



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 24

MEETING DATE: August 20, 2025

SUBJECT: Investment Manager Compliance and Watch List Report—Second Quarter 2025

SUBMITTED FOR: ☐ Action ☒ Information

RECOMMENDATION

Receive and file the Investment Manager Compliance and Watch List Report for the quarter ended June 30, 2025.

PURPOSE

This item complies with SCERS' investment policy statement reporting requirements and contributes to the effective management and oversight of investment activities.

DISCUSSION

SCERS' investment manager transactions have been reviewed for compliance with their respective investment guidelines and objectives. No compliance violations have been found.

As of March 31, 2025, the following managers were on the Watch List:

- William Blair Investment Management (Global Equity) – performance related
- PSquared Asset Management (Absolute Return) – performance related
- LSV Asset Management (Global Equity) – organizational concerns

During the second quarter of 2025, the Board approved the termination of the investment with William Blair Investment Management (Global Equity). The investment with William Blair has been fully liquidated and William Blair is therefore removed from the Watch List.

There were no other changes to the Watch List during the second quarter. Therefore, managers on the Watch List going forward are:

- PSquared Asset Management (Absolute Return) – performance related
- LSV Asset Management (Global Equity) – organizational concerns

Staff and the investment consultants will continue to monitor the performance and/or organizational concerns for SCERS' investment managers and update the Watch List accordingly.

ATTACHMENTS

- Board Order
- Quarterly Watch List and Compliance Report—Second Quarter 2025

Prepared by:

/S/

Brian Miller
Senior Investment Officer

Reviewed by:

/S/

Steve Davis
Chief Investment Officer

/S/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

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

AGENDA ITEM:

**Investment Manager Compliance and Watch List Report—Second
Quarter 2025**

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to receive and file the Investment Manager Compliance and Watch List 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

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
Quarterly Investment Manager Watch List - June 2025

#	Investment Manager	Fund Type	Net Asset Value (as of June 2025, \$ thousands)	Reason	Effective (month - year)	Commentary
1	PSquared Asset Management	Absolute Return	\$ 52,424	Performance	Dec-24	PSquared manages an event driven absolute return fund (Event Opportunity Fund). The strategy has underperformed, delivering approximately -6% returns in calendar year 2024, which has resulted in underperformance since SCERS first invested in the strategy in August 2020. Since inception, the stratgy has delivered approximately 1.0% annualized retuns, trailing the HFRI Conservative Index and 3-Month T-Bills + 2% benchmarks. Assets under management have declined due to negative performance and client outflows. SCERS has approximately \$52 million invested with PSquared as of June 2025.
2	LSV Asset Management	Global Equity	\$ 672,669	Organizational	Dec-24	LSV Asset Management was added to the Watch List due to organizational concerns. In the fourth quarter of 2024, civil litigation was filed against LSV by four former partners. The litigation seeks monetary damages based on the valuation of the equity stakes sold by the departed partners. The claim is that LSV significantly undervalued the equity stakes of the partners. Staff will monitor LSV for a resolution to the litigation and any impact to the organization. SCERS first invested with LSV in January 2005 and has approximately \$673 million invested in the international developed large cap equity strategy as of June 2025.