



Chief Investment Officer Monthly Report

Jonathan Grabel – Chief Investment Officer 

Board of Investments Meeting
February 11, 2026

Table of Contents



- 01** Market Environment
- 02** Total Fund Performance & Risk
- 03** OPEB Trust Performance & Risk
- 04** Portfolio & Structural Updates
- 05** Appendix



Complete list of slide footnotes are included in the Appendix.



01

Market Environment



Notable Items and Market Themes to Watch



Notable Items



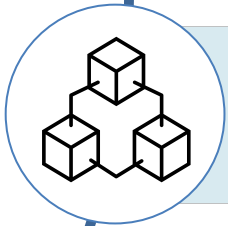
Interest rates and central bank actions

- The Federal Reserve held its interest rates at 3.50%–3.75% at its January meeting



Economic data and trends

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



Artificial intelligence

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



Stewardship and ESG-related developments

- Securities and Exchange Commission to revisit public company disclosure and reporting requirements
- Regulatory policy debates on investor rights and proxy research regulation

Market Themes

- **Tariff Impacts:** U.S. trade policy uncertainty from continues to impact business sentiment, supply chain management, inflation expectations, and economic growth forecasts
- **Inflation:** Inflation remains elevated with headline CPI registering 2.7% year-over-year, driven by housing, healthcare and food prices. Tariff-related pressures continue to impact inflation
- **Federal Reserve Policy:** On January 28th, the Federal Reserve held the federal funds rate steady at 3.50%–3.75%. Policymakers emphasized a data-dependent approach. President Trump nominated Kevin Warsh as the next Chair of the Federal Reserve
- **Geopolitical Uncertainty:** Geopolitical tensions remain elevated due to ongoing Middle East conflicts, trade policy fragmentation, U.S. military action in Venezuela, and recent tensions over Greenland
- **Corporate Earnings:** Approximately one-third of S&P 500 companies reported Q4 earnings as of January 30th. Corporate profits continued to be resilient with Technology, Industrials, and Communication Services driving the increase in earnings growth

Global Market Performance

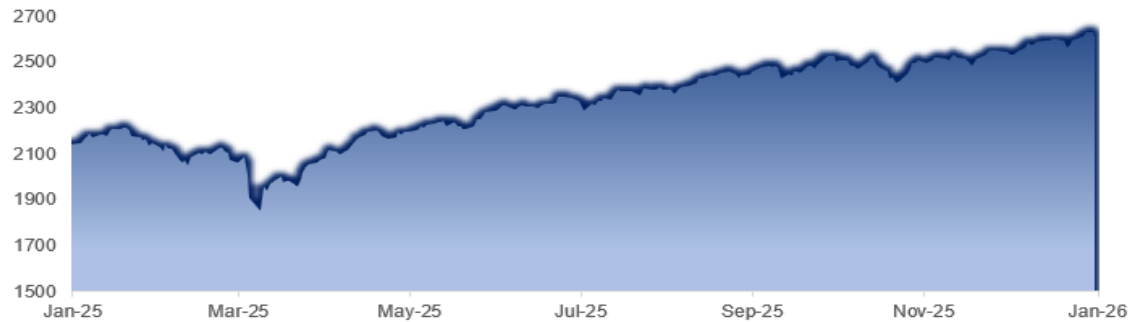
As of January 31, 2026



MSCI ACWI IMI Index (Global Equity Market)*

| Trailing Returns (%) | | | | Annualized Returns (%) | | | |
|----------------------|---------|------|------|------------------------|------|------|------|
| 1-Month | 3-Month | FYTD | YTD | 1Y | 3Y | 5Y | 10Y |
| 3.3 | 4.5 | 14.8 | 26.1 | 22.1 | 18.4 | 11.5 | 12.5 |

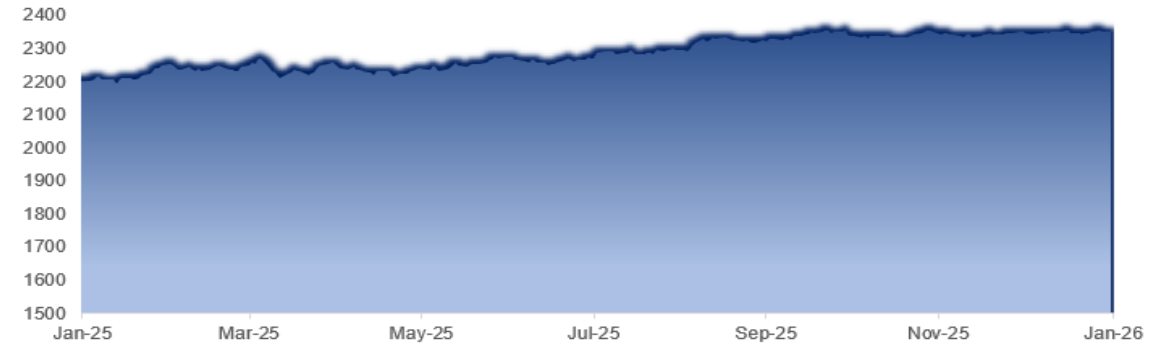
1 Year



Bloomberg U.S. Aggregate Bond Index**

| Trailing Returns (%) | | | | Annualized Returns (%) | | | |
|----------------------|---------|------|-----|------------------------|-----|------|-----|
| 1-Month | 3-Month | FYTD | YTD | 1Y | 3Y | 5Y | 10Y |
| 0.1 | 0.6 | 3.3 | 7.4 | 6.8 | 3.6 | -0.2 | 1.9 |

1 Year



*Global Equity Policy Benchmark - MSCI ACWIIMI Index

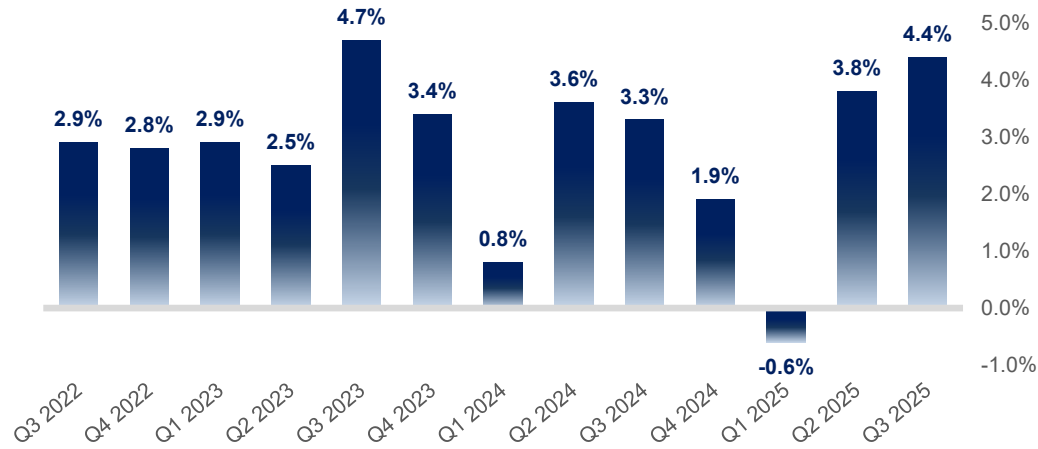
**Investment Grade Bonds Policy Benchmark - Barclays U.S. Aggregate Bond Index

| 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 | 2.0 | 2.9 | 10.1 | 2.0 | 15.9 | 12.4 | 6.8 | 8.4 |
| Global Equity | U.S. Large Cap | S&P 500 Total Return | 1.5 | 1.8 | 12.6 | 19.6 | 16.3 | 21.1 | 15.0 | 15.6 |
| | U.S. Small Cap | Russell 2000 Total Return | 5.4 | 5.7 | 21.0 | 18.8 | 15.8 | 12.2 | 6.2 | 11.2 |
| | Non-U.S. All Cap | MSCI ACWI-ex U.S. IMI Total Return | 6.0 | 9.2 | 18.7 | 39.9 | 35.0 | 16.4 | 9.0 | 9.8 |
| | Emerging Markets | MSCI Emerging Markets Total Return | 8.9 | 9.4 | 26.1 | 45.4 | 42.8 | 16.7 | 5.3 | 10.1 |
| Private Equity | Private Equity Buyout | Thomson Reuters PE Buyout Index | 2.2 | 2.2 | 14.7 | 27.4 | 21.4 | 19.7 | 9.7 | 14.1 |
| Fixed Income | U.S. Corporate High Yield Bonds | Bloomberg U.S. Corporate High Yield Total Return | 0.5 | 1.7 | 4.4 | 9.2 | 7.7 | 8.9 | 4.5 | 6.7 |
| | U.S. Long Term Treasury Bonds | Bloomberg Long Term U.S. Treasury Total Return Index | -0.5 | -1.8 | 2.0 | 5.1 | 4.7 | -1.6 | -6.6 | -0.5 |
| | Developed Markets Leveraged Loans | Credit Suisse Leveraged Loan Total Return | -0.3 | 0.6 | 2.6 | 5.7 | 4.9 | 8.3 | 6.0 | 5.8 |
| Real Assets & Inflation Hedges | Natural Resources | S&P Global Natural Resources Total Return Index | 10.4 | 18.8 | 29.2 | 43.1 | 35.5 | 8.3 | 13.4 | 13.0 |
| | Global Infrastructure | Dow Jones Brookfield Global Infrastructure Composite Index | 5.1 | 8.3 | 7.2 | 19.9 | 19.1 | 10.2 | 10.3 | 8.2 |
| | Treasury Inflation-Protected Securities | Bloomberg U.S. Treasury TIPS 0-5 Years Total Return | 0.5 | 0.8 | 2.5 | 6.6 | 5.6 | 5.0 | 3.5 | 3.2 |
| | Real Estate | NCREIF Fund Index - ODCE (Net) ¹ | — | 0.7 | 1.2 | 2.9 | 2.9 | -4.3 | 2.5 | 3.9 |

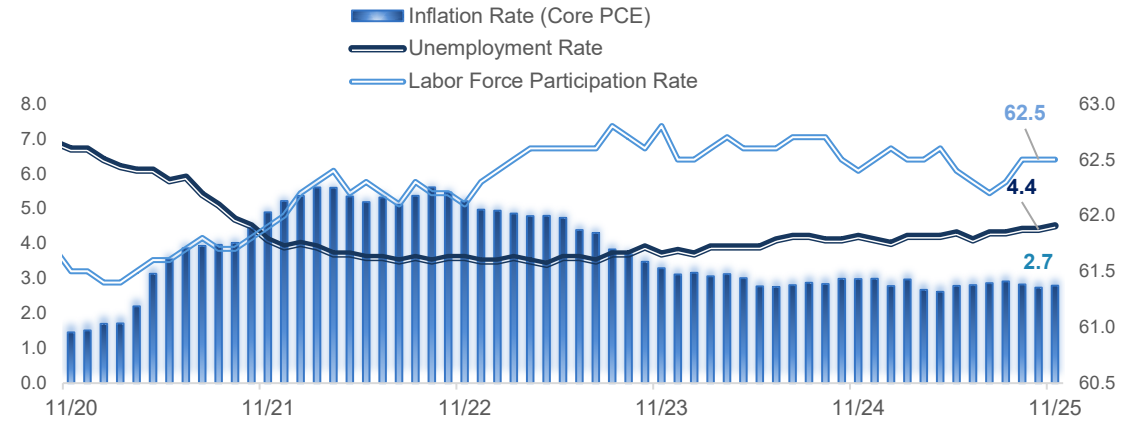
Key Macro Indicators²



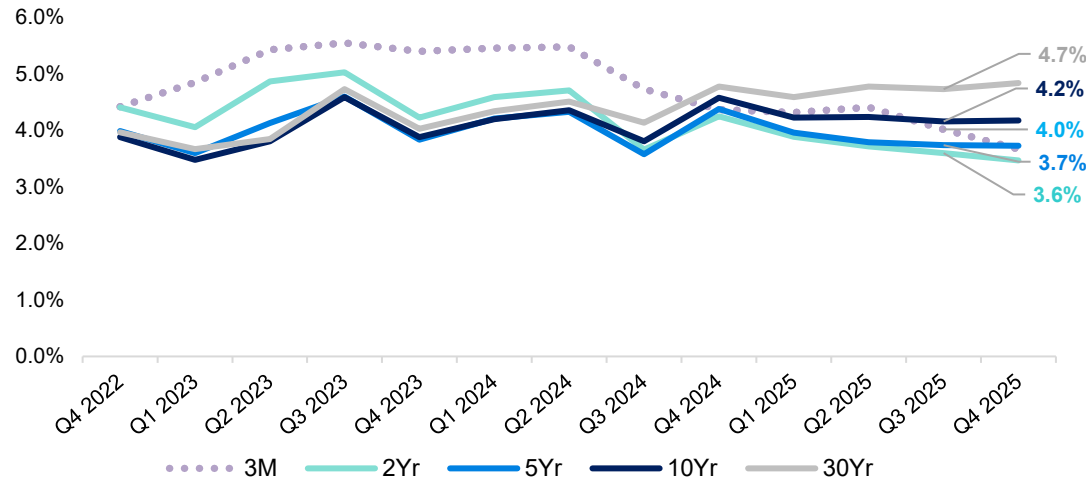
Quarterly Real GDP Growth



Inflation, Unemployment, and Labor Participation

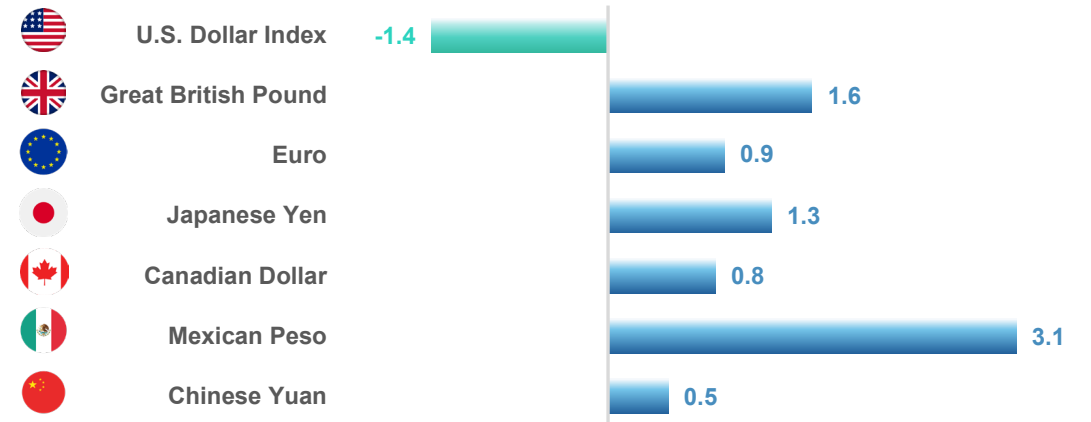


Market Yields on U.S. Treasury Securities



U.S. Dollar and Major Currency Performance

(Year-to-Date as of 01/31/2026)



Sources: Bloomberg, St. Louis Federal Reserve



02



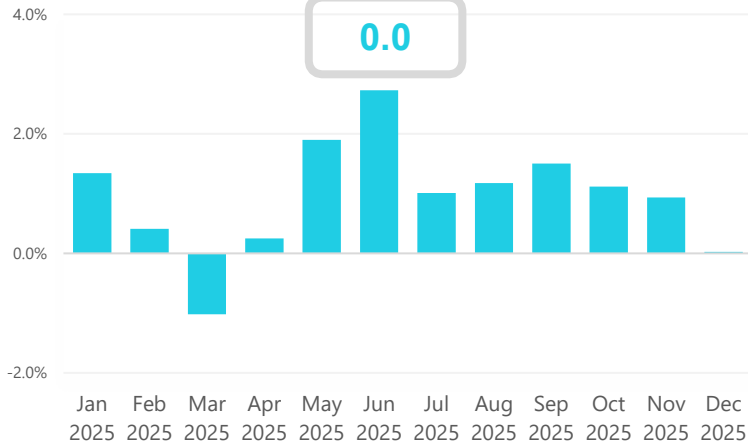
Total Fund Performance & Risk

Total Fund

Performance Summary as of December 2025



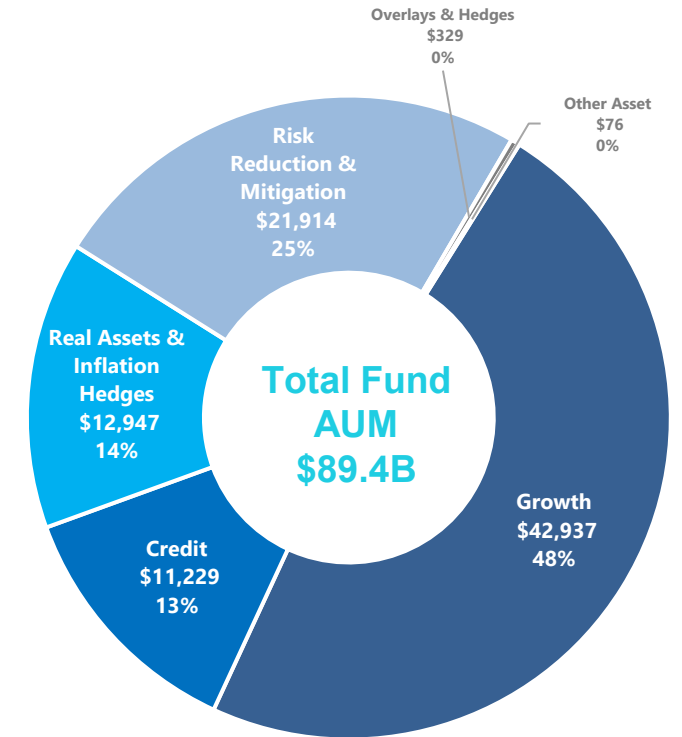
Monthly Return (net)



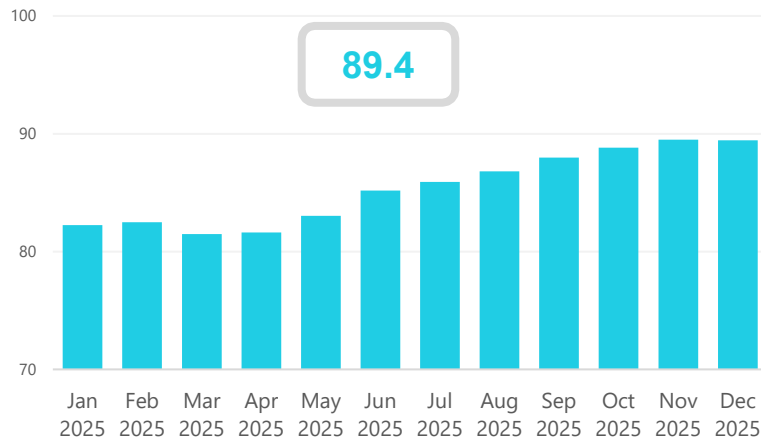
Growth of a Dollar (trailing 5Y)³



Asset Allocation (in millions)⁴



Total Market Value (in billions)



Cash Equivalents (in millions)

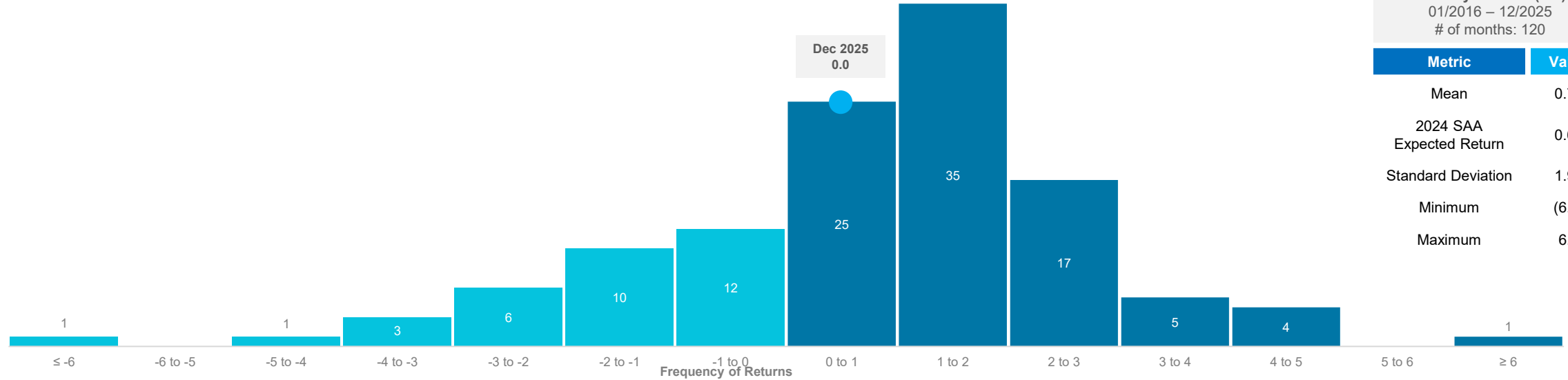


Total Fund

Historical Net Performance as of December 2025



LACERA Pension Fund⁵



| Monthly Returns (net) 01/2016 – 12/2025 # of months: 120 | |
|--|-------|
| Metric | Value |
| Mean | 0.72 |
| 2024 SAA Expected Return | 0.60 |
| Standard Deviation | 1.96 |
| 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 | 89,433 | 100.0% | 100.0% | 0.0% | 2.1% | 5.9% | 11.9% | 11.9% | 10.3% | 8.3% | 8.7% |
| Total Fund Policy Benchmark | | | | 1.1% | 3.1% | 8.7% | 13.2% | 13.2% | 12.6% | 7.5% | 8.4% |
| Total Fund Actuarial Hurdle | | | | 0.6% | 1.7% | 3.4% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% |
| Growth | 42,937 | 48.0% | 48.0% | 0.8% | 2.9% | 8.7% | 16.3% | 16.3% | 14.3% | 11.5% | |
| Growth Policy Benchmark | | | | 1.9% | 4.9% | 14.3% | 20.5% | 20.5% | 20.2% | 11.7% | |
| Credit | 11,229 | 12.6% | 13.0% | -2.9% | 0.2% | 1.1% | 10.4% | 10.4% | 12.9% | 8.3% | |
| Credit Policy Benchmark | | | | 0.4% | 1.4% | 4.2% | 7.4% | 7.4% | 10.1% | 4.8% | |
| Real Assets & Inflation Hedges | 12,947 | 14.5% | 15.0% | 0.4% | 1.9% | 4.3% | 9.4% | 9.4% | 2.6% | 6.3% | |
| RA & IH Policy Benchmark | | | | 0.7% | 1.9% | 4.1% | 6.2% | 6.2% | 1.9% | 5.7% | |
| Risk Reduction & Mitigation | 21,914 | 24.5% | 24.0% | -0.2% | 1.3% | 3.4% | 7.0% | 7.0% | 4.9% | 0.8% | |
| RR & M Policy Benchmark | | | | 0.0% | 1.2% | 3.1% | 6.8% | 6.8% | 4.8% | 0.4% | |
| Overlays & Hedges | 329 | 0.4% | | | | | | | | | |
| Other Asset | 76 | 0.1% | | | | | | | | | |

Total Fund

Forecast Volatility as of December 2025⁶



VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

TOTAL FUND
VOLATILITY

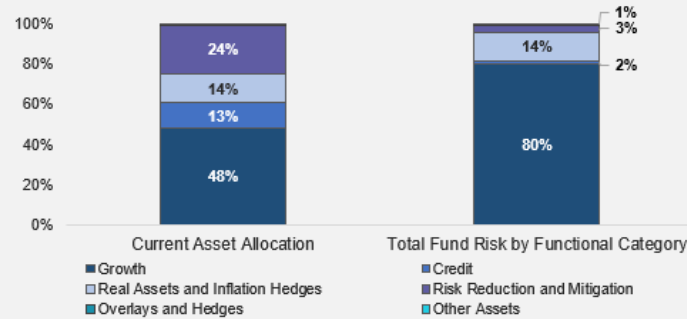
8.7%

BENCHMARK
VOLATILITY

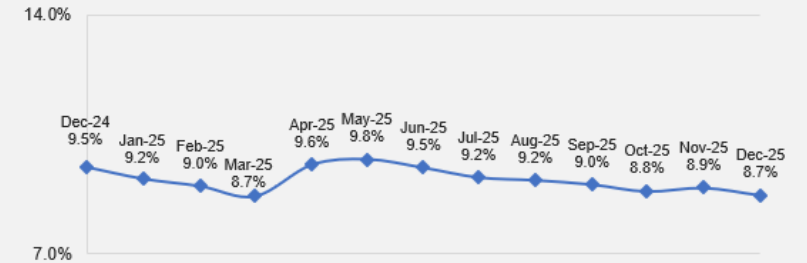
8.7%

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

0.92%

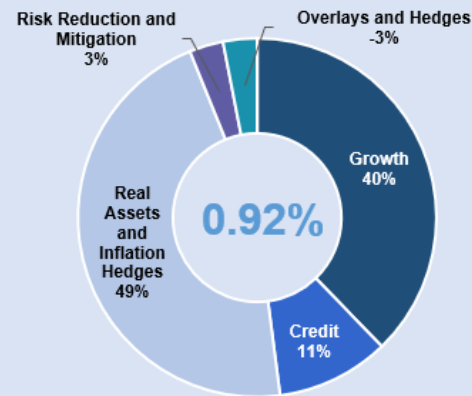
ALLOCATION
RISK

-0.02%

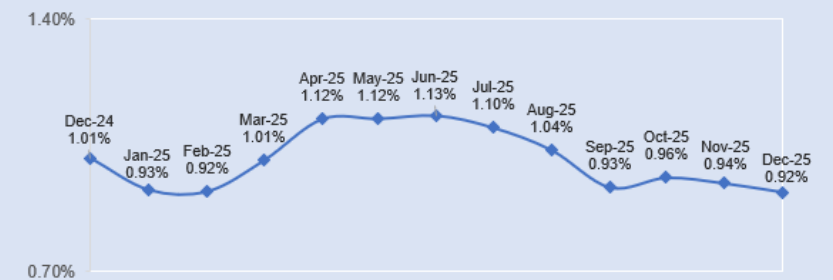
SELECTION
RISK

0.94%

Functional Category Contributions to Active Risk



Forecasted Active Risk Trend



Source: MSCI BarraOne

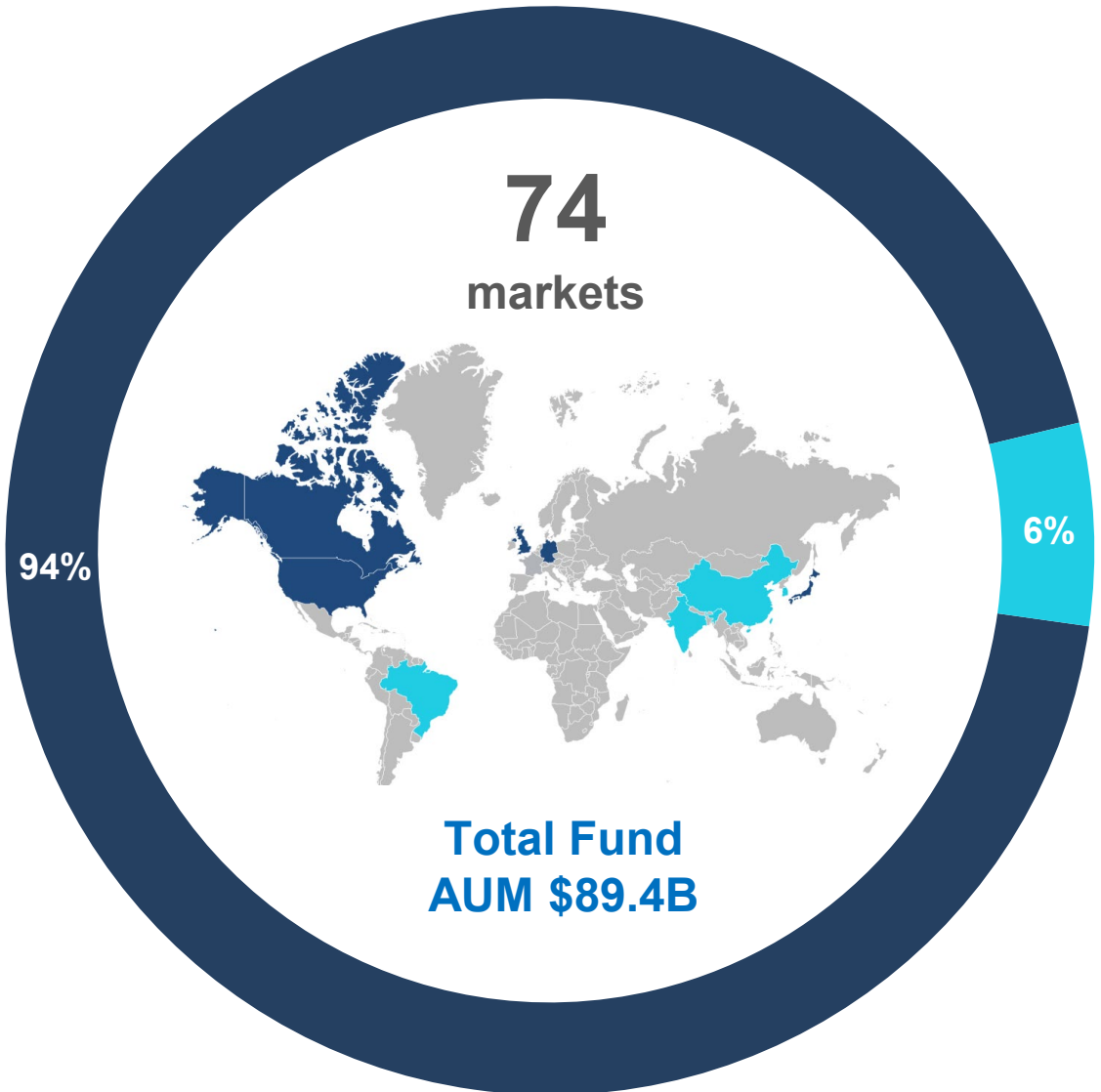
Total Fund

Geographic Exposure by AUM as of December 2025^{7,8}



26
developed
markets

| Top 5 Countries | Portfolio |
|-----------------|-----------|
| United States | 75.4% |
| United Kingdom | 4.0% |
| Canada | 2.6% |
| Japan | 1.8% |
| Germany | 1.6% |



48
emerging &
frontier markets

| Top 5 Countries | Portfolio |
|-----------------|-----------|
| China | 2.1% |
| Taiwan | 0.7% |
| South Korea | 0.7% |
| India | 0.6% |
| Brazil | 0.5% |



03



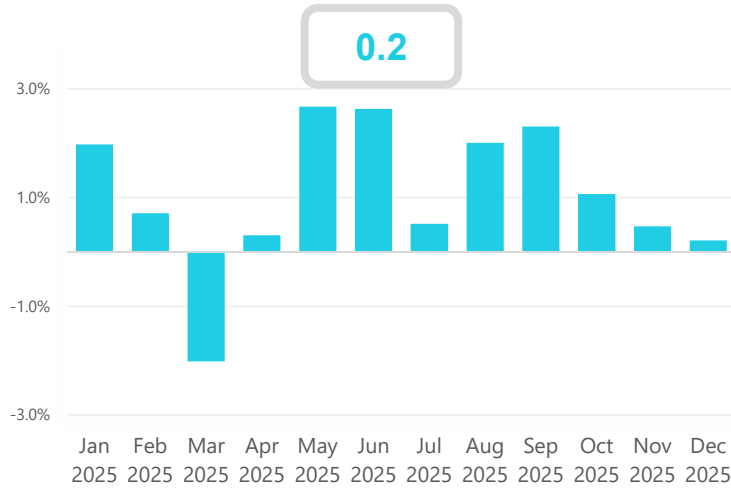
OPEB Trust Performance & Risk

OPEB Trust

Performance Summary as of December 2025



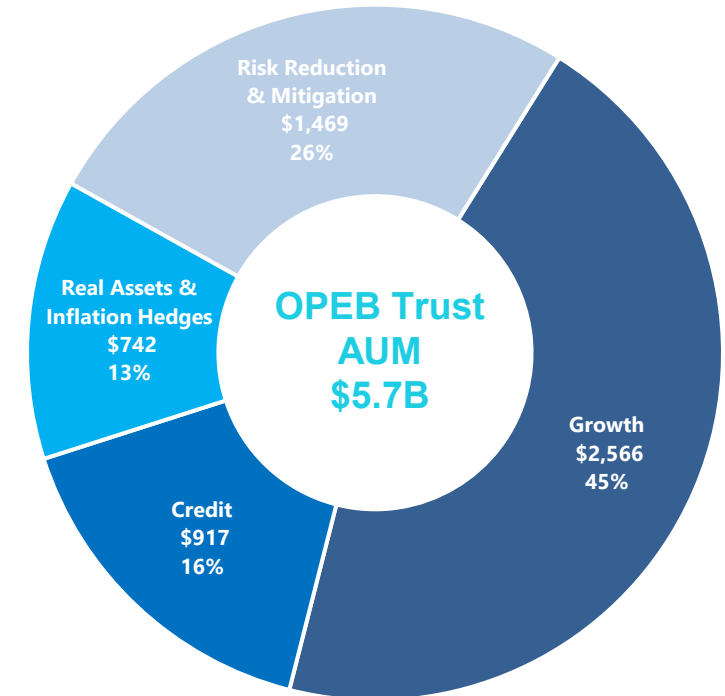
Monthly Return (net)



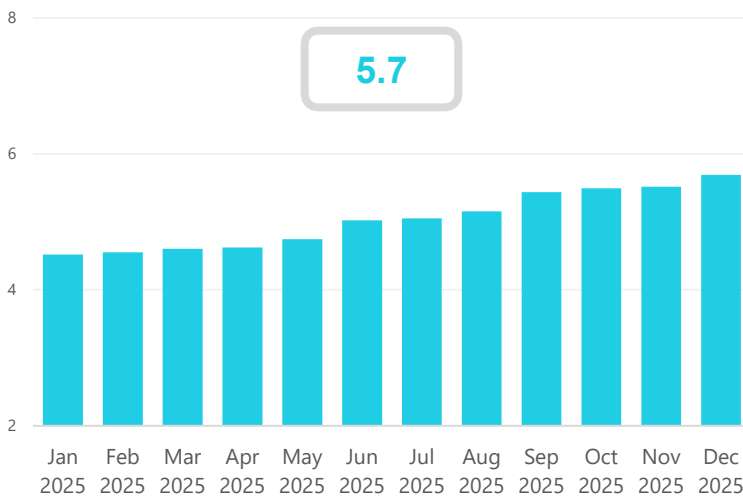
Growth of a Dollar (trailing 5Y)⁹



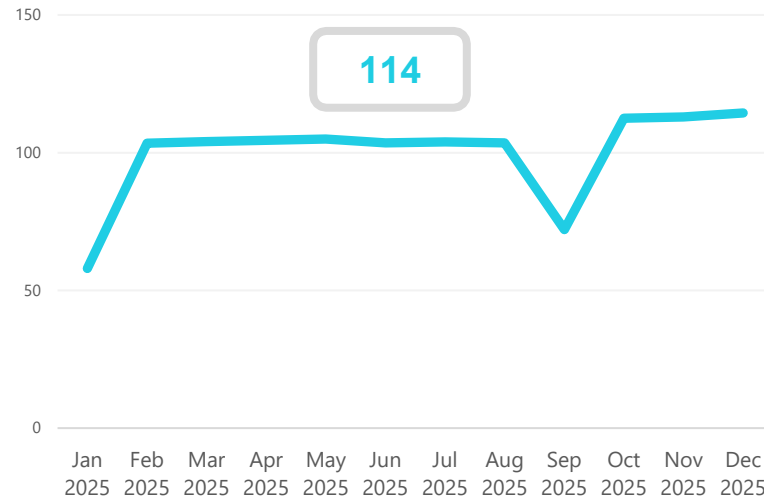
Asset Allocation (in millions)



Total Market Value (in billions)



Cash Equivalents (in millions)

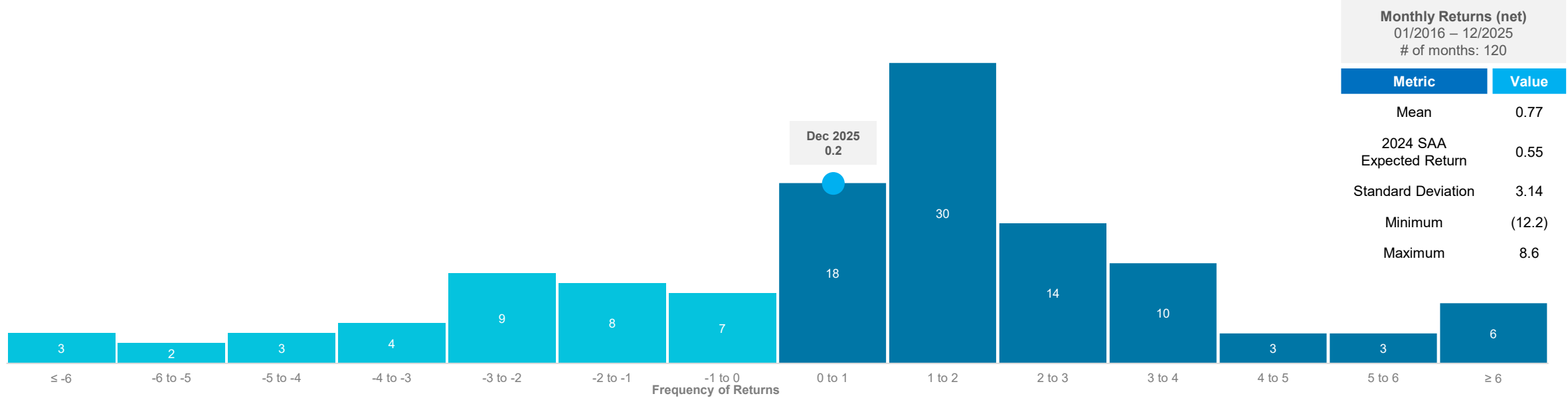


OPEB Trust

Historical Net Performance as of December 2025



OPEB Trust



| Monthly Returns (net) 01/2016 – 12/2025 # of months: 120 | |
|--|--------|
| Metric | Value |
| Mean | 0.77 |
| 2024 SAA Expected Return | 0.55 |
| Standard Deviation | 3.14 |
| 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 | 5,694 | 100.0% | 100.0% | 0.2% | 1.8% | 6.8% | 13.6% | 13.6% | 12.5% | 7.0% | 8.9% |
| OPEB Master Trust Policy Benchmark | | | | 0.7% | 2.4% | 7.5% | 13.8% | 13.8% | 12.0% | 6.7% | 8.0% |
| OPEB Actuarial Hurdle | | | | 0.5% | 1.5% | 3.1% | 6.2% | 6.2% | 6.1% | 6.1% | 6.0% |
| OPEB Growth | 2,566 | 45.1% | 45.0% | 0.9% | 3.2% | 11.4% | 22.5% | 22.5% | 20.3% | 11.0% | |
| OPEB Growth Policy Benchmark | | | | 1.3% | 3.8% | 12.2% | 21.8% | 21.8% | 20.6% | 10.8% | |
| OPEB Credit | 917 | 16.1% | 16.0% | 0.6% | 1.3% | 4.0% | 7.6% | 7.6% | 9.0% | 4.4% | |
| OPEB Credit Policy Benchmark | | | | 0.4% | 1.4% | 4.2% | 7.4% | 7.4% | 10.0% | 4.8% | |
| OPEB Real Assets & Inflation Hedges | 742 | 13.0% | 13.0% | -1.0% | -0.2% | 2.9% | 5.0% | 5.0% | 5.7% | 5.6% | |
| OPEB RA & IH Policy Benchmark | | | | 0.8% | 1.6% | 4.5% | 9.1% | 9.1% | 2.1% | 4.4% | |
| OPEB Risk Reduction & Mitigation | 1,469 | 25.8% | 26.0% | -0.6% | 0.7% | 2.9% | 6.8% | 6.8% | 3.9% | -0.1% | |
| OPEB RR & M Policy Benchmark | | | | -0.4% | 0.9% | 2.9% | 6.8% | 6.8% | 3.7% | -0.5% | |
| OPEB HL PM Cash | 0 | 0.0% | | | | | | | | | |

OPEB Trust

Forecast Volatility as of December 2025¹⁰



VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

OPEB TRUST
VOLATILITY

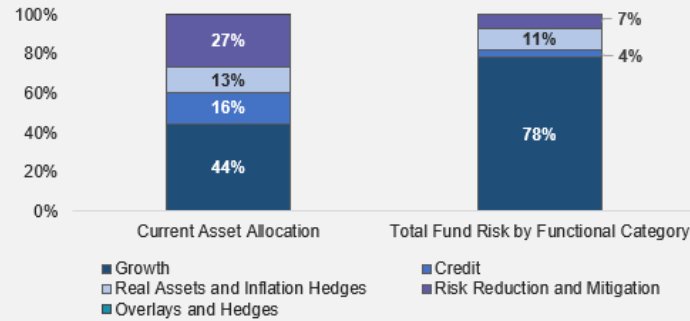
7.9%

BENCHMARK
VOLATILITY

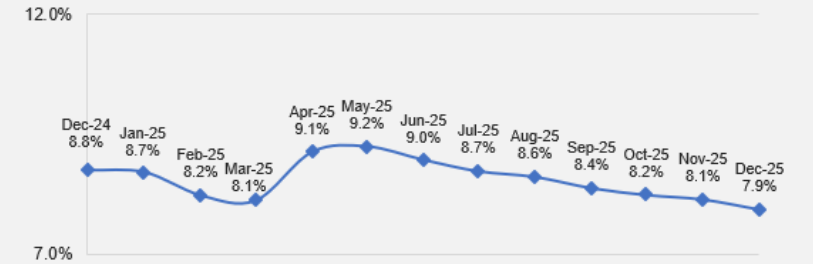
8.0%

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

0.68%

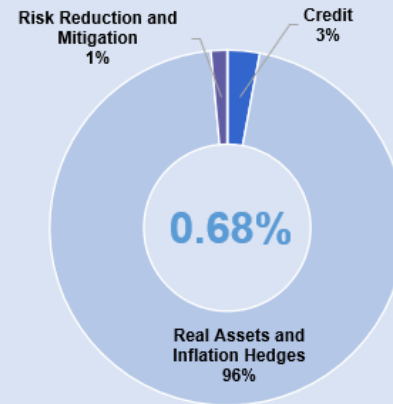
ALLOCATION
RISK

0.03%

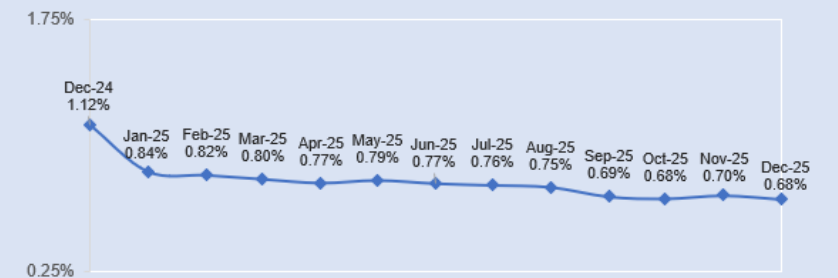
SELECTION
RISK

0.65%

Functional Category Contributions to Active Risk



Forecasted Active Risk Trend



Source: MSCI BarraOne

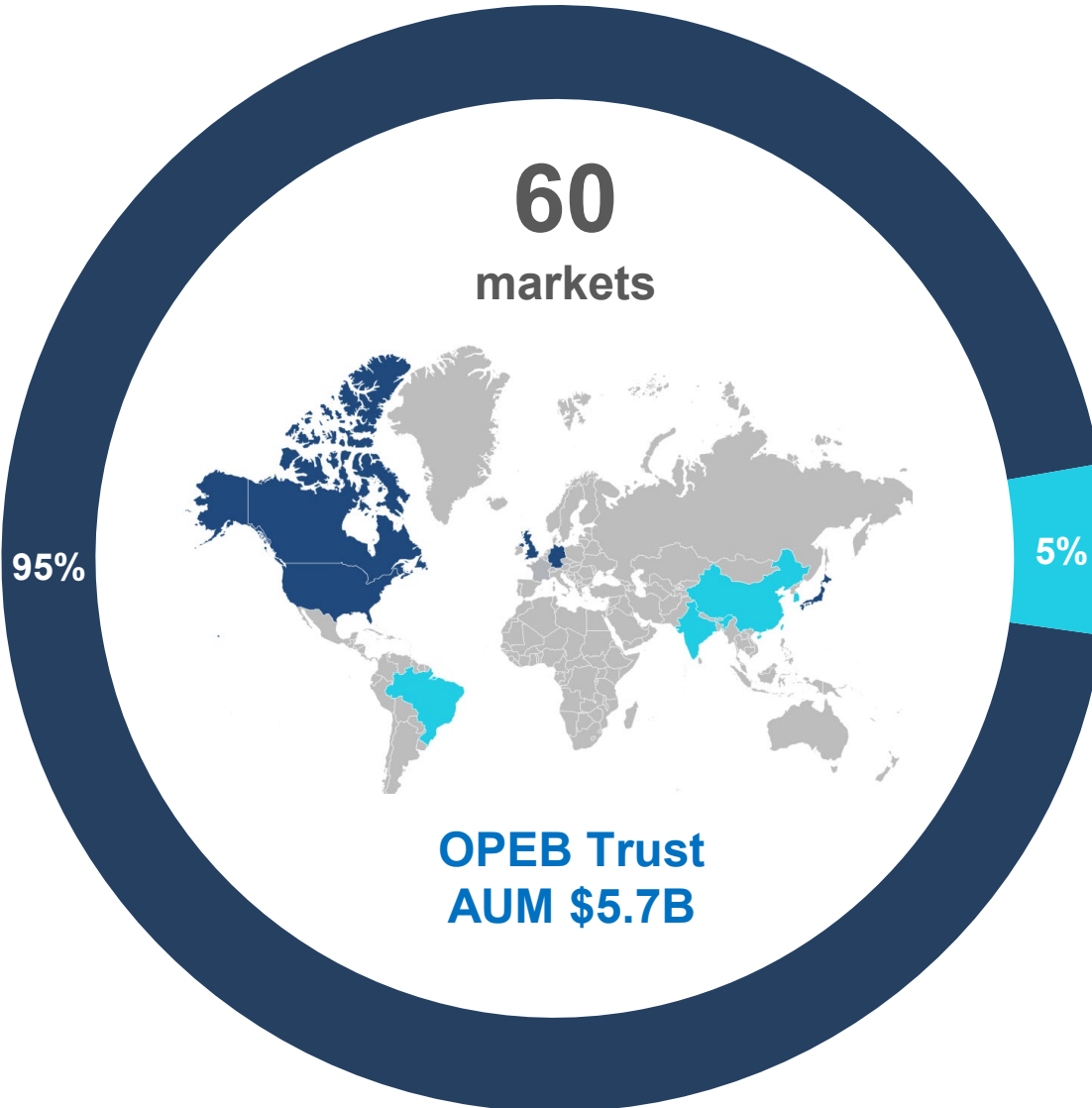
OPEB Trust

Geographic Exposure by AUM as of December 2025^{11,12}



26
developed
markets

| Top 5 Countries | Portfolio |
|-----------------|-----------|
| United States | 80.0% |
| Japan | 2.7% |
| Canada | 2.4% |
| United Kingdom | 2.1% |
| Germany | 1.1% |



34
emerging &
frontier markets

| Top 5 Countries | Portfolio |
|-----------------|-----------|
| China | 1.3% |
| Taiwan | 1.0% |
| India | 0.8% |
| South Korea | 0.7% |
| Brazil | 0.2% |



04

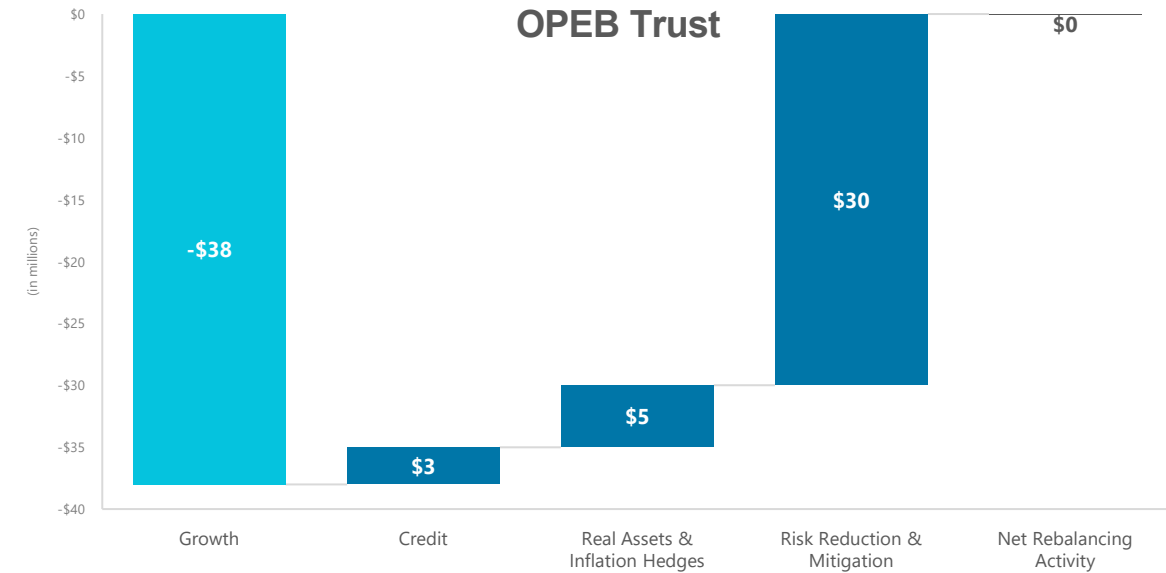
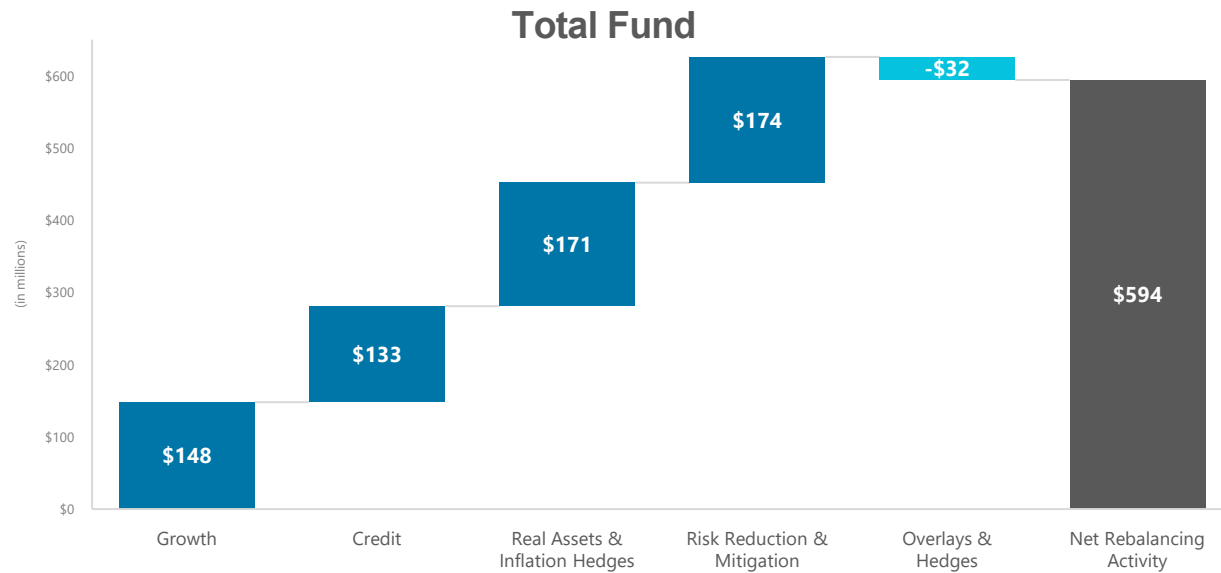
Portfolio & Structural Updates



Portfolio Updates



Prior Month Rebalancing Activity



Overlays & Hedges

| Program | December Gain / (Loss) in \$ millions | Since Inception Gain / (Loss) in \$ millions |
|--------------------------|--|--|
| Currency Hedge | 32.7 | 1,527.2 |
| Cash / Rebalance Overlay | 0.2 | 623.1 |

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 2026 Strategic Framework | In Progress |
| Risk system onboarding | 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 |
| Finance Analyst III – 5 positions | In Development |
| Finance Analyst II – 1 position | In Progress |

Key Initiatives and Operational Updates



Strategic Updates

| Organization | Honoree | List | Year | Update |
|---------------|---------------------|--------------------------|------|---|
| Markets Group | Jonathan Gabel, CIO | Elite Institutional CIOs | 2026 | Chief Investment Officer Jonathan Gabel has been recognized on Markets Group's 2026 Elite Institutional CIOs list, a distinction honoring global leaders in institutional investment strategy |

Manager / Consultant Updates

| Firm | Mandate | Asset Class | LACERA AUM (prior month end, in millions) | Update |
|--|--------------|----------------|--|--|
| Kohlberg, Kravis, Roberts & Co. (KKR) | Fund Manager | Infrastructure | \$554 | KKR's Chief Operating Officer Ryan Stork has stepped down. Stork joined KKR as operating chief and partner in January 2022 |

Change In Fiduciary Net Position¹³



FIDUCIARY NET POSITION

Additions

+

Deductions



ADDITIONS

Employer and Employee Contributions

Net Investment Income/(Loss)



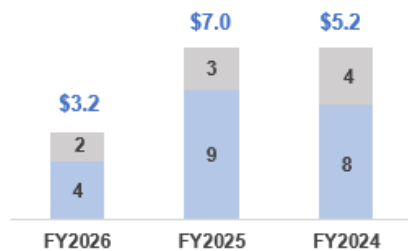
DEDUCTIONS

Benefits and Refunds

Administrative Expenses

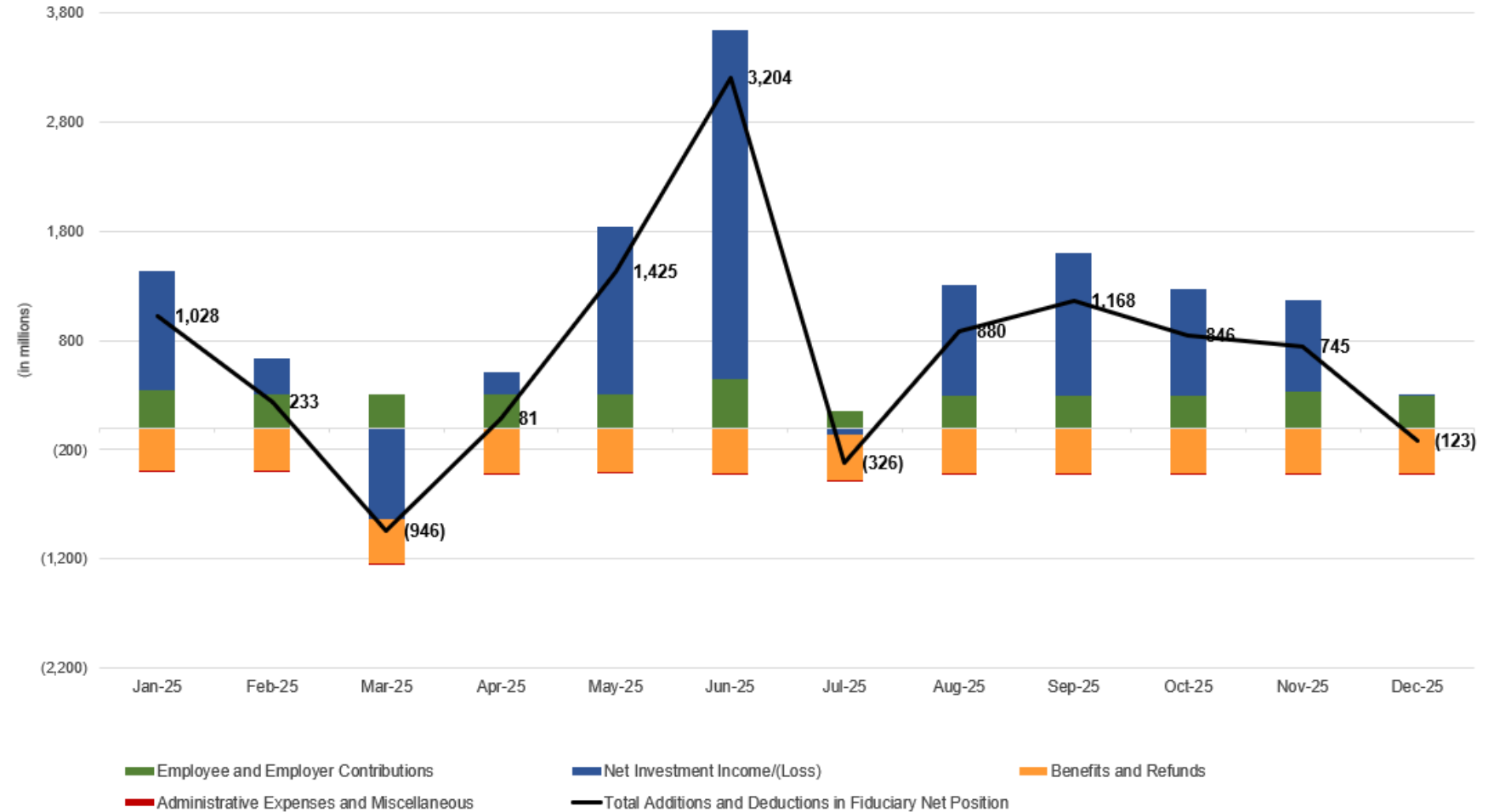
Total Net Position Change Trend

(in billions)



■ Positive Months ■ Negative Months

Additions and Deductions in Net Fiduciary Position (Unaudited)



■ Employee and Employer Contributions

■ Net Investment Income/(Loss)

■ Benefits and Refunds

■ Administrative Expenses and Miscellaneous

— Total Additions and Deductions in Fiduciary Net Position



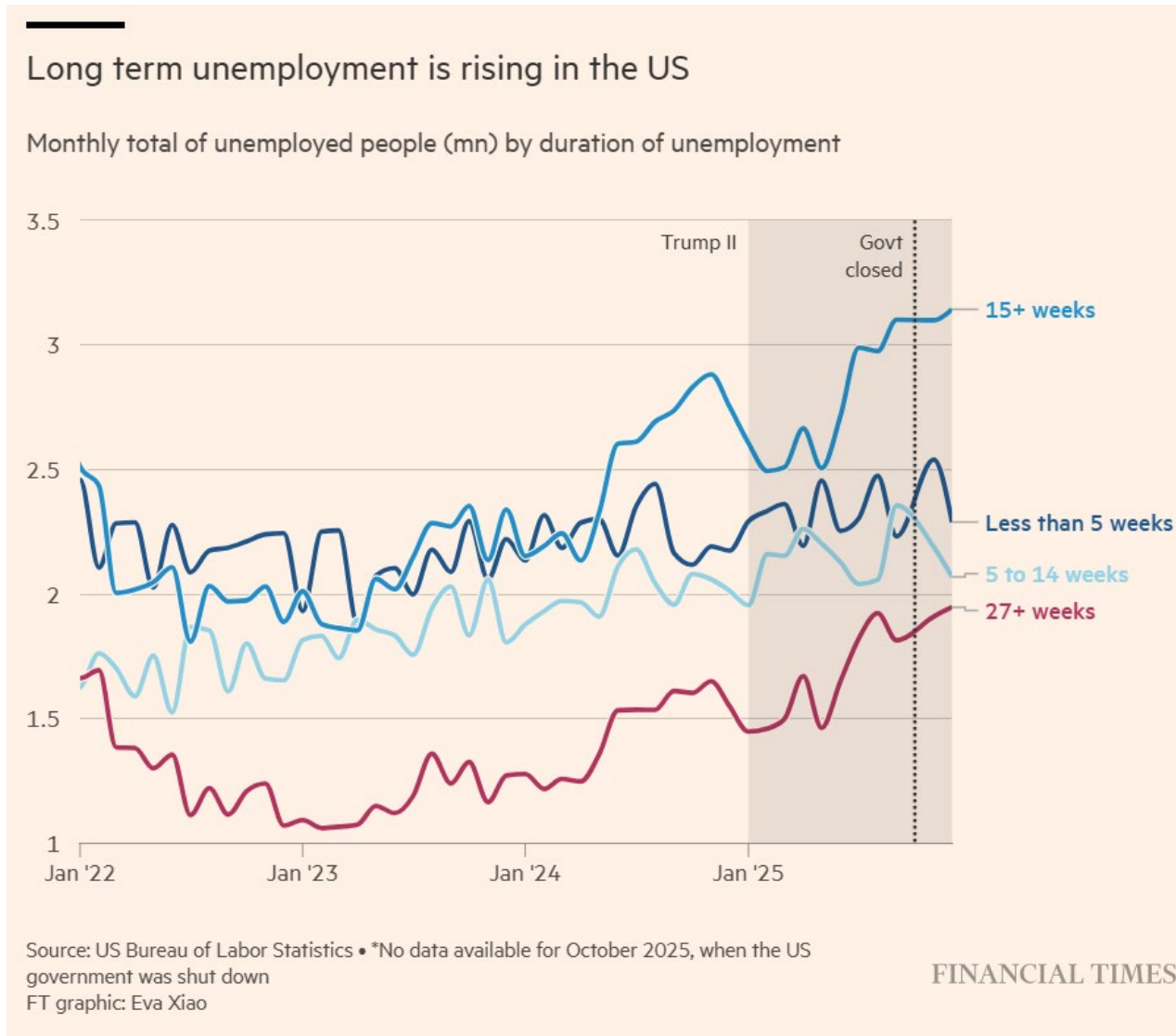
05



Appendix

Staff Chart of the Month

Long-term Unemployment in the U.S. is Rising



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. The Unemployment and Labor Force Participation Rate used in the Inflation, Unemployment, and Labor Participation chart use the prior months data due to information not being published during the government shutdown. |
| 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 and an operational asset. |
| 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. |