



Chief Investment Officer Monthly Report

Jonathan Grabel – Chief Investment Officer 

Board of Investments Meeting

April 9, 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



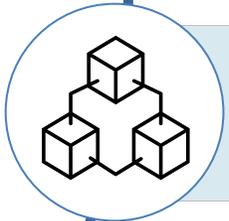
Interest rates and central bank actions

- The Federal Reserve announced that it will begin slowing down its quantitative tightening process starting April 1, 2025, to increase market liquidity



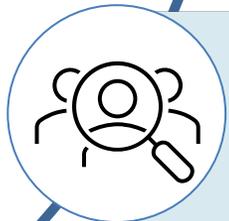
Economic data and trends

- Inflation, supply chains, & labor developments



Artificial intelligence

- Research developments, applications, and infrastructure investment



Stewardship and ESG-related developments

- Delaware legislature, where an estimated 60% of U.S. public companies are incorporated, relaxes certain investor rights
- Securities and Exchange Commission discontinues defending its climate disclosure rule in judicial challenge

Market Themes

- **Tariff Impacts:** The announcement of U.S. tariffs has led to escalating tensions with key trading partners, including Canada, Mexico, China, the European Union, and Japan, resulting in significant market volatility. Businesses and consumers are adjusting to higher costs and policy uncertainty, which could impact inflation and economic growth
- **Inflation Concerns:** Persistent inflation remains a key concern, with core inflation at 2.8%. Commodity prices and continued supply chain issues are contributing factors
- **Federal Reserve Policy:** The Federal Reserve's decision to maintain the federal funds rate at 4.25% to 4.50% reflects its cautious approach to managing inflation and supporting economic growth. Future rate adjustments will be closely watched
- **Geopolitical Uncertainty:** Recent U.S. involvement in the Russian-Ukrainian conflict and the Middle East has significantly shaped the current geopolitical landscape. Actions and policies may have an impact on global markets
- **Corporate Earnings:** Despite economic headwinds, corporate earnings have shown resilience, with mid-single-digit revenue growth and margin expansion driving positive earnings forecasts overall for 2025

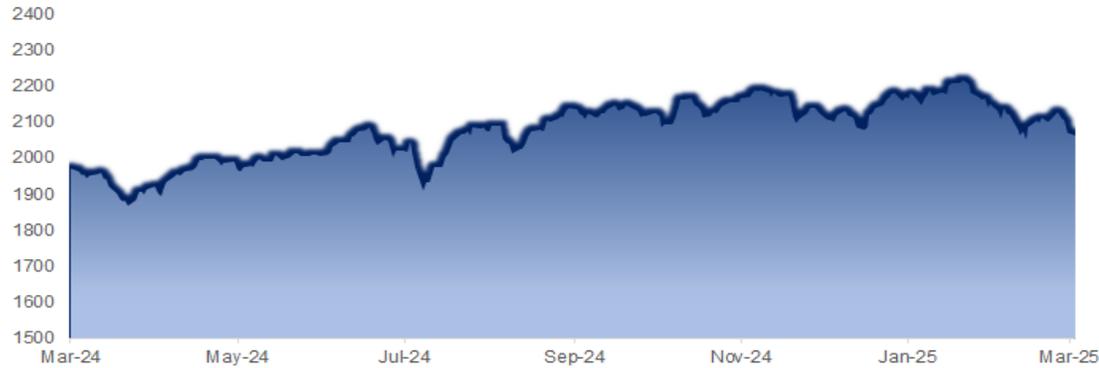
Global Market Performance as of March 31, 2025



MSCI ACWI IMI Index (Global Equity Market)*

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
-3.9	-1.6	3.8	-1.6	6.3	6.3	15.0	8.5

1 Year



*Global Equity Policy Benchmark - MSCI ACWIIMI Index

Bloomberg U.S. Aggregate Bond Index**

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
0.0	2.8	4.8	2.8	4.9	0.5	-0.4	1.5

1 Year



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

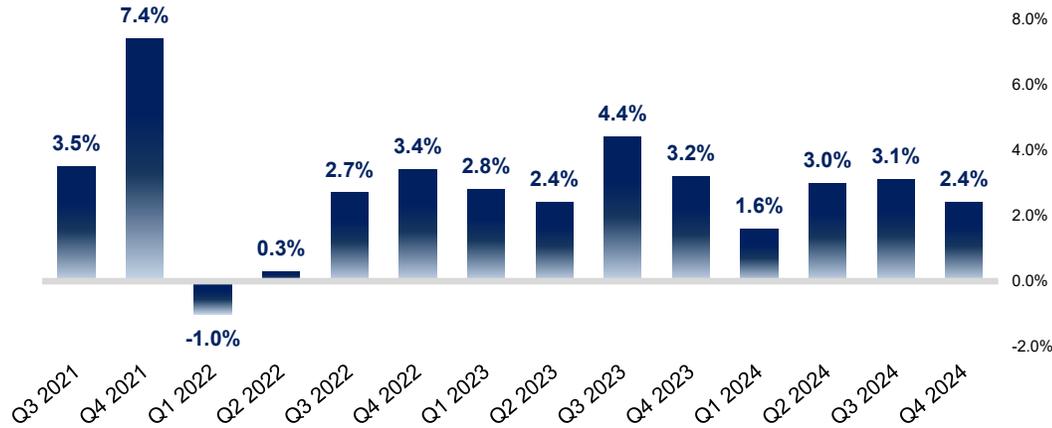
Market	Sub-Category	Index Name	1 M	3 M	FYTD	YTD	1 Y	3 Y	5 Y	10 Y
Reference Portfolio	60:40 Equity:Bond Portfolio	60% MSCI ACWI IMI/ 40% Bloomberg U.S. Aggregate Index	-2.3	0.2	4.3	0.2	5.8	4.1	8.8	5.9
Global Equity	U.S. Large Cap	S&P 500 Total Return	-5.6	-4.3	3.8	-4.3	8.3	9.1	18.6	12.5
	U.S. Small Cap	Russell 2000 Total Return	-6.8	-9.5	-0.8	-9.5	-4.0	0.5	13.3	6.3
	Non-U.S. All Cap	MSCI ACWI-ex U.S. IMI Total Return	-0.1	4.6	4.5	4.6	5.5	4.0	11.0	5.0
	Emerging Markets	MSCI Emerging Markets Total Return	0.6	2.9	2.9	2.9	8.1	1.4	7.9	3.7
Private Equity	Private Equity Buyout	Thomson Reuters PE Buyout Index	-8.9	-6.7	-0.2	-6.7	3.3	0.3	16.5	9.9
Fixed Income	U.S. Corporate High Yield Bonds	Bloomberg U.S. Corporate High Yield Total Return	-1.0	1.0	6.5	1.0	7.7	5.0	7.3	5.0
	U.S. Long Term Treasury Bonds	Bloomberg Long Term U.S. Treasury Total Return Index	-0.9	4.7	3.1	4.7	1.3	-7.2	-7.9	-0.6
	Developed Markets Leveraged Loans	Credit Suisse Leveraged Loan Total Return	-0.3	0.6	5.1	0.6	7.0	7.1	8.9	5.0
Real Assets & Inflation Hedges	Natural Resources	S&P Global Natural Resources Total Return Index	1.6	7.1	-2.1	7.1	-3.8	-1.2	16.2	6.3
	Global Infrastructure	Dow Jones Brookfield Global Infrastructure Composite Index	3.7	7.3	19.0	7.3	18.6	4.9	11.7	5.2
	Treasury Inflation-Protected Securities	Bloomberg U.S. Treasury TIPS 0-5 Years Total Return	1.0	3.0	5.5	3.0	7.0	3.2	4.1	2.8
	Real Estate	NCREIF Fund Index - ODCE (Net) ¹	—	1.0	1.0	—	-2.3	-3.1	2.0	4.9

Source: Bloomberg, State Street

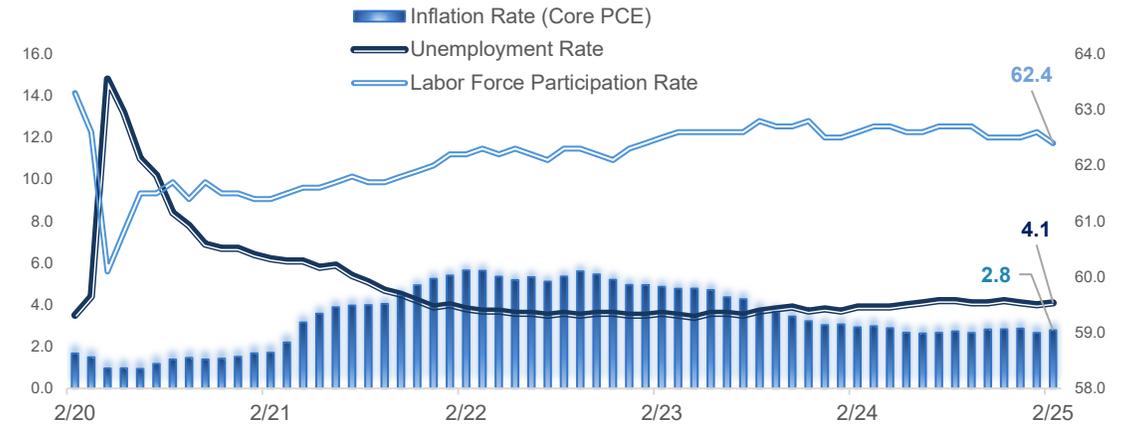
Key Macro Indicators²



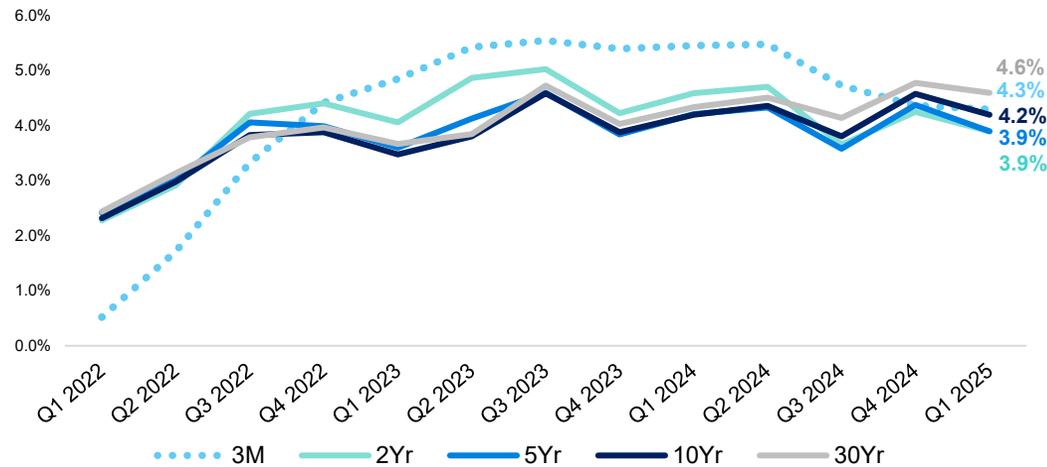
Quarterly Real U.S. GDP Growth



Inflation, Unemployment, and Labor Participation

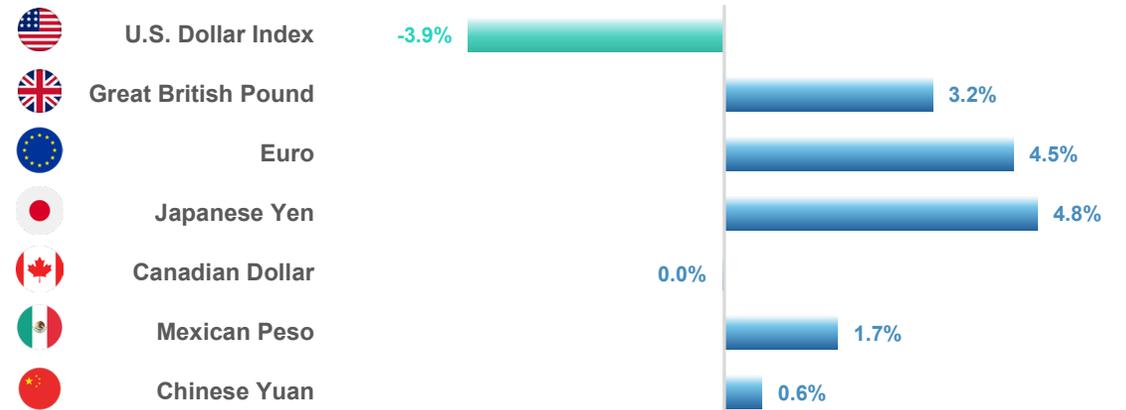


Market Yields on U.S. Treasury Securities



U.S. Dollar and Major Currency Performance

(Year-to-Date as of 3/31/2025)



Sources: Bloomberg, St. Louis Federal Reserve



02

Total Fund Performance & Risk

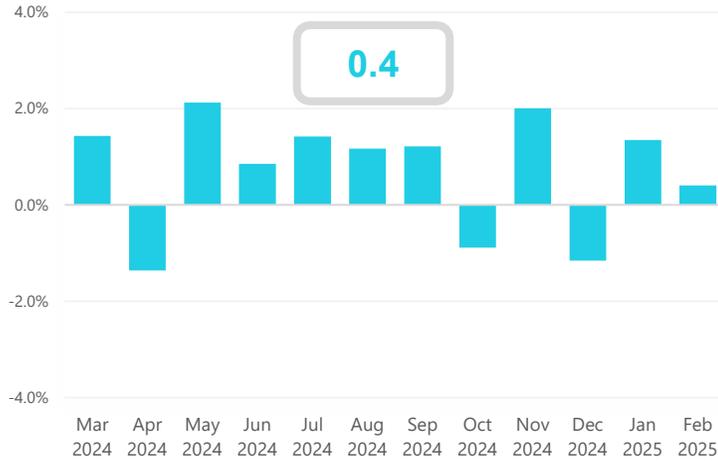


Total Fund

Performance Summary as of February 2025



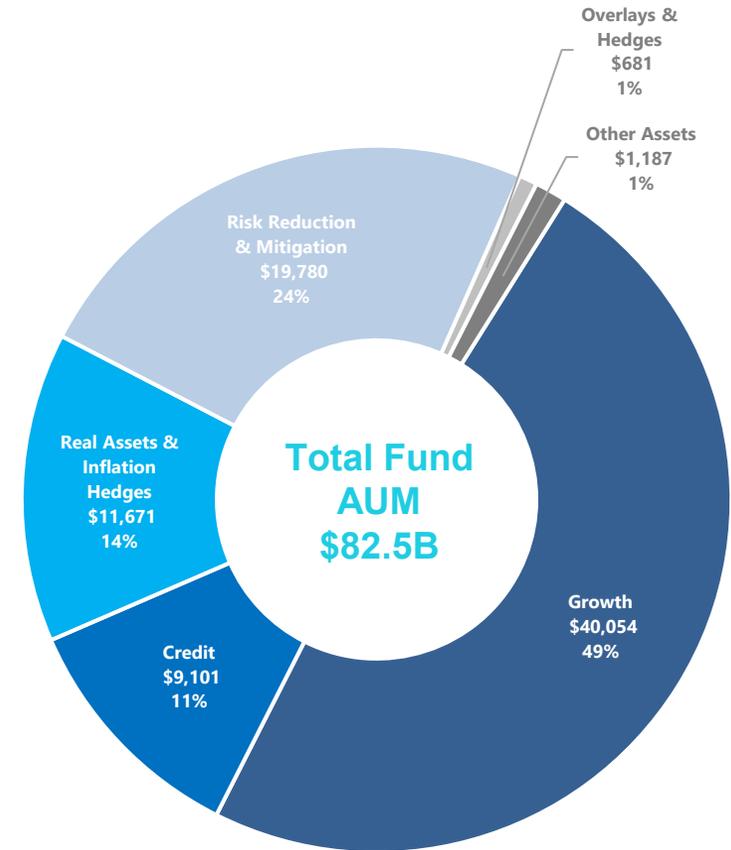
Monthly Return (net)



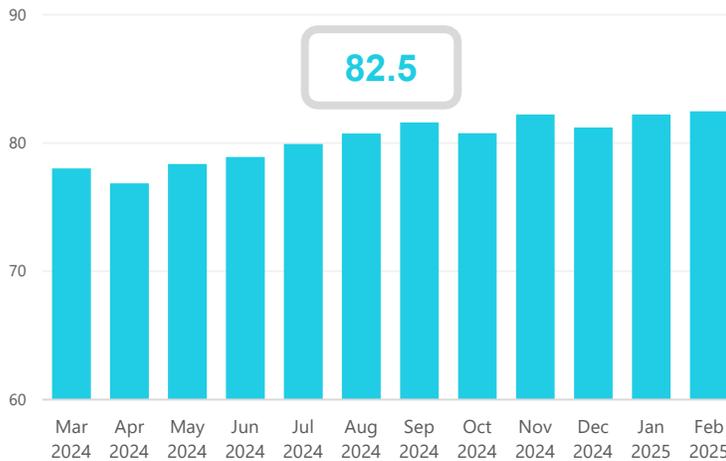
Growth of a Dollar (trailing 5Y)³



Asset Allocation (in millions)⁴



Total Market Value (in billions)



Cash (in millions)

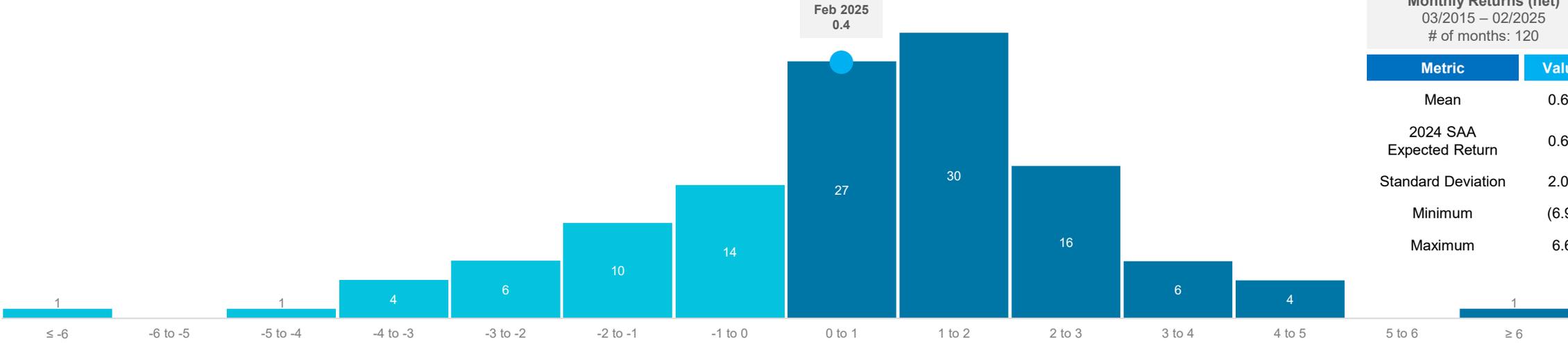


Total Fund

Historical Net Performance as of February 2025



LACERA Pension Fund⁵



Monthly Returns (net) 03/2015 – 02/2025 # of months: 120	
Metric	Value
Mean	0.63
2024 SAA Expected Return	0.60
Standard Deviation	2.01
Minimum	(6.9)
Maximum	6.6

	Market Value (\$ mm)	% of Total Fund	Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
Total Fund	82,475	100.0%	100.0%	0.4%	0.6%	5.6%	8.8%	5.6%	9.1%	7.6%
Total Fund Policy Benchmark				1.3%	1.5%	7.3%	12.3%	5.4%	7.9%	7.2%
Total Fund Actuarial Hurdle				0.6%	1.7%	4.6%	7.0%	7.0%	7.0%	7.0%
Growth	40,054	48.6%	48.0%	-0.4%	0.0%	5.9%	10.0%	7.3%	13.3%	
Growth Policy Benchmark				0.9%	1.4%	9.3%	17.6%	8.3%	12.7%	
Credit	9,101	11.0%	13.0%	0.7%	1.8%	8.0%	13.6%	8.2%	7.5%	
Credit Policy Benchmark				1.0%	2.4%	6.9%	9.7%	5.8%	4.9%	
Real Assets & Inflation Hedges	11,671	14.2%	15.0%	0.5%	-0.3%	3.0%	4.0%	1.3%	5.7%	
RA & IH Policy Benchmark				1.7%	1.8%	4.9%	5.7%	1.1%	5.8%	
Risk Reduction & Mitigation	19,780	24.0%	24.0%	1.9%	1.4%	4.8%	6.1%	0.6%	0.8%	
RR & M Policy Benchmark				1.8%	0.9%	4.4%	5.7%	0.2%	0.2%	
Overlays & Hedges	681	0.8%								
Other Assets	1,187	1.4%								

Total Fund

Forecast Volatility as of February 2025⁶



VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

TOTAL FUND VOLATILITY

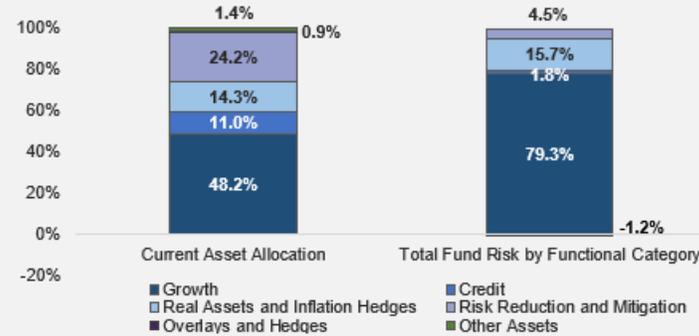
9.0%

BENCHMARK VOLATILITY

9.0%

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%

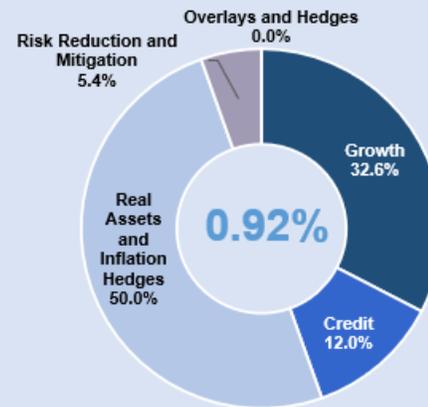
ALLOCATION RISK

0.03%

SELECTION RISK

0.89%

Functional Category Contributions to Active Risk



Forecasted Active Risk Trend



Source: MSCI BarraOne

Total Fund



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

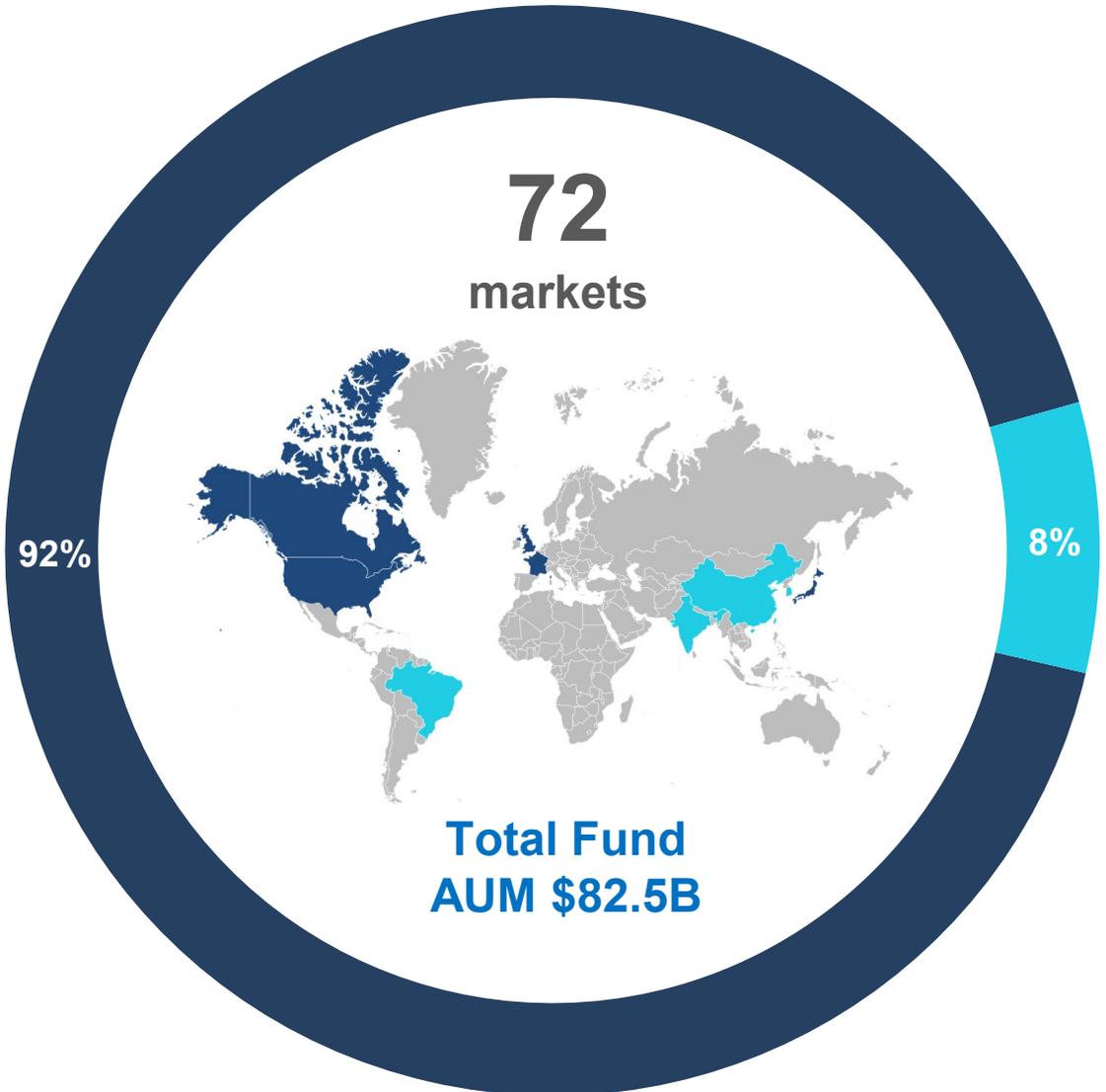


25

developed markets

Top 5 Countries	Portfolio
United States	71.1%
United Kingdom	4.2%
Canada	2.1%
Japan	1.6%
France	1.5%

72 markets



Total Fund AUM \$82.5B



47

emerging & frontier markets

Top 5 Countries	Portfolio
China	1.7%
Taiwan	0.6%
India	0.4%
Brazil	0.4%
South Korea	0.3%



03



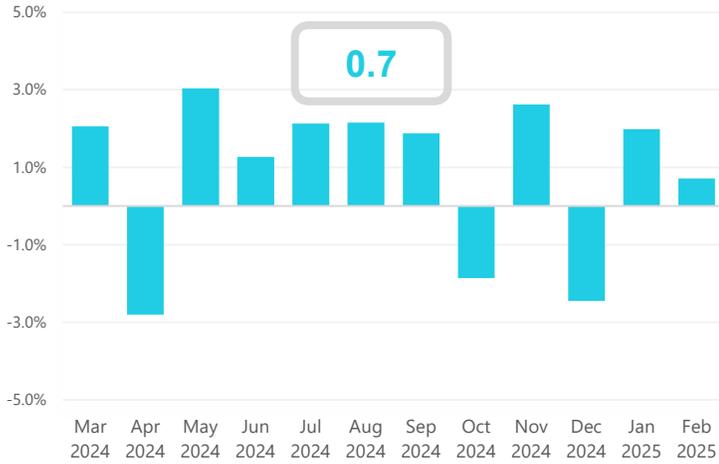
OPEB Trust Performance & Risk

OPEB Trust

Performance Summary as of February 2025



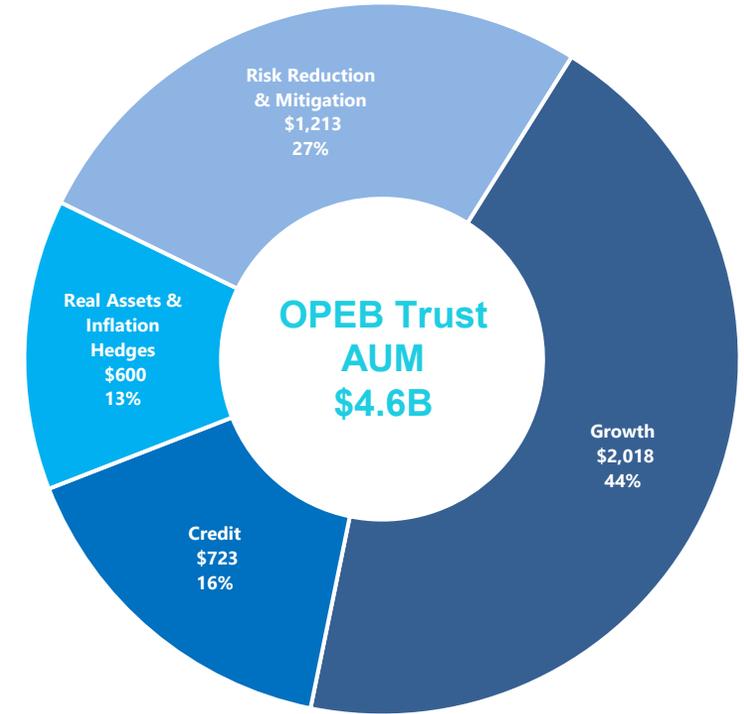
Monthly Return (net)



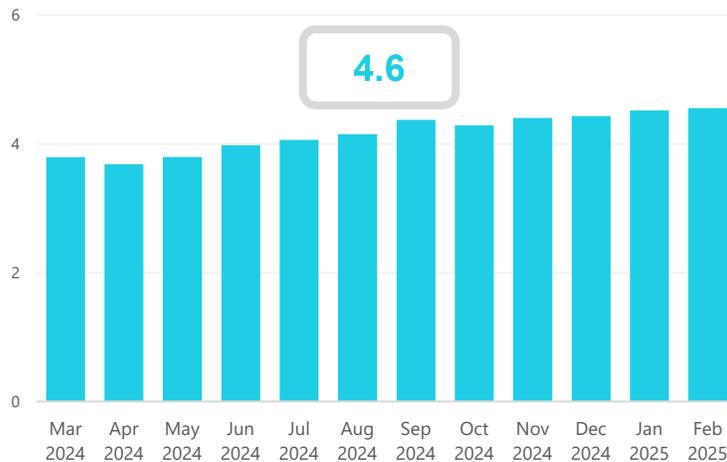
Growth of a Dollar (trailing 5Y)⁹



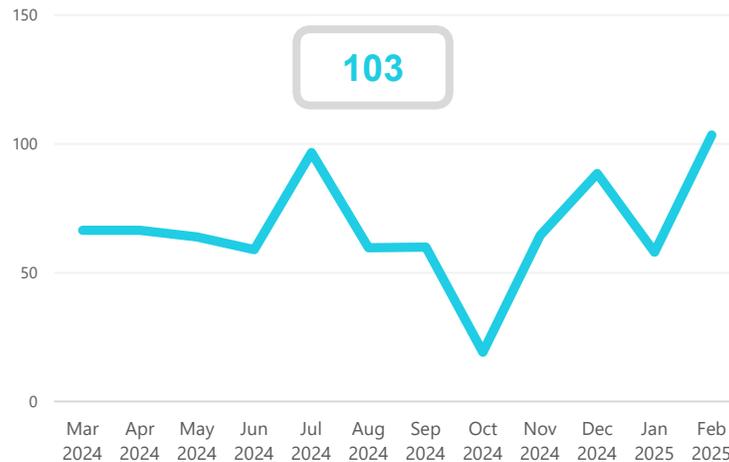
Asset Allocation (in millions)



Total Market Value (in billions)



Cash (in millions)

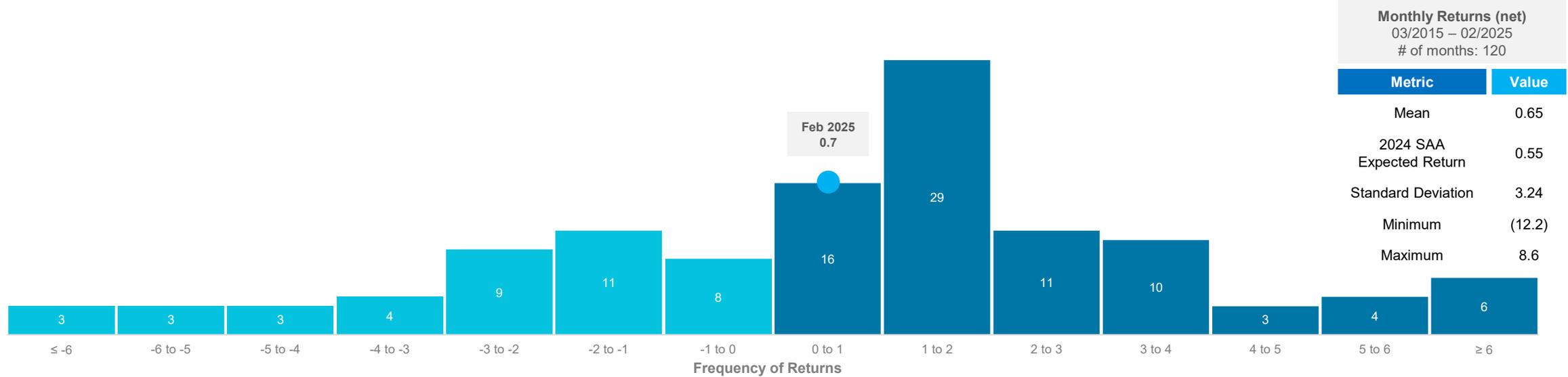


OPEB Trust

Historical Net Performance as of February 2025



OPEB Trust



Monthly Returns (net) 03/2015 – 02/2025 # of months: 120	
Metric	Value
Mean	0.65
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	1 Year	3 Year	5 Year	10 Year
OPEB Master Trust	4,554			0.7%	0.2%	7.2%	11.0%	5.1%	8.2%	7.4%
OPEB Master Trust Policy Benchmark				0.9%	1.0%	6.6%	10.5%	4.4%	7.6%	6.3%
OPEB Actuarial Hurdle				0.5%	1.5%	4.1%	6.2%	6.1%	6.0%	6.0%
OPEB Growth	2,018	44.3%	45.0%	-0.8%	-0.4%	8.3%	14.5%	8.8%	12.6%	
OPEB Growth Policy Benchmark				-0.3%	0.2%	8.6%	15.7%	8.6%	12.5%	
OPEB Credit	723	15.9%	16.0%	0.3%	1.3%	5.9%	7.8%	5.5%	4.2%	
OPEB Credit Policy Benchmark				1.0%	2.4%	6.9%	9.6%	6.0%	4.8%	
OPEB Real Assets & Inflation Hedges	600	13.2%	13.0%	2.4%	-0.6%	8.9%	11.4%	0.0%	5.4%	
OPEB RA & IH Policy Benchmark				1.3%	1.8%	3.3%	4.3%	-2.7%	3.7%	
OPEB Risk Reduction & Mitigation	1,213	26.6%	26.0%	2.6%	0.9%	4.6%	5.4%	-0.1%	-0.2%	
OPEB RR & M Policy Benchmark				2.6%	0.8%	4.4%	5.1%	-0.8%	-0.6%	
OPEB HL PM Cash	0	0.0%								

OPEB Trust

Forecast Volatility as of February 2025¹⁰



VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

OPEB TRUST
VOLATILITY

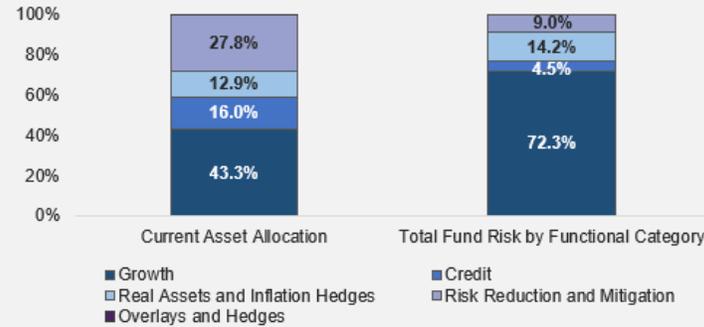
8.2%

BENCHMARK
VOLATILITY

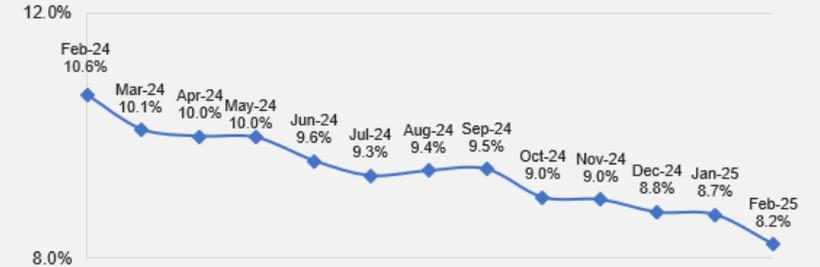
8.3%

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

0.82%

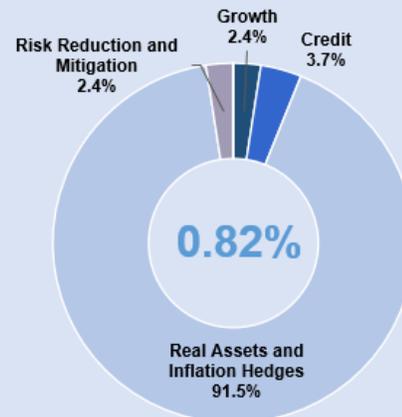
ALLOCATION
RISK

0.07%

SELECTION
RISK

0.75%

Functional Category Contributions to Active Risk



Forecasted Active Risk Trend



Source: MSCI BarraOne

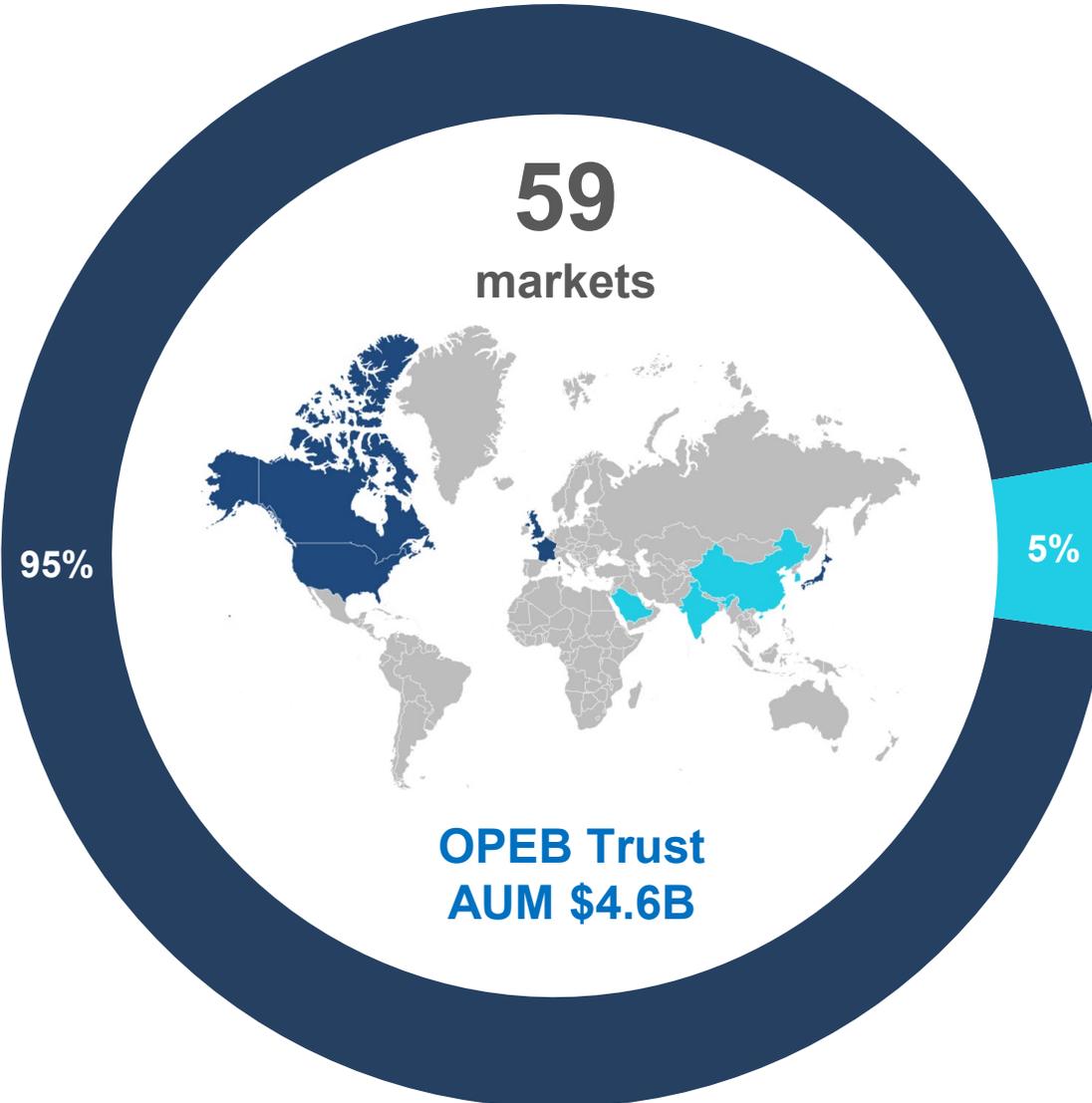
OPEB Trust

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



25
developed
markets

Top 5 Countries	Portfolio
United States	80.7%
Japan	2.6%
Canada	2.1%
United Kingdom	2.1%
France	1.1%



34
emerging &
frontier markets

Top 5 Countries	Portfolio
China	1.2%
Taiwan	0.9%
India	0.9%
South Korea	0.5%
Saudi Arabia	0.2%



04

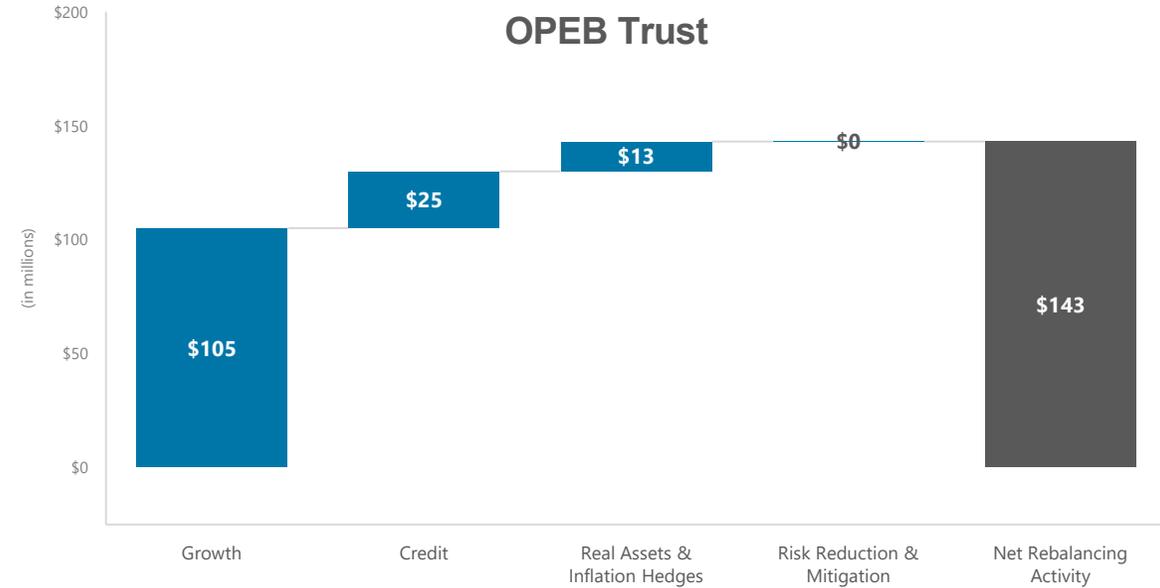
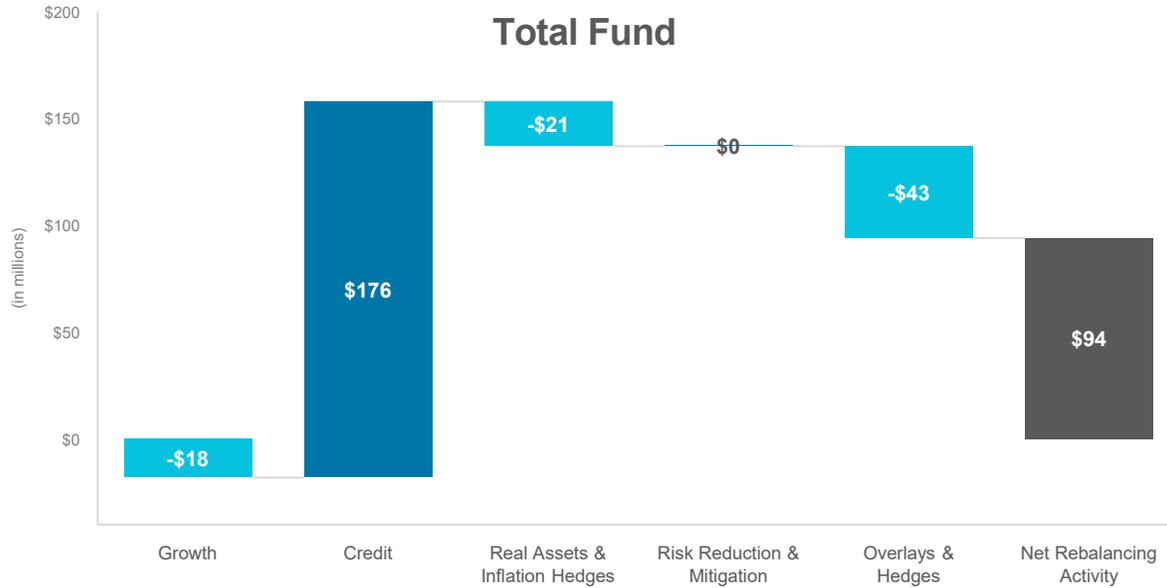
Portfolio & Structural Updates



Portfolio Updates



Rebalancing Activity



Overlays & Hedges

Program	February Gain / (Loss) in \$ millions	Since Inception Gain / (Loss) in \$ millions
Currency Hedge	43.0	1,689.9
Cash / Rebalance Overlay	8.3	580.4

Key Initiatives and Operational Updates



Key Initiatives & Operational Updates

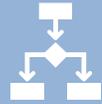
	Status
Total Fund	
April 2024 approved Strategic Asset Allocation implementation	In Progress
Adhering to the BOI-approved 2025 Strategic Framework	In Progress
Risk system onboarding	In Progress
Finance Analyst I program	In Progress
OPEB Trust	
April 2024 approved Strategic Asset Allocation implementation	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 – 3 positions	In Progress & Development
Finance Analyst II – 1 position	In Development
Finance Analyst I – 2 positions	In Progress

Key Initiatives and Operational Updates



Manager / Consultant Updates

Firm	Mandate	Asset Class	LACERA AUM <small>(prior month end, in millions)</small>	Update
Capital Group	Separate Account	Global Equities	\$414	Philip Winston, Portfolio Manager, will be retiring from Capital Group after more than 28 years at the firm, effective September 1, 2025. His responsibilities will be taken over by the rest of the portfolio management team: Eu-Gene Cheah, Gerald Du Manoir, Akira Horiguchi, Samir Parekh, and Lisa Thompson.

Change In Fiduciary Net Position¹³



FIDUCIARY NET POSITION

Additions
+
Deductions



ADDITIONS

Employer and Employee Contributions
Net Investment Income/(Loss)



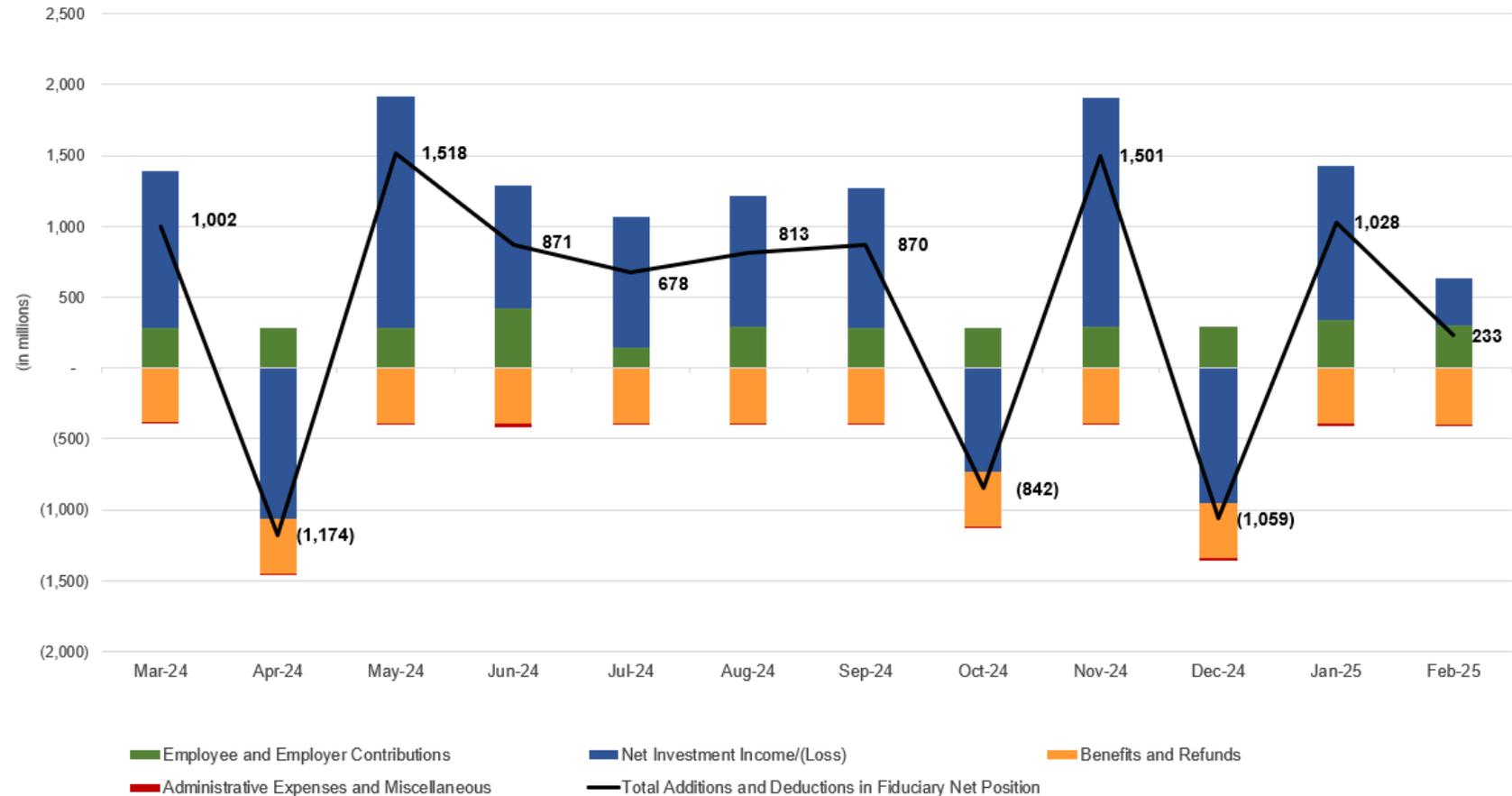
DEDUCTIONS

Benefits and Refunds
Administrative Expenses

Total Net Position Change Trend (in billions)



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

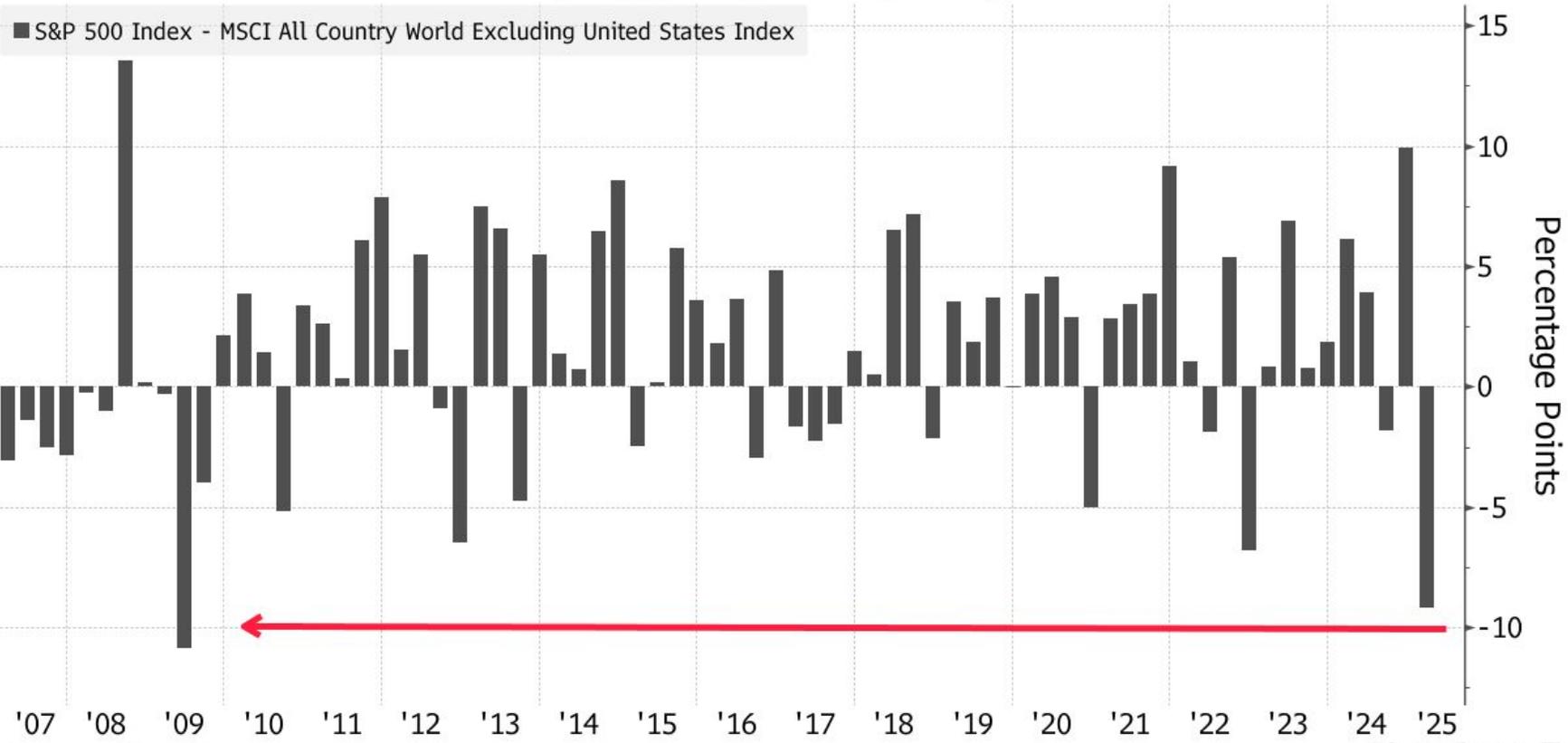
Staff Chart of the Month



S&P 500 Lags Non-U.S. Markets by Widest Quarterly Margin Since 2009

S&P 500 Underperforms By Most Since 2009

US stocks trail rest of world by biggest quarterly margin over a decade



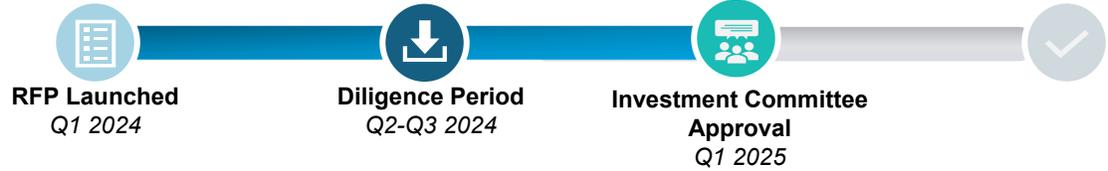
Source: Bloomberg



Quiet Period for Search Respondents



Real Assets Emerging Manager Program Discretionary Separate Account Manager



▪ 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.

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.