

Pension Trust

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www.SLOPensionTrust.org



AGENDA

PENSION TRUST BOARD OF TRUSTEES

Monday, January 22, 2024 9:30 AM
Board of Supervisors Chambers
Katcho Achadjian Government Center
San Luis Obispo, CA 93408

MEETING MATERIALS

Materials for the meeting may be found at

<http://www.slocounty.ca.gov/Departments/Pension-Trust/Board-of-Trustees>

Any supporting documentation that relates to an agenda item for an 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.

IN-PERSON MEETING

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

<https://us06web.zoom.us/j/86580825691?pwd=4PbU19Af9PBJq6bs5SkIGbDWYzJUAD.1>

Webinar ID: [865 808 5691](#)

Passcode: [276415](#)

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

A) PUBLIC COMMENT

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

B) ORGANIZATIONAL

2. Election of Officers (Pursuant to Section 3.05 and Section 3.06 of the By-Laws of the San Luis Obispo County Pension Trust).
3. Committees – appointment of members by President.
 - i. Audit Committee (standing committee)
 - ii. Personnel Committee (standing committee)
 - iii. Private Markets Investments Committee (ad hoc committee)

C) CONSENT

4. Minutes of the Regular Meeting of November 27, 2023 (Approve Without Correction)
5. Reports of Deposits and Contributions for November and December 2023 (Receive and File)
6. Reports of Service Retirements, Disability Retirements, and DROP Participants for November and December 2023 (Receive, Approve and File)
7. Monthly Investment Report for November 2023(Receive and File)

D) APPLICATIONS FOR DISABILITY RETIREMENT

None

E) OLD BUSINESS

None

F) NEW BUSINESS

8. Board Policies Review (Review, Discuss, and Direct Staff)

G) INVESTMENTS

9. Monthly Investment Report for December 2023 (Receive and File)
10. Asset Allocation - (Review, Discuss, and Direct Staff as necessary)

H) OPERATIONS

11. Staff Reports

12. General Counsel Reports

13. Committee Reports:

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

14. Upcoming Board Topics (subject to change)

- i. February 26, 2024
 - a. 2024 Retiree COLA
 - b. Quarterly Investment Report
 - c. Capital Market Assumptions / Asset Allocation Review
 - d. Investment Policy Statement review
 - e. Personnel Policies and Procedure review
- ii. March 25, 2024
 - a. 2024 Actuarial Valuation Planning
 - b. 2024 Actuarial Valuation Assumptions Approval
 - c. Employer Prefunding
 - d. SLOCPT Administrative Budget FY24-25 proposed
 - e. Records Retention Policy review
- iii. April 22, 2024 – planned as a non-meeting month
- iv. May 20, 2024
 - a. SLOCPT Administrative Budget FY24-25 approval
 - b. Quarterly Investment Report
 - c. Disability Policy review

15. Trustee Comments

I) CLOSED SESSION

None

J) ADJOURNMENT

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MINUTES

Monday, November 27, 2023 9:30 AM

PENSION TRUST BOARD OF TRUSTEES

Regular Meeting of the Pension Trust
Board of Trustees

Board Members Present: Jeff Hamm
Jim Hamilton
Lisa Howe
David Grim
Geoff O'Quest
Michelle Shoresman
Gere Sibbach

Board Members Absent: -

Pension Trust Staff:	Carl Nelson	Executive Director
	Amy Burke	Deputy Director
	Jennifer Alderete	Accountant

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

Others:	<u>In-Person:</u>	
	Katie Girardi	SLOCPT incoming Exec. Dir.
	Theresa Schultz	SLOCEA
	Reagan Dahle	Cal Poly student

	<u>Online:</u>	
	Brenda & Mark Girardi	K. Girardi parents
	Louie Girardi	K. Girardi brother
	Greg Chitsey	K. Girardi husband
	Kevin Balaod	journalist
	Brian McKelvey	

Max Doss
Anna Bastidos SLOCPT staff
Lisa Winter SLOCPT staff
Two unidentified Zoom attendees

Call to Order: 9:32 AM by President Hamm

A) PUBLIC COMMENT

1. None

B) ORGANIZATIONAL

None

C) CONSENT

2. Minutes of the Regular Meeting of September 25, 2023 (Approve Without Correction).
3. Minutes of the Special Meeting of October 10, 2023 (Approve Without Correction).
4. Report of Deposits and Contributions for the months of September and October 2023 (Receive and File).
5. Report of Service Retirements, Disability Retirements and DROP Participants for the months of September and October 2023 (Receive, Approve and File).
6. Monthly Investment Report for September 2023 (Receive and File).
7. Resolution Modifying and Affirming Investment and Banking authority – Resolution 2023–02 (Recommend Approve).
8. Annual Pensionable Compensation Limit for 2024 pursuant to the Public Employees Pension Reform Act (Tier 3) (Recommend Approval).
9. Stipulation for the Division of Pension Benefits – Option Four Pension Benefit Election (Recommend Approval).

Motion: Approve the Consent items

Discussion: None

Public Comment: None

Motion Made: Shoresman

Motion Seconded: O’Quest

Carried: Unanimous

D) APPLICATIONS FOR DISABILITY RETIREMENT

10. Application for Ordinary Disability Retirement – Case 2023-03

Motion: Approve Staff recommendation of approval for Ordinary Disability Retirement case 2023-03

Discussion: Executive Director Nelson presented the Staff recommendation. Trustees asked various questions and made several comments. Noted that the disabling condition in this case is deemed permanent (expected to last at least 12 months), but the medical report indicated a possibility of longer-term improvement.

Public Comment: Theresa Schultz, Senior Labor Representative with SLOCEA, commented that the employee in this case wished for nothing more than to return to work should the disabling condition improve over time.

Motion Made: Grim

Motion Seconded: O’Quest

Carried: Unanimous

11. Application for Industrial Disability Retirement – Case 2023-04

Motion: Approve Staff recommendation of approval for Industrial Disability Retirement case 2023-04

Discussion: Deputy Director Burke presented the Staff recommendation

Public Comment: None

Motion Made: Howe

Motion Seconded: Shoresman

Carried: Unanimous

12. *Reserved*

13. *Reserved*

E) OLD BUSINESS

None

F) NEW BUSINESS

14. Resolution Number 2023–03: A Resolution Establishing the Rate of Interest to be paid on the Normal Contributions of Members

Motion: Approve Resolution 2023–03

Discussion: Deputy Director Burke presented the item.

Public Comment: None

Motion Made: Sibbach

Motion Seconded: Grim

Carried: Unanimous

15. Resolution Number 2023–04: A Resolution Establishing the Rate of Interest to be Paid on the Additional Contributions of Members

Motion: Approve Resolution 2023–04

Discussion: Deputy Director Burke presented the item. Trustees asked various questions and made comments regarding benchmarking of this rate to the yield on 5-year Treasury bonds and its variability over recent years.

Public Comment: None

Motion Made: O’Quest

Motion Seconded: Hamm

Carried: Unanimous

16. *Reserved*

G) INVESTMENTS

17. Quarterly Investment Report for the 3rd Quarter of 2023 – Verus

Motion: Receive and file the quarterly investment report

Discussion: Scott Whalen and Claudia Schloss of Verus presented an extensive report on investment markets and the performance of SLOCPT investment assets. Trustees asked numerous questions.

Public Comment: None

Motion Made: Hamm

Motion Seconded: Howe

Carried: Unanimous

11:04 AM – President Hamm called for a 10-minute break.

11:15 AM – Back in session

18. Monthly Investment Report for October 2023

Motion: Receive and file the monthly investment report

Discussion: Executive Director Nelson presented the report.

Public Comment: None

Motion Made: Sibbach

Motion Seconded: Howe

Carried: Unanimous

19. Asset Allocation – Implementation – Interim 2024 Policy Targets

Motion: Approve Interim 2024 Policy Targets

Discussion: Scott Whalen of Verus presented the policy targets. Trustees asked various questions and made several comments. Motion made to approve the 2024 Interim Policy Targets as presented with direction to staff to assess the Liquidity allocation between Cash Equivalents (5%) and Short Duration bonds (3%). Subsequent Staff inquiry verified the respective Cash and Short Duration bonds allocation to be correct given the criteria in the Investment Policy Statement to retain at least three months of benefit payments in the Treasury account portion of the cash allocation.

Public Comment: None

Motion Made: Grim

Motion Seconded: O'Quest

Carried: Unanimous

20. Capital Market Assumptions Update – Verus

Discussion: Verus provided an update. It was noted that the Verus CMAs as of August 2023 when applied to the SLOCPT long-term Strategic Asset Allocation Policy mix calculated a long term expected return of 7.2% to compared to the 6.75% current actuarial Discount Rate.

Public Comment: None

No Action Necessary

21. Private Markets Program Review – Verus

Discussion: Verus presented a detailed review, which included information on Private Market fees.

Public Comment: None

No Action Necessary

22. Asset Allocation

Discussion: Routine item included should asset allocation changes be necessary.

Public Comment: None

No Action Necessary

H) OPERATIONS

23. Staff Reports

- i. Executive Director Nelson discussed new mortality assumptions and the Society of Actuaries’ decision to leave mortality tables unchanged due to the number of atypical deaths in the period 2020 through 2022.
- ii. Executive Director Nelson presented an update on an overpayment case.

24. General Counsel Reports

None

25. Committee Reports:

- i. Audit Committee No Report
- ii. Personnel Committee Report – Covered in Agenda Item #30

26. Upcoming Board Topics – published on meeting agenda

27. Trustee Comments

Trustee Howe noted that she and Executive Director Nelson were scheduled to provide a presentation to the Board of Supervisors on December 12th regarding the Unfunded Actuarial Liability of the retirement plan.

I) ORGANIZATIONAL

28. Resolution Number 2023–05: Executive Director Retirement

Discussion: President Hamm introduced the item and read aloud Resolution Number 2023–05 honoring Executive Director Nelson for his years of service to SLOCPT. Trustees gave Executive Director Nelson many accolades and a round of applause for his service to the Pension Trust and its members, employers, and staff.

Motion: Approve Resolution 2023– 05

Public Comment: None

Motion Made: Hamm

Motion Seconded: Sibbach

Carried: Unanimous

J) CLOSED SESSION

12:30 PM – entered Closed Session

29. Closed session minutes of the Special Meeting of October 10, 2023

30. 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.

12:37 PM – exited Closed Session

Report – General Counsel Waddell reported that the Trustees approved the Closed Session minutes of the Special Meeting of October 10, 2023. He also reported that the Trustees completed the Executive Director’s annual review.

K) ADJOURNMENT

There being no further business, the meeting was adjourned at 12:38 PM. The next Regular Meeting was set for January 22, 2024, at 9:30 AM, in the Board of Supervisors chambers, Katcho Achadjian Government Center, San Luis Obispo, California 93408.

Respectfully submitted,

Chris Waddell
General Counsel

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**REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF
NOVEMBER 2023**

PP 22 11/3/2023	Pensionable	Employer	Employer	Employee	Employer for	Employee	Combined	Additional	Service	TOTAL
	Salary	Contributions	Rate	Contributions	Employee Contributions	Rate	Rate	Contributions	Purchases	Contributions
By Employer and Tier:										
County Tier 1	2,586,841.04	920,630.81	35.59%	356,166.28	221,605.41	22.34%	57.92%	2,487.50	1,129.99	1,502,019.99
County Tier 2	979,664.03	361,424.46	36.89%	65,866.79	82,491.40	15.14%	52.04%	-	-	509,782.65
County Tier 3	5,437,530.31	1,917,374.06	35.26%	741,368.39	-	13.63%	48.90%	-	1,855.28	2,660,597.73
Superior Court Tier 1	225,777.95	75,807.65	33.58%	48,623.16	-	21.54%	55.11%	-	-	124,430.81
Superior Court Tier 3	219,138.51	70,518.68	32.18%	36,241.40	-	16.54%	48.72%	-	-	106,760.08
APCD Tier 1	48,444.98	15,110.43	31.19%	7,580.85	3,886.42	23.67%	54.86%	-	-	26,577.70
APCD Tier 2	8,180.01	2,537.64	31.02%	728.98	619.01	16.48%	47.50%	-	-	3,885.63
APCD Tier 3	29,480.81	9,097.74	30.86%	3,925.45	-	13.32%	44.18%	-	-	13,023.19
SLOCPT Tier 1	9,781.89	3,278.89	33.52%	1,484.89	908.74	24.47%	57.99%	-	-	5,672.52
SLOCPT Tier 2	11,517.60	3,860.70	33.52%	650.74	1,069.98	14.94%	48.46%	-	-	5,581.42
SLOCPT Tier 3	14,722.08	5,077.64	34.49%	1,965.79	-	13.35%	47.84%	250.00	-	7,293.43
LAFCO Tier 3	11,462.96	3,957.02	34.52%	1,675.60	-	14.62%	49.14%	-	-	5,632.62
RTA Tier 2	31,451.20	10,671.39	33.93%	644.19	4,088.66	15.05%	48.98%	-	-	15,404.24
RTA Tier 3	14,890.40	5,147.51	34.57%	1,990.28	-	13.37%	47.94%	-	-	7,137.79
	9,628,883.77	3,404,494.62	35.36%	1,268,912.79	314,669.62	16.45%	51.80%	2,737.50	2,985.27	\$ 4,993,799.80
PP 23 11/17/2023										
By Employer and Tier:										
County Tier 1	2,575,585.02	922,284.91	35.81%	349,419.92	220,740.79	22.14%	57.95%	2,487.50	1,129.99	1,496,063.11
County Tier 2	988,066.53	368,138.39	37.26%	62,396.47	83,264.23	14.74%	52.00%	-	-	513,799.09
County Tier 3	5,469,276.12	1,935,980.42	35.40%	738,914.70	-	13.51%	48.91%	-	719.71	2,675,614.83
Superior Court Tier 1	228,782.71	76,775.90	33.56%	49,301.01	-	21.55%	55.11%	-	-	126,076.91
Superior Court Tier 3	218,234.51	69,986.34	32.07%	35,832.33	-	16.42%	48.49%	-	-	105,818.67
APCD Tier 1	48,444.95	15,110.43	31.19%	7,580.84	3,886.42	23.67%	54.86%	-	-	26,577.69
APCD Tier 2	8,180.00	2,537.64	31.02%	728.97	619.01	16.48%	47.50%	-	-	3,885.62
APCD Tier 3	26,726.09	8,247.67	30.86%	3,548.72	-	13.28%	44.14%	-	-	11,796.39
SLOCPT Tier 1	9,781.89	3,278.89	33.52%	1,484.89	908.74	24.47%	57.99%	-	-	5,672.52
SLOCPT Tier 2	11,517.60	3,860.70	33.52%	650.74	1,069.98	14.94%	48.46%	-	-	5,581.42
SLOCPT Tier 3	14,722.08	5,077.64	34.49%	1,965.79	-	13.35%	47.84%	250.00	-	7,293.43
LAFCO Tier 3	11,462.96	3,957.02	34.52%	1,675.60	-	14.62%	49.14%	-	-	5,632.62
RTA Tier 2	31,451.20	10,671.39	33.93%	644.19	4,088.66	15.05%	48.98%	-	-	15,404.24
RTA Tier 3	17,397.60	5,985.92	34.41%	2,320.48	-	13.34%	47.74%	-	-	8,306.40
	9,659,629.26	3,431,893.26	35.53%	1,256,464.65	314,577.83	16.26%	51.79%	2,737.50	1,849.70	\$ 5,007,522.94
TOTAL FOR THE MONTH	19,288,513.03	6,836,387.88	35.44%	2,525,377.44	629,247.45	16.35%	51.80%	5,475.00	4,834.97	\$ 10,001,322.74
TOTAL YEAR TO DATE	216,453,796.35	73,712,173.54	34.05%	28,557,552.81	7,353,791.66	16.59%	50.65%	62,764.16	108,003.67	\$ 109,794,285.84

**REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF
DECEMBER 2023**

PP 24 12/1/2023	By Employer and Tier:	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for	Employee Rate	Combined Rate	Additional Contributions	Service Purchases	TOTAL Contributions
						Employee Contributions					
	County Tier 1	2,530,762.86	901,966.98	35.64%	347,844.17	216,680.27	22.31%	57.95%	2,487.50	1,129.99	1,470,108.91
	County Tier 2	981,334.14	362,453.54	36.93%	65,539.99	82,640.67	15.10%	52.03%	-	-	510,634.20
	County Tier 3	5,482,050.27	1,934,440.00	35.29%	747,324.76	-	13.63%	48.92%	-	719.71	2,682,484.47
	Superior Court Tier 1	228,932.79	76,792.34	33.54%	49,346.84	-	21.56%	55.10%	-	-	126,139.18
	Superior Court Tier 3	220,232.41	70,626.56	32.07%	36,128.47	-	16.40%	48.47%	-	-	106,755.03
	APCD Tier 1	48,444.96	15,110.43	31.19%	7,580.85	3,886.42	23.67%	54.86%	-	-	26,577.70
	APCD Tier 2	8,180.00	2,537.64	31.02%	728.97	619.01	16.48%	47.50%	-	-	3,885.62
	APCD Tier 3	26,475.77	8,170.43	30.86%	3,514.20	-	13.27%	44.13%	-	-	11,684.63
	SLOCPT Tier 1	9,781.89	3,278.89	33.52%	1,484.89	908.74	24.47%	57.99%	-	-	5,672.52
	SLOCPT Tier 2	11,517.60	3,860.70	33.52%	650.74	1,069.98	14.94%	48.46%	-	-	5,581.42
	SLOCPT Tier 3	14,722.09	5,077.64	34.49%	1,965.79	-	13.35%	47.84%	250.00	-	7,293.43
	LAFCO Tier 3	11,462.96	3,957.02	34.52%	1,675.60	-	14.62%	49.14%	-	-	5,632.62
	RTA Tier 2	31,451.20	10,671.39	33.93%	644.19	4,088.66	15.05%	48.98%	-	-	15,404.24
	RTA Tier 3	17,397.60	5,985.92	34.41%	2,320.48	-	13.34%	47.74%	-	-	8,306.40
		9,622,746.54	3,404,929.48	35.38%	1,266,749.94	309,893.75	16.38%	51.77%	2,737.50	1,849.70	4,986,160.37

PP 25 12/15/2023	By Employer and Tier:	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for	Employee Rate	Combined Rate	Additional Contributions	Service Purchases	TOTAL Contributions
						Employee Contributions					
	County Tier 1	2,506,561.71	891,821.10	35.58%	344,657.57	214,855.50	22.32%	57.90%	2,487.50	1,129.99	1,454,951.66
	County Tier 2	983,727.46	363,171.26	36.92%	64,426.22	84,006.50	15.09%	52.01%	-	-	511,603.98
	County Tier 3	5,502,884.26	1,941,135.81	35.27%	750,202.82	-	13.63%	48.91%	-	821.29	2,692,159.92
	Superior Court Tier 1	227,726.30	76,439.89	33.57%	49,068.68	-	21.55%	55.11%	-	-	125,508.57
	Superior Court Tier 3	201,625.22	66,051.37	32.76%	33,022.31	-	16.38%	49.14%	-	-	99,073.68
	APCD Tier 1	48,444.96	15,110.43	31.19%	7,580.85	3,886.42	23.67%	54.86%	-	-	26,577.70
	APCD Tier 2	8,180.00	2,537.64	31.02%	728.97	619.01	16.48%	47.50%	-	-	3,885.62
	APCD Tier 3	23,758.78	7,331.96	30.86%	3,101.84	-	13.06%	43.92%	-	-	10,433.80
	SLOCPT Tier 1	9,781.89	3,278.89	33.52%	1,484.89	908.74	24.47%	57.99%	-	-	5,672.52
	SLOCPT Tier 2	11,517.60	3,860.70	33.52%	650.74	1,069.98	14.94%	48.46%	-	-	5,581.42
	SLOCPT Tier 3	17,640.08	6,084.06	34.49%	2,327.75	-	13.20%	47.69%	250.00	-	8,661.81
	LAFCO Tier 3	11,462.96	3,957.02	34.52%	1,675.60	-	14.62%	49.14%	-	-	5,632.62
	RTA Tier 2	31,451.20	10,671.39	33.93%	644.19	4,088.66	15.05%	48.98%	-	-	15,404.24
	RTA Tier 3	18,442.80	6,335.43	34.35%	2,447.68	-	13.27%	47.62%	-	-	8,783.11
		9,603,205.22	3,397,786.95	35.38%	1,262,020.11	309,434.81	16.36%	51.75%	2,737.50	1,951.28	4,973,930.65

PP 26 12/29/2023	By Employer and Tier:	Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employer for	Employee Rate	Combined Rate	Additional Contributions	Service Purchases	TOTAL Contributions
						Employee Contributions					
	County Tier 1	2,490,782.40	886,647.16	35.60%	342,652.47	213,349.48	22.32%	57.92%	2,487.50	7,430.35	1,452,566.96
	County Tier 2	975,670.82	360,414.30	36.94%	65,157.76	82,152.25	15.10%	52.04%	-	-	507,724.31
	County Tier 3	5,508,976.27	1,941,320.72	35.24%	751,744.83	-	13.65%	48.89%	-	719.71	2,693,785.26
	Superior Court Tier 1	231,338.21	77,710.42	33.59%	49,826.24	-	21.54%	55.13%	-	-	127,536.66
	Superior Court Tier 3	235,741.15	74,270.74	31.51%	38,591.47	-	16.37%	47.88%	-	-	112,862.21
	APCD Tier 1	48,444.96	15,110.43	31.19%	7,580.85	3,886.42	23.67%	54.86%	-	-	26,577.70
	APCD Tier 2	8,180.00	2,537.64	31.02%	728.97	619.01	16.48%	47.50%	-	-	3,885.62
	APCD Tier 3	24,303.57	7,500.11	30.86%	3,225.55	-	13.27%	44.13%	-	-	10,725.66
	SLOCPT Tier 1	9,781.89	3,278.89	33.52%	1,484.89	908.74	24.47%	57.99%	-	-	5,672.52
	SLOCPT Tier 2	11,517.60	3,860.70	33.52%	650.74	1,069.98	14.94%	48.46%	-	-	5,581.42
	SLOCPT Tier 3	20,448.48	7,052.67	34.49%	2,677.95	-	13.10%	47.59%	250.00	-	9,980.62
	LAFCO Tier 3	11,462.96	3,957.02	34.52%	1,675.60	-	14.62%	49.14%	-	-	5,632.62
	RTA Tier 2	31,451.20	10,671.39	33.93%	644.19	4,088.66	15.05%	48.98%	-	-	15,404.24
	RTA Tier 3	19,488.00	6,684.95	34.30%	2,574.88	-	13.21%	47.52%	-	-	9,259.83
		9,627,587.51	3,401,017.14	35.33%	1,269,216.39	306,074.54	16.36%	51.69%	2,737.50	8,150.06	4,987,195.63

TOTAL FOR THE MONTH **28,853,539.27** **10,203,733.57** **35.36%** **3,797,986.44** **925,403.10** **16.37%** **51.73%** **8,212.50** **11,951.04** **\$** **14,947,286.65**

TOTAL YEAR TO DATE **245,307,335.62** **83,915,907.11** **34.21%** **32,355,539.25** **8,279,194.76** **16.56%** **50.77%** **70,976.66** **119,954.71** **\$** **124,741,572.49**

PRIOR YEAR COMPARISON **227,731,465.24** **72,095,657.37** **31.66%** **30,327,648.13** **8,558,397.20** **17.08%** **48.73%** **68,773.34** **274,248.63** **\$** **111,324,724.67**

% CHANGE FROM PRIOR YEAR 7.72% 16.40% 2.55% 6.69% -3.26% -0.52% 2.04% 3.20% -86.26% 12.05%

REPORT OF RETIREMENTS

November 2023

RETIREE NAME	DEPARTMENT	BENEFIT TYPE *	EFFECTIVE DATE	MONTHLY BENEFIT	SS TEMP ANNUITY**
Balseiro, Naomi	Clerk-Recorder	Service Retirement	10/21/2023	4,057.81	False
Bautista, Annie	Clerk-Recorder	Service Retirement	11/04/2023	3,257.89	False
Bisantz, Tami L	Clerk-Recorder	DROP	11/01/2023	5,740.72	False
Cash, Bradley	Golf Courses	Service Retirement	10/21/2023	1,559.22	False
Christian, Charles C.	Public Works ISF	DROP	11/01/2023	4,972.01	False
Cirisan, Denise D	Behavioral Health	DROP	11/01/2023	3,386.15	False
Coffey, Pamela	District Attorney	DROP	11/01/2023	3,202.79	True
Courier Brannon, Michelle	ITD	Service Retirement	11/04/2023	7,062.94	False
Cudworth, Jennifer	District Attorney	Service Retirement	11/01/2023	2,804.04	False
Erb, Douglas G	General Services	Service Retirement	10/01/2023	993.59	False
Flores, Jeremy Roy	Sheriff-Coroner	Service Retirement	11/11/2023	4,603.07	False
Gendron, Linda M	Behavioral Health	Service Retirement	11/04/2023	3,450.41	False
Haas, Mark D	Department of Social Services	Service Retirement	11/04/2023	8,972.31	False
Krijakin, Sandra J	Department of Social Services	Service Retirement	11/04/2023	4,475.79	False
Martin, Diana Yvonne	Behavioral Health	Service Retirement	11/04/2023	773.00	False
Peters, Gar R	Department of Social Services	DROP	11/01/2023	5,063.16	False
Smith, Sean	Public Works ISF	Service Retirement	10/04/2023	1,744.58	False
Tabares-Nolan, Michele Emi	Air Pollution Control District	Service Retirement	11/22/2023	598.59	False
Wolff, Linda N	Public Health Department	Service Retirement	11/25/2023	3,603.52	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**December 2023**

RETIREE NAME	DEPARTMENT	BENEFIT TYPE *	EFFECTIVE DATE	MONTHLY BENEFIT	SS TEMP ANNUITY**
Allchin, John R	Public Works ISF	Service Retirement	12/01/2023	2,047.28	False
Camp, Lori Michelle	Probation Department	Service Retirement	12/07/2023	1,134.15	False
Currens, Sandy L	Administrative Office	DROP	12/01/2023	5,981.65	False
Danielson, Matthew A	Sheriff-Coroner	DROP	12/01/2023	6,120.63	False
Doss, David M	Sheriff-Coroner	Duty Disability Retirement	11/28/2023	3,765.01	False
Gonzalez, Erma	Public Health Department	Service Retirement	12/20/2023	3,323.79	False
Lemons, Brian K	Sheriff-Coroner	Service Retirement	10/26/2023	1,255.60	False
Maez, Alan	Sheriff-Coroner	DROP	12/01/2023	3,638.66	False
Manley, Cheryl D	District Attorney	Service Retirement	11/25/2023	10,806.91	False
Manriquez, Fernando R	Department of Social Services	Service Retirement	11/01/2023	598.22	False
Manriquez, Fernando R	Department of Social Services	Additional Annuity	11/01/2023	1.68	False
Mason, Robin	Human Resources	Non Duty Disability Retirement	11/27/2023	1,926.43	False
Patterson, Martha	Probation Department	Service Retirement	12/02/2023	4,137.94	True
Salo, Laurie A	Public Health Department	Service Retirement	11/18/2023	6,840.04	False
Toomey, Terese	Administrative Office	Service Retirement	10/06/2023	663.81	False
Webb, Ann C	Planning Department	Service Retirement	12/02/2023	2,511.52	False
Werner, Thomas L	Department of Social Services	Service Retirement	11/25/2023	3,245.41	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

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



Date: December 21, 2023

To: Board of Trustees

From: Carl Nelson – Executive Director (incumbent)
Katie Girardi – Executive Director (incoming)
Amy Burke – Deputy Director

Agenda Item 7: Monthly Investment Report for November 2023

	November	Year to Date 2023	2022	2021	2020	2019	2018
Total Trust Investments (\$ millions)	\$1,656		\$1,614 year end	\$1,775 year end	\$1,552 year end	\$1,446 year end	\$1,285 year end
Total Fund Return	3.3% Gross	+6.5% Gross	-8.0% Gross	15.2% Gross	8.9 % Gross	16.3 % Gross	-3.2 % Gross
Policy Index Return (r)	4.6%	+6.9%	-9.7%	12.8%	10.0 %	16.4 %	-3.2 %

- (r) Policy index as of Nov. 2021 Strategic Asset Allocation Policy with 2023 Interim targets:
- Public Mkt Equity- 21% Russell 3000, 17% MSCI ACWI ex-US
 - Public Mkt Debt- 10% Barclays US Aggregate,
 - Risk Diversifying 4% Barclays US Aggregate, 5% Barclays 7-10yr Treasury, 4% Barclays 5-10yr US TIPS
 - Real Estate & Infrastructure- 15% NCREIF Index (inc. Infrastructure)
 - Private Equity- 10% actual private equity returns
 - Private Credit- 8% actual private credit returns
 - Liquidity- 6% 90 day T-Bills
- Pending annual updates to interim targets.

SLOOPT Investment Returns:

The attached report from Verus covers the preliminary investment returns of the SLOOPT portfolio and market commentary through the end of November. Subsequent activity in December is not yet factored into these numbers. As of December 21st the month has had positive returns for equities (S&P 500 +3.9% for the month) and positive returns for bonds.

SLOCPT Investments:

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

Capital Markets:

- **Investment Markets** – November saw broadly positive markets in equities and bonds.
 - US stocks S&P 500 9.1%
 - International stocks MSCI ACWI ex-US 9.0%
 - Bonds; Bloomberg US Aggregate bonds 4.5 %

The Economy:

- J.P. Morgan Asset Management in its 2024 “Year Ahead Outlook” report commented –
“Our outlook for the new year is “2024”: 2% growth, 0 recessions, 2% inflation and 4% unemployment. A soft landing remains in reach, particularly as disinflation looks set to continue and the Federal Reserve now appears satisfied with its progress.”
- **Inflation** –
 - The November inflation report continued its deceleration to a **+3.1%** year-over-year increase. The continued moderation in inflation takes some pressure off of the Fed to increase interest rates.
- **New Jobs, Unemployment, Wages** –
 - **New Jobs** - The November new jobs report from the BLS on non-farm employment showed a cooling pace of growth with a **gain of 199k new jobs** – including about 30k auto workers returning from being on strike in October.
 - **Unemployment Rate** - declined slightly to **3.7%** in November.
 - **Labor Force Participation** – **62.83%** - a post-pandemic high with 532k new entrants to the labor market.
 - **Wage growth** - down slightly at a **4.0%** year-over-year increase.
- **Monetary Policy** –
 - **The Fed, at its December 13th FOMC meeting left interest rates unchanged as was expected** (target range for Fed Funds of 5.25% to 5.50%).
 - **The Fed comments predicted three interest rate cuts expected for 2024.** This constituted a significant change in Fed direction that triggered large interest rate declines in bonds and a surge in the S&P 500 to a record high level.

Respectfully Submitted,

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

**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

NOVEMBER 2023
Capital Markets Update

Market commentary

U.S. ECONOMICS

- Nonfarm payrolls rose by 199,000 (higher than the expected 190,000), while the unemployment rate fell to 3.7% (tighter than the anticipated print of 3.9%). Job gains were led by the healthcare sector (+77,000) while manufacturing jobs (+28,000) saw a boost from workers returning from the UAW strike. This surprisingly positive data was well received by investors and cast doubts on the *weaker economy* narrative.
- The ISM Manufacturing PMI Index remained unchanged from the October reading of 46.7, indicating an ongoing weak outlook for manufacturing activity. Improvements in the New Orders (+2.8) and Prices (+4.8) sub indexes were offset by a weakening in the Backlog Orders (-2.9) and Production (-1.9) sub indexes.
- Third quarter GDP growth was revised upward to 5.2% from 4.9%. The revision reflected stronger business investment in warehouses and healthcare facilities, as well as private inventory investment from wholesalers purchasing machinery and equipment. These increases were partially countered by a -0.4% revision to consumer spending—an area investors are monitoring for more insight into economic strength.

U.S. EQUITIES

- U.S. equities benefitted from a slew of economic data that led investors to believe that a *soft landing* is still possible and that the Fed rate hiking cycle is not only over but that cuts are on the horizon. The rally was further aided by a less contentious—albeit temporary—bipartisan agreement to fund the government through January 19th, 2024.
- Consumer discretionary stocks have delivered substantial year-to-date returns of 34.2%, the third best among sectors. Consumer discretionary spending has lifted the overall market, with Black Friday shopping increasing an estimated +7.5% year-over-year to a record \$9.8 billion.

U.S. FIXED INCOME

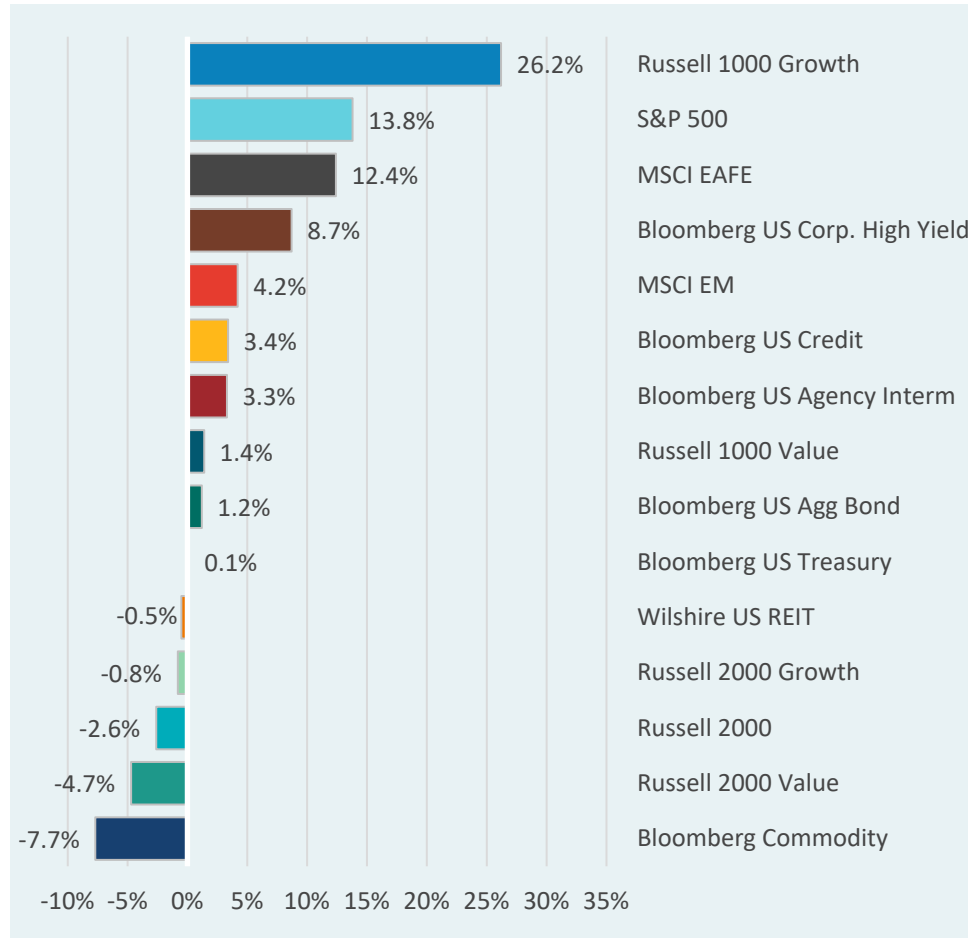
- The November 1st FOMC meeting appears to have kicked off a broad rally in fixed income markets. However, the Fed's general view is little changed; economic activity remains strong, job gains are moderating but still robust, and inflation remains above target. These dynamics suggest it is appropriate to continue to wait for the lagged effects of monetary policy to show up in the data. Investors anticipate rates to remain unchanged at the December 12th – 13th FOMC meeting.
- The U.S. fixed income market was broadly positive but saw smaller gains than equities. Short duration underperformed long duration – in line with expectations for short term rates to hold steady.
- The 10yr/2yr Treasury yield curve inversion widened from -19 bps to -36 bps. Although yields fell across the curve, longer tenors fell by a greater magnitude than shorter tenors. Dampened rate expectations were felt the most by longer-tenor Treasuries. Tenors greater than 5 years saw -50bps of yield movement.

INTERNATIONAL MARKETS

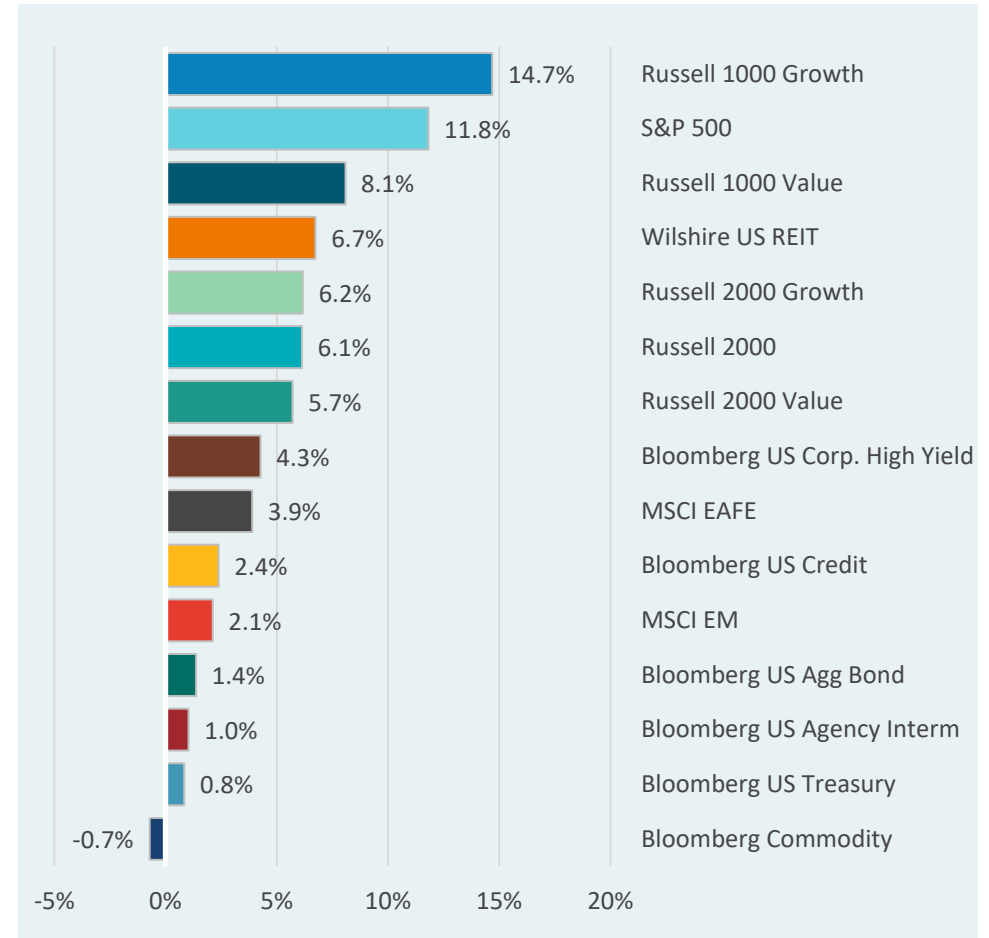
- International markets performed in line with U.S. equities, aided by the single worst 1-month performance for the dollar this year (-2.5%). The MSCI ACWI ex U.S. returned +9.0%—the best 1-month return since November 2022.
- Japan's Q3 annualized GDP fell -2.1%, a surprise to the downside given the strength of Q1 (+3.7%) and Q2 (+4.5%) GDP prints. The data release showed weaker-than-expected consumer spending, business investment, and inventory accumulation. Unlike the U.S., Japanese consumers curbed more of their discretionary spending amid higher inflation. This has influenced the BOJ's decision to spend 17 trillion yen (\$113 billion) in fiscal stimulus, partly in the form of direct payments to lower income consumers most affected by recent inflation.

Major asset class returns

ONE YEAR ENDING NOVEMBER



TEN YEARS ENDING NOVEMBER



*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 11/30/23

Source: Morningstar, as of 11/30/23

U.S. large cap equities

- November’s rally reversed losses of the prior three months, as the S&P 500 index returned +9.1%. Lower inflation and positive economic data encouraged investors that a *soft landing* is still possible.
- With 98% of constituents having reported earnings, growth for Q3 was 4.8%, marking the first quarter of positive earnings growth since Q3 2022. Despite this positive figure, just 38 companies issued positive guidance while 69 companies reported negative guidance.
- 10 out of 11 S&P 500 sectors gained in November. Technology (+12.9%) and Real Estate (+12.5%) were the top performers amidst declining Treasury yields, while Energy (-1.0%) delivered a moderate loss.
- U.S. equity volatility closed November at 12.9. The VIX reached its lowest intramonth level since 2021, dipping as low as 12.5. This decline in volatility follows cooling inflation, a Federal Reserve interest rate pause, and greater hopes for a *soft landing*.

S&P 500 PRICE INDEX



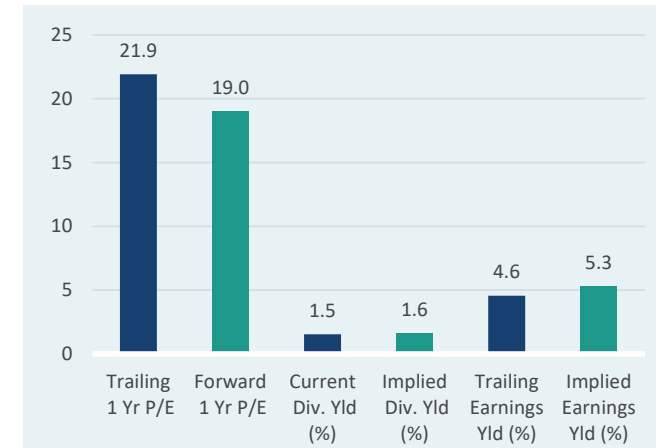
Source: Bloomberg, as of 11/30/23

IMPLIED VOLATILITY (VIX INDEX)



Source: Cboe, as 11/30/23

S&P 500 VALUATION SNAPSHOT

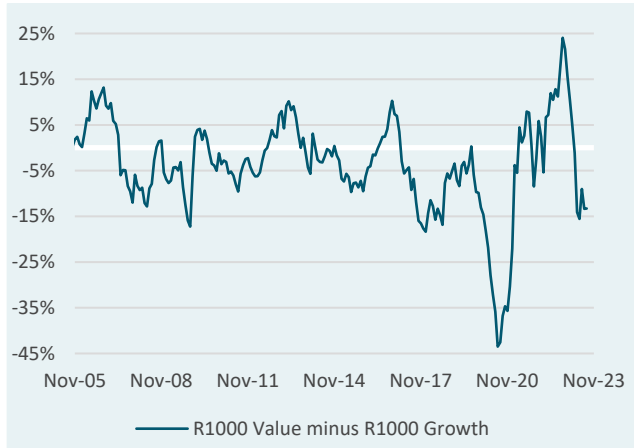


Source: Bloomberg, as of 11/30/23

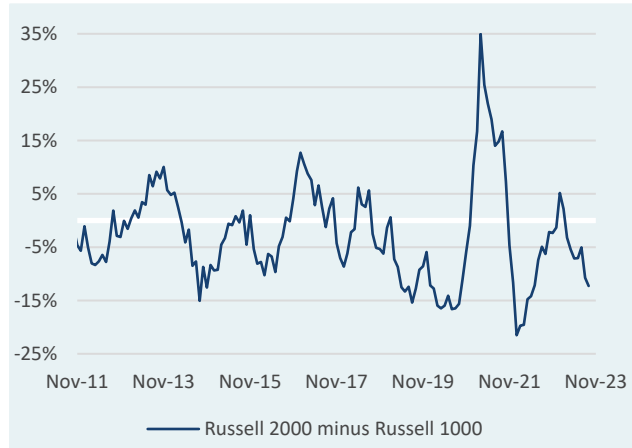
Domestic equity size and style

- Domestic equity index performance was positive across the board during November, with large-cap growth (Russell 1000 Growth +10.9%) continuing to build on relative outperformance over the past year. Large-cap value was the worst performer (Russell 1000 Value +7.5%). Declining Treasury yields have likely buoyed valuations of riskier tech stocks, further contributing to value underperformance.
- Small-cap growth and value performed similarly, with the Russell 2000 Growth Index (+9.1%) narrowly beating the Russell 2000 Value Index (+9.0%).
- Large cap stocks (Russell 1000 +9.3%) also built on outperformance over small cap during the month (Russell 2000 +9.0%), bringing year-to-date performance to 20.6% and 4.2%, respectively.
- November’s equity performance led to an increase in relative valuations, with the S&P 500 Index trading at 18.7x forward earnings—a 6.3% premium to the historical average. The Russell 2000 Index is trading at 19.5x forward earnings, a -17.4% discount to the historical average (relative to -25.3% last month).

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



1-YEAR SIZE & STYLE PERFORMANCE

	Value	Core	Growth
Large Cap	1.4%	13.6%	26.2%
Mid Cap	-0.7%	2.9%	10.0%
Small Cap	-4.7%	-2.6%	-0.8%

Source: FTSE, Bloomberg, as of 11/30/23

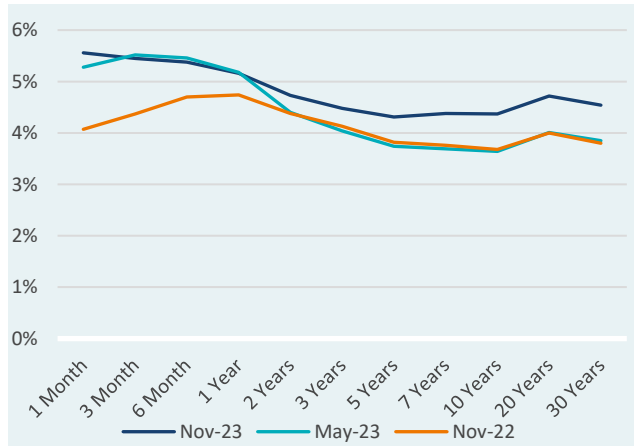
Source: FTSE, Bloomberg, as of 11/30/23

Source: FTSE, Bloomberg, as of 11/30/23

Fixed income

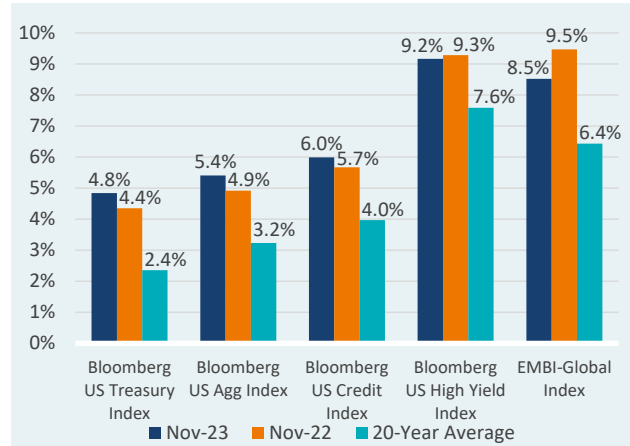
- U.S. bonds saw a sharp reversal, breaking six months of losses with the best month for the asset class in nearly 40 years (Bloomberg U.S. Aggregate Index +4.5%). Weaker long-term treasury issuance and dovish Fed-speak preceded plummeting long-term Treasury yields, contributing to positive fixed income performance.
- Yield curve shifts were most pronounced on the long end of the yield curve, with 10- and 30-year yields decreasing -51bps and -50bps to 4.37% and 4.54%, respectively. These yield curve movements led long-dated Treasuries to perform the best among fixed income sectors (Bloomberg U.S. Treasury Long +9.2%).
- Spreads narrowed for both High Yield and Bank Loans, by -58bps and -19bps, to 384bps and 525bps, respectively. The CS Leveraged Loan Index (+1.2%) underperformed the Aggregate, while the Bloomberg U.S. High Yield Index (+4.5%) showed equivalent performance in November.
- The Bloomberg U.S. MBS Index (+5.2%) outperformed the Aggregate Index, following declining mortgage rates. Investors appear to be more optimistic that peak rates are in the past, as mortgage rates fell back to September levels of 7.2%.

U.S. TREASURY YIELD CURVE



Source: Bloomberg, as of 11/30/23

NOMINAL YIELDS



Source: Morningstar, as of 11/30/2023

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

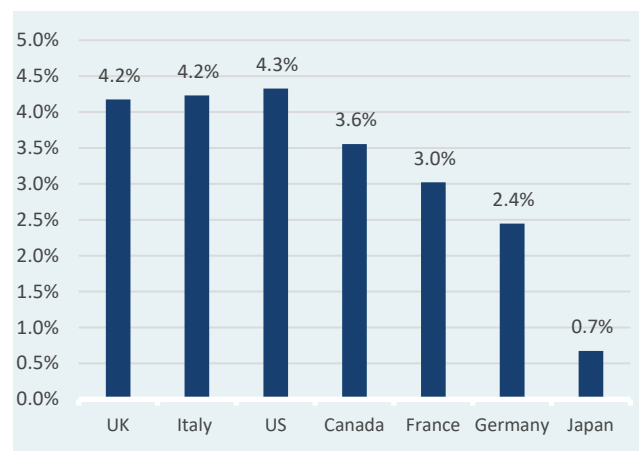


Source: Bloomberg, as of 11/30/23

Global markets

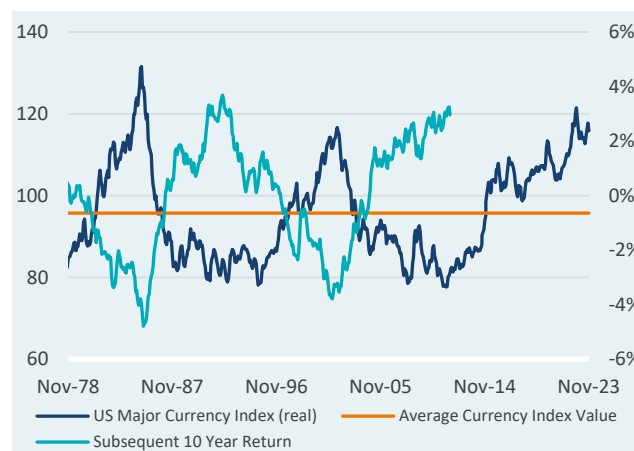
- Global equity markets rallied broadly (MSCI ACWI ex U.S. +9.0%), for reasons similar to the domestic market. Central banks are seeing the effects of their earlier rate hikes in the form of slowing inflation. The general hope is that rate hikes are complete and economic conditions are expected to hold steady enough to avoid a deep recession.
- Japanese equities pushed higher, even after a disappointing GDP print. The MSCI Japan index (+8.6%) marginally lagged the broader index but remains among the top performers on a year-to-date basis (+15.7%).
- The Chinese equity market continues to lag its peers (MSCI China Index +2.5%) and has been one of the worst performers this year (-9.0%), despite some data trending positively. Retail sales and industrial production figures have shown some growth over the past 3 months while the property sector remains a drag on total output.
- The MSCI EM Latin America index (+14.0%) was among the top performers, led by Brazil (+14.2%) and Mexico (+15.5%). Mexican equities have benefited from the *nearshoring* - or relocation activity of manufacturing plants closer to the U.S.

GLOBAL SOVEREIGN 10-YEAR YIELDS



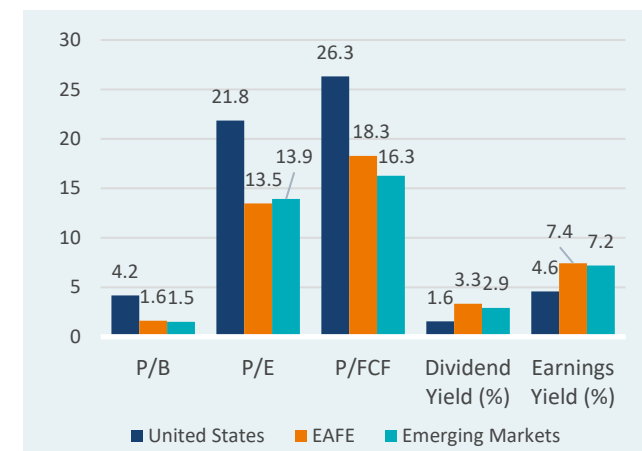
Source: Bloomberg, as of 11/30/23

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 11/30/23

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 11/30/23

Commodities

- The Bloomberg Commodity Index finished the month down -2.3%. Underperformance was led by the energy (-10.4%) and petroleum (-4.4%) sub-indexes which posted a second straight month of declines. A sharp reversal in natural gas prices compounded losses in a sector of the market that was already struggling with an uncertain outlook.
- Natural gas (-21.6%) was the single worst performer across the Bloomberg Commodity Index. A positive weather outlook that fueled a rally in October dissipated as expectations for a milder winter set in. Robust supply figures amplified losses even as demand remained strong.

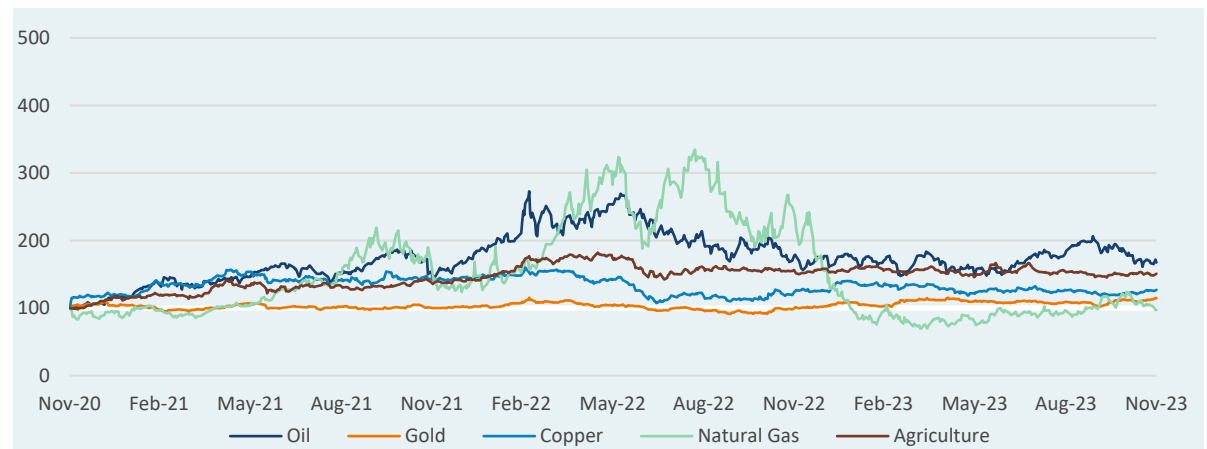
- The Bloomberg Precious Metals sub-index gained +4.3%. Performance was largely driven by a spike in silver (+11.8%), which solidly outperformed gold (+3.2%). The silver market has benefitted from greater industrial demand, particularly increased usage in technology and manufacturing.
- Industrial metals were mixed, but the overall sector was slightly positive at +0.3%. Copper (+5.5%) led the pack and is the only component that is positive for the year (+1.0%). Nickel (-8.0%) extended its losses and is -44.9% year-to-date. Healthy supply combined with depressed demand have made for a tough environment for nickel.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	(2.3)	(2.0)	(5.4)	(7.7)	13.6	6.3	(0.7)
Bloomberg Agriculture	1.9	4.3	0.0	1.6	17.4	11.1	0.5
Bloomberg Energy	(10.4)	(12.9)	(16.6)	(26.8)	19.7	(2.1)	(8.4)
Bloomberg Grains	1.3	2.3	(11.8)	(10.1)	12.1	8.0	(1.9)
Bloomberg Industrial Metals	0.3	(3.7)	(12.7)	(10.7)	3.7	5.6	2.1
Bloomberg Livestock	(5.6)	(6.8)	0.5	2.7	6.2	(3.5)	(3.0)
Bloomberg Petroleum	(4.4)	(11.1)	5.0	4.3	39.0	12.5	(3.0)
Bloomberg Precious Metals	4.3	10.9	10.1	16.4	4.1	10.0	3.4
Bloomberg Softs	2.5	7.7	28.1	28.9	23.6	12.4	1.5

Source: Morningstar, as of 11/30/23

COMMODITY PERFORMANCE



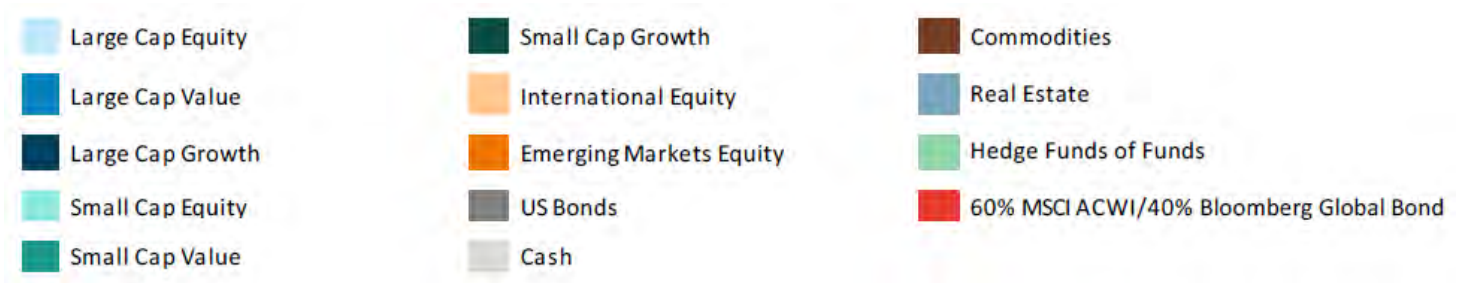
Source: Bloomberg, as of 11/30/23

Appendix

Periodic table of returns

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	5-Year	10-Year
Large Cap Growth	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	28.3	16.1	36.6	16.4	14.7
Large Cap Equity	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	27.6	9.4	20.6	12.2	11.6
International Equity	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	27.1	1.5	12.3	7.5	8.1
60/40 Global Portfolio	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	26.5	-4.7	10.4	6.3	7.4
Small Cap Growth	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	25.2	-7.5	6.0	6.0	6.2
Emerging Markets Equity	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	22.4	14.0	17.7	-13.0	5.7	5.4	6.1
Large Cap Value	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	22.0	10.3	14.8	-14.5	5.6	5.3	5.7
Cash	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	11.3	-14.5	4.5	4.8	4.7
Small Cap Equity	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	8.9	-17.3	4.2	4.7	3.9
Hedge Funds of Funds	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	6.5	-19.1	3.6	4.2	3.1
Small Cap Value	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	-20.1	2.0	4.2	2.1
US Bonds	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	-20.4	1.6	2.3	1.4
Real Estate	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	-1.5	-26.4	-5.1	1.7	1.2
Commodities	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	-2.5	-29.1	-5.4	0.7	-0.7

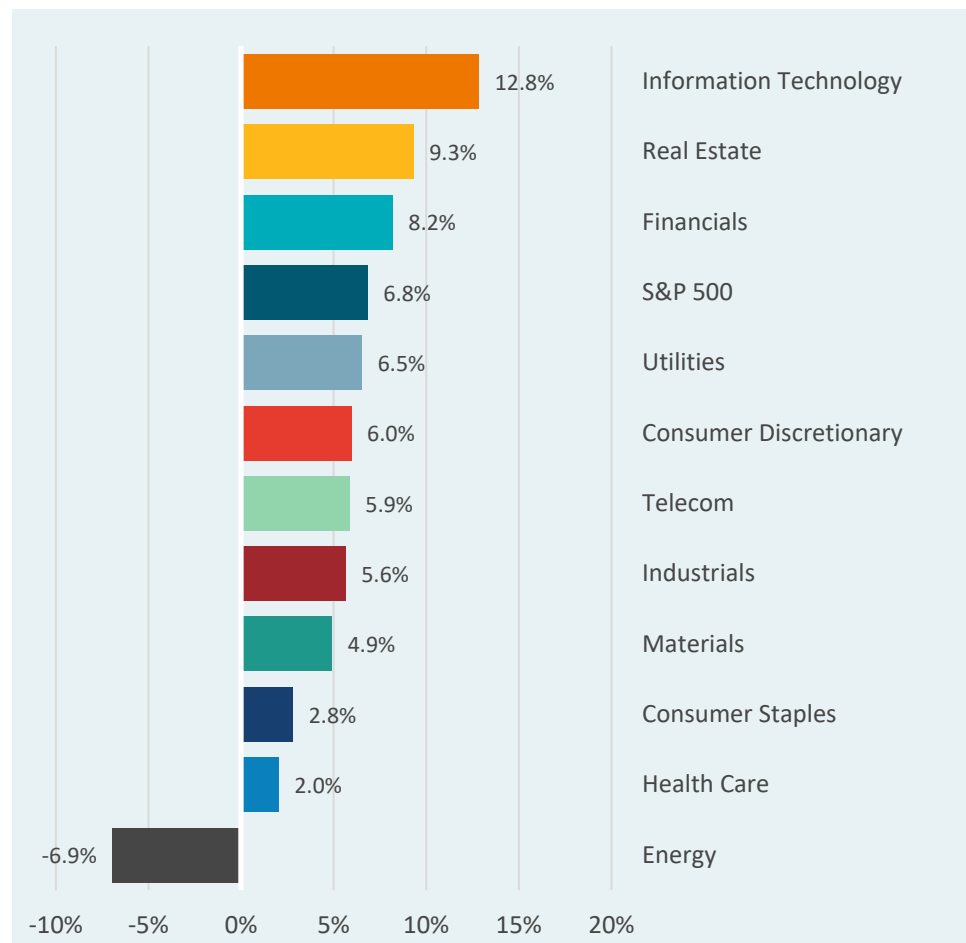
BEST
↑
↓
WORST



Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 9/30/23.

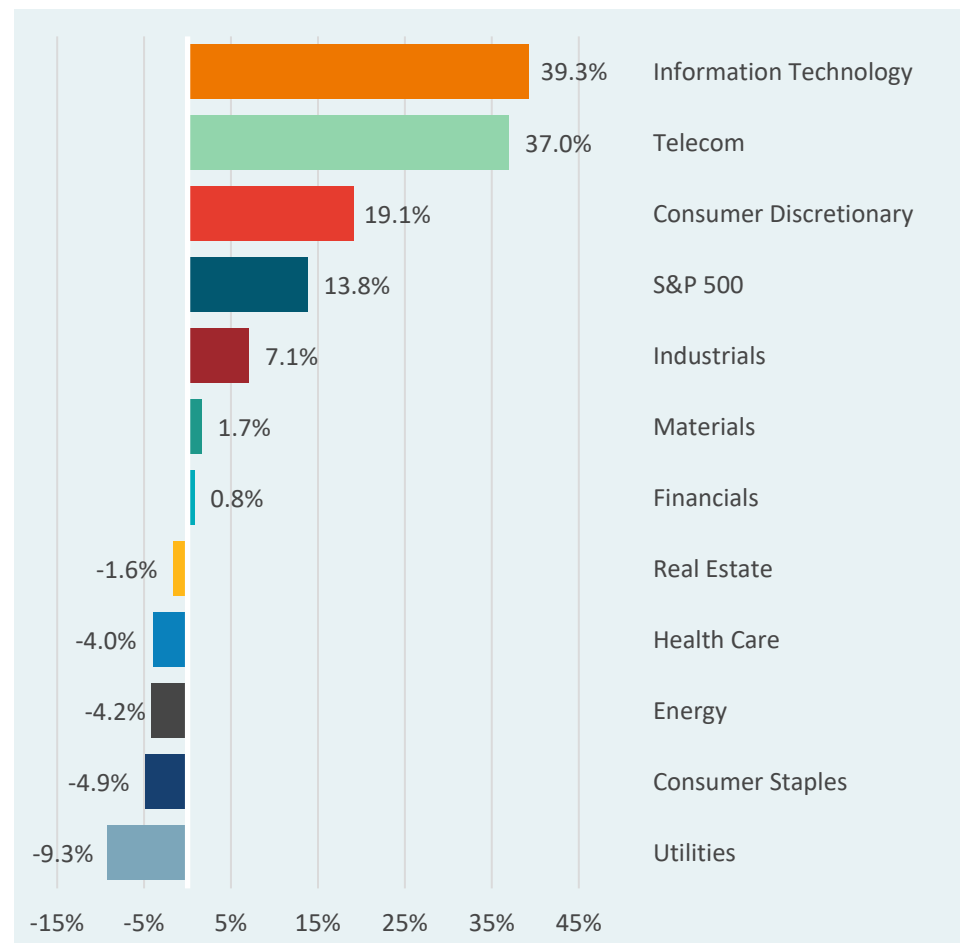
S&P 500 sector returns

QTD



Source: Morningstar, as of 11/30/23

ONE YEAR ENDING NOVEMBER



Source: Morningstar, as of 11/30/23

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	9.1	6.8	20.8	13.8	9.8	12.5	11.8
S&P 500 Equal Weighted	9.1	4.7	6.6	1.6	8.5	10.0	10.0
DJ Industrial Average	9.2	7.8	10.7	6.2	8.9	9.4	10.9
Russell Top 200	9.1	7.3	24.8	17.3	10.0	13.5	12.5
Russell 1000	9.3	6.7	20.6	13.6	8.7	12.2	11.6
Russell 2000	9.1	1.6	4.2	(2.6)	1.1	4.8	6.1
Russell 3000	9.3	6.4	19.6	12.6	8.3	11.8	11.2
Russell Mid Cap	10.2	4.7	8.8	2.9	4.9	8.7	8.9
Style Index							
Russell 1000 Growth	10.9	9.3	36.6	26.2	8.9	16.4	14.7
Russell 1000 Value	7.5	3.8	5.6	1.4	8.3	7.5	8.1
Russell 2000 Growth	9.1	0.7	6.0	(0.8)	(4.3)	4.2	6.2
Russell 2000 Value	9.0	2.5	2.0	(4.7)	6.5	4.7	5.7

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	9.2	5.9	16.6	12.0	5.7	9.1	7.6
MSCI ACWI ex US	9.0	4.5	10.1	9.3	1.7	5.1	3.4
MSCI EAFE	9.3	4.9	12.3	12.4	3.8	6.0	3.9
MSCI EM	8.0	3.8	5.7	4.2	(4.0)	2.3	2.1
MSCI EAFE Small Cap	10.1	3.6	5.5	6.6	(0.8)	3.7	4.3
Style Index							
MSCI EAFE Growth	10.7	6.6	11.2	10.0	(0.0)	6.5	4.7
MSCI EAFE Value	7.9	3.2	13.4	14.8	7.4	5.0	2.8
Regional Index							
MSCI UK	6.7	2.2	9.2	8.7	9.1	5.1	2.3
MSCI Japan	8.6	3.7	15.3	15.6	0.6	4.5	4.6
MSCI Euro	11.5	8.1	20.0	19.4	5.8	7.3	3.8
MSCI EM Asia	7.6	3.3	4.4	3.5	(5.8)	3.0	3.7
MSCI EM Latin American	14.0	8.6	22.6	17.6	11.1	4.3	1.1

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	2.7	2.0	1.2	0.1	(1.5)	2.7	2.0
Bloomberg US Treasury Bills	0.5	0.9	4.6	5.0	2.0	1.8	1.2
Bloomberg US Agg Bond	4.5	2.9	1.6	1.2	(4.5)	0.7	1.4
Bloomberg US Universal	4.5	2.9	2.3	1.9	(4.1)	1.0	1.7
Duration							
Bloomberg US Treasury 1-3 Yr	1.0	1.4	3.1	3.3	(0.5)	1.2	0.9
Bloomberg US Treasury Long	9.2	3.8	(5.1)	(6.7)	(14.2)	(1.8)	1.2
Bloomberg US Treasury	3.5	2.2	0.7	0.1	(4.9)	0.3	0.8
Issuer							
Bloomberg US MBS	5.2	3.0	0.7	0.3	(4.1)	(0.2)	0.9
Bloomberg US Corp. High Yield	4.5	3.3	9.4	8.7	1.4	4.1	4.3
Bloomberg US Agency Interm	1.6	1.6	3.3	3.3	(1.5)	1.0	1.0
Bloomberg US Credit	5.7	3.8	3.8	3.4	(4.4)	1.9	2.4

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	(2.3)	(2.0)	(5.4)	(7.7)	13.6	6.3	(0.7)
Wilshire US REIT	10.6	5.5	5.4	(0.5)	5.1	3.7	6.7
CS Leveraged Loans	1.2	1.2	11.3	11.7	5.5	4.7	4.3
S&P Global Infrastructure	9.7	6.4	2.4	0.2	5.6	5.8	5.4
Alerian MLP	7.0	6.7	28.2	15.7	34.5	9.7	2.0
Regional Index							
JPM EMBI Global Div	5.7	4.2	6.1	6.4	(4.4)	1.0	2.8
JPM GBI-EM Global Div	5.3	4.7	9.2	11.6	(3.1)	0.8	(0.3)
Hedge Funds							
HFRI Composite	2.2	0.5	4.3	4.1	4.8	5.8	4.3
HFRI FOF Composite	1.8	0.8	3.6	4.0	2.6	4.2	3.1
Currency (Spot)							
Euro	4.3	3.7	5.2	6.3	(1.8)	(0.2)	(2.5)
Pound Sterling	3.2	3.1	2.2	6.0	(3.0)	(0.7)	(2.2)
Yen	2.4	0.9	(10.8)	(5.6)	(11.0)	(5.1)	(3.6)

Source: Morningstar, HFRI, as of 11/31/23.

Detailed private market returns

Comparison to public market index returns

Private Equity Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Private Equity FoFs & Secondary Funds	(2.2)	21.4	15.3	13.9
<i>MSCI World Index (PME)</i>	18.7	12.8	9.3	9.8
Global Private Equity Direct Funds ¹	2.2	20.1	16.4	15.8
<i>MSCI World Index (PME)</i>	19.0	12.0	9.2	9.7
U.S. Private Equity Direct Funds ¹	2.0	22.4	18.3	17.2
<i>Russell 3000 Index (PME)</i>	19.5	13.8	11.5	12.6
Europe Private Equity Direct Funds ¹	7.6	20.2	15.8	14.6
<i>MSCI Europe Index (PME)</i>	22.4	10.2	5.8	6.3
Asia Private Equity Direct Funds ^{1,4}	(1.3)	10.1	9.2	12.8
<i>MSCI AC Asia Pacific Index (PME)</i>	6.3	3.0	2.0	4.4

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt ^{2,4}	7.1	18.0	12.2	11.3
<i>Morningstar LSTA U.S. Leveraged Loan 100 Index (PME)</i>	11.8	5.4	4.2	3.9

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	(2.3)	14.1	9.7	12.0
<i>FTSE NAREIT Equity REIT Index (PME)</i>	0.4	10.3	5.4	7.4

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources ^{3,4}	5.9	21.0	4.3	3.6
<i>S&P Global Natural Resources Index (PME)</i>	7.9	19.7	5.4	6.0
Global Infrastructure ⁴	8.3	12.8	10.6	10.9
<i>S&P Global Infrastructure Index (PME)</i>	4.5	9.9	5.5	6.4

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

1. Includes Buyout, Growth Equity and Venture Capital.

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

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

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

Notices & disclosures

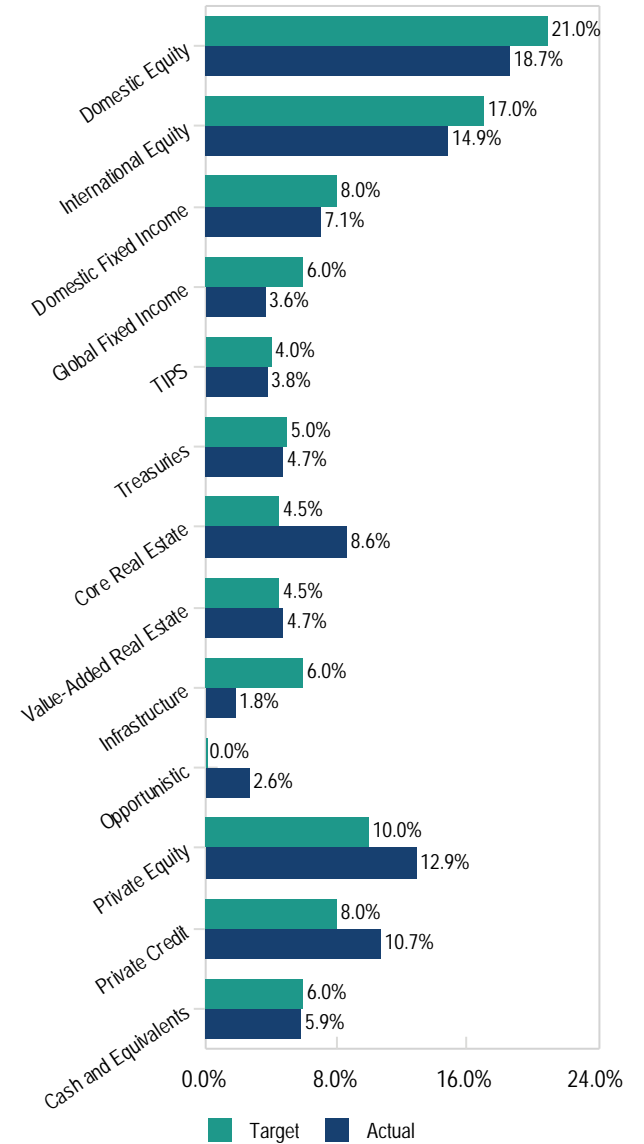
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Total Fund
Executive Summary - Preliminary (Gross of Fees)

San Luis Obispo County Pension Trust
Period Ending: November 30, 2023

	Market Value	% of Portfolio	1 Mo	YTD
Total Fund	1,655,830,591	100.0	3.3	6.5
<i>Interim Policy Index</i>			<i>4.6</i>	<i>6.9</i>
<i>FFP SAA Index</i>			<i>3.5</i>	<i>7.0</i>
Total Growth	1,196,737,254	72.3	3.5	7.4
<i>Custom Growth Benchmark</i>			<i>5.2</i>	<i>9.7</i>
Total Public Equity	555,973,130	33.6	8.8	14.6
<i>Public Equity Benchmark</i>			<i>9.2</i>	<i>15.6</i>
Total Domestic Equity	309,420,235	18.7	8.5	16.8
<i>Russell 3000 Index</i>			<i>9.3</i>	<i>19.6</i>
PIMCO RAE US	89,744,485	5.4	6.8	10.0
<i>S&P 500 Index</i>			<i>9.1</i>	<i>20.8</i>
Loomis Sayles Large Cap Growth	74,963,355	4.5	12.0	44.8
<i>Russell 1000 Growth Index</i>			<i>10.9</i>	<i>36.6</i>
Boston Partners Large Cap Value	67,379,698	4.1	6.6	8.2
<i>Russell 1000 Value Index</i>			<i>7.5</i>	<i>5.6</i>
Atlanta Capital Mgmt	77,332,696	4.7	8.9	8.8
<i>Russell 2500 Index</i>			<i>9.0</i>	<i>6.1</i>
Total International Equity	246,552,895	14.9	9.1	11.9
<i>MSCI AC World ex USA Index</i>			<i>9.0</i>	<i>10.6</i>
Dodge & Cox Intl Stock	127,253,816	7.7	7.6	12.1
<i>MSCI AC World ex USA Value</i>			<i>7.7</i>	<i>12.2</i>
WCM International Growth	119,299,079	7.2	10.7	11.9
<i>MSCI AC World ex USA Growth</i>			<i>10.4</i>	<i>9.2</i>
Total Private Equity	212,823,576	12.9		
Harbourvest Partners IX Buyout Fund L.P.	12,271,667	0.7		
Pathway Private Equity Fund Investors 9 L.P.	82,764,242	5.0		
Harbourvest 2018 Global Fund L.P.	21,549,977	1.3		
Harbourvest SLO Fund Private Equity	78,191,369	4.7		
Pathway Private Equity Fund Investors 10 L.P.	18,046,321	1.1		
Total Private Credit	176,527,346	10.7		
Sixth Street Partners DCP	89,939,887	5.4		
Harbourvest SLO Credit Fund	86,587,459	5.2		

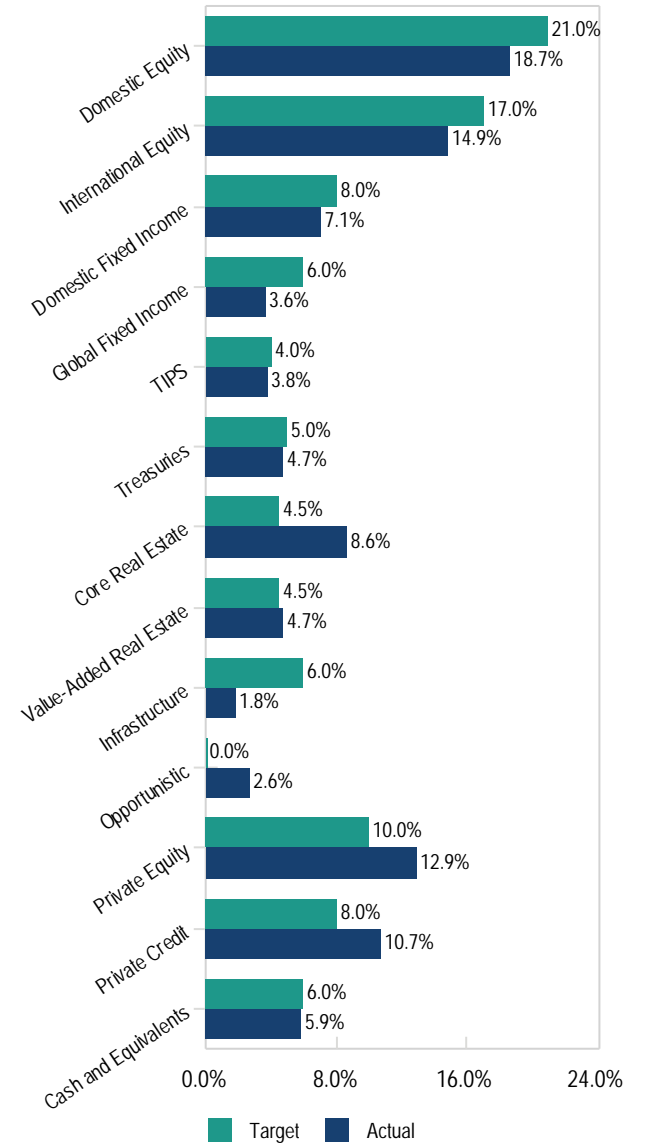


Interim Policy Index as of 1/1/2023: 21% Russell 3000, 17% MSCI ACWI ex-US (Gross), 8% Bloomberg U.S. Aggregate, 5% Bloomberg US Treasury 7-10 yr, 4% Bloomberg US TIPS 5+ Year, 6% FTSE World Govt Bond Index, 9% NCREIF Property Index, 10% Actual Private Equity Return, 8% Actual Private Credit Return, 6% 90-day T-Bills, 6% ARA American Strategic Value Realty. Total Fund Includes Blackrock Core Bond residual value of \$4,078. HarbourVest Funds as of 6/30/23. ARA American Strategic Value Realty, Brookfield Infrastructure Partners, Sixth Street DCP & TAO, and KKR Mezzanine Partners as of 9/30/23. All data is preliminary. Agenda Item 7

Total Fund
Executive Summary - Preliminary (Gross of Fees)

San Luis Obispo County Pension Trust
Period Ending: November 30, 2023

	Market Value	% of Portfolio	1 Mo	YTD
Total Real Estate	251,413,203	15.2	-1.7	-8.7
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>-5.1</i>
JP Morgan Core Real Estate	142,829,336	8.6	-3.0	-10.3
<i>NCREIF-ODCE</i>			<i>0.0</i>	<i>-7.6</i>
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>-5.1</i>
ARA American Strategic Value Realty	78,582,513	4.7	0.0	-6.3
<i>NCREIF-ODCE</i>			<i>0.0</i>	<i>-7.6</i>
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>-5.1</i>
Brookfield Infrastructure Fund	30,001,354	1.8		
Total Risk Diversifying	317,705,599	19.2	3.9	3.9
<i>Total Risk Diversifying Benchmark</i>			<i>4.4</i>	<i>1.1</i>
Total Domestic Fixed Income	257,604,416	15.6	3.2	4.7
<i>Blmbg. U.S. Aggregate Index</i>			<i>4.5</i>	<i>1.6</i>
Dodge & Cox Income Fund	61,030,582	3.7	4.9	3.9
<i>Blmbg. U.S. Aggregate Index</i>			<i>4.5</i>	<i>1.6</i>
Pacific Asset Corporate Loan	56,116,624	3.4	1.4	12.8
<i>Morningstar LSTA US Leveraged Loan</i>			<i>1.2</i>	<i>11.5</i>
SSGA U.S. Govt Bond Index	78,087,263	4.7	3.4	0.9
<i>Blmbg. U.S. Government</i>			<i>3.4</i>	<i>0.7</i>
BlackRock TIPS	62,365,868	3.8	2.7	1.5
<i>Blmbg. U.S. TIPS</i>			<i>2.7</i>	<i>1.2</i>
Total Global Fixed	60,101,183	3.6	7.3	2.0
<i>FTSE World Government Bond Index</i>			<i>4.9</i>	<i>0.9</i>
Brandywine Global Fixed Income	30,502,751	1.8	8.1	-1.8
<i>FTSE Non-U.S. World Government Bond</i>			<i>6.0</i>	<i>1.0</i>
Ashmore EM Blended Debt Fund	29,598,432	1.8	6.6	5.2
<i>50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+</i>			<i>5.0</i>	<i>7.0</i>

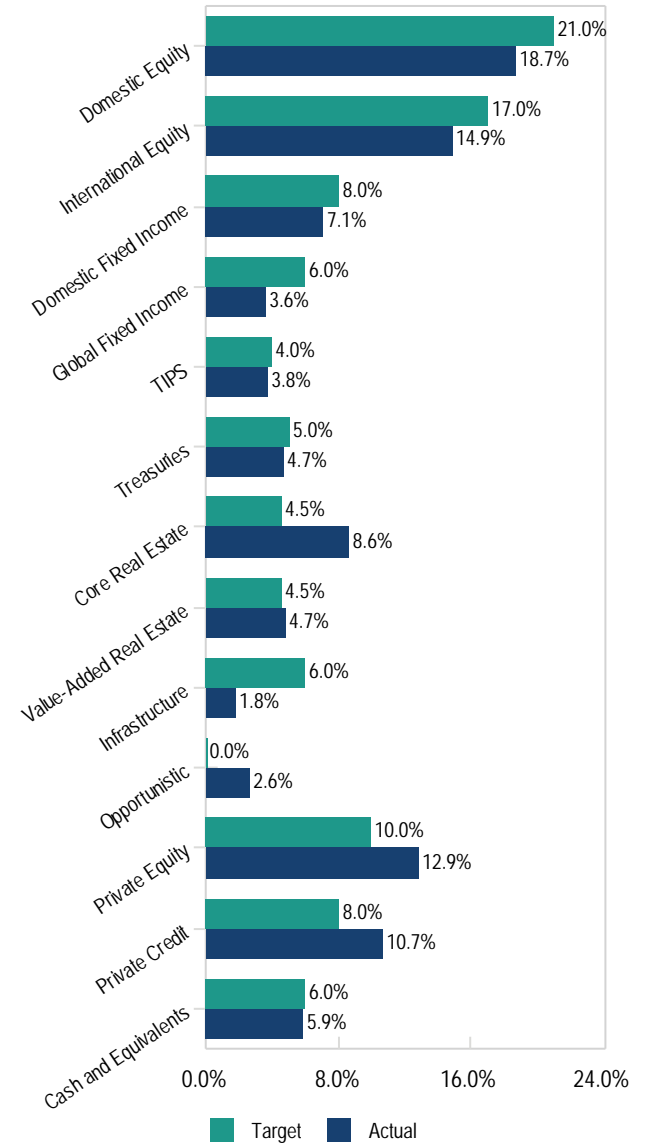


Interim Policy Index as of 1/1/2023: 21% Russell 3000, 17% MSCI ACWI ex-US (Gross), 8% Bloomberg U.S. Aggregate, 5% Bloomberg US Treasury 7-10 yr, 4% Bloomberg US TIPS 5+ Year, 6% FTSE World Govt Bond Index, 9% NCREIF Property Index, 10% Actual Private Equity Return, 8% Actual Private Credit Return, 6% 90-day T-Bills, 6% ARA American Strategic Value Realty. Total Fund Includes Blackrock Core Bond residual value of \$4,078. HarbourVest Funds as of 6/30/23. ARA American Strategic Value Realty, Brookfield Infrastructure Partners, Sixth Street DCP & TAO, and KKR Mezzanine Partners as of 9/30/23. All data is preliminary.

Total Fund
Executive Summary - Preliminary (Gross of Fees)

San Luis Obispo County Pension Trust
Period Ending: November 30, 2023

	Market Value	% of Portfolio	1 Mo	YTD
Total Liquidity	97,805,065	5.9	0.5	3.2
<i>90 Day U.S. Treasury Bill</i>			<i>0.4</i>	<i>4.5</i>
Total Cash	97,805,065	5.9	0.5	3.2
<i>90 Day U.S. Treasury Bill</i>			<i>0.4</i>	<i>4.5</i>
PIMCO Short Duration Fund	34,326,338	2.1	1.3	3.8
<i>Bimbg. 1-3 Year Gov/Credit Index</i>			<i>1.2</i>	<i>3.4</i>
Cash Account	34,589,095	2.1	0.0	2.4
<i>90 Day U.S. Treasury Bill</i>			<i>0.4</i>	<i>4.5</i>
Investment Cash	28,889,631	1.7	0.1	4.1
<i>90 Day U.S. Treasury Bill</i>			<i>0.4</i>	<i>4.5</i>
Total Opportunistic	43,582,672	2.6		
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	3,288,535	0.2		
Sixth Street Partners TAO	40,294,137	2.4		



Interim Policy Index as of 1/1/2023: 21% Russell 3000, 17% MSCI ACWI ex-US (Gross), 8% Bloomberg U.S. Aggregate, 5% Bloomberg US Treasury 7-10 yr, 4% Bloomberg US TIPS 5+ Year, 6% FTSE World Govt Bond Index, 9% NCREIF Property Index, 10% Actual Private Equity Return, 8% Actual Private Credit Return, 6% 90-day T-Bills, 6% ARA American Strategic Value Realty. Total Fund Includes Blackrock Core Bond residual value of \$4,078. HarbourVest Funds as of 6/30/23. ARA American Strategic Value Realty, Brookfield Infrastructure Partners, Sixth Street DCP & TAO, and KKR Mezzanine Partners as of 9/30/23. All data is preliminary.

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Board of Trustees

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



Date: January 22, 2024

To: Board of Trustees

From: Katie Girardi – Executive Director
Amy Burke – Deputy Director
Chris Waddell – General Counsel

Agenda Item 8: Policies Review - Ethical, Governance, Trustee Education

Recommendation:

1. Review and discuss the Pension Trust Board of Trustees approved policies on Conflicts of Interest, Personnel Policies and Procedures, and Retention.
2. Approve the revised policy documents on Con, Governance and Trustee Education.

Policy Background:

The Board of Trustees has previously approved multiple policies as a matter of proper fiduciary governance as shown below –

For Review January 2023

1. ***Conflict of Interest (including Form 700 filing requirements)***
 - a. Required biennial review to comply with statute
 - b. Last reviewed 2022 – no amendments
2. ***Ethical and Fiduciary Conduct***
 - a. Last amended in 2023
 - b. Due for review in 2025
 - c. Annual Acknowledgement of Compliance
3. ***Trustee Core Competencies and Education (including travel)***
 - a. Last amended 2023
 - b. Due for review in 2025

For Future Review

4. Governance

- a. Last amended 2023
- b. Due for review in 2025

5. Personnel Policies and Procedures

- a. Last amended 2021
- b. To be reviewed by the SLOCPT's Human Resources advisor
- c. Review by Personnel Committee TBD

6. Investment Policy Statement

- a. Last amended 2020, 2021, and 2023
- b. Scheduled for review with Verus – February 2024
 - i. Possible minor edits to ESG section
 - ii. Possible technical update to specified investment benchmarks
 - iii. No planned changes to Strategic Asset Allocation Policy

7. Disability Policy

- a. New policy

8. Records Retention

- a. Last amendment 2013
- b. Due for review

Conflict of Interest (including Form 700 filing requirements):

The attached version of the Conflict of Interest policy contains no edits from the previous amendment.

Ethical and Fiduciary Conduct:

The attached version of the Ethical and Fiduciary Conduct policy contains no edits from the previous amendment.

- 1) Attachment I – Acknowledgment of Policy Compliance
 - a) Policy requires annual signing of the attached acknowledgment.

Trustee Responsibilities, Core Competencies, Education, Travel:

The attached redline version of the Trustee Core Competencies and Education policy contains no edits from the previous amendment.

- a. Attachment I – 2024 Potential Events

Respectfully Submitted,

SAN LUIS OBISPO COUNTY PENSION TRUST
CONFLICT OF INTEREST CODE
ADOPTED FEBRUARY 24, 2014
AMENDED FEBRUARY 24, 2020
EFFECTIVE MARCH 1, 2020

I. PURPOSE

The Political Reform Act of 1974, Government Code Section 81000 et seq. (PRA) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Pension Trust originally adopted a conflict of interest code that became effective on August 24, 1977. The purpose of this new code is to update the applicable obligations of Trustees, staff, and consultants to ensure present and future consistency with the requirements of the PRA as interpreted by the Fair Political Practices Commission (FPPC).

II. POLICY OBJECTIVES

The FPPC has adopted a regulation, Title 2, California Code of Regulations, section 18730, which contains the terms of a standardized conflict of interest code that is amended from time to time to conform with amendments to the PRA. Any local agency may incorporate the standard conflict of interest code, with the obligation that it supplements the provisions of such code with a designation of employees and other individuals who are obligated to submit disclosure statements pursuant to the PRA. The following policy seeks to comply with this statutory directive, and to promote the policy set forth in Government Code section 87100, which states that “No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest.”

III. INCORPORATION OF SECTION 18730

The provisions of Title 2, California Code of Regulations, section 18730, and any amendments to it, duly adopted by the FPPC are hereby incorporated by reference and, along with the other provisions contained herein, including Exhibits A, B and C hereto, shall constitute the conflict of interest code of the Pension Trust.

IV. POLICY GUIDELINES

1. MEMBERS OF THE BOARD OF TRUSTEES AND EXECUTIVE DIRECTOR

Members of the Board of Trustees and the Executive Director are separately obligated by Government Code section 87200 to file a

Statement of Economic Interests (Form 700) because they are public officials with responsibility for managing public investments.

2. CATEGORIES OF DISCLOSURE AND INDIVIDUALS SUBJECT TO DISCLOSURE

The categories of disclosure required by this Code are described in Exhibit A. The individuals who must file Form 700s and the category of disclosure required for such individuals are described in Exhibit B. Form 700s are public records pursuant to Government Code section 81008.

3. TIMING OF DISCLOSURES

All individuals affected by this Code who have not previously filed Form 700s pursuant to policy or otherwise shall make an initial filing within 30 days of the effective date of this Code. Individuals appointed, promoted or transferred to designated positions shall file a Form 700 within 30 days thereafter. All affected individuals shall thereafter file a Form 700 annually prior to April 1 concerning the prior calendar year. All affected individuals shall file a “leaving office” Form 700 within 30 days of leaving a position for which a statement is required, unless assuming a similar position with the Pension Trust with the same or more inclusive filing requirements.

4. LOCATION OF DISCLOSURES

The original Form 700 shall be electronically filed with the County of San Luis Obispo. A copy will also be retained at the office of the San Luis Obispo County Pension Trust.

V. POLICY REVIEW

The Board of Trustees shall review this Code prior to July 1 of each even numbered calendar year to ensure that its provisions remain relevant and appropriate.

VI. AMENDMENT HISTORY

The Board of Trustees adopted this Code on February 24, 2014 and last amended it on February 24, 2020 to be effective March 1, 2020.

EXHIBIT A

DISCLOSURE CATEGORIES

Form 87200 Filers

Form 87200 filers shall complete all schedules for Form 700 and disclose all reportable sources of income, interests in real property, investments and business positions in business entities, if applicable, consistent with the instructions for the Form 700 on the FPPC website. (www.fppc.ca.gov)

Category 1 Filers

Individuals designated in Category 1 on Exhibit B shall complete all schedules of Form 700 unless there are no reportable interests for a schedule. A “reportable interest” shall be any source of income, investment or business position, or interest in real property of a type in which the Pension Trust is authorized to invest in or contract with for services.

EXHIBIT B

DESIGNATED POSITION CATEGORIES

<u>Position</u>	<u>Disclosure Category</u>
Trustee	Form 87200 Filer
Executive Director	Form 87200 Filer
Deputy Director	Category 1
Outside General Counsel	Category 1
Investment Consultants and Managers*	Category 1

* The Executive Director may determine in writing that a particular Investment Consultant or Manager although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. Such determination shall be a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

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ETHICAL AND FIDUCIARY CONDUCT POLICY

Adopted April 27, 2015
Reviewed January 28, 2019
Revised January 23, 2023

As ethical leaders, the Board and executive team of the Pension Trust share values about what is important and work together with mutual respect in a constructive partnership. Together, the Board and executives set the tone at the top that permeates the organization. The purpose of these policies is to provide the foundation for an ethical culture at the Pension Trust.

A. **Fiduciary Duties**

Duty of Loyalty

Board members and staff of the Pension Trust shall discharge their duties with respect to the system and the plan solely in the interest of the members, retirees and beneficiaries for the exclusive purpose of:

- Providing benefits to members and beneficiaries;
- Minimizing employer contributions; and
- Defraying reasonable expenses of administering the plan.

The Duty of Loyalty is the most fundamental of fiduciary duties. The duty of Board members and staff to Pension Trust participants and their beneficiaries must take precedence over any other duty. A trustee does not serve as an “agent” or representative of the employer, union or other constituency responsible for his or her appointment to the Board, and must act in the best interests of all of the participants and beneficiaries even where doing so is not in the interest of

the electoral or appointing authority responsible for the trustee's appointment. While a trustee may wear "two hats," one as a trustee and one reflecting another position, such as employer or union official, the trustee may only wear one hat at a time and must wear their trustee/fiduciary hat when conducting system business.

Under the ***Duty of Impartiality***, a corollary of the Duty of Loyalty, where there are conflicting interests among different groups of participants, retirees and/or beneficiaries the Pension Trust must strive to act in a way that serves the overall best interests of the system's members as a whole and avoid favoring one group over the other.

Under the ***Duty to Administer***, another corollary of the Duty of Loyalty, the Board has the sole and exclusive fiduciary duty to administer the Pension Trust in a manner that will assure prompt delivery of benefits and services to the participants and their beneficiaries.

Duty of Care

Board members and staff must discharge their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an enterprise of a like character and with like aims. This requires:

- Diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
- Undertaking an appropriate analysis of a proposed course of action, including determination of the relevant facts, considering alternative courses of action and obtaining expert advice as needed (i.e., follow a "prudent process")
- Acting in accordance with the documents and instruments governing the system.

Duty to Provide for Actuarial Services

The Board, consistent with the exclusive fiduciary responsibilities vested in it, shall have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the Pension Trust.

Exclusive Purpose of Systems Assets

The assets of the plan shall never inure to the benefit of an employer and shall be held for the exclusive purposes of providing benefits to members and beneficiaries and defraying reasonable expenses of administering the system.

Prohibited Transactions

Except as otherwise provided by law, the board and the officers and employees of the Pension Trust shall not cause the system to engage in a transaction if they know or should know that the transaction constitutes a direct or indirect:

- Sale or exchange, or leasing, of any property from the system to a member or beneficiary for less than adequate consideration, or from a member or beneficiary to the system for more than adequate consideration.
- Lending of money or other extension of credit from the system to a member or beneficiary without the receipt of adequate security and a reasonable rate of interest, or from a member or beneficiary with the provision of excessive security or an unreasonably high rate of interest.
- Furnishing of goods, services, or facilities from the system to a member or beneficiary for less than adequate consideration, or from a member, retiree, or beneficiary to the system for more than adequate consideration.
- Transfer to, or use by or for the benefit of, a member or beneficiary of any assets of the plan for less than adequate consideration.
- Acquisition, on behalf of the system, of any employer security, real property, or loan.

Prohibitions Against Self-Dealing

Board members and officers and employees of the system shall not do any of the following:

- Deal with the assets of the system in their own interest or for their own account.
- In their individual capacity, act in any transaction involving the Pension Trust on behalf of a party, or represent a party, whose interests are adverse to the interests of the Plan or the interests of the members and beneficiaries.
- Receive any consideration for their personal account from any party conducting business with the system in connection with a transaction involving the assets of the plan.

B. Statement of Ethical Conduct

The Board has established the following Statement of Ethical Conduct and has determined that engaging in any of the following activities or conduct is inconsistent, incompatible, in conflict with or inimical to the duties of a Board member and/or staff.

No employment, activity, or enterprise shall be engaged in by any Board Member or staff, which might result in, or create the appearance of resulting in, any of the following:

1. Using the prestige or influence of the Board or staff position for private gain or the advantage of another.
2. Using Pension Trust, facilities, employees, equipment or supplies for private gain or advantage, or the private gain or advantage of another.
3. Using confidential information acquired by virtue of Pension Trust activities for private gain or the advantage of another, including, but not limited to, so-called “insider trading” as described in subsection “C”, *infra*.

4. Providing confidential information to persons to whom issuance of this information has not been authorized.
5. Receiving or accepting money or any other consideration from anyone other than the Pension Trust for the performance of an act which the Board Member or staff would be required or expected to render in the regular course or hours of his/her duties for the Pension Trust.
6. Performance of an act in his/her private capacity other than that as a member of the Pension Trust knowing that such act may later be subject, directly or indirectly, to the control, inspection, review, audit, or enforcement by such person or by the system.¹
7. Receiving or accepting, directly or indirectly, any gift, including money, any service, gratuity, favor, entertainment, hospitality, loan, or any other thing of value, from anyone who is doing or is seeking to do business of any kind with the Pension Trust or whose activities are regulated or controlled in any way by the system, under circumstances from which it reasonably could be inferred that the gift was intended to influence him/her in his/her official duties or was intended as a reward for any official action on his/her part.
8. As a Board member, having an ex parte communication on the merits of an administrative appeal with any party or their attorney until after the Board's decision is final.
9. Publishing any writing or making any statement to the media, a Plan sponsor or members of the public which purports to represent the Pension Trust's position or policy on any matter or subject, before the Board has formally adopted a policy or position on the matter or subject. This section shall not be interpreted to preclude Board Members or staff, as private citizens, from expressing their personal views.

Nothing in this Statement shall exempt any Board Member or staff from applicable provisions of any other laws. The standards of conduct set forth in this Statement are in addition to those prescribed elsewhere in this policy and in applicable laws and rules.

¹ For example, while a Board member who is also a County officer may, so long as consistent with the "two hats" rule, perform duties as a County officer even if they could be subject to Pension Trust review and a Board member who is also a Pension Trust Board member may apply for retirement, etc. even though such application is subject to Board review. However, a board member who operates a private payroll service could not contract with the Pension Trust to issue retirement checks because those checks would be subject to audit by the Pension Trust.

C. Policy Prohibiting Insider Trading

Background

The Board is committed to the highest ethical standards and strictest adherence to federal, state and foreign securities laws and regulations regarding “insider trading.” To ensure that the Pension Trust operates in a manner commensurate with its goal of promoting integrity in the investment, administration and management of securities, the Board has adopted this Policy Prohibiting Insider Trading. The policy applies to Board members and staff, which includes investment consultants and contractors affiliated with the system. The prohibition on insider trading continues to apply even after resignation from the Board or termination of employment until such time, if ever, the information becomes generally available to the public other than through disclosure by or through the Board member or staff.

“Insider trading” has been defined as buying or selling securities on the basis of material, nonpublic information relating to those securities. Any person who possesses material, nonpublic information is considered an “insider” as to that information. The prohibition against insider trading may reach anyone, not just a corporate insider, who has access to the material, nonpublic information. The scope of insider trading liability has been extended to “controlling persons,” which includes any entity or person with power of influence or control over the management, policies or activities of another person. It has also been extended to “tippees” who receive material, nonpublic information from an insider when the “tipper” (the “insider”) breaches a fiduciary duty for his or her personal benefit and the “tippee” knows or has reason to know of the breach. Liability has also been extended to fiduciaries who trade based upon misappropriated material nonpublic information obtained from their principal. The law provides civil and criminal penalties for insider trading violations.

Information is deemed material if it would be considered important by a reasonable investor in deciding whether to buy, sell or refrain from any activity regarding that company’s securities. Material information may be either positive or negative and can relate to any aspect of a company’s business. Common examples of material information include, but are not limited to: unpublished financial results and projections, news of a merger or acquisition, stock splits, public or private securities/debt offerings, changes in dividend policies or amounts, gain or loss of a major customer or supplier, major product announcements, significant changes in senior management, a change in accounting policies, major problems or successes of the business, and information relating to a company against whom the system is considering securities litigation. Material nonpublic information may not be used by Board members or staff for personal gain or to benefit relatives or friends.

Information is considered “nonpublic” if it is not available to the general public. Once it is released to the general public, it loses its status as “inside” information. However, for nonpublic information to become public, it must have been made generally available to the securities marketplace, and sufficient time must pass for the information to become available in the market. To show that material information is public, it is generally necessary to show some fact verifying that the information has become generally available, such as disclosure in company filings with

the SEC or company press releases to a national business and financial wire service, a national news service, or a national newspaper.

Policy on Insider Trading

Board members and staff may be provided or have access to confidential information, including material, nonpublic information. Any information not publicly available must be treated as confidential even if it is not designated as confidential. It is the duty of Board members and staff to maintain the confidentiality of information and to not misuse confidential information, including material nonpublic information, belonging to or relating to the system. Board members and staff who come into possession of material, nonpublic information must not intentionally or inadvertently communicate it to any third party, including but not limited to relatives and friends, unless the person has a need to know for legitimate reasons in keeping with their responsibilities to the Pension Trust. Special care should be taken so that confidential information is not disclosed inadvertently.

If Board members or staff are uncertain whether a piece of information is material, nonpublic information, they shall consult with the Executive Director or the General Counsel before taking action based upon that information. Special care should be taken so that confidential information is not disclosed inadvertently. Examples of inadvertent disclosure include, but are not limited to, discussing confidential information in non-private locations, and leaving confidential documents exposed on one's desk or in a public area.

Board members and staff in possession of material, nonpublic information may not purchase or sell securities of the concerned company or other publicly traded securities to which the information pertains. Board members and staff also may not disclose material, nonpublic information to another person who could subsequently use that information for profit. Recommending purchases or sales of securities to which the material nonpublic information relates, even without disclosing the basis for the recommendation, is prohibited.

Like insider trading, "front running" may subject Board members or Pension Trust staff to criminal and/or civil proceedings. Front running occurs when a person enters into a trade of securities with advance knowledge of pending orders from other investors. It could occur, for example, when any Board member or Pension Trust staff covered by this policy trades with the knowledge that a trade is pending on behalf of the Pension Trust. Furthermore, front running may constitute a misappropriation of Pension Trust proprietary information for private or personal gain. It is therefore the policy of the Pension Trust that front running is prohibited. Board members and Pension Trust staff may not place an order for a personal securities transaction when they know that a Pension Trust securities transaction is pending in a security of the company that is the subject of the personal securities transaction, and must wait until 15 days after such Pension Trust securities transaction is executed before placing an order for a personal securities transaction involving the securities of the company. Likewise, Board members and Pension Trust staff may not knowingly delay, hinder, modify, or cancel any internal Pension Trust buy or sell recommendation, decision, or trading order intending to facilitate a personal securities transaction that, but for the action of the Board member or Pension Trust staff person would otherwise constitute front running or violations of state and federal laws.

Board members and staff in possession of material, nonpublic information relating to a tender offer, acquired directly or indirectly from the bidder or target company, may not trade in target company securities. Board members and staff also may not disclose such material, nonpublic information to another person where it is reasonably foreseeable that the recipient of the information could purchase or sell such company securities.

Board members and staff in possession of material, nonpublic information may not purchase, directly or indirectly, any security in the initial public offering of such security. Board members and staff also may not encourage, facilitate, or arrange such a purchase by or on behalf of any other person.

Compliance

This policy is to be delivered to all new Board members and Management and Investment staff, including consultants, upon commencement of a relationship or employment with the system. Each Board member and all management and investment staff must read and complete the certification in Attachment I within 30 days of receipt of the policy and annually by April 1 of each year thereafter. The certifications shall be delivered to the Executive Director.

The Executive Director shall obtain written confirmation from each external manager that handles securities in public market investments separately managed accounts for the Pension Trust that it has a policy against insider trading and that it enforces the policy. The written confirmation must be received by the system within 30 days of commencement of the manager's relationship with the system.

Statements of Economic Interests (Form 700s) filed by Board members or staff pursuant to state or local law shall be reviewed by the Executive Director to ensure compliance with this policy. Board members and staff should report any suspected violation of this policy to the Executive Director or General Counsel. The Executive Director or General Counsel is responsible for causing an investigation of any reported violation. Following such investigation, if the Executive Director or General Counsel concludes that the policy may have been violated, he or she shall take appropriate action.

Violation of this policy may result in disciplinary action, including dismissal or other sanction. Any disciplinary action for violation of the policy may be in addition to any civil or criminal liability under federal and state securities laws and regulations and is not subject to appeal on the grounds that the violation did not ultimately result in any actual civil or criminal investigation or other legal proceeding.

D. State Conflict of Interest Rules

1. All Pension Trust Board members and designated staff and consultants shall abide by the provisions of the Political Reform Act (PRA), Government Code sections 81000, et seq, including section 87100 that prohibits Board members and designated staff and consultants from

making, participating in making, or using their positions to influence Pension Trust decisions in which they have a financial interest. All Board members and designated staff and consultants are subject to the public disclosure and reporting of economic interests under either section 87200 or the Pension Trust's Conflict of Interest (COI) Code. Absent full compliance with these laws and rules, receipt by a Board member, staff or consultant from a third party of any gift, honoraria, or payment of actual transportation and related lodging and subsistence or any payment or reimbursement of the same may subject them to disqualification from participation in making decisions related to the third party. It is the recipient's responsibility to ensure that he or she does not engage in any action that places him or her in a conflict of interest and to properly disclose and report the receipt of any gift, honoraria or travel expenses under the PRA and/or Pension Trust's COI Code. Board members, staff and consultants are encouraged to confer with the General Counsel if they have questions concerning possible conflicts of interest.

2. Under section 87105 of the PRA and section 18792.5 of the regulations of the Fair Political Practices Commission (FPPC), a Board member or staff member who has a financial interest in a decision of the Pension Trust must, following the announcement of the agenda item to be discussed or voted upon, but before either the discussion or vote commences, do the following:

- Publicly identify the financial interest that gives rise to the conflict;
- Recuse themselves from discussing, voting, or attempting to use their influence to affect the outcome of a decision of the public body; and
- Leave the room until after the discussion and vote on the item in question.
- A Board Member or staff member that has a financial interest in a matter placed on the consent agenda must observe the above requirements with the exception that he or she is not required to leave the room during the consent agenda.
- In the event that the discussion or vote is to occur in closed session, the public identification may be made orally during the open session before the Board goes into closed session and may be limited to a declaration that his or her recusal is because of a conflict of interest under Government Code section 87100.

3. All Pension Trust Board members and staff shall abide by the provisions of Government Code sections 1090, et seq, which prohibit public officers and employees from, in their official capacity, making or participating in the making of any contract made by the Pension Trust in which they are financially interested.

4. Any Board Member or staff who receives an offer from any third party, other than the Pension Trust, of travel expenses (paid or reimbursed) or actual transportation and related lodging and subsistence, has the responsibility to obtain prior approval to ensure compliance with applicable laws and rules. For Board members, prior approval must be given by the full Board. For the Executive Director, prior approval must be given by the Board President or designee. For other staff, approval must be given by the Executive Director.

E. Avoidance of Appearance of Nepotism

Even if otherwise permissible under applicable conflict of interest laws and/or Board policy, Board members should avoid participating in Pension Trust matters in which a close relation of the Board member has a personal, managerial or substantial financial interest. A “close relation” is defined as a spouse, mutual financial dependent, significant other or person in an intimate relationship; a child, parent, sibling (including in-laws and step-relations), grandparent or grandchild, niece or nephew, aunt, uncle or cousin. A “substantial financial interest” exists if the personal financial effect of the system matter on the close relation would be \$250 or more in a 12-month period and that effect is particular to the close relation as opposed to affecting a much larger group. For example, under this policy, a Board member would not be precluded from participating in a decision to recommend legislation that would increase the percentage amount of a cost-of-living adjustment paid to all retirees even if the Board members’ mother would receive this increase along with all other retirees. However, if the Board members’ mother files an appeal that contends that her specific cost-of-living adjustment had been calculated incorrectly by the system, under this policy the Board member would be precluded from participating in the decision regarding this appeal.

F. Limitation on Receipt of Gifts

Public pension plan governance is characterized by a host of competing interests, both public and private, that may challenge board members and staff in the exercise of their fiduciary roles with respect to the exclusive interest of system members. Board members and staff require independence and objectivity when interacting with existing or potential service providers to the system. The receipt of gifts and/or the solicitation of charitable contributions can create at a minimum the appearance of a conflict of interest and may violate state or local law.

1. *Applicable State/Local Law*

Each Board member and designated staff shall comply with the gift limitation provisions and the prohibition on the acceptance of honoraria under California Government Code sections 89500 et seq. and applicable regulations thereunder.

2. *Additional Limitations*

- a. No Board member or staff may receive, accept, seek or solicit, directly or indirectly, anything of economic value as a gift, gratuity or favor from a person if it could reasonably be expected that the gift, gratuity or favor would influence the vote, action or judgment of the Board or staff member; or be considered as part of a reward for action or inaction.

- c. If the Board member or staff is allowed to accept a gift under applicable law and this policy, he or she is still obligated to evaluate the propriety of accepting the gift. Board members and staff should be sensitive to the source and value of the gift, the frequency of gifts from one source, the possible motives of the giver, and the

perception of others regarding the gift. Close cases should always be decided by rejecting gifts, gratuities or favors that may raise questions regarding the board or staff member's integrity, independence and impartiality. If a board or staff member is uncertain as to whether to accept the gift, he or she should consult the General Counsel.

3. ***Application of Policy***

Nothing in this policy supersedes any applicable provision of state or local law. Those entities engaged in business with the Pension Trust may also have reporting requirements under state or local law.

G. No Contact Policy

Upon the release of any Request for Proposal (RFP), Invitation for Bid (IFB), or comparable procurement vehicle for any Pension Trust investment or non-investment service or product, there may be no communication or contact between the applicant or bidder and Board members or staff concerning the subject of the procurement process until the process is completed.

Requests for technical clarification regarding the procurement process itself are permissible and must be directed to the person in charge of administering the contract process..

Incidental contact between a prospective bidder or its representative and Board members and staff which is exclusively social, or which clearly pertains to a matter not related to the subject procurement process, is permissible.

Any applicant or bidder who willfully violates this policy will be disqualified from any further consideration to provide the applicable service or product.

Board members and staff should report any suspected violation of this policy to the Executive Director, who will determine the appropriate course of action.

H. Disclosure of Communications

1. ***Disclosure of Communications between Board Members and Staff Regarding Investment Transactions or Non-Investment Matters***

As a general matter, the Board recognizes that the free flow of communication between individual Board members and staff or consultants is beneficial to the conduct of system business and that requiring disclosure of all or a large part of such regular communication would create a burdensome reporting requirement that would likely serve no useful purpose. However, in those instances where conduct by an individual Board member can be reasonably interpreted as an attempt to influence the outcome of a Board or staff decision or consultant recommendation in either an investment transaction or non-investment matter, the Board recognizes that such

communications could create the potential for misunderstanding, misinformation or conflicting instructions and could be reasonably interpreted as inappropriately affecting the Board, staff or consultant. Such communications do not always rise to the level of “undue influence,” as defined and discussed in Section H (4), but nevertheless should be subject to disclosure.

Any communication regarding either a potential investment transaction or non-investment matter initiated by a Board member with either a Pension Trust employee or consultant in which the Board member is advocating for a specified outcome must be documented by the employee or consultant and reported to the General Counsel. Such communications will be disclosed to the Board if and when, in the judgment of the General Counsel, they may be material to the Board’s deliberation with respect to any system matter.

2. *Avoidance of Undue Influence*

The Board recognizes that if a Board member or a third-party attempts to direct Pension Trust staff, a consultant or a Board member to a specified action, decision or course of conduct through the use of undue influence, sound decision-making could be compromised to the ultimate detriment of the Board as a whole and/or system members, retirees and beneficiaries.

Any staff member, consultant or Board member who believes that he or she has been subject to the attempted exercise of undue influence, as described above, should report the occurrence immediately and simultaneously to the Executive Director and to the General Counsel. The General Counsel will investigate the situation immediately and with the approval of either the Board President or Vice-President is authorized to use the services of an outside law firm to conduct the investigation if he or she deems it appropriate. Following such investigation, if the General Counsel concludes that an exercise of undue influence was attempted, he or she will take whatever action deemed to be appropriate, which will include notification to the Board and thereafter a public disclosure during an open session meeting of the Board. If the Executive Director or General Counsel believes that he or she personally has been subjected to an attempted exercise of undue influence, he or she must immediately advise the Board President unless the circumstances dictate that another Board member should instead be notified. The Board President or other Board member will investigate the situation, with the assistance of an outside law firm if appropriate and take whatever action he or she deems to be appropriate.

All senior executives shall annually certify, in writing, that they have been free from undue influence by any individual Board member, executive or third party.

Definitions:

“Undue Influence” is defined as the employment of any improper or wrongful pressure, scheme or threat by which one’s will is overcome and he or she is induced to do or not to do an act which he or she would not do, or would do, if left to act freely.

“Third Party” means and includes a person or entity that is seeking action, opportunity, or a specific outcome from the Pension Trust regarding a system matter. The Third Party may be seeking the action, opportunity, or outcome for his or her or its own behalf or the Third Party

may be seeking it on behalf of another person or entity in the capacity of a representative, agent or intermediary, or as an advocate for a cause or group of individuals or entities. This definition includes public officials.

I. Disclosure and Recusal Requirement for Campaign Contributions

1. No officer, employee or current Board member, including any ex officio Board members may make, participate in making or in any way attempt to use his or her official position to influence a decision involving a Business Relationship with the system if the officer, employee or member has received, solicited or directed a campaign contribution of \$150 or more, individually or in the aggregate, in the twelve month period prior to the making of the decision from the person or entity seeking the Business Relationship.
2. For purposes of this policy, “Business Relationship” means a relationship between a non-governmental party and the Pension Trust for the purpose of providing investment or non-investment services or goods that is expected to generate at least \$100,000 annually in income, fees or other revenue to the party.
3. If the disqualification provision of subdivision (a) results in the lack of a quorum for the purposes of taking action on any item before the Board or any of its committees, a sufficient number of Board members to constitute a quorum will be drawn by lot from the otherwise disqualified Board members for the purpose of establishing a quorum and taking action on items before the Board or any of its committees. Board members who have been drawn by lot to constitute a quorum will have their participation deemed as necessary and shall be exempt from the restrictions of subdivision (a) for the purpose of establishing a quorum and participating in the deliberations and voting on an item for which a quorum could not be established absent this waiver of the restrictions of subdivision (a).
4. The Executive Director or General Counsel will cause an independent investigation to be performed for any reported violation of this Section and report any documented violation to the Board for action. Pension Trust staff will maintain a current list of parties engaged in an Investment Relationship subject to Section 1, subdivision (d). The disclosure and recusal requirements of Section 2, subdivision (a) do not apply to any officer, employee or Board member, including ex officio board members, if the Investment Relationship has not been published on the list maintained by system staff.

San Luis Obispo County
Pension Trust
SLOOPT

Ethical and Fiduciary Conduct Policy – Attachment I

Acknowledgement of Compliance –

Upon taking office Annually

I hereby acknowledge that I have been provided a copy of the Ethical and Fiduciary Conduct Policy adopted by the San Luis Obispo County Pension Trust, including its Policy Prohibiting Insider Trading. I further certify that I have read such policy and procedures, have had the opportunity to ask any necessary clarifying questions, and that I understand the policies and procedures contained therein and agree to be bound by and adhere to these policies and procedures.

Dated: 01/22/2024

Name: _____

Role: _____

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TRUSTEE RESPONSIBILITIES, CORE COMPETENCIES AND EDUCATION POLICY

Adopted February 24, 2014
Reviewed January 28, 2019
Revised January 27, 2020 (Appendix A)
Revised January 23, 2023

A. Introduction

Members of the Pension Trust Board of Trustees are charged with the administration of the Pension Trust (Article 16, section 17 of the California Constitution; California Government code Sections 53215 et seq.; County Code Chapter 2.56; and Article 16 of the Retirement Plan). The Pension Trust Board believes that there are identifiable responsibilities and core competencies for Board members that must be exercised and/or acquired in order to ensure the successful governance of the Pension Trust in a manner that fulfills the Board members' fiduciary duties. To help Board members gain and enhance these necessary skills, a structured program of trustee education has been developed.

The Board further recognizes that service as a Board member involves significant responsibility and requires a major commitment of time and effort in order to be successful. For that reason, a summary of trustee duties and responsibilities, which identifies the obligations that a trustee will confront upon assuming office, has been developed and approved by the Board. (Appendix 1). This summary will be provided to any individual seeking election or appointment as a Board member.

The Board further directs that this summary be refreshed, with Board member input, no less than once every two years.

B. Board Member Responsibilities and Core Competencies

1. **ATTENDANCE.** All Board members are expected to attend all Board and applicable committee meetings. While attendance is not always possible, Board members should, once the calendar for a year is set, immediately flag any scheduling conflicts and thereafter manage their schedules to avoid creating additional conflicts. Absences for medical or other substantial reasons shall be deemed excused absences in the discretion of the Board President and shall be reflected as such in the Board minutes.
2. **COMMITTEE SERVICE.** Each Board member should serve annually on at least one standing or ad hoc committee as appointed by the Board President.
3. **PREPARATION.** Board members should come to Board meetings having read the materials prepared and circulated by staff and/or consultants and having asked any questions of staff necessary to their understanding of the materials.
4. **INQUISITIVENESS.** Board members should be inquisitive, and should question staff, advisors and fellow board members as circumstances require in a constructive manner that encourages critical thinking and analysis. There is no such thing as a “dumb question.”
5. **INTEGRITY.** Board members shall conduct themselves with integrity and dignity, maintaining the highest ethical conduct at all times. They should understand system objectives and exercise care, prudence and diligence in handling confidential information.
6. **KNOWLEDGE.** Board members should develop and maintain their knowledge and understanding of the issues involved in the management of the system. The specific areas in which Board members should develop and maintain a high level of knowledge should include:
 - Public pension plan governance
 - Asset allocation and investment management
 - Actuarial principles and funding policies
 - Financial reporting, controls and audits
 - Risk management and oversight
 - Benefits administration
 - Disability retirement
 - Vendor selection process
 - Open meeting and public records laws
 - Fiduciary responsibility
 - Ethics, conflicts of interest and disclosures
7. **EDUCATION.** Board members should identify areas where they might benefit from additional education and work with staff to find educational opportunities.

Board members should fulfill the training expectations outlined in the Education Policy and are encouraged to attend additional relevant educational opportunities as outlined in Section 5 of that policy.

8. COLLEGIALITY. Members shall make every effort to engage in collegial deliberations, and to maintain an atmosphere where Board or committee members can speak freely, explore ideas before becoming committed to positions, and seek information from staff and other members. Board members should come to meetings without having fixed or committed their positions in advance.
9. INDEPENDENCE. Board members and their delegates shall, upon the adoption of this policy and thereafter upon taking office, sign a pledge confirming their independence and their understanding of their fiduciary duties. The pledge shall read as follows:

“I understand that as a Board member, I must discharge my duties as a fiduciary with respect to the system solely in the interest of its members, retirees and beneficiaries. I pledge not to allow political meddling or other forms of intimidation to affect my independence of judgment in the exercise of my fiduciary responsibilities.”

C. Board Member Education

1. PURPOSE

In order to permit Board members to develop core competencies, discharge their fiduciary duties to act with care, skill, prudence, and diligence and to ensure that all Board members have a full understanding of the issues facing the system, the Board has adopted orientation and mentoring programs; mandatory fiduciary education and ethics training sessions; encourages education; and makes available appropriate periodicals to foster Board member awareness of relevant developments.

2. PRINCIPLES

The Education Policy rests on the following important principles:

- There is a unique body of knowledge that can be imparted to Board members to facilitate the carrying out of their distinct roles and responsibilities.
- Board members are responsible for making policy decisions affecting all major aspects of pension plan administration. They also must maintain prudent oversight of the operations of the Pension Trust, including the functioning of the consultants and investment managers retained by the Pension Trust and of the assets, including the real property assets, owned

by the Pension Trust. They, therefore, must acquire an appropriate level of knowledge of all significant facets of the Plan, rather than only specializing in particular areas.

- No single method of educating board members is optimal. Instead, a variety of methods is necessary and appropriate.
- This policy is not intended to dictate that Board members attend only specific conferences, programs, etc. Instead, Board members should work with the Executive Director to determine their own educational needs and which educational opportunities best address those needs.

3. ORIENTATION OF NEW BOARD MEMBERS

- Attendance. Each new Board member shall attend an orientation session.
- Timing for Orientation. The new Board member is urged to attend the orientation session before sitting at the first Board meeting as a voting member.
- Development and Content. The orientation sessions will be developed by the Executive Director and will, at a minimum, include the following topics:
 - Role and expectations of Board members.
 - A brief history and overview of the system, including the mission and purpose of the System.
 - A review of Board committees and their purposes.
 - An overview of the organizational structure and the roles of staff and key service providers, including the actuary, investment consultant, investment managers, custodian, attorneys and auditors.
 - A summary of the actuarial basis of the system, its assets and liabilities, and actuarial assumptions and methodologies.
 - A summary of the asset allocation and investment and funding policies of the system.
 - A summary of the laws and rules governing the system and the Board, including applicable open meeting and public records laws.
 - A summary of the benefit structure and administration.
 - An explanation of fiduciary responsibility, conflicts of interest, and ethics
 - A review of Board member immunity, indemnity and fiduciary insurance.
 - An explanation of the strategic planning process
 - A high-level review of existing Board policies
 - A briefing on current and emerging issues before the Board
 - Biographical information on the other Board members
 - A review of best practices for pension governance
 - An introduction to the Executive Management team

- A tour of system offices, if practicable.
- Materials. At or before the orientation session, the following documents will be made available to new members:
 - A listing of names, addresses, and contact information for the Board members
 - A listing of names, addresses, and contact information for Executive Management
 - A listing of key information available on the Pension Trust's website, such as board agendas, minutes, and financial reports.
 - A copy of the Open Meeting Act
 - A list of upcoming recommended educational conferences
 - Any other relevant information or documents deemed appropriate by the Executive Director

4. MENTORING

Consistent with the Board's collegial and collaborative values, experienced Board members are available and willing to provide assistance to new Board members on an informal basis. In addition, any new Board member may request a mentor to assist him or her in becoming familiar with his or her responsibilities on the Board. If a request is made, the Board President will designate one experienced Board member to be a mentor to the new Board member for a period of one year. The mentor will be available to the new Board member for consultation or discussion on a basis that best serves the mutual interests of the new Board member and mentor.

5. BOARD MEMBER EDUCATION

A. First 36 months: In the Board members' first 36 months of service on the Board after their election or appointment, in addition to attending the orientation session, Board members should attend programs in –

1. **Principles of Pension Management** - such as the California Association of Public Retirement Systems (CALAPRS) Principles of Pension Governance for Trustees.
2. **Investments** - such as the SACRS Berkeley Investment program.
3. Alternative educational programs will satisfy this requirement if the Executive Director determines that they are comparable in both quality, content and cost-effectiveness.

B. Ongoing: Board members should attend **12 hours per year** of continuing education. Examples include events such as the CALAPRS General Assembly and CALAPRS Trustee Roundtables.

- 1) Staff will monitor and advise the Board members as to the number of hours of continuing education earned by each Trustee. The required 12 hours per year of continuing education will be measured over rolling three year periods to allow for greater or lesser than 12 hours in any particular year.
- 2) Professional education in an individual Board member's normal field of employment may be applied toward meeting the educational requirement established by this policy if the subject of such education is directly related to the individual Board member's obligations as a Trustee.
- 3) Board members are responsible for self-evaluating their additional educational needs and obtaining knowledge in specific needs areas in a controlled manner. Board members shall complete annually a Board member Knowledge Self-Assessment (Attachment 2) and then discuss their results and training needs with the Executive Director.
- 4) While attendance at the programs suggested for newly elected or appointed trustees is deemed to fulfill the continuing education requirement during the first 36 months of service, new Board members are nevertheless encouraged to attend additional continuing education each year if feasible.
- 5) **In-House Education Sessions.** Based on the personal education needs of the Board members, the Executive Director will arrange for staff or outside service providers to conduct educational sessions throughout the year at regularly scheduled Board meetings or off-sites. Time spent in such sessions will count towards fulfilling the Board member's annual continuing education responsibility.
- 6) **Self Study.** Attendance at educational sessions or conferences is the preferred mode of Trustee education. However, based on personal education needs of the Board members the Executive Director may approve selected topical articles, papers, books, or online training tools relevant to the duties of a Trustee for Trustee self study. Upon completion of the assigned materials the Trustee may self-certify to the Executive Director its completion and an appropriate number of hours may be counted towards the requirement for continuing education.
- 7) **Educational Conferences.** **The Executive Director will maintain a list of educational conferences appropriate for Board members and Staff.** Board members may attend any of these conferences subject to the Board's travel expense policy. The Executive Director will scrutinize conference agendas and materials to ensure that they are geared appropriately towards

education as opposed to marketing and consider whether associated recreational/entertainment activities present potential appearance concerns for board members. The Executive Director will regularly update this list when new educational opportunities arise. The list will also be modified to reflect the evaluations from Board members who have attended specific conferences to ensure that the conferences remain worthy of the Board's time and the System's expense. In considering out-of-state educational opportunities, board members should weigh the costs and benefits of travel versus locally based education.

- 8) **Board Member Reporting.** Board members are requested to make a verbal report during the next Board of Trustees meeting during Trustee Comments on educational conferences they attend and significant items of learning warranting sharing with other Trustees.

- 9) **Compliance with Provisions of the Brown Act:** Travel by multiple Board members shall be conducted in such a manner as to maintain compliance with the provisions of the Brown Act (Government Code Section 54950 et. seq.). Attendance by members of the Board of Trustees at educational meetings, conferences, seminars and related events is not a violation of the Brown Act provided that the conference or seminar is open the public and involves a discussion of issues of general interest to public agencies of the same type as the Pension Trust (Government Code Section 54952.2.).

6. FIDUCIARY EDUCATION SESSION

Each year the General Counsel will arrange for a fiduciary education session that will update the Board members on issues affecting their service on the Board. Board members are expected to attend.

7. ETHICS TRAINING

Board members and their designated representatives shall complete the ethics training required by Assembly Bill 1234, either through the online or in-person courses. The General Counsel will periodically provide additional training on ethics laws designed to supplement the AB 1234 training. In the event that the AB 1234 training requirement is changed in future legislation, the new training requirement shall be substituted for the existing training and shall be supplemented if necessary by training provided by the General Counsel.

8. RETIREMENT INDUSTRY PERIODICALS

Board members are encouraged to subscribe to periodicals selected from a list of pension and investment-related periodicals maintained by the Executive Director. The expense for the periodicals will be paid by the System. The Executive Director will annually review and update this list with input from the Board members.

9. COMPLIANCE

The willful failure of a Board member to comply substantially with this education policy will be reviewed by the Board for appropriate corrective action.

APPENDIX 1

“FIDUCIARY RESPONSIBILITY” YOUR ROLE AS A SAN LUIS OBISPO COUNTY PENSION TRUST BOARD MEMBER

INTRODUCTION

Board members of a public pension system provide an important service to the community. They are responsible for administering the system and overseeing the investments of the system to ensure that public employees receive a secure retirement after long years of public service. This promise to public employees allows governmental entities to attract and retain qualified employees. As a Pension Trust Board member, you can expect to commit at least 10 hours of your time each month discharging your duties to the system, not including additional time required for training and education.

The following is intended to serve as a general overview of fiduciary responsibilities and duties relating to administration of a public employee retirement system.

WHO IS A FIDUCIARY?

A fiduciary is anyone who has discretionary authority or control over plan assets and/or the administration of the employee benefit plan, whether they are administrators, staff, board members or consultants. Board members are fiduciaries charged with fiduciary responsibilities in administration of the retirement system.

YOUR FIDUCIARY DUTIES

It is important to note that your fiduciary duties are measured on an objective standard. It is not enough that you “mean well.” You must approach your duties on the Board exercising the following fiduciary duties:

1. **Duty of Loyalty:** A Board member must discharge his or her duties with respect to the system solely in the interests of and for the exclusive purpose of providing benefits to participants and their beneficiaries, minimizing employer contributions and defraying reasonable expenses of administering the system. The duty to participants and their beneficiaries is the Board member’s primary duty that takes precedence over all other duties. A Board member has an undivided duty of loyalty to the participants and beneficiaries and does not serve as an “agent” or representative of the employer, union or other constituency responsible for his or her appointment to the Board. The Board member must act in the best interests of all of the

participants and beneficiaries even where doing so is not in the best interests of the electorate or appointing authority responsible for the Board member's appointment.

2. **Duty of Impartiality:** The duty of impartiality is really a corollary of the Duty of Loyalty and applies where the Board is required to make a decision that will impact groups of participants differently. Where there are conflicting interests among different groups of participants, the Board member must act in a way that serves the overall best interests of the members of the system.
3. **Duty of Care:** Fiduciaries must discharge their duties with respect to the system with the same *care, skill, prudence and diligence* under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like aims. Encompassed within the duty of care are:
 - a. The duty to assure that the assets of the system are sufficient to pay the benefits promised
 - b. The duty to monitor and take corrective action when reasonably appropriate
 - c. The duty to exercise reasonable effort and diligence in making and monitoring investments for the trust and to diversify investments to maximize returns and minimize risk
 - d. The duty to consult with experts and secure and consider the advice of others to the extent necessary or appropriate to the making of informed decisions
 - e. The duty to exercise prudence in decision-making which requires asking questions, analyzing advice and recommendations from experts and understanding the rationale for actions before taking them
 - f. The duty to follow the Plan document and other applicable laws governing the retirement system and ensure that trust assets are used for the exclusive benefit of delivering benefits and related services to participants and beneficiaries

CONFLICT OF INTEREST

A fiduciary must act in the best interest of the Plan and its participants. Fiduciaries should exercise extraordinary precaution to assure that decisions and transactions are fair to the participants and free of any conflict of interests. Board members must not participate in any decisions that will impact, either negatively or positively, their own financial interests. The Political Reform Act requires that board members file an initial disclosure of their financial interests, an annual disclosure thereafter, and a final disclosure when they leave office. Every Board member should become familiar with the California conflict of interest and disclosure laws applicable to their duties as a public pension plan board member. Conflict of interest laws are complex. Board members should seek assistance from the General Counsel to determine that financial disclosures are required and to seek advice in any situation giving rise to a potential conflict of interest.

DELEGATION OF RESPONSIBILITY

Many aspects of plan administration such as day-to-day operations, investment decisions and other services necessary to conduct the affairs of the system are delegated to persons other than the Board members. Fiduciaries must exercise reasonable care in delegating responsibilities over administration of the Plan. Board members must ensure that the persons selected are qualified and capable of adequately performing the duties delegated. Once delegated, Board members must actively monitor the activities of the person selected to ensure that he or she is adequately performing and that policies and procedures are being timely and accurately implemented.

PLAN ADMINISTRATION

A Board member's duties relating to plan administration will include:

1. **Legal Compliance:** Board members must ensure that the Plan maintains compliance with the Plan documents and all applicable laws governing the system. Board members comply with this duty by conducting a periodic review of plan documents and monitoring changing legal requirements.
2. **Education:** Board members are expected to educate themselves on the issues that are likely to appear in front of them and ensure that staff members also obtain sufficient education to keep current with issues that impact administration of the system. Board members should establish an ongoing education program for Board members and staff.
3. **Board and Committee Meetings:** Board members are expected to prepare for, attend and participate in regularly scheduled meetings necessary to conduct the business of the system. Board members should ensure that accurate and detailed minutes are kept of all meetings.
4. **Payment of Benefits and Claims:** Board members are responsible for ensuring that plan benefits are paid to participants and beneficiaries in a timely and accurate manner.
5. **Competency of Assets:** Board members are responsible for formulating written investment policies and guidelines and overseeing investments to ensure adequate funding of the system to pay all promised benefits.
6. **Contributions:** Board members must ensure that contributions from plan sponsors and plan participants are set accurately and collected in a timely manner to ensure adequate funding of the system.
7. **Actuarial Advice:** Board members are responsible for retaining and working with a system actuary to analyze potential long-term funding deficiencies and provide advice on contribution rates to ensure adequate funding of the system.
8. **Retention of Vendors, Consultants and Experts:** Board members are responsible for retaining vendors, consultants and experts with sufficient skills and expertise to provide the services necessary to conduct the affairs of the system and pay reasonable compensation for those services.

APPENDIX 2

BOARD MEMBER KNOWLEDGE SELF-ASSESSMENT

Introduction

Board policy provides that Board members should develop and maintain their knowledge and understanding of the issues involved in the management of the system across the broad spectrum of pension-related areas. The specific areas in which Board members should develop and maintain useful levels of knowledge shall include:

- Governance
- Asset Allocation and Investments
- Actuarial Process
- Benefits Administration
- Disability
- Fiduciary Responsibility
- Ethics, Conflicts and Disclosures
- Open Meeting and Public Records
- Financial Controls and Audits
- Vendor Selection Process

The policy goes on to state that Board members should identify areas where they might benefit from additional education and work with staff to find educational opportunities. The purpose of this self-assessment is to help Board members fulfill their responsibility to identify such areas so that they can engage in meaningful discussion with the General Counsel regarding educational needs and opportunities and make informed choices about the educational opportunities that they pursue.

Instructions

Keeping in mind that this is not a “test” and that no one besides you will see the specific results, you should answer the questions using your best judgment as to your knowledge level in the given area. As indicated, use a simple numeric scale to identify your knowledge and understanding of the subject matters, with a “1” indicating no knowledge or understanding and a “5” indicating comprehensive and detailed knowledge and understanding. When you complete the self-assessment, identify those subject areas, by either general category or specific question as applicable, where you scored the lowest. Make a note of these areas for future discussion with the General Counsel about your educational needs and upcoming educational opportunities to address those needs.

GOVERNANCE

I am confident that I understand the governance of the system.

This includes:

	1	2	3	4	5
Understanding board function, processes, committee structure, exercise of discretion, delegation of responsibilities and oversight role.					
Understanding the organizational structure and roles of staff and key service providers, including the actuary, investment consultant, attorneys and auditors.					
Understanding the laws and rules governing the system.					
Understanding the system's independence under applicable laws.					
Understanding best practices for public pension board governance.					

ASSET ALLOCATION AND INVESTMENTS

I am confident that I understand the asset allocation and investment and funding policies of the system.

This includes:

	1	2	3	4	5
Understanding the major asset classes and their characteristics.					
Understanding specialized asset classes and techniques, such as private equity, market neutral, and securities lending.					
Understanding the concept of risk versus reward and the "efficient frontier" principle of asset allocation.					
Understanding the reports provided by staff and the investment consultant on the performance of the investment portfolio.					
Understanding the role of active management in the investment portfolio.					

ACTUARIAL PROCESS

I am confident that I understand the information provided to me by our outside actuary concerning the actuarial soundness of the system.

This includes:

	1	2	3	4	5
Understanding of how assets and liabilities of the system are calculated on an actuarial basis.					
Understanding the difference and relationship between the actuarial value of assets and the market value of assets and the asset smoothing process.					
Understanding how changes in actuarial assumptions have an impact on system assets and liabilities.					
Understanding the nature of the plan sponsors' funding obligations and the responsibility of the Board to determine the annual required contribution.					
Feeling comfortable with asking our actuary questions when I need further information, explanation or clarification on a subject.					

BENEFITS ADMINISTRATION

I am confident that I understand the benefit structure and benefits administration process at the system.

This includes:

	1	2	3	4	5
Understanding the different plans available to employees of all plan sponsors.					
Understanding how the system communicates with its members.					
Understanding the difference between the responsibility for plan design (plan sponsor) and the responsibility for plan administration (the system).					
Understanding how so-called "contingent" benefits are calculated and administered.					
Understanding how the DROP is administered.					

DISABILITY

I am confident that I understand the disability benefit structure, program administration, and hearing/appeals process at the system.

This includes:

	1	2	3	4	5
Understanding the qualifications for a disability retirement and the benefits that are provided.					
Understanding the process that is followed in disability applications, from intake through determination of eligibility.					
Understanding the medical and legal issues that are discussed during consideration of disability matters.					
Understanding the reexamination process.					
Understanding the hearing and appeal process that is followed when a member is dissatisfied.					

FIDUCIARY RESPONSIBILITY

I am confident that I understand the responsibilities that I have as a system fiduciary.

This includes:

	1	2	3	4	5
Understanding the duty to be prudent.					
Understanding the duty of loyalty and to whom that duty is owed.					
Understanding what constitutes a prohibited transaction.					
Understanding the duty to administer the plan in accordance with governing plan documents.					
Understanding how to delegate authority while retaining appropriate oversight.					

ETHICS, CONFLICTS AND DISCLOSURE

I am confident that I understand the laws, rules and policies that address ethics, conflicts and disclosure at the system. This includes:

	1	2	3	4	5
Understanding applicable state and/or local conflict of interest laws and the duty to avoid participating in a decision that affects my economic interests.					
Understanding system policies concerning conflicts of interest.					
Understanding system policies regarding disclosure by board members and/or investment managers of third party communications.					

OPEN MEETING AND PUBLIC RECORDS

I am confident that I understand the applicable laws and procedures concerning open meetings and public records.

This includes:

	1	2	3	4	5
Understanding the notice requirements for meetings, including teleconference meetings.					
Understanding the limitations on discussing matters that have not been noticed on the agenda.					
Understanding the circumstances under which communications outside of noticed meetings can be deemed under the law to be a “meeting.”					
Understanding what may and may not be discussed during a closed session.					
Understanding what constitutes a “public record” under the law and the circumstances under which system records must either be disclosed or withheld.					

FINANCIAL CONTROLS AND AUDITS

I am confident that I understand the system of financial reporting, controls and audits.

This includes:

	1	2	3	4	5
Understanding the respective roles of the Chief Financial Officer, Chief Compliance Officer, the Internal Auditor, and the outside auditor.					
Understanding the Comprehensive Annual Financial Report (CAFR).					
Understanding the concepts of “risk assessment” and developing internal controls to address those risks.					
Understanding the responsibility for maintaining the security of confidential information kept by the system.					
Understanding the present relationship between the system and the plan sponsor(s) with respect to the system’s financial controls and reporting.					

VENDOR SELECTION PROCESS

I am confident that I understand the vendor selection process.

This includes:

	1	2	3	4	5
Understanding when an RFP must be conducted and whether the Board must first approve the RFP.					
Understanding the “no contact” provisions of Board policy as they relate to RFP’s.					

APPENDIX 3

POLICY ON EDUCATIONAL REQUIREMENTS FOR STAFF OF THE PENSION TRUST

The employees and staff of the Pension Trust have an obligation, concurrent with that of the Board of Trustees, to maintain and increase their professional knowledge, and to stay informed and exercise prudent oversight of the advisors and managers retained by the Pension Trust, as well as the assets of the Pension Trust, including the real property assets held by the Trust. In order to clearly memorialize these responsibilities and to set forth the administrative procedures necessary or convenient to accomplish them, the Board of Trustees establishes the following minimum attendance guidelines regarding the Education Requirements for the Executive Director and staff designated by the Executive Director for attendance at training or continuing education:

1. During the Executive Director's term of employment, the Executive Director shall attend one or more educational programs presented by an approved sponsor annually.
2. For all staff designated by the Executive Director, attendance at one or more educational programs presented by an approved sponsor each year during designated staff member's term of employment. CALAPRS General Assemblies, appropriate CALAPRS Roundtables, CALAPRS Staff Training programs, and P2P educational conferences shall be recognized as applicable toward meeting those requirements.

APPENDIX 4

**POLICY ON REIMBURSEMENT FOR EXPENSES INCURRED
FOR TRAVEL ON PENSION TRUST BUSINESS, INCLUDING
EDUCATION AND DUE DILIGENCE**

A. Authorization for attendance by Trustees and staff at conferences, meetings, seminars and travel necessary to conduct the business of the Pension Trust at Pension Trust expense is hereby granted subject to the following:

1. The program includes subject matter directly pertinent to the operation or administration of the Trust.
2. The program includes subject matter that will enhance the professional knowledge or expertise of Trustees or staff, therefore providing benefit to the Pension Trust.
3. The necessary funds are available within the annual budget of the Pension Trust.
4. The number of nights authorized for overnight lodging is held to the period of the meeting plus timely travel and availability of public transportation.

B. Authorization for attendance without expense reimbursement: Authorization for attendance without travel reimbursement (but on Pension Trust time) at conferences, meetings, educational classes and seminars which relate to work in which the Trustee or staff member is engaged is hereby granted provided that said attendance will benefit both the Trust and the attendee.

C. Authorization for Travel to Educational Programs or for Business (In-state):

1. Pursuant to the conditions set forth herein, travel for the following Pension Trust business is hereby approved within the State of California:
 - a. Travel for necessary and essential Pension Trust business.
 - b. Travel for attendance at programs offered by approved providers as determined by the Executive Director and published annually.

D. Authorization for Travel to Educational Programs or for Business (Out of State):

1. Pursuant to the conditions set forth herein, travel for Pension Trust business is hereby approved for travel out of state for attendance at programs offered by approved providers determined by the Executive Director - and for due

diligence visitations as specified in The Pension Trust's Investment Policy.

2. Travel to seminars, conferences and classes sponsored by providers *other* than those identified in Section C-5(B)(7): Educational Conferences including the list of educational conferences appropriate for Board members and Staff approved by the Executive Director, must be approved by the Board of Trustees. A request from the attendee shall be included in the Board meeting agenda and approved by the Board. Sufficient information about the reason for the trip shall be provided to allow adequate evaluation.
3. Unless otherwise provided by the Retirement Plan or the provisions of this Policy, employees of the Pension Trust must obtain authorization from the Board of Trustees prior to travel out of state for educational programs. The minutes shall reflect approval of the travel for audit purposes. The Board of Trustees shall review the request and shall approve or disapprove the request, based on the criteria set forth Section C-5(B)(7): Educational Conferences of this policy.

Travel out of state to attend educational programs sponsored by those identified in Section C-5(B)(7): Educational Conferences including the list of educational conferences appropriate for Board members and Staff approved by the Executive Director s, or for purposes of conducting due diligence visitations, or travel necessary for business operational purposes as authorized by the Executive Director shall not require prior approval by the Board of Trustees.

E. Reimbursement

1. Meals: Meal expense incurred while traveling or performing Pension Trust business shall be reimbursed based on actual expenses incurred not to exceed the per diem amount established pursuant to this policy. Meal expenses in excess of the per diem amount established herein shall be reimbursed upon presentation of proper substantiation and justification. Per diem meal limits are set forth in Appendix A. In cases where the per diem rate is used, supporting expense logs or meal receipts should be maintained by the Trustee or staff to support the claim. Individual meal expenses in excess of \$25.00 should be supported with a receipt attached to the travel claim.
2. Transportation:
 - a. Consistent with work schedules, distance and time requirements, the least expensive method of travel should be utilized.
 - b. Individuals using privately owned automobiles must certify that appropriate insurance is in effect prior to beginning travel.
 - c. Reimbursement for use of privately owned vehicles will be on a rate per mile basis as specified in Appendix A to this Policy.

- d. Commercial Auto Rental: Individuals will be reimbursed for the actual cost of car rentals and fuel when appropriate substantiation is presented. Damage and personal accident insurance should not be purchased, as the Pension Trust is covered for such liability through its insurance coverage.
 - e. Air Travel: Reimbursement for the cost of commercial air tickets shall be made upon presentation of proper substantiation. Reimbursement shall be limited to coach fare.
 - f. Railroad Transportation: Reimbursement for the cost of railroad tickets shall be made upon presentation of appropriate substantiation. Reimbursement shall be limited to coach or business fare, unless approved by the Board of Trustees.
3. Lodging:
- a. Individuals attending seminars, conferences or classes pursuant to this policy are encouraged to obtain lodging at the hotel or motel where the seminar, conference or class is being presented or adjacent overflow hotels. **In such cases, reimbursement may be made for the full amount of lodging expense incurred.** Individuals traveling on Pension Trust business should make advance lodging arrangements through the Pension Trust Office.
 - b. Individuals who are traveling on Pension Trust business (other than attendance at seminars, conferences or classes) shall be reimbursed for actual lodging expenses up to the limits established by this policy. Maximum lodging limits are set forth in Appendix 4-B which shall be reviewed annually and adjusted as necessary by the Board of Trustees.
4. Business Expenses: Individuals who are traveling on Pension Trust business shall be reimbursed for actual and necessary business expenses (as the term is defined in this policy), other than meals, transportation and lodging. Business expenses must be directly related to the purpose of travel.
5. Claims for Reimbursement: Claims for reimbursement of authorized travel expenses will be submitted on a Pension Trust Travel Reimbursement form. The Executive Director, or designee thereof, shall review the claim for accuracy and compliance with this policy. Reimbursement shall be made by the Office of Pension Trust. Claims and supporting documentation shall be maintained in the office of the Pension Trust for a period of five years.

F. Waiver of Policy: The Board of Trustees may waive any provision of this policy if it determines that extraordinary circumstances exist which indicate that such waiver is in the best interests of the Pension Trust.

G. Definitions

1. The following definitions shall apply to this Travel Policy
 - a. Pension Trust Business: Consists of activities directly related to the functions of the San Luis Obispo County Pension Trust.
 - b. Authorized Personnel: Those eligible for reimbursement of expenses incurred for the Pension Trust include:
 - i. Members of the Pension Trust Board of Trustees.
 - ii. Officers, employees and agents of the Pension Trust.
 - iii. Assigned employees of the County subject to approval by the Board of Trustees.
 - c. Authorized Point of Departure: The authorized point of departure shall be the individual's residence, normal work location or such other place that may be designated by the Board of Trustees.
 - d. Authorized Point of Return: The authorized point of return shall be the individual's residence, normal work location or such other place that may be designated by the Board of Trustees.
 - e. Lodging: Lodging expenses consist of those charges for overnight sleeping or dwelling accommodations as required during travel for the conduct of Pension Trust business. Reimbursable lodging expenses shall be limited to single occupancy rates.
 - f. Meals: Meal expenses shall be those charged for food and beverages purchased and consumed in the course of Pension Trust business.
 - g. Transportation Expenses: Transportation expenses are the direct costs related to movement from the authorized point of departure to the authorized point of return. Transportation expenses include, but are not limited to, common carrier tickets, private vehicle mileage and car rental charges.
 - h. Other Transportation Expenses: These expenses include taxi, bus and

streetcar fares; road, bridge and ferry tolls; parking fees and other incidental costs related to the individual's transportation.

- i. Business Expenses: Business expenses are all expenses incidental to travel on Pension Trust business that are not transportation, lodging or meal expenses. Business expenses include, but are not limited to, conference registration fees, telephone, telegraph, hotel internet connection fees and fax charges related to Pension Trust business, reasonable non-meal gratuities (i.e., sky-caps, bellhops, etc.).
- j. Expenses Not Reimbursed by the Pension Trust:
 - i. Airline or other travel insurance.
 - ii. Annual premium for personal property insurance.
 - iii. Unauthorized extra charges.
 - iv. Traffic or parking violations.
 - v. Gasoline purchase for private vehicles whenever the individual claims reimbursement at the established per mile rate.
 - vi. Additional expenses for spouses or other traveling companions are not reimbursable.

APPENDIX 4-B

TRAVEL REIMBURSEMENT RATES

Effective January 23, 2023

1. **MEALS & INCIDENTALS:** Total daily costs reimbursed at actual cost up to a maximum specified in the current County of San Luis Obispo Employee Travel Reimbursement policy. Receipts not required unless paid on SLOCPT credit card.
2. **PRIVATE VEHICLE MILEAGE:** Per mile reimbursement shall be the amount established by the Internal Revenue Code for non-taxable reimbursement at the time the travel was undertaken.
3. **LODGING REIMBURSEMENT RATE FOR TRAVEL OTHER THAN TRAVEL SPECIFIED IN SECTION E, 3 (a):**
 - A. Reimbursed at actual cost up to a maximum rate specified in the current County of San Luis Obispo Employee Travel Reimbursement policy. Receipts required.
 - B. Lodging rates shown above may be exceeded by up to 50% if approved by the Executive Director.
 - C. Pursuant to Section E, 3(a) above - Individuals attending seminars, conferences or classes pursuant to this policy are encouraged to obtain lodging at the hotel or motel where the seminar, conference or class is being presented or adjacent overflow hotels. **In such cases, reimbursement shall be made for the full amount of lodging expense incurred.**

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

San Luis Obispo County
Pension Trust
SLOOPT

Memo

To: Board of Trustees
From: Katie Girardi, Executive Director
Date: January 22, 2024
Subject: **Trustee Training – 2024 Possible Events**

Board of Trustees:

The adopted policy on Trustee Core Competencies and Education specifies Trustee training requirements and an annual self-assessment process. This policy (Section 5) requires that the Executive Director of the Pension Trust maintain a list of educational conferences appropriate for Trustee education.

New Trustees have the requirement of two specific courses to take in their first 36 months of office –

- **CALAPRS Principles of Pension Governance for Trustees**
- **SACRS Public Pension Investment Mgmt. Program - UC Berkeley - or -**
 - **Portfolio Concepts and Management - at the Wharton School (or equivalent)**

Ongoing education requirements for Trustees in the Trustee Core Competencies and Education = **12 hours per year of continuing education**. This may be assessed over 1-3 years – e.g., Year 1 = 16 hours, Year 2 = 8 hours, averages out to 12 hours.

2024 Preview of Available Educational Programs The following are anticipated programs for the Board of Trustees to consider during 2024. Other programs may also come up as the year progresses.

Trustee Educational Programs	2024 Date & Location	Experienced Trustees	New Trustees	Info
CALAPRS Principles of Pension Governance for Trustees <i>recommended</i>	Aug. 26-29 Mon-Thu TBD	***		Required for new Trustees Inc. AB1234 Ethics session (E)
SACRS Berkeley Investment Program <i>recommended</i>	Jul. 14-17 Sun-Wed UC Berkeley	***	Shoresman* Howe * O'Quest*	Required for new Trustees Rigorous program
IFEBP – Investments Institute	March 6-7 Wed-Thu Rancho Mirage CA		**	2 nd choice alternate for the SACRS Berkeley program
BoardSmart – Online training sessions in modules <i>recommended</i>	On-demand individual basis	**		1 hour modules
CALAPRS General Assembly <i>recommended</i>	Mar 2-5 Sat-Tue Rancho Mirage	**	**	Diverse program ~12 hours + AB1234 Ethics session (E)

Trustee Educational Programs	2024 Date & Location	Experienced Trustees	New Trustees	Info
CALAPRS Advanced Principles of Pension Governance for Trustees <i>recommended</i>	Mar 27-29 Wed-Fri UCLA	** ***		Strong program that changes speakers periodically – good as a refresher to repeat. ~16 hours
Pension Bridge Annual Conference (Investments)	Apr 15-17 Mon-Wed San Francisco	**	**	Fast-paced, wide focus on investments ~14-16 hours
CALAPRS Trustees Round Table <i>recommended</i>	May 3 8:30-12:30 Zoom	**	**	Trustee-organized discussion – Topics TBD Good networking ~4 hours
Institutional Investor Public Funds Round Table	Apr 29 – May 1 Mon-Wed Los Angeles	**		Groupthink conference focused on investments ~14-16 hours
SACRS Spring Conference	May 7-10 Tue-Fri Santa Barbara	**		Agenda TBD Large conference of '37 Act Trustees ~20-24 hours
NCPERS Public Pension Funding Forum	Aug 18-20 Sun-Tue Boston	**		Agenda TBD National in scope ~16 hours
NCPERS Trustee Educational Seminar (TEDS)	May 18-19 Sat-Sun Seattle	**	**	Agenda TBD ~10-12 hours

Trustee Educational Programs	2024 Date & Location	Experienced Trustees	New Trustees	Info
NCPERS Annual Conference	May 19-22 Sun – Wed Seattle	**	**	Comprehensive educational program
Nossaman Fiduciaries Forum	TBD – Oct. SF or LA	** ***	**	Legal firm-sponsored program, high quality ~9 hours
CALAPRS Trustees Round Table <i>recommended</i>	Oct 11 Fri 8:30-3:30 Northern CA, TBD	**	**	Trustee-organized discussion – Topics TBD Good networking ~4 hours
SACRS Fall Conference	Nov. 12-15 Tue-Fri Monterey	**		Agenda TBD Large conference of '37 Act Trustees ~20-24 hours

* Required to attend in 2024

** Possible educational conference depending on Trustee interest

*** Worthwhile as a refresher course for more experienced Trustees even if they previously attended this program.

(E) AB1234 Ethics training – 2 hour class – required of public officials biennially. May be satisfied by a general AB1234 class for your other positions, or may be satisfied by a pension-specific AB1234 class at the CALAPRS Principles course or the CALAPRS General Assembly. Copy of your certificate for the class should be provided to the Executive Director for documentation.

Other conference opportunities are evaluated by the Executive Director on a case-by-case basis for appropriateness. Special consideration is to be given to conferences that –

- Are not out of state.
- Broadly educational in nature – pension management, fiduciary issues, investments, actuarial, etc.
- Not primarily marketing in nature.

- Not primarily sponsored by one or a limited group of investment management firms. However, very specific training programs such as those offered by PIMCO may be considered on their academic merits.
- That does not present a potential appearance of being inappropriate for Trustees (e.g., excessive recreational programs associated with the conference).
- In addition, Trustees who attend other educational programs for their primary employment or professional certifications that have strong applicability to Pension content should discuss with the Executive Director the possibility of counting some portion of the hours for those programs towards their Pension Trustee education. Past examples have included some CPA continuing education or Government Finance Officers Association classes with applicable sessions.

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Board of Trustees

1000 Mill Street
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Date: January 22, 2024

To: Board of Trustees

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

Agenda Item 9: Monthly Investment Report for December 2023

	1-month	YTD	2022	2021	2020	2019	2018
Total Fund (%)							
<i>Gross</i>	2.1	8.9	(8.0)	15.2	8.9	16.3	(3.2)
Policy Index (%) *	2.0	10.2	(9.7)	12.8	10.0	16.4	(3.2)

	2023	2022	2021	2020	2019
Market Value (<i>millions</i>)	\$1,694	\$1,614	\$1,775	\$1,552	\$1,446

- * Policy index as of Nov. 2021 Strategic Asset Allocation Policy with 2023 Interim targets:
- Public Mkt Equity- 21% Russell 3000, 17% MSCI ACWI ex-US
 - Public Mkt Debt- 10% Barclays US Aggregate,
 - Risk Diversifying 4% Barclays US Aggregate,
 - 5% Barclays 7-10yr Treasury, 4% Barclays 5-10yr US TIPS
 - Real Estate & Infrastructure- 15% NCREIF Index (inc. Infrastructure)
 - Private Equity- 10% actual private equity returns
 - Private Credit- 8% actual private credit returns
 - Liquidity- 6% 90 day T-Bills
- Pending annual updates to interim targets.

SLOOPT Investment Returns:

The attached report from Verus covers the preliminary investment returns of the SLOOPT portfolio and market commentary through the end of December. January financial markets have witnessed a mixed performance due to geopolitical events, economic indicators, corporate earnings reports, and the Fed's ability for a 'soft landing'. As of January 18th, equities reported slightly positive returns (S&P 500 +0.02%) and negative returns for bonds.

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

Capital Markets:

- **Investment Markets** – December saw broadly positive markets in equities and bonds.
 - US stocks S&P 500 4.5%
 - International stocks MSCI ACWI ex-US 5.1%
 - Bonds Bloomberg US Aggregate bonds 3.8 %

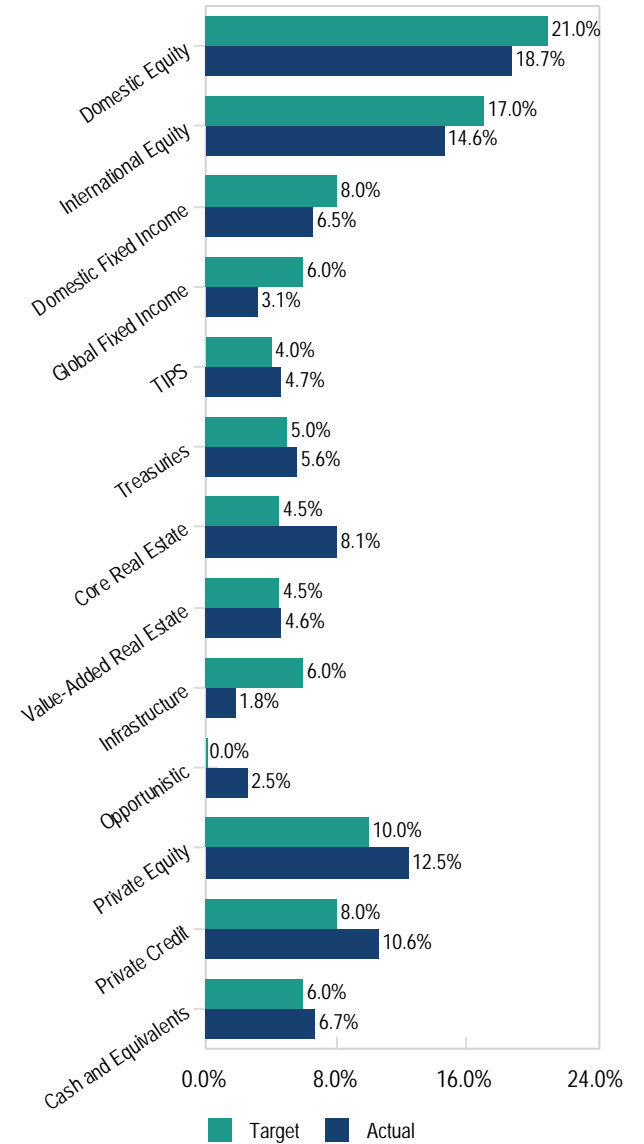
The Economy:

- **Election Year – Capital Group (American Funds) Economic Outlook: A Mixed Picture for Global Growth in 2024**
 - Although markets can be volatile in election years, for long-term investors the political party that wins the White House has had little impact on returns. Since 1936, the 10-year annualized return of U.S. stocks (as measured by the S&P 500 Index) made at the start of an election year was 11.2% when a Democrat won and 10.5% in years when a Republican prevailed.
- **Inflation –**
 - The December inflation report saw a slight uptick to a **3.4%** year-over-year increase due to housing and shelter costs remaining stubbornly elevated. The Fed continues to wrestle consumer price growth down to its desired 2% level.
- **New Jobs, Unemployment, Wages –**
 - **New Jobs** - The December new jobs report from the BLS on non-farm employment showed a slight increase from November with a **gain of 216k new jobs** steered by government, health care, social assistance, and construction positions.
 - **Unemployment Rate** - remained at **3.7%** in December.
 - **Labor Force Participation – 62.5%** - slight decrease from November
 - **Wage growth** – up slightly at a **4.1%** year-over-year increase.
- **Monetary Policy –**
 - **At the Fed’s upcoming meeting on January 31st, analysts expect rates to hold steady** (target range for Fed Funds of 5.25% to 5.50%).
 - The Fed has signaled for several rate cuts throughout 2024, but the consensus among market experts suggests that rate cuts may happen in later 2024.

Total Fund
Executive Summary - Preliminary (Gross of Fees)

San Luis Obispo County Pension Trust
Period Ending: December 31, 2023

	Market Value	% of Portfolio	1 Mo	YTD
Total Fund	1,694,736,128	100.0	2.1	8.9
<i>Interim Policy Index</i>			<i>2.9</i>	<i>10.2</i>
<i>FFP SAA Index</i>			<i>2.0</i>	<i>9.4</i>
Total Growth	1,201,002,755	70.9	2.0	9.8
<i>Custom Growth Benchmark</i>			<i>2.9</i>	<i>13.1</i>
Total Public Equity	565,658,241	33.4	5.4	20.8
<i>Public Equity Benchmark</i>			<i>5.2</i>	<i>21.6</i>
Total Domestic Equity	317,406,882	18.7	5.9	23.6
<i>Russell 3000 Index</i>			<i>5.3</i>	<i>26.0</i>
PIMCO RAE US	85,672,218	5.1	6.9	17.5
<i>S&P 500 Index</i>			<i>4.5</i>	<i>26.3</i>
Loomis Sayles Large Cap Growth	78,684,523	4.6	5.0	52.1
<i>Russell 1000 Growth Index</i>			<i>4.4</i>	<i>42.7</i>
Boston Partners Large Cap Value	71,321,204	4.2	5.9	14.5
<i>Russell 1000 Value Index</i>			<i>5.5</i>	<i>11.5</i>
Atlanta Capital Mgmt	81,728,938	4.8	5.7	15.0
<i>Russell 2500 Index</i>			<i>10.7</i>	<i>17.4</i>
Total International Equity	248,251,359	14.6	4.9	17.4
<i>MSCI AC World ex USA Index</i>			<i>5.1</i>	<i>16.2</i>
Dodge & Cox Intl Stock	123,013,056	7.3	4.7	17.4
<i>MSCI AC World ex USA Value</i>			<i>5.3</i>	<i>18.1</i>
WCM International Growth	125,238,304	7.4	5.0	17.6
<i>MSCI AC World ex USA Growth</i>			<i>4.8</i>	<i>14.4</i>
Total Private Equity	211,260,215	12.5		
Harbourvest Partners IX Buyout Fund L.P.	11,393,936	0.7		
Pathway Private Equity Fund Investors 9 L.P.	81,405,938	4.8		
Harbourvest 2018 Global Fund L.P.	21,108,217	1.2		
Harbourvest SLO Fund Private Equity	78,790,816	4.6		
Pathway Private Equity Fund Investors 10 L.P.	18,561,307	1.1		
Total Private Credit	179,070,504	10.6		
Sixth Street Partners DCP	91,787,069	5.4		
Harbourvest SLO Credit Fund	87,283,435	5.2		

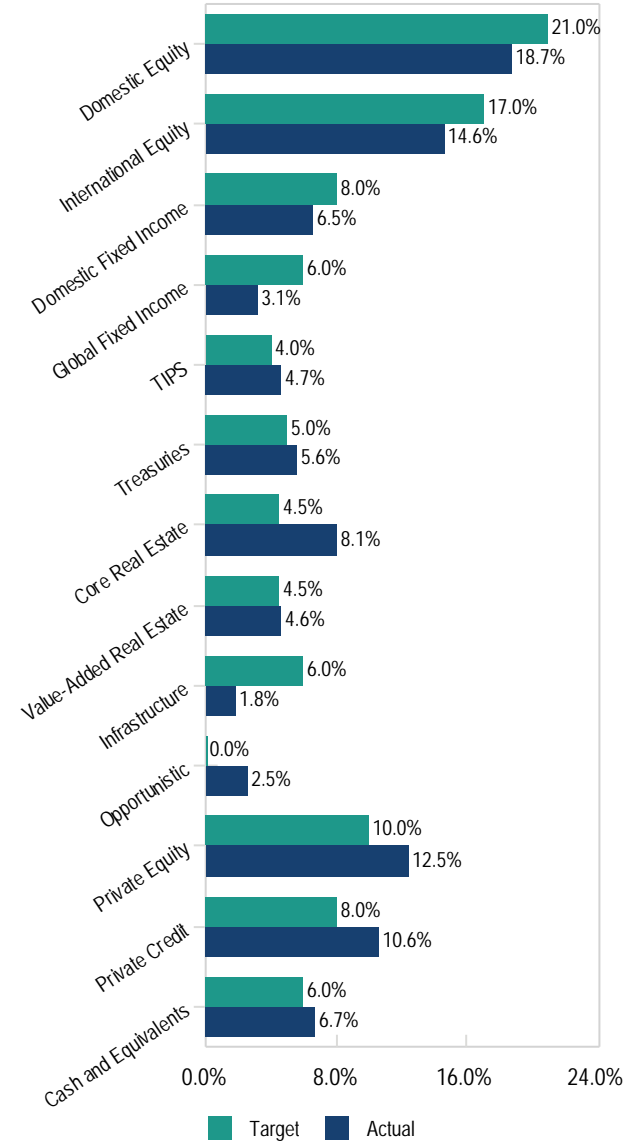


Interim Policy Index as of 1/1/2023: 21% Russell 3000, 17% MSCI ACWI ex-US (Gross), 8% Bloomberg U.S. Aggregate, 5% Bloomberg US Treasury 7-10 yr, 4% Bloomberg US TIPS 5+ Year, 6% FTSE World Govt Bond Index, 9% NCREIF Property Index, 10% Actual Private Equity Return, 8% Actual Private Credit Return, 6% 90-day T-Bills, 6% ARA American Strategic Value Realty. Includes Blackrock Core Bond residual value of \$2,793.95. ARA American Strategic Value Realty, Brookfield Infrastructure Partners, HarbourVest Funds, Sixth Street DCP & TAO, and KKR Mezzanine Partners as of 9/30/23. All data is preliminary.

Total Fund
Executive Summary - Preliminary (Gross of Fees)

San Luis Obispo County Pension Trust
Period Ending: December 31, 2023

	Market Value	% of Portfolio	1 Mo	YTD
Total Real Estate	245,013,795	14.5	-2.5	-11.0
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>-5.1</i>
JP Morgan Core Real Estate	136,429,929	8.1	-4.5	-14.3
<i>NCREIF-ODCE</i>			<i>-4.8</i>	<i>-12.0</i>
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>-5.1</i>
ARA American Strategic Value Realty	78,582,513	4.6	0.0	-6.3
<i>NCREIF-ODCE</i>			<i>-4.8</i>	<i>-12.0</i>
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>-5.1</i>
Brookfield Infrastructure Fund	30,001,354	1.8		
Total Risk Diversifying	338,177,812	20.0	3.3	7.4
<i>Total Risk Diversifying Benchmark</i>			<i>3.8</i>	<i>5.0</i>
Total Domestic Fixed Income	284,950,606	16.8	2.9	7.7
<i>Blmbg. U.S. Aggregate Index</i>			<i>3.8</i>	<i>5.5</i>
Dodge & Cox Income Fund	53,497,949	3.2	4.1	8.1
<i>Blmbg. U.S. Aggregate Index</i>			<i>3.8</i>	<i>5.5</i>
Pacific Asset Corporate Loan	56,959,682	3.4	1.5	14.5
<i>Morningstar LSTA US Leveraged Loan</i>			<i>1.6</i>	<i>13.3</i>
SSGA U.S. Govt Bond Index	95,632,571	5.6	3.2	4.2
<i>Blmbg. U.S. Government</i>			<i>3.3</i>	<i>4.1</i>
BlackRock TIPS	78,857,611	4.7	2.5	4.0
<i>Blmbg. U.S. TIPS</i>			<i>2.7</i>	<i>3.9</i>
Total Global Fixed	53,227,206	3.1	5.3	7.4
<i>FTSE World Government Bond Index</i>			<i>4.2</i>	<i>5.2</i>
Brandywine Global Fixed Income	22,581,612	1.3	7.1	5.1
<i>FTSE Non-U.S. World Government Bond</i>			<i>4.8</i>	<i>5.8</i>
Ashmore EM Blended Debt Fund	30,645,594	1.8	3.6	9.0
<i>50% JPM EMBI GD/25% JPM GBI EM GD/25% JPM ELMI+</i>			<i>3.6</i>	<i>10.9</i>



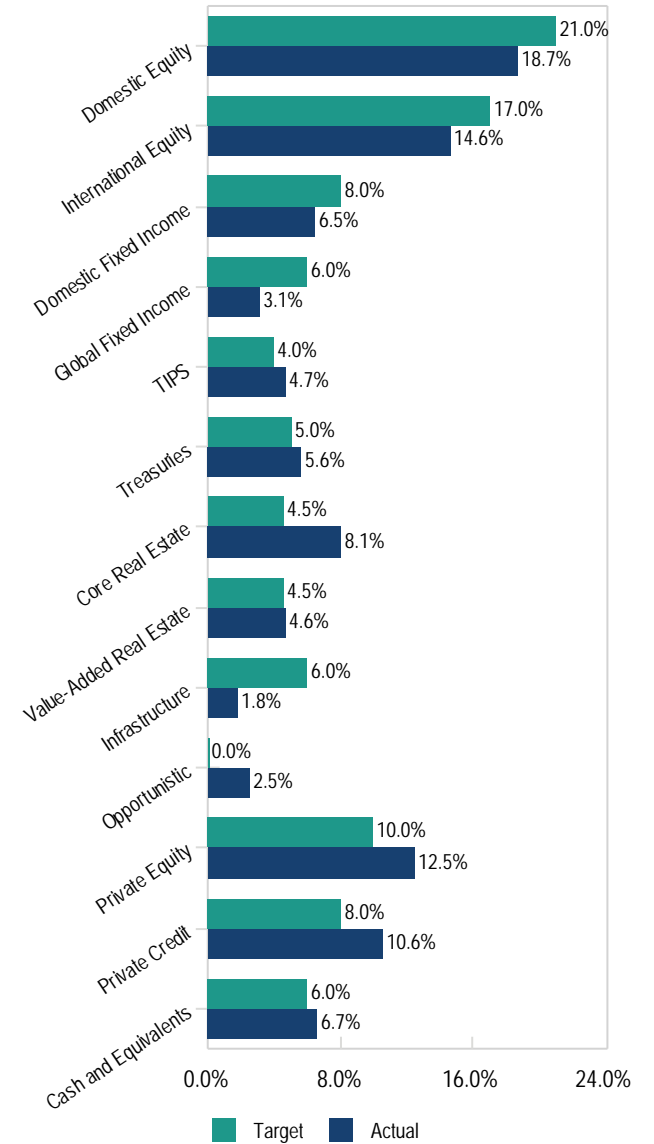
Interim Policy Index as of 1/1/2023: 21% Russell 3000, 17% MSCI ACWI ex-US (Gross), 8% Bloomberg U.S. Aggregate, 5% Bloomberg US Treasury 7-10 yr, 4% Bloomberg US TIPS 5+ Year, 6% FTSE World Govt Bond Index, 9% NCREIF Property Index, 10% Actual Private Equity Return, 8% Actual Private Credit Return, 6% 90-day T-Bills, 6% ARA American Strategic Value Realty. Includes Blackrock Core Bond residual value of \$2,793.95. ARA American Strategic Value Realty, Brookfield Infrastructure Partners, HarbourVest Funds, Sixth Street DCP & TAO, and KKR Mezzanine Partners as of 9/30/23. All data is preliminary.



Total Fund
Executive Summary - Preliminary (Gross of Fees)

San Luis Obispo County Pension Trust
Period Ending: December 31, 2023

	Market Value	% of Portfolio	1 Mo	YTD
Total Liquidity	112,720,643	6.7	0.5	3.7
<i>90 Day U.S. Treasury Bill</i>			<i>0.5</i>	<i>5.0</i>
Total Cash	112,720,643	6.7	0.5	3.7
<i>90 Day U.S. Treasury Bill</i>			<i>0.5</i>	<i>5.0</i>
PIMCO Short Duration Fund	34,749,267	2.1	1.3	5.1
<i>Bimbg. 1-3 Year Gov/Credit index</i>			<i>1.2</i>	<i>4.6</i>
Cash Account	36,104,560	2.1	0.0	2.4
<i>90 Day U.S. Treasury Bill</i>			<i>0.5</i>	<i>5.0</i>
Investment Cash	41,866,816	2.5	0.2	4.4
<i>90 Day U.S. Treasury Bill</i>			<i>0.5</i>	<i>5.0</i>
Total Opportunistic	42,834,917	2.5		
Kohlberg Kravis Roberts & Co. Mezzanine Partners I	3,288,535	0.2		
Sixth Street Partners TAO	39,546,382	2.3		



Interim Policy Index as of 1/1/2023: 21% Russell 3000, 17% MSCI ACWI ex-US (Gross), 8% Bloomberg U.S. Aggregate, 5% Bloomberg US Treasury 7-10 yr, 4% Bloomberg US TIPS 5+ Year, 6% FTSE World Govt Bond Index, 9% NCREIF Property Index, 10% Actual Private Equity Return, 8% Actual Private Credit Return, 6% 90-day T-Bills, 6% ARA American Strategic Value Realty. Includes Blackrock Core Bond residual value of \$2,793.95. ARA American Strategic Value Realty, Brookfield Infrastructure Partners, HarbourVest Funds, Sixth Street DCP & TAO, and KKR Mezzanine Partners as of 9/30/23. All data is preliminary.

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

**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

DECEMBER 2023
Capital Markets Update

Market commentary

U.S. ECONOMICS

- Nonfarm payrolls showed 216,000 jobs added in December, similar to November. Over the past year, unemployment rose from 3.5% to 3.7%, while the long-term unemployed (27 weeks or more) increased by 261,000. Additionally, the most recent Job Openings and Labor Turnover Survey (JOLTS) showed a decrease of nearly 2 million job openings from November 2022 to November 2023.
- The ISM Manufacturing PMI Index increased +0.7 to 46.7 but remains in contractionary territory. Among the sub-indexes, the Prices Index fell -4.7 points to 45.2 - the eighth consecutive month of raw materials price decreases - while the Backlog Orders and New Export Orders indexes advanced to 45.3 and 49.9, respectively. The readings are indicative of future manufacturing stability rather than contraction.
- The University of Michigan index of Consumer Sentiment rose to 69.7, reversing the prior four months of declines. The sharp increase was driven in part by an improved consumer outlook around inflation. One-year inflation expectations fell to 3.1% from 4.5% last month.

U.S. EQUITIES

- The S&P 500 gained +4.5% in December to close out the year +26.3%. Consumer Discretionary (+17.7%) and Real Estate (+22.2%) led the market over the final two months of the year. Energy was the only sector to report a decline for the month, albeit marginally (-0.02%), as the sector struggles amid price decreases in oil and natural gas.
- The Information Technology and Telecom sectors were the best performers for the year. While both sectors posted modest gains in December, they finished the year +57.8% and +55.8%, respectively. The “Magnificent Seven” stocks played a large role in driving the market higher as they averaged +104.7% for the year and accounted for nearly two-thirds of the S&P 500 +26.3% return.

U.S. FIXED INCOME

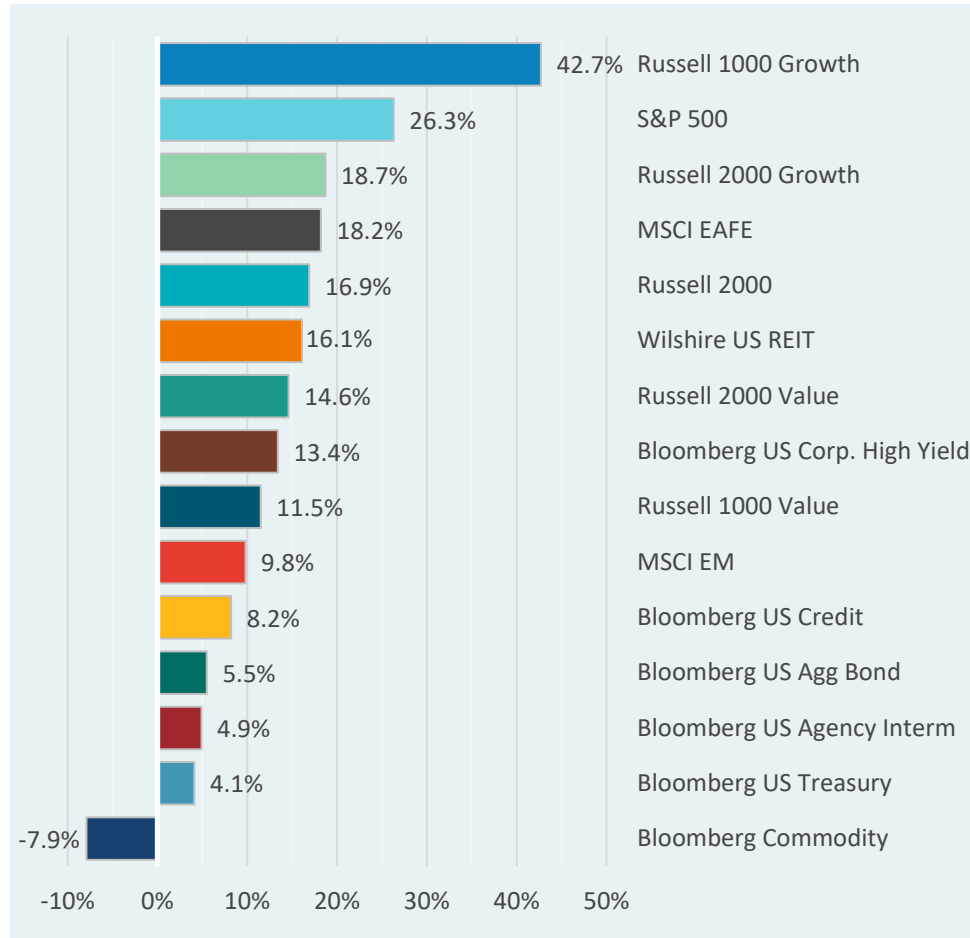
- The December 12th-13th FOMC meeting and Chairman Powell’s comments were well received by investors, particularly the agreement among Federal Reserve officials that interest rate cuts are likely in 2024. Although the benchmark rate was left unchanged at 5.25%-5.50%, members indicated that they expect three 0.25% rate cuts by the end of 2024. Those rates cuts are expected to begin by mid-year.
- Reinforced expectations of 2024 rate cuts led to U.S. Treasury yields falling in the days following the FOMC meeting. Over the month, tenors from the 2-year to the 30-year each fell by between -47bps and -52bps.
- Similar to November, falling yields led to a broadly positive month for fixed income. The Bloomberg U.S. Aggregate Index posted +3.8% and the Bloomberg U.S. Treasury Long – which was the only broad index still negative for the year in November – led the asset class with +8.6%, bringing performance to +3.1% for the year.

INTERNATIONAL MARKETS

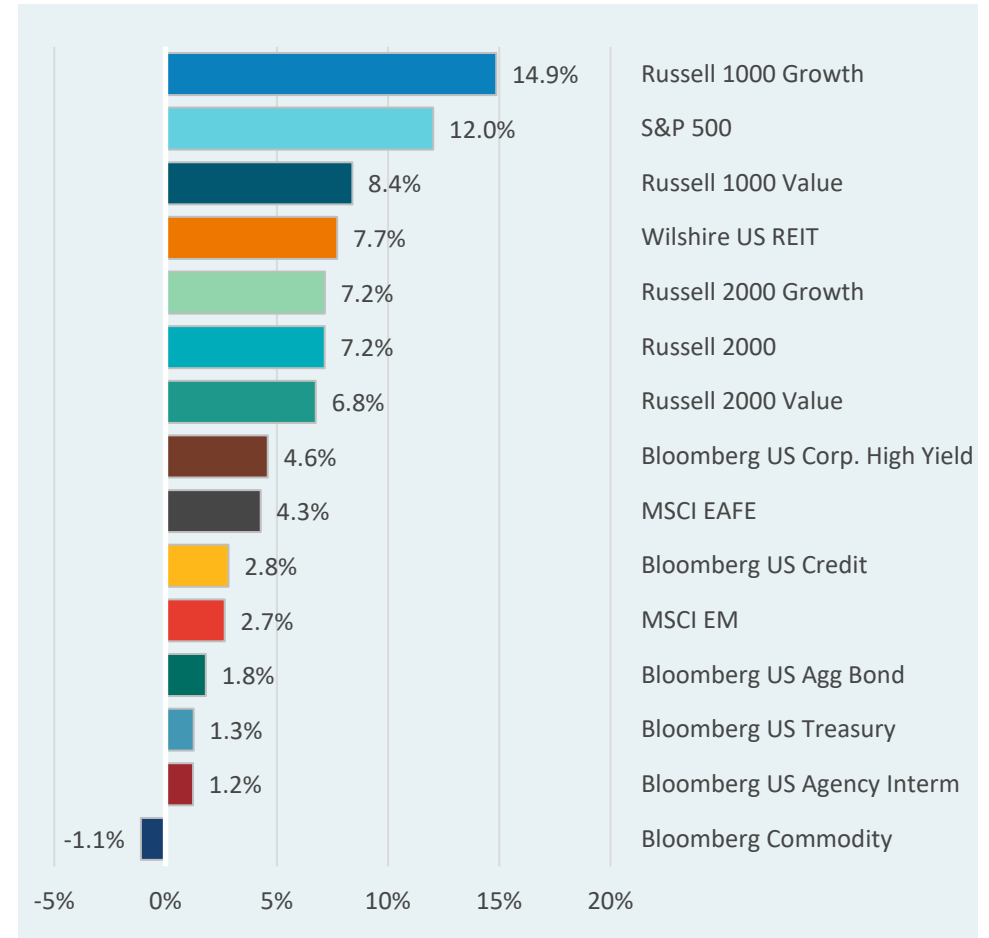
- The European Central Bank (ECB) held the last meeting of the year on December 14th and announced a similar stance to that of U.S. Fed officials. The ECB opted to hold rates unchanged and noted that inflation is expected to gradually decline in the coming year. President Christine Lagarde announced that the council did not discuss rate cuts, though investors appear to be optimistic that disinflation will in fact lead to cuts in 2024.
- In its final meeting of the year, the Bank of Japan (BOJ) unanimously voted to keep interest rates at -0.1%. Bank of Japan Governor Ueda stated that the outlook remains extremely uncertain and that unless inflation sustainably hits their 2% target, the bank cannot justify a safe exit from ultra-loose monetary policy. Following the decision, both the yen and 10-year Japanese government bond yields fell.

Major asset class returns

ONE YEAR ENDING DECEMBER



TEN YEARS ENDING DECEMBER



*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 12/31/23

Source: Morningstar, as of 12/31/23

U.S. large cap equities

- December closed out a strong year for the S&P 500, increasing +4.5% to bring calendar year returns to +26.3%. The *soft landing* narrative has been reinforced, as the Fed signaled three rate cuts in 2024 on the back of easing inflation and cooling employment data.
- Earnings growth is expected to decline to 1.3% year-over-year in Q4, from Q3 earnings of +4.9%. Despite a decrease in forecasted earnings growth and a greater number of companies providing negative guidance, the S&P 500 is trading at 19.5x forward earnings - higher than its 10-year average of 17.6x.
- 10 out of 11 S&P 500 sectors gained in December. Real Estate (+8.7%) and Industrials (+7.0%) were the top performers, while Energy (0.0%) was flat. Broad gains in the S&P 500 were supported by a continual decline in treasury yields and rising stock valuations across the board.
- U.S. equity volatility remained low in December, with the VIX falling to 12.5, and trading down to 11.8 intramonth. This decline in volatility was supported by optimistic Fed comments and steady market gains.

S&P 500 PRICE INDEX



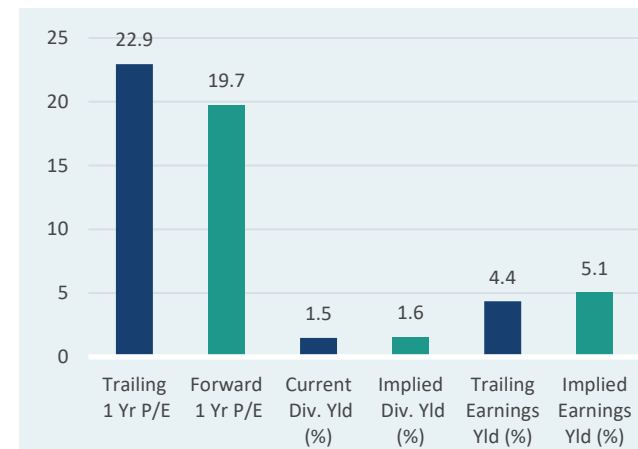
Source: Bloomberg, as of 12/31/23

IMPLIED VOLATILITY (VIX INDEX)



Source: Cboe, as 12/31/23

S&P 500 VALUATION SNAPSHOT



Source: Bloomberg, as of 12/31/23

Domestic equity size and style

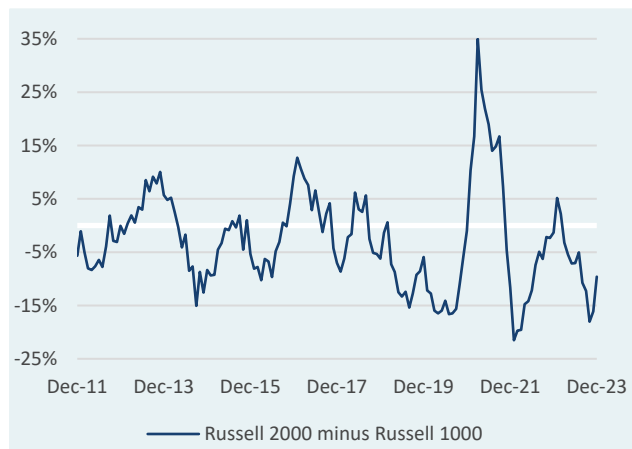
- While December delivered another month of gains across the board, small-cap stocks (Russell 2000 +12.2%) were able to reverse some of their underperformance on the year relative to large-cap (Russell 1000 +4.9%). A greater likelihood of near-term rate cuts had an outsized impact on small cap stocks which tend to be more interest rate-sensitive.
- Small-cap value slightly outperformed growth (Russell 2000 Value +12.4% vs Russell 2000 Growth +12.0%). This brought small-cap growth's outperformance on the year to +4.1%.
- Growth outperforming value in the large-cap space was the biggest style investing story this year, with the Russell 1000 Growth (+42.7%) beating the Russell 1000 Value (+11.5%) by +31.2%, the second largest margin in 20 years (next to year 2020).
- Relative valuations continued to increase in December. The S&P trades at 19.5x forward earnings – a 10.8% premium to the historical average. The Russell 2000 Index is trading closer to the historical average at 21.9x forward earnings, now at a -10.2% discount.

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 12/31/23

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 12/31/23

1-YEAR SIZE & STYLE PERFORMANCE

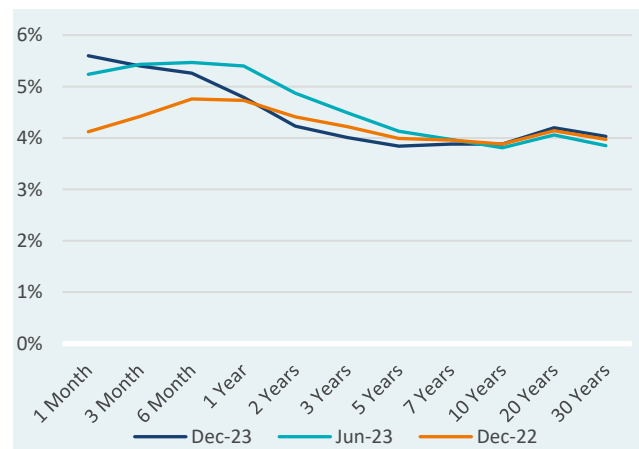
	Value	Core	Growth
Large Cap	11.5%	26.5%	42.7%
Mid Cap	12.7%	17.2%	25.9%
Small Cap	14.6%	16.9%	18.7%

Source: FTSE, Bloomberg, as of 12/31/23

Fixed income

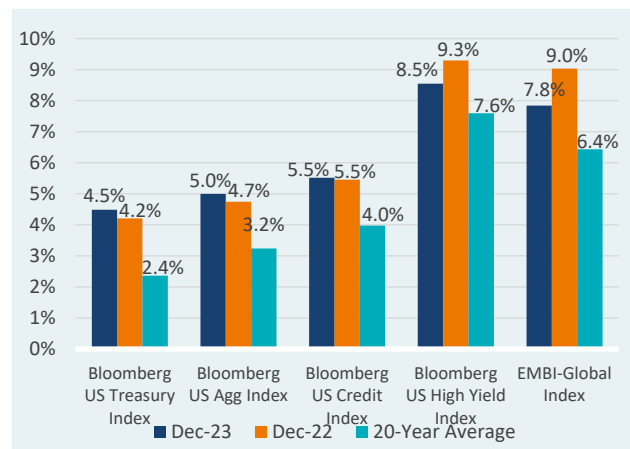
- U.S. bonds posted gains for the second straight month (Bloomberg U.S. Aggregate Index +3.8%), to end the year +5.5%. Easing inflation and rate cuts announced by the Fed contributed to declining yields and higher bond valuations.
- Yield curve shifts were evenly spread between 2- and 10-year yields, decreasing -50bps and -49bps, respectively. Curve inversion as defined by the 2yr minus 10yr bond yield remained stable at approximately -35bps. Due to the large shift in yields, long-dated treasuries were the best performers for the second straight month (Bloomberg U.S. Treasury Long +8.6%).
- Spreads continued to narrow for High Yield and Bank Loans, by -45bps and -35bps, to 339bps and 490bps, respectively. The CS Leveraged Loan Index (+1.6%) and Bloomberg US Corporate High Yield (+3.7%) built on strong performance, ending the year up +13.0% and 13.4%, respectively.
- The Bloomberg U.S. MBS Index (+4.3%) outperformed the Aggregate Index, as mortgage rates continued to decline, further reinforcing investors' expectation that peak rates are in the past. 30-year fixed mortgage rates fell to 6.6% to close the month, the lowest level since May.

U.S. TREASURY YIELD CURVE



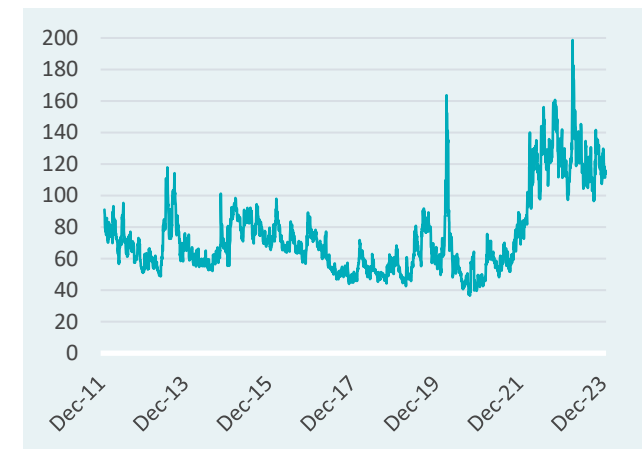
Source: Bloomberg, as of 12/31/23

NOMINAL YIELDS



Source: Morningstar, as of 12/31/23

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

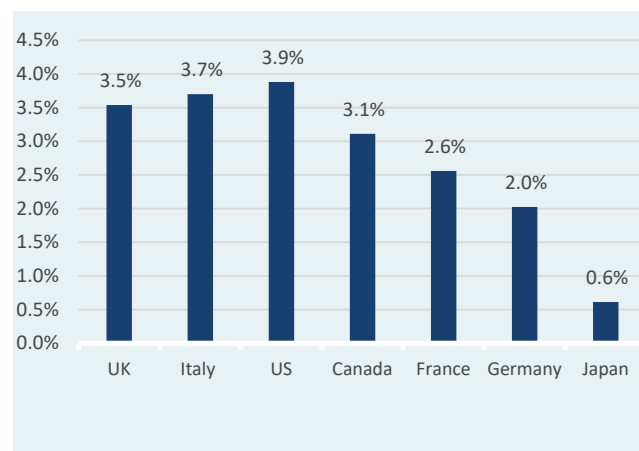


Source: Bloomberg, as of 12/31/23

Global markets

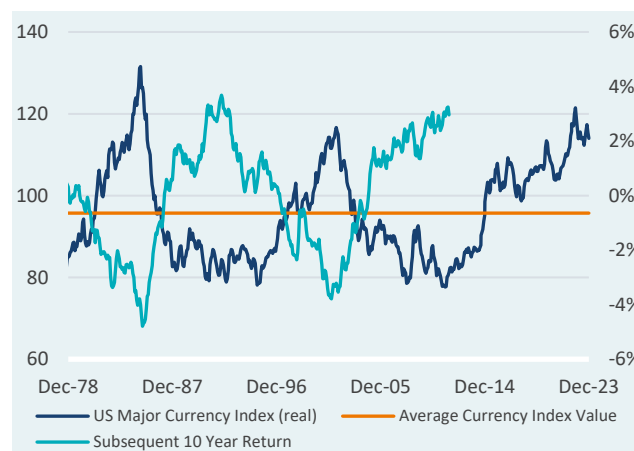
- International equities outperformed the U.S. (MSCI ACWI ex U.S. + 5.0%), amid cooling global inflation and expected easing from central banks. The Fed signaling future rate cuts has led to expectations that other central banks may follow suit.
- European equities slightly underperformed (MSCI Euro +4.4%), as the ECB is expected to be slower than the Fed to cut rates. Economic signals were mixed, as unemployment reached its lowest level since 2000, but manufacturing (Eurozone PMI) ventured further into contractionary territory. Inflation came in at 2.4%, dropping closer to the bank's long-term 2% target.
- China continues to be among the worst performers (MSCI China Index -2.4%), bringing total return on the year down to -11.2%. The outlook is poor, as domestic demand has missed expectations, and the second straight month of deflation was reported in November. Price decreases are potentially responsible for increasing exports, as China has maintained fiscal stimulus.
- The MSCI Latin America Index (+8.3%) continued its strong performance, with Mexico (+9.5%) and Columbia (+13.5%) reacting positively to the prospect of rate cuts around the world, and Brazil (+7.2%) opting to cut rates.

GLOBAL SOVEREIGN 10-YEAR YIELDS



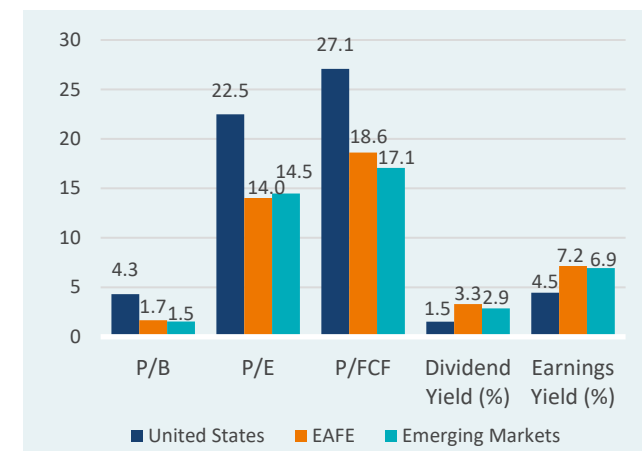
Source: Bloomberg, as of 12/31/23

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 12/31/23

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 12/31/23

Commodities

- Commodities were one of the few pain points among asset classes. The Bloomberg Commodity Index ended the month down -2.7% as every sub-index besides Industrial Metals (+4.0%) was negative. Energy (-6.0%) and Petroleum (-4.8%) - which make up a larger weight in broad commodity index - faced pricing pressures and a less certain outlook.
- Natural Gas (-10.3%) was the worst performer in the Energy sub-index (-6.0%). Mild weather and warmer temperatures that were predicted months prior came to fruition. This amplified the existing oversupply dynamics that had been weighing on prices for several months.

- The Bloomberg Industrial Metals sub-index gained +4.0%. Performance was largely driven by spikes in Aluminum (+8.6%) and Zinc (+6.8%) prices. Copper and Nickel lagged their counterparts, posting +1.0% and -0.3%, respectively.
- The Bloomberg Softs sub-index (-7.5%), which includes sugar, coffee and cotton, was weighed down by a -21% decline in sugar prices. Sugar prices fell on record high production in Brazil which eased supply pressures across the global supply chain. Coffee and cotton posted modest gains of +1.9% and +1.2%, respectively.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	(2.7)	(4.6)	(7.9)	(7.9)	10.8	7.2	(1.1)
Bloomberg Agriculture	(4.4)	(0.3)	(4.4)	(4.4)	11.8	10.6	0.3
Bloomberg Energy	(6.0)	(18.1)	(21.6)	(21.6)	17.5	0.8	(9.4)
Bloomberg Grains	(1.4)	0.9	(13.0)	(13.0)	7.5	7.9	(1.7)
Bloomberg Industrial Metals	4.0	0.2	(9.1)	(9.1)	4.9	7.5	2.0
Bloomberg Livestock	(2.4)	(9.0)	(1.9)	(1.9)	4.6	(3.8)	(3.0)
Bloomberg Petroleum	(4.8)	(15.4)	(0.1)	(0.1)	33.3	13.6	(3.9)
Bloomberg Precious Metals	(0.4)	10.4	9.6	9.6	1.0	8.7	3.8
Bloomberg Softs	(7.5)	(0.3)	18.5	18.5	18.1	12.1	0.7

Source: Morningstar, as of 12/31/23

COMMODITY PERFORMANCE



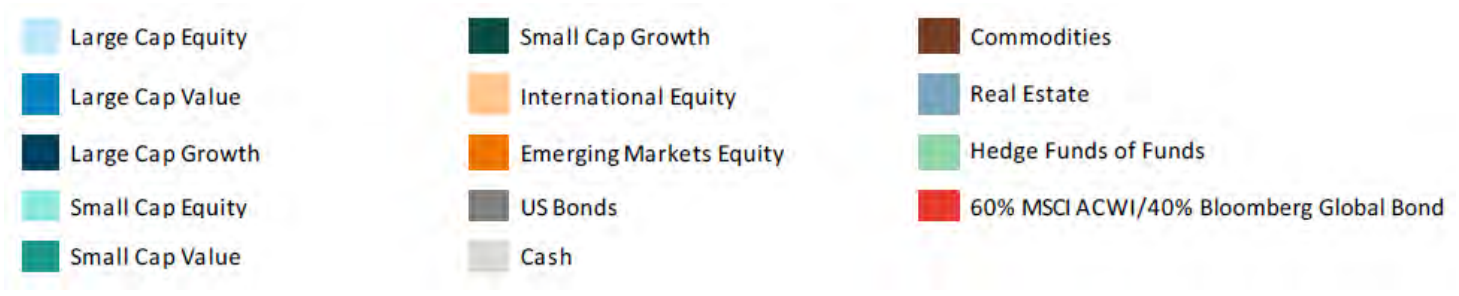
Source: Bloomberg, as of 12/31/23

Appendix

Periodic table of returns

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	5-Year	10-Year
Large Cap Growth	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	28.3	16.1	42.7	19.5	14.9
Large Cap Equity	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	27.6	9.4	26.5	15.5	11.8
Small Cap Growth	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	27.1	1.5	18.7	10.9	8.4
International Equity	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	26.5	-4.7	18.2	10.0	7.4
Small Cap Equity	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	25.2	-7.5	16.9	10.0	7.2
60/40 Global Portfolio	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	22.4	14.0	17.7	-13.0	15.4	9.2	7.2
Small Cap Value	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	22.0	10.3	14.8	-14.5	14.6	8.2	6.8
Large Cap Value	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	11.3	-14.5	11.5	7.2	5.1
Emerging Markets Equity	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	8.9	-17.3	9.8	7.0	4.3
Hedge Funds of Funds	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	6.5	-19.1	6.3	5.3	3.3
US Bonds	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	-20.1	5.5	5.1	2.7
Cash	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	-20.4	5.0	3.7	1.8
Real Estate	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	-1.5	-26.4	-5.1	1.8	1.2
Commodities	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	-2.5	-29.1	-7.9	1.1	-1.1

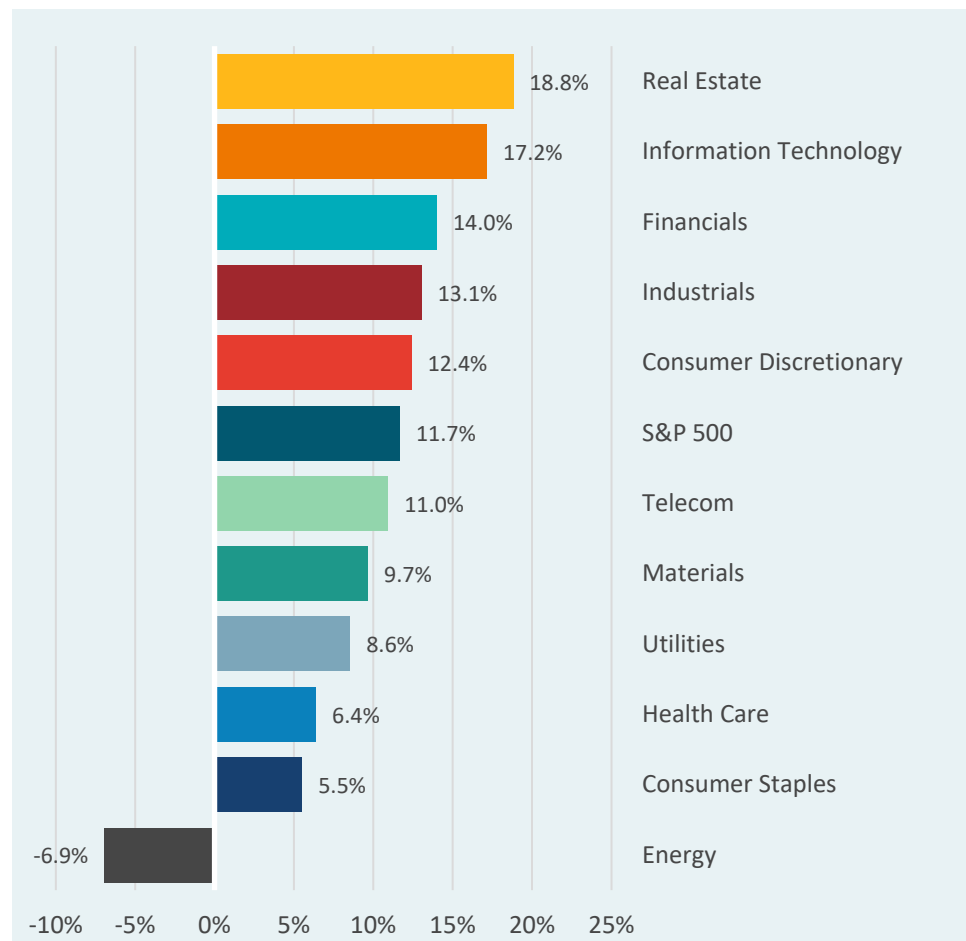
BEST
↑
↓
WORST



Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 9/30/23.

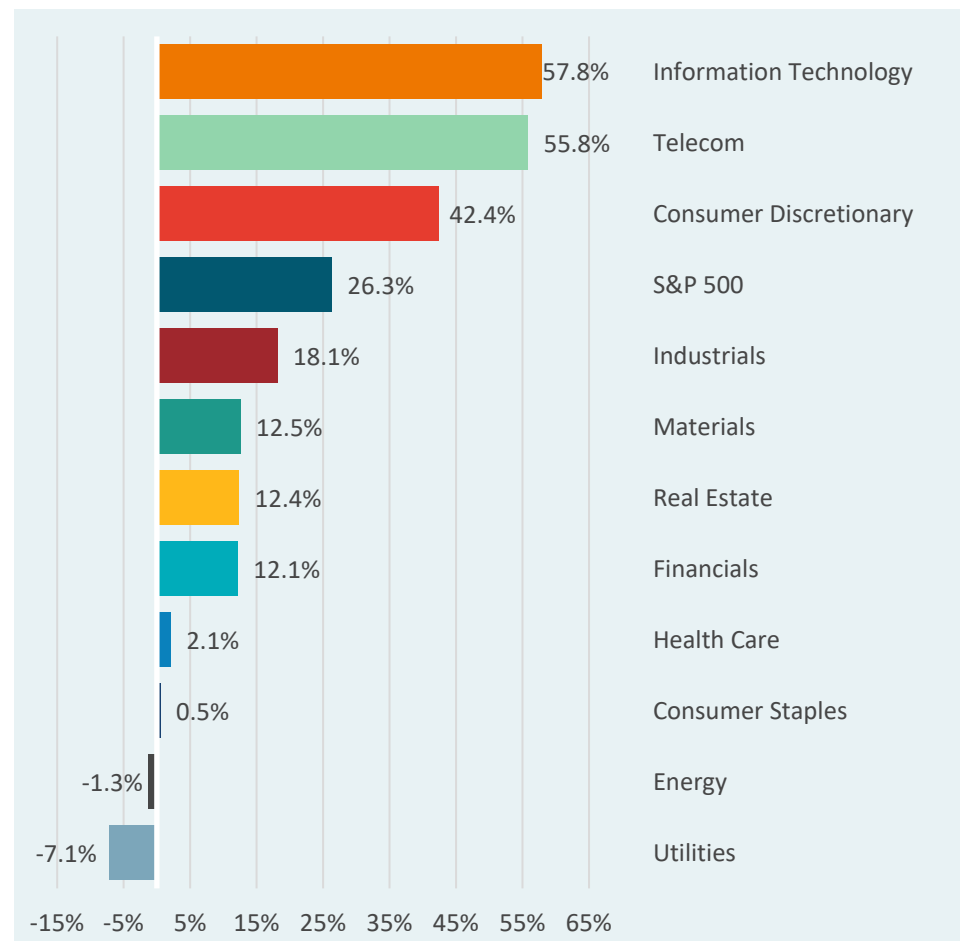
S&P 500 sector returns

QTD



Source: Morningstar, as of 12/31/23

ONE YEAR ENDING DECEMBER



Source: Morningstar, as of 12/31/23

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	4.5	11.7	26.3	26.3	10.0	15.7	12.0
S&P 500 Equal Weighted	6.9	11.9	13.9	13.9	9.3	13.8	10.4
DJ Industrial Average	4.9	13.1	16.2	16.2	9.4	12.5	11.1
Russell Top 200	4.1	11.7	29.9	29.9	10.0	16.5	12.7
Russell 1000	4.9	12.0	26.5	26.5	9.0	15.5	11.8
Russell 2000	12.2	14.0	16.9	16.9	2.2	10.0	7.2
Russell 3000	5.3	12.1	26.0	26.0	8.5	15.2	11.5
Russell Mid Cap	7.7	12.8	17.2	17.2	5.9	12.7	9.4
Style Index							
Russell 1000 Growth	4.4	14.2	42.7	42.7	8.9	19.5	14.9
Russell 1000 Value	5.5	9.5	11.5	11.5	8.9	10.9	8.4
Russell 2000 Growth	12.0	12.7	18.7	18.7	(3.5)	9.2	7.2
Russell 2000 Value	12.4	15.3	14.6	14.6	7.9	10.0	6.8

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	4.8	11.0	22.2	22.2	5.7	11.7	7.9
MSCI ACWI ex US	5.0	9.8	15.6	15.6	1.5	7.1	3.8
MSCI EAFE	5.3	10.4	18.2	18.2	4.0	8.2	4.3
MSCI EM	3.9	7.9	9.8	9.8	(5.1)	3.7	2.7
MSCI EAFE Small Cap	7.3	11.1	13.2	13.2	(0.7)	6.6	4.8
Style Index							
MSCI EAFE Growth	5.7	12.7	17.6	17.6	0.3	8.8	5.1
MSCI EAFE Value	4.9	8.2	19.0	19.0	7.6	7.1	3.2
Regional Index							
MSCI UK	4.5	6.9	14.1	14.1	8.8	6.9	2.5
MSCI Japan	4.4	8.2	20.3	20.3	0.7	6.9	5.0
MSCI Euro	4.4	12.9	25.2	25.2	6.0	9.3	4.1
MSCI EM Asia	3.3	6.7	7.8	7.8	(6.9)	4.3	4.1
MSCI EM Latin American	8.3	17.6	32.7	32.7	9.9	6.1	2.1

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	2.7	4.7	3.9	3.9	(1.0)	3.2	2.4
Bloomberg US Treasury Bills	0.5	1.4	5.1	5.1	2.1	1.9	1.3
Bloomberg US Agg Bond	3.8	6.8	5.5	5.5	(3.3)	1.1	1.8
Bloomberg US Universal	3.8	6.8	6.2	6.2	(3.0)	1.4	2.1
Duration							
Bloomberg US Treasury 1-3 Yr	1.2	2.6	4.3	4.3	(0.1)	1.3	1.0
Bloomberg US Treasury Long	8.6	12.7	3.1	3.1	(11.4)	(1.2)	2.3
Bloomberg US Treasury	3.4	5.7	4.1	4.1	(3.8)	0.5	1.3
Issuer							
Bloomberg US MBS	4.3	7.5	5.0	5.0	(2.9)	0.3	1.4
Bloomberg US Corp. High Yield	3.7	7.2	13.4	13.4	2.0	5.4	4.6
Bloomberg US Agency Interm	1.6	3.2	4.9	4.9	(1.1)	1.1	1.2
Bloomberg US Credit	4.2	8.2	8.2	8.2	(3.2)	2.4	2.8
OTHER							
Index							
Bloomberg Commodity	(2.7)	(4.6)	(7.9)	(7.9)	10.8	7.2	(1.1)
Wilshire US REIT	10.2	16.3	16.1	16.1	7.5	7.6	7.7
CS Leveraged Loans	1.6	2.9	13.0	13.0	5.6	5.6	4.4
S&P Global Infrastructure	4.2	10.9	6.8	6.8	6.0	7.4	5.7
Alerian MLP	(3.4)	3.0	23.8	23.8	31.8	10.9	1.6
Regional Index							
JPM EMBI Global Div	4.7	9.2	11.1	11.1	(3.6)	1.7	3.2
JPM GBI-EM Global Div	3.2	8.1	12.7	12.7	(3.2)	1.1	0.1
Hedge Funds							
HFRI Composite	2.6	3.6	7.5	7.5	4.3	7.0	4.5
HFRI FOF Composite	2.3	3.4	6.3	6.3	2.3	5.1	3.3
Currency (Spot)							
Euro	1.2	4.3	3.5	3.5	(3.4)	(0.7)	(2.2)
Pound Sterling	0.7	4.4	6.0	6.0	(2.3)	0.0	(2.6)
Yen	4.9	5.9	(6.4)	(6.4)	(9.9)	(4.9)	(2.9)

Source: Morningstar, HFRI, as of 12/31/23

Detailed private market returns

Comparison to public market index returns

Private Equity Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Private Equity FoFs & Secondary Funds	(2.2)	21.4	15.3	13.9
<i>MSCI World Index (PME)</i>	18.7	12.8	9.3	9.8
Global Private Equity Direct Funds ¹	2.2	20.1	16.4	15.8
<i>MSCI World Index (PME)</i>	19.0	12.0	9.2	9.7
U.S. Private Equity Direct Funds ¹	2.0	22.4	18.3	17.2
<i>Russell 3000 Index (PME)</i>	19.5	13.8	11.5	12.6
Europe Private Equity Direct Funds ¹	7.6	20.2	15.8	14.6
<i>MSCI Europe Index (PME)</i>	22.4	10.2	5.8	6.3
Asia Private Equity Direct Funds ^{1,4}	(1.3)	10.1	9.2	12.8
<i>MSCI AC Asia Pacific Index (PME)</i>	6.3	3.0	2.0	4.4

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt ^{2,4}	7.1	18.0	12.2	11.3
<i>Morningstar LSTA U.S. Leveraged Loan 100 Index (PME)</i>	11.8	5.4	4.2	3.9

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	(2.3)	14.1	9.7	12.0
<i>FTSE NAREIT Equity REIT Index (PME)</i>	0.4	10.3	5.4	7.4

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources ^{3,4}	5.9	21.0	4.3	3.6
<i>S&P Global Natural Resources Index (PME)</i>	7.9	19.7	5.4	6.0
Global Infrastructure ⁴	8.3	12.8	10.6	10.9
<i>S&P Global Infrastructure Index (PME)</i>	4.5	9.9	5.5	6.4

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

1. Includes Buyout, Growth Equity and Venture Capital.

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

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

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

Notices & disclosures

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Date: January 22, 2024

To: Board of Trustees

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

Agenda Item 10: Asset Allocation – December 2023

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

The presented table serves as a report on the existing asset allocation in comparison to the 2023 Interim SAA Target Allocation. Additionally, it includes a comparative analysis with the SAA Target Allocation set for 2027.

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

FFP Asset Mix	Est. Market Value (\$000s)	% Allocation	SAA Target Allocation	Variance	Strategic Asset Allocation
	12/31/23		2023 Revised Interim		Long Term
Bank (operating)	1,400	0.1%	0.1%	0.0%	0.1%
SLOC Treasury	34,698	2.1%	2.0%	0.1%	1.7%
JPM short term	41,867	2.5%	1.9%	0.5%	2.3%
Short Duration	34,749	2.1%	2.0%	0.1%	6.0%
LIQUIDITY	112,713	6.7%	6.0%	0.7%	10.0%
Equity- Public Mkt US	317,407	18.8%	20.0%	-1.2%	16.0%
Equity- Public Mkt Intl	243,251	14.4%	17.0%	-2.6%	14.0%
Equity- Public Mkt Global	-	0.0%		0.0%	
Bank Loans	56,960	3.4%	4.0%	-0.6%	
Bonds- Intl.	22,582	1.3%	2.5%	-1.2%	
Bonds- Emerging Mkts	30,646	1.8%	2.5%	-0.7%	
Real Estate- Core	136,430	8.1%	7.0%	1.1%	5.0%
Real Estate- Value Add	78,583	4.6%	5.0%	-0.4%	5.0%
Infrastructure	32,392	1.9%	2.0%	-0.1%	5.0%
Private Equity	208,077	12.3%	11.0%	1.3%	18.0%
Private Credit	180,552	10.7%	8.0%	2.7%	12.0%
Opportunistic	42,913	2.5%	0.0%	2.5%	
GROWTH	1,349,791	79.8%	79.0%	0.8%	75.0%
Bonds- Core	53,498	3.2%	6.0%	-2.8%	
Treasuries - Intermediate	95,633	5.7%	5.0%	0.7%	8.0%
TIPS	78,858	4.7%	4.0%	0.7%	7.0%
RISK DIVERSFYING	227,988	13.5%	15.0%	-1.5%	15.0%
TOTAL	1,690,493	100.0%	100.0%		100.0%
Liquidity + Risk Diversifying		20.2%	21.0%	-0.8%	25.0%