

# Board of Trustees

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



Date: August 26, 2024

To: Board of Trustees

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

## **Agenda Item 16: Monthly Investment Report for July 2024**

	1-month	YTD	2023	2022	2021	2020	2019
Total Fund (%) <i>(Gross)</i>	1.20	5.4	8.9	(8.0)	15.2	8.9	16.3
Policy Index (%)*	1.40	6.4	10.2	(9.7)	12.8	10	16.4

	YTD	2023	2022	2021	2020	2019
Market Value <i>(millions)</i>	\$1,771	\$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.

## **SLOCPT Investment Returns:**

The attached report from Verus provides an overview of the preliminary investment returns of the SLOCPT portfolio and offers market commentary through the end of July. It's important to note that the report does not include any activity or data from August.

July was eventful! President Biden dropped out of the Presidential race and endorsed Kamala Harris, the world went on pause when CrowdStrike, a U.S. cybersecurity company, experienced a software crash causing many Windows users the “blue screen of death”, and the Olympics started. All these events had an underlying impact on global markets. Domestic equity markets finished the month with a normal sounding 1.2% increase, but it was a bumpy ride to get there. Value outperformed growth due to a large tech selloff as uncertainty about the economy rose.

The portfolio had a slight underperformance to the policy index through the month of July due to stock selection in the active managers.

### Capital Markets:

- **Investment Markets** – A reversal of performance for the past two months between domestic and international markets occurred. International markets were driven by Japan’s decision to increase interest rates.
  - US stocks                      S&P 500    1.2%
  - International stocks      MSCI ACWI ex-US                                      2.3%
  - Bonds                              Bloomberg US Aggregate bonds                      2.3%

### The Economy:

- **Inflation**
  - CPI increased 0.2%, seasonally adjusted, after declining 0.1% in June. Over the last 12 months, all items index increased 2.9 % before seasonal adjustment.
- **Gross Domestic Product (GDP)**
  - Real GDP grew at an annual rate of 2.8% in the second quarter of 2024. This advanced estimate will likely be adjusted, but up from 1.4% in the first quarter.
- **New Jobs, Unemployment**
  - **New Jobs** - The latest jobs report on non-farm employment report a gain of **114k** new jobs. Employment trends continue in health care, construction, and transportation (couriers and messengers) and warehousing.
  - **Unemployment Rate – 4.3%** - increase from June – approximately 7.2 million people who are not employed, but could be.
  - **Labor Force Participation – 62.7%** - increase from June – the economy’s active workforce. Number of people ages 16 and older who are employed or actively seeking employment, divided by the total working-age population.
- **Monetary Policy**
  - Federal Reserve officials left interest rates unchanged at their July meeting, as economists had anticipated, and hinted that recent progress in lowering inflation could enable them to cut interest at their next meeting in September. Officials also plan to release a set of economic projections which could provide the pace of future rate cuts.
- **Consumer spending**
  - Credit card debt reached \$1.4 trillion in the second quarter. Over the past 12 months, credit card debt is up \$111 billion, reflecting the volume of consumers adding to their monthly credit card balances. The average interest rate on a new credit card is 24.84%. Consumer spending includes all expenditures made by households, regardless of the payment method.
  - Growing economic activity reflects an increase in overall economic activity (spending, production, and employment improvements/wages).

## **Member Communication**

At the beginning of August, markets experienced a drawdown because Japan raised interest rates in an attempt to counter the weakening yen. This led to an unwinding of the yen carry trade, impacting investors, mainly hedge fund managers, who were using this strategy.

This, combined with leading economic indicators showing an economic slowdown, led to emotional reactions from investors and caused long-term individual investors to abandon their investment plans. Due to the increased market volatility, the article below will be featured in the September edition of the SLOCEA Blade. It aims to provide reassurance, calmness, and education to mitigate the emotional impact on investing and prevent disruptions to long-term plans.

### **How Market Ups and Downs Affect Your Pension Benefits**

News headlines have not been an investor's friend in recent weeks. – *"2024: Major Indexes Record Their Biggest One-Day Losses in Nearly Two Years"*, *"Dow sinks more than 1,000 points in global market sell-off"* - cue the dark clouds and rainy weather... It is very easy to feel shocked and emotional when reading these kinds of headlines, and then become confused about how this directly impacts you. Let's focus on one portion of your financial wellness to determine how big of a flood you need to prepare for.

Market volatility, or the natural ups and downs of the stock market, is a normal part of the financial landscape. These fluctuations can be driven by a variety of factors, such as changes in the economy, shifts in interest rates, or global events that influence investor confidence. While it's interesting to follow these market trends, it's important to understand how they might—and might not—affect your pension benefits.

Since you participate in a Defined Benefit (DB) pension plan, the good news is that your retirement income is generally well-protected. In a DB plan, your benefit is calculated based on your final average salary, pension trust service credits, and your retirement factor. Once that amount is determined, it doesn't change based on what's happening in the market. Whether the stock market is having a stellar year or experiencing a bit of turbulence, your pension amount remains stable and predictable. This is one of the key strengths of a DB plan: it offers peace of mind and financial security, regardless of market conditions.

The market can be volatile for several reasons. Economic growth might slow down temporarily, or there might be changes in interest rates or inflation. Sometimes, global events can create uncertainty, causing markets to fluctuate. While these factors can cause the value of investments to rise and fall in the short term, SLOCPT is designed to be long-term investors. We don't react to every little blip in the market. Instead, we follow a long-term investment strategy aimed at growing steadily over time.

Even when the market is a bit choppy, SLOCPT is managed with care. The pension funds are diversified, meaning they invest in a mix of assets like stocks, bonds, and other investments. This diversification helps cushion the impact of market ups and downs, ensuring that the fund remains healthy and your benefits are secure.

It's also worth noting that the investment staff, consultant, and managers of SLOCPT are experts at navigating market conditions. We keep a close eye on the economic landscape and adjust

strategies as needed to keep the fund strong. Because of this careful management, your benefits are designed to be resilient, even in times of market uncertainty.

In short, while the market may have its ups and downs, your SLOCPT retirement benefit is built to provide you with a steady and reliable income in retirement. Feel free to put away those umbrellas and rain boots and enjoy the SLO sunshine – cheers!

***Katie Girardi***  
***Executive Director***

For questions regarding your pension, please call us at 805-781-5465 or email us at [slocpt@co.slo.ca.us](mailto:slocpt@co.slo.ca.us). Many of your questions may be answered by logging in to MemberDirect!



A decorative geometric pattern of overlapping triangles in shades of blue and green is overlaid on the left side of the image. A large white triangle is positioned to the left of the main title text.

**PERSPECTIVES  
THAT DRIVE  
ENTERPRISE  
SUCCESS**

JULY 2024  
Capital Markets Update



# Market commentary

## U.S. ECONOMICS

- July nonfarm payrolls came in at 114,000, well below expectations of 175,000, while May and June figures were revised lower by a total of 26,000. Adding to the sharp slowdown in employment growth was an increase in the unemployment rate, which rose to 4.3%. The surprise increase in unemployment fueled fears that the U.S. labor market may be cooling much faster than expected.
- The ISM Manufacturing and Services Indexes diverged this month as the Manufacturing Index moved into a more notable pace of contraction (46.8) while the Services Index rebounded into expansionary territory with a reading of 51.4. Consumer activity has remained stable in services but both broad segments are reporting hesitancy in business investment given the higher rate environment.
- Consumer sentiment fell slightly to 66.4 from June's reading of 68.2. Although the drop is not particularly significant, consumer expectations of year ahead inflation continued to fall.

## U.S. EQUITIES

- The U.S. equity rally carried on, with the S&P 500 closing the month +1.2%. U.S. Equities rallied through the first half of the month, posting new all-time highs near 5,670 on July 16<sup>th</sup> but fell through the second half of the month as uncertainty about the economy and the labor market rose. The second half of the month was largely a story of rotation out of the large cap space as the S&P 500 fell around -2.6% from the 17<sup>th</sup> through month end.
- Shakiness in the labor market and economic outlook had some investors speculating that two rate cuts could be possible in September. This change in expectations likely contributed to a rotation out of large caps and into small caps with the Russell 2000 Index posting a +10.2% return on the month.

## U.S. FIXED INCOME

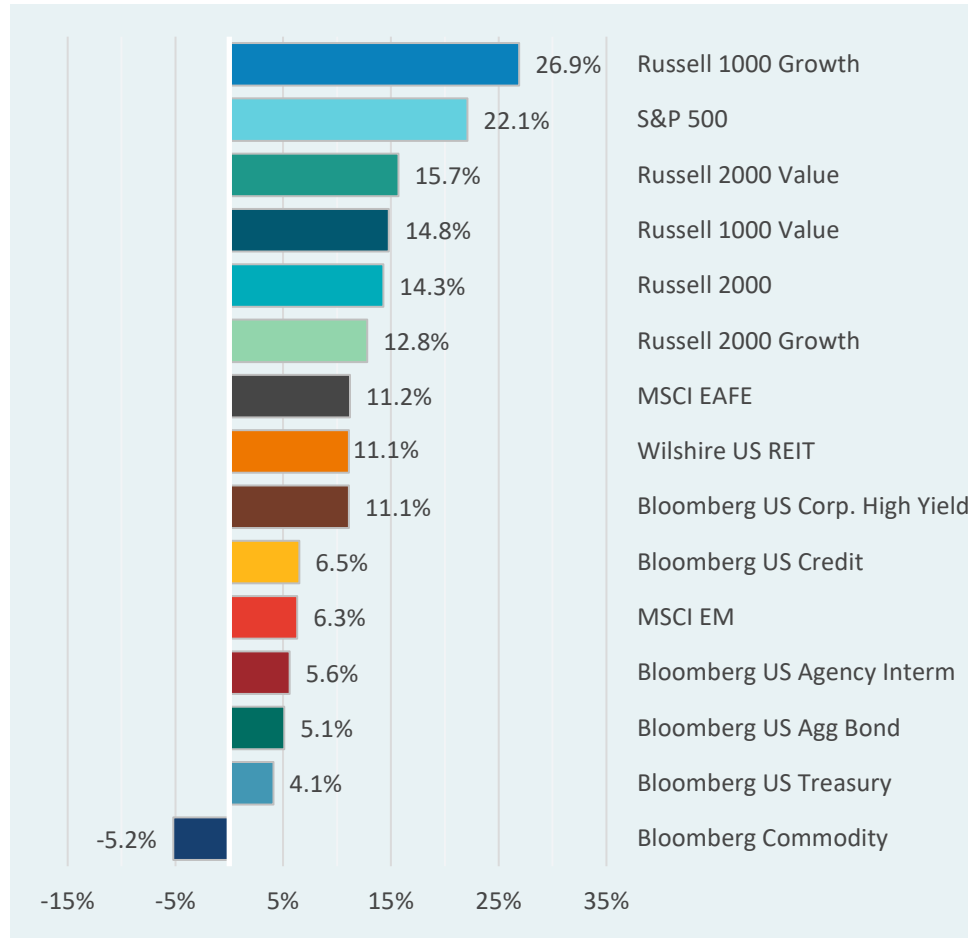
- The month closed with the July 30<sup>th</sup>-31<sup>st</sup> FOMC meeting. Investor opinions appeared to consolidate on a September rate cut in the final two weeks of the month. The meeting concluded with no changes to the policy rate and Chairman Powell reiterated that economic growth remains stable, inflation continues to move lower - in line with expectations, and that the labor market is normalizing.
- Yields moved lower across the curve in line with the increased likelihood of a quarter point September rate cut. Moves were more pronounced on the short end of the curve with the 2-year yield falling -42 bps. The 10/2 yield curve inversion narrowed from -35bps to -20 bps by month end.
- Fixed income markets benefited from expectations of rate cuts becoming more solidified. By month end a 0.25% rate cut in September was almost 100% priced in by investors which contributed to the Bloomberg U.S. Aggregate Bond Index posting a +2.3% gain.

## INTERNATIONAL MARKETS

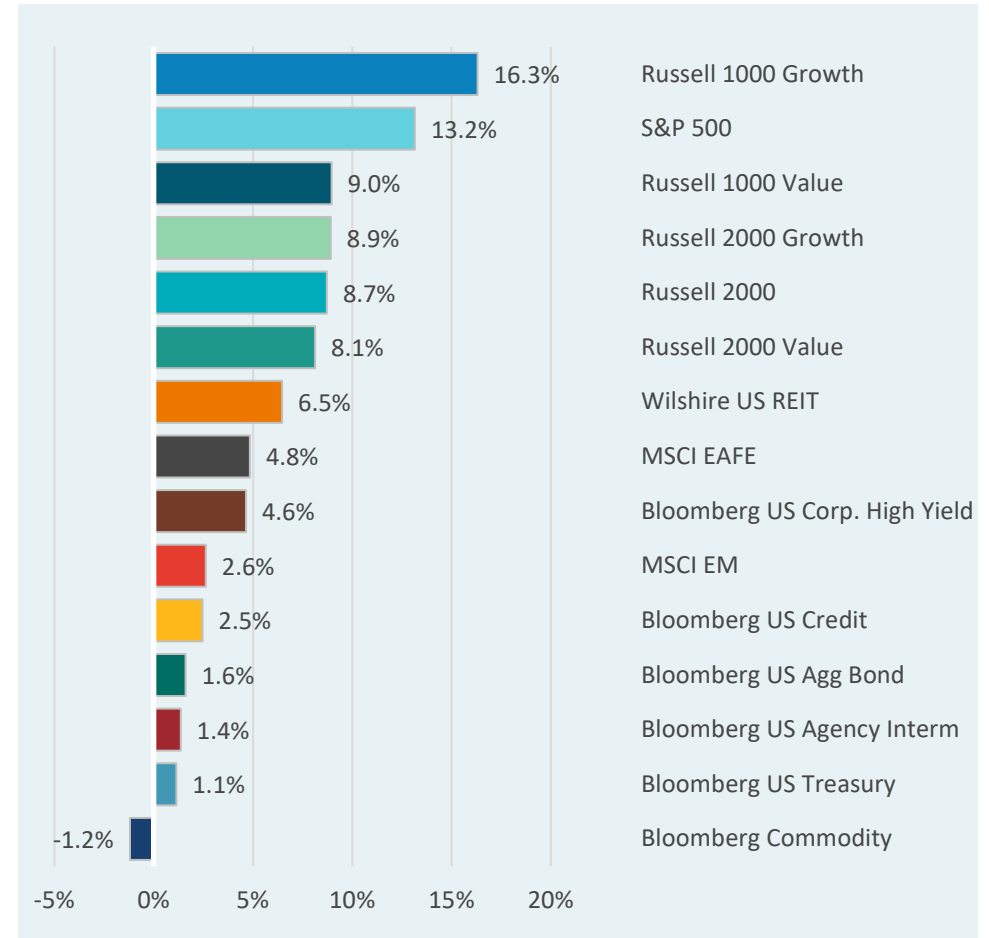
- The Bank of Japan continued its fight against the weakening yen. Over the past several months there were attempts to prop up the falling currency, but intervention only provided brief moments of relief. July was no different as the BOJ intervened on at least two separate occasions. On July 31<sup>st</sup>, the BOJ voted to raise its benchmark interest rate to "around 0.25%". The move helped strengthen the yen but also made waves across global markets during the days after month end.
- The European Central Bank opted to keep interest rates unchanged at the July 18<sup>th</sup> meeting. ECB President Christine Lagarde mentioned that the decision for the September meeting was "wide open" especially after messaging indicated that economic outlook for the euro zone was downgraded from previously more optimistic forecasts.

# Major asset class returns

ONE YEAR ENDING JULY



TEN YEARS ENDING JULY



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

Source: Morningstar, as of 7/31/24

Source: Morningstar, as of 7/31/24

# U.S. large cap equities

- The S&P 500 ended the month up 1.2% amidst market reallocation to small cap equities in the second half of the month. For the third month in a row, weakening economic data bolstered investor confidence in a 2024 rate cut.
- Performance was mixed but was broadly positive with 9 of 11 sectors posting gains. Energy (+7.2%), utilities (+6.8%), and financials (+6.5%) were the biggest gainers while communication services (-4.0%) and information technology (-2.1%) lagged the most.
- As of August 9<sup>th</sup>, 91% of companies in the S&P 500 had reported second quarter results. Of those companies, 59% reported a positive revenue surprise and 78% reported a positive EPS surprise.
- The year-over-year earnings growth rate was 10.8% as of August 9<sup>th</sup>, beating estimates of 8.9%. Positive EPS surprises reported by three of the Magnificent 7 were the largest contributors to the overall earnings growth rate in the second quarter. Amazon, Meta, and Apple posted EPS beats of \$0.23, \$0.44, and \$0.06, respectively.

**S&P 500 PRICE INDEX**



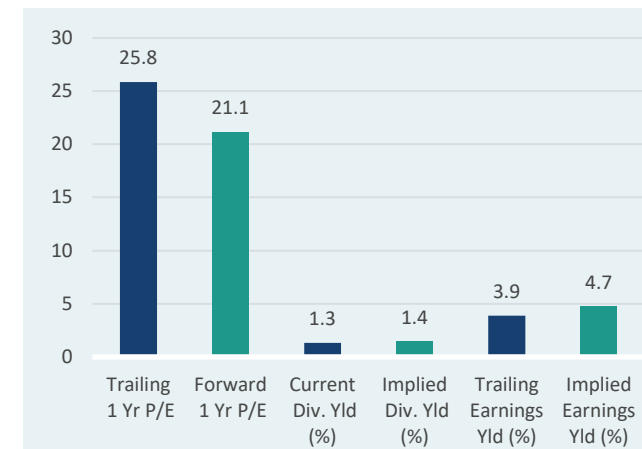
Source: Bloomberg, as of 7/31/24

**IMPLIED VOLATILITY (VIX INDEX)**



Source: Cboe, as of 7/31/24

**S&P 500 VALUATION SNAPSHOT**



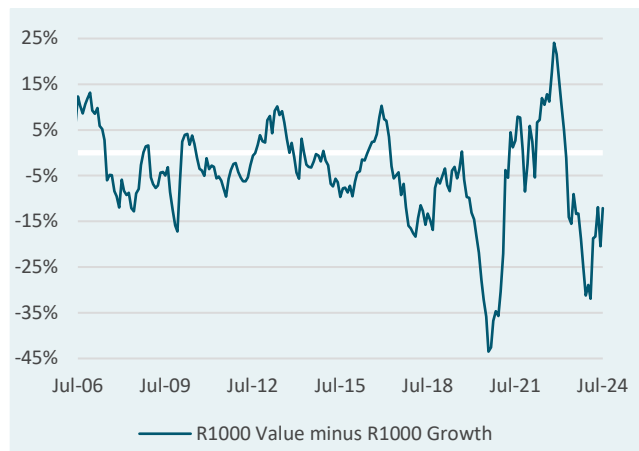
Source: Bloomberg, as of 7/31/24



# Domestic equity size and style

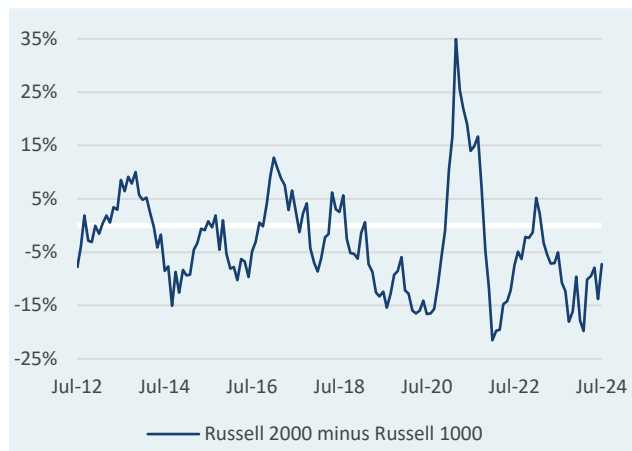
- In July, small caps (Russell 2000 +10.2%) outperformed large caps (Russell 1000 +1.5%) bringing the difference in 1-year performance to -7.3%. Small caps rose on cooling economic data, given that this market segment is generally more sensitive to borrowing costs than large caps.
- Value outperformed growth across sizes. Large cap value (Russell 1000 Value +5.1%) outperformed large cap growth (Russell 1000 Growth -1.7%) in July as investors turned their attention away from popular growth names in favor of small caps and value.
- Small cap value (Russell 2000 Value +12.2%) posted the largest gains across all sizes and styles in June, outperforming small cap growth (Russell 2000 Growth +8.2%).
- Relative valuations for large cap stocks continued to increase over the month. Large cap growth forward earnings increased to 28.5x, a 26.1% premium to the 10-year average of 22.6x. Large cap value traded at 16.2x forward earnings at the end of July, a 7.3% premium to the 10-year average and 5.9% more expensive than in June.

**VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE**



Source: FTSE, Bloomberg, as of 7/31/24

**SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE**



Source: FTSE, Bloomberg, as of 7/31/24

**1-YEAR SIZE & STYLE PERFORMANCE**

	Value	Core	Growth
Large Cap	14.8%	21.5%	26.9%
Mid Cap	13.8%	13.7%	12.3%
Small Cap	15.7%	14.3%	12.8%

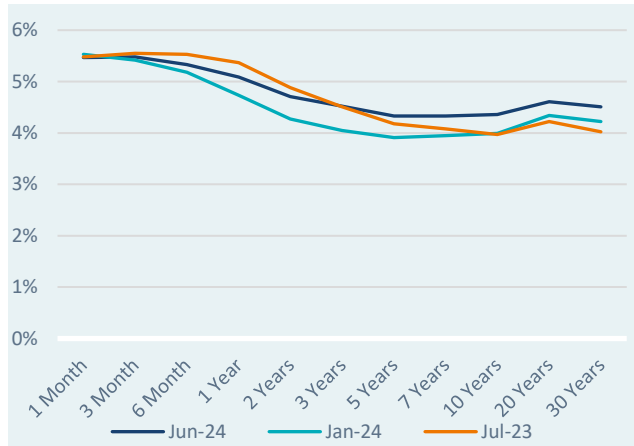
Source: FTSE, Bloomberg, as of 7/31/24

# Fixed income

- U.S. bonds climbed for the third month in a row (Bloomberg U.S. Aggregate Index +2.3%) as inflation moved closer to the federal reserve 2% target and economic data continued to show signs of cooling. The gains made by the Bloomberg Aggregate in July pushed year-to-date returns (+1.6%) into the green for the first time year-to-date.
- Yields fell across the curve over the course of the month. The 2-year ended down 42 bps while the 10-year fell 27 bps. The 10/2 yield curve inversion narrowed from -35 bps to -20 bps as the short end fell most with the latest rate cut scenarios being priced in.

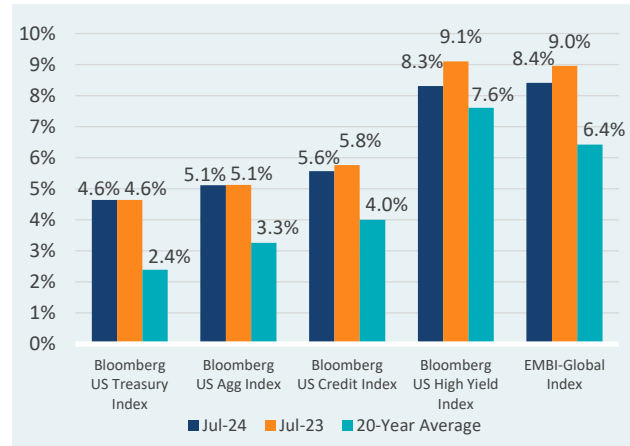
- Interest rate sensitivity mattered in July. Out of all the major fixed income indexes, the Bloomberg U.S. Treasury Long index was the top performer in July (+3.6%) while the Bloomberg short-duration treasury index (+0.5%) performed the worst.
- The annual default rate for bank loans and high yield corporate debt has fallen considerably since the beginning of the year. High yield corporate annual default rates fell from 2.04% in January to 1.16% in July. Bank loan annual default rates have receded 55 bps since January, ending July at 0.92%.

U.S. TREASURY YIELD CURVE



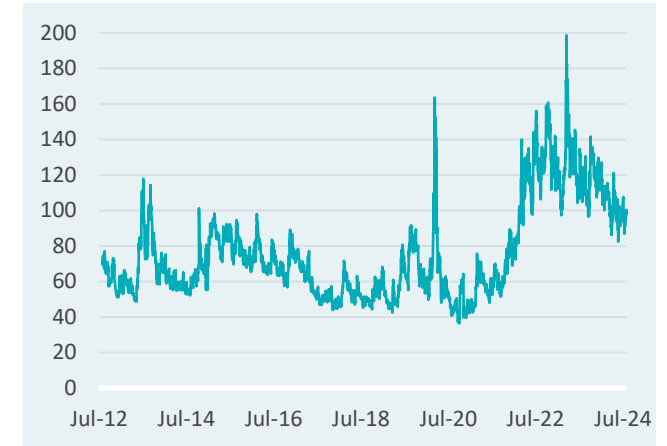
Source: Bloomberg, as of 7/31/24

NOMINAL YIELDS



Source: Morningstar, as of 7/31/24

U.S. TREASURY IMPLIED VOL ("MOVE" INDEX)

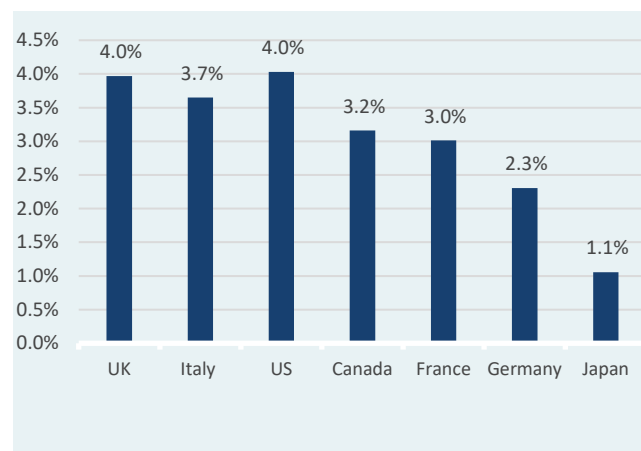


Source: Bloomberg, as of 7/31/24

# Global markets

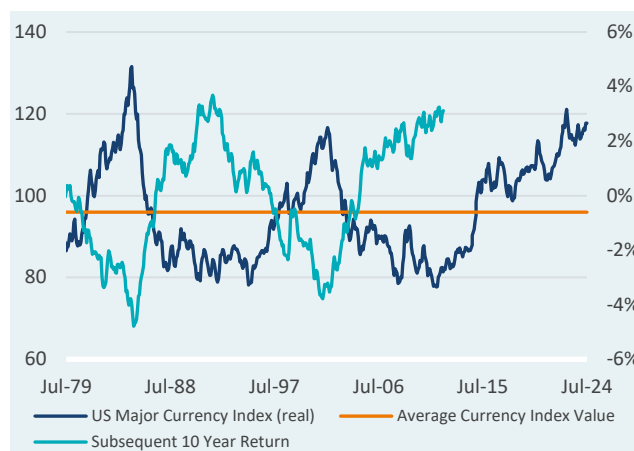
- In a reversal from the last two months, international equities outperformed U.S. equities by a healthy margin (MSCI ACWI ex US +2.3%). Japan, the United Kingdom, Canada and France, the largest ACWI ex U.S. constituents, all posted positive returns greater than 4%, with Japan leading the pack at +5.8%.
- Chinese equities were among the worst performers and finished the month -1.2% lower. The Chinese Communist Party held its third plenum at mid-month and although economic messaging was widely optimistic, many investors were hoping for a clearer plan to help the struggling property sector recover.
- The Biden administration touted potential restrictions on the sale of products that use any U.S. technology to China. The announcement shook up Asian tech stocks, but Japanese equities (+5.8%) recovered from the announcement and went on to post fresh highs not seen since December 1989.
- The MSCI Euro Index lagged most broad index counterparts, but still posted a modest +0.9% gain. The economic picture in the euro zone remains uncertain, but the prospect of continued rate cuts has kept investors optimistic that if economic activity does continue to slow, the ECB will act to fuel the economy.

## GLOBAL SOVEREIGN 10-YEAR YIELDS



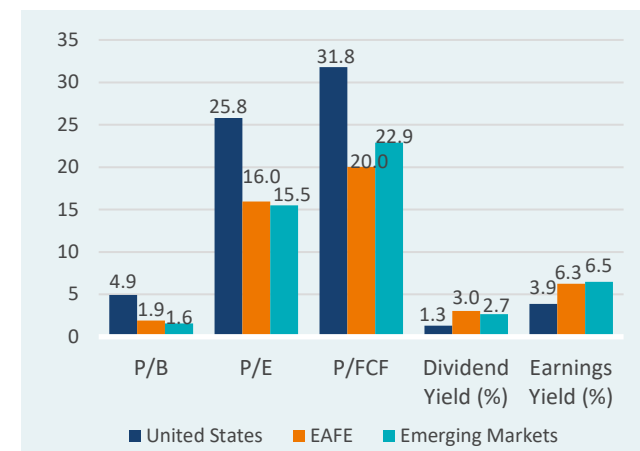
Source: Bloomberg, as of 7/31/24

## U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 7/31/24

## MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 7/31/24

# Commodities

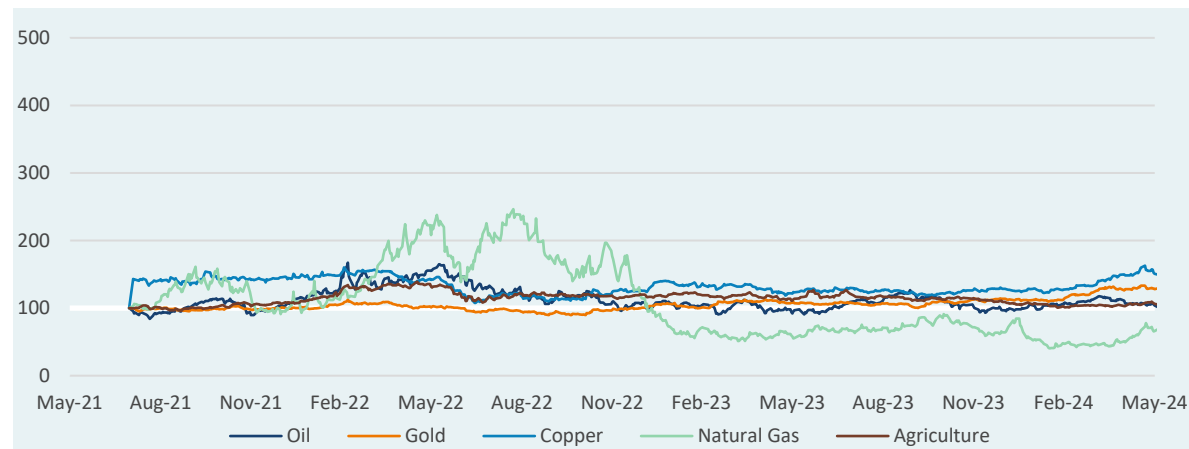
- Commodity performance was generally negative for the month as most major commodity sub indexes struggled with a multitude of headwinds. Precious metals and livestock were the only sub indexes to post positive performance, but the broad index fell -4.0%.
- Industrial metals (-6.8%) were the second worst performing sub index with aluminum (-10.0%) and zinc (-8.9%) leading the index to the downside. Weaker than expected economic data in China and soft manufacturing data in the U.S. have weighed on non-ferrous and other industrial metals.
- The Bloomberg Energy Index posted a -7.6% decline on the month. Though all components of the index were in the red, natural gas, which holds the second largest weight, fell -21.7%. Hurricane Beryl likely provided downward price pressure as the second largest natural gas export facility in the U.S. was affected by the storm, which resulted in less exports and more inventories.
- The Bloomberg Precious Metals sub-index recovered from last month's losses and went on to gain +2.7%. Although silver fell -2.1%, gold rose +4.7% to help prop up the index.

## INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	(4.0)	(4.0)	0.9	(5.2)	3.6	6.5	(1.2)
Bloomberg Agriculture	(4.8)	(4.8)	(10.8)	(16.1)	1.5	9.0	(0.6)
Bloomberg Energy	(7.6)	(7.6)	(0.3)	(12.8)	2.6	(1.3)	(9.4)
Bloomberg Grains	(6.5)	(6.5)	(18.9)	(26.1)	(4.6)	4.3	(2.7)
Bloomberg Industrial Metals	(6.8)	(6.8)	1.6	(1.5)	(1.3)	6.6	1.6
Bloomberg Livestock	2.4	2.4	12.2	1.9	5.8	(0.7)	(3.4)
Bloomberg Petroleum	(3.1)	(3.1)	13.1	6.0	20.8	11.3	(2.7)
Bloomberg Precious Metals	2.7	2.7	18.1	20.9	8.4	10.3	4.9
Bloomberg Softs	(2.3)	(2.3)	8.6	9.3	12.9	15.1	0.5

Source: Morningstar, as of 7/31/24

## COMMODITY PERFORMANCE



Source: Bloomberg, as of 7/31/24

# Appendix



# Periodic table of returns

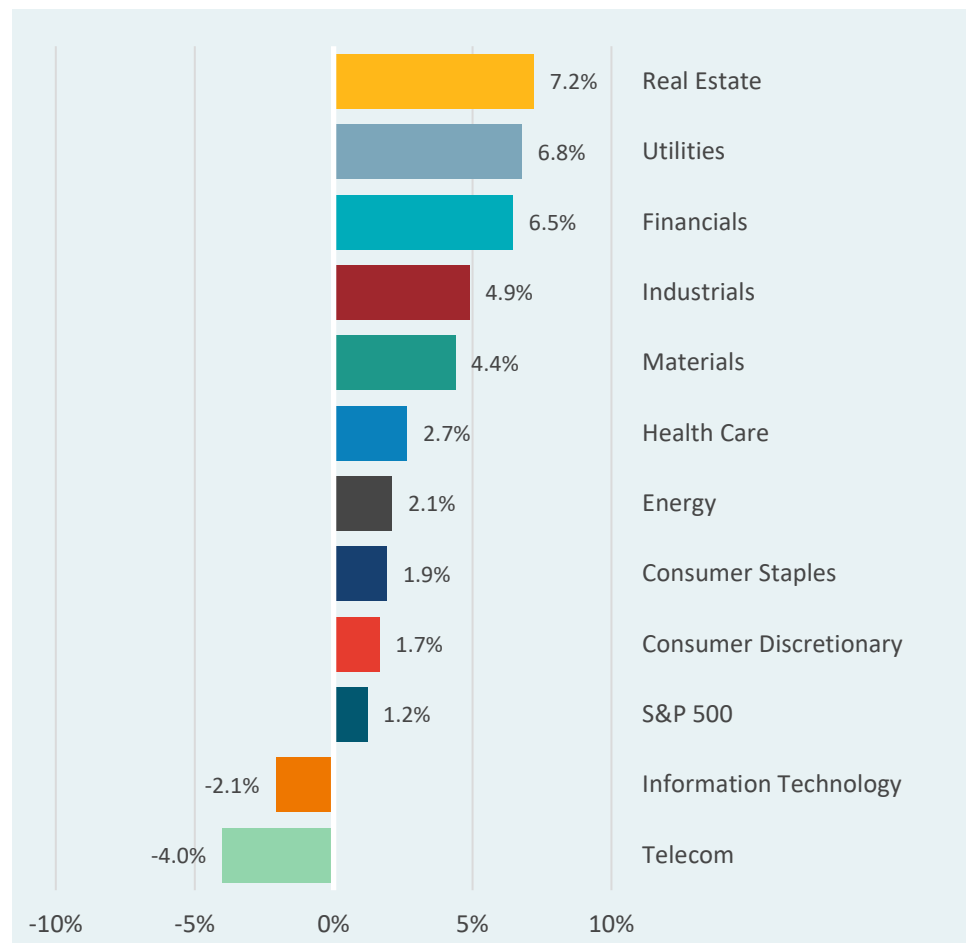
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	5-Year	10-Year
Large Cap Growth	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	37.3	6.7	36.4	38.5	28.3	16.1	42.7	18.6	18.4	16.3
Large Cap Equity	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	30.2	1.9	31.4	34.6	27.6	9.4	26.5	15.9	14.6	12.9
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	13.0	9.9	9.0
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	12.1	6.5	8.9
Small Cap 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	12.1	9.5	8.7
Small Cap Value	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	11.2	8.9	6.4
International Equity	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	8.4	7.4	8.1
Emerging Markets 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	7.8	7.6	5.0
60/40 Global Portfolio	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	7.5	5.7	4.8
Hedge Funds of Funds	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	4.6	4.7	3.5
Cash	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	3.1	3.8	2.6
US Bonds	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	1.6	3.4	1.5
Commodities	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	0.9	2.1	1.6
Real Estate	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	-1.2	0.2	-1.2



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 6/30/24.

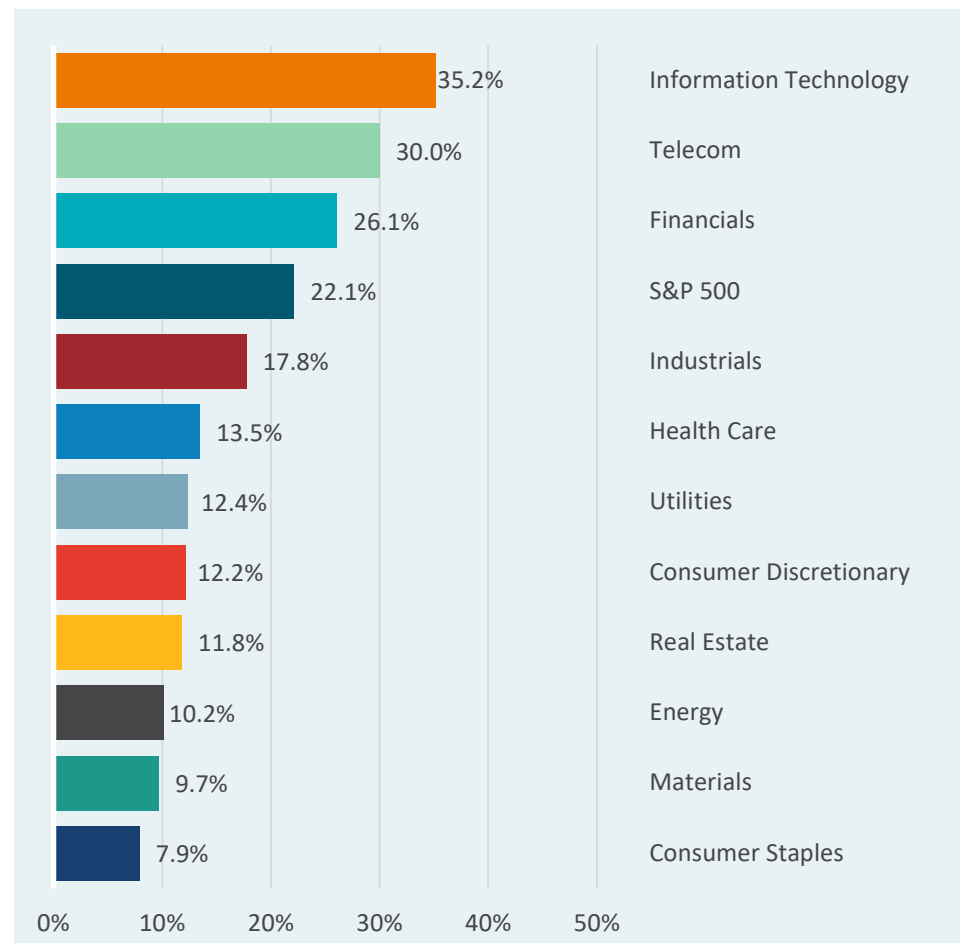
# S&P 500 sector returns

QTD



Source: Morningstar, as of 7/31/24

ONE YEAR ENDING JUNE



Source: Morningstar, as of 7/31/2024

# Detailed index returns

## DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Core Index</b>							
S&P 500	1.2	1.2	16.7	22.1	9.6	15.0	13.2
S&P 500 Equal Weighted	4.5	4.5	9.8	12.9	5.9	11.7	10.8
DJ Industrial Average	4.5	4.5	9.5	17.2	7.5	11.1	12.0
Russell Top 200	0.6	0.6	17.8	24.1	10.2	16.1	13.9
Russell 1000	1.5	1.5	15.9	21.5	8.5	14.6	12.9
Russell 2000	10.2	10.2	12.1	14.3	1.9	8.9	8.7
Russell 3000	1.9	1.9	15.7	21.1	8.1	14.2	12.6
Russell Mid Cap	4.7	4.7	9.9	13.7	3.7	10.2	9.9
<b>Style Index</b>							
Russell 1000 Growth	(1.7)	(1.7)	18.6	26.9	9.5	18.4	16.3
Russell 1000 Value	5.1	5.1	12.1	14.8	7.0	9.9	9.0
Russell 2000 Growth	8.2	8.2	13.0	12.8	(1.1)	7.6	8.9
Russell 2000 Value	12.2	12.2	15.5	15.7	4.6	9.5	8.1

## INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Broad Index</b>							
MSCI ACWI	1.6	1.6	13.1	17.0	5.8	11.0	8.7
MSCI ACWI ex US	2.3	2.3	8.1	9.7	1.8	6.3	4.2
MSCI EAFE	2.9	2.9	8.4	11.2	3.6	7.4	4.8
MSCI EM	0.3	0.3	7.8	6.3	(2.7)	3.4	2.6
MSCI EAFE Small Cap	5.7	5.7	6.2	9.1	(2.1)	5.5	5.1
<b>Style Index</b>							
MSCI EAFE Growth	1.2	1.2	7.5	8.6	(0.1)	6.8	5.8
MSCI EAFE Value	4.7	4.7	9.4	13.9	7.3	7.5	3.7
<b>Regional Index</b>							
MSCI UK	4.2	4.2	11.4	13.3	8.1	7.0	3.2
MSCI Japan	5.8	5.8	12.4	16.2	4.7	7.8	6.1
MSCI Euro	0.9	0.9	6.4	8.2	3.6	7.9	4.8
MSCI EM Asia	(0.3)	(0.3)	10.7	8.0	(2.8)	4.8	4.2
MSCI EM Latin American	1.0	1.0	(14.8)	(9.3)	2.7	0.3	(0.3)

## FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Broad Index</b>							
Bloomberg US TIPS	1.8	1.8	2.5	4.4	(1.6)	2.4	2.1
Bloomberg US Treasury Bills	0.5	0.5	3.1	5.5	3.2	2.2	1.6
Bloomberg US Agg Bond	2.3	2.3	1.6	5.1	(2.6)	0.2	1.6
Bloomberg US Universal	2.3	2.3	2.0	5.7	(2.3)	0.5	1.9
<b>Duration</b>							
Bloomberg US Treasury 1-3 Yr	1.2	1.2	2.4	5.4	0.7	1.3	1.2
Bloomberg US Treasury Long	3.6	3.6	(1.6)	(0.1)	(10.5)	(3.6)	0.9
Bloomberg US Treasury	2.2	2.2	1.3	4.1	(3.0)	(0.2)	1.1
<b>Issuer</b>							
Bloomberg US MBS	2.6	2.6	1.6	4.9	(2.3)	(0.3)	1.2
Bloomberg US Corp. High Yield	1.9	1.9	4.6	11.1	2.2	4.2	4.6
Bloomberg US Agency Interim	1.4	1.4	2.4	5.6	(0.3)	0.9	1.4
Bloomberg US Credit	2.3	2.3	1.9	6.5	(2.6)	0.9	2.5

## OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Index</b>							
Bloomberg Commodity	(4.0)	(4.0)	0.9	(5.2)	3.6	6.5	(1.2)
Wilshire US REIT	5.5	5.5	5.2	11.1	0.4	4.8	6.5
CS Leveraged Loans	0.7	0.7	5.2	10.4	6.2	5.4	4.7
S&P Global Infrastructure	4.4	4.4	8.6	9.5	6.8	5.7	5.3
Alerian MLP	0.7	0.7	20.0	27.5	25.5	11.4	2.4
<b>Regional Index</b>							
JPM EMBI Global Div	1.9	1.9	4.3	9.2	(2.1)	0.1	2.8
JPM GBI-EM Global Div	2.3	2.3	(1.5)	0.1	(2.4)	(1.0)	(0.5)
<b>Hedge Funds</b>							
HFRI Composite	0.8	0.8	5.7	8.6	3.4	6.7	4.9
HFRI FOF Composite	(0.0)	(0.0)	4.6	7.2	2.3	4.7	3.5
<b>Currency (Spot)</b>							
Euro	1.0	1.0	(2.0)	(1.9)	(3.0)	(0.6)	(2.1)
Pound Sterling	1.6	1.6	0.8	(0.2)	(2.6)	1.0	(2.7)
Yen	6.9	6.9	(6.3)	(5.6)	(10.0)	(6.3)	(3.7)

Source: Morningstar, HFRI, as of 7/31/24

# 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	2.7	7.4	14.9	12.4
<i>MSCI World Index (PME)</i>	25.2	9.0	12.4	9.1
Global Private Equity Direct Funds <sup>1</sup>	4.9	6.9	15.3	14.0
<i>MSCI World Index (PME)</i>	25.1	9.2	12.4	9.6
U.S. Private Equity Direct Funds <sup>1</sup>	6.2	8.3	17.0	15.3
<i>Russell 3000 Index (PME)</i>	29.2	10.4	14.6	12.5
Europe Private Equity Direct Funds <sup>1</sup>	4.3	8.2	14.8	12.5
<i>MSCI Europe Index (PME)</i>	14.4	7.0	8.6	4.8
Asia Private Equity Direct Funds <sup>1,4</sup>	(1.1)	(0.7)	8.2	11.1
<i>MSCI AC Asia Pacific Index (PME)</i>	11.7	(1.9)	4.4	4.9

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt <sup>2,4</sup>	8.0	12.1	12.2	10.8
<i>Morningstar LSTA U.S. Leveraged Loan 100 Index (PME)</i>	12.1	5.9	5.6	4.8

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	(4.0)	8.4	7.6	10.3
<i>FTSE NAREIT Equity REIT Index (PME)</i>	10.8	5.2	5.0	7.6

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Natural Resources <sup>3,4</sup>	6.6	17.9	6.1	3.4
<i>S&amp;P Global Natural Resources Index (PME)</i>	4.6	9.1	8.5	5.7
Global Infrastructure <sup>4</sup>	8.2	10.3	10.2	10.2
<i>S&amp;P Global Infrastructure Index (PME)</i>	3.5	4.6	4.3	4.6

Source: Pooled IRRs and Public Market Equivalents (PMEs) are both from Refinitiv C/A, as of March 31<sup>st</sup>, 2024. 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

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

Verus – also known as Verus Advisory™.



# San Luis Obispo County

Investment Performance Review

Period Ending: July 31, 2024



---

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

SEATTLE 206.622.3700

CHICAGO 312.815.5228

PITTSBURGH 412.784.6678

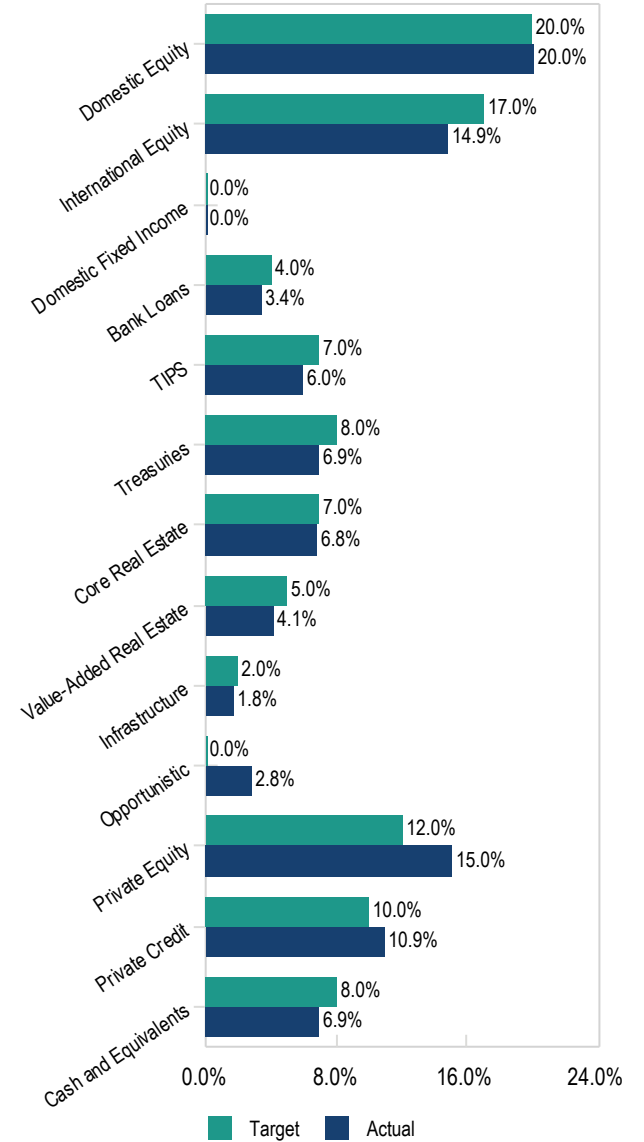
LOS ANGELES 310.297.1777

SAN FRANCISCO 415.362.3484

Total Fund  
Executive Summary - Preliminary (Gross of Fees)

San Luis Obispo County Pension Trust  
Period Ending: July 31, 2024

	Market Value	% of Portfolio	1 Mo	YTD
<b>Total Fund</b>	<b>1,771,095,586</b>	<b>100.0</b>	<b>1.2</b>	<b>5.4</b>
Interim Policy Index			1.4	6.4
FFP SAA Index			1.3	6.2
<b>Total Growth</b>	<b>1,310,205,573</b>	<b>74.0</b>	<b>1.2</b>	<b>6.8</b>
Custom Growth Benchmark			1.2	7.9
<b>Total Public Equity</b>	<b>619,352,406</b>	<b>35.0</b>	<b>2.4</b>	<b>12.1</b>
Public Equity Benchmark			2.1	12.5
<b>Total Domestic Equity</b>	<b>355,050,042</b>	<b>20.0</b>	<b>2.9</b>	<b>14.4</b>
Russell 3000 Index			1.9	15.7
PIMCO RAE US	89,833,912	5.1	3.1	13.6
S&P 500 Index			1.2	16.7
Loomis Sayles Large Cap Growth	91,415,459	5.2	-0.6	16.6
Russell 1000 Growth Index			-1.7	18.6
Boston Partners Large Cap Value	81,545,667	4.6	3.8	14.6
Russell 1000 Value Index			5.1	12.1
Atlanta Capital Mgmt	92,255,004	5.2	5.8	12.9
Russell 2500 Index			7.4	10.0
<b>Total International Equity</b>	<b>264,302,364</b>	<b>14.9</b>	<b>1.8</b>	<b>9.1</b>
MSCI AC World ex USA Index			2.3	8.5
Dodge & Cox Intl Stock	130,921,449	7.4	3.2	6.8
MSCI AC World ex USA Value			3.7	9.1
WCM International Growth	133,380,915	7.5	0.4	11.3
MSCI AC World ex USA Growth			1.1	8.0
<b>Total Private Equity</b>	<b>266,494,100</b>	<b>15.0</b>	<b>0.0</b>	<b>5.3</b>
Harbourvest Partners IX Buyout Fund L.P.	9,141,093	0.5	0.0	-1.1
Pathway Private Equity Fund Investors 9 L.P.	85,648,911	4.8	-0.1	7.3
Harbourvest 2018 Global Fund L.P.	20,617,757	1.2	0.0	1.5
Harbourvest SLO Fund Private Equity	131,144,119	7.4	0.0	5.6
Pathway Private Equity Fund Investors 10 L.P.	19,942,221	1.1	0.3	4.3
<b>Total Private Credit</b>	<b>193,308,484</b>	<b>10.9</b>	<b>0.0</b>	<b>5.3</b>
Sixth Street Partners DCP	91,405,867	5.2	0.0	4.9
Harbourvest SLO Credit Fund	101,902,617	5.8	0.0	5.7

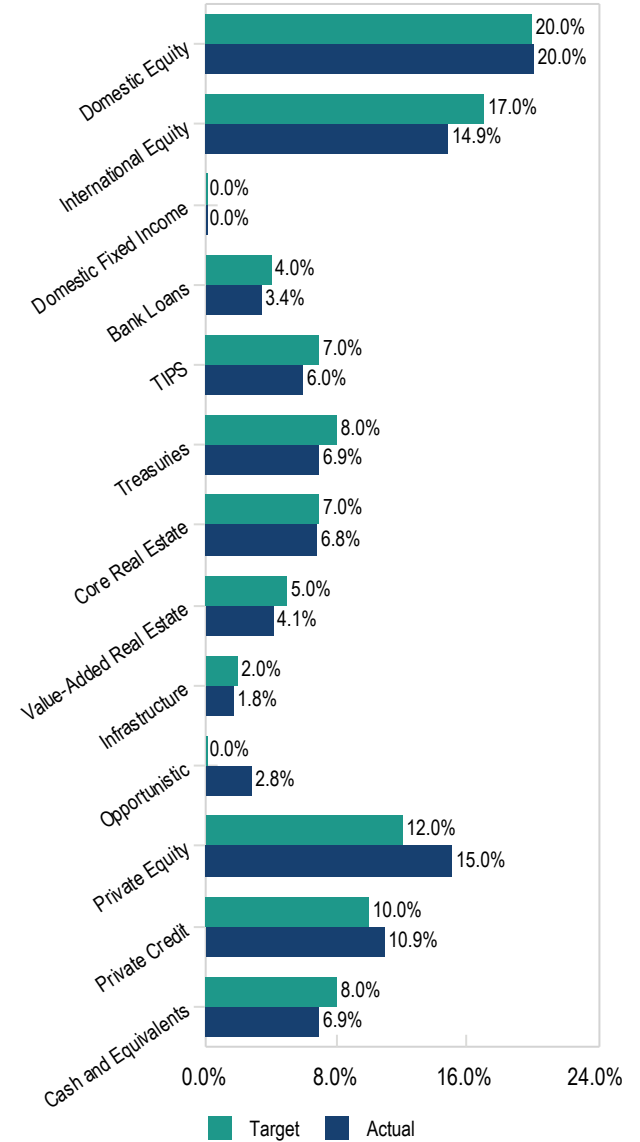


Interim Policy Index as of 1/1/2024: 20% Russell 3000, 17% MSCI ACWI ex-US (Gross), 4% Morningstar LTSA U.S. Leveraged Loan Index, 8% Bloomberg U.S. Gov't Bond Index, 7% Bloomberg US TIPS 5+ Year, 12% NCREIF Property Index, 2% Dow Jones Brookfield Index, 12% Private Equity Return, 10% Private Credit Return, 4% 90-day T-Bills, 4% Bloomberg U.S. Gov't/Credit 1-3 Yr. All privates are valued as of 3/31/24 except KKR Mezzanine Partners, and Sixth Street Funds, and Brookfield Infrastructure Fund which are valued as of 6/30/24. All data is preliminary.

Total Fund  
Executive Summary - Preliminary (Gross of Fees)

San Luis Obispo County Pension Trust  
Period Ending: July 31, 2024

	Market Value	% of Portfolio	1 Mo	YTD
<b>Total Real Assets</b>	<b>231,050,583</b>	<b>13.0</b>	<b>0.3</b>	<b>-2.5</b>
NCREIF Property Index			0.0	-1.2
JP Morgan Core Real Estate	119,861,781	6.8	0.2	-4.0
NCREIF-ODCE			0.0	-2.8
NCREIF Property Index			0.0	-1.2
ARA American Strategic Value Realty	72,501,497	4.1	0.0	-3.7
NCREIF-ODCE			0.0	-2.8
NCREIF Property Index			0.0	-1.2
Brookfield Infrastructure Fund	31,216,127	1.8	1.4	7.4
Dow Jones Brookfield Global Infrastructure			6.8	6.3
HarbourVest Infrastructure	7,471,178	0.4		
<b>Total Risk Diversifying</b>	<b>289,426,509</b>	<b>16.3</b>	<b>1.7</b>	<b>2.3</b>
Total Risk Diversifying Benchmark			2.5	0.9
<b>Total Domestic Fixed Income</b>	<b>289,426,509</b>	<b>16.3</b>	<b>1.7</b>	<b>2.7</b>
Blmbg. U.S. Aggregate Index			2.3	1.6
Pacific Asset Corporate Loan	59,926,815	3.4	0.8	5.4
Morningstar LSTA U.S. Leveraged Loan			0.7	5.1
SSGA U.S. Govt Bond Index	122,706,213	6.9	2.2	1.4
Blmbg. U.S. Government Index			2.2	1.3
BlackRock TIPS	106,793,481	6.0	1.8	2.7
Blmbg. U.S. TIPS Index			1.8	2.5

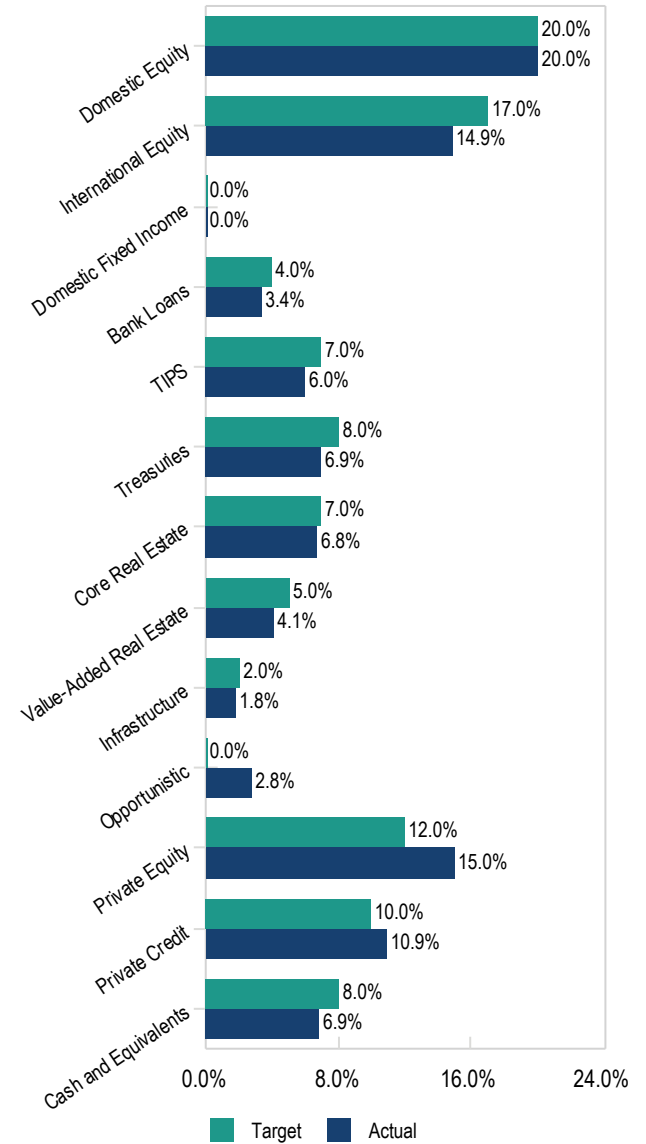


Interim Policy Index as of 1/1/2024: 20% Russell 3000, 17% MSCI ACWI ex-US (Gross), 4% Morningstar LTSA U.S. Leveraged Loan Index, 8% Bloomberg U.S. Gov't Bond Index, 7% Bloomberg US TIPS 5+ Year, 12% NCREIF Property Index, 2% Dow Jones Brookfield Index, 12% Private Equity Return, 10% Private Credit Return, 4% 90-day T-Bills, 4% Bloomberg U.S. Gov't/Credit 1-3 Yr. All privates are valued as of 3/31/24 except KKR Mezzanine Partners, and Sixth Street Funds, and Brookfield Infrastructure Fund which are valued as of 6/30/24. All data is preliminary.

Total Fund  
Executive Summary - Preliminary (Gross of Fees)

San Luis Obispo County Pension Trust  
Period Ending: July 31, 2024

	Market Value	% of Portfolio	1 Mo	YTD
<b>Total Liquidity</b>	<b>121,955,103</b>	<b>6.9</b>	<b>0.5</b>	<b>2.2</b>
90 Day U.S. Treasury Bill			0.4	3.1
<b>Total Cash</b>	<b>121,955,103</b>	<b>6.9</b>	<b>0.5</b>	<b>2.2</b>
90 Day U.S. Treasury Bill			0.4	3.1
PIMCO Short Duration Fund	35,653,805	2.0	1.1	2.6
Bloomberg U.S. Gov/Credit 1-3 Year Index			1.2	2.6
Cash Account	35,527,756	2.0	0.0	2.5
90 Day U.S. Treasury Bill			0.4	3.1
Investment Cash	50,773,542	2.9	0.4	2.2
90 Day U.S. Treasury Bill			0.4	3.1
<b>Total Opportunistic</b>	<b>49,508,400</b>	<b>2.8</b>	<b>0.3</b>	<b>5.1</b>
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	2,754,955	0.2	-19.5	-16.2
Sixth Street Partners TAO	46,753,445	2.6	1.8	6.7



Interim Policy Index as of 1/1/2024: 20% Russell 3000, 17% MSCI ACWI ex-US (Gross), 4% Morningstar LTSA U.S. Leveraged Loan Index, 8% Bloomberg U.S. Gov't Bond Index, 7% Bloomberg US TIPS 5+ Year, 12% NCREIF Property Index, 2% Dow Jones Brookfield Index, 12% Private Equity Return, 10% Private Credit Return, 4% 90-day T-Bills, 4% Bloomberg U.S. Gov't/Credit 1-3 Yr. All privates are valued as of 3/31/24 except KKR Mezzanine Partners, and Sixth Street Funds, and Brookfield Infrastructure Fund which are valued as of 6/30/24. All data is preliminary.