



Chief Investment Officer Monthly Report

Jonathan Grabel – Chief Investment Officer 

Board of Investments Meeting
June 10, 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

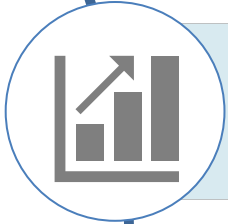


Notable Items



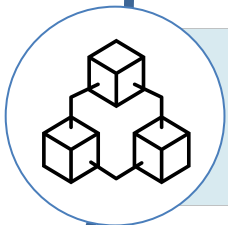
Interest rates and central bank actions

- The Federal Reserve held its interest rates at 3.50%–3.75% at its last meeting (April 2026)



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

- Securities and Exchange Commission proposes reducing initial public offering reporting, corporate climate risk reporting, and report frequency
- Regulatory debates on corporate disclosures and proxy research

Market Themes

- **Tariff Impacts:** Trade policy uncertainty remained elevated after the Court of International Trade ruled the U.S. 10% global import surcharge unlawful. With the U.S. government appealing the ruling, tariffs remained in effect
- **Inflation:** Inflation accelerated, driven in part by higher energy prices and supply disruptions. The U.S. Personal Consumption Expenditures (PCE) inflation rate rose to approximately 3.8% year-over-year, the highest level in nearly three years
- **Federal Reserve Policy:** Kevin Warsh was sworn in as Chair of the Federal Reserve on May 22, 2026, succeeding Jerome Powell, who remains a member of the Board of Governors
- **Geopolitical Uncertainty:** Elevated Middle East tensions, including disruptions in the Strait of Hormuz, contributed to higher energy prices, increased market volatility, and persistent inflationary pressures
- **Corporate Earnings:** Corporate earnings remained resilient, supported by strong performance in large-cap technology and AI-related companies. However, higher input costs, tariffs, and softer demand weighed on forward guidance across select sectors

Global Market Performance

As of May 31, 2026



MSCI ACWI IMI Index (Global Equity Market)*

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
5.0	7.2	25.0	12.5	30.6	22.0	11.0	12.5

1 Year

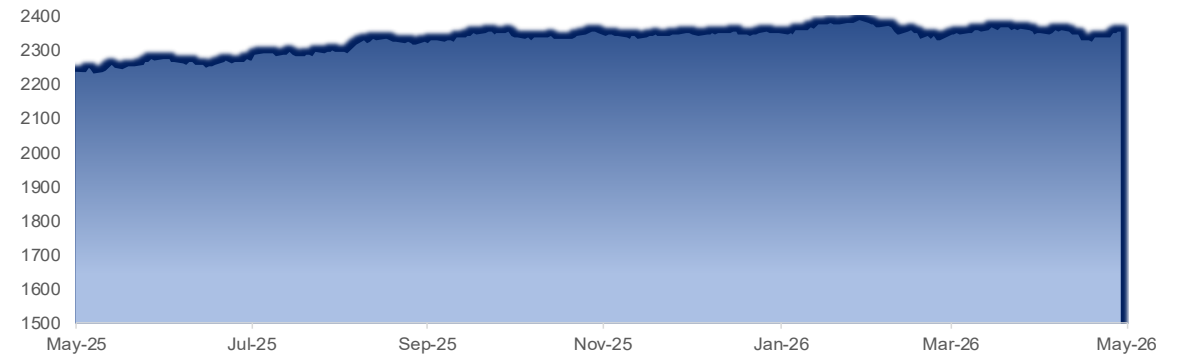


*Global Equity Policy Benchmark - MSCI ACWIIMI Index

Bloomberg U.S. Aggregate Bond Index**

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
0.3	-1.3	3.5	0.4	5.1	3.9	0.2	1.7

1 Year



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

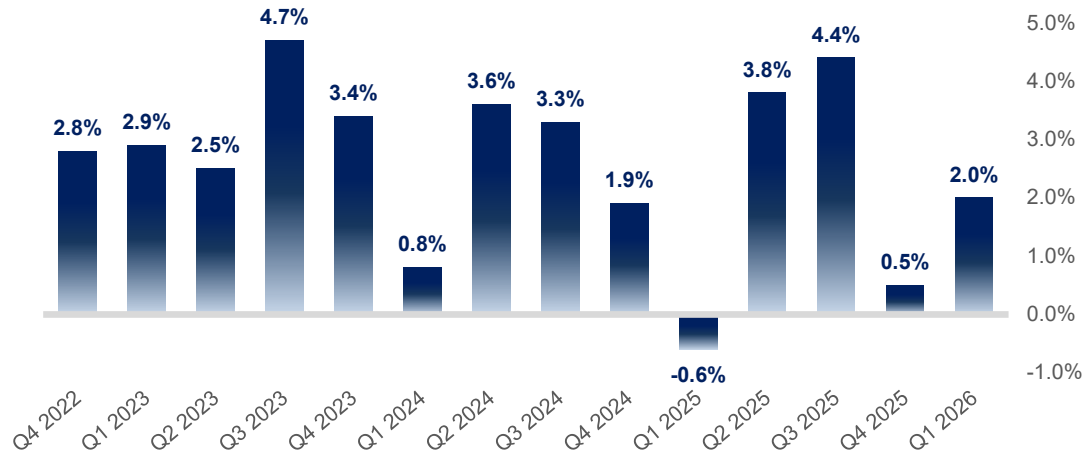
Market	Sub-Category	Index Name	1 M	3 M	FYTD	YTD	1 Y	3 Y	5 Y	10 Y
Reference Portfolio	60:40 Equity:Bond Portfolio	60% MSCI ACWI IMI/ 40% Bloomberg U.S. Aggregate Index	3.1	3.9	16.2	7.7	20.0	14.6	6.7	8.3
Global Equity	U.S. Large Cap	S&P 500 Total Return	5.3	10.5	23.5	11.3	29.8	23.6	14.1	15.6
	U.S. Small Cap	Russell 2000 Total Return	4.4	11.3	35.7	18.2	43.1	20.2	6.6	11.2
	Non-U.S. All Cap	MSCI ACWI-ex U.S. IMI Total Return	4.9	2.5	27.9	14.2	32.5	20.6	8.5	9.7
	Emerging Markets	MSCI Emerging Markets Total Return	9.7	9.4	45.6	25.6	54.3	25.1	7.5	10.7
Private Equity	Private Equity Buyout	Thomson Reuters PE Buyout Index	6.8	11.3	26.0	12.2	35.0	30.6	9.5	14.0
Fixed Income	U.S. Corporate High Yield Bonds	Bloomberg U.S. Corporate High Yield Total Return	0.5	1.0	5.6	1.7	7.6	9.4	4.4	5.9
	U.S. Long Term Treasury Bonds	Bloomberg Long Term U.S. Treasury Total Return Index	0.5	-4.1	1.8	-0.6	4.4	-0.8	-5.1	-0.8
	Developed Markets Leveraged Loans	Credit Suisse Leveraged Loan Total Return	0.5	2.3	4.2	1.2	5.0	8.3	6.0	5.5
Real Assets & Inflation Hedges	Natural Resources	S&P Global Natural Resources Total Return Index	-0.9	-2.1	39.3	19.0	44.2	17.4	10.7	11.5
	Global Infrastructure	Dow Jones Brookfield Global Infrastructure Composite Index	-2.9	-3.1	13.4	11.2	14.5	14.6	8.6	7.5
	Treasury Inflation-Protected Securities	Bloomberg U.S. Treasury TIPS 0-5 Years Total Return	0.1	1.1	4.0	2.0	4.5	5.2	3.4	3.2
	Real Estate	NGREIF Fund Index - ODCE (Net) ¹	—	1.0	2.3	1.0	3.1	-2.8	2.3	3.8

Source: Bloomberg, State Street

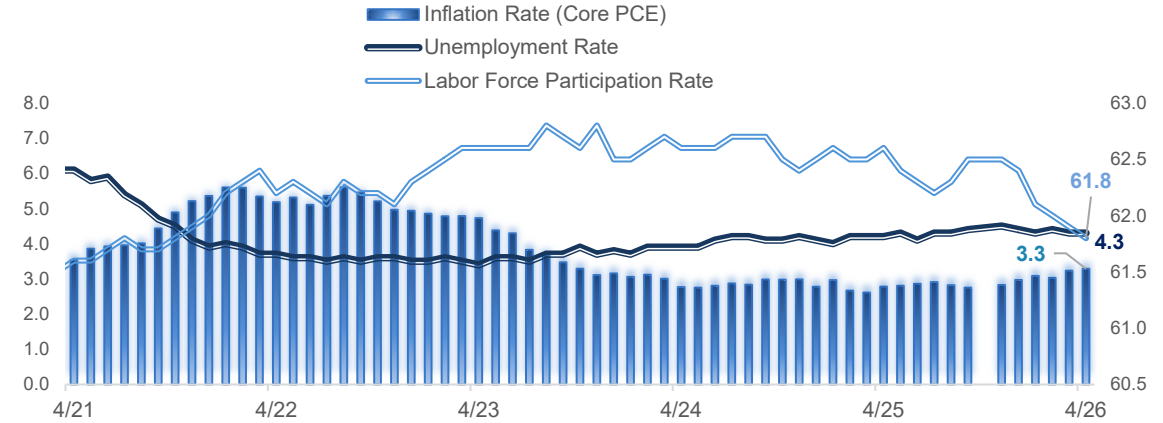
Key Macro Indicators²



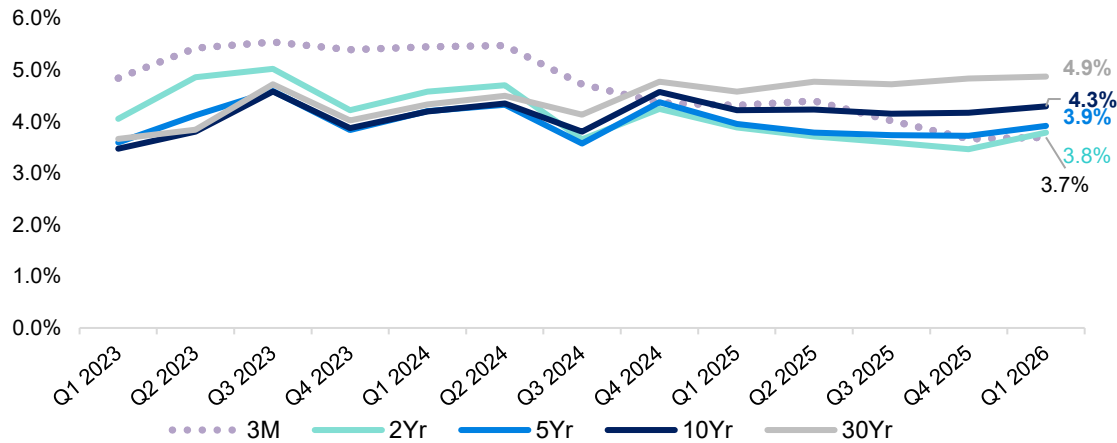
Quarterly Real GDP Growth



Inflation, Unemployment, and Labor Participation

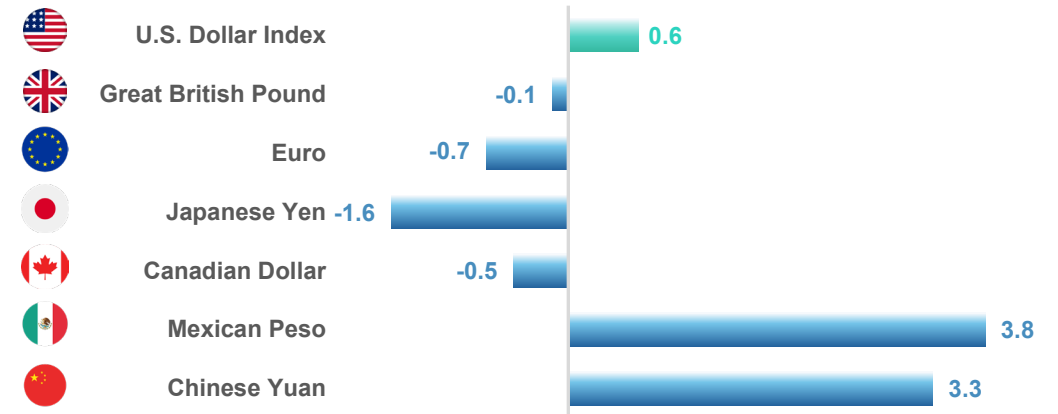


Market Yields on U.S. Treasury Securities



U.S. Dollar and Major Currency Performance

(Year-to-Date as of 05/31/2026)



Sources: Bloomberg, St. Louis Federal Reserve



02



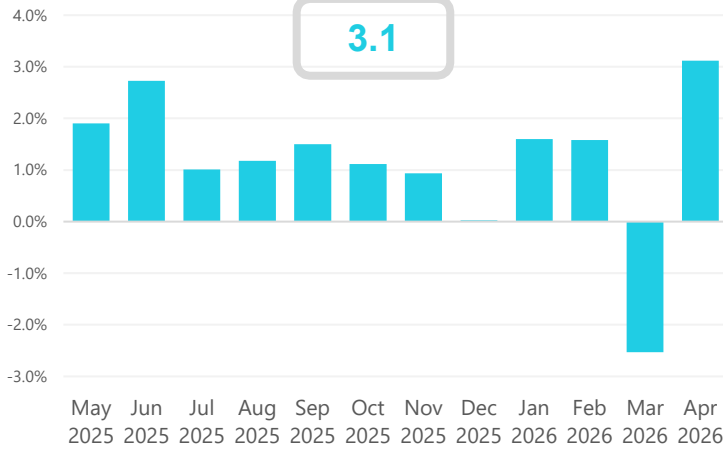
Total Fund Performance and Risk

Total Fund

Performance Summary as of April 2026



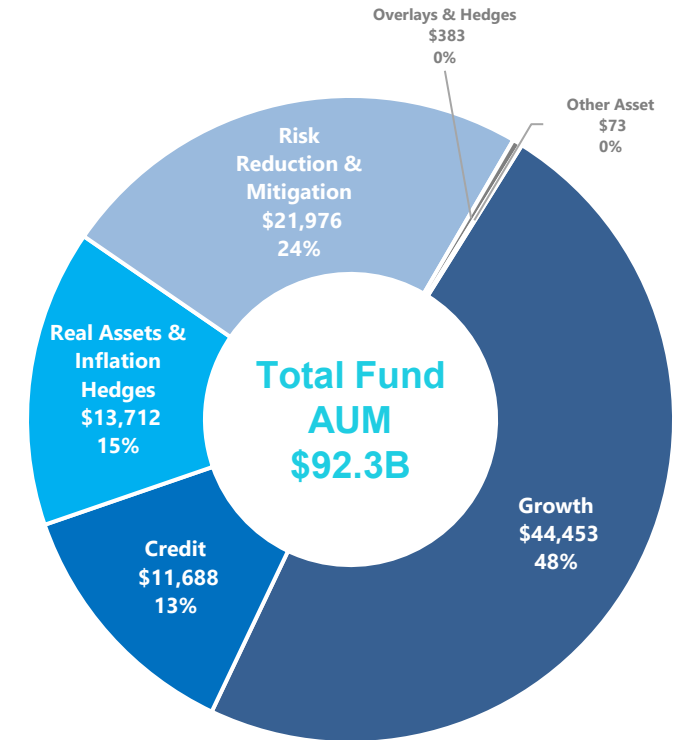
Monthly Return (net)



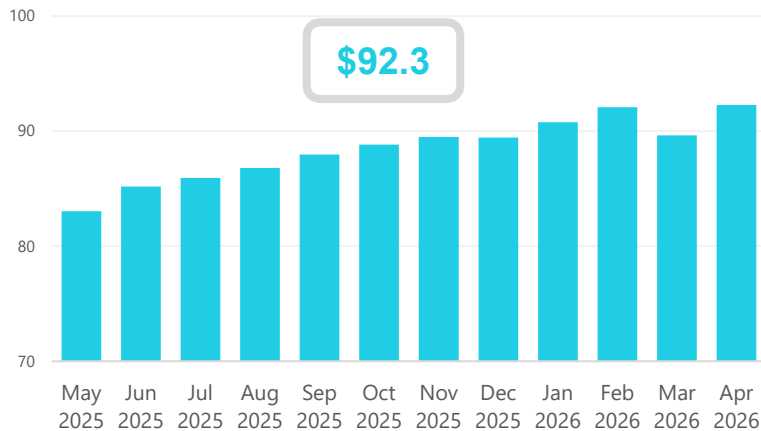
Growth of a Dollar (trailing 5Y)³



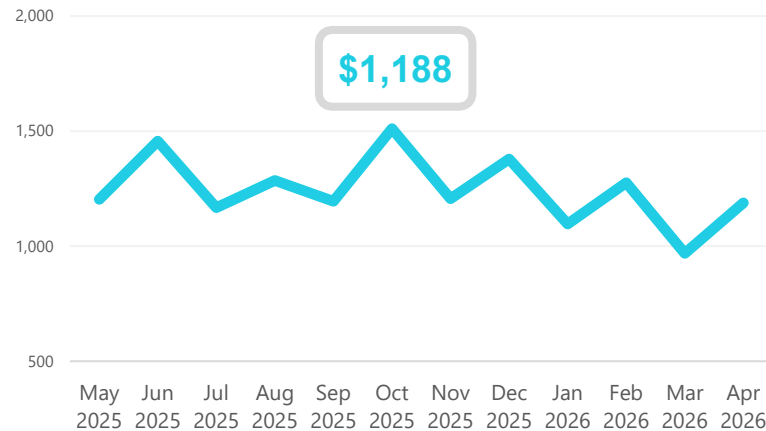
Asset Allocation (in millions)⁴



Total Market Value (in billions)



Cash Equivalents (in millions)

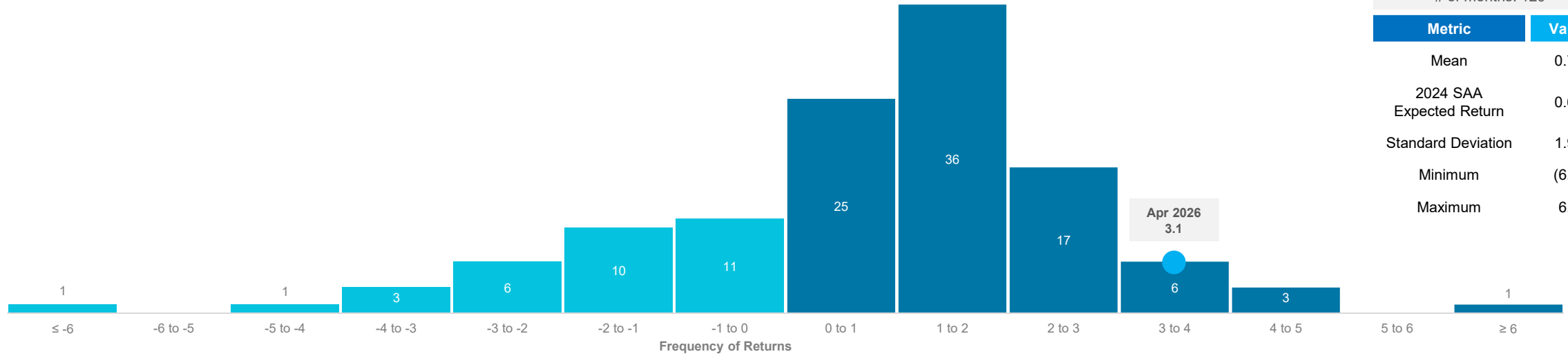


Total Fund

Historical Net Performance as of April 2026



LACERA Pension Fund⁵



Monthly Returns (net)
05/2016 – 04/2026
of months: 120

Metric	Value
Mean	0.74
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	92,286	100.0%	100.0%	3.1%	2.1%	9.9%	3.7%	15.0%	10.1%	7.6%	8.9%
Total Fund Policy Benchmark				4.0%	2.9%	13.4%	4.3%	16.8%	11.7%	7.2%	8.6%
Total Fund Actuarial Hurdle				0.6%	1.7%	5.8%	2.3%	7.0%	7.0%	7.0%	7.0%
Growth	44,453	48.2%	48.0%	6.5%	2.7%	14.3%	5.2%	22.1%	14.1%	10.2%	
Growth Policy Benchmark				7.4%	4.2%	22.4%	7.1%	28.2%	18.9%	10.9%	
Credit	11,688	12.7%	13.0%	0.2%	1.6%	3.2%	2.1%	12.1%	12.2%	7.8%	
Credit Policy Benchmark				0.2%	-0.2%	4.7%	0.5%	6.5%	8.8%	4.9%	
Real Assets & Inflation Hedges	13,712	14.9%	15.0%	0.8%	2.6%	9.2%	4.7%	10.9%	4.1%	6.0%	
RA & IH Policy Benchmark				3.0%	5.1%	8.7%	4.4%	11.0%	3.5%	5.3%	
Risk Reduction & Mitigation	21,976	23.8%	24.0%	-0.4%	0.3%	4.2%	0.7%	5.1%	3.9%	1.2%	
RR & M Policy Benchmark				0.2%	0.5%	3.7%	0.7%	4.6%	3.7%	0.9%	
Overlays & Hedges	383	0.4%									
Other Asset	73	0.1%									

Total Fund

Forecast Volatility as of April 2026⁶



VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

TOTAL FUND
VOLATILITY

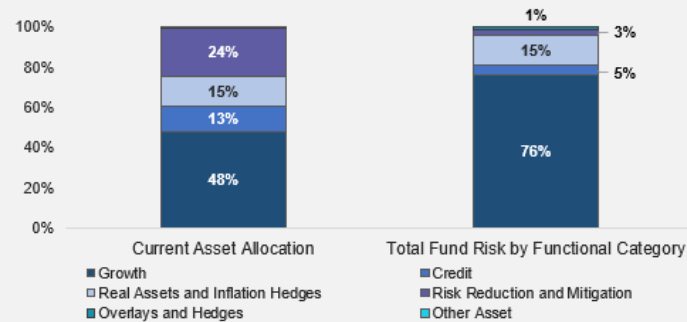
9.3%

BENCHMARK
VOLATILITY

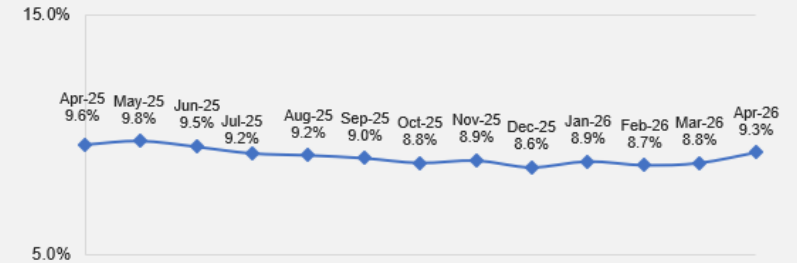
8.7%

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

1.42%

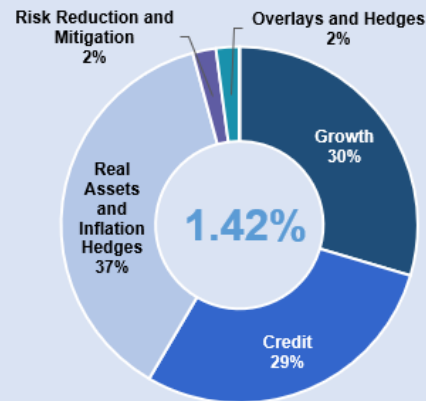
ALLOCATION
RISK

0.04%

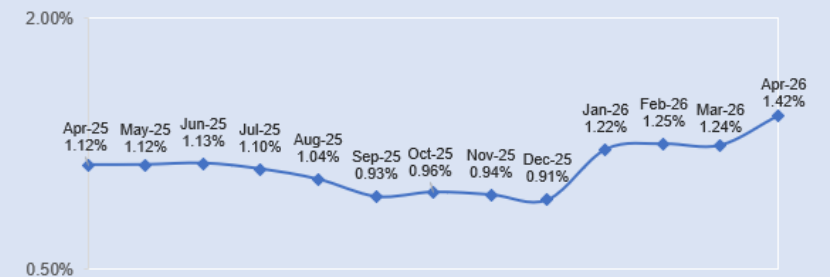
SELECTION
RISK

1.38%

Functional Category Contributions to Active Risk



Forecasted Active Risk Trend



Source: MSCI BarraOne

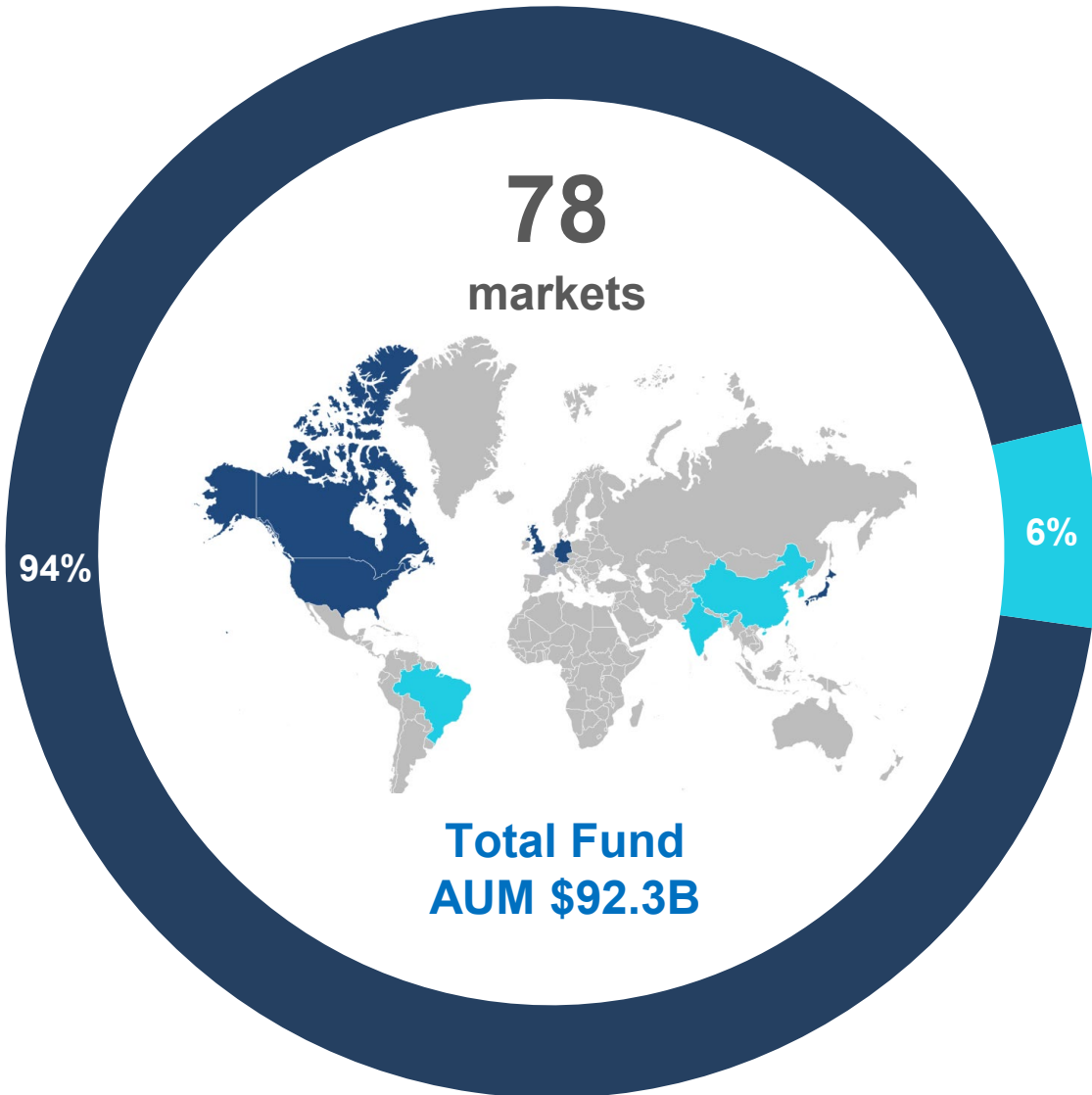
Total Fund



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

26
developed
markets

Top 5 Countries	Portfolio
United States	75.2%
United Kingdom	4.4%
Canada	2.6%
Japan	1.8%
Germany	1.6%



52
emerging &
frontier markets

Top 5 Countries	Portfolio
China	1.9%
Taiwan	0.9%
South Korea	0.8%
Brazil	0.5%
India	0.4%



03

OPEB Master Trust Performance and Risk

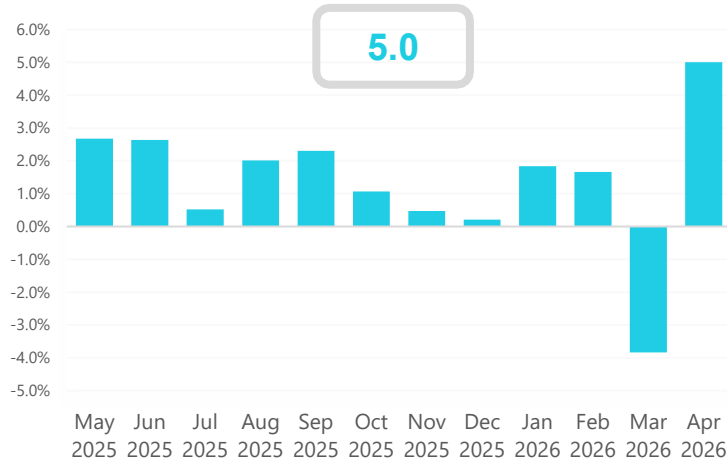


OPEB Master Trust

Performance Summary as of April 2026



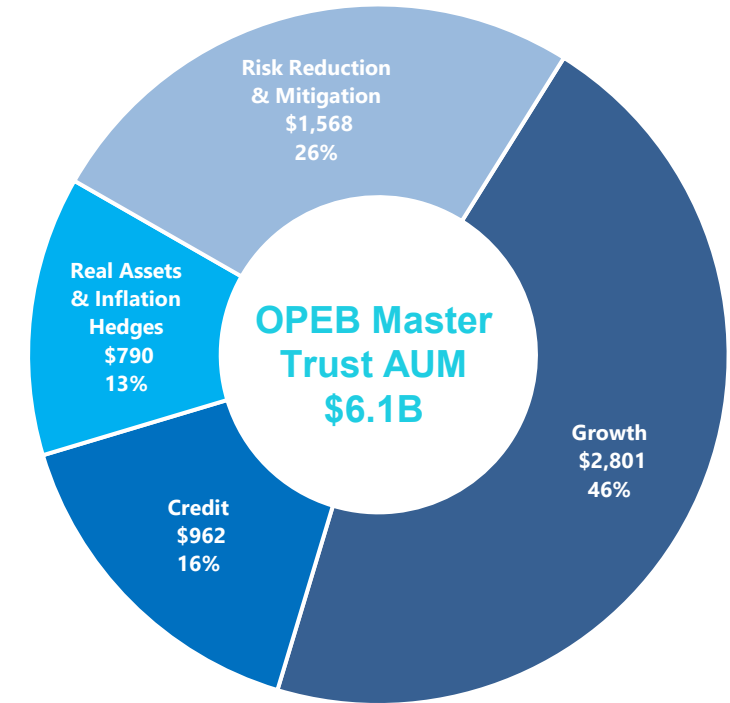
Monthly Return (net)



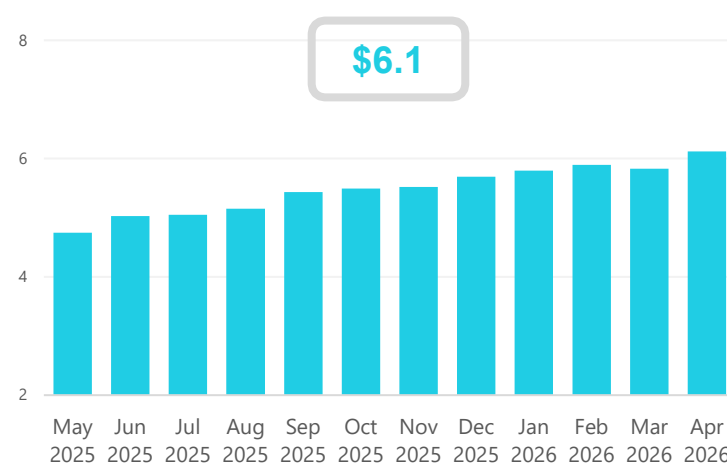
Growth of a Dollar (trailing 5Y)⁹



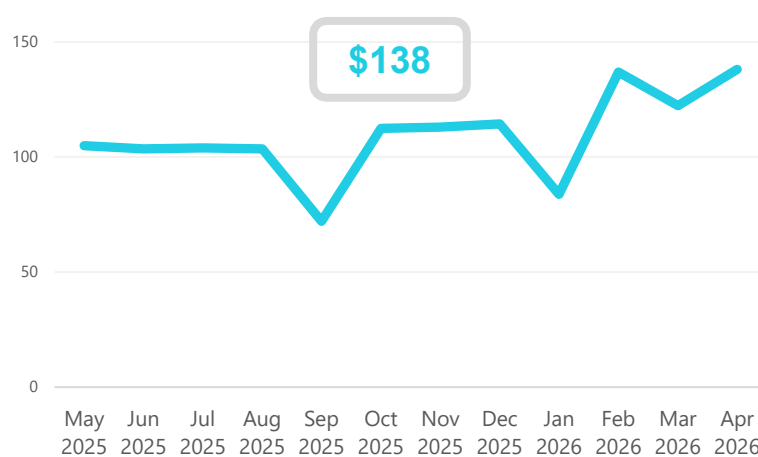
Asset Allocation (in millions)



Total Market Value (in billions)



Cash Equivalents (in millions)

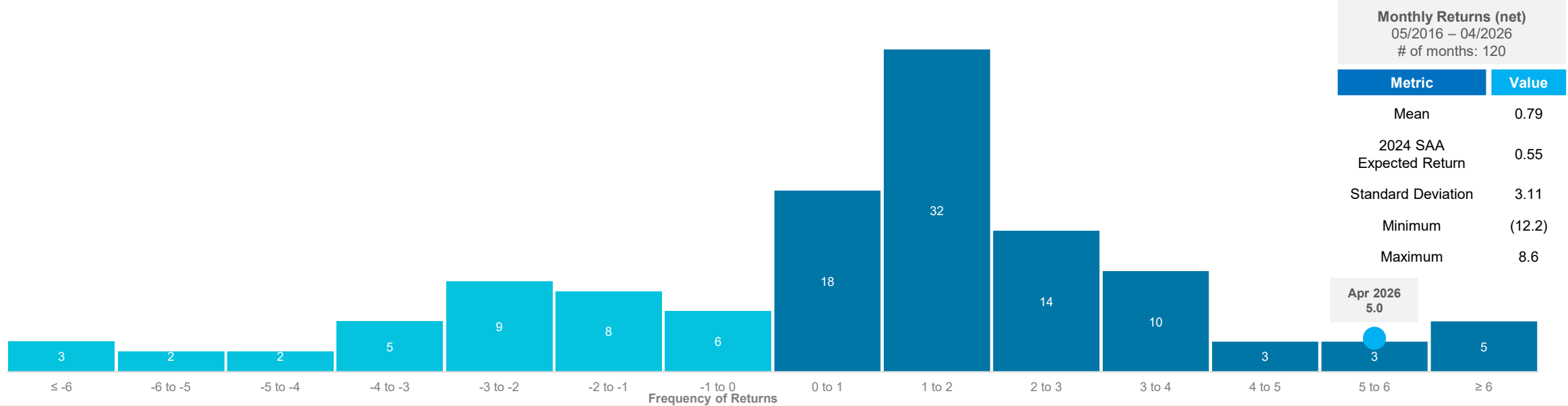


OPEB Master Trust

Historical Net Performance as of April 2026



OPEB Master Trust



	Market Value (\$ mm)	% of Master Trust	Target	1 Month	3 Month	FYTD	YTD	1 Year	3 Year	5 Year	10 Year
OPEB Master Trust	6,121	100.0%	100.0%	5.0%	2.7%	11.6%	4.5%	17.6%	12.1%	6.5%	9.2%
OPEB Master Trust Policy Benchmark				4.4%	2.3%	11.8%	4.0%	17.0%	11.5%	6.0%	8.2%
OPEB Actuarial Hurdle				0.5%	0.5%	5.2%	2.0%	6.2%	6.2%	6.1%	6.0%
OPEB Growth	2,801	45.8%	45.0%	9.6%	4.0%	19.5%	7.3%	32.2%	19.9%	10.5%	
OPEB Growth Policy Benchmark				9.4%	3.9%	20.3%	7.2%	31.0%	19.9%	10.3%	
OPEB Credit	962	15.7%	16.0%	1.3%	0.9%	5.2%	1.2%	8.1%	7.7%	4.5%	
OPEB Credit Policy Benchmark				0.2%	-0.2%	4.7%	0.5%	6.5%	8.7%	4.7%	
OPEB Real Assets & Inflation Hedges	790	12.9%	13.0%	4.1%	4.9%	10.1%	7.0%	10.9%	7.5%	4.6%	
OPEB RA & IH Policy Benchmark				1.2%	3.4%	9.6%	4.9%	12.0%	4.2%	3.0%	
OPEB Risk Reduction & Mitigation	1,568	25.6%	26.0%	0.0%	0.0%	3.1%	0.2%	3.7%	2.6%	0.3%	
OPEB RR & M Policy Benchmark				0.0%	-0.1%	2.9%	-0.1%	3.5%	2.4%	-0.1%	
OPEB HL PM Cash	0	0.0%									

OPEB Master Trust

Forecast Volatility as of April 2026¹⁰



VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

OPEB TRUST VOLATILITY

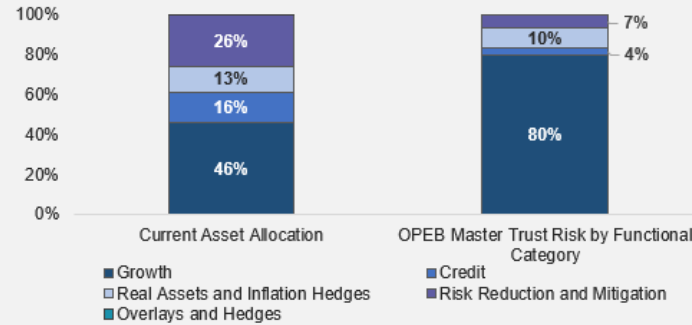
8.2%

BENCHMARK VOLATILITY

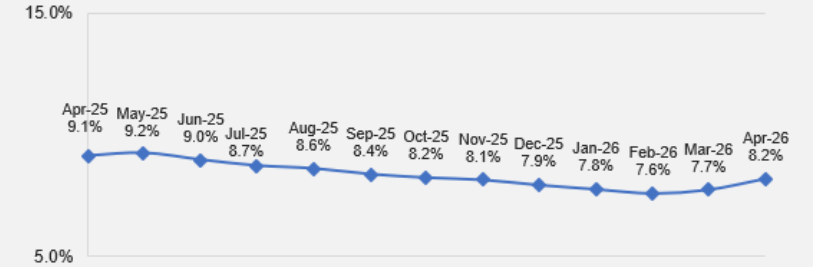
8.2%

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

0.71%

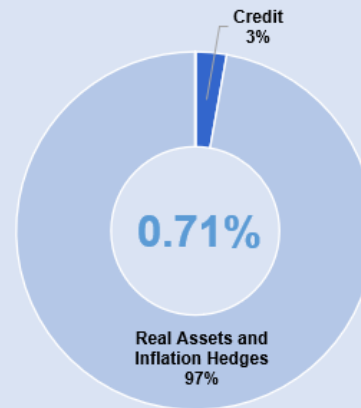
ALLOCATION RISK

0.02%

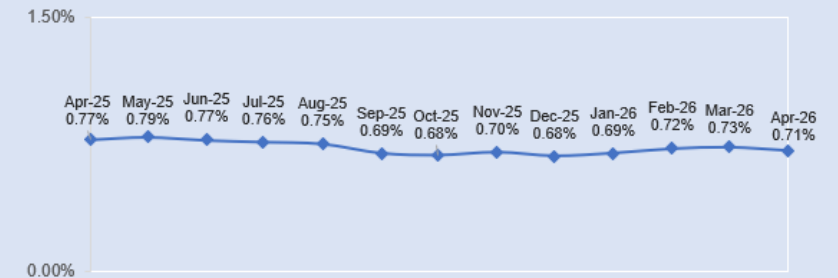
SELECTION RISK

0.69%

Functional Category Contributions to Active Risk



Forecasted Active Risk Trend



Source: MSCI BarraOne

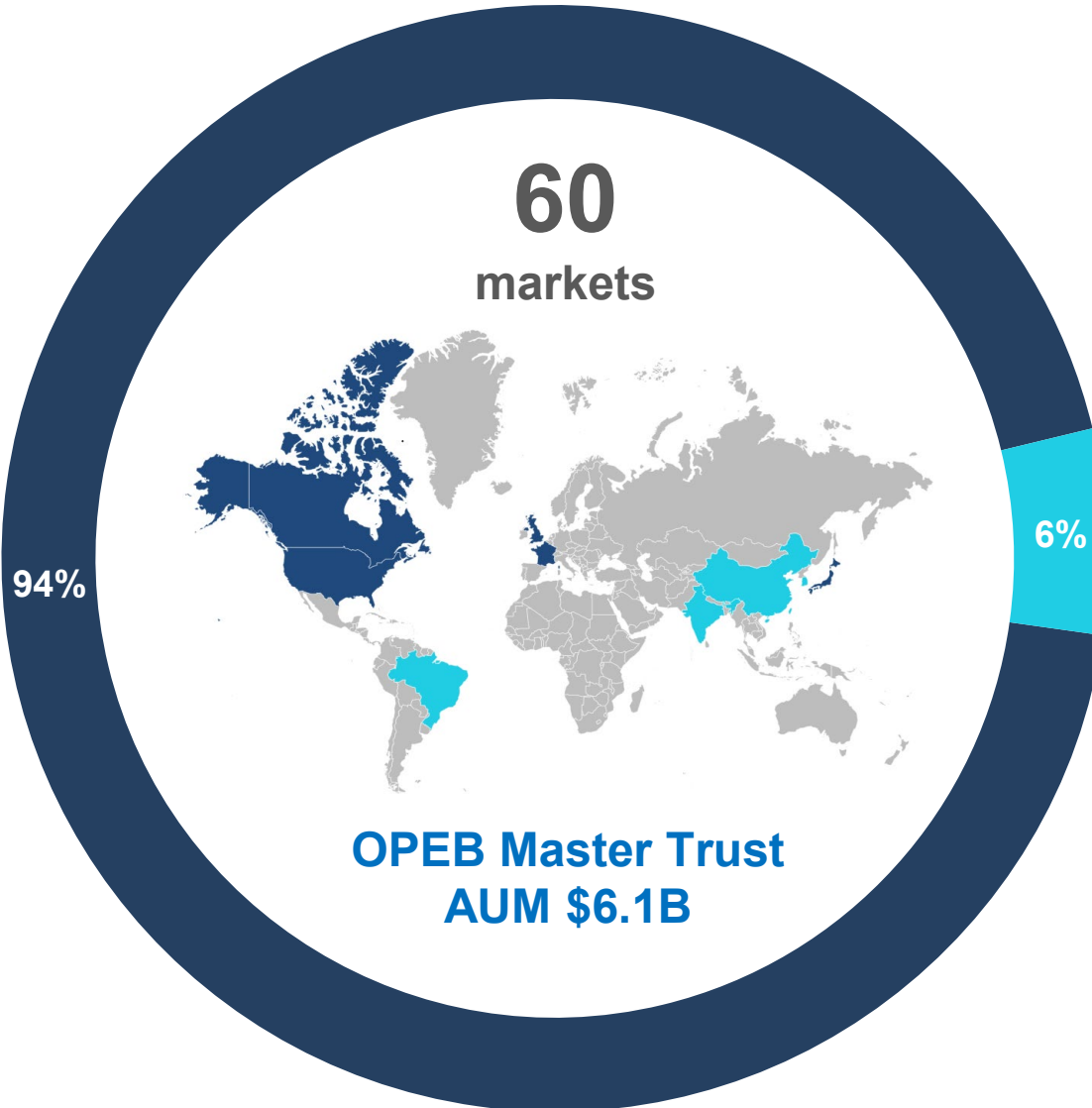
OPEB Master Trust

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



26
developed
markets

Top 5 Countries	Portfolio
United States	79.5%
Japan	2.7%
Canada	2.3%
United Kingdom	2.1%
France	1.0%



34
emerging &
frontier markets

Top 5 Countries	Portfolio
Taiwan	1.4%
China	1.2%
South Korea	1.0%
India	0.7%
Brazil	0.2%



04

Portfolio and Structural Updates

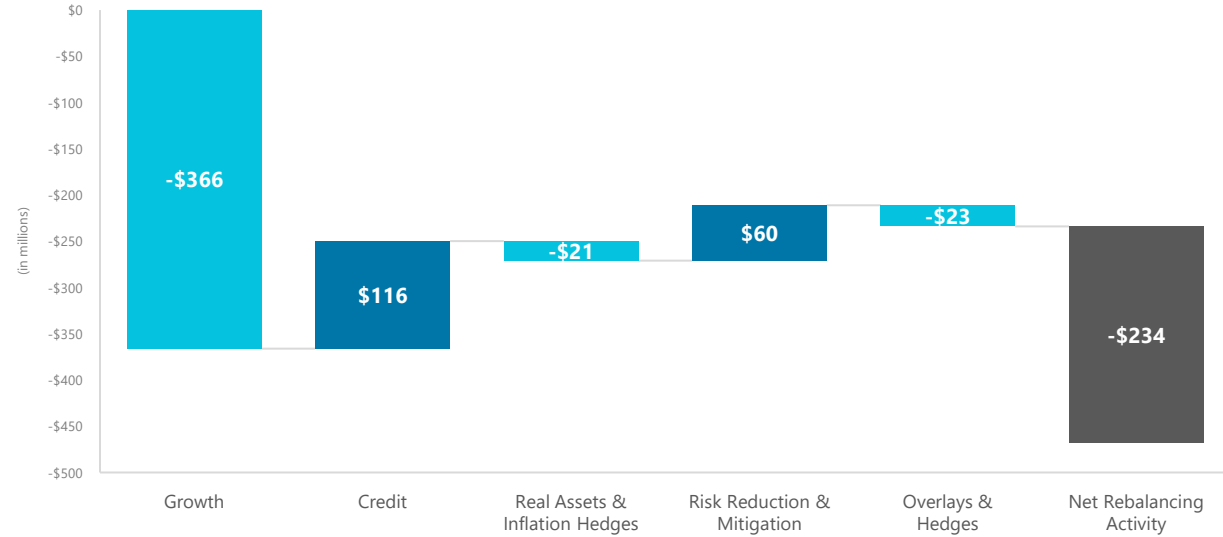


Portfolio Updates

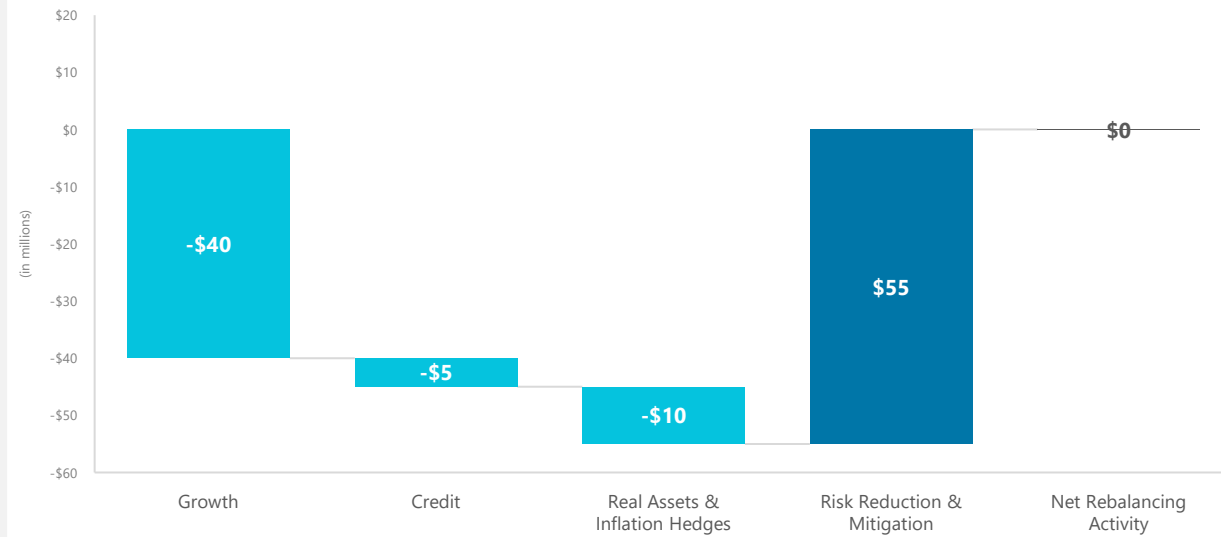


April Rebalancing Activity

Total Fund



OPEB Master Trust



Total Fund Overlays and Hedges

Program	April Gain / (Loss) in \$ millions	Since Inception Gain / (Loss) in \$ millions
Currency Hedge	23.3	1,541.9
Cash / Rebalance Overlay	88.6	743.9

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
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No Material Updates

Change In Fiduciary Net Position¹³

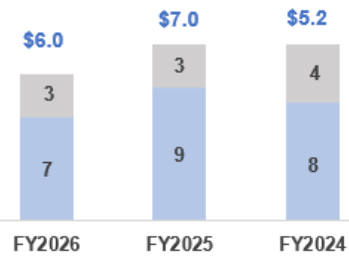


FIDUCIARY NET POSITION
 Additions
 +
 Deductions

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

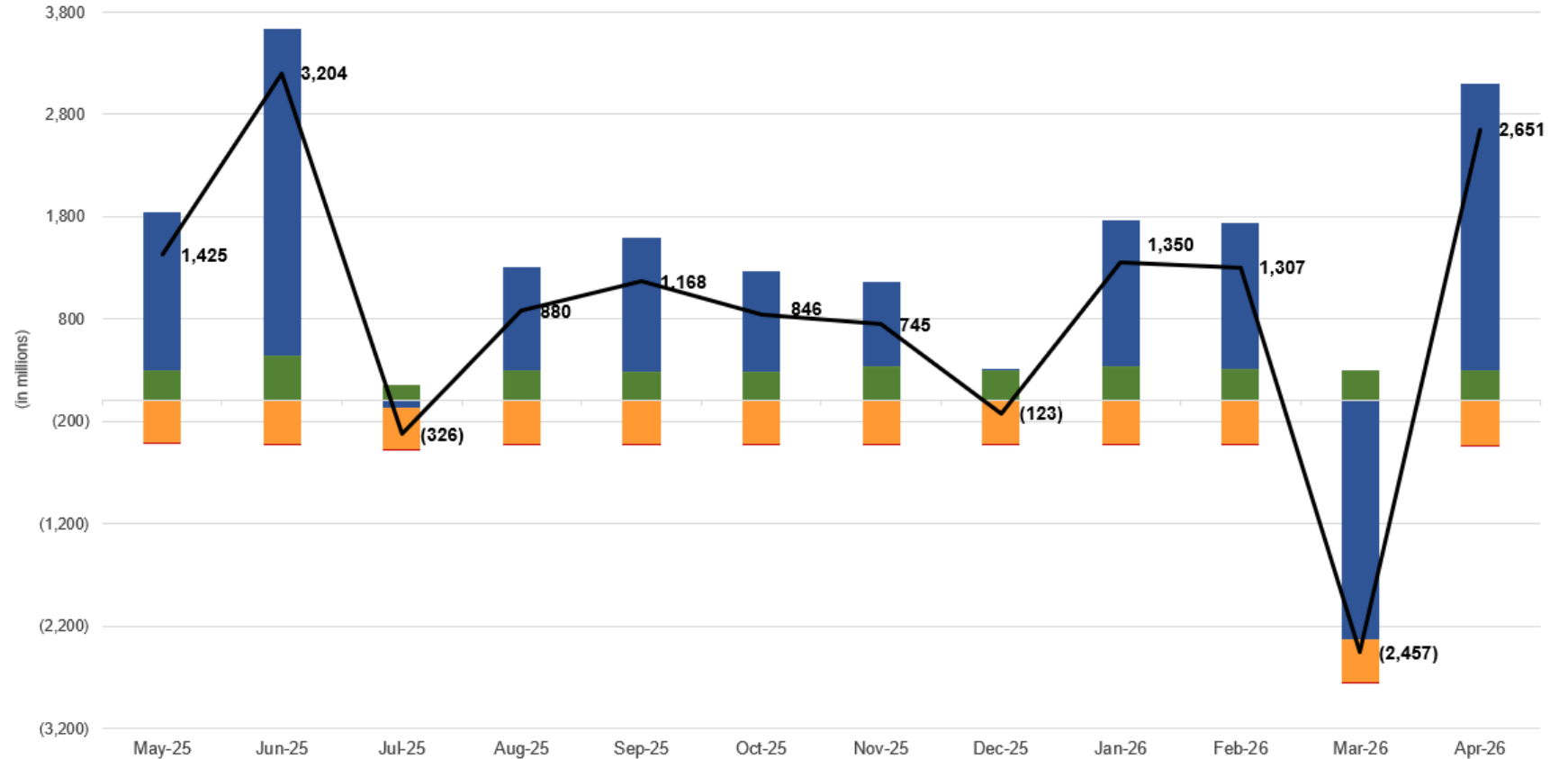
DEDUCTIONS
 Benefits and Refunds
 Administrative Expenses

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



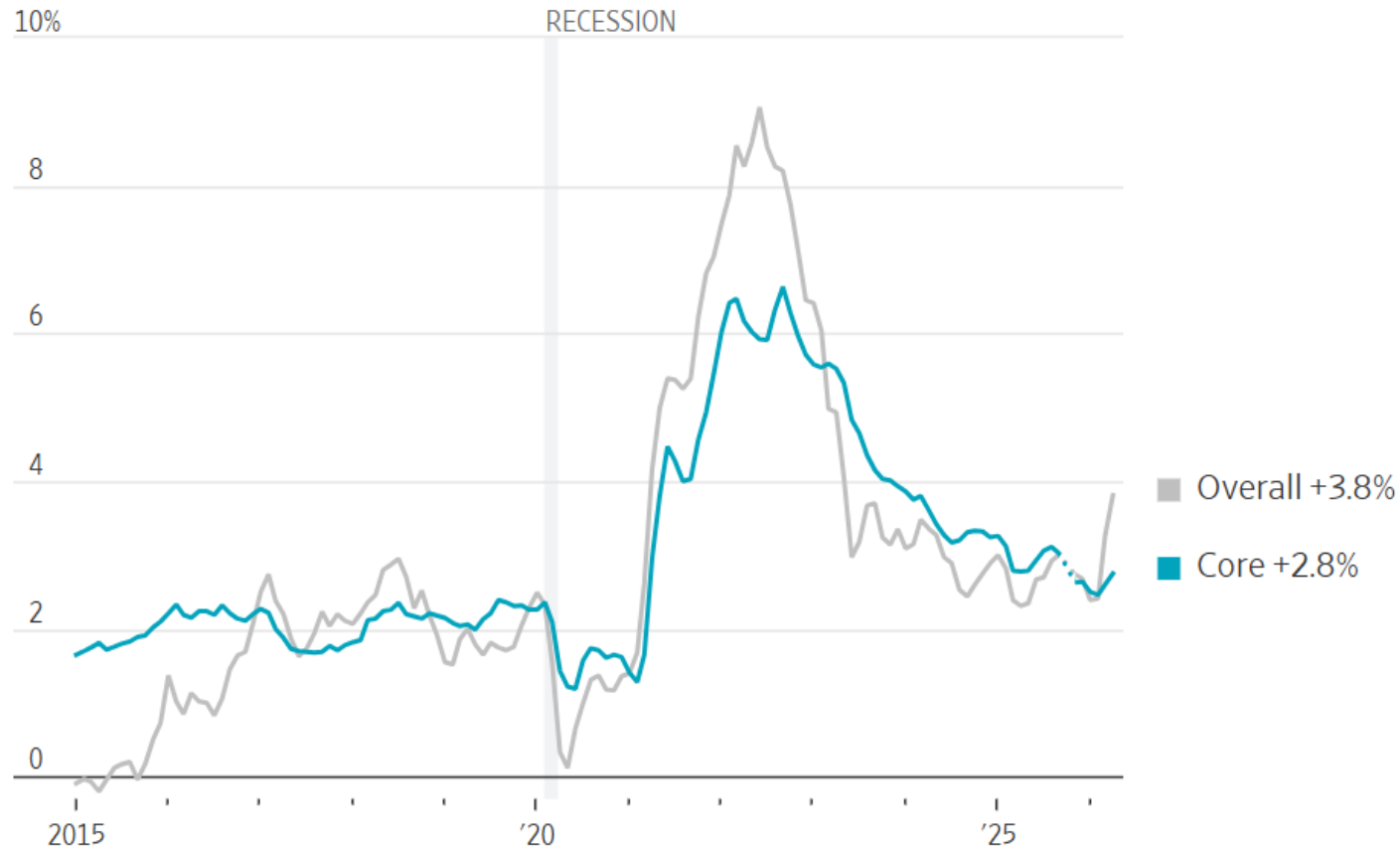
Appendix

Staff Chart of the Month

Higher Gas Prices Contribute to an Increased Consumer Price Index



Consumer-price index, change from a year earlier



Note: Data for October 2025 is unavailable. Core excludes food and energy prices.

Source: Labor Department

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.