



Chief Investment Officer Monthly Report

Jonathan Grabel – Chief Investment Officer

Board of Investments Meeting
May 10, 2023

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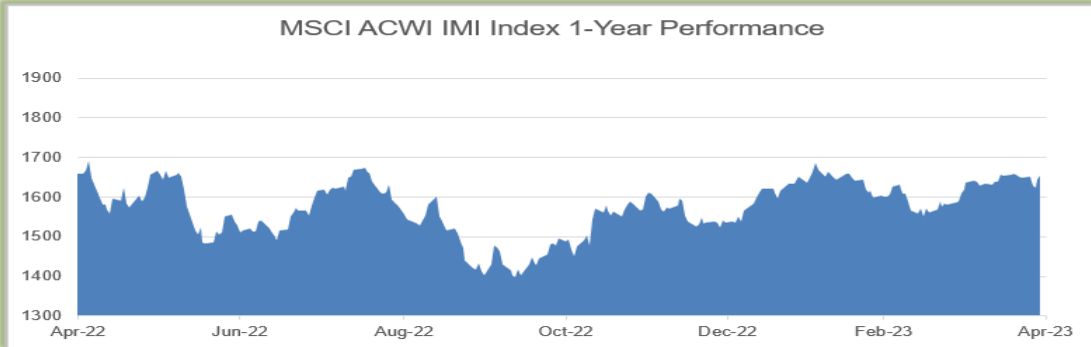


01 Market Environment

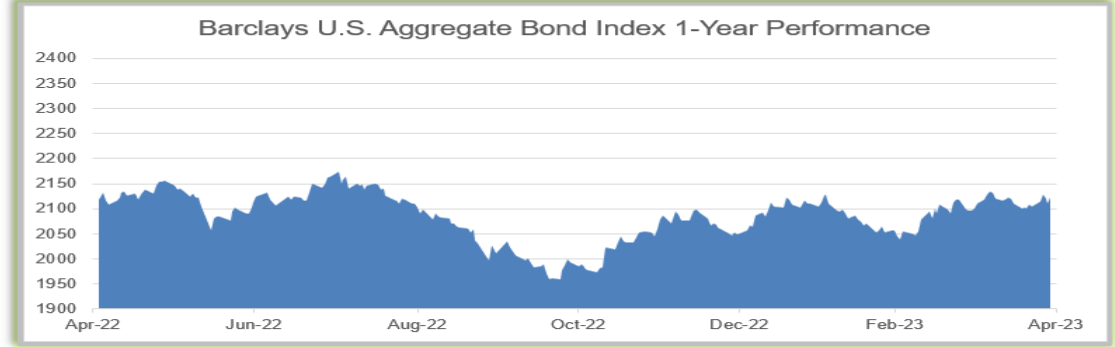
Global Market Performance as of April 30, 2023



| MSCI ACWI IMI Index (Global Equity Market)* | | | | | | | |
|---|---------|------|-----|------------------------|------|-----|-----|
| Trailing Returns (%) | | | | Annualized Returns (%) | | | |
| 1-Month | 3-Month | FYTD | YTD | 1Y | 3Y | 5Y | 10Y |
| 1.3 | 0.9 | 11.1 | 8.3 | 1.6 | 12.2 | 6.6 | 7.8 |



| Barclays U.S. Aggregate Bond Index** | | | | | | | |
|--------------------------------------|---------|------|-----|------------------------|------|-----|-----|
| Trailing Returns (%) | | | | Annualized Returns (%) | | | |
| 1-Month | 3-Month | FYTD | YTD | 1Y | 3Y | 5Y | 10Y |
| 0.6 | 0.5 | 0.5 | 3.6 | -0.4 | -3.1 | 1.2 | 1.3 |



*Global Equity Policy Benchmark - MSCI ACWI IMI Index

**Investment Grade Bonds Policy Benchmark - Barclays U.S. Aggregate Bond Index

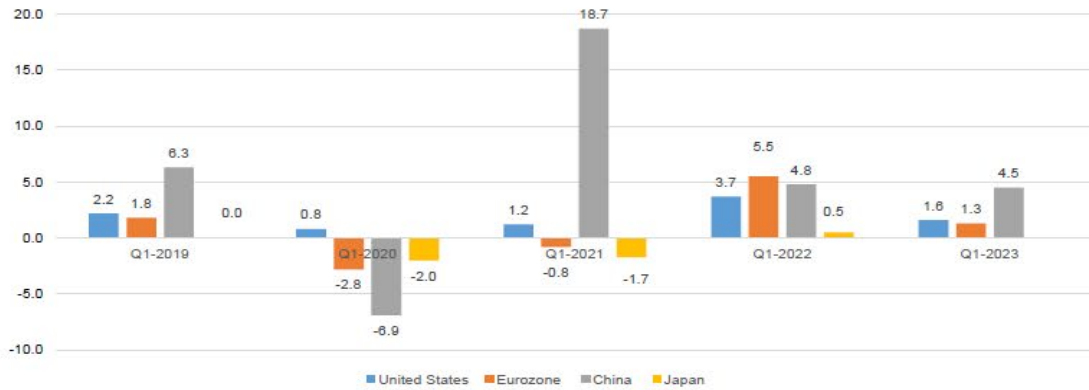
| Market | Sub-Category | Index Name | 1-Month | 3-Month | FYTD | YTD | 1 Y | 3 Y | 5 Y | 10 Y |
|----------------|--|--|---------------------------------|---------|------|------|-------|------|------|------|
| Equity | Global All Cap | MSCI ACWI IMI Total Return | 1.3 | 0.9 | 11.1 | 8.3 | 1.6 | 12.2 | 6.6 | 7.8 |
| | U.S. All Cap | Russell 3000 Total Return | 1.1 | 1.3 | 10.9 | 8.3 | 1.5 | 14.1 | 10.6 | 11.7 |
| | U.S. Large Cap | S&P 500 Total Return | 1.6 | 2.7 | 11.7 | 9.2 | 2.7 | 14.5 | 11.4 | 12.2 |
| | U.S. Small Cap | Russell 2000 Total Return | -1.8 | -8.1 | 4.8 | 0.9 | -3.6 | 11.9 | 4.1 | 7.9 |
| | Non-U.S. All Cap | MSCI ACWI-ex U.S. IMI Total Return | 1.7 | 0.4 | 11.7 | 8.4 | 2.2 | 9.9 | 2.4 | 4.1 |
| | Emerging Markets | MSCI Emerging Markets Total Return | -1.1 | -4.7 | -0.3 | 2.8 | -6.5 | 4.3 | -1.0 | 1.8 |
| | Private Equity | Private Equity Buyout | Thomson Reuters PE Buyout Index | 3.9 | -5.7 | 5.8 | -4.1 | -6.7 | 10.1 | 6.5 |
| Fixed Income | U.S. Investment Grade Bonds | Bloomberg U.S. Aggregate Index | 0.6 | 0.5 | 0.5 | 3.6 | -0.4 | -3.1 | 1.2 | 1.3 |
| | U.S. Corporate High Yield Bonds | Bloomberg U.S. Corporate High Yield Total Return | 1.0 | 0.8 | 8.3 | 4.6 | 1.2 | 4.7 | 3.3 | 4.0 |
| | Developed Markets Leveraged Loans | Credit Suisse Leveraged Loan Total Return | 0.9 | 1.5 | 7.8 | 4.1 | 2.9 | 7.2 | 3.6 | 3.9 |
| | U.S. Treasury Inflation Protected Securities | Bloomberg U.S. Treasury TIPS Total Return Index | 0.1 | 1.6 | 0.1 | 3.5 | -4.0 | 0.9 | 3.0 | 1.4 |
| | U.S. 3 Month Treasury Bill | FTSE 3 Month Treasury Bill | 0.4 | 1.2 | 2.9 | 1.5 | 3.0 | 1.1 | 1.5 | 0.9 |
| Commodity | Commodity Prices Index | Bloomberg Commodity Index Total Return | -0.8 | -5.6 | -7.9 | -6.1 | -16.6 | 21.1 | 4.7 | -1.5 |
| | Natural Resources | S&P Global LargeMidCap Commodity & Resources Index | 0.9 | -6.1 | 11.9 | -0.5 | -0.4 | 24.5 | 9.2 | 5.2 |
| Infrastructure | Global Infrastructure | Dow Jones Brookfield Global Infrastructure Composite Index | 2.6 | 0.1 | 3.9 | 5.8 | -0.9 | 9.5 | 5.7 | 5.0 |
| Real Estate | U.S. REITs | MSCI U.S. REIT Index | 0.8 | -6.4 | -1.9 | 3.6 | -14.7 | 9.4 | 5.9 | 5.4 |

Key Macro Indicators*



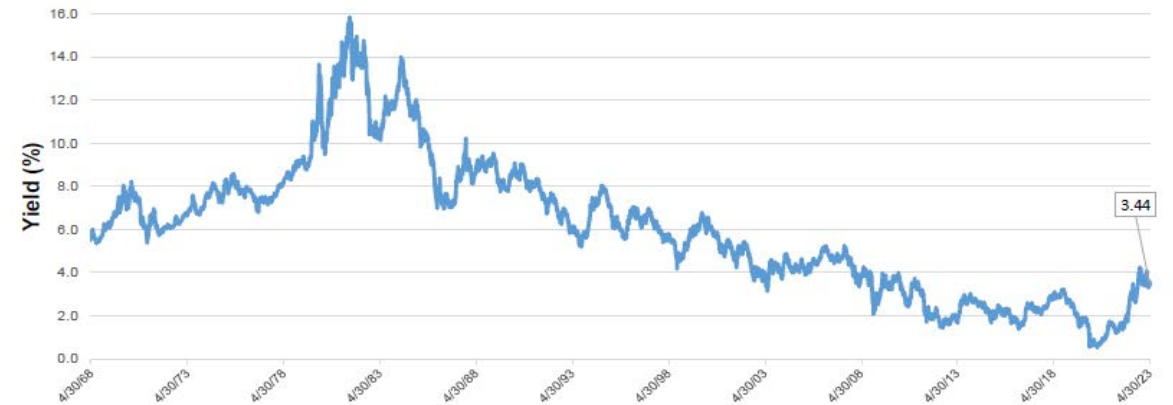
GDP Growth of Major Economies¹

Real GDP Growth YoY (%) - Last Five Years



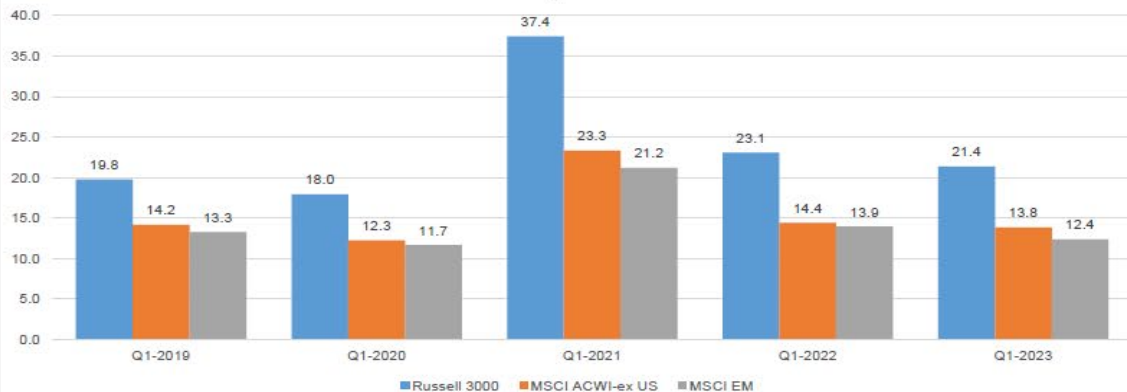
10-Year Treasury Yield²

Historical 10-Year Treasury Yield



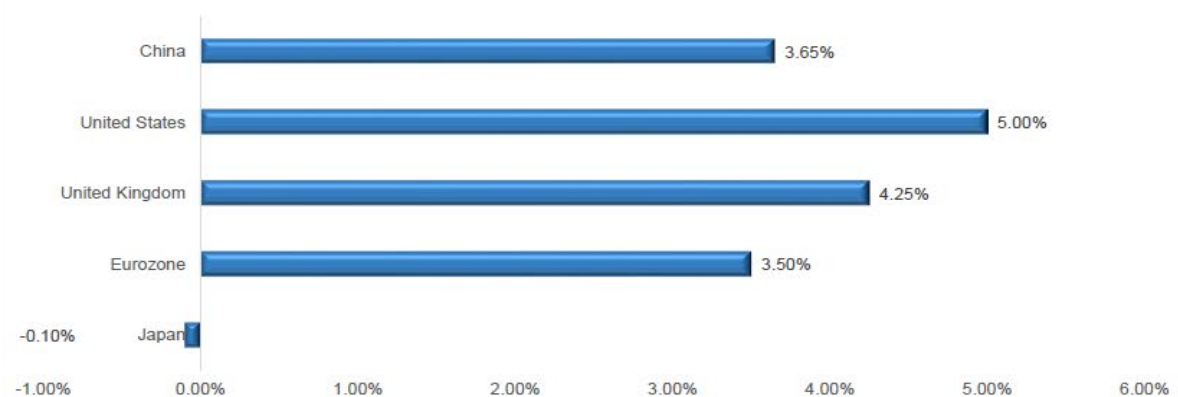
World Equity Valuation³

Price-to-Earnings - Last Five Years



Central Bank Rates⁴ (as of 4/30/2023)

Central Bank Rates

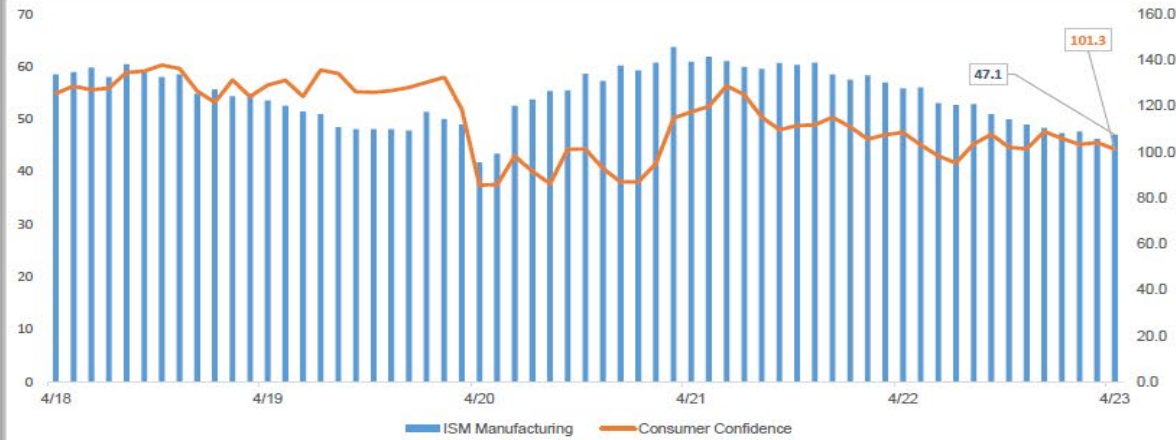


*The information on the "Key Macro Indicators" charts is the best available data as of 4/30/23 and may not reflect the current market and economic environment

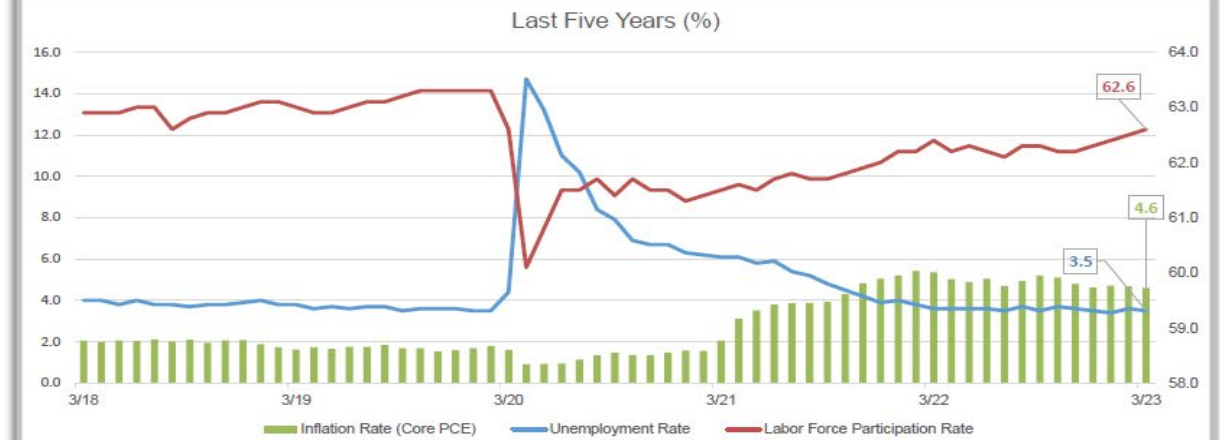
Key Macro Indicators*



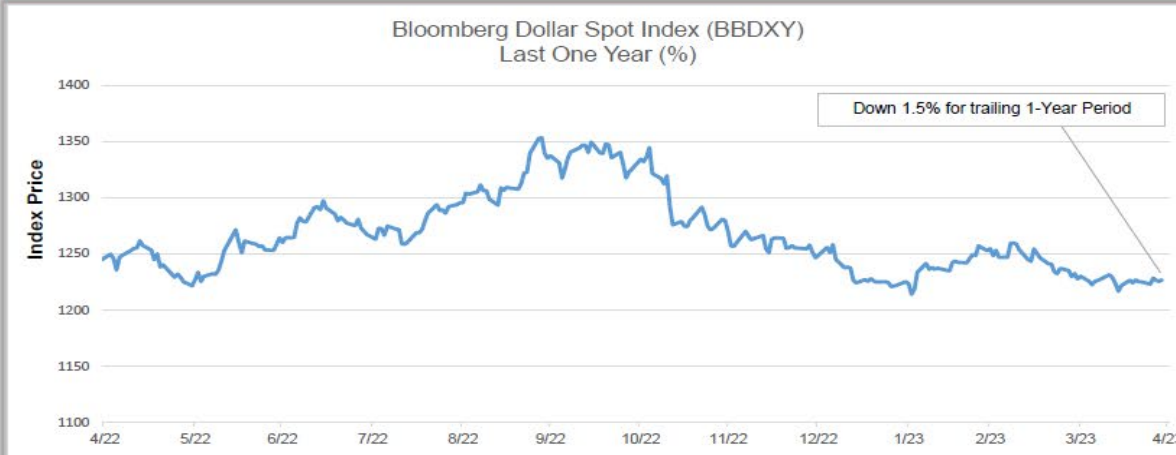
Consumer Confidence & ISM Manufacturing¹



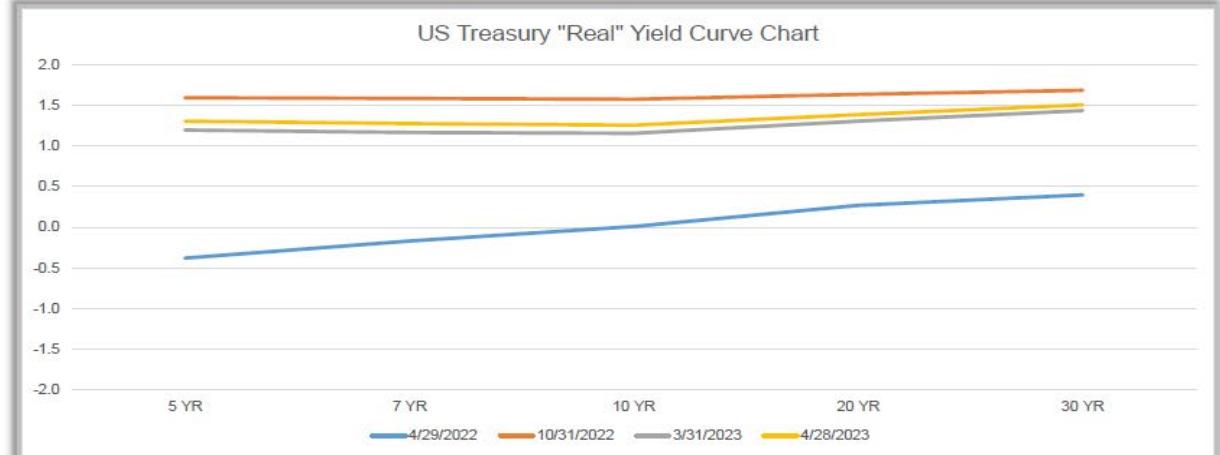
U.S. Inflation, Unemployment, & Labor Force Participation²



Performance of US Dollar vs. Leading Global Currencies³



U.S. Treasury "Real" Yield Curve⁴



*The information on the "Key Macro Indicators" charts is the best available data as of 4/30/23 and may not reflect the current market and economic environment

Market Themes and Notable Items to Watch



Recent Themes

- March data revealed that on an annual basis, the personal consumption expenditures price index excluding food and energy increased 4.6%, higher than the U.S. Federal Reserve's 2% target
- U.S. Gross domestic product, a measure of all goods and services produced for the period, rose at a 1.1% annualized pace in the first quarter, representing slowing growth amid interest rate increases and inflation
- The U.S. 10-year Treasury yield ended March at 3.44%, after being 3.88% at the end of 2022, 1.52% at the end of 2021 and 0.93% at the end of 2020
- Global equities (MSCI All Country World Investable Market Index) gained 1.3% in April

What to Watch

- Interest rates and central bank actions
- Economic data and trends
 - Inflation, supply chains, and labor developments
- Macro conditions and geopolitical risks
- Environmental, social, and governance
 - Several high-profile proxy contests by hedge fund activists settle before proxy season (Disney, Salesforce, Bath & Body Works)

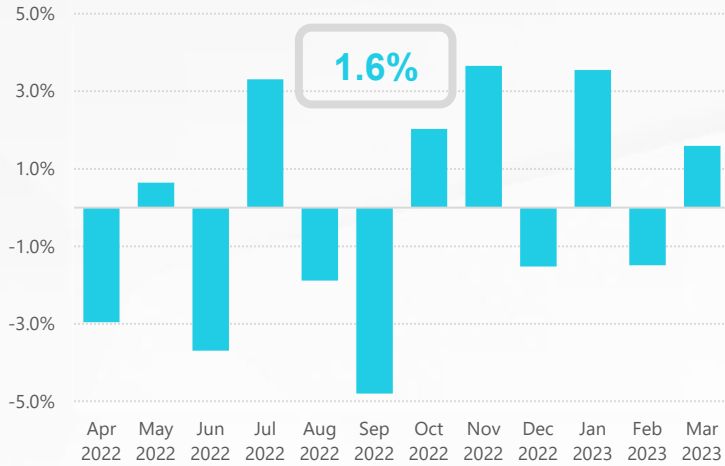


02 Portfolio Performance & Risk Updates

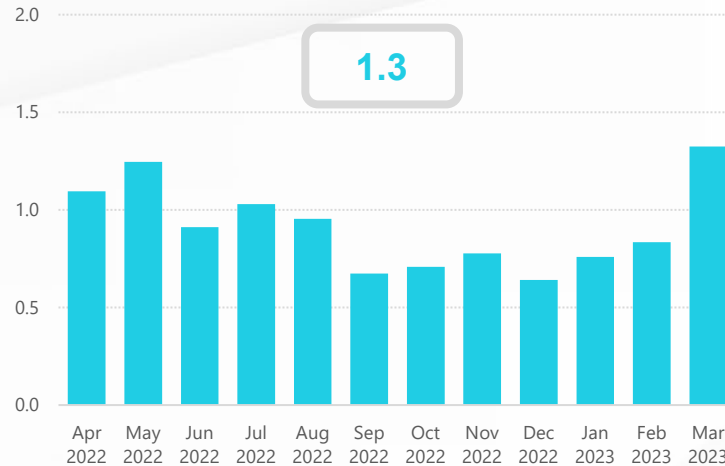
Total Fund Summary as of March 2023



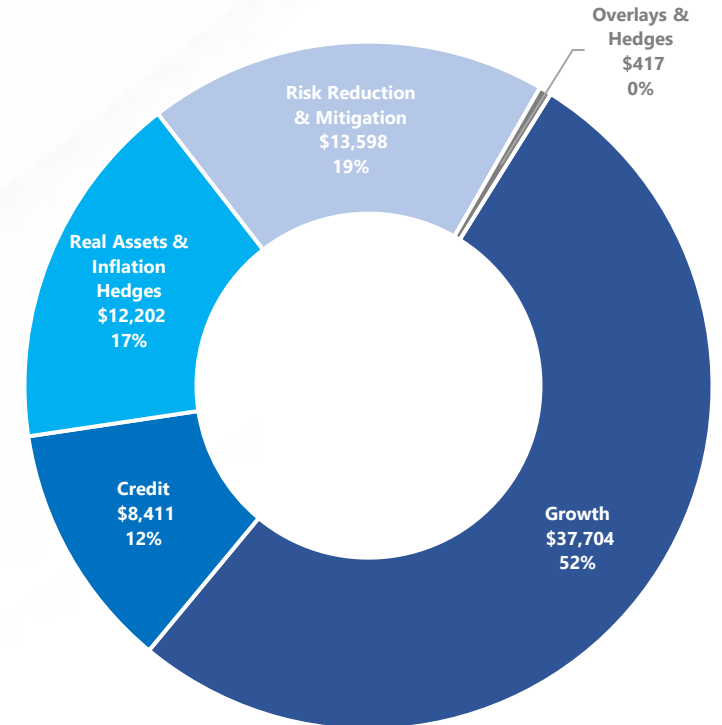
Monthly Return (net)



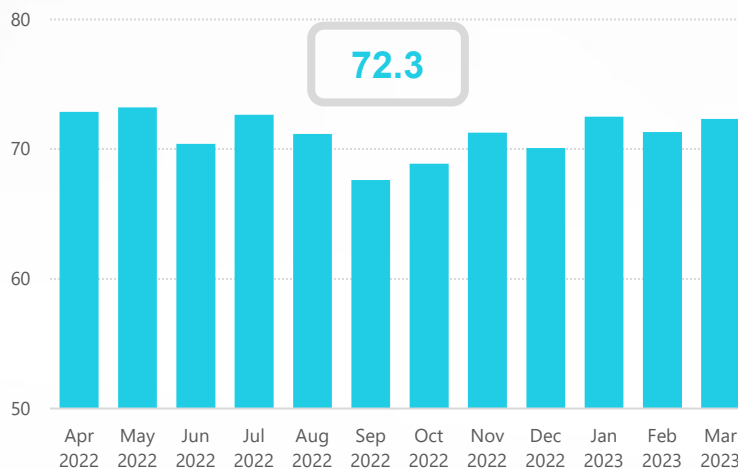
Sharpe Ratio (3-year annualized)



Asset Allocation (\$ millions)



Total Market Value (\$ billions)



Cash (\$ millions)

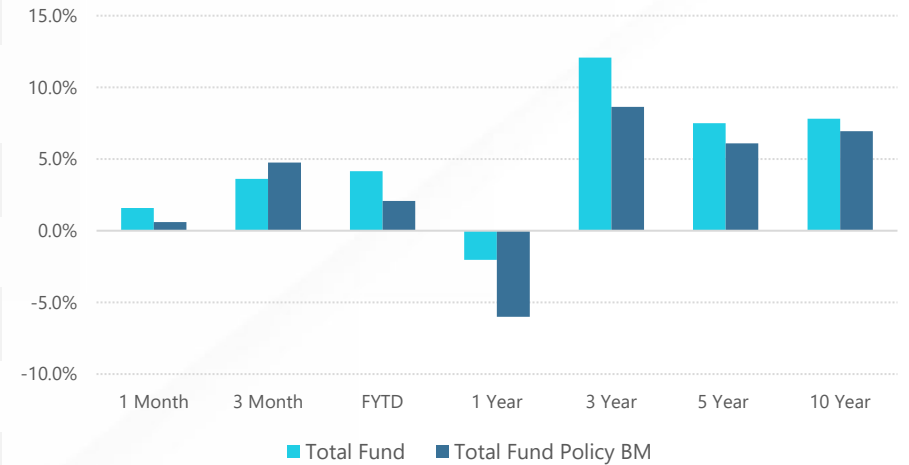


Historical Net Performance as of March 2023



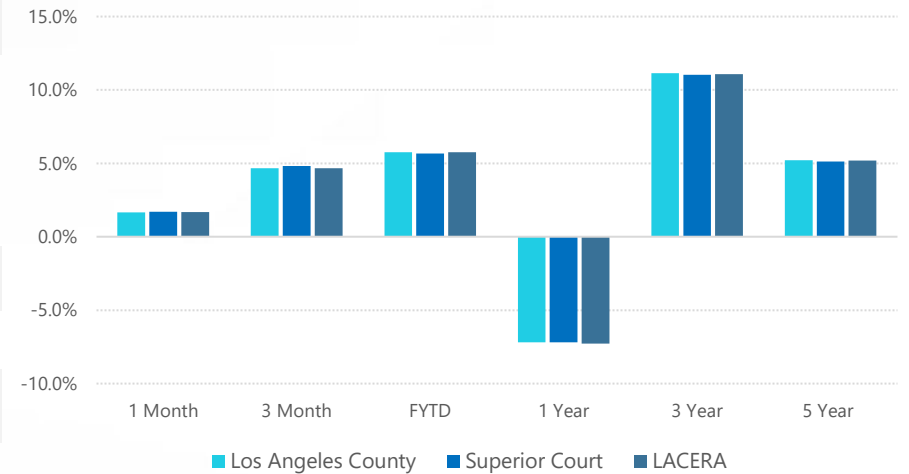
LACERA Pension Fund

| | Market Value (\$ millions) | % of Total Fund | Interim Target | 1 Month | 3 Month | FYTD | 1 Year | 3 Year | 5 Year | 10 Year |
|---|-------------------------------|--------------------|-------------------|--------------|--------------|-------------|--------------|--------------|-------------|-------------|
| Total Fund | 72,332 | 100.0% | 100.0% | 1.6% | 3.6% | 4.1% | -2.0% | 12.1% | 7.5% | 7.8% |
| Total Fund Policy BM | | | | 0.6% | 4.7% | 2.1% | -6.0% | 8.6% | 6.1% | 6.9% |
| 7% Annual Hurdle Rate | | | | 0.6% | 1.7% | 5.2% | 7.0% | 7.0% | 7.0% | 7.0% |
| Growth | 37,704 | 52.1% | 53.0% | 1.7% | 4.9% | 5.7% | -4.2% | 18.4% | | |
| Growth Policy BM | | | | 0.2% | 7.3% | 2.1% | -9.7% | 13.7% | | |
| Credit | 8,411 | 11.6% | 11.0% | 0.8% | 3.5% | 5.2% | -0.3% | 7.7% | | |
| Credit Policy BM | | | | -0.1% | 3.1% | 4.1% | -1.8% | 4.5% | | |
| Real Assets & Inflation Hedges | 12,202 | 16.9% | 17.0% | 1.3% | -0.4% | 1.3% | -0.4% | 11.5% | | |
| Real Assets & Inflation Hedges Policy BM | | | | 0.4% | -0.6% | 1.5% | -1.8% | 11.9% | | |
| Risk Reduction & Mitigation | 13,598 | 18.8% | 19.0% | 2.2% | 3.7% | 0.9% | -2.5% | -0.4% | | |
| Risk Reduction & Mitigation Policy BM | | | | 2.4% | 3.4% | 0.3% | -3.6% | -1.7% | | |
| Overlays & Hedges | 417 | 0.6% | | -7.5% | 14.0% | | | | | |



OPEB Master Trust

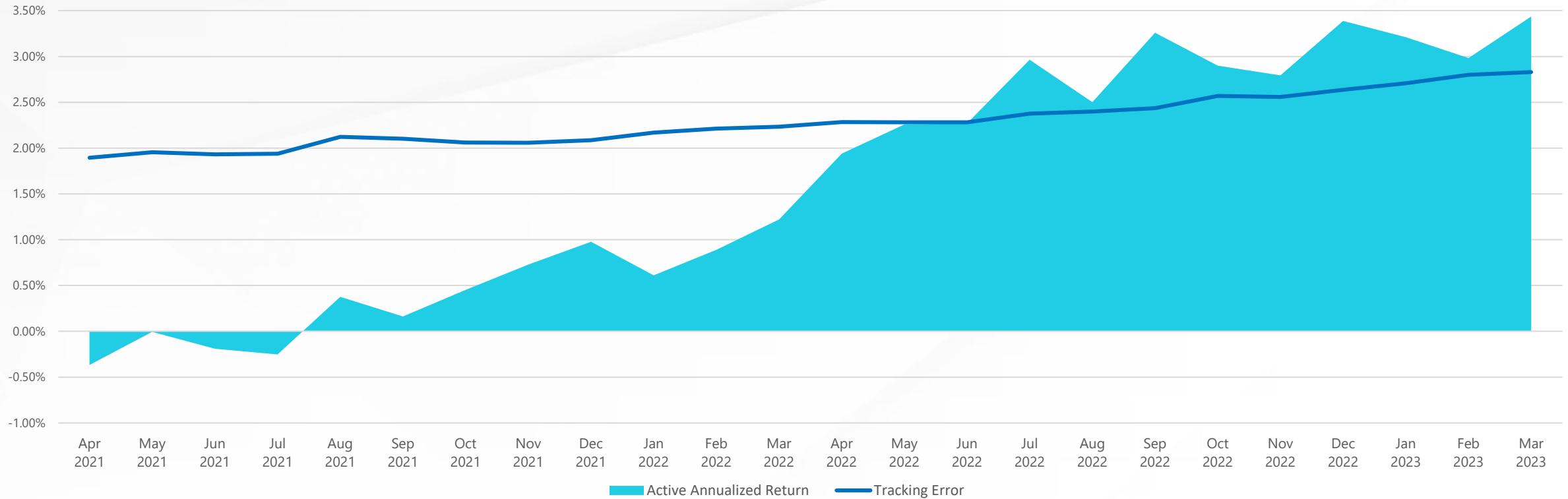
| | Market Value (\$ millions) | % of Master Trust | Interim Target | 1 Month | 3 Month | FYTD | 1 Year | 3 Year | 5 Year |
|--|-------------------------------|----------------------|-------------------|--------------|-------------|--------------|---------------|--------------|-------------|
| OPEB Master Trust | 2,879 | | | 1.7% | 4.7% | 5.8% | -7.2% | 11.1% | 5.2% |
| Los Angeles County | 2,806 | 97.5% | — | 1.7% | 4.7% | 5.8% | -7.2% | 11.1% | 5.2% |
| Superior Court | 60 | 2.1% | — | 1.7% | 4.8% | 5.7% | -7.2% | 11.0% | 5.1% |
| LACERA | 13 | 0.4% | — | 1.7% | 4.7% | 5.8% | -7.3% | 11.1% | 5.2% |
| LACERA Master OPEB Trust Fund | 2,877 | | 100.0% | 1.7% | 4.8% | 5.6% | -7.3% | 11.1% | 5.3% |
| OPEB Master Trust Policy Benchmark | | | | 1.2% | 4.3% | 5.2% | -7.6% | 10.8% | 4.8% |
| OPEB Growth | 1,372 | 47.7% | 47.5% | 2.5% | 6.9% | 9.8% | -7.5% | 15.9% | 6.8% |
| OPEB Growth Policy Benchmark | | | | 2.1% | 7.2% | 8.5% | -8.6% | 15.2% | 6.4% |
| OPEB Credit | 544 | 18.9% | 19.0% | 1.3% | 3.7% | 8.0% | 0.3% | 5.5% | -- |
| OPEB Credit Policy Benchmark | | | | 0.5% | 3.2% | 6.4% | -1.3% | 5.7% | -- |
| OPEB Real Assets & Inflation Hedges | 578 | 20.1% | 20.0% | -0.4% | 1.6% | -3.1% | -14.7% | 10.7% | -- |
| OPEB RA & IH Policy Benchmark | | | | -1.2% | -1.0% | -0.6% | -12.6% | 11.6% | -- |
| OPEB Risk Reduction & Mitigation | 383 | 13.3% | 13.5% | 2.7% | 3.4% | 1.1% | -2.7% | -1.7% | 1.4% |
| OPEB RR & M Policy Benchmark | | | | 2.6% | 3.3% | -0.5% | -4.2% | -2.3% | 1.0% |



Performance Based Risk as of March 2023



Active Return vs. Tracking Error^{1,2,3}



| Period Ending | Annualized Return | Annualized Benchmark Return | Annualized Active Return | Tracking Error |
|---------------|-------------------|-----------------------------|--------------------------|----------------|
| Mar 2023 | 12.1% | 8.6% | 3.4% | 2.8% |

¹ Rolling 36 months.

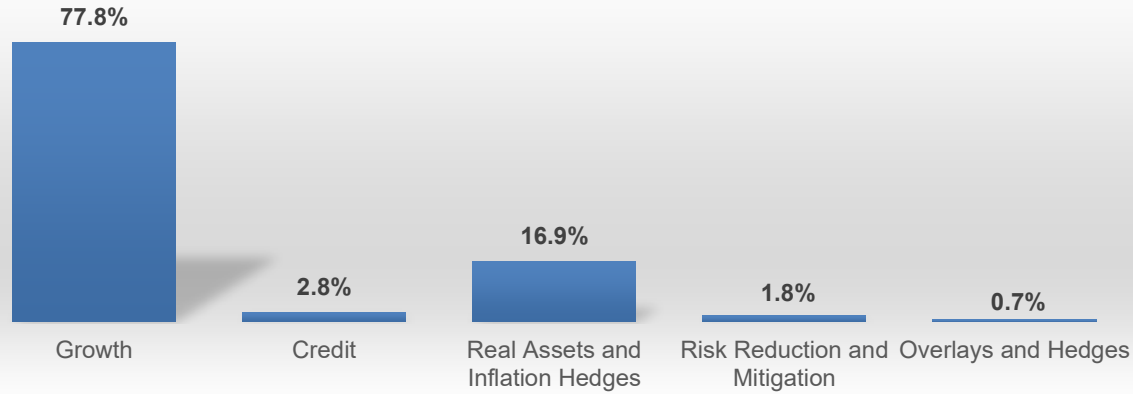
² Active return equals the difference in return between a portfolio and its benchmark.

³ Tracking error (or active risk) measures the volatility of active returns.

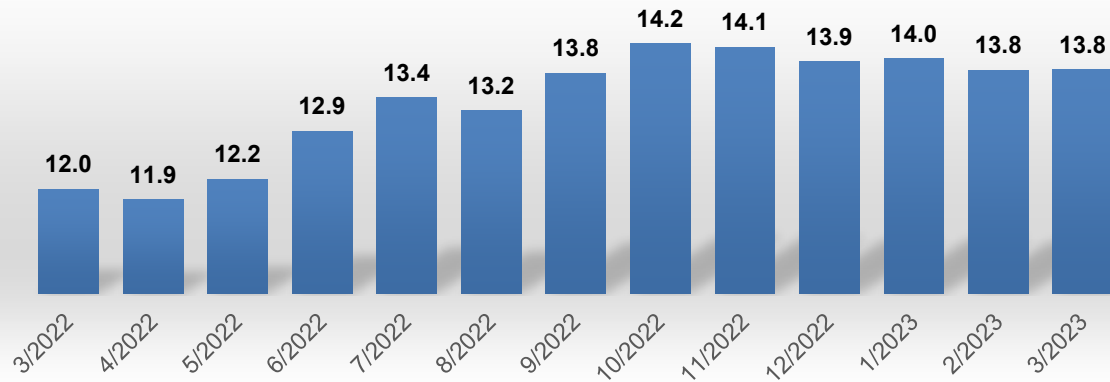
Total Fund Forecast Risk* as of March 2023 (Preliminary)



%Contribution to Total Risk



Total Risk



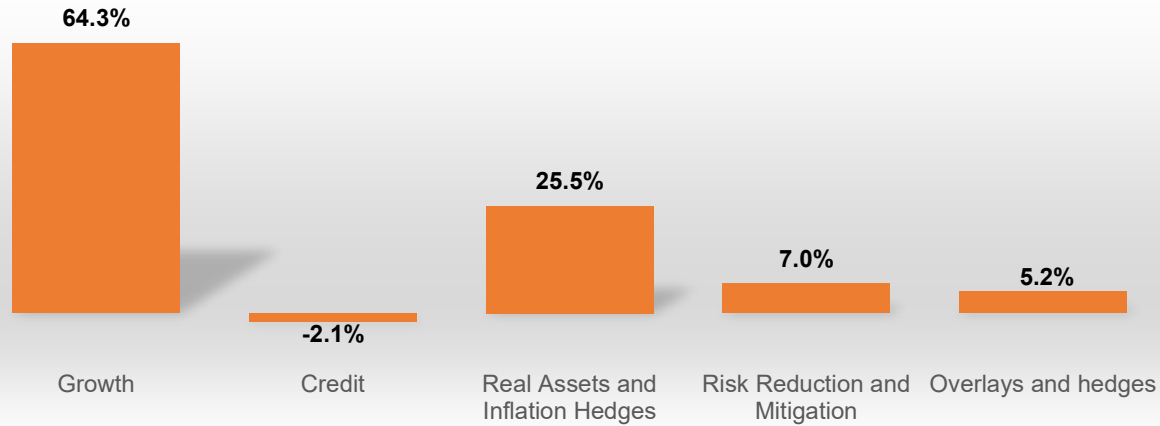
| | %Weight | % Cont. to Total Risk | Standalone Total Risk | Standalone Benchmark Risk |
|---|--------------|-----------------------|-----------------------|---------------------------|
| Total Fund | | | 13.8 | 13.1 |
| Growth | 52.5% | 77.8% | 20.7 | 19.7 |
| Global Equity | 33.2% | 42.9% | 18.7 | 18.7 |
| Private Equity | 17.6% | 31.5% | 27.9 | 26.9 |
| Non-Core Private Real Estate | 1.6% | 3.3% | 41.1 | 19.3 |
| Credit | 11.2% | 2.8% | 4.5 | 5.8 |
| Liquid Credit | 5.5% | 2.0% | 6.4 | 5.8 |
| Illiquid Credit | 5.7% | 0.8% | 3.6 | 5.8 |
| Real Assets & Inflation Hedges | 17.1% | 16.9% | 15.0 | 14.2 |
| Core Private Real Estate | 5.8% | 6.3% | 21.3 | 19.3 |
| Natural Resources & Commodities | 3.0% | 3.4% | 18.7 | 20.4 |
| Infrastructure | 5.4% | 6.6% | 18.3 | 18.4 |
| TIPS | 2.7% | 0.6% | 6.9 | 7.0 |
| Risk Reduction and Mitigation | 18.7% | 1.8% | 6.4 | 6.3 |
| Investment Grade Bonds | 7.0% | 0.8% | 6.8 | 6.7 |
| Diversified Hedge Funds | 6.1% | 0.6% | 3.8 | 0.2 |
| Long-Term Government Bonds | 4.3% | 0.5% | 14.7 | 14.7 |
| Cash | 1.3% | 0.0% | - | - |
| Overlays and Hedges | 0.5% | 0.7% | - | - |

*Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change. Real estate and private equity data used is as of 9/30/2022

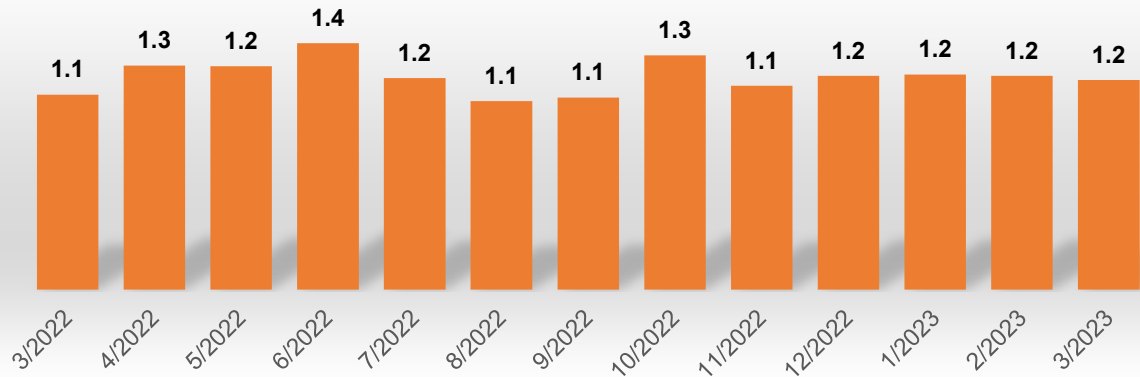
Total Fund Forecast Active Risk* as of March 2023 (Preliminary)



Active Risk Contribution



Active Risk



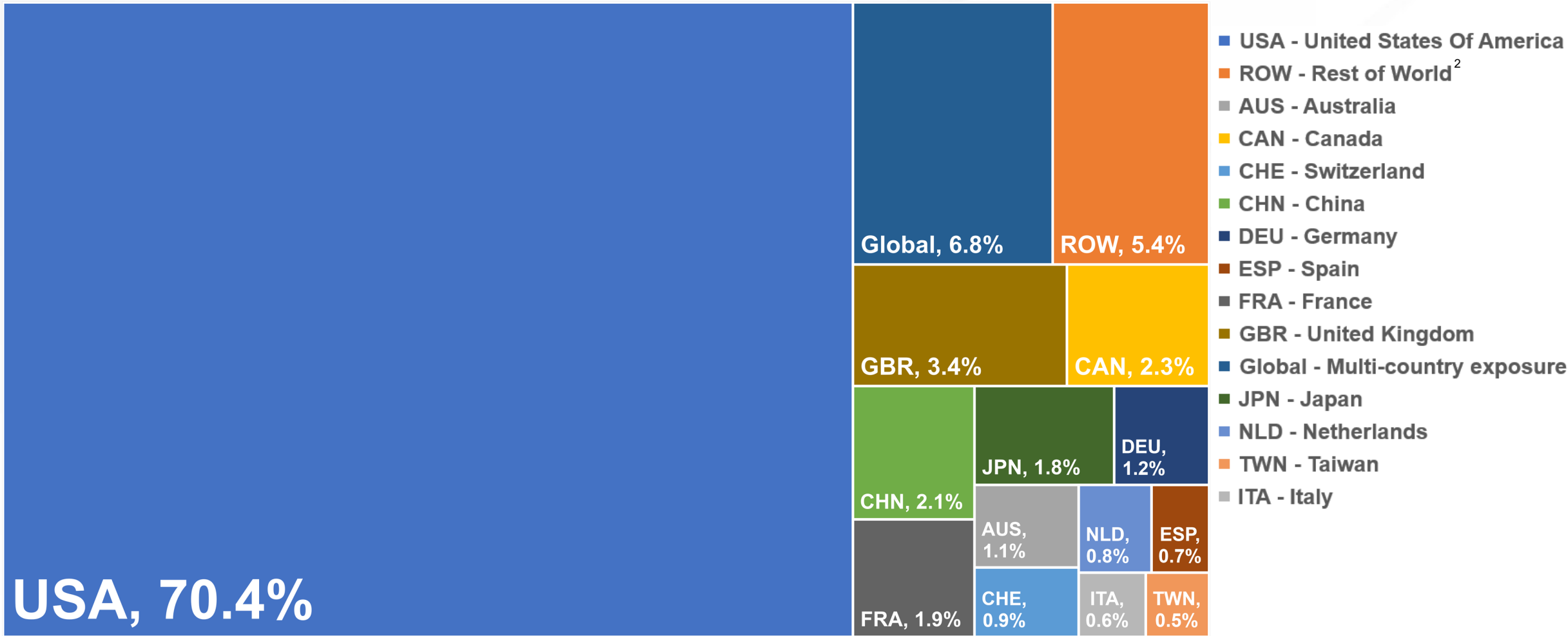
| | %Weight | Active Weight% | Active Risk | Active Risk Allocation | Active Risk Selection |
|---|--------------|----------------|--------------|------------------------|-----------------------|
| Total Fund | | | 1.17 | 0.05 | 1.13 |
| Growth | 52.5% | -0.53% | 0.75 | -0.02 | 0.78 |
| Global Equity | 33.2% | | | | |
| Private Equity | 17.6% | | | | |
| Non-Core Private Real Estate | 1.6% | | | | |
| Credit | 11.2% | 0.23% | -0.02 | -0.01 | -0.01 |
| Liquid Credit | 5.5% | | | | |
| Illiquid Credit | 5.7% | | | | |
| Real Assets & Inflation Hedges | 17.1% | 0.08% | 0.30 | 0.00 | 0.30 |
| Core Private Real Estate | 5.8% | | | | |
| Natural Resources & Commodities | 3.0% | | | | |
| Infrastructure | 5.4% | | | | |
| TIPS | 2.7% | | | | |
| Risk Reduction and Mitigation | 18.7% | -0.32% | 0.08 | 0.02 | 0.06 |
| Investment Grade Bonds | 7.0% | | | | |
| Diversified Hedge Funds | 6.1% | | | | |
| Long-Term Government Bonds | 4.3% | | | | |
| Cash | 1.3% | | | | |
| Overlays and Hedges | 0.5% | 0.54% | 0.06 | 0.06 | - |

*Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change. Real estate and private equity data used is as of 9/30/2022

SOURCE: MSCI BarraOne

Geographic Exposures by AUM* - Total Fund

as of March 2023 ex-overlays & hedges (Preliminary)



*AUM = assets under management

¹ *Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change. Real estate and private equity data used is as of 9/30/2022

² "ROW - Rest of World" is sum of countries with weight below 0.5%

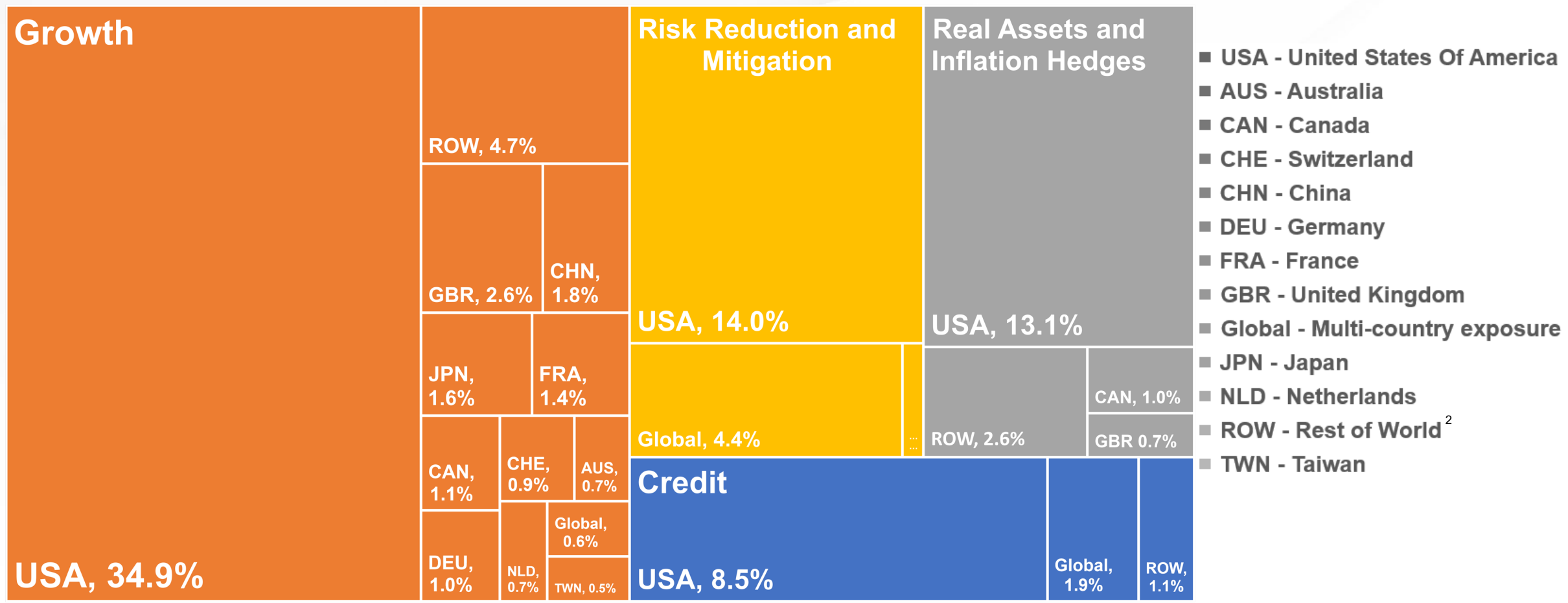
³ Geographic exposure is based on the domicile country of a given security/asset

SOURCE: MSCI BarraOne

Geographic Exposures by AUM* - Asset Categories as of March 2023 ex-overlays & hedges (Preliminary)



■ Credit ■ Growth ■ Real Assets and Inflation Hedges ■ Risk Reduction and Mitigation



*AUM = assets under management

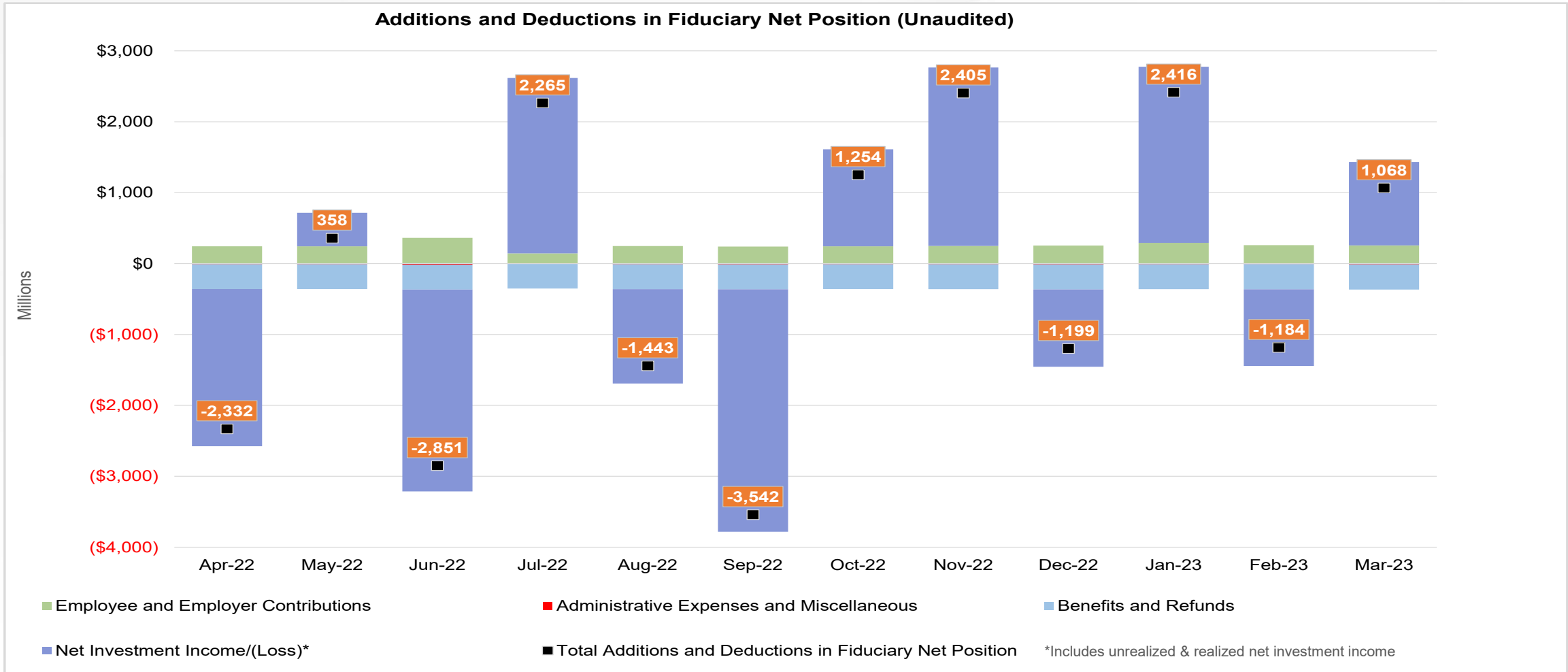
¹ *Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change. Real estate and private equity data used is as of 9/30/2022

² "ROW - Rest of World" is sum of countries with weight below 0.5%

³ Geographic exposure is based on the domicile country of a given security/asset

SOURCE: MSCI BarraOne

Change In Fiduciary Net Position



| Fiscal Year | Negative Months | Positive Months | Total Net Position Change \$ |
|-------------|-----------------|-----------------|------------------------------|
| FY-21 | 2 | 10 | \$13.8 billion |
| FY-22 | 7 | 5 | (\$2.5 billion) |
| FY-23 | 4 | 5 | \$2.0 billion |



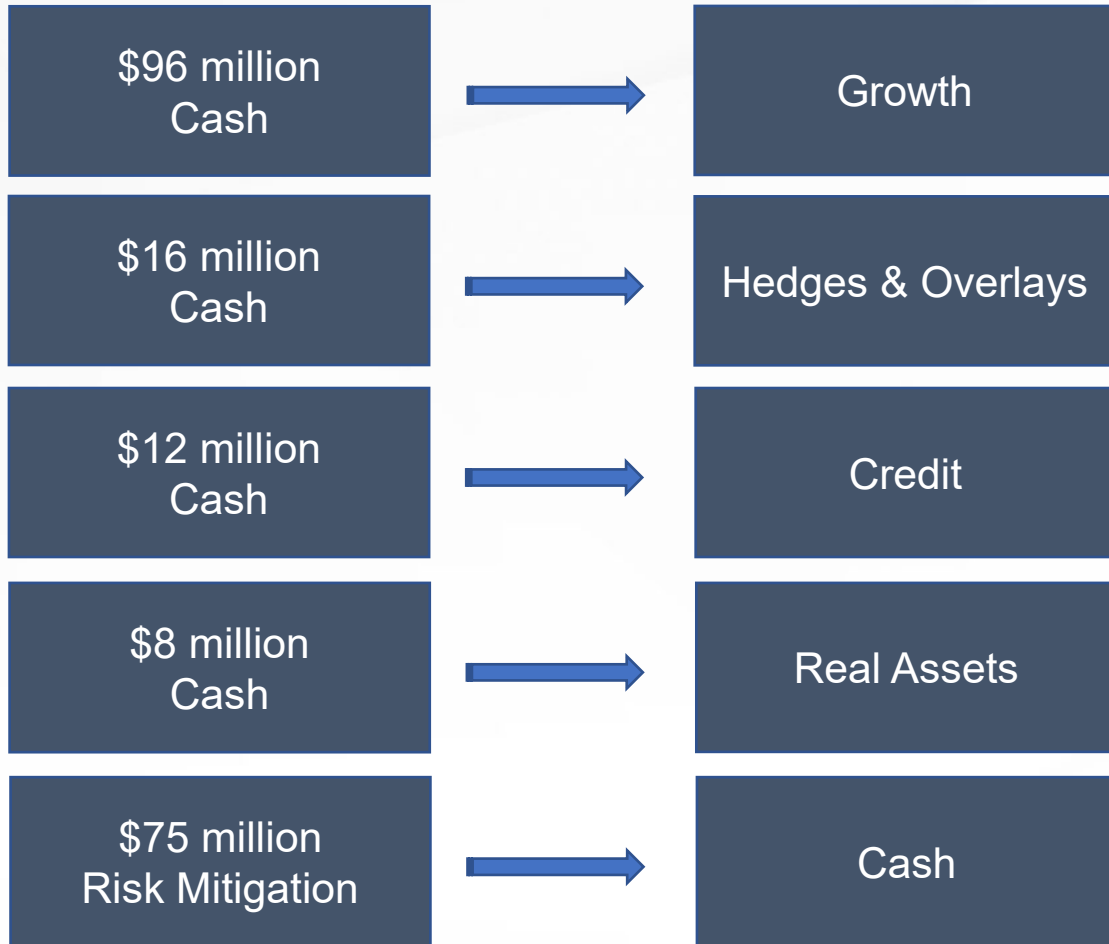
03 Portfolio Structural Updates

Portfolio Structural Updates



Portfolio Movements

Rebalancing Activity



Hedges & Overlays

Monthly Activity

| Program | March Return | March Gain/(Loss) | Inception ¹ Gain/(Loss) |
|-------------------------------------|--------------|-------------------|------------------------------------|
| Currency Hedge ² | -0.8% | (\$16.2 Million) | \$1.3 Billion |
| Cash/Rebalance Overlay ³ | 1.0% | \$18.6 Million | \$294.4 Million |

¹ Currency and overlay program inception dates are 8/2010 & 7/2019, respectively.

² LACERA's currency hedge program's 1-month return is calculated monthly whereas the monthly gain/loss amount for the same period is the net realized dollar amount at contract settlement over three monthly tranches.

³ LACERA's overlay program's 1-month return includes interest earned on the cash that supports the futures contracts.

Current Search Activity

Status of Active Searches – Subject to Change

| Name | RFP Issued | Due Diligence | BOI Review |
|--|------------|---------------|---------------------|
| Real Assets Emerging Manager Program Search | ✓ | ✓ | Anticipated Q3 2023 |
| OPEB Public Markets Passive Investment Management Search | ✓ | ✓ | Anticipated Q2 2023 |



04 Key Initiatives & Operational Updates

Notable Initiatives and Operational Updates



Key Initiative Updates

- Jonathan Grabel was named to the Council of Institutional Investors U.S. Asset Owner Advisory Council
- The 2024 Strategic asset allocation study will begin in the Q3 of this year
- The Investment Division is adhering to the 2023 Work Plan and Strategic Initiatives approved at the January 2023 BOI

Operational Updates

- Annual contract compliance review is complete
- Operational due diligence review in progress

Manager/Consultant Updates

State Street Global Advisors (SSGA) – Growth - is reorganizing its equity investment teams, combining four legacy groups into two: Systematic Equity and Fundamental Equity. John Tucker will oversee the Systematic Equity Team and Michael Solecki will oversee the Fundamental Equity Team. Both will report to Lori Heinel, Global Chief Investment Officer of SSGA.

Global Alpha – Growth – In April, Janine Tran Lam, Chief Compliance Officer (CCO), resigned from Global Alpha to pursue an opportunity outside of asset management. David Savignac will be the acting CCO until a replacement is found. David will have the support of a recent hire in Global Alpha’s operations team along with Connor, Clark, & Lunn’s (Global Alpha’s parent company) Legal and Compliance teams.

Team Searches and Vacancies

- Working on launching new searches
 - 1 – Deputy Chief Investment Officer
 - Search in progress
 - 1 – Principal Investment Officer
 - 2 – Senior Investment Officer
 - 1 search in progress
 - 2 – Financial Analyst-III
 - 2 searches in progress
 - 5 – Financial Analyst-II
 - 5 searches in progress



05 **Commentary**

Staff Chart of the Month

U.S. Growth Slows in the First Quarter of 2023





06 Appendix

Quiet Period for Search Respondents



Real Assets Emerging Manager Program Discretionary Separate Account Manager Search

- ✓ BlackRock Investments, LLC
- ✓ ACRES Capital
- ✓ Aether Investment Partners
- ✓ Cloverlay
- ✓ ORG Portfolio Management
- ✓ Barings
- ✓ Belay Investment Group
- ✓ Encore Enterprises, Inc.
- ✓ Stable
- ✓ Cambridge Associates
- ✓ GCM Grosvenor
- ✓ The Townsend Group
- ✓ Cypress Creek Partners
- ✓ Hamilton Lane Advisors
- ✓ Neuberger Berman Group
- ✓ Wafra Inc.
- ✓ Artemis Real Estate Partners
- ✓ Hawkeye Partners, LP
- ✓ BlackRock
- ✓ Astarte Capital Partners
- ✓ Bentall Green Oak
- ✓ Clear Sky Advisers
- ✓ Clear Investment Group
- ✓ Poverni Sheikh Group
- ✓ Trilogy
- ✓ Stepstone
- ✓ Oak Street
- ✓ White Deer

OPEB Public Markets Passive Investment Management Search

- ✓ BlackRock Investments, LLC
- ✓ Northern Trust Investments, Inc
- ✓ RhumbLine Advisers
- ✓ State Street Global Advisors

Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division¹
As of March 2023

LACERA PENSION FUND

9

GROWTH

Total # of Advisory

GROWTH

Global Equity

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

1

A manager briefly breached maximum sector weight relative to the benchmark. The portfolio was brought back into compliance within six days.

Emerging Manager Program

✓

of Sudan/Iran Holdings Held by Managers

✓

8

8 issuers held, totaling \$15.6 mm in market value

Private Equity - Growth²

Asset Allocation Policy Compliance

✓

Guideline Compliance by Strategy

✓

Guideline Compliance by Geographic Location

✓

Investment Exposure Limit

✓

Non-Core Private Real Estate²

(See Real Assets & Inflation Hedges - Core Private Real Estate section)

2

CREDIT

Total # of Advisory

CREDIT

Liquid Credit, Illiquid Credit²

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

Emerging Manager Program

✓

of Sudan/Iran Holdings Held by Managers

✓

2

2 issuers held, totaling \$4.9 mm in market value

Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division¹
As of March 2023

LACERA PENSION FUND

1

REAL ASSETS & INFLATION HEDGES

Total # of Advisory

REAL ASSETS & INFLATION HEDGES⁴

Core Private Real Estate²

Asset Allocation Policy Compliance

✓

Guideline Compliance by Strategy (Core/Non-Core)

✓

Guideline Compliance by Manager^{*}

✓

Guideline Compliance by Property Type

✓

Guideline Compliance by Geographic Location

✓

Guideline Compliance by Leverage

✓

1

One manager is 36% of the core risk category which exceeds the 35% limit. The actual allocations of the portfolio may fall outside of the ranges as the portfolio makes its Board approved strategic transition.

Natural Resources & Commodities³

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

of Sudan/Iran Holdings Held by Managers

✓

Infrastructure

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

of Sudan/Iran Holdings Held by Managers

✓

TIPS

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

of Sudan/Iran Holdings Held by Managers

✓

Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division¹
As of March 2023

LACERA PENSION FUND

6

RISK REDUCTION & MITIGATION

Total # of Advisory

RISK REDUCTION & MITIGATION

Investment Grade Bonds

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

Emerging Manager Program

✓

of Sudan/Iran Holdings Held by Managers

✓

6

6 issuers held, totaling \$2.5 mm in market value

Diversified Hedge Funds²

Asset Allocation Policy Compliance

✓

Portfolio Level Compliance

✓

Direct Portfolio Manager Guideline Compliance

✓

Long-term Government Bonds

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

Emerging Manager Program

✓

of Sudan/Iran Holdings Held by Managers

✓

Cash

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

of Sudan/Iran Holdings Held by Managers

✓

Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division¹
As of March 2023

INVESTMENT OPERATIONS

| 6 | | | |
|--|-------------------------|------------|--|
| INVESTMENT OPERATIONS | | | |
| Total # of Advisory | | | |
| | Quarterly Review Status | # Advisory | Notes |
| INVESTMENT OPERATIONS | | | |
| Securities Lending | | | |
| Investment Guideline Compliance | ✓ | | |
| \$ Value on Loan | ✓ | 1 | State Street \$3,564.7 mm |
| \$ Value of Cash/Non-Cash Collaterals | ✓ | 1 | State Street \$3,749.7 mm |
| Total Income - Calendar YTD | ✓ | 1 | State Street \$3.1 mm |
| Total Fund Overlays and Hedges | | | |
| Investment Guideline Compliance | ✓ | | |
| Proxy Voting | | | |
| Number of Meetings Voted | ✓ | 1 | 1,131 meetings voted |
| Tax Reclaims | | | |
| Total Paid Reclaims - Calendar YTD | ✓ | 1 | De minimis |
| Total Pending Reclaims | ✓ | 1 | \$24.6 mm in process; timing of recovery is unique to each country |
| Fee Validation | | | |
| Fee Reconciliation Project | ✓ | | |
| AB 2833 | ✓ | | |
| Investment Manager Meetings⁵ | | | |
| Manager Meeting Requests | ✓ | | |

Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division¹
As of March 2023

OPEB MASTER TRUST

| Functional Asset Categories | Quarterly Review Status | # Advisory | Notes |
|---|-------------------------|------------|-------|
| (Growth, Credit, Inflation Hedges, Risk Reduction & Mitigation) | | | |
| Asset Allocation Policy Compliance | ✓ | | |
| Investment Guideline Compliance | ✓ | | |
| # of Sudan/Iran Holdings Held by Managers | ✓ | | |

¹ This list is not exhaustive as various compliance processes are completed throughout the year. Each quarter, different items may appear on the compliance monitor.

² Represents the comprehensive Private Equity (3-month lag), Real Estate (3-month lag), Illiquid Credit (1- and 3-month lags), and Hedge Funds (1-month lag) programs across the total plan.

³ Investment guideline compliance based on public market exposure.

⁴ Reflects the most recent data available.

⁵ Advisory noted if the CEO or a Board member recommends staff to meet with a specific manager three or more times in a year. The purpose of notifying the activity is to promote transparency and governance best practices designed to preserve the integrity of the decision-making process.

* Data as of 12/31/2022