



Chief Investment Officer Monthly Report

Jonathan Grabel – Chief Investment Officer 

Board of Investments Meeting
September 16, 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



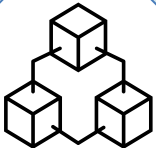
Interest rates and central bank actions

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



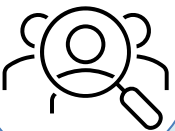
Economic data and trends

- 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

- Regulatory debates and proposals on financial reporting, corporate disclosures, proxy research, and shareholder proposal process

Market Themes

- **Tariff Impacts:** U.S.-Canada trade negotiations broke down, and the U.S. imposed 50% tariffs on approximately \$20 billion of Canadian goods on August 22. The measures added to trade, supply-chain, and inflation uncertainty
- **Inflation:** July headline and core Personal Consumption Expenditures inflation were unchanged from June at 3.7% and 3.3% year over year, respectively. Headline inflation was slightly above expectations, while core inflation was in line with expectations
- **Federal Reserve Policy:** In Jackson Hole, Federal Reserve Chair Kevin Warsh emphasized that inflation remained above target but did not signal the likely timing or direction of the next policy move
- **Geopolitical Uncertainty:** Continued Middle East tensions and restricted transit through the Strait of Hormuz disrupted energy shipments and kept oil prices elevated, reinforcing inflation and global growth risks
- **Corporate Earnings:** Second-quarter U.S. large-cap earnings recorded their strongest year-over-year growth since 2021, supported by broad-based results and outsized investment gains at several major technology companies

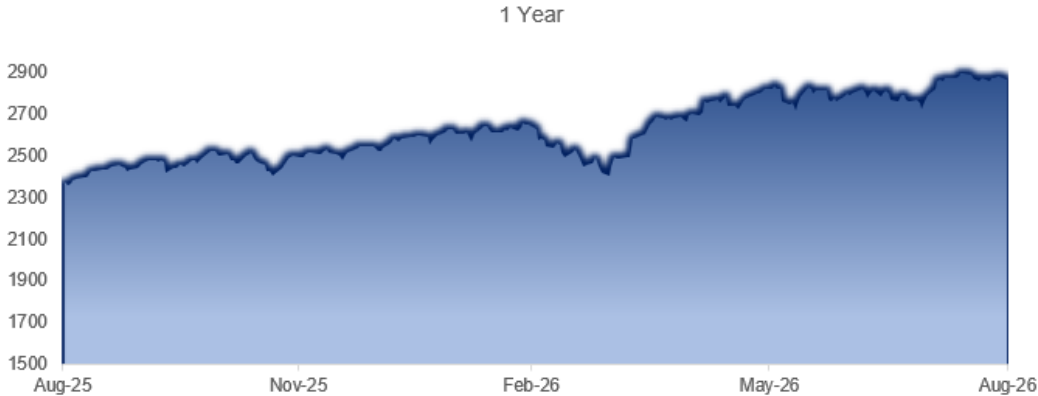
Global Market Performance

As of August 31, 2026



MSCI ACWI IMI Index (Global Equity Market)*

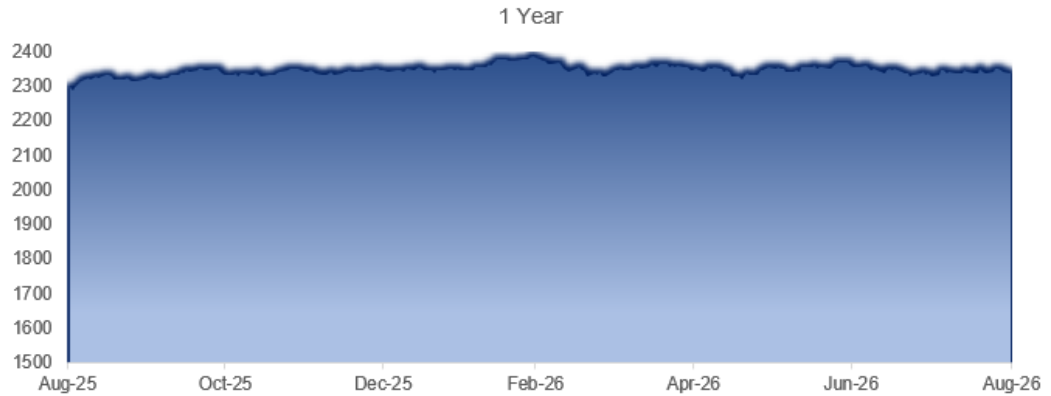
Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
2.8	1.9	2.5	14.6	22.4	20.1	10.5	12.3



*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
0.4	-0.7	-0.9	-0.3	1.9	4.1	-0.3	1.4



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

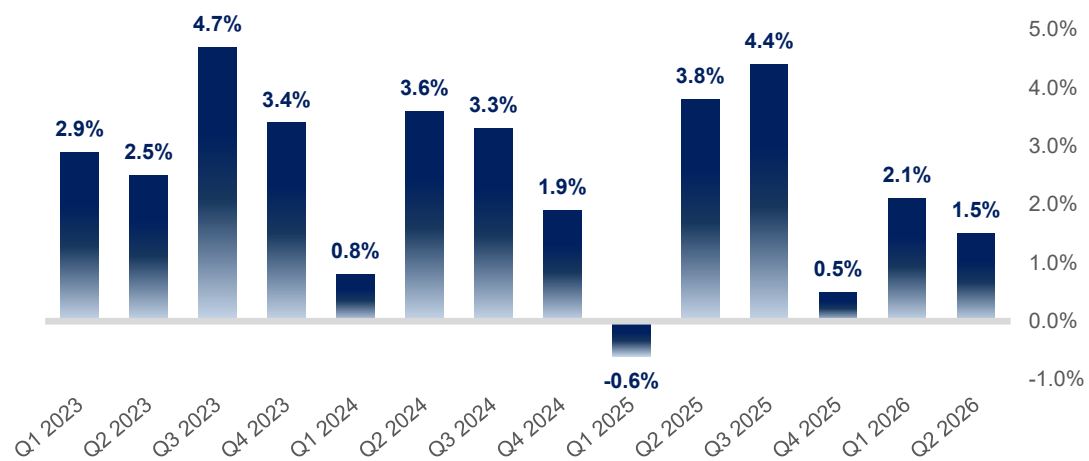
Market	Sub-Category	Index Name	1 M	3 M	FYTD	YTD	1 Y	3 Y	5 Y	10 Y
Reference Portfolio	60:40 Equity:Bond Portfolio	60% MSCI ACWI IMI/ 40% Bloomberg U.S. Aggregate Index	1.8	0.9	1.1	8.6	13.9	13.6	6.2	8.0
Global Equity	U.S. Large Cap	S&P 500 Total Return	2.7	1.7	2.7	13.1	20.4	21.0	12.8	15.4
	U.S. Small Cap	Russell 2000 Total Return	1.0	1.6	-2.1	20.0	26.5	17.4	6.8	10.5
	Non-U.S. All Cap	MSCI ACWI-ex U.S. IMI Total Return	3.0	2.1	3.2	16.7	26.4	19.8	9.0	9.6
	Emerging Markets	MSCI Emerging Markets Total Return	3.4	-1.2	0.2	24.1	39.2	23.2	8.2	9.3
Private Equity	Private Equity Buyout	Thomson Reuters PE Buyout Index	3.6	3.2	3.1	15.9	23.6	27.0	8.5	13.8
Fixed Income	U.S. Corporate High Yield Bonds	Bloomberg U.S. Corporate High Yield Total Return	1.0	1.0	0.7	2.7	4.9	8.5	4.1	5.4
	U.S. Long Term Treasury Bonds	Bloomberg Long Term U.S. Treasury Total Return Index	0.8	-2.2	-3.2	-2.8	0.2	0.1	-6.8	-1.8
	Developed Markets Leveraged Loans	Credit Suisse Leveraged Loan Total Return	1.0	1.9	1.8	3.1	4.9	7.3	6.2	5.4
Real Assets & Inflation Hedges	Natural Resources	S&P Global Natural Resources Total Return Index	7.9	7.0	16.0	27.3	38.8	16.0	13.0	11.6
	Global Infrastructure	Dow Jones Brookfield Global Infrastructure Composite Index	-1.5	-0.6	-0.4	10.5	12.4	14.4	8.0	7.0
	Treasury Inflation-Protected Securities	Bloomberg U.S. Treasury TIPS 0-5 Years Total Return	0.0	-0.1	0.2	1.8	2.2	5.0	3.1	3.1
	Real Estate	NCREIF Fund Index - ODCE (Net) ¹	0.0	1.3	0.0	2.3	3.6	-1.4	1.9	3.7

Source: Bloomberg, State Street

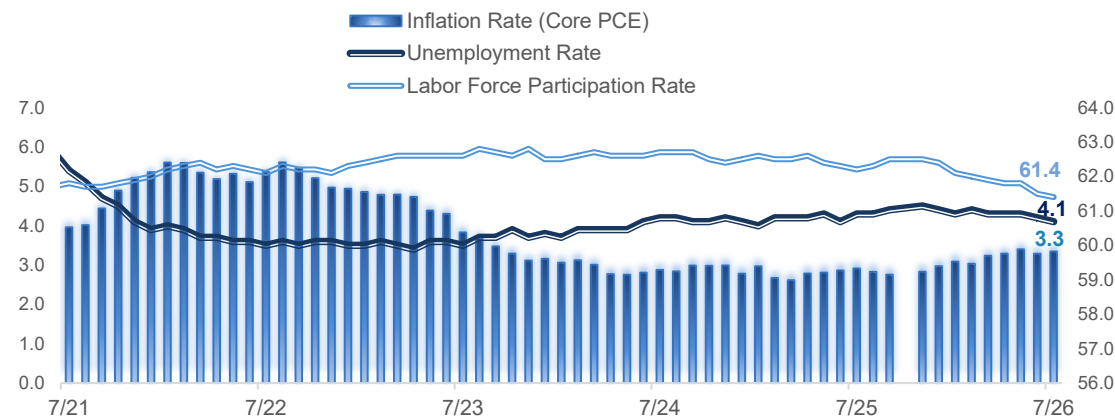
Key Macro Indicators²



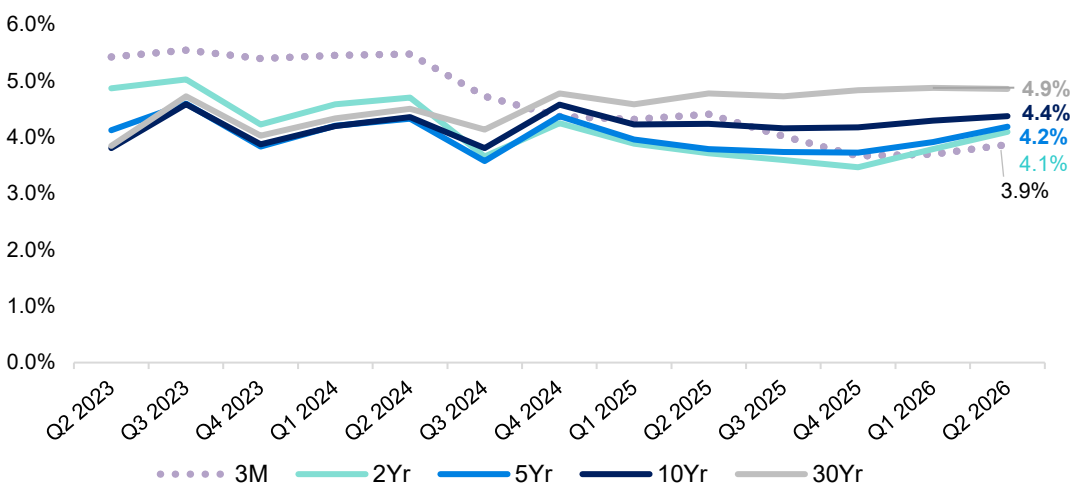
Quarterly Real GDP Growth



Inflation, Unemployment, and Labor Participation

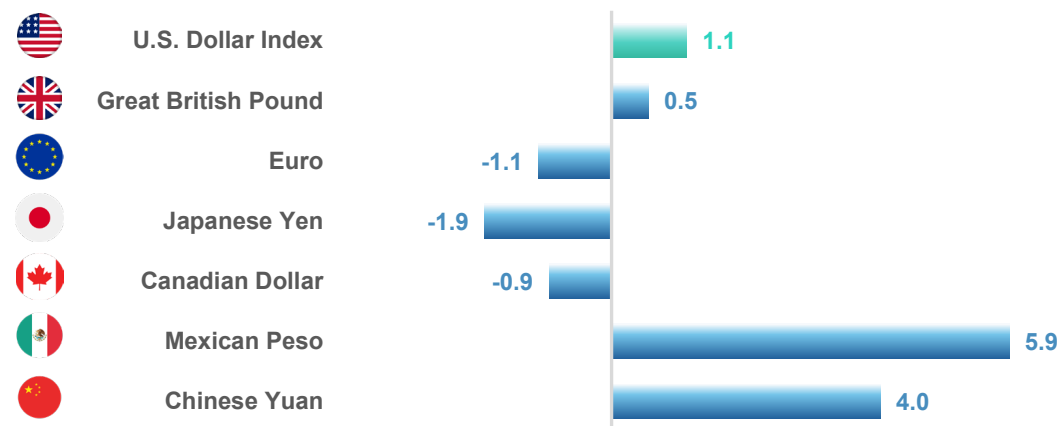


Market Yields on U.S. Treasury Securities



U.S. Dollar and Major Currency Performance

(Year-to-Date as of 8/31/2026)



Sources: Bloomberg, St. Louis Federal Reserve



02



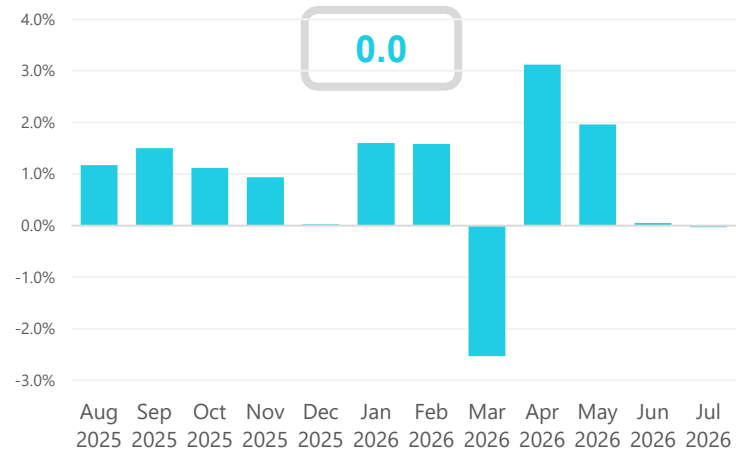
Total Fund Performance and Risk

Total Fund

Performance Summary as of July 2026



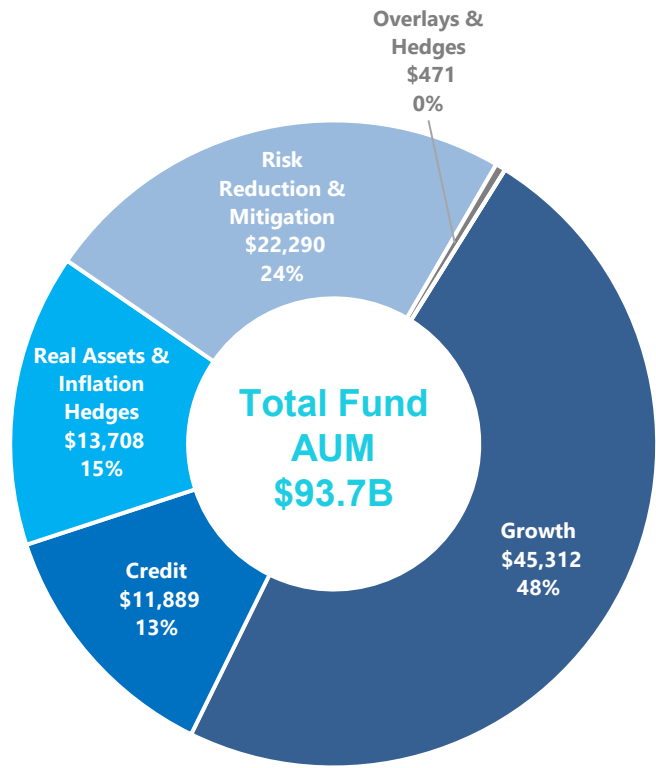
Monthly Return (net)



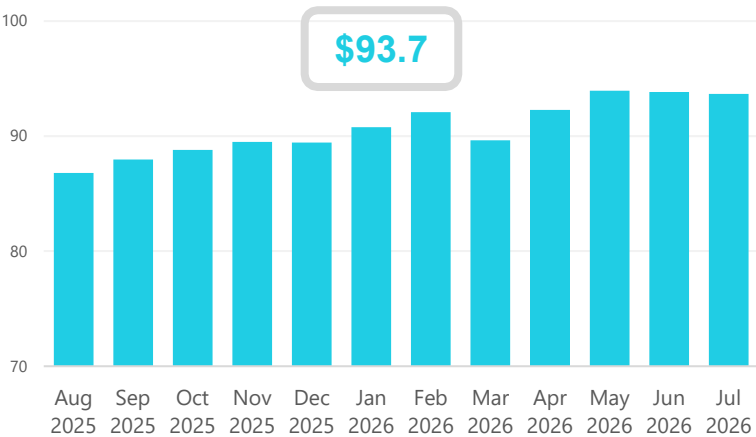
Growth of a Dollar (trailing 5Y)³



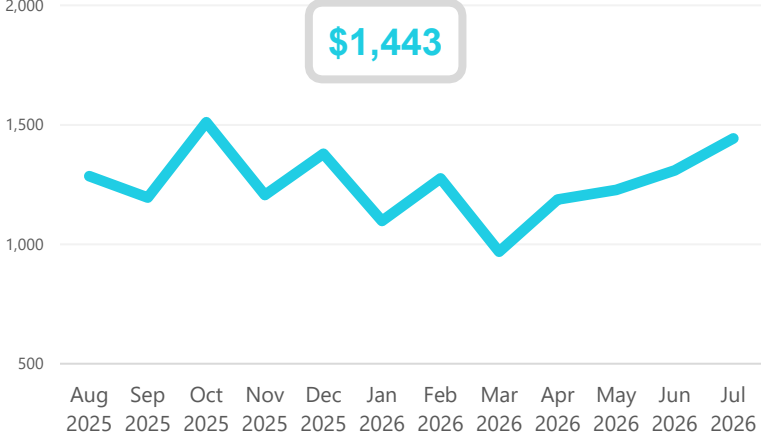
Asset Allocation (in millions)



Total Market Value (in billions)



Cash Equivalents (in millions)

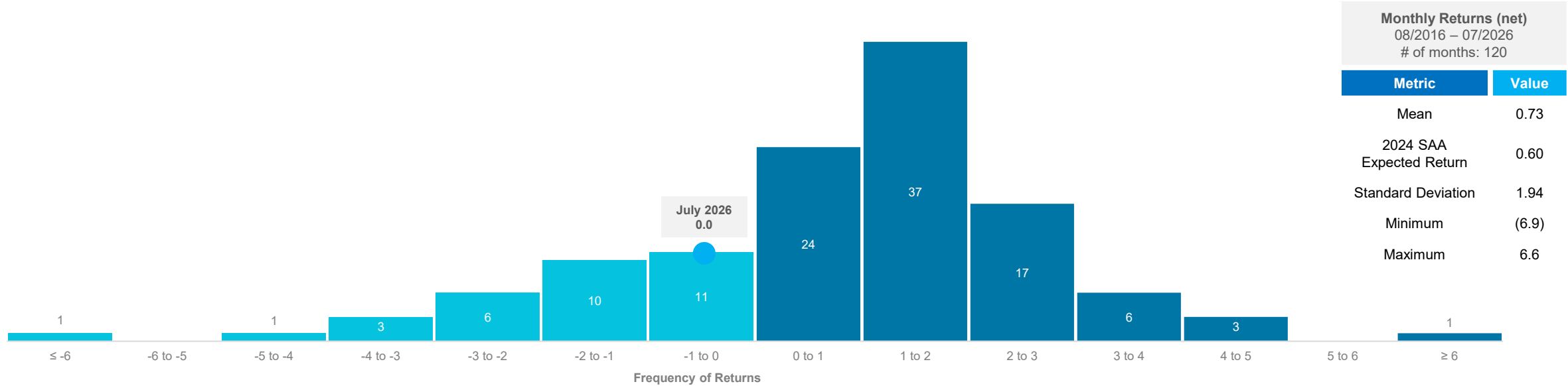


Total Fund

Historical Net Performance as of July 2026



LACERA Pension Fund



	Market Value (\$ mm)	% of Total Fund	Target	1 Month	3 Month	FYTD	YTD	1 Year	3 Year	5 Year	10 Year
Total Fund	93,671	100.0%	100.0%	0.0%	2.0%	0.0%	5.8%	10.9%	9.7%	7.2%	8.8%
Total Fund Policy Benchmark				1.7%	2.9%	1.7%	7.4%	15.7%	11.8%	7.1%	8.6%
Total Fund Actuarial Hurdle				0.6%	1.7%	0.6%	4.0%	7.0%	7.0%	7.0%	7.0%
Growth	45,312	48.4%	48.0%	-0.1%	2.7%	-0.1%	8.0%	16.5%	12.9%	9.6%	
Growth Policy Benchmark				3.5%	4.2%	3.5%	11.6%	26.1%	18.4%	10.8%	
Credit	11,889	12.7%	13.0%	0.9%	4.2%	0.9%	6.5%	3.2%	12.6%	8.2%	
Credit Policy Benchmark				0.3%	2.3%	0.3%	2.8%	5.8%	8.6%	5.0%	
Real Assets & Inflation Hedges	13,708	14.6%	15.0%	1.2%	0.0%	1.2%	4.7%	9.5%	4.5%	5.4%	
RA & IH Policy Benchmark				1.0%	3.9%	1.0%	8.5%	12.5%	5.2%	5.4%	
Risk Reduction & Mitigation	22,290	23.8%	24.0%	-0.8%	0.4%	-0.8%	1.1%	4.5%	4.6%	0.9%	
RR & M Policy Benchmark				-0.9%	-0.1%	-0.9%	0.5%	3.7%	4.1%	0.5%	
Overlays & Hedges	471	0.5%									

Total Fund

Forecast Volatility as of July 2026⁴



VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

Total Fund
Volatility

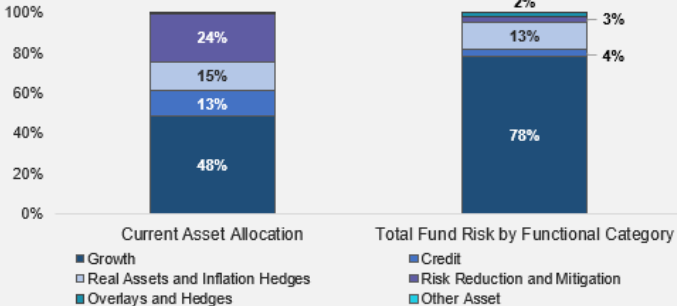
8.6%

Benchmark
Volatility

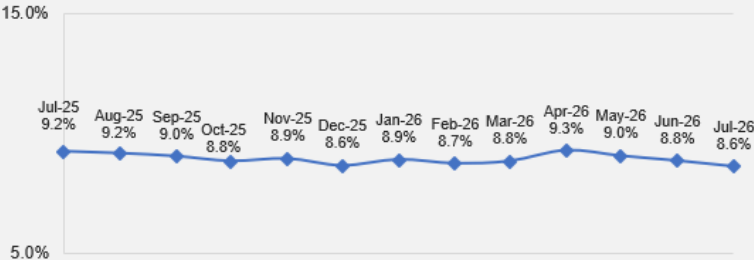
8.3%

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

1.22%

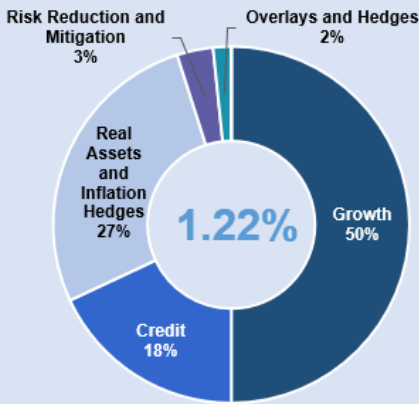
Allocation
Risk

0.04%

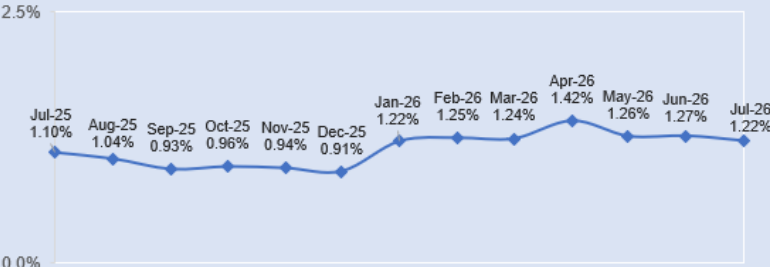
Selection
Risk

1.18%

Functional Category Contributions to Active Risk



Forecasted Active Risk Trend



Source: MSCI BarraOne

Total Fund

Geographic Exposure by AUM as of July 2026^{5,6}

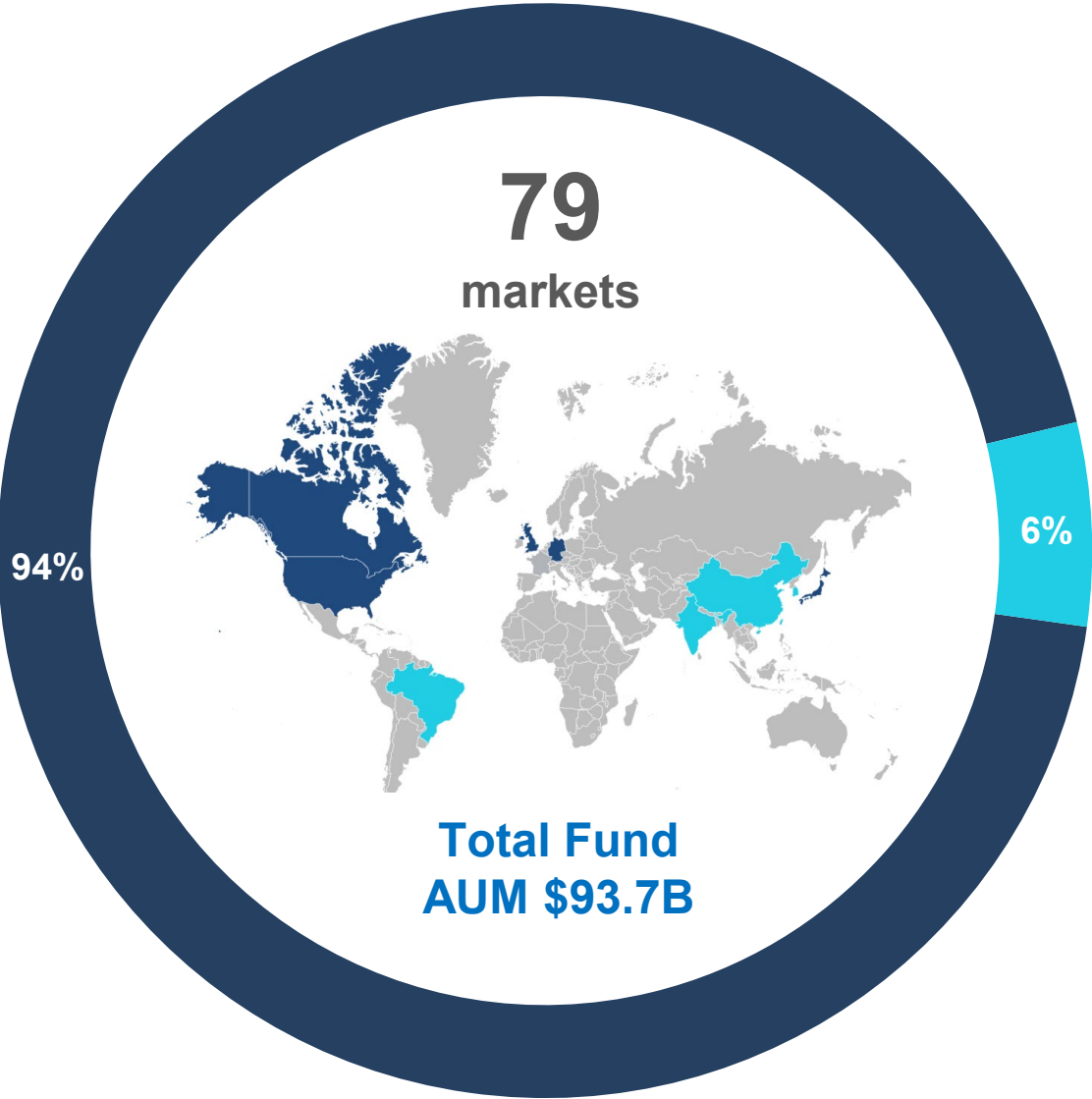




25

developed
markets

Top 5 Countries		Portfolio
	United States	75.9%
	United Kingdom	4.1%
	Canada	2.6%
	Japan	1.9%
	Germany	1.6%





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emerging &
frontier markets

Top 5 Countries		Portfolio
	China	1.7%
	Taiwan	1.0%
	South Korea	0.8%
	Brazil	0.4%
	India	0.4%



03

OPEB Master Trust Performance and Risk

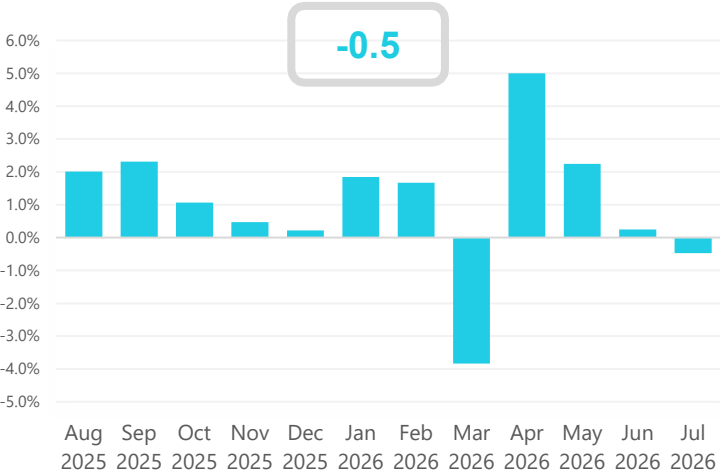


OPEB Master Trust

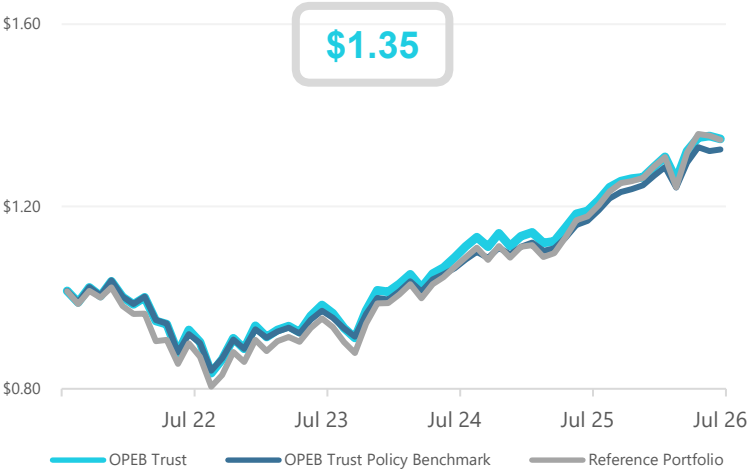
Performance Summary as of July 2026



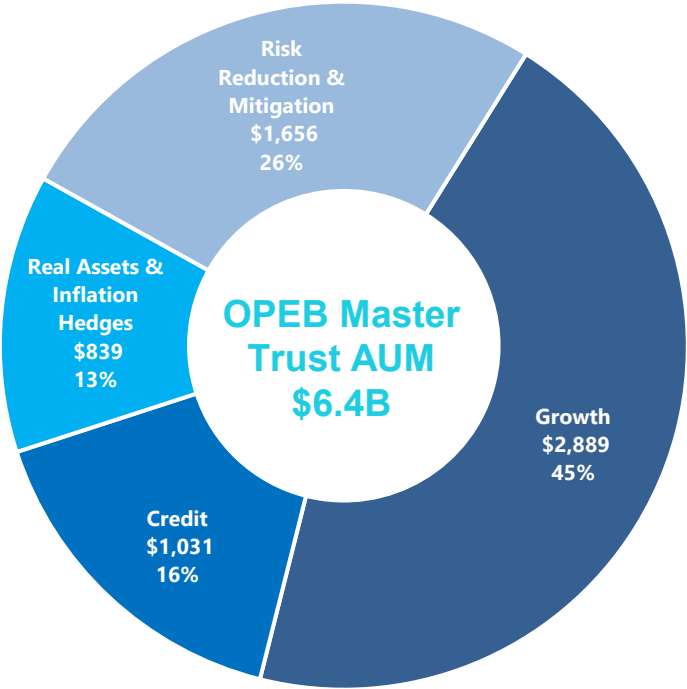
Monthly Return (net)



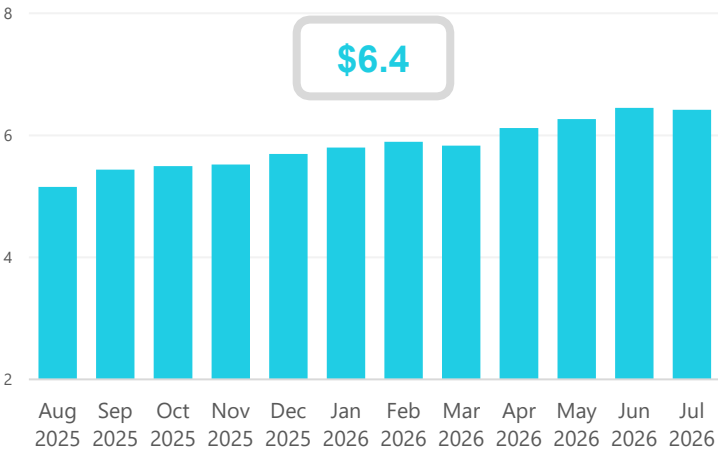
Growth of a Dollar (trailing 5Y)⁷



Asset Allocation (in millions)



Total Market Value (in billions)



Cash Equivalents (in millions)

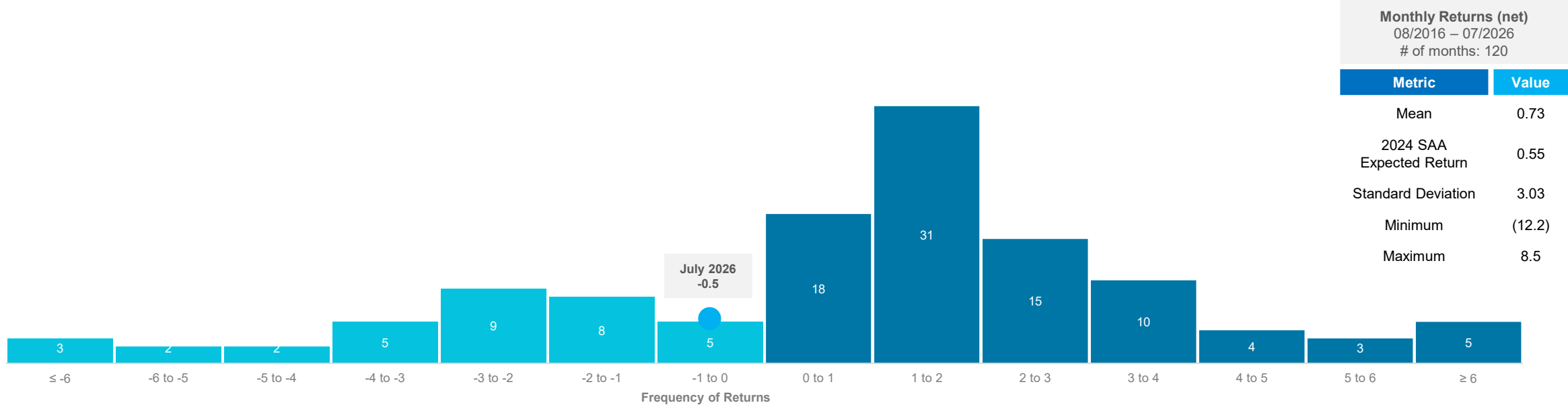


OPEB Master Trust

Historical Net Performance as of July 2026



OPEB Master Trust



Monthly Returns (net) 08/2016 – 07/2026 # of months: 120	
Metric	Value
Mean	0.73
2024 SAA Expected Return	0.55
Standard Deviation	3.03
Minimum	(12.2)
Maximum	8.5

	Market Value (\$ mm)	% of Master Trust	Target	1 Month	3 Month	FYTD	YTD	1 Year	3 Year	5 Year	10 Year
OPEB Master Trust	6,417	100.0%	100.0%	-0.5%	2.0%	-0.5%	6.7%	13.3%	11.1%	6.2%	8.6%
OPEB Master Trust Policy Benchmark				0.2%	2.2%	0.2%	6.3%	13.4%	10.9%	5.8%	8.1%
OPEB Actuarial Hurdle				0.5%	0.5%	0.5%	3.6%	6.2%	6.2%	6.1%	6.1%
OPEB Growth	2,889	45.0%	45.0%	-0.5%	3.8%	-0.5%	11.4%	22.6%	18.2%	10.7%	
OPEB Growth Policy Benchmark				0.9%	4.2%	0.9%	11.7%	23.7%	18.5%	10.5%	
OPEB Credit	1,031	16.1%	16.0%	0.5%	1.1%	0.5%	2.3%	5.8%	7.1%	4.1%	
OPEB Credit Policy Benchmark				0.3%	2.3%	0.3%	2.8%	5.8%	8.4%	4.9%	
OPEB Real Assets & Inflation Hedges	839	13.1%	13.0%	0.8%	2.6%	0.8%	9.8%	13.2%	7.3%	1.7%	
OPEB RA & IH Policy Benchmark				1.8%	1.6%	1.8%	6.5%	10.5%	4.7%	1.9%	
OPEB Risk Reduction & Mitigation	1,656	25.8%	26.0%	-1.7%	-1.0%	-1.7%	-0.8%	2.4%	2.9%	-0.3%	
OPEB RR & M Policy Benchmark				-1.7%	-1.0%	-1.7%	-1.0%	2.2%	2.7%	-0.7%	

OPEB Master Trust

Forecast Volatility as of July 2026⁸



VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

OPEB Trust

Volatility

7.6%

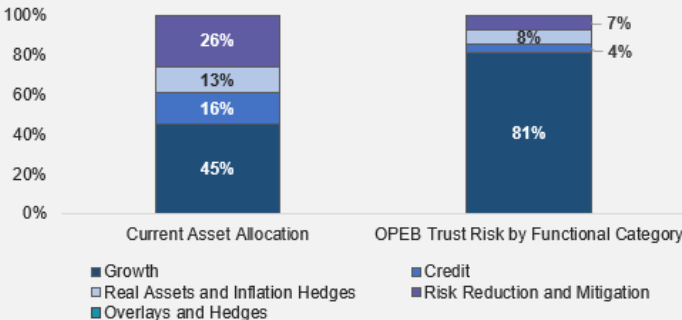
Benchmark

Volatility

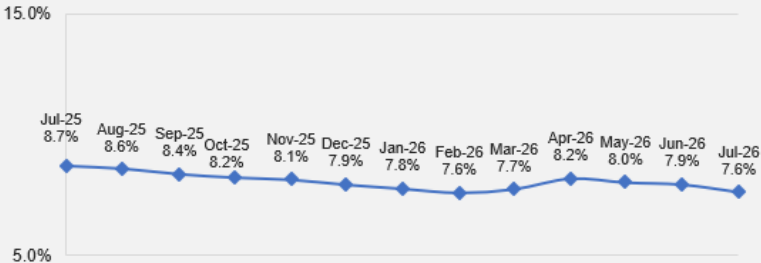
7.8%

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

0.72%

Allocation

Risk

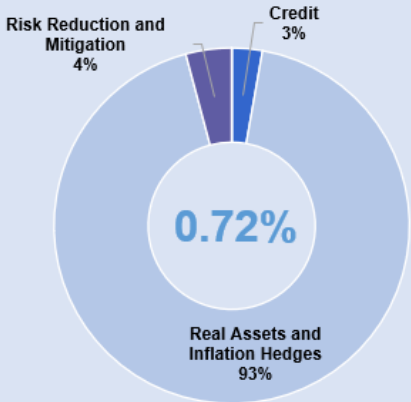
0.10%

Selection

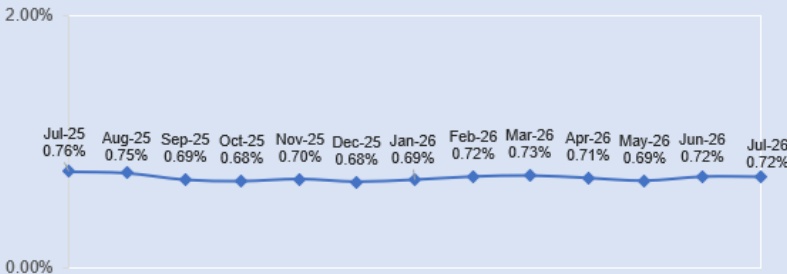
Risk

0.62%

Functional Category Contributions to Active Risk



Forecasted Active Risk Trend



Source: MSCI BarraOne

OPEB Master Trust

Geographic Exposure by AUM as of July 2026^{9,10}

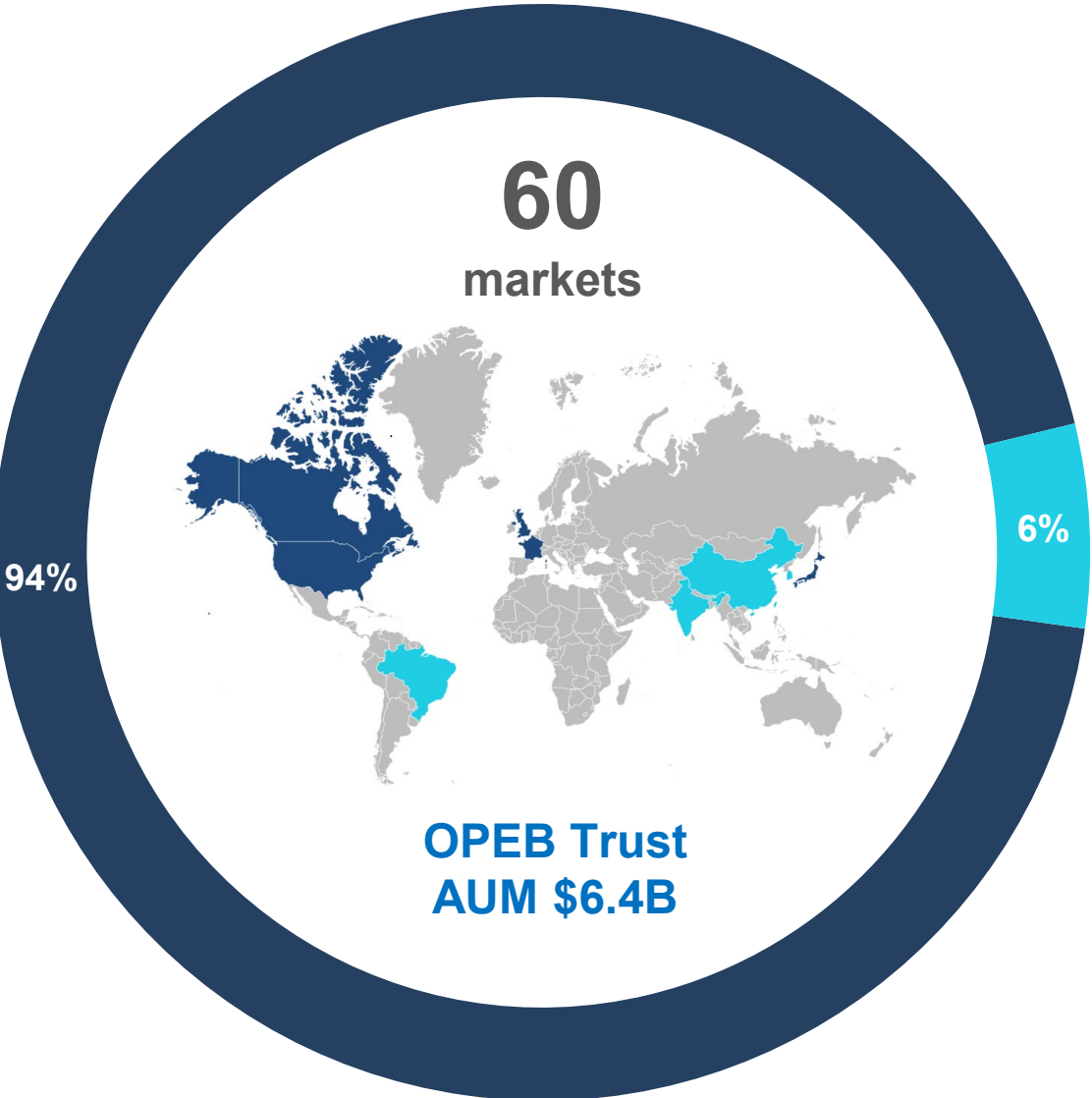




25

developed
markets

Top 5 Countries		Portfolio
	United States	79.7%
	Japan	2.8%
	Canada	2.2%
	United Kingdom	2.1%
	France	1.0%





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emerging &
frontier markets

Top 5 Countries		Portfolio
	Taiwan	1.4%
	China	1.1%
	South Korea	1.1%
	India	0.7%
	Brazil	0.2%



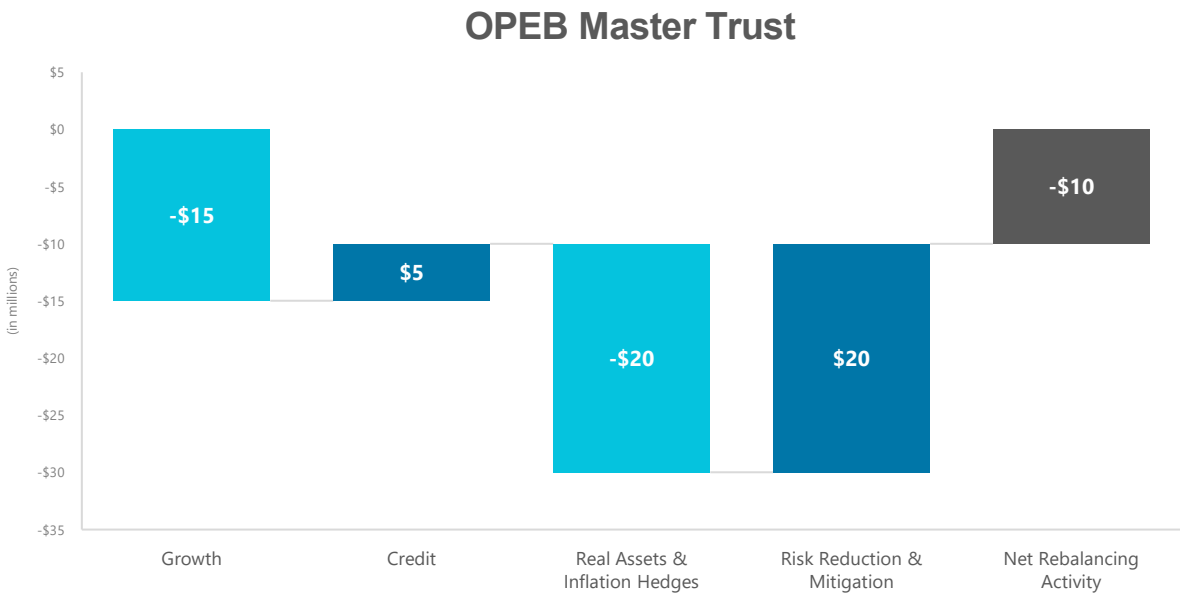
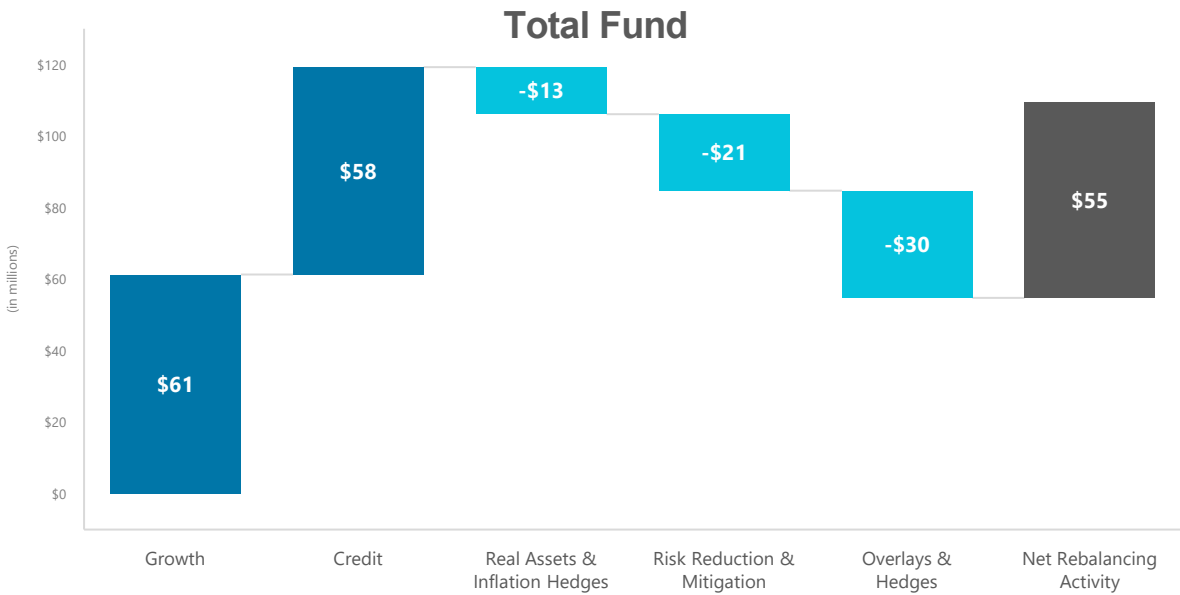
04

Portfolio and Structural Updates





July Rebalancing Activity



Total Fund Overlays and Hedges

Program	July Gain / (Loss) in \$ millions	Since Inception Gain / (Loss) in \$ millions
Currency Hedge	29.9	1,593.6
Cash / Rebalance Overlay	-14.8	789.6

Key Initiatives and Operational Updates



Key Initiatives and Operational Updates

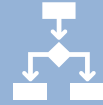
		Status
Total Fund		
April 2024 approved Strategic Asset Allocation implementation		In Progress
Adhering to the BOI-approved 2026 Strategic Framework		In Progress
Planning for the Strategic Framework and Initiatives Refresh		In Progress
Risk system onboarding		In Progress
OPEB Master Trust		
April 2024 approved Strategic Asset Allocation implementation		In Progress
Risk system onboarding		In Progress



Open Personnel Searches

		Status
Investments Division		
Principal Investment Officer – 1 position		In Progress
Finance Analyst III – 5 positions		In Development
Finance Analyst II – 1 position		Completed

Key Initiatives and Operational Updates



Manager / Consultant Updates

Firm	Mandate	Asset Class	LACERA AUM (prior month end, in millions)	Update
State Street Investment Management	Separate Account	Global Equity and Cash	\$19,337	Lori Heinel, State Street Investment Management's Global Chief Investment Officer, has announced her planned retirement effective March 31, 2027. She will continue to serve fully in her role until her retirement date.
KKR	Commingled Fund	Infrastructure	\$570	On August 26, 2026, the US Justice Department announced that KKR agreed to pay \$250 million to settle claims it repeatedly violated the Hart-Scott Rodino (HSR) Act's premerger notification rules across at least 16 transactions in 2021-2022.
Partners Group	Commingled Fund	Infrastructure	\$433	Effective January 1, 2027, Roberto Cagnati and Juri Jenkner will succeed David Layton as co-Chief Executive Officers. Mr. Cagnati most recently led Partners Group's Portfolio Solutions team and served as Chief Risk Officer. Mr. Jenkner currently serves as President and previously led the firm's Infrastructure and Private Credit businesses. Mr. Layton will transition to the roles of Chief Investment Officer and Chairman of the Global Investment Committee.
Napier Park	Separate Account	Credit	\$1,206	Victory Capital Holdings, Inc. has agreed to acquire First Eagle Investments, the parent company of Napier Park. Napier Park will remain a distinct investment platform dedicated to alternative credit investing and is expected to continue operating independently following the transaction. Closing is expected to occur by the end of 1Q 2027.

Change In Fiduciary Net Position¹¹



FIDUCIARY NET POSITION

Additions

+

Deductions



ADDITIONS

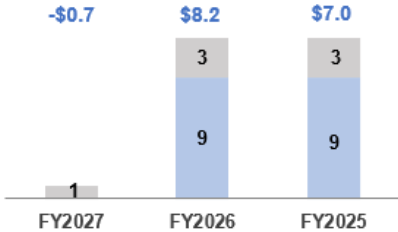
Employer and Employee Contributions
Net Investment Income/(Loss)



DEDUCTIONS

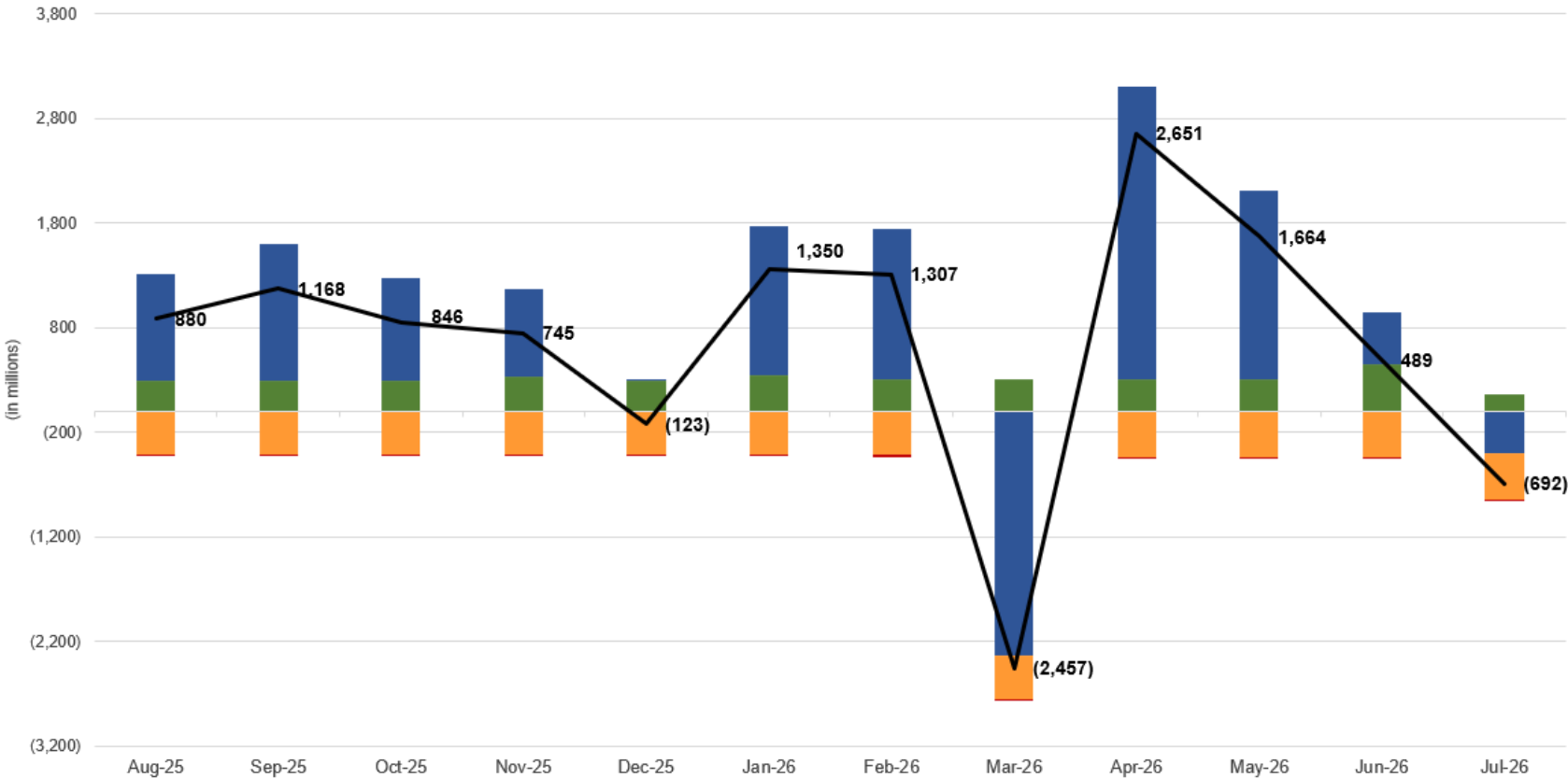
Benefits and Refunds
Administrative Expenses

Total Net Position Change Trend (in billions)



■ Positive Months ■ Negative Months

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



■ Employee and Employer Contributions
■ Administrative Expenses and Miscellaneous

■ Net Investment Income/(Loss)
— Total Additions and Deductions in Fiduciary Net Position

■ Benefits and Refunds



05



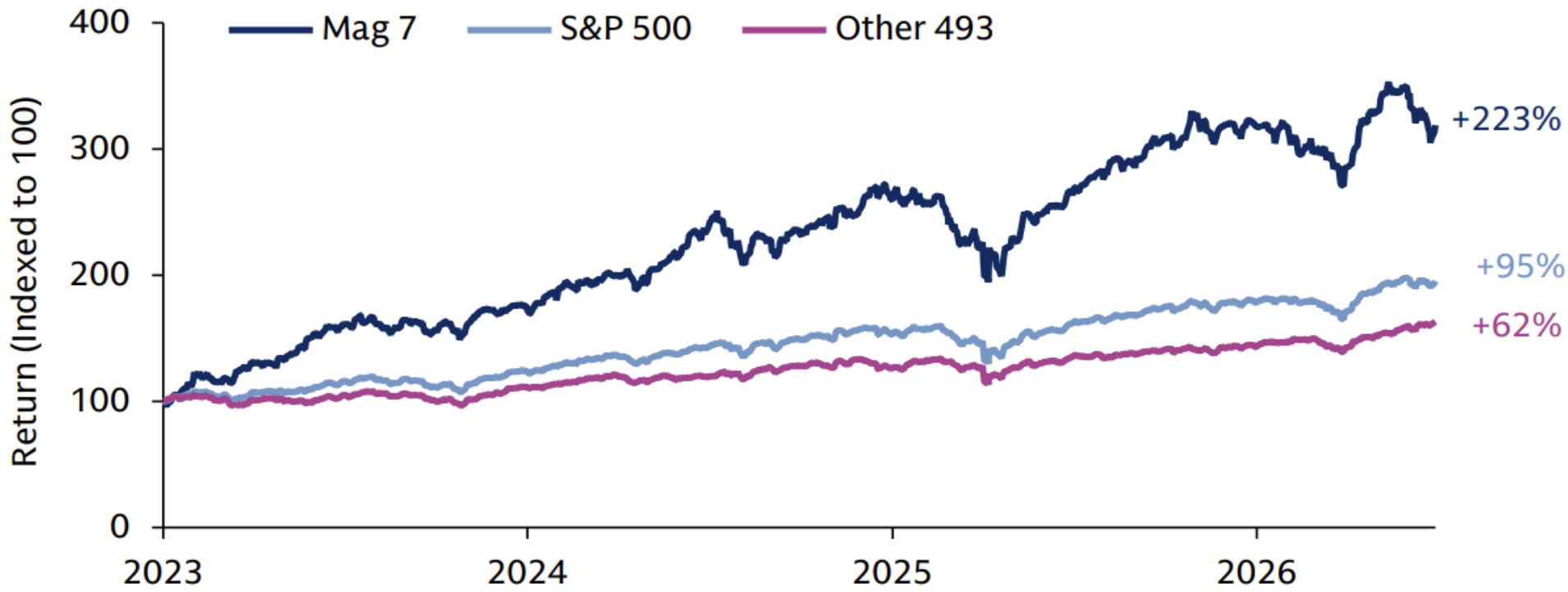
Appendix

Staff Chart of the Month

Market Returns Continue to Be Driven by a Small Number of Mega-Cap Companies



Top Driven US Market

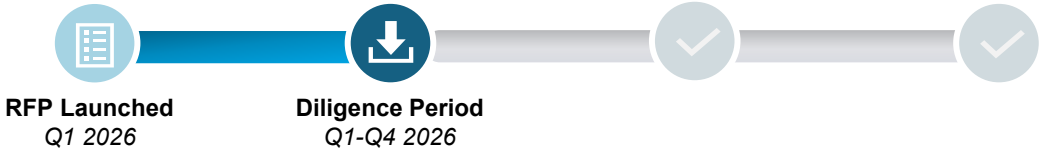


Source: Bloomberg and Goldman Sachs Asset Management. As of June 30, 2026.

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, 7	Reference portfolio = 60% MSCI ACWI IMI / 40% Bloomberg US Aggregate Bond Index.
Page 10, 15 / Footnote 4, 8	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 5, 9	Geographic exposure ex-overlays and hedges is based on the domicile country of a given security/asset.
Page 11, 16 / Footnote 6, 10	Information displayed represents best available holdings level transparency. Based on MSCI Market Classification Framework.
Page 21 / Footnote 11	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.