



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 12

MEETING DATE: October 21, 2026

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 September 30, 2026.

PURPOSE/STRATEGIC PRIORITY

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

The quarterly CIO Report presentation will cover 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 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
October 21, 2026**

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 September 30, 2026.

I HEREBY CERTIFY that the above order was passed and adopted on October 21, 2026 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

Chris Giboney
Board President

Eric Stern
Chief Executive Officer and
Board Secretary

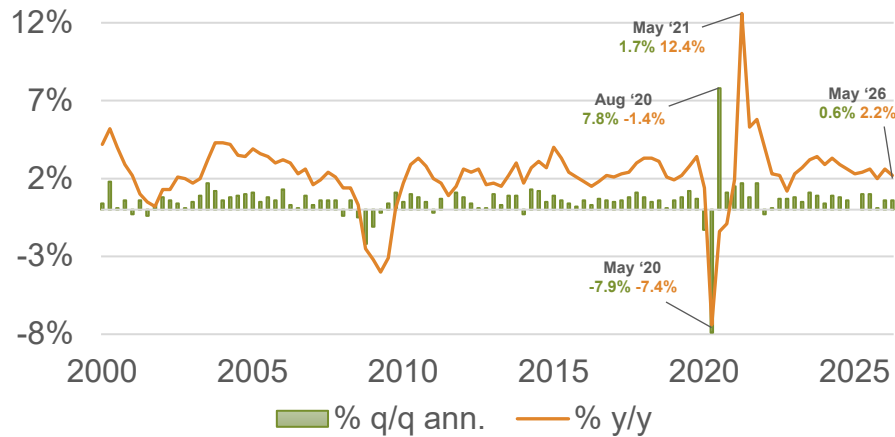


Quarterly CIO Report

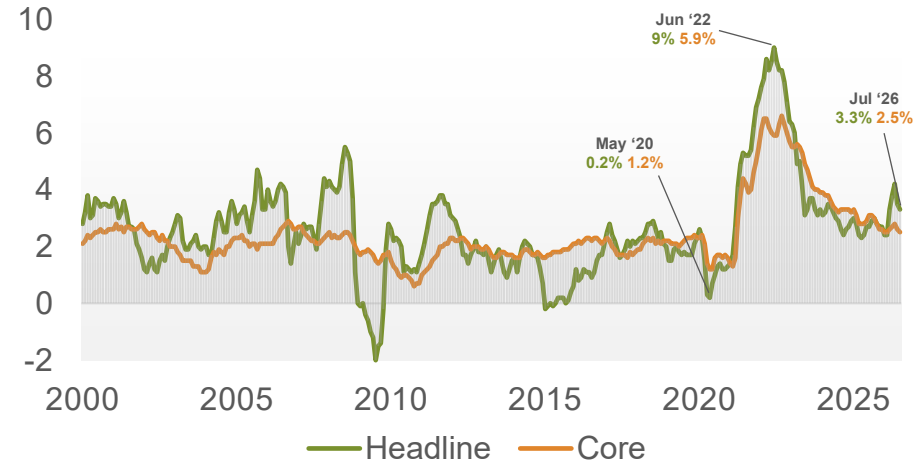
Third Quarter 2026

Economic Data

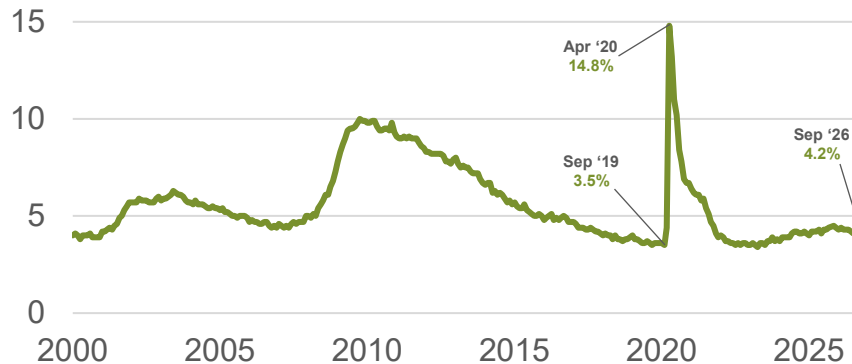
Quarterly Real U.S. GDP



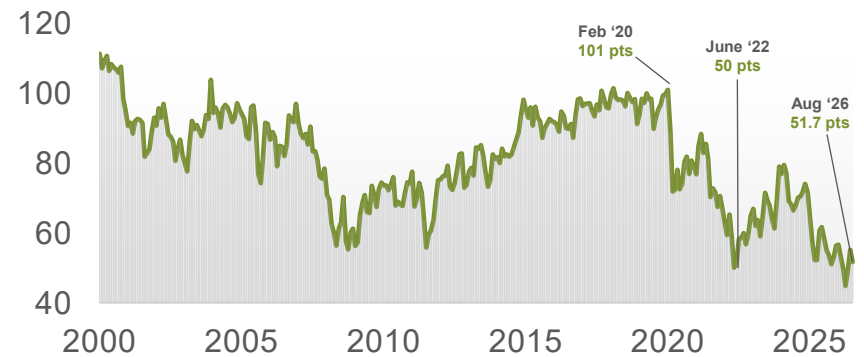
CPI Inflation (%)



Unemployment Rate (%)



Consumer Sentiment



Sources: Capital Economics, University of Michigan via FRED®

Market Performance

As of September 30, 2026

MSCI ACWI IMI Index



Bloomberg U.S. Aggregate Index



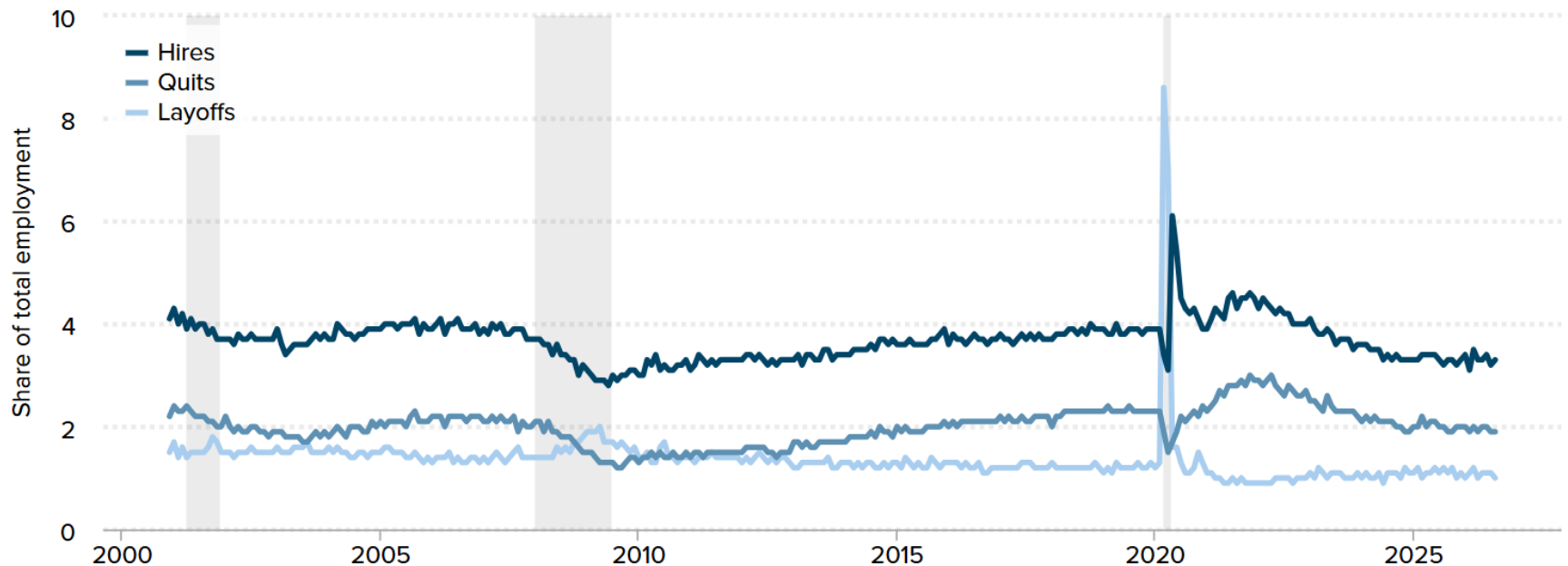
Index Returns

Market	Index	Quarter	YTD	1-Year	3-Year	5-Year	10-Year
Domestic Equity	S&P 500 Index	2.3	12.7	15.7	22.9	13.8	15.3
	Russell 1000 Index	1.8	12.3	15.0	22.5	13.0	15.0
	Russell 2000 Index	-7.2	13.7	16.2	17.7	6.3	9.8
	Dow Jones Industrial Average	-2.3	7.2	11.5	17.0	10.6	13.1
International Equity	MSCI AC World ex USA Index	0.6	14.7	20.5	21.2	10.1	9.8
	MSCI Emerging Markets Index	-0.2	23.7	29.6	24.7	9.4	9.5
	MSCI EAFE Index	0.9	10.8	16.2	19.0	9.9	9.6
Fixed Income	Blmbg. U.S. Aggregate Index	-3.5	-2.9	-1.8	4.1	-0.6	1.1
	Blmbg. U.S. Treasury Bills	0.9	2.7	3.8	4.6	3.7	2.4
	Blmbg. U.S. Corp: High Yield Index	-1.8	0.1	1.4	8.0	3.6	5.0

Staff Chart of the Quarter

“Low-Hire, Low-Fire” Labor Market

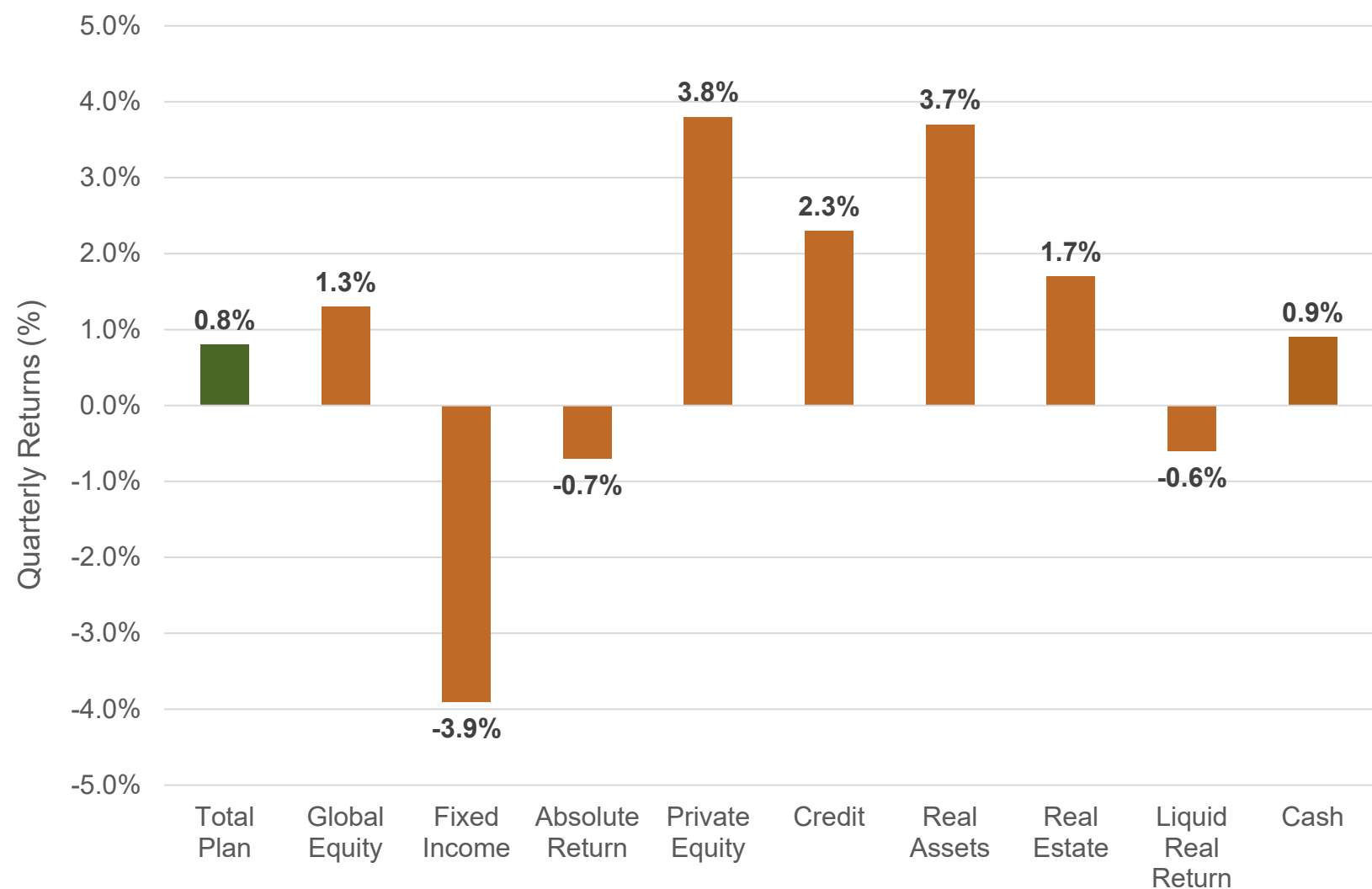
Hires, quits, and layoff rates, 2000–2026



Source: Economic Policy Institute analysis of BLS Job Openings and Labor Turnover Survey via Economic Policy Institute

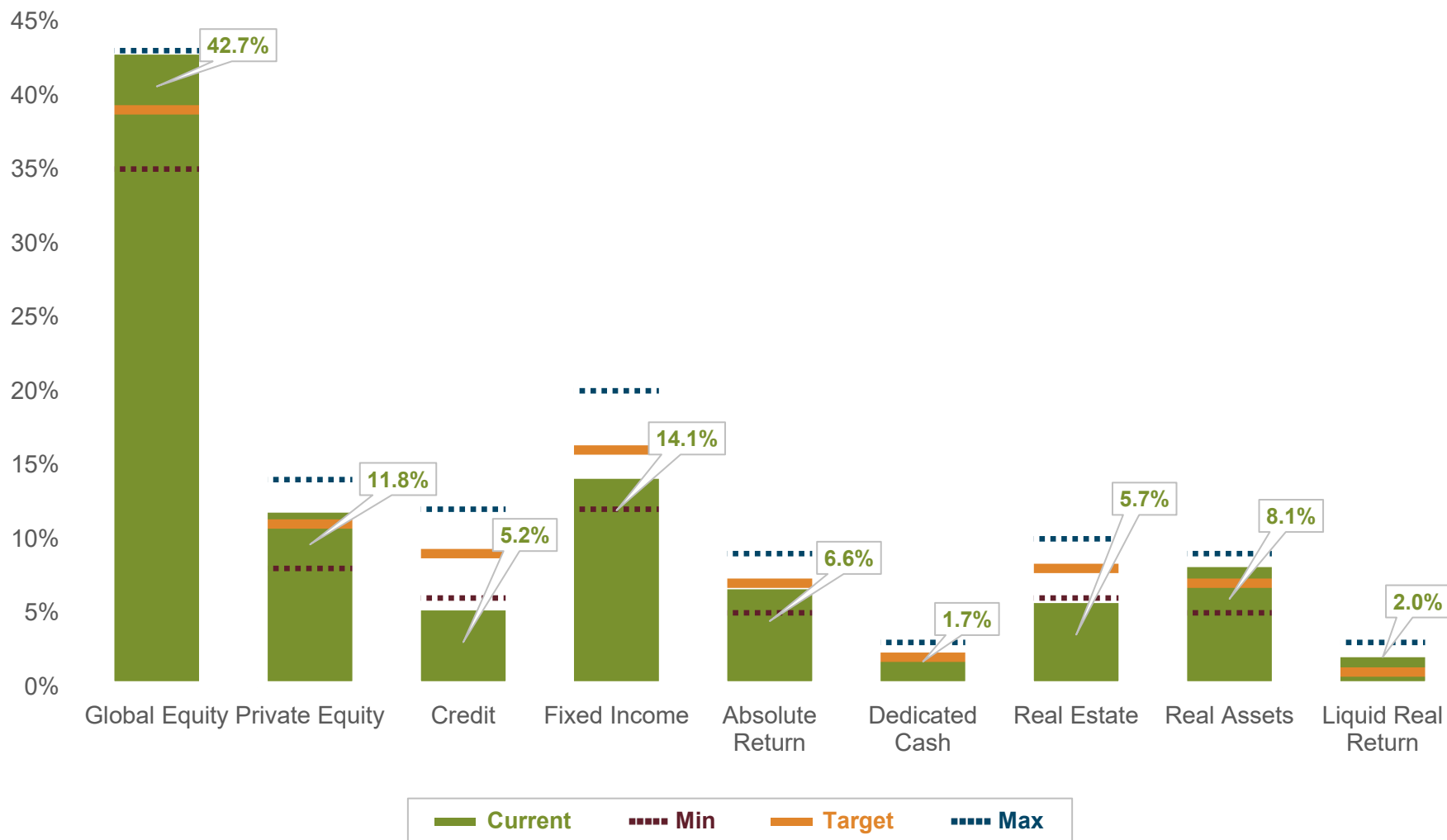
Portfolio Updates: Performance Estimate

For the quarter ended September 30, 2026



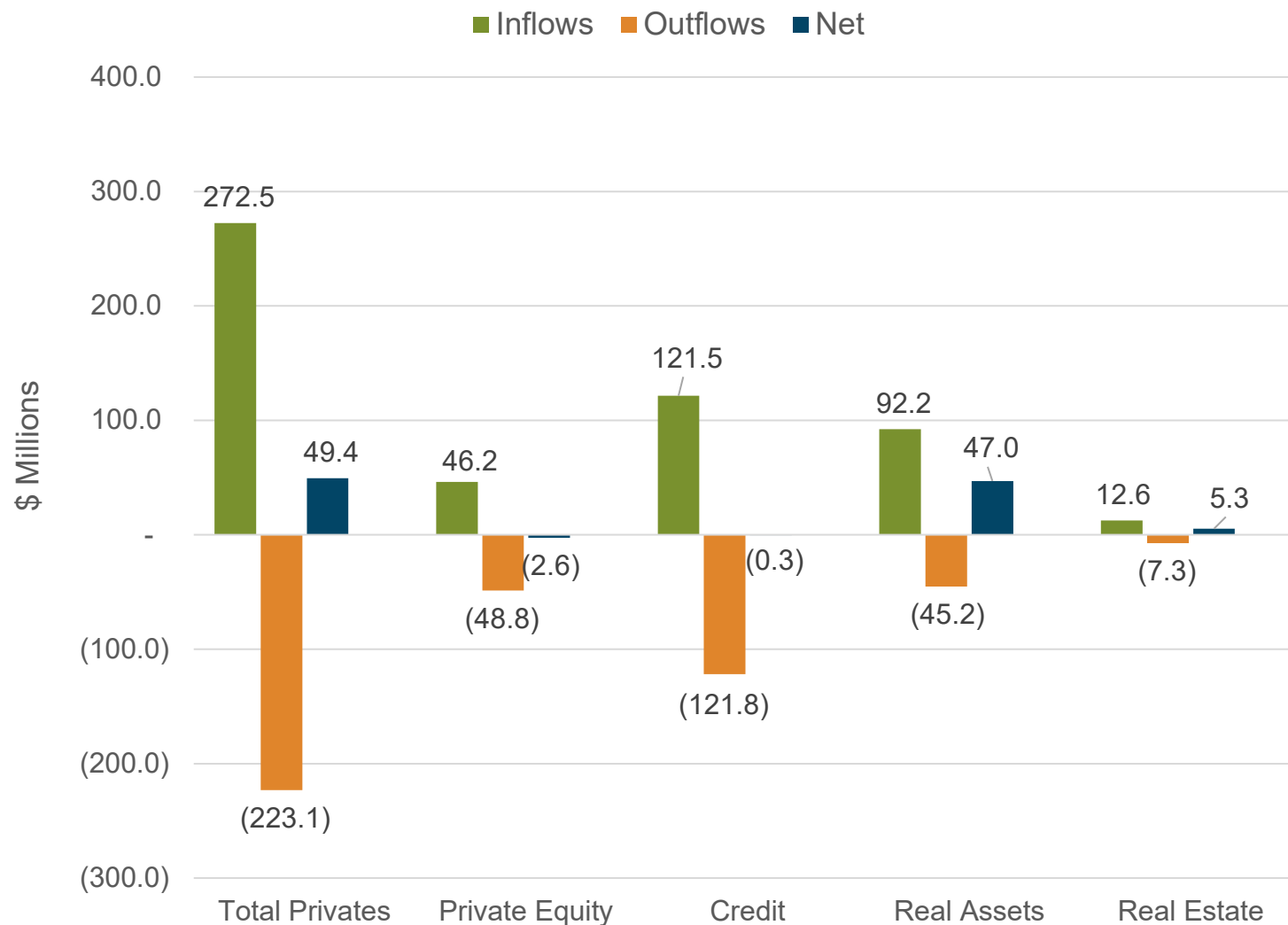
Portfolio Updates: Asset Allocation

As of September 30, 2026



Portfolio Updates: Private Market Cash Flows

For the quarter ended September 30, 2026



Portfolio Updates: Rebalancing Activity

For the quarter ended September 30, 2026

 Overlay Rebalancing

 Physical Rebalancing

Asset Category Proxy	Trade	Amount
Growth	Sold	\$122 million
Diversifying	Purchased	\$132 million
Real Return	Purchased	\$48 million
Cash*	Decreased	\$58 million

Investment Manager	Trade	Amount
No Activity		

*The Cash trade is larger than normal due to capital distributions credited on September 29th

Portfolio Updates: Transitioning & Implementation

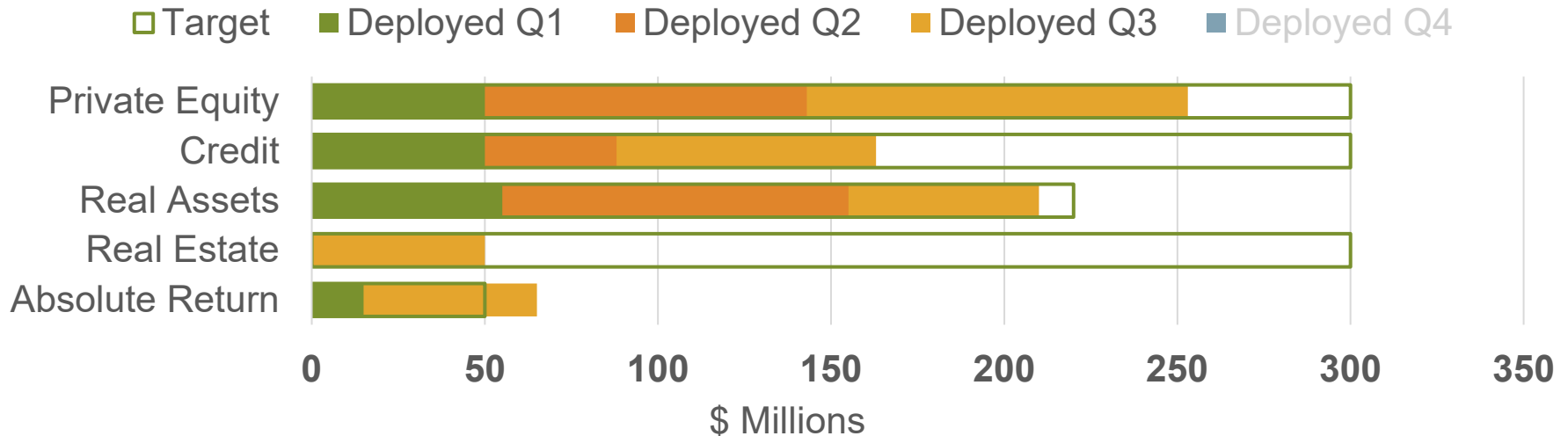
For the quarter ended September 30, 2026

Investment	Trade	Detail
No Activity		

Portfolio Updates: New Investment Activity



2026 Investment Activity



Q3 Investment Summary

Asset Class	Commitments	Total Committed
Private Equity	3	\$110 million
Real Assets	1	\$55 million
Real Estate	1	\$50 million
Absolute Return	1	\$50 million

Initiatives and Updates

Initiatives

- General consultant RFP evaluation ongoing
 - Expected to be finalized in Q1 2027

Upcoming Board meeting

- Investment Year in Review and Annual Investment Plan – November

Upcoming Investment Activity

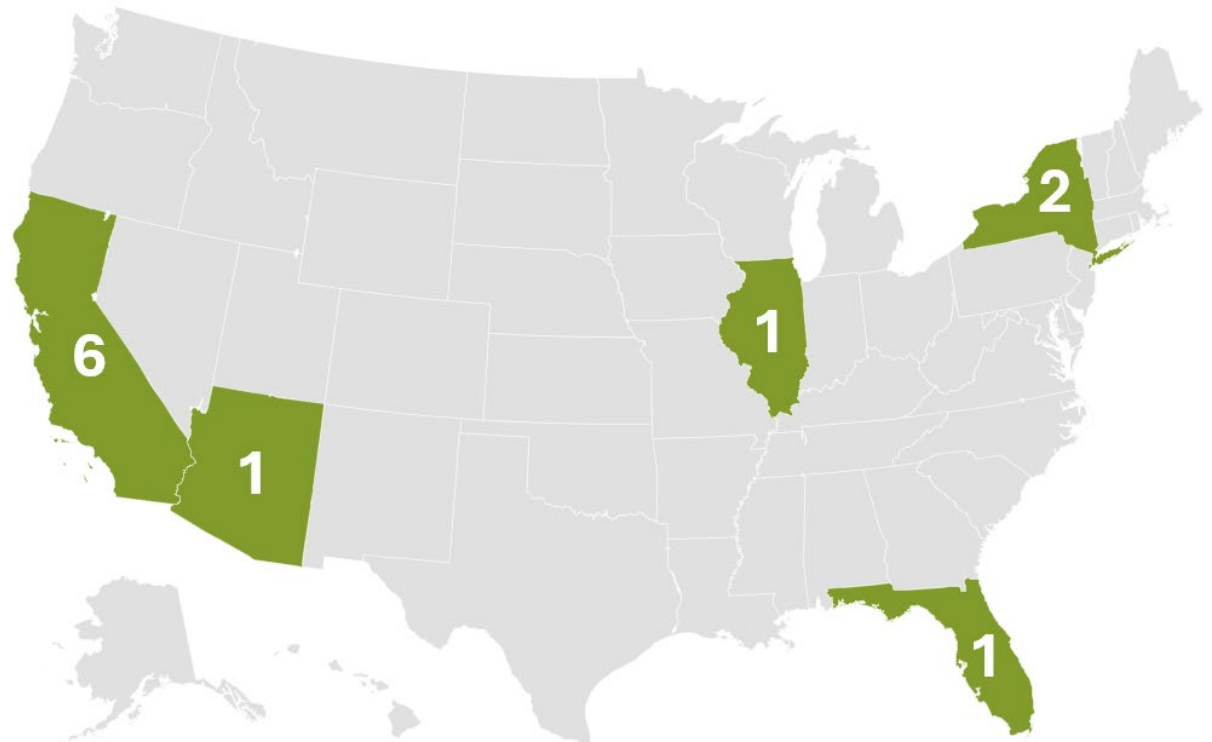
- U.S. Small Cap Growth manager search nearing completion
 - Expected to be presented at December board meeting
- Meaningful investment activity expected during the remainder of the year

Initiatives and Updates Cont'd



Staff Travel Q2

Travel Type	Destinations
Conference	4
Due Diligence	4
Manager Meetings	3



- Staff met with managers in several states and attended conferences in California

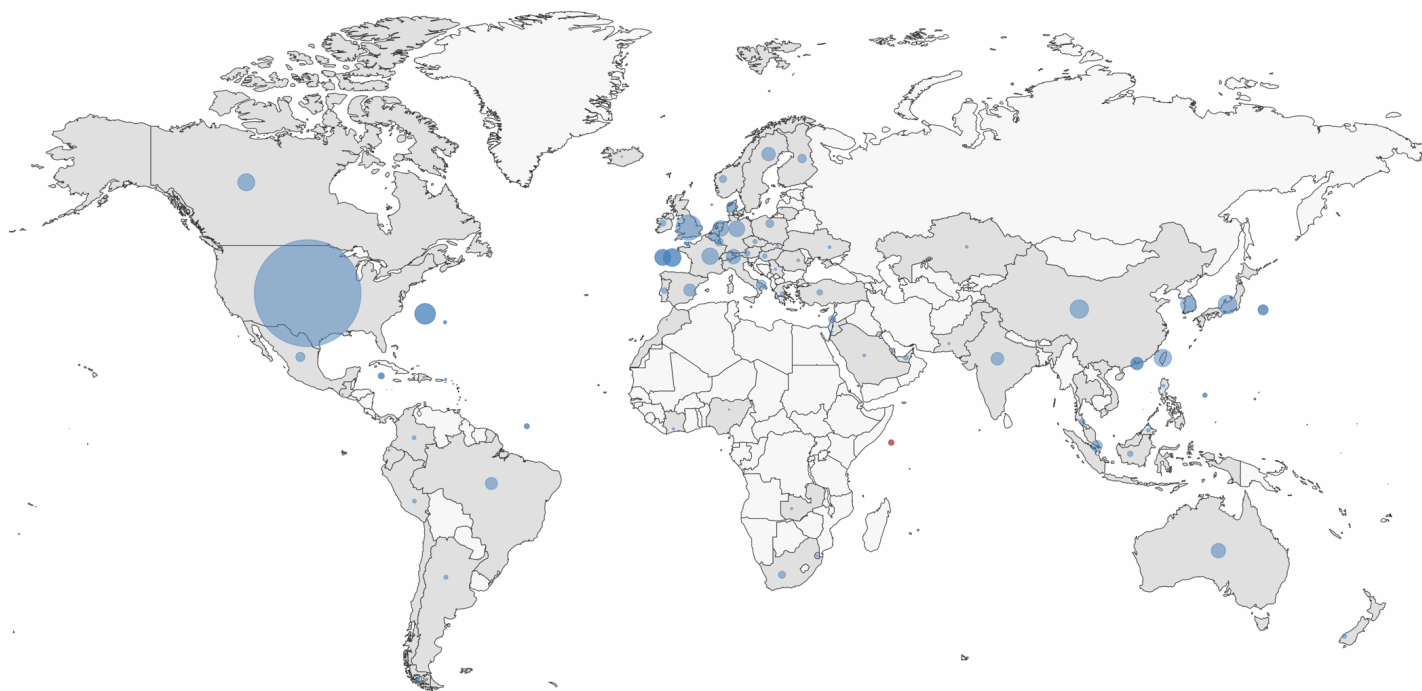
Portfolio Exposures

As of September 30, 2026

Geographic Exposure

Top Developed	Portfolio
United States	67.4%
United Kingdom	3.4%
Japan	1.8%
Canada	1.5%
France	1.3%

Top Emerging	Portfolio
China	1.7%
Taiwan	1.6%
South Korea	1.2%
India	0.8%
Brazil	0.7%

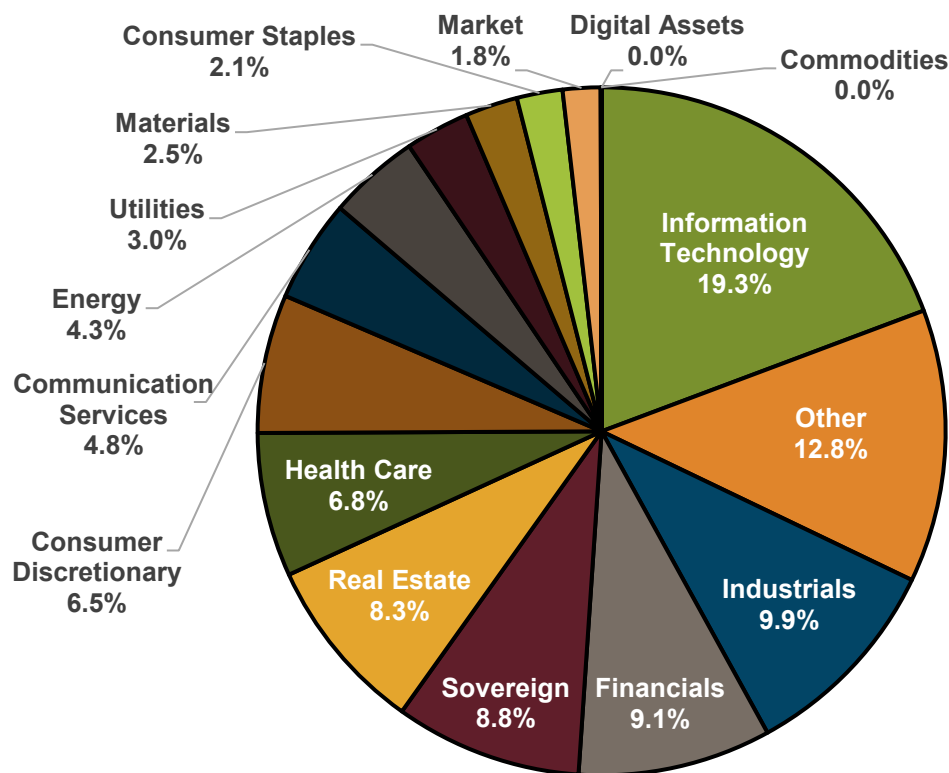


North America	71%	Europe	16%	Asia	10%	Other	3%
---------------	-----	--------	-----	------	-----	-------	----

Portfolio Exposures Cont'd

As of September 30, 2026

Sector Exposure



Currency Exposure

