Pension Trust

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San Luis Obispo County
Pension Trust
SLOCPT

AGENDA

Monday, November 15, 2021 9:30 AM
* Online only

PENSION TRUST
BOARD OF TRUSTEES

MEETING MATERIALS
Materials for the meeting may be found at
http://www.slocounty.ca.gov/Departments/Pension-Trust/Board-of-Trustees
Any supporting documentation that relates to an agenda item for open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available at this location.

AMERICANS WITH DISABILITIES ACT (Government Code §54953.2)
Disabled individuals who need special assistance to listen to and/or participate in any meeting of the Board of Trustees may request assistance by calling 805/781-5465 or sending an email to SLOCPT@co.slo.ca.us. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting materials and access available in alternative formats. Requests for assistance should be made at least two days in advance of a meeting whenever possible.

*** TELE-CONFERENCE / VIDEO-CONFERENCE**
Due to the current pandemic Board of Trustees meetings are closed to the public attending in person until further notice.

This meeting of the Board of Trustees will be held via teleconference and/or videoconference pursuant to This meeting of the Board of Trustees will be held via teleconference and/or videoconference. Pursuant to AB 361, and based on the guidance of our Public Health Officer, California Department of Public Health, the California Governor's Office, and data from the United States Centers for Disease Control, in order to minimize the spread of the COVID-19 virus, and to align with local and federal guidelines and social distance recommendations for the containment of the virus, we are authorized to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public, without making available any physical location for the public. Items of business will be limited to the matters shown on the agenda.

If you wish to view the videoconference of the meeting please access
https://us06web.zoom.us/j/85377362892?pwd=Y3IwcUdwQmdVNHIxYXpJcmZza09Zdz09

If you wish to listen to the teleconference meeting, please dial 669/900-6833 (Meeting ID 853 7736 2892). If you have any questions or require additional service, please contact SLOCPT at 805/781-5465.

A) ORGANIZATIONAL

1. Resolution 2021-03 Providing for Virtual Meetings Pursuant to AB 361 (Recommend Approval).

B) PUBLIC COMMENT

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

C) CONSENT

3. Minutes of the Regular Meeting of September 27, 2021 (Approve Without Correction).

4. Reports of Deposits and Contributions for the months of September and October 2021 (Receive and File).

5. Reports of Service Retirements, Disability Retirements and DROP Participants for the months of September and October 2021 (Receive, Approve and File).

6. Monthly Investment Report for September 2021 (Receive and File).

7. Resolution Modifying and Affirming Investment and Banking authority - Resolution 2021-06 (Recommend Approval).

8. Annual Pensionable Compensation Limit for 2022 pursuant to the Public Employees Pension Reform Act (Tier 3) (Recommend Approval).

E) APPLICATIONS FOR DISABILITY RETIREMENT

9. *reserved*

E) OLD BUSINESS

None

F) NEW BUSINESS

10. Resolution Number 2021–04: A Resolution Establishing the Rate of Interest to be Paid on the Normal Contributions of Members (Recommend Approval).

11. Resolution Number 2021-05: A Resolution Establishing the Rate of Interest to be Paid on the Additional Contributions of Members (Recommend Approval)

G) INVESTMENTS

12. Quarterly Investment Report for the 3rd Quarter of 2021 – Presentation by Scott Whalen, Verus (Receive and File).

13. Monthly Investment Report for October 2021 (Receive and File).

14. Asset Allocation – Implementation – Interim 2022 Policy Targets (Review, Discuss, and Recommend Approval).

15. Private Markets Discretionary Advisor – Implementation Update (Review, Discuss, and Recommend Approval).

16. Private Markets Discretionary Advisor – Indemnification – Authorization pursuant to Section 16.02(j) of the Retirement Plan (Recommend Approval).

17. Asset Allocation - (Review, Discuss, and Direct Staff as necessary).

H) CLOSED SESSION

18. PUBLIC SECURITY. The Board will convene in closed session pursuant to Gov. Code section 54957(a) to receive a presentation on cybersecurity.

    Closed session to be held in a separate Zoom videoconference for Trustees only

I) ANNUAL PLANNING SESSION

19. Funding Policy Update (Review, Discuss, and Direct Staff as necessary).

20. Personnel Policy Amendment (Recommend Approval)

J) OPERATIONS

21. Staff Reports

22. General Counsel Reports

23. Committee Reports:

    i. Audit Committee No Report
    ii. Personnel Committee No Report
    iii. Private Markets Investments Report

24. Upcoming Board Topics (subject to change)

    i. December 20, 2021 – planned as a non-meeting month

    ii. January 24, 2022
        a. Election of Officers
        b. Committee Appointments
        c. Disability Hearings – Referee Panel Update
        d. Annual Cashflow Analysis
        e. Private Markets Discretionary Advisor – Strategy Implementation

    iii. February 28, 2022
        a. Annual Cost of Living Adjustment – 2022
        b. Quarterly Investment Report 4Q21
        c. Capital Market Assumptions – 2022 – Verus

    iv. March 28, 2022
        a. Annual Actuarial Valuation planning
        b. Employer prefunding agreement and discount rate
        c. FY 22-23 SLOCPT administrative budget – preliminary
        d. TBD

25. Trustee Comments

K) ADJOURNMENT

SAN LUIS OBISPO COUNTY
PENSION TRUST

RESOLUTION NO. 2021-03

ADOPTING FINDINGS THAT THERE IS A PROCLAIMED STATE OF EMERGENCY AND THAT MEETING IN PERSON POSES IMMINENT HEALTH AND SAFETY RISKS TO ATTENDEES AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS FOR THE BOARD OF TRUSTEES AND COMMITTEES FOR THE PERIOD OF NOVEMBER 15, 2021 TO DECEMBER 16, 2021

WHEREAS, on March 4, 2020, Governor Gavin Newsom declared a State of Emergency in the State of California; and

WHEREAS in light of ongoing concerns about public health and safety, on March 17, 2020, Governor Newsom issued Executive Order N-29-20, which suspended certain provisions of the Ralph M. Brown Act (the "Brown Act") in order to allow local government bodies to conduct open meetings safely during the coronavirus pandemic. On June 11, 2021, the Governor issued Executive Order N-08-21, extending the suspension of these provisions to allow local government bodies to continue to conduct their meetings remotely through September 30, 2021; and

WHEREAS, on September 10, 2021, the Legislature took additional action to allow local agencies to forego compliance with Brown Act teleconferencing requirements under specific circumstances after the expiration of the Governor's order by adopting AB 361, which amends the Brown Act's requirements for teleconferencing during a proclaimed state of emergency and when certain other conditions are met and certain findings are made. Because the bill contained an urgency clause, it took effect upon Governor Newsom's signature on September 16, 2021; and

WHEREAS, the Brown Act, as amended, allows local agencies to make an initial determination to hold open meetings via teleconferencing when there is a proclaimed state of emergency and any of the following circumstances exist:

1) State or local officials have imposed or recommended social distancing
2) The local agency holds a meeting for the purposes of determining by majority vote if meeting in person would pose imminent health and safety risks to attendees
3) The local agency holds a meeting after having determined by majority vote that, as a result of the emergency, meeting in person would pose imminent risks to the health or safety of attendees.

The local agency must reconsider whether the state of emergency continues to impact the ability of the members to meet safely in person or whether local or state officials continue to impose or recommend social distancing every 30 days; and

WHEREAS, the rates of transmission of COVID-19 and variants in the County of San Luis Obispo continue to pose imminent risks for health of attendees at indoor gatherings involving individuals from outside the same household; and

WHEREAS, California Department of Public Health and the federal Centers for Disease Control and Prevention ("CDC") caution that the Delta variant of COVID-19, currently the dominant strain of COVID-19 in the country, is more transmissible than prior variants of the virus, may cause more severe illness, and that even fully vaccinated individuals can spread the virus to others resulting in rapid and alarming rates of COVID-19 cases and hospitalizations (https://www.cdc.gov/coronavirus/2019-ncov/variants/delta-variant.html); and

WHEREAS, the CDC has established a "Community Transmission" metric with 4 tiers designed to reflect a community's COVID-19 case rate and percent positivity; and

WHEREAS, the County of San Luis Obispo currently has a Community Transmission metric of "high" which is the most serious of the tiers; and

WHEREAS, to help protect against the spread of COVID-19 and variants, and to protect the health and safety of the public, the San Luis Obispo County Pension Trust ("SLOCPT") deems it necessary to find holding in person meetings would present imminent risks to the health or safety of attendees, and thus intends to invoke the provisions of AB 361 related to teleconferencing.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Trustees of the San Luis Obispo County Pension Trust that:

1. The recitals set forth above are true and correct.

2. The Proclamation of State of Emergency in response to the COVID-19 pandemic issued by Governor Newsom on March 4, 2020 remains in effect.

3. Based on the recitals above, SLOCPT finds that meeting in person would present imminent risks to the health or safety of attendees.

4. SLOCPT approves meeting via teleconference for all Regular and Special Meetings of SLOCPT for the 30 days following this resolution, in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Upon motion of _____, seconded by _____, and on the following roll call vote, to wit:

Adopted: November 15, 2021

Approved as to Form and Legal Effect

_____
Chris Waddell
General Counsel

SIGNED: _____

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

ATTEST:_____
Carl Nelson, Executive Director

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MINUTES

PENSION TRUST
BOARD OF TRUSTEES

Monday, September 27, 2021 *
Regular Meeting of the Pension Trust
Board of Trustees

** Note – all attendees participated via videoconference as noticed on the agenda for the meeting. Public access was available via videoconference or an audio-only phone-in line.*

Board Members Present:	Gere Sibbach Taylor Dacus Jim Hamilton Lisa Howe David Grim	
Board Members Absent:	Jeff Hamm Michelle Shoresman	
Pension Trust Staff:	Carl Nelson Amy Burke Jennifer Alderete	Executive Director Deputy Director Accountant
General Counsel:	Chris Waddell Kristen Rogers	Olson | Remcho Olson | Remcho
Consultants:	Don Stracke Eric Harnish	NEPC NEPC
Presenters:	HarbourVest – John Toomey, Ed Powers, Teri Noble, Peter Lipson, Abigail Rayner	
Others:	Larry Batchelder Zach Cziryak Norm Descaller Unidentified telephone attendees (1)	SLOCREA Financial Invest. News (journalist) Pageant Media (journalist)

Call to Order: 9:33 AM by President Sibbach

A) PUBLIC COMMENT

1. None

B) CONSENT

2. Minutes of the Regular Meeting of August 23, 2021 (Approve Without Correction).
3. Report of Deposits and Contributions for the month of August 2021 (Receive and File).
4. Report of Service Retirements, Disability Retirements, and DROP Participants for the month of August 2021 (Receive, Approve and File).

Motion: Approve the Consent items

Discussion: -

Public Comment: None

Motion Made: Mr. Grim **Motion Seconded**: Ms. Howe

Carried: Unanimous (roll call vote)

C) APPLICATIONS FOR DISABILITY RETIREMENT

None

D) OLD BUSINESS

None

E) NEW BUSINESS

None

F) INVESTMENTS

5. Monthly Investment Report for August 2021 (Receive and File).

Discussion: Monthly investment performance report by Staff and Verus.

Motion: To Receive and File the Monthly Investment Report.

Discussion: Executive Director Nelson presented the report.

Public Comment: None

Motion Made: Mr. Dacus **Motion Seconded**: Mr. Hamilton

Carried: Unanimous (roll call vote)

6. Alternative Investments Fee Disclosure – CA Code 7514.7 (Receive and File)

Discussion: 2020 Alternative Investments Fee Disclosure as required by California Code Section 7514.7.

Motion: To Receive and File the Fee Disclosure.

Discussion: Executive Director Nelson presented the 2020 Fee Disclosure.

Public Comment: None

Motion Made: Mr. Sibbach **Motion Seconded**: Mr. Dacus

Carried: Unanimous (roll call vote)

7. Private Markets Discretionary Advisor – Finalist Selection (Review, Discuss, Recommend Approval).

Motion: To approve -

1. The selection of **HarbourVest Partners**, LLC to –
    a. Manage the SLOCPT's expanded allocation to Private Equity, Private Credit and Infrastructure investments,
    b. Under a Fund-of-One Limited Partnership structure,
    c. Coordinate the allocations to the identified assets with legacy private market assets in existing LPs and Fund-of-Funds structures.

2. Such approval to be contingent on the satisfactory completion of Investment and Operational Due Diligence analysis by Staff and NEPC.

3. Such approval to be contingent on satisfactory contractual terms to be assessed by General Counsel, Investment Counsel and the Executive Director.

Discussion: Executive Director Nelson introduced the item. Don Stracke and Eric Harnish of NEPC as the Private Markets Advisor search consultant discussed their recommendation of HarbourVest within a fund-of-one vehicle as the Private Market Advisor for SLOCPT. HarbourVest made a lengthy presentation on the firm's qualifications and strategy for the SLOCPT private markets strategy. Trustees asked numerous questions. Board President Sibbach thanked staff, NEPC and the ad hoc Private Markets Investment Committee (Trustees Hamilton, Hamm and Dacus) for their hard work on this action.

Public Comment: None

Motion Made: Mr. Hamilton **Motion Seconded**: Ms. Howe

Carried: Unanimous (roll call vote)

11:22 AM – Board President Sibbach called for a break

11:32 AM – back in session

8. Asset Allocation

Discussion: None

Public Comment: None

No Action Necessary

G) OPERATIONS

9. Staff Reports

   i. Deputy Director Burke reported on the 2021 Disaster Recovery Test and Business Continuity Plan Test. The PensionGold system was successfully put through a disaster recovery drill and brought "live" again on the back-up cloud-based data center. LRS as the vendor for Pension Gold successfully tested its ability to generate a retiree payroll should Pension Trust staff be unavailable.

   ii. Executive Director Nelson requested the Board's preference between virtual and in-person meetings going forward.

   iii. Deputy Director Burke reported on the painting and re-carpeting of SLOCPT's office in November. Due to these maintenance projects, the office may need to be closed for a day or two.

10. General Counsel Reports

General Counsel Waddell reported on California Assembly Bill 361 and its effects on virtual meetings. He also discussed that the State of Emergency in effect through the Governor's Emergency Order governs the ability to hold virtual meetings by waiving Brown Act requirements. Mr. Waddell also requested Board input on topics of interest for his annual Fiduciary Refresher briefing scheduled for the November 15th Board of Trustees meeting.

11. Committee Reports:

i.	Audit Committee	No Report
ii.	Personnel Committee	Report – Covered in Agenda Item #14
iii.	Private Markets Investments	Report – Covered in Agenda Item #7

12. Upcoming Board Topics – published on meeting agenda

13. Trustee Comments

    None

H) CLOSED SESSION

11:58 AM – entered Closed Session

14. PUBLIC EMPLOYEE EVALUATION. The Board convened in closed session pursuant to Gov. Code section 54957(b)(1) to conduct the annual employee evaluation of the Executive Director.

12:45 PM – exited Closed Session

Report – President Sibbach returned the meeting to open session and General Counsel Waddell announced that the Trustees completed the Executive Director's annual review and directed Board President Sibbach to discuss it with Mr. Nelson in the near future.

I) ORGANIZATIONAL

15. Executive Director Compensation

    Discussion: General Counsel Waddell presented the Personnel Committee review of Executive Director compensation for other pension systems. Based on this review, the Personnel Committee recommended an increase of 5% to the compensation range for the SLOCPT Executive Director position. Noted that changing the Executive Director's salary scale also changes that of the Deputy Director which is benchmarked at 80% of the Executive Director's scale. Discussion ensued.

    Motion: Approval to increase the five salary steps for the Executive Director by 5% effective with the first pay period in October 2021.

    Public Comment: None

    Motion Made: Mr. Sibbach **Motion Seconded**: Mr. Hamilton

    Carried: Unanimous (roll call vote)

J) ADJOURNMENT

There being no further business, the meeting was adjourned at 1:05 PM. The next Regular Meeting was set for November 15, 2021, at 9:30 AM, with venue as an in-person or a virtual online meeting to be determined.

Respectfully submitted,

Carl Nelson
Executive Director

REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF
SEPTEMBER 2021

PP 18	9/10/2021	Pensionable	Employer	Employer	Employee	Employer for Employee	Employee	Combined	Additional	Buy	TOTAL
	By Employer and Tier:	Salary	Contributions	Rate	Contributions	Contributions	Rate	Rate	Contributions	Backs	**Contributions**
	County Tier 1	2,934,182.36	897,769.11	30.60%	405,984.61	249,774.98	22.35%	52.95%	1,037.50	591.48	**1,555,157.68**
	County Tier 2	1,027,605.09	325,210.25	31.65%	66,772.07	88,904.72	15.15%	46.80%	-	1,511.97	**482,399.01**
	County Tier 3	3,927,086.45	1,186,341.16	30.21%	552,262.28	-	14.06%	44.27%	-	817.09	**1,739,420.53**
	Superior Court Tier 1	217,385.71	64,866.19	29.84%	44,706.07	-	20.57%	50.40%	-	-	**109,572.26**
	Superior Court Tier 3	132,913.53	38,211.16	28.75%	20,343.28	-	15.31%	44.05%	-	54.54	**58,608.98**
	APCD Tier 1	44,635.67	11,986.77	26.85%	6,957.73	3,573.35	23.59%	50.45%	-	-	**22,517.85**
	APCD Tier 3	29,380.03	7,554.64	25.71%	4,479.52	-	15.25%	40.96%	-	-	**12,034.16**
	SLOCPT Tier 1	7,715.87	2,236.06	28.98%	1,171.27	716.80	24.47%	53.45%	-	-	**4,124.13**
	SLOCPT Tier 2	9,347.20	2,708.82	28.98%	528.11	868.36	14.94%	43.92%	-	-	**4,105.29**
	SLOCPT Tier 3	12,547.76	3,632.57	28.95%	1,803.74	-	14.37%	43.32%	250.00	-	**5,686.31**
	LAFCO Tier 3	9,173.97	2,849.44	31.06%	1,258.10	-	13.71%	44.77%	-	-	**4,107.54**
	RTA Tier 2	27,366.40	8,042.98	29.39%	565.36	3,557.63	15.07%	44.46%	-	-	**12,165.97**
	RTA Tier 3	17,211.20	5,322.32	30.92%	2,095.79	-	12.18%	43.10%	-	-	**7,418.11**
		8,396,551.24	2,556,731.47	30.45%	1,108,927.93	347,395.84	17.34%	47.79%	1,287.50	2,975.08	**$ 4,017,317.82**

PP 19	9/24/2021	Pensionable	Employer	Employer	Employee	Employer for Employee	Employee	Combined	Additional	Buy	TOTAL
	By Employer and Tier:	Salary	Contributions	Rate	Contributions	Contributions	Rate	Rate	Contributions	Backs	**Contributions**
	County Tier 1	2,931,843.45	897,161.96	30.60%	405,585.63	249,715.85	22.35%	52.95%	1,037.50	99,907.15	**1,653,408.09**
	County Tier 2	1,011,084.84	320,542.80	31.70%	68,081.40	85,552.06	15.19%	46.90%	-	1,529.67	**475,705.93**
	County Tier 3	3,962,578.83	1,196,105.75	30.19%	557,986.60	-	14.08%	44.27%	-	13,429.77	**1,767,522.12**
	Superior Court Tier 1	217,602.30	64,878.25	29.82%	44,753.34	-	20.57%	50.38%	-	-	**109,631.59**
	Superior Court Tier 3	135,052.11	38,440.84	28.46%	20,588.99	-	15.25%	43.71%	-	55.98	**59,085.81**
	APCD Tier 1	44,635.64	11,986.77	26.85%	6,957.74	3,573.34	23.59%	50.45%	-	-	**22,517.85**
	APCD Tier 2	1,685.20	438.49	26.02%	220.42	96.90	18.83%	44.85%	-	-	**755.81**
	APCD Tier 3	29,766.02	7,653.18	25.71%	4,559.49	-	15.32%	41.03%	-	-	**12,212.67**
	SLOCPT Tier 1	7,715.87	2,236.06	28.98%	1,171.27	716.80	24.47%	53.45%	-	-	**4,124.13**
	SLOCPT Tier 2	9,347.20	2,708.82	28.98%	528.11	868.36	14.94%	43.92%	-	-	**4,105.29**
	SLOCPT Tier 3	12,547.76	3,632.57	28.95%	1,803.74	-	14.37%	43.32%	250.00	-	**5,686.31**
	LAFCO Tier 3	9,173.97	2,849.44	31.06%	1,258.10	-	13.71%	44.77%	-	-	**4,107.54**
	RTA Tier 2	27,366.40	8,042.98	29.39%	565.36	3,557.63	15.07%	44.46%	-	-	**12,165.97**
	RTA Tier 3	17,211.20	5,322.32	30.92%	2,095.79	-	12.18%	43.10%	-	-	**7,418.11**
		8,417,610.79	2,562,000.23	30.44%	1,116,155.98	344,080.94	17.35%	47.78%	1,287.50	114,922.57	**$ 4,138,447.22**
	TOTAL FOR THE MONTH	**16,814,162.03**	**5,118,731.70**	**30.44%**	**2,225,083.91**	**691,476.78**	**17.35%**	**47.79%**	**2,575.00**	**117,897.65**	**$ 8,155,765.04**
	TOTAL YEAR TO DATE	**156,469,323.53**	**44,003,347.27**	**28.12%**	**20,020,288.18**	**6,592,747.19**	**17.01%**	**45.13%**	**26,237.50**	**299,110.03**	**70,941,730.17**

REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF
OCTOBER 2021

PP 20	**10/8/2021**	Pensionable	Employer	Employer	Employee	Employer for Employee	Employee	Combined	Additional	Buy	**TOTAL**
	By Employer and Tier:	Salary	Contributions	Rate	Contributions	Contributions	Rate	Rate	Contributions	Backs	**Contributions**
	County Tier 1	2,911,072.05	891,351.60	30.62%	403,053.79	247,693.61	22.35%	52.97%	1,037.50	533.73	**1,543,670.23**
	County Tier 2	1,016,504.07	321,907.73	31.67%	67,159.80	87,223.24	15.19%	46.86%	-	176.75	**476,467.52**
	County Tier 3	3,954,401.74	1,194,092.55	30.20%	556,937.98	-	14.08%	44.28%	-	767.93	**1,751,798.46**
	Superior Court Tier 1	218,621.76	65,186.76	29.82%	44,947.33	-	20.56%	50.38%	-	-	**110,134.09**
	Superior Court Tier 3	134,637.64	38,613.91	28.68%	20,800.72	-	15.45%	44.13%	-	-	**59,414.63**
	APCD Tier 1	44,635.64	11,986.77	26.85%	6,957.73	3,573.34	23.59%	50.45%	-	-	**22,517.84**
	APCD Tier 2	3,370.40	876.98	26.02%	440.85	193.80	18.83%	44.85%	-	-	**1,511.63**
	APCD Tier 3	28,229.62	7,260.95	25.72%	4,355.92	-	15.43%	41.15%	-	-	**11,616.87**
	SLOCPT Tier 1	8,101.67	2,347.86	28.98%	1,229.83	752.65	24.47%	53.45%	-	-	**4,330.34**
	SLOCPT Tier 2	9,629.60	2,790.66	28.98%	544.07	894.59	14.94%	43.92%	-	-	**4,229.32**
	SLOCPT Tier 3	12,547.77	3,632.58	28.95%	1,803.74	-	14.37%	43.32%	250.00	-	**5,686.32**
	LAFCO Tier 3	9,173.97	2,849.44	31.06%	1,258.10	-	13.71%	44.77%	-	-	**4,107.54**
	RTA Tier 2	27,366.40	8,042.98	29.39%	565.36	3,557.63	15.07%	44.46%	-	-	**12,165.97**
	RTA Tier 3	17,463.04	5,395.10	30.89%	2,095.79	-	12.00%	42.90%	-	-	**7,490.89**
		8,395,755.37	2,556,335.87	30.45%	1,112,151.01	343,888.86	17.34%	47.79%	1,287.50	1,478.41	**$ 4,015,141.65**

PP 21	**10/22/2021**	Pensionable	Employer	Employer	Employee	Employer for Employee	Employee	Combined	Additional	Buy	**TOTAL**
	By Employer and Tier:	Salary	Contributions	Rate	Contributions	Contributions	Rate	Rate	Contributions	Backs	**Contributions**
	County Tier 1	2,890,617.96	885,257.24	30.63%	400,396.11	246,122.11	22.37%	52.99%	1,037.50	2,182.57	**1,534,995.53**
	County Tier 2	1,014,939.18	321,343.06	31.66%	68,041.80	85,967.54	15.17%	46.84%	-	-	**475,352.40**
	County Tier 3	3,972,450.77	1,199,196.82	30.19%	559,549.19	-	14.09%	44.27%	-	602.72	**1,759,348.73**
	Superior Court Tier 1	225,612.95	67,315.24	29.84%	46,336.10	-	20.54%	50.37%	-	-	**113,651.34**
	Superior Court Tier 3	136,091.62	39,059.20	28.70%	21,016.88	-	15.44%	44.14%	-	-	**60,076.08**
	APCD Tier 1	44,635.66	11,986.77	26.85%	6,957.73	3,573.35	23.59%	50.45%	-	-	**22,517.85**
	APCD Tier 2	3,370.40	876.98	26.02%	440.85	193.80	18.83%	44.85%	-	-	**1,511.63**
	APCD Tier 3	28,627.23	7,362.45	25.72%	4,409.02	-	15.40%	41.12%	-	-	**11,771.47**
	SLOCPT Tier 1	8,101.67	2,347.86	28.98%	1,229.83	752.65	24.47%	53.45%	-	-	**4,330.34**
	SLOCPT Tier 2	9,629.60	2,790.66	28.98%	544.07	894.59	14.94%	43.92%	-	-	**4,229.32**
	SLOCPT Tier 3	12,547.77	3,632.58	28.95%	1,803.74	-	14.37%	43.32%	250.00	-	**5,686.32**
	LAFCO Tier 3	9,173.97	2,849.44	31.06%	1,258.10	-	13.71%	44.77%	-	-	**4,107.54**
	RTA Tier 2	27,366.40	8,042.98	29.39%	565.36	3,557.63	15.07%	44.46%	-	-	**12,165.97**
	RTA Tier 3	17,463.04	5,395.10	30.89%	2,168.41	-	12.42%	43.31%	-	-	**7,563.51**
		8,400,628.22	2,557,456.38	30.44%	1,114,717.19	341,061.67	17.33%	47.77%	1,287.50	2,785.29	**$ 4,017,308.03**
	TOTAL FOR THE MONTH	**16,796,383.59**	**5,113,792.25**	**30.45%**	**2,226,868.20**	**684,950.53**	**17.34%**	**47.78%**	**2,575.00**	**4,263.70**	**$ 8,032,449.68**
	TOTAL YEAR TO DATE	**173,265,707.12**	**49,117,139.52**	**28.35%**	**22,247,156.38**	**7,277,697.72**	**17.04%**	**45.39%**	**28,812.50**	**303,373.73**	**$ 78,974,179.85**

REPORT OF RETIREMENTS	September 2021

RETIREE NAME	DEPARTMENT	BENEFIT TYPE *	EFFECTIVE DATE	MONTHLY BENEFIT	SS TEMP ANNUITY**
Bergmueller, John S	Public Works ISF	DROP	09/01/2021	4,670.17	False
Bergmueller, John S	Public Works ISF	Additional Annuity	09/01/2021	434.10	False
Brock, Leonard Eugene	Drinking Driver Programs	Service Retirement	08/28/2021	1,008.95	False
Buckert, Laura Lea	Public Health Department	Service Retirement	09/18/2021	853.52	False
Elwell, Jamie E	Sheriff-Coroner	Service Retirement	08/21/2021	3,263.70	True
Jones, Kathryn	Public Health Department	Service Retirement	09/15/2021	1,150.61	False
Martin, Carol L	Public Health Department	Service Retirement	08/29/2021	5,566.07	False
Mickey, Cyndi Louise	Alternate Payee	Service Retirement	08/01/2021	622.27	False
Murray, Kathleen A	Animal Services	Service Retirement	07/24/2021	361.50	False
Nelson, Susie	Assessor	DROP	09/01/2021	3,082.42	False
Smith, Laura Lee	Library	DROP	09/01/2021	2,290.19	False
Stafford, Maria Del Pilar	Department of Social Services	Service Retirement	09/01/2021	1,117.93	False
Sykes, Janice M	Department of Social Services	DROP	09/01/2021	5,459.52	False
Sykes, Janice M	Department of Social Services	Additional Annuity	09/01/2021	98.12	False
Walzberg, Sandra S	Public Health Department	Service Retirement	08/28/2021	3,283.29	False
Ziemann, Sandra Lee	Assessor	Service Retirement	08/03/2021	45.76	False

** Additional Annuity Benefits are calculated based on the Additional Contribution and associated Interest balance of the Retiree at the point of retirement (per Sections 5.07, 27.12, 28.12, 29.12, 30.12, and 31.12 of the Plan)*

*** If "True" Retiree has elected an optional Social Security Coordinated Temporary Annuity (per Section 13.06 of the Plan), actual monthly allowance will be increased until age 62 and then actuarially reduced going forward*

REPORT OF RETIREMENTS	October 2021

RETIREE NAME	DEPARTMENT	BENEFIT TYPE *	EFFECTIVE DATE	MONTHLY BENEFIT	SS TEMP ANNUITY**
Baylor, Karen L	Behavioral Health	Service Retirement	06/30/2021	3,647.73	False
Borgsdorf, Paula J	Department of Social Services	Service Retirement	10/16/2021	2,151.98	False
Chiri-Lovelady, Sharon Marie	Behavioral Health	Service Retirement	10/04/2021	3,041.95	False
Dyson, Katrina D	Public Works ISF	Service Retirement	09/18/2021	6,612.78	False
Erikson, Karen	Sheriff-Coroner	Service Retirement	10/16/2021	964.40	False
Estrada, Belen	Public Health Department	Service Retirement	10/02/2021	5,443.16	False
Garrett, Ginger	Superior Court	Service Retirement	10/13/2021	2,075.31	False
Long, Robin Annette	SLO County Child Support Servi	Service Retirement	10/01/2021	2,050.41	False
Mendez, Louise A	Behavioral Health	Service Retirement	10/01/2021	1,852.33	False
Mueting, Anthony P	Community Parks	Service Retirement	09/11/2021	2,391.75	False
Ogawa-Wong, Jacqueline A	Department of Social Services	Service Retirement	10/02/2021	2,871.72	False
Parham, Rebecca L	Behavioral Health	Service Retirement	10/09/2021	3,202.93	True
Perino, Patricia E	Sheriff-Coroner	Service Retirement	10/02/2021	3,929.90	False

** Additional Annuity Benefits are calculated based on the Additional Contribution and associated Interest balance of the Retiree at the point of retirement (per Sections 5.07, 27.12, 28.12, 29.12, 30.12, and 31.12 of the Plan)*

*** If "True" Retiree has elected an optional Social Security Coordinated Temporary Annuity (per Section 13.06 of the Plan), actual monthly allowance will be increased until age 62 and then actuarially reduced going forward*

Board of Trustees

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San Luis Obispo, CA 93408
Phone: (805) 781-5465
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San Luis Obispo County Pension Trust
SLOCPT

Date: October 25, 2021

To: Board of Trustees

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

Agenda Item 6: Monthly Investment Report for September 2021

	September	**Year to Date 2021**		2020	2019	2018	2017	2016
Total Trust Investments ($ millions)	$1,728			$1,552 year end	$1,446 year end	$1,285 year end	$1,351 year end	$1,196 year end
Total Fund Return	-1.8% Gross	**10.1%** Gross		8.9 % Gross	16.3 % Gross	-3.2 % Gross	15.5 % Gross	6.6 % Gross
Policy Index Return (r)	-2.0%	7.8%		10.0 %	16.4 %	-3.2 %	13.4 %	7.7 %

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

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

Pending annual updates to interim targets.

SLOCPT Investment Returns:

The attached report from Verus covers the preliminary investment returns of the SLOCPT portfolio and general market conditions through the end of September. The attached market commentary from Verus details market conditions in September, but subsequent activity in October is not yet factored into these numbers. As of October 25th, it seems likely that October may be a positive month.

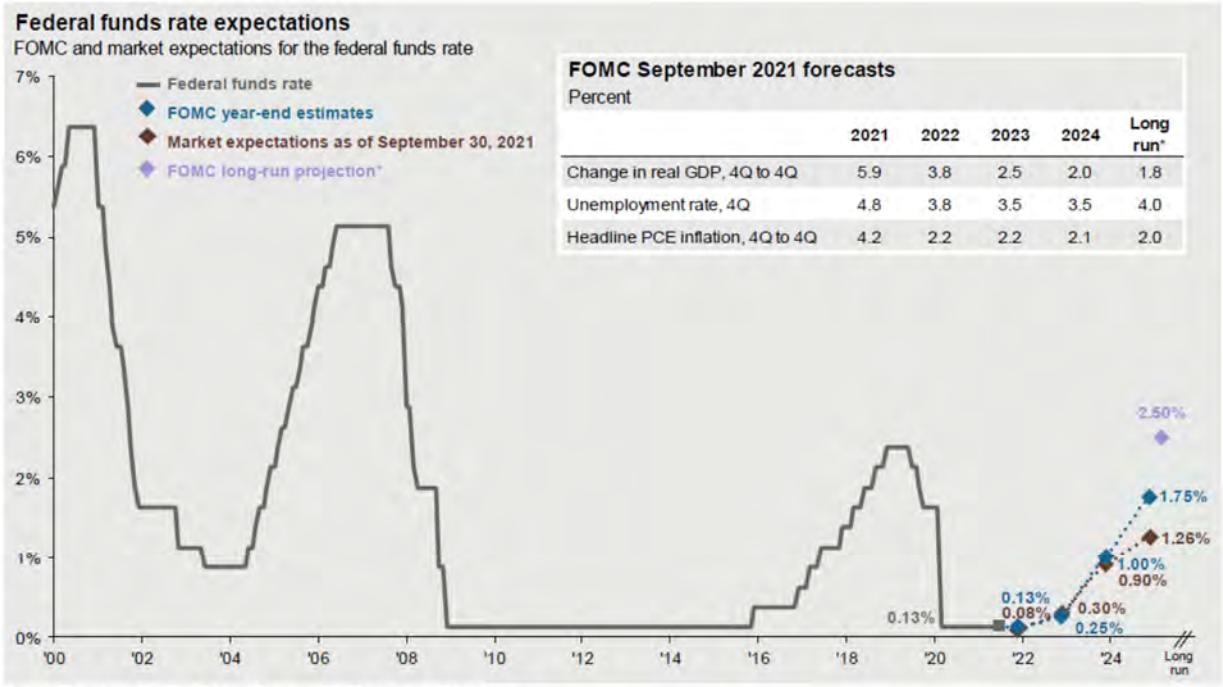
The Economy and Capital Markets:

- **The Economy**
  - **Pandemic Impacts –** The level of Covid infections has retreated from its August peak driven by the highly contagious Delta variant. Estimates for some level of immunity in the U.S. population either through vaccination or prior infection are in the 70%-80% range. The economic impact is waning as the resilience of large parts of the economy which have adapted to remote work/learning and Covid-safer activities remains widespread. Continued expectations for strong growth in the economy and corporate profits reflect the transition of the economy away from a Covid vaccination/infection rate dominated period.
  - **GDP Growth and Employment –** J.P. Morgan Asset Management in its mid-September commentary expects 2021 GDP growth – after the early 2021 surge -to end the year at about 6% and for 2022 GDP growth to stabilize at about 2%. J.P. Morgan also expects unemployment to fall below 4% by the end of 2021. Declining unemployment should reflect more unemployed filtering back into an economy for a myriad or reasons – not just the expiration of enhanced jobless benefits.
  - **Inflation** –
    - The September report on CPI inflation jumped more than expected with a 5.4% year-over-year change. Food, rent, and furniture costs led the increase fueled in part by limited housing supply and supply chain disruptions. The continued uptick in inflation continues to provide a source of worry for the Fed and for the stock market.
    - The Social Security cost of living increase for 2022 will be 5.9%, the largest SS increase since 1982. The Social Security COLA is based on the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) since the last COLA increase. The Social Security COLA affects 65 million recipients. Those on SS retirements have an average benefit of $1,555/month.
    - J.P. Morgan Asset Management views higher rates of inflation as transitory, but stickier than what the Fed expects. Some level of inflationary expectations may become embedded in the economy helping to fuel longer term CPI inflation in the upper 2% range.

- **Economic Policy**
  - **Monetary Policy** –
    - The Fed's Open Market Committee at its September meeting offered balance statements between rising, but transitory, inflation and slowing growth. Importantly, the Fed deliberately included statements indicating a tapering of asset purchases later in 2021 through mid-2022.
    - Half of the 18 FOMC members hold expectations that the Fed Funds should be higher by the end of 2022. These comments are part of a gradual and increasing

indication that the Fed is ready to pivot away from strongly stimulative monetary policy as the economy recovers from the pandemic.

- The Fed's forecast of 2021 GDP growth has lowered to 5.9%.
- The Fed's forecast for 2021 inflation has increased to a year-over-year rate of 4.5% - up from a start of year Fed forecast of 2021 CPI of 1.8%.



FOMC September 2021 forecasts
Percent

	2021	2022	2023	2024	Long run*
Change in real GDP, 4Q to 4Q	5.9	3.8	2.5	2.0	1.8
Unemployment rate, 4Q	4.8	3.8	3.5	3.5	4.0
Headline PCE inflation, 4Q to 4Q	4.2	2.2	2.2	2.1	2.0

Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.
Market expectations are based off of the USD Overnight Index Forward Swap rates. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.
Guide to the Markets – U.S. Data are as of September 30, 2021.

J.P.Morgan Asset Management

- **Employment and Wages –**
  - **New Jobs** - The September jobs report from the BLS on nonfarm employment showed another a significantly slowed gain of 194k new jobs. Hiring continues to be impacted by surging Delta variant Covid infection rates.
  - **Unemployment** - The unemployment rate in September declined more than expected from 5.2% in August to 4.8% - its lowest rate since the pandemic began. This is a far faster rate of improvement in unemployment following the short 2020 recession than for earlier recessions.
  - **Labor Force Participation Rate** - The labor force participation rate at 61.6% has remained flat since June 2020 after falling from about 63.3% in February 2020. Importantly, the labor force participation rate did not jump with the expiration of extra unemployment benefits leading up to September. This suggests, as has been expected, that the reasons for potential workers being out of the labor pool are far more complex

and individually nuanced than a simple "when the UI stops they'll go back to work" thesis.

- **Wages** – Average hourly earnings increased more than expected at +0.6% in September – up 4.6% from a year ago - suggesting that rising demand for labor combined with Covid related workforce disruptions are putting upward pressure on wages.

Investment Markets –

- **U.S. Equities –** September reversed the buoyant trend of regular new highs in the S&P 500 since the start of the year. With the S&P returning -4.7% for September the return of doubt about the 2020-2021 run of record corporate profits came into focus. The possibility of slowing economic growth from persistent Covid impacts, surprisingly large supply-chain problems and inflation fears raised concerns in the month. In addition, the Fed indicated its intent to pare back asset purchases and slow the aggressive monetary policy support that has fueled the U.S. economy and stock markets through the pandemic recovery.

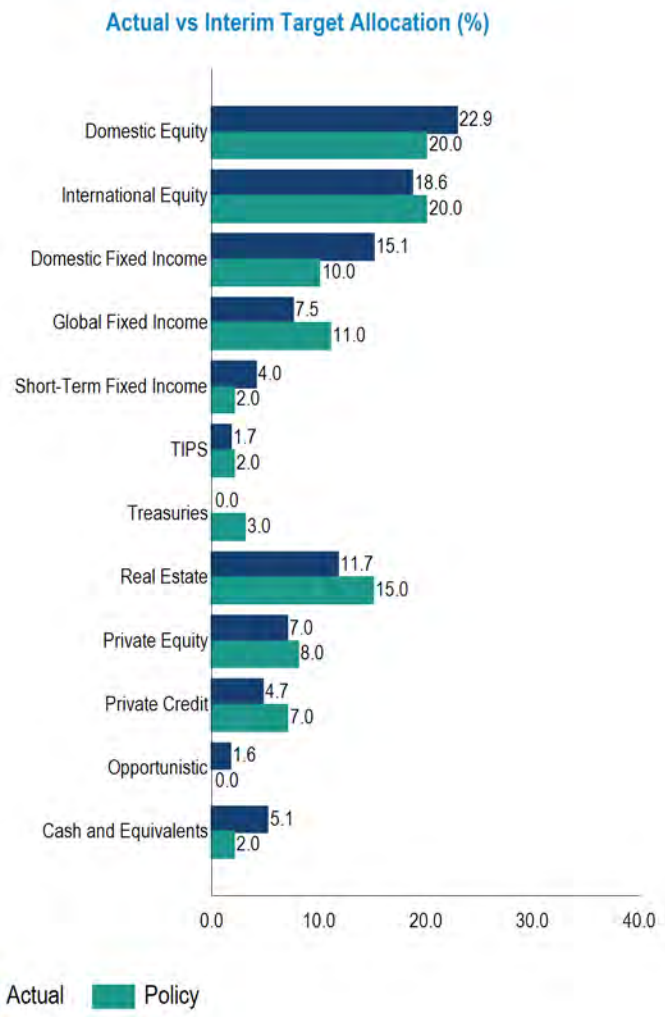
- **U.S. Bonds –** Fixed income markets experienced small negative returns in September as the markets adjusted to expectations for a slow turnaround in Fed policy towards higher interest rates. Increases in interest rates based on future expectations lead to price declines on bonds where yields and bond prices are inversely related. Credit spreads in the U.S. between Treasury yields and high-yield corporate bonds remain low reflecting optimism about economic prospects. Such is not the case in China as concerns over likely defaults on debt by the giant Evergrande real estate developer rattled credit markets.

Respectfully Submitted,

San Luis Obispo County Pension Trust
Executive Summary - Preliminary (Gross of Fees)

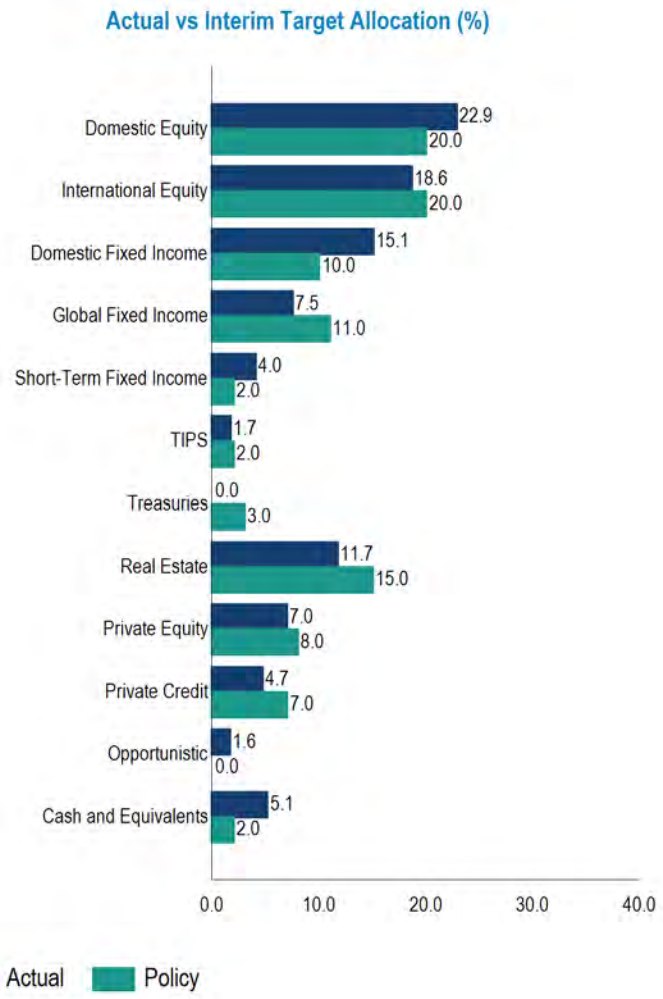
Period Ending: September 30, 2021

	Market Value	% of Portfolio	1 Mo	YTD
Total Fund	**1,728,158,429**	**100.0**	**-1.8**	**10.1**
Interim Policy Index			*-2.0*	*7.8*
FFP SAA Index			*-1.1*	*14.6*
Total Growth	**1,121,505,094**	**64.9**	**-2.3**	**15.8**
Custom Growth Benchmark			*-2.3*	*10.2*
Total Public Equity	**717,256,762**	**41.5**	**-4.4**	**12.7**
Russell 3000			*-4.5*	*15.0*
Total Domestic Equity	**395,040,190**	**22.9**	**-4.6**	**15.1**
Russell 3000			*-4.5*	*15.0*
PIMCO RAE US	105,415,912	6.1	-4.2	17.4
S&P 500			*-4.7*	*15.9*
Loomis Sayles Large Cap Growth	106,765,870	6.2	-6.5	11.6
Russell 1000 Growth			*-5.6*	*14.3*
Boston Partners Large Cap Value	102,964,073	6.0	-3.4	19.6
Russell 1000 Value			*-3.5*	*16.1*
Atlanta Capital Mgmt	79,894,335	4.6	-4.3	12.1
Russell 2500			*-3.1*	*13.8*
Total International Equity	**322,216,572**	**18.6**	**-4.1**	**10.5**
MSCI ACWI ex USA Gross			*-3.1*	*6.3*
Dodge & Cox Intl Stock	158,257,228	9.2	-2.8	8.9
MSCI ACWI ex USA Value Gross			*-1.9*	*9.7*
WCM International Growth	163,959,344	9.5	-5.4	12.1
MSCI ACWI ex USA Growth Gross			*-4.3*	*2.9*
Total Private Equity	**120,736,242**	**7.0**		
Harbourvest Partners IX Buyout Fund L.P.	18,707,994	1.1		
Pathway Private Equity Fund Investors 9 L.P.	78,970,921	4.6		
Harbourvest 2018 Global Fund L.P.	16,840,945	1.0		
Pathway Private Equity Fund Investors 10 L.P.	6,216,382	0.4		
Total Private Credit	**80,991,877**	**4.7**		
Sixth Street Partners DCP	80,991,877	4.7		



New Policy Index as of 1/1/2021 23% Russell 3000, 20% MSCI ACWI ex-US (Gross), 23% BBgBarc U.S. Aggregate, 3% BbgBarc US Treasury 7-10 yr, 2% BBgBarc US TIPS, 15% NCREIF Property Index, 5% Actual Private Equity Return, 5% Actual Private Credit Return, 2% 91 day T-Bills, 2% BBgBarc 1-3 yr Gov/Credit. Private Equity, Private Credit and Opportunistic composite returns are lagged by one quarter. All returns are (G) Gross of fees. Effective 1/1/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation. (e) To avoid unnecessary and possibly misleading Tracking Error, the Total Fund Policy Benchmark uses actual time-weighted private markets returns applied to actual private market asset class weights rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market investment's public market "equivalent" (e.g., private equity to public equity; private credit to public fixed income,private real estate to public real estate). All data is preliminary

	Market Value	% of Portfolio	1 Mo	YTD
Total Real Estate	**202,520,213**	**11.7**	**2.4**	**10.3**
NCREIF Property Index			*5.2*	*10.9*
JP Morgan Core Real Estate	154,313,765	8.9	3.1	11.1
NCREIF-ODCE			*6.6*	*13.1*
NCREIF Property Index			*5.2*	*10.9*
ARA American Strategic Value Realty	48,206,448	2.8	0.0	7.6
NCREIF-ODCE			*6.6*	*13.1*
NCREIF Property Index			*5.2*	*10.9*
Total Risk Diversifying	**459,809,567**	**26.6**	**-1.2**	**-1.0**
Custom Risk Diversifying Benchmark			*-1.4*	*-2.9*
Total Domestic Fixed Income	**329,769,043**	**19.1**	**-0.4**	**0.6**
Bloomberg US Aggregate TR			*-0.9*	*-1.6*
BlackRock Core Bond	88,644,596	5.1	-0.8	-1.0
Bloomberg US Aggregate TR			*-0.9*	*-1.6*
Dodge & Cox Income Fund	93,610,638	5.4	-0.6	-0.2
Bloomberg US Aggregate TR			*-0.9*	*-1.6*
Pacific Asset Corporate Loan	78,196,817	4.5	0.7	4.5
S&P/LSTA Leveraged Loan Index			*0.6*	*4.4*
SSGA U.S. Govt Bond Index	39,636,056	2.3	-1.1	--
Bloomberg US Govt/Credit 1-3 Yr. TR			*-0.1*	--
BlackRock TIPS	29,680,938	1.7	-0.7	--
Bloomberg US TIPS TR			*-0.7*	--
Total Global Fixed	**130,040,523**	**7.5**	**-3.2**	**-4.6**
FTSE World Govt Bond Index			*-2.3*	*-5.9*
Brandywine Global Fixed Income	59,348,460	3.4	-2.0	-3.8
FTSE WGBI ex US TR			*-2.9*	*-7.9*
Ashmore EM Blended Debt Fund	70,692,063	4.1	-4.2	-5.2
50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+			*-2.3*	*-2.8*



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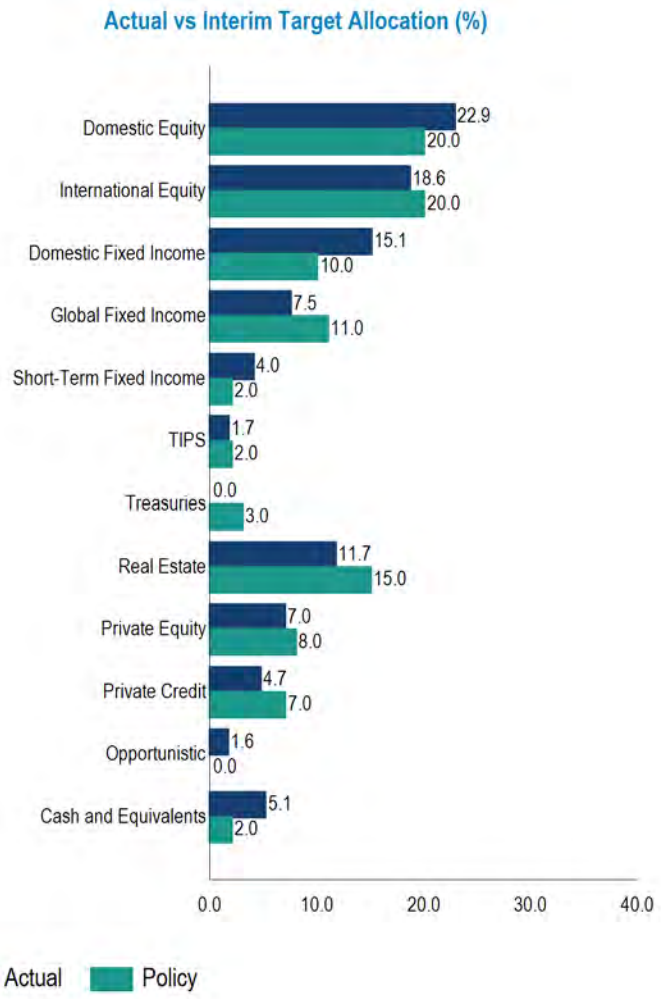
	Market Value	% of Portfolio	1 Mo	YTD
Total Liquidity	**118,752,790**	**6.9**	**0.0**	**0.3**
91 Day T-Bills			*0.0*	*0.0*
Total Cash	**118,752,790**	**6.9**	**0.0**	**0.3**
91 Day T-Bills			*0.0*	*0.0*
PIMCO Short Duration Fund	29,972,100	1.7	-0.1	0.0
Bloomberg US Govt/Credit 1-3 Yr. TR			*-0.1*	*0.1*
Cash Account	78,380,944	4.5	0.0	0.6
91 Day T-Bills			*0.0*	*0.0*
Investment Cash	10,399,746	0.6	0.0	--
91 Day T-Bills			*0.0*	--
Total Opportunistic	**28,090,978**	**1.6**		
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	4,929,402	0.3		
Sixth Street Partners TAO	23,161,576	1.3		



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Verus
PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS
SEPTEMBER 2021
Capital Markets Update
Agenda Item 6

Market commentary

U.S. ECONOMICS

— The U.S. Establishment Survey indicated that nonfarm payrolls increased by 194K in September and missed expectations (+510K). The print disappointed despite the conclusion of a program that provided enhanced jobless benefits, which some believed were keeping workers sidelined from entering the labor market.

— The September ISM Manufacturing PMI rose to 61.1 in September from 59.9 the month before, indicating growth at a faster rate. Supplier deliveries, the only reading in the PMI that is inversed, meaning a value over 50 indicates slower deliveries, rose to 73.4 in September.

— Slowing supplier deliveries are typically an indicator of economic growth but could also be symptomatic of continued supply issues. Hiring challenges for suppliers, raw material lead times, and input material shortages were cited in the PMI report as leading causes for slowing supplier deliveries.

U.S. EQUITIES

— The S&P 500 (-4.7%) recorded its largest monthly loss since March 2020, when markets sold off in response to the pandemic outbreak.

— Markets fell across the US as uncertainty surrounding fiscal and monetary policy have taken hold. Congress has yet to pass an infrastructure bill. The $3.5 billion healthcare, education, and climate bill includes a 2% tax on stock buybacks by publicly traded issues.

— Revenues are projected to continue to outpace earnings and grow margins in the next 12 months. It remains to be seen if rising costs of labor will flow through to higher prices for consumers. In the most recent U.S. employment report hourly wages grew 4.6% year-on-year.

U.S. FIXED INCOME

— The Fed signaled a likely November start to tapering of its asset purchase program, Chairman Powell added, “it wouldn’t take a knockout, great, super-strong employment report” for the Fed to begin to taper.

— Analysts expect the Fed to unwind the highly accommodative $120 billion per month asset purchase program gradually, over the course of six to nine months, and would likely conclude around the middle of 2022.

— Nine of 18 U.S. central bank policymakers now project borrowing costs will need to rise in 2022, an increase from seven back in June. Markets are pricing a likely liftoff in rates from the 0.0% lower bound in December 2022, roughly five months following the end of the expected taper.

INTERNATIONAL MARKETS

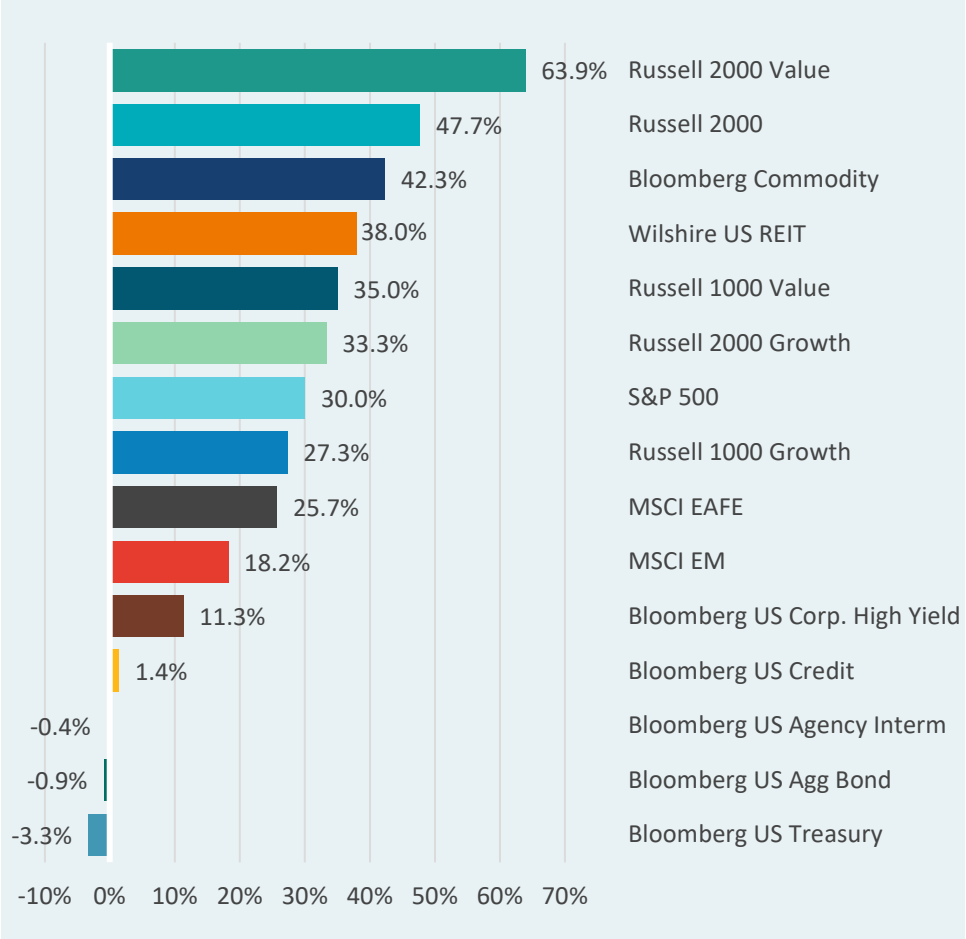
— The MSCI Asia Pacific Index (-1.8%) declined while Japan’s TOPIX Index advanced +4.3%. Broader Asian markets were weighed down by Chinese equities (MSCI China -5.0%) which saw a major rout in its risk assets in part due to uncertainties surrounding a property developer who struggled to meet its debt obligations.

— The MSCI EAFE Index (-2.9%) faced headwinds from Europe (STOXX 600 Index -5.0%) while the neighboring United Kingdom fared better (FTSE 100 -0.2%).

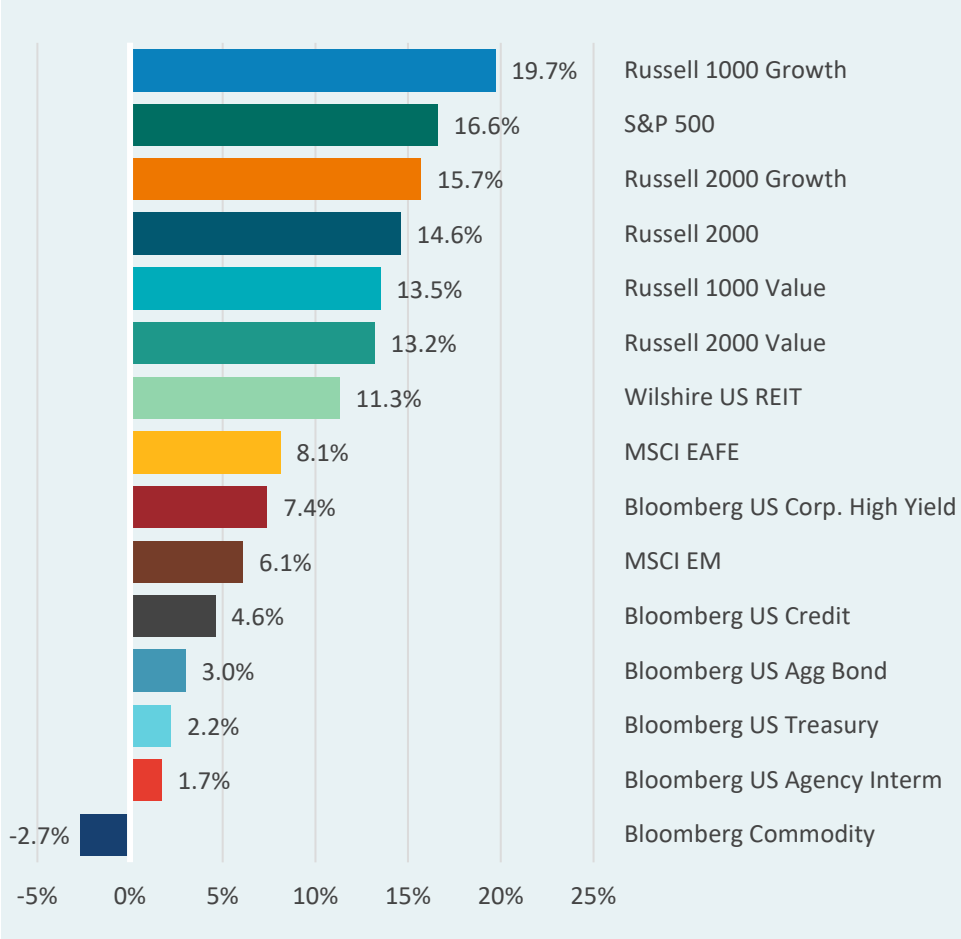
— The U.K. 10-year Gilt yield rose 31 basis points over the month. The 10-year yield closed above 1.0% for the first time since March, following a confluence of accelerating inflation and curtailed growth from an expected tightening in rates. Despite U.S. Treasury yields hitting similar milestones the Pound spot fell -2.0%.

Major asset class returns

ONE YEAR ENDING SEPTEMBER



TEN YEARS ENDING SEPTEMBER



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

Source: Morningstar, as of 9/30/21

Source: Morningstar, as of 9/30/21

U.S. large cap equities

— The S&P 500 Index fell -4.7% in September and ended seven months of consecutive gains. The Technology sector holds almost a 28% weight in the index and saw a -5.8% return.

— Of the 11 GICS S&P 500 Sectors, Energy (+9.4%) was the only sector to post a positive return over the month. The energy sector has recorded a 20.8% increase in estimated earnings since June 30th with most of the upward revisions coming in September. National average gas prices at the pump hit $3.20, the highest level since 2014, and have increased 45.7% year-over-year.

— In addition to the Energy sector (9.4%), the Financials (-1.8%) and the Consumer Discretionary (-2.6%) sectors helped the S&P 500 Price Index's performance. The Materials (-7.2%), Communication Services (-6.6%), and Real Estate (-6.2%) sectors led the overall index's decline and weighed on performance.

— The Cboe VIX Index of implied volatility reached an intra-month high of 25.7, the highest level since May. The index ended a risk-off month elevated at 23.1, well above the 100-day moving average of 17.5. As the economy peaks from its recovery from the pandemic it will be interesting to see if volatility will trend higher.

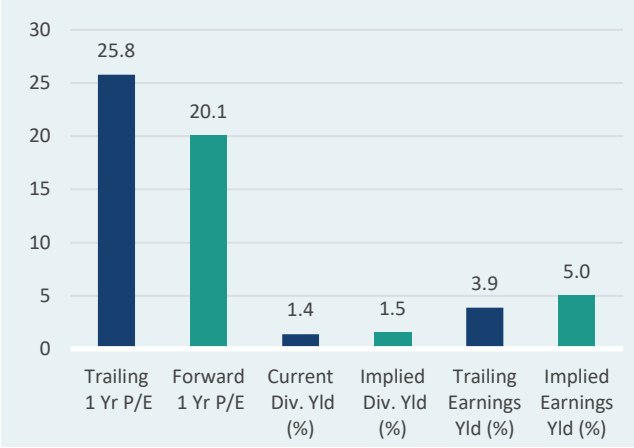
S&P 500 PRICE INDEX

Source: Bloomberg, as of 9/30/21

IMPLIED VOLATILITY (VIX INDEX)

Source: Cboe, as of 9/30/21

S&P 500 VALUATION SNAPSHOT



Source: Bloomberg, as of 9/30/21

Domestic equity size and style

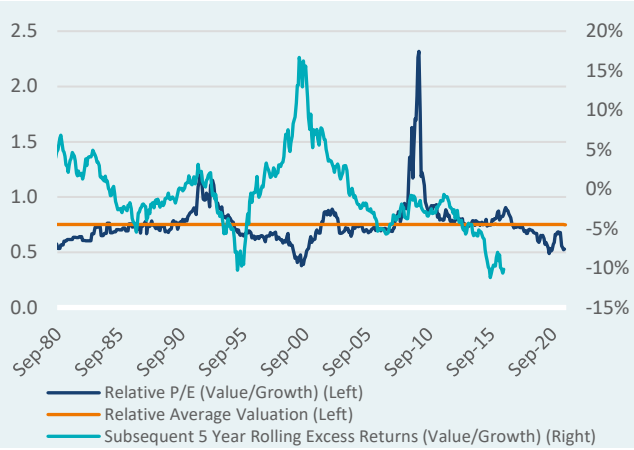
— The Russell 3000 Value (-3.4%) saw less of a drawdown than the Russell 3000 Growth (-5.6%) in September. Stocks with higher growth potential were hurt over the month from rising US Treasury yields. Growth stocks tend to have most of their earnings expectations in the future and when rates rise markets discount those earnings expectations at a higher rate.

— The performance of the Russell 3000 Value (-3.4%) was buoyed by the Energy sector (+13.6%). Continued rises in demand for energy-related commodities have been a tailwind for the sector.

— Small-cap (Russell 2000 -2.9%) reversed a five-month trend of large-cap (Russell 1000 -5.5%) outperformance and weakened less than large-caps. The tech-heavy Russell 1000 Index holds a 14% relative overweight to the Information Technology sector, where large-cap underperformed small-cap by 3.1%.

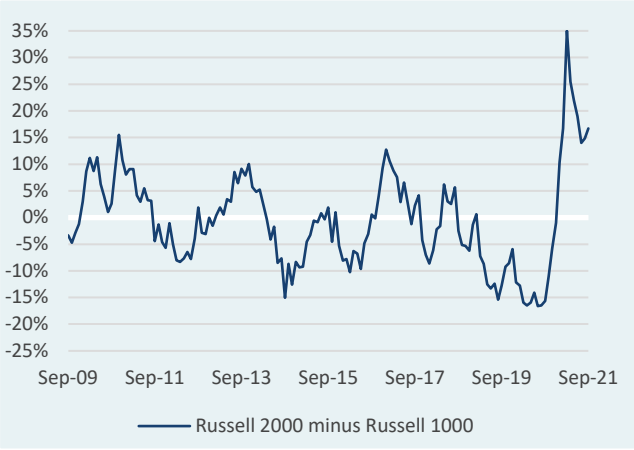
— The S&P 500 Volatility Index, an index that tracks performance of the 100 most volatile stocks in the S&P 500 weighted by volatility, rose +0.4% in September and strongly outperformed the broader index (S&P 500 -4.7%).

VALUE VS. GROWTH RELATIVE VALUATIONS



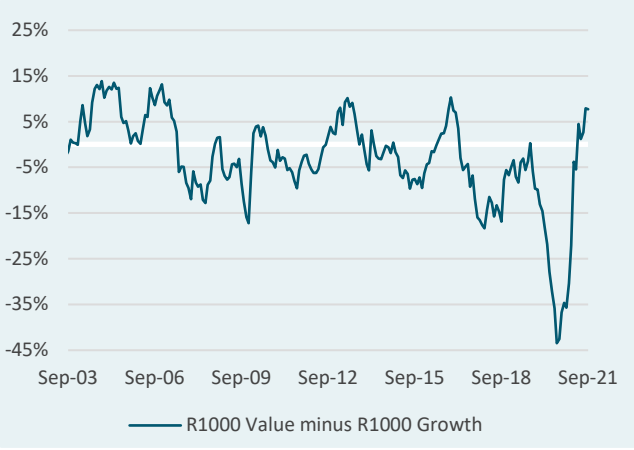
Source: FTSE, Bloomberg, as of 9/30/21

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 9/30/21

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 9/30/21

Fixed income

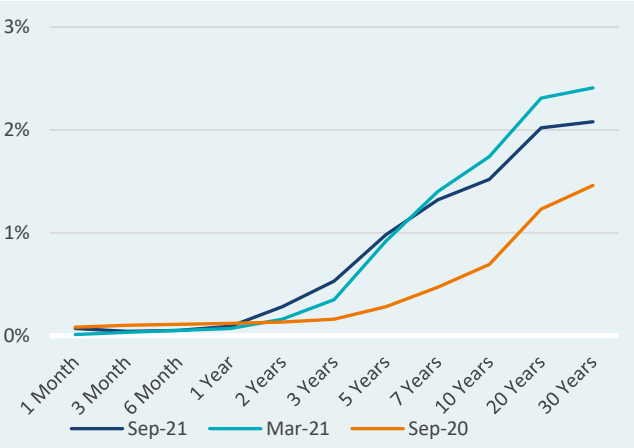
— Global sovereign bonds (Bloomberg Global Treasuries ex US -2.6%) have seen a sharp rise in yields as investors have considered the gradual tightening of central bank policy within the context of a higher and stickier potential inflation backdrop.

— Evergrande, a Chinese real estate developer was unable to meet its obligations following a liquidity crisis due in part to misses in sales and new rules from regulators that limited the amount of debt companies can hold. Fear of exceedingly extended real estate companies in the highly priced Chinese real estate market sent Chinese junk bond yields to decade highs.

— Short-duration Treasuries outperformed (Bloomberg US Treasury Bills +0.0%) long-duration fixed income (Bloomberg US Treasury Long -2.9%) in a month of term spread compression.

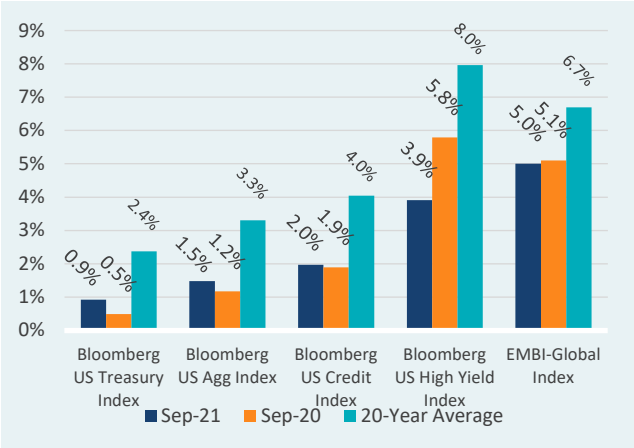
— US high yield spreads (ICE BofA US HY Index OAS Spread) compressed by six basis points in September. Record profits for Corporations have strengthened balance sheets and many companies have moved up in credit quality tranches. Default rates for high yield companies remained well below average.

U.S. TREASURY YIELD CURVE



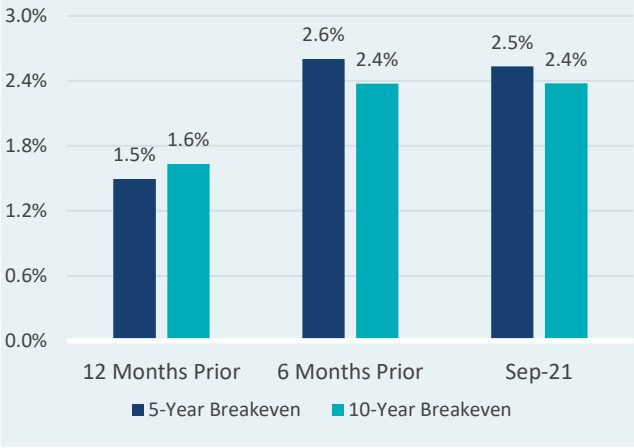
Source: Bloomberg, as of 9/30/21

NOMINAL YIELDS



Source: Morningstar, as of 9/30/21

BREAKEVEN INFLATION RATES



Source: Bloomberg, as of 9/30/21

Global markets

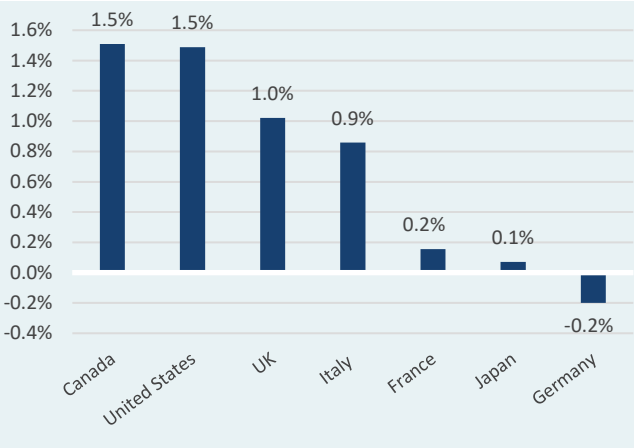
— World equities (MSCI ACWI -4.1%) sold off broadly in September. Euro-area countries (-5.0% MSCI Euro), and US equities (S&P 500 -4.7%) both weighed on risk assets globally. The MSCI EM Index (-4.0%) was buoyed by India (MSCI India +2.3%) and outperformed other major world indexes.

— The MSCI Japan (+2.8%) was a bright spot in developed world indexes. Japanese markets responded positively to an announcement by the Prime Minister of Japan Yoshihide Suga to resign. Mr. Suga's handling of COVID-19 was a factor to his resignation as the country's inoculation rates lagged many other developed nations.

— Latin American equities (MSCI Latin America -10.3%) were led lower by Brazilian equities (MSCI Brazil -13.0%). Concerns over Brazil's high inflation and political uncertainty around upcoming presidential elections likely drove the decline. Weakness in the Brazilian Real (-5.4%) against the U.S. Dollar worsened equity returns for US investors.

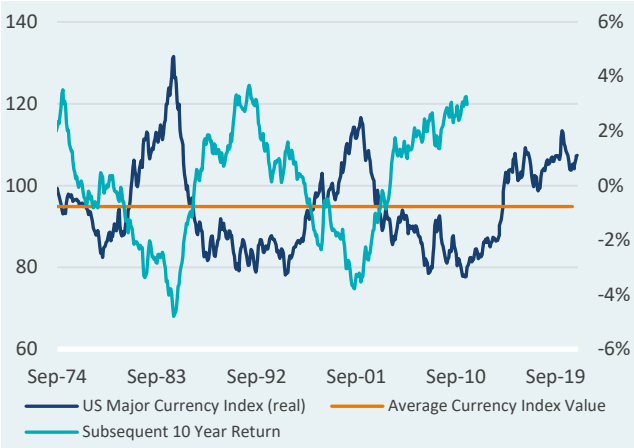
— Concerns over the financial wellbeing of Evergrande, a major property developer in China, weighed on sentiment surrounding the Chinese equity market, which declined -5.0% over the month (MSCI China).

GLOBAL SOVEREIGN 10-YEAR YIELDS



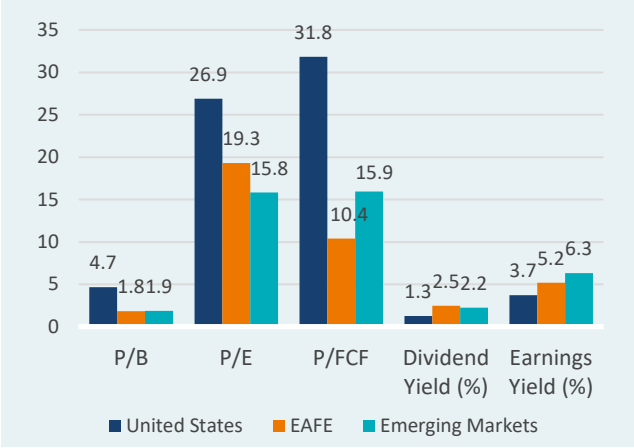
Source: Bloomberg, as of 9/30/21

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 9/30/21

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 9/30/21

Commodities

— The Bloomberg Commodity Index rose 5.0% over the month. Energy (+17.0%) was the top performing sub-index within the commodity complex.

— The Bloomberg Natural Gas Sub-Index climbed 32.6% in September, as the stockpiling period for natural gas neared its end. In Europe, natural gas inventories remained at their lowest September-end levels in five years. High demand from Asian consumers has pushed prices to even higher levels. Natural gas, which produces lower emissions per unit of energy than other fossil fuels, has become more attractive as Europe has aimed to cut 55% of greenhouse gas emissions by 2030.

— The Bloomberg Petroleum Sub-Index (+10.0%) – which does not include Natural Gas – outperformed the broad commodity index. Oil prices rose sharply in September (WTI +9.9%; Brent +9.6%). Oil demand has largely recovered but, supply has remained depressed. OPEC decided to keep course with an output increase of only 400k barrels per day while some analysts expected a larger increase due to high oil demand.

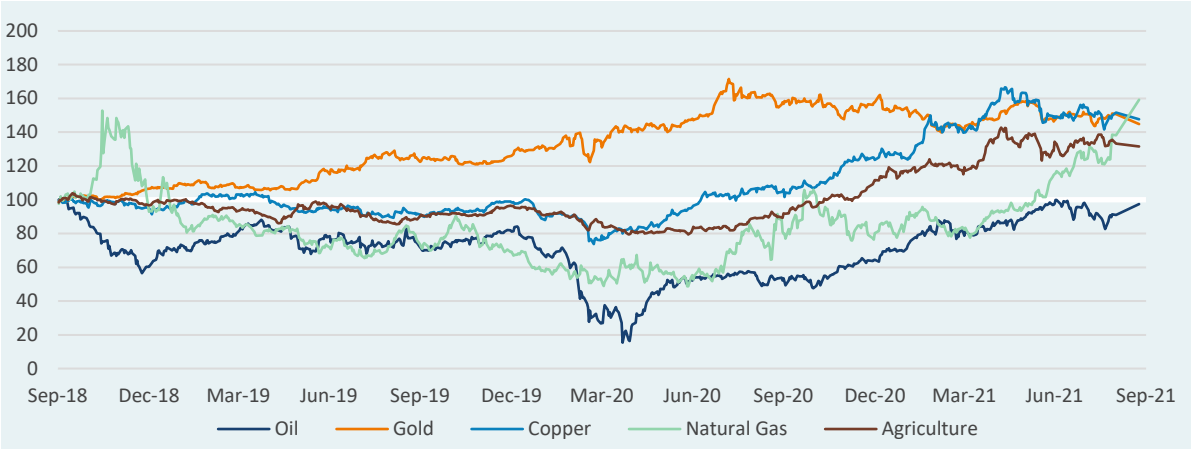
— The Bloomberg Precious Metals Sub-Index was negatively impacted by a strong U.S. Dollar and fell -4.4% making it the worst performing sub-index. The price of Gold (-3.1%), Platinum (-4.8%), and Silver (-7.2%) fell in September.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	5.0	6.6	29.1	42.3	6.9	4.5	(2.7)
Bloomberg Agriculture	(0.1)	(1.0)	19.2	44.7	12.3	1.9	(2.3)
Bloomberg Energy	17.0	21.0	74.9	78.8	(6.0)	0.7	(8.9)
Bloomberg Grains	(0.4)	(6.0)	13.3	38.4	10.4	2.6	(2.4)
Bloomberg Industrial Metals	(2.2)	2.1	20.0	37.1	10.9	10.6	1.2
Bloomberg Livestock	(1.9)	(2.0)	6.6	9.3	(8.2)	(0.6)	(4.8)
Bloomberg Petroleum	10.0	7.3	59.3	91.2	(6.1)	4.1	(5.6)
Bloomberg Precious Metals	(4.4)	(4.6)	(10.0)	(7.8)	12.2	3.8	(1.1)
Bloomberg Softs	1.7	16.5	36.2	55.7	13.8	(3.0)	(6.0)

Source: Morningstar, as of 9/30/21

COMMODITY PERFORMANCE



Source: Bloomberg, as of 9/30/21

Appendix

Periodic table of returns

BEST ↑ ↓ WORST

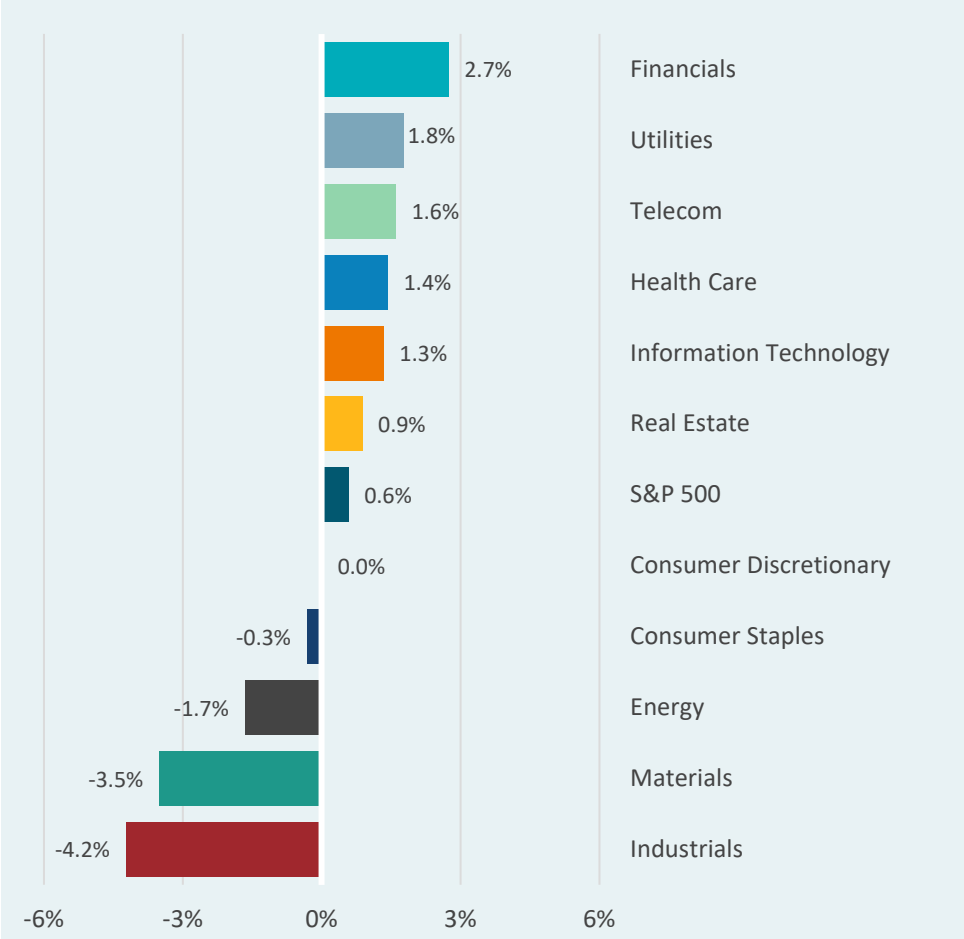
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	5-Year	10-Year
Commodities	66.4	31.8	14.0	25.9	56.3	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	37.3	6.7	36.4	38.5	29.1	22.8	19.7
Small Cap Value	43.1	22.8	8.4	10.3	48.5	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	30.2	1.9	31.4	34.6	22.9	17.1	16.8
Large Cap Value	33.2	12.2	7.3	6.7	47.3	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	0.9	17.3	25.0	0.0	28.5	21.0	16.1	15.3	15.7
Large Cap Equity	27.3	11.6	3.3	1.6	46.0	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	12.1	22.2	-1.5	26.5	20.0	15.2	13.5	14.6
Large Cap Growth	26.5	7.0	2.8	1.0	39.2	16.5	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.0	11.8	21.7	-3.5	25.5	18.3	14.3	11.0	13.5
Small Cap Equity	21.3	4.1	-2.4	-6.0	29.9	14.3	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	-0.8	11.2	14.6	-6.0	22.4	14.0	12.4	10.9	13.2
International Equity	24.3	6.0	2.5	-5.9	30.0	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	11.3	17.1	-4.8	22.0	10.3	8.3	9.2	8.8
Hedge Funds of Funds	20.9	-3.0	-5.6	-11.4	29.7	12.9	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	-1.4	8.0	13.7	-8.3	18.6	7.8	6.4	8.9	8.1
Real Estate	13.2	-7.3	-9.1	-15.5	25.2	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	7.1	7.8	-9.3	18.4	7.5	5.4	8.8	8.0
60/40 Global Portfolio	11.4	-7.8	-9.2	-15.7	23.9	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	5.7	7.7	-11.0	8.7	4.6	5.0	6.1	6.1
Small Cap Growth	7.3	-14.0	-12.4	-20.5	11.6	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.6	7.0	-11.2	7.8	2.8	2.8	5.9	4.5
Cash	4.8	-22.4	-19.5	-21.7	9.0	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	3.5	-12.9	7.7	0.5	0.0	4.5	3.0
Emerging Markets Equity	-0.8	-22.4	-20.4	-27.9	4.1	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	0.5	1.7	-13.8	6.4	0.5	-1.2	2.9	0.6
US Bonds	-1.5	-30.6	-21.2	-30.3	1.0	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	0.3	0.9	-14.6	2.1	-3.1	-1.6	1.1	-2.7

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

Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 6/30/21.

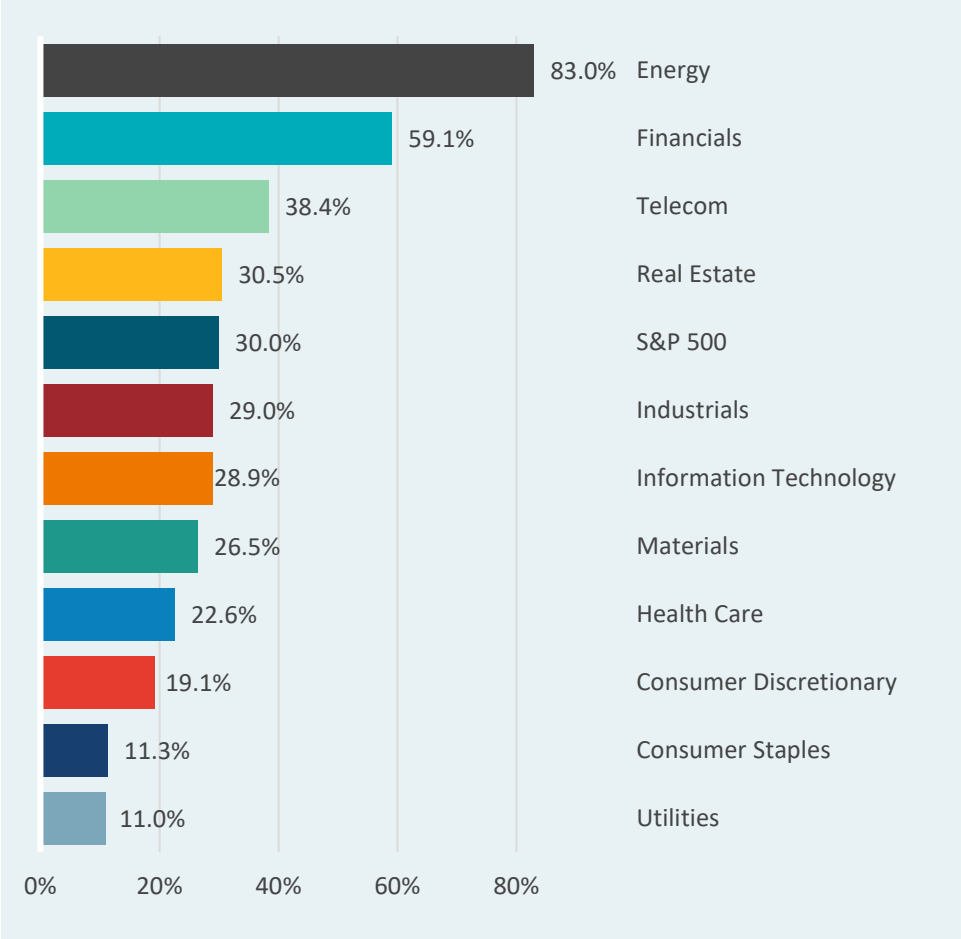
S&P 500 sector returns

Q3 2021



Source: Morningstar, as of 9/30/21

ONE YEAR ENDING SEPTEMBER



Source: Morningstar, as of 9/30/21

Detailed index returns

DOMESTIC EQUITY	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	(4.7)	0.6	15.9	30.0	16.0	16.9	16.6
S&P 500 Equal Weighted	(3.8)	(0.2)	18.9	40.9	14.3	14.6	16.0
DJ Industrial Average	(4.2)	(1.5)	12.1	24.2	11.0	15.7	14.7
Russell Top 200	(4.8)	0.6	15.2	28.6	17.3	18.2	17.2
Russell 1000	(4.6)	0.2	15.2	31.0	16.4	17.1	16.8
Russell 2000	(2.9)	(4.4)	12.4	47.7	10.5	13.5	14.6
Russell 3000	(4.5)	(0.1)	15.0	31.9	16.0	16.9	16.6
Russell Mid Cap	(4.1)	(0.9)	15.2	38.1	14.2	14.4	15.5
Style Index							
Russell 1000 Growth	(5.6)	1.2	14.3	27.3	22.0	22.8	19.7
Russell 1000 Value	(3.5)	(0.8)	16.1	35.0	10.1	10.9	13.5
Russell 2000 Growth	(3.8)	(5.7)	2.8	33.3	11.7	15.3	15.7
Russell 2000 Value	(2.0)	(3.0)	22.9	63.9	8.6	11.0	13.2

INTERNATIONAL EQUITY	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	(4.1)	(1.1)	11.1	27.4	12.6	13.2	11.9
MSCI ACWI ex US	(3.2)	(3.0)	5.9	23.9	8.0	8.9	7.5
MSCI EAFE	(2.9)	(0.4)	8.3	25.7	7.6	8.8	8.1
MSCI EM	(4.0)	(8.1)	(1.2)	18.2	8.6	9.2	6.1
MSCI EAFE Small Cap	(3.6)	0.9	10.0	29.0	9.0	10.4	10.7
Style Index							
MSCI EAFE Growth	(3.9)	0.1	6.9	20.9	11.9	11.4	10.1
MSCI EAFE Value	(1.8)	(1.0)	9.6	30.7	3.0	6.0	6.0
Regional Index							
MSCI UK	(2.0)	(0.3)	12.2	31.2	2.4	4.8	5.4
MSCI Japan	2.8	4.6	5.9	22.1	7.5	9.4	8.4
MSCI Euro	(5.0)	(2.0)	10.5	29.5	7.9	9.3	8.3
MSCI EM Asia	(4.1)	(9.6)	(4.1)	13.9	10.0	10.7	8.5
MSCI EM Latin American	(10.3)	(13.3)	(5.6)	27.3	(1.4)	1.8	(1.1)

FIXED INCOME	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	(0.7)	1.8	3.5	5.2	7.4	4.3	3.1
Bloomberg US Treasury Bills	0.0	0.0	0.0	0.1	1.2	1.2	0.7
Bloomberg US Agg Bond	(0.9)	0.1	(1.6)	(0.9)	5.4	2.9	3.0
Bloomberg US Universal	(0.9)	0.1	(1.1)	0.2	5.6	3.3	3.5
Duration							
Bloomberg US Treasury 1-3 Yr	(0.1)	0.1	(0.0)	0.0	2.7	1.6	1.2
Bloomberg US Treasury Long	(2.9)	0.5	(7.5)	(10.3)	9.2	3.3	4.4
Bloomberg US Treasury	(1.1)	0.1	(2.5)	(3.3)	4.9	2.2	2.2
Issuer							
Bloomberg US MBS	(0.4)	0.1	(0.7)	(0.4)	3.9	2.2	2.4
Bloomberg US Corp. High Yield	(0.0)	0.9	4.5	11.3	6.9	6.5	7.4
Bloomberg US Agency Interm	(0.4)	0.1	(0.5)	(0.4)	3.2	1.9	1.7
Bloomberg US Credit	(1.1)	(0.0)	(1.3)	1.4	7.1	4.4	4.6

OTHER	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	5.0	6.6	29.1	42.3	6.9	4.5	(2.7)
Wilshire US REIT	(5.1)	1.6	24.8	38.0	10.4	7.0	11.3
CS Leveraged Loans	0.5	0.9	4.0	8.5	4.1	4.7	5.0
Alerian MLP	3.0	(5.7)	39.4	84.6	(5.2)	(3.5)	1.2
Regional Index							
JPM EMBI Global Div	(2.1)	(0.7)	(1.4)	4.4	5.7	3.9	5.8
JPM GBI-EM Global Div	(3.4)	(3.1)	(6.4)	2.6	3.7	2.1	1.1
Hedge Funds							
HFRI Composite	0.1	(0.0)	10.1	22.1	8.5	7.3	5.9
HFRI FOF Composite	0.8	1.4	6.4	15.0	6.7	5.9	4.5
Currency (Spot)							
Euro	(1.8)	(2.3)	(5.3)	(1.2)	(0.1)	0.6	(1.5)
Pound Sterling	(2.0)	(2.4)	(1.4)	4.3	1.1	0.7	(1.4)
Yen	(1.5)	(0.5)	(7.5)	(5.4)	0.6	(1.9)	(3.6)

Source: Morningstar, HFRI, as of 9/30/21

Detailed private market returns

Comparison to public market index returns

Private Equity Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Private Equity FoFs & Secondary Funds	48.2	19.3	15.9	12.6
Global Private Equity Direct Funds *	58.5	22.9	20.0	15.2
U.S. Private Equity Direct Funds *	61.1	25.1	20.9	16.6
Europe Private Equity Direct Funds *	51.8	19.5	20.0	12.7
Asia Private Equity Direct Funds *	54.3	20.0	17.9	14.6
Public Index Time-weighted Returns				
MSCI World	54.0	12.8	13.4	9.9
S&P 500	56.4	16.8	16.3	13.9
MSCI Europe	44.9	5.6	8.2	5.1
MSCI AC Asia Pacific	51.8	8.2	12.2	6.7

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	13.1	7.0	8.5	11.7
Public Index Time-weighted Returns				
FTSE NAREIT Equity REIT	37.8	9.5	5.3	8.6

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt **	32.0	10.4	11.5	10.4
Public Index Time-weighted Returns				
S&P / LSTA U.S. Leveraged Loan 100 Index	15.3	4.1	5.0	3.9

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources ***	19.6	(4.7)	1.7	0.6
Global Infrastructure	16.9	9.1	10.9	9.7
Public Index Time-weighted Returns				
S&P Global Natural Resources	67.7	5.5	11.4	1.1
S&P Global Infrastructure	37.0	5.7	6.8	6.3

Source: Pooled IRRs are from Thompson Reuters C|A and Time-weighted Returns are from Investment Metrics, as of March 31st, 2021. All returns in U.S. dollars.

* *Includes Buyout, Growth Equity and Venture Capital.*

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

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

Notices & disclosures

Past performance is no guarantee of future results. *This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other "forward-looking statements." No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal. Verus Advisory Inc. ("Verus") file a single form ADV under the United States Investment Advisors Act of 1940, as amended. Additional information about Verus Advisory, Inc. available on the SEC's website at www.adviserinfo.sec.gov.*

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Board of Trustees

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San Luis Obispo County
Pension Trust
SLOCPT

Date: November 15, 2021

To: Board of Trustees

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

Agenda Item 7: Investment and Banking Authority

Recommendation:

Staff recommends that the Board approve and adopt the attached Resolution 2021-06 and accompanying Incumbency Certificate designating authorized signers for various investment and banking relationships.

Discussion:

SLOCPT updates the designated authorized signers for various investment and banking relationships approximately every six months so that recent documentation of such authorizations by the Board of Trustees is available if needed to execute documents of various sorts. These designations are necessary to the everyday operations of the SLOCPT.

Resolution 2021-03 and its referenced Incumbency Certificate are attached. The approval of a resolution of this type is anticipated to be a routine item before the Board of Trustees biannually or whenever authorized signers are changed.

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SAN LUIS OBISPO COUNTY
PENSION TRUST

PRESENT:

ABSENT:

RESOLUTION NO. 2021-06

A Resolution Affirming Investment and Banking Authority

Whereas, the San Luis Obispo County Pension Trust conducts investment and banking activities as part of its normal course of business and finds it necessary to affirm and/or appoint which of its officers and employees are authorized signers for such activities.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED AS FOLLOWS:

The attached San Luis Obispo County Pension Trust Investment and Banking Authority Incumbency Certificate dated November 15, 2021, is hereby approved.

Adopted: November 15, 2021

Approved as to Form and Legal Effect

_____
Chris Waddell
General Counsel

SIGNED: _____

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

ATTEST:_____
Carl Nelson, Executive Director

Board of Trustees

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San Luis Obispo County
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Investment and Banking Authority Incumbency Certificate

Effective Date: November 15, 2021
Date of Certification: November 15, 2021

The undersigned, being an officer of the Board of Trustees of the San Luis Obispo County Pension Trust ("SLOCPT"), organized under the laws of the State of California does hereby certify on behalf of SLOCPT that the persons named below are officers or other designated staff members of SLOCPT and that the title and signature at the right of said name, respectively, are the true title and genuine signature of said person and that the persons listed below are each an authorized signatory for the SLOCPT for **any and all investment and banking related matters**. In addition, Carl A. Nelson as the Executive Director is designated as the Bank Contracting Officer.

Name	Title	Signature
Carl A. Nelson	Executive Director	_____
Amy Burke	Deputy Director	_____
Lisa Winter	Retirement Program Specialist	_____
Anna Bastidos	Retirement Program Specialist	_____

Furthermore, the undersigned does certify that the SLOCPT's Board of Trustees as of the date noted above are:

Gere Sibbach
James Hamilton
Michelle Shoresman
David Grim
Jeff Hamm
Lisa Howe
Taylor Dacus

Signed: _____ Date: _____

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

Board of Trustees

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San Luis Obispo County
Pension Trust
SLOCPT

Date: November 15, 2021

To: Board of Trustees

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

Agenda Item 8: Annual Pensionable Compensation Limit for 2022 pursuant to the Public Employees Pension Reform Act (Tier 3)

Recommendation:

It is recommended that the Board receive and file this report on the Tier 3 AB-340 Pensionable Compensation limit effective January 1, 2022, as calculated by the California Actuarial Advisory Panel for those included in the Federal Social Security system. The annual Tier 3 Compensation limit for 2022 currently estimated to be **$134,974.**

Discussion:

The Public Employees Pension Reform Act of 2012 established a pensionable compensation limit that applies to Tier 3 membership. This amount was specified by PEPRA to equal the January 1, 2013, Social Security maximum wage base of $113,700. PEPRA also specified that this pensionable compensation limit be adjusted annually based on changes in the Consumer Price Index for All Urban Consumers (CPI-U).

The standardized calculation of this PEPRA Compensation Limit is provided each year by the California Actuarial Advisory Panel (CAAP) (under the State Controller's Office). This report is an annual consent agenda item.

The CAAP was scheduled to meet and approve the draft 2022 PEPRA Compensation limit on November 2, 2021. The calculation of the 2022 PEPRA compensation limit included in this memo is from the draft CAAP letter. Staff does not expect this amount to change during its adoption by the CAAP. Should a change or correction by the CAAP take place, the Pension Trust will administer the Plan using that corrected limit.

The tentatively approved CAAP calculation of the 2022 PEPRA compensation limits for employees who participate in Social Security is shown on the attached CAAP report. **For 2022 this limit is $134,974 or $64.89/hour.**

The history of PEPRA compensation limits for employees who participate in Social Security is shown below –

2013	$113,700	per PEPRA initial amount
2014	$115,064	+1.200%
2015	$117,020	+1.700%
2016	$117,020	0.000%
2017	$118,775	+1.500%
2018	$121,388	+2.200%
2019	$124,180	+2.300%
2020	$126,291	+1.017%
2021	$128,059	+1.014%
2022	$134,974	+5.401%

Respectfully Submitted

Paul Angelo
Senior Vice President
and Actuary
Segal
Chairperson

John Bartel
President
Bartel Associates
Vice Chairperson

Anne Harper
Principal Consulting
Actuary
Cheiron, Inc.

David Driscoll
Principal and Consulting
Actuary
Buck Consultants, LLC

David Lamoureux
Deputy System Actuary
California State Teachers'
Retirement System

Todd Tauzer
Vice President and
Consulting Actuary
Segal

Graham Schmidt
Consulting Actuary
Cheiron, Inc.

Scott Terando
Chief Actuary
CalPERS

November 2, 2021

SUBJECT: PEPRA Compensation Limit for 2022 (Code Section 7522.10)

To Whom It May Concern:

Pursuant to a request from a Public Agency, the California Actuarial Advisory Panel (the Panel) is publishing this letter to provide a calculation of the Pension Compensation Limits for the Calendar Year 2022.

Background

Pursuant to Government Code section 7507.2(b), the responsibilities of the Panel include "Replying to policy questions from public retirement systems in California" and "Providing comment upon request by public agencies." In 2013, members of the Panel received a request from a public retirement system (the San Joaquin County Employees' Retirement Association) to compute and publish the annual compensation limit prescribed by the California Public Employees' Pension Reform Act of 2013 (PEPRA), as amended by Senate Bill No. 13 (SB 13). This request was made to address a concern that minor calculation or rounding differences could result in different systems calculating slightly different pension compensation limits.

The Panel agreed to calculate the dollar amounts of the pension compensation limits for 2014 and future years, as we believe that the use of a uniform compensation limit will provide administrative benefits to California's public retirement systems. However, as the Panel is an advisory body only (Government Code section 7507.2(e) states that "The opinions of the California Actuarial Advisory Panel are nonbinding and advisory only"), the Panel encourages each system to independently review the calculation of the pension compensation limits contained in this letter.

DRAFT

State Controller's Office
California Actuarial Advisory Panel
c/o State Accounting and Reporting Division
P.O. Box 942850, Sacramento, CA 94250
Phone: 916-322-3702 Fax: 916-323-4807

Analysis

Section 7522.10 of the Government Code is as follows:

7522.10. (a) On and after January 1, 2013, each public retirement system shall modify its plan or plans to comply with the requirements of this section for each public employer that participates in the system.
(b) Whenever pensionable compensation, as defined in Section 7522.34, is used in the calculation of a benefit, the pensionable compensation shall be subject to the limitations set forth in subdivision (c).
(c) The pensionable compensation used to calculate the defined benefit paid to a new member who retires from the system shall not exceed the following applicable percentage of the contribution and benefit base specified in Section 430(b) of Title 42 of the United States Code on January 1, 2013:
(1) One hundred percent for a member whose service is included in the federal system.
(2) One hundred twenty percent for a member whose service is not included in the federal system.
(d) (1) The retirement system shall adjust the pensionable compensation described in subdivision (c) based on the annual changes to the Consumer Price Index for All Urban Consumers: U.S. City Average, calculated by dividing the Consumer Price Index for All Urban Consumers: U.S. City Average, for the month of September in the calendar year preceding the adjustment by the Consumer Price Index for All Urban Consumers: U.S. City Average, for the month of September of the previous year rounded to the nearest thousandth. The adjustment shall be effective annually on January 1, beginning in 2014.

The annual pensionable compensation limit computed by the Panel for 2021 was $128,059 for those included in the federal Social Security system and $153,671 for those not included.

The Consumer Price Indices for All Urban Consumers (CPI-U) U.S. City Average for the months of September 2020 and 2021 are as follows[1]:

- September, 2021: 274.310
- September, 2020: 260.280

The annual change, computed by dividing the 2021 Index by the 2020 Index, rounded to the nearest thousandth is as follows:

- 274.310 ÷ 260.280 = 1.054

[1] http://data.bls.gov/timeseries/CUUR0000SA0

Applying this annual adjustment to the 2021 limits yields the following limits for calendar year 2022:

- $128,059 x 1.054 = $134,974 (included in federal system)
- $153,671 x 1.054 = $161,969 (not included in federal system)

The indexation of the maximum compensation to be used by CalSTRS using the February CPI-U, based on AB 1381 passed by the legislature in 2013, is not addressed in this letter.

Conclusion

The calculations described above indicate the compensation limit for PEPRA members for Calendar Year 2022 will increase to $134,974 for members participating in the federal system (7522.10(c)(1) limit) and $161,969 for members not participating in the federal system (7522.10(c)(2) limit). The Panel intends to provide similar calculations in future years. The contents of this letter are nonbinding and advisory only, and we encourage each public retirement system to independently evaluate these calculations.

Sincerely,

Paul Angelo
Chair, California Actuarial Advisory Panel

cc: Panel members
John Bartel, Vice Chair
David Driscoll
Anne Harper
David Lamoureux
Graham Schmidt
Todd Tauzer
Scott Terando

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Board of Trustees

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San Luis Obispo County
Pension Trust
SLOCPT

Date: November 15, 2021

To: Board of Trustees

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

Agenda Item 10: Resolution No. 2021-04 – Establishing the Rate of Interest to be paid on the Normal Contributions of Members

Recommendation:

It is recommended that the Board approve the attached Resolution 2021-04. This resolution establishes the rate of interest to be paid on Normal Contributions of Members for the period beginning December 26, 2021 and ending December 24, 2022 at **5.75%.** This rate can be changed at the discretion of the Board of Trustees at any time.

Discussion:

With respect to the establishment of the interest crediting rate for Normal Contribution Accounts, action is taken annually by the Board pursuant to Retirement Plan Section 5.06: Accounting for Contributions. Section 5.06 Accounting For Contributions reads as follows:

> The Normal Contributions of Members will be accounted for separately and will be credited with interest as of the last day of each pay period at an annual rate to be determined by the Board of Trustees.

The Retirement Plan is silent as to the method the Trustees use to determine the rate of interest to be credited to a Member's Normal Contribution Account. The practices of other retirement systems in setting a crediting rate for normal contributions vary widely. In the normal case where a Member proceeds to receive a service retirement benefit, the crediting rate for Normal contributions has minimal significance. This is because the retirement benefit is funded by a blending of the Member's Normal Contribution Account and the other reserves (i.e., employer contributions and investment earnings) within the Plan.

If a Member separates service and elects to take a Termination Refund of their Normal Contributions, the interest credited to that account is also paid out to the Member. The Plan loss attributable to the interest payment is at least partially offset by the reduction in actuarial accrued liability.

It has been the recent past practice of the Board to use the Plan's current Actuarial Assumed Rate of Return less one percent when assigning interest rates for Normal Contributions. Based on the same rationale, Staff's recommendation is to set the interest to be credited to the Member Normal Contribution Accounts at **5.75%** for 2022. **Alternative amounts for setting this rate of interest are also possible and within the discretion of the Board.**

	2021 **Adopted**	**2022** **Recommended**
Assumed Rate of Return	6.875%	**6.750%**
Less	1.000%	**1.000%**
Interest Rate on Member Normal Contributions	5.875%	**5.750%**

Also, it is important to note, that this rate can be changed at the discretion of the Board at any point which allows for further adjustments in conjunction with future considerations of actuarial assumptions to be used.

The history of approved Normal Contribution Rates for the past 10 years is shown below:

2012	7.250%
2013	6.750%
2014	6.750%
2015	6.750%
2016	6.750%
2017	6.625%
2018	6.125%
2019	6.000%
2020	6.000%
2021	5.875%

Note that the attached resolution contains an automatic setting of the rate to 4.50% starting December 25, 2022. The intent of this provision is to establish that the rate can be reduced at the discretion of the Board. This does not bind whatever decision the Board of Trustees may make in establishing the rate of interest being paid on Member Normal Contribution Accounts for periods after 2022.

Respectfully Submitted,

SAN LUIS OBISPO COUNTY
PENSION TRUST

RESOLUTION 2021-04

A RESOLUTION ESTABLISHING THE RATE OF INTEREST TO BE PAID ON THE NORMAL CONTRIBUTIONS OF MEMBERS FOR THE PERIOD BEGINNING DECEMBER 26, 2021 AND ENDING DECEMBER 24, 2022

WHEREAS, Plan Section 5.06 provides for the crediting of interest on Member's Normal Contributions at an annual rate to be determined by this Board of Trustees; and

WHEREAS, the duties of this Board of Trustees under Plan Section 16.02 require the Board to interpret, construe and apply all provisions of the Plan, and to approve interest rates; and

WHEREAS, pursuant to the above-mentioned Plan Sections, this Board of Trustees, at the Regular Meeting of November 23, 2020, adopted Resolution 2020-07, fixing the rate of interest to be paid on Normal Contribution Accounts at six percent (5.875%); and

WHEREAS, this Board of Trustees has determined that for the period beginning December 26, 2021, establishing the current rate of interest at five and three quarters percent (5.750%) would be a reasonable and prudent discharge of the above-mentioned duties and a prudent application of funds; and

WHEREAS, uncertainty as to current economic conditions, and volatility of interest rates constitute sufficient cause for the Board of Trustees to limit an increase in said current rate to the period specified above, by returning said rate to four and one-half percent (4.50%), commencing December 25, 2022.

NOW THEREFORE, BE IT RESOLVED by the Board of Trustees of the San Luis Obispo County Pension Trust as follows:

1. That, for the period beginning December 26, 2021, and ending December 24, 2022, the annual rate of interest to be credited to the normal contributions of Members, under Plan Section 5.06 is hereby fixed at five and three quarters percent (5.750%);

2. That commencing December 25, 2022, and thereafter, the annual rate of interest to be credited to the normal contributions of Members under Plan Section 5.06 is hereby fixed at four and one-half percent (4.50%);

3. That implementation of this Resolution is hereby assigned to the Executive Director of this Pension Trust.

Aye Votes: -
No Votes: -
Abstentions: -
Absent: -

ADOPTED: November 15, 2021

Approved as to Form and Legal Effect

_____
Chris Waddell
General Counsel

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

ATTEST: _____
Carl Nelson
Executive Director

Board of Trustees

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San Luis Obispo County
Pension Trust
SLOCPT

Date: November 15, 2021

To: Board of Trustees

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

Agenda Item 11: Resolution No. 2021-05 – Establishing the Rate of Interest to be paid on the Additional Contributions of Members

Recommendation:

It is recommended that the Board approve the attached Resolution 2021-05. This resolution reaffirms the following policy of the rate of interest to be paid on Member Additional Contributions for the period beginning December 26, 2021 and ending December 24, 2022 at **0.98%.**

Discussion:

Section 5.07 of the Retirement Plan sets forth the provisions governing the Additional Contribution Accounts. The section provides that this account is designed to provide additional benefits.

Historically, there have been three sources of Additional Contributions. These are as follows:

1. Voluntary Contributions made by members.
2. "Spill-over" contributions as a result of Employer Paid for Employee Normal Contributions (also known as the "pick up") in excess of the Member's required contribution rate. This source of additional contributions has become obsolete due to contribution rate increases and how these have been allocated between Employees and Employers.
3. Distributions of excess earnings from SLOCPT.

In 2018, the Board of Trustees approved a benchmark using the yield on Five Year Treasury Bonds as of September 30th of each year. Based on this, Staff recommends for 2022 the interest to be paid on Additional Contribution Accounts be set at the September 30th yield on Five Year Treasury Bonds which is **0.98%**.

The history of approved Additional Contribution Rates for the past 10 years is shown below:

2012	2.80%
2013	2.30%
2014	1.95%
2015	1.60%
2016	1.50%
2017	1.35%
2018	1.92%
2019	2.94%
2020	1.55%
2021	0.28%

This action is taken annually by the Board pursuant to Retirement Plan Section 5.07: Additional Contributions.

Respectfully Submitted,

SAN LUIS OBISPO COUNTY
PENSION TRUST

RESOLUTION NO. 2021-05

A RESOLUTION ESTABLISHING THE RATE OF INTEREST TO BE PAID ON THE ADDITIONAL CONTRIBUTIONS OF MEMBERS FOR THE PERIOD BEGINNING DECEMBER 26, 2021 AND ENDING DECEMBER 24, 2022

WHEREAS, Plan Section 5.07 provides for the crediting of interest to Member Additional Contributions at an annual rate to be determined by this Board of Trustees; and

WHEREAS, the duties of this Board of Trustees under Plan Section 16.02 require the Board to interpret, construe and apply all provisions of the Plan, and to approve interest rates; and

WHEREAS, at the Regular Meeting of the Board of Trustees held November 23, 2009, the Board of Trustees reviewed the matter of crediting Additional Contribution Accounts with appropriate rates of interest, such that participants in said Additional Contribution Accounts receive a rate of return that is consistent with the funding requirements of the Trust; and

WHEREAS, the Board of Trustees finds that portfolio performance on a year-over-year basis is potentially volatile, and that such volatility in the determination of the interest crediting rate is not desirable and, therefore a more stable and objective benchmark to determine the rate of interest credited to the Additional Contribution Accounts is preferable, and

WHEREAS, the Board of Trustees affirms the policy recommendation that the rate of interest to be determined and applied to the Additional Contribution Account be established in a range of not less than 0% and not greater than the established actuarial assumed rate of return; and

WHEREAS, said policy will ensure the principal amount of a Member's contributions be preserved; and

WHEREAS, the staff recommends and the Board of Trustees finds that the yield on Five Year Treasury Bonds as of September 30th of each year provides a reasonable and objective benchmark for the determination of the appropriate interest crediting rate for Additional Contribution Accounts; and

WHEREAS, based on the foregoing, the rate of interest to be credited to the Employee Additional Contribution Accounts be established for 2022 at a rate of 0.98%.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Trustees of the San Luis Obispo County Pension Trust as follows:

1. That, for the period beginning December 26, 2021, and ending December 24, 2022, the annual rate of interest to be credited to the Member Additional Contribution Accounts, under Plan Section 5.07 is hereby fixed at 0.98%.

2. That commencing December 25, 2022, and thereafter, the annual rate of interest to be credited to the Member Additional Contributions Account under Plan Section 5.07 shall be determined annually by action of the Board of Trustees and may be based on the yield on Five Year Treasury Bonds as of September 30th of each year or a comparable investment.

3. That implementation of this Resolution is hereby assigned to the Executive Director of this Pension Trust.

Aye Votes: -
No Votes: -
Abstentions: -
Absent: -

ADOPTED: November 15, 2021

Approved as to Form and Legal Effect

_____
Chris Waddell
General Counsel

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

ATTEST: _____
Carl Nelson
Executive Director

Board of Trustees

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SLOCPT

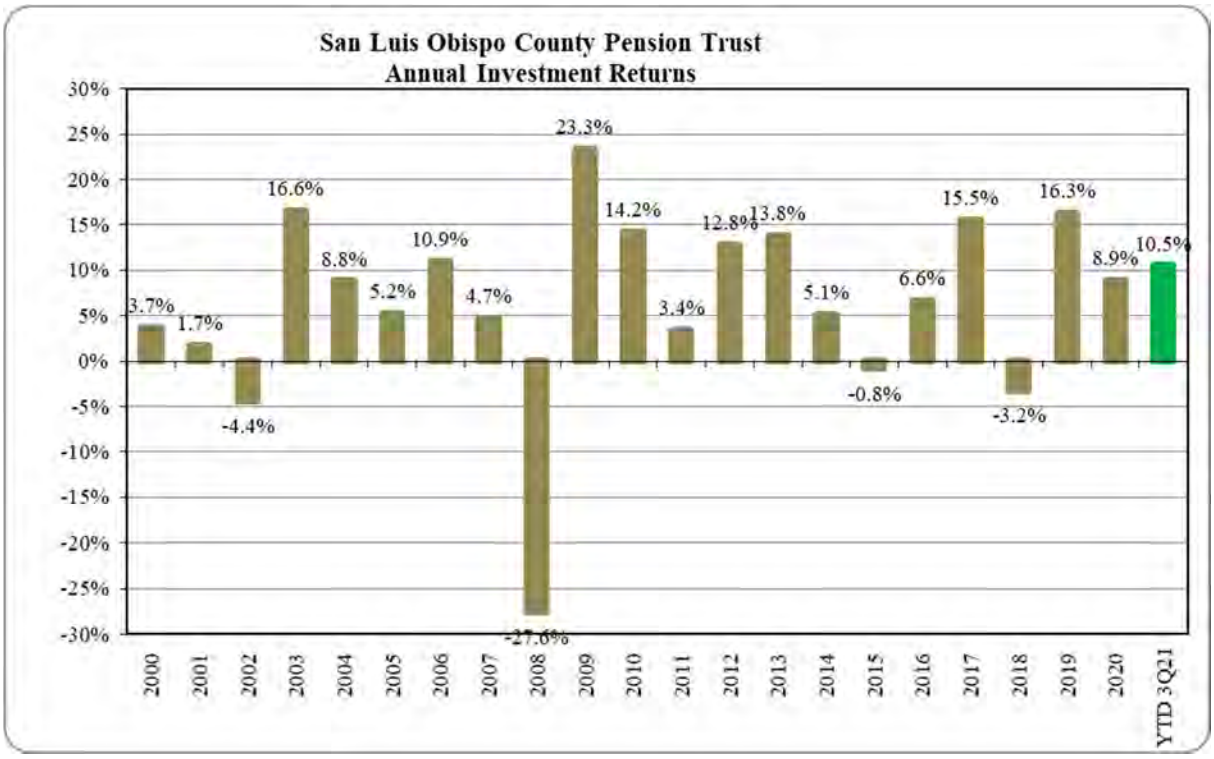
Date: November 15, 2021

To: Board of Trustees

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

Agenda Item 12: Quarterly Investment Report for the 3rd Quarter of 2021

Attached to this memo is the 3Q21 quarterly investment report prepared by the Trust's investment consultant Verus. Scott Whalen of Verus will make a detailed presentation and discuss the quarterly report. The history of the rates of return gross of fees of the Pension Trust are shown below as an extension of the data in the Verus report.



Respectfully submitted

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Verus

PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS

PERIOD ENDING: SEPTEMBER 30, 2021

Investment Performance Review for

San Luis Obispo County Pension Trust

Agenda Item 12

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Verus

VERUSINVESTMENTS.COM

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Investment Landscape TAB I

Investment Performance Review TAB II

Verus
PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS
4TH QUARTER 2021
Investment Landscape
Agenda Item 12

Recent Verus research

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

Topics of interest

THINKING ABOUT INFLATION IN RISK TERMS

Inflation has been subdued in the United States for the last three decades. In this piece, we analyze historic inflationary environments to understand the protection offered by different types of assets. Using a variety of risk tools, we consider the impact inflation has on an investor's overall portfolio and their obligations. No single asset class can reliably protect against inflationary environments but through constructing diversified portfolios and understanding risk exposures, we believe an investor can best position themselves for an uncertain future.

THINKING DIFFERENTLY

Today's market environment appears to be an exceedingly challenging one to navigate, and investors are grappling with the question of how best to structure portfolios that not only meet their return targets but provide impactful diversification and risk management. In this Topic of Interest paper, we will assess a wide variety of less-conventional investment strategies in both mature and nascent marketplaces, and which may only appeal to a specific set of investors.

ESTABLISHMENT OF RISK MITIGATION BUCKETS

An evolving market environment has arguably diminished the role of traditional fixed income as a diversifier in portfolios and led to a higher opportunity cost of holding bonds due to lower yields. This may suggest improved relative attractiveness of other equity risk mitigation approaches. In this research piece we discuss other approaches to risk mitigation and outline their merits, while tying these ideas to the Functionally-Focused Portfolios (FFP) approach to portfolio construction.

Annual research

2021 PRIVATE EQUITY OUTLOOK

In the Verus 2021 Private Equity Outlook, we focus attention on investor appetite for ESG and the growing response from private equity. The outlook also addresses the resilience of private equity in the face of COVID; SPACs rise as a streamlined path to the public markets, however not without risk; Private credit markets continue to gain investor interest; Buyout purchase multiples expand as public market valuations continue to climb; and Venture capital valuations soar alongside increased economic confidence

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Verus

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3rd quarter summary

THE ECONOMIC CLIMATE

— Real GDP grew at a 12.2% rate year-over-year in Q2 (+6.7% quarterly annualized rate) as the U.S. fully recovered from the pandemic-induced recession of 2020. ***p. 10***

— In the U.S. labor market, unemployment has fallen as many workers who desired jobs have been successful in gaining employment. The overall U.S. labor participation rate has not improved, as millions of workers remain neither employed nor seeking employment. ***p. 15***

— Consumer sentiment deteriorated during the third quarter, on reports of pessimism around the COVID Delta variant, higher inflation, and unfavorable economic prospects. Small business optimism also fell, as businesses face difficulty in hiring and are concerned about tax increases and more burdensome government regulations. ***p. 17***

PORTFOLIO IMPACTS

— Credit markets traded in a relatively tight range throughout the quarter, delivering mild returns. Bank loans outperformed in Q3, returning 1.1% and outpacing high yield bonds (0.9%) and corporate investment grade (0.0%). ***p. 24***

— U.S. core CPI, which excludes food & energy prices, rose 4.0% YoY in September. U.S. headline inflation came in at 5.4%. Price changes moderated during Q3, relative to the larger price moves that occurred in March through June. ***p. 12***

THE INVESTMENT CLIMATE

— The Biden Administration's $3.5 trillion social spending package remains in the negotiation stage among Democrats, as the size of the package, the contents, and national concerns over inflation have given some members of the party reason to pause. The package is reportedly being scaled back, which creates the risk of rejection from progressives within the party who are pushing for more spending. ***p. 10***

— It seems that investors have put the 2020 pandemic-induced recession and its associated risks behind them. However, it is not clear that market risks have completely subsided, as the Delta-variant continues to spread, high inflation could indeed persist, and most governments are set to pull back generous stimulus programs. ***p. 34***

ASSET ALLOCATION ISSUES

— Equity markets took a breather in Q3. U.S. equities delivered 0.6%, while international equities experienced slight losses of -0.4% and emerging market equities saw a larger selloff of -8.1%, on an unhedged currency basis. ***p. 27***

— Factor performance was negative during the quarter, as large capitalization stocks outperformed small cap by a wide margin (Russell 1000 +0.2%, Russell 2000 -4.4%) and growth stocks beat value (Russell 1000 Growth +1.2%, Russell 1000 Value -0.8%). ***p. 30***

The economic recovery may be slowing, though the environment remains positive for risk assets

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

What drove the market in Q3?

"Covid cases are rising again in all 50 states across U.S. as delta variant tightens its grip"

DELTA VARIANT SHARE OF COVID CASE GROWTH IN THE UNITED STATES

Apr	May	Jun	Jul	Aug	Sep
0.6%	3.1%	31.9%	96.0%	97.9%	99.9%

Article Source: CNBC, as of July 23rd, 2021

"The World Economy's Supply Chain Problem Keeps Getting Worse"

SHIPS AT ANCHOR OUTSIDE THE PORT OF LOS ANGELES (MONTHLY AVERAGE)

Apr	May	Jun	Jul	Aug	Sep
11	10	7	12	22	27

Article Source: Bloomberg, August 25th, 2021

"Beijing's Crackdown Ruins July for Investors Everywhere"

NASDAQ GOLDEN DRAGON CHINA INDEX TOTAL RETURN

Apr	May	Jun	Jul	Aug	Sep
-0.1%	-5.6%	+1.8%	-22.0%	-1.6%	-9.8%

Article Source: Bloomberg, July 27th, 2021

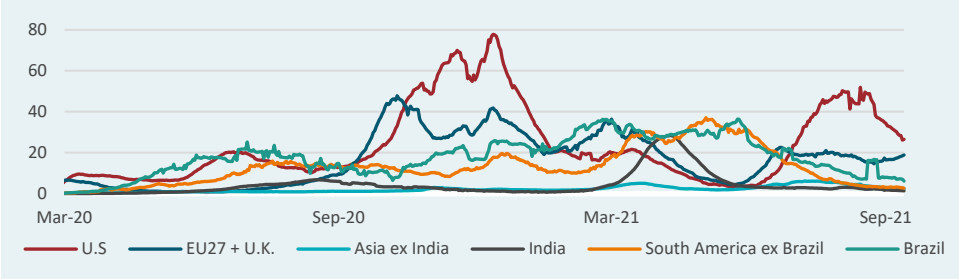
"Commodities surge again; spot price index hits decade high"

BLOOMBERG COMMODITY SPOT INDEX

Apr	May	Jun	Jul	Aug	Sep
464.0	476.9	480.2	487.4	486.3	510.3

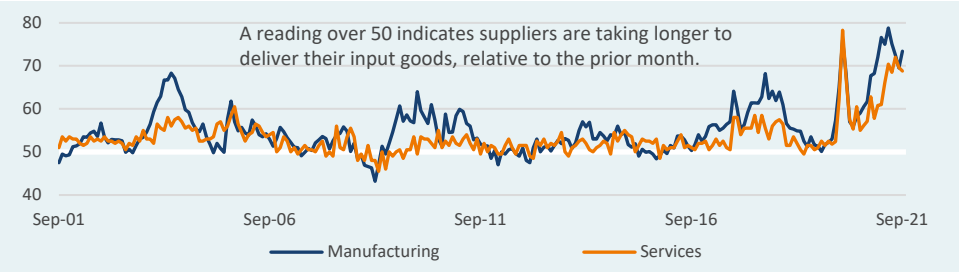
Article Source: BNN Bloomberg, September 13th, 2021

AVERAGE DAILY CASE GROWTH PER 100,000 (TRAILING TWO WEEKS)



Source: Bloomberg, as of 9/30/21

SUPPLIER DELIVERY INDICES



Source: Institute for Supply Management, as of 9/30/21

NASDAQ GOLDEN DRAGON CHINA INDEX

Source: NASDAQ, Bloomberg, as of 9/30/21

Economic environment

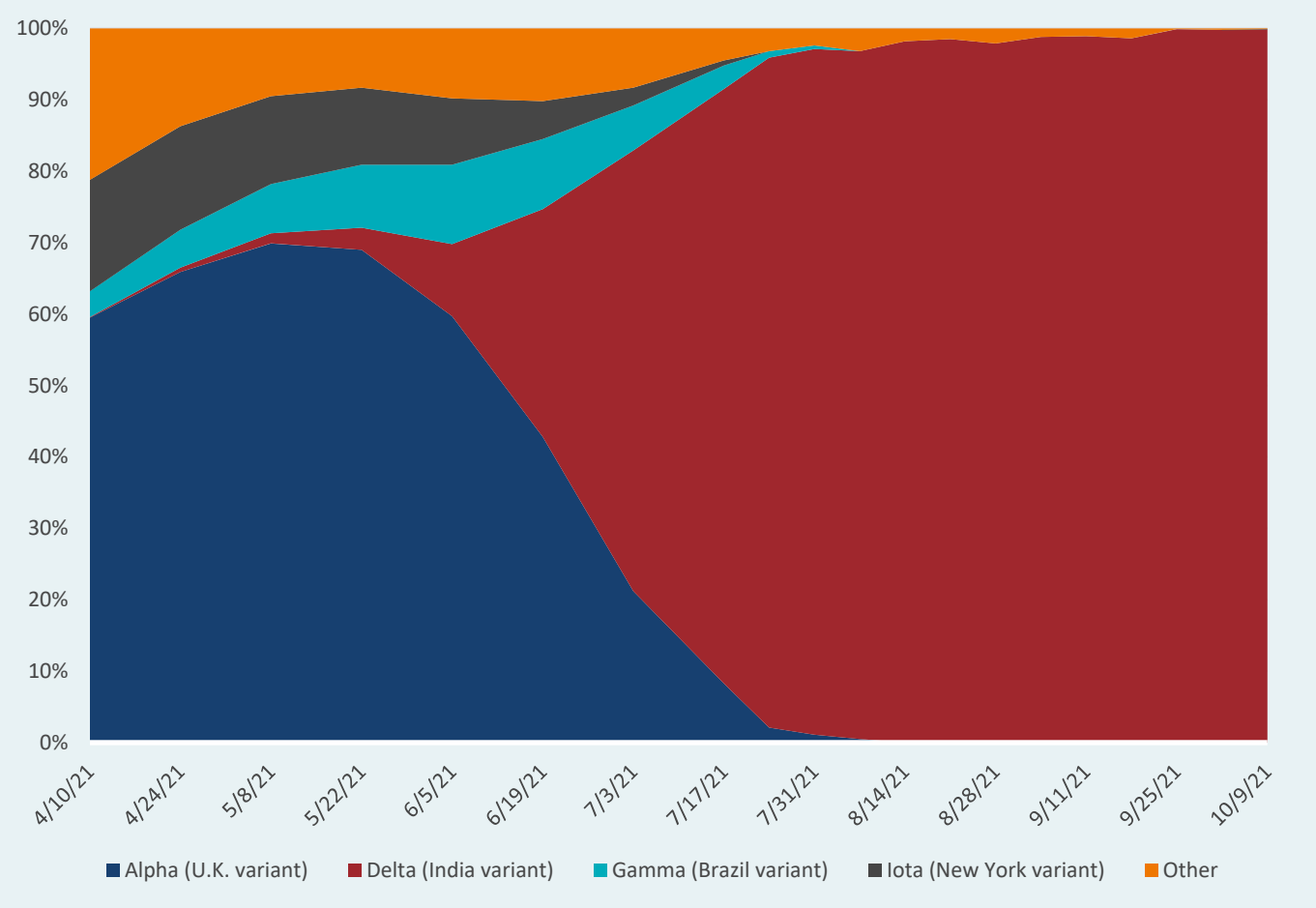
U.S. economics summary

- Real GDP grew at a 12.2% rate year-over-year in Q2 (+6.7% quarterly annualized rate) as the U.S. fully recovered from the pandemic-induced recession of 2020. However, it appears that recent strong economic activity may be slowing down.
- U.S. core CPI, which excludes food & energy prices, rose 4.0% YoY in September. U.S. headline inflation came in at 5.4%. Price changes moderated during Q3, relative to the larger price moves that occurred in March through June, but remain elevated.
- Unemployment fell from 5.9% to 4.8% during the quarter, while the laborforce participation was unmoved at 61.6%. The unemployment rate has fallen as many workers who desired jobs have been successful in gaining employment, but the overall U.S. laborforce participation rate has not improved
- The Biden Administration's $3.5 trillion social spending package remains in the negotiation stage among Democrats, as the size of the package, the contents, and national concerns over inflation have given some members of the party reason to pause. The package is reportedly being scaled back, which creates the risk of rejection from progressives within the party who are pushing for more spending.
- U.S. home prices have rocketed higher, up 19.7% over the past year, according to the S&P/Case-Shiller U.S. National Home Price Index.
- Consumer sentiment was mixed over the quarter. The University of Michigan reported that the Delta variant and persistent inflation, as well as unfavorable prospects for the national economy, are weighing on sentiment. High prices of homes, vehicles, and durables are a concern.

	Most Recent	12 Months Prior
GDP *(YoY)*	12.2% *6/30/21*	(9.1%) *6/30/20*
Inflation *(CPI YoY, Core)*	4.0% *9/30/21*	1.7% *9/30/20*
Expected Inflation *(5yr-5yr forward)*	2.2% *9/30/21*	1.7% *9/30/20*
Fed Funds Target Range	0% – 0.25% *9/30/21*	0% – 0.25% *9/30/20*
10-Year Rate	1.49% *9/30/21*	0.68% *9/30/20*
U-3 Unemployment	4.8% *9/30/21*	7.8% *9/30/20*
U-6 Unemployment	8.5% *9/30/21*	12.8% *9/30/20*

Delta-plus variant?

SHARE OF NEW COVID-19 CASES ATTRIBUTED TO EACH MAJOR VARIANT



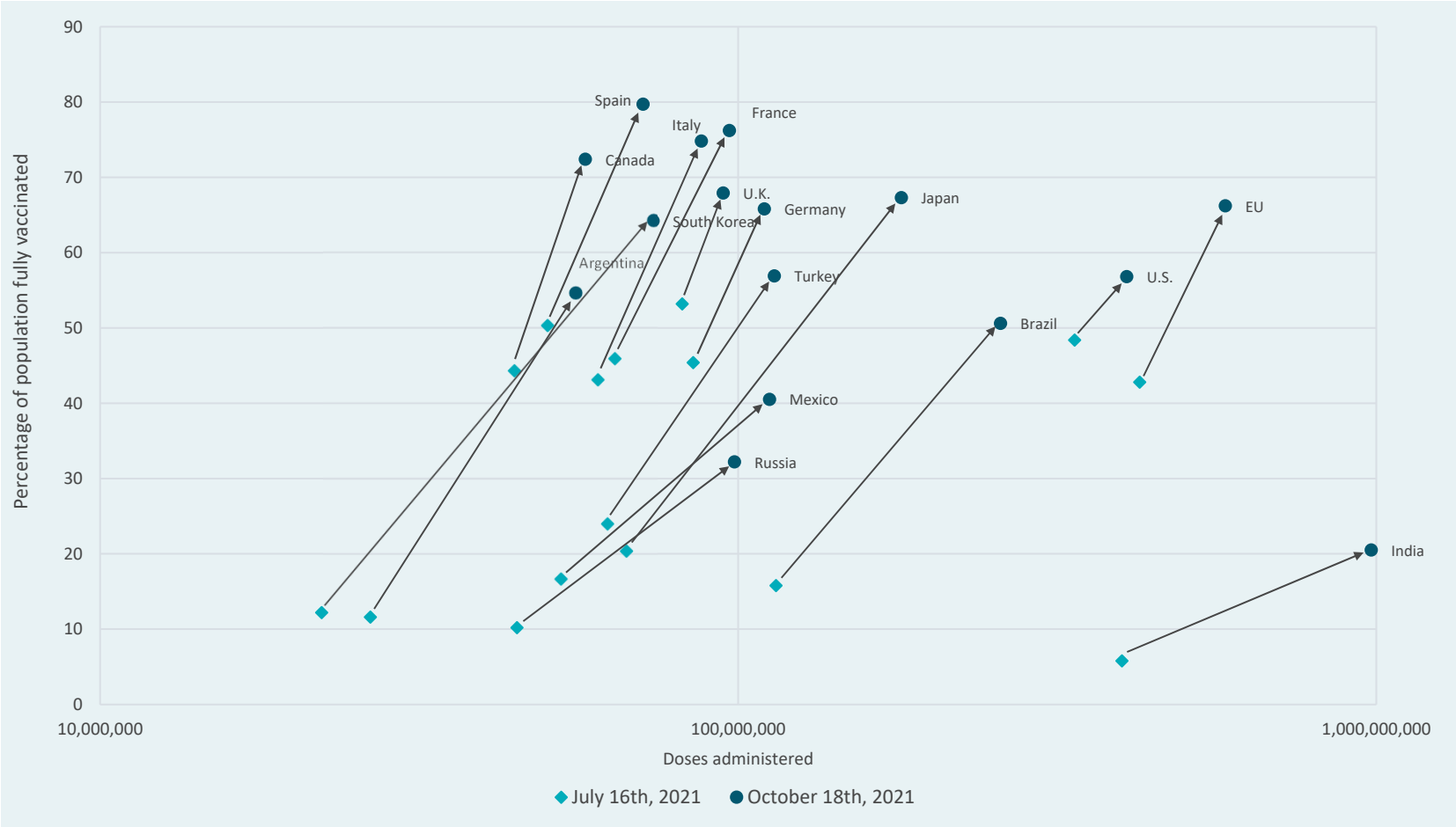
The delta variant of COVID-19 which surged through India in the second quarter took hold in the U.S., and by the end of the quarter, accounted for almost all new cases

Most recently, FDA Commissioner Scott Gottlieb called for "urgent research" into whether a new strain – known as delta plus – could be more transmissible or have partial immune evasion

Source: Bloomberg, BBC, U.K. government, as of 10/9/21

Global vaccination campaign

DOSES ADMINISTERED RELATIVE TO PERCENTAGE OF POPULATION FULLY VACCINATED



Over the last quarter, vaccination rates have improved considerably in Asia, Europe, and to a lesser extent, the emerging markets

Source: Bloomberg, as of 10/18/21

GDP growth

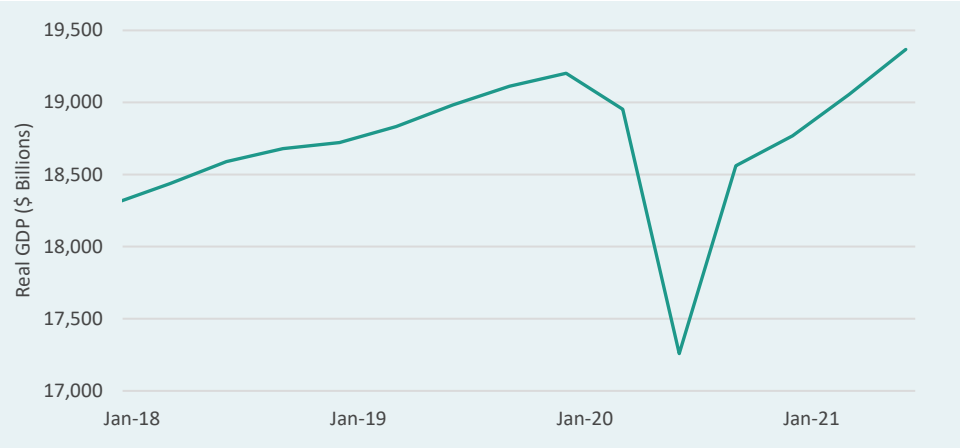
Real GDP grew at a 12.2% rate year-over-year in Q2 (+6.7% quarterly annualized rate) as the U.S. fully recovered from the pandemic-induced recession of 2020. However, it appears that recent strong economic activity may be slowing down. The Atlanta Fed GDPNow estimate, as of October 15th, suggests that GDP growth will slow to 1.2% in the fourth quarter (seasonally-adjusted quarterly annualized rate).

In contrast to the wild swings of 2020, quarterly GDP growth has steadied. Consumption has contributed to the lion's share of GDP, while supply chain issues have detracted from growth as some businesses have been unable to purchase inventory.

The Biden Administration's $3.5 trillion social spending package remains in the negotiation stage among Democrats, as the size of the package, the contents, and national concerns over inflation have given some members of the party reason to pause. The package is reportedly being scaled back, which creates the risk of rejection from progressives within the party who are pushing for more spending. House Speaker Nancy Pelosi reportedly expressed the party's intent to include each of the original social programs (expanded government healthcare, child tax credit, tuition-free community college, etc.) but to scale back the planned length of guaranteed funding in order to reduce overall costs.

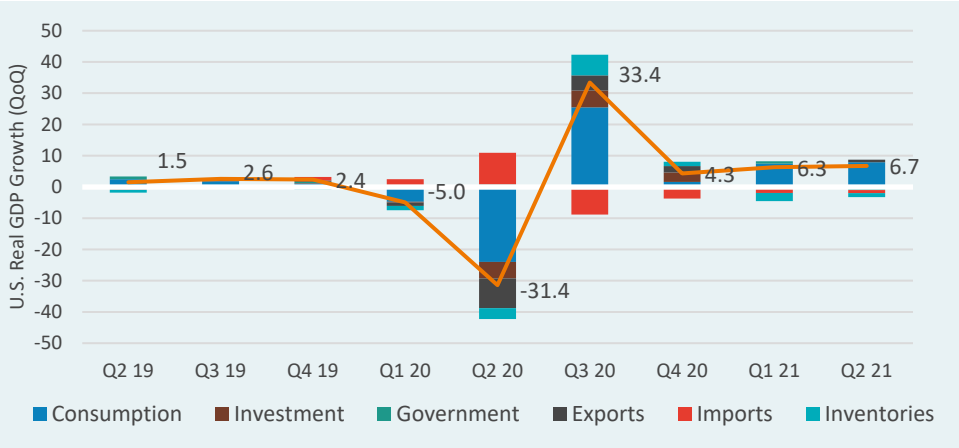
During Q2 2021 the U.S. economy fully recovered from the COVID-19 recession

U.S. REAL GROSS DOMESTIC PRODUCT



Source: FRED, as of 6/30/21

U.S. REAL GDP COMPONENTS (QOQ)



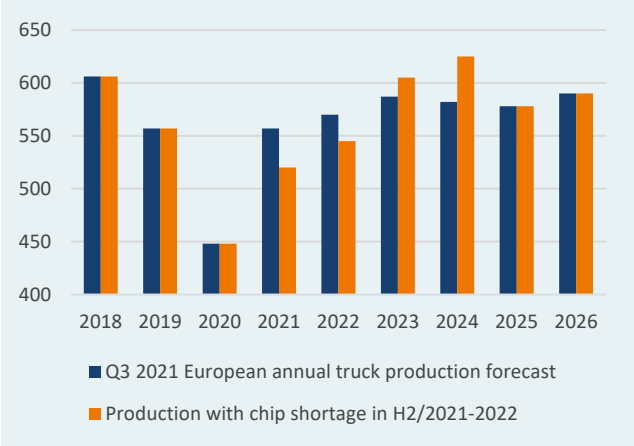
Source: FRED, as of 6/30/21

Supply chain disruptions

Throughout the course of the pandemic, idiosyncratic supply chain snags have caused largely temporary price distortions affecting all sorts of markets, from labor, to lumber, to meat-packing and semiconductors, and many others. In some cases, these distortions have had a large impact on overall inflation levels. For example, limited semiconductor chip supplies led major suppliers to ration chips for higher-margin tech clients at the expense of lower-margin automaker clients. This prioritization resulted in a lower level of new vehicle production, and a massive surge in prices for used cars.

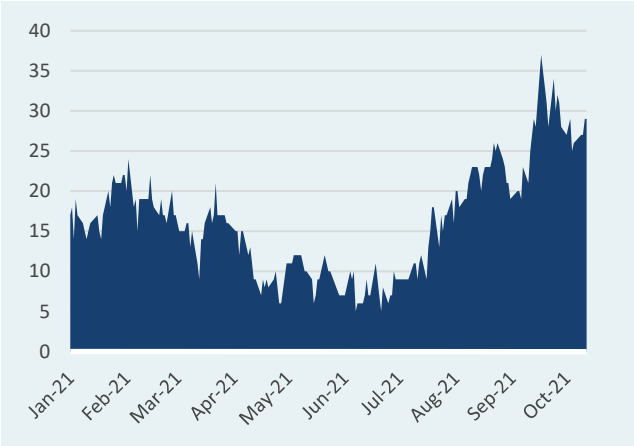
In September, key ports in Southern California hit several new cargo ship backlog records, forcing these ships to remain at anchor outside the ports for several weeks in some cases. Part of the problem has been the massive size of these ships, which require many workers to unload, a lot of trucks to ship their cargo, and many warehouses to store that cargo. If there are not enough truckers to move the new cargo coming in, or there is not enough warehouse capacity to offload new cargo, new ships have longer unload times and the problem compounds. It is important to remember that global supply chains are very complex, and issues in certain segments tend to cascade through the others. According to the NFIB's Small Business Optimism Survey, only 10% of small business owners have been insulated from the impacts of these disruptions. We will be watching corporate guidance to gauge the impact of these disruptions on profit margins.

IMPACT OF SEMICONDUCTOR SHORTAGE ON EUROPEAN TRUCK PRODUCTION (THOUSANDS)



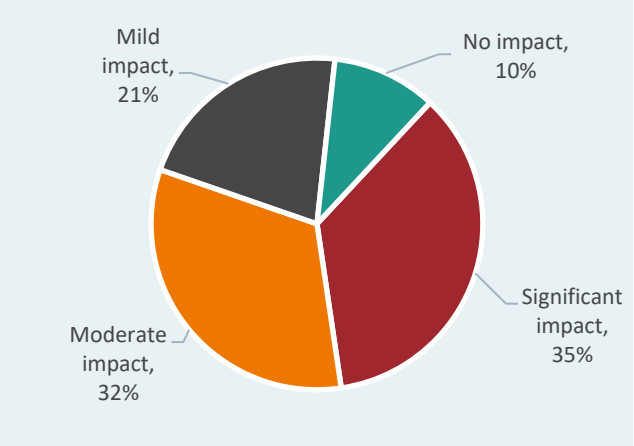
Source: IHS Markit, as of 9/28/21

VESSELS AT ANCHOR – PORT OF LOS ANGELES



Source: The Port of Los Angeles, as of 10/15/21

MAGNITUDE OF THE IMPACT OF SUPPLY CHAIN DISRUPTIONS ON SMALL BUSINESSES IN THE US



Source: NFIB, as of 9/30/21

Inflation

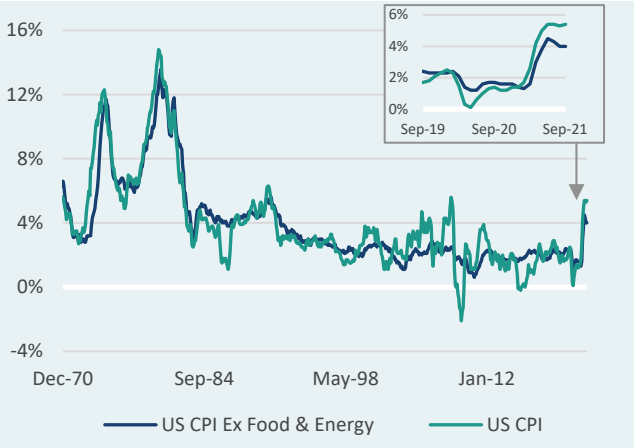
U.S. core CPI, which excludes food & energy prices, rose 4.0% YoY in September. U.S. headline inflation came in at 5.4%. Price changes moderated somewhat during Q3, relative to the larger price moves that occurred from March through June.

Energy and used automobile prices have had outsized impacts on inflation over the past year, increasing 24.8% and 24.4%, respectively. These two components have driven most of the rise in inflation experienced since 2019. If energy and used auto prices moderate, this will push inflation back down towards "normal" level, all else equal. However, continued supply chain issues appear to be contributing to a material rise in certain goods prices such as food, up +0.9% in September. Rent prices (+0.5% over the month) are also a concern as costs begin to catch up with real estate values. As food comprises 13.9% of the overall inflation basket, and shelter comprises 32.6%, price moves across these categories could impact the direction of future inflation.

While we retain our long-term view that inflation is likely to return to lower levels, as most of the recent increases can be attributed to base effects or short-term one-time issues, the significant disruptions in the global supply chain are clearly an important component of the developing story. If this disruption continues there will likely be ongoing effects on the economy as a whole, and on inflation outcomes. We continue to research this issue and it's likely effects.

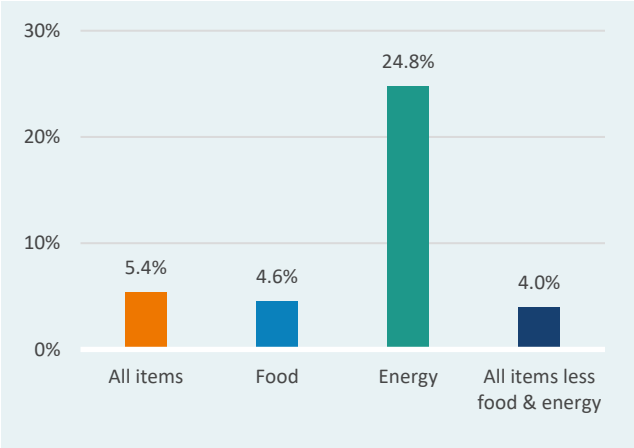
Recent moves suggest a moderation of prices, though we are watching closely for potential structural inflation

U.S. CPI (YOY)



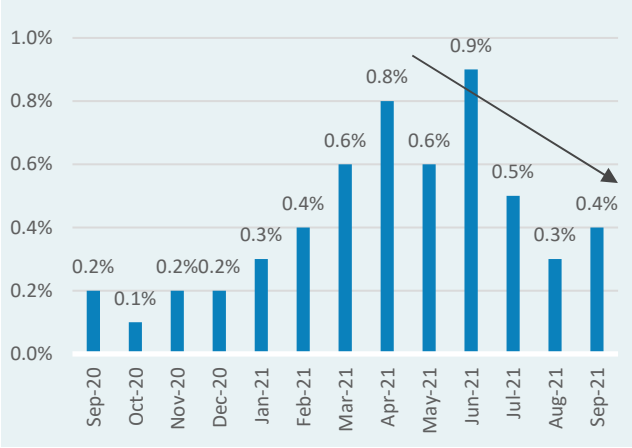
Source: BLS, as of 9/30/21

U.S. CPI (YOY)



Source: BLS, as of 9/30/21

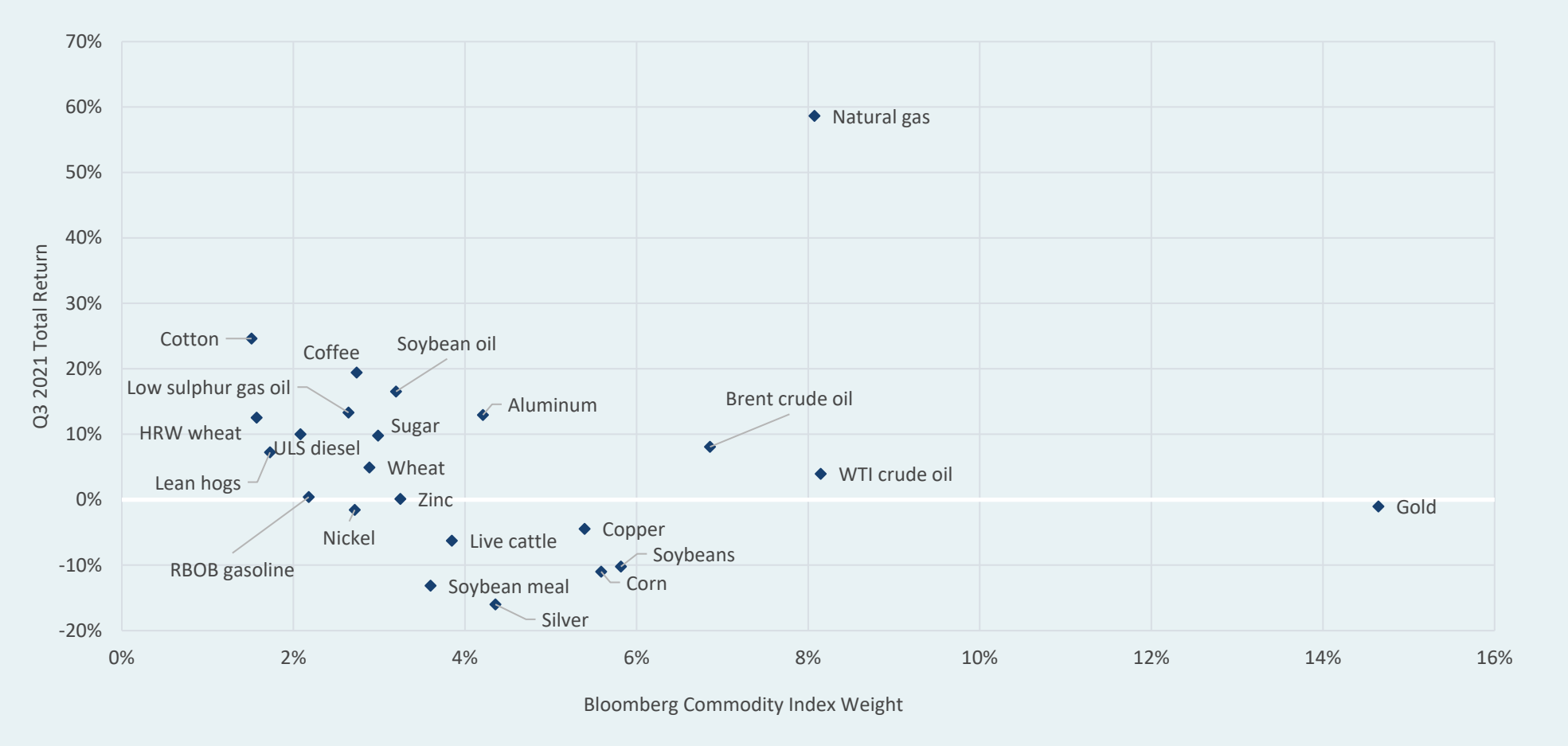
MONTHLY PRICE MOVEMENT



Source: BLS, as of 9/30/21

Commodity surge

BLOOMBERG COMMODITY INDEX – Q3 2021 RETURNS BY INDEX WEIGHT



Source: Bloomberg, as of 9/30/21

Labor market

U.S. unemployment fell from 5.9% to 4.8% during the quarter, while the labor participation rate was unmoved at 61.6%.

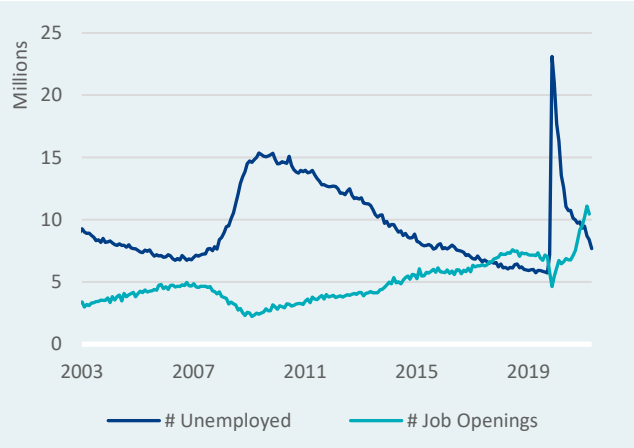
Two major themes can be observed in the U.S. labor market: 1) the unemployment rate has fallen as many workers who desired jobs have been successful in gaining employment, but 2) the overall U.S. laborforce participation rate has not improved, as millions of workers remain out of the laborforce and are not seeking employment. We continue to believe that the second effect has been fueled by approximately two million abnormally early retirements since 2020, which implies that the available U.S. workforce is now permanently smaller. As demonstrated below and on the next slide, the proportion of retired Americans per age group has increased markedly since 2019. It is difficult to know the main drivers behind the trend towards early retirement, but greater wealth (strong returns from markets and real estate), the need to take care of family, and an unwillingness to return to full-time work after extended periods of time off, may all be playing a part.

The number of U.S. job openings has far surpassed the supply of workers. As of August, 10.4 million job openings were posted across the country, while only 8.3 million Americans were seeking employment.

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

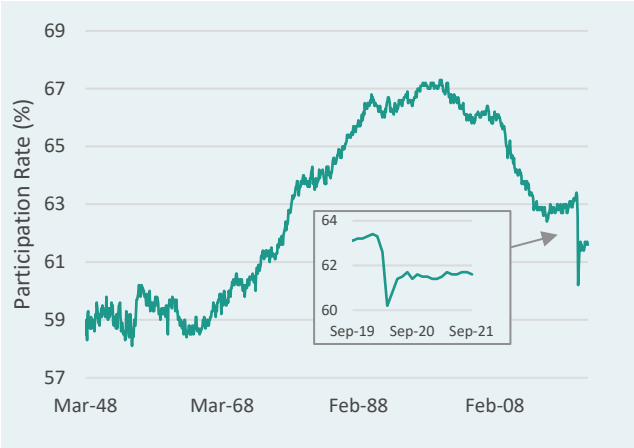
Much of this loss appears to be due to early retirements

UNEMPLOYMENT VS. JOB OPENINGS



Source: FRED, as of 9/30/21

LABOR PARTICIPATION RATE



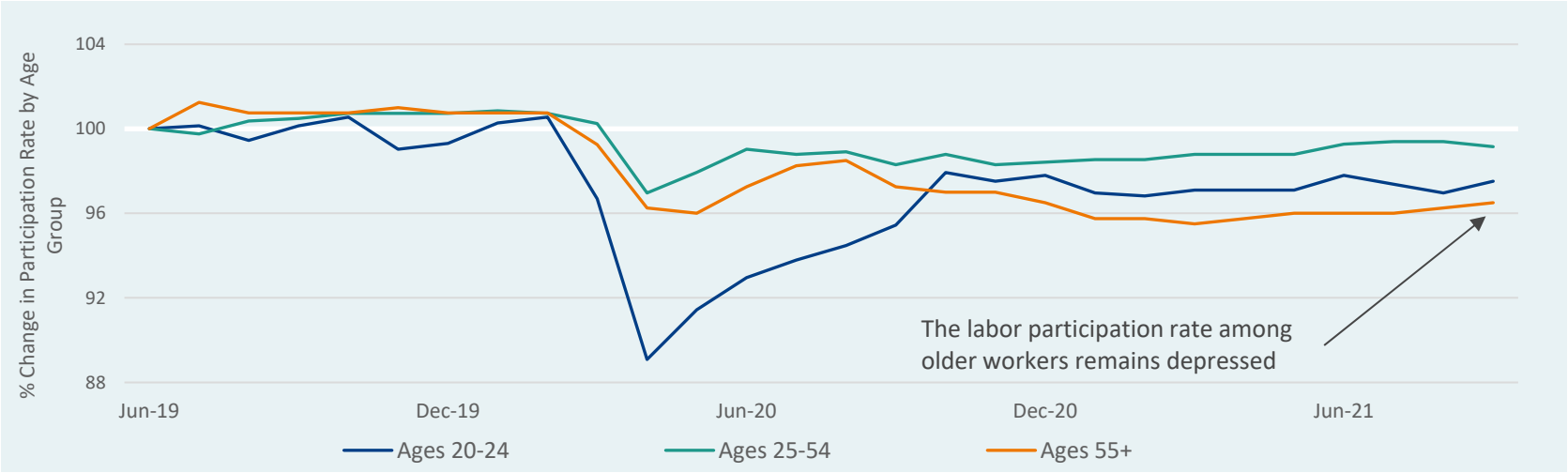
Source: FRED, as of 9/30/21

% OF AMERICANS RETIRED

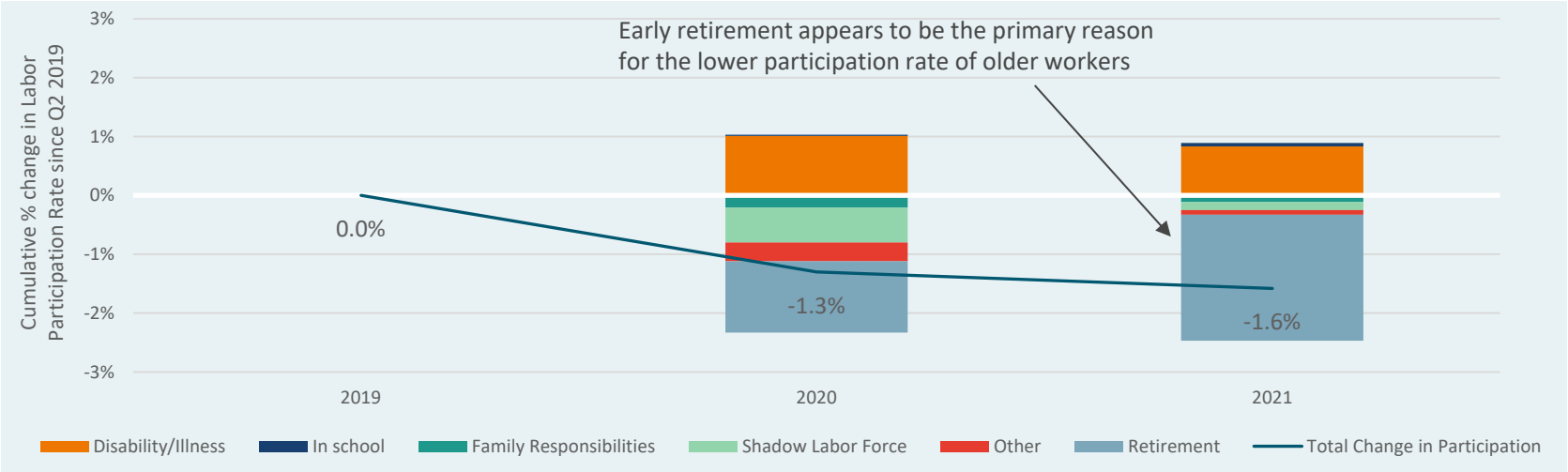
	Women		Men	
Age cohort	2019	2021	2019	2021
55+	52%	54%	44%	45%
55-59	11%	11%	7%	7%
60-64	28%	29%	21%	21%
65-69	59%	62%	52%	53%
70-74	78%	80%	71%	73%
75+	87%	88%	83%	85%

Source: St. Louis Federal Reserve

Labor participation rate



The U.S. labor participation rate remains considerably depressed, due to millions of workers being out of work *and also not seeking work*



Economic data suggests that this effect may be largely due to millions of unusually early retirements since 2019

Source: Federal Reserve Bank of St. Louis, Verus, as of Q2 2021

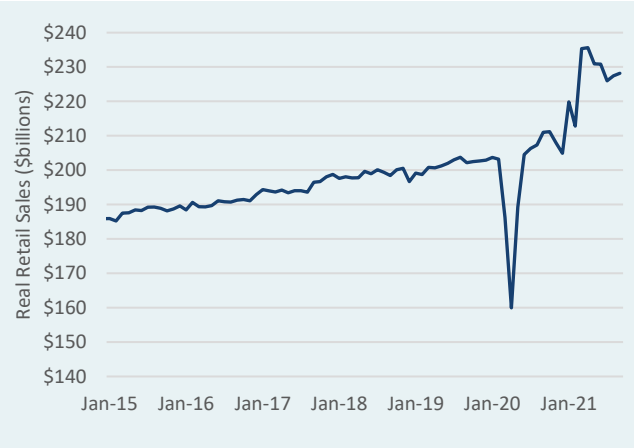
The consumer

U.S. retail sales remain strong but have now slowed for two consecutive quarters, lower by -1.1% in Q3. The *reopening* spending surge appears to be slowing down, as retail sales, auto sales, and home sales have all declined in recent months. Fears around the COVID-19 Delta variant are also likely weighing on consumer spending activity. We examine quarterly rate of change here, because year-over-year rate of change (the traditional measure) is skewed due to the events of 2020.

Retail sales were expected to fall in September, but exceeded those expectations despite global supply chain issues and the rolling off of some enhanced government benefits. U.S. auto sales continued to fall sharply, likely fueled by the dual effects of low supply and also the fact that many potential buyers, flush with stimulus cash, had already made a recent purchase.

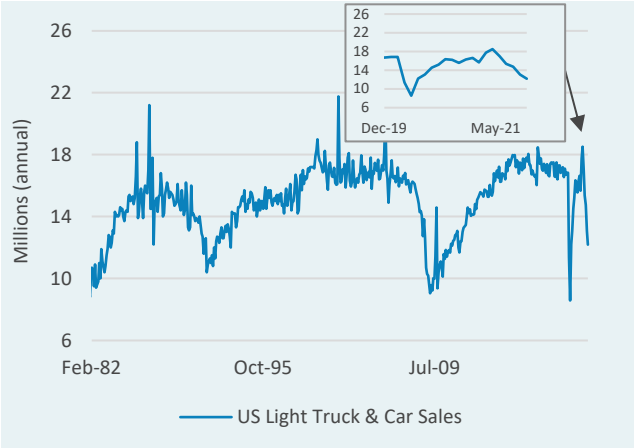
According to anonymized cellular phone data collected by Google for COVID-19 public health research, most economic activity seems to be back to normal for the most part. Public transportation and workplace travel remains the exception, though a recent uptick in workplace mobility might imply that some businesses are bringing staff back to the office.

REAL RETAIL SALES



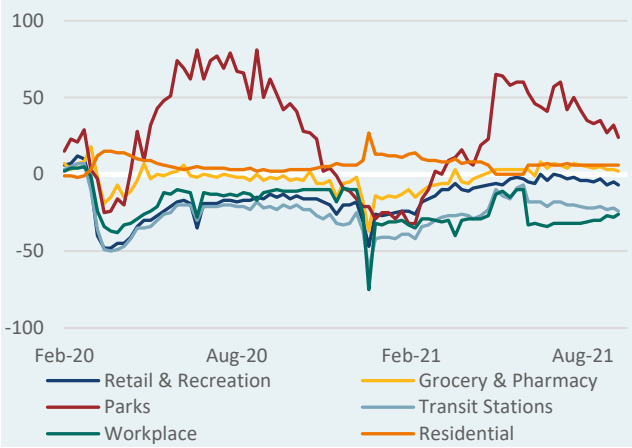
Source: FRED, as of 9/30/21

AUTO SALES



Source: Federal Reserve, as of 9/30/21

GOOGLE U.S. ACTIVITY TRACKER



Source: Google anonymized U.S. citizen mobility, as of 9/30/21

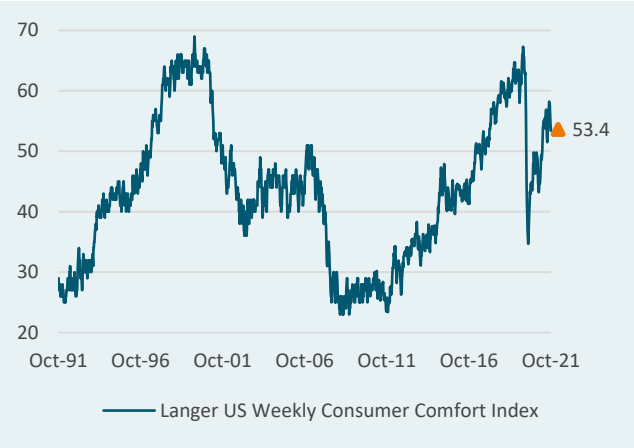
Sentiment

Consumer sentiment deteriorated during the third quarter, on reports of pessimism around COVID-19, inflation, and the economy. Small business optimism also fell as businesses face difficulty in hiring and are concerned about tax increases and more burdensome government regulations.

The University of Michigan Consumer Sentiment Survey attempts to gauge attitudes about the business climate, personal finances, and spending conditions. The survey reading fell from 85.5 to 72.8 on reports that the Delta variant and persistent inflation, as well as unfavorable prospects for the national economy, are weighing on sentiment. High prices of homes, vehicles, and durables are a concern, and only 18% of households anticipate that wage gains will be greater than inflation. The Bloomberg Consumer Comfort Index attempts to gauge Americans' views on the economy, their personal financial situation, and buying conditions. The index fell from 55.1 to 53.4.

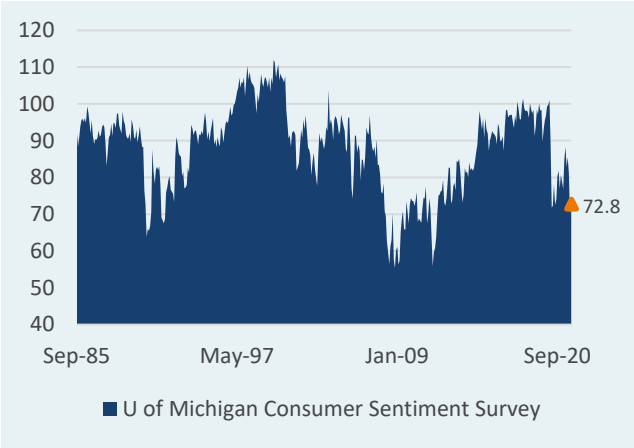
The NFIB Small Business Optimism index fell from 102.5 to 99.1 during the quarter. As reported, "Small business owners are doing their best to meet the needs of customers, but are unable to hire workers or receive the needed supplies and inventories," said NFIB Chief Economist Bill Dunkelberg. "The outlook for economic policy is not encouraging to owners, as lawmakers shift to talks about tax increases and additional regulations."

CONSUMER COMFORT



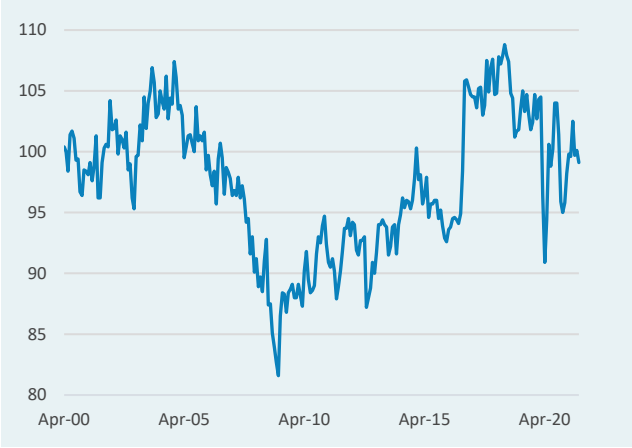
Source: Bloomberg, as of 9/30/21

CONSUMER SENTIMENT



Source: University of Michigan, as of 9/30/21

SMALL BUSINESS OPTIMISM



Source: NFIB, as of 9/30/21

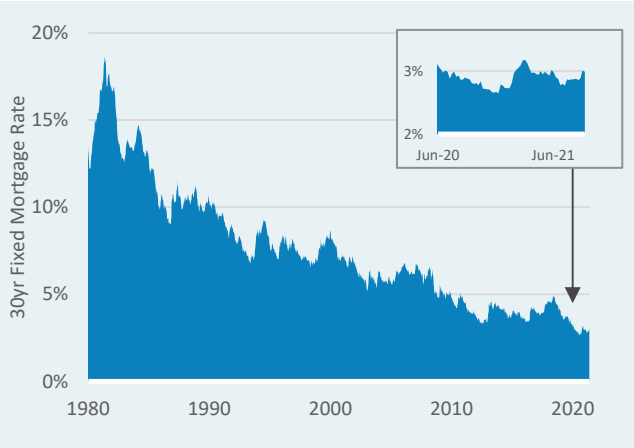
Housing

U.S. home prices have rocketed higher, up 19.7% over the past year, according to the S&P/Case-Shiller U.S. National Home Price Index. This surprising boom appears to have been the product of a perfect storm for home demand, impacted by ultra-low interest rates, Americans' need for more space in the work-from-home environment, and likely pent-up demand from younger families who have been slower to purchase homes than past generations.

Mortgage interest rates have remained steady at around 3.0%, as attractive borrowing conditions support potential buyers who face elevated home prices.

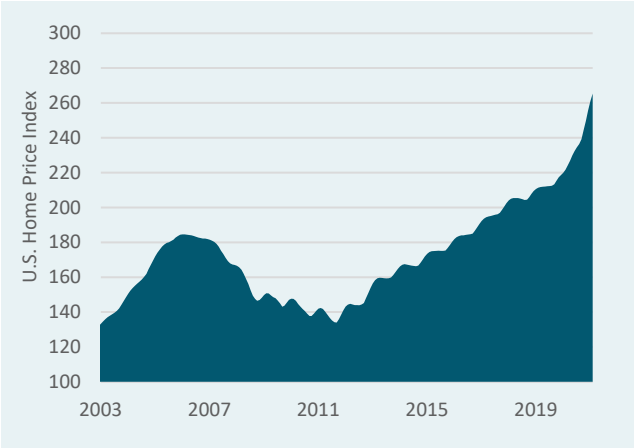
The cost of renting has seen a considerable rise throughout the pandemic, with rents up 9.2% year-over-year in September, according to Zillow. The rise in rent prices has differed quite a bit across the country, and it may be reasonable to assume that states with more outgoing net migration (ex: New York, California) may be experiencing less upward rent pressure than states with more incoming net migration (ex: Arizona, Florida), as demonstrated by recent rental price trends. Dramatic increases in rent prices, without a commensurate improvement in wages, creates obvious issues for many Americans.

30YR FIXED MORTGAGE RATE (AVERAGE)



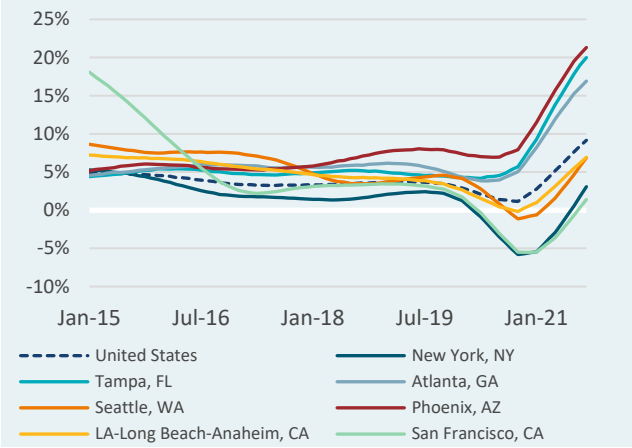
Source: U.S. Census Bureau, as of 9/30/21

U.S. HOME PRICES



Source: S&P/Case-Shiller U.S. National Home Price Index, as of 7/31/21

ZILLOW OBSERVED RENT INDEXES – ZORI* (YOY)



**Measures changes in asking rents across 100 markets over time.*

Source: Zillow ZORI, as of 9/30/21

International economics summary

— The emergence of the delta variant of COVID-19 in Europe and the United States over the summer led to the reimplementation of social distancing controls and a subsequent moderation of economic activity in the services sector.

— European and Japanese vaccination rates improved vastly over the quarter, which helped to contain the spread of COVID-19.

— Inflation surprised to the upside around the globe, but particularly in the Eurozone, which has spurred some tough conversations amongst central bank policymakers.

— Global consumer confidence has trended lower over most of the last two quarters on concerns over labor market prospects, as well as the impact of rising prices on purchasing power stability.

— Natural gas prices surged more than 60% in Q3, primarily as a result of low supply levels and substitution effects due to price surges in other energy sources including coal. On a more thematic basis, Europe's clean energy initiatives also played a role, as renewable sources are not yet equipped to replace carbon-based power supplies, and adequate investment in nuclear plants has not been made. We are keeping a watchful eye on the potential impact of energy prices on inflation.

— Many factories in China were forced to shut down late in the quarter as a result of surging coal and electricity prices. Those shutdowns, alongside weaker than expected investment activity, tighter financing conditions, and stricter social distancing controls, all contributed to a larger-than expected moderation in Chinese GDP growth, which fell to 4.9% year-over-year in Q3.

Area	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	12.2% *6/30/21*	5.4% *9/30/21*	4.8% *9/30/21*
Eurozone	14.3% 6/30/21	3.4% *9/30/21*	7.5% *8/31/21*
Japan	7.6% *6/30/21*	0.3% *9/30/21*	2.8% *8/31/21*
BRICS Nations	10.1% *6/30/21*	2.4% *9/30/21*	5.3% *6/30/21*
Brazil	12.4% *6/30/21*	10.3% *9/30/21*	13.7% *7/31/21*
Russia	10.5% *6/30/21*	7.4% *9/30/21*	4.4% *8/31/21*
India	20.1% *6/30/21*	5.3% *8/31/21*	6.9% *9/30/21*
China	4.9% *9/30/21*	0.7% *9/30/21*	5.1% *8/31/21*

NOTE: India lacks reliable government unemployment data. Unemployment rate shown above is estimated from the Centre for Monitoring Indian Economy. The Chinese unemployment rate represents the monthly surveyed urban unemployment rate in China.

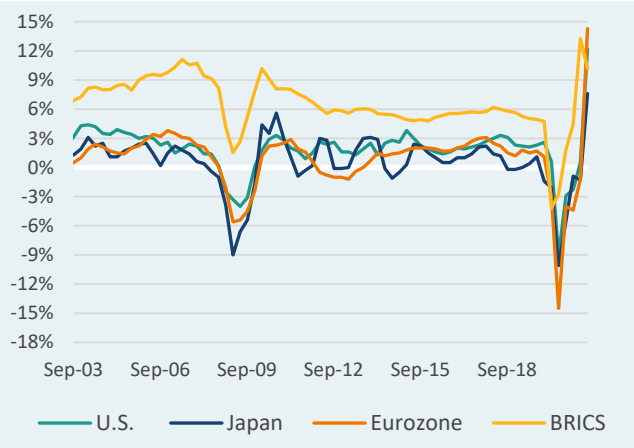
International economics

The IMF expects the global economy will grow by 5.9% in 2021, and 4.9% in 2022. More recently, concerns over the impact of supply chain disruptions have crimped near-term growth expectations for advanced economies, but the expectation remains that those economies will regain their pre-pandemic trend path in 2022 and exceed it by 0.9% by 2024. However, sizable disparities in vaccine access and policy support have resulted in a larger expected setback to living standard improvements in the developing world, where growth is expected to remain 5.5% beneath the pre-pandemic trend by 2024.

Inflation remained high in most global economies, and the United States has seen one of the largest increases among other major developed economies. Inflation trends and the reaction of central banks to these trends will have important implications for markets.

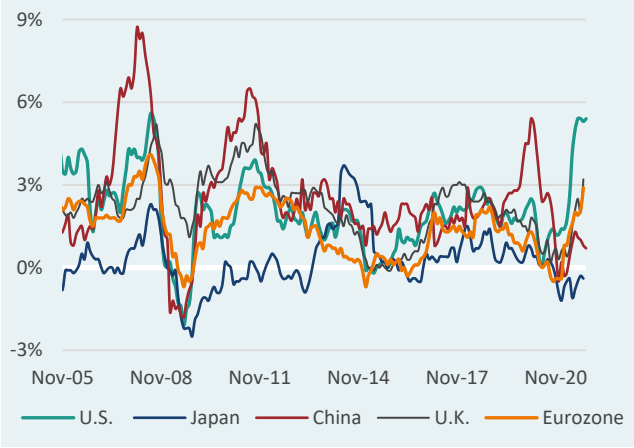
Unemployment around the world has improved as economies recover, government restrictions are loosened, and life moves back towards normalcy.

REAL GDP GROWTH (YOY)



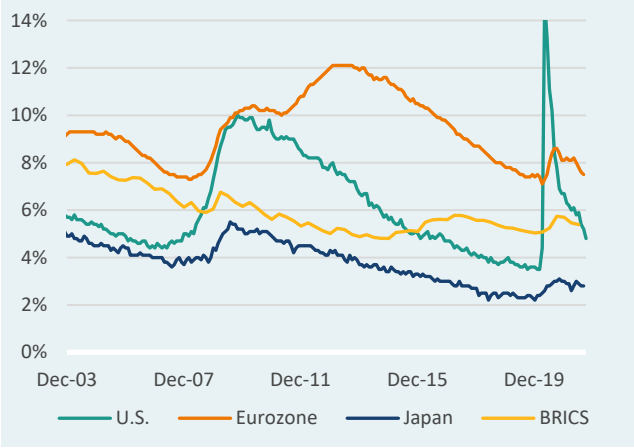
Source: Bloomberg, as of 6/30/21

INFLATION (CPI YOY)



Source: Bloomberg, as of 9/30/21 – or most recent release

UNEMPLOYMENT



Source: Bloomberg, as of 9/30/21 – or most recent release

Fixed income rates & credit

Fixed income environment

— The 10-year U.S. Treasury yield increased slightly during the quarter, from 1.45% to 1.52%. Longer-term Treasury bond yields drifted lower in July and August before picking up considerably in September, as speculation mounted that the Federal Reserve would begin tapering the current asset purchase program ($80 billion in monthly Treasury purchases and $40 billion in monthly agency mortgage-backed-securities) in November or December of this year.

— Credit spreads traded in a relatively tight range during the quarter and remained at a very low level relative to the historical average. Historically low credit default rates have supported tight spread levels. Above-average credit quality has also been supportive, specifically in the high-yield universe. Although credit spreads are tight, spreads arguably remain healthy relative to current bond default levels.

— Reports that Evergrande, one of the largest property developers in China, was on track to miss debt service payments led to a sell-off in Chinese high-yield debt as investors braced for potential contagion. Dollar-denominated high-yield Chinese bonds in aggregate fell by around 20% in value.

— Realized and expected inflation metrics reached high levels relative to history, sparking a number of different policy responses from central bankers. The base case at the Fed and at the ECB remains that inflation will be transitory, and that rates can remain at current levels at least until late next year. In contrast, officials at the Bank of England are now expected to begin hiking rates in November, and many central banks in the emerging markets have already begun tightening policy.

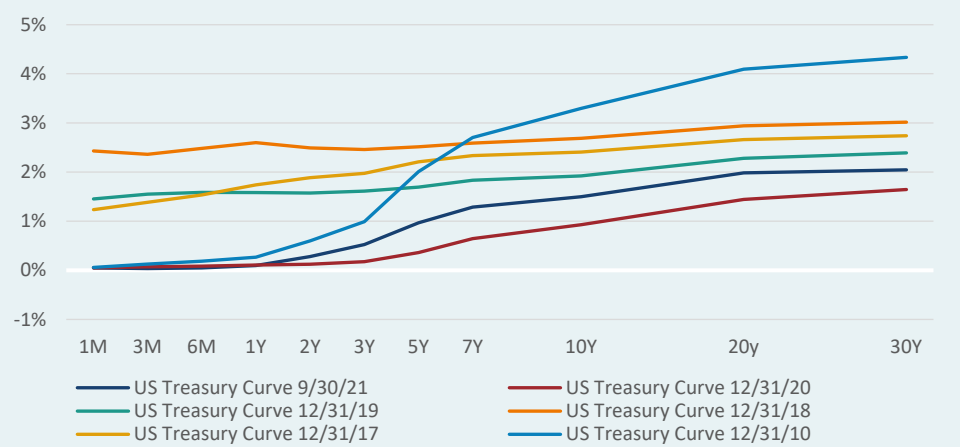
— The four-year discount margin, our preferred spread metric for bank loans, compressed slightly over the quarter from 4.32% to 4.28%.

	QTD Total Return	1 Year Total Return
Core Fixed Income (BBgBarc U.S. Aggregate)	0.1%	(0.9%)
Core Plus Fixed Income (BBgBarc U.S. Universal)	0.1%	0.2%
U.S. Treasuries (BBgBarc U.S. Treasury)	0.1%	(3.3%)
U.S. High Yield (BBgBarc U.S. Corporate HY)	0.9%	11.3%
Bank Loans (S&P/LSTA Leveraged Loan)	1.1%	8.4%
Emerging Market Debt Local (JPM GBI-EM Global Diversified)	(3.1%)	2.6%
Emerging Market Debt Hard (JPM EMBI Global Diversified)	(0.7%)	4.4%
Mortgage-Backed Securities (BBgBarc MBS)	0.1%	(0.4%)

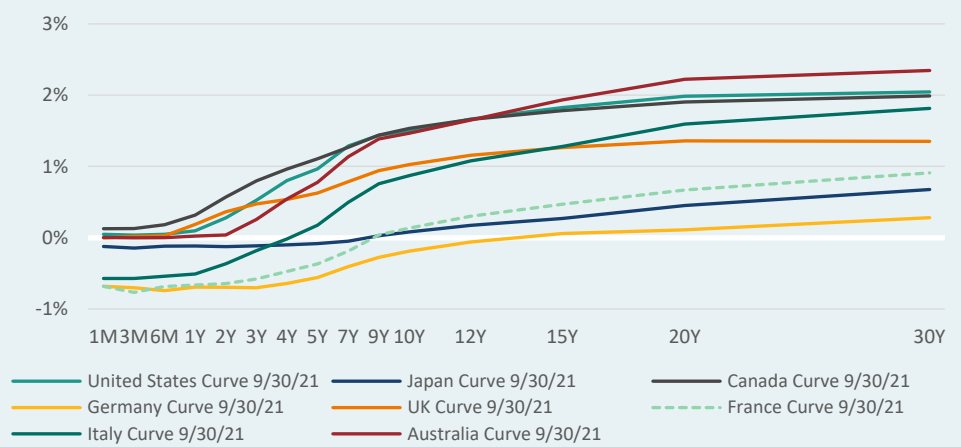
Source: Bloomberg, as of 9/30/21

Yield environment

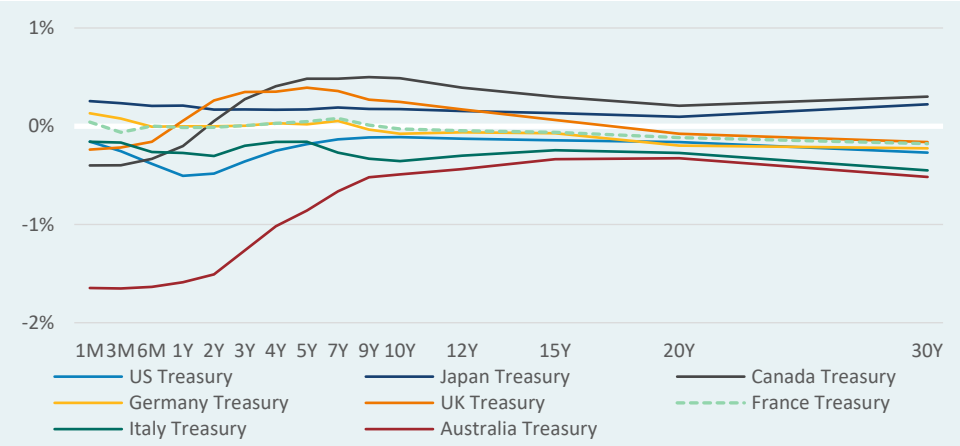
U.S. YIELD CURVE



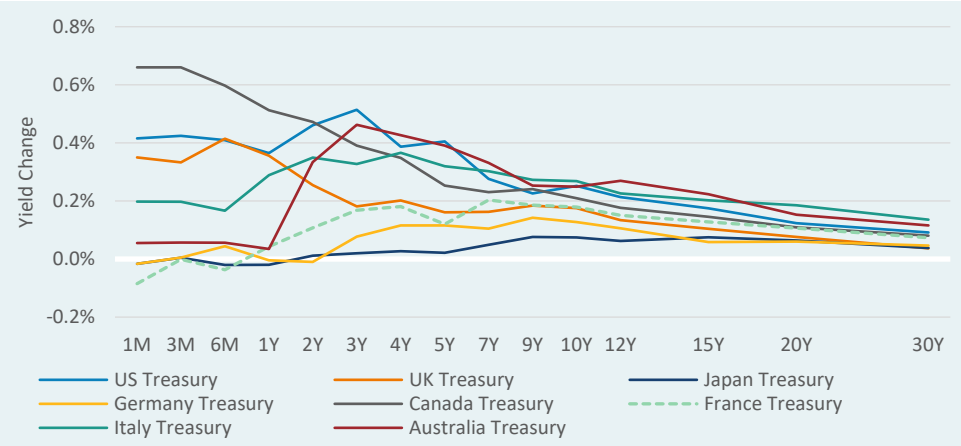
GLOBAL GOVERNMENT YIELD CURVES



YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



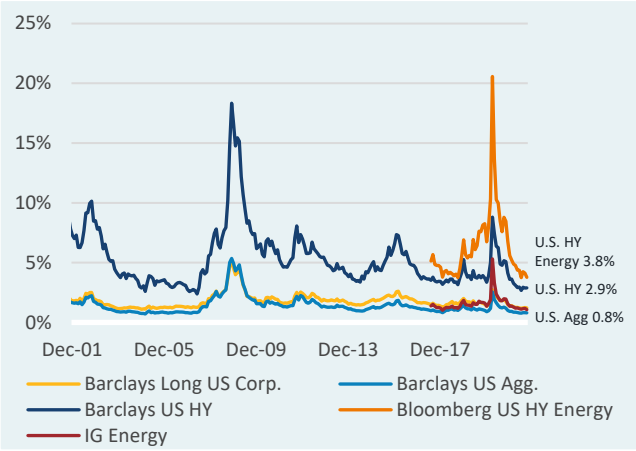
Source: Bloomberg, as of 9/30/21

Credit environment

Credit markets traded in a relatively tight range throughout the quarter, delivering mild returns. Bank loans outperformed, returning 1.1% and outpacing high yield bonds (0.9%) and corporate investment grade (0.0%). Credit spreads widened as strong demand did not fully offset lingering concerns around inflation, persistent supply chain delays, default the by Chinese property developer Evergrande, and risk of a government shutdown. High yield spreads widened 21 basis points to 289 basis points while investment grade spreads widened 4 basis points to end the quarter at 84 basis points.

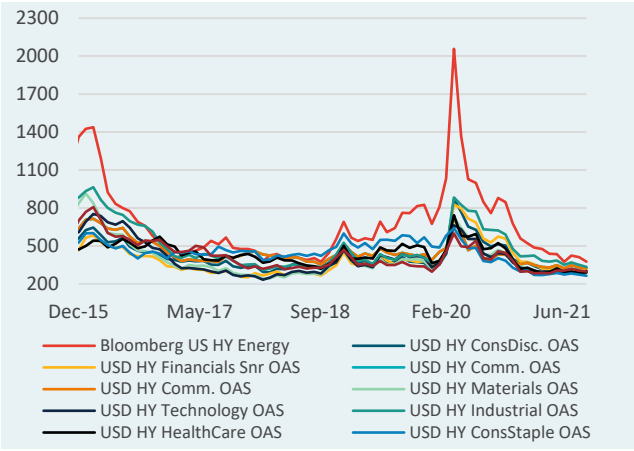
Demand for high quality credit has been strong this year with an estimated $80 billion flowing into corporate investment grade funds. At the same time, the sector has seen improvement in credit fundamentals as businesses repay some of last year's precautionary borrowing, reducing total debt levels. Strong demand and declining leverage, in conjunction with a potentially higher rate environment, are all supportive factors for credit (for example: global investors have stepped in to buy high yield bonds as rates rise, despite tight credit spreads, because the U.S. is a higher interest rate market). Investment grade spreads have only been this tight roughly 5% of the time since 2000. Tight valuations, which product low spread carry and longer relative duration, likely present challenges to credit performance going forward.

SPREADS



Source: Barclays, Bloomberg, as of 9/30/21

HIGH YIELD SECTOR SPREADS (BPS)



Source: Bloomberg, as of 9/30/21

	Credit Spread (OAS)	
Market	**9/30/21**	**9/30/20**
Long U.S. Corp	1.2%	1.9%
U.S. Inv Grade Corp	0.8%	1.4%
U.S. High Yield	2.9%	5.2%
U.S. Bank Loans*	4.3%	5.3%

Source: Barclays, Credit Suisse, Bloomberg, as of 9/30/21

**Discount margin (4-year life)*

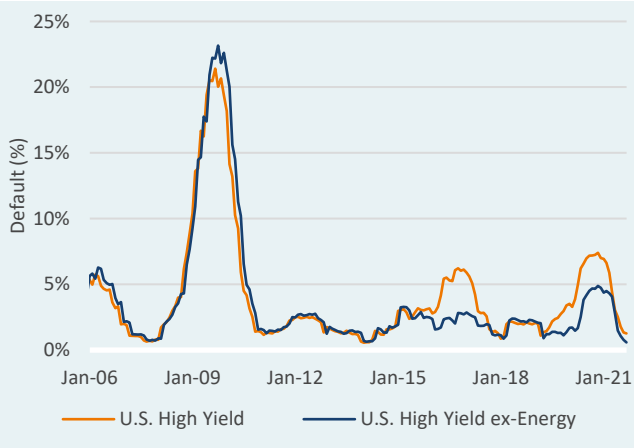
Default & issuance

Default activity continued at a moderate pace in the third quarter with three defaults totaling $1.3 billion across high yield bonds and bank loans. Over the first three quarters of the year, a total of nine companies defaulted on $6.1 billion. As default activity continues to be light, the par-weighted U.S. high yield default rate declined in half to end the quarter at 1.3% year-over-year. Similarly, the loan par-weighted default rate ended the quarter at 0.9%, falling 3.4% year-to-date.

High yield bond issuance remains strong with Q3 gross issuance of $129.4 billion, bringing the year-to date total to $469.8 billion. Leveraged loan issuance continued at a historic pace with $133.7 billion of new loan issued over the quarter. The $418.3 billion of loans issued year-to-date has already surpassed all previous *annual periods* with the exception of 2017 ($419.2 billion).

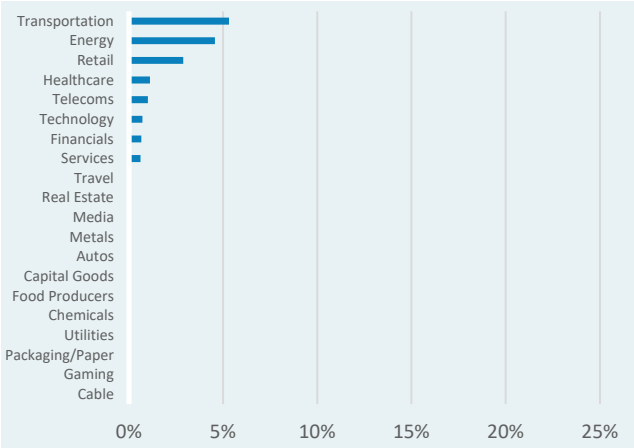
Investment grade issuance for the quarter totaled $321 billion, below first ($423 billion) and second quarter ($350 billion) issuance but in-line with the 4-year average of $323 billion. Of note, year-to-date Financial sector issuance has seen an uptick, accounting for 42% of issuance versus its four-year average share of roughly one-third of total investment grade issuance.

HY DEFAULT RATE (ROLLING 1-YEAR)



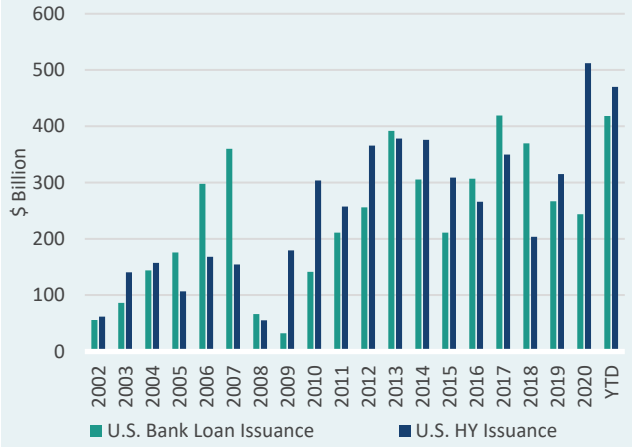
Source: BofA Merrill Lynch, as of 9/30/21

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



Source: BofA Merrill Lynch, as of 9/30/21 – par weighted

U.S. ISSUANCE ($ BILLIONS)



Source: BofA Merrill Lynch, as of 9/30/21

Equity

Equity environment

— Equity markets took a pause in Q3, a notable change from the seemingly non-stop rally year-to-date. U.S. equities delivered 0.6%, while international equities experienced slight losses of -0.4% and emerging market equities saw a larger selloff of -8.1%, on an unhedged currency basis.

— Size and value factor performance was negative during the quarter, as large capitalization stocks outperformed small capitalization stocks by a wide margin (Russell 1000 +0.2%, Russell 2000 -4.4%) and growth stocks beat value (Russell 1000 Growth +1.2%, Russell 1000 Value -0.8%).

— As we observed last quarter, it does seem that investors have put the 2020 pandemic-induced recession and its associated risks behind them. However, it is not clear that market risks have completely subsided, as the Delta-variant continues to spread, high inflation could indeed persist, and most governments are set to pull back generous stimulus programs.

— The U.S. is facing acute supply chain issues, and 71% of S&P 500 companies reported negative impacts to their business during quarterly earnings calls, as reported by FactSet.

— Weakness in Chinese equities (MSCI China -18.2%) was the major driver of emerging market equity underperformance, as a wave of new regulations were implemented by the Communist Party of China which cascaded across a number of sectors including Technology, Property Management, and Financials.

— Within MSCI's long-short U.S. factor portfolios, momentum (+1.3%) led the way while volatility (-1.7%) posted a negative total return.

	QTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)
US Large Cap (S&P 500)	0.6%		30.0%	
US Small Cap (Russell 2000)	(4.4%)		47.7%	
US Large Value (Russell 1000 Value)	(0.8%)		35.0%	
US Large Growth (Russell 1000 Growth)	1.2%		27.3%	
International Large (MSCI EAFE)	(0.4%)	1.5%	25.7%	28.2%
Eurozone (Euro Stoxx 50)	(2.4%)	0.1%	27.6%	30.6%
U.K. (FTSE 100)	(0.5%)	2.0%	30.7%	26.1%
Japan (NIKKEI 225)	2.5%	2.9%	21.9%	29.3%
Emerging Markets (MSCI Emerging Markets)	(8.1%)	(6.9%)	18.2%	15.9%

Source: Russell Investments, MSCI, STOXX, FTSE, Nikkei, as of 9/30/21

Domestic equity

U.S. equities performed relatively well in Q2, delivering a slightly positive return of 0.6% (S&P 500). The index is expected to report Q3 earnings growth of 27.6% year-over-year, as indicated by FactSet. The U.S. is facing acute supply chain issues, and 71% of S&P 500 companies reported negative impacts to their business during quarterly earnings calls.

Mildly higher interest rates during the quarter likely supported Financials (+2.7%) while acting as a headwind to growth-oriented sectors such as Information Technology (+1.3%).

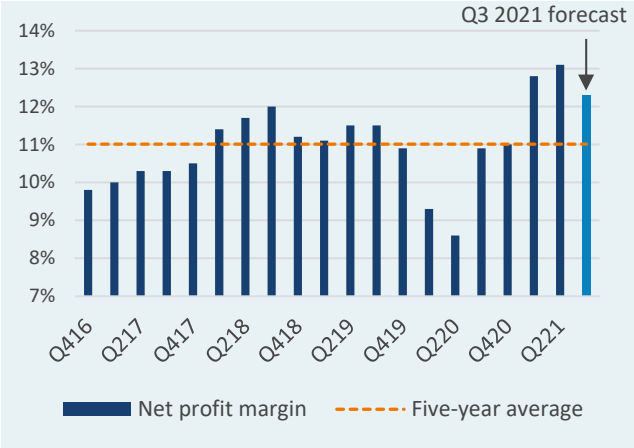
Performance over the near-term may be constrained by a degree of economic slowdown induced by the COVID-19 Delta variant, as well as moderating earnings growth expectations, although the analyst consensus price target for the S&P 500 over the next year is 5051, as of October 6th.

Recent price increases have raised questions around the defensibility of net profit margins, which are expected to moderate in Q3 but remain elevated well above recent averages. Some investors have begun to discuss positioning within sectors that have exhibited more pricing power.

S&P 500 INDEX

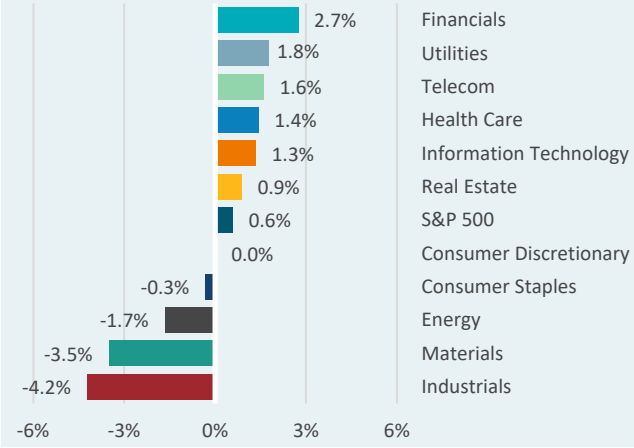
Source: Standard & Poor's, as of 9/30/21

S&P 500 NET PROFIT MARGINS



Source: FactSet, as of 10/18/21

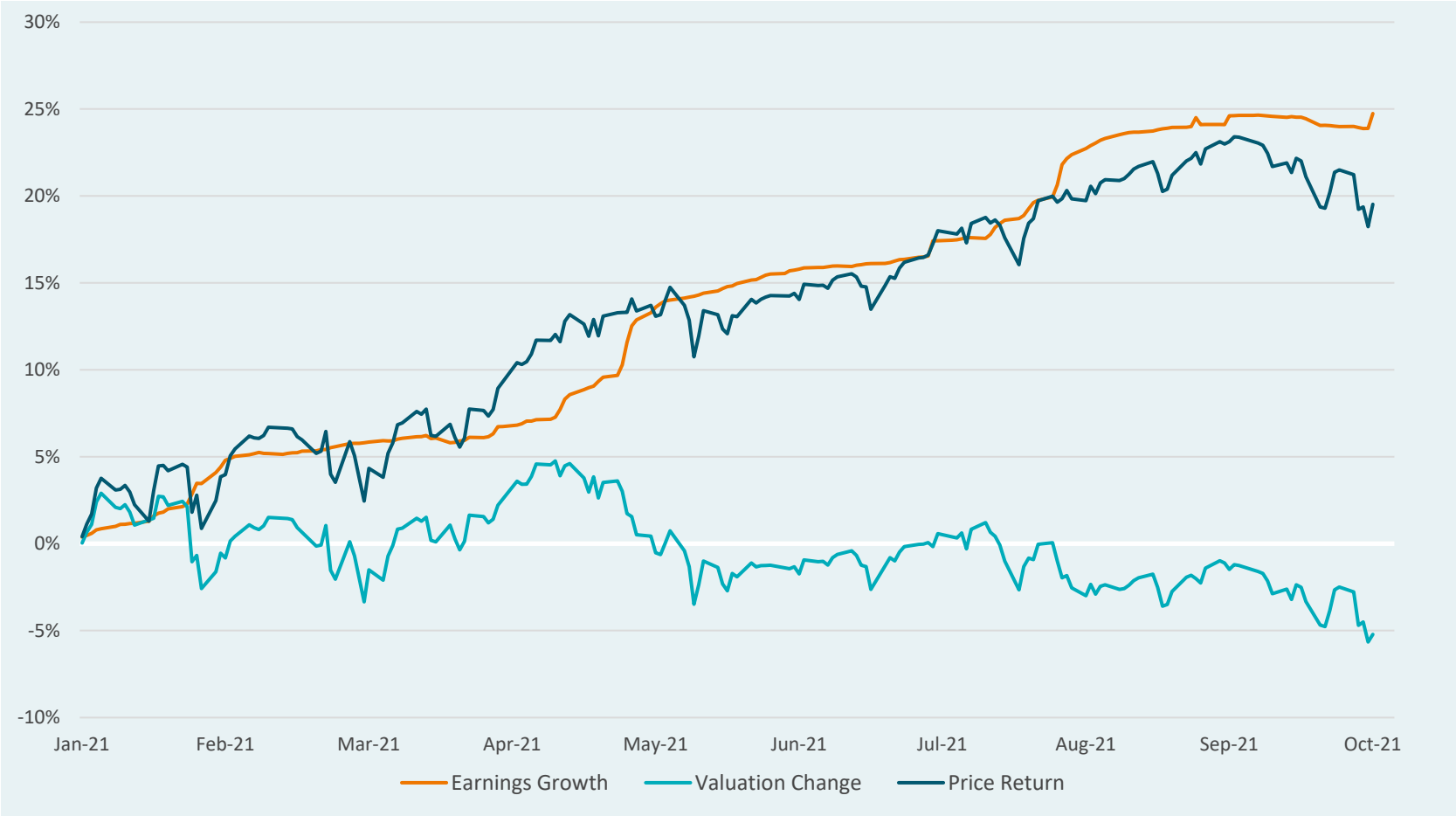
Q3 SECTOR PERFORMANCE



Source: Standard & Poor's, as of 9/30/21

U.S. equity *Price/Earnings*

A very expensive "P" but record-growth of "E"



Corporate earnings growth has been the main driver of U.S. equity returns in 2021

Strong earnings growth expectations have led to slightly cheaper equities, as demonstrated by the *P/E multiple*

Source: Standard & Poor's, Bloomberg, Factset - Forward P/E , as of 9/30/21

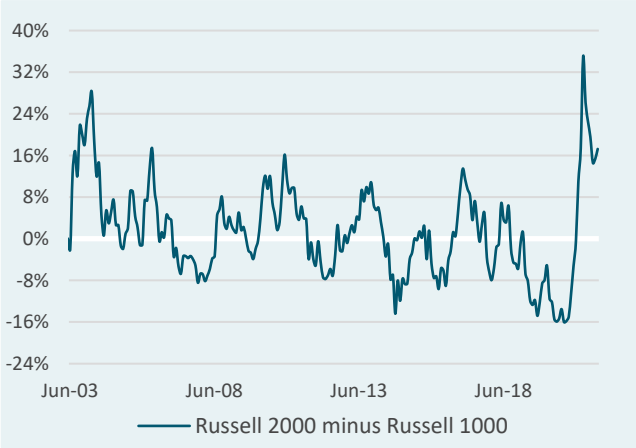
Domestic equity size & style

Large capitalization stocks outperformed small cap during the quarter by a wide margin (Russell 1000 +0.2%, Russell 2000 -4.4%) and growth stocks beat value (Russell 1000 Growth +1.2%, Russell 1000 Value -0.8%).

Following the notable turnaround in value stock performance during Q1, growth stocks took the lead in Q2, dampening excitement for a value comeback. Growth further outperformed in Q3. As we expressed earlier in the year, style performance is often impacted heavily by sector randomness, which suggests that investors should be cautious in assuming that performance is *signal* rather than *noise*. Value stocks continue to be cheap relative to growth stocks, historically speaking. However, there does not appear to be a clear catalyst on the horizon that would imply a value timing opportunity. Factor performance tends to be noisy and difficult to predict, which suggests that style investing should in most cases involve a longer-term focus.

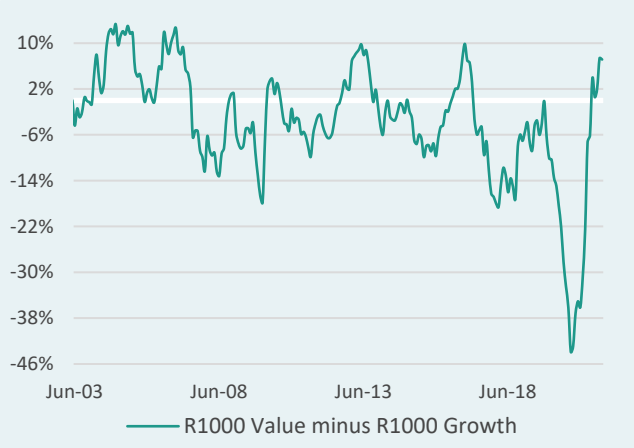
Large cap and growth stocks outperformed during Q3

SMALL CAP VS LARGE CAP (YOY)



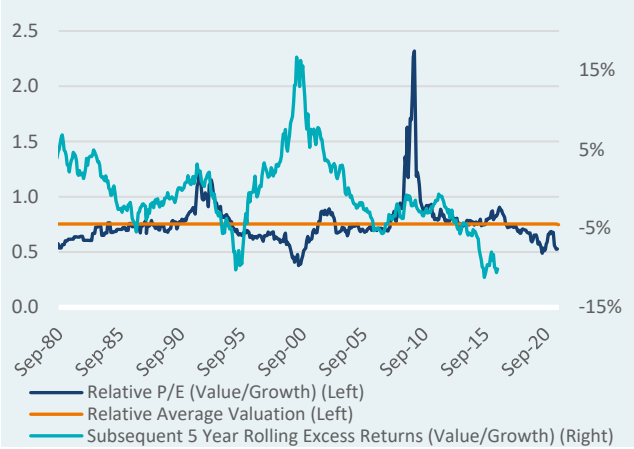
Source: FTSE, as of 9/30/21

VALUE VS GROWTH (YOY)



Source: FTSE, as of 9/30/21

VALUE VS. GROWTH RELATIVE VALUATIONS



Source: Standard & Poor's, as of 9/30/21

International developed equity

International equities experienced slight losses of -0.4% (MSCI EAFE Index) during the quarter on an unhedged currency basis, lagging U.S. equities but outperforming emerging markets. Currency movement during the quarter resulted in a loss of -1.9% relative to those investors with a currency hedging program.

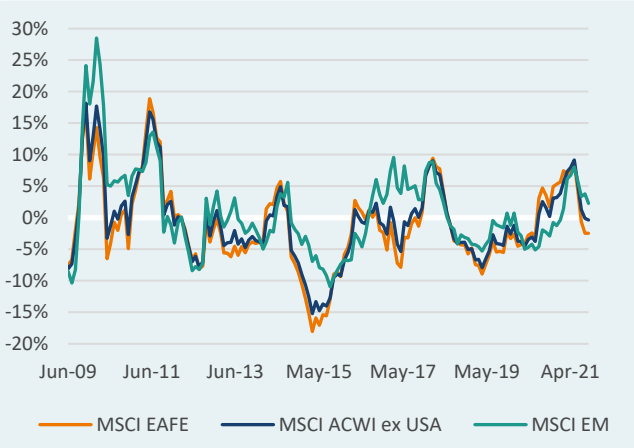
Japanese equities (MSCI Japan +4.6%) rallied on strong earnings, and on the news that Prime Minister Suga's successor, Fumio Kishida, would be less likely to pursue tax hikes on investment income. Japan's vaccination rate also improved considerably, and ended the quarter in line with major European countries, laying the groundwork for a broader reopening of the economy.

The strong performance of Japanese equities helped to offset for international developed equity investors the negative returns delivered by European equities (MSCI Europe -1.6%), which faced headwinds from a significant weakening in the pound sterling (-2.4%) and euro (-2.3%) relative to the U.S. dollar. According to futures market positioning data from the CFTC, more people are betting that the euro will depreciate in value than those betting that it will appreciate in value, for the first time since March 2020.

INTERNATIONAL DEVELOPED EQUITIES

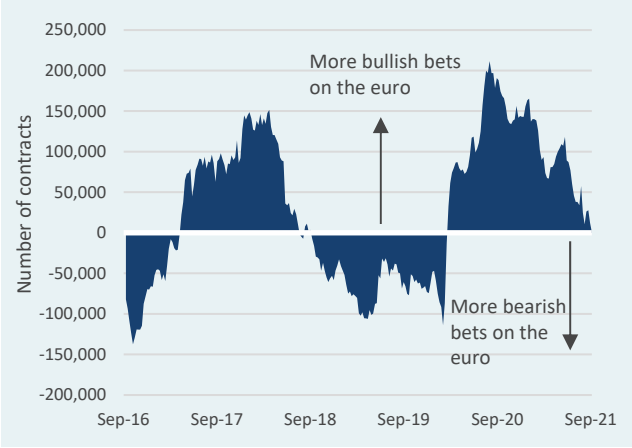
Source: MSCI, as of 9/30/21

EFFECT OF CURRENCY (1-YEAR ROLLING)



Source: MSCI, as of 9/30/21

EURO NET FUTURES POSITIONING



Source: CFTC, non-commercial positioning, as of 9/28/21

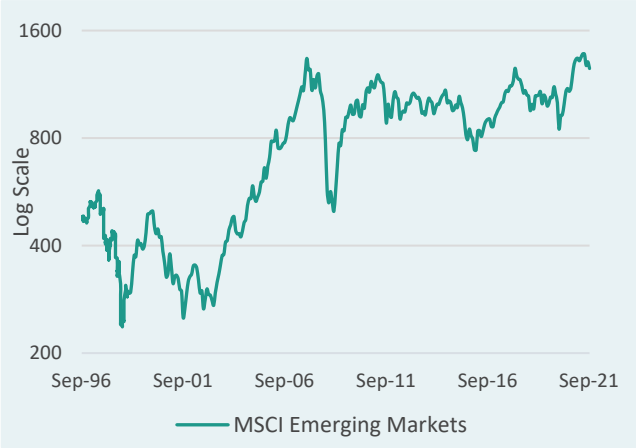
Emerging market equity

Emerging market equities saw large losses (MSCI EM -8.1%) on an unhedged currency basis, underperforming other markets during the third quarter. China has dragged down emerging markets performance considerably, producing losses of -18.2% in Q3 relative to ex-China emerging market performance of -2.0%, and producing losses of -7.2% over the past year relative to ex-China emerging market performance of 36.9% (MSCI China vs. MSCI Emerging Markets ex-China). China comprises 34% of the MSCI Emerging Markets Index.

Latin American emerging markets have taken the lead over Asian emerging markets over the past year, a notable change from strong Asian leadership in recent years (MSCI EM Latin America +27.3%, MSCI EM Asia +13.9%)

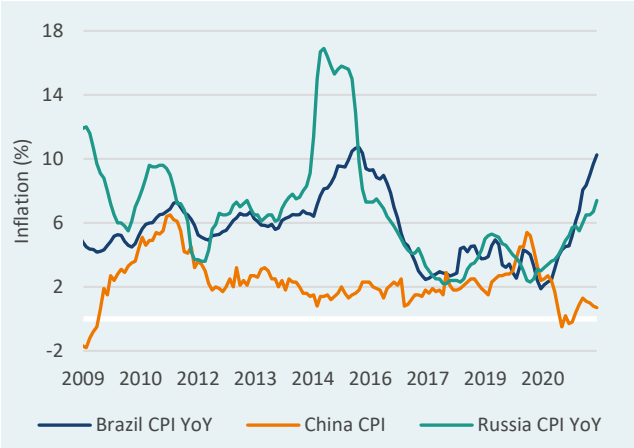
Inflation in Brazil has risen to 10.3%, and in Russia to 7.4%, which has generated responses from central banks. Brazil has hiked their central bank rate from 2.00% to 6.25% to battle rising prices, while Russia has hiked its rate from 4.25% to 6.75% year-to-date. While inflation rate in the U.S. is one of the highest in the developed world, emerging markets are also facing tough decisions regarding the balance between economic recovery and the risks of uncomfortably high inflation.

EMERGING MARKET EQUITY



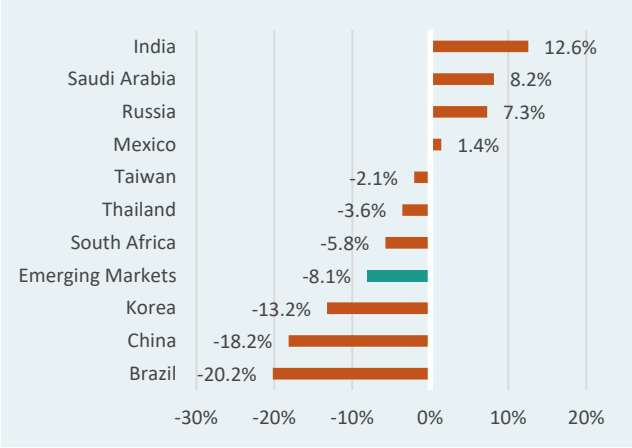
Source: MSCI, as of 9/30/21

INFLATION (YOY)



Source: Bloomberg, as of 9/30/21 or most recent data

Q3 PERFORMANCE – TOP 10 EM CONSTITUENTS



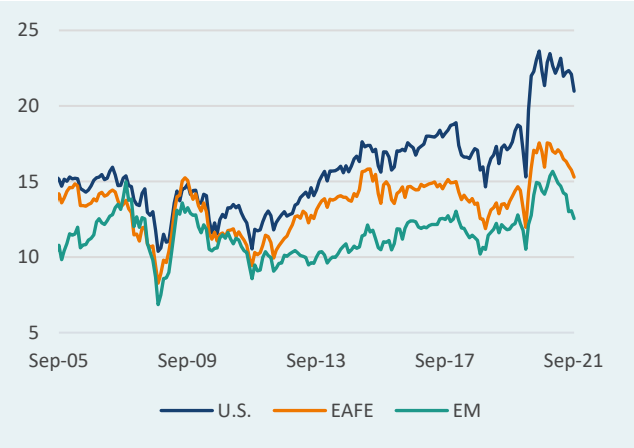
Source: Bloomberg, MSCI, as of 9/30/21, performance in USD terms

Equity valuations

Forward price/earnings equity multiples have been falling around the world, as earnings expectations rise faster than equity prices, though valuations remain very high. U.S. stock valuations are, and have been, incredibly elevated. A larger share of technology stocks in U.S. indices partly explains these historically high prices, as technology stocks tend to demand a higher P/E than most other industry sectors. Investors appear to agree that high prices of domestic stocks will likely translate to below-average future performance over the long-term, as reflected in industry capital market assumptions.

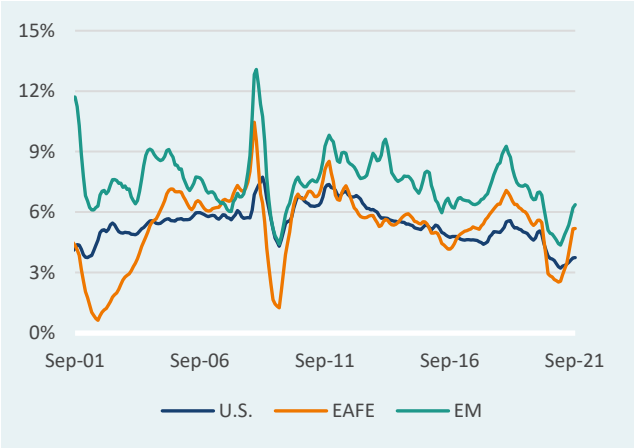
Global equity earnings yields improved considerably, as trailing 12-month earnings have rebounded from low levels. Price growth has moderated in the U.S. and has moved into negative territory across international developed and emerging market equities. The question moving ahead will be whether valuations (which remain rich) are sustainable absent further above-average earnings growth. Rising prices of major input costs, including labor and energy, have dampened the outlook for margins, which may lead companies to raise prices where possible. This pricing power varies by sector and by region.

FORWARD P/E RATIOS



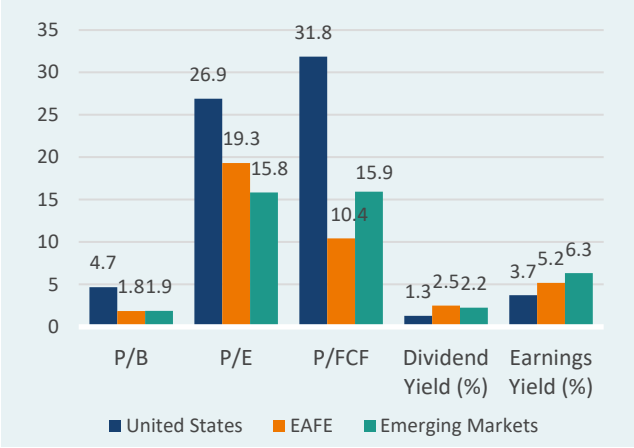
Source: MSCI, 12m forward P/E, as of 9/30/21

CURRENT EARNINGS YIELD (3-MONTH AVERAGE)



Source: Bloomberg, MSCI, as of 9/30/21

VALUATION METRICS (3-MONTH AVERAGE)



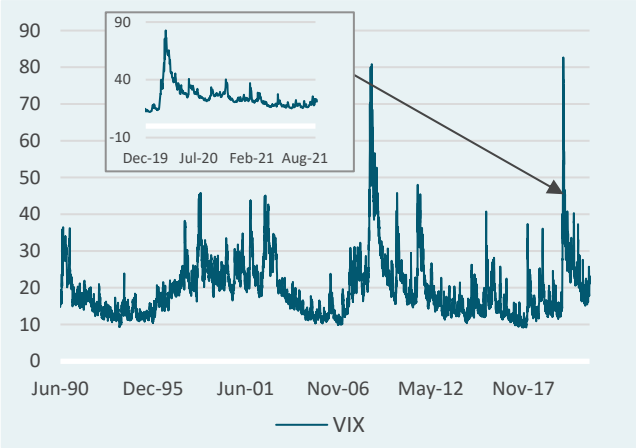
Source: Bloomberg, MSCI as of 9/30/21 - trailing P/E

Equity volatility

The Cboe VIX Index remained below the longer-term average of 19 through July and August, then increased throughout September, ending the quarter at an elevated 23.1. This compares to only 13.9% realized volatility over the past year. As is typical, international developed equity realized volatility has been slightly greater than that of the U.S. market. The realized volatility of emerging market equities, on the other hand, has been on par with the U.S. for a few years—a rare occurrence, historically speaking.

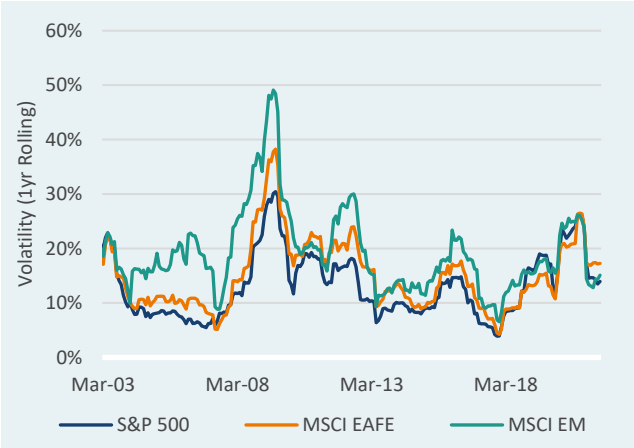
As we observed last quarter, it does seem that investors have put the 2020 pandemic-induced recession and its associated risks behind them. However, it is not clear that market risks have completely subsided, as the Delta-variant continues to spread, high inflation could indeed persist, and most governments are set to pull back generous stimulus programs. While U.S. equities have marched higher with very few road bumps over the year-to-date, the S&P 500 Index closed the quarter 5.1% below its previous record high level, snapping a streak of 231 consecutive trading days where it had not fallen more than 5% beneath the record high.

U.S. IMPLIED VOLATILITY (VIX)



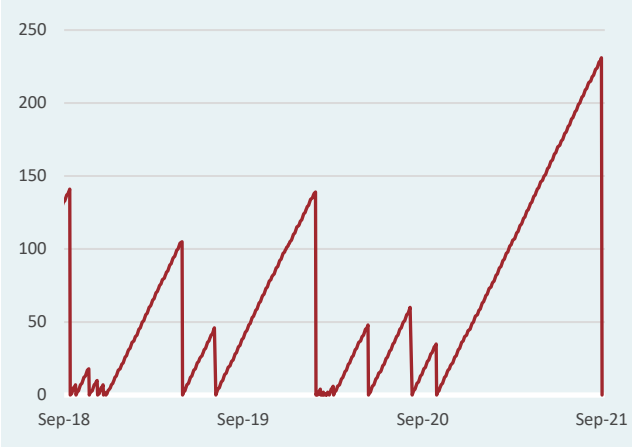
Source: Cboe, as of 9/30/21

REALIZED VOLATILITY



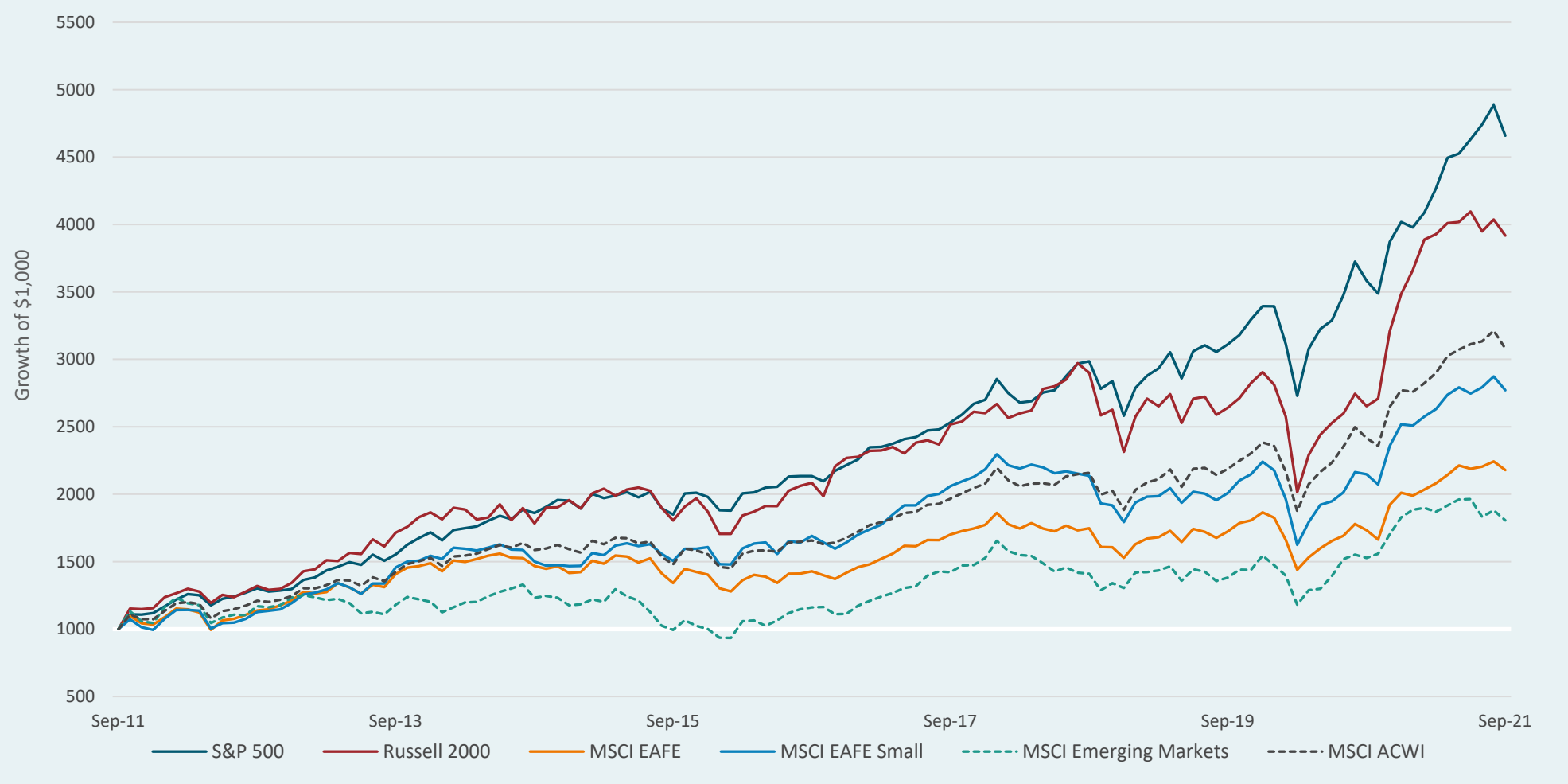
Source: Standard & Poor's, MSCI, as of 9/30/21

DAYS SINCE LAST 5% DRAWDOWN – S&P 500



Source: Standard & Poor's, Verus, as of 9/30/21

Long-term equity performance



Source: Morningstar, as of 9/30/21

Other assets

Currency

The U.S. dollar appreciated 2% during the quarter, continuing its modest rise year-to-date. This move coincided with a slight increase in U.S. Treasury yields and European government bond yields, resulting in little change to interest rate differentials.

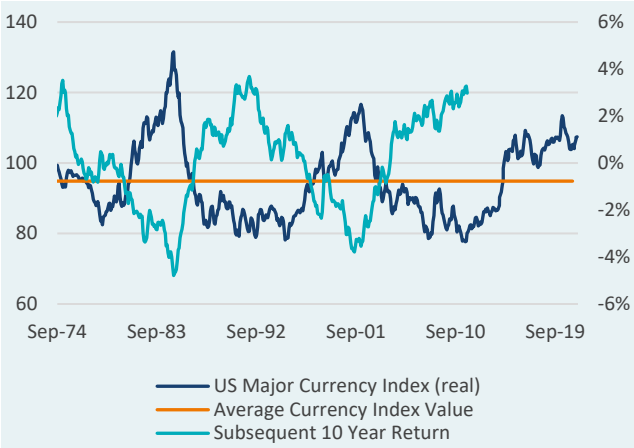
U.S. dollar sentiment reached its most optimistic level since late 2019, while sentiment surrounding the euro and pound turned from optimistic to pessimistic. Differences in monetary policy from country-to-country appear to be driving this shift in sentiment. While the U.S. Federal Reserve is expected to begin tapering asset purchases by year-end, the ECB is planning on simply shifting the complexion of its asset purchase program, and the BOE is planning on adjusting short-term interest rates higher while retaining the majority of its asset purchase program which targets longer-duration bonds.

The MSCI Currency Factor Mix Index, Verus' preferred currency beta benchmark, outperformed the currency portfolio of the MSCI ACWI ex-US Index over the twelve months ending September 30th, while exhibiting 1.1% less volatility.

BLOOMBERG DOLLAR SPOT INDEX

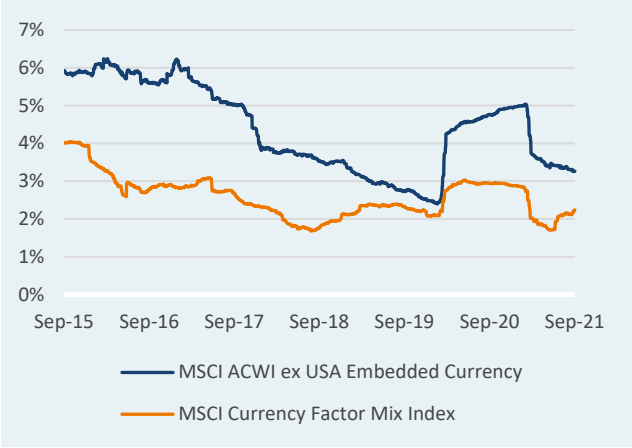
Source: Bloomberg, as of 9/30/21

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 9/30/21

TRAILING ONE-YEAR ANNUALIZED VOLATILITY



Source: Bloomberg, MSCI, as of 9/30/21

Appendix

Periodic table of returns

BEST ↑ ↓ WORST

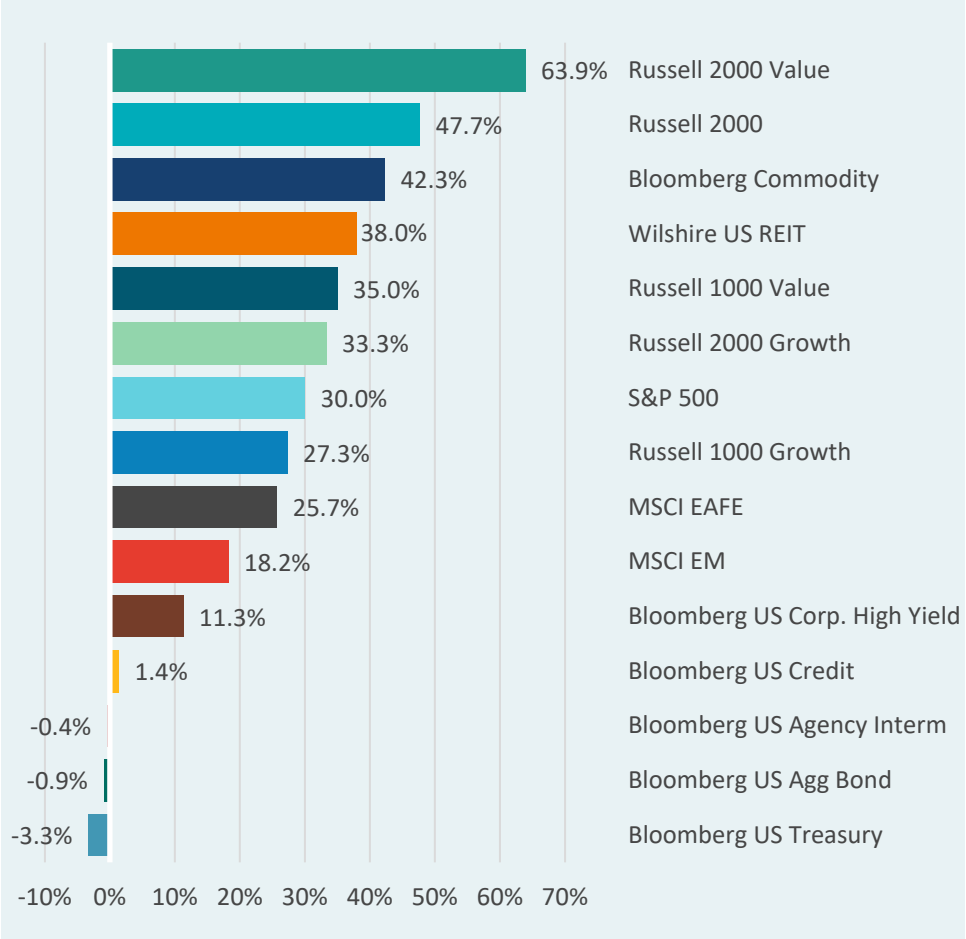
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	5-Year	10-Year
Commodities	66.4	31.8	14.0	25.9	56.3	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	37.3	6.7	36.4	38.5	29.1	22.8	19.7
Small Cap Value	43.1	22.8	8.4	10.3	48.5	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	30.2	1.9	31.4	34.6	22.9	17.1	16.8
Large Cap Value	33.2	12.2	7.3	6.7	47.3	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	0.9	17.3	25.0	0.0	28.5	21.0	16.1	15.3	15.7
Large Cap Equity	27.3	11.6	3.3	1.6	46.0	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	12.1	22.2	-1.5	26.5	20.0	15.2	13.5	14.6
Large Cap Growth	26.5	7.0	2.8	1.0	39.2	16.5	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.0	11.8	21.7	-3.5	25.5	18.3	14.3	11.0	13.5
Small Cap Equity	21.3	4.1	-2.4	-6.0	29.9	14.3	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	-0.8	11.2	14.6	-6.0	22.4	14.0	12.4	10.9	13.2
International Equity	24.3	6.0	2.5	-5.9	30.0	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	11.3	17.1	-4.8	22.0	10.3	8.3	9.2	8.8
Hedge Funds of Funds	20.9	-3.0	-5.6	-11.4	29.7	12.9	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	-1.4	8.0	13.7	-8.3	18.6	7.8	6.4	8.9	8.1
Real Estate	13.2	-7.3	-9.1	-15.5	25.2	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	7.1	7.8	-9.3	18.4	7.5	5.4	8.8	8.0
60/40 Global Portfolio	11.4	-7.8	-9.2	-15.7	23.9	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	5.7	7.7	-11.0	8.7	4.6	5.0	6.1	6.1
Small Cap Growth	7.3	-14.0	-12.4	-20.5	11.6	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.6	7.0	-11.2	7.8	2.8	2.8	5.9	4.5
Cash	4.8	-22.4	-19.5	-21.7	9.0	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	3.5	-12.9	7.7	0.5	0.0	4.5	3.0
Emerging Markets Equity	-0.8	-22.4	-20.4	-27.9	4.1	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	0.5	1.7	-13.8	6.4	0.5	-1.2	2.9	0.6
US Bonds	-1.5	-30.6	-21.2	-30.3	1.0	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	0.3	0.9	-14.6	2.1	-3.1	-1.6	1.1	-2.7

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

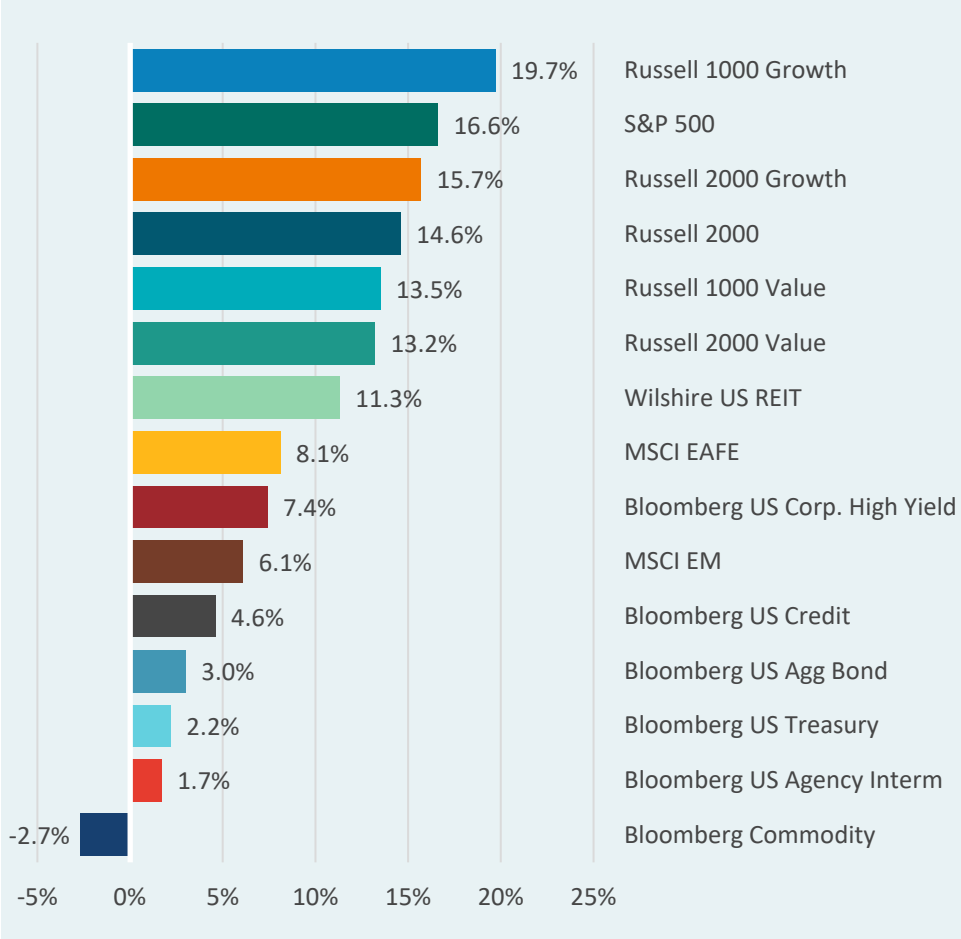
Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 6/30/21.

Major asset class returns

ONE YEAR ENDING SEPTEMBER



TEN YEARS ENDING SEPTEMBER



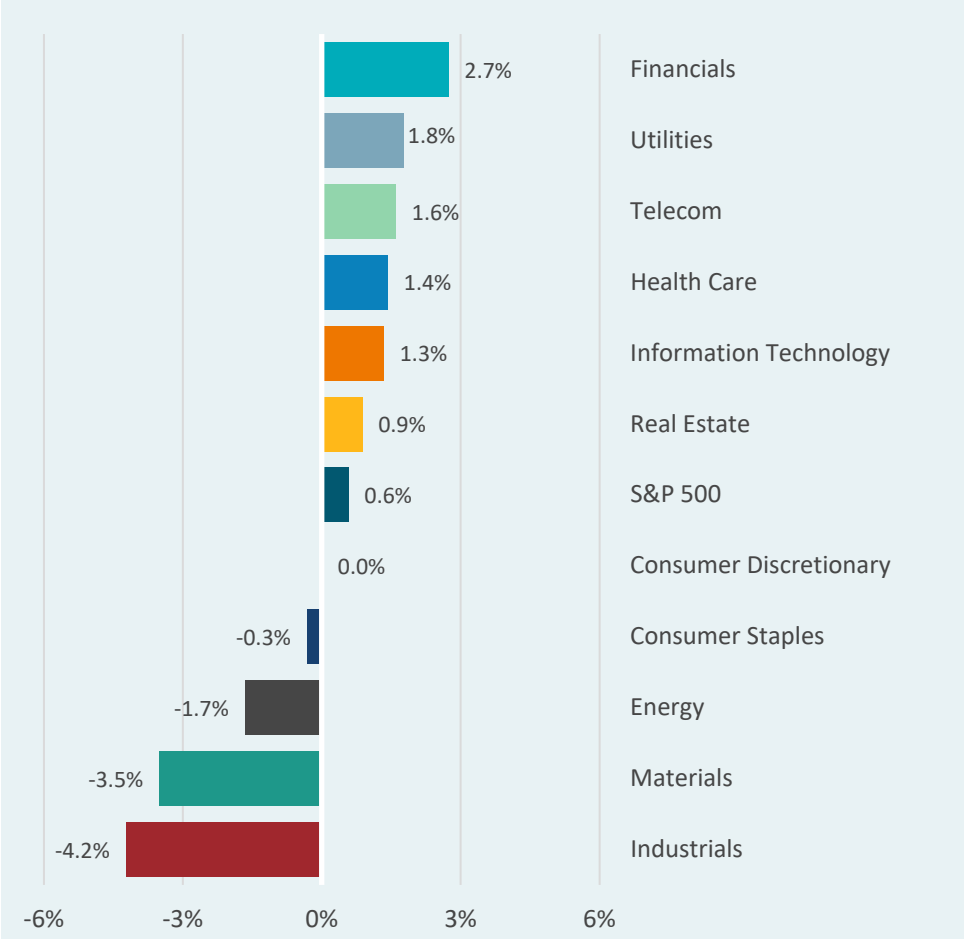
**Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.*

Source: Morningstar, as of 9/30/21

Source: Morningstar, as of 9/30/21

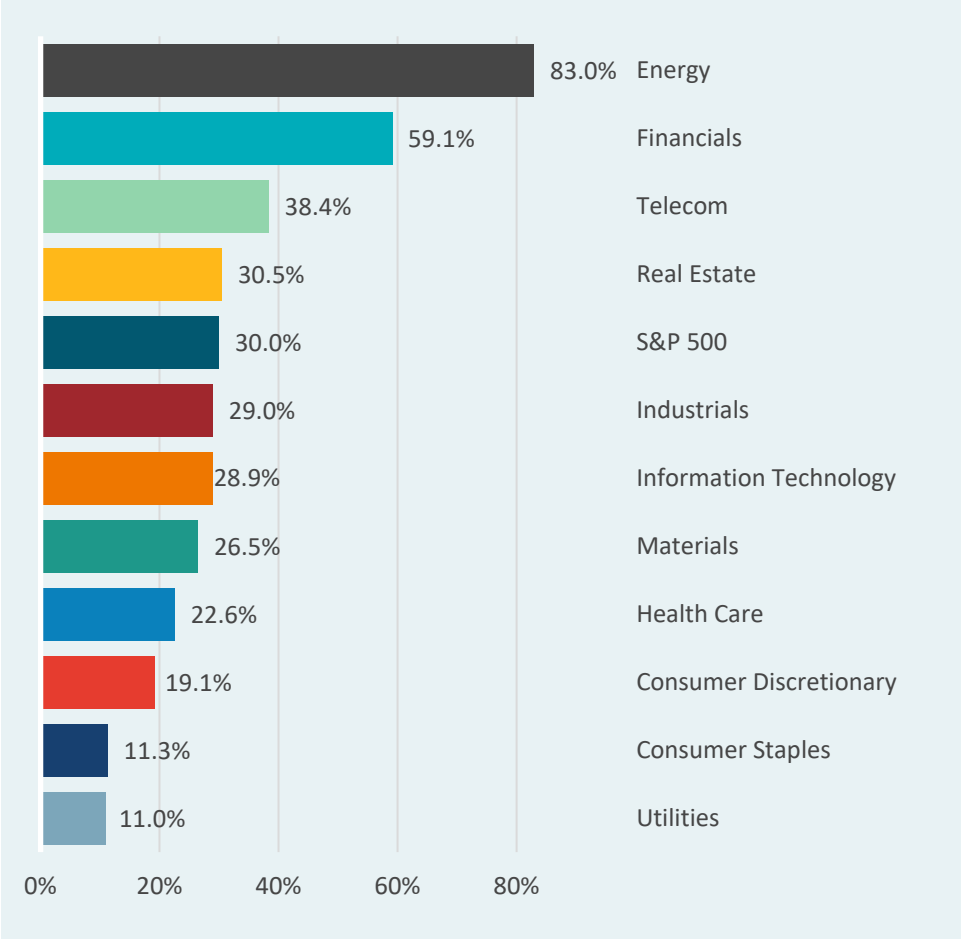
S&P 500 sector returns

Q3 2021



Source: Morningstar, as of 9/30/21

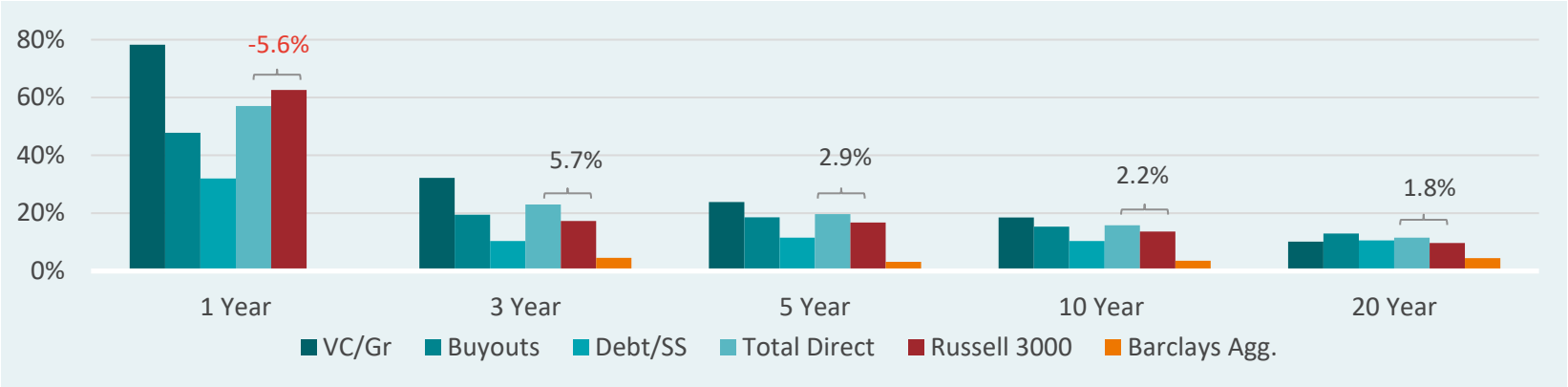
ONE YEAR ENDING SEPTEMBER



Source: Morningstar, as of 9/30/21

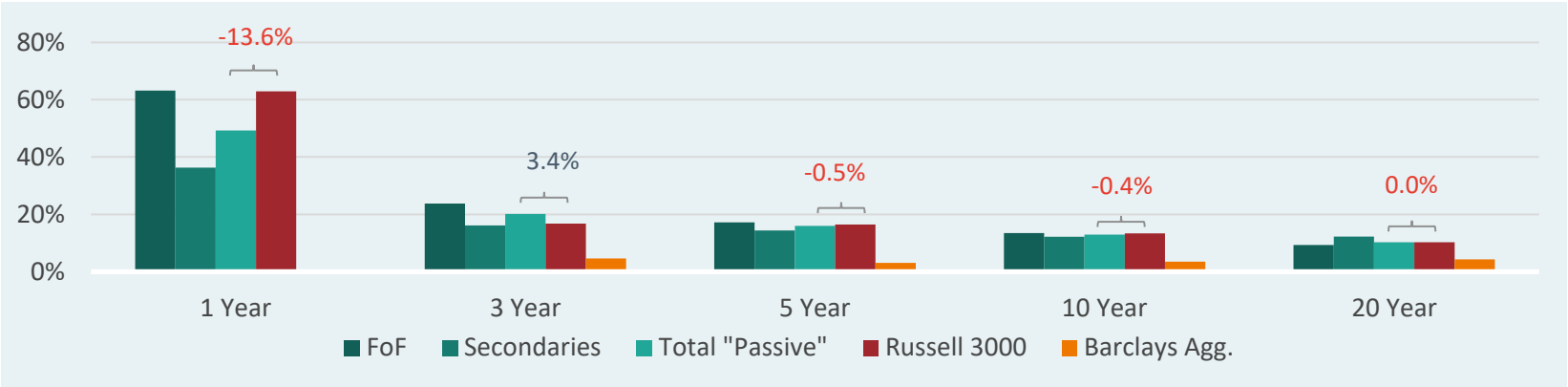
Private equity vs. traditional assets performance

DIRECT PRIVATE EQUITY FUND INVESTMENTS



Direct P.E Fund Investments outperformed comparable public equites across all time periods, aside from the 1-year basis.

"PASSIVE" STRATEGIES

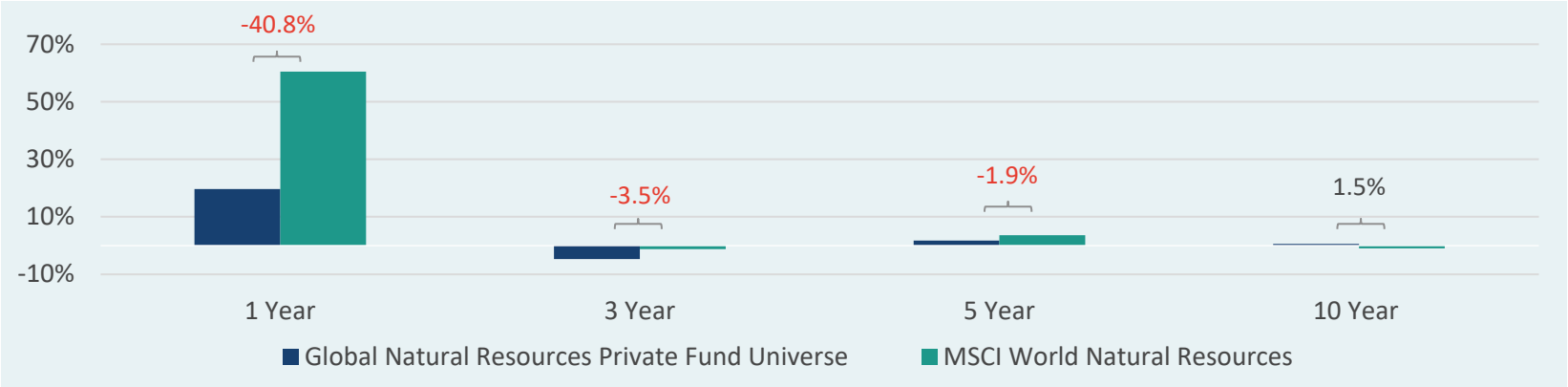


"Passive" strategies underperformed comparable public equities across all time periods, aside from the 3-year basis.

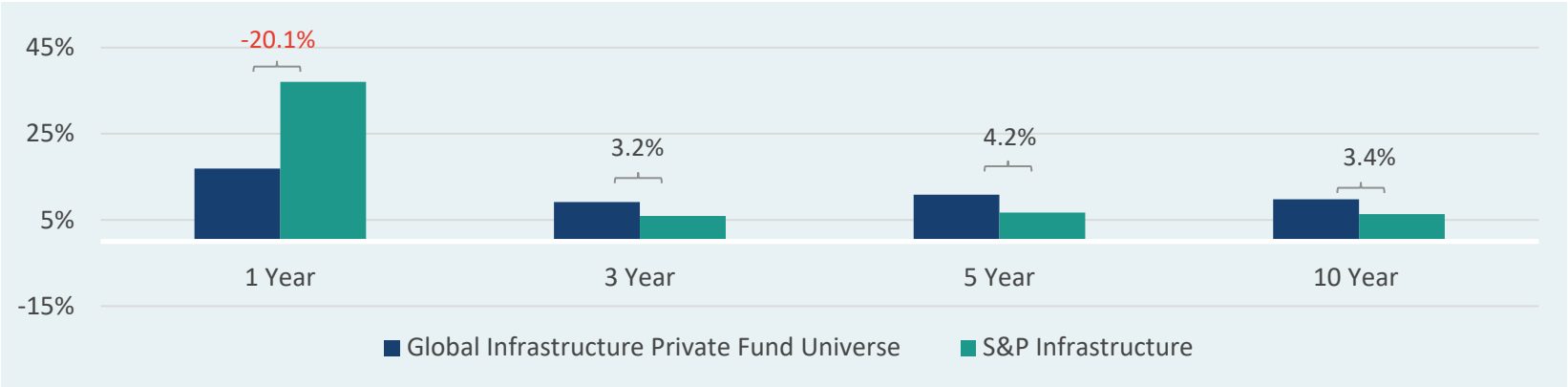
Sources: Refinitiv Cambridge Universe's PME Module: U.S. Private Equity Funds sub asset classes as of March 31, 2021. Public Market Equivalent returns resulted from "Total Passive" and Total Direct's identical cash flows invested into and distributed from respective traditional asset comparable.

Private vs. liquid real assets performance

GLOBAL NATURAL RESOURCES FUNDS



GLOBAL INFRASTRUCTURE FUNDS



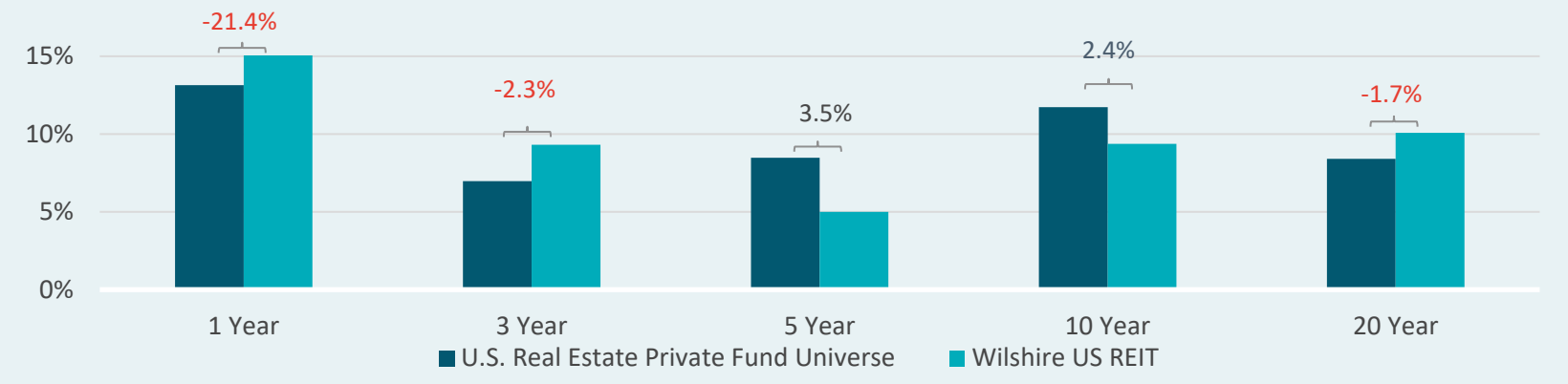
N.R. funds has lagged against the MSCI World Natural Resources benchmark across all time periods, aside from the 10-year.

Infra. funds outperformed the S&P Infra. across all periods, aside from the 1-year.

Sources: Refinitiv C|A PME: Global Natural Resources (vintage 1999 and later, inception of MSCI World Natural Resources benchmark) and Global Infrastructure (vintage 2002 and later, inception of S&P Infrastructure benchmark) universes as of March 31, 2021. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real assets universes.

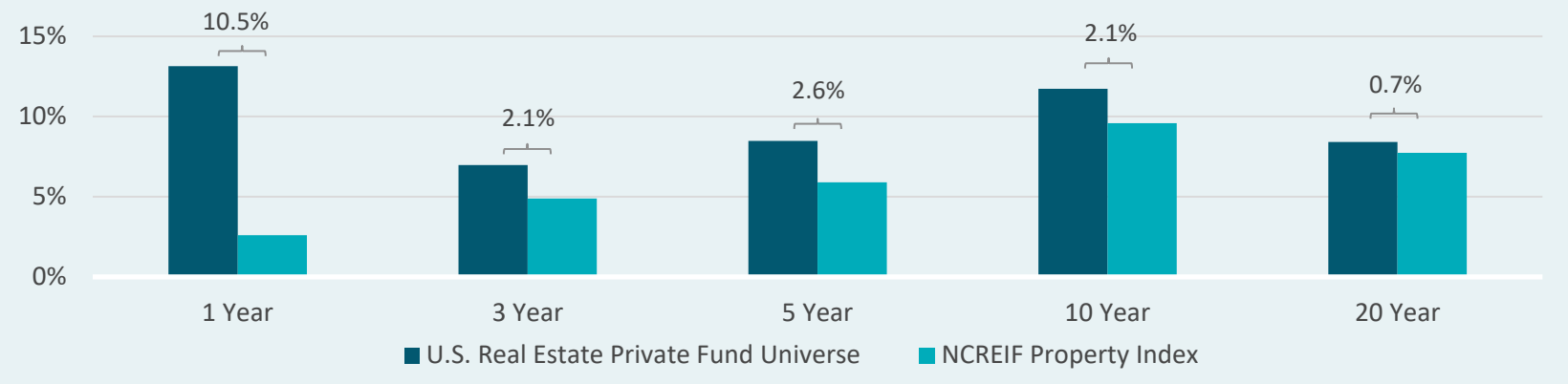
Private vs. liquid and core real estate performance

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



U.S. Private R.E. funds lagged against the Wilshire U.S. REIT Index across all time periods, aside on the 5 and 10 year-basis.

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



U.S. Private R.E. Funds outperformed the NCREIF Property Index across all time periods.

Sources: Refinitiv C|A PME: Global and U.S. Real Estate universes as of March 31, 2021. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real estate universes.

Detailed index returns

DOMESTIC EQUITY	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	(4.7)	0.6	15.9	30.0	16.0	16.9	16.6
S&P 500 Equal Weighted	(3.8)	(0.2)	18.9	40.9	14.3	14.6	16.0
DJ Industrial Average	(4.2)	(1.5)	12.1	24.2	11.0	15.7	14.7
Russell Top 200	(4.8)	0.6	15.2	28.6	17.3	18.2	17.2
Russell 1000	(4.6)	0.2	15.2	31.0	16.4	17.1	16.8
Russell 2000	(2.9)	(4.4)	12.4	47.7	10.5	13.5	14.6
Russell 3000	(4.5)	(0.1)	15.0	31.9	16.0	16.9	16.6
Russell Mid Cap	(4.1)	(0.9)	15.2	38.1	14.2	14.4	15.5
Style Index							
Russell 1000 Growth	(5.6)	1.2	14.3	27.3	22.0	22.8	19.7
Russell 1000 Value	(3.5)	(0.8)	16.1	35.0	10.1	10.9	13.5
Russell 2000 Growth	(3.8)	(5.7)	2.8	33.3	11.7	15.3	15.7
Russell 2000 Value	(2.0)	(3.0)	22.9	63.9	8.6	11.0	13.2

INTERNATIONAL EQUITY	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	(4.1)	(1.1)	11.1	27.4	12.6	13.2	11.9
MSCI ACWI ex US	(3.2)	(3.0)	5.9	23.9	8.0	8.9	7.5
MSCI EAFE	(2.9)	(0.4)	8.3	25.7	7.6	8.8	8.1
MSCI EM	(4.0)	(8.1)	(1.2)	18.2	8.6	9.2	6.1
MSCI EAFE Small Cap	(3.6)	0.9	10.0	29.0	9.0	10.4	10.7
Style Index							
MSCI EAFE Growth	(3.9)	0.1	6.9	20.9	11.9	11.4	10.1
MSCI EAFE Value	(1.8)	(1.0)	9.6	30.7	3.0	6.0	6.0
Regional Index							
MSCI UK	(2.0)	(0.3)	12.2	31.2	2.4	4.8	5.4
MSCI Japan	2.8	4.6	5.9	22.1	7.5	9.4	8.4
MSCI Euro	(5.0)	(2.0)	10.5	29.5	7.9	9.3	8.3
MSCI EM Asia	(4.1)	(9.6)	(4.1)	13.9	10.0	10.7	8.5
MSCI EM Latin American	(10.3)	(13.3)	(5.6)	27.3	(1.4)	1.8	(1.1)

FIXED INCOME	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	(0.7)	1.8	3.5	5.2	7.4	4.3	3.1
Bloomberg US Treasury Bills	0.0	0.0	0.0	0.1	1.2	1.2	0.7
Bloomberg US Agg Bond	(0.9)	0.1	(1.6)	(0.9)	5.4	2.9	3.0
Bloomberg US Universal	(0.9)	0.1	(1.1)	0.2	5.6	3.3	3.5
Duration							
Bloomberg US Treasury 1-3 Yr	(0.1)	0.1	(0.0)	0.0	2.7	1.6	1.2
Bloomberg US Treasury Long	(2.9)	0.5	(7.5)	(10.3)	9.2	3.3	4.4
Bloomberg US Treasury	(1.1)	0.1	(2.5)	(3.3)	4.9	2.2	2.2
Issuer							
Bloomberg US MBS	(0.4)	0.1	(0.7)	(0.4)	3.9	2.2	2.4
Bloomberg US Corp. High Yield	(0.0)	0.9	4.5	11.3	6.9	6.5	7.4
Bloomberg US Agency Interm	(0.4)	0.1	(0.5)	(0.4)	3.2	1.9	1.7
Bloomberg US Credit	(1.1)	(0.0)	(1.3)	1.4	7.1	4.4	4.6

OTHER	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	5.0	6.6	29.1	42.3	6.9	4.5	(2.7)
Wilshire US REIT	(5.1)	1.6	24.8	38.0	10.4	7.0	11.3
CS Leveraged Loans	0.5	0.9	4.0	8.5	4.1	4.7	5.0
Alerian MLP	3.0	(5.7)	39.4	84.6	(5.2)	(3.5)	1.2
Regional Index							
JPM EMBI Global Div	(2.1)	(0.7)	(1.4)	4.4	5.7	3.9	5.8
JPM GBI-EM Global Div	(3.4)	(3.1)	(6.4)	2.6	3.7	2.1	1.1
Hedge Funds							
HFRI Composite	0.1	(0.0)	10.1	22.1	8.5	7.3	5.9
HFRI FOF Composite	0.8	1.4	6.4	15.0	6.7	5.9	4.5
Currency (Spot)							
Euro	(1.8)	(2.3)	(5.3)	(1.2)	(0.1)	0.6	(1.5)
Pound Sterling	(2.0)	(2.4)	(1.4)	4.3	1.1	0.7	(1.4)
Yen	(1.5)	(0.5)	(7.5)	(5.4)	0.6	(1.9)	(3.6)

Source: Morningstar, HFRI, as of 9/30/21

Definitions

Bloomberg US Weekly Consumer Comfort Index *- tracks the public's economic attitudes each week, providing a high-frequency read on consumer sentiment. The index, based on cell and landline telephone interviews with a random, representative national sample of U.S. adults, tracks Americans' ratings of the national economy, their personal finances and the buying climate on a weekly basis, with views of the economy's direction measured separately each month. (www.langerresearch.com)*

University of Michigan Consumer Sentiment Index *- A survey of consumer attitudes concerning both the present situation as well as expectations regarding economic conditions conducted by the University of Michigan. For the preliminary release approximately three hundred consumers are surveyed while five hundred are interviewed for the final figure. The level of consumer sentiment is related to the strength of consumer spending. (www.Bloomberg.com)*

NFIB Small Business Outlook *- Small Business Economic Trends (SBET) is a monthly assessment of the U.S. small-business economy and its near-term prospects. Its data are collected through mail surveys to random samples of the National Federal of Independent Business (NFIB) membership. The survey contains three broad question types: recent performance, near-term forecasts, and demographics. The topics addressed include: outlook, sales, earnings, employment, employee compensation, investment, inventories, credit conditions, and single most important problem. (http://www.nfib-sbet.org/about/)*

NAHB Housing Market Index – *the housing market index is a weighted average of separate diffusion induces for three key single-family indices: market conditions for the sale of new homes at the present time, market conditions for the sale of new homes in the next six months, and the traffic of prospective buyers of new homes. The first two series are rated on a scale of Good, Fair, and Poor and the last is rated on a scale of High/Very High, Average, and Low/Very Low. A diffusion index is calculated for each series by applying the formula "(Good-Poor + 100)/2" to the present and future sales series and "(High/Very High-Low/Very Low + 100)/2" to the traffic series. Each resulting index is then seasonally adjusted and weighted to produce the HMI. Based on this calculation, the HMI can range between 0 and 100.*

Notices & disclosures

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San Luis Obispo County Pension Trust

Investment Performance Review

Period Ending: September 30, 2021

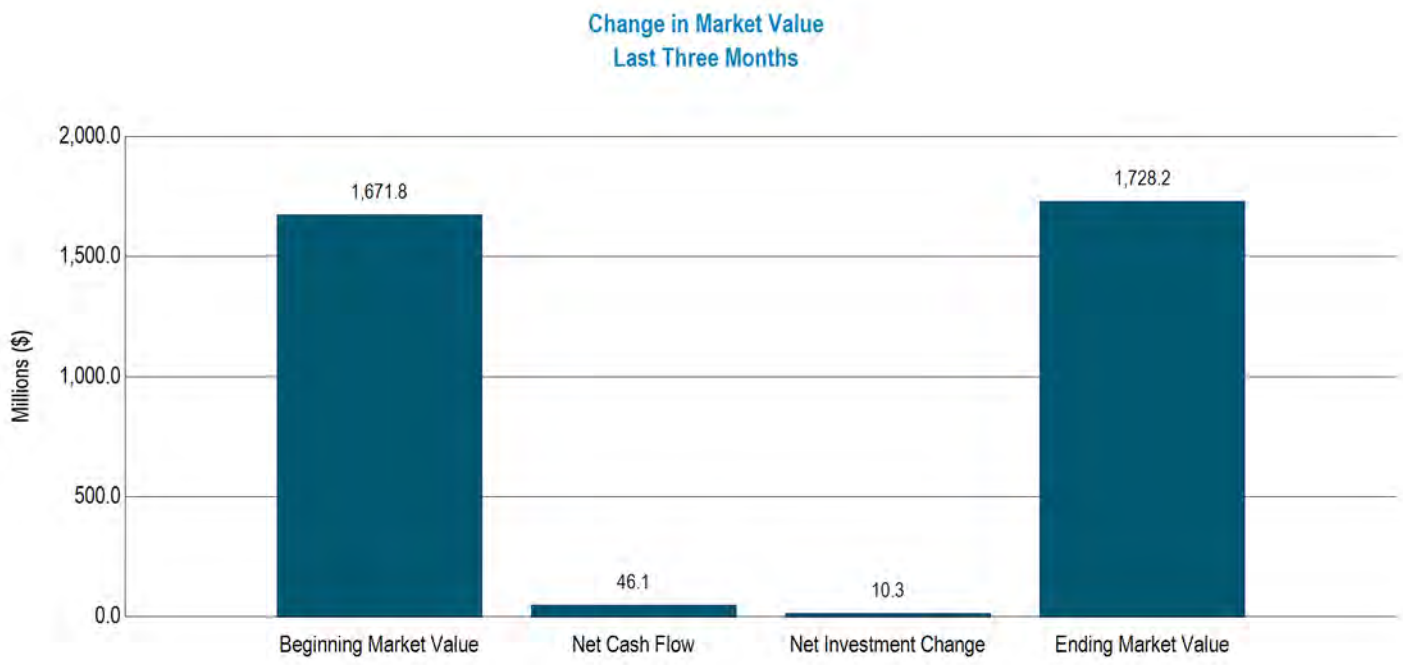
Verus

VERUSINVESTMENTS.COM

SEATTLE 206-622-3700
LOS ANGELES 310-297-1777
SAN FRANCISCO 415-362-3484
PITTSBURGH 412-784-6678

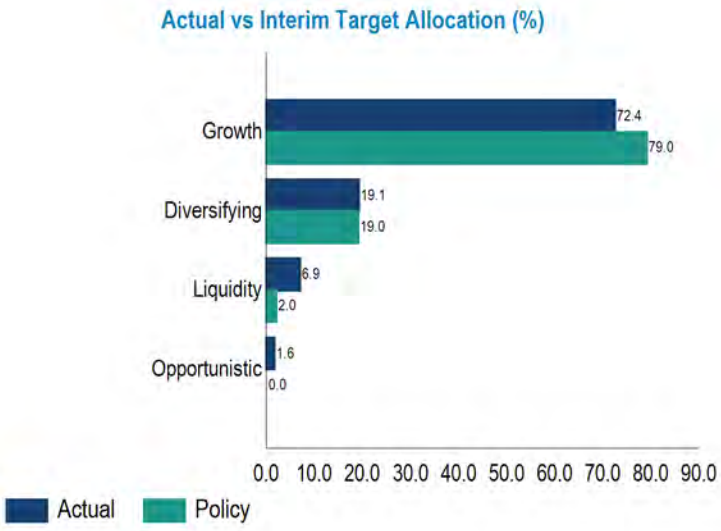
Portfolio Reconciliation

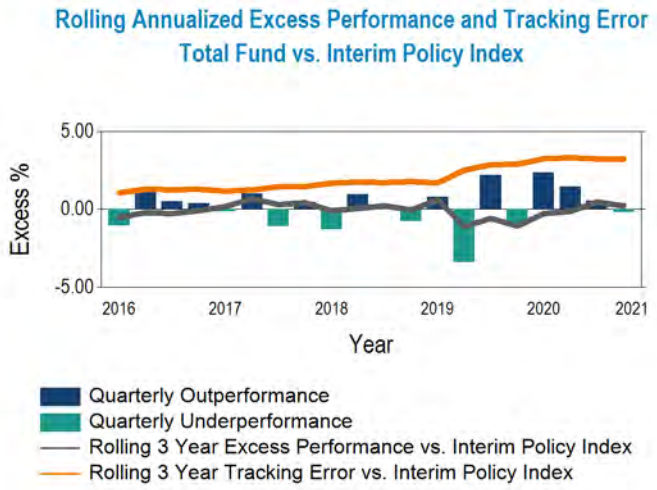
	Last Three Months	One Year
Beginning Market Value	$1,671,754,573	$1,448,746,193
Net Cash Flow	$46,123,000	-$21,761,544
Net Investment Change	$10,280,856	$301,173,780
Ending Market Value	$1,728,158,429	$1,728,158,429



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

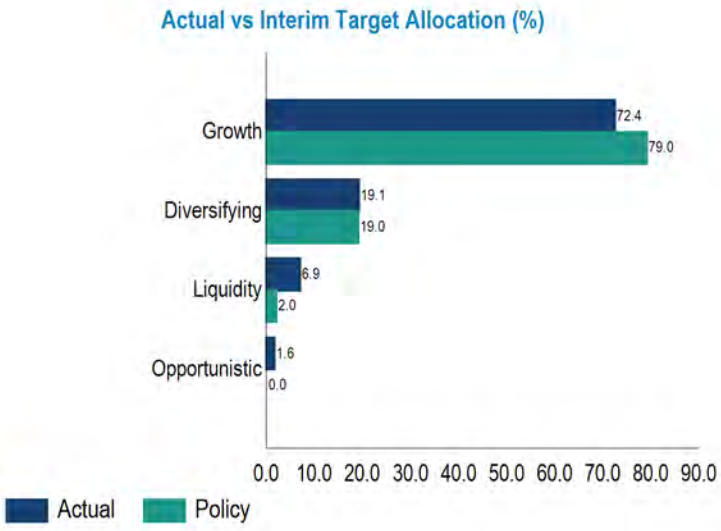
	QTD	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Total Fund	**0.7**	**33**	**10.5**	**35**	**21.5**	**58**	**9.9**	**66**	**9.4**	**80**
Interim Policy Index	*0.9*	*26*	*8.6*	*76*	*16.9*	*95*	*9.7*	*79*	*9.1*	*90*
FFP SAA Index	*3.2*	*1*	*15.5*	*5*	*--*	*--*	*--*	*--*	*--*	*--*
Total Growth	**1.4**	**--**	**15.8**	**--**	**30.7**	**--**	**12.3**	**--**	**12.5**	**--**
Custom Growth Benchmark	*1.1*	*--*	*11.3*	*--*	*22.2*	*--*	*11.1*	*--*	*10.7*	*--*
Total Public Equity	**-1.6**	**97**	**12.7**	**44**	**33.2**	**8**	**14.1**	**14**	**14.5**	**26**
Russell 3000	*-0.1*	*2*	*15.0*	*1*	*31.9*	*18*	*16.0*	*2*	*16.9*	*1*
Total Domestic Equity	**-2.0**	**99**	**15.1**	**60**	**33.1**	**62**	**13.5**	**88**	**15.9**	**53**
Russell 3000	*-0.1*	*49*	*15.0*	*63*	*31.9*	*86*	*16.0*	*11*	*16.9*	*26*
Total International Equity	**-1.2**	**16**	**10.5**	**3**	**33.5**	**3**	**14.7**	**2**	**13.3**	**2**
MSCI ACWI ex USA Gross	*-2.9*	*61*	*6.3*	*54*	*24.4*	*58*	*8.5*	*61*	*9.4*	*49*
Total Private Equity	**12.1**	**--**	**46.2**	**--**	**62.7**	**--**	**26.2**	**--**	**23.4**	**--**
Private Equity Benchmark	*12.1*	*--*	*46.2*	*--*	*62.7*	*--*	*--*	*--*	*--*	*--*
Total Private Credit	**3.5**	**--**	**24.1**	**--**	**23.2**	**--**	**9.7**	**--**	**--**	**--**
Private Credit Benchmark	*3.5*	*--*	*24.1*	*--*	*23.2*	*--*	*--*	*--*	*--*	*--*
Total Real Estate	**6.0**	**--**	**10.3**	**--**	**11.9**	**--**	**5.7**	**--**	**6.5**	**--**
NCREIF Property Index	*5.2*	*--*	*10.9*	*--*	*12.2*	*--*	*6.7*	*--*	*6.8*	*--*

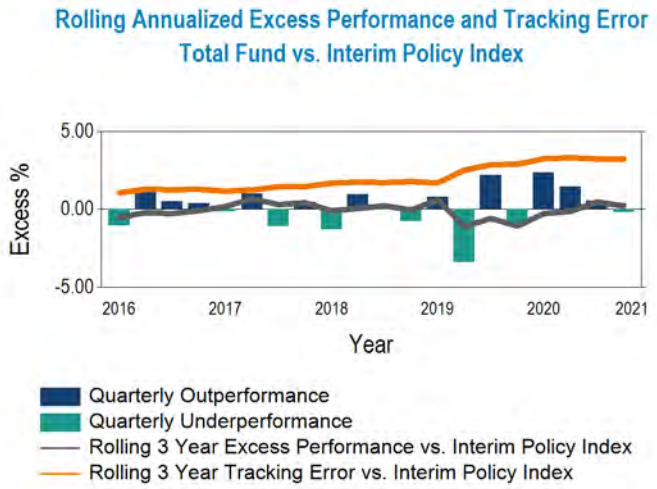




Interim Policy Index as of 1/1/2021: 23% Russell 3000, 20% MSCI ACWI ex-US (Gross), 12% Bloomberg U.S. Aggregate, 3% Bloomberg US Treasury 7-10 yr, 2% Bloomberg US TIPS, 11% FTSE World Govt Bond Index, 15% NCREIF Property Index,5% Actual Private Equity Return, 5% Actual Private Credit Bench Return, 2% 91 day T-Bills, 2% Bloomberg 1-3 yr Gov/Credit. FFP SAA Index as of 1/1/2021: 30% MSCI ACWI, 8% Bloomberg U.S. Treasury 7-10 yr, 7% Bloomberg U.S. TIPS, 4% 91 day T-Bills, 6% Bloomberg U.S. Govt/Credit 1-3 yr, 18% Actual Private Equity Return, 12% Actual Private Credit Return, 15% NCREIF Property Index. Private Equity, Private Credit and Opportunistic composite returns are lagged by one quarter. All returns are (G) Gross of fees. Effective 1/1/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation. (e) To avoid unnecessary and possibly misleading Tracking Error, the Total Fund Policy Benchmark uses actual time-weighted private markets returns applied to actual private market asset class weights rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market investment's public market "equivalent" (e.g., private equity to public equity; private credit to public fixed income).

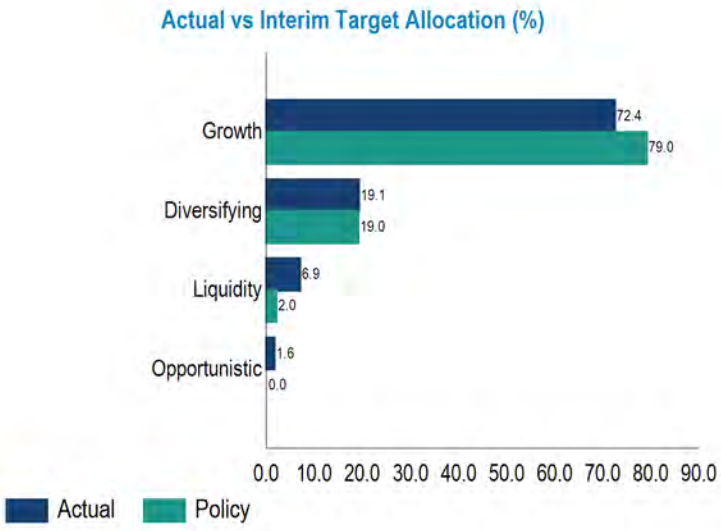
	QTD	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Total Risk Diversifying	**-0.9**	**99**	**-1.0**	**76**	**3.6**	**8**	**4.5**	**93**	**3.2**	**45**
Custom Risk Diversifying Benchmark	*-0.3*	*99*	*-2.9*	*99*	*-2.3*	*99*	*4.9*	*60*	*2.7*	*91*
Total Domestic Fixed Income	**0.3**	**22**	**0.7**	**10**	**2.9**	**11**	**6.0**	**31**	**4.2**	**21**
Bloomberg US Aggregate TR	*0.1*	*64*	*-1.6*	*95*	*-0.9*	*95*	*5.4*	*44*	*2.9*	*56*
Total Global Fixed	**-3.6**	**--**	**-4.6**	**--**	**4.6**	**--**	**2.7**	**--**	**2.1**	**--**
FTSE World Govt Bond Index	*-1.2*	*--*	*-5.9*	*--*	*-3.3*	*--*	*3.7*	*--*	*1.4*	*--*
Total Liquidity	**0.0**	**--**	**0.3**	**--**	**0.6**	**--**	**1.5**	**--**	**3.0**	**--**
91 Day T-Bills	*0.0*	*--*	*0.0*	*--*	*0.0*	*--*	*1.0*	*--*	*1.1*	*--*
Total Cash	**0.0**	**--**	**0.3**	**--**	**0.6**	**--**	**1.5**	**--**	**3.0**	**--**
91 Day T-Bills	*0.0*	*--*	*0.0*	*--*	*0.0*	*--*	*1.0*	*--*	*1.1*	*--*
Total Opportunistic	**0.3**	**--**	**20.2**	**--**	**26.2**	**--**	**6.7**	**--**	**10.0**	**--**
Russell 3000 + 3%	*0.6*	*--*	*17.5*	*--*	*35.7*	*--*	*19.4*	*--*	*20.3*	*--*

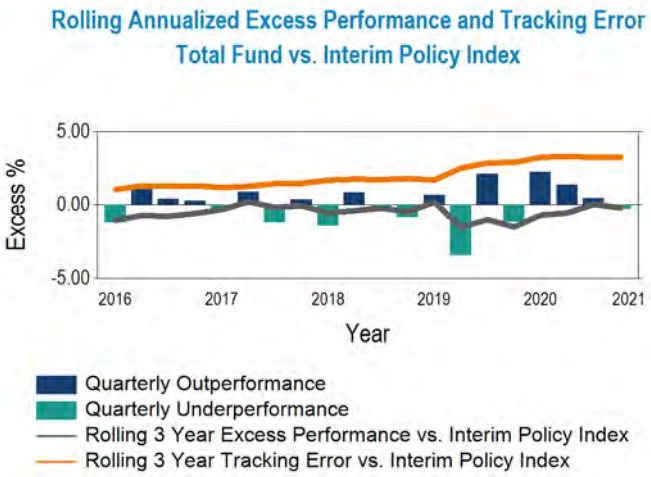




Interim Policy Index as of 1/1/2021: 23% Russell 3000, 20% MSCI ACWI ex-US (Gross), 12% Bloomberg U.S. Aggregate, 3% Bloomberg US Treasury 7-10 yr, 2% Bloomberg US TIPS, 11% FTSE World Govt Bond Index, 15% NCREIF Property Index,5% Actual Private Equity Return, 5% Actual Private Credit Bench Return, 2% 91 day T-Bills, 2% Bloomberg 1-3 yr Gov/Credit. FFP SAA Index as of 1/1/2021: 30% MSCI ACWI, 8% Bloomberg U.S. Treasury 7-10 yr, 7% Bloomberg U.S. TIPS, 4% 91 day T-Bills, 6% Bloomberg U.S. Govt/Credit 1-3 yr, 18% Actual Private Equity Return, 12% Actual Private Credit Return, 15% NCREIF Property Index. Private Equity, Private Credit and Opportunistic composite returns are lagged by one quarter. All returns are (G) Gross of fees. Effective 1/1/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation. (e) To avoid unnecessary and possibly misleading Tracking Error, the Total Fund Policy Benchmark uses actual time-weighted private markets returns applied to actual private market asset class weights rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market investment's public market "equivalent" (e.g., private equity to public equity; private credit to public fixed income).

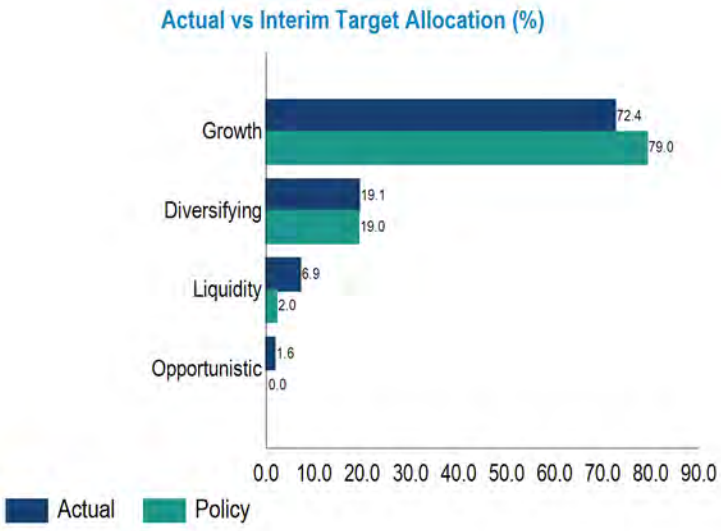
	QTD	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Total Fund	**0.6**	**36**	**10.2**	**39**	**21.1**	**65**	**9.5**	**80**	**9.0**	**91**
Interim Policy Index	*0.9*	*26*	*8.6*	*76*	*16.9*	*95*	*9.7*	*79*	*9.1*	*90*
FFP SAA Index	*3.2*	*1*	*15.5*	*5*	*--*	*--*	*--*	*--*	*--*	*--*
Total Growth	**1.3**	**--**	**15.5**	**--**	**30.2**	**--**	**11.9**	**--**	**12.1**	**--**
Custom Growth Benchmark	*1.1*	*--*	*11.3*	*--*	*22.2*	*--*	*11.1*	*--*	*10.7*	*--*
Total Public Equity	**-1.7**	**98**	**12.3**	**59**	**32.5**	**13**	**13.4**	**31**	**13.9**	**51**
Russell 3000	*-0.1*	*2*	*15.0*	*1*	*31.9*	*18*	*16.0*	*2*	*16.9*	*1*
Total Domestic Equity	**-2.1**	**99**	**14.7**	**73**	**32.5**	**76**	**12.9**	**92**	**15.3**	**73**
Russell 3000	*-0.1*	*49*	*15.0*	*63*	*31.9*	*86*	*16.0*	*11*	*16.9*	*26*
Total International Equity	**-1.3**	**18**	**10.0**	**5**	**32.7**	**3**	**13.9**	**2**	**12.6**	**5**
MSCI ACWI ex USA Gross	*-2.9*	*61*	*6.3*	*54*	*24.4*	*58*	*8.5*	*61*	*9.4*	*49*
Total Private Equity	**12.1**	**--**	**46.2**	**--**	**62.7**	**--**	**26.2**	**--**	**23.3**	**--**
Private Equity Benchmark	*12.1*	*--*	*46.2*	*--*	*62.7*	*--*	*--*	*--*	*--*	*--*
Total Private Credit	**3.5**	**--**	**24.1**	**--**	**23.2**	**--**	**9.7**	**--**	**--**	**--**
Private Credit Benchmark	*3.5*	*--*	*24.1*	*--*	*23.2*	*--*	*--*	*--*	*--*	*--*
Total Real Estate	**6.0**	**--**	**10.3**	**--**	**11.9**	**--**	**5.7**	**--**	**6.5**	**--**
NCREIF Property Index	*5.2*	*--*	*10.9*	*--*	*12.2*	*--*	*6.7*	*--*	*6.8*	*--*

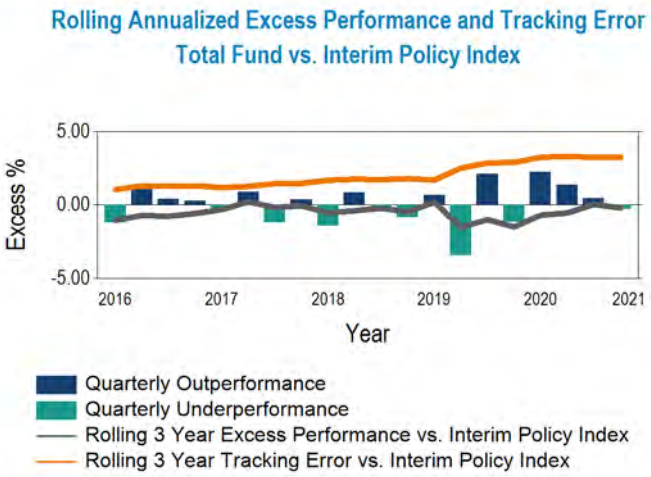




Interim Policy Index as of 1/1/2021: 23% Russell 3000, 20% MSCI ACWI ex-US (Gross), 12% Bloomberg U.S. Aggregate, 3% Bloomberg US Treasury 7-10 yr, 2% Bloomberg US TIPS, 11% FTSE World Govt Bond Index, 15% NCREIF Property Index,5% Actual Private Equity Return, 5% Actual Private Credit Bench Return, 2% 91 day T-Bills, 2% Bloomberg 1-3 yr Gov/Credit. FFP SAA Index as of 1/1/2021: 30% MSCI ACWI, 8% Bloomberg U.S. Treasury 7-10 yr, 7% Bloomberg U.S. TIPS, 4% 91 day T-Bills, 6% Bloomberg U.S. Govt/Credit 1-3 yr, 18% Actual Private Equity Return, 12% Actual Private Credit Return, 15% NCREIF Property Index. Private Equity, Private Credit and Opportunistic composite returns are lagged by one quarter. All returns are (G) Gross of fees. Effective 1/1/2017, only traditional asset class (public equity, public fixed income, REITs) investment management fees will be included in the gross of fee return calculation. (e) To avoid unnecessary and possibly misleading Tracking Error, the Total Fund Policy Benchmark uses actual time-weighted private markets returns applied to actual private market asset class weights rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market investment's public market "equivalent" (e.g., private equity to public equity; private credit to public fixed income).

	QTD	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Total Risk Diversifying	**-1.0**	**99**	**-1.4**	**88**	**3.1**	**9**	**4.1**	**99**	**2.8**	**69**
Custom Risk Diversifying Benchmark	*-0.3*	*99*	*-2.9*	*99*	*-2.3*	*99*	*4.9*	*60*	*2.7*	*91*
Total Domestic Fixed Income	**0.2**	**25**	**0.4**	**11**	**2.5**	**15**	**5.6**	**34**	**3.9**	**27**
Bloomberg US Aggregate TR	*0.1*	*64*	*-1.6*	*95*	*-0.9*	*95*	*5.4*	*44*	*2.9*	*56*
Total Global Fixed	**-3.7**	**--**	**-5.1**	**--**	**3.8**	**--**	**2.1**	**--**	**1.6**	**--**
FTSE World Govt Bond Index	*-1.2*	*--*	*-5.9*	*--*	*-3.3*	*--*	*3.7*	*--*	*1.4*	*--*
Total Liquidity	**0.0**	**--**	**0.3**	**--**	**0.6**	**--**	**1.5**	**--**	**3.0**	**--**
91 Day T-Bills	*0.0*	*--*	*0.0*	*--*	*0.0*	*--*	*1.0*	*--*	*1.1*	*--*
Total Cash	**0.0**	**--**	**0.3**	**--**	**0.6**	**--**	**1.5**	**--**	**3.0**	**--**
91 Day T-Bills	*0.0*	*--*	*0.0*	*--*	*0.0*	*--*	*1.0*	*--*	*1.1*	*--*
Total Opportunistic	**0.3**	**--**	**20.2**	**--**	**26.2**	**--**	**6.7**	**--**	**9.9**	**--**
Russell 3000 + 3%	*0.6*	*--*	*17.5*	*--*	*35.7*	*--*	*19.4*	*--*	*20.3*	*--*





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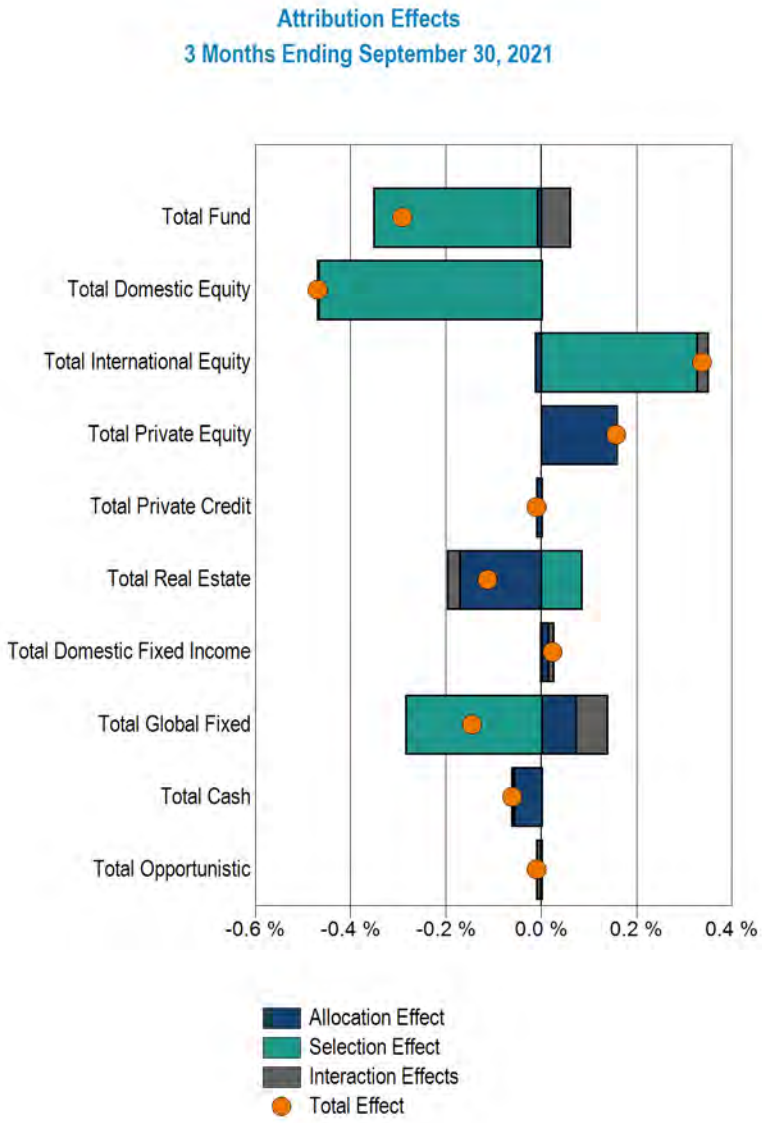


Performance Attribution

	Last 3 Mo.
Wtd. Actual Return	0.59%
Wtd. Index Return *	0.89%
Excess Return	**-0.29%**
Selection Effect	-0.34%
Allocation Effect	-0.01%
Interaction Effect	0.06%

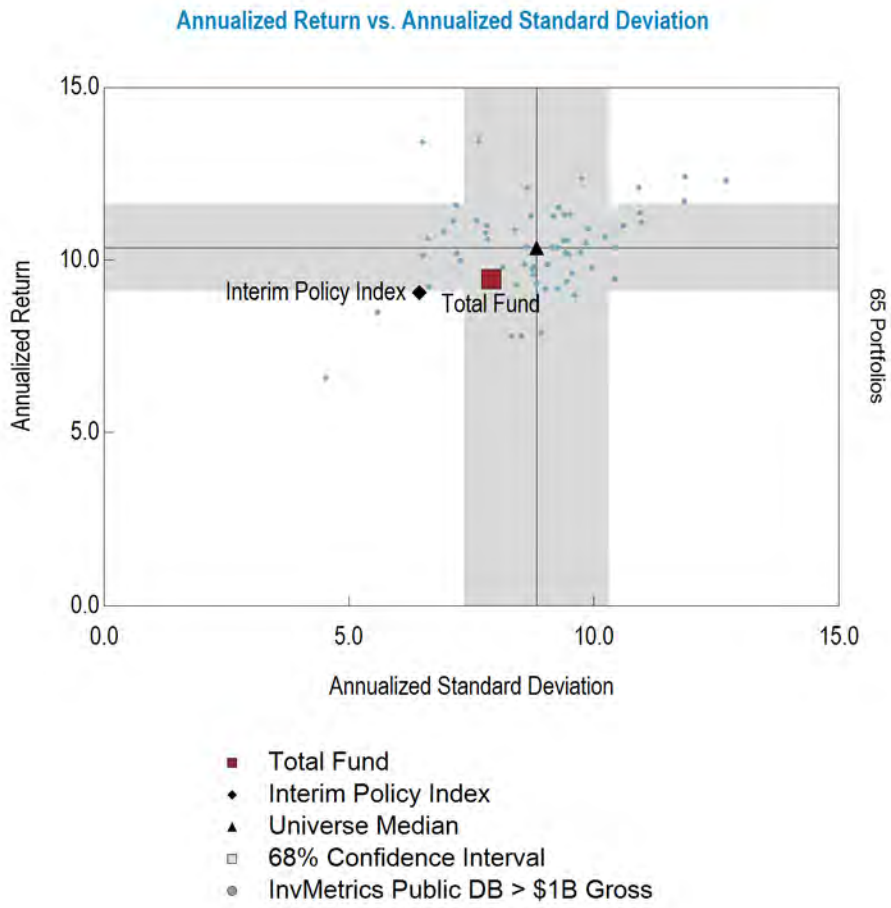
*Calculated from policy benchmark returns and policy weightings of each compenent of the policy benchmark.

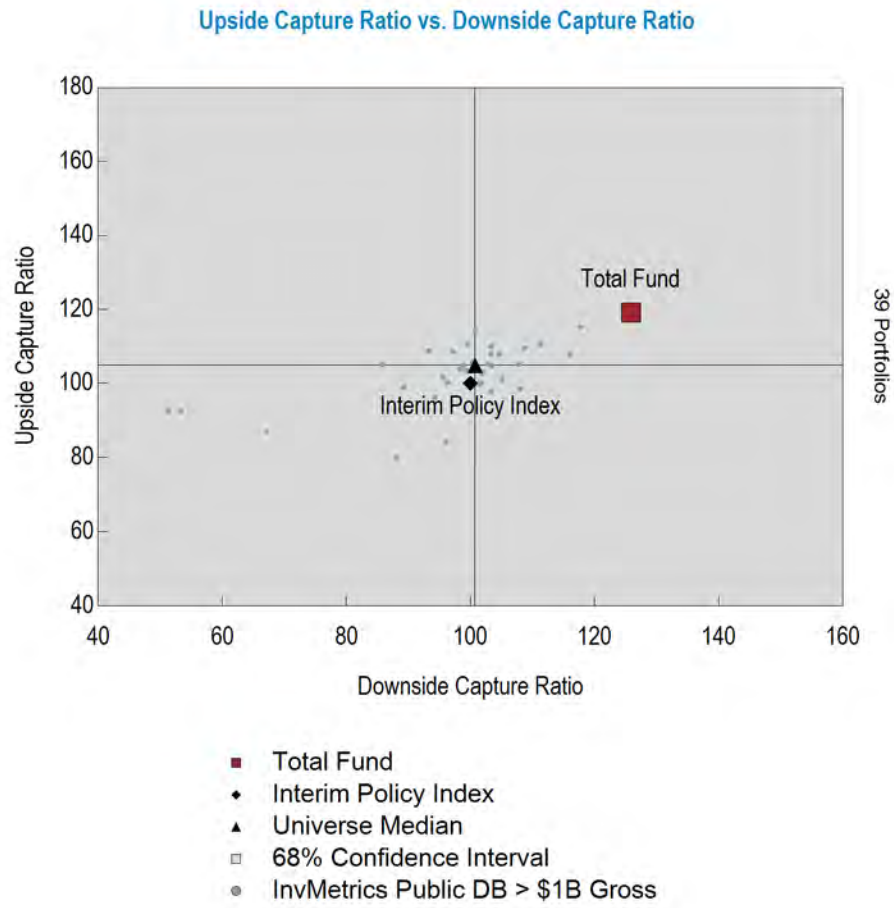
Attribution Summary
3 Months Ending September 30, 2021

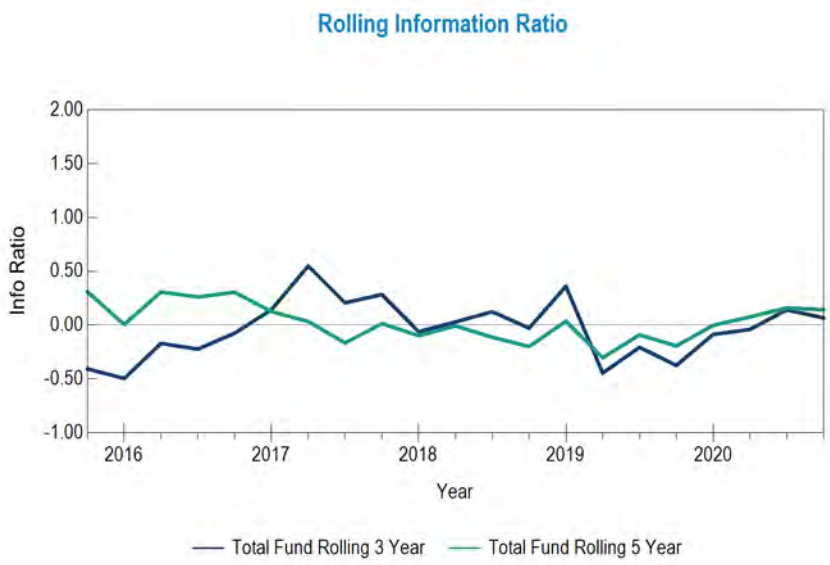
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total Domestic Equity	-2.09%	-0.10%	-1.98%	-0.47%	0.00%	0.00%	-0.47%
Total International Equity	-1.30%	-2.88%	1.58%	0.33%	-0.01%	0.02%	0.34%
Total Private Equity	12.11%	12.11%	0.00%	0.00%	0.16%	0.00%	0.16%
Total Private Credit	3.49%	3.49%	0.00%	0.00%	-0.01%	0.00%	-0.01%
Total Real Estate	5.96%	5.23%	0.73%	0.08%	-0.17%	-0.02%	-0.11%
Total Domestic Fixed Income	0.22%	0.23%	0.00%	0.00%	0.02%	0.01%	0.02%
Total Global Fixed	-3.73%	-1.24%	-2.50%	-0.28%	0.07%	0.06%	-0.15%
Total Cash	-0.02%	0.01%	-0.03%	0.00%	-0.06%	0.00%	-0.06%
Total Opportunistic	0.33%	0.64%	-0.31%	0.00%	0.00%	-0.01%	-0.01%
Total	**0.59%**	**0.89%**	**-0.29%**	**-0.34%**	**-0.01%**	**0.06%**	**-0.29%**

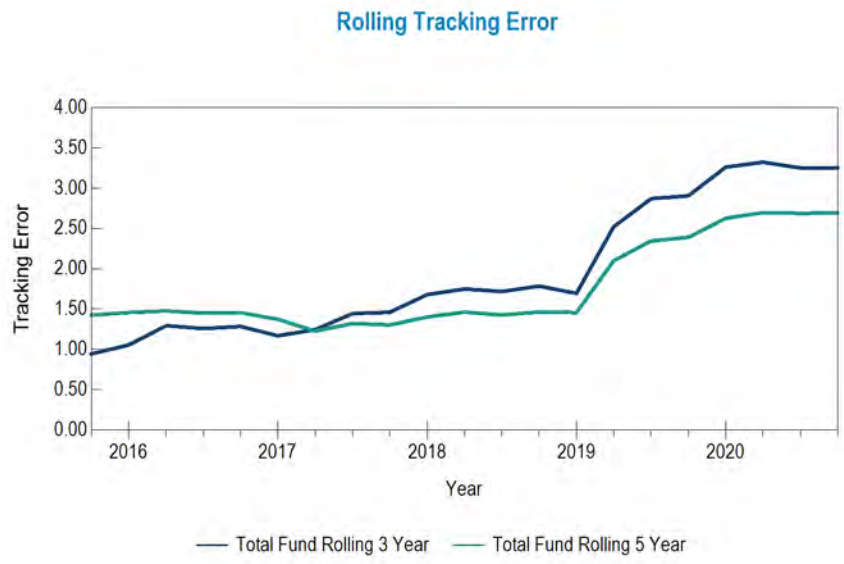
Attribution does not account for effects of overlay program. Weighted returns shown in attribution analysis may differ from actual returns. Wtd. Actual Return is the sum of the products of each group's return and its respective weight at the beginning of the period.

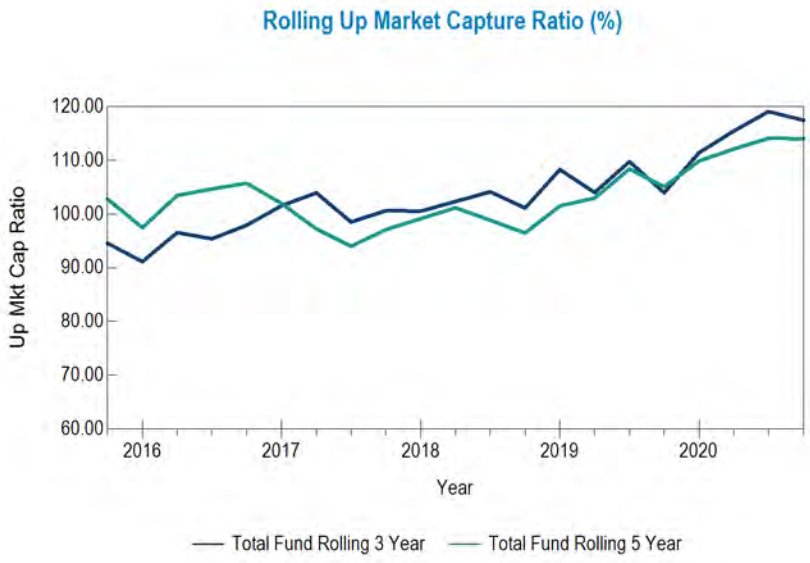
	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
Total Fund	9.44%	0.38%	7.90%	-1.27%	1.18	2.42%	0.93	1.05	0.16	119.08%	125.83%

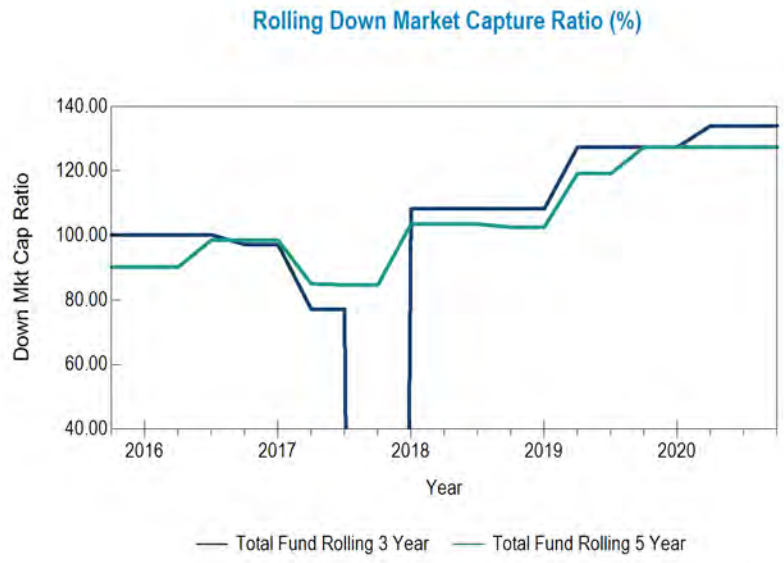





Rolling Information Ratio
Info Ratio
2.00
1.50
1.00
0.50
0.00
-0.50
-1.00
2016
2017
2018
2019
2020
Year
Total Fund Rolling 3 Year
Total Fund Rolling 5 Year


Rolling Tracking Error
Tracking Error
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0.00
2016
2017
2018
2019
2020
Year
Total Fund Rolling 3 Year
Total Fund Rolling 5 Year


Rolling Up Market Capture Ratio (%)
Up Mkt Cap Ratio
120.00
110.00
100.00
90.00
80.00
70.00
60.00
2016
2017
2018
2019
2020
Year
Total Fund Rolling 3 Year
Total Fund Rolling 5 Year


Rolling Down Market Capture Ratio (%)
Down Mkt Cap Ratio
140.00
120.00
100.00
80.00
60.00
40.00
2016
2017
2018
2019
2020
Year
Total Fund Rolling 3 Year
Total Fund Rolling 5 Year

Total Fund
Performance Summary (Gross of Fees)

Period Ending: September 30, 2021

	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016	Inception	Inception Date
Total Fund	**1,728,158,429**	**100.0**	**0.7**	**10.5**	**21.5**	**9.9**	**9.4**	**9.1**	**9.6**	**16.3**	**-3.1**	**15.5**	**6.6**	**--**	**Feb-07**
Interim Policy Index			*0.9*	*8.6*	*16.9*	*9.7*	*9.1*	*8.7*	*10.3*	*15.3*	*-2.1*	*13.3*	*7.8*	*--*	*Feb-07*
FFP SAA Index			*3.2*	*15.5*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*		
InvMetrics Public DB > $1B Gross Rank			*33*	*35*	*58*	*66*	*80*	*76*	*74*	*60*	*36*	*69*	*91*		
Total Growth	**1,121,505,094**	**64.9**	**1.4**	**15.8**	**30.7**	**12.3**	**12.5**	**12.2**	**11.2**	**20.3**	**-4.0**	**20.2**	**7.6**		
Custom Growth Benchmark			*1.1*	*11.3*	*22.2*	*11.1*	*10.7*	*10.3*	*12.3*	*16.6*	*-2.8*	*16.4*	*9.0*		
Total Public Equity	**717,256,762**	**41.5**	**-1.6**	**12.7**	**33.2**	**14.1**	**14.5**	**13.5**	**16.5**	**29.8**	**-9.0**	**25.9**	**7.4**		
Russell 3000			*-0.1*	*15.0*	*31.9*	*16.0*	*16.9*	*16.6*	*20.9*	*31.0*	*-5.2*	*21.1*	*12.7*		
InvMetrics Public DB Total Eq Gross Rank			*97*	*44*	*8*	*14*	*26*	*56*	*31*	*5*	*67*	*14*	*78*		
Total Domestic Equity	**395,040,190**	**22.9**	**-2.0**	**15.1**	**33.1**	**13.5**	**15.9**	**15.7**	**13.7**	**29.4**	**-5.2**	**25.1**	**13.0**		
Russell 3000			*-0.1*	*15.0*	*31.9*	*16.0*	*16.9*	*16.6*	*20.9*	*31.0*	*-5.2*	*21.1*	*12.7*		
InvMetrics Public DB US Eq Gross Rank			*99*	*60*	*62*	*88*	*53*	*67*	*91*	*66*	*36*	*4*	*48*		
PIMCO RAE US	105,415,912	6.1	-2.5	17.4	37.6	9.8	12.1	14.3	4.4	25.5	-6.6	17.0	15.9	8.9	Nov-07
S&P 500			*0.6*	*15.9*	*30.0*	*16.0*	*16.9*	*16.6*	*18.4*	*31.5*	*-4.4*	*21.8*	*12.0*	*10.3*	*Nov-07*
eV US Large Cap Core Equity Gross Rank			*99*	*30*	*8*	*96*	*93*	*88*	*96*	*83*	*72*	*89*	*6*		
Loomis Sayles Large Cap Growth	106,765,870	6.2	-2.0	11.6	21.4	20.3	--	--	32.8	32.7	-1.7	34.1	--	22.2	Dec-16
Russell 1000 Growth			*1.2*	*14.3*	*27.3*	*22.0*	*--*	*--*	*38.5*	*36.4*	*-1.5*	*30.2*	*--*	*23.9*	*Dec-16*
eV US Large Cap Growth Equity Gross Rank			*97*	*84*	*95*	*58*	*--*	*--*	*61*	*68*	*58*	*16*	*--*		
Boston Partners Large Cap Value	102,964,073	6.0	-1.6	19.6	42.2	9.5	--	--	2.4	24.3	-8.5	--	--	11.4	Jan-17
Russell 1000 Value			*-0.8*	*16.1*	*35.0*	*10.1*	*--*	*--*	*2.8*	*26.5*	*-8.3*	*--*	*--*	*10.1*	*Jan-17*
eV US Large Cap Value Equity Gross Rank			*82*	*29*	*24*	*74*	*--*	*--*	*64*	*77*	*54*	*--*	*--*		
Atlanta Capital Mgmt	79,894,335	4.6	-1.8	12.1	35.4	12.2	16.0	17.5	11.4	35.1	-4.5	26.6	12.6	17.4	Aug-10
Russell 2500			*-2.7*	*13.8*	*45.0*	*12.5*	*14.3*	*15.3*	*20.0*	*27.8*	*-10.0*	*16.8*	*17.6*	*14.6*	*Aug-10*
eV US Small-Mid Cap Equity Gross Rank			*67*	*77*	*84*	*56*	*43*	*24*	*62*	*14*	*25*	*15*	*62*		
Total International Equity	**322,216,572**	**18.6**	**-1.2**	**10.5**	**33.5**	**14.7**	**13.3**	**11.2**	**19.4**	**30.2**	**-12.2**	**26.6**	**2.2**		
MSCI ACWI ex USA Gross			*-2.9*	*6.3*	*24.4*	*8.5*	*9.4*	*8.0*	*11.1*	*22.1*	*-13.8*	*27.8*	*5.0*		
InvMetrics Public DB ex-US Eq Gross Rank			*16*	*3*	*3*	*2*	*2*	*4*	*12*	*1*	*9*	*81*	*82*		
Dodge & Cox Intl Stock	158,257,228	9.2	-3.2	8.9	36.0	6.7	8.1	8.4	2.8	23.6	-17.5	24.7	9.0	3.6	Dec-07
MSCI ACWI ex USA Value Gross			*-2.1*	*9.7*	*32.2*	*4.4*	*7.1*	*6.1*	*-0.2*	*16.5*	*-13.4*	*23.3*	*9.6*	*1.9*	*Dec-07*
eV ACWI ex-US All Cap Value Eq Gross Rank			*96*	*50*	*32*	*31*	*36*	*32*	*33*	*35*	*84*	*71*	*31*		
WCM International Growth	163,959,344	9.5	0.7	12.1	31.7	21.7	--	--	34.0	36.7	-6.7	--	--	20.8	Feb-17
MSCI ACWI ex USA Growth Gross			*-3.6*	*2.9*	*17.3*	*12.3*	*--*	*--*	*22.6*	*27.8*	*-14.1*	*--*	*--*	*12.7*	*Feb-17*
eV ACWI ex-US All Cap Growth Eq Gross Rank			*34*	*7*	*9*	*10*	*--*	*--*	*28*	*11*	*1*	*--*	*--*		

Since Inception ranking is from the beginning of the first complete month of performance. Stone Harbor Local Markets terminated 3/22/2019. Ashmore EM Blended Debt funded 3/31/2019. Direct RE liquidated as of 12/19/2019. Pathway Private Equity Fund Investors 10 L.P. funded 3/25/2020. Sixth Street Partners TAO funded 4/16/2020.

Total Fund
Performance Summary (Gross of Fees)

Period Ending: September 30, 2021

	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016	Inception	Inception Date
Total Private Equity	**120,736,242**	**7.0**													
Harbourvest Partners IX Buyout Fund L.P.	18,707,994	1.1													
Pathway Private Equity Fund Investors 9 L.P.	78,970,921	4.6													
Harbourvest 2018 Global Fund L.P.	16,840,945	1.0													
Pathway Private Equity Fund Investors 10 L.P.	6,216,382	0.4													
Total Private Credit	**80,991,877**	**4.7**													
Sixth Street Partners DCP	80,991,877	4.7													
Total Real Estate	**202,520,213**	**11.7**	**6.0**	**10.3**	**11.9**	**5.7**	**6.5**	**9.1**	**1.1**	**4.3**	**7.5**	**7.8**	**7.8**		
NCREIF Property Index			*5.2*	*10.9*	*12.2*	*6.7*	*6.8*	*9.0*	*1.6*	*6.4*	*6.7*	*7.0*	*8.0*		
JP Morgan Core Real Estate	154,313,765	8.9	6.5	11.1	13.0	5.5	6.0	9.3	0.5	3.4	7.0	6.1	8.4	5.6	Mar-08
NCREIF-ODCE			*6.6*	*13.1*	*14.6*	*7.1*	*7.5*	*9.9*	*1.2*	*5.3*	*8.3*	*7.6*	*8.8*	*5.7*	*Mar-08*
NCREIF Property Index			*5.2*	*10.9*	*12.2*	*6.7*	*6.8*	*9.0*	*1.6*	*6.4*	*6.7*	*7.0*	*8.0*		
ARA American Strategic Value Realty	48,206,448	2.8	4.3	7.6	8.2	6.8	7.7	--	3.8	7.3	9.1	7.4	--	7.8	Jun-16
NCREIF-ODCE			*6.6*	*13.1*	*14.6*	*7.1*	*7.5*	--	*1.2*	*5.3*	*8.3*	*7.6*	--	*7.5*	*Jun-16*
NCREIF Property Index			*5.2*	*10.9*	*12.2*	*6.7*	*6.8*	--	*1.6*	*6.4*	*6.7*	*7.0*	--		
Total Risk Diversifying	**459,809,567**	**26.6**	**-0.9**	**-1.0**	**3.6**	**4.5**	**3.2**	**3.3**	**6.6**	**8.8**	**-1.8**	**7.9**	**4.4**		
Custom Risk Diversifying Benchmark			*-0.3*	*-2.9*	*-2.3*	*4.9*	*2.7*	*2.9*	*7.5*	*8.7*	*0.0*	*3.5*	*2.6*		
InvMetrics Public DB US Fix Inc Gross Rank			*99*	*76*	*8*	*93*	*45*	*48*	*75*	*32*	*99*	*4*	*50*		
Total Domestic Fixed Income	**329,769,043**	**19.1**	**0.3**	**0.7**	**2.9**	**6.0**	**4.2**	**4.1**	**8.1**	**9.9**	**0.4**	**4.3**	**4.5**		
Bloomberg US Aggregate TR			*0.1*	*-1.6*	*-0.9*	*5.4*	*2.9*	*3.0*	*7.5*	*8.7*	*0.0*	*3.5*	*2.6*		
InvMetrics Public DB US Fix Inc Gross Rank			*22*	*10*	*11*	*31*	*21*	*29*	*46*	*11*	*55*	*50*	*49*		
BlackRock Core Bond	88,644,596	5.1	0.1	-1.0	0.2	6.5	--	--	9.4	10.2	0.3	--	--	4.6	Jan-17
Bloomberg US Aggregate TR			*0.1*	*-1.6*	*-0.9*	*5.4*	--	--	*7.5*	*8.7*	*0.0*	--	--	*3.8*	*Jan-17*
eV US Core Fixed Inc Gross Rank			*51*	*46*	*44*	*19*	--	--	*23*	*10*	*27*	--	--		
Dodge & Cox Income Fund	93,610,638	5.4	0.2	-0.2	2.4	6.7	--	--	9.9	10.2	0.1	--	--	5.1	Jan-17
Bloomberg US Aggregate TR			*0.1*	*-1.6*	*-0.9*	*5.4*	--	--	*7.5*	*8.7*	*0.0*	--	--	*3.8*	*Jan-17*
eV US Core Fixed Inc Gross Rank			*20*	*11*	*5*	*12*	--	--	*14*	*11*	*43*	--	--		
Pacific Asset Corporate Loan	78,196,817	4.5	1.2	4.5	7.7	4.4	5.0	--	3.0	9.1	1.0	4.9	9.2	4.6	Sep-14
S&P/LSTA Leveraged Loan Index			*1.1*	*4.4*	*8.4*	*4.1*	*4.6*	--	*3.1*	*8.6*	*0.4*	*4.1*	*10.2*	*4.0*	*Sep-14*
eV US Float-Rate Bank Loan Fixed Inc Gross Rank			*35*	*44*	*60*	*40*	*23*	--	*42*	*36*	*29*	*26*	*51*		
SSGA U.S. Govt Bond Index	39,636,056	2.3	--	--	--	--	--	--	--	--	--	--	--	-0.8	Jul-21
Bloomberg US Govt/Credit 1-3 Yr. TR			--	--	--	--	--	--	--	--	--	--	--	*0.0*	*Jul-21*
eV US Government Fixed Inc Gross Rank			--	--	--	--	--	--	--	--	--	--	--		

Since Inception ranking is from the beginning of the first complete month of performance. Stone Harbor Local Markets terminated 3/22/2019. Ashmore EM Blended Debt funded 3/31/2019. Direct RE liquidated as of 12/19/2019. Pathway Private Equity Fund Investors 10 L.P. funded 3/25/2020. Sixth Street Partners TAO funded 4/16/2020. Brandywine has changed its strategy from Global Fixed Income to International Fixed Income as of 6/30/2020.

Total Fund
Performance Summary (Gross of Fees) — Period Ending: September 30, 2021

	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016	Inception	Inception Date
BlackRock TIPS	29,680,938	1.7	--	--	--	--	--	--	--	--	--	--	--	-0.7	Sep-21
Bloomberg US TIPS TR			--	--	--	--	--	--	--	--	--	--	--	*-0.7*	*Sep-21*
eV US TIPS / Inflation Fixed Inc Gross Rank			--	--	--	--	--	--	--	--	--	--	--		
Total Global Fixed	**130,040,523**	**7.5**	**-3.6**	**-4.6**	**4.6**	**2.7**	**2.1**	**1.9**	**6.7**	**7.4**	**-4.3**	**13.8**	**4.6**		
FTSE World Govt Bond Index			*-1.2*	*-5.9*	*-3.3*	*3.7*	*1.4*	*1.1*	*10.1*	*5.9*	*-0.8*	*7.5*	*1.6*		
Brandywine Global Fixed Income	59,348,460	3.4	-2.6	-3.8	4.5	--	--	--	--	--	--	--	--	7.1	Jun-20
FTSE WGBI ex US TR			*-2.0*	*-7.9*	*-3.4*	--	--	--	--	--	--	--	--	*0.8*	*Jun-20*
eV All Global Fixed Inc Gross Rank			*95*	*79*	*42*	--	--	--	--	--	--	--	--		
Ashmore EM Blended Debt Fund	70,692,063	4.1	-4.3	-5.2	4.7	--	--	--	3.2	--	--	--	--	1.2	Mar-19
50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+			*-1.5*	*-2.8*	*3.8*	--	--	--	*3.9*	--	--	--	--	*3.2*	*Mar-19*
eV All Emg Mkts Fixed Inc Gross Rank			*99*	*82*	*70*	--	--	--	*85*	--	--	--	--		
Total Liquidity	**118,752,790**	**6.9**	**0.0**	**0.3**	**0.6**	**1.5**	**3.0**	**1.7**	**1.5**	**2.1**	**1.6**	**8.4**	**1.6**		
91 Day T-Bills			*0.0*	*0.0*	*0.0*	*1.0*	*1.1*	*0.6*	*0.5*	*2.1*	*1.9*	*0.9*	*0.3*		
Total Cash	**118,752,790**	**6.9**	**0.0**	**0.3**	**0.6**	**1.5**	**3.0**	**1.7**	**1.5**	**2.1**	**1.6**	**8.4**	**1.6**		
91 Day T-Bills			*0.0*	*0.0*	*0.0*	*1.0*	*1.1*	*0.6*	*0.5*	*2.1*	*1.9*	*0.9*	*0.3*		
PIMCO Short Duration Fund	29,972,100	1.7	--	--	--	--	--	--	--	--	--	--	--	0.0	Jul-21
Bloomberg US Govt/Credit 1-3 Yr. TR			--	--	--	--	--	--	--	--	--	--	--	*0.0*	*Jul-21*
Short-Term Bond MStar MF Rank			--	--	--	--	--	--	--	--	--	--	--		
Cash Account	78,380,944	4.5	0.0	0.6	1.1	1.8	1.5	0.9	1.9	2.2	1.5	1.0	0.5		
91 Day T-Bills			*0.0*	*0.0*	*0.0*	*1.0*	*1.1*	*0.6*	*0.5*	*2.1*	*1.9*	*0.9*	*0.3*		
Investment Cash	10,399,746	0.6	0.0	--	--	--	--	--	--	--	--	--	--	0.0	Jun-21
91 Day T-Bills			*0.0*	--	--	--	--	--	--	--	--	--	--	*0.0*	*Jun-21*
Total Opportunistic	**28,090,978**	**1.6**													
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	4,929,402	0.3													
Sixth Street Partners TAO	23,161,576	1.3													

Since Inception ranking is from the beginning of the first complete month of performance. Stone Harbor Local Markets terminated 3/22/2019. Ashmore EM Blended Debt funded 3/31/2019. Direct RE liquidated as of 12/19/2019. Pathway Private Equity Fund Investors 10 L.P. funded 3/25/2020. Sixth Street Partners TAO funded 4/16/2020. Gresham liquidated as of 9/30/2020. PIMCO Short Duration funded 7/14/2021. SSGA U.S. Govt Bond Index funded 7/16/2021. BlackRock TIPS funded 9/1/2021.

Total Fund
Performance Summary (Net of Fees)

Period Ending: September 30, 2021

	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Fund	**1,728,158,429**	**100.0**	**0.6**	**10.2**	**21.1**	**9.5**	**9.0**	**8.6**	**9.2**	**15.8**	**-3.5**	**15.0**	**6.0**
Interim Policy Index			*0.9*	*8.6*	*16.9*	*9.7*	*9.1*	*8.7*	*10.3*	*15.3*	*-2.1*	*13.3*	*7.8*
FFP SAA Index			*3.2*	*15.5*	--	--	--	--	--	--	--	--	--
Total Growth	**1,121,505,094**	**64.9**	**1.3**	**15.5**	**30.2**	**11.9**	**12.1**	**11.7**	**10.8**	**19.9**	**-4.4**	**19.7**	**7.0**
Custom Growth Benchmark			*1.1*	*11.3*	*22.2*	*11.1*	*10.7*	*10.3*	*12.3*	*16.6*	*-2.8*	*16.4*	*9.0*
Total Public Equity	**717,256,762**	**41.5**	**-1.7**	**12.3**	**32.5**	**13.4**	**13.9**	**12.9**	**15.9**	**29.1**	**-9.5**	**25.2**	**6.9**
Russell 3000			*-0.1*	*15.0*	*31.9*	*16.0*	*16.9*	*16.6*	*20.9*	*31.0*	*-5.2*	*21.1*	*12.7*
Total Domestic Equity	**395,040,190**	**22.9**	**-2.1**	**14.7**	**32.5**	**12.9**	**15.3**	**15.2**	**13.1**	**28.7**	**-5.7**	**24.5**	**12.7**
Russell 3000			*-0.1*	*15.0*	*31.9*	*16.0*	*16.9*	*16.6*	*20.9*	*31.0*	*-5.2*	*21.1*	*12.7*
PIMCO RAE US	105,415,912	6.1	-2.6	17.1	37.0	9.3	11.6	13.9	3.9	25.0	-7.0	16.5	15.4
S&P 500			*0.6*	*15.9*	*30.0*	*16.0*	*16.9*	*16.6*	*18.4*	*31.5*	*-4.4*	*21.8*	*12.0*
Loomis Sayles Large Cap Growth	106,765,870	6.2	-2.1	11.4	20.9	19.8	--	--	32.3	32.1	-2.1	33.5	--
Russell 1000 Growth			*1.2*	*14.3*	*27.3*	*22.0*	--	--	*38.5*	*36.4*	*-1.5*	*30.2*	--
Boston Partners Large Cap Value	102,964,073	6.0	-1.7	19.2	41.6	9.1	--	--	2.0	23.8	-8.9	--	--
Russell 1000 Value			*-0.8*	*16.1*	*35.0*	*10.1*	--	--	*2.8*	*26.5*	*-8.3*	--	--
Atlanta Capital Mgmt	79,894,335	4.6	-1.9	11.4	34.4	11.4	15.1	16.6	10.5	34.1	-5.3	25.6	11.7
Russell 2500			*-2.7*	*13.8*	*45.0*	*12.5*	*14.3*	*15.3*	*20.0*	*27.8*	*-10.0*	*16.8*	*17.6*
Total International Equity	**322,216,572**	**18.6**	**-1.3**	**10.0**	**32.7**	**13.9**	**12.6**	**10.5**	**18.6**	**29.3**	**-12.8**	**25.8**	**1.6**
MSCI ACWI ex USA Gross			*-2.9*	*6.3*	*24.4*	*8.5*	*9.4*	*8.0*	*11.1*	*22.1*	*-13.8*	*27.8*	*5.0*
Dodge & Cox Intl Stock	158,257,228	9.2	-3.3	8.4	35.1	6.0	7.4	7.8	2.1	22.8	-18.0	23.9	8.3
MSCI ACWI ex USA Value Gross			*-2.1*	*9.7*	*32.2*	*4.4*	*7.1*	*6.1*	*-0.2*	*16.5*	*-13.4*	*23.3*	*9.6*
WCM International Growth	163,959,344	9.5	0.5	11.6	30.9	20.9	--	--	33.1	35.8	-7.4	--	--
MSCI ACWI ex USA Growth Gross			*-3.6*	*2.9*	*17.3*	*12.3*	--	--	*22.6*	*27.8*	*-14.1*	--	--
Total Private Equity	**120,736,242**	**7.0**											
Harbourvest Partners IX Buyout Fund L.P.	18,707,994	1.1											
Pathway Private Equity Fund Investors 9 L.P.	78,970,921	4.6											
Harbourvest 2018 Global Fund L.P.	16,840,945	1.0											
Pathway Private Equity Fund Investors 10 L.P.	6,216,382	0.4											

Global Fund L.P. funded 12/14/2018. Stone Harbor Local Markets terminated 3/22/2019. Ashmore EM Blended Debt funded 3/31/2019. Direct RE liquidatrf as of 12/19/2019. Pathway Private Equity Fund Investors 10 L.P. funded 3/25/2020. Sixth Street Partners TAO funded 4/16/2020. Brandywine has changed its strategy from Global Fixed Income to International Fixed Income as of 6/30/2020.

Total Fund
Performance Summary (Net of Fees)

Period Ending: September 30, 2021

	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Private Credit	**80,991,877**	**4.7**											
Sixth Street Partners DCP	80,991,877	4.7											
Total Real Estate	**202,520,213**	**11.7**	**6.0**	**10.3**	**11.9**	**5.7**	**6.5**	**8.7**	**1.1**	**4.3**	**7.5**	**7.8**	**6.8**
NCREIF Property Index			*5.2*	*10.9*	*12.2*	*6.7*	*6.8*	*9.0*	*1.6*	*6.4*	*6.7*	*7.0*	*8.0*
JP Morgan Core Real Estate	154,313,765	8.9	6.5	11.1	13.0	5.5	6.0	8.7	0.5	3.4	7.0	6.1	7.3
NCREIF-ODCE			*6.6*	*13.1*	*14.6*	*7.1*	*7.5*	*9.9*	*1.2*	*5.3*	*8.3*	*7.6*	*8.8*
NCREIF Property Index			*5.2*	*10.9*	*12.2*	*6.7*	*6.8*	*9.0*	*1.6*	*6.4*	*6.7*	*7.0*	*8.0*
ARA American Strategic Value Realty	48,206,448	2.8	4.3	7.6	8.2	6.8	7.6	--	3.8	7.3	9.1	7.4	--
NCREIF-ODCE			*6.6*	*13.1*	*14.6*	*7.1*	*7.5*	--	*1.2*	*5.3*	*8.3*	*7.6*	--
NCREIF Property Index			*5.2*	*10.9*	*12.2*	*6.7*	*6.8*	--	*1.6*	*6.4*	*6.7*	*7.0*	--
Total Risk Diversifying	**459,809,567**	**26.6**	**-1.0**	**-1.4**	**3.1**	**4.1**	**2.8**	**2.9**	**6.1**	**8.4**	**-2.2**	**7.5**	**4.1**
Custom Risk Diversifying Benchmark			*-0.3*	*-2.9*	*-2.3*	*4.9*	*2.7*	*2.9*	*7.5*	*8.7*	*0.0*	*3.5*	*2.6*
Total Domestic Fixed Income	**329,769,043**	**19.1**	**0.2**	**0.4**	**2.5**	**5.6**	**3.9**	**3.7**	**7.7**	**9.5**	**0.0**	**3.9**	**4.2**
Bloomberg US Aggregate TR			*0.1*	*-1.6*	*-0.9*	*5.4*	*2.9*	*3.0*	*7.5*	*8.7*	*0.0*	*3.5*	*2.6*
BlackRock Core Bond	88,644,596	5.1	0.0	-1.2	-0.1	6.2	--	--	9.1	9.9	0.1	--	--
Bloomberg US Aggregate TR			*0.1*	*-1.6*	*-0.9*	*5.4*	--	--	*7.5*	*8.7*	*0.0*	--	--
Dodge & Cox Income Fund	93,610,638	5.4	0.1	-0.5	2.0	6.2	--	--	9.4	9.7	-0.3	--	--
Bloomberg US Aggregate TR			*0.1*	*-1.6*	*-0.9*	*5.4*	--	--	*7.5*	*8.7*	*0.0*	--	--
Pacific Asset Corporate Loan	78,196,817	4.5	1.1	4.2	7.3	4.0	4.7	--	2.6	8.7	0.7	4.6	8.8
S&P/LSTA Leveraged Loan Index			*1.1*	*4.4*	*8.4*	*4.1*	*4.6*	--	*3.1*	*8.6*	*0.4*	*4.1*	*10.2*
SSGA U.S. Govt Bond Index	39,636,056	2.3	--	--	--	--	--	--	--	--	--	--	--
Bloomberg US Govt/Credit 1-3 Yr. TR			--	--	--	--	--	--	--	--	--	--	--
BlackRock TIPS	29,680,938	1.7	--	--	--	--	--	--	--	--	--	--	--
Bloomberg US TIPS TR			--	--	--	--	--	--	--	--	--	--	--

Stone Harbor Local Markets terminated 3/22/2019. Ashmore EM Blended Debt funded 3/31/2019. Direct RE liquidatrf as of 12/19/2019. Pathway Private Equity Fund Investors 10 L.P. funded 3/25/2020. Sixth Street Partners TAO funded 4/16/2020. Gresham liquidated as of 9/30/2020. PIMCO Short Duration funded 7/14/2021. SSGA U.S. Govt Bond Index funded 7/16/2021. BlackRock TIPS funded 9/1/2021.

Total Fund
Performance Summary (Net of Fees)

Period Ending: September 30, 2021

	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Global Fixed	**130,040,523**	**7.5**	**-3.7**	**-5.1**	**3.8**	**2.1**	**1.6**	**1.3**	**6.0**	**6.9**	**-4.7**	**13.3**	**4.1**
FTSE World Govt Bond Index			*-1.2*	*-5.9*	*-3.3*	*3.7*	*1.4*	*1.1*	*10.1*	*5.9*	*-0.8*	*7.5*	*1.6*
Brandywine Global Fixed Income	59,348,460	3.4	-2.7	-4.1	4.1	--	--	--	--	--	--	--	--
FTSE WGBI ex US TR			*-2.0*	*-7.9*	*-3.4*	--	--	--	--	--	--	--	--
Ashmore EM Blended Debt Fund	70,692,063	4.1	-4.6	-5.9	3.7	--	--	--	2.1	--	--	--	--
50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+			*-1.5*	*-2.8*	*3.8*	--	--	--	*3.9*	--	--	--	--
Total Liquidity	**118,752,790**	**6.9**	**0.0**	**0.3**	**0.6**	**1.5**	**3.0**	**1.7**	**1.5**	**2.1**	**1.6**	**8.4**	**1.6**
91 Day T-Bills			*0.0*	*0.0*	*0.0*	*1.0*	*1.1*	*0.6*	*0.5*	*2.1*	*1.9*	*0.9*	*0.3*
Total Cash	**118,752,790**	**6.9**	**0.0**	**0.3**	**0.6**	**1.5**	**3.0**	**1.7**	**1.5**	**2.1**	**1.6**	**8.4**	**1.6**
91 Day T-Bills			*0.0*	*0.0*	*0.0*	*1.0*	*1.1*	*0.6*	*0.5*	*2.1*	*1.9*	*0.9*	*0.3*
PIMCO Short Duration Fund	29,972,100	1.7	--	--	--	--	--	--	--	--	--	--	--
Bloomberg US Govt/Credit 1-3 Yr. TR			--	--	--	--	--	--	--	--	--	--	--
Cash Account	78,380,944	4.5	0.0	0.6	1.1	1.8	1.5	0.9	1.9	2.2	1.5	1.0	0.5
91 Day T-Bills			*0.0*	*0.0*	*0.0*	*1.0*	*1.1*	*0.6*	*0.5*	*2.1*	*1.9*	*0.9*	*0.3*
Investment Cash	10,399,746	0.6	0.0	--	--	--	--	--	--	--	--	--	--
91 Day T-Bills			*0.0*	--	--	--	--	--	--	--	--	--	--
Total Opportunistic	**28,090,978**	**1.6**											
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	4,929,402	0.3											
Sixth Street Partners TAO	23,161,576	1.3											

Stone Harbor Local Markets terminated 3/22/2019. Ashmore EM Blended Debt funded 3/31/2019. Direct RE liquidatrf as of 12/19/2019. Pathway Private Equity Fund Investors 10 L.P. funded 3/25/2020. Sixth Street Partners TAO funded 4/16/2020. Gresham liquidated as of 9/30/2020. PIMCO Short Duration funded 7/14/2021. BlackRock TIPS funded 9/1/2021.

3 Years

	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
PIMCO RAE US	9.33%	-6.67%	21.12%	-7.74%	1.07	6.69%	0.90	0.39	-1.00	84.91%	109.05%
Loomis Sayles Large Cap Growth	19.76%	-2.24%	18.27%	0.48%	0.88	5.19%	0.94	1.02	-0.43	83.35%	91.36%
Boston Partners Large Cap Value	9.06%	-1.01%	21.59%	-1.63%	1.06	2.93%	0.98	0.37	-0.35	102.95%	104.75%
Atlanta Capital Mgmt	11.36%	-1.10%	22.06%	0.77%	0.85	7.93%	0.90	0.46	-0.14	75.53%	86.03%
Dodge & Cox Intl Stock	5.98%	1.55%	23.22%	0.92%	1.14	4.78%	0.97	0.21	0.32	126.15%	108.77%
WCM International Growth	20.94%	8.64%	16.90%	8.91%	0.98	5.08%	0.91	1.18	1.70	118.00%	80.11%
BlackRock Core Bond	6.21%	0.85%	4.48%	0.06%	1.15	1.96%	0.82	1.15	0.44	122.78%	127.06%
Dodge & Cox Income Fund	6.23%	0.87%	3.88%	1.58%	0.87	2.41%	0.63	1.34	0.36	107.77%	89.63%
Pacific Asset Corporate Loan	4.00%	-0.15%	6.53%	0.96%	0.73	2.57%	0.97	0.45	-0.06	80.05%	75.26%
JP Morgan Core Real Estate	5.47%	-1.59%	2.59%	2.98%	0.35	3.66%	0.42	1.67	-0.43	30.70%	109.22%
ARA American Strategic Value Realty	6.81%	-0.24%	3.53%	8.03%	-0.17	6.58%	0.06	1.64	-0.04	--	--

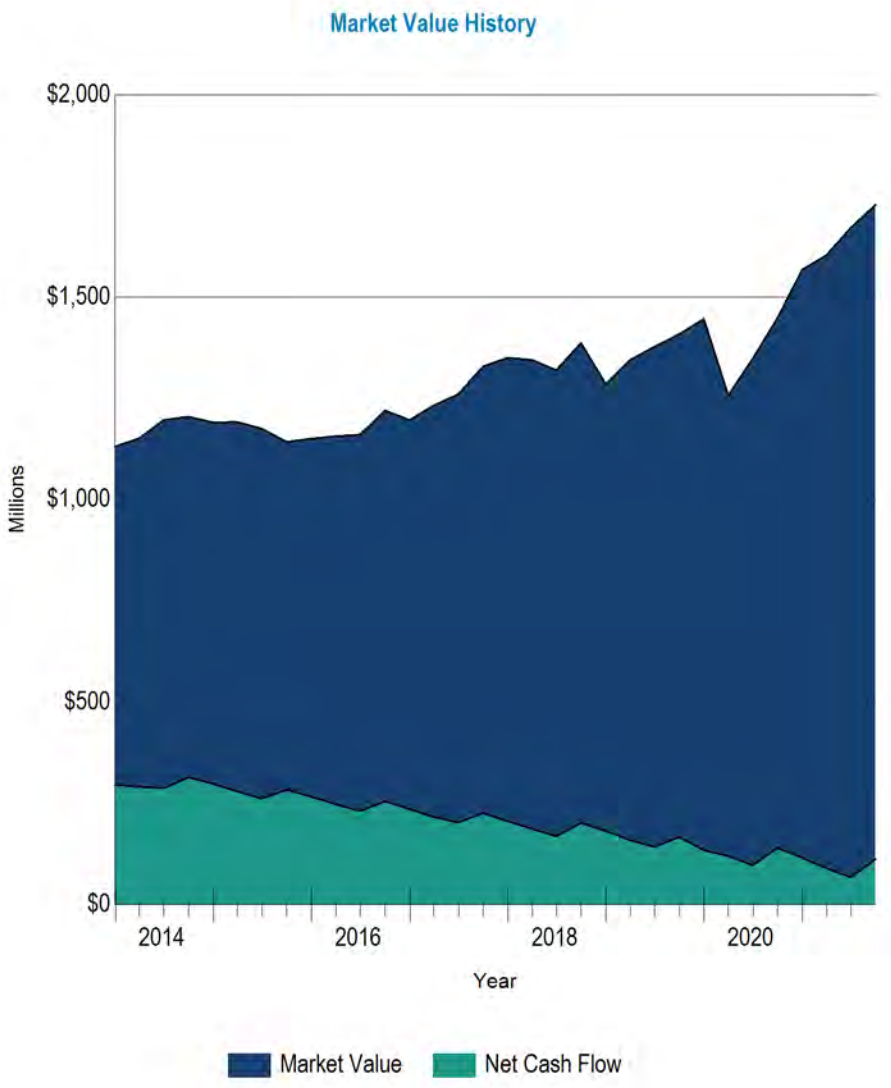
5 Years

	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
PIMCO RAE US	11.63%	-5.26%	16.99%	-6.27%	1.06	5.48%	0.90	0.62	-0.96	81.56%	107.86%
Atlanta Capital Mgmt	15.05%	0.80%	17.91%	2.97%	0.85	6.85%	0.88	0.78	0.12	82.15%	85.78%
Dodge & Cox Intl Stock	7.38%	0.32%	19.10%	-0.66%	1.14	4.31%	0.96	0.33	0.08	120.59%	108.10%
Pacific Asset Corporate Loan	4.69%	0.10%	5.09%	1.31%	0.74	2.00%	0.97	0.70	0.05	86.79%	75.40%
JP Morgan Core Real Estate	5.97%	-1.53%	2.06%	3.76%	0.29	3.40%	0.37	2.35	-0.45	29.82%	109.22%

Vintage	Manager & Fund Name	Estimated 9/30 Market Value[3]	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value as of IRR date	Distrib./ Paid-In (DPI)[1]	Tot. Value/ Paid-In (TVPI)[2]	Net IRR Since Inception[5]	IRR Date
2011	HarbourVest Partners IX-Buyout Fund L.P.	$18,707,994	$20,000,000	$17,050,000	85%	$2,950,000	$18,197,970	$18,707,994	*106.7%*	*216.5%*	*20.4%*	*6/30/21*
2018	HarbourVest Partners 2018 Global Fund L.P.	$16,840,945	$20,000,000	$11,600,000	58%	$8,400,000	$1,022,070	$16,840,945	*8.8%*	*154.0%*	*36.6%*	*6/30/21*
2010	KKR Mezzanine Partners I L.P. [4]	$4,929,402	$20,000,000	$26,893,560	134%	-$6,893,560	$26,702,877	$4,817,716	*99.3%*	*117.6%*	*6.7%*	*6/30/21*
2016	Sixth Street Partners DCP	$80,991,877	$132,500,000	$84,911,116	64%	$47,588,884	$27,900,000	$81,567,564	*32.9%*	*128.2%*	*11.2%*	*6/30/21*
2017	Pathway Private Equity Fund Investors 9 L.P.	$78,970,921	$65,000,000	$51,191,286	79%	$13,808,714	$9,284,419	$57,153,982	*18.1%*	*172.4%*	*29.8%*	*3/31/21*
2020	Pathway Private Equity Fund Investors 10 L.P.	$6,216,382	$20,000,000	$5,346,581	27%	$14,653,419	$0	-	*0.0%*	*116.3%*	-	-
2020	Sixth Street Partners TAO	$23,161,576	$60,000,000	$22,291,100	37%	$37,708,900	$4,132,476	$24,984,663	*18.5%*	*122.4%*	*11.0%*	*6/30/21*
	Total Alternative Illiquids	**$229,819,097**	$337,500,000	$219,283,644	65%	$118,216,356	$87,239,811	$204,072,864	*93.1%*	*132.8%*		
	% of Portfolio (Market Value)	***13.7%***										

	Management Fee	Admin Fee	Interest Expense	Other Expense	Total Expense[6]
HarbourVest Partners IX-Buyout Fund L.P.	$49,819	$0	$0	$6,498	$56,317
HarbourVest Partners 2018 Global Fund L.P.	$46,695	$0	$0	$16,716	$63,411
KKR Mezzanine Partners I L.P.	$7,935	$0	$0	$7,022	$14,957
Sixth Street Partners DCP	$0	$0	$0	$72,759	$72,759
Pathway Private Equity Fund Investors 9 L.P.	$0	$0	$0	$0	$0
Pathway Private Equity Fund Investors 10 L.P.	$0	$0	$0	$0	$0
Sixth Street Partners TAO	$127,442	$0	-$12,765	$37,275	$151,952
	$231,891	$0	-$12,765	$140,270	**$359,396**

[1](DPI) is equal to (capital returned / capital called)
[2](TVPI) is equal to (market value + capital returned) / capital called
[3]Last known market value + capital calls - distributions
[4]Investment period ended, capital called includes recycled capital. Liquidated as of June 2020.
[5]Net IRR is calculated on the cash flows of the underlying investments of the fund and is net of the underlying fund fees and carried interest
[6]All fees and expenses are for 2Q 2021.


Market Value History
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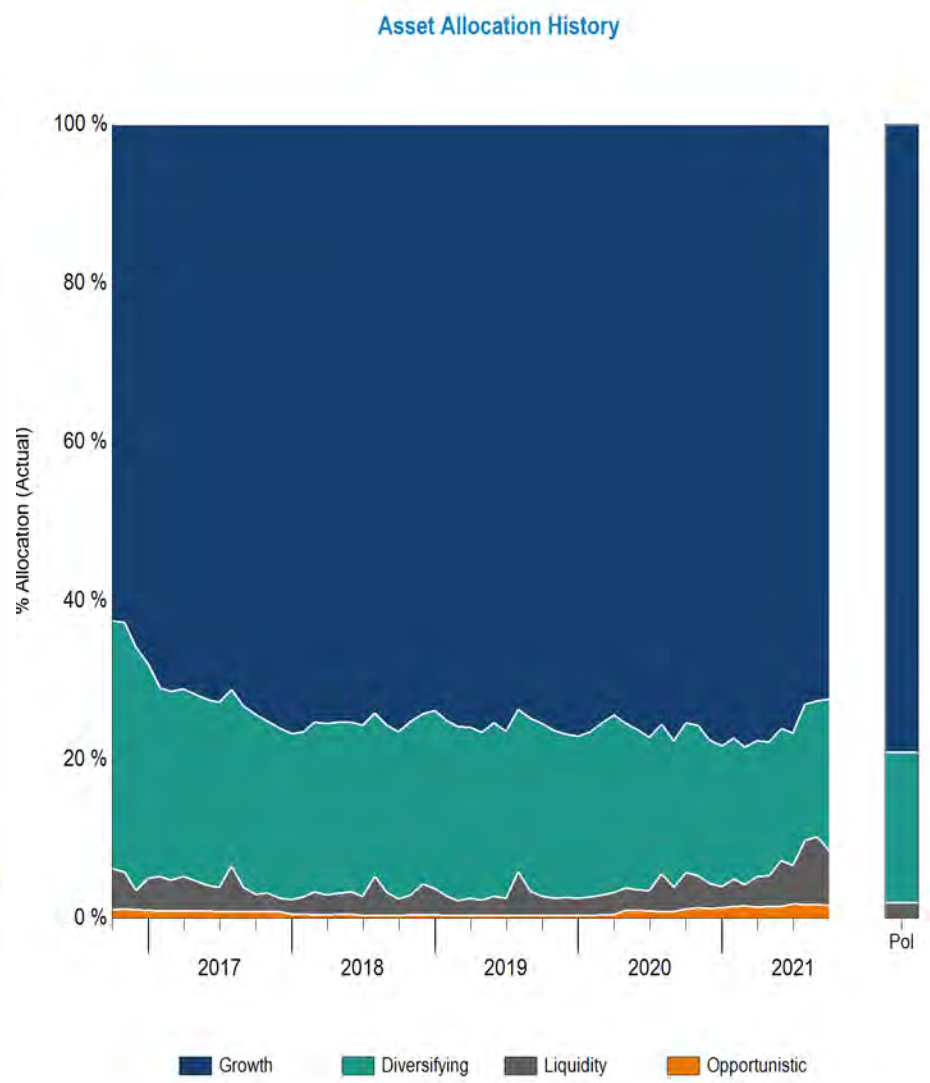
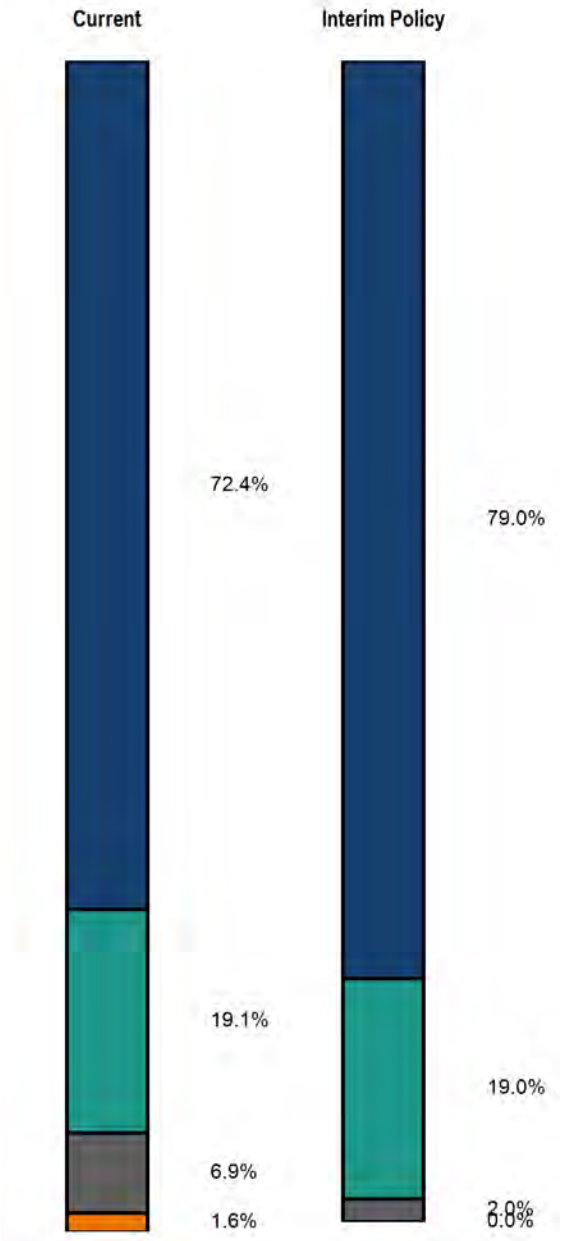
$1,000
$500
$0
Millions
2014
2016
2018
2020
Year
Market Value
Net Cash Flow


Asset Allocation History
100 %
80 %
60 %
40 %
20 %
0 %
% Allocation (Actual)
2017
2018
2019
2020
2021
Pol
Growth
Diversifying
Liquidity
Opportunistic

Total Fund
Asset Allocation vs. Interim Policy

Period Ending: September 30, 2021



	Current Balance	Current Allocation	Interim Policy	Difference	Interim Policy Range	Within IPS Range?
Growth	$1,251,545,617	72.4%	79.0%	-$113,699,542	0.0% - 100.0%	Yes
Diversifying	$329,769,043	19.1%	19.0%	$1,418,942	10.0% - 30.0%	Yes
Liquidity	$118,752,790	6.9%	2.0%	$84,189,621	0.0% - 5.0%	No
Opportunistic	$28,090,978	1.6%	0.0%	$28,090,978	0.0% - 10.0%	Yes
Total	**$1,728,158,429**	**100.0%**	**100.0%**			

Investment Fund Fee Analysis

Period Ending: September 30, 2021

Account	Fee Schedule	Market Value As of 9/30/2021	% of Portfolio	Estimated Annual Fee ($)	Estimated Annual Fee (%)
ARA American Strategic Value Realty	1.25% of First 10.0 Mil, 1.20% of Next 15.0 Mil, 1.10% of Next 25.0 Mil, 1.00% Thereafter	$48,206,448	2.8%	$560,271	1.16%
Ashmore EM Blended Debt Fund	1.00% of Assets	$70,692,063	4.1%	$706,921	1.00%
Atlanta Capital Mgmt	0.80% of First 50.0 Mil, 0.70% of Next 100.0 Mil, 0.60% Thereafter	$79,894,335	4.6%	$609,260	0.76%
BlackRock Core Bond	0.28% of First 100.0 Mil, 0.26% Thereafter	$88,644,596	5.1%	$248,205	0.28%
BlackRock TIPS	0.02% of First 100.0 Mil, 0.02% of Next 400.0 Mil, 0.01% Thereafter	$29,680,938	1.7%	$6,678	0.02%
Boston Partners Large Cap Value	0.40% of Assets	$102,964,073	6.0%	$411,856	0.40%
Brandywine Global Fixed Income	0.45% of First 50.0 Mil, 0.40% of Next 50.0 Mil, 0.35% Thereafter	$59,348,460	3.4%	$262,394	0.44%
Cash Account	No Fee	$78,380,944	4.5%	--	--
Dodge & Cox Income Fund	0.42% of Assets	$93,610,638	5.4%	$393,165	0.42%
Dodge & Cox Intl Stock	0.64% of Assets	$158,257,228	9.2%	$1,012,846	0.64%
Harbourvest 2018 Global Fund L.P.	282,000 Annually	$16,840,945	1.0%	$282,000	1.67%
Harbourvest Partners IX Buyout Fund L.P.	200,000 Annually	$18,707,994	1.1%	$200,000	1.07%
Investment Cash	No Fee	$10,399,746	0.6%	--	--
JP Morgan Core Real Estate	0.92% of First 100.0 Mil, 0.80% of Next 150.0 Mil, 0.70% of Next 250.0 Mil, 0.50% Thereafter	$154,313,765	8.9%	$1,354,510	0.88%

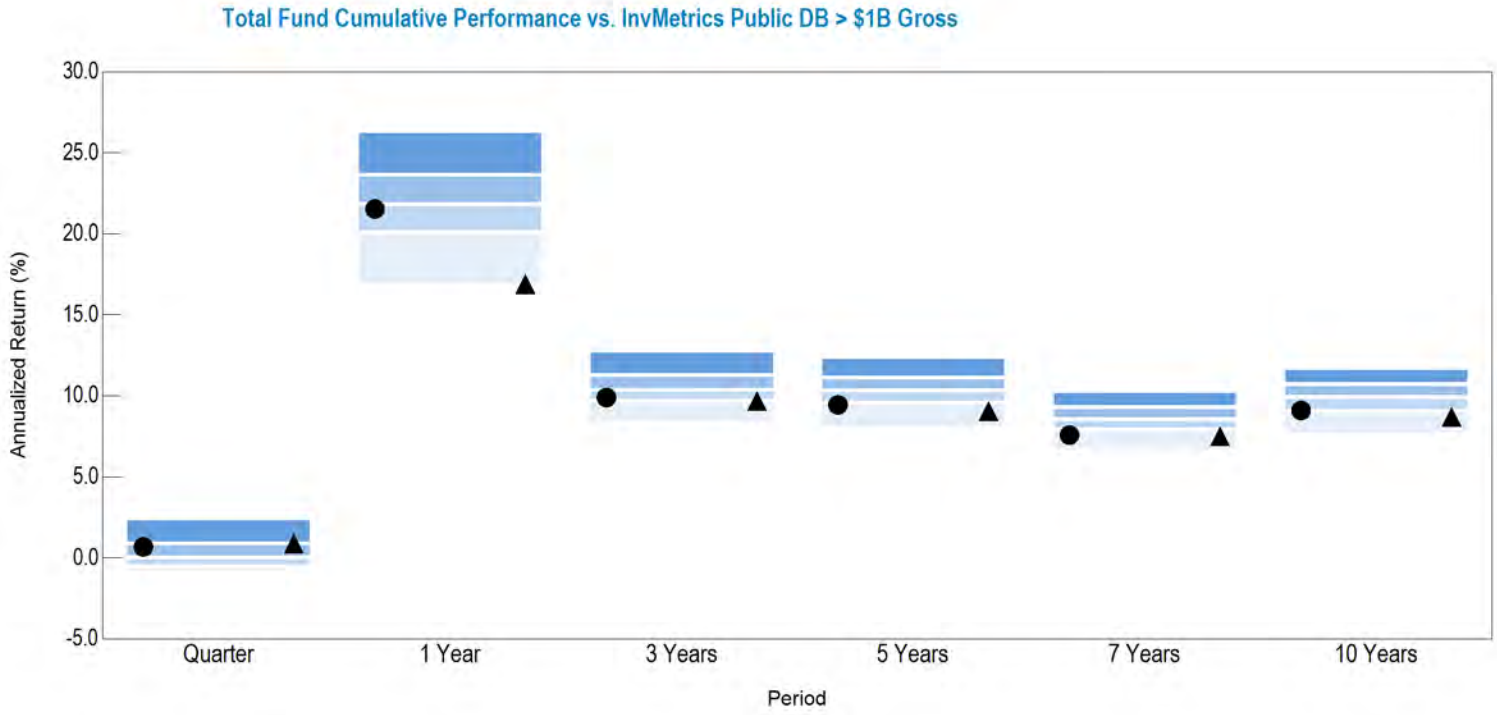
HarbourVest, KKR and PIMCO Distressed Credit fees are estimated gross management fees only and do not include incentive allocations or offsetting cash flows received by the fund. Pathway fee steps up and down over time, with an effective average of 0.71% up to $25m, 0.67% up to $50m, 0.63% up to $75m, and 0.40% above $75m.
Clifton Group fee schedule represents contractual minimum fee. Actual fee charged is $1,500 per month through at least 6/30/2015.
TPG: No management fee at SMA level. Subject to the annual fees of each of the underlying TSSP funds. (1) TAO 65bps on unfunded commitments and 1.35% on remaining capital contributions (long-term designation) (2) TSLE 1.5% on commitments, 1.25% on remaining capital contributions post commitment period (3) TICP 30bps on remaining capital contributions (4) TCS 1.0% on unfunded commitments, 1.5% on remaining capital contributions.

Investment Fund Fee Analysis

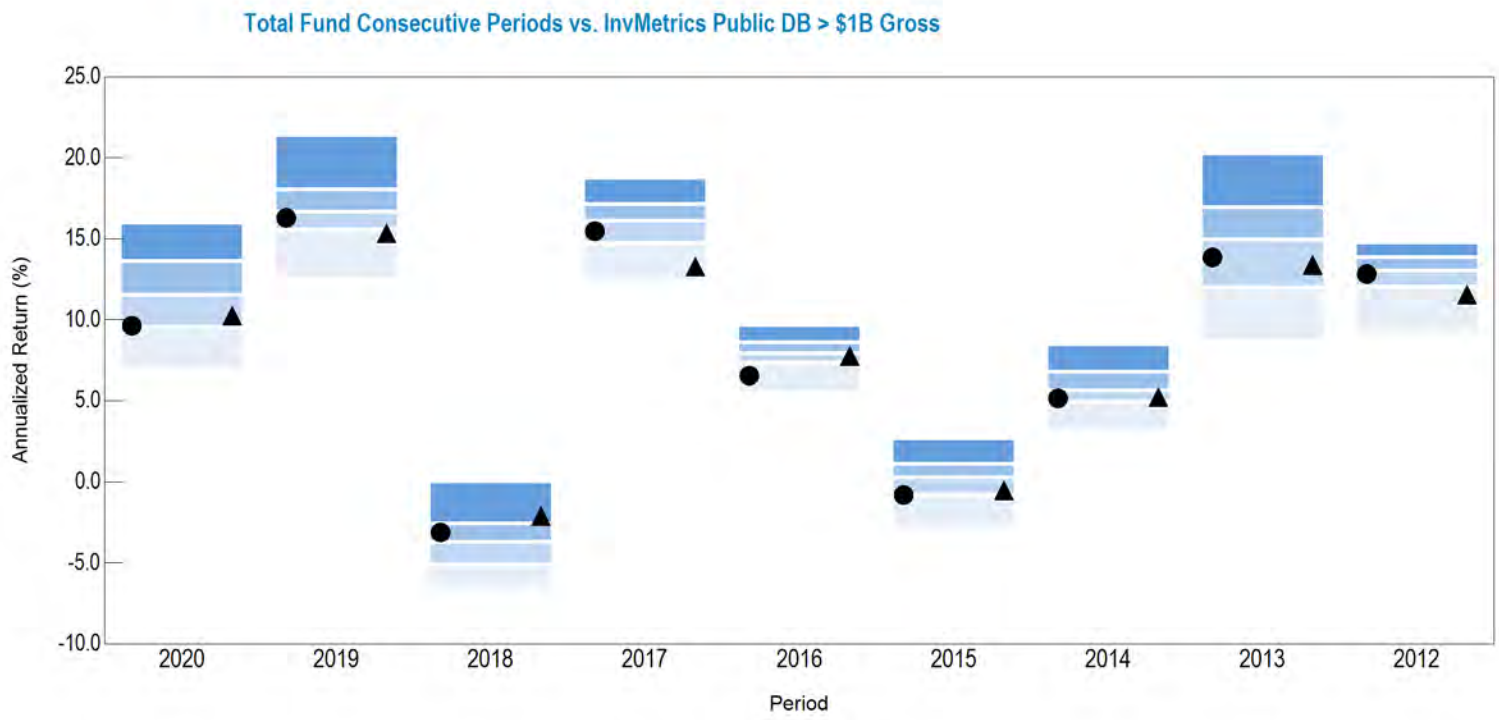
Period Ending: September 30, 2021

Account	Fee Schedule	Market Value As of 9/30/2021	% of Portfolio	Estimated Annual Fee ($)	Estimated Annual Fee (%)
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	300,000 Annually	$4,929,402	0.3%	$300,000	6.09%
Loomis Sayles Large Cap Growth	0.45% of First 100.0 Mil, 0.40% Thereafter	$106,765,870	6.2%	$477,063	0.45%
Pacific Asset Corporate Loan	0.37% of Assets	$78,196,817	4.5%	$289,328	0.37%
Pathway Private Equity Fund Investors 10 L.P.	Please see footnote	$6,216,382	0.4%	--	--
Pathway Private Equity Fund Investors 9 L.P.	Please see footnote	$78,970,921	4.6%	--	--
PIMCO RAE US	0.40% of Assets	$105,415,912	6.1%	$421,664	0.40%
PIMCO Short Duration Fund	0.50% of Assets	$29,972,100	1.7%	$149,861	0.50%
Sixth Street Partners DCP	Please see footnote	$80,991,877	4.7%	--	--
Sixth Street Partners TAO	Please see footnote	$23,161,576	1.3%	--	--
SSGA U.S. Govt Bond Index	No Fee	$39,636,056	2.3%	--	--
WCM International Growth	0.70% of Assets	$163,959,344	9.5%	$1,147,715	0.70%
Investment Management Fee		**$1,728,158,429**	**100.0%**	**$8,833,737**	**0.51%**

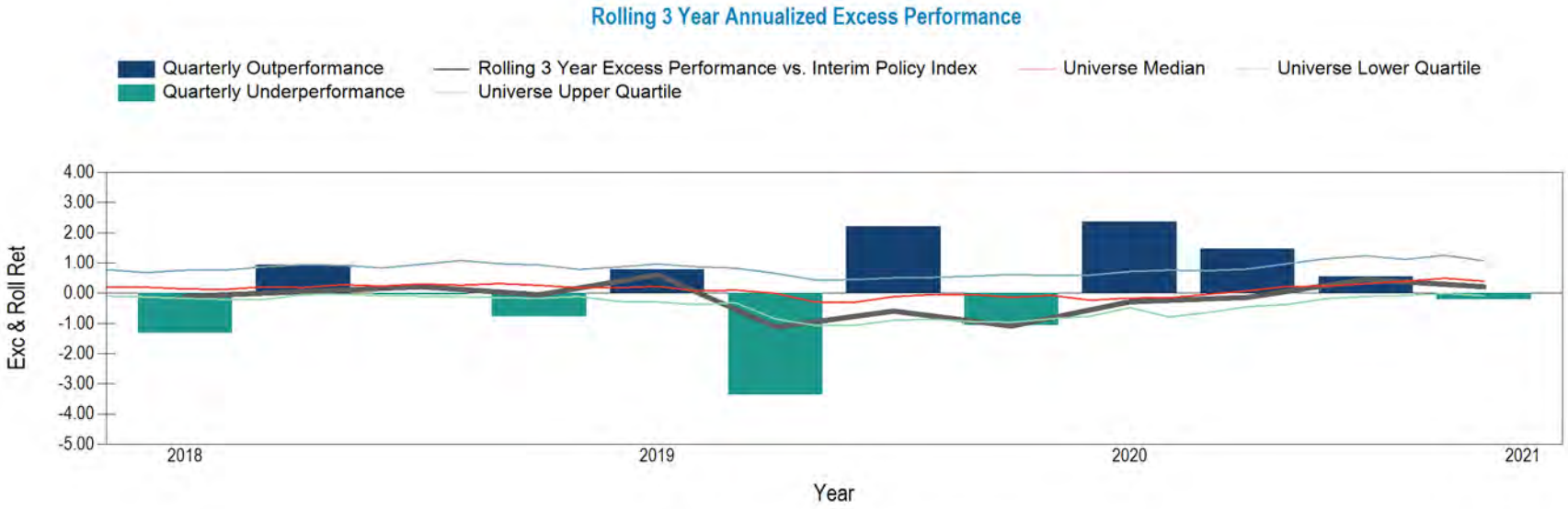
HarbourVest, KKR and PIMCO Distressed Credit fees are estimated gross management fees only and do not include incentive allocations or offsetting cash flows received by the fund. Pathway fee steps up and down over time, with an effective average of 0.71% up to $25m, 0.67% up to $50m, 0.63% up to $75m, and 0.40% above $75m.
Clifton Group fee schedule represents contractual minimum fee. Actual fee charged is $1,500 per month through at least 6/30/2015.
TPG: No management fee at SMA level. Subject to the annual fees of each of the underlying TSSP funds. (1) TAO 65bps on unfunded commitments and 1.35% on remaining capital contributions (long-term designation) (2) TSLE 1.5% on commitments, 1.25% on remaining capital contributions post commitment period (3) TICP 30bps on remaining capital contributions (4) TCS 1.0% on unfunded commitments, 1.5% on remaining capital contributions.

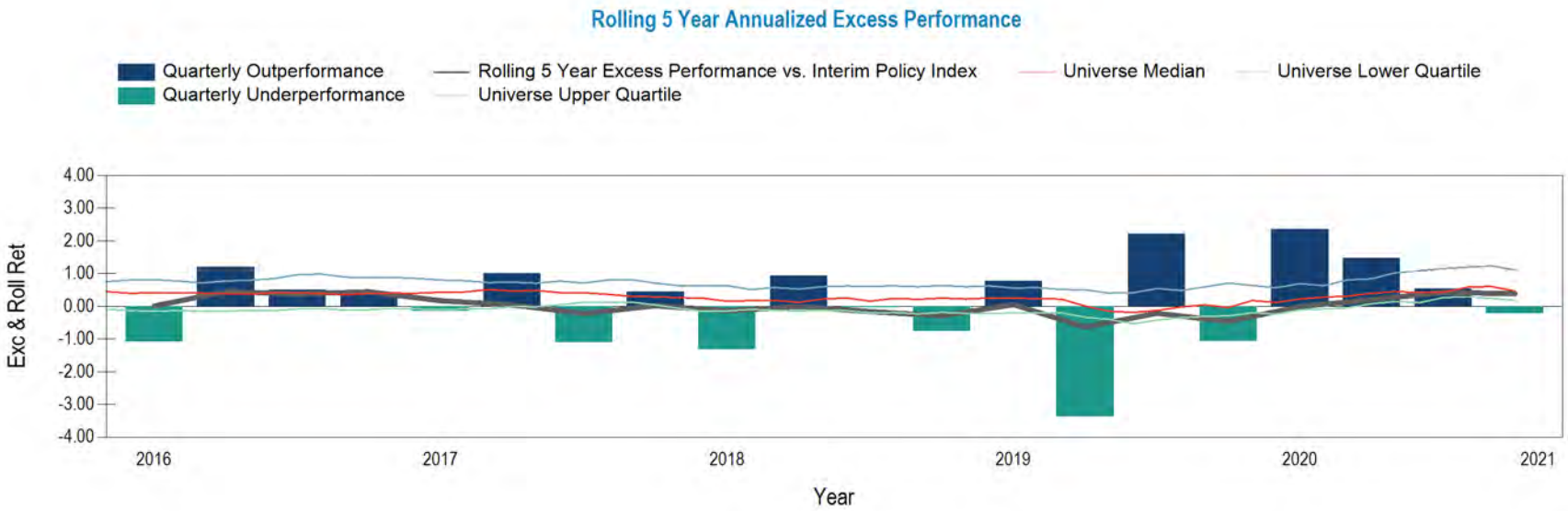


	Return (Rank)											
5th Percentile	2.4		26.3		12.8		12.4		10.3		11.7	
25th Percentile	0.9		23.6		11.3		11.1		9.3		10.7	
Median	0.0		21.9		10.4		10.4		8.6		10.0	
75th Percentile	-0.5		20.1		9.7		9.6		8.0		9.1	
95th Percentile	-0.8		16.8		8.4		8.0		6.6		7.7	
# of Portfolios	65		65		65		65		65		61	
● Total Fund	0.7	(33)	21.5	(58)	9.9	(66)	9.4	(80)	7.6	(88)	9.1	(76)
▲ Interim Policy Index	0.9	(26)	16.9	(95)	9.7	(79)	9.1	(90)	7.5	(91)	8.7	(87)



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


Rolling 3 Year Annualized Excess Performance
Quarterly Outperformance
Quarterly Underperformance
Rolling 3 Year Excess Performance vs. Interim Policy Index
Universe Upper Quartile
Universe Median
Universe Lower Quartile
Exc & Roll Ret
4.00
3.00
2.00
1.00
0.00
-1.00
-2.00
-3.00
-4.00
-5.00
2018
2019
2020
2021
Year


Rolling 5 Year Annualized Excess Performance
Quarterly Outperformance
Quarterly Underperformance
Rolling 5 Year Excess Performance vs. Interim Policy Index
Universe Upper Quartile
Universe Median
Universe Lower Quartile
Exc & Roll Ret
4.00
3.00
2.00
1.00
0.00
-1.00
-2.00
-3.00
-4.00
2016
2017
2018
2019
2020
2021
Year

Total Domestic Equity
Asset Class Overview (Gross of Fees)

Period Ending: September 30, 2021

	Market Value	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Domestic Equity	**395,040,190**	**-2.0**	**15.1**	**33.1**	**13.5**	**15.9**	**15.7**	**13.7**	**29.4**	**-5.2**	**25.1**	**13.0**
Russell 3000		*-0.1*	*15.0*	*31.9*	*16.0*	*16.9*	*16.6*	*20.9*	*31.0*	*-5.2*	*21.1*	*12.7*
InvMetrics Public DB US Eq Gross Rank		*99*	*60*	*62*	*88*	*53*	*67*	*91*	*66*	*36*	*4*	*48*
PIMCO RAE US	105,415,912	-2.5	17.4	37.6	9.8	12.1	14.3	4.4	25.5	-6.6	17.0	15.9
S&P 500		*0.6*	*15.9*	*30.0*	*16.0*	*16.9*	*16.6*	*18.4*	*31.5*	*-4.4*	*21.8*	*12.0*
eV US Large Cap Core Equity Gross Rank		*99*	*30*	*8*	*96*	*93*	*88*	*96*	*83*	*72*	*89*	*6*
Loomis Sayles Large Cap Growth	106,765,870	-2.0	11.6	21.4	20.3	--	--	32.8	32.7	-1.7	34.1	--
Russell 1000 Growth		*1.2*	*14.3*	*27.3*	*22.0*	--	--	*38.5*	*36.4*	*-1.5*	*30.2*	--
eV US Large Cap Growth Equity Gross Rank		*97*	*84*	*95*	*58*	--	--	*61*	*68*	*58*	*16*	--
Boston Partners Large Cap Value	102,964,073	-1.6	19.6	42.2	9.5	--	--	2.4	24.3	-8.5	--	--
Russell 1000 Value		*-0.8*	*16.1*	*35.0*	*10.1*	--	--	*2.8*	*26.5*	*-8.3*	--	--
eV US Large Cap Value Equity Gross Rank		*82*	*29*	*24*	*74*	--	--	*64*	*77*	*54*	--	--
Atlanta Capital Mgmt	79,894,335	-1.8	12.1	35.4	12.2	16.0	17.5	11.4	35.1	-4.5	26.6	12.6
Russell 2500		*-2.7*	*13.8*	*45.0*	*12.5*	*14.3*	*15.3*	*20.0*	*27.8*	*-10.0*	*16.8*	*17.6*
eV US Small-Mid Cap Equity Gross Rank		*67*	*77*	*84*	*56*	*43*	*24*	*62*	*14*	*25*	*15*	*62*

U.S. Effective Style Map
3 Years Ending September 30, 2021

U.S. Effective Style Map
5 Years Ending September 30, 2021

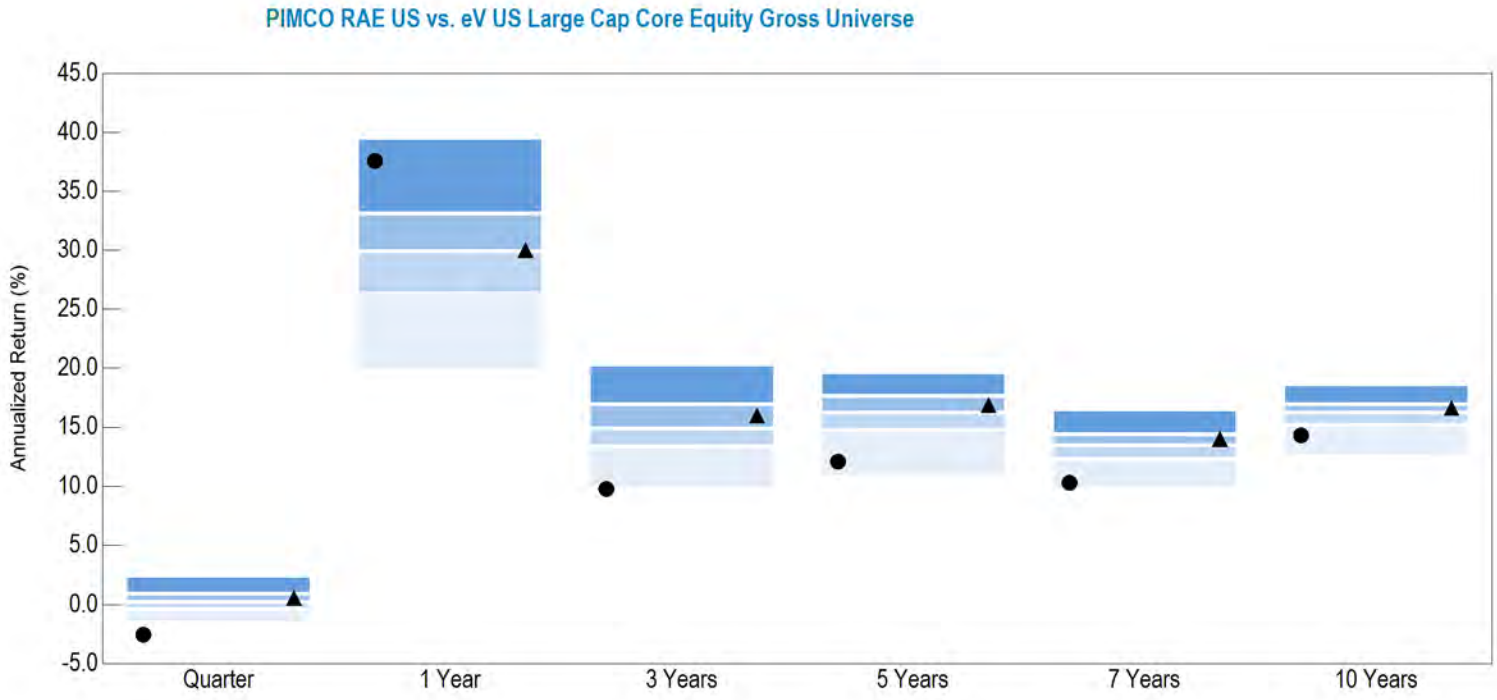
Total Domestic Equity
Asset Class Overview (Net of Fees)

Period Ending: September 30, 2021

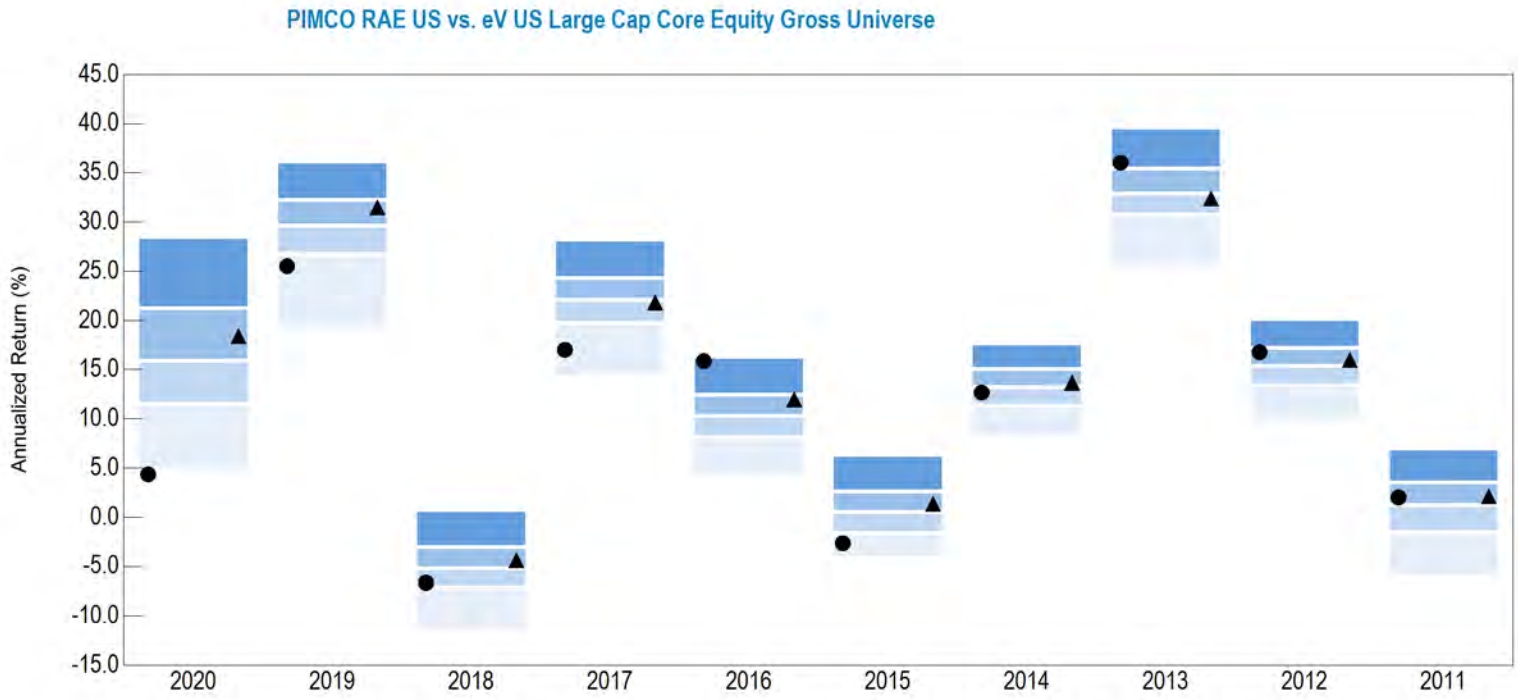
	Market Value	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Domestic Equity	**395,040,190**	**-2.1**	**14.7**	**32.5**	**12.9**	**15.3**	**15.2**	**13.1**	**28.7**	**-5.7**	**24.5**	**12.7**
Russell 3000		*-0.1*	*15.0*	*31.9*	*16.0*	*16.9*	*16.6*	*20.9*	*31.0*	*-5.2*	*21.1*	*12.7*
PIMCO RAE US	105,415,912	-2.6	17.1	37.0	9.3	11.6	13.9	3.9	25.0	-7.0	16.5	15.4
S&P 500		*0.6*	*15.9*	*30.0*	*16.0*	*16.9*	*16.6*	*18.4*	*31.5*	*-4.4*	*21.8*	*12.0*
Loomis Sayles Large Cap Growth	106,765,870	-2.1	11.4	20.9	19.8	--	--	32.3	32.1	-2.1	33.5	--
Russell 1000 Growth		*1.2*	*14.3*	*27.3*	*22.0*	--	--	*38.5*	*36.4*	*-1.5*	*30.2*	--
Boston Partners Large Cap Value	102,964,073	-1.7	19.2	41.6	9.1	--	--	2.0	23.8	-8.9	--	--
Russell 1000 Value		*-0.8*	*16.1*	*35.0*	*10.1*	--	--	*2.8*	*26.5*	*-8.3*	--	--
Atlanta Capital Mgmt	79,894,335	-1.9	11.4	34.4	11.4	15.1	16.6	10.5	34.1	-5.3	25.6	11.7
Russell 2500		*-2.7*	*13.8*	*45.0*	*12.5*	*14.3*	*15.3*	*20.0*	*27.8*	*-10.0*	*16.8*	*17.6*

Correlation Matrix
Last 1 Year

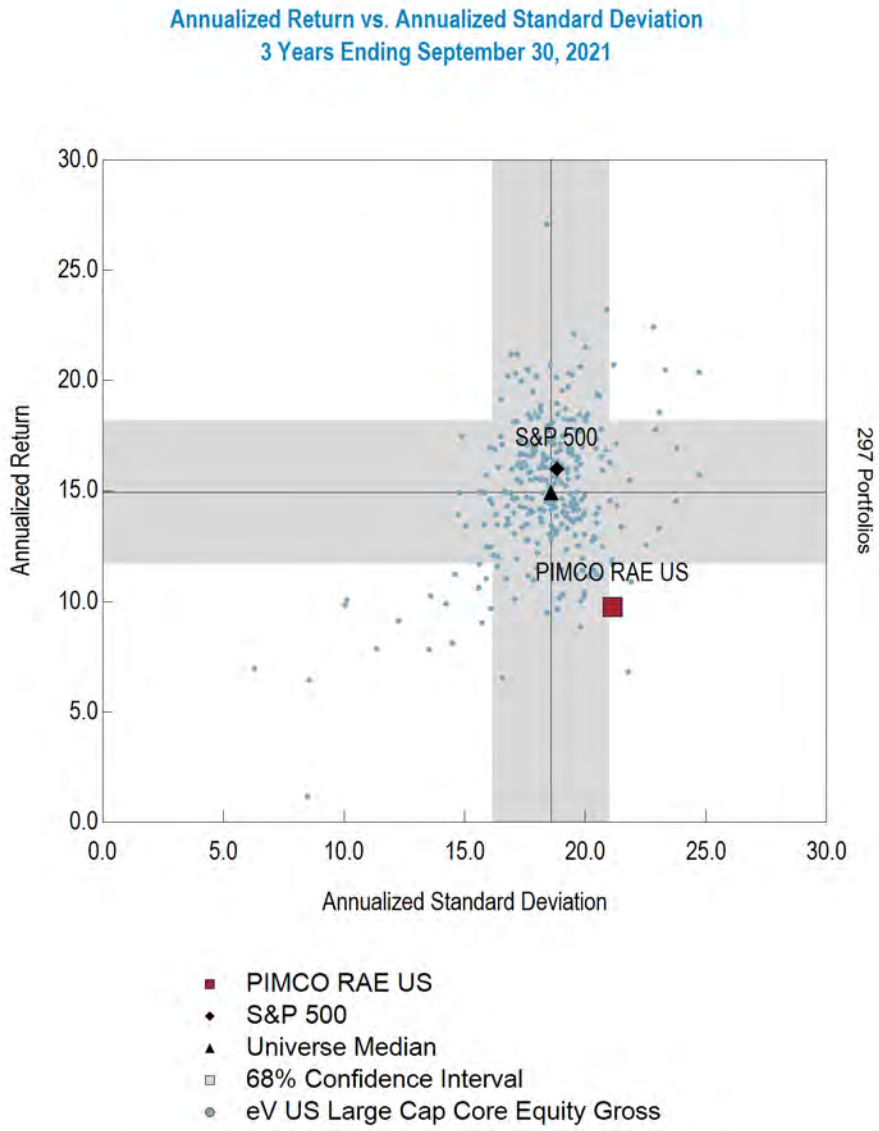
	Total Domestic Equity	PIMCO RAE US	Loomis Sayles Large Cap Growth	Boston Partners Large Cap Value	Atlanta Capital Mgmt	Russell 3000
Total Domestic Equity	1.00	--	--	--	--	--
PIMCO RAE US	0.97	1.00	--	--	--	--
Loomis Sayles Large Cap Growth	0.70	0.53	1.00	--	--	--
Boston Partners Large Cap Value	0.97	1.00	0.50	1.00	--	--
Atlanta Capital Mgmt	0.96	0.90	0.62	0.92	1.00	--
Russell 3000	0.95	0.84	0.83	0.84	0.96	1.00

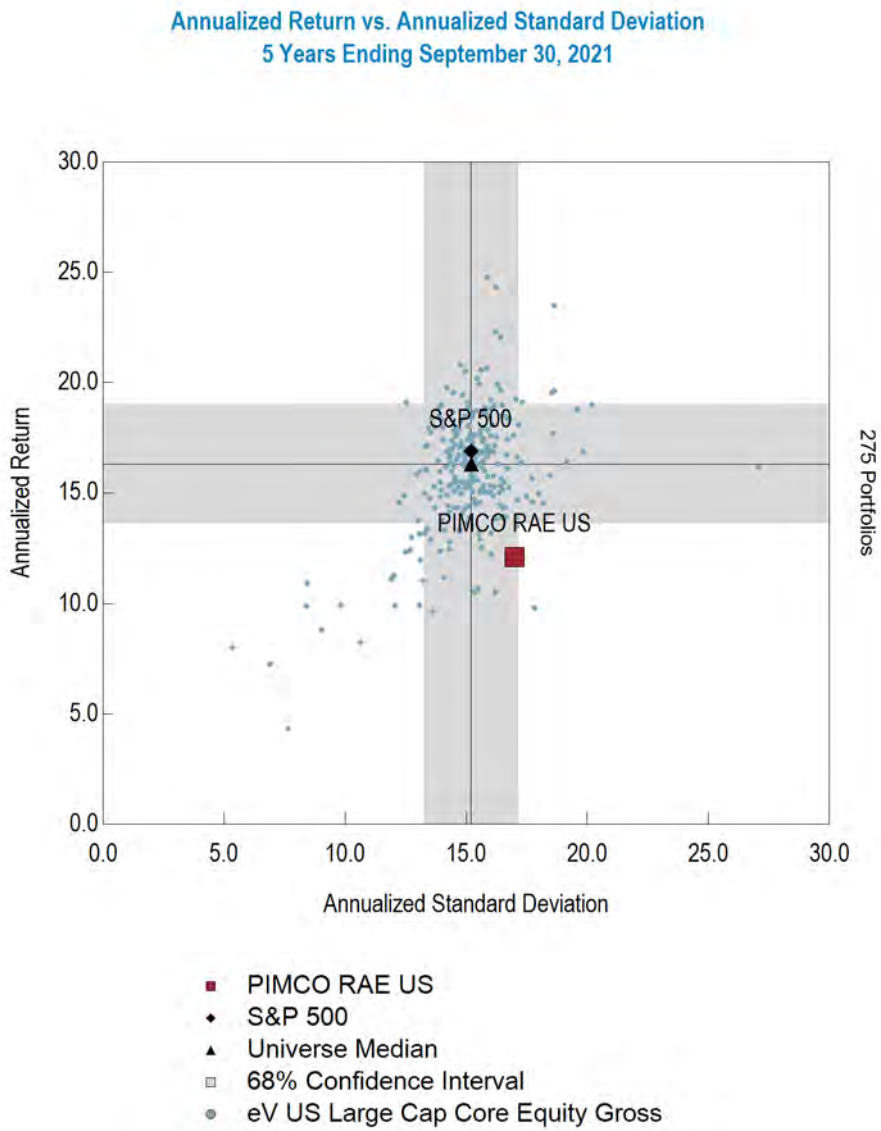


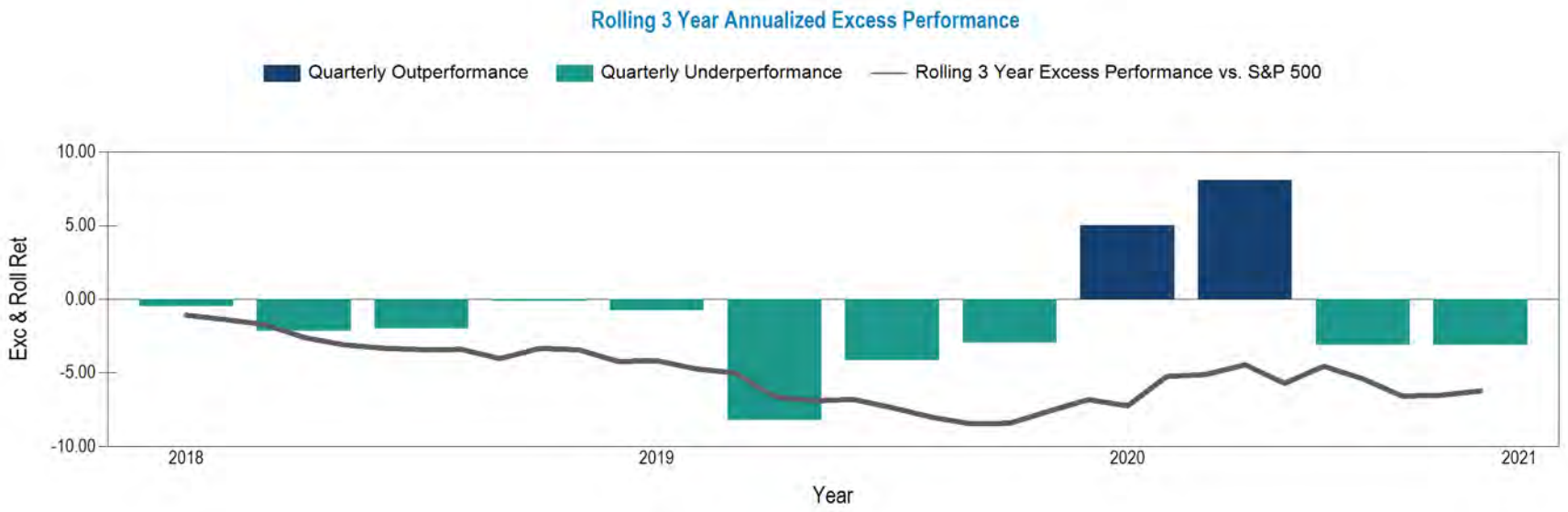
	Return (Rank)											
5th Percentile	2.4		39.5		20.3		19.6		16.5		18.6	
25th Percentile	1.0		33.2		17.0		17.7		14.4		17.0	
Median	0.3		29.9		14.9		16.3		13.5		16.3	
75th Percentile	-0.3		26.4		13.4		14.8		12.3		15.2	
95th Percentile	-1.5		19.8		9.8		10.8		9.8		12.6	
# of Portfolios	307		307		297		275		257		222	
● PIMCO RAE US	-2.5	(99)	37.6	(8)	9.8	(96)	12.1	(93)	10.3	(94)	14.3	(88)
▲ S&P 500	0.6	(37)	30.0	(50)	16.0	(40)	16.9	(38)	14.0	(35)	16.6	(37)

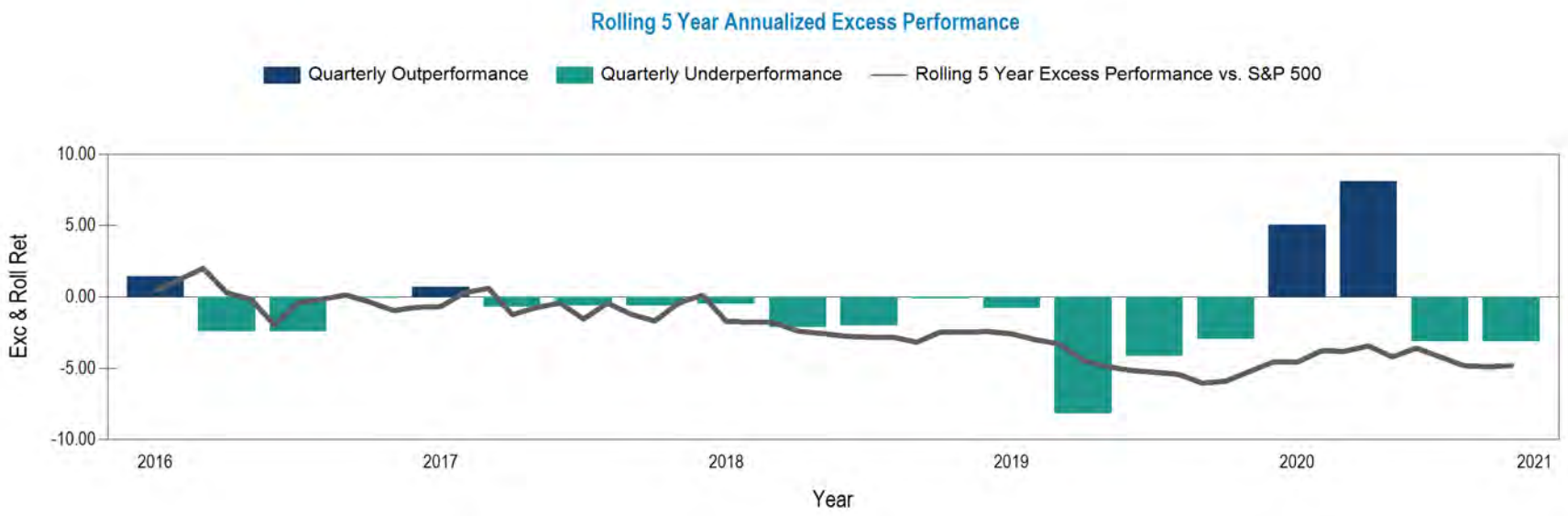


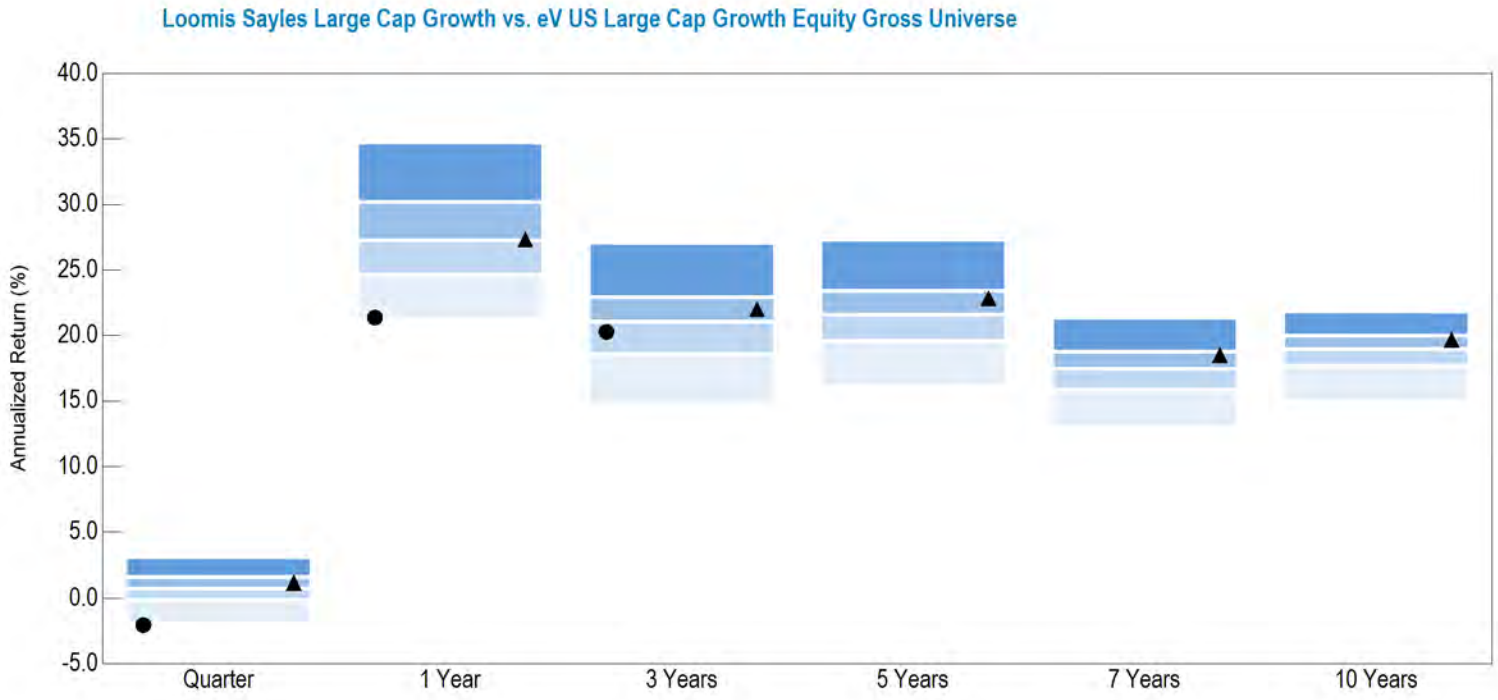
	Return (Rank)									
5th Percentile	28.5	36.1	0.7	28.2	16.3	6.3	17.7	39.6	20.1	7.0
25th Percentile	21.3	32.3	-3.0	24.3	12.5	2.7	15.1	35.5	17.2	3.6
Median	15.9	29.7	-5.1	22.1	10.4	0.6	13.3	32.9	15.4	1.3
75th Percentile	11.6	26.8	-7.1	19.8	8.2	-1.6	11.4	30.8	13.4	-1.5
95th Percentile	4.8	19.2	-11.4	14.4	4.3	-4.1	8.2	25.4	9.8	-5.9
# of Portfolios	323	318	316	318	308	267	267	261	254	259
● PIMCO RAE US	4.4 (96)	25.5 (83)	-6.6 (72)	17.0 (89)	15.9 (6)	-2.7 (86)	12.7 (58)	36.0 (22)	16.8 (29)	2.0 (41)
▲ S&P 500	18.4 (41)	31.5 (33)	-4.4 (40)	21.8 (53)	12.0 (31)	1.4 (42)	13.7 (42)	32.4 (58)	16.0 (41)	2.1 (40)


Annualized Return vs. Annualized Standard Deviation
3 Years Ending September 30, 2021
Annualized Return
Annualized Standard Deviation
S&P 500
PIMCO RAE US
297 Portfolios
30.0
25.0
20.0
15.0
10.0
5.0
0.0
PIMCO RAE US
S&P 500
Universe Median
68% Confidence Interval
eV US Large Cap Core Equity Gross

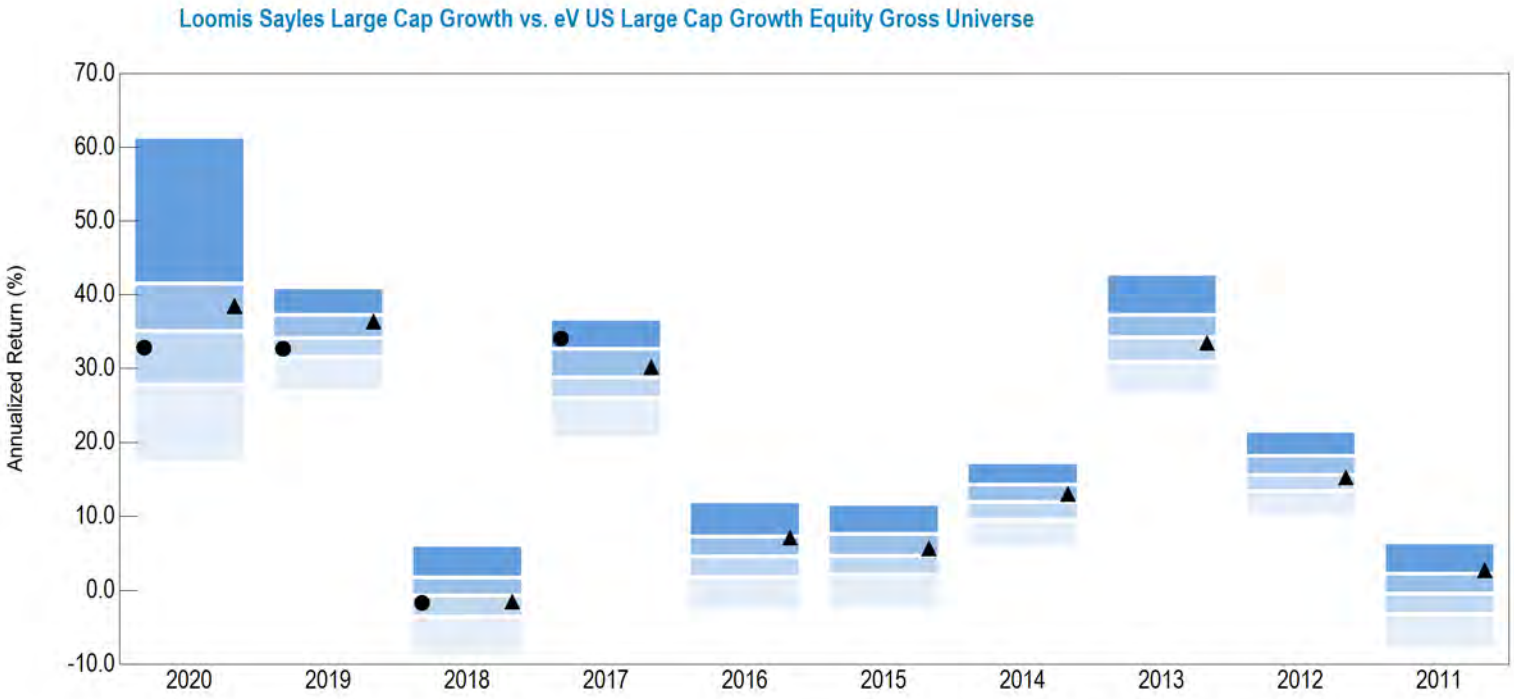

Annualized Return vs. Annualized Standard Deviation
5 Years Ending September 30, 2021
Annualized Return
Annualized Standard Deviation
S&P 500
PIMCO RAE US
275 Portfolios
30.0
25.0
20.0
15.0
10.0
5.0
0.0
PIMCO RAE US
S&P 500
Universe Median
68% Confidence Interval
eV US Large Cap Core Equity Gross


Rolling 3 Year Annualized Excess Performance
Quarterly Outperformance
Quarterly Underperformance
Rolling 3 Year Excess Performance vs. S&P 500
10.00
5.00
0.00
-5.00
-10.00
Exc & Roll Ret
2018
2019
2020
2021
Year

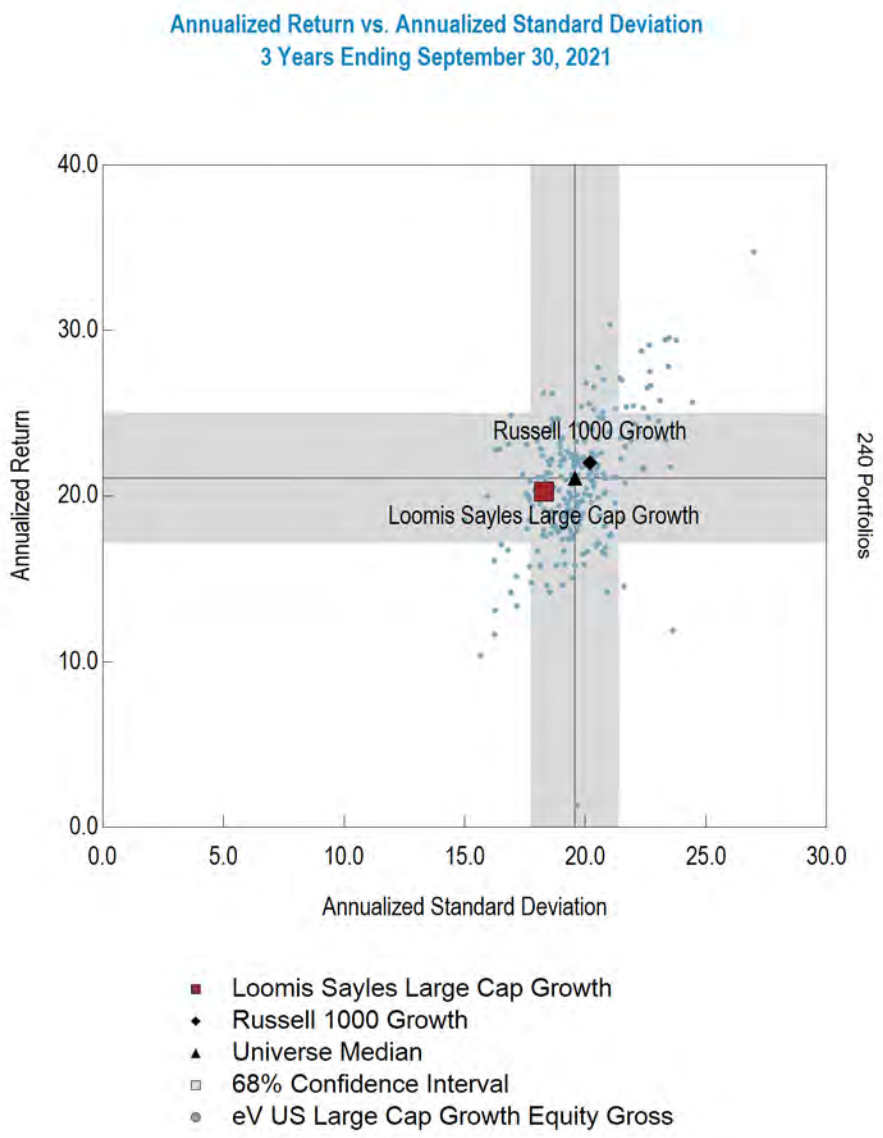

Rolling 5 Year Annualized Excess Performance
Quarterly Outperformance
Quarterly Underperformance
Rolling 5 Year Excess Performance vs. S&P 500
10.00
5.00
0.00
-5.00
-10.00
Exc & Roll Ret
2016
2017
2018
2019
2020
2021
Year

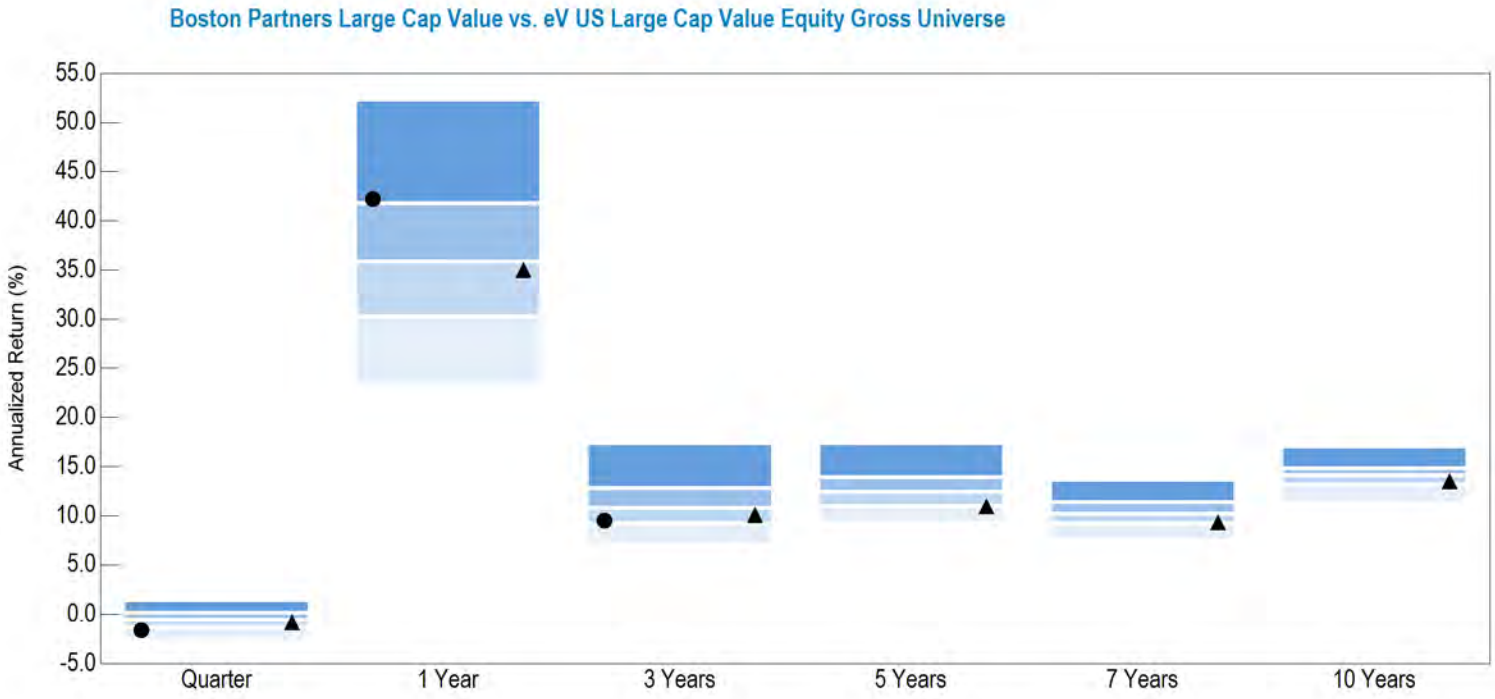


	Return (Rank)											
5th Percentile	3.1		34.7		27.1		27.3		21.3		21.8	
25th Percentile	1.6		30.2		23.0		23.4		18.8		20.0	
Median	0.7		27.3		21.1		21.6		17.5		19.0	
75th Percentile	-0.1		24.7		18.6		19.6		15.9		17.7	
95th Percentile	-1.9		21.3		14.7		16.2		13.0		15.0	
# of Portfolios	246		246		240		223		214		197	
● Loomis Sayles Large Cap Growth	-2.0	(97)	21.4	(95)	20.3	(58)	--	(--)	--	(--)	--	(--)
▲ Russell 1000 Growth	1.2	(38)	27.3	(50)	22.0	(39)	22.8	(35)	18.5	(34)	19.7	(35)

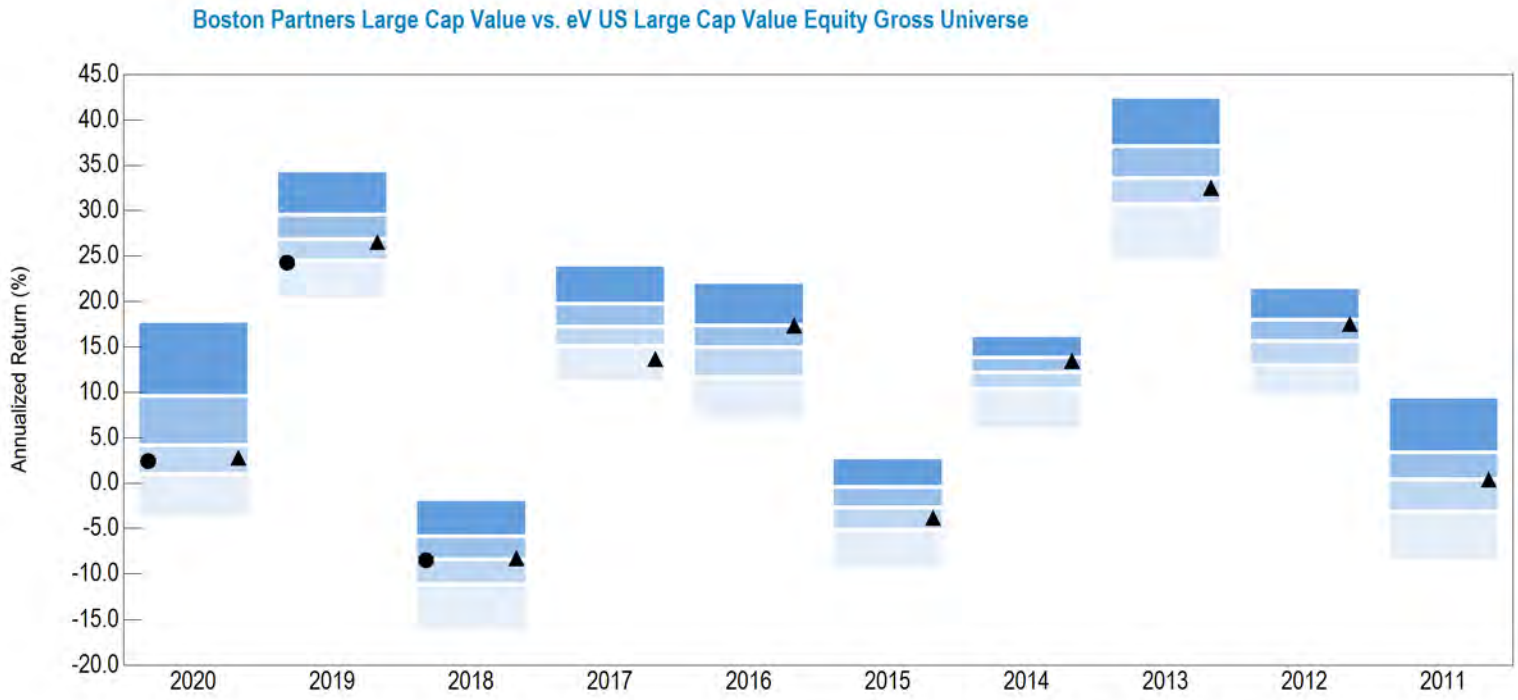


	Return (Rank)									
5th Percentile	61.4	41.0	6.1	36.7	12.0	11.6	17.3	42.8	21.6	6.4
25th Percentile	41.6	37.3	1.7	32.7	7.3	7.6	14.3	37.3	18.2	2.2
Median	35.2	34.2	-0.6	28.8	4.6	4.7	12.0	34.3	15.7	-0.3
75th Percentile	27.9	31.7	-3.5	26.2	1.8	2.1	9.5	31.0	13.4	-3.2
95th Percentile	17.4	26.9	-8.8	20.5	-2.7	-2.4	5.8	26.6	10.2	-8.0
# of Portfolios	263	253	255	265	282	270	291	274	274	294
● Loomis Sayles Large Cap Growth	32.8 (61)	32.7 (68)	-1.7 (58)	34.1 (16)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
▲ Russell 1000 Growth	38.5 (34)	36.4 (32)	-1.5 (57)	30.2 (42)	7.1 (26)	5.7 (42)	13.0 (38)	33.5 (56)	15.3 (55)	2.6 (22)

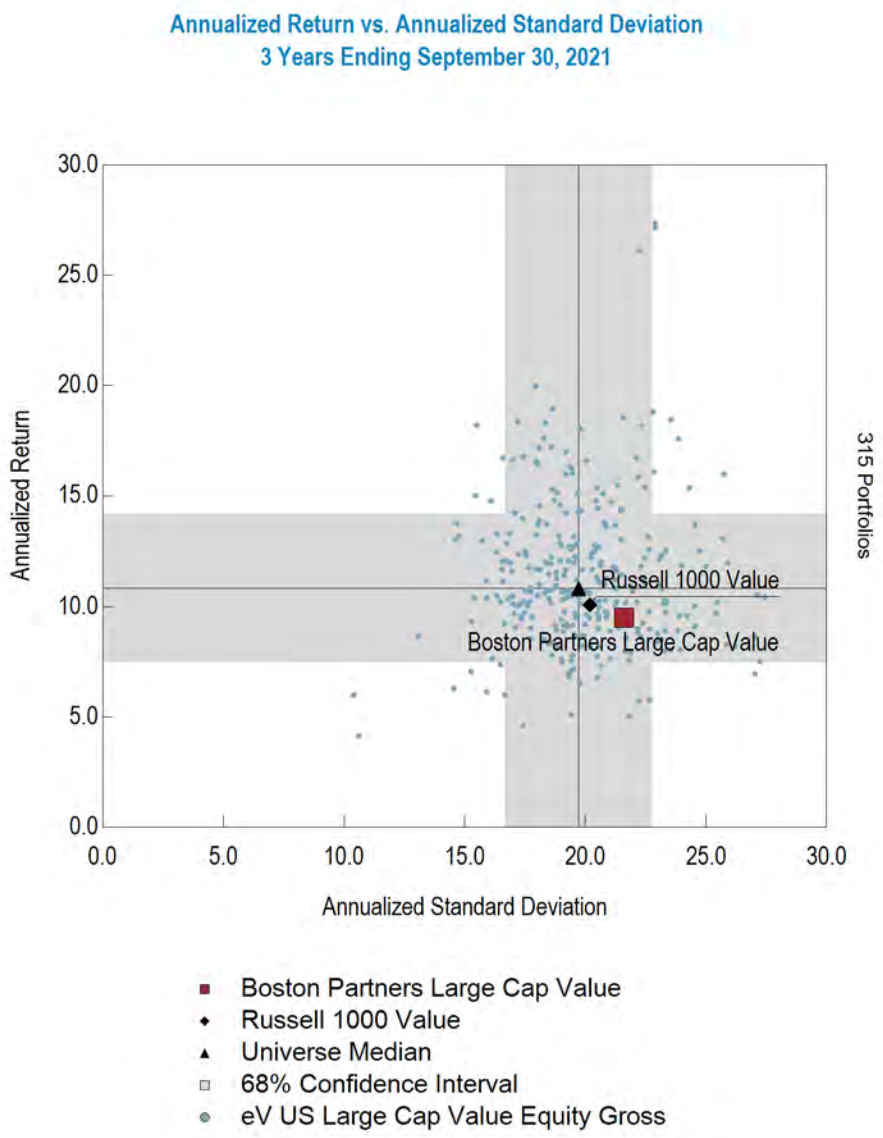

Annualized Return vs. Annualized Standard Deviation
3 Years Ending September 30, 2021
40.0
30.0
20.0
10.0
0.0
Annualized Return
Russell 1000 Growth
Loomis Sayles Large Cap Growth
240 Portfolios
0.0
5.0
10.0
15.0
20.0
25.0
30.0
Annualized Standard Deviation
Loomis Sayles Large Cap Growth
Russell 1000 Growth
Universe Median
68% Confidence Interval
eV US Large Cap Growth Equity Gross



	Return (Rank)											
5th Percentile	1.5		52.3		17.3		17.3		13.6		17.0	
25th Percentile	0.2		41.8		12.8		14.0		11.4		14.9	
Median	-0.5		35.9		10.8		12.5		10.2		14.1	
75th Percentile	-1.2		30.3		9.3		11.0		9.3		13.2	
95th Percentile	-2.6		23.4		7.1		9.4		7.5		11.4	
# of Portfolios	323		323		315		298		285		257	
● Boston Partners Large Cap Value	-1.6	(82)	42.2	(24)	9.5	(74)	--	(--)	--	(--)	--	(--)
▲ Russell 1000 Value	-0.8	(63)	35.0	(54)	10.1	(65)	10.9	(77)	9.3	(74)	13.5	(71)



	Return (Rank)									
5th Percentile	17.8	34.4	-1.8	24.0	22.1	2.8	16.3	42.5	21.5	9.5
25th Percentile	9.6	29.6	-5.8	19.8	17.4	-0.4	13.9	37.2	18.0	3.4
Median	4.2	26.9	-8.3	17.2	15.0	-2.6	12.2	33.6	15.7	0.5
75th Percentile	1.1	24.5	-11.1	15.1	11.8	-5.1	10.4	30.8	13.0	-3.1
95th Percentile	-3.8	20.3	-16.1	11.2	7.0	-9.4	5.9	24.6	9.6	-8.6
# of Portfolios	326	331	336	342	346	312	307	310	303	310
● Boston Partners Large Cap Value	2.4 (64)	24.3 (77)	-8.5 (54)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
▲ Russell 1000 Value	2.8 (62)	26.5 (54)	-8.3 (50)	13.7 (87)	17.3 (26)	-3.8 (64)	13.5 (33)	32.5 (60)	17.5 (30)	0.4 (51)


Annualized Return vs. Annualized Standard Deviation
3 Years Ending September 30, 2021
Annualized Return
Annualized Standard Deviation
315 Portfolios
Russell 1000 Value
Boston Partners Large Cap Value
30.0
25.0
20.0
15.0
10.0
5.0
0.0
0.0
5.0
10.0
15.0
20.0
25.0
30.0
Boston Partners Large Cap Value
Russell 1000 Value
Universe Median
68% Confidence Interval
eV US Large Cap Value Equity Gross

Characteristics

	Portfolio	Russell 2500
Number of Holdings	57	2,530
Weighted Avg. Market Cap. ($B)	10.99	7.36
Median Market Cap. ($B)	10.23	1.75
Price To Earnings	25.31	18.83
Price To Book	3.84	3.00
Price To Sales	2.51	2.09
Return on Equity (%)	24.63	6.48
Yield (%)	0.65	1.17
Beta	0.84	1.00

Sector Allocation (%) vs Russell 2500

*Unclassified includes Cash

Top Holdings
Ending Period Weight

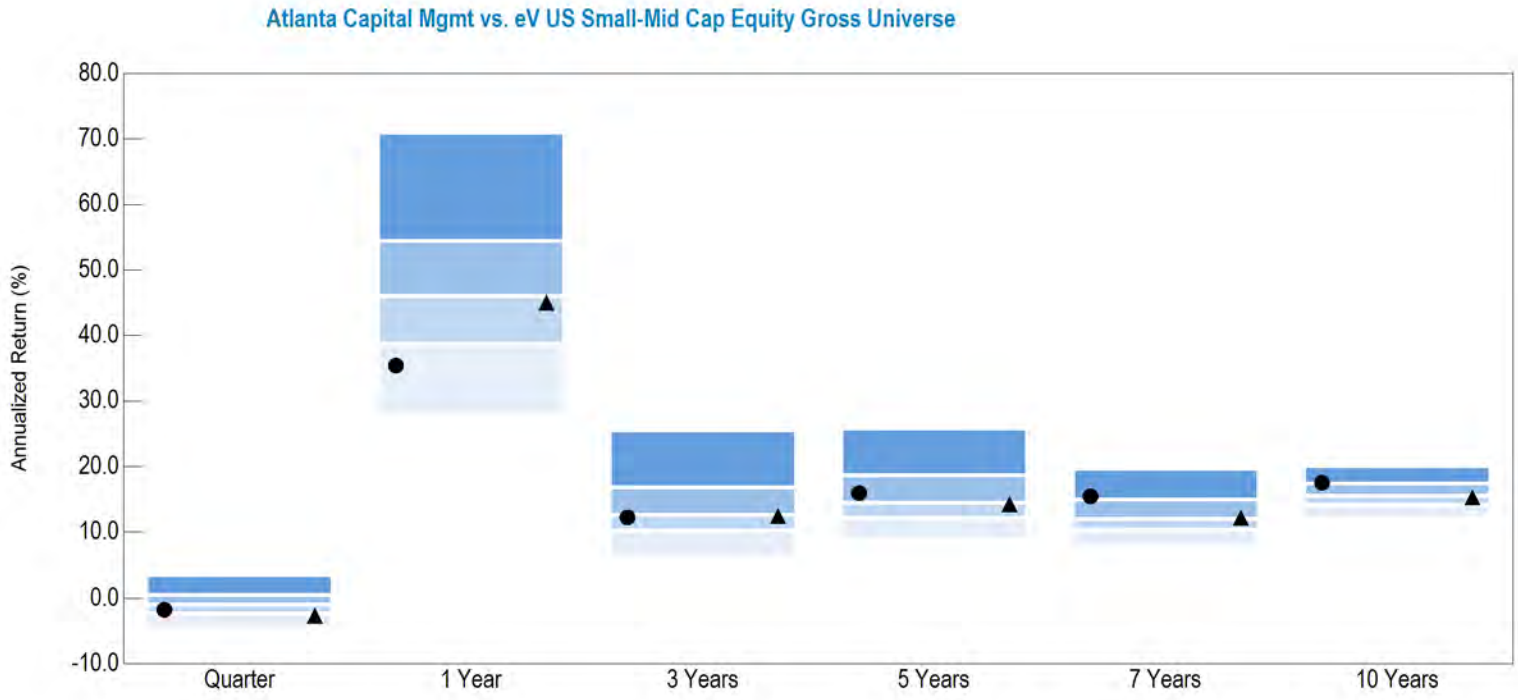
CASH - USD	5.21%
BERKLEY (W.R.) CORP	4.56%
CARLISLE COS INC	4.17%
J.B. HUNT TRANSPORT SERVICES INC.	3.40%
ENVISTA HOLDINGS CORP	3.09%
ARAMARK	3.05%
WEX INC	2.82%
TERMINIX GLOBAL HOLDINGS INC	2.68%
GARTNER INC	2.67%
SEI INVESTMENTS CO	2.56%
Total	**34.20%**

Top Contributors

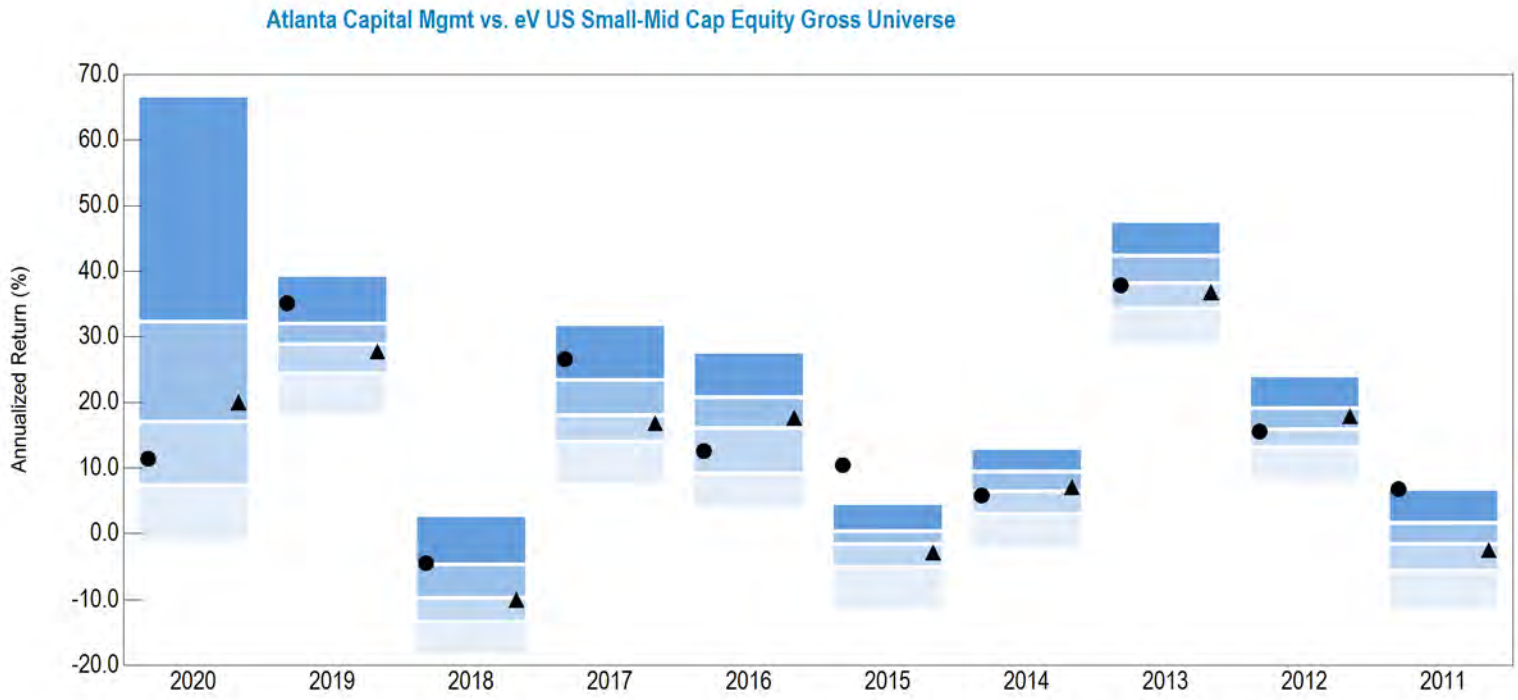
	Avg Wgt	Return	Contribution
GARTNER INC	2.09	25.47	0.53
JONES LANG LASALLE INC	1.86	26.93	0.50
CARLISLE COS INC	3.94	4.14	0.16
FACTSET RESEARCH SYSTEMS INC.	0.83	17.88	0.15
UMPQUA HOLDINGS CORP	1.35	10.95	0.15
NORDSON CORP	1.52	8.73	0.13
BIO-TECHNE CORP	1.65	7.69	0.13
CHOICE HOTELS INTERNATIONAL INC.	1.93	6.50	0.13
MANHATTAN ASSOCIATES INC	1.88	5.65	0.11
BROWN & BROWN INC	2.19	4.52	0.10

Bottom Contributors

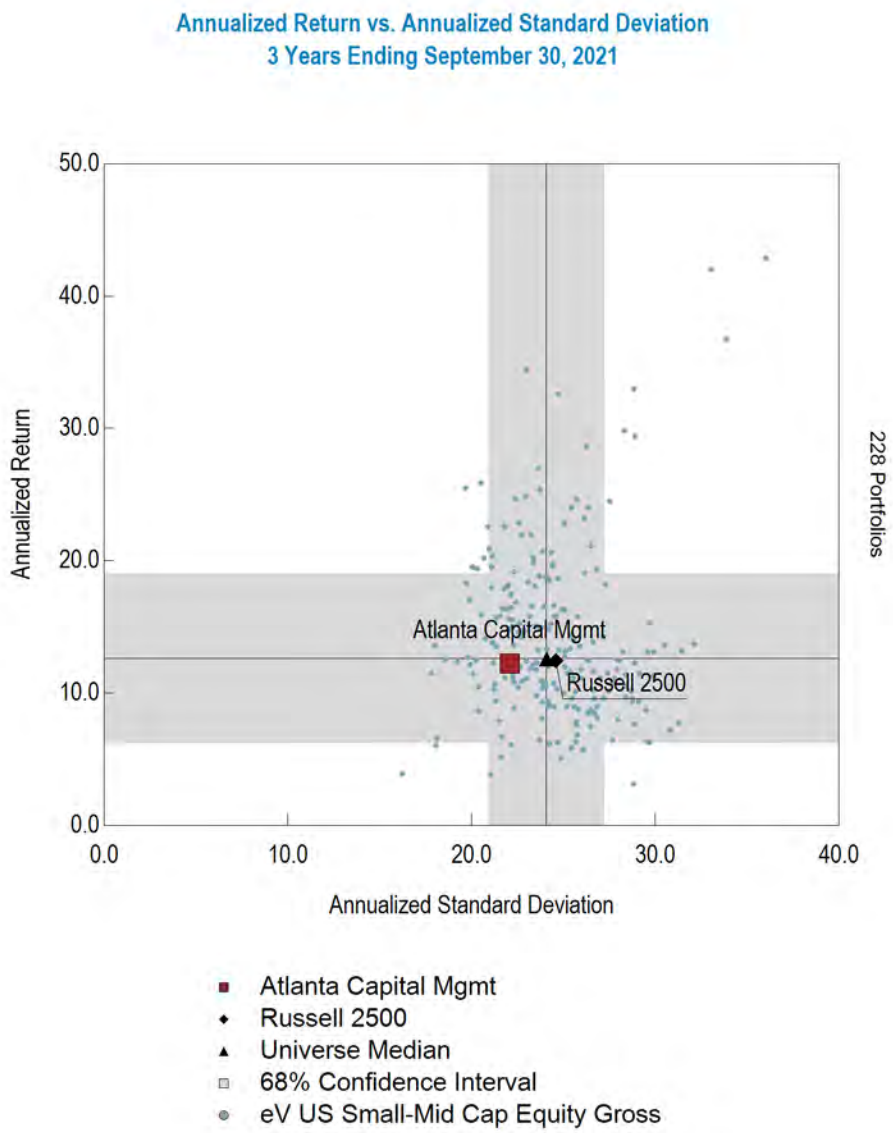
	Avg Wgt	Return	Contribution
ARAMARK	3.39	-11.50	-0.39
APTARGROUP INC.	2.58	-15.01	-0.39
TERMINIX GLOBAL HOLDINGS INC	3.01	-12.66	-0.38
LENNOX INTERNATIONAL INC.	2.10	-15.89	-0.33
WEX INC	3.04	-9.16	-0.28
KIRBY CORP	1.15	-20.91	-0.24
RPM INTERNATIONAL INC	1.89	-12.06	-0.23
DOLBY LABORATORIES INC	1.96	-10.26	-0.20
DENTSPLY SIRONA INC	2.27	-8.07	-0.18
FAIR ISAAC CORP	0.72	-20.84	-0.15

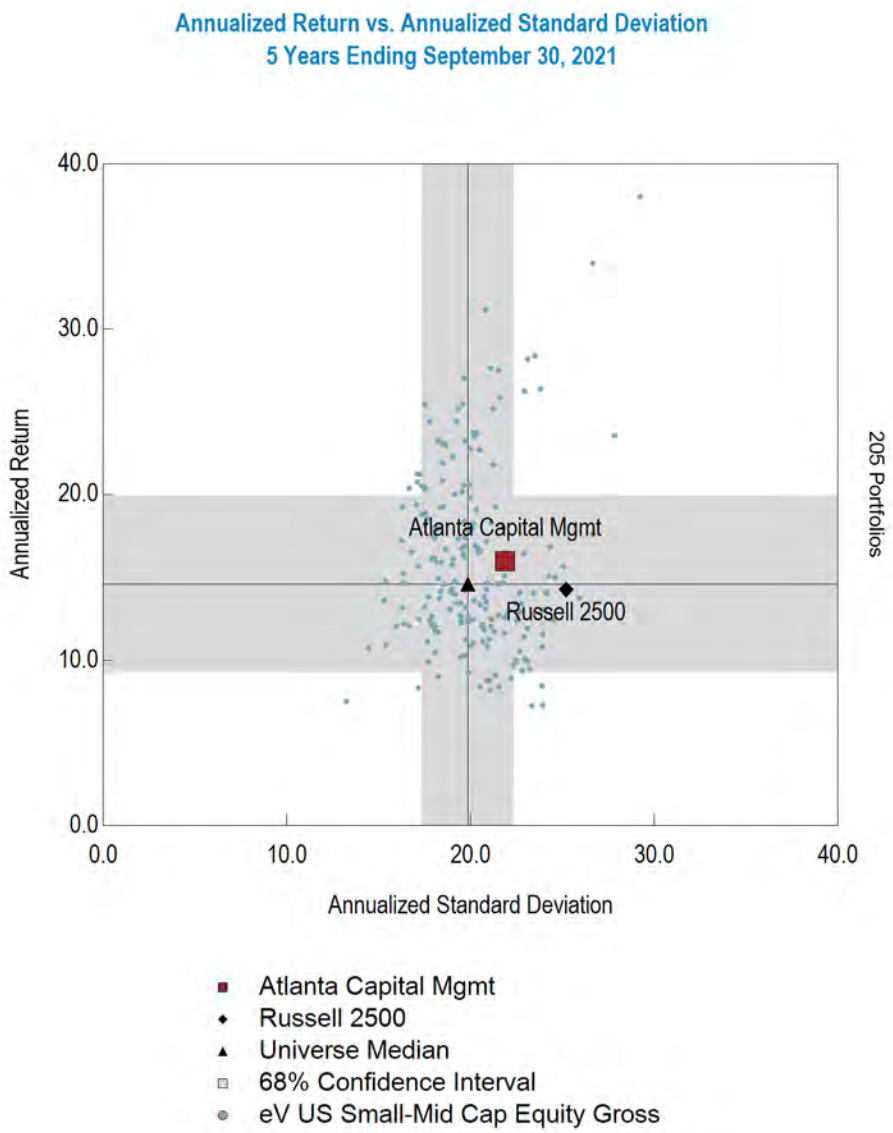


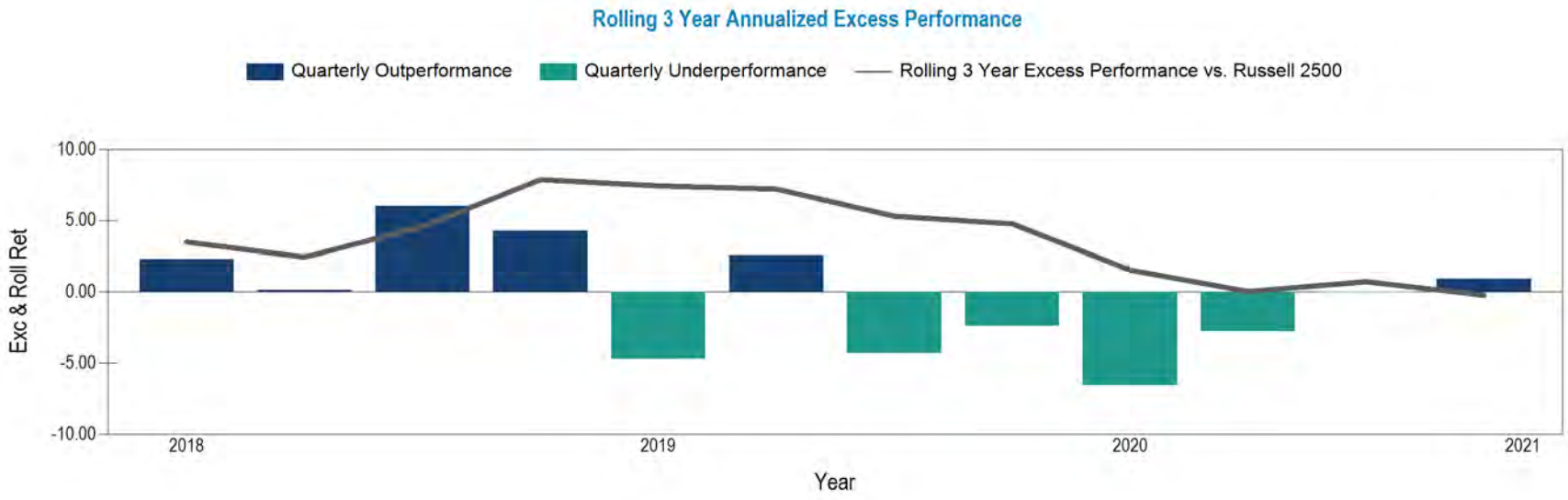
	Return (Rank)											
5th Percentile	3.4		70.9		25.4		25.8		19.6		20.0	
25th Percentile	0.5		54.4		16.9		18.8		15.0		17.4	
Median	-0.9		46.1		12.6		14.6		12.1		15.6	
75th Percentile	-2.3		38.7		10.3		12.2		10.4		14.3	
95th Percentile	-4.5		28.0		6.3		8.9		7.9		12.2	
# of Portfolios	236		236		228		205		181		149	
● Atlanta Capital Mgmt	-1.8	(67)	35.4	(84)	12.2	(56)	16.0	(43)	15.5	(23)	17.5	(24)
▲ Russell 2500	-2.7	(80)	45.0	(52)	12.5	(53)	14.3	(52)	12.2	(50)	15.3	(57)

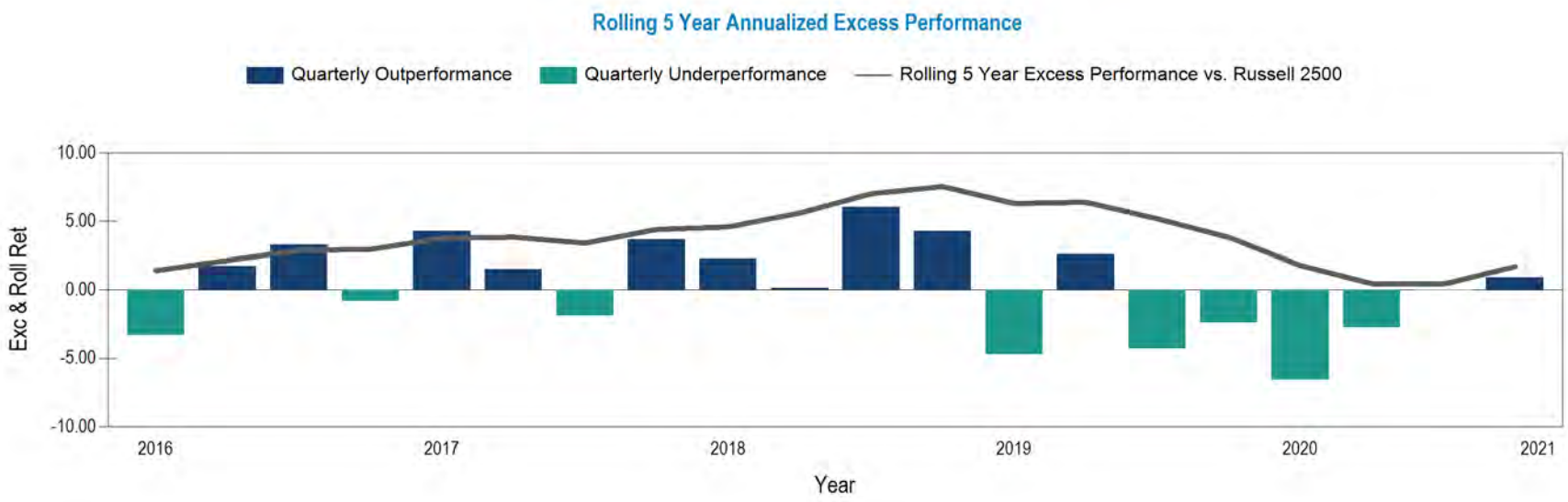


	Return (Rank)																			
5th Percentile	66.8		39.4		2.8		31.9		27.6		4.6		13.0		47.6		24.1		6.8	
25th Percentile	32.3		32.1		-4.6		23.5		20.8		0.4		9.6		42.5		19.2		1.7	
Median	17.2		29.0		-9.6		18.1		16.1		-1.5		6.5		38.2		16.0		-1.5	
75th Percentile	7.4		24.5		-13.3		14.1		9.2		-5.0		3.1		34.4		13.3		-5.6	
95th Percentile	-1.4		18.1		-18.5		7.5		3.8		-11.6		-2.3		28.7		7.8		-11.6	
# of Portfolios	238		237		236		233		238		215		210		210		216		211	
● Atlanta Capital Mgmt	11.4	(62)	35.1	(14)	-4.5	(25)	26.6	(15)	12.6	(62)	10.4	(1)	5.8	(56)	37.8	(52)	15.5	(55)	6.8	(5)
▲ Russell 2500	20.0	(45)	27.8	(58)	-10.0	(53)	16.8	(61)	17.6	(38)	-2.9	(64)	7.1	(46)	36.8	(58)	17.9	(36)	-2.5	(56)


Annualized Return vs. Annualized Standard Deviation
3 Years Ending September 30, 2021
Annualized Return
Annualized Standard Deviation
50.0
40.0
30.0
20.0
10.0
0.0
0.0
10.0
20.0
30.0
40.0
Atlanta Capital Mgmt
Russell 2500
228 Portfolios
Atlanta Capital Mgmt
Russell 2500
Universe Median
68% Confidence Interval
eV US Small-Mid Cap Equity Gross


Annualized Return vs. Annualized Standard Deviation
5 Years Ending September 30, 2021
Annualized Return
Annualized Standard Deviation
40.0
30.0
20.0
10.0
0.0
0.0
10.0
20.0
30.0
40.0
Atlanta Capital Mgmt
Russell 2500
205 Portfolios
Atlanta Capital Mgmt
Russell 2500
Universe Median
68% Confidence Interval
eV US Small-Mid Cap Equity Gross


Rolling 3 Year Annualized Excess Performance
Quarterly Outperformance
Quarterly Underperformance
Rolling 3 Year Excess Performance vs. Russell 2500
10.00
5.00
0.00
-5.00
-10.00
Exc & Roll Ret
2018
2019
2020
2021
Year


Rolling 5 Year Annualized Excess Performance
Quarterly Outperformance
Quarterly Underperformance
Rolling 5 Year Excess Performance vs. Russell 2500
10.00
5.00
0.00
-5.00
-10.00
Exc & Roll Ret
2016
2017
2018
2019
2020
2021
Year

Total International Equity
Asset Class Overview (Gross of Fees)

Period Ending: September 30, 2021

	Market Value	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total International Equity	**322,216,572**	**-1.2**	**10.5**	**33.5**	**14.7**	**13.3**	**11.2**	**19.4**	**30.2**	**-12.2**	**26.6**	**2.2**
MSCI ACWI ex USA Gross		*-2.9*	*6.3*	*24.4*	*8.5*	*9.4*	*8.0*	*11.1*	*22.1*	*-13.8*	*27.8*	*5.0*
InvMetrics Public DB ex-US Eq Gross Rank		*16*	*3*	*3*	*2*	*2*	*4*	*12*	*1*	*9*	*81*	*82*
Dodge & Cox Intl Stock	158,257,228	-3.2	8.9	36.0	6.7	8.1	8.4	2.8	23.6	-17.5	24.7	9.0
MSCI ACWI ex USA Value Gross		*-2.1*	*9.7*	*32.2*	*4.4*	*7.1*	*6.1*	*-0.2*	*16.5*	*-13.4*	*23.3*	*9.6*
eV ACWI ex-US All Cap Value Eq Gross Rank		*96*	*50*	*32*	*31*	*36*	*32*	*33*	*35*	*84*	*71*	*31*
WCM International Growth	163,959,344	0.7	12.1	31.7	21.7	--	--	34.0	36.7	-6.7	--	--
MSCI ACWI ex USA Growth Gross		*-3.6*	*2.9*	*17.3*	*12.3*	--	--	*22.6*	*27.8*	*-14.1*	--	--
eV ACWI ex-US All Cap Growth Eq Gross Rank		*34*	*7*	*9*	*10*	--	--	*28*	*11*	*1*	--	--

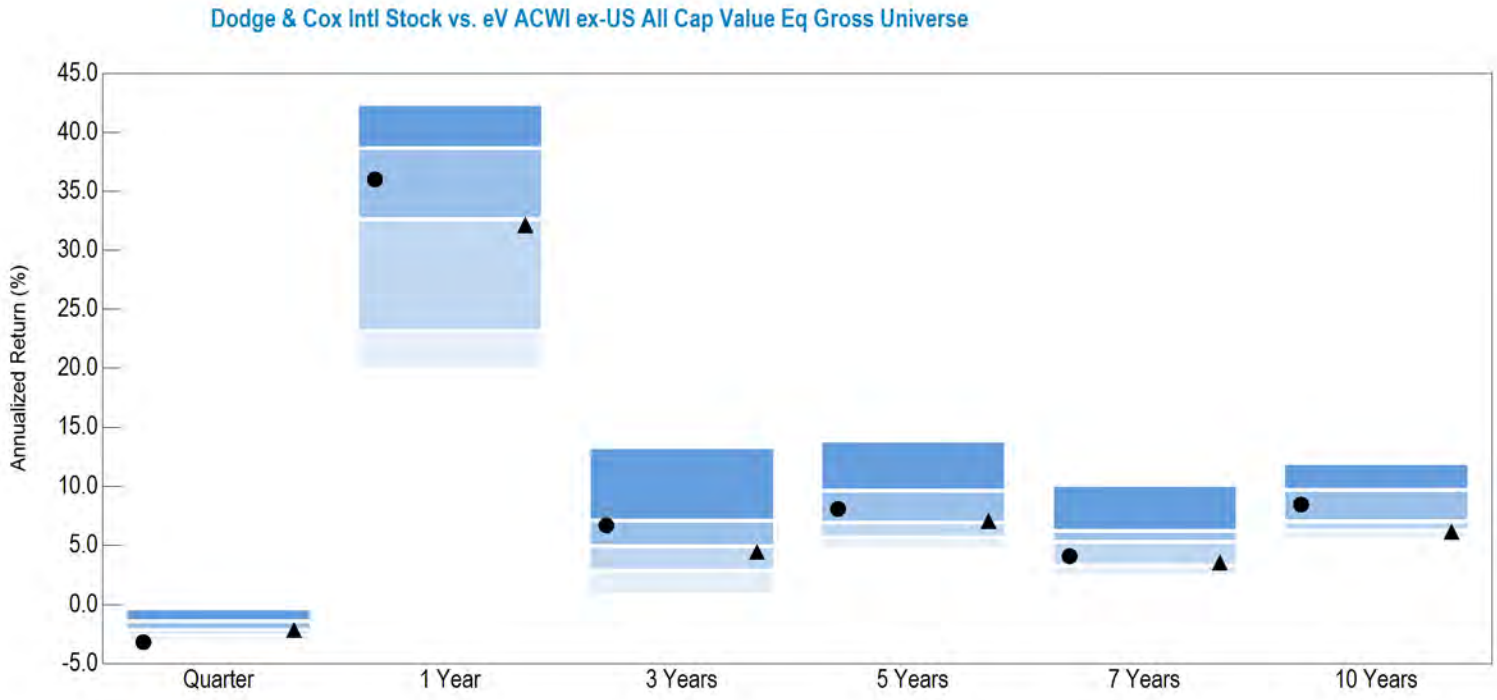
EAFE Effective Style Map
3 Years Ending September 30, 2021

EAFE Effective Style Map
5 Years Ending September 30, 2021

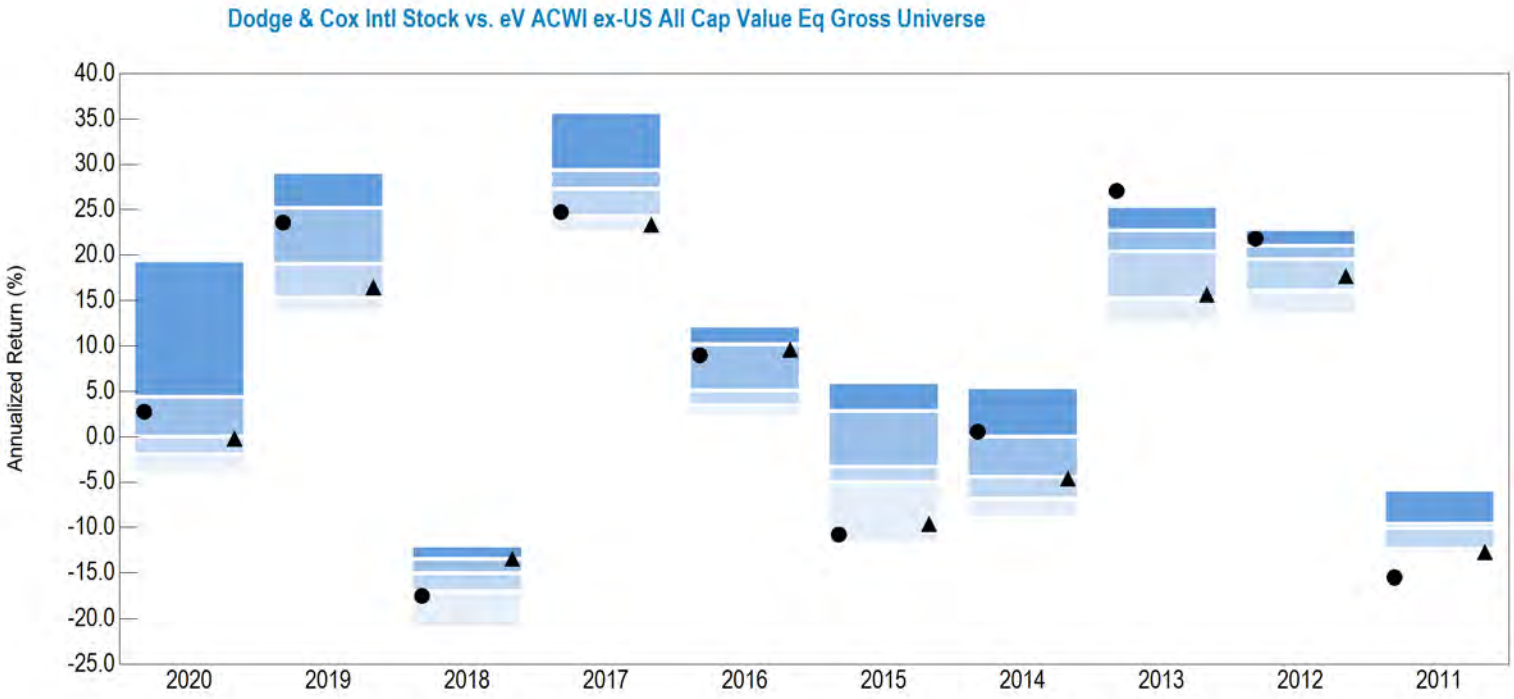
Total International Equity
Asset Class Overview (Net of Fees)

Period Ending: September 30, 2021

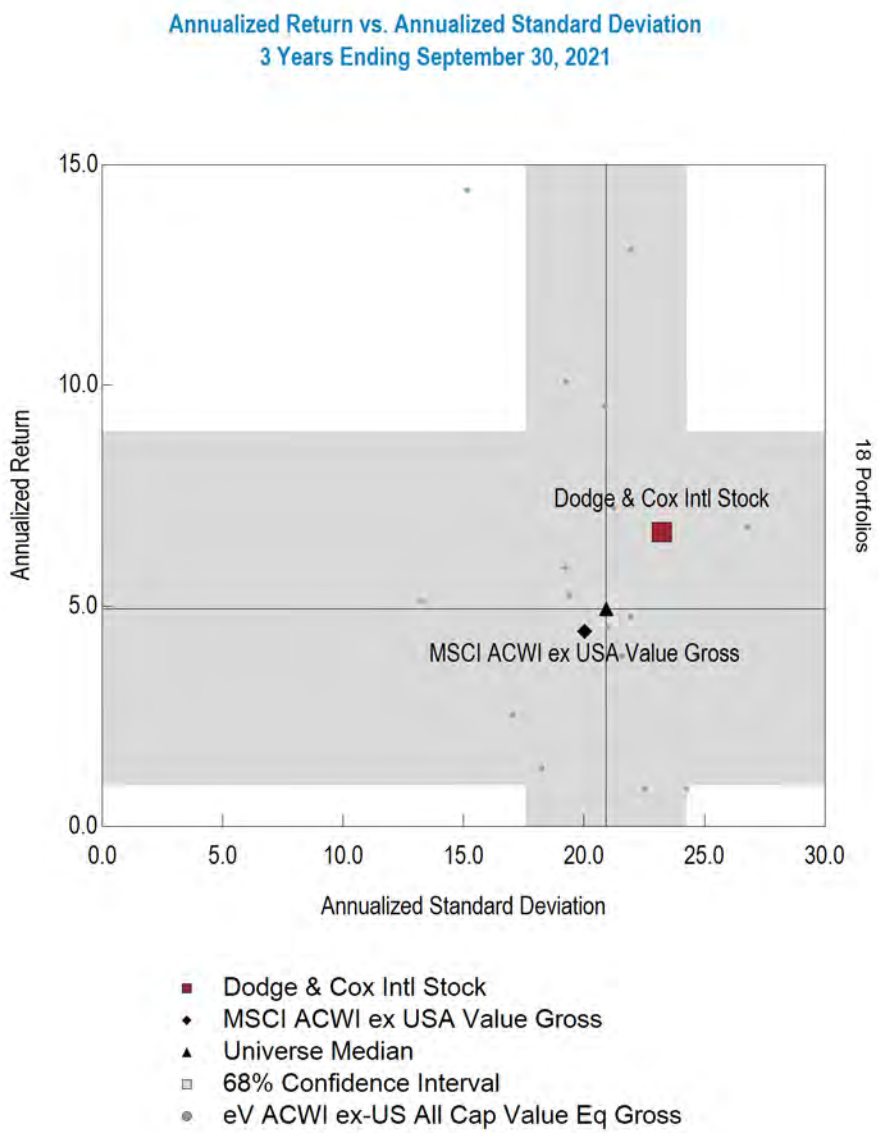
	Market Value	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total International Equity	**322,216,572**	**-1.3**	**10.0**	**32.7**	**13.9**	**12.6**	**10.5**	**18.6**	**29.3**	**-12.8**	**25.8**	**1.6**
MSCI ACWI ex USA Gross		*-2.9*	*6.3*	*24.4*	*8.5*	*9.4*	*8.0*	*11.1*	*22.1*	*-13.8*	*27.8*	*5.0*
Dodge & Cox Intl Stock	158,257,228	-3.3	8.4	35.1	6.0	7.4	7.8	2.1	22.8	-18.0	23.9	8.3
MSCI ACWI ex USA Value Gross		*-2.1*	*9.7*	*32.2*	*4.4*	*7.1*	*6.1*	*-0.2*	*16.5*	*-13.4*	*23.3*	*9.6*
WCM International Growth	163,959,344	0.5	11.6	30.9	20.9	--	--	33.1	35.8	-7.4	--	--
MSCI ACWI ex USA Growth Gross		*-3.6*	*2.9*	*17.3*	*12.3*	--	--	*22.6*	*27.8*	*-14.1*	--	--

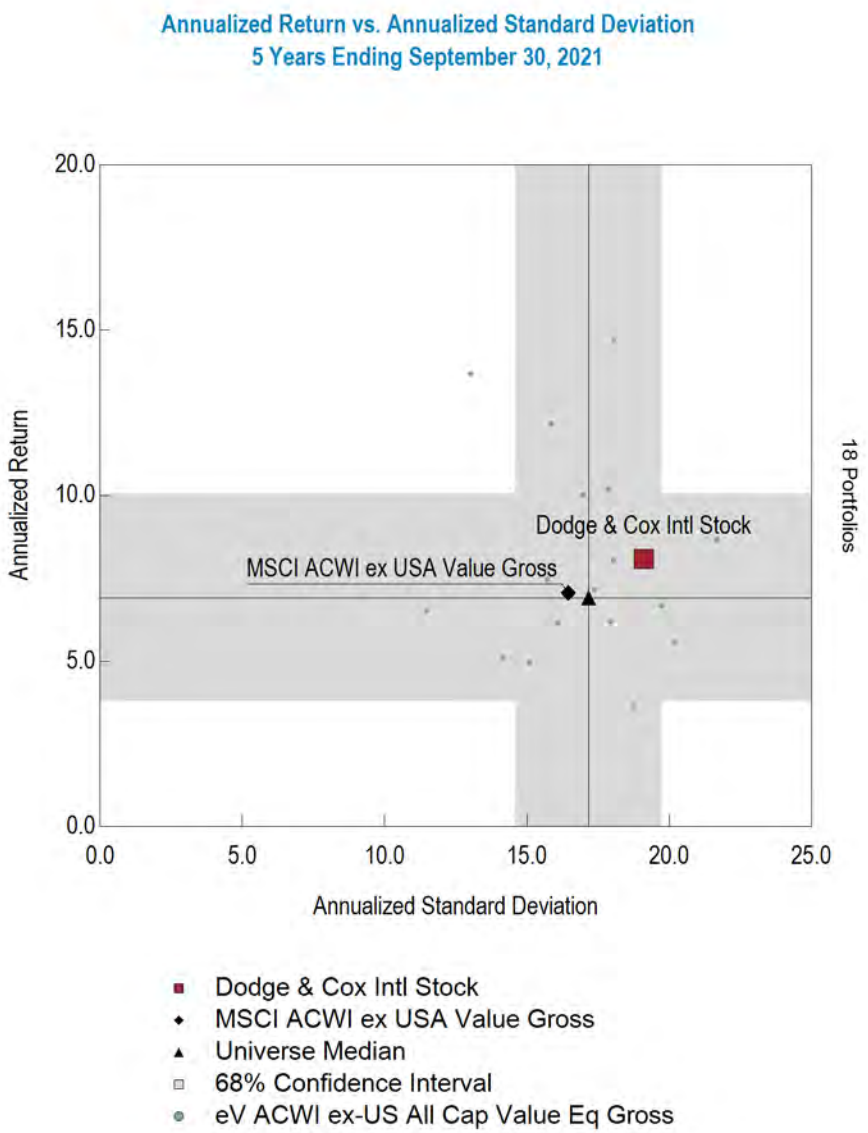


	Return (Rank)											
5th Percentile	-0.3		42.4		13.3		13.8		10.1		11.9	
25th Percentile	-1.3		38.7		7.1		9.7		6.2		9.7	
Median	-2.1		32.7		4.9		6.9		5.3		7.1	
75th Percentile	-2.6		23.2		2.9		5.7		3.3		6.2	
95th Percentile	-3.1		19.9		0.9		4.8		2.4		5.6	
# of Portfolios	18		18		18		18		15		10	
● Dodge & Cox Intl Stock	-3.2	(96)	36.0	(32)	6.7	(31)	8.1	(36)	4.1	(65)	8.4	(32)
▲ MSCI ACWI ex USA Value Gross	-2.1	(51)	32.2	(52)	4.4	(60)	7.1	(49)	3.5	(71)	6.1	(77)

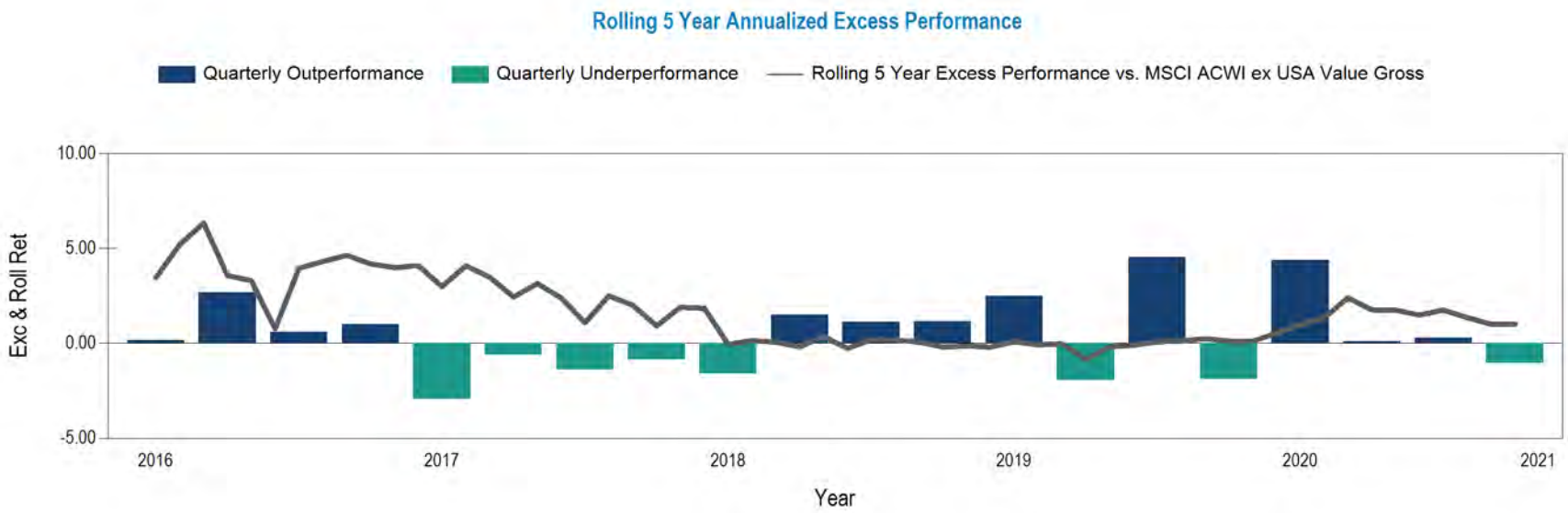


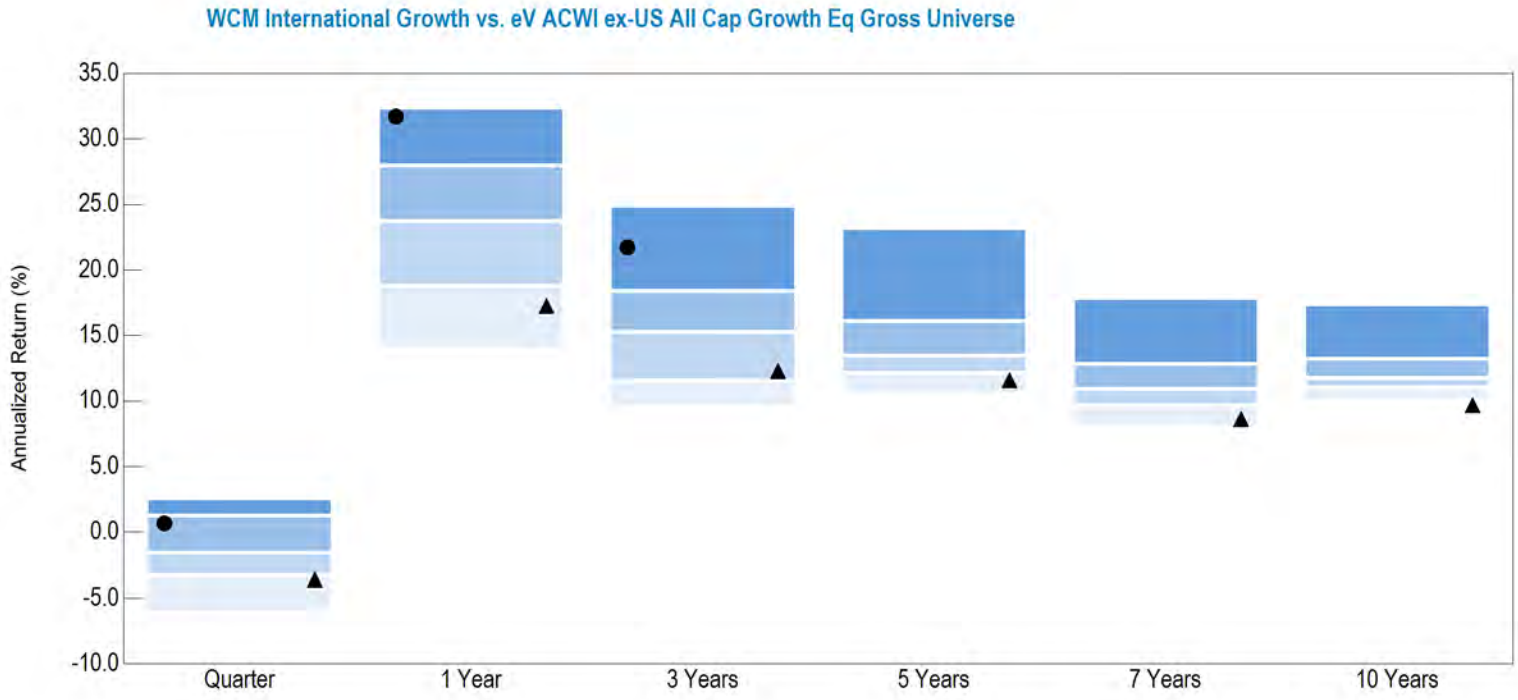
	Return (Rank)									
5th Percentile	19.4	29.1	-12.0	35.8	12.2	6.0	5.4	25.4	22.9	-5.9
25th Percentile	4.4	25.2	-13.4	29.4	10.2	2.9	0.0	22.8	21.1	-9.6
Median	0.1	19.1	-15.0	27.3	5.1	-3.3	-4.4	20.5	19.6	-10.1
75th Percentile	-1.9	15.4	-16.9	24.3	3.5	-4.9	-6.8	15.3	16.1	-12.3
95th Percentile	-3.7	13.8	-21.0	22.6	2.4	-11.7	-8.9	12.5	13.5	-12.9
# of Portfolios	21	21	24	23	21	13	13	12	11	9
● Dodge & Cox Intl Stock	2.8 (33)	23.6 (35)	-17.5 (84)	24.7 (71)	9.0 (31)	-10.8 (92)	0.6 (16)	27.1 (2)	21.8 (18)	-15.5 (99)
▲ MSCI ACWI ex USA Value Gross	-0.2 (52)	16.5 (71)	-13.4 (26)	23.3 (81)	9.6 (30)	-9.6 (89)	-4.6 (52)	15.7 (74)	17.7 (66)	-12.7 (93)


Annualized Return vs. Annualized Standard Deviation
3 Years Ending September 30, 2021
Annualized Return
Annualized Standard Deviation
18 Portfolios
Dodge & Cox Intl Stock
MSCI ACWI ex USA Value Gross
15.0
10.0
5.0
0.0
0.0
5.0
10.0
15.0
20.0
25.0
30.0
Dodge & Cox Intl Stock
MSCI ACWI ex USA Value Gross
Universe Median
68% Confidence Interval
eV ACWI ex-US All Cap Value Eq Gross

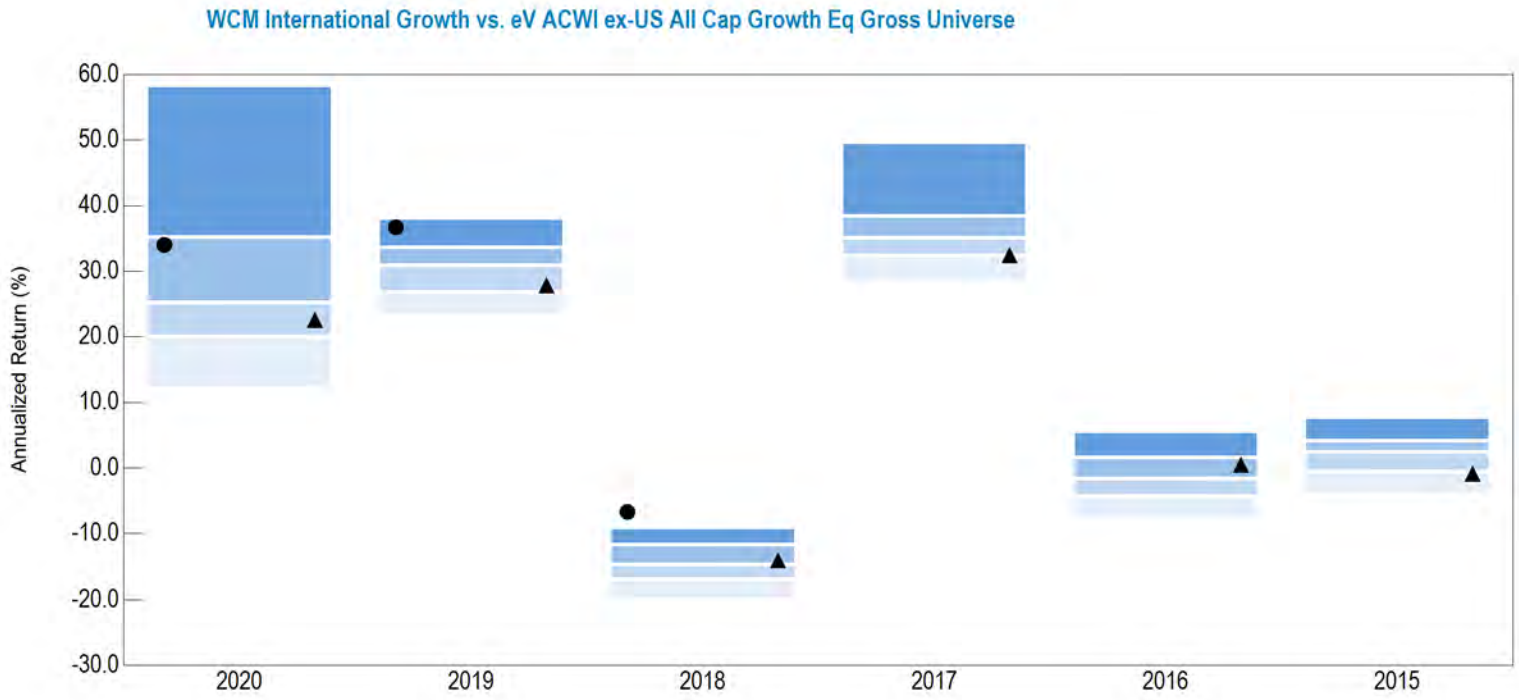

Annualized Return vs. Annualized Standard Deviation
5 Years Ending September 30, 2021
Annualized Return
Annualized Standard Deviation
18 Portfolios
Dodge & Cox Intl Stock
MSCI ACWI ex USA Value Gross
20.0
15.0
10.0
5.0
0.0
0.0
5.0
10.0
15.0
20.0
25.0
Dodge & Cox Intl Stock
MSCI ACWI ex USA Value Gross
Universe Median
68% Confidence Interval
eV ACWI ex-US All Cap Value Eq Gross

Rolling 3 Year Annualized Excess Performance
Quarterly Outperformance
Quarterly Underperformance
Rolling 3 Year Excess Performance vs. MSCI ACWI ex USA Value Gross
5.00
0.00
-5.00
Exc & Roll Ret
2018
2019
2020
2021
Year

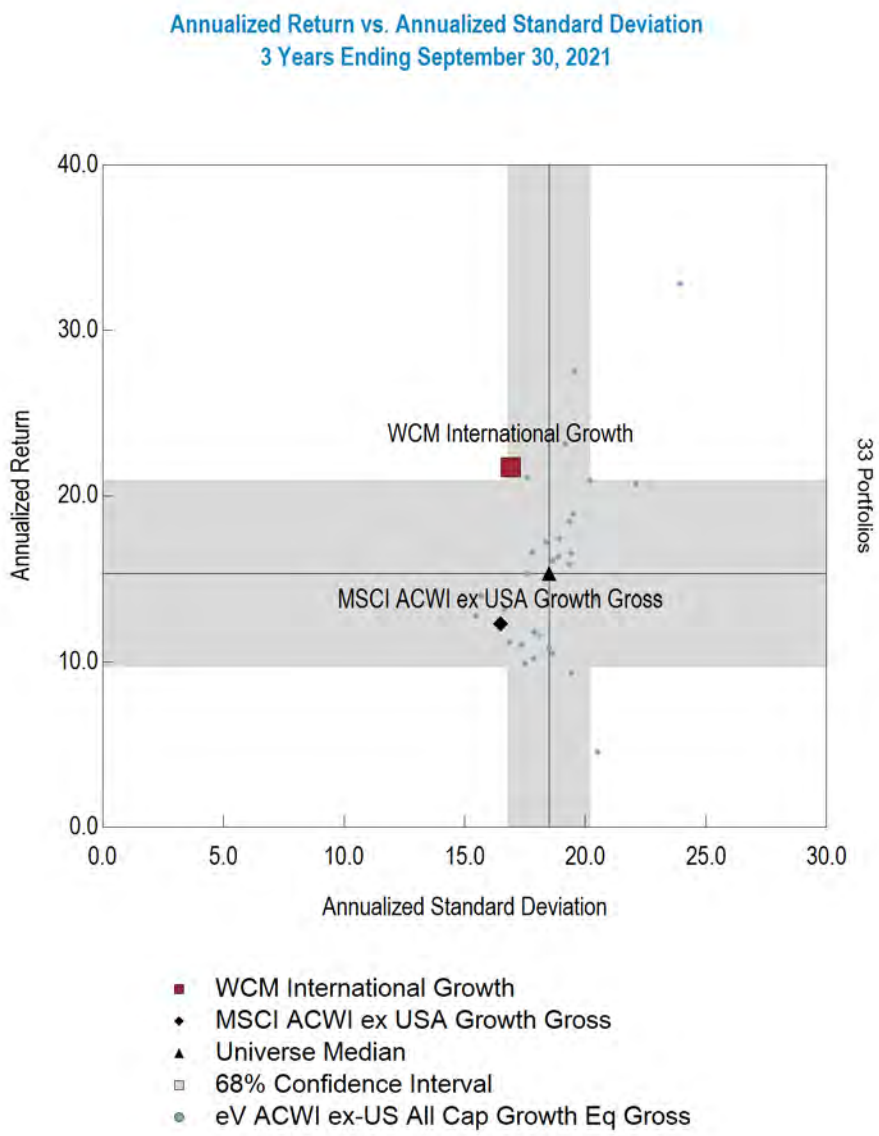

Rolling 5 Year Annualized Excess Performance
Quarterly Outperformance
Quarterly Underperformance
Rolling 5 Year Excess Performance vs. MSCI ACWI ex USA Value Gross
10.00
5.00
0.00
-5.00
Exc & Roll Ret
2016
2017
2018
2019
2020
2021
Year



	Return (Rank)											
5th Percentile	2.6		32.3		24.9		23.2		17.8		17.3	
25th Percentile	1.3		28.0		18.4		16.1		12.9		13.3	
Median	-1.6		23.7		15.3		13.5		11.0		11.8	
75th Percentile	-3.3		18.8		11.6		12.2		9.7		11.1	
95th Percentile	-6.1		14.0		9.7		10.6		8.1		10.1	
# of Portfolios	34		34		33		30		28		25	
● WCM International Growth	0.7	(34)	31.7	(9)	21.7	(10)	--	(--)	--	(--)	--	(--)
▲ MSCI ACWI ex USA Growth Gross	-3.6	(82)	17.3	(84)	12.3	(70)	11.6	(81)	8.6	(89)	9.7	(97)



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

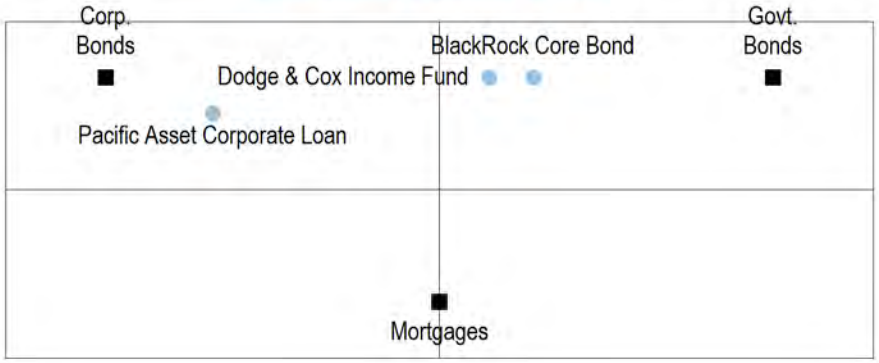

Annualized Return vs. Annualized Standard Deviation
3 Years Ending September 30, 2021
40.0
30.0
20.0
10.0
0.0
Annualized Return
WCM International Growth
MSCI ACWI ex USA Growth Gross
33 Portfolios
0.0
5.0
10.0
15.0
20.0
25.0
30.0
Annualized Standard Deviation
WCM International Growth
MSCI ACWI ex USA Growth Gross
Universe Median
68% Confidence Interval
eV ACWI ex-US All Cap Growth Eq Gross

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

Period Ending: September 30, 2021

	Market Value	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Domestic Fixed Income	**329,769,043**	**0.3**	**0.7**	**2.9**	**6.0**	**4.2**	**4.1**	**8.1**	**9.9**	**0.4**	**4.3**	**4.5**
Bloomberg US Aggregate TR		*0.1*	*-1.6*	*-0.9*	*5.4*	*2.9*	*3.0*	*7.5*	*8.7*	*0.0*	*3.5*	*2.6*
InvMetrics Public DB US Fix Inc Gross Rank		*22*	*10*	*11*	*31*	*21*	*29*	*46*	*11*	*55*	*50*	*49*
BlackRock Core Bond	88,644,596	0.1	-1.0	0.2	6.5	--	--	9.4	10.2	0.3	--	--
Bloomberg US Aggregate TR		*0.1*	*-1.6*	*-0.9*	*5.4*	--	--	*7.5*	*8.7*	*0.0*	--	--
eV US Core Fixed Inc Gross Rank		*51*	*46*	*44*	*19*	--	--	*23*	*10*	*27*	--	--
Dodge & Cox Income Fund	93,610,638	0.2	-0.2	2.4	6.7	--	--	9.9	10.2	0.1	--	--
Bloomberg US Aggregate TR		*0.1*	*-1.6*	*-0.9*	*5.4*	--	--	*7.5*	*8.7*	*0.0*	--	--
eV US Core Fixed Inc Gross Rank		*20*	*11*	*5*	*12*	--	--	*14*	*11*	*43*	--	--
Pacific Asset Corporate Loan	78,196,817	1.2	4.5	7.7	4.4	5.0	--	3.0	9.1	1.0	4.9	9.2
S&P/LSTA Leveraged Loan Index		*1.1*	*4.4*	*8.4*	*4.1*	*4.6*	--	*3.1*	*8.6*	*0.4*	*4.1*	*10.2*
eV US Float-Rate Bank Loan Fixed Inc Gross Rank		*35*	*44*	*60*	*40*	*23*	--	*42*	*36*	*29*	*26*	*51*
SSGA U.S. Govt Bond Index	39,636,056	--	--	--	--	--	--	--	--	--	--	--
Bloomberg US Govt/Credit 1-3 Yr. TR		--	--	--	--	--	--	--	--	--	--	--
eV US Government Fixed Inc Gross Rank		--	--	--	--	--	--	--	--	--	--	--
BlackRock TIPS	29,680,938	--	--	--	--	--	--	--	--	--	--	--
Bloomberg US TIPS TR		--	--	--	--	--	--	--	--	--	--	--
eV US TIPS / Inflation Fixed Inc Gross Rank		--	--	--	--	--	--	--	--	--	--	--

Fixed Income Effective Style Map
3 Years Ending September 30, 2021



Fixed Income Effective Style Map
5 Years Ending September 30, 2021

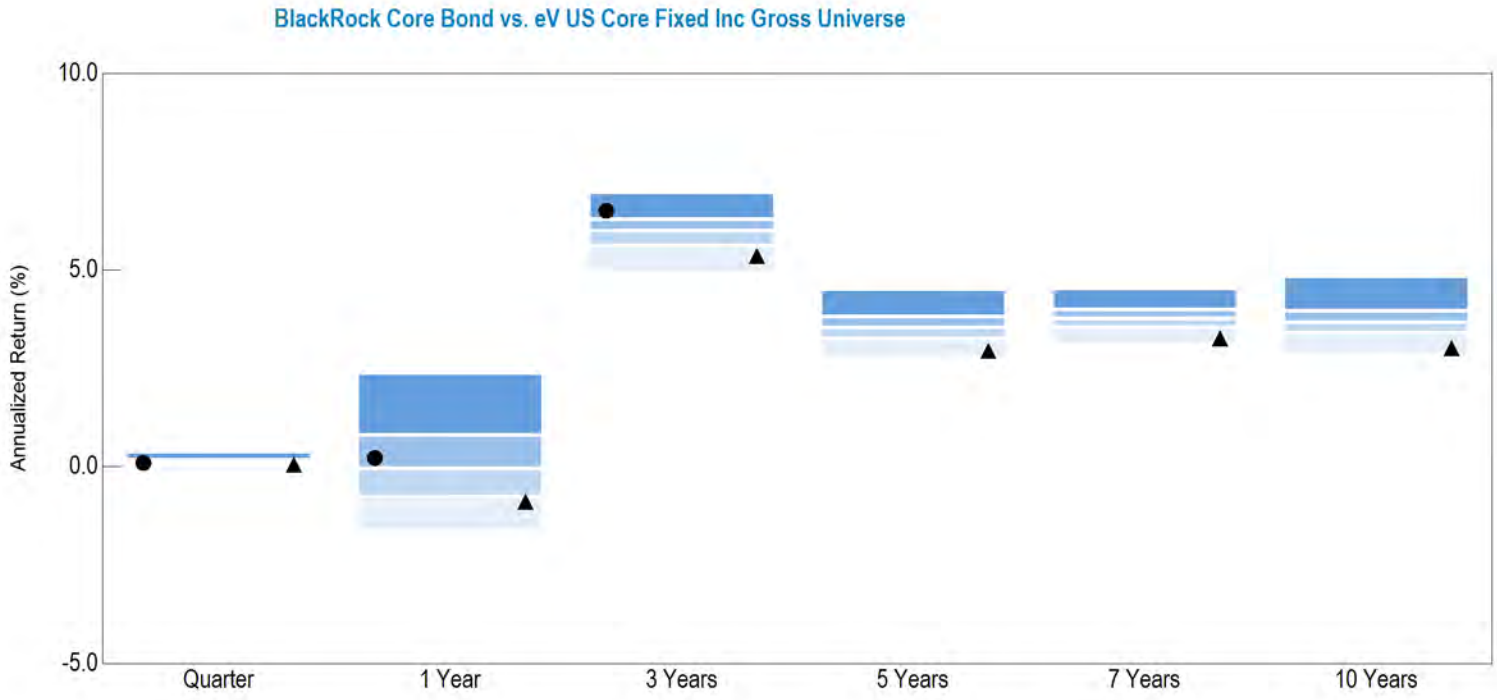
Total Domestic Fixed Income
Asset Class Overview (Net of Fees)

Period Ending: September 30, 2021

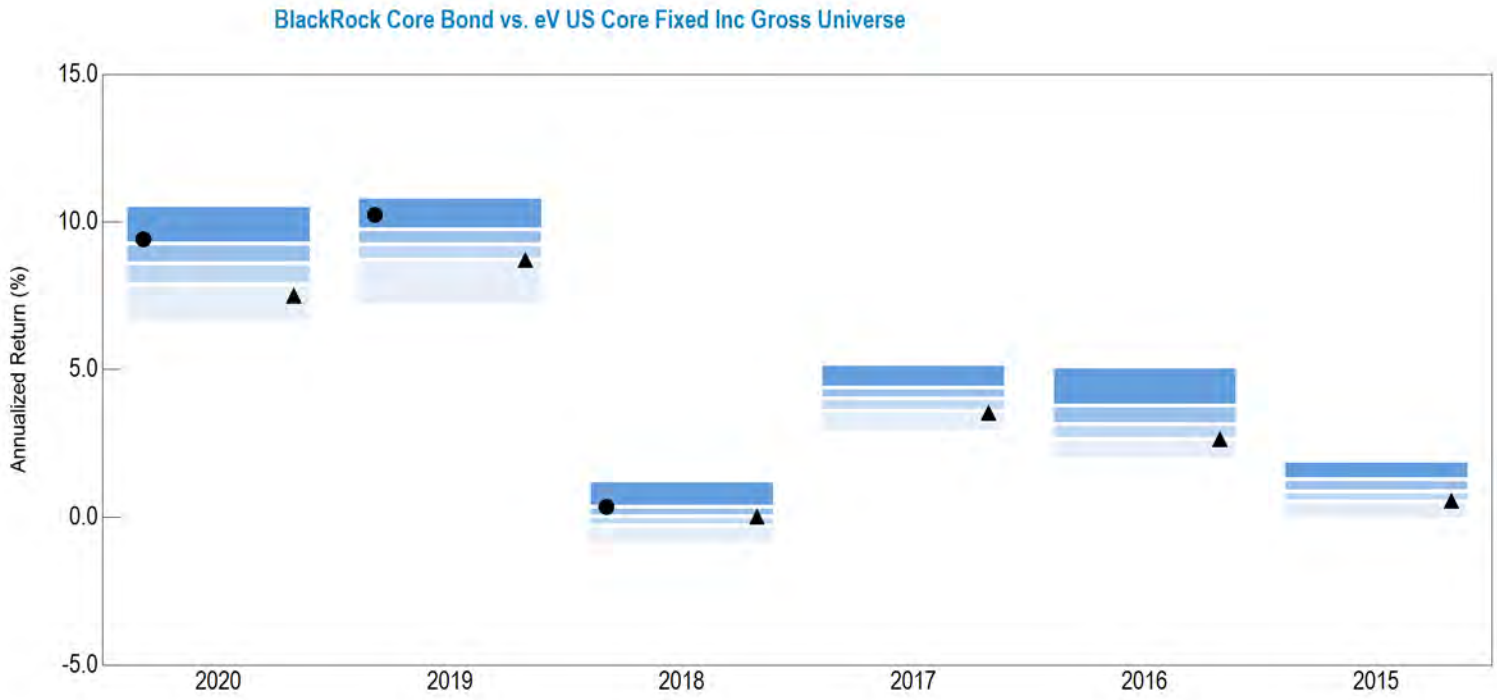
	Market Value	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Domestic Fixed Income	**329,769,043**	**0.2**	**0.4**	**2.5**	**5.6**	**3.9**	**3.7**	**7.7**	**9.5**	**0.0**	**3.9**	**4.2**
Bloomberg US Aggregate TR		*0.1*	*-1.6*	*-0.9*	*5.4*	*2.9*	*3.0*	*7.5*	*8.7*	*0.0*	*3.5*	*2.6*
BlackRock Core Bond	88,644,596	0.0	-1.2	-0.1	6.2	--	--	9.1	9.9	0.1	--	--
Bloomberg US Aggregate TR		*0.1*	*-1.6*	*-0.9*	*5.4*	--	--	*7.5*	*8.7*	*0.0*	--	--
Dodge & Cox Income Fund	93,610,638	0.1	-0.5	2.0	6.2	--	--	9.4	9.7	-0.3	--	--
Bloomberg US Aggregate TR		*0.1*	*-1.6*	*-0.9*	*5.4*	--	--	*7.5*	*8.7*	*0.0*	--	--
Pacific Asset Corporate Loan	78,196,817	1.1	4.2	7.3	4.0	4.7	--	2.6	8.7	0.7	4.6	8.8
S&P/LSTA Leveraged Loan Index		*1.1*	*4.4*	*8.4*	*4.1*	*4.6*	--	*3.1*	*8.6*	*0.4*	*4.1*	*10.2*
SSGA U.S. Govt Bond Index	39,636,056	--	--	--	--	--	--	--	--	--	--	--
Bloomberg US Govt/Credit 1-3 Yr. TR		--	--	--	--	--	--	--	--	--	--	--
BlackRock TIPS	29,680,938	--	--	--	--	--	--	--	--	--	--	--
Bloomberg US TIPS TR		--	--	--	--	--	--	--	--	--	--	--

Correlation Matrix
Last 1 Year

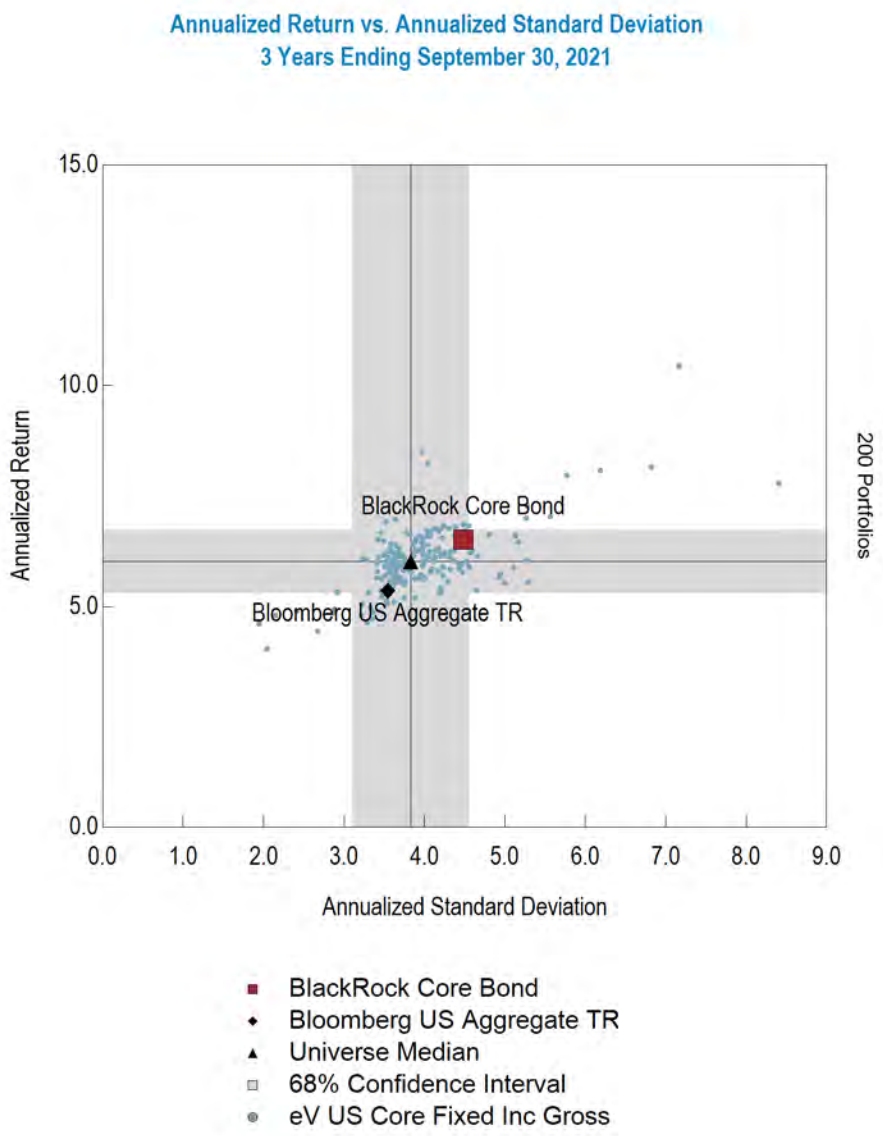
	Total Domestic Fixed Income	BlackRock Core Bond	Dodge & Cox Income Fund	Pacific Asset Corporate Loan	Bloomberg US Aggregate TR
Total Domestic Fixed Income	1.00	--	--	--	--
BlackRock Core Bond	0.96	1.00	--	--	--
Dodge & Cox Income Fund	1.00	0.96	1.00	--	--
Pacific Asset Corporate Loan	0.54	0.30	0.55	1.00	--
Bloomberg US Aggregate TR	0.94	1.00	0.93	0.22	1.00

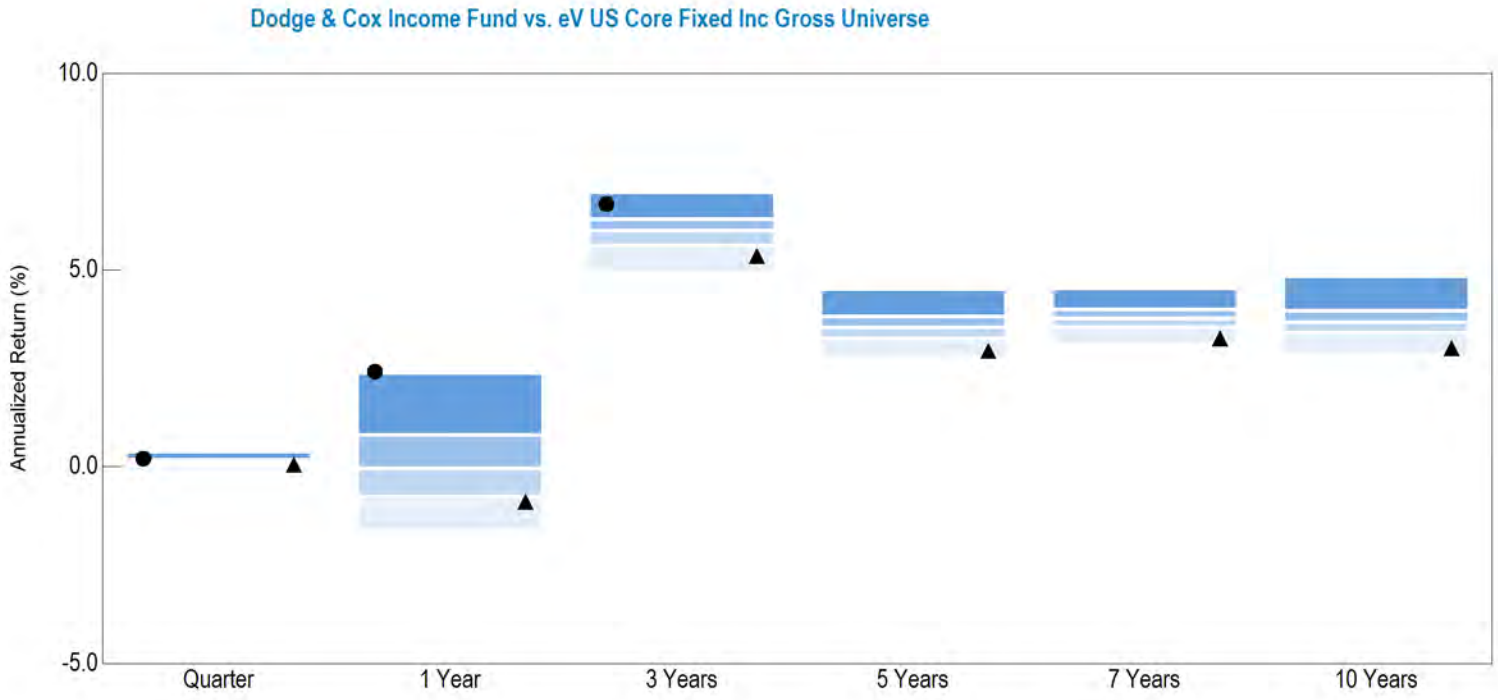


	Return (Rank)											
5th Percentile	0.4		2.4		7.0		4.5		4.5		4.8	
25th Percentile	0.2		0.8		6.3		3.8		4.0		4.0	
Median	0.1		0.0		6.0		3.5		3.8		3.7	
75th Percentile	0.0		-0.7		5.6		3.3		3.5		3.4	
95th Percentile	-0.1		-1.6		4.9		2.8		3.1		2.9	
# of Portfolios	203		203		200		198		194		190	
● BlackRock Core Bond	0.1	(51)	0.2	(44)	6.5	(19)	--	(--)	--	(--)	--	(--)
▲ Bloomberg US Aggregate TR	0.1	(62)	-0.9	(84)	5.4	(89)	2.9	(92)	3.3	(92)	3.0	(95)

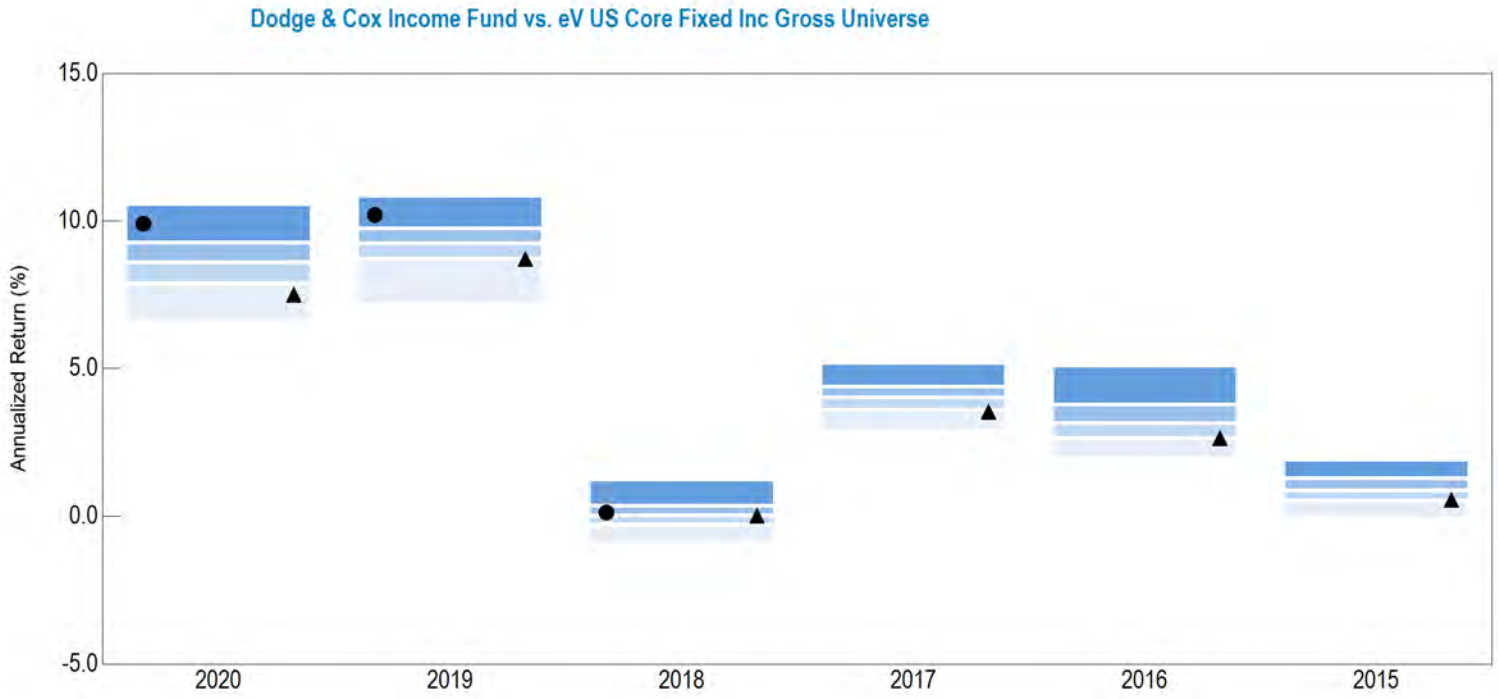


	Return (Rank)											
5th Percentile	10.6		10.9		1.2		5.2		5.1		1.9	
25th Percentile	9.3		9.8		0.4		4.4		3.8		1.3	
Median	8.6		9.3		0.0		4.0		3.2		0.9	
75th Percentile	7.9		8.7		-0.3		3.6		2.7		0.5	
95th Percentile	6.6		7.2		-0.9		2.9		2.0		-0.1	
# of Portfolios	225		228		240		233		223		196	
● BlackRock Core Bond	9.4	(23)	10.2	(10)	0.3	(27)	--	(--)	--	(--)	--	(--)
▲ Bloomberg US Aggregate TR	7.5	(85)	8.7	(77)	0.0	(54)	3.5	(79)	2.6	(77)	0.6	(75)

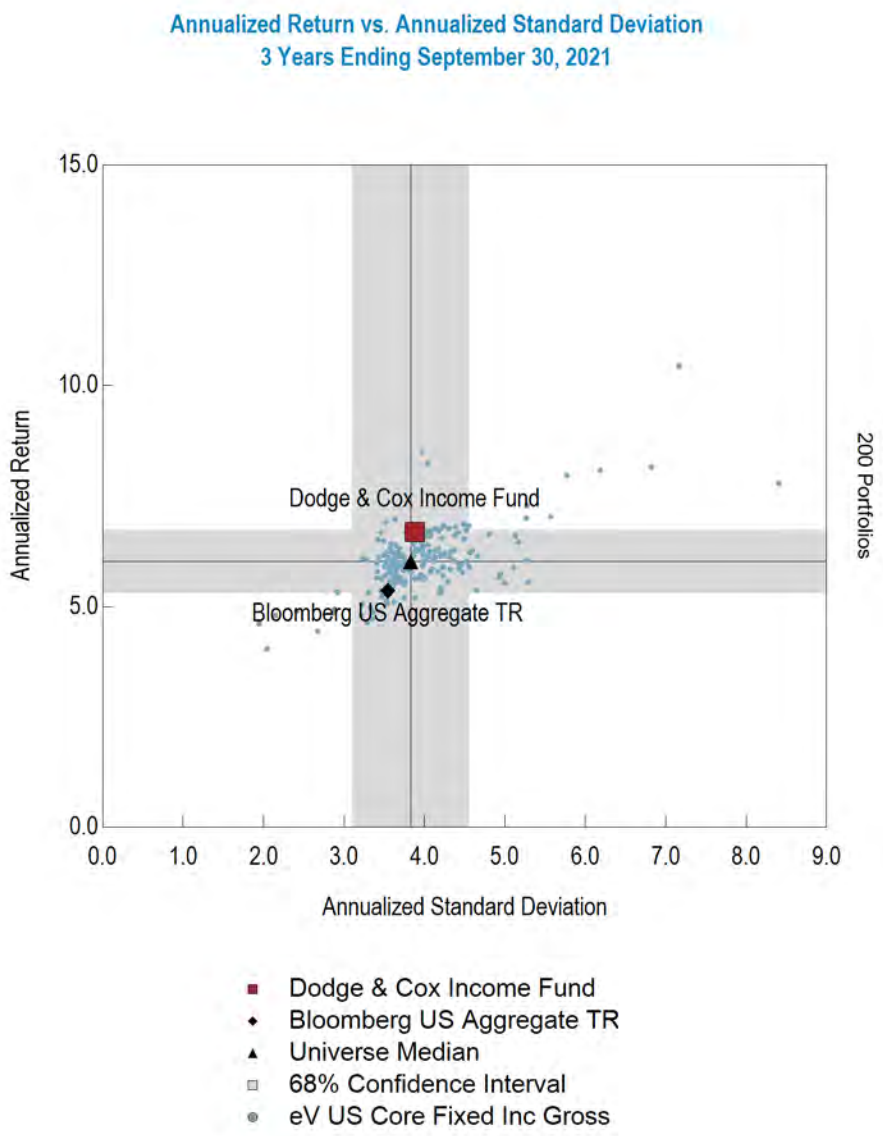

Annualized Return vs. Annualized Standard Deviation
3 Years Ending September 30, 2021
15.0
10.0
5.0
0.0
Annualized Return
BlackRock Core Bond
Bloomberg US Aggregate TR
200 Portfolios
0.0
1.0
2.0
3.0
4.0
5.0
6.0
7.0
8.0
9.0
Annualized Standard Deviation
BlackRock Core Bond
Bloomberg US Aggregate TR
Universe Median
68% Confidence Interval
eV US Core Fixed Inc Gross



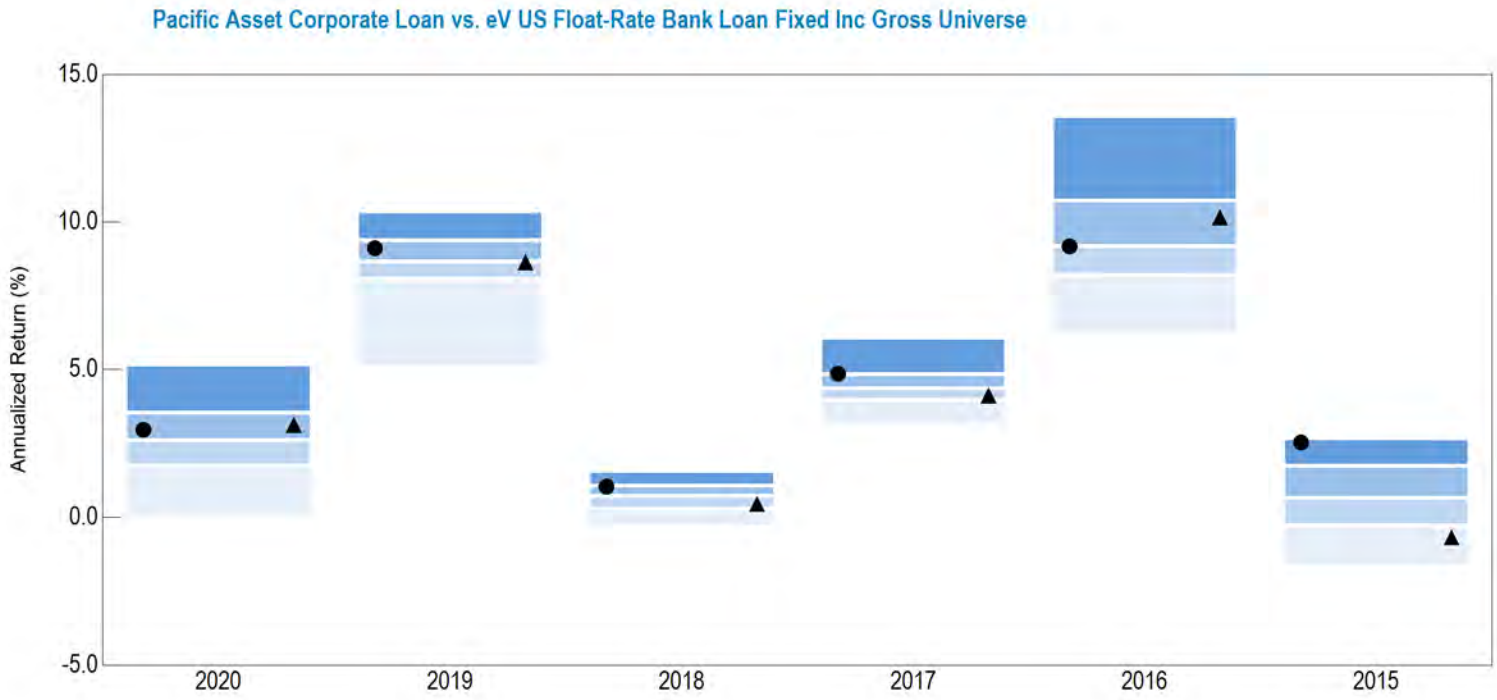
	Return (Rank)											
5th Percentile	0.4		2.4		7.0		4.5		4.5		4.8	
25th Percentile	0.2		0.8		6.3		3.8		4.0		4.0	
Median	0.1		0.0		6.0		3.5		3.8		3.7	
75th Percentile	0.0		-0.7		5.6		3.3		3.5		3.4	
95th Percentile	-0.1		-1.6		4.9		2.8		3.1		2.9	
# of Portfolios	203		203		200		198		194		190	
● Dodge & Cox Income Fund	0.2	(20)	2.4	(5)	6.7	(12)	--	(--)	--	(--)	--	(--)
▲ Bloomberg US Aggregate TR	0.1	(62)	-0.9	(84)	5.4	(89)	2.9	(92)	3.3	(92)	3.0	(95)



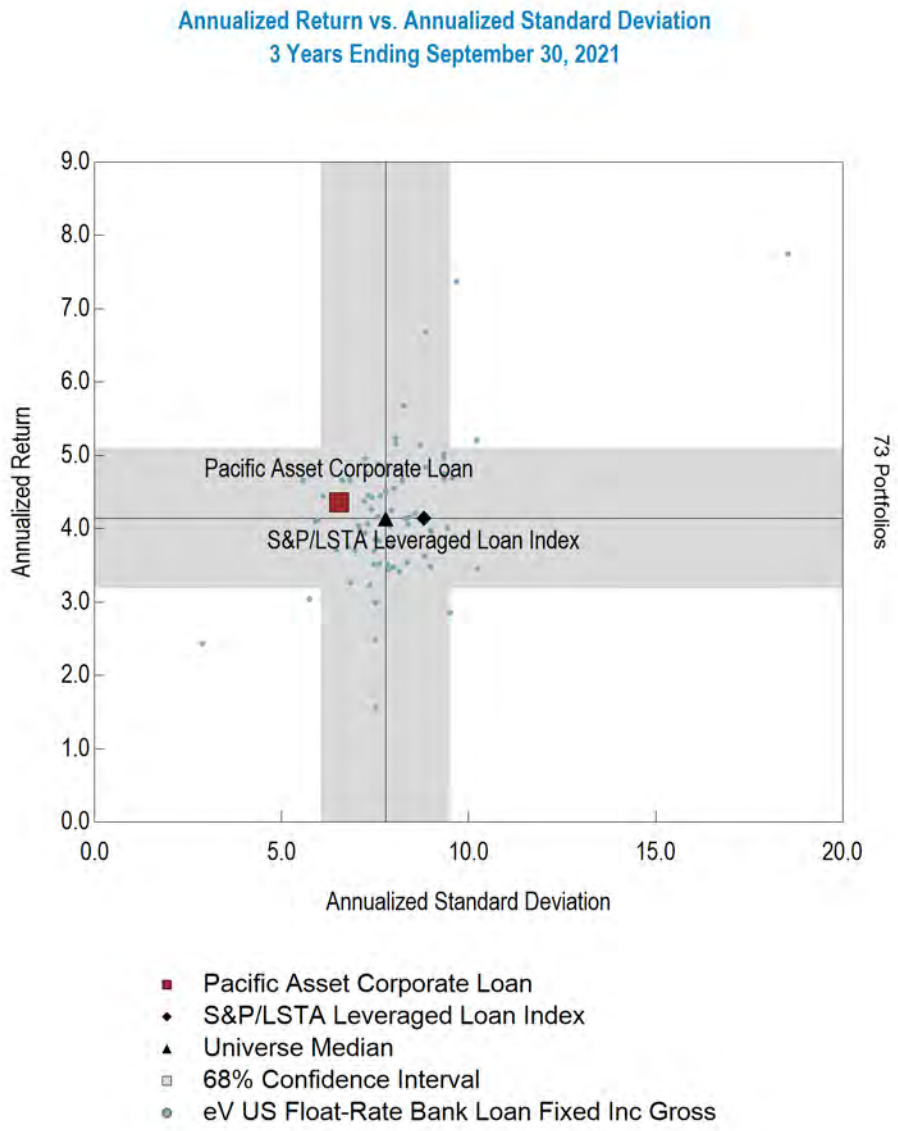
	Return (Rank)											
5th Percentile	10.6		10.9		1.2		5.2		5.1		1.9	
25th Percentile	9.3		9.8		0.4		4.4		3.8		1.3	
Median	8.6		9.3		0.0		4.0		3.2		0.9	
75th Percentile	7.9		8.7		-0.3		3.6		2.7		0.5	
95th Percentile	6.6		7.2		-0.9		2.9		2.0		-0.1	
# of Portfolios	225		228		240		233		223		196	
● Dodge & Cox Income Fund	9.9	(14)	10.2	(11)	0.1	(43)	--	(--)	--	(--)	--	(--)
▲ Bloomberg US Aggregate TR	7.5	(85)	8.7	(77)	0.0	(54)	3.5	(79)	2.6	(77)	0.6	(75)

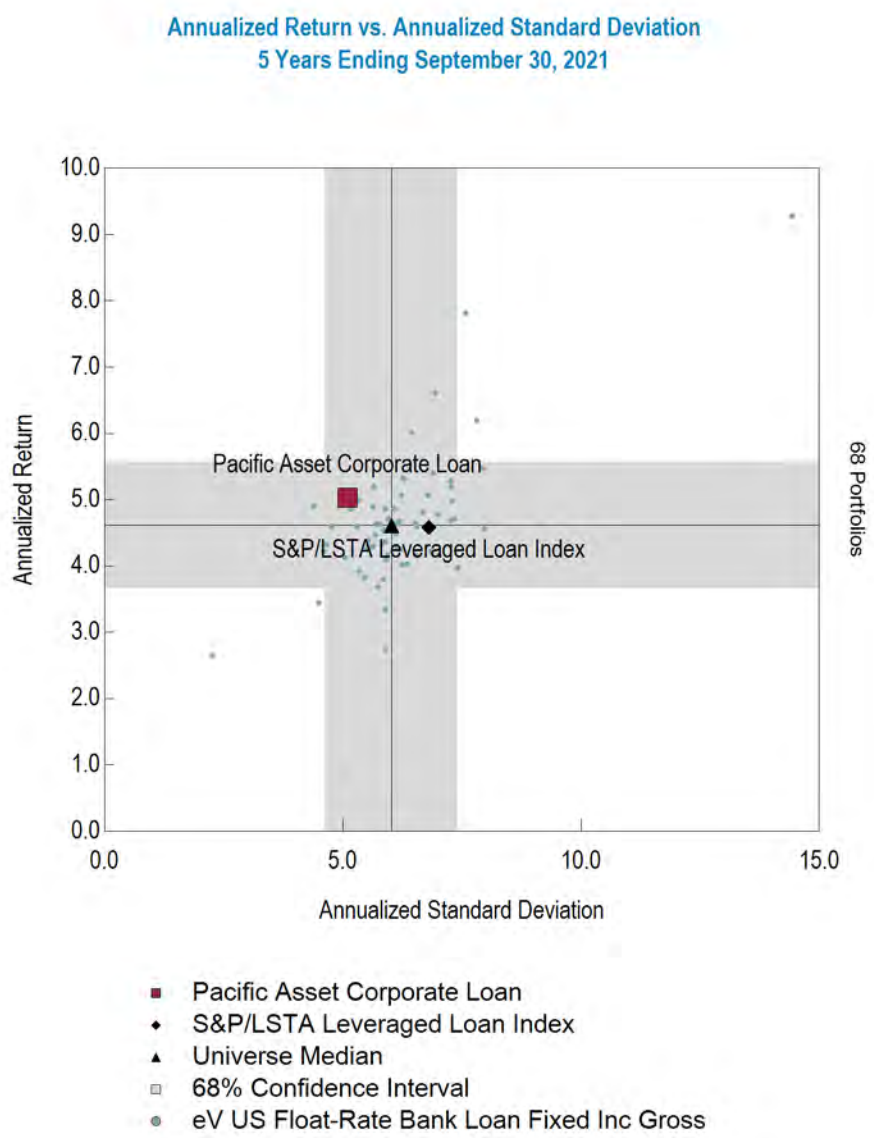

Annualized Return vs. Annualized Standard Deviation
3 Years Ending September 30, 2021
15.0
10.0
5.0
0.0
Annualized Return
Dodge & Cox Income Fund
Bloomberg US Aggregate TR
200 Portfolios
0.0
1.0
2.0
3.0
4.0
5.0
6.0
7.0
8.0
9.0
Annualized Standard Deviation
Dodge & Cox Income Fund
Bloomberg US Aggregate TR
Universe Median
68% Confidence Interval
eV US Core Fixed Inc Gross

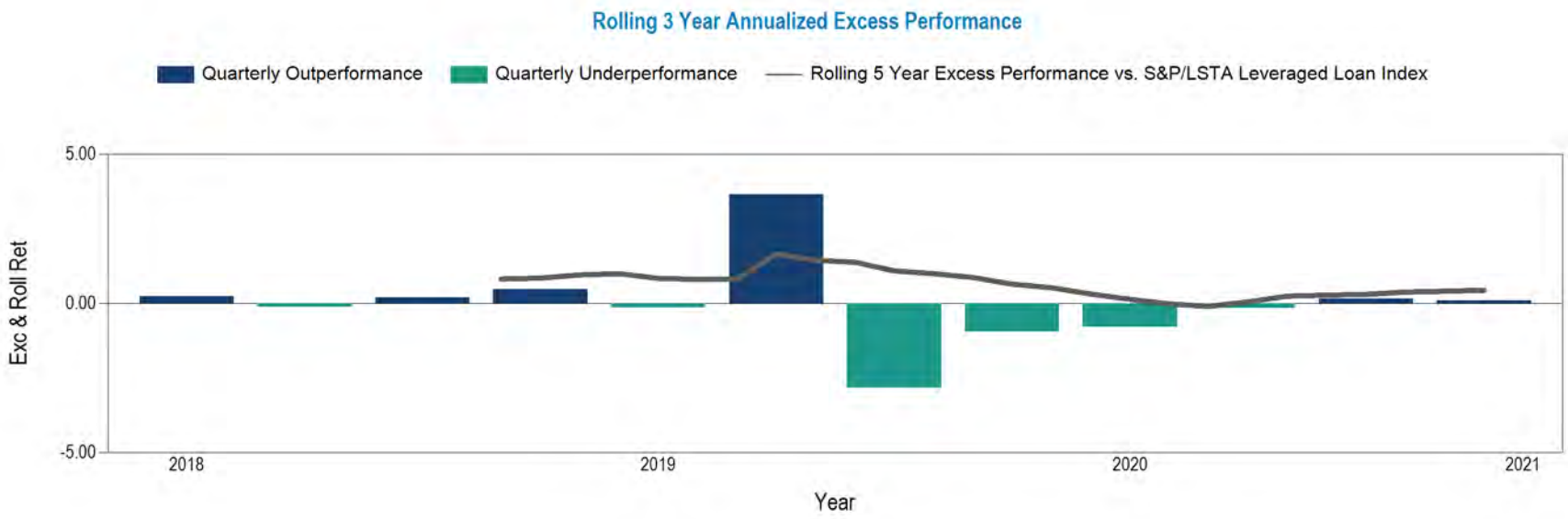
	Return (Rank)											
5th Percentile	1.8		12.2		5.4		6.1		5.3		6.6	
25th Percentile	1.3		9.2		4.7		5.0		4.7		5.7	
Median	1.1		8.2		4.1		4.6		4.3		5.1	
75th Percentile	1.0		7.4		3.7		4.2		4.0		4.8	
95th Percentile	0.8		6.3		2.9		3.5		3.5		4.3	
# of Portfolios	73		73		73		68		68		59	
● Pacific Asset Corporate Loan	1.2	(35)	7.7	(60)	4.4	(40)	5.0	(23)	4.8	(21)	--	(--)
▲ S&P/LSTA Leveraged Loan Index	1.1	(52)	8.4	(45)	4.1	(50)	4.6	(55)	4.2	(66)	4.9	(68)

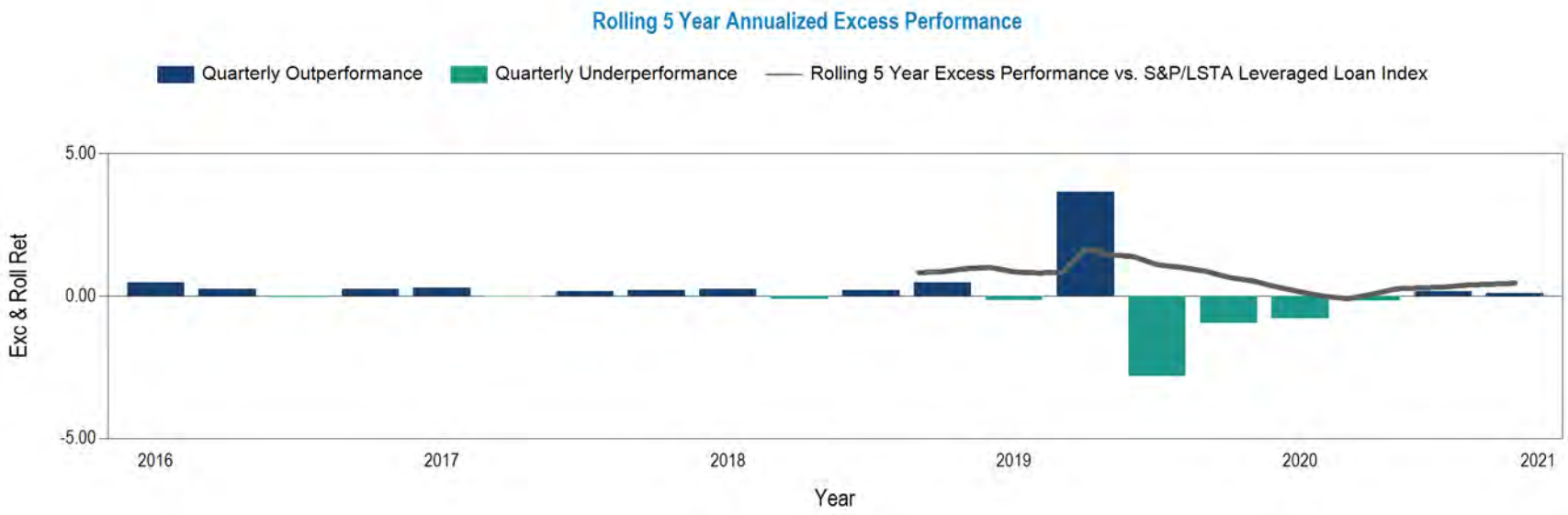


	Return (Rank)											
5th Percentile	5.2		10.3		1.6		6.1		13.6		2.7	
25th Percentile	3.6		9.4		1.1		4.9		10.7		1.8	
Median	2.6		8.7		0.7		4.4		9.2		0.7	
75th Percentile	1.7		8.1		0.3		4.0		8.2		-0.3	
95th Percentile	0.0		5.1		-0.3		3.1		6.2		-1.7	
# of Portfolios	82		76		76		75		69		54	
● Pacific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


Annualized Return vs. Annualized Standard Deviation
3 Years Ending September 30, 2021
Annualized Return
Annualized Standard Deviation
Pacific Asset Corporate Loan
S&P/LSTA Leveraged Loan Index
73 Portfolios
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
0.0
5.0
10.0
15.0
20.0
Pacific Asset Corporate Loan
S&P/LSTA Leveraged Loan Index
Universe Median
68% Confidence Interval
eV US Float-Rate Bank Loan Fixed Inc Gross


Annualized Return vs. Annualized Standard Deviation
5 Years Ending September 30, 2021
Annualized Return
Annualized Standard Deviation
Pacific Asset Corporate Loan
S&P/LSTA Leveraged Loan Index
68 Portfolios
10.0
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
0.0
5.0
10.0
15.0
Pacific Asset Corporate Loan
S&P/LSTA Leveraged Loan Index
Universe Median
68% Confidence Interval
eV US Float-Rate Bank Loan Fixed Inc Gross


Rolling 3 Year Annualized Excess Performance
Quarterly Outperformance
Quarterly Underperformance
Rolling 5 Year Excess Performance vs. S&P/LSTA Leveraged Loan Index
5.00
0.00
-5.00
Exc & Roll Ret
2018
2019
2020
2021
Year


Rolling 5 Year Annualized Excess Performance
Quarterly Outperformance
Quarterly Underperformance
Rolling 5 Year Excess Performance vs. S&P/LSTA Leveraged Loan Index
5.00
0.00
-5.00
Exc & Roll Ret
2016
2017
2018
2019
2020
2021
Year

Total Global Fixed
Asset Class Overview (Gross of Fees)

Period Ending: September 30, 2021

	Market Value	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Global Fixed	**130,040,523**	**-3.6**	**-4.6**	**4.6**	**2.7**	**2.1**	**1.9**	**6.7**	**7.4**	**-4.3**	**13.8**	**4.6**
FTSE World Govt Bond Index		*-1.2*	*-5.9*	*-3.3*	*3.7*	*1.4*	*1.1*	*10.1*	*5.9*	*-0.8*	*7.5*	*1.6*
Brandywine Global Fixed Income	59,348,460	-2.6	-3.8	4.5	--	--	--	--	--	--	--	--
FTSE WGBI ex US TR		*-2.0*	*-7.9*	*-3.4*	--	--	--	--	--	--	--	--
eV All Global Fixed Inc Gross Rank		*95*	*79*	*42*	--	--	--	--	--	--	--	--
Ashmore EM Blended Debt Fund	70,692,063	-4.3	-5.2	4.7	--	--	--	3.2	--	--	--	--
50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+		*-1.5*	*-2.8*	*3.8*	--	--	--	*3.9*	--	--	--	--
eV All Emg Mkts Fixed Inc Gross Rank		*99*	*82*	*70*	--	--	--	*85*	--	--	--	--

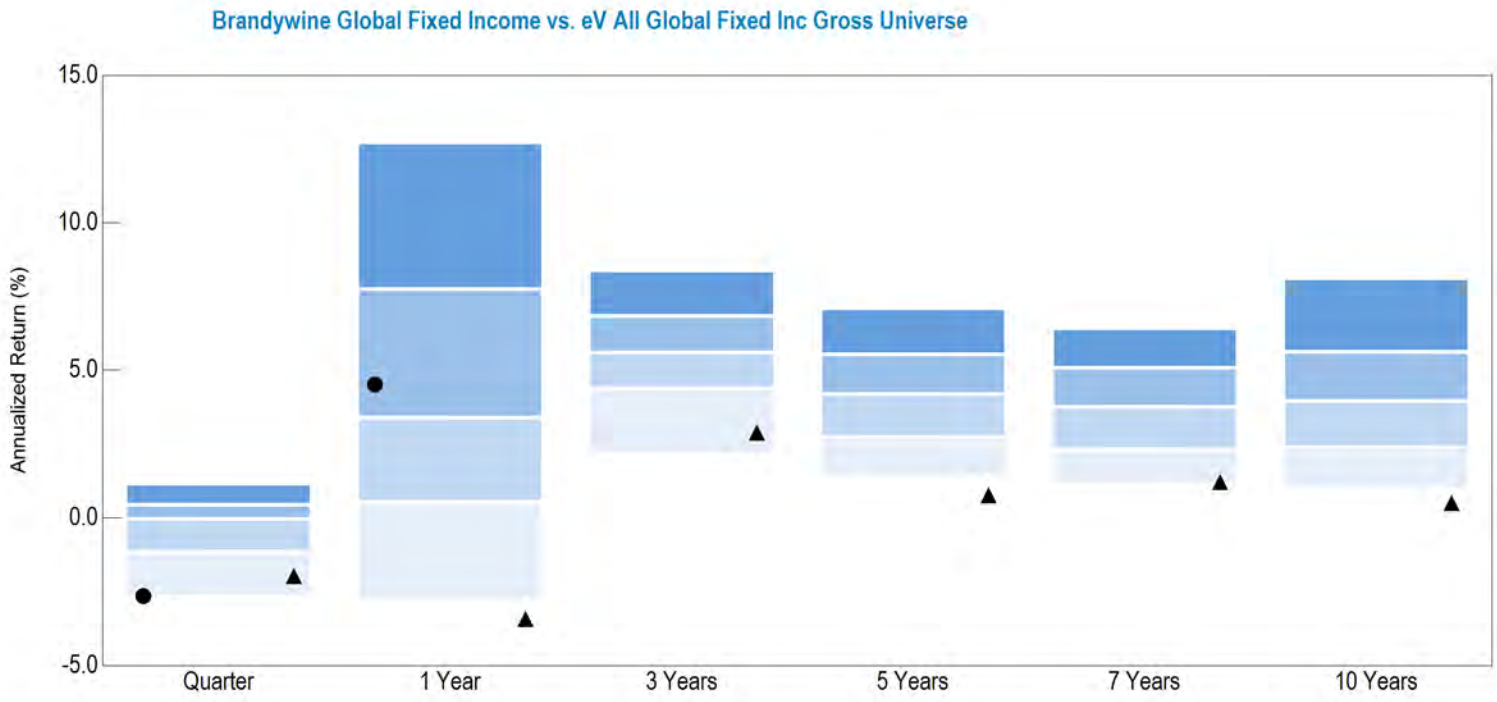
Total Global Fixed
Asset Class Overview (Net of Fees)

Period Ending: September 30, 2021

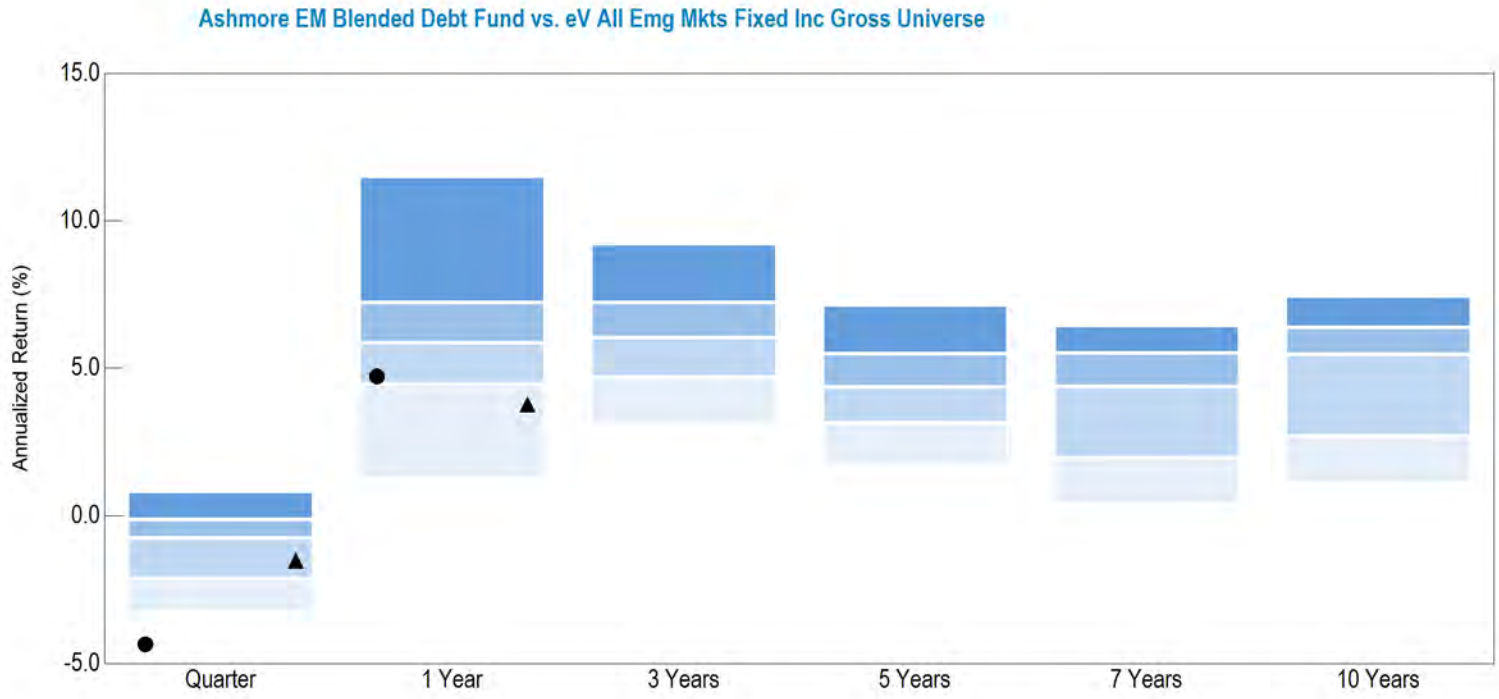
	Market Value	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Global Fixed	**130,040,523**	**-3.7**	**-5.1**	**3.8**	**2.1**	**1.6**	**1.3**	**6.0**	**6.9**	**-4.7**	**13.3**	**4.1**
FTSE World Govt Bond Index		*-1.2*	*-5.9*	*-3.3*	*3.7*	*1.4*	*1.1*	*10.1*	*5.9*	*-0.8*	*7.5*	*1.6*
Brandywine Global Fixed Income	59,348,460	-2.7	-4.1	4.1	--	--	--	--	--	--	--	--
FTSE WGBI ex US TR		*-2.0*	*-7.9*	*-3.4*	--	--	--	--	--	--	--	--
Ashmore EM Blended Debt Fund	70,692,063	-4.6	-5.9	3.7	--	--	--	2.1	--	--	--	--
50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+		*-1.5*	*-2.8*	*3.8*	--	--	--	*3.9*	--	--	--	--

Correlation Matrix
Last 1 Year

	Total Global Fixed	Brandywine Global Fixed Income	Ashmore EM Blended Debt Fund	FTSE World Govt Bond Index
Total Global Fixed	1.00	--	--	--
Brandywine Global Fixed Income	0.98	1.00	--	--
Ashmore EM Blended Debt Fund	0.99	0.94	1.00	--
FTSE World Govt Bond Index	0.89	0.82	0.91	1.00



	Return (Rank)											
5th Percentile	1.1		12.7		8.4		7.1		6.4		8.1	
25th Percentile	0.5		7.8		6.9		5.5		5.1		5.6	
Median	0.0		3.4		5.6		4.2		3.8		4.0	
75th Percentile	-1.1		0.6		4.4		2.8		2.3		2.4	
95th Percentile	-2.6		-2.8		2.2		1.4		1.2		1.0	
# of Portfolios	478		478		458		426		372		278	
● Brandywine Global Fixed Income	-2.6	(95)	4.5	(42)	--	(--)	--	(--)	--	(--)	--	(--)
▲ FTSE WGBI ex US TR	-2.0	(89)	-3.4	(97)	2.9	(92)	0.8	(97)	1.2	(95)	0.5	(97)



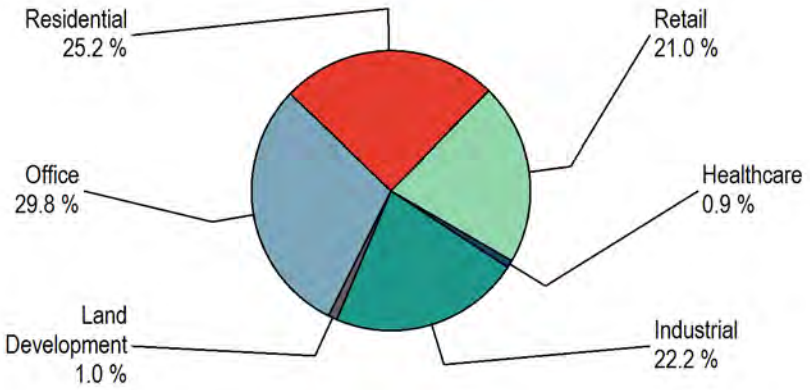
	Return (Rank)											
5th Percentile	0.8		11.5		9.2		7.1		6.4		7.4	
25th Percentile	-0.1		7.2		7.2		5.5		5.5		6.4	
Median	-0.7		5.9		6.1		4.4		4.4		5.5	
75th Percentile	-2.1		4.5		4.7		3.2		2.0		2.7	
95th Percentile	-3.2		1.3		3.1		1.7		0.4		1.1	
# of Portfolios	301		301		277		256		226		156	
● Ashmore EM Blended Debt Fund	-4.3	(99)	4.7	(70)	--	(--)	--	(--)	--	(--)	--	(--)
▲ 50% JPM EMBI GD/25% JPM GBI EM GD/25%	-1.5	(67)	3.8	(82)	--	(--)	--	(--)	--	(--)	--	(--)

Total Real Estate
Asset Class Overview (Gross of Fees)

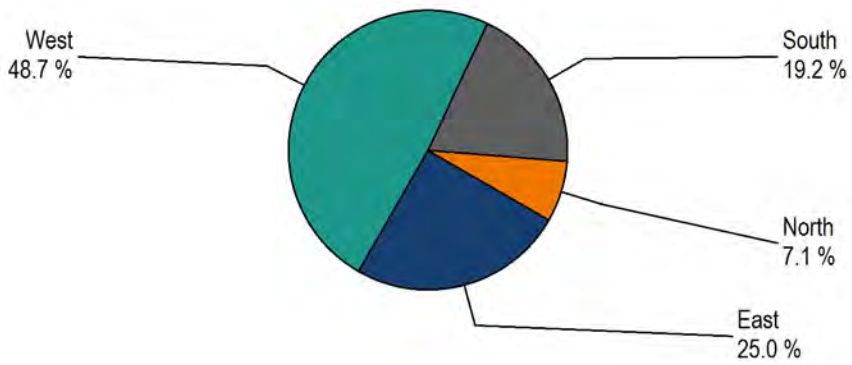
Period Ending: September 30, 2021

	Market Value	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Real Estate	**202,520,213**	**6.0**	**10.3**	**11.9**	**5.7**	**6.5**	**9.1**	**1.1**	**4.3**	**7.5**	**7.8**	**7.8**
NCREIF Property Index		*5.2*	*10.9*	*12.2*	*6.7*	*6.8*	*9.0*	*1.6*	*6.4*	*6.7*	*7.0*	*8.0*
JP Morgan Core Real Estate	154,313,765	6.5	11.1	13.0	5.5	6.0	9.3	0.5	3.4	7.0	6.1	8.4
NCREIF-ODCE		*6.6*	*13.1*	*14.6*	*7.1*	*7.5*	*9.9*	*1.2*	*5.3*	*8.3*	*7.6*	*8.8*
NCREIF Property Index		*5.2*	*10.9*	*12.2*	*6.7*	*6.8*	*9.0*	*1.6*	*6.4*	*6.7*	*7.0*	*8.0*
ARA American Strategic Value Realty	48,206,448	4.3	7.6	8.2	6.8	7.7	--	3.8	7.3	9.1	7.4	--
NCREIF-ODCE		*6.6*	*13.1*	*14.6*	*7.1*	*7.5*	--	*1.2*	*5.3*	*8.3*	*7.6*	--
NCREIF Property Index		*5.2*	*10.9*	*12.2*	*6.7*	*6.8*	--	*1.6*	*6.4*	*6.7*	*7.0*	--

Property Type Allocation
Allocation as of September 30, 2021



Geographic Diversification
Allocation as of September 30, 2021



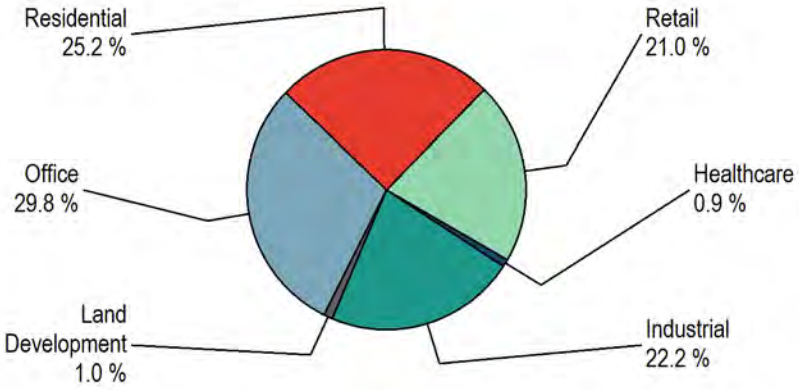
ARA American Strategic Value Realty is lagged one quarter.

Total Real Estate
Asset Class Overview (Net of Fees)

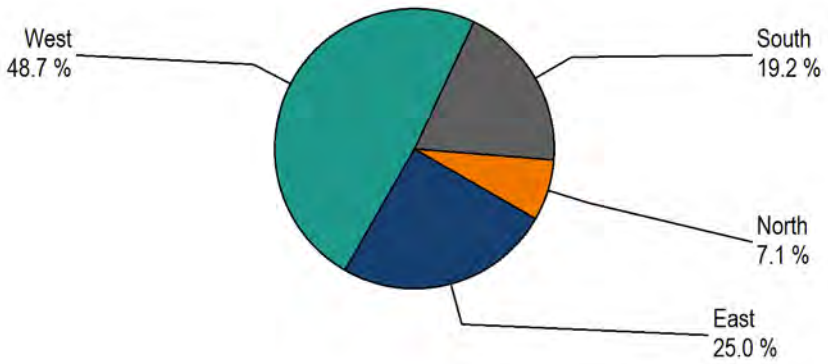
Period Ending: September 30, 2021

	Market Value	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020	2019	2018	2017	2016
Total Real Estate	**202,520,213**	**6.0**	**10.3**	**11.9**	**5.7**	**6.5**	**8.7**	**1.1**	**4.3**	**7.5**	**7.8**	**6.8**
NCREIF Property Index		*5.2*	*10.9*	*12.2*	*6.7*	*6.8*	*9.0*	*1.6*	*6.4*	*6.7*	*7.0*	*8.0*
JP Morgan Core Real Estate	154,313,765	6.5	11.1	13.0	5.5	6.0	8.7	0.5	3.4	7.0	6.1	7.3
NCREIF-ODCE		*6.6*	*13.1*	*14.6*	*7.1*	*7.5*	*9.9*	*1.2*	*5.3*	*8.3*	*7.6*	*8.8*
NCREIF Property Index		*5.2*	*10.9*	*12.2*	*6.7*	*6.8*	*9.0*	*1.6*	*6.4*	*6.7*	*7.0*	*8.0*
ARA American Strategic Value Realty	48,206,448	4.3	7.6	8.2	6.8	7.6	--	3.8	7.3	9.1	7.4	--
NCREIF-ODCE		*6.6*	*13.1*	*14.6*	*7.1*	*7.5*	--	*1.2*	*5.3*	*8.3*	*7.6*	--
NCREIF Property Index		*5.2*	*10.9*	*12.2*	*6.7*	*6.8*	--	*1.6*	*6.4*	*6.7*	*7.0*	--

Property Type Allocation
Allocation as of September 30, 2021



Geographic Diversification
Allocation as of September 30, 2021



ARA American Strategic Value Realty is lagged one quarter.

Performance Return Calculations

Performance is calculated using Time Weighted Rates of Return (TWRR) methodologies. Monthly returns are geometrically linked and annualized for periods longer than one year.

Data Source

Verus is an independent third party consulting firm and calculates returns from best source book of record data. Returns calculated by Verus may deviate from those shown by the manager in part, but not limited to, differences in prices and market values reported by the custodian and manager, as well as significant cash flows into or out of an account. It is the responsibility of the manager and custodian to provide insight into the pricing methodologies and any difference in valuation.

Illiquid Alternatives

Due to the inability to receive final valuation prior to report production, closed end funds (including but are not limited to Real Estate, Hedge Funds, Private Equity, and Private Credit) performance is typically reported at a one-quarter lag. Valuation is reported at a one-quarter lag, adjusted for current quarter flow (cash flows are captured real time). Closed end fund performance is calculated using a time-weighted return methodology consistent with all portfolio and total fund performance calculations. For Private Markets, performance reports also include Verus-calculated multiples based on flows and valuations (e.g. DPI and TVPI) and manager-provided IRRs.

Manager Line Up

Manager	Inception Date	Data Source	Manager	Inception Date	Data Source
PIMCO RAE Fundamental PLUS	11/30/2007	J.P. Morgan	PIMCO Short Duration Fund	7/14/2021	PIMCO
Loomis Sayles Large Cap Growth	12/31/2016	J.P. Morgan	JP Morgan Core Real Estate	3/6/2008	J.P. Morgan
Boston Partners Large Cap Value	1/31/2017	Boston Partners	Gresham MTAP Commodity	8/31/2013	BNY Mellon
Atlanta Capital Management	8/31/2010	J.P. Morgan	Cash Account	-	SLOCPT
Dodge & Cox Intl Stock	12/6/2007	J.P. Morgan	HarbourVest Partners IX-Buyout	2011[1]	HarbourVest
WCM International Growth	2/15/2017	WCM	HarbourVest 2018 Global Fund L.P.	-	HarbourVest
BlackRock Core Bond	1/19/2017	J.P. Morgan	KKR Mezzanine Partners	2010[1]	KKR
Dodge & Cox Income	1/19/2017	Deutsche Bank	PIMCO Distressed Credit Fund	2010[1]	Brown Brothers Harriman
Pacific Asset Corporate Loan	9/1/2014	Deutsche Bank	ARA American Strategic Value	6/22/2016	American Realty Adv.
SSGA U.S. Govt Bond Index	7/16/2021	SSGA	Sixth Street Partners DCP	2016[1]	TPG
BlackRock TIPS	9/1/2021	BlackRock	Pathway Private Equity Fund 9	2017[1]	Pathway
Brandywine Global Fixed	6/24/2020	J.P. Morgan	Pathway Private Equity Fund 10	3/25/2020	Pathway
Ashmore EM Blended Debt Fund	3/31/2019	Ashmore	Sixth Street Partners TAO	4/16/2020	TPG

[1]*Represents fund vintage year.*

Policy & Custom Index Composition

Policy Index (1/1/2021-Current)	20% Russell 3000, 20% MSCI ACWI ex-US (Gross), 12% Bloomberg U.S. Aggregate, 11% FTSE World Govt Bond Index, 3% Bloomberg US Treasury 7-10 yr, 2% Bloomberg US TIPS, 15% NCREIF Property Index, 3% Russell 3000, 5% Private Equity Benchmark, 5% Private Credit Benchmark, 2% Bloomberg US Govt/Credit 1-3 yr, 2% 91 Day T-Bill.
Policy Index (10/1/2020-12/31/2020)	21% Russell 3000, 21% MSCI ACWI ex-US (Gross), 31% Bloomberg U.S. Aggregate, 17% NCREIF Property Index, 1% Russell 3000,4 Private Equity Benchmark, 5% Private Credit Benchmark.
Policy Index (4/1/2020-9/30/2020)	21% Russell 3000, 21% MSCI ACWI ex-US (Gross), 31% Bloomberg U.S. Aggregate, 17% NCREIF Property Index, 5% Russell 3000+ 300 bps (lagged), 5% Bloomberg High Yield +2% (lagged).
Policy Index (1/1/2017-3/31/2020)	20% Russell 3000, 20% MSCI ACWI ex-US (Gross), 30% Bloomberg U.S. Aggregate, 15% NCREIF Property Index, 5% Bloomberg Commodity Index, 5% Russell 3000+ 300 bps (lagged), 5% Bloomberg High Yield +2% (lagged).
Policy Index (10/1/2016-12/31/2016)	20% Russell 3000, 20% MSCI ACWI ex-US (Gross), 30% Bloomberg U.S. Aggregate, 15% NCREIF Property Index, 5% Bloomberg Commodity Index, 5% Russell 3000+ 300 bps, 5% Bloomberg High Yield +2% (lagged).
Policy Index (7/1/2014-9/30/2016)	23% Russell 3000, 22% MSCI ACWI ex-US (Gross), 35% Bloomberg U.S. Aggregate, 10% NCREIF Property Index, 5% Bloomberg Commodity Index, 5% Russell 3000+ 300 bps.
Policy Index (7/1/2013-6/30/2014)	27% Russell 3000, 23% MSCI ACWI ex-US (Gross), 30% Bloomberg U.S. Aggregate, 10% NCREIF Property Index, 5% Bloomberg Commodity Index, 5% Russell 3000+ 300 bps.
Policy Index (4/1/2011-6/30/2013)	27% Russell 3000, 23% MSCI ACWI ex-US (Gross), 20% Bloomberg U.S. Aggregate, 5% Citi World Gov't Bond, 5% Barclays US TIPS, 10% NCREIF Property Index, 5% Bloomberg Commodity Index, 5% Russell 3000+ 300 bps.
Private Equity Index (1/1/2017-10/1/2020)	Russell 3000 +3% (Lagged)
Private Equity Index (6/1/2011-12/31/2016)	Russell 3000 +3%

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

Custom Growth Benchmark (1/1/2021-Present)	29.11% Russell 3000, 25.32% MSCI ACWI Gross, 6.33% Private Equity Benchmark, 6.33% Private Credit Benchmark, 13.92% FTSE World Govt Bond Index, 18.99% NCREIF Property Index.
Custom Fixed Income Benchmark (1/1/2021-Present)	63.15% Bloomberg U.S. Aggregate, 15.79% Bloomberg US Treasury 7-10 yr, 10.53% Bloomberg US TIPS, 10.53% Bloomberg US Govt/Credit 1-3 yr.
Custom Risk Diversifying Benchmark (1/1/2021-Present)	63.33% Custom Fixed Income Benchmark, 36.67% FTSE World Govt Bond Index.

Other Disclosures

Glossary

Allocation Effect: An attribution effect that describes the amount attributable to the managers' asset allocation decisions, relative to the benchmark.

Alpha: The excess return of a portfolio after adjusting for market risk. This excess return is attributable to the selection skill of the portfolio manager. Alpha is calculated as: Portfolio Return - [Risk-free Rate + Portfolio Beta x (Market Return - Risk-free Rate)].

Benchmark R-squared: Measures how well the Benchmark return series fits the manager's return series. The higher the Benchmark R-squared, the more appropriate the benchmark is for the manager.

Beta: A measure of systematic, or market risk; the part of risk in a portfolio or security that is attributable to general market movements. Beta is calculated by dividing the covariance of a security by the variance of the market.

Book-to-Market: The ratio of book value per share to market price per share. Growth managers typically have low book-to-market ratios while value managers typically have high book-to-market ratios.

Capture Ratio: A statistical measure of an investment manager's overall performance in up or down markets. The capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen (up market) or fallen (down market). The capture ratio is calculated by dividing the manager's returns by the returns of the index during the up/down market, and multiplying that factor by 100.

Correlation: A measure of the relative movement of returns of one security or asset class relative to another over time. A correlation of 1 means the returns of two securities move in lock step, a correlation of -1 means the returns of two securities move in the exact opposite direction over time. Correlation is used as a measure to help maximize the benefits of diversification when constructing an investment portfolio.

Excess Return: A measure of the difference in appreciation or depreciation in the price of an investment compared to its benchmark, over a given time period. This is usually expressed as a percentage and may be annualized over a number of years or represent a single period.

Information Ratio: A measure of a manager's ability to earn excess return without incurring additional risk. Information ratio is calculated as: excess return divided by tracking error.

Interaction Effect: An attribution effect that describes the portion of active management that is contributable to the cross interaction between the allocation and selection effect. This can also be explained as an effect that cannot be easily traced to a source.

Portfolio Turnover: The percentage of a portfolio that is sold and replaced (turned over) during a given time period. Low portfolio turnover is indicative of a buy and hold strategy while high portfolio turnover implies a more active form of management.

Price-to-Earnings Ratio (P/E): Also called the earnings multiplier, it is calculated by dividing the price of a company's stock into earnings per share. Growth managers typically hold stocks with high price-to-earnings ratios whereas value managers hold stocks with low price-to-earnings ratios.

R-Squared: Also called the coefficient of determination, it measures the amount of variation in one variable explained by variations in another, i.e., the goodness of fit to a benchmark. In the case of investments, the term is used to explain the amount of variation in a security or portfolio explained by movements in the market or the portfolio's benchmark.

Selection Effect: An attribution effect that describes the amount attributable to the managers' stock selection decisions, relative to the benchmark.

Sharpe Ratio: A measure of portfolio efficiency. The Sharpe Ratio indicates excess portfolio return for each unit of risk associated with achieving the excess return. The higher the Sharpe Ratio, the more efficient the portfolio. Sharpe ratio is calculated as: Portfolio Excess Return / Portfolio Standard Deviation.

Sortino Ratio: Measures the risk-adjusted return of an investment, portfolio, or strategy. It is a modification of the Sharpe Ratio, but penalizes only those returns falling below a specified benchmark. The Sortino Ratio uses downside deviation in the denominator rather than standard deviation, like the Sharpe Ratio.

Standard Deviation: A measure of volatility, or risk, inherent in a security or portfolio. The standard deviation of a series is a measure of the extent to which observations in the series differ from the arithmetic mean of the series. For example, if a security has an average annual rate of return of 10% and a standard deviation of 5%, then two-thirds of the time, one would expect to receive an annual rate of return between 5% and 15%.

Style Analysis: A return based analysis designed to identify combinations of passive investments to closely replicate the performance of funds

Style Map: A specialized form or scatter plot chart typically used to show where a Manager lies in relation to a set of style indices on a two-dimensional plane. This is simply a way of viewing the asset loadings in a different context. The coordinates are calculated by rescaling the asset loadings to range from -1 to 1 on each axis and are dependent on the Style Indices comprising the Map.

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

Verus will make every reasonable effort to obtain and include accurate market values. However, if managers or custodians are unable to provide the reporting period's market values prior to the report issuance, Verus may use the last reported market value or make estimates based on the manager's stated or estimated returns and other information available at the time. These estimates may differ materially from the actual value. Hedge fund market values presented in this report are provided by the fund manager or custodian. Market values presented for private equity investments reflect the last reported NAV by the custodian or manager net of capital calls and distributions as of the end of the reporting period. These values are estimates and may differ materially from the investments actual value. Private equity managers report performance using an internal rate of return (IRR), which differs from the time-weighted rate of return (TWRR) calculation done by Verus. It is inappropriate to compare IRR and TWRR to each other. IRR figures reported in the illiquid alternative pages are provided by the respective managers, and Verus has not made any attempts to verify these returns. Until a partnership is liquidated (typically over 10-12 years), the IRR is only an interim estimated return. The actual IRR performance of any LP is not known until the final liquidation.

Verus receives universe data from InvMetrics, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. Verus will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.

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www.SLOPensionTrust.org

San Luis Obispo County
Pension Trust
SLOCPT

Date: November 15, 2021

To: Board of Trustees

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

Agenda Item 13: Monthly Investment Report for October 2021

The report will be distributed under separate cover following the receipt of the monthly analysis from the investment consultant. The preparation of the monthly performance report is dependent on custody bank statements that are not due until the 11th business day of the month.

The monthly investment report for October is likely to be received after the November 15th date of the Board of Trustees meeting. It will be included in the consent agenda for the January 24, 2022, Board meeting as a receive and file item.

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San Luis Obispo County
Pension Trust
SLOCPT

Date: November 15, 2021

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director
Scott Whalen – Verus – Investment Consultant

Agenda Item 14: Asset Allocation – Implementation – Interim 2022 Policy Targets

Recommendation:

1. Approve the Interim 2022 Asset Allocation Policy Targets discussed below. This is the next step in the approximately four years of the implementation glidepath to the approved Strategic Asset Allocation (SAA) Policy. Note that this action is not a change to the adopted SAA Policy – rather it is a recognition that a transition of this type is best completed over multiple years.

Background:

The Pension Trust adopted a revised Investment Policy and an amended the Strategic Asset Allocation (SAA) policy September 28, 2020. The amended SAA includes, among other changes, a target allocation to the Growth Sub-Portfolio of 75%. Included in the Growth Portfolio is a large increase in the allocation to Private Market assets – Private Equity and Private Credit – from the 2020 target of 10% to the new SAA Policy of 30%. In addition, a portion of the Real Assets allocation (5% Core Real Estate, 5% Value-Add Real Estate, 5% Infrastructure) is made changed from the pre-2020 policy. Given the illiquid nature of private market assets and the importance of vintage-year diversification, any realistic implementation plan should extend over 3-5 years and perhaps longer.

In November of 2020 the Board approved a set of 2021 Interim Asset Allocation Policy Targets. This action updates that decision on interim asset mix targets for 2022. A key feature of the proposed Interim Policy Targets as presented below maintains the investment risk/return exposure consistently throughout the implementation period. The Interim Policy Targets for asset allocation discussed in November 2020 as an initial expectation are shown below.

		Implementation Benchmark				
	Current	2021	2022	2023	2024	SAA
Growth	**81%**	**81%**	**79%**	**76%**	**75%**	**75%**
Public Equity	43%	40%	37%	33%	30%	30%
Private Equity	5%	8%	12%	15%	18%	18%
Private Credit	5%	7%	9%	10%	12%	12%
Non-US Debt	14%	11%	7%	4%	0%	0%
Core Real Estate	14%	12%	9%	7%	5%	5%
Private RE + Infra	0%	3%	5%	8%	10%	10%
Diversifying	**14%**	**15%**	**15%**	**15%**	**15%**	**15%**
Core US Bonds	14%	10%	7%	4%	0%	0%
LD Treasury/TIPS	0%	5%	8%	11%	15%	15%
Liquidity	**5%**	**4%**	**6%**	**8%**	**10%**	**10%**
Cash	5%	2%	2%	3%	4%	4%
ST Fixed Income	0%	2%	4%	5%	6%	6%

The Implementation Benchmarks from this 2020 table are forecasted and would be adjusted each year by Board approval. In particular, the interim Policy Targets to be adopted for each year should take into consideration the practicalities of implementing asset allocation changes this significant over multiple years.

The recommendation for Board of Trustees approval is to approve the 2022 Interim Asset Allocation Policy Targets shown below.

Asset Class	EOY 2022 Target	Implementation Benchmark
Domestic Equity	21%	Russell 3000
International Equity	17%	MSCI ACWI ex US
Private Equity*	10%	Actual Return
Domestic Fixed Income	12%	Bloomberg Agg
Global Fixed Income	7%	FTSE WGBI
US Treasuries	4%	Bloomberg Treasury 7-10
US TIPS	3%	Bloomberg US TIPS 5-10
Private Credit*	7%	Actual Return
Open End Core/VA Real Estate	10%	NCREIF Property Index
Private VARE/Infrastructure*	2%	Actual Return
Cash/Liquidity	6%	91 Day T-Bill

Respectfully submitted,

Verus

PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS

NOVEMBER 2021

FFP Glidepath – Detailed 2022 Implementation

San Luis Obispo County Pension Trust

2021 accomplishments

- Hired short duration fixed income manager
- Hired Diversifying Asset Pool managers
- Hired private markets advisor
- Began first stage implementation

2022 implementation glidepath

Objective: Maintain long-term risk/return objectives for portfolio during transition to FFP allocation and structure

- 2022 Glidepath implementation will adjust vary from plan, based on market returns and funding pace for privates
- Total allocation to growth-oriented assets is expected to decline slightly in 2022 from 78% to 76%
  - Partially offset by funding of higher expected returning private markets
  - Begin to reduce allocation to multi-purpose fixed income strategies with embedded growth factor
- Underlying composition of managers/strategies within Risk Diversifying pool continues to shift
  - Reducing multi-purpose fixed income strategies in favor of Treasuries, TIPS
- Private market funding redeemed from public market proxies
  - Private Equity from public equities, private credit from public fixed income, value-add real estate from core real estate
  - Cash reserve may be used to bridge the gap as required

2022 implementation glidepath

What's within our control and what's really not?

— Within our control:

- Moving public markets allocation towards new FFP SAA
- Funding private markets capital calls from their public market equivalent
- Using cash flow and asset returns to move closer to FFP SAA

— Outside our control:

- Market returns - Mitigant: regularly adjust funding targets based on market returns, rebalance towards 2021 benchmark
- Timing and amount of private markets capital calls and distributions – Mitigant: all funding comes from the public markets holding place

2022 implementation glidepath: public markets

Objective: Maintain long-term risk/return objectives for portfolio during transition to FFP allocation and structure

San Luis Obispo SAA Glidepath	Actual 9/30/21		SAA	(over/under)	Q1	Q2	Q3	Q4	2022	2022
4	$	%	%	%	Asset Allocation Changes	Asset Allocation Changes	Asset Allocation Changes	Asset Allocation Changes	EOY	Benchmark
Total Fund	**$1,728,158,430**	**100%**	100%						**$1,728,158,430**	
Public Equity	**$717,256,762**	**42%**	**30%**	**12%**	($5,934,587)	($5,934,587)	($5,934,587)	($5,934,587)	**$693,518,416**	40%
Large Cap US Equity	**$315,145,855**	**18%**	**12%**	**6%**	($2,373,835)	($2,373,835)	($2,373,835)	($2,373,835)	**$305,650,516**	18%
PIMCO RAE Fund PLUS Inst	$105,415,912	6%	4%	**2%**	($791,278)	($791,278)	($791,278)	($791,278)	**$102,250,799**	6%
Loomis Sayles Large Cap Growth	$106,765,870	6%	4%	**2%**	($791,278)	($791,278)	($791,278)	($791,278)	**$103,600,757**	6%
Boston Partners Large Cap Value	$102,964,073	6%	4%	**2%**	($791,278)	($791,278)	($791,278)	($791,278)	**$99,798,960**	6%
Small/Mid Cap US Equity	**$79,894,335**	**5%**	**3%**	**2%**	($593,459)	($593,459)	($593,459)	($593,459)	**$77,520,500**	4%
Atlanta Capital Management	$79,894,335	5%	3%	**2%**	($593,459)	($593,459)	($593,459)	($593,459)	**$77,520,500**	4%
International Equity	**$322,216,572**	**19%**	**15%**	**4%**	($2,967,293)	($2,967,293)	($2,967,293)	($2,967,293)	**$310,347,399**	18%
Dodge and Cox Intl Stock	$158,257,228	9%	8%	**2%**	($1,483,647)	($1,483,647)	($1,483,647)	($1,483,647)	**$152,322,641**	9%
WCM International Growth	$163,959,344	9%	8%	**2%**	($1,483,647)	($1,483,647)	($1,483,647)	($1,483,647)	**$158,024,757**	9%
US Fixed Income	**$260,452,051**	**15%**	**0%**	**15%**	($5,934,587)	($5,934,587)	($5,934,587)	($5,934,587)	**$236,713,705**	14%
Blackrock Core Bond	$88,644,596	5%	0%	5%	($1,978,196)	($1,978,196)	($1,978,196)	($1,978,196)	**$80,731,814**	5%
Dodge and Cox Income Fund	$93,610,638	5%	0%	5%	($1,978,196)	($1,978,196)	($1,978,196)	($1,978,196)	**$85,697,856**	5%
Pacific Asset Corporate Loan	$78,196,817	5%	0%	5%	($1,978,196)	($1,978,196)	($1,978,196)	($1,978,196)	**$70,284,035**	4%
US Long Duration Treasury/TIPS	**$69,316,994**	**4%**	**15%**	**-11%**	**$11,869,173**	**$11,869,173**	**$11,869,173**	**$11,869,173**	**$116,793,687**	7%
US Gov't - Treasury Bonds	$39,636,056	2%	8%	-6%	$5,934,587	$5,934,587	$5,934,587	$5,934,587	**$63,374,402**	4%
US Gov't - TIPS	$29,680,938	2%	7%	-5%	$5,934,587	$5,934,587	$5,934,587	$5,934,587	**$53,419,284**	3%
Short Term Cash and Liquidity	**$118,752,790**	**7%**	**10%**	-3%	**$0**	**$0**	**$0**	**$0**	**$118,752,790**	7%
Short Term Investment Grade	$29,972,100	2%	6%	-4%	$5,934,587	$5,934,587	$5,934,587	$5,934,587	**$53,710,446**	3%
Cash	$88,780,690	5%	4%	1%	($5,934,587)	($5,934,587)	($5,934,587)	($5,934,587)	**$65,042,344**	4%
Total Growth	**1,344,842,359**	**78%**	**75%**	**3%**	**($8,901,880)**	**($8,901,880)**	**($8,901,880)**	**($8,901,880)**	**$1,309,234,840**	**76%**
Total Risk Diversifying	**$264,563,281**	**15%**	**15%**	**0%**	**$8,901,880**	**$8,901,880**	**$8,901,880**	**$8,901,880**	**$300,170,800**	**17%**
Liquidity	**$118,752,790**	**7%**	**10%**	**-3%**	**$0**	**$0**	**$0**	**$0**	**$118,752,790**	**7%**
Total Fund	**$1,728,158,430**	**100%**	**100%**						**$1,728,158,430**	**100%**

2022 implementation glidepath: private markets

Objective: Funding of private markets comes from public market equivalents

San Luis Obispo SAA Glidepath	Actual 9/30/20		SAA	(over/under)	2022
4	$	%	%	%	Funding Privates/Cash
Total Fund	**$1,728,158,430**	**100%**	100%		
Public Equity	**$717,256,762**	**42%**	**30%**	**12%**	**($47,583,069)**
US Equity	**$395,040,190**	**23%**	**15%**	**8%**	**($23,791,534)**
Large Cap US Equity	**$315,145,855**	**18%**	**12%**	**6%**	**($19,033,228)**
Small Cap US Equity	**$79,894,335**	**5%**	**3%**	**2%**	**($3,806,646)**
International Equity	**$322,216,572**	**19%**	**15%**	**4%**	**($23,791,534)**
Private Equity	**$120,736,242**	**7%**	**18%**	**-11%**	**$47,583,069**
US Fixed Income	**$260,452,051**	**15%**	**0%**	**15%**	**($20,853,877)**
US Long Duration Treasury/TIPS	**$69,316,994**	**4%**	**15%**	**-11%**	
Short Term Cash and Liquidity	**$118,752,790**	**7%**	**10%**	**-3%**	
Non US/Global Fixed Income	**$130,040,523**	**8%**	**0%**	**8%**	**($10,426,939)**
Private Credit	**$80,991,877**	**5%**	**12%**	**-7%**	**$31,596,784**
Open End Real Estate	**$202,520,213**	**12%**	**5%**	**7%**	**($43,203,961)**
Closed End Real Estate +Infrastructure	**$0**	**0%**	**10%**	**-10%**	**$43,203,961**

Timing and amount of funding will vary

2022 interim benchmark

Benchmark will adjust annually to reflect expected end of year glidepath position for public markets

Asset Class	EOY 2022 Target	Implementation Benchmark
Domestic Equity	21%	Russell 3000
International Equity	17%	MSCI ACWI ex US
Private Equity*	10%	Actual Return
Domestic Fixed Income	12%	Bloomberg Agg
Global Fixed Income	7%	FTSE WGBI
US Treasuries	4%	Bloomberg Treasury 7-10
US TIPS	3%	Bloomberg US TIPS 5-10
Private Credit*	7%	Actual Return
Open End Core/VA Real Estate	10%	NCREIF Property Index
Private VARE/Infrastructure*	2%	Actual Return
Cash/Liquidity	6%	91 Day T-Bill

**Private markets benchmarks will equal current allocation during glidepath implementation with remaining allocated to public markets holding place.*

Next steps

- Develop detailed private markets investment strategy
- Adjust and execute implementation glidepath on a quarterly basis

Board of Trustees

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San Luis Obispo County
Pension Trust
SLOCPT

Date: November 15, 2021

To: Board of Trustees

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

Agenda Item 15: Private Markets Discretionary Advisor – HarbourVest Implementation

Recommendation:

To review and discuss with Staff and the ad hoc Private Markets Investment Committee the status of implementing the previously approved selection of HarbourVest.

Background:

HarbourVest was approved at the September to manage a large and complex fund-of-one structure covering private equity, private credit and infrastructure investments. NEPC provide the manager search consulting services on this extensive project. The HarbourVest "SLO Fund, L.P." is estimated to take approximately $800 million in new commitments to private market investments over the next five years or more to eventually make up as much as 30%-35% of the entire pension fund. This includes an 18% allocation to private equity, a 12% allocation to private credit and a 5% allocation to infrastructure.

The HarbourVest fund will be in addition to the private market legacy funds already in place for the Pension Trust. Those legacy funds are in most cases closed end Limited Partnerships that will naturally distribute back all their funds over a number of years so that can be reinvested in the HarbourVest fund. An exception to this is the Sixth Street Partners Diversified Credit Program for the SLOCPT that is a quasi-evergreen structure so will go on reinvesting tis distributions into subsequent SSP private credit funds.

Due Diligence:

Staff and NEPC consultants have conducted extensive due diligence meetings with HarbourVest over several weeks. These due diligence meetings covered investment strategy, professional staffing, compliance, legal structure, organizational infrastructure and other topics. No concerns or problems have come to light and Staff is comfortable proceeding as planned.

Legal Issues and Documents:

The nature of a complex investment strategy in private markets leads to an equally complex set of documents. The primary document establishing the HarbourVest SLO Fund-of-one (The SLOCPT is the only limited partner in the arrangement) is the Limited Partnership Agreement and the related Subscription Agreement. The underlying "Term Sheet" for the key variable in such a document has been reviewed by Staff, NEPC, General Counsel, and SLOCPT's Investment Counsel and found to be acceptable. The detailed drafting of the LP documents is underway at this time.

A key consideration for the SLOCPT are any indemnification provisions in the documents. Through prior fund-of-funds legacy investments with HarbourVest we are already in agreement on necessary indemnification provisions. The indemnification language planned for the HarbourVest SLO Fund LP documents is the topic of another item for Board of Trustees approval at this Board meeting.

Tactical Plan:

An important part of the implementation of an investment program of this scale and custom nature is agreement on the Tactical Plan that HarbourVest recommends. The broad outlines of such a plan were part of the RFP for the project that NEPC recommended. The firm selected, HarbourVest in this case, should be expected to have their own refinements to the broad Tactical Plan. An example of Tactical Plan components are - how much of the private equity allocation will be allocated in turn to venture capital, growth capital, or buyout funds?

Another highly important part of the Tactical Plan is the planned pacing of commitments to private market investments over a five-year window. A steady and measured level of new investments is crucial to maintain prudent vintage-year diversification.

The portion of the Tactical Plan on Infrastructure will consider HarbourVest's recommendation to use an upcoming new Core Infrastructure open-ended fund as the foundation starting in mid-2022. The HarbourVest Infrastructure fund has been in operation for several years with "seed" investors and is now ready for broader participation. This concept will be discussed at length. Also, Verus as the SLOCPT's general investment consultant will review the proposed HarbourVest core Infrastructure fund as it develops.

These considerations are under development and will be the topic of a discussion with the ad hoc Private Markets Investment Committee of the Board of Trustees on November 10th. Further details will be presented to the full Board after that meeting.

Respectfully Submitted

Board of Trustees

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San Luis Obispo County
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SLOCPT

Date: November 15, 2021

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director
Chris Waddell – General Counsel

Agenda Item 16: Indemnification – Authorization pursuant to Section 16.02(j) of the Retirement Plan—Private Markets Discretionary Advisor

Recommendation:

It is recommended that the Board of Trustees ("BoT") make findings relative to and approve indemnification pursuant to Section 16.02(j) of the Retirement Plan for the following contract:

- Investment Management Agreement – HarbourVest SLO Fund, L.P.

Discussion:

From 2007 until May, 2016, the Retirement Plan contained in Section 16.02(i) a blanket prohibition on the Pension Trust indemnifying any party. This prohibition became increasingly problematic in the limits it placed on the Pension Trust to enter into contracts, including those for investment management services and commercial banking. On May 10, 2016, the Retirement Plan was amended by the Board of Supervisors for certain technical and housekeeping amendments as recommended by the BoT. These Plan amendments included the following modification of Section 16.02 dealing with indemnification:

> **Article 16: Administrations and Operation – Section 16.02 excerpt –**
> …
> "(h) Except as provided in section 16.02(j), it shall have no power to, and shall not, authorize the Pension Trust to act as surety for any person or entity, or as guarantor for the debt or obligations of any person or entity. (11-20-2007)

(i) Except as provided in section 16.02(j), it shall have no power to, and shall not, authorize the Pension Trust to indemnify any person or entity. (11-20-2007)

(j) Notwithstanding sections 16.02(h) and/or 16.02(i), the Board of Trustees may authorize the Pension Trust to: 1) act as surety for; 2) act as guarantor for; or 3) indemnify any person or entity if the Board of Trustees makes all of the following findings:

(i) Based upon the assessment of the Executive Director, that it is not possible to obtain comparable services at comparable costs from service providers without having to agree to a surety, guarantor, or indemnification relationship;

(ii) Based upon the assessment of the Executive Director, that if a surety, guarantor or indemnification relationship is required to obtain comparable services at comparable costs, such relationship is not available from another service provide under contractual provisions that would provide greater protection to the Pension Trust;

(iii) Based upon the assessment of the Executive Director and General Counsel, that all potential risks of loss and costs to the Pension Trust resulting from the surety, guarantor or indemnification relationship have been identified and that all available actions to minimize such risks have been considered and, where appropriate, taken;

(iv) Based upon the assessment of the General Counsel, the process used to evaluate the surety, guarantor or indemnification relationship fulfills the fiduciary duties of the members of the Board of Trustees and Pension Trust staff."

The purpose of this recommended Board of Trustees approval is to make the necessary findings relative to and approve indemnification for the Pension Trust's anticipated engagement of HarbourVest Partners LP as the discretionary private markets investment advisor to the Pension Trust through a limited partnership vehicle to be known as HarbourVest SLO Fund, L.P. (hereinafter "Fund"). This investment was previously approved by the BoT at its September 27, 2021 meeting, subject to negotiation of acceptable deal terms.

While the negotiation of deal terms is ongoing, we have been advised by HarbourVest that the fund documents will provide for the following indemnification provisions:

1) The Limited Partnership Agreement (LPA) for this investment will require the Fund to indemnify the General Partner, its affiliates, including the Management Company, and their respective agents, partners, members, directors, employees and shareholders, from all claims and damages in connection with their service to the Fund. Indemnification is not available for the General Partner and its affiliates if a court determines that such indemnitees (a) did not act in good faith and in the best interests of the fund; (b) materially violated the LPA; (c) acted withnegligence, fraud or in willful violation of the law; or (d) breached its fiduciary duty.

While this language constitutes an "indirect" indemnification obligation of the Pension Trust, as a practical matter given the "fund-of-one" investment structure, if an indemnifiable event were to occur, the funds contributed and committed by the Pension Trust to the Fund would bear the brunt of the responsibility to fulfill the obligation. The Pension Trust's outside investment counsel,

Nossaman, does note that this obligation is structured in a way that is more investor-friendly to the Pension Trust than is often the case, in that in most limited partnership agreements they review the indemnification obligation is waived in the event of gross negligence by the putative indemnitee, while in this LPA the obligation is waived in the event of either simple negligence or breach of fiduciary duty.

The Subscription Agreement, which is a separate document from the Limited Partnership Agreement, does provide for direct indemnification by the Pension Trust of the Fund and the General Partner for any claims and losses related to any breach of representation, warranty or covenant made by the Pension Trust in said Agreement.

(j)(i-ii): It is the assessment of the Executive Director that comparable investment managers with investment management agreements that do not contain indemnification provisions similar to those described above or contain indemnification provisions that provide greater protection to the Pension Trust are unavailable, and that the indemnification provisions in the HarbourVest fund documents reflect normal terms in the investment management industry.

(j)(iii): The Executive Director and the General Counsel believe that all potential risks of loss and costs to the Pension Trust resulting from these indemnifications have been identified and that all available actions to minimize such risks have been considered and, where appropriate, taken.

(j)(iv): It is the assessment of the General Counsel that the process used to evaluate the indemnification relationship as outlined above fulfills the fiduciary duties of the members of the BoT and Pension Trust staff.

We recommend that the Board adopt the findings and approve the indemnification provisions with the service provider described above.

Respectfully Submitted,

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SLOCPT

Date: November 15, 2021

To: Board of Trustees

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

Agenda Item 17: Asset Allocation – October 2021

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

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

Note that the $70 million prefunding of SLO County employed contributions took please during July. The bulk of these funds are being retained in the Liquidity portfolios for payment of retirement benefits over the remainder of 2021. This accounts for the higher than typical allocation to the Treasury portfolio in the Liquidity area.

FFP Asset Mix	Est. Market Value ($000s) 10/29/21	% Allocation	SAA Target Allocation 2021 Interim	Variance
Bank (operating)	2,197	0.1%	-	0.1%
SLOC Treasury	68,104	3.9%	1.6%	2.3%
JPM short term	9,188	0.5%	0.4%	0.1%
Short Duration	29,829	1.7%	2.0%	-0.3%
LIQUIDITY	109,318	6.2%	4.0%	2.2%
Equity- Public Mkt US	417,183	23.7%	22.0%	1.7%
Equity- Public Mkt Intl	337,338	19.2%	18.0%	1.2%
Equity- Public Mkt Global	-	0.0%	0.0%	0.0%
Bank Loans	77,806	4.4%	4.0%	0.4%
Bonds- Intl.	59,211	3.4%	3.0%	0.4%
Bonds- Emerging Mkts	69,006	3.9%	4.0%	-0.1%
Real Estate- Core	154,314	8.8%	12.0%	-3.2%
Real Estate- Value Add	50,927	2.9%	1.5%	1.4%
Infrastructure	-	0.0%	1.5%	-1.5%
Private Equity	81,482	4.6%	8.0%	-3.4%
Private Credit	121,723	6.9%	7.0%	-0.1%
Opportunistic	29,135	1.7%	0.0%	1.7%
GROWTH	1,398,124	79.5%	81.0%	-1.5%
Bonds- Core	181,550	10.3%	10.0%	0.3%
Long Treasuries	39,604	2.3%	3.0%	-0.7%
TIPS	30,018	1.7%	2.0%	-0.3%
RISK DIVERSFYING	251,172	14.3%	15.0%	-0.7%
TOTAL	1,758,613	100.0%	100.0%	

Respectfully submitted,

Board of Trustees

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Date: November 15, 2021

To: Board of Trustees

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

Agenda Item 19: Funding Policy Update

This is an informational presentation for the Board of Trustees on updated projections from Cheiron as the Plan Actuary. The attached presentation illustrates pension contribution rates and funded status in projections based on the 2021 Actuarial Valuation.

The basis for the projections is to illustrate the impact of further lowering of the Discount Rate used in the annual Actuarial Valuations. For the 2021 Valuation the Board of Trustees approved reducing the Discount Rate from 6.875% to **6.750%**. This forms the basis for these projections. Not other actuarial assumptions or expected data was incorporated.

The attached exhibits explore the effects of lowering the Discount Rate to 6.625% or 6.500%.

These projections have been provided to the plan sponsor as a tool for budget planning with the express qualification that the Discount Rate is under the control of the Board of Trustees and no decision on this key variable is planned until May-June 2022 with the 2022 Experience Study and Actuarial Valuation.

No action is requested apart from discussion of these projections.

Respectfully submitted

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San Luis Obispo County Pension Trust

CHEIRON
Classic Values, Innovative Advice

2021 Projections with Discount Rate Changes effective as of the January 1, 2022 Valuation

August 6, 2021

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

Projections – Underlying Assumptions

- Based on January 1, 2021 actuarial valuation results
- All actuarial assumptions are assumed to be met each and every year
- Actuarially Determined Contributions (ADC) will be paid by employers and employees
- Stable active population; PEPRA members will replace Tier 1 and Tier 2 members when they leave active employment
- Payroll is expected to grow by 2.75% per year

6.625% Discount Rate effective for 1/1/2022 Valuation

CHEIRON

Stress Testing

P-scan

2021	6.750%
2022	6.625%
2023	6.625%
2024	6.625%
2025	6.625%
2026	6.625%
2027	6.625%
2028	6.625%
2029	6.625%
2030	6.625%
2031	6.625%
2032	6.625%
2033	6.625%
2034	6.625%
2035	6.625%
2036	6.625%
2037	6.625%
2038	6.625%
2039	6.625%
2040	6.625%
Avg	6.631%

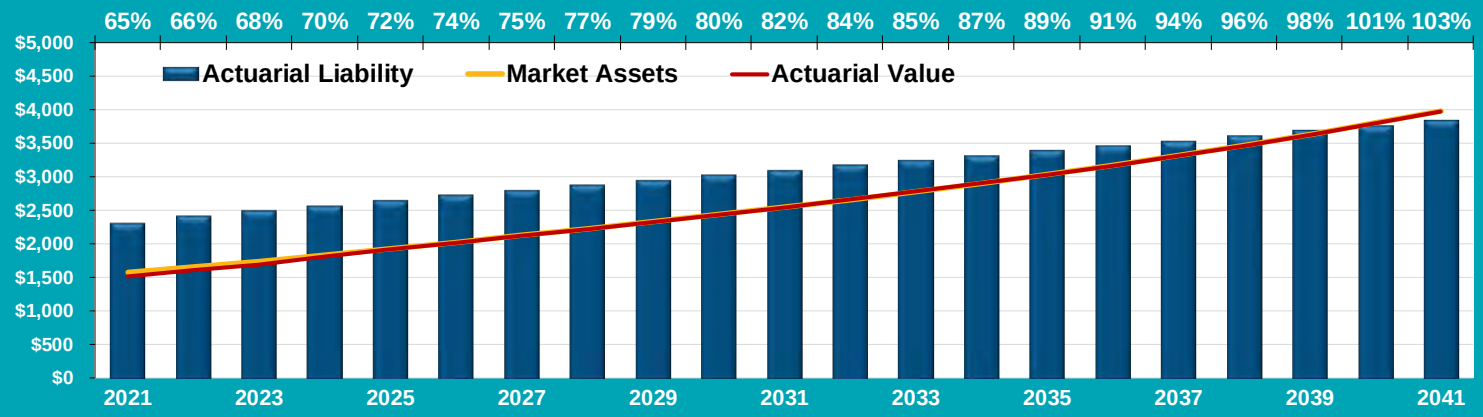
Scenarios

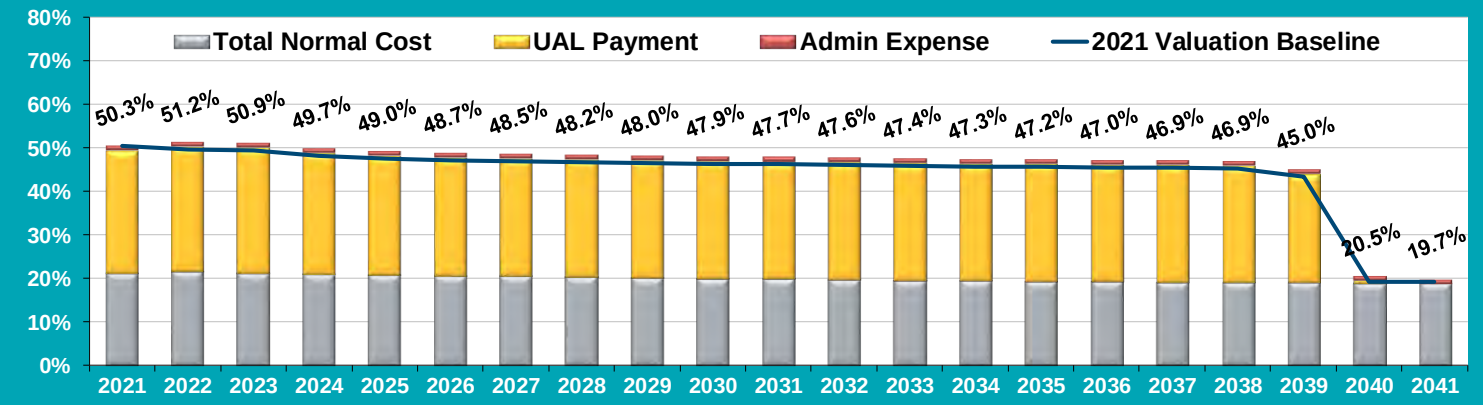
Baseline

2021

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

Rate of Return Assumption	6.625%
Explicit Admin Expense	Y





6.50% Discount Rate effective for 1/1/2022 Valuation

CHEIRON

Stress Testing

P-scan

2021	6.750%
2022	6.500%
2023	6.500%
2024	6.500%
2025	6.500%
2026	6.500%
2027	6.500%
2028	6.500%
2029	6.500%
2030	6.500%
2031	6.500%
2032	6.500%
2033	6.500%
2034	6.500%
2035	6.500%
2036	6.500%
2037	6.500%
2038	6.500%
2039	6.500%
2040	6.500%
Avg	6.512%

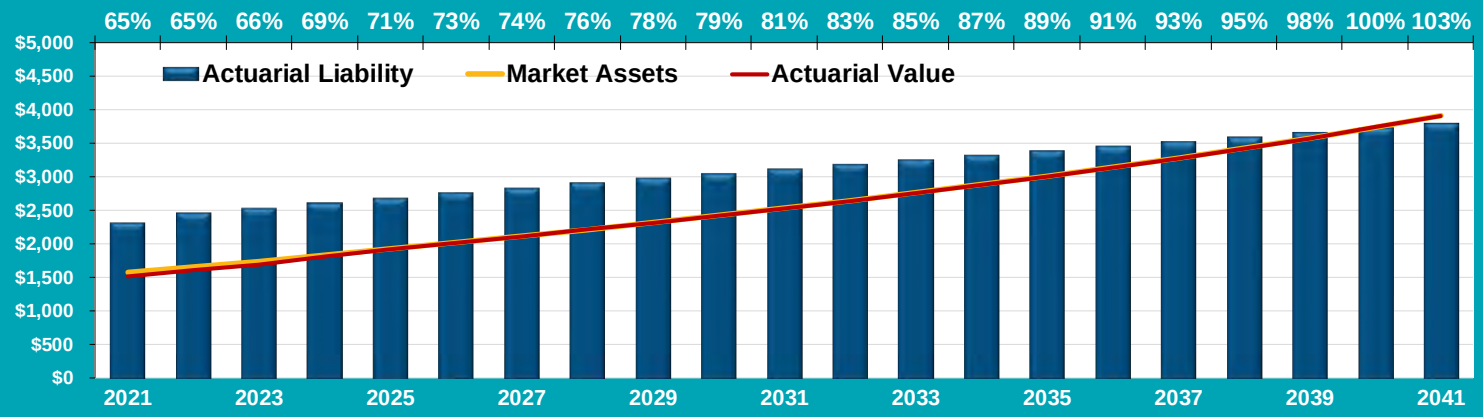
Scenarios

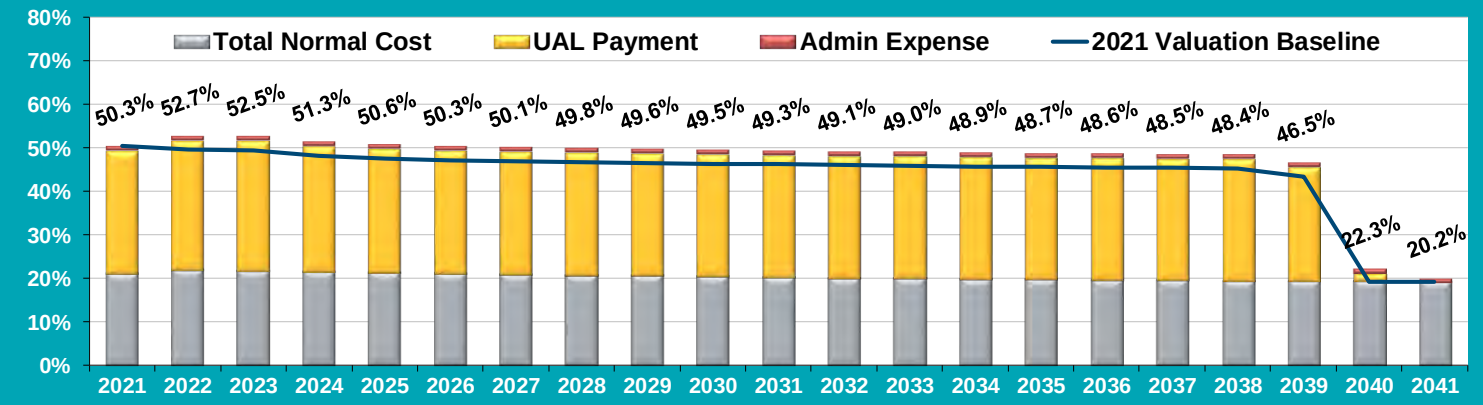
Baseline

2021

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

Rate of Return Assumption	6.500%
Explicit Admin Expense	Y





Summary of Projected Discount Rate Changes

Projected Total Contribution Rate					
Valuation Year	6.75% Baseline	6.625% in 2022	% Change	6.50% in 2022	% Change
2021	50.3%	50.3%		50.3%	
2022	49.7%	51.2%	1.5%	52.7%	3.0%
2023	49.3%	50.9%	1.6%	52.5%	3.2%
2024	48.1%	49.7%	1.6%	51.3%	3.2%
2025	47.4%	49.0%	1.6%	50.6%	3.2%
2026	47.1%	48.7%	1.6%	50.3%	3.2%
2027	46.9%	48.5%	1.6%	50.1%	3.2%
2028	46.7%	48.2%	1.6%	49.8%	3.2%
2029	46.5%	48.0%	1.6%	49.6%	3.2%
2030	46.3%	47.9%	1.6%	49.5%	3.2%

Projected Funded Ratio					
Valuation Year	6.75% Baseline	6.625% in 2022	% Change	6.50% in 2022	% Change
2021	65%	65%		65%	
2022	67%	66%	-1%	65%	-2%
2023	69%	68%	-1%	66%	-2%
2024	71%	70%	-1%	69%	-2%
2025	73%	72%	-1%	71%	-2%
2026	75%	74%	-1%	73%	-2%
2027	76%	75%	-1%	74%	-2%
2028	78%	77%	-1%	76%	-2%
2029	80%	79%	-1%	78%	-2%
2030	81%	80%	-1%	79%	-2%

Required Disclosures

The purpose of these slides is to provide projections under various discount rate assumption changes (effective with the January 1, 2022 valuation) to the San Luis Obispo County Pension Trust (SLOCPT) based on the results of the January 1, 2021 Actuarial Valuation. These slides were prepared exclusively for the San Luis Obispo County Pension Trust and its Board of Trustees for the purpose described herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

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

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

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

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

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

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Principal Consulting Actuary

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Board of Trustees

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San Luis Obispo County
Pension Trust
SLOCPT

Date: November 15, 2021

To: Board of Trustees

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

Agenda Item 20: Employee Policies and Procedures - Amendment

Recommendation:

The Personnel Committee of the Board of Trustees and Staff recommend that the attached amendments to the Pension Trust Employee Policies and Procedures document (Personnel Policies) be approved.

Background:

The Pension Trust staff are all at-will employees of the SLOCPT. During 2012 the initial document of Personnel Policies for the Pension Trust was approved by the Board. The goal of the Pension Trust's employment practices is to provide compensation, benefits and personnel practices that are no better or no worse than those of the plan sponsor of the Retirement Plan that we administer.

The design of the Personnel Policies is to provide policies applicable to the Pension Trust staff that are consistent with those of SLO County. Because the Pension Trust staff are at-will employees of the SLOCPT, much of the employee policies of SLO County don't apply (e.g., Civil Service rules) so the attached Personnel Policies document is much smaller than those of SLO County.

The SLOCPT uses (and pays) the SLO County Human Resource Department as its HR "third-party provider" for purposes of recruitment, HR consultation and harassment reporting.

Staff recommended a number of relatively minor amendments to the Personnel Policies to update them as covered in the redlined document attached.

The Personnel Committee met on September 20, 2021 and discussed the proposed Personnel Policy amendments at length. The Personnel Committee recommended an additional modification to remove the Section 2.5.7 on Standby/Callback provisions since these are superfluous to Pension Trust operations.

Respectfully Submitted,

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SAN LUIS OBISPO COUNTY PENSION TRUST

EMPLOYEE POLICIES AND PROCEDURES

Adopted June 25, 2012

Amended ~~January~~ November 15~~27~~, 20~~14~~21
Effective ~~January~~ December 1, ~~2014~~2021

SAN LUIS OBISPO COUNTY PENSION TRUST

EMPLOYEE POLICIES AND PROCEDURES

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~~Appendix A: Board of Trustees Adopting and Amending Resolutions~~

ARTICLE 1
INTRODUCTION

Section 1.1 Employee Policies & Procedures Handbook

The purpose of this handbook is to provide San Luis Obispo County Pension Trust (SLOCPT) staff with guidance on major aspects of the Trust's human resources policies and procedures. It shall be the duty of all SLOCPT employees to comply with and support the provisions of this Handbook and such internal management memoranda as the ~~Executive Secretary~~Executive Director shall issue.

This Handbook supersedes and replaces all previous personnel policies, practices, work rules and guidelines, including the San Luis Obispo County Civil Service Ordinance and Rules. SLOCPT reserves full discretion to add to, modify, or delete provisions of this Handbook, or the policies and procedures on which they may be based, at any time, in accordance with the amendment procedure contained herein. In the event of any change to the policies set forth herein, all employees will receive notification from the ~~Executive Secretary~~Executive Director detailing the changes made.

This Handbook has been reviewed and adopted by the SLOCPT Board of Trustees (the Board). If any part of these policies and procedures is deemed illegal, unenforceable, or void for any reason, it will not affect the validity of the remaining portion. **As a condition of employment, each employee is required to review the policies and procedures and execute the acknowledgment of receipt at the end of the Handbook.**

Section 1.2 Applicability

This Employee Handbook applies to all employees of SLOCPT.

Section 1.3 Adopting Authority

The Employee Policies & Procedures contained herein have been adopted pursuant to Resolution 2012-03 of the Board of Trustees adopted June 25, 2012 and any subsequent amendments. ~~Resolution 2012-03 as amended is attached as Appendix A to this handbook.~~

Section 1.4 References to County Ordinance and Reliance on County Policies

The SLOCPT is an independent agency separate from the County of San Luis Obispo (the County) and is generally not subject to the County Civil Service ordinances. Nonetheless, in recognition of the SLOCPT Board's direction for consistency between many SLOCPT and County employee policies, and a desire to minimize the length and level of detail in this document where possible, certain sections of the County's ordinances are referred to herein and incorporated by reference when applicable. Any conflicts between the County's ordinances and these Employee Policies and Procedures shall be construed in favor of the Policies and Procedures.

Section 1.5 Amendments to This Policy

All amendments to the policies in this document shall be made only through the approval of the SLOCPT Board consistent with the requirements to the extent applicable under applicable statutes.

ARTICLE 2
EMPLOYMENT

Section 2.1. Employee Status

2.1.1 Definitions:

2.1.1.5 Full Time Employee: An employee who is regularly scheduled to work eighty (80) hours per pay period. A regular full-time employee is eligible for benefits as described in this Handbook.

2.1.1.6 Part Time Employee: An employee who is regularly scheduled to work seventy two (72) hours or less per pay period. Regular part-time employees are eligible for benefits only as specifically described in this Handbook.

2.1.1.7 Temporary or Student Intern Employee: An employee who has been hired for a specified period of time or for a specific project.

2.1.1.8 Exempt Employee: Exempt employees are those employees who are exempt (as defined by the Fair Labor Standards Act (FLSA)) from earning overtime compensation.

2.1.1.9 Salaried Employee: Salaried employees are those that are paid a fixed amount on a periodic basis and not by the hour. Salaried employees include all "exempt" employees as defined above.

2.1.1.10 Contracts for Employment: Each Contract for Employment is position-specific and may differ from other Contracts for Employment used by the SLOCPT. The position(s) subject to Contracts for Employment include the ~~Executive Secretary~~Executive Director and such other positions as the Board may designate.

2.1.2 Terms of Employment:

All employment at SLOCPT is "at the will" of both parties. SLOCPT or the employee may terminate the employment relationship "at will" and there is no expressed or implied property right to a position with the SLOCPT. SLOCPT retains the right to demote, discipline, change job duties, or alter the terms of employment, at any time, as provided herein. No one other than the SLOCPT Board has the authority to alter this arrangement, to enter into an agreement for employment for a specified period of time, or to make any agreement contrary to this policy. Any such agreement must be in writing and approved by the SLOCPT Board.

Section 2.2 Management Authority

2.2.1 Introduction:

The ~~Executive Secretary~~Executive Director is hired by the SLOCPT Board and is responsible for administration of and adherence to the personnel system and may delegate any such powers and duties to any other officer or employee. The ~~Executive Secretary~~Executive Director, or designee, shall have the authority to appoint, promote, transfer, discipline and terminate any employee of SLOCPT in accordance with the procedures set forth herein. SLOCPT, acting by and through the ~~Executive Secretary~~Executive Director, reserves to itself the exclusive authority to: determine the administrative goals and objectives of SLOCPT; set standards of performance; determine the procedures and standards of selection for employment and promotion; direct employees; take disciplinary action; lay off employees due to lack of work, funding, or other legitimate reasons; maintain the efficiency of

SLOCPT's activities; determine the methods, means, and personnel by which SLOCPT's activities are to be conducted; determine the content of position classifications; and exercise control and discretion over the organization and the equipment and technology required to perform its goals and objectives. **The ~~Executive Secretary~~Executive Director shall report at least ~~quarterly~~annually, or more frequently as necessary, to the Board or a duly appointed Personnel Committee of the Board on the status of personnel issues and relations within the SLOCPT.**

2.2.2 Change in Employment Assignments:

SLOCPT reserves the right to change the job assignment of any employee within their current job classification at any time.

2.2.3 Hiring Powers:

The ~~Executive Secretary~~Executive Director and any other positions designated by the Board are hired by and serve at the pleasure of the Board pursuant to Contracts for Employment. All other employees of SLOCPT are hired by the ~~Executive Secretary~~Executive Director and are subject to the policies and procedures contained in this Handbook, as well as all other SLOCPT policies, rules, practices, and procedures.

2.2.4 Reduction in Work Force (Layoff):

Whenever, in the judgment of the ~~Executive Secretary~~Executive Director or the SLOCPT Board, it becomes necessary to reduce the number of positions, the Board may abolish a position or positions, and if necessary, reduce personnel by laying off employees. Determination of which classifications to reduce shall be at the sole discretion of the SLOCPT Board.

2.2.4.1 Determination of which employees to lay off shall be at the sole discretion of the ~~Executive Secretary~~Executive Director, based first on financial, organizational and programmatic needs. After the employees eligible for layoff have been determined, layoff shall occur in the following order:

a. Employees working in the affected classes who have received an unsatisfactory performance evaluation in the three (3) years preceding the written notice of layoff shall be laid off first.

b. Employees working in the affected classes who have received a below expectations performance evaluation in the prior eighteen (18) months shall be laid off next.

c. Remaining employees working in the affected classes shall be laid off in reverse order of time in service.

2.2.4.2 Written Notice: Written notice of layoff shall be served on affected employees in person or by certified letter mailed to the last address on file with SLOCPT. Notice will be served or mailed at least twenty-one (21) calendar days prior to the effective date of the separation. Notice shall be deemed served upon personal service or, in the case of certified mail, upon mailing.

2.2.4.3 Demotion in Lieu of Layoff: Upon approval of the ~~Executive Secretary~~Executive Director, an employee may elect to voluntarily demote to a lower paid position for which the employee is qualified in order to avoid layoff.

2.2.4.4 Layoff Not Subject To Appeal: Decisions of the SLOCPT Board regarding which classifications will be reduced and decisions of the ~~Executive Secretary~~Executive Director regarding which employees to lay off shall not be subject to appeal.

Section 2.3 Personnel Records

2.3.1 Official Personnel Records:

The ~~Executive Secretary~~Executive Director, or his or her designee, shall be responsible for maintaining a paper or electronic official personnel file for each employee.

2.3.1.1 Content of Official Personnel File: The file shall include, but not be limited to the following information:

- Original application materials
- Employment contracts, if applicable
- Information regarding change of Employee Status or Classification
- Performance Evaluations
- Payroll withholding authorizations (deferred compensations and credit union)
- Copy of W-4 form
- Disciplinary and other performance memoranda
- Letters of appreciation
- Copies of Licensure required for employee's position
- Leave of absence forms and return to work forms as long as no medical information appears on the form.
- Academic or training certificates related to employee's position

2.3.1.2 Excluded Content: The following documents shall not be placed in an employee's official personnel file:

- I-9 Forms
- Any medical evaluation information, medical notes from a physician or documentation regarding an employee's medical condition
- Pension Trust forms
- Any documentation with EEO statistics or other protected status information.
- Any references attached to a resume
- Any documentation prohibited from an employee's file by law

2.3.2 Confidential Medical File:

Medical information must not be placed in an employee's official personnel file. The SLOCPT shall maintain a confidential medical file for each employee that is kept physically separate from the employee's official personnel file. The confidential medical file shall contain the following:

- Family/Medical leave request forms if the employee has disclosed the nature of his/her illness
- Return to work releases with any information regarding the employee's condition or prognosis
- Workers' compensation records
- Medical information about the employee related to reasonable accommodation under the Americans with Disabilities Act or Fair Employment and Housing Act
- Any documentation related to a fitness for duty examination or determination
- Any other medical information

2.3.3 Employee review of personnel files:

Employees or their authorized representative have the right to review the contents of their official personnel file. Employees or their representative do not have the right to review the contents of the confidential medical file. The SLOCPT shall keep a record of all inspections of employee records by persons other than the ~~Executive Secretary~~Executive Director or his/her authorized representative.

Such record shall include employee name, date, and name and signature of person reviewing the employee file.

2.3.4 Change of Status Notification:

Employees have the responsibility of notifying the ~~Executive Secretary~~Executive Director, or designee, of any information regarding a change in status, such as telephone number, address, or marital status.

2.3.5 Confidentiality of Employee Records:

The confidentiality of employee records shall be maintained by designated SLOCPT personnel. These records shall only be made available to individuals specifically authorized by this policy or by the ~~Executive Secretary~~Executive Director. No personnel file will be removed from the Personnel area except by the ~~Executive Secretary~~Executive Director or his or her designee.

The employee or the employee's designee (as evidenced by written authority approved by the General Counsel and the ~~Executive Secretary~~Executive Director) has the right to inspect his or her personnel file at reasonable times and on reasonable notice. In addition, employees have the right to request copies of all employment-related documents they have signed. An employee may inspect only his or her own personnel file and only in the presence of a supervisor or the ~~Executive Secretary~~Executive Director, or her or his designee.

Personnel files are the property of SLOCPT and may not be removed from SLOCPT's premises without written authorization from the ~~Executive Secretary~~Executive Director.

2.3.6 Employment References:

It is the policy of SLOCPT that professional references will not be given for current and former employees except by the ~~Executive Secretary~~Executive Director or his or her designee. Except for the ~~Executive Secretary~~Executive Director or his or her designee, SLOCPT staff will not answer any questions on work performance of a former employee, evaluate the former employee's work habits or personality traits, nor divulge information concerning current or former SLOCPT employees. A personal character reference, unrelated to employee performance, may be given if requested.

Section 2.4 <u>Work Regulations</u>

2.4.1 Personal Telephone Calls:

Personal telephone calls whether on SLOCPT phones or personal mobile phones are to be limited to essential matters and kept as brief as possible. Continued excessive use of phones for personal matters is subject to disciplinary action.

2.4.2 Smoking:

SLOCPT prohibits smoking or the use of smokeless tobacco products in the workplace. Smoking is prohibited within the confines of any SLOCPT office and prohibited within 20 feet of SLOCPT buildings. Smoking will be permitted out of doors only in an area designated by the ~~Executive Secretary~~Executive Director. All cigarettes or other smoking devices or materials are to be extinguished and properly disposed of prior to entering any SLOCPT office.

2.4.3 Dress and Grooming Standards:

SLOCPT considers the presentation of SLOCPT 's image to its clients, customers and the public at large to be extremely important. Accordingly, it is expected that all employees will dress and groom in a manner consistent with the SLOCPT dress policy. Employees whose jobs require them to come in contact with clients, customers, suppliers or the public are expected to wear apparel SLOCPT considers appropriate for dealing with the public. Each employee is expected to be neat and clean in appearance, with clean clothing and good personal hygiene.

2.4.4 Employment of Relatives:

Relatives of employees shall not be hired by SLOCPT. "Relatives" are defined as spouses, persons residing in the same household, children, sisters, brothers, mothers, or fathers, and persons related by marriage or domestic partnership. The only variance to the above policy of not hiring relatives shall be in the case of temporary intern positions in which case the temporary intern shall not be directly supervised by a relative.

2.4.5 Use of Technology and Networks:

All employees using SLOCPT computing and information resources are expected to act in a responsible and professional manner by complying with all policies, relevant laws, and contractual agreements related to computers, networks, software, computer information and data to which an employee has access**.** All employees shall comply with all acceptable use policies adopted by the SLOCPT. The acceptable use policies adopted by the SLOCPT shall be those currently in effect of San Luis Obispo County unless otherwise specified.

2.4.6 Conflicts of Interest:

Employees are expected to devote their best efforts and attention to the full-time performance of their jobs. They are expected to use good judgment, to adhere to high ethical standards, and to avoid situations that create an actual or potential conflict between the employee's personal interests and the interests of SLOCPT. A conflict of interest exists where the employee's loyalties or actions are divided between SLOCPT's interests and those of another, such as a business, individual or another public agency with which SLOCPT's interests may conflict. Both the fact and the appearance of a conflict of interest should be avoided. Employees unsure as to whether a certain transaction, activity or relationship constitutes a conflict of interest should discuss it with their immediate supervisor or the ~~Executive Secretary~~Executive Director for clarification. Any exceptions to this guideline must be approved in writing by the ~~Executive Secretary~~Executive Director. For purposes of this section the Conflict of Interest Code currently adopted by the SLOCPT shall be in effect unless otherwise specified.

While it is not feasible to describe all possible conflicts of interest that could develop, some of the more common conflicts, from which employees should refrain, include the following:

- Accepting personal gifts or entertainment (including meals) from regulated entities or individuals; developers, consultants or anyone seeking to implement a project in the County; recipients or applicants for SLOCPT grants; other public agencies; customers, suppliers, or potential suppliers;
- Working for any individual, business or entity with which SLOCPT 's interests may conflict, including those listed above;
- Having a direct or indirect financial interest in or relationship with any individual, business or entity with which SLOCPT 's interests may conflict, including those listed above;
- Engaging in self-employment in competition with SLOCPT;
- Using proprietary or confidential SLOCPT information for personal gain or to SLOCPT's detriment;
- Using SLOCPT assets or labor for personal use;

- Acquiring any interest in property or assets of any kind for the purpose of selling or leasing it to SLOCPT;
- Unauthorized commitment of SLOCPT financial or staff resources or other support to any outside activity or organization;
- Developing a personal relationship with a subordinate employee of SLOCPT that might interfere with the exercise of impartial judgment in decisions affecting SLOCPT or any employees of SLOCPT.

If an employee or someone with whom an employee has a close relationship (a family member or close companion) has a financial or employment relationship with a supplier, potential supplier, customer, business, individual or another public agency, with which SLOCPT 's interests conflict the employee must disclose this fact in writing to the ~~Executive Secretary~~Executive Director. Employees should be aware that if they enter into a personal relationship with a subordinate employee or with an employee of a supplier, potential supplier, customer, business, individual or another public agency, with which SLOCPT's interests conflict, a conflict of interest may exist which requires full disclosure to SLOCPT.

Employees planning to engage in outside employment must first disclose such employment to the ~~Executive Secretary~~Executive Director to ensure it does not pose a conflict of interest or is otherwise incompatible with the SLOCPT or its mission. Such outside employment may not take place during normal working hours at the SLOCPT for the employee or on SLOCPT premises.

Failure to adhere to this guideline, including failure to disclose any conflicts or to seek an exception, will result in discipline, up to and including termination of employment.

Additionally, certain employees may be required to file annual Statements of Economic Interest with SLOCPT. You will be notified if you are one of these designated employees.

No employee shall use the authority, information or privileges associated with his/her position for personal gain. Evidence of using a position for personal gain may be interpreted as a breach of terms of employment and serve as a basis for discipline up to and including termination.

2.4.7 Security/Violence in the Workplace:

As a matter of policy, the SLOCPT will not tolerate violent acts or threats of violence, whether verbal, written, or implied, towards employees by other SLOCPT employees, clients, or members of the public. For purposes of this policy, “violence” includes any willful touching of a person in a harmful, threatening or unwanted way. A “threat” of violence includes any statement, course of conduct or other action that would cause a reasonable person to believe that violence may occur. Any incident of violence or threat of violence by any SLOCPT personnel or any other person, should be reported promptly to the employee's supervisor, the ~~Executive Secretary~~Executive Director, the SLOCPT human resources representative or to the SLOCPT Discrimination and Harassment Officer. Supervisors or any other employee of SLOCPT who receive complaints or who observe conduct in violation of this policy shall inform the ~~Executive Secretary~~Executive Director immediately.

2.4.8 Drug-Free Workplace Policy:

It is the policy of the SLOCPT that employees shall not have their ability to perform their job impaired as a result of the use of drugs or alcohol. In addition, employees shall not possess or have under his/her control, any alcohol or illegal drugs while conducting business on behalf of the SLOCPT.

2.4.8.1 Over-the Counter Medications: Nothing in this policy is intended to prohibit the customary and ordinary purchase, possession or use of over-the-counter drugs, as long as their use does not violate any law or result in an employee being impaired by the use of such over-the-counter drugs.

2.4.8.2 Prescription Medications: The use of medically prescribed medication or drugs is not per se a violation of this policy. However, employees are urged to notify their supervisors, before beginning work, when taking medications or drugs which could foreseeably interfere with the safe and effective performance of duties or operation of SLOCPT equipment. In the event there is a question regarding an employee's ability to safely and effectively perform assigned duties while using such medications or drugs, clearance from a qualified physician may be required.

2.4.8.3 Impaired Behavior: An employee reasonably believed to be working impaired and endangering his/her own safety or the safety of others, shall be prevented from engaging in further work until he or she can be safely transported from the work site. In addition, upon approval of the Executive Director, any employee reasonably believed to be working impaired may be directed to submit to a drug and alcohol test. Employees who are directed to submit to a drug and alcohol test must do so within one hour of the request. Any Employee who refuses to submit to a drug and alcohol test after being directed shall be subject to discipline for insubordination. Any Employee who attempts to delay or falsify a drug and alcohol test after being directed to comply shall be presumed to have failed the drug and alcohol test and shall be subject to possible discipline.

2.4.8.4 Disability Considerations: The SLOCPT is committed to providing reasonable accommodation to those employees whose drug or alcohol problem classifies them as handicapped under applicable federal and/or state law.

2.4.8.5 Violation of Policy: Violation of this policy may result in discipline up to and including possible termination. An employee who is convicted of a crime that also violates this policy will be deemed to have violated this policy.

Section 2.5 Work Week and Work Schedules

2.5.1 Workweek Defined:

For the purposes of payroll and the Fair Labor Standards Act, salary calculation the workweek shall begin at 12:00 am on Sunday and will end at 11:59 pm on Saturday. Forty hours shall constitute a regular workweek for a full-time employee. For the purpose of this document, a working day is Monday through Friday, excluding paid holidays.

2.5.2 Normal Work Hours:

In general, the business needs of the SLOCPT require full time employees to be present at work for a normal work week between the hours of 8:00 AM and 5:00 PM Monday through Friday exclusive of holidays. Employee shall be entitled to one 15 minute paid break during each four hour period worked. Normal unpaid lunch breaks of one hour are typically expected in each full time day. A minimum unpaid lunch break of 30 minutes is generally required by statute for any work period longer than six hours for non-exempt employees and must be taken by the fifth hour of the work period.

2.5.3 Short Term Flexibility in Work Hours – "Make-Up Time":

In limited circumstances with the approval of the employee's supervisor or the ~~Executive Secretary~~Executive Director, employees may deviate from their normal work hours on a sporadic basis to tend to personal business. Such absences may be covered by applicable leave as discussed in Section 2.6 to this handbook, compensatory time off accrued hours, or may be covered by make-up time. Make-up time is additional time worked within the same 40 hour workweek to offset the absence and may include shortened lunch breaks or additional time worked before or after the normal work hours.

2.5.4 Assignment of Work Schedules:

The ~~Executive Secretary~~Executive Director or his/her designee has sole discretion to assign the work schedule of all employees working for the SLOCPT. At least 24-hours advance notice shall be provided for any short-term or temporary reassignment of work schedule; at least 7 days advance notice shall be provided for any long-term reassignment of work schedule.

2.5.5 Work Schedule During a Holiday Week:

During any week in which a holiday occurs, all full time employees shall work a standard eight (8) hour per day work schedule for the non-holiday workdays that week.

2.5.6 Overtime and Compensatory Time in Lieu of Overtime:

Non-exempt status employees shall receive either compensatory time off or pay, both calculated at time and one-half (1½) for all authorized overtime worked. Nothing in this section shall be deemed to preclude the ~~Executive Secretary~~Executive Director from establishing reasonable guidelines to be followed by employees when electing compensating time off or pay.

2.5.6.1 Overtime and overtime pay shall be defined and calculated pursuant to the provisions of the Fair Labor Standards Act. In general, "overtime" means the time spent in the performance of work ordered or authorized by the ~~Executive Secretary~~Executive Director and/or his designee which is in excess of forty productive hours worked in any work week. Productive hours include only regular time worked and does not include holidays, compensatory time off, vacation, sick, administrative, personal, or other leave.

Non-exempt employees may only work overtime that has been approved by their supervisor, the ~~Executive Secretary~~Executive Director, or an authorized designee. In the rare event that overtime must be worked and prior approval is not feasible, the employee shall notify their supervisor, the Deputy Director or the ~~Executive Secretary~~Executive Director as soon as reasonable.

Exempt employees are not eligible for overtime pay.

2.5.6.2 Use of compensatory time off shall be regulated by the same policies for use of vacation time as described in this policy document.

2.5.6.3 Employees eligible to receive compensatory time off may accumulate up to a maximum of one hundred twenty hours (120) of compensatory time off for eighty (80) hours of overtime worked. When an employee has accumulated the maximum allowable compensatory time, any overtime worked thereafter will be paid at the rate of time and one-half (1½). Compensatory time will not be lost if not used in the year it was earned. At the time of separation from service, unused compensatory time off shall be paid off at the straight-time rate.

2.5.6.4 Employees traveling to and from locations outside of San Luis Obispo County that involve SLOCPT matters in which the employee is required to attend as a condition of his or her employment are expected to do so within the hours available during a normal 40-hour work week, if feasible and practical. If not feasible or practical, and travel time results in greater than 40 hours worked, such time will be compensated with paid time off or other pay as specified above. Seminars, conferences and related events are generally considered to be a privilege and not a condition of employment. Employees who wish to attend such events are expected to arrange for transportation and travel time during normal SLOCPT working hours to the extent possible, or on their own non-compensable time outside of normal

working hours. If warranted by circumstances, the ~~Executive Secretary~~Executive Director is authorized to approve, in advance, paid time for such travel on a case-by-case basis.

~~**2.5.7 Standby/Call-Back:**~~

~~In general, employees are not required to serve standby. From time to time, however, emergencies and/or other tasks may require use of standby or callback. In practical application, actual time spent is coded according to regular, overtime or compensation time policies.~~

~~2.5.7.1 Standby: "Standby" means that period of time during which an employee is required by the Executive Secretary or designee to be available for return to work within a reasonable length of time on a weekend or holiday, and therefore requires the employee to:~~

- ~~be ready to respond in a reasonable time to calls for his/her service;~~
- ~~be readily available at all hours by telephone, or other communication devices, and;~~
- ~~refrain from activities which might impair his/her assigned duties upon call.~~

~~Standby duty shall be assigned in writing and shall be compensated at the rate of two dollars and seventy-five cents per hour for each hour of approved standby time~~ten dollars for each twenty-four-hour standby shift~~. An employee shall not receive standby pay for hours actually worked or for hours reimbursed by a call-back minimum.~~

~~2.5.7.2 Call-Back: Any employee on standby who is "called back" to work by management or by circumstances that require a return to work shall be paid or earn compensating time at a minimum of two hours paid time for each day on which call back occurs~~one and one-half hours pay or shall be paid for all time actually worked~~.~~

2.5.7 Remote Work Locations:

In general, the expected work location for employees is at the SLOCPT offices. Remote work locations using online technology, such as "Work From Home (WFH)", may be authorized by the Executive Director and on an established schedule approved by the Executive Director or his/her designee. Unscheduled WFH events to accommodate employee short term needs may be authorized on an ad hoc basis.

Section 2.6 Leave Policies

The following procedures and policies shall apply to employees requesting and taking time off work. No employee may code paid leave in excess of the balance available at the end of the previous pay period. No paid leave shall be taken until such time it is earned.

2.6.1 Sick Leave:

Sick leave may be taken for the purposes described in San Luis Obispo County Code Section 2.44.060. Employees who call in sick shall notify their supervisor by telephone that they are ill and unable to report to work. Such notification shall be made as early as possible in the day and reasonable effort must be made by the employee to speak directly with the supervisor. If an employee is unable to contact their supervisor, he/she should leave a message and attempt to contact another supervisor or fellow staff member directly. Sick leaves of three or more days may require certification from a medical provider.

2.6.2 Vacation Leave:

All vacation requests shall be considered and granted at the discretion of the ~~Executive Secretary~~Executive Director or his/her designee. All requests for vacation leave of more than one day

shall be made in writing. Requests to take vacation time of one day or less may be handled verbally with the employee's supervisor and shall be made a minimum of two working days prior to the start of the leave. Vacation requests of two or three days shall be made at least one week prior to the start of the employee's vacation. Vacation requests of more than three days shall be made at least twice as many work days prior to the number of vacation days being requested (e.g. – one week of vacation must be requested at least two weeks in advance; two weeks of vacation must be requested at least four weeks in advance). The advance notice requirement may be relieved, if warranted, at the discretion of the ~~Executive Secretary~~Executive Director or his/her designee on a case-by-case basis. The use of paid vacation time during periods of sick leave shall be at the discretion of the ~~Executive Secretary~~Executive Director.

2.6.3 Administrative Leave, Personal Leave and Compensatory Time Off:

The use of Administrative Leave, Personal Leave and Compensatory time shall be governed by the policies governing the use of Vacation Leave.

2.6.4 Voluntary Time Off:

The use of Voluntary Time Off shall be at the sole discretion of the ~~Executive Secretary~~Executive Director and shall comply with any applicable policies established by the SLOCPT and shall be administered consistent with the policies of the County.

2.6.5 Leave of Absence Without Pay:

The use of Leave of Absence Without Pay shall be at the sole discretion of the ~~Executive Secretary~~Executive Director in the best interest of the SLOCPT. All requests for leave without pay shall be in writing and shall include a description of the reason for the request. The advance timing of the request shall follow the protocol required for vacation leave, unless the request is for a medical or emergency purpose.

2.6.6 Leave of Absence With Pay for Jury Duty:

Leave of Absence With Pay for Jury Duty shall be administered consistent with San Luis Obispo County Code Section 2.44.080 and the policies of the County.

2.6.6 Leave of Absence for Military Service:

Leave of Absence for Military Service shall be administered consistent with San Luis Obispo County Code Section 2.44.040(c) and the policies of the County.

2.6.7 Family and Medical Leave Act / California Family Rights Act:

Leave of absence pursuant to the Family and Medical Leave Act and California Family Rights Act shall be governed by the provisions of applicable state and federal laws. For the purpose of administering leaves under the provisions of this act, the following policies shall apply:

a. Coding Paid Leave Balances: Employees must code available paid leave balances to the extent possible during FMLA/CFRA leave. Such coding shall be at the rate of the employee's normal schedule. If an employee is receiving State Disability Insurance or California Paid Family Leave, he/she must code that amount, which supplements the State paid benefit, to equal the employee's normal pay (Commonly known as coordinating pay).

b. Calculating Eligibility: The SLOCPT uses a rolling twelve (12) month period from the date leave is used to determine qualification for FMLA leave.
c. Medical Certification: Medical certification must be provided when taking FMLA/CFRA leave for a serious medical condition of the employee or to care for the serious medical condition of a qualifying relative. Certification that the employee is fit to return to work shall be required for employees who take FMLA/CFRA leave for a serious medical condition.

ARTICLE 3
COMPENSATION AND BENEFITS

Section 3.1 Compensation

3.1.1 Regulation of Compensation by the SLOCPT Board:

Compensation of all employees of the SLOCPT shall be determined by the SLOCPT Board of Trustees except as otherwise required by law. The ~~Executive Secretary~~Executive Director shall maintain a salary table that includes all active classification titles and a corresponding five or ~~five~~ six step pay scale for each classification. The SLOCPT Board of Trustees shall establish the first step for each classification in the table, also known as the salary range. When a classification used by SLOCPT has an equivalent in the San Luis Obispo County classification system, the pay scale set by the SLOCPT Board shall be the same as the pay scale established by the County Employees shall be paid a base salary, no less than step 1 and no greater than step 6~~5~~ of the salary range approved by the SLOCPT Board for the classification to which they are appointed.

3.1.2 Administration of the compensation plan:

The ~~Executive Secretary~~Executive Director shall have discretion to set the salary of an employee at any step within the salary range approved by the SLOCPT Board for the classification to which the employee is appointed, subject to the following conditions:

3.1.2.1 The ~~Executive Secretary~~Executive Director may appoint a new employee at any step of the salary range for the classification to which the employee is appointed.

3.1.2.2 Any employee who is promoted to a classification with a higher salary range shall receive a salary increase to a step in the new salary range that is no less than four percent greater than the pay previously received. In no case shall the new salary exceed the highest step of the salary range.

3.1.2.3 Upon receiving a "Meets Expectations" or better performance evaluation, the ~~Executive Secretary~~Executive Director may grant an employee a salary increase to any step in the salary range. In no case shall the new salary exceed the highest step of the salary range. The performance evaluation may be a regular evaluation, probationary evaluation or a special evaluation.

3.1.2.4 Upon receiving an overall "Below Expectations" or "Unacceptable" performance evaluation, the ~~Executive Secretary~~Executive Director may reduce an employee's salary to a lower step in the salary range. In no case shall the new salary be below step 1 of the salary range. The performance evaluation may be a regular evaluation, probationary evaluation or a special evaluation. Such salary reduction shall be subject to the provisions of Article 7 (Disciplinary Actions) of this policy.

3.1.2.5 An employee who voluntarily demotes to avoid layoff or voluntarily demotes due to personal reasons may be placed at any step in the salary range of the new classification by the ~~Executive Secretary~~Executive Director without a concurrent performance evaluation.

3.1.3 Compensation – Payment Procedures:

Policies and procedures for payment of compensation shall be consistent with to the general provisions of San Luis Obispo County Code Section 2.48.034 and the policies of the County. Payment of compensation shall be on the same calendar schedule as that used by the County.

Section 3.2 Benefits

3.2.1 Leave Benefit Accrual and Administration:

Accrual and administration of leave benefits shall occur as follows:

3.2.1.1 Sick Leave: The accrual and payout of sick leave benefits shall be consistent with the general provisions of San Luis Obispo County Code Section 2.44.060 and the policies of the County.

3.2.1.2 Vacation Leave: The accrual and payout of vacation leave benefits shall be consistent with the general provisions of San Luis Obispo County Code Section 2.44.050 and the policies of the County.

3.2.1.3 Administrative Leave and Personal Leave: The accrual of administrative leave and personal leave shall be consistent with the general provisions of San Luis Obispo County Code Section 2.44.055 and the policies of the County.

3.2.1.4 Holiday Leave: Holiday leave benefits shall be administered consistent with the general provisions of San Luis Obispo County Code Section 2.44.070 and the policies of the County. Holiday leave for part-time permanent employees shall be prorated based on paid hours from the prior two pay periods, which include both sick and vacation hours, in relation to total hours. Leave Without Pay (LWOP) hours are unpaid hours and are included in the calculation to determine total hours, but are excluded from paid hours.~~Holiday leave benefits shall be administered consistent with the general provisions of San Luis Obispo County Code Section 2.44.070 and the policies of the County. Holiday leave for part-time employees shall be given on a pro-rata basis determined by the average number of hours worked per day during the previous 30 calendar days.~~

3.2.2 Other Benefits and Administration:

Other forms of employee compensation including, but not limited to, cafeteria benefits, healthcare, life insurance, wellness, tuition reimbursement, etc. shall be as consistent as is practically possible with the policies of the County as they apply to the comparable job classifications used for establishing compensation under Section 3.1.1 of this handbook.

ARTICLE 4
EQUAL OPPORTUNITY, DISCRIMINATION AND HARASSMENT

Section 4.1 General Policy Statement

The Board of Trustees of SLOCPT maintains a strong commitment to support equal employment opportunity and to prohibit and prevent discrimination, harassment and retaliation in employment. The SLOCPT sets forth this procedure for reporting, investigating and resolving internal complaints related to discrimination, harassment and retaliation. All covered individuals are encouraged to report, as soon as possible, any conduct that is believed to violate this policy. Such conduct need not rise to the level of a violation of law to violate this policy. Conduct which may lead to discrimination, harassment or retaliation is in violation of this policy and will not be tolerated. Violation of this policy by any officer, employee, agent, or volunteer shall be grounds for discipline or other appropriate sanctions. In support of this policy, all employees of SLOCPT shall receive discrimination and harassment prevention training on an annual basis.

Section 4.2 Equal Employment Opportunity

The SLOCPT maintains and promotes a policy of equal employment opportunity. The SLOCPT is committed to maintaining a work environment that is merit based, and free from illegal discrimination. The Board of Trustees, its managers, employees, agents, and volunteers will not discriminate against any applicant for employment, employee, contractor, subcontractor, vendor, or client because of age, ancestry, color, creed, marital status, medical condition (cancer or genetic characteristics), national origin, physical or mental disability, political affiliation or belief, pregnancy, race, religion, sex, sexual orientation, or any other legally protected status.

This policy shall apply to all employment actions including, but not limited to: recruitment, testing, hiring, training, promotion, demotion, transfer, layoff, discipline, salary and benefits administration, and participation or appointment to all boards and commissions. All employment decisions shall be made on the basis of individual qualifications, bona fide occupational qualifications for the job in question, and the feasibility of any necessary job accommodations.

4.2.1 Discriminatory Harassment:

It is the policy of SLOCPT that all employees shall have a working environment free of unlawful discrimination. A businesslike workplace helps to ensure courteous treatment for both employees and the public we serve. Harassment of an applicant or employee by any employee or officer on the basis of age, ancestry, color, creed, marital status, medical condition (cancer or genetic characteristics), national origin, physical or mental disability, political affiliation or belief, pregnancy, race, religion, sex, sexual orientation, or any other legally protected status is employee misconduct that constitutes illegal discrimination and is grounds for disciplinary action up to and including termination. SLOCPT requires that all employees and officers treat the public and other employees with courtesy and respect.

Discriminatory Harassment includes unwelcome derogatory comments, physical acts, written or visual insults which are made on the basis of an employee's protected status (race, religion, etc.) The harassing conduct unreasonably interferes with an employee's work performance by creating an intimidating, hostile or offensive working environment.

Because the SLOCPT seeks to prevent any form of illegal harassment, behavior such as unnecessary touching, sexual or discriminatory remarks or joking, which may lead to illegal harassment, will not be tolerated and shall be the basis for discipline.

4.2.2 Sexual Harassment:

It is the policy of SLOCPT that all employees shall have a working environment free of sexual harassment. A businesslike workplace helps to ensure courteous treatment for both employees and the public we serve. Sexual harassment of an applicant or employee by any employee or officer is employee misconduct that constitutes illegal discrimination and is grounds for disciplinary action up to and including termination. SLOCPT requires that all employees treat the public and other employees with courtesy and respect.

Sexual Harassment includes unwelcome sexual overtures by any officer, employee, supervisor or manager, whether written, verbal, physical or visual where submission is made a term or condition of employment or the basis of an employment decision. Sexually harassing conduct unreasonably interferes with an individual's work performance or creates an intimidating, hostile or offensive working environment. Three basic forms of sexual harassment include:
1) Offers of employment rewards for sexual favors, including threats of employment punishment if sexual activities are not engaged in—also termed "quid pro quo" harassment.
2) Creating an intimidating, hostile, threatening and/or offensive work environment through verbal acts, physical acts and graphic displays which interfere with an individual's job performance.
3) Retaliation against an employee for submitting complaints of alleged sexual harassment.

Because the SLOCPT seeks to prevent any form of illegal harassment, behavior such as unnecessary touching, sexual or discriminatory remarks or joking, which may lead to illegal harassment, will not be tolerated.

Section 4.3 Reporting Discrimination or Harassment

Any incident of harassment, including work-related harassment by any SLOCPT personnel or any other person, should be reported promptly to the employee's supervisor, the ~~Executive Secretary~~Executive Director, the SLOCPT Deputy ~~Executive Secretary~~~~Executive~~ Director, or to the ~~SLOCPT Harassment Prevention Coordinator~~County Human Resources Representative. Supervisors who receive complaints or who observe harassing conduct shall inform the ~~Executive Secretary~~~~Executive Director~~proper authority immediately. SLOCPT emphasizes that an employee is not required to complain first to his or her supervisor if that supervisor is the individual who is harassing the employee; rather a complaint about the employee's supervisor should be made to the ~~Executive Secretary~~Executive Director, Deputy ~~Executive Secretary~~Director, ~~SLOCPT Harassment Prevention Coordinator~~ or to the third party contractor providing human resource services to the SLOCPT.

Every reported complaint of harassment will be investigated thoroughly, promptly, and in a confidential manner. In addition, SLOCPT will not tolerate retaliation against any employee for cooperating in an investigation, or for making a complaint, and will take measures to protect victims from further harassment.

In addition to notifying SLOCPT about harassment or retaliation complaints, affected employees may also direct their complaints to the California Department of Fair Employment and Housing (DFEH) and/or the Equal Employment Opportunity Commission (EEOC), which has the authority to conduct investigations of the facts. Employees can contact the nearest DFEH office at the locations listed on SLOCPT's DFEH poster or by checking the state government listings ~~in the local telephone directory~~online.

Disciplinary action for a violation of the policies described in Article 4 of these policies and procedures can range from verbal or written warnings up to and including immediate termination, depending upon the circumstances.

This policy applies to all areas of employment including recruitment, hiring, training, promotion, compensation, benefits, transfer, imposition of discipline, and social and recreational programs. It is the

responsibility of all SLOCPT personnel to conscientiously follow this policy. Any employee having any questions regarding this policy should discuss them with his or her immediate supervisor, the ~~Executive Secretary~~Executive Director, Deputy ~~Executive Secretary~~Executive Director, ~~the SLOCPT Harassment Prevention Coordinator~~ or a third party contractor providing human resource services to the SLOCPT.

Section 4.4 Policy Against Retaliation

SLOCPT prohibits any adverse employment action against those who in good faith report, or supports someone who reports violations of SLOCPT policy or State / federal law, or engages in other legally protected activity. SLOCPT further prohibits retaliation against anyone who participates (as witnesses or accused) in investigations into complaints of alleged misconduct. Disciplinary action, up to and including termination, will be taken against an employee or officer who is found to have violated this policy. Any consultant or contractor who violates this policy will be subject to appropriate sanctions. This policy applies to all SLOCPT officers, employees, volunteers, contractors and vendors, and prohibits retaliation because of any of the protected activity as defined herein.

ARTICLE 5
RECRUITMENT, SELECTION AND CLASSIFICATION

All employee selections and promotions shall be made according to merit, qualifications, and the job requirements. The policies and procedures outlined below are consistent with policies regarding Equal Opportunity Employment.

Section 5.1 Recruitment

Whenever a position vacancy occurs, it may be filled in one of the following three ways as determined by the ~~Executive Secretary~~Executive Director:

- Open Recruitment – A competitive examination process in which all interested persons are eligible to apply for a vacant position.
- Internal Recruitment – A competitive examination process in which only current SLOCPT employees are eligible to apply for a vacant position.
- Direct Appointment – Upon approval of the SLOCPT Board, a position may be filled through direct appointment.

5.1.1 Duration of recruitments:

All open recruitments must be announced to the general public for a minimum of five (5) working days. All internal recruitments must be announced to SLOCPT employees for a minimum of ten (10) working days. The ~~Executive Secretary~~Executive Director may authorize extending a previously established final filing date.

5.1.2 Recruitment Announcement:

All open recruitments and internal recruitments shall, at a minimum, be announced through an "Employment Opportunities" page and be available to the public upon request. Announcement of all internal recruitments shall be ~~posted on a bulletin board accessible by~~emailed to all SLOCPT employees. The recruitment announcement shall, at a minimum, include the title of the position, the salary range, the minimum qualifications for admission to the examination process, and the final filing date.

5.1.3 Applications:

Persons interested in employment or promotion with the SLOCPT must submit an application for employment using the systems and methods prescribed by the contractor providing recruitment services as approved by the SLOCPT Board. Applications shall be accepted until 11:59 pm of the final filing date. False information on an application may be considered grounds for removal from the examination or, if already employed, may be considered grounds for termination of employment.

5.1.4 Minimum Qualifications:

All employees shall meet the minimum qualifications of the position to which they are assigned and shall possess and maintain licensure as required in the job specifications. Only applicants who meet the minimum qualifications for the job (as described in the job specifications) may compete in the examination process. Applicants who do not meet the minimum qualifications shall be notified as such

and shall have five (5) working days from the date of the notice to provide additional information to be considered in the minimum qualifications determination.

Section 5.2 Selection

Except for a direct appointment approved by the SLOCPT Board, selection and promotion of employees by the ~~Executive Secretary~~Executive Director shall be by a competitive examination.

5.2.1 Examination Process:

Applicants that meet the minimum qualifications of the job and are eligible to compete in the examination process shall be considered to be "candidates". All open recruitments or internal recruitments must include one or more competitive examination elements. These elements may include, but are not limited to: oral examination, competitive application rating, written test, practical performance test, or any other valid and reliable examination method. All examination elements shall be job related and based on merit principles. At the conclusion of the examination process, all candidates shall be placed on an eligible list in rank order based on his/her final score on the examination, including veteran's preference. An eligible list shall remain in effect for no less than ninety days from its creation.

5.2.1.1 Exam notification: Candidates shall be notified of their results in any element of an examination in which they participated. Such notification shall, at a minimum, include whether they passed or failed that element of the examination. At the conclusion of the examination process every candidate who passed the test shall be notified of their ranking on the eligible list.

5.2.1.2 Examination records: Records of a competitive examination shall be maintained for a period of not less than three years. Examination materials are confidential and are not subject to direct review by candidates.

5.2.1.3 Veterans Preference: A candidate who competes in an open recruitment and has on file with the San Luis Obispo County Veterans Services office an acceptable Veterans Preference certificate shall, upon being placed on the eligible list, have an additional five percent (5%) of the maximum possible score on the examination added to his/her final score. If the candidate is recognized for Veterans Preference and is declared by the U.S. Veterans Administration to be ten percent (10%) or more disabled due to military service, the candidate shall have an additional ten percent (10%) of the maximum possible score added to his/her final score.

5.2.3 Interview of Certified Candidates:

Upon establishment of the eligible list and prior to filling a position, the ~~Executive Secretary~~Executive Director shall at a minimum invite the top three ranks of candidates on the eligible list to be interviewed. Subsequent ranks may be invited for an interview, however in no instance may ranks be skipped. Failure of a candidate to respond to an invitation for an interview shall be considered a decline to interview.

Section 5.3 Recruitment and Selection Services

The SLOCPT may contract with third party providers of recruitment and selection services. The third party service provider shall have broad discretion in interpretation of SLOCPT policies related to recruitment and selection in order to ensure adherence to merit principles and equal opportunity in employment. The provisions of this article shall be interpreted to allow for conformance with the third-party systems and processes. Applicants and candidates shall use the systems and comply with the requirements of the third party service provider authorized by the SLOCPT Board.

Section 5.4 Classification

The SLOCPT shall prepare and maintain written job specifications for each classification approved by the SLOCPT Board. All positions shall be assigned to an approved classification.

5.4.1 Approval of job specifications:

Job Specifications for newly created classifications or revisions to job specifications for existing classifications must be submitted to and approved by the SLOCPT Board.

5.4.2 Upward Reclassification of Positions:

At the sole discretion of the ~~Executive Secretary~~Executive Director, a position that has been assigned to a classification series may be reassigned to a higher-level classification within that series. Such reassignment of classification is known as a career series promotion. A career series promotion is a non-competitive promotion and an employee receiving a career series promotion shall serve a probationary period in the higher-level position.

ARTICLE 6
EMPLOYEE PERFORMANCE EVALUATION

The ~~Executive Secretary~~Executive Director shall establish, implement and maintain an effective system for periodic evaluation of the performance and conduct of employees at the SLOCPT. The objective of this system shall be to record the performance of employees during the past evaluation period, assist supervisors and their employees in measuring progress toward work goals, identify employee development needs and establish a basis for personnel decisions.

Section 6.1 Evaluation Procedure

In accordance with SLOCPT procedures and on forms approved by the ~~Executive Secretary~~Executive Director, supervisors shall evaluate, record and report the performance of their employees. Performance evaluations shall be one of the following:

(a) Regular Evaluation: Employees shall receive an annual performance evaluation within 30 days of the individual employee's evaluation administration date which may include a specified calendar month for all employees or as specified in any applicable Contract for Employment.

(b) Special Evaluation: The ~~Executive Secretary~~Executive Director may, at their discretion, issue a special performance evaluation. All special performance evaluations shall be created and administered in accordance with the provisions of this Rule.

Each evaluation shall be discussed with the employee by their supervisor and the employee shall be given a copy of the evaluation report following the discussion. The employee shall sign the report last as an indication that the report was discussed with him/her. The employee shall have the right to review the performance evaluation report with the ~~Executive Secretary~~Executive Director or designated representative. The evaluation report shall be maintained in the employee's official personnel record.

Section 6.2 Evaluation Rating Standards

Performance evaluations shall be made in accordance with the following standards:

~~(a) Excellent: Work performance is at the highest level of competency for the job. Excellent ratings must be substantiated in a written statement by the rater.~~
~~(b) Exceeds Expectations: Work performance consistently exceeds the standard expected of a competent worker in that job. Exceeds Expectations ratings must be substantiated in a written statement by the rater.~~
~~(c) Meets Expectations: Work performance consistently meets the standard expected of a competent worker in that job.~~
~~(d) Below Expectations: Work performance is below the standard expected of a competent worker in that job and improvable with additional training, experience, and/or effort. Below Expectations ratings must be substantiated by the rater in a written statement that includes a performance improvement plan with a timeline for follow-up evaluation.~~
~~(e) Unacceptable: Work performance is well below the standard expected of a competent worker in that job due to the level of performance, frequency of occurrence, or critical importance of performing at standard. Unacceptable ratings must be substantiated by the rater in a written statement that includes a performance improvement plan with a timeline for follow-up evaluation.~~
3 = Above Satisfactory / Outstanding

2 = Satisfactory

1 = Unsatisfactory / Needs Improvement

NA = Not Applicable

Section 6.3 Review of Evaluation

Employees receiving a performance evaluation with an overall rating of Unacceptable may request that the evaluation be reviewed consistent with this section. If, after discussing a performance evaluation with the rater and further reviewing the report with the ~~Executive Secretary~~Executive Director or designated representative, an employee disagrees with an overall rating of Unacceptable, the employee may request a review of the rating of Unacceptable by the third-party provider of Human Resources Services.

6.3.1 Appeal Procedure:

Employees wishing a review of a performance evaluation of Unacceptable must submit a request in writing to the ~~Executive Secretary~~Executive Director within ten (10) working days of receiving such evaluation. Upon the receipt of a timely written request for review, the ~~Executive Secretary~~Executive Director shall forward the request for review within ten (10) working days to the third party contractor providing human resource services to the SLOCPT. Within 20 working days of receiving notification of the request, the third party contractor shall provide a Personnel Analyst or equivalent position and conduct an informal review hearing. Time may be extended by mutual agreement of all parties and such agreement shall be in writing. The purpose of such a hearing is to allow both parties in the review to present their position and receive an objective opinion. Both parties may be represented and may present evidence as deemed appropriate by the individual hearing the review. Within ten (10) working days of the conclusion of the hearing, the individual presiding over the hearing will respond to both the ~~Executive Secretary~~Executive Director and the appellant with an advisory opinion and recommendation on the issue being heard.

6.3.2 Review Disputes:

Any disputes regarding adherence to, or interpretation of process and procedures set forth in this section shall be forwarded to the third party contractor providing human resources services to the SLOCPT. Within twenty (20) working days of being contacted regarding a review process dispute, the third party contractor shall assign a Personnel Analyst or equivalent position to ascertain facts regarding the dispute and issue a determination to both parties. Such determination shall be final and not subject to further review.

Section 6.4 Retention of Evaluation Reports

The performance evaluation report shall become a part of the official record of the employee and shall be placed in the employee's official personnel file. Performance ratings shall be considered confidential, only subject to review by persons appropriately authorized by the ~~Executive Secretary~~Executive Director, or as requested by the employee.

ARTICLE 7
DISCIPLINARY ACTIONS

Section 7.1 Policy

All Employees are expected to observe professional standards of job performance and conduct in support of the mission and vision of the SLOCPT, and to show courtesy and respect to co-workers and the public. When performance or conduct does not meet the standards and expectations of the SLOCPT, employees should be given an opportunity, when appropriate, to correct the deficiency. If, however, the employee fails to make the correction, he or she will be subject to discipline.

Section 7.2 Discipline Procedures

The following corrective disciplinary procedures are established for employees. The purpose of this disciplinary procedure is to provide guidance for quality performance management of employees and in no way modifies the at-will employment relationship as described in Article 2 of these policies.

7.2.1 Informal Discipline:

Informal discipline may be in the form of a Counseling Memorandum or progressively in the form of a Work Performance Memorandum or Reprimand. Determination of appropriate level of informal discipline shall be at the discretion of the ~~Executive Secretary~~Executive Director or designee. Written records of informal discipline may be placed in an employee's official personnel file at the discretion of the ~~Executive Secretary~~Executive Director.

7.2.2 Formal Discipline:

Formal Discipline may be in the form of suspension, demotion (including reduction in pay), or termination. Written records of formal discipline shall be placed in an employee's official personnel file. Determination of appropriate level of formal discipline shall be at the discretion of the ~~Executive Secretary~~Executive Director.

7.2.2.1 Demotion (including reduction in pay), Suspension or Termination: Any employee may be demoted, reduced in pay, suspended, or terminated by the ~~Executive Secretary~~Executive Director upon issuance of a Notice of Intent to Discipline followed by a Final Notice and Order of Discipline. The Notice of Intent and the Final Notice and Order shall be served upon the employee in person, by certified mail, or by other means confirming delivery at least 10 working days prior to the effective date. Service of the order shall be deemed complete upon personal service or in the case of certified mail, upon mailing.

7.2.2.1.1 Notice of Discipline: The Notice of Discipline shall include:

a. A statement of the action being taken;
b. The effective date of the action;
c. A statement of the reasons for the action;
d. A statement in ordinary language describing the conduct or performance upon which the discipline is based;

7.2.2.2 Review of Formal Discipline: An employee may request a review of an Order of Discipline through the third party contractor providing human resource services to the SLOCPT. A request for

review of discipline shall be in writing to the ~~Executive Secretary~~Executive Director and shall include a detailed statement describing the reason for such request. The written request for review must be received by the SLOCPT no later than 5:00 pm on the tenth (10) working day after the effective date of the discipline.

7.2.2.3 Review Procedure: Upon the receipt of a timely written request for review, the ~~Executive Secretary~~Executive Director shall forward the request to the third party contractor providing human resource services to the SLOCPT within ten (10) working days. Within twenty (20) working days of receiving notification of the request, the third party contractor shall provide a Personnel Analyst or equivalent position and conduct an informal review hearing. Time may be extended by mutual agreement of all parties and such agreement shall be in writing. The purpose of such a review is to allow both parties in the matter to present their position and receive an objective opinion. Both parties may be represented and may present evidence as deemed appropriate by the individual presiding over the review. Within ten (10) working days of the conclusion of the review hearing, the individual presiding over the review will respond to both the ~~Executive Secretary~~Executive Director and the individual requesting the review with an advisory opinion and recommendation on the issue being heard. Within ten (10) working days of the advisory opinion and recommendation, the ~~Executive Secretary~~Executive Director shall notify the employee whether he/she will accept all, part or none of the advisory opinion and recommendation.

7.2.2.4 Review Disputes: Any disputes regarding adherence to, or interpretation of process and procedures set forth in this section shall be forwarded within ten (10) working days to the third party contractor providing human resources services to the SLOCPT. Within twenty (20) working days of being contacted regarding an appeal dispute, the third party contractor shall assign a Personnel Analyst or equivalent position to ascertain facts regarding the dispute and issue a determination to both parties. Such determination shall be final and not subject to further appeal.

7.2.3 Immediate Suspension:

The ~~Executive Secretary~~Executive Director may suspend with pay, an employee without prior notice if immediate suspension is essential to avert harm to SLOCPT, its agents, employees, or the public. The ~~Executive Secretary~~Executive Director may also suspend with pay, an employee without prior notice, during any investigation or pending disciplinary action.

ARTICLE 8
GRIEVANCE PROCEDURE

Section 8.1 Background and Scope

Employees have the right to expect that employment decisions in SLOCPT service will be made based on merit and equal employment opportunity principles. It is the position of the SLOCPT that all employees shall be treated fairly and with respect. The procedures described herein are intended for the use of employees working for the SLOCPT and are limited in application to complaints of unfair treatment in employment or complaints alleging discrimination or harassment as defined in the Policy Against Harassment. Matters that require action by the SLOCPT Board are specifically excluded from this Grievance procedure.

Section 8.2 Grievance Procedure

8.2.1 Filing a Grievance:

Employees of the SLOCPT should attempt to resolve complaints or problems in a professional manner and at the lowest possible level. If attempts to resolve a complaint or problem are unsuccessful, an employee may file a formal grievance within thirty (30) days of the incident that led to the complaint. The grievance must be in writing, explain the complaint or problem that led to the grievance, and suggest a resolution to the problem. A grievance must be submitted in a timely manner to the employee's supervisor, ~~the Discrimination and Harassment Prevention Coordinator,~~ the ~~Executive Secretary~~Executive Director, Deputy ~~Executive Secretary~~~~Executive~~ Director, or to the third party contractor providing human resource services to the SLOCPT.

8.2.2 Grievance Step Process:

An employee who files a timely grievance shall be afforded a fair and objective consideration of their complaint at all times during the grievance process. The following is the process for hearing a grievance. Time limits described below may be extended by mutual agreement and must be in writing. The ~~Executive Secretary~~Executive Director may choose to skip Step 1 and/or Step 2 of this process when the grievance is directed at the supervisor or the ~~Executive Secretary~~Executive Director. An employee may have a representative, who is not directly involved in the grievance, present at each step of the grievance step process.

Step 1 – Supervisor Hearing: Within five (5) working days of filing a grievance, the employee's direct supervisor shall meet with the employee to hear the employee's concerns. Within five (5) working days of that meeting, the supervisor shall provide a written response to the employee's concerns.

Step 2 – ~~Executive Secretary~~Executive Director Hearing: If the employee remains aggrieved following the supervisor's response to step 1, he/she may proceed to step 2 by notifying the ~~Executive Secretary~~Executive Director in writing within five (5) working days of the supervisor's written response. Within five (5) days of that notification, the ~~Executive Secretary~~Executive Director shall meet with the employee to hear the employee's concerns. Within five (5) days of that meeting, the ~~Executive Secretary~~Executive Director shall provide a written response to the employee's concerns.

Step 3 – Human Resources Hearing: If the employee remains aggrieved following the ~~Executive Secretary~~Executive Director's response to step 2, he/she may proceed to step 3 by notifying the ~~Executive Secretary~~Executive Director in writing within five (5) working days of the written

response to step 2. Upon receiving a request to proceed to step 3 of the grievance process, the ~~Executive Secretary~~Executive Director shall forward the request within ten (10) working days to the third party contractor providing human resource services to the SLOCPT. Within twenty (20) working days of receiving notification of the grievance, the third party contractor shall provide a Personnel Analyst or equivalent position and conduct an informal grievance hearing. The purpose of such a hearing is to allow both parties in the dispute to present their position and receive an objective opinion. Both parties may be represented and may present evidence as deemed appropriate by the individual hearing the grievance. Within five (5) working days of the conclusion of the hearing, the individual hearing the grievance will respond to the ~~Executive Secretary~~Executive Director and the grievant with an advisory opinion and recommendation on the issue being heard.

Section 8.3 Grievance Disputes

Any disputes regarding adherence to or interpretation of process and procedures set forth in this Article shall be forwarded within five (5) working days to the third party contractor providing human resources services to the SLOCPT. The third party contractor shall assign a Personnel Analyst or equivalent position to ascertain facts regarding the dispute and issue a determination to both parties. Such determination shall be final and not subject to further appeal.

ARTICLE 9
MEDICAL QUALIFICATION

Section 9.1 Policy

Employees shall meet the medical standards of the position to which they are appointed and are required to perform the essential functions of their position. All application and interpretation of this article shall be subject to the provisions of the Americans with Disabilities Act, California Fair Employment and Housing Act, and all other related statutes and regulations.

Section 9.2 New Employment Medical Qualification

Prior to starting work, all candidates selected for appointment to a SLOCPT position ~~shall~~ may be required to take and pass a qualifying medical examination as a condition of employment. Qualifying medical examinations shall be made at the expense of the SLOCPT. Candidates for appointment to temporary or contract positions shall be subject to a qualifying medical examination at the discretion of the ~~Executive Secretary~~Executive Director.

Section 9.3 Medical Standards

Minimum medical standards shall be maintained on file and kept updated for all job classifications. Positions within a classification may have additional standards, which may be identified at the time of a medical evaluation.

Section 9.4 Current Employee Medical Examination

Current employees may be required to submit to a medical examination when the ~~Executive Secretary~~Executive Director reasonably believes that a medical or psychological condition is affecting an employee's ability to perform the essential functions of the job, when an employee is re-assigned or promoted to a position which has substantially different essential functions that warrant a determination of medical qualification, or upon return from a medical leave of absence. If a first medical examination results in a medical disqualification, a current employee may request that a second qualifying medical examination be performed by a different medical examiner. Final determination regarding medical qualification shall rest with the ~~Executive Secretary~~Executive Director.

Section 9.5 Medical Disqualification

9.5.1 Candidates for Employment:

A candidate for employment who fails to meet the medical standards of the position applied for shall be disqualified and their name removed from the eligible list for the job. The ~~Executive Secretary~~Executive Director shall notify the candidate in writing of the disqualification and such notification shall include a general statement describing the reason for disqualification.

9.5.2 Current Employees:

A current employee who fails to meet the medical standards of their position shall be disqualified from their position and their employment shall be terminated without fault. Compliance with the Americans with Disabilities Act shall be evaluated prior to any such termination decision. Employees who are terminated for medical disqualification shall be issued a Notice of Termination by Medical Disqualification which shall be served upon the employee in person, by certified mail, or by other

means confirming delivery. Service of the order shall be deemed complete upon personal service or, in the case of certified mail, upon mailing.

Section 9.6 Review of Medical Disqualification

Candidates for employment who fail a qualifying medical examination and are disqualified for employment shall have no rights to appeal the final determination. Current SLOCPT employees who fail a qualifying medical examination and are terminated due to medical disqualification shall have the right to have the termination reviewed pursuant the procedures set forth in this article. A~~n~~ request for review of medical disqualification shall be in writing to the ~~Executive Secretary~~Executive Director and shall include a detailed statement describing the reason for such request. The written request must be received by the SLOCPT no later than 5:00 pm on the tenth (10th) working day after the effective date of the ~~Executive Secretary~~Executive Director's final decision.

9.6.1 Medical Disqualification Review Procedure:

Upon the receipt of a timely written request for review, the ~~Executive Secretary~~Executive Director shall forward the request to the third party contractor providing human resource services to the SLOCPT within ten (10) working days. Within twenty (20) working days of receiving notification of the request, the third party contractor shall provide a Personnel Analyst or equivalent position and conduct an informal review hearing. Time may be extended by mutual agreement of all parties and such agreement shall be in writing. The purpose of such a review is to allow both parties in the matter to present their position and receive an objective opinion. Both parties may be represented and may present evidence as deemed appropriate by the individual presiding over the review. Within ten (10) working days of the conclusion of the review hearing, the individual presiding over the review will respond to both the ~~Executive Secretary~~Executive Director and the individual requesting the review with an advisory opinion and recommendation on the issue being heard. Within ten (10) working days of the advisory opinion and recommendation, the ~~Executive Secretary~~Executive Director shall notify the employee whether he/she will accept all, part or none of the advisory opinion and recommendation.

9.6.2 Review Disputes:

Any disputes regarding adherence to, or interpretation of process and procedures set forth in this section shall be forwarded within ten (10) working days to the third party contractor providing human resources services to the SLOCPT. Within twenty (20) working days of being contacted regarding a review dispute, the third party contractor shall assign a Personnel Analyst or equivalent position to ascertain facts regarding the dispute and issue a determination to both parties. Such determination shall be final and not subject to further review.

ACKNOWLEDGEMENT OF REVIEW OF EMPLOYEE HANDBOOK

I have read and understand the content and requirements of the San Luis Obispo County SLOCPT Employee Handbook and agree to all abide by all applicable provisions of the Handbook that apply to me as an employee of the SLOCPT.

_____
Print Name

_____
Signature

_____
Date

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