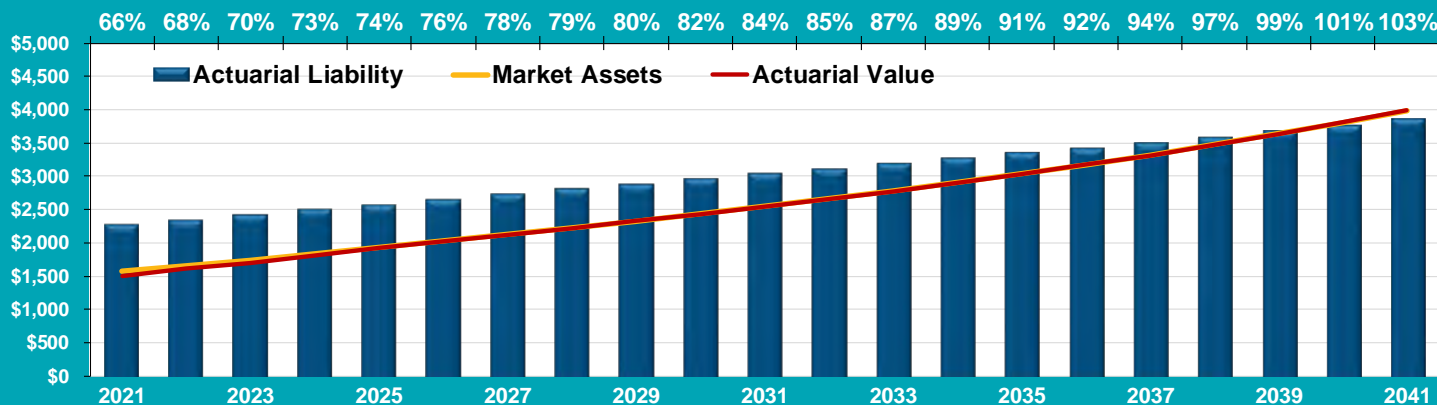
P-scan

Scenarios	
2021	Baseline
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	
2040	
2041	
Avg	

Amortization Period	20
Phase-In of UAL Payment	N
Phase-In Years	1

Rate of Return Assumption	6.875%
Explicit Admin Expense	N

2021	6.875%
2022	6.875%
2023	6.875%
2024	6.875%
2025	6.875%
2026	6.875%
2027	6.875%
2028	6.875%
2029	6.875%
2030	6.875%
2031	6.875%
2032	6.875%
2033	6.875%
2034	6.875%
2035	6.875%
2036	6.875%
2037	6.875%
2038	6.875%
2039	6.875%
2040	6.875%
2041	6.875%
Avg	6.875%



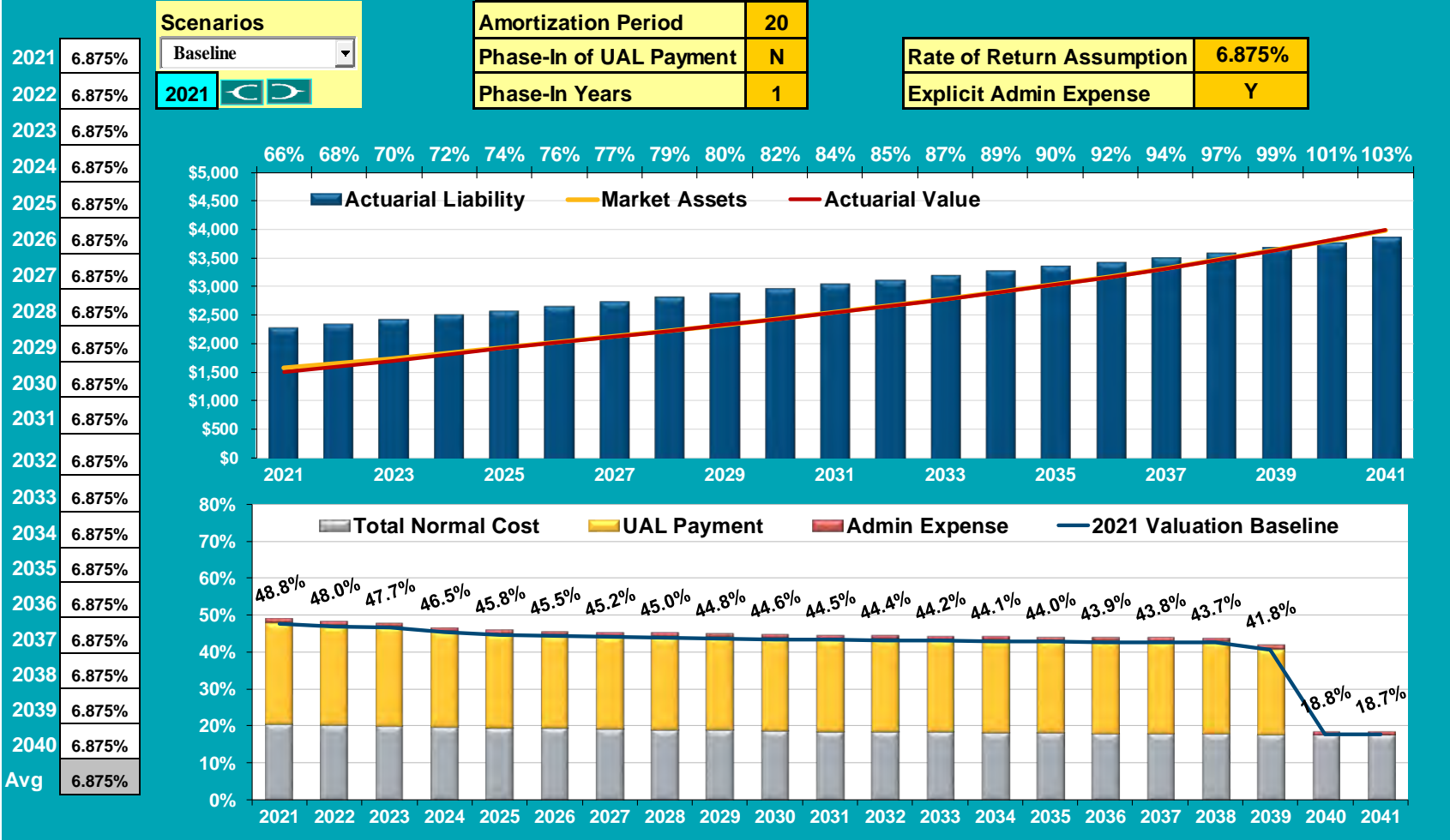
Projections #1: 6.875% Assumed Rate of Return



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Stress Testing

P-scan



Projections #2: 6.75% Assumed Rate of Return



CHEIRON

Stress Testing

P-scan

Scenarios

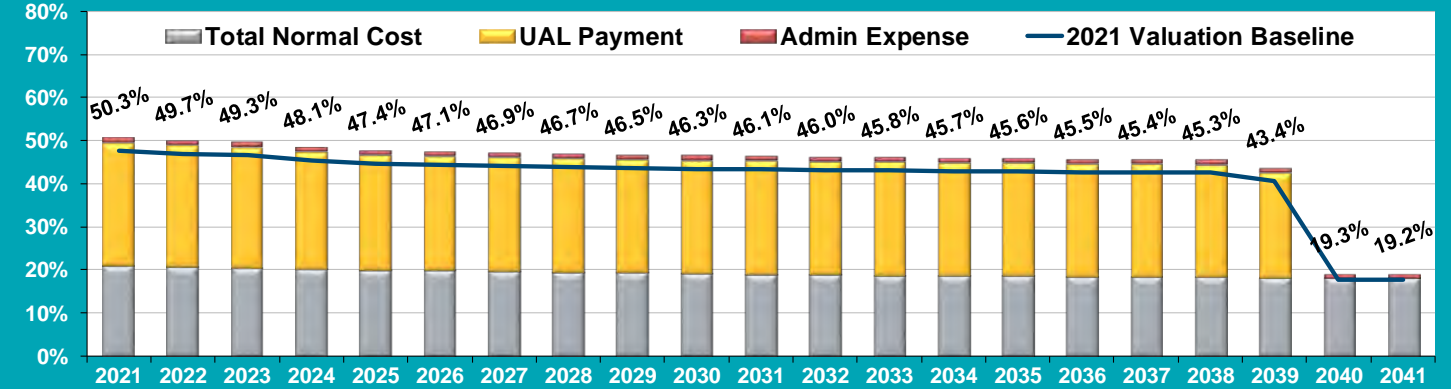
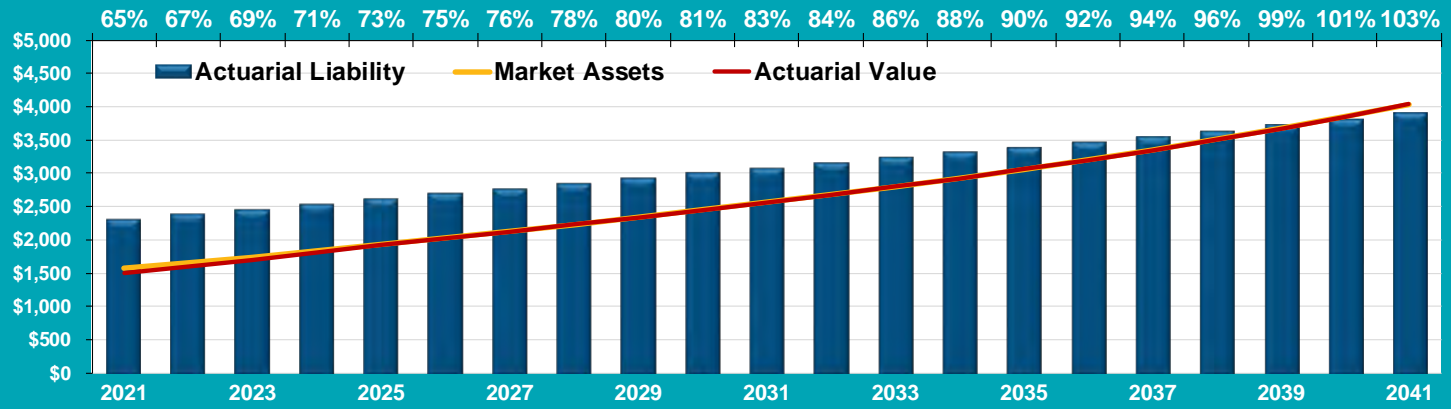
Baseline

2021

Amortization Period	20
Phase-In of UAL Payment	N
Phase-In Years	1

Rate of Return Assumption	6.750%
Explicit Admin Expense	Y

2021	6.750%
2022	6.750%
2023	6.750%
2024	6.750%
2025	6.750%
2026	6.750%
2027	6.750%
2028	6.750%
2029	6.750%
2030	6.750%
2031	6.750%
2032	6.750%
2033	6.750%
2034	6.750%
2035	6.750%
2036	6.750%
2037	6.750%
2038	6.750%
2039	6.750%
2040	6.750%
Avg	6.750%



Projections #3: 6.75% Return 3-Year Phase-In



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Stress Testing

P-scan

Scenarios

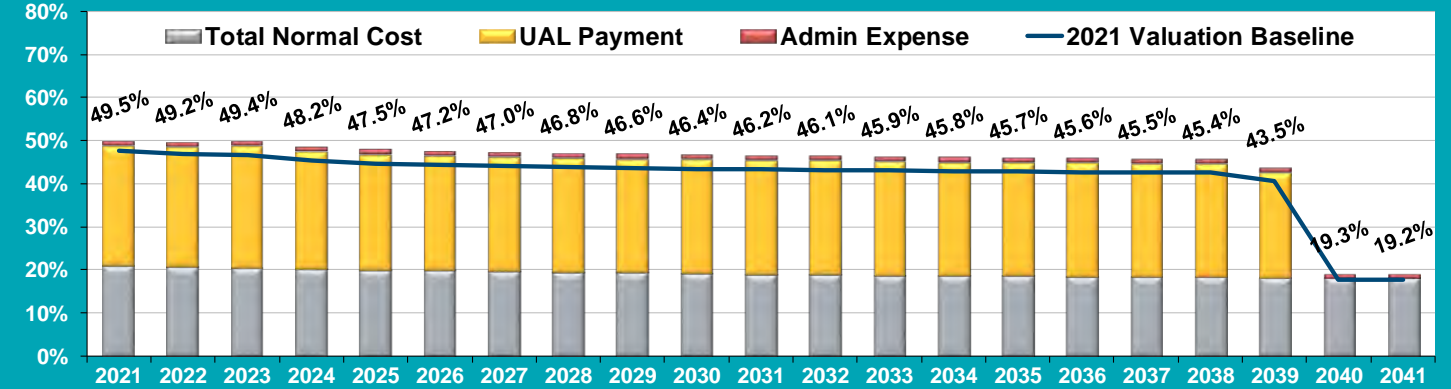
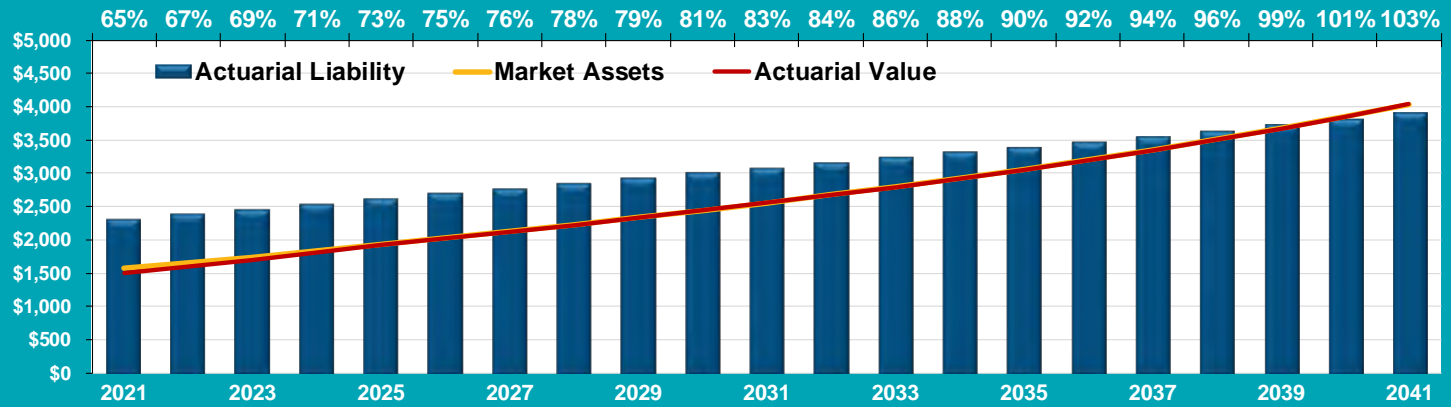
Baseline

2021

Amortization Period	20
Phase-In of UAL Payment	Y
Phase-In Years	3

Rate of Return Assumption	6.750%
Explicit Admin Expense	Y

2021	6.750%
2022	6.750%
2023	6.750%
2024	6.750%
2025	6.750%
2026	6.750%
2027	6.750%
2028	6.750%
2029	6.750%
2030	6.750%
2031	6.750%
2032	6.750%
2033	6.750%
2034	6.750%
2035	6.750%
2036	6.750%
2037	6.750%
2038	6.750%
2039	6.750%
2040	6.750%
Avg	6.750%



Projections #4: 6.50% Assumed Rate of Return



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Stress Testing

P-scan

Scenarios

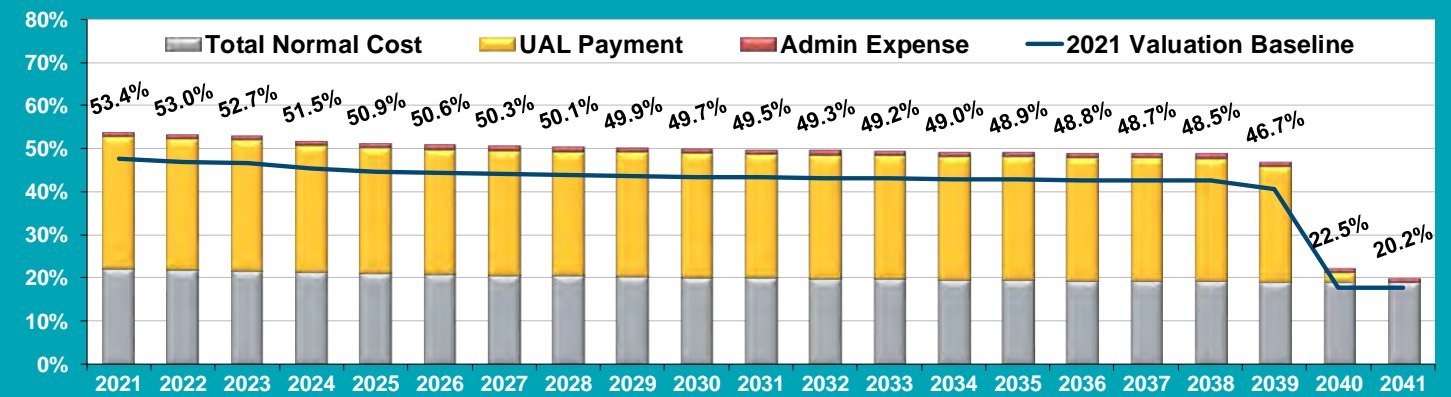
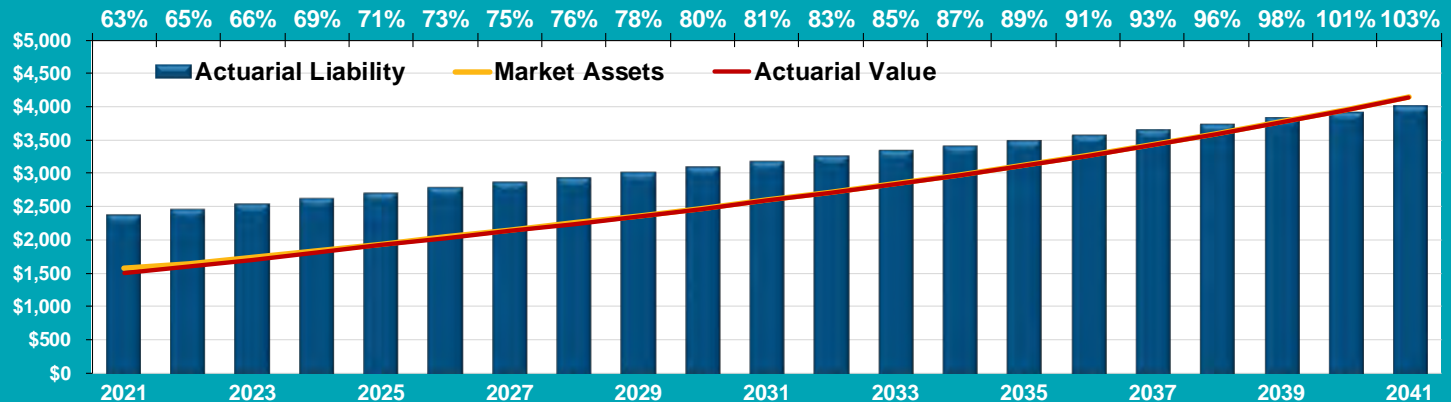
Baseline

2021

Amortization Period	20
Phase-In of UAL Payment	N
Phase-In Years	1

Rate of Return Assumption	6.500%
Explicit Admin Expense	Y

2021	6.500%
2022	6.500%
2023	6.500%
2024	6.500%
2025	6.500%
2026	6.500%
2027	6.500%
2028	6.500%
2029	6.500%
2030	6.500%
2031	6.500%
2032	6.500%
2033	6.500%
2034	6.500%
2035	6.500%
2036	6.500%
2037	6.500%
2038	6.500%
2039	6.500%
2040	6.500%
Avg	6.500%



Projections #5: 6.50% Return 3-Year Phase-In



Stress Testing

P-scan

Scenarios

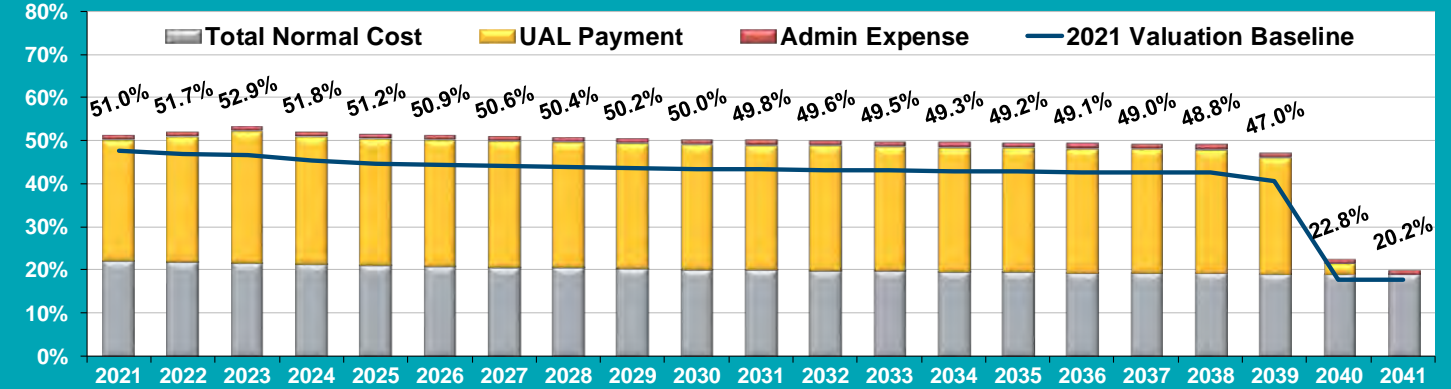
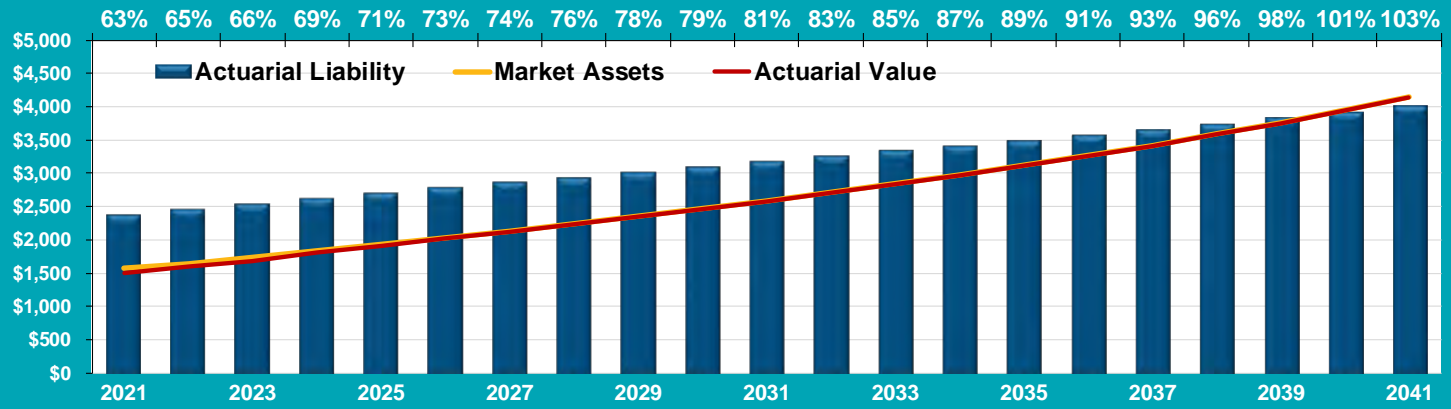
Baseline

2021

Amortization Period	20
Phase-In of UAL Payment	Y
Phase-In Years	3

Rate of Return Assumption	6.500%
Explicit Admin Expense	Y

2021	6.500%
2022	6.500%
2023	6.500%
2024	6.500%
2025	6.500%
2026	6.500%
2027	6.500%
2028	6.500%
2029	6.500%
2030	6.500%
2031	6.500%
2032	6.500%
2033	6.500%
2034	6.500%
2035	6.500%
2036	6.500%
2037	6.500%
2038	6.500%
2039	6.500%
2040	6.500%
Avg	6.500%



Projected Contribution Rate Summary



Total Contribution Rate Projections

Valuation Year	6.875% Baseline	#1	#2	#3	#4	#5
		<u>6.875% & Admin Expense</u>	<u>6.75% Assumed Return No Phase-In</u>	<u>6.75% Assumed Return 3-Year Phase-In</u>	<u>6.50% Assumed Return No Phase-In</u>	<u>6.50% Assumed Return 3-Year Phase-In</u>
2021	47.8%	48.8%	50.3%	49.5%	53.4%	51.0%
2022	46.9%	48.0%	49.7%	49.2%	53.0%	51.7%
2023	46.5%	47.7%	49.3%	49.4%	52.7%	52.9%
2024	45.3%	46.5%	48.1%	48.2%	51.5%	51.8%
2025	44.6%	45.8%	47.4%	47.5%	50.9%	51.2%
2030	43.5%	44.6%	46.3%	46.4%	49.7%	50.0%
2035	42.8%	44.0%	45.6%	45.7%	48.9%	49.2%
2040	17.7%	18.8%	19.3%	19.3%	22.5%	22.8%

Projected contribution rates, except Baseline, include 1.07% of pay for an explicit administrative expense assumption.

- Reducing assumed rate of return to 6.75%, net of investment expenses only, increases projected contribution rate by about 2.6% - 2.9% of pay
- Reducing assumed rate of return to 6.50%, net of investment expenses only, increases projected contribution rate by about 5.7% - 6.5% of pay
- Phasing-in UAL payment of assumption change lowers contribution rate increase in early years and slightly increases rates in later years

Projected Funded Ratio Summary



Funded Ratio Projections based on the Actuarial Value of Assets

Valuation Year	6.875% Baseline	#1	#2	#3	#4	#5
		<u>6.875%</u> & Admin Expense	<u>6.75% Assumed Return</u> No Phase-In	<u>3-Year</u> Phase-In	<u>6.50% Assumed Return</u> No Phase-In	<u>3-Year</u> Phase-In
2021	66.1%	66.1%	65.1%	65.1%	63.1%	63.1%
2022	68.3%	68.2%	67.1%	67.1%	64.8%	64.8%
2023	69.8%	69.7%	68.6%	68.6%	66.4%	66.2%
2024	72.5%	72.4%	71.3%	71.2%	69.2%	68.8%
2025	74.5%	74.4%	73.3%	73.2%	71.2%	70.9%
2030	82.0%	81.9%	81.2%	81.1%	79.6%	79.4%
2035	90.5%	90.5%	90.0%	89.9%	89.1%	88.9%
2040	101.1%	101.1%	101.0%	101.0%	100.7%	100.7%

- Reducing assumed rate of return to 6.75% reduces projected funded ratio by about 1%
- Reducing assumed rate of return to 6.50% reduces projected funded ratio by about 3%
- Phasing-in UAL payment of assumption change has a minimal impact on the funded ratio



- Change investment return assumption to be net of only investment expenses, with explicit administrative expense assumption?

- Lower assumed rate of investment return?





Finalize Actuarial Valuation Report



Adopt January 1, 2021 Actuarial Valuation and Contribution Rates

Required Disclosures



The purpose of this presentation is to discuss the preliminary results of the January 1, 2021 actuarial valuation of the San Luis Obispo County Pension Trust (SLOCPT). This presentation was prepared exclusively for the San Luis Obispo County Pension Trust and its Board of Trustees for the purpose described herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

In preparing our presentation, we relied on information (some oral and some written) supplied by the SLOCPT. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23. The actuarial assumptions, data and methods are those that will be used in the preparation of the actuarial valuation report as of January 1, 2021.

Cheiron utilizes ProVal, an actuarial valuation application leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

Deterministic projections in this presentation were developed using P-scan, a proprietary tool used to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the System. P-scan uses standard roll-forward techniques that implicitly assume a stable active population.

This presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Future results may differ significantly from the current results and projections shown in this presentation due to such factors as the following: plan experience different from that anticipated by the assumptions; changes in assumptions; and changes in the plan provisions or applicable law.

Anne D. Harper, FSA, MAAA, EA
Principal Consulting Actuary

Alice I. Alsberghe ASA, MAAA, EA
Consulting Actuary

Pension Trust

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Date: May 24, 2021

To: Board of Trustees

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

Agenda Item 12: Administrative and Capital Expenditures Budget for Fiscal Year 2021-2022

Recommendation:

It is recommended that the Board of Trustees approve the Proposed Administrative Budget and Capital Expenditures Budget for the Fiscal Year 2021-2022 (“FY21/22”) (Attachments A & D).

Discussion:

Minor revisions have been incorporated in the Proposed Administrative budget based on updated projections mainly affecting salary, insurance and building maintenance categories. Additionally, a Capital Expenditures Budget has been added due to the need to modernize SLOCPT’s elevator earlier than expected.

The expense categories presented in the attached **Proposed Administrative Budget** for the FY21/22 have been updated based upon varied assumptions, prior year experiences and staff’s best estimates of future events. **Overall staff believes an 8.3% increase in the total budgeted amount when compared to the Fiscal Year 2020-2021 Administrative Budget is appropriate. This represents a \$239,500 increase compared to prior year from \$2.89 million to \$3.13 million.**

Staff’s basis for components of this change are further detailed in the sections bellow. This proposed amount represents 0.20% of the total unaudited Net Position of SLOCPT as of December 31, 2020.

- **Investment Expense (discretionary)** – Expense includes Investment Consultant (Verus – a flat rate contract) and Custodian Bank (JP Morgan – contract and market value dependent) fees (does not include Investment Management fees). Also, an estimated amount has been added this year to include the expenses associated with the retention of a Private Markets Discretionary Advisor Search Consultant. The calculation of total predicted expenses uses assumptions based on the unaudited market value of investment assets as of 12/31/2020 where appropriate and adds a 5.60% investment return that was taken from Verus’ Capital Market Expectations report presented earlier this year. The relatively large increase is attributable to the Private Markets Discretionary Advisor Search Consultant expenses as well as increased costs for Custodial Bank services due to larger asset balances and increased fees.

- **Personnel Services** – (see Attachment B) Includes all expenses related to SLOCPT’s staff. Assumes the following: 1) 2% increase in salaries for FY21-22 for selected staff, 2) movement of eligible staff to new step 6 based on implementation by the County for positions that SLOCPT benchmarks its salaries 3) payroll tax rates will stay consistent with 2021 rates currently in place, 4) cafeteria benefit of \$11,700 (employee only), \$13,200 (employee +1) and \$16,080 (family) annually per eligible employee (benchmarked to County positions in Bargain Units 7 & 11 and pro-rated for part-time employees), 4) employer pension rate increase of 3.45% for Tier 1 and Tier 2 staff and 3.91% for Tier 3 staff effective with the pay period that includes 7/1/21, and 5) applicable salary step increases and promotions for staff members determined to be eligible throughout the year.

Note: Salary ranges presented in Attachment B do not included the 2.0% prevailing wage increase for eligible positions and have been estimated by staff due the fact the County has not published their official rate tables as of the writing of the item. However, the 2.0% increase is included in the overall Administrative budget presented in Attachment A. Staff has also estimated the figures shown for step 6 in the Compensation Table and actual rates may be adjusted for rounding differences once implemented by SLOCPT.

- **Professional Services** –
 - Accounting & Auditing: Based on quoted price from 2020 engagement letter with Brown Armstrong (SLOCPT’s annual financial statement audit firm). The 2020 Audit is the third of the current 5-year engagement letter with Brown Armstrong.
 - Actuarial: Based on 2021 contract with Cheiron (SLOCPT’s Actuary). Also includes estimate of expected costs relating to additional Actuarial services performed throughout the year. The increase in expense is attributable to the addition of associated biennial Experience Study costs.
 - Legal: Based on General Counsel Retainer and legal consultation relating to investment contracts, taxes and disability hearings. Future unforeseen legal

expense will be handled with either a Board approved budget amendment or the use of contingency funds.

- Medical Evaluations – Disabilities: Assumes costs associated with medical review services to be performed by MMRO and other Independent Medical Examiners (IMEs) as necessary.
 - Human Resources Consulting: Based on estimated costs associated with services provided by the County’s Human Resources Department.
 - Information Technology Services: Includes expenses related to PensionGold software system maintenance (per contract) and IT services provided by the County of San Luis Obispo. The increase in budgeted expense is related to the graduated fees agreed to in the PensionGold contract and increased fees for Network and Server Memory costs.
 - Banking & Payroll: Includes estimated banking fees for SLOCPT’s two banking relationships (Union Bank and Pacific Premier Bank) and fees associated with payroll services provided by Paychex.
 - Other Professional Services: Based on estimated expense for professional services not related to categories listed above.
- **Other Expenses –**
 - Trustee Election Expenses: County Clerk Recorder fees relating to annual Trustee elections. Actual cost will be lower if there is an uncontested candidacy.
 - Property Taxes: Costs associated with property taxes for SLOCPT’s office building. The decrease in budgeted expense is due to the reclassification of building ownership to a public entity.
 - Insurance: Includes Fiduciary, General, Property and Cyber liability coverages. Estimate is based on current year expense plus 5%. The relatively large increase in budgeted expense and actual costs reported here is due to a 20% increase in Fiduciary Liability insurance for FY 20/21 which can be presumed to be due to the COVID 19 pandemic.
 - Building & Maintenance: Estimate based on current year expenses. Totals include operating expenses such as janitorial services, building utilities and landscape maintenance. Projected expenses have decreased due to removal of costs associated with the security system upgrade completed in FY20-21. Additionally, janitorial service costs have been reduced due to a reassessment of actual needs that were brought to light during the reduced office presence related to the global pandemic. Costs associated with parking lot resurfacing, flooring replacement and interior painting have been rolled into FY21-22 and are reflected in proposed total.

- Office Expense: Expense includes general office supplies and printing and mailing services provided by ASAP Reprographics.
 - Memberships & Publications: Includes industry specific memberships and publications.
 - Postage: Estimate based on current year expenses.
 - Communications: Includes cost associated with telephone services provided by County IT. Estimate is based on County supplied budget document.
 - Training & Travel: (see Attachment C) Based on optimistic view that business travel will resume.
 - Information Technology: Expense includes all purchases relating to tangible IT equipment. Assumes staggered four-year replacement cycle for office computers. Decrease in budgeted expense is due to decrease in anticipated software upgrades.
 - Equipment: Includes expenses associated with copier lease and office furniture purchases.
- **Contingencies** – 5% of total budget to be used for unexpected expenses.
 - **Capital Expenditures** – (see Attachment D) Staff has added a Capital Expenditures Budget to plan for and obtain approval for costs that would be capitalized. These costs will be directly related to substantial software upgrades or improvements, building improvements and large equipment purchases and will only be included in years when necessary. Since these costs are typically depreciated over their useful lives on SLOCPT's income statement, Staff has chosen to present these on a different schedule and account for them using the balance sheet totals rather than the annual depreciation that is expensed. This year Staff anticipates the need to modernize its building's elevator to bring it up to code and improve its existing functionality

Attachments:

Attachment A – Proposed Administrative Budget for Fiscal Year 2020--2021

Attachment B – Proposed Staffing

Attachment C – Proposed Training & Travel

Attachment D – Proposed Capital Expenditures

ATTACHMENT A

**San Luis Obispo County Pension Trust
PROPOSED ADMINISTRATIVE BUDGET:
Fiscal Year 2021-2022**

	FY19-20 Actual Expenses	FY20-21 Estimated Expenses	FY20-21 Adopted Budget	FY21-22 Proposed Budget	Increase/ Decrease From PY
INVESTMENT EXPENSE:					
Invest. Exp. (Custody, Consultant)	\$ 486,383	\$ 534,000	\$ 511,000	\$ 664,000	\$ 153,000
ADMINISTRATIVE EXPENSE:					
Personnel Services	\$ 1,097,470	\$ 1,197,000	\$ 1,197,000	\$ 1,239,000	\$ 42,000
Professional Service					
Accounting & Auditing	59,657	60,000	60,000	60,000	-
Actuarial	109,352	88,000	87,500	114,000	26,500
Legal	177,332	182,000	220,000	220,000	-
Medical Evaluations - Disabilities	17,625	25,000	25,000	25,000	-
Human Resources Consulting	5,000	5,000	5,000	5,000	-
Information Technology Services	65,418	253,000	253,000	267,500	14,500
Banking and Payroll	19,536	21,000	21,000	21,000	-
Other Professional Services	1,518	2,000	2,000	2,000	-
Total Professional Services	\$ 455,438	\$ 636,000	\$ 673,500	\$ 714,500	\$ 41,000
Other Expenses					
Trustee Election Expenses	-	6,000	6,000	6,000	-
Property Taxes	-	-	3,000	-	(3,000)
Insurance	115,839	137,000	126,000	145,000	19,000
Building Maintenance	42,064	50,000	74,000	58,000	(16,000)
Office Expense	21,260	25,000	28,000	28,000	-
Memberships & Publications	6,234	6,000	6,500	6,500	-
Postage	33,609	31,000	32,000	30,000	(2,000)
Communications	2,605	3,000	3,500	4,500	1,000
Training & Travel	13,576	15,000	47,500	47,000	(500)
Information Technology	24,550	38,000	36,500	30,500	(6,000)
Equipment	3,597	3,000	10,000	10,000	-
Total Other Expenses	\$ 263,334	\$ 314,000	\$ 373,000	\$ 365,500	\$ (7,500)
Contingencies	\$ -	\$ -	\$ 138,000	\$ 149,000	\$ 11,000
TOTAL ADMINISTRATIVE	\$ 1,816,242	\$ 2,147,000	\$ 2,381,500	\$ 2,468,000	\$ 86,500
ADMIN. + INVESTMENT	\$ 2,302,625	\$ 2,681,000	\$ 2,892,500	\$ 3,132,000	\$ 239,500

Increase from Prior Year Budget

8.3%

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ATTACHMENT B

San Luis Obispo County Pension Trust PROPOSED STAFFING:									
	FY19-20 Actual	FY20-21 Amended Budget	FY20-21 Actual	FY21-22 Proposed Budget	Increase / (Decrease) From PY	Projected FY22-23	Projected FY23-24	Projected FY24-25	Projected FY25-26
Positions (FTEs):									
Executive Director	1.00	1.00	1.00	1.00	-	1.00	1.00	1.00	1.00
Deputy Directory	1.00	1.00	1.00	1.00	-	1.00	1.00	1.00	1.00
Retirement Programs Spec. III	2.00	2.00	2.00	2.00	-	2.00	2.00	2.00	2.00
Retirement Programs Spec. II	-	-	-	-	-	-	-	-	-
Retirement Programs Spec. I	-	-	-	-	-	-	-	-	-
Retirement Technician	1.75	1.80	1.75	1.75	(0.05)	1.75	1.75	1.75	1.75
Accountant IV	0.80	0.80	0.80	0.80	-	0.80	0.80	0.80	0.80
Accountant III	-	-	-	-	-	-	-	-	-
Accountant II	-	-	-	-	-	-	-	-	-
Accountant I	-	-	-	-	-	-	-	-	-
Administrative Asst. III	1.00	1.00	1.00	1.00	-	1.00	1.00	1.00	1.00
Administrative Asst. II	-	-	-	-	-	-	-	-	-
Part-Time Temporary Office Asst.	-	0.65	-	0.50	(0.15)	0.50	0.50	0.50	0.50
TOTAL POSITIONS	7.55	8.25	7.55	8.05	(0.20)	8.05	8.05	8.05	8.05

PROPOSED SALARY & BENEFIT BENCHMARKS:

***Note: SLOCPT compensation benchmarks would be updated in concurrence with any County enacted wage adjustments (i.e. prevailing wage etc.).*

FY 21-22	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Benefits: (health, pension, other)
Executive Director <i>Subject to change per Contract Approval</i>	72.62	76.22	80.05	84.06	88.25		Benchmarked to County BU 7 + \$450/month auto allowance (not pensionable)
Deputy Director <i>80% of Executive Director</i>	58.10	60.98	64.04	67.25	70.60		Benchmarked to County BU 7
Retirement Programs Spec. III <i>#9663 Risk Mgmt. Analyst III</i>	41.94	44.04	46.24	48.55	50.98	53.53	Benchmarked to County BU 7

ATTACHMENT B

PROPOSED SALARY & BENEFIT BENCHMARKS: (continued)

FY 19-20	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Benefits: (health, pension, other)
Retirement Programs Spec. II <i>#9658 Risk Mgmt. Analyst II</i>	35.85	37.64	39.52	41.50	43.58	45.76	Benchmarked to County BU 7
Retirement Programs Spec. I <i>#9657 Risk Mgmt. Analyst I</i>	31.06	32.61	34.24	35.96	37.75	39.64	Benchmarked to County BU 7
Accountant IV <i>#2055 Auditor-Analyst III</i>	41.94	44.04	46.24	48.55	50.98	53.53	Benchmarked to County BU 7
Accountant III <i>#907 Accountant III</i>	36.25	38.06	39.97	41.96	44.06	46.27	Benchmarked to County BU 7
Accountant II <i>#906 Accountant II</i>	31.52	33.10	34.75	36.49	38.31	40.23	Benchmarked to County BU 7
Accountant I <i>#905 Accountant I</i>	26.90	28.25	29.66	31.14	32.70	34.33	Benchmarked to County BU 7
Retirement Technician <i>#913 Accounting Technician - Conf.</i>	24.38	25.60	26.88	28.22	29.63	31.12	Benchmarked to County BU 11
Administrative Asst. III <i>#2203 Administrative Asst. III - Conf.</i>	19.90	20.90	21.95	23.05	24.20	25.41	Benchmarked to County BU 11
Administrative Asst. II <i>#2222 Administrative Asst. II - Conf.</i>	18.09	18.99	19.94	20.94	21.99	23.09	Benchmarked to County BU 11
Administrative Asst. I <i>#2221 Administrative Asst. I - Conf.</i>	16.41	17.23	18.09	18.99	19.94	20.94	Benchmarked to County BU 11
Part-Time Temporary Office Assistant <i>#911 Account Clerk</i>	19.28	20.24	21.25	22.31	23.43		N/A

ATTACHMENT C

**San Luis Obispo County Pension Trust
PROPOSED TRAINING & TRAVEL:**

	FY19-20 Actual	Current FY20-21 YTD	FY20-21 Amended Budget	FY21-22 Proposed Budget	Increase / (Decrease) From PY Budget
<i>CALAPRS General Assembly</i>					
Attendees - Board	2	6	3	3	-
Attendees - Staff	1	2	2	2	-
Total Expense	4,277	2,000	7,250	7,250	-
<i>CALAPRS Advanced Trustee Institute (UCLA)</i>					
Attendees - Board	-	-	1	1	-
Attendees - Staff	-	-	-	-	-
Total Expense	-	-	3,450	3,450	-
<i>CALAPRS Trustees Training-Pepperdine</i>					
Attendees - Board	-	2	2	3	1
Attendees - Staff	-	-	-	-	-
Total Expense	-	1,000	6,600	9,900	3,300
<i>SACRS Trustees Training- Berkeley (new)</i>					
Attendees - Board	-	-	1	2	1
Attendees - Staff	-	-	-	1	1
Total Expense	-	-	3,750	11,250	7,500
<i>SACRS Semi-Annual Conferences</i>					
Attendees - Board	-	-	1	1	-
Attendees - Staff	1	-	-	-	-
Total Expense	1,315	-	1,550	1,550	-
<i>Nossaman Fiduciaries Forum</i>					
Attendees - Board	-	-	-	1	1
Attendees - Staff	-	-	-	-	-
Total Expense	-	-	-	1,025	1,025
<i>CALAPRS Administrators Institute</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	1	2	1	2	1
Total Expense	1,250	1,000	1,600	3,200	1,600
<i>CALAPRS Trustees Roundtables (2/yr)</i>					
Attendees - Board	-	1	2	2	-
Attendees - Staff	-	-	-	-	-
Total Expense	-	50	1,200	100	(1,100)

ATTACHMENT C

**San Luis Obispo County Pension Trust
PROPOSED TRAINING & TRAVEL:**

	FY19-20 Actual	Current FY20-21 YTD	FY20-21 Amended Budget	FY21-22 Proposed Budget	Increase / (Decrease) From PY Budget
<i>CALAPRS Administrators Roundtables (2/yr)</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	2	1	2	4	2
Total Expense	679	50	1,200	200	(1,000)
<i>CALAPRS Investment Officers Roundtables (2/yr)</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	-	-	2	-	(2)
Total Expense	-	-	1,250	-	(1,250)
<i>CALAPRS Attorneys Roundtables (3/yr)</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	1	2	3	3	-
Total Expense	125	175	375	150	(225)
<i>CALAPRS Operations Roundtables (4/yr)</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	3	4	4	6	2
Total Expense	837	250	2,500	300	(2,200)
<i>CALAPRS Disability training</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	-	-	1	1	-
Total Expense	-	-	625	50	(575)
<i>CALAPRS Overview Course (3 class series)</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	-	4	3	1	(2)
Total Expense	-	800	3,750	250	(3,500)
<i>CALAPRS - Board, Faculty, and related travel</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	3	-	4	4	-
Total Expense	984	-	2,200	2,200	-
<i>Investment Seminars</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	1	-	2	1	(1)
Total Expense	1,086	-	3,200	1,600	(1,600)

ATTACHMENT C

**San Luis Obispo County Pension Trust
PROPOSED TRAINING & TRAVEL:**

	FY19-20 Actual	Current FY20-21 YTD	FY20-21 Amended Budget	FY21-22 Proposed Budget	Increase / (Decrease) From PY Budget
<i>Investment Due Diligence On-site visits (combined w/other travel if possible)</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	-	-	1	-	(1)
Total Expense	-	-	2,450	-	(2,450)
<i>Software Training</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	1	-	2	2	-
Total Expense	2,002	-	3,000	3,000	-
<i>PAS Replacement Site Visits / Due Diligence</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	-	-	-	-	-
Total Expense	-	-	-	-	-
<i>Misc. Board and Staff Training</i>					
Total Expense	1,021	55	1,550	1,525	(25)
Subtotal Training and Travel					
Training	3,728	5,380	17,970	25,320	7,350
Travel (air, hotel, food)	7,197	-	18,900	14,100	(4,800)
Mileage Reimb.	2,515	-	10,050	7,050	(3,000)
Misc. Travel	136	-	580	530	(50)
Total Training and Travel	13,576	5,380	47,500	47,000	(500)

ATTACHMENT D

**San Luis Obispo County Pension Trust
PROPOSED CAPITAL EXPENDITURES BUDGET:
Fiscal Year 2021-2022**

	FY19-20 Actual Expenditures	FY20-21 Estimated Expenditures	FY20-21 Adopted Budget	FY21-22 Proposed Budget	Increase/ Decrease From PY
BUILDING EXPENDITURES:					
Exterior					
Roof	-	-	-	-	-
Windows	-	-	-	-	-
Paint	-	-	-	-	-
Parking Lot	-	-	-	-	-
Landscape	-	-	-	-	-
Total Exterior	\$ -	\$ -	\$ -	\$ -	\$ -
Interior					
HVAC	-	-	-	-	-
Paint	-	-	-	-	-
Flooring	-	-	-	-	-
Plumbing	-	-	-	-	-
Elevator	-	-	-	150,000	150,000
Security System	-	-	-	-	-
Total Interior	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000
SOFTWARE EXPEDITURES:					
Software Purchases ***	\$ -	\$ -	\$ -	\$ -	\$ -
Software Upgrades and Improvements	\$ -	\$ -	\$ -	\$ -	\$ -
EQUIPMENT EXPEDITURES:					
Capitalized Equipment Purchases	\$ -	\$ -	\$ -	\$ -	\$ -
CONTINGENCIES	\$ -	\$ -	\$ -	\$ 7,500	\$ 7,500
TOTAL CAPITAL EXPENDITURES	\$ -	\$ -	\$ -	\$ 157,500	\$ 157,500

Board of Trustees

1000 Mill Street
San Luis Obispo, CA 93408
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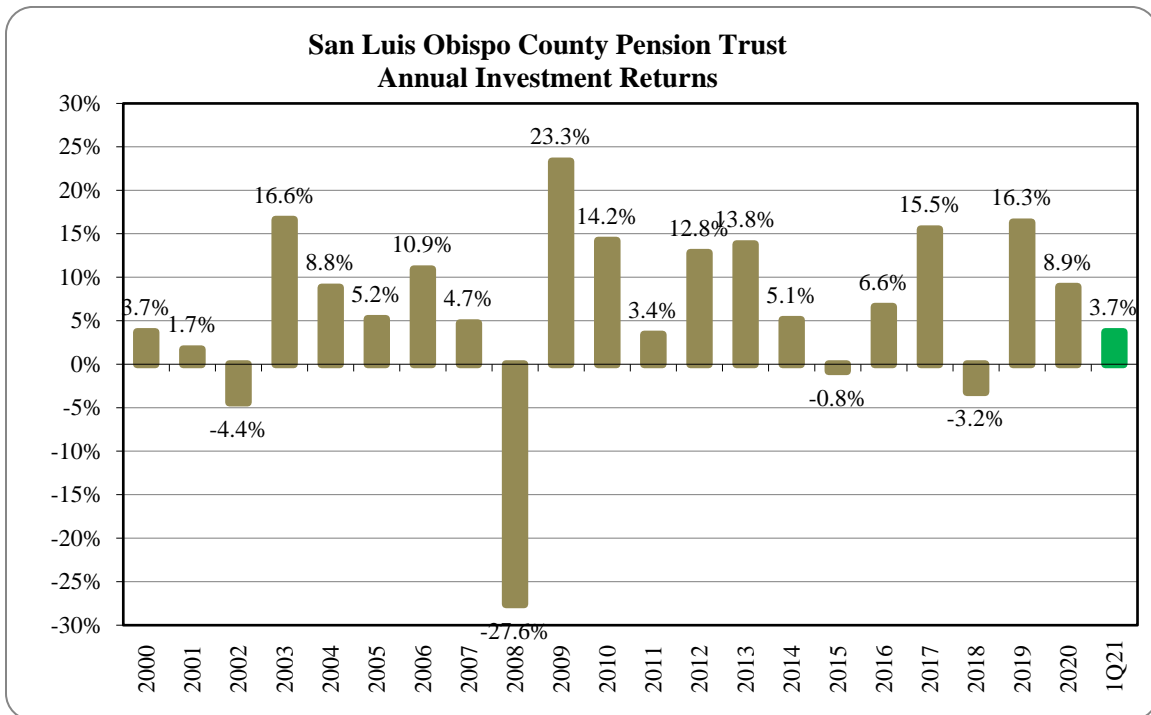
Date: May 24, 2021

To: Board of Trustees

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

Agenda Item 13: Quarterly Investment Report for the 1st Quarter of 2021 - REVISED

Attached to this memo is the 1Q21 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 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.



Respectfully submitted,

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**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



PERIOD ENDING: MARCH 31, 2021

Investment Performance Review for

San Luis Obispo County Pension Trust



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

2ND QUARTER 2021
Investment Landscape

Recent Verus research

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

Topics of interest

IS THERE ALPHA AVAILABLE FROM EMERGING & DIVERSE MANAGERS?

While discussion on the alpha-generating ability of emerging and diverse managers has been part of institutional conversation for decades, the use of emerging and diverse managers has become a mainstay of industry conferences and in many Board meetings more recently. This paper explores the alpha-generating ability of emerging and diverse firms across asset classes and structures.

LEVERAGE IN PORTFOLIOS

Our latest Topics of Interest paper hopes to shed light on one segment of today's investment challenge, the benefits and risks associated with using leverage. This paper finds that for investors with sufficient capital to leverage market opportunities and allocate to a wide range of asset classes, and with an appropriate Enterprise Risk Tolerance to accept the range of outcomes involved, modest leverage may be responsibly employed to provide greater diversification of risk while maintaining a similar return target.

HOW TO MAKE MANAGER DECISIONS

Manager research decisions are made harder if you use the wrong tools and approaches. In this new paper, we outline the reasons why many investors may be finding these decisions harder than they need to and discuss a different way of thinking that may make the task of manager assessment clearer and more effective.

DEVELOPING AN END-GAME STRATEGY FOR CORPORATE PENSIONS

As a plan sponsor's de-risking strategy ultimately bears fruit and the plan approaches full funding, a new phase of the pension management lifecycle brings with it new challenges. Navigating the later stages of the asset-liability journey requires that plan sponsors establish a clear and well-defined view of the end-state. Doing so requires careful consideration of costs (some knowable, some not), risks, and less tangible company-specific considerations. Once this end-state is defined, investment and contribution strategy can be cohesively aligned to maximize the probability of success. With greater flexibility, the probability of a successful outcome increases.

Annual research

ACTIVE MANAGEMENT ENVIRONMENT

We are pleased to release the Verus 2021 Active Management Environment. The past year has been one of extreme volatility and divergence in many respects, creating interesting opportunities for active managers to show differentiated performance and deliver alpha to clients. We hope the insights from this research will allow for a deeper understanding of active manager behavior and inform selection in the future.

IMPLICATIONS OF RISK TOLERANCE ON ESTABLISHING AN EFFECTIVE INVESTMENT STRATEGY FOR PUBLIC PENSION PLANS

The future health of public pension plans is dependent on many factors and faces many risks, including low prospective returns, unfavorable plan demographics, and stressed plan sponsor financial conditions. This paper will explore these risks and provide a framework for discussion and evaluation designed to ensure a plan's investment program is appropriately aligned with its risk tolerance.

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1st quarter summary

THE ECONOMIC CLIMATE

- Real GDP grew at a -2.4% rate year-over-year in the fourth quarter (+4.3% quarterly annualized rate) as the U.S. economic recovery continued at a brisk pace. [p. 11](#)
- The speed of vaccinations in the U.S. has exceeded expectations, reaching more than 3 million doses per day during the first week of April. Approximately 23% of the country have been fully vaccinated, and 37% have received a first dose. [p. 7](#)
- The Europe Union has been slower to roll out vaccinations, suggesting member countries may be grappling with the virus for longer periods of time. [p. 19](#)

PORTFOLIO IMPACTS

- We believe the U.S. economy is playing catch-up to the markets in the current environment. While it seems increasingly likely that the economy will rapidly come back to life over the next year, this optimism may already be baked into equity prices. [p. 29](#)
- U.S. core inflation remained low and stable, at 1.6% year-over-year in March. A jump in gasoline prices, along with base effects from the 2020 recession, pushed up headline inflation to 2.6%. It appears likely that inflation will continue to see a temporary rise in the coming months due to the lower prices of Q2 2020, since inflation is a year-over-year measure. [p. 13](#)

THE INVESTMENT CLIMATE

- President Biden announced his \$2 trillion Infrastructure Plan. In its initial form, the plan did not have bipartisan support, reportedly due to the lower proportion of the plan that related to traditional infrastructure spending, the size of the plan, and the proposed methods to fund it. Negotiations will commence in late-April, though it remains possible that the bill is modified in order to pass it via the “reconciliation” process, to avoid the need for Republican support. [p. 11](#)
- According to FactSet, S&P 500 earnings expectations for 2021 improved by 5.0% during the quarter. Analysts are now forecasting 25.4% earnings growth for 2021—an incredible recovery from the -11.2% earnings drop expected of 2020. [p. 28](#)

ASSET ALLOCATION ISSUES

- U.S. equities were a top performer in Q1, returning +6.2%. International equities returned +3.5% (MSCI EAFE Index) and emerging markets returned +2.3% (MSCI Emerging Markets Index), on an unhedged currency basis. [p. 28](#)
- Size and value factors both delivered strong relative performance. U.S. value stocks beat growth stocks (Russell 1000 Value +11.3%, Russell 1000 Growth +0.9%), as growth stocks entered a correction in February. Small capitalization stocks continued their rally (Russell 2000 +12.7%, Russell 1000 +5.9%). [p. 31](#)

Prospects for a strong economic rebound are compelling, though this good news may already be reflected in asset prices

We believe a neutral risk stance is warranted in the current environment

What drove the market in Q1?

“Biden signs \$1.9 trillion Covid relief bill, clearing way for stimulus checks, vaccine aid”

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

Sep	Oct	Nov	Dec	Jan	Feb
6.0%	5.0%	3.2%	3.7%	13.1%	4.3%

Article Source: CNBC, as of March 11th, 2021

“U.S. vaccination campaign gains steam as White House speeds shipments”

AVERAGE DAILY VACCINE DOSE ADMINISTRATIONS (TRAILING SEVEN DAYS)

1/15	1/31	2/14	2/28	3/15	3/31
843,447	1,348,021	1,681,951	1,735,053	2,427,429	2,828,491

Article Source: Reuters, March 31st, 2021

“Bond Traders Gird for More Pain After Biggest Loss Since 1980”

BLOOMBERG BARCLAYS US LONG TREASURY INDEX TOTAL RETURN

Oct	Nov	Dec	Jan	Feb	Mar
-3.01%	+1.20%	-1.18%	-3.61%	-5.57%	-4.99%

Article Source: Bloomberg, March 31st, 2021

“OECD More Than Doubles US Economic Growth Forecast”

U.S. 2021 GDP GROWTH FORECAST (BLOOMBERG MEDIAN ESTIMATE)

Oct	Nov	Dec	Jan	Feb	Mar
3.8%	3.8%	3.9%	4.1%	4.9%	5.7%

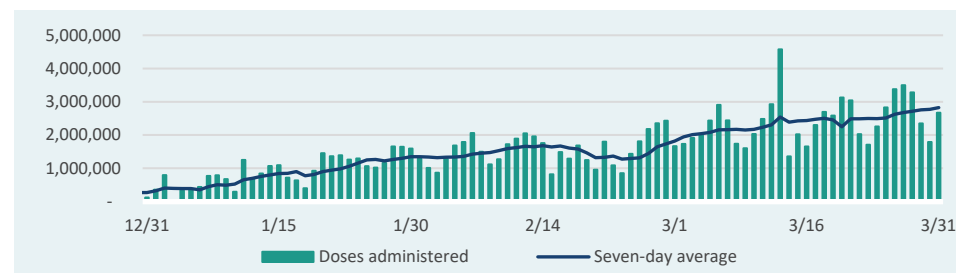
Article Source: Chief Investment Officer, March 17th, 2021

AMERICAN RESCUE PLAN ACT ALLOCATIONS



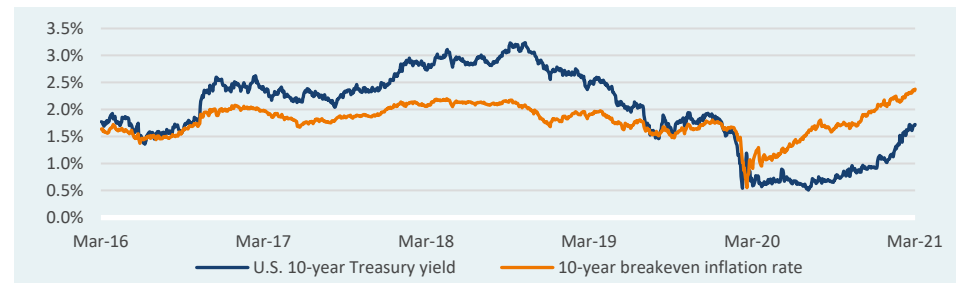
Source: Wall Street Journal, as of 3/11/21

U.S. COVID-19 VACCINATION CAMPAIGN



Source: Bloomberg, as of 3/31/21

INTEREST RATES AND INFLATION EXPECTATIONS



Source: Bloomberg, as of 3/31/21

Economic environment

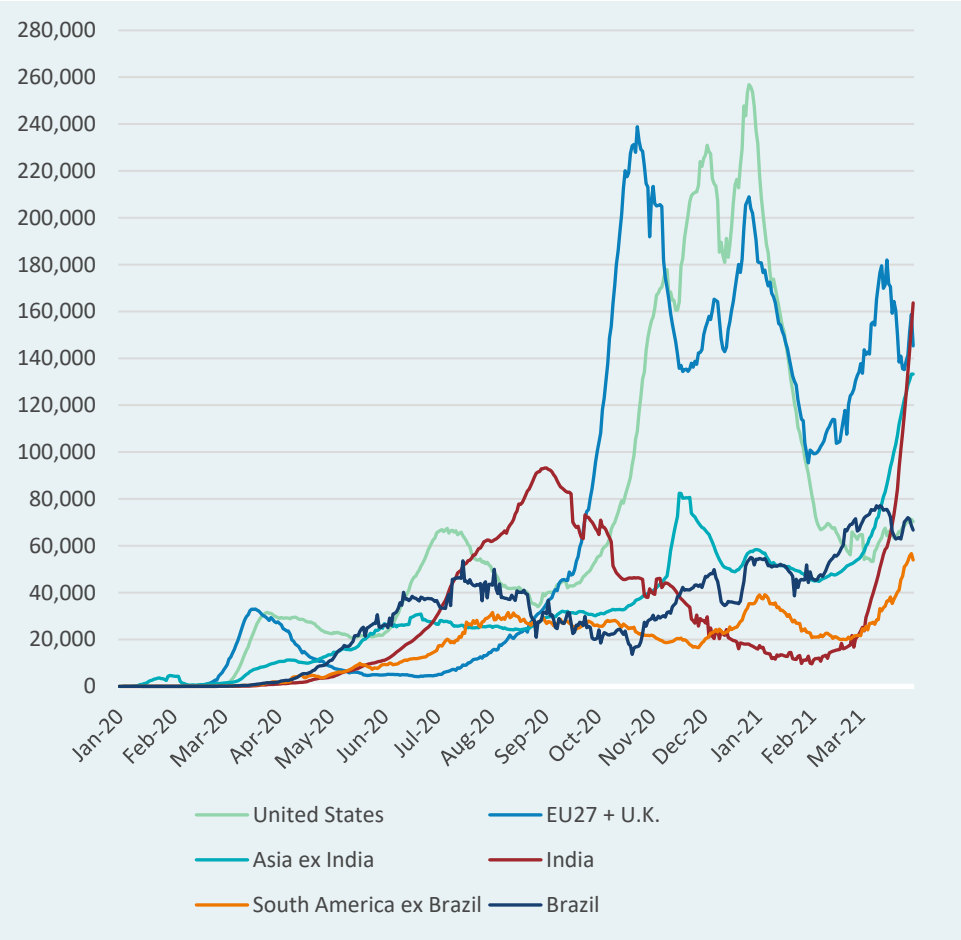
U.S. economics summary

- Real GDP grew at a -2.4% rate year-over-year in the fourth quarter (+4.3% quarterly annualized rate) as the U.S. economic recovery continued. The Atlanta Fed's GDPNow forecast for 2021 Q1 growth was 6.0% on a quarter-over-quarter annualized basis as of April 9th, suggesting an even more robust pace than the prior quarter.
- The speed of vaccinations in the U.S. has exceeded expectations, reaching 3 million doses per day. Approximately 23% of the country have been fully vaccinated, and 37% have received a first dose.
- President Biden announced his \$2 trillion Infrastructure Plan. In its initial form, the bill would spend \$400b on expanded care for the elderly and disabled, spend \$500b on electric vehicle subsidies and incentives, and spend \$100B on national high-speed broadband internet access, with a smaller portion of the spending going towards traditional infrastructure such as power grid, railway, and public transit.
- U.S. core inflation remained low and stable, at 1.6% year-over-year in March. A jump in gasoline prices, along with base effects from the 2020 recession, pushed up headline inflation to 2.6%. It appears likely that inflation will continue to see a temporary rise in the coming months due to the lower prices of Q2 2020, since inflation is a year-over-year measure.
- While the U.S. unemployment rate continues to improve, falling from 6.7% to 6.0% during the quarter, the overall labor participation rate has stagnated. A disconnect seems to exist between the strong economy and weaker labor market.
- Consumer sentiment improved during Q1, along with the economic recovery. Sentiment is now at an average level relative to history.

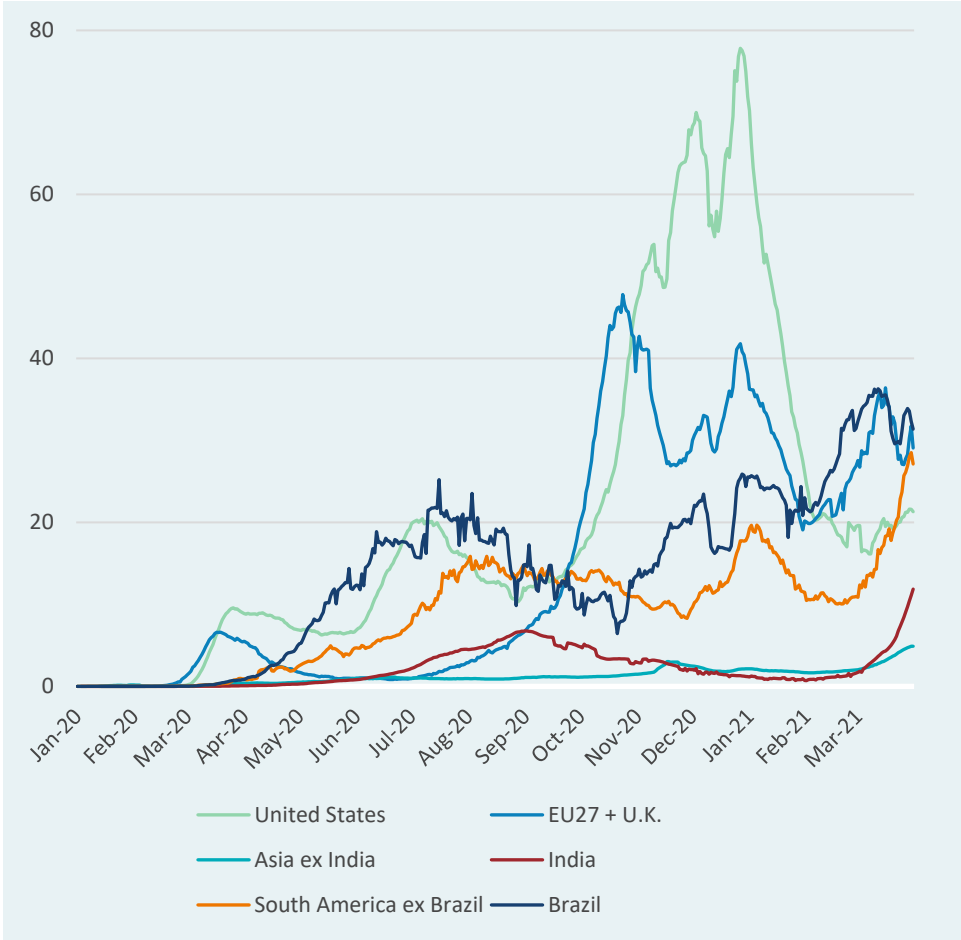
	Most Recent	12 Months Prior
GDP (YoY)	(2.4%) 12/31/20	2.3% 12/31/19
Inflation (CPI YoY, Core)	1.6% 3/31/21	2.1% 3/31/20
Expected Inflation (5yr-5yr forward)	2.20% 3/31/21	1.25% 3/31/20
Fed Funds Target Range	0% – 0.25% 3/31/21	0% – 0.25% 3/31/20
10-Year Rate	1.74% 3/31/21	0.67% 3/31/20
U-3 Unemployment	6.0% 3/31/21	4.4% 3/31/20
U-6 Unemployment	10.7% 3/31/21	8.8% 3/31/20

COVID-19 case growth

SEVEN-DAY AVERAGE DAILY CASE GROWTH



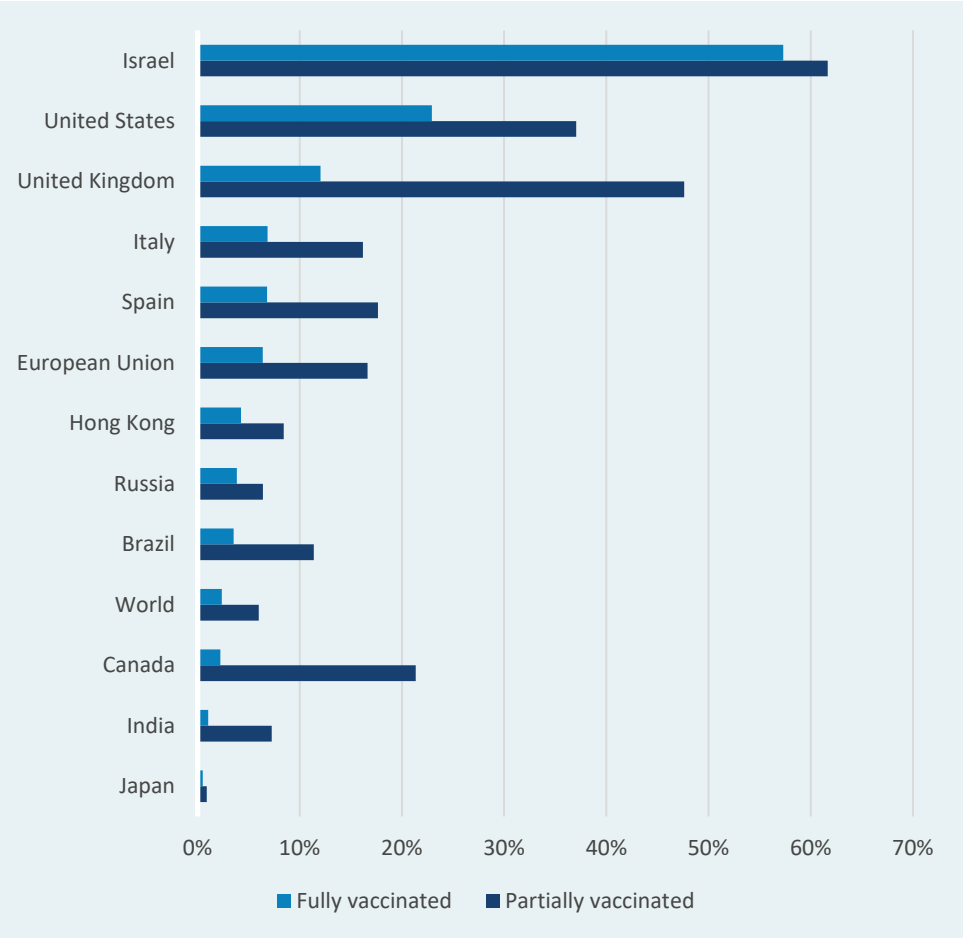
SEVEN-DAY AVERAGE DAILY CASE GROWTH – PER 100,000 RESIDENTS



Source: Bloomberg, as of 4/15/21

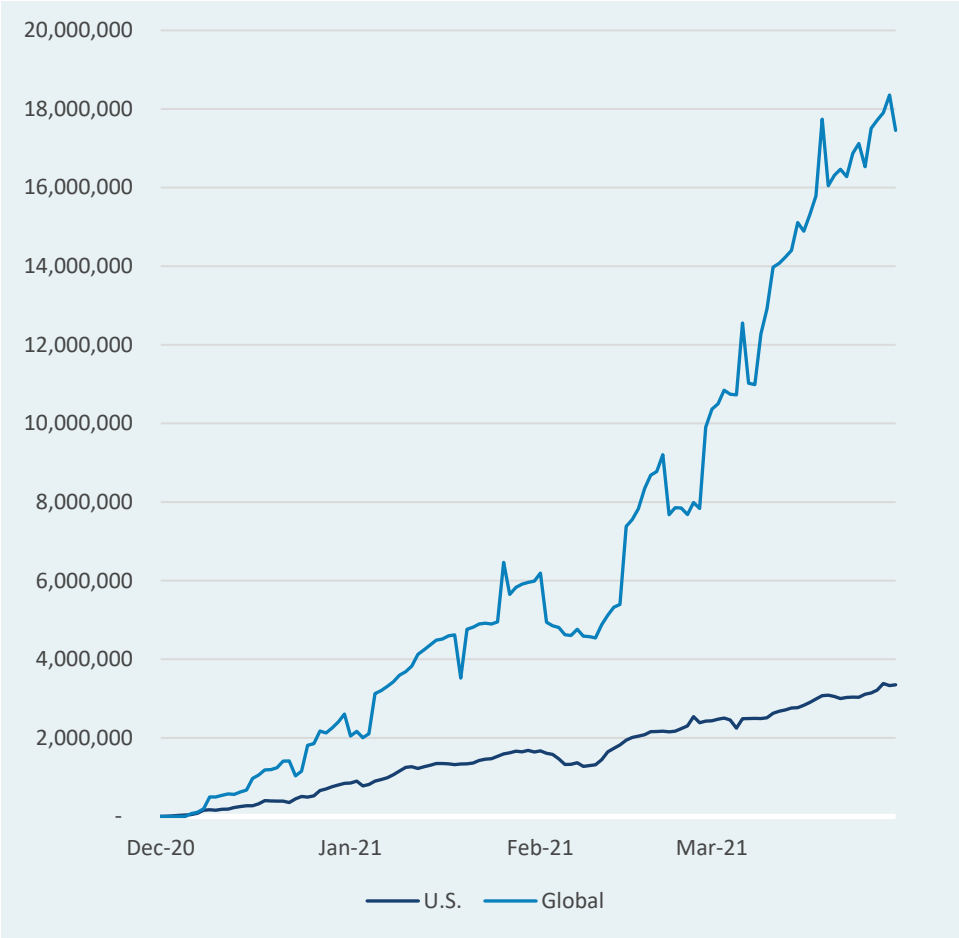
Global vaccination campaign

PERCENTAGE OF PEOPLE WHO ARE...



Source: Our World in Data, as of 4/14/21, or most recent release.

DAILY VACCINE DOSE ADMINISTRATIONS (7-DAY TRAILING AVERAGE)



Source: Bloomberg, as of 4/15/21

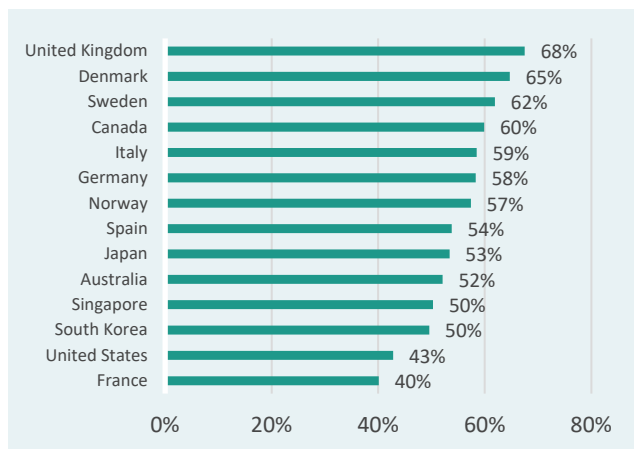
Vaccine hesitancy

Toward quarter-end, concerns over the development of blood clots in a very small percentage of recipients of the AstraZeneca/Oxford and Johnson & Johnson vaccines led policymakers in many countries to suspend administrations pending further investigation.

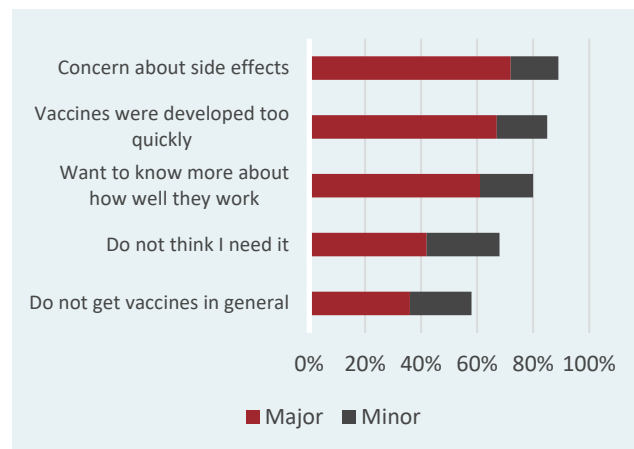
Though today these side effects appear quite rare, these developments will likely result in further delays in the push toward herd immunity over the short-term. If suspensions are lifted in the intermediate term, the vaccines in question are likely to face public relations issues which could

further hamper vaccination efforts. This dynamic is currently playing out in Europe with regard to the AstraZeneca vaccine—most of the Western part of the continent is taking a more cautious approach, while the Eastern segment has largely dismissed any clot-related concerns. Over the longer term, we believe that expanded vaccine production capacity, sufficiently diversified vaccine portfolios, and the coming online of new vaccines will reduce significantly the risk that idiosyncratic vaccine concerns create problems for the global vaccination campaign.

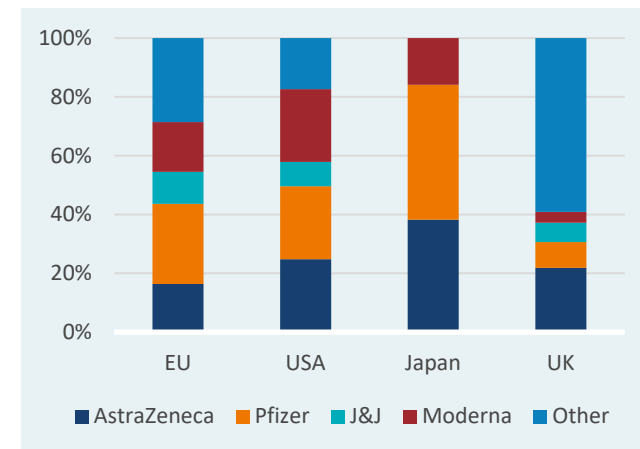
VACCINE WILLINGNESS



AMONG U.S. ADULTS ELECTING NOT TO BE VACCINATED, THE PERCENTAGE WHO SAY EACH OF THE FOLLOWING IS A MAJOR/MINOR REASON



VACCINE PORTFOLIO COMPOSITION ESTIMATE



Source: Our World in Data, Pew Research, Duke Global Health Innovation Centre, as of 3/31/21, or most recent release. The bars in the "Vaccine Willingness" chart indicate the percentage of people who agree with the following statement: "If a COVID-19 vaccine were made available to me this week, I would definitely get it."

GDP growth

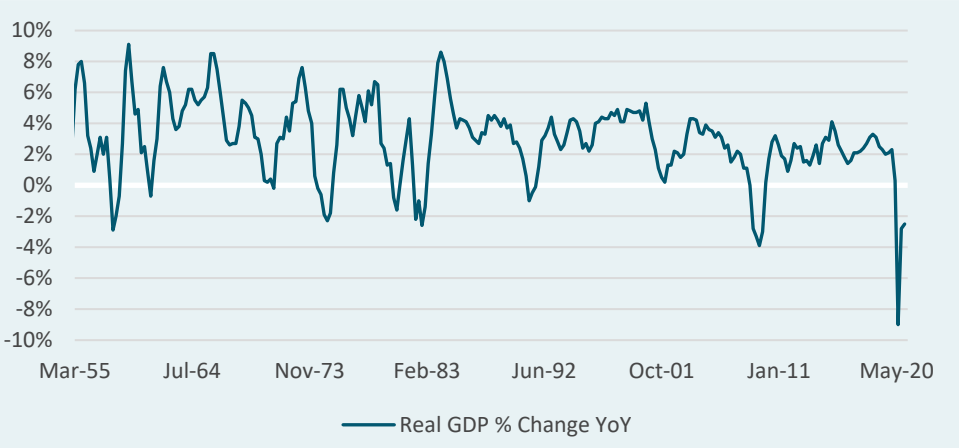
Real GDP grew at a -2.4% rate year-over-year in the fourth quarter (+4.3% quarterly annualized rate) as the U.S. economic recovery continued. The Atlanta Fed’s GDPNow forecast for 2021 Q1 growth was 6.0% on a quarter-over-quarter annualized basis as of April 9th, suggesting an even quicker pace than the prior quarter.

President Biden announced his \$2 trillion Infrastructure Plan. In its initial form, the bill would spend \$400b on care for the elderly and disabled, \$500b on electric vehicle subsidies and incentives, and \$100b on national high-speed broadband internet access, with a smaller portion of spending going towards traditional infrastructure such as power grid, railway, and transit.

The plan as originally proposed did not have bipartisan support, reportedly due to the lower proportion of the plan dedicated to traditional infrastructure spending, its size, and its funding methods. Negotiations will commence in late-April, though it remains possible that the bill is modified in order to pass it via the “reconciliation” process, to avoid the need for Republican support.

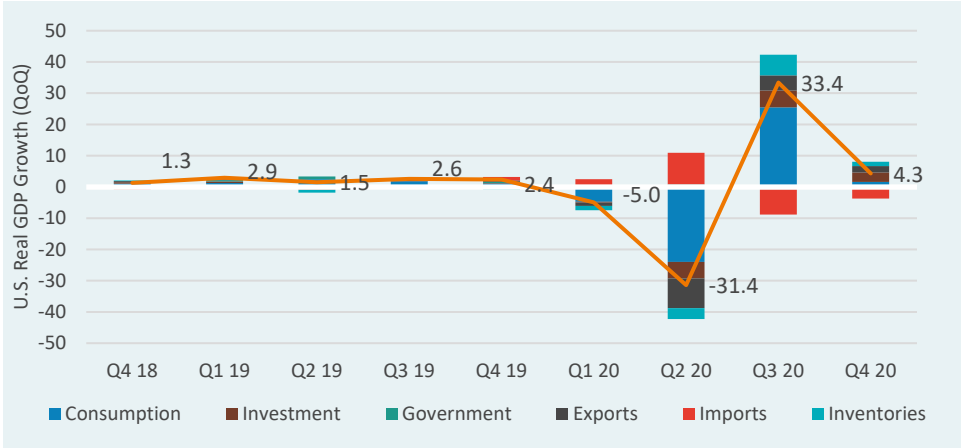
Large government stimulus programs are typically implemented during earlier stages of a recession, with the intent to fill a gap in demand and offset initial weakness. The current stimulus plans are very large and are being implemented at a time when the economy is well on the way to recovery. This creates risks of economic overheating, excesses, and inflation.

U.S. REAL GDP GROWTH (YOY)



Source: Bloomberg, as of 12/31/20

U.S. GDP GROWTH ATTRIBUTION



Source: BEA, annualized quarterly rate, as of 12/31/20

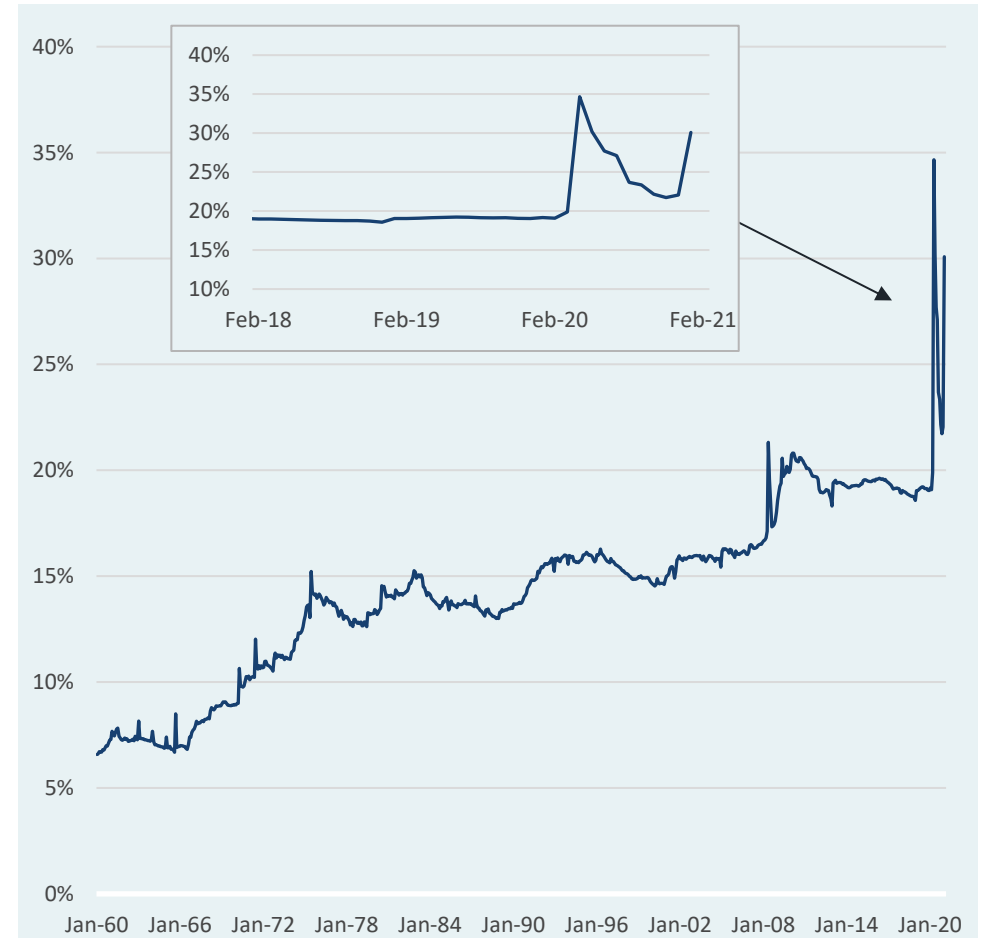
American Rescue Plan Act of 2021

STIMULUS BILL ALLOCATIONS (BILLIONS)



Source: Wall Street Journal, as of 3/13/21

GOVT. TRANSFER PAYMENTS AS A % OF DISPOSABLE PERSONAL INCOME



Source: BEA, as of 2/28/21

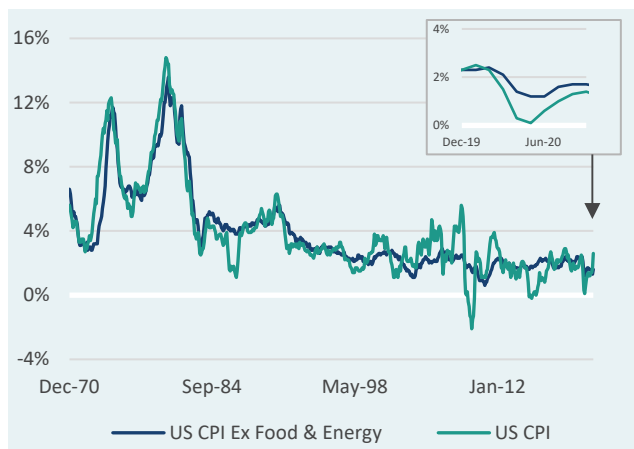
Inflation

U.S. core inflation remained low and stable, at 1.6% year-over-year in March. A jump in gasoline prices, along with base effects from the 2020 recession, pushed up headline inflation to 2.6%. It appears likely that inflation may jump temporarily in the coming months due to the lower prices of spring 2020, which will flow through to inflation, since inflation is a year-over-year measure.

The 10-year TIPS breakeven inflation rate continued higher during the quarter to nearly 2.4% from 2.0%. Most inflation indicators have risen, though we believe that government purchases of TIPS may be artificially pushing up the breakeven rate.

Investor fears persist around potential inflation. Following the response of central banks to the Global Financial Crisis, and very little inflationary effects resulting from that monetary experiment, it is reasonable to have doubts around whether ultra low interest rates and easy money are highly inflationary. Some have argued that most money “printed” after 2008-2009 ended up on bank balance sheets, rather than in the real economy, which resulted in muted inflationary effects. In the current environment, much easy money is arriving in the form of checks delivered straight to households. This new form of stimulus, along with broader government spending, may suggest possible rising inflation, though we believe the probability of this remains low.

U.S. CPI (YOY)



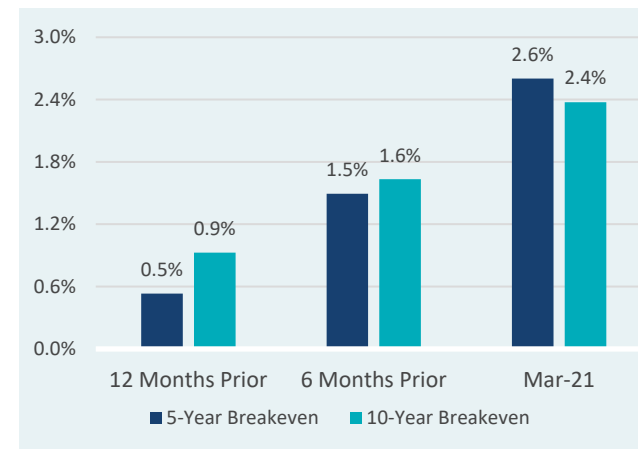
Source: Bloomberg, as of 3/31/21

MARKET INFLATION EXPECTATIONS



Source: FRED, as of 3/31/21

BREAKEVEN INFLATION RATES



Source: Bloomberg, as of 3/31/21

Labor market

Unemployment fell from 6.7% in December to 6.0% in March. However, the overall labor force participation rate paints a less optimistic picture. At 61.5% participation in March, this metric has not budged since June of 2020.

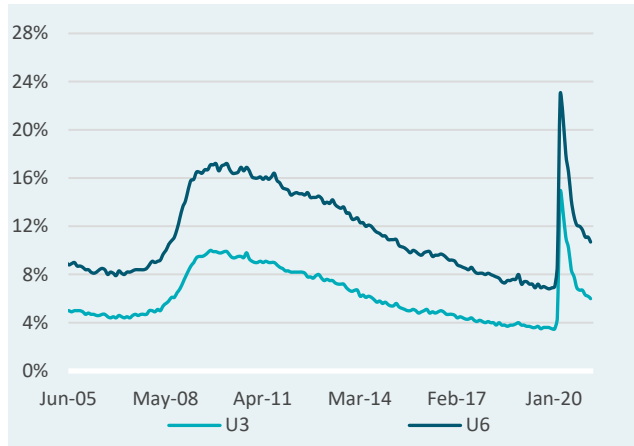
The U.S. labor force showed a strong rebound during the fall of 2020, but more recently appears to have stalled. Approximately 2% of the total U.S. workforce remains out of a job and is not seeking work, relative to pre-COVID levels. This effect is illustrated in the labor participation rate, which is a broad measure of employment—defined as the percentage of the country’s population that is currently employed, among all

eligible workers. The participation rate fell from 63.3% immediately before the pandemic, to 60.2% in April, then back to 61.7% in August. The labor market remains weak despite an impressive economic comeback.

The most recent NFIB Small Business Optimism report explained “Main Street is doing better as state and local restrictions are eased, but finding qualified labor is a critical issue for small businesses nationwide... Small business owners are competing with the pandemic and increased unemployment benefits that are keeping some workers out of the labor force.”

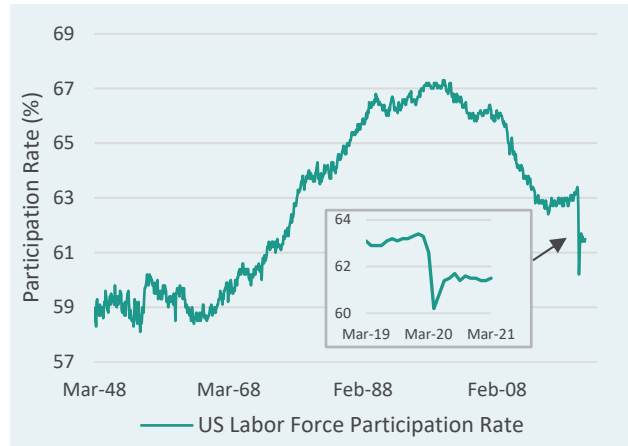
A large portion of the U.S. labor force remains neither employed nor seeking work

U.S. UNEMPLOYMENT



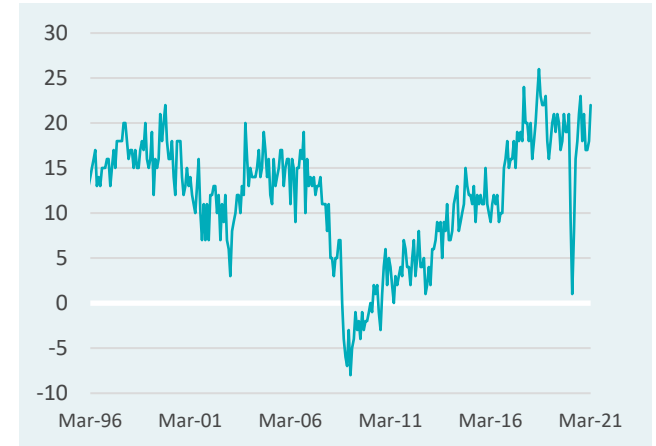
Source: FRED, as of 3/31/21

LABOR PARTICIPATION RATE



Source: FRED, as of 3/31/21

NFIB SMALL BUSINESS HIRING PLANS INDEX



Source: NFIB, as of 3/31/21

Employment conditions

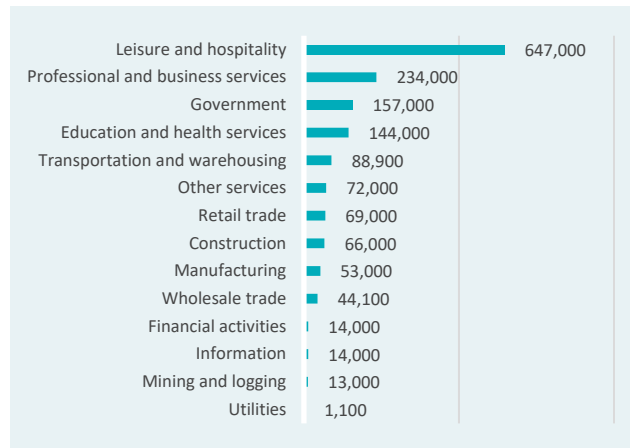
Hiring activity picked up considerably in the first quarter of 2021, supported by strong progress on the vaccination campaign and the concurrent relaxation of social distancing controls. While the broad unemployment rate dipped from 6.7% to 6.0%, that number probably overstates the magnitude of the labor market recovery thus far. Labor force participation dropped from 63.4% in January of 2020 to 60.2% in April, and as of the end of the first quarter, that number had recovered to just 61.5%. As a result, while unemployment has improved, there remain roughly nine million U.S. citizens who have yet to regain employment.

The primary concern of the Federal Reserve remains limiting the potential scarring of the labor market as a result of the shutdowns over the last year, and the Fed's accommodation, paired with continued progress on the vaccination campaign should lay the foundation for a continued recovery in the labor market over the next several quarters. There remains much wood to chop.

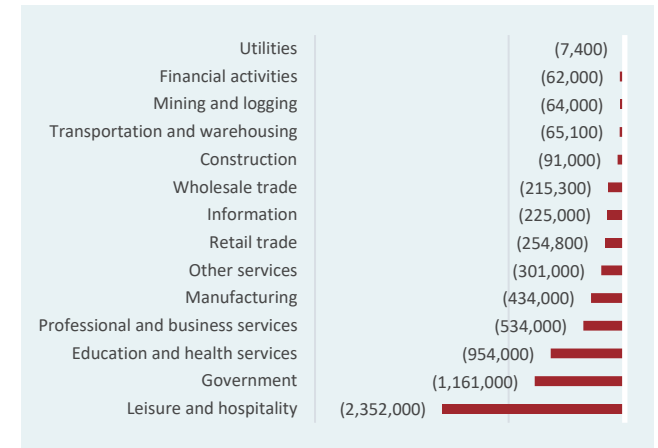
NON-FARM PAYROLLS – ONE-MONTH CHANGE



NON-FARM PAYROLLS – THREE-MONTH CHANGE



NON-FARM PAYROLLS – ONE-YEAR CHANGE



Source: BLS, as of 3/31/21

The consumer

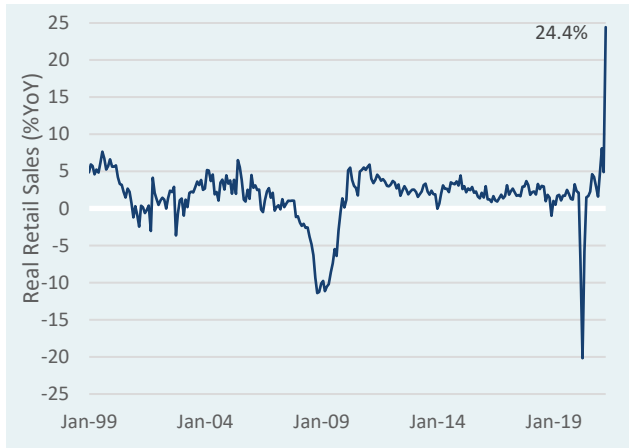
U.S. retail sales rocketed higher in the first quarter, accelerating to a 9.8% month-over-month pace in March (this rate was an astounding 24.4% on a year-over-year basis, though this metric is more difficult to interpret since it calculates growth from a starting point of March 2020—the depths of the recession). As expected, vast government stimulus is translating to red hot consumer spending.

According to anonymized cellular phone data collected by Google for COVID-19 public health research, Americans began returning to their daily routines through late spring and summer, as activity began moving back towards normalcy. Then, as COVID-19 cases

began to surge, many types of activities dipped once again. It now appears that activity such as retail, recreation, and grocery shopping are moving back to normal levels. At the same time, public transit usage and travel to workplaces remains depressed.

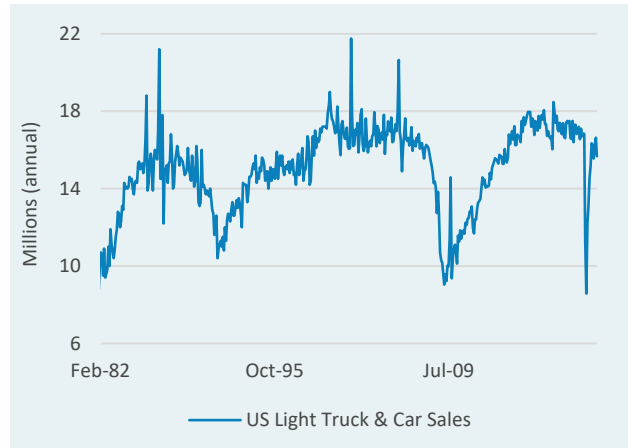
In last quarter’s landscape we discussed concerns around the difficulty in determining what portion of the economic bounceback may have been due to unprecedented government stimulus, rather than a “natural” recovery of jobs and the financial health of Americans. We remain cautious, as certain aspects of the economy remain very weak, such as the labor market trends outlined earlier in this document.

REAL RETAIL SALES GROWTH (YOY)



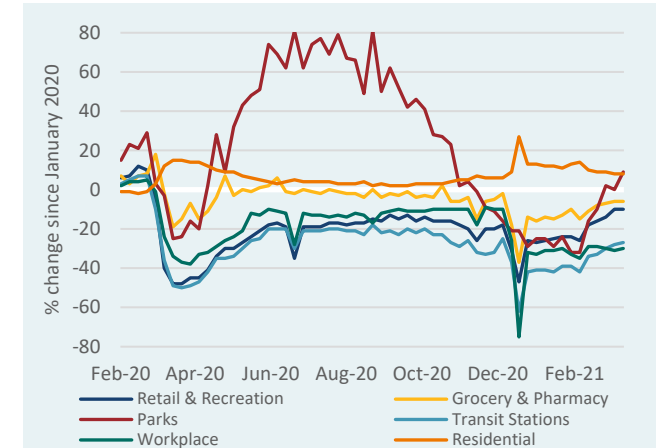
Source: FRED, as of 3/31/21

AUTO SALES



Source: Federal Reserve, as of 2/28/21

GOOGLE U.S. ACTIVITY TRACKER



Source: Google anonymized U.S. citizen mobility, as of 3/31/21

Sentiment

Consumer sentiment has seen only mild improvement, despite the stronger-than-expected pace of economic recovery.

The Bloomberg Consumer Comfort Index attempts to gauge Americans' views on the economy, their personal financial situation, and buying conditions. The index rose from 44.6 to 50.0 during the quarter. The University of Michigan Consumer Sentiment Survey attempts to gauge attitudes about the business climate, personal finances, and spending conditions. The index jumped from 80.7 to 84.9 in Q1,

directionally in line with the continued economic recovery.

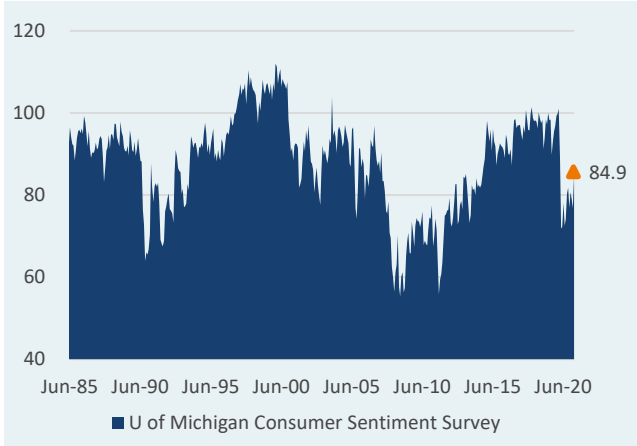
The NFIB Small Business Optimism Index returned to an average reading in Q4 and remains materially weaker than pre-pandemic levels. Participants in the survey expressed uncertainty around business conditions, and extreme difficulties in finding qualified workers due to attractive unemployment benefits. A surprising 42% of small business owners reported job openings that could not be filled, which was a record-high figure.

CONSUMER COMFORT



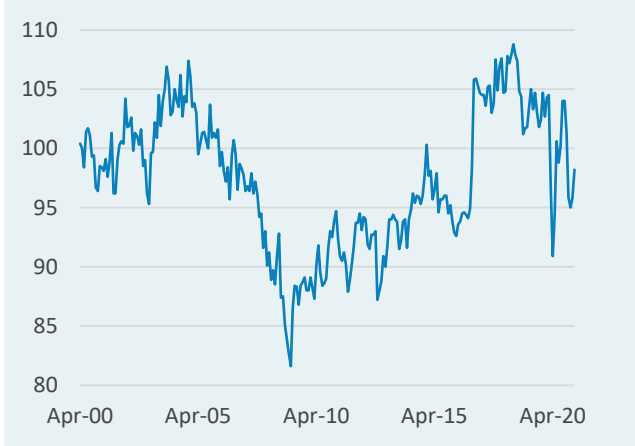
Source: Bloomberg, Langer, as of 3/28/21

CONSUMER SENTIMENT



Source: University of Michigan, as of 3/31/21

SMALL BUSINESS OPTIMISM



Source: NFIB, as of 3/31/21

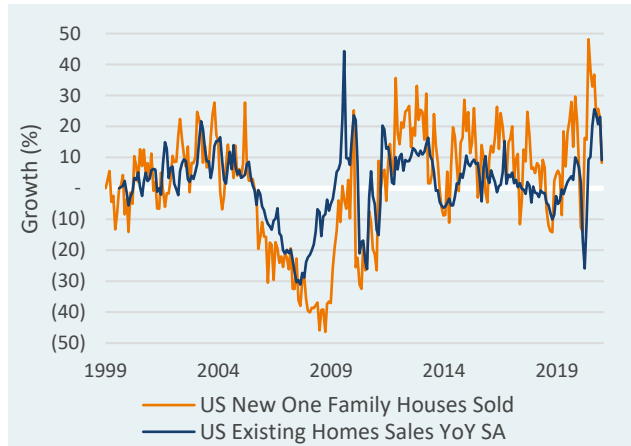
Housing

Sales of existing homes continued at a near-record pace through fall of 2020 and the beginning of 2021, before decelerating to 9.1% year-over-year in February. Sales of new homes followed a similar directional trend, though new homes have shown an even stronger growth rate consistently over the past decade. The impressive number of sales were achieved despite there being an extremely slim inventory of homes available on the market.

It has been surprising to witness a housing boom coincide with a sharp and deep global recession, although the dynamics that led to this environment are fairly simple to understand with

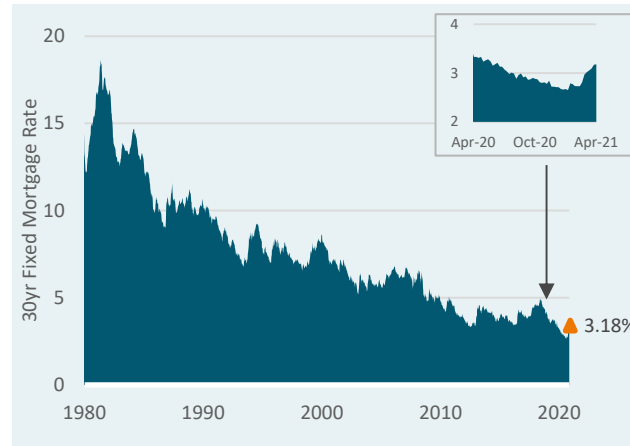
hindsight. Record-low interest rates, record-low inventory of homes, and a desire of Americans for more space during the work-from-home environment, have lifted the cost of homes significantly. Some of these influences appear to be easing. Rising interest rates since the beginning of the year have contributed to higher mortgage rates, as the 30-year fixed average mortgage rate has risen from 2.65% to 3.18%. And the nationwide inventory of homes has improved to 4.8 months worth of supply. A further easing of conditions may help to cool down an extremely hot market.

U.S. HOME SALES (YOY)



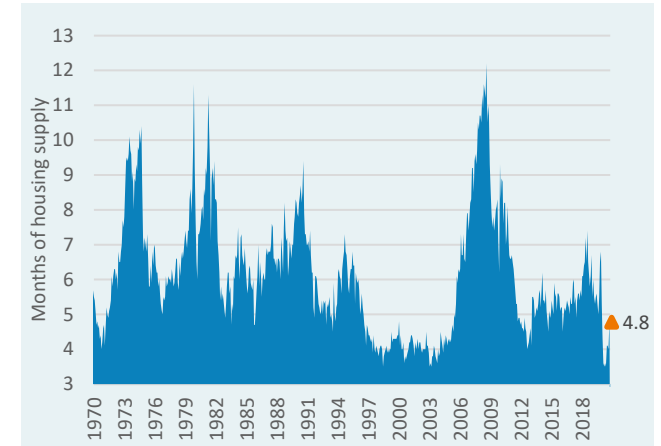
Source: FRED, as of 2/28/21

30-YEAR FIXED MORTGAGE RATE (AVERAGE)



Source: FRED, as of 3/31/21

HOUSING INVENTORY



Source: FRED, as of 2/28/21

International economics summary

- Economic growth continued to recover during the fourth quarter, though was still negative on a year-over-year basis in many countries. Growth expectations have risen as successful vaccine rollouts suggest that the world may get back to normal more quickly than originally assumed.
- Europe may unfortunately be excluded from this optimism, as a renewed wave of COVID-19 has once again led to lockdowns and restrictions. The Europe Union has been slower to rollout vaccinations, suggesting member countries may be grappling with the virus for longer periods of time.
- Unemployment was stable in the Eurozone and Japan, and fell modestly in the United States. As we described in prior quarters, governments have taken very different approaches to supporting workers, which makes labor market comparisons difficult.
- Despite heightened discussions about inflation risk, inflation remains muted and stable around the world, though the rebound in energy prices from record-low levels last year is having a lifting impact. This influence, driven by base effects, will most likely persist for the next few months.
- The gap between the manufacturing and services sectors of the economy narrowed toward the end of the quarter, as the beaten-down services sector showed signs of life across Europe. Extended periods of service sector activity expansion will likely depend on manageable levels of case growth and relaxed social distancing controls.
- Vaccine campaigns across mainland Europe as well as Japan have materially lagged those of the U.S. and the U.K., and the indefinite suspension of the AstraZeneca vaccine in many countries is likely to widen the gap in the short-term.

Area	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	(2.4%) 12/31/20	2.6% 3/31/21	6.0% 3/31/21
Eurozone	(4.9%) 12/31/20	1.3% 3/31/21	8.3% 2/28/21
Japan	(1.4%) 12/31/20	(0.2%) 3/31/21	2.8% 2/28/21
BRICS Nations	1.6% 12/31/20	1.4% 3/31/21	5.7% 12/31/20
Brazil	(4.1%) 12/31/20	6.1% 3/31/21	14.2% 1/31/21
Russia	(3.0%) 12/31/20	5.8% 3/31/21	5.4% 3/31/21
India	0.4% 12/31/20	5.5% 3/31/21	6.5% 3/31/21
China	18.3% 3/31/21	0.4% 3/31/21	4.2% 12/31/20

NOTE: India lacks reliable government unemployment data. Unemployment rate shown above is estimated from the Centre for Monitoring Indian Economy

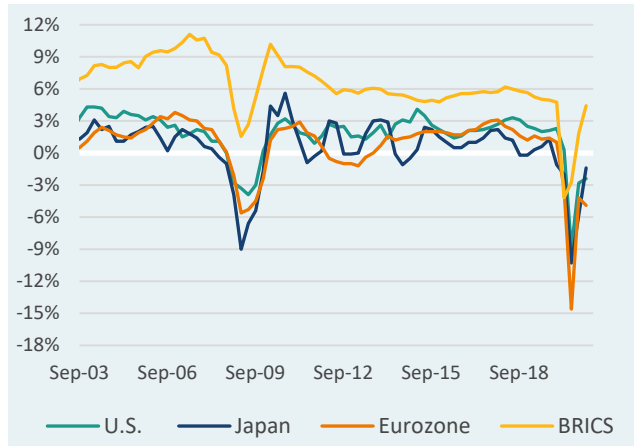
International economics

Economic growth continued to recover during the fourth quarter, though still negative on a year-over-year basis in many countries. Growth expectations have risen as successful vaccine rollouts suggest that the world may move back to normal more quickly than originally expected, although the speed of vaccine distribution has differed wildly. As of quarter-end, the U.S. and United Kingdom lead in vaccine rollouts, while the European Union and Japan lag behind. Europe is seeing a renewed wave of COVID-19, which has once again led to lockdowns and restrictions.

Despite heightened discussions about inflation risk, inflation around the world remains muted and stable, though the rebound in energy prices from record-low levels last year is having a lifting impact. This influence, driven by base effects, will most likely persist for the next few months.

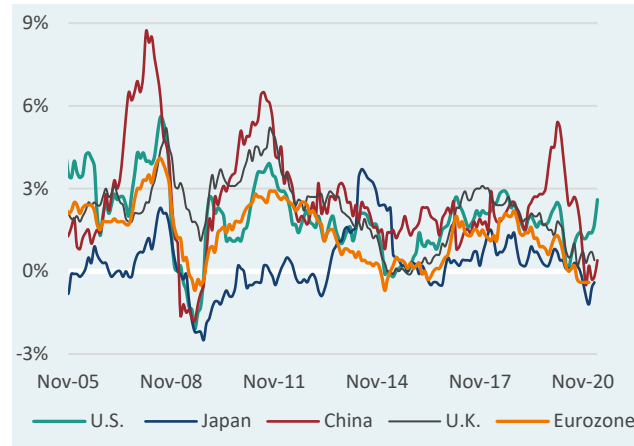
Unemployment was stable in the Eurozone and Japan, and fell modestly in the United States. As we have described in prior quarters, governments have taken very different approaches to supporting workers, which has made global labor market comparisons difficult.

REAL GDP GROWTH (YOY)



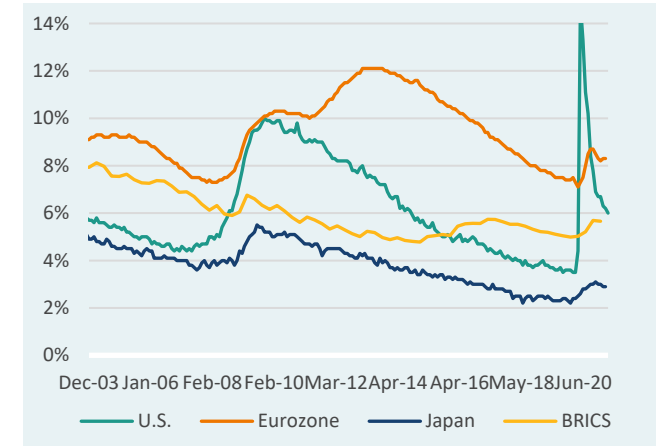
Source: Bloomberg, as of 12/31/20

INFLATION (CPI YOY)



Source: Bloomberg, as of 3/31/21 – or most recent release

UNEMPLOYMENT



Source: Bloomberg, as of 3/31/21 – or most recent release

Fixed income rates & credit

Interest rate environment

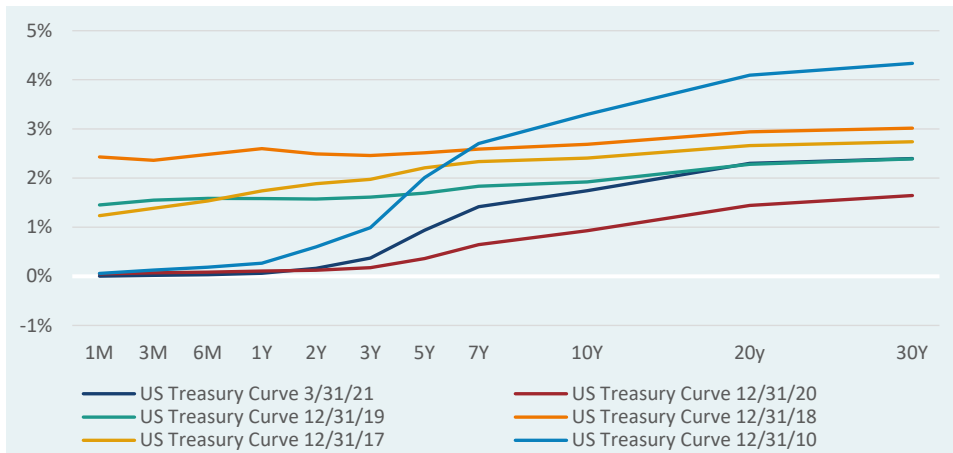
- Ten-year U.S. Treasury yields moved sharply higher, rising from 0.91% to 1.74%. Higher interest rates and tighter financial conditions create concerns for currently above-average risk asset prices, and for the economic recovery more broadly.
- Bond yields around the world rose in tandem with the United States, though the yield of shorter-dated bonds and cash remained anchored near zero. Rising bond yields at longer tenors and relatively steady movement in short tenor yields resulted in yield curve steepening in many countries.
- The spike in global interest rates tested the standing policies at a number of major central banks. The Reserve Bank of Australia was forced to step in to defend its 3-year bond yield target, the Bank of Japan widened the target band for its 10-year bond yield, and the ECB tweaked its asset purchase program to allow for more flexible purchases.
- The Federal Reserve maintained an accommodative tone and signaled it will continue to provide support until substantial progress has been made in the labor market and the pandemic is clearly in the rear-view mirror. On balance, the Fed remains of the view that any pickup in inflation over the next few months is likely to be transitory.
- Breakeven inflation rates surged as reflation bets continued to mount. The five-year breakeven inflation rate closed the quarter at 2.6%, its highest level since 2008.
- Credit spreads compressed to near decade-tights as demand for higher-yielding bonds remained high, and concerns over a wave of pandemic-driven defaults abated.
- Long-duration Treasuries posted their worst quarter since Q1 of 1980. The Bloomberg Barclays U.S. Long Treasury Index delivered a total return of -13.5%.

Area	Short Term (3M)	10-Year
United States	0.02%	1.74%
Germany	(0.67%)	(0.29%)
France	(0.62%)	(0.05%)
Spain	(0.56%)	0.34%
Italy	(0.54%)	0.67%
Greece	(0.24%)	0.86%
U.K.	(0.01%)	0.85%
Japan	(0.11%)	0.09%
Australia	0.00%	1.79%
China	2.28%	3.19%
Brazil	3.32%	9.28%
Russia	4.70%	7.00%

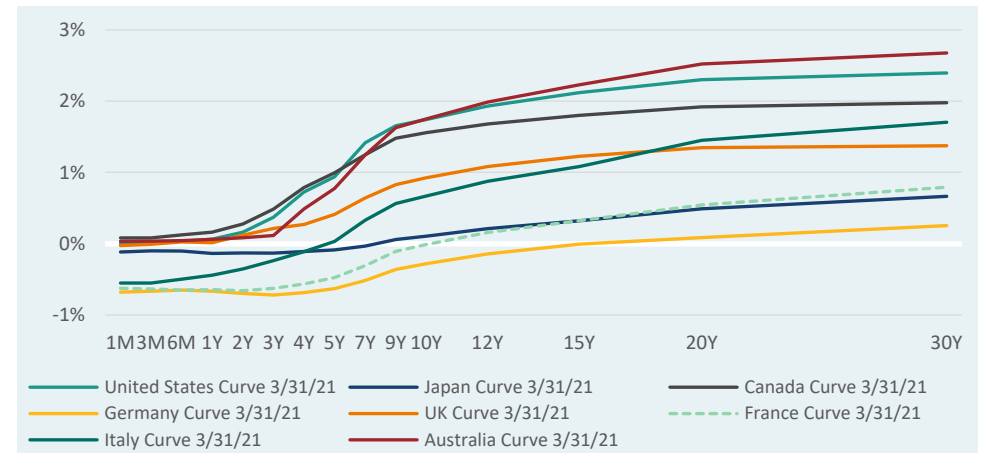
Source: Bloomberg, as of 3/31/21

Yield environment

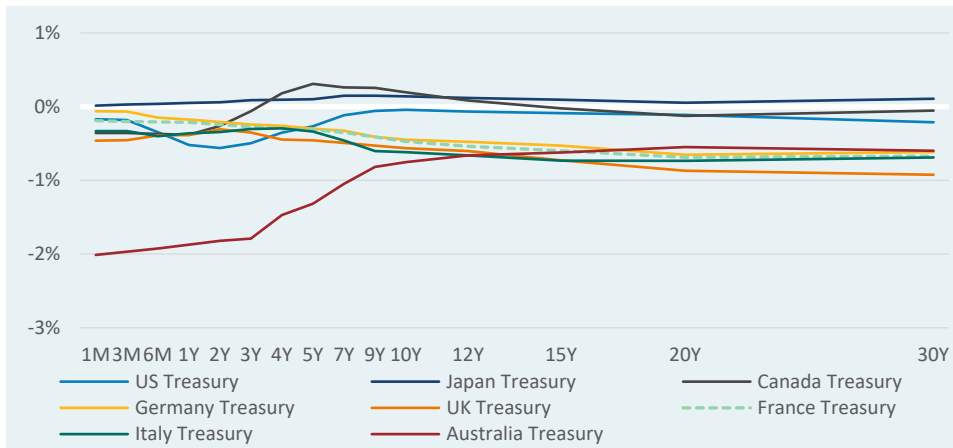
U.S. YIELD CURVE



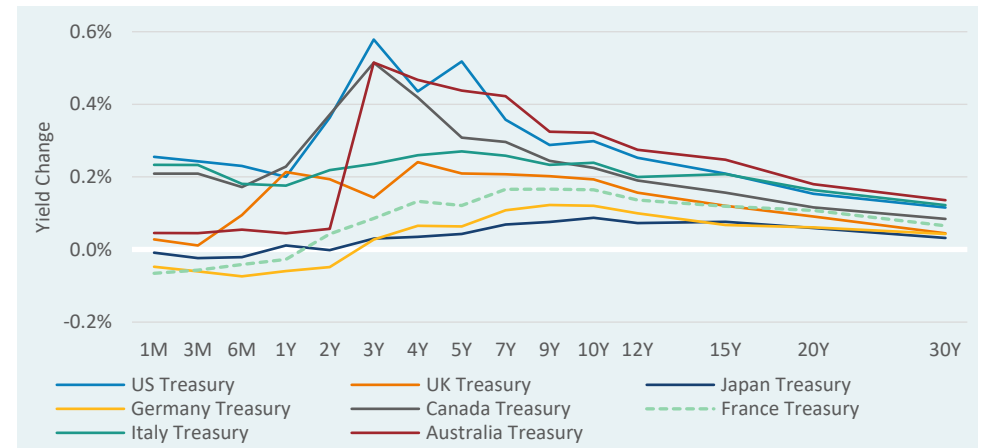
GLOBAL GOVERNMENT YIELD CURVES



YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 3/31/21

Yield increases have tested central banks

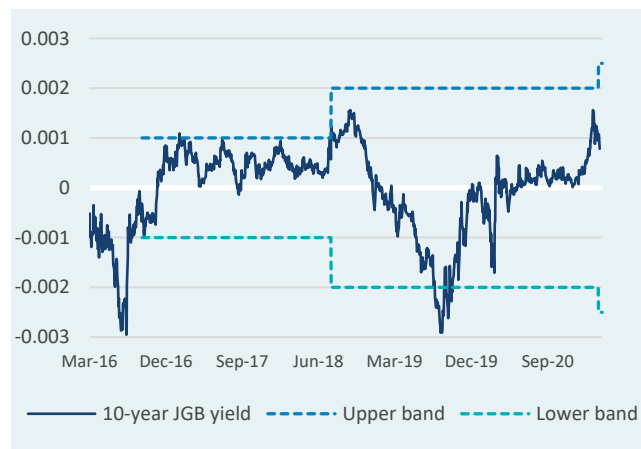
Bank of Japan: Clarified that 10-year yields can move within 25 basis points of the 0.00% target; tweaked guidance around buying ¥6 trillion in equity ETFs to make its purchases more “flexible and nimble”.

Reserve Bank of Australia: Purchased A\$7 billion of bonds in a matter of days, A\$5 billion more than the scheduled amount, in order to defend its 0.10% target for its three-year bond yield.

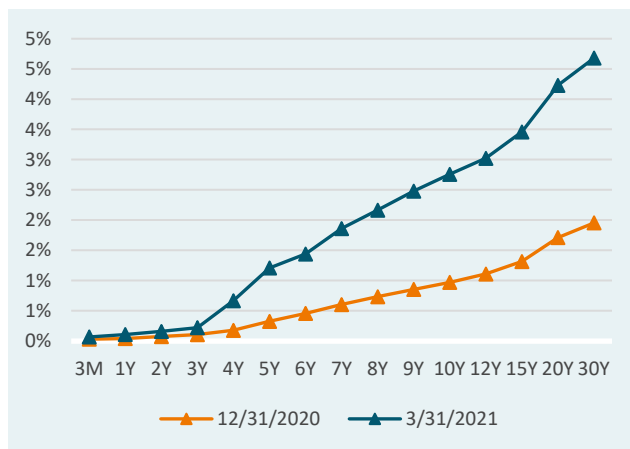
European Central Bank: Elected not to expand the size of its Pandemic Emergency Purchase Programme (PEPP), but elected to frontload bond purchases to increase short-term accommodation.

Federal Reserve: Fed officials have largely avoided comment and have been sticking to the script that financial conditions remain loose, and that higher long rates are indicative of an improving economic outlook. As a result, some have surmised that the ambiguity around the Fed’s reaction function may result in elevated levels of bond market volatility in the near-term.

BANK OF JAPAN 10-YEAR YIELD TARGET BAND



AUD AUSTRALIAN YIELD CURVE



VALUE OF GLOBAL NEGATIVE YIELDING DEBT



Source: Bloomberg, as of 3/31/21

Credit environment

During the first quarter, credit market performance largely reflected the movements of the US Treasury curve, which steepened significantly as 10-year yields rose 82 basis points while 2-year yields remained anchored near zero.

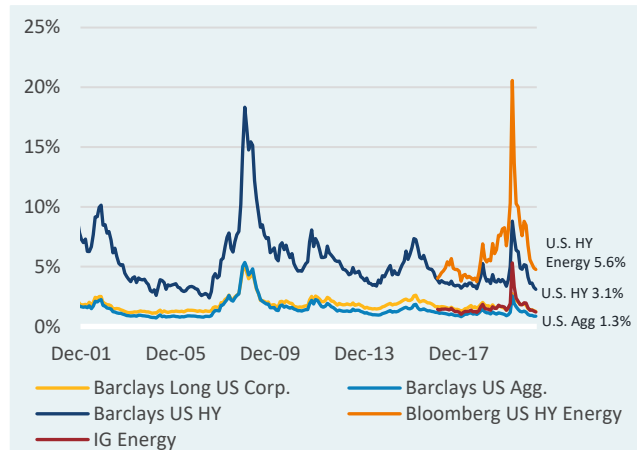
Investment grade credit, with an effective duration of 8.5, returned -4.65% over the quarter while high yield, with an effective duration of 3.9, return +0.85%. Bank Loans outperformed, returning +2.0% over the quarter.

Credit spreads continued to tighten during the quarter, as the vaccine rollout, which accelerated faster than expected, led to higher growth expectations for 2021. High yield spreads

tightened 51 basis points, to 308 basis points, while investment grade tightened a more modest 6 basis points to end the quarter at 90 basis points.

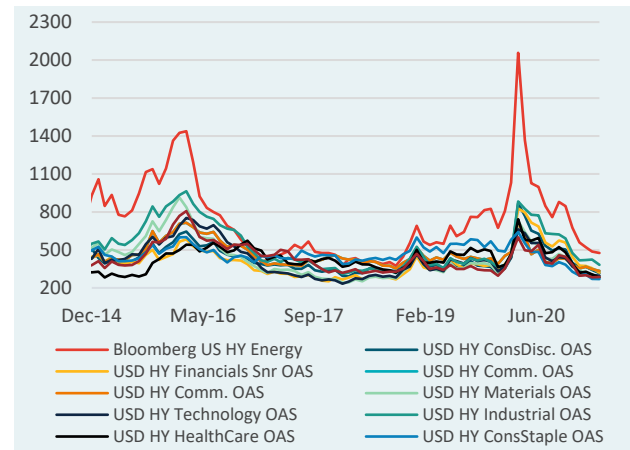
Spreads in higher quality investment grade assets have continued to compress over the past year. Notably, the BBB/A spread is now at an all-time low of 40 basis points, down from a high of 163 basis points experienced in Q1 2020. Similarly, the BB/BBB spread is now 155 basis points, down from recent high of 512 basis points established in March of 2020 and below the ten-year average of 215 basis points.

SPREADS



Source: Barclays, Bloomberg, as of 3/31/21

HIGH YIELD SECTOR SPREADS (BPS)



Source: Bloomberg, as of 3/31/21

Market	Credit Spread (OAS)	
	3/31/21	3/31/20
Long U.S. Corp	1.3%	2.8%
U.S. Inv Grade Corp	0.9%	2.7%
U.S. High Yield	3.1%	8.8%
U.S. Bank Loans*	4.3%	8.3%

Source: Barclays, Credit Suisse, Bloomberg, as of 3/31/21

*Discount margin (4-year life)

Default & issuance

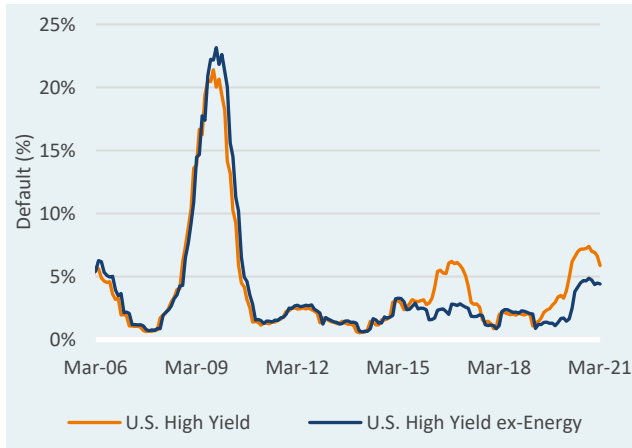
Default activity was modest over the quarter, with 5 companies totaling \$3.2 billion defaulting on bonds and loans. The par-weighted U.S. high yield default rate retreated 139 basis points from recent highs to end the quarter at 5.4%. Similarly, the loan par-weighted default rate ended the quarter at an eleven-month low of 3.3%, down 61 basis points year-to-date.

Given the market perception of upside rate risk throughout the remainder of 2021, high yield bond issuers continued to come to market at a blistering pace. Gross issuance for the quarter set a new quarterly record of \$158.6 billion, outpacing the previous record set in Q2 2020 of \$145.5

billion. Quarterly issuance remains significantly elevated relative to the ten-year average of \$79.9 billion. Notably, \$44.8 billion was issued to take-out leverage loans in Q1, which was roughly 60% of the previous annual record of \$78.5 billion set in 2012. \$154.6 billion in leverage loans were issued during the quarter, an amount eclipsing the previous record of \$139.5 in Q1 2017.

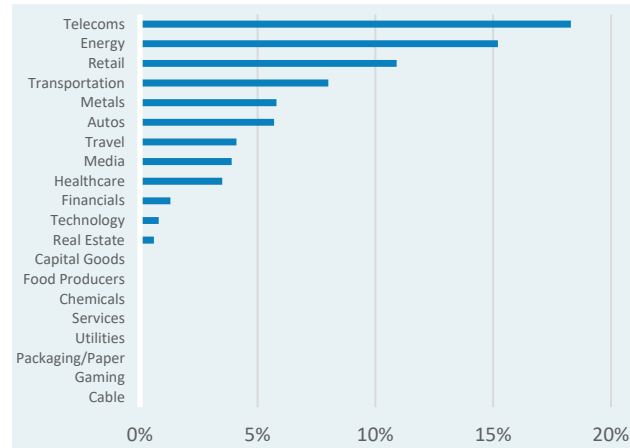
Investment grade issuance for the quarter totaled \$423 billion, which remains elevated from the 4-year average first quarter issuance of \$375, but lower than \$480 billion issued in Q1 2020 when supply surged due to COVID funding.

HY DEFAULT RATE (ROLLING 1-YEAR)



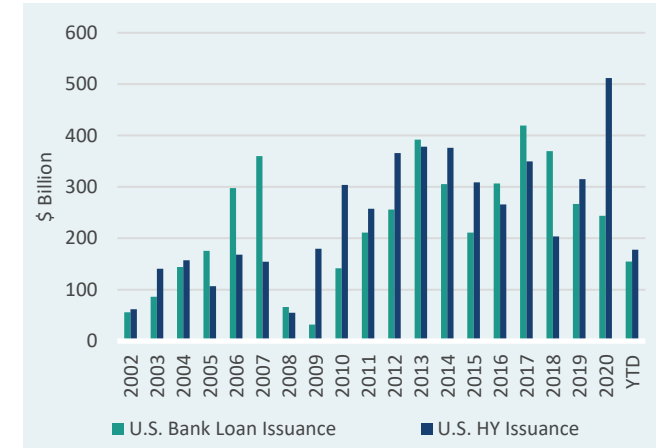
Source: BofA Merrill Lynch, as of 3/31/21

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



Source: BofA Merrill Lynch, as of 3/31/21 – par weighted

U.S. ISSUANCE (\$ BILLIONS)



Source: BofA Merrill Lynch, as of 3/31/21

Equity

Equity environment

- U.S. equities were a top performer in Q1, delivering +6.2%. International equities delivered +3.5% (MSCI EAFE Index) and emerging markets delivered +2.3% (MSCI Emerging Markets Index), on an unhedged currency basis. Trailing one-year returns hit extremely high levels, reflecting low base effects (markets bottomed out during March of 2020), and a recovery from those depressed levels year-over-year.
- We believe the U.S. economy is playing catch-up to the markets in the current environment. While it seems increasingly likely that the economy will rapidly recover over the next year, this optimism may already be baked into equity prices. It is reasonable to be enthusiastic about U.S. economic prospects while also being cautious about lofty equity valuations.
- According to FactSet, S&P 500 earnings expectations for 2021 improved by 5.0% during the

quarter. Analysts are now forecasting 25.4% earnings growth for 2021—an incredible recovery from the -11.2% earnings drop expected of 2020.

- The Cboe VIX Index has slowly been falling back towards the longer-term average of 19. The index fluctuated in the low 20s during Q1, falling below 19 briefly in late March.
- The U.S. dollar stabilized in the first quarter, paring some of the losses accrued in the final three quarters of last year. Rising relative yields helped the dollar to appreciate materially relative to the euro, yen, and a broad basket of emerging market currencies.
- A rotation towards value stocks persisted during the quarter, as beaten-down sectors delivered outsized performance. Energy, financials, industrials, and materials were the strongest performers.

	QTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)
US Large Cap (S&P 500)	6.2%		56.4%	
US Small Cap (Russell 2000)	12.7%		94.8%	
US Large Value (Russell 1000 Value)	11.3%		56.1%	
US Large Growth (Russell 1000 Growth)	0.9%		62.7%	
International Large (MSCI EAFE)	3.5%	7.6%	44.6%	37.7%
Eurozone (Euro Stoxx 50)	6.3%	10.6%	53.7%	45.3%
U.K. (FTSE 100)	5.9%	5.0%	35.6%	22.5%
Japan (NIKKEI 225)	(0.2%)	7.0%	52.6%	57.4%
Emerging Markets (MSCI Emerging Markets)	2.3%	3.7%	58.4%	52.2%

Source: Russell Investments, MSCI, STOXX, FTSE, Nikkei, as of 3/31/21

Domestic equity

U.S. equities moved higher in Q1, returning +6.2%. According to FactSet, S&P 500 earnings expectations for 2021 improved by 5.0% during the quarter. Analysts are now forecasting 25.4% earnings growth for 2021—an incredible recovery from the -11.2% earnings drop expected of 2020.

Equities continued upward and valuations have followed. The U.S. market has been a top performer but has also remained one of the most expensive markets. On the other hand, successful COVID-19 vaccine rollouts, rosy earnings expectations, and the potential for an impressive economic

reopening may be supportive of high prices. This reopening appears to be fueling a rotation towards traditional cyclical sectors, such as energy, financials, and industrials.

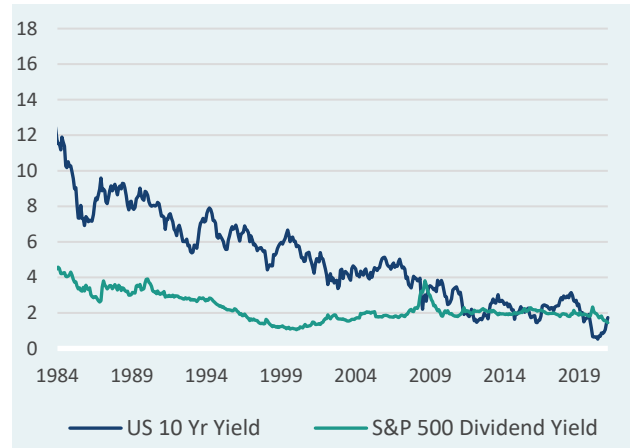
As markets move higher, it appears to us that the economy may be playing catch-up to the markets. While it seems increasingly likely that the economy will rapidly recover during the next year, this optimism may already be reflected in equity prices. In other words, it is reasonable to be enthusiastic about U.S. economic prospects while also being cautious about higher equity valuations.

S&P 500 INDEX



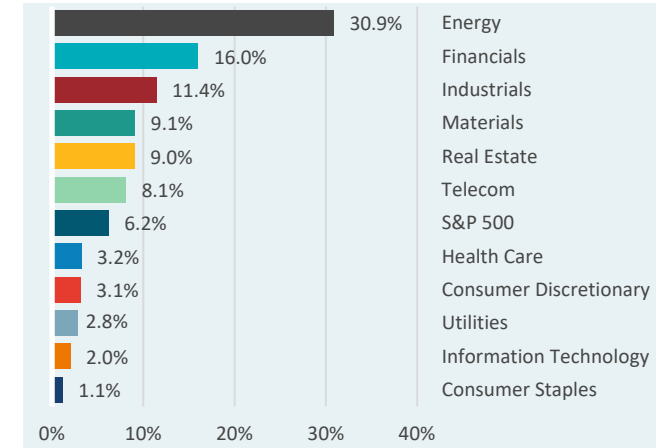
Source: Standard & Poor's, as of 3/31/21

DIVIDEND YIELD VS BOND YIELD



Source: Standard & Poor's, as of 3/31/21

Q1 SECTOR PERFORMANCE



Source: Standard & Poor's, as of 3/31/21

Retail market speculation

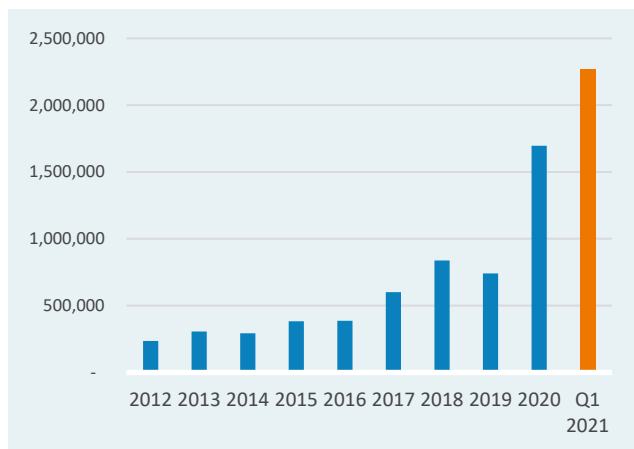
In recent years, trading has become free on certain platforms, making day trading a more attractive proposition. Retail's portion of total market trading has increased from 10% in 2010 to 23% in 2020, according to Bloomberg Intelligence.

Some trading platforms have attracted users by designing the trading process to be entertaining, similar to a video game. Discussion sites such as Reddit have also become popular places to talk about trades in a social setting.

Lockdowns due to COVID-19 have prevented many Americans from pursuing their usual hobbies, leading to boredom. Stock trading may have become an entertaining outlet for otherwise non-traders. And government stimulus checks may have provided idle cash to fuel this new hobby.

This environment appears to have contributed to intense speculation in stocks such as GME and AMC. In these instances, retail traders aimed to force a "short squeeze" on these heavily-shorted stocks.

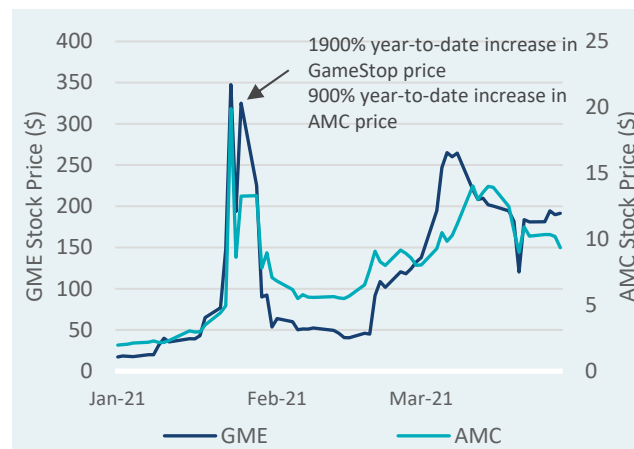
SCHWAB - ORGANIC CHANGE IN ACTIVE BROKERAGE ACCOUNTS*



Source: Bloomberg, as of 4/15/21.

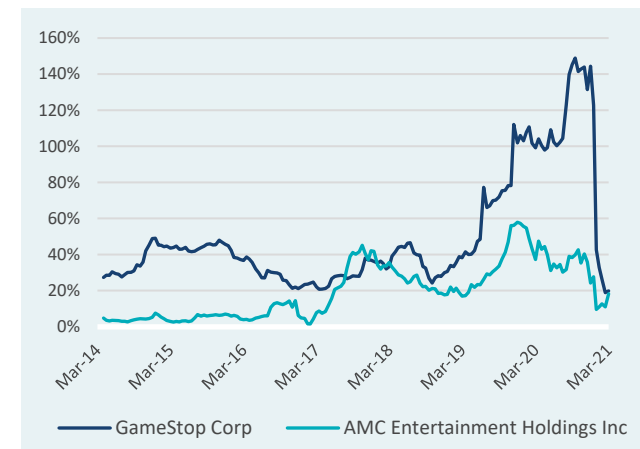
*Excludes 15.6 million brokerage accounts which Schwab added in 2020 as a result of its acquisition of TD Ameritrade and its acquisition of the assets of USAA's Investment Management Company.

GAMESTOP & AMC THEATERS STOCK PRICES



Source: Bloomberg, as of 3/31/21

SHORT INTEREST AS A PERCENTAGE OF FLOAT



Source: Bloomberg, as of 3/31/21

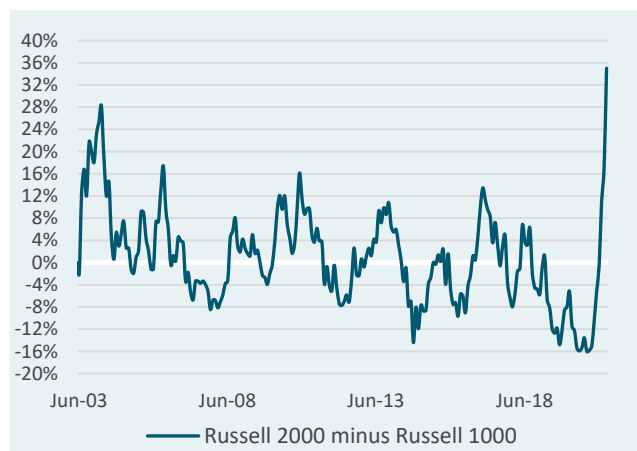
Domestic equity size & style

Factor performance surged during the quarter, as small capitalization and value stocks delivered strong relative returns. U.S. value stocks beat growth stocks by a wide margin (Russell 1000 Value +11.3%, Russell 1000 Growth +0.9%), as growth entered a correction in February and value marched higher. Small cap stocks continued their surprisingly strong rally, outperforming growth (Russell 2000 +12.7%, Russell 1000 +5.9%).

A rotation towards value occurred as beaten-down sectors such as energy, financials, and materials delivered outsized performance—sectors which tend to possess a heavier concentration of value stocks. Companies which benefited from the pandemic due to a shift in household habits may see a further reversal of that windfall as households begin to go back to normal life. Additionally, value stocks typically exhibit strength during economic recoveries. These dynamics of growth and value may suggest further value factor strength, though factor trends are noisy and extremely difficult to predict.

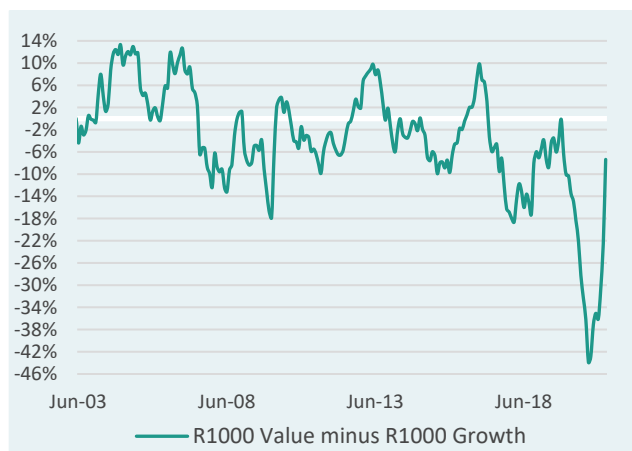
Small cap and value stocks delivered strong relative performance during Q1

SMALL CAP VS LARGE CAP (YOY)



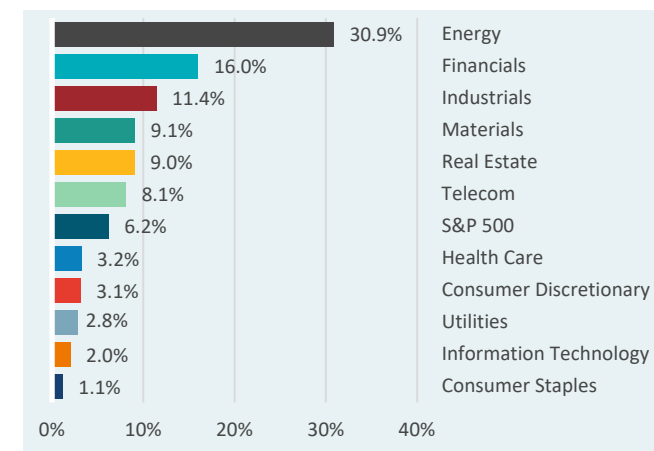
Source: FTSE, as of 3/31/21

VALUE VS GROWTH (YOY)



Source: FTSE, as of 3/31/21

Q1 SECTOR PERFORMANCE



Source: Standard & Poor's, as of 3/31/21

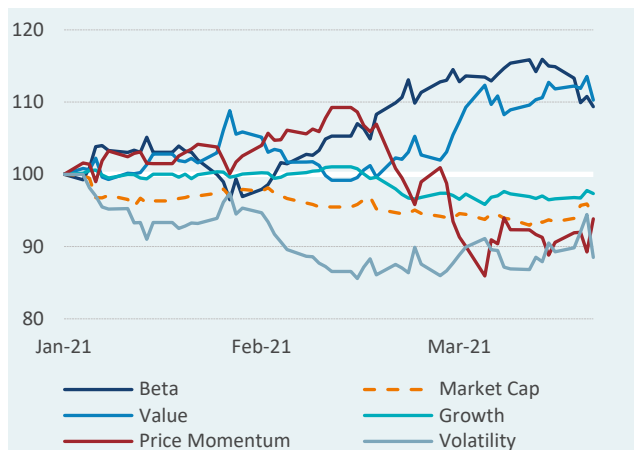
Factor portfolios in 2021

Factor performance trends that started with positive COVID vaccine news in late 2020 continued into 2021 Q1. Investors kept favoring the value factor; they also bought stocks with higher betas and higher volatility (long/short, sector neutral, S&P 500 Index quintiles). This was a significant change from pre-vaccine pandemic behavior when investors had bid up the low volatility, growth, and price momentum factors.

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

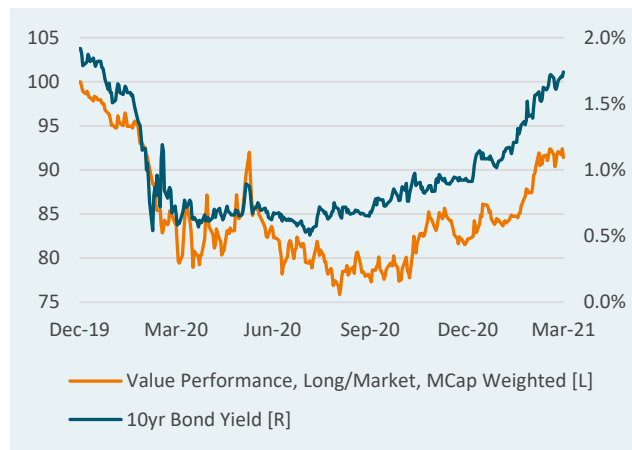
Value stocks, which were largely beaten down during the pandemic, remain an ongoing beneficiary of the economic recovery rooted in both positive medical news and ongoing government stimulus programs. Higher interest rates and a steepening yield curve, which are related to the recovery trade, also help certain cheap financial stocks. In contrast, certain growth stocks are hurt by higher rates as future profits are further discounted. The recent market activity is reflected within the momentum factor itself as investors sold growth and low volatility stocks to keep buying stocks with higher exposure to value and other factors.

Q1 2021 PERFORMANCE



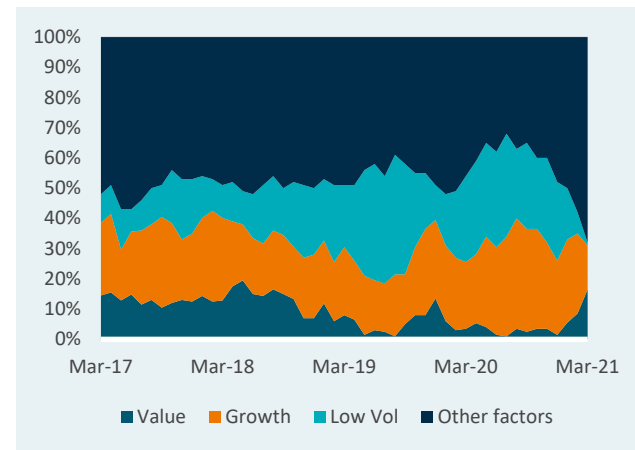
Source: J.P. Morgan, as of 3/27/21

VALUE PERFORMANCE AND RATE MOVEMENT



Source: J.P. Morgan, as of 3/31/21

J.P. MORGAN MOMENTUM BUCKET: LONG-SIDE FACTOR EXPOSURES (S&P 500 INDEX UNIVERSE)



Source: J.P. Morgan, as of 3/31/21

International developed equity

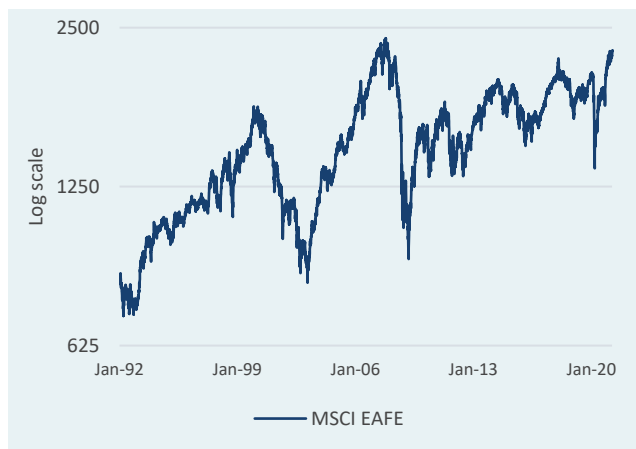
International equities delivered +3.5% (MSCI EAFE Index) during the first quarter on an unhedged currency basis. International developed underperformed the S&P 500 Index (+6.2%) while outperforming the MSCI Emerging Markets Index (+2.3%). The trend towards U.S. dollar weakness has boosted the performance of unhedged international equities, adding +6.8% over the past year, though this trend may have begun to reverse in the first quarter.

International developed equity weakness may be partly attributed to snags in the European COVID-19 vaccination

campaign, which has materially lagged the rest of the world. However, European equities (+4.1%) managed to outperform Japanese equities (+1.6%) in U.S. dollar terms, primarily due to currency movements, as the yen (-6.7%) depreciated more sharply relative to the U.S. dollar than the euro (-4.0%) or swiss franc (-6.2%).

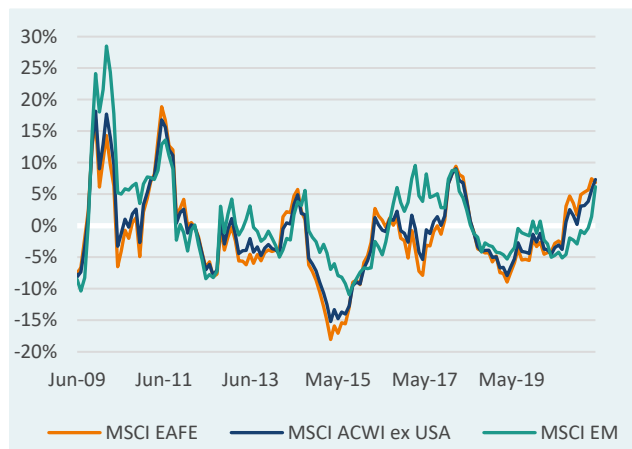
Bets against the Japanese yen rose to multi-year highs amid a backdrop of increasing relative interest rates available in the U.S., and a wave of risk-on sentiment pouring cold water on the appeal of traditional safe-haven assets.

INTERNATIONAL DEVELOPED EQUITIES



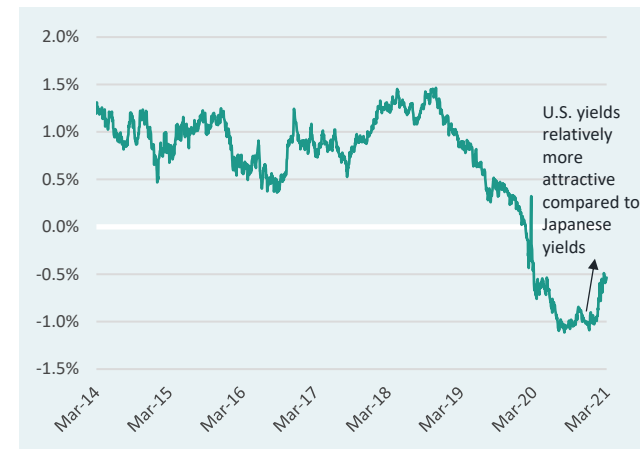
Source: MSCI, as of 3/31/21

EFFECT OF CURRENCY (1-YEAR ROLLING)



Source: MSCI, as of 3/31/21

10-YEAR REAL YIELD SPREAD (US MINUS JAPAN)



Source: Bloomberg, as of 3/31/21

Emerging market equity

Emerging market equities (MSCI EM +2.3%) underperformed U.S. (S&P 500 +6.2%) and international developed equities (MSCI EAFE +3.5%) during the quarter. Latin American equities pulled back from strong performance in Q4, underperforming the broader index (MSCI Latin America -5.3%).

Chinese mainland equities, which account for roughly 36% of the MSCI EM Index, slumped -0.4%, dampening overall index returns. Many analysts attributed the relative weakness in China to tightening liquidity conditions, as the People's Bank

of China shifted focus away from promoting economic recovery and toward clamping down on real estate speculation and leverage broadly, in the interest of preventing the buildup of financial excesses.

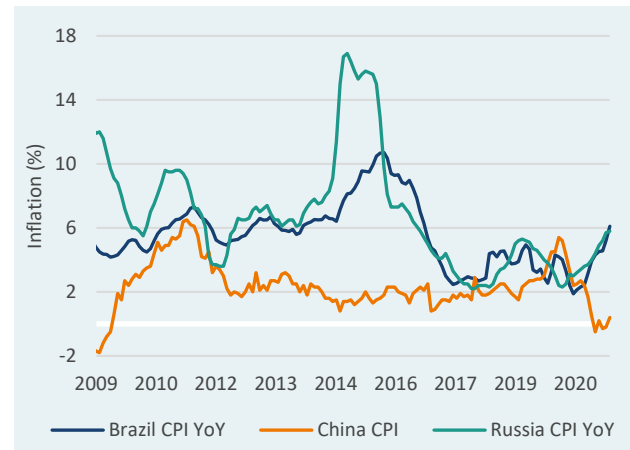
Central banks from Turkey to Russia to Brazil delivered surprise rate hikes in part to respond to a resurgence in inflation, which weighed on markets. Idiosyncratic political developments further pressured returns in Turkey (-20.4%) and Brazil (-10.0%), while Russian equities held up better (+2.4%) despite a weaker ruble (-2.1%).

EMERGING MARKET EQUITY



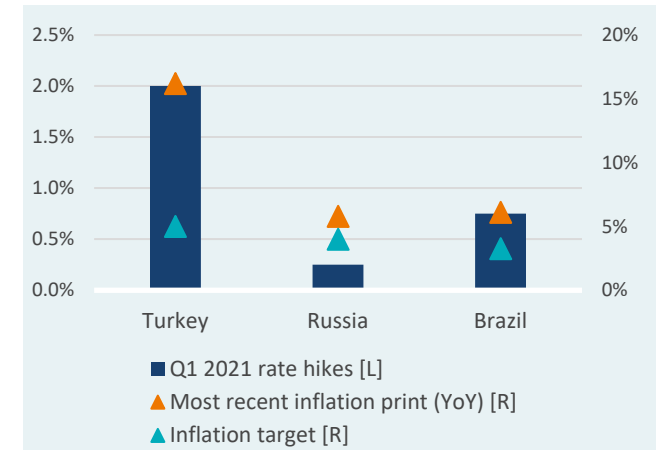
Source: MSCI, as of 3/31/21

INFLATION (YOY)



Source: Bloomberg, as of 3/31/21 or most recent data

SURPRISE CENTRAL BANK RATE HIKES



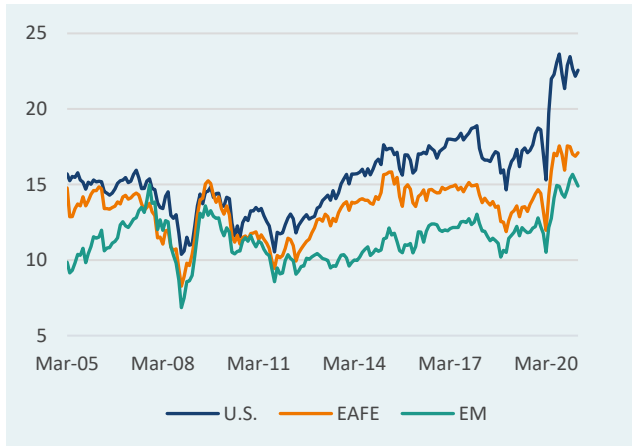
Source: Bloomberg, as of 3/31/21

Equity valuations

Valuations remain at very high levels relative to history. However, prices may be somewhat justified, considering the historically low (though slightly higher over the quarter) level of interest rates, and the fact that earnings are expected to rebound sharply later this year. Additionally, some have projected that aggressive cost-cutting measures and pandemic-driven innovation could result in higher operating leverage within U.S. companies, which would allow them to generate more earnings per dollar of revenue than before the pandemic began, and perhaps more earnings overall if revenues were to return to near pre-pandemic levels.

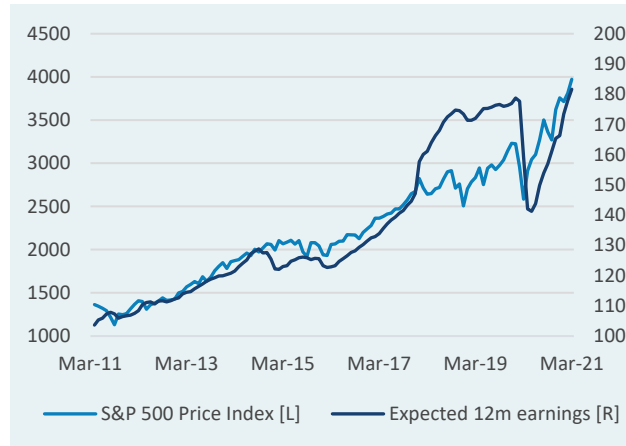
Equity prices proved quite resilient to the significant increase in global interest rates, leaving investors pondering the level at which rising interest rates would materially impact the present value of equities. While this is difficult to gauge, the answer is likely dependent on the sector and duration characteristics of the various global equity benchmarks. Additionally, central bank accommodation remains a crucial support for equity prices. Looking ahead, if central bankers were to adopt a more hawkish tone as the developed world approaches herd immunity, valuations may be challenged.

FORWARD P/E RATIOS



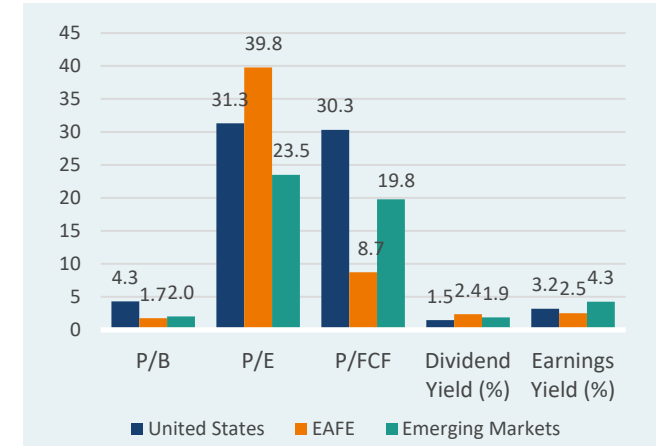
Source: MSCI, 12m forward P/E, as of 3/31/21

S&P 500 PRICE & EARNINGS EXPECTATIONS



Source: Bloomberg, as of 3/31/21

VALUATION METRICS (3-MONTH AVERAGE)



Source: Bloomberg, MSCI as of 3/31/21 - trailing P/E

Equity volatility

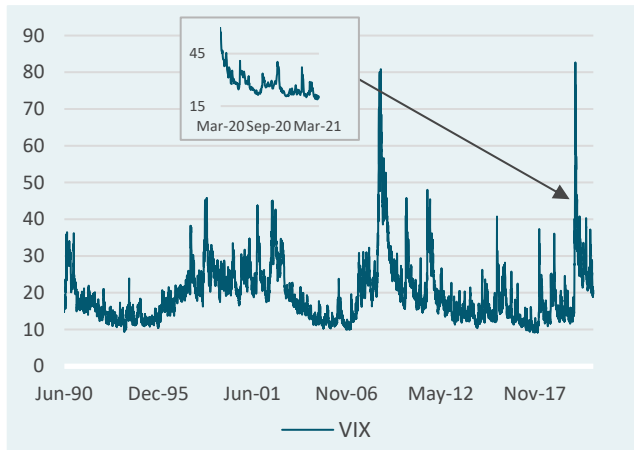
The Cboe VIX Index has slowly been falling back towards the longer-term average of 19. The index fluctuated in the low 20s during Q1, falling below 19 briefly in late March.

One-year trailing realized volatility began to fade alongside implied volatility in the first quarter of the year, as the tumultuous markets of Q1 2020 fell out of the lookback period. Central bank accommodation has translated to easy global financial conditions, though policy normalization and liquidity tightening in China has likely contributed to recent

weakness in Chinese equity markets.

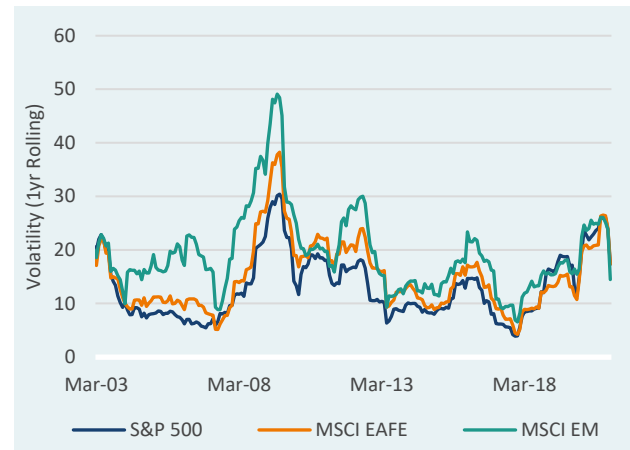
Since seeing recoveries during Q3 and Q4 of last year, respectively, U.S. and international equities have headed higher with relatively low volatility. Idiosyncratic political developments across the emerging markets universe, surprise central bank rate hikes, and the high concentration of tech in Asian EM countries in a period of rising rates, all contributed to a more volatile quarter for the emerging markets complex.

U.S. IMPLIED VOLATILITY (VIX)



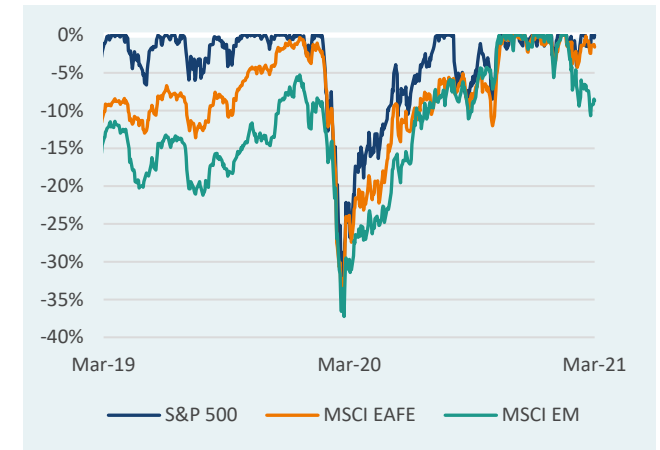
Source: Cboe, as of 3/31/21

REALIZED VOLATILITY



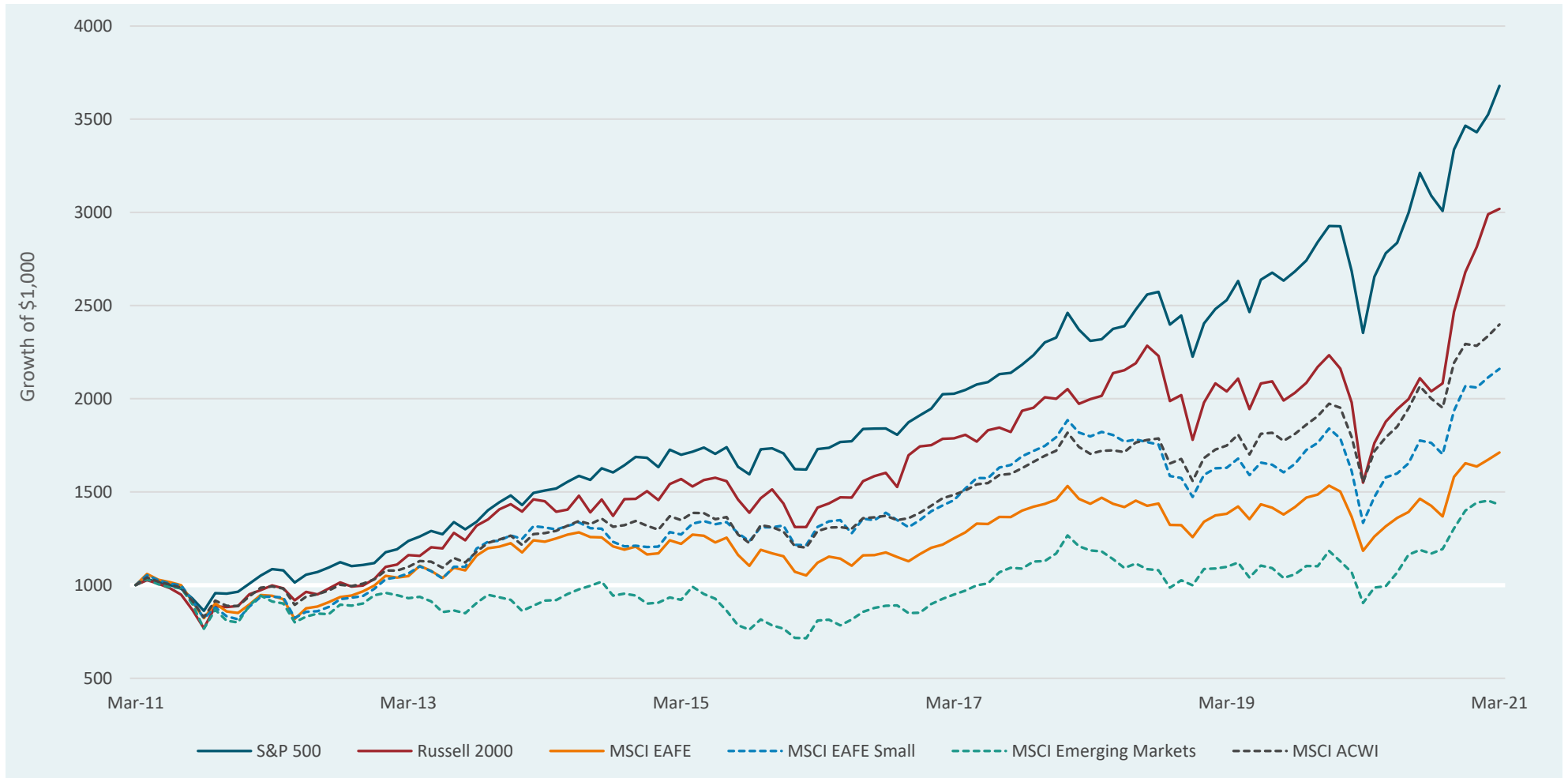
Source: Standard & Poor's, MSCI, as of 3/31/21

MAX DRAWDOWNS FROM PRIOR PEAKS



Source: Standard & Poor's, MSCI, Bloomberg, as of 3/31/21

Long-term equity performance



Source: Morningstar, as of 3/31/21

Other assets

Currency

U.S. dollar weakness had prevailed for most of 2020, but turned around in the first quarter of 2021. The Bloomberg Dollar Spot Index increased 2.8% over the quarter, after slipping -5.4% in 2020. Strength in the dollar was attributed to rising relative yields in the U.S., the relatively effective vaccination campaign, and speculation that a series of fiscal support packages might fuel supernormal growth over the next few years.

Currency beta returns, or the returns of a long-short portfolio of G10 currencies constructed by investing in three equally-weighted factors (carry, value, momentum), remained negative over the trailing year. Rotations back into the U.S. dollar and

out of the euro and yen supported performance for the carry factor while detracting from the performance of the currency momentum factor.

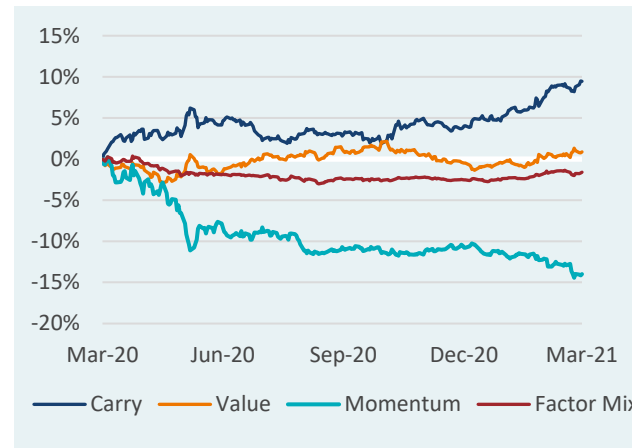
International developed currencies fared poorly, pressured by risk-on sentiment, a lackluster European vaccination effort, and concerns expressed by the European Central Bank about rising global interest rates. The embedded currency portfolio of the MSCI EAFE Index returned -4.1%, as the yen (-6.7%) and euro (-4.0%) weakened relative to the U.S. dollar. Emerging market currencies (-3.1%) softened, driven by declines in the Brazilian real (-7.8%) and Turkish lira (-9.9%).

BLOOMBERG DOLLAR SPOT INDEX



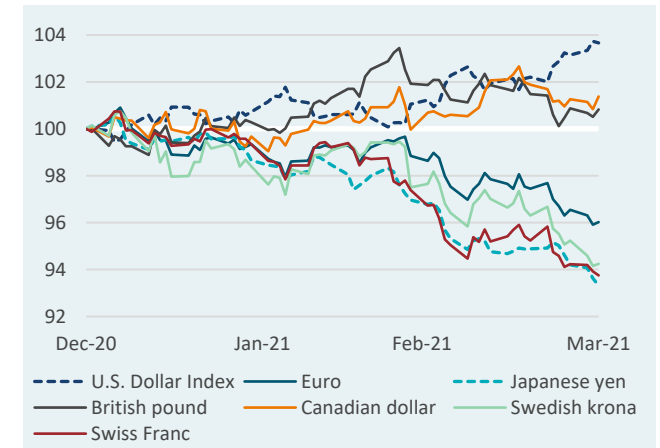
Source: Bloomberg, as of 3/31/21

CURRENCY BETA (ONE-YEAR RETURNS)



Source: MSCI, Bloomberg, as of 3/31/21

U.S. DOLLAR INDEX CONSTITUENTS



Source: Bloomberg, as of 3/31/21

Appendix

Periodic table of returns

BEST ↑

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	5-Year	10-Year
Small Cap Value	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	38.5	21.2	21.0	16.6
Small Cap Equity	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	34.6	12.7	18.6	14.0
Large Cap Value	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	21.0	11.3	16.7	13.0
Commodities	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	20.0	6.9	16.4	11.7
Large Cap Equity	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	18.3	5.9	13.6	11.0
Small Cap Growth	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	14.0	4.9	12.1	10.1
International Equity	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	10.3	3.5	11.7	8.6
Emerging Markets Equity	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	7.8	2.3	9.2	6.6
Hedge Funds of Funds	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	7.5	2.0	8.8	5.5
60/40 Global Portfolio	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	4.6	1.0	5.6	3.7
Large Cap Growth	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	2.8	0.9	5.4	3.4
Cash	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	0.5	0.0	3.1	3.4
Real Estate	-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	0.5	0.0	2.3	0.6
US Bonds	-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	-3.1	-3.4	1.1	-6.3

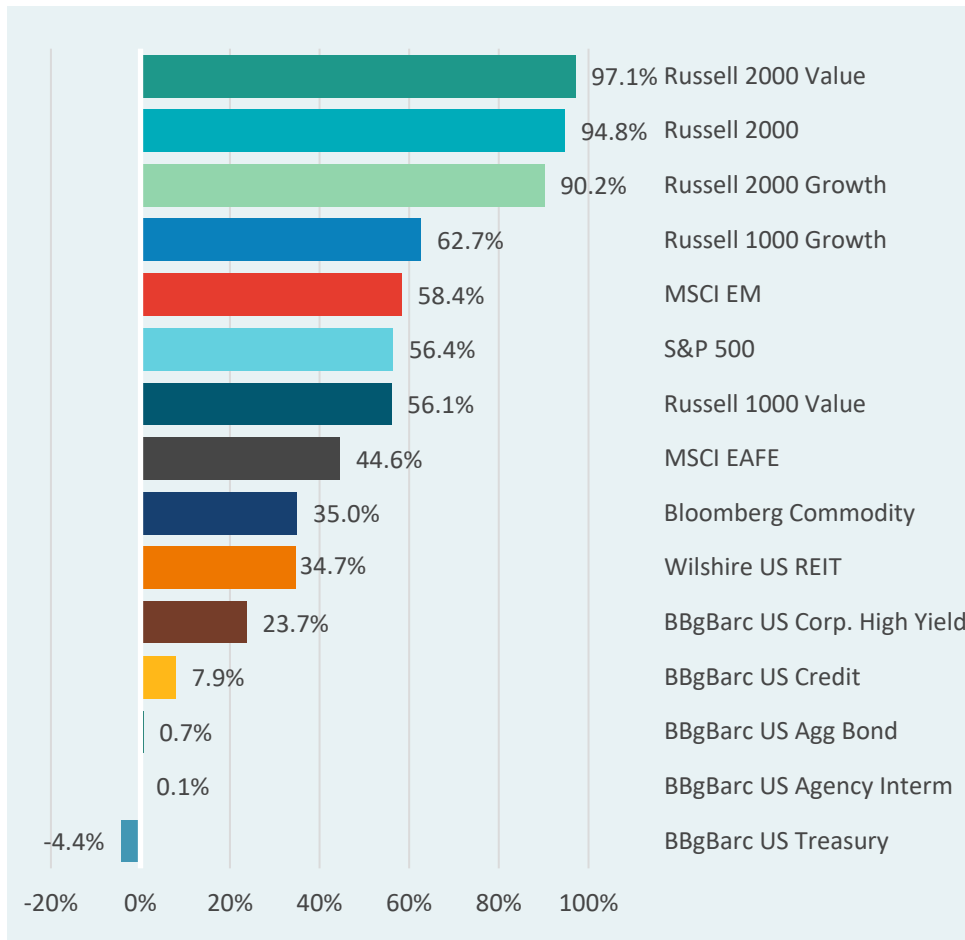
↓ WORST

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

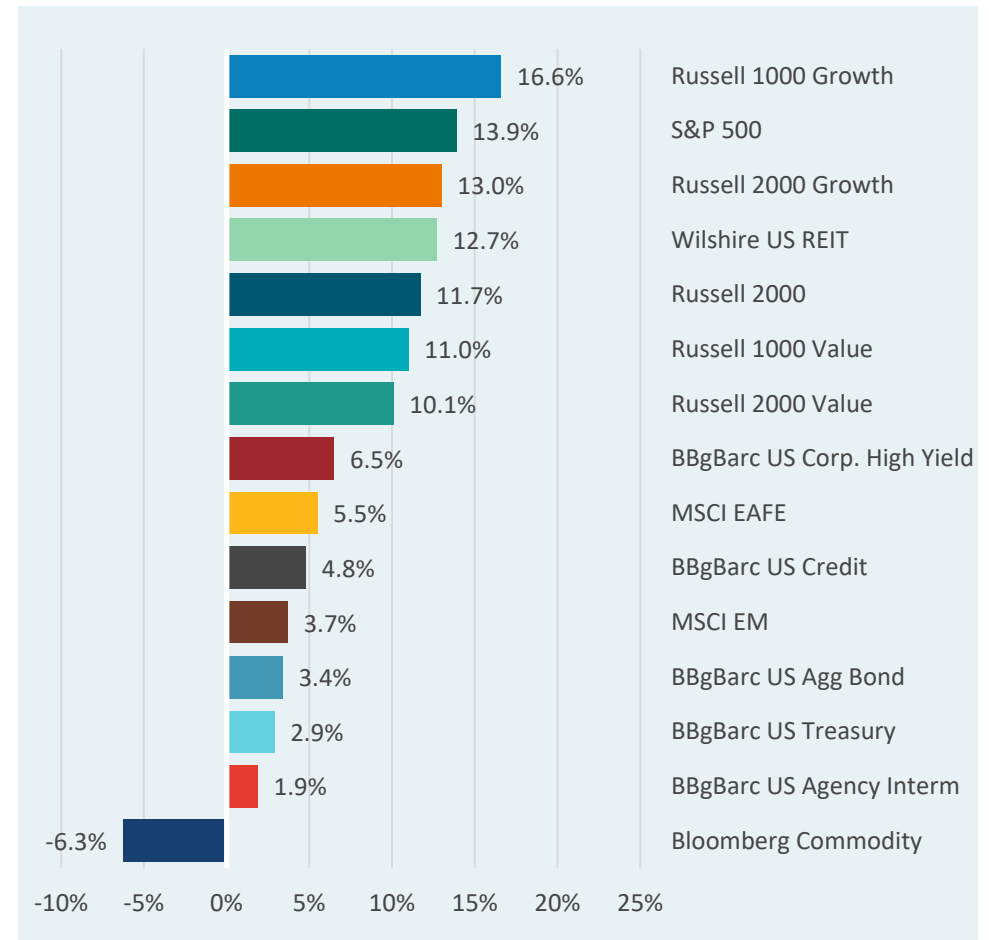
Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, BBgBarc US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, BBgBarc Global Bond. NCREIF Property Index performance data as of 12/31/20.

Major asset class returns

ONE YEAR ENDING MARCH



TEN YEARS ENDING MARCH



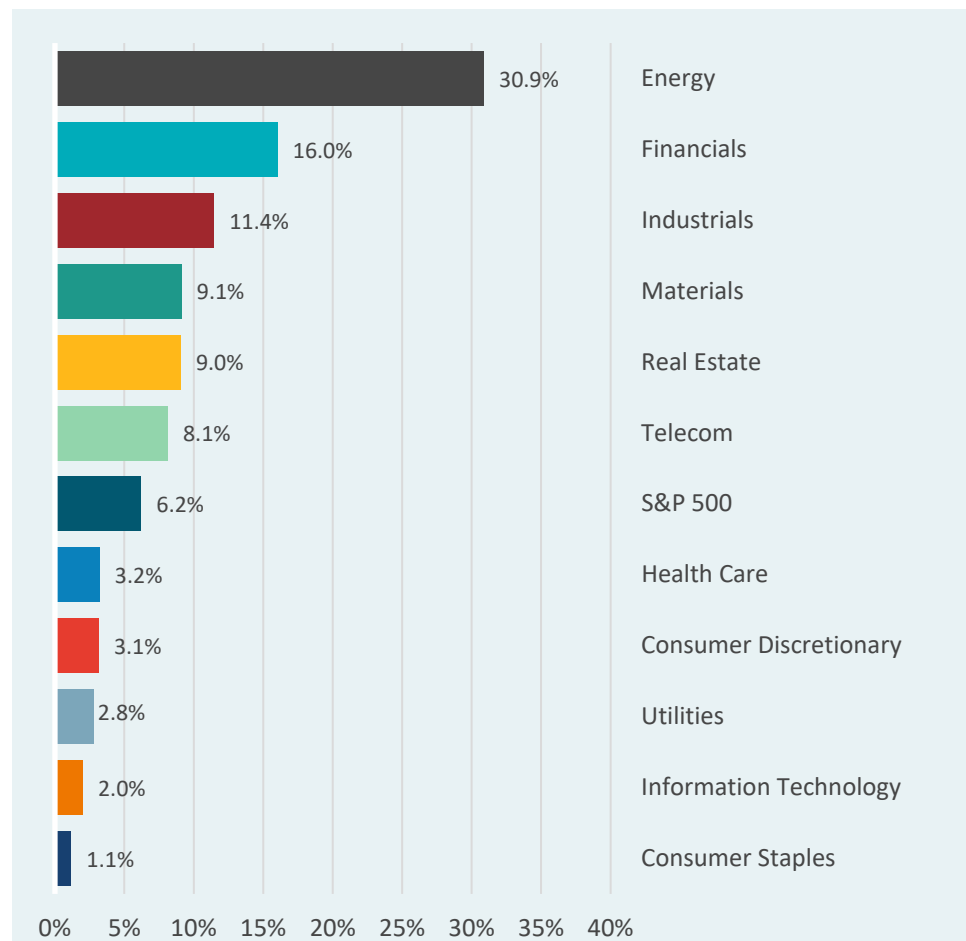
*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

Source: Morningstar, as of 3/31/21

Source: Morningstar, as of 3/31/21

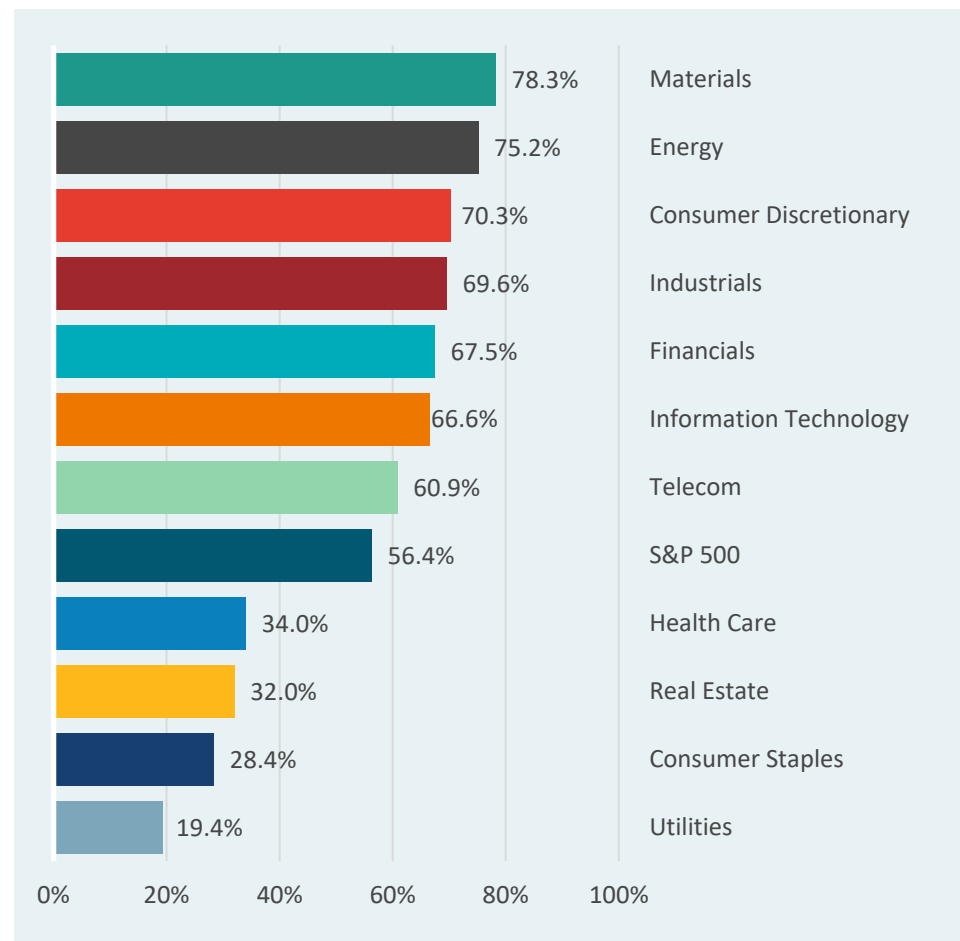
S&P 500 sector returns

Q1 2021



Source: Morningstar, as of 3/31/21

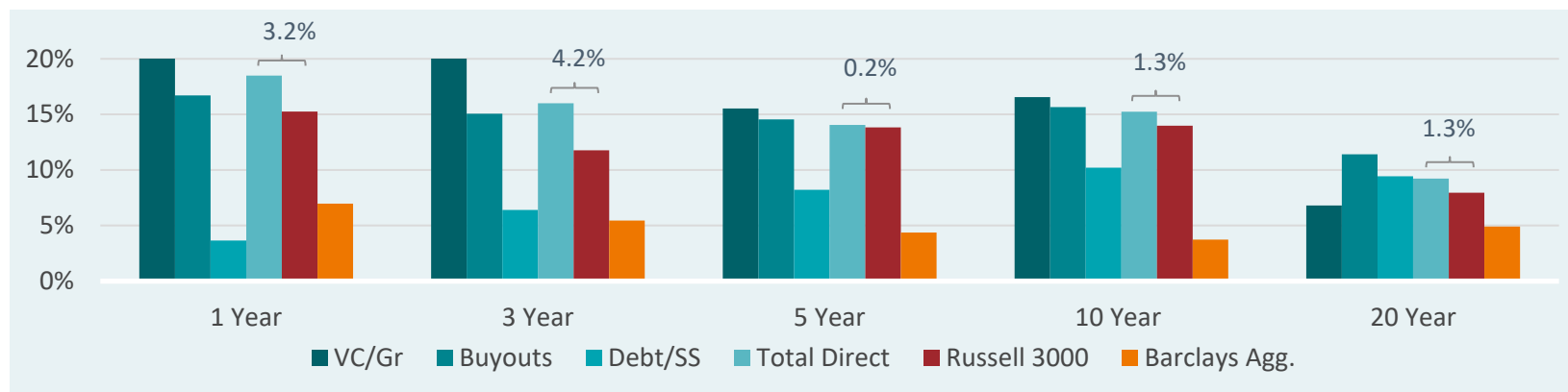
ONE YEAR ENDING MARCH



Source: Morningstar, as of 3/31/21

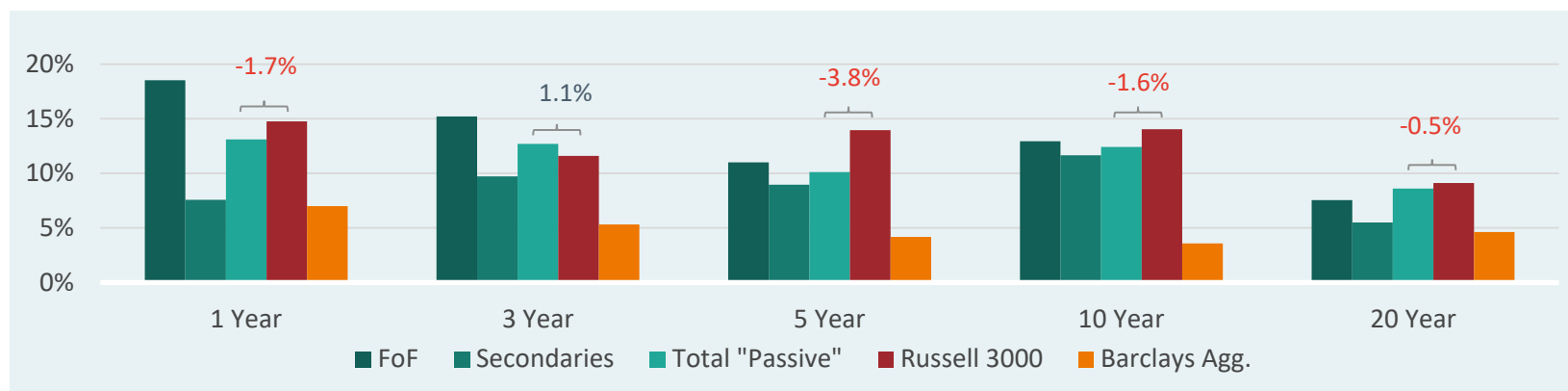
Private equity vs. traditional assets performance

DIRECT PRIVATE EQUITY FUND INVESTMENTS



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

"PASSIVE" STRATEGIES

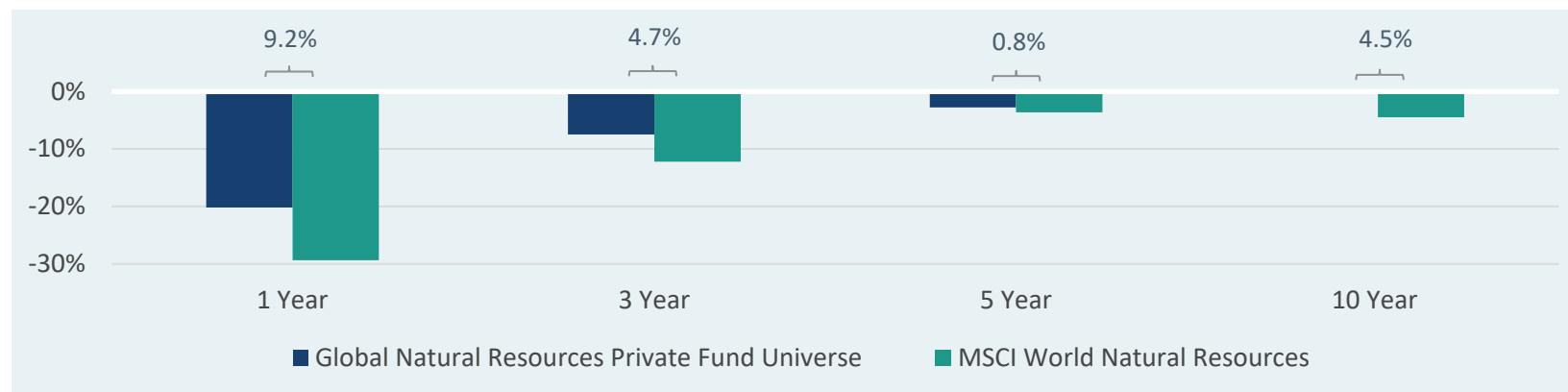


"Passive" strategies underperformed comparable public equities across all time periods, aside from the 3-year basis.

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

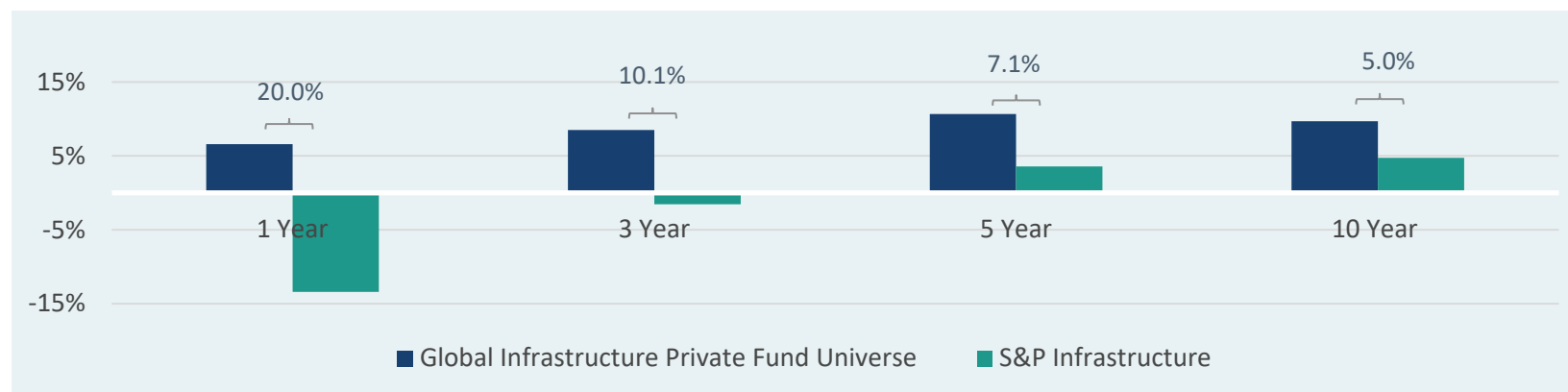
Private vs. liquid real assets performance

GLOBAL NATURAL RESOURCES FUNDS



N.R. funds outperformed the MSCI World Natural Resources benchmark across all time periods.

GLOBAL INFRASTRUCTURE FUNDS

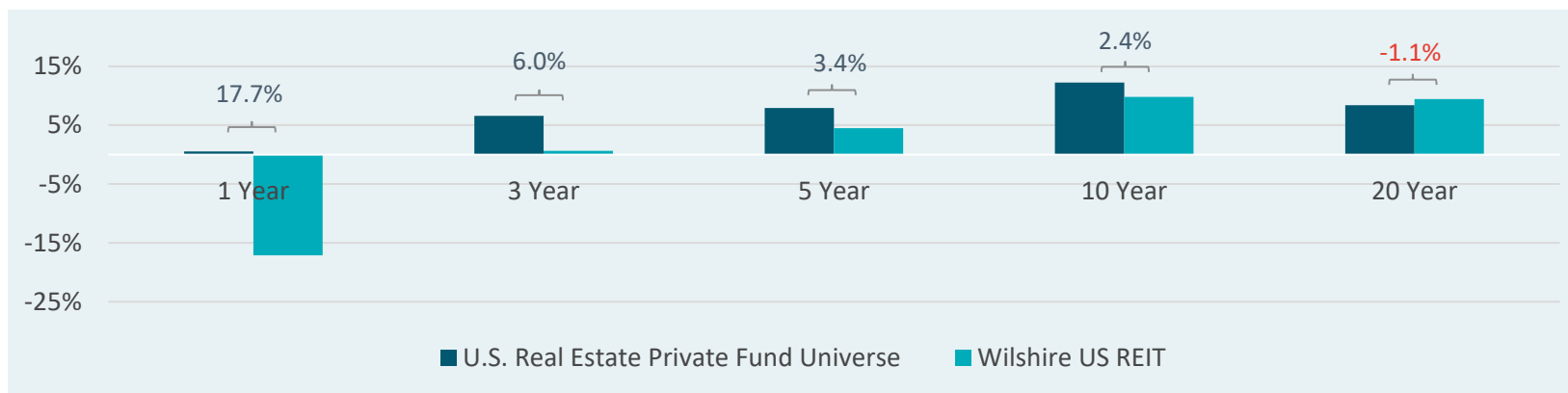


Infra. funds outperformed the S&P Infra. across all periods.

Sources: Refinitiv CJA PME: Global Natural Resources (vintage 1999 and later, inception of MSCI World Natural Resources benchmark) and Global Infrastructure (vintage 2002 and later, inception of S&P Infrastructure benchmark) universes as of September 30, 2020. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real assets universes.

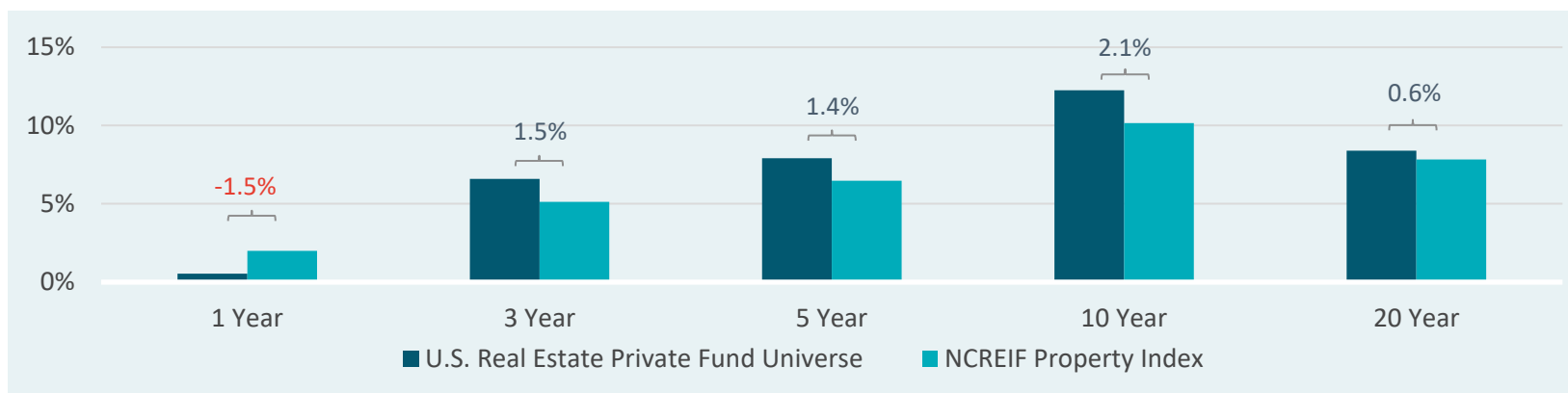
Private vs. liquid and core real estate performance

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



U.S. Private R.E. funds outperformed the Wilshire U.S. REIT Index across all time periods, aside on a 20-year basis.

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



U.S. Private R.E. Funds outperformed the NCREIF Property Index across all time periods, aside on a 1-year basis.

Sources: Refinitiv C/JA PME: Global and U.S. Real Estate universes as of September 30, 2020. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real estate universes.

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	4.4	6.2	6.2	56.4	16.8	16.3	13.9
S&P 500 Equal Weighted	6.0	11.5	11.5	71.6	14.9	14.7	13.1
DJ Industrial Average	6.8	8.3	8.3	53.8	13.6	16.0	13.1
Russell Top 200	4.2	5.1	5.1	56.3	18.3	17.4	14.6
Russell 1000	3.8	5.9	5.9	60.6	17.3	16.7	14.0
Russell 2000	1.0	12.7	12.7	94.8	14.8	16.4	11.7
Russell 3000	3.6	6.3	6.3	62.5	17.1	16.6	13.8
Russell Mid Cap	2.7	8.1	8.1	73.6	14.7	14.7	12.5
Style Index							
Russell 1000 Growth	1.7	0.9	0.9	62.7	22.8	21.0	16.6
Russell 1000 Value	5.9	11.3	11.3	56.1	11.0	11.7	11.0
Russell 2000 Growth	(3.1)	4.9	4.9	90.2	17.2	18.6	13.0
Russell 2000 Value	5.2	21.2	21.2	97.1	11.6	13.6	10.1

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	2.7	4.6	4.6	54.6	12.1	13.2	9.1
MSCI ACWI ex US	1.3	3.5	3.5	49.4	6.5	9.8	4.9
MSCI EAFE	2.3	3.5	3.5	44.6	6.0	8.8	5.5
MSCI EM	(1.5)	2.3	2.3	58.4	6.5	12.1	3.7
MSCI EAFE Small Cap	2.2	4.5	4.5	62.0	6.3	10.5	8.0
Style Index							
MSCI EAFE Growth	1.2	(0.6)	(0.6)	42.6	9.8	10.8	7.2
MSCI EAFE Value	3.4	7.4	7.4	45.7	1.8	6.6	3.7
Regional Index							
MSCI UK	2.8	6.2	6.2	33.5	0.9	4.3	3.3
MSCI Japan	1.1	1.6	1.6	39.7	6.3	10.5	7.2
MSCI Europe	3.1	4.1	4.1	44.9	5.6	8.2	5.1
MSCI EM Asia	(3.0)	2.2	2.2	60.1	9.5	14.5	6.6
MSCI EM Latin American	4.6	(5.3)	(5.3)	50.1	(6.1)	4.0	(4.1)

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
BBgBarc US TIPS	(0.2)	(1.5)	(1.5)	7.5	5.7	3.9	3.4
BBgBarc US Treasury Bills	0.0	0.0	0.0	0.1	1.5	1.2	0.7
BBgBarc US Agg Bond	(1.2)	(3.4)	(3.4)	0.7	4.7	3.1	3.4
BBgBarc US Universal	(1.2)	(3.1)	(3.1)	3.0	4.9	3.6	3.8
Duration							
BBgBarc US Treasury 1-3 Yr	(0.0)	(0.1)	(0.1)	0.3	2.8	1.7	1.3
BBgBarc US Treasury Long	(5.0)	(13.5)	(13.5)	(15.8)	5.9	3.1	6.3
BBgBarc US Treasury	(1.5)	(4.3)	(4.3)	(4.4)	4.1	2.2	2.9
Issuer							
BBgBarc US MBS	(0.5)	(1.1)	(1.1)	(0.1)	3.7	2.4	2.8
BBgBarc US Corp. High Yield	0.1	0.9	0.9	23.7	6.8	8.1	6.5
BBgBarc US Agency Interim	(0.4)	(1.0)	(1.0)	0.1	3.2	2.0	1.9
BBgBarc US Credit	(1.6)	(4.5)	(4.5)	7.9	5.9	4.7	4.8

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	(2.1)	6.9	6.9	35.0	(0.2)	2.3	(6.3)
Wilshire US REIT	4.8	8.8	8.8	34.7	9.0	5.7	12.7
CS Leveraged Loans	0.1	2.0	2.0	20.8	4.1	4.6	5.0
Alerian MLP	6.9	22.0	22.0	99.1	(4.0)	(2.1)	(0.7)
Regional Index							
JPM EMBI Global Div	(1.0)	(4.5)	(4.5)	16.0	4.0	5.1	5.6
JPM GBI-EM Global Div	(3.1)	(6.7)	(6.7)	13.0	(0.8)	3.1	0.5
Hedge Funds							
HFRI Composite	1.0	6.1	6.1	34.0	7.7	7.5	4.6
HFRI FOF Composite	0.4	2.0	2.0	23.9	5.4	5.6	3.4
Currency (Spot)							
Euro	(3.2)	(3.9)	(3.9)	7.1	(1.5)	0.6	(1.9)
Pound Sterling	(1.3)	0.9	0.9	11.3	(0.6)	(0.8)	(1.5)
Yen	(3.6)	(6.6)	(6.6)	(2.3)	(1.3)	0.3	(2.8)

Source: Morningstar, HFRI, as of 3/31/21

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: March 31, 2021



VERUSINVESTMENTS.COM

SEATTLE 206-622-3700

LOS ANGELES 310-297-1777

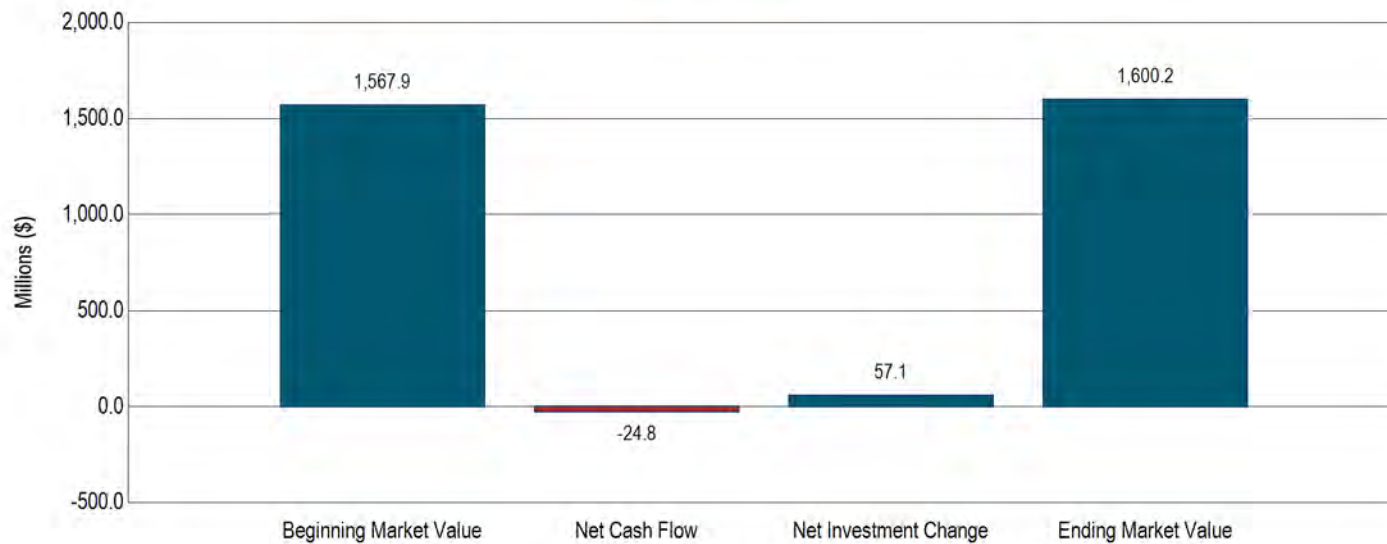
SAN FRANCISCO 415-362-3484

PITTSBURGH 412-784-6678

Portfolio Reconciliation

	Last Three Months	One Year
Beginning Market Value	\$1,567,853,258	\$1,258,199,447
Net Cash Flow	-\$24,770,961	-\$25,252,806
Net Investment Change	\$57,137,811	\$367,273,468
Ending Market Value	\$1,600,220,108	\$1,600,220,108

Change in Market Value
Last Three Months



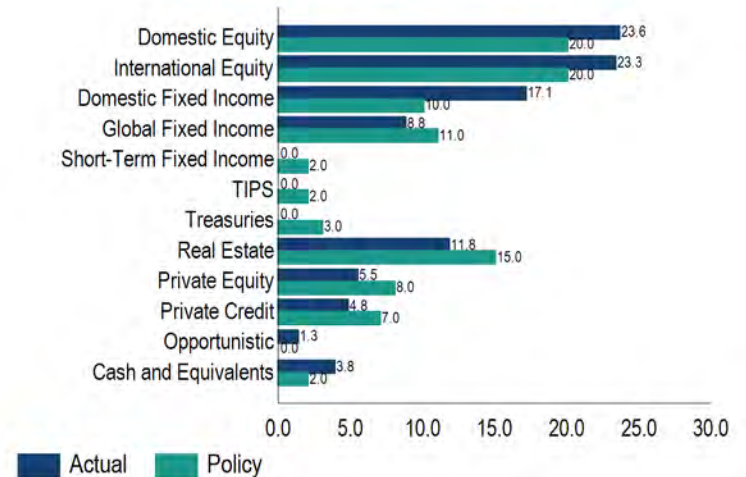
Contributions and withdrawals may include intra-account transfers between managers/funds.

Total Fund Executive Summary (Gross of Fees)

Period Ending: March 31, 2021

	QTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Total Fund	3.7	36	29.5	76	8.3	84	9.1	90
Interim Policy Index	2.3	87	23.7	98	8.4	78	8.9	93
FFP SAA Index	4.2	21	--	--	--	--	--	--
Total Domestic Equity	9.9	6	62.7	62	15.3	75	16.2	47
Russell 3000	6.3	87	62.5	63	17.1	21	16.6	32
Total International Equity	3.5	51	60.5	15	12.3	3	13.1	6
MSCI ACWI ex USA Gross	3.6	46	50.0	80	7.0	50	10.3	55
Total Domestic Fixed Income	-1.6	15	8.9	13	5.6	27	4.5	29
BBgBarc US Aggregate TR	-3.4	91	0.7	94	4.7	65	3.1	69
Total Global Fixed	-4.7	70	20.2	54	-0.7	92	2.6	91
FTSE World Govt Bond Index	-5.7	77	1.8	98	2.1	66	2.1	93
Total Real Estate	1.5	--	1.1	--	4.1	--	5.6	--
NCREIF Property Index	1.7	--	2.6	--	4.9	--	5.8	--
Total Private Equity	7.0	--	24.4	--	16.7	--	17.4	--
Private Equity Benchmark	7.0	--	--	--	--	--	--	--
Total Private Credit	15.2	--	7.6	--	9.0	--	--	--
Private Credit Benchmark	15.2	--	--	--	--	--	--	--
Total Cash	0.2	--	1.2	--	1.7	--	3.0	--
91 Day T-Bills	0.0	--	0.1	--	1.4	--	1.1	--
Total Opportunistic	14.2	--	8.0	--	8.9	--	9.4	--
Russell 3000 + 3%	7.1	--	67.2	--	20.6	--	20.1	--

Actual vs Interim Target Allocation (%)



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



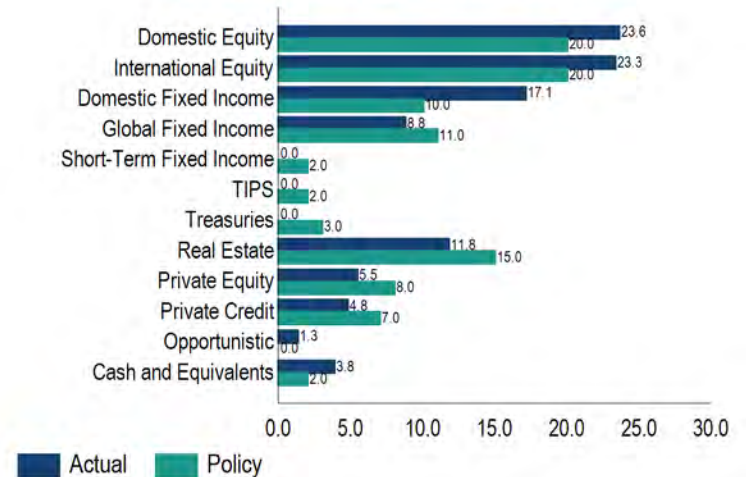
Interim Policy Index as of 1/1/2021: 23% Russell 3000, 20% MSCI ACWI ex-US (Gross), 12% BBgBarc U.S. Aggregate, 3% BBgBarc US Treasury 7-10 yr, 2% BBgBarc US TIPS, 11% FTSE World Govt Bond Index, 15% NCREIF Property Index, 5% Actual Private Equity Return, 5% Actual Private Credit Bench Return, 2% 91 day T-Bills, 2% BBgBarc 1-3 yr Govt/Credit. FFP SAA Index as of 1/1/2021: 30% MSCI ACWI, 8% BBgBarc U.S. Treasury 7-10 yr, 7% BBgBarc U.S. TIPS, 4% 91 day T-Bills, 6% BBgBarc U.S. Govt/Credit 1-3 yr, 18% Actual Private Equity Return, 12% Actual Private Credit Return, 15% NCREIF Property Index. 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. (e) To avoid unnecessary and possibly misleading Tracking Error, the Total Fund Policy Benchmark uses actual time-weighted private markets returns applied to actual private market asset class weights rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market investment's public market "equivalent" (e.g., private equity to public equity; private credit to public fixed income).

Total Fund Executive Summary (Net of Fees)

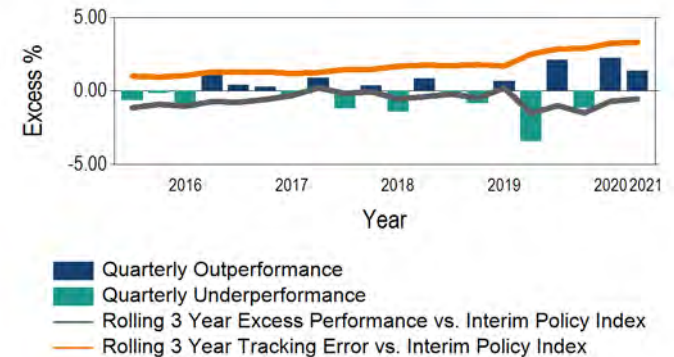
Period Ending: March 31, 2021

	QTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Total Fund	3.6	41	29.0	81	7.9	92	8.6	96
Interim Policy Index	2.3	87	23.7	98	8.4	78	8.9	93
FFP SAA Index	4.2	21	--	--	--	--	--	--
Total Domestic Equity	9.7	7	61.9	70	14.8	88	15.7	66
Russell 3000	6.3	87	62.5	63	17.1	21	16.6	32
Total International Equity	3.3	54	59.4	17	11.5	4	12.4	14
MSCI ACWI ex USA Gross	3.6	46	50.0	80	7.0	50	10.3	55
Total Domestic Fixed Income	-1.7	17	8.6	15	5.3	38	4.1	36
BBgBarc US Aggregate TR	-3.4	91	0.7	94	4.7	65	3.1	69
Total Global Fixed	-4.7	70	19.5	58	-1.1	95	2.1	93
FTSE World Govt Bond Index	-5.7	77	1.8	98	2.1	66	2.1	93
Total Real Estate	1.5	--	1.1	--	4.1	--	5.4	--
NCREIF Property Index	1.7	--	2.6	--	4.9	--	5.8	--
Total Private Equity	7.0	--	24.4	--	16.7	--	17.1	--
Private Equity Benchmark	7.0	--	--	--	--	--	--	--
Total Private Credit	15.2	--	7.6	--	9.0	--	--	--
Private Credit Benchmark	15.2	--	--	--	--	--	--	--
Total Cash	0.2	--	1.2	--	1.7	--	3.0	--
91 Day T-Bills	0.0	--	0.1	--	1.4	--	1.1	--
Total Opportunistic	14.2	--	8.0	--	8.9	--	9.2	--
Russell 3000 + 3%	7.1	--	67.2	--	20.6	--	20.1	--

Actual vs Interim Target Allocation (%)



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



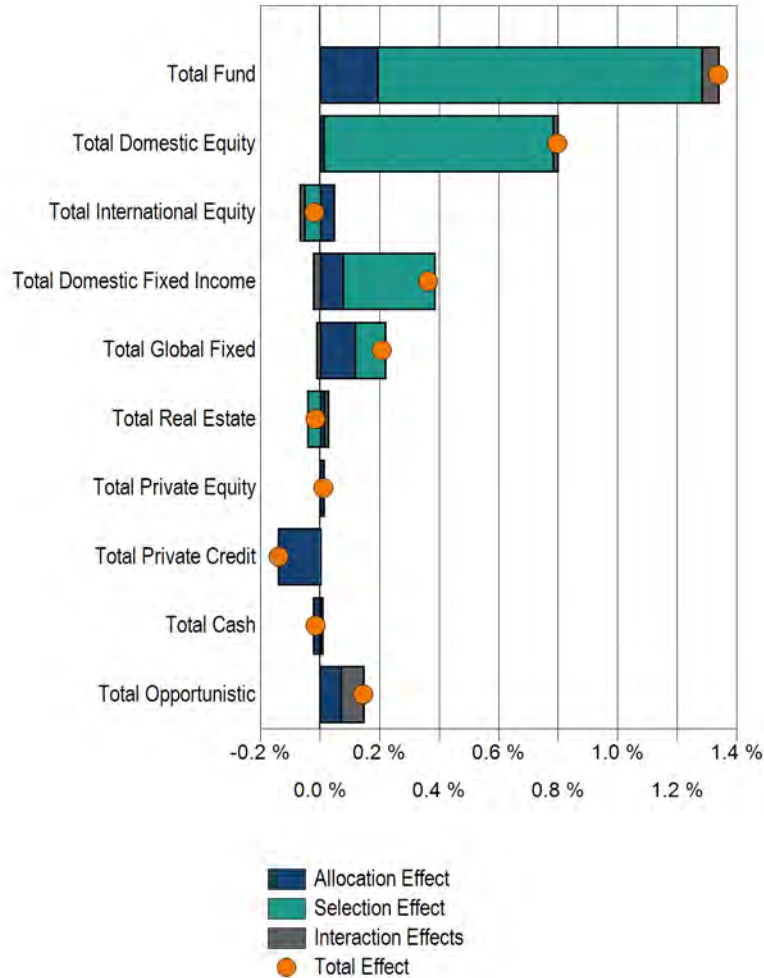
Interim Policy Index as of 1/1/2021: 23% Russell 3000, 20% MSCI ACWI ex-US (Gross), 12% BBgBarc U.S. Aggregate, 3% BBgBarc US Treasury 7-10 yr, 2% BBgBarc US TIPS, 11% FTSE World Govt Bond Index, 15% NCREIF Property Index, 5% Actual Private Equity Return, 5% Actual Private Credit Bench Return, 2% 91 day T-Bills, 2% BBgBarc 1-3 yr Gov/Credit. FFP SAA Index as of 1/1/2021: 30% MSCI ACWI, 8% BBgBarc U.S. Treasury 7-10 yr, 7% BBgBarc U.S. TIPS, 4% 91 day T-Bills, 6% BBgBarc U.S. Govt/Credit 1-3 yr, 18% Actual Private Equity Return, 12% Actual Private Credit Return, 15% NCREIF Property Index. 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. (e) To avoid unnecessary and possibly misleading Tracking Error, the Total Fund Policy Benchmark uses actual time-weighted private markets returns applied to actual private market asset class weights rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market investment's public market "equivalent" (e.g., private equity to public equity; private credit to public fixed income).

Total Fund
Attribution (Net of Fees)

Period Ending: March 31, 2021

Performance Attribution

Attribution Effects
3 Months Ending March 31, 2021



	Last 3 Mo.
Wtd. Actual Return	3.64%
Wtd. Index Return *	2.30%
Excess Return	1.34%
Selection Effect	1.09%
Allocation Effect	0.20%
Interaction Effect	0.05%

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

Attribution Summary
3 Months Ending March 31, 2021

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total Domestic Equity	9.73%	6.35%	3.39%	0.77%	0.01%	0.01%	0.80%
Total International Equity	3.31%	3.60%	-0.29%	-0.05%	0.05%	-0.01%	-0.02%
Total Domestic Fixed Income	-1.70%	-3.27%	1.56%	0.31%	0.08%	-0.02%	0.36%
Total Global Fixed	-4.73%	-5.68%	0.95%	0.10%	0.12%	-0.01%	0.21%
Total Real Estate	1.46%	1.72%	-0.26%	-0.04%	0.02%	0.01%	-0.01%
Total Private Equity	7.05%	7.05%	0.00%	0.00%	0.01%	0.00%	0.01%
Total Private Credit	15.22%	15.22%	0.00%	0.00%	-0.14%	0.00%	-0.14%
Total Cash	0.20%	0.01%	0.19%	0.00%	-0.02%	0.00%	-0.01%
Total Opportunistic	14.16%	7.12%	7.04%	0.00%	0.07%	0.07%	0.15%
Total	3.64%	2.30%	1.34%	1.09%	0.20%	0.05%	1.34%

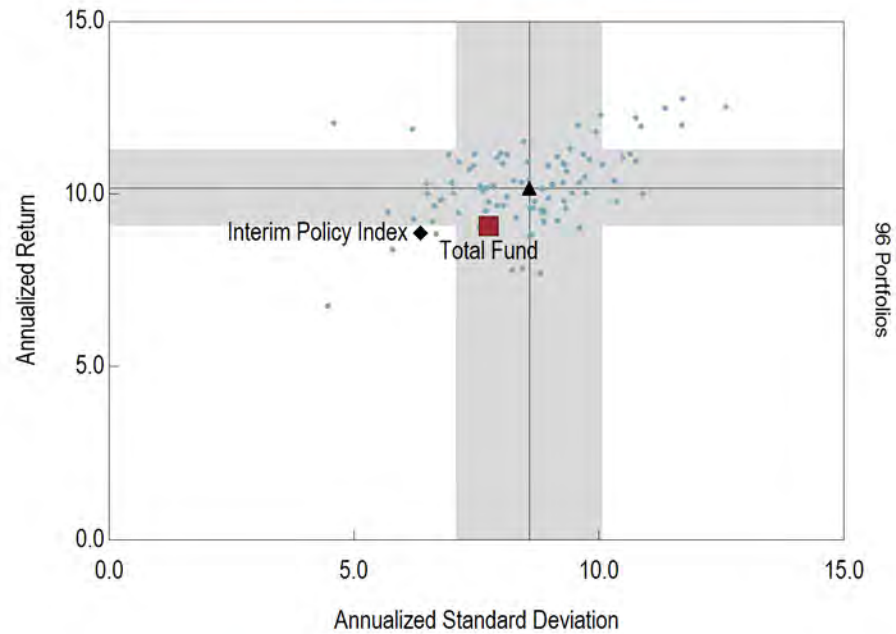
Attribution does not account for effects of overlay program. Weighted returns shown in attribution analysis may differ from actual returns. Wtd. Actual Return is the sum of the products of each group's return and its respective weight at the beginning of the period.

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

Period Ending: March 31, 2021

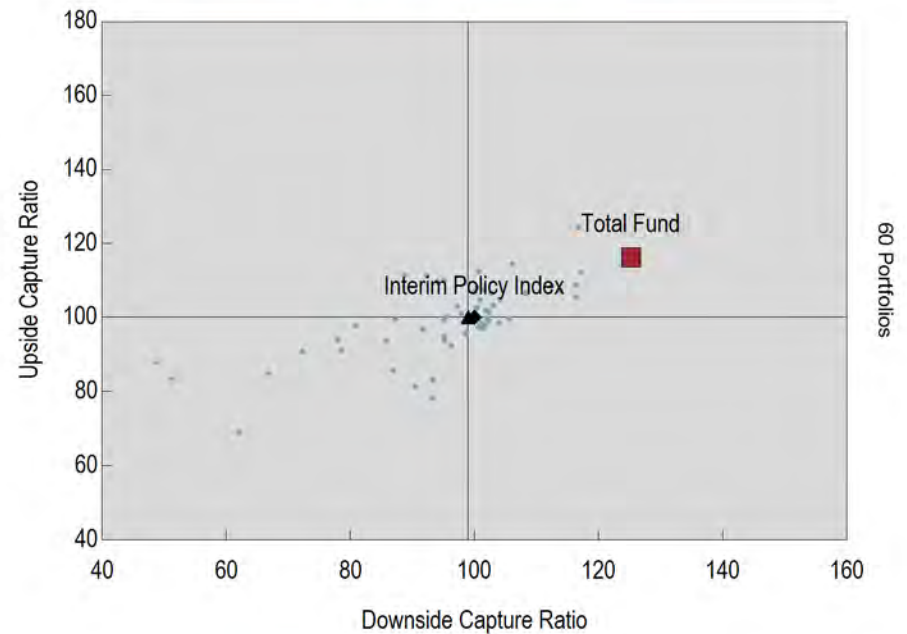
	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
Total Fund	9.07%	0.20%	7.75%	-1.34%	1.17	2.37%	0.93	1.02	0.08	116.22%	125.20%

Annualized Return vs. Annualized Standard Deviation



- Total Fund
- ◆ Interim Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvMetrics Public DB > \$1B Gross

Upside Capture Ratio vs. Downside Capture Ratio

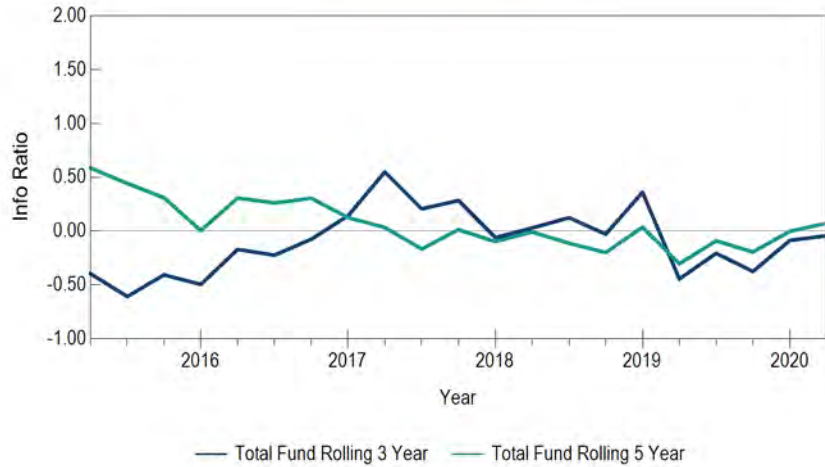


- Total Fund
- ◆ Interim Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvMetrics Public DB > \$1B Gross

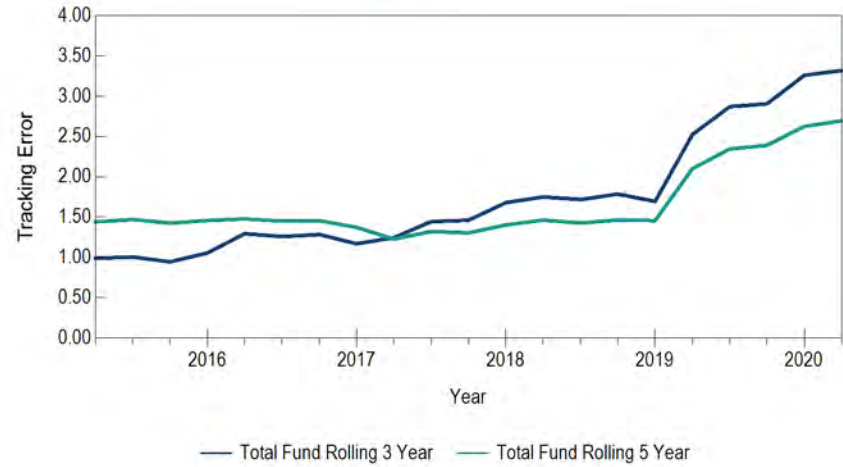
Total Fund
Rolling Risk Statistics (Gross of Fees)

Period Ending: March 31, 2021

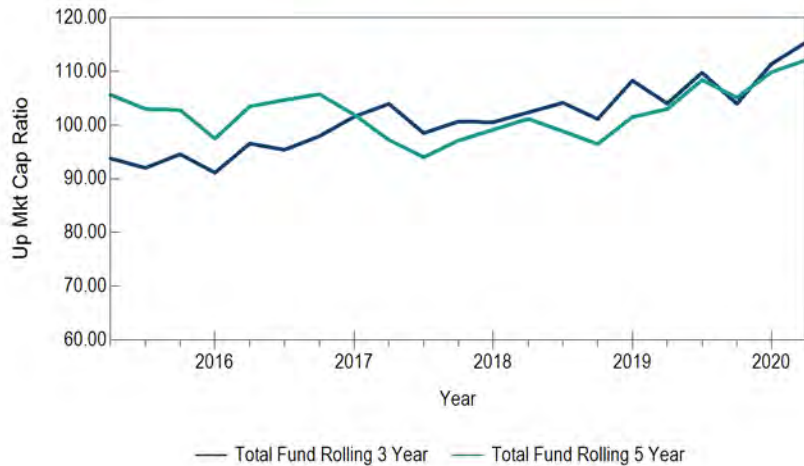
Rolling Information Ratio



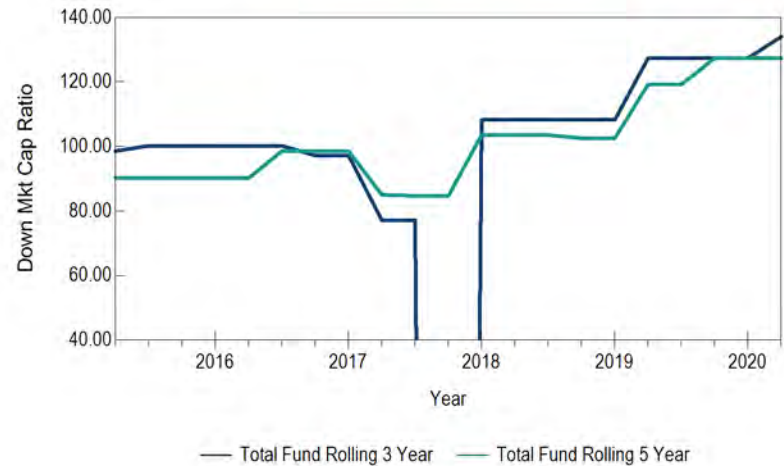
Rolling Tracking Error



Rolling Up Market Capture Ratio (%)



Rolling Down Market Capture Ratio (%)



Total Fund
Performance Summary (Gross of Fees)

Period Ending: March 31, 2021

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016	Inception	Inception Date
Total Fund	1,600,220,108	100.0	3.7	29.5	8.3	9.1	7.7	9.6	16.3	-3.1	15.5	6.6	--	Feb-07
<i>Interim Policy Index</i>			2.3	23.7	8.4	8.9	7.1	10.3	15.3	-2.1	13.3	7.8	--	Feb-07
<i>FFP SAA Index</i>			4.2	--	--	--	--	--	--	--	--	--	--	Feb-07
<i>InvMetrics Public DB > \$1B Gross Rank</i>			36	76	84	90	77	75	60	36	69	91	--	Feb-07
Total Domestic Equity	377,478,983	23.6	9.9	62.7	15.3	16.2	13.6	13.7	29.4	-5.2	25.1	13.0	--	
<i>Russell 3000</i>			6.3	62.5	17.1	16.6	13.8	20.9	31.0	-5.2	21.1	12.7	--	
<i>InvMetrics Public DB US Eq Gross Rank</i>			6	62	75	47	36	91	66	36	4	48	--	
PIMCO RAE US	93,040,992	5.8	14.3	65.1	12.3	12.9	12.2	4.4	25.5	-6.6	17.0	15.9	9.0	Nov-07
<i>S&P 500</i>			6.2	56.4	16.8	16.3	13.9	18.4	31.5	-4.4	21.8	12.0	10.0	Nov-07
<i>eV US Large Cap Core Equity Gross Rank</i>			2	16	86	85	89	96	83	72	89	6	90	Nov-07
Loomis Sayles Large Cap Growth	103,183,233	6.4	3.0	54.1	20.9	--	--	32.8	32.7	-1.7	34.1	--	22.8	Dec-16
<i>Russell 1000 Growth</i>			0.9	62.7	22.8	--	--	38.5	36.4	-1.5	30.2	--	23.4	Dec-16
<i>eV US Large Cap Growth Equity Gross Rank</i>			35	82	62	--	--	61	68	58	16	--	50	Dec-16
Boston Partners Large Cap Value	104,121,129	6.5	15.0	65.8	10.8	--	--	2.4	24.3	-8.5	--	--	11.8	Jan-17
<i>Russell 1000 Value</i>			11.3	56.1	11.0	--	--	2.8	26.5	-8.3	--	--	10.2	Jan-17
<i>eV US Large Cap Value Equity Gross Rank</i>			16	30	63	--	--	64	77	54	--	--	45	Jan-17
Atlanta Capital Mgmt	77,133,628	4.8	8.2	65.4	15.4	16.4	15.0	11.4	35.1	-4.5	26.6	12.6	17.9	Aug-10
<i>Russell 2500</i>			10.9	89.4	15.3	15.9	12.2	20.0	27.8	-10.0	16.8	17.6	15.0	Aug-10
<i>eV US Small-Mid Cap Equity Gross Rank</i>			72	91	47	46	17	62	14	25	15	62	11	Aug-10
Total International Equity	373,154,829	23.3	3.5	60.5	12.3	13.1	8.9	19.4	30.2	-12.2	26.6	2.2	--	
<i>MSCI ACWI ex USA Gross</i>			3.6	50.0	7.0	10.3	5.4	11.1	22.1	-13.8	27.8	5.0	--	
<i>InvMetrics Public DB ex-US Eq Gross Rank</i>			51	15	3	6	3	12	1	9	81	82	--	
Dodge & Cox Intl Stock	171,017,768	10.7	7.3	58.4	4.7	9.7	5.8	2.8	23.6	-17.5	24.7	9.0	3.6	Dec-07
<i>MSCI ACWI ex USA Value Gross</i>			7.2	49.5	3.0	7.9	3.6	-0.2	16.5	-13.4	23.3	9.6	1.8	Dec-07
<i>eV ACWI ex-US All Cap Value Eq Gross Rank</i>			46	40	29	28	40	33	35	84	71	31	36	Dec-07
WCM International Growth	202,137,061	12.6	0.3	60.8	19.1	--	--	34.0	36.7	-6.7	--	--	20.3	Feb-17
<i>MSCI ACWI ex USA Growth Gross</i>			0.0	49.8	10.7	--	--	22.6	27.8	-14.1	--	--	13.5	Feb-17
<i>eV ACWI ex-US All Cap Growth Eq Gross Rank</i>			61	43	13	--	--	28	11	1	--	--	14	Feb-17

Since Inception ranking is from the beginning of the first complete month of performance. 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: March 31, 2021

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016	Inception	Inception Date
Total Domestic Fixed Income	274,089,352	17.1	-1.6	8.9	5.6	4.5	4.3	8.1	9.9	0.4	4.3	4.5	--	
BBgBarc US Aggregate TR			-3.4	0.7	4.7	3.1	3.4	7.5	8.7	0.0	3.5	2.6	--	
InvMetrics Public DB US Fix Inc Gross Rank			15	13	27	29	41	46	11	55	50	49	--	
BlackRock Core Bond	96,460,745	6.0	-3.2	5.3	5.9	--	--	9.4	10.2	0.3	--	--	4.6	Jan-17
BBgBarc US Aggregate TR			-3.4	0.7	4.7	--	--	7.5	8.7	0.0	--	--	3.8	Jan-17
eV US Core Fixed Inc Gross Rank			53	18	10	--	--	23	10	27	--	--	24	Jan-17
Dodge & Cox Income Fund	101,471,148	6.3	-2.4	7.9	6.1	--	--	9.9	10.2	0.1	--	--	5.2	Jan-17
BBgBarc US Aggregate TR			-3.4	0.7	4.7	--	--	7.5	8.7	0.0	--	--	3.8	Jan-17
eV US Core Fixed Inc Gross Rank			10	5	6	--	--	14	11	43	--	--	4	Jan-17
Pacific Asset Corporate Loan	76,157,459	4.8	1.6	15.5	4.4	5.3	--	3.0	9.1	1.0	4.9	9.2	4.5	Sep-14
S&P/LSTA Leveraged Loan Index			1.8	20.7	4.1	5.3	--	3.1	8.6	0.4	4.1	10.2	3.9	Sep-14
eV US Float-Rate Bank Loan Fixed Inc Gross Rank			57	84	37	35	--	42	36	29	26	51	29	Sep-14
Total Global Fixed	140,225,719	8.8	-4.7	20.2	-0.7	2.6	2.0	6.7	7.4	-4.3	13.8	4.6	--	
FTSE World Govt Bond Index			-5.7	1.8	2.1	2.1	1.7	10.1	5.9	-0.8	7.5	1.6	--	
InvMetrics Public DB Gbl Fix Inc Gross Rank			70	54	92	91	99	42	87	61	36	88	--	
Brandywine Global Fixed Income	70,092,392	4.4	-2.7	--	--	--	--	--	--	--	--	--	10.2	Jun-20
FTSE WGBI ex US TR			-6.4	--	--	--	--	--	--	--	--	--	2.6	Jun-20
eV All Global Fixed Inc Gross Rank			56	--	--	--	--	--	--	--	--	--	24	Jun-20
Ashmore EM Blended Debt Fund	70,133,327	4.4	-6.5	22.7	--	--	--	3.2	--	--	--	--	0.8	Mar-19
50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+			-4.6	13.3	--	--	--	3.9	--	--	--	--	3.1	Mar-19
eV All Emg Mkts Fixed Inc Gross Rank			84	23	--	--	--	85	--	--	--	--	99	Mar-19
Total Real Estate	188,975,613	11.8	1.5	1.1	4.1	5.6	8.7	1.1	4.3	7.5	7.8	7.8	--	
NCREIF Property Index			1.7	2.6	4.9	5.8	8.8	1.6	6.4	6.7	7.0	8.0	--	
JP Morgan Core Real Estate	149,679,128	9.4	1.6	0.8	3.5	5.0	9.3	0.5	3.4	7.0	6.1	8.4	5.1	Mar-08
NCREIF-ODCE			2.1	2.3	4.9	6.2	9.7	1.2	5.3	8.3	7.6	8.8	5.1	Mar-08
NCREIF Property Index			1.7	2.6	4.9	5.8	8.8	1.6	6.4	6.7	7.0	8.0	5.9	Mar-08
ARA American Strategic Value Realty	39,296,485	2.5	0.9	2.3	6.3	--	--	3.8	7.3	9.1	7.4	--	7.2	Jun-16
NCREIF-ODCE			2.1	2.3	4.9	--	--	1.2	5.3	8.3	7.6	--	6.1	Jun-16
NCREIF Property Index			1.7	2.6	4.9	--	--	1.6	6.4	6.7	7.0	--	5.7	Jun-16

Since Inception ranking is from the beginning of the first complete month of performance. 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: March 31, 2021

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016	Inception	Inception Date
Total Private Equity	87,246,903	5.5												
Harbourvest Partners IX Buyout Fund L.P.	15,049,403	0.9												
Pathway Private Equity Fund Investors 9 L.P.	57,153,982	3.6												
Harbourvest 2018 Global Fund L.P.	12,235,522	0.8												
Pathway Private Equity Fund Investors 10 L.P.	2,807,996	0.2												
Total Private Credit	76,501,501	4.8												
Sixth Street Partners DCP	76,501,501	4.8												
Total Cash	61,354,230	3.8	0.2	1.2	1.7	3.0	1.7	1.5	2.1	1.6	8.4	1.6		--
91 Day T-Bills			0.0	0.1	1.4	1.1	0.6	0.5	2.1	1.9	0.9	0.3		--
Cash Account	30,271,982	1.9	0.3	1.6	1.9	1.5	0.9	1.9	2.2	1.5	1.0	0.5		--
91 Day T-Bills			0.0	0.1	1.4	1.1	0.6	0.5	2.1	1.9	0.9	0.3		--
The Clifton Group	31,082,248	1.9												
Total Opportunistic	21,192,978	1.3												
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	3,417,031	0.2												
Sixth Street Partners TAO	17,775,947	1.1												

Since Inception ranking is from the beginning of the first complete month of performance. 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: March 31, 2021

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Fund	1,600,220,108	100.0	3.6	29.0	7.9	8.6	7.2	9.2	15.8	-3.5	15.0	6.0
<i>Interim Policy Index</i>			2.3	23.7	8.4	8.9	7.1	10.3	15.3	-2.1	13.3	7.8
<i>FFP SAA Index</i>			4.2	--	--	--	--	--	--	--	--	--
Total Domestic Equity	377,478,983	23.6	9.7	61.9	14.8	15.7	13.1	13.1	28.7	-5.7	24.5	12.7
<i>Russell 3000</i>			6.3	62.5	17.1	16.6	13.8	20.9	31.0	-5.2	21.1	12.7
PIMCO RAE US	93,040,992	5.8	14.1	64.5	11.9	12.4	11.8	3.9	25.0	-7.0	16.5	15.4
<i>S&P 500</i>			6.2	56.4	16.8	16.3	13.9	18.4	31.5	-4.4	21.8	12.0
Loomis Sayles Large Cap Growth	103,183,233	6.4	2.9	53.4	20.4	--	--	32.3	32.1	-2.1	33.5	--
<i>Russell 1000 Growth</i>			0.9	62.7	22.8	--	--	38.5	36.4	-1.5	30.2	--
Boston Partners Large Cap Value	104,121,129	6.5	14.9	65.2	10.4	--	--	2.0	23.8	-8.9	--	--
<i>Russell 1000 Value</i>			11.3	56.1	11.0	--	--	2.8	26.5	-8.3	--	--
Atlanta Capital Mgmt	77,133,628	4.8	8.0	64.1	14.5	15.5	14.2	10.5	34.1	-5.3	25.6	11.7
<i>Russell 2500</i>			10.9	89.4	15.3	15.9	12.2	20.0	27.8	-10.0	16.8	17.6
Total International Equity	373,154,829	23.3	3.3	59.4	11.5	12.4	8.1	18.6	29.3	-12.8	25.8	1.6
<i>MSCI ACWI ex USA Gross</i>			3.6	50.0	7.0	10.3	5.4	11.1	22.1	-13.8	27.8	5.0
Dodge & Cox Intl Stock	171,017,768	10.7	7.1	57.4	4.0	9.0	5.1	2.1	22.8	-18.0	23.9	8.3
<i>MSCI ACWI ex USA Value Gross</i>			7.2	49.5	3.0	7.9	3.6	-0.2	16.5	-13.4	23.3	9.6
WCM International Growth	202,137,061	12.6	0.1	59.8	18.3	--	--	33.1	35.8	-7.4	--	--
<i>MSCI ACWI ex USA Growth Gross</i>			0.0	49.8	10.7	--	--	22.6	27.8	-14.1	--	--
Total Domestic Fixed Income	274,089,352	17.1	-1.7	8.6	5.3	4.1	3.9	7.7	9.5	0.0	3.9	4.2
<i>BBgBarc US Aggregate TR</i>			-3.4	0.7	4.7	3.1	3.4	7.5	8.7	0.0	3.5	2.6
BlackRock Core Bond	96,460,745	6.0	-3.3	5.0	5.6	--	--	9.1	9.9	0.1	--	--
<i>BBgBarc US Aggregate TR</i>			-3.4	0.7	4.7	--	--	7.5	8.7	0.0	--	--
Dodge & Cox Income Fund	101,471,148	6.3	-2.5	7.4	5.6	--	--	9.4	9.7	-0.3	--	--
<i>BBgBarc US Aggregate TR</i>			-3.4	0.7	4.7	--	--	7.5	8.7	0.0	--	--
Pacific Asset Corporate Loan	76,157,459	4.8	1.5	15.1	4.0	5.0	--	2.6	8.7	0.7	4.6	8.8
<i>S&P/LSTA Leveraged Loan Index</i>			1.8	20.7	4.1	5.3	--	3.1	8.6	0.4	4.1	10.2
Total Global Fixed	140,225,719	8.8	-4.7	19.5	-1.1	2.1	1.5	6.0	6.9	-4.7	13.3	4.1
<i>FTSE World Govt Bond Index</i>			-5.7	1.8	2.1	2.1	1.7	10.1	5.9	-0.8	7.5	1.6
Brandywine Global Fixed Income	70,092,392	4.4	-2.8	--	--	--	--	--	--	--	--	--
<i>FTSE WGBI ex US TR</i>			-6.4	--	--	--	--	--	--	--	--	--

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: March 31, 2021

	Market Value	% of Portfolio	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Ashmore EM Blended Debt Fund	70,133,327	4.4	-6.5	21.8	--	--	--	2.1	--	--	--	--
50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+			-4.6	13.3	--	--	--	3.9	--	--	--	--
Total Real Estate	188,975,613	11.8	1.5	1.1	4.1	5.4	8.3	1.1	4.3	7.5	7.8	6.8
NCREIF Property Index			1.7	2.6	4.9	5.8	8.8	1.6	6.4	6.7	7.0	8.0
JP Morgan Core Real Estate	149,679,128	9.4	1.6	0.8	3.5	4.8	8.6	0.5	3.4	7.0	6.1	7.3
NCREIF-ODCE			2.1	2.3	4.9	6.2	9.7	1.2	5.3	8.3	7.6	8.8
NCREIF Property Index			1.7	2.6	4.9	5.8	8.8	1.6	6.4	6.7	7.0	8.0
ARA American Strategic Value Realty	39,296,485	2.5	0.9	2.3	6.3	--	--	3.8	7.3	9.1	7.4	--
NCREIF-ODCE			2.1	2.3	4.9	--	--	1.2	5.3	8.3	7.6	--
NCREIF Property Index			1.7	2.6	4.9	--	--	1.6	6.4	6.7	7.0	--
Total Private Equity	87,246,903	5.5										
Harbourvest Partners IX Buyout Fund L.P.	15,049,403	0.9										
Pathway Private Equity Fund Investors 9 L.P.	57,153,982	3.6										
Harbourvest 2018 Global Fund L.P.	12,235,522	0.8										
Pathway Private Equity Fund Investors 10 L.P.	2,807,996	0.2										
Total Private Credit	76,501,501	4.8										
Sixth Street Partners DCP	76,501,501	4.8										
Total Cash	61,354,230	3.8	0.2	1.2	1.7	3.0	1.7	1.5	2.1	1.6	8.4	1.6
91 Day T-Bills			0.0	0.1	1.4	1.1	0.6	0.5	2.1	1.9	0.9	0.3
Cash Account	30,271,982	1.9	0.3	1.6	1.9	1.5	0.9	1.9	2.2	1.5	1.0	0.5
91 Day T-Bills			0.0	0.1	1.4	1.1	0.6	0.5	2.1	1.9	0.9	0.3
The Clifton Group	31,082,248	1.9										
Total Opportunistic	21,192,978	1.3										
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	3,417,031	0.2										
Sixth Street Partners TAO	17,775,947	1.1										

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: March 31, 2021

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	11.88%	-4.90%	20.89%	-6.41%	1.09	6.05%	0.92	0.50	-0.81	92.42%	110.61%
Loomis Sayles Large Cap Growth	20.39%	-2.40%	17.65%	0.29%	0.88	4.88%	0.94	1.08	-0.49	84.06%	91.68%
Boston Partners Large Cap Value	10.37%	-0.60%	21.42%	-1.30%	1.06	2.98%	0.98	0.42	-0.20	104.15%	104.72%
Atlanta Capital Mgmt	14.47%	-0.86%	21.76%	1.52%	0.84	7.66%	0.91	0.60	-0.11	77.53%	85.69%
Dodge & Cox Intl Stock	4.02%	1.01%	23.48%	0.57%	1.14	5.04%	0.97	0.11	0.20	123.93%	108.46%
WCM International Growth	18.28%	7.59%	16.25%	8.00%	0.96	4.76%	0.92	1.04	1.59	106.98%	72.27%
BlackRock Core Bond	5.62%	0.96%	4.48%	0.30%	1.14	1.95%	0.82	0.95	0.49	124.75%	123.04%
Dodge & Cox Income Fund	5.60%	0.95%	3.86%	1.66%	0.85	2.47%	0.61	1.10	0.38	106.80%	84.10%
Pacific Asset Corporate Loan	4.02%	-0.10%	6.54%	1.00%	0.73	2.57%	0.97	0.41	-0.04	80.63%	75.48%
JP Morgan Core Real Estate	3.49%	-1.39%	1.65%	2.22%	0.26	2.54%	0.19	1.23	-0.55	25.32%	109.77%
ARA American Strategic Value Realty	6.31%	1.43%	3.08%	7.92%	-0.33	4.72%	0.09	1.61	0.30	--	--

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	12.41%	-3.88%	16.79%	-5.18%	1.08	5.02%	0.92	0.67	-0.77	88.75%	109.11%
Atlanta Capital Mgmt	15.48%	-0.45%	17.63%	2.11%	0.84	6.77%	0.88	0.81	-0.07	79.19%	86.79%
Dodge & Cox Intl Stock	8.96%	1.07%	19.25%	-0.02%	1.14	4.49%	0.96	0.41	0.24	122.85%	106.95%
Pacific Asset Corporate Loan	5.00%	-0.28%	5.12%	1.13%	0.73	2.05%	0.97	0.76	-0.14	82.92%	75.63%
JP Morgan Core Real Estate	4.84%	-1.36%	1.43%	3.67%	0.19	2.79%	0.16	2.57	-0.49	26.93%	109.77%

Private Markets
Non Marketable Securities Overview

Period Ending: March 31, 2021

IRR Analysis as of IRR date												
Vintage	Manager & Fund Name	Estimated 3/31 Market Value ³	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value as of IRR date	Distrib./ Paid-In (DPI) ¹	Tot. Value/ Paid-In (TVPI) ²	Net IRR Since Inception ⁵	IRR Date
2011	HarbourVest Partners IX-Buyout Fund L.P.	\$15,049,403	\$20,000,000	\$17,050,000	85%	\$2,950,000	\$13,934,500	\$14,950,808	81.7%	170.0%	18.1%	9/30/20
2018	HarbourVest Partners 2018 Global Fund L.P.	\$12,235,522	\$20,000,000	\$8,022,400	40%	\$11,977,600	\$4,467,898	\$9,143,151	-	-	24.2%	9/30/20
2010	KKR Mezzanine Partners I L.P. ⁶	\$3,417,031	\$20,000,000	\$20,000,000	100%	\$0	\$29,566,840	\$3,448,434	147.8%	164.9%	9.9%	9/30/20
2016	Sixth Street Partners Diversified Credit Program**	\$76,501,501	\$113,750,000	\$70,157,494	62%	\$43,592,506	\$12,523,848	\$65,280,620	17.9%	126.9%	8.9%	9/30/20
2017	Pathway Private Equity Fund Investors 9 L.P.	\$57,153,982	\$65,000,000	\$37,005,356	57%	\$27,994,644	\$394,145	\$48,167,058	1.1%	155.5%	24.5%	12/31/20
2020	Pathway Private Equity Fund Investors 10 L.P.	\$2,807,996	\$20,000,000	\$1,100,678	6%	\$18,899,322	\$46,848	-	4.3%	259.4%	-	-
2020	Sixth Street Partners Adjacent Opportunities Partners**	\$17,775,947	\$60,000,000	\$14,741,326	25%	\$45,258,674	\$0	\$8,254,667	0.0%	120.6%	10.2%	12/31/20
Total Alternative Illiquids		\$184,941,382	\$338,750,000	\$188,077,254	56%	\$150,672,746	\$88,979,254	\$149,345,367	79.4%	126.7%		
% of Portfolio (Market Value)		11.6%										

	Management Fee	Admin Fee	Interest Expense	Other Expense	Total Expense ⁷
HarbourVest Partners IX-Buyout Fund L.P.	\$49,819	\$0	\$13	\$7,223	\$57,055
HarbourVest Partners 2018 Global Fund L.P.	\$47,056	\$0	\$18	\$18,187	\$65,261
KKR Mezzanine Partners I L.P.	\$16,024	\$0	\$0	\$15,388	\$31,412
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*	\$217,539	\$0	\$229,263	\$120,587	\$567,389
	\$330,438	\$0	\$229,294	\$180,941	\$740,673

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.

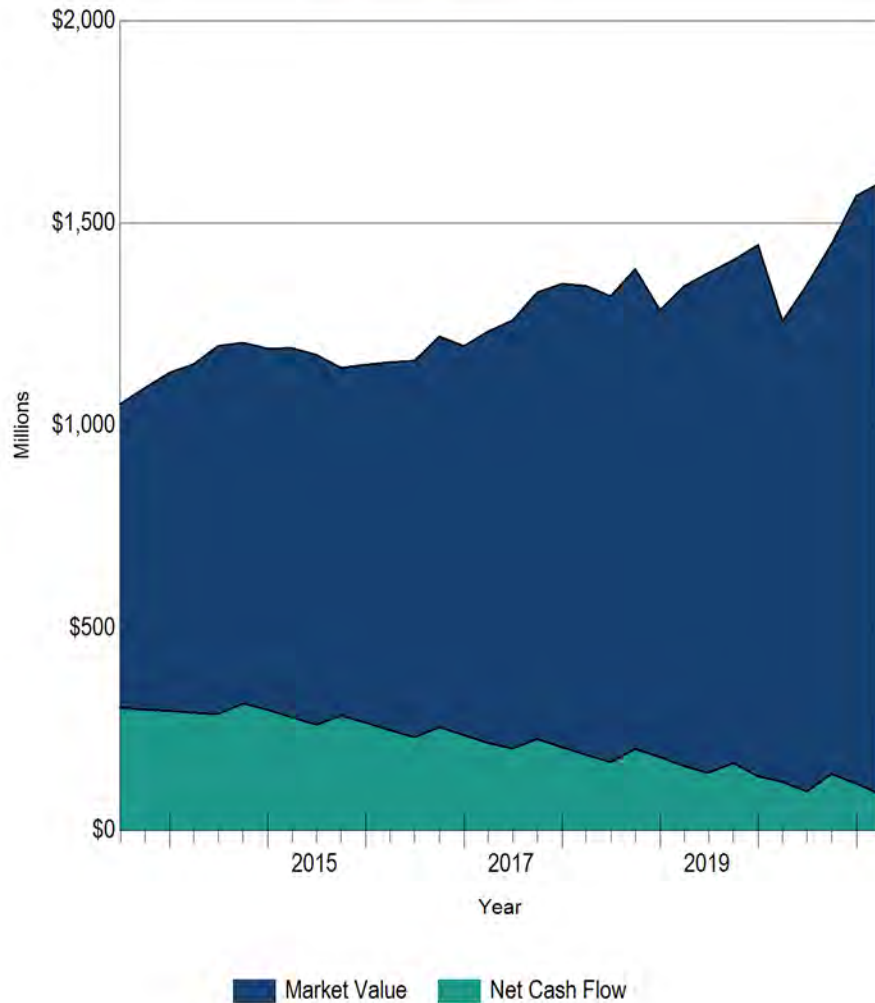
⁶KKR: As of 3Q2020, total capital called is \$23,714,418, which includes recycled distributions. Unused capital commitment is \$1,988,589 after including distribution proceeds available for reinvestment

⁷All fees and expenses are for 3Q 2020.

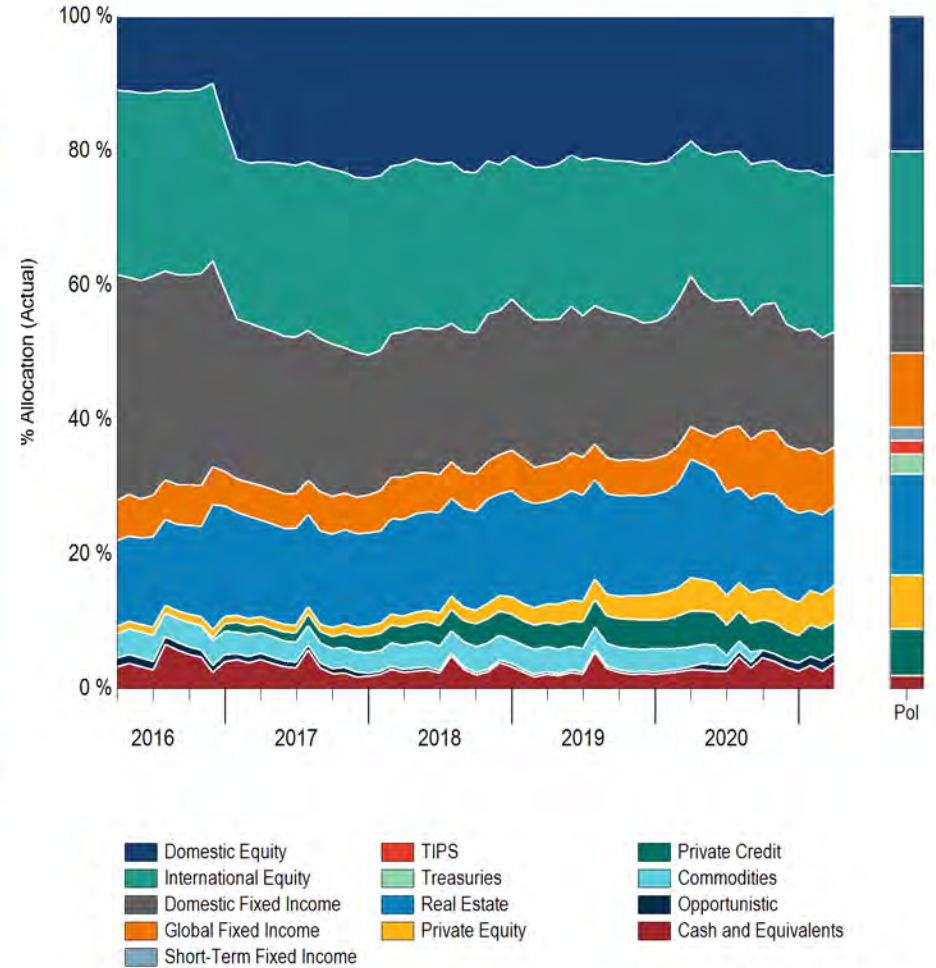
*Fees and expenses for 4Q2020

**Sixth Street Partners was previously TPG

Market Value History



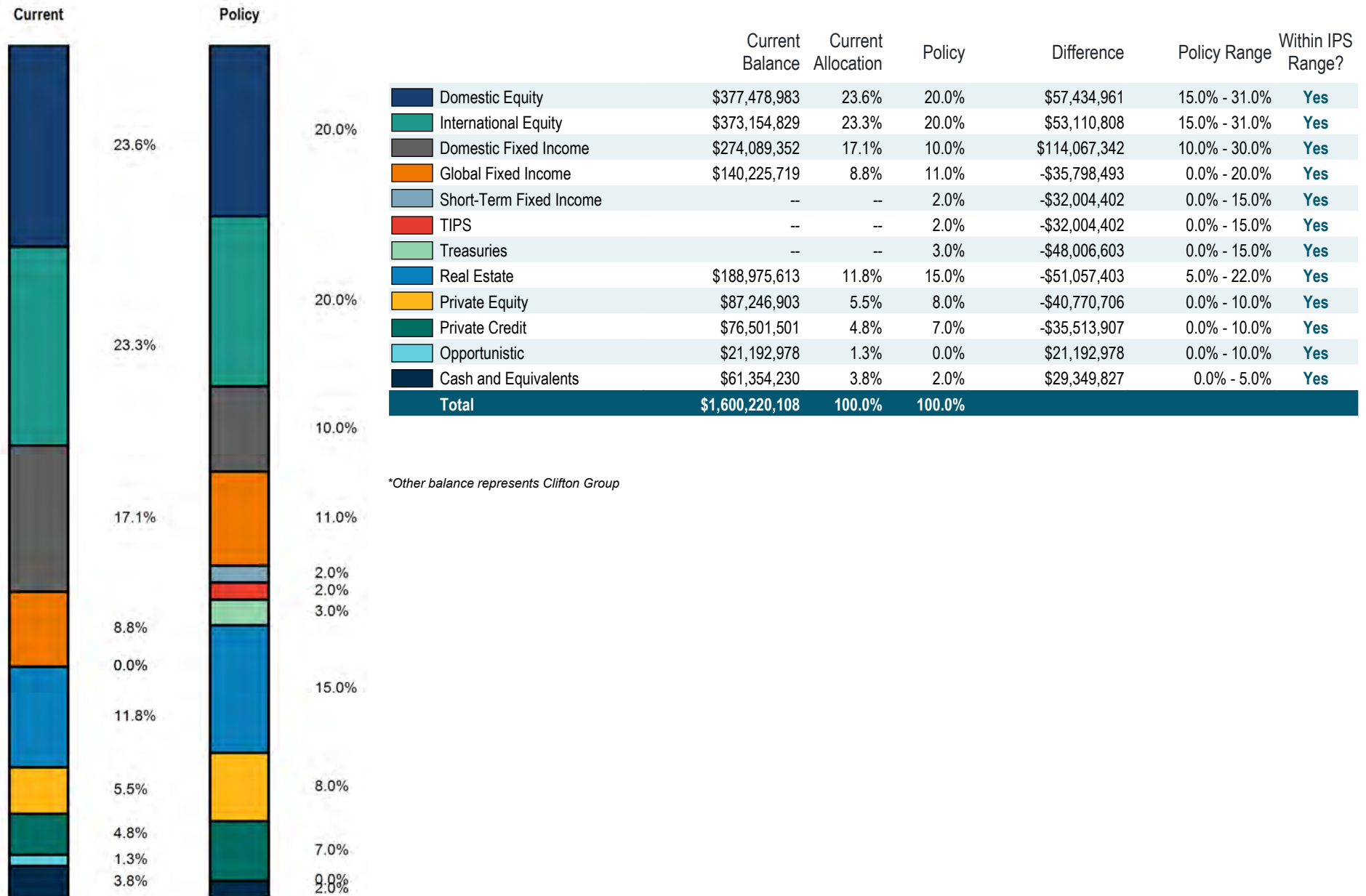
Asset Allocation History



*Other balance represents Clifton Group

Total Fund
Asset Allocation vs. Policy

Period Ending: March 31, 2021



Total Fund Investment Fund Fee Analysis

Period Ending: March 31, 2021

Account	Fee Schedule	Market Value As of 3/31/2021	% 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	\$39,296,485	2.5%	\$462,261	1.18%
Ashmore EM Blended Debt Fund	1.00% of Assets	\$70,133,327	4.4%	\$701,333	1.00%
Atlanta Capital Mgmt	0.80% of First 50.0 Mil, 0.70% of Next 100.0 Mil, 0.60% Thereafter	\$77,133,628	4.8%	\$589,935	0.76%
BlackRock Core Bond	0.28% of First 100.0 Mil, 0.26% Thereafter	\$96,460,745	6.0%	\$270,090	0.28%
Boston Partners Large Cap Value	0.40% of Assets	\$104,121,129	6.5%	\$416,485	0.40%
Brandywine Global Fixed Income	0.45% of First 50.0 Mil, 0.40% of Next 50.0 Mil, 0.35% Thereafter	\$70,092,392	4.4%	\$305,370	0.44%
Cash Account	No Fee	\$30,271,982	1.9%	--	--
Dodge & Cox Income Fund	0.42% of Assets	\$101,471,148	6.3%	\$426,179	0.42%
Dodge & Cox Intl Stock	0.64% of Assets	\$171,017,768	10.7%	\$1,094,514	0.64%
Harbourvest 2018 Global Fund L.P.	282,000 Annually	\$12,235,522	0.8%	\$282,000	2.30%
Harbourvest Partners IX Buyout Fund L.P.	200,000 Annually	\$15,049,403	0.9%	\$200,000	1.33%
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	\$149,679,128	9.4%	\$1,317,433	0.88%
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	300,000 Annually	\$3,417,031	0.2%	\$300,000	8.78%
Loomis Sayles Large Cap Growth	0.45% of First 100.0 Mil, 0.40% Thereafter	\$103,183,233	6.4%	\$462,733	0.45%
Pacific Asset Corporate Loan	0.37% of Assets	\$76,157,459	4.8%	\$281,783	0.37%
Pathway Private Equity Fund Investors 10 L.P.	Please see footnote	\$2,807,996	0.2%	--	--
Pathway Private Equity Fund Investors 9 L.P.	Please see footnote	\$57,153,982	3.6%	--	--
PIMCO RAE US	0.40% of Assets	\$93,040,992	5.8%	\$372,164	0.40%
Sixth Street Partners DCP	Please see footnote	\$76,501,501	4.8%	--	--
Sixth Street Partners TAO	Please see footnote	\$17,775,947	1.1%	--	--
The Clifton Group	50,000 Annually	\$31,082,248	1.9%	\$50,000	0.16%
WCM International Growth	0.70% of Assets	\$202,137,061	12.6%	\$1,414,959	0.70%
Investment Management Fee		\$1,600,220,108	100.0%	\$8,947,239	0.56%

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.

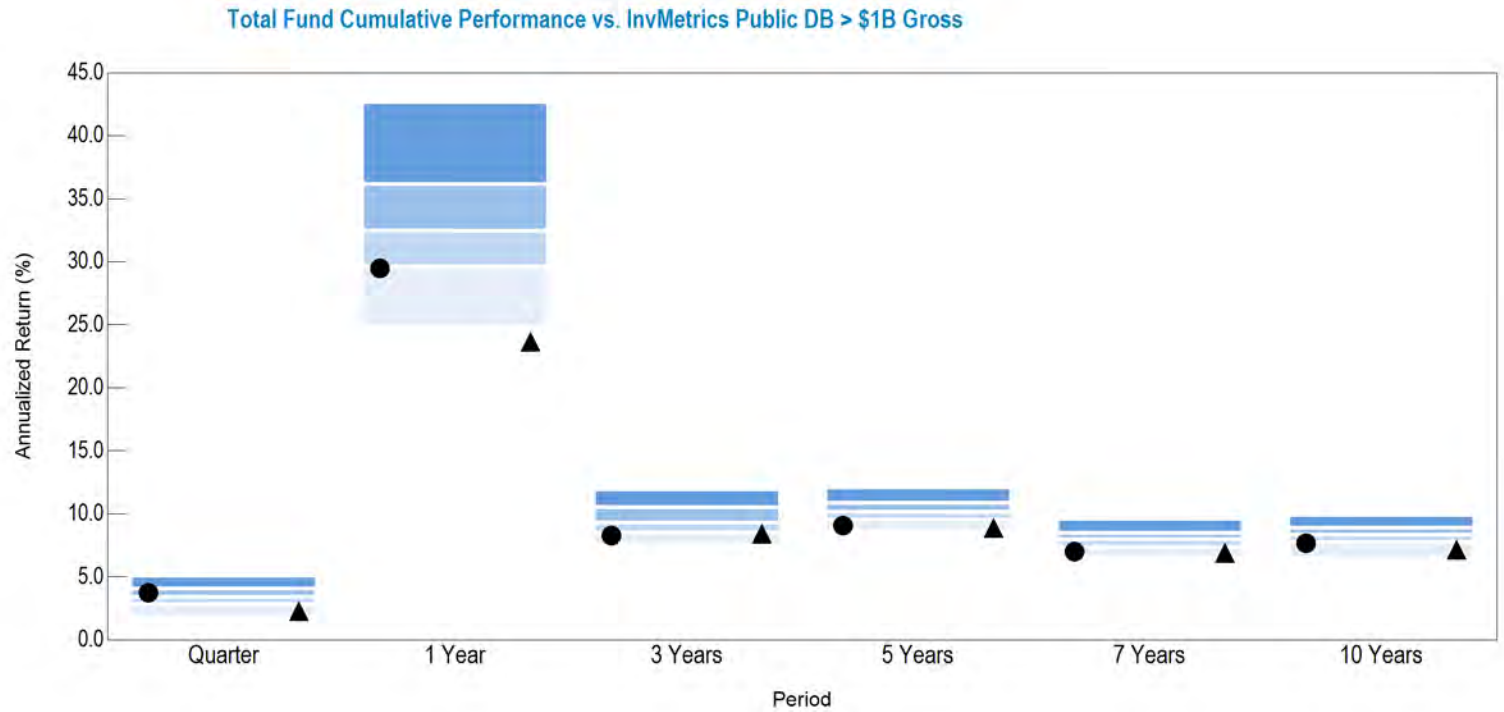
Clifton Group fee schedule represents contractual minimum fee. Actual fee charged is \$1,500 per month through at least 6/30/2015.

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) TIPC 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: March 31, 2021

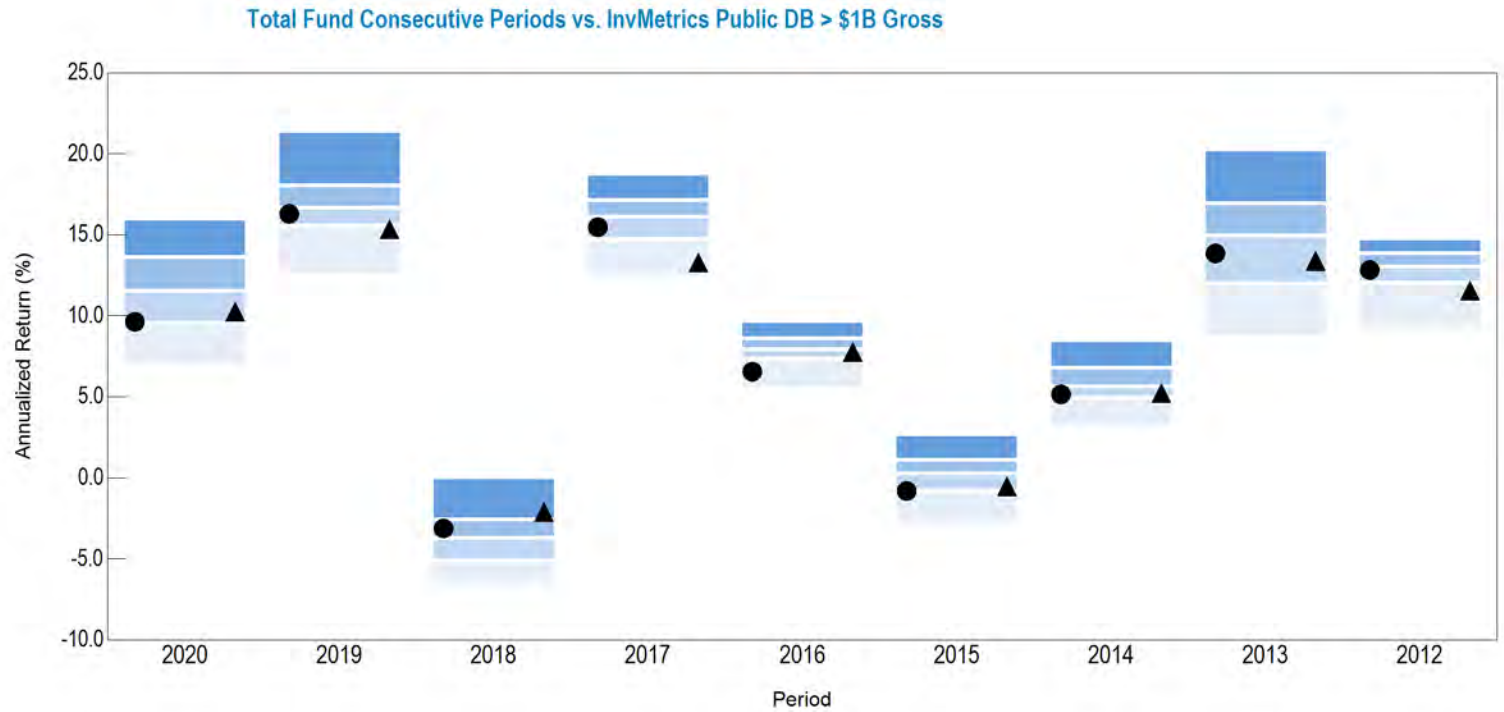


	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	5.1		42.6		11.9		12.1		9.6		9.9	
25th Percentile	4.1		36.2		10.6		10.9		8.5		8.9	
Median	3.4		32.5		9.3		10.2		8.0		8.4	
75th Percentile	2.9		29.7		8.6		9.6		7.4		7.8	
95th Percentile	1.8		24.9		7.6		8.7		6.5		6.5	
# of Portfolios	96		96		96		96		95		91	
● Total Fund	3.7	(36)	29.5	(76)	8.3	(84)	9.1	(90)	7.0	(87)	7.7	(77)
▲ Interim Policy Index	2.3	(87)	23.7	(98)	8.4	(78)	8.9	(93)	6.9	(91)	7.1	(91)

Total Fund

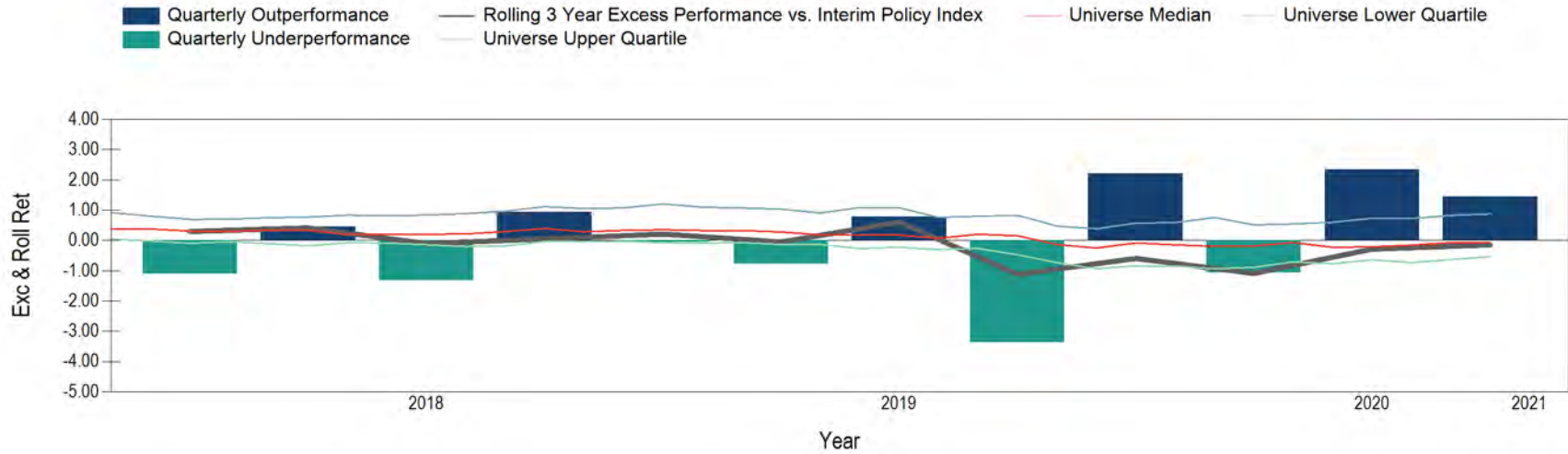
Peer Universe Comparison: Consecutive Periods (Gross of Fees)

Period Ending: March 31, 2021

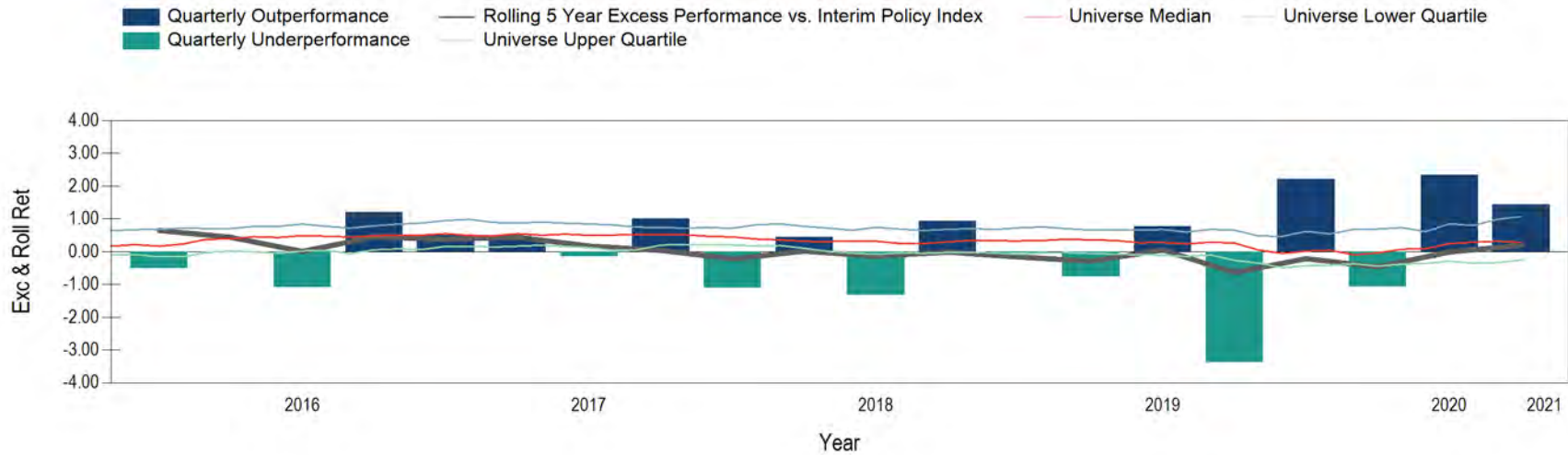


	2020		2019		2018		2017		2016		2015		2014		2013		2012	
5th Percentile	16.0	21.4	0.0	18.8	9.7	2.7	8.5	20.2	14.7	16.0	21.4	0.0	18.8	9.7	2.7	8.5	20.2	14.7
25th Percentile	13.6	18.1	-2.6	17.2	8.6	1.1	6.8	17.0	13.9	13.6	18.1	-2.6	17.2	8.6	1.1	6.8	17.0	13.9
Median	11.5	16.7	-3.7	16.2	8.0	0.3	5.7	15.0	13.0	11.5	16.7	-3.7	16.2	8.0	0.3	5.7	15.0	13.0
75th Percentile	9.6	15.6	-5.1	14.8	7.4	-0.7	4.9	12.0	12.1	9.6	15.6	-5.1	14.8	7.4	-0.7	4.9	12.0	12.1
95th Percentile	6.9	12.5	-6.6	12.4	5.5	-2.8	3.1	8.7	9.2	6.9	12.5	-6.6	12.4	5.5	-2.8	3.1	8.7	9.2
# of Portfolios	94	81	71	98	92	98	79	67	74	94	81	71	98	92	98	79	67	74
● Total Fund	9.6 (75)	16.3 (60)	-3.1 (36)	15.5 (69)	6.6 (91)	-0.8 (80)	5.1 (69)	13.8 (69)	12.8 (58)	9.6 (75)	16.3 (60)	-3.1 (36)	15.5 (69)	6.6 (91)	-0.8 (80)	5.1 (69)	13.8 (69)	12.8 (58)
▲ Interim Policy Index	10.3 (69)	15.3 (81)	-2.1 (20)	13.3 (90)	7.8 (62)	-0.5 (70)	5.2 (67)	13.4 (70)	11.6 (88)	10.3 (69)	15.3 (81)	-2.1 (20)	13.3 (90)	7.8 (62)	-0.5 (70)	5.2 (67)	13.4 (70)	11.6 (88)

Rolling 3 Year Annualized Excess Performance



Rolling 5 Year Annualized Excess Performance



Total Domestic Equity
Asset Class Overview (Gross of Fees)

Period Ending: March 31, 2021

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Domestic Equity	377,478,983	9.9	62.7	15.3	16.2	13.6	13.7	29.4	-5.2	25.1	13.0
<i>Russell 3000</i>		6.3	62.5	17.1	16.6	13.8	20.9	31.0	-5.2	21.1	12.7
<i>InvMetrics Public DB US Eq Gross Rank</i>		6	62	75	47	36	91	66	36	4	48
PIMCO RAE US	93,040,992	14.3	65.1	12.3	12.9	12.2	4.4	25.5	-6.6	17.0	15.9
<i>S&P 500</i>		6.2	56.4	16.8	16.3	13.9	18.4	31.5	-4.4	21.8	12.0
<i>eV US Large Cap Core Equity Gross Rank</i>		2	16	86	85	89	96	83	72	89	6
Loomis Sayles Large Cap Growth	103,183,233	3.0	54.1	20.9	--	--	32.8	32.7	-1.7	34.1	--
<i>Russell 1000 Growth</i>		0.9	62.7	22.8	--	--	38.5	36.4	-1.5	30.2	--
<i>eV US Large Cap Growth Equity Gross Rank</i>		35	82	62	--	--	61	68	58	16	--
Boston Partners Large Cap Value	104,121,129	15.0	65.8	10.8	--	--	2.4	24.3	-8.5	--	--
<i>Russell 1000 Value</i>		11.3	56.1	11.0	--	--	2.8	26.5	-8.3	--	--
<i>eV US Large Cap Value Equity Gross Rank</i>		16	30	63	--	--	64	77	54	--	--
Atlanta Capital Mgmt	77,133,628	8.2	65.4	15.4	16.4	15.0	11.4	35.1	-4.5	26.6	12.6
<i>Russell 2500</i>		10.9	89.4	15.3	15.9	12.2	20.0	27.8	-10.0	16.8	17.6
<i>eV US Small-Mid Cap Equity Gross Rank</i>		72	91	47	46	17	62	14	25	15	62

U.S. Effective Style Map
3 Years Ending March 31, 2021



U.S. Effective Style Map
5 Years Ending March 31, 2021



Total Domestic Equity
Asset Class Overview (Net of Fees)

Period Ending: March 31, 2021

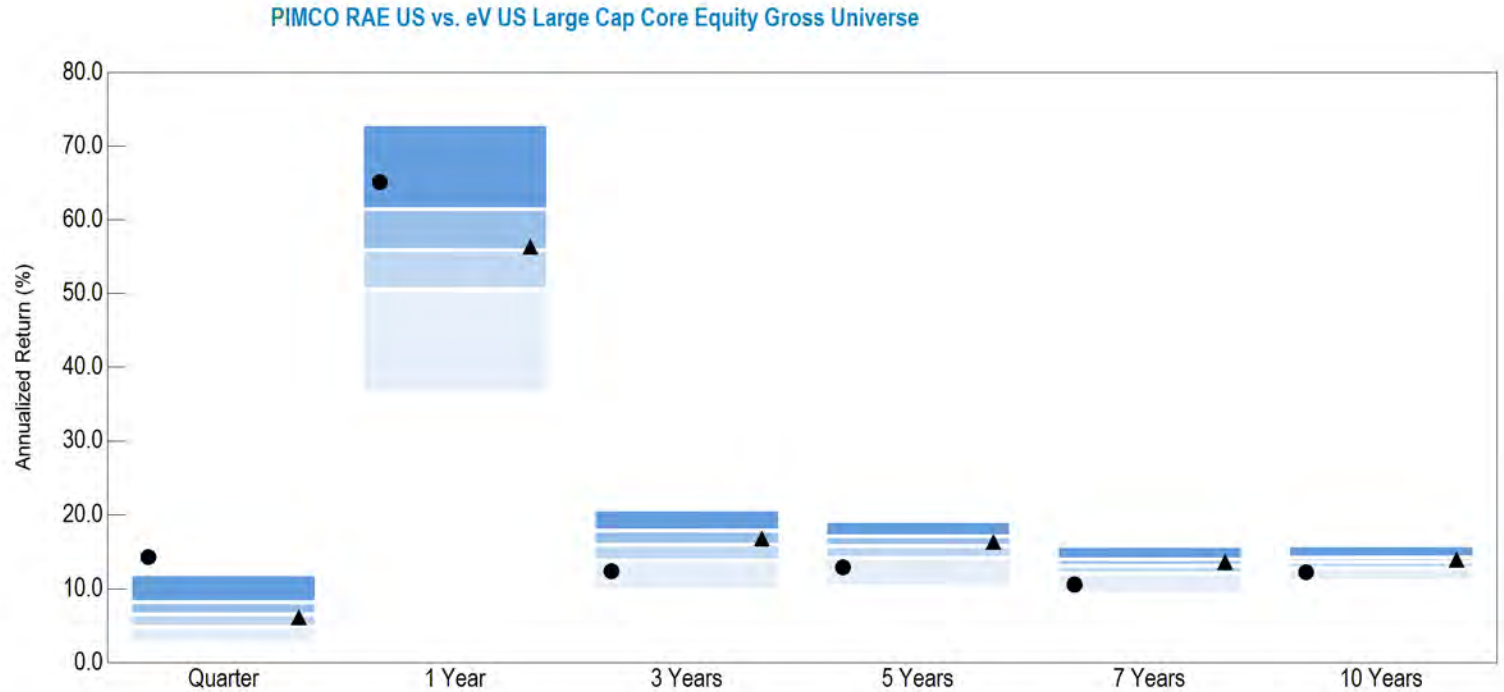
	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Domestic Equity	377,478,983	9.7	61.9	14.8	15.7	13.1	13.1	28.7	-5.7	24.5	12.7
<i>Russell 3000</i>		6.3	62.5	17.1	16.6	13.8	20.9	31.0	-5.2	21.1	12.7
PIMCO RAE US	93,040,992	14.1	64.5	11.9	12.4	11.8	3.9	25.0	-7.0	16.5	15.4
<i>S&P 500</i>		6.2	56.4	16.8	16.3	13.9	18.4	31.5	-4.4	21.8	12.0
Loomis Sayles Large Cap Growth	103,183,233	2.9	53.4	20.4	--	--	32.3	32.1	-2.1	33.5	--
<i>Russell 1000 Growth</i>		0.9	62.7	22.8	--	--	38.5	36.4	-1.5	30.2	--
Boston Partners Large Cap Value	104,121,129	14.9	65.2	10.4	--	--	2.0	23.8	-8.9	--	--
<i>Russell 1000 Value</i>		11.3	56.1	11.0	--	--	2.8	26.5	-8.3	--	--
Atlanta Capital Mgmt	77,133,628	8.0	64.1	14.5	15.5	14.2	10.5	34.1	-5.3	25.6	11.7
<i>Russell 2500</i>		10.9	89.4	15.3	15.9	12.2	20.0	27.8	-10.0	16.8	17.6

Total Domestic Equity
 Asset Class Overview (Net of Fees)

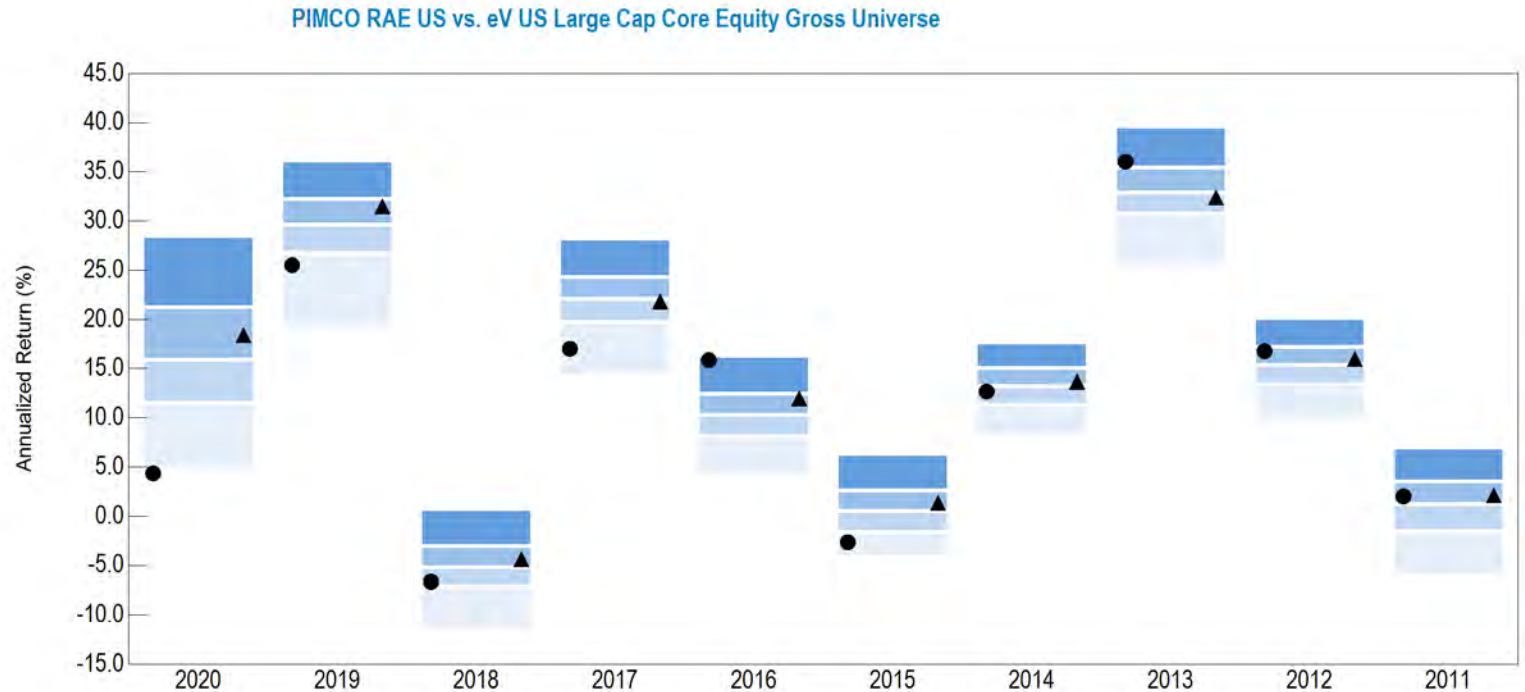
Period Ending: March 31, 2021

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	0.82	1.00	--	--	--	--
Loomis Sayles Large Cap Growth	0.71	0.18	1.00	--	--	--
Boston Partners Large Cap Value	0.77	1.00	0.09	1.00	--	--
Atlanta Capital Mgmt	0.97	0.86	0.57	0.83	1.00	--
Russell 3000	0.91	0.52	0.91	0.46	0.86	1.00

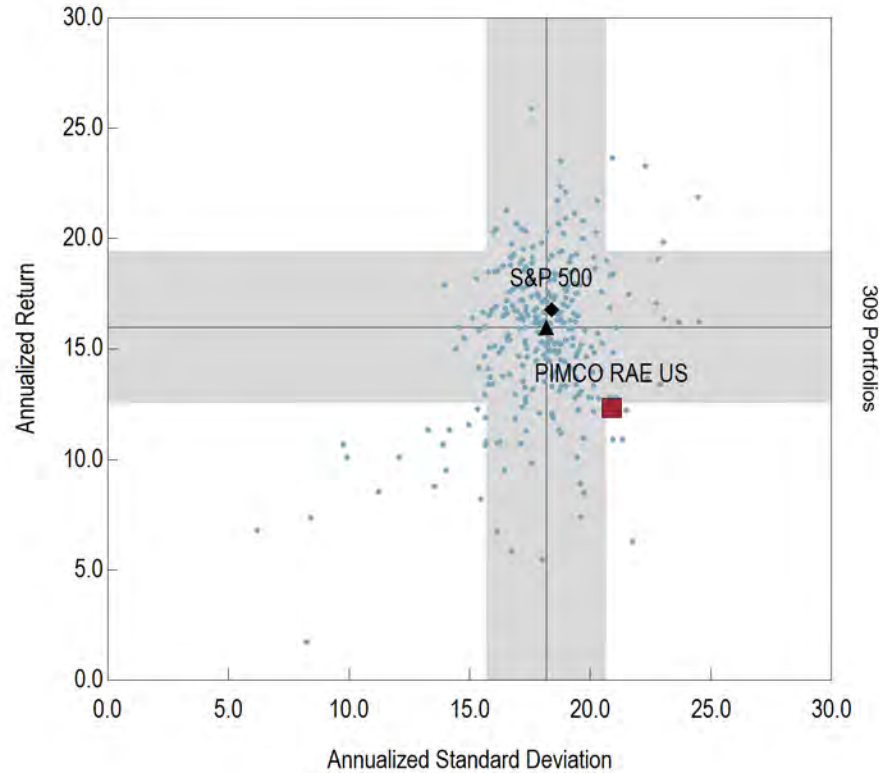


	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	11.9		73.0		20.7		19.1		15.7		15.8	
25th Percentile	8.3		61.5		17.9		17.1		14.0		14.3	
Median	6.6		56.0		16.0		15.8		13.1		13.7	
75th Percentile	5.0		50.7		13.8		14.2		12.1		12.8	
95th Percentile	2.7		36.6		10.0		10.4		9.4		11.1	
# of Portfolios	321		321		309		285		267		227	
● PIMCO RAE US	14.3	(2)	65.1	(16)	12.3	(86)	12.9	(85)	10.6	(92)	12.2	(89)
▲ S&P 500	6.2	(57)	56.4	(47)	16.8	(37)	16.3	(38)	13.6	(34)	13.9	(37)



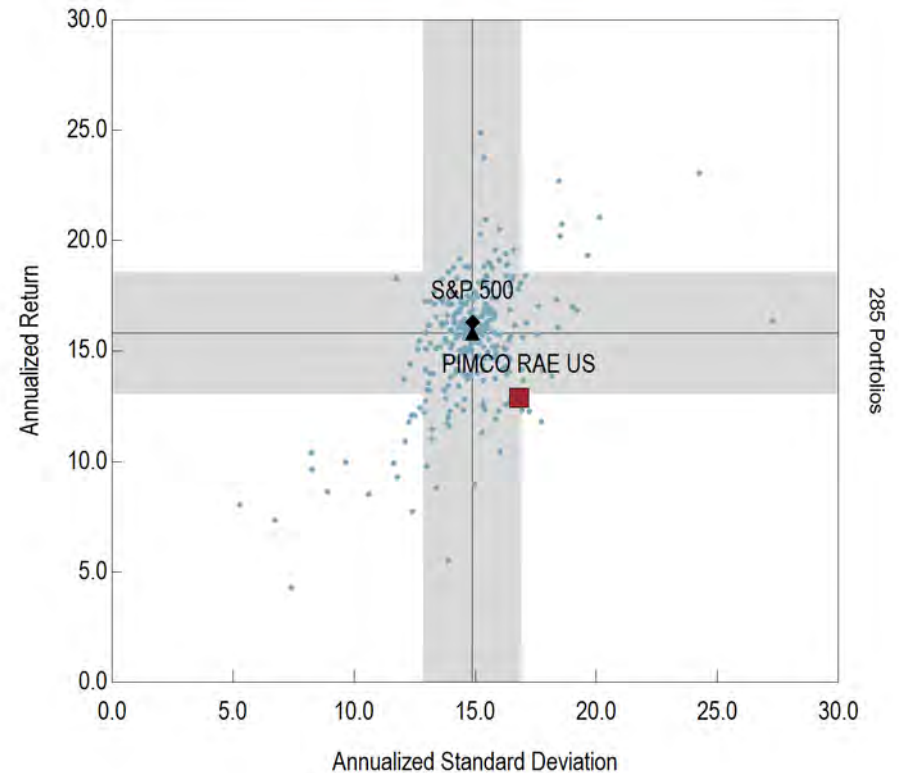
	Return (Rank)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
5th Percentile	28.5	36.1	0.7	28.2	16.3	6.3	17.7	39.6	20.1	7.0
25th Percentile	21.3	32.3	-3.0	24.3	12.5	2.7	15.1	35.5	17.2	3.6
Median	15.9	29.7	-5.1	22.1	10.4	0.6	13.3	32.9	15.4	1.3
75th Percentile	11.6	26.8	-7.1	19.8	8.2	-1.6	11.4	30.8	13.4	-1.5
95th Percentile	4.8	19.2	-11.4	14.4	4.3	-4.1	8.2	25.4	9.8	-5.9
# of Portfolios	323	318	316	318	308	267	267	261	254	259
● PIMCO RAE US	4.4 (96)	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)
▲ S&P 500	18.4 (41)	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)

Annualized Return vs. Annualized Standard Deviation
 3 Years Ending March 31, 2021



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

Annualized Return vs. Annualized Standard Deviation
 5 Years Ending March 31, 2021



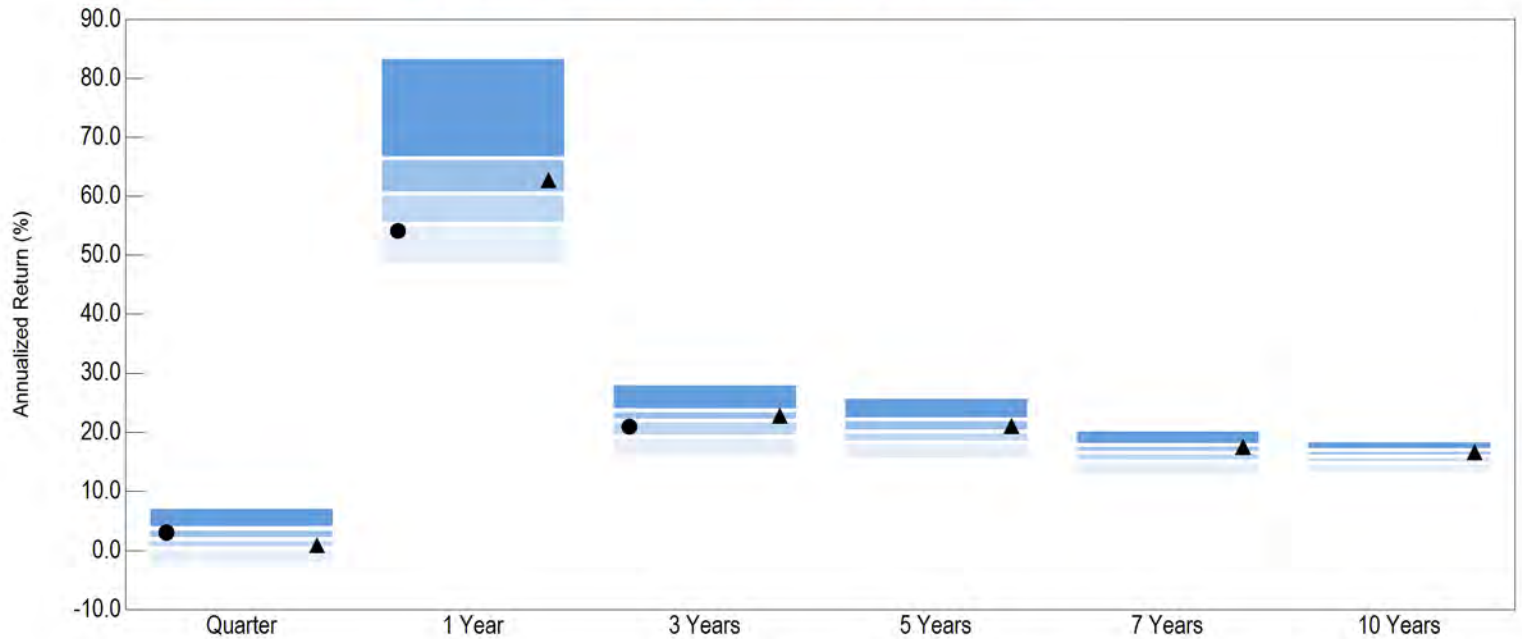
- PIMCO RAE US
- ◆ S&P 500
- ▲ Universe Median
- 68% Confidence Interval
- eV US Large Cap Core Equity Gross



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

Period Ending: March 31, 2021

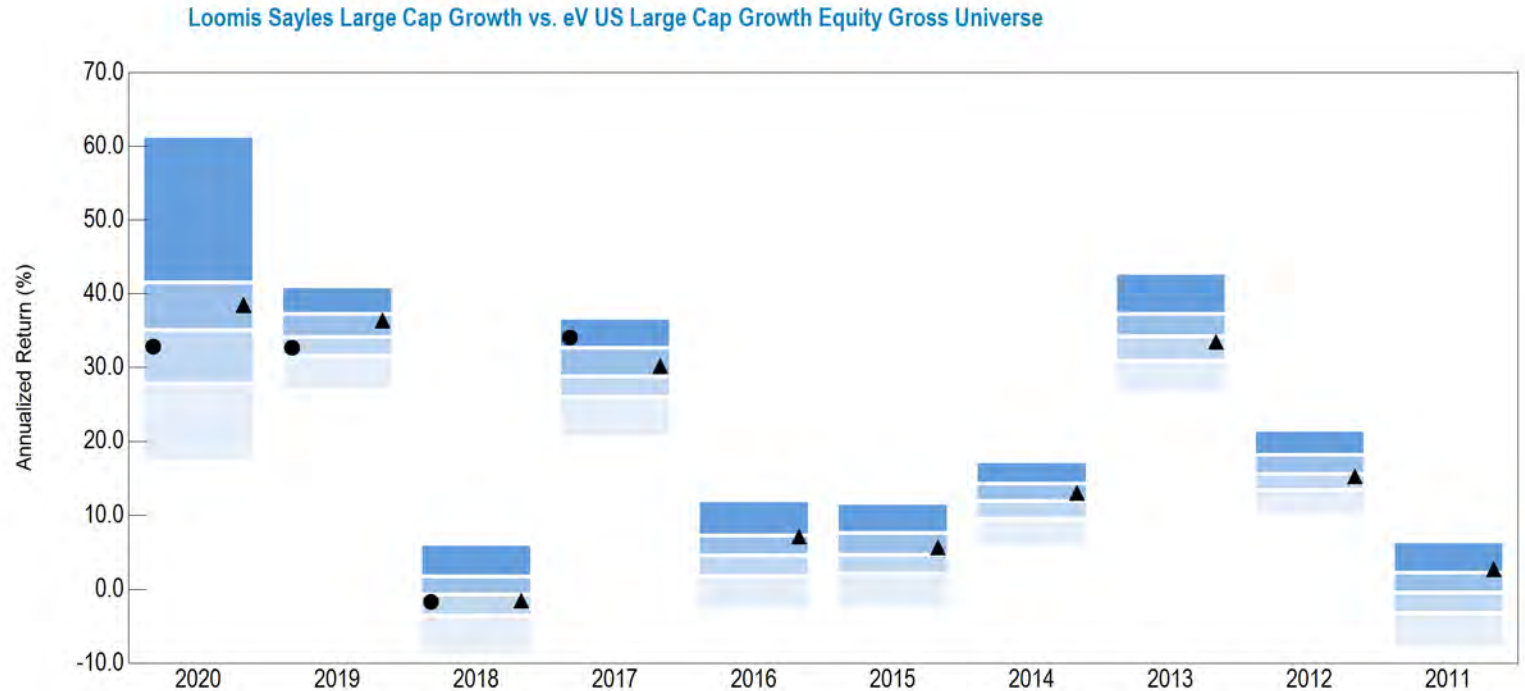
Loomis Sayles Large Cap Growth vs. eV US Large Cap Growth Equity Gross Universe



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	7.3		83.5		28.2		26.0		20.4		18.6	
25th Percentile	3.8		66.5		23.8		22.3		17.9		17.0	
Median	2.1		60.5		22.0		20.2		16.6		16.0	
75th Percentile	0.6		55.3		19.3		18.3		15.1		14.9	
95th Percentile	-2.2		48.4		15.8		15.4		12.4		13.1	
# of Portfolios	259		259		254		234		226		210	
● Loomis Sayles Large Cap Growth	3.0	(35)	54.1	(82)	20.9	(62)	--	(--)	--	(--)	--	(--)
▲ Russell 1000 Growth	0.9	(70)	62.7	(40)	22.8	(36)	21.0	(43)	17.5	(34)	16.6	(32)

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

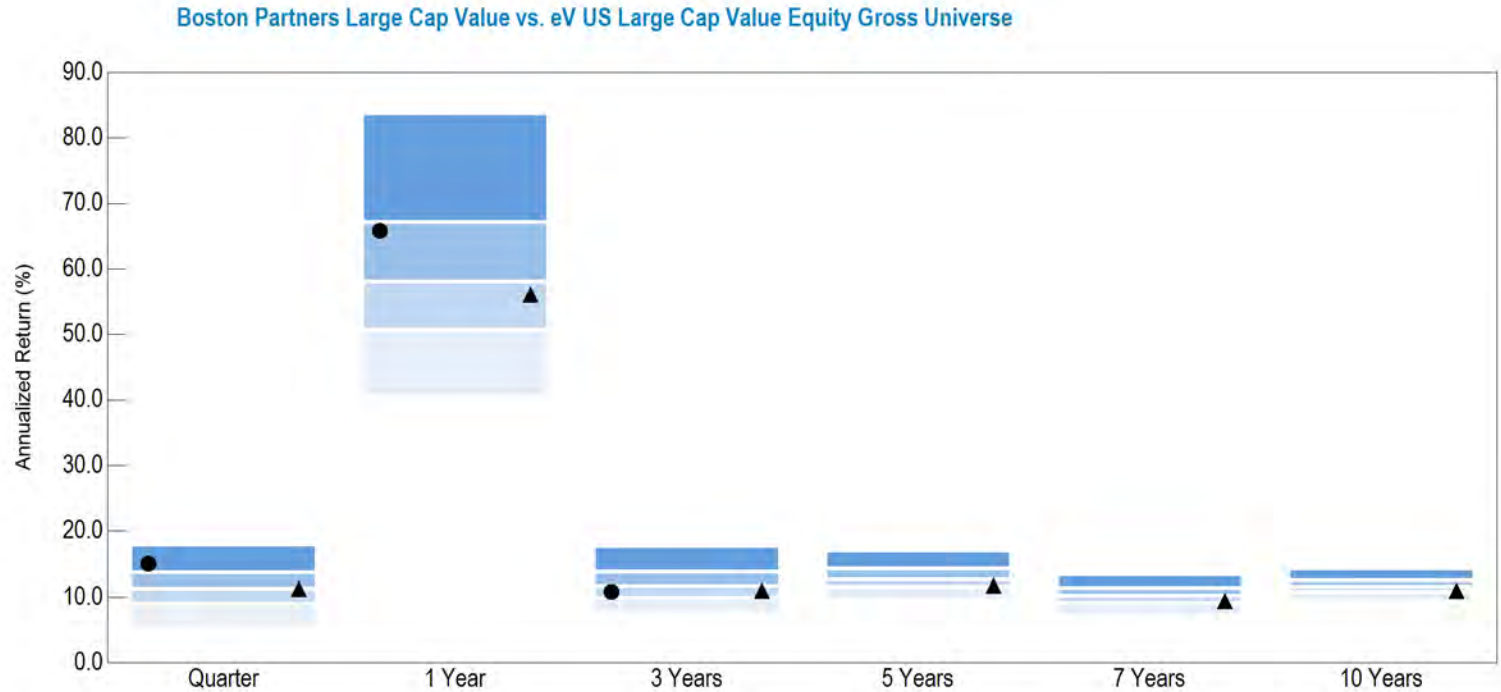
Period Ending: March 31, 2021



	Return (Rank)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
5th Percentile	61.4	41.0	6.1	36.7	12.0	11.6	17.3	42.8	21.6	6.4
25th Percentile	41.6	37.3	1.7	32.7	7.3	7.6	14.3	37.3	18.2	2.2
Median	35.2	34.2	-0.6	28.8	4.6	4.7	12.0	34.3	15.7	-0.3
75th Percentile	27.9	31.7	-3.5	26.2	1.8	2.1	9.5	31.0	13.4	-3.2
95th Percentile	17.4	26.9	-8.8	20.5	-2.7	-2.4	5.8	26.6	10.2	-8.0
# of Portfolios	263	253	255	265	282	270	291	274	274	294
● Loomis Sayles Large Cap Growth	32.8 (61)	32.7 (68)	-1.7 (58)	34.1 (16)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
▲ Russell 1000 Growth	38.5 (34)	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)

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

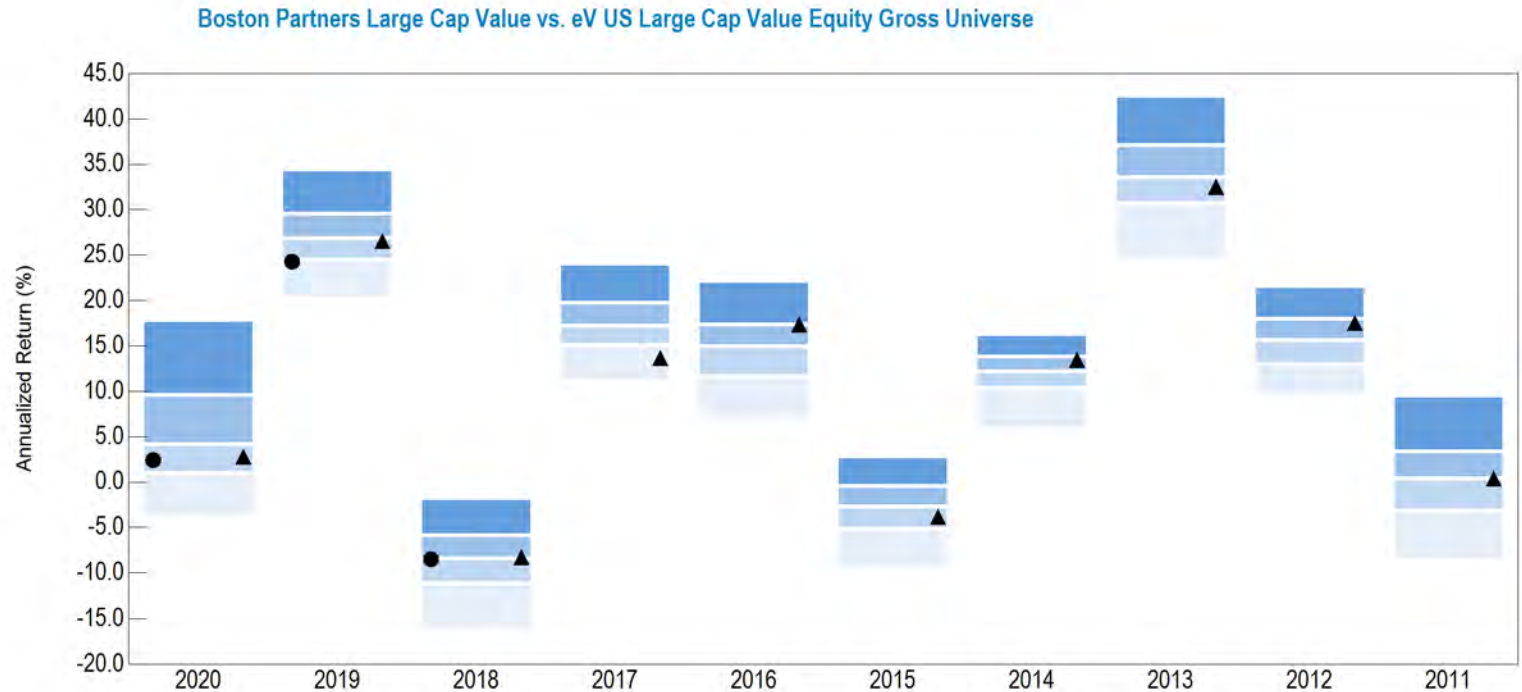
Period Ending: March 31, 2021



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	17.8		83.7		17.7		17.0		13.4		14.3	
25th Percentile	13.8		67.2		13.9		14.3		11.4		12.6	
Median	11.4		58.2		11.7		12.8		10.2		11.7	
75th Percentile	9.1		50.8		10.0		11.7		9.2		10.8	
95th Percentile	5.5		40.6		7.6		9.4		7.4		9.3	
# of Portfolios	327		326		320		305		289		260	
● Boston Partners Large Cap Value	15.0	(16)	65.8	(30)	10.8	(63)	--	(--)	--	(--)	--	(--)
▲ Russell 1000 Value	11.3	(53)	56.1	(57)	11.0	(60)	11.7	(73)	9.4	(70)	11.0	(70)

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

Period Ending: March 31, 2021



	Return (Rank)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
5th Percentile	17.8	34.4	-1.8	24.0	22.1	2.8	16.3	42.5	21.5	9.5
25th Percentile	9.6	29.6	-5.8	19.8	17.4	-0.4	13.9	37.2	18.0	3.4
Median	4.2	26.9	-8.3	17.2	15.0	-2.6	12.2	33.6	15.7	0.5
75th Percentile	1.1	24.5	-11.1	15.1	11.8	-5.1	10.4	30.8	13.0	-3.1
95th Percentile	-3.8	20.3	-16.1	11.2	7.0	-9.4	5.9	24.6	9.6	-8.6
# of Portfolios	326	331	336	342	346	312	307	310	303	310
● Boston Partners Large Cap Value	2.4 (64)	24.3 (77)	-8.5 (54)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
▲ Russell 1000 Value	2.8 (62)	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)

Characteristics

	Portfolio	Russell 2500
Number of Holdings	56	2,524
Weighted Avg. Market Cap. (\$B)	10.51	7.34
Median Market Cap. (\$B)	9.31	1.55
Price To Earnings	35.91	25.45
Price To Book	3.62	3.05
Price To Sales	2.55	2.00
Return on Equity (%)	11.36	-0.51
Yield (%)	0.64	1.09
Beta	0.84	1.00

Sector Allocation (%) vs Russell 2500



*Unclassified includes Cash

Top Holdings
 Ending Period Weight

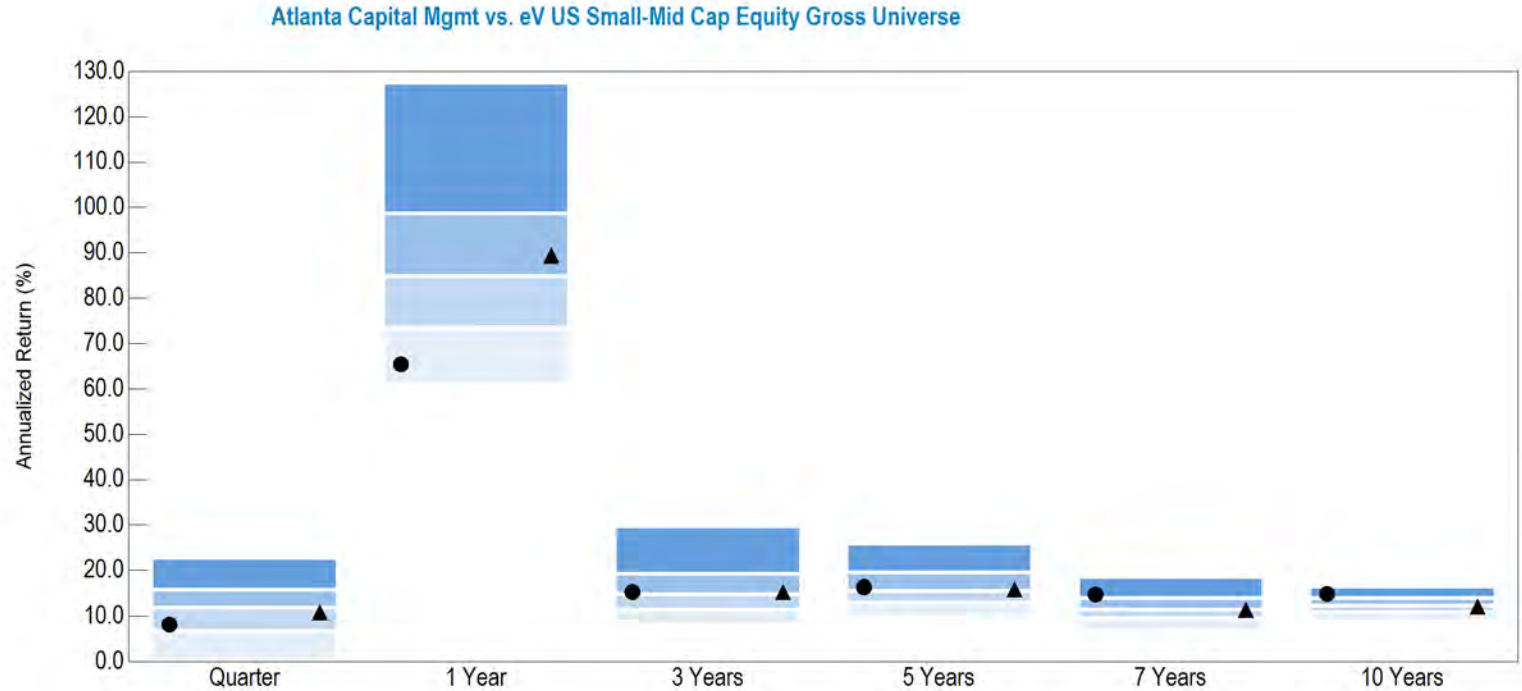
BERKLEY (W.R.) CORP	4.87%
ARAMARK	3.63%
CARLISLE COS INC	3.57%
J.B. HUNT TRANSPORT SERVICES INC.	3.54%
WEX INC	3.46%
TERMINIX GLOBAL HOLDINGS INC	3.17%
JPMORGAN FEDERAL MMKT - AGENCY SHR FUND 355 MONTHLY VARIABLE 12312049	3.17%
ENVISTA HOLDINGS CORP	3.13%
APTARGROUP INC.	2.74%
GARTNER INC	2.53%
Total	33.81%

Top Contributors

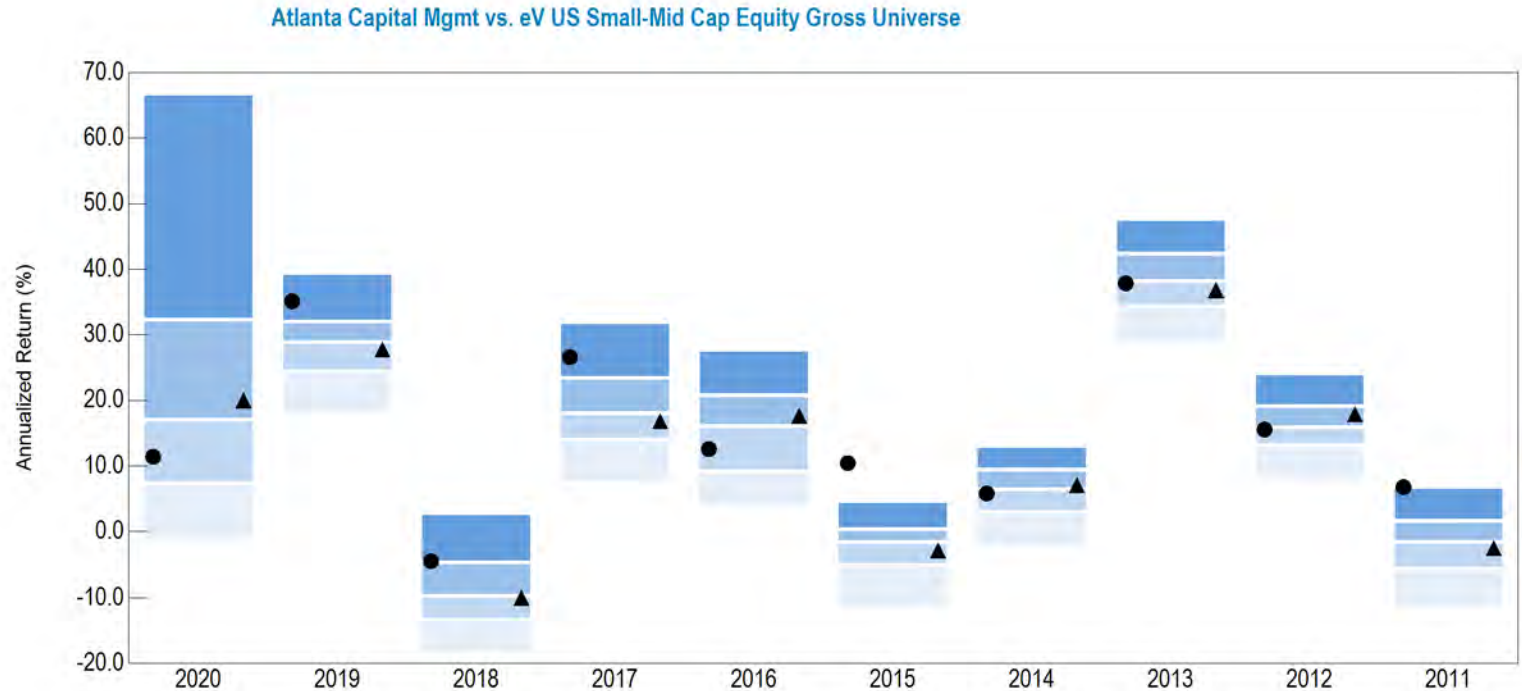
	Avg Wgt	Return	Contribution
AFFILIATED MANAGERS GROUP INC.	1.75	46.55	0.81
J.B. HUNT TRANSPORT SERVICES INC.	3.11	23.24	0.72
ENVISTA HOLDINGS CORP	2.80	20.96	0.59
BERKLEY (W.R.) CORP	4.11	13.63	0.56
DENTSPLY SIRONA INC	2.14	22.07	0.47
ACUITY BRANDS INC.	1.22	36.41	0.44
LANDSTAR SYSTEM INC	1.55	24.45	0.38
BIO-TECHNE CORP	1.77	20.37	0.36
GARTNER INC	2.40	13.96	0.33
JONES LANG LASALLE INC	1.61	20.67	0.33

Bottom Contributors

	Avg Wgt	Return	Contribution
IAA INC	2.37	-15.14	-0.36
TERMINIX GLOBAL HOLDINGS INC	3.67	-6.55	-0.24
TRANSUNION	1.13	-9.21	-0.10
BOOZ ALLEN HAMILTON HOLDING CORP	1.10	-7.22	-0.08
POOL CORP	1.00	-7.16	-0.07
FACTSET RESEARCH SYSTEMS INC.	0.94	-6.95	-0.07
ARAMARK	4.00	-1.53	-0.06
MORNINGSTAR INC	2.10	-2.82	-0.06
BROWN & BROWN INC	1.65	-3.38	-0.06
HENRY (JACK) & ASSOCIATES INC	0.82	-6.06	-0.05

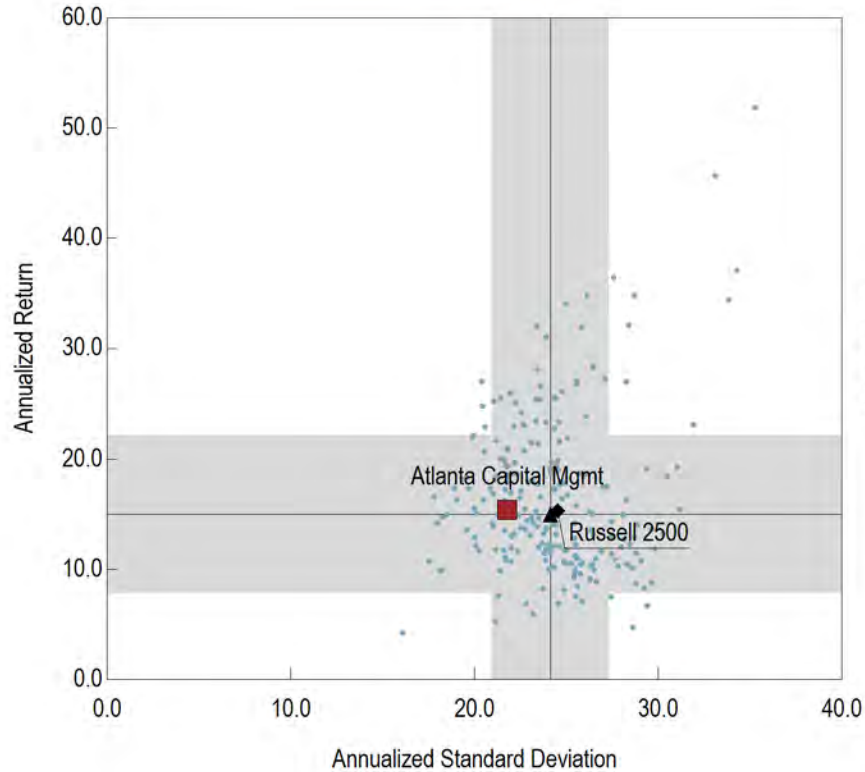


	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	22.8		127.4		29.7		25.8		18.5		16.6	
25th Percentile	16.0		98.8		19.4		19.6		14.1		14.1	
Median	12.0		84.9		15.0		15.7		11.5		12.5	
75th Percentile	7.0		73.7		11.6		13.1		9.8		11.1	
95th Percentile	0.4		61.0		8.2		9.8		6.9		9.0	
# of Portfolios	240		240		231		207		186		153	
● Atlanta Capital Mgmt	8.2	(72)	65.4	(91)	15.4	(47)	16.4	(46)	14.8	(19)	15.0	(17)
▲ Russell 2500	10.9	(55)	89.4	(40)	15.3	(47)	15.9	(49)	11.5	(52)	12.2	(58)



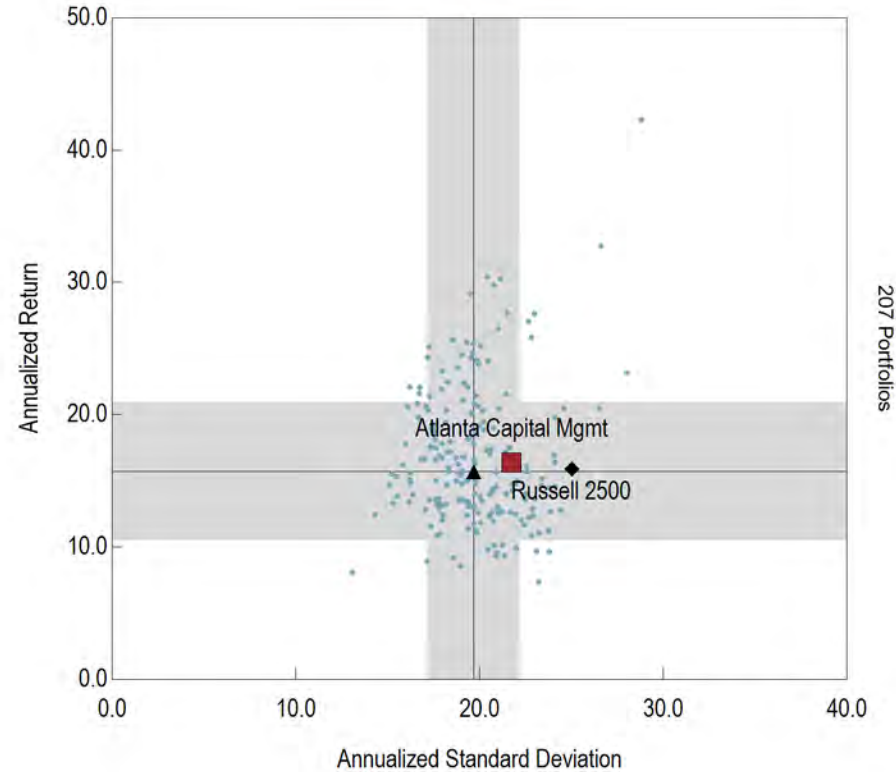
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Return (Rank)										
5th Percentile	66.8	39.4	2.8	31.9	27.6	4.6	13.0	47.6	24.1	6.8
25th Percentile	32.3	32.1	-4.6	23.5	20.8	0.4	9.6	42.5	19.2	1.7
Median	17.2	29.0	-9.6	18.1	16.1	-1.5	6.5	38.2	16.0	-1.5
75th Percentile	7.4	24.5	-13.3	14.1	9.2	-5.0	3.1	34.4	13.3	-5.6
95th Percentile	-1.4	18.1	-18.5	7.5	3.8	-11.6	-2.3	28.7	7.8	-11.6
# of Portfolios	238	237	236	233	238	215	210	210	216	211
● Atlanta Capital Mgmt	11.4 (62)	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	20.0 (45)	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)

Annualized Return vs. Annualized Standard Deviation
 3 Years Ending March 31, 2021

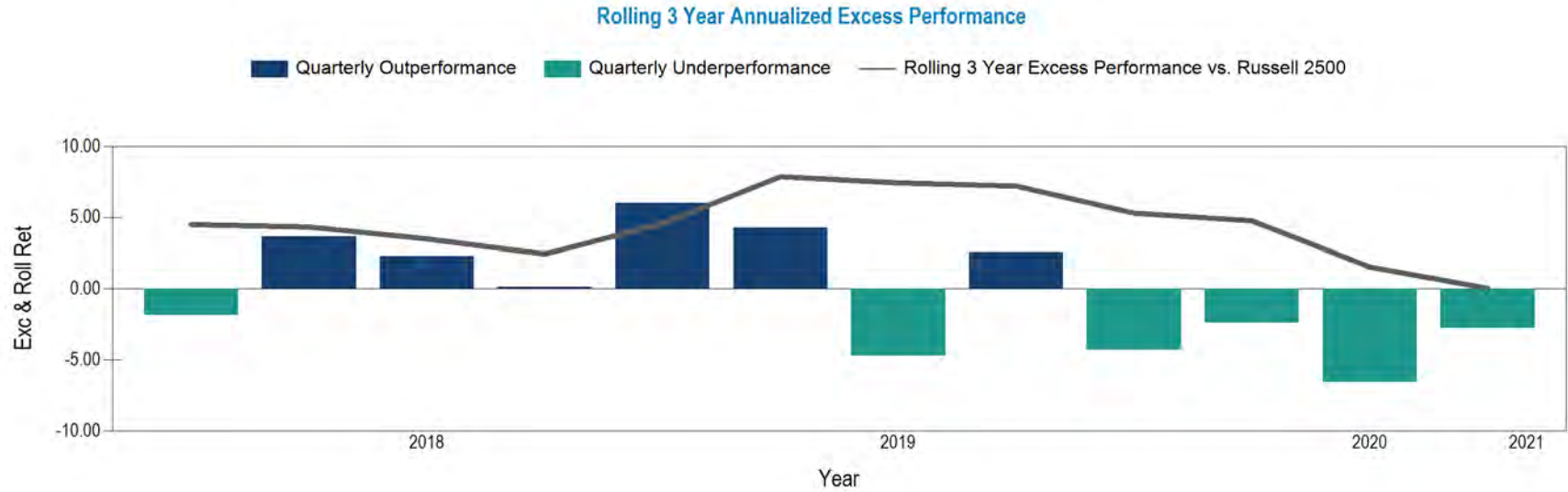


- Atlanta Capital Mgmt
- ◆ Russell 2500
- ▲ Universe Median
- 68% Confidence Interval
- eV US Small-Mid Cap Equity Gross

Annualized Return vs. Annualized Standard Deviation
 5 Years Ending March 31, 2021



- 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: March 31, 2021

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total International Equity	373,154,829	3.5	60.5	12.3	13.1	8.9	19.4	30.2	-12.2	26.6	2.2
MSCI ACWI ex USA Gross		3.6	50.0	7.0	10.3	5.4	11.1	22.1	-13.8	27.8	5.0
InvMetrics Public DB ex-US Eq Gross Rank		51	15	3	6	3	12	1	9	81	82
Dodge & Cox Intl Stock	171,017,768	7.3	58.4	4.7	9.7	5.8	2.8	23.6	-17.5	24.7	9.0
MSCI ACWI ex USA Value Gross		7.2	49.5	3.0	7.9	3.6	-0.2	16.5	-13.4	23.3	9.6
eV ACWI ex-US All Cap Value Eq Gross Rank		46	40	29	28	40	33	35	84	71	31
WCM International Growth	202,137,061	0.3	60.8	19.1	--	--	34.0	36.7	-6.7	--	--
MSCI ACWI ex USA Growth Gross		0.0	49.8	10.7	--	--	22.6	27.8	-14.1	--	--
eV ACWI ex-US All Cap Growth Eq Gross Rank		61	43	13	--	--	28	11	1	--	--

EAFE Effective Style Map
3 Years 9 Months Ending March 31, 2021



EAFE Effective Style Map
5 Years 9 Months Ending March 31, 2021



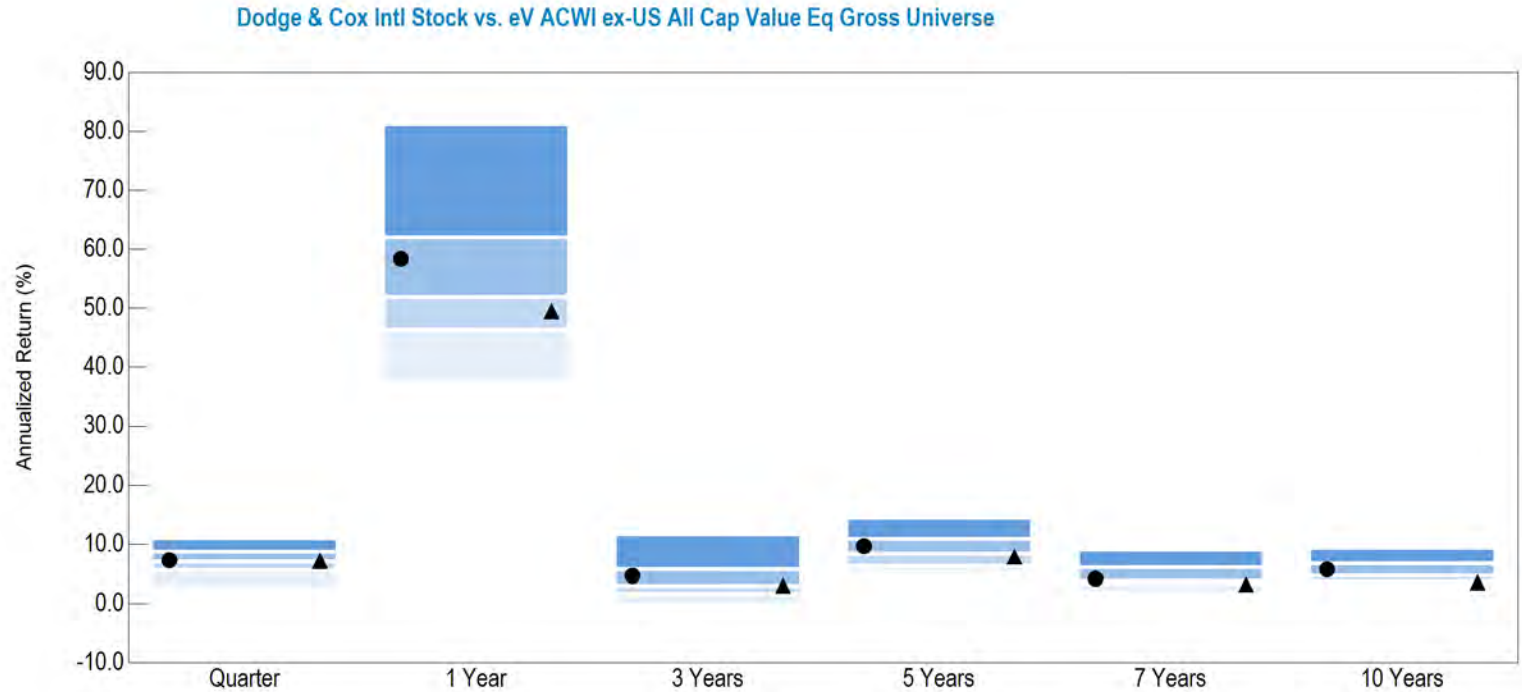
Total International Equity
 Asset Class Overview (Net of Fees)

Period Ending: March 31, 2021

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total International Equity	373,154,829	3.3	59.4	11.5	12.4	8.1	18.6	29.3	-12.8	25.8	1.6
<i>MSCI ACWI ex USA Gross</i>		3.6	50.0	7.0	10.3	5.4	11.1	22.1	-13.8	27.8	5.0
Dodge & Cox Intl Stock	171,017,768	7.1	57.4	4.0	9.0	5.1	2.1	22.8	-18.0	23.9	8.3
<i>MSCI ACWI ex USA Value Gross</i>		7.2	49.5	3.0	7.9	3.6	-0.2	16.5	-13.4	23.3	9.6
WCM International Growth	202,137,061	0.1	59.8	18.3	--	--	33.1	35.8	-7.4	--	--
<i>MSCI ACWI ex USA Growth Gross</i>		0.0	49.8	10.7	--	--	22.6	27.8	-14.1	--	--

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

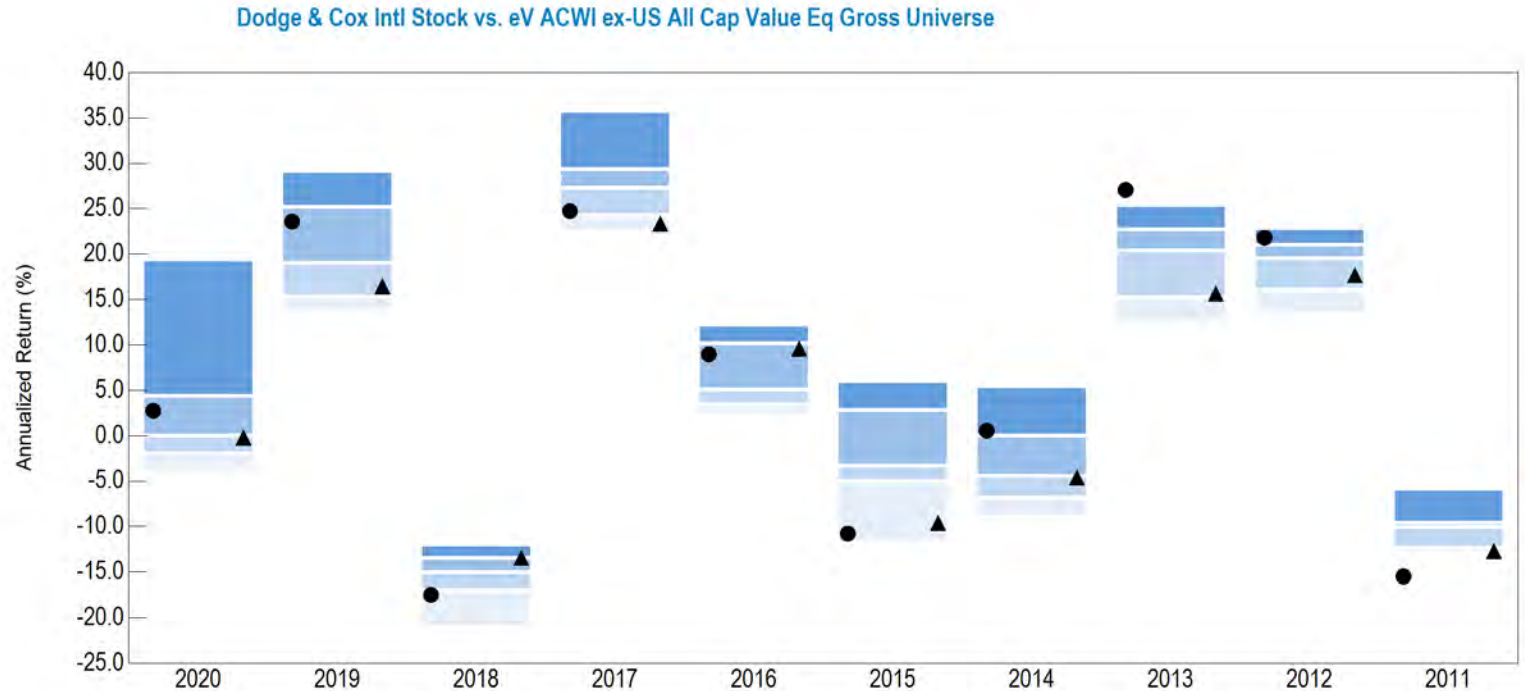
Period Ending: March 31, 2021



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	10.9		81.2		11.6		14.4		9.0		9.3	
25th Percentile	8.8		62.1		5.9		10.9		6.2		6.9	
Median	7.1		52.0		3.1		8.4		3.9		4.8	
75th Percentile	5.8		46.4		1.7		6.4		3.4		3.8	
95th Percentile	2.7		37.5		-0.1		5.3		2.0		3.3	
# of Portfolios	19		19		19		19		15		11	
● Dodge & Cox Intl Stock	7.3	(46)	58.4	(40)	4.7	(29)	9.7	(28)	4.2	(49)	5.8	(40)
▲ MSCI ACWI ex USA Value Gross	7.2	(48)	49.5	(70)	3.0	(51)	7.9	(56)	3.2	(77)	3.6	(86)

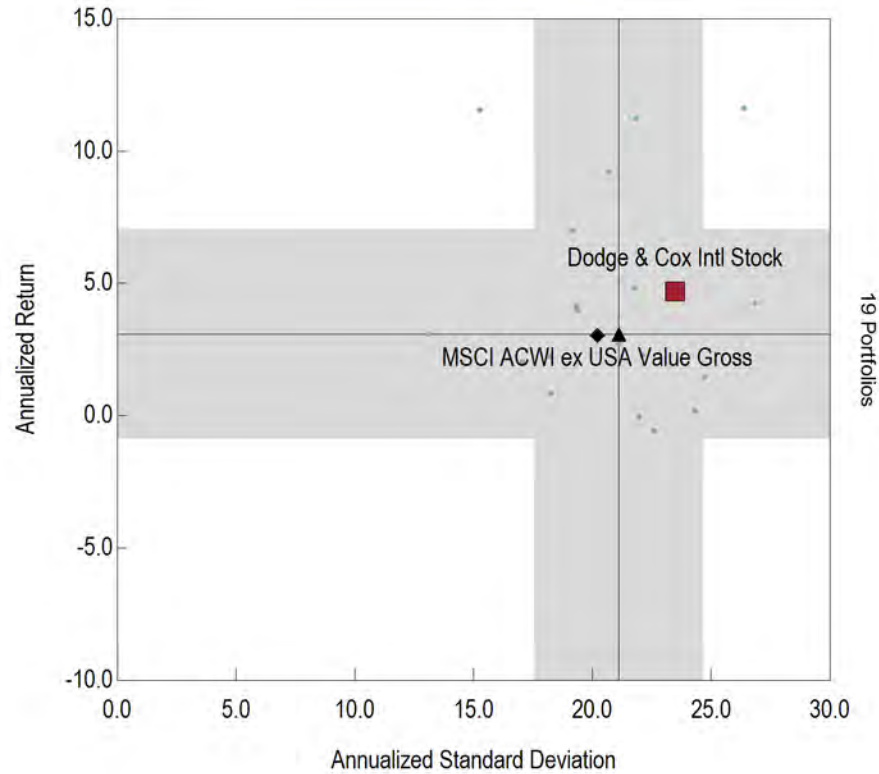
Dodge & Cox Intl Stock
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: March 31, 2021



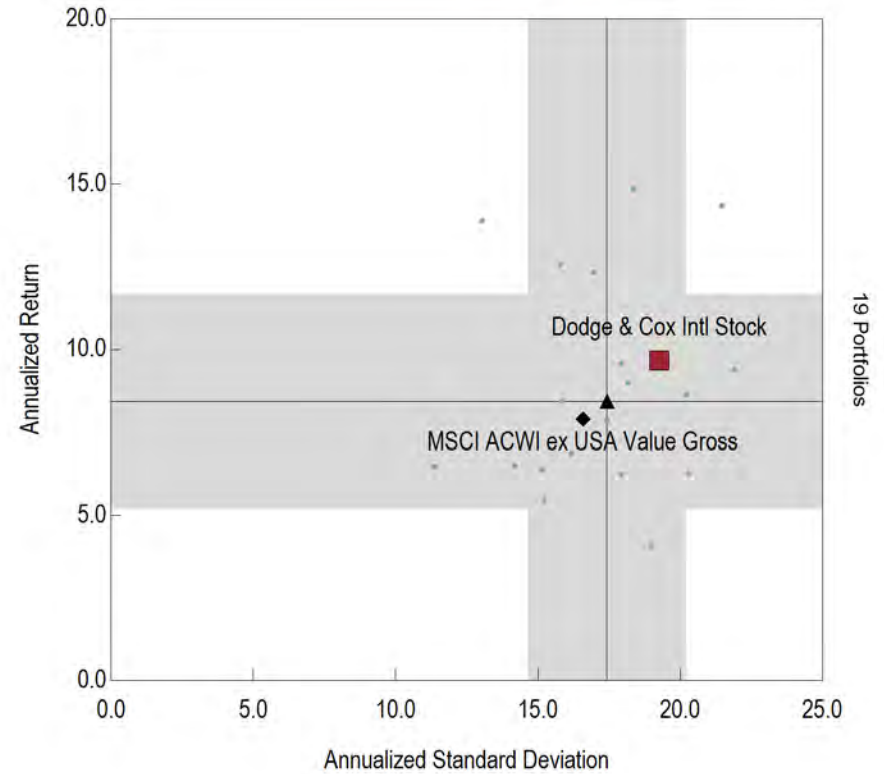
	Return (Rank)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
5th Percentile	19.4	29.1	-12.0	35.8	12.2	6.0	5.4	25.4	22.9	-5.9
25th Percentile	4.4	25.2	-13.4	29.4	10.2	2.9	0.0	22.8	21.1	-9.6
Median	0.1	19.1	-15.0	27.3	5.1	-3.3	-4.4	20.5	19.6	-10.1
75th Percentile	-1.9	15.4	-16.9	24.3	3.5	-4.9	-6.8	15.3	16.1	-12.3
95th Percentile	-3.7	13.8	-21.0	22.6	2.4	-11.7	-8.9	12.5	13.5	-12.9
# of Portfolios	21	21	24	23	21	13	13	12	11	9
● Dodge & Cox Intl Stock	2.8 (33)	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)
▲ MSCI ACWI ex USA Value Gross	-0.2 (52)	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)

Annualized Return vs. Annualized Standard Deviation
 3 Years Ending March 31, 2021



- 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 March 31, 2021

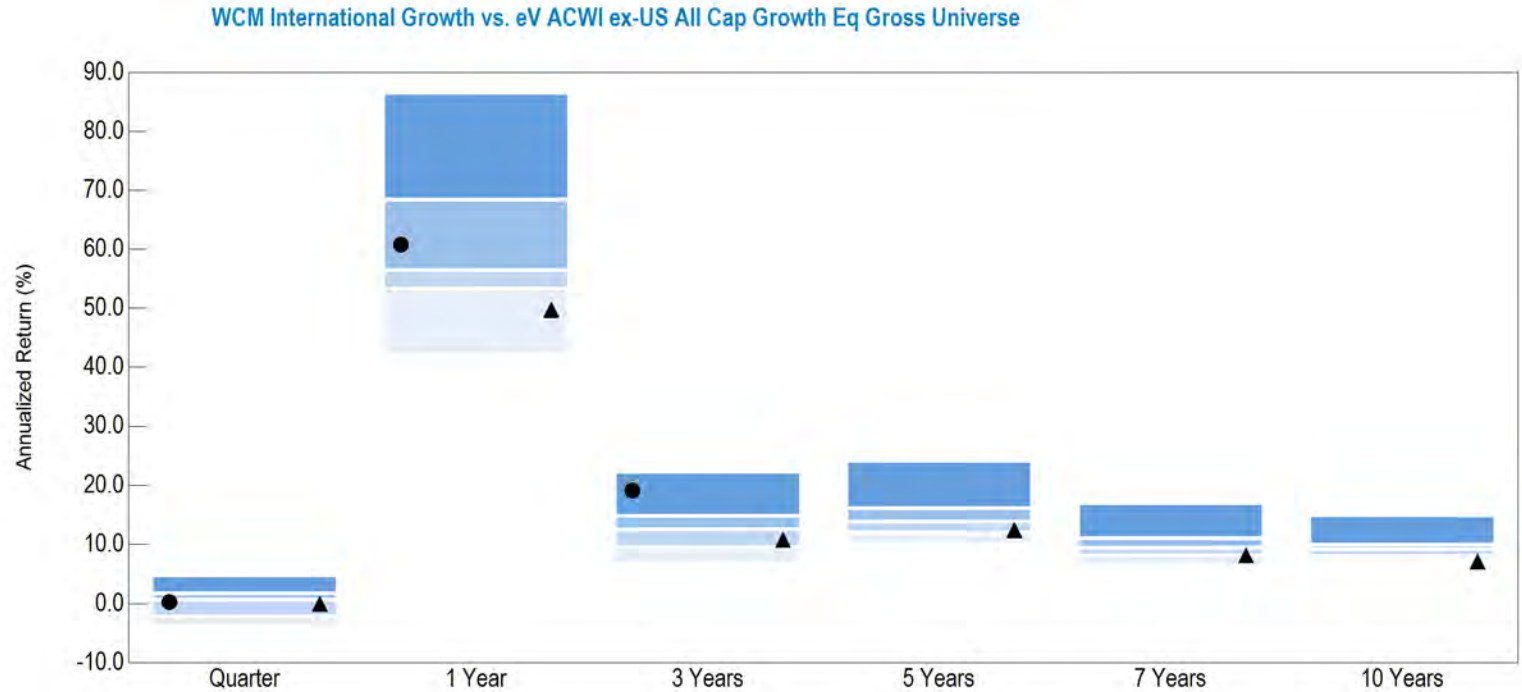


- Dodge & Cox Intl Stock
- ◆ MSCI ACWI ex USA Value Gross
- ▲ Universe Median
- 68% Confidence Interval
- eV ACWI ex-US All Cap Value Eq Gross



WCM International Growth
 Cumulative Performance Comparison (Gross of Fees)

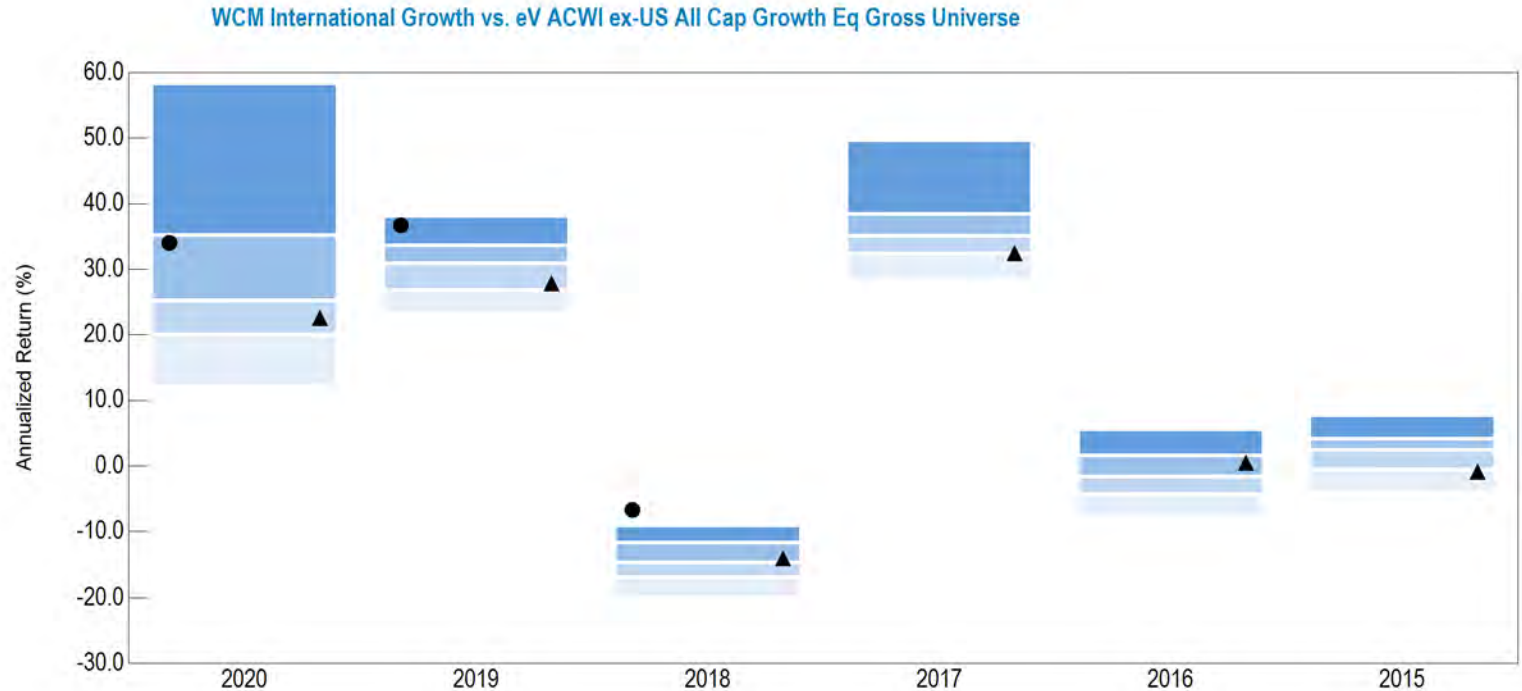
Period Ending: March 31, 2021



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	4.6		86.5		22.2		24.1		16.9		14.9	
25th Percentile	1.8		68.5		14.9		16.2		11.0		10.0	
Median	0.7		56.6		12.5		13.9		9.5		9.2	
75th Percentile	-2.1		53.4		9.5		12.1		8.2		8.1	
95th Percentile	-3.9		42.1		6.9		10.1		6.4		7.2	
# of Portfolios	36		36		36		33		31		27	
● WCM International Growth	0.3	(61)	60.8	(43)	19.1	(13)	--	(--)	--	(--)	--	(--)
▲ MSCI ACWI ex USA Growth Gross	0.0	(62)	49.8	(82)	10.7	(66)	12.4	(67)	8.1	(76)	7.1	(97)

WCM International Growth
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: March 31, 2021



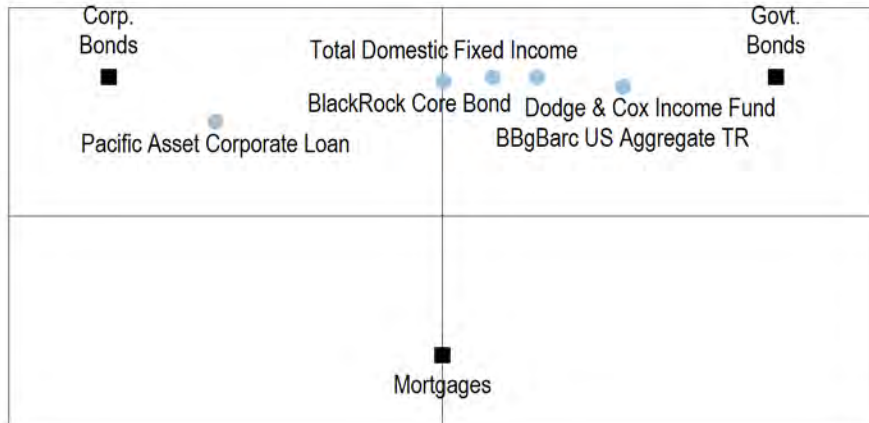
	2020		2019		2018		2017		2016		2015	
Return (Rank)												
5th Percentile	58.3		38.1		-9.1		49.7		5.5		7.7	
25th Percentile	35.2		33.7		-11.6		38.5		1.7		4.2	
Median	25.3		31.0		-14.6		35.2		-1.6		2.5	
75th Percentile	20.1		26.9		-16.9		32.4		-4.2		-0.5	
95th Percentile	12.2		23.3		-19.8		28.5		-7.7		-3.9	
# of Portfolios	38		35		28		29		28		25	
● WCM International Growth	34.0	(28)	36.7	(11)	-6.7	(1)	--	(--)	--	(--)	--	(--)
▲ MSCI ACWI ex USA Growth Gross	22.6	(62)	27.8	(71)	-14.1	(50)	32.5	(70)	0.5	(37)	-0.9	(86)

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

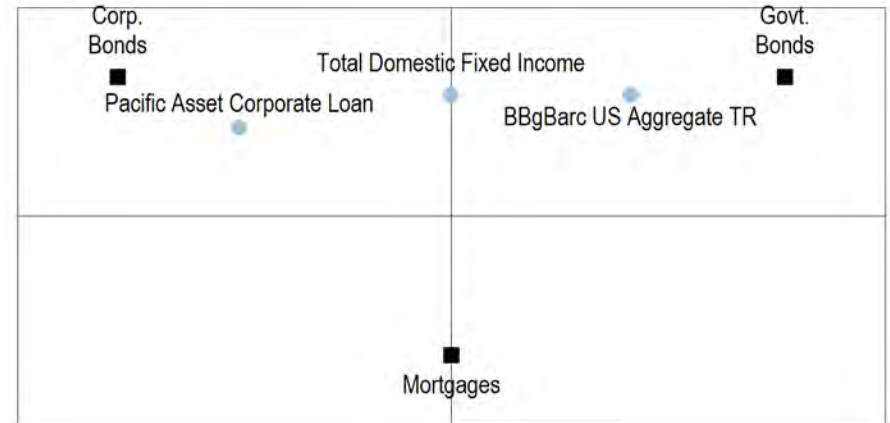
Period Ending: March 31, 2021

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Domestic Fixed Income	274,089,352	-1.6	8.9	5.6	4.5	4.3	8.1	9.9	0.4	4.3	4.5
<i>BBgBarc US Aggregate TR</i>		-3.4	0.7	4.7	3.1	3.4	7.5	8.7	0.0	3.5	2.6
<i>InvMetrics Public DB US Fix Inc Gross Rank</i>		15	13	27	29	41	46	11	55	50	49
BlackRock Core Bond	96,460,745	-3.2	5.3	5.9	--	--	9.4	10.2	0.3	--	--
<i>BBgBarc US Aggregate TR</i>		-3.4	0.7	4.7	--	--	7.5	8.7	0.0	--	--
<i>eV US Core Fixed Inc Gross Rank</i>		53	18	10	--	--	23	10	27	--	--
Dodge & Cox Income Fund	101,471,148	-2.4	7.9	6.1	--	--	9.9	10.2	0.1	--	--
<i>BBgBarc US Aggregate TR</i>		-3.4	0.7	4.7	--	--	7.5	8.7	0.0	--	--
<i>eV US Core Fixed Inc Gross Rank</i>		10	5	6	--	--	14	11	43	--	--
Pacific Asset Corporate Loan	76,157,459	1.6	15.5	4.4	5.3	--	3.0	9.1	1.0	4.9	9.2
<i>S&P/LSTA Leveraged Loan Index</i>		1.8	20.7	4.1	5.3	--	3.1	8.6	0.4	4.1	10.2
<i>eV US Float-Rate Bank Loan Fixed Inc Gross Rank</i>		57	84	37	35	--	42	36	29	26	51

Fixed Income Effective Style Map
3 Years Ending March 31, 2021



Fixed Income Effective Style Map
5 Years Ending March 31, 2021



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

Period Ending: March 31, 2021

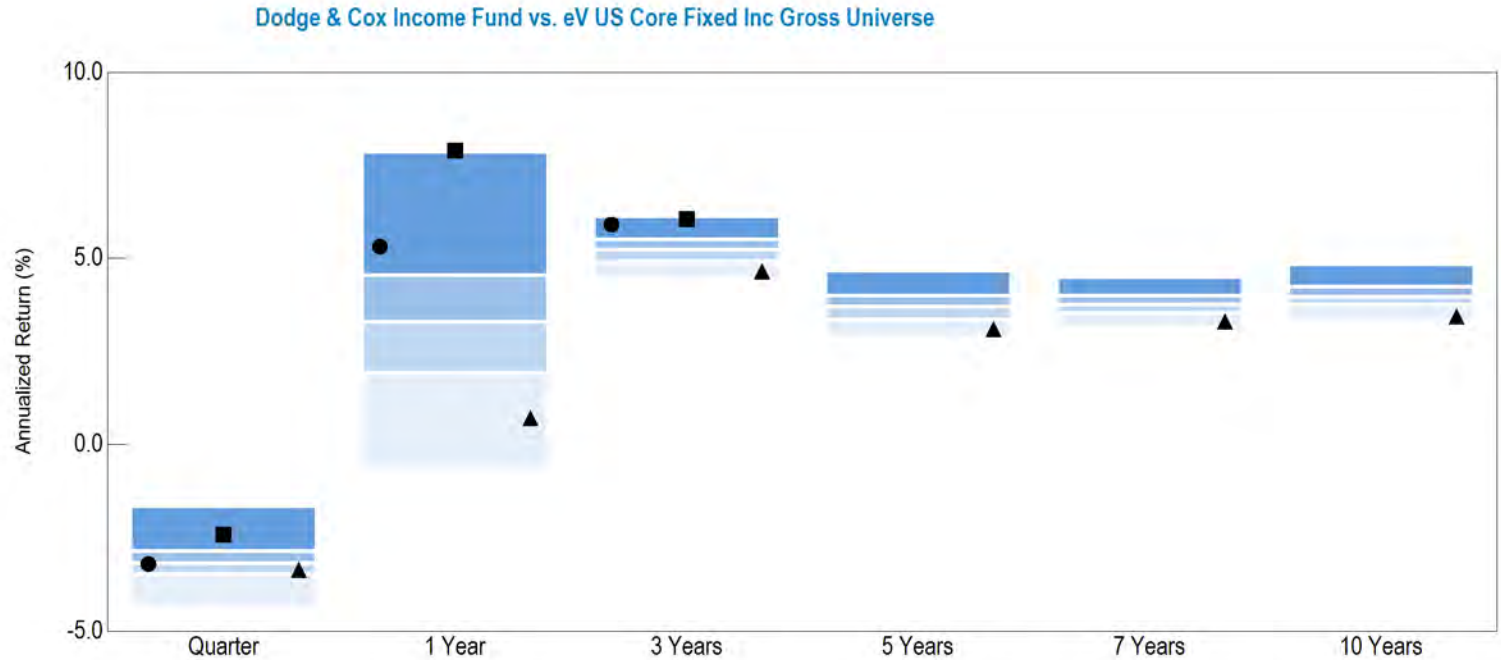
	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Domestic Fixed Income	274,089,352	-1.7	8.6	5.3	4.1	3.9	7.7	9.5	0.0	3.9	4.2
<i>BBgBarc US Aggregate TR</i>		-3.4	0.7	4.7	3.1	3.4	7.5	8.7	0.0	3.5	2.6
BlackRock Core Bond	96,460,745	-3.3	5.0	5.6	--	--	9.1	9.9	0.1	--	--
<i>BBgBarc US Aggregate TR</i>		-3.4	0.7	4.7	--	--	7.5	8.7	0.0	--	--
Dodge & Cox Income Fund	101,471,148	-2.5	7.4	5.6	--	--	9.4	9.7	-0.3	--	--
<i>BBgBarc US Aggregate TR</i>		-3.4	0.7	4.7	--	--	7.5	8.7	0.0	--	--
Pacific Asset Corporate Loan	76,157,459	1.5	15.1	4.0	5.0	--	2.6	8.7	0.7	4.6	8.8
<i>S&P/LSTA Leveraged Loan Index</i>		1.8	20.7	4.1	5.3	--	3.1	8.6	0.4	4.1	10.2

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	1.00	1.00	--	--	--
Dodge & Cox Income Fund	0.99	0.99	1.00	--	--
Pacific Asset Corporate Loan	0.97	0.96	0.93	1.00	--
BBgBarc US Aggregate TR	0.97	0.97	0.98	0.88	1.00

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

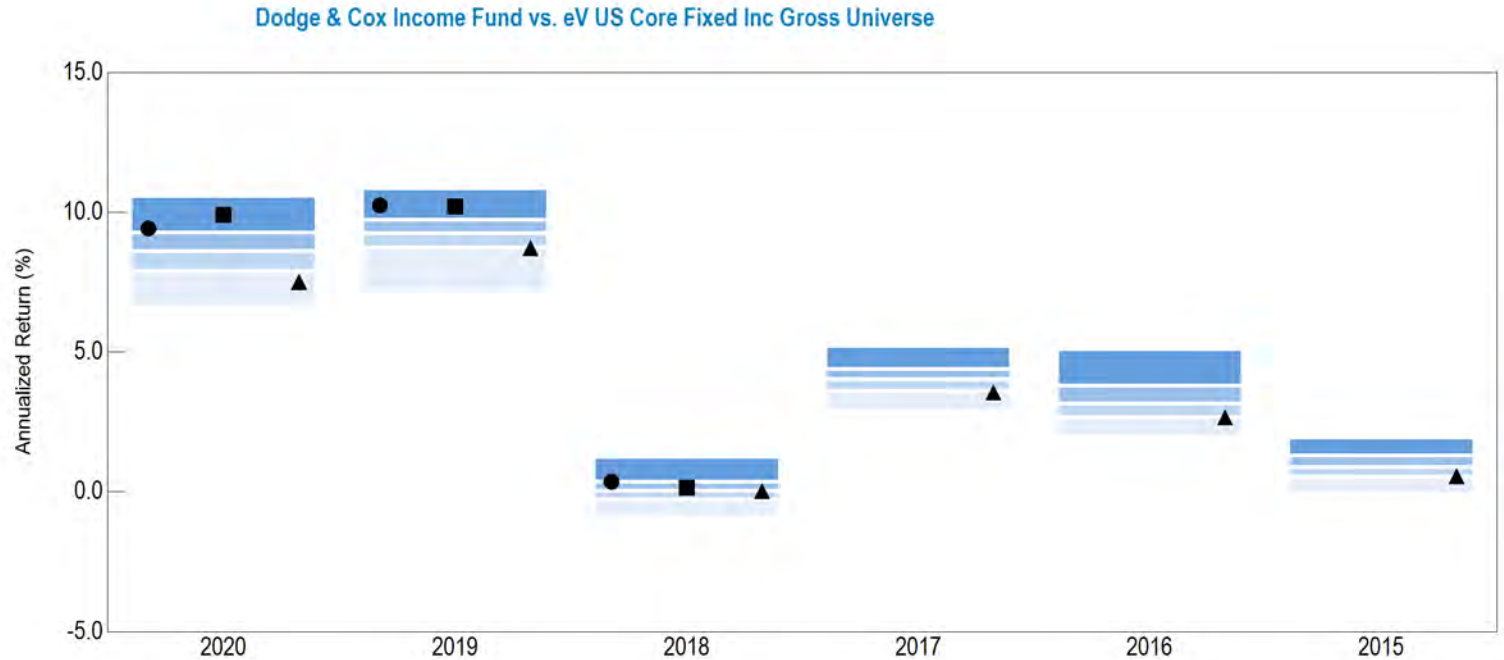
Period Ending: March 31, 2021



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	-1.7		7.9		6.1		4.7		4.5		4.8	
25th Percentile	-2.9		4.6		5.5		4.0		4.0		4.3	
Median	-3.2		3.3		5.2		3.7		3.8		4.0	
75th Percentile	-3.5		1.9		4.9		3.4		3.6		3.8	
95th Percentile	-4.3		-0.7		4.5		2.9		3.2		3.3	
# of Portfolios	217		217		213		210		206		200	
● BlackRock Core Bond	-3.2	(53)	5.3	(18)	5.9	(10)	--	(--)	--	(--)	--	(--)
■ Dodge & Cox Income Fund	-2.4	(10)	7.9	(5)	6.1	(6)	--	(--)	--	(--)	--	(--)
▲ BBgBarc US Aggregate TR	-3.4	(66)	0.7	(91)	4.7	(90)	3.1	(91)	3.3	(92)	3.4	(93)

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

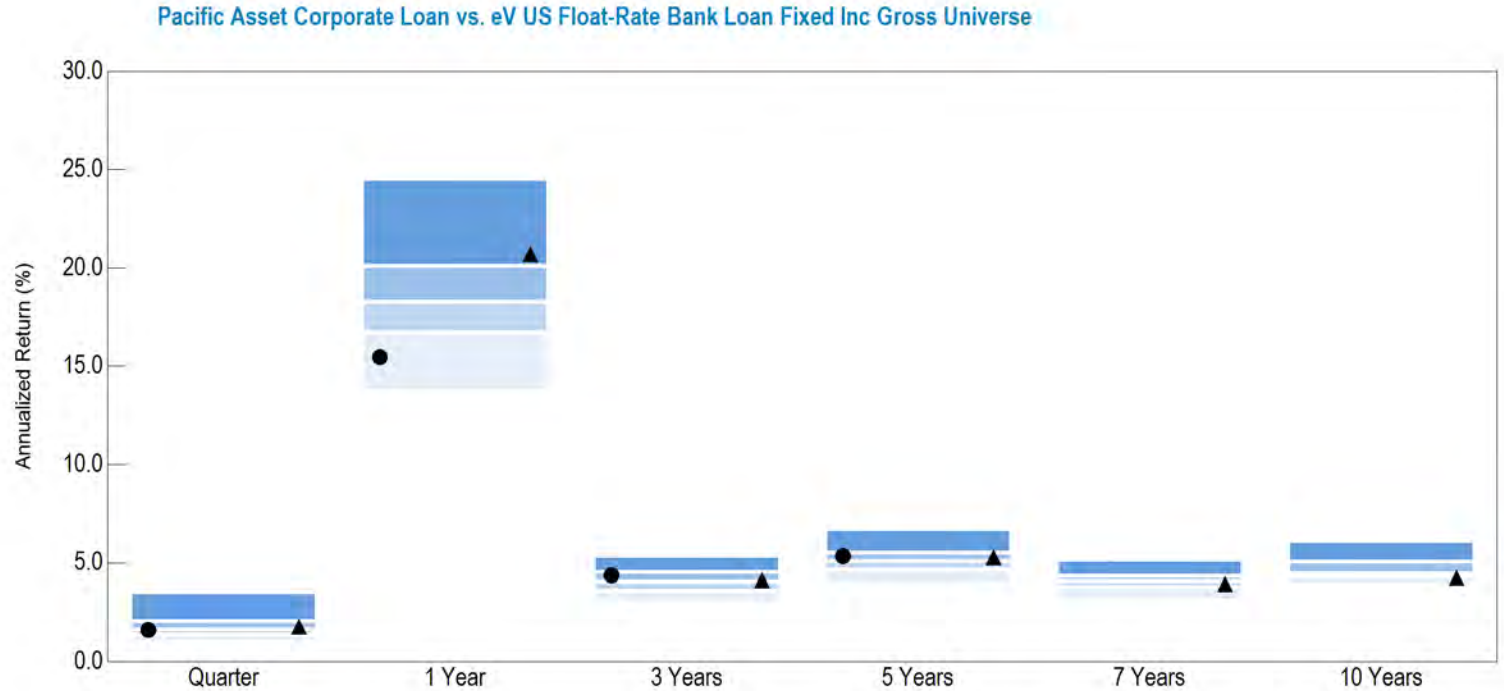
Period Ending: March 31, 2021



	2020		2019		2018		2017		2016		2015	
5th Percentile	10.6		10.9		1.2		5.2		5.1		1.9	
25th Percentile	9.3		9.8		0.4		4.4		3.8		1.3	
Median	8.6		9.3		0.0		4.0		3.2		0.9	
75th Percentile	7.9		8.7		-0.3		3.6		2.7		0.5	
95th Percentile	6.6		7.2		-0.9		2.9		2.0		-0.1	
# of Portfolios	225		228		240		233		223		196	
● BlackRock Core Bond	9.4	(23)	10.2	(10)	0.3	(27)	--	(--)	--	(--)	--	(--)
■ Dodge & Cox Income Fund	9.9	(14)	10.2	(11)	0.1	(43)	--	(--)	--	(--)	--	(--)
▲ BBgBarc US Aggregate TR	7.5	(85)	8.7	(77)	0.0	(54)	3.5	(79)	2.6	(77)	0.6	(75)

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

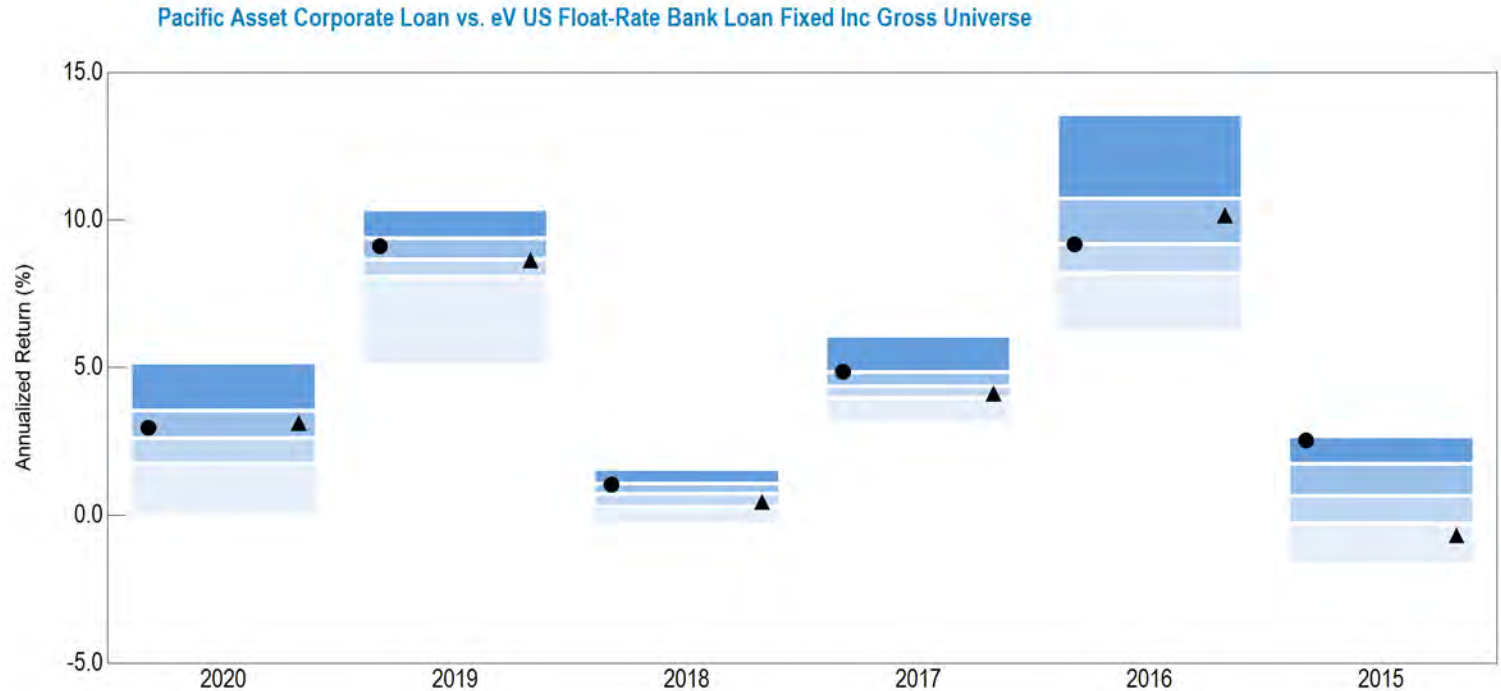
Period Ending: March 31, 2021



	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	3.5		24.5		5.3		6.7		5.1		6.1	
25th Percentile	2.1		20.1		4.6		5.5		4.4		5.1	
Median	1.7		18.3		4.1		5.1		4.1		4.5	
75th Percentile	1.4		16.7		3.6		4.7		3.8		4.3	
95th Percentile	1.0		13.8		3.0		3.9		3.1		3.9	
# of Portfolios	81		81		79		74		73		61	
● Pacific Asset Corporate Loan	1.6	(57)	15.5	(84)	4.4	(37)	5.3	(35)	--	(--)	--	(--)
▲ S&P/LSTA Leveraged Loan Index	1.8	(41)	20.7	(23)	4.1	(49)	5.3	(37)	3.9	(64)	4.3	(77)

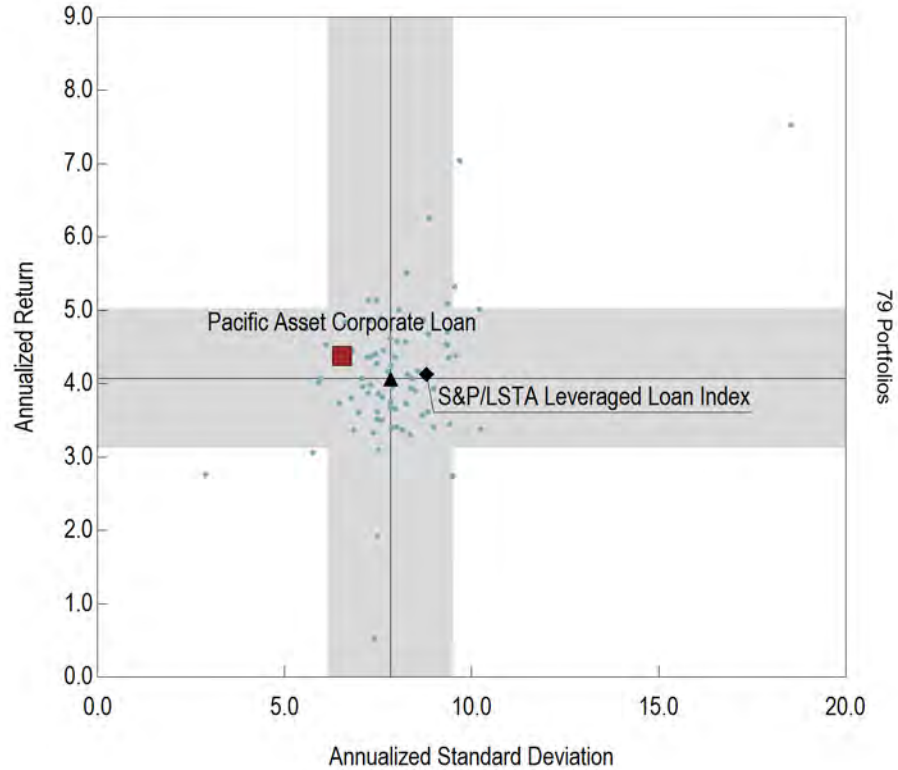
Pacific Asset Corporate Loan
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: March 31, 2021



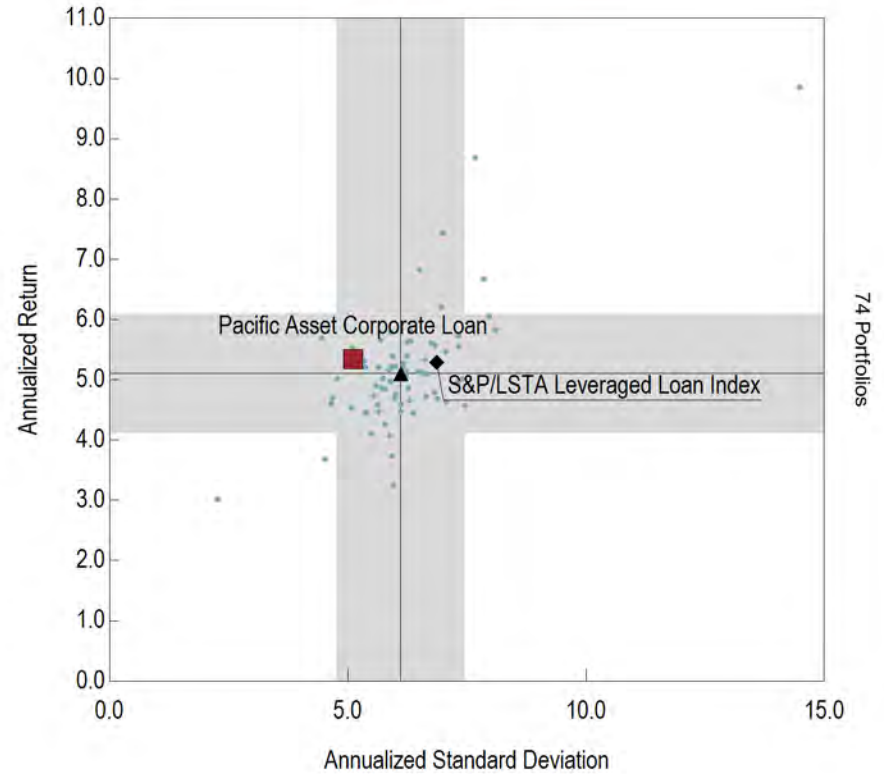
	2020		2019		2018		2017		2016		2015	
5th Percentile	5.2		10.3		1.6		6.1		13.6		2.7	
25th Percentile	3.6		9.4		1.1		4.9		10.7		1.8	
Median	2.6		8.7		0.7		4.4		9.2		0.7	
75th Percentile	1.7		8.1		0.3		4.0		8.2		-0.3	
95th Percentile	0.0		5.1		-0.3		3.1		6.2		-1.7	
# of Portfolios	82		76		76		75		69		54	
● Pacific Asset Corporate Loan	3.0	(42)	9.1	(36)	1.0	(29)	4.9	(26)	9.2	(51)	2.5	(9)
▲ S&P/LSTA Leveraged Loan Index	3.1	(36)	8.6	(52)	0.4	(68)	4.1	(71)	10.2	(35)	-0.7	(82)

Annualized Return vs. Annualized Standard Deviation
 3 Years Ending March 31, 2021



- 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 March 31, 2021



- 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: March 31, 2021

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Global Fixed	140,225,719	-4.7	20.2	-0.7	2.6	2.0	6.7	7.4	-4.3	13.8	4.6
<i>FTSE World Govt Bond Index</i>		-5.7	1.8	2.1	2.1	1.7	10.1	5.9	-0.8	7.5	1.6
<i>InvMetrics Public DB Gbl Fix Inc Gross Rank</i>		70	54	92	91	99	42	87	61	36	88
Brandywine Global Fixed Income	70,092,392	-2.7	--	--	--	--	--	--	--	--	--
<i>FTSE WGBI ex US TR</i>		-6.4	--	--	--	--	--	--	--	--	--
<i>eV All Global Fixed Inc Gross Rank</i>		56	--	--	--	--	--	--	--	--	--
Ashmore EM Blended Debt Fund	70,133,327	-6.5	22.7	--	--	--	3.2	--	--	--	--
<i>50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+</i>		-4.6	13.3	--	--	--	3.9	--	--	--	--
<i>eV All Emg Mkts Fixed Inc Gross Rank</i>		84	23	--	--	--	85	--	--	--	--

Total Global Fixed
Asset Class Overview (Net of Fees)

Period Ending: March 31, 2021

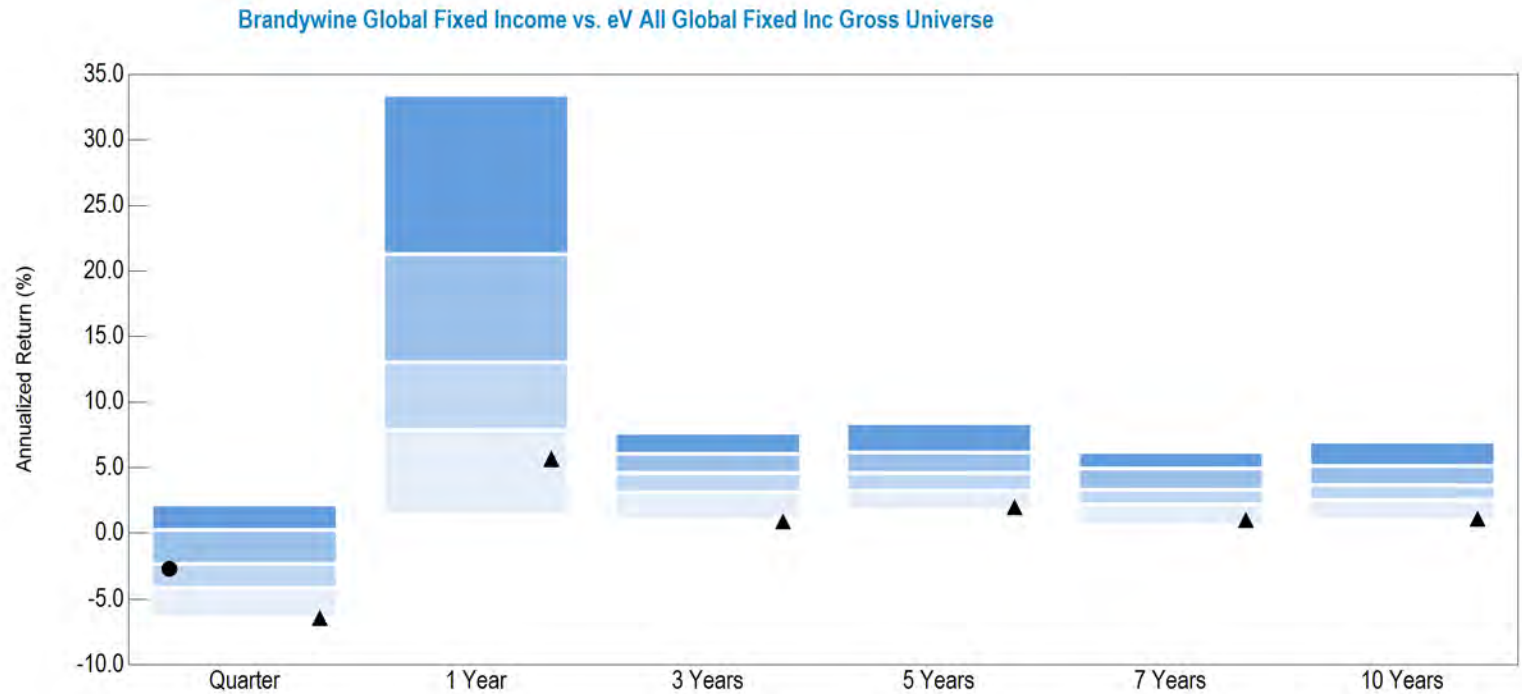
	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Global Fixed	140,225,719	-4.7	19.5	-1.1	2.1	1.5	6.0	6.9	-4.7	13.3	4.1
<i>FTSE World Govt Bond Index</i>		-5.7	1.8	2.1	2.1	1.7	10.1	5.9	-0.8	7.5	1.6
Brandywine Global Fixed Income	70,092,392	-2.8	--	--	--	--	--	--	--	--	--
<i>FTSE WGBI ex US TR</i>		-6.4	--	--	--	--	--	--	--	--	--
Ashmore EM Blended Debt Fund	70,133,327	-6.5	21.8	--	--	--	2.1	--	--	--	--
<i>50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+</i>		-4.6	13.3	--	--	--	3.9	--	--	--	--

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	0.99	--	1.00	--
FTSE World Govt Bond Index	0.86	--	0.81	1.00

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

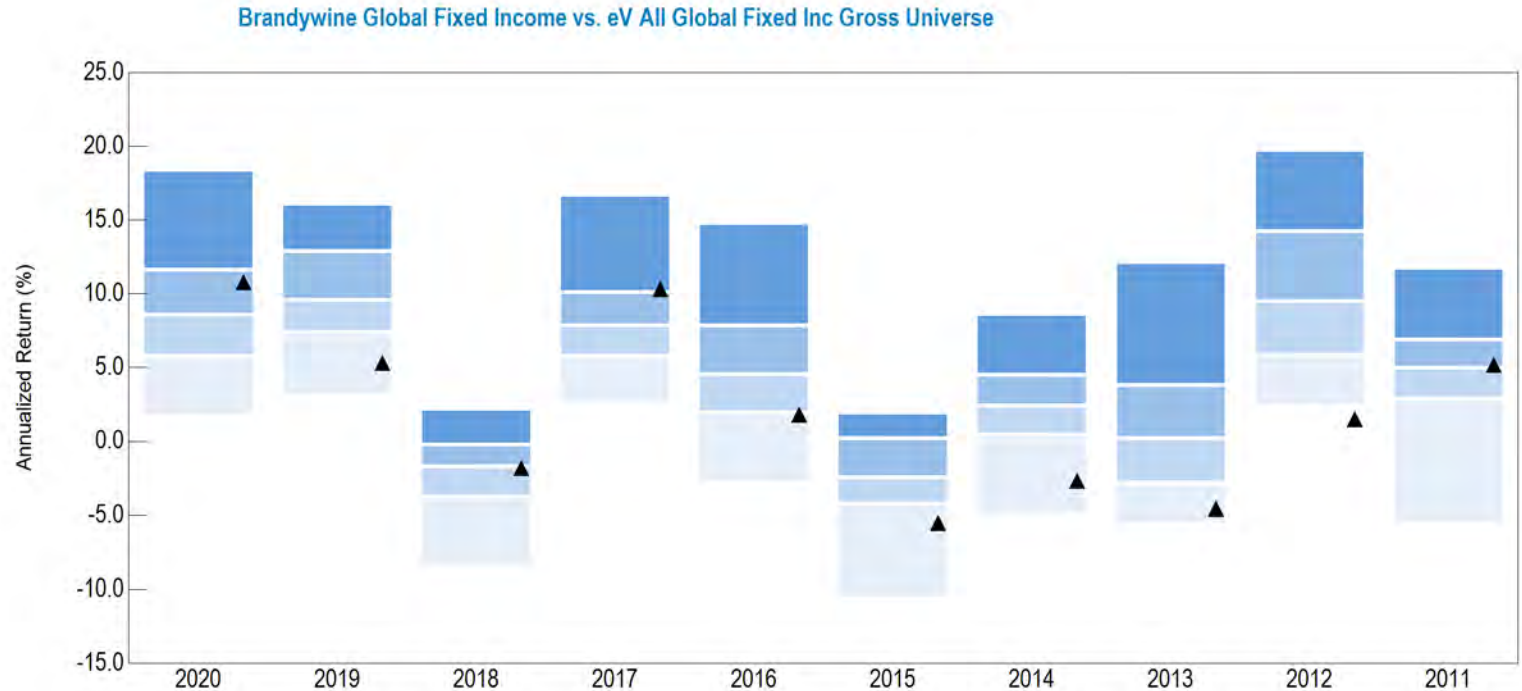
Period Ending: March 31, 2021



	Return (Rank)											
	Quarter		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	2.2		33.4		7.6		8.4		6.2		6.9	
25th Percentile	0.3		21.3		6.1		6.2		4.9		5.2	
Median	-2.3		13.1		4.6		4.6		3.4		3.7	
75th Percentile	-4.1		7.9		3.1		3.3		2.2		2.6	
95th Percentile	-6.4		1.4		1.0		1.8		0.6		1.0	
# of Portfolios	507		507		484		446		395		293	
● Brandywine Global Fixed Income	-2.7	(56)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)
▲ FTSE WGBI ex US TR	-6.4	(96)	5.7	(83)	0.9	(96)	2.0	(94)	1.0	(93)	1.1	(95)

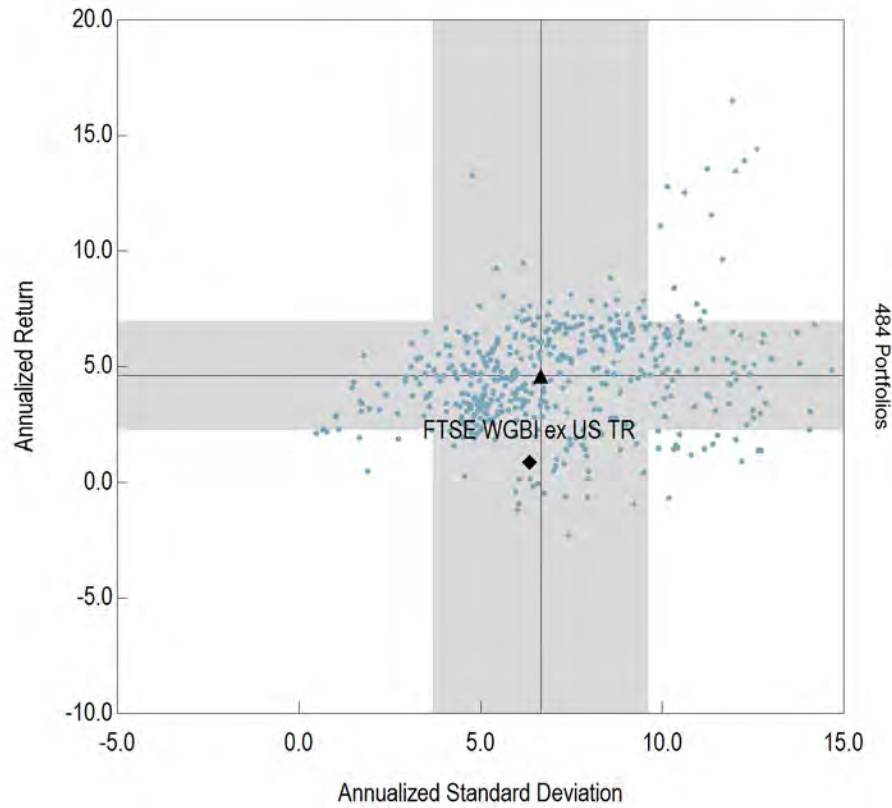
Brandywine Global Fixed Income
 Consecutive Performance Comparison (Gross of Fees)

Period Ending: March 31, 2021



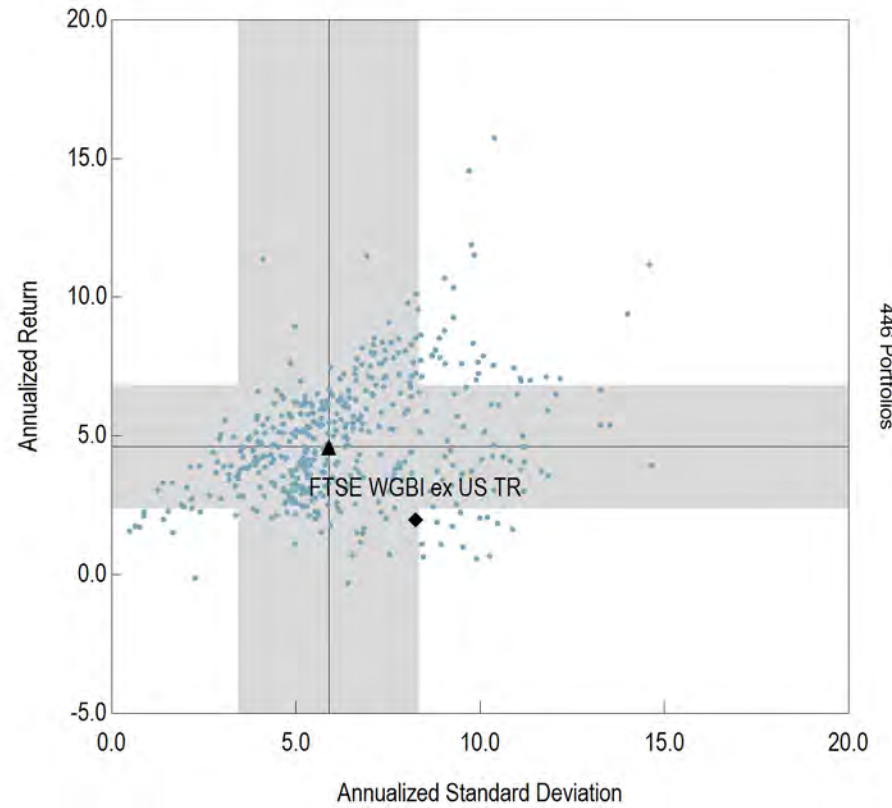
	2020		2019		2018		2017		2016		2015		2014		2013		2012		2011	
Return (Rank)	18.4	16.1	2.2	16.7	14.8	1.9	8.6	12.1	19.7	11.7										
5th Percentile	18.4	16.1	2.2	16.7	14.8	1.9	8.6	12.1	19.7	11.7										
25th Percentile	11.7	12.9	-0.2	10.1	7.9	0.3	4.5	3.9	14.3	6.9										
Median	8.6	9.6	-1.7	7.9	4.6	-2.4	2.5	0.2	9.5	5.0										
75th Percentile	5.8	7.5	-3.7	5.8	2.0	-4.2	0.5	-2.8	5.9	2.9										
95th Percentile	1.7	3.1	-8.4	2.6	-2.8	-10.6	-4.9	-5.6	2.5	-5.5										
# of Portfolios	506	491	458	445	432	332	263	225	197	171										
● Brandywine Global Fixed Income	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)
▲ FTSE WGBI ex US TR	10.8	(34)	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)

Annualized Return vs. Annualized Standard Deviation
 3 Years Ending March 31, 2021



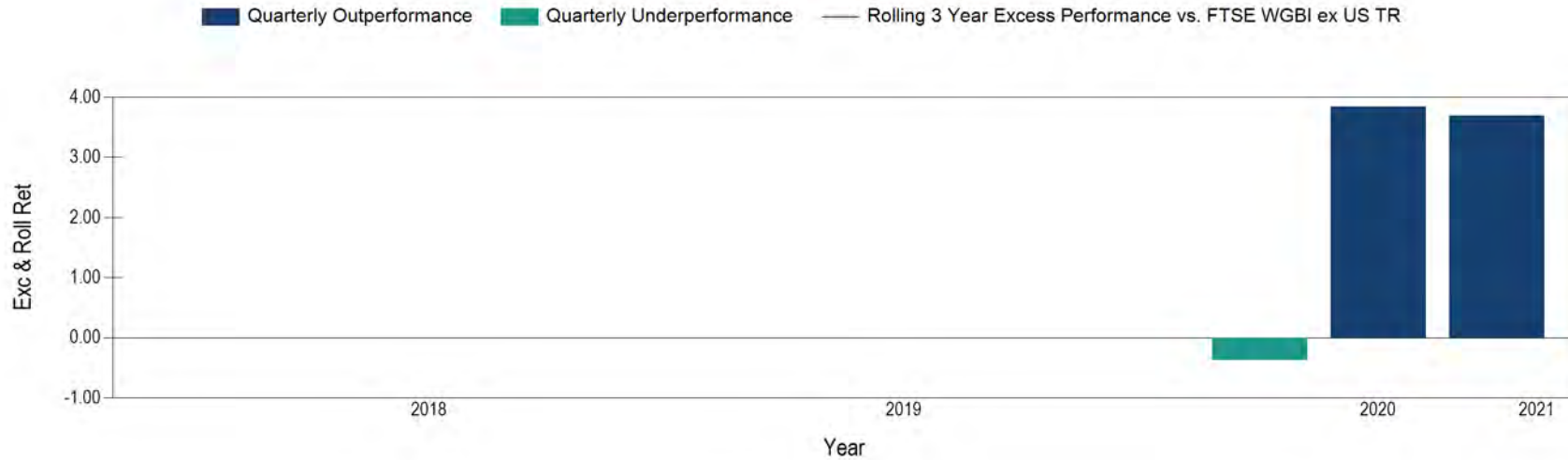
- ◆ FTSE WGBI ex US TR
- ▲ Universe Median
- 68% Confidence Interval
- eV All Global Fixed Inc Gross

Annualized Return vs. Annualized Standard Deviation
 5 Years Ending March 31, 2021

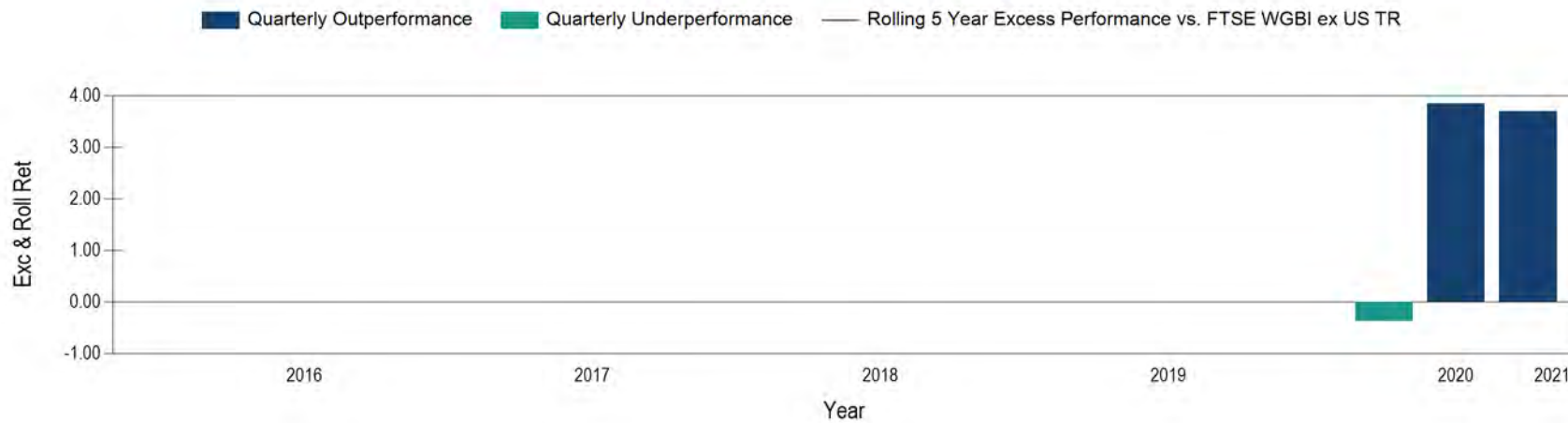


- ◆ FTSE WGBI ex US TR
- ▲ Universe Median
- 68% Confidence Interval
- eV All Global Fixed Inc Gross

Rolling 3 Year Annualized Excess Performance

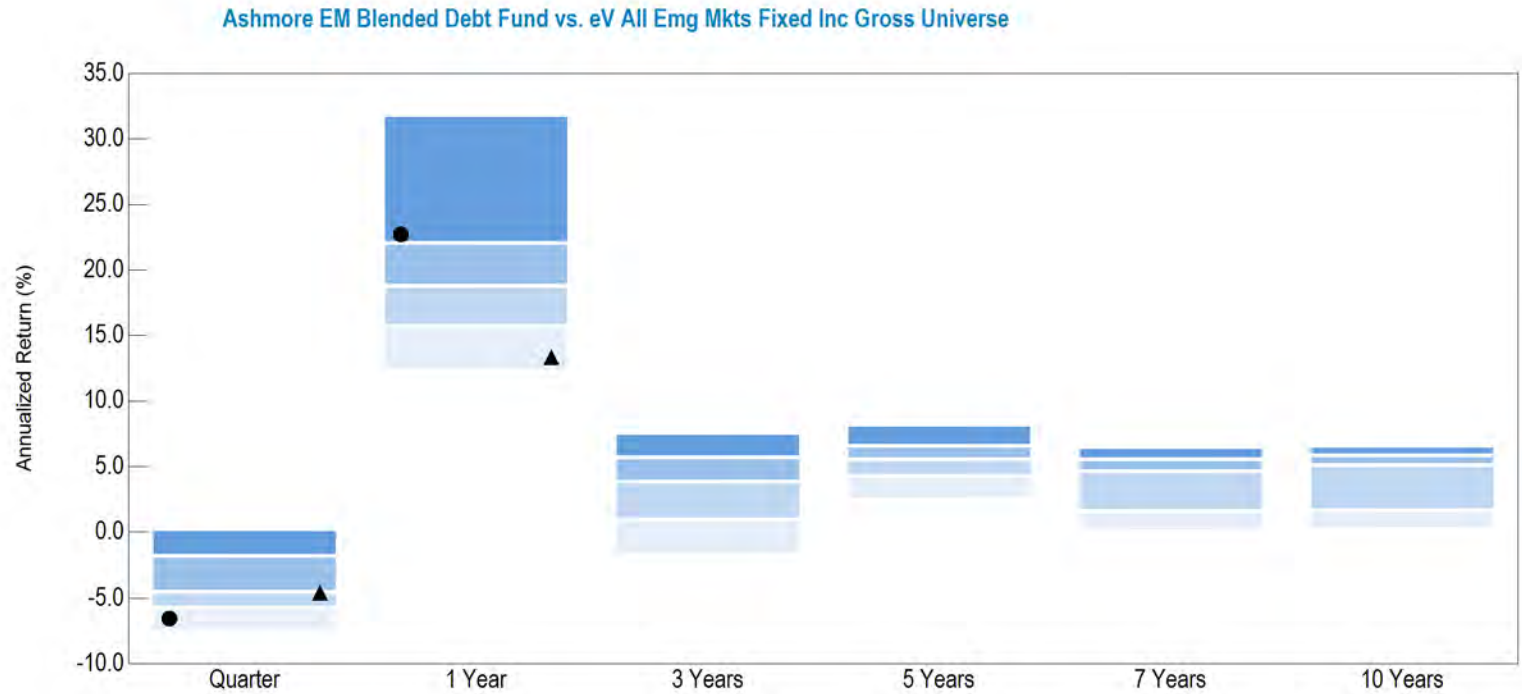


Rolling 5 Year Annualized Excess Performance



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

Period Ending: March 31, 2021



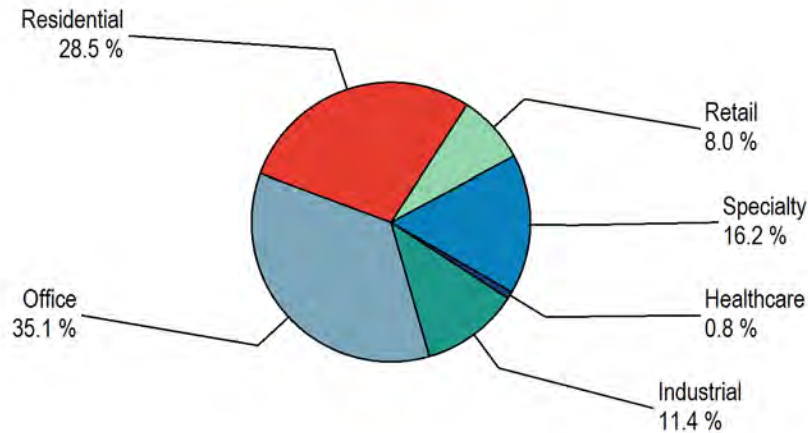
	Return (Rank)											
5th Percentile	0.2	31.8	7.5	8.2	6.5	6.6						
25th Percentile	-1.8	22.1	5.7	6.6	5.6	5.9						
Median	-4.5	18.8	3.9	5.6	4.7	5.1						
75th Percentile	-5.7	15.8	1.0	4.3	1.6	1.7						
95th Percentile	-7.5	12.3	-1.7	2.5	0.1	0.2						
# of Portfolios	297	297	281	255	222	143						
● Ashmore EM Blended Debt Fund	-6.5	(84)	22.7	(23)	--	(--)	--	(--)	--	(--)	--	(--)
▲ 50% JPM EMBI GD/25% JPM GBI EM GD/25%	-4.6	(55)	13.3	(91)	--	(--)	--	(--)	--	(--)	--	(--)

Total Real Estate
Asset Class Overview (Gross of Fees)

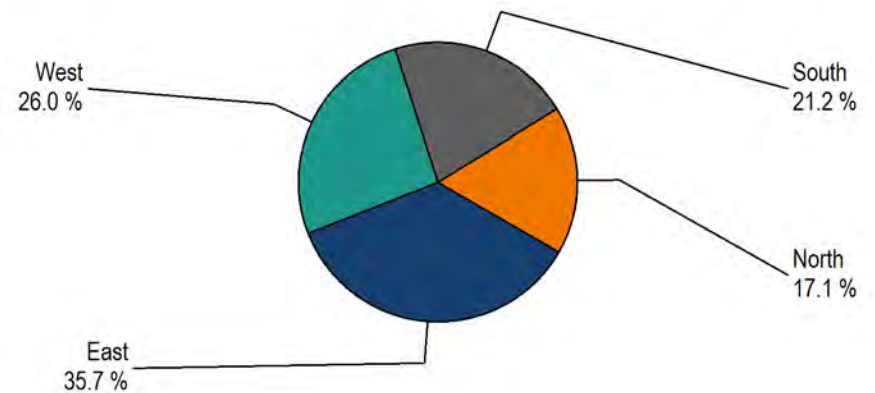
Period Ending: March 31, 2021

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Real Estate	188,975,613	1.5	1.1	4.1	5.6	8.7	1.1	4.3	7.5	7.8	7.8
<i>NCREIF Property Index</i>		1.7	2.6	4.9	5.8	8.8	1.6	6.4	6.7	7.0	8.0
JP Morgan Core Real Estate	149,679,128	1.6	0.8	3.5	5.0	9.3	0.5	3.4	7.0	6.1	8.4
<i>NCREIF-ODCE</i>		2.1	2.3	4.9	6.2	9.7	1.2	5.3	8.3	7.6	8.8
<i>NCREIF Property Index</i>		1.7	2.6	4.9	5.8	8.8	1.6	6.4	6.7	7.0	8.0
ARA American Strategic Value Realty	39,296,485	0.9	2.3	6.3	--	--	3.8	7.3	9.1	7.4	--
<i>NCREIF-ODCE</i>		2.1	2.3	4.9	--	--	1.2	5.3	8.3	7.6	--
<i>NCREIF Property Index</i>		1.7	2.6	4.9	--	--	1.6	6.4	6.7	7.0	--

Property Type Allocation
Allocation as of March 31, 2021



Geographic Diversification
Allocation as of March 31, 2021



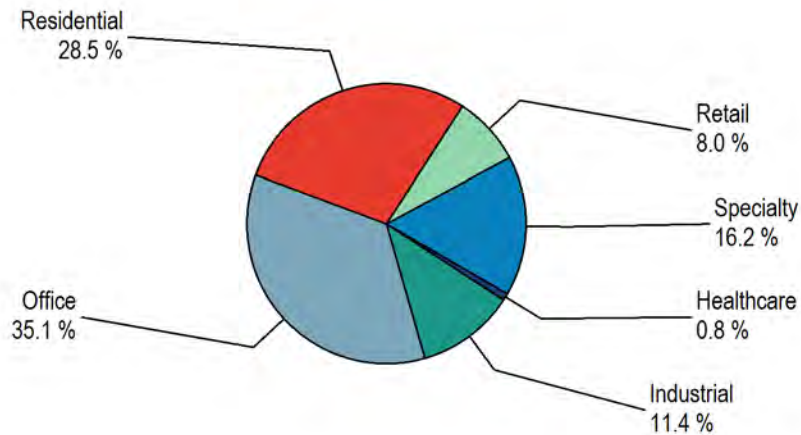
ARA American Strategic Value Realty is lagged one quarter.

Total Real Estate
Asset Class Overview (Net of Fees)

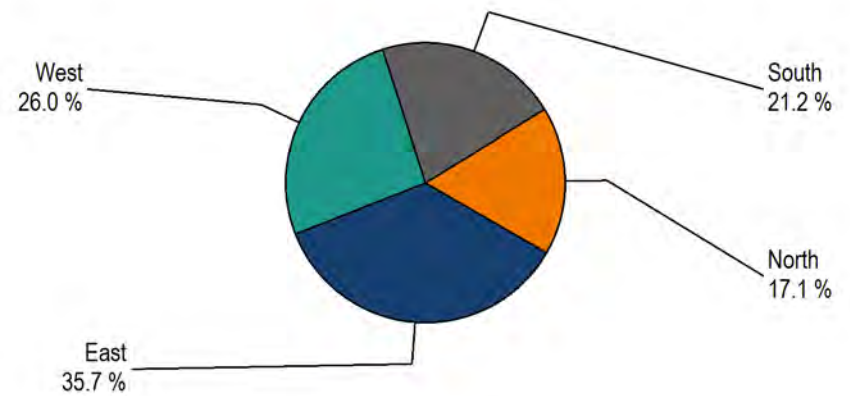
Period Ending: March 31, 2021

	Market Value	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Real Estate	188,975,613	1.5	1.1	4.1	5.4	8.3	1.1	4.3	7.5	7.8	6.8
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JP Morgan Core Real Estate	149,679,128	1.6	0.8	3.5	4.8	8.6	0.5	3.4	7.0	6.1	7.3
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<i>NCREIF Property Index</i>		1.7	2.6	4.9	5.8	8.8	1.6	6.4	6.7	7.0	8.0
ARA American Strategic Value Realty	39,296,485	0.9	2.3	6.3	--	--	3.8	7.3	9.1	7.4	--
<i>NCREIF-ODCE</i>		2.1	2.3	4.9	--	--	1.2	5.3	8.3	7.6	--
<i>NCREIF Property Index</i>		1.7	2.6	4.9	--	--	1.6	6.4	6.7	7.0	--

Property Type Allocation
Allocation as of March 31, 2021



Geographic Diversification
Allocation as of March 31, 2021



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

¹ Represents fund vintage year.

Policy & Custom Index Composition

Policy Index (1/1/2021-Current)	20% Russell 3000, 20% MSCI ACWI ex-US (Gross), 10% BBgBarc U.S. Aggregate, 3% BBgBarc US Treasury 7-10 yr, 2% BBgBarc US TIPS, 11% FTSE World Govt Bond Index, 15% NCREIF Property Index, 3% Russell 3000, 5% Private Equity Benchmark, 5% Private Credit Benchmark, 2% BBgBarc U.S. Aggregate, 2% BBgBarc US Govt/Credit 1-3 yr, 2% 91 Day T-Bill,
Policy Index (10/1/2020-12/31/2020)	21% Russell 3000, 21% MSCI ACWI ex-US (Gross), 31% BBgBarc U.S. Aggregate, 17% NCREIF Property Index, 1% Russell 3000, 4 Private Equity Benchmark, 5% Private Credit Benchmark.
Policy Index (4/1/2020-9/30/2020)	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%

Private Equity Benchmark and Private Credit Benchmarks are equal to the actual private equity and private credit returns, respectively.

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: $\text{excess return} / \text{tracking error}$.

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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The information presented may be deemed to contain forward-looking information. Examples of forward looking information include, but are not limited to, (a) projections of or statements regarding return on investment, future earnings, interest income, other income, growth prospects, capital structure and other financial terms, (b) statements of plans or objectives of management, (c) statements of future economic performance, and (d) statements of assumptions, such as economic conditions underlying other statements. Such forward-looking information can be identified by the use of forward looking terminology such as believes, expects, may, will, should, anticipates, or the negative of any of the foregoing or other variations thereon comparable terminology, or by discussion of strategy. No assurance can be given that the future results described by the forward-looking information will be achieved. Such statements are subject to risks, uncertainties, and other factors which could cause the actual results to differ materially from future results expressed or implied by such forward looking information. The findings, rankings, and opinions expressed herein are the intellectual property of Verus and are subject to change without notice. The information presented does not claim to be all-inclusive, nor does it contain all information that clients may desire for their purposes. The information presented should be read in conjunction with any other material provided by Verus, investment managers, and custodians.

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.

Board of Trustees

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www.SLOPensionTrust.org

San Luis Obispo County Pension Trust *SLOOPT*

Date: May 24, 2021

To: Board of Trustees

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

Agenda Item 14: Monthly Investment Report for April 2021

	April	Year to Date 2021	2020	2019	2018	2017	2016
Total Trust Investments (\$ millions)	\$1,630		\$1,552 year end	\$1,446 year end	\$1,285 year end	\$1,351 year end	\$1,196 year end
Total Fund Return	2.4% Gross	5.6% Gross	8.9 % Gross	16.3 % Gross	-3.2 % Gross	15.5 % Gross	6.6 % Gross
Policy Index Return (r)	2.1%	4.4%	10.0 %	16.4 %	-3.2 %	13.4 %	7.7 %

(r) Policy index as of Sept. 2020 Strategic Asset Allocation Policy with 2021 Interim targets:

Public Mkt Equity- 20% Russell 3000, 20% MSCI ACWI ex-US
Public Mkt Debt- 11% Barclays US Aggregate,
Risk Diversifying 10% Barclays US Aggregate,
3% Barclays 7-10yr Treasury, 2% Barclays 5-10yr US TIPS
Real Estate & Infrastructure- 12% NCREIF Index, 3% Private RE/Infrastructure actual returns
Private Equity- 8% actual private equity returns
Private Credit- 7% actual private credit returns
Liquidity- 2% 90 day T-Bills, 2% Barclays 1-3yr Gov/Credit
Pending annual updates to interim targets.

SLOOPT Investment Returns:

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

The Economy and Capital Markets:

➤ The Economy

- **GDP Growth** – Preliminary Commerce Department estimates of 1Q21 US GDP growth came in at 1.6% (6.4% annual rate) compared to the 1.1% GDP growth in 4Q20. This increase brings the total US GP to \$20 trillion, where it was at the end of 2019 pre-pandemic.
 - The growing confidence of consumers fueled much of the GDP recovery via product purchases. Economists expect 2Q21 and 3Q21 likewise to show strong, above-trend, GDP growth and to reflect increasing consumer consumption of services. The long-term GDP growth potential of the US economy is approximately 2% annually.
 - Government stimulus payments were a major part of the last three quarters of economic recovery. As Federal stimulus payments wrap up in 2021 it is expected that historically high levels of personal savings and pent-up consumer demand will become the primary driving force supporting GDP growth. US household savings stood at \$4.1 trillion in 1Q21 versus \$1.2 trillion at the start of the pandemic.
- **Inflation** – Concerns over increasing inflation increasingly have an impact. With the April measure of CPI inflation coming in at a 4.2% increase from one year ago it fuels worries that inflation may remain above the Fed target in the 2% range and trigger the Fed to tighten monetary policy. The Fed maintains that the current increase in inflation is a transitory effect of emerging from pandemic restrictions. However, capital markets are nervous about the prospect of a budding wage-price spiral of increasing inflation similar to that of the 1970s. In a wage-price spiral the expectations that wages and prices need to be increased becomes a self-perpetuating trend leading to Fed tightening to counteract it.

➤ Economic Policy

- **Monetary Policy** –
 - At its April meeting the Fed kept interest rates at the historically low level of 0-0.25% and indicated it would continue with asset purchases. Although the country's economic recovery is well underway, the central bank noted that employment remains below pre-pandemic levels. It also restated its belief that higher inflation, a threat to its loose monetary-policy stance, will be transitory.
- **Fiscal Policy** –
 - The extraordinarily large stimulus of the 41.9 trillion American Recovery Act is beginning to roll out into the US economy. The outlook for the Administrations intended – and even larger – infrastructure plan is pending a long and contentious legislative process yet to come.

➤ Employment and Wages –

- **New Jobs** - The April jobs report from the BLS on nonfarm employment with a lower than expected gain of 266k new jobs showed an economy continuing to recover from

the 2020 pandemic pullback. However, the weak April new jobs number suggests a long slog back to full pre-pandemic employment levels.

- **Unemployment** - The unemployment rate in April was little changed at 6.1%. Unemployed totaled 9.8 million, well above pre-pandemic levels. Another 6.6 million were not working, but would like a job but are not counted as unemployed since they are not actively seeking jobs. In April 18.3% of employed persons teleworked, down from 21.0% in March.
- **Wages** – The April BLS report also showed a higher than expected increase in average wages of 0.7%. Some sectors had very strong income increases – leisure and hospitality clocked a 4.8% average wage increase in one month.
- **Labor Shortages** - Employers report increasing labor shortages despite more than 8 million unemployed compared to early 2020 pre-pandemic. At the end of 2020 22% of manufacturing firms were operating below capacity – up from 16% at the end of 2019 - because of a lack of workers. Total job openings are close to 5% of total which is the highest level of job vacancy for over 20 years. While enhanced unemployment benefits (that will expire in September) may be part of the reason, it also seems likely that continued fear over Covid infection has kept many potential workers out of high-exposure jobs such as in restaurants.

➤ **Market Outlook –**

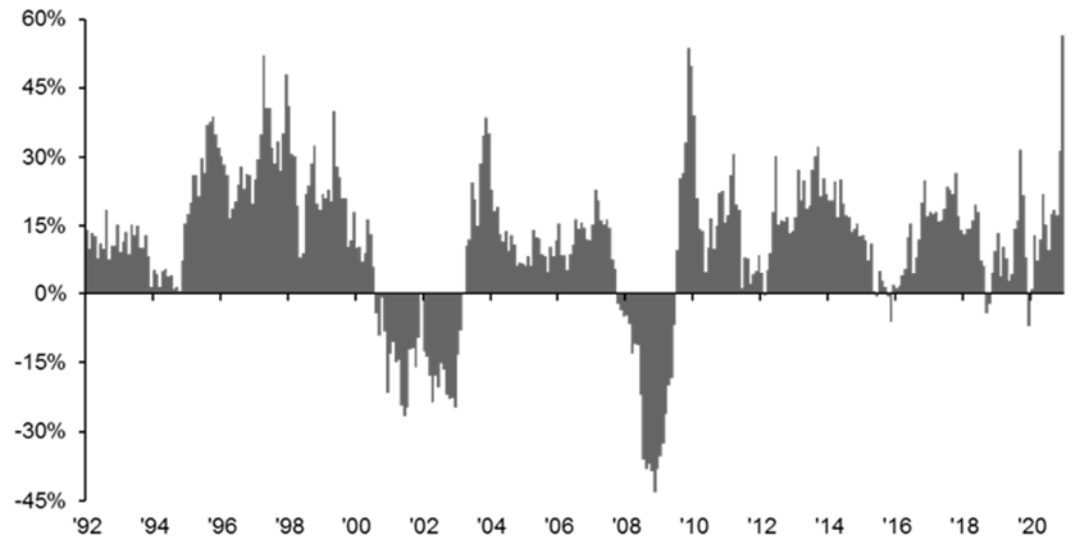
▪ **Equity Markets –**

- The recovery in US equity markets was aptly commented on by JP Morgan’s chief strategist, David Lebovitz, in the firm’s April 23rd report on 1Q21 corporate earnings –

“At this time last year, the global economy was in the throes of the pandemic. Lockdowns had been put in place around much of the world, only grocery stores and pharmacies were open, and toilet paper was flying off the shelves. One year later, restaurants are filling up, airports are seeing more passenger traffic, and toilet paper is in stock. The reopening has arrived.

The equity market always believed we would get here, and with a little help from policymakers, began pricing in a rebound in economic activity and corporate profits before the first wave of the pandemic had run its course. In fact, from the low on March 23, 2020, the S&P 500 posted its best rolling 12-month return in more than thirty years (Exhibit 1). There was always light at the end of the tunnel; the question was how long the tunnel might be.

Exhibit 1: The best 12-month rolling return in more than 30 years!
Rolling 12 month total returns



Source: FactSet, J.P. Morgan Asset Management. Data are as of April 19, 2021”

Respectfully Submitted,

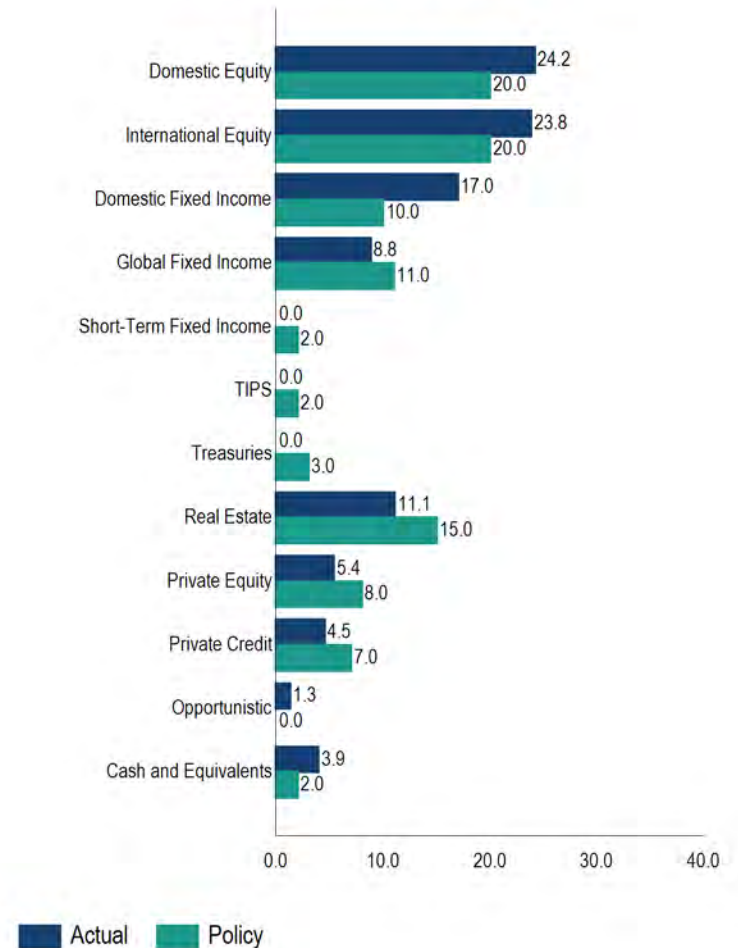
San Luis Obispo County Pension Trust

Executive Summary - Preliminary (Gross of Fees)

Period Ending: April 30, 2021

	Market Value	% of Portfolio	1 Mo	YTD
Total Fund	1,629,894,489	100.0	2.4	5.6
<i>Interim Policy Index</i>			2.1	4.4
Total Domestic Equity	393,746,363	24.2	4.4	11.8
<i>Russell 3000</i>			5.2	11.8
PIMCO RAE US	95,206,335	5.8	2.4	17.0
<i>S&P 500</i>			5.3	11.8
Loomis Sayles Large Cap Growth	108,807,500	6.7	5.6	8.8
<i>Russell 1000 Growth</i>			6.8	7.8
Boston Partners Large Cap Value	107,850,752	6.6	3.6	8.7
<i>Russell 1000 Value</i>			4.0	15.7
Atlanta Capital Mgmt	81,881,777	5.0	6.2	14.8
<i>Russell 2500</i>			4.0	15.4
Total International Equity	388,438,463	23.8	4.2	7.8
<i>MSCI ACWI ex USA Gross</i>			3.0	6.7
Dodge & Cox Intl Stock	174,267,946	10.7	2.0	9.4
<i>MSCI ACWI ex USA Value Gross</i>			2.3	9.7
WCM International Growth	214,170,517	13.1	6.0	6.3
<i>MSCI ACWI ex USA Growth Gross</i>			3.7	3.7
Total Domestic Fixed Income	276,378,468	17.0	0.9	-0.8
<i>BBgBarc US Aggregate TR</i>			0.8	-2.6
BlackRock Core Bond	97,352,400	6.0	0.9	-2.3
<i>BBgBarc US Aggregate TR</i>			0.8	-2.6
Dodge & Cox Income Fund	102,477,236	6.3	1.0	-1.4
<i>BBgBarc US Aggregate TR</i>			0.8	-2.6
Pacific Asset Corporate Loan	76,548,832	4.7	0.5	2.2
<i>S&P/LSTA Leveraged Loan Index</i>			0.5	2.3
Total Global Fixed	143,984,726	8.8	2.6	-2.2
<i>FTSE World Govt Bond Index</i>			1.2	-4.6
Brandywine Global Fixed Income	70,984,253	4.4	1.3	-1.5
<i>FTSE WGBI ex US TR</i>			1.4	-5.2
Ashmore EM Blended Debt Fund	73,000,473	4.5	4.0	-2.8
<i>50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELM+</i>			2.1	-2.6

Actual vs Interim Target Allocation (%)



*Other balance represents Clifton Group.

New Policy Index as of 1/1/2021 23% Russell 3000, 20% MSCI ACWI ex-US (Gross), 23% BBgBarc U.S. Aggregate, 3% BbgBarc US Treasury 7-10 yr, 2% BBgBarc US TIPS, 15% NCREIF Property Index, 5% Actual Private Equity Return, 5% Actual Private Credit Return, 2% 91 day T-Bills, 2% BBgBarc 1-3 yr Gov/Credit. 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. (e) To avoid unnecessary and possibly misleading Tracking Error, the Total Fund Policy Benchmark uses actual time-weighted private markets returns applied to actual private market asset class weights rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market investment's public market "equivalent" (e.g., private equity to public equity; private credit to public fixed income, private real estate to public real estate). Pacific Asset Corporate Loan market value and performance estimated. All data is preliminary

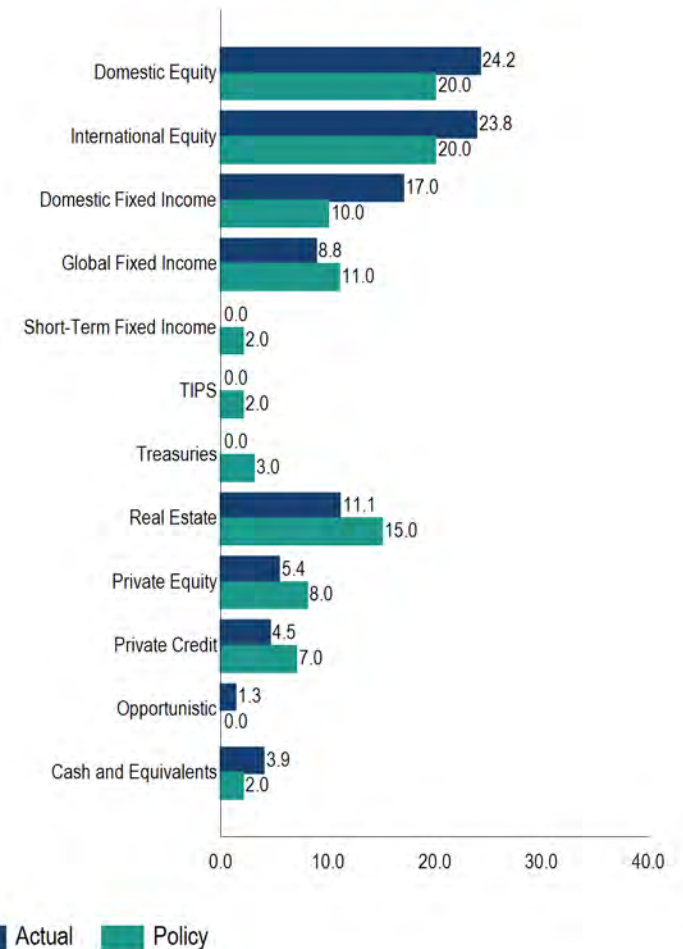
San Luis Obispo County Pension Trust

Executive Summary - Preliminary (Gross of Fees)

Period Ending: April 30, 2021

	Market Value	% of Portfolio	1 Mo	YTD
Total Real Estate	180,522,002	11.1	0.4	1.9
NCREIF Property Index			N/A	1.7
JP Morgan Core Real Estate	141,225,516	8.7	0.6	2.2
NCREIF-ODCE			N/A	2.1
NCREIF Property Index			N/A	1.7
ARA American Strategic Value Realty	39,296,485	2.4	N/A	0.9
NCREIF-ODCE			N/A	2.1
NCREIF Property Index			N/A	1.7
Total Private Equity	87,712,209	5.4		
Harbourvest Partners IX Buyout Fund L.P.	15,049,403	0.9		
Pathway Private Equity Fund Investors 9 L.P.	57,153,982	3.5		
Harbourvest 2018 Global Fund L.P.	12,235,522	0.8		
Pathway Private Equity Fund Investors 10 L.P.	3,273,302	0.2		
Total Private Credit	73,687,925	4.5		
Sixth Street Partners DCP	73,687,925	4.5		
Total Cash	64,231,354	3.9	0.1	0.3
91 Day T-Bills			0.0	0.0
Cash Account	30,355,851	1.9	0.2	0.5
91 Day T-Bills			0.0	0.0
The Clifton Group	33,875,503	2.1		
Total Opportunistic	21,192,978	1.3		
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	3,417,031	0.2		
Sixth Street Partners TAO	17,775,947	1.1		

Actual vs Interim Target Allocation (%)



*Other balance represents Clifton Group.

New Policy Index as of 1/1/2021 23% Russell 3000, 20% MSCI ACWI ex-US (Gross), 23% BbgBarc U.S. Aggregate, 3% BbgBarc US Treasury 7-10 yr, 2% BbgBarc US TIPS, 15% NCREIF Property Index, 5% Actual Private Equity Return, 5% Actual Private Credit Return, 2% 91 day T-Bills, 2% BbgBarc 1-3 yr Gov/Credit. 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. (e) To avoid unnecessary and possibly misleading Tracking Error, the Total Fund Policy Benchmark uses actual time-weighted private markets returns applied to actual private market asset class weights rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market investment's public market "equivalent" (e.g., private equity to public equity; private credit to public fixed income, private real estate to public real estate). Pacific Asset Corporate Loan market value and performance estimated. All data is preliminary



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

APRIL 2021
Capital Markets Update

Market commentary

U.S. ECONOMICS

- U.S. GDP expanded at an annualized quarterly rate of 6.4% in Q1 (+0.4% YoY), the highest number since 2003 outside of the re-opening surge seen in Q3 2020. The inflation-adjusted value of domestically produced goods and services climbed to an annualized \$19.1 trillion close to the pre-pandemic peak of nearly \$19.3 trillion.
- The April jobs report was a disappointment against many economist forecasts, who on average were predicting upwards of one million jobs to be added to the Labor Department's non-farm payrolls. The print showed that only 266,000 jobs were added in April. Some analysts believe that enhanced unemployment benefits are keeping people from taking jobs on the margin. Additionally, 29% of unemployed Americans have now been out of work for at least a year.
- The unemployment rate worsened in April and ticked up to 6.1%, from 6.0% the month before, and roughly 8 million people who were employed before the pandemic have yet to recover their jobs. Fed officials have stated that the conversation around tightening financial conditions will not begin until substantial further progress has been made regarding labor market conditions.

U.S. EQUITIES

- The S&P 500 Index returned +5.3% in April and hit an all-time high level of 4211 on the price index on the penultimate day of the month.
- Ten sectors are reporting year-over-year earnings growth, led by consumer discretionary, financial, and materials. The industrial sector is the only sector reporting a year-over-year decline in earnings.
- Following first quarter earnings analysts expect double-digit earnings growth for the remaining three quarters of 2021.

U.S. FIXED INCOME

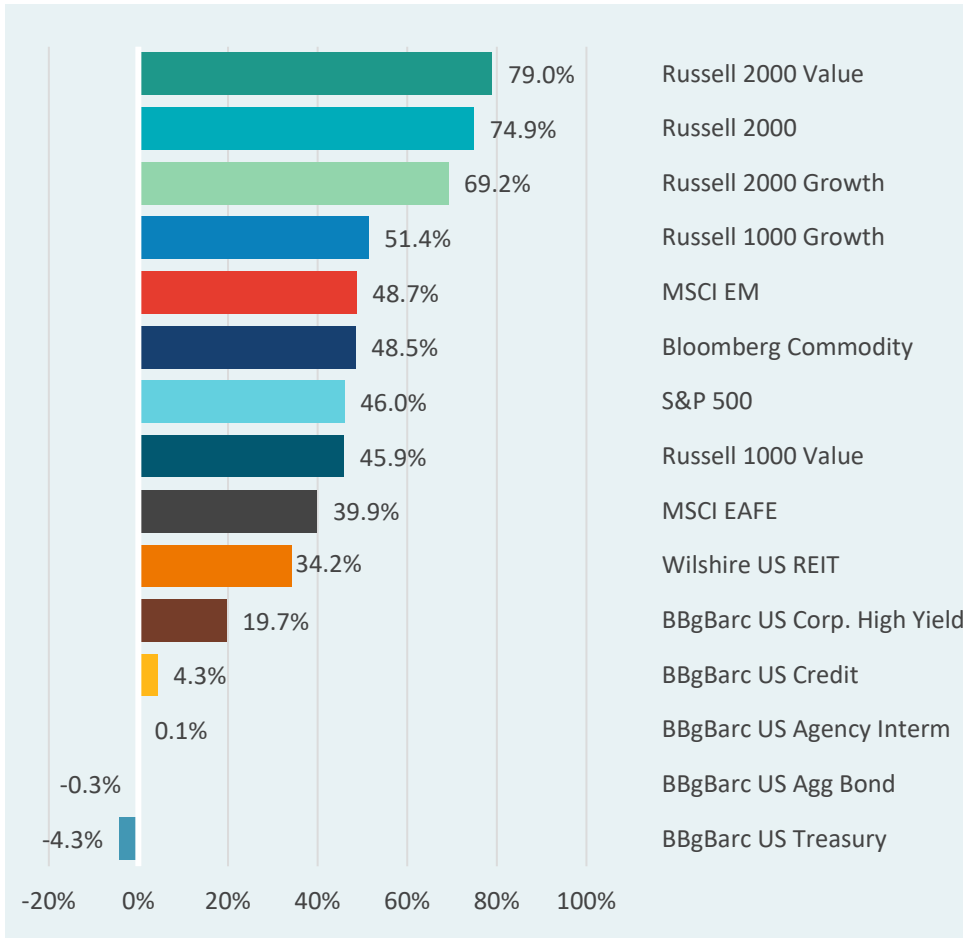
- At their April meeting the Federal Open Market Committee continued to hold the fed funds range steady at 0.00% - 0.25%. Federal Reserve Chair Jerome Powell reiterated that although their assessment of the U.S. economy is improving, they are not ready to scale back pandemic support.
- Median year-ahead inflation expectations in the U.S. increased 20 basis points to 3.4% in April, the highest level since September 2013. While concerns have mounted around the risk of price increases as the economy reopens, overall price increases have been moderate thus far, and Fed officials remain confident that a pickup in inflation is more likely to be transitory than persistent.
- The Bloomberg Barclays U.S. Treasury Long Index posted a +2.3% gain as the long end of yield curve ticked lower. The 30-year Treasury bond yield fell to 2.30% from 2.41% the month before.

INTERNATIONAL MARKETS

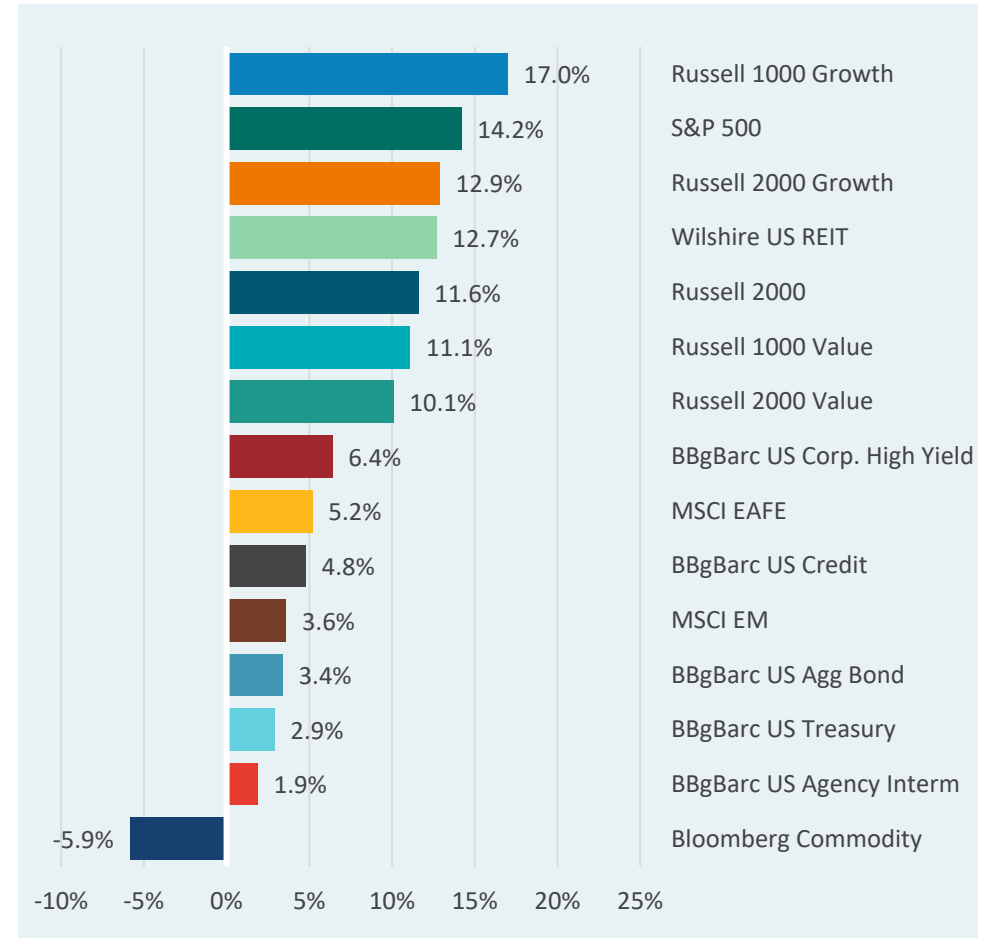
- Covid-19 case growth rose to record levels in India with the 7-day average of new cases increasing from 65k to 365k in April. Health experts worry that if the virus continues to spread at its current rate it could lead to more mutations of the virus.
- Emerging market equities (MSCI EM +2.5%) underperformed both U.S. equities (S&P 500 Index +5.3%) and international developed equities (MSCI EAFE Index 3.0%).
- India, which makes up almost 10% of the MSCI Emerging Markets Index, declined -2.3% in U.S. dollar terms over the month. Other large constituents including China (+0.3%) and South Korea (+0.9%) posted relatively subdued returns in April.

Major asset class returns

ONE YEAR ENDING APRIL



TEN YEARS ENDING APRIL



*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 4/30/21

Source: Morningstar, as of 4/30/21

U.S. large cap equities

- The S&P 500 gained 5.3% in April, and all eleven major sectors advanced. The real estate (+8.3%), telecom (+7.9%), and consumer discretionary (+7.1%) sectors were the top performers while energy (+0.6%) was the worst-performing sector.
- Per FactSet, of the 60% of companies in the S&P 500 that have reported earnings, 86% have reported EPS above the mean estimate. This is well above the one- and five-year averages of 77% and 74% respectively. If 86% holds it will be the highest mark since FactSet starting tracking EPS surprise in 2008.
- The Cboe Implied Volatility Index, which represents the market's expectations for volatility over the coming 30 days, ticked below 16.3 in the middle of April the lowest the index has been since the onset of the global pandemic. The index closed the month at 18.6.
- An upbeat outlook for the global economy remains despite the worry that new Covid variants pose to the post-pandemic recovery. The forward one-year price-to-earnings of the S&P 500 remained at historic highs. For the month ended April the S&P 500 showed a 21.8 forward P/E well above the five-year average of 17.9.

S&P 500 PRICE INDEX



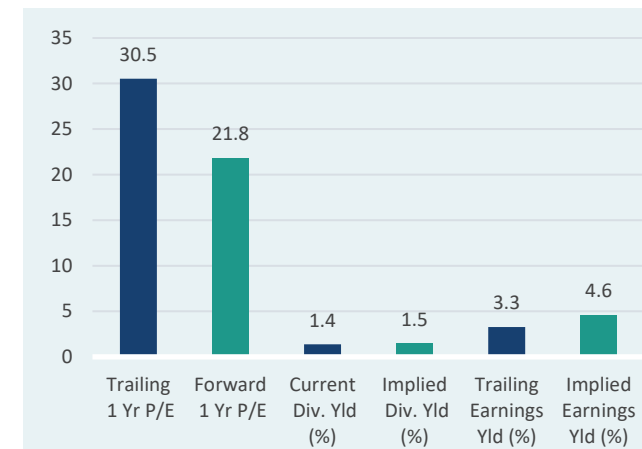
Source: Bloomberg, as of 4/30/21

IMPLIED VOLATILITY (VIX INDEX)



Source: CBOE, as of 4/30/21

S&P 500 VALUATION SNAPSHOT

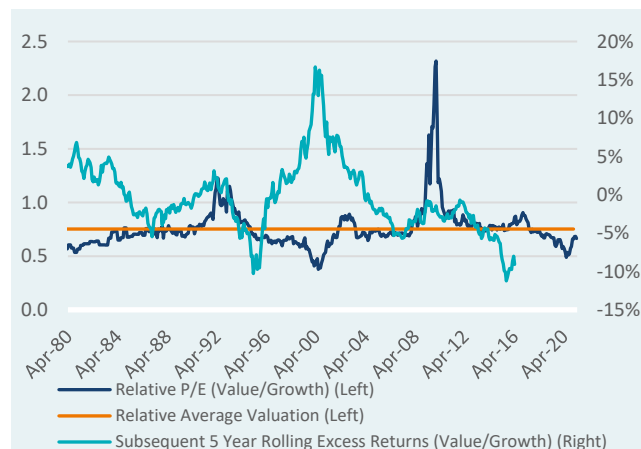


Source: Bloomberg, as of 4/30/21

Domestic equity size and style

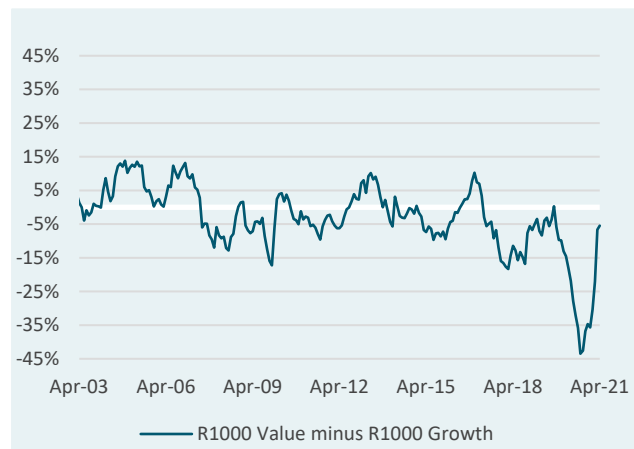
- Large-cap equities extended their recent outperformance over small-cap equities to two months. The Russell 1000 Index returned 5.4% while the Russell 2000 Index gained 2.1%. Year-to-date, small cap equities (+15.1%) have still outperformed their large-cap (+11.6%) counterparts.
- Large-cap equities' notable contributor was the information technology sector which returned 5.4% in the Russell 1000 Index compared to 0.7% in the Russell 2000 Index. The energy sector within the Russell 2000 Index was the only sector in the red with a decline of -3.2%; within the Russell 1000 it gained 0.9%.
- The Russell 3000 Growth Index advanced 6.5% while the Russell 3000 Value Index posted a 3.9% return. The outperformance seen by growth style stocks was largely attributed to its roughly 41% larger weight to the combined information technology and consumer discretionary sectors, as compared to the value index.
- The MSCI USA Cyclical Sectors Index (+6.1%) outperformed the MSCI Defensive Sectors Index (+3.4%) as stocks that are more economically sensitive followed the current economic expansionary cycle.

VALUE VS. GROWTH RELATIVE VALUATIONS



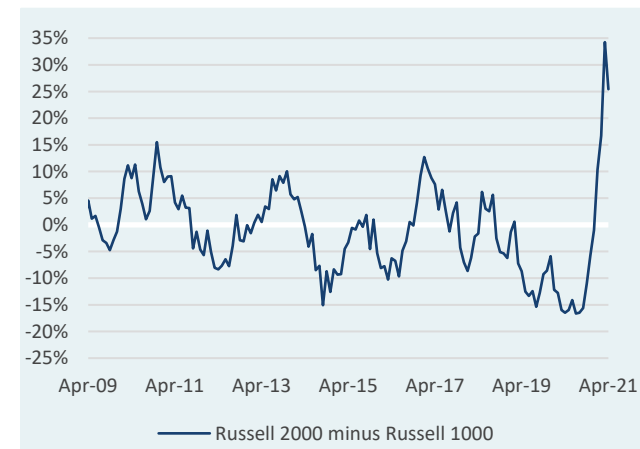
Source: FTSE, Bloomberg, as of 4/30/21

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 4/30/21

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE

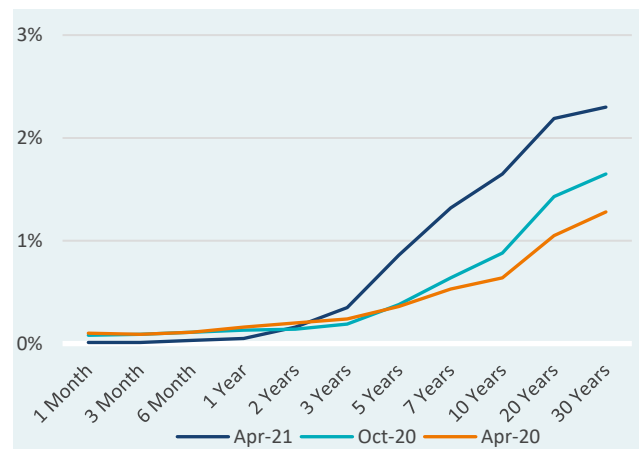


Source: FTSE, Bloomberg, as of 4/30/21

Fixed income

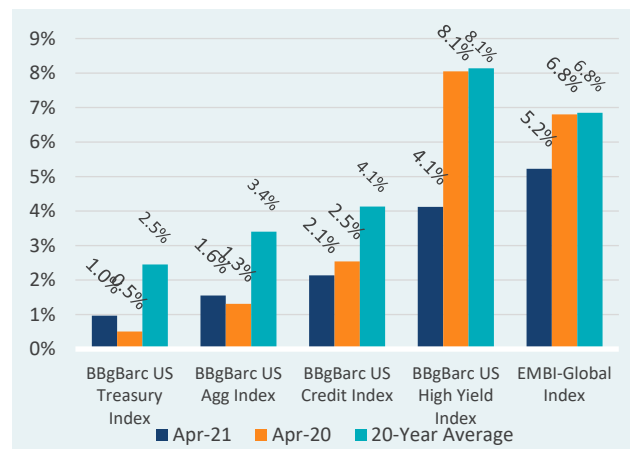
- The five-year breakeven inflation rate, measured as the difference between the five-year nominal Treasury bond yield and the five-year inflation protected Treasury bond yield, rose another five basis points to 2.57%, the highest level since July 2008.
- The Bank of England slowed its emergency bond-buying, a signal that it is on course to end the crisis support later this year. The U.K. has had good success with its vaccine program and is hoping that the removal of pandemic-era restrictions will help to sustain the strength of the economic recovery through 2021.
- The Bank of Canada became one of the first major central banks to signal a more hawkish stance as it announced that it may raise interest rates as early as next year and has already begun to taper the pace of bond purchases. Some economists believe this may be a signal for what other central banks might do in the second half of this year.
- Italy raised \$4.5 billion in its third issuance of U.S. dollar denominated bonds since July 2019. Italy has seen a sharp rise in borrowing needs as the coronavirus has slowed economic growth and its budget deficit has surged to a 20-year high.

U.S. TREASURY YIELD CURVE



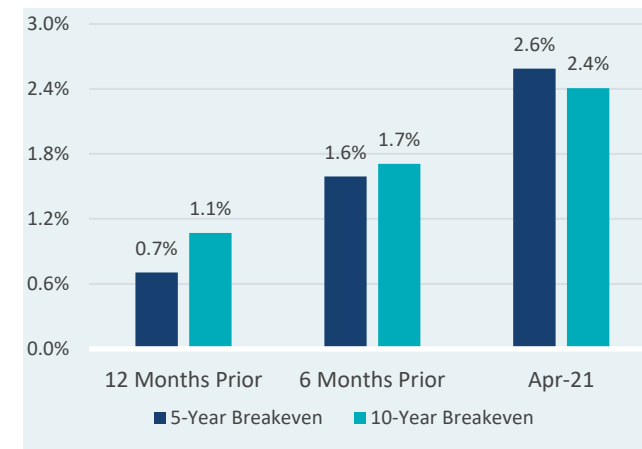
Source: Bloomberg, as of 4/30/21

NOMINAL YIELDS



Source: Morningstar, as of 4/30/21

BREAKEVEN INFLATION RATES

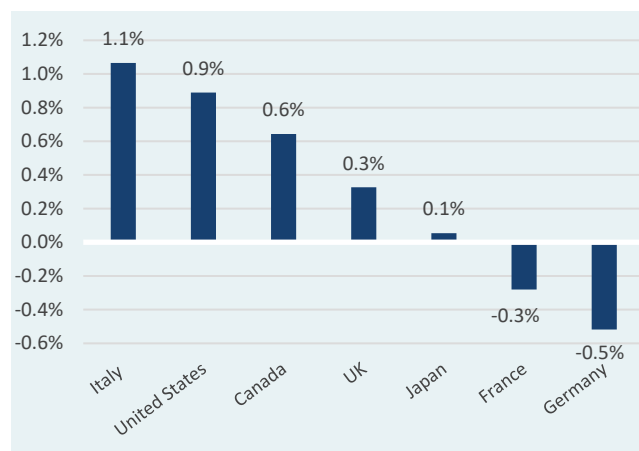


Source: Bloomberg, as of 4/30/21

Global markets

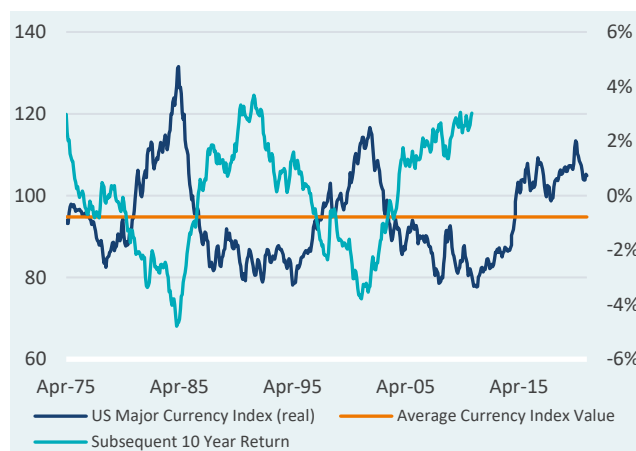
- All major global equity indices posted positive performance over the month, and the global equity benchmark, the MSCI ACWI Index, rose +4.4%. The Index was supported by strong performance in U.S. equities (S&P 500 +5.3%) where earnings season has brightened firms' balance sheets.
- The European Union real GDP fell -0.6% in Q1 on a quarterly annualized basis (-1.8% YoY), slipping into a technical recession after two consecutive quarters of decline. Despite this, economists are positive on hopes that an accelerated vaccination campaign can slow a third wave of Covid-19 infections.
- Japanese equities (MSCI Japan -1.5%) significantly underperformed other developed equities (MSCI EAFE +3.0%) in April as Japan extended its state of emergency to May 11th. Japan's vaccination rollout has been slower than many other developed nations due in part to logistical bottlenecks.
- Investors who hedged the US dollar in European equities (MSCI Europe Index +2.4%) lagged those who were unhedged (+4.5%). The Euro (+2.4%) appreciated relative to the dollar in a month in which the dollar reversed course and gave back most of the ground it had gained over the first three months of the year.

GLOBAL SOVEREIGN 10-YEAR YIELDS



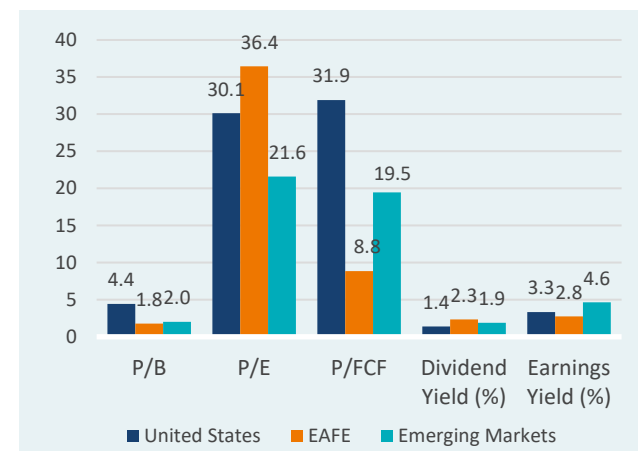
Source: Bloomberg, as of 4/30/21

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 4/30/21

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 4/30/21

Commodities

- The Bloomberg Commodity Index rose 8.3% over the month ended April 30th. The largest-weighted component of the index, energy, was up +7.1%. The second largest sub-index, grains, carried the broad commodity index higher and surged +16.0%.
- The Bloomberg Grains Sub-Index advanced 16.0% due to increasing demand and a tight supply for corn and wheat. China’s expanding hog herd and the rest of the world’s cattle and chickens are eating feed grains faster than farmers can grow them. Droughts in Brazil continue to threaten crop yields which may further weigh on supply.

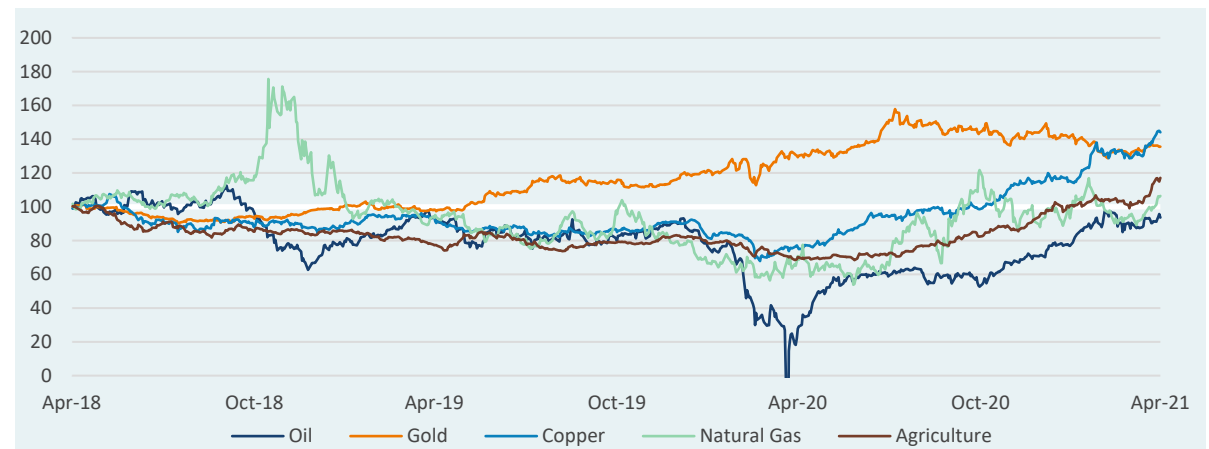
- In April, the Bloomberg Industrial Metals Sub-Index was up +8.8%. Broad strength from Copper (+11.8%), Nickel (+10.0%) and Aluminum (+8.4%) helped the Industrial Metals Sub-Index higher.
- A surge in demand for lumber sent prices higher in April. The U.S. Lumber Random Length Composite – a commonly-used bellwether for lumber prices – saw a +13.1% increase. Shortages of existing homes available for sale is leading to new construction at a massive level. About 25% of homes for sale are now newly built, compared to the historical average where only 10% of homes were new construction.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	8.3	8.3	15.8	48.5	1.6	2.3	(5.9)
Bloomberg Agriculture	14.0	14.0	21.8	66.9	7.2	1.6	(4.0)
Bloomberg Energy	7.1	7.1	25.6	52.4	(13.1)	(5.4)	(14.7)
Bloomberg Grains	16.0	16.0	25.6	71.7	8.3	1.5	(3.6)
Bloomberg Industrial Metals	8.8	8.8	17.0	63.1	6.5	10.6	(2.0)
Bloomberg Livestock	(1.5)	(1.5)	8.8	22.2	(5.2)	(4.6)	(4.4)
Bloomberg Petroleum	6.9	6.9	31.3	130.9	(8.9)	0.1	(10.3)
Bloomberg Precious Metals	3.6	3.6	(6.0)	12.7	9.9	5.3	(1.7)
Bloomberg Softs	12.4	12.4	10.8	42.2	1.1	(2.5)	(8.9)

Source: Morningstar, as of 4/30/21

COMMODITY PERFORMANCE



Source: Bloomberg, as of 4/30/21

Appendix

Periodic table of returns

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	5-Year	10-Year
Small Cap Value	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	38.5	23.6	22.9	17.0
Commodities	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	34.6	15.8	18.9	14.2
Large Cap Value	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	21.0	15.7	17.8	12.9
Small Cap Equity	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	20.0	15.1	16.5	11.6
Large Cap Equity	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	18.3	11.6	13.5	11.1
Large Cap Growth	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	14.0	7.8	12.5	10.1
Small Cap Growth	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	10.3	7.2	12.2	8.8
International Equity	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	7.8	6.6	9.5	6.5
Emerging Markets Equity	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	7.5	4.8	8.9	5.2
Hedge Funds of Funds	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	4.6	4.2	6.0	3.6
60/40 Global Portfolio	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	2.8	4.2	5.8	3.5
Real Estate	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	1.6	1.7	3.2	3.4
Cash	-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	0.5	0.0	2.3	0.6
US Bonds	-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	-3.1	-2.6	1.1	-5.9

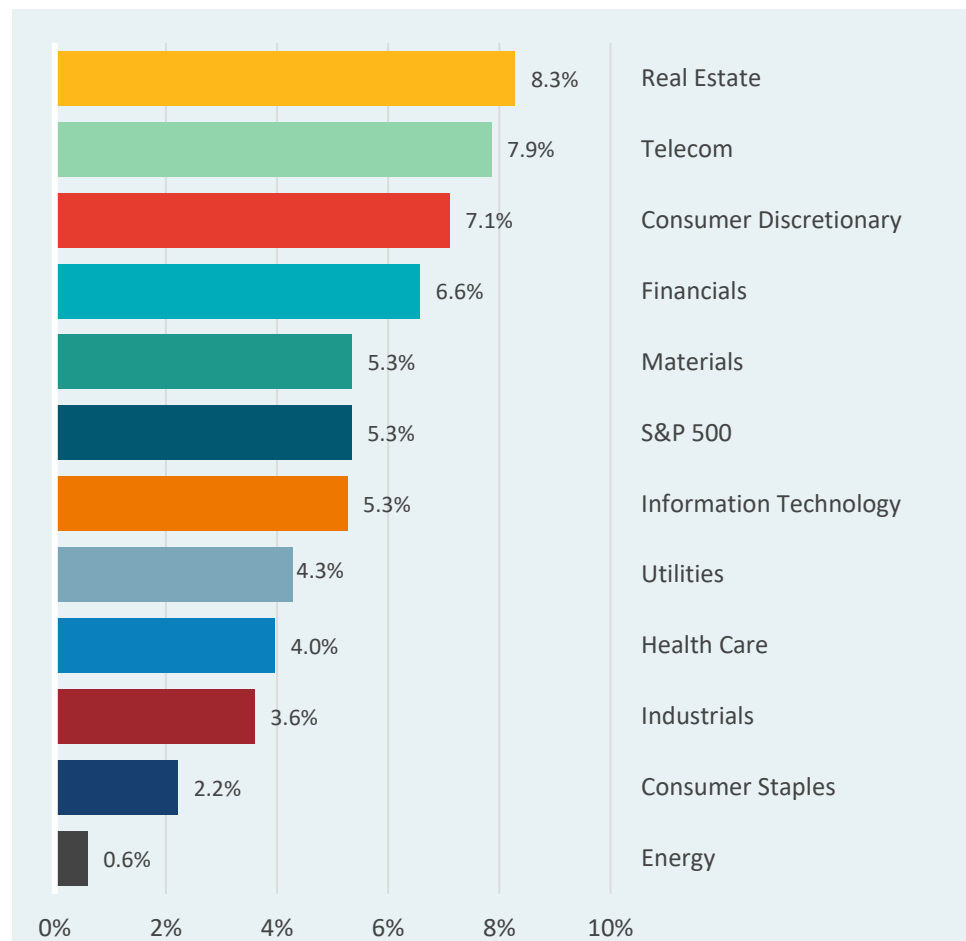
BEST
↑
↓
WORST

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

Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, BBgBarc US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, BBgBarc Global Bond. NCREIF Property Index performance data as of 3/31/21.

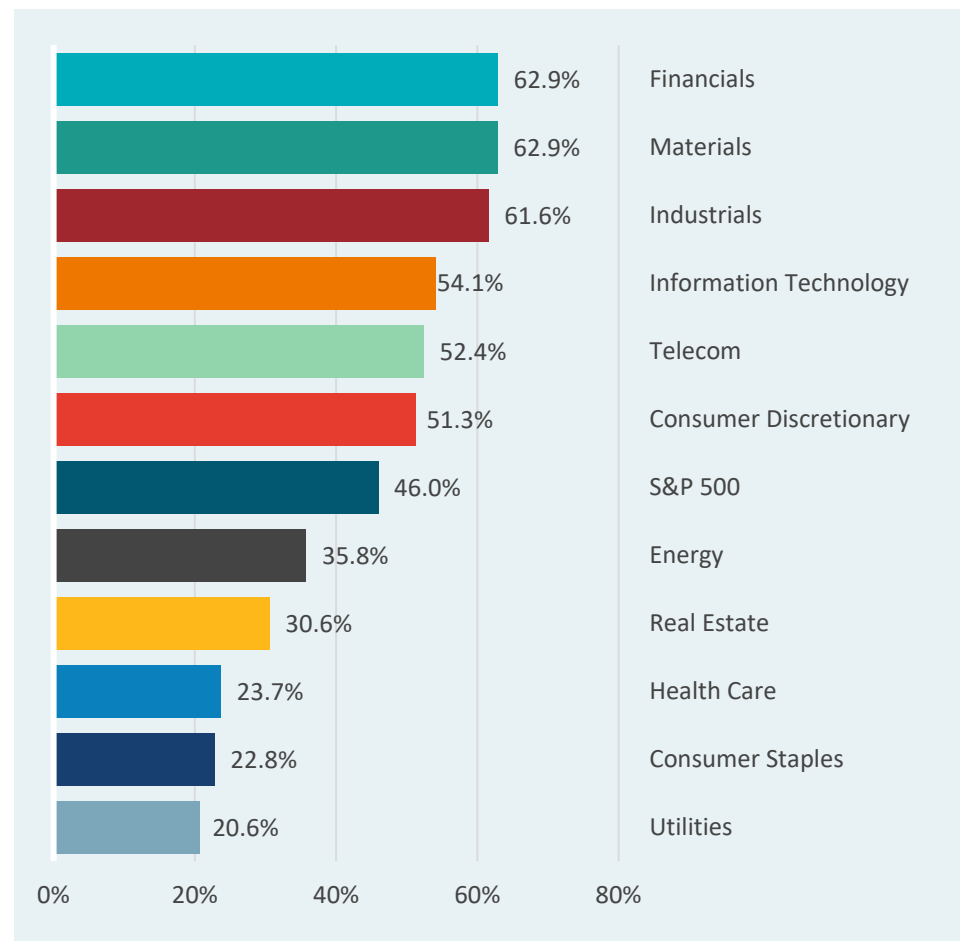
S&P 500 sector returns

QTD



Source: Morningstar, as of 4/30/21

ONE YEAR ENDING APRIL



Source: Morningstar, as of 4/30/21

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	5.3	5.3	11.8	46.0	18.7	17.4	14.2
S&P 500 Equal Weighted	4.7	4.7	16.8	57.1	16.5	15.5	13.3
DJ Industrial Average	2.8	2.8	11.3	42.1	14.5	16.5	12.9
Russell Top 200	5.5	5.5	10.9	46.1	20.2	18.6	14.8
Russell 1000	5.4	5.4	11.6	49.5	19.2	17.8	14.2
Russell 2000	2.1	2.1	15.1	74.9	15.2	16.5	11.6
Russell 3000	5.2	5.2	11.8	50.9	18.9	17.7	14.0
Russell Mid Cap	5.1	5.1	13.7	59.6	16.7	15.6	12.7
Style Index							
Russell 1000 Growth	6.8	6.8	7.8	51.4	25.4	22.9	17.0
Russell 1000 Value	4.0	4.0	15.7	45.9	12.3	12.2	11.1
Russell 2000 Growth	2.2	2.2	7.2	69.2	18.0	18.9	12.9
Russell 2000 Value	2.0	2.0	23.6	79.0	11.7	13.5	10.1

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	4.4	4.4	9.1	45.7	13.3	13.9	9.2
MSCI ACWI ex US	2.9	2.9	6.5	43.0	7.0	9.8	4.7
MSCI EAFE	3.0	3.0	6.6	39.9	6.3	8.9	5.2
MSCI EM	2.5	2.5	4.8	48.7	7.5	12.5	3.6
MSCI EAFE Small Cap	4.0	4.0	8.7	52.6	7.2	10.9	7.9
Style Index							
MSCI EAFE Growth	4.2	4.2	3.6	38.3	10.8	11.3	7.0
MSCI EAFE Value	1.9	1.9	9.5	40.9	1.5	6.2	3.3
Regional Index							
MSCI UK	4.4	4.4	10.8	32.6	0.8	4.5	3.0
MSCI Japan	(1.5)	(1.5)	0.0	30.6	5.5	9.1	7.0
MSCI Europe	4.5	4.5	8.8	43.1	6.3	8.6	4.7
MSCI EM Asia	2.4	2.4	4.6	50.2	10.3	15.3	6.5
MSCI EM Latin American	3.7	3.7	(1.8)	46.4	(4.5)	3.6	(3.8)

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
BBgBarc US TIPS	1.4	1.4	(0.1)	6.1	6.2	4.1	3.3
BBgBarc US Treasury Bills	0.0	0.0	0.0	0.1	1.5	1.2	0.7
BBgBarc US Agg Bond	0.8	0.8	(2.6)	(0.3)	5.2	3.2	3.4
BBgBarc US Universal	0.8	0.8	(2.2)	1.8	5.4	3.6	3.7
Duration							
BBgBarc US Treasury 1-3 Yr	0.0	0.0	(0.0)	0.2	2.9	1.7	1.3
BBgBarc US Treasury Long	2.3	2.3	(11.5)	(15.6)	7.4	3.7	6.4
BBgBarc US Treasury	0.7	0.7	(3.5)	(4.3)	4.6	2.4	2.9
Issuer							
BBgBarc US MBS	0.6	0.6	(0.6)	(0.2)	4.1	2.5	2.8
BBgBarc US Corp. High Yield	1.1	1.1	1.9	19.7	7.0	7.5	6.4
BBgBarc US Agency Interim	0.3	0.3	(0.7)	0.1	3.4	2.0	1.9
BBgBarc US Credit	1.1	1.1	(3.4)	4.3	6.6	4.6	4.8

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	8.3	8.3	15.8	48.5	1.6	2.3	(5.9)
Wilshire US REIT	8.0	8.0	17.5	34.2	11.4	5.7	12.7
CS Leveraged Loans	0.1	0.1	2.0	20.8	4.1	4.6	5.0
Alerian MLP	7.1	7.1	30.7	44.6	(4.2)	(3.0)	(0.4)
Regional Index							
JPM EMBI Global Div	2.2	2.2	(2.4)	16.0	5.3	5.1	5.7
JPM GBI-EM Global Div	2.3	2.3	(4.6)	11.2	1.0	3.0	0.3
Hedge Funds							
HFRI Composite	2.7	2.7	8.7	31.5	8.4	7.8	4.7
HFRI FOF Composite	2.3	2.3	4.2	22.5	6.2	6.0	3.5
Currency (Spot)							
Euro	2.4	2.4	(1.6)	9.9	(0.1)	1.0	(2.1)
Pound Sterling	0.4	0.4	1.3	9.8	0.2	(1.1)	(1.8)
Yen	1.1	1.1	(5.5)	(2.2)	0.0	(0.4)	(2.9)

Source: Morningstar, HFRI, as of 4/30/21

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	12.3	12.2	10.4	11.9
Global Private Equity Direct Funds *	20.4	16.2	14.8	14.6
U.S. Private Equity Direct Funds *	21.0	17.6	15.0	16.0
Europe Private Equity Direct Funds *	18.6	14.2	16.3	12.7
Asia Private Equity Direct Funds *	19.9	14.3	13.8	13.3

Public Index Time-weighted Returns	1 Year	3 Year	5 Year	10 Year
MSCI World	10.4	7.7	10.5	9.4
S&P 500	15.1	12.3	14.1	13.7
MSCI Europe	(0.8)	(0.6)	4.2	4.3
MSCI AC Asia Pacific	11.2	4.3	9.1	5.6

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	0.5	6.6	7.9	12.2

Public Index Time-weighted Returns	1 Year	3 Year	5 Year	10 Year
FTSE NAREIT Equity REIT	(18.2)	0.2	3.9	7.9

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt **	3.7	6.4	8.2	10.2

Public Index Time-weighted Returns	1 Year	3 Year	5 Year	10 Year
S&P / LSTA U.S. Leveraged Loan 100 Index	1.7	3.4	4.1	4.1

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources ***	(20.2)	(7.5)	(2.8)	(0.0)
Global Infrastructure	6.6	8.5	10.7	9.6

Public Index Time-weighted Returns	1 Year	3 Year	5 Year	10 Year
S&P Global Natural Resources	(9.5)	(2.8)	6.7	0.2
S&P Global Infrastructure	(13.9)	(1.4)	4.5	5.5

Source: Pooled IRRs are from Thompson Reuters C/A and Time-weighted Returns are from Investment Metrics, as of September 30th, 2020. All returns in U.S. dollars.

* Includes Buyout, Growth Equity and Venture Capital.

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

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

Notices & disclosures

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Date: May 24, 2021

To: Board of Trustees

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

Agenda Item 15: Private Markets Discretionary Advisor Search Update - NEPC

The search for a Private Markets Discretionary Advisor is being conducted by NEPC. Don Strake of NEPC will present a brief update on the process being followed to select an advisor to manage this complex and expanded allocation to private equity, private credit and infrastructure.

The ad hoc Private Markets Investment Committee – Trustees Hamilton, Dacus and Hamm – have had an initial meeting with NEPC. It was a productive discussion in terms of setting the broad goals for this private markets allocation.

**PRIVATE MANAGER SEARCH
BOARD UPDATE
SAN LUIS OBISPO**



May 24, 2021

**Don Stracke, CFA, CAIA, Senior Consultant
Eric Harnish, Principal, Private Markets Research**



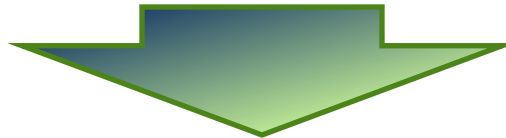
BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | PORTLAND | SAN FRANCISCO

GOALS OF THIS MEETING

- **Consider premise of this project**
- **Review the work plan**
- **Initial feedback from ad-hoc Private Markets Committee**
- **Unanswered questions**
- **Discuss minimum criteria**
- **Review scorecard criteria example**

PREMISE FOR THIS PROJECT

- **San Louis Obispo has established target allocations to private market asset classes but cannot fully execute these investments without assistance**
- **Utilizing fund of funds could be a solution, but comes with limitations:**
 - Cost/opportunity of managing relationships with several FOF providers
 - Difficult to coordinate investments across multiple FOF managers
 - Limited customization options when using several FOF managers
 - Frequent marketing of additional products by existing FOF managers
 - Double layer of fees
 - Fragmented, difficult to consolidate reporting across full private investment program



- **Find an experienced, qualified provider who can design, execute and manage a customized private markets program for San Louis Obispo**
 - Develop a customized program to meet the Plan's needs
 - Minimize execution and administration burden on Plan's staff
 - Provide full reporting solution for staff and Board to provide oversight
 - Reduce fees through the scale of a customized solution with a single provider while not sacrificing quality of investments

PROJECT TIMELINE

San Luis Obispo Project Timeline			
Tasks	End	Completed	Notes
Kick-Off with San Luis Obispo Staff	4/9/2021	4/9/2021	
NEPC provides draft workplan	4/16/2021	4/16/2021	NEPC/staff review
Final work plan	4/21/2021	4/22/2021	
Meet with staff to discuss PPT/Questions for Interviews	4/30/2021	4/30/2021	Review strategy for Selection Committee discussion
Interview key constituents / Preliminary Strategy Questions	5/5/2021	5/5/2021	Interviews with selection committee
Provide summary feedback of interviews	5/12/2021	5/5/2021	Staff/NEPC/ad-hoc committee met
Gather Preliminary Information for Search	5/12/2021	5/5/2021	
NEPC establish minimum qualification	5/14/2021	5/18/2021	NEPC to provide to staff
Preliminary discussion search/strategy objectives	5/14/2021	5/14/2021	
Define scorecard for evaluating submissions	5/21/2021		NEPC to provide to staff
Define search timeline	5/21/2021	5/14/2021	NEPC to provide to staff
Review status at SLO board meeting	5/24/2021		
Prepare final RFP materials	5/26/2021		NEPC to provide to staff
Confirm/discuss RFP details with ad-hoc committee	5/27/2021		Joint call
Release RFP	5/28/2021		NEPC/staff
Define/Issue RFP Materials	5/28/2021		
Question due from managers	6/16/2021		
Questions answered	6/18/2021		NEPC with staff input
RFP Responses due	6/25/2021		
Review submitted RFP	7/2/2021		NEPC
First manager cut	7/2/2021		Firms that don't meet minimum criteria
Update call with ad-hoc committee	7/2/2021		Joint call
Receive/Review Responses	7/2/2021		
Prepare preliminary performance Analysis	7/23/2021		NEPC
Prepare comparative summaries	7/23/2021		NEPC
Prepare preliminary scoring analysis	7/23/2021		NEPC
Prepare and Analyze Manager Quant/Qualitative Data	7/23/2021		
Submission/Scoring review meeting with client	7/23/2021		NEPC/staff
Semi-Finalists selection with ad-hoc committee	7/28/2021		Joint call
Schedule semi-finalist presentations	8/2/2021		NEPC
Review Final Data with Client	8/2/2021		
Prepare Semi-Finalist Summaries	8/5/2021		
Conduct semi-finalist interviews	8/20/2021		NEPC/staff
Review status at SLO board meeting	8/23/2021		Carl will update board on status of search.
Conduct detailed performance analysis	8/27/2021		NEPC
Prepare fee analysis	8/27/2021		NEPC
Review/Discuss semi-finalists with ad hoc committee	9/3/2021		Joint call
Semi Finalist Analysis/Reviews	9/3/2021		
Open question follow-up	9/17/2021		NEPC
Onsite review of finalist?	9/17/2021		NEPC/staff?
Finalist selection	9/17/2021		NEPC/staff/board?
Finalist interview	9/27/2021		NEPC/board/staff?
Board Meeting Discussion and Selection	9/27/2021		NEPC/board/staff
Finalist Selection & Interviews	9/27/2021		
Background check of finalist	October		TBD?
Operational due diligence	October		TBD
Contracting	October		Staff
Contracting & Due Diligence	Oct/Nov		



INITIAL FEEDBACK – AD-HOC COMMITTEE

- **Desire to be involved on an as-needed basis with 4-6 meetings expected**
- **Realization that limiting administrative burden is consistent with fund staffing levels**
- **Comfort with diversified strategy by geography and product type**
- **Focus is on private equity, infrastructure, and private credit. Non-core real estate will be discussed as part of the RFP but unlikely to be implemented in the next three years.**
- **Initial impression that a fund of one was a preferred vehicle.**

MINIMUM QUALIFICATIONS - EXAMPLES

- **Proposer firm must have at least five institutional clients and at least two public fund clients with either a fund of one or a separate account.**
- **At least five year track record in private equity, private credit, and infrastructure investing managing a fund of one or a separate account.**
- **Minimum of \$1 billion committed capital in private equity, private credit, and infrastructure across fund of one, separate account or commingled fund.**
- **Candidate must have demonstrable experience in managing diversified, global programs in private equity, private credit, and infrastructure.**
- **Proposer firm must be willing to be a fiduciary to the San Luis Obispo County Pension Trust.**
- **Proposer must complete the request for proposal in its entirety.**
- **Proposer firm must be registered with the Securities and Exchange Commission**



QUESTIONS STILL UNDER CONSIDERATION

- **Onsite visits to semi-finalist or recommended finalist?**
 - Staff/NEPC
- **Timing/requirement for background checks?**
- **Optional operational due diligence review?**

SCORECARD EXAMPLE

FUND SCORECARD

Fund Name:
Date:
Reviewer:
Co-Reviewer(s):
NEPC Stage:
Offering Type: Standard

Score
 1 Favorable
 2 Above Average
 3 Average
 4 Below Average
 5 Unfavorable

Weighted Avg. Score
2.4

Category	Key Attributions	Rating	Comments
People & Organization	Motivation/Drive	3.0	Despite the size of the fund and the platforms, Fund ABC remains highly motivated to prove their edge in the private equity landscape. While significant economics are derived from fee income, they maintain the option of a premium carry and are
	Alignment	1.0	Fund ABC insiders are typically the largest single LP. They will have a 10% GP commit to the Fund.
	Org. Stability	3.0	The senior investment team has largely been in place for a while and has experienced upward mobility. There have been retirements and a small number of departures they may not have desired, but overall there has been good stability to the team.
	Bench Strength	1.0	Fund ABC prides itself on being able to hire talented investment professionals and progress the most talented to more senior positions within the organization. The platform provides a solid training ground.
	Key Person	3.0	They strengthened the Key Person clause by not adding to it, but there would need to be a significant number of departures to trigger it. There is more power in the platform than any particular individuals.
People & Organization Average Score		2.2	
Process	Macro Thesis	2.0	Based on the vintage in which it will invest, they should see good buying opportunities. Their operationally oriented strategy should be a benefit in this environment.
	Sector Expertise	2.0	Firm could be viewed as a group of sector focused teams within a larger fund. While the portfolio will be broadly diversified, investments at a sector level are done by dedicated teams.
	Origination	3.0	They are largely buying intermediated companies, though they may have an angle on their insight with what to do with an asset.
	Investment Process	2.0	Well defined investment decision making process relying on their own differentiated insights with what to do with an asset.
	Value Creation	1.0	Operations team works hand in hand with companies to drive progress on the prioritized levers for value creation.
Process Average Score		2.0	



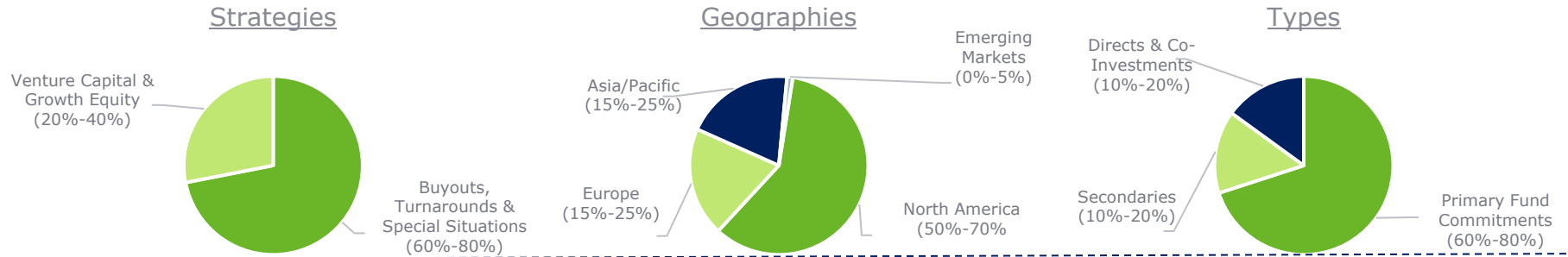
SCORECARD EXAMPLE

Portfolio	Fund Size	Fund is sized appropriately given the strategy and team size	2.0	Moderate fund size increase, large team able to deploy the fund
	Deal Size	Anticipated deal size is consistent with the GP's expertise	2.0	Not a large increase in deal size given their history
	Deal	Attractive entry/exit multiple; appropriate debt levels; appropriate hold periods	3.0	Will pay market clearing multiples and leverage companies as much as they can
	Concentration	Portfolio is appropriately diverse given the strategy and Fund Size	2.0	Will be well diversified by number of companies, geography and industry
Portfolio Average Score			2.3	
Performance	Relative	Strong relative performance vs industry benchmarks	3.0	Recent performance and older performance very strong relative to benchmarks. GFC funds were underperformers.
	Absolute	Attractive absolute performance	2.0	On an absolute basis, with the exception of the GFC funds, multiples are near 2x. Even for the GFC funds, performance was acceptable on an absolute basis and more attractive if there weren't premium economics
	Consistency Across Cycles	Demonstrated performance across market cycles	4.0	Lessons learned though GFC
	Deal Level	Low loss ratios given investment strategy	3.0	Standard loss ratios for buyout strategies, though a bit high in the GFC funds
Performance Average Score			3.0	
Product/Pricing	Fund Term	How does the funds term compare to industry standards	3.0	Standard term, 10 years, three one year extensions
	Investment Period	How does the investment period compare to industry standards	3.0	Roughly five years
	Management Fees	How does the total management fee, offsets, etc. compare to industry standards	2.0	Even the higher management fee option is only 1.5%, generally as low as you would see for buyout funds. Ramps down nicely after the investment period.
	Carried Interest	How does the total carry interest points compare to industry standards	2.0	Option of taking a standard carry or a premium carry with a lower management fee.
	Preferred Return	Does the fund have a preferred return, if so how does the preferred return compare to industry standards	4.0	7% preferred return, less than typical 8%
Product Average Score			2.8	

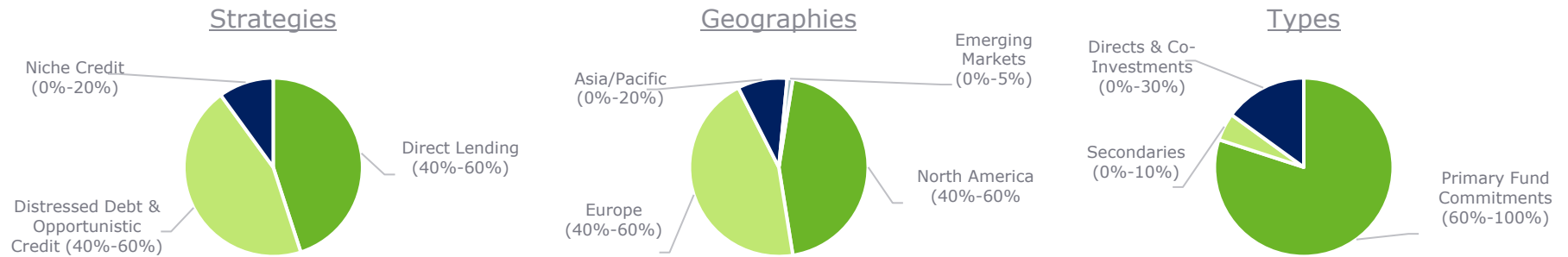


RECOMMENDED TARGET EXPOSURES

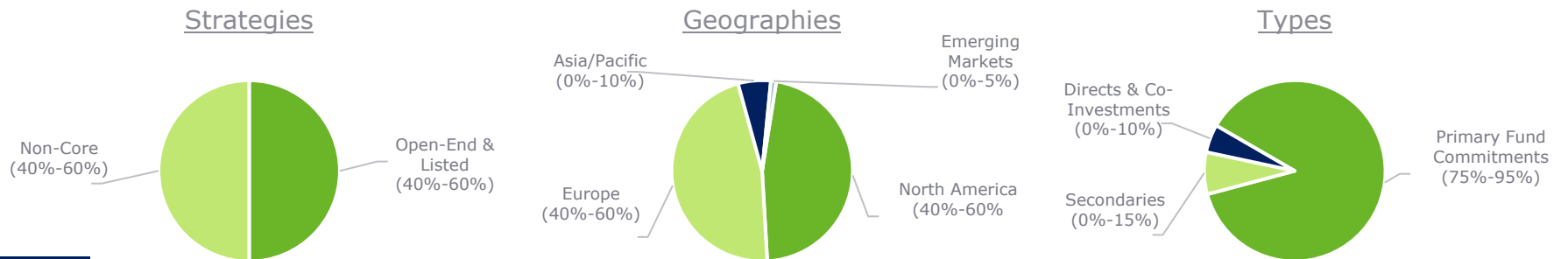
Private Equity



Private Credit



Infrastructure



APPENDIX

NEPC, LLC

CUSTOMIZED SOLUTION – TWO STRUCTURES TO CONSIDER

Fund of One

Separate Account

Legal Structure	<ul style="list-style-type: none"> • Separate LP or LLC 	<ul style="list-style-type: none"> • None
Asset Ownership	<ul style="list-style-type: none"> • Assets held in Fund name by Fund manager 	<ul style="list-style-type: none"> • Assets held in client name by client custodian
Audit	<ul style="list-style-type: none"> • Financial statements for fund with annual independent audit 	<ul style="list-style-type: none"> • No separate financial statements or separate account audit
Full Program Reporting	<ul style="list-style-type: none"> • Can provide full reporting solution of all private investments 	<ul style="list-style-type: none"> • Can provide full reporting solution of all private investments
Receipt of Financial Information	<ul style="list-style-type: none"> • Fund receives transaction notices and manager reports; Fund provides summary reports for client 	<ul style="list-style-type: none"> • Client receives all transaction notices and manager reports; account manager can provide summary
Investment Negotiations	<ul style="list-style-type: none"> • Fund manager negotiates and executes legal documents 	<ul style="list-style-type: none"> • Account manager negotiates and executes legal documents
Negotiated Terms & Fees	<ul style="list-style-type: none"> • Fund participates in all negotiated terms from fund managers 	<ul style="list-style-type: none"> • Separate account can participate in negotiated terms but not always
Cash Management	<ul style="list-style-type: none"> • Centralized cash management, can use line of credit to minimize capital call frequency\ 	<ul style="list-style-type: none"> • Manages capital call funding from client bank accounts with cash management provided by client



CUSTOMIZED SOLUTION – TWO STRUCTURES TO CONSIDER

Fund of One

Separate Account

Tax Reporting	<ul style="list-style-type: none"> Fund tax reports prepared and filed; client receives consolidated tax reports for the Fund 	<ul style="list-style-type: none"> Separate tax reports received for each investment in the account for inclusion in client tax reports
Secondaries & Co-Investments	<ul style="list-style-type: none"> Can be made directly in Fund or can utilized comingled fund products 	<ul style="list-style-type: none"> Generally not held directly in client account; usually utilize comingled fund products
GP Investment in Custom Program	<ul style="list-style-type: none"> GP can invest along side client in fund of one 	<ul style="list-style-type: none"> GP cannot invest directly into separate account
Access Limitations	<ul style="list-style-type: none"> Generally none, since commitments are in Fund's name Able to include generally all types of fund managers; however Firm's allocation policy governs sizing and participation Since commitments are in Fund's name, Fund manager clearly retains GP relationship 	<ul style="list-style-type: none"> Some GPs are reluctant to accept public funds as LPs (FOIA concerns) Can be overcome by creating small Fund of One for investments in FOIA sensitive funds Some account managers may be reluctant to have "best" manager commitments made in client's name
Replacement/Termination	<ul style="list-style-type: none"> More cumbersome, since Fund structure would exist following replacement or termination 	<ul style="list-style-type: none"> Less cumbersome, since most investments are in client's name

CUSTOMIZED SOLUTION – TWO STRUCTURES TO CONSIDER

Fund of One

- Best for clients who want a full “turn-key” solution for private investment programs
- Ease of implementation, fewer access limitations, but higher set-up costs
- Potentially incrementally more expensive than separate account, but places fewer strains on client organization

Separate Account

- Best for clients who expect to transition from 3rd party to self-managed investment program
- Willingness/desire to have greater operational involvement in investment administration, monitoring and reporting
- Likely to come with lower proposed fees, but may come with “hidden” costs on client organization that could grow as investment program grows

DISCUSSION OF ANTICIPATED RESPONDENTS

Fund of Fund Managers

- Manage comingled funds
- Larger organizations
- Multi-office
- Longer track records
- Higher fees from comingled funds to support customized programs
- Could be allocation constrained
- Large back office support
- Greater cost efficiencies on legal, administrative and other fund expenses
- More experience making co-investments and secondary deals
- May have higher fees or carried interest in customized accounts

Investment Advisors

- Historically non-discretionary, but expanded into discretionary services
- Can coordinate with other assets classes in program
- Smaller organizations
- Shorter track records
- View discretionary mandates as way to expand services and increase fees
- Have to manage allocation with non-discretionary clients
- Smaller back office support
- Some cost efficiencies on legal, administrative and other fund expenses
- Less experience making co-investments and secondary deals
- Often charge fees lower than fund of fund customized accounts

Search will weigh costs/benefits of the strengths/weaknesses of different providers

Board of Trustees

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Date: May 24, 2021

To: Board of Trustees

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

Agenda Item 16: Asset Allocation - April 2021

This item on the agenda provides a properly noticed opportunity for the Board of Trustees to discuss and take action, if necessary, regarding asset allocation and related investment matters.

As a report on current asset allocation relative to the 2021 Interim SAA Target Allocation the following table provides details. Asset values may differ slightly from those shown in the Monthly Investment report due when the report was run as various market values are finalized for month-end.

The Short Duration bond portfolio previously approved is in the process of being established. Likewise, the Risk Diversifying asset classes of Treasury bonds and TIPS are being established and custody bank accounts being set up.

The rebalancing transactions for May have already included a \$40m transfer away from International public market equities to trim their over-exposure.

FFP Asset Mix	Est. Market Value (\$000s)	% Allocation	SAA Target Allocation	Variance
	04/30/21		2021 Interim	
Bank (operating)	2,077	0.1%	-	0.1%
SLOC Treasury	28,318	1.7%	1.8%	0.0%
JPM short term	33,875	2.1%	0.2%	1.8%
Short Duration	-	0.0%	2.0%	-2.0%
LIQUIDITY	64,270	4.0%	4.0%	0.0%
Equity- Public Mkt US	391,312	24.1%	22.0%	2.1%
Equity- Public Mkt Intl	388,438	23.9%	18.0%	5.9%
Equity- Public Mkt Global	-	0.0%	0.0%	0.0%
Bank Loans	76,549	4.7%	3.0%	1.7%
Bonds- Intl.	70,984	4.4%	4.0%	0.4%
Bonds- Emerging Mkts	73,000	4.5%	4.0%	0.5%
Real Estate- Core	141,226	8.7%	12.0%	-3.3%
Real Estate- Value Add	40,192	2.5%	1.5%	1.0%
Infrastructure	-	0.0%	1.5%	-1.5%
Private Equity	92,461	5.7%	8.0%	-2.3%
Private Credit	85,983	5.3%	7.0%	-1.7%
GROWTH	1,360,147	83.7%	81.0%	2.7%
Bonds- Core	199,830	12.3%	10.0%	2.3%
Long Treasuries	-	0.0%	3.0%	-3.0%
TIPS	-	0.0%	2.0%	-2.0%
RISK DIVERSFYING	199,830	12.3%	15.0%	-2.7%
TOTAL	1,624,246	100.0%	100.0%	

Respectfully submitted,