



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 16

MEETING DATE: August 20, 2025

SUBJECT: Chief Investment Officer's Report

SUBMITTED FOR: Action X Information

RECOMMENDATION

Receive and file the Chief Investment Officer's Report for the quarter ended June 30, 2025.

PURPOSE

This agenda item provides the Board with updates to the SCERS investment program and contributes to the effective management and oversight of investment activities.

DISCUSSION

SCERS' Chief Investment Officer (CIO) provides a verbal report for the Board at monthly Board meetings. At the August meeting, Staff is introducing a quarterly CIO presentation, with the anticipation that this report will be delivered at the January, April, August, and October Board meetings. The verbal CIO report will continue for the other monthly Board meetings during the year.

The quarterly CIO Report presentation will cover items such as investment performance, economic data and market performance, SCERS' asset class allocations relative to targets, overlay and physical rebalancing activity for the quarter, quarterly investment activity, investment manager updates, Staff updates and activity, as well as provide portfolio exposures.

ATTACHMENTS

- Board Order
- Quarterly CIO Report presentation

Prepared by:

/S/

Steve Davis
Chief Investment Officer

Reviewed by:

/S/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

**Before the Board of Retirement
August 20, 2025**

AGENDA ITEM:

Chief Investment Officer's Report

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to receive and file the Chief Investment Officer's Report for the quarter ended June 30, 2025.

I HEREBY CERTIFY that the above order was passed and adopted on August 20, 2025 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

Board President

Eric Stern
Chief Executive Officer and
Board Secretary

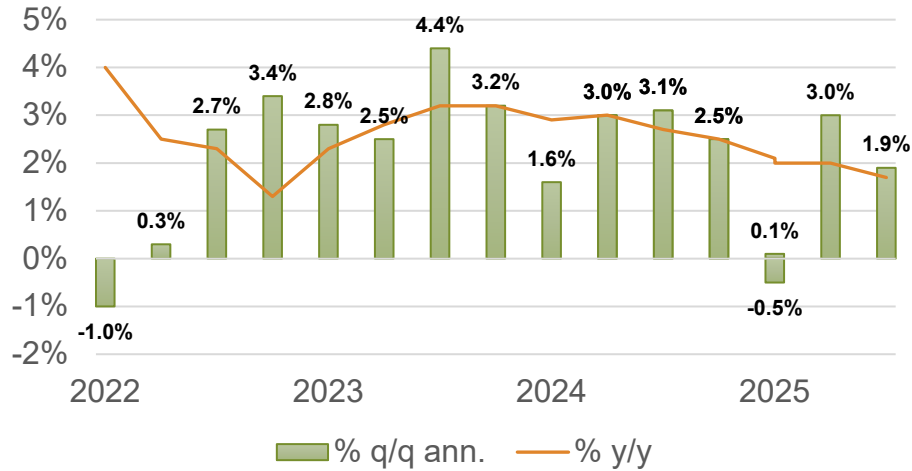


Chief Investment Officer's Report – Second Quarter 2025

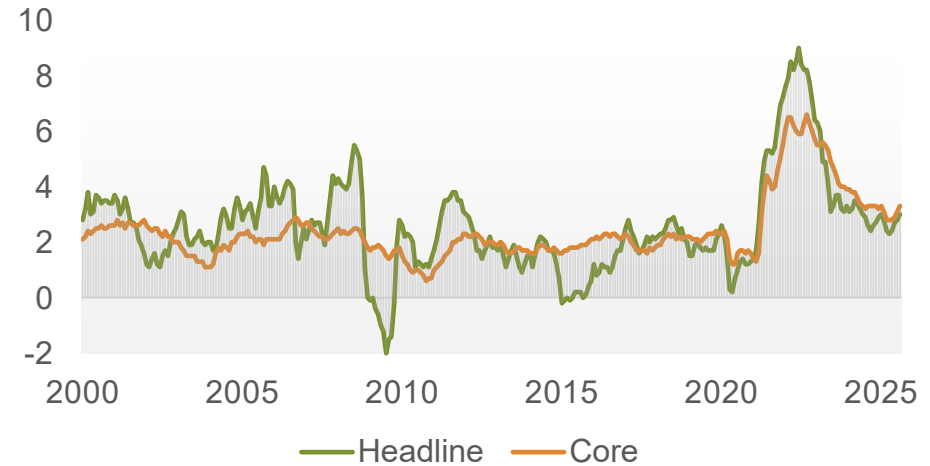
August 20, 2025

Economic Data

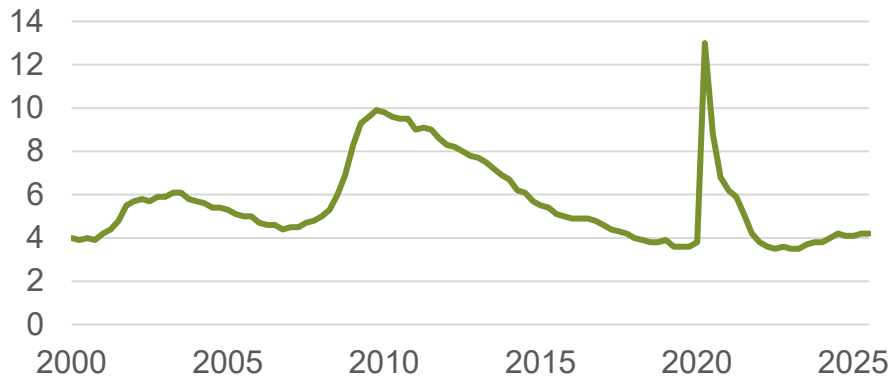
Quarterly Real U.S. GDP



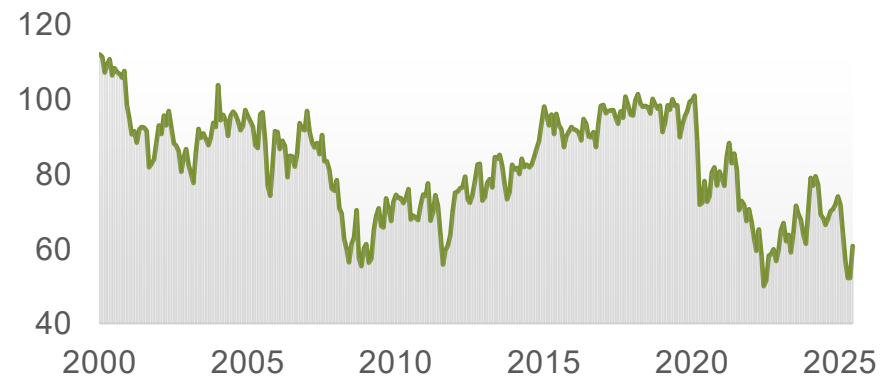
CPI Inflation (%)



Unemployment Rate (%)



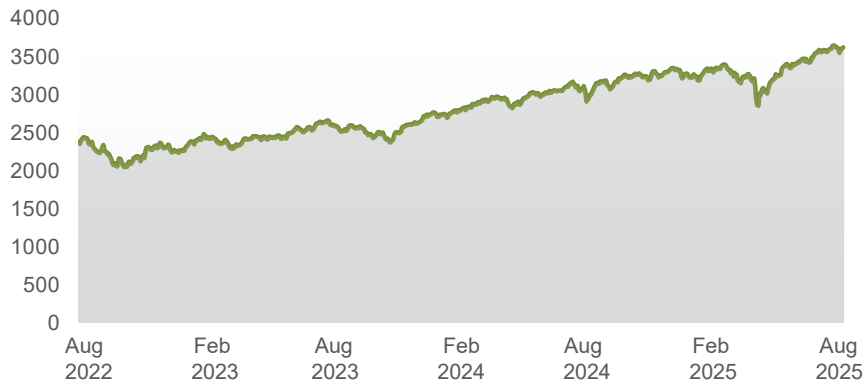
Consumer Sentiment



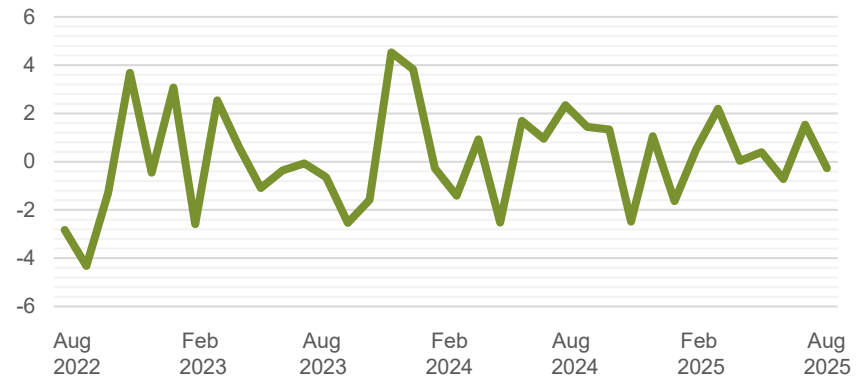
Sources: Capital Economics, University of Michigan via FRED®

Market Performance

MSCI ACWI IMI Index



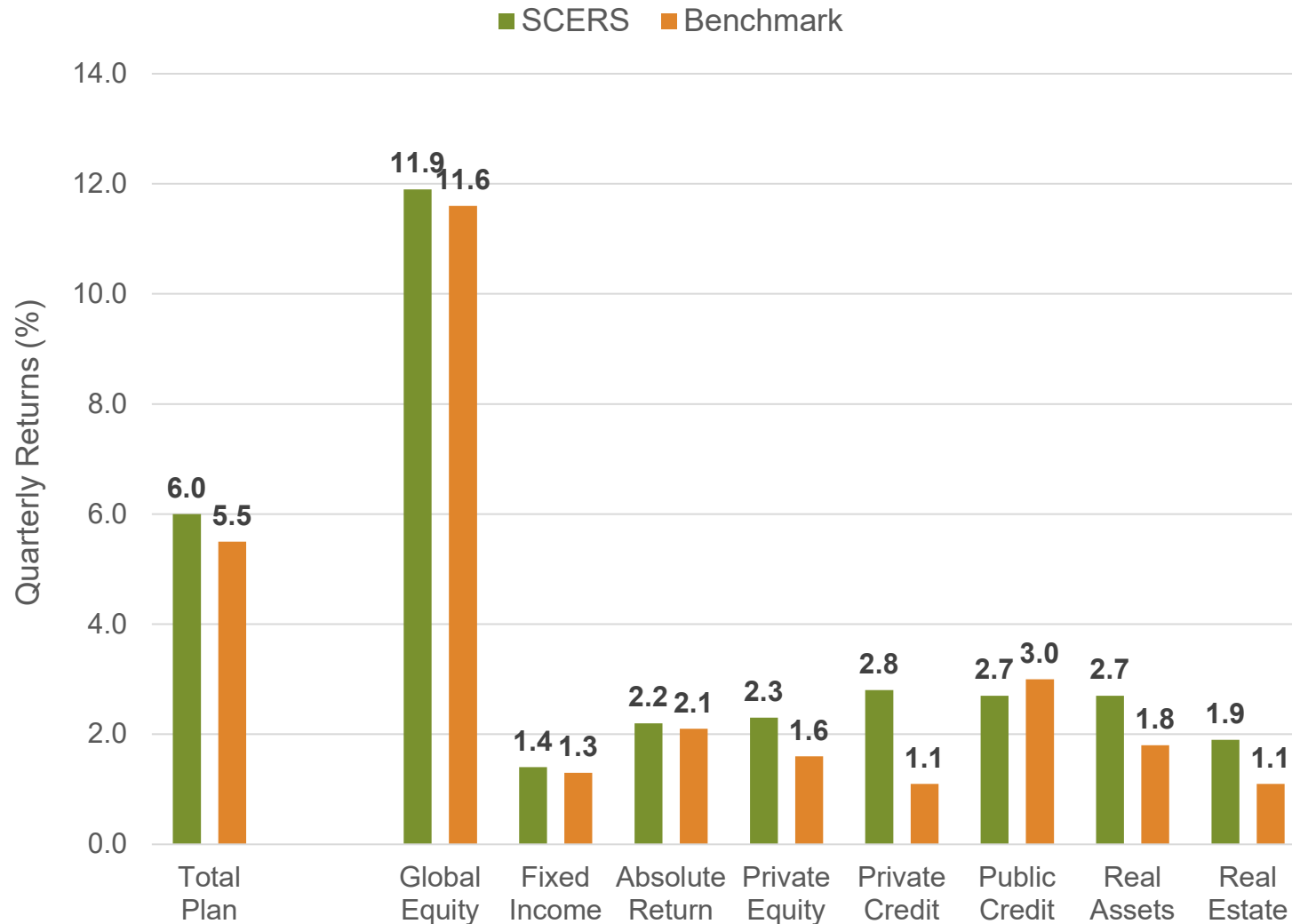
Bloomberg U.S. Aggregate Index



Market	Index	Quarter	YTD	1-Year	3-Year	5-Year	10-Year
Domestic Equity	S&P 500	10.9	6.2	15.2	19.7	16.6	13.6
	Russell 2000	8.5	-1.8	7.7	10.0	10.0	7.1
	Dow Jones Industrial Average	5.5	4.5	14.7	15.0	13.5	12.1
	Russell 1000 Value	3.8	6.0	13.7	12.8	13.9	9.2
International Equity	MSCI ACWI ex US	12.0	17.9	17.7	14.0	10.1	6.1
	MSCI EM	12.0	15.3	15.3	9.7	6.8	4.8
	MSCI EAFE	11.8	19.4	17.7	16.0	11.2	6.5
Fixed Income	Bloomberg US Agg Bond	1.2	4.0	6.1	2.5	-0.7	1.8
	Bloomberg US Treasury Bills	1.1	2.1	4.8	4.6	2.8	2.0
	Bloomberg US Corp. High Yield	3.5	4.6	10.3	9.9	6.0	5.4

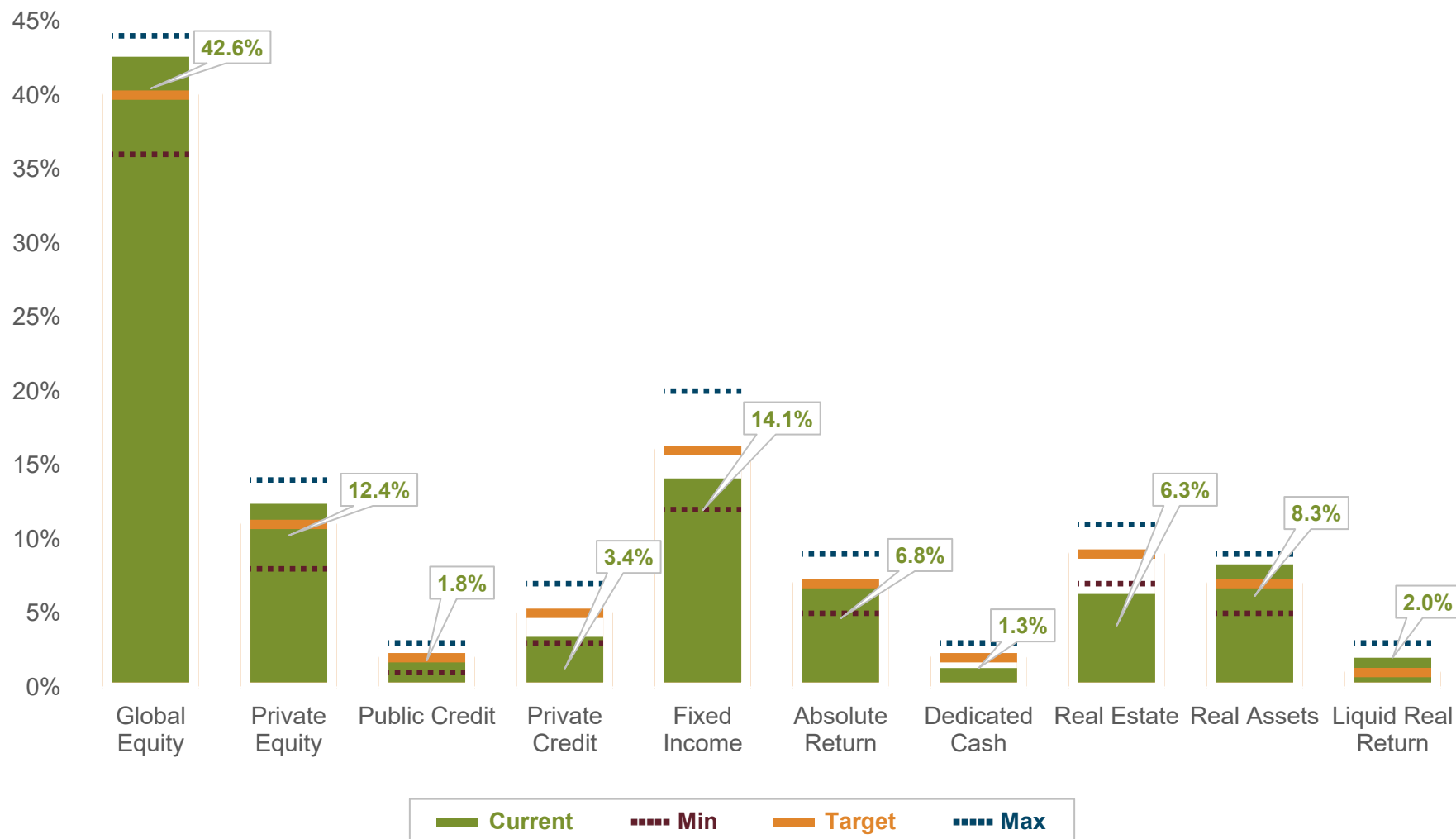
Portfolio Updates: SCERS Performance

For the quarter ended June 30, 2025



Portfolio Updates: Asset Allocation

As of June 30, 2025



Portfolio Updates: Rebalancing Activity

For the quarter ended June 30, 2025



Overlay Rebalancing

Asset Category Proxy	Trade	Amount
Growth	Sold	\$52,358,769
Diversifying	Sold	\$49,977,473
Real Return	Purchased	\$52,560,000
Cash	Increased	\$49,776,243

Physical Rebalancing

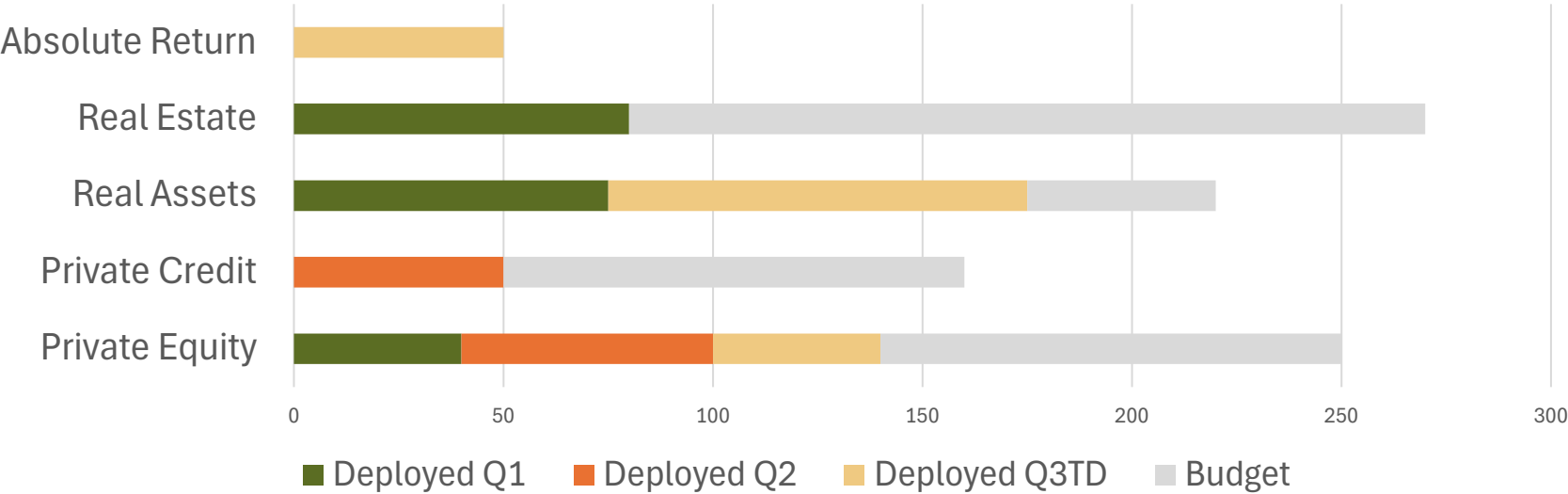
Investment Manager	Trade	Amount
Neuberger Berman U.S. Treasury	Increased	\$100,000,000

- SSGA rebalanced SCERS' Overlay Program to the revised SAA targets at the end of July 2025
 - Increased Growth proxy by 2%
 - Decreased Real Return proxy by 1%

Portfolio Updates: New Investment Activity

For the quarter ended June 30, 2025

 **2025 Investment Activity (\$ Millions)**



 **Q2 Activity**

Asset Class	Q2 New Commitments	Q2 Total Committed
Private Equity	2	\$60 million
Private Credit	1	\$50 million

Portfolio Exposures

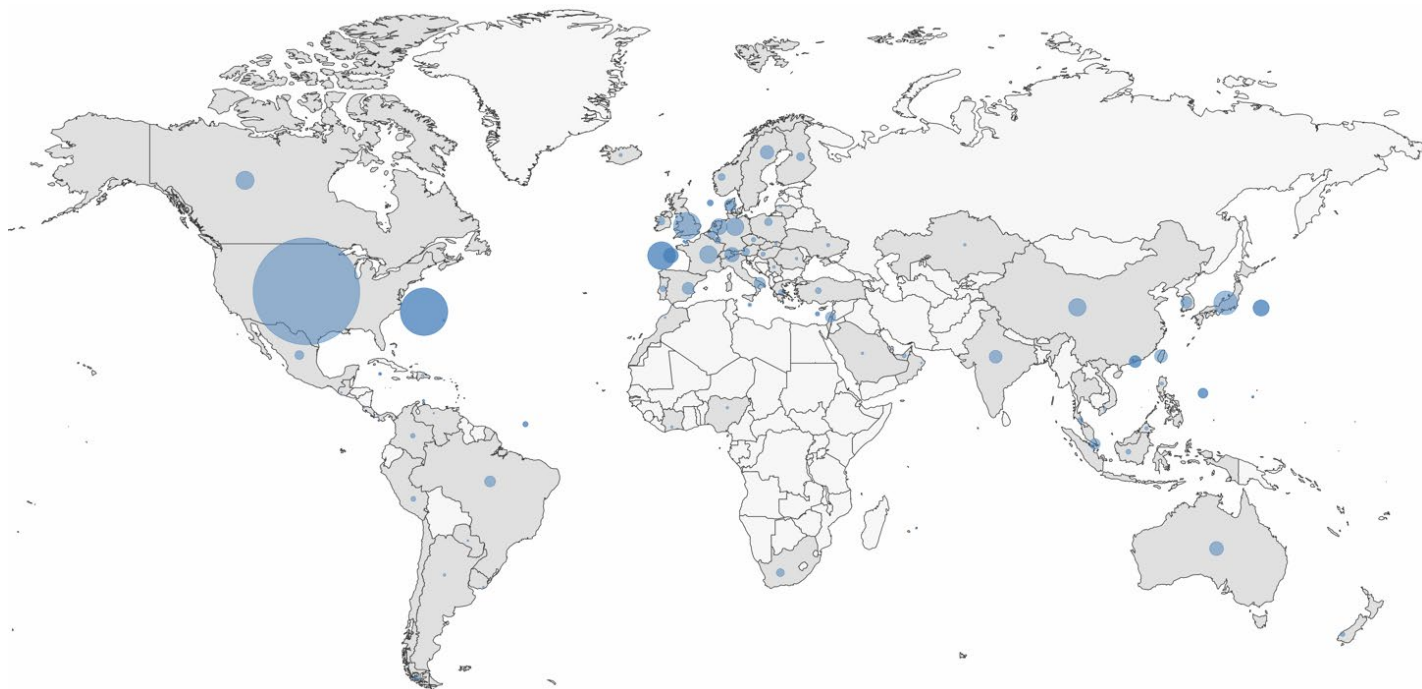
As of June 30, 2025



Geographic Exposure

Top Developed	Portfolio
United States	65.5%
United Kingdom	4.2%
Japan	2.2%
Canada	1.7%
France	1.7%

Top Emerging	Portfolio
China	1.7%
India	0.9%
Taiwan	0.8%
South Korea	0.7%
Brazil	0.6%



North America

69%

Europe

17%

Asia

9%

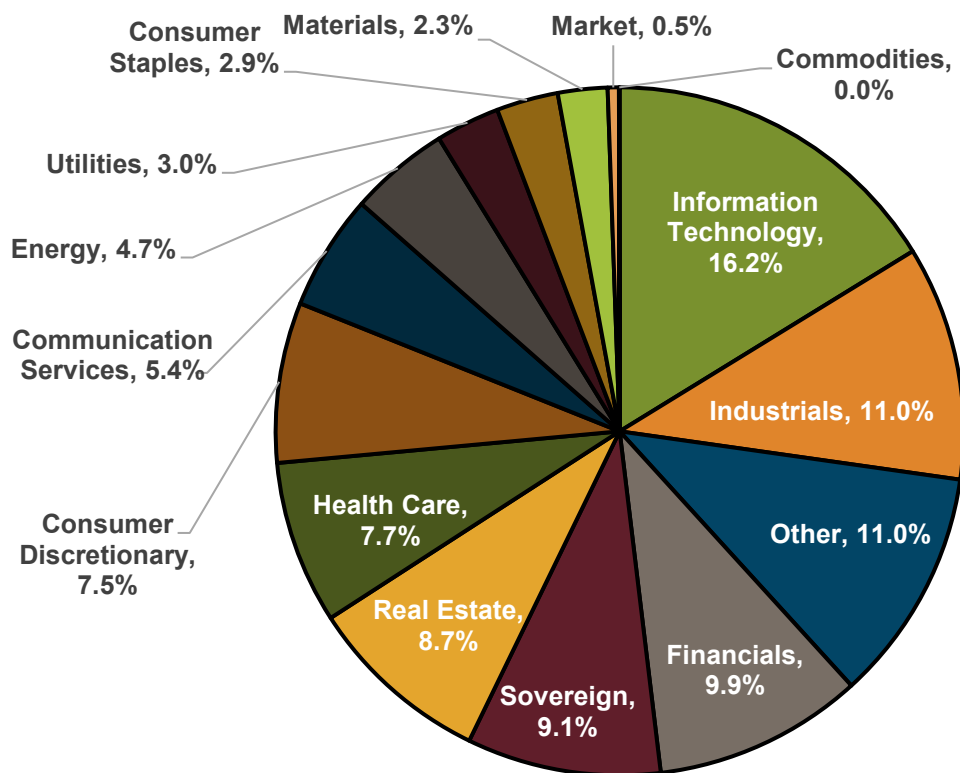
Other

5%

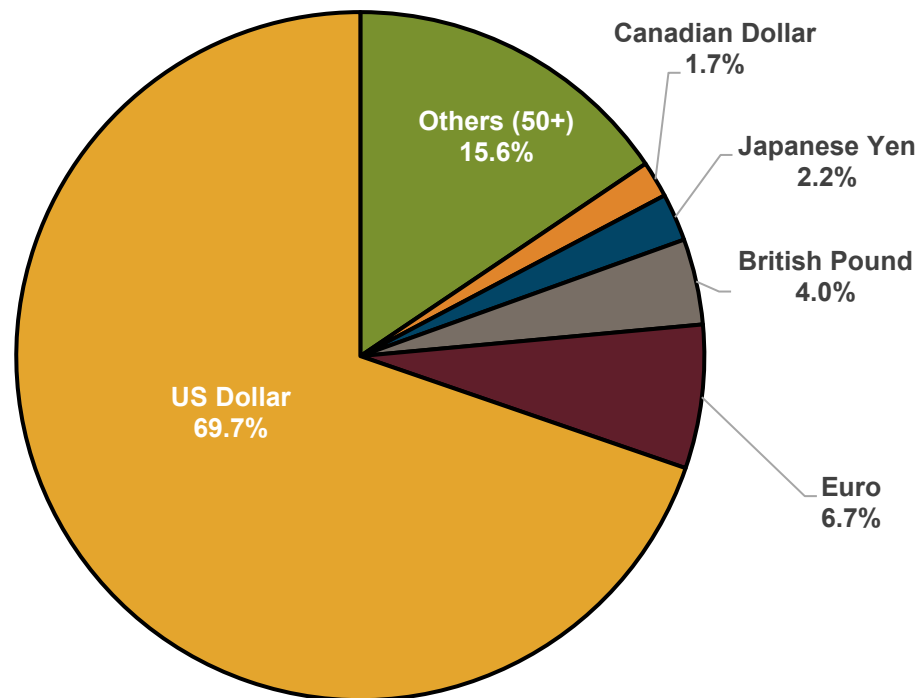
Portfolio Exposures Cont'd

As of June 30, 2025

 **Sector Exposure**



 **Currency Exposure**



Initiatives and Updates

Upcoming Initiatives

- Finalizing upcoming Investment Forum (9/16/2025)
- Annual Liquidity Study – September meeting

Investment Manager Updates

- Comvest Partners acquired by Manulife

Staff Updates

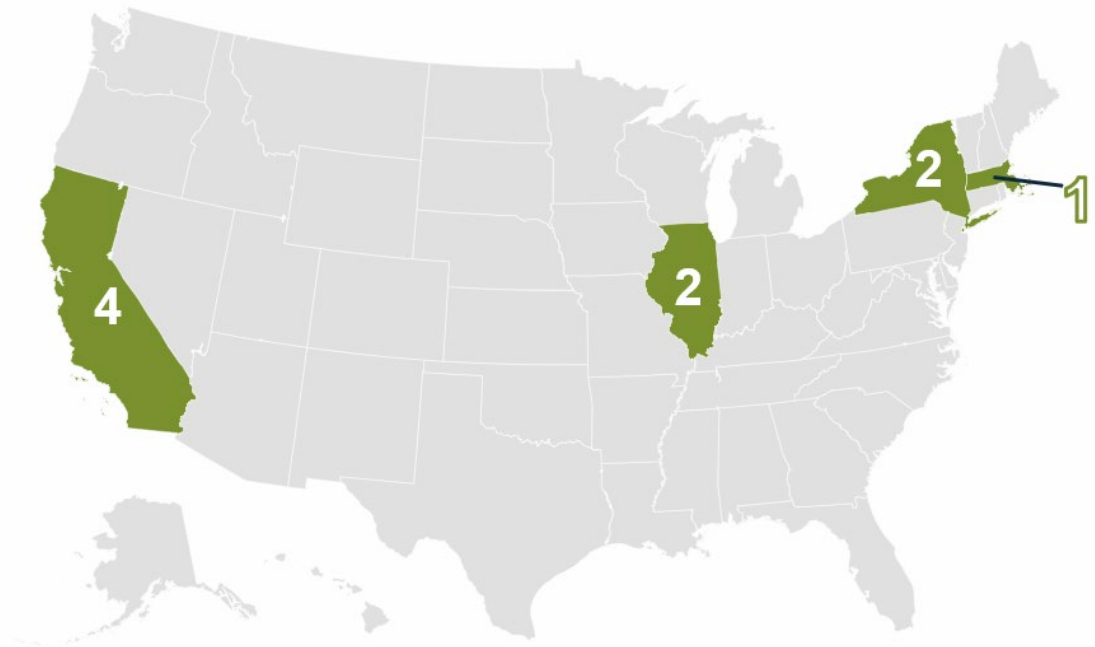
- Investment Officer Recruitment
- Senior Investment Officer Recruitment – Targeting end of 2025

Initiatives and Updates Cont'd



Staff Travel Q2

Travel Type	Destinations
Due Diligence	6
Conference	2
Investment Manager Annual Meeting	1



- Staff completed due diligence and annual general meetings with multiple managers in New York, Boston, and Chicago
- Attended/participated in conferences – II Public Funds Forum, SACRS