AGENDA

BOARD OF RETIREMENT
Boardroom
832 12th Street Suite 600 Modesto, CA 95353

December 6, 2022
1:30 p.m.

The Board of Retirement welcomes you to its meetings, which are regularly held on the fourth Tuesday of each month. Your interest is encouraged and appreciated.

The StanCERA boardroom, is currently open to public access. Members of the public who wish to attend Board meetings may also do so by teleconference, by calling **(209) 689-0007**. The access code is **414752**. If you wish to make a general public comment during the Public Comment section of the meeting, or if you wish to comment on a specific agenda item, please press 5* on your phone to alert the Chair that you wish to speak. As permitted by Gov. Code § 54954.3(b)(1), each public comment is limited to three minutes.

You may also submit public comments in writing. If you wish to make a general public comment or a comment on a specific agenda item in writing, please submit your comment via email or fax no later than 4:30 p.m. on the day before a Board meeting. Comments can be submitted via email at gomesk@stancera.org or via fax at (209) 558-4976. If your comment pertains to a specific agenda item, please include the agenda item number in the subject line. As permitted by Gov. Code § 54954.3(b)(1), each public comment is limited to 400 words. Comments submitted in writing will be read aloud during the meeting.

CONSENT/ACTION ITEMS: Consent matters include routine administrative actions and are identified under the Consent Items heading. All other items are considered to be action items, "Action" means that the Board may dispose of any item by any action, including but not limited to the following acts: approve, disapprove, authorize, modify, defer, table, take no action, or receive and file.

BOARD AGENDAS & MINUTES: Board agendas, minutes and copies of items to be considered by the Board of Retirement are customarily posted on the Internet by Friday afternoon preceding a meeting at the following website: www.stancera.org.

AUDIO/VIDEO: All Board of Retirement regular meetings are audio and visually recorded. Audio/Video recordings of the meetings are available after the meetings at http://www.stancera.org/agenda.

NOTICE REGARDING NON-ENGLISH SPEAKERS: Board of Retirement meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

In compliance with the Americans with Disabilities Act: If you require an accommodation, auxiliary aid, or service in order to participate in this meeting, please contact StanCERA at (209) 525-6393 as far in advance as possible but no later than 48 hours before the scheduled event.

1. Call Meeting to Order

2. Pledge of Allegiance

3. Roll Call

4. Announcements

5. Public Comment

6. Teleconference Request

    a. Trustee Teleconference Request Pursuit to **Government Code Section § 54953(f)(2)(a)(1).**

7. Consent Items

    a. Approval of the October 25, 2022 Meeting Minutes View

    b. Information Technology Solutions (ITS) Project View

    c. Conference Summaries View

    d. Investment Matrix View

    e. Private Markets Commitment Notice

        i. Audax Private Equity Fund VII View

    f. Applications for Service Retirement(s) – **Government Code Sections 31499.14, 31670, 31662.2 & 31810** See attachment for details. View

8. NEPC – Investment Consultant

    a. October Flash Report View

    b. 2022 Quarter 3 Report View

9. Investment

    a. Medley Update View

10. Administrative

    a. Summary of the results of the June 30, 2022 Actuarial Valuation

        Agenda Item View   Attachment 1 View

    b. Triennial Policy Review

        Agenda Item View   Attachment 1 View   Attachment 2 View   Attachment 3 View

11. Standing Committees

    a. Internal Governance Committee

        i. 2022 Annual Comprehensive Financial Report

        Agenda Item View   Attachment 1 View   Attachment 2 View

    b. Due Diligence Committee View

12. Closed Session

    a. Government Code Section 54957(b)(1) – RED Committee update relating to Executive Director Recruitment

    b. Government Code Section 54957(b)(1) – Personnel Matters

13. Members' Forum (Information and Future Agenda Requests Only)

14. Adjournment

StanCERA Stanislaus County Employees' Retirement Association

BOARD OF RETIREMENT MINUTES
October 25, 2022

1. Call Meeting to Order
2. Pledge of Allegiance
3. Roll Call

Trustees Present
Donna Riley - Chair
Joshua Clayton
Michael O'Neal
Mandip Dhillon - Vice Chair
Jeff Grover
Darin Gharat
Terry Withrow
Mike Lynch (attended in listening mode only and did not participate in any votes)

Trustees Absent
Rhonda Biesemeier

Others Present by Conference Call:
Daniel Hennessy, NEPC Investment Consultant

Others Present:
Stan Conwell, Retirement Investment Officer
Lisa Frazer, Benefits Manager
Fred Silva, General Legal Counsel
Kellie Gomes, Business and Operations Manager
Joanna Saucedo, Executive Assistant
Faraz Shooshani, VERUS Investment Consultant

4. Announcements
5. Public Comment
6. Teleconference Request

   a. Trustee Teleconference Request Pursuit to **Government Code Section § 54953(f)(2)(a)(1).**

   None

7. Consent Items

   a. Approval of the September 27, 2022 Meeting Minutes

   b. Applications for Service Retirement(s) – **Government Code Sections 31499.14, 31670, 31662.2 & 31810** See attachment for details.

   c. Application for Service-Connected Disability – **Government Code 31724**
      i. Norman Cashen, Stanislaus County, Effective August 1, 2016

   d. Investment Matrix

e. 2022 Executive Director Goals Update – Quarter 3

Motion was made by Trustee Grover and seconded by Trustee O'Neal to approve all the consent items as presented.

Roll Call Vote was as follows:

Trustee Riley	YES
Trustee Clayton	YES
Trustee O'Neal	YES
Trustee Dhillon	YES
Trustee Grover	YES
Trustee Gharat	YES

Motion passed unanimously

1: 36 p.m. – Trustee Terry Withrow arrived.

8. <u>NEPC – Investment Consultant</u>

   a. September Flash Report

9. <u>Investment</u>

   a. Auxiliary Investment Report as of June 30, 2022.

      i. AB26833 Auxiliary Report

      ii. Investment Fee Summary, Value Added and Cash Flow Reports

   b. VERUS Private Equity – Period Ending June 30, 2022

   c. Raven III Continuation Fund

10. <u>Administrative</u>

   a. Information Technology Solutions (ITS) Project

   b. 2022 SACRS Fall Business Meeting Proxy and Proxy Directives

Motion was made by Trustee Gharat and seconded by Trustee O'Neal to appoint Joshua Clayton as the voting delegate and Mandip Dhillon as the alternate for the 2022 SACRS FALL Business meeting.

Roll Call Vote was as follows:

Trustee Riley	YES
Trustee Clayton	YES
Trustee O'Neal	YES
Trustee Dhillon	YES
Trustee Grover	YES
Trustee Withrow	YES
Trustee Gharat	YES

Motion passed unanimously

Motion was made by Trustee Gharat and seconded by Trustee Dhillon to accept staff recommendation to support action items for SACRS Business meeting, November 11, 2022, item nos. 2a, 3a, and 3b from the attached business packet – Receive and File.

Roll Call Vote was as follows:

Trustee Riley	YES
Trustee Clayton	YES
Trustee O'Neal	YES
Trustee Dhillon	YES
Trustee Grover	YES
Trustee Withrow	YES
Trustee Gharat	YES

Motion passed unanimously

11. Closed Session

No closed session held

12. Members' Forum (Information and Future Agenda Requests Only)

13. Adjournment

Meeting adjourned at 2:38 p.m.

Respectfully submitted,

____
Rick Santos, Executive Director

APPROVED AS TO FORM

By______________________________
Fred A. Silva, General Legal Counsel

December 6, 2022
Retirement Board Agenda Item

TO: Retirement Board

FROM: Lisa Frazer, Member and Employer Services Manager

I. SUBJECT: Information Technology Solutions (ITS) Project

II. ITEM NUMBER: 7d

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: None

V. ANALYSIS: The Pension Administration System project officially ended on October 16, 2022. Staff is currently working with Tegrit to prioritize additional improvements and functionality that have been identified as a need due to functionality released early in the project.

The member web portal is currently being tested by a select audience of active and retired members. Once feedback is received, it will be reviewed and utilized for any modifications and improvements to benefit the member experience. Staff has been working on the help section, developing a frequently asked questions section for the membership. This section is anticipated to be complete within the next few weeks. Once complete, staff will begin testing the web portal link with StanCERA's current website. After this testing is complete, and deemed successful, the web portal will be advertised to the membership along with registration instructions. This is anticipated to occur near the first of the year.

VI. RISK: None

VII. STRATEGIC PLAN: Strategic Objective II: Successful implementation/completion of the Pension Administration System (PAS).

VIII. ADMINISTRATIVE BUDGET IMPACT: None

StanCERA

Conference Summary

1. **Attendee Name:** Joshua Clayton

2. **Event Name:** SACRS Fall Conference 2022

3. **Event Date:** November 8 – 11, 2022

4. **Event Location:** Long Beach, CA

5. **Describe what was good about the event:**

   The sessions included relevant material and it was the first time I was able to meet my peers from other retirement systems. Prior to this I had no continuing education credits, so I was able to earn some at this conference. Additionally, I had the opportunity to spend time with some of my StanCERA peers.

6. **Would you recommend this event to other trustees/staff:**

   Yes.

7. **Number of Education Credits:** 9.5 from the conference.

StanCERA

Conference Summary

1. **Attendee Name:** Mandip Dhillon

2. **Event Name:** SACRS Fall Conference 2022

3. **Event Date:** November 8 – 11, 2022

4. **Event Location:** Long Beach, CA

5. **Describe what was good about the event:**

   The conference offered many relevant and interesting sessions related to institutional investing, economy and leadership. The keynote general session on Navigating Uncertainty by Vikram Mansharamani, provided a good interactive discussion on the impact of inflation, geopolitics, technology, energy and China, to the US and global markets.

   The session on leadership and geopolitical insights from Retired Four-Star Admiral, Bill McRaven was very inspirational. The admiral shared leadership experiences and challenges from his 37 years of service.

   Overall, the conference was educational, organized and well received. The opportunity, after a long time, to meet in-person and network with our investment partners as well as staff and trustees from other systems was great.

6. **Would you recommend this event to other trustees/staff:**

   Yes, I strongly recommend it.

7. **Number of Education Credits:** 10.5

StanCERA

Conference Summary

1. **Attendee Name:** Michael R. O'Neal

2. **Event Name:** SACRS Fall Conference 2022

3. **Event Date:** November 8 – 11, 2022

4. **Event Location:** Long Beach, CA

5. **Describe what was good about the event:**

   Keynote Vikram Mansharamani's view regarding his long term worry, deflation.
   Seems contrary to current trends but he made a good case for it. Also his view on China vs. USA conflict is inevitable, it's the magnitude that is uncertain.
   What I would call the motivational speaker "Nice Bike" was a very good presentation about good customer service and how to make connections.
   Al the sessions I attended were well done.

6. **Would you recommend this event to other trustees/staff: Yes**

7. **Number of Education Credits:** ?

StanCERA

Conference Summary

1. **Attendee Name:** Rhonda Biesemeier

2. **Event Name:** SACRS Fall Conference 2022

3. **Event Date:** November 8 – 11, 2022

4. **Event Location:** Long Beach, CA

5. **Describe what was good about the event:**

   The educational pieces are always helpful, even if they either are repetitive or especially technical. The keynotes and other general session speakers are top-notch & have vast knowledge of their subjects.

   The networking opportunities are numerous and well received. It's always a pleasure to meet and talk with others from varied backgrounds.

   Although I wasn't required to attend this time, I appreciate that SACRS always offers ethics training as it is well presented by Ashley Dunning or Nossaman, LLP

6. **Would you recommend this event to other trustees/staff:**

   Absolutely!

7. **Number of Education Credits:** -0-

StanCERA

Conference Summary

1. **Attendee Name**: Brittany Smith-Atkins
2. **Event Name**: 2022 P2F2 Annual Conference
3. **Event Date**: October 23 – 26, 2022
4. **Event Location**: Philadelphia, Pennsylvania
5. **Describe what was good about the event**:

   The P2F2 Annual Conference brings together a wide array of attendees, including Staff and Trustees, which support pension systems across the country. Conference sessions included topics like GASB updates, best practices for financial reporting, investment accounting, and actuarial topics to name a few. While in attendance, I selected sessions which focused on GASB updates, taxation policy, investment accounting, and managing operations and personnel in these economic times.

   The investment accounting sessions were very valuable as StanCERA continues to diversify its portfolio with the addition of new funds. During these sessions, the facilitators discussed how private market funds typically cost more than other instruments with higher management fees and carried interest. Additionally, it was noted that some funds are burying additional costs into the details of the management fees. One recommendation was to leverage the ILPA templates to build a framework and internally validate all fees to increase the control a system has in the expenditures. These takeaways are being discussed further in-depth as we continue to enhance StanCERA's processes and manage resources.

   Regarding GASB updates, the discussion focused on the recent Statement 96 which addresses the reporting of subscription-based information technology. This statement is closely linked with the leases reporting requirements (Statement 87). Although Statement 96 appears narrow in scope it identifies transactions which were not included in prior statements and may alter how an organization reports its information technology agreements. As a follow-up, I reached out to our partners at Brown Armstrong for further guidance and to ensure we capture our costs within the GASB standards. These sessions provided insight of new standards coming into effect over the next five years which will allow StanCERA to make proactive changes for reporting requirements.

   Overall, I thought this conference was excellent as the catalog of topics had something for everyone, dependent on their role.

6. **Would you recommend this event to other trustees/staff?**

   In short, yes.

   This conference was well designed and contained an expansive range of topics. As the Fiscal Services Manager, I found this conference beneficial as it provided prospective view into the coming years regarding reporting, investment management and much more.

7. **Number of Education Credits**: N/A

StanCERA

Conference Summary

1. **Attendee Name:** Stan Conwell

2. **Event Name:** SACRS Fall Conference 2022

3. **Event Date:** November 8 – 11, 2022

4. **Event Location:** Long Beach, CA

5. **Describe what was good about the event:**

   The SACRS conference provides a good opportunity to connect with members of other county systems during the breakout sessions.

   The general session speakers are usually good and address timely subject matters. During this conference commercial real estate and geopolitical events were covered and stood out as particularly interesting.

6. **Would you recommend this event to other trustees/staff:**

   Yes

7. **Number of Education Credits:** -0-

December 6, 2022

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

I. SUBJECT: Investment Matrix

II. ITEM NUMBER: 7b

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: N/A

V. ANALYSIS:

a) *Investment Program Activities:*

The due diligence committee finished its manager reviews in November including an onsite visit to American Realty Advisors headquarters in Los Angeles. With the calendar year-end quickly approaching staff is in the process of developing an investment work plan with NEPC & Verus for 2023. Staff attended annual manager meetings, various market outlook seminars, and manager update calls. To assist in the planning and coordination of potential commitments to the private markets program staff is working with both NEPC and Verus to deliver a pipeline of funds for the coming year.

b) *Money Transfer Report:*

October & November

From			To		
Manager	Asset Class	Amount	Manager	Asset Class	Amount
NT Russell 3000 Fund	Public Equity	$-2,281,454.00	CD&R XI	Private Equity	$2,281,454.00
BlackRock US Real Estate	Public Equity	$-1,966,345.00	Grandview I-A	Private Real Estate	$1,966,345.00
StanCERA Cash	Cash	$-976,186.00	Grandview II	Private Real Estate	$976,186.00
StanCERA Cash	Cash	$-778,502.20	ABRY Senior Equity VI	Private Credit	$778,502.20

StanCERA Cash	Cash	$-750,000.00	SVP Special Situations V	Private Credit	$750,000.00
StanCERA Cash	Cash	$-993,695.71	Genstar Capital X	Private Equity	$993,695.71
BlackRock US High Yield Bond	Fixed Income	$-5,000,000.00	Monroe Private Credit IV	Private Credit	$5,000,000.00
NT Russell 3000 Fund	Public Equity	$-2,393,364.00	CD&R XI	Private Equity	$2,393,364.00
StanCERA Cash	Cash	$-856,465.00	Grandview II	Private Real Estate	$856,465.00

c) *Manager Meetings:*

Invesco

Staff is currently meeting quarterly with the Invesco team to review recent investment activities, performance attribution, and any other changes to the firm or the fund. During the latest meeting staff and Dan Hennessey from NEPC met with multiple fund managers and focused the discussion on risk management and how it is incorporated into the investment process. The Invesco fund is broadly diversified across multiple assets and the fund follows a thematic approach where 25-30 ideas are implemented so no single idea or asset type dominates the fund. The Invesco team provided a summary of the individual ideas by contribution to portfolio risk to illustrate the risk impact of each trade. Performance of the fund was hampered earlier this year due to loses in their EM debt idea. Performance during the recent quarter showed improvement. The Invesco team did also share that the head of the multi-asset team will be retiring in Q1 of 2023. This change was not unexpected as the team head was transitioning slowly away from the day-to-day operations of the fund.

JP Morgan Infrastructure Investment Fund

StanCERA committed $30 million to the JP Morgan Infrastructure Investment Fund (IIF) last year and the fund called all of StanCERA's committed capital in April 2022. As you may recall IIF is an open-ended private infrastructure fund. The fund is diversified across core and core plus infrastructure assets including, regulated assets, power generation assets, and GDP-sensitive assets like transportation. The fund has a strong focus on cash yields and favors low volatility assets. The fund StanCERA is in invested in is hedged to the US Dollar. The hedge has been additive to fund performance this year given the recent strength in the US Dollar. Capital continues to flow into the fund and a modest fee decrease will occur once total AUM reaches $30 Billion. The current AUM is about $26 Billion. The meeting concluded with a review of recent acquisitions and a discussion on the impact of the Russian/Ukraine conflict on the European assets in the fund.

Raven Capital

On the same day as the onsite visit with American Realty Advisors, the available members of the due diligence committee visited the Santa Monica offices of Raven Capital. The main purpose of the visit was to gather more details on the proposed continuation fund for Raven III. We reviewed the largest remaining assets in fund III including music royalty assets and co-living real estate properties. The investment plan for each asset was discussed and key terms and liquidity options were detailed where available. Given the large size of the distribution from Raven III, any commitment to a continuation fund will need to be approved by the Board. The due diligence is ongoing and Verus will also provide a review before a recommendation can be made.

d) *Trainings and Conferences:*

SACRS Fall Conference

Staff attended the SACRS fall conference in Long Beach, CA. In addition to the networking opportunities and general session speakers, the conference also provides a good opportunity to connect more directly with members of other county systems during the breakout sessions. One topic of particular interest during the general session was the panel discussion on the current state of commercial real estate market. It was also interesting to hear the perspective on the current geopolitical events from retired admiral Bill McRaven.

VI. RISK: None

VII. STRATEGIC PLAN: N/A

VIII. ADMINISTRATIVE BUDGET IMPACT: None

December 6, 2022

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

I. SUBJECT: Private Markets Commitment Notice

II. ITEM NUMBER: 7e

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: N/A

V. Executive Summary:

On November 4, 2022 StanCERA committed $20 million to the Audax Private Equity Fund VII. Audax Group is a private capital firm focused on US middle market companies. They manage a private equity fund and a private debt fund. Audax VII is a buyout fund and will primarily follow a buy & build strategy to scale up middle market companies and accelerate growth. The fund invests across the industrial, business services, consumer, software & technology, and healthcare industries. The Audax VII team is led by eight senior managing directors with each averaging 20 years at the firm. The supporting team includes 70 investment professionals and a group of 40 functional specialists. In addition to a successful track record executing the buy & build strategy, the GP will commit at least 15% to fund VII demonstrating a strong alignment of interest for LPs in the fund. Audax was founded in 1999 and is headquartered in Boston, MA and has approximately $32 Billion in committed capital.

StanCERA has a 5.0% target allocation to the private equity asset class with a sub-asset class target allocation of 3.5% to buyout funds and 1.5% to venture capital/growth equity. The commitment to Audax VII will be allocated to the buyout sub-asset class and is in compliance with StanCERA's Private Markets Investment Policy Statement. For each private market investment, several due diligence reports, including a comprehensive executive summary, are completed by the investment consultant and staff. These reports contain confidential and proprietary information and are available to Trustees upon request.

VI. RISK: None

VII. STRATEGIC PLAN: N/A

VIII. ADMINISTRATIVE BUDGET IMPACT: NONE

STANCERA APPLICATIONS FOR SERVICE RETIREMENT(S) GOVERNMENT CODE SECTIONS 31499.14, 31670, 31662.2, 31810 & 31700

1. Allen, Richard - Stanislaus County - Effective 11/11/2022
2. BRIGGS, BRYAN - City of Ceres - Effective 12/28/2022
3. BRIGGS, VERONICA - City of Ceres - Effective 12/30/2022
4. Bronstein, Nancy - Stanislaus County - Effective 11/28/2022
5. CRANE, PATRICK - City of Ceres - Effective 12/27/2022
6. Cortez, Irene - Stanislaus County - Effective 12/17/2022
7. Da Cruz, Joan - Stanislaus County - Effective 11/21/2022
8. Davis, Cherlyn - Stanislaus County - Effective 12/09/2022
9. ESPINOZA, KATHLEEN - Stanislaus County - Effective 12/31/2022
10. ESTRADA, SALLY - City of Ceres - Effective 11/15/2022
11. Flores, Sue - Stanislaus County - Effective 12/03/2022
12. Garcia, Susan - Stanislaus County - Effective 12/02/2022
13. Hall, Rosanna - Stanislaus County - Effective 11/03/2022
14. Hermosa, Michael - Stanislaus County - Effective 12/16/2022
15. Holmes, David - Stanislaus County - Effective 12/28/2022
16. Huffman, Mathew - Stanislaus County - Effective 11/19/2022
17. Jackson, Linda - Stanislaus County - Effective 12/03/2022
18. NOBLE, LIANN - Stanislaus County - Effective 11/26/2022
19. Nevarez, Ramiro - Stanislaus County - Effective 12/18/2022
20. Nunes, Jayne - Stanislaus County - Effective 11/19/2022
21. PHELPS, ANDREA - Stanislaus County - Effective 12/31/2022
22. Pettit, Rosemarie - Stanislaus County - Effective 11/19/2022
23. Portillo, Sandra - Stanislaus County - Effective 11/19/2022
24. RIDDELL, MIKE - City of Ceres - Effective 12/19/2022
25. Ramirez, Carmen - Stanislaus County - Effective 09/19/2022
26. Sharkawy, Randa - Stanislaus County - Effective 11/19/2022
27. Smalling, Chris - Stanislaus County - Effective 11/01/2022
28. Thompson, Michael - Stanislaus County - Effective 11/05/2022
29. Villarreal, Hilda - Stanislaus County - Effective 10/21/2022
30. Walbridge, Lanette - Stanislaus County - Effective 11/09/2022

Item No. 8a

MONTHLY PERFORMANCE REPORT

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

October 31, 2022

Daniel Hennessy, CFA, CAIA, Senior Consultant

MARKET ENVIRONMENT

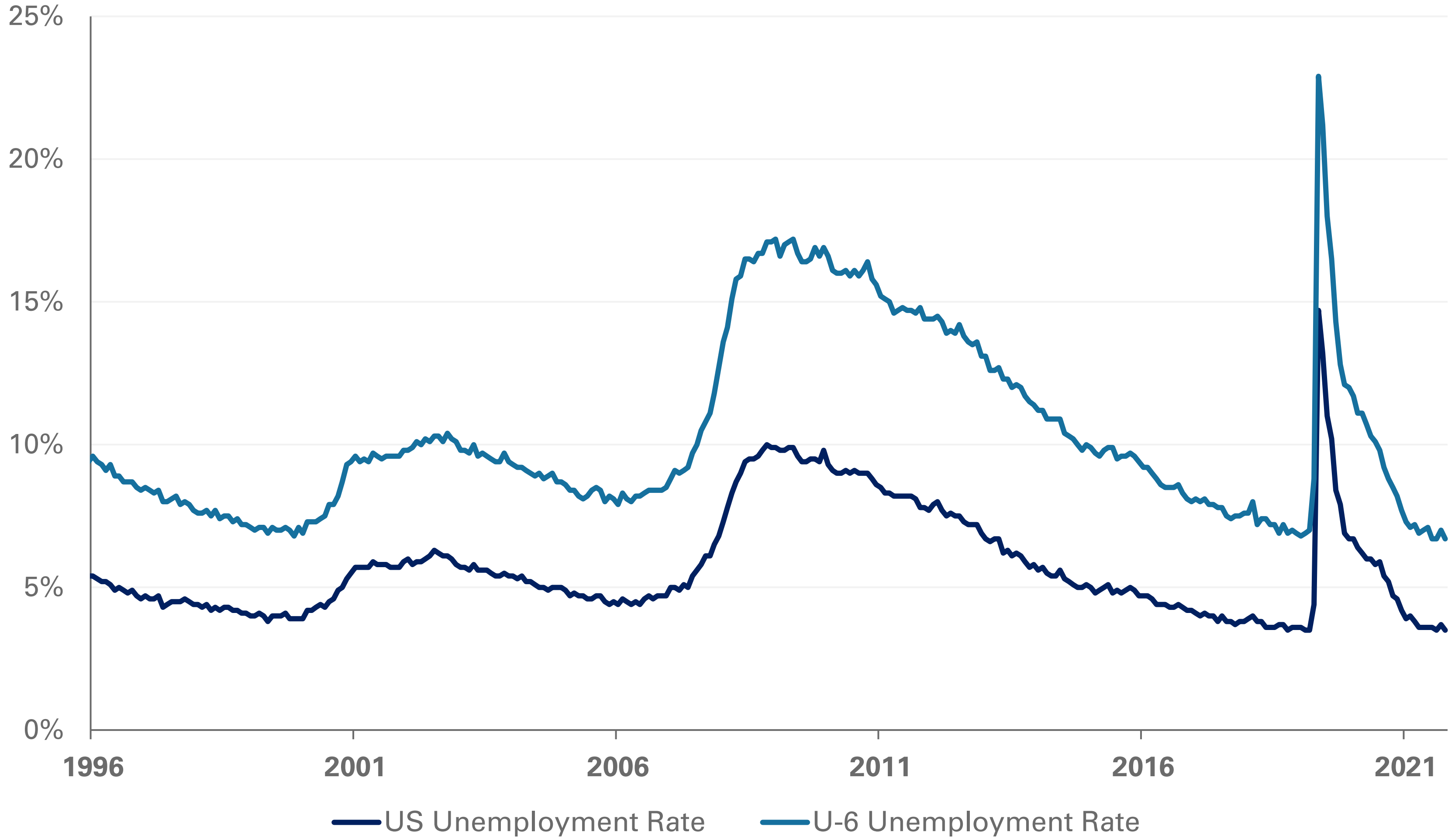
CALENDAR YEAR INDEX PERFORMANCE

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Oct	YTD
S&P 500	16.0%	32.4%	13.7%	1.4%	12.0%	21.8%	-4.4%	31.5%	18.4%	28.7%	8.1%	-17.7%
Russell 1000	16.4%	33.1%	13.2%	0.9%	12.1%	21.7%	-4.8%	31.4%	21.0%	26.5%	8.0%	-18.5%
Russell 2000	16.3%	38.8%	4.9%	-4.4%	21.3%	14.6%	-11.0%	25.5%	20.0%	14.8%	11.0%	-16.9%
Russell 2500	17.9%	36.8%	7.1%	-2.9%	17.6%	16.8%	-10.0%	27.8%	20.0%	18.2%	9.6%	-16.7%
MSCI EAFE	17.3%	22.8%	-4.9%	-0.8%	1.0%	25.0%	-13.8%	22.0%	7.8%	11.3%	5.4%	-23.2%
MSCI EM	18.2%	-2.6%	-2.2%	-14.9%	11.2%	37.3%	-14.6%	18.4%	18.3%	-2.5%	-3.1%	-29.4%
MSCI ACWI	16.1%	22.8%	4.2%	-2.4%	7.9%	24.0%	-9.4%	26.6%	16.3%	18.5%	6.0%	-21.1%
Private Equity	9.5%	12.6%	22.3%	14.6%	10.4%	10.3%	21.0%	13.1%	17.2%	45.0%	-	-5.1%
BBG TIPS	7.0%	-8.6%	3.6%	-1.4%	4.7%	3.0%	-1.3%	8.4%	11.0%	6.0%	1.2%	-12.5%
BBG Municipal	6.8%	-2.6%	9.1%	3.3%	0.2%	5.4%	1.3%	7.5%	5.2%	1.5%	-0.8%	-12.9%
BBG Muni High Yield	18.1%	-5.5%	13.8%	1.8%	3.0%	9.7%	4.8%	10.7%	4.9%	7.8%	-2.1%	-17.7%
BBG US Corporate HY	15.8%	7.4%	2.5%	-4.5%	17.1%	7.5%	-2.1%	14.3%	7.1%	5.3%	2.6%	-12.5%
BBG US Agg Bond	4.2%	-2.0%	6.0%	0.5%	2.6%	3.5%	0.0%	8.7%	7.5%	-1.5%	-1.3%	-15.7%
BBG Global Agg	4.3%	-2.6%	0.6%	-3.2%	2.1%	7.4%	-1.2%	6.8%	9.2%	-4.7%	-0.7%	-20.4%
BBG Long Treasuries	3.6%	-12.7%	25.1%	-1.2%	1.3%	8.5%	-1.8%	14.8%	17.7%	-4.6%	-5.5%	-32.8%
BBG US Long Credit	12.7%	-6.6%	16.4%	-4.6%	10.2%	12.2%	-6.8%	23.4%	13.3%	-1.2%	-2.3%	-30.7%
BBG US STRIPS 20+ Yr	3.0%	-21.0%	46.4%	-3.7%	1.4%	13.7%	-4.1%	20.9%	24.0%	-5.2%	-9.1%	-43.7%
JPM GBI-EM Global Div	16.8%	-9.0%	-5.7%	-14.9%	9.9%	15.2%	-6.2%	13.5%	2.7%	-8.7%	-0.9%	-19.3%
JPM EMBI Glob Div	17.4%	-5.3%	7.4%	1.2%	10.2%	10.3%	-4.3%	15.0%	5.3%	-1.8%	0.2%	-23.8%
CS Hedge Fund	7.7%	9.7%	4.1%	-0.7%	1.2%	7.1%	-3.2%	9.3%	6.4%	8.2%	-	0.1%
BBG Commodity	-1.1%	-9.5%	-17.0%	-24.7%	11.8%	1.7%	-11.2%	7.7%	-3.1%	27.1%	2.0%	15.8%
Alerian Midstream	-	-	16.4%	-37.3%	33.8%	-2.4%	-13.3%	24.0%	-23.4%	38.4%	11.1%	24.5%
FTSE NAREIT Equity REITs	18.1%	2.5%	30.1%	3.2%	8.5%	5.2%	-4.6%	26.0%	-8.0%	43.2%	4.9%	-24.6%

*Private Equity return represents calendar year pooled IRR and is subject to a one quarter lag
Source: FactSet, Barclays, Thomson One

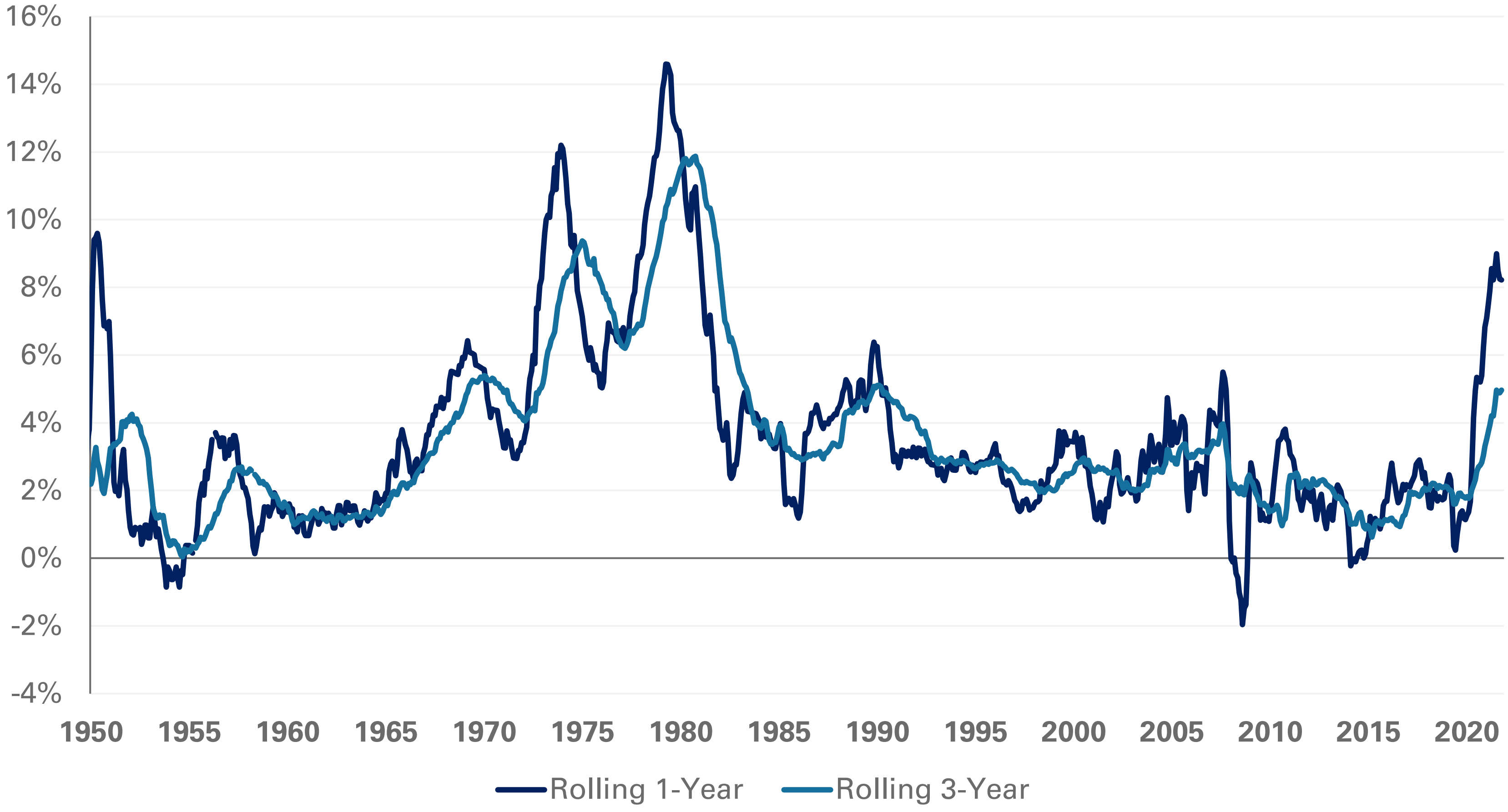
MACRO

U.S. UNEMPLOYMENT RATES



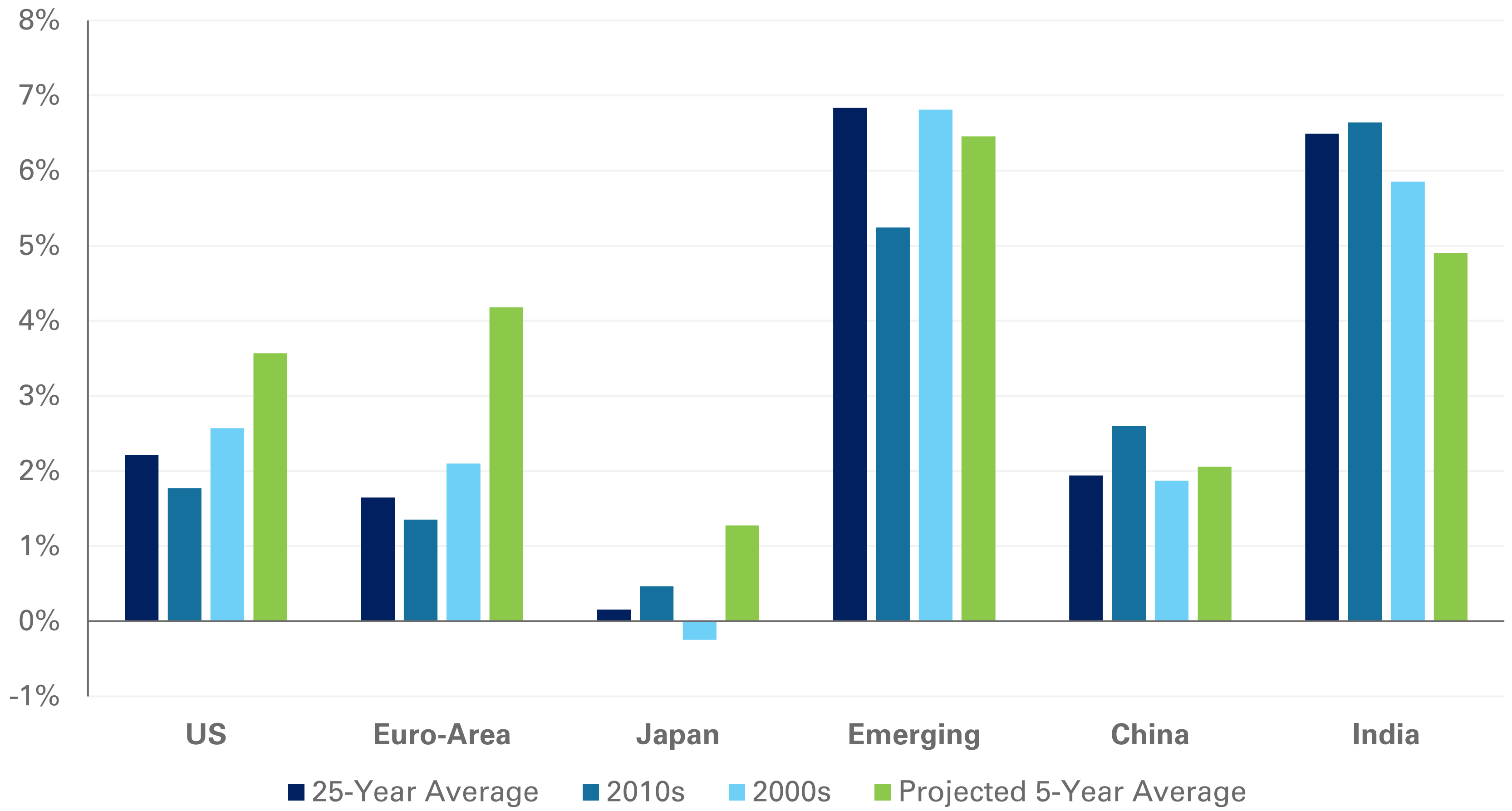
Source: FactSet

INFLATION



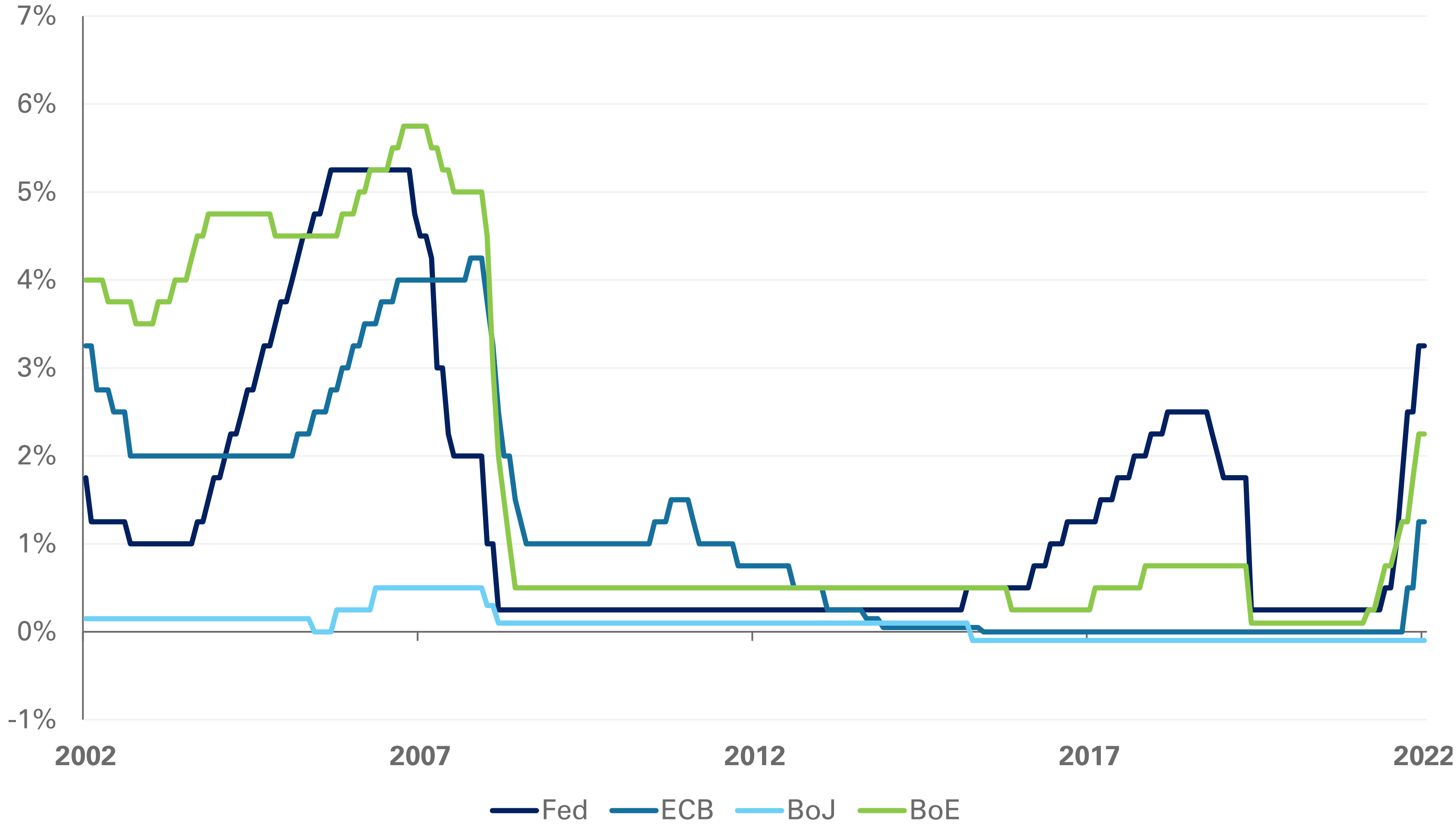
Source: Bureau of Labor Statistics, FactSet

HISTORICAL INFLATION



Source: IMF, FactSet

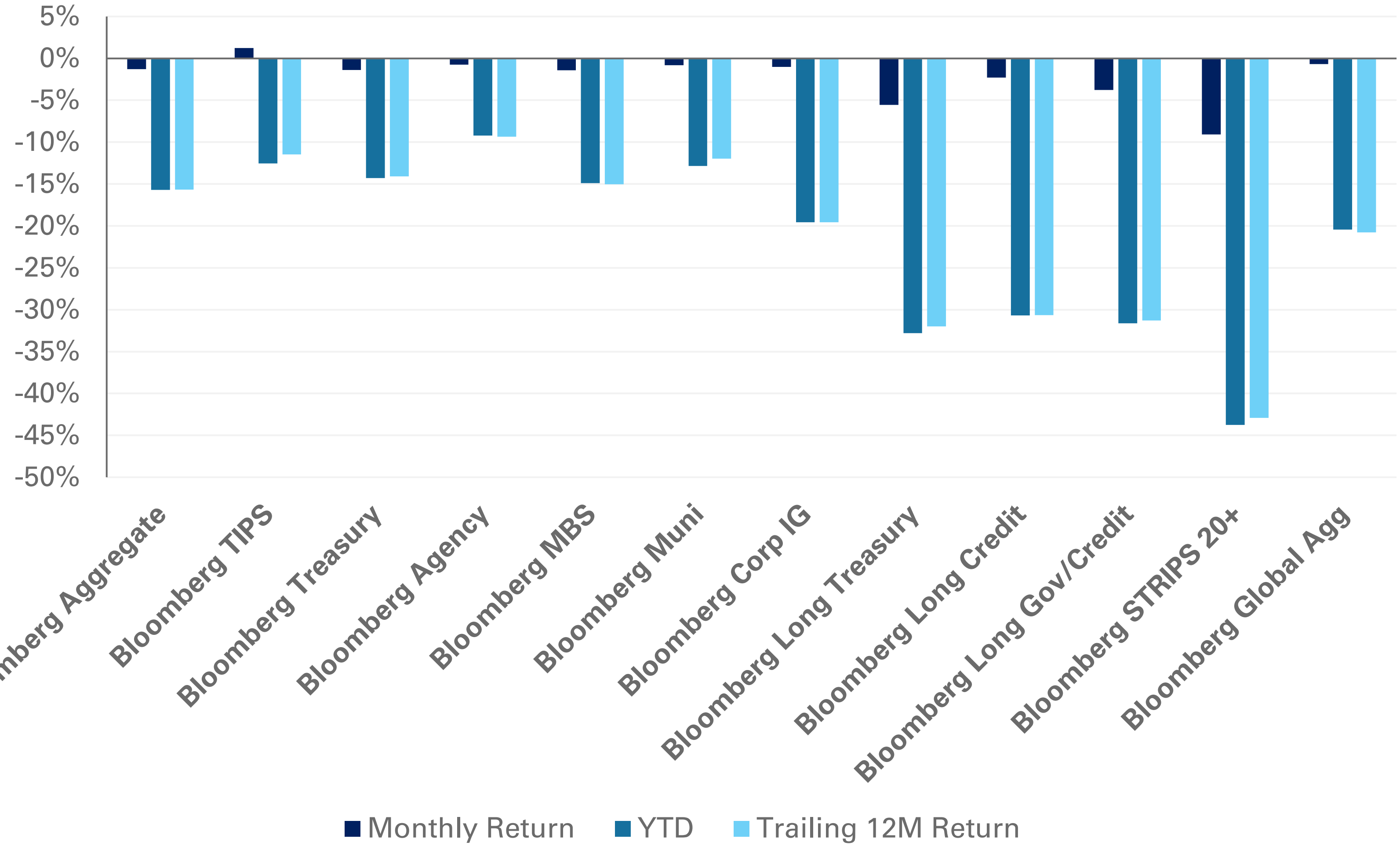
CENTRAL BANK POLICY RATES



Source: Federal Reserve, ECB, Bank of Japan, Bank of England, FactSet

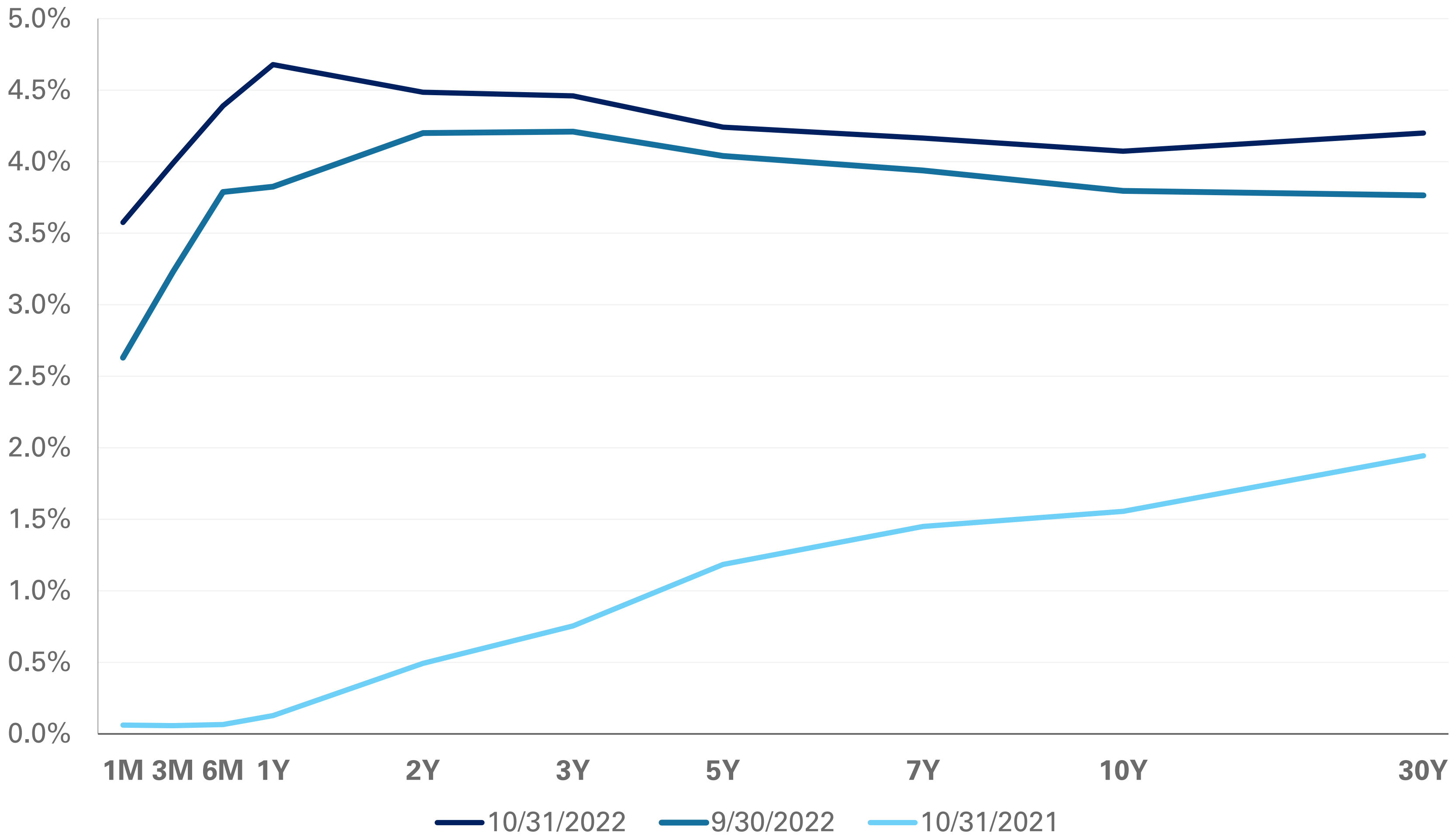
SAFE-HAVEN FIXED INCOME

SAFE-HAVEN FIXED INCOME PERFORMANCE



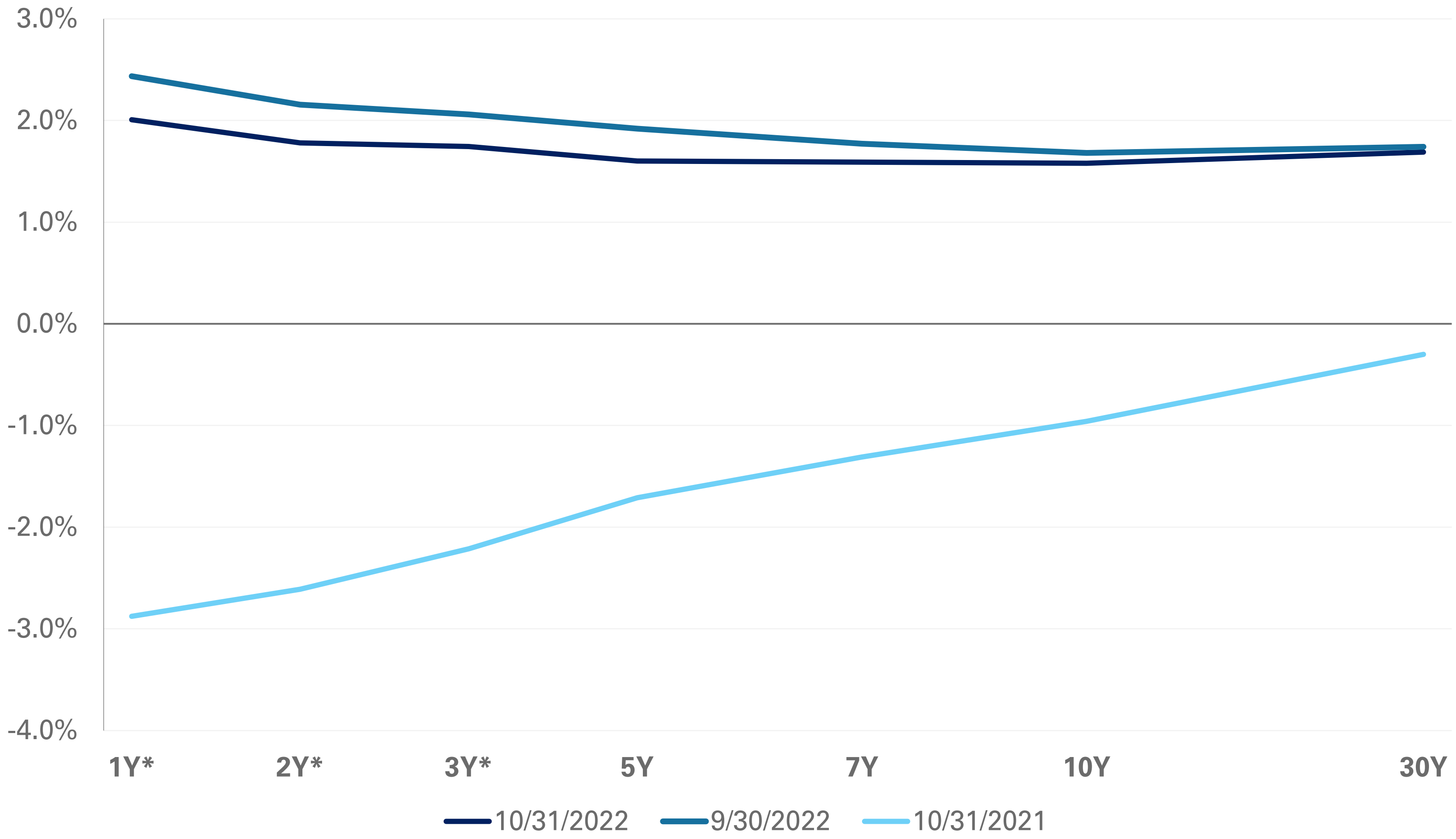
Source: Bloomberg, FactSet

US TREASURY YIELD CURVE



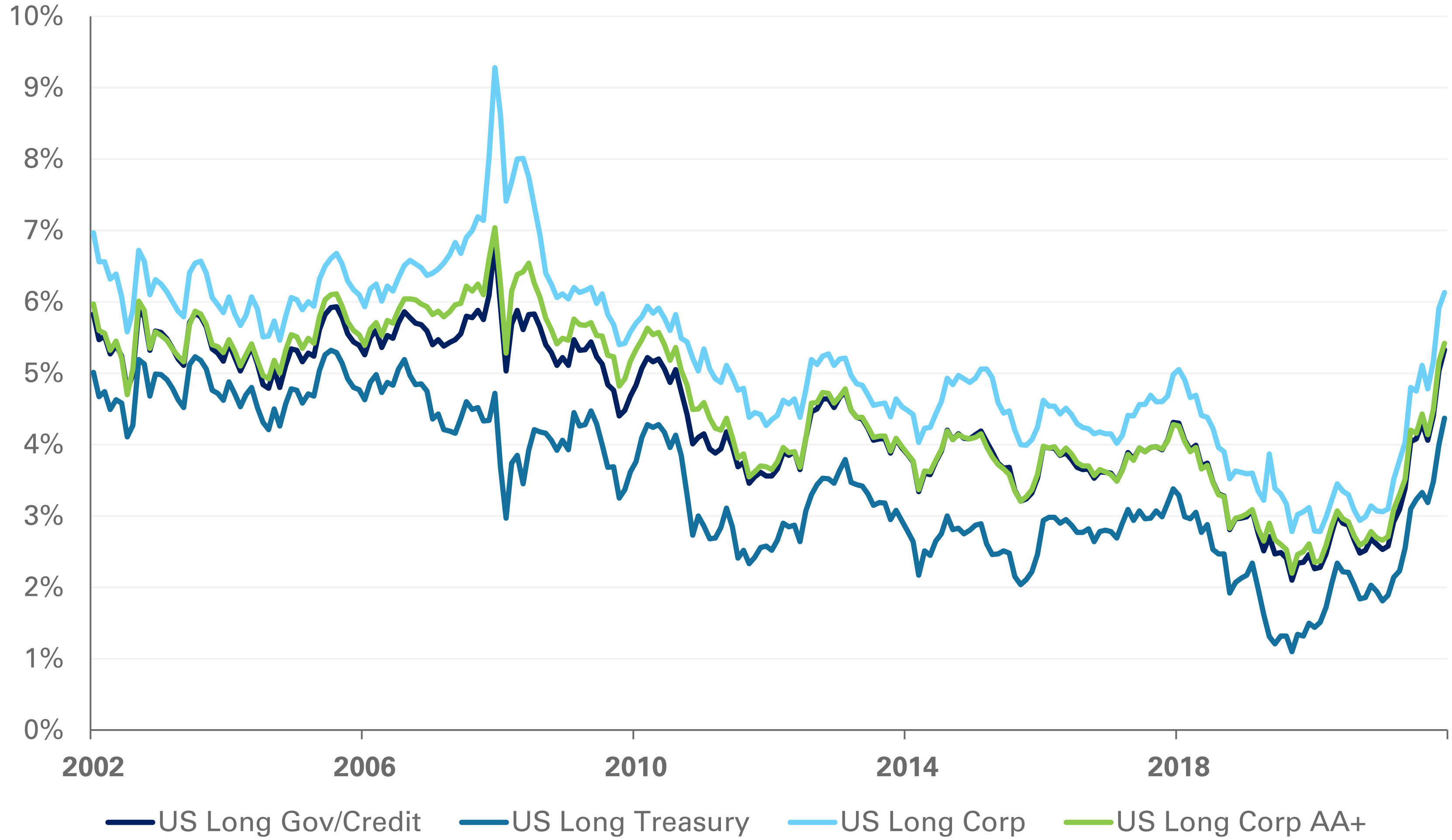
Source: FactSet

US TREASURY REAL YIELD CURVE



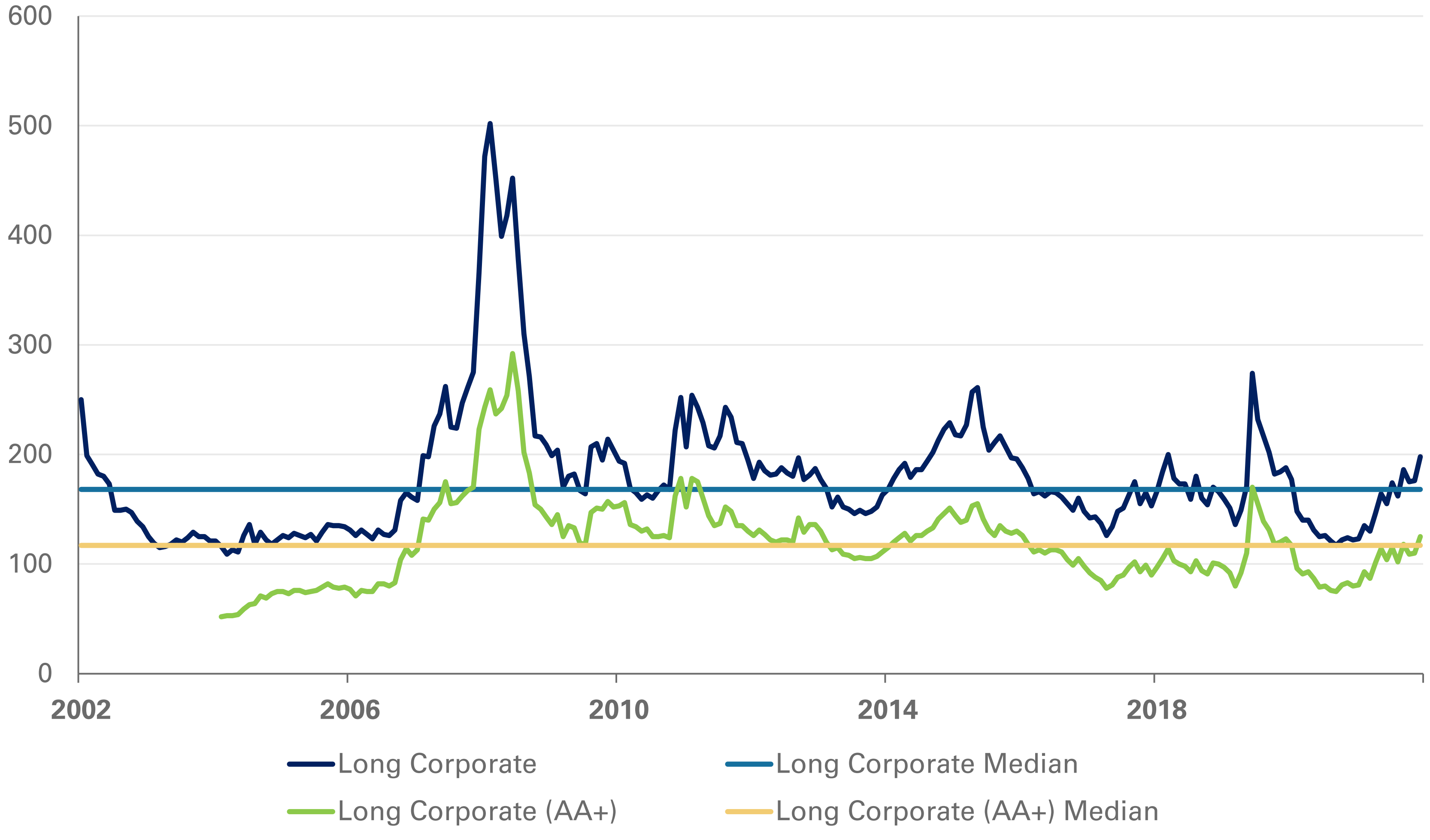
Notes: *Real yields are calculated based on a weighted average of select off-the-run TIPS yields
Source: NEPC, Bloomberg, FactSet

LONG DURATION YIELDS



Source: Bloomberg, FactSet

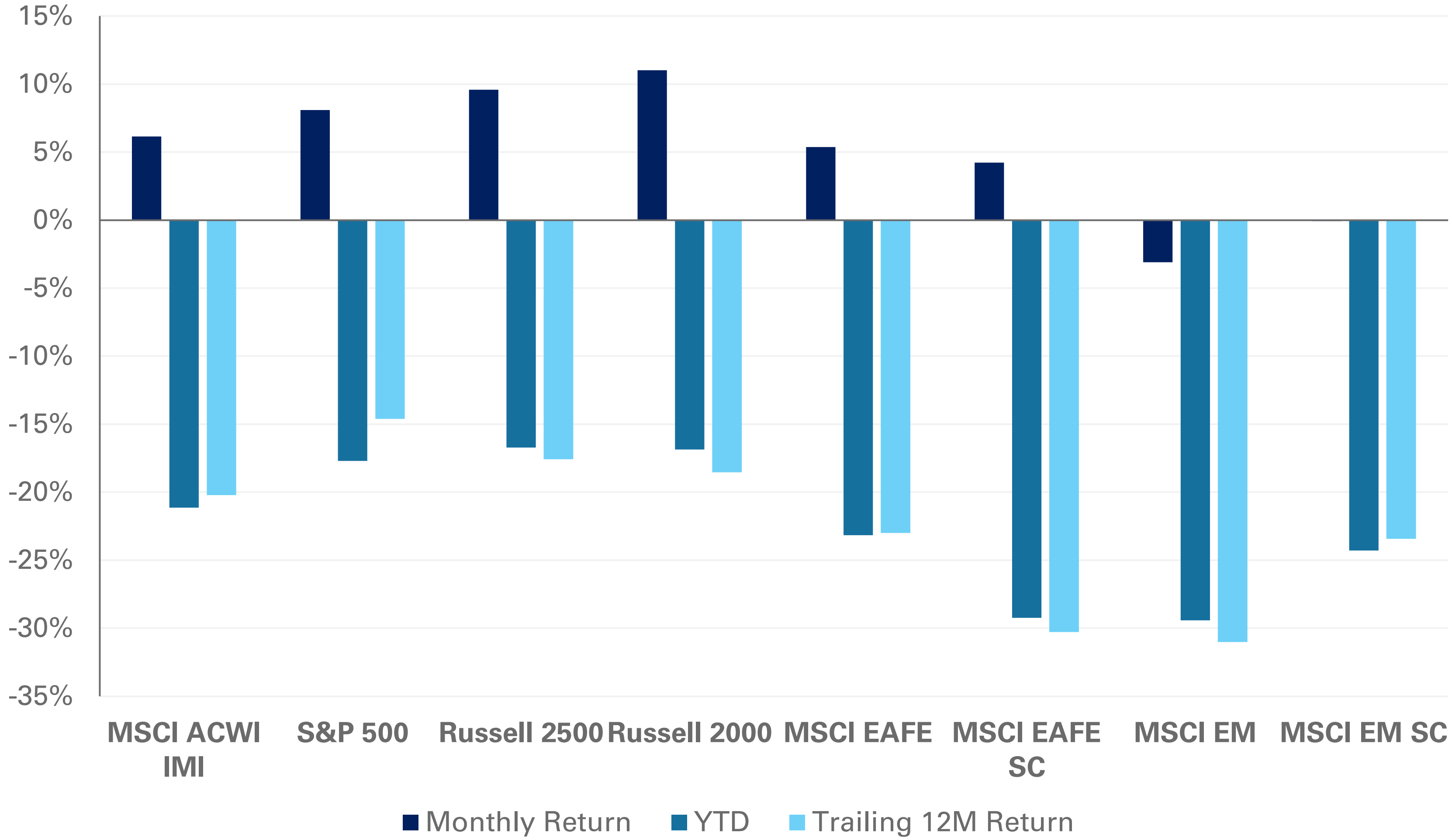
LONG DURATION CORPORATE SPREADS



Median calculated based on 20-year of monthly data
Source: Bloomberg, FactSet

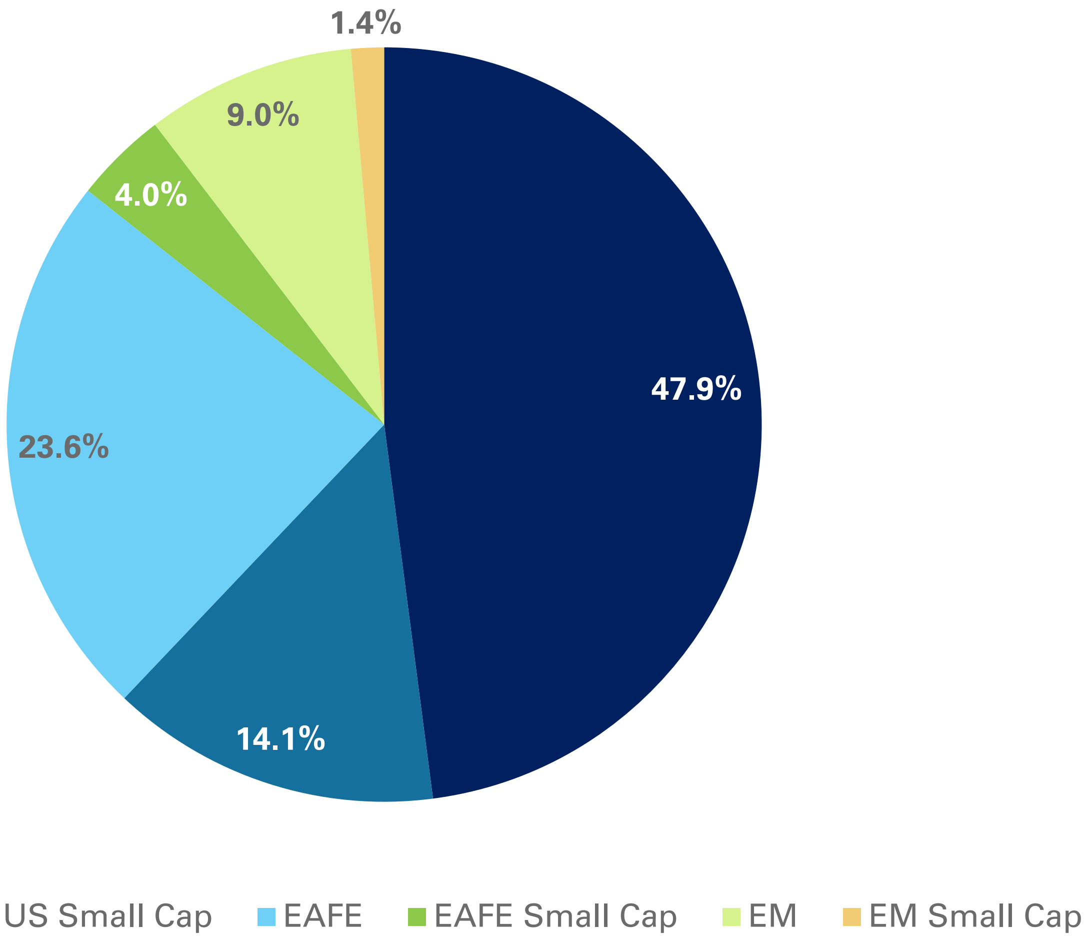
EQUITY

EQUITY INDEX PERFORMANCE



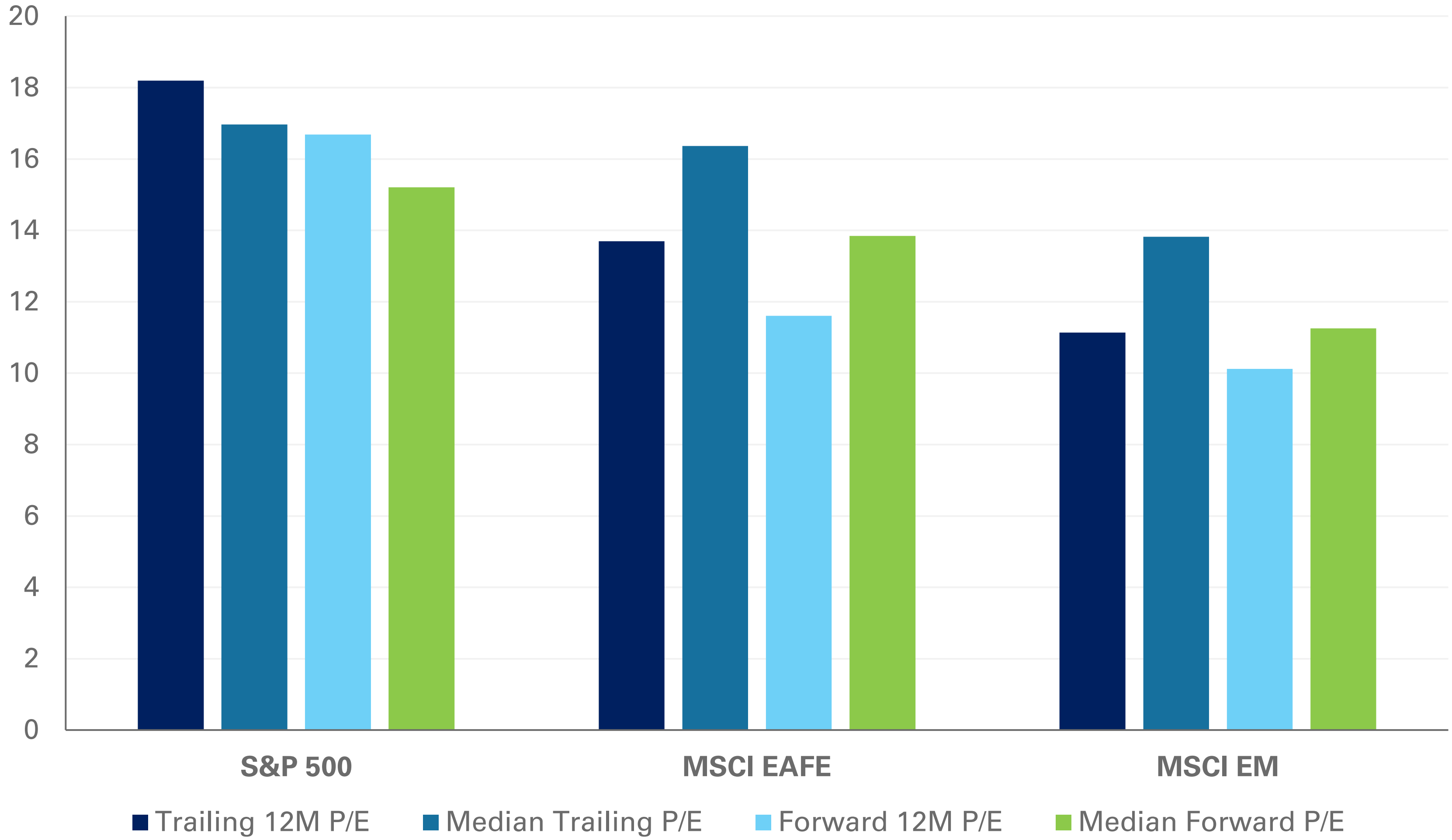
Source: MSCI, S&P, Russell, FactSet

MSCI ACWI IMI WEIGHTS



Source: MSCI, FactSet

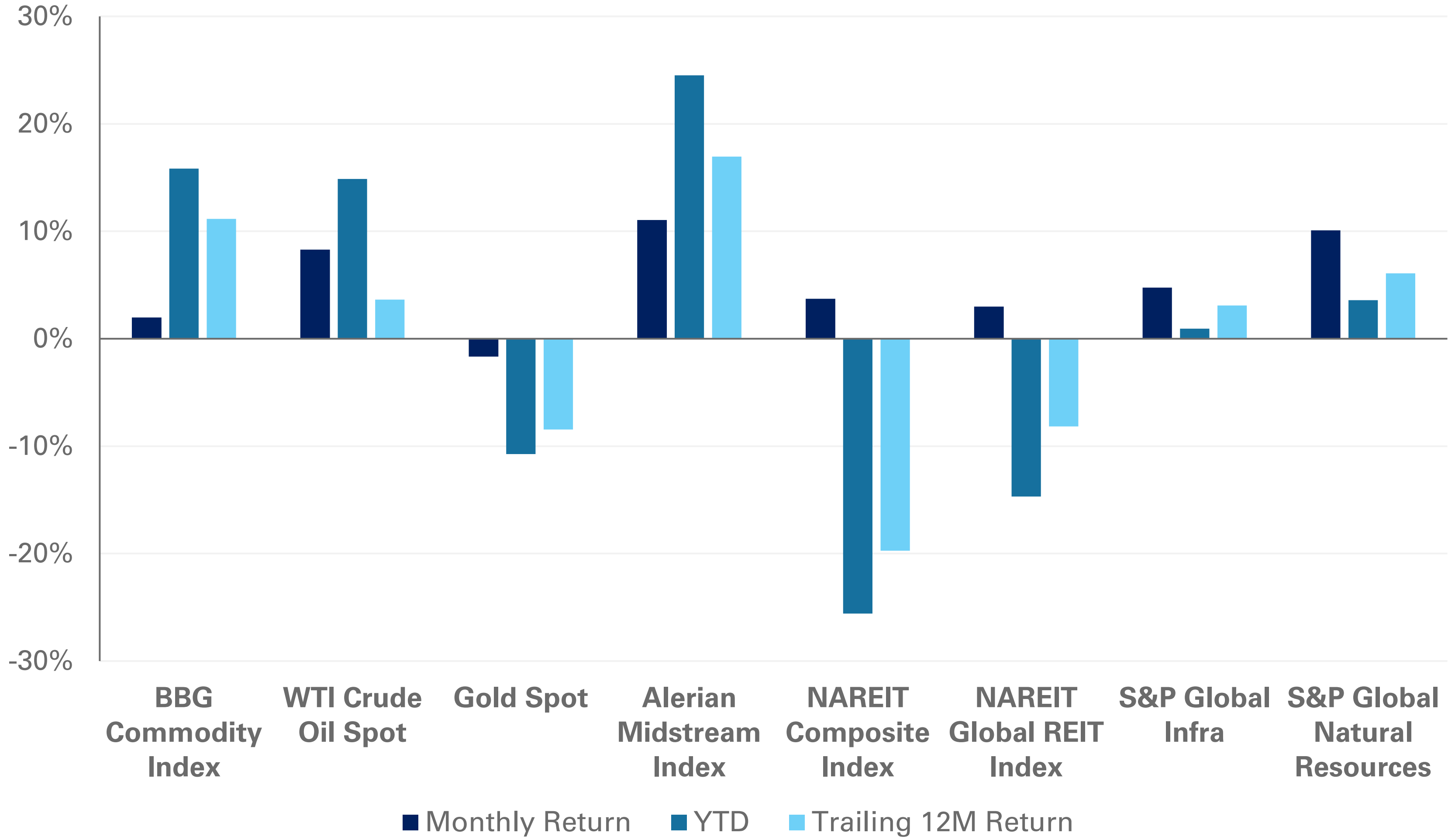
GLOBAL EQUITY VALUATIONS



Median calculated based on 20-year monthly data
Source: S&P, MSCI, FactSet

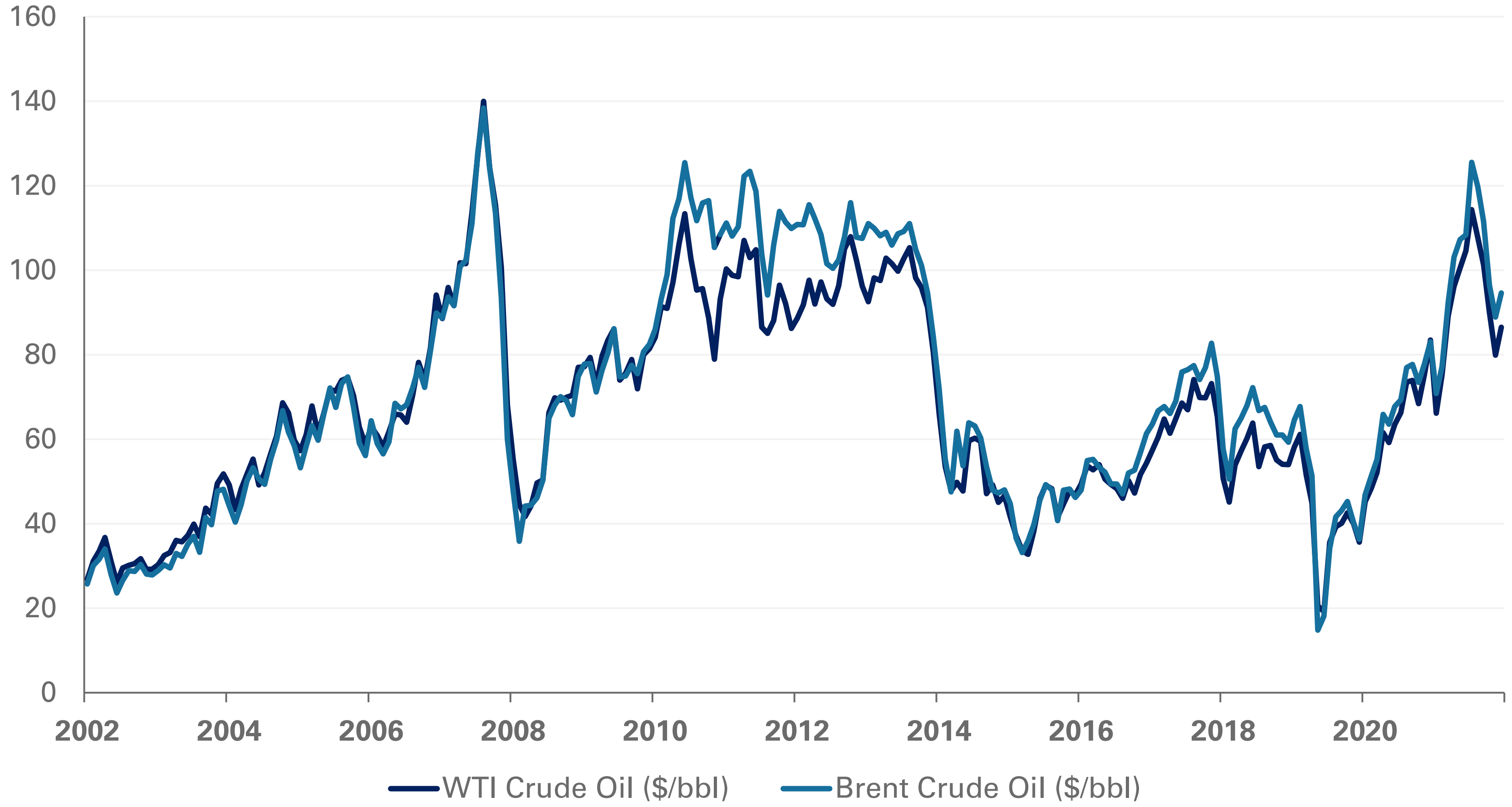
REAL ASSETS

REAL ASSETS INDEX PERFORMANCE



Source: Bloomberg, Alerian, NAREIT, S&P, FactSet

OIL MARKETS



Source: WTI, Brent, FactSet

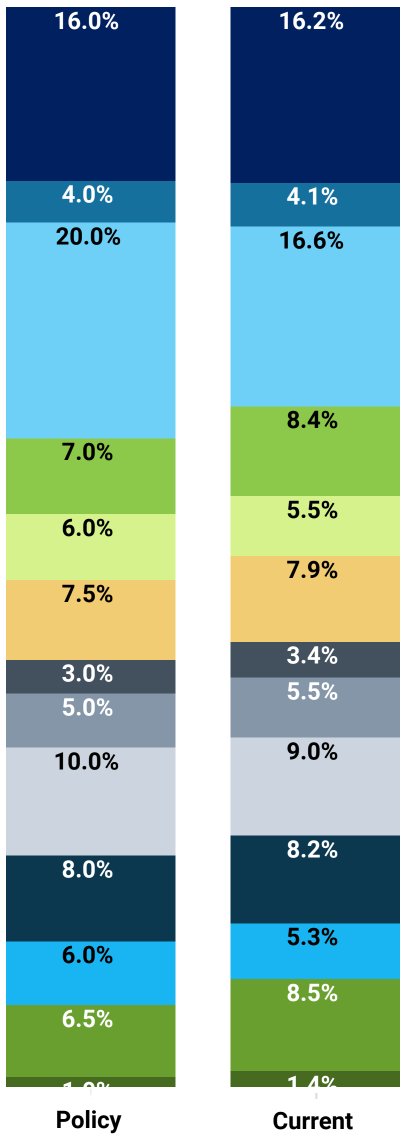
GOLD SPOT PRICE

Source: FactSet

TOTAL FUND PERFOMANCE

ASSET ALLOCATION VS. POLICY

Asset Allocation vs. Target



	Current ($)	Current (%)	Policy (%)	Differences* (%)	Policy Range (%)	Within Range
Large Cap Equity	400,324,953	16.2	16.0	0.2	12.0 - 20.0	Yes
Small Cap Equity	100,735,535	4.1	4.0	0.1	0.0 - 7.0	Yes
International Equity	410,188,654	16.6	20.0	-3.4	14.0 - 26.0	Yes
Intermediate	208,495,605	8.4	7.0	1.4	4.0 - 10.0	Yes
Treasury	136,209,308	5.5	6.0	-0.5	4.0 - 8.0	Yes
Infrastructure	195,731,443	7.9	7.5	0.4	0.0 - 12.0	Yes
Absolute Return	84,721,389	3.4	3.0	0.4	0.0 - 5.0	Yes
Private Equity	134,896,965	5.5	5.0	0.5	0.0 - 8.0	Yes
Risk Parity	222,606,621	9.0	10.0	-1.0	6.0 - 14.0	Yes
Private Credit	201,349,656	8.2	8.0	0.2	0.0 - 10.0	Yes
Non-Core Real Estate	130,713,993	5.3	6.0	-0.7	0.0 - 10.0	Yes
Real Estate - Core	210,002,726	8.5	6.5	2.0	0.0 - 10.0	Yes
Cash	34,524,460	1.4	1.0	0.4	0.0 - 4.0	Yes
Total	**2,470,501,306**	**100.0**	**100.0**	**0.0**		

*Difference between Policy and Current Allocation

TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)								
	Market Value ($)	% of Portfolio	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	**2,470,501,306**	**100.0**	**3.0**	**-11.7**	**-9.9**	**4.5**	**4.9**	**6.2**	**7.1**	**8.5**	**Jan-95**
Policy Index			*3.2*	*-11.3*	*-9.9*	*4.9*	*5.1*	*6.3*	*7.0*	*7.7*	
Allocation Index			*3.1*	*-13.7*	*-12.4*						
Liquidity Sub-Portfolio	**243,020,065**	**9.8**	**-0.1**	**-5.1**	**-5.2**	**0.4**	**1.9**	**1.6**		**1.4**	**Aug-14**
StanCERA Liquidity Blended BM			*-0.4*	*-8.7*	*-8.7*	*0.1*	*1.0*	*1.0*		*1.0*	
Cash	**34,524,460**	**1.4**	**0.2**	**1.0**	**1.3**	**1.9**	**1.8**	**1.6**		**1.4**	**Aug-14**
FTSE 1 Month T-Bill			*0.2*	*0.8*	*0.8*	*0.5*	*1.1*	*0.9*		*0.8*	
Cashflow-Matched Bonds	**208,495,605**	**8.4**	**-0.2**	**-6.8**	**-6.9**	**-0.3**	**1.5**			**1.5**	**Jul-17**
Blmbg. Intermed. U.S. Government/Credit			*-0.4*	*-10.0*	*-10.0*	*-1.9*	*0.3*			*0.4*	
Insight	208,495,605	8.4	-0.2	-6.8	-6.9	-0.3	1.5			1.5	Jul-17
Blmbg. Intermed. U.S. Government/Credit			*-0.4*	*-10.0*	*-10.0*	*-1.9*	*0.3*			*0.4*	
Growth Sub-Portfolio	**1,783,943,923**	**72.2**	**4.0**	**-12.0**	**-9.7**	**6.4**	**6.3**	**7.7**	**9.3**	**7.7**	**Jan-04**
StanCERA Growth Blended BM			*4.0*	*-10.4*	*-8.7*	*7.7*	*7.2*	*8.4*			
US Equities	**501,060,488**	**20.3**	**9.2**	**-16.2**	**-14.1**	**10.7**	**9.4**	**10.5**	**12.1**	**9.3**	**Jan-04**
Russell 3000 Index			*8.2*	*-18.4*	*-16.5*	*9.8*	*9.9*	*10.9*	*12.5*	*9.0*	
US Large Equity	**400,324,953**	**16.2**	**8.4**	**-18.0**	**-16.1**	**10.8**	**10.4**	**11.2**	**12.8**	**12.2**	**Jan-95**
Russell 1000 Index			*8.0*	*-18.5*	*-16.4*	*10.0*	*10.2*	*11.1*	*12.7*	*10.1*	
BlackRock Russell 1000 Growth	187,079,526	7.6	5.8	-26.6	-24.6	11.7	12.6	13.3	14.7	14.8	Aug-10
Russell 1000 Growth Index			*5.8*	*-26.6*	*-24.6*	*11.7*	*12.6*	*13.3*	*14.7*	*14.8*	
BlackRock Russell 1000 Value	107,179,447	4.3	10.2	-9.4	-7.0	7.4	7.3	8.6	10.4	11.2	Aug-09
Russell 1000 Value Index			*10.3*	*-9.3*	*-7.0*	*7.3*	*7.2*	*8.5*	*10.3*	*11.1*	
Dodge & Cox-Equity	106,065,980	4.3	11.3	-8.4	-7.2	10.9	8.9	10.6	12.3	11.7	Jan-95
Russell 1000 Value Index			*10.3*	*-9.3*	*-7.0*	*7.3*	*7.2*	*8.5*	*10.3*	*9.6*	
US Small Equity	**100,735,535**	**4.1**	**12.6**	**-8.0**	**-5.6**	**10.4**	**6.0**	**8.0**	**9.7**	**11.8**	**Jan-09**
Russell 2000 Index			*11.0*	*-16.9*	*-18.5*	*7.0*	*5.6*	*8.3*	*9.9*	*11.4*	
Attucks Small Cap	**100,735,535**	**4.1**	**12.6**	**-8.0**	**-5.6**	**10.4**	**6.0**	**9.1**	**10.1**	**12.0**	**Jan-09**
Russell 2000 Value Index			*12.6*	*-11.2*	*-10.7*	*8.1*	*5.3*	*8.4*	*9.4*	*10.4*	
International Equity	**410,188,654**	**16.6**	**4.1**	**-22.5**	**-22.7**	**-0.5**	**-0.1**	**3.1**	**4.1**	**5.1**	**Oct-04**
MSCI AC World ex USA (Net)			*3.0*	*-24.3*	*-24.7*	*-1.7*	*-0.6*	*2.7*	*3.3*	*4.6*	
LSV Int'l Large Cap Value	216,748,173	8.8	4.9	-18.3	-18.0	-0.7	-0.6	3.0	3.9	4.9	Oct-04
MSCI AC World ex USA Value (Net)			*4.0*	*-17.8*	*-18.1*	*-1.9*	*-1.6*	*1.8*	*2.2*	*3.9*	
Fidelity Int'l Growth	193,440,481	7.8	3.2	-26.7	-27.3	-0.5	0.2	3.0	4.0	2.9	May-06
MSCI AC World ex USA Growth (Net)			*2.0*	*-30.5*	*-31.0*	*-1.9*	*0.1*	*3.3*	*4.1*	*2.9*	

- Cash Composite includes the Transaction Account Value.

TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)								
	Market Value ($)	% of Portfolio	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Core Real Estate	**210,002,726**	**8.5**	**0.2**	**-0.3**	**6.5**	**6.9**	**7.0**	**6.4**	**7.5**	**3.3**	**Apr-08**
NCREIF Property Index			*0.0*	*9.4*	*16.1*	*9.9*	*8.6*	*8.5*	*9.5*	*6.9*	
Prime Property Fund	109,614,164	4.4	0.0	11.3	22.0	11.6	9.9	9.8		9.7	Oct-15
NCREIF ODCE			*0.0*	*13.1*	*22.1*	*12.4*	*10.2*	*9.8*		*9.7*	
BlackRock Real Estate Securities	7,535,740	0.3	4.5	-26.2	-20.1	-2.3	3.0	3.4	6.0	5.8	Oct-12
Dow Jones U.S. Select RESI			*4.5*	*-26.2*	*-20.0*	*-2.2*	*3.1*	*3.4*	*6.0*	*5.9*	
PGIM Real Estate US Debt Fund	92,852,821	3.8	0.0	3.4	4.6	4.9				5.0	Sep-18
Blmbg. U.S. Investment Grade: CMBS Index			*-1.6*	*-13.2*	*-13.4*	*-2.7*				*0.3*	
Value-Add Real Estate	**130,713,993**	**5.3**	**0.0**	**4.9**	**14.5**	**14.1**	**12.5**	**12.6**		**11.7**	**Aug-14**
NCREIF Property Index +2%			*0.2*	*11.2*	*18.4*	*12.1*	*10.8*	*10.6*		*11.3*	
American Strategic Value Realty	91,933,161	3.7	0.0	11.3	17.0	11.7	10.5	11.0		11.5	Jan-15
NCREIF Property Index			*0.0*	*9.4*	*16.1*	*9.9*	*8.6*	*8.5*		*8.9*	
Greenfield Acquisition Partners VII	2,109,298	0.1	0.0	-27.8	-27.6	-6.4	1.3	4.9		5.1	Aug-14
NCREIF-ODCE +1%			*0.1*	*14.0*	*23.3*	*13.5*	*11.3*	*10.9*		*11.7*	
Grandview Property Partners I	23,432,340	0.9	0.0	-11.1	15.1	25.3				22.0	Apr-18
NCREIF-ODCE +1%			*0.1*	*14.0*	*23.3*	*13.5*				*11.3*	
Grandview Property Partners II	13,239,194	0.5	0.0	5.5						-0.4	Dec-21
NCREIF-ODCE +1%			*0.1*	*14.0*						*23.2*	
Infrastructure	**195,731,443**	**7.9**	**1.7**	**-5.9**	**-4.7**	**-0.1**	**4.1**	**6.0**		**4.5**	**Jun-15**
CPI + 5% (Unadjusted)			*0.8*	*11.3*	*13.1*	*10.3*	*9.0*	*8.4*		*8.2*	
MS Infrastructure Partners II	27,951,290	1.1	0.0	15.0	21.3	9.4	9.9	10.2		8.4	Jun-15
CPI + 5% (Unadjusted)			*0.8*	*11.3*	*13.1*	*10.3*	*9.0*	*8.4*		*8.2*	
Northern Trust Infrastructure Fund	79,059,880	3.2	4.2	-13.8	-13.3					-9.0	Jul-21
67% STOXX Global Broad Infra / 33% Bloomberg US TIPS			*4.1*	*-13.7*	*-13.0*					*-8.7*	
Melody Infrastructure II	8,211,016	0.3	0.0	0.0						0.0	Jan-22
CPI + 5% (Unadjusted)			*0.8*	*11.3*						*11.3*	
JP Morgan IIF Hedged LP	30,509,257	1.2	0.0							3.4	Apr-22
CPI + 5% (Unadjusted)			*0.8*							*6.6*	
IFM Global Infrastructure Fund	50,000,000	2.0	0.0							0.0	Jul-22
CPI + 5% (Unadjusted)			*0.8*							*2.2*	

TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)								
	Market Value ($)	% of Portfolio	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Equity	**134,896,965**	**5.5**	**3.5**	**-10.7**	**-6.8**	**13.5**				**14.6**	**Dec-18**
Russell 3000 + 3%			*8.5*	*-16.4*	*-14.0*	*13.1*				*13.7*	
Private Equity	**74,124,094**	**3.0**	**0.0**	**4.3**	**13.7**					**20.4**	**Apr-20**
Russell 3000 + 3%			*8.5*	*-16.4*	*-14.0*					*22.5*	
Private Equity Proxy	**60,772,871**	**2.5**	**8.2**	**-18.5**	**-16.6**	**9.8**	**11.0**	**11.6**	**13.0**	**9.4**	**Dec-03**
Russell 3000 Index			*8.2*	*-18.4*	*-16.5*	*9.8*	*9.9*	*10.9*	*12.5*	*9.2*	
Private Credit	**201,349,656**	**8.2**	**1.3**	**-3.1**	**-1.4**	**-3.1**	**-0.1**	**0.2**		**1.9**	**Jun-13**
S&P/LSTA Leveraged Loan Index +2%			*1.2*	*-0.6*	*0.2*	*4.8*	*5.1*	*5.9*		*5.5*	
Private Credit	**104,041,871**	**4.2**	**0.0**	**9.2**	**12.4**	**1.3**	**2.5**	**2.2**		**3.3**	**Jun-13**
S&P/LSTA Leveraged Loan Index +2%			*1.2*	*-0.6*	*0.2*	*4.8*	*5.1*	*5.9*		*5.5*	
Private Credit Proxy	**97,307,784**	**3.9**	**2.8**	**-12.6**	**-11.9**					**-8.6**	**Jul-21**
ICE BofA US High Yield Master II Constrained			*2.8*	*-12.2*	*-11.5*					*-8.2*	
Risk-Diversifying Sub-Portfolio	**443,537,318**	**18.0**	**0.6**	**-12.9**	**-12.3**	**-1.6**	**0.4**	**1.5**	**1.8**	**3.9**	**Dec-03**
StanCERA Risk-Diversifying Blended BM			*1.4*	*-15.8*	*-15.2*	*-2.1*	*0.1*	*0.4*	*0.6*		
Risk Parity	**222,606,621**	**9.0**	**1.9**	**-20.8**	**-19.7**	**-1.5**				**1.7**	**Dec-17**
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			*3.3*	*-20.7*	*-20.1*	*0.6*				*2.1*	
HFR Risk Parity Vol 10 Institutional Index			*2.0*	*-20.5*	*-19.2*	*-2.8*				*0.7*	
AQR Global Risk Premium - EL	116,193,135	4.7	1.7	-17.5	-16.1	-0.5				2.6	Apr-18
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			*3.3*	*-20.7*	*-20.1*	*0.6*				*2.0*	
PanAgora Risk Parity Multi Asset	106,413,486	4.3	2.2	-24.2	-23.4	-2.6				1.2	Dec-17
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			*3.3*	*-20.7*	*-20.1*	*0.6*				*2.1*	
US Treasury Bonds	**136,209,308**	**5.5**	**-2.0**	**-16.5**	**-16.2**	**-4.3**	**-0.7**	**0.7**	**1.2**	**3.6**	**Dec-03**
Blmbg. U.S. Treasury: 7-10 Year			*-1.4*	*-16.9*	*-16.3*	*-4.4*	*-0.6*	*0.0*	*0.5*	*3.3*	
Northern Trust Intermediate Gov't Bond	97,557,034	3.9	-0.5	-9.1	-9.1	-2.0	0.1			0.1	Aug-17
Blmbg. U.S. Government: Intermediate			*-0.5*	*-9.1*	*-9.1*	*-2.0*	*0.1*			*0.1*	
Northern Trust Long Term Gov't Bond	38,652,274	1.6	-5.6	-30.8	-29.9	-9.2	-2.2			-1.9	Aug-17
Blmbg. U.S. Government: Long Term Bond Index			*-5.5*	*-32.7*	*-31.9*	*-9.9*	*-2.7*			*-2.4*	
Liquid Absolute Return	**84,721,389**	**3.4**	**1.6**	**22.5**	**20.6**					**18.8**	**Oct-21**
30 Day T-Bill + 4%			*0.6*	*4.2*	*4.9*					*4.8*	
Graham Global Investment Fund I SPC LTD	58,001,007	2.3	1.1	35.2	31.2					31.2	Nov-21
HFRI Macro (Total) Index			*0.8*	*11.4*	*9.7*					*9.7*	
Invesco Global Targeted Return	26,720,382	1.1	2.8	-2.4						0.3	Dec-21
30 Day T-Bill + 4%			*0.6*	*4.2*						*4.5*	

NOTES

- All performance is shown net of investment management fees.

- Performance history is provided by Verus through June 2020. As of July 1, 2020 performance is calculated and reported by NEPC. Policy Index History:

- Policy Index makeup history:

  - **Inception - 6/30/2017:** 14.4% Russell 1000 Value, 11.3% Russell 1000 Growth, 4.8% S&P 500, 4% Russell 2000 Value, 3.7% Russell 2000 Growth, 18% MSCI ACWI ex USA Gross, 29.8%Bloomberg US Aggregate TR, 3.5% DJ US Select RESI TR USD, 7.5% 9% Annual, 3% CPI + 4%
  - **7/1/2017 - 8/31/2018:** 18.5% Russell 1000, 5.5% Russell 2000, 24% MSCI ACWI ex USA Gross, 19% Bloomberg US Govt/Credit 1-3 Yr. TR, 1% FTSE T-Bill 1 Month TR, 3% Bloomberg US Treasury 7-10 Yr TR, 7.7% NCREIF Property Index, 1.7% NCREIF Property Index +2%, 0.6% CPI + 5%, 5% Bloomberg US High Yield + 2%, 14% 60% MSCI ACWI Net/40% Bloomberg Global Aggregate
  - **9/1/2018 - 5/30/2019:** 10% Russell 1000, 3% Russell 2000, 6% Russell 3000 +3%, 27% MSCI ACWI ex USA Gross, 20% Bloomberg US Govt/Credit 1-3 Yr. TR, 1% FTSE T-Bill 1 Month TR, 3%Bloomberg US Treasury 7-10 Yr TR, 5% NCREIF Property Index, 5% NCREIF Property Index +2%, 1% CPI + 5%, 6% S&P/LSTA Leveraged Loan Index+2%, 13% 60% MSCI ACWI Net/40% Bloomberg Global Aggregate
  - **6/1/2019 - 6/30/2020**: 14% Russell 1000, 3% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 19% Bloomberg US Gov't/Credit 1-3 Yr, 1% Citi 1 Month T-Bills, 3% Bloomberg US Treasury 7-10 Yr, 5% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 6% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% Bloomberg Global Aggregate
  - **7/1/2020 - 12/31/2020**: 14% Russell 1000, 3% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 8% Bloomberg US Gov't/Credit 1-3 Yr, 1% Citi 1 Month T-Bills, 3% Bloomberg US Treasury 7-10 Yr, 5% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 6% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% Bloomberg Global Aggregate, 11%Bloomberg US Intermediate.
  - **1/1/2021 - 06/30/2021**: 16% Russell 1000, 3.5% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 8% Bloomberg US Gov't/Credit 1-3 Yr, 1% Citi 1 Month T-Bills, 5% Bloomberg US Treasury 7-10 Yr, 6% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 4.5% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% Bloomberg Global Aggregate, 7%Bloomberg US Intermediate.
  - **07/01/2021 - Present:** 16% Russell 1000, 4% Russell 2000, 5% Russell 3000 + 3%, 20% MSCI ACWI ex USA Gross, 6.5% NCREIF Property Index, 6% NCREIF Property Index + 2%, 7.5% CPI + 5%

  (Unadjusted), 8% S&P/LSTA Leveraged Loan Index +2%, 6% Bloomberg US Treasury 7-10 Yr TR, 10% 60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg, 3% 30 Day T-Bill + 4%, 1% FTSE T-Bill 1 Month TR, 7% Bloomberg US Govt/Credit Int TR.

- Starting July 1, 2020, the small Capital Prospects transition cash balance is moved from the Cash composite to the Capital Prospects account. Historical performance for Capital Prospects, US Small, US Equities, Growth Sub-Portfolio, Cash, and Liquidity Sub-Portfolio prior to July 1, 2020 reflects performance of these composites before this change.

- Private Equity investments are valued one quarter lagged and adjusted for capital calls and distributions between quarter-end months.

- Value-Add Real Estate managers are valued quarterly adjusted for current cash flows.

DISCLAIMERS & DISCLOSURES

Past performance is no guarantee of future results.

Returns for pooled funds, e.g. mutual funds and collective investment trusts, are collected from third parties; they are not generally calculated by NEPC. Returns for separate accounts, with some exceptions, are calculated by NEPC. Returns are reported net of manager fees unless otherwise noted.

A “since inception” return, if reported, begins with the first full month after funding, although actual inception dates (e.g. the middle of a month) and the timing of cash flows are taken into account in Composite return calculations.

NEPC’s preferred data source is the plan’s custodian bank or record-keeper. If data cannot be obtained from one of the preferred data sources, data provided by investment managers may be used. Information on market indices and security characteristics is received from additional providers. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within. In addition, some index returns displayed in this report or used in calculation of a policy index, allocation index or other custom benchmark may be preliminary and subject to change.

All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.

The opinions presented herein represent the good faith views of NEPC as of the date of this presentation and are subject to change at any time. Neither fund performance nor universe rankings contained in this report should be considered a recommendation by NEPC.

This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

Source of private fund performance benchmark data: Cambridge Associates, via Refinitiv

QUARTERLY PERFORMANCE REPORT

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

SEPTEMBER 30, 2022

Daniel Hennessy, CFA, CAIA, Senior Consultant

MARKET ENVIRONMENT

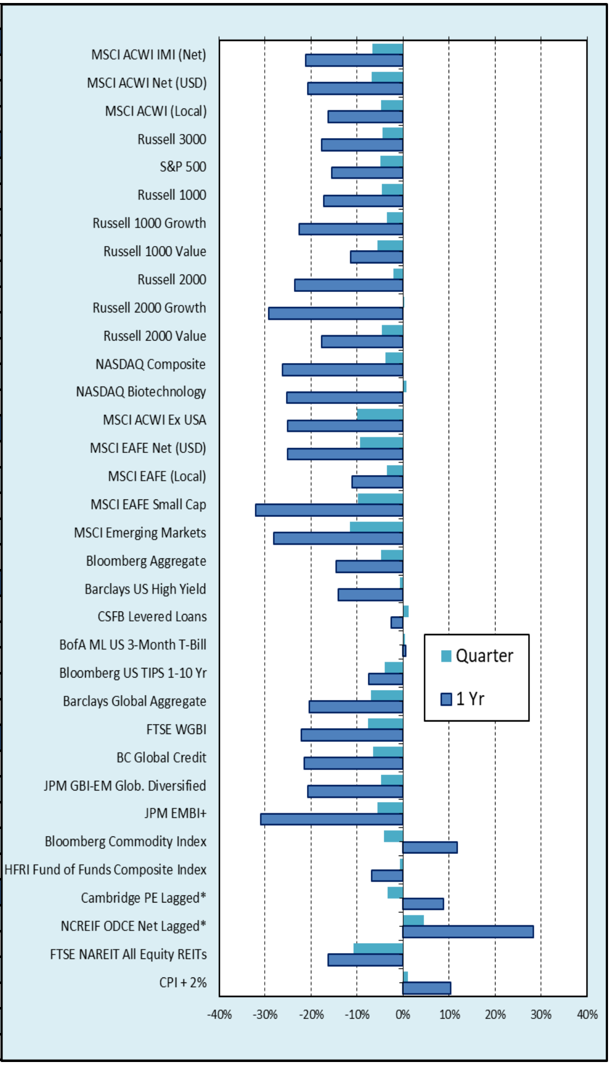
ECONOMIC ENVIRONMENT

- **Q3 Real GDP (advance estimate) increased at an annual rate of 2.6%.**
  - Retail sales ended August at +7.9% on a YoY basis. In the same period last year the YoY growth rate was +11.1%.
  - Corporate profits as a percent of GDP ended April 2022 at 12.1%, up from 9.3% in the same period last year and remain elevated relative to historical levels.
  - The inventory-to-sales ratio ended August was 1.33. Levels have remained relatively constant since early 2010 with a spike to 1.7 in April 2020.
  - The U.S. trade deficit widened in Q3, but remains elevated.
- **The unemployment rate was 3.5% ended Q3, down from 3.6% in Q2; U-6, a broader measure of unemployment, was unchanged in Q3 when compared to Q2 at 6.7%.**
  - The labor force participation rate ended Q3 at 62.3%, up from 62.2% in Q2 after declining to 60.2% in April 2020 and is at levels below the 10 year pre-pandemic average of 63.0%.
- **The Case-Shiller Home Price Index (ended August) declined to 303.76 from 308.43 in June and remains at levels higher than that of pre-financial crisis levels of 150.9.**
- **Rolling 12-month seasonally-adjusted CPI ended Q3 at 8.2% down from 9.1% in Q2. In the same period last year, it was 5.4%; Capacity Utilization slightly increased to 80.34% in Q3 from 80.30% in Q2.**
- **Fed Funds rate was increased in Q3 by 1.50% to a targeted range of 3.0%-to-3.25% up from 1.50%-to-1.75%. The 10-year Treasury Yield (constant maturity) finished Q3 at 3.52% up from 2.98% in Q2.**
- **The Fed continues scaling back asset purchases. The Fed continues to reduce the size of its balance sheet after a period of rapid growth post-pandemic.**
- **S&P valuations decreased in Q3 to 27.0x from 29.0x in Q2 and are lower than the 10-year average of 28.8x.**
  - Cyclically adjusted Shiller PE ratio remains above the long-term average of 16.98x.

MARKET ENVIRONMENT

Q3 2022 OVERVIEW

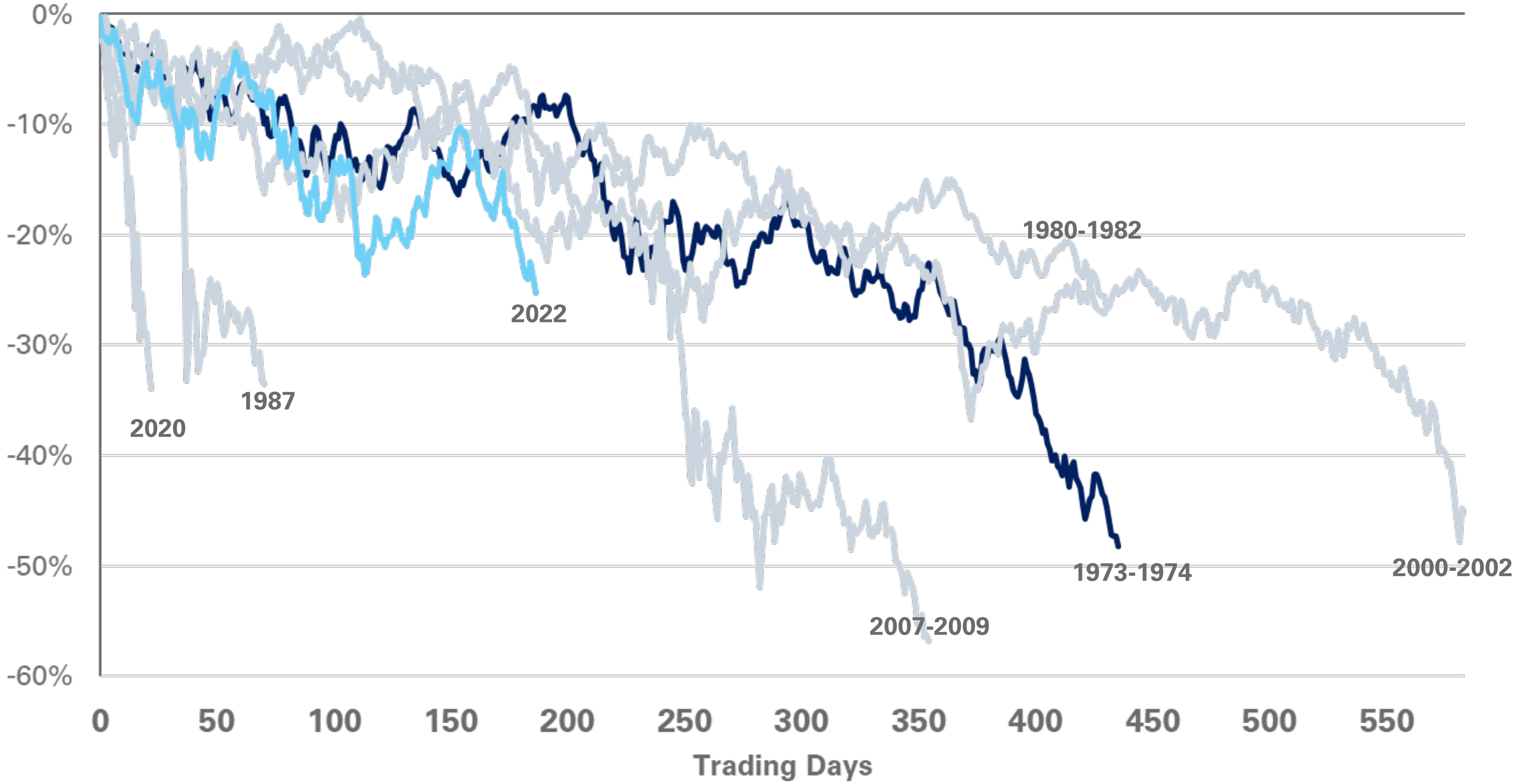
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
World Equity Benchmarks						
MSCI ACWI IMI (Net)	World with Small Cap	-6.64%	-21.18%	3.64%	4.16%	7.25%
MSCI ACWI Net (USD)	World W/O Small Cap	-6.82%	-20.66%	3.75%	4.44%	7.28%
MSCI ACWI (Local)	World (Local Currency)	-4.86%	-16.24%	5.19%	5.70%	8.90%
Domestic Equity Benchmarks						
Russell 3000	Domestic All Cap	-4.46%	-17.63%	7.70%	8.62%	11.38%
S&P 500	Large Core	-4.88%	-15.47%	8.16%	9.24%	11.70%
Russell 1000	Large Core	-4.61%	-17.22%	7.94%	9.00%	11.60%
Russell 1000 Growth	Large Growth	-3.60%	-22.59%	10.67%	12.16%	13.70%
Russell 1000 Value	Large Value	-5.62%	-11.36%	4.36%	5.29%	9.17%
Russell 2000	Small Core	-2.19%	-23.50%	4.29%	3.55%	8.55%
Russell 2000 Growth	Small Growth	0.24%	-29.27%	2.93%	3.60%	8.81%
Russell 2000 Value	Small Value	-4.61%	-17.69%	4.72%	2.87%	7.94%
NASDAQ Composite	Large Growth	-3.91%	-26.26%	10.63%	11.25%	14.22%
NASDAQ Biotechnology	Biotech	0.69%	-25.26%	7.15%	2.17%	10.24%
International Equity Benchmarks						
MSCI ACWI Ex USA	World ex-US	-9.91%	-25.17%	-1.52%	-0.81%	3.01%
MSCI EAFE Net (USD)	Int'l Developed	-9.36%	-25.13%	-1.83%	-0.84%	3.67%
MSCI EAFE (Local)	Int'l Developed (Local Currency)	-3.59%	-11.11%	2.51%	2.83%	7.44%
MSCI EAFE Small Cap	Small Cap Int'l	-9.83%	-32.06%	-2.16%	-1.79%	5.28%
MSCI Emerging Markets	Emerging Equity	-11.57%	-28.11%	-2.07%	-1.81%	1.05%
Domestic Fixed Income Benchmarks						
Bloomberg Aggregate	Core Bonds	-4.75%	-14.60%	-3.26%	-0.27%	0.89%
Barclays US High Yield	High Yield	-0.65%	-14.14%	-0.45%	1.57%	3.94%
CSFB Levered Loans	Bank Loans	1.19%	-2.62%	2.12%	3.00%	3.70%
BofA ML US 3-Month T-Bill	Cash	0.46%	0.62%	0.59%	1.15%	0.68%
Bloomberg US TIPS 1-10 Yr	Inflation	-3.94%	-7.44%	1.79%	2.27%	1.17%
Global Fixed Income Benchmarks						
Barclays Global Aggregate	Global Core Bonds	-6.94%	-20.43%	-5.74%	-2.32%	-0.93%
FTSE WGBI	World Gov. Bonds	-7.61%	-22.14%	-7.03%	-3.07%	-1.76%
BC Global Credit	Global Bonds	-6.58%	-21.53%	-5.15%	-1.81%	0.28%
JPM GBI-EM Glob. Diversified	Em. Mkt. Bonds (Local Currency)	-4.73%	-20.63%	-7.06%	-3.92%	-2.43%
JPM EMBI+	Em. Mkt. Bonds	-5.52%	-30.93%	-9.87%	-5.52%	-0.86%
Alternative Benchmarks						
Bloomberg Commodity Index	Commodities	-4.11%	11.80%	13.45%	6.96%	-2.14%
HFRI Fund of Funds Composite Index	Fund of Hedge Funds	-0.70%	-6.84%	4.03%	3.00%	3.43%
Cambridge PE Lagged*	Private Equity	-3.43%	8.82%	19.90%	17.68%	15.53%
NCREIF ODCE Net Lagged*	Real Estate	4.58%	28.36%	11.68%	9.56%	10.16%
FTSE NAREIT All Equity REITs	REIT	-10.83%	-16.27%	-1.10%	4.10%	6.99%
CPI + 2%	Inflation/Real Assets	0.98%	10.37%	7.06%	5.86%	4.58%



* As of 6/30/2022

THE BEAR MARKET IS TRENDING WITH THE PAST

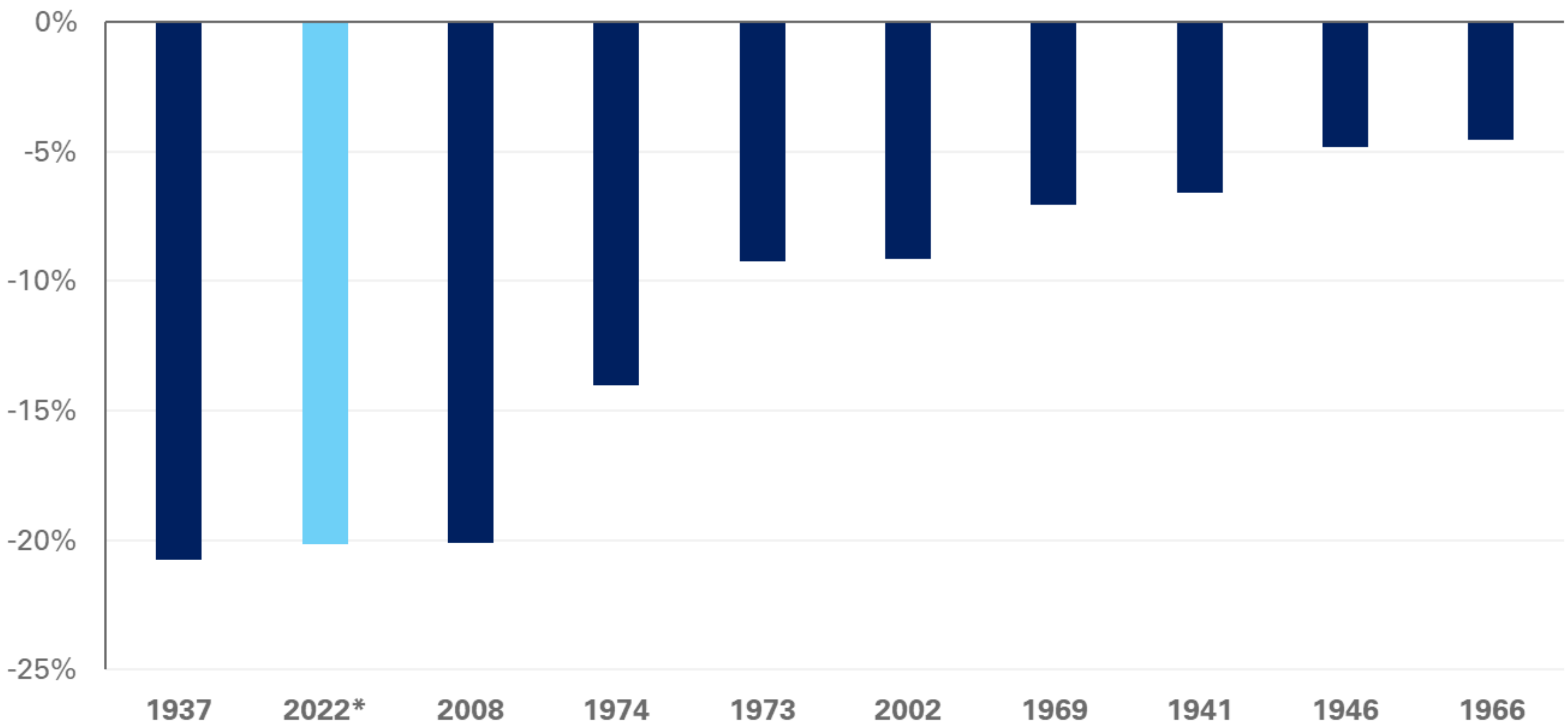
HISTORICAL S&P 500 BEAR MARKET PATHS RELATIVE TO TODAY



Sources: S&P, FactSet, NEPC

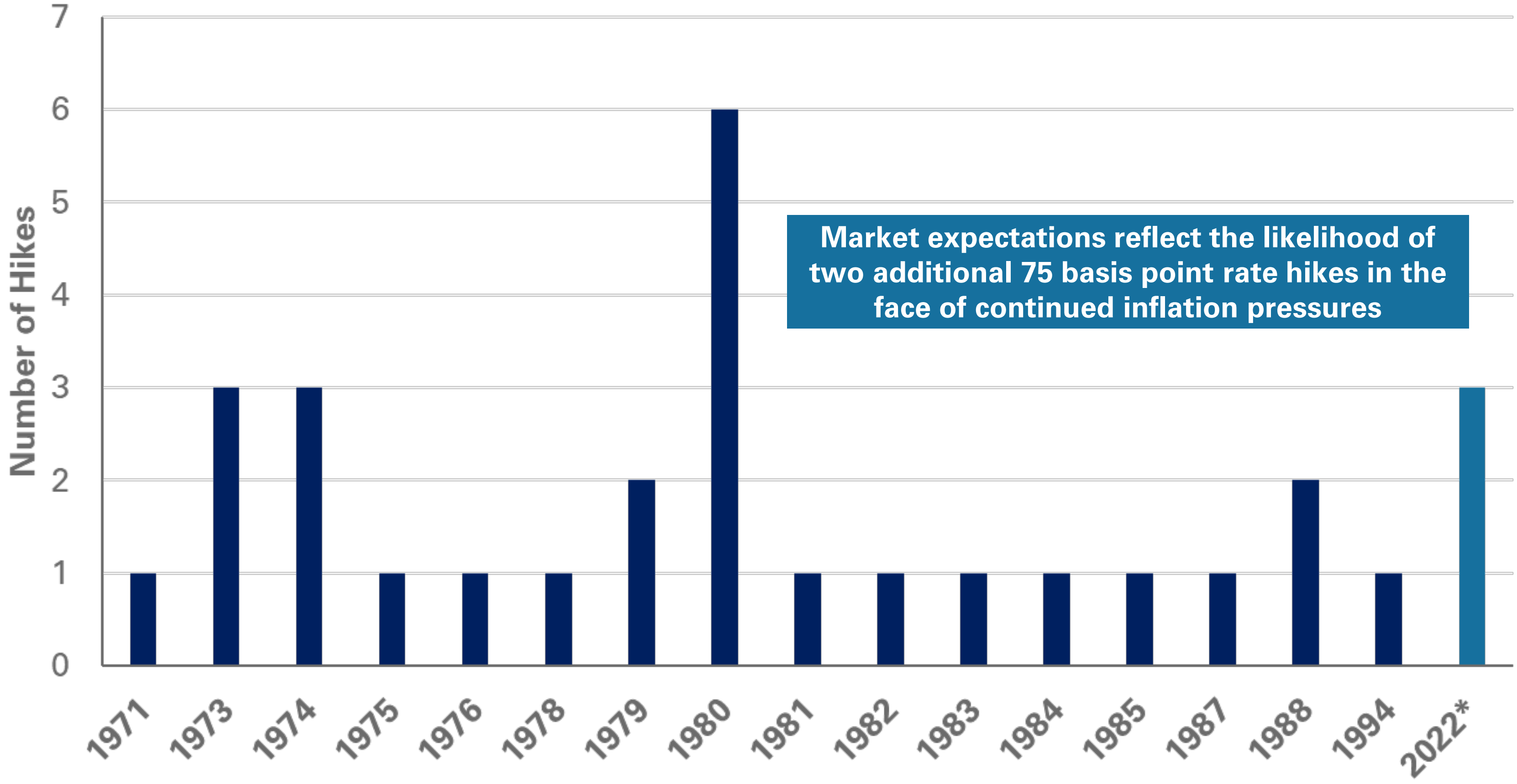
60/40 PORTFOLIO ON TRACK FOR WORST YEAR

WORST ANNUAL RETURNS: 60/40 PORTFOLIO



THE MOVEMENT IN RATES HAS BEEN SIGNIFICANT

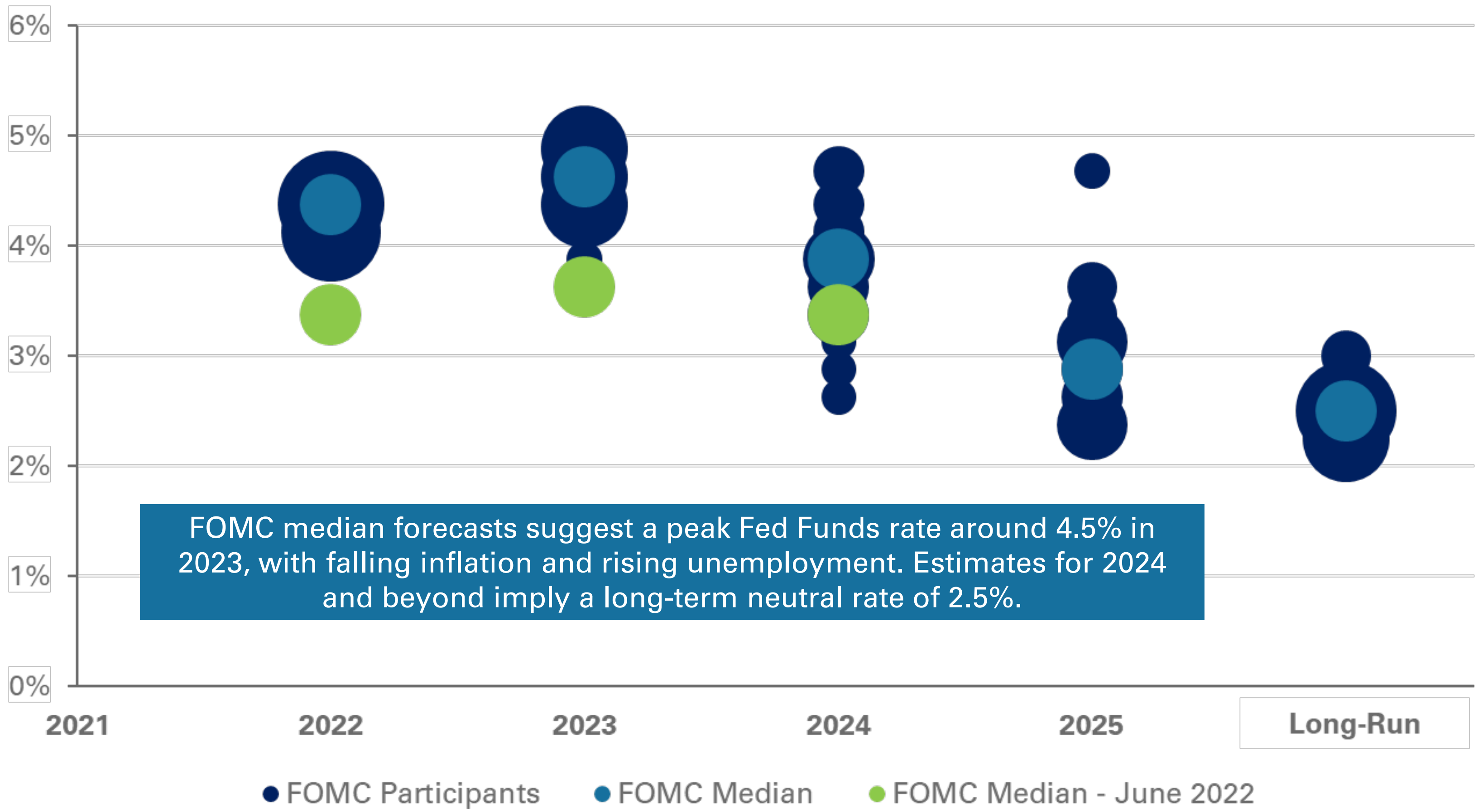
NUMBER OF FED RATE HIKES ≥ 0.75% IN A CALENDAR YEAR



Sources: Federal Reserve, FactSet, NEPC

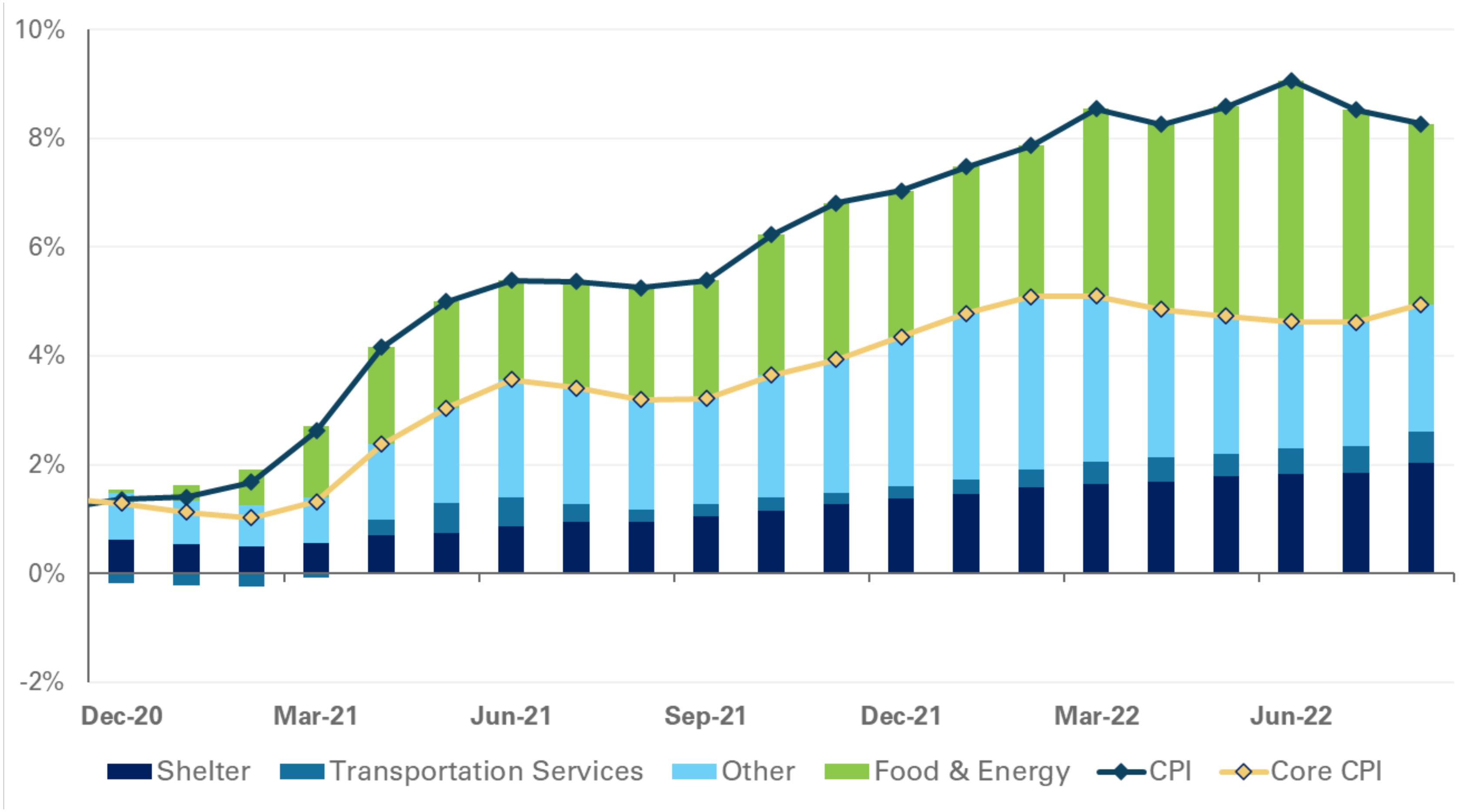
FOMC PROJECTS LOWER RATES IN 2024

FOMC DOT PLOT PROJECTIONS



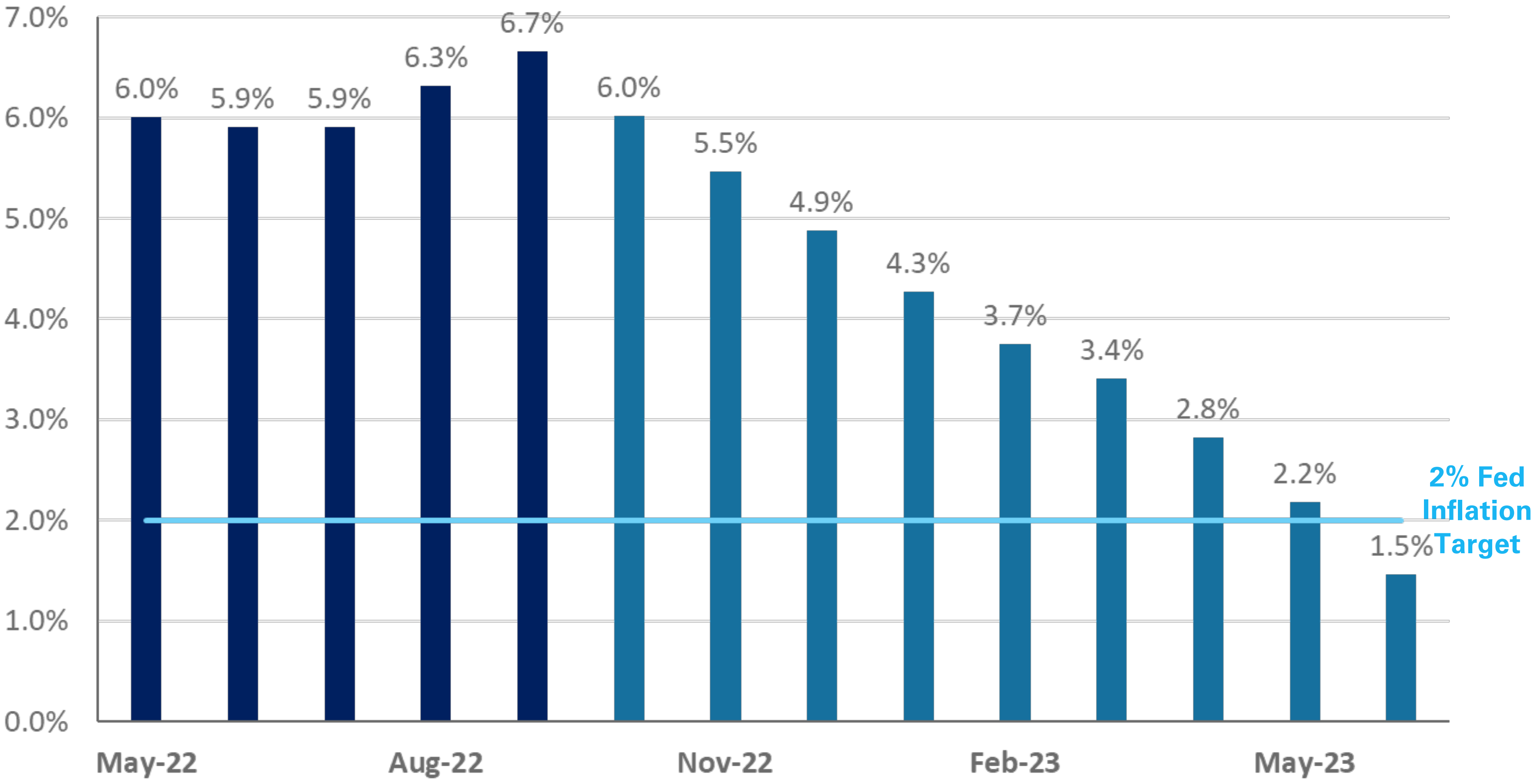
CORE INFLATION INCREASED DURING THE QUARTER

ANNUAL U.S. CPI-U CHANGES



HEADLINE INFLATION WILL REMAIN ELEVATED

PROJECTED CHANGE IN U.S. CORE CPI WITH 0% MONTHLY CHANGE

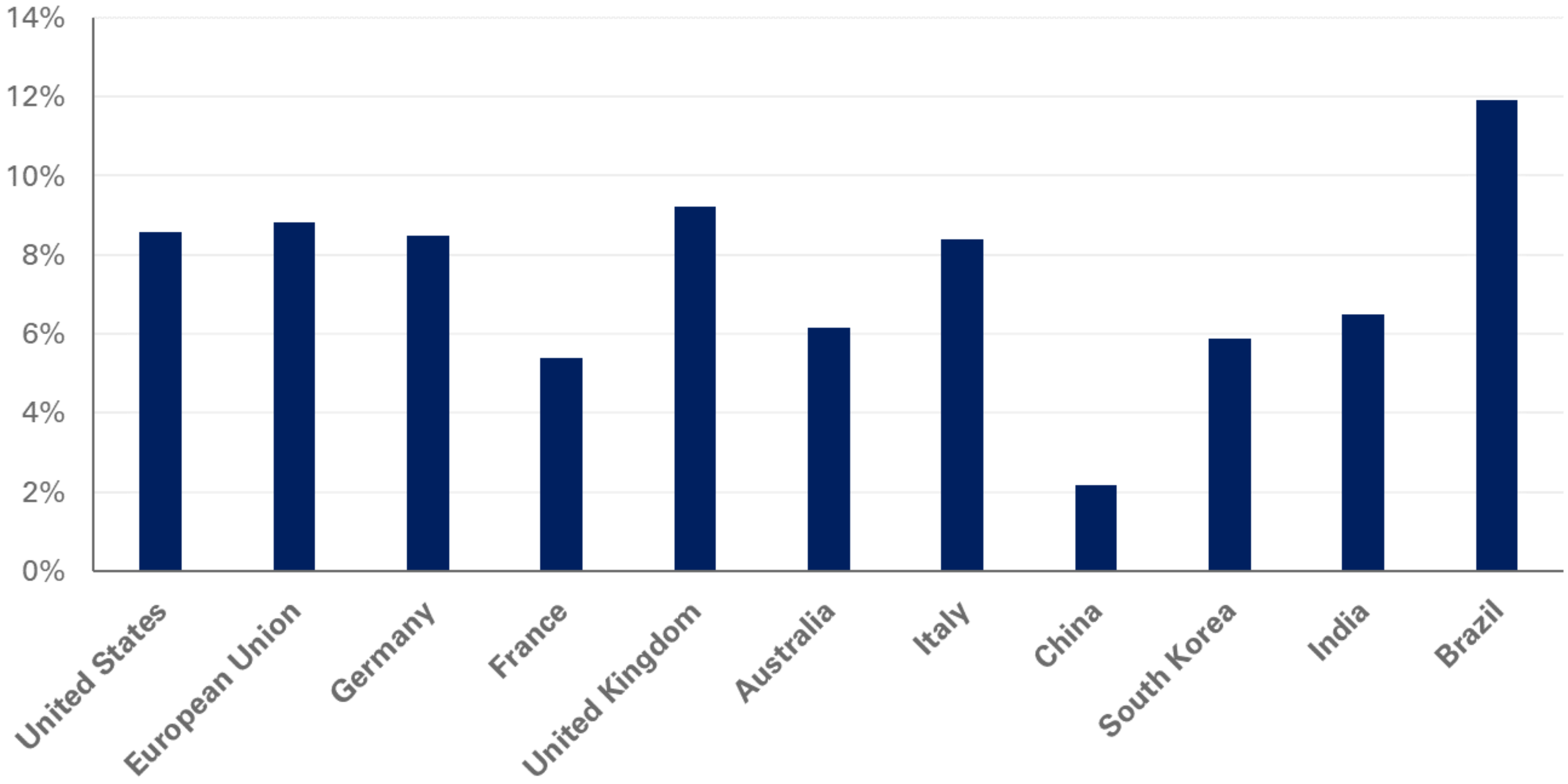


Notes: Figures calculated pulling forward the September index value

Sources: U.S. Department of Labor, FactSet, NEPC

GLOBAL INFLATION REMAINED ELEVATED

ANNUAL CPI CHANGES

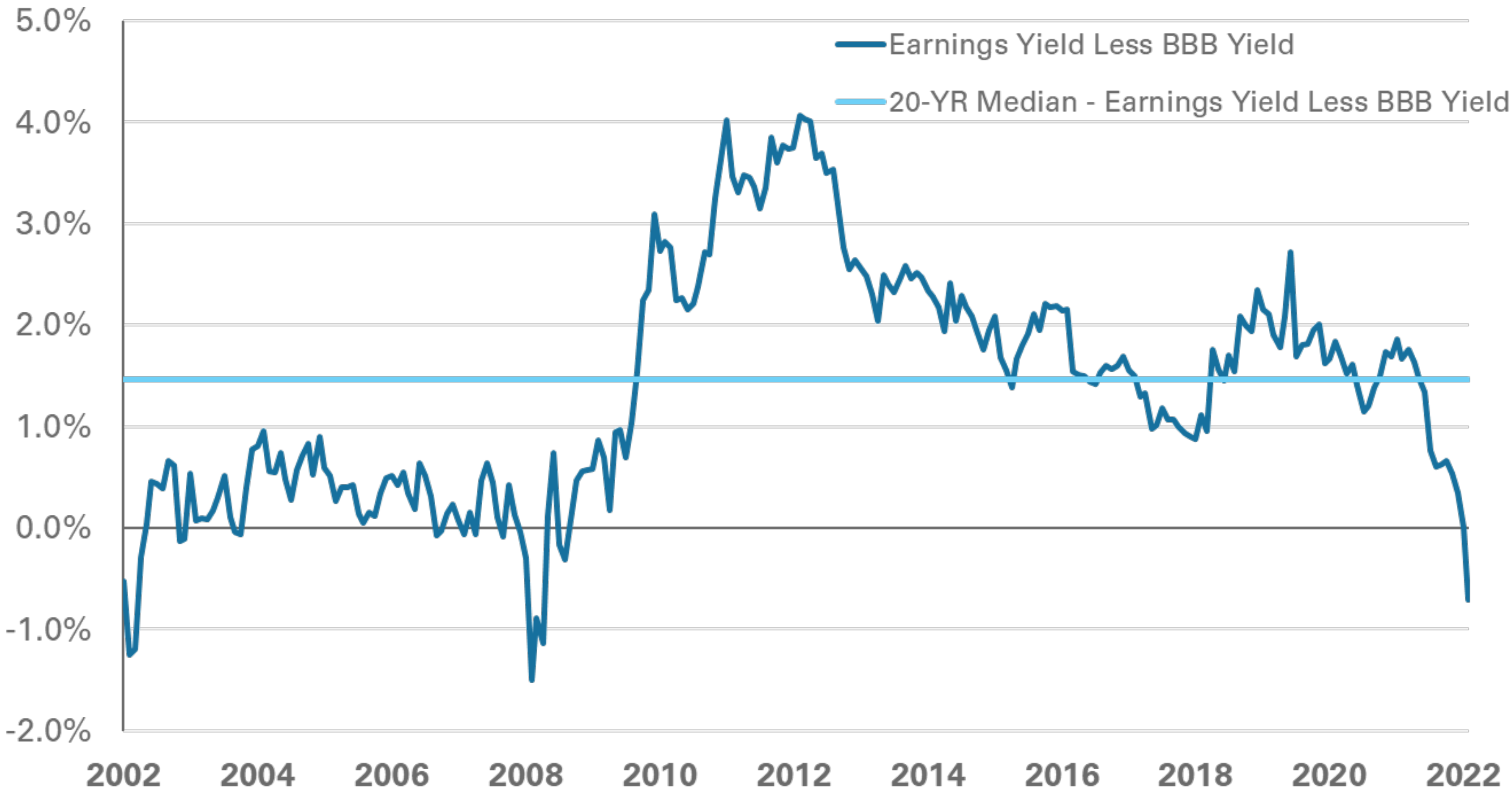


CURRENCY RETURNS MOVE OVER LONG CYCLES

ANNUALIZED ROLLING 10 YEAR CURRENCY RETURNS

EQUITY REMAINS LESS ATTRACTIVE VS CREDIT

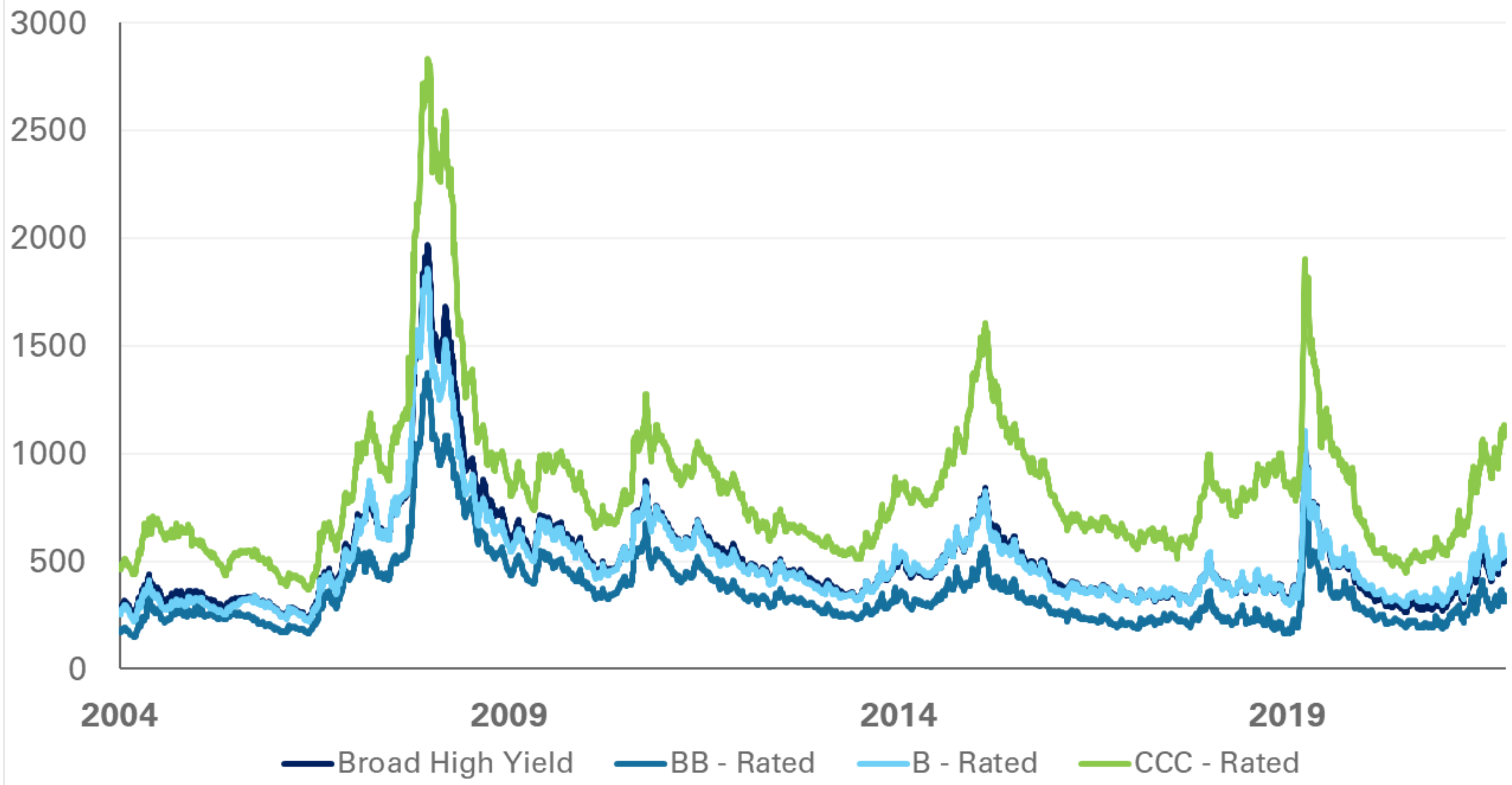
S&P 500 EARNINGS YIELD LESS BBB BOND YIELD



Sources: S&P, FactSet, NEPC

KEEP AN EYE ON SPREADS AS AN OPPORTUNITY

U.S. CORPORATE HIGH YIELD SPREADS



Sources: Bloomberg, FactSet

KEY THEMES FOR INVESTORS

Stagflation dynamics pose a challenge to portfolio diversification and represent a headwind for equity valuations and profit margins

The path of U.S. corporate earnings do not reflect material weakness for 2023 despite the tightening monetary policy environment

Europe's economy is exposed to an energy shock as its infrastructure undergoes an emergency transplant to pivot from Russian energy

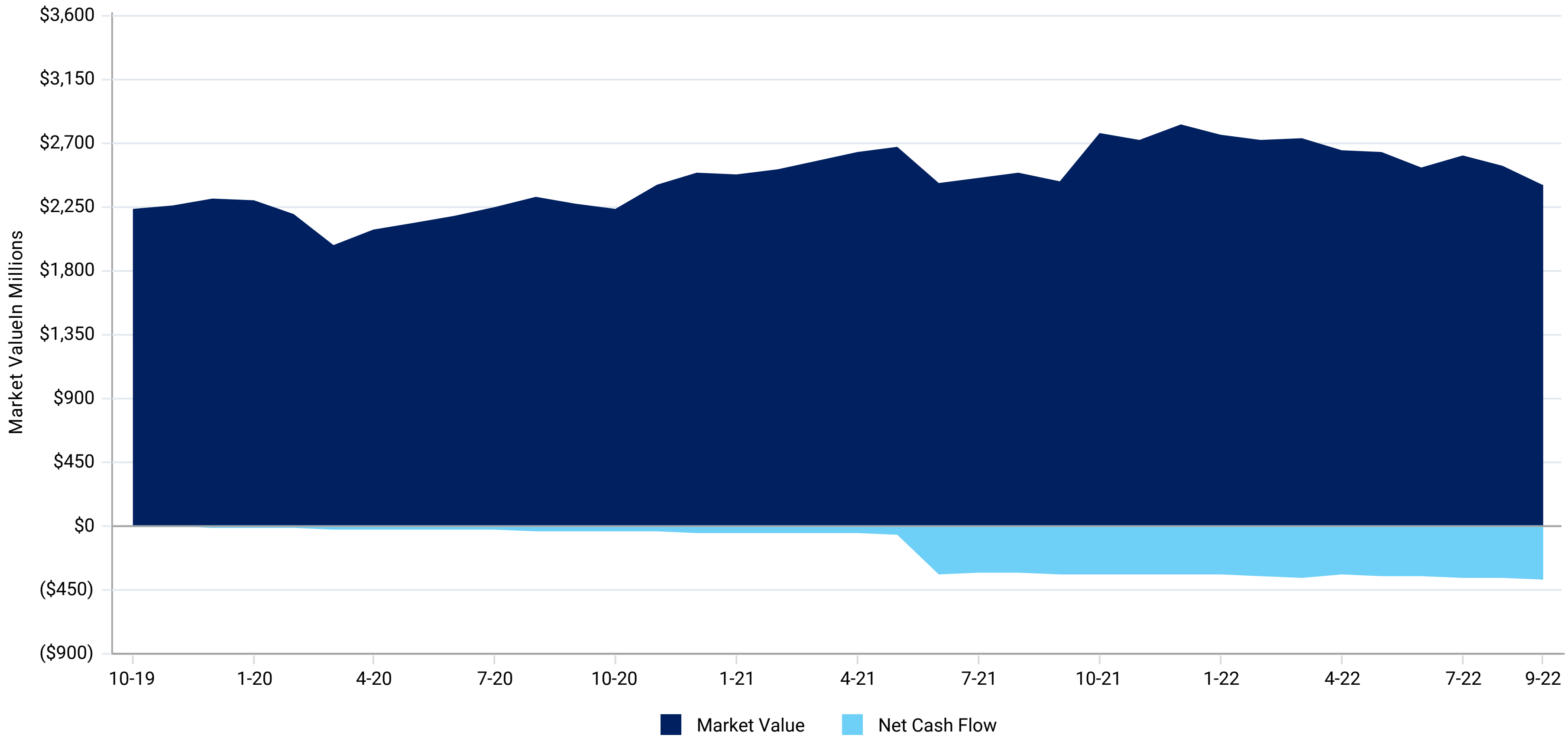
China's zero-COVID policy has global supply chain implications and continues to dampen consumer spending and industrial activity

U.S. Dollar strength reveals risks in the global financial system and will continue to pressure weaker markets, companies and nations

TOTAL FUND PERFORMANCE

ASSET GROWTH SUMMARY

3 Years Ending September 30, 2022



	Last Three Months	Year To Date	1 Year
Beginning Market Value	2,523,707,416	2,832,546,787	2,430,445,412
Net Cash Flow	-17,738,971	-29,858,520	-35,259,812
Net Investment Change	-103,832,432	-400,552,256	6,950,412
Ending Market Value	**2,402,136,012**	**2,402,136,012**	**2,402,136,012**
Net Change	-121,571,404	-430,410,776	-28,309,400

ASSET ALLOCATION VS. POLICY

Asset Allocation vs. Target

*Difference between Policy and Current Allocation

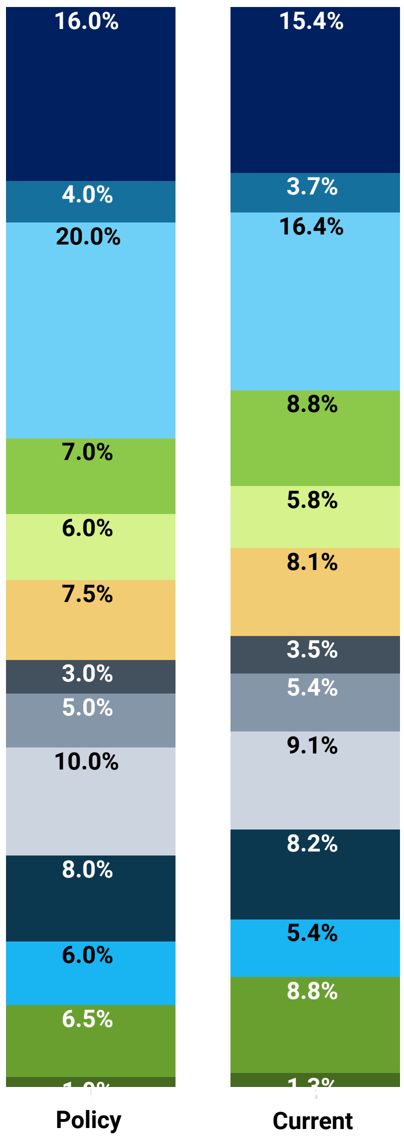
	Current ($)	Current (%)	Policy $	Policy (%)	Policy Range (%)	Within Range
Liquidity Sub-Portfolio	244,065,690	10.2	192,170,881	8.0	4.0 - 14.0	Yes
Growth Sub-Portfolio	1,717,384,851	71.5	1,753,559,289	73.0	60.0 - 80.0	Yes
Risk-Diversifying Sub-Portfolio	440,685,471	18.3	456,405,842	19.0	15.0 - 24.0	Yes
Total Fund	**2,402,136,012**	**100.0**	**2,402,136,012**	**100.0**		

Stanislaus County ERA

September 30, 2022

ASSET ALLOCATION VS. POLICY

Asset Allocation vs. Target



*Difference between Policy and Current Allocation

	Current ($)	Current (%)	Policy (%)	Policy $	Policy Range (%)	Within Range
Large Cap Equity	369,244,161	15.4	16.0	384,341,762	12.0 - 20.0	Yes
Small Cap Equity	89,435,757	3.7	4.0	96,085,440	0.0 - 7.0	Yes
International Equity	393,930,559	16.4	20.0	480,427,202	14.0 - 26.0	Yes
Intermediate	212,514,006	8.8	7.0	168,149,521	4.0 - 10.0	Yes
Treasury	138,945,929	5.8	6.0	144,128,161	4.0 - 8.0	Yes
Infrastructure	194,872,471	8.1	7.5	180,160,201	0.0 - 12.0	Yes
Absolute Return	83,367,392	3.5	3.0	72,064,080	0.0 - 5.0	Yes
Private Equity	130,290,309	5.4	5.0	120,106,801	0.0 - 8.0	Yes
Risk Parity	218,372,150	9.1	10.0	240,213,601	6.0 - 14.0	Yes
Private Credit	197,158,252	8.2	8.0	192,170,881	0.0 - 10.0	Yes
Non-Core Real Estate	130,829,127	5.4	6.0	144,128,161	0.0 - 10.0	Yes
Real Estate - Core	211,624,215	8.8	6.5	156,138,841	0.0 - 10.0	Yes
Cash	31,551,684	1.3	1.0	24,021,360	0.0 - 4.0	Yes
Total	**2,402,136,012**	**100.0**	**100.0**	**2,402,136,012**		

PERFORMANCE DETAIL

	Allocation		Performance (%)								
	Market Value ($)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	**2,402,136,012**	**100.0**	**-4.1**	**-14.2**	**-10.3**	**4.1**	**4.5**	**6.5**	**6.8**	**8.4**	**Jan-95**
Policy Index			-3.7	-14.0	-10.5	4.3	4.6	6.5	6.6	7.6	
Allocation Index			-4.3	-16.3	-12.4						
InvMetrics Public DB > $1 Billion Rank			58	53	52	69	69	62	55	2	
Liquidity Sub-Portfolio	**244,065,690**	**10.2**	**-1.7**	**-4.9**	**-5.4**	**0.7**	**1.9**	**1.6**		**1.5**	**Aug-14**
StanCERA Liquidity Blended BM			-2.6	-8.4	-8.8	0.3	1.1	1.1		1.1	
Cash	**31,551,684**	**1.3**	**0.5**	**0.9**	**1.2**	**1.9**	**1.7**	**1.6**		**1.4**	**Aug-14**
FTSE 1 Month T-Bill			0.5	0.6	0.6	0.5	1.1	0.9		0.8	
Cashflow-Matched Bonds	**212,514,006**	**8.8**	**-2.2**	**-6.6**	**-7.2**	**0.0**	**1.6**			**1.6**	**Jul-17**
Blmbg. Intermed. U.S. Government/Credit			-3.1	-9.6	-10.1	-1.6	0.4			0.5	
eV US Government Fixed Inc Rank			6	6	6	4	2			2	
Insight	212,514,006	8.8	-2.2	-6.6	-7.2	0.0	1.6			1.6	Jul-17
Blmbg. Intermed. U.S. Government/Credit			-3.1	-9.6	-10.1	-1.6	0.4			0.5	
eV US Government Fixed Inc Rank			6	6	6	4	2			2	
Growth Sub-Portfolio	**1,717,384,851**	**71.5**	**-4.2**	**-15.4**	**-10.5**	**5.8**	**5.8**	**8.1**	**8.8**	**7.5**	**Jan-04**
StanCERA Growth Blended BM			-3.5	-13.8	-9.5	7.0	6.7	8.6			
US Equities	**458,679,918**	**19.1**	**-4.4**	**-23.3**	**-16.4**	**8.3**	**7.8**	**10.2**	**10.9**	**8.9**	**Jan-04**
Russell 3000 Index			-4.5	-24.6	-17.6	7.7	8.6	10.9	11.4	8.6	
US Large Equity	**369,244,161**	**15.4**	**-5.1**	**-24.4**	**-17.3**	**8.7**	**9.0**	**11.2**	**11.8**	**11.9**	**Jan-95**
Russell 1000 Index			-4.6	-24.6	-17.2	7.9	9.0	11.2	11.6	9.8	
eV US Large Cap Equity Rank			49	60	63	19	33	24	24	6	
BlackRock Russell 1000 Growth	176,764,172	7.4	-3.6	-30.7	-22.6	10.6	12.1	13.7	13.7	14.4	Aug-10
Russell 1000 Growth Index			-3.6	-30.7	-22.6	10.7	12.2	13.7	13.7	14.3	
eV US Large Cap Growth Equity Rank			33	41	36	13	13	8	10	4	
BlackRock Russell 1000 Value	97,214,799	4.0	-5.6	-17.8	-11.4	4.4	5.4	8.2	9.2	10.5	Aug-09
Russell 1000 Value Index			-5.6	-17.8	-11.4	4.4	5.3	8.2	9.2	10.4	
eV US Large Cap Value Equity Rank			51	63	63	78	67	62	60	48	
Dodge & Cox-Equity	95,265,190	4.0	-7.0	-17.7	-12.8	7.8	6.8	10.1	11.0	11.3	Jan-95
Russell 1000 Value Index			-5.6	-17.8	-11.4	4.4	5.3	8.2	9.2	9.2	
eV US Large Cap Value Equity Rank			81	63	75	22	39	19	13	4	

PERFORMANCE DETAIL

	Allocation		Performance (%)								
	Market Value ($)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
US Small Equity	**89,435,757**	**3.7**	**-1.7**	**-18.3**	**-12.6**	**6.9**	**3.9**	**7.0**	**8.3**	**10.9**	**Jan-09**
Russell 2000 Index			*-2.2*	*-25.1*	*-23.5*	*4.3*	*3.6*	*7.5*	*8.6*	*10.6*	
eV US Small Cap Value Equity Rank			8	31	26	28	43	54	57	47	
Attucks Small Cap	89,435,757	3.7	-1.7	-18.3	-12.6	6.9	3.9	8.1	8.9	11.1	Jan-09
Russell 2000 Value Index			*-4.6*	*-21.1*	*-17.7*	*4.7*	*2.9*	*7.4*	*7.9*	*9.5*	
eV US Small Cap Value Equity Rank			8	31	26	28	43	31	36	42	
International Equity	**393,930,559**	**16.4**	**-10.7**	**-25.6**	**-24.3**	**-0.5**	**-0.6**	**3.6**	**3.7**	**4.9**	**Oct-04**
MSCI AC World ex USA (Net)			*-9.9*	*-26.5*	*-25.2*	*-1.5*	*-0.8*	*3.3*	*3.0*	*4.4*	
eV ACWI ex-US Large Cap Equity Rank			78	31	28	45	58	51	58	58	
LSV Int'l Large Cap Value	206,536,584	8.6	-11.0	-22.1	-21.0	-0.8	-1.3	3.4	3.5	4.6	Oct-04
MSCI AC World ex USA Value (Net)			*-10.4*	*-21.0*	*-20.0*	*-2.1*	*-2.1*	*2.2*	*1.9*	*3.7*	
eV ACWI ex-US Large Cap Equity Rank			82	6	10	50	69	53	64	60	
Fidelity Int'l Growth	187,393,975	7.8	-10.4	-29.0	-27.6	-0.5	-0.1	3.6	3.7	2.7	May-06
MSCI AC World ex USA Growth (Net)			*-9.4*	*-31.8*	*-30.2*	*-1.4*	*0.2*	*4.1*	*4.0*	*2.8*	
eV ACWI ex-US Large Cap Equity Rank			74	59	62	44	40	52	58	41	

PERFORMANCE DETAIL

	Allocation		Performance (%)								
	Market Value ($)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Core Real Estate	**211,624,215**	**8.8**	**0.5**	**-0.4**	**10.2**	**7.0**	**6.7**	**6.5**	**7.4**	**3.3**	**Apr-08**
NCREIF Property Index			0.6	9.4	16.1	9.9	8.6	8.5	9.5	6.9	
Prime Property Fund	109,614,164	4.6	0.2	11.3	22.0	11.6	9.9	9.8		9.8	Oct-15
NCREIF ODCE			0.5	13.1	22.1	12.4	10.2	9.8		9.8	
BlackRock Real Estate Securities	9,157,230	0.4	-10.4	-29.4	-17.3	-3.4	1.9	3.6	5.4	5.4	Oct-12
Dow Jones U.S. Select RESI			-10.4	-29.4	-17.2	-3.3	1.9	3.6	5.5	5.5	
PGIM Real Estate US Debt Fund	92,852,821	3.9	1.6	3.4	4.6	4.9				5.1	Sep-18
Blmbg. U.S. Investment Grade: CMBS Index			-3.8	-11.8	-12.4	-2.1				0.7	
Value-Add Real Estate	**130,829,127**	**5.4**	**-0.9**	**4.9**	**14.5**	**14.1**	**12.6**	**12.6**		**11.8**	**Aug-14**
NCREIF Property Index +2%			1.1	11.0	18.4	12.1	10.8	10.6		11.4	
American Strategic Value Realty	91,933,161	3.8	1.5	11.3	17.0	11.7	10.5	11.0		11.6	Jan-15
NCREIF Property Index			0.6	9.4	16.1	9.9	8.6	8.5		9.0	
Greenfield Acquisition Partners VII	2,109,298	0.1	-30.8	-27.8	-27.6	-6.1	1.5	4.9		5.1	Aug-14
NCREIF-ODCE +1%			0.8	13.9	23.3	13.5	11.3	10.9		11.8	
Grandview Property Partners I	24,523,660	1.0	-7.2	-11.1	15.1	25.4				22.5	Apr-18
NCREIF-ODCE +1%			0.8	13.9	23.3	13.5				11.5	
Grandview Property Partners II	12,263,008	0.5	3.3	5.5						-0.4	Dec-21
NCREIF-ODCE +1%			0.8	13.9						23.1	
Infrastructure	**194,872,471**	**8.1**	**-1.3**	**-7.5**	**-6.2**	**0.0**	**7.1**	**5.7**		**4.4**	**Jun-15**
CPI + 5% (Unadjusted)			1.4	10.4	13.6	10.2	8.9	8.4		8.2	
eV Infrastructure Rank			6	6	24	63	8	47		37	
MS Infrastructure Partners II	30,305,941	1.3	12.2	15.0	21.3	10.1	13.5	10.2		8.5	Jun-15
CPI + 5% (Unadjusted)			1.4	10.4	13.6	10.2	8.9	8.4		8.2	
eV Infrastructure Rank			1	1	1	4	1	1		1	
Northern Trust Infrastructure Fund	75,846,257	3.2	-9.4	-17.3	-14.6					-12.5	Jul-21
67% STOXX Global Broad Infra / 33% Bloomberg US TIPS			-8.8	-17.1	-14.4					-12.1	
Melody Infrastructure II	8,211,016	0.3	0.0	0.0						0.0	Jan-22
CPI + 5% (Unadjusted)			1.4	10.4						10.4	
JP Morgan IIF Hedged LP	30,509,257	1.3	1.6							3.4	Apr-22
CPI + 5% (Unadjusted)			1.4							5.8	
IFM Global Infrastructure Fund	50,000,000	2.1								0.0	Jul-22
CPI + 5% (Unadjusted)			1.4							1.0	

PERFORMANCE DETAIL

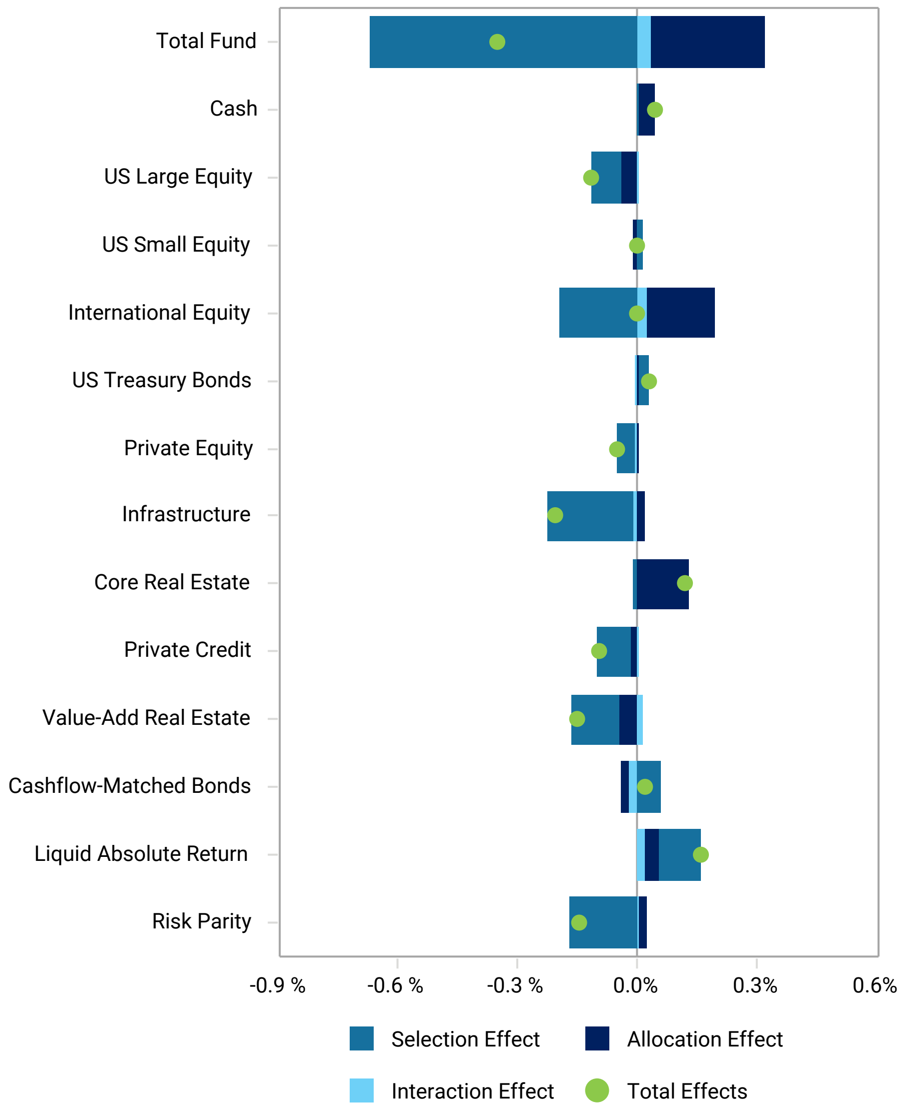
	Allocation		Performance (%)								
	Market Value ($)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Equity	**130,290,309**	**5.4**	**-4.4**	**-13.8**	**-5.5**	**13.0**				**13.9**	**Dec-18**
Russell 3000 + 3%			*-3.8*	*-22.9*	*-15.2*	*10.9*				*11.6*	
Private Equity	**71,842,640**	**3.0**	**-5.0**	**4.3**	**13.7**					**21.1**	**Apr-20**
Russell 3000 + 3%			*-3.8*	*-22.9*	*-15.2*					*19.4*	
Private Equity Proxy	**58,447,668**	**2.4**	**-4.5**	**-24.7**	**-17.7**	**7.7**	**9.8**	**11.7**	**11.9**	**9.0**	**Dec-03**
Russell 3000 Index			*-4.5*	*-24.6*	*-17.6*	*7.7*	*8.6*	*10.9*	*11.4*	*8.8*	
eV US Large Cap Equity Rank			34	62	64	34	22	16	21	36	
Private Credit	**197,158,252**	**8.2**	**0.8**	**-4.4**	**-2.8**	**-3.2**	**-0.4**	**0.1**		**1.8**	**Jun-13**
S&P/LSTA Leveraged Loan Index +2%			*1.9*	*-1.8*	*-0.6*	*4.3*	*5.0*	*5.7*		*5.4*	
Private Credit	**102,513,369**	**4.3**	**2.3**	**9.2**	**12.4**	**1.6**	**2.5**	**2.2**		**3.4**	**Jun-13**
S&P/LSTA Leveraged Loan Index +2%			*1.9*	*-1.8*	*-0.6*	*4.3*	*5.0*	*5.7*		*5.4*	
Private Credit Proxy	**94,644,883**	**3.9**	**-0.8**	**-15.0**	**-14.5**					**-9.7**	**Jun-21**
ICE BofA US High Yield Master II Constrained			*-0.7*	*-14.6*	*-14.1*					*-9.2*	
Risk-Diversifying Sub-Portfolio	**440,685,471**	**18.3**	**-4.9**	**-13.4**	**-12.0**	**-1.7**	**0.3**	**1.5**	**1.8**	**3.8**	**Dec-03**
StanCERA Risk-Diversifying Blended BM			*-5.1*	*-17.0*	*-14.9*	*-2.4*	*-0.2*	*0.1*	*0.4*		
Risk Parity	**218,372,150**	**9.1**	**-8.5**	**-22.3**	**-20.2**	**-2.0**				**1.3**	**Dec-17**
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			*-6.8*	*-23.3*	*-20.4*	*0.1*				*1.5*	
HFR Risk Parity Vol 10 Institutional Index			*-7.0*	*-22.1*	*-19.8*	*-3.3*				*0.3*	
AQR Global Risk Premium - EL	114,239,176	4.8	-6.6	-18.8	-16.3	-0.7				2.2	Apr-18
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			*-6.8*	*-23.3*	*-20.4*	*0.1*				*1.3*	
PanAgora Risk Parity Multi Asset	104,132,974	4.3	-10.6	-25.8	-24.0	-3.2				0.7	Dec-17
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			*-6.8*	*-23.3*	*-20.4*	*0.1*				*1.5*	

PERFORMANCE DETAIL

	Allocation		Performance (%)								
	Market Value ($)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
US Treasury Bonds	**138,945,929**	**5.8**	**-5.1**	**-14.8**	**-14.3**	**-3.7**	**-0.4**	**1.1**	**1.5**	**3.7**	**Dec-03**
Blmbg. U.S. Treasury: 7-10 Year			*-5.5*	*-15.7*	*-15.4*	*-3.9*	*-0.4*	*0.1*	*0.6*	*3.4*	
eV US Government Fixed Inc Rank			95	95	95	95	70	5	4	1	
Northern Trust Intermediate Gov't Bond	98,000,723	4.1	-3.1	-8.7	-9.2	-1.7	0.2			0.2	Aug-17
Blmbg. U.S. Government: Intermediate			*-3.1*	*-8.6*	*-9.2*	*-1.7*	*0.2*			*0.2*	
eV US Government Fixed Inc Rank			21	24	24	20	23			23	
Northern Trust Long Term Gov't Bond	40,945,206	1.7	-9.6	-26.7	-24.4	-7.7	-1.1			-0.8	Aug-17
Blmbg. U.S. Government: Long Term Bond Index			*-9.6*	*-28.8*	*-26.6*	*-8.5*	*-1.6*			*-1.3*	
eV US Long Duration Fixed Inc Rank			91	16	14	92	73			74	
Liquid Absolute Return	**83,367,392**	**3.5**	**4.9**	**20.6**	**18.6**					**18.6**	**Oct-21**
30 Day T-Bill + 4%			*1.5*	*3.6*	*4.6*					*4.6*	
Graham Global Investment Fund I SPC LTD	57,375,365	2.4	5.8	33.7						29.8	Nov-21
HFRI Macro (Total) Index			*1.8*	*10.5*						*8.8*	
Invesco Global Targeted Return	25,992,027	1.1	2.4	-5.1						-3.7	Nov-21
30 Day T-Bill + 4%			*1.5*	*3.6*						*4.3*	

ATTRIBUTION ANALYSIS

Attribution Effects
1 Quarter Ending September 30, 2022



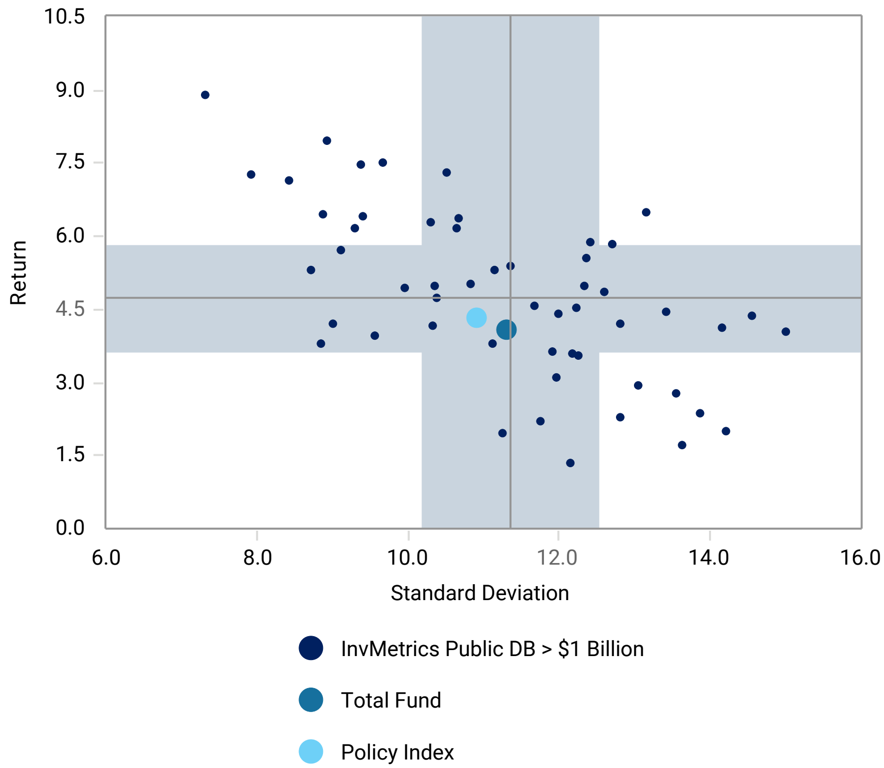
Attribution Summary
1 Quarter Ending September 30, 2022

	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Interaction Effects (%)	Total Effects (%)
Cash	0.5	0.5	0.0	0.0	0.0	0.0	0.0
US Large Equity	-5.1	-4.6	-0.5	-0.1	0.0	0.0	-0.1
US Small Equity	-1.7	-2.2	0.4	0.0	0.0	0.0	0.0
International Equity	-10.7	-9.8	-0.9	-0.2	0.2	0.0	0.0
US Treasury Bonds	-5.1	-5.5	0.4	0.0	0.0	0.0	0.0
Private Equity	-4.4	-3.8	-0.7	-0.1	0.0	0.0	-0.1
Infrastructure	-1.3	1.4	-2.7	-0.2	0.0	0.0	-0.2
Core Real Estate	0.5	0.6	-0.1	0.0	0.1	0.0	0.1
Private Credit	0.8	1.9	-1.1	-0.1	0.0	0.0	-0.1
Value-Add Real Estate	-0.9	1.1	-2.0	-0.1	0.0	0.0	-0.1
Cashflow-Matched Bonds	-2.2	-3.1	0.9	0.0	0.0	0.0	0.0
Liquid Absolute Return	4.9	1.5	3.4	0.1	0.0	0.0	0.2
Risk Parity	-8.5	-6.8	-1.7	-0.2	0.0	0.0	-0.1
Total Fund	-4.1	-3.7	-0.3	-0.7	0.3	0.0	-0.3

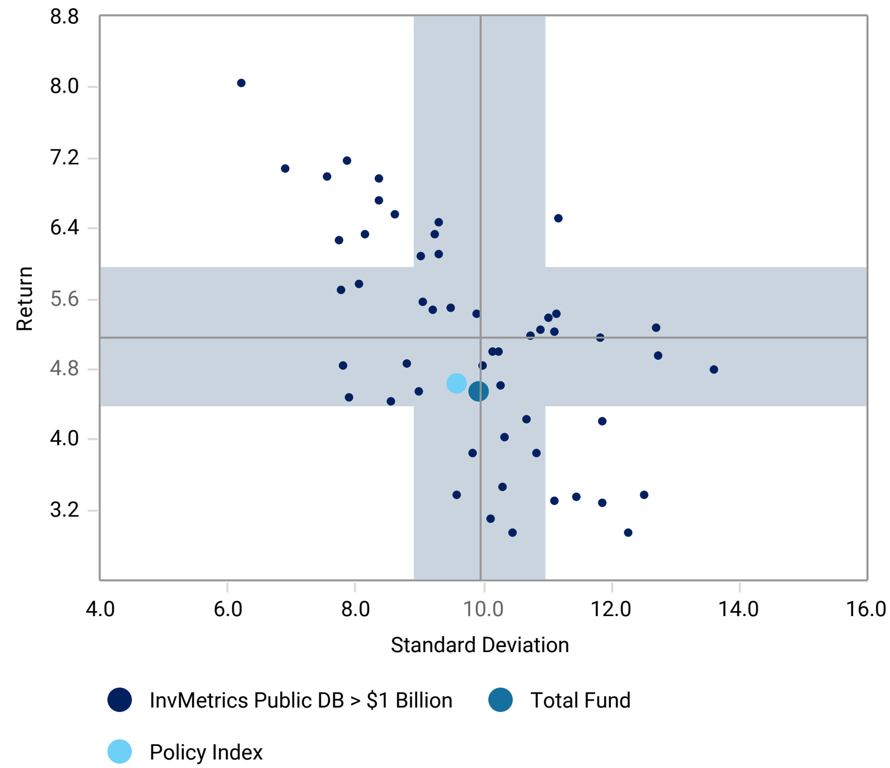
*Total Actual and Index returns are weighted average calculations.

RISK VS. RETURN

3 Years Ending September 30, 2022



5 Years Ending September 30, 2022

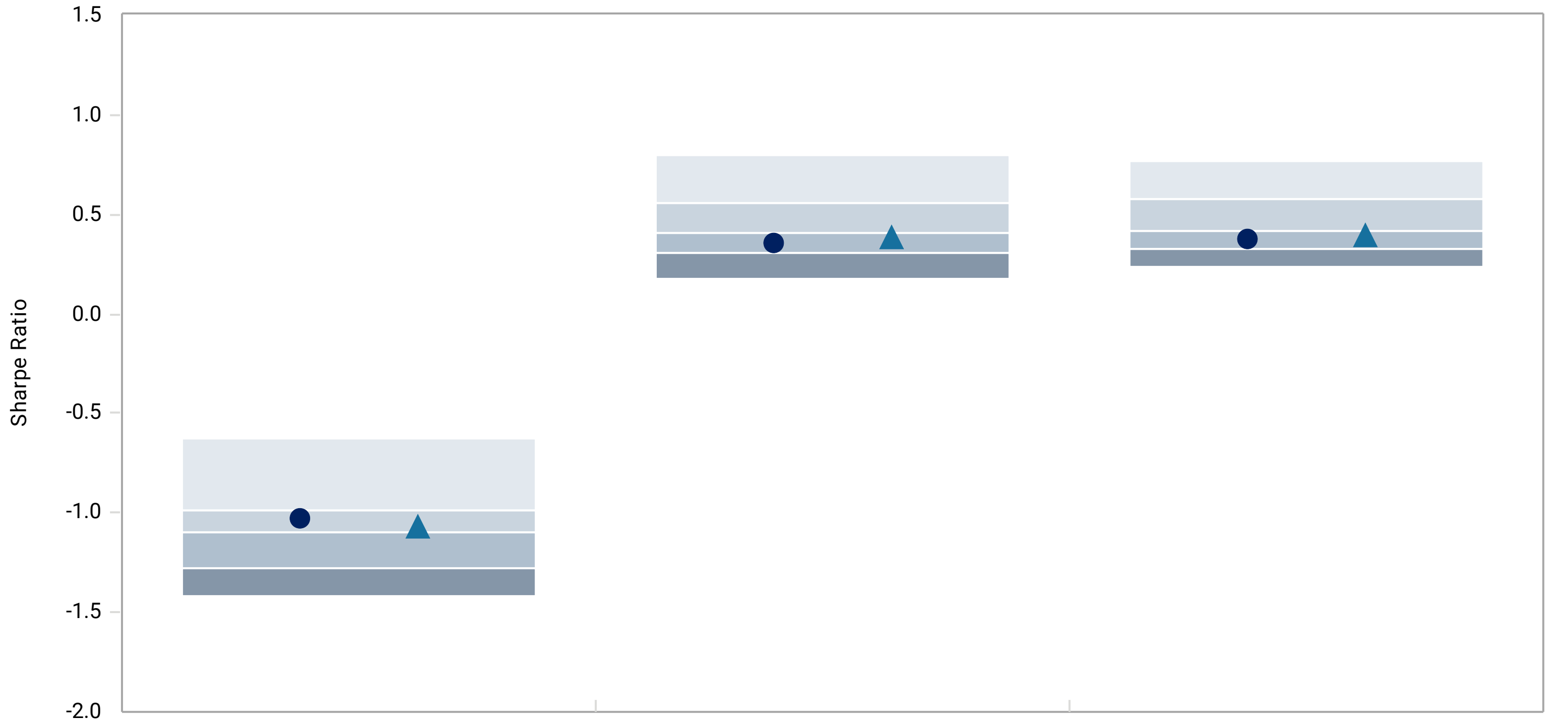


3 Years Ending September 30, 2022	Return	Standard Deviation	Sharpe Ratio
Total Fund	4.1 (69)	11.3 (49)	0.4 (65)
Policy Index	*4.3 (61)*	*10.9 (42)*	*0.4 (58)*
Population	53	53	53

5 Years Ending September 30, 2022	Return	Standard Deviation	Sharpe Ratio
Total Fund	4.5 (69)	9.9 (49)	0.4 (66)
Policy Index	*4.6 (67)*	*9.6 (45)*	*0.4 (64)*
Population	52	52	52

TOTAL FUND SHARPE RATIO RANKINGS

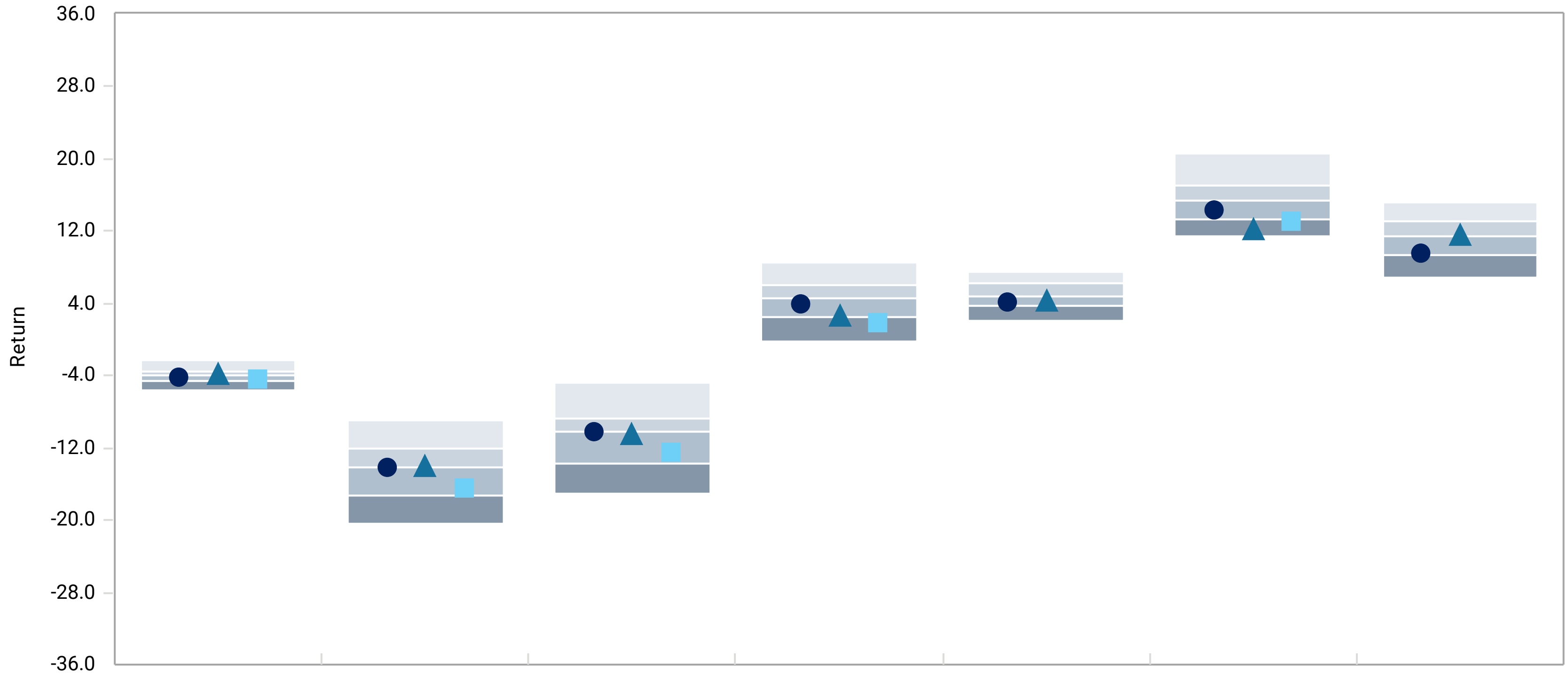
Total Fund vs. InvMetrics Public DB > $1 Billion



	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
● Total Fund	-1.0 (37)	0.4 (65)	0.4 (66)
▲ Policy Index	-1.1 (43)	0.4 (58)	0.4 (64)
5th Percentile	-0.6	0.8	0.8
1st Quartile	-1.0	0.6	0.6
Median	-1.1	0.4	0.4
3rd Quartile	-1.3	0.3	0.3
95th Percentile	-1.4	0.2	0.2
Population	55	53	52

RETURN SUMMARY VS. PEER UNIVERSE

Total Fund vs. InvMetrics Public DB > $1 Billion



	3 Mo	YTD	1 Year	2 Years	3 Years	2021	2020
● Total Fund	-4.1 (58)	-14.2 (53)	-10.3 (52)	3.9 (64)	4.1 (69)	14.3 (61)	9.6 (74)
▲ *Policy Index*	*-3.7 (36)*	*-14.0 (49)*	*-10.5 (55)*	*2.8 (72)*	*4.3 (61)*	*12.2 (90)*	*11.7 (47)*
▰ *Allocation Index*	*-4.3 (65)*	*-16.3 (69)*	*-12.4 (63)*	*1.9 (83)*		*13.0 (79)*	
5th Percentile	-2.3	-9.0	-4.7	8.6	7.5	20.7	15.2
1st Quartile	-3.5	-12.0	-8.8	6.0	6.2	17.2	13.0
Median	-4.0	-14.1	-10.2	4.5	4.7	15.3	11.5
3rd Quartile	-4.6	-17.3	-13.8	2.5	3.8	13.2	9.4
95th Percentile	-5.7	-20.5	-17.1	-0.2	2.0	11.4	6.9
Population	56	56	55	53	53	129	147

FEE SCHEDULE

Account Name	Fee Schedule	Market Value ($)	% of Portfolio	Estimated Annual Fee ($)	Estimated Annual Fee (%)
Cash Account	0.1 % of Assets	31,384,793	1.3	31,385	0.1
Transition Account		166,891	0.0		
Insight	0.1 % of Assets	212,514,006	8.8	255,017	0.1
BlackRock Russell 1000 Growth	0.0 % of Assets	176,764,172	7.4	35,353	0.0
BlackRock Russell 1000 Value	0.0 % of Assets	97,214,799	4.0	19,443	0.0
Dodge & Cox-Equity	0.4 % of First $10 M 0.2 % of Next $90 M 0.2 % Thereafter	95,265,190	4.0	210,530	0.2
Channing	0.5 % of Assets	24,602,196	1.0	123,011	0.5
Pacific Ridge	0.6 % of Assets	15,594,536	0.6	93,567	0.6
Walthausen	0.5 % of Assets	10,804	0.0	54	0.5
Seizert		27,504,172	1.1		
Phocas'		21,724,050	0.9		
LSV Int'l Large Cap Value	0.3 % of Assets	206,536,584	8.6	516,341	0.2
Fidelity Int'l Growth	0.3 % of Assets	187,393,975	7.8	468,485	0.3
Prime Property Fund	0.8 % of Assets	109,614,164	4.6	920,759	0.8
BlackRock Real Estate Securities	0.1 % of First $100 M 0.1 % Thereafter	9,157,230	0.4	8,242	0.1
PGIM Real Estate US Debt Fund		92,852,821	3.9		
American Strategic Value Realty	0.8 % of First $25 M 0.7 % of Next $25 M 0.6 % of Next $50 M 0.5 % Thereafter	91,933,161	3.8	580,632	0.6
Greenfield Acquisition Partners VII		2,109,298	0.1		
Grandview Property Partners I		24,523,660	1.0		
Grandview Property Partners II		12,263,008	0.5		
MS Infrastructure Partners II		30,305,941	1.3		
Melody Infrastructure II		8,211,016	0.3		
JP Morgan IIF Hedged LP		30,509,257	1.3		
Northern Trust Infrastructure Fund		75,846,257	3.2		
IFM Global Infrastructure Fund		50,000,000	2.1		

FEE SCHEDULE

Account Name	Fee Schedule	Market Value ($)	% of Portfolio	Estimated Annual Fee ($)	Estimated Annual Fee (%)
Vista Foundation Fund IV		11,166,768	0.5		
Insight Partners XI		23,616,093	1.0		
Gryphon Partners VI LP	0.0 % of Assets	13,424,506	0.6	2,685	0.0
Clayton, Dublier, & Rice		8,334,551	0.3		
Genstar Capital Partners X		6,447,068	0.3		
Sole Source Capital Partners II		8,853,654	0.4		
Northern Trust Russell 3000	0.0 % of Assets	58,447,668	2.4	11,690	0.0
Medley Capital		2,905,948	0.1		
Owl Rock First Lien Fund	0.7 % of Assets	8,451,605	0.4	59,161	0.7
Raven Opportunity III		57,389,615	2.4		
White Oak Pinnacle		25,674,597	1.1		
Abry Senior Equity VI, L.P.		4,508,673	0.2		
Strategic Values Special Situations Fund V, L.P.		3,582,931	0.1		
Blackrock High Yield Fund		94,644,883	3.9		
AQR Global Risk Premium - EL	0.4 % of Assets	114,239,176	4.8	434,109	0.4
PanAgora Risk Parity Multi Asset	0.4 % of Assets	104,132,974	4.3	364,465	0.4
Northern Trust Intermediate Gov't Bond	0.1 % of First $25 M 0.0 % Thereafter	98,000,723	4.1	41,700	0.0
Northern Trust Long Term Gov't Bond	0.1 % of First $25 M 0.0 % Thereafter	40,945,206	1.7	18,878	0.0
Graham Global Investment Fund I SPC LTD		57,375,365	2.4		
Invesco Global Targeted Return		25,992,027	1.1		
Investment Management Fee		**2,402,136,012**	**100.0**	**4,195,508**	**0.2**

Stanislaus County ERA

September 30, 2022

RISK STATISTICS

	3 Years Ending September 30, 2022										
	Return	Excess Return	Standard Deviation	Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Information Ratio	Up Capture	Down Capture
American Strategic Value Realty	11.7	10.7	6.3	1.2	1.0	1.4	1.0	1.7	1.2	114.0	31.3
NCREIF Property Index	*9.9*	*9.1*	*5.8*	*0.0*	*1.0*	*0.0*	*1.0*	*1.5*		*100.0*	*100.0*
AQR Global Risk Premium - EL	-0.7	-0.8	10.6	-0.9	0.7	5.7	0.8	-0.1	-0.2	67.6	72.7
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg	*0.1*	*0.5*	*13.5*	*0.0*	*1.0*	*0.0*	*1.0*	*0.0*		*100.0*	*100.0*
BlackRock Real Estate Securities	-3.4	-1.2	23.5	-0.1	1.0	0.0	1.0	0.0	-2.0	99.8	100.1
Dow Jones U.S. Select RESI	*-3.3*	*-1.1*	*23.5*	*0.0*	*1.0*	*0.0*	*1.0*	*0.0*		*100.0*	*100.0*
BlackRock Russell 1000 Growth	10.6	12.2	22.8	0.0	1.0	0.0	1.0	0.5	-1.1	99.9	99.9
Russell 1000 Growth Index	*10.7*	*12.2*	*22.8*	*0.0*	*1.0*	*0.0*	*1.0*	*0.5*		*100.0*	*100.0*
BlackRock Russell 1000 Value	4.4	5.8	20.2	0.0	1.0	0.1	1.0	0.3	0.8	100.1	99.9
Russell 1000 Value Index	*4.4*	*5.8*	*20.2*	*0.0*	*1.0*	*0.0*	*1.0*	*0.3*		*100.0*	*100.0*
Capital Prospects Transition	0.0	-0.6	0.0	0.0	0.0	26.1		-2.3	-0.3	0.0	0.0
Russell 2000 Value Index	*4.7*	*7.6*	*26.1*	*0.0*	*1.0*	*0.0*	*1.0*	*0.3*		*100.0*	*100.0*
Channing	5.2	8.1	26.6	0.7	1.0	8.0	0.9	0.3	0.1	99.4	97.6
Russell 2000 Value Index	*4.7*	*7.6*	*26.1*	*0.0*	*1.0*	*0.0*	*1.0*	*0.3*		*100.0*	*100.0*
Dodge & Cox-Equity	7.8	9.7	23.0	3.2	1.1	5.3	1.0	0.4	0.7	113.0	100.2
Russell 1000 Value Index	*4.4*	*5.8*	*20.2*	*0.0*	*1.0*	*0.0*	*1.0*	*0.3*		*100.0*	*100.0*
LSV Int'l Large Cap Value	-0.8	0.6	19.9	1.3	1.0	2.2	1.0	0.0	0.6	104.1	98.9
MSCI AC World ex USA Value (Net)	*-2.1*	*-0.7*	*20.2*	*0.0*	*1.0*	*0.0*	*1.0*	*0.0*		*100.0*	*100.0*
Fidelity Int'l Growth	-0.5	0.7	18.8	1.1	1.0	5.8	0.9	0.0	0.2	97.5	93.1
MSCI AC World ex USA Growth (Net)	*-1.4*	*-0.4*	*17.8*	*0.0*	*1.0*	*0.0*	*1.0*	*0.0*		*100.0*	*100.0*
Greenfield Acquisition Partners VII	-6.1	-4.5	19.6	-6.1	0.2	20.6	0.0	-0.2	-0.8	-29.0	0.0
NCREIF-ODCE +1%	*13.5*	*12.4*	*7.7*	*0.0*	*1.0*	*0.0*	*1.0*	*1.6*		*100.0*	*100.0*
Grandview Property Partners I	25.4	24.5	22.6	10.0	1.2	20.7	0.2	1.1	0.6	185.9	0.0
NCREIF-ODCE +1%	*13.5*	*12.4*	*7.7*	*0.0*	*1.0*	*0.0*	*1.0*	*1.6*		*100.0*	*100.0*

Stanislaus County ERA

September 30, 2022

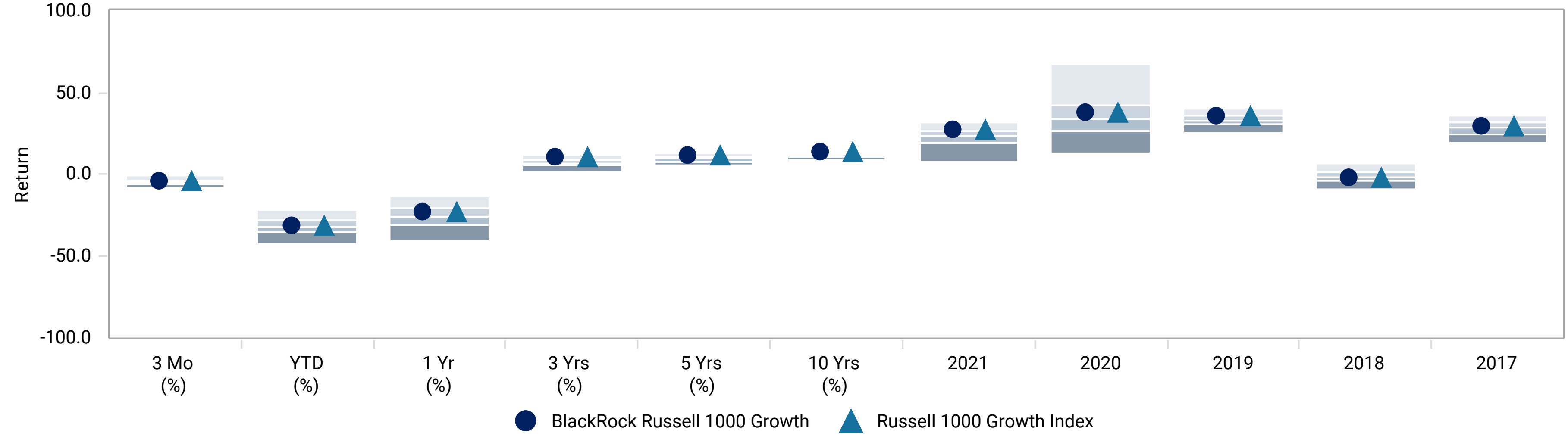
RISK STATISTICS

	Return	Excess Return	Standard Deviation	Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Information Ratio	Up Capture	Down Capture
Medley Capital	-8.4	-8.4	13.5	-6.8	-0.2	16.9	0.0	-0.6	-0.7	-48.6	32.2
S&P/LSTA Leveraged Loan Index +2%	*4.3*	*4.0*	*8.8*	*0.0*	*1.0*	*0.0*	*1.0*	*0.4*		*100.0*	*100.0*
MS Infrastructure Partners II	10.1	9.5	9.4	4.7	0.6	9.3	0.0	1.0	0.0	109.3	760.7
CPI + 5% (Unadjusted)	*10.2*	*9.2*	*1.5*	*0.0*	*1.0*	*0.0*	*1.0*	*5.6*		*100.0*	*100.0*
Northern Trust Intermediate Gov't Bond	-1.7	-2.3	3.4	0.0	1.0	0.2	1.0	-0.7	-0.2	99.0	100.2
Blmbg. U.S. Government: Intermediate	*-1.7*	*-2.3*	*3.4*	*0.0*	*1.0*	*0.0*	*1.0*	*-0.7*		*100.0*	*100.0*
Northern Trust Long Term Gov't Bond	-7.7	-7.7	13.1	0.8	1.0	2.0	1.0	-0.6	0.4	101.1	96.8
Blmbg. U.S. Government: Long Term Bond Index	*-8.5*	*-8.6*	*13.1*	*0.0*	*1.0*	*0.0*	*1.0*	*-0.7*		*100.0*	*100.0*
Pacific Ridge	3.9	7.5	28.3	-2.8	1.0	9.3	0.9	0.3	-0.3	88.2	94.0
Russell Microcap Value Index	*7.5*	*10.6*	*27.4*	*0.0*	*1.0*	*0.0*	*1.0*	*0.4*		*100.0*	*100.0*
Prime Property Fund	11.6	10.7	7.8	-0.6	1.0	1.5	1.0	1.4	-0.5	95.2	119.1
NCREIF ODCE	*12.4*	*11.4*	*7.7*	*0.0*	*1.0*	*0.0*	*1.0*	*1.5*		*100.0*	*100.0*
PGIM Real Estate US Debt Fund	4.9	4.2	2.0	4.7	-0.1	5.9	0.1	2.1	1.2	28.0	-42.4
Blmbg. U.S. Investment Grade: CMBS Index	*-2.1*	*-2.6*	*5.0*	*0.0*	*1.0*	*0.0*	*1.0*	*-0.5*		*100.0*	*100.0*
Raven Opportunity III	10.7	9.9	8.2	11.7	-0.1	12.9	0.0	1.2	0.5	37.3	-91.3
S&P/LSTA Leveraged Loan Index +2%	*4.3*	*4.0*	*8.8*	*0.0*	*1.0*	*0.0*	*1.0*	*0.4*		*100.0*	*100.0*
Walthausen	10.9	12.8	24.0	6.5	0.9	9.1	0.9	0.5	0.6	96.0	77.8
Russell 2000 Value Index	*4.7*	*7.6*	*26.1*	*0.0*	*1.0*	*0.0*	*1.0*	*0.3*		*100.0*	*100.0*
PanAgora Risk Parity Multi Asset	-3.2	-2.9	13.7	-3.3	0.9	5.2	0.9	-0.2	-0.7	77.1	94.8
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg	*0.1*	*0.5*	*13.5*	*0.0*	*1.0*	*0.0*	*1.0*	*0.0*		*100.0*	*100.0*
White Oak Pinnacle	1.1	1.2	11.7	2.8	-0.2	15.7	0.0	0.1	-0.2	27.6	19.3
S&P/LSTA Leveraged Loan Index +2%	*4.3*	*4.0*	*8.8*	*0.0*	*1.0*	*0.0*	*1.0*	*0.4*		*100.0*	*100.0*

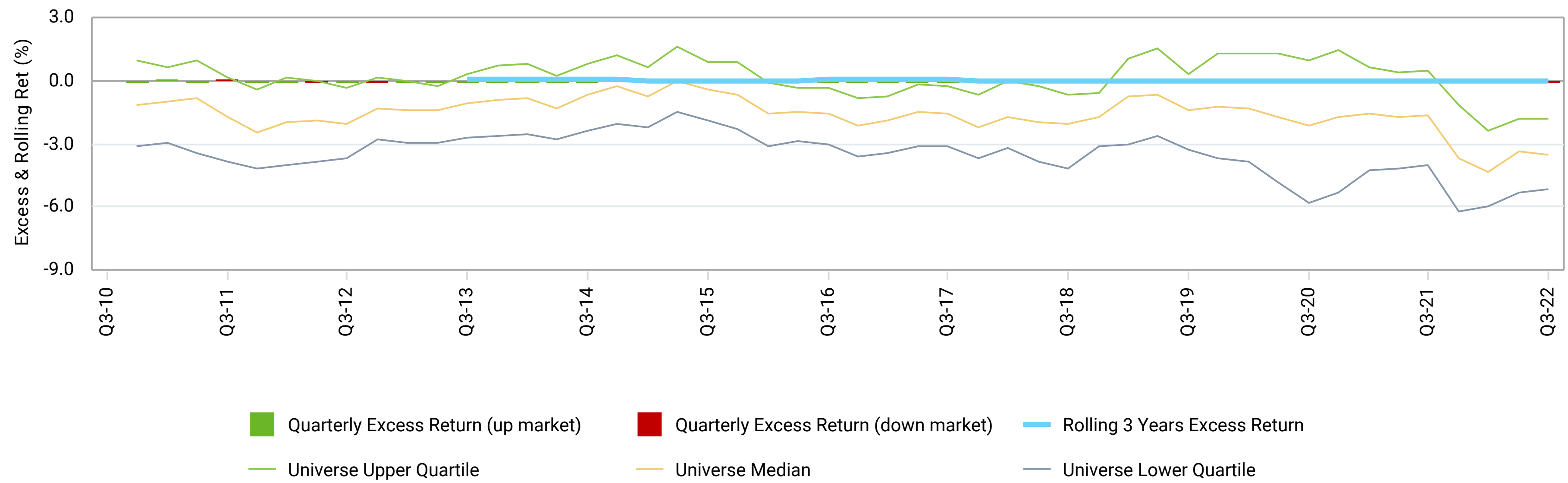
DOMESTIC EQUITY MANAGERS

BLACKROCK RUSSELL 1000 GROWTH

eV US Large Cap Growth Equity (net of fees)



Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending September 30, 2022

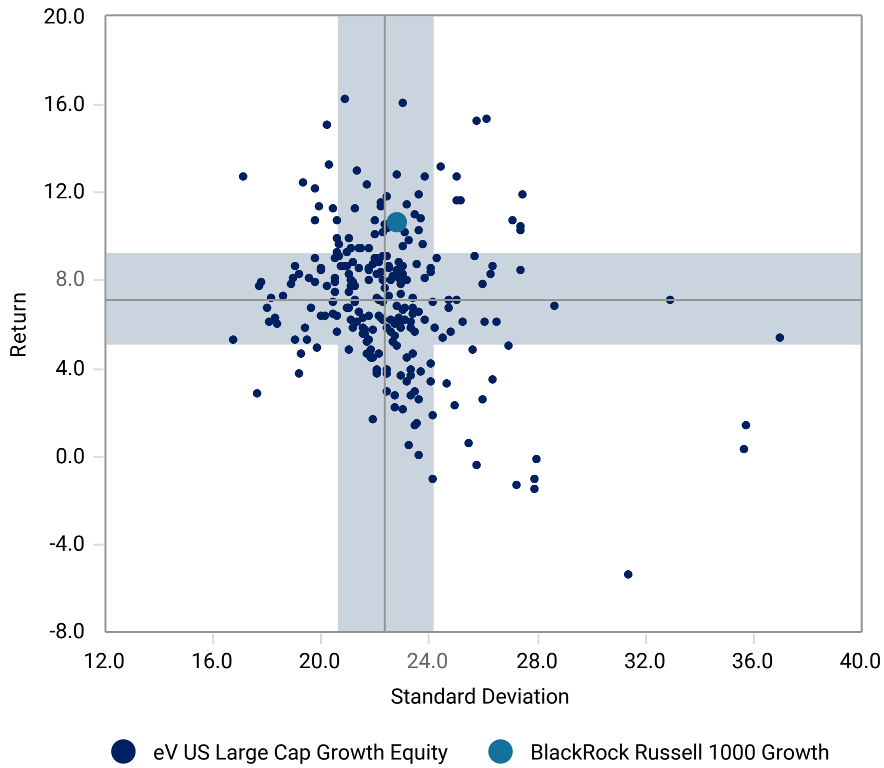


Stanislaus County ERA

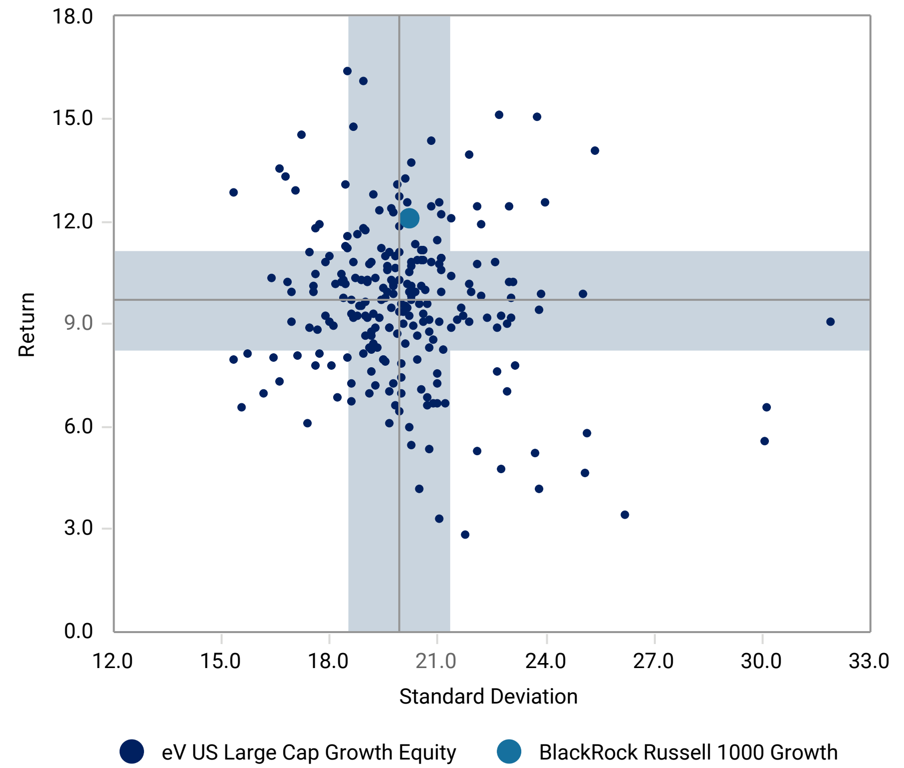
September 30, 2022

RISK VS. RETURN

3 Years Ending September 30, 2022



5 Years Ending September 30, 2022



3 Years Ending September 30, 2022

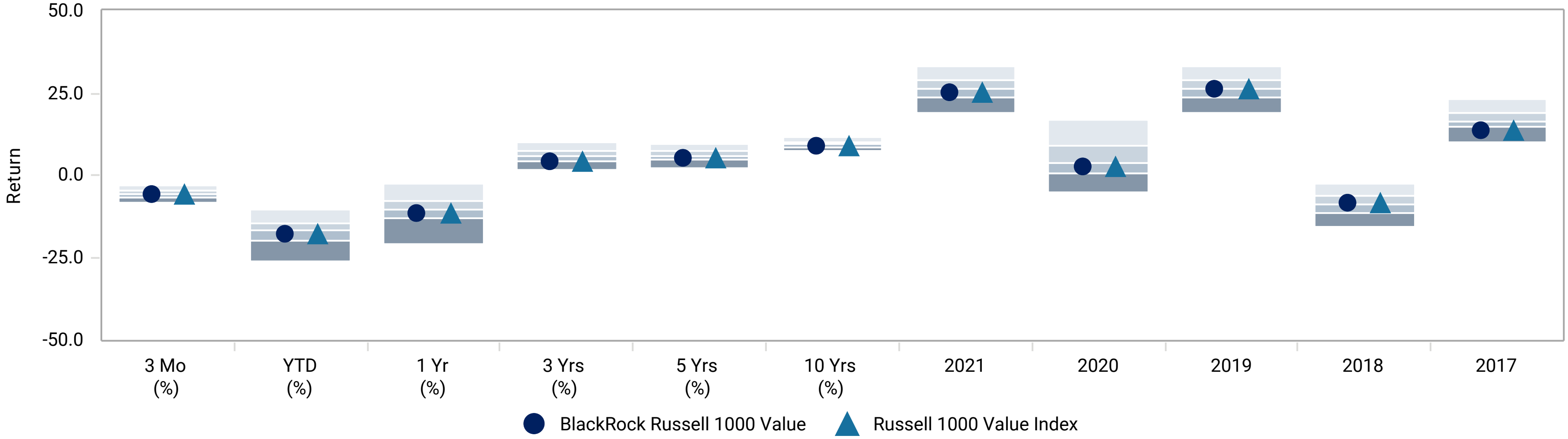
	Return		Standard Deviation		Sharpe Ratio	
BlackRock Russell 1000 Growth	10.6	(13)	22.8	(59)	0.5	(13)
Russell 1000 Growth Index	*10.7*	*(13)*	*22.8*	*(59)*	*0.5*	*(13)*
eV US Large Cap Growth Equity Median	*7.2*		*22.4*		*0.4*	
Population	249		249		249	

5 Years Ending September 30, 2022

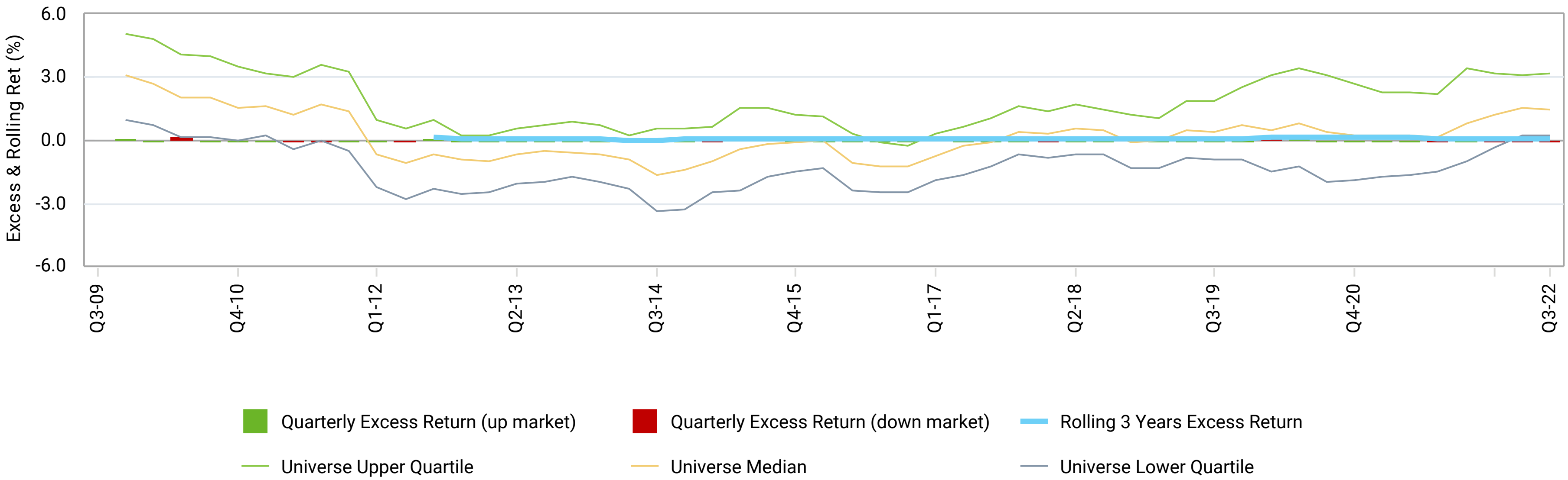
	Return		Standard Deviation		Sharpe Ratio	
BlackRock Russell 1000 Growth	12.1	(13)	20.2	(58)	0.6	(14)
Russell 1000 Growth Index	*12.2*	*(13)*	*20.2*	*(58)*	*0.6*	*(14)*
eV US Large Cap Growth Equity Median	*9.7*		*19.9*		*0.5*	
Population	235		235		235	

BLACKROCK RUSSELL 1000 VALUE

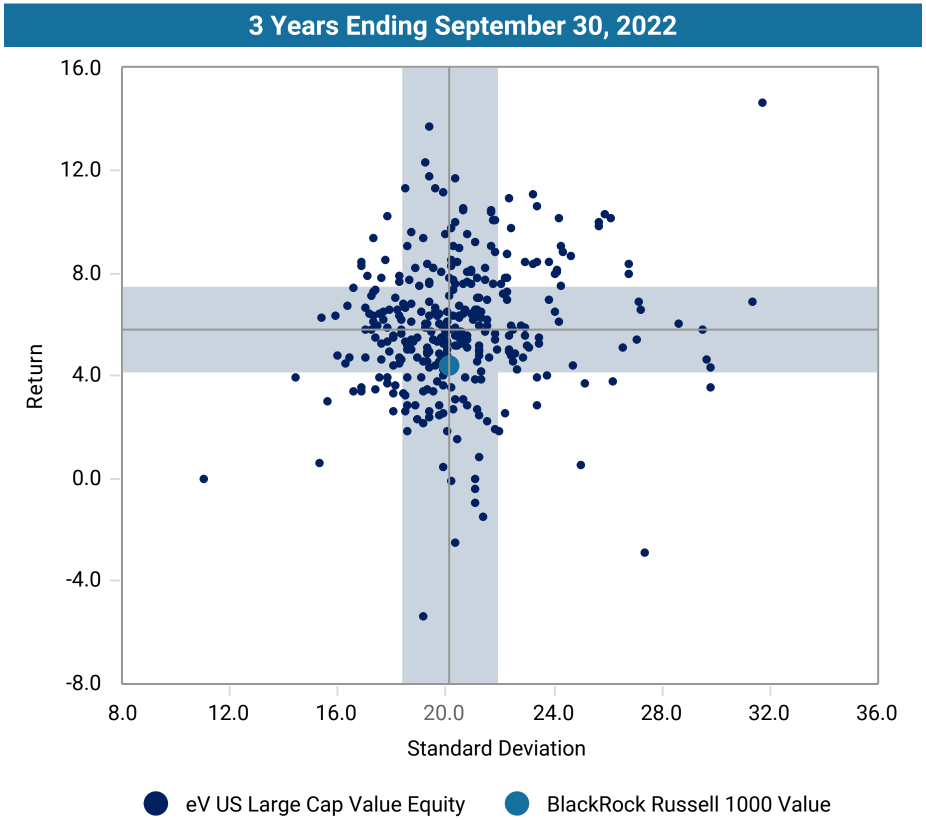
eV US Large Cap Value Equity (net of fees)

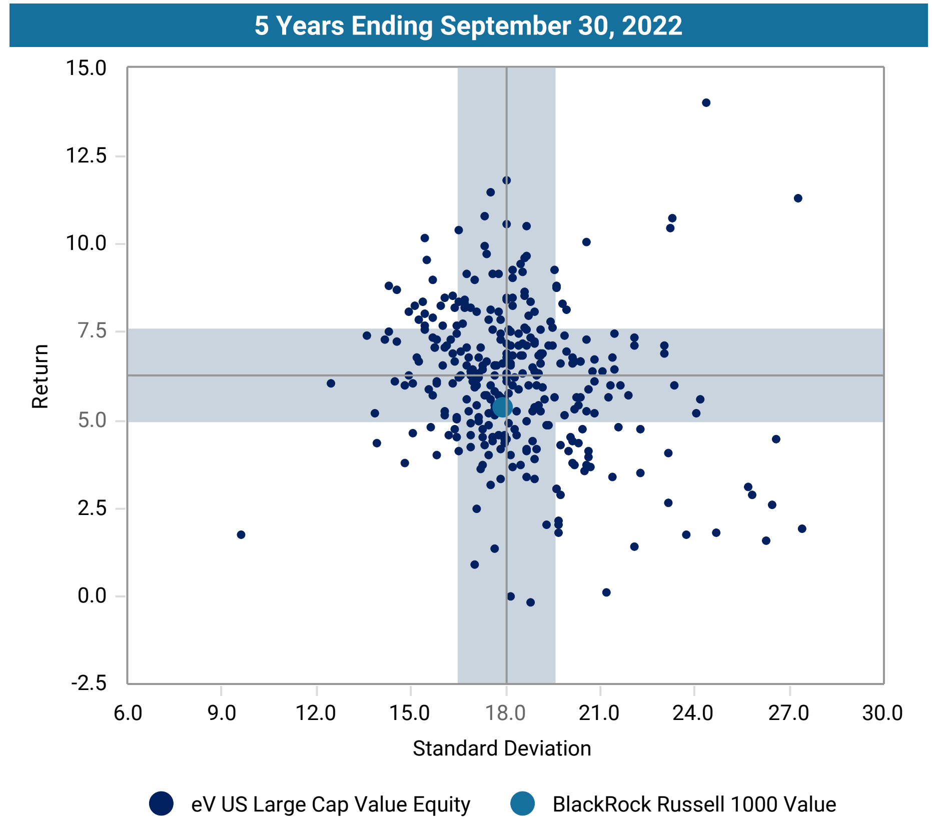


Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending September 30, 2022



RISK VS. RETURN





3 Years Ending September 30, 2022

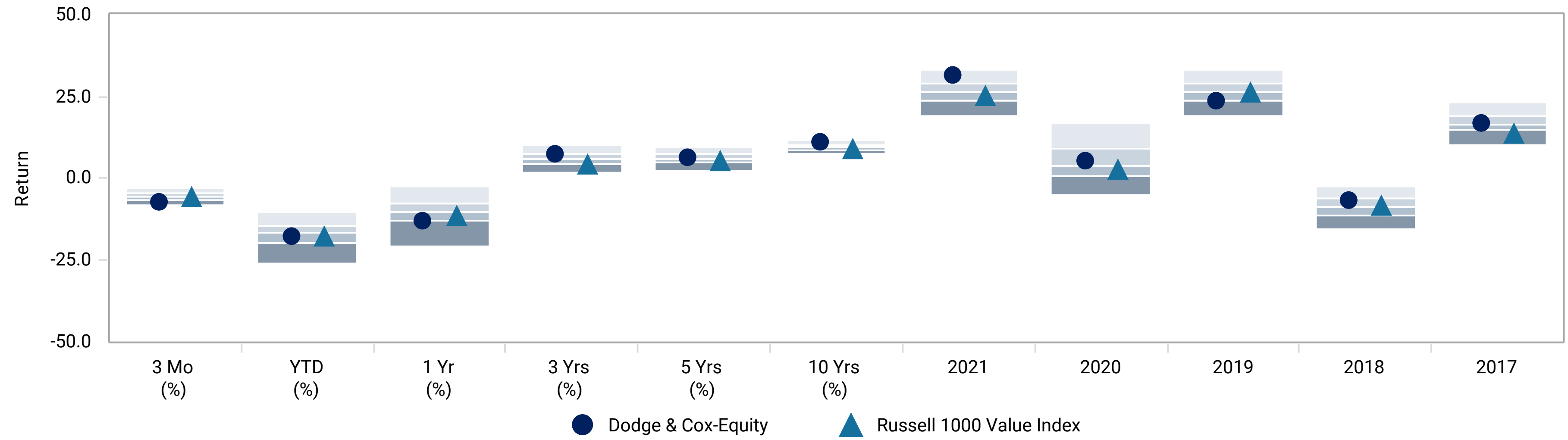
	Return	Standard Deviation	Sharpe Ratio
BlackRock Russell 1000 Value	4.4 (78)	20.2 (50)	0.3 (78)
Russell 1000 Value Index	*4.4 (78)*	*20.2 (50)*	*0.3 (78)*
eV US Large Cap Value Equity Median	*5.8*	*20.1*	*0.4*
Population	332	332	332

5 Years Ending September 30, 2022

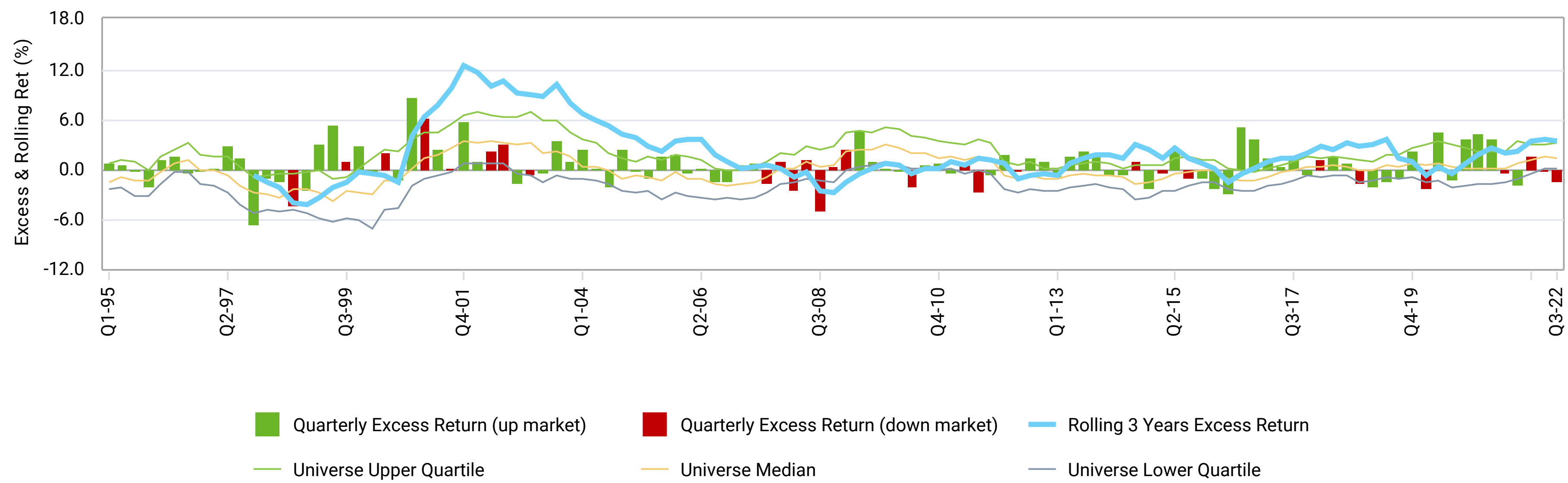
	Return	Standard Deviation	Sharpe Ratio
BlackRock Russell 1000 Value	5.4 (67)	17.9 (45)	0.3 (66)
Russell 1000 Value Index	*5.3 (68)*	*17.9 (45)*	*0.3 (68)*
eV US Large Cap Value Equity Median	*6.3*	*18.0*	*0.4*
Population	322	322	322

DODGE & COX-EQUITY

eV US Large Cap Value Equity (net of fees)

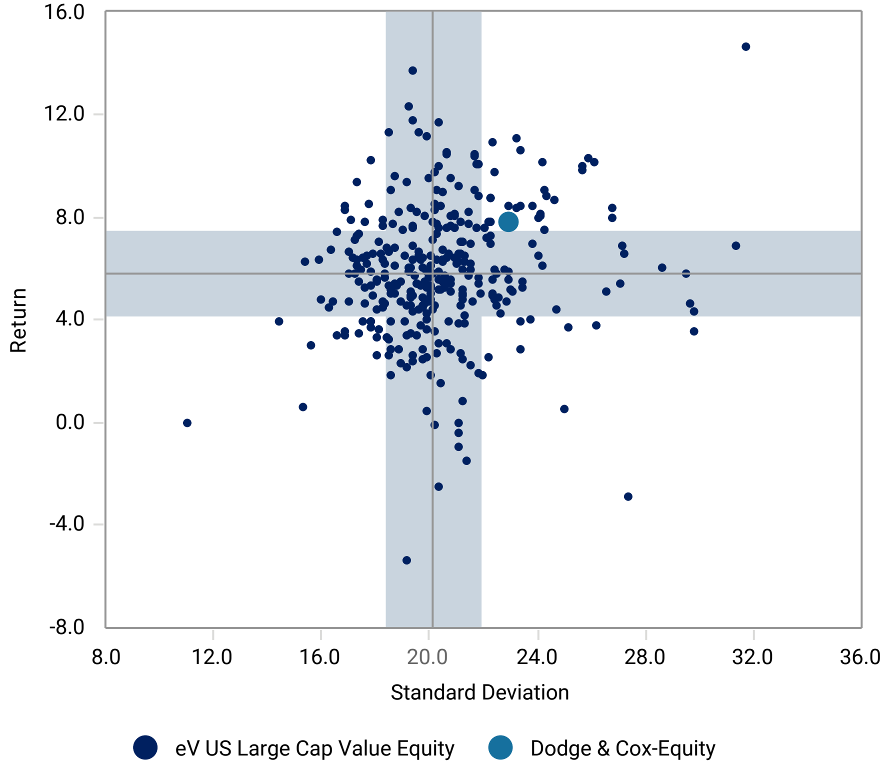


Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending September 30, 2022

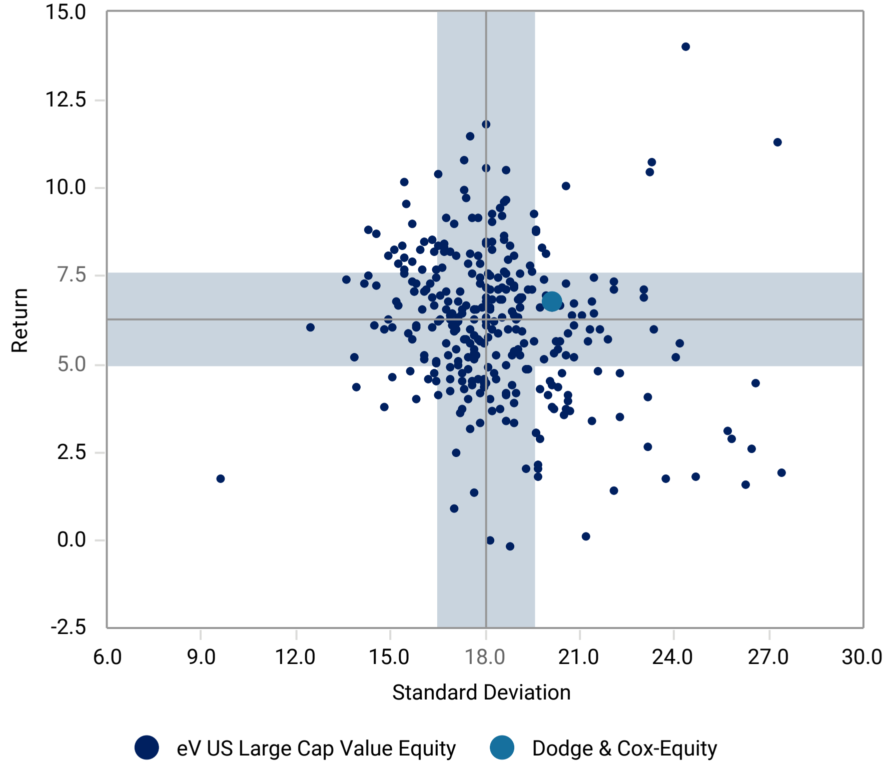


RISK VS. RETURN

3 Years Ending September 30, 2022



5 Years Ending September 30, 2022



3 Years Ending September 30, 2022

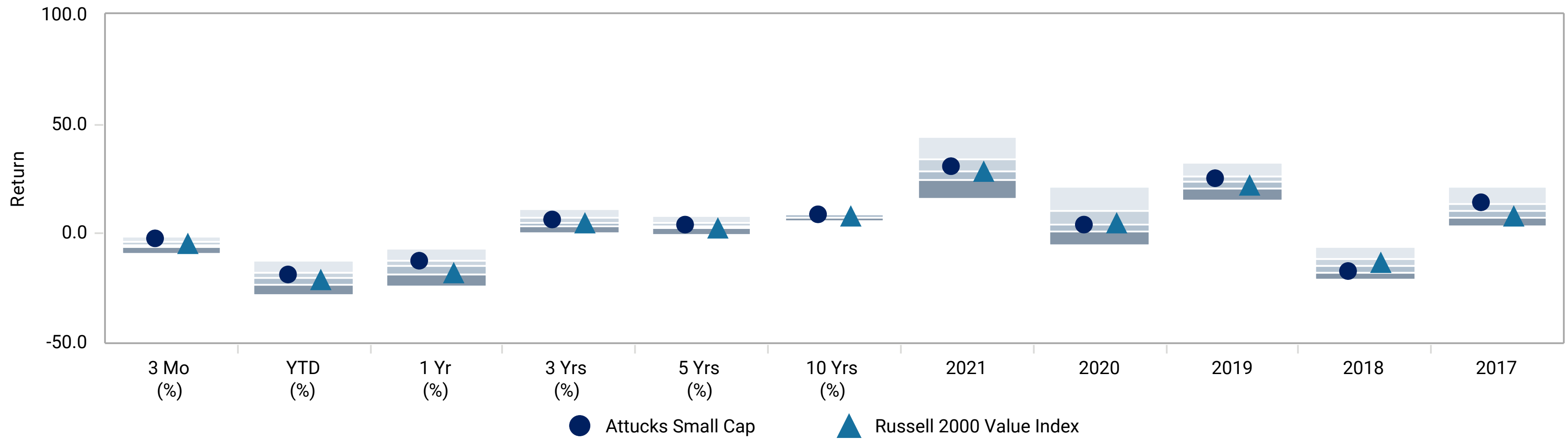
	Return	Standard Deviation	Sharpe Ratio
Dodge & Cox-Equity	7.8 (22)	23.0 (86)	0.4 (28)
Russell 1000 Value Index	*4.4 (78)*	*20.2 (50)*	*0.3 (78)*
eV US Large Cap Value Equity Median	*5.8*	*20.1*	*0.4*
Population	332	332	332

5 Years Ending September 30, 2022

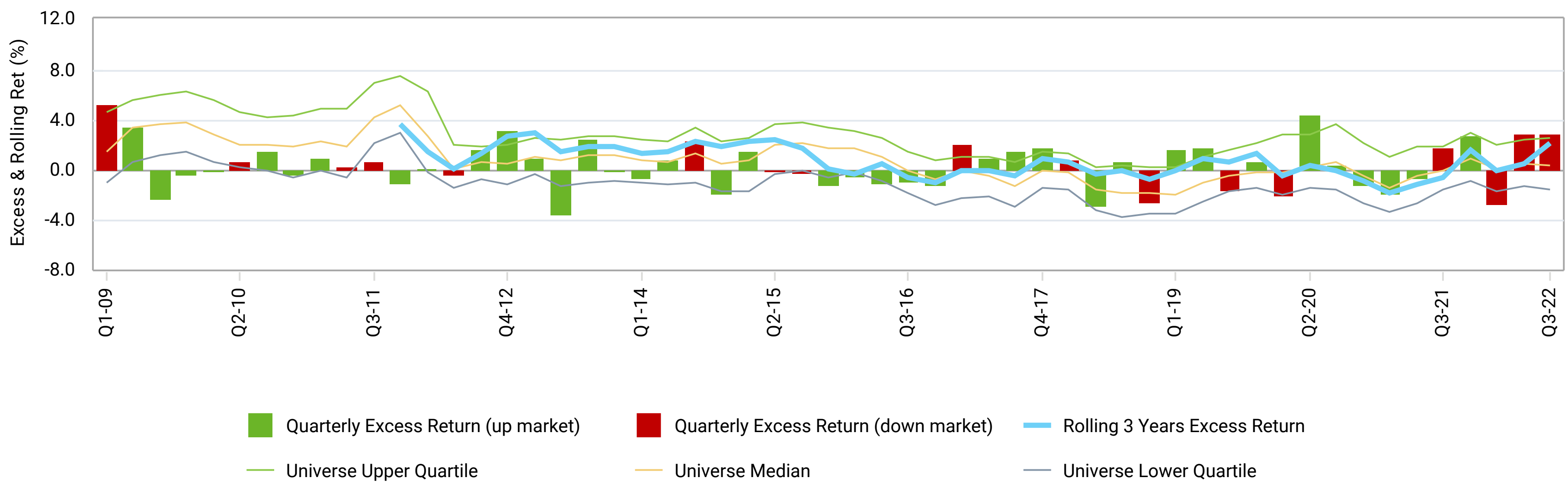
	Return	Standard Deviation	Sharpe Ratio
Dodge & Cox-Equity	6.8 (39)	20.1 (81)	0.4 (48)
Russell 1000 Value Index	*5.3 (68)*	*17.9 (45)*	*0.3 (68)*
eV US Large Cap Value Equity Median	*6.3*	*18.0*	*0.4*
Population	322	322	322

ATTUCKS SMALL CAP

eV US Small Cap Value Equity (net of fees)

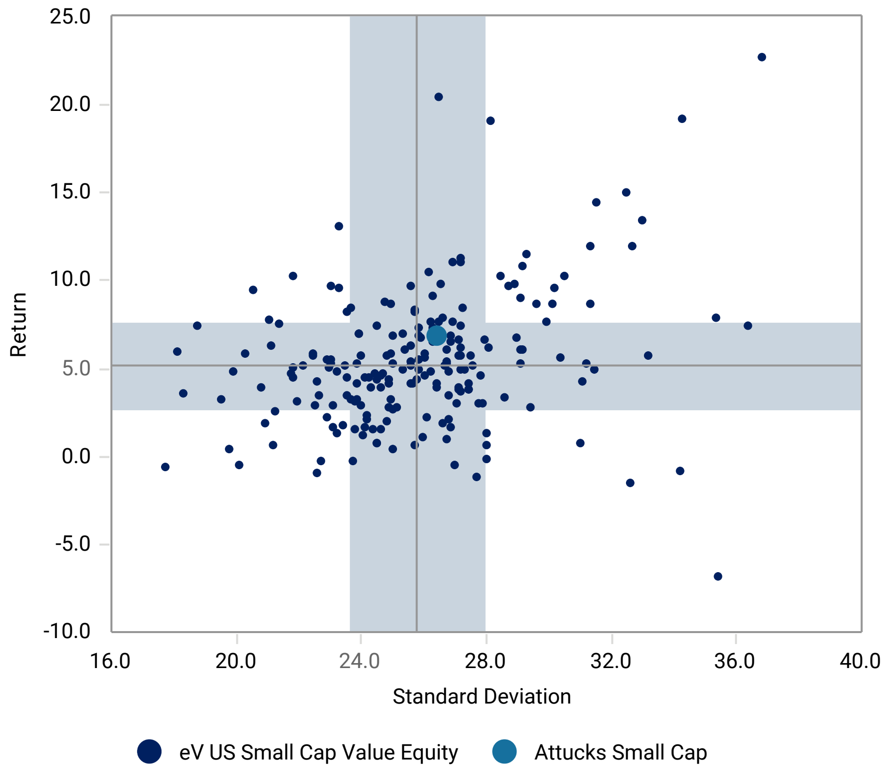


Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending September 30, 2022

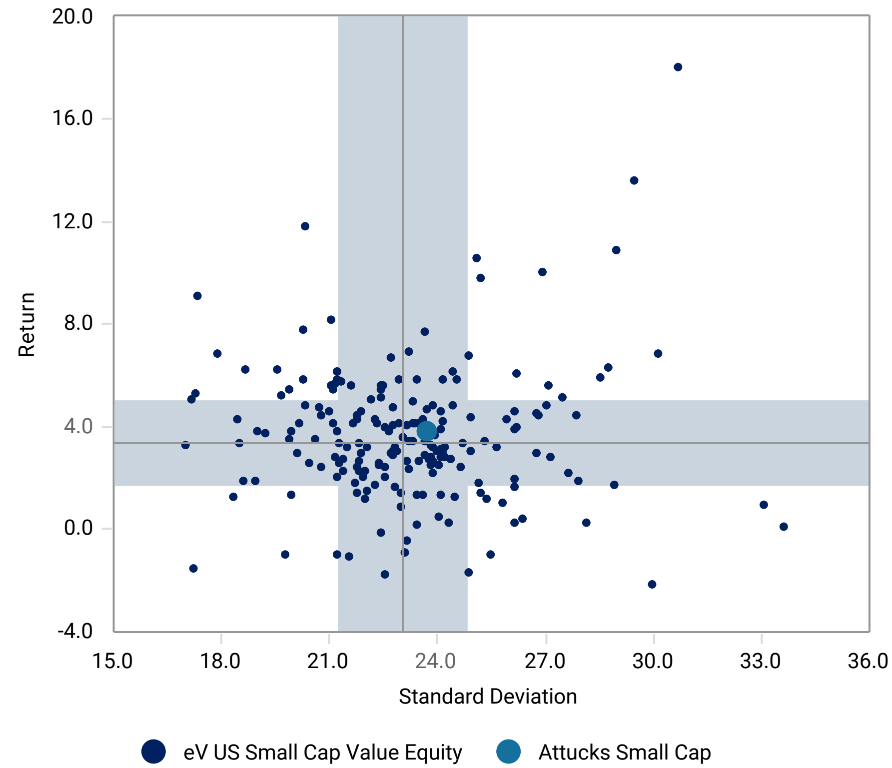


RISK VS. RETURN

3 Years Ending September 30, 2022



5 Years Ending September 30, 2022



3 Years Ending September 30, 2022

	Return	Standard Deviation	Sharpe Ratio
Attucks Small Cap	6.9 (28)	26.4 (59)	0.4 (29)
Russell 2000 Value Index	*4.7 (57)*	*26.1 (54)*	*0.3 (58)*
eV US Small Cap Value Equity Median	*5.1*	*25.8*	*0.3*
Population	206	206	206

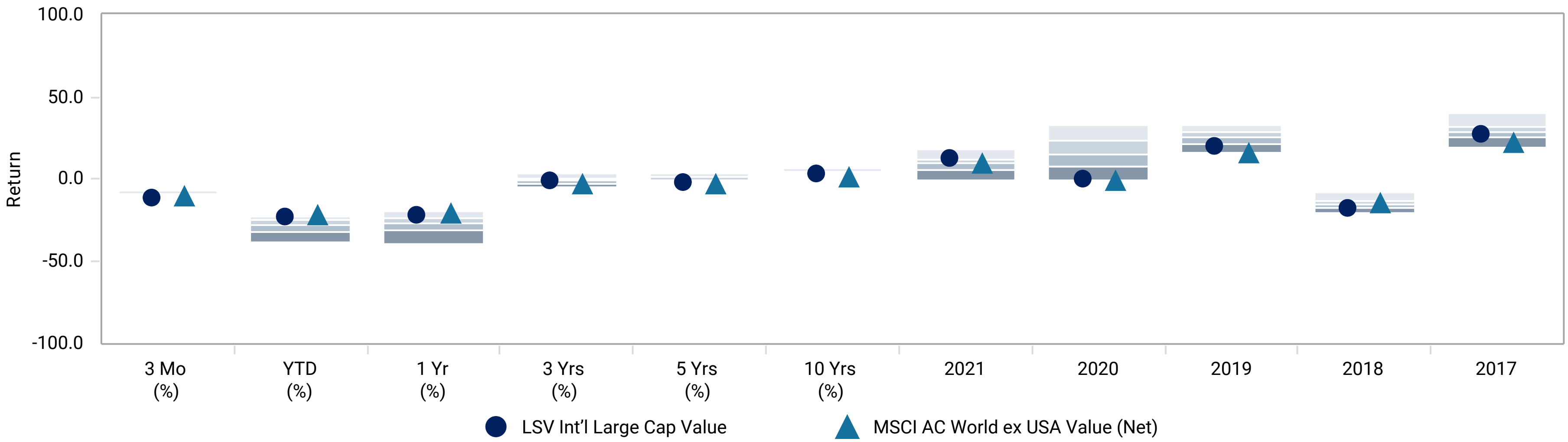
5 Years Ending September 30, 2022

	Return	Standard Deviation	Sharpe Ratio
Attucks Small Cap	3.9 (43)	23.7 (61)	0.2 (42)
Russell 2000 Value Index	*2.9 (62)*	*23.2 (52)*	*0.2 (63)*
eV US Small Cap Value Equity Median	*3.4*	*23.0*	*0.2*
Population	197	197	197

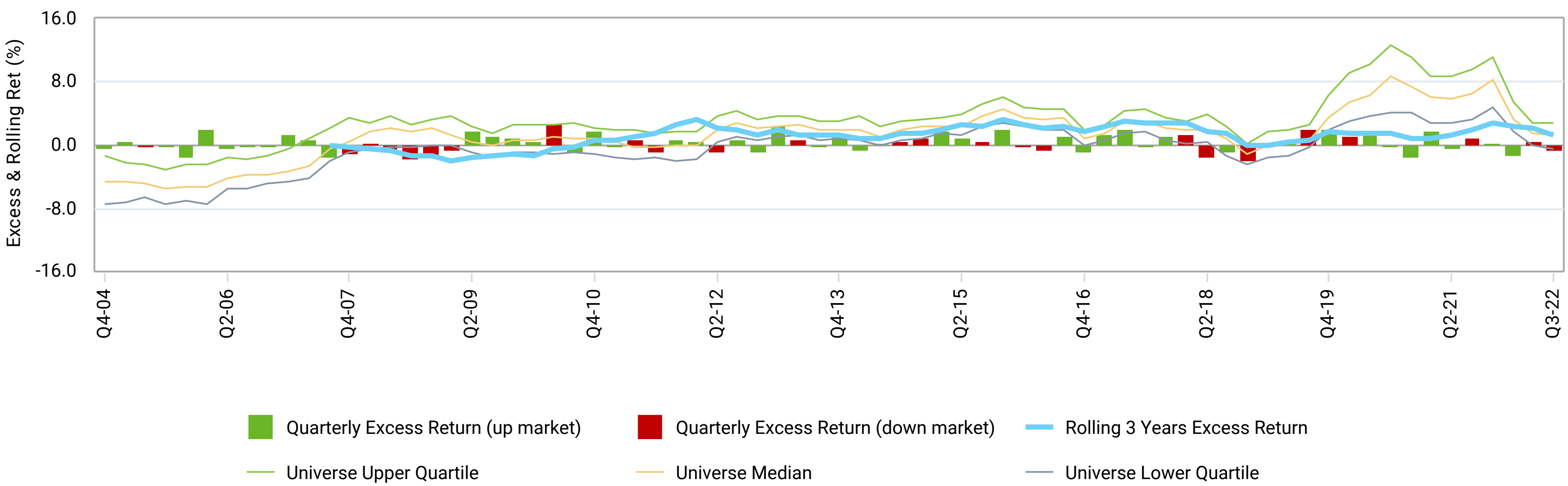
INTERNATIONAL EQUITY MANAGERS

LSV INT'L LARGE CAP VALUE

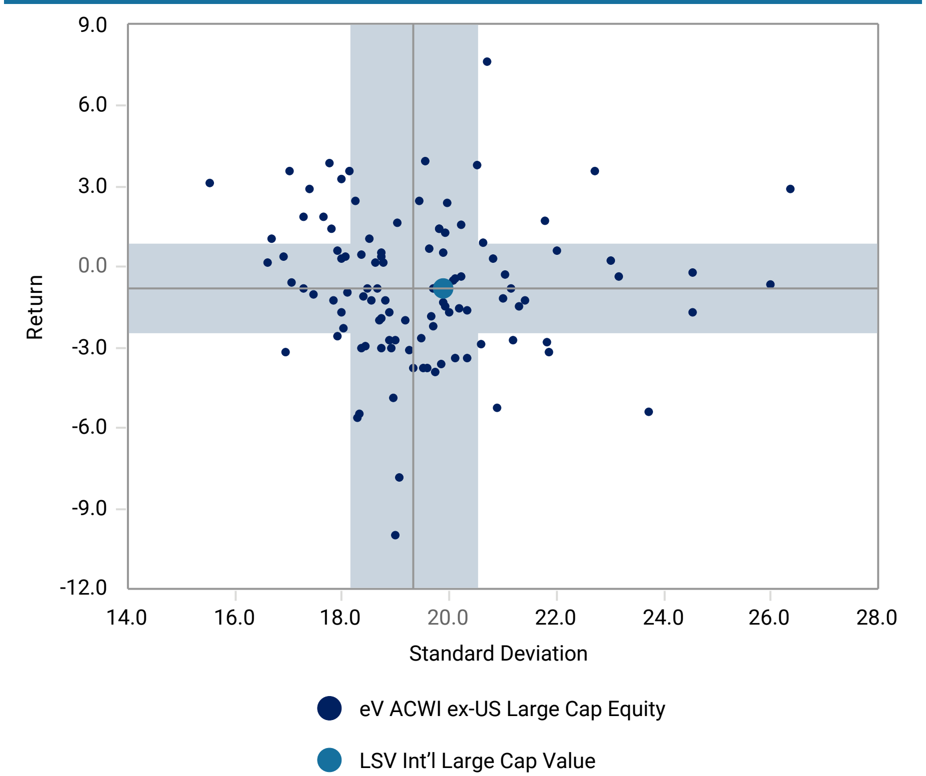
eV ACWI ex-US Large Cap Equity (net of fees)

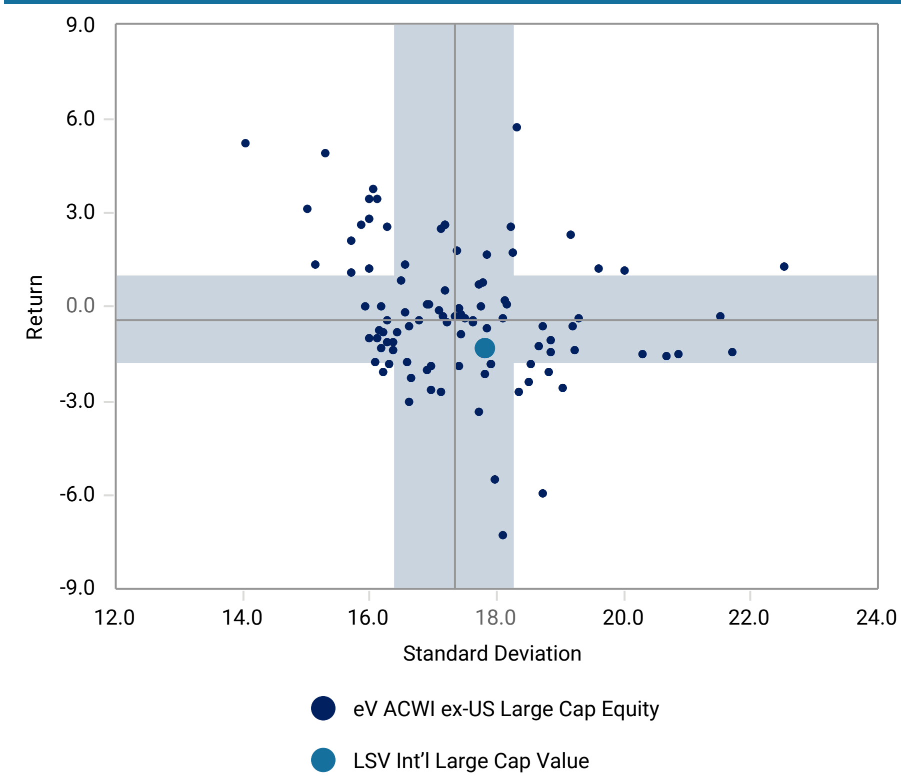


Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending September 30, 2022



RISK VS. RETURN





3 Years Ending September 30, 2022

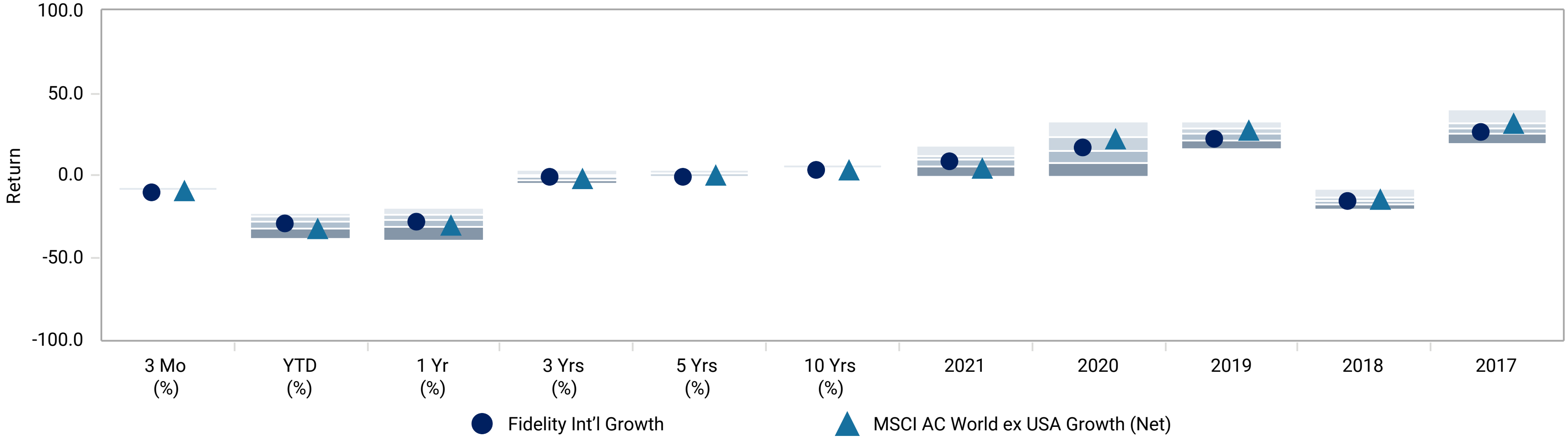
	Return		Standard Deviation		Sharpe Ratio	
LSV Int'l Large Cap Value	-0.8	(50)	19.9	(65)	0.0	(48)
MSCI AC World ex USA Value (Net)	*-2.1*	*(73)*	*20.2*	*(73)*	*0.0*	*(69)*
eV ACWI ex-US Large Cap Equity Median	*-0.8*		*19.3*		*0.0*	
Population	107		107		107	

5 Years Ending September 30, 2022

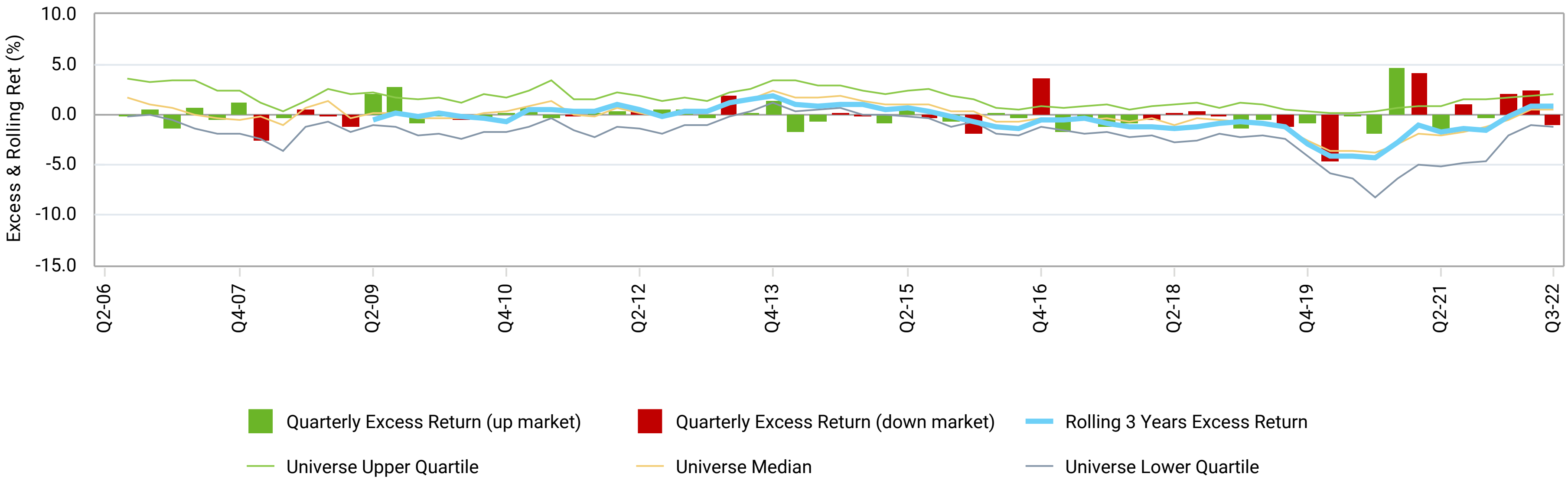
	Return		Standard Deviation		Sharpe Ratio	
LSV Int'l Large Cap Value	-1.3	(69)	17.8	(65)	0.0	(72)
MSCI AC World ex USA Value (Net)	*-2.1*	*(89)*	*17.7*	*(62)*	*-0.1*	*(85)*
eV ACWI ex-US Large Cap Equity Median	*-0.4*		*17.3*		*0.0*	
Population	99		99		99	

FIDELITY INT'L GROWTH

eV ACWI ex-US Large Cap Equity (net of fees)

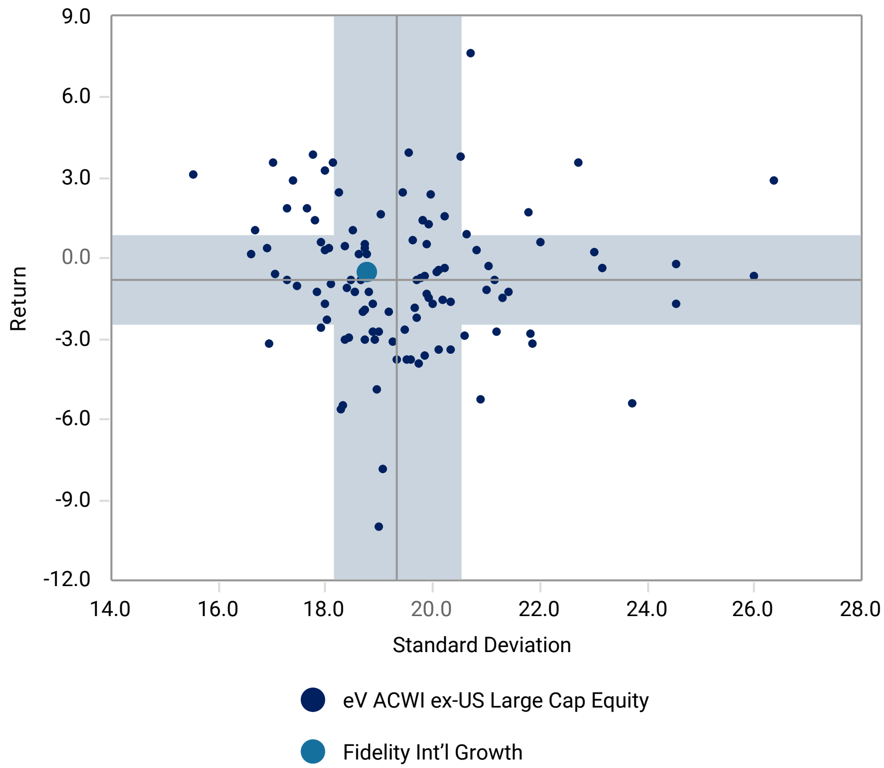


Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending September 30, 2022

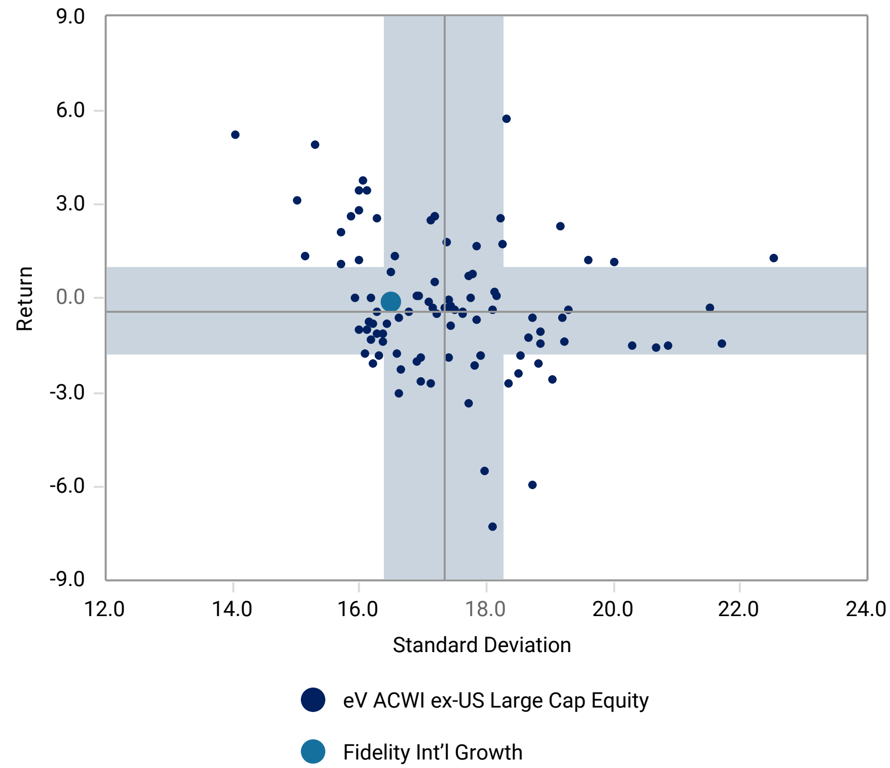


RISK VS. RETURN

3 Years Ending September 30, 2022



5 Years Ending September 30, 2022



3 Years Ending September 30, 2022

	Return		Standard Deviation		Sharpe Ratio	
Fidelity Int'l Growth	-0.5	(44)	18.8	(38)	0.0	(47)
MSCI AC World ex USA Growth (Net)	*-1.4*	*(61)*	*17.8*	*(13)*	*0.0*	*(67)*
eV ACWI ex-US Large Cap Equity Median	*-0.8*		*19.3*		*0.0*	
Population	107		107		107	

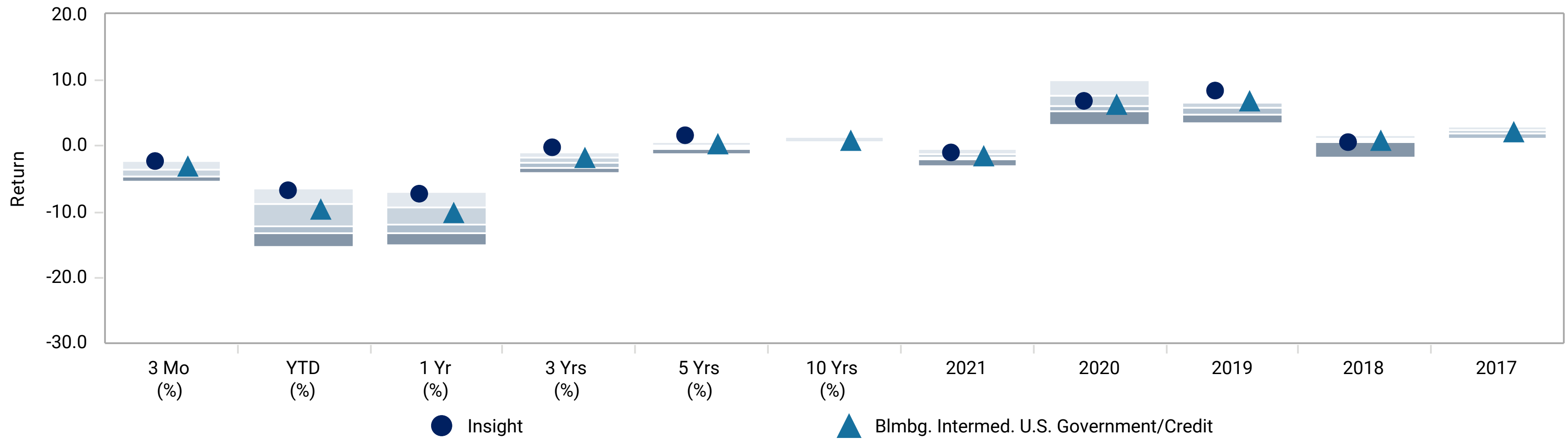
5 Years Ending September 30, 2022

	Return		Standard Deviation		Sharpe Ratio	
Fidelity Int'l Growth	-0.1	(40)	16.5	(28)	0.0	(42)
MSCI AC World ex USA Growth (Net)	*0.2*	*(31)*	*16.0*	*(11)*	*0.0*	*(38)*
eV ACWI ex-US Large Cap Equity Median	*-0.4*		*17.3*		*0.0*	
Population	99		99		99	

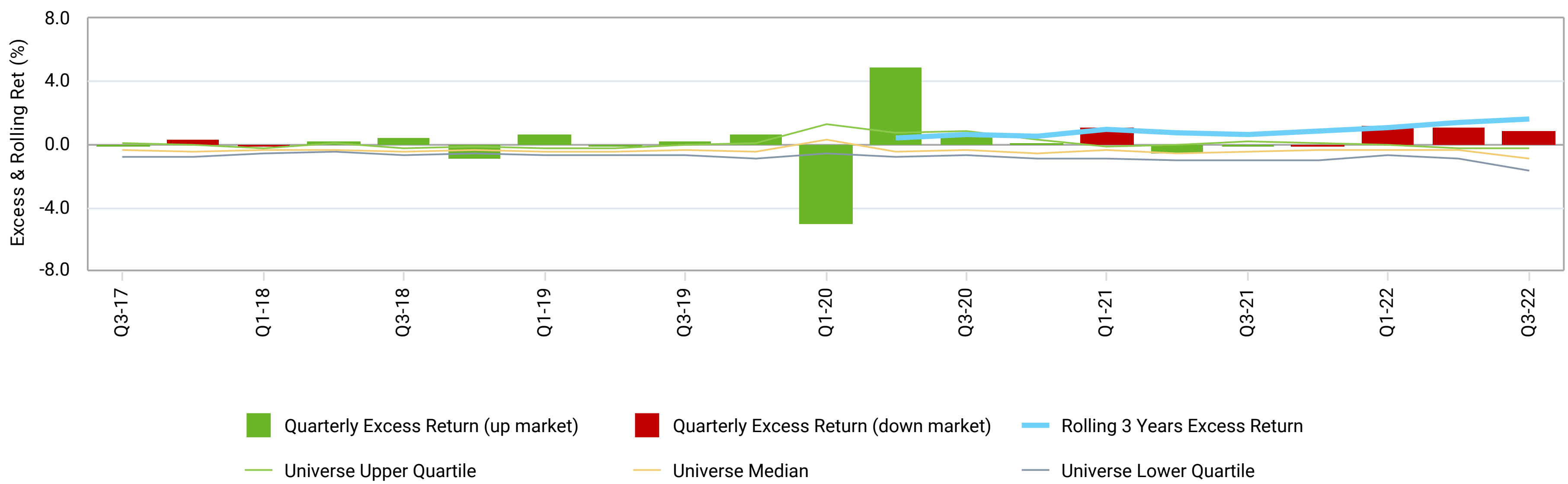
DOMESTIC FIXED INCOME MANAGERS

INSIGHT

eV US Government Fixed Inc (net of fees)

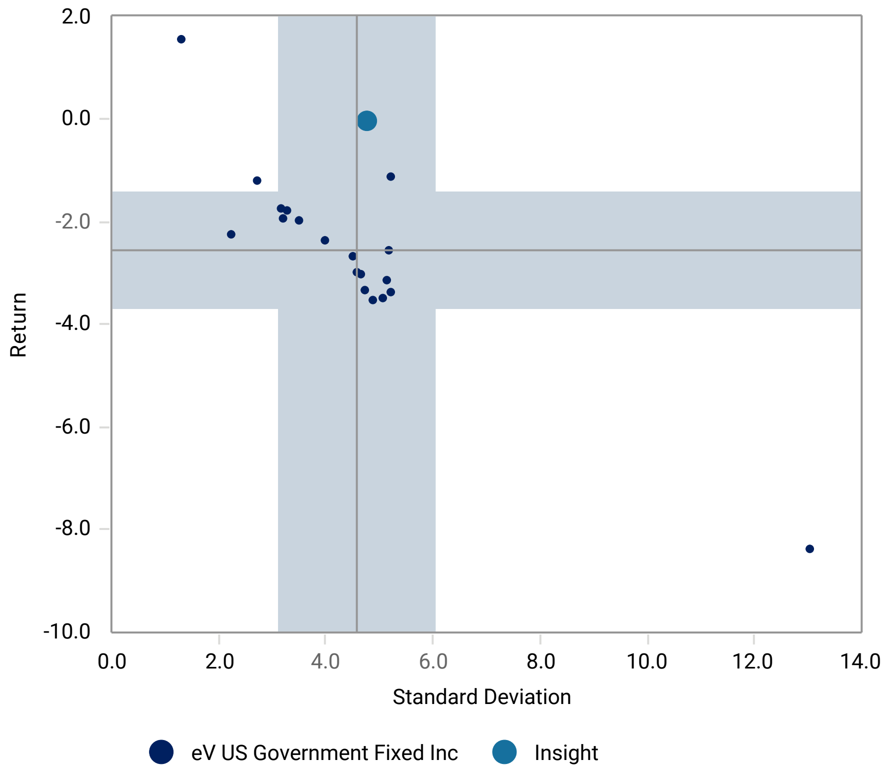


Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending September 30, 2022

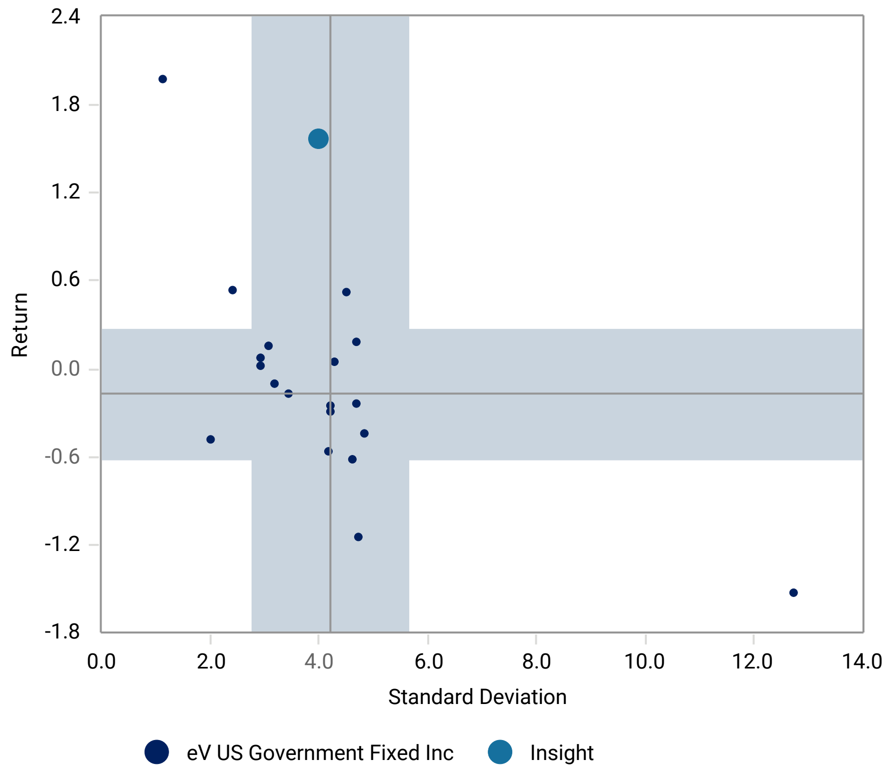


RISK VS. RETURN

3 Years Ending September 30, 2022



5 Years Ending September 30, 2022

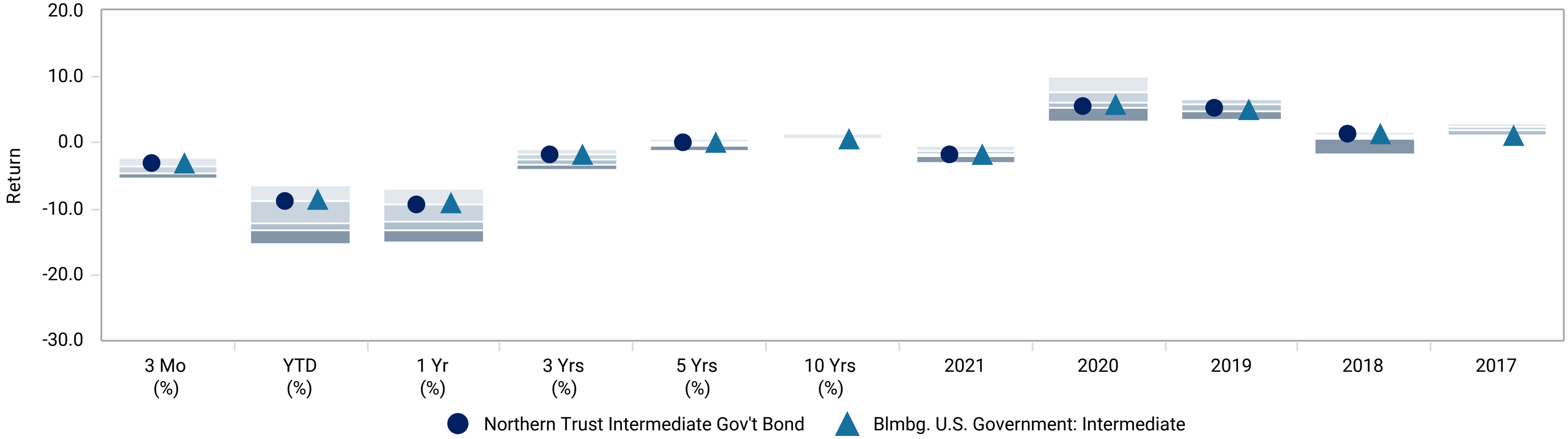


3 Years Ending September 30, 2022	Return		Standard Deviation		Sharpe Ratio	
Insight	0.0	(4)	4.8	(62)	-0.1	(5)
Blmbg. Intermed. U.S. Government/Credit	*-1.6*	*(16)*	*3.6*	*(34)*	*-0.6*	*(13)*
eV US Government Fixed Inc Median	*-2.6*		*4.6*		*-0.7*	
Population	19		19		19	

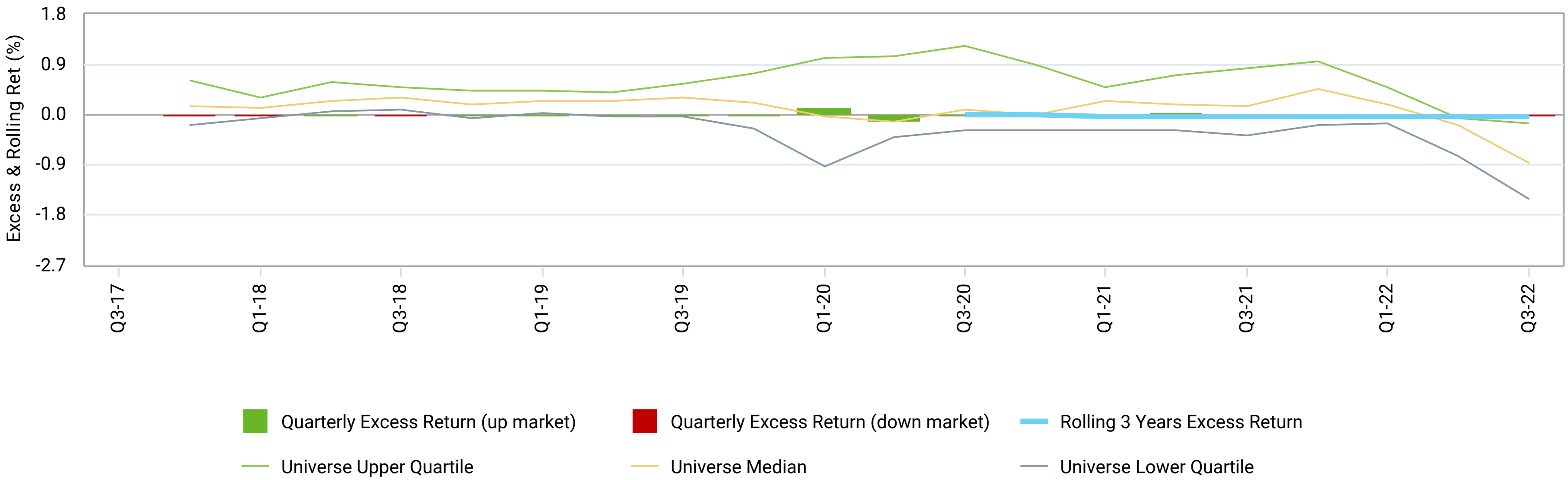
5 Years Ending September 30, 2022	Return		Standard Deviation		Sharpe Ratio	
Insight	1.6	(2)	4.0	(42)	0.1	(4)
Blmbg. Intermed. U.S. Government/Credit	*0.4*	*(14)*	*3.2*	*(34)*	*-0.2*	*(21)*
eV US Government Fixed Inc Median	*-0.2*		*4.2*		*-0.3*	
Population	19		19		19	

NORTHERN TRUST INTERMEDIATE GOV'T BOND

eV US Government Fixed Inc (net of fees)



Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending September 30, 2022

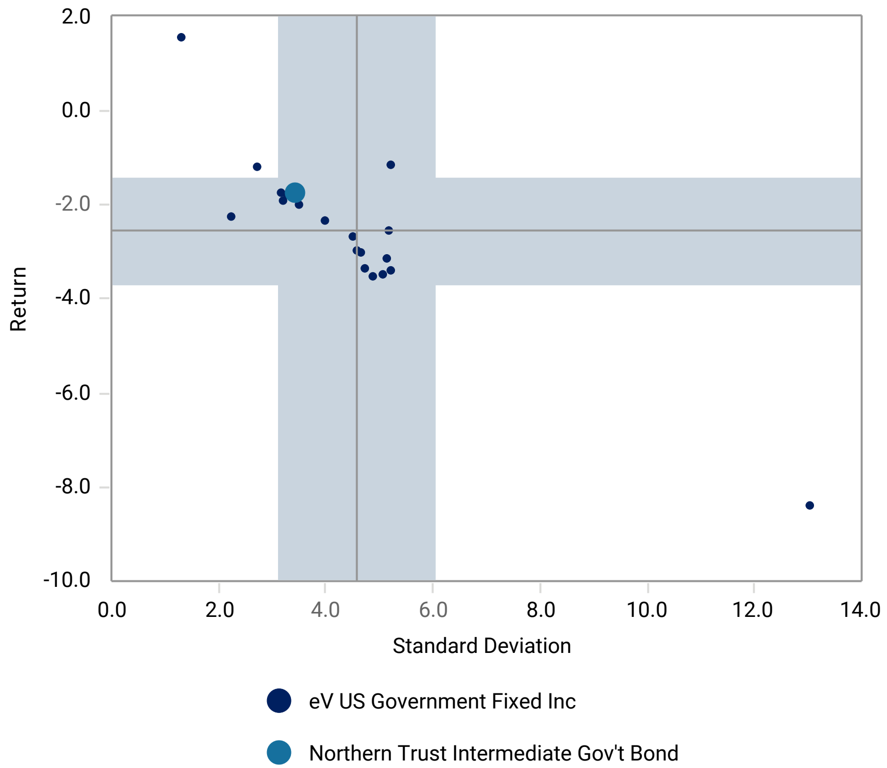


Stanislaus County ERA

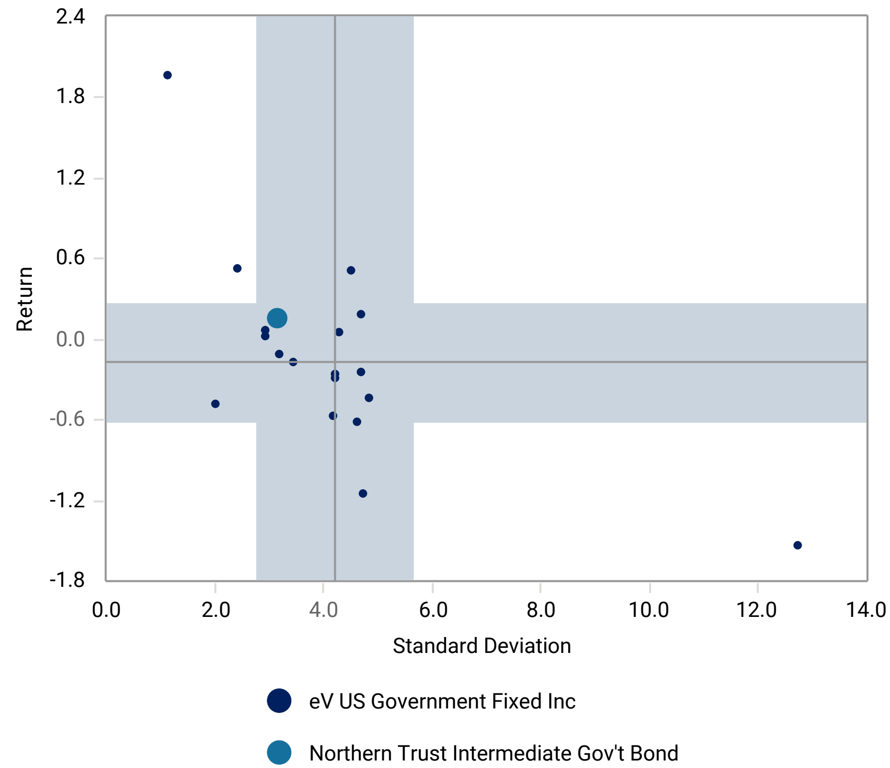
September 30, 2022

RISK VS. RETURN

3 Years Ending September 30, 2022



5 Years Ending September 30, 2022



3 Years Ending September 30, 2022

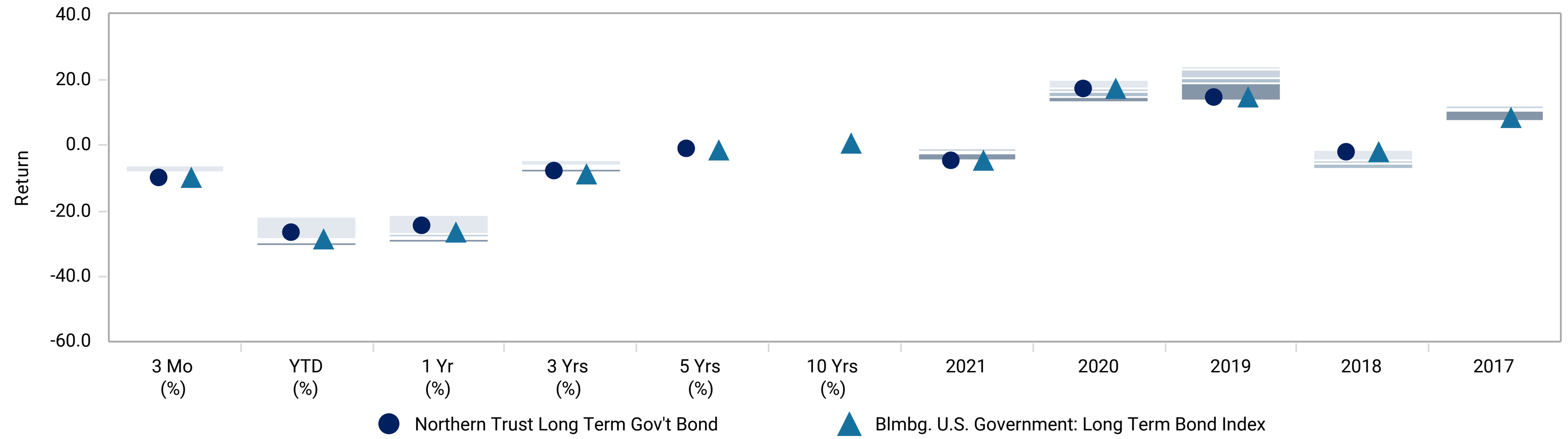
	Return		Standard Deviation		Sharpe Ratio	
Northern Trust Intermediate Gov't Bond	-1.7	(20)	3.4	(31)	-0.7	(26)
Blmbg. U.S. Government: Intermediate	*-1.7*	*(17)*	*3.4*	*(30)*	*-0.7*	*(25)*
eV US Government Fixed Inc Median	*-2.6*		*4.6*		*-0.7*	
Population	19		19		19	

5 Years Ending September 30, 2022

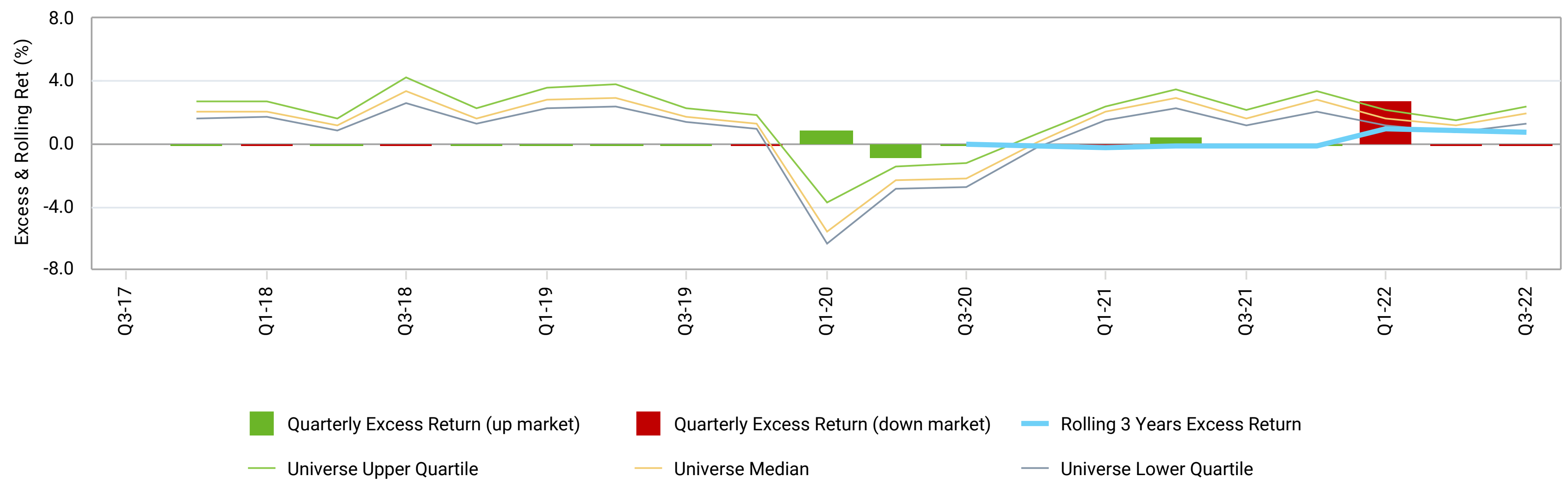
	Return		Standard Deviation		Sharpe Ratio	
Northern Trust Intermediate Gov't Bond	0.2	(23)	3.1	(31)	-0.3	(42)
Blmbg. U.S. Government: Intermediate	*0.2*	*(19)*	*3.1*	*(30)*	*-0.3*	*(39)*
eV US Government Fixed Inc Median	*-0.2*		*4.2*		*-0.3*	
Population	19		19		19	

NORTHERN TRUST LONG TERM GOV'T BOND

eV US Long Duration Fixed Inc (net of fees)

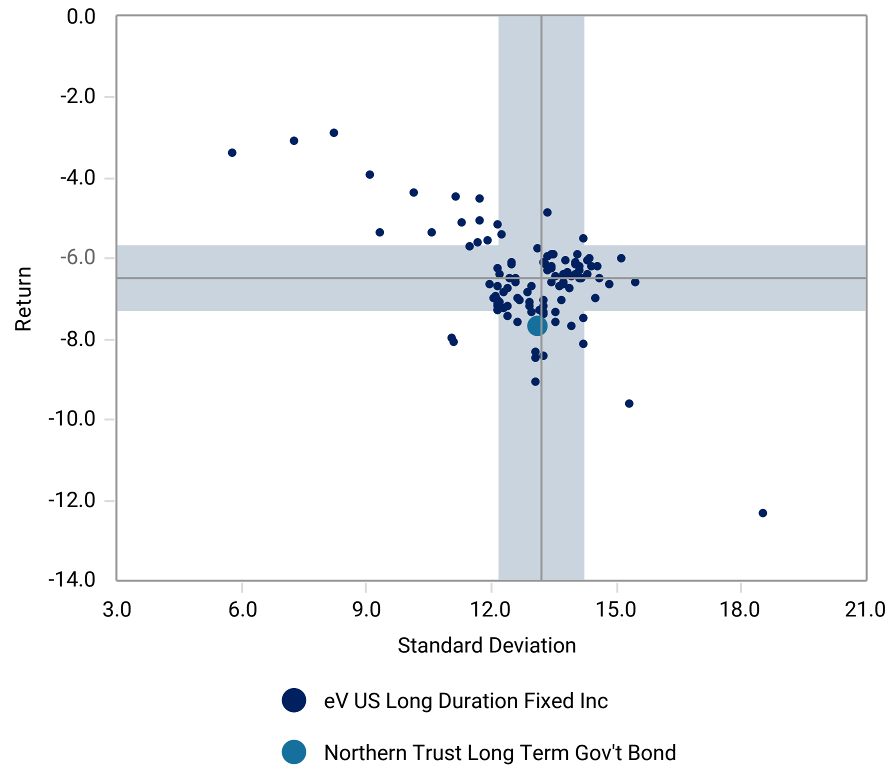


Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending September 30, 2022

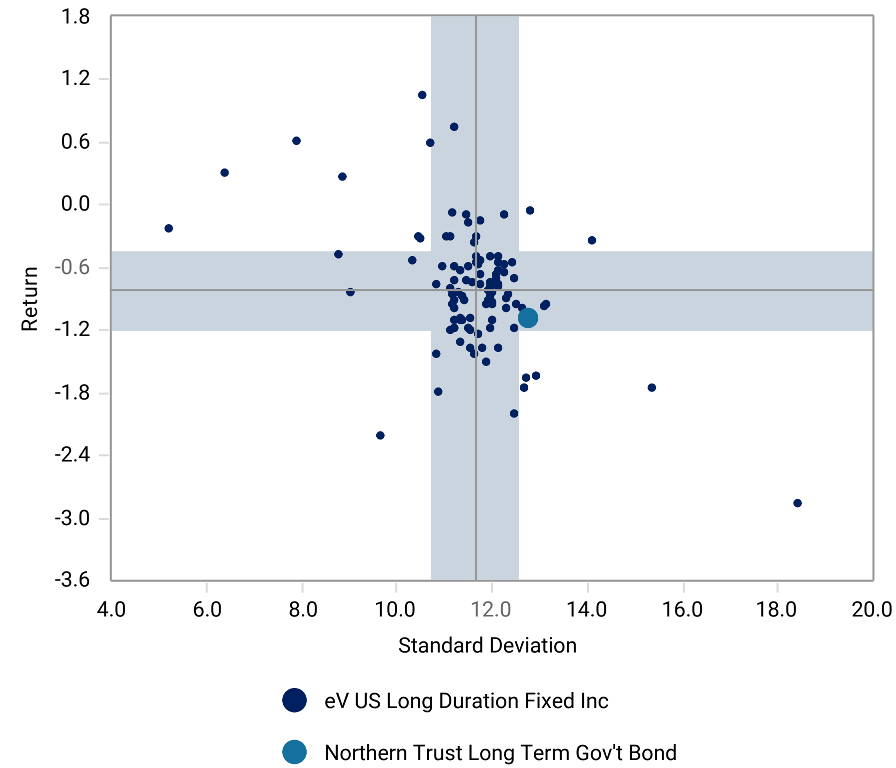


RISK VS. RETURN

3 Years Ending September 30, 2022



5 Years Ending September 30, 2022



3 Years Ending September 30, 2022

	Return		Standard Deviation		Sharpe Ratio	
Northern Trust Long Term Gov't Bond	-7.7	(92)	13.1	(48)	-0.6	(85)
Blmbg. U.S. Government: Long Term Bond Index	*-8.5*	*(98)*	*13.1*	*(48)*	*-0.7*	*(97)*
eV US Long Duration Fixed Inc Median	*-6.5*		*13.2*		*-0.5*	
Population	106		106		106	

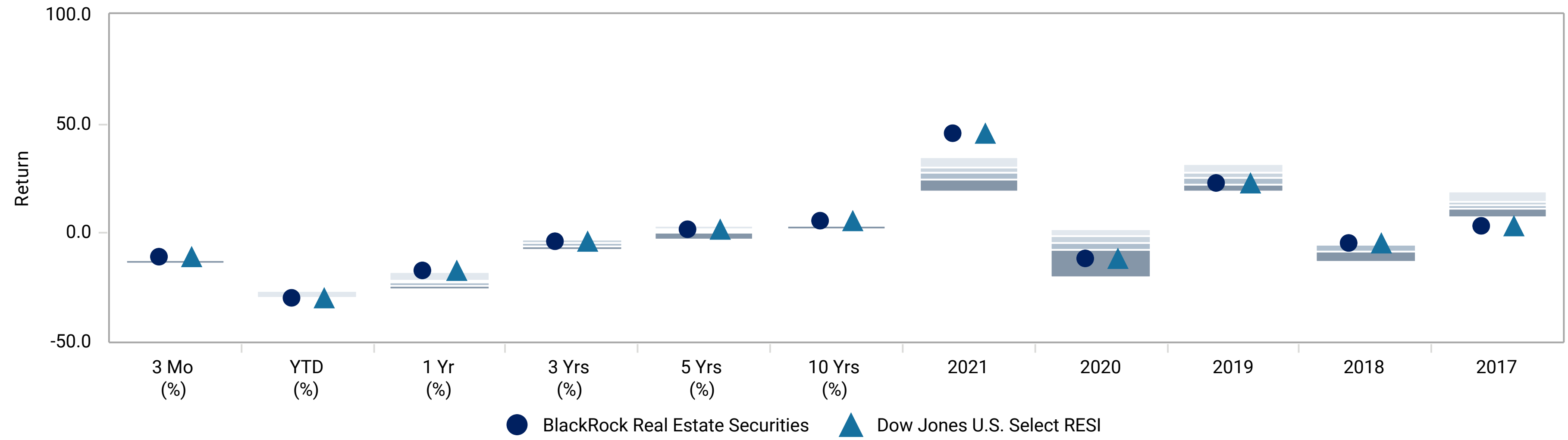
5 Years Ending September 30, 2022

	Return		Standard Deviation		Sharpe Ratio	
Northern Trust Long Term Gov't Bond	-1.1	(73)	12.7	(93)	-0.1	(58)
Blmbg. U.S. Government: Long Term Bond Index	*-1.6*	*(93)*	*12.7*	*(93)*	*-0.2*	*(87)*
eV US Long Duration Fixed Inc Median	*-0.8*		*11.7*		*-0.1*	
Population	103		103		103	

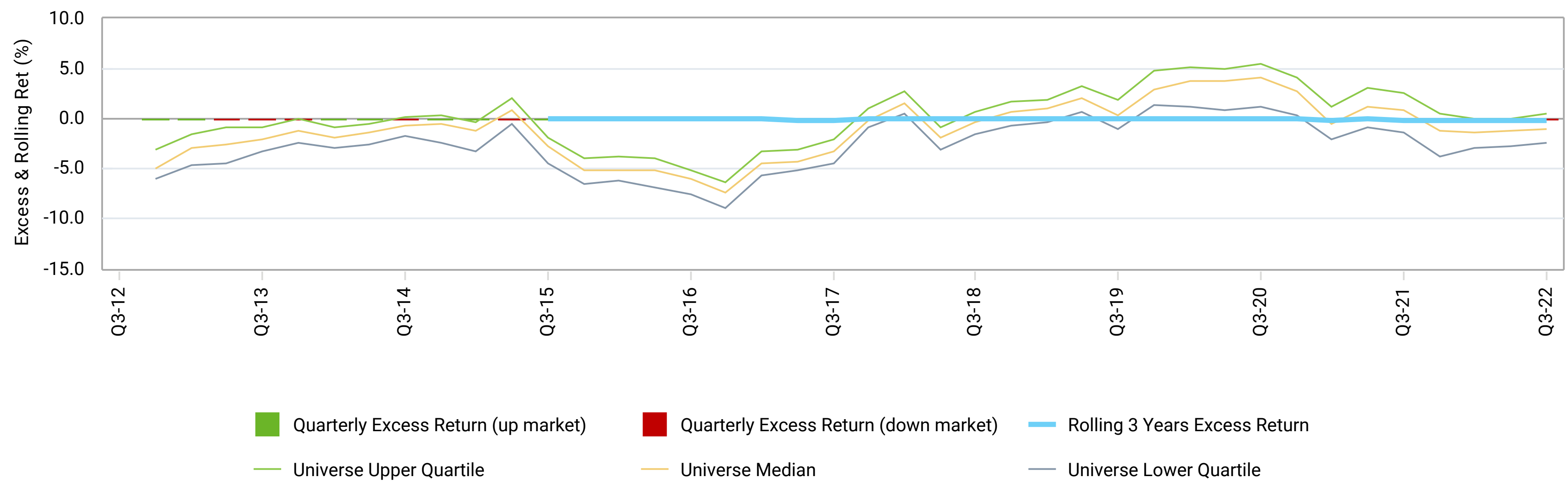
REAL ESTATE MANAGER

BLACKROCK REAL ESTATE SECURITIES

eV Global REIT (net of fees)

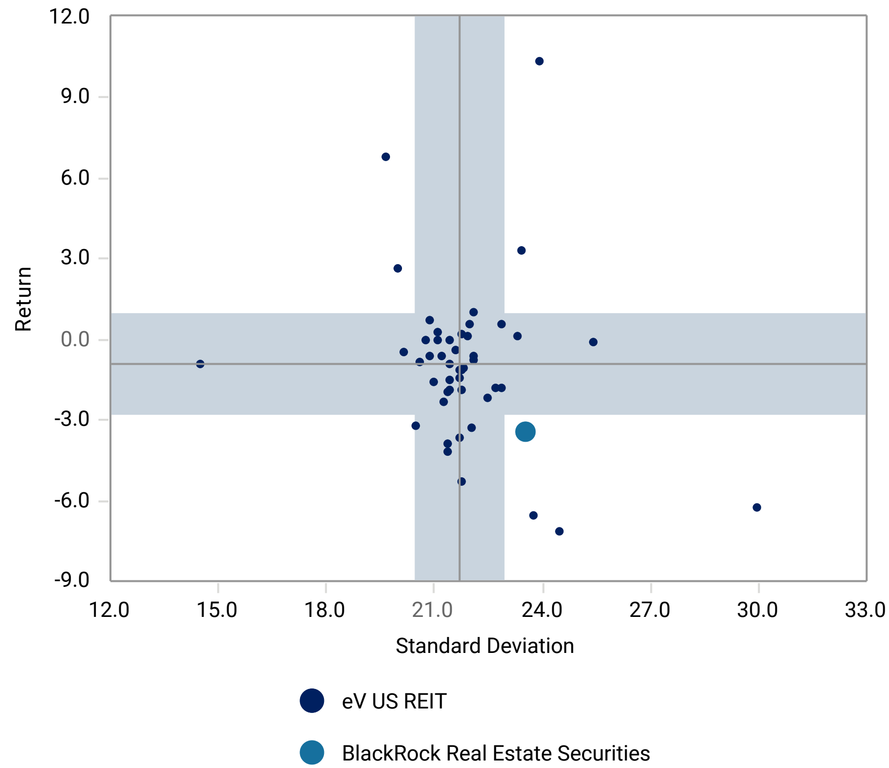


Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending September 30, 2022

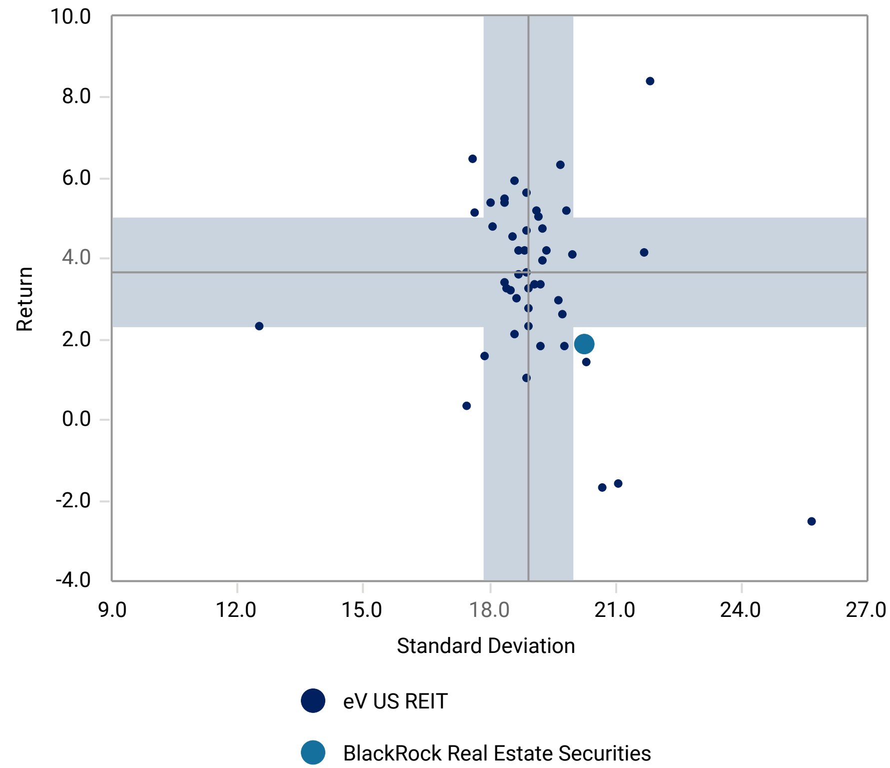


RISK VS. RETURN

3 Years Ending September 30, 2022



5 Years Ending September 30, 2022



3 Years Ending September 30, 2022

	Return		Standard Deviation		Sharpe Ratio	
BlackRock Real Estate Securities	-3.4	(86)	23.5	(89)	0.0	(82)
Dow Jones U.S. Select RESI	*-3.3*	*(85)*	*23.5*	*(89)*	*0.0*	*(82)*
eV US REIT Median	*-0.9*		*21.7*		*0.0*	
Population	47		47		47	

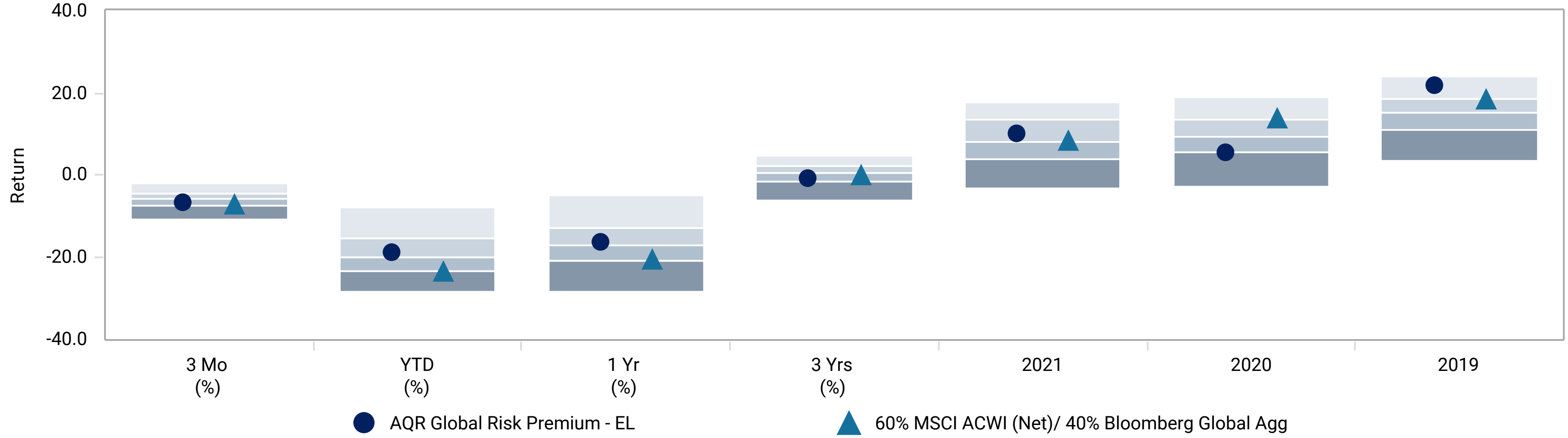
5 Years Ending September 30, 2022

	Return		Standard Deviation		Sharpe Ratio	
BlackRock Real Estate Securities	1.9	(83)	20.3	(88)	0.1	(82)
Dow Jones U.S. Select RESI	*1.9*	*(82)*	*20.3*	*(88)*	*0.1*	*(81)*
eV US REIT Median	*3.7*		*18.9*		*0.2*	
Population	46		46		46	

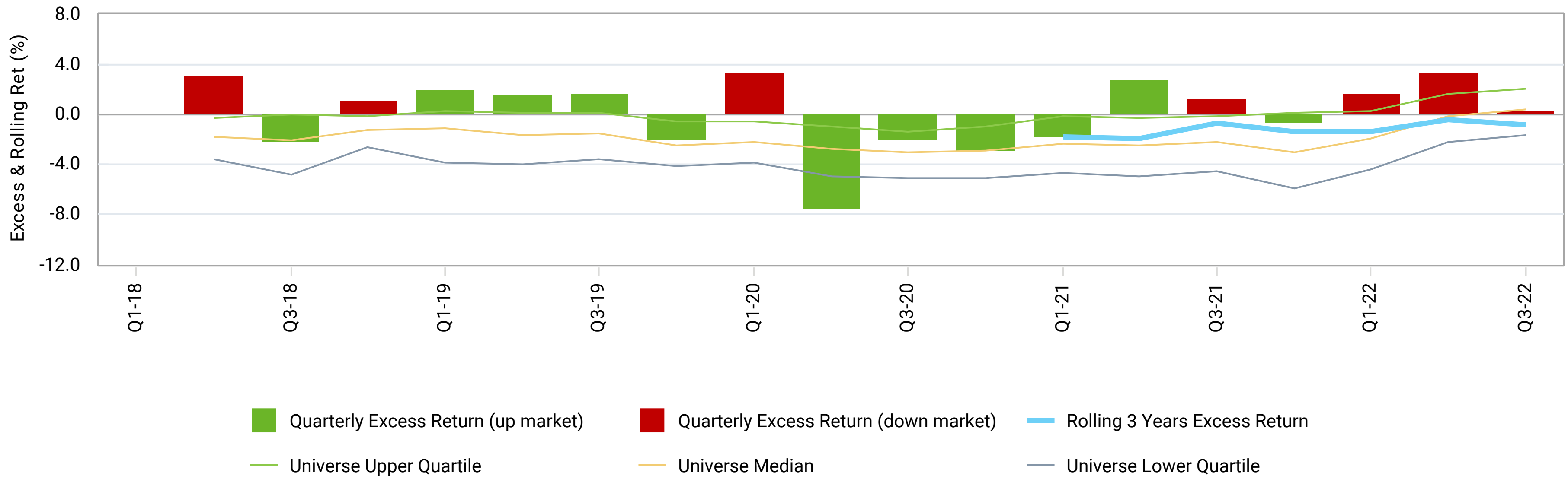
RISK PARITY MANAGERS

AQR GLOBAL RISK PREMIUM - EL

eV Global TAA (net of fees)



Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending September 30, 2022

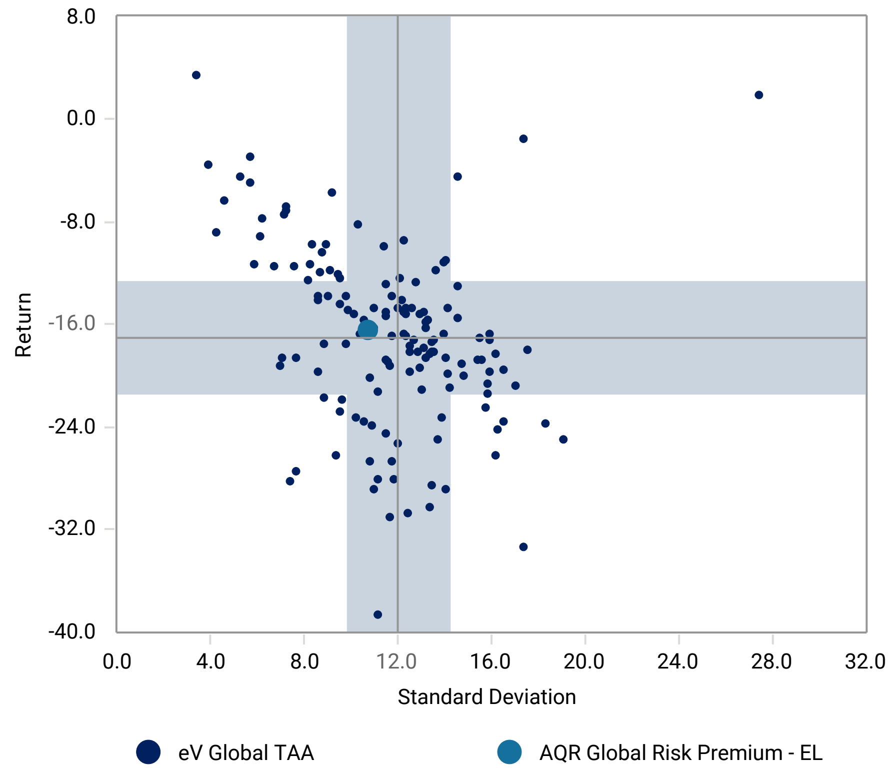


Stanislaus County ERA

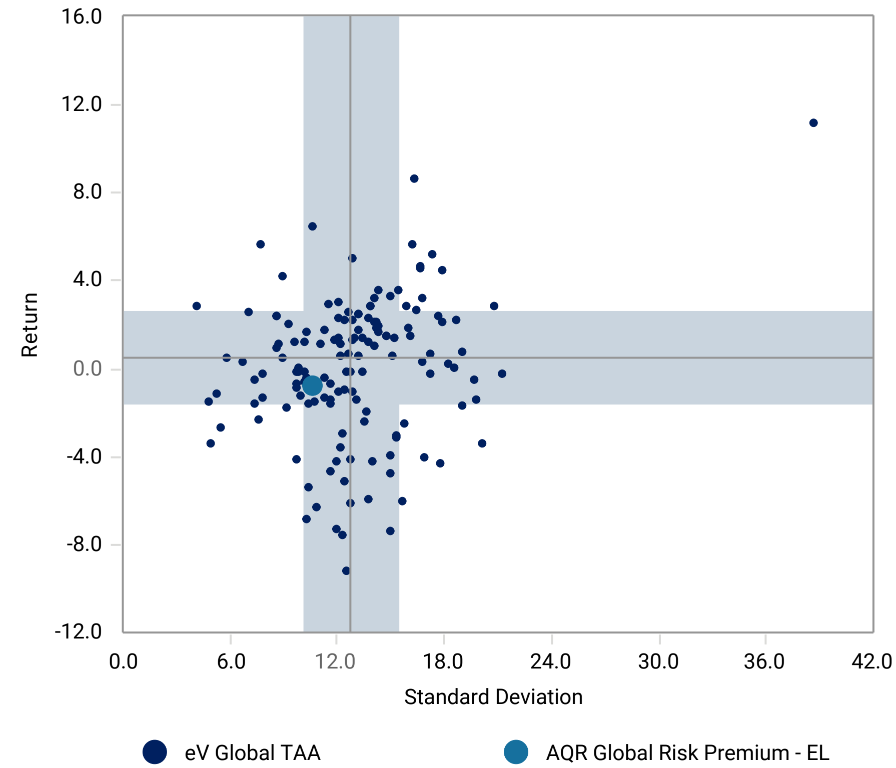
RISK VS. RETURN

September 30, 2022

1 Year Ending September 30, 2022



3 Years Ending September 30, 2022



1 Year Ending September 30, 2022

	Return		Standard Deviation		Sharpe Ratio	
AQR Global Risk Premium - EL	-16.3	(46)	10.7	(34)	-1.6	(69)
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg	*-20.4*	*(75)*	*13.6*	*(74)*	*-1.6*	*(68)*
eV Global TAA Median	*-17.0*		*12.0*		*-1.5*	
Population	144		144		144	

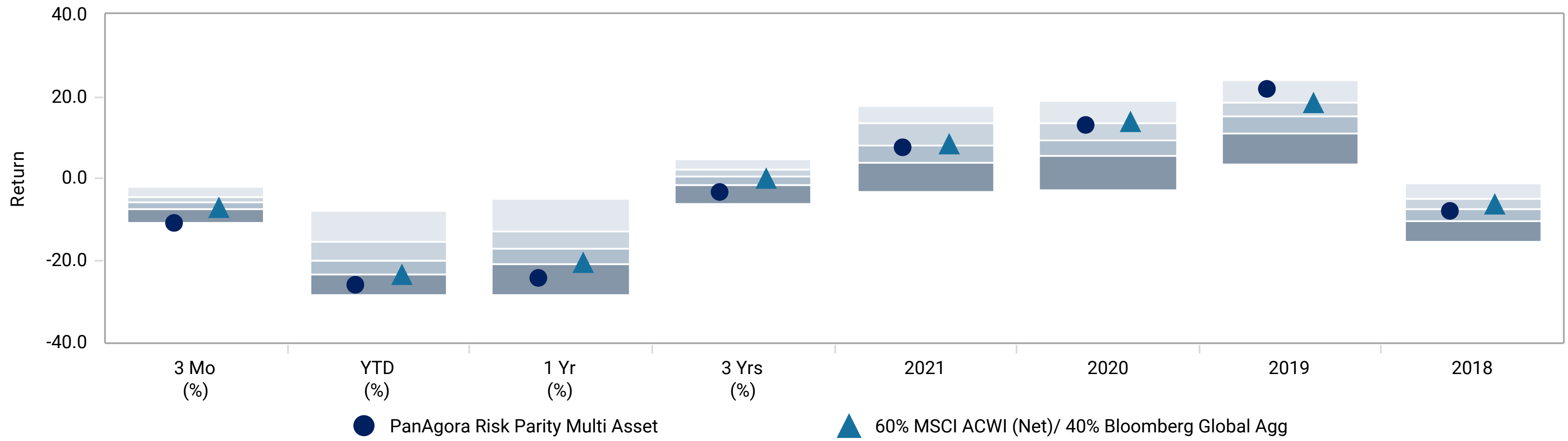
3 Years Ending September 30, 2022

	Return		Standard Deviation		Sharpe Ratio	
AQR Global Risk Premium - EL	-0.7	(66)	10.6	(26)	-0.1	(68)
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg	*0.1*	*(53)*	*13.5*	*(59)*	*0.0*	*(54)*
eV Global TAA Median	*0.5*		*12.8*		*0.1*	
Population	142		142		142	

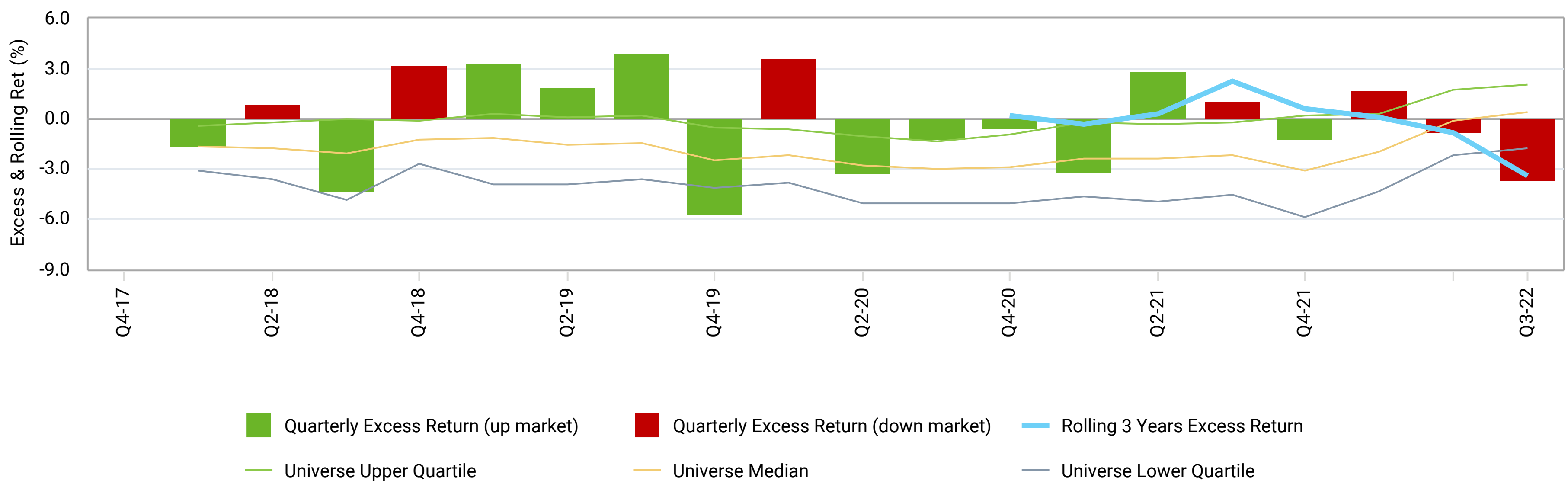
PANAGORA RISK PARITY MULTI ASSET

September 30, 2022

eV Global TAA (net of fees)

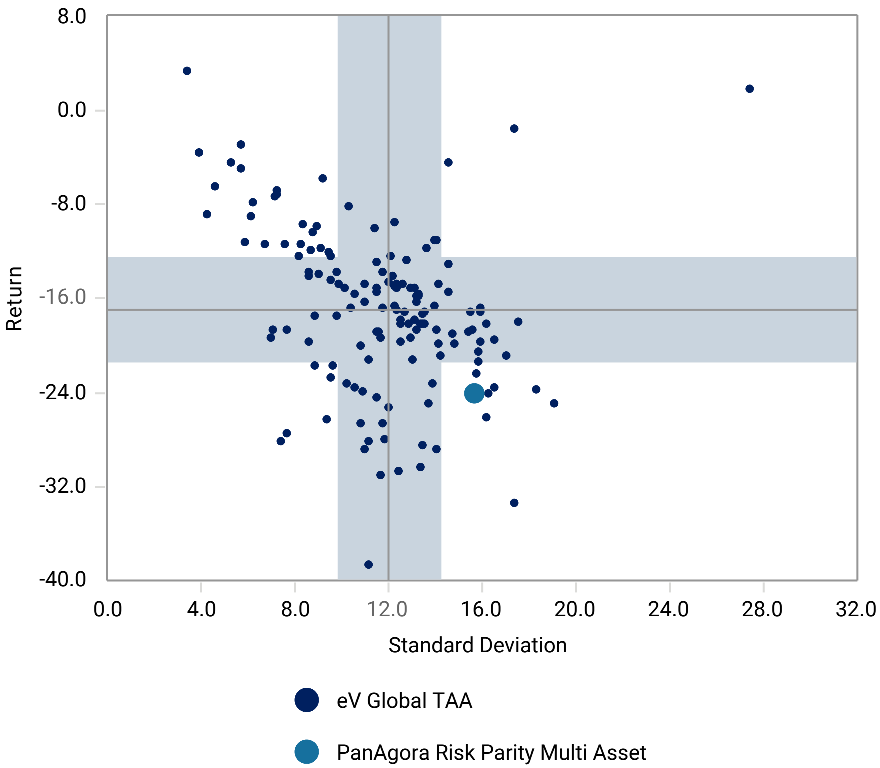


Quarter Excess Return with a Rolling 3 Years Excess Return over Since Inception Ending September 30, 2022

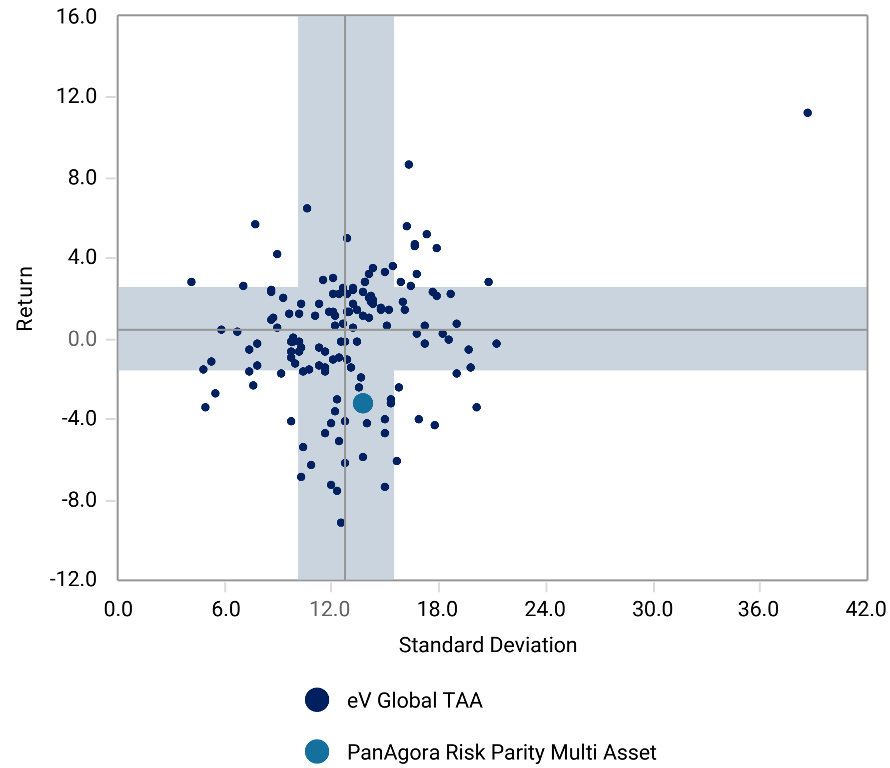


RISK VS. RETURN

1 Year Ending September 30, 2022



3 Years Ending September 30, 2022



1 Year Ending September 30, 2022

	Return		Standard Deviation		Sharpe Ratio	
PanAgora Risk Parity Multi Asset	-24.0	(86)	15.6	(87)	-1.7	(69)
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg	*-20.4*	*(75)*	*13.6*	*(74)*	*-1.6*	*(68)*
eV Global TAA Median	*-17.0*		*12.0*		*-1.5*	
Population	144		144		144	

3 Years Ending September 30, 2022

	Return		Standard Deviation		Sharpe Ratio	
PanAgora Risk Parity Multi Asset	-3.2	(85)	13.7	(60)	-0.2	(82)
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg	*0.1*	*(53)*	*13.5*	*(59)*	*0.0*	*(54)*
eV Global TAA Median	*0.5*		*12.8*		*0.1*	
Population	142		142		142	

APPENDIX

NOTES

- All performance is shown net of investment management fees.

- Performance history is provided by Verus through June 2020. As of July 1, 2020 performance is calculated and reported by NEPC. Policy Index History:

- Policy Index makeup history:

- **Inception - 6/30/2017:** 14.4% Russell 1000 Value, 11.3% Russell 1000 Growth, 4.8% S&P 500, 4% Russell 2000 Value, 3.7% Russell 2000 Growth, 18% MSCI ACWI ex USA Gross, 29.8%Bloomberg US Aggregate TR, 3.5% DJ US Select RESI TR USD, 7.5% 9% Annual, 3% CPI + 4%
- **7/1/2017 - 8/31/2018:** 18.5% Russell 1000, 5.5% Russell 2000, 24% MSCI ACWI ex USA Gross, 19% Bloomberg US Govt/Credit 1-3 Yr. TR, 1% FTSE T-Bill 1 Month TR, 3% Bloomberg US Treasury 7-10 Yr TR, 7.7% NCREIF Property Index, 1.7% NCREIF Property Index +2%, 0.6% CPI + 5%, 5% Bloomberg US High Yield + 2%, 14% 60% MSCI ACWI Net/40% Bloomberg Global Aggregate
- **9/1/2018 - 5/30/2019:** 10% Russell 1000, 3% Russell 2000, 6% Russell 3000 +3%, 27% MSCI ACWI ex USA Gross, 20% Bloomberg US Govt/Credit 1-3 Yr. TR, 1% FTSE T-Bill 1 Month TR, 3%Bloomberg US Treasury 7-10 Yr TR, 5% NCREIF Property Index, 5% NCREIF Property Index +2%, 1% CPI + 5%, 6% S&P/LSTA Leveraged Loan Index+2%, 13% 60% MSCI ACWI Net/40% Bloomberg Global Aggregate
- **6/1/2019 - 6/30/2020**: 14% Russell 1000, 3% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 19% Bloomberg US Gov't/Credit 1-3 Yr, 1% Citi 1 Month T-Bills, 3% Bloomberg US Treasury 7-10 Yr, 5% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 6% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% Bloomberg Global Aggregate
- **7/1/2020 - 12/31/2020**: 14% Russell 1000, 3% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 8% Bloomberg US Gov't/Credit 1-3 Yr, 1% Citi 1 Month T-Bills, 3% Bloomberg US Treasury 7-10 Yr, 5% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 6% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% Bloomberg Global Aggregate, 11%Bloomberg US Intermediate.
- **1/1/2021 - 06/30/2021**: 16% Russell 1000, 3.5% Russell 2000, 6% Russell 3000 + 3%, 23% MSCI ACWI ex-USA, 8% Bloomberg US Gov't/Credit 1-3 Yr, 1% Citi 1 Month T-Bills, 5% Bloomberg US Treasury 7-10 Yr, 6% NCREIF Property, 5% NCREIF Property +2%, 2% CPI +5%, 4.5% S&P/LSTA Leveraged Loan Index + 2%, 13% 60% MSCI ACWI / 40% Bloomberg Global Aggregate, 7%Bloomberg US Intermediate.
- **07/01/2021 - Present:** 16% Russell 1000, 4% Russell 2000, 5% Russell 3000 + 3%, 20% MSCI ACWI ex USA Gross, 6.5% NCREIF Property Index, 6% NCREIF Property Index + 2%, 7.5% CPI + 5%

(Unadjusted), 8% S&P/LSTA Leveraged Loan Index +2%, 6% Bloomberg US Treasury 7-10 Yr TR, 10% 60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg, 3% 30 Day T-Bill + 4%, 1% FTSE T-Bill 1 Month TR, 7% Bloomberg US Govt/Credit Int TR.

- Starting July 1, 2020, the small Capital Prospects transition cash balance is moved from the Cash composite to the Capital Prospects account. Historical performance for Capital Prospects, US Small, US Equities, Growth Sub-Portfolio, Cash, and Liquidity Sub-Portfolio prior to July 1, 2020 reflects performance of these composites before this change.

- Private Equity investments are valued one quarter lagged and adjusted for capital calls and distributions between quarter-end months.

- Value-Add Real Estate managers are valued quarterly adjusted for current cash flows.

DISCLAIMERS & DISCLOSURES

Past performance is no guarantee of future results.

Returns for pooled funds, e.g. mutual funds and collective investment trusts, are collected from third parties; they are not generally calculated by NEPC. Returns for separate accounts, with some exceptions, are calculated by NEPC. Returns are reported net of manager fees unless otherwise noted.

A “since inception” return, if reported, begins with the first full month after funding, although actual inception dates (e.g. the middle of a month) and the timing of cash flows are taken into account in Composite return calculations.

NEPC’s preferred data source is the plan’s custodian bank or record-keeper. If data cannot be obtained from one of the preferred data sources, data provided by investment managers may be used. Information on market indices and security characteristics is received from additional providers. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within. In addition, some index returns displayed in this report or used in calculation of a policy index, allocation index or other custom benchmark may be preliminary and subject to change.

All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.

The opinions presented herein represent the good faith views of NEPC as of the date of this presentation and are subject to change at any time. Neither fund performance nor universe rankings contained in this report should be considered a recommendation by NEPC.

This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

Source of private fund performance benchmark data: Cambridge Associates, via Refinitiv

December 6, 2022

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

I. SUBJECT: Medley Opportunity Fund II GP Replacement

II. ITEM NUMBER: 9b

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: N/A

V. ANALYSIS:

StanCERA is invested in the Medley Opportunity Fund II and it is a part of the legacy private credit program. The fund is in the tail-end of its life and has returned about 90% of the capital invested in the fund. The current fund balance is $2.9 million based on the latest available valuation numbers. The fund was transitioning to a liquidated trust, but the process was further extended when Medley notified the LPs that it was resigning as GP.

The LPs of the fund met and arranged for the liquidating trustee to expand their role to be the replacement GP. A supermajority of LPs, consisting of at least 85% of the LP base, voted to appoint the liquidating trustee as GP. Both StanCERA's investment counsel, Hanson Bridget and private credit specialty consultant Verus were a part of the process and reviewed and approved the plan to replace the GP. The terms of the agreement are reasonable and in alignment with the LPs.

The new GP is Upwelling Capital Group based out of Davis, CA. Founded in 2011, they specialize in managing legacy private market funds and have managed $5 Billion in tail-end commitments to date. While Medley is a small part of the overall portfolio, it is a positive development to have a new GP in place so the remaining investments can get the attention they need to manage them toward an orderly realization.

VI. RISK: None

VII. STRATEGIC PLAN: N/A

VIII. ADMINISTRATIVE BUDGET IMPACT: None

December 6, 2022

Retirement Board Agenda Item

TO: Retirement Board

FROM: Rick Santos, Executive Director

I. SUBJECT: Summary of the results of the June 30, 2022 Actuarial Valuation

II. ITEM NUMBER: 10a

III. ITEM TYPE: Discussion and Action

IV. STAFF RECOMMENDATION: Approve the results of the June 30, 2022 Actuarial Valuation and have the actuary finalize the report and provide to StanCERA at a later date

V. ANALYSIS: This agenda item focuses on the results of the June 30, 2022 Actuarial Valuation. The June 30, 2022 actuarial valuation sets the funded status of StanCERA and employer contribution rates for fiscal year 2023-2024. Employee rates do not change with this valuation as these are only adjusted every 3 years during the triennial experience study (the last study was done as of June 30, 2021).

While StanCERA's actuary, Graham Schmidt from Cheiron will be on hand to discuss the results, preliminarily it appears that total employer contribution rates increased year over year by 0.40% and the actuarial funded status decreased year over year by 1%. Changes in total liabilities increased the unfunded liability of the system by approximately $115 million, driven mainly by increases in COLA banks and pay increases being greater than assumed. It should be noted that the pay increases recently awarded to County employees over the next several years were projected and included in this valuation. However, there were additional unexpected equity increases given to County employees on or around July of 2021 that were unknown to StanCERA and contributed to the increase in the unfunded liability.

Staff anticipates the actuary to finalize the valuation sometime in January. Based on the results of this presentation and the Board's approval today, the need to revisit the final valuation would not be necessary. However, should the Board decide that changes to the valuation are warranted, the actuary would bring back a revised version most likely in January.

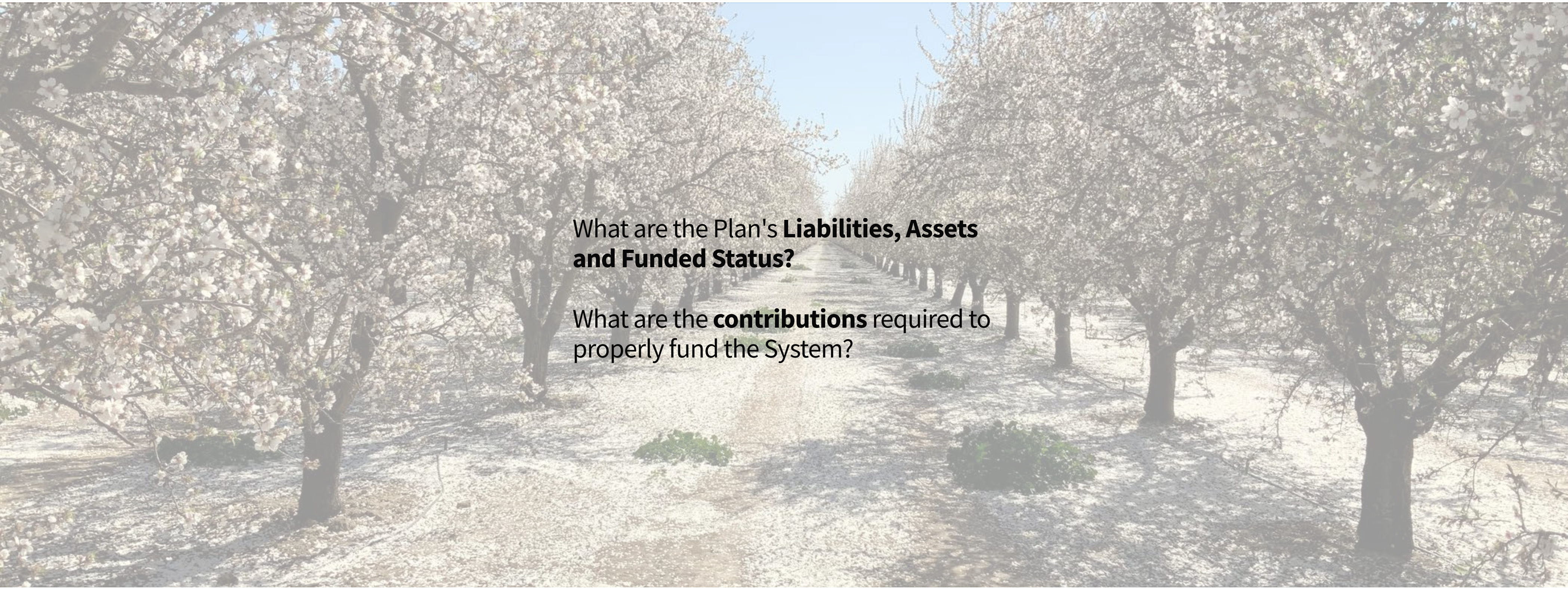
VI. RISK: None

VII. STRATEGIC PLAN: N/A

VIII. ADMINISTRATIVE BUDGET IMPACT: None


Stanislaus County Employees'
Retirement Association (StanCERA)
Summary of the
Preliminary Actuarial Valuation
as of June 30, 2022

We start by reviewing the current condition of the Plan.

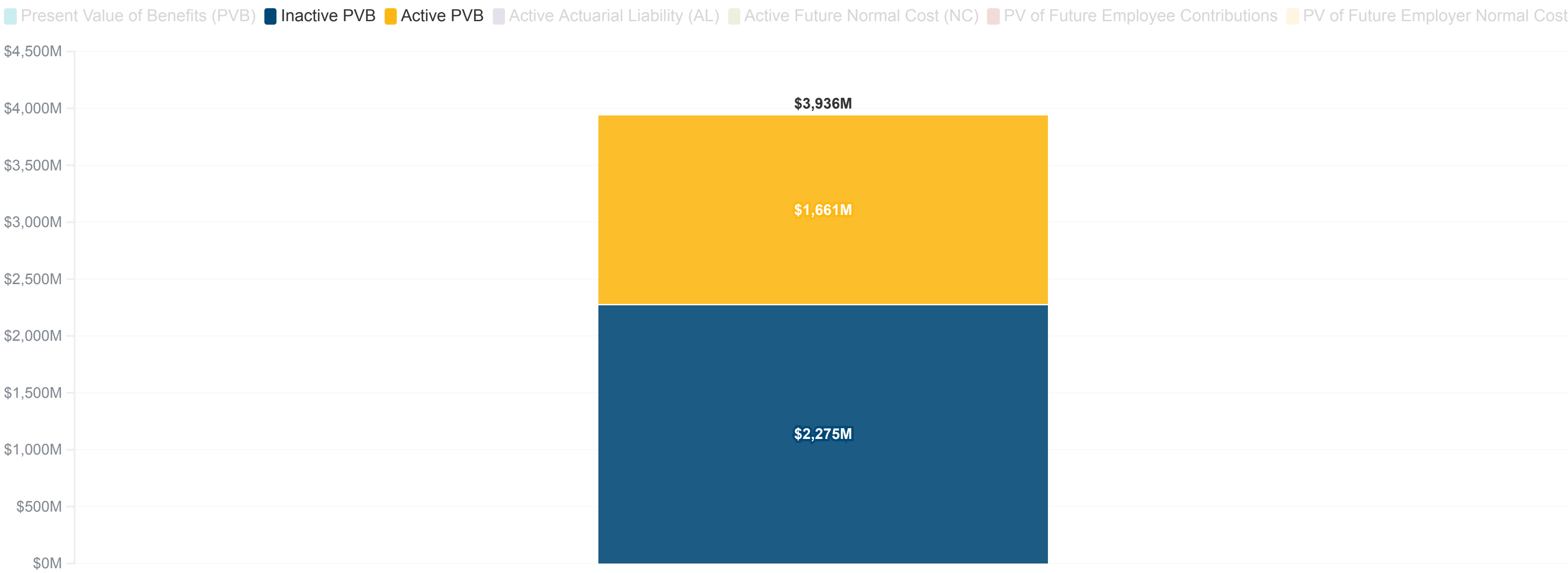


What are the Plan's **Liabilities, Assets and Funded Status?**

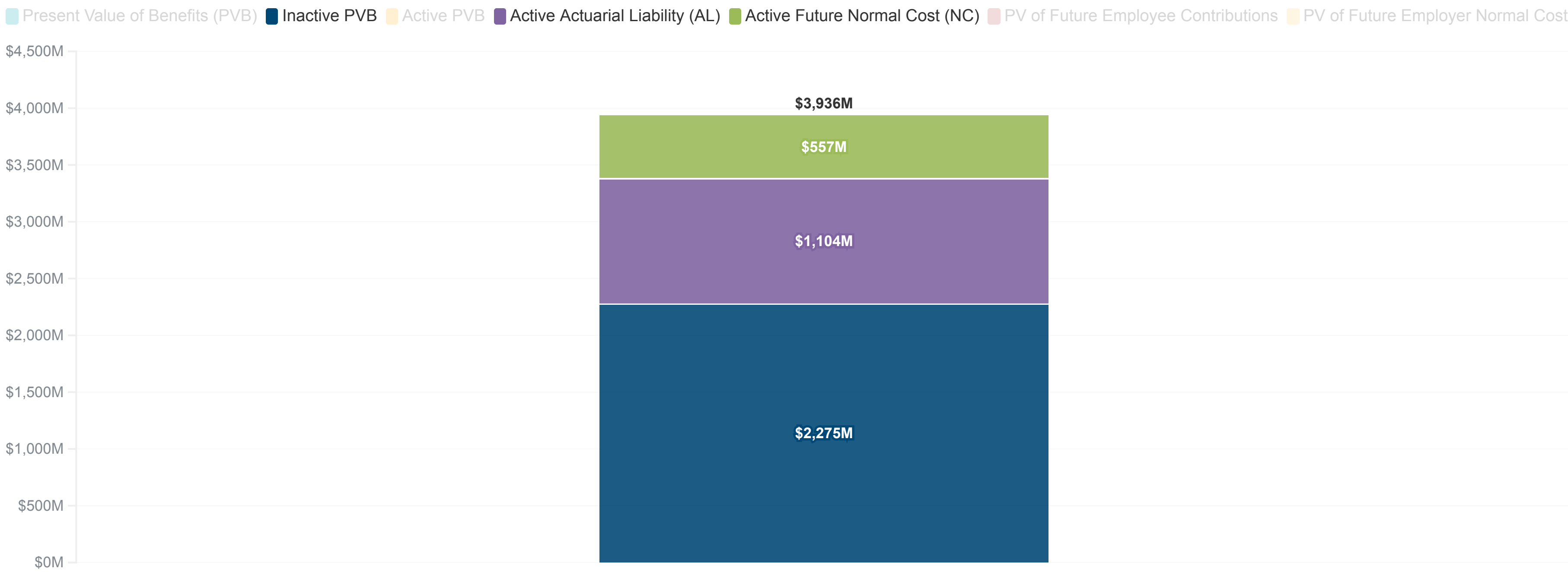
What are the **contributions** required to properly fund the System?

First, we show the value in *today's dollars* of all pension benefits expected to be paid to all current members, known as the **Present Value of Benefits**.

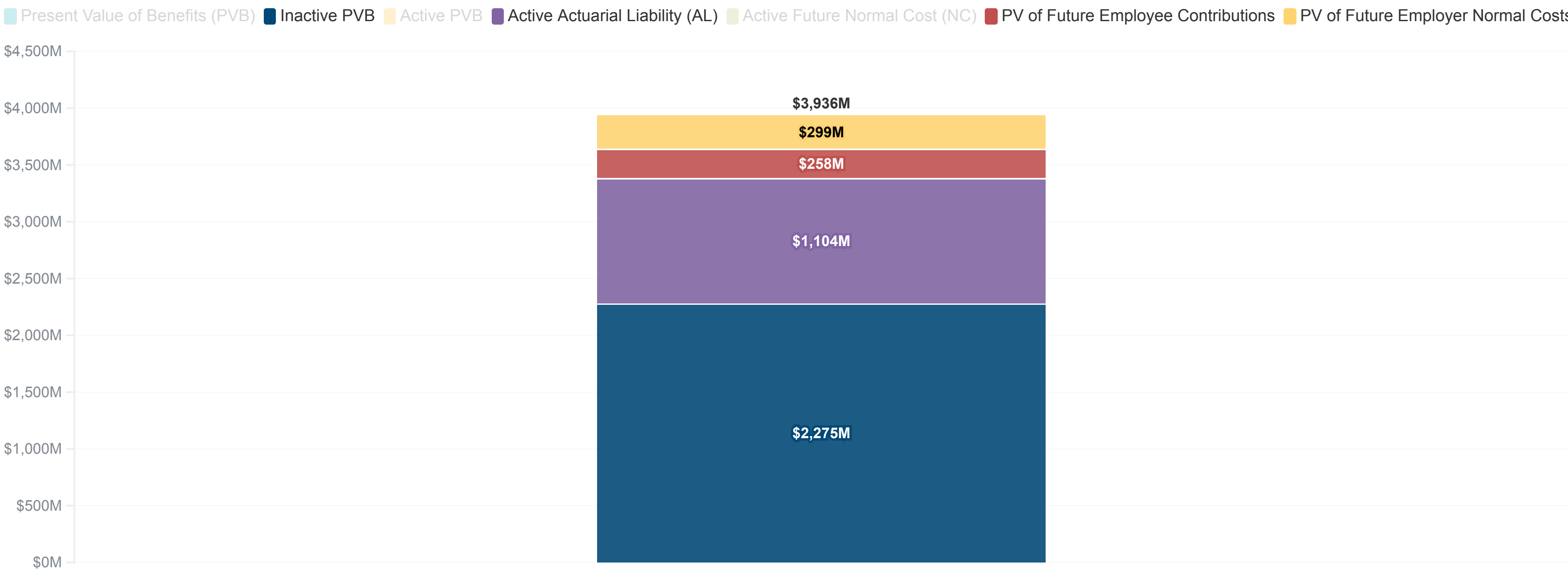
The present value can be split between the **inactives**, or members no longer working, and the **actives**, or employees continuing to earn benefits.



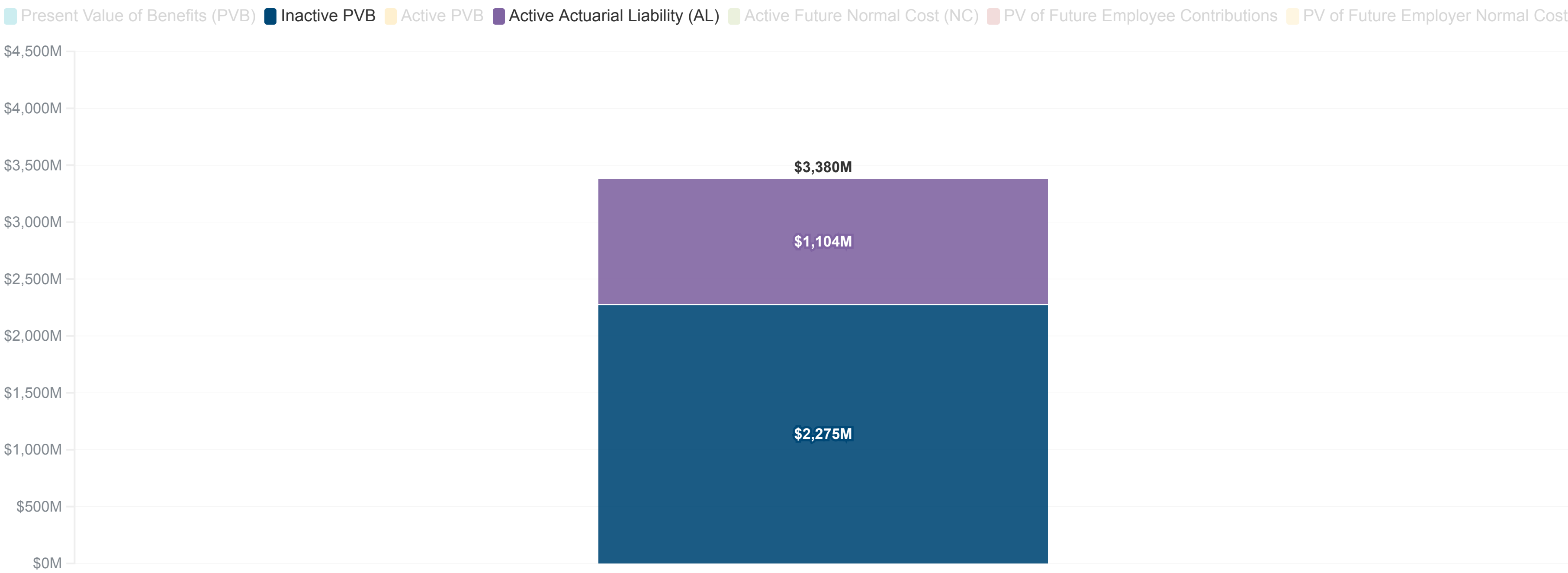
The active portion can be split into the **accrued liability (AL)**, or the amount already earned, and the **future normal cost (NC)**, or the amount expected to be earned in the future.



Future normal costs can be split between the **members' portion (PV of future employee contributions)** and the **employers' portion (PV of future employer normal costs)**.

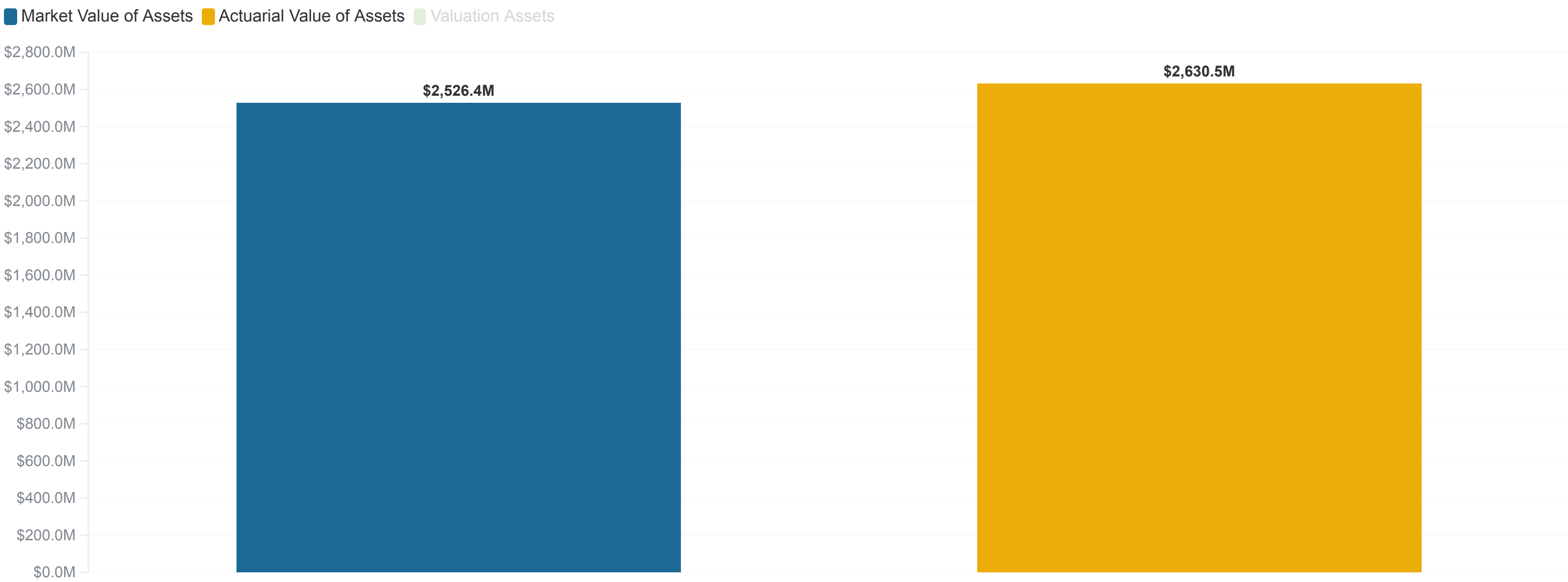


Removing the future normal costs produces the total **actuarial liability**, or current funding target for the assets.



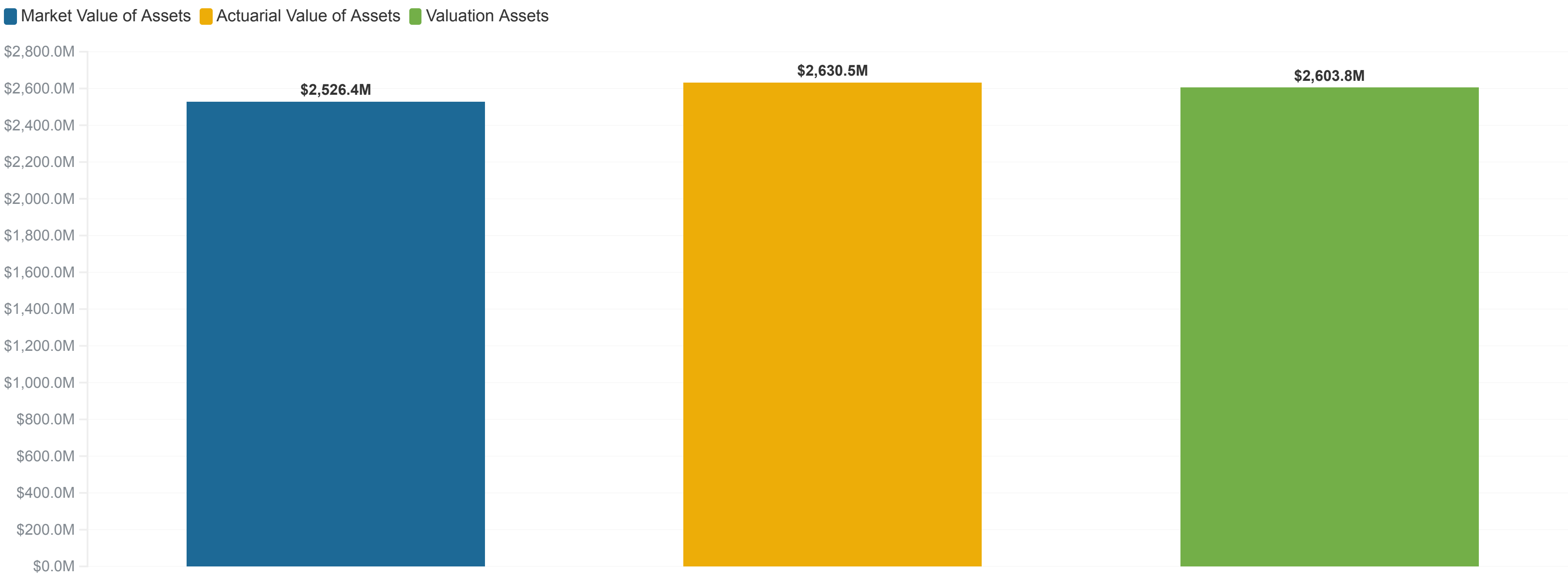
Next, we turn to the Plan's assets. The **Market Value of Assets** is the **Fair Value** as of the **Measurement Date,** June 30, 2022.

The Market Value can fluctuate significantly from year to year because of rapid changes in the investment markets. We also calculate a smoothed value, the **Actuarial Value of Assets**, to reduce volatility in the contributions and better understand trends in funded status.

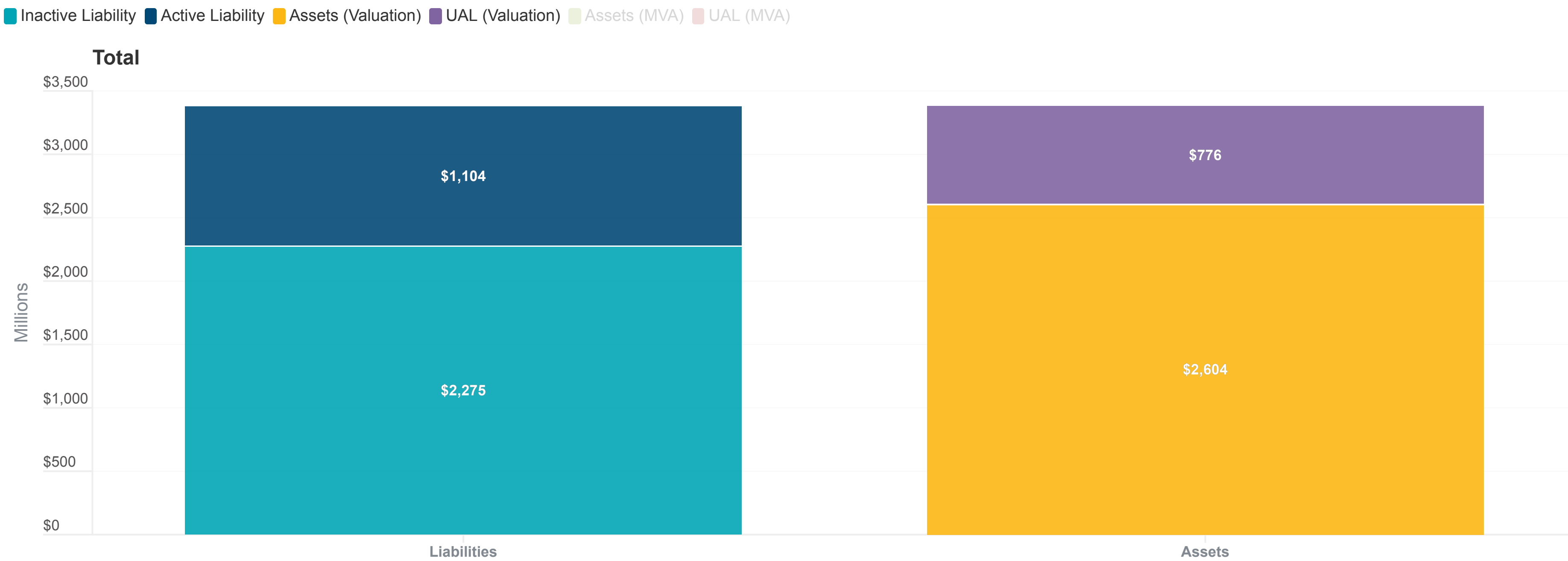


CHEIRON

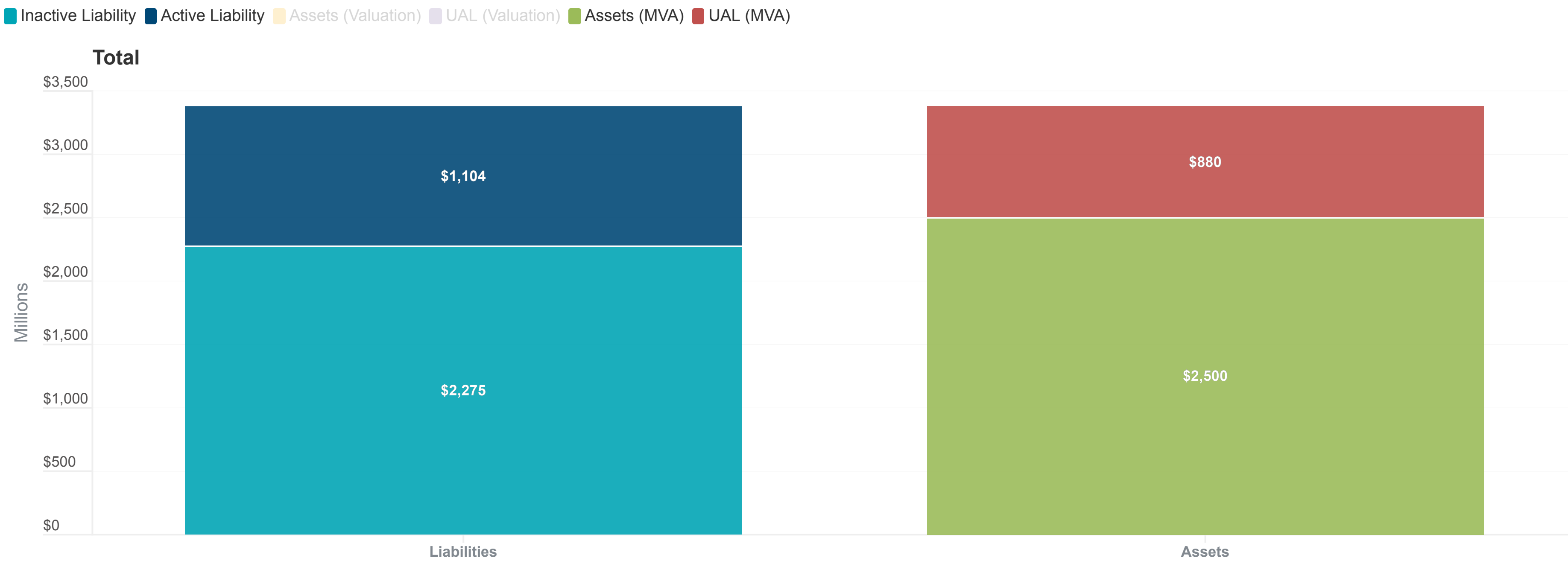
Now, we calculate the **Valuation Assets**, based on the Actuarial Value, but **excluding the amount in the Special or Non-Valuation Reserves**. The Valuation Assets are used to calculate the employer contribution.



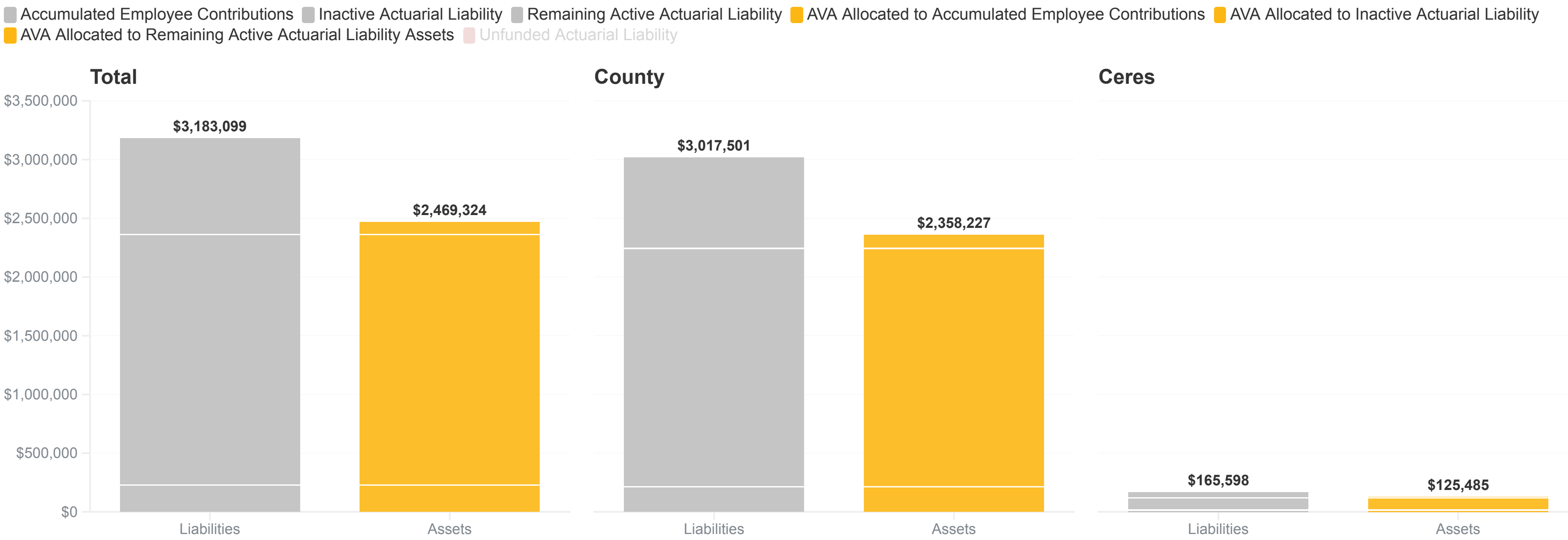
Next, we review the **Funded Status** of the Plan. The **Unfunded Actuarial Liability (UAL)** is calculated by subtracting the **Valuation Assets** from the **Actuarial Liability**. The **Funded Ratio** is calculated by dividing the assets by the liabilities: **77.0% as of June 30, 2022** (down from 78.8% last year).



We also show these results on a **Market Value** basis, which is used in the Plan's financial reporting (GASB). The funded ratio was **74.0%** as of June 30, 2022 on this basis (down from 85.9% last year).

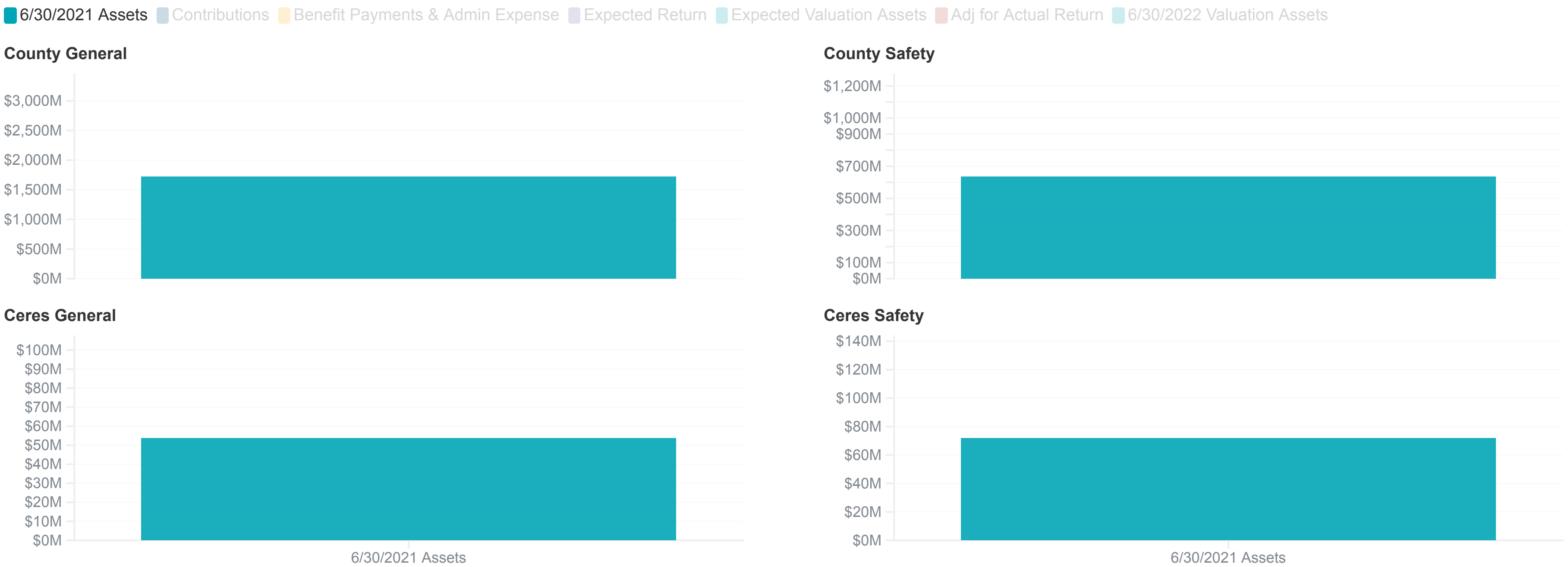


The assets and liabilities are also split into two main cost-sharing groups within StanCERA: the County and related employers (Superior Court, StanCOG), and the City of Ceres and other Special Districts. Prior to this year, the assets were split by first applying the assets to the member contribution reserves for each group, then allocating enough assets to cover the *inactive* liabilities for each group, and finally allocating any remaining assets based on each subgroup's share of the overall liabilities for active members. However, last year, several adjustments had to be made as a result of the assumption changes adopted as part of the experience study, and the departure of the Ceres Fire Department from the Ceres Safety group.



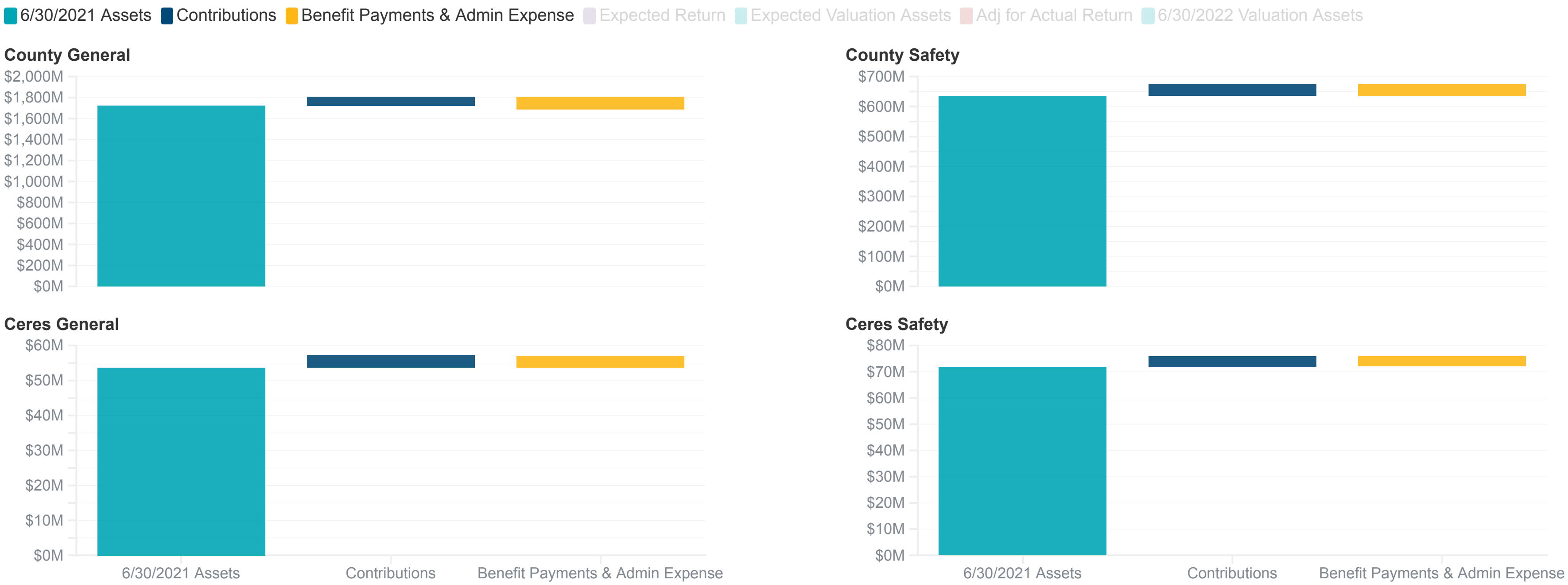
Liabilities and UAL shown as of June 30, 2021 prior to the assumption changes adopted as part of the June 30, 2021 valuation. Final UAL determined by including the impact of the assumption changes on actuarial liabilities.
The share of UAL for Ceres has been adjusted to account for the departure of the Ceres Fire Department from the Ceres Safety group on August 1, 2021.

Going forward, we recommend a change in the methodology for allocating the asset between the various cost-sharing groups, which also includes the split between General and Safety members within the County and Ceres/District employer subgroups. Under the new recommended approach, we first start with the starting asset value from the prior year for each group.



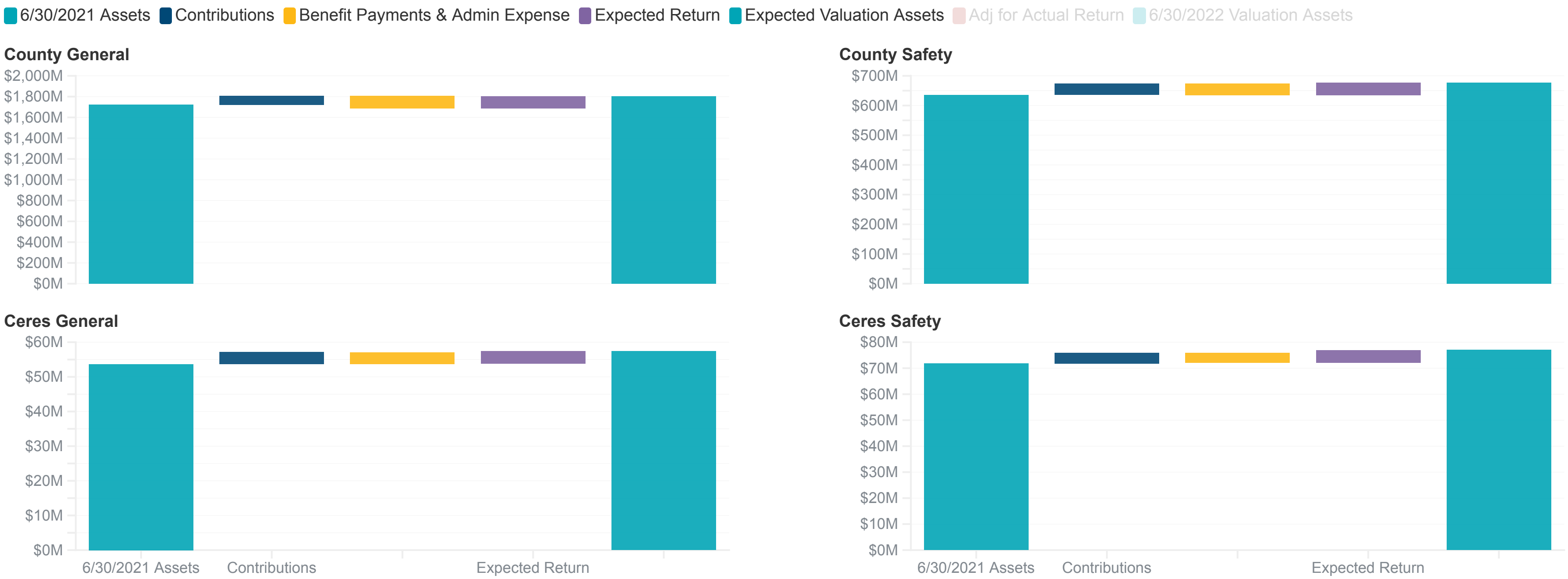
Calculations are preliminary as we collect additional data split valuation subgroup.

We next add the employee and employer contributions made on behalf of each group to the starting asset value, and subtract the benefit payments and administrative expenses.



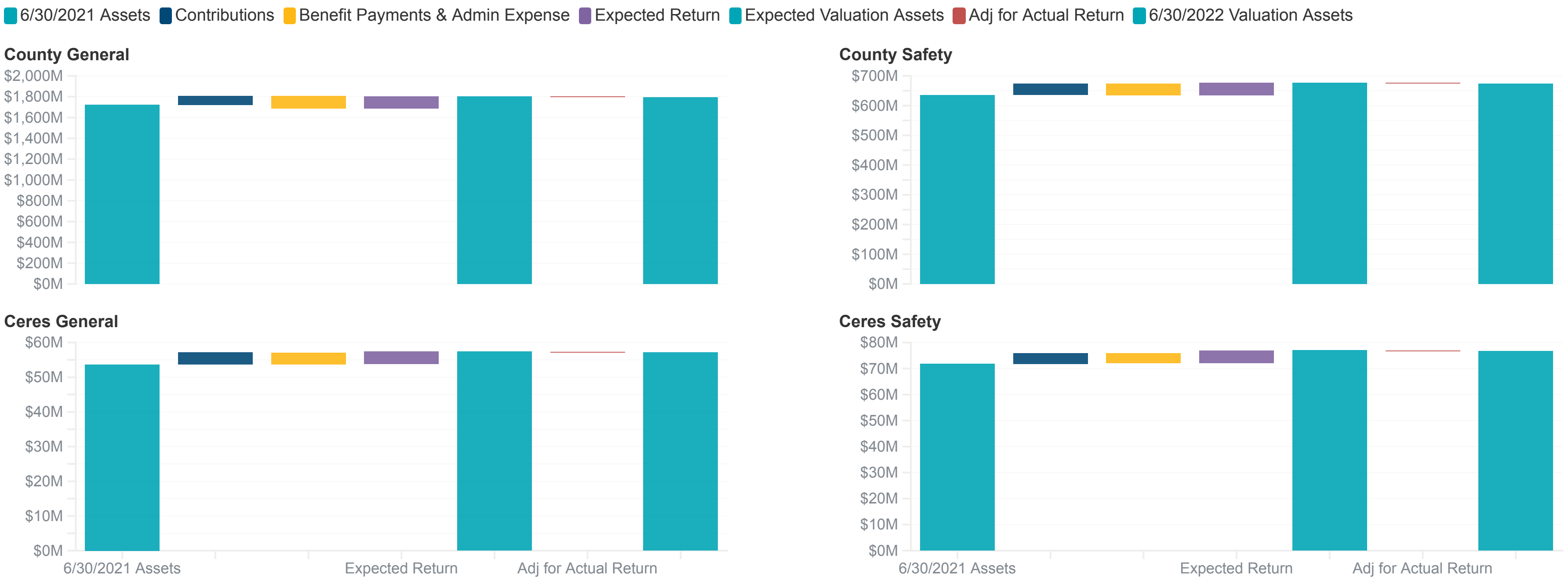
Calculations are preliminary as we collect additional data split valuation subgroup.

We add the expected returns to come up with the expected valuation assets for each group.



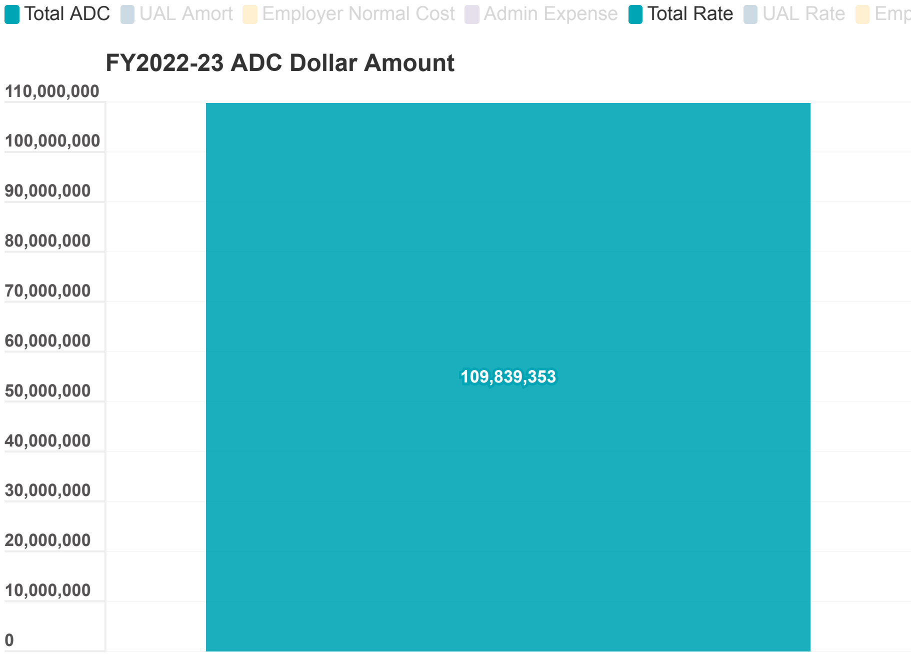
Calculations are preliminary as we collect additional data split valuation subgroup.

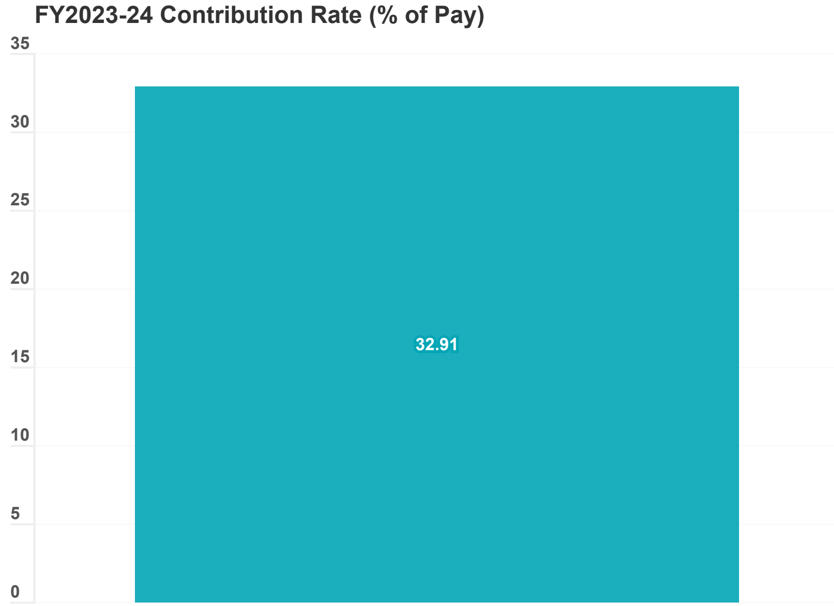
And then apply a final adjustment for the actual (smoothed) investment returns, proportionate to each groups' share of the expected assets, such that the sum of the valuation assets allocated to each group equals the total of the valuation assets for StanCERA. This new approach will allow us to roll-forward the asset values on a consistent basis, without needing to make adjustments when there are changes in the assumptions or in the covered population.



Calculations are preliminary as we collect additional data split valuation subgroup.

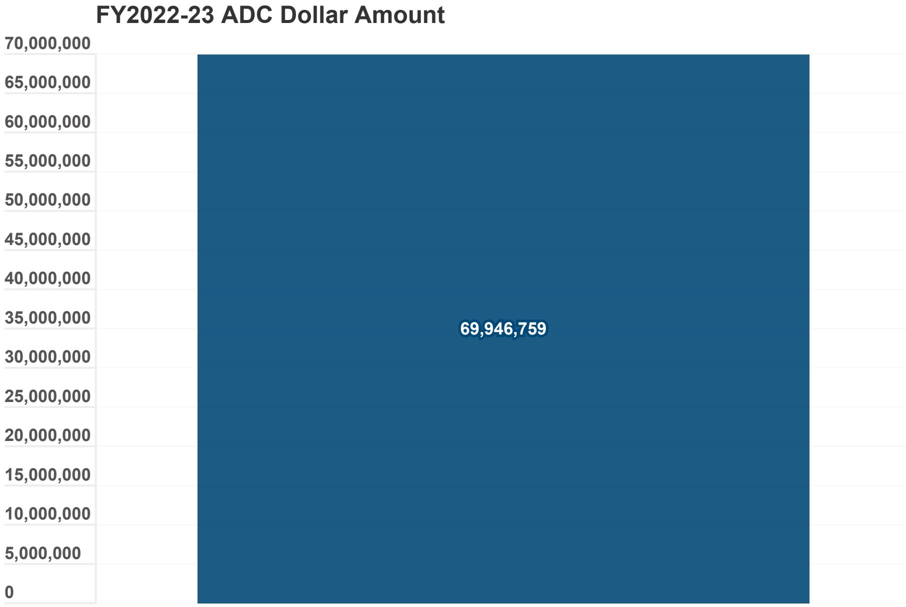
Next, we review the **Actuarially Determined Contributions (ADC)** for the Plan, shown as both a *dollar amount* and as a *percentage of projected pay*. The dollar amount is determined for the year following the valuation date, but the associated contribution rates aren't effective until the following Fiscal Year.

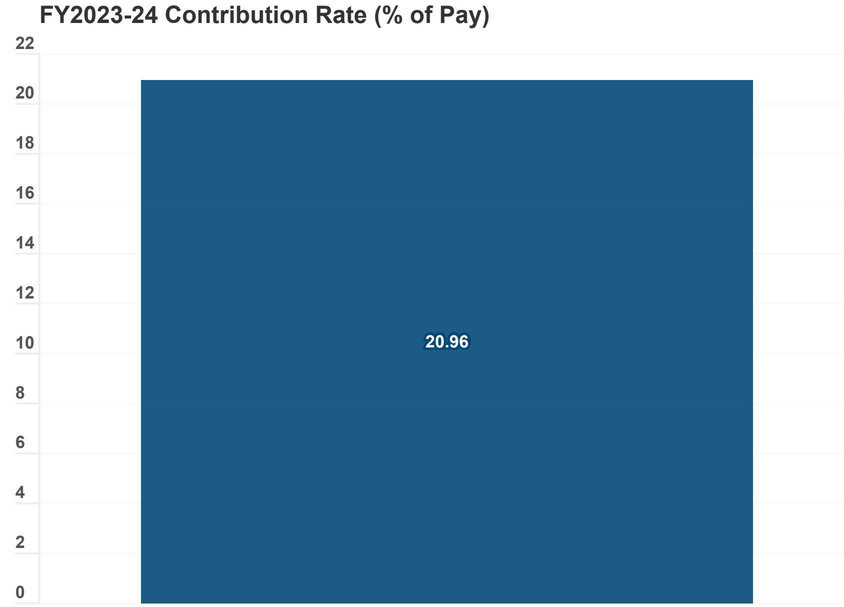




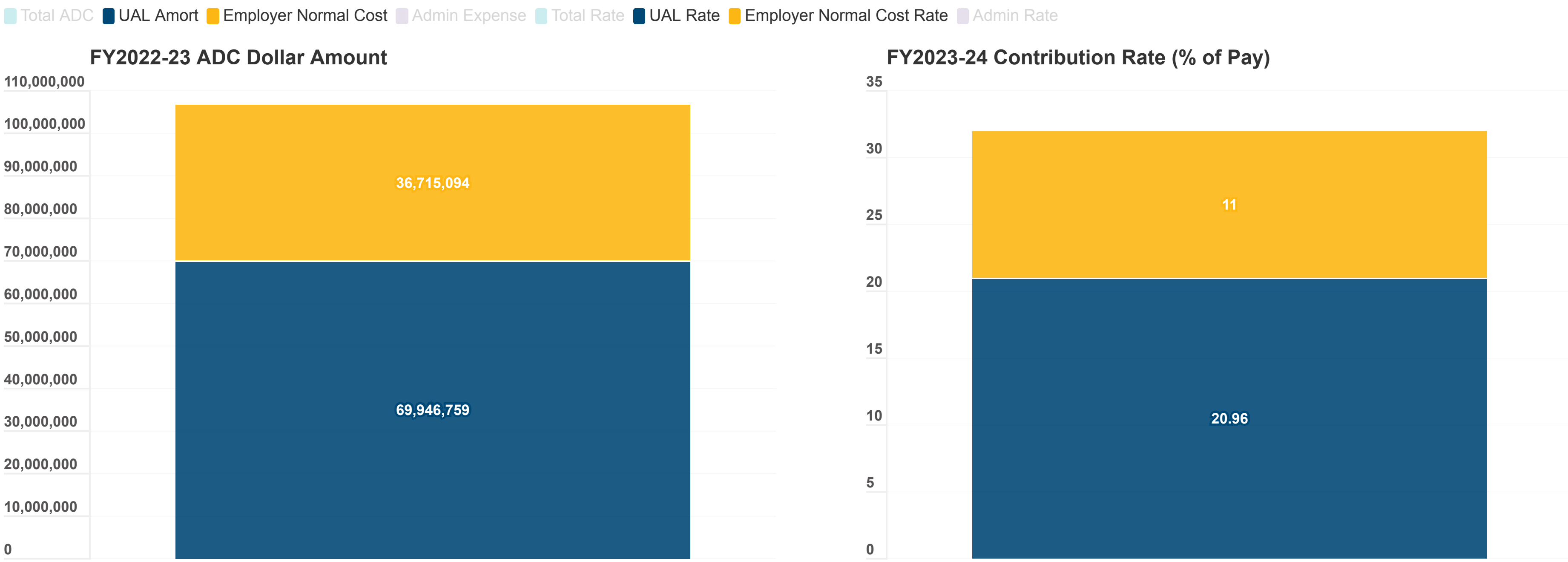
The contributions are made up of the **Unfunded Actuarial Liability Amortization** payment, or the amount needed to pay off the unfunded liability over the period of time designated in the Plan's funding policy plus...

Total ADC UAL Amort Employer Normal Cost Admin Expense Total Rate UAL Rate Employer Normal Cost Rate Admin Rate



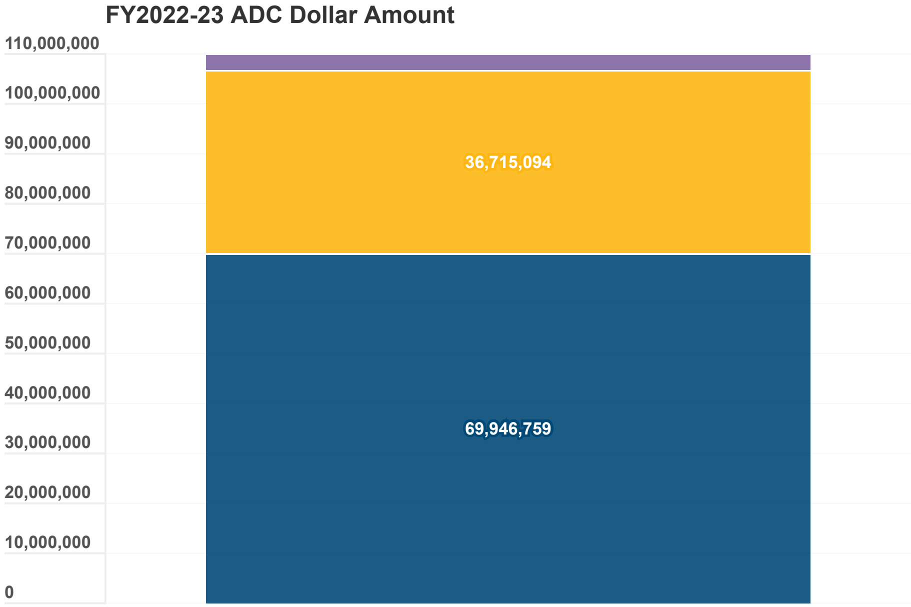


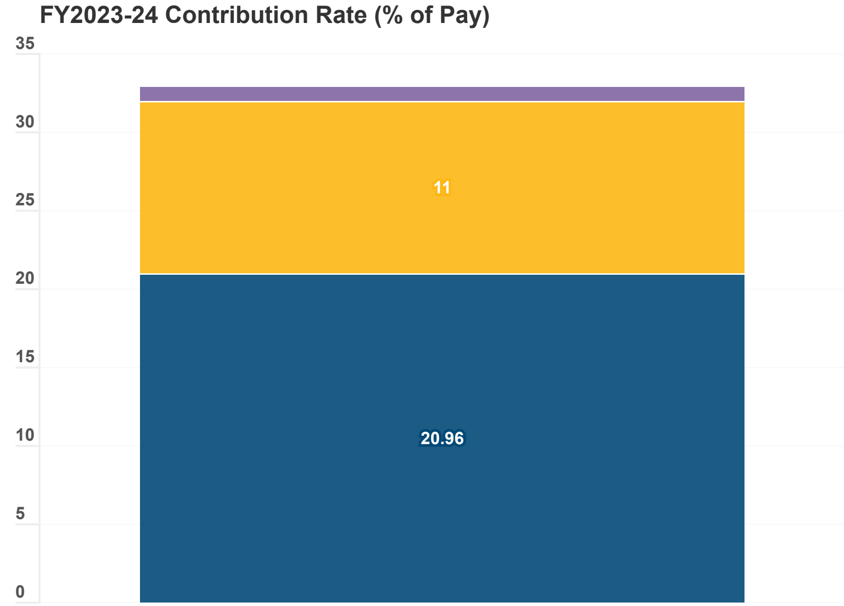
...the **Normal Cost**, or the cost assigned to this year's benefits net of member contributions, plus...



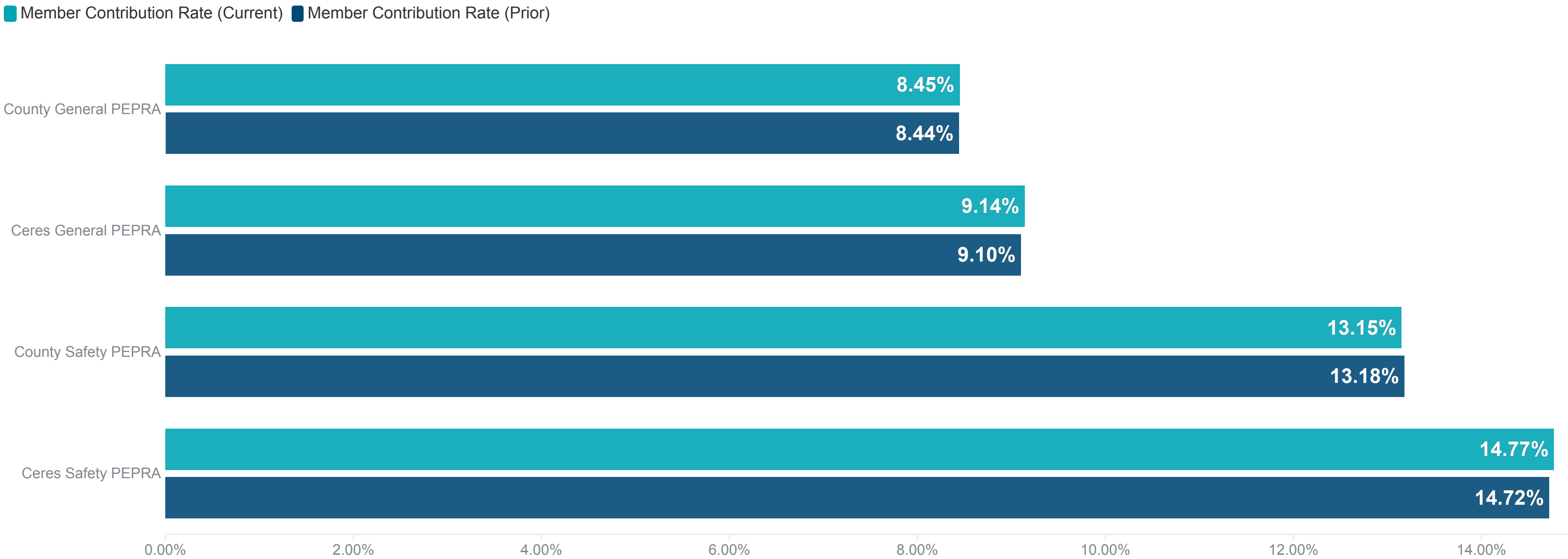
...a small payment to cover the Plan's **Administrative Expenses.**

Total ADC UAL Amort Employer Normal Cost Admin Expense Total Rate UAL Rate Employer Normal Cost Rate Admin Rate



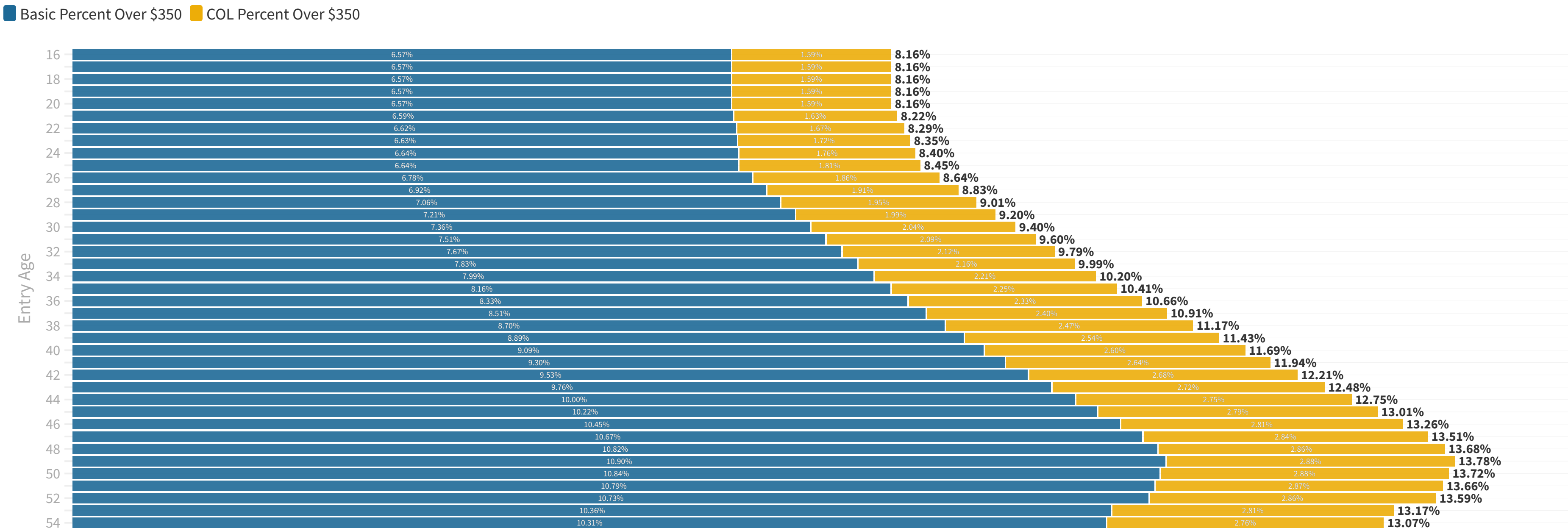


The valuation also includes the contribution rates required to be paid by the members. The member rates for the PEPRA groups are the same for all members in the group, and are based on a **50/50 split of the Normal Cost** between the employees and employers. The rates are very similar to last year's rates, since the actuarial assumptions have not changed.



The member contribution rates vary **by entry age** for the Legacy tiers, generally *increasing at higher entry ages.* The rates have not changed from last year, since the actuarial assumptions have not changed.

General Tier 5

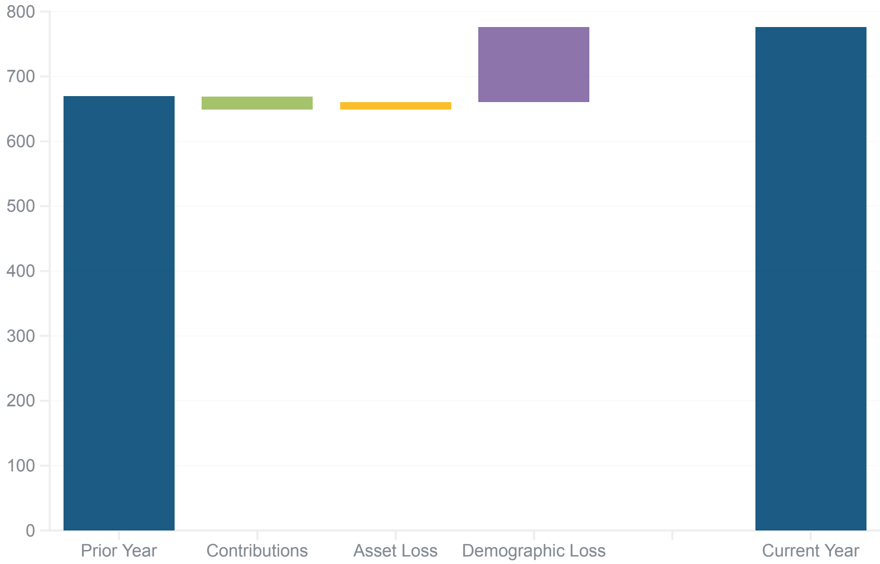


It's time to review how the Plan got to where it is today.

We review the change in UAL and ADC over the past year. As of the prior valuation, the UAL was $669.3M and the ADC was 31.59% of pay.

UAL and ADC Change by Source

UAL ($ in Millions)



ADC (% of Pay)

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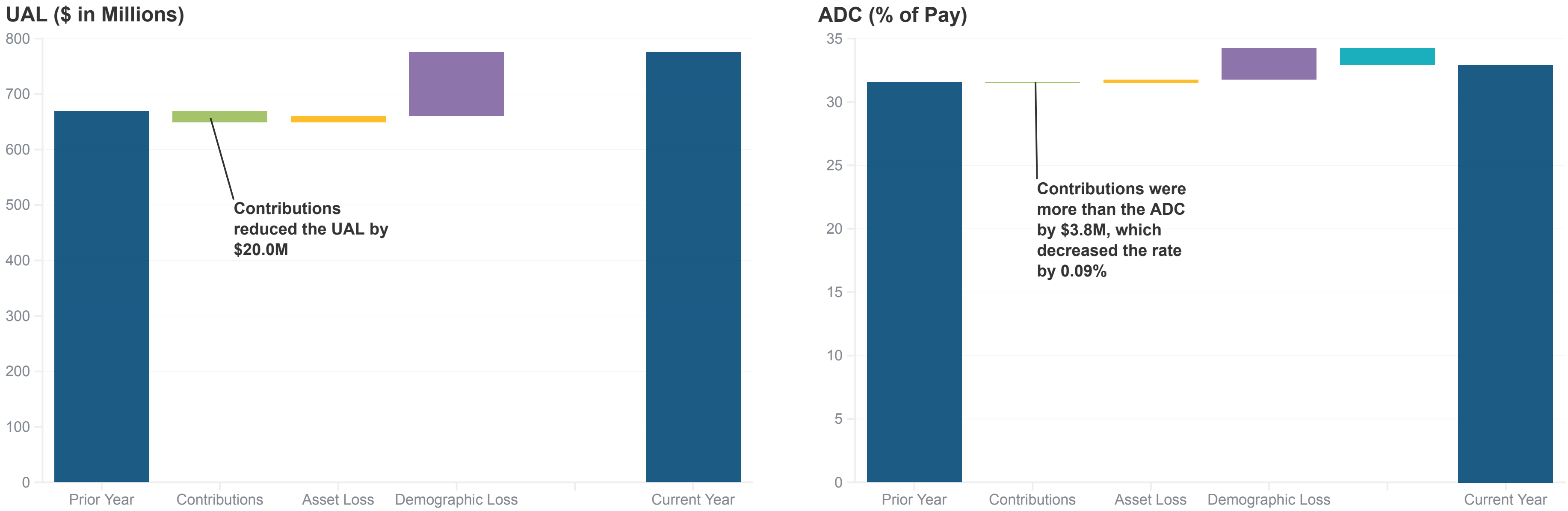
Contributions exceeded the Normal Cost plus interest on the UAL, thus reducing the UAL, but were slightly more than the previous year's ADC because of the 12-month lag in the implementation of rates and the growth in payroll.

UAL and ADC Change by Source

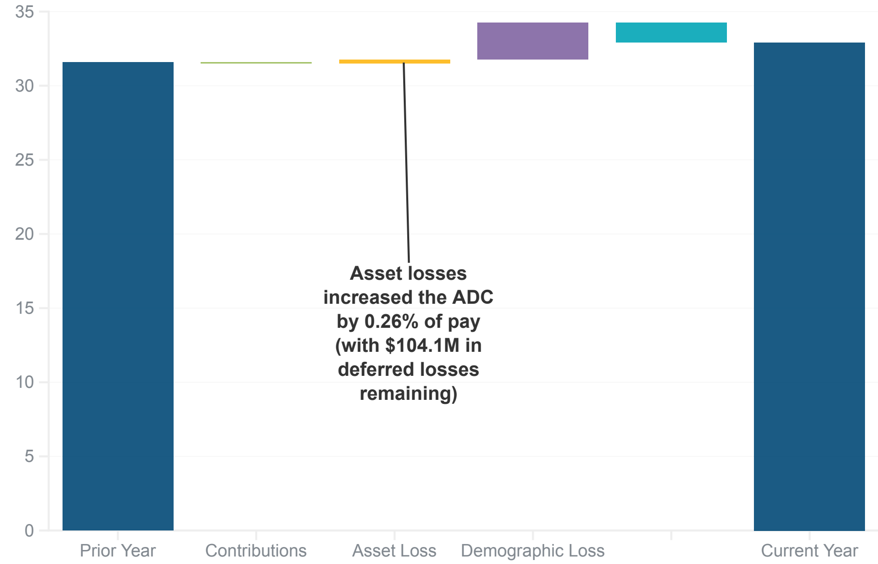


Assets returned less than expected - a 6.2% negative return on a market basis and a 6.4% positive return on a smoothed basis - increasing the UAL and the ADC.

UAL and ADC Change by Source

UAL ($ in Millions)

ADC (% of Pay)



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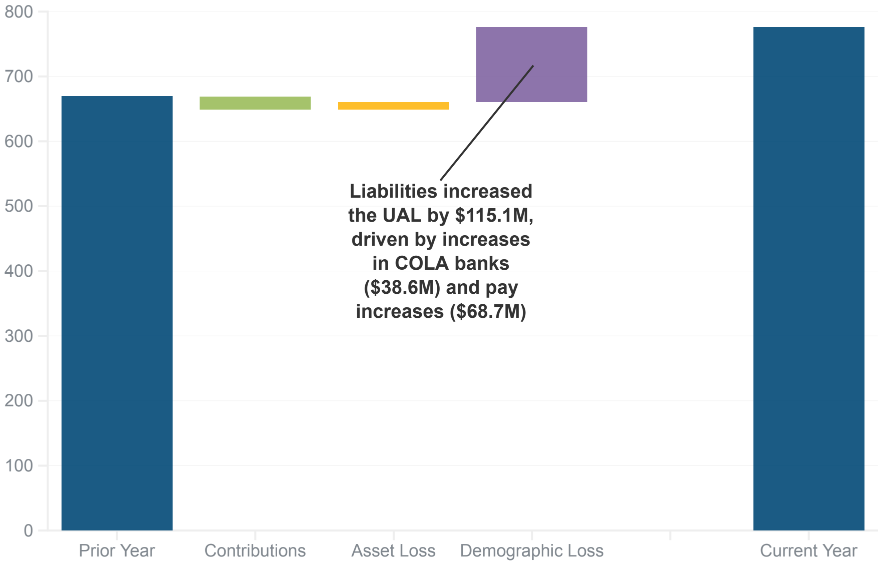
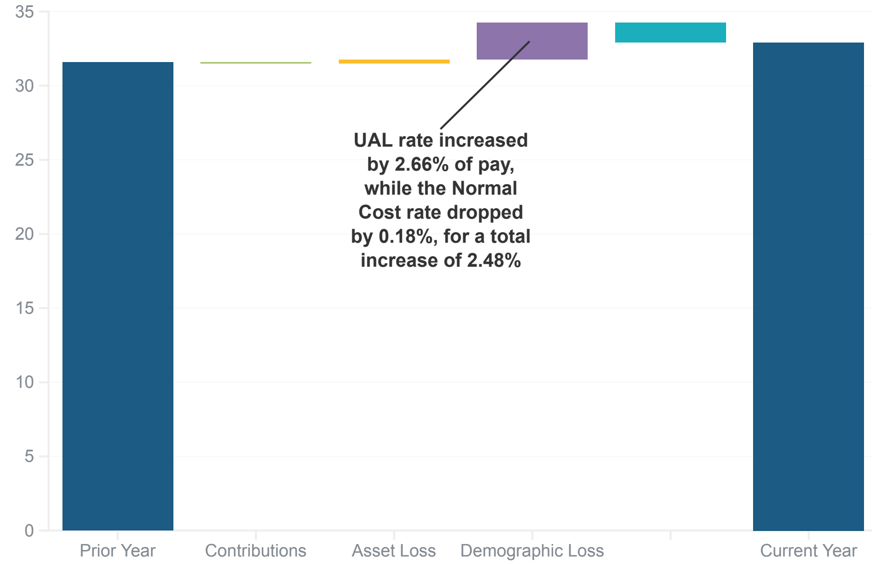
Liabilities were significantly higher than expected - mostly due to the increases in the projected COLA banks from high inflation and large pay increases - increasing the UAL and the amortization payment. The impact on the ADC was slightly offset by the continued decline in the Normal Cost caused by the transition to PEPRA members.

UAL and ADC Change by Source

UAL ($ in Millions)



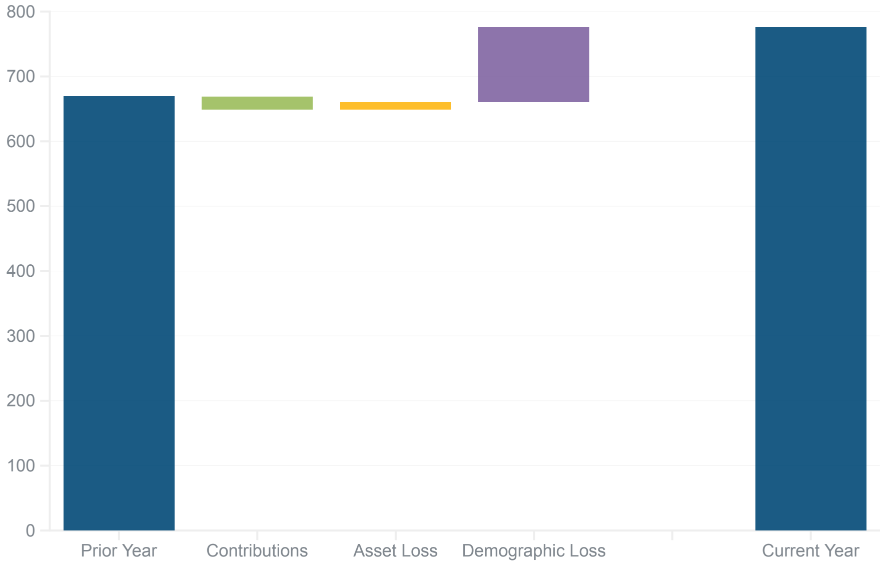
ADC (% of Pay)



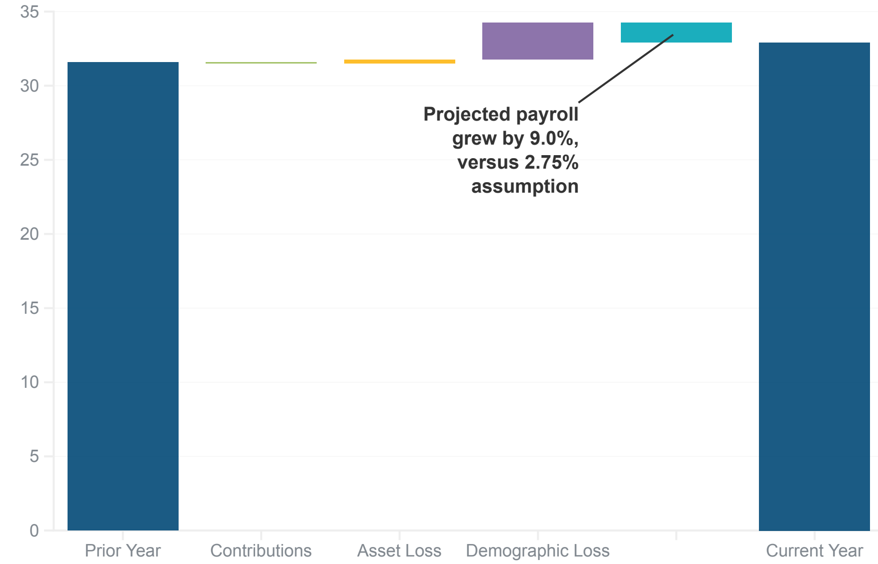
The payroll grew faster than expected and this reduced the ADC by 1.33% of pay since the UAL payment is spread over a smaller base. Payroll growth does not impact the UAL.

UAL and ADC Change by Source

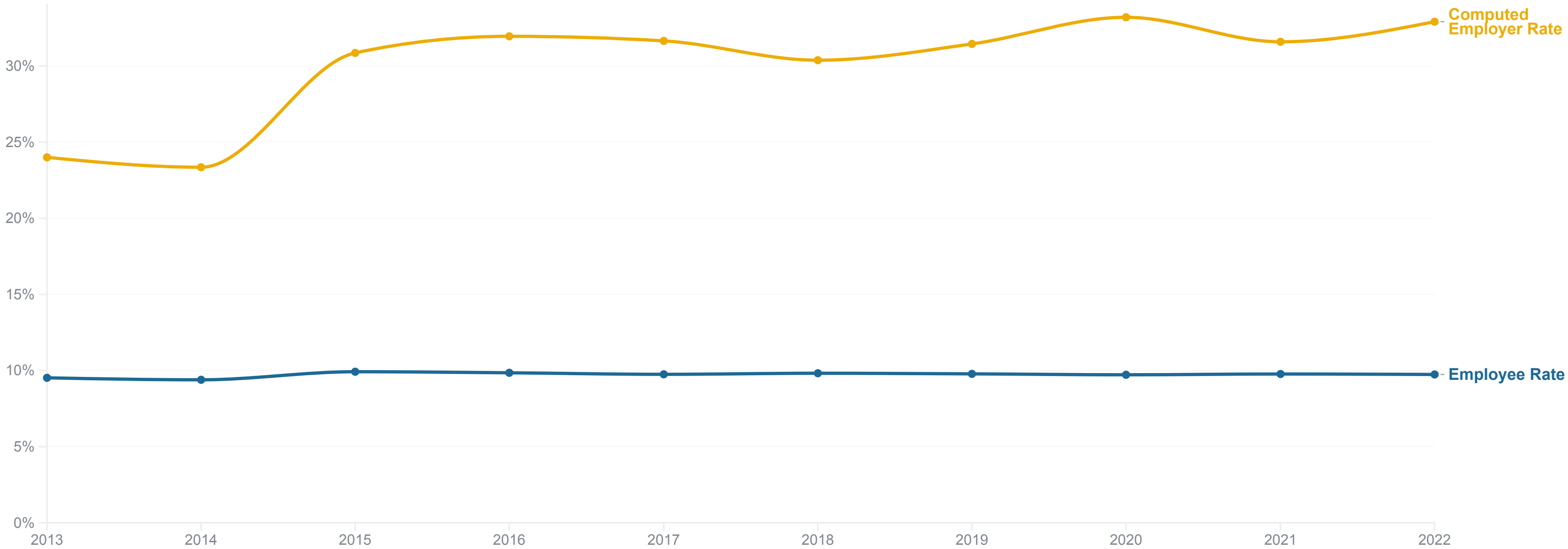
UAL ($ in Millions)



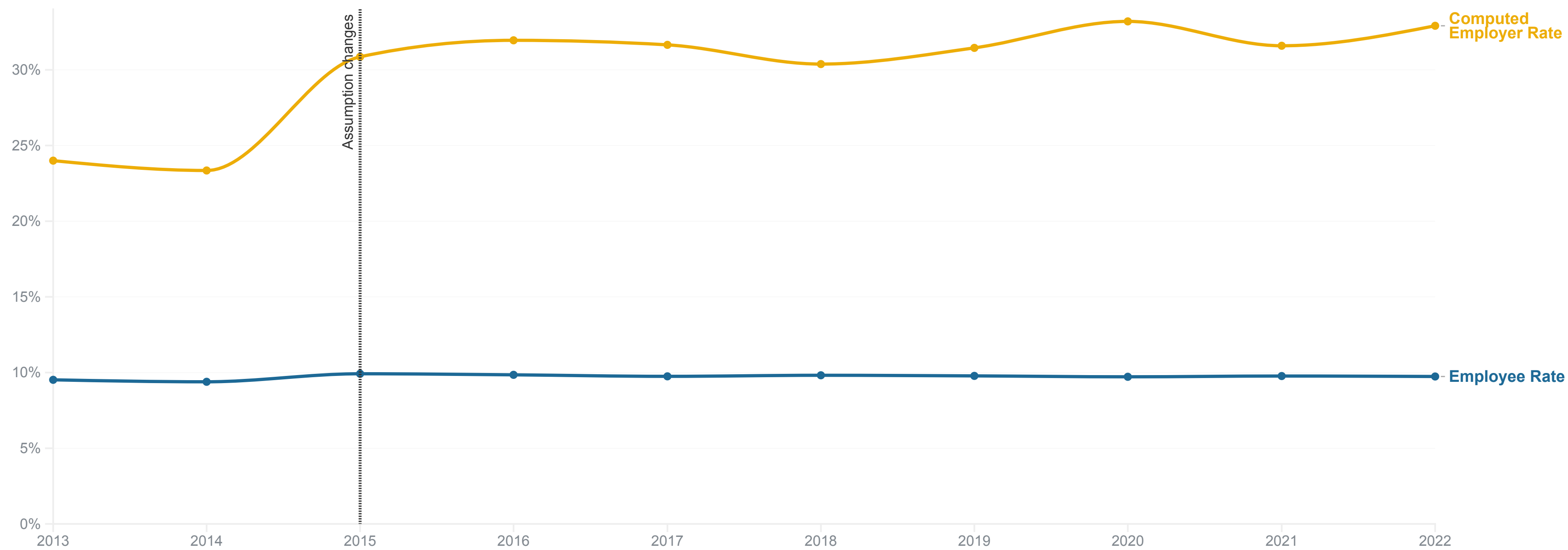
ADC (% of Pay)



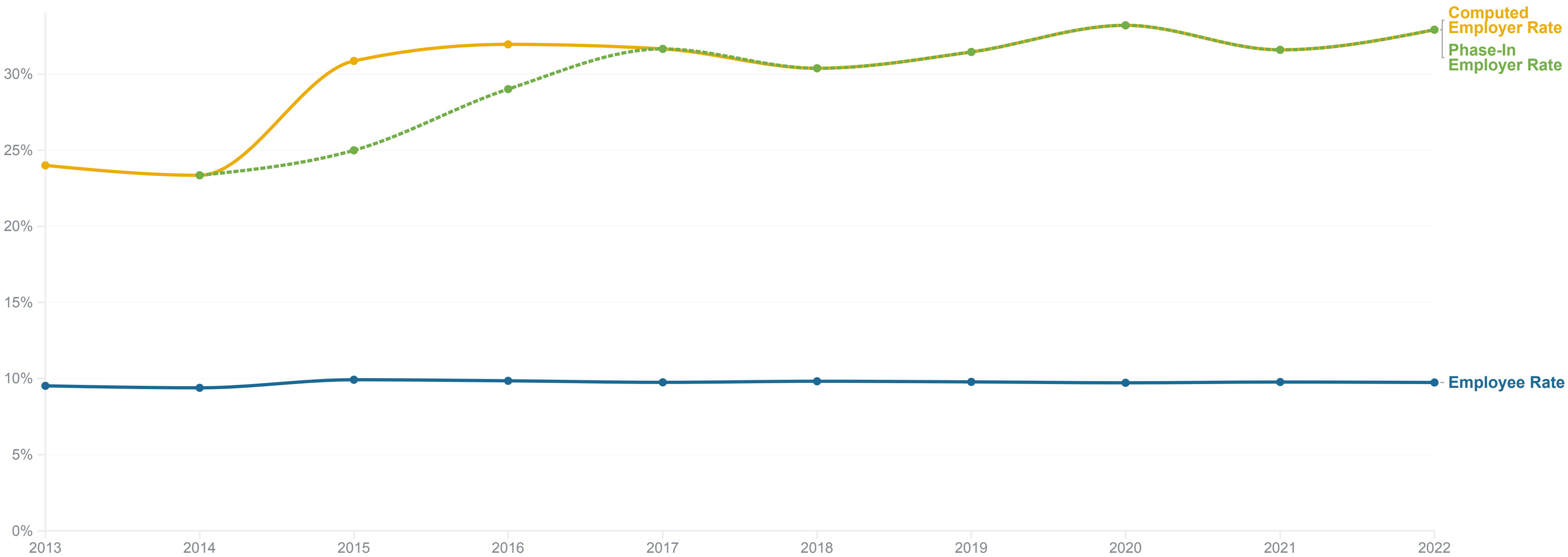
Next, we review the **history and trends** in the employer and employee rates over the past decade.



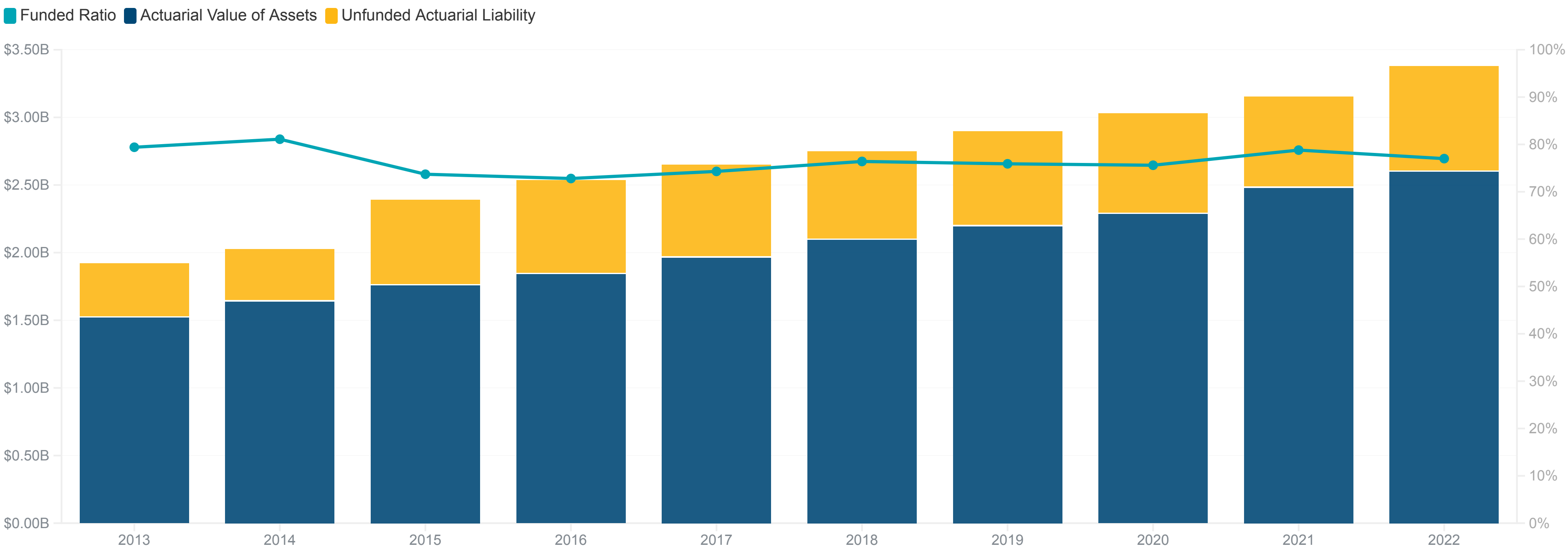
There were large increases in the rates in 2015 when assumptions changed.



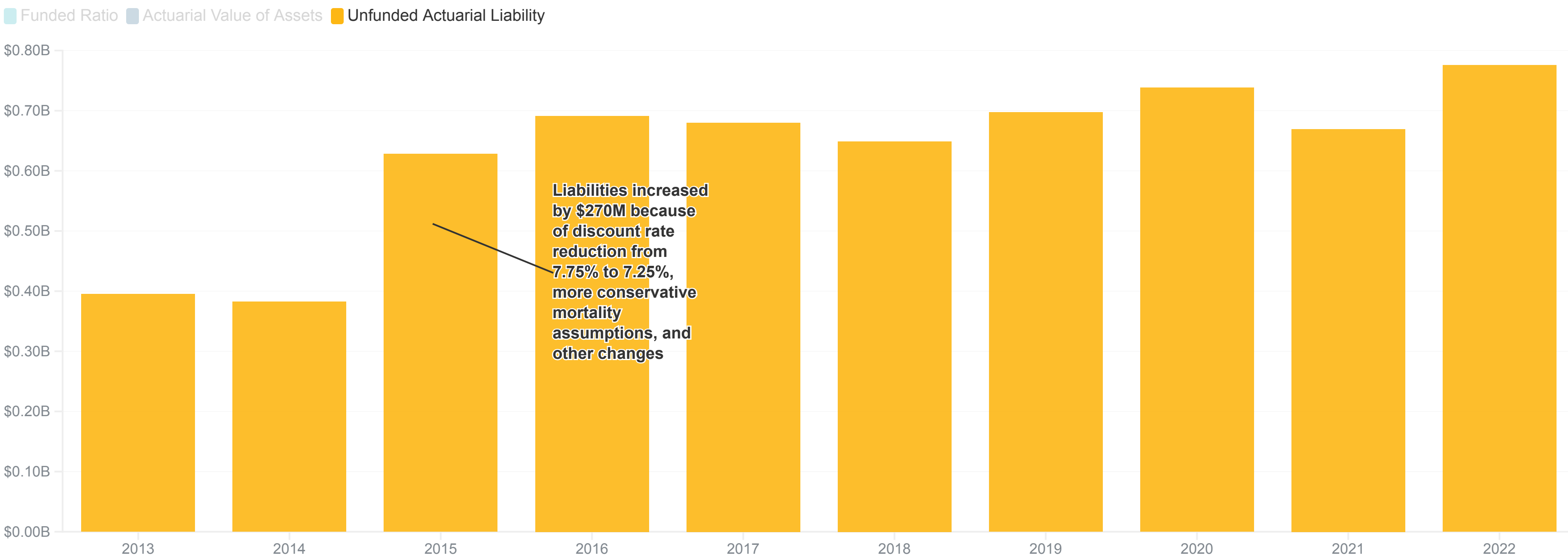
However, the Board elected to phase-in the increases in those rates to smooth out the impact on the employers. No phase-in was adopted for the assumption changes implemented in 2021, because the changes were more modest (actually reducing cost).



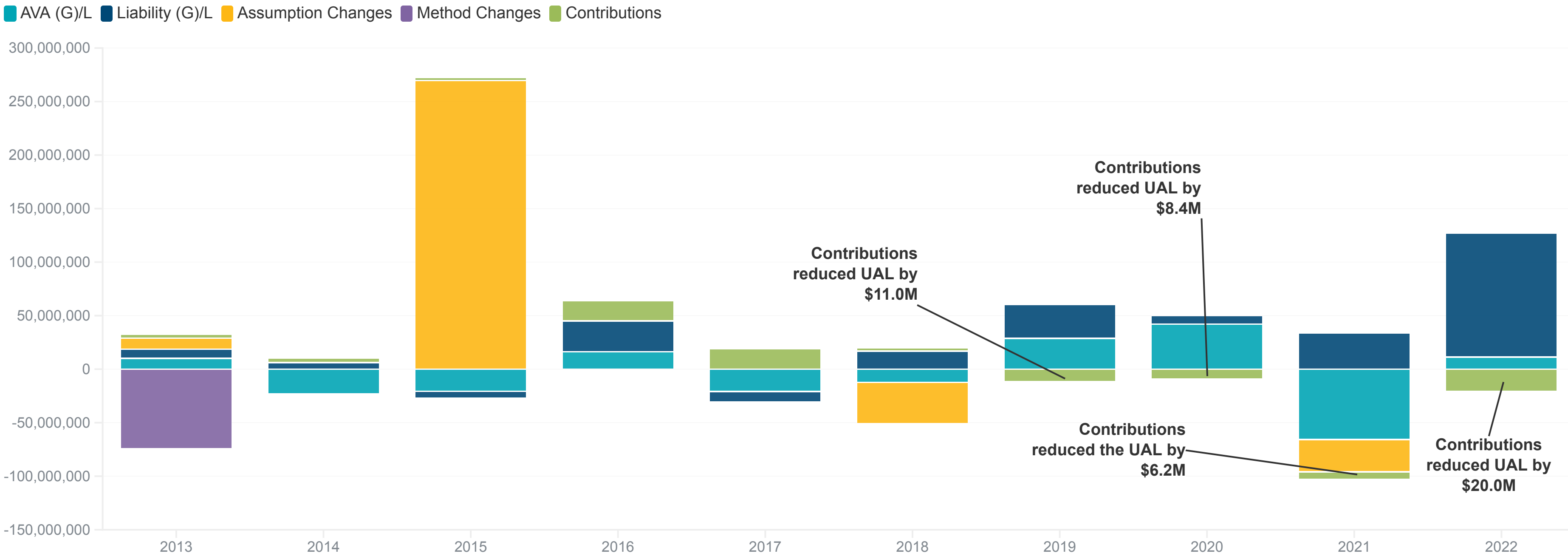
Next, we review the history of the unfunded liability over the past decade. The line shows the funded ratio, with the scale shown along the right-hand axis.



Overall, the UAL increased by $339M over this period with a significant increase in 2015 due to assumption changes.



This chart breaks down the change in UAL for each year. Contributions are beginning to have positive impact on the UAL with the shortening of the amortization period.



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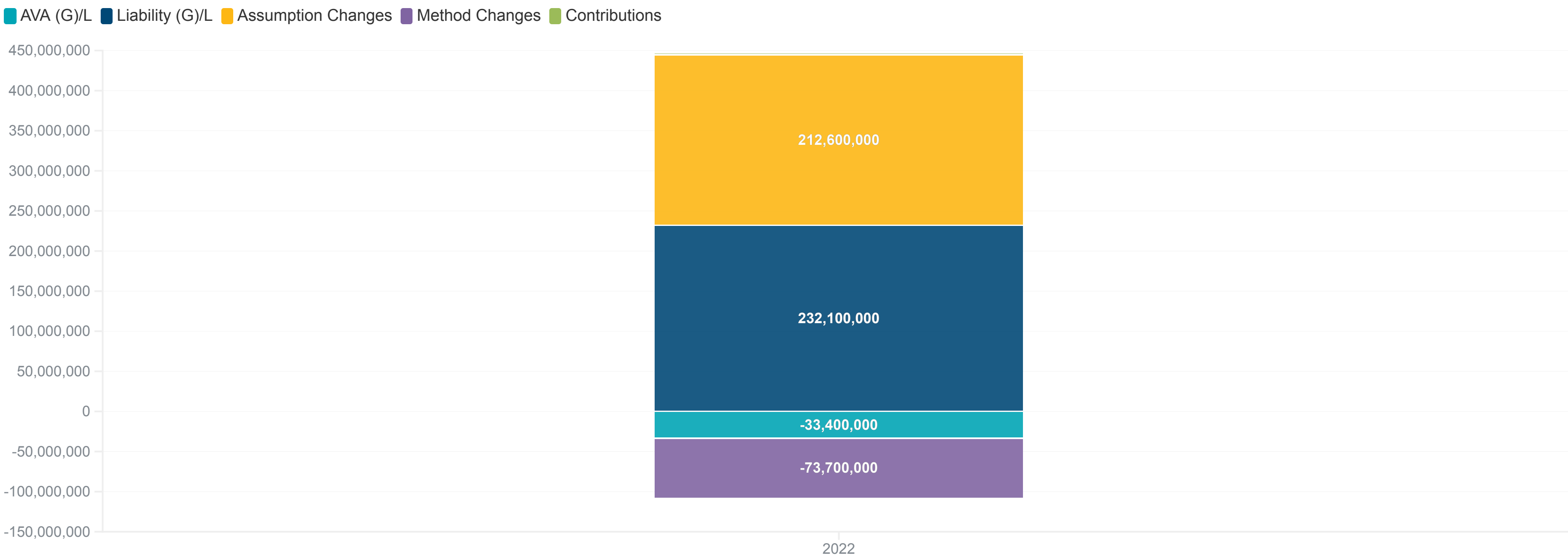
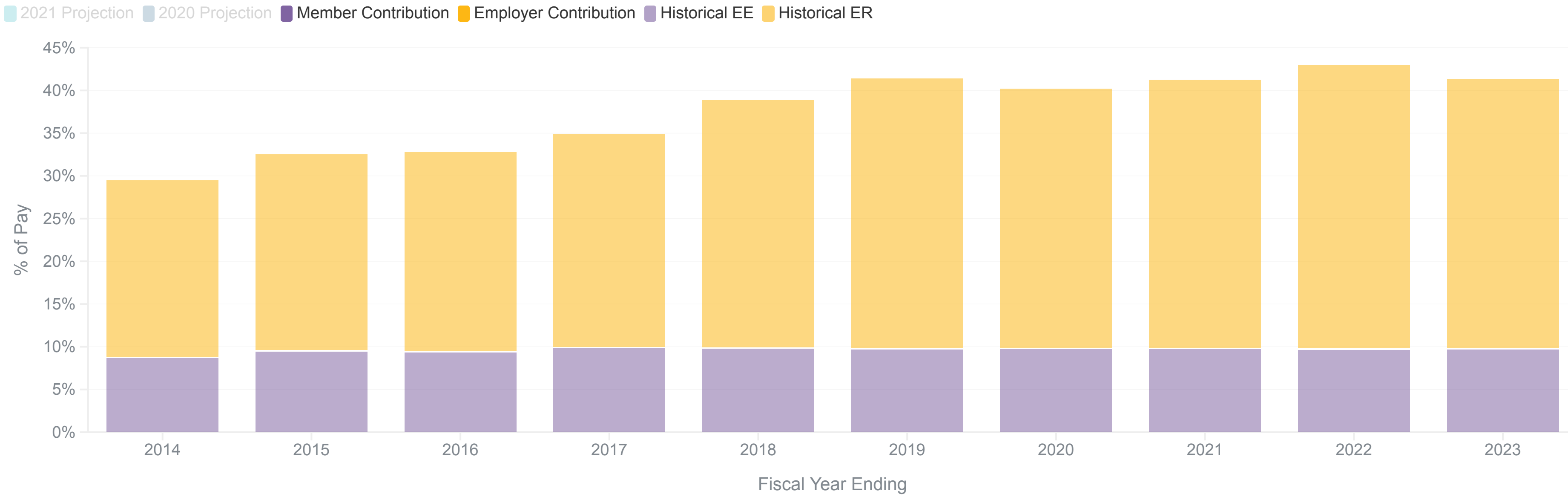
This chart combines the UAL changes by source over all 10 years. The liability changes - driven by the current year losses from inflation and pay increases - have had the largest impact on the UAL over the past decade, followed by the assumption changes. However, the assumption changes enacted as part of the two most recent experience studies have reduced liabilities.




What is **expected** to happen to the Plan?
What are the **risks** going forward?

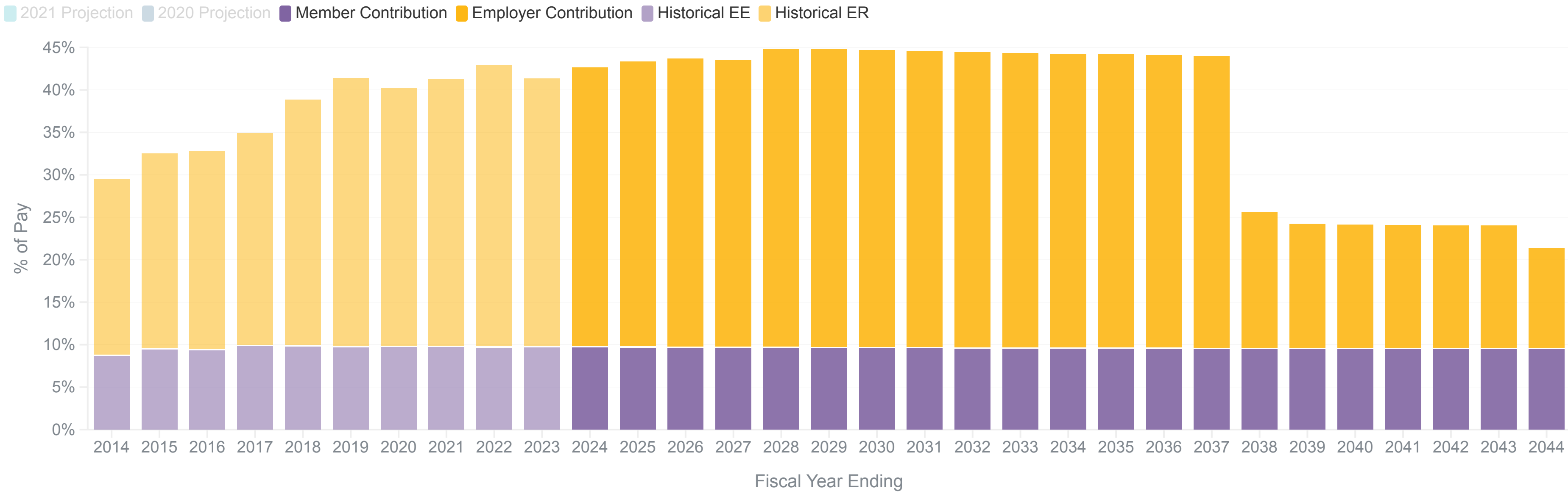
We move from looking at the historical contributions...

Historical



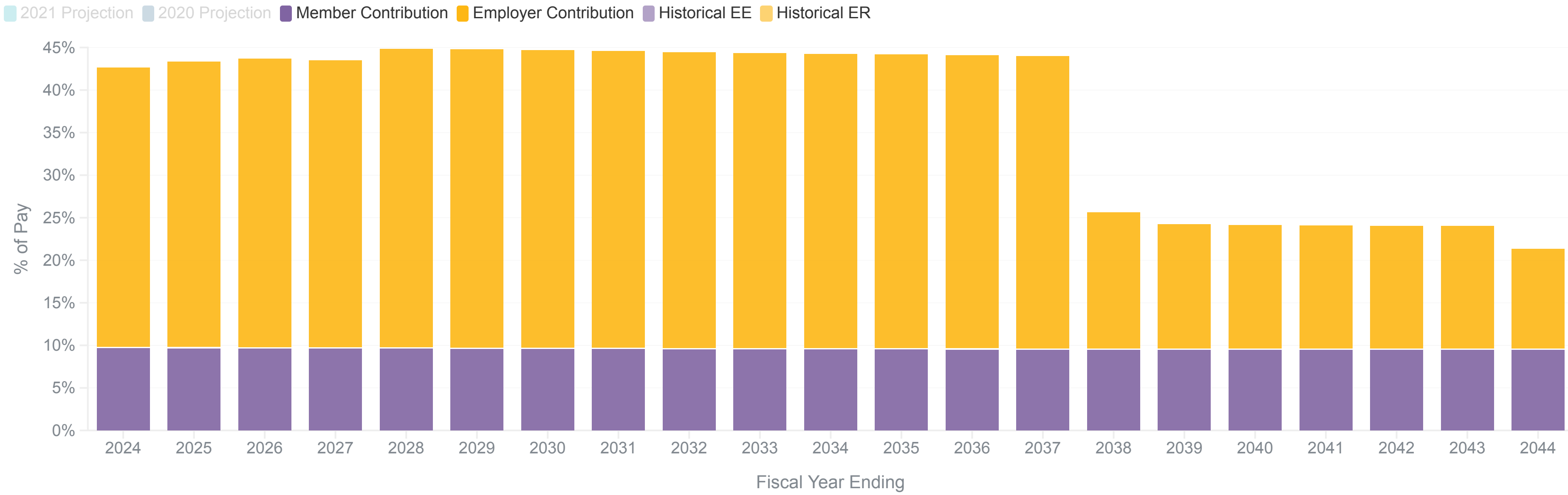
...to looking at a projection of the contributions, assuming all assumptions are met, including a 6.75% return each year.

All



The contributions are expected to remain relatively stable over the next four years, increasing slightly as the net deferred investment losses are recognized. The contributions are expected to **drop significantly after FYE 2037**, when the initial 2021 UAL layer is expected to be paid off.

Projected



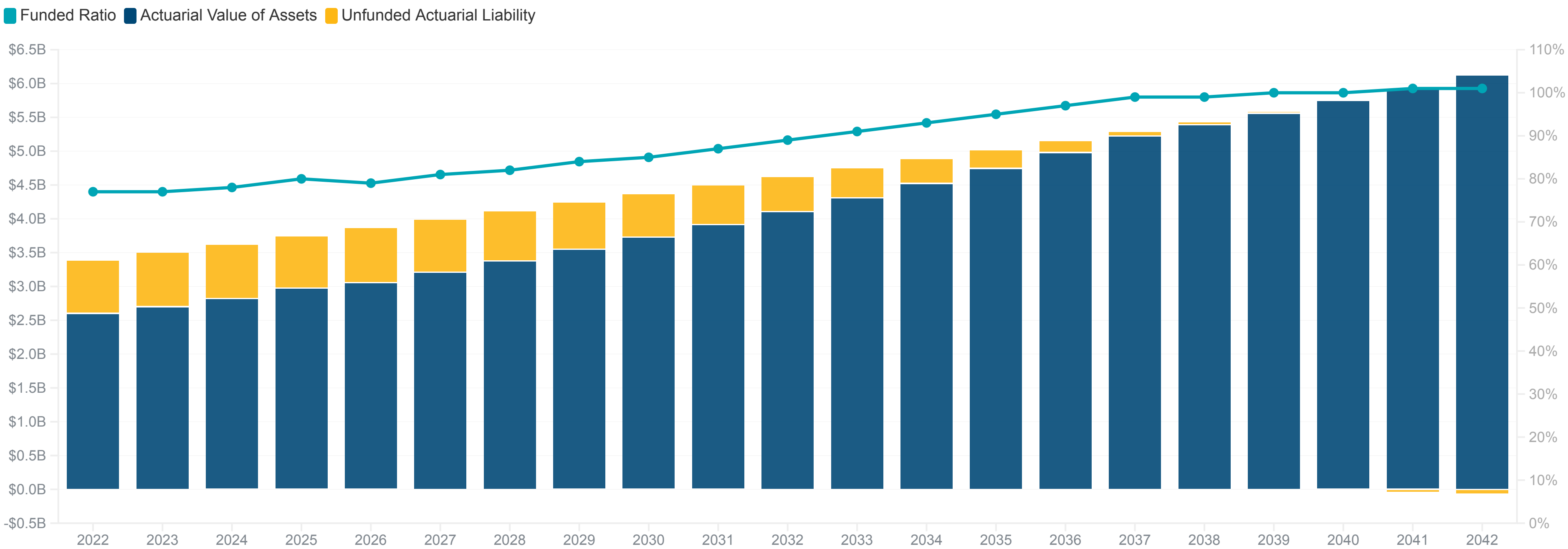
For comparison, we show the projected contributions from last year's valuation. The projected contributions have increased significantly as a result of the current year asset and liability loss.

Projected

However, the current projected contributions are still lower than the projections through 2037 based on the 2020 valuation. That decrease is due to the 2021 asset gains.

Projected

The baseline projection also shows that the funded ratio (right axis) is expected to increase slowly for the next few years, as the deferred asset gains and losses offset each other and contributions continue to be made.



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This concludes the summary presentation. The results presented herein are preliminary, and are still subject to peer review. The final actuarial valuation report will be presented at a future meeting, and will contain additional details.

StanCERA Consulting Team

Click card for bio or to contact

Graham Schmidt
Consulting Actuary
Lafayette, CA

Jonathan Chipko
Consulting Actuary
New York City, NY

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Certification

The purpose of this report is to present the preliminary results of the StanCERA actuarial valuation as of June 30, 2022. These results are still under peer review and subject to change.

In preparing our presentation, we relied on information (some oral and some written) supplied by StanCERA. 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, Data Quality.

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

Projections in this presentation were developed using R-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 Plan. We relied on Cheiron colleagues for the development of the model. R-Scan uses standard roll-forward techniques that implicitly assume a stable active population. Because R-Scan does not automatically capture how changes in one variable affect all other variables, some scenarios may not be consistent.

To the best of our knowledge, this presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. 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 for the StanCERA Retirement Board for the purposes described herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

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December 6, 2022

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

I. SUBJECT: Triennial Review of Policies

II. ITEM NUMBER: 10c

III. ITEM TYPE: Discussion and Action

IV. STAFF RECOMMENDATION: Approve Submitted Polices

V. ANALYSIS:

In accordance with the policy review schedule and the ongoing strategic goal of developing StanCERA's governance practices in alignment with the dynamic needs of the organization, staff evaluated the following policies and directives:

- Investment Policy Statement
- Investment Policy Statement Directive #2
- Placement Agent Policy

After review, staff did not make any substantive changes. The redline version of each policy is attached.

Attachment 1: Investment Policy Statement in redline. (No Changes)

Attachment 2: Investment Policy Statement Directive # 2 redline. (No Changes)

Attachment 3: Placement Agent Disclosure Policy in redline. (Clarifying edit on page 5)

VI. RISK: None

VII. STRATEGIC PLAN: N/A

VIII. ADMINISTRATIVE BUDGET IMPACT: None

Stanislaus County Employees' Retirement Association

Investment Policy Statement

Adopted: April 27, 1999

Restated ~~May~~ December 6~~28~~, 2022~~19~~

Contents

The Stanislaus County Employees' Retirement Association ("StanCERA") is a public employee retirement system that was established by the County of Stanislaus on July 1, 1948. StanCERA is administered by the StanCERA Board of Retirement ("the Board") to provide service retirement, disability, death and survivor benefits for county employees and other participating agencies under the County Employees Retirement Law of 1937, California Government Code Section 31450 *et. seq.* (CERL) and the California Public Employees' Pension Reform Act of 2013, California Government Code Section 7522 *et. seq*. (PEPRA) and other applicable laws.

1. Purpose

StanCERA has established an investment program ("Investment Program") designed to provide sufficient assets in a timely manner to pay the benefits due to participants today and in the future, over the long-term. The purpose of this Investment Policy Statement ("IPS") is to establish the policies that will guide the Investment Program. This IPS is intended to provide guidance to the Board and to its delegates, the Staff and third-party professionals. This IPS is supported by the Board's Investment Directives, the Investment Processes ("Processes"), and other Board policies that reflect the needs of the defined benefit plan ("Plan") that the Board administers. The Investment Directives, Policies and other Board documents hereto are incorporated into this IPS and made a part hereof by this reference.

2. Authority

The Investment Program shall be managed in accordance with applicable law, including but not limited to the following:

- The assets of the Plan are trust funds and shall be held for the exclusive purposes of providing benefits to the participants in the Plan and their beneficiaries and defraying reasonable expenses of administering the Plan (Cal. Const. art. XVI, sec. 17(b); Cal. Govt. Code sec. 31595).

- The Board and its officers and employees shall discharge their duties with respect to the system:
  a) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.
  b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
  c) Shall diversify the investments of the system so as to seek an appropriate risk-adjusted rate of return consistent with the financial characteristics of the sponsors, unless under the circumstances it is clearly prudent not to do so.

  (Cal. Const. art. XVI sec. 17(b), (c) and (d); Cal. Gov. Code Sec. 31595 (a), (b) and (c)).

3. Governance

The Board hereby adopts a governance model whereby specific authority, responsibility, and accountability are either retained by the Board or delegated to others based on areas of expertise and appropriate oversight. The Board retains sole responsibility governing the Plan, setting investment policy, and monitoring the Investment Program. It may choose to delegate specific areas of responsibility provided it retains appropriate oversight of the delegated activity.

A. Roles and Responsibilities

1. BOARD OF RETIREMENT

The Board maintains the sole and plenary authority and fiduciary responsibility for the Investment Program. The Board also understands it may delegate certain responsibilities under the Investment Program for purposes of administrative efficiency and expertise. The areas of the Investment Program the Board may not delegate include:

- The governance model of the Investment Program
- Establishing and maintaining investment policy, including:
  - Investment philosophy
  - This IPS
  - Investment objectives
  - Strategic asset allocation
  - Allocation-level performance benchmarks
  - Risk philosophy
- Engaging Board consultants and service providers
- Monitoring the Investment Program

2. STAFF

StanCERA Staff ("Staff"), is broadly responsible for supporting the Board in the effective execution of its fiduciary duties. The Executive Director, or his or her designee, has been delegated authority to execute specific elements of the Investment Program as outlined in any approved investment-related policy.

For purposes of this document, "Investment Staff" shall be defined as the Executive Director and anyone in the Retirement Investment Officer classification.

3. GENERAL INVESTMENT CONSULTANT

The General Investment Consultant ("Consultant") is engaged by the Board to provide independent, objective investment advice. The Consultant is and shall agree to be a fiduciary to the Plan under California law. The Consultant works with Staff in the development of recommendations while recognizing its fiduciary duty is to provide prudent investment advice to the Board. The Consultant provides advice without discretionary authority to execute on its advice. The specific duties of the Consultant are contained in the Revised Model Agreement for Investment Consulting Services, and generally include providing advice with respect to:

- Investment strategy development and implementation
- Investment policy development
- Asset allocation among classes and subclasses
- Investment manager selection, evaluation and termination
- Investment performance monitoring
- Investment risk monitoring
- Investment fee analysis and negotiation
- Capital markets projections
- Coordination with the Plan's actuary in conducting periodic asset/liability studies and other required reporting
- Board education

4. SPECIALTY INVESTMENT CONSULTANTS

Specialty consultants may be hired by the Board to work with Staff, the Consultant, and/or the Board. These will typically be asset class consultants (e.g., real estate, private equity, hedge funds) that may operate on a discretionary or non-discretionary basis, as directed by the Board, to meet the objectives of the Investment Program.

5. INVESTMENT MANAGERS

Investment Managers are delegated the responsibility of investing and managing Plan assets in accordance with this IPS and all other applicable laws and the terms of the applicable investment documents evidencing StanCERA's acquisition of an interest in an investment vehicle, and other controlling documents. Each Investment Manager must be (1) an investment advisor registered under the Investment Advisors Act of 1940; (2) a bank, as defined in that Act; (3) an insurance company qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of the Plans' assets; (4) a trust operating as an investment company under the Investment Company Act of 1940; or (5) a state-chartered trust company authorized to carry on a trust banking business. Each Investment Manager shall agree that it is a fiduciary of the Plan under California law. Subject to this IPS and their specific contractual obligations to the Plan, Investment Managers are responsible for making all investment decisions on a discretionary basis regarding assets placed under their jurisdiction and will be accountable for achieving their investment objectives. Such discretion shall include decisions to buy, hold, and sell investments in amounts and proportions that are reflective of the stated investment mandate.

6. CUSTODIAN BANK

The Custodian Bank, selected by the Board to act as the principal custodian of assets of the trust, is delegated the responsibility of holding the assets and evidence of interests owned by StanCERA in investment vehicles and cash (and equivalents). The Custodian Bank accepts a fiduciary duty to hold such assets separate and apart from its own assets (other than cash that is held as a deposit obligation with its banking department). The Custodian Bank also accepts fiduciary duties with respect to any Plan assets for which it maintains or exercises any discretionary authority. The Board may authorize the Custodian Bank to invest in temporary short-term fixed income investments both for the investment strategies and as a part of the cash portion of Plan assets. Such investments will be managed in general accordance with short-term fixed income investment guidelines as detailed in the Custodial Agreement. Cash managed for investment strategies shall be considered to be sub-portions of the assets managed by the directing Investment Managers.

4. Investment Philosophy

The Investment Philosophy represents the foundational principles on which the Investment Program is based. Every investment decision should be made with these foundational principles in mind to promote the fulfillment of the fiduciary obligations. The statements below set forth the Board's Investment Philosophy:

Plan objectives should guide all decision making

The Investment Program is designed to provide benefits to participants over a long term without accepting undue risks that could be detrimental to the participants or Plan sponsors. The Investment Program, therefore, must be managed in a prudent manner recognizing the relationships between the benefits promised to participants and their beneficiaries, the financial health of the Plan sponsors, and the exposures within the Investment Program.

Asset allocation drives portfolio volatility and returns

It is impossible to accurately and consistently predict the future; therefore, the Plan is required to be prudently diversified across and within asset classes in anticipation of various economic conditions. In a well-diversified portfolio, the overall volatility of investment returns is principally driven by the asset allocation and secondarily driven by the individual investment strategies. As such, asset allocation is the primary tool by which the Board can manage the expected risk/return profile of the Plan.

Short-term investing

Over shorter investment periods, volatility can be more detrimental to the success of the Investment Program. Because paying benefits to participants and their beneficiaries occurs continuously, the forced selling of assets during broad market corrections to meet these payments could result in the long-term impairment of investable capital. By maintaining a portion of the portfolio invested in low-volatility, highly liquid securities and investment strategies, the Investment Program will be able to mitigate or avoid the forced selling of assets during broad market corrections.

Long-term investing

Over longer investment periods, volatility can be managed more effectively to produce beneficial results for the Investment Program. Market corrections will occur and when they do, patient and well-capitalized investors are able to wait until the market recovery takes place. Additionally, broad market corrections have historically provided investment opportunities for those with available capital and the foresight to make additional investments.

Fees

Fees directly impact the investment results of the Investment Program but are necessary to appropriately compensate the investment management of the Investment Program. Fees must, therefore, be measured closely against the value the Investment Program expects to earn and aligned to ensure incentives are consistent with the objectives of the Plan.

5. Investment Objectives

The investment objectives of the Investment Program are:

- To provide liquidity to meet retiree benefit payments in a timely manner;
- To produce long-term growth to meet future retiree benefit payments and, if applicable, to close a funding gap over time; and
- To protect the assets against the adverse impacts of rising inflation and investment market volatility.

Investment objectives specific to the individual investment strategies are further defined in the Board's Investment Strategy portion of this IPS.

6. Investment Strategy

The Board has chosen to employ an investment strategy that seeks to align the Investment Program with the investment objectives listed in Section 5 of this IPS. The strategy divides the portfolio into three functional sub-portfolios—Liquidity, Growth, and Diversifying—to address each investment objective highlighted in Section 5. The Liquidity Sub-portfolio is dedicated to funding near-term benefit payments. It is joined with the longer-term Growth Sub-portfolio as well as the Diversifying Sub-portfolio, which is intended to offset some of the investment risks embedded in the Growth Sub-portfolio. While the three sub-portfolios are aligned with the investment objectives individually, collectively they allow the Investment Program to provide appropriate risk and return characteristics.

A. Asset Allocation

The Board has adopted a strategic asset allocation based on the Plan's projected actuarial liabilities, liquidity needs, risk tolerance and the risk/return expectations for various asset classes. This asset allocation seeks to optimize long-term returns for the level of risk the Board considers appropriate. The current asset allocation table may be found in Directive #1.

Since projected liability and risk/return expectations will change over time, the Board will conduct a periodic review of the strategic asset allocation to maintain an expected optimal allocation. The Board may also revise the asset allocation in response to significantly changing conditions that have affected valuations and forward-looking expected returns of asset classes. The Board will review capital market expectations annually. The result of this review will be used to update the Investment Directives as needed.

B. Functional Sub-portfolios

As noted previously, the investment strategy for the Investment Program employs three functional sub-portfolios to construct the comprehensive asset allocation. The allocation to the Liquidity Sub-portfolio is assessed annually and is based on the projected benefit payments and expenses of the Plan. The remaining assets are invested in the Growth and Diversifying sub-portfolios. Annually the Board shall review the relative size and composition of these sub-portfolios and revise them as necessary through Investment Directives. The functional sub-portfolios are set forth below:

1. LIQUIDITY SUB-PORTFOLIO

The purpose of the Liquidity Sub-portfolio is to ensure adequate assets are available to pay benefits over an extended timeframe as outlined in the Investment Directives. The Board will establish a target allocation amount of a specific number of months of the difference between contributions and benefit payments plus expenses ("shortfall") in the Liquidity Sub-portfolio. The assets will be invested in highly liquid, low volatility securities expected to generate modest levels of return while preserving capital throughout a market cycle. This portfolio will contain assets such as cash, short-term bonds, laddered government bonds, and other investments that provide fixed, contractual cash flows with a minimum level of credit risk. As a secondary purpose, a portion of the Liquidity Sub-portfolio may be allocated to the Growth Sub-portfolio during broad market corrections so long as at least 48 months of projected shortfall is maintained in the Liquidity Sub-portfolio.

The success of the Liquidity Sub-portfolio will be measured by its ability to directly fund each year's annual benefit payments without having to draw from other sources of capital or add any unfunded liabilities to the System to meet this obligation. It will accomplish this objective through low-risk, cash flowing investments, as well as providing a stable offset to the rest of the portfolio during periods of severe market stress.

2. GROWTH SUB-PORTFOLIO

The purpose of the Growth Sub-portfolio is to grow invested assets over the long term in order to pay future benefits. Assets from the Growth Sub-portfolio may be sold over time and transferred to the Liquidity Sub-portfolio as needed. This portfolio is characterized by a long investment horizon and can, therefore, accept a higher level of volatility. Assets in this portfolio may be volatile, have reduced liquidity, and derive the bulk of their return from capital appreciation. These assets include public and private equity, corporate and other debt with credit risk premiums, private real estate and other private assets.

The success of this portfolio will be measured primarily by compounded annual growth rates in conjunction with the annualized standard deviation of returns as the primary measure of risk. Performance evaluation will, therefore, focus on the long-term total risk-adjusted return of the portfolio.

3. DIVERSIFYING SUB-PORTFOLIO

The purpose of the Diversifying Sub-portfolio is to offset the investment risk of the Growth Sub-portfolio. Investment strategies in the Diversifying Sub-portfolio are expected to have return profiles that have a low correlation to those in the Growth Sub-portfolio. This is expected to effectively dampen the market volatility across the entire portfolio. As a secondary objective, the investment strategies in the Diversifying Sub-portfolio will offer additional sources of return to those in the Liquidity and Growth sub-portfolios. Assets in the Diversifying Sub-portfolio may be sold during times of market stress or when the assets in the Growth Sub-portfolio are impaired in order to fund the Liquidity Sub-portfolio.

The success of the Diversifying Sub-portfolio will be measured by its ability to offset declines in value in the Growth Sub-portfolio, as well as its ability to provide liquidity during times of market stress.

4. INTERACTION BETWEEN THE FUNCTIONAL SUB-PORTFOLIOS

The allocations to the Liquidity, Growth, and Diversifying sub-portfolios will vary over time. The Liquidity Sub-portfolio will operate as a drawdown vehicle to pay benefits and expenses. The Growth and Diversifying sub-portfolios will be subject to the volatility of the markets in which each functional sub-portfolio invests. In order to reallocate between the functional sub-portfolios, the Board will conduct two annual reviews: an annual capital markets review to assess the relative value and risks associated with each asset class; and an annual funding plan to determine how to replenish the Liquidity Sub-portfolio.

An annual review of the capital markets will be delivered to the Board by the Consultant. The Consultant will provide the Board current forward-looking risk and return assumptions for all major asset classes. In conjunction with this review, the Consultant will also provide a recommendation of how best to allocate assets within each functional sub-portfolio. If necessary, the Consultant will recommend changes in target allocations to the underlying asset classes in order to deploy the Investment Program's assets effectively in the upcoming year.

Additionally, and in coordination with the capital markets review, Staff will present an annual funding plan, which will provide a recommendation of how best to replenish the Liquidity Sub-portfolio program to maintain the required number of months of shortfall coverage. Staff will provide an annual report to the Board on the progress of funding the Liquidity Sub-portfolio through a combination of harvesting income from the Growth and Diversifying sub-portfolios, asset sales in the Growth and/or Diversifying sub-portfolios or the use of contributions. Under normal market conditions, the balance in the Liquidity Sub-portfolio is expected to vary between 60 and 108 months of projected benefit payments and expenses.

C. Investment Strategy Attributes

All investment strategies, whether currently used by the Investment Program or being considered for inclusion in the Investment Program, will be evaluated on their own unique risk and return characteristics as well as their contribution to the overall Investment Program's risk and return characteristics. Other risks pertaining to the individual investment strategies and/or the firm managing the strategy will also be considered.

Fees and expenses of the investment strategies will be closely evaluated against competitive strategies and the value provided for the services rendered. While lower fees are clearly preferred over higher fees, the Plan seeks to identify investment strategies capable of providing value for participants by generating investment returns in excess of benchmark returns plus fees. Fee structures will be evaluated to ensure appropriate incentives are provided to achieve the desired outcomes for the Investment Program.

D. Rebalancing

The Board recognizes there may be a cost to maintaining strict adherence to a target asset allocation in terms of both transaction costs and opportunity costs. The Board also recognizes that the benefit of cost minimization must be balanced against the assumption of active risk associated with allowing variances to asset allocation targets.

Portfolio rebalancing shall be conducted in order to meet two distinct objectives. The first objective is to maintain the long-term strategic asset allocation targets approved by the Board. The second is to capture valuation-based opportunities by deviating from the long-term strategic asset allocation targets as deemed appropriate by the Board.

Special consideration will be given to illiquid asset classes recognizing that the funding and redemption processes are different than those of the liquid asset classes. As such, each illiquid asset class is assigned a specific liquid asset class to function as a holding asset class while the corresponding illiquid strategies are being funded.

E. Managing Investment Strategies

While the Board believes the vast majority of investment return over the long term is dependent on the asset allocation decision, it recognizes additional risk and return may be generated by how the asset allocation is implemented.

1. HIRING A NEW MANAGER

The Consultant shall conduct all investment due diligence activities in connection with hiring new managers. In all cases, the hiring process must be consistent with the requirements for vendor selection detailed in the Processes and other Plan policy documents (e.g., Procurement of Products and Services Policy, Placement Agent Disclosure Policy, Conflict of Interest Code). The Executive Director shall have authority to execute the contracts consistent with the Processes.

<u>Quiet period.</u> During the process of hiring a new manager, a "quiet period" will apply during the evaluation process, during which time no Board member may knowingly have any communication with any actual or potential candidate for the mandate,

unless authorized by the Board in connection with the due diligence process in selecting managers. The quiet period shall cease upon the Board's entering into a contract for the Investment Manager(s) selected for the mandate. The Consultant is responsible for alerting the candidates to the quiet period and its restrictions. A violation of the quiet period rule may result in disqualification of the candidate or other appropriate Board action.

In all cases, the hiring process must be consistent with the requirements for vendor selection detailed in the Procedures and other Plan policy documents (e.g., procurement policy, placement agent policy).

2. TERMINATING EXISTING MANAGERS

The Board recognizes investments may need to be adjusted or removed from the Plan portfolio from time to time for a variety of reasons, including:

- Organizational changes including those to the people and processes in place
- Manager's style has deviated from initial investment thesis
- A manager's style, strategy, ethics, or philosophy is no longer appropriate for the Investment Program
- Underperformance relative to benchmark or other expectations
- Uncompetitive pricing vis-à-vis available alternatives

Absent emergency circumstances (described below), prior to terminating a manager, the Consultant and/or Staff shall present a detailed termination memo to the Board that includes:

- Purpose of the mandate
- Reason(s) for termination
- Specific plan to replace or temporarily invest the assets

<u>Emergency termination.</u> An "emergency" will be deemed to exist when an investment strategy suffers the resignation or other loss of an investment manager and no appropriate replacement is available; when an investment manager dissolves, ceases to exist, or is otherwise incapable of carrying out its activities in the ordinary course of its business; when an investment manager is actually or effectively "shut down" by a regulatory agency of a state or the Federal government or is accused of theft or fraud by a regulatory agency or other government body; when the Plan's investment is in jeopardy of material loss; or when such other developments with the investment manager give concern to the Consultant or Investment Staff that the investment is no longer prudent for the Program. Action to transfer management of the affected investment strategy shall be taken as soon as possible after StanCERA learns of the emergency. In the case of an emergency, Investment Staff will attempt to notify the Chair and Vice Chair of the Board immediately; notify the Custodian Bank that the Investment Manager's Managed Account is to be frozen and, except for those trades which are pending, no further trading is authorized; and may call an emergency meeting of the Board to take further action.

7. Risk Philosophy

The Board recognizes that the assumption of investment risk is necessary to meet the Plan's objectives. Investment risk is viewed as both the annualized standard deviation of investment returns (volatility) and drawdown exposure. Drawdown exposure measures the expected investment loss during a market correction. Additional sources of risk include regulatory, governmental, counterparty, environmental, social and currency, among others. Investment risk, in and of itself, is neither intrinsically good nor bad; it is a condition accepted in the pursuit of investment returns. The goal in managing investment risk is to ensure that an acceptable level of risk is being taken at the total Plan portfolio level. To accomplish this goal, the Plan invests in broad asset classes, via specific investment strategies within those asset classes, which have desirable expected return, risk, and correlation characteristics. While the individual strategies have a wide range of risk and return characteristics, the correlations between the strategies allow for effective portfolio diversification.

The approach used in constructing the portfolio further focuses on the risk characteristics by ensuring the preservation of the Liquidity Sub-portfolio assets as detailed previously in this IPS. Because these assets are invested in lower risk and lower return investments, the assets are well protected. This then allows for the Growth Sub-portfolio to assume greater investment risk in pursuit of higher expected returns. The Diversifying Sub-portfolio then offsets a portion of the investment risk embedded in the Growth Sub-portfolio to protect against drawdown risks.

8. Portfolio Monitoring

Delegation of investment functions by the Board requires proper oversight. Reporting processes are, therefore, designed to provide the Board with this oversight. Accurate, timely, and clear reporting to the Board of the Plan's assets, investment returns and risks, portfolio costs, and investment decisions are essential to assisting the Board in discharging its fiduciary duties.

As part of the portfolio monitoring process, StanCERA will perform investment manager due diligence visits. The guidelines for these visits are outlined in Directive #4.

Policy Review

This Board shall review this policy at least every three years.

9. History of Policy Revisions

POLICY APPROVAL DATE: April 27, 1999
Revised 4/2000.
Revised 7/2000.
Revised 5/2005.
Revised 7/2006.
Revised 2/2007.

Revised 9/2007.
Revised 3/2008.
Revised 12/2008.
Revised 07/2009.
Revised 05/2010.
Revised 10/2010.
Revised 7/2011.
Revised 11/2013.
Revised 6/24/2014.
Revised 7/22/2014.
Revised 1/24/2017
Revised 9/25/2018
Revised 5/28/2019
Revised 12/6/2022

Richard Santos, Executive Director

POLICY APPROVAL DATE: ~~May~~ December 6 ~~28~~, 2022~~19~~

Item No. 10c, Attachment 2

Investment Policy Statement – Directive # 2

Investment Strategy Disposition

Background

Terminating investment strategies can be a highly subjective process incorporating quantitative data, qualitative characteristics, and the fit of the investment strategy into the investment program. Behavioral biases must also be recognized as a contributing factor of the individual and collective decision-making process of the Board. For these reasons, it is necessary to develop a coherent evaluation process that seeks to minimize behavioral biases while properly evaluating all pertinent facts in the investment strategy evaluation process.

Quarterly evaluation of all investment strategies takes place through the review of performance. At this review, each strategy is compared to its appropriate benchmark and peer universe where applicable. Also during this review, changes to the portfolio are noted along with key drivers of performance. Key drivers of performance are expected to align with the stated investment strategy being employed and differences should be noted. Changes to the investment manager of the strategy are also discussed including: organizational changes, regulatory examinations, notable decline of assets under management, and changes to investment philosophy and process.

Periodic reviews provided directly by the investment managers are another method of analyzing underperformance of an investment strategy. These discussions further reflect changes to the firm as it seeks to effectively employ the strategy.

An investment directive is needed to provide clarity for the Board, Staff, and outside professionals what is to be considered in the termination process of an investment strategy. This directive would not apply to the portfolio rebalancing due to asset allocation decisions.

Directive

This Directive adopts a generalized approach to investment strategy and investment manager evaluation along the following 6 criteria:

- People and organizational stability;
- Investment philosophy;
- Investment process;
- Pricing against the competitive and passive universe for similar strategies;
- Investment performance on both absolute and relative bases; and
- Regulatory considerations.

This list is intended to provide a framework for investment strategy evaluation, but it is not all-inclusive and other considerations may be incorporated.

When this framework is applied to an investment strategy, the Board shall appoint the General Investment Consultant or Specialty Investment Consultant and Staff, if employed, to analyze the investment strategy as outlined and provide a written recommendation to the Board.

Included in the recommendation should be the process by which the assets would be reallocated within the Plan to ensure conformity to the desired asset allocation.

Review

This Board shall review this policy / directive at least every three years.

History

Adopted by the Retirement Board on 02/28/17
Revised 5/28/2019
Revised 12/6/2022

Richard Santos, Executive Director

POLICY APPROVAL DATE: ~~May~~ December 6 ~~28~~, 2022~~19~~

Stanislaus County Employees' Retirement Association

Placement Agent Disclosure Policy

Adopted: May 25, 2010

Restated: December 6, 2022

Purpose

StanCERA Retirement Board members, its employees, external investment managers and consultants are all subject to numerous legal requirements intended to ensure the ethical conduct of all parties involved in the prudent handling of the investment of StanCERA monies held in trust for member retirement benefits as governed by the County Employees Law of 1937 (or "1937 Act") and all subsequent legislation. Ethical conduct by all parties includes the compliance to legal requirements, insuring that fiduciary responsibilities are maintained throughout all processes and preventing conflicts of interest in decision making.

This Policy sets forth the circumstances under which StanCERA shall require the disclosure of payments to Third Party Representatives (also known as Placement Agents) by external investment managers or consultants in connection with securing investment related business with StanCERA.

The purpose of this Policy is to enhance the transparency of investment related decisions by requiring broad and timely disclosure of the existence of any relationships between StanCERA external investment managers or consultants and other Third Party Representative(s) who serve as compensated representative(s) of the external investment manager or consultant to secure investment related business with StanCERA. The goal of this Policy is to help ensure that all investment related decisions are made solely on the merits of the investment opportunity, are reasonable and prudent from a fiduciary perspective and are consistent with StanCERA's Statement of Investment Policy.

Glossary of Terms

A. Consultant

   Person (s) or firms(s) including key personnel of such firms(s), who are contractually retained by StanCERA to provide advice to StanCERA on investments, external manager selection and monitoring, and other services, but who do not exercise investment discretion, generally.

B. External Manager (As defined in Government Code section 7513.8(b))

   1. A person who is seeking to be, or is, retained by the StanCERA Board of Retirement or an Investment Vehicle to manage a portfolio of securities or other assets for compensation
   2. A person who manages an Investment Fund and who offers or sells, or has offered or sold an ownership interest in the Investment Fund to the StanCERA Board of Retirement or an Investment Vehicle.

C. Investment Fund (As defined in Government Code section 7513.8(c))

   1. "Investment fund" means a private equity fund, public equity fund, venture capital fund, hedge fund, fixed income fund, real estate fund, infrastructure fund, or similar pooled investment entity that is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, owning, holding, or trading securities or other assets.

2. Notwithstanding paragraph (1), an investment company that is registered with the Securities and Exchange Commission pursuant to the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and that makes a public offering of its securities is not an investment fund.

D. Investment Vehicle (As defined in Government Code section 7513.8(d))

A corporation, partnership, limited partnership, limited liability company, association, or other entity, either domestic or foreign, managed by an external manager in which a board is the majority investor and that is organized in order to invest with, or retain the investment management services of, other external managers.

E. Placement Agent (As defined in Government Code section 7513.8(f))

1. Any person or entity hired, engaged by or acting for the benefit of or on behalf of an external manager or an Investment Fund managed by an External Manager, and who acts or has acted for compensation as a finder, solicitor, placement agent, marketer, consultant, broker or other intermediary to raise money or solicit investment funding from or to obtain access to StanCERA, either directly or indirectly.

    a. In the case of an External Manager within the meaning of paragraph (1) of 75138(b), the investment management services of the external manager.
    b. In the case of an External Manager within the meaning of paragraph (2) of 7513.8(b), an ownership interest in an Investment Fund managed by the External Manager.

2. Notwithstanding paragraph (1), an individual who is an employee, officer, director, equity holder, partner, member, or trustee of an External Manager and who spends one-third of more of his or her time, during a calendar year, managing the securities or assets owned, controlled, invested, or held by the External Manager is not a Placement Agent.

Application

This Policy is effective immediately upon adoption by the Retirement Board. This policy is intended to supplement any applicable provisions of state or federal law and to comply with such laws. This Policy shall apply to current external investment managers and consultants as well as those firms who are considered for investment management or consultation subsequent to the adoption of this Policy.

Responsibilities

A. **Each External Manager is responsible for** providing the following information (collectively, the "Placement Agent Disclosure Form") to Staff promptly within 30 days of receipt of notification from StanCERA staff that the information needs to be supplied.

Each firm that is being considered for investment management or consultation subsequent to the adoption of this Policy shall submit the following information to the Retirement Board and its investment consultant BEFORE making any presentations to the Retirement Board. The information shall include:

1. A statement that the firm or any of its principals, agents or affiliates has (or has not) compensated or agreed to compensate, directly or indirectly, any Third Party Representative (or Placement Agent) in connection with any investment or proposed investment by StanCERA. If compensation of a Third Party Representative (or Placement Agent) has occurred or been agreed upon, items 2 – 8 need to be completed.

2. A resume for each officer, partner or principal of the Third Party Representative (or Placement Agent) detailing the education, professional designations, regulatory licenses, investment and work experience. The resume shall include whether the person is a current or former StanCERA Retirement Board member, StanCERA employee or consultant to StanCERA, or a member of the immediate family of a StanCERA Retirement Board member, StanCERA employee or consultant to StanCERA.

3. A description of any and all compensation of any kind provided or agreed to be provided to a Third Party Representative (or Placement Agent) including the nature, timing and value thereof along with written acknowledgment that the compensation is the sole responsibility of the investment manager or consultant.

4. A description of the services to be performed by the Third Party Representative (or Placement Agent).

5. A statement as to whether the Third Party Representative (or Placement Agent) is used by the investment manager or consultant with all prospective clients or only a subset of prospective clients.

6. A written copy of any and all agreements between the investment manager or consultant and the Third Party Representative (or Placement Agent).

7. The name(s) of any current or former StanCERA Retirement Board member, StanCERA employee or consultant(s) to StanCERA who suggested the retention of the Third Party Representative (or Placement Agent).

8. A statement that the Third Party Representative (or Placement Agent) is registered with the United States Securities and Exchange Commission, the United States Financial Industry Regulatory Authority, the United States Commodity Futures Trading Commission or any similar regulatory agency in a country other than the United States including the details of such registration.

9. A statement whether the Third Party Representative (or Placement Agent) or any of its affiliates, is registered as a lobbyist with any state or national government, or with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar regulatory agent in a county other than the United States and the details of such registration or explanation of why no registration is required.

10. A statement that the Third Party Representative (or Placement Agent) understands and agrees that all of the information provided to StanCERA pursuant to this Policy is public information and subject to disclosure under the Public Records Act.

Investment managers and consultants shall provide to StanCERA any updated information of the above items 1 to 9 included in the Placement Agent Disclosure Form ~~the above items (1 to 9)~~ within 30 days of the change in information.

Investment managers and consultants shall agree to incorporate this Policy and compliance thereto as part of the investment manager's or consultant's agreement with StanCERA for services rendered. Investment managers and consultants will cooperate with StanCERA staff in monitoring and assuring compliance with this Policy.

In cases where there is uncertainty whether a disclosure should be made, the Policy should be interpreted to require disclosure.

Any Third Party Representative (or Placement Agent) shall, prior to acting as such, disclose to StanCERA the following:

1. All campaign contributions made by the Third Party Representative (or Placement Agent) to any elected StanCERA Retirement Board member during the prior 24 months and while the Third Party Representative (or Placement Agent) is receiving compensation in connection with a StanCERA investment.

2. All gifts, as defined in Government Code section 82028, given by the Third Party Representative (or Placement Agent) to any StanCERA Retirement Board member or employee or consultant during the prior 24 month period and while the Third Party Representative (or Placement Agent) is receiving compensation in connection with a StanCERA investment.

B. **StanCERA staff are responsible for the following actions:**

1. Ensure that an agreement to comply with this Policy is incorporated in all current and future investment management agreements. Ensure that all existing External Managers complete and submit the Placement Agent Information Disclosure to StanCERA in a timely manner.

2. Ensure that future candidates for StanCERA investment management or consultant services provide all information as noted above and such information is forwarded to the Retirement Board BEFORE any presentation is made to the Retirement Board

3. Provide the Board with the disclosure information before any investment decision by the StanCERA Board with respect to that Manager. Promptly advise the Board of any material violation of this Policy.

C. **Sanctions for Policy Violations**

In the event of a material omission or inaccuracy in the information disclosed pursuant to this Policy, the following sanctions may be applied by the Retirement Board:

1. The reimbursement to StanCERA by the investment manager or consultant of the greater of the following:
    a. Any investment management or advisory fees paid over four quarters or
    b. An amount equal to the amounts paid or promised to be paid to the Third Party Representative (or Placement Agent)

2. Immediate termination of the investment management or consultation agreement without penalty to StanCERA, including withdrawal from a limited partnership, limited liability company or other investment vehicles and the cessation of any further capital contributions thereto.

3. A prohibition for the existing or potential investment manager or consultant or Third Party Representative (/Placement Agent) from soliciting new investments from StanCERA for five (5) years. The five (5) years may be reduced by a majority vote of the Retirement Board at a public session upon a showing of good cause.

4. Any other sanction(s) which in the opinion of legal counsel is prudent and assists the Retirement Board in meeting its fiduciary obligations.

Policy Review

This Board shall review this policy at least every three years.

Policy History

Adopted by the Retirement Board on May 25, 2010

Revised 12/6/20222

Richard Santos, Executive Director

POLICY APPROVAL DATE: December 6, 2022

December 6, 2022
Retirement Board Agenda Item

TO: Retirement Board

FROM: Mandip Dhillon, Internal Governance Chair

I. SUBJECT: Internal Governance Committee – Approval of the Annual Comprehensive Financial Report and Statements for the Fiscal Years ended June 30, 2022 and 2021.

II. ITEM NUMBER: 11a

III. ITEM TYPE: Discussion and Action

IV. STAFF RECOMMENDATION: Accept Committee's Recommendation for Receipt of the Annual Comprehensive Financial Report for the Fiscal Years. (Attachment 1)

V. ANAYLSIS:

The Internal Governance Committee met on November 16, 2022, with StanCERA staff and Audit Partner and Audit Engagement Manager from the Brown Armstrong Accountancy Corporation regarding the independent audit of StanCERA's financial statements.

Brown Armstrong conducted its audit in accordance with generally accepted auditing standards. StanCERA received an unqualified opinion that the basic financial statements (beginning on page 18) present fairly the fiduciary net position of StanCERA in accordance with generally accepted accounting principles. Brown Armstrong did not provide any opinion regarding internal controls; however, it was noted that no internal control weaknesses were identified during the audit.

Additionally, no material weaknesses or deficiencies were found for Fiscal Year 2021-2022. The letter to management did note two agreed upon conditions to improve efficiency and strengthen internal controls. The first matter is in regard to employer reporting; and the auditor recommendation is that StanCERA conduct independent verification to reconcile transmitted wage and service data of the Plan Sponsors. The second recommendation is that careful internal review be performed when recording market values of investments by StanCERA, the investment manager, and the custodian to minimize the occurrence of variances across parties. StanCERA management concurs with these suggestions and is in the process of implementing the recommendations.

VI. RISK: None

VII. STRATEGIC PLAN: N/A

VIII. ADMINISTRATIVE BUDGET IMPACT: None

Item No. 11ai

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED
JUNE 30, 2022 AND 2021

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
(STANCERA)
(PENSION TRUST FUND OF THE
COUNTY OF STANISLAUS, CALIFORNIA)

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Stanislaus County Employees' Retirement Association

(Pension Trust Fund of the County of Stanislaus, California)

Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2022 and 2021

Issued By

Rick Santos, CFA, ASA, MAAA
Executive Director

Produced by
StanCERA
Staff

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INTRODUCTION SECTION

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LETTER OF TRANSMITTAL

November 4, 2022

Stanislaus County Employees' Retirement Association
Modesto, CA 95354

Dear Board Trustees and Members:

Please find enclosed the Annual Comprehensive Financial Report (ACFR) of the Stanislaus County Employees' Retirement Association (StanCERA or the Plan) for the fiscal years ended June 30, 2022 and 2021. As of June 30, 2022, it is StanCERA's 74th year of operations.

The ACFR is a detailed financial report established by the Government Finance Officers Association of the United States and Canada (GFOA) for publicly disclosing the viability of a defined benefit public retirement system. The ACFR is intended to provide users with extensive, reliable information for making management decisions, determining compliance with legal provisions, and demonstrating the responsible management and stewardship of StanCERA. StanCERA management is responsible for both the accuracy of the data and the completeness and fairness of the presentation of financial information within this ACFR, including all disclosures.

StanCERA is a multiple employer public employees' retirement system established by Stanislaus County on July 1, 1948. StanCERA is operated and administered by the Board of Retirement (the Board) to provide retirement, disability, death, and survivor benefits for its members under the California State Government Code, Section 31450 et seq. known as the County Employees Retirement Law of 1937 (CERL) and the Public Employees' Pension Reform Act (PEPRA).

StanCERA and Its Services

StanCERA was established by Stanislaus County to provide retirement allowances and other benefits to general and safety members employed by Stanislaus County. Currently, Stanislaus County and nine participating agencies are members of StanCERA. The participating agencies are:

City of Ceres
Stanislaus Council of Governments
Stanislaus County Superior Court
East Side Mosquito Abatement District
Hills Ferry Cemetery District
Keyes Community Services District
Salida Sanitary District
Stanislaus Regional Transit Authority
Stanislaus Regional Water Authority

StanCERA and Its Services (continued)

StanCERA is governed by the California Constitution; the County Employees Retirement Law of 1937 (CERL); the Public Employees' Pension Reform Act; and the bylaws, regulations, policies, and procedures adopted by the Board of Retirement. The Stanislaus County Board of Supervisors may also adopt resolutions, as permitted by the CERL, which may affect benefits to Stanislaus County members.

The Board of Retirement is responsible for the management of StanCERA and is comprised of nine members and two alternate members, one of whom is a safety alternate and the other a retiree alternate. The safety alternate seat is not currently filled. The Stanislaus County Board of Supervisors appoints four members; the safety members elect one member and the alternate safety member; two members are elected by the general members, while the retired members elect the retiree and alternate retiree members. In addition, the Stanislaus County Treasurer serves as an ex-officio member. Members, except for the Stanislaus County Treasurer, serve three-year terms with no term limits.

Financial Information

The accompanying financial statements are prepared using the accrual basis of accounting. Contributions from employers and members are recognized when received or when due pursuant to legal requirements. Benefits are recognized when due and payable in accordance with the terms of the Plan. Expenses are recorded when corresponding liabilities are incurred regardless of when payment is due or made. Investments are recorded at the fair value of the asset.

An overview of StanCERA's fiscal operations for the years ended June 30, 2022 and 2021, is presented in the Management's Discussion and Analysis (MD&A) located in the financial section of the ACFR. This transmittal letter, together with the MD&A, provides an expanded view of the activities of StanCERA.

Brown Armstrong Accountancy Corporation, StanCERA's independent auditor, has audited the accompanying financial statements. Management believes an adequate system of internal controls is in place and the accompanying statements, schedules, and tables are fairly presented and free from material misstatement. The concept of reasonable assurance recognizes that first, the cost of a control should not exceed the benefits likely to be derived and that second, the valuation of the cost and benefits requires estimates and judgments by management.

Internal controls over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal controls over financial reporting are processes that involve human diligence and compliance and are subject to lapses in judgment and breakdowns resulting from human failures. Internal controls over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected within a timely basis by internal controls over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design safeguards into the process to reduce, but not eliminate, this risk.

Net Pension Liability and Actuarial Funding

StanCERA's funding objective is to meet long-term benefit obligations by maintaining a well-funded plan status and obtaining optimum investment returns. Pursuant to the CERL, StanCERA engages an independent actuary to perform an actuarial valuation of the Plan annually. Economic assumptions are normally reviewed every three years. Additionally, a triennial experience study is conducted every three years, at which time non-economic assumptions are also updated. Cheiron, Inc. conducted the most recent valuation and triennial experience study; new assumptions went into effect on July 1, 2022. The experience study was completed as of June 30, 2021 and incorporated into the valuation for the period ending June 30, 2022 setting the contribution rates for the fiscal year beginning July 1, 2022. The Plan's Fiduciary Net Position, as a Percentage of the Total Pension Liability, is 77.4%; this may also be referred to as the Plan's fair value.

Investments

The Board of Retirement has exclusive control of all StanCERA investments and is responsible for establishing investment objectives, strategies, and policies. The California Constitution and Government Code Sections 31594 and 31595 authorize the Board of Retirement to invest in any investment deemed prudent in the Board's informed opinion.

The Board has adopted an Investment Policy, which provides a framework for managing StanCERA's investments. This policy establishes StanCERA's investment objectives and defines the duties of the Board of Retirement, investment managers, and custodial bank. The asset allocation is an integral part of the Investment Policy. It is designed to provide an optimum mix of asset classes with return expectations to ensure the growth of assets to meet future liabilities, minimize employer contributions, and defray reasonable administrative costs. StanCERA engages an Investment Consultant to analyze the Investment Policy and strategy and to conduct periodic asset allocation and asset/liability studies on behalf of StanCERA. For the fiscal years ended June 30, 2022 and 2021, the Plan's investments provided a -6.4% and 25.2% rate of return, respectively. A summary of the asset allocation can be found in the Investment Section of this report.

Awards

StanCERA is the recipient of several awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to StanCERA for its ACFR for the fiscal year ended June 30, 2021. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparing state and local government financial reports. This was the eighteenth consecutive year StanCERA has achieved this prestigious award.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, the contents of which meet or exceed program standards. In addition, the ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for evaluation.

In prior years StanCERA received the Award for Outstanding Achievement for the Popular Annual Financial Report; the report for fiscal year ended June 30, 2021, is currently getting redesigned by StanCERA. This report provides members with more concise and condensed information than can be found in the ACFR.

StanCERA also received the Public Pension Coordinating Council's Public Pension Standards 2021 Award in recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards.

Awards (continued)

The Public Pension Coordinating Council (PPCC) is a coalition of the following associations that represent public pension funds that cover the vast majority of public employees in the U.S.:

- National Association of State Retirement Administrators (NASRA)
- National Council on Teacher Retirement (NCTR)
- National Conference on Public Employee Retirement Systems (NCPERS)

The Public Pension Standards are intended to reflect minimum expectations for public retirement systems management and administration, and serve as a benchmark by which all defined benefit public plans should be measured.

Service Efforts and Accomplishments

Written communication for members continues to be a focus for StanCERA. Non-retired members receive statements twice a year. In addition, retirees receive monthly, printed advice notices which contain critical information. Annually, an easy-to-read Popular Annual Financial Report (PAFR) is distributed to all members to communicate the health of the fund.

StanCERA sponsors an annual half-day pre-retirement seminar for potential retirees, participates in the Stanislaus County new employee orientation workshop, and continues to provide group educational programs at the work site for interested employees.

In addition, StanCERA continues to increase its website presence. Audio recordings of education seminars and Board of Retirement meetings are available. Meeting agendas and minutes are posted timely. Policies, by-laws, member services, and forms can be easily identified and downloaded. Members continue to visit the contribution and benefit calculators regularly.

Acknowledgment

The compilation of this report reflects the combined efforts of many people on StanCERA's staff. It is intended to provide reliable information as the basis for making management decisions, as a means for determining compliance with legal provisions, and as a means of determining responsible stewardship of the funds of StanCERA. Both the accuracy of the data presented and the completeness and fairness of the presentation of the ACFR are the responsibility of the management of StanCERA.

I congratulate the Board, staff, and service providers of StanCERA for their commitment and diligent work to ensure the continued successful operation of StanCERA.

Sincerely,

Rick Santos, CFA, ASA, MAAA
Executive Director

BOARD OF RETIREMENT
JUNE 30, 2022

Seat # 1 ***Donna Riley***
Vice Chair, Treasurer/Tax Collector

Seat # 2 ***Mandip Dhillon***
Trustee, Elected by Active General Membership

Seat # 3 **Sam Sharpe**
Trustee, Elected by Active General Membership

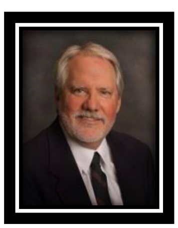
Seat # 4 ***Darin Gharat***
Trustee, Appointed by the Board of Supervisors

Seat # 5 ***Mike Lynch***
Trustee, Appointed by the Board of Supervisors

Seat # 6 ***Terry Withrow***
Trustee, Appointed by the Board of Supervisors

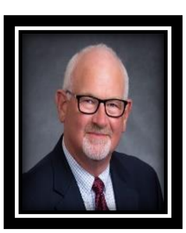
Seat # 7 ***Joshua Clayton***
Trustee, Elected by Active Safety Membership

Seat # 7a **Vacant**
Alternate Trustee, Elected by Active Safety Membership



Seat # 8 **Michael O'Neal**
Trustee, Elected by Retired Membership

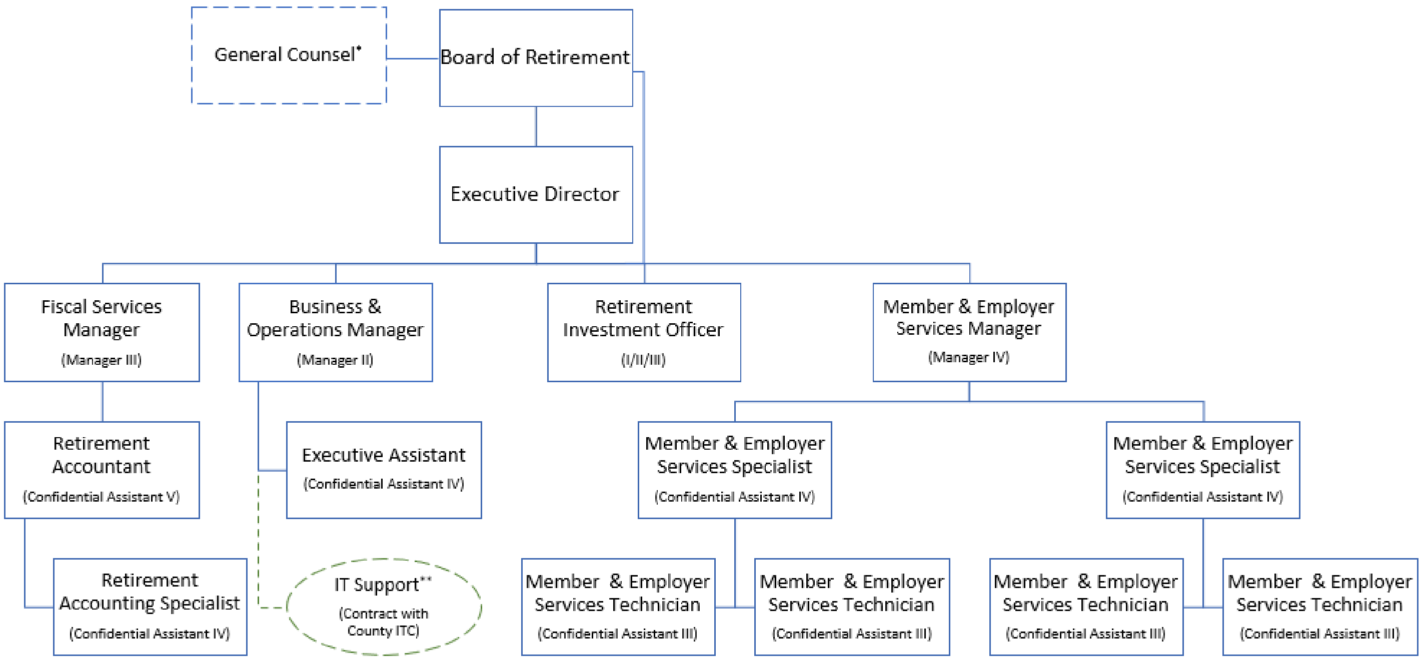
Seat # 8a ***Rhonda Biesemeier***
Alternate Trustee, Elected by Retired Membership



Seat # 9 ***Jeff Grover***
Chair, Appointed by the Board of Supervisors

StanCERA ORGANIZATIONAL CHART

Effective 2022



*General Counsel position is allocated for – remains vacant
** IT Support position is allocated for – StanCERA contracts with the County for onsite support two days per week
***Part-time/extra-help staff are not represented above

* Retirement Board utilizes private general legal counsel for administrative legal services.

PROFESSIONAL CONSULTANTS
JUNE 30, 2022

Consulting Services

Actuary
Cheiron, Inc.

Auditors
Brown Armstrong Accountancy Corporation

Investment Custodian
Northern Trust

Investment Consultant
Verus, Inc.
NEPC

Legal Counsel
Damrell Nelson Schrimp Pallios & Silva (General Legal Counsel)
Law Office of Ted M Cabral
Hanson Bridgett LLP
Reed Smith LLP
Rein & Rein

Technical & Data Services
Tegrit
SBT, County of Stanislaus

Investment Management Services*

Fixed Income
Insight
Dimensional Fund Advisors
Northern Trust Intermediate Bond
Northern Trust Long Term Bond

Large Cap Value Equity
Dodge & Cox
BlackRock R1000 Value

Large Cap Growth Equity
BlackRock R1000 Growth
Northern Trust Russell 1000

Small Cap Value Equity
Capital Prospects

Investment Management Services*

International Equity
LSV Asset Management (Value)
Fidelity Asset Management (Growth)

Real Estate Securities
Black Rock US Real Estate Index

Private Credit
Abry VI
Medley Opportunity
Raven Capital Management, LLC Monroe Fund IV
White Oak Global Advisors, LLC
Owl Rock First Lien
Special Situations Fund V
Black Rock High Yield

Private Equity
Blue Wolf V
Insight Partners XI
Vista Foundation IV Fund
Clayton, Dubilier & Rice XI
Genstar Capital Partners X
Great Hill VIII
Gryphon Partners VI
Northern Trust Russell 3000
Sole Source Partners II

Private Real Estate
American Realty Advisors
Greenfield Acquisition Partners
Grandview Partners
Morgan Stanley Prime Property
PGIM Real Estate U.S. Debt

Infrastructure
JP Morgan IIF
Palistar Infrastructure II
North Haven Partners II LP
NTAM Infrastructure

Risk Parity
AQR
Graham Fund I
Invesco
PanAgora

*Refer to the Investment Section for the Schedule of Investment Management Fees (Page 58) and Schedule of Investment Broker Commissions (Page 59).

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Stanislaus County Employees' Retirement Association
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Executive Director/CEO

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2021

Presented to

Stanislaus County Employees' Retirement Association

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

Alan H. Winkle
Program Administrator

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Retirement and Internal Governance Committee of
Stanislaus County Employees' Retirement Association
Modesto, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying Statements of Fiduciary Net Position of the Stanislaus County Employees' Retirement Association (StanCERA), a pension trust fund of the County of Stanislaus, as of June 30, 2022 and 2021, the related Statements of Changes in Fiduciary Net Position for the fiscal years then ended, and the related notes to the financial statements, which collectively comprise StanCERA's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of StanCERA as of June 30, 2022 and 2021, and the changes in fiduciary net position for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of StanCERA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about StanCERA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Management is also responsible for maintaining a current plan instrument, including all StanCERA plan amendments; administering StanCERA; and determining that StanCERA's transactions that are presented and disclosed in the financial statements are in conformity with StanCERA's plan provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of StanCERA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about StanCERA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A and RSI in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise StanCERA's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplemental information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory, investment, actuarial, and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2022, on our consideration of StanCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of StanCERA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering StanCERA's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong Accountancy Corporation

Stockton, California
November 4, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Stanislaus County Employees' Retirement Association's (StanCERA or the Plan) financial performance provides an overview of the financial activities and funding conditions for the fiscal years ended June 30, 2022 and 2021. Please review information presented here in conjunction with the Letter of Transmittal and additional information provided.

Financial Highlights

- Fiduciary Net Position decreased by $204.2 million (or -7.5%) during fiscal year 2022 as a result of the fiscal year's activities.
- Contributions (employer and member), in total, increased by $7.9 million (or 6.4%) during fiscal year 2022.
- Net investment income (including Net Appreciation in Fair Value of Investments) decreased by $725.3 million (or -130.4%) during fiscal year 2022.
- Benefit payments increased by $9.2 million (or 6.2%) during fiscal year 2022.

Plan Highlights

- Effective March 9, 2002, benefit plans for Tiers 2 and 3 were closed to new hires; Tiers 4 and 5 were adopted to provide retirement formulas commonly known as 2% at age 55 for active general members and 3% at age 50 for active safety members. One participating agency did not implement the new benefit plans. Additionally, members in Tier 3 were allowed to transfer into a contributory plan.
- Beginning January 1, 2011, Tier 5 was closed, and Tier 2 was re-opened for all new hires for Stanislaus County with the reduced benefit formulas of 2% at age 61 for most general members and 2% at age 50 for safety members.
- On January 1, 2013, Tier 2 was closed, and Tier 6 was adopted for all new hires providing the retirement formula of 2% at age 62 for general members and 2.7% at age 57 for safety members.
- In April of 2022 and 2021, a 3.0% and 2.0%, respectively, cost-of-living increase was given to all retired, disabled, and beneficiary members receiving a recurring allowance except those retirees who received pensions for service as a Tier 3 non-contributory member.
- Stanislaus Regional Transit Authority selected StanCERA as its public employees' retirement system effective July 1, 2021.
- Beginning August 1, 2021, the City of Ceres Fire Department exited the City of Ceres. This resulted in an employer rate increase for the City of Ceres which was vetted with StanCERA's actuary.
- Stanislaus Regional Water Authority selected StanCERA as its public employees' retirement system effective July 1, 2022.

Using the Annual Report

The financial statements reflect the activities of the Stanislaus County Employees' Retirement Association and are composed of the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position. These statements are presented on an accrual basis of accounting and reflect all trust activities as incurred.

Overview of the Basic Financial Statements

This Management's Discussion and Analysis is intended to serve as an introduction to StanCERA's basic financial statements, which are comprised of the following three components:

1. Statements of Fiduciary Net Position
2. Statements of Changes in Fiduciary Net Position
3. Notes to the Basic Financial Statements

StanCERA's basic financial statements and the note disclosures to the basic financial statements are in compliance with accounting principles generally accepted for governments (GAAP) within the United States as established by the Governmental Accounting Standards Board.

Financial Analysis

Statements of Fiduciary Net Position

The Statements of Fiduciary Net Position show the assets available for future payments to retirees and liabilities as of the fiscal year-end. The following condensed comparative summary of Fiduciary Net Position demonstrates that the pension trust is primarily focused on the cash and investments and the restricted net position. This statement is also a good indicator of the financial strength of StanCERA.

Fiduciary Net Position, as of June 30, 2022, 2021, and 2020	2022	2021	2020	$ Change 2022-2021	$ Change 2021-2020
Current Assets	$ 78,319,008	$ 194,395,097	$ 87,551,117	$ (116,076,089)	$ 106,843,980
Investments	2,536,053,321	2,708,970,681	2,221,404,069	(172,917,360)	487,566,612
Capital Assets, Net	9,861,431	9,022,200	7,763,618	839,231	1,258,582
Total Assets	2,624,233,760	2,912,387,978	2,316,718,804	(288,154,218)	595,669,174
Total Liabilities	97,808,416	181,790,108	110,852,565	(83,981,692)	70,937,543
Total Fiduciary Net Position Restricted for Pension Benefits	**$ 2,526,425,344**	**$2,730,597,870**	**$ 2,205,866,239**	**$ (204,172,526)**	**$ 524,731,631**

Financial Analysis (continued)

Statements of Changes in Fiduciary Net Position

The Statements of Changes in Fiduciary Net Position provide an account of the fiscal years' additions to and deductions from Fiduciary Net Position.

Additions To Fiduciary Net Position For The Fiscal Years Ended June 30, 2022, 2021, and 2020

	2022	2021	2020	$ Change 2022-2021	$ Change 2021-2020
Employer Contributions	$ 100,768,249	$ 93,307,629	$ 92,684,609	$ 7,460,620	$ 623,020
Plan Member Contributions	29,998,079	29,553,123	29,645,645	444,956	(92,522)
Net Investment Income	(169,153,892)	556,195,649	18,496,773	(725,349,541)	537,698,876
Total Additions	**$ (38,387,564)**	**$ 679,056,401**	**$ 140,827,027**	**$ (717,443,965)**	**$ 538,229,374**

Deductions From Fiduciary Net Position For The Fiscal Years Ended June 30, 2022, 2021, and 2020

	2022	2021	2020	$ Change 2022-2021	$ Change 2021-2020
Benefit Payments	$ 158,258,447	$ 149,015,287	$ 138,223,922	$ 9,243,160	$ 10,791,365
Member Refunds - Termination	3,104,675	1,610,897	1,351,779	1,493,778	259,118
Member Refunds/Payouts - Death	946,076	304,717	409,894	641,359	(105,177)
Administrative Expenses	3,475,764	3,393,869	3,216,625	81,895	177,244
Total Deductions	**$ 165,784,962**	**$ 154,324,770**	**$ 143,202,220**	**$ 11,460,192**	**$ 11,122,550**
Change in Fiduciary Net Position Restricted for Pension Benefits	**$ (204,172,526)**	**$ 524,731,631**	**$ (2,375,193)**	**$ (728,904,157)**	**$ 527,106,824**
Fiduciary Net Position Restricted for Pension Benefits Beginning of Year	2,730,597,870	2,205,866,239	2,208,241,432	524,731,631	(2,375,193)
End of Year	**$ 2,526,425,344**	**$ 2,730,597,870**	**$ 2,205,866,239**	**$ (204,172,526)**	**$ 524,731,631**

Additions to Fiduciary Net Position

A review of the Statement of Fiduciary Net Position shows that June 30, 2022, closed with assets exceeding liabilities by $2.5 billion, with all of the Fiduciary Net Position restricted for StanCERA's ongoing obligations to plan participants and their beneficiaries. The fiscal year ended June 30, 2021, closed with assets exceeding liabilities by $2.7 billion. The $204.2 million decrease and $524.7 million increase, respectively, in Fiduciary Net Position is a direct result of the changes in the financial market. StanCERA remains in good financial condition.

Financial Analysis (continued)

Additions to Fiduciary Net Position (continued)

The primary sources to finance the benefits StanCERA provides are accumulated through return on investments and the collection of member and employer contributions. The total for these income sources for the fiscal year ended June 30, 2022 resulted in a decrease of $717.4 million, whereas the fiscal year ended June 30, 2021 resulted in an increase of $538.2 million. The decrease is primarily a result of activity in the broad market, as discussed in the Investment Analysis below. Employer and member contributions increased by $7.9 million (or 6.4%) from the contributions made in the fiscal year that ended June 30, 2022 due to salary increases for active members, the adjusted City of Ceres contribution rate, and acquiring a new plan sponsor, Stanislaus Regional Transit Authority.

Deductions from Fiduciary Net Position

The primary uses of StanCERA's assets are the payment of benefits to retirees and their beneficiaries, refunds of contributions to terminated employees, and the costs of administering the Plan. These expenses for the fiscal year that ended June 30, 2022 were $165.8 million, an increase of $11.5 million from the prior year. This increase is due to the increased number of retirees, an increase in the average benefit payment received, and the acquisition of a new pension system. For fiscal year ended June 30, 2021, the expenses were $154.3 million, an increase of $11.1 million from the prior year due to the increase in the number of retirees and the average amount they are paid. For fiscal year ended June 30, 2022, administrative expenses increased by 2.4% from the prior year. As a result, total administrative expenses represented 0.1025% of the accrued actuarial liability (funding basis) for fiscal year ended June 30, 2022 and 0.1036% for fiscal year ended June 30, 2021.

Overall Financial Condition

Investment Analysis

StanCERA's investment activity is a function of the underlying marketplace for the period measured and the Investment Policy's asset allocation. For the fiscal year ended June 30, 2022, StanCERA's investments were reported by the three functional portfolios per the Investment Policy restated and approved by the Board of Retirement on May 28, 2019.

The Plan's domestic equity returns for the fiscal year ended June 30, 2022, outperformed its benchmark by 40 basis points and international equity outperformed its benchmark by 140 basis points. Domestic equity returns for the fiscal year ended June 30, 2021, outperformed its benchmark by 550 basis points and international equity outperformed its benchmark by 300 basis points.

The Plan's fixed income returns for the fiscal year ended June 30, 2022, outperformed its benchmark by 40 basis points. For the fiscal year ended June 30, 2021, the Plan's fixed income returns outperformed its benchmark by 180 basis points.

For the fiscal year ended June 30, 2022, StanCERA's total portfolio outperformed its policy benchmark by 40 basis points with an overall return of -6.4%. For the fiscal year ended June 30, 2021, StanCERA's total portfolio outperformed its policy benchmark by 180 basis points with an overall return of 25.2%. Management believes the Plan remains in a strong financial position to meet its obligations to Plan participants and beneficiaries.

Overall Financial Condition (continued)

Net Pension Liability

The primary concern to most pension plan participants is the amount of resources available to pay benefits. Historically, pension plans have been under-funded when the employer fails to make actuarially determined contributions. All StanCERA employers have traditionally contributed the actuarially determined contribution as determined by the Plan's actuary.

An indicator of funding status is the ratio of the Fiduciary Net Position to the Total Pension Liability (TPL). An increase in the percentage over time usually indicates a plan is becoming financially stronger; however, a decrease will not necessarily indicate a plan is in financial decline. Changes in actuarial assumptions can significantly impact the Net Pension Liability (NPL). Performance in the stock and bond markets can have a material impact on the fair value of assets and Fiduciary Net Position.

The NPL as of June 30, 2021, rolled forward to StanCERA's fiscal year ended June 30, 2022, was $738.1 million using the entry age normal cost method. The Board of Retirement approves the assumptions used by the actuary to perform their calculation. As of the most recent actuarial valuation dated June 30, 2021, rolled forward to June 30, 2022, StanCERA's Fiduciary Net Position was 77.4% of the TPL. The next actuarial valuation is scheduled for June 30, 2022 to be rolled forward to the fiscal year ended June 30, 2023.

StanCERA's Fiduciary Responsibilities

StanCERA's Board of Retirement and management staff are fiduciaries of the pension trust fund. Under the California Constitution, the Fiduciary Net Position can only be used for the exclusive benefit of plan participants and their beneficiaries.

Requests for Information

This financial report is designed to provide the Board of Retirement, plan participants, taxpayers, investment professionals and creditors with a general overview of StanCERA's financial condition and to demonstrate StanCERA's accountability for the funds under its stewardship.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Rick Santos, CFA, ASA, MAAA
Executive Director
Stanislaus County Employees' Retirement Association
832 12th Street, Suite 600
Modesto, CA 95354

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENTS OF FIDUCIARY NET POSITION
As of June 30, 2022 and 2021

	June 30, 2022	June 30, 2021
ASSETS		
Cash and Cash Equivalents (Note 2):	**$68,001,805**	**$ 82,503,136**
Receivables:		
Interest and Dividends	5,126,501	5,961,917
Securities Transactions	414,900	101,809,628
Contributions (Note 3)	4,757,769	4,093,616
Total Receivables	**10,299,170**	**111,865,161**
Prepaid Items	**18,033**	**26,800**
Capital Assets, Net (Note 2):	**9,861,431**	**9,022,200**
Investments at Fair Value (Note 4):		
U.S. Government and Agency Obligations	155,551,144	164,326,018
Corporate Bonds	84,726,107	67,775,457
Emerging Market / Non-US Bonds	28,521,437	38,949,757
Domestic Stocks	206,196,280	229,355,227
Domestic Equity Index Fund	291,928,074	361,332,537
International Equity	429,420,275	520,295,575
Real Estate Securities	40,677,468	104,485,885
Private Credit	209,333,195	216,383,761
Private Real Estate	331,827,763	237,150,895
Private Equity	144,301,733	143,759,880
Infrastructure	205,768,782	182,047,547
Risk Parity	326,684,962	376,887,462
Securities Lending Collateral	81,116,101	66,220,680
Total Investments	**2,536,053,321**	**2,708,970,681**
Total Assets	**2,624,233,760**	**2,912,387,978**
LIABILITIES		
Current Liabilities:		
Accounts Payable	15,309,238	13,927,586
Securities Transactions	988,077	101,246,842
Securities Lending Obligation (Note 4)	81,116,101	66,220,680
Total Current Liabilities	**97,413,416**	**181,395,108**
Long-Term Liabilities:		
Grant Deed Extension Fee	**395,000**	**395,000**
Total Liabilities	**97,808,416**	**181,790,108**
Fiduciary Net Position Restricted For Pension Benefits (Note 8)	**$2,526,425,344**	**$ 2,730,597,870**

The accompanying notes are an integral part of these financial statements.

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Years Ended June 30, 2022 and 2021

	June 30, 2022	June 30, 2021
ADDITIONS		
Contributions (Note 5):		
Employer	$100,768,249	$ 93,307,629
Plan Members	29,998,079	29,553,123
Total Contributions	**130,766,328**	**122,860,752**
Investment Income:		
Net Appreciation/(Depreciation) in Fair Value of Investments	(191,378,355)	528,077,801
Interest and Dividends	49,088,179	43,335,298
Total Investment Gain	(142,290,176)	571,413,099
Net Income from Commission Recapture	32,929	28,983
Less: Investment Expense (Note 4)	(27,898,500)	(15,886,559)
Net Investment Income	**(170,155,747)**	**555,555,523**
Other Investment Income:		
Net Litigation Recovery Income	22,315	50,276
Rental Income	105,862	105,372
Other Investment Income	571,747	92,064
Net Other Investment Income	**699,924**	**247,712**
Securities Lending Activities (Note 4):		
Securities Lending Income	432,050	560,422
Less: Securities Lending Expense	(130,119)	(168,008)
Net Securities Lending Income	**301,931**	**392,414**
Total Investment Income	**(169,153,892)**	**556,195,649**
Total Additions	**(38,387,564)**	**679,056,401**
DEDUCTIONS		
Benefit Payments and Subsidies	158,258,447	149,015,287
Member Refunds - Termination	3,104,675	1,610,897
Member Refunds - Death	946,076	304,717
Administrative Expenses (Note 2)	3,475,764	3,393,869
Total Deductions	**165,784,962**	**154,324,770**
Net Change in Fiduciary Net Position	(204,172,526)	524,731,631
Fiduciary Net Position Restricted for Pension Benefits (Note 8)		
Beginning of Year	2,730,597,870	2,205,866,239
End of Year	**$ 2,526,425,344**	**$ 2,730,597,870**

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 - DESCRIPTION OF PLAN

Description of System and Applicable Provisions of the Law

The Stanislaus County Employees' Retirement Association (StanCERA or the Plan) is an integrated public employee retirement system established under and subject to the legislative authority of the State of California as enacted and amended in the County Employees Retirement Law of 1937 (Chapter 677 Statutes of 1937) (CERL) and the Public Employees' Pension Reform Act. It is a cost-sharing multiple-employer pension plan. StanCERA was established by the County of Stanislaus Board of Supervisors on July 1,1948, and was integrated with Social Security on January 1,1956.

Membership

StanCERA consists of employees from the County of Stanislaus, East Side Mosquito Abatement District, Hills Ferry Cemetery District, Keyes Community Service District, City of Ceres, Salida Sanitary District, Stanislaus County Superior Court, Stanislaus Regional Transit Authority, and Stanislaus Council of Governments. Each person entering employment full-time or permanent part-time (50% or more of the regular hours) becomes a member on the first day of employment. The structure of the Membership with StanCERA is as follows:

	June 30, 2022			June 30, 2021		
	General	Safety	Total	General	Safety	Total
Active Members:						
Vested & Non-vested	3,571	757	4,328	3,549	796	4,345
Total Active	**3,571**	**757**	**4,328**	**3,549**	**796**	**4,345**
Inactive Members:						
Deferred Members	732	176	908	643	148	791
Unclaimed Contributions	884	141	1,025	764	129	893
Total Inactive	**1,616**	**317**	**1,933**	**1,407**	**277**	**1,684**
Retired Members:						
Service Retirements	3,302	564	3,866	3,185	538	3,723
Disability Retirements	206	174	380	202	174	376
Survivor Payments	44	11	55	42	11	53
Total Retired	**3,552**	**749**	**4,301**	**3,429**	**723**	**4,152**
Total	**8,739**	**1,823**	**10,562**	**8,385**	**1,796**	**10,181**

Active

StanCERA has Tiers 1, 2, 3, 4, 5 and 6 for General Members and Tiers 2, 4, 5 and 6 for Safety Members. All tiers are closed with the exception of Tier 6 for both General and Safety Members. Members of the Plan receive a 100% vested interest in the Plan after 5 years of service, except Tier 3 which requires 10 years of service.

NOTE 1 – DESCRIPTION OF PLAN (continued)

Benefits

StanCERA provides for retirement, disability, death, beneficiary, cost-of-living, and ad-hoc retirement benefits.

Service Retirement Benefit

Members of Tiers 1, 2, 4, and 5 with 10 years of service, who have attained the age of 50, are eligible to retire. Tier 3 members are eligible to retire with 10 years of service at age 55. Tier 6 members are eligible to retire with 5 years of service at age 50 for Safety members and age 52 for General members. Members of Tiers 1, 2, 4, and 5 with 30 years of service (20 years for safety), regardless of age, are eligible to retire. The benefit is a percentage of monthly final average salary (FAS) per year of service, depending on age at retirement, and is illustrated below for representative ages. Government Code Section 31462 of the CERL defines the FAS as a member's average monthly compensation earned during any consecutive 12 months (applicable to members of Tiers 1, 4, and 5). Government Code Sections 31462.1 and 7522.32 use the member's average monthly compensation earned during any 36 consecutive months (applicable to members of Tiers 2, 3, and 6). For members integrated with Social Security, the benefit is reduced by 1/3 of the percentage shown below times the first $350 of the monthly FAS per year of service credited after January 1, 1956. Tier 6 is not integrated with Social Security.

Percentage of FAS:

	General						Safety		
Age	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tiers 1&2	Tiers 4&5	Tier 6
50	1.34	1.18	N/A	1.48	1.48	N/A	2.00	3.00	2.00
55	1.77	1.49	0.68*	1.95	1.95	1.30	2.62	3.00	2.50
60	2.34	1.92	1.14*	2.44	2.44	1.80	2.62	3.00	2.70
65	2.62	2.43	2.00*	2.62	2.62	2.30	N/A	N/A	2.70

* 1% of FAS for each year of service over 35 reduced by 1/35 of Social Security Benefits at age 65 not to exceed 35 years

Retiring members may choose from 4 different beneficiary retirement allowances. Most retirees elect to receive an unmodified allowance, which includes a continuation of 60% of the allowance to the retirees' surviving spouse or registered domestic partner.

Death Benefit-Before Retirement

Employed Less Than 5 Years

In addition to the return of contributions, a death benefit is payable to the member's beneficiary or estate equal to 1 month of salary for each completed year of service under the retirement system, based on the final year's average salary, not to exceed 6 months of salary (except Tier 3 members).

NOTE 1 – DESCRIPTION OF PLAN (continued)

Death Benefit-Before Retirement (continued)

Employed More than 5 Years

If a member dies while eligible for service retirement or non-service connected disability, the spouse or registered domestic partner receives 60% of the allowance that the member would have received for retirement benefits on the day of his or her death (except Tier 3 members).

If a member dies in the performance of duty, the spouse or registered domestic partner receives a monthly benefit of 50% of the member's FAS (except Tier 3 members).

Death Benefit-After Retirement

If a member dies after retirement, a burial allowance of $5,000 is paid to the beneficiary or estate (except Tier 3 members).

If the retirement benefit is for service connected disability, 100% of the member's allowance as it was at death is continued to the surviving spouse or registered domestic partner for Tiers 1, 2, 4, 5, and 6. Tier 3 Members have no allowance continued to the surviving spouse or registered domestic partner.

If the retirement benefit is for other than service connected disability, 60% of the member's allowance is continued to the surviving spouse or registered domestic partner for Tiers 1, 2, 4, 5, and 6, and 60% of the member's allowance is continued to the surviving spouse or registered domestic partner if the unmodified option is chosen at time of retirement.

Disability Benefit

Members with 5 years of service, regardless of age, are eligible for non-service connected disability (except Tier 3 members). The benefit may be up to 1/3 of FAS. If the disability is service connected, the member may retire regardless of length of service, and the benefit is 50% of FAS (except Tier 3 members).

Cost-of-Living Benefit

The current maximum increase in retirement allowance is 3% per year (except Tier 3). The increases are based on the change in the Bureau of Labor Statistics Consumer Price Index (CPI) in the San Francisco Bay area from January 1 to December 31, effective the following April 1.

Ad-Hoc Benefits

Ad-hoc benefits are non-vested benefits which are determined by the Board of Retirement (Board) subject to funding availability.

NOTE 1 – DESCRIPTION OF PLAN (continued)

Ad-Hoc Benefits (continued)

No ad-hoc benefits are currently being paid (effective since January 1, 2010). Changes in the excess earnings policy, approved by the Board on May 25, 2012, placed additional restrictions on the Board's ability to grant these benefits. The greatest restriction currently is the Plan must be 100% funded on a market basis prior to funding any ad-hoc benefit.

Contribution Rates

The CERL establishes the basic obligations for employer and member contributions to the retirement system. The actual employer and member contribution rates in effect each year are based on recommendations made by an independent actuary and adopted by the Board.

StanCERA's policy for contributions states that actuarially determined rates expressed as a percentage of annual covered payroll are required to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded liability. Level percentage of payroll employer contribution rates are determined using the entry age actuarial cost method. For funding purposes, StanCERA also uses the level entry age normal cost method with the Unfunded Actuarial Accrued Liability (UAAL) to amortize the unfunded liability. StanCERA's actuarially determined composite employer contribution rates for the fiscal years ended June 30, 2022 and June 30, 2021 were 33.20% and 31.45%, respectively, of annual payroll. Employee contribution rates are based on age of entry for Tiers 1, 2, 4 and 5 and range between 3.59% and 17.75% for the fiscal years ended June 30, 2022 and June 30, 2021. Tier 6 employer rates are based on 50% of the total normal cost. Tier 6 employee contribution rates are not based on age of entry and are a flat rate ranging between 8.44% and 13.72% for fiscal years ended June 30, 2022 and June 30, 2021.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

StanCERA is governed by the Board and is considered an independent legal entity. StanCERA is a component unit of Stanislaus County (the County) and is being reported as a Pension Trust Fund in the County's Financial Report in accordance with Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an Amendment of GASB Statement No. 14*.

Basis of Accounting

StanCERA follows GASB accounting principles and reporting guidelines. The financial statements are prepared on a full accrual basis of accounting, which recognizes income when earned and expenses when incurred. Contributions from employers and members are recognized when received or when due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash equivalents include deposits in the County Treasurer's commingled cash pool, Plan's custodian bank, The Northern Trust Company (Northern Trust), and other investment managers. Cash equivalents are highly liquid investments with maturities of three months or less when purchased. Short-term investments with the custodian bank include foreign currencies, cash held in short-term investment funds and other short-term, highly liquid investments. Short-term investments considered cash equivalents are recorded at cost, which approximates fair value. Pooled cash is reported at amortized cost, which approximates fair value. Income on pooled cash is allocated on StanCERA's average daily balance in relation to total pooled assets.

Investments

The Board has exclusive control of the investments of StanCERA. Statutes authorize the Board to invest, or to delegate the authority to invest, in any investment allowed by statute and considered prudent in the informed opinion of the Board.

Investments are stated at fair value in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*. Values for stocks, publicly traded bonds, issues of the U.S. Government and its agencies, and real estate securities are valued according to sale prices of recognized exchanges as of the fiscal year-end, with international securities reflecting currency exchange rates in effect at June 30, 2022 and 2021. Both domestic and international investments are denominated in U.S. currency. Private Credit Partnerships, Private Real Estate and Infrastructure investments are valued using their respective Net Asset Value (NAV) and are audited annually. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are valued by the partnerships on a quarterly basis and the assumptions are based upon the nature of the investment and the underlying business. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment.

Securities Transactions and Related Investment Income

Securities transactions are accounted for on a trade date basis. Interest income is recognized when earned and dividend income is recognized on the ex-dividend date. Stock dividends or stock splits are recorded as memo items and do not affect the total value of the securities.

Capital Assets

Capital assets, consisting of software development, the purchase of a condominium interest in one floor of an office building, and office equipment are presented at historical cost. StanCERA occupies 60% of the 6th floor of the office building and 40% has been developed as office space which is currently leased out. Total cost of the capital assets as of June 30, 2022 and June 30, 2021 were $12,182,316 and $11,199,744, respectively. Accumulated depreciation reported increased from $2,177,544 to $2,320,885 during fiscal year 2022. A portion of the total capital assets were not depreciated due to the assets not yet in use or the project completed prior to year-end. Depreciation expense for the fiscal years ending June 30, 2022 and June 30, 2021 totaled $143,340 and $144,078, respectively. Depreciation is calculated using the straight-line method with an estimated life of 10

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

years for the software development, an estimated life of 99 years for the office space, an estimated life of 10 years for the leasehold improvements, and an estimated life of 5 years for office equipment.

	Net Balance at June 30, 2021	Reclassifications & Additions	Reclassifications & Deletions	Less Depreciation	Net Balance at June 30, 2022
Capital Assets, not being depreciated					
Tenant Improvements	$ 390,438	$ -	$ -	$ -	$ 390,438
Pension Administration System	5,158,352	655,600	-	-	5,813,952
2022 Office Remodel	-	325,887	-	-	325,887
6th Floor Lobby Upgrade	9,516	-	9,516	-	-
Total Capital Assets, not being depreciated	**5,558,306**	**981,487**	**9,516**	**-**	**6,530,277**
Capital Assets, being depreciated					
Real Estate Occupied	1,592,591	-	-	18,977	1,573,614
Real Estate Leased	1,062,447	-	-	12,653	1,049,794
Leasehold Improvements	28,259	-	-	6,586	21,673
Formax Machine FD6104	6,446	-	-	1,504	4,942
Video Conferencing Equipment	287	-	-	287	-
VAV Box	-	10,600	-	177	10,423
Imaging System	404,910	-	-	57,844	347,066
Microfiche Scanner	1,203	-	-	1,111	92
Board Room Expansion	70,828	-	-	3,917	66,911
Board Room Expansion TI	201,413	-	-	24,917	176,496
Rebranding Cost	39,975	-	-	4,442	35,533
Audio Video System	55,535	-	-	10,925	44,610
Total Capital Assets, being depreciated	3,463,894	10,600	-	143,340	3,331,154
TOTAL	**$ 9,022,200**	**$ 992,087**	**$ 9,516**	**$ 143,340**	**$ 9,861,431**

	Net Balance at June 30, 2020	Reclassifications & Additions	Reclassifications & Deletions	Less Depreciation	Net Balance at June 30, 2021
Capital Assets, not being depreciated					
Tenant Improvements	$ 390,438	$ -	$ -	$ -	$ 390,438
Pension Administration System	3,772,728	1,385,624	-	-	5,158,352
Rebranding Cost	44,417	-	44,417	-	-
6th Floor Lobby Upgrade	-	9,516	-	-	9,516
Total Capital Assets, not being depreciated	**4,207,583**	**1,395,140**	**44,417**	**-**	**5,558,306**
Capital Assets, being depreciated					
Real Estate Occupied	1,611,569	-	-	18,976	1,592,591
Real Estate Leased	1,075,100	-	-	12,653	1,062,447
Leasehold Improvements	34,845	-	-	6,586	28,259
Office Equipment	767	-	-	767	-
Formax Machine FD6104	-	7,522	-	1,076	6,446
Video Conferencing Equipment	1,151	-	-	864	287
Imaging System	462,754	-	-	57,844	404,910
Microfiche Scanner	2,314	-	-	1,111	1,203
Board Room Expansion	74,745	-	-	3,917	70,828
Board Room Expansion TI Rebranding	226,330	-	-	24,917	201,413
Cost	-	44,417	-	4,442	39,975
Audio Video System	66,460	-	-	10,925	55,535
Total Capital Assets, being depreciated	3,556,035	51,939	-	144,078	3,463,894
TOTAL	**$ 7,763,618**	**$ 1,447,079**	**$ 44,417**	**$ 144,078**	**$ 9,022,200**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Administrative Expenses

StanCERA's administrative expense is funded by the investment income and is limited to 0.21% of StanCERA's Actuarial Accrued Liability (AAL) pursuant to Government Code Section 31580.2. The law provides exemption from the limitation for the cost of computer consultation, hardware, and software. Total administrative expenses for the fiscal years ending June 30, 2022 and June 30, 2021 were $3,475,764 and $3,393,869, respectively, of which $370,844 and $392,090, respectively, were not subject to the administrative expense limitation. Administrative expenses subject to the limitation amounted to 0.1025% of AAL for the fiscal year ended June 30, 2022 and 0.1036% for the fiscal year ended June 30, 2021.

Income Taxes

StanCERA qualifies as a pension trust under Section 401(a) of the Internal Revenue Code. No provision for income taxes has been made in the accompanying financial statements as the Plan is exempt from Federal and State income taxes under the provisions of the Internal Revenue Code Section 501 and the California Revenue and Taxation Code Section 23701, respectively.

Management's Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and liabilities, revenue, and expenses as of the date of the financial statements. Actual results could differ from those estimates.

New Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement improves accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement were initially effective for StanCERA's financial statements for the fiscal year ending June 30, 2021. However, in light of the COVID-19 pandemic, GASB postponed the implementation of this statement by one year of its effective date. As of June 30, 2022, StanCERA consulted with the independent auditor, Brown Armstrong Accountancy Corporation, and has concluded that this procurement did not significantly impact StanCERA. Management will continue to evaluate lease agreements for future periods.

Future Accounting Pronouncements

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued in May 2020. This statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The guidance requires the recognition of a right-to-use subscription asset and a corresponding subscription liability for contracts that convey control of the right-to-use another party's information technology software alone or in conjunction with tangible capital assets for a specified time period in an exchange or exchange-like transaction. The requirements of this statement are similar to those of Statement

Future Accounting Pronouncements (continued)

No. 87, *Leases*. The provisions of this statement are effective with fiscal years beginning after June 15, 2022. StanCERA will implement the provisions of this statement for the fiscal year ending June 30, 2023.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable represents withdrawals from employees' salaries and liabilities due by employers for retirement contributions for the month of June that were received in July. Contributions receivable as of June 30, 2022 and June 30, 2021 were $4,757,769 and $4,093,616, respectively.

NOTE 4 – CASH AND INVESTMENTS

The California State Constitution and the CERL give the Board the exclusive authority to invest the assets of StanCERA and the Board may, at its discretion, invest or delegate the authority to invest such assets through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when deemed prudent in the informed decision of the Board. StanCERA invests the assets according to a written Investment Policy established by the Board and currently employs external investment managers to manage the assets subject to the guidelines in the Investment Policy.

Deposits in Stanislaus County Treasury

Cash needed for StanCERA's daily operational purposes is pooled with other County funds by the County Treasurer for short-term investment purposes. The County is responsible for the control and safekeeping of all title instruments and all pooled funds investments. Investments in the County Investment Pool are managed according to the Investment Policy established by the County and are subject to regulatory oversight by the County's Treasury Oversight Committee. Participation in the County Investment Pool is not mandatory. The fair value of StanCERA's shares in the pooled funds is the same as the value of the County Investment Pool. StanCERA's cash invested with the County Treasurer is reported at amortized cost, which approximates fair value totaling $297,631 and $21,518,055 on June 30, 2022 and 2021, respectively. Cash and investments included within the County Treasurer's Pool are described in the County's Financial Report.

Deposits in Northern Trust

On April 11, 2022, StanCERA began the transition of its cash account from the Stanislaus County Treasury to The Northern Trust Company. The funds held in this account are the resources needed for daily operational purposes. StanCERA is responsible for the control and safekeeping of funds; cash in Northern Trust is managed according to StanCERA's policy and is subject to regulatory oversight by external auditors. StanCERA's cash invested with Northern Trust for operational use totals $15,248,869 and $0 on June 30, 2022 and 2021, respectively.

Investments

Investment Policy – StanCERA's policy in regards to the allocation of invested assets is established and may be amended by the Board. The investments of the Plan are trust funds and are held for the exclusive purpose of providing benefits to the participants in the Plan and their beneficiaries and defraying reasonable expenses of

Investments (continued)

administering the Plan. The investments shall be diversified so as to minimize the risk of loss and to maximize the rate of return.

StanCERA's Investment Program employs three functional sub-portfolios to construct the comprehensive asset allocation: the Liquidity Sub-portfolio, the Growth Sub-portfolio and the Diversifying Sub-portfolio. The Liquidity Sub-portfolio will ensure adequate assets are available to pay benefits over an extended timeframe. The Growth Sub-portfolio will grow the invested assets over the long-term in order to pay future benefits. The Diversifying Sub-portfolio is to offset the investment risk of the Growth Sub-portfolio. The allocations to the Liquidity, Growth and Diversifying Sub-portfolios will vary over time and will be reviewed on an annual basis. The adopted asset allocation for the three Sub-portfolios is:

Asset Class	June 30, 2022 Target Allocation	June 30, 2021 Target Allocation
Domestic Equities	20.00%	19.50%
International Equities	20.00%	23.00%
Fixed Income	13.00%	20.00%
Real Estate Securities	6.50%	6.00%
Alternatives:		
Private Credit	8.00%	4.50%
Private Equity	5.00%	6.00%
Private Real Estate	6.00%	5.00%
Infrastructure	7.50%	2.00%
Risk Parity	13.00%	13.00%
Cash	1.00%	1.00%
	100.00%	100.00%

Rate of Return – For the fiscal years ended June 30, 2022 and June 30, 2021, the annual money-weighted rate of return on StanCERA's investments was -6.4% and 25.2%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fair Value Measurement

Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. StanCERA follows GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurement.

NOTE 4 – CASH AND INVESTMENTS (continued)

Fair Value Measurement (continued)

StanCERA classifies the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value measurements are classified according to the following hierarchy:

- Level 1 – Unadjusted quoted prices for identical investments in active markets.
- Level 2 – Quoted prices for similar investments in active markets; quoted prices for identical or similar investments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable.
- Level 3 – Investments with valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable.

Inputs used to measure fair value might fall in different levels of the fair value hierarchy; in which case, StanCERA defaults to the lowest level input that is significant to the fair value measurement in its entirety. In determining the appropriate levels, a detailed analysis was performed of the assets and liabilities that are subject to GASB 72.

The following tables present fair value measurements as of June 30, 2022 and June 30, 2021:

Investments Measured at Fair Value

Investments by Fair Value Level	06/30/22	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Securities				
Corporate and Other Credit	$ 84,726,107	$ -	$ 84,726,107	$ -
Emerging Market Non-U.S. Bonds	28,521,437	-	28,521,437	-
U.S. Government Agency	146,106,832	-	146,106,832	-
U.S. Treasury	9,444,312	-	9,444,312	-
Total Fixed Income Securities	**268,798,688**	**-**	**268,798,688**	**-**
Equity Securities				
Non-U.S. Equity	367,113,432	367,113,432	-	-
U.S. Equity	206,196,280	206,196,280	-	-
Commingled Equity Funds	291,928,074	-	291,928,074	-
Emerging Market Equity	62,306,843	-	62,306,843	-
Commingled Real Estate Funds	40,677,468	-	40,677,468	-
Total Equity Securities	**968,222,097**	**573,309,712**	**394,912,385**	**-**
Collateral from Securities Lending	81,116,101	-	81,116,101	-
Total Investments by Fair Value Level	**$ 1,318,136,886**	**$ 573,309,712**	**$ 744,827,174**	**$ -**
Investments Measured at the Net Asset Value (NAV)				
Private Credit	$ 209,333,195			
Private Equity	144,301,733			
Private Real Estate	331,827,763			
Infrastructure	205,768,782			
Risk Parity	326,684,962			
Total Investments Measured at the NAV	**1,217,916,435**			
Total Investments	**$ 2,536,053,321**			

NOTE 4 – CASH AND INVESTMENTS (continued)

Fair Value Measurement (continued)

Investments Measured at Fair Value

Investments by Fair Value Level	06/30/21	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Securities				
Corporate and Other Credit	$ 70,298,973	$ -	$ 70,298,973	$ -
Emerging Market Non-U.S. Bonds	38,949,757	-	38,949,757	-
U.S. Government Agency	143,847,856	-	143,847,856	-
U.S. Treasury	17,954,646	-	17,954,646	-
Total Fixed Income Securities	**271,051,232**	**-**	**271,051,232**	**-**
Equity Securities				
Non-U.S. Equity	434,280,599	434,280,599	-	-
U.S. Equity	229,355,227	229,355,227	-	-
Commingled Equity Funds	361,332,537	-	361,332,537	-
Emerging Market Equity	86,014,976	-	86,014,976	-
Commingled Real Estate Funds	104,485,885	-	104,485,885	-
Total Equity Securities	**1,215,469,224**	**663,635,826**	**551,833,398**	**-**
Collateral from Securities Lending	66,220,680	-	66,220,680	-
Total Investments by Fair Value Level	**$ 1,552,741,136**	**$ 663,635,826**	**$ 889,105,310**	**$ -**
Investments Measured at the Net Asset Value (NAV)				
Private Credit	$ 216,383,761			
Private Equity	143,759,880			
Private Real Estate	237,150,895			
Infrastructure	182,047,547			
Risk Parity	376,887,462			
Total Investments Measured at the NAV	**1,156,229,545**			
Total Investments	**$ 2,708,970,681**			

Fixed Income Securities

Asset-Backed Securities, Mortgage-Backed Securities, and Non-U.S. Bonds are valued using a combination of the discounted cash flow income model and the matrix market model. Two proprietary discounted cash flow models are used: non-volatile tranche and volatile tranche. Prepayment speeds are derived from market participant quotes along with terms and conditions of the tranche and both are entered into the model to determine the evaluated price. Matrices are developed based on trade and quote activity of bonds with similar features including issuer, vintage and purpose of the underlying loan, prepayment speeds and credit ratings in order to identify trades and quotes for similar securities. Corporate Bonds and Municipal Bonds are valued using the matrix market model. Model inputs are derived from the market, brokers, dealer, mutual funds, and vendor client base. Model inputs include, but are not limited to:

NOTE 4 – CASH AND INVESTMENTS (continued)

Fair Value Measurement (continued)

spread benchmark curves, prepayment speeds, inputs to build curves/spreads, comparable trades, bid price or spread, discount rates, quotes, trade reports, and financial reports. US Government Agency and US Treasury Bills are valued using the consensus evaluation model and the matrix evaluation model. These model inputs come from market sources and integrate relative credit information, observed market movements, and sector news.

Prices are updated regularly by obtaining dealer quotes and other market information including live trading levels, when available.

Equity Securities

Equity securities are valued using the NASDAQ Official Closing Price which determines the market specific closing price for NASDAQ listed issues. For equity securities listed on exchanges, the last trade price is used. The last trade price is the price at which a specific security was last traded on the primary exchange. If the NASDAQ Official Closing Price or the last trade price is not available, a bid, ask/offer quote, is obtained from a third-party vendor.

Commingled funds are valued using the NAV which is the fair value of all securities owned by the fund, minus its total liabilities, divided by the number of shares issued. Funds that are valued using the NAV are usually not reported within the fair value hierarchy. However, StanCERA's commingled funds are supported by audited financial statements which provide observable market data. Commingled funds are legally or contractually required to redeem at the NAV and therefore are classified as Level 2.

Investments Measured at the NAV

Investments that are measured at fair value using the net NAV value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

The following tables present fair value measurements as of June 30, 2022 and June 30, 2021:

Investments Measured at NAV	6/30/2022 Fair Value	Unfunded Commitment	Redemption Frequency If Curruently Eligible	Remption Notice Period
Private Credit	$ 209,333,195	$ 33,581,154	Not Eligible	Not Applicable
Private Equity	144,301,733	96,125,279	Not Eligible	Not Applicable
Private Real Estate	331,827,763	22,644,987	Quarterly, Not Eligible	5-90 Days, Not Applicable
Infrastructure	205,768,782	19,033,462	Not Eligible	Not Applicable
Risk Parity	326,684,962	27,000,000	Monthly	5-15 Days
Total Investments Measured at NAV	**$ 1,217,916,435**	**$ 198,384,882**		

NOTE 4 – CASH AND INVESTMENTS (continued)

Investments Measured at the NAV (continued)

Investments Measured at NAV	6/30/2021 Fair Value	Unfunded Commitment	Redemption Frequency If Curruently Eligible	Remption Notice Period
Private Credit	$ 216,383,761	$ 22,274,373	Not Eligible	Not Applicable
Private Equity	143,759,880	65,119,188	Not Eligible	Not Applicable
Private Real Estate	237,150,895	18,295,430	Quarterly, Not Eligible	5-90 Days, Not Applicable
Infrastructure	182,047,547	6,666,768	Not Eligible	Not Applicable
Risk Parity	376,887,462	-	Monthly	5-15 Days
Total Investments Measured at NAV	**$ 1,156,229,545**	**$ 112,355,759**		

Private Credit Funds consist of investments in four limited partnerships. The types of partnership strategies included in these funds are venture capital, growth equity, buyouts, special situations, mezzanine, and distressed debt. These funds are not eligible for redemption. Distributions are received as the underlying funds are liquidated, which can occur over the span of three to seven years. Total commitments for these funds as of June 30, 2022 are $214.5 million, of which $33.6 million is unfunded.

Private Equity consists of investments in two limited partnerships. The types of partnership strategies included in these funds are growth equity and buyouts. These funds are not eligible for redemption. Distributions are received as the underlying funds are liquidated, which can occur over the span of ten years. Total commitments for these funds as of June 30, 2022 are $145.0 million, of which $96.1 million is unfunded.

Private Real Estate consists of investments in five limited partnerships. These funds are mainly invested in US commercial real estate. Shares of three of these funds can be redeemed at the request of the shareholders after a lockout period of up to two years. Distributions from each of these funds will be received as the underlying investments are liquidated. Three of these funds are open-ended and the distributions are reinvested. Liquidation of the underlying investments for one fund can occur over time up to eight years. Total commitments for these funds as of June 30, 2022 are $237.0 million, of which $22.6 million is unfunded.

Infrastructure consists of one investment in a limited partnership. This fund is focused on opportunities in the energy, utilities and transportation sectors, and target investments in infrastructure assets globally within the Organization for Economic Cooperation and Development countries. The funds are not eligible for redemption. Distributions from this fund will be received as the underlying investments are liquidated, which can occur over the span of twelve years. Total commitments for this fund as of June 30, 2022 are $100.0 million, of which $19.0 million is unfunded.

Risk Parity are mutual funds that invest in multiple asset classes represented by equity, fixed income, and commodities strategies in order to generate attractive risk-adjusted returns over time. These are open-ended funds and shares can be redeemed at the end of any given month at the request of the shareholder. Distributions for this fund are reinvested into the fund. Total commitments for this fund as of June 30, 2022 are $362.0 million, of which $27.0 million is unfunded.

NOTE 4 – CASH AND INVESTMENTS (continued)

Securities Lending Program

The Board permits StanCERA to participate in a securities lending program. StanCERA lends bonds and equities to various brokers for collateral that will be returned for the same securities plus a fee in the future. Transactions are collateralized at 102% of fair value for domestic securities and 105% of fair value for international securities. Collateral received may include cash, letters of credit, or securities. Because the loans were terminable-at-will, their duration did not match the duration of the investments made with cash collateral. Either StanCERA or the borrower can terminate all securities loaned on demand. There are no restrictions on the amount of securities that may be lent.

StanCERA's custodial bank administers its securities lending program. The cash collateral is reported on the financial statements as an asset and as a liability of StanCERA while the non-cash collateral is reported neither as an asset nor a liability in accordance with GASB Statement No. 28. StanCERA does not have the ability to pledge or sell collateral securities delivered absent a borrower default. The contract with the securities lending agent requires them to indemnify StanCERA if the borrower fails to return the securities (or if the collateral is not sufficient to replace the securities lent) or if the borrower fails to pay StanCERA for income distributions while the securities are on loan.

Investments made with cash collateral are classified by risk category. The average maturity of the loans is one week and are rated at least "A1" or "P1" by two nationally recognized statistical rating organizations or, if unrated, are determined by the bank to be of comparable quality. As of June 30, 2022, the fair value of securities on loan was $78.6 million, with collateral received of $81.1 million and non-cash collateral of $15.7 million. As of June 30, 2021, the fair value of securities on loan was $64.1 million, with collateral received of $66.2 million and non-cash collateral of $18.2 million.

As of June 30, 2022, and 2021, StanCERA had no credit risk exposure to borrowers because the amount StanCERA owes the borrower exceeds the amount the borrower owes StanCERA. StanCERA's pro-rata share of net income derived from the securities lending transactions during fiscal years 2022 and 2021 was $301,931 and $392,414, respectively. These are separate investments made on StanCERA's behalf and not StanCERA's share of pooled investments. At June 30, 2022 and 2021, StanCERA had the following securities out on loan:

	June 30, 2022		June 30, 2021	
	Fair Value of Securities on Loan	Collateral Received	Fair Value of Securities on Loan	Collateral Received
U.S. Equities	$ 36,766,292	$ 38,105,458	$ 29,326,175	$ 30,248,026
U.S. Corporate Fixed	28,059,801	28,607,150	11,199,572	11,439,424
U.S. Government Fixed	6,630,241	6,769,295	12,183,766	12,449,352
Non-U.S. Equities	7,137,684	7,634,198	11,458,065	12,083,878
Total Securities	78,594,018	81,116,101	64,167,578	66,220,680
Total Non-Cash Collateral	14,132,084	15,732,923	17,398,150	18,171,887
Total	**$ 92,726,102**	**$ 96,849,024**	**$ 81,565,728**	**$ 84,392,567**

NOTE 4 – CASH AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in market interest rates. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

Highly sensitive investments are certain debt investments whose terms may cause their fair value to be highly sensitive to market interest rate changes. Terms include such variables as embedded options, coupon multipliers, benchmark indices and reset dates. StanCERA's fixed income investments have embedded prepayment options that will typically cause prepayments by the obliges of the underlying investments when interest rates fall. Prepayments eliminate the stream of future interest payments and, therefore, diminish the fair value of the fixed income investment.

The following table shows the effective duration of StanCERA's fixed income investments by investment type.

	June 30, 2022		June 30, 2021	
Fixed Income Securities	Fair Value	Effective Duration (in years)	Fair Value	Effective Duration (in years)
Corporate and Other Credit	$ 84,726,107	2.5	$ 70,298,973	2.5
Emerging Market / Non-U.S. Bonds	28,521,437	2.2	38,949,757	2.3
Government Bonds	9,444,312	2.0	17,954,646	2.6
Government Agencies	146,106,832	0.0	143,847,856	0.0
Total Fixed Income Securities	**$ 268,798,688**		**$ 271,051,232**	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. In cases where credit ratings differ among rating agencies, the manager shall use the lowest of the ratings provided. StanCERA's custodial bank provided ratings for Moody's Investor Service (Moody's) and Standard & Poor's (S&P). Should the rating of a fixed income security fall below investment grade, the manager may continue to hold the security if they believe the security will be upgraded in the future, there is a low risk of default, and buyers will continue to be available throughout the anticipated holding period. The manager has the responsibility of notifying the Board whenever an issue falls below investment grade. Investment grade quality is defined as a Standard & Poor's rating of BBB or higher. The notification should include the manager's assessment of the issue's credit rating and its ongoing role in the portfolio. The Stanislaus County Investment Pool and the short-term investment funds held with fiscal agent are unrated.

NOTE 4 – CASH AND INVESTMENTS (continued)

Credit Risk (continued)

The following table shows the quality of StanCERA's investments in fixed income securities.

	June 30, 2022		June 30, 2021	
S&P/Moody's Credit Rating	Percentage of Total Fixed Income	StanCERA's Fixed Income Securities	Percentage of Total Fixed Income	StanCERA's Fixed Income Securities
Aaa / AAA	2.54%	$ 6,835,889	0.50%	$ 1,357,865
Aa1 / AA+	0.65%	1,736,036	1.31%	3,540,914
Aa2 / AA	0.57%	1,541,953	0.59%	1,598,947
Aa3 / AA-	2.19%	5,896,214	0.41%	1,097,956
A1 / A+	3.28%	8,808,869	1.39%	3,758,427
A2 / A	3.56%	9,556,738	1.45%	3,937,971
A3 / A-	3.63%	9,745,178	4.31%	11,688,352
Baa1 / BBB+	10.80%	29,040,457	13.88%	37,628,197
Baa2 / BBB	8.73%	23,479,293	9.53%	25,821,388
Baa3 / BBB-	2.57%	6,911,280	3.39%	9,189,600
Ba1 / BB+	0.00%	-	0.00%	-
Ba2 / BB	0.00%	-	0.00%	-
N/R	57.97%	155,802,468	56.84%	154,093,196
N/A	3.51%	9,444,313	6.40%	17,338,419
Total	**100.00%**	**$ 268,798,688**	**100.00%**	**$ 271,051,232**

N/R represents securities that are not rated.
N/A represents securities that are not applicable to the rating disclosure requirements.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss due to a large concentration of investments in any one issuer. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are exempt from the disclosure requirements. As of June 30, 2022 and 2021, for separately managed investment accounts, StanCERA did not have investments in any one issuer representing 5% or more of the total portfolio.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. StanCERA does not have a formal policy for custodial credit risk for deposits. Under California Government Code, a financial institution is required to secure deposits in excess of $250,000 made by state or local government units by pledging securities held in the form of an undivided collateral pool. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental deposits by pledging first deed mortgage notes having a value of 150% of the secure public deposits. Such collateral is held by the pledging financial institution's trust department or agent in StanCERA's name. At fiscal year-end, StanCERA had no custodial credit risk exposure to any depository financial institution. All deposits are placed with a custodial bank.

NOTE 4 – CASH AND INVESTMENTS (continued)

Custodial Credit Risk (continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. StanCERA does not have a formal policy for custodial credit risk for investments. Investment securities are exposed to custodial credit risk if the securities are uninsured, not registered in the governmental entity's name, and held by the counter-party. StanCERA's investment securities are not exposed to custodial credit risk because all securities held by StanCERA's custodial bank are in StanCERA's name.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates may adversely affect the fair value of an investment. StanCERA's external investment managers may invest in international securities and must follow StanCERA's Investment Guidelines pertaining to these types of investments.

American Depositary Receipts (ADR) are included in the U.S. Dollars. ADR represents underlying securities of non-U.S. companies traded on the US stock exchanges. Although the transactions are denominated in U.S. Dollars and not subject to foreign currency risk, these securities are reflected as part of the non-U.S. equities within International Equity Investments reported in the Statements of Fiduciary Net Position.

StanCERA's exposure to foreign currency risk in U.S. dollars is as follows:

Currency	June 30, 2022 Fair Value (in U.S. $)	June 30, 2021 Fair Value (in U.S. $)
Australian Dollar	$ 17,559,620	$ 15,885,572
Brazilian Real	2,771,857	2,883,532
British Pound	39,165,740	42,182,299
Canadian Dollar	34,248,698	37,158,510
Chilean Peso	1,090,695	834,042
Danish Krone	2,736,452	1,824,243
Euro Dollars	98,430,575	123,351,213
Hong Kong Dollar	29,631,647	44,322,242
Hungarian Forint	1,063,629	1,333,539
Indonesian Rupiah	2,462,753	1,219,020
Japanese Yen	64,279,445	77,543,468
Malaysian Renggit	536,246	636,465
Mexican Peso	852,609	158,916
New Isreali Shekel	534,435	698,096
New Taiwan Dollar	11,849,960	12,515,690
New Zealand Dollar	193,155	653,974
Norwegian Krone	3,847,668	5,893,885
Singapore Dollar	4,217,408	3,150,925
South African Rand	1,122,988	1,138,487
South Korean Won	10,169,332	13,156,049
Swedish Krona	10,145,394	13,426,127
Swiss Franc	25,625,871	23,717,217
Thailand Baht	476,747	480,632
Turkish Lira	2,210,298	1,759,192
U.S. Dollar	64,197,053	94,372,239
TOTAL	**$ 429,420,275**	**$ 520,295,574**

NOTE 4 – CASH AND INVESTMENTS (continued)

Commitments to Private Credit

At June 30, 2022 and June 30, 2021, StanCERA’s total capital commitments to private credit partnerships was $214,500,000 and $179,500,000, respectively. Of this amount, $33,581,154 and $22,274,373, respectively, remained unfunded and is not recorded on StanCERA’s Statements of Fiduciary Net Position.

Commitments to Private Equity

At June 30, 2022 and June 30, 2021, StanCERA’s total capital commitments to private equity partnerships was $145,000,000 and $90,000,000, respectively. Of this amount, $96,125,279 and $65,119,188, respectively, remained unfunded and is not recorded in StanCERA’s Statement of Fiduciary Net Position.

Commitments to Private Real Estate

At June 30, 2022 and June 30, 2021, StanCERA’s total capital commitments to private real estate partnerships was $237,000,000 and $217,000,000, respectively. Of this amount, $22,644,987 and $18,295,430, respectively, was unfunded and is not recorded in StanCERA’s Statement of Fiduciary Net Position.

Commitments to Infrastructure

At June 30, 2022 and June 30, 2021, StanCERA’s total capital commitments to infrastructure was $100,000,000 and $50,000,000, respectively. Of this amount, $19,033,462 and $6,666,768, respectively, was unfunded and is not recorded in StanCERA’s Statement of Fiduciary Net Position.

Commitments to Risk Parity

At June 30, 2022 and June 30, 2021, StanCERA’s total commitments to risk parity was $362,000,000 and $280,000,000, respectively. Of this amount, $27,000,000 is unfunded and 100% funded, respectively. The unfunded amount for 2022 is not recorded in StanCERA's Statement of Fiduciary Net Position.

Investment Expense

Investment expense includes fees paid for investment consulting services, fund evaluation services, and securities custodian services. Fees paid are charged against the StanCERA’s investment earnings pursuant to Government Code Sections 31596.1 and 31592.5.

NOTE 4 – CASH AND INVESTMENTS (continued)

Investment Expense (continued)

Investment Expense

	June 30, 2022	June 30, 2021
Investment Managers	$ 21,484,664	$ 12,437,583
Investment Consultants	501,233	524,347
Custodial Fees	242,263	342,344
Investment Attorney	130,981	179,113
Other Investment Costs	5,376,766	2,299,994
Total Other Investment Expenses	**27,735,907**	**15,783,381**
Actuarial Fees	162,593	103,178
Total Investment Expenses	**$ 27,898,500**	**$ 15,886,559**

NOTE 5 – CONTRIBUTIONS

Contribution Rates

The CERL establishes the basic obligations for employer and member contributions to the retirement plan. The actual employer and member contribution rates in effect each year are based on recommendations made by an independent actuary and adopted by the Board.

StanCERA's policy for employer contributions states that actuarially determined rates expressed as a percentage of annual covered payroll are required to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age actuarial cost method. StanCERA also uses the level entry age normal cost method with an UAAL to amortize any unfunded liability.

Member basic rates are based on a formula reflecting the age at entry into the Plan. For Tier 5 Safety, the rates are such as to provide an average monthly annuity at age 50 equal to 1/100 of the FAS. Tier 1 General Members pay rates that will provide an average annuity at age 60 of 1/100 of the FAS. Tier 4 General Members pay rates that will provide an average annuity at age 55 of 1/120 of the FAS. County (and former County agency) Safety and General Members in Tiers 1 and 4 pay one half of the aforementioned rates. General Members in Tier 2 pay rates to provide an average annuity of 1/120 of FAS at age 60. General Members in Tier 3 pay no member contributions. General Members in Tier 5 pay rates to provide an average annuity at age 55 of 1/120 of FAS. Both General and Safety Tier 6 Members pay approximately half of the actuarial determined normal cost rate for the benefit.

Member cost-of-living contributions, expressed as a percentage of their basic rates, are designed to pay for one-half of the cost-of-living liabilities for future service. For members integrated with Social Security, the above contributions are reduced by 1/3 of that portion of such contribution payable with respect to the first $350 of monthly salary. Member contributions are refundable upon termination from the retirement system.

NOTE 5 – CONTRIBUTIONS (continued)

Contribution Rates (continued)

Contributions as a percentage of covered payroll for the fiscal year ended June 30, 2022, are shown in the following table:

Employer	Employer Contributions	Member Contributions	Employer Contributions as a % of Covered Payroll
Stanislaus County	$ 89,628,043	$ 26,858,915	29.5243%
City of Ceres	5,226,127	1,258,218	1.7215%
Stanislaus Superior Court	4,739,952	1,457,233	1.5614%
Stanislaus Council of Governments	429,752	150,373	0.1416%
East Side Mosquito Abatement District	230,606	72,010	0.0760%
Salida Sanitary District	214,400	60,195	0.0706%
Keyes Commuinity Services District	111,902	32,358	0.0369%
Hills Ferry Cemetery District	72,587	20,026	0.0239%
Stanislaus Regional Transit Authority	114,880	88,751	0.0378%
	$ 100,768,249	**$ 29,998,079**	**33.1940%**
Covered Payroll	**$ 303,573,549**		

Contributions as a percentage of covered payroll for the fiscal year ended June 30, 2021, are shown in the following table:

Employer	Employer Contributions	Member Contributions	Employer Contributions as a % of Covered Payroll
Stanislaus County	$ 82,951,113	$ 26,410,202	27.8318%
City of Ceres	5,217,995	1,483,294	1.7507%
Stanislaus Superior Court	4,209,592	1,344,005	1.4124%
Stanislaus Council of Governments	358,164	134,641	0.1202%
East Side Mosquito Abatement District	209,301	70,410	0.0702%
Salida Sanitary District	191,998	57,870	0.0644%
Keyes Commuinity Services District	103,812	31,944	0.0348%
Hills Ferry Cemetery District	65,654	20,757	0.0220%
	$ 93,307,629	**$ 29,553,123**	**31.3066%**
Covered Payroll	**$ 298,044,207**		

NOTE 6 – RESERVES

As required by the CERL or the Board's policies, the following reserves from Fiduciary Net Position Restricted for Pension Benefits must be established and used to account for the members' (employees and retirees) contributions.

Active Members' Reserve

This reserve represents the cumulative contributions made by active members (employees), after deducting refunds to the members, plus the investment earnings credited to the reserve at the assumed rate of return determined by the actuary. For the fiscal years ended June 30, 2022 and 2021, the actuarial assumed rate of return was 6.75% for both years. Based on Retirement Board policy, when the Plan is below 100% funded on a market basis, the percentage allocated to Active Members' Reserve is capped at the actuarial assumed rate of return and will determine the semi-annual percent of interest to be posted to individual member account balances in the subsequent fiscal year.

Employer Reserves

These reserves represent the cumulative contributions made by the County and other employers. Interest earnings are credited to these reserves based on StanCERA's excess earnings policy.

Upon the retirement of an active member, an actuarially determined amount of the member's vested interest is transferred from the Employer Advance Reserve to the Retired Members' Pension Reserve.

Retired Members' Pension Reserve

These reserves are established to account for the unpaid retirees' pension benefits. Upon the retirement of an employee, member contributions plus the interest earnings credited to the member's account are transferred from the Active Members' Reserve account to the Retired Members' Annuity and Cost-of-Living Reserve accounts. From these reserves, StanCERA pays the retiree benefits in an amount computed in accordance with the CERL. Interest earnings are credited to this reserve based on StanCERA's excess earnings policy.

Retiree Burial Allowance Reserve

The burial allowance reserve is a benefit the Board offers which pays the family member of a deceased retiree a lump sum death benefit. This benefit is available for all retirees whose last work in a 1937 Act Retirement System or California Public Employees Retirement System (CalPERS) was with StanCERA. Interest earnings are credited to this reserve based on StanCERA's excess earnings policy.

Contingency Reserve

This optional reserve represents earnings in excess of the total interest credited to contributions of the employer and employee and is funded at a minimum 1% of total valuation reserves prior to excess earnings distribution (Government Code Section 31592). It is used as a reserve against deficiencies in interest earnings in other years, losses on investments, and other contingencies. The Board set this reserve to 1% in May 2012 and it is reviewed and adjusted annually.

NOTE 6 – RESERVES (continued)

Undistributed Earnings/(Losses)

This "designation" account was established on June 30, 2003. It was used to minimize the impact of actuarial smoothing of assets and contains an accumulation of earnings or losses, which have not been distributed to any other reserve. This reserve has undistributed losses of $199,455,051 and $0 as of June 30, 2022 and June 30, 2021, respectively.

Other Reserves

These reserves are for Retirees' Special Cost-of-Living, Tier 3 Disability and Legal Contingencies. Reserve Account Balances are as follows:

	June 30, 2022	June 30, 2021
Active Members' Reserve	$ 663,494,768	$ 646,410,932
Employer Advance Reserve	361,038,679	364,512,382
Employer Transfer from Non-Valuation Reserve	221,295,870	221,295,870
Retired Members' Pension Reserve	1,449,324,129	1,470,565,580
Valuation Reserve (Loss)	(199,455,051)	-
Retiree Burial Allowance Reserve	4,058,183	4,508,184
Contingency Reserve	25,190,780	21,586,063
Other Reserves		
Legal Contingency Reserve	1,476,426	1,717,299
Tier 3 Disability Reserve	1,560	1,560
Total Reserves	**$ 2,526,425,344**	**$ 2,730,597,870**

NOTE 7 – LITIGATION

StanCERA is a defendant in various lawsuits and claims arising in the ordinary course of its operations. StanCERA's management and legal counsel estimate the ultimate outcome of such litigation will not have a material effect on StanCERA's financial statements.

NOTE 8 – NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2021. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2022, and the Total Pension Liability as of the valuation date, June 30, 2022, using update procedures to roll forward to StanCERA's fiscal year-end of June 30, 2022. There were no significant events between the valuation date and the measurement date, so the roll forward procedures only included the addition of service cost offset by actual benefit payments.

NOTE 8 – NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS (continued)

Actuarial Assumptions (continued)

The components of the Net Pension Liability of StanCERA at June 30, 2022 and June 30, 2021 were as follows:

	June 30, 2022	June 30, 2021
Total Pension Liability	$ 3,264,477,126	$ 3,158,273,535
Plan Fiduciary Net Position	$ (2,526,425,344)	$ (2,730,597,870)
Net Pension Liability	$ 738,051,782	$ 427,675,665
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.4%	86.5%

The Total Pension Liability was determined based on the June 30, 2021 and June 30, 2020 actuarial valuations rolled forward to June 30, 2022 and June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

ACTUARIAL VALUATION ASSUMPTIONS

Measurement Date	June 30, 2022	June 30, 2021
Investment Rate of Return	6.75%, net of investment expenses	6.75%, net of investment expenses
Projected Salary Increases	2.75%, per year plus merit component based on employee classification and years of service	2.75%, per year plus merit component based on employee classification and years of service
Attributed to Inflation	2.50%	2.50%
Cost-of-Living Adjustments	100% of Consumer Price Index (CPI) up to 3.0% annually with banking, 2.4% annual increases assumed	100% of Consumer Price Index (CPI) up to 3.0% annually with banking, 2.4% annual increases assumed

Post-retirement mortality rates for active Members are specified by the California Public Employees Retirement System (CalPERS) Pre-Retirement Non-Industrial Mortality table adjusted by 102.2% for males and 110.2% for females with generational mortality improvements projected from 2017 using Scale MP-2020. Duty related mortality rates are only applicable for Safety Active Members and are based on the 2021 CalPERS Pre-Retirement Industrial Death table, adjusted by 102.6% for males and 100.9% for females. These mortality base tables are all projected generationally from 2017 using 80% of SOA Scale MP-2020.

NOTE 8 – NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS (continued)

Actuarial Assumptions (continued)

Rates of mortality for retired Members and their beneficiaries are specified by the CalPERS Healthy Annuitant table adjusted by 107.6% for males and 115.3% for females with generational mortality improvements projected from 2017 using Scale MP-2020.

The long-term defined benefit pension plan return expectations were determined using a building-block approach. An inflation forecast is the baseline and various real return premiums (e.g., bonds, equities, etc.) are added to create nominal return expectations for each asset class. These expectations are combined to produce the long-term expected rate of return by weighting the expected nominal rates of return by the target asset allocation percentages and including an expected return from rebalancing uncorrelated asset classes. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 and June 30, 2021 are summarized in the following table:

	2022	2021
Asset Class	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equities		
U.S. Large Cap	4.50%	6.20%
U.S. Small Cap	5.10%	6.30%
International Equities		
Int'l Development	4.60%	4.83%
Emerging Market Equity	7.10%	2.07%
U.S. Fixed Income		
Core fixed income	0.00%	3.20%
U.S. Treasury	1.00%	2.60%
Short-term Gov/Credit	3.00%	2.90%
Real Estate		
Core	2.80%	5.60%
Value-add	4.30%	7.77%
Risk Parity	3.70%	5.10%
Absolute Return	3.10%	0.00%
Private Equity	7.90%	9.90%
Private Credit	6.30%	7.80%
Infrastructure	5.50%	7.10%

Discount Rate

The discount rate used to measure the total pension liability for the fiscal years ended June 30, 2022 and June 30, 2021 were 6.75% for both years. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 – NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of StanCERA calculated using the discount rate of 6.75%, for both years, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate for fiscal years ending June 30, 2022 and 2021:

Sensitivity of Net Pension Liability to Changes in Discount Rate

		1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
June 30, 2022	Net Pension Liability	$ 1,179,281,738	$ 738,051,782	$ 375,638,381
	Fiduciary Net Postion as a Percentage of Total Pension Liability	68.2%	77.4%	87.1%
		1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
June 30, 2021	Net Pension Liability	$ 867,409,238	$ 427,675,665	$ 68,884,070
	Fiduciary Net Postion as a Percentage of Total Pension Liability	75.9%	86.5%	97.5%

NOTE 9 – SUBSEQUENT EVENTS

Stanislaus Regional Water Authority selected StanCERA as its public employees' retirement system effective July 1, 2022. StanCERA has evaluated events through November 4, 2022, which is the date the financial statements were issued and no additional events were noted.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability									
Service cost	$ 64,358,603	$ 63,478,900	$ 63,771,013	$ 59,957,490	$ 58,007,036	$ 57,465,280	$ 55,351,509	$ 48,242,363	$ 46,209,346
Interest (includes interest on service cost)	209,931,610	208,474,350	198,170,462	198,460,567	190,493,637	179,875,553	171,938,615	154,850,353	147,384,248
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	42,127,626	7,977,049	30,766,201	15,206,475	(12,172,006)	28,801,984	(6,424,597)	2,148,638	-
Changes of assumptions (3)	(47,905,050)	8,082,679	-	(46,047,924)	-	-	269,752,272	-	-
Benefit payments, including refunds of member contributions	(162,309,198)	(150,930,902)	(139,985,594)	(131,774,689)	(123,172,116)	(116,843,858)	(108,165,810)	(101,858,156)	(94,782,471)
Net change in total pension liability	106,203,591	137,082,076	152,722,082	95,801,919	113,156,551	149,298,959	382,451,989	103,383,198	98,811,123
Total pension liability - beginning	3,158,273,535	3,021,191,459	2,868,469,377	2,772,667,458	2,659,510,907	2,510,211,948	2,127,759,959	2,024,376,761	1,925,565,638
Total pension liability - ending	$ 3,264,477,126	$ 3,158,273,535	$ 3,021,191,459	$ 2,868,469,377	$ 2,772,667,458	$ 2,659,510,907	$ 2,510,211,948	$ 2,127,759,959	$ 2,024,376,761
Fiduciary Net Position									
Contributions - employer	$ 100,768,249	$ 93,307,629	$ 92,684,609	$ 88,589,381	$ 76,966,471	$ 63,024,560	$ 58,196,310	$ 53,849,031	$ 46,763,996
Contributions - member (1)	29,998,079	29,553,123	29,645,645	27,742,863	26,746,289	25,463,745	23,916,508	22,960,235	21,867,911
Total investment income (loss)	(169,153,892)	556,195,650	18,496,772	99,280,525	154,988,199	252,309,705	(31,322,276)	68,722,781	274,896,108
Benefit payments, including refunds of member contributions	(162,309,198)	(150,930,902)	(139,985,594)	(131,774,691)	(123,172,116)	(116,843,858)	(108,165,810)	(101,858,156)	(94,782,471)
Administrative expense	(3,475,764)	(3,393,869)	(3,216,625)	(2,557,391)	(2,791,409)	(2,644,554)	(2,315,223)	(2,378,966)	(2,249,260)
Net change in fiduciary net position	(204,172,526)	524,731,631	(2,375,193)	81,280,687	132,737,434	221,309,598	(59,690,491)	41,294,925	246,496,284
Fiduciary net position - beginning	2,730,597,870	2,205,866,239	2,208,241,432	2,126,960,745	1,994,223,311	1,772,913,713	1,832,604,204	1,791,309,279	1,544,812,995
Fiduciary net position - ending	$ 2,526,425,344	$ 2,730,597,870	$ 2,205,866,239	$ 2,208,241,432	$ 2,126,960,745	$ 1,994,223,311	$ 1,772,913,713	$ 1,832,604,204	$ 1,791,309,279
Net pension liability - ending	$ 738,051,782	$ 427,675,665	$ 815,325,220	$ 660,227,945	$ 645,706,713	$ 665,287,596	$ 737,298,235	$ 295,155,755	$ 233,067,482
Fiduciary net position as a percentage of the total pension liability	77.4%	86.5%	73.0%	77.0%	76.7%	75.0%	70.6%	86.1%	88.5%
Covered payroll (2)	$ 303,573,549	$ 298,044,207	$ 300,352,383	$ 281,979,654	$ 268,009,042	$ 255,646,515	$ 245,751,576	$ 237,263,160	$ 221,863,110
Net pension liability as a percentage of covered payroll	243.1%	143.5%	271.5%	234.1%	240.9%	260.2%	300.0%	124.4%	105.1%

Note: Trend Information: Schedule will ultimately show information for ten years. Additional years will be displayed as they become available.

(1) In accordance with GASB Statement No. 82, employer-paid member contributions are classified as Member Contributions.

(2) In accordance with GASB Statement No. 82, Covered Payroll is the payroll on which contributions are based.

(3) In 2016, amounts reported as changes of assumptions resulted primarily from changes to the assumed earnings rate from 7.75% to 7.25% and from adjustments to assumed life expectancies as a result of adopting mortality tables with generational improvements. In 2019, amounts reported as changes of assumptions resulted primarily from changes to the assumed earnings rate from 7.25% to 7.00% and from adjustments to mortality rates, disability rates, and retirement rates. Similarly, in 2021, the earnings rate was adjusted to 6.75% from 7.00%. In 2022, amount reported is due to changes in economic assumptions.

Schedule of Employer Contributions

Last 10 Fiscal Years for Fiscal Years Ending June 30

(Dollar amounts in thousands)

	2022	2021	2020	2019	2018
Actuarially Determined Contributions	$ 100,768	$ 93,308	$ 92,685	$ 88,589	$ 76,966
Contributions in Relation to the Actuarially Determined Contributions	100,768	93,308	92,685	88,589	76,966
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll (1)	$ 303,574	$ 298,044	$ 300,352	$ 281,980	$ 268,009
Contributions as a Percentage of Covered Payroll	33.19%	31.31%	30.86%	31.42%	28.72%

	2017	2016	2015	2014	2013
Actuarially Determined Contributions	$ 63,025	$ 58,196	$ 53,849	$ 46,764	$ 39,077
Contributions in Relation to the Actuarially Determined Contributions	63,025	58,196	53,849	46,764	39,077
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll (1)	$ 255,647	$ 245,752	$ 237,263	$ 221,863	$ 217,491
Contributions as a Percentage of Covered Payroll	24.65%	23.68%	22.70%	21.08%	17.97%

(1) In accordance with GASB Statement No. 82, Covered Payroll is the payroll on which contributions are based.

Schedule of Investment Returns

Last 10 Fiscal Years for Fiscal Years Ending June 30

	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	-6.40%	25.20%	1.30%	5.10%	8.10%

	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	14.40%	-1.70%	4.20%	18.20%	14.50%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of benefit terms

There were no changes of benefit terms for the fiscal year ended June 30, 2022.

Changes of assumptions

There were changes in economic assumptions for the fiscal year ended June 30, 2022.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution amounts in the schedule of employer contributions are calculated using the actuarial valuation as of June 30, 2020, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

ACTUARIAL VALUATION METHODS AND ASSUMPTIONS

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	Closed period - 16 Years
Asset Valuation Method	Actuarial value: Excess earnings smoothed over five years, 80% / 120% corridor around market
Actuarial Assumptions	
Investment Rate of Return	7.00%, net of investment expenses
Projected Salary Increases	3.00%, plus service-based rates
Attributed to Inflation	2.75%
Cost-of-Living Adjustments	100% of CPI to 3.0% annually with banking, 2.6% annual increases assumed
Mortality	Rates of ordinary death for active Members are specified by the CalPERS Pre-Retirement Non-Industrial Mortality table, adjusted by 97.2% for males and 101.6% for females, with generational mortality improvements projected from 2009 using Scale MP-2018. Duty related mortality rates are only applicable for Safety Active Members, and are based on the CalPERS Pre-Retirement Individual Death table without adjustment or projection.
	Rates of mortality for healthy retired Members and their beneficiaries are specified by the CalPERS Healthy Annuitant table, adjusted by 97.2% for males and 104.5% for females, with generational mortality improvements projected from 2009 using Scale MP-2018. Separate mortality assumptions are used for disabled retirees.

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2022 can be found in the June 30, 2020 actuarial valuation report located on StanCERA's website, www.stancera.org.

OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
For the Fiscal Years Ended June 30, 2022 and 2021

	2022	2021
Personnel Services:		
Salaries and Employee Benefits	$ 1,991,845	$ 1,981,131
Total Personnel Services	1,991,845	1,981,131
Professional Services:		
Computer and Software Services and Support	317,773	340,267
Outside Legal Counsel	506,614	438,747
Disability Hearing Officer/Medical Exams and Reviews	6,000	26,445
External Audit Fees	44,924	46,608
Other Professional Services	10,320	2,018
Total Professional Services	885,631	854,085
Office Expenses:		
Office Supplies	23,343	12,665
Stanislaus County Support Services	167,443	162,416
Contract Services	30,062	30,094
Minor Equipment and Computer Supplies	8,188	15,397
Communications	38,669	53,530
Publications	3,015	3,018
Total Office Expenses	270,720	277,120
Miscellaneous:		
Fiduciary and Staff - Education/Travel	34,945	8,406
Memberships	11,810	12,370
Fiduciary and Staff - Meetings/Other Travel	6,900	6,700
Insurance	130,572	109,979
Depreciation	143,341	144,078
Total Miscellaneous	327,568	281,533
TOTAL ADMINISTRATIVE EXPENSES	**$ 3,475,764**	**$ 3,393,869**

OTHER SUPPLEMENTAL INFORMATION (continued)
SCHEDULE OF INVESTMENT MANAGEMENT FEES AND OTHER INVESTMENT EXPENSES
For the Fiscal Years Ended June 30, 2022 and 2021

	2022	2021
Investment Management Fees:		
Domestic Equity	$ 1,199,647	$ 961,624
International Equity	1,885,731	1,951,169
Fixed Income	198,418	453,779
Private Credit	2,874,362	1,256,507
Private Equity	1,731,188	924,556
Private Real Estate	7,121,002	5,183,644
Infrastructure	1,226,325	433,202
Real Estate Securities	91,860	15,641
Risk Parity	5,156,131	1,257,461
Total Investment Management Fees	21,484,664	12,437,583
Investment Consulting Fees	501,233	524,347
Investment Custodian Fees	242,263	342,344
Investment Legal Fees	130,981	179,113
Other Investment Related Expenses	5,376,766	2,299,994
Total Other Investment Expenses	6,251,243	3,345,798
Actuarial Fees	162,593	103,178
TOTAL INVESTMENT EXPENSES	**$ 27,898,500**	**$ 15,886,559**

SCHEDULE OF PAYMENTS TO CONSULTANTS
For the Fiscal Years Ended June 30, 2022 and 2021

	2022	2021
Investment Professional Service Fees:		
Investment Consultants	$ 501,233	$ 524,347
Custodial Fees	242,263	342,344
Investment Attorney	130,981	179,113
Actuarial Fees	162,593	103,178
Total Investment Professional Service Fees	**$ 1,037,070**	**$ 1,148,982**

	2022	2021
Administrative Professional Services Fees:		
Computer and Software Services and Support	$ 317,773	$ 340,267
Outside Legal Counsel	506,614	438,747
Disability Hearing Officer/Medical Exams and Reviews	6,000	26,445
External Audit Fees	44,924	46,608
Other Professional Services	10,320	2,018
Total Administrative Professional Services Fees	**$ 885,631**	**$ 854,085**

INVESTMENT SECTION

Daniel Hennessy, CFA, CAIA
Senior Consultant

September 30, 2022

Board of Retirement
Stanislaus County Employees' Retirement System
832 12th Street, Suite 600
Modesto, CA 95354

Dear Board Members:

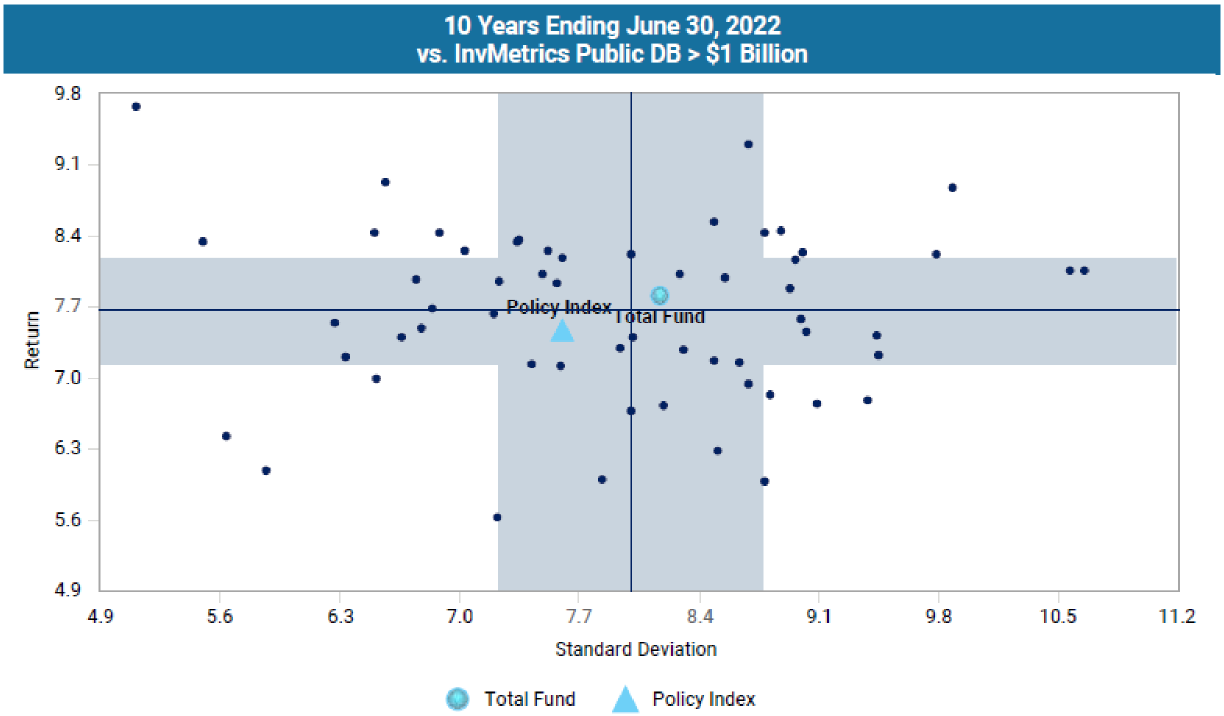
The overall objective of the Stanislaus County Employees' Retirement System (StanCERA) is to ensure continued access to retirement, disability and survivor benefits for current and future StanCERA participants. To ensure a solid foundation for the future of the Fund, StanCERA carefully plans and implements an investment program designed to produce superior long-term investment returns, while prudently managing the risk in the portfolio. Investment policy and asset allocation are reviewed and revised by the Board of Retirement, at least annually, to reflect the Fund's actuarial assumptions, accrued liabilities, and economic and investment outlook. The following is a report on the performance of the Fund for the year ended June 30, 2022 with background on the underlying capital market environment.

Market Review for the Year Ended June 30, 2022

With the exception of commodities and some inflation-sensitive assets, virtually all major asset classes declined in the fiscal year ended June 30, 2022. The fiscal year ended with inflation levels not seen in the U.S. for the past 40 years as the seasonally-adjusted Consumer Price Index jumped 9.1% year-over-year. The Federal Reserve, in its efforts to combat rapidly rising inflation, began implementing measures to slow the economy by raising the Fed Funds Rate to a targeted range of 1.50% - 1.75% from 0.00% - 0.25%. Similar actions were taken by many other central banks globally. These measures resulted in negative performance for both stocks and bonds. U.S. stocks posted their first year of negative returns in over a decade, returning -10.6% as measured by the S&P 500 Index. International stocks fared worse than U.S. stocks as inflationary pressures, the ongoing conflict in Europe and currency weakness led to a return of -17.8%, as measured by the MSCI EAFE Index. Emerging markets stocks declined -25.3%, underperforming both U.S. and international-developed markets. Typically considered a safe-haven asset, U.S. high quality fixed income returns were also strongly negative over the past year, as interest rate sensitive assets as represented by the Bloomberg U.S. Aggregate Bond Index posted declines of -10.3%.

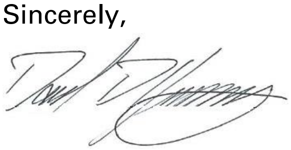
The StanCERA Investment Portfolio

The StanCERA total investment portfolio return, net of fees, was -6.4% for the year ended June 30, 2022. The median fund in the Investment Metrics peer group universe of Public Funds greater than $1 billion in assets returned -7.5% for the period, with StanCERA's total fund return ranking better than many peers in the 41st percentile. The Fund's five-year return for the period ended June 30, 2022 was 6.2% per year net of fees, underperforming the actuarial assumed rate of 7% and ranking in the 60th percentile of the Public Funds greater than $1 billion peer group. The Fund's ten-year return for the period ended June 30, 2022 was +7.8% per year net of fees, outperforming the actuarial assumed rate of 7% and ranking in the 46th percentile among its peers. The Fund's ten-year average volatility was slightly higher than the peer group median, resulting in a risk-adjusted return (as measured by the Sharpe Ratio) very close to the peer average in the 51st percentile.



NEPC, LLC serves as StanCERA's independent investment consultant and provides StanCERA with asset allocation guidance, quarterly economic and investment market updates and performance reviews, together with investment manager monitoring and selection advice. In preparing our performance analysis for the Plan, we rely on the accuracy of financial data provided by the Plan's custodian bank and investment managers. Investment performance analysis and comparisons produced by NEPC have been calculated using standard performance evaluation methodologies and are consistent with industry standards, including calculation of returns using a time-weighted rate-of-return methodology based on market values reported by the custodian. The Plan's goals are measured against stated policy objectives, appropriate benchmarks and comparative universes over multiple time periods. This review process allows the Plan to evaluate whether established goals are being achieved on an absolute, relative, and risk-adjusted basis.

Sincerely,



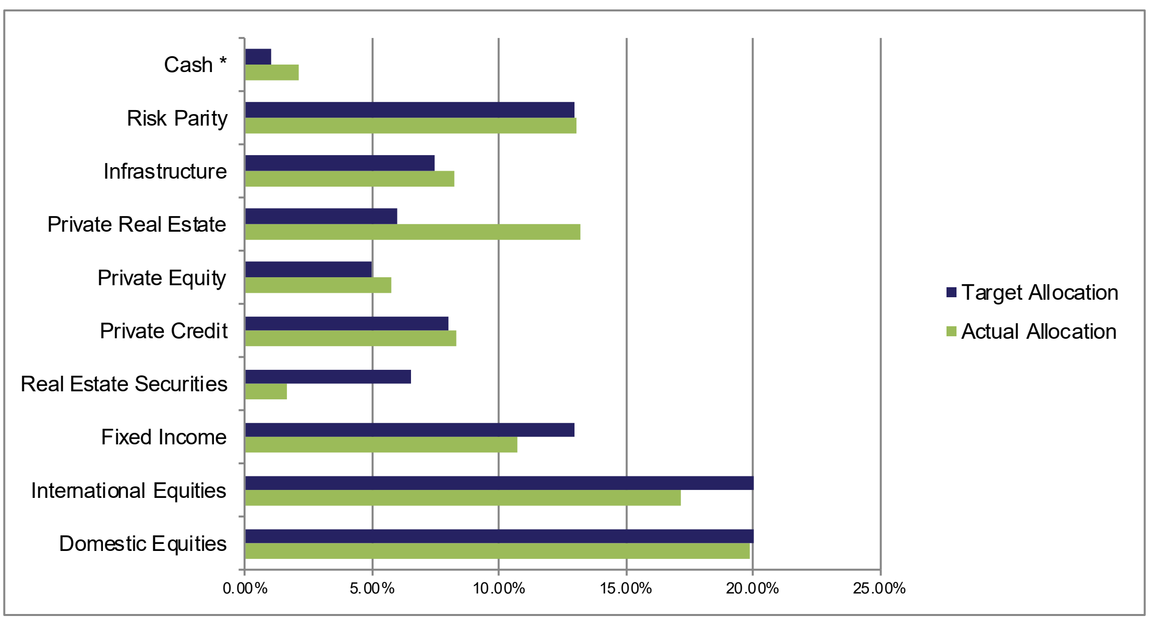
Daniel Hennessy, Senior Consultant

ASSET ALLOCATION
JUNE 30, 2022

Asset Class	Fair Value	Actual Allocation	Target Allocation
Domestic Equities	$ 498,124,355	19.86%	20.00%
International Equities	429,420,275	17.13%	20.00%
Fixed Income	268,798,689	10.72%	13.00%
Real Estate Securities	40,677,468	1.62%	6.50%
Private Credit	209,333,195	8.35%	8.00%
Private Equity	144,301,733	5.76%	5.00%
Private Real Estate	331,827,763	13.23%	6.00%
Infrastructure	205,768,782	8.21%	7.50%
Risk Parity	326,684,961	13.03%	13.00%
Cash *	52,455,305	2.09%	1.00%
TOTAL PORTFOLIO**	**$ 2,507,392,526**	**100.00%**	**100.00%**

* Excludes Pooled Cash in County Treasury of $297,631.
* Excludes Cash in Northern Trust $15,248,869.
* Excludes Securities Lending Cash Collateral.

StanCERA's Asset Allocation



* Excludes Pooled Cash in County Treasury of $297,631.
* Excludes Cash in Northern Trust $15,248,869.
* Excludes Securities Lending Cash Collateral.

SCHEDULE OF INVESTMENT RETURNS
As of June 30, 2022

Investment Managers	One Year	Three Year	Five Year	Ten Year
DOMESTIC EQUITY				
US Equities	-12.7%	10.1%	9.9%	12.2%
Russell 3000 Index	*-13.9%*	*9.8%*	*10.6%*	*12.6%*
US Large Equity	-12.8%	11.0%	11.3%	13.1%
Russell 1000 Index	*-13.0%*	*10.2%*	*11.0%*	*12.8%*
eV US Large Cap Equity Net Rank	*60.00*	*17.00*	*28.00*	*21.00*
US Small Equity	12.0%	6.7%	5.0%	9.2%
Russell 2000 Index	*-25.2%*	*4.2%*	*5.2%*	*9.4%*
eV US Small Cap Value Equity Net Rank	*53.00*	*51.00*	*62.00*	*60.00*
Dodge & Cox	-7.5%	10.6%	9.3%	12.7%
Russell 1000 Value Index	*-6.8%*	*6.9%*	*7.2%*	*10.5%*
eV US Large Cap Value Equity Net Rank	*67.00*	*16.00*	*26.00*	*7.00*
BlackRock R1000 Value	-6.9%	6.9%	7.2%	10.6%
Russell 1000 Value Index	*-6.8%*	*6.9%*	*7.2%*	*10.5%*
eV US Large Cap Value Equity Net Rank	*60.00*	*77.00*	*69.00*	*56.00*
BlackRock R1000 Growth	-18.8%	12.6%	14.3%	14.8%
Russell 1000 Growth Index	-18.8%	12.6%	14.3%	14.8%
eV US Large Cap Growth Equity Net Rank	*37.00*	*8.00*	*12.00*	*8.00*
Attucks Small Cap	-12.0%	6.7%	5.6%	9.9%
Russell 2000 Value Index	*-16.3%*	*6.2%*	*4.9%*	*9.1%*
eV US Small Cap Value Equity Net Rank	*53.00*	*51.00*	*49.00*	*43.00*
FIXED INCOME				
Northern Trust Intermediate Gov't Bond	-6.4%	-0.3%	N/A	N/A
BBgBarc US Govt Int TR	*-6.3%*	*-0.3%*	N/A	N/A
Northern Trust Long Term Gov't Bond	-16.1%	-2.1%	N/A	N/A
BBgBarc US Govt Long TR	*-18.4%*	*-2.9%*	N/A	N/A
INTERNATIONAL EQUITY				
LSV Asset Management	-12.6%	2.8%	2.2%	5.5%
MSCI ACWI ex US Index	*-12.8%*	*0.6%*	*1.2%*	*3.8%*
Fidelity Asset Management	-21.3%	2.6%	3.2%	5.6%
MSCI ACWI ex US Index	*-25.8%*	*1.6%*	*3.4%*	*5.7%*
REAL ESTATE SECURITIES				
BlackRock US Real Estate Index	-6.5%	2.4%	4.2%	N/A
DJ US Select RESI TR USD	*-6.4%*	*2.5%*	*4.3%*	N/A
PRIVATE CREDIT *				
Black Rock High Yield	-12.9%	N/A	N/A	N/A
Bloomberg US High Yield TR	*-12.8%*	*0.2%*	*2.1%*	*4.5%*
Medley Opportunity Fund II	-16.2%	-13.0%	-11.2%	N/A
S&P/LSTA Leveraged Loan Index + 2%	*-0.8%*	*4.1%*	*5.0%*	*5.8%*
Owl Rock First Lien	14.7%	N/A	N/A	N/A
S&P/LSTA Leveraged Loan Index + 2%	*-0.8%*	*4.1%*	*5.0%*	*5.8%*
Abry Senior Equity, VI, L.P.	N/A	N/A	N/A	N/A
S&P/LSTA Leveraged Loan Index + 2%	*-0.8%*	*4.1%*	*5.0%*	*5.8%*
Raven Opportunity Fund III	23.9%	10.9%	10.3%	N/A
S&P/LSTA Leveraged Loan Index + 2%	*-0.8%*	*4.1%*	*5.0%*	*5.8%*
Strategic Values Special Solutions Fund V, L.P.	N/A	N/A	N/A	N/A
S&P/LSTA Leveraged Loan Index + 2%	*-0.8%*	*4.1%*	*5.0%*	*5.8%*
White Oak Global Advisors	8.2%	4.4%	4.9%	N/A
S&P/LSTA Leveraged Loan Index + 2%	*-0.8%*	*4.1%*	*5.0%*	*5.8%*
PRIVATE EQUITY *				
Northern Trust Russell 3000	-13.9%	9.8%	N/A	N/A
Russell 3000	*-13.9%*	*9.8%*	*10.6%*	*12.6%*
Clayton, Dublier, & Rice	N/A	N/A	N/A	N/A
Genstar Capital Partners X	N/A	N/A	N/A	N/A
Gryphon Partners VI LP	N/A	N/A	N/A	N/A
Insight Patners XI	44.9%	N/A	N/A	N/A
Sole Source Capital Partners II	N/A	N/A	N/A	N/A
Vista Foundation Fund IV	5.3%	N/A	N/A	N/A
Russell 3000 + 3%	*11.3%*	*13.1%*	*13.2%*	*16.0%*
PRIVATE REAL ESTATE *				
Prime Property Fund	28.8%	12.0%	10.3%	N/A
NCREIF ODCE	*29.5%*	*12.7%*	*10.5%*	N/A
PGIM Real Estate U.S. Debt Fund	4.4%	4.9%	N/A	N/A
BBgBarc US CMBS Investment Grade	*-8.9%*	*-0.2%*	N/A	N/A
American Strategic Value Realty	22.2%	11.8%	10.7%	N/A
NCREIF Property Index	*21.5%*	*10.2%*	*8.9%*	N/A
Greenfield Acquisition Partners VII	5.8%	9.5%	10.9%	N/A
NCREIF ODCE +1%	*30.8%*	*13.8%*	*11.6%*	N/A

SCHEDULE OF INVESTMENT RETURNS (Continued)
As of June 30, 2022

Investment Managers	One Year	Three Year	Five Year	Ten Year
PRIVATE REAL ESTATE * (Continued)				
Grandview Partners I	23.8%	30.1%	N/A	N/A
NCREIF ODCE +1%	*30.8%*	*13.8%*	N/A	N/A
Grandview Partners II	N/A	N/A	N/A	N/A
NCREIF ODCE +1%	N/A	N/A	N/A	N/A
INFRASTRUCTURE *				
JP Morgan IIF Hedged LP	N/A	N/A	N/A	N/A
Palistar Infrastructure II	N/A	N/A	N/A	N/A
CPI + 5%	N/A	N/A	N/A	N/A
North Haven Partners II	9.9%	7.1%	11.8%	9.1%
CPI + 5%	*14.5%*	*10.2%*	*9.1%*	*8.3%*
Northern Trust Infrastructure Fund	-6.7%	N/A	N/A	N/A
CPI + 5%	*-6.7%*	N/A	N/A	N/A
RISK PARITY				
AQR Global Risk Premium - EL	-10.2%	2.2%	N/A	N/A
PanAgora Risk Parity Multi Asset	-15.0%	1.8%	N/A	N/A
60% MSCI ACWI	*-15.4%*	*2.6%*	N/A	N/A
Graham Global Investment Fund I SPC LTD	N/A	N/A	N/A	N/A
HFRI Macro Index	N/A	N/A	N/A	N/A
Invesco Global	N/A	N/A	N/A	N/A
30 Day T-Bill + 4%	N/A	N/A	N/A	N/A
TOTAL FUND	-6.4%	5.9%	6.2%	7.8%
Policy Index	*-6.8%*	*5.8%*	*6.2%*	*7.5%*

Note: % taken from NEPC Quarterly Report presented to Board of Retirement on 8/23/2022.
Using time-weighted rate of return based on the market rate of return.
Does not include Securities Lending Collateral.

* Investment Rate of Return (IRR) since inception is reported. One, three, five, and ten year returns are not available for these investments.

SCHEDULE OF INVESTMENTS BY ASSET CLASS AND MANAGER
As of June 30, 2022

Investment Managers	Asset Class	Assets Under Management	% of Fund
DOMESTIC EQUITY			
Dodge & Cox	Large Cap Value	$ 113,835,390	4.54%
BlackRock R1000 Value	Large Cap Value	102,986,159	4.11%
BlackRock R1000 Growth	Large Cap Growth	188,941,916	7.54%
Capital Prospects	Small Cap Value	92,360,890	3.68%
FIXED INCOME			
Insight	Core Bond	123,727,894	4.93%
NT Intermediate Bond	Core Bond	101,090,473	4.03%
NT Long Term Bond	Core Bond	43,980,321	1.75%
INTERNATIONAL EQUITY			
LSV Asset Management	Equity Value	224,778,437	8.96%
Fidelity Asset Management	Equity Growth	204,641,838	8.16%
REAL ESTATE SECURITIES			
BlackRock US Real Estate	Real Estate Index	40,677,468	1.62%
PRIVATE CREDIT			
Abry VI	Private Credit	4,508,672	0.18%
BlackRock High Yield	Private Credit	97,407,289	3.88%
Medley Opportunity Fund II	Private Credit	2,047,215	0.08%
Raven Opportunity Fund I	Private Credit	(2)	0.00%
Raven Opportunity Fund III	Private Credit	57,389,616	2.29%
Monroe Fund IV	Private Credit	10,566,532	0.42%
White Oak Global Advisors	Private Credit	25,386,739	1.01%
Owl Rock First Lien	Private Credit	8,439,504	0.34%
Strategic Values Special Solutions Fund V, L.P.	Private Credit	3,587,630	0.14%
PRIVATE REAL ESTATE			
American Realty Advisors	Private Real Estate	90,647,817	3.62%
Greenfield Acquisition Partners VII LP	Private Real Estate	3,332,665	0.13%
Grandview I-A	Private Real Estate	27,724,003	1.11%
Grandview II	Private Real Estate	11,047,759	0.44%
PGIM	Private Real Estate	91,206,032	3.64%
Prime Property Fund	Private Real Estate	107,869,487	4.30%
PRIVATE EQUITY			
Blue Wolf V	Private Equity	(459,163)	0.00%
Clayton, Dubilier & Rice XI	Private Equity	8,337,868	0.33%
Genstar Capital Partners X	Private Equity	3,162,196	0.13%
Great Hill EP VIII	Private Equity	(942,150)	-0.04%
Gryphon Partners VI	Private Equity	10,120,708	0.40%
Insight Partners XI	Private Equity	23,641,503	0.94%
Northern Trust Russell 3000	Private Equity	78,230,568	3.12%
Sole Source Partners II	Private Equity	11,047,287	0.44%
Vista Foundation IV Fund	Private Equity	11,162,916	0.45%

SCHEDULE OF INVESTMENTS BY ASSET CLASS AND MANAGER (Continued)
As of June 30, 2022

Investment Managers	Asset Class	Assets Under Management	% of Fund
INFRASTRUCTURE			
Palistar Infrastructure II	Infrastructure	9,086,033	0.36%
JP Morgan IIF	Infrastructure	30,517,603	1.22%
NTAM Infrastructure	Infrastructure	136,146,806	5.43%
North Haven Partners II LP	Infrastructure	30,018,340	1.20%
RISK PARITY			
AQR	Risk Parity	122,159,372	4.87%
Graham Fund I	Risk Parity	67,472,851	2.69%
Invesco	Risk Parity	25,540,085	1.02%
PanAgora	Risk Parity	111,512,654	4.45%
Total Assets Under Management		2,454,937,221	
Cash and Short-Term Investments	90 Day T-Bill	52,455,305	2.09%
Total Fund		**$ 2,507,392,526**	**100.00%**

Note: Does not include Securities Lending Collateral.
Does not include cash in Treasury Pool.

LARGEST BOND HOLDINGS (BY FAIR VALUE)
JUNE 30, 2022

Shares	Bond	Fair Value
2,845,000	CAMPBELL SOUP CO DUE 03-15-2025	$ 2,837,810
2,800,000	ABBOTT LABS DUE 11-30-2026	2,814,546
2,693,000	COLUMBIA PIPELN DUE 06-01-2025	2,715,168
3,000,000	PVTPL MASSMUTUAL GLOBAL FUNDING DUE 07-16-2026	2,697,130
2,800,000	VERIZON DUE 08-15-2026	2,645,381
2,503,000	CIGNA CORP NEW DUE 02-25-2026	2,527,986
2,552,000	BARCLAYS PLC DUE 01-12-2026	2,525,726
2,600,000	BA CR CARD TR FIXED DUE 05-15-2026	2,491,558
2,700,000	AIG GLOBAL FDG SR DUE 09-22-2025	2,421,979
2,500,000	DTD 11/30/2019 DUE 11-30-2024	2,411,621
2,500,000	UTD TECHNOLOGIES DUE 05-04-2027	2,390,689
2,419,000	CAP 1 FINL CORP DUE 02-05-2025	2,352,021
2,333,000	DAIMLER FIN N AMER DUE 08-01-2024	2,302,191
2,298,000	WELLS FARGO & CO DUE 09-09-2024	2,267,153
2,193,000	GRUPO BIMBO SAB DE CV GTD NT 144A DUE 06-24-2024	2,166,596
2,204,000	STARBUCKS CORP DUE 06-15-2026	2,078,519
2,093,000	VERIZON OWNER TR 2020-C SRS 20- C CL A DUE 12-20-2025	2,046,450
2,300,000	AMAZON COM INC DUE 06-03-2027	2,046,433
2,000,000	PVTPL GMF FLOORPLAN OWNER REVOLVING TR SR 2020-1 CL A DUE 08-15-2025	1,931,837
1,853,000	CVS HEALTH CORP DUE 12-01-2022	1,851,979

LARGEST STOCK HOLDINGS (BY FAIR VALUE)
JUNE 30, 2022

Shares	Stock	Fair Value
15,200	ROCHE HLDGS AG GENUSSCHEINE NPV	$ 5,057,670
81,500	OCCIDENTAL PETROLEUM CORP	4,798,720
106,500	SAMSUNG ELECTRONIC	4,675,370
72,500	SCHWAB CHARLES CORP	4,580,550
107,700	WELLS FARGO & CO	4,218,609
192,600	GSK PLC	4,129,793
35,336	NESTLE SA CHF	4,113,275
47,900	NOVARTIS AG CHF	4,045,245
140,600	NIPPON TELEGRAPH & TELEPHONE CORP NPV	4,032,075
365,800	AIA GROUP LTD NPV	3,964,762
38,700	SANOFI	3,897,812
1,750	ALPHABET INC	3,828,038
14,500	CIGNA CORP	3,821,040
69,600	TOTALENERGIES SE	3,665,089
10,570	ROCHE HLDGS AG GENUSSCHEINE NPV	3,517,077
69,500	SANOFI	3,477,085
133,700	SHELL PLC ORD	3,465,018
54,500	METLIFE INC COM	3,422,055
14,700	FEDEX CORP COM	3,332,637
31,500	CAPITAL ONE FINL CORP COM	3,281,985

A complete list of portfolio holdings is available on StanCERA's website at www.stancera.org or upon request.

SCHEDULE OF INVESTMENT MANAGEMENT FEES
For the Fiscal Years Ended June 30, 2022 and 2021

		2022	2021
Domestic Equities			
BlackRock		$ 119,674	$ 46,872
Capital Prospects		800,381	658,157
Dodge & Cox		258,477	226,029
NT Russell 1000		21,115	30,566
	Total Domestic Equities	**1,199,647**	**961,624**
International Equities			
LSV Asset Management		639,169	675,113
Fidelity Asset Management		1,246,562	1,276,056
	Total International Equities	**1,885,731**	**1,951,169**
Fixed Income			
Dimensional Fund Advisors		-	205,991
Insight		129,116	212,990
NT Intermediate Bond		49,079	24,477
NT Long Term Bond		20,223	10,321
	Total Fixed Income	**198,418**	**453,779**
Real Estate Securities			
BlackRock US Real Estate Index		91,860	15,641
	Total Real Estate Securities	**91,860**	**15,641**
Private Credit			
Abry VI		145,384	-
BlackRock High Yield		113,554	-
Medley Opportunity Fund II		1,271,969	39,424
Raven Opportunity Fund III		717,012	716,407
Owl Rock First		148,917	141,916
Strategic Values Special Solutions Fund V, L.P.		126,924	-
White Oak Global Advisors		350,602	358,760
	Total Private Credit	**2,874,362**	**1,256,507**
Private Real Estate			
American Realty Advisors		3,176,063	791,272
Greenfield Acquisition Partners VII		404,899	626,341
Grandview I-A		1,783,643	2,577,972
Grandview II		271,233	-
Prime Property Fund		975,311	715,258
PGIM		509,853	472,801
	Total Private Real Estate	**7,121,002**	**5,183,644**
Private Equity			
Blue Wolf V		177,368	-
Clayton, Dubilier & Rice XI		93,812	195,044
Genstar X		44,302	-
Great Hill VIII		24,259	-
Gryphon Partners VI		150,229	67,287
Insight Partners XI		158,755	262,225
Sole Source Partners II		682,463	-
Vista Foundation IV		400,000	400,000
	Total Private Equity	**1,731,188**	**924,556**
Infrastructure			
JP Morgan IIF		67,696	-
Palistar Infrastructure II		802,136	-
NTAM Infrastructure		2,224	-
North Haven Partners, LP		354,269	433,202
	Total Infrastructure	**1,226,325**	**433,202**
Risk Parity			
AQR		579,578	639,736
Graham Fund I		3,940,148	-
Invesco		106,012	-
PanAgora		530,393	617,725
	Total Risk Parity	**5,156,131**	**1,257,461**
	Total Investment Management Fees	**21,484,664**	**12,437,583**
Other Investment Fees and Expenses			
Consultant Fees		501,233	524,347
Custodial Fees		242,263	342,344
Investment Attorney		130,981	179,113
Other Investment Costs		5,376,766	2,299,994
Actuarial Fees		162,593	103,178
	Total Other Investment Fees and Expenses	**6,413,836**	**3,448,976**
Total Investment Fees and Expenses		**$27,898,500**	**$15,886,559**

Schedule of Investment Broker Commissions

StanCERA participates in a commission recapture program administered by Cowen. The strategic objective of the Commission Recapture Program is to recapture a portion of trade commissions paid to brokers. The primary goal is to ensure that investment managers provide the best effort to optimize use of StanCERA's assets for the benefit of the members and beneficiaries by recapturing commissions paid on a specific percentage of trades sent to correspondent brokers on a timely basis. For the fiscal years ending June 30, 2022 and 2021, Commission Recapture Income was $32,929 and $28,983, respectively.

Below are the commissions paid by StanCERA for the fiscal years ending June 30:

		2022		
		# Shares	Commissions	Per Share
Domestic Equities				
Capital Prospects		521,490	$ 14,722	$ 0.028
	Total Domestic Equities	**521,490**	**14,722**	**0.028**
International Equities				
Fidelity Asset Management		5,782,904	86,848	0.015
	Total International Equities	**5,782,904**	**86,848**	**-**
	Total Investment Broker Commissions	**6,304,394**	**$ 101,570**	**$ 0.016**

		2021		
		# Shares	Commissions	Per Share
Domestic Equities				
Capital Prospects		519,406	$ 14,789	$ 0.028
	Total Domestic Equities	**519,406**	**14,789**	**0.028**
International Equities				
Fidelity Asset Management		15,344,560	167,647	0.011
	Total International Equities	**15,344,560**	**167,647**	**-**
	Total Investment Broker Commissions	**15,863,966**	**$ 182,436**	**$ 0.012**

ACTUARIAL SECTION

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Via Electronic Mail

September 30, 2022

Actuarial Certification

This is the Actuary's Certification Letter for the Actuarial Section of the Annual Comprehensive Financial Report for the StanCERA Retirement Plan (the Plan) as of June 30, 2022. This letter includes references to two documents produced by Cheiron for the Plan: the Actuarial Valuation Report as of June 30, 2021 (transmitted February 15, 2022) and the GASB 67/68 Report as of June 30, 2022 (transmitted September 29, 2022).

Actuarial Valuation Report as of June 30, 2021

The purpose of the annual Actuarial Valuation Report as of June 30, 2021 is to determine the actuarial funding status of StanCERA on that date and to calculate recommended contribution rates for the participating employers and Plan members for the Fiscal Year 2022-2023. The prior review was conducted as of June 30, 2020 and included recommended contribution rates for the Fiscal Year 2021-2022.

Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize the Unfunded Actuarial Accrued Liability (UAAL) plus expected administrative expenses. As of the valuation date (June 30, 2021), the amortization period is 15 years. Future unexpected changes in the UAAL from actuarial gains or losses or assumption changes will be amortized over a period of 20 years as a level percentage of payroll, with new amortization layers established each year, beginning with changes emerging after June 30, 2021. Any future changes in the UAAL due to plan amendments or other plan provision changes will be amortized over a shorter period, based on the lesser of 15 years or the average future working lifetime for changes affecting active members, or the lesser of 10 years or the average remaining life expectancy for changes affecting inactive members.

The funding objective of the Plan is to accumulate sufficient assets over each Member's working life to provide for Plan benefits after termination of employment or retirement. For actuarial valuation purposes, Plan assets are valued at actuarial value. Under this method, the assets used to determine employer contribution rates take into account market value by spreading all investment gains and losses (returns above or below expected returns) over a period of five years. The actuarial value is limited to no less than 80% and no more than 120% of market value.

The Board of Retirement is responsible for establishing and maintaining the funding policy of the Plan, subject to the laws of the State of California enacted under the County Employees Retirement Law of 1937 and subsequent legislation.

We prepared the following schedules, which we understand will be included in the Actuarial Section of the Annual Comprehensive Financial Report, based on the June 30, 2021 actuarial valuation. All historical information prior to the June 30, 2008 actuarial valuation shown in these schedules is based on information reported by the prior actuary, Buck Consultants.

- Summary of Current Actuarial Assumptions and Methods
- Membership Information (Active, Deferred, and Retired)
- Schedule of Retirees and Beneficiaries Added to and Removed from Rolls
- Analysis of Financial Experience: Change in Unfunded Actuarial Liability
- Schedule of Funded Liabilities by Type (formerly referred to as the Solvency Test)
- Schedule of Funding Progress
- Summary of Plan Provisions

We reviewed the actuarial assumptions shown in the schedules and found them to be reasonably appropriate for use under the Plan. The assumptions used in this report reflect the results of an Experience Study performed by Cheiron covering the period from July 1, 2018 through June 30, 2021 and approved by the Board. The assumptions used in the most recent valuation are intended to produce results that, in the aggregate, reasonably approximate the anticipated future experience of the Plan. The next experience analysis is expected to cover the years through 2024.

We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for funding purposes meet the requirements of the Actuarial Standards of Practice (ASOPs), in particular ASOPs No. 4, 27, 35, and 44.

GASB 67/68 Report as of June 30, 2022

The purpose of GASB 67/68 Report as of June 30, 2022 is to provide accounting and financial reporting information under GASB 67 for StanCERA and under GASB 68 for Stanislaus County and the other participating employers. This report is not appropriate for other purposes, including the measurement of funding requirements for StanCERA.

For financial reporting purposes, the Total Pension Liability is based on the June 30, 2021 actuarial valuation updated to the measurement date of June 30, 2022. There were no significant events of which we were aware between the valuation date and the measurement date so the update procedures only included the addition of service cost and interest cost offset by actual benefit payments.

Please refer to our GASB 67/68 report as of June 30, 2022 for additional information related to the financial reporting of the System. We prepared the following schedules for inclusion in the Financial Section of the Annual Comprehensive Financial Report based on the June 30, 2022 GASB 67/68 report:

- Change in Net Pension Liability
- Sensitivity of Net Pension Liability to Changes in Discount Rate
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Employer Contributions
- Notes to the Schedule of Employer Contributions

We certify that the report was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for disclosure purposes have been prepared in accordance with our understanding of generally accepted accounting principles as promulgated by the GASB.

Disclaimers

In preparing our reports, we relied on information (some oral and some written) supplied by StanCERA. 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, Data Quality.

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

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and, changes in plan provisions or applicable law.

These reports are for the use of StanCERA and its auditor in preparing financial reports in accordance with applicable law and accounting requirements. Any other user of these reports is not an intended user and is considered a third party.

Cheiron's reports were prepared solely for StanCERA for the purposes described herein, except that the Plan's auditor may rely on these reports solely for the purpose of completing an audit related to the matters herein. They are not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

These reports and their 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 opinions contained in these reports. These reports do not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Respectfully Submitted,

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SUMMARY OF ASSUMPTIONS AND FUNDING METHODS

The following assumptions, along with the post-retirement and pre-retirement demographic experiences, are based on StanCERA's actuarial experience study from July 1, 2018 through June 30, 2021, approved by the StanCERA Board of Retirement on December 14, 2021. The actuarial valuation for the fiscal year ending June 30, 2021 was approved by the StanCERA Board of Retirement on February 15, 2022, which incorporated the following assumptions. The purpose of the annual actuarial valuation report as of June 30, 2021 is to determine the actuarial funding status of StanCERA on that date and to calculate recommended contribution rates for the participating employers and StanCERA members for the fiscal year ended June 30, 2023. The prior actuarial valuation conducted as of June 30, 2020 included recommended contribution rates for the fiscal year ended June 30, 2022 which was approved by the StanCERA Board of Retirement on January 26, 2021.

Plan Description

A summary of plan provisions can be found in Note 1 of the Notes to Basic Financial Statements.

Actuarial Methods

Actuarial Cost Method

Annual contributions are computed under the Entry Age Normal Actuarial Cost Method, computed to the final decrement. A schedule of actuarially determined contributions compared to actual contributions can be found in the Required Supplementary Information Section following the Notes to the Basic Financial Statements.

The excess of the Actuarial Accrued Liability over Plan assets is the Unfunded Actuarial Accrued Liability. The liability for each valuation group is amortized as a level percentage of payroll over a closed period (15 years as of the current valuation).

Actuarial Value of Plan Assets

The Actuarial Value of Plan Assets is a modified market-related value. The fair value of assets is adjusted to recognize, over a five-year period, differences between actual investment earnings and the assumed investment return. The Actuarial Value of Plan Assets is limited to no less the 80% and no more than 120% of the fair value. As of June 30, 2011, the Actuarial Value was reset to equal fair value.

ACTUARIAL VALUATION METHODS AND ASSUMPTIONS

Valuation Date	June 30, 2021	June 30, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay
Remaining Amortization Period	15 Years	16 Years
Asset Valuation Method	Modified Market-Related Value smoothed over a five year period	Modified Market-Related Value smoothed over a five year period

Actuarial Assumptions

1. Rate of Return – The annual rate of return is assumed to be 6.75% net of investment expenses.
2. Cost of Living Adjustments (COLA) – The COLA is assumed to be 2.50% per year as measured by the Consumer Price Index.
3. Administrative Expenses – An allowance of $3,100,000 has been included in the annual cost calculation.
4. Interest Credited to Employee Accounts – 0.25% annually.
5. Increases in Pay – Base salary increase is assumed at 2.75%. Assumed pay increases for active Members consist of increases due to salary adjustments (as noted above), plus service-based increases due to longevity and promotion, as shown below.

Service	Safety	General
0	5.00%	5.00%
1	5.00%	5.00%
2	5.00%	5.00%
3	5.00%	4.50%
4	5.00%	4.50%
5	3.50%	2.00%
6	2.50%	1.75%
7	1.50%	1.50%
8	1.25%	1.50%
9	1.00%	1.25%
10	0.75%	1.00%
11+	0.50%	1.00%

6. Public Employees' Pension Reform Act (PEPRA) Compensation Limit – Assumption used for increasing the compensation limit that applies to PEPRA members is 2.50%.
7. Post Retirement COLA – 100% of Consumer Price Index up to 3% annually with banking, 2.4% annual increases assumed.
8. Social Security Wage Base – For projecting the Social Security Benefit, the annual Social Security Wage Base increase is assumed to be 2.75% per year. General Tier 3 members have their benefits offset by an assumed Social Security Benefit.
9. Internal Revenue Code Section 415 Limit – have been applied to the benefits for members currently in pay status, as the limited benefits have been provided by StanCERA for valuation purposes.
10. Internal Revenue Code Section 401(a)(17) – not reflected in the valuation for funding purposes.
11. Family Composition – Spouses of male members are assumed to be two years younger than the member. Spouses of female members are assumed to be two years older than the member.

Percent Married	
Gender	Percentage
Males	80%
Females	60%

Actuarial Assumptions (continued)

12. Accumulated Vacation Time Load – Active members' service retirement and related benefits are loaded by 3.00% for Safety Members and 3.00% for General Members.

13. Rates of Separation – Separate rates of termination are assumed among Safety and General Members. Termination rates do not apply once a member is eligible for retirement.

Termination (all types)		
	Safety	General
Service	All	All
0	18.0%	16.0%
1	14.0%	8.0%
2	9.0%	7.0%
3	8.0%	6.0%
4	7.0%	6.0%
5	7.0%	6.0%
10	5.0%	5.0%
15	3.0%	2.0%
20	3.0%	0.0%
25	3.0%	0.0%
30+	0.0%	0.0%

14. Withdrawal – Rates of withdrawal apply to active Members who terminate their employment and withdraw their member contributions. 45% of all General Member terminations with less than ten years of service and 15% of those with ten or more years of service are assumed to take a refund of contributions. 35% of all Safety Member terminations with less than ten years of service and 10% of those with ten or more years of service are assumed to take a refund of contributions.

15. Vested Termination – Rates of vested termination apply to active Members who terminate their employment after five years of service and leave their member contributions on deposit with the Plan. Tier 3 General Members are assumed to begin receiving benefits at age 65, all other General Members at age 58. Safety Members are assumed to begin receiving benefits at age 51. 60% of vested terminated General members are assumed to be reciprocal with less than 10 years of service, and 40% of those with 10 years or more. 75% of vested Safety members are assumed to be reciprocal with less than 10 years of service, and 70% with 10 years or more. Reciprocal members are assumed to receive annual pay increases of 3.25% for General members and 3.75% for Safety members.

Actuarial Assumptions (continued)

16. Service Connected Disability – Separate rates are assumed among Safety and General Members. Rates for both sexes for Safety Members are combined.

Service Connected Disability			
	Safety	General	
Age	All	Female	Male
20	0.0020%	0.0002%	0.0043%
25	0.0760%	0.0004%	0.0102%
30	0.1700%	0.0008%	0.0211%
35	0.2640%	0.0024%	0.0284%
40	0.3600%	0.0056%	0.0401%
45	0.4570%	0.0101%	0.0613%
50	0.5570%	0.0162%	0.0897%
55	0.6580%	0.0249%	0.1227%
60	0.7620%	0.0349%	0.1637%
65	0.8690%	0.0000%	0.0000%

17. Non-Service Connected Disability - Separate rates are assumed among Safety and General Members. Rates for both sexes for Safety Members are combined. Rates shown are applied after five years of service.

Non-Service Connected Disability			
	Safety	General	
Age	All	Female	Male
20	0.0100%	0.0100%	0.0170%
25	0.0100%	0.0100%	0.0170%
30	0.0200%	0.0240%	0.0190%
35	0.0300%	0.0710%	0.0390%
40	0.0400%	0.1350%	0.1020%
45	0.0500%	0.1880%	0.1510%
50	0.0800%	0.1990%	0.1580%
55	0.1300%	0.1490%	0.1580%
60	0.2000%	0.1050%	0.1530%
65	0.2000%	0.0880%	0.1280%
70	-	0.0840%	0.1020%
75+	-	0.0880%	0.1020%

Actuarial Assumptions (continued)

18. Rates for Mortality for Healthy Lives – Rates of ordinary death for active General members are specified by the 2021 California Public Employees Retirement System (CalPERS) Preretirement Non-Industrial Mortality table, adjusted by 102.2% for males and 110.2% for females. Rates of ordinary death for active Safety members are specified by the 2021 CalPERS Preretirement Non-Industrial Mortality table, adjusted by 102.6% for males and 100.9% for females. Duty related mortality rates are only applicable for Safety Active Members and are based on the 2021 CalPERS Preretirement Industrial Death table, adjusted by 102.6% for males and 100.9% for females. These mortality base tables are all projected generationally from 2017 using 80% of SOA Scale MP-2020.

Mortality Rates						
	Ordinary Death - General		Ordinary Death - Safety		Duty Death - Safety	
Age	Female	Male	Female	Male	Female	Male
20	0.0154%	0.0399%	0.0141%	0.0390%	0.0020%	0.0041%
25	0.0143%	0.0337%	0.0182%	0.0349%	0.0020%	0.0041%
30	0.0209%	0.0450%	0.0252%	0.0431%	0.0030%	0.0051%
35	0.0320%	0.0593%	0.0343%	0.0492%	0.0040%	0.0051%
40	0.0430%	0.0767%	0.0424%	0.0564%	0.0050%	0.0062%
45	0.0595%	0.0950%	0.0535%	0.0677%	0.0061%	0.0072%
50	0.0893%	0.1369%	0.0737%	0.0944%	0.0081%	0.0103%
55	0.1355%	0.2024%	0.1070%	0.1416%	0.0121%	0.0154%
60	0.1973%	0.2933%	0.1524%	0.2267%	0.0172%	0.0257%
65	0.2755%	0.4119%	0.1957%	0.3550%	0.0222%	0.0390%
70	0.4452%	0.6071%	0.3612%	0.6218%	0.0404%	0.0687%

19. Disabled Member Mortality –

Non-Service Connected Disability Members are specified by the 2021 CalPERS Non-Industrial Disabled Annuitant Mortality table, no adjustment for males or females, with generational mortality improvements projected from 2017 using 80% of SOA Scale MP-2020.

Service Connected Disability Members are adjusted by 105% for females and no adjustment for males using the same table and scale.

Disabled Mortality Rates				
	Non-Service Connected		Service Connected	
Age	Female	Male	Female	Male
45	1.019%	1.120%	0.238%	0.314%
50	1.439%	1.727%	0.326%	0.437%
55	1.734%	2.217%	0.577%	0.623%
60	1.962%	2.681%	0.911%	0.935%
65	2.276%	3.332%	1.250%	1.393%
70	2.910%	4.056%	1.951%	2.189%
75	4.160%	5.465%	3.291%	3.498%
80	6.112%	8.044%	5.442%	5.932%
85	9.385%	11.695%	8.447%	10.244%
90	14.396%	16.770%	13.056%	16.739%

Actuarial Assumptions (continued)

20. Retired Member and Beneficiary Mortality - specified by the CalPERS Healthy Annuitant Mortality table, adjusted by 107.6% for males and 115.3% for females, with generational mortality improvements projected from 2017 using 80% of SOA Scale MP-2020.

Retired Mortality Rates		
Age	Female	Male
45	0.063%	0.101%
50	0.229%	0.291%
55	0.375%	0.421%
60	0.525%	0.618%
65	0.705%	0.922%
70	1.149%	1.442%
75	2.056%	2.582%
80	3.923%	4.713%
85	7.110%	8.902%
90	12.782%	15.644%

21. Mortality Improvement – The mortality assumptions employ a fully generational mortality improvement projection from base year 2017 using 80% of SOA Scale MP-2020.

22. Service Retirement – Assumed to occur among eligible members in accordance with the following table for non-PEPRA Tiers 1 through 5.

Service Retirement - General			
	Years of Service		
Age	0-9	10-29	30+
40-44	0.00%	0.00%	0.00%
45-49	0.00%	0.00%	10.00%
50-54	0.00%	4.00%	10.00%
55	0.00%	7.00%	10.00%
56	0.00%	7.00%	15.00%
57	0.00%	7.00%	15.00%
58	0.00%	7.00%	15.00%
59	0.00%	12.50%	15.00%
60	0.00%	12.50%	22.50%
61	0.00%	12.50%	30.00%
62	0.00%	20.00%	30.00%
63	0.00%	20.00%	30.00%
64	0.00%	20.00%	30.00%
65	0.00%	40.00%	30.00%
66	0.00%	40.00%	30.00%
67	0.00%	40.00%	30.00%
68	0.00%	25.00%	30.00%
69	0.00%	25.00%	30.00%
70	25.00%	25.00%	30.00%
71	25.00%	25.00%	30.00%
72	25.00%	25.00%	30.00%
73	25.00%	25.00%	30.00%
74	25.00%	25.00%	30.00%
75+	100.00%	100.00%	100.00%

Service Retirement - Safety				
	Years of Service			
Age	0-9	10-14	15-19	20+
40-48	0.00%	0.00%	0.00%	5.00%
49	0.00%	0.00%	0.00%	20.00%
50	0.00%	5.00%	25.00%	40.00%
51	0.00%	5.00%	5.00%	25.00%
52	0.00%	5.00%	5.00%	25.00%
53	0.00%	5.00%	5.00%	25.00%
54	0.00%	5.00%	5.00%	25.00%
55	0.00%	5.00%	5.00%	40.00%
56	0.00%	5.00%	5.00%	40.00%
57	0.00%	5.00%	5.00%	40.00%
58	0.00%	5.00%	5.00%	40.00%
59	0.00%	5.00%	5.00%	40.00%
60	0.00%	25.00%	25.00%	100.00%
61	0.00%	25.00%	25.00%	100.00%
62	0.00%	25.00%	25.00%	100.00%
63	0.00%	25.00%	25.00%	100.00%
64	0.00%	25.00%	25.00%	100.00%
65	0.00%	100.00%	100.00%	100.00%
66	0.00%	100.00%	100.00%	100.00%
67	0.00%	100.00%	100.00%	100.00%
68	0.00%	100.00%	100.00%	100.00%
69	0.00%	100.00%	100.00%	100.00%
70+	100.00%	100.00%	100.00%	100.00%

Actuarial Assumptions (continued)

23. PEPRA – Retirement for members in PEPRA, Tier 6, are assumed to occur among eligible members in accordance with the sample rates below, from the full tables 2021 CALPERS Public Agency Miscellaneous 2% @ 62 table for General and the CALPERS Public Agency Safety Police 2.7% @ 57 table for Safety:

Service Retirement - General (PEPRA)				
	Years of Service			
Age	5	10	25	35
50-51	0.00%	0.00%	0.00%	0.00%
52	0.50%	0.80%	1.90%	3.80%
53	0.70%	1.10%	2.10%	4.80%
54	0.70%	1.10%	2.30%	5.40%
55	1.00%	1.90%	6.10%	15.20%
56	1.40%	2.60%	7.50%	16.70%
57	1.80%	2.90%	7.40%	14.30%
58	2.30%	3.50%	7.30%	13.50%
59	2.50%	3.80%	9.20%	17.50%
60	3.10%	5.10%	11.10%	18.30%
61	3.80%	5.80%	12.10%	23.20%
62	4.40%	7.40%	16.40%	27.10%
63	7.70%	10.50%	19.20%	26.60%
64	7.20%	10.10%	18.70%	27.60%
65	10.80%	14.10%	23.90%	34.80%
66	13.20%	17.20%	29.20%	42.60%
67	13.20%	17.20%	29.20%	40.50%
68	12.00%	15.60%	26.50%	38.70%
69	12.00%	15.60%	26.50%	36.80%
70	12.00%	15.60%	26.50%	38.70%
71	12.00%	15.60%	26.50%	38.70%
72	12.00%	15.60%	26.50%	38.70%
73	12.00%	15.60%	26.50%	38.70%
74	12.00%	15.60%	26.50%	38.70%
75+	100.00%	100.00%	100.00%	100.00%

Service Retirement - Safety (PEPRA)				
	Years of Service			
Age	5	10	25	35
50	5.00%	5.00%	5.00%	11.00%
51	4.00%	4.00%	5.75%	13.92%
52	3.80%	3.80%	5.80%	13.21%
53	3.80%	3.80%	7.74%	28.98%
54	3.80%	3.80%	9.31%	33.25%
55	6.84%	6.84%	13.40%	38.76%
56	6.27%	6.27%	12.28%	34.49%
57	6.00%	6.00%	11.75%	32.00%
58	8.00%	8.00%	13.75%	35.00%
59	8.00%	8.00%	14.00%	40.00%
60	15.00%	15.00%	15.00%	35.00%
61	14.40%	14.40%	14.40%	26.40%
62	15.00%	15.00%	15.00%	33.00%
63	15.00%	15.00%	15.00%	40.00%
64	15.00%	15.00%	15.00%	52.50%
65+	100.00%	100.00%	100.00%	100.00%

24. Changes in actuarial assumptions – Details of all assumption changes can be found in the Actuarial Experience Study Report on StanCERA's website at http://www.stancera.org for the period covering July 1, 2018 through June 30, 2021. The proposed assumptions were summarized and reviewed with the Board at the December 14, 2021 Board meeting, at which the Board provided direction to proceed with the valuation based on those assumptions.

Participant data on active and inactive Members and their beneficiaries as of the valuation date was supplied by the Plan staff on direction of the Executive Director on electronic media. Member data was neither verified nor audited.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA
FOR FISCAL YEARS ENDED JUNE 30

Valuation Date	Plan Type	Number	Annual Salary	Average Annual Salary	% Increase (Decrease) in Average Salary	Number of Employers
6/30/2012	General	3,233	$ 179,260,736	$ 55,447	-3.08%	
	Safety	661	41,657,273	63,022	-3.96%	
	Total	3,894	$ 220,918,009	$ 56,733	-3.18%	8
6/30/2013	General	3,230	$ 176,437,755	$ 54,625	-1.48%	
	Safety	694	42,590,563	61,370	-2.62%	
	Total	3,924	$ 219,028,318	$ 55,818	-1.61%	8
6/30/2014	General	3,303	$ 179,606,090	$ 54,377	-0.45%	
	Safety	689	43,422,198	63,022	2.69%	
	Total	3,992	$ 223,028,288	$ 55,869	0.09%	8
6/30/2015	General	3,421	$ 188,550,804	$ 55,116	1.36%	
	Safety	723	49,166,923	68,004	7.91%	
	Total	4,144	$ 237,717,727	$ 57,364	2.68%	8
6/30/2016	General	3,521	$ 198,457,059	$ 56,364	2.26%	
	Safety	727	52,020,521	71,555	5.22%	
	Total	4,248	$ 250,477,580	$ 58,964	2.79%	8
6/30/2017	General	3,552	$ 201,758,423	$ 56,801	0.78%	
	Safety	757	54,385,261	71,843	0.40%	
	Total	4,309	$ 256,143,684	$ 59,444	0.81%	8
6/30/2018	General	3,658	$ 211,919,963	$ 57,933	1.99%	
	Safety	794	58,835,257	74,100	3.14%	
	Total	4,452	$ 270,755,220	$ 60,817	2.31%	8
6/30/2019	General	3,690	$ 220,393,008	$ 59,727	3.10%	
	Safety	814	63,615,295	78,151	5.47%	
	Total	4,504	$ 284,008,303	$ 63,057	3.68%	8
6/30/2020	General	3,652	$ 221,652,587	$ 60,693	1.62%	
	Safety	806	63,673,695	79,000	1.09%	
	Total	4,458	$ 285,326,282	$ 64,003	1.50%	8
6/30/2021	General	3,555	$ 228,145,063	$ 64,176	5.74%	
	Safety	766	63,505,375	82,905	4.94%	
	Total	4,321	$ 291,650,438	$ 67,496	5.46%	8

Note: The annual salary presented here is annualized historical salary. The covered payroll shown in the Notes to the Basic Financial Statements is actual pensionable salaries. Salary shown in the Schedule of Funding Progress is based on projected salary from the actuarial valuation.

Note: The employers participating in the Plan include Stanislaus County, Stanislaus County Superior Court, Stanislaus Regional Transit Authority, City of Ceres and six small districts.

SCHEDULE OF FUNDING PROGRESS
FOR FISCAL YEARS ENDED JUNE 30

Actuarial Valuation Date	Valuation Assets [1]	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a % of Covered Payroll
2012	$1,451,764,000	$1,888,713,000	$ 436,949,000	76.9%	$ 220,918,009	197.8%
2013	$1,524,076,000	$1,919,227,000	$ 395,151,000	79.4%	$ 219,028,318	180.4%
2014	$1,644,077,000	$2,026,371,000	$ 382,294,000	81.1%	$ 223,028,288	171.4%
2015	$1,763,629,000	$2,391,522,000	$ 627,893,000	73.7%	$ 237,717,727	264.1%
2016	$1,845,764,000	$2,537,067,000	$ 691,303,000	72.8%	$ 250,477,580	276.0%
2017	$1,968,231,000	$2,648,162,000	$ 679,931,000	74.3%	$ 256,143,684	265.4%
2018	$2,100,278,000	$2,749,068,000	$ 648,790,000	76.4%	$ 270,755,220	239.6%
2019	$2,199,956,000	$2,897,223,000	$ 697,267,000	75.9%	$ 284,008,303	245.5%
2020	$2,290,287,000	$3,028,647,000	$ 738,360,000	75.6%	$ 285,326,282	258.8%
2021	$2,483,712,000	$3,153,032,000	$ 669,320,000	78.8%	$ 291,650,438	229.5%

[1] Excludes value of Non-Valuation Reserves.

RETIREES AND BENEFICIARIES ADDED TO
AND REMOVED FROM RETIREE PAYROLL
FOR FISCAL YEARS ENDED JUNE 30

Actuarial Valuation Date	At Beginning of Year	Added During Year	Allowances Added	Removed During Year	Allowances Removed	At End of Year	Retiree Payroll	% Increase in Retiree Payroll	Average Annual Allowance
2012	3,015	226	$ 3,565,634	99	$ 978,729	3,142	$ 80,157,222	7.12%	$ 26,737
2013	3,142	198	$ 6,036,138	91	$ 1,144,584	3,249	$ 89,975,736	12.25%	$ 27,694
2014	3,249	222	$ 6,703,273	86	$ 1,725,066	3,385	$ 96,405,454	7.15%	$ 28,480
2015	3,385	237	$ 7,778,716	83	$ 2,043,313	3,539	$ 104,052,097	7.93%	$ 29,402
2016	3,539	211	$ 7,066,750	99	$ 2,160,689	3,651	$ 111,260,240	6.93%	$ 30,474
2017	3,651	202	$ 6,749,973	107	$ 2,471,229	3,746	$ 117,901,627	5.97%	$ 31,474
2018	3,746	233	$ 7,555,825	123	$ 3,109,178	3,856	$ 124,995,337	6.02%	$ 32,416
2019	3,856	242	$ 8,421,538	97	$ 2,580,158	4,001	$ 133,601,799	6.89%	$ 33,392
2020	4,001	283	$ 11,277,136	107	$ 3,164,436	4,177	$ 144,745,530	8.34%	$ 34,653
2021	4,177	273	$ 9,937,557	134	$ 3,802,836	4,316	$ 153,764,029	6.23%	$ 35,627

SCHEDULE OF FUNDED LIABILITIES BY TYPE
SOLVENCY TEST
FOR FISCAL YEARS ENDED JUNE 30

Valuation Date		Actuarial Accrued Liabilities (AAL) for: 1 Active Member Contributions	2 Retirees & Beneficiaries	3 Active Members Employer Portion	Actuarial Accrued Liabilities	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets 1	2	3
2012		$ 351,569,000	$ 987,546,000	$ 549,598,000	$ 1,888,713,000	$ 1,451,764,000	100%	100%	20%
2013	1	$ 191,968,000	$ 1,065,792,000	$ 661,466,000	$ 1,919,227,000	$ 1,524,076,000	100%	100%	40%
2014		$ 193,301,000	$ 1,144,734,000	$ 688,335,000	$ 2,026,371,000	$ 1,644,077,000	100%	100%	44%
2015		$ 196,074,000	$ 1,337,781,000	$ 857,667,000	$ 2,391,522,000	$ 1,763,629,000	100%	100%	27%
2016		$ 200,960,000	$ 1,427,166,000	$ 908,941,000	$ 2,537,067,000	$ 1,845,764,000	100%	100%	24%
2017		$ 206,386,000	$ 1,510,151,000	$ 931,625,000	$ 2,648,162,000	$ 1,968,231,000	100%	100%	27%
2018		$ 213,223,000	$ 1,590,078,000	$ 945,767,000	$ 2,749,068,000	$ 2,100,278,000	100%	100%	31%
2019		$ 219,369,000	$ 1,695,484,000	$ 982,369,000	$ 2,897,223,000	$ 2,199,956,000	100%	100%	29%
2020		$ 222,390,000	$ 1,833,388,000	$ 972,868,000	$ 3,028,647,000	$ 2,290,287,000	100%	100%	24%
2021		$ 224,594,000	$ 1,903,558,000	$ 1,024,880,000	$ 3,153,032,000	$ 2,483,712,000	100%	100%	35%

[1] Reflects change to include only refundable contribution balance.

ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE
FOR FISCAL YEARS ENDED JUNE 30

Plan Year Ending		Actuarial (Gains)/Losses: Asset Sources	Liability Sources	Total	Changes in Plan Provisions	Changes in Assumption/ Methods
2012		$ (5,283,786)	$ 6,191,029	$ 907,243	$ -	$ 52,606,350
2013		$ 10,200,000	$ 8,500,000	$ 18,700,000	$ -	$ (63,400,000)
2014		$ (22,600,000)	$ 6,100,000	$ (16,500,000)	$ -	$ 400,000
2015		$ (20,600,000)	$ (5,600,000)	$ (26,200,000)	$ -	$ 269,800,000
2016		$ 16,300,000	$ 28,900,000	$ 45,200,000	$ -	$ -
2017		$ (20,800,000)	$ (8,900,000)	$ (29,700,000)	$ -	$ -
2018	1	$ (12,400,000)	$ 16,800,000	$ 4,400,000	$ -	$ (37,800,000)
2019		$ 28,700,000	$ 30,800,000	$ 59,500,000	$ -	$ -
2020		$ 42,100,000	$ 7,400,000	$ 49,500,000	$ -	$ -
2021		$ (65,700,000)	$ 33,000,000	$ (32,700,000)	$ -	$ (30,100,000)

[1] Changes due to Actuarial Audit included as Liability Loss of $700,000.

A 10 year schedule of actuarially determined contributions compared to actual contributions can be found in the Required Supplementary Information to the Financial Statements on page 45.

STATISTICAL SECTION

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STATISTICAL INFORMATION

This section provides a multi-year trend of financial and demographic information to facilitate a more comprehensive understanding of this year's financial statements, note disclosures, and supplementary information covering StanCERA's Plan. The financial and operating information provides additional perspective, context, and detail for StanCERA's Fiduciary Net Position, revenues and expenses by source, number of retirees by benefit type, payments made to retirees by benefit type, membership history, and the participating employers. The financial and operating trend information is located below and on the following pages.

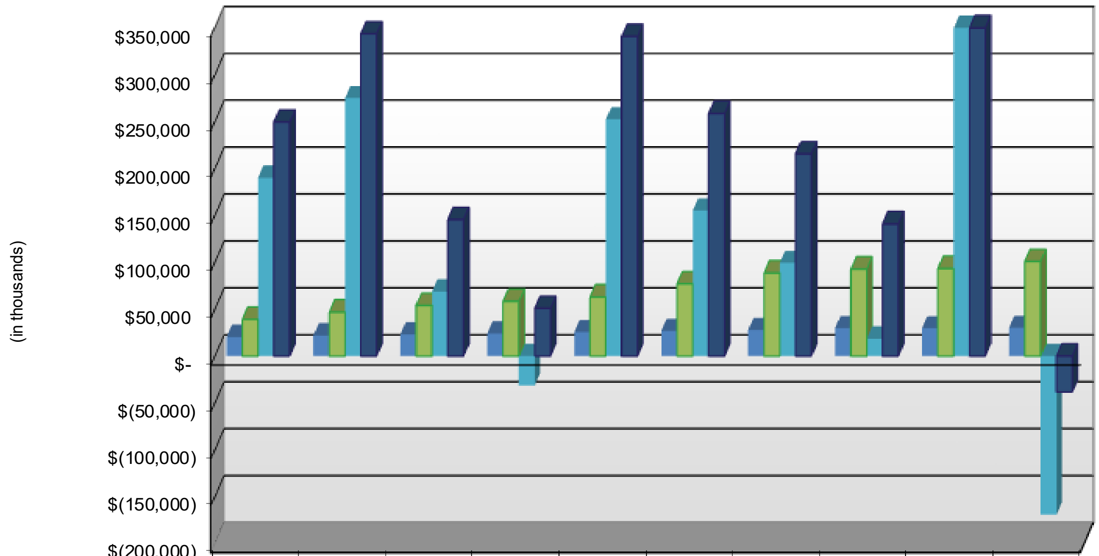
CHANGES IN FIDUCIARY NET POSITION

Last Ten Fiscal Years Ending June 30

Additions To Fiduciary Net Position	2022	2021	2020	2019	2018
Employer Contributions	$100,768,249	$ 93,307,629	$ 92,684,609	$ 88,589,381	$ 76,966,471
Plan Member Contributions	29,998,079	29,553,123	29,645,645	27,742,863	26,746,289
Net Investment Income (Loss)	(169,153,892)	556,195,649	18,496,773	99,280,525	154,988,199
Total Additions	$ (38,387,564)	$ 679,056,401	$ 140,827,027	$ 215,612,769	$ 258,700,959
Deductions From Fiduciary Net Position					
Pension Benefits	$ 158,258,447	$ 149,015,287	$ 138,223,922	$ 129,100,668	$ 121,138,269
Refunds	4,050,751	1,915,614	1,761,673	2,674,023	2,033,847
Administrative Expense	3,475,764	3,393,869	3,216,625	2,557,391	2,791,409
Total Deductions	$ 165,784,962	$ 154,324,770	$ 143,202,220	$ 134,332,082	$ 125,963,525
Change in Fiduciary Net Position Restricted for Pension Benefits	$ (204,172,526)	$ 524,731,631	$ (2,375,193)	$ 81,280,687	$ 132,737,434
Fiduciary Net Position Restricted for Pension Benefits					
Beginning of Year	2,730,597,870	2,205,866,239	2,208,241,432	2,126,960,745	1,994,223,311
End of Year	$2,526,425,344	$2,730,597,870	$2,205,866,239	$2,208,241,432	$2,126,960,745

Additions To Fiduciary Net Position	2017	2016	2015	2014	2013
Employer Contributions	$ 63,024,559	$ 58,196,310	$ 53,849,031	$ 46,763,996	$ 39,077,480
Plan Member Contributions	25,463,745	23,916,508	22,960,235	21,867,911	20,285,888
Net Investment Income (Loss)	252,309,706	(31,322,276)	68,722,781	274,896,108	189,988,287
Total Additions	$ 340,798,010	$ 50,790,542	$ 145,532,047	$ 343,528,015	$ 249,351,655
Deductions From Fiduciary Net Position					
Pension Benefits	$ 114,290,758	$ 106,928,097	$ 99,811,849	$ 93,076,127	$ 86,722,499
Refunds	2,553,100	1,237,713	2,046,307	1,706,344	1,926,062
Administrative Expense	2,644,554	2,315,223	2,378,966	2,249,260	2,065,345
Total Deductions	$ 119,488,412	$ 110,481,033	$ 104,237,122	$ 97,031,731	$ 90,713,906
Change in Fiduciary Net Position Restricted for Pension Benefits	$ 221,309,598	$ (59,690,491)	$ 41,294,925	$ 246,496,284	$ 158,637,749
Fiduciary Net Position Restricted for Pension Benefits					
Beginning of Year	1,772,913,713	1,832,604,204	1,791,309,279	1,544,812,995	1,386,175,246
End of Year	$1,994,223,311	$1,772,913,713	$1,832,604,204	$1,791,309,279	$1,544,812,995

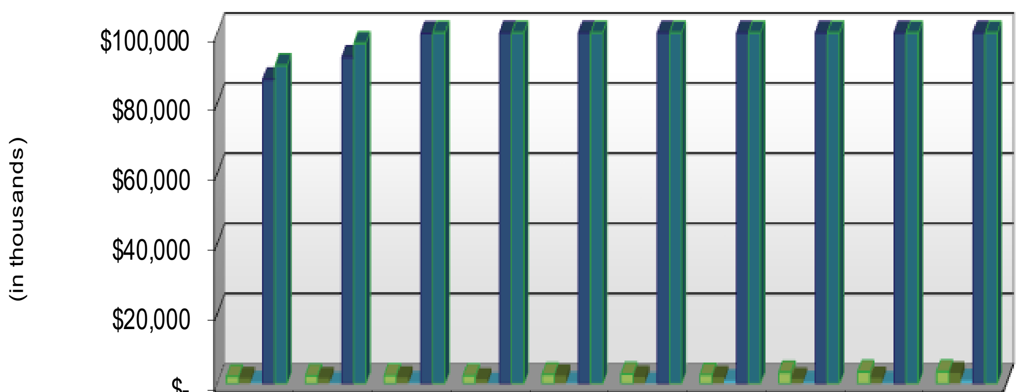
Additions by Source
(for fiscal years ending June 30)



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Plan Member Contrib.	$20,286	$21,868	$22,960	$23,917	$25,464	$26,747	$27,743	$29,645	$29,553	$29,998
Employer Contrib.	$39,077	$46,764	$53,849	$58,196	$63,024	$76,966	$88,589	$92,685	$93,308	$100,768
Investments	$189,988	$274,896	$68,723	$(31,322)	$252,310	$154,988	$99,281	$18,497	$556,195	$(169,154)
Total	$249,351	$343,528	$145,532	$50,791	$340,798	$258,701	$215,613	$140,827	$679,056	$(38,388)

Data Source: ACFR Financial Section, Statement of Changes in Fiduciary Net Position

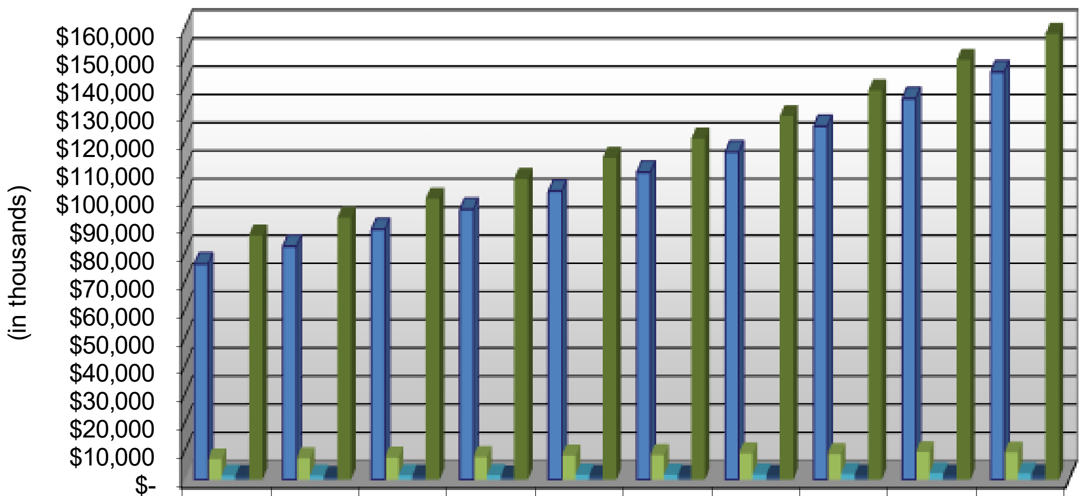
Deductions by Type
(for fiscal years ending June 30)



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administrative	$2,065	$2,249	$2,379	$2,315	$2,644	$2,792	$2,557	$3,216	$3,394	$3,476
Refunds - Separation	$1,546	$1,516	$1,759	$1,219	$2,298	$1,906	$1,826	$1,352	$1,611	$3,105
Refunds - Death	$380	$191	$287	$19	$255	$128	$848	$410	$305	$946
Benefits	$86,723	$93,076	$99,812	$106,928	$114,291	$121,138	$129,101	$138,224	$149,015	$158,258
Total	$90,714	$97,032	$104,237	$110,481	$119,488	$125,964	$134,332	$143,202	$154,325	$165,785

Data Source: ACFR Financial Section, Statement of Changes in Fiduciary Net Position

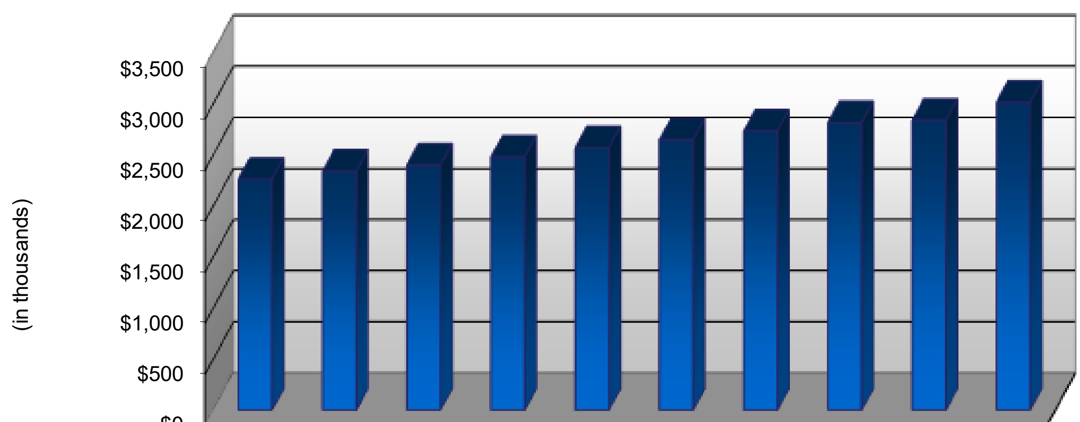
Benefit Expenses by Type
(for fiscal years ending June 30)



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Service	$76,629	$82,899	$88,905	$96,058	$102,484	$109,159	$116,406	$125,521	$135,370	$144,780
Serv. Conn. Dis.	$7,271	$7,636	$7,911	$8,072	$8,591	$8,752	$9,328	$9,061	$9,858	$9,638
Non-Serv. Dis.	$1,475	$1,526	$1,577	$1,631	$1,819	$1,869	$1,934	$2,123	$2,298	$2,221
Surv. Death Ben.	$1,348	$1,015	$1,419	$1,167	$1,397	$1,358	$1,433	$1,519	$1,489	$1,619
Total	$86,723	$93,076	$99,812	$106,928	$114,291	$121,138	$129,101	$138,224	$149,015	$158,258

Data Source: StanCERA Pension Administration System

Average Monthly Retirement Benefits
(for fiscal years ending June 30)



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Monthly Allowance	$2,260	$2,337	$2,398	$2,478	$2,568	$2,646	$2,731	$2,814	$2,836	$3,013

Data Source: StanCERA Pension Administration System

RETIRED MEMBERS BY BENEFIT TYPE
as of June 30, 2022

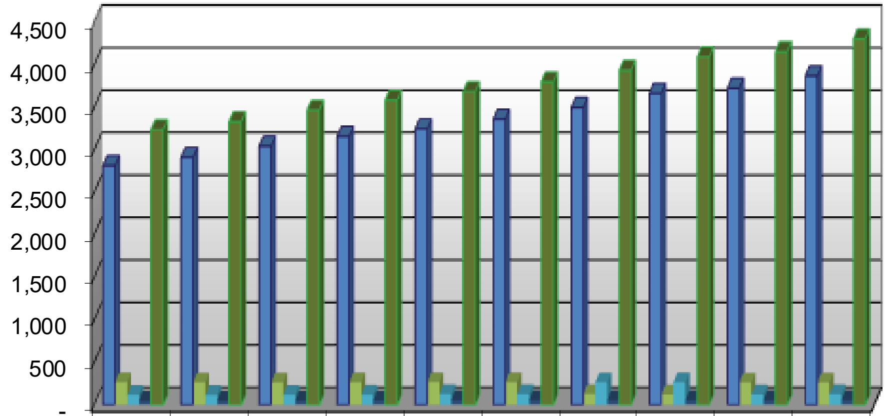
Amount Monthly Benefit	Total # Retirees	Service Retirement	Service Connected Disability	Non-Service Disability	Survivors
General Members					
$0-500	334	323	4	6	1
501-1,000	417	377	0	22	18
1,001-1,500	515	458	9	34	14
1,501-2,000	428	375	21	30	2
2,001-2,500	378	340	26	9	3
2,501-3,000	287	261	20	4	2
3,001-3,500	232	218	10	3	1
3,501-4,000	182	178	4	0	0
4,001-4,500	159	157	0	0	2
4,501-5,000	117	115	2	0	0
over 5,000	503	500	1	1	1
Totals	3,552	3,302	97	109	44
Safety Members					
$0-500	31	15	15	1	0
501-1,000	25	19	3	1	2
1,001-1,500	32	31	0	1	0
1,501-2,000	38	33	2	2	1
2,001-2,500	46	37	4	4	1
2,501-3,000	37	24	11	1	1
3,001-3,500	86	41	44	1	0
3,501-4,000	89	38	47	0	4
4,001-4,500	59	45	14	0	0
4,501-5,000	46	35	10	0	1
over 5,000	260	246	13	0	1
Totals	749	564	163	11	11
TOTALS	**4,301**	**3,866**	**260**	**120**	**55**

Data Source: StanCERA Pension Administration System

AVERAGE BENEFIT PAYMENTS
As of Fiscal Year-End June 30

	Beneficiaries	*Service Years Credited*						
	& Dro's	0-5	5-10	10-15	15-20	20-25	25-30	30+
Fiscal Year Ending June 30, 2013								
Average Monthly Benefit	$1,430	$657	$1,100	$1,295	$2,003	$2,792	$4,007	$5,309
Avg Final Average Salary	$2,662	$5,058	$4,110	$3,748	$4,047	$4,516	$4,962	$5,872
Number of Active Retirees	387	195	376	634	498	469	344	331
Fiscal Year Ending June 30, 2014								
Average Monthly Benefit	$1,467	$651	$1,124	$1,354	$2,082	$2,836	$4,088	$5,427
Avg Final Average Salary	$2,745	$5,272	$4,205	$3,927	$4,235	$4,596	$5,089	$5,948
Number of Active Retirees	389	206	394	680	524	488	353	349
Fiscal Year Ending June 30, 2015								
Average Monthly Benefit	$1,508	$638	$1,143	$1,403	$2,164	$2,938	$4,217	$5,566
Avg Final Average Salary	$2,846	$5,627	$4,328	$4,055	$4,379	$4,675	$5,175	$6,047
Number of Active Retirees	399	222	407	699	551	511	375	360
Fiscal Year Ending June 30, 2016								
Average Monthly Benefit	$1,548	$652	$1,186	$1,462	$2,231	$3,034	$4,342	$5,669
Avg Final Average Salary	$2,901	$5,766	$4,535	$4,187	$4,513	$4,779	$5,297	$6,061
Number of Active Retirees	412	230	420	699	573	525	398	380
Fiscal Year Ending June 30, 2017								
Average Monthly Benefit	$1,620	$791	$1,203	$1,520	$2,338	$3,172	$4,482	$5,790
Avg Final Average Salary	$3,006	$5,453	$4,588	$4,293	$4,666	$4,946	$5,413	$6,076
Number of Active Retirees	378	274	438	716	593	547	413	384
Fiscal Year Ending June 30, 2018								
Average Monthly Benefit	$1,768	$801	$1,208	$1,551	$2,406	$3,289	$4,600	$5,912
Avg Final Average Salary	$3,617	$5,738	$4,679	$4,379	$4,776	$5,123	$5,512	$6,102
Number of Active Retirees	333	281	461	732	614	548	430	397
Fiscal Year Ending June 30, 2019								
Average Monthly Benefit	$1,851	$891	$1,222	$1,616	$2,503	$3,493	$4,713	$6,057
Avg Final Average Salary	$3,674	$6,014	$4,734	$4,487	$4,907	$5,361	$5,574	$6,203
Number of Active Retirees	351	298	470	753	642	572	440	408
Fiscal Year Ending June 30, 2020								
Average Monthly Benefit	$1,796	$1,288	$1,374	$2,970	$3,319	$5,264	$11,881	$6,857
Avg Final Average Salary	$3,422	$6,235	$4,843	$4,592	$5,039	$5,495	$5,775	$6,290
Number of Active Retirees	445	308	486	771	665	604	464	425
Fiscal Year Ending June 30, 2021								
Average Monthly Benefit	$1,979	$1,040	$1,272	$1,791	$2,710	$3,839	$5,161	$6,547
Avg Final Average Salary	$4,109	$5,958	$4,898	$4,751	$5,156	$5,636	$5,885	$6,447
Number of Active Retirees	501	284	488	770	669	617	462	435
Fiscal Year Ending June 30, 2022								
Average Monthly Benefit	$2,021	$1,076	$1,292	$1,843	$2,799	$3,984	$5,310	$6,772
Avg Final Average Salary	$3,789	$5,937	$5,077	$4,822	$5,253	$5,816	$6,018	$6,570
Number of Active Retirees	533	302	514	772	687	647	476	453

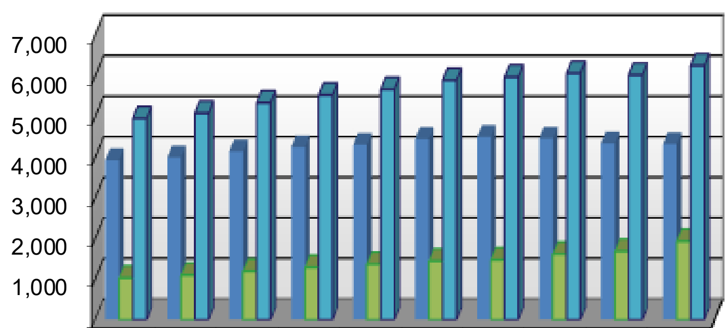
Membership History (Retired)
(for fiscal years ending June 30)



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Service	2,814	2,910	3,043	3,157	3,245	3,359	3,497	3,661	3,723	3,866
Serv. Conn. Dis.	262	260	260	262	264	262	121	117	259	260
Non-Serv. Dis.	113	112	113	114	121	120	261	262	117	120
Surv. Death Ben.	45	46	48	49	53	55	55	53	53	55
Total	3,234	3,328	3,464	3,582	3,683	3,796	3,934	4,093	4,152	4,301

Data Source: StanCERA Pension Administration System

Membership History (Active & Deferred)
(for fiscal years ending June 30)



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Active Members	3,931	3,993	4,145	4,249	4,309	4,452	4,504	4,459	4,345	4,328
Inactive Members	1,028	1,095	1,198	1,289	1,367	1,445	1,476	1,615	1,684	1,933
Total	4,959	5,088	5,343	5,538	5,676	5,897	5,980	6,074	6,029	6,261

Data Source: StanCERA Pension Administration System

PARTICIPATING EMPLOYERS AND ACTIVE MEMBERS
WITH PERCENTAGE OF TOTAL SYSTEM
for fiscal years ending June 30

	2022		2021		2020		2019		2018	
Stanislaus County:										
General Members	3,181	73.5%	3,181	73.2%	3,273	73.4%	3,305	73.4%	3,307	74.3%
Safety Members	706	16.3%	717	16.5%	726	16.3%	734	16.3%	721	16.2%
Total	3,887		3,898		3,999		4,039		4,028	
Participating Agencies:										
Stanislaus County Superior Court	230	5.3%	225	5.2%	234	5.2%	239	5.3%	219	4.9%
City of Ceres	161	3.7%	182	4.2%	186	4.2%	185	4.1%	171	3.8%
East Side Mosquito Abatement District	9	0.2%	9	0.2%	9	0.2%	10	0.2%	9	0.2%
Hills Ferry Cemetery	3	0.1%	3	0.1%	3	0.1%	3	0.1%	3	0.1%
Keyes Community Services District	7	0.2%	7	0.2%	7	0.2%	7	0.2%	6	0.1%
Stanislaus Regional Transit Authority	11	0.3%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Salida Sanitary District	7	0.2%	7	0.2%	7	0.2%	7	0.2%	6	0.1%
Stanislaus Council of Governments	13	0.3%	14	0.3%	14	0.3%	14	0.3%	10	0.2%
Total	441		447		460		465		424	
Total Active Membership	**4,328**		**4,345**		**4,459**		**4,504**		**4,452**	

	2017		2016		2015		2014		2013	
Stanislaus County:										
General Members	3,202	74.3%	3,156	74.3%	3,062	73.9%	2,963	74.2%	2,903	73.8%
Safety Members	676	15.7%	645	15.2%	643	15.5%	602	15.1%	606	15.4%
Total	**3,878**		**3,801**		**3,705**		**3,565**		**3,509**	
Participating Agencies:										
Stanislaus County Superior Court	217	5.0%	228	5.4%	224	5.4%	212	5.3%	205	5.2%
City of Ceres	180	4.2%	184	4.3%	181	4.4%	181	4.5%	178	4.5%
East Side Mosquito Abatement District	9	0.2%	10	0.2%	8	0.2%	9	0.2%	10	0.3%
Hills Ferry Cemetery	3	0.1%	3	0.1%	3	0.1%	3	0.1%	4	0.1%
Keyes Community Services District	6	0.1%	6	0.2%	6	0.1%	6	0.1%	5	0.2%
Salida Sanitary District	7	0.2%	7	0.2%	7	0.2%	7	0.2%	7	0.2%
Stanislaus Council of Governments	9	0.2%	10	0.2%	11	0.3%	10	0.3%	13	0.3%
Total	431		448		440		428		422	
Total Active Membership	**4,309**		**4,249**		**4,145**		**3,993**		**3,931**	

Data Source: StanCERA Pension Administration System

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STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

REPORT TO THE BOARD OF RETIREMENT AND INTERNAL GOVERNANCE COMMITTEE

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

TABLE OF CONTENTS

REQUIRED COMMUNICATION TO THE MEMBERS OF THE BOARD OF RETIREMENT AND INTERNAL GOVERNANCE COMMITTEE IN ACCORDANCE WITH PROFESSIONAL STANDARDS (SAS 114)

To the Board of Retirement and Internal Governance Committee of
Stanislaus County Employees' Retirement Association
Modesto, California

We have audited the financial statements of the Stanislaus County Employees' Retirement Association (StanCERA) as of and for the fiscal year ended June 30, 2022, and have issued our report dated November 4, 2022. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 5, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by StanCERA are described in Note 2, Summary of Significant Accounting Policies, to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the fiscal year ended June 30, 2022. We noted no transactions entered into by StanCERA during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting StanCERA's financial statements were:

- Management's estimate of the fair value of investments, which was derived by various methods as detailed in the notes to the financial statements. We evaluated the key factors and assumptions used to develop the estimate of the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

- The contribution amounts and net pension liability as detailed in the notes to the financial statements, which are based on the actuarially presumed interest rate and assumptions. We evaluated the key factors and assumptions used to develop the estimates of contribution amounts and net pension liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosures for cash and investments in Notes 2 and 4 to the financial statements, Summary of Significant Accounting Policies and Cash and Investments, respectively, were derived from StanCERA's investment policy. Management's estimate of the fair value of investments was derived by various methods as detailed in the notes to the financial statements.

- Additionally, the disclosures related to the funding policies, net pension liability, and actuarial methods and assumptions in Note 1, Description of Plan; Note 5, Contributions; and Note 8, Net Pension Liability of Participating Employers, were derived from actuarial valuations, which involved estimates of the value of reported amounts and probabilities about the occurrence of future events far into the future.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. The attached schedule summarizes all corrected misstatements of the financial statements.

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated November 4, 2022.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to StanCERA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as StanCERA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters
We applied certain limited procedures to the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, Schedule of Investment Returns, and Notes to the Required Supplementary Information (RSI), which are RSI that supplement the basic financial statements. Our procedures consisted of inquiries of management

regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Administrative Expenses, Schedule of Investment Management Fees and Other Investment Expenses, and Schedule of Payments to Consultants, which accompany the financial statements but are not RSI. With respect to this other supplemental information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America. The method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplemental information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory, investment, actuarial, and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Retirement, Internal Governance Committee, and management of StanCERA and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Stockton, California
November 4, 2022

StanCERA
Corrected Misstatements
June 30, 2022

Account	Debit	Credit
Depreciation in fair value of investments	$ 15,658,906	
Risk Parity		$ 15,658,906

The result of the above corrected misstatement journal entry is as follows, representing a 0.6% increase in the net position of StanCERA.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Retirement and Internal Governance Committee of
Stanislaus County Employees' Retirement Association
Modesto, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Stanislaus County Employees' Retirement Association (StanCERA) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise StanCERA's basic financial statements, and have issued our report thereon dated November 4, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered StanCERA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of StanCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of StanCERA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether StanCERA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95219
209-451-4833

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of StanCERA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering StanCERA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Stockton, California
November 4, 2022

AGREED UPON CONDITIONS REPORT DESIGNED TO IMPROVE EFFICIENCY, INTERNAL CONTROLS, AND/OR FINANCIAL REPORTING (MANAGEMENT LETTER)

To the Board of Retirement and Internal Governance Committee of
Stanislaus County Employees' Retirement Association
Modesto, California

We have audited the financial statements of the Stanislaus County Employees' Retirement Association (StanCERA) as of and for the fiscal year ended June 30, 2022, and have issued our report dated November 4, 2022. In planning and performing our audit of the financial statements of StanCERA, we considered its internal control structure over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of StanCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of StanCERA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit, we became aware of two matters that are opportunities for strengthening internal controls and operating efficiencies. The recommendations listed in this report summarize our comments and suggestions regarding these matters.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and suggestions with various StanCERA personnel, and we will be pleased to discuss this in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing these recommendations.

Restriction on Use

This report is intended solely for the information and use of the Board of Retirement, Internal Governance Committee, and management of StanCERA and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Stockton, California
November 4, 2022

Current Year Agreed Upon Conditions and Recommendations

Agreed Upon Condition 1 – Payroll Variance

While performing our recalculation of pensionable gross pay for one member, we noted that the gross pay reported by StanCERA in the Arrivos system did not agree with the pensionable gross pay items reported by Stanislaus Regional Transit Authority (StanRTA) on the employee pay stub. During our review, we noted this member was an hourly employee, and it appears an average of hours per pay period were used as the basis for determining contributions to StanCERA. Based on an internal review conducted by StanCERA and StanRTA, the discrepancy was determined to have only affected StanRTA's three hourly employees, and the overall effect on contributions was negligible. However, it is important that pensionable salary and contribution amounts being reported by StanRTA are the actual amounts recorded by StanCERA in order to ensure accurate records.

Recommendation

We recommend that StanCERA inform StanRTA of the importance of ensuring that the pensionable wages reported on the pay stub match the amount being reported to StanCERA for all employees, including hourly. In addition, StanCERA should implement an internal review, possibly in the form of an internal audit team, for employer reporting records in order to ensure accuracy and avoid similar discrepancies in the future.

Management Response

Upon discovery of the discrepancy, StanCERA met with StanRTA to review the process of reporting wages and hours. As a result, the identified records were reconciled against the employees' pay statements to ensure the gross wages on record with StanCERA match the gross wages paid. Lastly, contribution analyses were completed to correct the contribution amounts for each employee identified.

StanCERA concurs with Brown Armstrong's recommendation of implementing an internal review process. This process is currently being developed and will be implemented by the end of the first quarter in 2023.

Agreed Upon Condition 2 – Review of Correcting Entries

While performing our review of investment values, we noted an approximately $15 million variance between the market value of an investment recorded by StanCERA and the market value recorded by the investment manager and custodian. Per discussion with StanCERA, an entry was made to correct the investment balance. However, the correcting entry was input incorrectly which resulted in an overstated market value for the investment.

Recommendation

We recommend that all correcting entries be reviewed for accuracy prior to posting in order to ensure that no errors are made while posting correcting entries.

Management Response

StanCERA concurs with Brown Armstrong's recommendation. StanCERA processes are being reviewed and will be amended to include the additional review of the pre-posting balances. This may include, but not limited to, an additional peer review step and post-entry assessment to ensure accuracy.

Prior Year Agreed Upon Conditions and Recommendations

None.

Stanislaus County Employees' Retirement Association

December 6, 2022

Retirement Board Agenda Item

TO: Retirement Board

FROM: Due Diligence Committee

I. SUBJECT: Due Diligence Committee Report

II. ITEM NUMBER: 11b

III. ITEM TYPE: Information Only

IV. STAFF RECOMMENDATION: N/A

V. ANALYSIS:

This year's due diligence committee included the following members: Mandip Dhillon, Joshua Clayton, Stan Conwell, Kellie Gomes, and Dan Hennessey. The committee utilized the updated due diligence directive in selecting the managers to review. Three managers were reviewed by the committee and one was selected for an onsite follow up meeting. The onsite meeting occurred on November 8 and virtual meetings were conducted on November 15 for the other two managers. The committee met with American Realty Advisors onsite and virtually with PanAgora and BlackRock.

The due diligence directive in the investment policy was updated in 2021 and provides guidance on how the manager reviews should be conducted. The updated directive allows the committee to focus on the greatest areas of need while also remaining cognizant of the time and resources of the committee and StanCERA. The review process in split into two parts. First a comprehensive due diligence questionnaire is sent to each manager and returned ahead of any meetings. The second part involves meeting with the manager to address any follow up questions or areas of concern related to the questionnaire. This meeting can be either onsite or virtually depending on the nature of the follow up questions. The purpose of the committee is to monitor each manager for organizational changes that could negatively impact the fund. Overall, the committee was satisfied with the results of this year's review and no material items were uncovered. A brief summary of the meetings is provided below:

American Realty Advisors

The committee set up an onsite meeting with American Realty Advisors (ARA) at their headquarters in Los Angeles. StanCERA is invested in the ARA Value Realty fund and it is the largest value add real estate manager in the portfolio. After a quick tour of the office and brief introductions to the various organizational working groups, the committee was joined by the key directors, executives, and managers of the fund for an extended meeting. One area of focus was on internal controls, as ARA does not produce a System and Organization Controls 1 report (SOC 1). A SOC 1 report provides an additional level of assurance around the firm's internal controls related to financial statements. ARA did provide the audited financial statements and additional documents, including multiple cybersecurity policies, that demonstrated key areas of risk were mitigated. The committee also confirmed that producing a SOC 1 report is not a requirement for many managers and it is not out of the ordinary to forego producing a SOC 1 report. The committee reviewed the research capabilities and how it informs the investment strategy. The ARA team provided an overview of their investment process with examples of recent portfolio acquisitions and property repositioning. The committee also noted that the Value Realty fund is managed conservatively with a focus on income when compared to other value add managers.

PanAgora

The committee met virtually with PanAgora. As you know, PanAgora is one of two risk parity funds in StanCERA's portfolio. The meeting was organized into two parts: the first part focused on investments and the second part on operations. The first part kicked off with a brief refresher on risk parity and how it works. The committee was joined by the key portfolio manager and investment directors in charge of the fund strategy and implementation. The PanAgora team ran through the recent performance and provided historical context. The committee discussed how they measure and forecast risk and inquired about any research or potential modifications to reduce risk of the fund. The second part involved meeting with the new COO and discussing the strategic and operational plans for the organization going forward. The firm underwent two routine regulatory reviews in the last 12 months with no findings. The committee also met with their CTO who provided an overview of the firm's cybersecurity capabilities.

BlackRock

The committee also met virtually with BlackRock. BlackRock is one of the largest passive investment managers in the world and StanCERA is currently invested in four BlackRock funds all of which are passively managed. StanCERA invested relatively recently in the BlackRock High Yield Bond fund which tracks the ICE BofA US High Yield Constrained Index. Given that, the meeting began with a discussion with the high yield team responsible for managing the fund. The high yield fund exhibits an excellent ability to replicate the index and tracks performance closely. We discussed the equity funds next with a specialist who provided an overview of BlackRock's platform and investment process which included an example of the most recent Russell index reconstitution. The meeting ended with a discussion around cybersecurity and a summary of their capabilities and security audits were provided. It was clear from the presentations and discussions that BlackRock benefits greatly from their scale and broad resources to provide passive management products to their clients.

VI. RISK: None

VII. STRATEGIC PLAN: N/A

VIII. ADMINISTRATIVE BUDGET IMPACT: NONE