

Pension Trust

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



AGENDA

PENSION TRUST BOARD OF TRUSTEES

Monday, March 25, 2024 9:30 AM
Board of Supervisors Chambers
Katcho Achadjian Government Center
San Luis Obispo, CA 93408

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 SLOOPT@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.

IN-PERSON MEETING

This meeting of the Board of Trustees will be held as an in-person meeting at the place shown above. The meeting may be available for online viewing by accessing -

<https://us06web.zoom.us/j/88522045665?pwd=nmbYxFeM4NFGcxzvnXTSyBuLfgNss5.1>

Webinar ID: [885 2204 5665](#)

Passcode: [276415](#)

If you wish to listen via phone to the meeting, please dial (669) 900-6833. If you have any questions or require additional service, please contact SLOOPT at (805) 781-5465.

A) PUBLIC COMMENT

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

B) ORGANIZATIONAL

None

C) CONSENT

2. Minutes of the Regular Meeting of February 26, 2024 (Approve Without Correction)
3. Reports of Deposits and Contributions for the month of February 2024 (Receive and File)
4. Reports of Service Retirements, Disability Retirements, DROP Participants for the month of February 2024, and Disability Case Log. (Receive, Approve and File).
5. SLOCPT and LRS Amendment to Contract – Extension

D) APPLICATIONS FOR DISABILITY RETIREMENT

6. Application for Ordinary Disability Retirement – Case 2023-09 (Recommend Approval)

E) OLD BUSINESS

None

F) NEW BUSINESS

7. 2024 Actuarial Overview - Presentation by Anne Harper and Alice Alsberghe, Cheiron –Plan Actuary - (Discuss, Direct Actuary and Staff as necessary)
8. Employer Contributions Prefunding and Discount Rate (Discuss, Direct Staff as necessary)
9. Administrative Budget for Fiscal Year 2024-2025 - Proposed – (Review, Discuss, and Direct Staff as necessary)

G) INVESTMENTS

10. Monthly Investment Report for February 2024 (Receive and File)
11. Asset Allocation - (Review, Discuss, and Direct Staff as necessary)

H) OPERATIONS

12. Staff Reports

13. General Counsel Reports

14. Committee Reports:

- i. Audit Committee No Report
- ii. Personnel Committee No Report

15. Upcoming Board Topics (subject to change)

- i. April 22, 2024 – planned as a non-meeting month
 - a. Personnel Committee Meeting – April 8, 2024 (10:00 a.m.)

- ii. May 20, 2024
 - a. 2024 Actuarial Valuation Preliminary Results
 - b. 2024 Actuarial Valuation Assumptions Approval
 - c. Experience Study Results
 - d. SLOCPT Administrative Budget FY24-25 approval
 - e. Quarterly Investment Report
 - f. Personnel Policy Review
 - g. Audit Committee – Audit exit meeting

- iii. June 24, 2024
 - a. 2023 Annual Financial Audit and ACFR
 - b. 2024 Actuarial Valuation and Contribution Rates Approval
 - c. Employer Prefunding
 - d. Disability Policy Review – TBD

- iv. July 22, 2024 – planned as a non-meeting month

- v. August 26, 2024
 - a. Mid-Year Financial Statements and Budget Status
 - b. Fiduciary Refresher Briefing
 - c. Quarterly Investment Report

16. Trustee Comments

I) CLOSED SESSION

None

J) ADJOURNMENT

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BOARD OF TRUSTEES**

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MINUTES

Monday, February 26, 2024 9:30 AM
Regular Meeting of the Pension Trust
Board of Trustees

**PENSION TRUST
BOARD OF TRUSTEES**

Board Members Present: Jim Hamilton
Michelle Shoresman
David Grim
Geoff O’Quest
Gere Sibbach

Board Members Absent: Jeff Hamm
Lisa Howe

Pension Trust Staff:	Katie Girardi	Executive Director
	Amy Burke	Deputy Director
	Jennifer Alderete	Accountant

General Counsel:	Chris Waddell	Olson Remcho
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Consultants:	Scott Whalen	Verus
	Claudia Schloss	Verus

Call to Order: 9:31 AM by President Hamilton

A) PUBLIC COMMENT

1. None

B) ORGANIZATIONAL

None

C) CONSENT

2. Minutes of the Regular Meeting of January 22, 2024 (Approve Without Correction).
3. Report of Deposits and Contributions for the month of January 2024 (Receive and File).
4. Reports of Service Retirements, Disability Retirements, and DROP Participants and Disability Case Log for the month of January 2024 (Receive, Approve and File).
 - i) Executive Director Girardi presented the new Disability Case Log to be included in the Consent Agenda going forward.

Motion: Approve the Consent items

Discussion: None

Public Comment: None

Motion Made: O'Quest

Motion Seconded: Grim

Carried: Unanimous

D) APPLICATIONS FOR DISABILITY RETIREMENT

None

E) OLD BUSINESS

None

F) NEW BUSINESS

5. Approval of the 2024 Annual Cost-Of-Living Adjustments provided by the San Luis Obispo County Employees Retirement Plan

Motion: Approve the 2024 Annual Cost of Living Adjustment as presented

Discussion: Deputy Director Burke presented the recommended retiree COLA for 2024. Trustees asked several questions about the effect on the actuarial valuation results of the 2024 COLA, the operation of the COLA bank for Tier 1 retirees, and the underlying CPI data.

Public Comment: None

Motion Made: Shoresman **Motion Seconded:** O'Quest

Carried: Unanimous

6. Board Policies Review – Records Retention

Motion: Approve the revised Records Retention Policy

Discussion: Executive Director Girardi presented the revisions to the Records Retention Policy adopted December 16, 2013. Trustees asked various questions and made several comments and suggestions. The motion to approve the policy revisions included those changes requested by the Board during the discussion.

Public Comment: None

Motion Made: Hamilton **Motion Seconded:** Shoresman

Carried: Unanimous

G) INVESTMENTS

7. Quarterly Investment Report for the 4th Quarter of 2023 – Verus

Motion: Receive and File the 4Q23 Quarterly Report

Discussion: Scott Whalen and Claudia Schloss of Verus presented the item. Trustees and Staff asked several clarifying questions.

Public Comment: None

Motion Made: Sibbach **Motion Seconded:** O'Quest

Carried: Unanimous

8. Monthly Investment Report for January 2024 - Verus

Motion: Receive and File the monthly investment report

Discussion: Scott Whalen of Verus presented the report.

Public Comment: None

Motion Made: Sibbach **Motion Seconded:** O'Quest

Carried: Unanimous

10:48 AM - President Hamilton called for a 12-minute break.

11:00 AM – Back in session

9. 2024 Capital Market Assumptions and Strategic Asset Allocation Policy - Verus

Motion: Review Staff and Consultant recommendations to –

- a) Maintain current Strategic Asset Allocation (SAA) long-term targets
- b) Maintain 2027 as the target year for implementation
- c) Implement the 2024 Interim SAA targets as previously presented
- d) Implement the \$150M private equity commitment previously approved

Discussion: Scott Whalen of Verus presented the item.

Public Comment: None

No Action Necessary

10. Investment Policy Statement Review, Performance Benchmarks, and Investment Procedures

Motion: Review and Approve the Investment Policy Statement (IPS), Strategic Asset Allocation – Addendum A to the IPS, and the Investment Procedures

Discussion: Executive Director Girardi presented the item. A thorough review was completed by Girardi and Verus of the Investment Policy Statement, Strategic Asset Allocation – Addendum A to the IPS, and the Investment Procedures documents. No revisions were deemed necessary.

Public Comment: None

Motion Made: Grim

Motion Seconded: Shoresman

Carried: Unanimous

H) OPERATIONS

11. Staff Reports

- i. Executive Director Girardi presented an update on one overpayment case. SLOCPT has been reimbursed in full, and a final payoff letter is in process.

- ii. Executive Director Girardi presented an update on second overpayment case. SLOCPT received its first monthly payment from the agreed-upon repayment schedule.
- iii. Executive Director Girardi requested Board interest in attending the CALAPRS General Assembly or CALAPRS Advanced Principles of Pension Governance.
- iv. Executive Director Girardi provided an update on BoardSmart online training for Trustees.
- v. Executive Director Girardi requested a Personnel Committee meeting be held in April to review the Personnel Policy.

12. General Counsel Reports:

General Counsel Waddell reported on the most recent CALAPRS Attorneys Roundtable.

13. Committee Reports:

i. Audit Committee

Trustees Sibbach and Shoresman reported on the Audit Entrance meeting with Brown Armstrong.

ii. Personnel Committee

No Report

14. Upcoming Board Topics – published on meeting agenda

15. Trustee Comments

None

I) CLOSED SESSION

None

J) ADJOURNMENT

There being no further business, the meeting was adjourned at 11:41 AM. The next Regular Meeting was set for March 25, 2024, at 9:30 AM, in the Board of Supervisors room, County Government Center, San Luis Obispo, California 93408.

Respectfully submitted,



Katie Girardi
Executive Director

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**REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF
FEBRUARY 2024**

PP 3	2/9/2024	By Employer and Tier:	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for Employee		Combined Rate	Additional Contributions	Service Purchases	TOTAL Contributions
							Contributions	Rate				
		County Tier 1	2,400,534.09	858,798.72	35.78%	331,152.80	204,877.16	22.33%	58.10%	2,487.50	1,129.99	1,398,446.17
		County Tier 2	983,706.95	363,709.86	36.97%	65,571.33	82,645.94	15.07%	52.04%	-	-	511,927.13
		County Tier 3	5,596,388.85	1,974,774.71	35.29%	763,032.55	-	13.63%	48.92%	700.00	719.71	2,739,226.97
		Superior Court Tier 1	226,501.60	76,833.72	33.92%	48,763.10	-	21.53%	55.45%	-	100.17	125,696.99
		Superior Court Tier 3	223,550.24	72,555.17	32.46%	36,794.78	-	16.46%	48.92%	-	-	109,349.95
		APCD Tier 1	53,346.85	16,905.74	31.69%	8,140.67	4,494.92	23.69%	55.38%	-	-	29,541.33
		APCD Tier 2	8,587.21	2,694.53	31.38%	762.26	651.20	16.46%	47.84%	-	-	4,107.99
		APCD Tier 3	25,651.36	8,262.29	32.21%	3,100.02	-	12.09%	44.30%	-	-	11,362.31
		SLOCPT Tier 2	11,735.20	3,933.64	33.52%	663.04	1,090.20	14.94%	48.46%	-	-	5,686.88
		SLOCPT Tier 3	20,656.49	7,124.42	34.49%	2,703.89	-	13.09%	47.58%	250.00	-	10,078.31
		LAFCO Tier 3	11,670.96	4,028.82	34.52%	1,707.86	-	14.63%	49.15%	-	-	5,736.68
		RTA Tier 2	31,451.20	10,671.39	33.93%	644.19	4,088.66	15.05%	48.98%	-	-	15,404.24
		RTA Tier 3	19,488.00	6,684.95	34.30%	2,574.88	-	13.21%	47.52%	-	-	9,259.83
			9,613,269.00	3,406,977.96	35.44%	1,265,611.37	297,848.08	16.26%	51.70%	3,437.50	1,949.87	\$ 4,975,824.78
PP 4	2/23/2024	By Employer and Tier:	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for Employee		Combined Rate	Additional Contributions	Service Purchases	TOTAL Contributions
							Contributions	Rate				
		County Tier 1	2,397,956.95	858,028.18	35.78%	330,537.93	204,786.58	22.32%	58.11%	2,487.50	1,129.99	1,396,970.18
		County Tier 2	990,329.11	365,773.51	36.93%	64,348.32	84,869.08	15.07%	52.00%	-	-	514,990.91
		County Tier 3	5,622,167.37	1,983,943.87	35.29%	765,683.92	-	13.62%	48.91%	700.00	9,367.23	2,759,695.02
		Superior Court Tier 1	224,833.61	76,294.10	33.93%	48,390.67	-	21.52%	55.46%	-	100.17	124,784.94
		Superior Court Tier 3	222,812.97	72,328.61	32.46%	36,636.95	-	16.44%	48.90%	-	-	108,965.56
		APCD Tier 1	53,346.86	16,905.74	31.69%	8,140.67	4,494.92	23.69%	55.38%	-	-	29,541.33
		APCD Tier 2	8,809.61	2,765.72	31.39%	773.71	671.86	16.41%	47.80%	-	-	4,211.29
		APCD Tier 3	22,302.80	7,183.72	32.21%	2,671.06	-	11.98%	44.19%	-	-	9,854.78
		SLOCPT Tier 2	11,735.20	3,933.64	33.52%	663.04	1,090.20	14.94%	48.46%	-	-	5,686.88
		SLOCPT Tier 3	20,656.49	7,124.41	34.49%	2,703.89	-	13.09%	47.58%	250.00	-	10,078.30
		LAFCO Tier 3	11,670.96	4,028.82	34.52%	1,707.86	-	14.63%	49.15%	-	-	5,736.68
		RTA Tier 2	31,451.20	10,671.39	33.93%	644.19	4,088.66	15.05%	48.98%	-	-	15,404.24
		RTA Tier 3	19,488.00	6,684.95	34.30%	2,574.88	-	13.21%	47.52%	-	-	9,259.83
			9,637,561.13	3,415,666.66	35.44%	1,265,477.09	300,001.30	16.24%	51.68%	3,437.50	10,597.39	\$ 4,995,179.94
TOTAL FOR THE MONTH			19,250,830.13	6,822,644.62	35.44%	2,531,088.46	597,849.38	16.25%	51.69%	6,875.00	12,547.26	\$ 9,971,004.72
TOTAL YEAR TO DATE			38,449,186.43	13,626,006.55	35.44%	5,060,662.74	1,199,072.14	16.28%	51.72%	13,750.00	33,642.77	\$ 19,933,134.20

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REPORT OF RETIREMENTS	February 2024
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RETIREE NAME	DEPARTMENT	BENEFIT TYPE *	EFFECTIVE DATE	MONTHLY BENEFIT	SS TEMP ANNUITY**
GOOSSENS, MICHELLE S	Superior Court	Service Retirement	02/17/2024	6,483.36	False
Plastino, Heather	General Services	Service Retirement	01/01/2024	226.24	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*

SLOCPT Disability Case Log

as of 3/14/2024

	2024	2023	2022	2021	2020	2019	2018
Pending:							
<u>Industrial</u>							
Orthopedic	4	3	-	-	-	-	-
Psychiatric	-	1	-	-	-	-	-
<u>Ordinary</u>							
Orthopedic	-	-	-	-	-	-	-
Psychiatric	-	-	-	-	-	-	-
Chronic Illness	1	2	-	-	-	-	-
	<u>5</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Approved w/o periodic review:							
<u>Industrial</u>							
Orthopedic							
w/ Wrks Comp	-	1	5	4	2	3	3
w/o Wrks Comp	-	-	-	-	-	-	-
Psychiatric							
w/ Wrks Comp	-	1	6	1	1	-	1
w/o Wrks Comp	-	-	-	-	-	-	-
<u>Ordinary</u>							
Orthopedic	-	1	-	2	-	1	-
Psychiatric	-	-	-	-	-	-	1
Chronic Illness	-	1	-	-	1	-	-
	<u>-</u>	<u>4</u>	<u>11</u>	<u>7</u>	<u>4</u>	<u>4</u>	<u>5</u>
Approved w/ periodic review:							
<u>Industrial</u>							
Orthopedic							
w/ Wrks Comp	-	-	-	-	-	-	-
w/o Wrks Comp	-	-	-	-	-	-	-
Psychiatric							
w/ Wrks Comp	-	-	-	1	-	-	-
w/o Wrks Comp	-	-	-	-	-	-	-
<u>Ordinary</u>							
Orthopedic	-	-	-	-	-	-	-
Psychiatric	-	-	-	-	-	-	-
Chronic Illness	-	-	-	-	-	1	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Not Approved/Abandoned:							
<u>Industrial</u>							
Orthopedic							
Psychiatric	-	-	-	-	-	-	-
<u>Ordinary</u>							
Orthopedic	-	-	-	-	-	-	1
Psychiatric	-	-	-	2	-	-	-
Chronic Illness	-	-	-	-	1	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>1</u>
GRAND TOTAL:	5	10	11	10	5	5	6
<i>balance check:</i>	-	-	-	-	-	-	-

AMENDMENT

This document is an Amendment to the Contract for Services by Independent Contractor (“Contract” or “Agreement”) dated on or about June 22, 2016, between the San Luis Obispo County Pension Trust (“SLOCPT,”) and Levi, Ray & Shoup, Inc. (“Contractor”) (individually a “Party” and collectively the “Parties”).

Under the Agreement SLOCPT licensed software and purchased associated services, as contemplated in the Contract. The original term of the Contract ended on March 31, 2024, with the maintenance and support services contemplated therein continuing through June 30, 2024. The Parties amended the Contract to change the original termination date so that the end date of the Contract and the maintenance and support services would align.

The Parties now wish to amend the Contract again, this time to extend the term of the Contract and associated maintenance services, in addition to making changes related to further maintenance and support services. This Amendment identifies the mutually agreed upon additions and changes to the Agreement to effectuate this agreement. This Amendment shall be effective upon the date of the last signature below.

Contractor and SLOCPT therefore hereby agree as follows:

1. All capitalized terms shall have the same meaning as set forth in the Agreement, or as defined herein.
2. The Parties agree to modify Section 5 (COMPENSATION) of the Contract by replacing it in its entirety with the following new Section 5:

COMPENSATION - SLOCPT shall pay to Contractor as compensation for maintenance and support services performed by Contractor pursuant to this Contract the amount(s) specified in Exhibit G. Except as set forth in Exhibit G, Contractor’s fee shall be full compensation for all costs and expenses incurred by Contractor in connection with performance of this Contract, including, but not limited to, all services, general overhead, supplies, parking, office supplies, copies, and equipment of Contractor. Payments shall be made according to the payment schedule set forth in Exhibit G. For additional services authorized by the SLOCPT, the Contractor shall be compensated at rates agreed upon by the parties in Exhibit G.

3. The Parties agree to modify Section 6 (TERM OF CONTRACT) of the Contract by replacing it in its entirety with the following new Section 6:

6. TERM OF CONTRACT

Unless amended by mutual written agreement of the parties, this Contract commenced on May 23, 2016, and shall terminate on June 30, 2029, unless terminated earlier as provided therein. Termination of the Contract may be effectuated by the approval of the Board of Trustees.

4. The Parties agree to modify EXHIBIT G - COMPENSATION of the Contract by replacing it in its entirety with the following new Exhibit:

EXHIBIT G - COMPENSATION

SLOCPT and Contractor agree that Post Implementation Maintenance and Support period will be extended for the duration of the Contract, and that Contractor will invoice and SLOCPT will pay the following amounts for the services:

Begin Date	End Date	PensionGold M&S Fee	AgilePoint Workflow Maintenance	Hosting Services and Software	Software Support Hourly Rate
Current		\$50,808.16	\$6,016.76	\$152,650.73	\$150.00
7/1/2024	6/30/2025	\$53,348.57	\$6,317.60	\$160,283.27	\$155.00
7/1/2025	6/30/2026	\$56,016.00	\$6,633.48	\$165,091.76	\$155.00
7/1/2026	6/30/2027	\$58,816.80	\$6,965.15	\$170,044.52	\$160.00
7/1/2027	6/30/2028	\$61,169.47	\$7,313.41	\$175,145.85	\$160.00
7/1/2028	6/30/2029	\$63,616.25	\$7,679.08	\$180,400.23	\$165.00

Contractor agrees to abide by SLOCPT’s current Travel Policies, which mirror those of San Luis Obispo County. The reimbursement rates for travel expenses are in accordance with these policies.

5. It is understood and agreed by the Parties that this Amendment addresses only the modifications to the sections of the Agreement identified above. As such, this Amendment does not replace or alter any other portion of the Agreement, or any other agreements between the Parties.
6. Should the terms and conditions of this Amendment conflict with the terms and conditions of the Agreement, the terms and conditions of this Amendment shall control and prevail. In all other respects, the Agreement, as amended herein, remain in full force and effect.

In witness whereof, the parties hereto have signed this Amendment on the date set forth below.

LEVI, RAY & SHOUP, INC.

SLOCPT

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Pension Trust

1000 Mill Street
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Date: March 25, 2024

To: Board of Trustees

From: Katie Girardi – Executive Director
Amy Burke – Deputy Director

Agenda Item 7: 2024 Actuarial Valuation Planning

Recommendation:

Receive a presentation from the Plan Actuary on planning for the 2024 Actuarial Valuation.

The Board of Trustees should discuss the actuarial topics presented and direct Staff and Actuary as necessary.

The approval of actuarial assumptions to use in the 2024 Actuarial Valuation will be addressed following the receipt of the 2024 Actuarial Experience Study in May.

Background:

The SLOCPT Plan Actuaries, Anne Harper and Alice Alsberghe of Cheiron will make a presentation on planning for the 2024 Annual Actuarial Valuation. They will cover projections based on the 2023 Valuation using a preliminary 2023 asset return of 8.4%.

These projections do not yet have the detailed actuarial calculation results for the 2024 Valuation, but they do provide an estimate of the impact solely based on the 2023 asset returns.

2024 Actuarial Valuation Schedule:

2024 Actuarial Valuation planning presentation March 25, 2024

2024 Actuarial Experience Study Results May 20, 2024

Approval of assumptions for the 2024 Actuarial Valuation	May 20, 2024
Final 2024 Actuarial Valuation report	June 24, 2024
Board approval of Valuation	
Board approval of pension contribution rates lack	

San Luis Obispo County Pension Trust



Planning for the 2024 Experience Study and Actuarial Valuation

March 25, 2024

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





2024 Actuarial Timeline

Recap 2022 Experience Study

Review of Key Economic Assumptions

Preview of Demographic Assumptions

Recap 2023 Actuarial Valuation Results

Preliminary Projections

2024 Actuarial Timeline



- March 25, 2024 Board Meeting
 - Review Key Economic Assumptions
 - Preview of the Demographic Assumptions
 - Recap 2023 Actuarial Valuation Results
 - Projections with preliminary asset return of 8.4%
- May 20, 2024 Board Meeting
 - Results of December 31, 2023 Experience Study
 - Preliminary results of January 1, 2024 Valuation
 - Board adopts actuarial assumptions for 2024 Valuation
- June 24, 2024 Board Meeting
 - Present results of the January 1, 2024 Actuarial Valuation
 - Board adopts contribution rates

Recap of 2022 Experience Study



Background



- SLOCPT policy is to conduct an experience study every two years

- Economic Assumptions

- Discount Rate
- Price Inflation
- Wage Inflation
- Cost-of-Living Increases



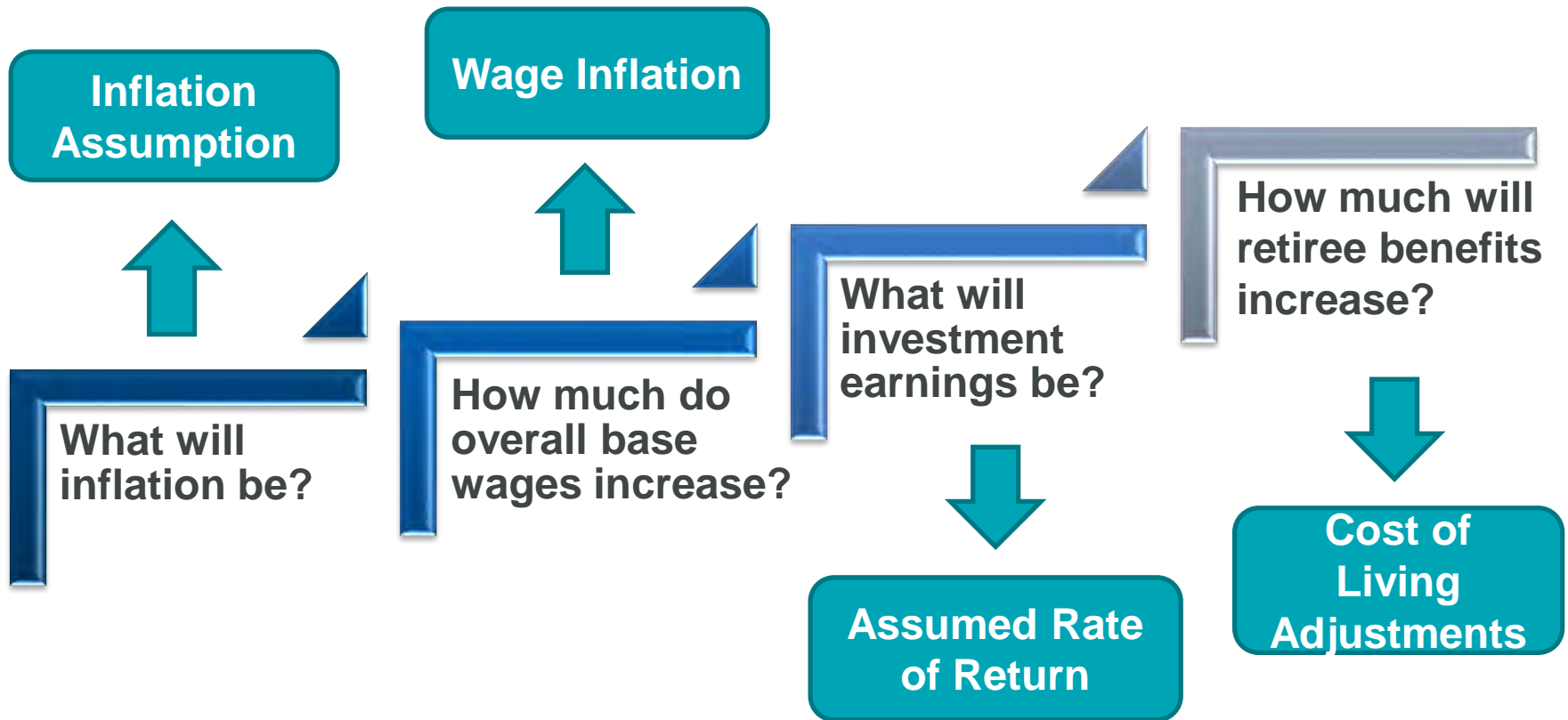
- Demographic Assumptions

- Mortality
- Retirement
- Termination
- Disability
- Salary Merit Increase
- Other Miscellaneous

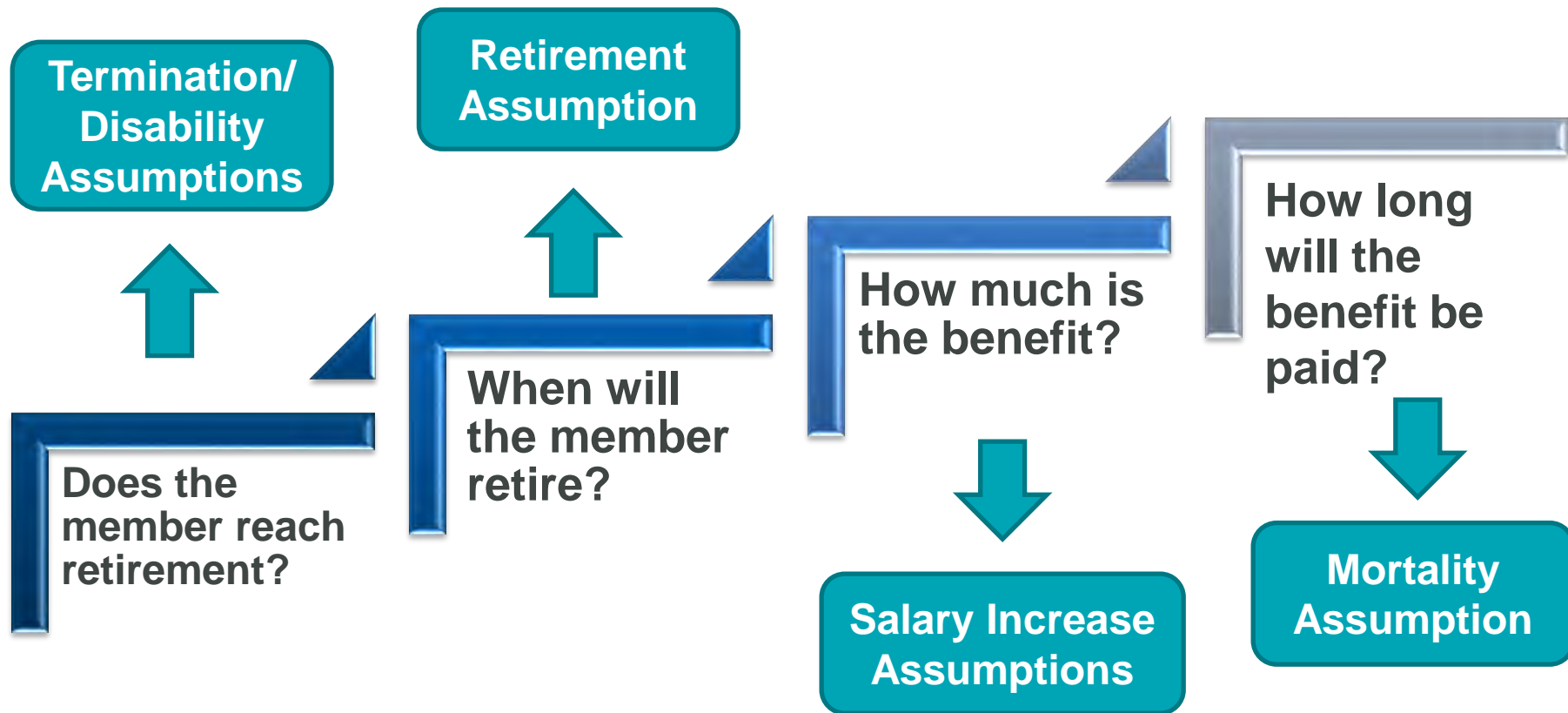


- The 2022 experience study covered period from January 1, 2017, through December 31, 2021
 - Current 2024 study will add two years to the study period

Economic Assumptions



Demographic Assumptions



Summary of Prior Assumption Changes



Economic Assumptions

Discount Rate

No Change (reduced from 6.875% to 6.75% in 2021)

Price Inflation

Increased from 2.25% to 2.50%

Tier 1 COLA

Increased from 2.50% to 2.75%

Payroll Growth

Increased from 2.75% to 3.00%

Demographic Assumptions

Mortality

Separate tables for Miscellaneous and Safety/Probation members

Salary Merit Increases

Separate scales for Miscellaneous and Safety/Probation members

Retirement

Added service component to age-based rates

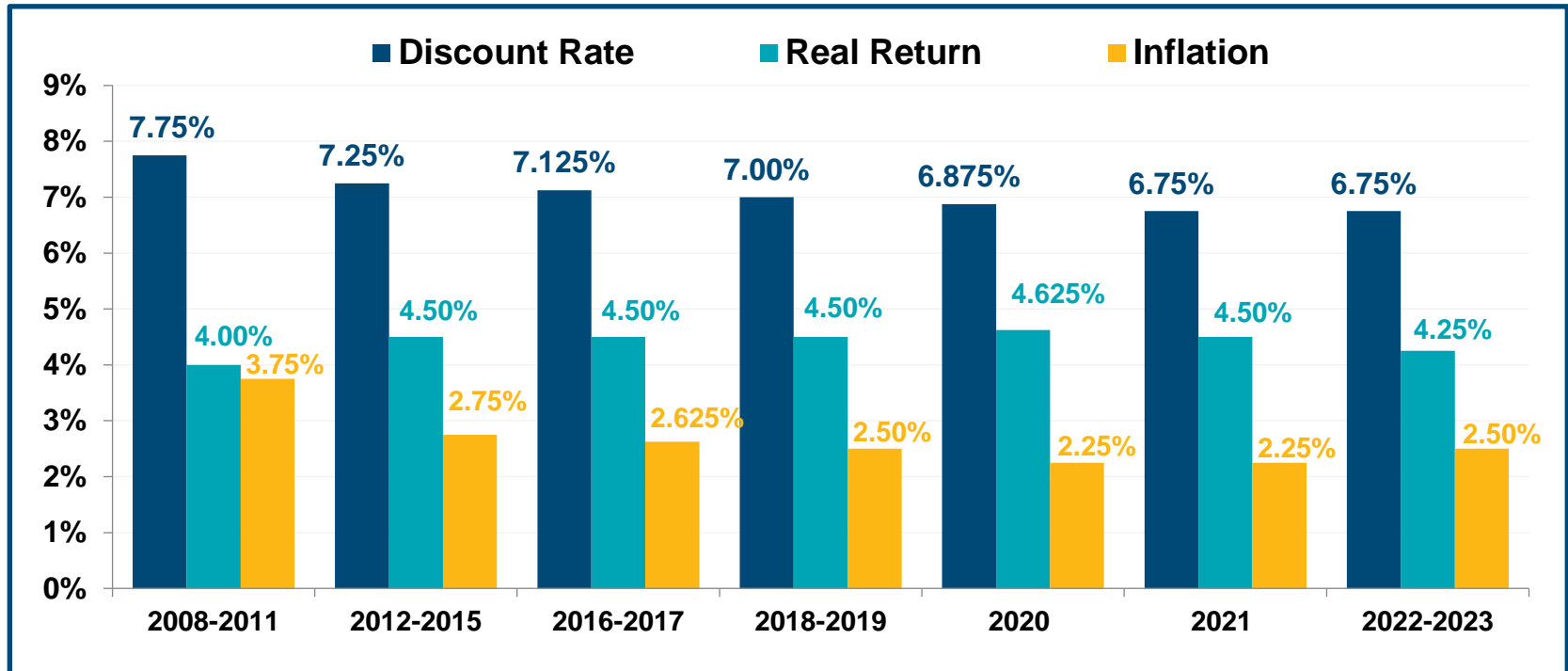
Termination

Age-based rates to service-based rates



Economic Assumptions

SLOCPT Economic Assumptions History



Actual average returns on market value of assets, with estimated return for FYE 2023 of 8.4%:

5-year: 7.7%

10-year: 5.8%

Discount Rate – Analysis



- Current assumption = 6.75%
- Context for selecting the discount rate
 - Historical experience
 - Industry trends
- Primary factors considered
 - Expectations for the future
 - Board's risk preference



SLOCPT Historical Experience

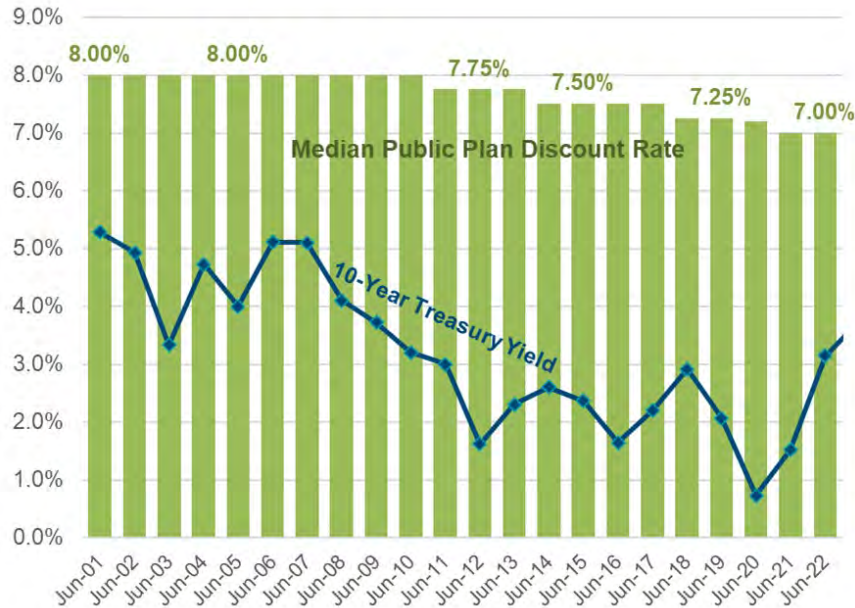


- \$162 million in actuarial investment losses over last 10 years
- Losses in seven of the last 10 years; however:
 - 2008 market losses were not fully recognized until December 2017

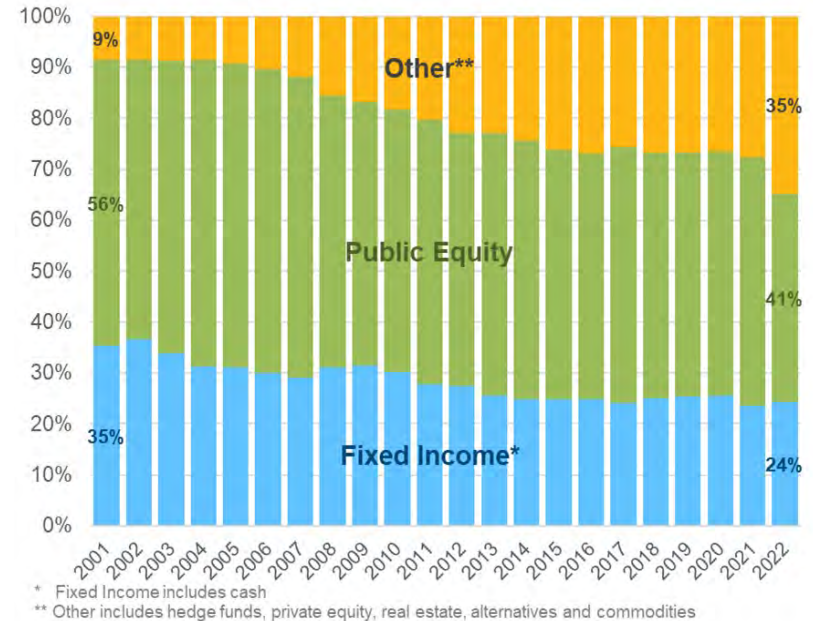
Industry Trends – Discount Rate/Asset Allocation



Interest Rates vs. Public Plan Discount Rates



Average Public Plan Asset Allocation



Public Plan data from www.publicplansdata.org

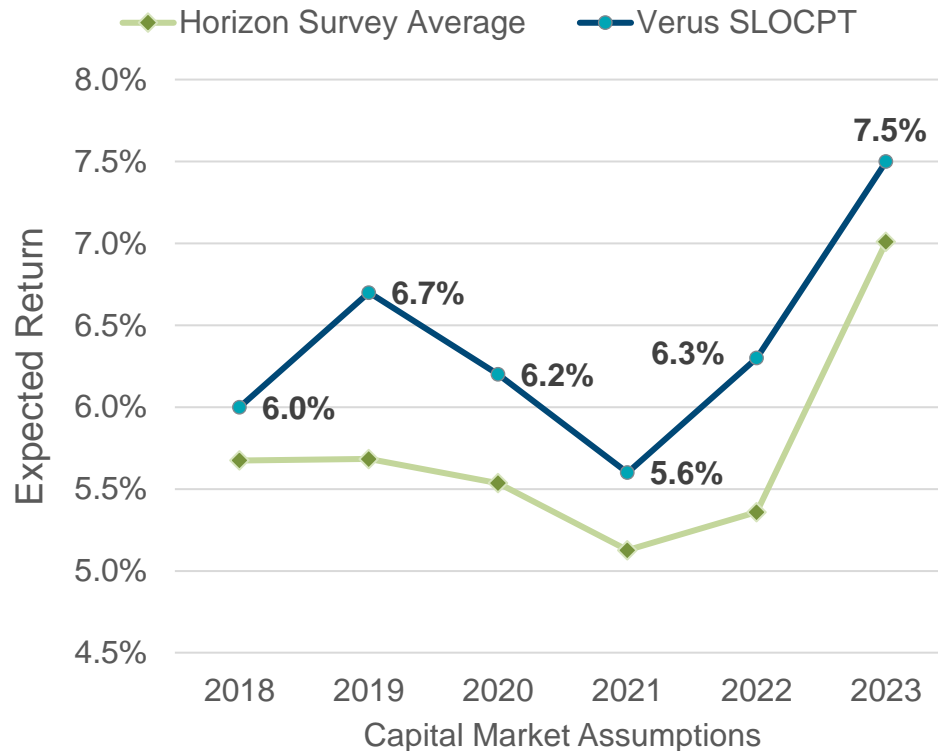
2022 asset allocation data is incomplete: includes only 60% of plans

- Declining interest rates, prior to 2020, led to lower expected return on investment portfolios
- Public plan trend to reduce discount rates/assumed rates of return
- At the same time, shifts to higher allocations of riskier asset classes to achieve expected returns

Industry and Historical Trends



Capital Market Expectations 75% Equity / 25% Bond Portfolio vs. SLOCPT

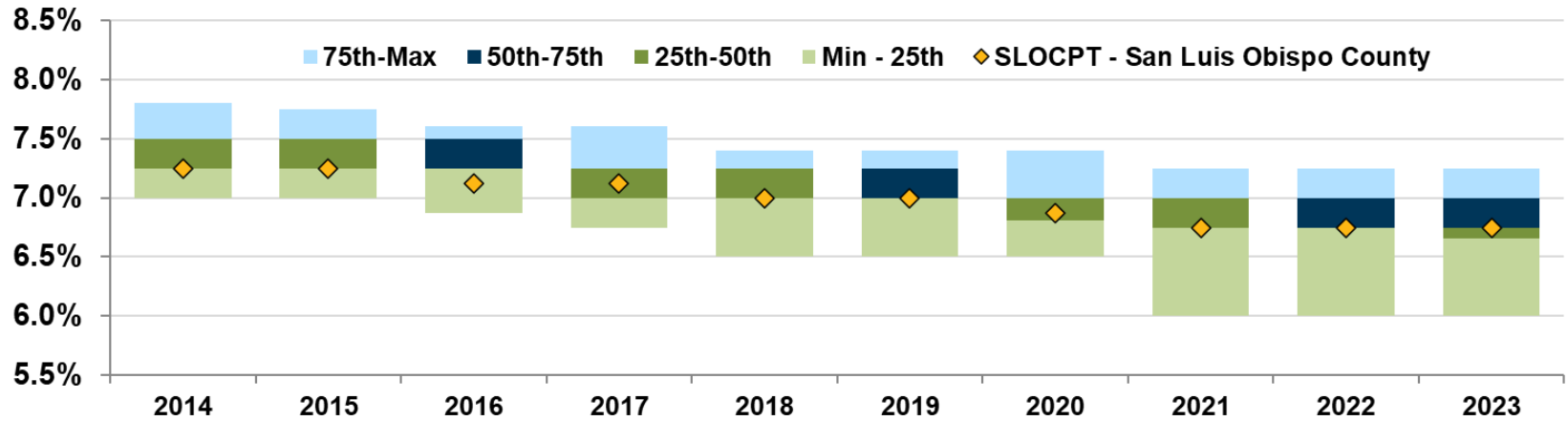


- 2023 expected returns increased dramatically
 - Significant increases in yields on fixed income securities
 - Equity positions at the end of 2022 had dropped substantially
 - Similar expectations for 2024
- Is this a temporary blip or the new normal?

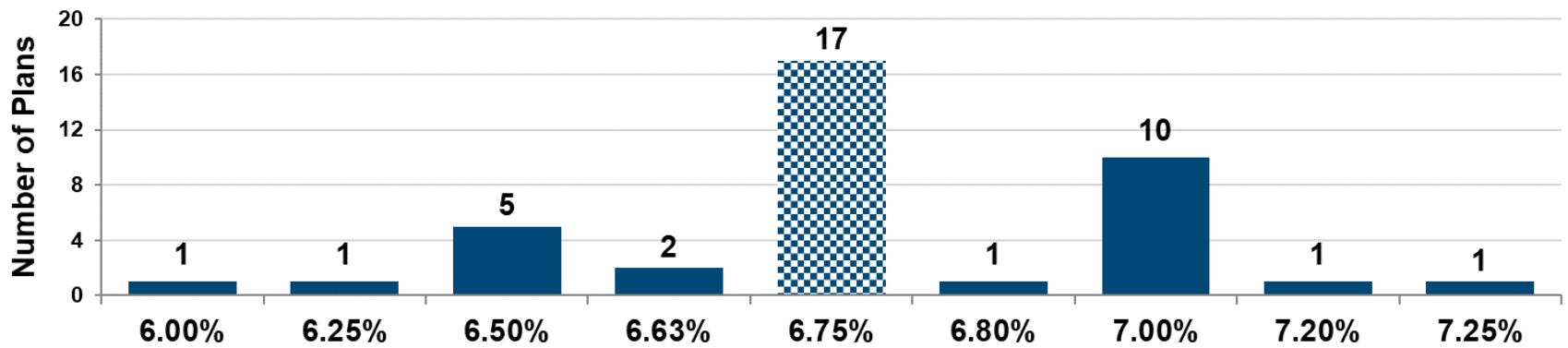
Industry Trends - Discount Rate



Discount Rate Trends
Cheiron Survey of California Systems



Distribution of Latest Discount Rates
Cheiron Survey of California Systems





SLOCPT Asset Allocations and Expected Returns (Verus 2024 Capital Market Assumptions)

Asset Category	Geometric Return	Standard Deviation	Strategic Asset Allocation
Cash	4.1%	1.1%	4.0%
Global Equity	6.9%	16.7%	30.0%
Private Equity	8.1%	25.6%	18.0%
US TIPS	4.7%	5.5%	7.0%
US Treasury	4.6%	7.1%	8.0%
Short-Term Govt/Credit	4.7%	3.6%	6.0%
Private Credit	9.2%	11.9%	12.0%
Core Real Estate	6.8%	12.5%	5.0%
Value Add Real Estate	8.8%	15.4%	5.0%
Infrastructure	8.4%	16.9%	5.0%
10-Year Forecast	7.5%	11.2%	

Future Expectations - Comparisons

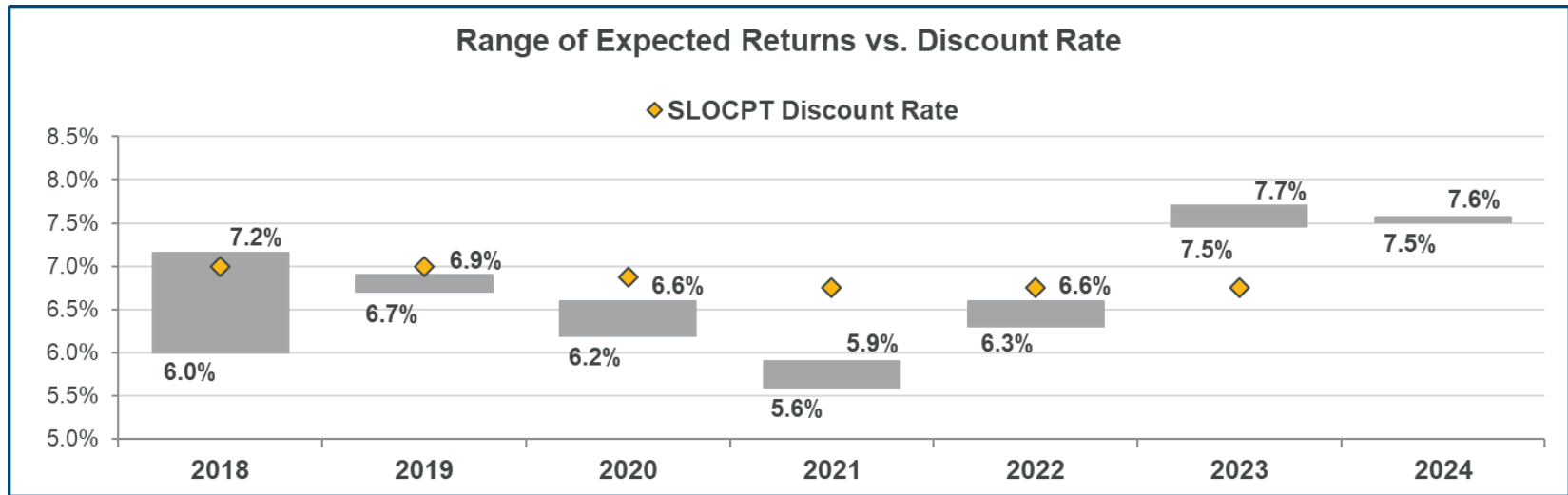


SLOCPT SAA Portfolio 2024 Return Expectations

Source	Nominal	Inflation	Real
Verus (10-year)	7.51%	2.50%	5.01%
Horizon Survey (10-year)	7.59%	2.55%	5.04%
Verus (30-year)	7.57%	2.40%	5.17%
Horizon Survey (20-year)	<u>7.60%</u>	<u>2.46%</u>	<u>5.14%</u>
Average	7.57%	2.48%	5.09%
Current SLOCPT Assumptions	6.75%	2.50%	4.25%



Capital Market Assumption Volatility



Gray bars represent range of Verus' 10-year and 30-year expected returns

- Capital market assumptions change annually as market conditions change and are usually set in December
- Rise in interest rates has resulted in significant increase in capital market assumptions
- Discount rate should be adjusted to reflect long-term trends, but should not overreact to short-term fluctuations



Likelihood of Achieving Expected Returns

Discount Rate	6.50%	6.75%	7.00%	7.25%
Verus (10-yr)	61%	58%	56%	53%

- Current assumption is expected to result in more asset gains than losses
- It is okay for the discount rate to be less than expected return
 - Greater probability of achieving return
 - Provides margin against adverse experience
 - The reverse is not true: expected return should not be materially less than the discount rate
- If actual returns are as forecasted, contribution rate will decrease gradually over time

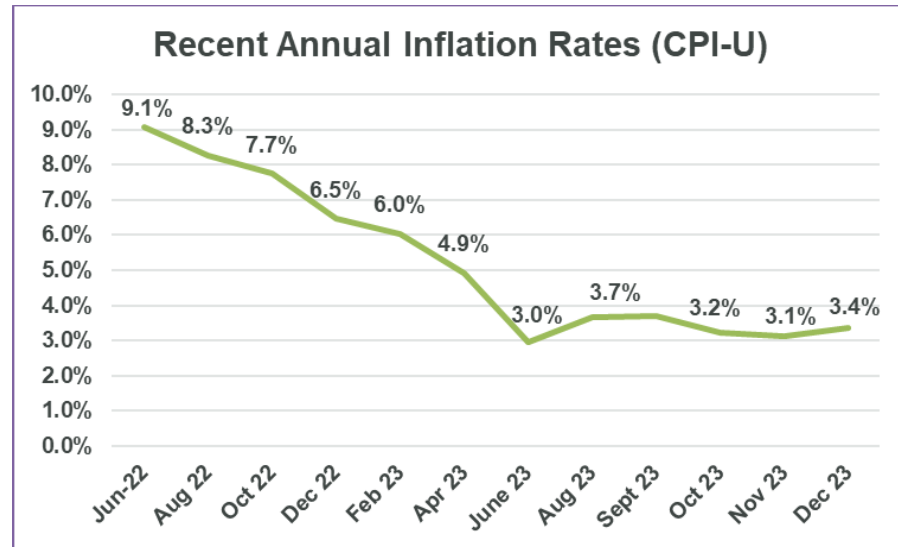
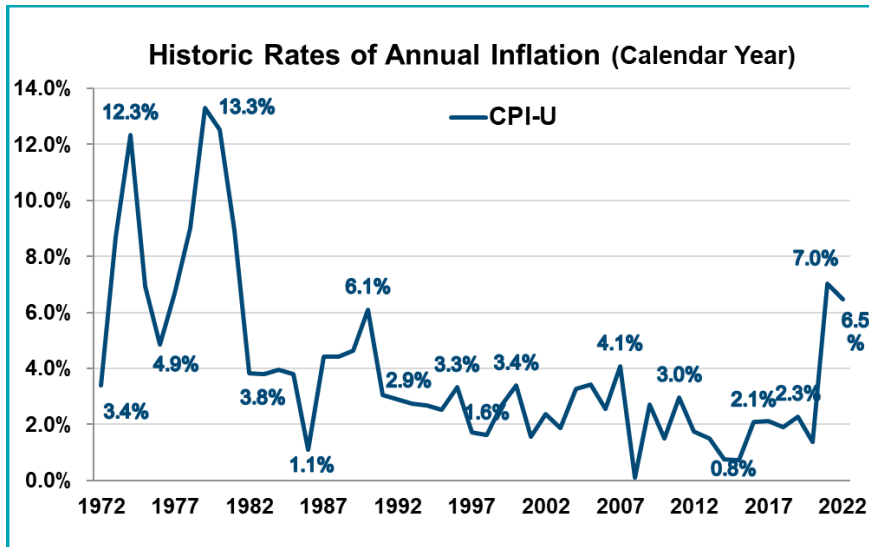
Price Inflation





- ***Price inflation*** is the foundation for all economic assumptions
 - Assumed rate of return = ***Price inflation*** + Real return
 - Wage inflation = ***Price inflation*** + Real wage growth
- Current price inflation assumption = 2.50%
- Increased from 2.25% in last experience study

Price Inflation – Historical

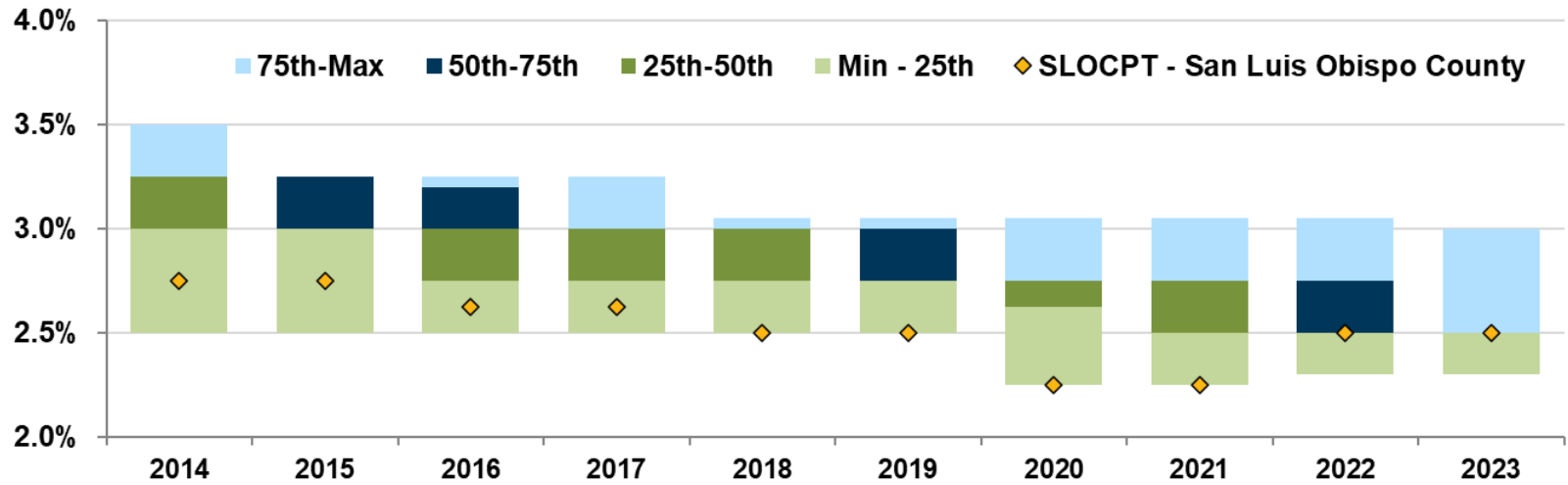


- Inflation has been low since 1992
- As we all know, there was a significant spike in 2021-2022
- However, year-over-year inflation has been trending down since it peaked in June 2022

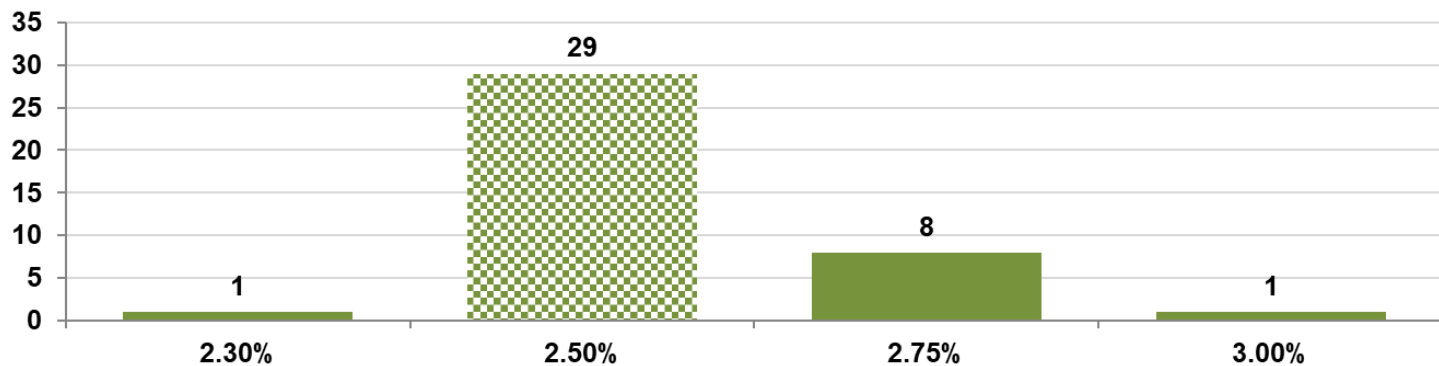
Price Inflation – Industry Trends



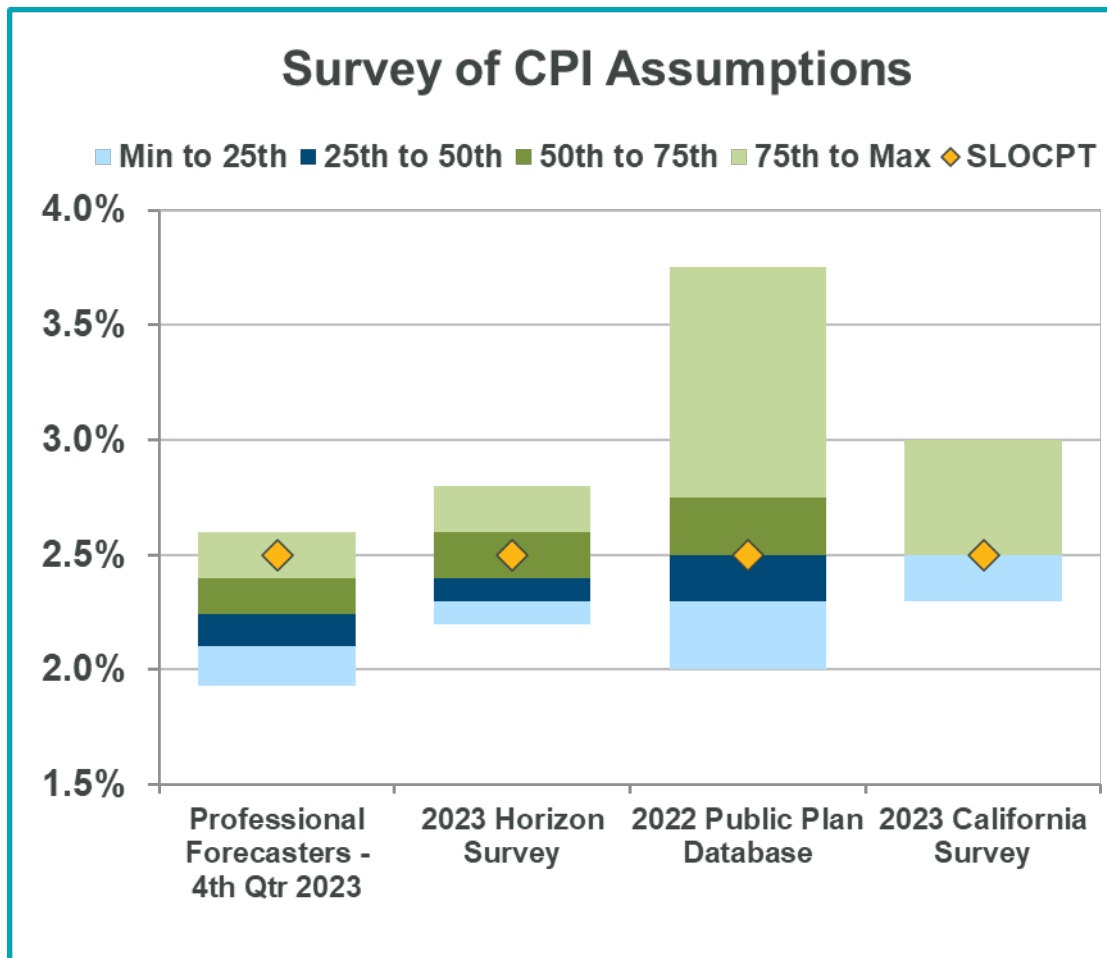
Price Inflation Assumption Trends
Cheiron Survey of California Systems



Distribution of Latest Price Inflation Assumptions
Cheiron Survey of California Systems

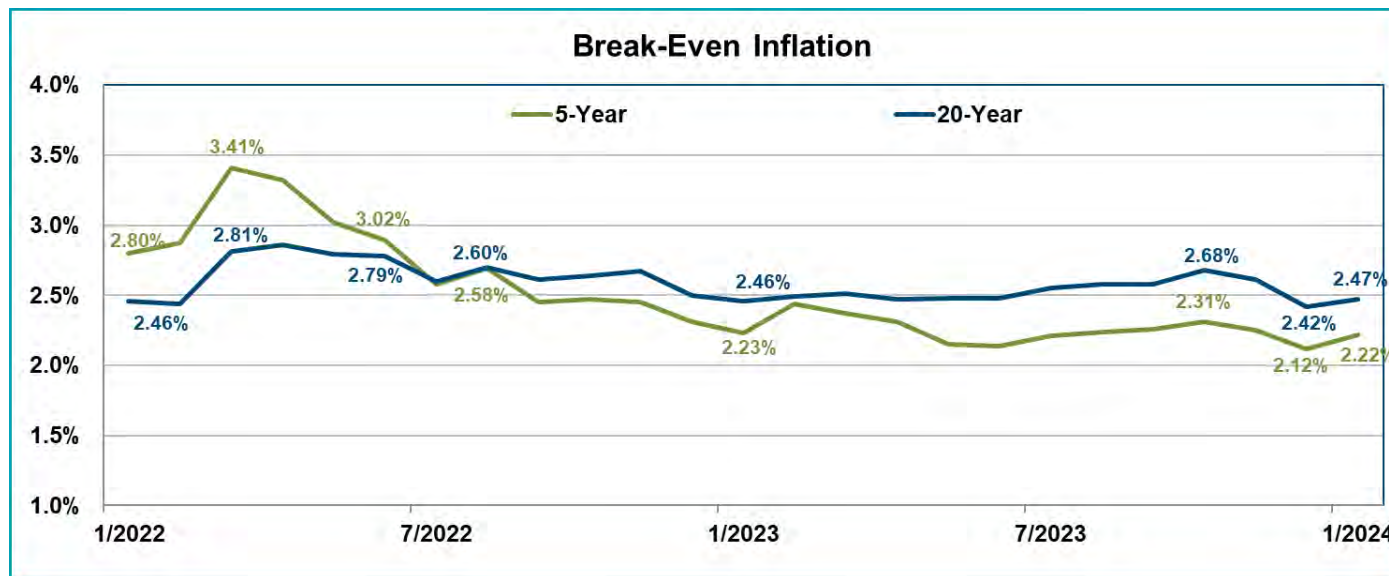


Price Inflation – Industry Trends



- Median inflation assumption 2.50%, nationally and in California
- Professional Forecasters' range of expectations have decreased since 3rd quarter 2023 (1.75% -3.10%)

Price Inflation – Market Expectations



- Break-even inflation is the difference in yields between conventional treasury bonds and Treasury Inflation-Protected Securities (TIPS)
- It represents a market estimate of future inflation
- Short-term inflation expectations have decreased since 2022, while long-term expectations are more flat

COLA Growth





- Operation of COLA
 - Benefits grow by two-year averages of Bay Area and Los Angeles Area CPI (rounded to 0.1%)
 - Tier 1 capped at 3%, with bank
 - COLA bank accumulates if CPI growth exceeds cap
 - Tiers 2 and 3 capped at 2%, no bank
- Growth in the COLA banks in last few years
 - High inflation
 - CPI averages have exceeded the 3% cap
 - Most Tier 1 retirees have a 4.0% COLA Bank



- Current COLA assumptions
 - 2.75% for Tier 1
 - 2.00% for Tier 2 and Tier 3
- Consider incorporating the value of the COLA banks directly in the liability calculations for ***Tier 1 members in pay status***
 - Example: members with 3% COLA cap who retired between 1/1/2023 and 1/1/2024 have a 2.0% COLA bank
 - Based on 2.75% COLA assumption and 3% cap, these retirees receive the full 3% for the next eight years (drawing down their bank 0.25% per year)
 - After eight years, revert to 2.75% assumption
- Under this approach, no impact to the COLA assumption for active members
- Recalibrate liabilities each year based on changes in COLA banks

Preview of Demographic Assumptions





- Highlights of 2022 Experience Study
 - Different mortality tables for Safety and Probation as compared to Miscellaneous
 - Retirement rates based on service and age
 - A member is more likely to retire if they have 30 years of service than 15 years, due to receiving a larger retirement benefit, all else equal
 - Previous age-based only rates potentially underestimate liabilities
 - Separate salary merit increase scales for Miscellaneous and Safety/Probation members
 - Tend to have different patterns of salary increase throughout careers



- Preview of 2024 Experience Study
 - Revisit assumptions most impacted by COVID years
 - Retirement rates were much higher during COVID
 - Mortality assumption, especially Miscellaneous retirees
 - Minor adjustments to other assumptions, if warranted

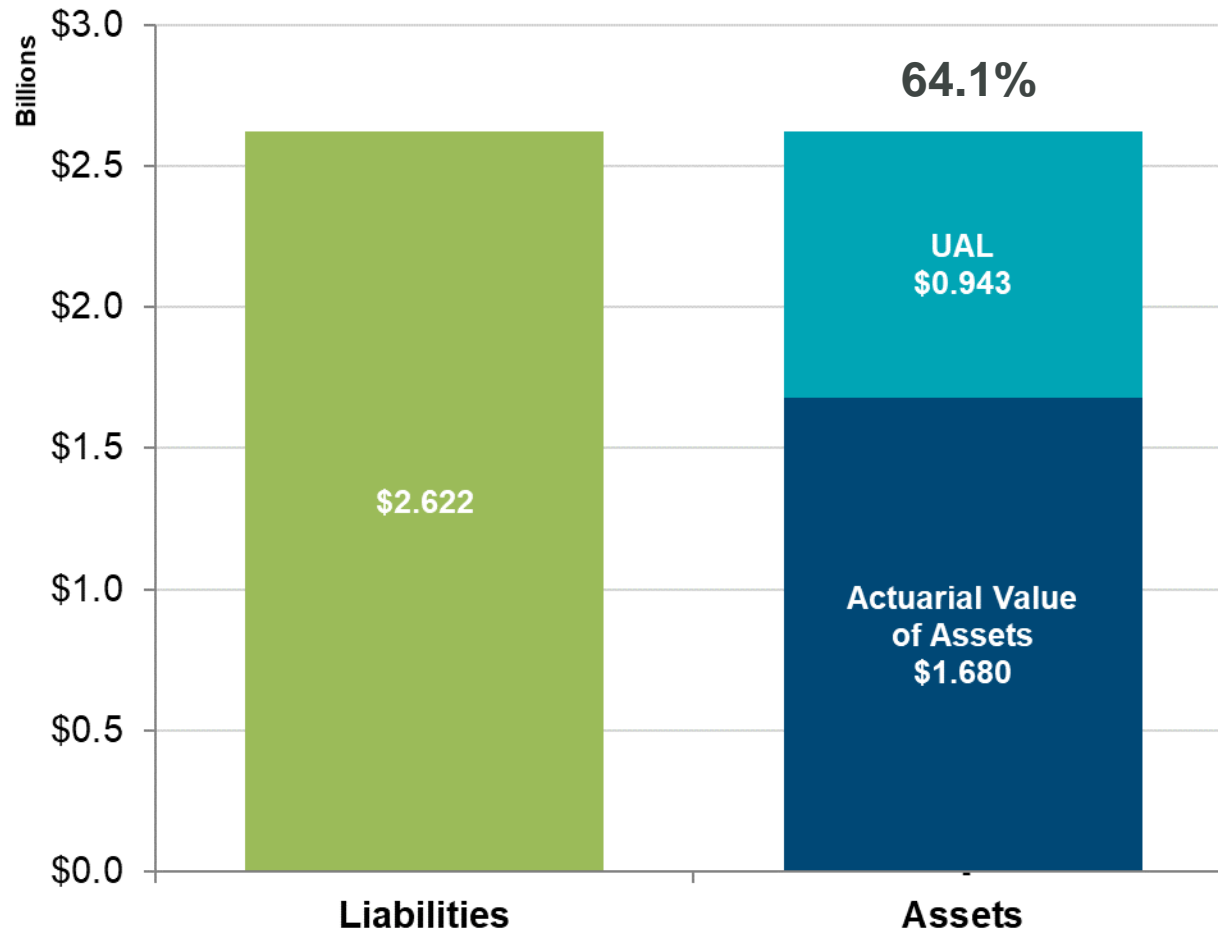
Recap - 2023 Actuarial Valuation Results



Recap - 2023 Actuarial Valuation Results



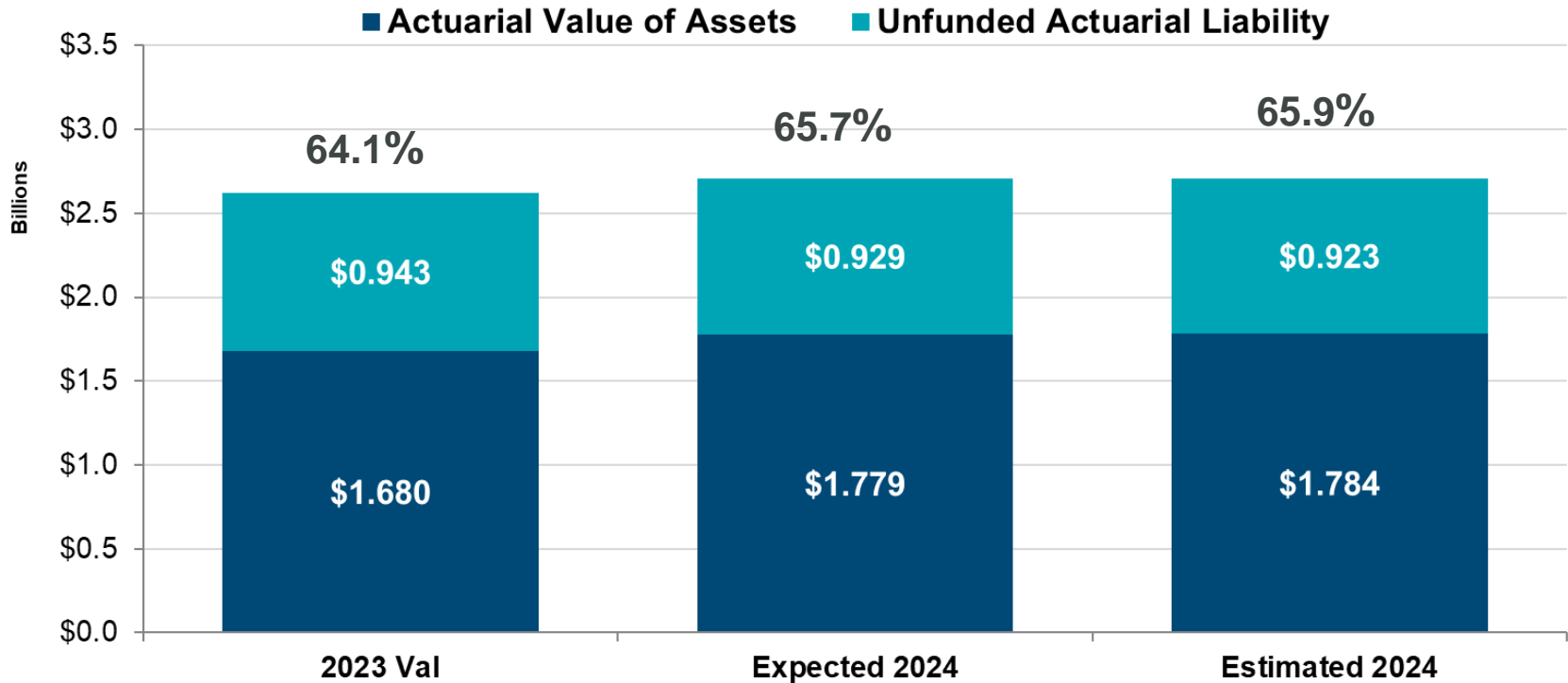
2023 Funded Status



Recap – With 2024 Projected Results



Funded Status

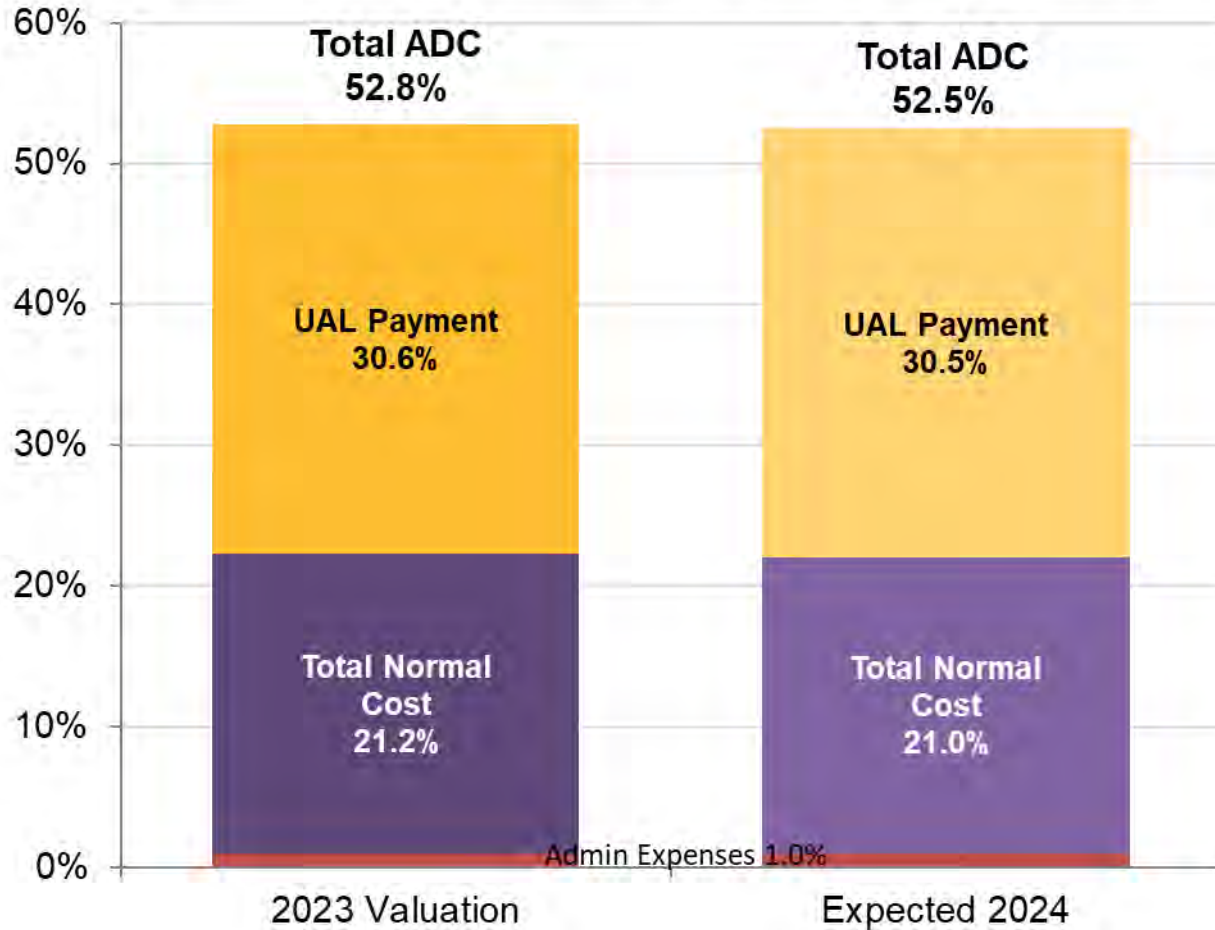


- Expected 2024 is based on an assumed return of 6.75% for 12/31/2023
- Estimated 2024 is based on the estimated return of 8.4% for 12/31/2023

Recap - 2023 Actuarial Valuation Results



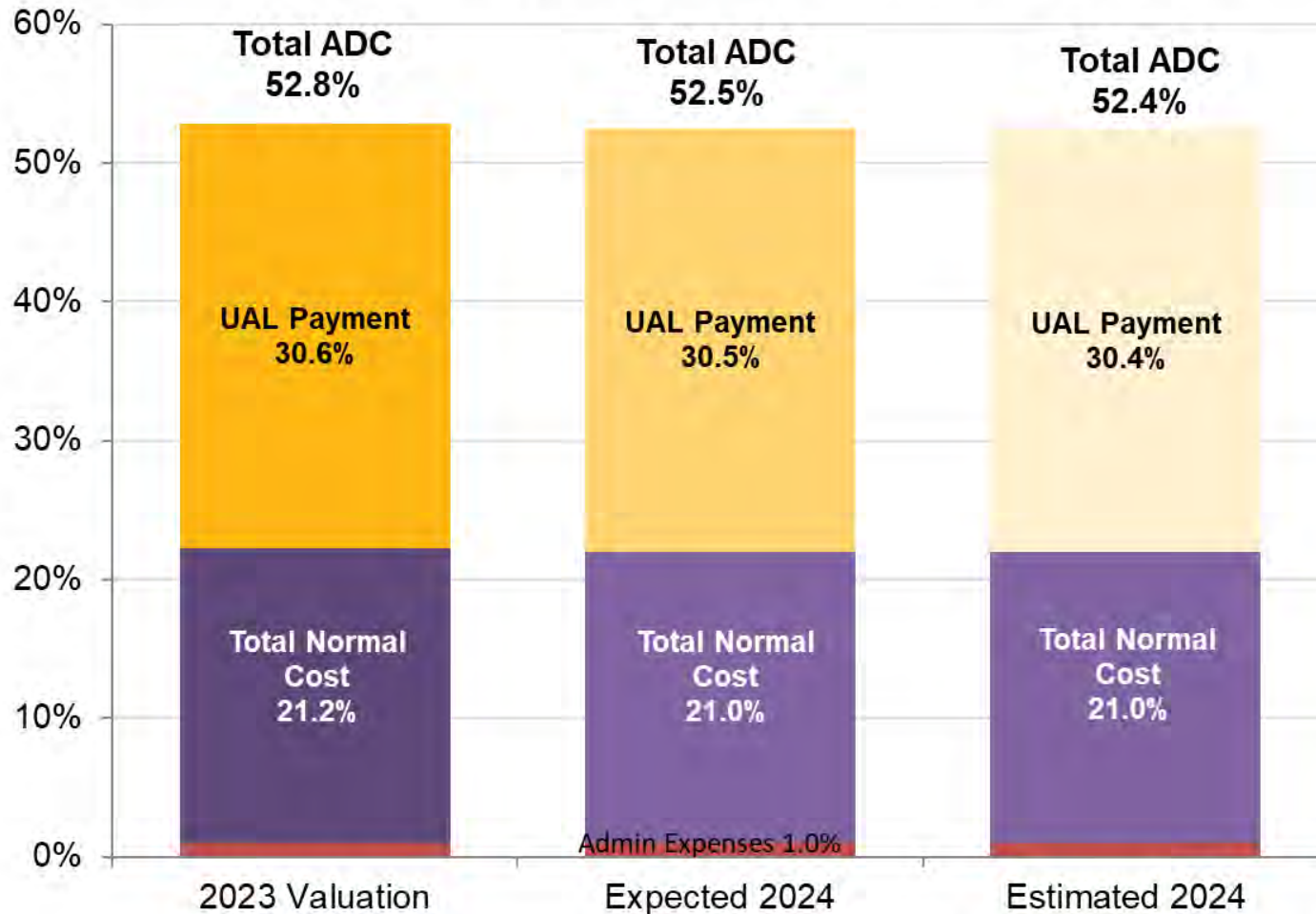
Total Actuarially Determined Contribution (ADC)



Recap – With 2024 Projected Results



Total Actuarially Determined Contribution (ADC)



Projections

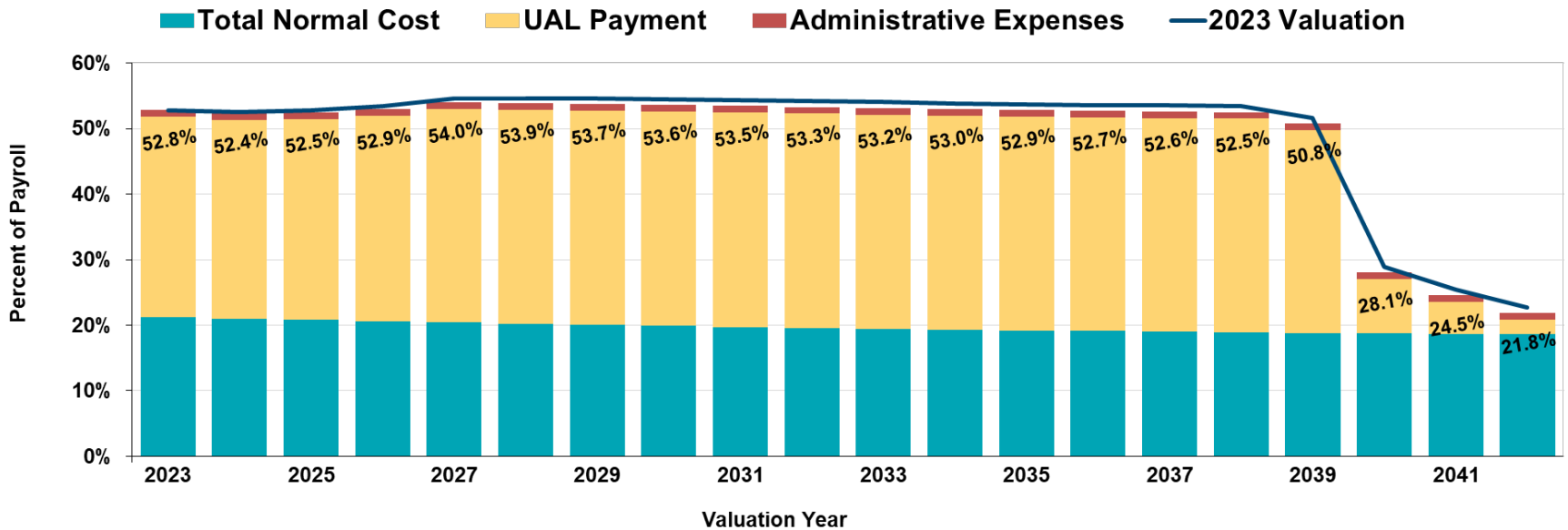


Baseline Projections Assumptions



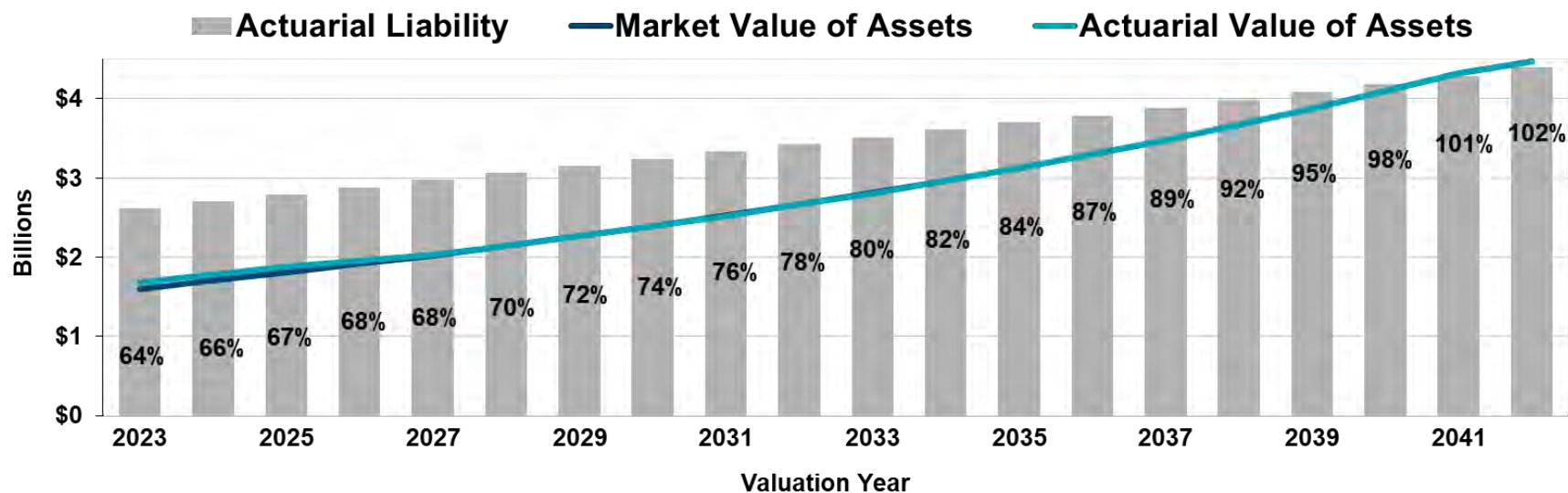
- The projected returns on the Market Value of Assets are 8.4% for FYE 2023 and 6.75% each year thereafter, unless otherwise noted
- All other actuarial assumptions are assumed to be met each and, every year
- Actuarially Determined Contribution (**ADC**) rate is assumed to be paid by employers and employees
- Assume a stable active population; PEPRA members will replace legacy members when they leave active employment
 - Payroll expected to grow by 3.00% per year

Projected ADC



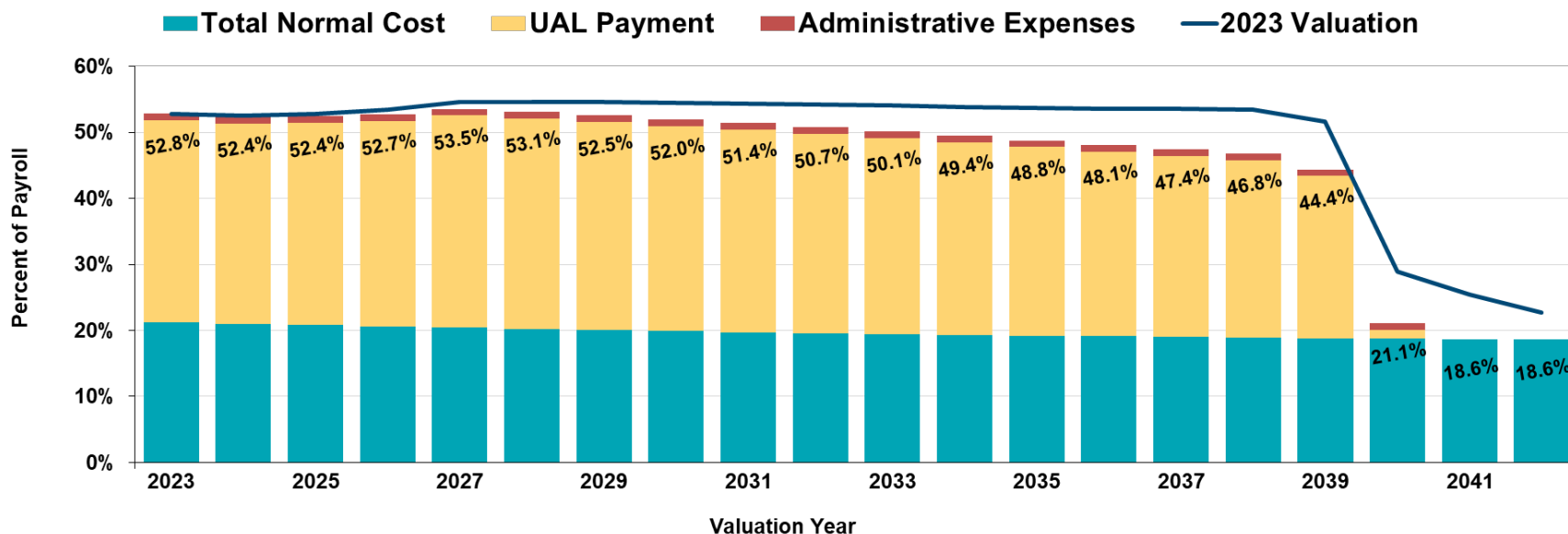
- The contribution rate is expected to increase for three years (2025-2027) as the 2022 investment losses are recognized
- Starting with the 2028 valuation, rates are expected to gradually decrease as PEPRA members, with lower normal cost rates, replace members in Tiers 1 and 2 when they retire
- With the 2040 valuation, the largest UAL layer, currently \$49 million UAL payment, will be fully paid off or amortized

Projected Funded Status



- The funded ratio is expected to gradually increase to 68% over the next three years (2025-2027), as the 2022 investment losses are recognized
- Starting in 2028, funding progress is about 2% to 3% per year
- Assets are expected to exceed the Actuarial Liabilities in 2041

Projected ADC, actual returns are 7.5%



- Assuming Pension Trust earns Verus' expected return of 7.5% each year starting in 2024, instead of SLOCPT's 6.75% assumption
- Rates still expected to slightly increase in the short-term
- Consistent decreases are expected in the contribution rate because the actual returns are greater than assumed resulting in asset gains each year
- With the 2041 valuation, the ADC is only the total normal cost rate, as the UAL surplus is enough to offset the administrative expenses.

Required Disclosures



The purpose of this presentation is to review the 2024 actuarial timeline, preview the 2024 Experience Study, and recap the 2023 actuarial valuation results for the San Luis Obispo County Pension Trust. This presentation is for the use of the Board of Trustees.

In preparing our presentation, we relied on information, some oral and some written, supplied by the San Luis Obispo County Pension Trust. 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 used in the preparation of the actuarial valuation report as of January 1, 2023; unless otherwise noted.

The assumptions reflect our understanding of the likely future experience of the Retirement Plan, and the assumptions as a whole represent our best estimate for the future experience of the Retirement Plan. Future results may differ significantly from the current results presented in this presentation due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law.

Cheiron utilizes ProVal actuarial valuation software 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 Retirement Plan. P-Scan uses standard roll-forward techniques that implicitly assume a stable active population. Because P-Scan does not automatically capture how changes in one variable affect all other variables, some scenarios may not be consistent.

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.

This presentation was prepared exclusively for the San Luis Obispo County Pension Trust 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 such other users.

Anne Harper, FSA, EA, MAAA
Principal Consulting Actuary

Alice Alsberghe, ASA, EA, MAAA
Consulting Actuary

Appendix A – California Systems in Cheiron Survey



Cheiron's 2023 Survey of Public Retirement Systems in California

System Name	Discount Rate	Price Inflation	Valuation Date	System Name	Discount Rate	Price Inflation	Valuation Date
AC Transit	6.75%	2.75%	1/1/2023	MCERA - Merced County	6.75%	2.50%	6/30/2023
ACERA - Alameda County	7.00%	2.75%	12/31/2022	OCERS - Orange County	7.00%	2.50%	12/31/2022
CalPERS	6.80%	2.30%	6/30/2022	SACRT - Sacramento Regional Transit	6.75%	2.50%	7/1/2022
CalSTRS - Defined Benefit	7.00%	2.75%	6/30/2022	SamCERA - San Mateo County	6.25%	2.50%	6/30/2023
City of Fresno - Employee System	6.75%	2.50%	6/30/2023	San Diego Transit	6.00%	2.50%	7/1/2023
City of Fresno - Fire & Police	6.75%	2.50%	6/30/2023	SBCERA - San Bernardino County	7.25%	2.50%	6/30/2023
City of San Jose Federated	6.625%	2.50%	6/30/2023	SBCERS - Santa Barbara County	7.00%	2.75%	6/30/2023
City of San Jose Police & Fire	6.625%	2.50%	6/30/2023	SCERA - Sonoma County	6.75%	2.50%	12/31/2022
Contra Costa County ERA	6.75%	2.50%	12/31/2022	SCERS - Sacramento County	6.75%	2.50%	6/30/2023
East Bay Municipal Utility District	6.75%	2.50%	6/30/2022	SDCERA - San Diego County	6.50%	2.50%	6/30/2023
FCERA - Fresno County	6.50%	2.50%	6/30/2023	SDCERS - San Diego City	6.50%	3.00%	6/30/2023
Golden Gate Transit	6.75%	2.75%	1/1/2023	SFERS - San Francisco	7.20%	2.50%	7/1/2023
ICERS - Imperial County	6.75%	2.50%	6/30/2023	SJCERA - San Joaquin County	6.75%	2.75%	1/1/2023
KCERA - Kern County	7.00%	2.50%	6/30/2023	SLOCPT - San Luis Obispo County	6.75%	2.50%	1/1/2023
LACERA - Los Angeles County	7.00%	2.75%	6/30/2022	StanCERA - Stanislaus County	6.75%	2.50%	6/30/2023
LACERS - Los Angeles City	7.00%	2.50%	6/30/2023	TCERA - Tulare County	7.00%	2.75%	6/30/2023
Los Angeles Fire & Police Pension	7.00%	2.50%	6/30/2023	University of California	6.75%	2.50%	7/1/2023
Los Angeles Water and Power	6.50%	2.50%	7/1/2023	Valley Transit Authority	6.75%	2.50%	1/1/2023
MCERA - Marin County	6.75%	2.50%	6/30/2023	VCERA - Ventura County	7.00%	2.50%	6/30/2023
MCERA - Mendocino County	6.50%	2.50%	6/30/2023				



CHEIRON



Classic Values, Innovative Advice.

***Cheiron** (pronounced kī·ron), the immortal centaur from Greek mythology, broke away from the pack and was educated by the gods. Cheiron became a mentor to classical Greek heroes, then sacrificed his immortality and was awarded in eternity as the constellation Sagittarius.*

Pension Trust

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



Date: March 25, 2024

To: Board of Trustees

From: Katie Girardi – Executive Director
Amy Burke – Deputy Director

Agenda Item 8: Employer Contributions Prefunding

Recommendation:

The Board of Trustees should discuss, and approve actions based on one of the following:

1. To agree to the FY24-25 prefunding of employer contributions from the County of San Luis Obispo and the Air Pollution Control District - if they so elect - consistent with the automatic renewal of the Prefunding Agreement (as amended in 2017) that provides for –
 - a. Prefunding of employer paid contributions (including Employer Paid Member Contributions) as of June 30th for the upcoming fiscal year in a lump sum instead of on a pay-period basis.
 - b. Such prefunding to be calculated by SLOCT's actuary using a discount rate adopted on an annual basis by the Board of Trustees. The table below shows the previous year's offered rate and **suggested rate for 2024 benchmarked to the Plan's adopted real rate of return:**

	FY23-24 Prefunding Offered	FY24-25 Prefunding Proposed
Discount Rate = Plan's Real Rate of Return Assumption*	4.25%	4.25%

**The assumed real rate of return is an estimate of the inflation (2.50%) adjusted return.*

- c. The Board of Trustees may adopt a different discount rate for Prefunding at its discretion.

- *OR* -

2. To not agree to the FY24-25 prefunding of employer contributions and to provide the County the required 60 days of notice to terminate or suspend the Prefunding Agreement in existence.

Background:

Beginning with FY14-15 SLOCPT and the County agreed to restart a prior practice of allowing the County to prepay employer pension contributions at the start of a fiscal year at a discounted rate. This agreement was amended in 2017 to set the discount rate to be used at a rate adopted on an annual basis by the Board of Trustees. The discount rate offered by the Board of Trustees in 2023 reflected the assumed real rate of return adopted and used in the January 1, 2023, Actuarial Valuation. The assumed real rate of return is an estimate of the inflation-adjusted return.

The County did not elect to pursue the prefunding arrangement in FY23-24.

Allowing the Plan sponsor to prefund employer contributions at a discounted rate theoretically allows the retirement system to then invest those funds for a longer duration than if they were received on a bi-weekly basis as employee contributions are.

- If the actual earnings on investments are less than the discount rate used for the prefunding, an actuarial loss is created.
- If the actual earnings on investments are greater than the discount rate used for the prefunding, an actuarial gain is created.

From the Plan sponsor's side, prefunded employer contributions discounted at a rate greater than that possible to be earned in the conservative investments allowed for Treasury funds, creates budget savings.

Various California retirement systems adopt different practices in employer contribution prefunding. These practices include: no prefunding; prefunding discounted at the actuarial assumed rate of return; prefunding discounted at the actuarial assumed rate of return less a set spread (e.g., 50%); prefunding discounted at half of the actuarial assumed rate of return; or, prefunding at a rate considered and approved on an annual basis.

Respectfully submitted,

Pension Trust

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Date: March 25, 2024

To: Board of Trustees

From: Katie Girardi – Executive Director
Amy Burke – Deputy Director

Agenda Item 9: Administrative and Capital Expenditures Budget for Fiscal Year 2024-2025 - Proposed

Recommendation:

It is recommended that the Board of Trustees review and direct Staff as necessary regarding the Proposed Administrative Budget for the Fiscal Year 2024-2025 (“FY24/25”) (Attachments A through D). A final draft of these budget schedules, based on direction given to Staff and any updated projections, will be presented for approval at the regular meeting scheduled for May 20, 2024.

Discussion - Expenditures:

The expense categories presented in the attached **Proposed Administrative Budget** for FY24/25 have been updated based upon varied assumptions, prior year experiences, and Staff’s best estimates of future events. **Overall Staff believes a 1.4% decrease in the total budgeted amount when compared to the approved Administrative Budget for Fiscal Year 2023-2024 (“FY23/24”) is appropriate. This represents a \$48,000 decrease compared to the prior year from \$3.50 million to \$3.46 million.**

Staff’s basis for components of this change is further detailed in the sections below. This proposed amount represents 0.20% of the total unaudited Net Position of SLOOPT as of December 31, 2023.

- **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). The calculation of total predicted expenses uses assumptions based on the unaudited market value of

investment assets as of 12/31/2023 where appropriate and adds a 7.4% investment return that was taken from Verus' Capital Market Expectations report presented at the February Board meeting. The decrease in estimated costs is due to the closure of the Blackrock Core Bond Fund in 2023. As an actively managed account, quarterly Custody fees were around \$25k.

- **Personnel Services** – (see Attachment B) Includes all expenses related to SLOCPT's Staff. Assumes the following:
 - a) 2.5% increase in salaries for FY24-25 (based on the County's 2022 resolution approving wage increase for the SLOCPT benchmarked positions),
 - b) payroll tax rates will stay consistent with 2024 rates currently in place,
 - c) cafeteria benefit of \$11,700 (employee only), \$15,000 (employee +1) and \$18,600 (family) annually per eligible employee (benchmarked to County positions in Bargain Units 7 & 11 and pro-rated for part-time employees),
 - d) employer pension rate increase of 0.43% effective with the pay period including 7/1/24,
 - e) applicable salary step increases and promotions for Staff deemed eligible. Please note, all current Staff, except for the Executive Director, are at Step Six in this budget cycle,
 - f) \$500 matched contribution to employees' deferred compensation account (benchmarked to County positions in Bargain Units 7 & 11),
 - g) \$500 Wellness and Development reimbursement (benchmarked to County positions in Bargain Units 7 & 11), and
 - h) estimated leave accrual increases.

Note: Salary ranges presented in Attachment B do not include the estimated 2.5% prevailing wage increase. However, the 2.5% increase is included in the overall Administrative Budget presented in Attachment A.

- **Professional Services** –
 - Accounting & Auditing: Based on the current contract with Brown Armstrong (SLOCPT's annual financial statement audit firm). The 2023 Audit is the first of the current 3-year engagement with Brown Armstrong.
 - Actuarial: Based on the 2021 contract with Cheiron (SLOCPT's Actuary). Also includes an estimate of expected costs relating to additional Actuarial services performed throughout the year. The decrease in expense is attributable to the removal of the biennial Experience Study for the upcoming fiscal year.
 - Legal: Based on General Counsel Retainer and legal consultation relating to investment contracts, tax qualification, and disability hearings. Future unforeseen legal expenses 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 including costs for Independent

Medical Examiners (IMEs) or Independent Psychiatric Examiners (IPEs) 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), IT services provided by the County on other expenses related to IT development. The increase in budgeted expenses is related to the development of a public-facing SLOCPT website.
 - Banking & Payroll: Includes estimated banking fees for SLOCPT's two banking relationships (US Bank and Pacific Premier) and fees associated with payroll services provided by Paychex.
 - Other Professional Services: Based on estimated expenses for professional services not related to the categories listed above. The decrease in expense is related to a one-time cost of \$35,000 for the Executive Recruitment firm engaged to assist in the 2023 hiring of the new Executive Director.
- **Other Expenses –**
 - Trustee Election Expenses: County Clerk Recorder fees related to annual Trustee elections. The actual cost will be lower if there is an uncontested candidacy.
 - Insurance: Includes Fiduciary, General, Property, and Cyber Liability coverages. The estimate is based on the current year's expenses plus 5.0%. The decreased costs experienced in FY23/24 can be attributed to a reaction to the steep inflation in Cyber Liability coverage experienced in FY22/23, which was an industry-wide event after the global pandemic.
 - Building & Maintenance: Estimate based on current year expenses. Totals include operating expenses such as janitorial services, building utilities, and landscape maintenance. Additional costs for building repairs performed in FY23/24 (which include water damage for an exterior closet and gutter repair) have contributed to the overall decrease.
 - Office Expense: Expense includes general office supplies and printing and mailing services provided by ASAP Reprographics. The increase is due to Staff's proposal to include value-added products in the next budget cycle.
 - Memberships & Publications: Includes industry specific memberships and publications.
 - Postage: Estimate based on current year expenses.
 - Communications: Includes costs associated with telephone services provided by County IT. The estimate is based on a County-supplied budget document.

- Training & Travel: The increase this year is mainly due to the addition of the Board Smart system (see Attachment C).
 - Information Technology: Expense includes all purchases relating to tangible IT equipment. Assumes staggered four-year replacement cycle for office and WFH/travel computers.
 - Equipment: Includes expenses associated with copier and office furniture purchases.
 - Bad Debt Expense: This category will not be budgeted for but may see an expense from time to time. It is directly tied to benefit overpayments relating to late death notifications that were uncollectable. Such payments are sometimes due to the SLOCPT paying retirement benefits in advance instead of in arrears (Social Security pays benefits in arrears for comparison).
- **Contingencies** – 5% of the total budget to be used for unexpected expenses.
 - **Capital Expenditures** – (see Attachment D) To plan for and obtain approval for costs that would be capitalized. These costs will be directly related to large elective software replacements/upgrades/improvements, building improvements, and large equipment purchases. 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 is deferring the roof replacement project approved for FY23/24 due to contractor scheduling delays. Staff is also requesting funds to replace the office’s main copier which was purchased in 2017. A 5% contingency has been included.

Attachments:

Attachment A – Proposed Administrative Budget for Fiscal Year 2024-2025

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 2024-2025**

	FY22-23 Actual Expenses	FY23-24 Estimated Expenses	FY23-24 Adopted Budget	FY24-25 Proposed Budget	Increase/ Decrease From PY
INVESTMENT EXPENSE:					
Invest. Exp. (Custody, Consultant)	\$ 642,267	\$ 525,000	\$ 637,000	\$ 563,000	\$ (74,000)
ADMINISTRATIVE EXPENSE:					
Personnel Services	\$ 1,345,006	\$ 1,436,000	\$ 1,452,000	\$ 1,496,500	\$ 44,500
Professional Service					
Accounting & Auditing	65,800	63,000	66,000	63,000	(3,000)
Actuarial	105,823	141,000	139,000	110,500	(28,500)
Legal	215,872	187,000	220,000	220,000	-
Medical Evaluations - Disabilities	87,150	100,000	100,000	100,000	-
Human Resources Consulting	5,000	5,000	5,000	5,000	-
Information Technology Services	246,558	253,000	255,000	313,500	58,500
Banking and Payroll	9,970	13,000	18,000	15,000	(3,000)
Other Professional Services	1,531	37,000	37,000	2,000	(35,000)
Total Professional Services	\$ 737,704	\$ 799,000	\$ 840,000	\$ 829,000	\$ (11,000)
Other Expenses					
Trustee Election Expenses	9,740	10,000	6,000	10,000	4,000
Insurance	163,656	141,000	172,000	160,000	(12,000)
Building Maintenance	56,562	71,000	77,000	63,500	(13,500)
Office Expense	22,819	25,000	29,000	34,000	5,000
Memberships & Publications	6,815	6,000	6,500	6,500	-
Postage	37,742	39,000	39,000	40,000	1,000
Communications	1,960	2,000	3,000	2,000	(1,000)
Training & Travel	30,050	43,000	47,500	55,000	7,500
Information Technology	9,058	29,000	33,000	37,000	4,000
Equipment	1,402	1,000	2,000	1,500	(500)
Bad Debt	3,987	-	-	-	-
Total Other Expenses	\$ 343,791	\$ 367,000	\$ 415,000	\$ 409,500	\$ (5,500)
Contingencies	\$ -	\$ -	\$ 167,000	\$ 165,000	\$ (2,000)
TOTAL ADMINISTRATIVE	\$ 2,426,501	\$ 2,602,000	\$ 2,874,000	\$ 2,900,000	\$ 26,000
ADMIN. + INVESTMENT	\$ 3,068,768	\$ 3,127,000	\$ 3,511,000	\$ 3,463,000	\$ (48,000)
Increase from Prior Year Budget				-1.4%	

ATTACHMENT B

**San Luis Obispo County Pension Trust
PROPOSED STAFFING:**

	FY22-23 Actual	FY23-24 Amended Budget	FY23-24 Actual	FY24-25 Proposed Budget	Increase / (Decrease) From PY	Projected FY25-26	Projected FY26-27	Projected FY27-28	Projected FY28-29
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	1.80	1.80	1.80	1.80	-	1.80	1.80	1.80	1.80
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.	-	0.50	-	-	(0.50)	-	-	-	-
TOTAL POSITIONS	7.60	8.10	7.60	7.60	(0.50)	7.60	7.60	7.60	7.60

PROPOSED SALARY & BENEFIT BENCHMARKS:

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

FY 24-25	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>	87.68	92.03	96.66	101.49	106.55	111.88	Benchmarked to County BU 7 + \$450/month auto allowance (not pensionable)
Deputy Director <i>80% of Executive Director</i>	70.14	73.62	77.33	81.19	85.24	89.52	Benchmarked to County BU 7
Retirement Programs Spec. III <i>#9663 Risk Mgmt. Analyst III</i>	44.80	47.04	49.39	51.86	54.45	57.71	Benchmarked to County BU 7
Retirement Programs Spec. II <i>#9658 Risk Mgmt. Analyst II</i>	38.96	40.91	42.96	45.11	47.37	49.74	Benchmarked to County BU 7
Retirement Programs Spec. I <i>#9657 Risk Mgmt. Analyst I</i>	33.12	34.78	36.52	38.35	40.27	42.28	Benchmarked to County BU 7
Accountant IV <i>#2055 Auditor-Analyst III</i>	44.28	46.49	48.81	51.25	53.81	56.50	Benchmarked to County BU 7

ATTACHMENT B

PROPOSED SALARY & BENEFIT BENCHMARKS: (continued)

FY 24-25	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Benefits: (health, pension, other)
Accountant III <i>#907 Accountant III</i>	39.40	41.37	43.44	45.61	47.89	50.28	Benchmarked to County BU 7
Accountant II <i>#906 Accountant II</i>	34.24	35.95	37.75	39.64	41.62	43.70	Benchmarked to County BU 7
Accountant I <i>#905 Accountant I</i>	29.11	30.57	32.10	33.71	35.40	37.17	Benchmarked to County BU 7
Retirement Technician <i>#913 Accounting Technician - Conf.</i>	26.40	27.72	29.11	30.57	32.10	33.71	Benchmarked to County BU 11
Administrative Asst. III <i>#2223 Administrative Asst. III - Conf.</i>	22.58	23.71	24.90	26.15	27.46	28.83	Benchmarked to County BU 11
Administrative Asst. II <i>#2222 Administrative Asst. II - Conf.</i>	20.53	21.56	22.64	23.77	24.96	26.21	Benchmarked to County BU 11
Administrative Asst. I <i>#2221 Administrative Asst. I - Conf.</i>	18.48	19.40	20.37	21.39	22.46	23.58	Benchmarked to County BU 11
Part-Time Temporary Office Assistant <i>#911 Account Clerk</i>	20.87	21.91	23.01	24.16	25.37	26.64	N/A

ATTACHMENT C

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

	FY22-23 Actual	Current FY23-24 YTD	FY23-24 Amended Budget	FY24-25 Proposed Budget	Increase / (Decrease) From PY Budget
<i>CALAPRS General Assembly</i>					
Attendees - Board	3	-	3	3	-
Attendees - Staff	2	1	2	2	-
Total Expense	5,813	232	7,250	6,250	(1,000)
<i>CALAPRS Advanced Trustee Institute (UCLA)</i>					
Attendees - Board	1	2	1	1	-
Attendees - Staff	-	-	-	-	-
Total Expense	3,503	6,000	3,450	3,300	(150)
<i>CALAPRS Principles for Trustees</i>					
Attendees - Board	1	-	2	2	-
Attendees - Staff	-	-	-	-	-
Total Expense	6,321	-	6,600	6,600	-
<i>SACRS Trustees Training- Berkeley</i>					
Attendees - Board	1	-	3	2	(1)
Attendees - Staff	-	-	-	1	1
Total Expense	5,045	-	14,250	15,150	900
<i>SACRS Semi-Annual Conferences</i>					
Attendees - Board	-	1	-	-	-
Attendees - Staff	-	-	-	-	-
Total Expense	-	150	-	-	-
<i>Nossaman Fiduciaries Forum</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	-	-	1	1	-
Total Expense	-	-	1,025	1,025	-
<i>CALAPRS Administrators Institute</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	-	1	2	2	-
Total Expense	-	2,694	3,200	5,700	2,500
<i>CALAPRS Management Academy</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	-	-	1	-	(1)
Total Expense	-	-	3,350	-	(3,350)
<i>CALAPRS Trustees Roundtables (2/yr)</i>					
Attendees - Board	2	-	2	2	-
Attendees - Staff	-	-	-	-	-
Total Expense	100	-	100	100	-
<i>CALAPRS Administrators Roundtables (2/yr)</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	4	-	4	4	-
Total Expense	200	-	200	200	-

ATTACHMENT C

San Luis Obispo County Pension Trust
PROPOSED TRAINING & TRAVEL:

	FY22-23 Actual	Current FY23-24 YTD	FY23-24 Amended Budget	FY24-25 Proposed Budget	Increase / (Decrease) From PY Budget
<i>CALAPRS Attorneys Roundtables (3/yr)</i>					
Attendees - Board	4	1	3	3	-
Attendees - Staff	-	-	-	-	-
Total Expense	200	50	150	150	-
<i>CALAPRS Operations Roundtables (4/yr)</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	4	2	6	6	-
Total Expense	200	100	300	300	-
<i>CALAPRS - Board, Faculty, and related travel</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	3	2	1	-	(1)
Total Expense	1,743	597	700	-	(700)
<i>Investment Seminars</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	-	-	1	1	-
Total Expense	-	-	1,600	1,600	-
<i>Leadership SLO</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	-	-	1	1	-
Total Expense	-	-	1,800	1,800	-
<i>Software Training</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	1	1	1	1	-
Total Expense	1,217	2,217	2,000	2,500	500
<i>Board Smart</i>					
Attendees - Board	-	-	-	7	7
Attendees - Staff	-	-	-	2	2
Total Expense	4,875	1,300	-	8,775	8,775
<i>Public Pension Financial Forum</i>					
Attendees - Board	-	-	-	-	-
Attendees - Staff	1	-	-	-	-
Total Expense	758	-	-	-	-
<i>Misc. Board and Staff Training/Travel</i>					
Total Expense	78	8,256	1,525	1,550	25
Total Training and Travel	30,052	21,596	47,500	55,000	7,500

ATTACHMENT D

San Luis Obispo County Pension Trust
PROPOSED CAPITAL EXPENDITURES BUDGET:
Fiscal Year 2024-2025

	FY22-23 Actual Expenditures	FY23-24 Estimated Expenditures	FY23-24 Adopted Budget	FY24-25 Proposed Budget	Increase/ Decrease From PY
BUILDING EXPENDITURES:					
Exterior					
Roof	-	-	45,000	45,000	-
Windows	-	-	-	-	-
Paint	-	-	-	-	-
Parking Lot	-	-	-	-	-
Landscape	-	-	-	-	-
Total Exterior	\$ -	\$ -	\$ 45,000	\$ 45,000	\$ -
Interior					
HVAC	-	-	-	-	-
Paint	-	-	-	-	-
Flooring	-	-	-	-	-
Plumbing	-	-	-	-	-
Elevator	134,439	-	-	-	-
Security System	-	-	-	-	-
Total Interior	\$ 134,439	\$ -	\$ -	\$ -	\$ -
SOFTWARE EXPEDITURES:					
Software Purchases	\$ -	\$ -	\$ -	\$ -	\$ -
Software Upgrades and Improvements	\$ -	\$ -	\$ -	\$ -	\$ -
EQUIPMENT EXPEDITURES:					
Capitalized Equipment Purchases	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
CONTINGENCIES	\$ -	\$ -	\$ 2,250	\$ 2,750	\$ 500
TOTAL CAPITAL EXPENDITURES	\$ 134,439	\$ -	\$ 47,250	\$ 57,750	\$ 10,500

Board of Trustees

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



Date: March 25, 2024

To: Board of Trustees

From: Katie Girardi – Executive Director
Amy Burke – Deputy Director

Agenda Item 10: Monthly Investment Report for February 2024

	1-month	YTD	2023	2022	2021	2020	2019
Total Fund (%) (Gross)	1.3	1.7	8.9	(8.0)	15.2	8.9	16.3
Policy Index (%)*	1.3	1.5	10.2	(9.7)	12.8	10	16.4

	YTD	2023	2022	2021	2020	2019
Market Value (millions)	\$1,715	\$1,694	\$1,614	\$1,775	\$1,552	\$1,446

- * Policy index as of Nov. 2021 Strategic Asset Allocation Policy with 2024 Interim targets:
 - Public Mkt Equity- 20% Russell 3000, 17% MSCI ACWI ex-US
 - Public Mkt Debt- 4% Bloomberg/Barclays US Aggregate,
 - Risk Diversifying 8% Barclays 7-10yr Treasury, 7% Barclays 5-10yr US TIPS
 - Real Estate & Infrastructure- 14% NCREIF Index (inc. Infrastructure)
 - Private Equity- 12% actual private equity returns
 - Private Credit- 10% actual private credit returns
 - Liquidity- 8% 90-day T-Bills
- Pending annual updates to interim targets.

SLOOPT Investment Returns:

The attached report from Verus covers the preliminary investment returns of the SLOOPT portfolio and market commentary through the end of February.

February's positive momentum continued into March with markets demonstrating resilience. During the March Federal Open Market Committee (FOMC) meeting, various factors contributed to market indexes closing at record highs. Among these factors was the Federal Reserve's decision to revise its anticipated rate cuts downward from 3 to 2. Additionally, discussions at the meeting indicated a more optimistic outlook for economic growth, with projections increasing from an estimated 1.4% to 2.1% for 2024. Despite concerns about higher inflation, consumer spending remains robust, buoyed by wage gains and sustained job growth.

As of February 21st, equities reported strong positive returns (S&P 500 +5.3%) and negative returns for bonds.

The attached Verus Capital Markets Update details the investment results for the month and Verus' capital market commentary.

Capital Markets:

- **Investment Markets** – In February, domestic markets outperformed international markets while fixed income experienced a broader decline.
 - US stocks S&P 500 5.3%
 - International stocks MSCI ACWI ex-US 2.5%
 - Bonds Bloomberg US Aggregate bonds (1.4%)

The Economy:

- **Inflation** –
 - The consumer price index rose 0.4% in February, while the year-over-year prices increased to 3.2%. The Fed continues to closely monitor all economic indicators to determine when the economy begins showing signs of slowing, triggering rate cuts.
- **New Jobs, Unemployment, Wages** –
 - **New Jobs** - The latest jobs report from the Bureau of Labor Statistics (BLS) on non-farm employment reveals a notable gain of **275k** new jobs. Although this figure represents a decrease from January's numbers, it still signifies a substantial addition to the workforce. Healthcare and government sectors were the primary contributors during this month.
 - **Unemployment Rate - 3.9%** increased from January
 - **Labor Force Participation – 62.5%** increased from January
 - **Wage growth – 4.2%** increased from January
- **Monetary Policy** –
 - The resilience of the economy to continually grow during higher inflationary periods, has given the Fed a pause at lowering rates more than twice in 2024. Continued strong GDP growth, mixed with high consumer spending, large job gains, and low unemployment, has the Fed taking a critical look at their options for a 'soft landing'. During a JPMorgan webcast this week, Dr. David Kelly stated *“Interest rates are like taking chocolate chip cookies out of the oven. Those cookies look really good and you want to eat them, but they aren't cooling down quick enough!”*.

A large, semi-transparent geometric pattern of interconnected triangles in shades of blue and white is overlaid on the left side of the image. A prominent white triangle is positioned to the left of the main title text.

**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

**FEBRUARY 2024
Capital Markets Update**

Market commentary

U.S. ECONOMICS

- Inflation came in at 0.3% month-over-month in January, above expectations for a 0.2% increase, and up from a 0.2% increase in December. The 3.1% year-over-year inflation print is lower than December's 2.9% print but wasn't the sharp drop investors were hoping for. Shelter costs were responsible for two thirds of the inflation in January.
- Nonfarm payrolls showed mixed results during February, with 275,000 jobs added. New jobs beat expectations of 198,000 but came with a downward revision of 167,000 across the two prior months. Unemployment increased to 3.9%, as 174,000 layoffs and 150,000 new entrants resulted in more new job seekers than jobs added. Labor participation remained at 62.5%, and wages were up 4.3% year-over-year.
- The ISM Manufacturing and Services prints came in cooler than expected. Manufacturing PMI retreated from 49.1 to 47.8, a sign of worsening economic contraction. Services PMI also declined but remained in expansionary territory at 52.6.

U.S. EQUITIES

- U.S. equities posted a strong +5.3% gain in February and the S&P 500 notched a new all time high. Although the *higher for longer* sentiment began to gain traction again, strong economic data prints and earnings reports outweighed the negative sentiment and U.S. equities rallied.
- In a change of pace from previous months, mega cap names alone did not drive February performance. Although NVIDIA single-handedly accounted for 20% of the S&P 500's total return, nearly 75% of S&P constituents also reported surprise earnings beats, which investors reacted positively to.

U.S. FIXED INCOME

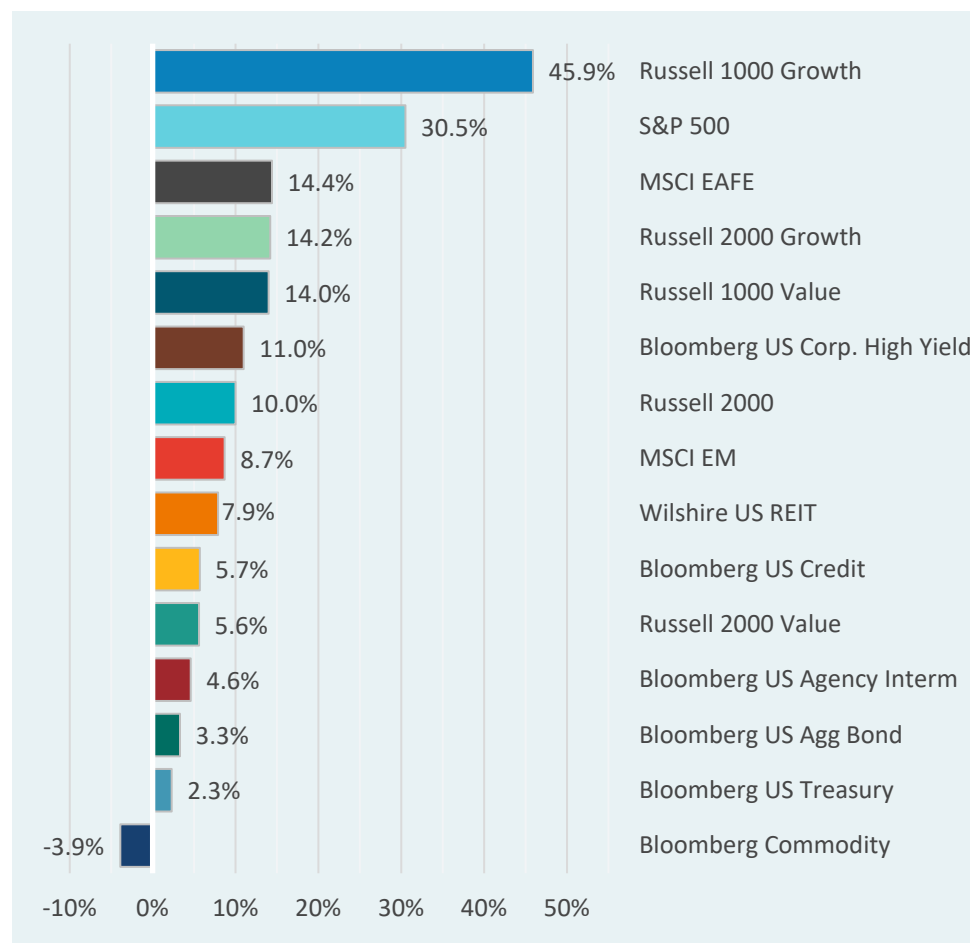
- Fixed Income generally struggled as higher yields pushed bond prices lower. Investor hope for rate cuts was dampened as Federal reserve officials emphasized that new data would continue to guide the pace of interest rate cuts. Fed officials had suggested that three rate cuts were on the table for 2024, but that narrative appears to have shifted back toward *higher for longer* sentiment, which partly materialized in rising yields.
- The rising yield environment was more pronounced on the short end of the curve, with the 2-year and 5-year rising +37 and +35bps, respectively. On the opposite end, 30-year Treasuries rose +16bps, all reflecting an expectation that rate cuts are further out on the horizon. For comparison, investors were recently anticipating rate cuts as early as February 2024.
- U.S. Corporate High Yield (+0.3%) was one of the few bright spots in the U.S. fixed income market. Although the segment still faced the challenge of rising yields, strong corporate earnings helped buoy returns as spreads contracted.

INTERNATIONAL MARKETS

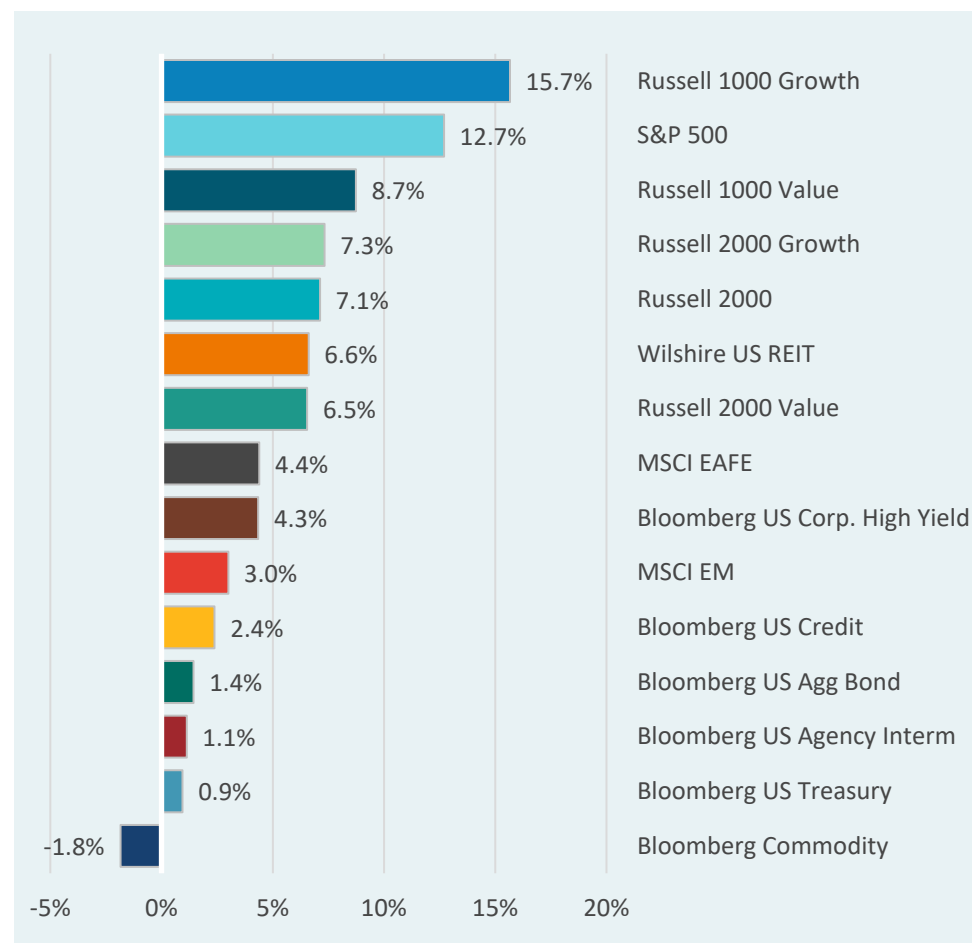
- Chinese equity markets returned a robust +8.4% as measured by the MSCI China index. The market reversal was eye-catching, but trading activity among state led institutions also surged to a five-month high. This led to some concerns that performance may have been unduly inflated by state buying activity.
- Japanese equities, as tracked by the TOPIX (+4.9%) achieved fresh highs not seen in over three decades. Recent data suggests Japan's economy is seeing consistent and much welcomed inflation – a stark difference from decades of deflation. January year-over-year inflation came in at +2.0%, while wages continued to rise.

Major asset class returns

ONE YEAR ENDING FEBRUARY



TEN YEARS ENDING FEBRUARY



*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 2/29/24

Source: Morningstar, as of 2/29/24

U.S. large cap equities

- The S&P 500 Index was up +5.3% in February, bringing year-to-date return to +7.1%—a strong start to 2024. Despite mixed inflation data, a robust labor market and corporate earnings growth have helped propel markets forward.
- The “Magnificent Seven” stocks diverged in February. Nvidia, Meta, and Amazon broke away from the pack, while others lagged. Investors are looking for these market leaders to capitalize on the AI motivated surge to drive earnings, but AI implementation has come with high costs. Companies are also facing difficulty with implementation, leading to varying levels of success.
- All 11 sectors were positive for February’s market rally, with Consumer Discretionary (+8.7%), Industrials (+7.2%), and Materials (+6.5%) leading the way. Breadth increased, with 351 constituents increasing compared to 302 in January.
- Q4 earnings have nearly come to a close, clocking in at +4.1%—the third consecutive quarter of growth. Looking ahead to Q1 earnings season, 70% of guidance given by companies has been negative. Earnings growth is now projected at +3.4%, lower than the 5.6% that was originally projected on December 31st (FactSet).

S&P 500 PRICE INDEX



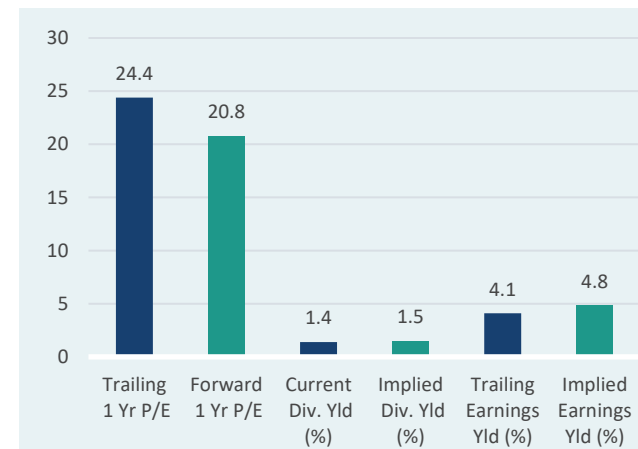
Source: Bloomberg, as of 2/29/24

IMPLIED VOLATILITY (VIX INDEX)



Source: Cboe, as of 2/29/24

S&P 500 VALUATION SNAPSHOT

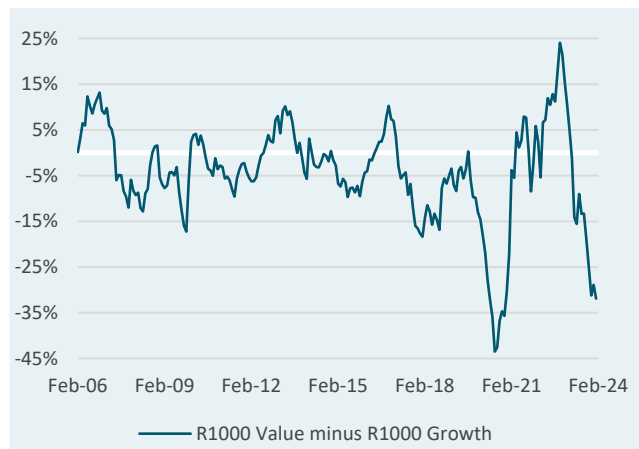


Source: Bloomberg, as of 2/29/24

Domestic equity size and style

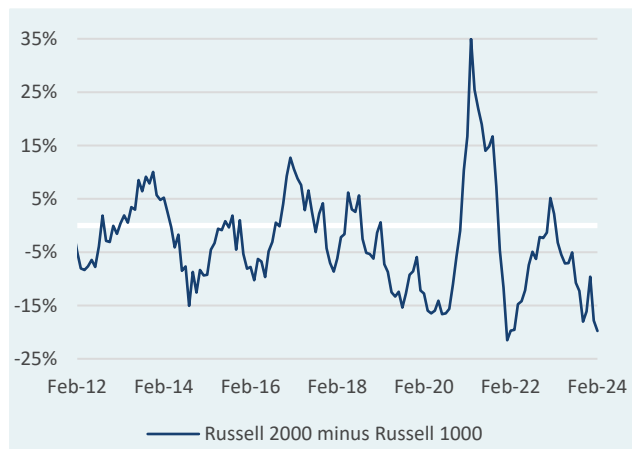
- U.S. equity returns across size factors were mostly in sync, though small caps (Russell 2000 +5.7%) outperformed their large cap counterparts by a slim margin of 0.3%. The valuations of small caps have moderated relative to large cap stocks, boosting the future expected return of the asset class.
- Among size and style factors, small cap growth was the top performer, up +8.1%. The rebound follows a tough 2023 and January where small caps underperformed large caps by a wide margin.
- Large Cap Growth companies performed well for a second straight month. The Russell 1000 Growth (+6.8%) outperformed Russell 1000 Value (+3.7%), likely driven by a greater share of companies posting strong earnings and outperforming analyst estimates.
- Relative valuations continued to increase in February, with the S&P 500 trading at 20.5x forward earnings, rising to a 15.8% premium over the 10-year average. The Russell 2000 Index forward multiple decreased again, trading at 22.5x forward earnings in February, a 4.7% discount to the 10-year average.

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 2/29/24

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 2/29/24

1-YEAR SIZE & STYLE PERFORMANCE

	Value	Core	Growth
Large Cap	14.0%	29.8%	45.9%
Mid Cap	10.9%	15.5%	25.0%
Small Cap	5.6%	10.0%	14.2%

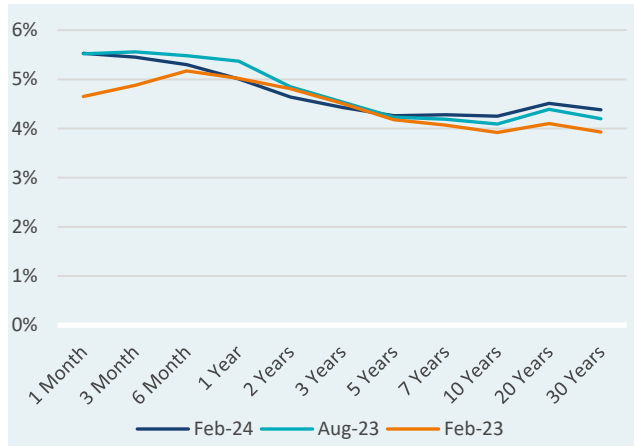
Source: FTSE, Bloomberg, as of 2/29/24

Fixed income

- U.S. bonds produced negative returns in February (Bloomberg U.S. Aggregate Index -1.4%), as Treasury yields increased after Powell pushed back against the market’s aggressive rate cut expectations. In a *60 Minutes* interview, Powell explained that he wants to ensure inflation is headed “down to 2% in a sustainable way” before cutting rates, to avoid long-run inflation settling above 2%.
- The Bloomberg U.S. Treasury Long index was the worst performer of all major fixed income indices, returning -2.3%. Higher-duration bonds have been hit the hardest by rate rises.

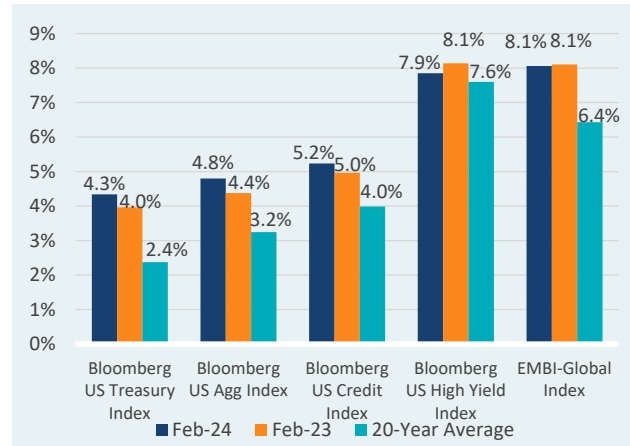
- While yields rose along the curve, the short end saw the sharpest increases. The 10/2 inversion increased with 2- and 10-year yields rising +37bps and +26bps, respectively. This brought the yield curve inversion from -28bps to -37 bps, respectively.
- The CS Leveraged Loan Index (+0.9%) was the top performer for the second month running, continuing to benefit from the high yield environment and narrowing loan spreads (-15bps). High yield spreads narrowed -30bps to 3.29%, offsetting some of the losses from yield increases, bringing performance of the Bloomberg Corporate High Yield Index to +0.3%.

U.S. TREASURY YIELD CURVE



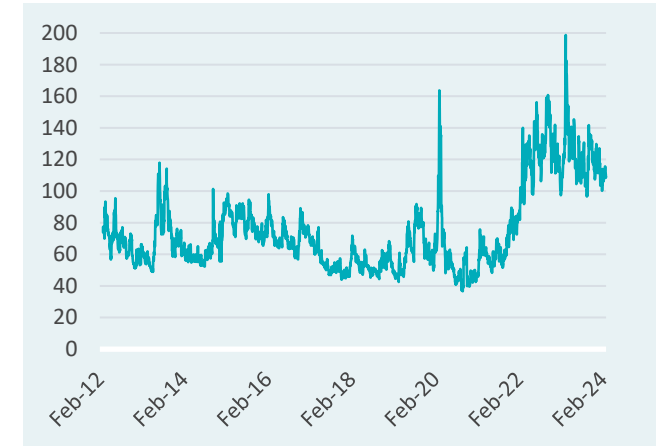
Source: Bloomberg, as of 2/29/24

NOMINAL YIELDS



Source: Morningstar, as of 2/29/24

U.S. TREASURY IMPLIED VOL (“MOVE” INDEX)

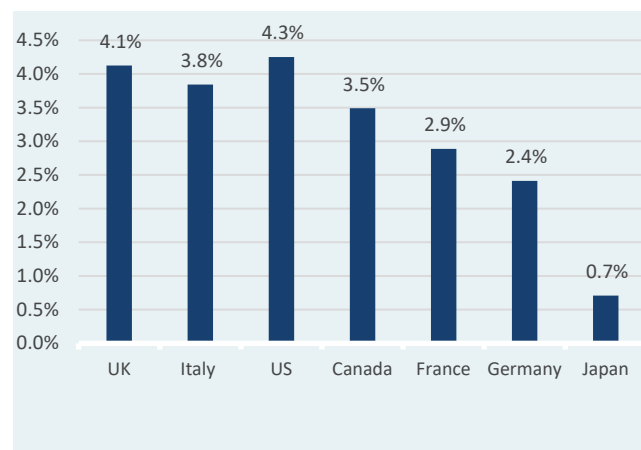


Source: Bloomberg, as of 2/29/24

Global markets

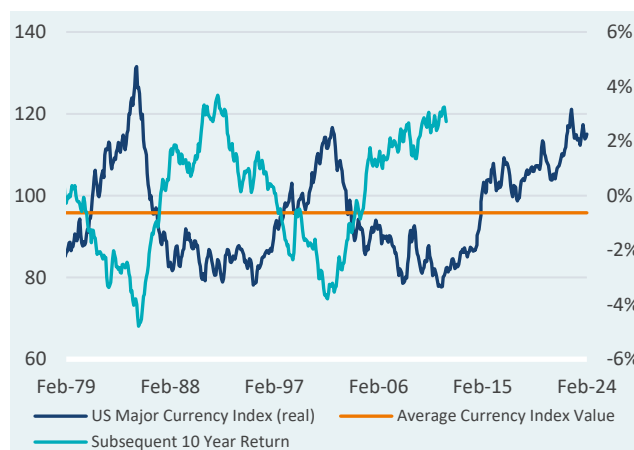
- International equities underperformed U.S. equities again, with the MSCI ACWI ex U.S. Index returning +2.5%, compared to the +5.3% return of the S&P 500 Index. This underperformance is likely due to weak economic growth data out of Europe.
- The MSCI Euro Index increased +3.3%. Economic growth was +0.1% year-over-year, narrowly avoiding a regional recession. The Eurozone PMI Index came in at 48.9—the highest in eight months—fueling some hope for a recovery. Germany, the EU’s largest economy, has moved in the opposite direction, underperforming in growth and suggesting more pain is ahead.
- Chinese equities (MSCI China Index USD +8.4%) bounced back in February as a group of state-backed brokerages worked to prop up stock prices and stabilize the market. This action, coupled with new restrictions on stock selling, may be contributing to higher Chinese stock valuations, despite ongoing weak economic data.
- The MSCI UK index was flat after the U.K. economy entered into a recession, despite inflation remaining elevated at 4.0%. Economists believe that a recession could mean the Bank of England cuts rates sooner than expected, in efforts to avoid a deeper recession.

GLOBAL SOVEREIGN 10-YEAR YIELDS



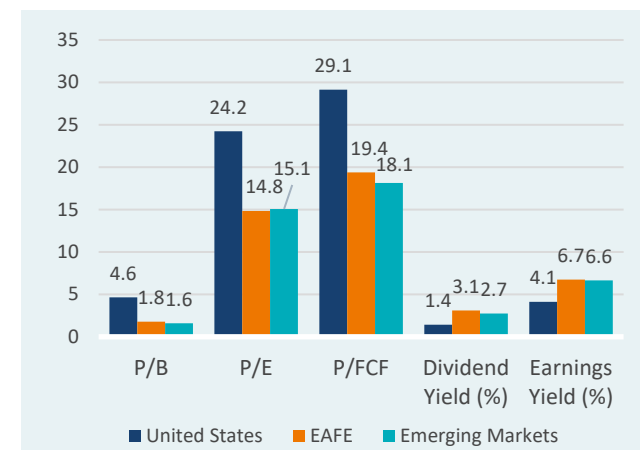
Source: Bloomberg, as of 2/29/24

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 2/29/24

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 2/29/24

Commodities

- The Bloomberg Commodity Index ended the month -1.5%, likely impacted by the extended timeline for potential Federal Reserve rate cuts and by broad price moderation across the asset class as the lingering effects of supply chain constraints dissipate. Sub-index performance was generally negative except for outsized moves in specific commodities such as nickel (+10.3%) and cotton (+13.5%).
- Natural Gas continued its descent, making it the biggest laggard in the main basket of commodities at -11.4%. The story remains largely the same as prior months: production is strong, consumption is muted, and inventories are above the prior five-year average (12% higher year-over-year).
- Oil posted a second straight monthly gain on the back of signals from OPEC+ that production cuts could be extended. West Texas Intermediate ended February above \$78 per barrel, up +3.4%. Escalating geopolitical tensions in the Middle East have helped prop up U.S. oil prices as some foreign buyers have turned to U.S. oil to avoid potential shipping issues.
- The Bloomberg Grains Sub-index was -5.8%, with soybeans (-6.7%) and soybean meal (-10.6%) leading the way. Grain prices have been declining for over a year now, though the downward trend is seen by many as a needed correction after pandemic supply-induced inflation.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	(1.5)	(1.1)	(1.1)	(3.9)	7.2	5.7	(1.8)
Bloomberg Agriculture	(4.4)	(5.3)	(5.3)	(8.6)	6.8	9.6	(1.3)
Bloomberg Energy	(0.4)	2.4	2.4	(8.2)	10.9	(1.6)	(9.7)
Bloomberg Grains	(5.8)	(10.2)	(10.2)	(17.3)	1.0	6.3	(3.4)
Bloomberg Industrial Metals	(0.6)	(2.4)	(2.4)	(9.8)	0.8	4.6	2.1
Bloomberg Livestock	2.8	11.9	11.9	11.9	6.9	(1.3)	(3.0)
Bloomberg Petroleum	2.4	10.0	10.0	13.9	27.4	11.1	(3.1)
Bloomberg Precious Metals	(0.6)	(1.8)	(1.8)	10.6	2.8	7.8	2.6
Bloomberg Softs	(0.3)	8.9	8.9	18.4	17.9	13.7	(0.3)

Source: Morningstar, as of 2/29/24

COMMODITY PERFORMANCE



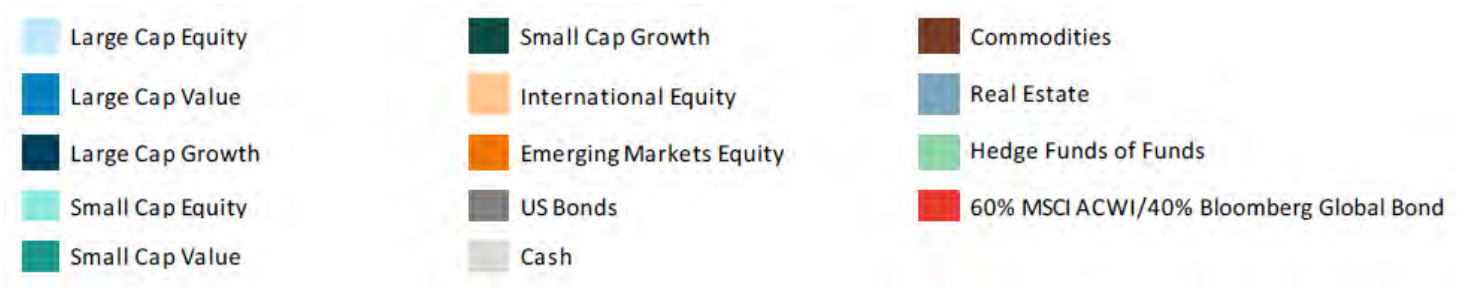
Source: Bloomberg, as of 2/29/24

Appendix

Periodic table of returns

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	5-Year	10-Year
Large Cap Growth	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	37.3	6.7	36.4	38.5	28.3	16.1	42.7	9.5	18.8	15.7
Large Cap Equity	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	30.2	1.9	31.4	34.6	27.6	9.4	26.5	6.9	14.4	12.4
Small Cap Growth	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	0.9	17.3	25.0	0.0	28.5	21.0	27.1	1.5	18.7	4.7	9.4	8.7
Large Cap Value	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	12.1	22.2	-1.5	26.5	20.0	26.5	-4.7	18.2	3.8	6.9	7.3
International Equity	16.5	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.0	11.8	21.7	-3.5	25.5	18.3	25.2	-7.5	16.9	2.4	6.8	7.1
Hedge Funds of Funds	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	11.3	17.1	-4.8	22.4	14.0	17.7	-13.0	15.4	2.4	6.6	6.8
60/40 Global Portfolio	14.3	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	-0.8	11.2	14.6	-6.0	22.0	10.3	14.8	-14.5	14.6	1.9	6.5	6.5
Small Cap Equity	12.9	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	-1.4	8.0	13.7	-8.3	18.6	7.8	11.3	-14.5	11.5	1.5	6.0	5.1
Cash	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	7.1	7.8	-9.3	18.4	7.5	8.9	-17.3	9.8	0.8	5.7	4.4
Real Estate	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	5.7	7.7	-11.0	8.7	4.6	6.5	-19.1	6.3	0.0	4.9	3.4
Emerging Markets Equity	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.6	7.0	-11.2	7.8	2.8	2.8	-20.1	5.5	-0.1	4.3	3.0
Commodities	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	3.5	-12.9	7.7	0.5	0.0	-20.4	5.0	-1.1	1.9	1.4
Small Cap Value	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	0.5	1.7	-13.8	6.4	0.5	-1.5	-26.4	-7.9	-1.4	1.9	1.3
US Bonds	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	0.3	0.9	-14.6	2.1	-3.1	-2.5	-29.1	-7.9	-1.7	0.6	-1.8

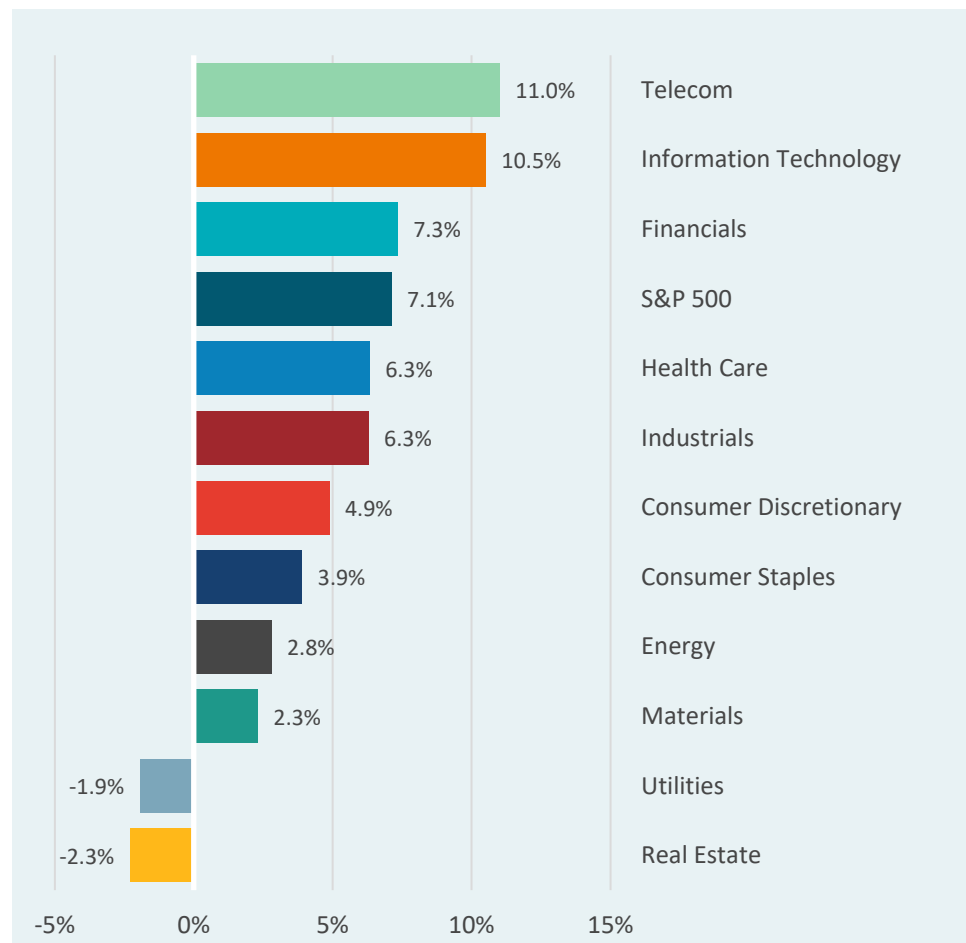
BEST
↑
↓
WORST



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, Bloomberg US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 12/31/23.

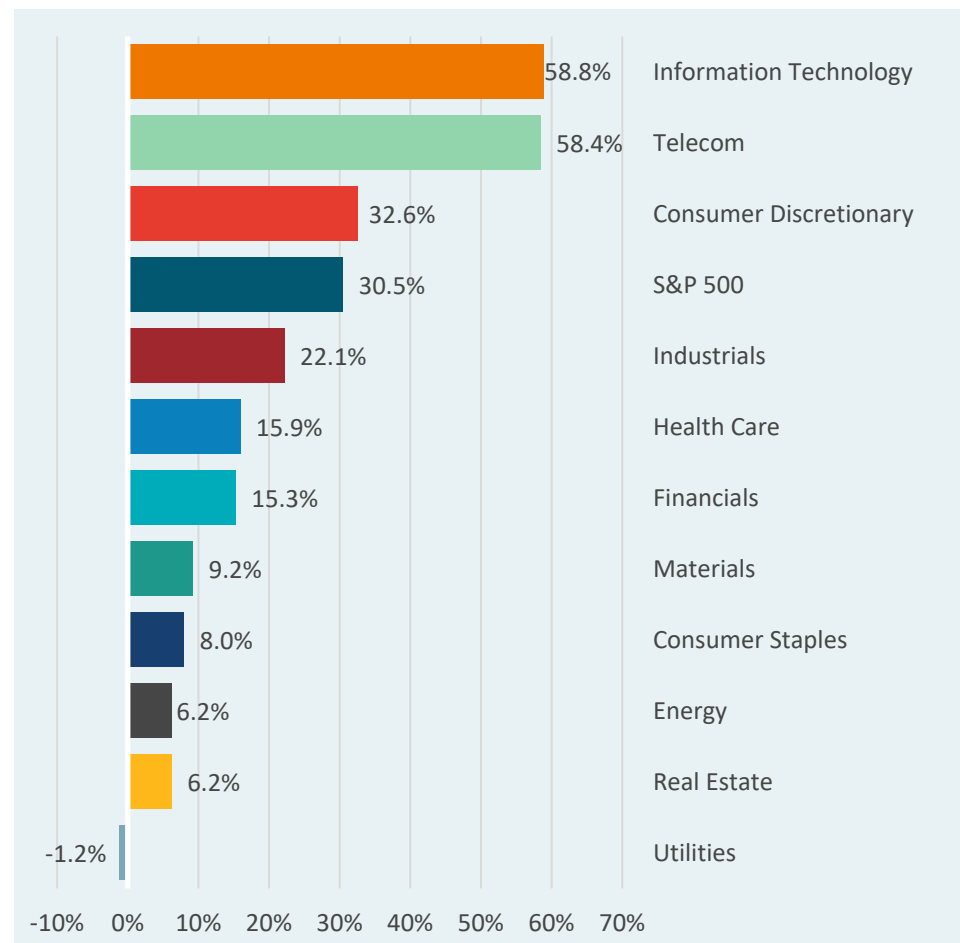
S&P 500 sector returns

QTD



Source: Morningstar, as of 2/29/24

ONE YEAR ENDING FEBRUARY



Source: Morningstar, as of 2/29/24

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	5.3	7.1	7.1	30.5	11.9	14.8	12.7
S&P 500 Equal Weighted	4.2	3.3	3.3	13.3	8.7	11.6	10.5
DJ Industrial Average	2.5	3.8	3.8	22.0	10.3	10.9	11.6
Russell Top 200	5.3	7.8	7.8	35.0	12.5	15.9	13.5
Russell 1000	5.4	6.9	6.9	29.8	10.7	14.4	12.4
Russell 2000	5.7	1.5	1.5	10.0	(0.9)	6.9	7.1
Russell 3000	5.4	6.6	6.6	28.6	9.9	13.9	12.0
Russell Mid Cap	5.6	4.1	4.1	15.5	5.5	10.3	9.5
Style Index							
Russell 1000 Growth	6.8	9.5	9.5	45.9	12.5	18.8	15.7
Russell 1000 Value	3.7	3.8	3.8	14.0	8.4	9.4	8.7
Russell 2000 Growth	8.1	4.7	4.7	14.2	(4.6)	6.5	7.3
Russell 2000 Value	3.3	(1.4)	(1.4)	5.6	2.5	6.6	6.5

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	4.3	4.9	4.9	23.1	6.8	10.5	8.4
MSCI ACWI ex US	2.5	1.5	1.5	12.5	1.3	5.4	4.0
MSCI EAFE	1.8	2.4	2.4	14.4	4.4	6.8	4.4
MSCI EM	4.8	(0.1)	(0.1)	8.7	(6.3)	1.9	3.0
MSCI EAFE Small Cap	0.4	(1.3)	(1.3)	6.3	(1.9)	4.2	4.3
Style Index							
MSCI EAFE Growth	3.4	4.6	4.6	16.6	2.4	7.7	5.5
MSCI EAFE Value	0.2	0.1	0.1	12.1	6.3	5.4	3.0
Regional Index							
MSCI UK	0.0	(1.3)	(1.3)	5.5	7.1	4.4	2.1
MSCI Japan	3.0	7.8	7.8	26.9	3.0	7.3	6.2
MSCI Euro	3.3	4.2	4.2	17.4	6.8	8.2	4.3
MSCI EM Asia	5.9	0.3	0.3	6.9	(8.4)	2.6	4.3
MSCI EM Latin American	(0.2)	(5.0)	(5.0)	22.4	11.7	2.9	2.4

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	(1.1)	(0.9)	(0.9)	2.5	(0.9)	2.7	2.1
Bloomberg US Treasury Bills	0.4	0.8	0.8	5.3	2.4	2.0	1.3
Bloomberg US Agg Bond	(1.4)	(1.7)	(1.7)	3.3	(3.2)	0.6	1.4
Bloomberg US Universal	(1.2)	(1.4)	(1.4)	4.1	(2.8)	0.8	1.7
Duration							
Bloomberg US Treasury 1-3 Yr	(0.4)	(0.1)	(0.1)	4.3	(0.1)	1.2	1.0
Bloomberg US Treasury Long	(2.3)	(4.4)	(4.4)	(2.8)	(10.0)	(2.0)	1.2
Bloomberg US Treasury	(1.3)	(1.6)	(1.6)	2.3	(3.4)	0.2	0.9
Issuer							
Bloomberg US MBS	(1.6)	(2.1)	(2.1)	2.3	(3.3)	(0.3)	1.0
Bloomberg US Corp. High Yield	0.3	0.3	0.3	11.0	1.8	4.2	4.3
Bloomberg US Agency Interm	(0.6)	(0.2)	(0.2)	4.6	(0.9)	0.9	1.1
Bloomberg US Credit	(1.4)	(1.6)	(1.6)	5.7	(2.8)	1.6	2.4

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	(1.5)	(1.1)	(1.1)	(3.9)	7.2	5.7	(1.8)
Wilshire US REIT	2.4	(1.5)	(1.5)	7.9	5.7	4.8	6.6
CS Leveraged Loans	0.9	1.7	1.7	11.4	5.5	5.1	4.5
S&P Global Infrastructure	0.0	(3.1)	(3.1)	1.9	5.4	4.4	5.0
Alerian MLP	4.8	9.4	9.4	30.0	30.1	10.1	2.6
Regional Index							
JPM EMBI Global Div	1.0	(0.1)	(0.1)	10.1	(2.4)	0.6	3.0
JPM GBI-EM Global Div	(0.6)	(2.1)	(2.1)	9.3	(2.6)	(0.1)	(0.0)
Hedge Funds							
HFRI Composite	2.5	2.7	2.7	8.9	3.8	6.7	4.7
HFRI FOF Composite	1.7	2.4	2.4	7.2	2.3	4.9	3.4
Currency (Spot)							
Euro	(0.4)	(2.0)	(2.0)	2.0	(3.8)	(1.0)	(2.4)
Pound Sterling	(0.7)	(0.8)	(0.8)	4.5	(3.3)	(1.0)	(2.8)
Yen	(2.3)	(5.8)	(5.8)	(9.0)	(10.7)	(5.8)	(3.8)

Source: Morningstar, HFRI, as of 2/29/24

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	0.3	17.9	14.6	13.4
<i>MSCI World Index (PME)</i>	21.9	8.6	7.5	8.4
Global Private Equity Direct Funds ¹	3.7	15.5	15.5	15.1
<i>MSCI World Index (PME)</i>	21.6	7.8	7.3	8.3
U.S. Private Equity Direct Funds ¹	2.6	17.5	17.3	16.4
<i>Russell 3000 Index (PME)</i>	20.2	9.2	9.2	11.4
Europe Private Equity Direct Funds ¹	11.7	14.9	14.8	13.5
<i>MSCI Europe Index (PME)</i>	28.0	6.6	4.3	3.9
Asia Private Equity Direct Funds ^{1,4}	2.7	7.3	9.0	12.3
<i>MSCI AC Asia Pacific Index (PME)</i>	15.7	(0.6)	1.3	3.4

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt ^{2,4}	7.5	16.0	11.9	11.0
<i>Morningstar LSTA U.S. Leveraged Loan 100 Index (PME)</i>	13.8	5.4	4.6	4.3

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	(3.9)	12.2	8.9	11.7
<i>FTSE NAREIT Equity REIT Index (PME)</i>	2.6	7.0	3.5	7.4

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources ^{3,4}	7.5	22.3	4.5	3.8
<i>S&P Global Natural Resources Index (PME)</i>	18.1	20.6	5.8	5.7
Global Infrastructure ⁴	9.5	11.5	10.2	10.5
<i>S&P Global Infrastructure Index (PME)</i>	4.9	4.8	2.6	3.4

Source: Pooled IRRs and Public Market Equivalents (PMEs) are both from Refinitiv C/A, as of September 30th, 2023. All returns in U.S. dollars.

1. Includes Buyout, Growth Equity and Venture Capital.

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

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

4. Due to limited history of the PME, only the funds with the same vintage years as PMEs are included.

Notices & disclosures

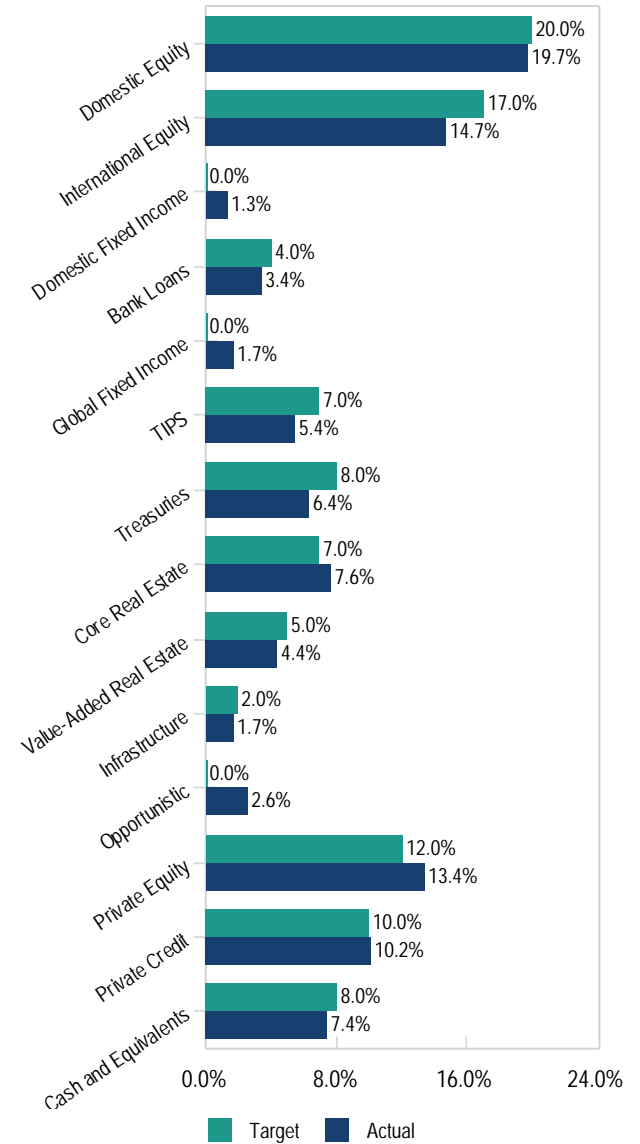
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Total Fund
Executive Summary - Preliminary (Gross of Fees)

San Luis Obispo County Pension Trust
Period Ending: February 29, 2024

	Market Value	% of Portfolio	1 Mo	YTD
Total Fund	1,715,096,508	100.0	1.3	1.7
<i>Interim Policy Index</i>			<i>1.3</i>	<i>1.5</i>
<i>FFP SAA Index</i>			<i>1.1</i>	<i>1.4</i>
Total Growth	1,232,272,611	71.8	2.0	2.4
<i>Custom Growth Benchmark</i>			<i>2.3</i>	<i>2.5</i>
Total Public Equity	590,954,144	34.5	4.8	5.5
<i>Public Equity Benchmark</i>			<i>4.1</i>	<i>4.3</i>
Total Domestic Equity	338,383,018	19.7	5.3	6.7
<i>Russell 3000 Index</i>			<i>5.4</i>	<i>6.6</i>
PIMCO RAE US	90,074,515	5.3	4.3	5.2
<i>S&P 500 Index</i>			<i>5.3</i>	<i>7.1</i>
Loomis Sayles Large Cap Growth	86,587,733	5.0	7.3	10.1
<i>Russell 1000 Growth Index</i>			<i>6.8</i>	<i>9.5</i>
Boston Partners Large Cap Value	75,199,569	4.4	4.2	5.5
<i>Russell 1000 Value Index</i>			<i>3.7</i>	<i>3.8</i>
Atlanta Capital Mgmt	86,521,201	5.0	5.2	5.9
<i>Russell 2500 Index</i>			<i>5.4</i>	<i>2.7</i>
Total International Equity	252,571,125	14.7	4.1	3.9
<i>MSCI AC World ex USA Index</i>			<i>2.5</i>	<i>1.5</i>
Dodge & Cox Intl Stock	121,012,324	7.1	1.4	-1.5
<i>MSCI AC World ex USA Value</i>			<i>1.2</i>	<i>0.0</i>
WCM International Growth	131,558,802	7.7	6.7	9.5
<i>MSCI AC World ex USA Growth</i>			<i>3.8</i>	<i>3.0</i>
Total Private Equity	230,652,066	13.4	0.1	0.5
Harbourvest Partners IX Buyout Fund L.P.	11,393,936	0.7	0.0	0.0
Pathway Private Equity Fund Investors 9 L.P.	82,259,932	4.8	0.3	1.5
Harbourvest 2018 Global Fund L.P.	21,108,217	1.2	0.0	0.0
Harbourvest SLO Fund Private Equity	97,390,816	5.7	0.0	0.0
Pathway Private Equity Fund Investors 10 L.P.	18,499,165	1.1	-0.1	-0.3
Total Private Credit	174,461,221	10.2	0.0	0.0
Sixth Street Partners DCP	87,177,786	5.1	0.0	0.0
Harbourvest SLO Credit Fund	87,283,435	5.1	0.0	0.0

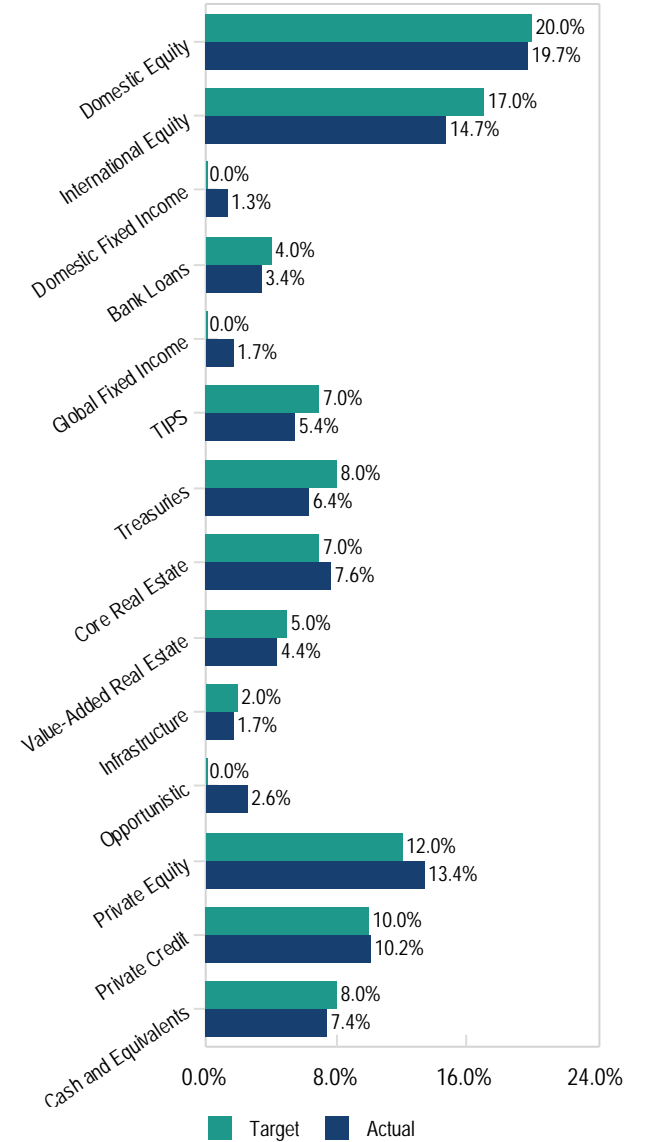


Interim Policy Index as of 1/1/2024: 20% Russell 3000, 17% MSCI ACWI ex-US (Gross), 12% Actual Private Equity Return, 4% Credit Suisse Leveraged Loan Index, 8% Bloomberg US Treasury 7-10 yr, 7% Bloomberg US TIPS 5+ Year, 10% Actual Private Credit Return, 12% NCREIF Property Index, 2% Brookfield Infrastructure Actual Returns, 8% 90-day T-Bills. HarbourVest Funds and Sixth Street DCP TAO as of 9/30/23. ARA Strategic Value Realty, Brookfield Infrastructure Fund, KKR Mezzanine Partners, and Sixth Street TAO as of 12/31/2023. All data is preliminary.

Total Fund
Executive Summary - Preliminary (Gross of Fees)

San Luis Obispo County Pension Trust
Period Ending: February 29, 2024

	Market Value	% of Portfolio	1 Mo	YTD
Total Real Estate	236,205,180	13.8	-1.3	-1.3
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>0.0</i>
JP Morgan Core Real Estate	130,926,094	7.6	-2.4	-2.6
<i>NCREIF-ODCE</i>			<i>0.0</i>	<i>0.0</i>
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>0.0</i>
ARA American Strategic Value Realty	75,276,032	4.4	0.0	0.0
<i>NCREIF-ODCE</i>			<i>0.0</i>	<i>0.0</i>
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>0.0</i>
Brookfield Infrastructure Fund	30,003,054	1.7	0.0	1.2
Total Risk Diversifying	311,949,359	18.2	-0.7	-0.9
<i>Total Risk Diversifying Benchmark</i>			<i>-1.4</i>	<i>-2.0</i>
Total Domestic Fixed Income	283,107,713	16.5	-0.7	-0.6
<i>Blmbg. U.S. Aggregate Index</i>			<i>-1.4</i>	<i>-1.7</i>
Dodge & Cox Income Fund	22,841,346	1.3	-1.2	-1.2
<i>Blmbg. U.S. Aggregate Index</i>			<i>-1.4</i>	<i>-1.7</i>
Pacific Asset Corporate Loan	57,934,723	3.4	1.1	1.8
<i>Morningstar LSTA US Leveraged Loan</i>			<i>0.9</i>	<i>1.6</i>
SSGA U.S. Govt Bond Index	109,125,808	6.4	-1.3	-1.5
<i>Blmbg. U.S. Government</i>			<i>-1.3</i>	<i>-1.6</i>
BlackRock TIPS	93,205,835	5.4	-1.1	-0.7
<i>Blmbg. U.S. TIPS</i>			<i>-1.1</i>	<i>-0.9</i>
Total Global Fixed	28,841,646	1.7	-0.8	-2.9
<i>FTSE World Government Bond Index</i>			<i>-1.3</i>	<i>-2.8</i>
Brandywine Global Fixed Income	13,465,280	0.8	-2.2	-5.1
<i>FTSE Non-U.S. World Government Bond</i>			<i>-1.3</i>	<i>-3.7</i>
Ashmore EM Blended Debt Fund	15,376,366	0.9	0.1	-1.1
<i>50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+</i>			<i>0.4</i>	<i>-0.8</i>

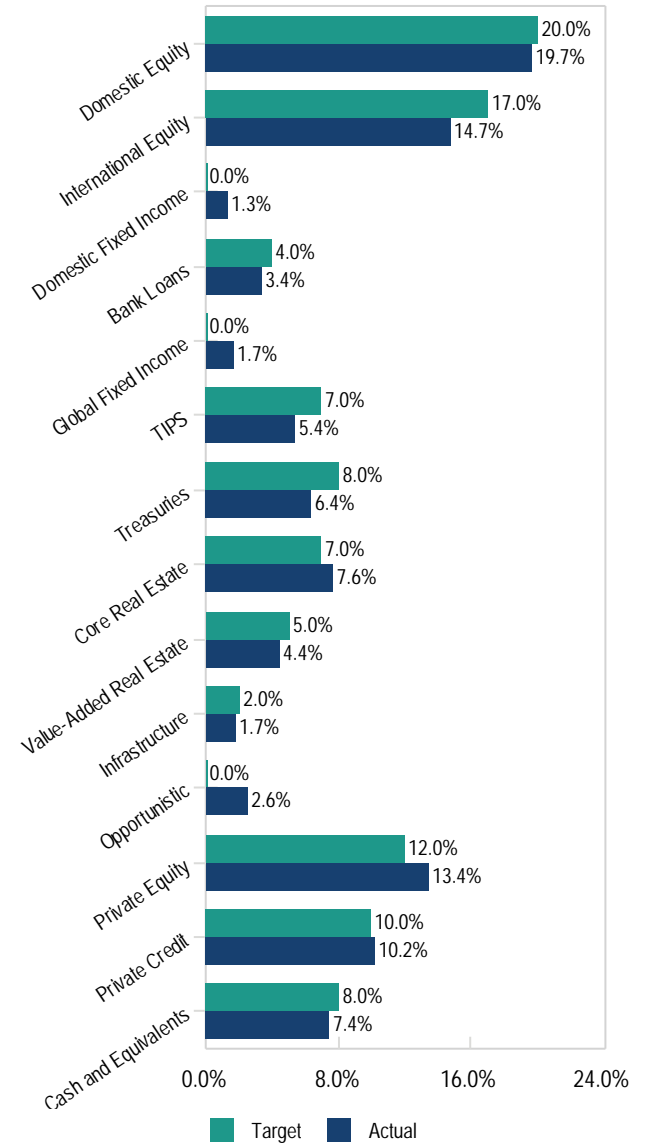


Interim Policy Index as of 1/1/2024: 20% Russell 3000, 17% MSCI ACWI ex-US (Gross), 12% Actual Private Equity Return, 4% Credit Suisse Leveraged Loan Index, 8% Bloomberg US Treasury 7-10 yr, 7% Bloomberg US TIPS 5+ Year, 10% Actual Private Credit Return, 12% NCREIF Property Index, 2% Brookfield Infrastructure Actual Returns, 8% 90-day T-Bills. HarbourVest Funds and Sixth Street DCP TAO as of 9/30/23. ARA Strategic Value Realty, Brookfield Infrastructure Fund, KKR Mezzanine Partners, and Sixth Street TAO as of 12/31/2023. All data is preliminary.

Total Fund
Executive Summary - Preliminary (Gross of Fees)

San Luis Obispo County Pension Trust
Period Ending: February 29, 2024

	Market Value	% of Portfolio	1 Mo	YTD
Total Liquidity	126,962,365	7.4	0.0	0.6
<i>90 Day U.S. Treasury Bill</i>			<i>0.4</i>	<i>0.8</i>
Total Cash	126,962,365	7.4	0.0	0.6
<i>90 Day U.S. Treasury Bill</i>			<i>0.4</i>	<i>0.8</i>
PIMCO Short Duration Fund	34,825,722	2.0	-0.3	0.3
<i>Bimbg. 1-3 Year Gov/Credit Index</i>			<i>-0.4</i>	<i>0.0</i>
Cash Account	36,884,046	2.2	0.0	0.8
<i>90 Day U.S. Treasury Bill</i>			<i>0.4</i>	<i>0.8</i>
Investment Cash	55,252,597	3.2	0.3	0.6
<i>90 Day U.S. Treasury Bill</i>			<i>0.4</i>	<i>0.8</i>
Total Opportunistic	43,912,172	2.6	0.0	3.1
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	3,397,304	0.2	0.0	3.3
Sixth Street Partners TAO	40,514,867	2.4	0.0	3.0



Interim Policy Index as of 1/1/2024: 20% Russell 3000, 17% MSCI ACWI ex-US (Gross), 12% Actual Private Equity Return, 4% Credit Suisse Leveraged Loan Index, 8% Bloomberg US Treasury 7-10 yr, 7% Bloomberg US TIPS 5+ Year, 10% Actual Private Credit Return, 12% NCREIF Property Index, 2% Brookfield Infrastructure Actual Returns, 8% 90-day T-Bills. HarbourVest Funds and Sixth Street DCP TAO as of 9/30/23. ARA Strategic Value Realty, Brookfield Infrastructure Fund, KKR Mezzanine Partners, and Sixth Street TAO as of 12/31/2023. All data is preliminary.

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Board of Trustees

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Date: March 25, 2024

To: Board of Trustees

From: Katie Girardi – Executive Director
Amy Burke – Deputy Director

Agenda Item 10: Asset Allocation – February 2023

This agenda item offers a platform for the Board of Trustees to deliberate and potentially make decisions concerning asset allocation and associated investment issues.

The presented table serves as a report on the existing asset allocation in comparison to the 2024 Interim SAA Target Allocation. Additionally, it includes a comparative analysis with the SAA Target Allocation set for 2027.

It's worth noting that asset values in the provided table may vary slightly from those in the Monthly Investment Report due to differences in the timing of report generation and the finalization of various market values at month-end.

FFP Asset Mix	Est. Market Value (\$000s)	% Allocation	SAA Target Allocation	Variance	Strategic Asset Allocation
	02/29/24		2024 Interim		Long Term
Bank (operating)	2,164	0.1%	0.1%	0.0%	0.1%
SLOC Treasury	34,720	2.0%	1.9%	0.1%	1.7%
JPM short term	55,253	3.2%	3.0%	0.2%	2.3%
Short Duration	34,826	2.0%	3.0%	-1.0%	6.0%
LIQUIDITY	126,962	7.4%	8.0%	-0.6%	10.0%
Equity- Public Mkt US	338,339	19.7%	20.0%	-0.3%	16.0%
Equity- Public Mkt Intl	252,600	14.7%	17.0%	-2.3%	14.0%
Equity- Public Mkt Global	-	0.0%		0.0%	
Bank Loans	57,935	3.4%	4.0%	-0.6%	
Bonds- Intl.	13,465	0.8%	0.0%	0.8%	
Bonds- Emerging Mkts	15,376	0.9%	0.0%	0.9%	
Real Estate- Core	130,926	7.6%	7.0%	0.6%	5.0%
Real Estate- Value Add	75,276	4.4%	5.0%	-0.6%	5.0%
Infrastructure	32,372	1.9%	2.0%	-0.1%	5.0%
Private Equity	226,205	13.2%	12.0%	1.2%	18.0%
Private Credit	175,940	10.3%	10.0%	0.3%	12.0%
Opportunistic	43,912	2.6%	0.0%	2.6%	
GROWTH	1,362,347	79.5%	77.0%	2.5%	75.0%
Bonds- Core	22,841	1.3%	0.0%	1.3%	
Treasuries - Intermediate	109,123	6.4%	8.0%	-1.6%	8.0%
TIPS	93,203	5.4%	7.0%	-1.6%	7.0%
RISK DIVERSFYING	225,166	13.1%	15.0%	-1.9%	15.0%
TOTAL	1,714,475	100.0%	100.0%		100.0%