



Chief Investment Officer Monthly Report

Jonathan Grabel – Chief Investment Officer 

Board of Investments Meeting
March 12, 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



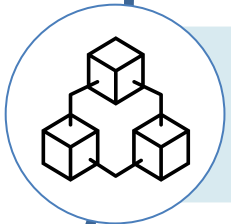
Interest rates and central bank actions

- The Federal Reserve is scheduled to meet and consider policy interest rates at the March 18-19 meeting



Economic data and trends

- Inflation, supply chains, & labor developments



Artificial intelligence

- Research developments, applications, and infrastructure investment



Stewardship and ESG-related developments

- Select public companies consider reincorporating outside of Delaware with questions of investor rights and stable judiciary review

Market Themes

- **Tariff Impacts:** The introduction of new tariffs by the U.S. on imports from Canada, Mexico, China, and the European Union has created 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 staying above 3%. Rising commodity prices and potential bottoming out of goods prices are contributing factors
- **Federal Reserve Policy:** The Federal Reserve's decision to maintain the federal funds rate at 4.25% to 4.50% reflects their cautious approach to managing inflation and supporting economic growth. Future rate adjustments will be closely watched
- **Geopolitical Uncertainty:** Political changes in Europe and ongoing trade tensions are contributing to market uncertainty. Investors are closely monitoring these developments for potential impacts 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

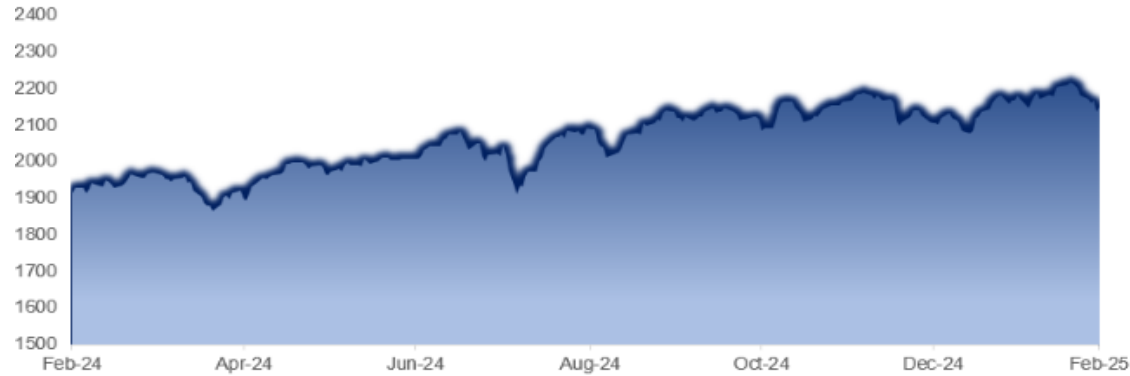
Global Market Performance as of February 28, 2025



MSCI ACWI IMI Index (Global Equity Market)*

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
-0.9	-0.4	8.0	2.4	14.1	8.4	12.4	8.8

1 Year

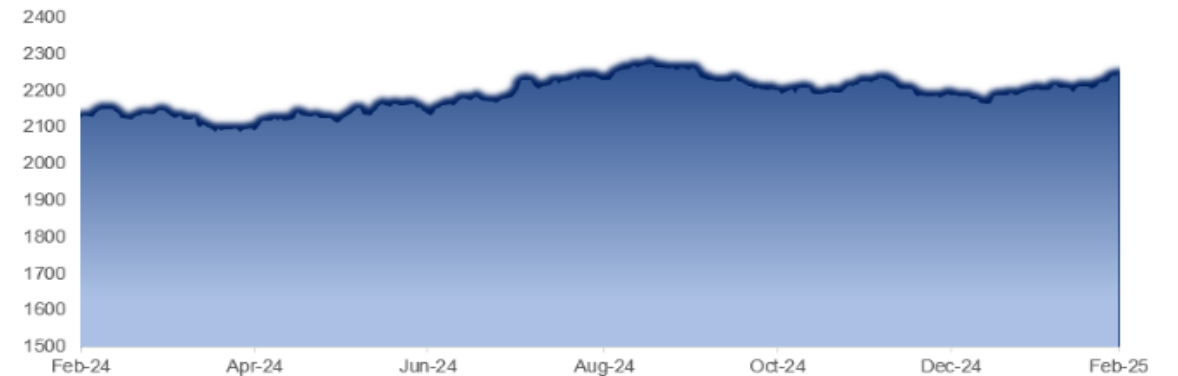


*Global Equity Policy Benchmark - MSCI ACWIIMI Index

Bloomberg U.S. Aggregate Bond Index**

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
2.2	1.1	4.8	2.7	5.8	-0.4	-0.5	1.5

1 Year



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

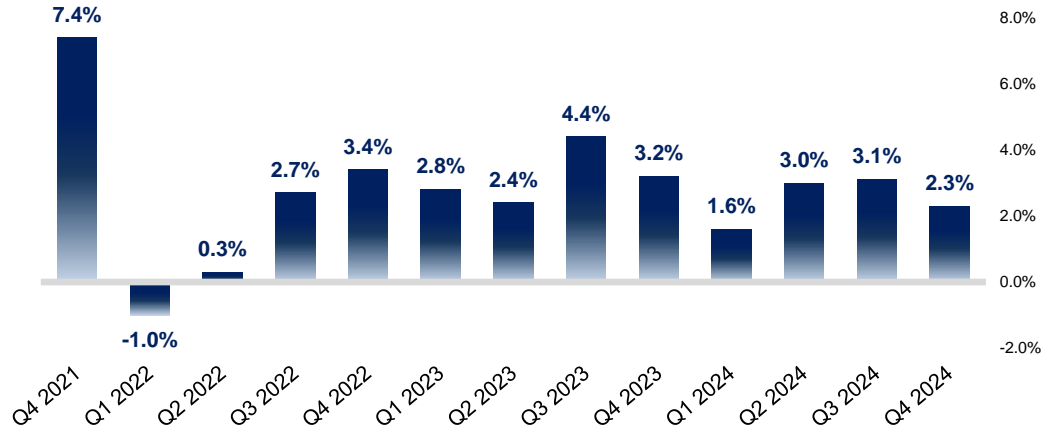
Market	Sub-Category	Index Name	1 M	3 M	FYTD	YTD	1 Y	3 Y	5 Y	10 Y
Reference Portfolio	60:40 Equity:Bond Portfolio	60% MSCI ACWI IMI/ 40% Bloomberg U.S. Aggregate Index	0.4	0.2	6.7	2.5	10.8	5.0	7.3	6.1
Global Equity	U.S. Large Cap	S&P 500 Total Return	-1.3	-1.0	10.0	1.4	18.4	12.5	16.8	13.0
	U.S. Small Cap	Russell 2000 Total Return	-5.3	-10.9	6.5	-2.9	6.7	3.3	9.4	7.2
	Non-U.S. All Cap	MSCI ACWI-ex U.S. IMI Total Return	1.1	2.7	4.7	4.7	8.9	4.1	7.5	4.9
	Emerging Markets	MSCI Emerging Markets Total Return	0.5	2.1	2.3	2.3	10.1	0.5	4.3	3.5
Private Equity	Private Equity Buyout	Thomson Reuters PE Buyout Index	-2.4	-3.7	9.6	2.4	19.3	5.7	13.7	10.7
Fixed Income	U.S. Corporate High Yield Bonds	Bloomberg U.S. Corporate High Yield Total Return	0.7	1.6	7.6	2.0	10.1	4.9	4.9	5.1
	U.S. Long Term Treasury Bonds	Bloomberg Long Term U.S. Treasury Total Return Index	5.2	0.0	4.1	5.6	3.4	-8.6	-6.6	-0.4
	Developed Markets Leveraged Loans	Credit Suisse Leveraged Loan Total Return	0.2	1.5	5.3	0.9	8.2	7.2	6.1	5.0
Real Assets & Inflation Hedges	Natural Resources	S&P Global Natural Resources Total Return Index	-0.2	-2.0	-3.7	5.4	2.5	0.7	11.3	5.4
	Global Infrastructure	Dow Jones Brookfield Global Infrastructure Composite Index	2.7	-2.5	14.8	3.4	18.1	5.8	6.4	4.7
	Treasury Inflation-Protected Securities	Bloomberg U.S. Treasury TIPS 0-5 Years Total Return	1.1	2.0	4.5	2.1	6.6	2.6	3.6	2.7
	Real Estate	NCREIF Fund Index - ODCE (Net) ¹	—	1.0	1.0	-2.3	-2.3	-3.1	2.0	4.9

Source: Bloomberg, State Street

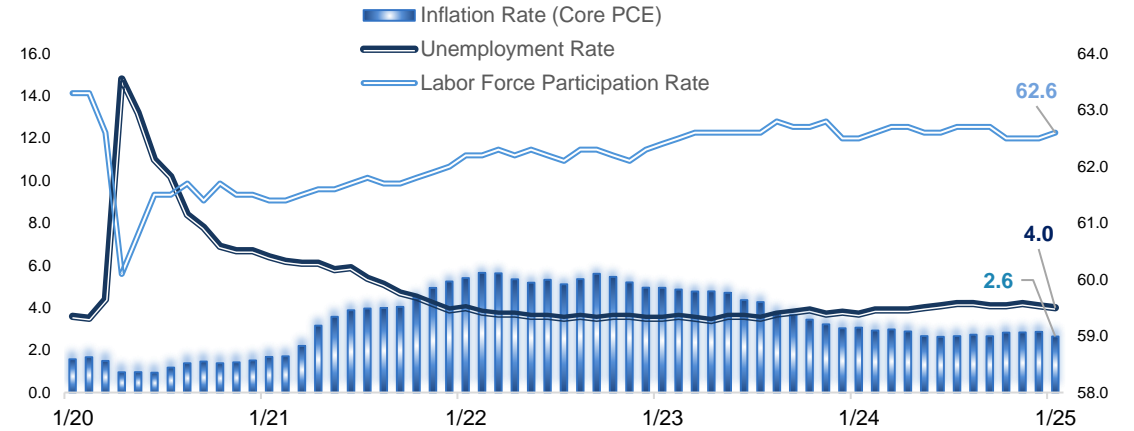
Key Macro Indicators²



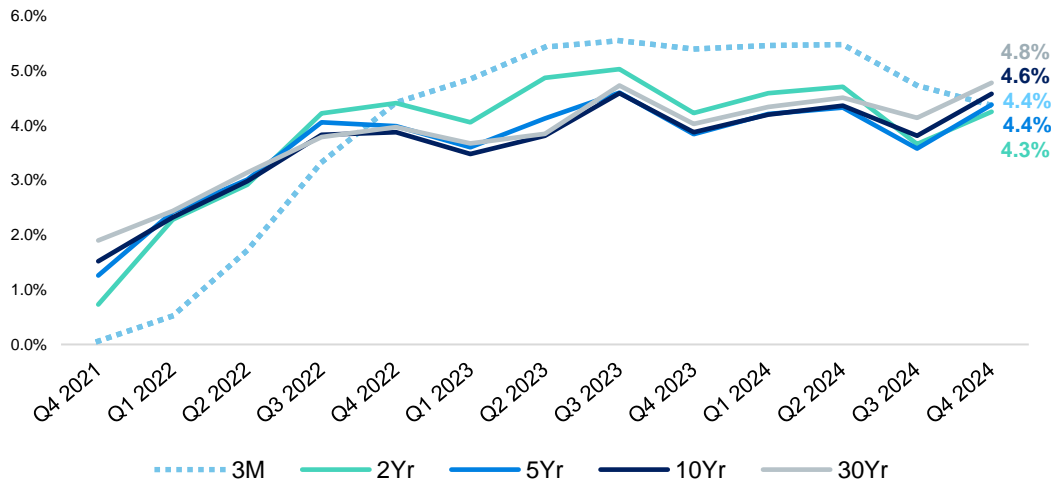
Quarterly Real U.S. GDP Growth



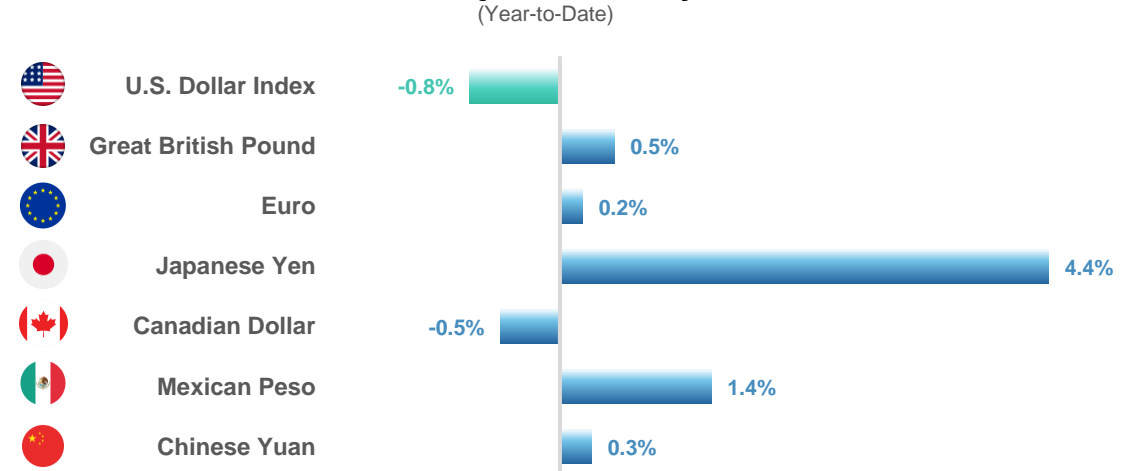
Inflation, Unemployment, and Labor Participation



Market Yields on U.S. Treasury Securities



U.S. Dollar and Major Currency Performance



Sources: Bloomberg, St. Louis Federal Reserve



02



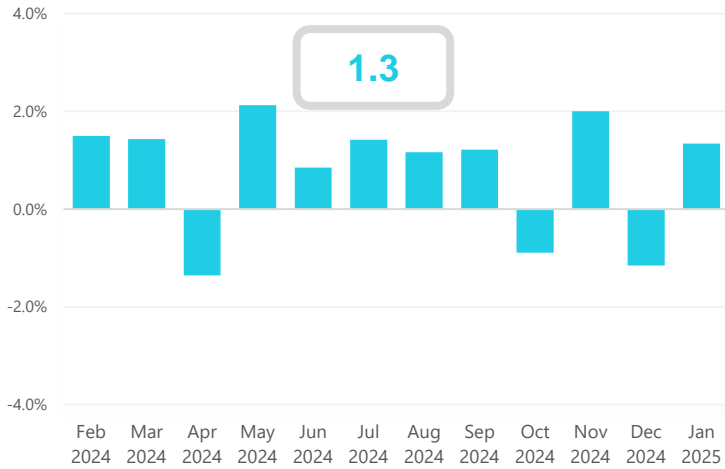
Total Fund Performance & Risk

Total Fund

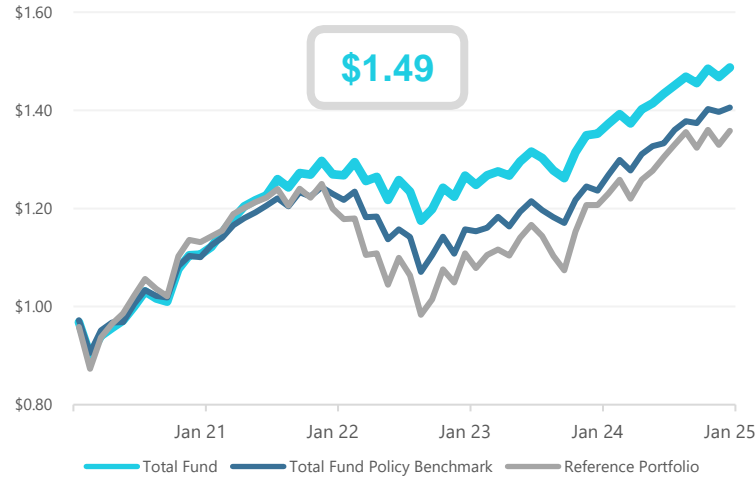
Performance Summary as of January 2025



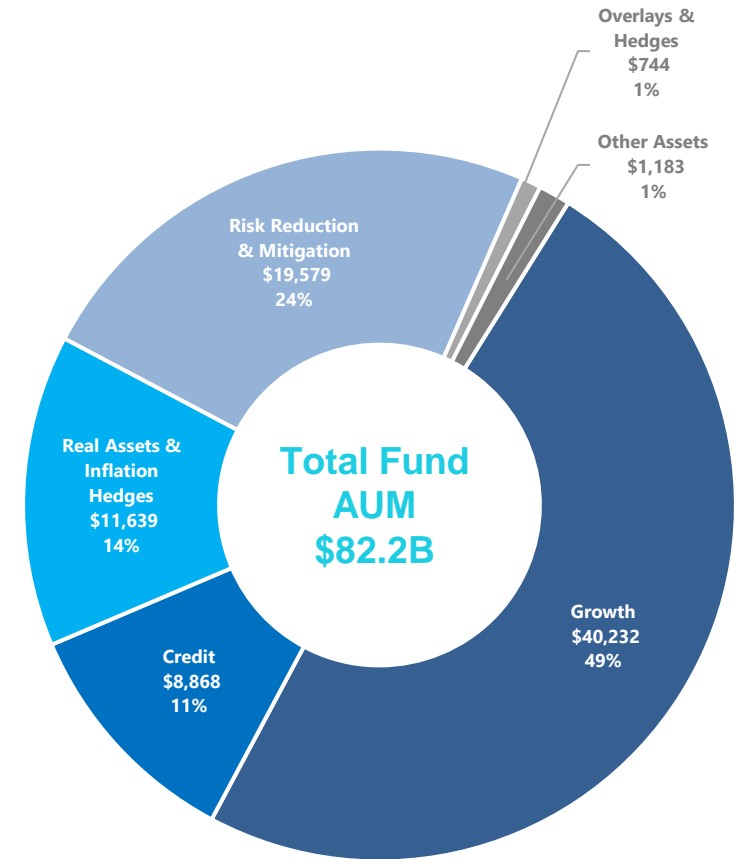
Monthly Return (net)



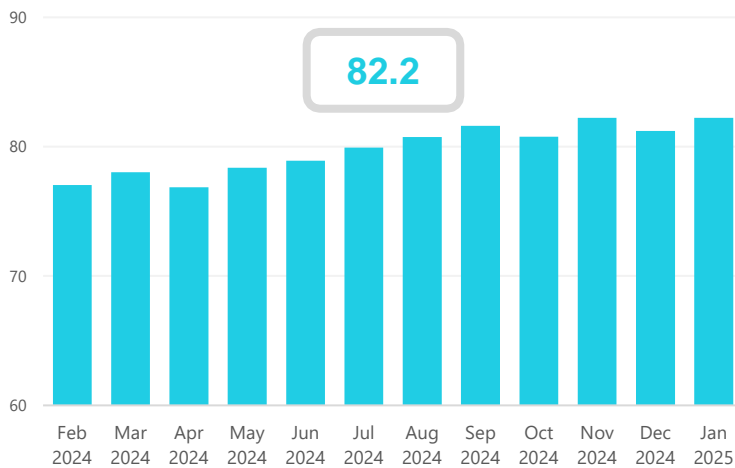
Growth of a Dollar (trailing 5Y)³



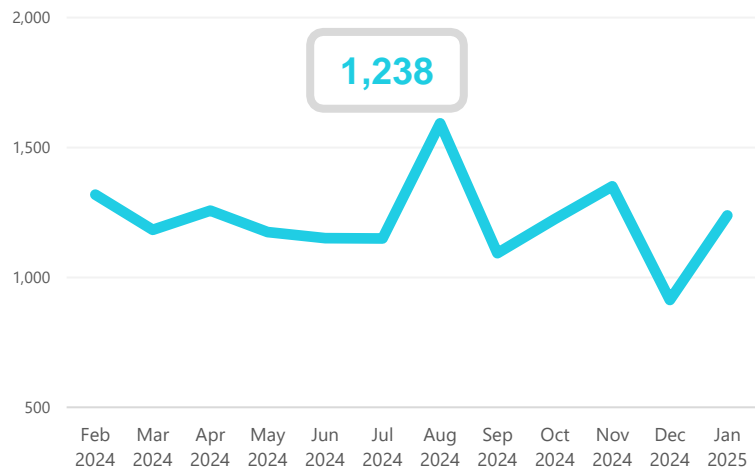
Asset Allocation (in millions)⁴



Total Market Value (in billions)



Cash (in millions)

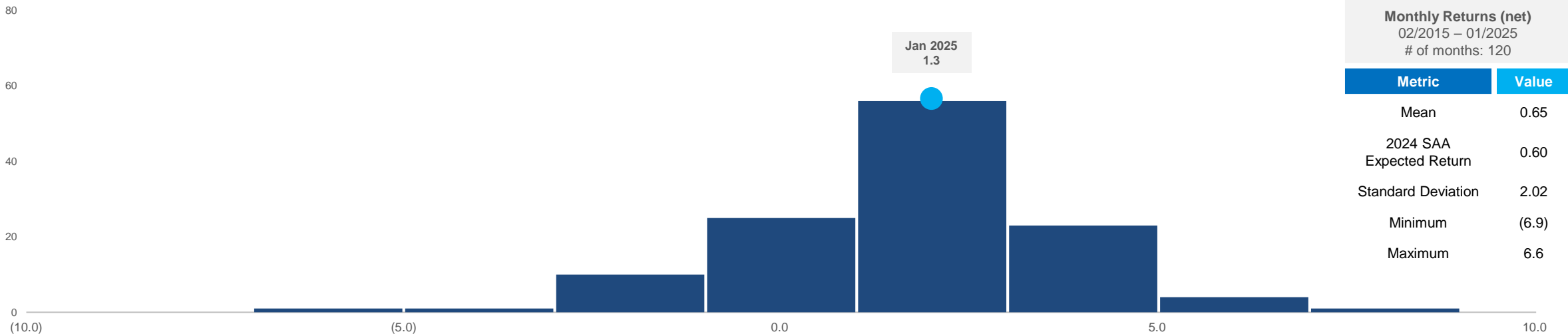


Total Fund

Historical Net Performance as of January 2025



LACERA Pension Fund⁵



	Market Value (\$ mm)	% of Total Fund	Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
Total Fund	82,245	100.0%	100.0%	1.3%	2.2%	5.2%	10.0%	5.4%	8.3%	7.9%
Total Fund Policy Benchmark				0.6%	2.3%	5.9%	13.7%	4.6%	7.0%	7.4%
Total Fund Actuarial Hurdle				0.6%	1.7%	4.0%	7.0%	7.0%	7.0%	7.0%
Growth	40,232	48.9%	48.0%	2.1%	3.1%	6.3%	13.6%	7.0%	12.0%	
Growth Policy Benchmark				1.2%	3.7%	8.3%	22.8%	7.2%	11.2%	
Credit	8,868	10.8%	13.0%	0.5%	2.1%	7.3%	14.2%	7.7%	7.2%	
Credit Policy Benchmark				0.4%	1.9%	5.8%	9.1%	4.9%	4.6%	
Real Assets & Inflation Hedges	11,639	14.2%	15.0%	1.0%	0.6%	2.5%	2.3%	2.4%	5.0%	
RA & IH Policy Benchmark				-0.8%	1.4%	3.2%	2.9%	1.2%	4.8%	
Risk Reduction & Mitigation	19,579	23.8%	24.0%	0.5%	0.3%	2.9%	3.4%	-0.2%	0.7%	
RR & M Policy Benchmark				0.5%	0.1%	2.6%	2.9%	-0.6%	0.1%	
Overlays & Hedges	744	0.9%								
Other Assets	1,183	1.4%								

Total Fund

Forecast Volatility as of January 2025⁶



VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

TOTAL FUND VOLATILITY

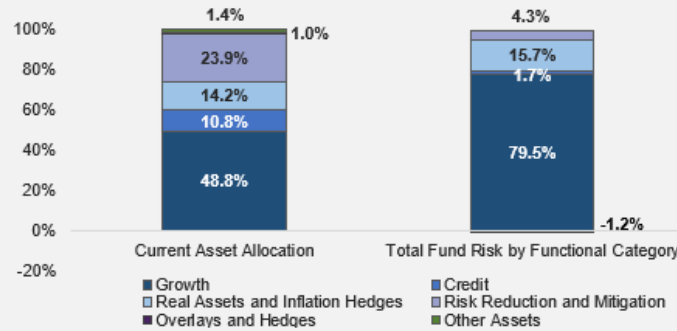
9.2%

BENCHMARK VOLATILITY

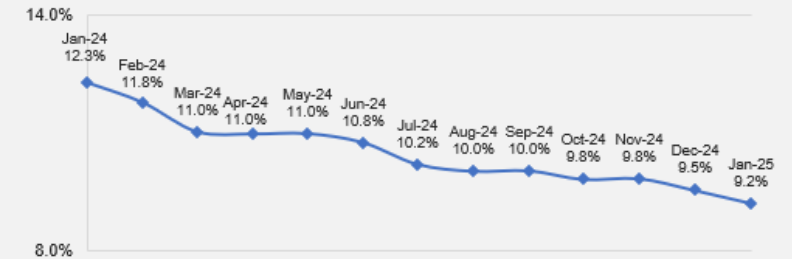
9.1%

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

0.93%

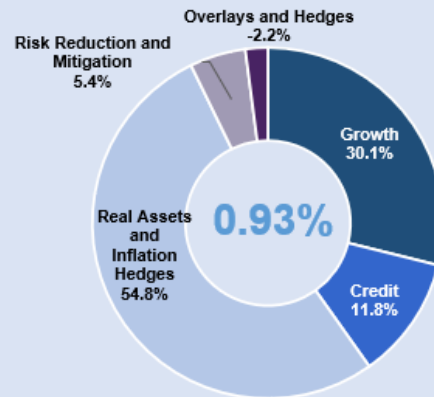
ALLOCATION RISK

0.04%

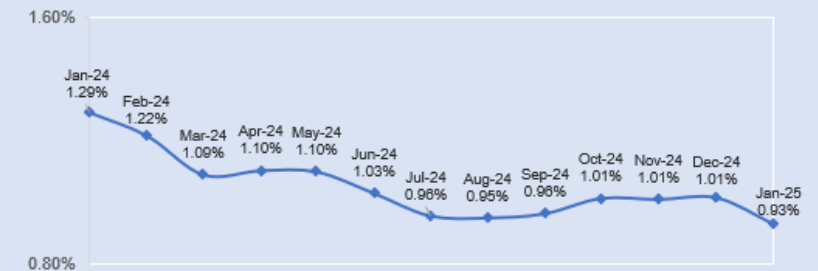
SELECTION RISK

0.89%

Functional Category Contributions to Active Risk



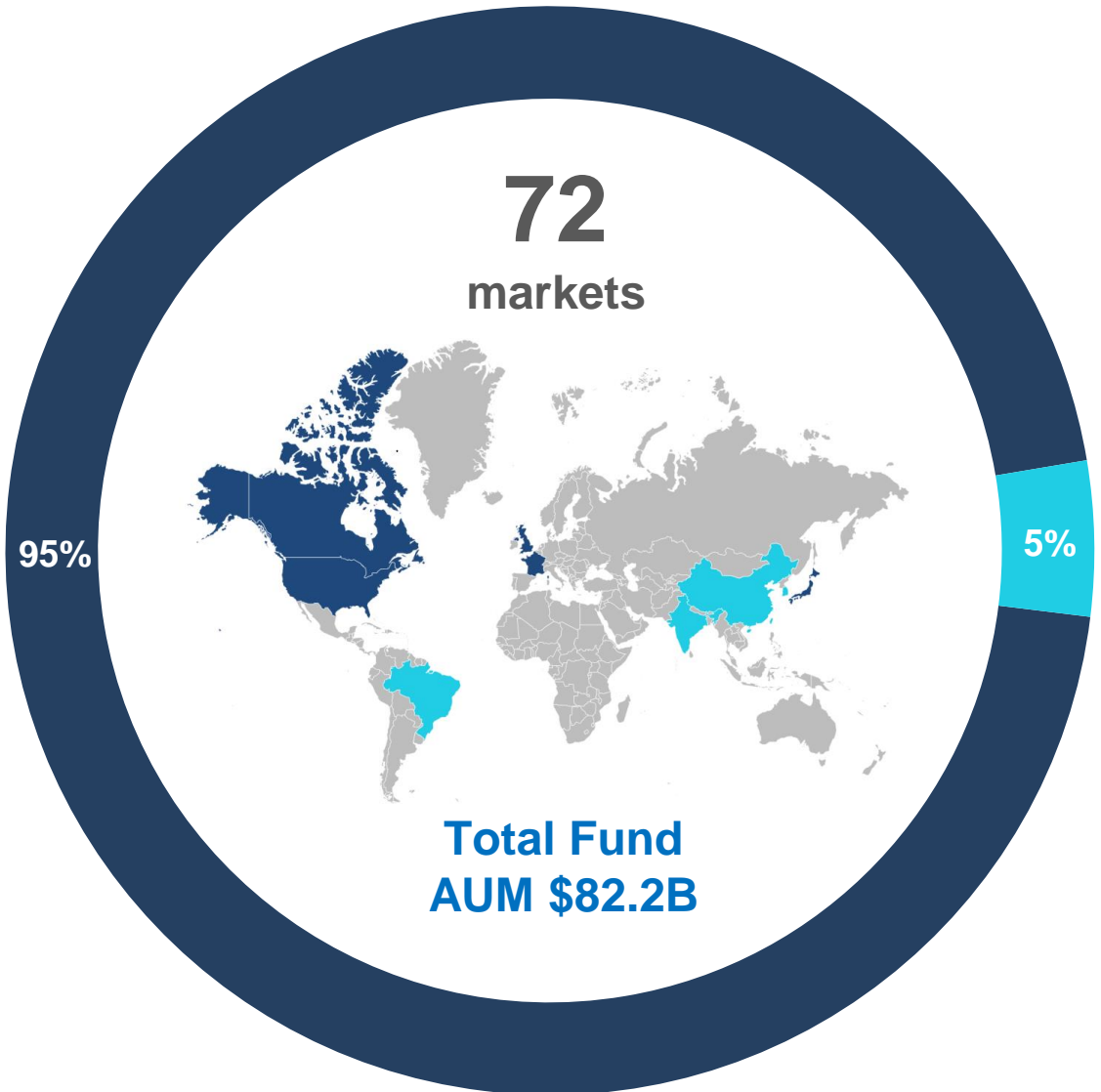
Forecasted Active Risk Trend



Source: MSCI BarraOne

Total Fund

Geographic Exposure by AUM as of January 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	1.4%



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



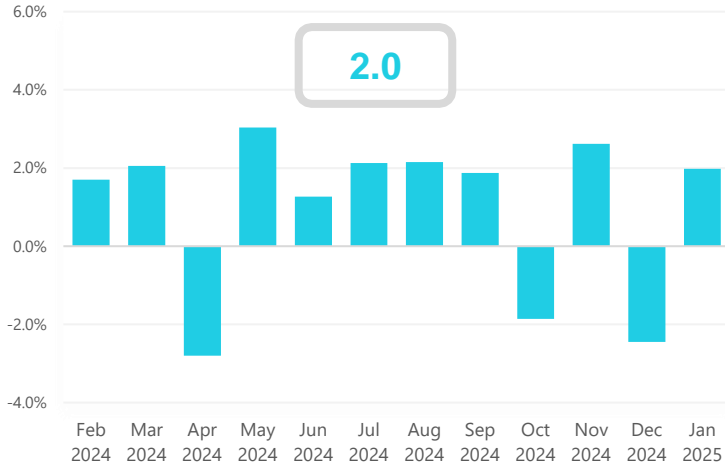
OPEB Trust Performance & Risk

OPEB Trust

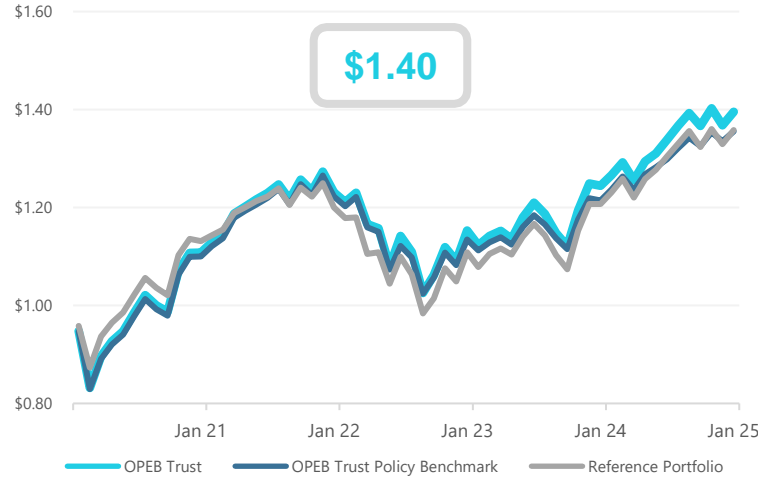
Performance Summary as of January 2025



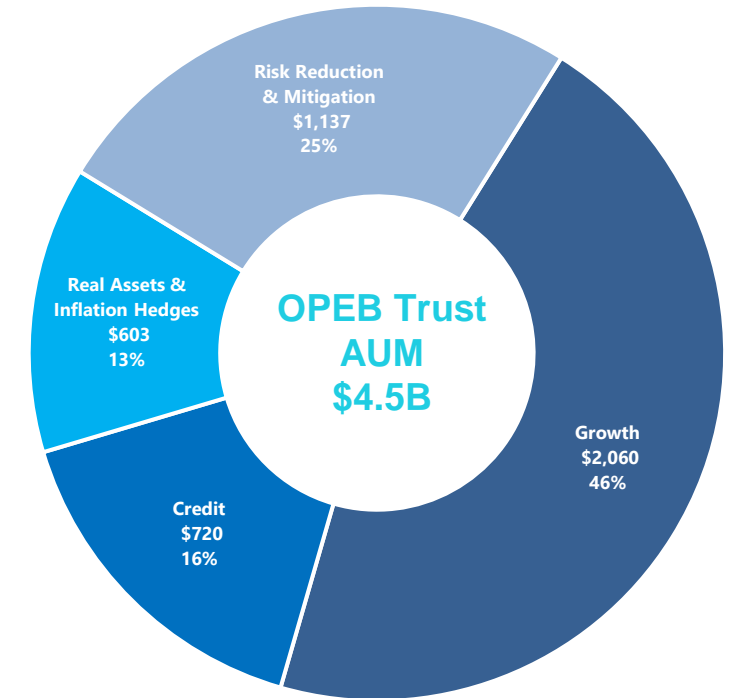
Monthly Return (net)



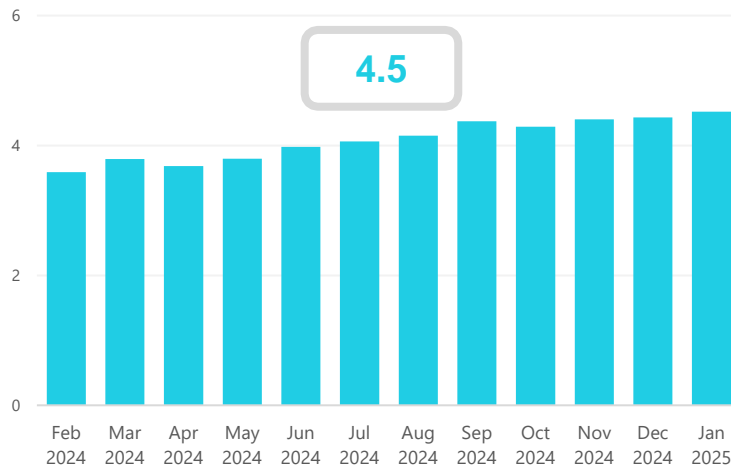
Growth of a Dollar (trailing 5Y)⁹



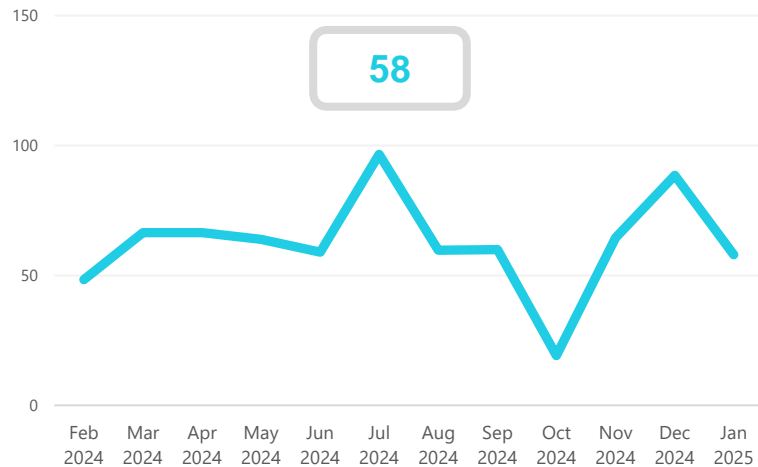
Asset Allocation (in millions)



Total Market Value (in billions)



Cash (in millions)

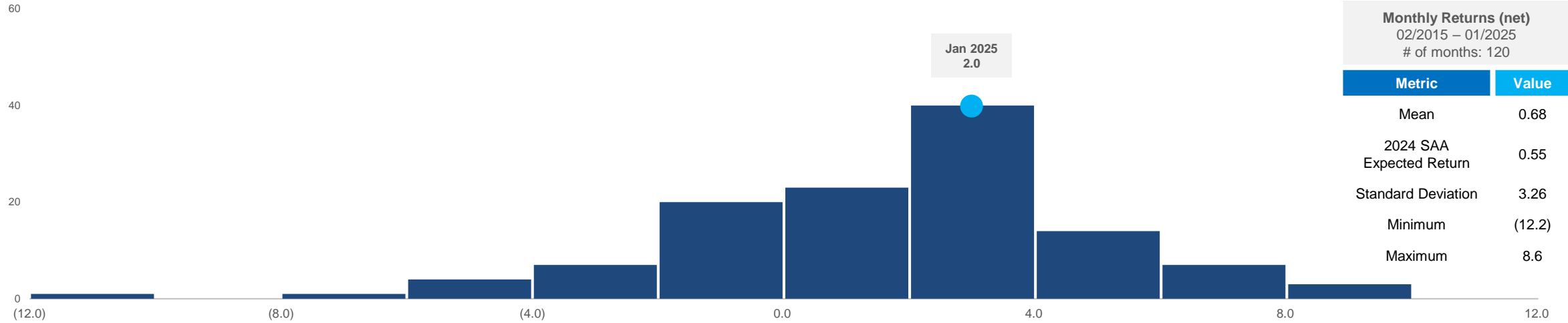


OPEB Trust

Historical Net Performance as of January 2025



OPEB Trust



	Market Value (\$ mm)	% of Master Trust	Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
OPEB Master Trust	4,522			2.0%	2.1%	6.5%	12.1%	4.3%	6.9%	7.8%
OPEB Master Trust Policy Benchmark				1.5%	2.3%	5.7%	11.6%	3.5%	6.3%	6.7%
OPEB Actuarial Hurdle				0.5%	1.5%	3.6%	6.1%	6.0%	6.0%	6.0%
OPEB Growth	2,060	45.6%	45.0%	3.3%	4.4%	9.1%	20.2%	8.1%	10.9%	
OPEB Growth Policy Benchmark				2.7%	4.3%	8.9%	21.6%	7.9%	10.6%	
OPEB Credit	720	15.9%	16.0%	1.1%	1.9%	5.6%	7.9%	4.8%	3.8%	
OPEB Credit Policy Benchmark				0.4%	1.9%	5.8%	9.1%	5.1%	4.2%	
OPEB Real Assets & Inflation Hedges	603	13.3%	13.0%	1.3%	-0.3%	6.4%	9.0%	-1.2%	3.6%	
OPEB RA & IH Policy Benchmark				1.0%	1.0%	1.9%	2.0%	-3.2%	2.5%	
OPEB Risk Reduction & Mitigation	1,137	25.2%	26.0%	0.6%	-0.6%	1.9%	1.1%	-1.2%	-0.4%	
OPEB RR & M Policy Benchmark				0.5%	-0.7%	1.8%	0.9%	-1.9%	-0.9%	
OPEB HL PM Cash	0	0.0%								

OPEB Trust

Forecast Volatility as of January 2025¹⁰



VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

OPEB TRUST
VOLATILITY

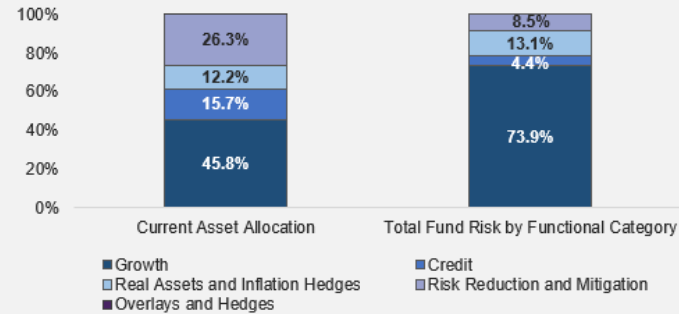
8.7%

BENCHMARK
VOLATILITY

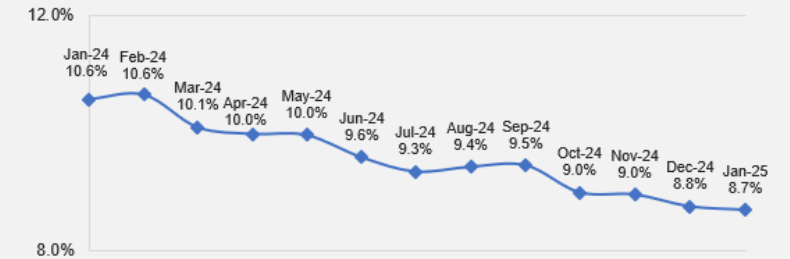
8.5%

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

0.84%

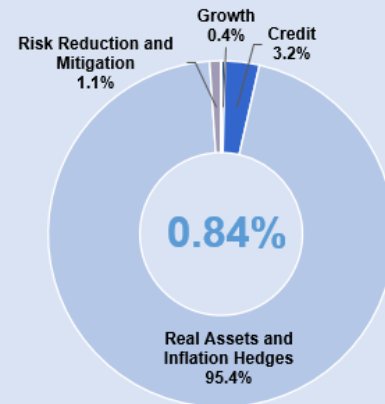
ALLOCATION
RISK

-0.01%

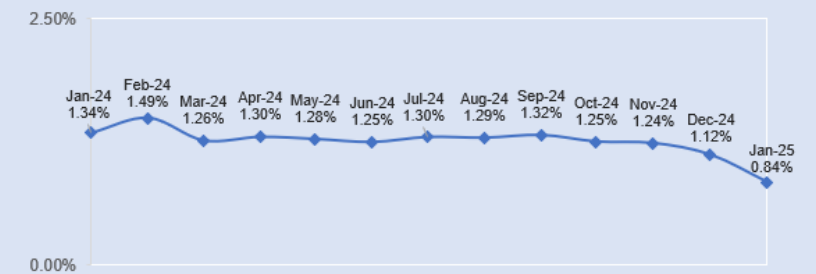
SELECTION
RISK

0.85%

Functional Category Contributions to Active Risk



Forecasted Active Risk Trend



Source: MSCI BarraOne

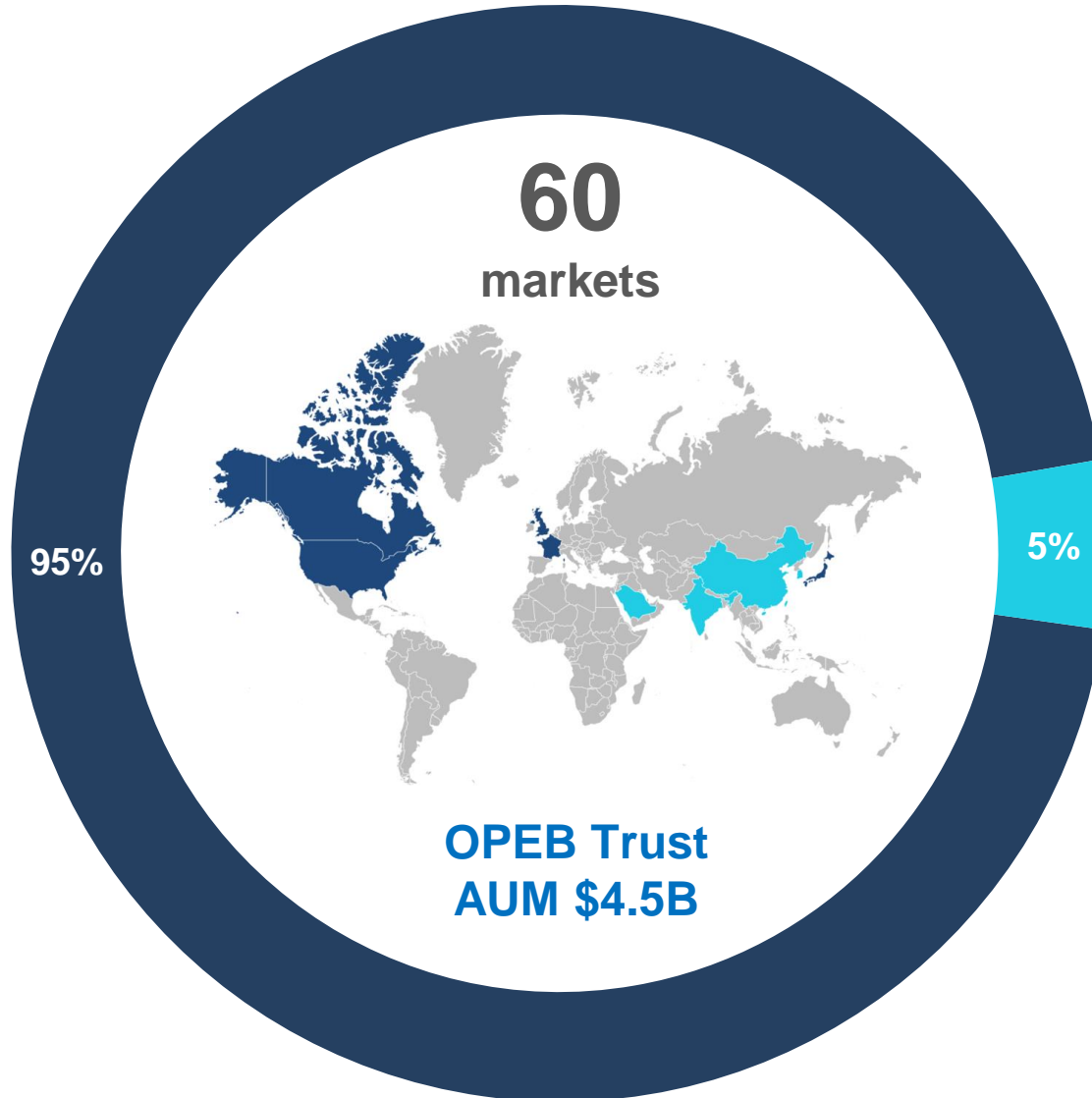
OPEB Trust

Geographic Exposure by AUM as of January 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%



35
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

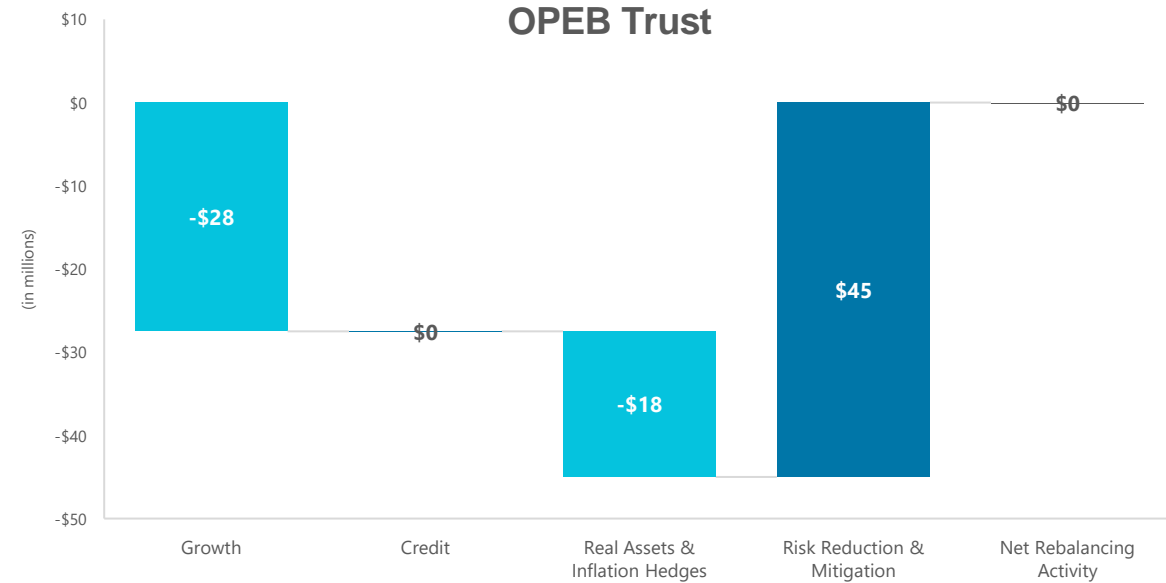
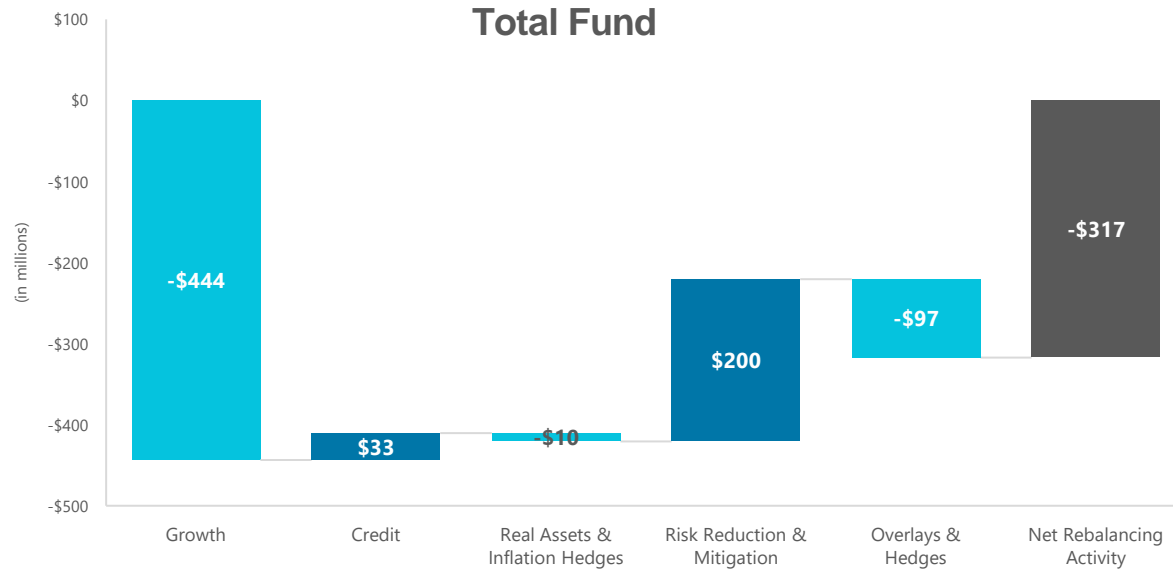
Portfolio & Structural Updates



Portfolio Updates



Rebalancing Activity



Overlays & Hedges

Program	January Gain / (Loss) in \$ millions	Since Inception Gain / (Loss) in \$ millions
Currency Hedge	96.8	1,646.9
Cash / Rebalance Overlay	(5.3)	572.1

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 Development
OPEB Trust	
Risk system onboarding	In Progress



Open Personnel Searches

	Status
Investments Division	
Principal Investment Officer – 1 position	In Development
Senior Investment Officer – 2 positions	In Progress
Finance Analyst III – 3 positions	In Progress & Development
Finance Analyst II – 1 position	In Development
Finance Analyst I – 2 positions	In Development

Key Initiatives and Operational Updates



Manager / Consultant Updates

Firm	Mandate	Asset Class	LACERA AUM <small>(prior month end, in millions)</small>	Update
Napier Park	Separate Account	Credit	\$1,132	<p>Private equity firm Genstar is taking a majority stake in First Eagle, the parent company of Napier Park. Genstar is acquiring the stake from Blackstone, Corsair, and others.</p> <p>First Eagle (\$144B in AUM) will remain independent and there will be no changes to its leadership and investment teams. In addition, Napier Park will remain autonomous and independent of First Eagle.</p>

Change In Fiduciary Net Position¹³



FIDUCIARY NET POSITION

Additions
+
Deductions



ADDITIONS

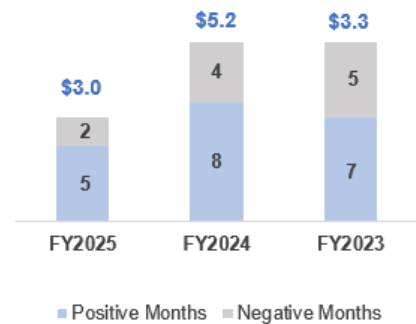
Employer and Employee Contributions
Net Investment Income/(Loss)



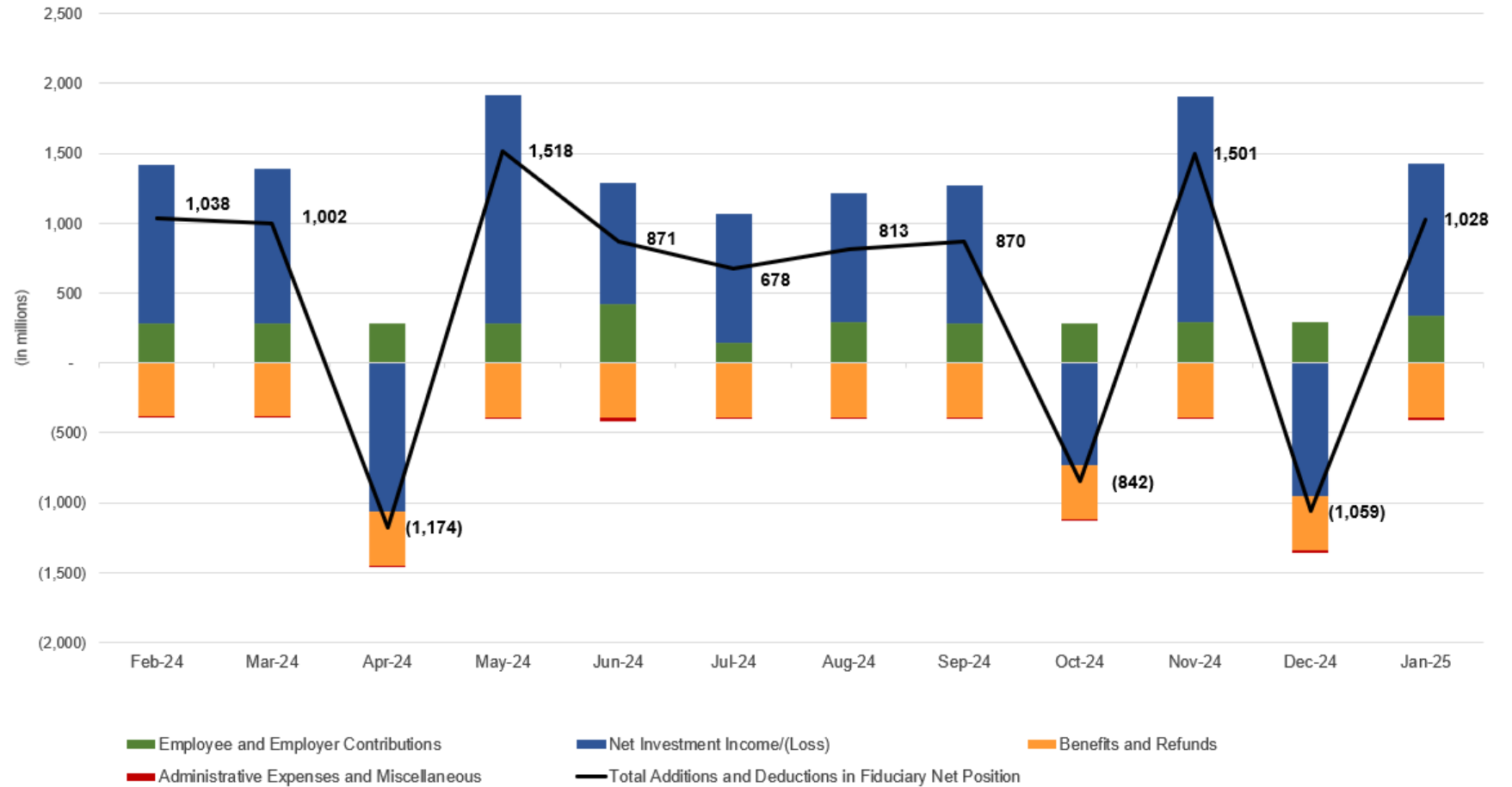
DEDUCTIONS

Benefits and Refunds
Administrative Expenses

Total Net Position Change Trend (in billions)



Additions and Deductions in Net Fiduciary Position (Unaudited)





05



Appendix

Staff Chart of the Month

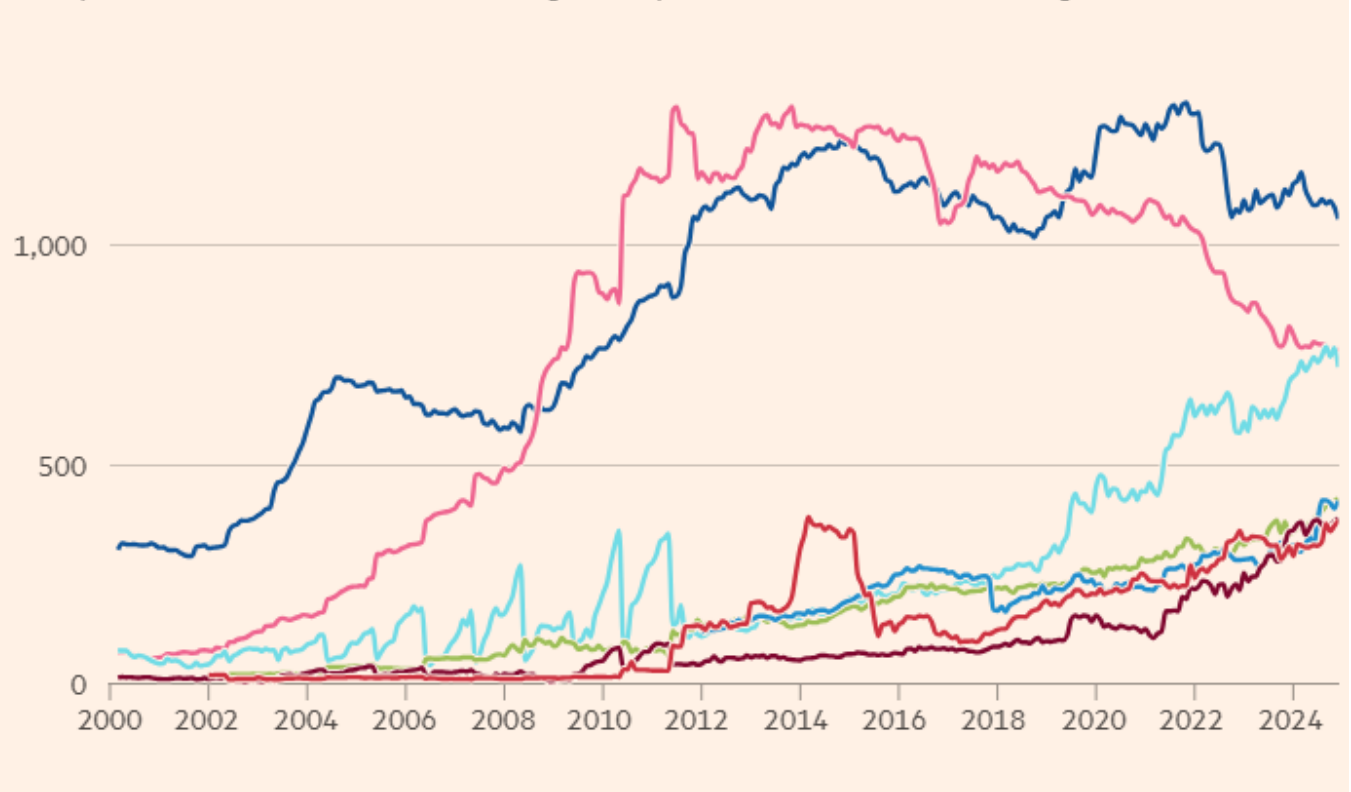


Foreign holdings of US Treasuries (\$bn) over time

China's Treasury holdings fall as those of the UK, Luxembourg and Belgium rise

Foreign holdings of US Treasuries (\$bn)

Japan China UK Luxembourg Cayman Islands Canada Belgium



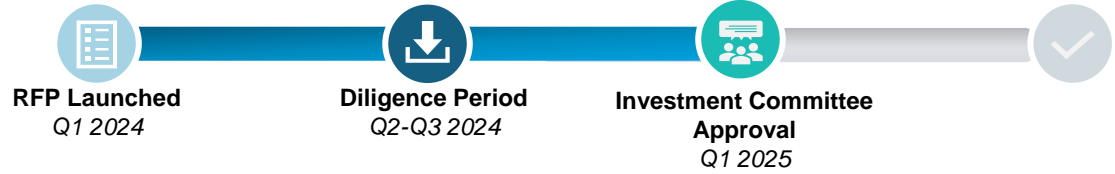
Source: US Department of the Treasury, CEIC

Source: Financial Times

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 most recent quarter.
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.