Chief Investment Officer Monthly Report

Jonathan Grabel – Chief Investment Officer

Board of Investments Meeting
September 10, 2025

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Complete list of slide footnotes are included in the Appendix.

01

Market Environment

Notable Items and Market Themes to Watch

Notable Items

Interest rates and central bank actions

- The Federal Reserve implemented its previously announced slowdown in the pace of quantitative tightening

Economic data and trends

- Inflation, tariffs, elevated trade tensions, & labor developments

Artificial intelligence

- Research developments, applications, infrastructure investment, risk oversight and governance

Stewardship and ESG-related developments

- Regulators expand retail investor access to private funds
- 98% average investor opposition to anti-diversity and anti-ESG shareholder proposals

Market Themes

- **Tariff Impacts:** U.S. trade policy continues to result in significant market volatility, affecting business sentiment and inflation expectations. Universal 50% tariffs on copper products and reciprocal tariffs with various countries (India, 25%) went into effect, and the de minimis exemption ended August 29th, amplifying uncertainty over inflation and trade costs
- **Inflation Concerns**: Global inflation decelerated modestly. In the U.S., core inflation held steady at 2.9% year-over-year; tariff impacts are expected to gradually build
- **Federal Reserve Policy**: The Federal Reserve maintained its target range for the federal funds rate at 4.25-4.50%. Chair Powell emphasized a refreshed monetary policy framework at Jackson Hole – moving towards flexible inflation targeting, balancing macro data outputs with its 2% inflation goal over the medium term
- **Geopolitical Uncertainty:** Geopolitical uncertainty remains elevated due to trade tensions and regional conflicts. The International Monetary Fund has highlighted the need for trade policy stability
- **Corporate Earnings**: Earnings momentum remained robust, with the S&P 500 posting its fourth straight quarter of double-digit growth, led by tech and financials

Global Market Performance
As of August 31, 2025

MSCI ACWI IMI Index (Global Equity Market)*

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
2.7	8.8	4.1	14.3	15.6	17.1	11.8	10.8

*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
1.2	2.5	0.9	5.0	3.2	3.0	-0.7	1.8

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

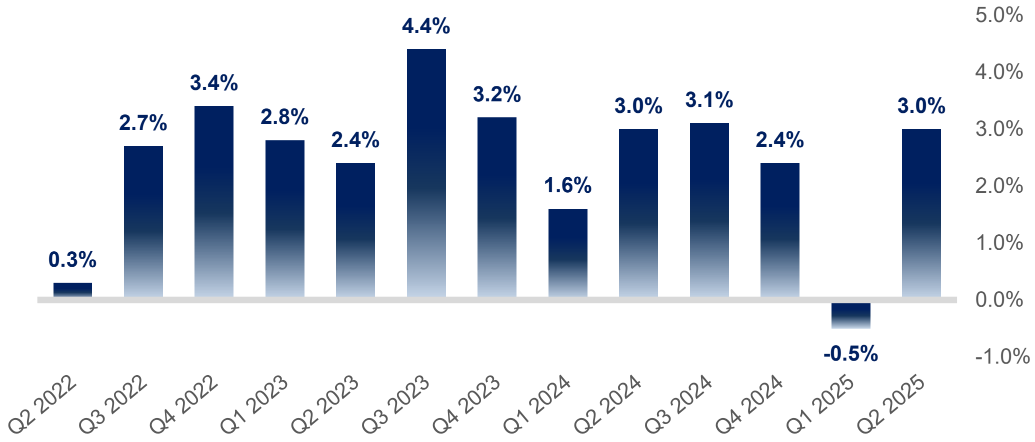
Market	Sub-Category	Index Name	1 M	3 M	FYTD	YTD	1 Y	3 Y	5 Y	10 Y
Reference Portfolio	60:40 Equity:Bond Portfolio	60% MSCI ACWI IMI/ 40% Bloomberg U.S. Aggregate Index	2.1	6.3	2.8	10.6	10.6	11.5	6.8	7.2
Global Equity	U.S. Large Cap	S&P 500 Total Return	2.0	9.6	4.3	10.8	16.0	19.6	14.8	14.6
	U.S. Small Cap	Russell 2000 Total Return	7.1	14.9	9.0	7.1	8.2	10.3	10.1	8.9
	Non-U.S. All Cap	MSCI ACWI-ex U.S. IMI Total Return	3.6	7.1	3.4	21.8	15.7	15.0	9.0	7.4
	Emerging Markets	MSCI Emerging Markets Total Return	1.3	9.5	3.3	19.0	16.9	10.8	5.2	6.9
Private Equity	Private Equity Buyout	Thomson Reuters PE Buyout Index	2.6	12.8	5.3	16.9	20.2	18.6	9.6	12.9
Fixed Income	U.S. Corporate High Yield Bonds	Bloomberg U.S. Corporate High Yield Total Return	1.2	3.6	1.7	6.4	8.3	9.3	5.2	5.8
	U.S. Long Term Treasury Bonds	Bloomberg Long Term U.S. Treasury Total Return Index	0.3	1.9	-0.6	2.5	-4.5	-3.3	-8.3	-0.3
	Developed Markets Leveraged Loans	Credit Suisse Leveraged Loan Total Return	0.4	2.0	1.2	4.2	7.4	8.8	6.9	5.3
Real Assets & Inflation Hedges	Natural Resources	S&P Global Natural Resources Total Return Index	6.6	11.2	7.4	18.9	7.3	6.8	12.7	9.1
	Global Infrastructure	Dow Jones Brookfield Global Infrastructure Composite Index	1.6	1.3	0.3	12.2	12.4	8.4	9.6	6.5
	Treasury Inflation-Protected Securities	Bloomberg U.S. Treasury TIPS 0-5 Years Total Return	1.3	2.1	1.6	5.7	6.7	4.4	3.7	3.1
	Real Estate	NCREIF Fund Index - ODCE (Net)[1]	—	0.8	2.7	1.7	2.7	-6.2	2.5	4.4

[1] Reported on a 3-month lag.

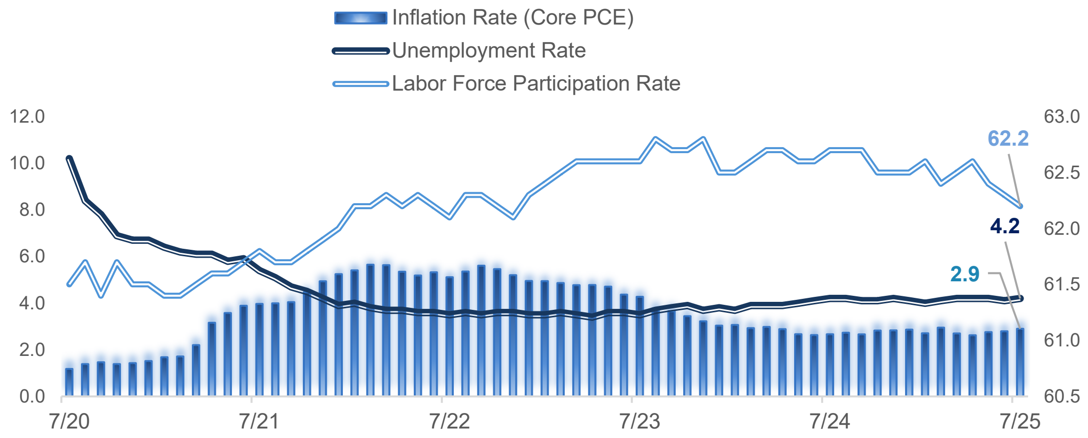
Source: Bloomberg, State Street

Key Macro Indicators[2]

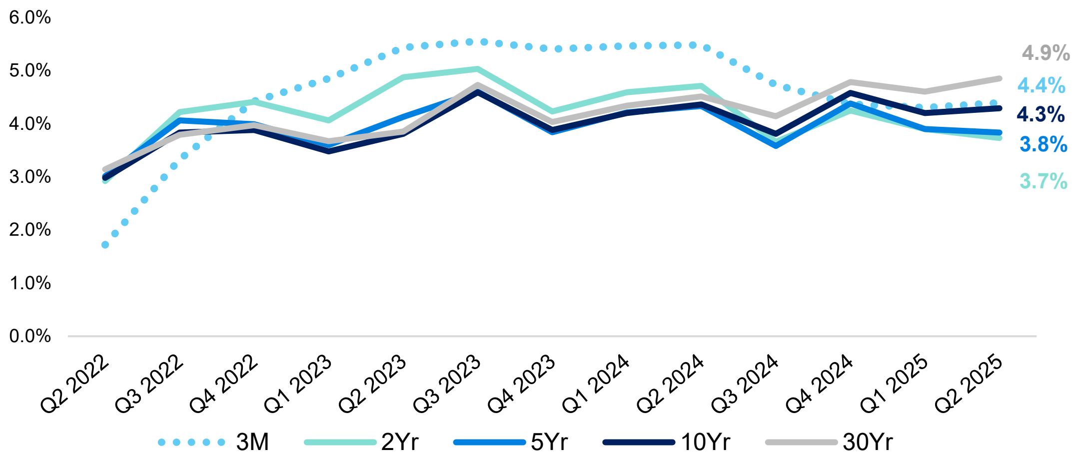
Quarterly Real GDP Growth



Inflation, Unemployment, and Labor Participation

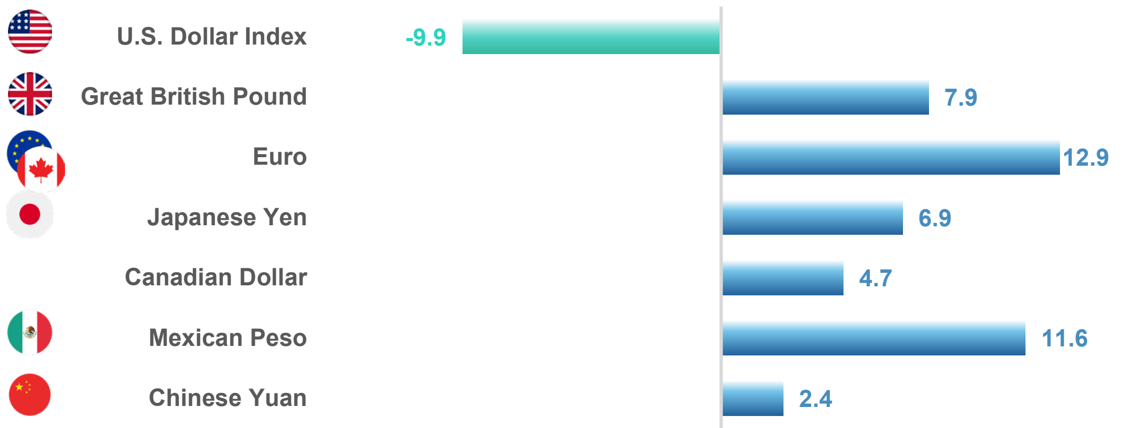


Market Yields on U.S. Treasury Securities



U.S. Dollar and Major Currency Performance

(Year-to-Date as of 8/31/2025)



Sources: Bloomberg, St. Louis Federal Reserve

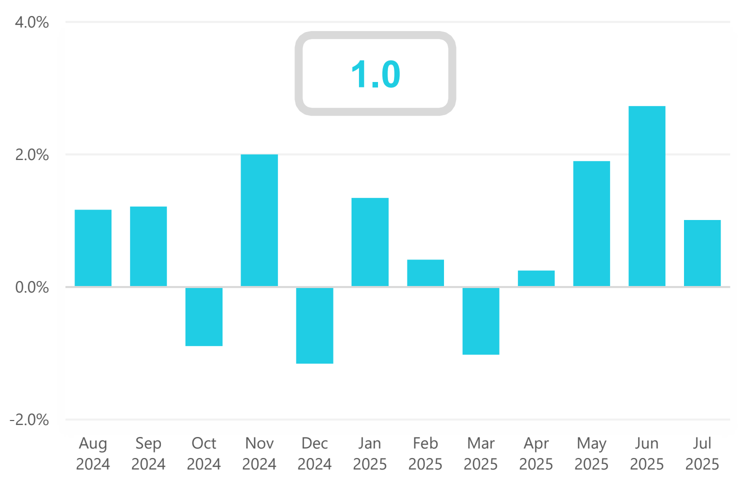
02

Total Fund Performance & Risk

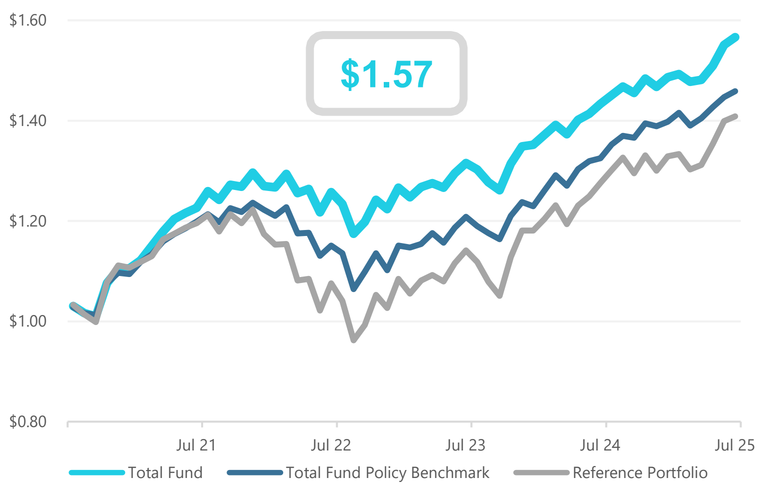
Total Fund

Performance Summary as of July 2025

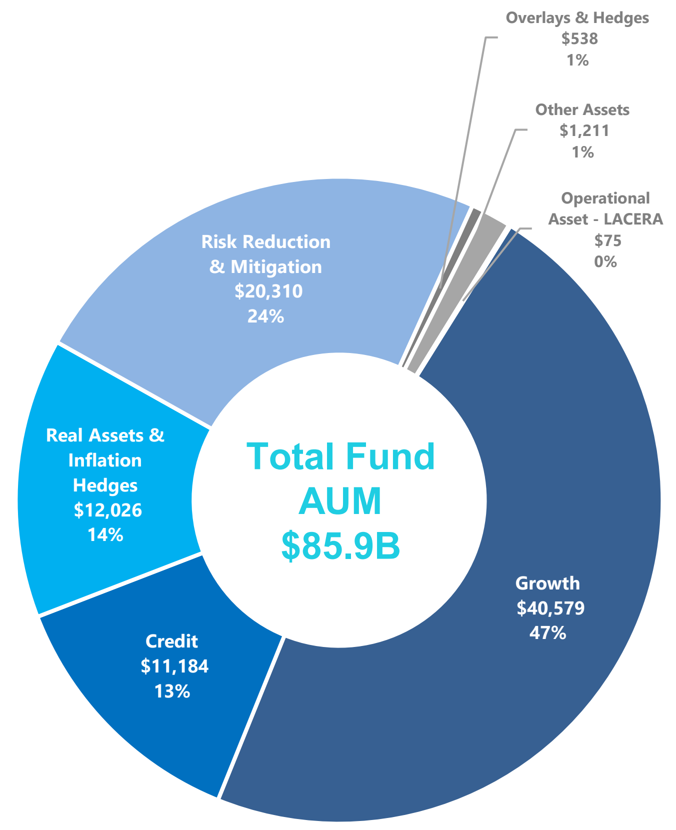
Monthly Return (net)



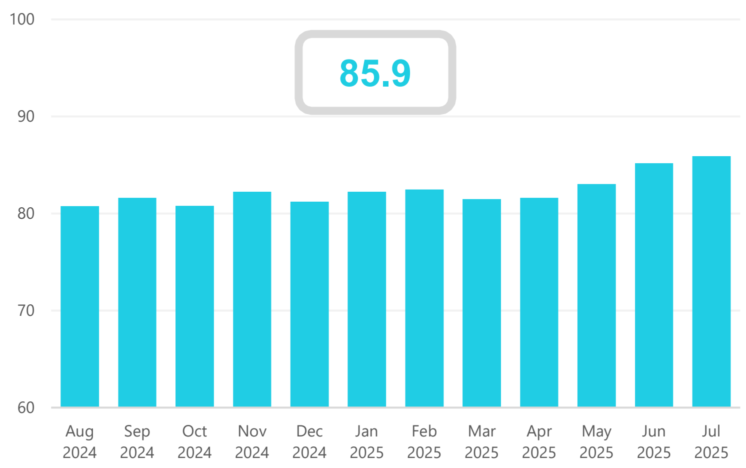
Growth of a Dollar (trailing 5Y)[3]



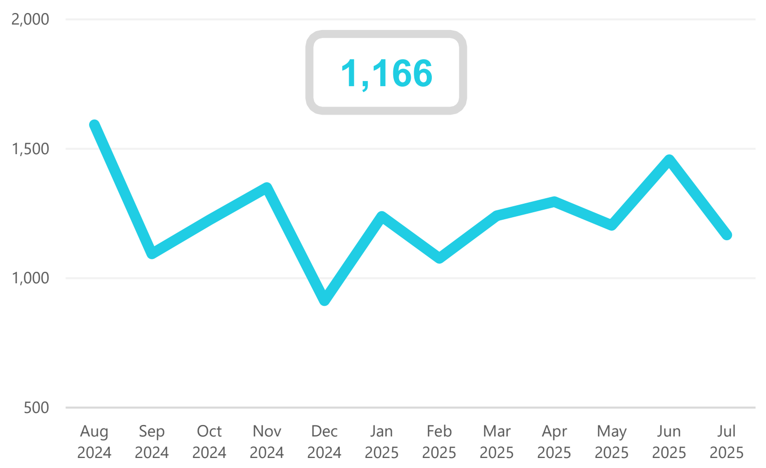
Asset Allocation (in millions)[4]



Total Market Value (in billions)



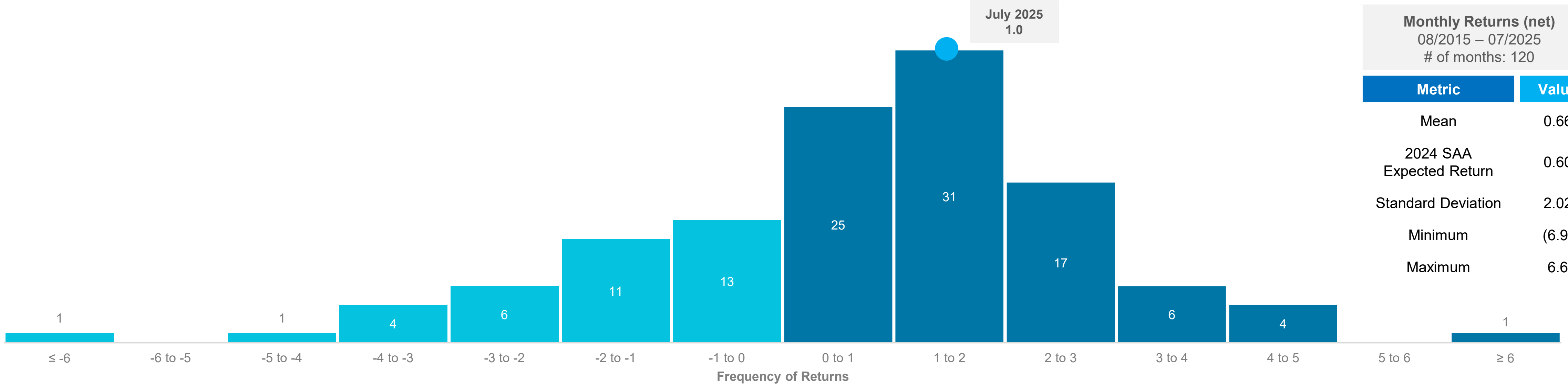
Cash Equivalents (in millions)



Total Fund

Historical Net Performance as of July 2025

LACERA Pension Fund[5]



Monthly Returns (net)
08/2015 – 07/2025
# of months: 120

Metric	Value
Mean	0.66
2024 SAA Expected Return	0.60
Standard Deviation	2.02
Minimum	(6.9)
Maximum	6.6

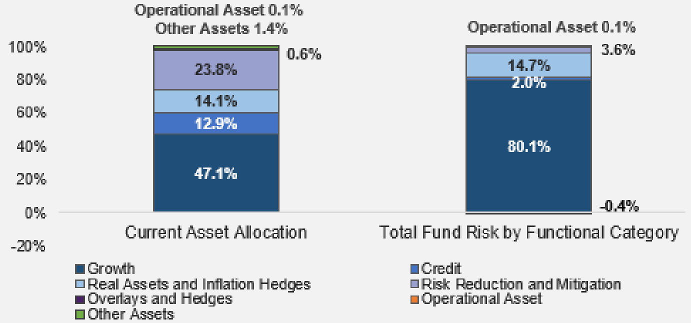
	Market Value ($ mm)	% of Total Fund	Target	1 Month	3 Month	FYTD	YTD	1 Year	3 Year	5 Year	10 Year
Total Fund	**85,923**	**100.0%**	**100.0%**	**1.0%**	**5.7%**	**1.0%**	**6.8%**	**9.2%**	**7.6%**	**9.4%**	**8.0%**
Total Fund Policy Benchmark				0.8%	3.8%	0.8%	5.0%	10.1%	8.2%	7.8%	7.4%
Total Fund Actuarial Hurdle				0.6%	1.7%	0.6%	4.0%	7.0%	7.0%	7.0%	7.0%
Growth	**40,579**	**47.2%**	**48.0%**	**0.7%**	**7.6%**	**0.7%**	**7.9%**	**10.7%**	**10.2%**	**13.5%**	
Growth Policy Benchmark				1.2%	6.0%	1.2%	6.7%	14.0%	12.8%	12.7%	
Credit	**11,184**	**13.0%**	**13.0%**	**4.3%**	**13.2%**	**4.3%**	**13.9%**	**19.4%**	**14.4%**	**10.5%**	
Credit Policy Benchmark				1.2%	2.9%	1.2%	4.3%	9.4%	9.9%	5.2%	
Real Assets & Inflation Hedges	**12,026**	**14.0%**	**15.0%**	**-0.3%**	**1.2%**	**-0.3%**	**4.6%**	**4.7%**	**0.7%**	**6.2%**	
RA & IH Policy Benchmark				0.4%	2.5%	0.4%	2.4%	7.2%	0.2%	5.8%	
Risk Reduction & Mitigation	**20,310**	**23.6%**	**24.0%**	**0.1%**	**1.0%**	**0.1%**	**3.6%**	**4.2%**	**2.3%**	**0.4%**	
RR & M Policy Benchmark				0.0%	0.8%	0.0%	3.6%	3.8%	2.1%	-0.2%	
Overlays & Hedges	**538**	**0.6%**									
Other Assets	**1,211**	**1.4%**									
Operational Asset - LACERA	**75**	**0.1%**									

Total Fund
Forecast Volatility as of July 2025[6]

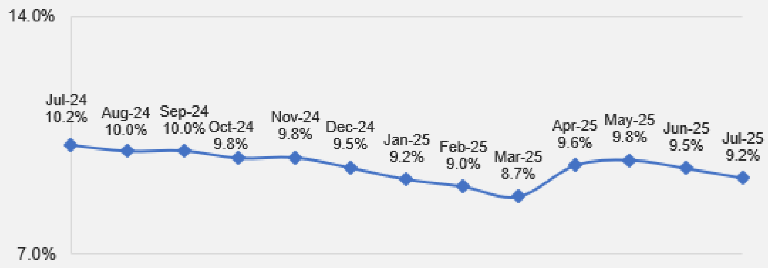
VOLATILITY
Measures how much a portfolio can fluctuate over 1Y

TOTAL FUND VOLATILITY	BENCHMARK VOLATILITY
9.2%	9.6%

Total Fund Asset Allocation
Capital-based versus Risk-based



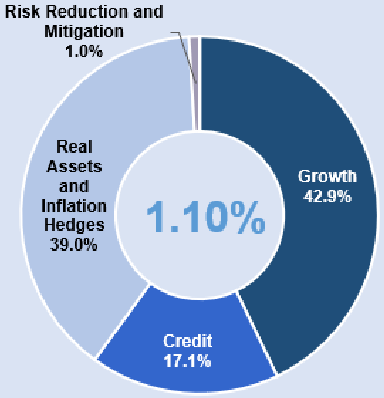
Forecasted Total Fund Volatility Trend



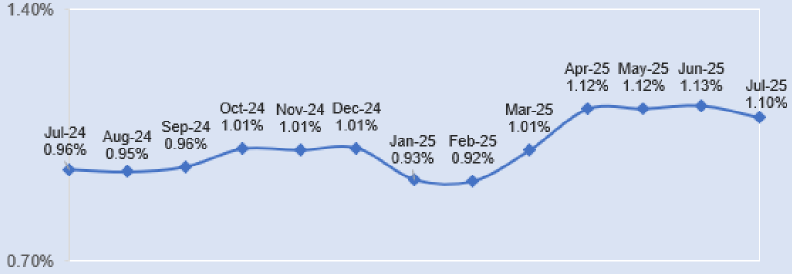
ACTIVE RISK
1Y forecast that measures how closely the portfolio tracks the benchmark

TOTAL FUND ACTIVE RISK	ALLOCATION RISK	SELECTION RISK
1.10%	0.08%	1.02%

Functional Category Contributions to Active Risk



Forecasted Active Risk Trend



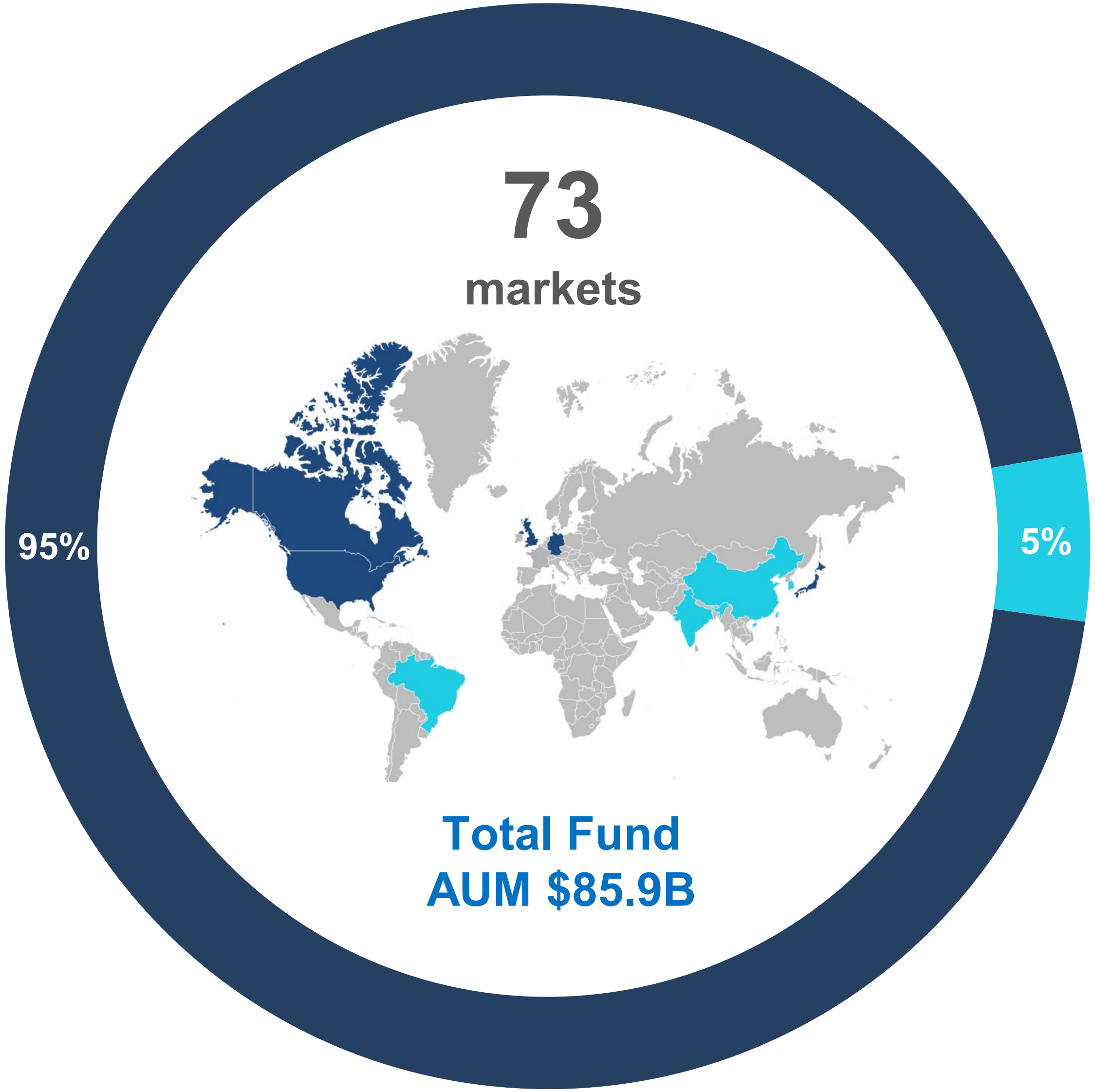
Source: MSCI BarraOne

Total Fund

Geographic Exposure by AUM as of July 2025[7,8]

25
developed markets

Top 5 Countries	Portfolio
United States	76.5%
United Kingdom	4.6%
Canada	2.3%
Germany	1.6%
Japan	1.6%



48
emerging & frontier markets

Top 5 Countries	Portfolio
China	2.0%
Taiwan	0.7%
India	0.5%
South Korea	0.5%
Brazil	0.4%

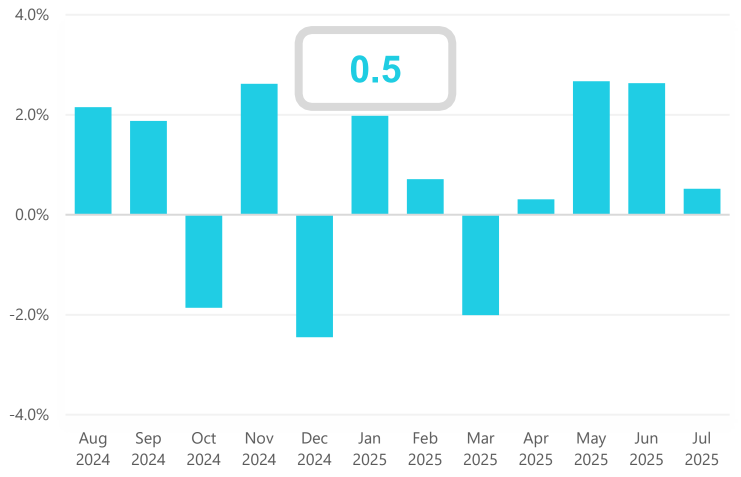
03

OPEB Trust Performance & Risk

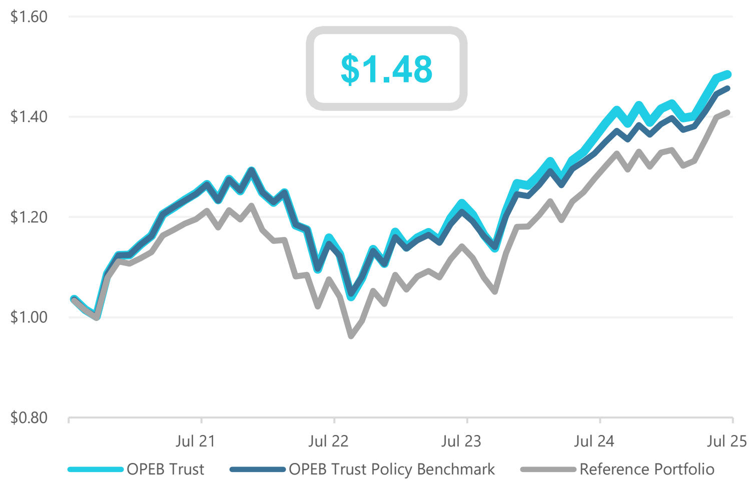
OPEB Trust

Performance Summary as of July 2025

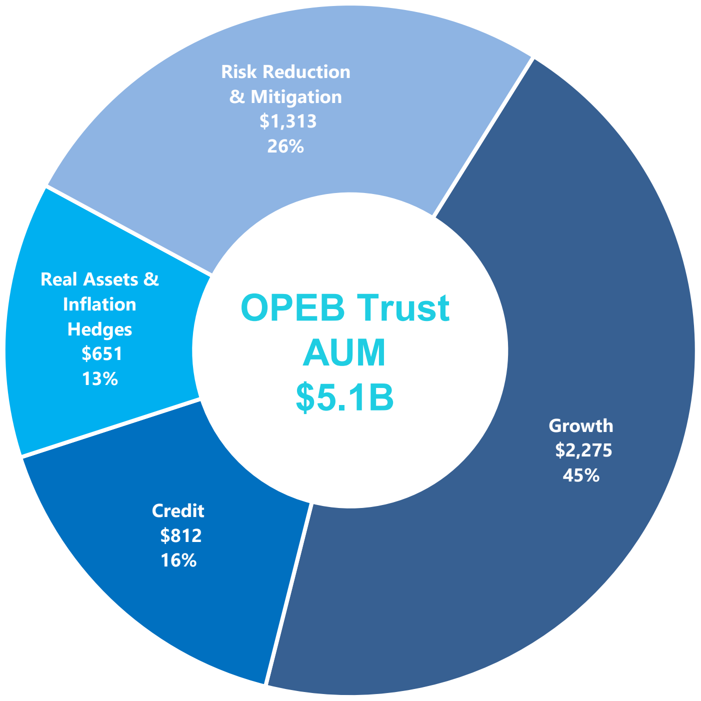
Monthly Return (net)



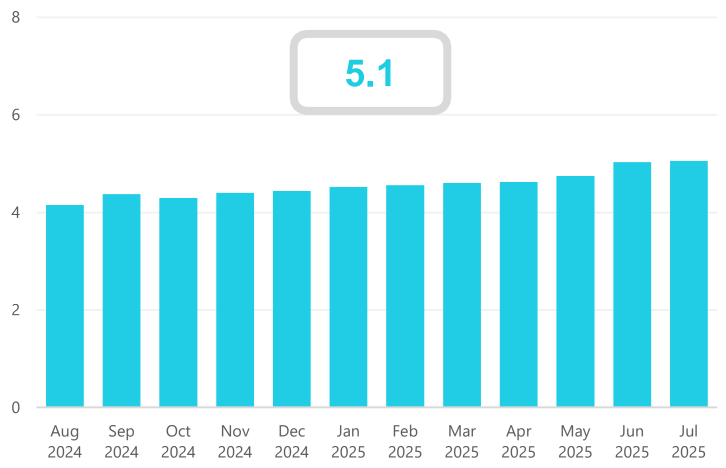
Growth of a Dollar (trailing 5Y)[9]



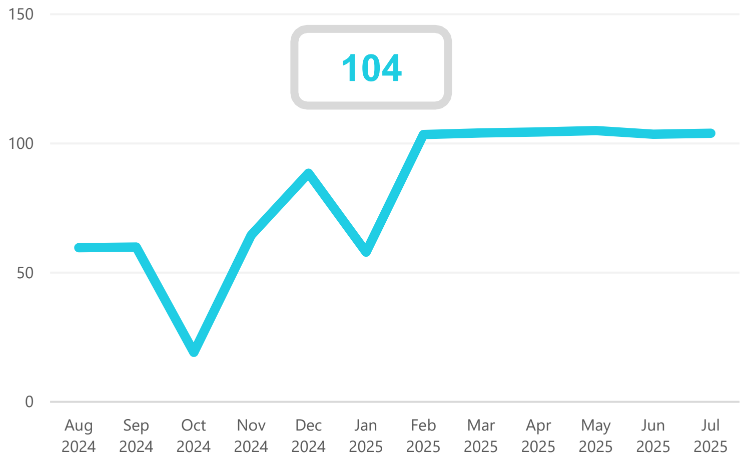
Asset Allocation (in millions)



Total Market Value (in billions)



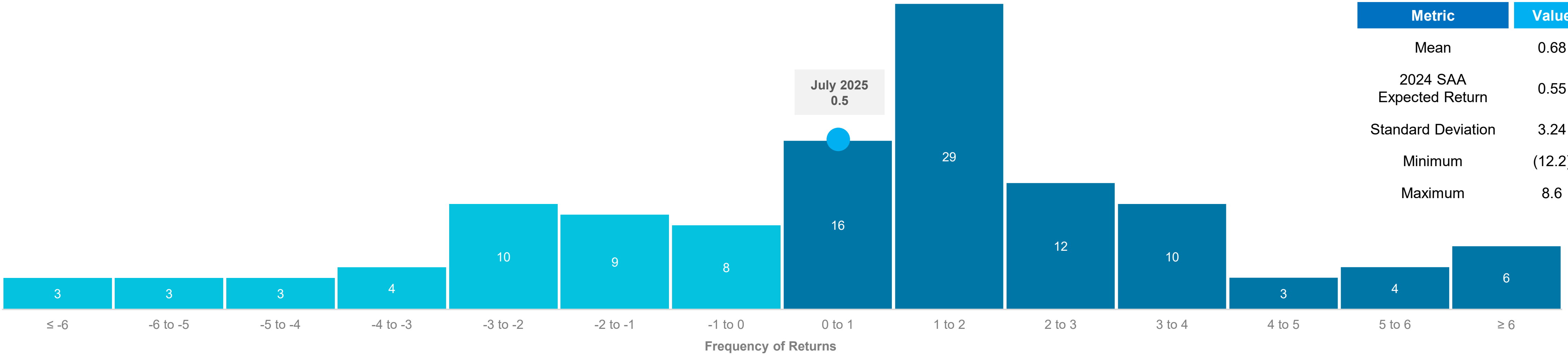
Cash Equivalents (in millions)



OPEB Trust

Historical Net Performance as of July 2025

OPEB Trust



Monthly Returns (net)
08/2015 – 07/2025
# of months: 120

Metric	Value
Mean	0.68
2024 SAA Expected Return	0.55
Standard Deviation	3.24
Minimum	(12.2)
Maximum	8.6

	Market Value ($ mm)	% of Master Trust	Target	1 Month	3 Month	FYTD	YTD	1 Year	3 Year	5 Year	10 Year
OPEB Master Trust	**5,052**			**0.5%**	**5.9%**	**0.5%**	**6.9%**	**9.3%**	**8.6%**	**8.2%**	**7.8%**
OPEB Master Trust Policy Benchmark				0.8%	5.5%	0.8%	6.8%	9.8%	8.3%	7.8%	6.8%
OPEB Actuarial Hurdle				0.5%	1.5%	0.5%	3.6%	6.2%	6.1%	6.1%	6.0%
OPEB Growth	**2,275**	**45.0%**	**45.0%**	**1.2%**	**11.9%**	**1.2%**	**11.3%**	**15.2%**	**14.9%**	**12.8%**	
OPEB Growth Policy Benchmark				1.3%	10.3%	1.3%	10.0%	15.0%	14.6%	12.4%	
OPEB Credit	**812**	**16.1%**	**16.0%**	**0.6%**	**3.3%**	**0.6%**	**4.1%**	**7.3%**	**8.1%**	**4.8%**	
OPEB Credit Policy Benchmark				1.2%	2.9%	1.2%	4.3%	9.4%	9.1%	5.5%	
OPEB Real Assets & Inflation Hedges	**651**	**12.9%**	**13.0%**	**-0.2%**	**0.5%**	**-0.2%**	**1.8%**	**4.4%**	**0.8%**	**6.7%**	
OPEB RA & IH Policy Benchmark				0.7%	3.0%	0.7%	5.1%	6.3%	-0.3%	5.4%	
OPEB Risk Reduction & Mitigation	**1,313**	**26.0%**	**26.0%**	**-0.3%**	**0.3%**	**-0.3%**	**3.5%**	**2.2%**	**1.4%**	**-0.8%**	
OPEB RR & M Policy Benchmark				-0.3%	0.2%	-0.3%	3.4%	2.2%	0.6%	-1.2%	
OPEB HL PM Cash	**0**	**0.0%**									

OPEB Trust

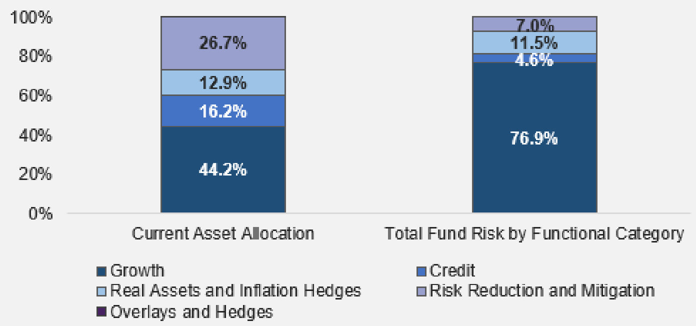
Forecast Volatility as of July 2025[10]

VOLATILITY

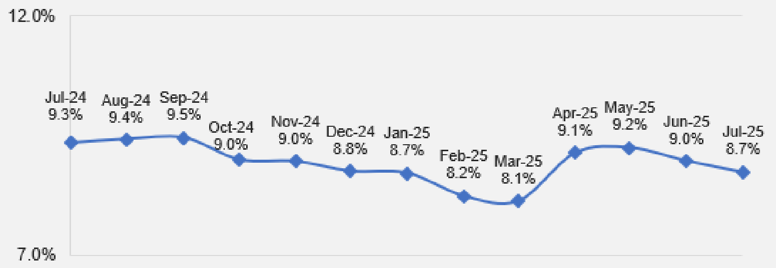
Measures how much a portfolio can fluctuate over 1Y

OPEB TRUST VOLATILITY	BENCHMARK VOLATILITY
8.7%	8.8%

OPEB Trust Asset Allocation
Capital-based versus Risk-based



Forecasted OPEB Trust Volatility Trend

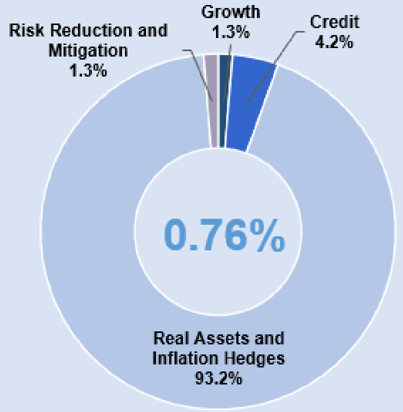


ACTIVE RISK

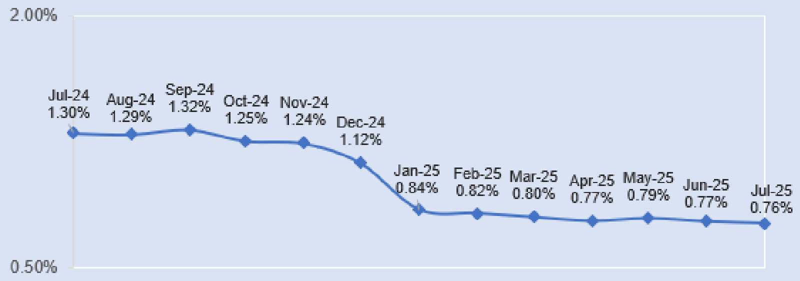
1Y forecast that measures how closely the portfolio tracks the benchmark

OPEB TRUST ACTIVE RISK	ALLOCATION RISK	SELECTION RISK
0.76%	0.03%	0.73%

Functional Category Contributions to Active Risk



Forecasted Active Risk Trend



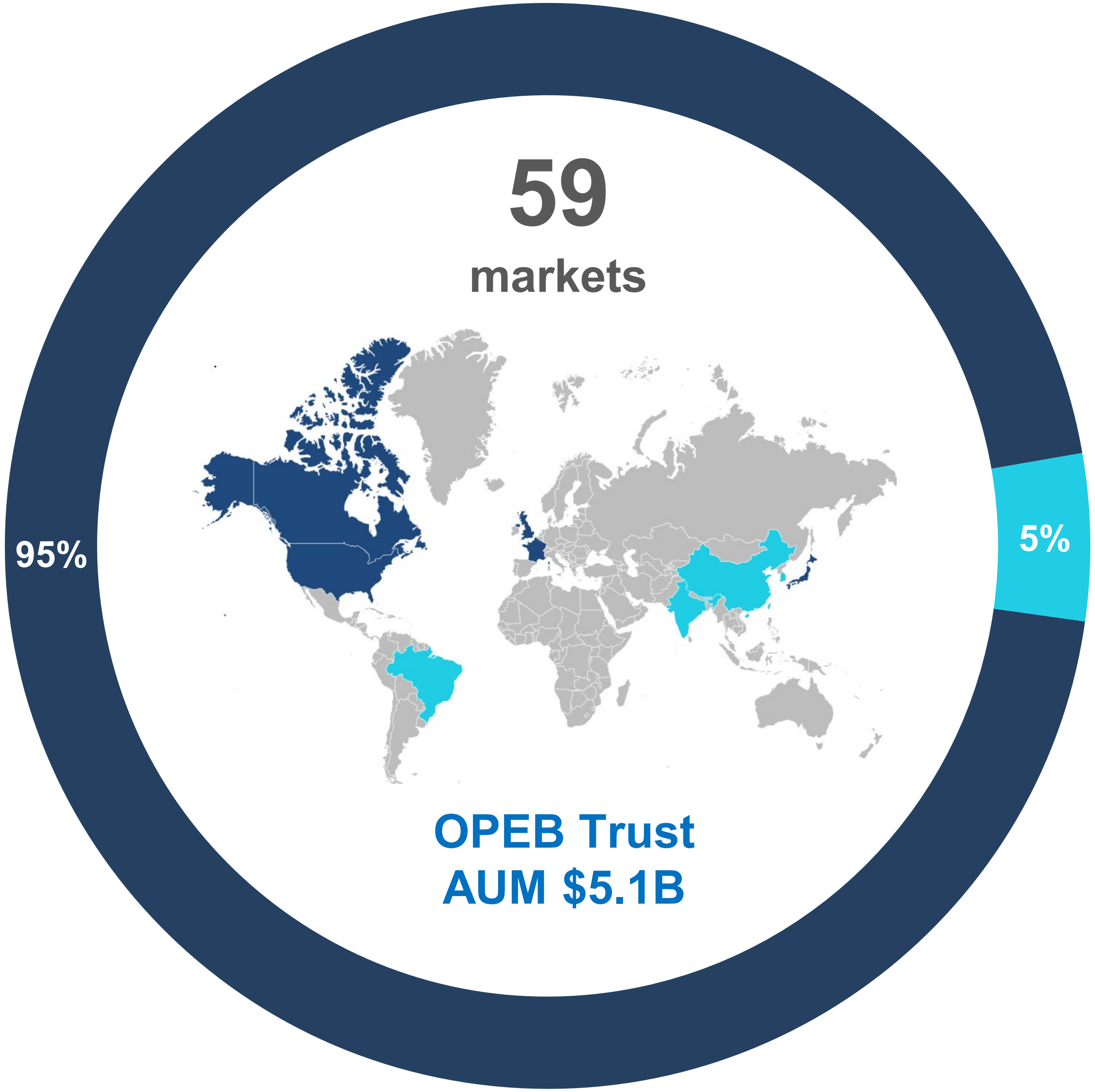
Source: MSCI BarraOne

OPEB Trust

Geographic Exposure by AUM as of July 2025[11,12]

25
developed markets

Top 5 Countries	Portfolio
United States	80.4%
Japan	2.6%
Canada	2.3%
United Kingdom	2.1%
France	1.1%



34
emerging & frontier markets

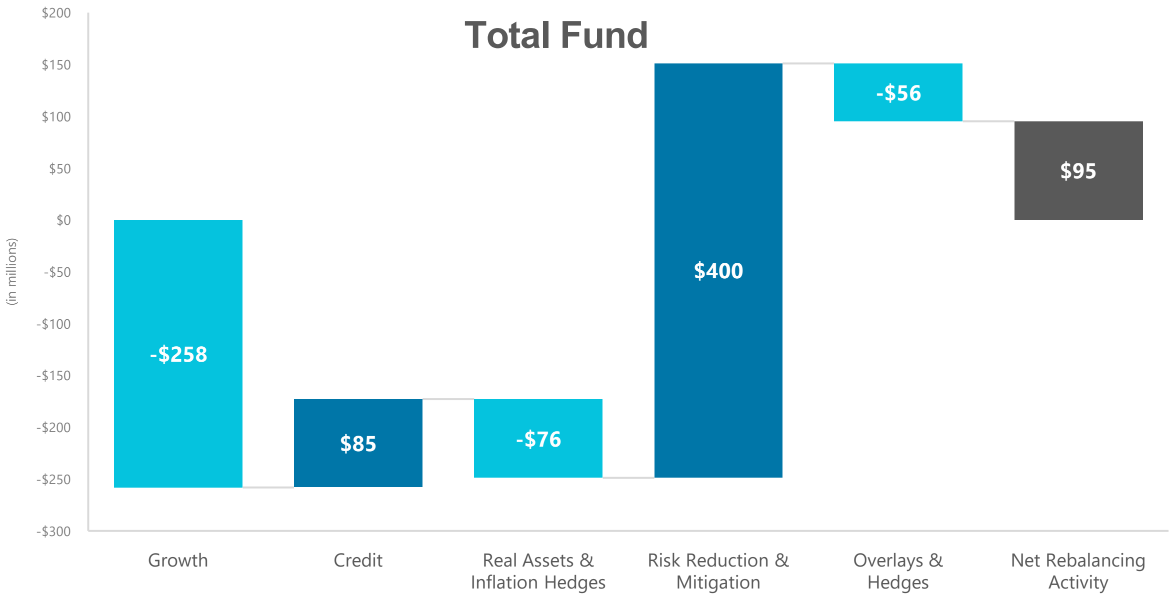
Top 5 Countries	Portfolio
China	1.3%
Taiwan	0.9%
India	0.9%
South Korea	0.6%
Brazil	0.2%

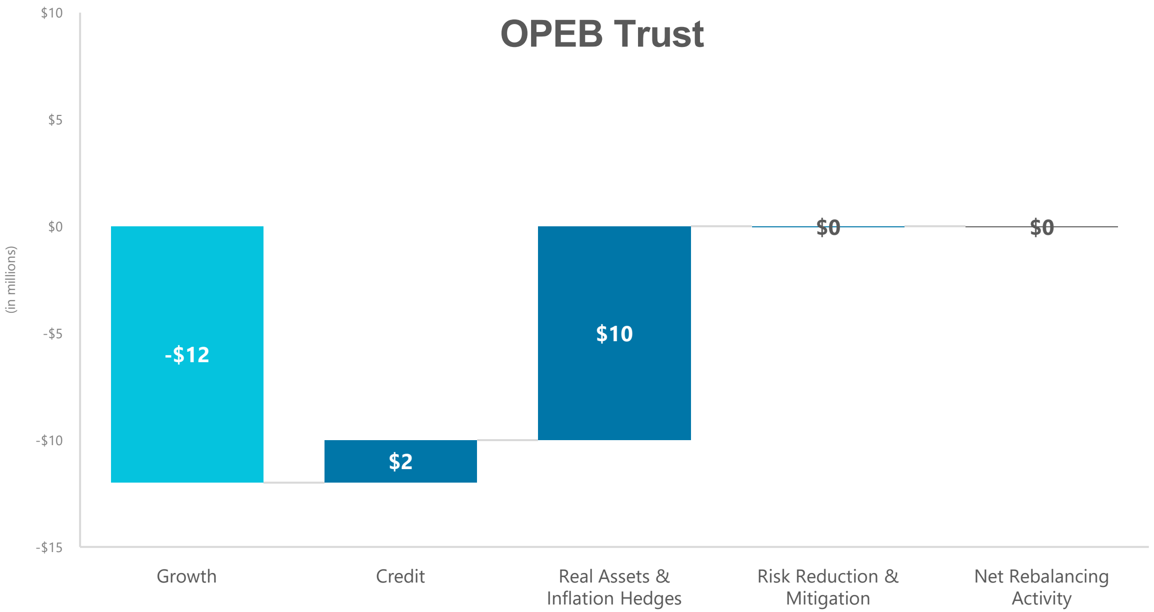
04

Portfolio & Structural Updates

Portfolio Updates

Rebalancing Activity





Overlays & Hedges

Program	July Gain / (Loss) in $ millions	Since Inception Gain / (Loss) in $ millions
Currency Hedge	(56.3)	1,471.2
Cash / Rebalance Overlay	(5.8)	577.5

Key Initiatives and Operational Updates

Key Initiatives & Operational Updates

	Status
Total Fund	
April 2024 approved Strategic Asset Allocation implementation	In Progress
Adhering to the BOI-approved 2025 Strategic Framework	In Progress
Risk system onboarding	In Progress
Manager surveys distributed for annual TIDE report	In Progress
OPEB Trust	
April 2024 approved Strategic Asset Allocation implementation	In Progress
Risk system onboarding	In Progress

Open Personnel Searches

	Status
Investments Division	
Principal Investment Officer – 1 position	In Development
Senior Investment Officer – 1 position	In Progress
Finance Analyst III – 6 positions	In Development
Finance Analyst II – 3 positions	In Progress
Finance Analyst I – 1 position	In Progress

Key Initiatives and Operational Updates

Manager / Consultant Updates

Firm	Mandate	Asset Class	LACERA AUM (prior month end, in millions)	Update
CBRE Investment Management	Commingled Fund	Core Real Estate	$434	Justin Shanahan, Deputy Portfolio Manager of the CBRE U.S. Core Partners Fund will leave the firm at the end of September. A search for his successor is in progress.

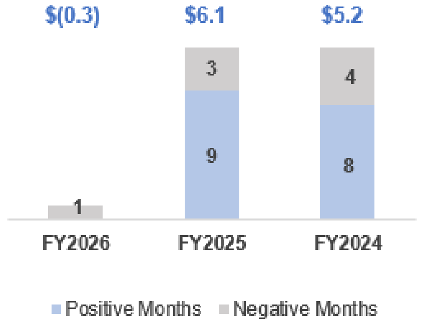
Change In Fiduciary Net Position[13]

FIDUCIARY NET POSITION
Additions
+
Deductions

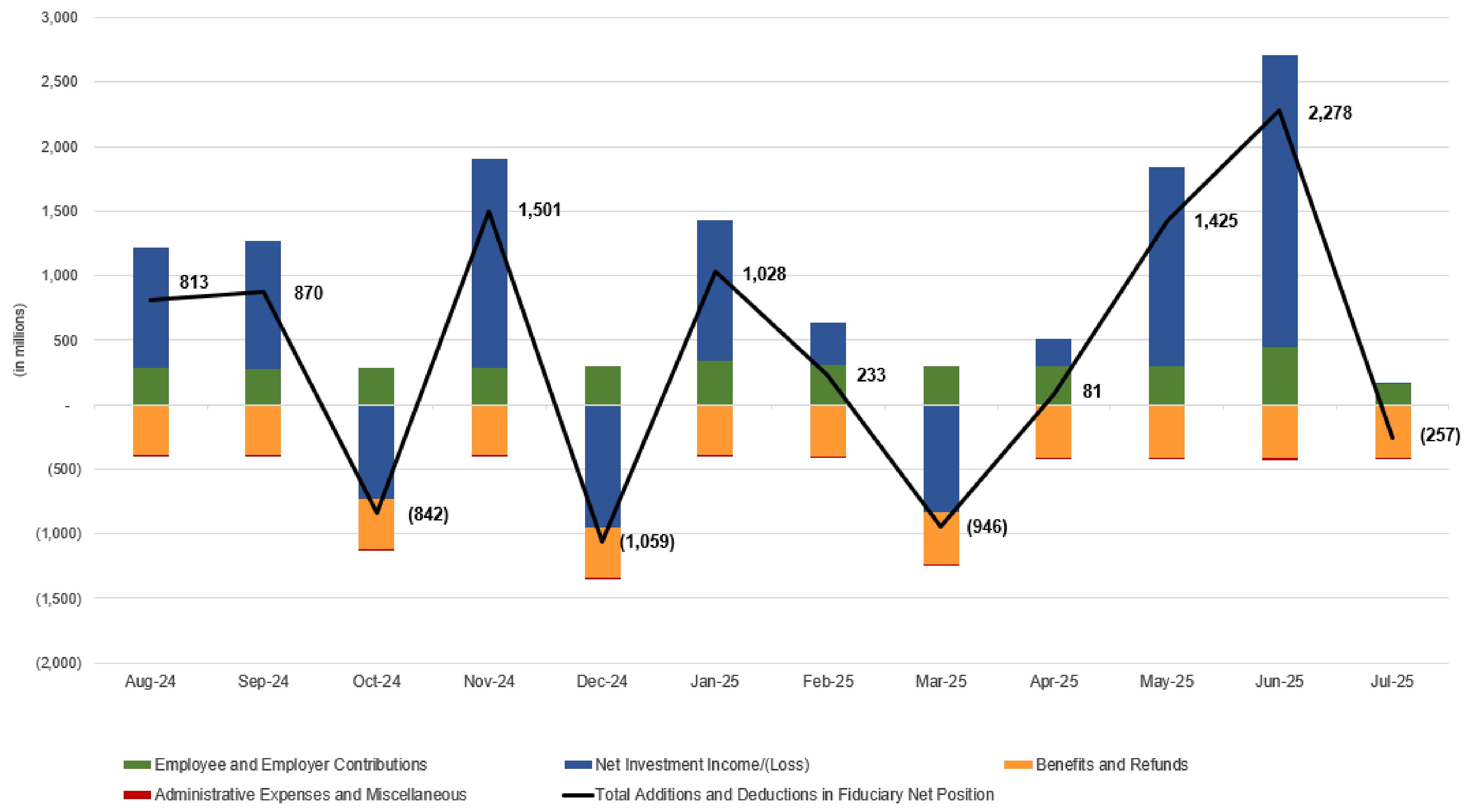
ADDITIONS
Employer and Employee Contributions
Net Investment Income/(Loss)

DEDUCTIONS
Benefits and Refunds
Administrative Expenses

Total Net Position Change Trend
(in billions)



Additions and Deductions in Net Fiduciary Position (Unaudited)

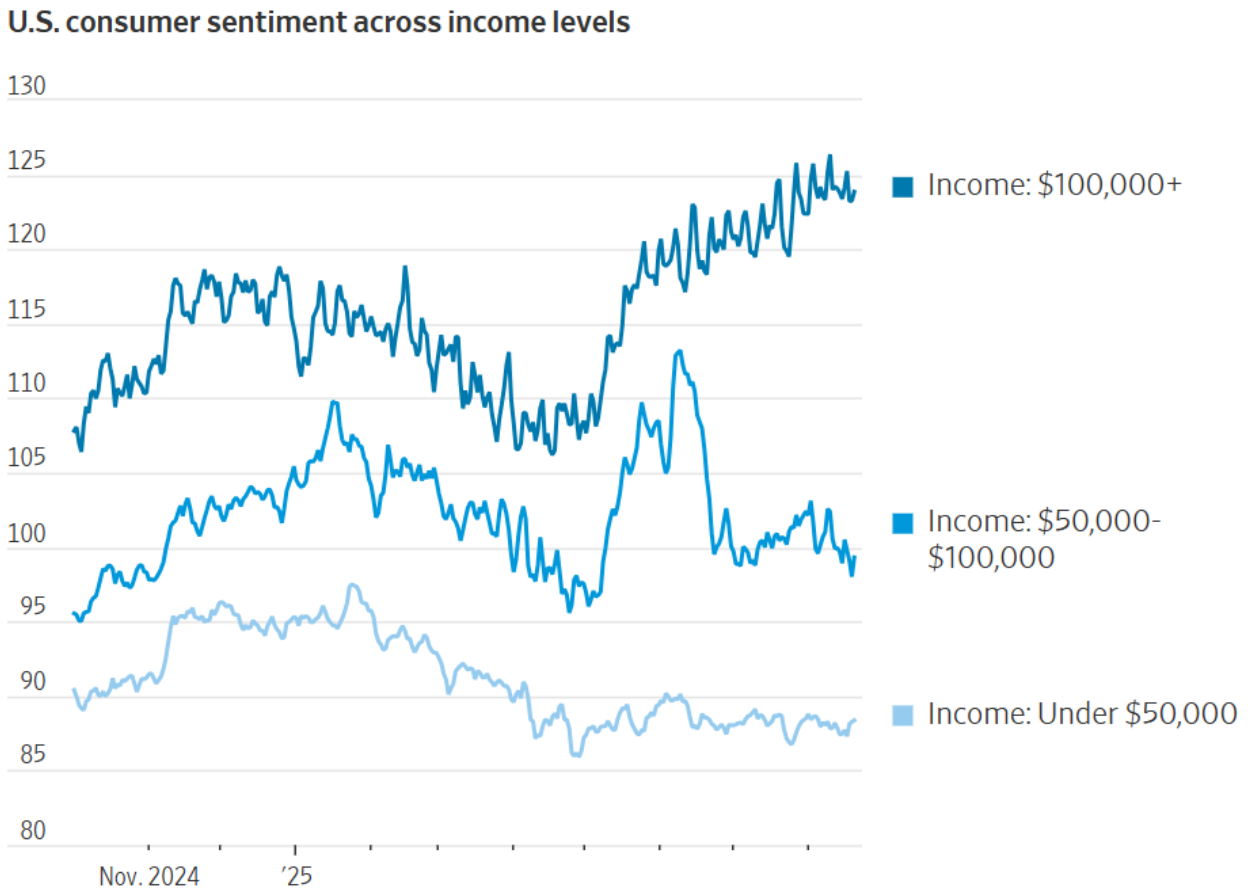


05

Appendix

Staff Chart of the Month

U.S. Consumer Sentiment of $50-100k Income Earners Declining



Note: The daily index of consumer sentiment polls people about five questions regarding personal finances, and business and buying conditions.
Source: Morning Consult

Source: Wall Street Journal, August 31, 2025

Quiet Period for Search Respondents

Real Assets Emerging Manager Program
Discretionary Separate Account Manager

RFP Launched
Q1 2024

Diligence Period
Q2-Q3 2024

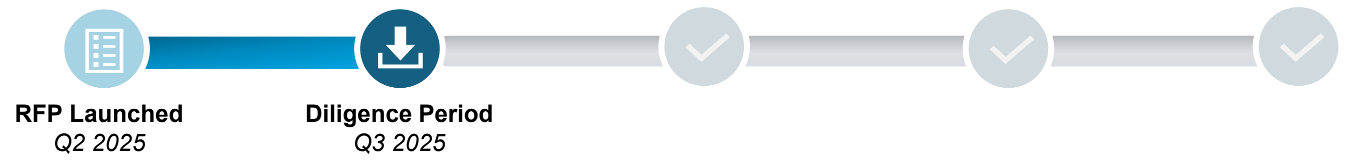
Investment Committee Approval
Q1 2025

Negotiation Phase
Q2 – Q3 2025

▪ Artemis Real Estate Partners	▪ ORG Portfolio Management
▪ Aether Investment Partners	▪ Barings
▪ Neuberger Berman Group	▪ Belay Investment Group
▪ The Townsend Group	▪ Hamilton Lane
▪ BGO Strategic Capital Partners	▪ Cambridge Associates
▪ BlackRock	▪ Seed Partners
▪ StepStone	▪ Stable Asset Management
▪ GCM Grosvenor	▪ Wafra Inc.

Quiet Period for Search Respondents

Overlays and Hedges
Passive Cash Overlay Investment Manager



- Legal & General Asset Management
- NISA Investment Advisors
- Parametric Portfolio Associates
- Russell Investments
- State Street Investment Management

Disclosures & Definitions

Page / Footnote	Disclosure
Page 5 / Footnote 1	NCREIF Fund Index – ODCE (Net) returns represent the latest available quarterly performance.
Page 6 / Footnote 2	The information on the “Key Macro Indicators” charts is the best available data and may not reflect the current market and economic environment.
Page 8, 13 / Footnote 3, 9	Reference portfolio = 60% MSCI ACWI IMI / 40% Bloomberg US Aggregate Bond Index.
Page 8, 9 / Footnote 4, 5	Other Assets include receivables due to deferred sales and rebalancing activity pending settlement.
Page 10, 15 / Footnote 6, 10	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.
Page 11, 16 / Footnote 7, 11	Geographic exposure ex-overlays and hedges is based on the domicile country of a given security/asset.
Page 11, 16 / Footnote 8, 12	Information displayed represents best available holdings level transparency. Based on MSCI Market Classification Framework.
Page 21 / Footnote 13	Includes unrealized and realized net investment income.

Term	Definition
Active risk	Risk that a managed portfolio creates to outperform the benchmark returns.
Allocation risk	Investment manager’s decision to overweight or underweight sector weights in the portfolio versus the benchmark.
Mean	Expected return of an asset over a specified period.
Selection risk	Investment manager’s selection of securities within the portfolio versus the benchmark.
Standard deviation	Statistical measure of dispersion around the mean.
Volatility	Statistical measure of dispersion of returns for a portfolio.