



Chief Investment Officer Monthly Report

Jonathan Grabel – Chief Investment Officer 

Board of Investments Meeting
July 8th, 2026

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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



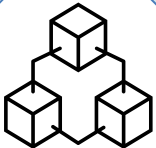
Interest rates and central bank actions

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



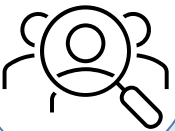
Economic data and trends

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



Artificial intelligence

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



Stewardship and ESG-related developments

- Regulatory debates and proposals on financial reporting, corporate disclosures, and proxy research
- Investor rights at several large initial public offerings (IPOs)

Market Themes

- **Tariff Impacts:** Trade policy uncertainty continued as the U.S. proposed new Section 301 tariffs on multiple major trading partners, expanding the scope of trade restrictions and reinforcing risks to global growth and inflation
- **Inflation:** U.S. Personal Consumption Expenditures (PCE) inflation rose to 4.1% year-over-year in May 2026, the highest level since April 2023. This was driven in part by increases in energy prices and supply constraints
- **Federal Reserve Policy:** The Federal Reserve held the federal funds rate at 3.50%–3.75% at its June meeting, marking the fourth consecutive pause in 2026 and the first meeting chaired by Kevin Warsh
- **Geopolitical Uncertainty:** Middle East tensions, including disruptions in the Strait of Hormuz, added to the persistent inflationary pressures including elevated energy prices
- **Corporate Earnings:** Corporate earnings expectations were revised higher during the second quarter, supported by a strong pace of positive corporate guidance. Growth remained concentrated in Information Technology and AI-linked names

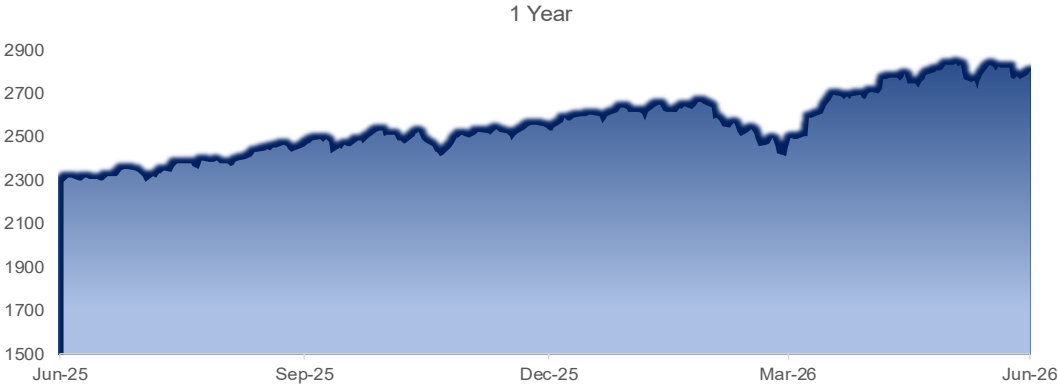
Global Market Performance

As of June 30, 2026



MSCI ACWI IMI Index (Global Equity Market)*

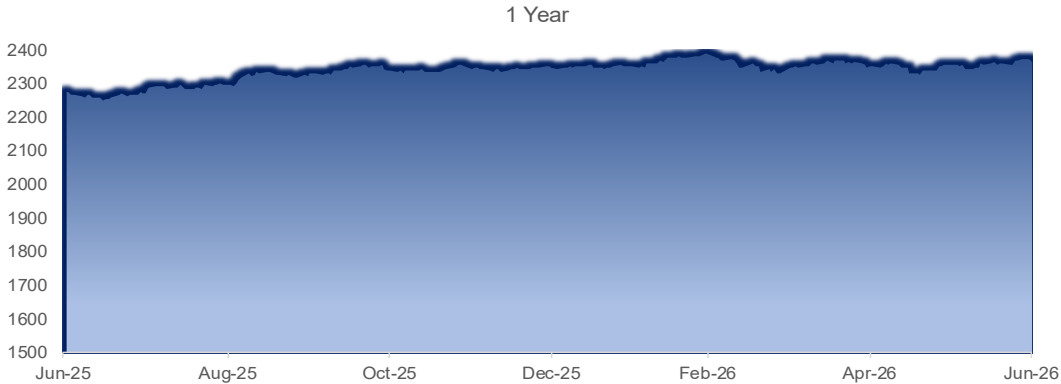
Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
-0.6	14.9	24.2	11.8	24.2	19.4	10.6	12.5



*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
0.2	0.7	3.8	0.6	3.8	4.2	0.1	1.5

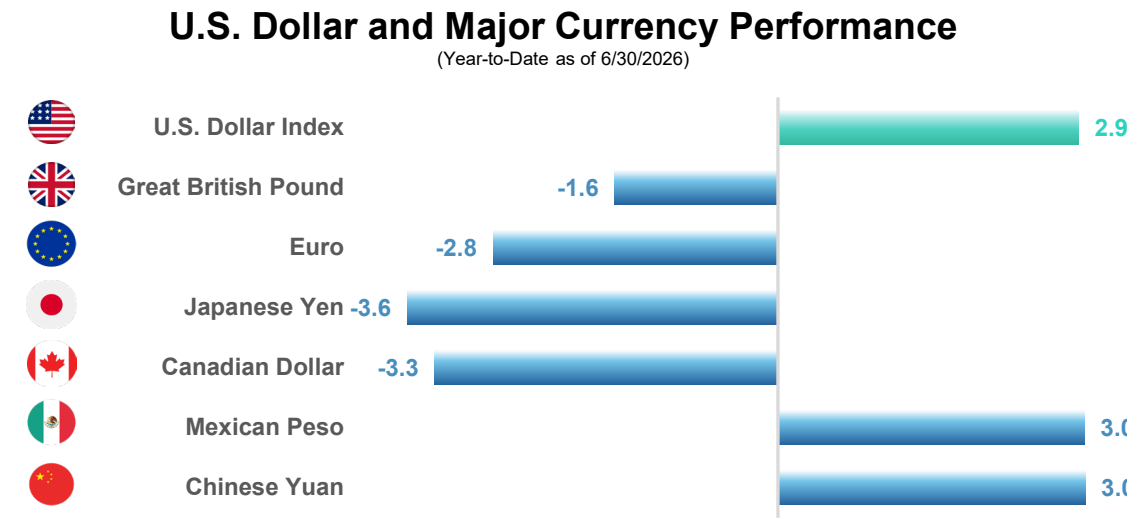
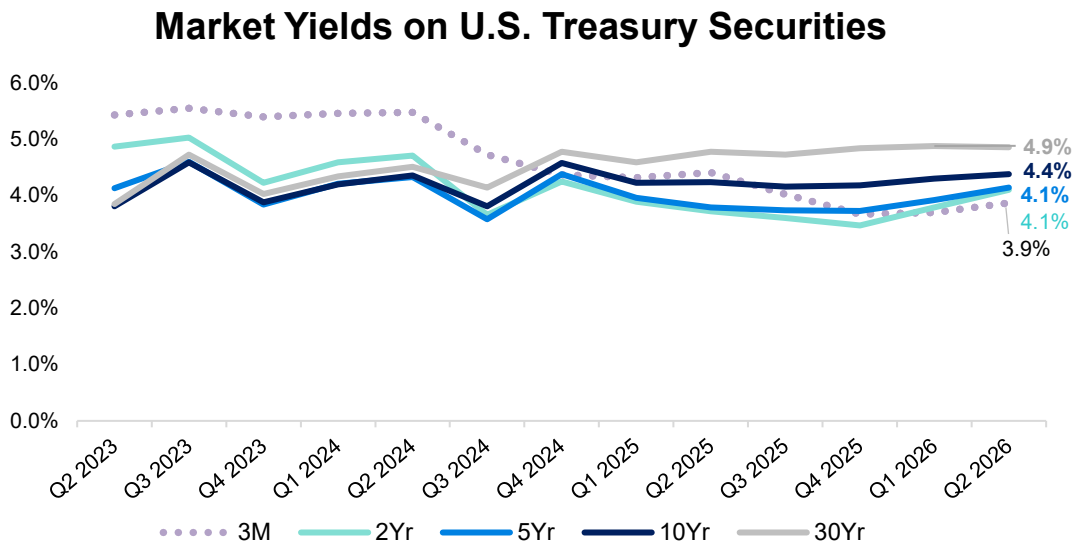
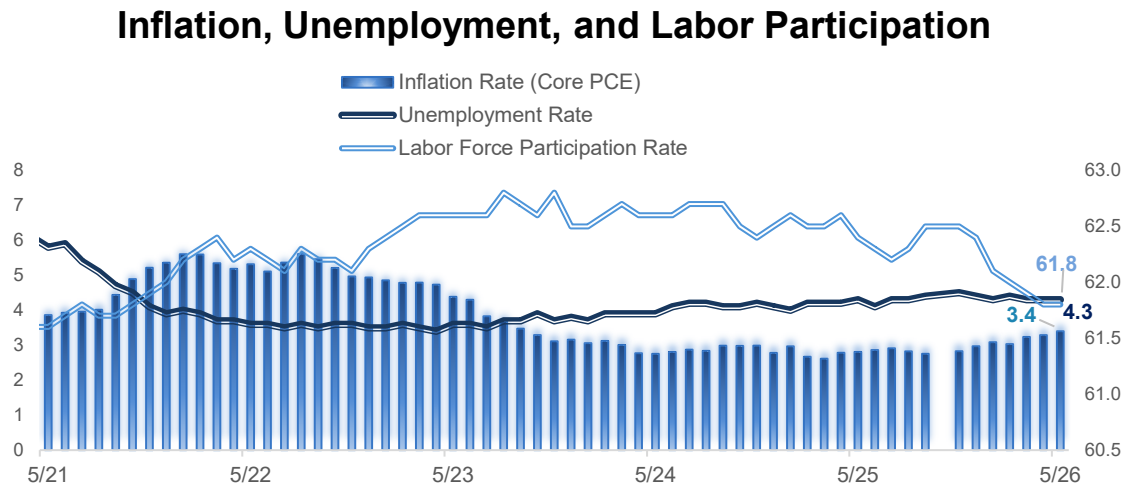
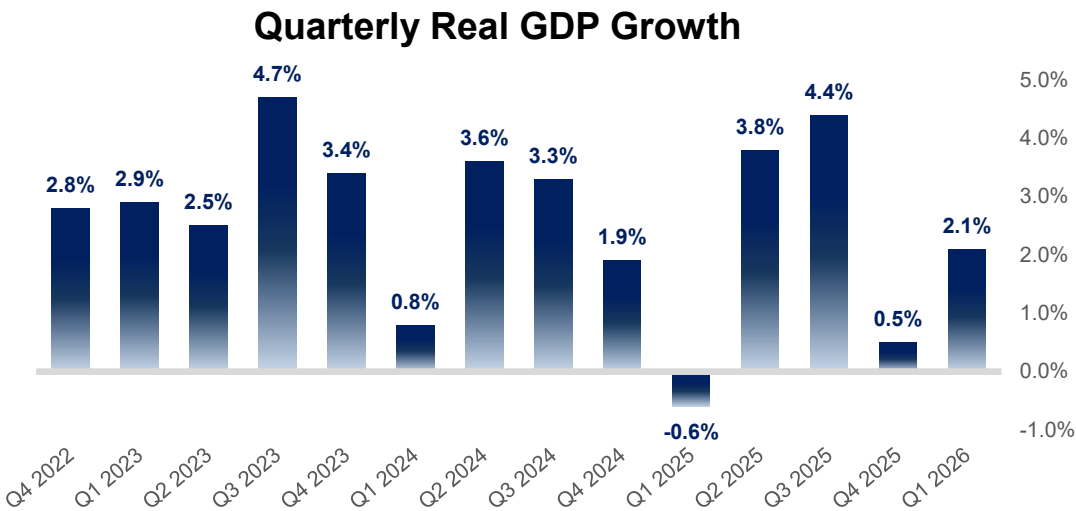


**Investment Grade Bonds Policy Benchmark - Barclays U.S. Aggregate Bond Index

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	9.1	15.8	7.4	15.8	13.2	6.4	8.3
Global Equity	U.S. Large Cap	S&P 500 Total Return	-1.0	15.2	22.3	10.2	22.3	20.6	13.4	15.5
	U.S. Small Cap	Russell 2000 Total Return	3.7	21.5	40.8	22.6	40.8	18.6	7.0	11.6
	Non-U.S. All Cap	MSCI ACWI-ex U.S. IMI Total Return	-1.0	13.8	26.6	13.1	26.6	18.5	8.4	9.8
	Emerging Markets	MSCI Emerging Markets Total Return	-1.4	24.1	43.5	23.8	43.5	23.0	7.2	10.1
Private Equity	Private Equity Buyout	Thomson Reuters PE Buyout Index	0.1	20.5	26.1	12.3	26.1	26.7	9.1	14.0
Fixed Income	U.S. Corporate High Yield Bonds	Bloomberg U.S. Corporate High Yield Total Return	0.3	2.5	5.9	2.0	5.9	8.8	4.2	5.8
	U.S. Long Term Treasury Bonds	Bloomberg Long Term U.S. Treasury Total Return Index	1.0	0.9	2.9	0.4	2.9	-0.5	-5.6	-1.3
	Developed Markets Leveraged Loans	Credit Suisse Leveraged Loan Total Return	0.1	1.8	4.3	1.4	4.3	7.6	5.9	5.5
Real Assets & Inflation Hedges	Natural Resources	S&P Global Natural Resources Total Return Index	-7.8	-8.5	28.4	9.7	28.4	11.9	9.3	10.4
	Global Infrastructure	Dow Jones Brookfield Global Infrastructure Composite Index	-0.2	-0.2	13.2	11.0	13.2	13.4	8.4	7.0
	Treasury Inflation-Protected Securities	Bloomberg U.S. Treasury TIPS 0-5 Years Total Return	-0.4	0.6	3.6	1.6	3.6	5.1	3.3	3.1
	Real Estate	NCREIF Fund Index - ODCE (Net) ¹	0.0	1.0	2.3	1.0	3.1	-2.8	2.3	3.8

Source: Bloomberg, State Street

Key Macro Indicators²



Sources: Bloomberg, St. Louis Federal Reserve



02



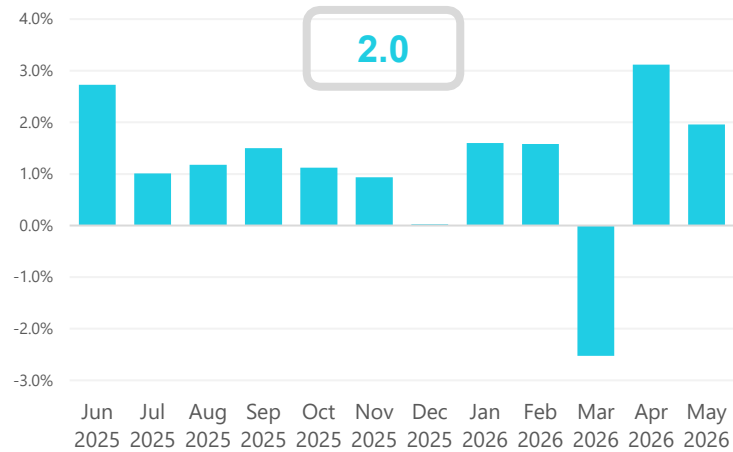
Total Fund Performance and Risk

Total Fund

Performance Summary as of May 2026



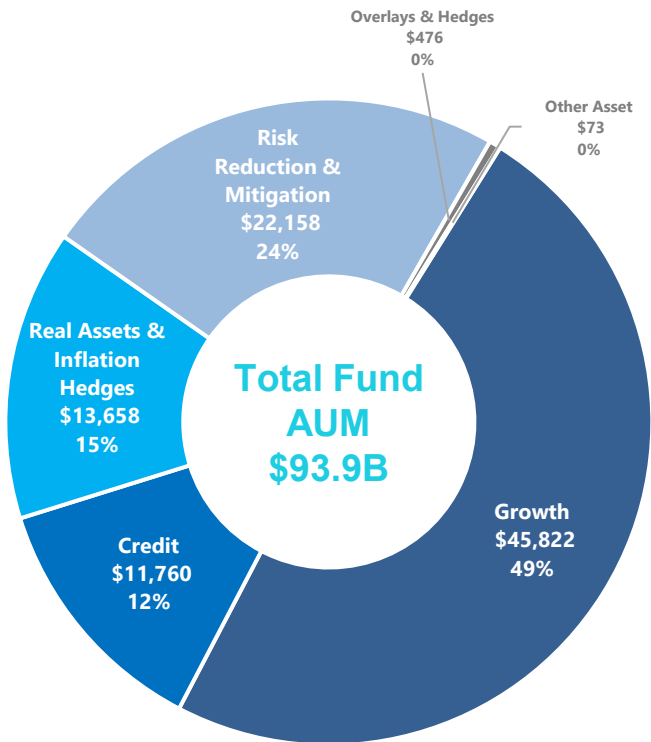
Monthly Return (net)



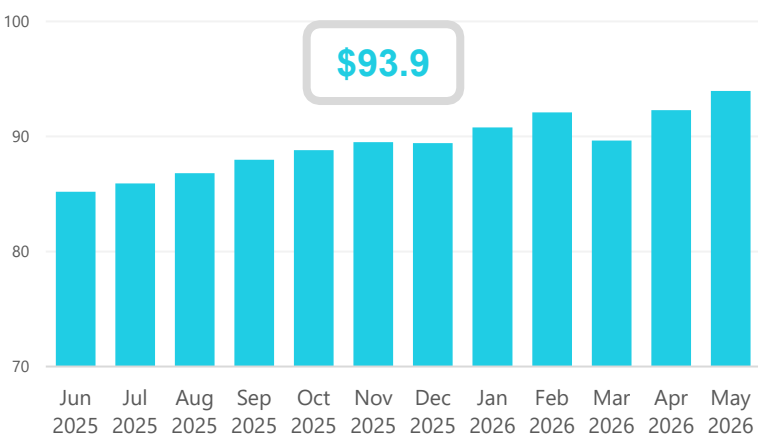
Growth of a Dollar (trailing 5Y)³



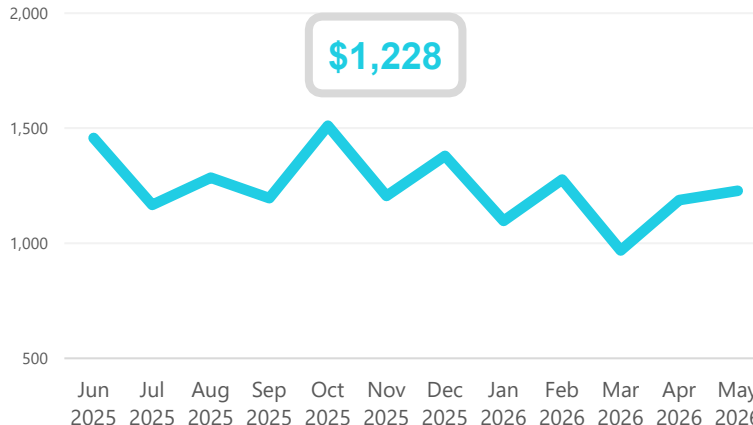
Asset Allocation (in millions)⁴



Total Market Value (in billions)



Cash Equivalents (in millions)

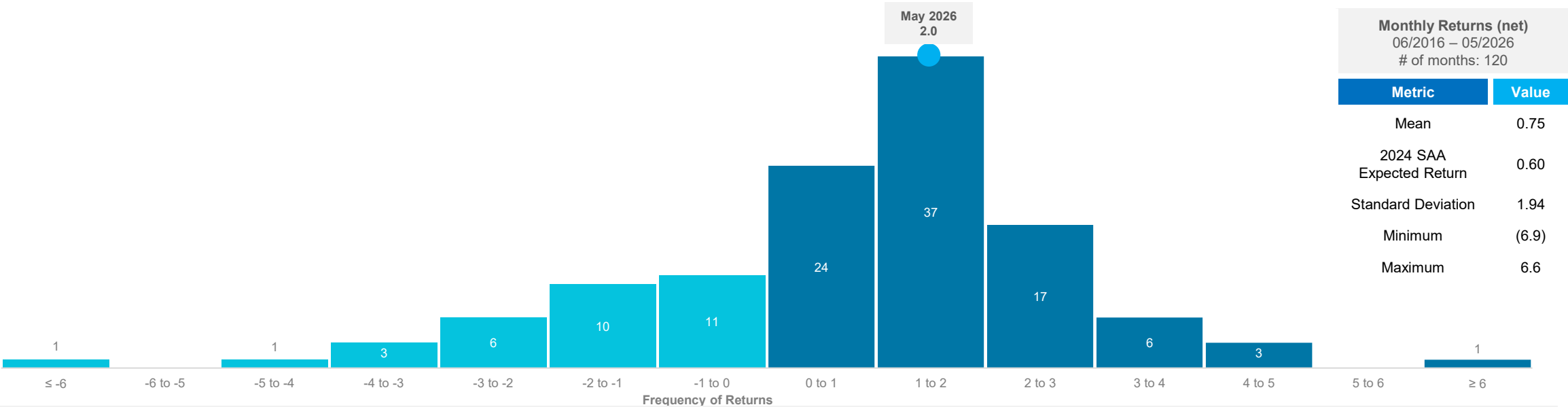


Total Fund

Historical Net Performance as of May 2026



LACERA Pension Fund⁵



Monthly Returns (net) 06/2016 – 05/2026 # of months: 120	
Metric	Value
Mean	0.75
2024 SAA Expected Return	0.60
Standard Deviation	1.94
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	93,948	100.0%	100.0%	2.0%	2.5%	12.0%	5.8%	15.1%	11.1%	7.6%	9.1%
Total Fund Policy Benchmark				2.6%	4.4%	16.3%	7.1%	18.0%	13.3%	7.5%	8.8%
Total Fund Actuarial Hurdle				0.6%	1.7%	6.4%	2.9%	7.0%	7.0%	7.0%	7.0%
Growth	45,822	48.8%	48.0%	2.9%	4.4%	17.6%	8.2%	21.2%	15.3%	10.2%	
Growth Policy Benchmark				3.7%	6.9%	26.9%	11.0%	28.7%	21.0%	11.3%	
Credit	11,760	12.5%	13.0%	2.4%	2.3%	5.8%	4.6%	13.6%	12.9%	8.1%	
Credit Policy Benchmark				1.4%	1.2%	6.2%	2.0%	8.0%	9.2%	5.0%	
Real Assets & Inflation Hedges	13,658	14.5%	15.0%	-0.1%	0.3%	9.1%	4.6%	10.2%	5.2%	5.6%	
RA & IH Policy Benchmark				3.9%	7.3%	12.9%	8.5%	14.5%	6.2%	5.7%	
Risk Reduction & Mitigation	22,158	23.6%	24.0%	0.7%	-0.7%	4.9%	1.4%	6.1%	4.5%	1.3%	
RR & M Policy Benchmark				0.4%	-0.6%	4.1%	1.0%	5.4%	4.1%	0.9%	
Overlays & Hedges	476	0.5%									
Other Asset	73	0.1%									

Total Fund

Forecast Volatility as of May 2026⁶



VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

TOTAL FUND
VOLATILITY

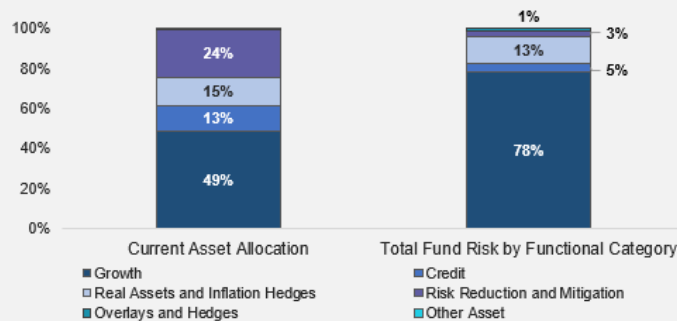
9.1%

BENCHMARK
VOLATILITY

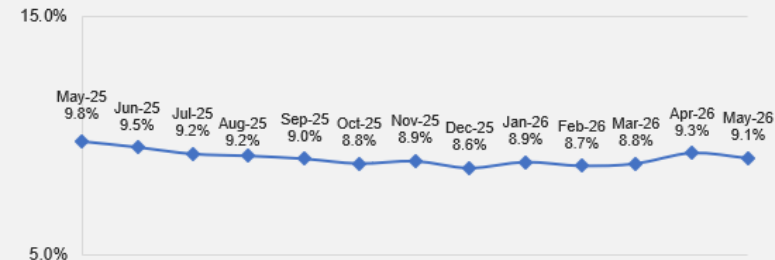
8.7%

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

1.27%

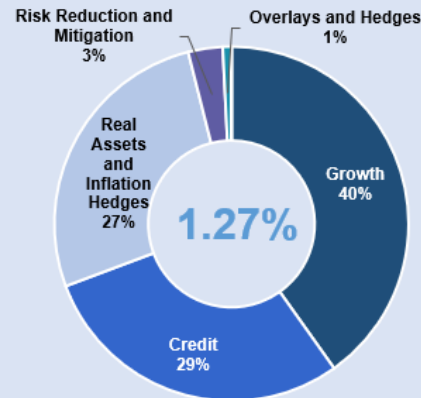
ALLOCATION
RISK

0.06%

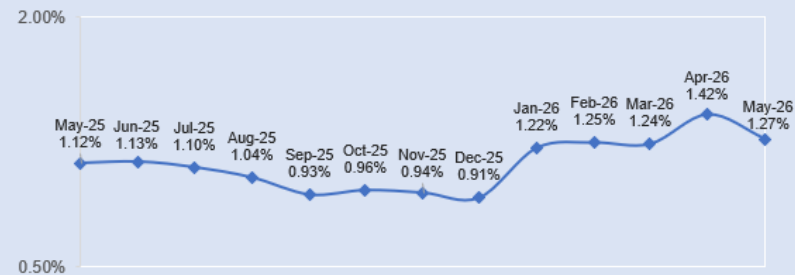
SELECTION
RISK

1.21%

Functional Category Contributions to Active Risk



Forecasted Active Risk Trend



Source: MSCI BarraOne

Total Fund

Geographic Exposure by AUM as of May 2026^{7,8}



26

developed markets

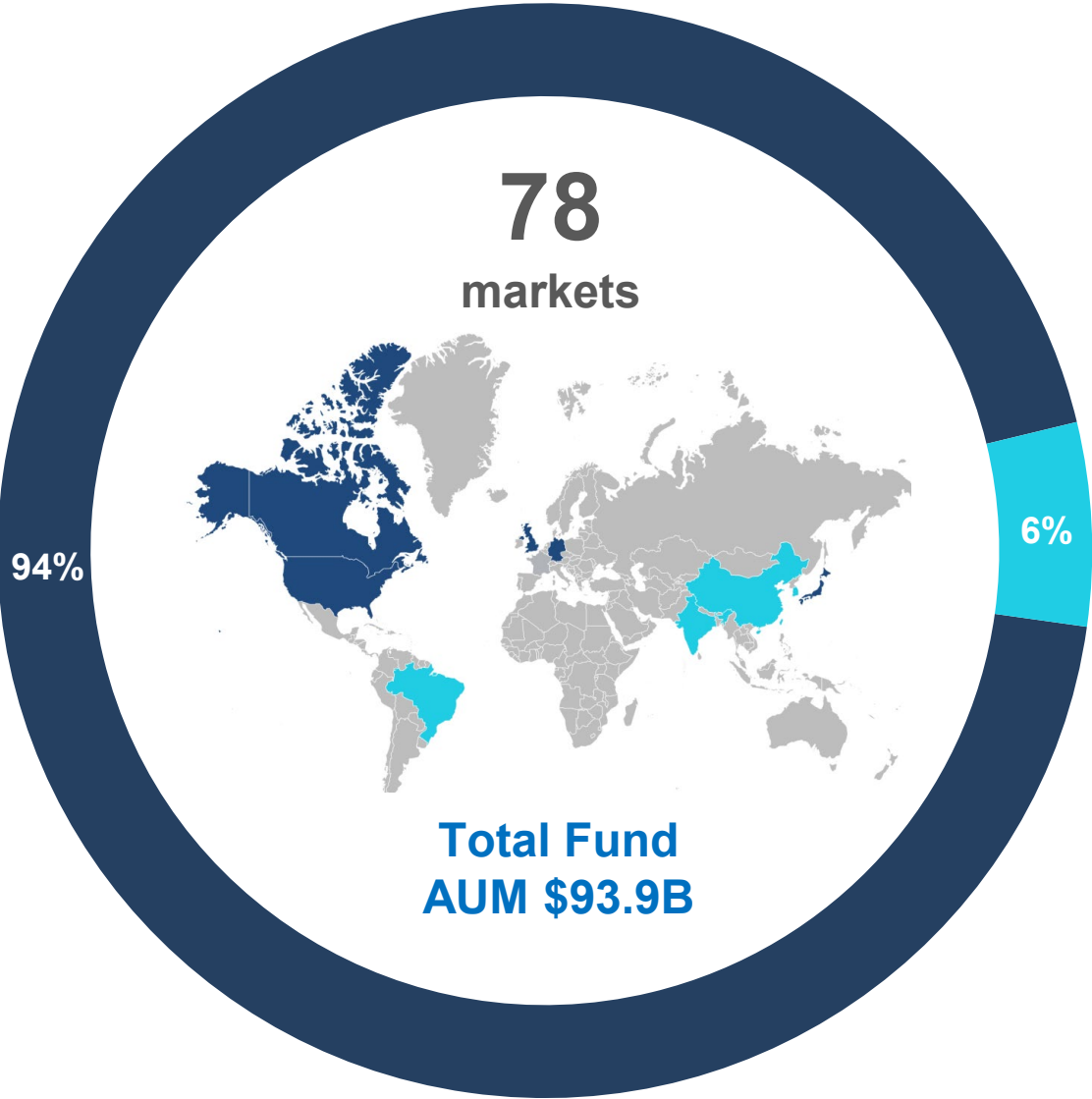


52

emerging & frontier markets

Top 5 Countries		Portfolio
	United States	75.3%
	United Kingdom	4.1%
	Canada	2.6%
	Japan	1.9%
	Germany	1.6%

Top 5 Countries		Portfolio
	China	1.7%
	Taiwan	1.1%
	South Korea	1.0%
	Brazil	0.5%
	India	0.4%





03

OPEB Master Trust Performance and Risk

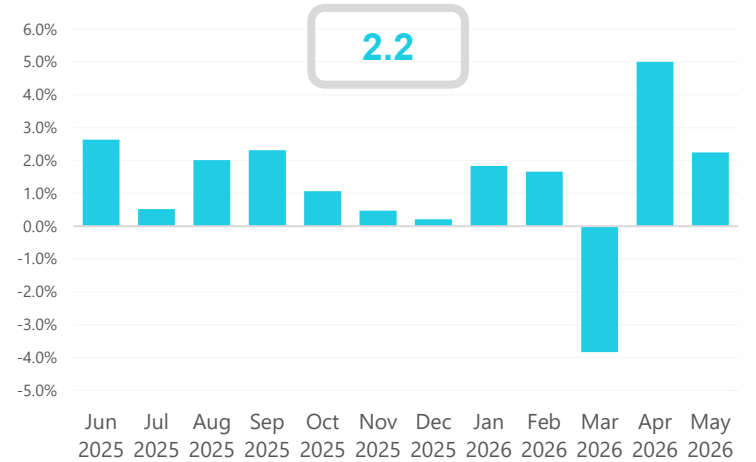


OPEB Master Trust

Performance Summary as of May 2026



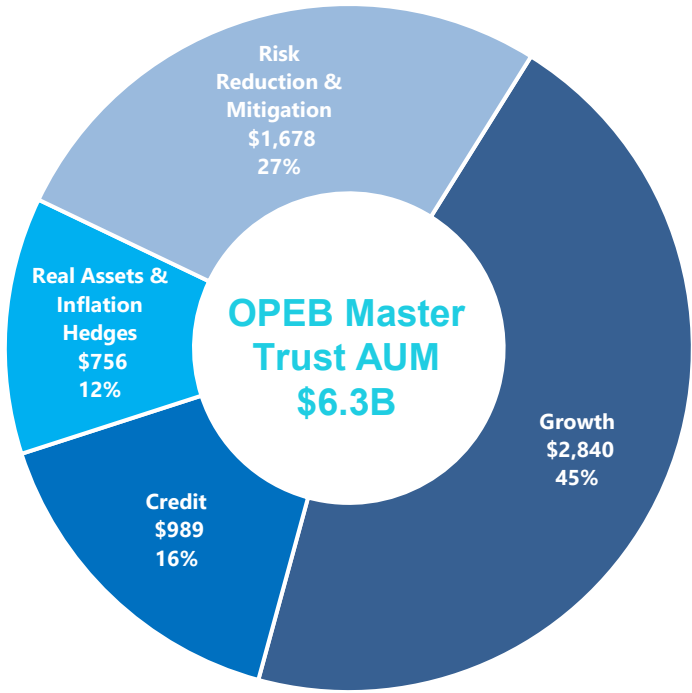
Monthly Return (net)



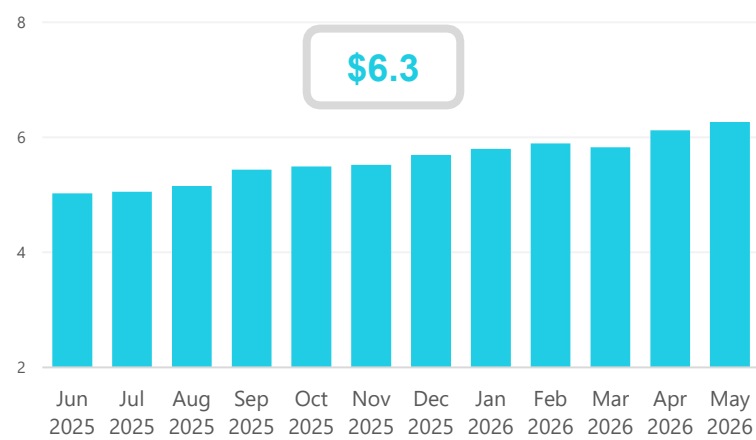
Growth of a Dollar (trailing 5Y)⁹



Asset Allocation (in millions)



Total Market Value (in billions)

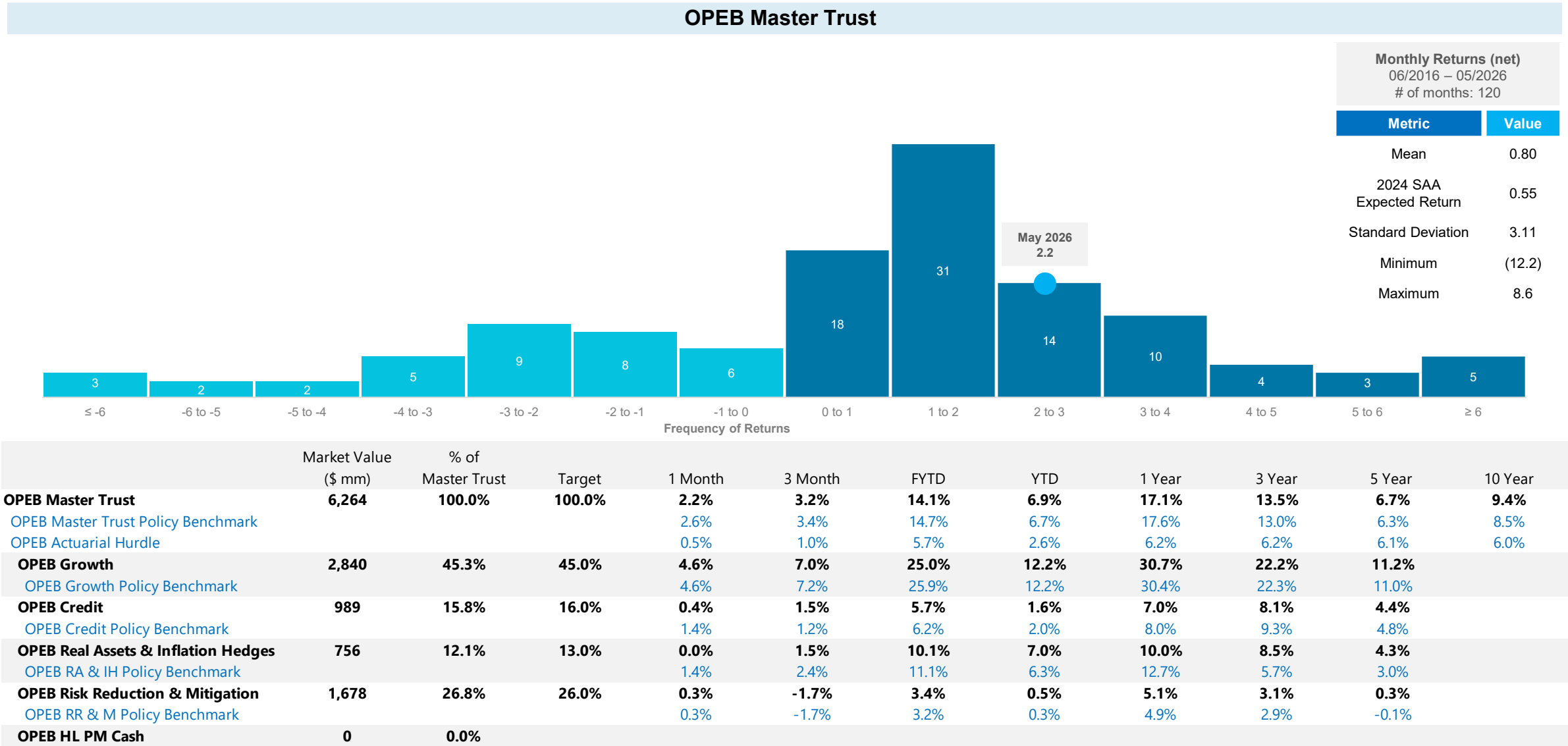


Cash Equivalents (in millions)



OPEB Master Trust

Historical Net Performance as of May 2026



OPEB Master Trust

Forecast Volatility as of May 2026¹⁰



VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

OPEB TRUST
VOLATILITY

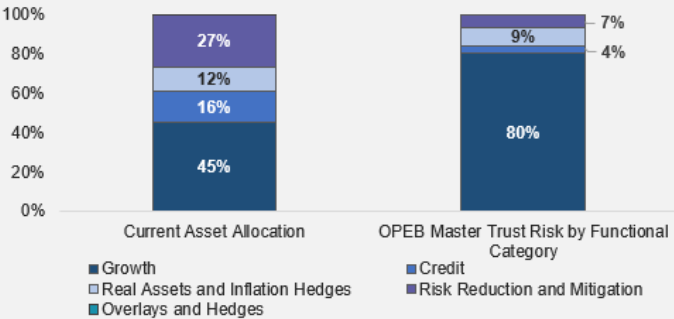
8.0%

BENCHMARK
VOLATILITY

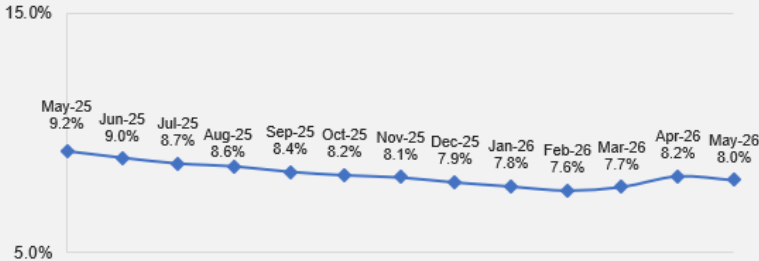
8.1%

OPEB Master Trust Asset Allocation

Capital-based versus Risk-based



Forecasted OPEB Master Trust Volatility Trend



ACTIVE RISK

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

OPEB
MASTER TRUST
ACTIVE RISK

0.69%

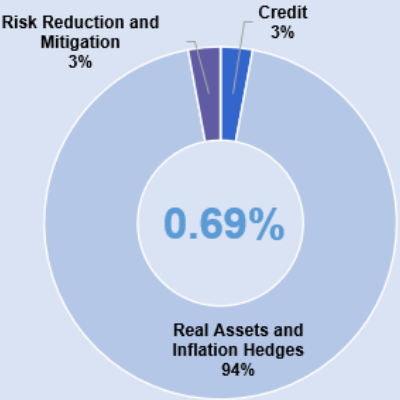
ALLOCATION
RISK

0.08%

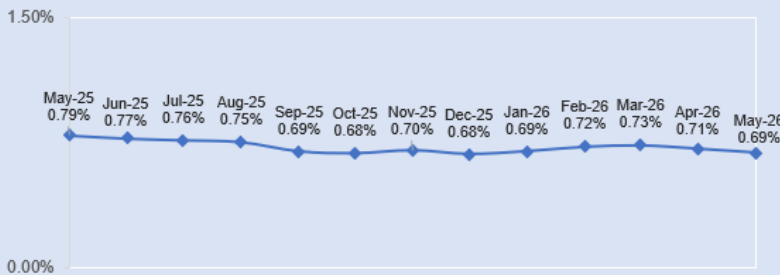
SELECTION
RISK

0.60%

Functional Category Contributions to Active Risk



Forecasted Active Risk Trend



Source: MSCI BarraOne

OPEB Master Trust

Geographic Exposure by AUM as of May 2026^{11,12}



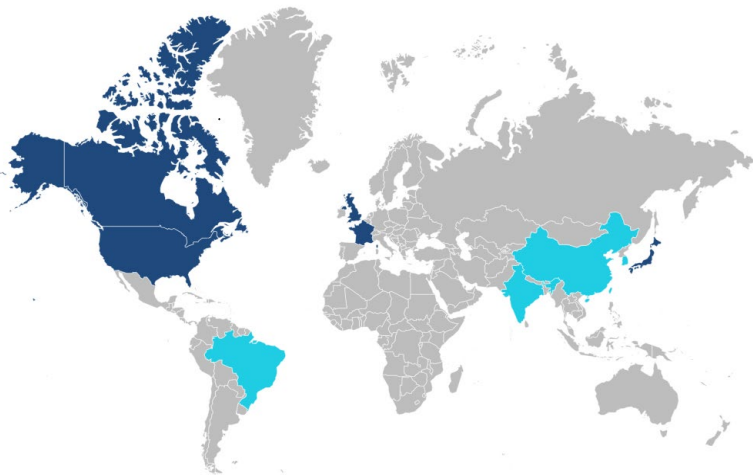
26

developed
markets

Top 5 Countries		Portfolio
	United States	79.8%
	Japan	2.7%
	Canada	2.3%
	United Kingdom	2.0%
	France	1.0%

61
markets

94%



OPEB Master Trust
AUM \$6.3B



35

emerging &
frontier markets

Top 5 Countries		Portfolio
	Taiwan	1.5%
	South Korea	1.3%
	China	1.1%
	India	0.7%
	Brazil	0.2%

6%



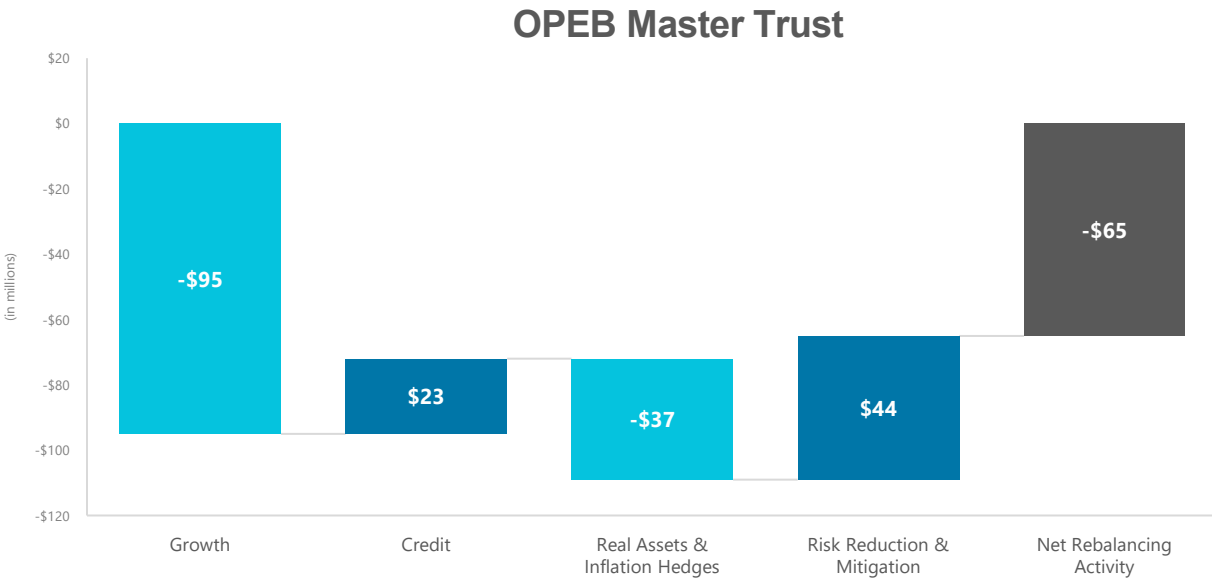
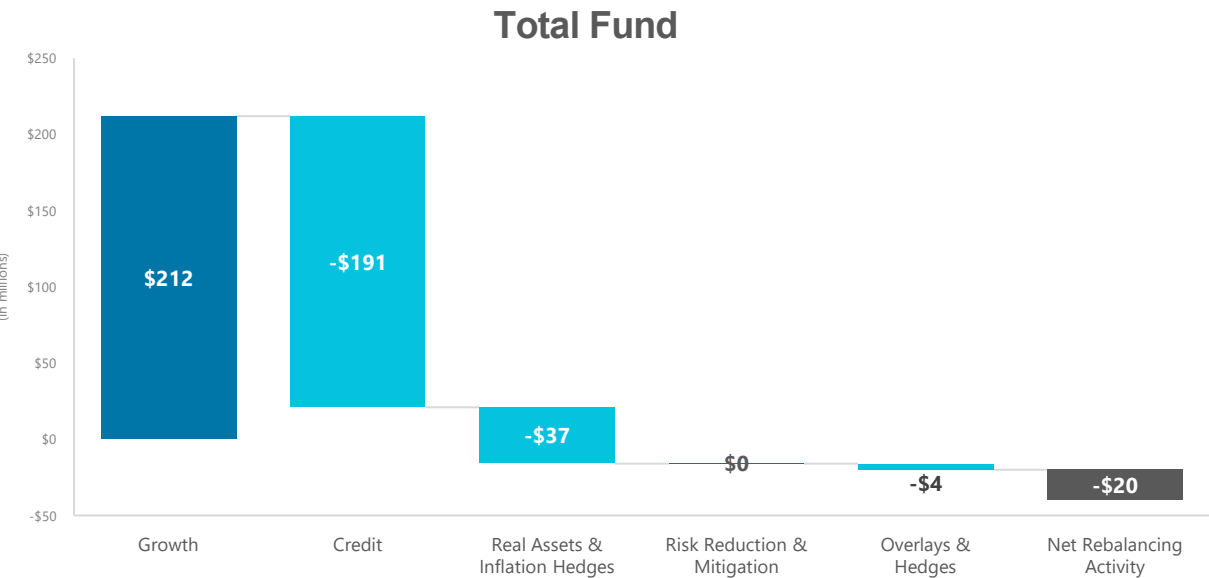
04

Portfolio and Structural Updates





May Rebalancing Activity



Total Fund Overlays and Hedges

Program	May Gain / (Loss) in \$ millions	Since Inception Gain / (Loss) in \$ millions
Currency Hedge	4.2	1,546.1
Cash / Rebalance Overlay	66.9	810.8

Key Initiatives and Operational Updates



Key Initiatives and Operational Updates

		Status
Total Fund		
April 2024 approved Strategic Asset Allocation implementation		In Progress
Adhering to the BOI-approved 2026 Strategic Framework		In Progress
Planning for the Strategic Framework and Initiatives Refresh		In Progress
Risk system onboarding		In Progress
OPEB Master 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 – 4 positions		In Development
Finance Analyst III – 1 position		In Progress
Finance Analyst II – 1 position		In Progress
Finance Analyst Fellowship – 2 positions		In Progress

Key Initiatives and Operational Updates



Manager / Consultant Updates

Firm	Mandate	Asset Class	LACERA AUM (prior month end, in millions)	Update
Invesco	Invesco Real Estate Asia Fund	Core Private Real Estate	\$111.2	Ian Schilling, Lead Portfolio Manager of the Invesco Real Estate Asia Fund, will retire in Q3 2026 after 15 years with the firm; his successor, Phinex Wong, has worked on the Fund team for the past 8 years.

Change In Fiduciary Net Position¹³



Legend FIDUCIARY NET POSITION

Additions

+

Deductions



ADDITIONS

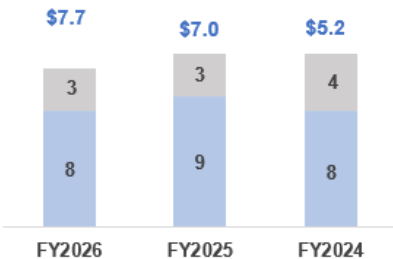
Employer and Employee Contributions
Net Investment Income/(Loss)



DEDUCTIONS

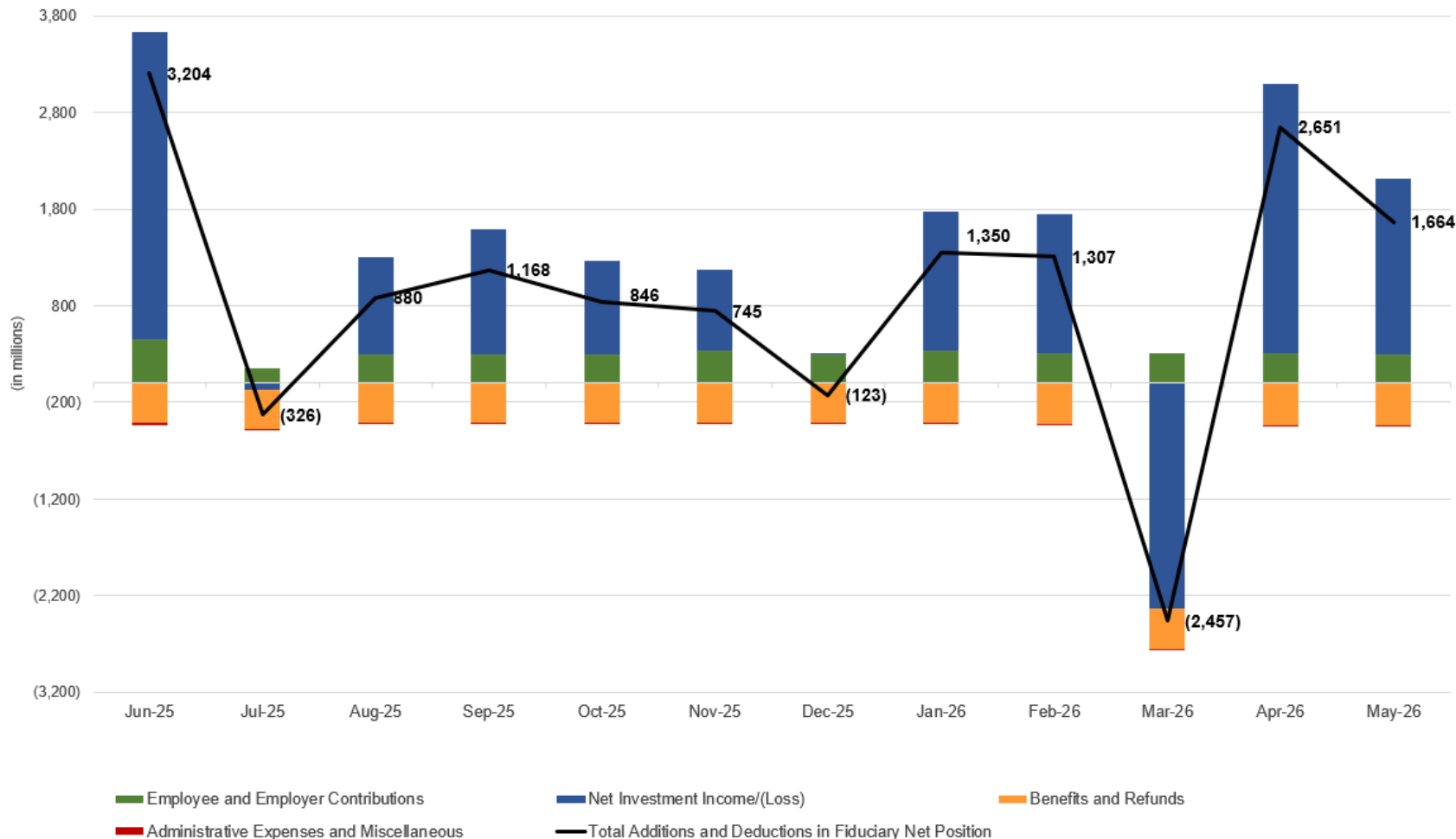
Benefits and Refunds
Administrative Expenses

Total Net Position Change Trend
(in billions)



■ Positive Months ■ Negative Months

Additions and Deductions in Net Fiduciary Position (Unaudited) - May 2026





05



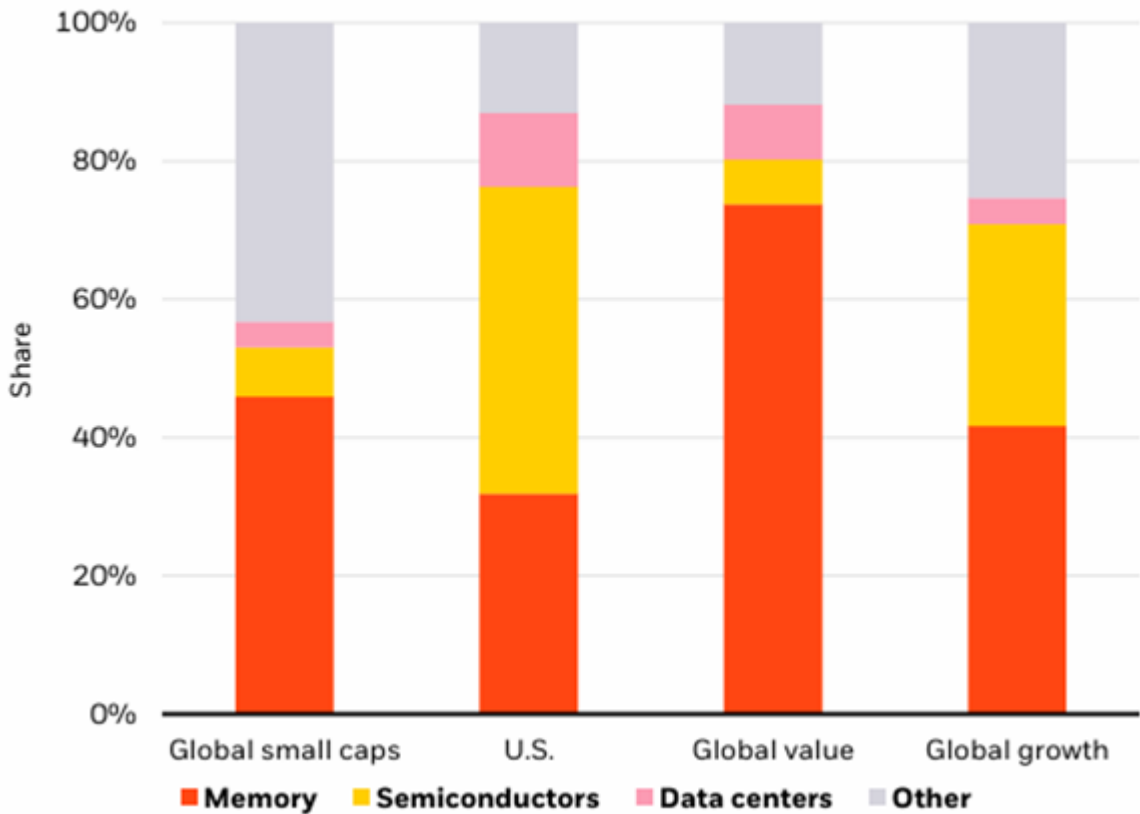
Appendix

Staff Chart of the Month

Concentration of Specific Themes Drive Large Share of Market Gains



Thematic share of equity index returns, year to date



Source: BlackRock Investment Institute, MSCI, with data from Bloomberg, June 2026

Quiet Period for Search Respondents



Real Estate Consultant



- Albourne America, LLC
- Mercer Investment Consulting, Inc
- NEPC Investment Consulting, LLC
- RCLCO Fund Advisors, LLC
- StepStone Group LP
- Meketa Investment Group, Inc

Disclosures and 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 Asset represents an operational holding.
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.