



Chief Investment Officer Monthly Report

Jonathan Grabel – Chief Investment Officer 

Board of Investments Meeting
December 10, 2025

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



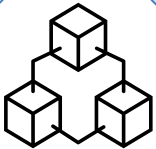
Interest rates and central bank actions

- The Federal Reserve is expected to cut rates further before year end



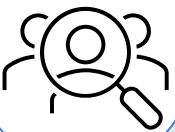
Economic data and trends

- 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 reduced its role in guiding which shareholder proposals are allowed at investor meetings in 2026
- Regulatory focus on investor rights and corporate reporting

Market Themes

- **U.S. Federal Government Shutdown:** After a record shutdown of 43 days, Congress passed a funding bill effective November 12th. However, the overall impact may have ongoing negative economic and labor market consequences
- **Tariff Impacts:** U.S. trade policy remains a headwind on the economy. Many sectors still face high import tariffs; supply chain resilience is key for the near future
- **Inflation:** While global inflation is easing in some economies, U.S. inflation remains a core policy concern, with recent data suggesting that price pressures are elevated
- **Federal Reserve Policy:** The Fed Funds rate remained unchanged at its 3.75-4.00% range. Economic data indicate softening labor market conditions, prompting economists to anticipate a potential rate cut as early as December
- **Geopolitical Uncertainty:** Global markets remain sensitive to geopolitical developments. The U.S. government's escalation with Venezuela has heightened concerns about trade in the region and increased volatility across global crude oil markets
- **Corporate Earnings:** Corporate performance remained robust, with over 80% of S&P 500 companies surpassing third-quarter earnings expectations, primarily driven by technology and AI-related sectors

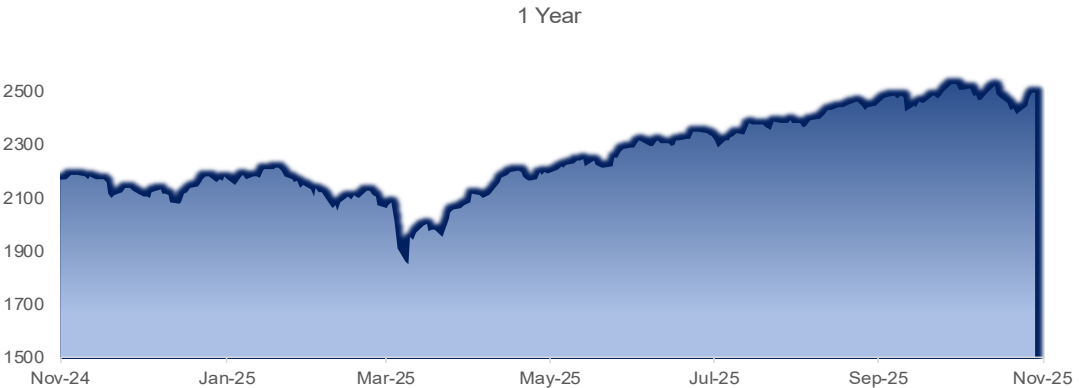
Global Market Performance

As of November 30, 2025



MSCI ACWI IMI Index (Global Equity Market)*

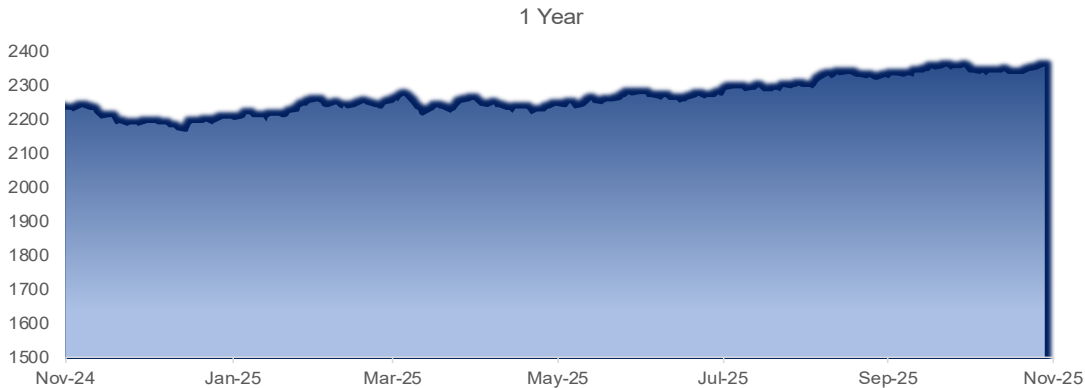
Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
0.1	5.7	10.0	20.8	17.6	18.0	11.6	11.1



*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
0.6	2.4	3.3	7.5	5.7	4.6	-0.3	2.0



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

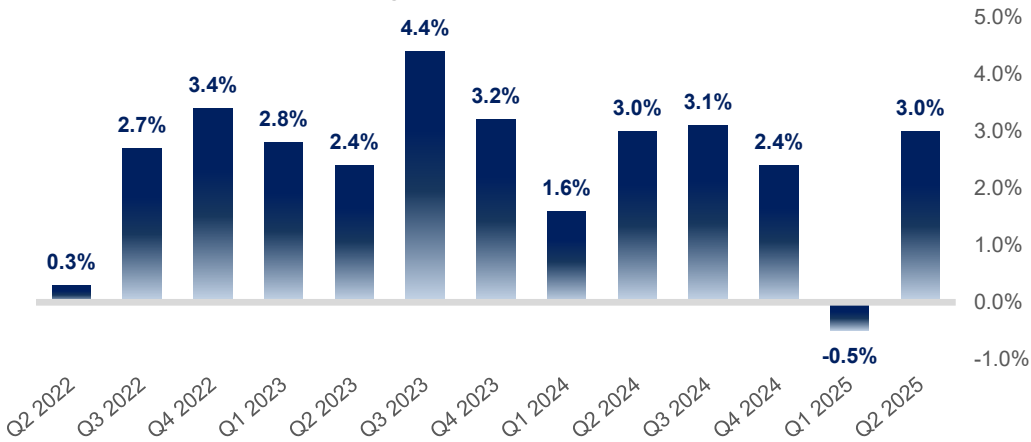
Market	Sub-Category	Index Name	1 M	3 M	FYTD	YTD	1 Y	3 Y	5 Y	10 Y
Reference Portfolio	60:40 Equity:Bond Portfolio	60% MSCI ACWI IMI/ 40% Bloomberg U.S. Aggregate Index	0.3	4.4	7.3	15.4	12.8	12.6	6.8	7.6
Global Equity	U.S. Large Cap	S&P 500 Total Return	0.2	6.3	10.9	17.8	15.0	20.6	15.3	14.6
	U.S. Small Cap	Russell 2000 Total Return	1.0	6.0	15.5	13.5	4.1	11.4	8.0	9.1
	Non-U.S. All Cap	MSCI ACWI-ex U.S. IMI Total Return	0.1	5.3	8.8	28.3	25.8	15.7	8.3	7.9
	Emerging Markets	MSCI Emerging Markets Total Return	-2.4	9.0	12.5	29.7	29.5	14.7	5.1	7.8
Private Equity	Private Equity Buyout	Thomson Reuters PE Buyout Index	0.2	6.8	12.4	24.8	17.5	18.0	10.1	12.5
Fixed Income	U.S. Corporate High Yield Bonds	Bloomberg U.S. Corporate High Yield Total Return	0.6	1.6	3.3	8.0	7.5	9.6	4.8	6.2
	U.S. Long Term Treasury Bonds	Bloomberg Long Term U.S. Treasury Total Return Index	0.4	4.8	4.2	7.4	1.7	0.6	-7.1	0.2
	Developed Markets Leveraged Loans	Credit Suisse Leveraged Loan Total Return	0.2	1.0	2.2	5.2	5.8	9.2	6.5	5.6
Real Assets & Inflation Hedges	Natural Resources	S&P Global Natural Resources Total Return Index	4.0	5.4	13.1	25.3	16.5	5.1	12.1	10.1
	Global Infrastructure	Dow Jones Brookfield Global Infrastructure Composite Index	4.0	2.6	3.0	15.2	8.5	9.6	9.2	7.1
	Treasury Inflation-Protected Securities	Bloomberg U.S. Treasury TIPS 0-5 Years Total Return	0.3	0.3	1.9	6.0	5.9	5.0	3.7	3.1
	Real Estate	NCREIF Fund Index - ODCE (Net) ¹	—	0.5	0.5	2.2	3.2	-6.1	2.6	4.1

Source: Bloomberg, State Street

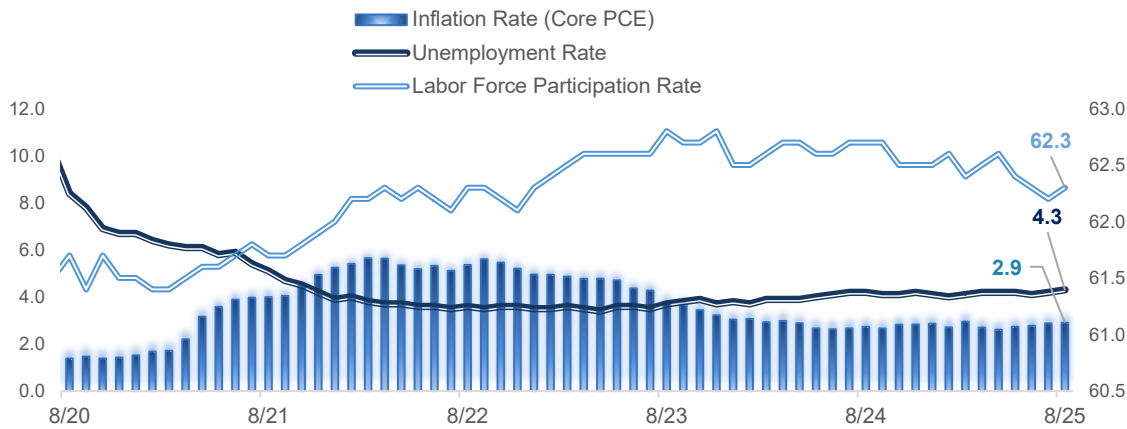
Key Macro Indicators²



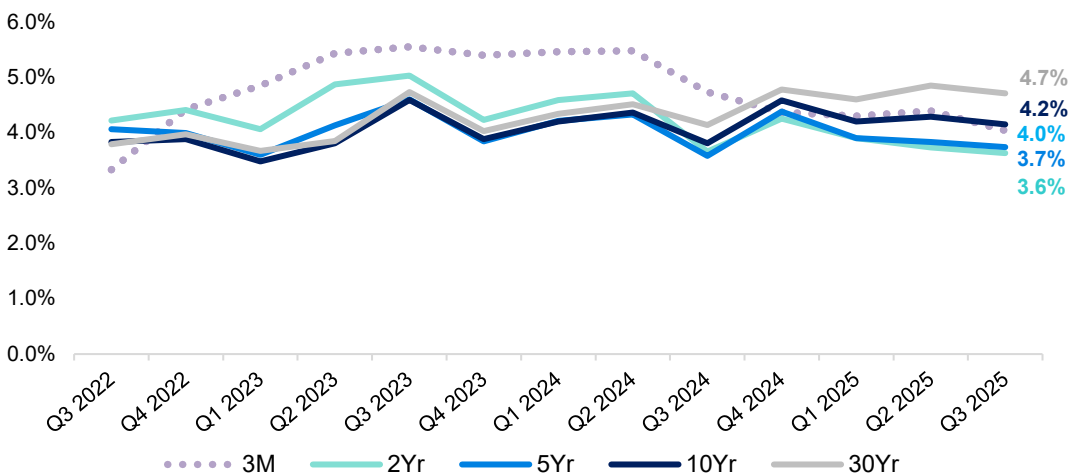
Quarterly Real GDP Growth



Inflation, Unemployment, and Labor Participation

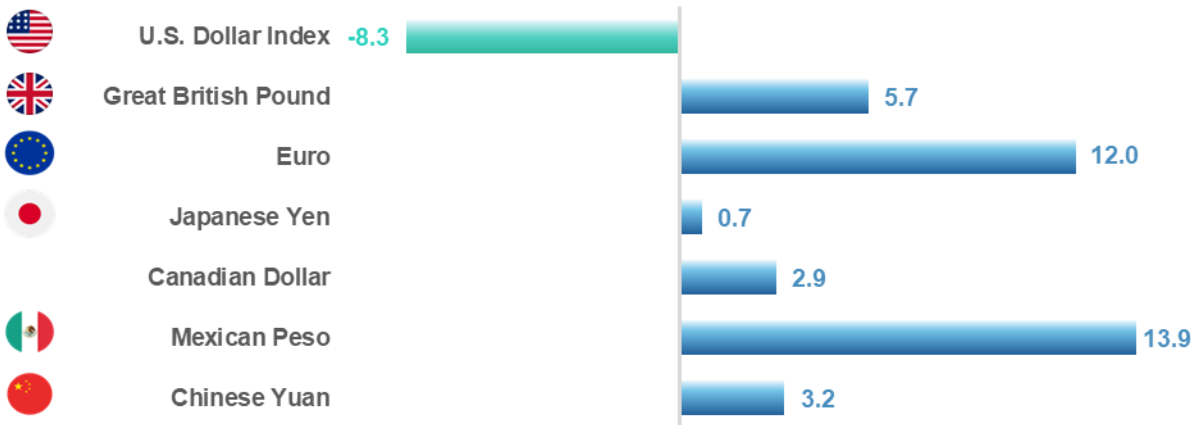


Market Yields on U.S. Treasury Securities



U.S. Dollar and Major Currency Performance

(Year-to-Date as of 11/30/2025)



Sources: Bloomberg, St. Louis Federal Reserve



02



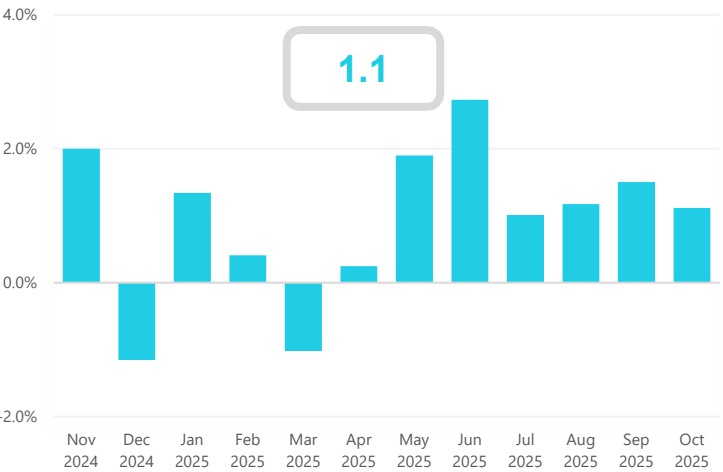
Total Fund Performance & Risk

Total Fund

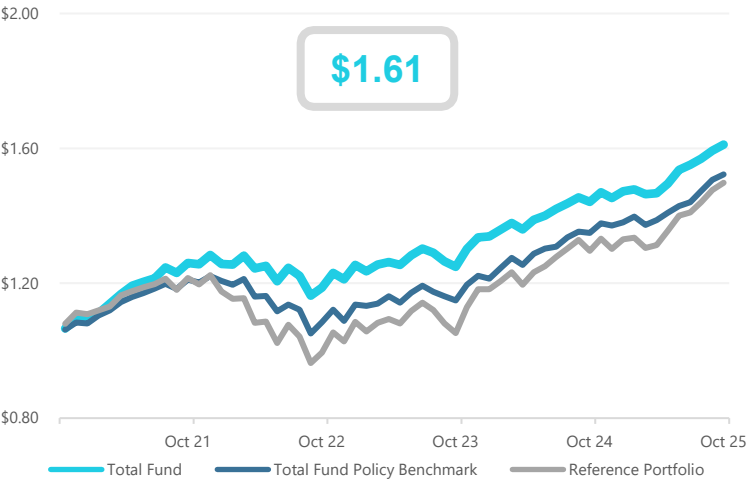
Performance Summary as of October 2025



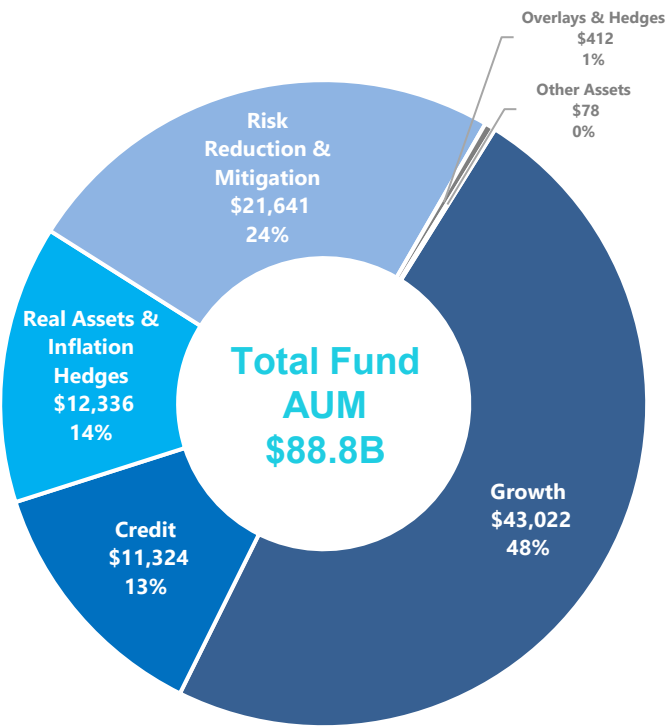
Monthly Return (net)



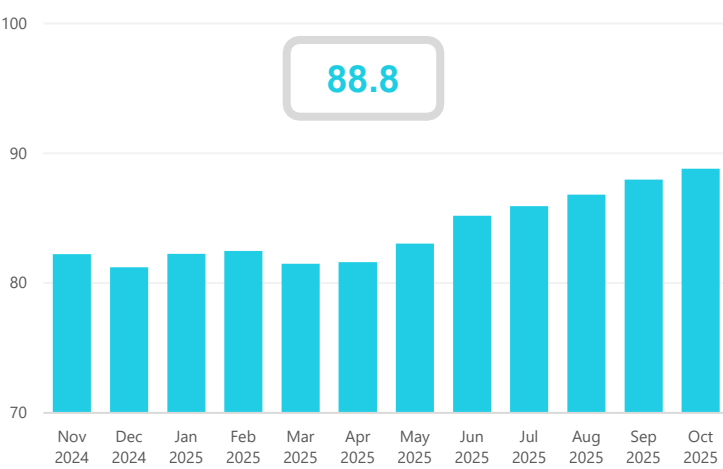
Growth of a Dollar (trailing 5Y)³



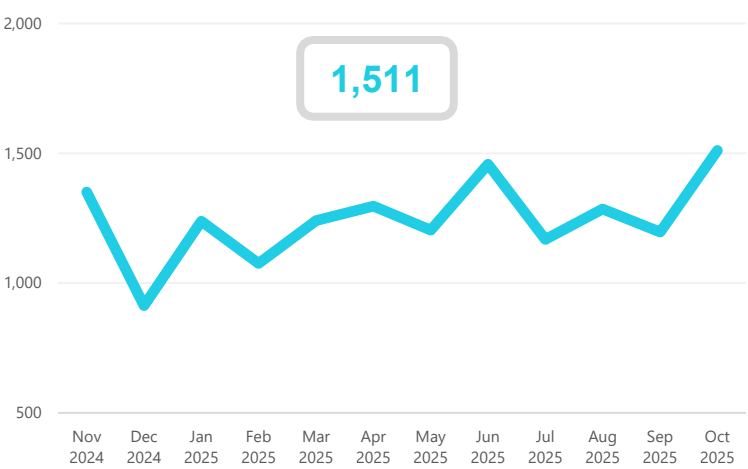
Asset Allocation (in millions)⁴



Total Market Value (in billions)



Cash Equivalents (in millions)

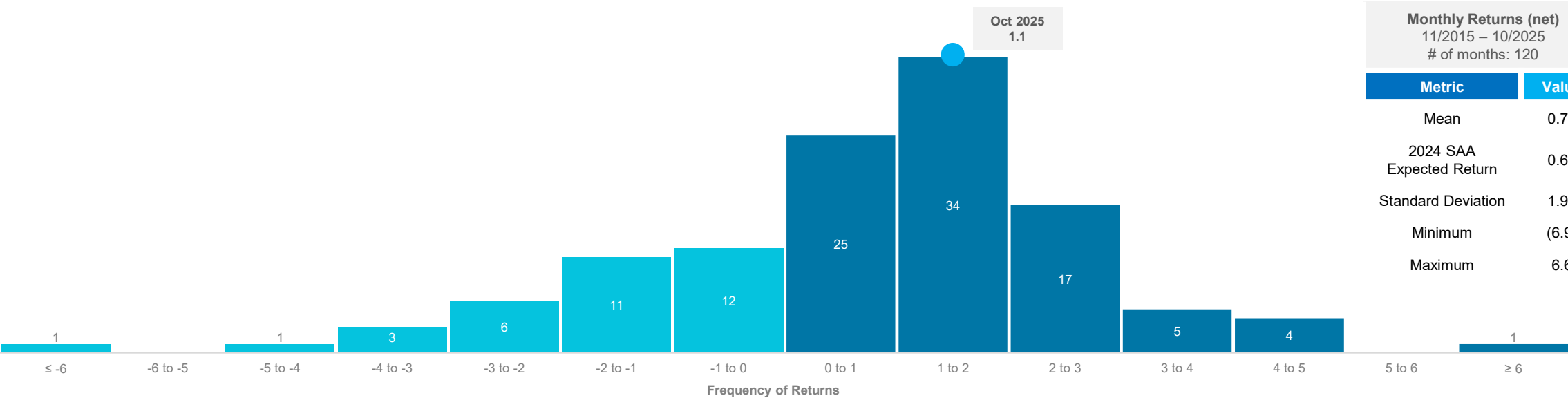


Total Fund

Historical Net Performance as of October 2025



LACERA Pension Fund⁵



Monthly Returns (net) 11/2015 – 10/2025 # of months: 120	
Metric	Value
Mean	0.70
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	88,814	100.0%	100.0%	1.1%	3.8%	4.9%	10.9%	11.8%	10.7%	10.0%	8.5%
Total Fund Policy Benchmark				1.1%	5.7%	6.5%	11.0%	12.9%	12.0%	8.8%	8.1%
Total Fund Actuarial Hurdle				0.6%	1.7%	2.3%	5.8%	7.0%	7.0%	7.0%	7.0%
Growth	43,022	48.4%	48.0%	1.1%	6.0%	6.8%	14.4%	15.5%	14.4%	14.3%	
Growth Policy Benchmark				1.8%	9.6%	10.9%	17.0%	19.8%	18.2%	14.0%	
Credit	11,324	12.8%	13.0%	2.6%	-0.7%	3.6%	13.1%	14.9%	14.6%	9.9%	
Credit Policy Benchmark				0.7%	2.2%	3.4%	6.6%	8.3%	11.1%	5.5%	
Real Assets & Inflation Hedges	12,336	13.9%	15.0%	-0.4%	2.2%	1.9%	6.9%	6.4%	2.6%	7.0%	
RA & IH Policy Benchmark				-0.2%	1.6%	2.0%	4.0%	6.3%	2.0%	6.5%	
Risk Reduction & Mitigation	21,641	24.4%	24.0%	0.8%	2.7%	2.9%	6.5%	6.3%	5.7%	1.0%	
RR & M Policy Benchmark				0.6%	2.6%	2.5%	6.3%	5.8%	5.6%	0.5%	
Overlays & Hedges	412	0.5%									
Other Assets	78	0.1%									

Total Fund

Forecast Volatility as of October 2025⁶



VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

TOTAL FUND
VOLATILITY

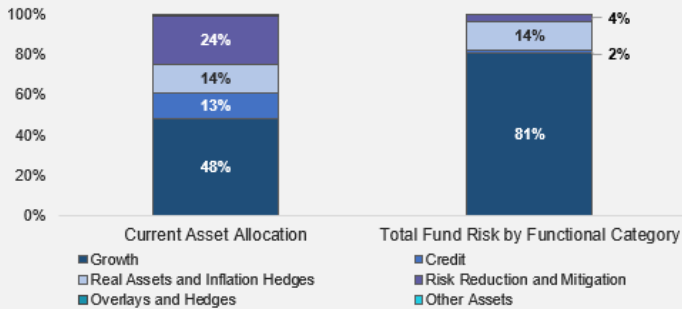
8.8%

BENCHMARK
VOLATILITY

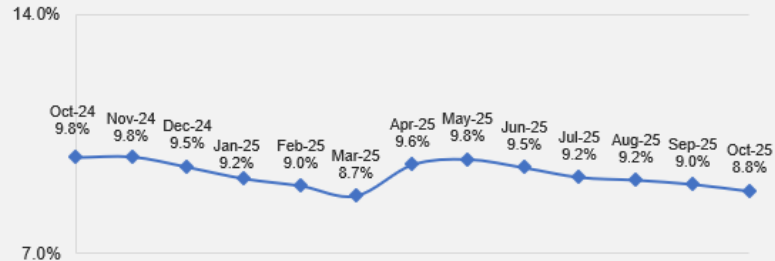
9.0%

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

0.96%

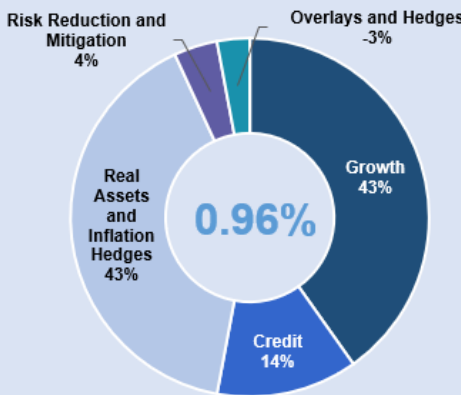
ALLOCATION
RISK

0.00%

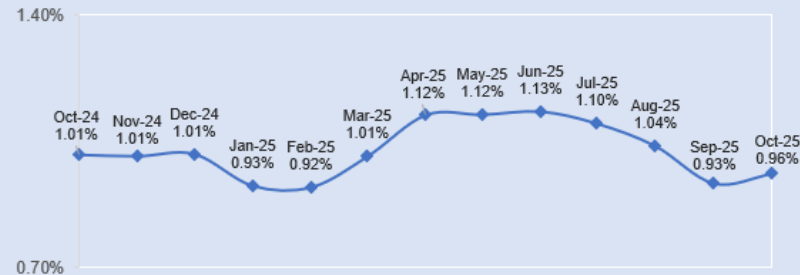
SELECTION
RISK

0.96%

Functional Category Contributions to Active Risk



Forecasted Active Risk Trend



Source: MSCI BarraOne

Total Fund






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

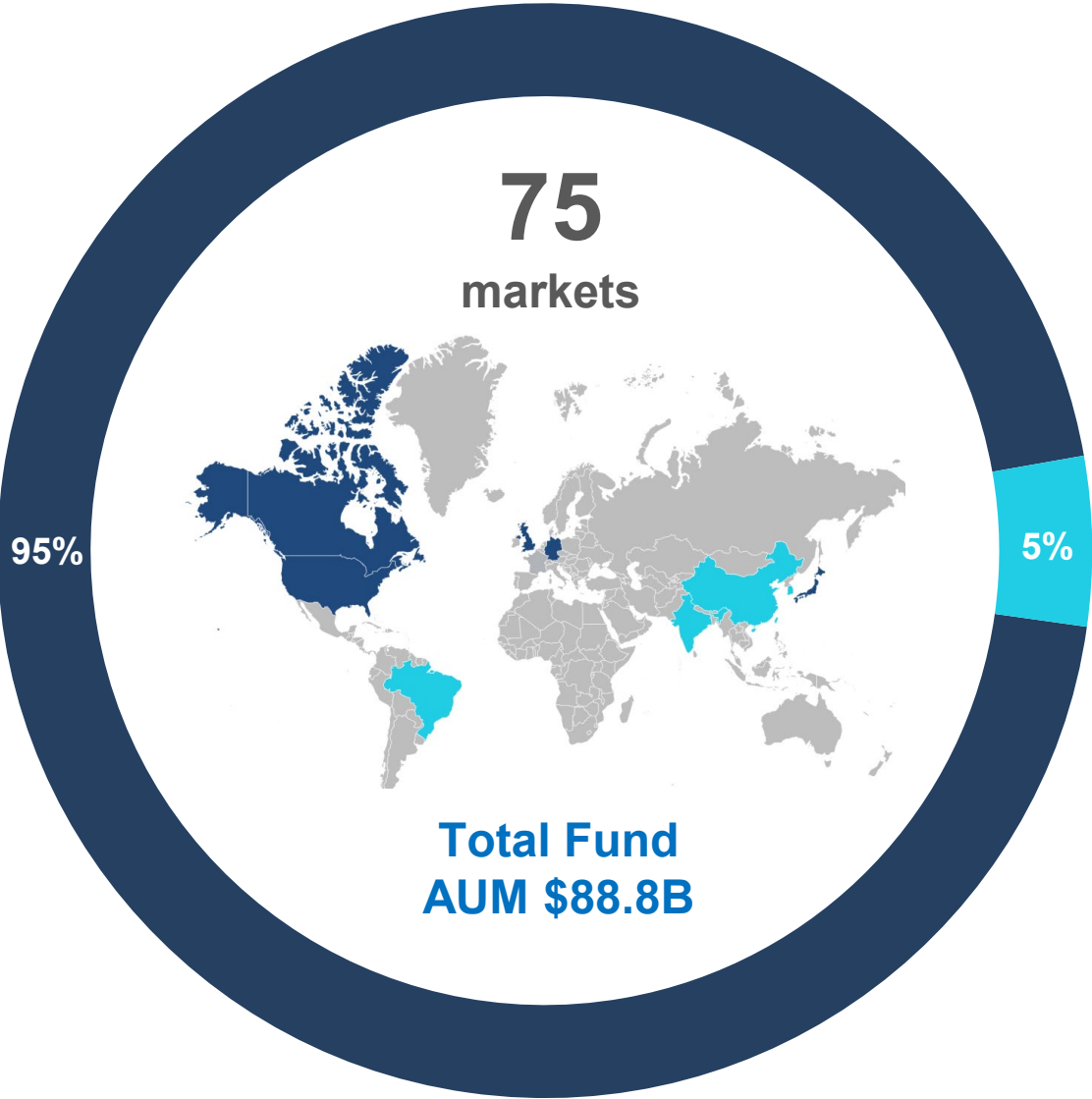





26

developed markets

Top 5 Countries		Portfolio
	United States	76.1%
	United Kingdom	4.6%
	Canada	2.4%
	Japan	1.8%
	Germany	1.6%





49

emerging & frontier markets

Top 5 Countries		Portfolio
	China	1.9%
	Taiwan	0.7%
	South Korea	0.5%
	Brazil	0.4%
	India	0.4%



03



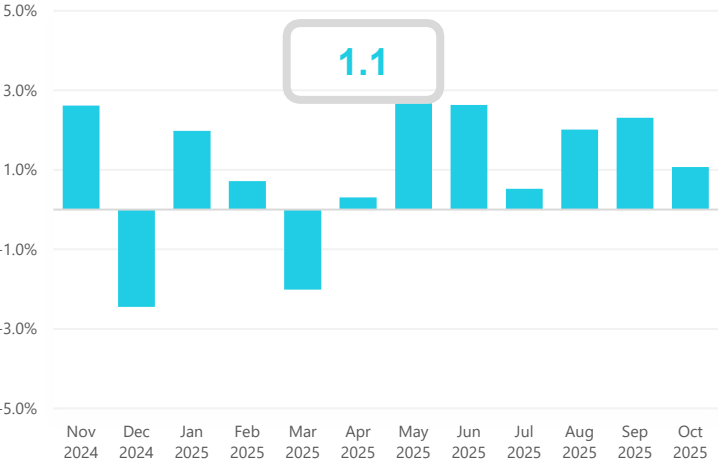
OPEB Trust Performance & Risk

OPEB Trust

Performance Summary as of October 2025



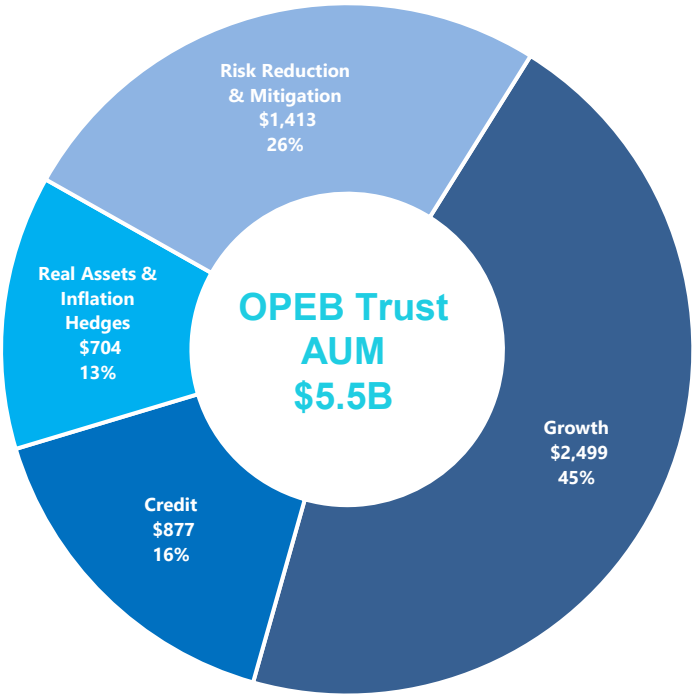
Monthly Return (net)



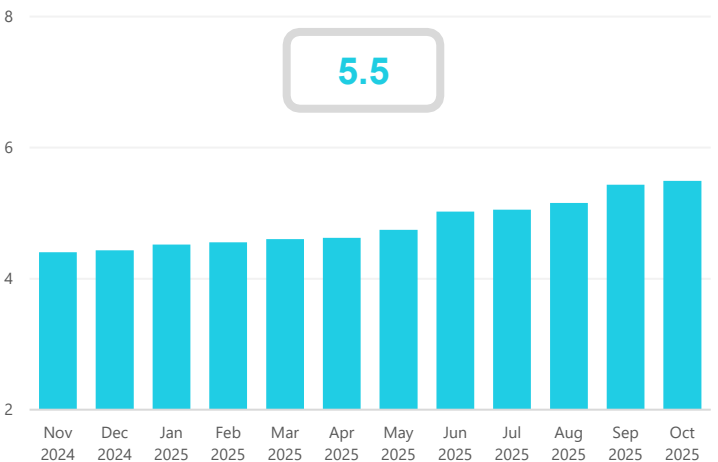
Growth of a Dollar (trailing 5Y)⁹



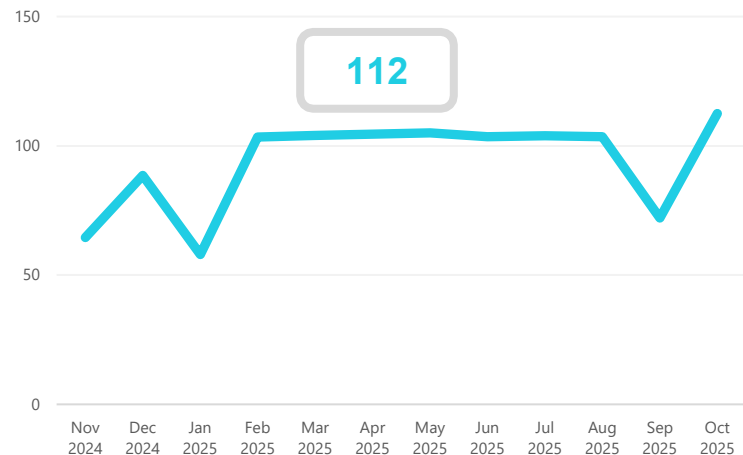
Asset Allocation (in millions)



Total Market Value (in billions)

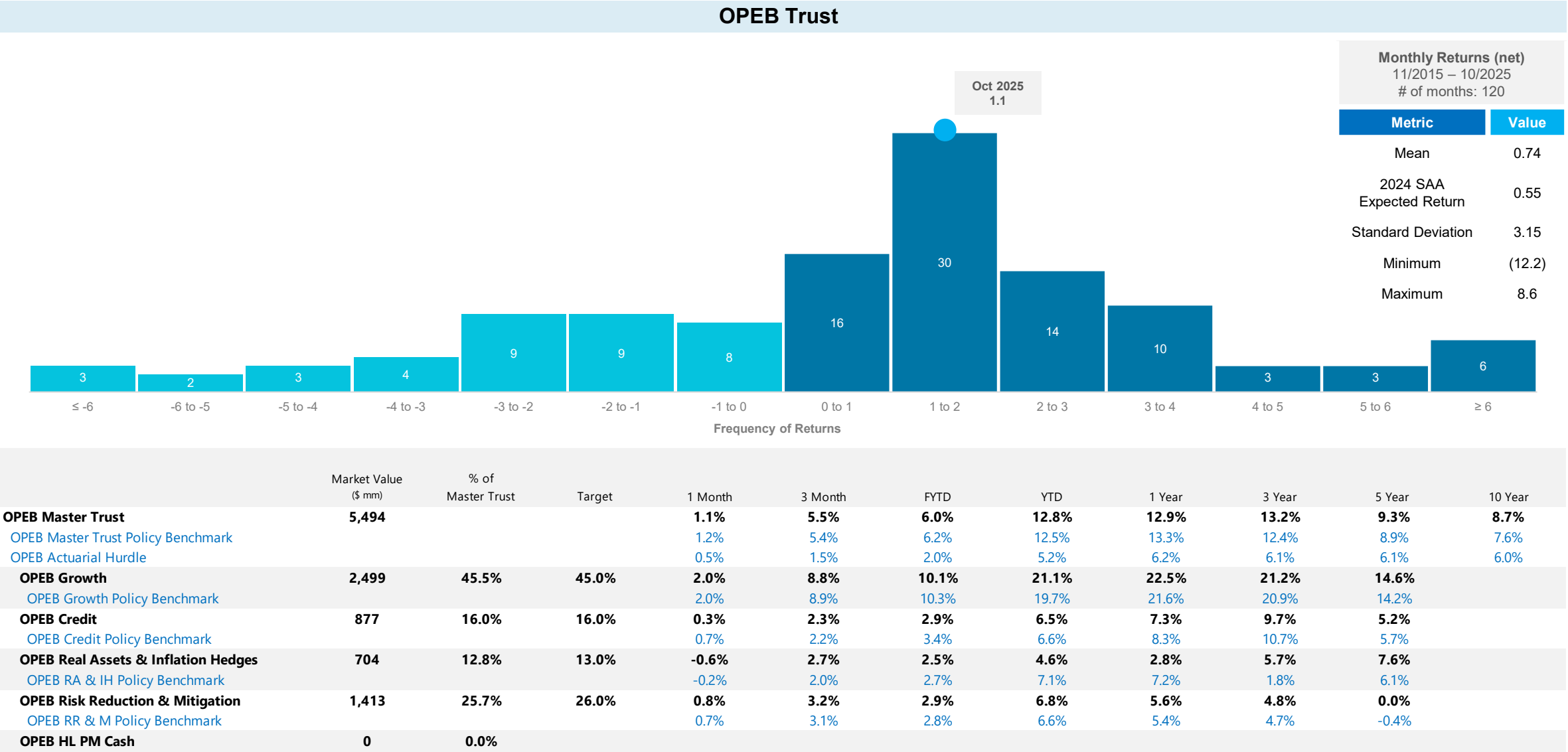


Cash Equivalents (in millions)



OPEB Trust

Historical Net Performance as of October 2025



OPEB Trust

Forecast Volatility as of October 2025¹⁰



VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

OPEB TRUST
VOLATILITY

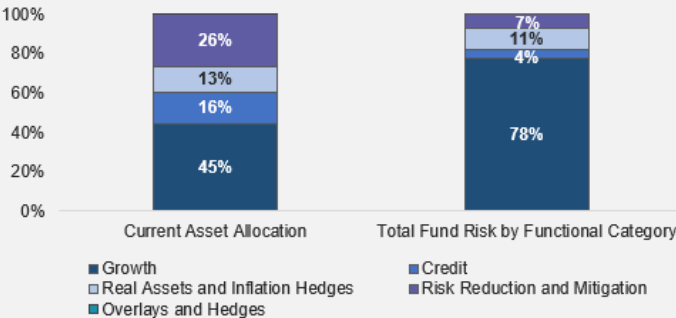
8.2%

BENCHMARK
VOLATILITY

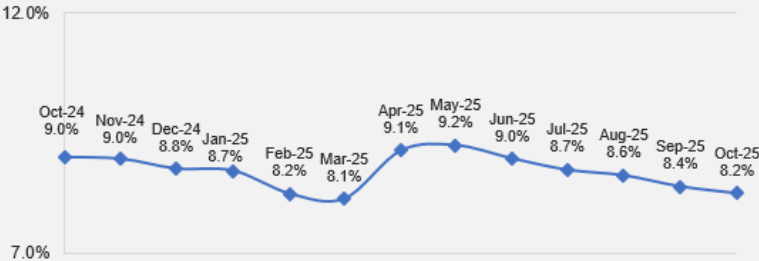
8.3%

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

0.68%

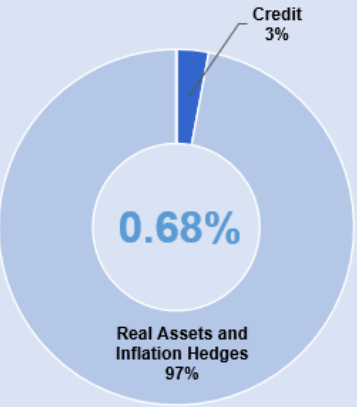
ALLOCATION
RISK

0.02%

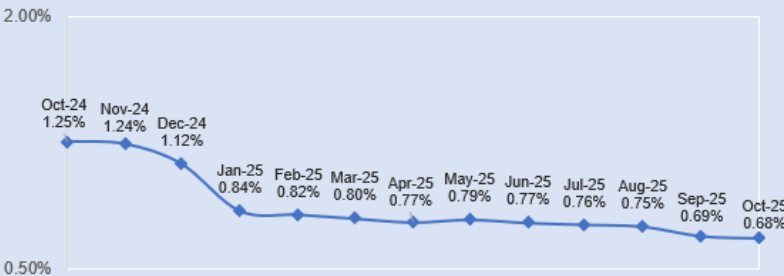
SELECTION
RISK

0.66%

Functional Category Contributions to Active Risk



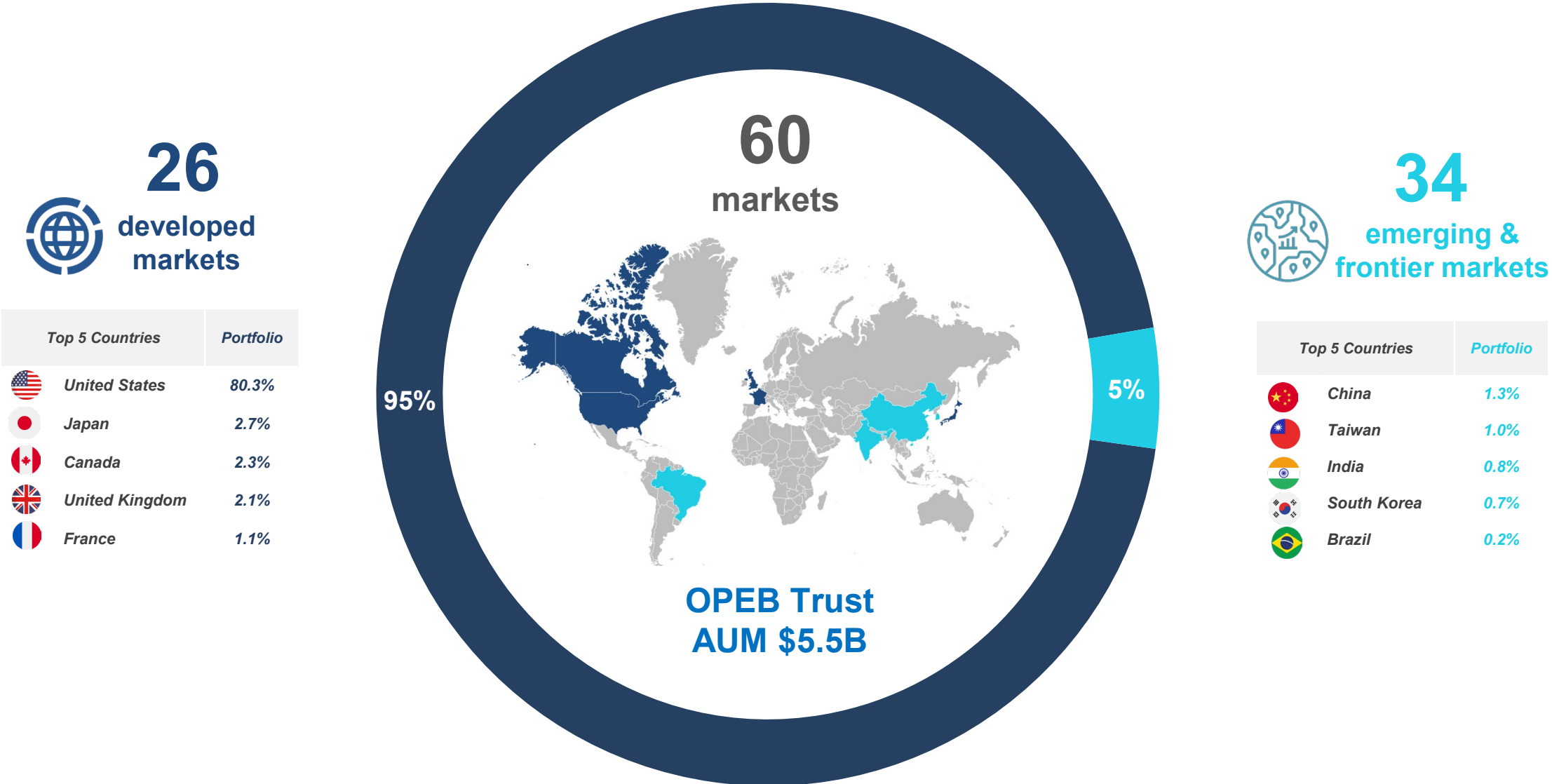
Forecasted Active Risk Trend



Source: MSCI BarraOne

OPEB Trust

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





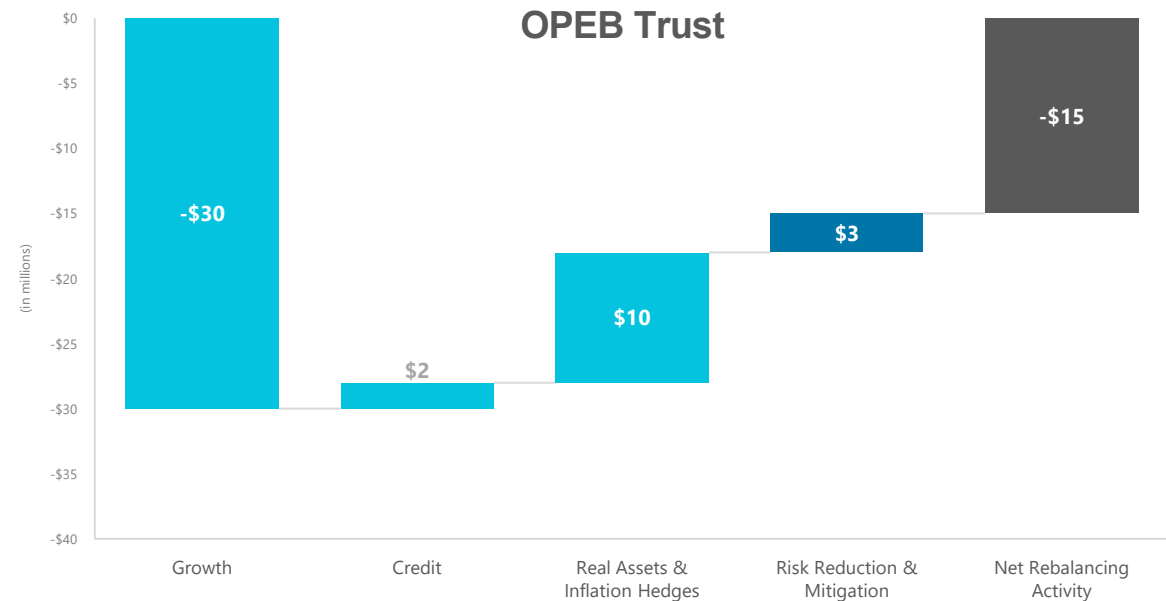
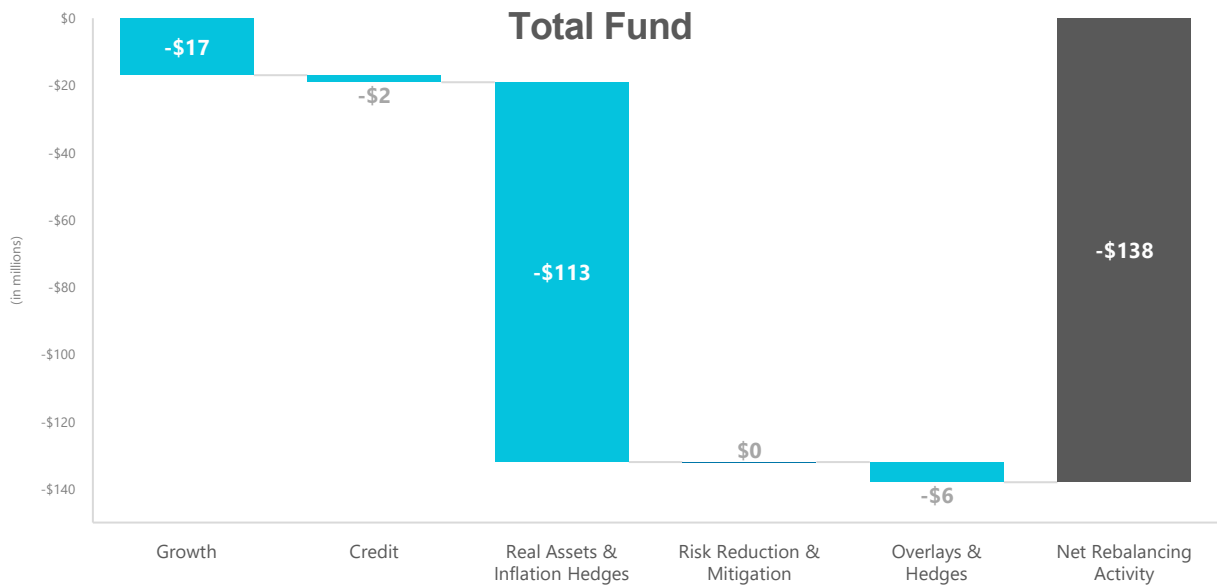
04

Portfolio & Structural Updates





Rebalancing Activity



Overlays & Hedges

Program	October Gain / (Loss) in \$ millions	Since Inception Gain / (Loss) in \$ millions
Currency Hedge	6.4	1,464.2
Cash / Rebalance Overlay	19.3	617.2

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
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	Completed
Finance Analyst III – 6 positions	In Development
Finance Analyst II – 3 positions	In Progress

Key Initiatives and Operational Updates



Manager / Consultant Updates

Firm	Mandate	Asset Class	LACERA AUM (prior month end, in millions)	Update
Clearlake Capital Group	Fund Manager	Private Equity	\$612 mm	Clearlake Capital Group agreed to acquire Pathway Capital Management on November 12, 2025; LACERA's Pathway exposure is limited to two legacy fund-of-funds in their harvest period.

Change In Fiduciary Net Position¹³



FIDUCIARY NET POSITION

Additions

+

Deductions



ADDITIONS

Employer and Employee Contributions

Net Investment Income/(Loss)



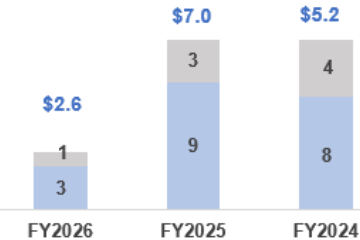
DEDUCTIONS

Benefits and Refunds

Administrative Expenses

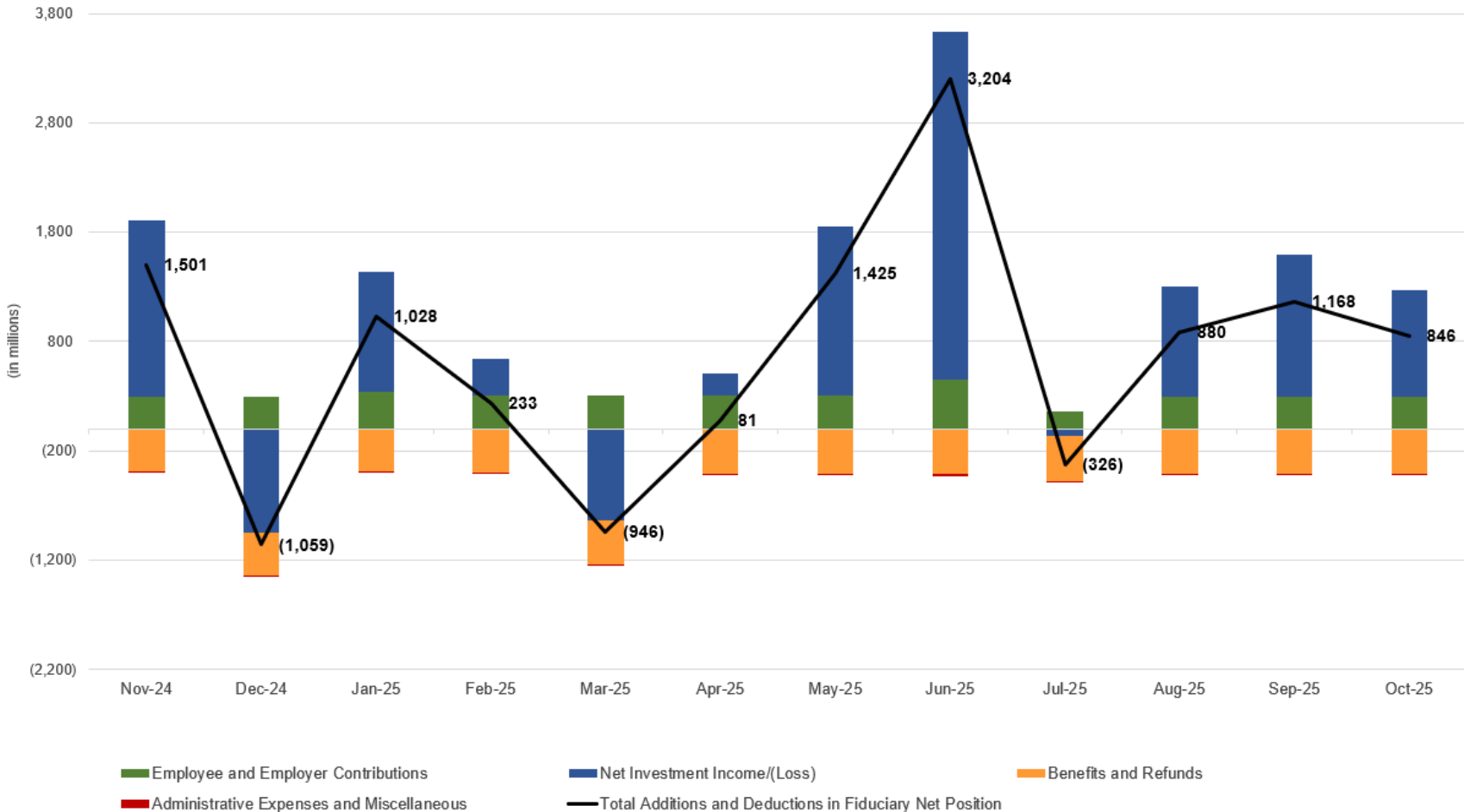
Total Net Position Change Trend

(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

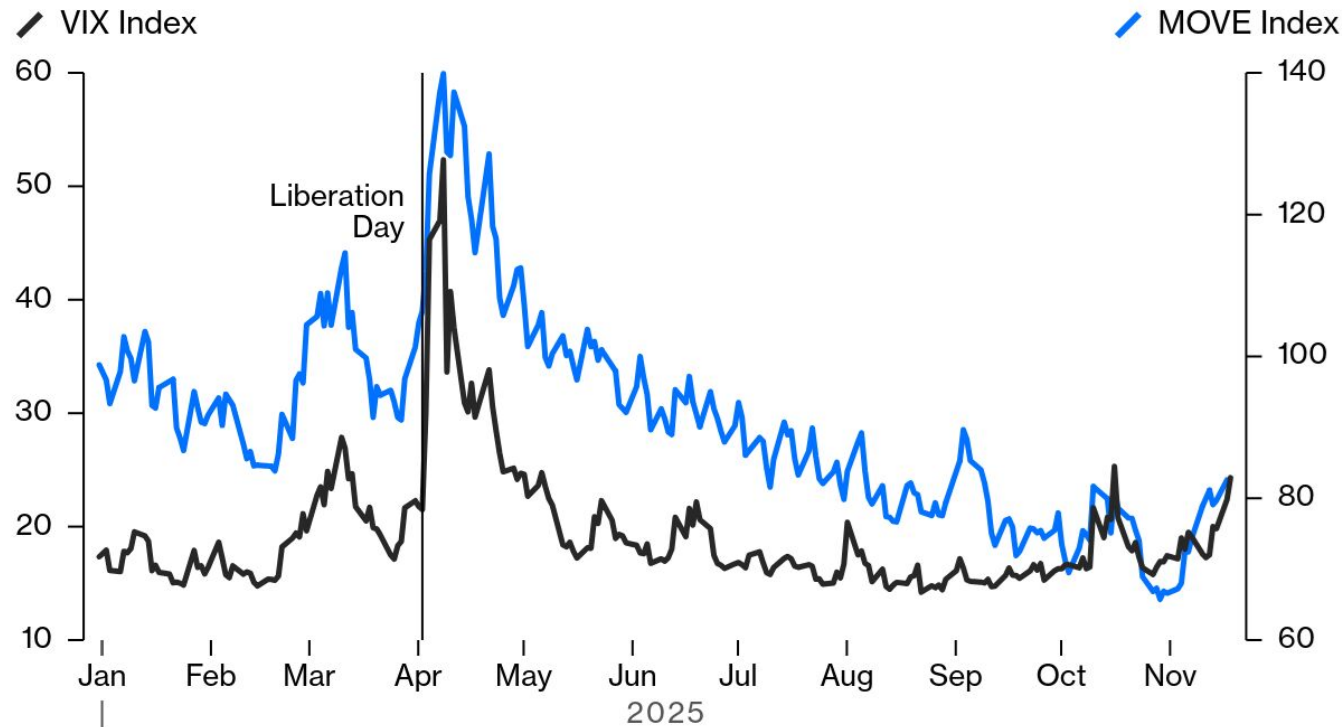
Staff Chart of the Month

After Months of Decline, Volatility in Bonds and Equities is Trending Higher



Volatility: It's Ba-a-a-ack!

There is no return to the Liberation Day terror, but jitters are coming back



Source: Bloomberg

Bloomberg Opinion

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.

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. The Quarterly Real GDP Growth and the Inflation, Unemployment, and Labor Participation charts have not been updated due to the unavailability of source data resulting from the recent federal 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.