



COUNTY OF TULARE

BOARD OF RETIREMENT

Leanne Malison
Retirement Administrator

136 N AKERS STREET
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AGENDA OF THE BOARD OF RETIREMENT

INVESTMENT COMMITTEE MEETING

Wednesday, September 8, 2021 @ 10:30 a.m.
TCERA Board Room, 136 N. Akers Street, Visalia, CA 93291

NOTICE OF TEMPORARY PROCEDURES FOR BOARD OF RETIREMENT MEETINGS

On March 17, 2020, California Governor Gavin Newsom issued Executive Order N-29-20, relating to the convening of public meetings in light of the COVID-19 pandemic. The Tulare County Employees' Retirement Association (TCERA) hereby provides notice that it will continue to convene its regularly scheduled public meetings of the Board of Retirement in the Board Room at 136 N. Akers Street, Visalia, as provided in the publicly posted agenda notice, and until further notice.

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. Members of the public may also submit public comment via email to BORPublicComment@tcera.org before the meeting. The comments received via 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. Persons wishing to listen to the meeting and/or participate in public comment remotely 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 login information. TCERA business hours are Monday through Friday, 8:00 a.m. to 5:00 p.m. 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).)

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 August 11, 2021.
 - b. Asset Allocation Status
 - c. 2021 Investment Committee Goals and Objectives Timeline and 2021 Education Calendar
 - d. Revised TCERA Investment Policy
 - e. TCERA Strategic Asset Allocation Implementation Plan
 - f. Investment Managers
 - 1) Verus Flash Report – All Managers
 - 2) Managers of Interest
 - a) Franklin Templeton – Manager Review

V. UPCOMING MEETING

1. October 13, 2021, 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.*



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MINUTES OF THE BOARD OF RETIREMENT INVESTMENT COMMITTEE MEETING Wednesday, August 11, 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 11:52 a.m. by Gary Reed, Chair.

II. ROLL CALL

Voting Trustees Present: Gary Reed, Pete Vander Poel, Cass Cook
Voting Alternate Present: David Vasquez (voting in the absence of Nathan Polk)
Staff Present: Leanne Malison, Retirement Administrator
Mary Warner, Assistant Retirement Administrator
Consultant Present: Mike Kamell, Verus

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.

None.

IV. AGENDA ITEMS

1. Discussion and possible action regarding the following items:
 - a. Approve Investment Committee Minutes from July 14, 2021.

Motion to approve the minutes as presented.

Motion: Vander Poel
Second: Vasquez
Motion approved unanimously.

- b. Asset Allocation Status

Ms. Malison reported that all rebalancing activity is complete. The report for next month will include the new strategic asset allocation target percentages.

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

Ms. Malison reported that there are a number of items on the timeline that are now complete. The timeline and calendar are up to date.

d. Ivy Investment Manager Guidelines

Mr. Kamell reviewed the requested guideline changes and indicated that they are reasonable for investment management in the large cap growth equity asset class.

Motion to recommend approval of the changes to Ivy's investment guidelines.

Motion: Vasquez

Second: Vander Poel

Motion passed unanimously.

e. Investment Managers

1) Verus Flash Report – All Managers

Mr. Kamell reviewed the preliminary June 30, 2021 performance noting that the plan has exceeded the investment assumption rate of 7.0% with a preliminary return of approximately 22.9% for the fiscal year. The final performance numbers will be presented at the August 25, 2021 Board of Retirement meeting.

2) Managers of Interest

- a) Franklin Templeton – Manager Review – No action. The Committee noted that this asset class will eventually be eliminated under the strategic asset allocation adopted by the Board on August 11, 2021.
- b) MacKay Shields – Manager Review /Portfolio Team Update – Mr. Kamell reviewed the change noting that it was not an area of concern at this time.
- c) Ivy – Manager Review/Personnel Turnover – Mr. Kamell reviewed the most recent change at Ivy and indicated that this change, combined with other changes at the firm, has created concern regarding the manager. He recommended that Verus provide information regarding other high quality large cap growth equity managers compared to Ivy for the Committee's review. The Committee directed Verus to prepare the information and bring it back to the Committee for consideration.

V. UPCOMING MEETING

- 1. September 8, 2021, 10:30 a.m.

VI. ADJOURN

The meeting was adjourned at 12:07 p.m.

Gary Reed, Chair



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**TCERA, Board of Retirement
Investment Committee**

Agenda Item # IV. 1 b.

Agenda Date: September 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 08-31-21 - Preliminary Numbers

Manager	Category	Market Value	Actual %	Target %	Value at Target	Difference to Target	Comments
DOMESTIC EQUITY							
QMA	Large Core Enhanced	72,231,495	3.65%	3.00%	59,417,984	12,813,511	
SSGA S&P 500 Sec Lnd Index Fund	Large Core	214,588,318	10.83%	10.00%	198,059,947	16,528,371	
Boston Partners	Large Value	71,038,282	3.59%	3.50%	69,320,981	1,717,300	
Ivy (Waddell & Reed)	Large Growth	80,369,752	4.06%	3.50%	69,320,981	11,048,771	Overweight pending capital calls.
SSGA US Ext Sec Lnd	SMID Core Index	64,690,641	3.27%	3.00%	59,417,984	5,272,657	
LMCG (Lee Munder)	Small Value	32,089,394	1.62%	1.50%	29,708,992	2,380,402	
William Blair	Smid Growth	33,598,068	1.70%	1.50%	29,708,992	3,889,076	
	Total	568,605,950	28.71%	26.00%	514,955,862	53,650,088	
INTERNATIONAL EQUITY							
SGA	International Growth	104,930,628	5.30%	6.00%	118,835,968	(13,905,340)	
PIMCO RAE	International Value	104,718,066	5.29%	4.00%	79,223,979	25,494,087	Overweight pending capital calls.
SSGA - ACWI Index Fund	International Core	118,654,843	5.99%	6.00%	118,835,968	(181,125)	
	Total	328,303,536	16.58%	16.00%	316,895,915	11,407,621	
GLOBAL EQUITY							
Skellig Water Fund (KBI)	Water Related	78,890,359	3.98%	3.00%	59,417,984	19,472,375	
	Total	78,890,359	3.98%	3.00%	59,417,984	19,472,375	
PRIVATE EQUITY							
Pantheon	Private Equity - F of F	443,622	0.02%				
Stepstone	PE - Secondaries	10,919,130	0.55%				
Ocean Avenue III	Private Equity - F of F	17,537,099	0.89%				
Ocean Avenue IV	Private Equity - F of F	17,041,596	0.86%				Underweight pending new commitments and capital calls. Pantheon, Stepstone and BlackRock in liquidation phase.
Pathway Fund 8	Private Equity - F of F	28,933,742	1.46%				
Pathway Fund 9	Private Equity - F of F	21,684,984	1.09%				
Pathway Fund 10	Private Equity - F of F	3,009,098	0.15%				
BlackRock Alternatives	Private Equity - F of F	527,330	0.03%				
	Total	100,096,601	5.05%	12.00%	237,671,936	(137,575,335)	
FIXED INCOME							
BlackRock	Core Plus	149,061,643	7.53%	6.00%	118,835,968	30,225,675	
MacKay Shields	Core Plus	124,298,801	6.28%	5.50%	108,932,971	15,365,830	
DoubleLine	Core Plus	118,385,305	5.98%	5.50%	108,932,971	9,452,334	Overweight pending capital calls.
PGIM	Emerging Market Debt	87,237,385	4.40%	3.00%	59,417,984	27,819,401	
Franklin Templeton	Global Credit	84,122,072	4.25%	0.00%	-	84,122,072	
	Total	563,105,206	28.43%	20.00%	396,119,894	166,985,312	

TCERA Asset Allocation Comparison 08-31-21 - Preliminary Numbers

Manager	Category	Market Value	Actual %	Target %	Value at Target	Difference to Target	Comments
PRIVATE CREDIT							
Sixth Street DCP (TSSP)	Private Credit	87,114,968	4.40%	5.00%	99,029,973	(11,915,005)	Underweight pending capital calls
	Total	87,114,968	4.40%	5.00%	99,029,973	(11,915,005)	
REAL ASSETS							
Invesco	Real Estate Debt	-	0.00%	3.00%	59,417,984	(59,417,984)	Underweight pending American Realty and Invesco pending capital calls and new asset classes. RREEF America II overweight pending rebalancing.
American Realty Advisors	Value Add Real Estate	23,562,326	1.19%	4.00%	79,223,979	(55,661,653)	
TBD - Opportunistic Real Estate	Value Add Real Estate	-	0.00%	4.00%	79,223,979	(79,223,979)	
TBD - Infrastructure	Value Add Real Estate	-	0.00%	4.00%	79,223,979	(79,223,979)	
RREEF America II	Core Commingled	172,005,374	8.68%	3.00%	59,417,984	112,587,390	
	Total	195,567,700	9.87%	18.00%	356,507,904	(160,940,204)	
OPPORTUNISTIC							
KKR - Mezzanine	Opportunistic	3,701,033	0.19%	n/a	-	3,701,033	Opportunistic outside of Target Allocation. KKR and PIMCO funds in distribution phase.
Sixth Street TAO Contingent (TSSP)	Opportunistic	20,840,985	1.05%	n/a	-	20,840,985	
PIMCO BRAVO - Distressed Debt	Opportunistic	10,418	0.00%	n/a	-	10,418	
	Total	24,552,436	1.24%		-	24,552,436	
OTHER							
			1.24%		-	24,552,436	Capital Calls and Cash Flow Needs. Extra operational cash in anticipation of potential liquidity issues due to market volatility.
Cash		34,362,714	1.73%	0.00%	-	34,362,714	
	Total	34,362,714	1.73%	0.00%	-	34,362,714	
Grand Total		1,980,599,469	100.00%	100.00%	1,980,599,469		



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TCERA, Board of Retirement Investment Committee

Agenda Item # IV. 1 c.

Agenda Date: September 8, 2021

Subject: 2021 Investment Committee Goals and Objectives Timeline and 2021 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 8/31/2021

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**

Strategic Asset Allocation Mix 4.1 Implementation – Discussion regarding the implementation plan for the new asset mix is scheduled for the September 8, 2021 Investment Committee meeting.

Consideration of investment manager roundtable in 2021 as directed by the Board of Retirement at its meeting of July 8, 2020.

October – December

Large Cap Growth Equity Manager Review – Comparative manager information as it relates to the large cap growth equity investment with Ivy to be provided by Verus at the October 13th Investment Committee meeting.

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	BlackRock/BlackRock Alternatives (Fixed Income and Private Equity)
	March 24	Investment Refresher Course - Verus
April	April 14	PIMCO RAE Ivy Investments
	April 28	
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	Boston Partners SGA
	June 23	Securities Lending Education – Verus Asset/Liability Study Follow Up – Strategic Asset Allocation Review – Verus
July	July 14	Pathway Pantheon
	July 28	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 managers
November	November 3 - due to SACRS	Actuarial Valuation Report - Cheiron 9/30/21 Investment Report
	SACRS Nov 9-12	
	November 17- due to Thanksgiving Holiday	
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



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TCERA, Board of Retirement Investment Committee

Agenda Item # IV. 1. d.

Agenda Date: September 8, 2021

Subject: Update to Investment Policy – Strategic Asset Allocation

Requests:

That the Investment Committee:

1. Review and Discuss the changes to the Investment Policy pursuant to the recent strategic asset allocation update.
2. Forward the revision to the Board of Retirement with a recommendation for approval.

Summary:

On August 11, 2021 the Board of Retirement adopted a new Strategic Asset Allocation that added new asset classes and adjusted target percentages for existing asset classes in TCERA's investment portfolio. The attached revision incorporates those approved changes into TCERA's Investment Policy. The revision also eliminates references to investments in Commodities and Hedge Funds because those asset classes were previously eliminated from TCERA's portfolio.

Prepared by: Leanne Malison

Introduction

The Tulare County Employees' Retirement Association (TCERA) was established to provide retirement benefits to county employees. The TCERA Board of Retirement (Board) is comprised of the County Treasurer, four members appointed by the County Board of Supervisors and four members elected by the membership.

TCERA was organized in accordance with the provisions of California's 1937 County Employees' Retirement Act. The powers and duties of the Board are set forth in the 1937 Act and in Article XVI of the State Constitution. This document provides a framework for the management of the assets of the Tulare County Employees' Retirement Association ("TCERA"). The purpose of the Investment Policy is to assist the Board in effectively supervising and monitoring investment of the assets of TCERA (the "Plan"). Specifically, it will address the following issues:

- The general goals of the investment program;
- The policies and procedures for the management of the investments;
- Specific asset allocations, rebalancing procedures and investment guidelines;
- Performance objectives; and
- Responsible parties.

The Board establishes this investment policy in accordance with applicable Local, State, and Federal laws. The Board members exercise authority and control over the management of the Plan, by setting policy which the TCERA Staff (Staff) executes either internally or through the use of external prudent experts. The Board oversees and guides the Plan subject to the following basic fiduciary responsibilities:

- Acting in accordance with the California Pension Protection Act of 1992 which states in part: "The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system...The Members of the Retirement Board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty."
- Acting with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- Diversifying the investments of the Plan so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so. Diversification is applicable to the deployment of the assets as a whole.
- Refraining from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial

TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Investment Policy Statement

Revised 8-3026-210

decisions. Employees, investment officials, and investment consultants shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Trustees and staff shall refrain from undertaking personal investment transactions with the same individual or firm with whom business is conducted on behalf of TCERA, with the exception of mutual fund investments.

This policy statement is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while setting forth reasonable parameters to ensure prudence and care in the execution of the investment program.

Policies and Procedures

The policies and procedures of TCERA's investment program are designed to position the assets of the Plan to better achieve its investment goals. Investment policies will evolve as fund conditions change and as investment conditions warrant.

Asset Allocation Policy

TCERA adopts and implements an asset allocation policy that is predicated on a number of factors, including:

- An actuarial valuation of the System's assets and liabilities, including but not limited to funded status, contributions and benefit payments;
- Historical and expected long-term capital market risk and return behavior;
- An assessment of future economic conditions, including but not limited to inflation and interest rate levels.
- The current and projected funding status of the Plan.

The Plan's asset allocation, with approved asset classes and target percentages, are illustrated in an Appendix to this Investment Policy. Implementation will be through the use of external investment managers. The Board will review the Plan's asset allocation from time to time; generally speaking, every 3 to 5 years. This review cycle may be shortened or extended, depending on changes in either market conditions or the Plan's financial and/or actuarial status.

Investment Goal Statement

The Plan's objectives are to efficiently allocate and manage the assets dedicated to the payment of Plan benefits and administrative expenses. The general investment goals of TCERA include, but are not limited to, the following.

- To act in the exclusive interest of Plan participants and their beneficiaries.
- To provide Plan participants with retirement, disability, and death and survivor benefits as provided for under the County Employees' Retirement Law of 1937, which will be accomplished through a carefully planned and executed long-term investment program.
- To manage TCERA's assets on a total return basis, recognizing the importance of the preservation of capital, while adhering to the principle that varying degrees of investment risk are generally rewarded with compensating returns.
- To achieve the following objectives:
 1. Produce a total portfolio, long-term real (above inflation) return commensurate with the target asset allocation illustrated in the Appendix to this document (annualized, net of fees, over a full market cycle, normally defined as 3 - 5 years);
 2. Exceed the assumed actuarial rate of return over rolling five year periods; and
 3. Exceed a weighted index of the total Plan's asset allocation policy and component benchmarks over rolling five year periods by an appropriate amount (annualized, net of fees, over a full market cycle).
- To maintain a strategic long-run asset allocation plan implemented in a consistent and disciplined manner, which will be the major determinant of the Plan's investment performance.
- To comply with "prudent expert" standards.

Manager Selection

The selection of investment managers is accomplished in accordance with all applicable Local, State and Federal laws and regulations. Each investment manager and consultant functions under a formal contract which delineates responsibilities and appropriate performance expectations. A formal set of investment guidelines and investment administrative requirements for each investment manager has been established.

Manager Authority

The Plan's investment managers shall have designated discretion to direct and manage the investment and reinvestment of assets allocated to their accounts in accordance with this document;

TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Investment Policy Statement
Revised 8-3026-210

applicable Local, State and Federal statutes and regulations; and individual management investment plans and executed contracts.

Brokerage Policy/Commission Recapture

Each separate account equity manager recognizes commissions as an asset of the Plan and accepts the same fiduciary responsibility for managing commissions that exist for the management of all assets under their authority. The Board also recognizes that transaction expense includes both commissions and execution costs and charges the manager with the optimization of both for the lowest possible transaction cost. The Board encourages the domestic equity managers to manage the commission activity using all available trading mechanisms to maintain average commission levels on listed trades of four (4) cents or less. The Board encourages the international equity managers to manage the commission activity using all available trading mechanisms to maintain average commission levels on trades of 20 basis points or less. The managers shall report on commission levels quarterly, and failure to achieve these commission levels in a given quarter must be accompanied by a letter of explanation to the Staff. If at any time a manager believes compliance with this policy is adversely affecting its performance, it has the responsibility to immediately notify the Board of its concern(s).

TCERA encourages active equity managers to direct a specific percentage of brokerage transactions for Plan assets under their management through designated commission recapture brokers only when best execution can be assured. TCERA also encourages its fixed-income managers, on a "best effort" basis, to utilize the services of designated commission recapture brokerage firms. It is understood that the commission recapture brokerage firms must provide the best price and execution consistent with market conditions, bearing in mind the best interests of the Plan's beneficiaries and considering all relevant factors.

All rebates or credits from commissions paid by TCERA's investment managers to the commission recapture brokers will be realized in cash and used to reduce the normal investment-oriented operating expenses of the Fund, to acquire investment products or services, or be rebated back to the Fund.

Proxy Voting

TCERA acknowledges that voting proxies is a right of equity ownership. Voting of proxies in stocks held by TCERA will be done in a manner which is in the best financial and economic interests of the Association's members and their beneficiaries by those best able to make such assessments. While the Board reserves the right to vote proxies at its discretion, such activity as a matter of course is delegated to Investment Managers. Investment Managers are required to report their proxy voting activities to Staff on a fiscal year-end basis (June 30). In addition, managers will report on their proxy voting guidelines and proxy monitoring procedures at least annually.

Securities Lending

The Board may authorize the execution of a Securities Lending Program which will be performed by the Plan custodian or qualified third party securities lending agent(s). The program is monitored and reviewed by Staff.

Derivatives

Certain of TCERA's investment managers may be permitted to use derivative instruments as set forth in each manager's investment guidelines. The use of derivatives within TCERA's Alternative Investments portfolio are not governed by the provisions of this section of the Investment Policy Statement.

Examples of appropriate applications of derivative strategies include but are not limited to hedging interest rate and currency risk, adjusting portfolio duration, maintaining exposure to a desired asset class while effecting asset allocation changes or for temporary cash balances, all so long as at no time is the portfolio in a leveraged position.

TCERA's managers are not allowed to utilize derivatives for speculative purposes. In no circumstances can individual managers borrow funds to purchase derivatives, nor may leverage be used. The use of derivative securities shall not violate either the letter or spirit of the investment guidelines that limit exposure to market, sector, and security risks.

No derivative positions can be established that create portfolio characteristics outside of portfolio guidelines. Managers must ascertain and carefully monitor the creditworthiness of any third parties involved in derivative transactions.

Rebalancing

The Board or its designee recognizes that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of the Plan's investment performance. A systematic rebalancing procedure will be implemented by Staff to maintain asset allocations within appropriate ranges, as illustrated in the Exhibit attached to this Investment Policy. Staff will report rebalancing actions to the Board.

General Investment Objectives and Guidelines

Equity Portfolios

Equity investment managers retained by TCERA will follow specific investment styles and will be evaluated against specific market indices which represent their investment style. In addition, in the case of active managers, investment results may also be compared to returns of a peer group of managers with similar styles. The benchmarks for the various equity portfolios may include the following indices:

- Global Stocks – MSCI ACWI Index
- Domestic Large-Cap Core Stocks – S&P 500 and/or Russell 1000 Index
- Domestic Non-Large Stocks - Russell 2500 and/or Russell 2000 Index
- International Stocks – MSCI EAFE Index or MSCI ACWI ex US Index
- International Small Cap Stocks – MSCI EAFE Small Cap
- Emerging Markets Stocks – MSCI Emerging Markets

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Style-specific indices may be used, as appropriate. Managers' investment activities within their respective portfolios will be consistent with the style and/or strategy for which they were hired. Guidelines for each manager will be negotiated and are subject to approval by the Board. No single investment manager's guidelines govern the entire asset class and the individual guidelines are not intended to represent the asset class as a whole.

Fixed Income Portfolios

The fixed income portfolios will be invested through managers utilizing specific investment styles and evaluated against specific market indices which represent their investment style or market segment. In addition, investment results of active managers may also be compared to returns of a peer group of managers investing with a similar style. The benchmarks for the various fixed income portfolios may include the following indices:

US Core Fixed Income - Barclays Capital Aggregate Bond Index
US Core Plus Fixed Income - Barclays Capital Universal Bond Index
High Yield Fixed Income – Barclays Capital US Corporate High Yield
Global Credit – Global Aggregate Bond Index
Emerging Market Debt – JPMorgan EMBIG (Hard) / JPMorgan GBI-EMG (Local) / JPMorgan CEMBIB (Corporate)
US TIPS – Barclays Capital US TIPS Index

Managers' investment activities within their respective portfolios will be consistent with the style and/or strategy for which they were hired. Guidelines for each manager will be negotiated and are subject to approval by the Board. No single investment manager's guidelines govern the entire asset class and the individual guidelines are not intended to represent the asset class as a whole.

From time-to-time, TCERA may place short-term deposits in the care of the County Treasurer for payment of monthly pension payroll, refunds to terminated members, reimbursement to the County for monthly budget expenditures and miscellaneous payables. The dollar value of assets placed with the County Treasurer shall not exceed 1% of total assets at market value.

The County Treasurer will make available to the Board, Administrator and Consultant quarterly reports describing the investments, return on investments and policies of the Liquid Investment Pool. The County Treasurer will also make available to the Board, Administrator and Consultant its Investment Policy Statement and any revisions made to such policy as they are adopted by the Tulare County Board of Supervisors.

Real Estate Portfolios

The real estate asset class shall consist of core-and, value-add, and opportunistic real estate equity, as well as real estate debt, and global infrastructure. With the exception of legacy separate account holdings, and property owned by TCERA to house administrative operations, the real estate portfolio will be invested through funds and/or limited partnerships. Firms managing these vehicles must have an asset base sufficient to accommodate TCERA's portfolio. In general, managers

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should have at least \$500 million of discretionary institutional real estate assets under management, and TCERA's portfolio should make up no more than 10% of the firm's total real estate asset base. These vehicles will utilize specific investment styles and be evaluated against indices which represent their investment style or market segment. The responsibility for purchase and sale decisions of specific properties is delegated to each manager as outlined in the offering documents for each fund and/or limited partnership.

Leverage:

Leverage within these vehicles is permitted, to be consistent with the strategy employed and in accordance with the prospectus or offering documents of each investment vehicle.

Investment Size:

Real estate portfolios should be appropriately diversified and maximum single property exposure should be consistent with the strategy employed and in accordance with the prospectus or offering documents of each investment vehicle.

The real estate composite (the aggregation of all funds and limited partnerships) should outperform the NCREIF Property and or ODCE indexes plus an appropriate premium (dependent upon the expected risk level of the investment) over rolling five-year periods.

~~Commodities Portfolios~~

~~Investments in commodities may be used as a diversifier as well as a hedge against inflation. Investments in Commodities will be invested through actively or passively managed futures-based investment vehicles meeting the investment manager requirements addressed in the "Selection Criteria for Investment Managers" section of this document.~~

Private Equity Portfolios

The private equity composite (the aggregation of all private equity funds and funds-of-funds employed by the Plan) should outperform the Russell 3000 + 3%, net of fees, over rolling 10-year periods. Where possible, peer comparisons will be made using statistically valid performance universe(s) with the expectation that performance will rank above median over rolling 3-5 year periods. The private equity program should be reviewed annually to determine if expectations are being met generally and to assess the need for additional fund commitments.

Because of the unique characteristics of the asset class, constructing a fully diversified portfolio of partnerships reduces the overall risks of the portfolio. The following types of diversification will be considered:

Strategy – Diversify investments throughout the various private equity strategies including Buyouts, Venture Capital, Mezzanine Financing, Distressed Debt and Special Situations.
General Partner – Diversify the investments so as to have exposure to a reasonable number of different general partners.

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Time – Diversify the investments across time so as not to have concentrated exposure to any one vintage year.

Geography/Economy – Diversify the investments to avoid a concentrated exposure to any one geographical area or economy.

Industry – Diversify the investments across industry sectors.

A diversified Fund of Funds can be used to accomplish these diversification goals. Otherwise, a portfolio of Limited Partnership interests must be carefully constructed with these diversification guidelines in mind.

Private Credit Portfolios

The private credit composite (the aggregation of all private credit funds and funds-of-funds employed by the Plan) is expected to earn a premium over traditional fixed income investments resulting from the additional risks associated with the asset class. The composite should outperform the BC High Yield Index + 2%, net of fees, over rolling 10-year periods. The private credit program should be reviewed annually to determine if expectations are being met generally and to assess the need for additional fund commitments.

There are a wide variety of investments that may be characterized as private credit. However, for the purpose of portfolio construction, the private credit component of the total fund portfolio will consist of a core allocation to direct lending investments with peripheral exposure to opportunistic and other credit investments. Opportunistic and other credit investments may include, but is not limited to, mezzanine financing, special situations, and stressed or distressed investments.

To construct a private credit portfolio as described, a diversified Fund of Funds approach or a portfolio of Limited Partnership interests that are carefully constructed with these diversification characteristics may be implemented.

Hedge Fund Portfolios

~~The role of hedge funds is to provide diversification to the portfolio's equity and fixed income investments. Strategies employed by hedge fund managers in aggregate should emphasize low correlation relative to publicly traded stock and bond markets.~~

~~It is expected that the hedge fund composite (the aggregation of all hedge funds employed by the Plan) should outperform T-bills + 5%, net of fees, over rolling 3-5 year periods with 4-6% standard deviation of returns over similar periods. Where possible, peer comparisons will be made using statistically valid performance universe(s) with the expectation that performance will rank above median over rolling 3-5 year periods.~~

~~The hedge fund program will rely primarily on fund-of-funds vehicles, offered by managers with sole responsibility for selection of the underlying hedge fund strategies and the hiring and firing of managers who carry out those strategies. The Board shall establish investment guidelines for the~~

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~~hedge fund portfolio in aggregate and shall select Investment Managers it believes are positioned to achieve the stated objectives.~~

~~The underlying managers within the fund of funds shall employ a variety of skill-based and generally proprietary strategies. All strategies are permitted and are generally defined as Relative Value strategies (equity market neutral, convertible arbitrage and fixed income arbitrage), Event-Driven strategies (merger arbitrage and distressed securities), and Opportunistic strategies (long/short equity, short-biased and global macro). However emphasis shall be placed on Relative Value and Event-Driven strategies and, at the composite level, directional strategies (strategies that rely on the direction of equity or fixed income markets) shall be minimized.~~

~~Short term strategies, especially trading-based strategies, may also be used by the underlying managers in the fund. Accordingly, the following is permitted: short sales of securities; purchase and sale of options, commodities, futures and private placements, all types of publicly traded securities and currencies; and the use of leverage and derivatives.~~

Opportunistic Investments

Opportunistic investments will be considered on a case by case basis as presented by TCERA's investment consultant. Such investments are intended to take advantage of specific market conditions and may include expansion of investments in TCERA's current asset allocation or entry into strategies outside of the asset allocation following education regarding the potential investment. Opportunistic investments will be limited to no greater than 10% of the total portfolio. Investments in individual strategies identified as opportunistic may not exceed 3% of the total portfolio.

Investment Management Policy

TCERA will utilize externally managed portfolios based on specific styles and methodologies. The managers will be expected to acknowledge in writing they are Plan fiduciaries and will have discretion and authority to determine investment strategy, security selection and timing within their asset class and subject to the Policy guidelines and any other guidelines specific to their portfolio. Performance of the portfolio will be monitored and evaluated on a regular basis relative to each portfolio component's benchmark return and relative to peer groups of managers with similar investment styles.

Investment managers, as prudent experts, will be expected to know TCERA's policies (as outlined in this document) and any specific guidelines for their portfolios, and to comply with those policies and guidelines. It is each manager's responsibility to identify policies that may have an adverse impact on performance, and to initiate discussion with Staff toward possible improvement of said policies through Board action.

The Board and Staff will also review each investment manager's adherence to its investment policy, and any material changes in the manager's organization (e.g., personnel changes, new business developments, etc.). The investment managers retained by TCERA will be responsible for informing the Board and Staff of all such material changes on a timely basis.

Investment managers under contract to TCERA shall have discretion to establish and execute transactions with established regional and national securities broker/dealers as needed. The investment managers must obtain best execution with respect to portfolio transactions.

The following transactions will be prohibited: "prohibited transactions" as defined under the Employee Retirement Income Security Act of 1974 (ERISA); transactions that involve a broker acting as a "principal," where such broker is also the investment manager who is making the transaction, and any or all investment activities forbidden by the SEC or other applicable governing bodies.

Selection Criteria for Investment Managers

Criteria will be established for each manager search undertaken by TCERA, and will be tailored to TCERA's needs in such a search. In general, eligible managers will possess attributes including, but not limited to, the following:

- The firm must be an SEC-Registered Investment Advisor under the 1940 Act or appropriately exempt from registration as defined by the SEC, and be recognized as providing demonstrated expertise in the management of institutional assets within a defined investment specialty.
- The firm must be experienced in managing money for institutional clients in the asset class/product category/investment style specified by TCERA.

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- The firm must display a record of stability in retaining and attracting qualified investment professionals, as well as a record of managing asset growth effectively, both in gaining and retaining clients.
- The firm must have an asset base sufficient to accommodate TCERA's portfolio. In general, managers should have at least \$100 million of discretionary institutional assets under management, and TCERA's portfolio should make up no more than 20% of the firm's total asset base.
- The firm must demonstrate adherence to the investment style sought by TCERA, and adherence to the firm's stated investment discipline.
- The firm's fees should be competitive with industry standards for the product category.
- The firm must comply with the "Duties of the Investment Managers" outlined herein and conform to AIMR-GIPS standards for performance reporting.

Criteria for Investment Manager Termination

From time to time it will be necessary for TCERA to terminate a contractual relationship with an investment manager and these actions must be viewed in the context of a fiduciary decision. Due to the sensitivity of this issue, the following guidelines have been established to assist in making these termination decisions. The overriding consideration with respect to all decisions is that they shall be made solely in the best interest of plan participants and beneficiaries and consistent with other legal requirements.

TCERA reserves the right to terminate an investment manager for any reason. Grounds for investment manager termination may include, but are not limited to, the following:

- Failure to meet legal requirements.
- Evidence of illegal or unethical behavior by the investment management firm.
- Failure to comply with the established guidelines, including holding restricted issues.
- Changes in the firm such as structural changes, organizational changes, or loss of key personnel
- Failure to achieve performance objectives specified in the manager's guidelines.
- Changes in investment style, discipline, philosophy, and/or process.
- Lack of willingness to cooperate with reasonable requests by TCERA for information, meetings or other material related to its portfolios.
- Changes in TCERA's investment strategy that eliminate the need for the investment manager;

The presence of any one of these factors will be carefully reviewed by TCERA's Board, but will not necessarily result in an automatic termination.

Courses of Action Prior to Termination

Under the circumstances where a manager is not immediately terminated but has demonstrated a significant and potentially adverse development the manager will be invited to present to the Board

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to further explain the situation and discuss possible steps needed for resolution, unless otherwise directed by the Board. Based on this presentation, TCERA's Board may decide to retain the manager, terminate the manager, or give the manager elevated review status as a manager of interest and conduct follow-up review and/or analysis in the future.

Duties of Responsible Parties

Duties of the TCERA Retirement Board

The Retirement Board has the responsibility for administration of TCERA for the benefit of plan participants. The County Employees' Retirement Law of 1937, Government Code Chapter 3, Part 3, Division 4, Title 3, Article 5, permits the Retirement Board at its discretion to invest the assets of the Plan through the purchase, holding or sale of any form or type of investment, financial instrument or financial transaction when prudent in the informed opinion of the Board, although it is not the intent of the Board to become involved in day-to-day investment decisions. The Board or its designee(s) will adhere to the following procedures in the management of TCERA's assets:

- The Board develops and approves guidelines for the execution of TCERA's investment program. Only the Board in its sole discretion can delegate its decision-making authority regarding the investment program. Staff will be responsible for the timely implementation and administration of these decisions.
 - A formal review of TCERA's investment structure, asset allocation and financial performance will be conducted annually or more frequently as the need arises. The review may include recommended adjustments to the long-term, strategic asset allocation to reflect any changes in applicable regulations, long-term capital market assumptions, actuarial assumptions or TCERA's financial condition.
 - The Board will review TCERA's investments quarterly or as needed to ensure that policy guidelines continue to be met. The Board shall monitor investment returns on both an absolute basis and relative to appropriate benchmarks and peer group comparisons. The source of information for these reviews shall come from Staff, outside consultants, the custodian and TCERA's investment managers.
-
- The Chairperson of the Board may appoint an Investment Committee, comprised of the members of the Board.
 - The Board may retain investment consultants to provide such services as conducting performance reviews, asset allocation, manager reviews and investment research. The comments and recommendations of the consultants will be considered in conjunction with other available information to aid the Board in making informed, prudent decisions.
 - The Board shall be responsible for taking appropriate action if investment objectives are not being met or if policies and guidelines are not being followed. Reviews for individual portfolios managed by external managers will focus on, but are not limited to, the following:
 1. Manager compliance with Policy guidelines.
 2. Material changes in the managers' organizations. The managers will be responsible for keeping TCERA advised of any material changes in personnel, investment strategy, or other pertinent information potentially impacting performance.

3. Investment performance relative to each manager's stated performance benchmark(s) as set forth in the manager's investment guidelines.

- The Board shall be responsible for selecting a qualified custodian with advice from Staff.
- Individual Board members are expected to comply with the educational policy on file and to maintain and strengthen the investment management of TCERA's Plan, including participation in educational conferences/seminars related to the investment activities of public and private institutional investors, meeting periodically with the investment managers of the Plan to review and clarify investment or administrative issues related to the management of the portfolio, and attending investor meetings and educational presentations conducted by the Plan's investment managers and consultants.

Duties of the Staff

The Retirement Staff, as designated by the Board, plays a significant role in the management and oversight of the Plan. Staff duties include:

- Administering TCERA's investments in a cost-effective manner subject to Board approval. These costs include, but are not limited to, management, consulting and custodial fees, transaction costs and other administrative costs chargeable to TCERA.
- Investing the Plan's cash in the administrative account without requiring Board's permission and as set forth elsewhere in TCERA's Investment Guidelines.
- Monitoring investment managers for adherence to appropriate policies and guidelines.
- Evaluating and managing the relationships with the consultants to the Plan to ensure that they are providing all the necessary assistance to Staff and the Board as set forth in their service contracts.
- Conducting the external service provider search process, as set forth in this document, with necessary assistance from consultants as directed by the Board.
- Managing portfolio restructuring resulting from manager termination with the assistance of consultants and managers, as needed.
- Organizing and/or participating in any special research required to manage the Plan more effectively and in response to any questions raised by Board members.
- Supporting the Board in the development and approval of the Investment Plan, implementing and monitoring the Plan, and reporting at least quarterly on investment activity and matters of significance.

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- Ensuring that Investment Managers conform to the terms of their contracts and that their performance monitoring systems are sufficient to provide the Board with timely, accurate and useful information.
- Staff members designated by the Board and/or Retirement Administrator are expected to participate in educational conferences/seminars related to the investment activities of public and private institutional investors, to meet periodically with the investment managers of the Plan to review and clarify investment or administrative issues related to the management of the portfolio, and to participate in the investor meetings and educational presentations conducted by the Plan's investment managers and consultants.

Duties of the Investment Managers

The Investment Managers will:

- Provide the Plan with a written agreement to invest within the guidelines established in the Investment Plan.
- Provide the Plan with proof of a minimum of \$5 million in liability and fiduciary insurance coverage.
- Adhere to the investment management style concepts and principles for which they were retained, including, but not limited to, developing portfolio strategy, performing research, developing buy, hold and sell lists, and purchasing and selling securities.
- Report immediately upon discovery any instances of non-compliance with the investment policy, investment guidelines, limited partnership agreements, or contracts with TCERA.
- Execute all transactions for the benefit of the Plan with brokers and dealers qualified to execute institutional orders on an ongoing basis at the best net cost to the Plan, and where appropriate, facilitate the recapture of commissions on behalf of the Plan.
- Reconcile quarterly accounting, transaction and asset summary data with custodian valuations, and communicate and resolve any significant discrepancies with the custodian.
- Provide investment reports as reasonably requested by the Plan, including performance measurement data.
- Provide reports on commission expenses and proxy voting matters as previously outlined in this Investment Policy statement.
- Maintain frequent and open communication with Staff and the Board on all significant matters pertaining to the Investment Plan, including, but not limited to, the following:
 - Major changes in the Investment Manager's investment outlook, investment strategy and portfolio structure;

- Significant changes in ownership, organizational structure, financial condition or senior personnel;
 - Any changes in the Portfolio Manager or other personnel assigned to the Plan;
 - Each significant client which terminates its relationship with the Investment Manager, within 30 days of such termination;
 - All pertinent issues which the Investment Manager deems to be of significant interest or material importance.
- Meet with the Board or its designee(s) on an as-needed basis. Managers may be provided with guidelines regarding the expected content, timeframe and format for presentations before the Board in advance of the meeting date.

Duties of the Master Custodian

The Master Custodian is responsible for the following:

- Provide complete global custody and depository services for the designated accounts.
- Manage, if directed by the Board, a Short Term Investment Fund (STIF) for investment of cash.
- Collect all income and principal realizable and properly report it on the periodic statements.
- Provide monthly and fiscal year-end accounting statements for the portfolio, including all transactions; these should be based on accurate security values for both cost and market. These reports should be provided within acceptable time frames.
- Report to TCERA situations where accurate security pricing, valuation and accrued income is either not possible or subject to considerable uncertainty.
- Provide assistance to the Plan to complete such activities as the annual audit, transaction verification or unique issues as required by the Board.
- Settle securities transactions under the contractual method.

Duties of the General Investment Consultant

The Investment Consultant will:

- Make recommendations to the Board regarding investment policy and asset allocation.

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- Assist TCERA in the selection of qualified investment managers, and assist in the oversight of existing managers, including monitoring changes in personnel, ownership and the investment process.
- Assist in the selection of a qualified custodian (including a securities lending agent and/or a cash manager) if necessary.
- Prepare a quarterly performance report including performance attribution on TCERA's managers and total assets, including a check on guideline compliance and adherence to investment style and discipline.
- Provide topical research and education on investment subjects that are relevant to TCERA.
- Assist in negotiating fee arrangements and other contract terms with the investment managers on behalf of TCERA.
- Assist in negotiating and arranging for transition management and custodial services.
- Render special projects as requested by the Staff, Investment Committee, or Board.

Appendix Strategic Asset Allocation

Asset Class	Minimum Percent	Maximum Percent	Target Percent
Domestic Equity	15%	35%	265%
Large Cap	10%	25%	20 19%
Small Mid Cap	0%	10%	6%
Non-US Equity (Developed and Emerging)	5%	25%	165%
Global Equity	0%	5%	3%
Domestic Fixed Income	1020%	3540%	207%
Core-Plus Fixed Income	10%	30%	17%
Global Fixed Income	0 %	10 %	5 %
Emerging Market Debt	0%	10 6%	5 3%
Real Assets	10%	30%	2018%
Core Real Estate	50 %	10 5%	10 3%
Value-Add Real Estate	0%	10%	5 4%
<u>Opportunistic Real Estate</u>	<u>0</u> %	<u>10</u> %	<u>4</u> %
<u>Infrastructure</u>	<u>0</u> %	<u>10</u> %	<u>4</u> %
Real Estate Debt	0%	10%	5 3%
Alternative Investments	0%	20%	170%
Private Equity/VC	0%	10 16%	5 12%
Private Credit	0%	10%	5%



COUNTY OF TULARE BOARD OF RETIREMENT

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**TCERA, Board of Retirement
Investment Committee**

Agenda Item # IV. 1. e.

Agenda Date: September 8, 2021

Subject: TCERA Strategic Asset Allocation Implementation Plan

Requests:

That the Investment Committee:

1. Review and Discuss the recommendations from Verus for the implementation of TCERA's recent strategic asset allocation update.
2. Forward the plan to the Board of Retirement with a recommendation regarding the proposed plan.

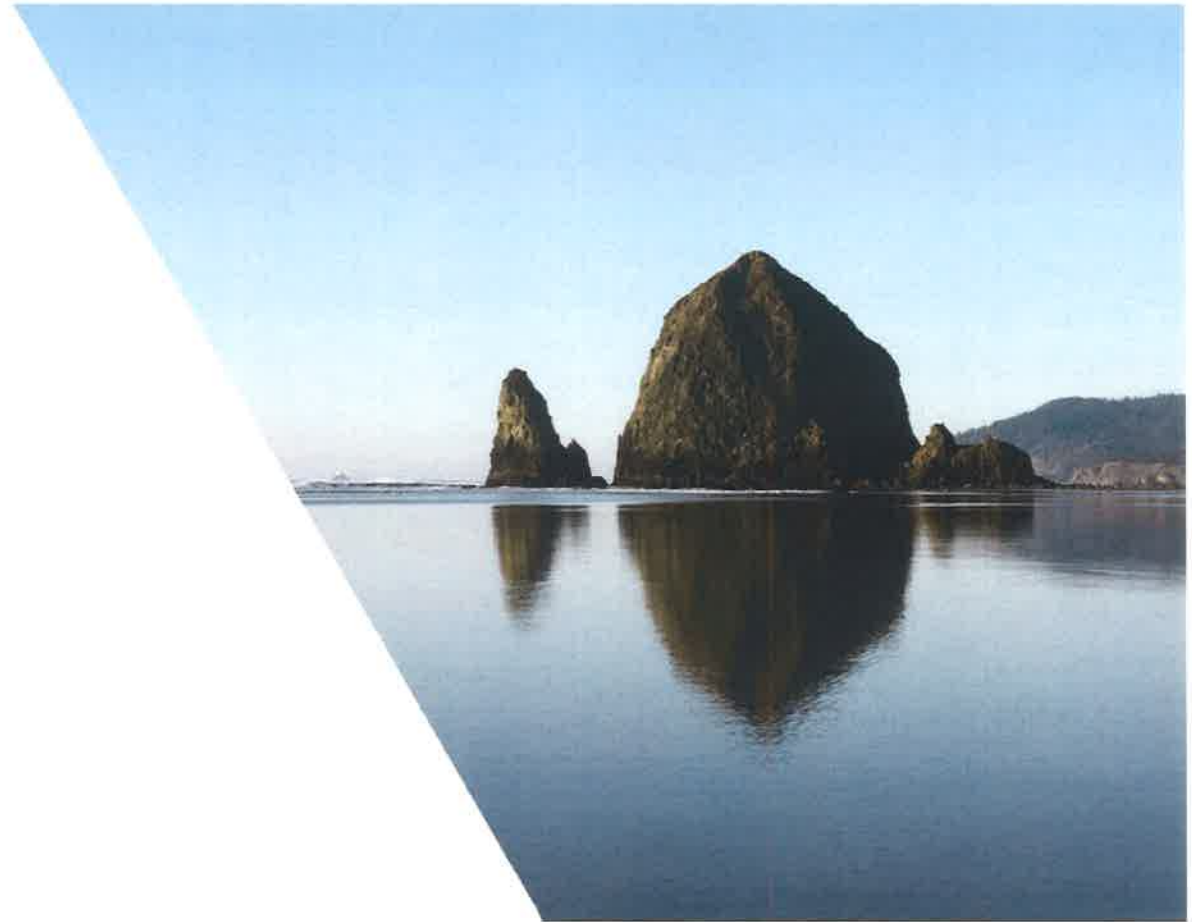
Summary:

On August 11, 2021 the Board of Retirement adopted a new Strategic Asset Allocation that added new asset classes and adjusted target percentages for existing asset classes in TCERA's investment portfolio. The attached document provides a proposed plan for the implementation of the necessary changes under the adopted strategic investment allocation.

Prepared by: Leanne Malison



PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS



SEPTEMBER 2021

Asset Allocation Implementation Discussion

Tulare County Employees' Retirement Association

Introduction

- The Board approved a new strategic asset allocation mix (Mix 4.1, “the SAA”) at the August Board Meeting.
- At a high level, the new SAA calls for significantly larger allocations to private equity and real assets. The objective of this discussion is to review issues related to implementation of the new SAA.

Manager	Category	7/31/21 Market Value	Actual %	New Asset Allocation Target	Deviation to new Long-term Target
	Total Domestic Equity	465,146,598	25.66%	26.00%	-0.34%
	Total International Equity	266,159,144	14.69%	16.00%	-1.31%
	Total Global Equity	78,890,360	4.35%	3.00%	1.35%
	Total Private Equity	108,410,008	5.98%	12.00%	-6.02%
	Total Fixed Income	563,232,943	31.08%	20.00%	11.08%
	Total Real Assets	195,567,700	10.79%	18.00%	-7.21%
	Total Private Credit	84,215,513	4.65%	5.00%	-0.35%
	Grand Total	1,812,380,876	100.00%	100.00%	

Key questions

1. What method is best for allocating incremental capital in real assets?
2. What method is best for allocating incremental capital in private equity?
3. How should dry powder (capital that is yet-to-be invested in private equity, real estate) be invested?
4. How should dry powder be benchmarked?

I. Real assets ramp-up

Understanding different fund structures

- Private real asset strategies can be accessed via two different types of fund structures.

	Open-ended	Closed-end
Fund life:	Evergreen	Finite life: 7-15 years
Structurally appropriate for underlying investment types:	Investments where the underlying value creation is generally stable across time periods (i.e. income producing property). Core real estate, core infrastructure, real estate debt	Value-creation is driven by capital appreciation where a greater portion of returns are realized toward the end of the fund life. Value-add real estate, opportunistic real estate, speculative infrastructure
Other considerations:	Does not require ongoing capital commitment pacing. Greater liquidity relative to closed-end.	Requires annual commitment deployment, which in turn may necessitate retaining an advisor

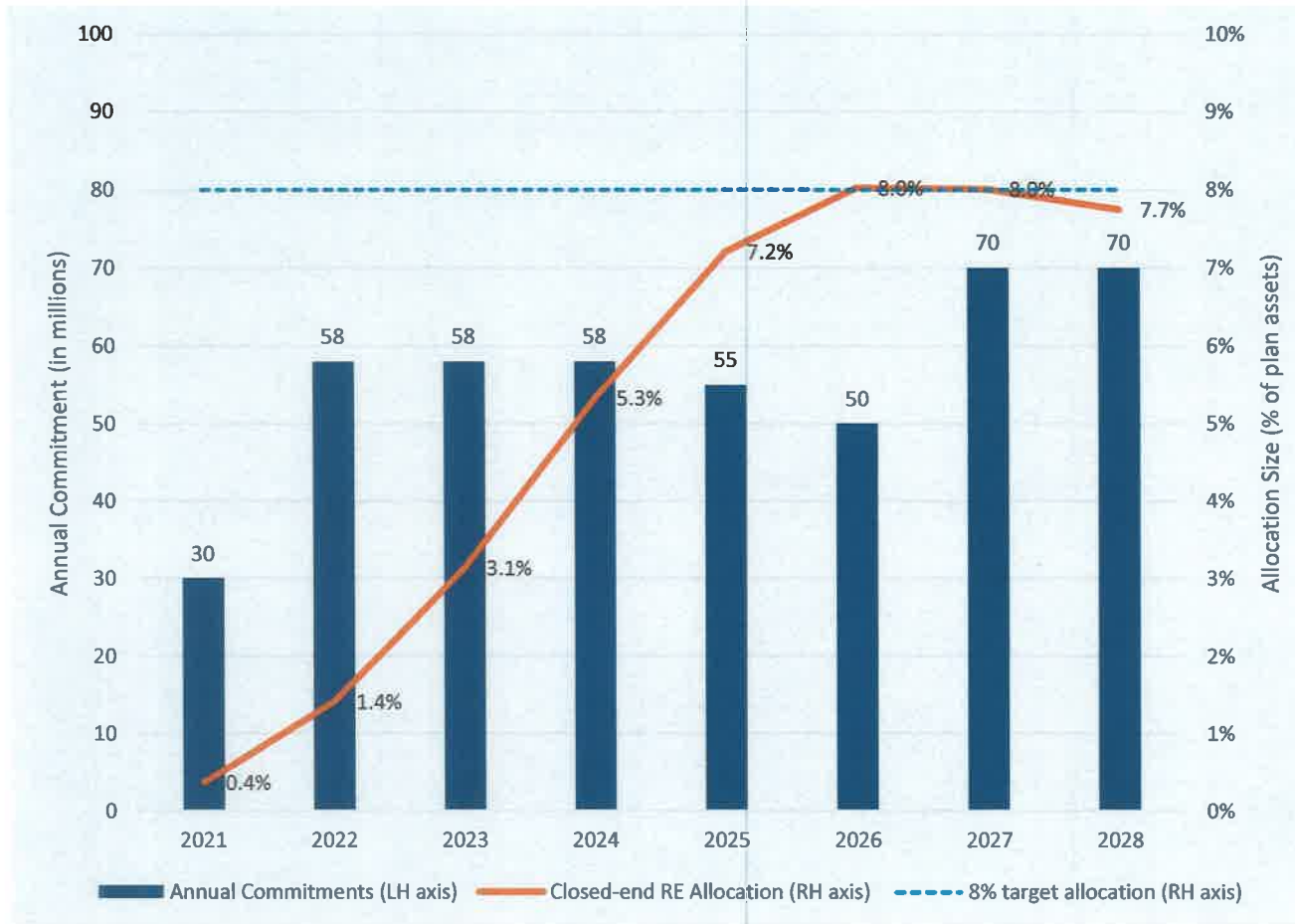
Real assets: recommended approach

Utilize open-ended structures where practical to do so, mitigating cost and administrative burden.

Real Asset bucket (target)	Current Exposure	Suggested Approach
Core RE (3%)	Open-end fund (RREEF America II, 8.6% allocation size).	Retain current core fund, seek partial redemptions to reduce allocation once capital is ready to be deployed to other RE strategies.
RE debt (3%)	\$80 million commitment to open-ended fund (Invesco Commercial Mortgage Income Fund). Anticipate to be fully called by Q1 2022. \$80 million represents a ~4% allocation.	Recommend retaining the modest overweight until capital is needed as source of funding for other RE investments.
Infrastructure (4%)	None.	See subsequent slides. If an open-ended strategy is favored, a 4% allocation necessitates \$80 million in commitments.
Value-add RE (4%)	Open-end fund (American Realty, 1.2% allocation size).	Suggest pairing existing exposure with closed-end funds, gradually ramping up to 4% target. Refer to pacing.
Opportunistic RE (4%)	None.	Suggest closed-end funds, gradually ramping up to 4% target. Refer to pacing.

Annual commitments for closed-end real estate

ANNUAL PACING ANALYSIS: VALUE-ADD & OPPORTUNISTIC RE



In order to achieve an 8% allocation to closed-end real estate (4% opportunistic, 4% value-add), TCERA will need to contribute \$30-\$70 million per year, diversified across strategy, GP, region, and property type.

Under this commitment pace, TCERA would be fully invested in 2026.

What is infrastructure

- Infrastructure can be defined as the essential facilities and services upon which the economic productivity of society depends. These assets include transportation, communication, regulated assets such as water and sewage treatment as well as social infrastructure such as schools, hospitals and prisons.
- Infrastructure investments can be funded publicly, privately or through public-private partnerships
- Return profiles for infrastructure investments are spread out along the risk/return spectrum:

LESS RISK, LESS RETURN		MORE RISK, MORE RETURN	
Core and Core Plus		Value-Added	Opportunistic
Bridges, Tunnels, Toll Roads		Airports, Seaports	Development Projects
Pipelines, Energy Transmission and Distribution		Rail Lines	Satellite Networks
Water and Wastewater Systems		Contracted Power Generation	Merchant Power Generation
		Rapid Transit	Non-OECD Country Infrastructure

What is infrastructure (cont.)

- There are three primary ways to invest in Infrastructure:
 - Listed, Unlisted and Direct
- Unlisted Infrastructure is generally the preferred route to the market (vs. Listed Infrastructure):
 - Better diversification benefits, lower volatility and lower correlations to broad market stocks and bonds
- Infrastructure funds have very different risk/return profiles. Broadly speaking there are two ways to categorize Infrastructure investments:
 - *Brownfield* projects have already been built and tend to provide more regulated predictable cash flows
 - Core funds usually focus on Brownfield assets and offer more predictable cash flows with a focus on inflation protection
 - *Greenfield* projects are assets that still need to be constructed and are generally more speculative
 - Value added funds will blend Brownfield and Greenfield investments in attempt to offer income and appreciation
 - Opportunistic funds incorporate the most risk as well as potential appreciation and focus primarily on Greenfield investments

Why invest in infrastructure?

- **Stable Cash Flows** – Infrastructure assets are providing essential services and have monopolistic characteristics. Demand is typically very inelastic, and therefore provides a very stable return stream.
- **Diversification** – Low usage volatility, economic insensitivity and inflation protection characteristics provides low correlations to other major asset classes.
- **Inflation Protection** – Rates charges are determined by regulators, governments and long-term contracts that typically include links to inflation over time.
- **Attractive Long Term Returns** – Median net IRRs for the most seasoned unlisted funds have ranged from the high single digits to the low 20's. More recent vintages have been more challenged.

Infrastructure manager characteristics

— What to look for in an infrastructure manager / fund?

- **Alignment of Interests** – Manager should be incentivized to provide the best risk adjusted total return, rather than being motivated by carried interest. Open end structures that minimize the need to dispose an asset to garner incentive fees or funds that do not charge carried interest are preferred.
- **Low Fees** – Fees for private equity structures can be very high in this asset class. Funds with lower management fee and/or incentive fees are preferred.
- **Depth of Team** – Private infrastructure transactions are very complex to underwrite and can be intensive to manage. Sufficient depth of resources to manage these large assets is required.
- **Moderate Use of Leverage** – Highly levered transactions were hit hard in the global financial crisis. While overall leverage in the asset class is reduced in general, we recommend looking at managers that were very prudent before and after the financial crisis.
- **Global Experience** – The opportunity set for infrastructure investing is very global in nature. Within the United States, the asset class is much less mature and therefore, the majority of deal flow falls disproportionately outside the U.S. Managers and funds that have experience in global markets are preferred.

What are the risks?

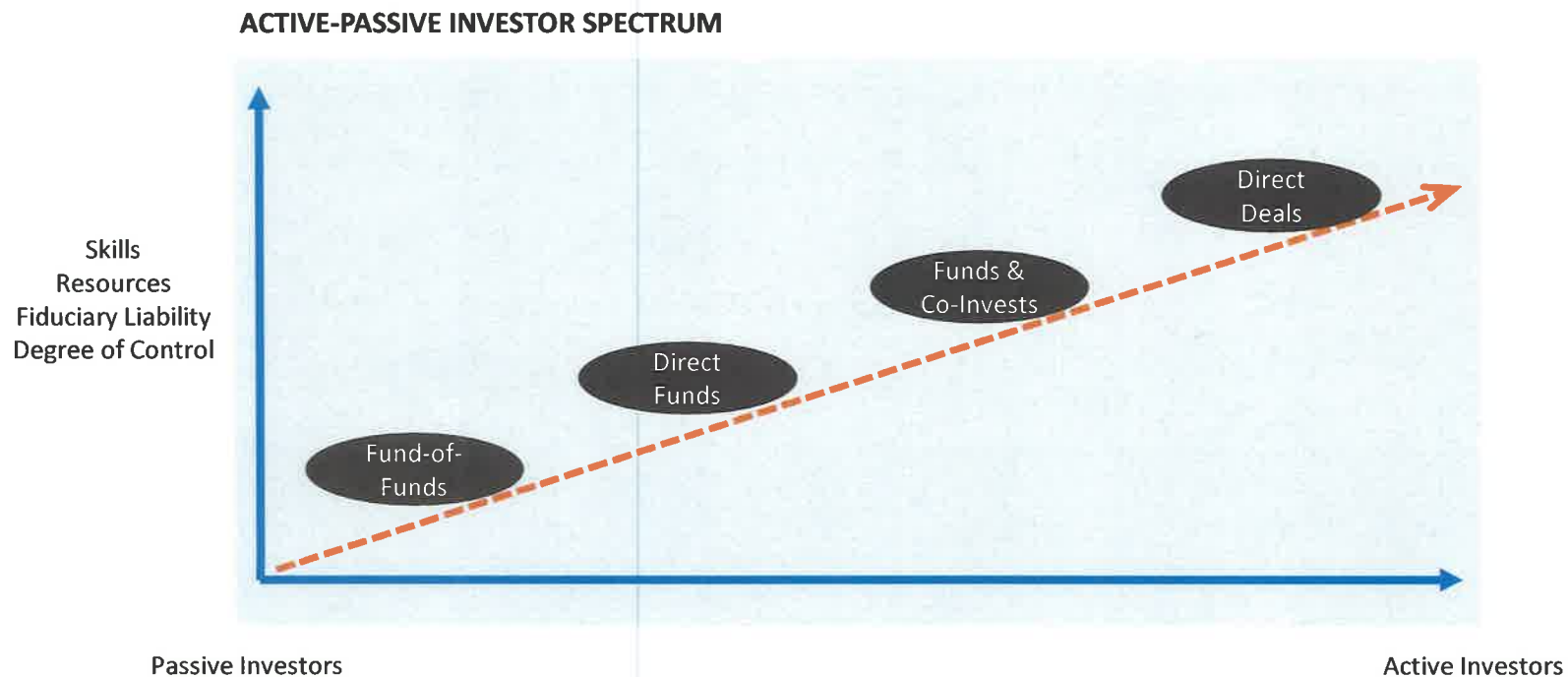
- **Political and Regulatory** – Countries have different legal and regulatory environments that may be inconsistent. There is also increasing uncertainty given the current fiscal status of many governments.
- **Liquidity** – Divestiture of infrastructure assets may be challenging due to the size of the assets, limited number of potential buyers and required regulatory approval.
- **Leverage / Credit Markets** – Infrastructure investments have historically had leverage between 50- 90%. High leverage approaches cause significant volatility and adds refinancing risks.
- **Currency (if Global)** – Infrastructure as an asset class is relatively new in the United States. Much of the potential supply of investments will be in non-US assets, thereby adding currency risks.
- **Development (if Opportunistic / Greenfield)** – Development projects are underwritten using usage assumptions .
- **Pricing / Underwriting** – In the current low interest rate environment, asset classes that provide steady cash flows have been in high demand as investors have chased yield. There is a potential to overpay for assets and/or utilizing aggressive assumptions to estimate potential returns.
- **Valuation Risks** – Much of this space consists of illiquid, infrequently traded assets. In closed end structures, independent valuations may occur every three years.
- **Interest Rate Risks** – Assets are currently valued at very low discount rates, if rates were to rise in the future, a higher discount rate could lead to a lower valuation for the same income stream.

II. Implementation methods for private markets

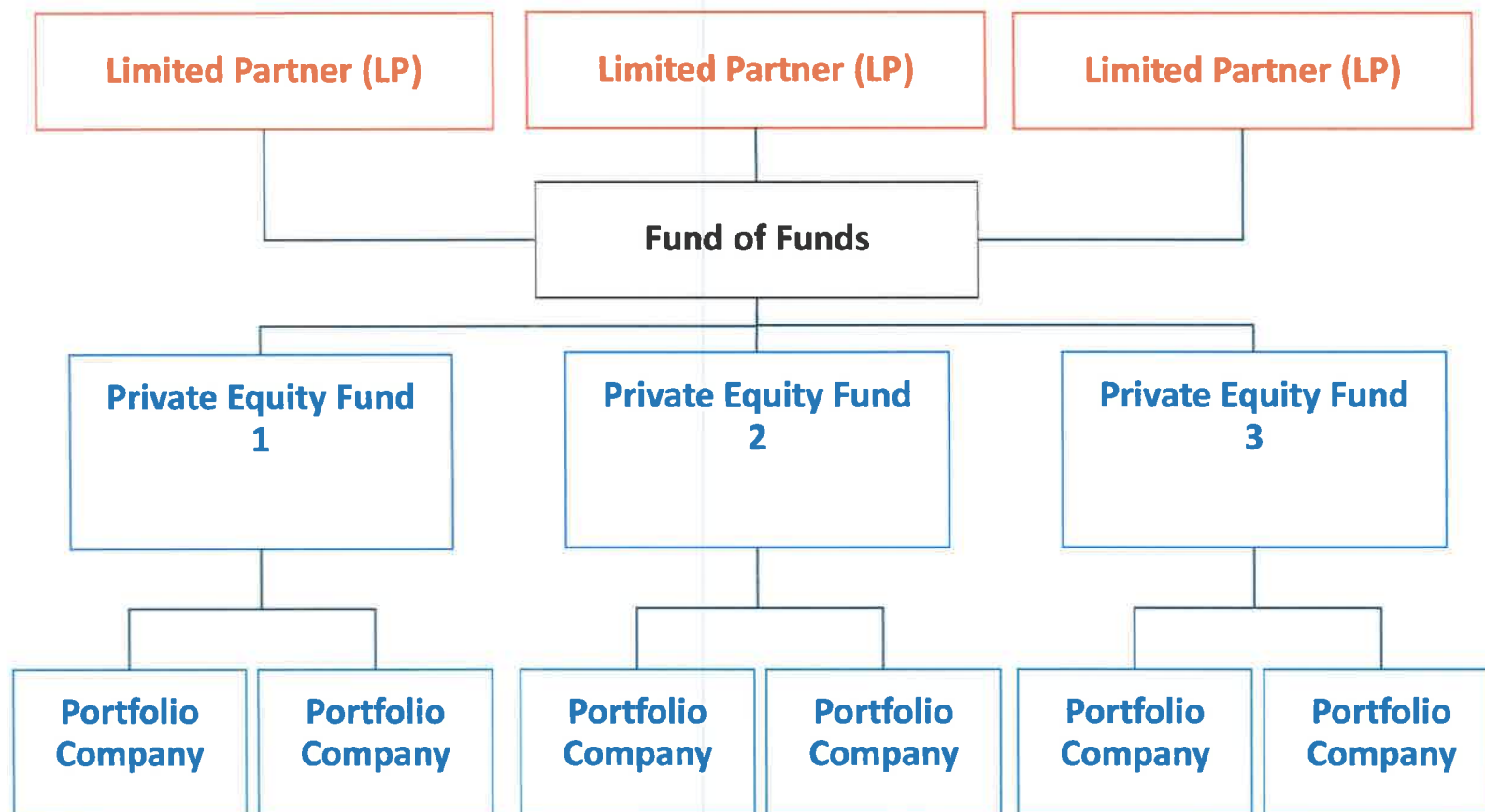
Approaches to PE implementation

Implementation approach driven by each investor's:

- Investment objectives
- Internal skills and resources
- Tolerance for control, risks, cost



Fund of Funds structure



Fund of Funds (FoFs) and offer diversification across managers, strategies, sub-asset classes, and geographies.

Ease of implementation comes with contractual costs (for 15-20 years)

Direct Funds versus Fund of Funds

Direct Funds

Fund of Funds (FoFs)

Strengths

- Single layer of fees
- Customized portfolio
- Increased control over investments: pacing, types of funds
- Direct relationships with General Partners

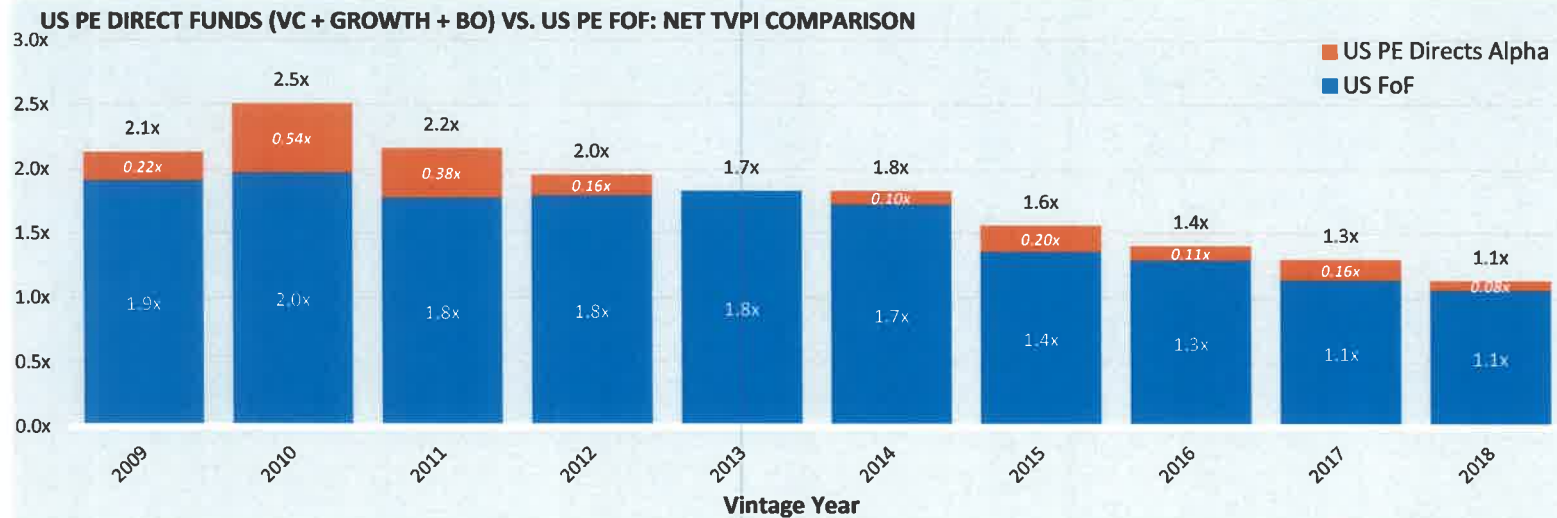
- Generally, lowers risk through broad diversification across managers, strategies, sub-asset classes, and /or geographies
- Simpler to implement

Considerations

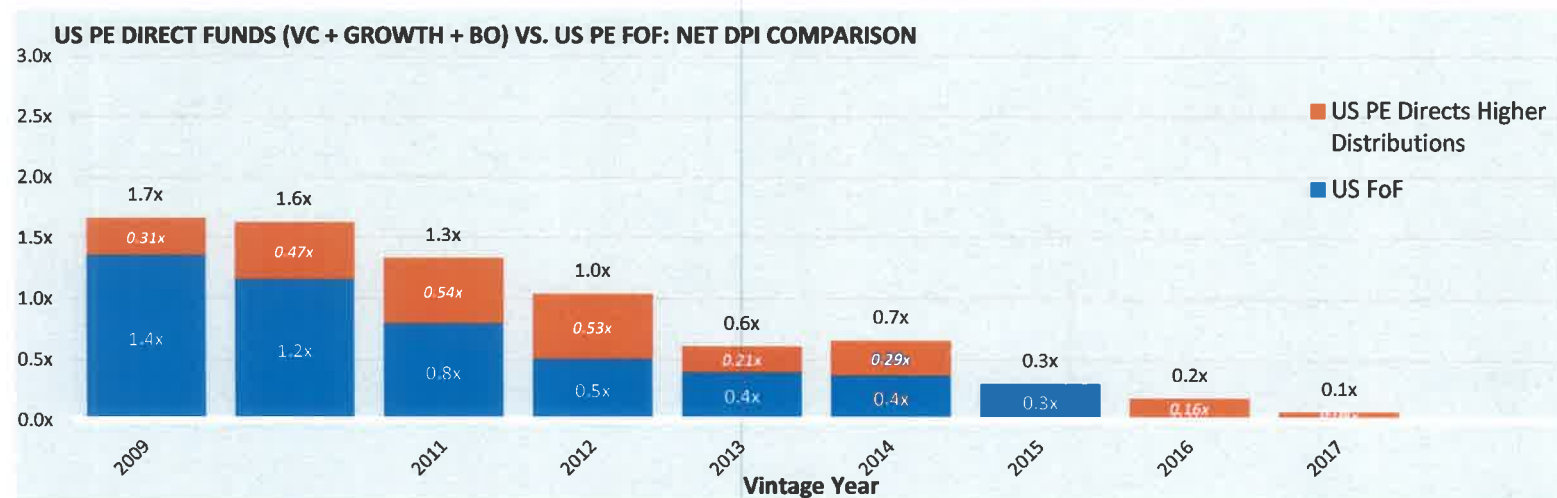
- Operationally complex
- Resource intensive
- Can take longer to construct full PE program

- Long-term commitment to vehicle with extra layer of management fees and carried interests
- Historically lower net returns to LPs than direct funds
- Potentially lack of transparency
- Alignment of interests can vary
- Significantly more difficult to withdraw / terminate after commitment

FoF performance: net TVPI/DPI



\$100M invested in US direct PE yields an average of \$33M alpha over US FoFs peers at maturity, on a TVPI basis.



\$100M invested in US direct PE yields an average of \$46M higher distributions over US FoFs peers, on a DPI basis.

*Source: Thomson Reuters C/A as of June 30, 2020

FoF economics

- Relative to direct funds, FoFs are more incentivized to deploy capital and to grow their AUM base, eroding alignments of interest between LPs and GPs.
 - This is because FoFs collect a higher portion of their operating profits from management fees than performance fees (ie carried interest/'carry')
- Typical FoFs charge an extra layer of management fees (typically in the 1% range) + carried interest (5-10%)
 - Clients would still have to pay the underlying GPs' fees ("2% + 20%") on an indirect, manager look-through basis.

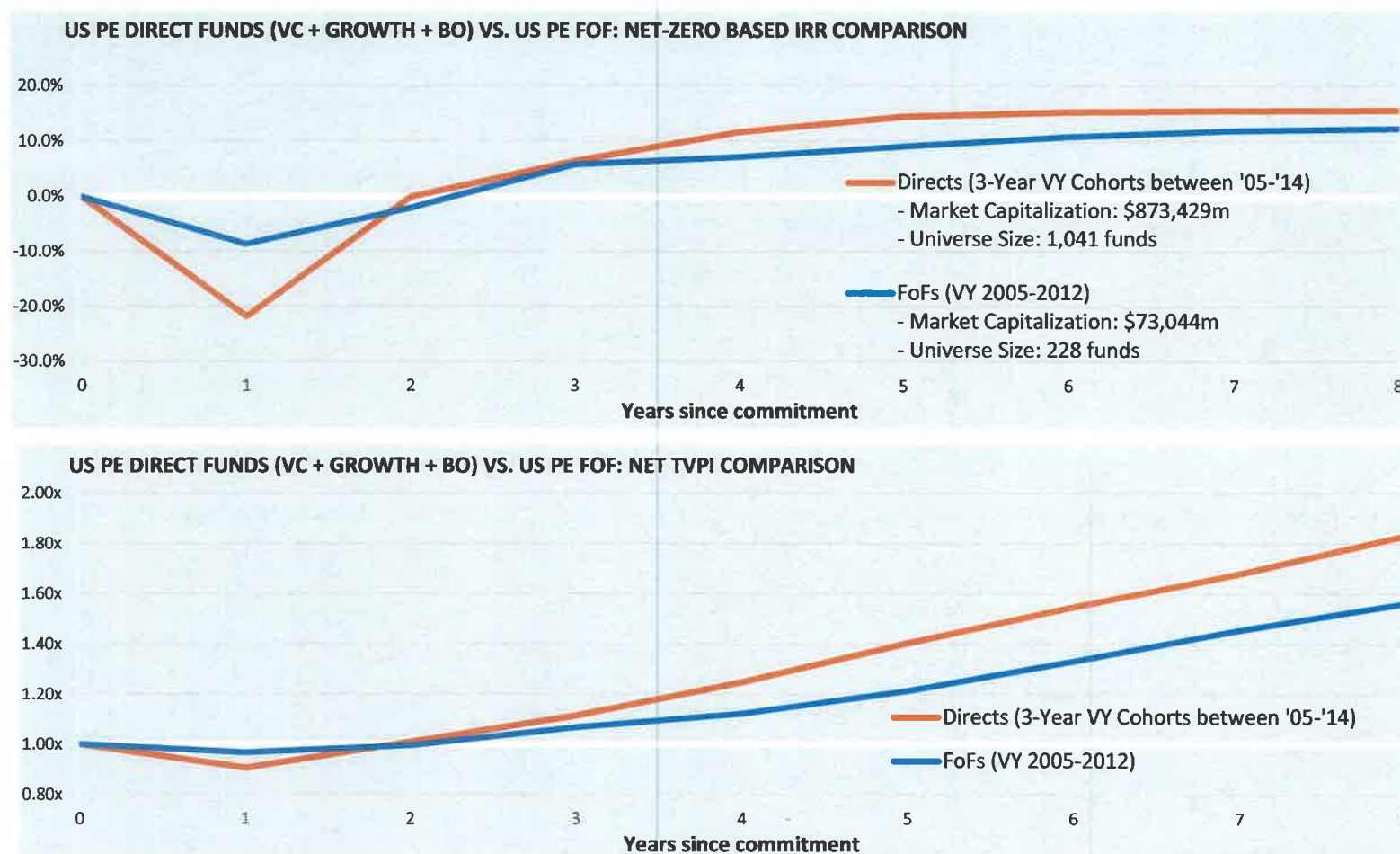
Impact of FoF fees vs. Direct Funds over Fund Life¹

Representative Economics per \$100m PE commitment (ie. 10% PE sleeve of \$1B total AUM)

<i>Fee Structure</i>	0% Carry	5% Carry	7.5% Carry	10% Carry
0% Mgmt. Fee	\$0m (0%)	-\$4.3m (-4.3%)	-\$6.4m (-6.4%)	-\$8.5m (-8.5%)
.50% Mgmt. Fee	-\$7.5m (-7.5%)	-\$11.8m (-11.8%)	-\$13.9m (-13.9%)	-\$16.0m (-16.0%)
.75% Mgmt. Fee	-\$11.3m (-11.3%)	-\$15.5m (-15.5%)	-\$17.6m (-17.6%)	-\$19.8m (-19.8%)
1% Mgmt. Fee	-\$15.0m (-15.0%)	-\$19.3m (-19.3%)	-\$21.4m (-21.4%)	-\$23.5m (-23.5%)

1. Fund life assumption of 12 years for directs and 15 years for Fund of Funds.

FoF j-curve: net IRR/TVPI over time



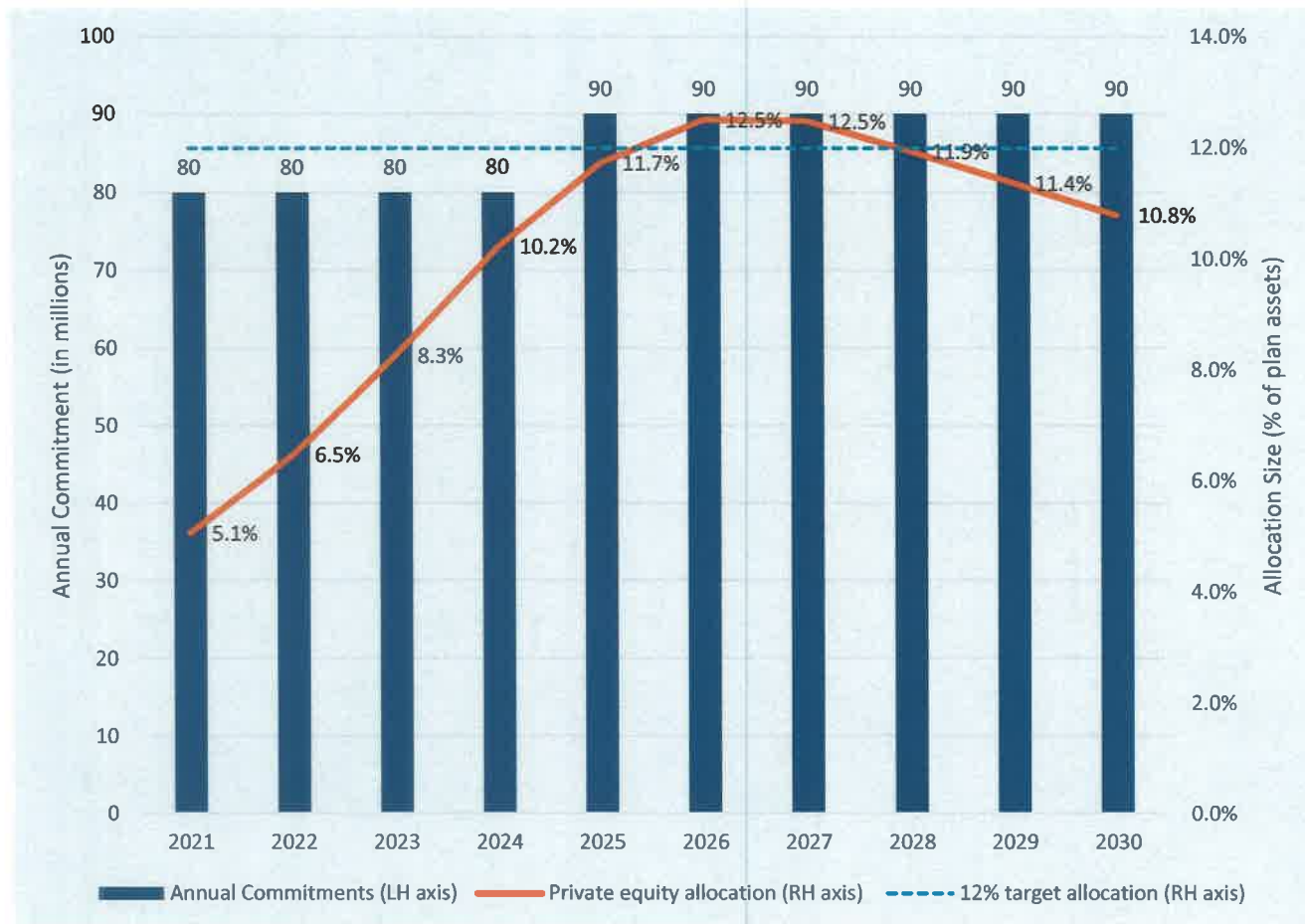
After year 2, US PE direct funds moved out of J-Curve faster than FoFs.

This gap widens further in the post-GFC vintage years.

*Source: Thomson Reuters C/A as of June 30, 2020

Private equity pacing analysis

PRIVATE EQUITY PACING ANALYSIS



In order to reach the 12% target allocation to private equity, TCERA will need to contribute \$80-\$90 million per year over the next decade.

Given these commitment sizes, we believe a FoF approach is sub-optimal.

III. Dry powder & glidepaths

Where to invest dry powder?

‘Dry Powder’ refers to capital allocated to private markets that has yet to be invested.

- Dry powder needs to be invested in very liquid instruments.
- There are generally two approaches investors can take:
 - **Risk-matching Approach:** Liquid instruments that offer similar underlying risks to the desired exposure. This approach may result in experiencing greater volatility and/or timing risk, but ultimately aligns with the conclusions arising from the Asset-liability Study (more risk).
 - **Conservative Approach:** Liquid instruments that are focused on preservation of principal.
 - The Core Plus allocation could serve this purpose. This results in more of a 5-year dollar-cost averaging into higher risk.
- Dry powder would be benchmarked in the same manner as it is invested, pursuant to the following schedule.

Implementation glidepath

Interim Target Glidepath using "Aggressive Approach"

	Current Allocation (7/31/21)	2022 BOY	2023 BOY	2024 BOY	2025 BOY	2026: New Long-term SAA
Large Cap Equity	20.0	20	20	20	20	20
Small Cap Equity	5.6	6	6	6	6	6
International Equity	14.7	16	16	16	16	16
Global Equity	4.4	3	3	3	3	3
Un-funded Real Estate - REITs		4	3	2	1	
Un-funded Private Equity - SMID		3	2	1		
Total Public Equity	44.7	52.0	50.0	48.0	46.0	45.0
Core Plus Fixed Income	21.6	17	17	17	17	17
Global Sovereign Fixed Income	4.7					
EM Debt	4.8	3	3	3	3	3
Total Fixed Income	31.1	20.0	20.0	20.0	20.0	20.0
Private Equity	6.0	7	8	9	10	12
Private Credit	4.7	5	5	5	5	5
Value-add & Opportunistic RE	1.3	2	3	5	7	8
Core Real Estate	9.5	8	7	6	5	3
Infrastructure		2	4	4	4	4
Real Estate Debt		4	3	3	3	3
Total Private Markets	21.4	28.0	30.0	32.0	34.0	35.0
	97.2	100.0	100.0	100.0	100.0	100.0
Projected Return:	5.0	5.67	5.79	5.91	6.02	6.14
Projected Volatility:	10.46	12.13	12.3	12.31	12.33	12.53

This implementation glidepath aligns with the pacing analyses shown herein and could serve as the interim policy benchmark.

Initially, fixed income would be reduced to fund dry powder allocation to REITs, SMID.

Core plus overweight would get reduced to fund RE debt.



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TCERA, Board of Retirement Investment Committee

Agenda Item # IV. 1. f.

Agenda Date: September 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. Franklin Templeton – Manager Review

Prepared by: Leanne Malison

Total Fund

Executive Summary (Net of Fees) - Preliminary

Period Ending: July 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	1,969,275,491	100.0	1.0	1.0	1.0	23.6	0.6	6.0	20.9	9.4	9.3	7.5	--	--
Policy Index			0.5	0.5	0.5	22.1	3.2	7.0	18.5	10.2	9.5	7.6	--	--
Total Domestic Equity	561,543,129	28.5	1.4	1.4	1.4	44.5	4.2	7.6	39.3	16.8	17.0	14.8	--	--
Russell 3000			1.7	1.7	1.7	44.2	6.5	9.0	38.7	18.1	17.4	15.2	10.9	9.1
SSGA S&P 500 Flagship Fund	214,588,318	10.9	2.4	2.4	2.4	40.8	7.5	10.4	36.4	18.1	17.3	15.3	--	--
S&P 500			2.4	2.4	2.4	40.8	7.5	10.4	36.4	18.2	17.3	15.3	10.9	8.8
QMA Large Cap Core	70,342,702	3.6	2.2	2.2	2.2	39.5	3.8	6.6	36.2	15.0	15.5	14.8	--	--
S&P 500			2.4	2.4	2.4	40.8	7.5	10.4	36.4	18.2	17.3	15.3	10.9	8.8
Ivy Large Cap Growth	77,396,607	3.9	3.4	3.4	3.4	38.0	20.2	15.1	34.2	24.6	23.0	17.9	--	--
Russell 1000 Growth			3.3	3.3	3.3	42.5	23.3	11.6	36.7	25.3	23.3	18.4	13.9	10.1
Boston Partners Large Cap Value	69,909,036	3.5	0.1	0.1	0.1	49.5	-8.8	4.5	43.7	10.8	12.9	12.6	--	--
Russell 1000 Value			0.8	0.8	0.8	43.7	-8.8	8.5	39.3	11.3	11.4	12.1	7.9	7.8
SSGA US Extended Market Index	64,690,641	3.3	-1.2	-1.2	-1.2	--	--	--	--	--	--	--	--	--
Dow Jones U.S. Completion Total Stock Market			-1.2	-1.2	-1.2	61.6	1.0	1.9	51.0	17.4	17.2	14.1	11.3	10.8
William Blair SMID Cap Growth	33,019,232	1.7	0.1	0.1	0.1	42.4	6.1	10.1	36.4	18.0	19.4	15.7	--	--
Russell 2500 Growth			-2.2	-2.2	-2.2	49.6	9.2	6.1	38.8	18.5	18.8	15.0	12.3	10.4
Lee Munder Small Value	31,596,593	1.6	-1.4	-1.4	-1.4	61.1	-14.9	-4.7	53.4	8.2	10.0	10.2	--	--
Russell 2000 Value			-3.6	-3.6	-3.6	73.3	-17.5	-6.2	63.7	8.3	11.6	10.8	7.7	9.1
Total International Equity	323,690,487	16.4	-0.7	-0.7	-0.7	38.3	-4.0	3.5	31.7	9.9	10.9	5.8	--	--
MSCI ACWI ex USA Gross			-1.6	-1.6	-1.6	36.3	-4.4	1.8	28.3	8.4	10.1	5.9	5.1	7.0
SSGA MSCI ACWI Ex US Index Fund	118,654,843	6.0	-1.7	-1.7	-1.7	35.9	-4.5	1.5	27.9	8.1	9.9	5.6	--	--
MSCI ACWI ex USA			-1.6	-1.6	-1.6	35.7	-4.8	1.3	27.8	7.9	9.6	5.4	4.7	6.5
PIMCO RAE Fundamental Global Ex US Fund	104,718,066	5.3	-0.8	-0.8	-0.8	45.3	-14.9	-1.5	42.4	5.3	8.7	--	--	--
MSCI ACWI ex USA Value			-1.8	-1.8	-1.8	37.6	-15.3	-0.1	32.3	3.5	7.1	3.5	3.2	5.7
SGA Global Growth	100,317,579	5.1	0.5	0.5	0.5	34.3	6.5	10.7	26.9	15.8	--	--	--	--
MSCI ACWI ex USA Growth			-1.5	-1.5	-1.5	33.7	5.8	2.6	23.3	12.0	12.0	7.2	6.1	7.1

Policy (10/1/2020): 25% Russell 3000, 15% MSCI ACWI ex US, 3% MSCI ACWI, 17% BBgBarc 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. All data is preliminary.

Total Fund Executive Summary (Net of Fees) - Preliminary

Period Ending: July 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 Global Equity	78,890,360	4.0	4.5	4.5	4.5	50.4	-3.6	1.9	48.2	14.2	14.4	--	--	--
MSCI ACWI Gross			0.7	0.7	0.7	39.9	2.6	6.3	33.7	14.3	14.4	10.7	8.2	8.0
Skellig Water Fund (aka KBI)	78,890,360	4.0	4.5	4.5	4.5	50.4	-3.6	1.9	48.2	14.2	14.4	--	--	--
MSCI ACWI			0.7	0.7	0.7	39.3	2.1	5.7	33.2	13.7	13.8	10.2	7.6	7.4
Total Fixed Income	563,306,449	28.6	0.5	0.5	0.5	2.8	2.9	7.2	1.4	4.2	3.1	3.3	--	--
BBgBarc US Aggregate TR			1.1	1.1	1.1	-0.3	8.7	7.9	-0.7	5.7	3.1	3.3	4.4	4.5
Total Domestic Fixed Income	391,946,988	19.9	1.0	1.0	1.0	2.3	7.3	7.6	1.2	6.0	3.7	3.8	--	--
BBgBarc US Aggregate TR			1.1	1.1	1.1	-0.3	8.7	7.9	-0.7	5.7	3.1	3.3	4.4	4.5
BlackRock Fixed Income	149,165,699	7.6	1.0	1.0	1.0	0.5	9.1	8.0	-0.2	6.1	3.4	3.6	--	--
BBgBarc US Aggregate TR			1.1	1.1	1.1	-0.3	8.7	7.9	-0.7	5.7	3.1	3.3	4.4	4.5
Doubleline Core Plus	118,385,305	6.0	0.8	0.8	0.8	2.9	4.1	7.0	1.9	4.8	3.0	--	--	--
BBgBarc US Aggregate TR			1.1	1.1	1.1	-0.3	8.7	7.9	-0.7	5.7	3.1	3.3	4.4	4.5
MacKay Shields Core Plus	124,395,985	6.3	1.0	1.0	1.0	3.7	8.5	7.4	2.2	6.8	4.2	--	--	--
BBgBarc US Aggregate TR			1.1	1.1	1.1	-0.3	8.7	7.9	-0.7	5.7	3.1	3.3	4.4	4.5
Total Global Fixed Income	84,122,072	4.3	-0.9	-0.9	-0.9	-2.2	-7.9	6.1	-3.0	-2.8	0.3	--	--	--
JPM GBI Global TR USD			1.6	1.6	1.6	0.0	5.2	5.7	-1.7	4.3	1.8	1.5	3.6	--
Franklin Templeton Global Bond Plus	84,122,072	4.3	-0.9	-0.9	-0.9	-2.2	-7.9	6.1	-3.0	-2.8	0.3	--	--	--
JPM GBI Global TR USD			1.6	1.6	1.6	0.0	5.2	5.7	-1.7	4.3	1.8	1.5	3.6	--
Total Emerging Markets Fixed Income	87,237,388	4.4	-0.1	-0.1	-0.1	10.3	-2.4	--	6.0	--	--	--	--	--
50% JPM EMBI Global Div/50% JPM GBI EM Global Div			0.0	0.0	0.0	7.1	-1.1	10.8	3.6	4.7	3.9	2.9	5.7	--
PGIM Emerging Markets Debt	87,237,388	4.4	-0.1	-0.1	-0.1	10.3	--	--	6.0	--	--	--	--	--
50% JPM EMBI Global Div/50% JPM GBI EM Global Div			0.0	0.0	0.0	7.1	-1.1	10.8	3.6	4.7	3.9	2.9	5.7	--
Total Real Estate	195,567,701	9.9				2.2	5.3	6.7	6.5	5.3	6.1	8.6	--	--
NCREIF-ODCE						8.0	2.2	6.4	8.0	5.5	6.6	9.6	6.3	7.6
RREEF America II	172,005,375	8.7				2.1	5.3	6.6	6.5	5.3	6.2	9.6	--	--
NCREIF-ODCE						8.0	2.2	6.4	8.0	5.5	6.6	9.6	6.3	7.6
American Realty	23,562,326	1.2				3.4	--	--	6.9	--	--	--	--	--
NCREIF-ODCE						8.0	2.2	6.4	8.0	5.5	6.6	9.6	6.3	7.6

Policy (10/1/2020): 25% Russell 3000, 15% MSCI ACWI ex US, 3% MSCI ACWI, 17% BBgBarc 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. All data is preliminary.

Total Fund
Executive Summary (Net of Fees) - Preliminary

Period Ending: July 31, 2021

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Total Private Equity	108,402,105	5.5				42.4	5.4	17.8	37.0	19.7	17.0	14.2	--	--
<i>Private Equity Benchmark</i>						42.4	5.4	17.8	37.0	19.7	17.0	14.2	--	--
BlackRock Alternative Advisors	2,179,369	0.1				-13.7	8.1	8.8	-19.9	0.4	3.1	6.2	--	--
Ocean Avenue Fund III	22,010,463	1.1				25.2	13.7	35.4	32.7	22.2	20.8	--	--	--
Ocean Avenue Fund IV	17,041,596	0.9				35.2	--	--	34.5	--	--	--	--	--
Pantheon Ventures	443,622	0.0				4.4	-23.1	5.6	3.4	-6.6	-0.6	3.3	--	--
Pathway Private Equity Fund Investors 8	29,704,344	1.5				67.5	4.9	26.4	48.9	29.3	24.9	--	--	--
Pathway Private Equity Fund Investors 9	21,461,890	1.1				73.9	0.0	22.0	51.7	27.7	--	--	--	--
Pathway Private Equity Fund Investors 10	2,800,336	0.1				46.9	--	--	48.2	--	--	--	--	--
Stepstone Secondary Opportunities Fund II	12,760,486	0.6				22.4	-0.5	2.1	24.0	6.8	7.8	--	--	--
Total Private Credit	87,166,802	4.4				28.3	-4.5	11.2	16.8	9.5	--	--	--	--
<i>Private Credit Benchmark</i>						28.3	-4.5	11.2	16.8	9.5	--	--	--	--
Sixth Street DCP (fmrly TSSP DCP)	87,166,802	4.4				28.3	-4.5	11.2	16.8	9.5	--	--	--	--
Total Opportunistic	24,552,745	1.2				15.0	-6.2	-6.2	24.4	2.2	7.7	12.5	--	--
Sixth Street TAO Contingent (fmrly TSSP TAO Contingent)	20,840,985	1.1				27.6	--	--	28.4	--	--	--	--	--
KKR Mezzanine Partners I	3,701,033	0.2												
PIMCO Bravo	10,727	0.0												

Policy (10/1/2020): 25% Russell 3000, 15% MSCI ACWI ex US, 3% MSCI ACWI, 17% BBgBarc 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 3/26/19. 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. All data is preliminary.