



COUNTY OF TULARE
BOARD OF RETIREMENT

Leanne Malison
Retirement Administrator

136 N AKERS STREET
VISALIA, CALIFORNIA 93291

TELEPHONE (559) 713-2900
FAX (559) 730-2631
www.tcera.org

AGENDA OF THE BOARD OF RETIREMENT
INVESTMENT COMMITTEE MEETING
Wednesday, December 8, 2021 @ 10:30 a.m.
TCERA Board Room, 136 N. Akers Street, Visalia, CA 93291

NOTICE TO THE PUBLIC

Persons who wish to address the Board of Retirement during public comment or regarding an item that is on the agenda may address the Board of Retirement in person at the meeting. Any person addressing the Board will be limited to a maximum of five (5) minutes. A total of 15 minutes will be allotted for the Public Comment period unless otherwise extended by the Board Chair. If you are part of a large group that would like to comment on an agenda item, please consider commenting in writing or sending one spokesperson to speak on behalf of the group. Members of the public may also submit public comment via U.S. mail or via email to BORPublicComment@tcera.org before the meeting. The comments received via U.S. mail or email before the meeting will be read to the Board of Retirement in open session during the meeting as long as the comments meet the requirements for Public Comments as posted in the agenda. Public comments are limited to any item of interest to the public that is within the subject matter jurisdiction of the Board of Retirement. (Gov't Code Section 54954.3(a).)

Persons wishing to listen to the meeting may call the TCERA Office during regular business hours (Monday through Friday, 8:00 a.m. to 5:00 p.m.) within 48 hours of the meeting at 559-713-2900 for access information. Documents related to the items on this agenda are available for public inspection at the Retirement Office, 136 N Akers Street, Visalia, CA, during normal business hours. Such documents are also available on TCERA's website, www.tcera.org, subject to staff's ability to post the documents before the meeting.

As a courtesy to those in attendance, all individuals are requested to place cell phones and other electronic devices in the non-audible alert mode.

I. CALL TO ORDER

II. ROLL CALL

III. PUBLIC COMMENT

At this time, members of the public may comment on any item not appearing on the agenda. Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public is invited to make comments at the time the item comes up for Board consideration. Any person addressing the Board will be limited to a maximum of five (5) minutes so that all interested parties have an opportunity to speak. Please state your name for the record.

IV. AGENDA ITEMS

1. Discussion and possible action regarding the following items:
 - a. Approve Investment Committee Minutes from November 3, 2021.
 - b. Asset Allocation Status
 - c. 2021-2022 Investment Committee Goals and Objectives Timeline and 2021-2022 Education Calendar
 - d. Investment Managers
 - 1) Verus Flash Report – All Managers
 - 2) Managers of Interest
 - a) StepStone – Notice of personnel changes.
 - b) LMCG – Notice of transition to Leeward Investments, LLC

V. UPCOMING MEETING

1. January 12, 2022, 10:30 a.m.

VI. ADJOURN

1. *In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Secretary of the Board of Retirement at (559) 713-2900. Notification 48 hours prior to the meeting will help enable staff to make reasonable arrangements to ensure meaningful access. Documents related to the items on this Agenda submitted after distribution of the Agenda packet are available for public inspection at TCERA, 136 N. Akers Street, Visalia, CA. during normal business hours.*



COUNTY OF TULARE
BOARD OF RETIREMENT

Leanne Malison
Retirement Administrator

136 N AKERS STREET
VISALIA, CALIFORNIA 93291

TELEPHONE (559) 713-2900
FAX (559) 730-2631
www.tcera.org

MINUTES OF THE BOARD OF RETIREMENT
INVESTMENT COMMITTEE MEETING
Wednesday, November 3, 2021 @ 10:30 a.m.
TCERA Board Room, 136 N. Akers Street, Visalia, CA 93291

I. CALL TO ORDER

The meeting was called to order at 10:48 a.m. by Gary Reed, Chair.

II. ROLL CALL

Voting Trustees Present: Gary Reed, Chair; Pete Vander Poel, Cass Cook
Alternate Trustee Present: Paul Sampietro
Staff Members Present: Leanne Malison, Retirement Administrator
Mary Warner, Assistant Retirement Administrator
Susie Brown, Secretary I

III. PUBLIC COMMENT

At this time, members of the public may comment on any item not appearing on the agenda. Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public is invited to make comments at the time the item comes up for Board consideration. Any person addressing the Board will be limited to a maximum of five (5) minutes so that all interested parties have an opportunity to speak. Please state your name for the record.

IV. AGENDA ITEMS

1. Discussion and possible action regarding the following items:
 - a. Approve Investment Committee Minutes from October 13, 2021.

Motion to approve the minutes as presented:

Motion: Cook
Second: Vander Poel
Motion passed unanimously.

- b. Asset Allocation Status

Ms. Malison noted that the asset allocation status report for October was not available due to the Committee meeting falling early in the month. The Committee reviewed the September report.

c. 2021-2022 Investment Committee Goals and Objectives Timeline and 2021-2022 Education Calendar

The Committee reviewed the reports. Mr. Reed noted the number of achievements recorded for the calendar year and thanked the Committee for its work. Ms. Malison noted that she has provided the draft Education Calendar for 2022 and requested input regarding the scheduling of the manager presentations.

She also indicated that the February 9, 2022 Board meeting would likely be canceled due to the World Ag Expo and asked if the Committee recommended canceling the Committee meeting for that date also.

The Committee directed Staff to send the invitations to the managers for the 2022 presentations and to cancel the February Committee meeting.

d. Large Cap Growth Equity Manager Review

Ms. Malison reviewed the memo from Verus regarding the possible expansion of the presentations scheduled for January 26, 2022.

Motion to affirm the Board of Retirement's original action regarding this matter, inviting Sands Capital and William Blair to make large cap growth equity presentations to the Board.

Motion: Cook
Second: Vander Poel
Motion passed unanimously.

e. Annual Manager Fee and AB2833 Reports

Ms. Malison reviewed the reports presented noting that the Manager Fee Report is prepared by TCERA accounting staff at the request of the Board. She reminded the Committee that the *Fees as a Percent of Assets* column will not represent a true accounting of fee percentages because of the inflows and outflows of funds managed by each manager during the year.

The AB2833 Reports are required reporting for private equity investments.

Motion to accept the reports as presented:

Motion: Cook
Second: Vander Poel
Motion passed unanimously.

f. Investment Managers

1) Verus Flash Report – All Managers

Ms. Malison noted that the September report reflects flat performance year-to-date because of the volatility in the market during the month of September.

2) Managers of Interest

- a) Franklin Templeton – Manager Review – No action.
- b) KKR – Organizational Update – No action.

V. UPCOMING MEETING

1. December 8, 2021, 10:30 a.m.

VI. ADJOURN

The meeting was adjourned at 10:59 a.m.

Gary Reed, Chair



COUNTY OF TULARE
BOARD OF RETIREMENT

Leanne Malison
Retirement Administrator

136 N AKERS STREET
VISALIA, CALIFORNIA 93291

TELEPHONE (559) 713-2900
FAX (559) 730-2631
www.tcera.org

**TCERA, Board of Retirement
Investment Committee**

Agenda Item # IV. 1 b.

Agenda Date: December 8, 2021

Subject: Asset Allocation Status

Requests:

That the Investment Committee:

1. Discuss the current asset allocation status as compared to targets.
2. Make recommendations to the Board of Retirement as necessary.

Summary:

The Asset Allocation Comparison is provided as a reference tool for the Committee to note the current allocation as compared to target and to track new manager implementation and rebalancing activity. Depending on the date of the Investment Committee meeting, the report may not be available for distribution with the original packet of backup materials. The report will be provided as soon as the data is available from the custodian bank.

Prepared by: Leanne Malison

TCERA Asset Allocation Comparison 11-30-21 - Preliminary Numbers

Manager	Category	Market Value	Actual %	Target %	Value at Target	Difference to Target	Comments
DOMESTIC EQUITY							
QMA	Large Core Enhanced	72,501,043	3.57%	3.00%	60,943,466	11,557,578	
SSGA S&P 500 Sec Lnd Index Fund	Large Core	225,593,718	11.11%	10.00%	203,144,886	22,448,832	
Boston Partners	Large Value	70,348,506	3.46%	3.50%	71,100,710	(752,204)	
Ivy (Waddell & Reed)	Large Growth	81,785,131	4.03%	3.50%	71,100,710	10,684,421	Rebalancing Pending
SSGA US Ext Sec Lnd	SMID Core Index	66,819,734	3.29%	3.00%	60,943,466	5,876,269	
LMCG (Lee Munder)	Small Value	32,624,478	1.61%	1.50%	30,471,733	2,152,745	
William Blair	Smid Growth	32,615,970	1.61%	1.50%	30,471,733	2,144,237	
	Total	582,288,580	28.66%	26.00%	528,176,703	54,111,877	
INTERNATIONAL EQUITY							
SGA	International Growth	103,631,177	5.10%	6.00%	121,886,931	(18,255,754)	
PIMCO RAE	International Value	103,503,502	5.10%	4.00%	81,257,954	22,245,548	
SSGA - ACWI Index Fund	International Core	119,887,258	5.90%	6.00%	121,886,931	(1,999,673)	
	Total	327,021,938	16.10%	16.00%	325,031,817	1,990,120	
GLOBAL EQUITY							
Skellig Water Fund (KBI)	Water Related	78,268,431	3.85%	3.00%	60,943,466	17,324,965	Rebalancing Pending
	Total	78,268,431	3.85%	3.00%	60,943,466	17,324,965	
PRIVATE EQUITY							
Pantheon	Private Equity - F of F	420,959	0.02%				
Stepstone	PE - Secondaries	5,895,570	0.29%				
Ocean Avenue III	Private Equity - F of F	19,428,499	0.96%				
Ocean Avenue IV	Private Equity - F of F	20,601,057	1.01%				Underweight pending new commitments and capital calls. Pantheon, Stepstone and BlackRock in liquidation phase.
Pathway Fund 8	Private Equity - F of F	31,573,083	1.55%				
Pathway Fund 9	Private Equity - F of F	24,739,650	1.22%				
Pathway Fund 10	Private Equity - F of F	9,628,460	0.47%				
BlackRock Alternatives	Private Equity - F of F	527,330	0.03%				
	Total	112,814,609	5.55%	12.00%	243,773,863	(130,959,254)	
FIXED INCOME							
BlackRock	Core Plus	148,205,315	7.30%	6.00%	121,886,931	26,318,384	
MacKay Shields	Core Plus	123,326,957	6.07%	5.50%	111,729,687	11,597,270	
DoubleLine	Core Plus	117,744,659	5.80%	5.50%	111,729,687	6,014,972	Rebalancing Pending
PGIM	Emerging Market Debt	85,418,684	4.20%	3.00%	60,943,466	24,475,218	
Franklin Templeton	Global Credit	66,276,717	3.26%	0.00%	-	66,276,717	
	Total	540,972,332	26.63%	20.00%	406,289,772	134,682,561	

TCERA Asset Allocation Comparison 11-30-21 - Preliminary Numbers

Manager	Category	Market Value	Actual %	Target %	Value at Target	Difference to Target	Comments
PRIVATE CREDIT							
Sixth Street DCP (TSSP)	Private Credit	87,607,921	4.31%	5.00%	101,572,443	(13,964,522)	Underweight pending capital calls
	Total	87,607,921	4.31%	5.00%	101,572,443	(13,964,522)	
REAL ASSETS							
Invesco	Real Estate Debt	39,638,596	1.95%	3.00%	60,943,466	(21,304,869)	
American Realty Advisors	Value Add Real Estate	31,497,934	1.55%	4.00%	81,257,954	(49,760,020)	Underweight pending IFM, American Realty and Invesco capital calls and Opportunistic. RREEF America II overweight pending rebalancing.
Opportunistic RE Funds	Opportunistic Real Estate	-	0.00%	4.00%	81,257,954	(81,257,954)	
IFM	Infrastructure	-	0.00%	4.00%	81,257,954	(81,257,954)	
RREEF America II	Core Commingled	180,697,807	8.90%	3.00%	60,943,466	119,754,342	
	Total	251,834,338	12.40%	18.00%	365,660,794	(113,826,456)	
OPPORTUNISTIC							
KKR - Mezzanine	Opportunistic	3,904,517	0.19%	n/a	-	3,904,517	Opportunistic outside of Target Allocation. KKR and PIMCO funds in distribution phase.
Sixth Street TAO Contingent (TSSP)	Opportunistic	20,995,589	1.03%	n/a	-	20,995,589	
PIMCO BRAVO - Distressed Debt	Opportunistic	10,362	0.00%	n/a	-	10,362	
	Total	24,910,468	1.23%		-	24,910,468	
OTHER							
			1.23%		-	24,910,468	
Cash		25,730,241	1.27%	0.00%	-	25,730,241	Capital Calls and Cash Flow Needs.
	Total	25,730,241	1.27%	0.00%	-	25,730,241	
	Grand Total	2,031,448,858	100.00%	100.00%	2,031,448,858		



COUNTY OF TULARE
BOARD OF RETIREMENT

Leanne Malison
Retirement Administrator

136 N AKERS STREET
VISALIA, CALIFORNIA 93291

TELEPHONE (559) 713-2900
FAX (559) 730-2631
www.tcera.org

**TCERA, Board of Retirement
Investment Committee**

Agenda Item # IV. 1 c.

Agenda Date: December 8, 2021

Subject: 2021-2022 Investment Committee Goals and Objectives Timeline and 2021-2022 Education Calendar

Requests:

That the Investment Committee:

1. Discuss the Goals and Objectives Timeline and Education Calendar
2. Direct Staff to make revisions as determined by the Committee
3. Make recommendations to the Board of Retirement as necessary

Summary:

The Goals and Objectives Timeline is provided to assist the Committee in monitoring the progress of its goals and objectives for the year. The Education Calendar is provided to ensure that education items related to the Committee's goals and objectives are included in the presentation schedule for the year.

Prepared by: Leanne Malison

TCERA Investment Committee Goals and Objectives Timeline

Revised 11/29/21

2021

January – March

Active/Passive Investment Panel – The presentation occurred at the February 24, 2021 Board meeting. **Completed**

Investment Refresher Course – At the Board meeting of January 27, 2021, the trustees directed Staff to arrange for an Investment Refresher Course to be provided as an educational opportunity during a future Board meeting. The education was presentation at the March 24, 2021 Board meeting. **Completed**

April – June

TCERA China Exposure Analysis – As directed by the Board at its March 12, 2021 meeting. Review conducted at Investment Committee – June 9, 2021 and reported out to Board of Retirement on June 23, 2021. **Completed**

Securities Lending Education – At its May 26, 2021 meeting, the Board requested that Verus prepare an educational session on Securities Lending. The presentation made at Board meeting of June 23, 2021. **Completed**

July – September

Active/Passive Investment Analysis – As directed by the Board at its February 24, 2021 meeting. Scheduled for April 14, 2021 Investment Committee. Committee reported to Board of Retirement on May 26, 2021. Board directed Staff to work with Verus to implement a 50/50 active/passive split for the domestic equity portfolio. Transition completed. **Completed**

Index Fund Review – As directed by the Board at its February 24, 2021 meeting. Scheduled for April 14, 2021 Investment Committee. Committee reported to Board of Retirement on May 26, 2021. Board authorized changing the SSgA index funds to those allowing securities lending. Contracts received and executed. Transition completed. **Completed**

Asset/Liability Study/Strategic Asset Allocation – The asset liability study conducted every three years by the investment consultant is scheduled for presentation to the Board of Retirement on May 26, 2021. The Board directed Verus to prepare asset allocation options that add some additional risk (volatility) to the portfolio. Discussion was held at the June 23, 2021 Board meeting. The Board directed Verus to prepare additional asset allocation options to be reviewed at the July 28, 2021 Board meeting. The Board discussed the additional options presented at the July 28, 2021 Board meeting. The discussion was tabled, to be continued at the August 11, 2021 Board meeting. The Board approved “Mix 4.1” at the Board meeting of August 11, 2021. **Completed**

BlackRock Guidelines Review – BlackRock has indicated that the investment guidelines for the fixed income investment are outdated. Proposed changes received and approved at June 23, 2021 Board meeting. Final guidelines were approved at the July 28, 2021 Board meeting. **Completed**

TCERA Separate Account Guidelines Review – As directed by the Board at its March 12, 2021 meeting. Review held at Investment Committee – June 9, 2021. Proposed guideline changes scheduled for review by the Investment Committee on August 11, 2021. Guideline changes for Ivy were approved at the August 11, 2021 Board meeting. **Completed**

Active Manager Expense Review – As directed by the Board at its February 24, 2021 meeting. Scheduled for April 14, 2021 Investment Committee. Committee reported to Board of Retirement on May 26, 2021. Board directed Verus to contact Franklin Templeton and PGIM regarding the investment management fee structures. Fee reductions have been negotiated. Proposed changes were discussed at the July 14, 2021 Investment Committee meeting with a recommendation to accept the proposed changes. The Board of Retirement approved the amended fee schedules at the July 28, 2021 Board meeting. **Completed**

October – December

Strategic Asset Allocation Mix 4.1 Implementation – The implementation plan for the new asset mix was discussed at the September 8, 2021 Investment Committee meeting. The Committee reported out to the Board on September 22nd and the matter was referred back to the Investment Committee for further discussion. An implementation plan was adopted. Details of the implementation are included in the 2022 Goals and Objectives Section. A complete implementation plan was finalized at the November 17, 2021 Board meeting. **Completed**

2022

January - March

Large Cap Growth Equity Manager Review – Comparative manager information as it relates to the large cap growth equity investment with Ivy was provided by Verus at the October 13th Investment Committee meeting. The Committee recommended identifying Sands Capital and William Blair as finalists for the mandate and the Board approved the recommendation at the October 27th Board meeting. The Board also directed Verus to provide information regarding SGA's large cap growth product. Finalist presentations are expected at the January 26th Board meeting.

"Dry Powder" Investment -- On October 27th, the Board approved the transfer of funds from Global Fixed Income and Emerging Market Debt to SSGA SMID and REIT index funds pending capital calls for real estate and private equity. The REIT Index Fund has been opened with SSGA. Transfer of funds is expected in December.

Infrastructure – On October 27th, the Board requested a presentation from IFM to the Board of Retirement regarding the firm's infrastructure fund. IFM presented to the Board on November 17th. At that meeting the Board approved IFM as the infrastructure investment manager. Contract is pending.

Private Equity/Oppportunistic Real Estate – On October 27th, the Board determined that direct fund investing with the assistance of a consultant will be the implementation strategy for private equity and other similar private markets investments. At the November 17, 2021 Board meeting, the Board authorized Staff to enter into a contract with Verus for private markets consulting. Implementation can begin when the contract is complete. Contract is currently pending.

TCERA Board of Retirement 2021 Trustee Education Calendar

Month	Meeting Date	Education Topics
January	January 13 January 27	
February	February 10 February 24	12/31/20 Investment Report – Verus Active/Passive Investment Panel - Verus
March	March 10 March 24	BlackRock/BlackRock Alternatives (Fixed Income and Private Equity) Investment Refresher Course - Verus
April	April 14 April 28	PIMCO RAE Ivy Investments
May	SACRS – May 11-14 May 26	3/31/21 Investment Report – Verus Asset/Liability Study – Verus Strategic Asset Allocation Review - Verus
June	June 9 June 23	Boston Partners SGA Securities Lending Education – Verus Asset/Liability Study Follow Up – Strategic Asset Allocation Review – Verus
July	July 14 July 28	Pathway Pantheon Private Markets Review – Verus Asset/Liability Study Follow Up – Strategic Asset Allocation Review – Verus Risk/Standard Deviation Education

August	August 11	Franklin Templeton DoubleLine Asset/Liability Study Follow Up – Strategic Asset Allocation Review – Verus (continued from July 28th)
	August 25	6/30/21 Investment Report - Verus
	September 8	Invesco SSGA
	September 22	Report from Investment Committee regarding Strategic Asset Allocation Implementation Plan
October	October 13	Discussion Regarding Actuarial Assumptions for June 30, 2021 Valuation - Cheiron
	October 27	Report from Investment Committee regarding Large Cap Growth Equity manager, Infrastructure managers, and implementation plan
November	November 3 - due to SACRS	Actuarial Valuation Report - Cheiron
	SACRS Nov 9-12	
	November 17- due to Thanksgiving Holiday	9/30/21 Investment Report Verus Private Markets Team Presentation IFM Infrastructure Presentation
December	December 8	Brown Armstrong – Audit Results

Expected 2022 Investment Manager Regular Biennial Presentations:

QMA
LMCG
Sixth Street (TSSP)
Stepstone
RREEF
Ocean Avenue
William Blair
KBI
PGIM
KKR
American Realty Advisors
MacKay Shields

TCERA Board of Retirement 2022 Trustee Education Calendar

Month	Meeting Date	Education Topics
January	January 12 January 26	Large Cap Growth Equity Presentations
February	February 23	No first meeting due to World Ag Expo 12/31/21 Investment Report – Verus
March	March 9 March 23	QMA (PGIM) LMCG
April	April 13 April 27	Sixth Street Stepstone
May	SACRS – May 10-13 May 25	3/31/22 Investment Report – Verus Strategic Asset Allocation Review - Verus
June	June 8 June 22	RREEF Ocean Avenue
July	July 13 July 27	William Blair KBI Private Markets Review – Verus
August	August 10 August 24	PGIM American Realty 6/30/22 Investment Report – Verus Investment Manager Fee Review

September	September 14 September 28	Mackay Shields KKR
October	October 12 October 26	Preliminary Actuarial Analysis - Cheiron
November	November 2 - due to SACRS SACRS Nov 8-11 November 16 - due to Thanksgiving Holiday	Actuarial Valuation Report - Cheiron 9/30/22 Investment Report
December	December 14	Brown Armstrong – Audit Results

Expected 2023 Investment Manager Regular Biennial Presentations:

BlackRock
PIMCO RAE
Ivy Investments
Boston Partners
SGA
Pathway
Pantheon
DoubleLine
Invesco
SSGA
Infrastructure Manager TBD



COUNTY OF TULARE
BOARD OF RETIREMENT

Leanne Malison
Retirement Administrator

136 N AKERS STREET
VISALIA, CALIFORNIA 93291

TELEPHONE (559) 713-2900
FAX (559) 730-2631
www.tcera.org

**TCERA, Board of Retirement
Investment Committee**

Agenda Item # IV. 1. d.

Agenda Date: December 8, 2021

Subject: Investment Manager Review

Requests:

That the Investment Committee:

1. Review and Discuss manager performance as reported in the most recent Verus Flash Report.
2. Review and Discuss any Managers of Interest and other presented topics

Summary:

1. **Verus Flash Report** – The Flash Report provides the most current performance information provided by Verus. The Committee will periodically discuss individual managers and their performance as well as overall portfolio performance. The Flash report is prepared by Verus as soon as month end information is available from TCERA's managers and is generally available by the 15th of the month. Depending on the timing of the receipt of the investment data and the date of the committee meeting, the most recent month-end report may not be ready in time for distribution or discussion.
2. **Managers of Interest** – The Committee has requested a standing agenda item to discuss managers of interest in greater detail. Most often these will be current investment managers as listed on the Verus Flash Report that have reported firm/personnel changes or managers that require additional discussion or scrutiny.
 - a. StepStone – Notice of personnel changes
 - b. LMCG – Notice of transition to Leeward Investments, LLC

Prepared by: Leanne Malison

Total Fund

Executive Summary (Net of Fees) - Preliminary

Period Ending: October 31, 2021

	Market Value	% of Portfolio	1 Mo	QTD	Fiscal YTD	Fiscal 2021	Fiscal 2020	Fiscal 2019	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs
Total Fund	2,011,487,277	100.0	3.1	3.1	3.3	23.6	0.6	6.0	22.8	11.2	9.8	8.1	--	--
<i>Policy Index</i>			2.3	2.3	3.3	22.1	3.2	7.0	21.1	12.0	10.2	8.3	--	--
Total Domestic Equity	586,949,650	29.2	6.3	6.3	6.0	44.5	4.2	7.6	44.5	20.3	18.5	15.8	--	--
<i>Russell 3000</i>			6.8	6.8	6.7	44.2	6.5	9.0	43.9	21.6	18.9	16.1	10.7	10.1
SSGA S&P 500 Flagship Fund	225,593,718	11.2	7.0	7.0	7.6	40.8	7.5	10.4	42.8	21.4	18.9	16.2	--	--
<i>S&P 500</i>			7.0	7.0	7.6	40.8	7.5	10.4	42.9	21.5	18.9	16.2	10.6	9.8
QMA Large Cap Core	73,173,303	3.6	6.2	6.2	6.3	39.5	3.8	6.6	42.8	18.3	16.8	15.6	--	--
<i>S&P 500</i>			7.0	7.0	7.6	40.8	7.5	10.4	42.9	21.5	18.9	16.2	10.6	9.8
Ivy Large Cap Growth	81,744,275	4.1	7.9	7.9	9.3	38.0	20.2	15.1	41.3	28.1	24.8	18.7	--	--
<i>Russell 1000 Growth</i>			8.7	8.7	9.9	42.5	23.3	11.6	43.2	29.4	25.5	19.4	13.7	11.2
Boston Partners Large Cap Value	71,937,865	3.6	4.8	4.8	3.0	49.5	-8.8	4.5	49.0	13.3	13.6	13.3	--	--
<i>Russell 1000 Value</i>			5.1	5.1	4.3	43.7	-8.8	8.5	43.8	13.9	12.4	12.8	7.6	8.6
SSGA US Extended Market Index	66,819,734	3.3	5.4	5.4	2.0	--	--	--	--	--	--	--	--	--
<i>Dow Jones U.S. Completion Total Stock Market</i>			5.4	5.4	1.9	61.6	1.0	1.9	49.2	21.8	18.5	15.2	10.9	11.7
William Blair SMID Cap Growth	34,576,807	1.7	6.2	6.2	4.9	42.4	6.1	10.1	37.3	21.4	21.8	17.1	--	--
<i>Russell 2500 Growth</i>			5.1	5.1	1.4	49.6	9.2	6.1	37.1	23.1	20.7	16.1	11.9	11.4
Lee Munder Small Value	33,103,948	1.6	3.7	3.7	3.4	61.1	-14.9	-4.7	57.8	14.0	11.5	11.5	--	--
<i>Russell 2000 Value</i>			3.8	3.8	0.7	73.3	-17.5	-6.2	64.3	13.4	12.6	12.1	7.4	9.9
Total International Equity	327,021,937	16.3	2.3	2.3	0.3	38.3	-4.0	3.5	33.2	14.1	10.9	7.3	--	--
<i>MSCI ACWI ex USA Gross</i>			2.4	2.4	-0.5	36.3	-4.4	1.8	30.2	12.5	10.3	7.2	4.7	7.6
SSGA MSCI ACWI Ex US Index Fund	119,887,258	6.0	2.4	2.4	-0.7	35.9	-4.5	1.5	29.8	12.2	10.0	6.9	--	--
<i>MSCI ACWI ex USA</i>			2.4	2.4	-0.7	35.7	-4.8	1.3	29.7	12.0	9.8	6.7	4.3	7.1
PIMCO RAE Fundamental Global Ex US Fund	103,503,502	5.1	0.9	0.9	-2.0	45.3	-14.9	-1.5	41.5	8.3	7.8	--	--	--
<i>MSCI ACWI ex USA Value</i>			1.6	1.6	-0.7	37.6	-15.3	-0.1	37.1	6.9	6.7	4.7	2.7	6.4
SGA Global Growth	103,631,177	5.2	3.6	3.6	3.8	34.3	6.5	10.7	30.2	21.3	--	--	--	--
<i>MSCI ACWI ex USA Growth</i>			3.1	3.1	-0.6	33.7	5.8	2.6	22.7	16.8	12.7	8.5	5.7	7.8
Total Global Equity	79,475,555	4.0	4.1	4.1	5.2	50.4	-3.6	1.9	45.8	18.8	14.3	--	--	--
<i>MSCI ACWI Gross</i>			5.1	5.1	4.1	39.9	2.6	6.3	37.9	18.1	15.3	11.9	7.9	8.8

Policy (10/1/2020): 25% Russell 3000, 15% MSCI ACWI ex US, 3% MSCI ACWI, 17% Bloomberg US Aggregate, 5% JPM GBI Global, 5% (50% JPM EMBI Global Div/50% JPM GBI EM Global Div), 20% NCREIF-ODCE, 5% Private Equity Returns, 5% Private Credit Returns. Shenkman HY liquidated 3/11/19. PGIM EMD funded 8/26/19. Ocean Ave Fund IV funded 9/16/19. Gresham Commodity and Wellington Commodity liquidated 9/27/19. American Realty funded 12/20/19. Pathway Fund 10 funded 3/25/20. TAO Contingent funded 4/16/20. SSGA Russell Small Cap Completeness Index transitioned to SSGA US Extended Market Index on 6/10/21. Invesco Commercial MIF funded 9/1/21. All data is preliminary.

Total Fund
Executive Summary (Net of Fees) - Preliminary

Period Ending: October 31, 2021

	Market Value	% of Portfolio	1 Mo	QTD	Fiscal YTD	Fiscal 2021	Fiscal 2020	Fiscal 2019	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs
Skellig Water Fund (aka KBI)	79,475,555	4.0	4.1	4.1	5.2	50.4	-3.6	1.9	45.8	18.8	14.3	--	--	--
MSCI ACWI			5.1	5.1	4.0	39.3	2.1	5.7	37.3	17.5	14.7	11.3	7.3	8.3
Total Fixed Income	540,510,473	26.9	-0.2	-0.2	-0.6	2.8	2.9	7.2	1.1	4.1	2.8	3.0	--	--
Bloomberg US Aggregate TR			0.0	0.0	0.0	-0.3	8.7	7.9	-0.5	5.6	3.1	3.0	4.1	4.2
Total Domestic Fixed Income	388,815,070	19.3	0.0	0.0	0.1	2.3	7.3	7.6	1.2	5.9	3.6	3.5	--	--
Bloomberg US Aggregate TR			0.0	0.0	0.0	-0.3	8.7	7.9	-0.5	5.6	3.1	3.0	4.1	4.2
BlackRock Fixed Income	147,743,454	7.3	0.0	0.0	0.0	0.5	9.1	8.0	-0.1	6.1	3.4	3.3	--	--
Bloomberg US Aggregate TR			0.0	0.0	0.0	-0.3	8.7	7.9	-0.5	5.6	3.1	3.0	4.1	4.2
Doubleline Core Plus	117,744,659	5.9	-0.1	-0.1	0.2	2.9	4.1	7.0	1.7	4.8	3.0	--	--	--
Bloomberg US Aggregate TR			0.0	0.0	0.0	-0.3	8.7	7.9	-0.5	5.6	3.1	3.0	4.1	4.2
Mackay Shields Core Plus	123,326,957	6.1	0.1	0.1	0.2	3.7	8.5	7.4	2.2	6.8	4.1	--	--	--
Bloomberg US Aggregate TR			0.0	0.0	0.0	-0.3	8.7	7.9	-0.5	5.6	3.1	3.0	4.1	4.2
Total Global Fixed Income	66,276,717	3.3	-0.7	-0.7	-2.3	-2.2	-7.9	6.1	-4.5	-3.2	-0.5	--	--	--
JPM GBI Global TR USD			-0.3	-0.3	-1.4	0.0	5.2	5.7	-3.5	4.0	2.0	1.1	3.3	--
Franklin Templeton Global Bond Plus	66,276,717	3.3	-0.7	-0.7	-2.3	-2.2	-7.9	6.1	-4.5	-3.2	-0.5	--	--	--
JPM GBI Global TR USD			-0.3	-0.3	-1.4	0.0	5.2	5.7	-3.5	4.0	2.0	1.1	3.3	--
Total Emerging Markets Fixed Income	85,418,685	4.2	-0.7	-0.7	-2.2	10.3	-2.4	--	5.9	--	--	--	--	--
50% JPM EMBI Global Div/50% JPM GBI EM Global Div			-0.7	-0.7	-2.5	7.1	-1.1	10.8	2.6	5.2	3.1	2.9	5.2	--
PGIM Emerging Markets Debt	85,418,685	4.2	-0.7	-0.7	-2.2	10.3	--	--	5.9	--	--	--	--	--
50% JPM EMBI Global Div/50% JPM GBI EM Global Div			-0.7	-0.7	-2.5	7.1	-1.1	10.8	2.6	5.2	3.1	2.9	5.2	--
Total Real Estate	228,747,770	11.4	5.4	5.4	9.2	2.2	5.3	6.7	12.2	6.3	6.7	8.9	--	--
NCREIF ODCE net 1Q Lag			0.0	0.0	3.7	1.5	3.9	6.6	7.1	4.6	5.6	8.6	5.3	--
RREEF America II	180,697,807	9.0	5.9	5.9	9.8	2.1	5.3	6.6	12.8	6.5	7.0	10.0	--	--
NCREIF ODCE net 1Q Lag			0.0	0.0	3.7	1.5	3.9	6.6	7.1	4.6	5.6	8.6	5.3	--
American Realty	31,474,745	1.6	4.8	4.8	8.0	3.4	--	--	11.3	--	--	--	--	--
NCREIF ODCE net 1Q Lag			0.0	0.0	3.7	1.5	3.9	6.6	7.1	4.6	5.6	8.6	5.3	--
Invesco Commercial Mortgage Income Fund	16,575,217	0.8	0.9	0.9	--	--	--	--	--	--	--	--	--	--
NCREIF ODCE net 1Q Lag			0.0	0.0	3.7	1.5	3.9	6.6	7.1	4.6	5.6	8.6	5.3	--

Policy (10/1/2020): 25% Russell 3000, 15% MSCI ACWI ex US, 3% MSCI ACWI, 17% Bloomberg US Aggregate, 5% JPM GBI Global, 5% (50% JPM EMBI Global Div/50% JPM GBI EM Global Div), 20% NCREIF-ODCE, 5% Private Equity Returns, 5% Private Credit Returns. Shenkman HY liquidated 3/11/19. PGIM EMD funded 8/26/19. Ocean Ave Fund IV funded 9/16/19. Gresham Commodity and Wellington Commodity liquidated 9/27/19. American Realty funded 12/20/19. Pathway Fund 10 funded 3/25/20. TAO Contingent funded 4/16/20. SSGA Russell Small Cap Completeness Index transitioned to SSGA US Extended Market Index on 6/10/21. Invesco Commercial MIF funded 9/1/21. All data is preliminary.

Total Fund
Executive Summary (Net of Fees) - Preliminary

Period Ending: October 31, 2021

	Market Value	% of Portfolio	1 Mo	QTD	Fiscal YTD	Fiscal 2021	Fiscal 2020	Fiscal 2019	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs
Total Private Equity	113,391,381	5.6	2.8	2.8	8.8	42.4	5.4	17.8	37.7	20.8	19.2	15.4	--	--
<i>Private Equity Benchmark</i>			2.8	2.8	8.8	42.4	5.4	17.8	37.7	20.8	19.2	15.4	--	--
BlackRock Alternative Advisors	527,330	0.0	0.0	0.0	-2.5	-13.7	8.1	8.8	-21.4	-3.5	2.7	5.8	--	--
Ocean Avenue Fund III	19,428,499	1.0	17.1	17.1	25.2	25.2	13.7	35.4	60.0	29.4	27.4	--	--	--
Ocean Avenue Fund IV	20,601,057	1.0	0.0	0.0	8.7	35.2	--	--	35.7	--	--	--	--	--
Pantheon Ventures	420,959	0.0	0.0	0.0	-5.1	4.4	-23.1	5.6	-1.3	-8.5	-2.0	3.2	--	--
Pathway Private Equity Fund Investors 8	31,801,304	1.6	0.0	0.0	12.7	67.5	4.9	26.4	47.3	28.8	27.2	--	--	--
Pathway Private Equity Fund Investors 9	21,939,974	1.1	0.0	0.0	0.0	73.9	0.0	22.0	36.0	24.0	--	--	--	--
Pathway Private Equity Fund Investors 10	8,716,185	0.4	2.5	2.5	2.5	46.9	--	--	26.6	--	--	--	--	--
Stepstone Secondary Opportunities Fund II	9,956,072	0.5	0.0	0.0	-3.9	22.4	-0.5	2.1	14.4	5.5	7.5	--	--	--
Total Private Credit	84,333,453	4.2	0.0	0.0	-0.1	28.3	-4.5	11.2	9.3	8.1	8.2	--	--	--
<i>Private Credit Benchmark</i>			0.0	0.0	-0.1	28.3	-4.5	11.2	9.3	8.1	8.2	--	--	--
Sixth Street DCP (frmly TSSP DCP)	84,333,453	4.2	0.0	0.0	-0.1	28.3	-4.5	11.2	9.3	8.1	--	--	--	--
Total Opportunistic	24,910,524	1.2	4.4	4.4	10.9	15.0	-6.2	-6.2	23.9	1.8	8.2	12.8	--	--
Sixth Street TAO Contingent (frmly TSSP TAO Contingent)	20,995,589	1.0	4.2	4.2	11.2	27.6	--	--	27.5	--	--	--	--	--
KKR Mezzanine Partners I	3,904,517	0.2												
PIMCO Bravo	10,418	0.0												

Policy (10/1/2020): 25% Russell 3000, 15% MSCI ACWI ex US, 3% MSCI ACWI, 17% Bloomberg US Aggregate, 5% JPM GBI Global, 5% (50% JPM EMBI Global Div/50% JPM GBI EM Global Div), 20% NCREIF-ODCE, 5% Private Equity Returns, 5% Private Credit Returns. Shenkman HY liquidated 3/11/19. PGIM EMD funded 8/26/19. Ocean Ave Fund IV funded 9/16/19. Gresham Commodity and Wellington Commodity liquidated 9/27/19. American Realty funded 12/20/19. Pathway Fund 10 funded 3/25/20. TAO Contingent funded 4/16/20. SSGA Russell Small Cap Completeness Index transitioned to SSGA US Extended Market Index on 6/10/21. Invesco Commercial MIF funded 9/1/21. All data is preliminary.



StepStone Group Announces Leadership Transition

Scott Hart to become sole Chief Executive Officer, Monte Brem to be named Executive Chairman

NEW YORK, Nov. 09, 2021 (GLOBE NEWSWIRE) -- StepStone Group Inc. (Nasdaq: STEP), a global private markets investment firm focused on providing customized investment solutions and advisory and data services, today announced that Co-CEO Scott Hart will become StepStone's sole Chief Executive Officer, effective January 1, 2022. Co-Founder and Co-CEO Monte Brem will become Executive Chairman of the Company and remain Chairman of the Board, completing a planned leadership transition that began when Mr. Hart was named Co-CEO in 2019. Mr. Hart remains Head of Private Equity.

"In 2007, my partners and I set out to build a global private markets investment firm rooted in client success and one that would last generations. It has been immensely gratifying to see that vision come to life," said Mr. Brem. "Scott has been a key part of this journey. Over the years, he has helped build our private equity co-investment business, set up our European operations, cultivated long-lasting client relationships, and demonstrated true entrepreneurial leadership as Co-CEO. I have full confidence in Scott to continue to grow and lead our exceptional franchise."

As Co-CEOs, Messrs. Brem and Hart worked together to manage and oversee the firm's strategic direction, including the firm's initial public offering in September of 2020 and acquisition of Greenspring Associates in September of 2021, setting the stage for continued evolution and expansion over time. Their close collaboration has ensured leadership continuity and is expected to make this planned transition seamless.

"I am honored and humbled by this responsibility, and I am excited about the future of StepStone and the team that we have built," said Mr. Hart. "Monte established the foundation for our success with his vision to build a truly differentiated firm within private markets and exemplifies our collaborative and entrepreneurial culture. We couldn't be more excited to build off that foundation while continuing to benefit from Monte's vision and mentorship as Executive Chairman."

About StepStone Group

StepStone Group Inc. (Nasdaq: STEP) is a global private markets investment firm focused on providing customized investment solutions and advisory and data services to its clients. As of September 30, 2021, StepStone oversaw approximately \$519 billion of private markets allocations, including \$121 billion of assets under management. StepStone's clients include some of the world's largest public and private defined benefit and defined contribution pension funds, sovereign wealth funds and insurance companies, as well as prominent endowments, foundations, family offices and private wealth clients, which include high-net-worth and mass affluent individuals. StepStone partners with its clients to develop and build private markets portfolios designed to meet their specific objectives across the private equity, infrastructure, private debt and real estate asset classes.

Forward-Looking Statements

Some of the statements in this release may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are forward-looking. Words such as "anticipate," "believe," "continue," "estimate," "expect," "future," "intend," "may," "plan" and "will" and similar expressions identify forward-looking statements. Forward-looking statements reflect management's current plans, estimates and expectations and are inherently uncertain. The inclusion of any forward-looking information in this release should not be regarded as a representation that the future plans, estimates or expectations contemplated will be achieved. Forward-looking statements are subject to various risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, global and domestic market and business conditions, successful execution of business and growth strategies and regulatory factors relevant to our business, as well as assumptions relating to our operations, financial results, financial condition, business prospects, growth strategy and liquidity and the risks and uncertainties described in greater detail under the "Risk Factors" section of our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on June 23, 2021, as such factors may be updated from time to time. We undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

Contacts

Shareholder Relations:
shareholders@stepstonegroup.com
1-212-351-6106

Media:

Brian Ruby / Chris Gillick, ICR
StepStonePR@icrinc.com
1-203-682-8268



November 1, 2021

Ms. Leanne Malison
Tulare County Employees' Retirement Association
136 N. Akers Street
Visalia CA 93291

Re: Tulare County Employees' Retirement Association
Account Number(s): scv079

Dear Ms. Malison:

We are very pleased to announce that the five-member LMCG US Value Equity team, along with certain other senior members and support staff of LMCG Investments, LLC ("LMCG") in operations, compliance, trading and distribution, will be spinning out of LMCG. We have created and registered with the SEC a new firm called Leeward Investments, LLC ("Leeward").

Until the transaction closes, Leeward will operate as a wholly-owned subsidiary of LMCG while preparing its operations, trading and IT for a smooth transition. Upon the closing of the transaction, Leeward will be a stand-alone investment adviser with approximately \$3.5B in assets under management, led by President R. Todd Vingers, Value Equity Portfolio Manager. Leeward will continue to be based in Boston, will be 100% employee-owned, and will have a singular focus on its Small, Mid and SMID Value strategies.

Leeward is a team of very experienced individuals focused entirely on its Value investment strategies. At Leeward, we believe that concentrating on these strategies will directly benefit our existing clients and result in future growth. We believe that this next stage in our growth enables our management team, investment professionals, and support staff to continue focusing on our highest priority—delivering long-term investment performance and superior client service to you.

LMCG's and Leeward's immediate focus is on executing a seamless transition for our clients, with regular dialogue along the way. We will ensure that there is no interruption in service at any level.

This transaction will not impact the administration of your account or the fees charged. Subject to the receipt of the necessary approvals and consents, we anticipate that the transaction will close in Q1 2022, at which time Leeward will spin out of LMCG and will be wholly owned by Leeward employees.

Under the Investment Advisers Act of 1940, the closing of the transaction results in assignment of your investment advisory/management agreement with LMCG to Leeward. In order for Leeward to continue to provide investment management services to you following the closing of the transaction, your consent to this assignment is required. Therefore, we would appreciate receiving a signed acknowledgment of your consent on the form enclosed with this letter before December 15, 2021. At your earliest convenience, please sign the form enclosed and return it to us.

If you do not wish to transition your advisory relationship to Leeward, and since LMCG will no longer offer or provide your account the Small, Mid or SMID Value strategies after the closing, please contact Jenna Oliver at (617) 823-9883 or in writing at joliver@lmcg.com to make alternative arrangements on or prior to December 15, 2021.

We are excited about this new venture, thank you for your partnership with us over the years, and look forward to continuing to serve your investment management needs.

Please feel free to call us with any questions.

On behalf of all of us at Leeward and LMCG,



R. Todd Vingers
on behalf of
Leeward Investments, LLC



Kenneth L. Swan
on behalf of
LMCG Investments, LLC



Consent to Assignment of Investment Advisory Agreement(s) for:

Tulare County Employees' Retirement Association
Account Number(s): scv079

From LMCG Investments LLC to Leeward Investments, LLC

The undersigned consents to the assignment of the above-referenced investment advisory agreement(s) and any related amendments or addendums thereto with LMCG Investments, LLC ("LMCG"), to Leeward Investments, LLC ("Leeward") as part of the transaction described in the client communication dated November 1, 2021. Leeward is a registered investment adviser under the Investment Advisers Act of 1940. By signing this Consent to Assignment, the undersigned understands that following the assignment, the terms of our agreement will remain the same, except that the investment manager providing the services will be Leeward (and not LMCG), and that any authority related to discretionary investment management services previously granted by the undersigned to LMCG shall instead be granted to and exercised by Leeward.

The undersigned also authorizes LMCG and Leeward to communicate with and direct the qualified custodian on the account noted above with instructions for transferring the account from LMCG to Leeward.

We would like to receive your consent by December 15, 2021 and appreciate your time and consideration in reviewing and returning this letter promptly to us. Please sign on the signature line below and return it electronically to us at joliver@lmcg.com.

If you do not return the below authorization by the above date, the above account will be terminated in accordance with the terms of your investment advisory agreement.

By: _____
Printed Name of Authorized Signatory

Signature of Authorized Signatory

Date

Memorandum

To: Board of Trustees, Tulare County Employees' Retirement Association
From: Mike Kamell, CFA, CAIA, Senior Consultant
Date: December 2021
RE: LMCG Small Cap Value: Watch Status

Executive Summary

Verus and TCERA staff were recently notified of a significant organizational change at Lee Munder Capital Group (LMCG), the firm that manages approximately \$30 million (1.6% of assets) in a dedicated small cap value equity strategy for TCERA. The small cap value team at LMCG will be spinning out of LMCG and forming a new entity, Leeward Investments LLC. In total, 12 professionals will be leaving to form the new company, including the five-person investment team that currently manage the small cap value strategy that TCERA invests in. LMCG and Leeward are seeking ratification by TCERA of the change in legal structure. ***Verus is recommending the change be ratified, but that the strategy be placed on Watch Status, and in the interim the Board consider an exploratory search to re-evaluate the strategy relative to the competitive landscape.***

Organizational Background at LMCG

LMCG was founded in 2000 as an institutional platform for boutique investment managers to 'plug & play' – essentially pooling shared resources with respect to operations and certain back-office functions but relying on distinct and independent investment teams. Under the LMCG umbrella organization, in addition to the value team there was a growth equity team and a quantitative international equity team, both of which have since been closed. Currently, the value equity team manages approximately \$3.6 billion in AUM (\$2.1B in the small cap value product that TCERA invests in, and an additional \$1.4 billion of mid cap value), approximately half of LMCG's overall AUM of \$7.4 billion. The other products that LMCG manages are not complementary to the value products; LMCG has a high-net-worth advisory business and a hedge fund.

Formation of Leeward Investments

Todd Vingers will serve as president of Leeward investments, as well as head of the investment team and portfolio manager. Mr. Vingers has served as the lead portfolio manager on the small cap value product since its inception in 2002 and has also served as a co-portfolio manager on the mid cap value product since 2014. The other four investment professionals joining Vingers at Leeward have been with LMCG since 2003, 2014, 2006, and 2010. The firm's intention is to focus exclusively on managing value products (both small and mid-cap), relying on the same investment process currently in place. While Mr. Vingers will serve as president and portfolio manager,

operations and many day-to-day functions will be led by Paul Fiore as COO; Mr. Fiore has been with LMCG for 20 years functioning in a similar capacity. Rounding out the back-office team is a Chief Compliance Officer, a Head Trader, a Chief Financial Officer, and two Relationship Managers, all of whom have tenured careers at LMCG. Many back-office functions will be outsourced to other companies, a common practice for boutique investment firms.

Leeward employees are effectively buying the company from LMCG. This will involve an up-front cash payment, as well an earn-out, where LMCG will receive royalty income for several years from Leeward. This is not uncommon when teams spin-out of investment firms; especially when outside financing is not involved (i.e. a private equity buyer). The majority shareholder of LMCG is RBC.

Until Leeward is spun out of LMCG, Leeward will operate as a wholly-owned subsidiary of LMCG. Prior to the spin-out, TCERA will need to acknowledge acceptance of the transaction, and consent to a delegation of the investment management agreement. If TCERA does not accept to the transfer, TCERA would need to make alternate arrangement for the management of this portfolio, and/or liquidate the portfolio, prior to December 15.

Verus Observations

Verus generally views employee-owned firms positively; the Value Equity team members owned less than 10% of the equity in LMCG, and so long-term, we think this transaction creates favorable alignment of interest and the potential for improved retention and incentive structures. There also appears to be a lack of synergies while operating under LMCG, given the dissolution of LMCG's other long-only equity products in the last several years, so this transaction appears very logical for both LMCG and the new Leeward entity.

However, this transaction does create uncertainty in our judgement. Without an outside investor, and with an up-front cash payment to LMCG, the newly formed Leeward may not have the balance-sheet strength to continue as a going concern. In response to this concern, Leeward has asserted that the organization can remain profitable even at a significant AUM decline. Establishing a new business is always challenging, and the increased management responsibilities could become a distraction, which is concerning since the investment team is already somewhat lean; 5 investment professionals are responsible for managing two (albeit complementary) products.

Lastly, we note that historical performance for the strategy could be described as mediocre. Given the fundamental value approach has been out of favor for some time, this mediocre performance is in line with our expectations. Considering all these factors, we think it is prudent for us to prepare an exploratory search book comparing Leeward (formerly LMCG) to other small cap value products we hold in high regard.

In our judgement the stability of the investment team and the investment philosophy/process are more important than stability in ownership structure; for this reason, we are not recommending outright termination at this time. Given there is incremental uncertainty associated with this change, we do think it is prudent to re-evaluate the landscape to re-affirm conviction in the

product versus other institutionally viable options. For this reason, if the Board would like us to prepare a search book of other comparable options, we can be prepared to review that in early 2022.

Lastly, should TCERA ratify the agreement with Leeward, the investment management fee would be reduced from the current 70 basis points to 65 basis points. This follows ~20% reduction in fees that was secured in April of last year.

	2021 YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Calendar Year				
						2020	2019	2018	2017	2016
Lee Munder Small Value	21.9	58.1	8.6	10.2	12.7	3.0	26.3	-15.5	7.7	27.3
Russell 2000 Value	22.9	63.9	8.6	11	13.2	4.6	22.4	-12.9	7.8	31.7
	-1.0	-5.8	0.0	-0.8	-0.5	-1.6	3.9	-2.6	-0.1	-4.4
EV US Small Cap Value Rank	53	51	50	62	70	56	25	56	71	38

As of 9/30/21. Net of fees.