



# Chief Investment Officer Monthly Report

**Jonathan Grabel – Chief Investment Officer**

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Board of Investments Meeting  
November 8, 2023

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# 01 Market Environment

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# Global Market Performance as of October 31, 2023



## MSCI ACWI IMI Index (Global Equity Market)\*

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
-3.3	-10.1	-6.6	5.7	9.4	6.5	7.1	6.6

### MSCI ACWI IMI Index 1-Year Performance



\*Global Equity Policy Benchmark - MSCI ACWI IMI Index

## Bloomberg U.S. Aggregate Bond Index\*\*

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
-1.6	-4.7	-4.8	-2.8	0.4	-5.6	-0.1	0.9

### Bloomberg U.S. Aggregate Bond Index 1-Year Performance

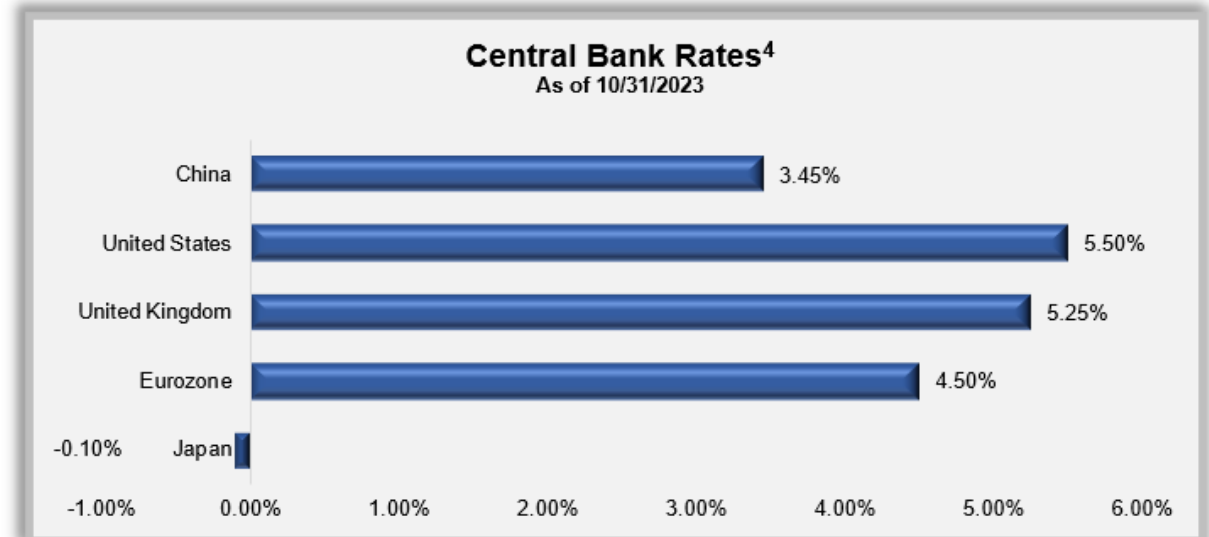
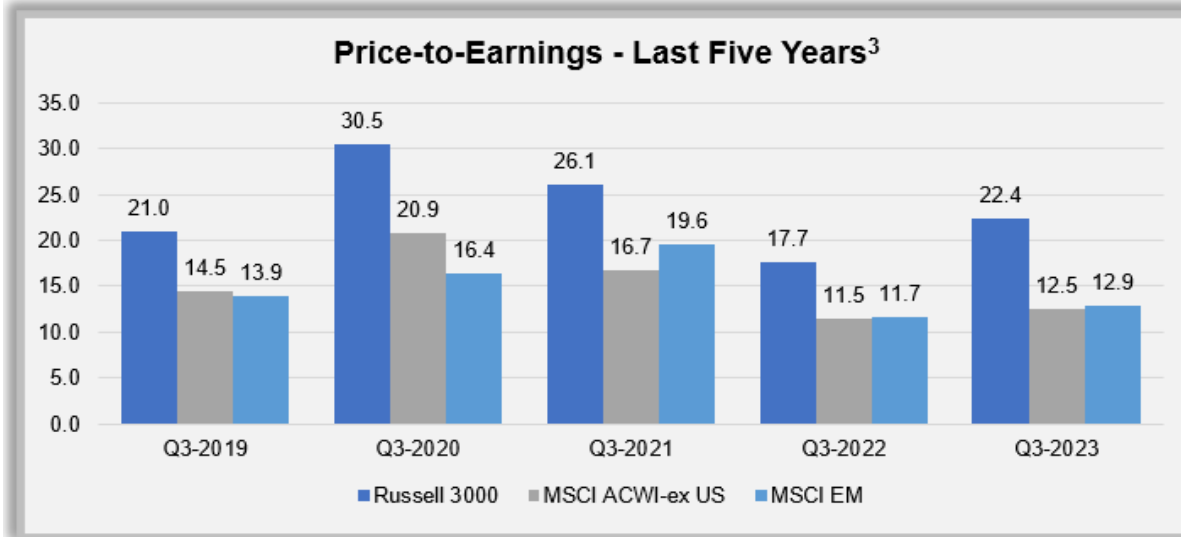
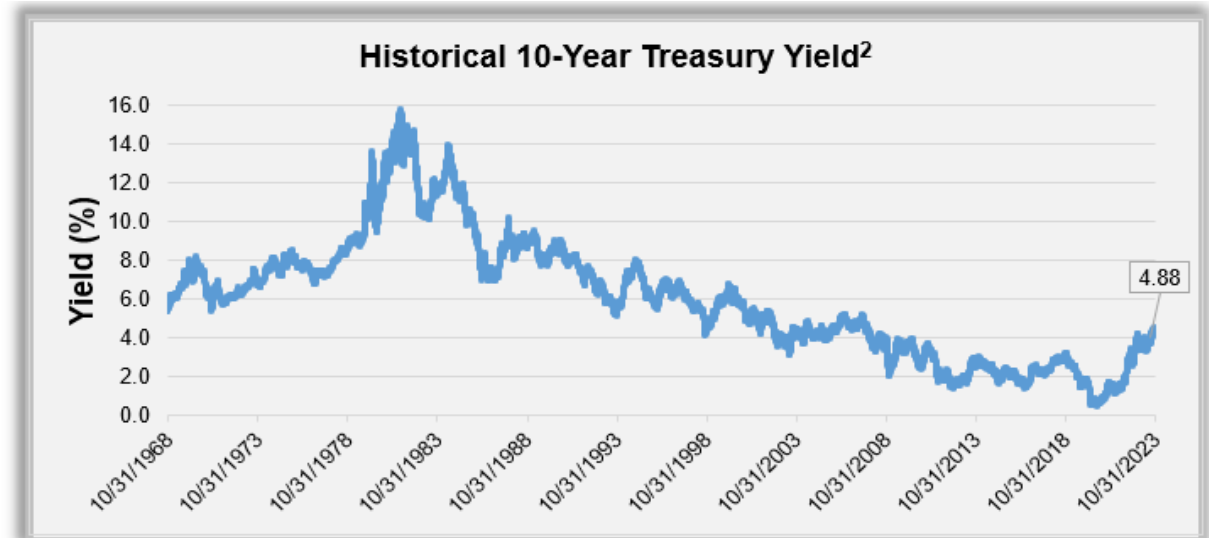
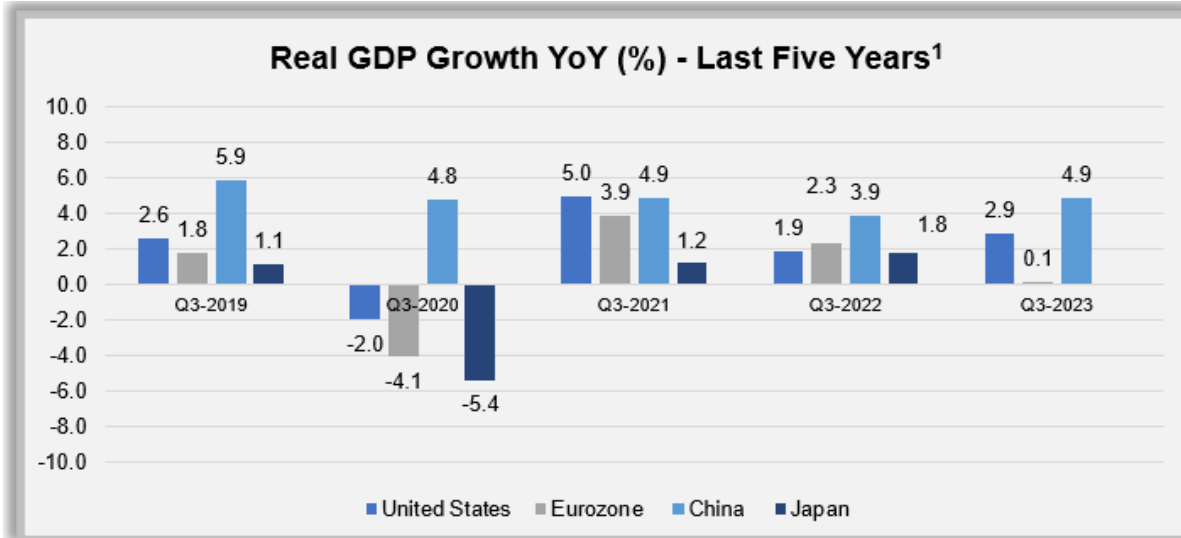


\*\*Investment Grade Bonds Policy Benchmark - Barclays U.S. Aggregate Bond Index

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	-3.3	-10.1	-6.6	5.7	9.4	6.5	7.1	6.6
	U.S. All Cap	Russell 3000 Total Return	-2.7	-9.1	-5.8	9.4	8.4	9.2	10.2	10.5
	U.S. Large Cap	S&P 500 Total Return	-2.1	-8.3	-5.3	10.7	10.1	10.4	11.0	11.2
	U.S. Small Cap	Russell 2000 Total Return	-6.8	-16.7	-11.6	-4.5	-8.6	3.9	3.3	5.6
	Non-U.S. All Cap	MSCI ACWI-ex U.S. IMI Total Return	-4.3	-11.4	-7.7	0.7	11.6	3.0	3.5	2.7
	Emerging Markets	MSCI Emerging Markets Total Return	-3.9	-12.2	-6.7	-2.1	10.8	-3.7	1.6	1.2
Private Equity	Private Equity Buyout	Thomson Reuters PE Buyout Index	-4.5	-16.0	-11.5	-16.5	-14.0	-1.3	3.2	8.2
Fixed Income	U.S. Investment Grade Bonds	Bloomberg U.S. Aggregate Index	-1.6	-4.7	-4.8	-2.8	0.4	-5.6	-0.1	0.9
	U.S. Corporate High Yield Bonds	Bloomberg U.S. Corporate High Yield Total Return	-1.2	-2.1	-0.7	4.6	6.2	1.2	3.0	3.9
	U.S. Long Term Treasury Bonds	Bloomberg Long Term U.S. Treasury Total Return Index	-4.9	-14.3	-16.2	-13.1	-8.5	-16.3	-3.2	0.1
	Developed Markets Leveraged Loans	Credit Suisse Leveraged Loan Total Return	0.0	2.1	3.4	9.9	11.6	5.9	4.3	4.3
	U.S. Treasury Inflation Protected Securities	Bloomberg U.S. Treasury TIPS Total Return Index	-0.7	-3.4	-3.3	-1.5	-0.7	-2.0	2.3	1.6
	U.S. 3 Month Treasury Bill	FTSE 3 Month Treasury Bill	0.5	1.4	1.9	4.3	4.9	1.9	1.8	1.2
Commodity	Commodity Prices Index	Bloomberg Commodity Index Total Return	0.3	-1.2	5.0	-3.2	-3.0	15.8	6.6	-0.6
	Natural Resources	S&P Global LargeMidCap Commodity & Resources Index	-5.2	-8.6	-2.3	-7.1	-3.3	19.2	8.9	4.3
Infrastructure	Global Infrastructure	Dow Jones Brookfield Global Infrastructure Composite Index	-1.1	-9.2	-8.0	-5.5	-1.7	5.9	3.5	3.7
Real Estate	U.S. REITs	MSCI U.S. REIT Index	-4.4	-13.6	-11.1	-6.2	-5.9	5.1	2.5	5.0

Source: Bloomberg

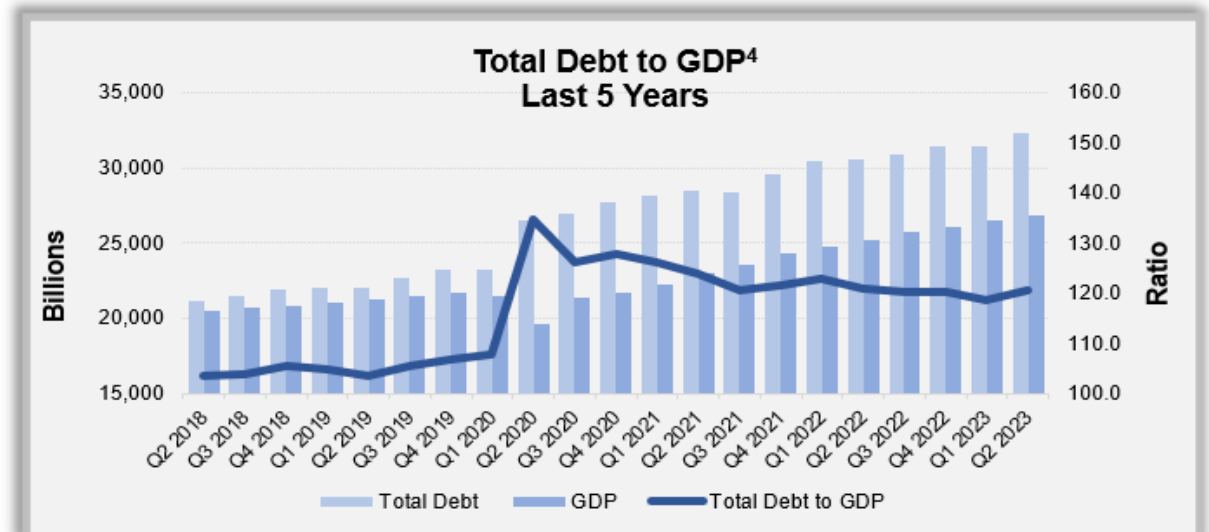
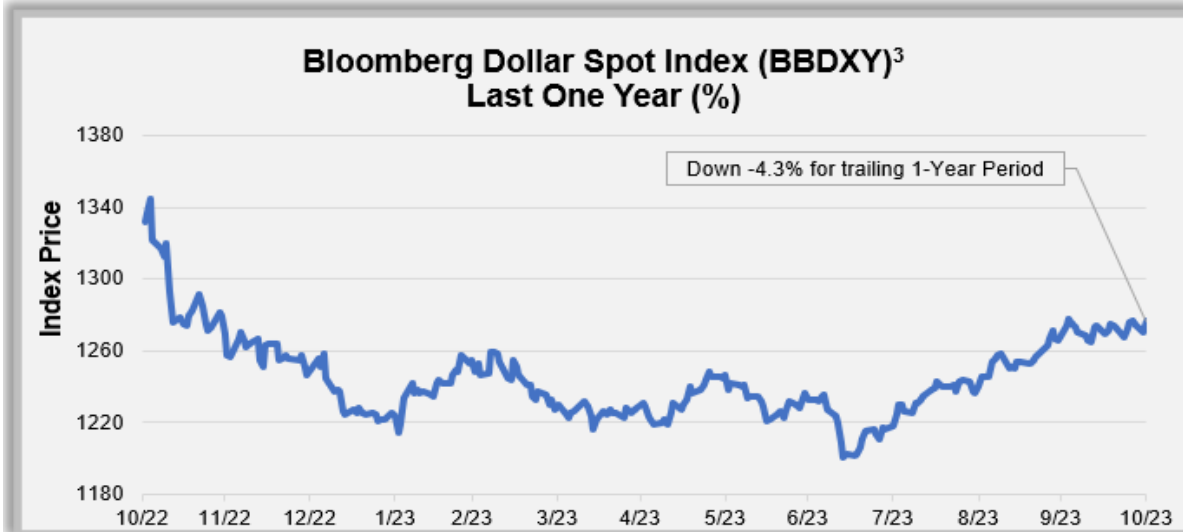
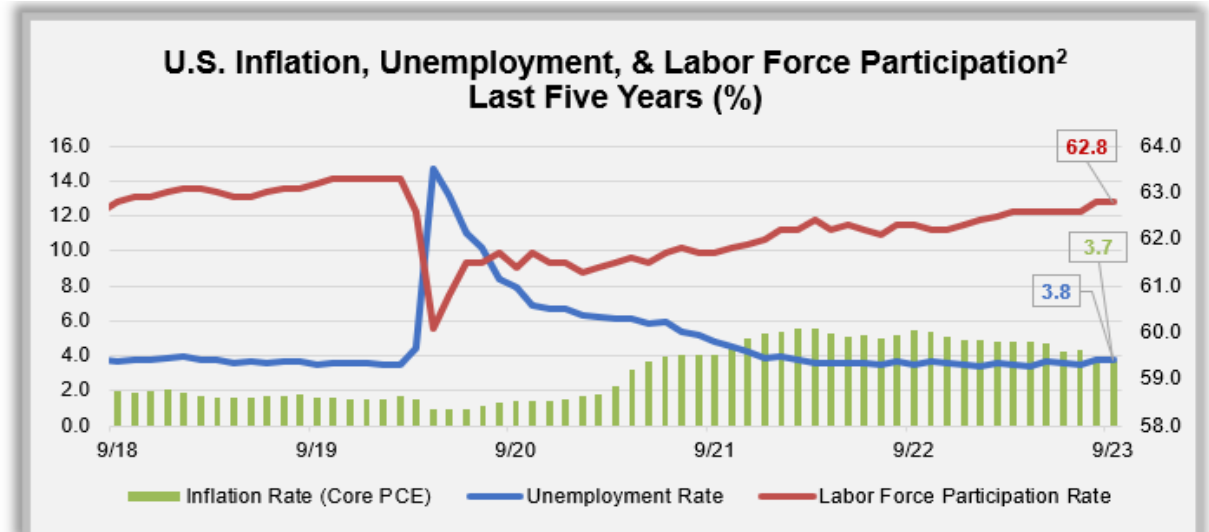
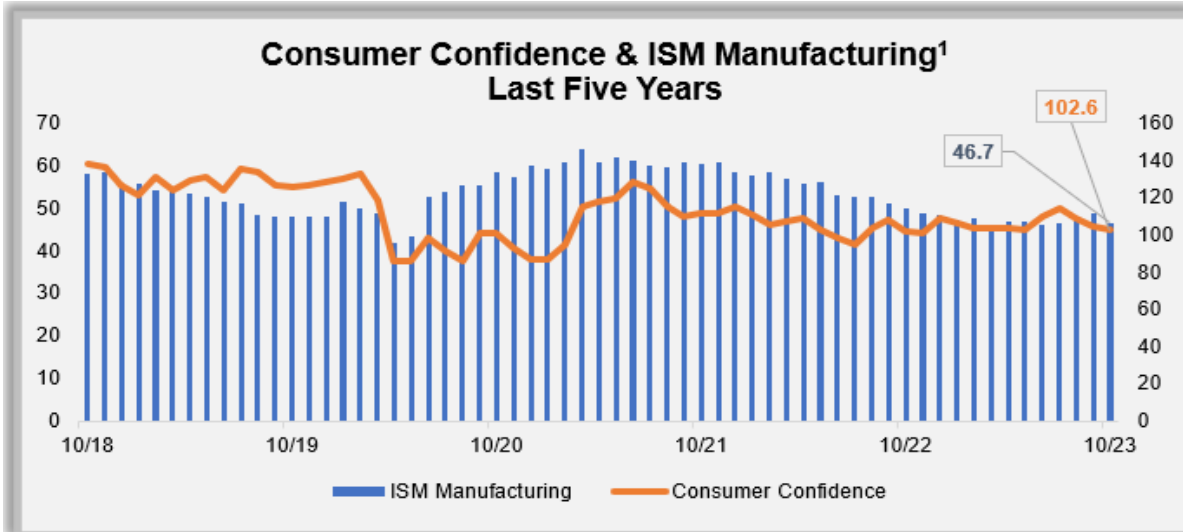
# Key Macro Indicators\*



\*The information on the "Key Macro Indicators" charts is the best available data as of 10/31/23 and may not reflect the current market and economic environment

Sources: 1. Bloomberg 2. St. Louis Federal Reserve 3. FactSet 4. FactSet

# Key Macro Indicators\*



Sources: 1. Bloomberg 3. Bloomberg  
2. Bloomberg 4. Office of Management and Budget; St. Louis Federal Reserve

\*The information on the "Key Macro Indicators" charts is the best available data as of 10/31/23 and may not reflect the current market and economic environment



# 02 Portfolio Performance & Risk Updates

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# Market Themes and Notable Items to Watch



## Recent Themes

- On November 1<sup>st</sup>, the U.S. Federal Reserve (“Fed”) unanimously elected to leave interest rates steady at a 22-year high of 5.25 to 5.5%
- Statements from the Fed maintained that inflation is still “elevated” and included an assessment of economic growth that “economic activity expanded at a strong pace in the third quarter”
- In mid-October, Fed Chair Jerome Powell said, “Inflation is still too high, and a few months of good data are only the beginning of what it will take to build confidence that inflation is moving down sustainably toward our goal”
- The U.S. 10-year Treasury yield ended October at 4.88%, higher than at the end of last month and 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) declined 3.3% in October

## What to Watch

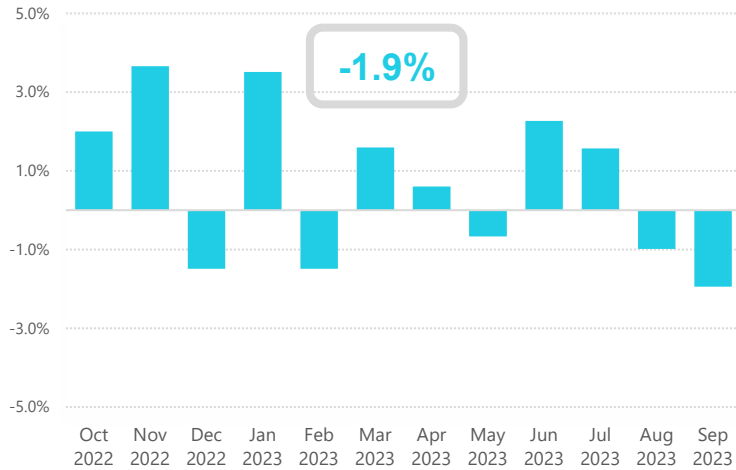
- Interest rates and central bank actions
- Economic data and trends
  - Inflation, supply chains, and labor developments
- Macro conditions and geopolitical risks
- Stewardship and ESG-related developments
  - U.S. Securities and Exchange Commission adopted new rules in October to increase reporting from securities lenders and short selling
  - California governor signed a new law that requires firms with over \$1 billion in revenues and doing business in California to report carbon emissions and climate risks, impacting a large number of companies prospectively subject to anticipated Securities and Exchange Commission disclosure rules



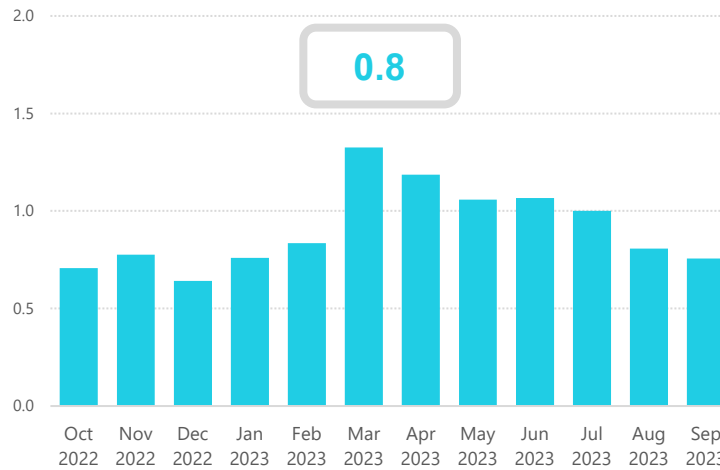
# Total Fund Summary as of September 2023



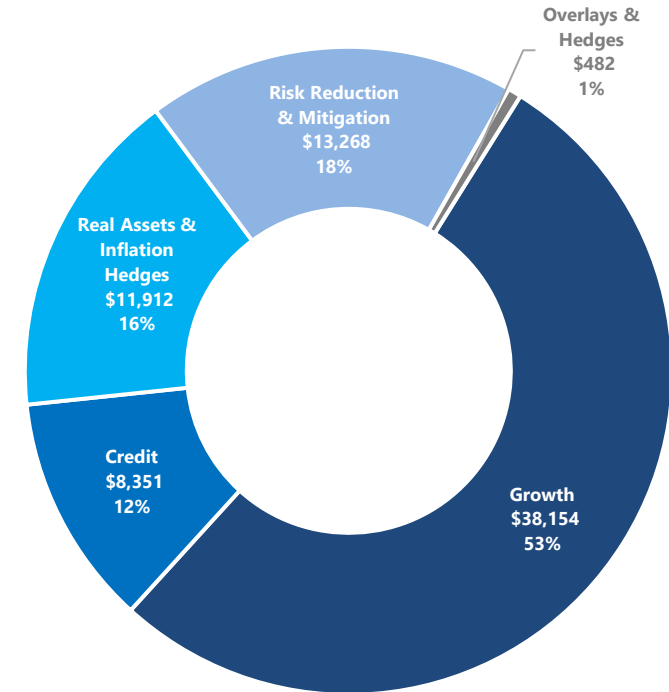
Monthly Return (net)



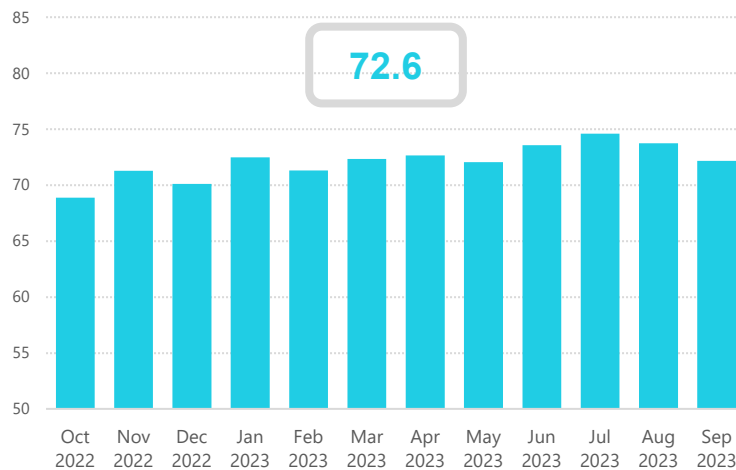
Sharpe Ratio (3-year annualized)



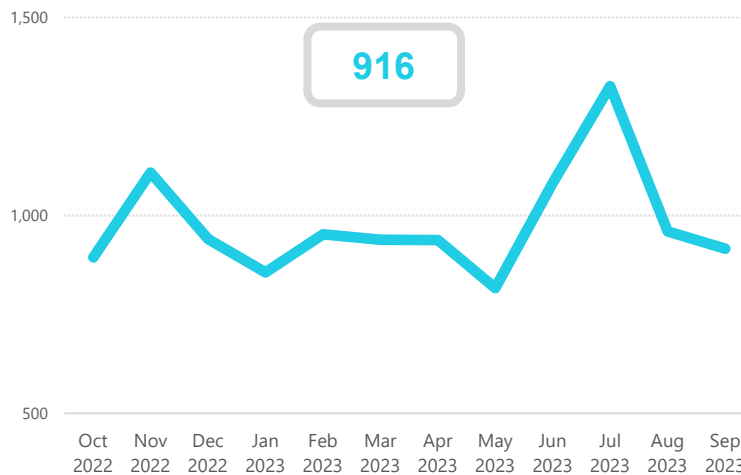
Asset Allocation (\$ millions)



Total Market Value (\$ billions)



Cash (\$ millions)

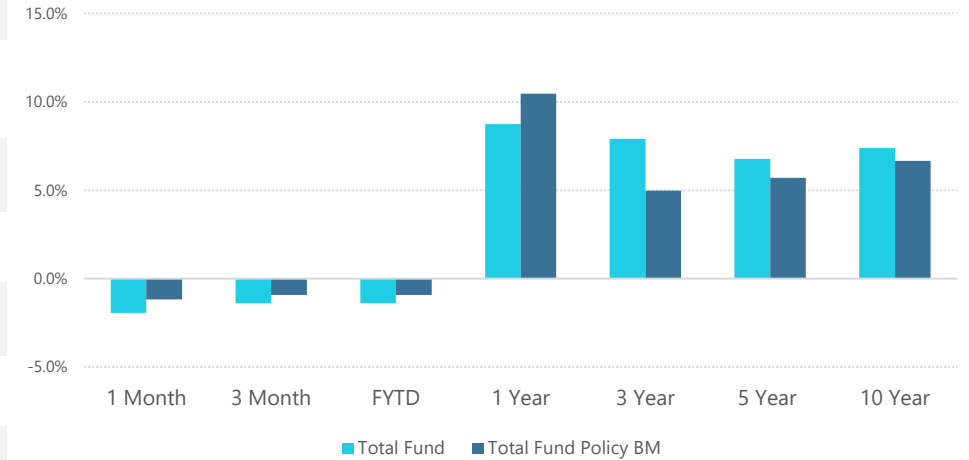


# Historical Net Performance as of September 2023



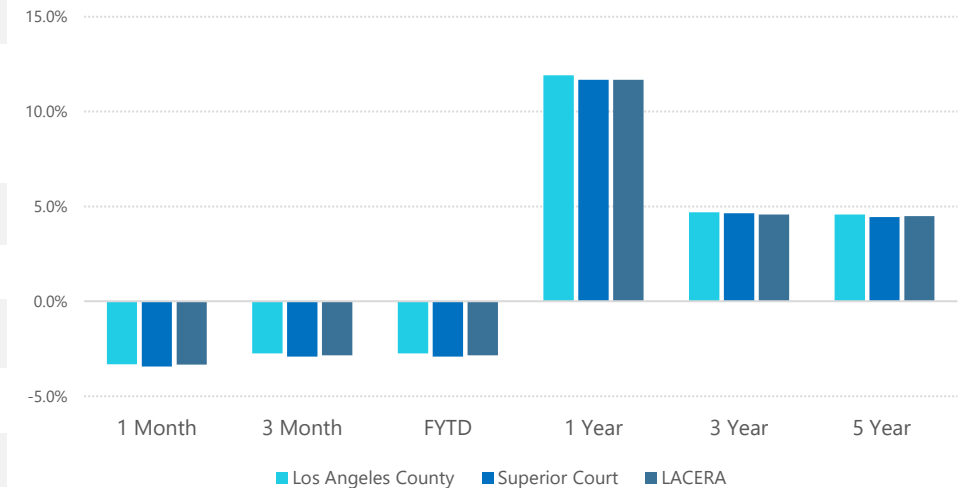
## LACERA Pension Fund

	Market Value (\$ millions)	% of Total Fund	Final Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
<b>Total Fund</b>	<b>72,167</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-1.9%</b>	<b>-1.4%</b>	<b>-1.4%</b>	<b>8.7%</b>	<b>7.9%</b>	<b>6.8%</b>	<b>7.4%</b>
Total Fund Policy BM				-1.2%	-0.9%	-0.9%	10.5%	5.0%	5.7%	6.7%
7% Annual Hurdle Rate				0.6%	1.7%	1.7%	7.0%	7.0%	7.0%	7.0%
<b>Growth</b>	<b>38,154</b>	<b>52.9%</b>	<b>53.0%</b>	<b>-2.7%</b>	<b>-1.6%</b>	<b>-1.6%</b>	<b>14.0%</b>	<b>12.2%</b>		
Growth Policy BM				-0.7%	-0.2%	-0.2%	17.8%	8.9%		
<b>Credit</b>	<b>8,351</b>	<b>11.6%</b>	<b>11.0%</b>	<b>0.7%</b>	<b>3.1%</b>	<b>3.1%</b>	<b>11.6%</b>	<b>6.1%</b>		
Credit Policy BM				0.0%	3.0%	3.0%	10.2%	2.3%		
<b>Real Assets &amp; Inflation Hedges</b>	<b>11,912</b>	<b>16.5%</b>	<b>17.0%</b>	<b>-1.2%</b>	<b>-2.3%</b>	<b>-2.3%</b>	<b>-0.1%</b>	<b>8.4%</b>		
Real Assets & Inflation Hedges Policy BM				-1.9%	-2.8%	-2.8%	-0.3%	7.5%		
<b>Risk Reduction &amp; Mitigation</b>	<b>13,268</b>	<b>18.4%</b>	<b>19.0%</b>	<b>-2.3%</b>	<b>-3.2%</b>	<b>-3.2%</b>	<b>0.3%</b>	<b>-3.3%</b>		
Risk Reduction & Mitigation Policy BM				-2.6%	-3.7%	-3.7%	0.3%	-4.0%		
<b>Overlays &amp; Hedges</b>	<b>482</b>	<b>0.7%</b>		<b>5.1%</b>	<b>13.0%</b>	<b>13.0%</b>	<b>50.9%</b>			



## OPEB Master Trust<sup>1</sup>

	Market Value (\$ millions)	% of Master Trust	Final Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year
<b>OPEB Master Trust</b>	<b>3,130</b>			<b>-3.3%</b>	<b>-2.7%</b>	<b>-2.7%</b>	<b>11.9%</b>	<b>4.7%</b>	<b>4.6%</b>
OPEB Master Trust Policy Benchmark				-2.5%	-2.0%	-2.0%	11.0%	4.7%	4.4%
Los Angeles County	3,050	97.4%	—	-3.3%	-2.7%	-2.7%	11.9%	4.7%	4.6%
Superior Court	65	2.1%	—	-3.4%	-2.9%	-2.9%	11.7%	4.6%	4.4%
LACERA	16	0.5%	—	-3.3%	-2.8%	-2.8%	11.7%	4.6%	4.5%
<b>OPEB Growth</b>	<b>1,399</b>	<b>44.7%</b>	<b>45.0%</b>	<b>-4.1%</b>	<b>-3.3%</b>	<b>-3.3%</b>	<b>20.4%</b>	<b>7.1%</b>	<b>6.3%</b>
OPEB Growth Policy Benchmark				-3.1%	-2.3%	-2.3%	20.9%	6.9%	6.1%
<b>OPEB Credit</b>	<b>575</b>	<b>18.4%</b>	<b>18.0%</b>	<b>-0.8%</b>	<b>0.8%</b>	<b>0.8%</b>	<b>11.8%</b>	<b>2.6%</b>	<b>2.7%</b>
OPEB Credit Policy Benchmark				-0.2%	2.2%	2.2%	11.6%	2.7%	3.0%
<b>OPEB Real Assets &amp; Inflation Hedges</b>	<b>620</b>	<b>19.8%</b>	<b>20.0%</b>	<b>-4.2%</b>	<b>-3.5%</b>	<b>-3.5%</b>	<b>1.9%</b>	<b>6.1%</b>	<b>3.3%</b>
OPEB RA & IH Policy Benchmark				-2.6%	-2.2%	-2.2%	-2.2%	6.5%	3.5%
<b>OPEB Risk Reduction &amp; Mitigation</b>	<b>536</b>	<b>17.1%</b>	<b>17.0%</b>	<b>-3.6%</b>	<b>-5.0%</b>	<b>-5.0%</b>	<b>-1.0%</b>	<b>-4.6%</b>	<b>0.0%</b>
OPEB RR & M Policy Benchmark				-3.6%	-5.3%	-5.3%	-1.7%	-5.2%	-0.4%
OPEB HL PM Cash	0	0.0%							

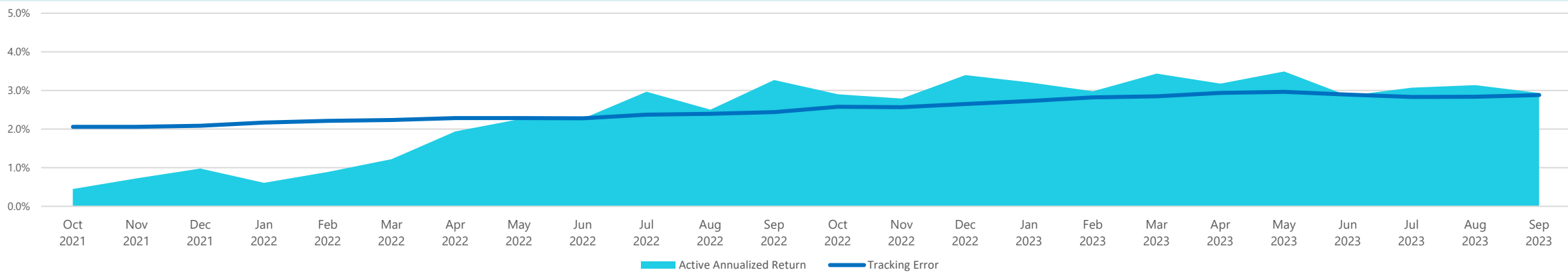


<sup>1</sup> OPEB Master Trust total market value includes participant level cash.

# Active and Excess Return as of September 2023



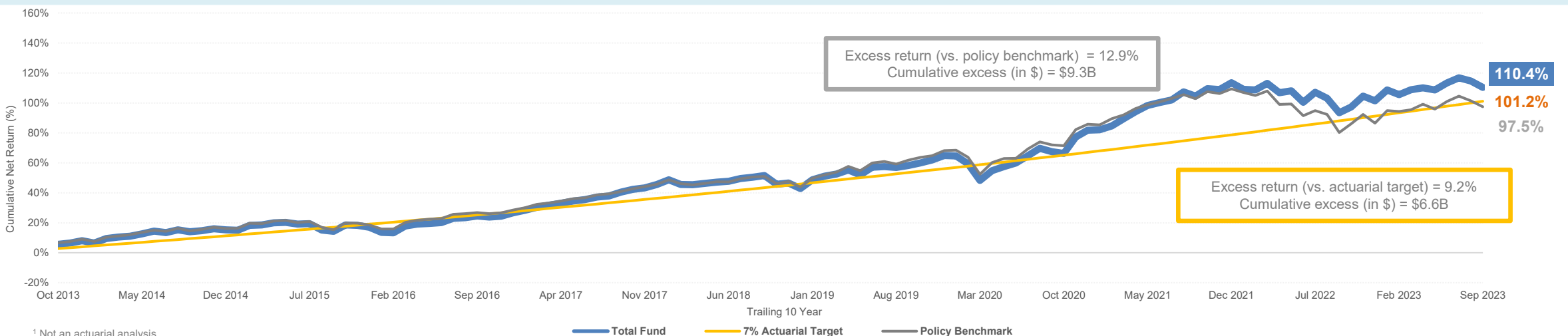
## Active Return vs. Tracking Error<sup>1,2,3</sup>



Period Ending	Annualized Return	Annualized Benchmark Return	Annualized Active Return	Tracking Error
Sep 2023	7.9%	5.0%	2.9%	2.9%

<sup>1</sup> Rolling 36 months.  
<sup>2</sup> Active return equals the difference in return between a portfolio and its benchmark.  
<sup>3</sup> Tracking error (or active risk) measures the volatility of active returns.

## Excess Return<sup>1</sup>



<sup>1</sup> Not an actuarial analysis.

# Total Fund Forecast Risk as of September 2023\*



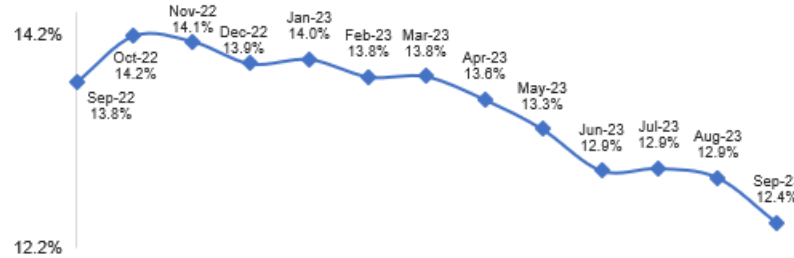
**TOTAL FUND RISK**

**12.4%**

**BENCHMARK RISK**

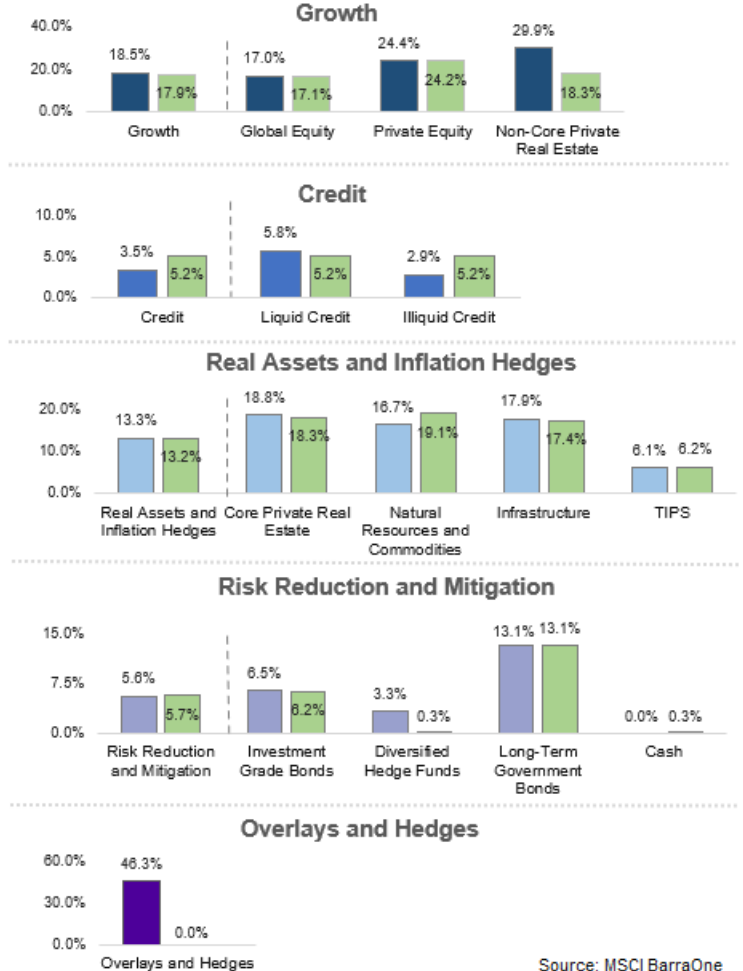
**12.0%**

## Forecasted Total Fund Risk Trend

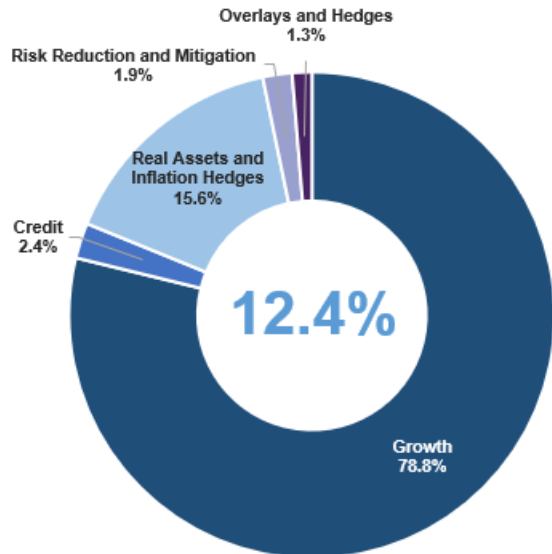


## Subcategory Risk<sup>1</sup>

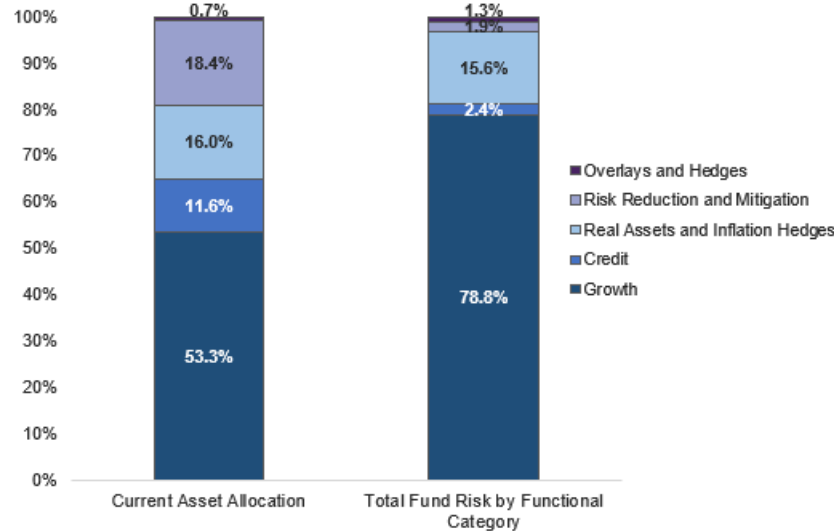
<sup>1</sup> Subcategory risk is on the left bar and benchmark risk is on the right bar.



## Functional Category Contributions to Total Fund Risk



## Total Fund Asset Allocation Capital-based versus Risk-based



\* Real estate and private equity data is based on best available cash flow adjusted market values. Exposure data is based on security level holdings and/or proxies.

Source: MSCI BarraOne

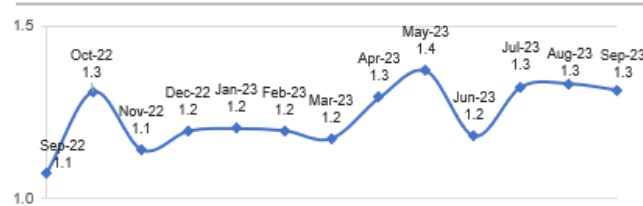
# Total Fund Forecast Active Risk as of September 2023\*

**TOTAL FUND ACTIVE RISK**  
1.31%

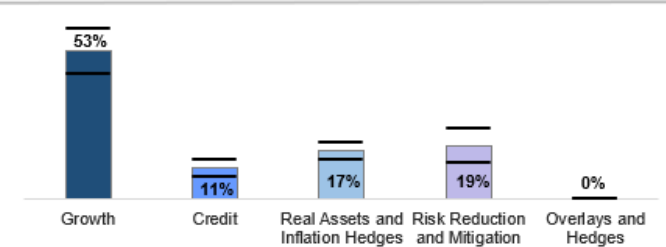
**ALLOCATION RISK**  
0.13%

**SELECTION RISK**  
1.18%

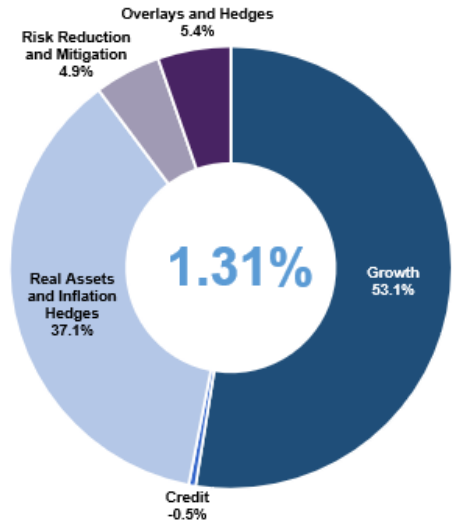
**Forecasted Active Risk Trend (%)**



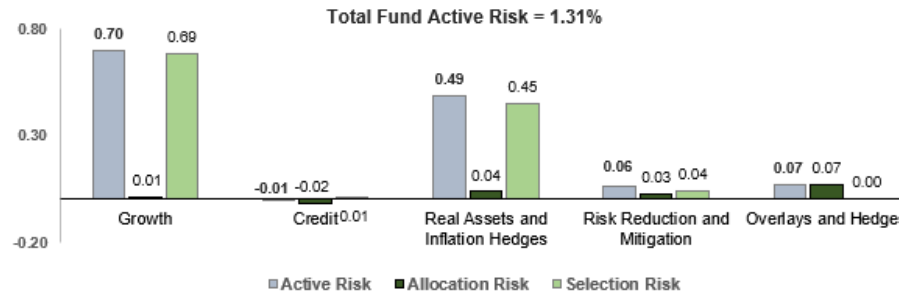
**Policy Target Weight for each Functional Category**  
Maximum and Minimum Bands



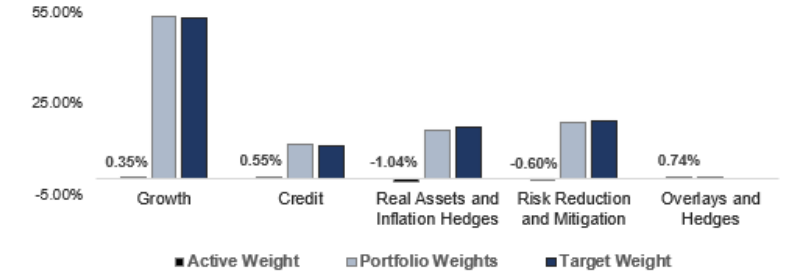
**Functional Category Contributions to Active Risk**



**Active Risk Attribution (%)**



**Active Weights for each Functional Category**



**Subcategory Active Risk (%)**

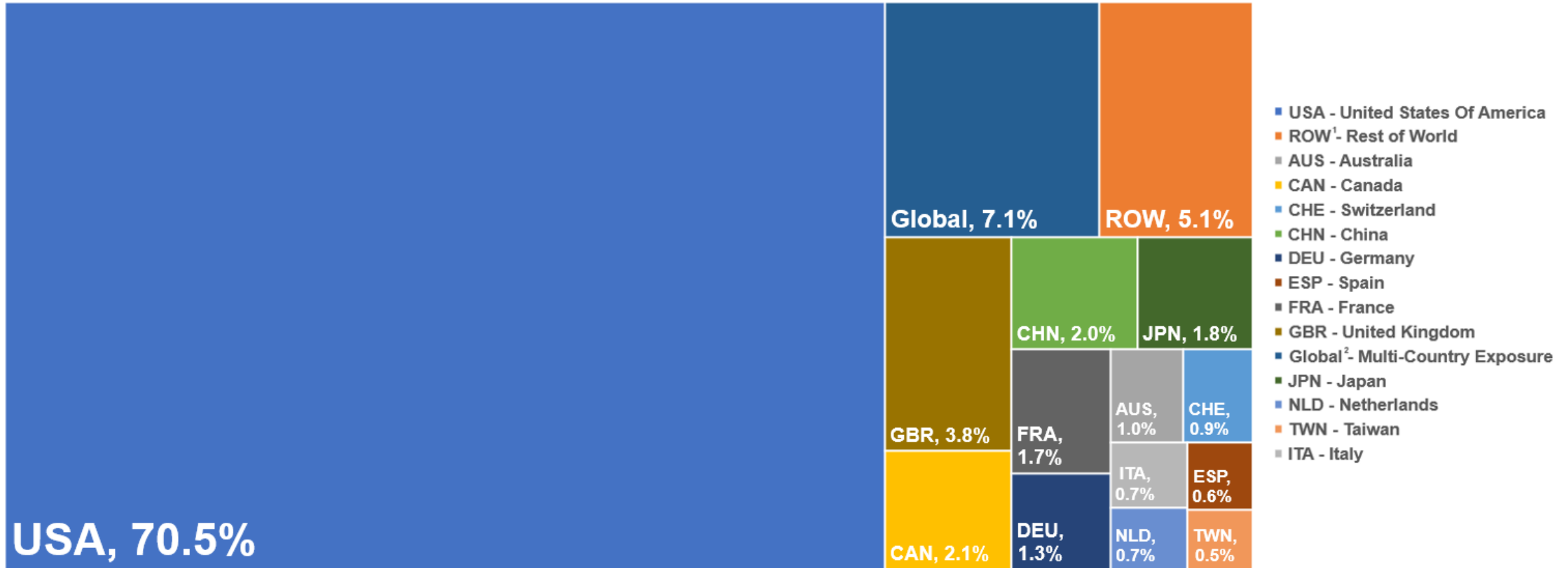
Total Fund	Global			Credit			Real Assets and Inflation Hedges					Risk Reduction and Mitigation					Overlays and Hedges	
1.31	1.47	0.40	3.20	13.80	2.52	0.87	4.21	3.50	4.10	4.75	8.51	0.06	1.14	0.25	3.27	0.02	0.26	46.25
Total Fund	Growth	Global Equity	Private Equity	Non-Core Private Real Estate	Credit	Liquid Credit	Illiquid Credit	Real Assets and Inflation Hedges	Core Private Real Estate	Natural Resources and Commodities	Infrastructure	TIPS	Risk Reduction and Mitigation	Investment Grade Bonds	Diversified Hedge Funds	Long-Term Government Bonds	Cash	Overlays and Hedges

Source: MSCI BarraOne

\* Real estate and private equity data is based on best available cash flow adjusted market values. Exposure data is based on security level holdings and/or proxies.

# Geographic Exposures by AUM

Total Fund as of September 2023\* Ex-Overlays and Hedges



AUM = Assets under management.

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

\* 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 is based on best available cash flow adjusted market values. Exposure data is based on security level holdings and/or proxies.

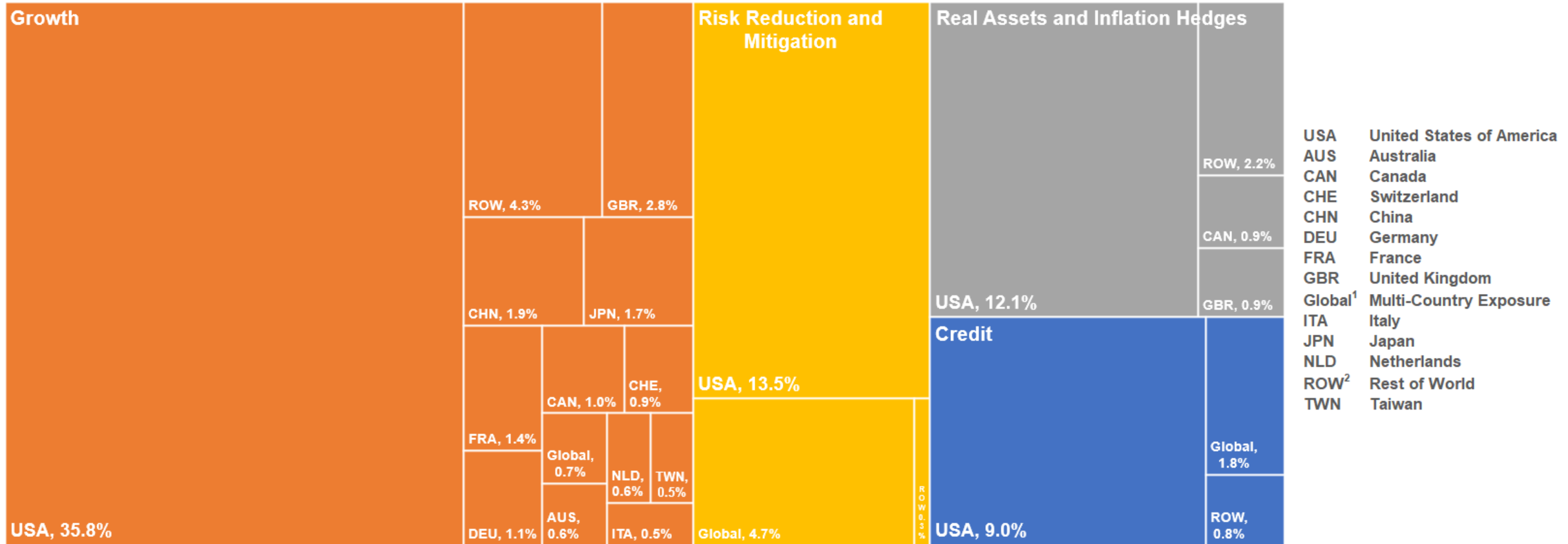
<sup>1</sup> "ROW - Rest of World" is sum of countries with weights below 0.5%.

<sup>2</sup> Global represents investments made in regions where specific country allocations are not available.

SOURCE: MSCI BarraOne

# Geographic Exposures by AUM

## Functional Categories as of September 2023\* Ex-Overlays and Hedges



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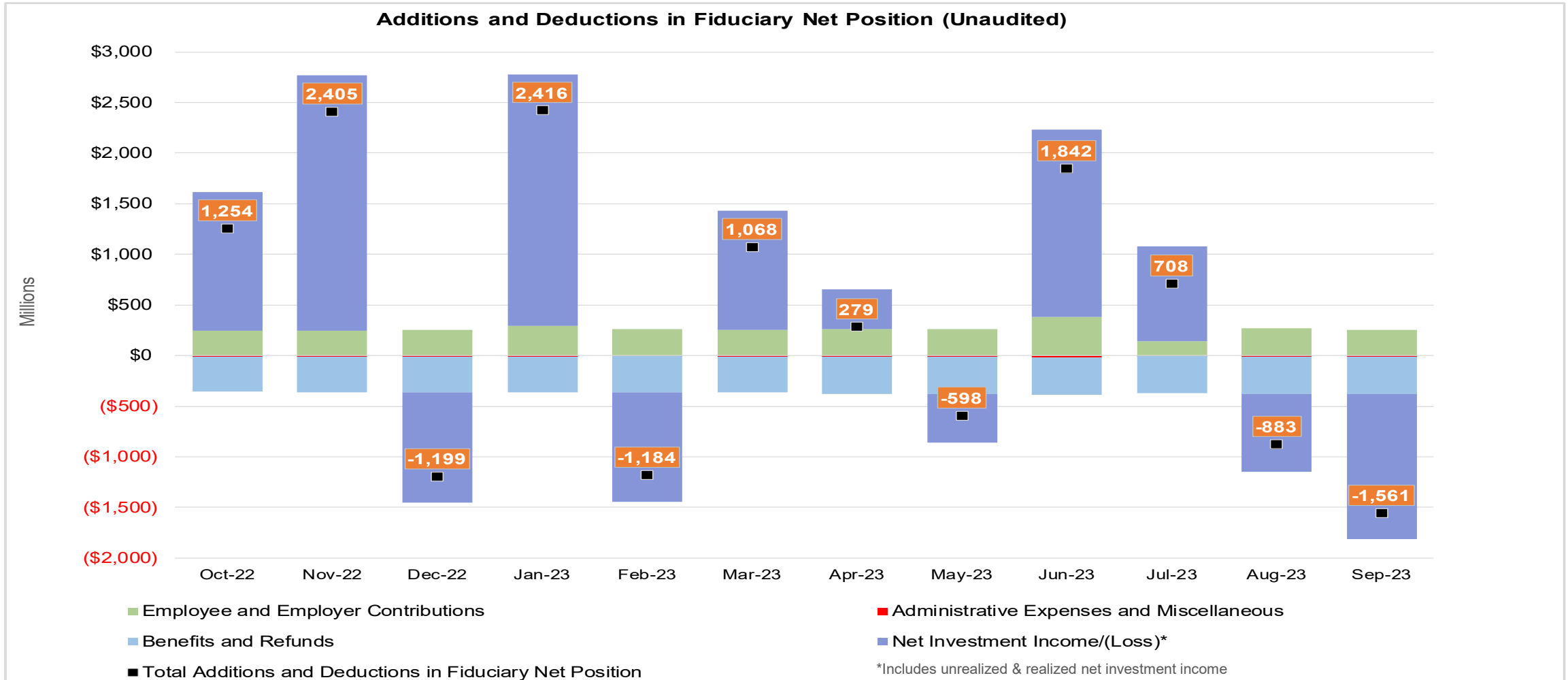
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<sup>1</sup> Global represents investments made in regions where specific country allocations are not available.

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SOURCE: MSCI BarraOne

# Change In Fiduciary Net Position



Fiscal Year	Negative Months	Positive Months	Total Net Position Change \$
FY-22	7	5	(\$2.5 billion)
FY-23	5	7	\$3.3 billion
FY-24	2	1	(\$1.7 billion)





# 03 Portfolio Structural Updates

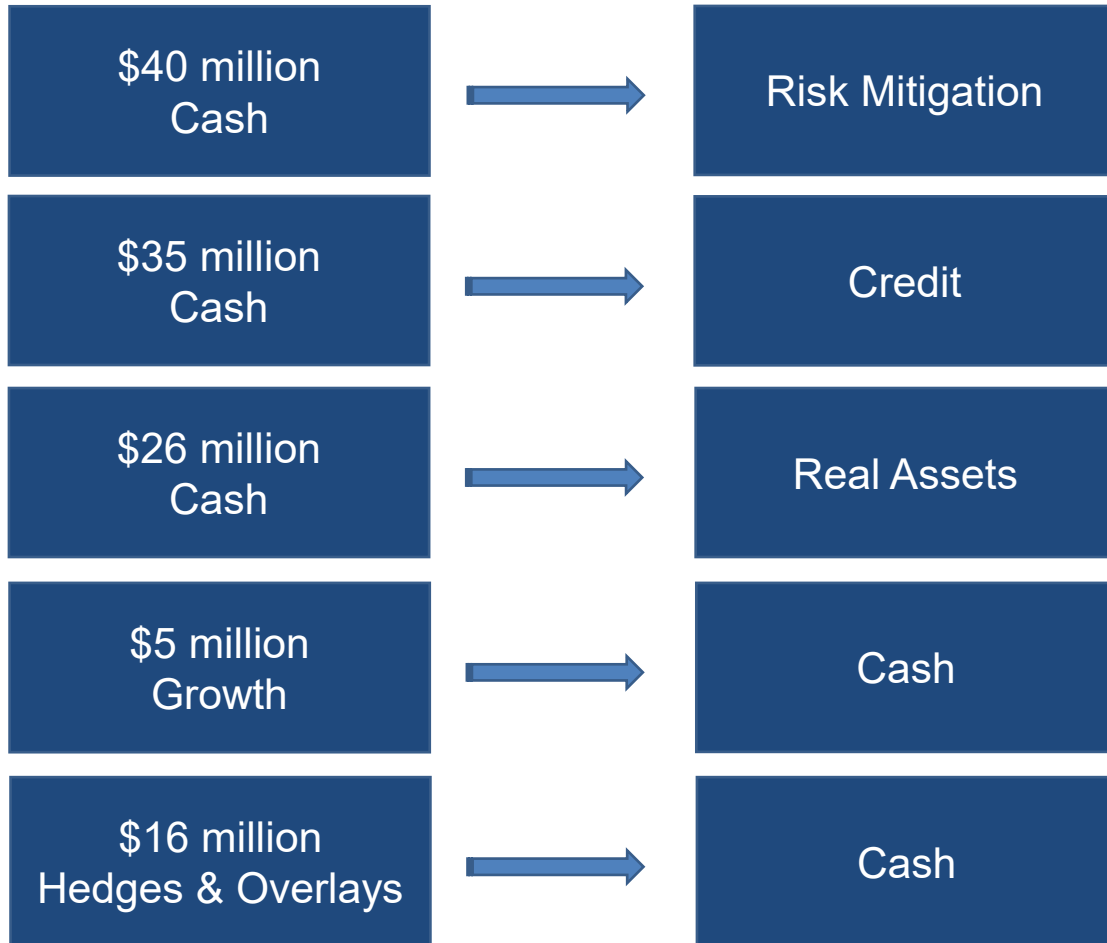
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# Portfolio Structural Updates



## Portfolio Movements

### Rebalancing Activity



## Hedges & Overlays

### Monthly Activity

Program	September Return	September Gain/(Loss)	Inception <sup>1</sup> Gain/(Loss)
Currency Hedge <sup>2</sup>	1.1%	\$16.2 Million	\$1.4 Billion
Cash/Rebalance Overlay <sup>3</sup>	-2.2%	(\$54.7 Million)	\$285.5 Million

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

<sup>2</sup> 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.

<sup>3</sup> 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	✓	✓	November 2023 BOI
Commercial Real Estate Brokers Search	✓	✓	November 2023 BOI
Private Market Analytics Platform Search	✓	✓	Anticipated Q4 2023



# 04 Key Initiatives & Operational Updates

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# Notable Initiatives and Operational Updates



## Key Initiative Updates

- The 2024 Strategic Asset Allocation study is underway
- The Investment Division is adhering to the 2023 Work Plan and Strategic Initiatives approved at the January 2023 BOI
- The 2024 Work Plan and Strategic Initiatives are in development

## Operational Updates

- Annual contract compliance, fee report, and LACERA T.I.D.E. initiatives are in progress

## Manager/Consultant Updates

Acadian – Growth – Recently hired four new senior investment professionals within the global equity research and portfolio management teams. Two of the new hires joined the global equity research team and the other two joined the portfolio management team.

State Street – Total Fund – Lou Maiuri, President, Chief Operating Officer, and Head of Investment Services will be retiring from the company in early 2024. CEO Ronald O’Hanley will assume the role of President and Head of Investment Services.

## Team Searches and Vacancies

- Principal Investment Officer
- 4 – Senior Investment Officer
  - 1 in progress - working with an outside recruiter
  - 1 in development
- 2 – Financial Analyst-III
  - 1 in progress - working with an outside recruiter
  - 1 in development
- Financial Analyst-II
  - 1 search in progress



# 05 **Commentary**

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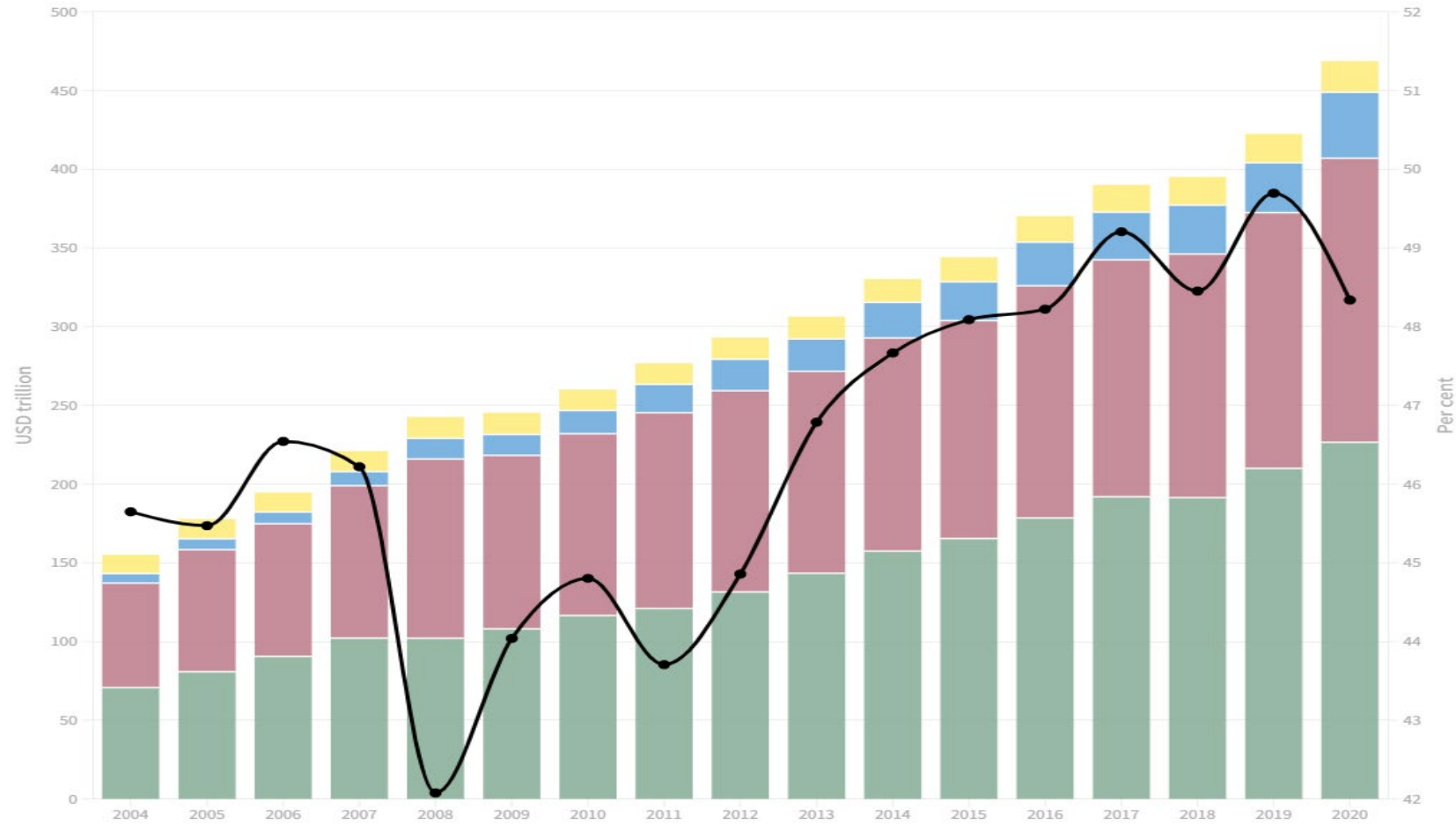
# Staff Chart of the Month

## Increase of Private Credit Among Total Global Financial Assets



Total global financial assets

■ NBF sector share (%) ■ NBF sector ■ Banks ■ Central banks ■ Public financial institutions



\* "NBFI" = Non-Bank Financial Intermediaries

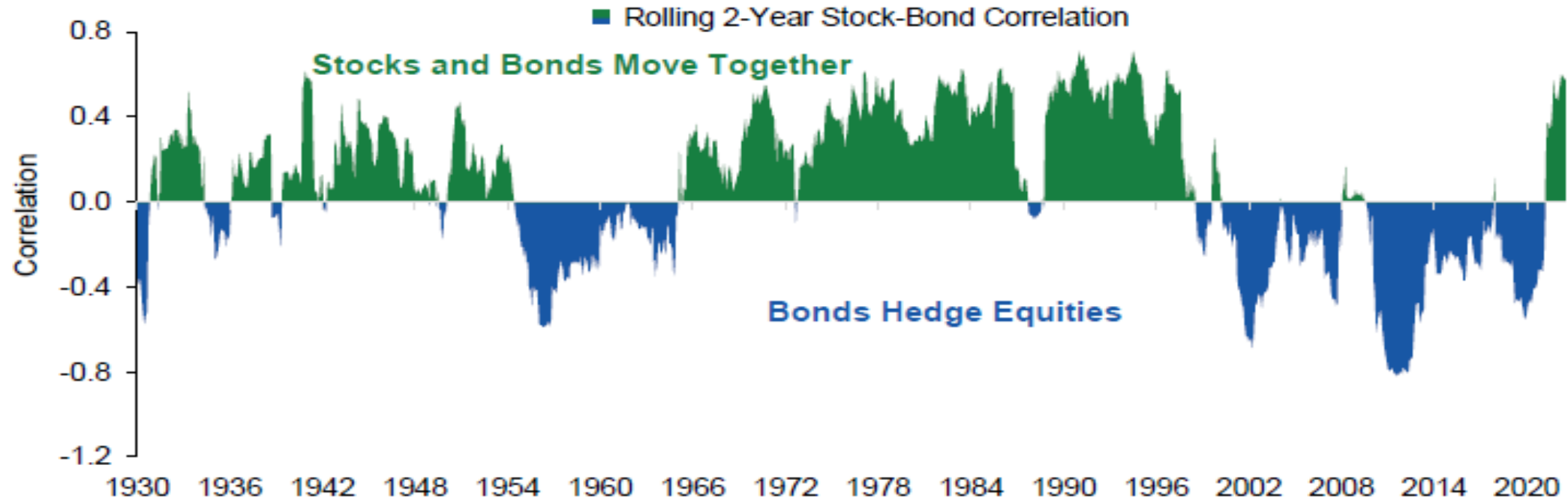
# Staff Chart of the Month

## Shifting Stock & Bond Correlations



### Shifting Stock Bond Correlations

*For decades, allocators assumed negative correlation between stocks and bonds. 2022 was a reminder that negative correlations are not guaranteed and are typically positive when the Fed is fighting inflation.*



Source: Bloomberg and Morningstar. Data as of 06/30/2023. Rolling two-year stock-bond correlation represented by Ibbotson Associates SBBI Long-Term Government Bond Index and S&P 500® Index. **Past performance is not a reliable indicator or guarantee of future results.**



# 06 Appendix

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# Quiet Period for Search Respondents



## Real Assets Emerging Manager Program Discretionary Separate Account Manager Search

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- ✓ 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
- ✓ Astarte Capital Partners
- ✓ Bentall Green Oak
- ✓ Clear Sky Advisers
- ✓ Clear Investment Group
- ✓ Poverni Sheikh Group
- ✓ Trilogy
- ✓ Stepstone
- ✓ Oak Street
- ✓ White Deer

## Commercial Real Estate Brokers Search

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- ✓ CBRE
- ✓ Cushman & Wakefield
- ✓ Eastdil
- ✓ JLL
- ✓ Newmark

## Private Market Analytics Platform Search

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- ✓ BlackRock
- ✓ Burgiss
- ✓ CEPRES
- ✓ Clearwater
- ✓ Dynamo
- ✓ Hamilton Lane
- ✓ Nasdaq

# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division<sup>1</sup>  
As of September 2023

## LACERA PENSION FUND

9

### GROWTH

Total # of Advisory

### GROWTH

#### Global Equity

Asset Allocation Policy Compliance

Investment Guideline Compliance

Emerging Manager Program

# of Sudan/Iran Holdings Held by Managers

Quarterly Review Status

# of Advisory

Notes

✓

✓

✓

✓

9

9 issuers held, totaling \$36.2 mm in market value

#### Private Equity - Growth<sup>2</sup>

Asset Allocation Policy Compliance

Guideline Compliance by Strategy

Guideline Compliance by Geographic Location

Investment Exposure Limit

✓

✓

✓

✓

#### Non-Core Private Real Estate<sup>2</sup>

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

2

### CREDIT

Total # of Advisory

### CREDIT

#### Liquid Credit, Illiquid Credit<sup>2</sup>

Asset Allocation Policy Compliance

Investment Guideline Compliance

Emerging Manager Program

# of Sudan/Iran Holdings Held by Managers

Quarterly Review Status

# of Advisory

Notes

✓

✓

✓

✓

2

2 issuers held, totaling \$2.9 mm in market value

# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division<sup>1</sup>  
As of September 2023

## LACERA PENSION FUND

4

### REAL ASSETS & INFLATION HEDGES

Total # of Advisory

#### REAL ASSETS & INFLATION HEDGES<sup>4</sup>

##### Core Private Real Estate<sup>2</sup>

Asset Allocation Policy Compliance

✓

Guideline Compliance by Strategy (Core/Non-Core)

✓

1

Non-Core Private Real Estate was 0.5% below the target policy range. Actual allocations may fall outside of the range as the portfolio makes its Board-approved strategic transition.

Guideline Compliance by Manager

✓

2

One Core manager was 2% above the 35% manager concentration limit. One Growth manager was 10% above the 20% manager concentration limit. Actual allocations may fall outside of the defined limits as the portfolio makes its Board-approved strategic transition.

Guideline Compliance by Property Type\*

✓

Guideline Compliance by Geographic Location\*

✓

1

Allocation to the Western region surpassed the +/- 10% variance of ODCE by 14%. Actual allocations may fall outside of the defined limits as the portfolio makes its Board-approved strategic transition.

Guideline Compliance by Leverage

✓

##### Natural Resources & Commodities<sup>3</sup>

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 Division<sup>1</sup>  
As of September 2023

## LACERA PENSION FUND

4

### RISK REDUCTION & MITIGATION

Total # of Advisory

#### RISK REDUCTION & MITIGATION

	Quarterly Review Status	# of Advisory	Notes
<b>Investment Grade Bonds</b>			
Asset Allocation Policy Compliance	✓		
Investment Guideline Compliance	✓		
Emerging Manager Program	✓		
# of Sudan/Iran Holdings Held by Managers	✓	4	4 issuers held, totaling \$2.4 mm in market value
<b>Diversified Hedge Funds<sup>2</sup></b>			
Asset Allocation Policy Compliance	✓		
Portfolio Level Compliance	✓		
Direct Portfolio Manager Guideline Compliance	✓		
Emerging Manager Program	✓		
<b>Long-term Government Bonds</b>			
Asset Allocation Policy Compliance	✓		
Investment Guideline Compliance	✓		
# of Sudan/Iran Holdings Held by Managers	✓		
<b>Cash</b>			
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 Division<sup>1</sup>  
As of September 2023

## INVESTMENT OPERATIONS

6			
INVESTMENT OPERATIONS			
Total # of Advisory			
	Quarterly Review Status	# Advisory	Notes
<b>INVESTMENT OPERATIONS</b>			
<b>Securities Lending</b>			
Investment Guideline Compliance	✓		
\$ Value on Loan	✓	1	State Street \$3,724.2 mm
\$ Value of Cash/Non-Cash Collaterals	✓	1	State Street \$4,124.0 mm
Total Income - Calendar YTD	✓	1	State Street \$10.6 mm
<b>Total Fund Overlays and Hedges</b>			
Investment Guideline Compliance	✓		
<b>Proxy Voting</b>			
Number of Meetings Voted	✓	1	686 meetings voted
<b>Tax Reclaims</b>			
Total Paid Reclaims - Calendar YTD	✓	1	\$6.8 mm
Total Pending Reclaims	✓	1	\$30.6 mm
<b>Fee Validation</b>			
Fee Reconciliation Project	✓		
Annual Fee Report - AB 2833 (section 7514.7)	✓		
<b>Investment Manager Meetings<sup>5</sup></b>			
Manager Meeting Requests	✓		

# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division<sup>1</sup>  
As of September 2023

## OPEB MASTER TRUST

FUNCTIONAL ASSET CATEGORIES	Quarterly Review Status	# Advisory	Notes
<b>Growth, Credit, Inflation Hedges, Risk Reduction &amp; Mitigation</b>			
Asset Allocation Policy Compliance	✓	2	Liquid Credit and Commodities were 0.4% above the target policy range. The overweight is temporary as we allocate to Private Markets.
Investment Guideline Compliance	✓		
# of Sudan/Iran Holdings Held by Managers	✓		

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

<sup>2</sup> 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.

<sup>3</sup> Investment guideline compliance based on public market exposure.

<sup>4</sup> Reflects the most recent data available.

<sup>5</sup> 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 3/31/2023