



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 14

MEETING DATE: June 18, 2025

SUBJECT: Portfolio Analytics Services

SUBMITTED FOR: X Action Information

RECOMMENDATION

Authorize the Chief Executive Officer to extend the contract with MSCI for portfolio analytics services for an additional three years, through June 30, 2028, with expenditures not to exceed \$650,000 each fiscal year.

PURPOSE

This item complies with the Strategic Management Plan objective to ensure effective oversight of the investment program.

BACKGROUND

In June 2022, after conducting an RFP, the Board approved a three-year engagement with Caissa (which later became Burgiss and then MSCI) for its portfolio analytics software to assist SCERS in managing and overseeing a growing and increasingly complex investment portfolio. The Investment Staff uses the tool for monitoring the portfolio, viewing exposures, calculating performance, and evaluating risk, both top down at the total portfolio level and bottom up within asset classes. It is also heavily used by SCERS' Accounting Staff for required reports, including the investment book of record, annual audit, and financial reporting. The full onboarding took over a year, and the software tool is now fully implemented and used daily.

DISCUSSION

As presented at the February 19, 2025, Board meeting, Staff reviewed the benefits of the MSCI software and recommended renewing the contract for an additional three years at a future Board meeting.

Similar to the current contract, MSCI uses a combination of fixed pricing and variable pricing, and that the costs from year to year have increased due to contractual inflation adjustments and the growth in the number of underlying investment strategies and funds in SCERS' portfolio.

The variable pricing that MSCI charges is based on the number of funds per asset class. For example, private market funds are charged \$680 per fund annually, whereas hedge funds are priced at \$1,350 per fund. Because the growth in additional funds can vary, exact pricing is difficult to project. However, a natural cap exists based on Staff capacity to underwrite new investments and Board-approved Annual Investment Plan. The fund count is also offset by legacy funds that distribute proceeds and eventually wind down and roll off MSCI's fund count.

As of 2025, SCERS's portfolios include 214 funds versus 175 in 2022. Staff anticipates changes as new investments are made and fully realized, the extent of which is uncertain, though Staff expects the fund count in 2026 and 2027 will be higher than today.

An additional cost in the MSCI renewal is an annual pricing adjustment of 3.98%.

As shown in the chart below, the estimated costs range from approximately \$500,000-\$540,000; providing expenditure authority up to \$650,000 per fiscal year allows flexibility due to the variable pricing.

MSCI Costs					
Actual Expenditures			Estimated Expenditures		
2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
\$319,600	\$423,213	\$447,189	\$499,837	\$519,711	\$540,374

Although the MSCI annual cost is not insignificant, the costs were largely offset by the elimination of two legacy third-party software systems, including State Street's Performance Analytics service and Colmore, SCERS' legacy private markets accounting and investment system. The aggregate cost of these legacy services was approximately \$400,000 when they were eliminated in 2023.

The data analytics market continues to evolve, with many new entrants providing robust technological solutions. Staff expects to re-evaluate the market for portfolio analytics software systems toward the end of the MSCI contract renewal period.

ATTACHMENTS

- Board Order

Prepared by:

/S/

Jim Donohue
Deputy Chief Investment Officer

Reviewed by:

/S/

Eric Stern
Chief Executive Officer

/S/

Steve Davis
Chief Investment Officer



Retirement Board Order

Sacramento County Employees' Retirement System

**Before the Board of Retirement
June 18, 2025**

AGENDA ITEM:

Portfolio Analytics Services

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to authorize the Chief Executive Officer to extend the contract with MSCI for portfolio analytic services for an additional three years, through June 30, 2028, with expenditures not to exceed \$650,000 each fiscal year.

I HEREBY CERTIFY that the above order was passed and adopted on June 18, 2025 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:
(Present but not voting)

James Diepenbrock
Board President

Eric Stern
Chief Executive Officer and
Board Secretary