



BOARD OF RETIREMENT

July 25, 2023 1:30 p.m.

Boardroom

832 12th Street Suite 600 Modesto, CA 95354

AGENDA

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 (669) 900-6833. The Meeting ID: 859 3221 9325

If you wish to make a public comment during the Public Comment section of the meeting, or if you wish to comment on a specific agenda item, please press *9 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 taaa@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 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.

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. Emergency Declaration

- a. Emergency Declaration – AB 361

7. Consent Items

- a. Approval of June 27, 2023 Meeting Minutes [View](#)
- b. Applications for Service Retirement(s)
Government Code Sections 31499.14, 31670, 31662.2 & 31810
See attachment for details [View](#)
- c. Applications for Disability
Government Code Section 31837

1. Kimothy Bankston – Stanislaus County – Service-Connected Reciprocal Disability – Effective 11-07-2022
- d. Application of Death Benefit
Government Code Section 31781, 31781.1, 31781.3

1. Jorge Contreras (Active Reciprocal) Non-Service Connected – Stanislaus County – Effective 05-21-2023

2. James Howard (Active) Non-Service Connected – ESMAD – Effective 07-06-2023
- e. Investment Matrix [View](#)
- f. Private Markets Commitment Notice
 - 1. Crestline Opportunity Fund V [View](#)
- g. Investment Fee Summary, Value Added, and Cash Flow Reports as of March 31, 2023
Agenda Item [View](#) Attachment 1 [View](#)
- h. Private Market Program Report as of March 2023
Agenda Item [View](#) Attachment 1 [View](#)

8. Investment

- a. June Flash Report - NEPC – Investment Consultant [View](#)

9. Administrative

None

10. Committee Reports and Recommendations

- a. Due Diligence Committee
Agenda Item [View](#)

11. Closed Session

a. Elected Officials Policy Update

Stanislaus County Employees' Retirement Association
832 12th Street STE 600 Modesto CA 95354
Government Code Section 54956.9 (d) (2)

b. Personnel Discussion

Stanislaus County Employees' Retirement Association
832 12th Street STE 600 Modesto CA 95354
Government Code Section 54957(b) (1)

c. Sixth Floor Lease Negotiations

Stanislaus County Employees' Retirement Association
StanCERA Negotiators: Executive Director and General Counsel
Tenant Negotiators: Raymond James
Real Property: 832 12th Street STE 601 Modesto CA 95354
Government Code Section 54956.8

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

13. Adjournment



Board of Retirement Minutes

1. Call Meeting to Order

2. Pledge of Allegiance

3. Roll Call

Trustees Present

Mandip Dhillon – Chair

Darin Gharat – Vice Chair

Mike Lynch

Donna Riley

Rhonda Biesemeier

Jeff Grover

Terry Withrow

Michael O'Neal

Joshua Clayton

Delilah Vasquez

Other's Present

Tom Stadelmaier, Executive Director

Stan Conwell, Retirement Investment Officer

Lisa Frazer, Retirement Benefits Manager

Brittany Smith-Atkins, Retirement Fiscal Manager

Kellie Gomes, Business and Operations Manager

Fred Silva, General Legal Counsel

Alaine Taa, Executive Board Assistant

Daniel Hennessy, NEPC Investment Consultant

4. Announcements

- Resolution of Appreciation for Michael O'Neal for serving 12 years on the Board of Retirement made by Mandip Dhillon
- Election results announced for Seat 8 (Rhonda Biesemeier) and Seat 8a (Samuel Sharpe) by Kellie Gomes
- Rollout of Member Portal update announced by Tom Stadelmaier

5. Public Comment - NONE

6. Emergency Declaration

- a. Emergency Declaration – AB 361

7. Consent Items

- a. Approval of April 25, 2023 and May 23, 2023 Meeting Minutes
- b. Applications for Service Retirement(s)
Government Code Sections 31499.14, 31670, 31662.2 & 31810
See attachment for details
- c. Applications for Disability
Government Code Section 31724
 - 1. *Billy J. Carter – City of Ceres – Service-Connected Disability*
 - 2. *Nicole Rachels-Gomez – Stanislaus County- Non-Service Connected*
- d. Application of Death Benefit
Government Code Section 31781, 31781.1, 31781.3
 - 1. *Shelly Southern (Active) Non-Service Connected – BHRS – Effective 05-19-2023*
- e. Investment Matrix
- f. Conference Summary
- g. Legislative Legal

Motion was made by Trustee Gharat and seconded by Trustee Riley to approve all consent items as presented.

Roll Call Vote was as follows:

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

Motion passed unanimously

8. NEPC – Investment Consultant

- a. May Flash Report

9. Investment

None

10. Administrative

a. Fiscal Year 2022/2023 Proposed Administrative Budget Amendment

Motion was made by Trustee Gharat and seconded by Trustee Grover to approve Fiscal Year 2022/2023 Proposed Administrative Budget Amendment as presented.

Roll Call Vote was as follows:

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

Motion passed unanimously

a. StanCERA Member Web Portal Update

b. Tegrit Service Contract Amendments 3 and 4 to Pension Administration System Agreement

Motion was made by Trustee Gharat and seconded by Trustee Grover to approve Tegrit Service Contract Amendments 3 and 4 to Pension Administration System Agreement as presented.

Roll Call Vote was as follows:

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

Motion passed unanimously

11. Closed Session

Motion was made by Trustee Gharat and seconded by Trustee O'Neal to enter closed session at 1:54 p.m.

Roll Call Vote was as follows:

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

Motion passed unanimously

- a. Public Employee Discussion – Elected Official Update
Stanislaus County Employees' Retirement Association
832 12th Street STE 600 Modesto CA 95354
Government Code Section 54957(4)

2:11 p.m. Trustee Clayton recused himself from meeting

- b. Public Employee Discussion – Conference with Real Property
Lease Negotiations update
Stanislaus County Employees' Retirement Association
832 12th Street STE 601 Modesto CA 95354
Government Code Section 54956.8

Motion was made by Trustee Gharat and seconded by Trustee O'Neal to enter open session at 2:20p.m.

Roll Call Vote was as follows:

Trustee Dhillon	YES
Trustee Gharat	YES
Trustee Lynch	YES
Trustee Riley	YES
Trustee O'Neal	YES
Trustee Grover	YES
Trustee Withrow	YES
Trustee Vasquez	YES

Motion passed unanimously

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

13. Adjournment

Meeting adjourned at 2:24 p.m.

Respectfully submitted,

APPROVED AS TO FORM

By Thomas Stadelmaier
Thomas Stadelmaier, Executive Director

By Fred A. Silva
Fred A. Silva, General Legal Counsel

STANCERA APPLICATIONS FOR SERVICE RETIREMENT(S)
GOVERNMENT CODE SECTIONS 31499.14, 31670,
31662.2, 318/10 & 31700
07/25/2023 Item 7.b

1. Allee, Kimberly - Stanislaus County - Effective 07/29/2023
2. Alanis, Juan - Stanislaus County - Effective 07/15/2023
3. Bowles, Jeanette - Stanislaus County - Effective 07/08/2023
4. Delgado, Joseph - Stanislaus County - Effective 07/08/2023
5. Hoagland, Kristen - Stanislaus Superior Court - Effective 07/01/2023
6. Kent, Angela - Stanislaus County - Effective 07/08/2023
7. Pannu, Sweena - Stanislaus County - Effective 07/08/2023
8. Richards, Shareen - Stanislaus County - Effective 05/23/2023
9. Rosales, Mary - Stanislaus County - Effective 07/18/2023
10. Solorio, Gloria - Stanislaus County - Effective 07/02/2023

July 25, 2023

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer
Tom Stadelmaier, Executive Director

- I. SUBJECT: Investment Matrix
- II. ITEM NUMBER: 7.e.
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: N/A
- V. ANALYSIS:

a) *Investment Program Activities:*

A good portion of the investment activities in June was focused on the due diligence committee's annual manager review. Each year the committee selects a few managers for a comprehensive review that usually culminates in an onsite visit. This year staff arranged additional onsite meetings with other managers not under review but located nearby to make the most of staff's time in the area. StanCERA committed to the Crestline Opportunity fund V in June. Staff was able to negotiate favorable terms through an extended legal review process. Another private credit fund is nearing completion and is expected to be finished at the end of July. Staff also started investment database cross training to insure the current internal reporting processes are disseminated across multiple staff members.

As part of regular on-going due diligence efforts, the staff Executive Director met onsite in New York with the entire team at Insight Investment (\$199M under investment from StanCERA) which included a review of the investment process, operation and liquidity planning for StanCERA. He also met with representatives from Morgan Stanley's Infrastructure Team at their offices in New York. StanCERA currently holds \$14M with the closed-end North Haven MS Infrastructure Partners II Fund and is looking at opportunities to add additional infrastructure assets according to an established pacing plan. Staff plans to meet again with Morgan Stanley to review additional opportunities in this area.

b) *Money Transfer Report:*

June 2023: Capital Calls

From			To		
Manager	Asset Class	Amount	Manager	Asset Class	Amount
BlackRock US Real Estate Index Fund	Public Equity	\$-955,861.00	Grandview Partners I-A	Private Real Estate	\$955,861.00
NT Russell 3000 Index Fund	Public Equity	\$-1,580,857.00	Sole Source Partners II	Private Equity	\$1,580,857.00
StanCERA Cash	Cash	\$-309,913.00	Grandview Partners II	Private Real Estate	\$309,913.00
StanCERA Cash	Cash	\$-650,965.04	Callodine Asset Based Loan Fund II	Private Credit	\$650,965.04

c) *Manager Meetings:*

NTAM (Northern Trust Asset Management)

While in Chicago for the due diligence committee's onsite visit to a few other managers, staff arranged a meeting with Northern Trust Asset Management at their global headquarters located in downtown Chicago. Northern Trust manages four passive strategies in StanCERA's portfolio. Two passive U.S. treasury strategies in the risk diversification sub-portfolio and two passive strategies that fulfill StanCERA's private market proxy directive. One fund serves as a proxy for private equity and another serves a proxy for infrastructure. Both proxy funds are expected to decline in size as new private market funds are added to the portfolio in line with the multi-year pacing plans for each program. As one of the largest passive managers in the world, Northern Trust has a large and capable team to manage each fund efficiently and effectively. Staff met with representatives from each mandate to review account performance their team capabilities and investment processes. Securities lending risk was discussed as well as additional portfolio review services available as part of our current relationship. NTAM experienced recent leadership changes, but the team remains stable overall.

- VI. RISK: None
- VII. STRATEGIC PLAN: N/A
- VIII. ADMINISTRATIVE BUDGET IMPACT: None

July 25, 2023

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

- I. SUBJECT: Private Markets Commitment Notice
- II. ITEM NUMBER: 7.f.1
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: N/A
- V. Executive Summary:

On June 28, 2023 StanCERA committed \$20 million to the Crestline Opportunity Fund V. Crestline is an alternative investment firm specializing in credit and opportunistic investments. Opportunistic investing, representing the largest portion of Crestline's credit platform, seeks to provide capital solutions to underserved or capital constrained middle market businesses and specialty finance programs. The fund is expected to be well diversified by borrower and by sector. Crestline primarily targets North American companies and does not utilize fund level leverage. The Crestline team has demonstrated a solid track record with a strong focus on downside protection. The fund's flexible mandate allows the team to deliver good risk-adjusted returns by adapting to current market conditions. Crestline's investment team is led by industry veterans who have a long history working together with the majority leading the strategy since inception. Crestline is headquartered in Fort Worth, TX and manages approximately \$16 billion in total assets with credit strategies representing about \$12 billion of the total. StanCERA has an 8.0% target allocation to the private credit asset class with a sub-asset class target allocation of 5.0% to direct lending and 3.0% to special situations. The commitment to Crestline V will be allocated to the special situations 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

July 25, 2023

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

- I. SUBJECT: Investment Fee Summary, Value Added, and Cash Flow Reports – March, 2023
- II. ITEM NUMBER: 7.g
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: N/A
- V. ANALYSIS:

Attachment 1 contains the investment fee summary, value added and cash flow reports.

Investment Fee Summary – This report details StanCERA's investment management fees by asset class, investment style, and individual manager. Fee data for this report is updated on at least a quarterly basis. For the period, 07/01/2019 to 3/31/2023, total investment fees were approximately \$63.7 Million or roughly 66 bps (0.66%) when annualized. As the private credit, private equity, and real assets programs continue to be funded, the total fees are expected to increase as well. The lookback period was set to begin with the start of the 2019 fiscal year to provide a good overall indication of the fees and expenses charged to the portfolio.

Value Added Report – In total, for the quarter ending 3/31/2023, performance was positive with a majority of managers finishing ahead of their performance benchmarks. The value style continued to outperform during the quarter with LSV, Dodge and Cox and all the Attacks sub-managers outperforming their benchmarks. Fidelity as a growth-oriented manager underperformed modestly during the quarter. The Risk Parity strategies have struggled in the current market environment of rapidly rising interest rates. When compared to a benchmark of peers, performance is good over the 3 and 5 year periods. The primary benchmark for both AQR and PanAgora is the 60% MSCI ACWI / 40% Bloomberg Global Agg Index. LSV is currently the only manager on this report with a secondary benchmark. The primary benchmark for LSV is the MSCI ACWI ex-US Value index and the secondary benchmark is the MSCI ACWI ex-US Core index.

Cash Flow Report – The data to produce this report is not currently available.

- VI. RISK: None
- VII. STRATEGIC PLAN: N/A
- VIII. ADMINISTRATIVE BUDGET IMPACT: None



StanCERA Investment Fee Summary - By Asset Class

7/1/2019 thru 3/31/2023

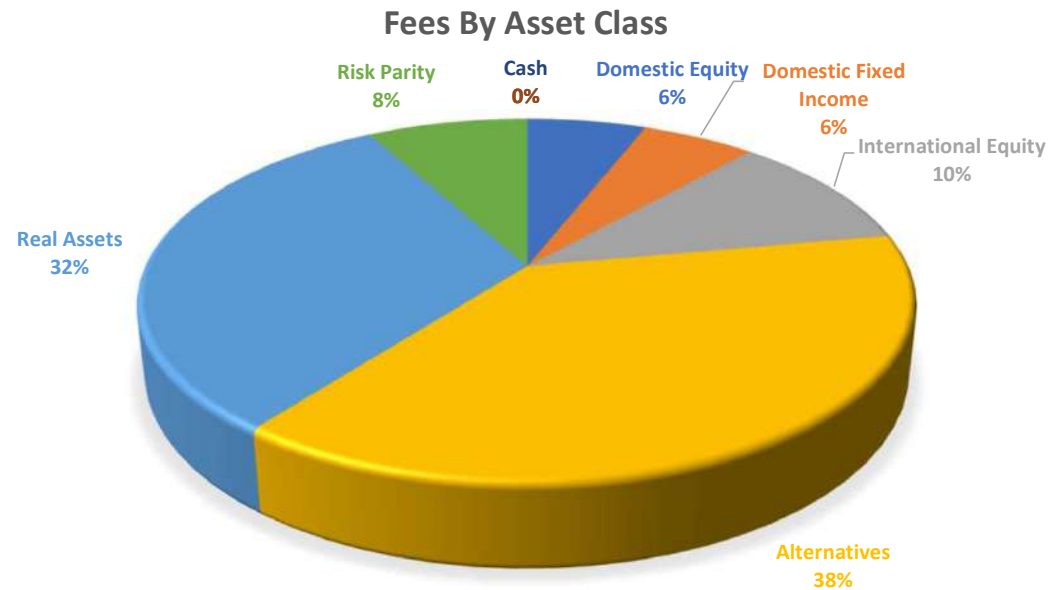
	Fees In Dollars						Annualized Fees in Basis Points				
	Average AUM	Managerial	Performance*	Other	Custodial	Total	Managerial	Performance	Other	Custodial	Total
Total StanCERA Portfolio	\$2,462,281,159	\$39,193,643	\$11,034,651	\$12,387,765	\$1,142,589	\$63,758,648	41.0	11.5	12.9	1.2	66.6

Fees By Asset Class

	Average AUM	Managerial	Performance	Other	Custodial	Total	Managerial	Performance	Other	Custodial	Total
Domestic Equity	\$617,818,048	\$3,575,836	\$0	\$0	\$212,867	\$3,788,703	3.7	0.0	0.0	0.2	4.0
Domestic Fixed Income	\$497,490,557	\$3,551,195	\$0	\$0	\$70,169	\$3,621,364	3.7	0.0	0.0	0.1	3.8
International Equity	\$507,333,098	\$4,763,196	\$1,214,113	\$0	\$722,722	\$6,700,031	5.0	1.3	0.0	0.8	7.0
Alternatives	\$164,212,391	\$11,298,683	\$3,415,649	\$9,640,717	\$70,393	\$24,425,443	11.8	3.6	10.1	0.1	25.5
Real Assets	\$347,410,780	\$11,863,762	\$6,405,877	\$1,787,726	\$51,555	\$20,108,920	12.4	6.7	1.9	0.1	21.0
Risk Parity	\$301,029,398	\$4,140,971	-\$988	\$959,322	\$14,884	\$5,114,189	4.3	0.0	1.0	0.0	5.3
Cash	\$26,986,887	\$0	\$0	\$0	\$0	\$0	0.0	0.0	0.0	0.0	0.0

* Performance fees can be negative due to the clawback of incentive fees

Asset Class	Fees
Domestic Equity	\$3,788,703
Domestic Fixed Income	\$3,621,364
International Equity	\$6,700,031
Alternatives	\$24,425,443
Real Assets	\$20,108,920
Risk Parity	\$5,114,189
Cash	\$0
Total	\$63,758,648





StanCERA Investment Fee Summary - By Investment Style

7/1/2019 thru 3/31/2023

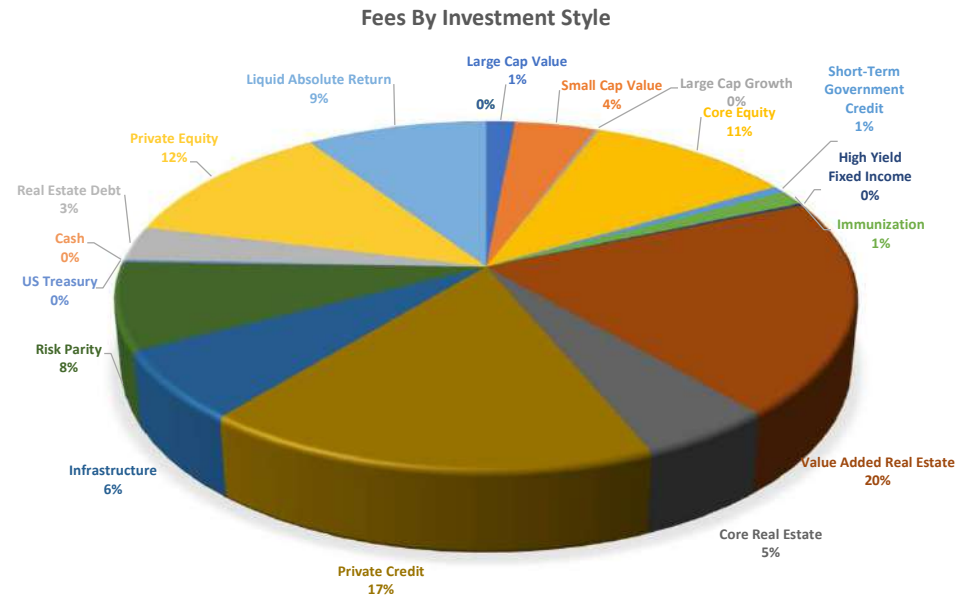
	Fees In Dollars						Annualized Fees in Basis Points				
	Average AUM	Managerial	Performance*	Other	Custodial	Total	Managerial	Performance	Other	Custodial	Total
Total StanCERA Portfolio	\$2,462,281,159	\$39,193,643	\$11,034,651	\$12,387,765	\$1,142,589	\$63,758,648	41.0	11.5	12.9	1.2	66.6

	Fees By Investment Style										
	Average AUM	Managerial	Performance	Other	Custodial	Total	Managerial	Performance	Other	Custodial	Total
Large Cap Value	\$201,828,063	\$887,194	\$0	\$0	\$49,097	\$936,291	0.9	0.0	0.0	0.1	1.0
Small Cap Value	\$91,856,796	\$2,487,913	\$0	\$0	\$156,179	\$2,644,092	2.6	0.0	0.0	0.2	2.8
Large Cap Growth	\$208,198,655	\$126,575	\$0	\$0	\$7,591	\$134,166	0.1	0.0	0.0	0.0	0.1
Core Equity	\$623,267,632	\$4,837,350	\$1,214,113	\$0	\$722,722	\$6,774,184	5.1	1.3	0.0	0.8	7.1
Short-Term Government Credit	\$78,878,613	\$415,135	\$0	\$0	\$23,304	\$438,439	0.4	0.0	0.0	0.0	0.5
Immunization	\$181,645,054	\$817,328	\$0	\$0	\$35,309	\$852,637	0.9	0.0	0.0	0.0	0.9
High Yield Fixed Income	\$53,329,401	\$145,130	\$0	\$0	\$3,303	\$148,433	0.2	0.0	0.0	0.0	0.2
Value Added Real Estate	\$112,867,067	\$6,029,594	\$5,552,085	\$1,135,702	\$24,731	\$12,742,112	6.3	5.8	1.2	0.0	13.3
Core Real Estate	\$119,281,261	\$2,826,119	\$383,882	\$0	\$15,164	\$3,225,165	3.0	0.4	0.0	0.0	3.4
Private Credit	\$99,182,175	\$5,296,624	-\$855,321	\$6,461,241	\$42,712	\$10,945,255	5.5	-0.9	6.8	0.0	11.4
Infrastructure	\$115,262,452	\$3,008,049	\$469,910	\$652,024	\$11,660	\$4,141,643	3.1	0.5	0.7	0.0	4.3
Risk Parity	\$301,029,398	\$4,140,971	-\$988	\$959,322	\$14,884	\$5,114,189	4.3	0.0	1.0	0.0	5.3
US Treasury	\$110,228,323	\$133,309	\$0	\$0	\$0	\$133,309	0.1	0.0	0.0	0.0	0.1
Cash	\$26,986,887	\$0	\$0	\$0	\$0	\$0	0.0	0.0	0.0	0.0	0.0
Real Estate Debt	\$73,409,167	\$2,040,293	\$0	\$0	\$8,254	\$2,048,546	2.1	0.0	0.0	0.0	2.1
Private Equity	\$31,758,795	\$4,360,432	\$163,094	\$3,023,624	\$22,686	\$7,569,835	4.6	0.2	3.2	0.0	7.9
Liquid Absolute Return	\$33,271,422	\$1,641,628	\$4,107,876	\$155,853	\$4,996	\$5,910,352	1.7	4.3	0.2	0.0	6.2

* Performance fees can be negative due to the clawback of incentive fees

By Investment Style	Fees
Large Cap Value	\$936,291
Small Cap Value	\$2,644,092
Large Cap Growth	\$134,166
Core Equity	\$6,774,184
Short-Term Government Credit	\$438,439
Immunization	\$852,637
High Yield Fixed Income	\$148,433
Value Added Real Estate	\$12,742,112
Core Real Estate	\$3,225,165
Private Credit	\$10,945,255
Infrastructure	\$4,141,643
Risk Parity	\$5,114,189
US Treasury	\$133,309
Cash	\$0
Real Estate Debt	\$2,048,546
Private Equity	\$7,569,835
Liquid Absolute Return	\$5,910,352

Total \$63,758,648





Stanislaus County Employees' Retirement Association - Investment Fee Summary

7/1/2019 thru 3/31/2023

Count	Manager Name	Fees in Dollars					Fees in Annualized Basis Points					Total
		Average AUM	Management	Performance **	Other***	Custodial	Total	Management	Performance	Other	Custodial	
1	Dodge Cox Equity	\$103,990,222	\$830,236	\$0	\$0	\$41,515	\$871,751	21.3	0.0	0.0	1.1	22.4
2	Bernzott	\$9,298,832	\$132,582	\$0	\$0	\$12,809	\$145,390	85.7	0.0	0.0	8.3	93.9
3	LSV	\$252,666,951	\$2,359,394	\$0	\$0	\$477,846	\$2,837,240	24.9	0.0	0.0	5.0	30.0
4	Fidelity	\$254,666,147	\$2,403,802	\$1,214,113	\$0	\$244,875	\$3,862,790	25.2	12.7	0.0	2.6	40.5
5	Blackrock Value	\$97,837,841	\$56,958	\$0	\$0	\$7,582	\$64,540	1.6	0.0	0.0	0.2	1.8
6	Blackrock Growth	\$208,198,655	\$126,575	\$0	\$0	\$7,591	\$134,166	1.6	0.0	0.0	0.1	1.7
7	Raven Asset-Based Opportunity Fund I L.P.	\$5,321,225	\$72,508	\$0	\$442,356	\$7,438	\$522,302	36.4	0.0	221.8	3.7	261.9
8	White Oak Pinnacle Fund L.P.**	\$25,689,453	\$1,335,186	-\$691,279	\$243,355	\$6,906	\$894,169	138.7	-71.8	25.3	0.7	92.9
9	Medley Opportunity Fund II L.P.****	\$5,939,604	\$164,753	\$0	\$522,733	\$7,438	\$694,924	74.0	0.0	234.8	3.3	312.2
10	Blackrock US Real Estate	\$42,125,440	\$134,046	\$0	\$0	\$7,727	\$141,773	8.5	0.0	0.0	0.5	9.0
11	Greenfield GAP VII Management Fund, L.L.C	\$6,804,471	\$695,245	\$708,382	\$163,900	\$7,438	\$1,574,965	272.6	277.8	64.3	2.9	617.5
12	Channing	\$22,155,720	\$615,783	\$0	\$0	\$47,363	\$663,146	74.2	0.0	0.0	5.7	79.9
13	Inview	\$13,233,523	\$242,560	\$0	\$0	\$13,669	\$256,230	48.9	0.0	0.0	2.8	51.7
14	Keeley	\$7,825,797	\$111,527	\$0	\$0	\$12,278	\$123,804	85.6	0.0	0.0	9.4	95.0
15	Pacific Ridge	\$16,443,259	\$548,372	\$0	\$0	\$29,960	\$578,332	89.0	0.0	0.0	4.9	93.8
16	Walhausen	\$14,549,508	\$421,531	\$0	\$0	\$25,511	\$447,042	89.1	0.0	0.0	5.4	94.5
17	Morgan Stanley Prime Property Fund, L.L.C	\$77,155,821	\$2,692,073	\$383,882	\$0	\$7,438	\$3,083,393	93.1	13.3	0.0	0.3	106.6
18	American Realty Advisors Fund	\$76,001,297	\$3,182,758	\$571,290	-\$151,188	\$7,438	\$3,610,298	111.7	20.1	-5.3	0.3	126.7
19	North Haven Infrastructure II GP LP	\$31,899,789	\$1,425,971	\$0	\$327,382	\$7,523	\$1,760,876	119.3	0.0	27.4	0.6	147.3
20	Raven Asset-Based Opportunity Fund III L.P.	\$49,745,634	\$2,406,843	-\$454,183	\$2,517,221	\$7,497	\$4,477,378	129.1	-24.4	135.0	0.4	240.1
21	Insight Investment	\$181,645,054	\$817,328	\$0	\$0	\$35,309	\$852,637	12.0	0.0	0.0	0.5	12.5
22	Dimensional Fund Advisors	\$147,722,053	\$415,135	\$0	\$0	\$23,304	\$438,439	14.0	0.0	0.0	0.8	14.8
23	Northern Trust Cash Account	\$26,986,887	\$0	\$0	\$0	\$0	\$0	0.0	0.0	0.0	0.0	0.0
24	Northern Trust Long Term Bond Fund	\$33,469,886	\$40,791	\$0	\$0	\$0	\$40,791	3.3	0.0	0.0	0.0	3.3
25	Northern Trust Intermediate Term Bond Fund	\$76,758,437	\$92,518	\$0	\$0	\$0	\$92,518	3.2	0.0	0.0	0.0	3.2
26	PanAgora Multi-Asset	\$150,784,771	\$1,979,614	-\$988	\$416,298	\$7,446	\$2,402,370	35.0	0.0	7.4	0.1	42.5
27	PGIM Real Estate U.S. Debt Fund, L.P.	\$73,409,167	\$2,040,293	\$0	\$0	\$8,254	\$2,048,546	74.2	0.0	0.0	0.3	74.5
28	AQR Global Risk Premium - EL	\$150,244,627	\$2,161,357	\$0	\$543,024	\$7,438	\$2,711,819	38.4	0.0	9.6	0.1	48.2
29	Grandview Partners I, L.P.	\$25,537,656	\$1,655,152	\$4,272,413	\$963,567	\$7,438	\$6,898,570	172.9	446.4	100.7	0.8	720.7
30	Northern Trust Russell 3000 Fund	\$115,934,533	\$74,154	\$0	\$0	\$0	\$74,154	1.7	0.0	0.0	0.0	1.7
31	Owl Rock First Lien Fund	\$7,397,819	\$609,551	\$0	\$2,150,501	\$6,816	\$2,766,867	247.5	0.0	873.2	2.8	1123.4*
32	Insight Partners XI	\$16,673,226	\$825,699	\$198,825	\$180,403	\$5,802	\$1,210,730	175.1	42.2	38.3	1.2	256.8*
33	Vista Foundation Fund IV	\$5,914,125	\$1,243,956	\$6,133	\$318,561	\$5,277	\$1,573,927	816.4	4.0	209.1	3.5	1033*
34	Clayton, Dubilier, Rice Fund XI (CD&R XI)	\$5,497,242	\$469,521	\$0	\$487,796	\$2,766	\$960,083	410.5	0.0	426.5	2.4	839.3*
35	Seizert Capital Partners	\$28,719,162	\$348,840	\$0	\$0	\$12,715	\$361,555	56.3	0.0	0.0	2.1	58.4
36	Gryphon Partners VI	\$10,012,846	\$227,196	-\$64,878	\$729,567	\$3,263	\$895,148	109.0	-31.1	350.2	1.6	429.6*
37	Genstar Capital Partners X	\$4,339,333	\$168,570	\$23,014	\$105,420	\$2,735	\$299,739	212.4	29.0	132.8	3.4	377.7*
38	Strategic Value Special Situations Fund V	\$3,479,000	\$177,199	\$20,539	\$102,577	\$3,548	\$303,863	278.5	32.3	161.2	5.6	477.6*
39	Northern Trust Infrastructure Fund	\$125,231,341	\$11,021	\$0	\$0	\$0	\$11,021	0.5	0.0	0.0	0.0	0.5
40	BlackRock High Yield Bond Fund	\$109,293,338	\$145,130	\$0	\$0	\$3,303	\$148,433	7.3	0.0	0.0	0.2	7.4
41	IIF Hedged JP Morgan	\$31,314,863	\$279,567	\$83,285	\$117,791	\$1,620	\$482,263	89.6	26.7	37.7	0.5	154.5
42	IFM Global	\$51,918,801	\$264,354	\$386,624	\$57,127	\$531	\$708,637	61.4	89.8	13.3	0.1	164.5
43	Graham Capital	\$60,476,448	\$1,427,569	\$4,107,876	\$155,853	\$2,520	\$5,693,818	167.4	481.7	18.3	0.3	667.7
44	Invesco Global Targeted Returns	\$26,379,498	\$214,059	\$0	\$0	\$2,476	\$216,535	54.3	0.0	0.0	0.6	54.9
45	Sole Source Capital Partners II	\$10,598,813	\$853,149	\$0	\$370,233	\$2,155	\$1,225,537	510.4	0.0	221.5	1.3	733.2*
46	Grandview II, LP	\$12,024,983	\$496,439	\$0	\$159,423	\$2,419	\$658,281	292.8	0.0	94.0	1.4	388.2*
47	Palistar Communications Infrastructure Fund II	\$8,453,023	\$1,027,136	\$0	\$149,724	\$1,986	\$1,178,846	1123.6	0.0	163.8	2.2	1289.5*
49	ABRY Senior Equity VI, LP	\$3,794,372	\$281,973	\$0	\$51,810	\$1,683	\$335,466	N/A	N/A	N/A	N/A	N/A



Stanislaus County Employees' Retirement Association - Investment Fee Summary

7/1/2019 thru 3/31/2023

Count	Manager Name	Fees in Dollars						Fees in Annualized Basis Points				
		Average AUM	Management	Performance **	Other***	Custodial	Total	Management	Performance	Other	Custodial	Total
50	Monroe Capital Private Credit Fund IV, LP	\$14,109,545	\$248,611	\$269,602	\$430,687	\$1,386	\$950,286	N/A	N/A	N/A	N/A	N/A
51	Blue Wolf Capital Fund V	\$208,220	\$369,968	\$0	\$621,343	\$0	\$991,311	N/A	N/A	N/A	N/A	N/A
52	Phocas Financial Corporation	\$24,754,246	\$66,718	\$0	\$0	\$1,876	\$68,593	N/A	N/A	N/A	N/A	N/A

* These funds charge management fees on committed capital during the investment period.

** Performance fees can be negative due to clawback provisions.

*** Other fees include interest expense, professional fees, transaction costs, and general administration expenses.



StanCERA Value Added Report

1/1/2023

through

3/31/2023

Manager	Average AUM	Manager Returns	Manager Fees	Custodial Fees	Primary Benchmark Returns	Secondary Benchmark Returns	Benchmark Fees*	Value Added Primary Benchmark	Value Added Secondary Benchmark
Dodge Cox Equity	\$ 110,627,768	\$ 1,639,532	\$ (58,434)	\$ (3,136)	\$ 1,113,047	None	\$ (6,739)	\$ 471,653	None
LSV	\$ 255,165,332	\$ 15,477,149	\$ (158,056)	\$ (32,718)	\$ 13,605,492	\$ 17,868,499	\$ (192,745)	\$ 1,873,628	\$ (2,389,379)
Fidelity	\$ 227,032,504	\$ 15,756,041	\$ (217,315)	\$ (13,546)	\$ 15,898,437	None	\$ (171,494)	\$ (201,763)	None
Insight Investment	\$ 205,588,787	\$ 3,513,697	\$ (61,319)	\$ (2,573)	\$ 4,381,585	None	\$ (25,048)	\$ (906,732)	None
Channing	\$ 28,072,826	\$ 1,064,830	\$ (35,783)	\$ (4,086)	\$ (184,413)	None	\$ (16,417)	\$ 1,225,791	None
Pacific Ridge	\$ 17,765,576	\$ (539,962)	\$ (26,915)	\$ (1,682)	\$ (917,806)	None	\$ (10,389)	\$ 359,636	None
AQR Global Risk Premium - EL	\$ 119,590,432	\$ 4,638,568	\$ (144,586)	\$ (531)	\$ 6,676,234	None	\$ (43,711)	\$ (2,139,073)	None
PanAgora Multi-Asset	\$ 106,288,047	\$ 5,090,270	\$ (121,401)	\$ (531)	\$ 5,933,618	None	\$ (38,849)	\$ (926,431)	None
Seizert Capital Partners	\$ 33,291,490	\$ 1,528,282	\$ (32,204)	\$ (1,598)	\$ (218,695)	None	\$ (19,469)	\$ 1,732,644	None
Phocas Financial Corporation	\$ 24,631,033	\$ 440,261	\$ (25,275)	\$ (1,876)	\$ (161,804)	None	\$ (14,404)	\$ 589,318	None
Totals	\$ 1,128,053,796	\$ 48,608,668	\$ (881,288)	\$ (62,277)	\$ 46,125,697	\$ 17,868,499	\$ (539,265)	\$ 2,078,671	\$ (2,389,379)

* Benchmark fees are approximated based on a hypothetical investment in a passive fund/ETF

July 25, 2023

Retirement Board Agenda Item

TO: Retirement Board

FROM: Stan Conwell, Retirement Investment Officer

- I. SUBJECT: Private Markets Program Report as of March, 2023
- II. ITEM NUMBER: 7.h
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: N/A
- V. ANALYSIS:

Background

The purpose of this report is to provide useful program-level information on the private market investments in StanCERA's portfolio. StanCERA currently invests in the private real estate, private infrastructure, private credit and private equity asset classes. Each asset class is grouped together to form a program constructed to meet the guidelines outlined in the private markets policy and the overall investment goals of the total portfolio. With this report you can quickly monitor trends in performance, expenses, and funding progress. For each program, the commitment level, funded percentage and IRR trend data is provided for the trailing 8 quarters. The expense data is provided since inception.

Report Analysis - Attachment 1

Real Estate: The real estate program funded percentage continued to climb and is now sitting at 95% funded. As StanCERA adds new value-add real estate funds to the program, the funded status should dip modestly. Performance since inception has declined this quarter as valuations continue to adjust to the uncertainty in the commercial real estate market, particularly within the core office property space. StanCERA's real estate program has exposure to commercial real estate debt which should offer downside protection in the event of a recession and increased cash yields as the loans they hold provide income that floats with interest rates.

Infrastructure: StanCERA's Infrastructure program remained stable during the quarter. There are currently four funds in the program, with 2-3 additional commitments planned in the next year or so. StanCERA currently has a 7.5% target allocation to infrastructure. To date, the program has performed well while exhibiting low volatility which can partially be attributed to infrastructure's ability to withstand the negative effects of inflation.

Private Credit: The private credit program is composed of legacy private credit funds and funds with more recent vintages. As portfolio diversification increases in the program, performance should trend up as the impact from the legacy funds diminishes. Performance has remained stable overall during the latest quarter with some funds increasing in performance and other funds dropping in performance.

Private Equity: The Private Equity program began in 2020 and is the new private market program in StanCERA's portfolio and is about 50% funded as of March 31, 2023. As a new program, IRR numbers are very sensitive to new inputs and will fluctuate significantly between periods. Fund expenses can be a large cost as one-time expenses are recognized to set up the fund and source investments. Valuations in private markets tend to lag those of public markets and have historically exhibited smoothed volatility versus public equities.

Below are the metrics and their definitions used in the report:

- Performance measures
 - **Net internal rate of return (IRR)** – The return on the investment since inception after fees. This measure includes all cash flows into and out of the investment, their timing and the ending fund value as of the measurement date. This measure is generally the most accurate, however, is highly dependent on the ending fund value as approximated by the general partner.
 - **Realization multiple or distributions to paid-in-capital (DPI)** – This is a measure of the cash received by StanCERA relative to cash contributed. For instance, if this measure is \$0.75, then for every dollar StanCERA has contributed, it has received back 75 cents.
 - **Residual value to paid-in-capital multiple (RVPI)** – This is a measure of the current fund value relative to cash contributed. For instance, if this measure is \$0.50, then for every dollar StanCERA has contributed, it holds an investment dollar valued at 50 cents. Like IRR, this measure is highly dependent on the ending fund value approximated by the general partner.
 - **Investment multiple or total value to paid-in-capital (TVPI)** – This measure is simply the sum of the DPI and RVPI and is a widely quoted number in the investment world in a general sense.
- Expenses Since Inception – Private markets expenses can be split into three broad categories: Management Fees, Performance Fees, and Fund Expenses. All expenses reported to StanCERA by the manager are represented in the pie chart.
- Commitment Level and Funded Percentage – The stacked bar chart provides the commitment level indicated on the left y-axis and the funded percentage line is indicated on the right y-axis.
- IRR Trend – This chart provides the net IRR for the program for the last eight quarters.

VI. RISK: None

VII. STRATEGIC PLAN: N/A

VIII. ADMINISTRATIVE BUDGET IMPACT: NONE

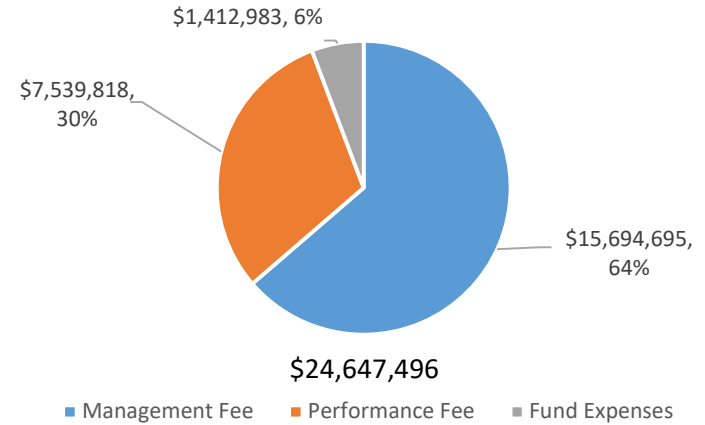
Real Estate Program Performance

Analysis Date: **3/31/2023**
 Program Name: **Real Estate**
 Program Inception Date: **7/8/2014**
 Total Commitment: **\$288,509,359**
 Unfunded Commitment as of Analysis Date: **\$13,912,132**
 % Funded as of Analysis Date: **95.18%**
 Program Fund Balance: **\$326,025,976**

Performance Measures

Net IRR Since Inception: **8.97%**
 Realization Multiple (DPI): **\$0.21**
 Residual Value to Paid in Multiple (RVPI): **\$1.05**
 Investment Multiple (TVPI): **\$1.26**

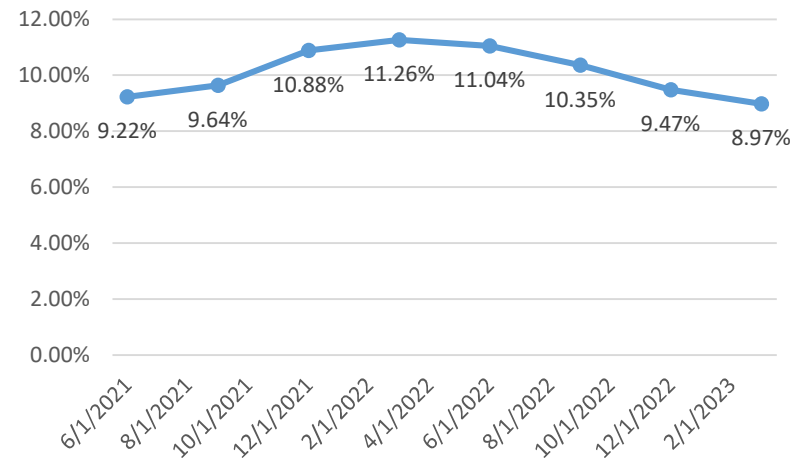
Expenses Since Inception



Commitment Level and Funded Percentage



IRR Trend



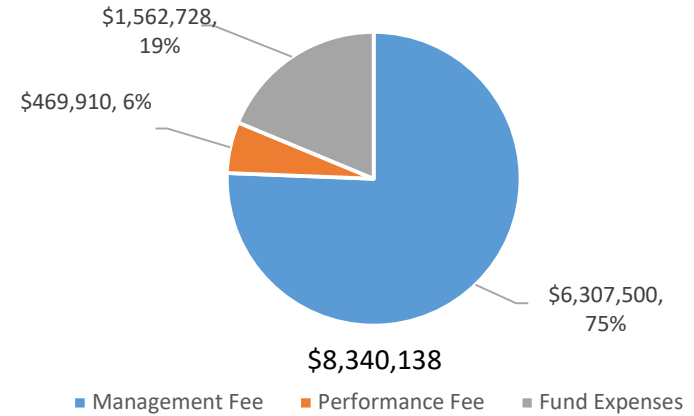
Infrastructure Program Performance

Analysis Date: **3/31/2023**
 Program Name: **Infrastructure**
 Program Inception Date: **5/19/2015**
 Total Commitment: **\$150,000,000**
 Unfunded Commitment as of Analysis Date: **\$15,382,989**
 % Funded as of Analysis Date: **89.74%**
 Program Fund Balance: **\$112,145,327**

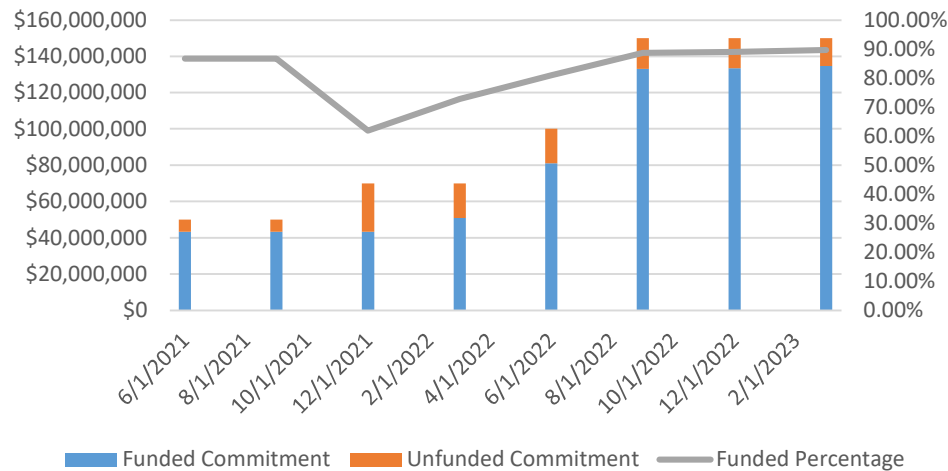
Performance Measures

Net IRR Since Inception: **11.01%**
 Realization Multiple (DPI): **\$0.43**
 Residual Value to Paid in Multiple (RVPI): **\$0.69**
 Investment Multiple (TVPI): **\$1.13**

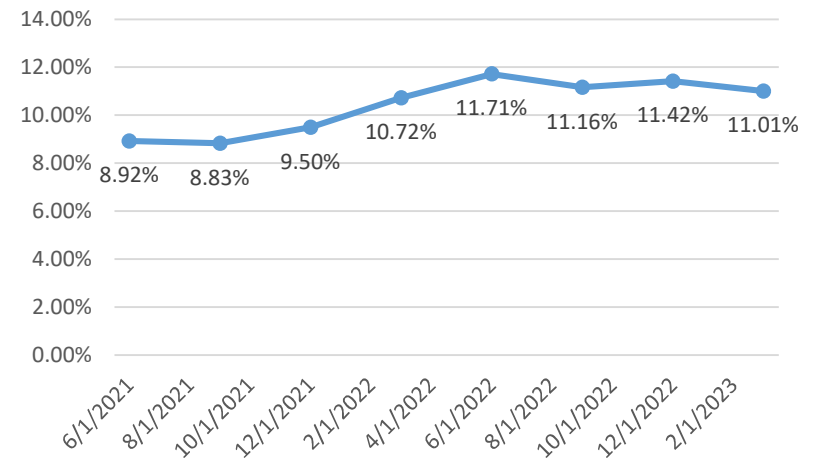
Expenses Since Inception



Commitment Level and Funded Percentage



IRR Trend



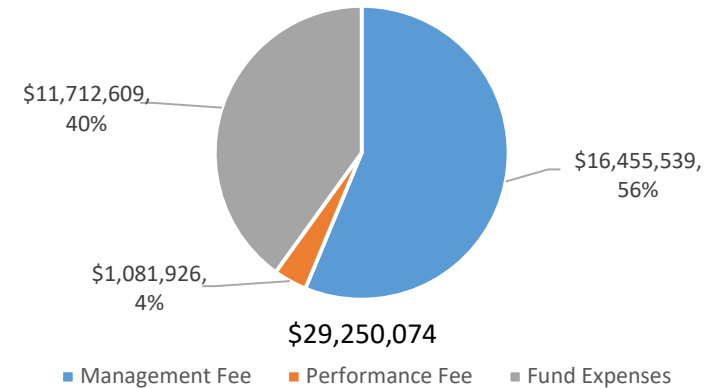
Private Credit Program Performance

Analysis Date: **3/31/2023**
 Program Name: **Private Credit**
 Program Inception Date: **5/16/2013**
 Total Commitment: **\$208,506,215**
 Unfunded Commitment as of Analysis Date: **\$24,933,226**
 % Funded as of Analysis Date: **88.04%**
 Program Fund Balance: **\$123,540,579**

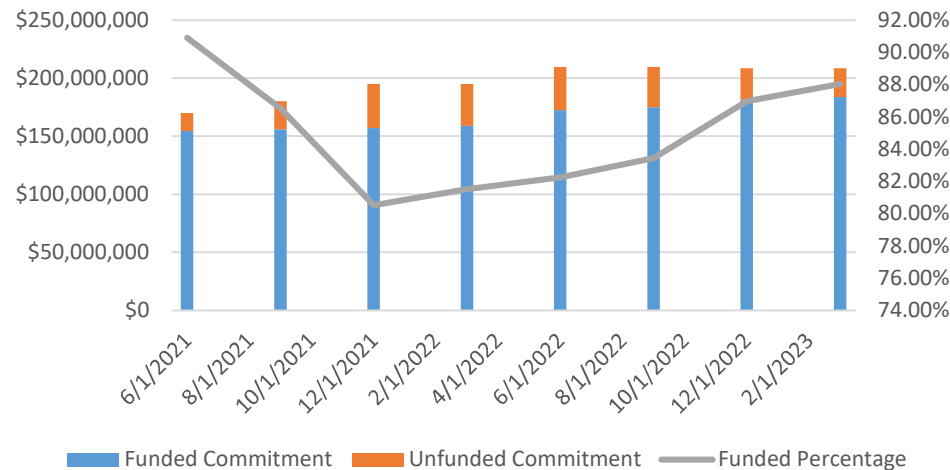
Performance Measures

Net IRR Since Inception: **3.29%**
 Realization Multiple (DPI): **\$0.51**
 Residual Value to Paid in Multiple (RVPI): **\$0.51**
 Investment Multiple (TVPI): **\$1.02**

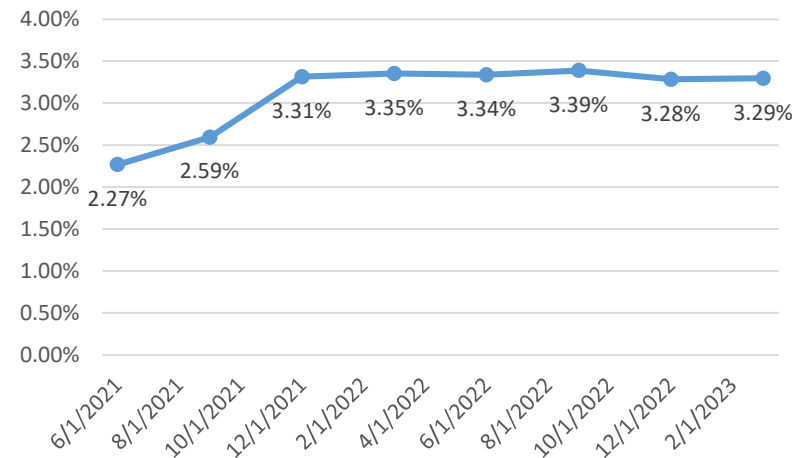
Expenses Since Inception



Commitment Level and Funded Percentage



IRR Trend



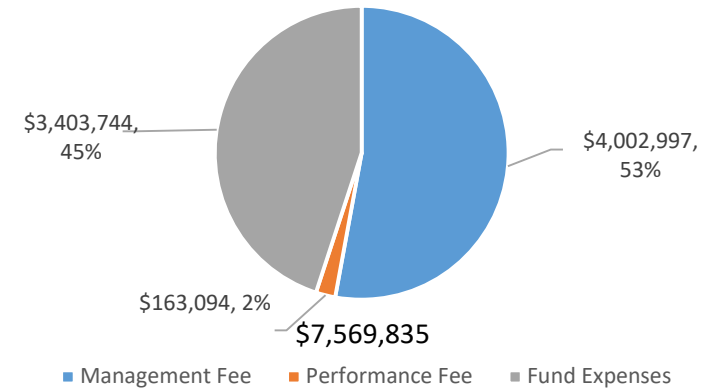
Private Equity Program Performance

Analysis Date: **3/31/2023**
 Program Name: **Private Equity**
 Program Inception Date: **4/30/2020**
 Total Commitment: **\$145,000,000**
 Unfunded Commitment as of Analysis Date: **\$72,700,860**
 % Funded as of Analysis Date: **49.86%**
 Program Fund Balance: **\$87,369,957**

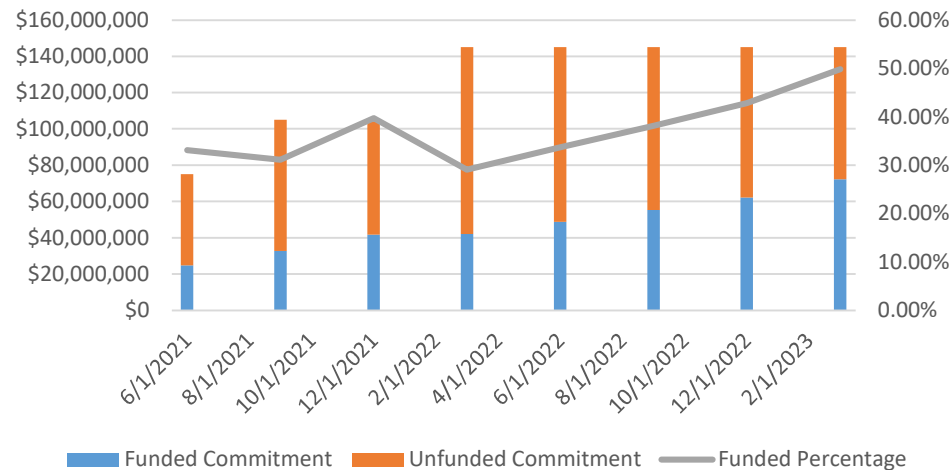
Performance Measures

Net IRR Since Inception: **17.73%**
 Realization Multiple (DPI): **\$0.06**
 Residual Value to Paid in Multiple (RVPI): **\$1.06**
 Investment Multiple (TVPI): **\$1.12**

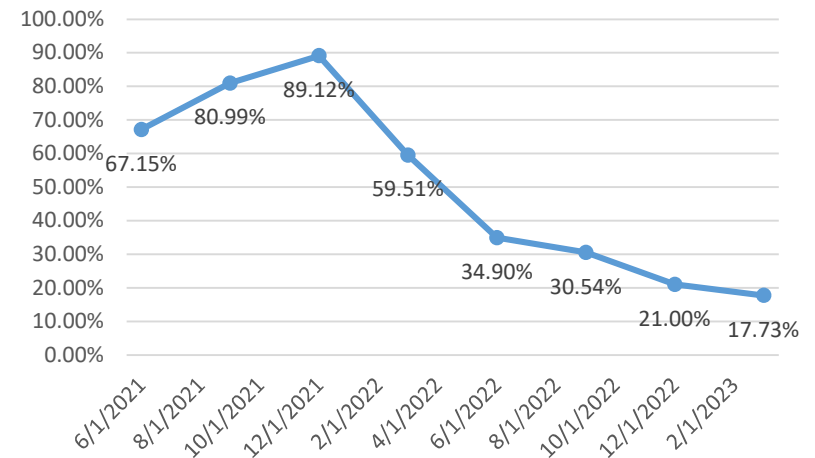
Expenses Since Inception



Commitment Level and Funded Percentage



IRR Trend





MONTHLY PERFORMANCE REPORT

STANISLAUS COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

JUNE 30, 2023

Dan Hennessy, CFA, CAIA, Senior Consultant

Sam Austin, Partner

Leah Tongco, Consulting Analyst



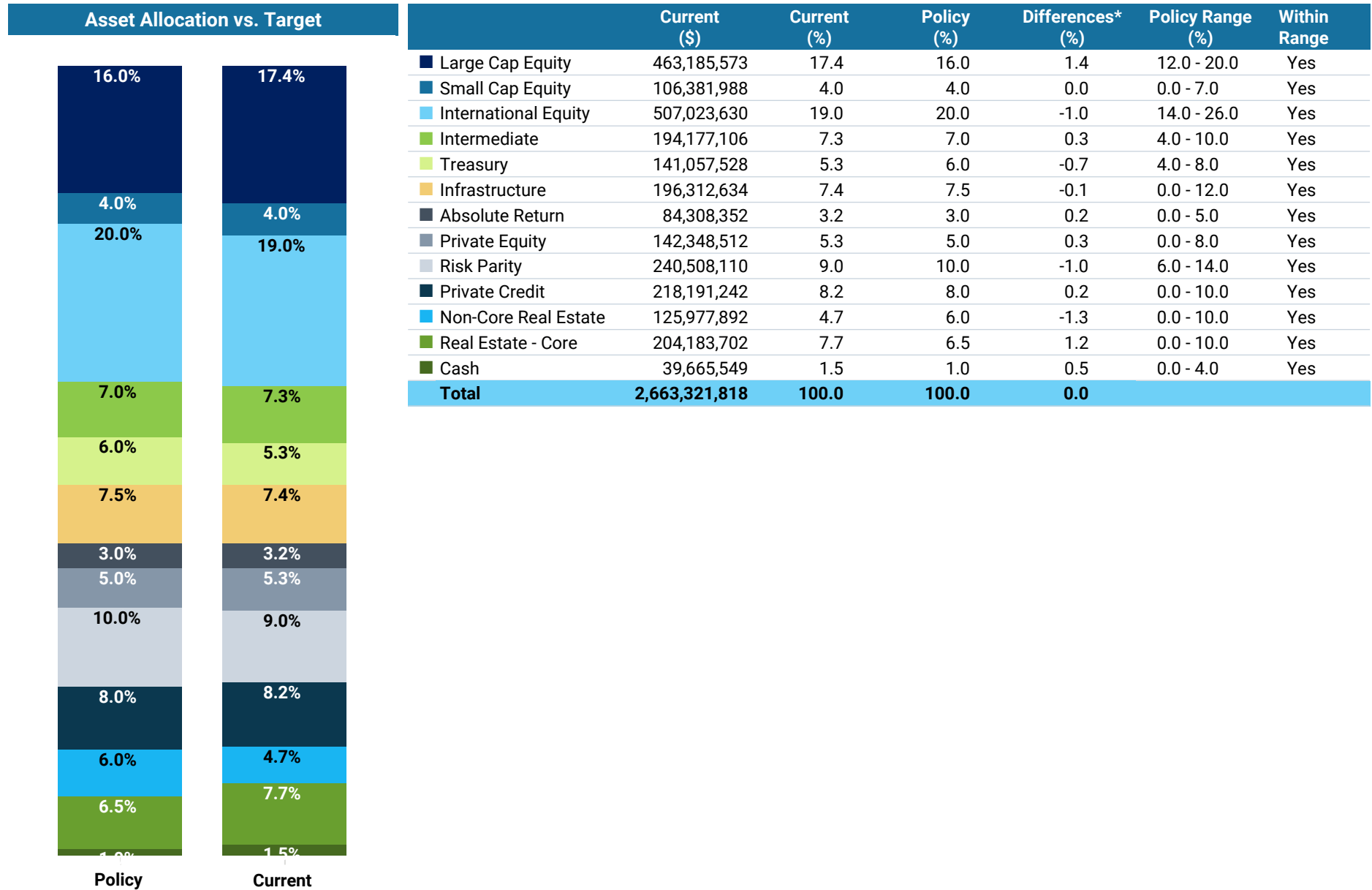
CALENDAR YEAR INDEX PERFORMANCE

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Jun	QTD	YTD
S&P 500	32.4%	13.7%	1.4%	12.0%	21.8%	-4.4%	31.5%	18.4%	28.7%	-18.1%	6.6%	8.7%	16.9%
Russell 1000	33.1%	13.2%	0.9%	12.1%	21.7%	-4.8%	31.4%	21.0%	26.5%	-19.1%	6.8%	8.6%	16.7%
Russell 2000	38.8%	4.9%	-4.4%	21.3%	14.6%	-11.0%	25.5%	20.0%	14.8%	-20.4%	8.1%	5.2%	8.1%
Russell 2500	36.8%	7.1%	-2.9%	17.6%	16.8%	-10.0%	27.8%	20.0%	18.2%	-18.4%	8.5%	5.2%	8.8%
MSCI EAFE	22.8%	-4.9%	-0.8%	1.0%	25.0%	-13.8%	22.0%	7.8%	11.3%	-14.5%	4.6%	3.0%	11.7%
MSCI EM	-2.6%	-2.2%	-14.9%	11.2%	37.3%	-14.6%	18.4%	18.3%	-2.5%	-20.1%	3.8%	0.9%	4.9%
MSCI ACWI	22.8%	4.2%	-2.4%	7.9%	24.0%	-9.4%	26.6%	16.3%	18.5%	-18.4%	5.8%	6.2%	13.9%
Private Equity	12.6%	22.3%	14.6%	10.4%	10.3%	21.0%	13.1%	17.2%	45.0%	-9.3%	-	2.0%	2.0%
BBG TIPS	-8.6%	3.6%	-1.4%	4.7%	3.0%	-1.3%	8.4%	11.0%	6.0%	-11.8%	-0.3%	-1.4%	1.9%
BBG Municipal	-2.6%	9.1%	3.3%	0.2%	5.4%	1.3%	7.5%	5.2%	1.5%	-8.5%	1.0%	-0.1%	2.7%
BBG Muni High Yield	-5.5%	13.8%	1.8%	3.0%	9.7%	4.8%	10.7%	4.9%	7.8%	-13.1%	1.8%	1.7%	4.4%
BBG US Corporate HY	7.4%	2.5%	-4.5%	17.1%	7.5%	-2.1%	14.3%	7.1%	5.3%	-11.2%	1.7%	1.7%	5.4%
BBG US Agg Bond	-2.0%	6.0%	0.5%	2.6%	3.5%	0.0%	8.7%	7.5%	-1.5%	-13.0%	-0.4%	-0.8%	2.1%
BBG Global Agg	-2.6%	0.6%	-3.2%	2.1%	7.4%	-1.2%	6.8%	9.2%	-4.7%	-16.2%	0.0%	-1.5%	1.4%
BBG Long Treasuries	-12.7%	25.1%	-1.2%	1.3%	8.5%	-1.8%	14.8%	17.7%	-4.6%	-29.3%	0.0%	-2.3%	3.7%
BBG US Long Credit	-6.6%	16.4%	-4.6%	10.2%	12.2%	-6.8%	23.4%	13.3%	-1.2%	-25.3%	1.4%	-0.4%	5.0%
BBG US STRIPS 20+ Yr	-21.0%	46.4%	-3.7%	1.4%	13.7%	-4.1%	20.9%	24.0%	-5.2%	-39.6%	1.0%	-2.9%	5.1%
JPM GBI-EM Global Div	-9.0%	-5.7%	-14.9%	9.9%	15.2%	-6.2%	13.5%	2.7%	-8.7%	-11.7%	3.3%	2.5%	7.8%
JPM EMBI Glob Div	-5.3%	7.4%	1.2%	10.2%	10.3%	-4.3%	15.0%	5.3%	-1.8%	-17.8%	2.2%	2.2%	4.1%
CS Hedge Fund	9.7%	4.1%	-0.7%	1.2%	7.1%	-3.2%	9.3%	6.4%	8.2%	1.1%	-	0.1%	0.3%
BBG Commodity	-9.5%	-17.0%	-24.7%	11.8%	1.7%	-11.2%	7.7%	-3.1%	27.1%	16.1%	4.0%	-2.6%	-7.8%
Alerian Midstream	-	16.4%	-37.3%	33.8%	-2.4%	-13.3%	24.0%	-23.4%	38.4%	21.5%	7.0%	3.7%	4.5%
FTSE NAREIT Equity REITs	2.5%	30.1%	3.2%	8.5%	5.2%	-4.6%	26.0%	-8.0%	43.2%	-24.4%	5.2%	2.6%	5.4%

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



ASSET ALLOCATION VS. POLICY



*Difference between Policy and Current Allocation

TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)									
	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	2,663,321,818	100.0	3.0	2.6	6.3	7.8	8.1	6.1	7.5	7.2	8.6	Jan-95
Policy Index			3.2	3.3	7.9	9.8	8.1	6.6	7.4	7.3	7.9	
Allocation Index			3.1	2.9	6.9	7.7	7.0					
Liquidity Sub-Portfolio	233,842,655	8.8	-0.2	0.1	1.9	1.8	0.0	2.7	2.0		1.8	Aug-14
StanCERA Liquidity Blended BM			-0.5	-0.6	1.6	0.4	-1.4	1.7	1.3		1.3	
Cash	39,665,549	1.5	0.6	1.5	2.8	4.7	2.9	2.4	2.0		1.8	Aug-14
FTSE 1 Month T-Bill			0.4	1.2	2.3	3.7	1.3	1.5	1.3		1.0	
Cashflow-Matched Bonds	194,177,106	7.3	-0.4	-0.1	1.8	1.3	-0.8	2.4			2.0	Jul-17
Blmbg. Intermed. U.S. Government/Credit			-0.7	-0.8	1.5	-0.1	-2.5	1.2			0.9	
Insight	194,177,106	7.3	-0.4	-0.1	1.8	1.3	-0.8	2.4			2.0	Jul-17
Blmbg. Intermed. U.S. Government/Credit			-0.7	-0.8	1.5	-0.1	-2.5	1.2			0.9	
Growth Sub-Portfolio	1,963,605,173	73.7	3.8	3.5	7.4	10.4	11.3	7.6	9.6	8.9	8.0	Jan-04
StanCERA Growth Blended BM			4.0	4.2	9.1	12.0	11.9	8.7	9.9			
US Equities	569,567,561	21.4	7.3	8.1	14.8	18.7	15.8	10.7	12.8	11.7	9.7	Jan-04
Russell 3000 Index			6.8	8.4	16.2	19.0	13.9	11.4	12.9	12.3	9.5	
US Large Equity	463,185,573	17.4	6.8	8.7	16.5	19.0	14.9	12.1	13.8	12.7	12.5	Jan-95
Russell 1000 Index			6.8	8.6	16.7	19.4	14.1	11.9	13.1	12.6	10.4	
BlackRock Russell 1000 Growth	233,031,121	8.7	6.8	12.8	29.0	27.1	13.7	15.1	16.9	15.7	15.9	Aug-10
Russell 1000 Growth Index			6.8	12.8	29.0	27.1	13.7	15.1	16.9	15.7	15.9	
BlackRock Russell 1000 Value	114,892,853	4.3	6.6	4.1	5.1	11.5	14.3	8.2	9.0	9.3	11.2	Aug-09
Russell 1000 Value Index			6.6	4.1	5.1	11.5	14.3	8.1	8.9	9.2	11.1	
Dodge & Cox-Equity	115,261,599	4.3	6.8	5.6	7.1	12.4	17.9	9.6	12.3	11.1	11.7	Jan-95
Russell 1000 Value Index			6.6	4.1	5.1	11.5	14.3	8.1	8.9	9.2	9.6	
US Small Equity	106,381,988	4.0	9.7	5.6	8.2	17.4	20.3	6.1	9.3	8.3	11.7	Jan-09
Russell 2000 Index			8.1	5.2	8.1	12.3	10.8	4.2	8.8	8.3	11.1	
Attucks Small Cap	106,381,988	4.0	9.7	5.6	8.2	17.4	20.3	6.1	9.9	9.0	11.9	Jan-09
Russell 2000 Value Index			7.9	3.2	2.5	6.0	15.4	3.5	7.7	7.3	9.8	
International Equity	507,023,630	19.0	5.1	3.3	10.1	14.8	9.7	4.3	7.2	5.5	6.1	Oct-04
MSCI AC World ex USA (Net)			4.5	2.4	9.5	12.7	7.2	3.5	6.3	4.7	5.5	
LSV Int'l Large Cap Value	269,250,131	10.1	5.5	4.0	10.3	15.8	11.5	4.1	7.3	5.5	5.9	Oct-04
MSCI AC World ex USA Value (Net)			5.2	3.0	8.3	12.2	10.4	2.7	5.7	3.7	4.8	
Fidelity Int'l Growth	237,773,499	8.9	4.7	2.6	9.9	13.7	7.8	4.4	6.8	5.3	4.0	May-06
MSCI AC World ex USA Growth (Net)			3.8	1.9	10.7	13.3	4.0	4.1	6.7	5.6	4.0	

- Cash Composite includes the Transaction Account Value.

TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)									
	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Core Real Estate	204,183,702	7.7	0.1	0.1	0.4	-0.2	8.1	5.7	5.0	6.5	3.1	Apr-08
NCREIF Property Index			0.0	0.0	-1.8	-4.7	7.5	6.3	6.5	8.0	6.2	
Prime Property Fund	102,800,000	3.9	0.0	0.0	-1.0	-4.7	9.4	7.4	7.8		8.0	Oct-15
NCREIF ODCE			-2.7	-2.7	-5.8	-10.0	8.0	6.5	7.0		7.3	
BlackRock Real Estate Securities	5,417,195	0.2	5.1	2.8	5.7	-0.9	9.0	3.2	2.5	5.7	6.0	Oct-12
Dow Jones U.S. Select RESI			5.1	3.0	5.8	-0.8	9.1	3.3	2.6	5.7	6.1	
PGIM Real Estate US Debt Fund	95,966,507	3.6	0.0	0.0	1.7	5.0	4.9				5.0	Sep-18
Blmbg. U.S. Investment Grade: CMBS Index			-0.9	-0.6	1.1	-1.9	-2.7				1.0	
Value-Add Real Estate	125,977,892	4.7	0.0	0.0	-2.7	-3.1	10.8	10.4	10.5		10.5	Aug-14
NCREIF Property Index +2%			0.2	0.5	-0.8	-2.8	9.7	8.5	8.7		9.9	
American Strategic Value Realty	86,570,819	3.3	0.0	0.0	-2.4	-4.4	8.2	7.6	8.4		9.8	Jan-15
NCREIF Property Index			0.0	0.0	-1.8	-4.7	7.5	6.3	6.5		7.4	
Greenfield Acquisition Partners VII	972,010	0.0	0.0	0.0	-5.3	-10.4	1.3	5.2	6.9		7.8	Aug-14
NCREIF-ODCE +1%			-2.6	-2.4	-5.3	-9.1	9.1	7.6	8.0		9.5	
Grandview Property Partners I	21,279,202	0.8	0.0	0.0	-0.5	1.3	21.9	22.2			21.0	Apr-18
NCREIF-ODCE +1%			-2.6	-2.4	-5.3	-9.1	9.1	7.6			7.7	
Grandview Property Partners II	17,155,862	0.6	0.0	0.0	-7.2	2.0					-1.1	Dec-21
NCREIF-ODCE +1%			-2.6	-2.4	-5.3	-9.1					6.9	
Infrastructure	196,312,634	7.4	1.9	1.0	3.5	7.6	1.3	4.9	6.8		5.1	Jun-15
CPI + 5% (Unadjusted)			0.7	2.3	5.3	8.1	11.1	9.1	8.6		8.3	
MS Infrastructure Partners II	13,679,141	0.5	0.0	0.0	-2.5	10.5	7.7	8.8	9.6		7.5	Jun-15
CPI + 5% (Unadjusted)			0.7	2.3	5.3	8.1	11.1	9.1	8.6		8.3	
Palistar Communications Infrastructure Fund II	13,850,401	0.5	0.0	0.0	-1.2	5.8					6.4	Jan-22
CPI + 5% (Unadjusted)			0.7	2.3	5.3	8.1					11.5	
JP Morgan IIF Hedged LP	33,193,969	1.2	0.0	0.0	3.4	10.6					9.9	Apr-22
CPI + 5% (Unadjusted)			0.7	2.3	5.3	8.1					10.1	
Northern Trust Infrastructure Fund	80,758,810	3.0	2.8	0.8	4.1	1.8					-2.5	Jul-21
67% STOXX Global Broad Infra / 33% Bloomberg US TIPS			2.9	0.7	3.9	2.3					-2.3	
IFM Global Infrastructure Fund	54,830,313	2.1	2.7	2.5	5.2	9.7					9.7	Jul-22
CPI + 5% (Unadjusted)			0.7	2.3	5.3	8.1					8.1	

TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)									
	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Equity	142,348,512	5.3	2.2	2.7	5.2	4.3	14.4				13.6	Dec-18
Russell 3000 + 3%			7.1	9.2	17.9	22.5	17.3				15.6	
Private Equity	95,052,569	3.6	0.0	0.0	-0.7	-4.8	17.4				16.0	Apr-20
Russell 3000 + 3%			7.1	9.2	17.9	22.5	17.3				23.5	
Private Equity Proxy	47,295,943	1.8	6.7	8.4	16.1	18.9	13.8	12.6	13.5	12.9	9.8	Dec-03
Russell 3000 Index			6.8	8.4	16.2	19.0	13.9	11.4	12.9	12.3	9.7	
Private Credit	218,191,242	8.2	0.6	0.6	2.2	6.6	1.7	0.0	0.7	2.1	2.2	Jun-13
S&P/LSTA Leveraged Loan Index +2%			2.4	3.7	7.5	12.9	8.4	6.2	6.7	6.1	6.1	
Private Credit	118,395,788	4.4	0.0	0.0	-0.1	3.4	5.1	2.0	2.1	3.1	3.2	Jun-13
S&P/LSTA Leveraged Loan Index +2%			2.4	3.7	7.5	12.9	8.4	6.2	6.7	6.1	6.1	
Private Credit Proxy	99,795,454	3.7	1.3	1.3	4.4	10.1					-2.1	Jul-21
ICE BofA US High Yield Master II Constrained			1.6	1.6	5.4	8.9					-2.5	
Risk-Diversifying Sub-Portfolio	465,873,990	17.5	1.1	0.2	4.1	0.7	-1.2	1.6	1.6	2.4	4.0	Dec-03
StanCERA Risk-Diversifying Blended BM			1.6	1.4	5.8	5.2	-0.7	2.0	1.2	1.6		
Risk Parity	240,508,110	9.0	2.3	0.9	6.6	0.5	1.7	3.1			2.8	Dec-17
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			3.5	3.1	8.8	9.2	4.5	4.6			4.2	
AQR Global Risk Premium - EL	120,416,073	4.5	1.2	-1.1	2.6	-1.8	1.6	2.6			2.9	Apr-18
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			3.5	3.1	8.8	9.2	4.5	4.6			4.2	
PanAgora Risk Parity Multi Asset	120,092,037	4.5	3.5	3.0	10.8	2.9	1.9	3.7			3.2	Dec-17
60% MSCI ACWI (Net)/ 40% Bloomberg Global Agg			3.5	3.1	8.8	9.2	4.5	4.6			4.2	
US Treasury Bonds	141,057,528	5.3	-0.7	-1.5	1.8	-2.9	-5.6	0.3	0.7	1.8	3.7	Dec-03
Blmbg. U.S. Treasury: 7-10 Year			-1.3	-1.8	1.6	-3.1	-6.0	0.6	-0.4	1.3	3.4	
Northern Trust Intermediate Gov't Bond	100,096,995	3.8	-0.9	-1.2	1.0	-1.1	-2.9	0.8			0.5	Aug-17
Blmbg. U.S. Government: Intermediate			-0.9	-1.1	1.1	-1.0	-2.8	0.8			0.5	
Northern Trust Long Term Gov't Bond	40,960,534	1.5	0.0	-2.4	3.6	-6.9	-11.2	-0.4			-0.2	Aug-17
Blmbg. U.S. Government: Long Term Bond Index			0.0	-2.3	3.7	-6.8	-12.0	-0.9			-0.7	
Liquid Absolute Return	84,308,352	3.2	0.9	0.9	1.0	6.1					11.0	Oct-21
30 Day T-Bill + 4%			0.8	2.2	4.3	7.9					6.3	
Graham Global Investment Fund I SPC LTD	55,847,649	2.1	1.5	0.9	-0.4	3.0					15.1	Nov-21
HFRI Macro (Total) Index			1.3	1.9	-0.6	-0.2					4.0	
Invesco Global Targeted Return	28,460,703	1.1	-0.1	0.9	3.9	12.1					4.2	Dec-21
30 Day T-Bill + 4%			0.8	2.2	4.3	7.9					6.5	

CASH FLOW SUMMARY BY MANAGER

	1 Month Ending June 30, 2023				
	Beginning Market Value	Contributions	Withdrawals	Net Investment Change	Ending Market Value
Abry Senior Equity VI, L.P.	\$7,123,524	-	-	-	\$7,123,524
American Strategic Value Realty	\$86,570,819	-	-	-	\$86,570,819
AQR Global Risk Premium - EL	\$118,913,980	-	-	\$1,502,093	\$120,416,073
Blackrock High Yield Fund	\$82,968,974	-	-	\$1,292,044	\$84,261,019
BlackRock Real Estate Securities	\$6,077,567	-	-\$955,861	\$295,489	\$5,417,195
BlackRock Russell 1000 Growth	\$218,143,936	-	-	\$14,887,185	\$233,031,121
BlackRock Russell 1000 Value	\$107,743,870	-	-	\$7,148,982	\$114,892,853
Blue Wolf Capital Fund V-A, L.P.	\$3,714,974	-	-	-	\$3,714,974
Callodine Loan Fund II LP	\$12,048,103	\$650,965	-\$137,940	-	\$12,561,129
Cash Account	\$36,495,330	\$3,767,714	-\$1,005,926	\$237,683	\$39,494,800
Channing	\$26,923,744	-	-\$55,335	\$2,906,136	\$29,774,545
Clayton, Dublier, & Rice	\$14,321,576	-	-	-	\$14,321,576
Dodge & Cox-Equity	\$107,895,297	-	-	\$7,366,302	\$115,261,599
Fidelity Int'l Growth	\$227,176,766	-	-	\$10,596,733	\$237,773,499
Genstar Capital Partners X	\$9,904,071	-	-	-	\$9,904,071
Graham Global Investment Fund I SPC LTD	\$55,042,564	-	-	\$805,085	\$55,847,649
Grandview Property Partners I	\$23,054,375	\$955,861	-\$2,731,034	-	\$21,279,202
Grandview Property Partners II	\$16,845,949	\$309,913	-	-	\$17,155,862
Great Hill EP VIII	\$1,030,487	-	-	-	\$1,030,487
Greenfield Acquisition Partners VII	\$1,019,075	-	-\$47,065	-	\$972,010
Gryphon Partners VI LP	\$16,395,730	-	-	-	\$16,395,730
IFM Global Infrastructure Fund	\$53,406,572	-	-	\$1,423,741	\$54,830,313
Insight	\$198,951,224	-	-\$3,992,243	-\$781,875	\$194,177,106
Insight Partners XI	\$21,239,578	-	-	-	\$21,239,578
Invesco Global Targets Returns	\$28,496,452	-	-	-\$35,749	\$28,460,703
JP Morgan IIF Hedged LP	\$33,193,969	-	-	-	\$33,193,969
LSV Int'l Large Cap Value	\$255,218,989	-	-	\$14,031,141	\$269,250,131
Medley Capital	\$1,547,781	-	-	-	\$1,547,781
Monroe Private Credit IV	\$15,534,435	-	-	-	\$15,534,435

CASH FLOW SUMMARY BY MANAGER

	Beginning Market Value	Contributions	Withdrawals	Net Investment Change	Ending Market Value
MS Infrastructure Partners II	\$13,679,141	-	-	-	\$13,679,141
Northern Trust Infrastructure Fund	\$79,077,458	\$1,160	-\$566,921	\$2,247,113	\$80,758,810
Northern Trust Intermediate Gov't Bond	\$101,029,386	\$10,348	-	-\$942,739	\$100,096,995
Northern Trust Long Term Gov't Bond	\$40,972,409	\$4,131	-	-\$16,007	\$40,960,534
Northern Trust Russell 3000	\$45,798,183	\$2,845	-\$1,580,857	\$3,075,772	\$47,295,943
Owl Rock First Lien Fund	\$9,061,408	-	-\$253,885	-	\$8,807,523
Pacific Ridge	\$15,719,902	-	-\$46,467	\$1,562,291	\$17,235,726
Palistar Communications Infrastructure Fund II	\$13,850,401	-	-	-	\$13,850,401
PanAgora Risk Parity Multi Asset	\$116,052,818	-	-	\$4,039,218	\$120,092,037
PGIM Real Estate US Debt Fund	\$95,966,507	-	-	-	\$95,966,507
Phocas'	\$23,058,159	-	-\$44,827	\$2,197,836	\$25,211,168
Prime Property Fund	\$102,800,000	-	-	-	\$102,800,000
Raven Opportunity III	\$56,961,867	-	-	-	\$56,961,867
Seizert	\$31,411,471	-	-\$51,757	\$2,800,836	\$34,160,550
Sole Source Capital Partners II	\$12,597,642	\$1,580,857	-	-	\$14,178,499
Strategic Values Special Situations Fund V, L.P.	\$5,316,581	-	-	-	\$5,316,581
Transition Account	\$170,267	-	-	\$482	\$170,749
Vista Foundation Fund IV	\$14,267,654	-	-	-	\$14,267,654
Walhausen	\$5	-	-\$5	-	-
White Oak Pinnacle	\$26,077,384	-	-	-	\$26,077,384
Total	\$2,590,868,353	\$7,283,795	-\$11,470,124	\$76,639,793	\$2,663,321,818

NOTES

- All performance is shown net of investment management fees. Prime Property Fund and PanAgora Risk Parity Multi-Asset are preliminary as of 06/23 and subject to change once finalized.
- Performance history is provided by Verus through June 2020. As of July 1, 2020 performance is calculated and reported by NEPC.
- Policy Index 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.
- Fiscal Year End Date June 30.

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.

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



July 25, 2023

Retirement Board Agenda Item

TO: Retirement Board

FROM: Due Diligence Committee

- I. SUBJECT: Due Diligence Committee Report
- II. ITEM NUMBER: 10.a
- III. ITEM TYPE: Information Only
- IV. STAFF RECOMMENDATION: N/A
- V. ANALYSIS:

This year's due diligence committee included the following members: Joshua Clayton, Darin Gharat, Stan Conwell, Tom Stadelmaier, Kellie Gomes, Elaine Taa and Dan Hennessey. Under the guidance of directive #4 of StanCERA's Investment Policy, the committee selected four managers for review. An onsite meeting was conducted for each manager with a mix of committee members attending onsite and virtually. The committee met with PGIM in New York and with Attucks Asset Management, Grandview Partners, and LSV asset management in Chicago. In an effort to increase the efficiency and effectiveness of travel, the committee and staff also attended a conference hosted by Attucks as well as additional meetings with other managers in the area.

Directive # 4 in the investment policy provides guidance on how the manager reviews should be conducted. The 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 number of managers reviewed each year is expected to vary based on the amount and nature of manager organizational changes. The review process is split into two parts. First, a comprehensive due diligence questionnaire is sent to each manager and returned ahead of any meetings. Second, a meeting with each manager is arranged 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. This year, the committee was able to visit each manager on site and no material items were identified and the committee was satisfied with the results. A brief summary of the meetings is provided below:

PGIM Real Estate U.S. Debt Fund

PGIM has many offices across the US, the head portfolio manager is based in New York and a member of the committee was able to attend the meeting in person at their New York offices. StanCERA initially invested in the PGIM fund as a founding member in 2018. The fund invests in core/core plus commercial real estate mortgages in the U.S. Relative to peers, the PGIM fund is managed conservatively and provides good diversification and downside protection within StanCERA's real estate program. Given the uncertainty in the

real estate markets currently, a large part of the discussion was focused on the future of office and the various scenarios facing the commercial real estate market. PGIM, as a part of the larger Prudential organization benefits from the operational, compliance, and market research support. The responses to the questionnaire and those provided during the follow up meeting were complete and in line with those of peers and industry standards. As a lender of variable rate loans, the increase in interest rates has increased cash yields and the near term expected returns of the fund have increased as a result. Nevertheless, economic stress in the broader economy could unleash significant pressure on valuations. PGIM has positioned itself well for this scenario by paring back leverage while maintaining a good amount of cash to take advantage of any potential opportunities.

Attucks Asset Management

Attucks is headquartered in Chicago and the committee met with the executives and key employees onsite. The meeting covered a wide range of investment and operational topics with the bulk of time spent on organizational changes, investment processes, IT/data initiatives and cybersecurity risks. The committee also discussed the manager of emerging manager approach and the various motivations and advantages for allocating to emerging managers particularly in the small cap equity space. The Attucks team provided a good amount of context for the recent organizational change to remove the CIO role in favor of one that divides responsibility between equities and fixed income. An overview of technology infrastructure and data projects was provided and their approach to addressing cybersecurity concerns, particularly those related to phishing training and testing was discussed. The committee reviewed Attucks and Capital Prospects in the recent past and noted an improvement in the quality of their responses and overall management of the portfolio. The committee also attended the Attucks conference the following day which provided an opportunity to meet the four sub managers in StanCERA's Attucks account in one place. Additional topics covered at the conference included a market outlook and a discussion on the pathway to success for emerging managers.

Grandview Partners

Grandview Partners has offices in Chicago and the committee set up a working lunch meeting to address some follow up questions to the questionnaire and to review the funds they manage for StanCERA. As a value-add real estate manager, a large portion of the meeting centered around the current state of the real estate market and where they see challenges and potential opportunities. Valuations and leverage were also discussed. Another major focus was to review each of the three funds StanCERA has exposure to. Each fund is in different stages and StanCERA has about \$41,000,000 invested in Grandview as of March 31, 2023. As a specialist firm they focus on multifamily and industrial properties and there is very little office and retail exposure in the funds. Nevertheless, there is uncertainty in the commercial real estate market and the full impact on property valuations is still unfolding. Like with Attucks, the committee saw some improvement in the quality of their responses over prior reviews.

LSV Asset Management

The committee finished up the day with a meeting at LSV's headquarters in Chicago. Josef Lakonishok, one of LSV's founding partners and current chief executive officer and chief investment officer provided a great overview of the firm and the quantitative model that drives their investment process. A major focus of the meeting was on the upcoming departure of LSV's long time director of research, Bhaskaran Swaminathan. While the

departure appears to be well planned out in advance and he will remain on in an academic advisor for a period of time, staff will hold additional meetings to get more details on the change and how the duties of that role will be allocated going forward. LSV also recently introduced an option to more efficiently access India securities that will allow StanCERA to avoid the onerous requirements to invest in the local India markets. This change, once implemented, should lower the fund's tracking error slightly. While onsite, the committee met with the chief technology officer to address cybersecurity risk and also the chief compliance officer to address some operational follow up questions.

- VI. RISK: None
- VII. STRATEGIC PLAN: N/A
- VIII. ADMINISTRATIVE BUDGET IMPACT: NONE