

Executive Team:

Dominic D. Brown, CPA, CFE
Chief Executive Officer

Daryn Miller, CFA
Chief Investment Officer

Jennifer Zahry, JD
Chief Legal Officer

Matthew Henry, CFE
Chief Operations Officer



Board of Retirement:

Phil Franey, Chair
David Couch, Vice-Chair
Jordan Kaufman
Juan Gonzalez
Joseph D. Hughes
John Sanders
Rick Kratt
Tyler Whitezell
Dustin Contreras, Alternate
Chase Nunneley, Alternate
Robb Seibly, Alternate
3rd Member (Vacant)

March 7, 2024

Members, Board of Retirement
Employee Bargaining Units
Requesting News Media
Other Interested Parties

Subject: Meeting of the Kern County Employees' Retirement Association
Board of Retirement

Ladies and Gentlemen:

A meeting of the Kern County Employees' Retirement Association Board of Retirement will be held on Wednesday, March 13, 2024 at 8:30 a.m. in the KCERA Boardroom, 11125 River Run Boulevard, Bakersfield, California, 93311.

How to Participate: Listen to or View the Board Meeting

To listen to the live audio of the Board meeting, please dial one of the following numbers (*landline recommended for best audio*) and enter ID# 883 7409 6959:

- (669) 900-9128; U.S. Toll-free: (888) 788-0099 or (877) 853-5247

To access live audio and video of the Board meeting, please use the following:

- <https://us02web.zoom.us/j/88374096959?pwd=TWttQjJSShJmdEdYY3Z3Y08wVG1BQT09>
- Passcode: 907990

Items of business will be limited to the matters shown on the attached agenda. If you have any questions or require additional service, please contact KCERA at (661) 381-7700 or send an email to administration@kcera.org.

Sincerely,

Dominic D. Brown
Chief Executive Officer

Attachments

AGENDA:

All agenda item supporting documentation is available for public review on KCERA's website at www.kcera.org following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

**AMERICANS WITH DISABILITIES ACT
(Government Code §54953.2)**

Disabled individuals who need special assistance to listen to and/or participate in the meeting of the Board of Retirement may request assistance by calling (661) 381-7700 or sending an email to administration@kcera.org. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting materials and access available in alternative formats. Requests for assistance should be made at least two (2) days in advance of a meeting whenever possible.

CALL TO ORDER

ROLL CALL (IN PERSON)

SALUTE TO FLAG / MOMENT OF SILENCE

AB 2449 REMOTE APPEARANCE(S)

Items 1 and/or 2 withdrawn from agenda if no trustee(s) request to appear remotely:

1. JUST CAUSE CIRCUMSTANCE(S):
 - a) The following Trustee(s) have notified the Board of a “Just Cause” to attend this meeting via teleconference. (See Government Code § 54953).
 - NONE
 - b) Call for Trustee(s) who wish to notify the Board of a “Just Cause” to attend this meeting via teleconference. (See Government Code § 54953) – RECEIVE/ HEAR REQUEST(S); NO BOARD ACTION REQUIRED
2. EMERGENCY CIRCUMSTANCE(S):
 - a) The following Trustee(s) have requested the Board approve their attendance of this meeting via teleconference due to an “Emergency Circumstance.” (See Government Code § 54953).
 - NONE
 - b) Call for Trustee(s) requesting the Board approve their attendance of this meeting via teleconference due to an “Emergency Circumstance”. (See Government Code § 54953) – TAKE ACTION ON REQUEST(S) FOR REMOTE APPEARANCE DUE TO EMERGENCY CIRCUMSTANCE

CONSENT MATTERS

All items listed with an asterisk (*) are considered to be routine and non-controversial by staff and will be approved by one motion if no member of the Board or public wishes to comment or ask questions. If comment or discussion is desired by anyone, the item will be removed from the consent agenda and will be considered in the listed sequence with an opportunity for any member of the public to address the Board concerning the item before action is taken. Staff recommendations are shown in caps after each item.

- *3. Application for non-service-connected disability pension benefits for Daniel Fecke, Hospital Authority (General) – ADOPT RECOMMENDATION OF SDAG TO GRANT NON-SERVICE-CONNECTED DISABILITY PENSION
- *4. [Summary of proceedings of the following meetings:](#)
- February 5, 2024 Investment Committee
 - February 14, 2024 Board of Retirement
- RECEIVE AND FILE
- *5. [Report from the KCERA office on members retired from service for the month of February 2024 – RATIFY](#)
- *6. [Report from the KCERA office on deceased retirees for the month of February 2024 – RECEIVE AND FILE](#)
- *7. [Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending February 29, 2024 – RECEIVE AND FILE](#)
- *8. [Securities Lending Earnings Summary Report for the period January 31, 2024 from Deutsche Bank – RECEIVE AND FILE](#)
- *9. [KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the month of January 2024 – RECEIVE AND FILE](#)
- *10. [Agreement for Custodian Services with the Wells Fargo Bank, effective March 1, 2024 – RECEIVE AND FILE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW](#)
- *11. [Invitation from State Association of County Retirement Systems \(SACRS\) to Board of Directors to attend the SACRS Board of Directors Meeting March 25-26, 2024, in Santa Barbara, California – APPROVE ATTENDANCE OF TRUSTEE JORDAN KAUFMAN](#)

PUBLIC COMMENTS

12. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Board. This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation.

INVESTMENT MATTERS

13. [Presentation on the 4th Quarter Investment Performance Review for the period ending December 31, 2023 by Scott Whalen, CFA, Verus – RECEIVE AND FILE](#)
14. [Presentation on the 4th Quarter 2023 Portfolio Review presented by Spencer Edge, Albourne America¹ – RECEIVE AND FILE](#)

ADMINISTRATIVE MATTERS

15. [Discussion and review of the 2024-2025 Chief Executive Officer Performance Evaluation Criteria](#) presented by Chief Executive Officer Dominic Brown and the Administrative Committee – APPROVE THE CHIEF EXECUTIVE OFFICER PERFORMANCE EVALUATION CRITERIA FOR EVALUATION PERIOD OF 2024-2025

STAFF REPORTS

16. [Report from Chief Executive Officer](#)
17. [Report from Chief Investment Officer](#)
18. [Report from Chief Legal Officer](#)

COMMITTEE REPORTS

19. Report from Committee Chairs:
 - a. Administrative Committee: Contreras
 - b. Finance Committee: Sanders
 - c. Investment Committee: Whitezell

¹ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code § 7928.710, § 7922.000, and §54957.5.

CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S)

EXECUTIVE SESSION

Item 3 is withdrawn from Executive Session if approved on the consent agenda:

3. PUBLIC EMPLOYMENT (pursuant to Government Code §54957) Application for non-service-connected disability pension benefits:

Daniel Fecke Hospital Authority General

20. CONFERENCE WITH LABOR NEGOTIATORS REGARDING UNREPRESENTED EMPLOYEE (pursuant to Government Code §54957.6(a))

Agency Designated Representatives: Juan Gonzalez and Joseph D. Hughes;
Unrepresented Employee: Chief Executive Officer

21. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (pursuant to GOVERNMENT CODE §54957): Title: Chief Executive Officer

RETURN TO PUBLIC SESSION

ROLL CALL TO CONFIRM QUORUM

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

22. On their own initiative, Board members may make a brief announcement, refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities.

NEW BUSINESS

23. Consider, discuss, and take possible action to agendize one or more items for future meetings of the Board of Retirement – CONSIDER, DISCUSS, AND TAKE ACTION ON WHETHER TO AGENDIZE PROPOSED ITEMS, IF ANY, FOR A FUTURE MEETING
24. Adjournment

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (KCERA)
BOARD OF RETIREMENT**

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Investment Committee
February 5, 2024**

10:00 a.m.

Committee Members: Couch, Kaufman, Kratt, Sanders (Alternate), Chair Whitezell

ROLL CALL

Present: Couch, Kaufman, Kratt, Whitezell

Absent: Sanders

NOTE: The vote is displayed in bold below each item. For example, Sanders-Couch denotes Trustee John Sanders made the motion and Trustee David Couch seconded the motion.

AB 2449 REMOTE APPEARANCE(S)

Items 1 and 2 withdrawn from agenda. No trustees appeared via teleconference.

3. Discussion and appropriate action on private market fund recommendation presented by Maria Surina, Investment Director, Cambridge Associates¹, and Chief Investment Officer Daryn Miller, CFA – MARIA SURINA, CAMBRIDGE ASSOCIATES, HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECOMMENDED THE BOARD OF RETIREMENT APPROVE UP TO \$50MM COMMITMENT TO JUNIPER CAPITAL; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kaufman-Kratt – 4 Ayes

¹ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code § 7928.710, § 7922.000, and §54957.5.

4. Response to Board referral directing Staff to develop and propose parameters and processes to delegate certain investment decisions to the Chief Investment Officer presented by Governance Consultants Julie Becker and David Forman, Aon, Chief Executive Officer Dominic Brown, and Chief Investment Officer Daryn Miller, CFA – JULIE BECKER AND DAVID FORMAN, AON, HEARD; SCOTT WHALEN, VERUS, CFA, HEARD; CHAIR TYLER WHITEZELL HEARD; TRUSTEES DAVID COUCH, JORDAN KAUFMAN AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

REFERRED MATTER TO STAFF TO INTEGRATE STAFF RECOMMENDATIONS AND ADDITIONAL PARAMETERS RAISED BY TRUSTEES INTO APPLICABLE KCERA POLICES AND RETURN MATTER TO INVESTMENT COMMITTEE

Kaufman-Kratt – 4 Ayes

5. Discussion and appropriate action on hedge fund recommendation presented by Spencer Edge, Albourne America¹, and Chief Investment Officer Daryn Miller, CFA – SPENCER EDGE, ALBOURNE AMERICA, HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; INVESTMENT ANALYST II RAFAEL JIMENEZ HEARD

RECOMMENDED THE BOARD OF RETIREMENT APPROVE A) \$65MM INVESTMENT IN ELLIOTT ASSOCIATES, L.P. FUND, AND B) TERMINATE SCULPTOR DOMESTIC PARTNERS II, L.P. FUND; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Couch – 4 Ayes

PUBLIC COMMENTS

6. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Committee. This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation – NONE

¹ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code § 7928.710, § 7922.000, and §54957.5.

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

7. On their own initiative, Committee members may make a brief announcement refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities – NONE
8. ADJOURNED – 11:24 A.M.

Secretary, Board of Retirement

Chair, Finance Committee

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (KCERA)
BOARD OF RETIREMENT**

11125 River Run Boulevard, Bakersfield, California

SUMMARY OF PROCEEDINGS

**Board of Retirement Meeting
February 14, 2023**

8:36 A.M.

Board Members: Contreras (Alternate), Vice-Chair Couch, Chair Franey, Gonzalez, Hughes, Kaufman, Kratt, Nunneley (Alternate), Sanders, Seibly (Alternate), Whitezell

ROLL CALL

Present: Contreras, Couch, Franey, Gonzalez, Kaufman, Kratt, Nunneley, Sanders, Seibly, Whitezell

Absent: Hughes

SALUTE TO FLAG – CHAIR FRANNEY

MOMENT OF SILENCE

NOTE: The vote is displayed in bold below each item. For example, Couch-Kaufman denotes Trustee David Couch made the motion and Trustee Jordan Kaufman seconded the motion.

AB 2449 REMOTE APPEARANCE(S)

Items 1 and 2 withdrawn from agenda. No trustees appeared via teleconference.

CONSENT MATTERS

All consent matter items listed below with an asterisk () were considered to be routine and non-controversial by staff and approved by one motion, unless otherwise noted.*

- *3. Application for service-connected disability pension benefits for Harris Cushman, Sheriff (Safety) – **ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION**

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *4. Application for service-connected disability pension benefits for Thomas Smith, Sheriff (Safety) – ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *5. Application for service-connected disability pension benefits for Theron Williams, General Services (General) – ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY PENSION

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *6. Application for non-service-connected disability pension benefits for Armando Gomez, Information Technology Services (General) – ADOPTED RECOMMENDATION OF SDAG TO GRANT NON-SERVICE-CONNECTED DISABILITY PENSION

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *7. Summary of proceedings of the following meetings:

- December 11, 2023 Investment Committee
- December 11, 2023 Administrative Committee
- December 13, 2023 Board of Retirement
- January 18, 2024 Finance Committee Meeting

RECEIVED AND FILED

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *8. Report from the KCERA office on members retired from service for the month of December 2023 and January 2024 – RATIFIED

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *9. Report from the KCERA office on deceased retirees for the month of December 2023 and January 2024 – RECEIVED AND FILED

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *10. Report of current disability retirement applications and appeals of KCERA Board decisions for the period ending January 31, 2024 – RECEIVED AND FILED

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *11. Securities Lending Earnings Summary Report for the periods December 1-31, 2023 from Deutsche Bank – RECEIVED AND FILED

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *12. KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the months of November 2023 and December 2023

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *13. Service provider evaluation period initiated pursuant to Evaluation Period Policy – RATIFIED

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *14. KCERA Class Action Proceeds Report from October 1, 2023 through December 31, 2023 from the Northern Trust Company – RECEIVED AND FILED

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *15. Corrections in Benefit Payments Report for the period July through December 2023 – RECEIVED AND FILED

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *16. Corrections in Benefit Contributions Report for the period July through December 2023 – RECEIVED AND FILED

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *17. Glass Lewis Proxy Voting Management Report for the period January 1 through December 31, 2023 – RECEIVED AND FILED

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *18. 2024 Board of Retirement Committee Assignments – RECEIVED AND FILED

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *19. Board of Retirement Semi-annual Trustee Education Report – RECEIVED AND FILED; POSTED TO KCERA WEBSITE IN ACCORDANCE WITH CALIFORNIA GOVERNMENT CODE SECTION 31522.8(d)

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *20. Kern County Employees’ Retirement Association 2023 Annual Comprehensive Financial Report (ACFR) for the fiscal years ended June 30, 2023 and 2022 – RECEIVED AND FILED

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *21. Auditor’s reports to management for the fiscal year ended June 30, 2023 – APPROVED AUDITOR’S REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *22. Letter from Segal Consulting, dated February 7, 2024, on annual cost-of-living adjustment (COLA) rates as of April 1, 2024 – ADOPTED THE FOLLOWING:

RETIREMENT DATE	COLA
ON OR BEFORE APRIL 1, 2024	2.5%

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *23. Letter from Segal, dated February 1, 2024, regarding Five-Year Projection of Employer Contribution Rates based on June 30, 2023 Valuation – RECEIVED AND FILED; DISTRIBUTED TO KCERA PLAN SPONSORS TO BE INTEGRATED INTO PAYROLL PROCESS

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *24. Amendment to Order Subscription Modification for Agreement with Workiva – effective February 21, 2024 – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *25. Report on Special Pay Codes classified by the Chief Executive Officer – RECEIVED AND FILED

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *26. Memorandum from Chief Legal Officer Jennifer Esquivel Zahry, dated February 14, 2024, regarding gift restrictions – RECEIVED AND FILED

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *27. Memorandum from Chief Legal Officer Jennifer Esquivel Zahry, dated February 14, 2024, regarding gifts of travel – RECEIVED AND FILED

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *28. Memo from Chief Operating Officer Matthew Henry regarding application of the Actuarial Valuation to the Declining Employer Payroll Policy; SRBR Policy; and the evaluation of Amortization Periods – RECEIVED AND FILED

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *29. Invitation from Managed Funds Association to attend the Managed Funds Association Network Conference 2024 January 29-February 1, 2024, in Miami, FL – RATIFIED ATTENDANCE OF CHIEF INVESTMENT OFFICER DARYN MILLER

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

- *30. Invitation for trustees and/or staff to attend the 2024 California Association of Public Retirement Systems (CALAPRS) General Assembly, March 2-5, 2024 in Rancho Mirage, CA – APPROVED THE ATTENDANCE OF TRUSTEES JOSEPH D. HUGHES AND RICK KRATT

Couch-Kratt – 8 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

PUBLIC COMMENTS

31. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Board. This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation – NONE

INVESTMENT MATTERS

TRUSTEE JOSEPH D. HUGHES ARRIVED AT 8:40 A.M.

32. Presentation on Annual Private Markets Plan presented by Andrea Auerbach, Investment Managing Director, Keirsten Lawton, Investment Managing Director, Kelly Jensen, Senior Investment Director, Maria Surina, Investment Director, Cambridge Associates, and Chief Investment Officer Daryn Miller, CFA – ANDREA AUERBACH, KEIRSTEN LAWTON, KELLY JENSEN AND MARIA SURINA, CAMBRIDGE ASSOCIATES, HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

RECEIVED AND FILED

Kaufman-Kratt – 9 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

33. Discussion and appropriate action on private market fund recommendation presented by Maria Surina, Investment Director, Cambridge Associates¹, and Chief Investment Officer Daryn Miller, CFA – MARIA SURINA, CAMBRIDGE ASSOCIATES, HEARD; CHAIR TYLER WHITEZELL HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD

APPROVED UP TO \$50MM COMMITMENT TO JUNIPER CAPITAL;
AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL
ADVICE AND REVIEW

Whitezell-Couch – 9 Ayes

Trustee Dustin Contreras voted due to vacant 3rd seat

¹ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code § 7928.710, § 7922.000, and §54957.5.

34. Discussion and appropriate action on hedge fund recommendation presented by Spencer Edge, Albourne America¹, and Chief Investment Officer Daryn Miller, CFA – SPENCER EDGE, ALBOURNE AMERICA, HEARD; CHAIR TYLER WHITEZELL HEARD; CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, HEARD; INVESTMENT ANALYST II RAFAEL JIMENEZ HEARD

APPROVED A) \$65MM INVESTMENT IN ELLIOTT ASSOCIATES, L.P. FUND, AND B) TERMINATED SCULPTOR DOMESTIC PARTNERS II, L.P. FUND; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Whitezell-Kratt – 8 Ayes; 1 Absent (Couch)

Trustee Dustin Contreras voted due to vacant 3rd seat

FINANCIAL MATTERS

35. Presentation of the inaugural internal and plan sponsor audit plan for the FY 2023-24, presented by Chief Executive Officer Dominic Brown, Chief Legal Officer Jennifer Zahry, and Chief Operations Officer Matthew Henry – CHAIR PHIL FRANEY HEARD; VICE-CHAIR DAVID COUCH HEARD; TRUSTEES JORDAN KAUFMAN, RICK KRATT AND TYLER WHITEZELL HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD; CHIEF OPERATIONS OFFICER MATTHEW HENRY HEARD

HEARD PRESENTATION

STAFF REPORTS

36. Report from Chief Executive Officer

CHIEF EXECUTIVE OFFICER DOMINIC BROWN REPORTED THE FOLLOWING:

- STAFFING UPDATE
- MEMBER OUTREACH
- DISABILITY UPDATE
- SOLAR UPDATE
- SEGAL PRESENTATION TO BOARD OF SUPERVISORS SCHEDULED
- MMRO TO ATTEND JUNE BOARD OF RETIERMENT MEETING
- SPECIAL ELECTION UPDATE
- OPERATIONS ACTIVITY
- STAKEHOLDER SURVEY
- UPCOMING MEETINGS AND EVENTS

CHAIR PHIL FRANEY HEARD; TRUSTEE RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD

¹ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code § 7928.710, § 7922.000, and §54957.5.

37. Report from Chief Investment Officer

CHIEF INVESTMENT OFFICER DARYN MILLER, CFA, REPORTED THE FOLLOWING:

- REBALANCING – DECEMBER AND JANUARY ACTIVITY
- PLAN ASSET UPDATE
- CORE REAL ESTATE UPDATE
- DELEGATION UPDATE
- KEY INITIATIVES
- SPECIAL BOARD MEETING

38. Report from Chief Legal Officer:

CHIEF LEGAL OFFICER JENNIFER ZAHRY REPORTED THE FOLLOWING:

- ANNUAL MEMOS ON CONSENT AGENDA
- RECENT LITIGATION INFORMATION
- FEBRUARY CALENDAR
- FOURTH QUARTER METRICS

CHAIR PHIL FRANNEY HEARD; VICE-CHAIR DAVID COUCH HEARD; TRUSTEES JORDAN KAUFMAN AND RICK KRATT HEARD; CHIEF EXECUTIVE OFFICER DOMINIC BROWN; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD

COMMITTEE REPORTS

39. Report from Committee Chairs:

- a. Administrative Committee: CONTRERAS – MEETING TO BE SCHEDULED
- b. Finance Committee: SANDERS – NONE
- c. Investment Committee: WHITEZELL – MEETING HELD FEBRUARY 5, 2024

CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S) – NONE

EXECUTIVE SESSION

40. CONFERENCE WITH LABOR NEGOTIATORS REGARDING UNREPRESENTED EMPLOYEE (pursuant to Government Code §54957.6(a))

Agency Designated Representatives: Juan Gonzalez and Joseph D. Hughes;
Unrepresented Employee: Chief Executive Officer

41. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (pursuant to GOVERNMENT CODE §54957): Title: Chief Executive Officer

RETURN TO PUBLIC SESSION

BOARD OF RETIREMENT RECONVENED IN PUBLIC SESSION AT 11:11 A.M.

ROLL CALL

To establish quorum present upon resuming public session

Present: Couch, Contreras, Franey, Gonzalez, Hughes, Kaufman, Kratt, Nunneley, Sanders, Seibly, Whitezell

Absent: NONE

ITEM 40 – NO REPORTABLE ACTION

ITEM 41 – NO REPORTABLE ACTION

REFERRALS TO STAFF, ANNOUNCEMENTS OR REPORTS

42. On their own initiative, Board members may make a brief announcement, refer matters to staff (subject to KCERA's rules and procedures), or make a brief report on their own activities – NONE

NEW BUSINESS

43. Consider, discuss, and take possible action to agendaize one or more items for future meetings of the Board of Retirement – NONE
44. ADJOURNED – 11:12 A.M.

Secretary, Board of Retirement

Chair, Board of Retirement



**Kern County Employees' Retirement Association
New Retirees - February 01, 2024 to February 29, 2024**

Employer Name: County Of Kern

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Angelo	Bernadette	01/02/2024	General Tier I	4120 - Behavioral Health & Reco
Barrios	Abigail	01/02/2024	General Tier I	2183 - Dept Of Child Support Svc
Bays	Brad	01/04/2024	Safety Tier I	2210 - Sheriff
Belcher	John	01/04/2024	General Tier I	1130 - Assessor
Carlson	Analuz	01/03/2024	General Tier I	5120 - Depart Of Human Services
Fletcher	Jessie	01/04/2024	General Tier II PEPRA	4110 - Depart Of Public Health
Frapwell	Lauren	01/07/2024	General Tier I	1310 - Human Resources Division
Gonzales	Reubenette	01/13/2024	General Tier I	5510 - Veterans Service
Guzman	Maria	12/30/2023	General Tier I	5120 - Depart Of Human Services
Haub	Timothy	12/30/2023	General Tier I	1610 - General Services Division
Jackson	Marla	12/30/2023	General Tier I	2210 - Sheriff
Lewis	John	01/13/2024	General Tier I	4120 - Behavioral Health & Reco
Murphy	Richard	12/19/2023	General Tier I	5120 - Depart Of Human Services
Pendergrass	Steven	12/30/2023	Safety Tier I	2415S - Fire
Pineda	Phillip	01/03/2024	General Tier I	5923 - Employers' Train Resource
Plugge	Adam	01/13/2024	Safety Tier I	2210S - Sheriff
Ramirez	Ricardo	12/30/2023	General Tier I	6310 - Farm And Home Advisor
Reed	Timothy	01/13/2024	General Tier I	8954 - Public Works-Public Ways



**Kern County Employees' Retirement Association
New Retirees - February 01, 2024 to February 29, 2024**

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Santore	Arthur	01/13/2024	Safety Tier I	2210S - Sheriff
Tunncliffe	Scott	01/27/2024	Safety Tier II PEPRA	2180S - District Attorney

Employer Name: KC Superior Court

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Runia	Janice	01/13/2024	General Tier I	9410 - Superior Court

Employer Name: Kern County Hospital Authority

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Dillard Smith	Laronda	01/13/2024	General Tier I	9460 - Kern County Hospital Authority
Isbell-Caughron	Paula	01/13/2024	General Tier I	9460 - Kern County Hospital Authority
Low	Daniel	12/17/2023	General Tier II PEPRA	9460 - Kern County Hospital Authority
Thai	Thao	01/07/2024	General Tier II	9460 - Kern County Hospital Authority

Employer Name: San Joaquin Valley APCD

Member Last Name	Member First Name	Retirement Date	Membership Tier	Department Name
Esposito	Eric	01/13/2024	General Tier I	0959 - San Joaquin Valley Air Pollution Control District



**Kern County Employees' Retirement Association
Decedents - February 01, 2024 to February 29, 2024**

Post-Retirement Deaths

Last Name	First Name	Membership Type	Employer Name
Blanco	Sally	General	County Of Kern
Blue	Kathy	General	County Of Kern
Campbell	Leland	General	County Of Kern
Cross	Paul	General	County Of Kern
Edwards	Robert	General	County Of Kern
Frazier	Gary	General	KC Superior Court
Hayes	Sharon	General	County Of Kern
Lipford	James	General	County Of Kern
Martinez	Angela	General	County Of Kern
Martinez-Garcia	Irene	General	County Of Kern
Mccarthy	William	General	County Of Kern
Moore	Bill	Safety	County Of Kern
Reed	Patricia	General	County Of Kern
Tiner	Phyllis	General	County Of Kern
Walker	Joshua	General	County Of Kern

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF FEBRUARY 29, 2024**

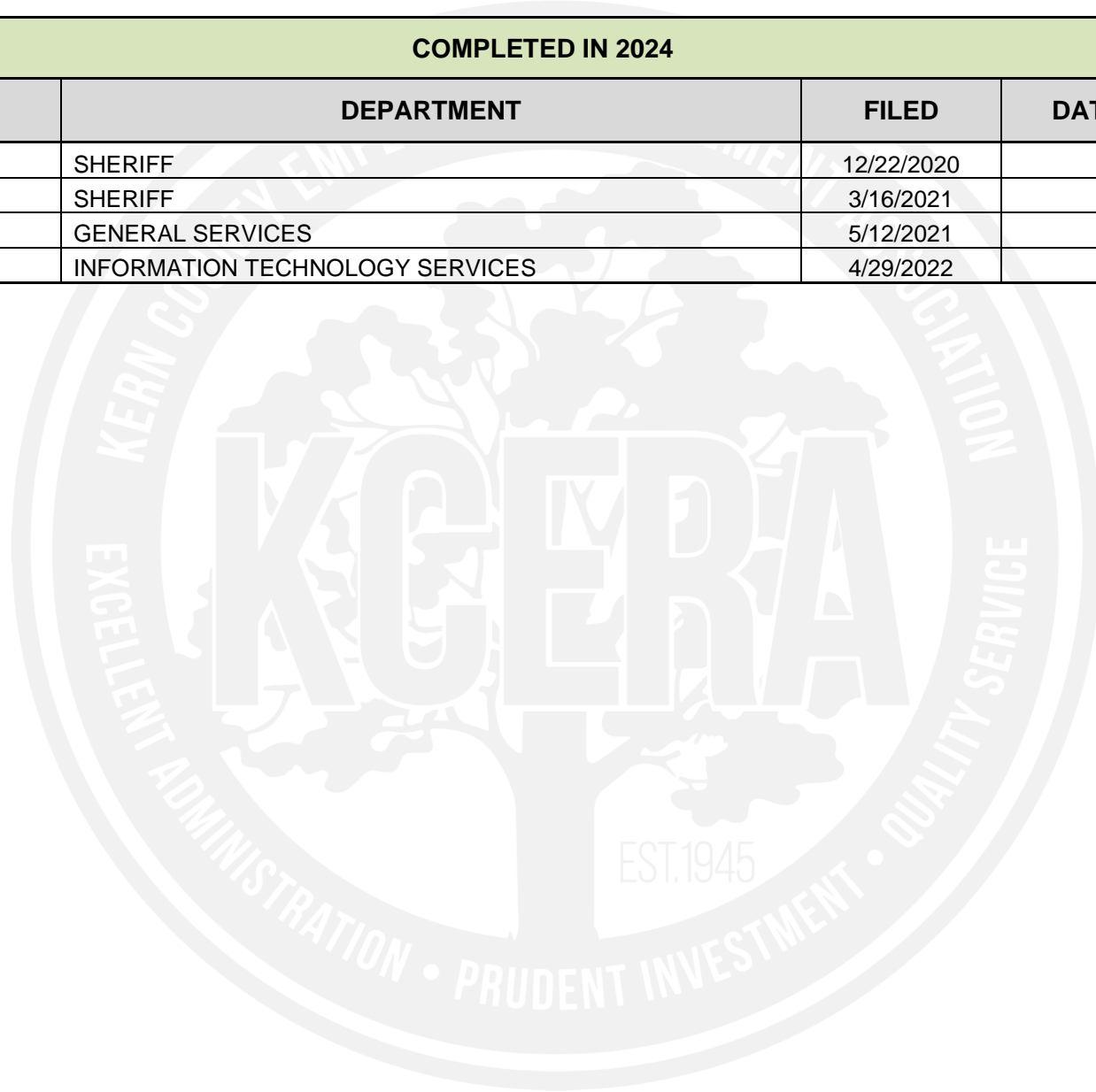
NAME	PLAN SPONSOR/ DEPARTMENT	DATE FILED	DATE OF LAST CONTACT
Sutherland, Darrell	SHERIFF	2/8/2024	2/26/2024
Beyeler, Shawn	PUBLIC WORKS	12/14/2023	2/23/2024
Harbour, Leslie	SHERIFF	11/13/2023	11/21/2023
NAME	PLAN SPONSOR/ DEPARTMENT	DATE FILED	MMRO ASSIGNED
Brazeau, Bradley	FIRE	10/23/2023	1/26/2024
Lindley, Jeffrey	FIRE	9/27/2023	1/12/2024
De La Rosa, Alfred	SHERIFF	9/18/2023	12/18/2023
Rickels, Adam	SHERIFF	8/11/2023	10/11/2023
Stephan, Daren	PUBLIC WORKS	7/7/2023	9/15/2023
Norris, David	SHERIFF	5/26/2023	8/11/2023
Meeks, Sandra	BEHAVIORAL HEALTH & RECOVERY SERVICES	5/1/2023	7/18/2023
Fulmer, Evon	DEPARTMENT OF HUMAN SERVICES	4/28/2023	7/18/2023
Muniz, Linda	BEHAVIORAL HEALTH & RECOVERY SERVICES	4/6/2023	6/26/2023
Romero, Anthony	FIRE	3/10/2023	6/19/2023
Gonzalez-Lopez, Rebecca	DEPARTMENT OF HUMAN SERVICES	3/9/2023	6/19/2023
Guivas Smith, Loida	AGING AND ADULT SERVICES	3/8/2023	6/19/2023
Allen, Paul	SHERIFF	2/22/2023	4/25/2023
Miarta, Richard	SHERIFF	2/10/2023	4/25/2023
Harbour, Leslie	SHERIFF	2/9/2023	4/25/2023
Ramirez, Edward	SHERIFF	2/7/2023	4/25/2023
Lock, Ranna	SHERIFF	2/1/2023	4/25/2023
Inman Ferguson, Jill	KERN COUNTY SUPERIOR COURT	1/24/2023	4/10/2023
Monahan, Laura	KERN COUNTY WATER AGENCY	1/3/2023	4/6/2023
Kimbrell, Tamara	SHERIFF	11/29/2022	3/23/2023
Dunlap, James	SHERIFF	11/1/2022	2/8/2023
Perez, Manuelita	PROBATION	10/27/2022	1/17/2023

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF FEBRUARY 29, 2024**

NAME	PLAN SPONSOR/ DEPARTMENT	DATE FILED	MMRO ASSIGNED
Schmidt, Mark	FIRE	10/26/2022	3/23/2023
Yanez, Alfred	SHERIFF	10/3/2022	2/10/2022
Morrison, James	SHERIFF	9/14/2022	12/19/2022
Gregory, Dolores	SHERIFF	8/16/2022	12/19/2022
Smith, Clifton	FIRE	8/15/2022	12/19/2022
Cockrell, June	DEPARTMENT OF HUMAN SERVICES	8/11/2022	10/18/2022
Gaetzman, Travis	SHERIFF	8/10/2022	11/22/2022
Hartley-Anders, Kim	KERN COUNTY SUPERIOR COURT	8/9/2022	11/22/2022
Hudson, Richard	SHERIFF	8/8/2022	11/22/2022
Carrillo, Aaron	SHERIFF	7/15/2022	9/30/2022
Rice, Jerry	FIRE	7/7/2022	11/22/2022
Roden, Jim	SHERIFF	6/22/2022	9/30/2022
Rodriguez, Mark	FIRE	6/21/2022	9/1/2022
Fecke, Daniel	KERN COUNTY HOSPITAL AUTHORITY	6/15/2022	9/30/2022
Pena, Armando	PROBATION	5/27/2022	9/19/2022
Hill, Sheldon	SHERIFF	5/27/2022	8/19/2022
Cano, Emma	BEHAVIORAL HEALTH AND RECOVERY SERVICES	3/17/2022	8/19/2022
Fussel, Kathy	KERN COUNTY HOSPITAL AUTHORITY	11/3/2021	2/24/2022
Guandique, Sandra	RISK MANAGEMENT	10/15/2021	3/14/2022
Kauffman, Stephen	DISTRICT ATTORNEY	8/16/2021	4/25/2022
Brannan, Derek	SHERIFF	7/14/2021	11/22/2021
Leon, Theresa	DEPARTMENT OF HUMAN SERVICES	7/7/2021	10/18/2021
Patton, Eric	SHERIFF	6/30/2021	11/22/2021
Introini, Jessica	SHERIFF	6/18/2021	11/22/2021
Sanders-Stubblefield, Misty	AGING AND ADULT SERVICES	2/25/2021	8/20/2021
McAdoo, John	SHERIFF	2/24/2021	8/20/2021

**KCERA
STATUS OF DISABILITY RETIREMENT APPLICATIONS
AS OF FEBRUARY 29, 2024**

COMPLETED IN 2024			
NAME	DEPARTMENT	FILED	DATE COMPLETED
Cushman, Harris	SHERIFF	12/22/2020	2/14/2024
Smith, Thomas Jr.	SHERIFF	3/16/2021	2/14/2024
Williams, Theron	GENERAL SERVICES	5/12/2021	2/14/2024
Gomez, Armando	INFORMATION TECHNOLOGY SERVICES	4/29/2022	2/14/2024



**KCERA
DISABILITY RETIREMENT APPLICATIONS APPEALS PENDING
AS OF FEBRUARY 29, 2024**

ADMINISTRATIVE HEARING	DEPARTMENT	DATE FILED	SDAG RECOMMENDATION	APPEAL RECEIVED	HEARING OFFICER ASSIGNED	STATUS
Baker, Breanne	DEPARTMENT OF HUMAN SERVICES	4/2/2020	SDAG to deny SCD	9/14/2023	10/3/2023	With Hearing Officer
Martinez de Moore, Brenda	BEHAVIORAL HEALTH AND RECOVERY SERVICES	12/10/2018	SDAG to deny SCD	9/15/2023	10/3/2023	With Hearing Officer
Candelaria, Valorie	DEPARTMENT OF HUMAN SERVICES	6/23/2021	SDAG to deny SCD	12/21/2023	1/17/2024	With Hearing Officer
Fleeman, Justin	SHERIFF	9/17/2020	SDAG to deny SCD	1/11/2024	1/30/2024	With Hearing Officer
Burchfield, James	PUBLIC WORKS	11/17/2020	SDAG to deny SCD	1/12/2024	2/16/2024	In Assignment Phase
Bankston, Josh	SHERIFF	2/9/2021	SDAG to deny SCD	9/15/23; 1/19/2024	3/1/2024	In Assignment Phase

HEARINGS COMPLETED IN 2024				
NAME	DEPARTMENT	DATE FILED	DATE COMPLETED	

SECURITIES LENDING

Summary Earnings Report

Run Time: 08-Feb-2024 09:54 EST
Date Range: 01-JAN-2024 To 31-JAN-2024
Location: Not specified
Currency: USD
Client ID: Not Specified
Master Client: CAKERN
Grouping Type: None
Level: Individually

	Client ID	Average Contract Amount	Gross Earnings	DB Earnings	Client Earnings	Custody Account
KNCTY - Harvest Midstream	CAKE18	14,235,029.81	92,582.65	8,332.44	84,250.21	KNC15
KNCTY - PIMCO Midstream	CAKE19	29,144,590.87	15,267.49	1,374.07	13,893.42	KNC16
KNCTY PIMCO Core Plus	CAKE07	12,231,078.21	2,784.23	250.58	2,533.65	KNC11
KNCTY PIMCO EMD	CAKE08	1,041,875.97	580.19	52.22	527.97	KNC12
KNTCY - Alliance Bernstein	CAKE15	14,582,541.08	3,602.13	324.19	3,277.94	2664130
KNTCY - Geneva	CAKE16	9,567,022.85	2,246.52	202.19	2,044.33	2667336
KNTCY - Western Asset MGMT Co 01	CAKE03	8,327,492.82	3,363.91	302.75	3,061.16	KNC06
KNTCY - Western Asset MGMT Co 02	CAKE04	40,240,096.61	16,036.23	1,443.26	14,592.97	KNC08
CCY Total USD:		129,369,728.22	136,463.35	12,281.70	124,181.65	
Grand Total USD:			136,463.35	12,281.70	124,181.65	

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KCERA ASSET ALLOCATION*
1/31/2024

Manager Name	Type	(\$'000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) (\$'000)
AllianceBernstein	Small Cap Value	89,659	1.6%			
Geneva Capital	Small Cap Growth	54,289	1.0%			
Mellon Capital Management EB DV	Large Cap Passive	588,727	10.6%			
PIMCO StockPlus	Large Cap Enhanced	128,693	2.3%			
Total Domestic Equity		\$861,368	15.4%	12 - 28%	15.4%	\$861,368
American Century	International Small	60,361	1.1%			
Cevian Capital II LP	International Large	44,207	0.8%			
Dalton Japan Long Only	International Small	56,174	1.0%			
Lazard Japanese Equity	International Large	113,471	2.0%			
Mellon Capital Management-EB DV	International Large Passive	417,136	7.5%			
Total International Developed Equity		\$691,349	12.4%	5 - 18%	12.4%	\$691,349
DFA Emerging Markets Value Portfolio	Emerging Markets	85,288	1.5%			
Mellon Emerging Markets	Emerging Markets	105,730	1.9%			
Total Emerging Market Equity		\$191,018	3.4%	0 - 9%	3.4%	\$191,018
TOTAL EQUITY		\$1,743,735	31.3%	33.0%	(1.7%)	(\$97,035)
Mellon Capital Management Ag Bond	Core	166,024	3.0%			
PIMCO CP	Core Plus	170,665	3.1%			
Western Asset Management - CP	Core Plus	126,325	2.3%			
Total Core		\$463,014	8.3%	15.0%	(6.7%)	(\$373,700)
TCW Securitized Opportunities LP	Securitized Opportunities	89,661	1.6%			
Western Asset Management - HY	High Yield	169,979	3.0%			
PIMCO EM Beta	Emerging Markets	154,766	2.8%			
Stone Harbor Global Funds	Emerging Markets	40,922	0.7%			
Total Credit		\$455,328	8.2%	10.0%	(1.8%)	(\$102,481)
TOTAL FIXED INCOME		\$918,342	16.5%	25.0%	(8.5%)	(\$476,181)
Gresham Commodity Builder Fund	Active	34,550	0.6%			
Wellington Trust Company (WTC)	Active	175,710	3.2%			
TOTAL COMMODITIES		\$210,260	3.8%	4.0%	(0.2%)	(\$12,864)
Aristeia International Ltd	Hedge Fund - Direct	73,341	1.3%			
Brevan Howard Fund Limited	Hedge Fund - Direct	56,803	1.0%			
D.E. Shaw Composite Fund	Hedge Fund - Direct	61,932	1.1%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	40,839	0.7%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	82,172	1.5%			
Indus Pacific Opportunities Fund	Hedge Fund - Direct	45,950	0.8%			
PIMCO Commodity Alpha Fund LLC	Hedge Fund - Direct	79,110	1.4%			
Pharo Macro Fund LTD	Hedge Fund - Direct	68,571	1.2%			
Sculptor Enhanced LP (Formerly OZ Domestic)	Hedge Fund - Direct	45,599	0.8%			
TOTAL HEDGE FUND		\$554,317	9.9%	10.0%	(0.1%)	(\$3,492)
ASSB Capital Management	Core	143,593	2.6%			
PIMCO Strategic Property Fund	Core	129,491	2.3%			
TOTAL CORE REAL ESTATE		\$264,084	4.7%	5.0%	(0.3%)	(\$14,821)
Davidson Kempner	Hedge Fund - Direct	57,525	1.0%			
Carda Fixed Income	Hedge Fund - Direct	63,292	1.1%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	43,335	0.8%			
Hudson Bay Enhanced Fund LP	Hedge Fund - Direct	60,845	1.1%			
TOTAL CE ALPHA POOL		\$224,997	4.0%	8.0%	(4.0%)	(\$221,250)
Harvest Midstream	Midstream	147,301	2.6%			
PIMCO Midstream	Midstream	157,905	2.8%			
TOTAL MIDSTREAM ENERGY		\$305,206	5.5%	5.0%	0.5%	\$26,301
Aristeia Select Opportunities II LP	Opportunistic	46,014	0.8%			
River Birch International Ltd	Opportunistic	5,412	0.1%			
Sixth Street TAO Partners (D)	Opportunistic	91,165	1.6%			
TOTAL OPPORTUNISTIC		\$142,591	2.6%	0.0%	2.6%	\$142,591
Abbott Capital Funds	Private Equity Fund of Funds	16,002	0.3%			
Brighton Park Capital Fund I	Private Equity	37,385	0.7%			
Brighton Park Capital Fund II	Private Equity	3,658	0.1%			
Level Equity Growth Partners	Private Equity	13,747	0.2%			
LGT Crown Global	Private Equity	36,048	0.6%			
Linden Capital Partners	Private Equity	17,263	0.3%			
Pantheon Funds	Private Equity Fund of Funds	8,411	0.2%			
Peak Rock	Private Equity	14,123	0.3%			
OrbiMed Private Investments IX	Private Equity	1,167	0.0%			
Rubicon Technology Partners IV	Private Equity	4,710	0.1%			
Vista Foundation Fund IV	Private Equity	18,910	0.3%			
Warren Equity Partners Fund III and Fund IV	Private Equity	46,042	0.8%			
TOTAL PRIVATE EQUITY		\$217,466	3.9%	5.0%	(1.1%)	(\$61,439)
Ares Pathfinder Fund II	Private Credit	2,299	0.0%			
Blue Torch Credit Opportunites II	Private Credit	15,185	0.3%			
Blue Torch Credit Opportunites Fund III	Private Equity	25,243	0.5%			
Brookfield Real Estate Finance Fund V	Private Credit	15,055	0.3%			
Cerberus Levered Loan Opportunites Fund V LP	Private Credit	16,022	0.3%			
Colony Distressed Credit Fund	Private Credit	17,347	0.3%			
Fortress Credit Opportunites Fund V	Private Credit	22,239	0.4%			
Fortress Lending Fund II (A)	Private Credit	27,084	0.5%			
Fortress Lending Fund III (A)	Private Credit	26,749	0.5%			
H.I.G Bayside Loan Opportunity Fund	Private Credit	42,931	0.8%			
Magnetar Constellation Fund V	Private Credit	26,085	0.5%			
Oak Hill Advisors Structured Products Fund III LP	Private Credit	8,236	0.1%			
OrbiMed Royalty & Credit Opportunites IV	Private Credit	7,175	0.1%			
Silver Point Specialty Credit Fund III	Private Credit	8,935	0.2%			
Sixth Street TAO Partners (B)	Private Credit	40,170	0.7%			
WPEP IV TS Co-Investment LP	Private Credit	7,239	0.1%			
TOTAL PRIVATE CREDIT		\$307,994	5.5%	8.0%	(2.5%)	(\$138,253)
Covenant Apartment Fund X	Private Real Estate	30,237	0.5%			
Covenant Apartment Fund XI	Private Real Estate	17,109	0.3%			
Invesco Real Estate Funds III & IV	Private Real Estate	1,018	0.0%			
RSL Capital Partners VI LP and ITS Parallel Fund	Private Real Estate	4,453	0.1%			
LBA Logistics Value Fund IX	Private Real Estate	15,969	0.3%			
Landmark Real Estate Partners VIII	Private Real Estate	33,182	0.6%			
Long Wharf Real Estate Partners VI	Private Real Estate	34,300	0.6%			
Merit Hill Self-Storage V LP	Private Real Estate	16,864	0.3%			
Singerman Real Estate Opportunity Fund IV	Private Real Estate	14,662	0.3%			
TOTAL PRIVATE REAL ESTATE		\$167,794	3.0%	5.0%	(2.0%)	(\$111,110)
Northern Trust STIF	Short Term	168,821	3.0%			
BlackRock Short Duration	Short Term	239,525	4.3%			
Parametric	Overlay	92,262	1.7%			
Treasurers Pooled Cash	Short Term	19,274	0.3%			
Wells Fargo Bank	Short Term	1,168	0.0%			
TOTAL CASH AND OVERLAY		\$521,050	9.3%	-8.0%	17.3%	\$967,297
Transition Accounts	Liquidation	254	0.0%			
Other		\$254	0.0%	0.0%	0.0%	\$254
As Allocated to Managers **		\$5,578,090	100.0%	100.0%	(0.0%)	(\$0)

*This report reflects the strategic asset allocation policy adopted by the Board of Retirement September 2023.

**Physical securities market value only. Does not include notional market values of the overlay or capital efficiency program

KCERA
CASH FLOW POSITION
January, 2024
TREASURERS POOLED CASH

Beginning Cash Balance:		\$	1,490,228
Employer Contributions	40,904,364		
Employee Contributions	5,963,042		
Service Purchases	29,953		
Miscellaneous	86,589		
Total Receipts:			46,983,949
Operating Expenses	(632,179)		
Investment Expenses	(568,273)		
Transfers-out	(28,000,000)		
Total Disbursements:			(29,200,452)
Ending Cash Balance:			19,273,725

NORTHERN TRUST

Beginning Cash Balance:		\$	154,868,951
Private Markets - Distributions	5,990,809		
Commingled Funds - Distributions	5,619,272		
Redemption HBK	10,000,000		
Redemption D.E. Shaw	5,241,489		
Redemption ASB	1,025,740		
Dividend and Interest Income	1,293,375		
Tax Recovery	3,730		
Class Action Proceeds	1,371		
Interest	796,260		
Securities Lending Earnings (NET)	83,175		
Total Receipts:			30,055,221
Capital Calls Oak Hill	(2,750,000)		
Capital Calls Orbimed	(3,000,000)		
Capital Calls Covenant	(2,100,000)		
Capital Calls Vista	(448,991)		
Capital Calls Singerman	(131,250)		
Capital Calls Landmark	(1,213,786)		
Capital Calls Merit Hill	(4,297,071)		
Other Expenses	(14,115)		
Transfers-out	(8,000,000)		
Total Disbursements:			(21,955,213)
Ending Cash Balance:			\$ 162,968,959

**KCERA
CASH FLOW POSITION
January, 2024**

WELLS FARGO BANK

Beginning Cash Balance		\$ 920,541
Transfer In Northern Trust	8,000,000	
Transfer In TPC - County	28,000,000	
ACH Returns / Deletes	50,655	
Total Receipts:		36,050,655
ACH Benefit Payments	(31,345,557)	
Total Checks Paid	(191,538)	
Taxes Withholding Deposits	(4,265,201)	
Bank Services	(564)	
Total Disbursements:		(35,802,859)
WFB ending Balance		<u>\$ 1,168,337</u>

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT FEES CASH FLOW REPORT
FOR THE MONTH ENDED JANUARY, 2024**

Description	July	August	September	October	November	December	January	Total
Investment Base Fees:								
Domestic Equity:								
AllianceBernstein				145,101.55			163,911.53	309,013.08
Henderson Geneva Capital		95,077.00			97,284.00			192,361.00
Mellon Capital					64,654.57			64,654.57
International Equity:								
BlackRock			90,670.26					90,670.26
Fixed Income:								
Mellon Capital (Ag Bond)					10,962.57			10,962.57
Pacific Investment Management Company		275,622.93			309,236.21			584,859.14
Western Asset Management				165,649.45				165,649.45
Commodities:								
Wellington Trust Company		312,457.14		350,207.54				662,664.68
Real Estate:								
ASB Capital Management		319,553.46			305,430.29			624,983.75
Midstream Energy:								
Harvest Midstream				301,649.30			273,661.79	575,311.09
Overlay								
Parametric		74,523.00			75,233.00			149,756.00
Subtotal	0.00	1,077,233.53	90,670.26	962,607.84	862,800.64	0.00	437,573.32	3,430,885.59
Investment Professional Fees:								
Consulting:								
Abel Noser			7,875.00			7,875.00		15,750.00
Albourne America LLC		33,333.33	33,333.33	33,333.33	33,333.33	33,333.33	46,283.33	212,949.98
Cambridge Associates			187,500.00			187,500.00		375,000.00
Glass, Lewis & Co.	7,950.00							7,950.00
Nasdaq Evestment							39,000.00	
Two Sigma		11,250.00		11,250.00			11,250.00	33,750.00
Verus		34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	34,166.67	205,000.02
Consulting - Other Expenses								0.00
Custodial:								
The Northern Trust Co.				121,666.67				121,666.67
Legal:								
Foley & Lardner LLP								0.00
Hanson Bridgett LLP								0.00
Nossaman LLP		8,983.50	82,779.00		20,000.00	52,183.00		163,945.50
Due Diligence / Investment-Related Travel:					2,713.91			
Subtotal	7,950.00	87,733.50	345,654.00	200,416.67	90,213.91	315,058.00	130,700.00	1,177,726.08
Total Investment Fees	7,950.00	1,164,967.03	436,324.26	1,163,024.51	953,014.55	315,058.00	568,273.32	4,608,611.67

KCERA
Operating Expense Budget Status Report
For the Month Ended January 31, 2024

Expense Type	Budget FY 2023/24	Expenses	Over (Under)
Staffing			
Salaries	4,215,888.00	\$2,018,709.07	(2,197,178.93)
Benefits	2,655,190.00	1,133,836.02	(1,521,353.98)
Staffing Total	6,871,078.00	3,152,545.09	(3,718,532.91)
Staff Development			
Education & Professional Development	120,000.00	31,887.00	(88,113.00)
Staff Appreciation	4,000.00	3,572.61	(427.39)
Staff Development Total	124,000.00	35,459.61	(88,540.39)
Professional Fees			
Actuarial fees	100,000.00	79,805.00	(20,195.00)
Audit fees	98,275.00	45,200.00	(53,075.00)
Consultant fees	115,000.00	100,315.00	(14,685.00)
Legal fees	70,000.00	25,777.97	(44,222.03)
Professional Fees Total	383,275.00	251,097.97	(132,177.03)
Office Expenses			
Building expenses	124,000.00	84,659.94	(39,340.06)
Communications	84,062.00	26,035.90	(58,026.10)
Equipment lease	12,000.00	6,545.31	(5,454.69)
Equipment maintenance	10,100.00	6,898.66	(3,201.34)
Memberships	20,000.00	10,665.00	(9,335.00)
Office supplies & misc. admin.	80,000.00	25,006.66	(54,993.34)
Payroll & accounts payable fees	25,000.00	496.96	(24,503.04)
Other Services - Kern County	40,000.00	28,676.00	(11,324.00)
Postage	20,000.00	4,808.54	(15,191.46)
Subscriptions	15,000.00	7,131.21	(7,868.79)
Utilities	30,000.00	29,176.14	(823.86)
Office Expense Total	460,162.00	230,100.32	(230,061.68)
Insurance	173,384.00	175,164.77	1,780.77
Member Services			
Disability - administration MMRO	200,000.00	162,268.75	(37,731.25)
Member Services Total	200,000.00	162,268.75	(37,731.25)
Systems			
Audit – security & vulnerability scan	15,000.00	9,670.00	(5,330.00)
Business continuity expenses	16,050.00	9,176.92	(6,873.08)
Hardware	37,420.00	26,339.53	(11,080.47)
Licensing & support	140,780.00	126,237.60	(14,542.40)
Software	217,600.00	106,916.05	(110,683.95)
Website design & hosting	13,200.00	7,799.99	(5,400.01)
Systems Total	440,050.00	286,140.09	(153,909.91)
Board of Retirement			
Board compensation	12,000.00	4,200.00	(7,800.00)
Board conferences & training	50,000.00	11,060.37	(38,939.63)
Board elections	-	-	-
Board meetings	8,500.00	2,399.94	(6,100.06)
Board of Retirement Total	70,500.00	17,660.31	(52,839.69)
Depreciation / Amortization	42,651.00	38,242.00	(4,409.00)
Total Operating Expenses	8,765,100.00	4,348,678.91	(4,416,421.09)

Date: March 13, 2024

To: Trustees, Board of Retirement

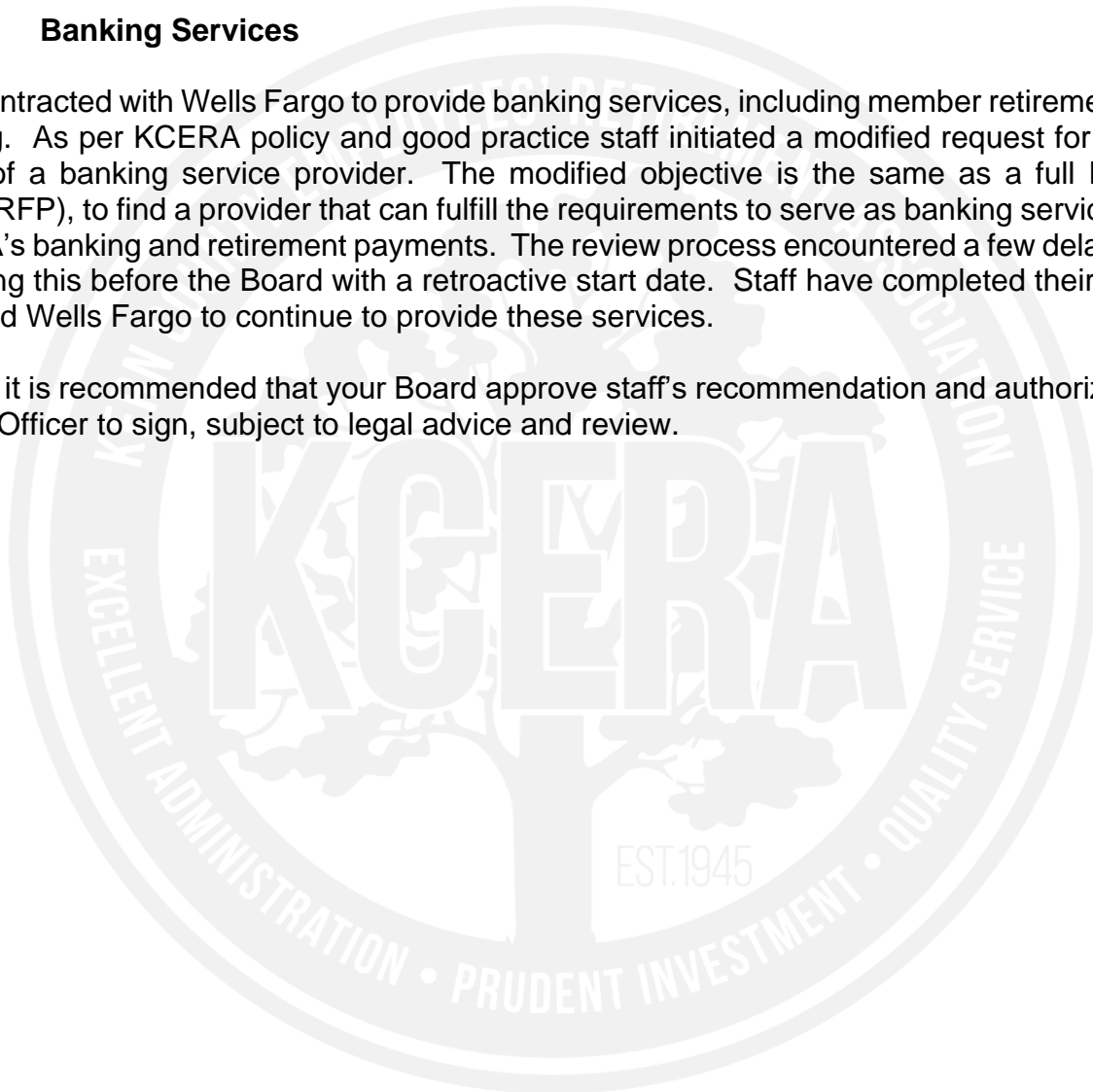
From: Dominic D. Brown, Chief Executive Officer

Subject: **Banking Services**



KCERA contracted with Wells Fargo to provide banking services, including member retirement payment processing. As per KCERA policy and good practice staff initiated a modified request for proposal in selection of a banking service provider. The modified objective is the same as a full Request for Proposal (RFP), to find a provider that can fulfill the requirements to serve as banking services provider for KCERA's banking and retirement payments. The review process encountered a few delays, causing staff to bring this before the Board with a retroactive start date. Staff have completed their review and recommend Wells Fargo to continue to provide these services.

Therefore, it is recommended that your Board approve staff's recommendation and authorize the Chief Executive Officer to sign, subject to legal advice and review.



KCERA Agreement Number 003

**BANKING SERVICES AGREEMENT
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION - WELLS FARGO BANK, N.A.**

THIS AGREEMENT is made and entered into this 15th day of March, 2024 by and between the BOARD OF RETIREMENT (the "Board"), of KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION, a public retirement system organized pursuant to the County Employees' Retirement Law of 1937, (hereinafter "KCERA"), with its principal location at 11125 River Run Boulevard, Bakersfield, California 93311 and WELLS FARGO BANK, N.A. (hereinafter "Bank"), a Bank licensed to do business in California, whose principal place of business is 333 S. Grand Avenue, 6th Floor, Los Angeles, California 90071, MAC#2064-056.

WITNESSETH:

WHEREAS, KCERA requires specialized treasury management, commercial banking and production print management services for disbursements to KCERA plan participants;

WHEREAS, KCERA has investigated alternative vendor offerings and found Bank's set of services to most completely meet the full needs of KCERA;

WHEREAS, by reason of Bank's pricing, qualifications and experience, KCERA has selected Bank to provide treasury management, commercial banking and print and mail fulfillment, PDF imaging, and 1099R Tax Form services for the monthly periodic and lump sum disbursements to KCERA plan participants and Bank has agreed to provide the above-required services on the terms set forth herein; and

WHEREAS, Government Code Section 31588.2 permits the Board of Retirement to expend retirement fund moneys to defray costs of administration of the retirement system acquired pursuant to this Agreement.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, KCERA and Bank agree as follows:

1) REPRESENTATIONS AND WARRANTIES

The Bank represents that it is a qualified depository under California Government Code Section 53630. The Public Funds Administration unit at Wells Fargo Bank shall be responsible for monitoring deposit balances and collateral levels to ensure compliance with the California Government Code.

- a) KCERA represents and warrants that KCERA, through its Kern County Employees' Retirement Association Board of Retirement (hereinafter "Board") is authorized under applicable law to appoint Bank as its service bank, and to establish accounts as herein described.
- b) KCERA represents and warrants that the Board is authorized under applicable law to delegate duties to designated representatives as required to effect efficient exercise of this Agreement. Bank shall be promptly informed of changes to such delegation. Within this Agreement, the term "KCERA" shall include the Board of Retirement designated representatives.

2) APPOINTMENT OF BANK

- a) In reliance upon the Representations and Warranties given above, KCERA hereby appoints Bank to be its Primary Service Bank, and Bank accepts such appointment.
- b) The term of this Agreement shall begin on the date first appearing above and continue for a three-year period. KCERA retains an option to exercise one two-year renewal of this Agreement.
- c) Either party may terminate this Agreement by providing no less than sixty (60) days written notice to the other party as described in Section 6, herein.

3) SCOPE OF SERVICES

- a) Production Print Management Services Proposal
The Production Print Management Services ("Proposal"), dated August 16, 2010, is by this reference incorporated into and made a part of this Agreement.
- b) Services to be Provided
Bank shall make available those services described in the Proposal and treasury and commercial banking services as offered by Bank. A current fee schedule ("Attachment 1") is attached hereto and incorporated herein by this reference. KCERA shall inform Bank in writing of additional services as required.
- c) Initial Service
The initial services to be provided are itemized in the Proposal for Print Production Management Services, including optional services for treasury and commercial banking, and will be priced according to the fee schedule attached as "Attachment 1."
- d) Additional Services
This Agreement shall be amended for each additional service requested. Appropriate agreements will be executed as required for additional services.
- e) Check/Warrants Treated as Checks
Bank is hereby advised that KCERA issues Checks/Warrants in accordance with California Government Code Section 53913 in payment of its obligations. Bank is directed to treat them as checks for settlement purposes in accordance with Federal Reserve Regulation CC.

4) BANK COMPENSATION

- a) Rate Schedule for Services
Bank shall be compensated in accordance with the fee schedule set forth in "Attachment 1." Based on the fee schedule in "Attachment 1," the total fees for the three-year period will not exceed Three Hundred Thousand Dollars (\$300,000). Fees shall be effective for the term of this Agreement, including the optional renewal period.
- b) Overdraft Charges
In the event Bank advances funds to replace uncollected funds in the account (overdraft), such advance shall be deemed to be a temporary loan. Any loan(s) under this provision shall be considered as repaid at such time as KCERA deposits collected funds in an amount sufficient to reduce the uncollected balance to zero. Bank shall be entitled to receive

interest on such loans at a rate equal to the Prime Interest Rate then in effect. Interest shall be assessed for each day the loan remains unpaid.

5) PAYMENT FOR SERVICES

KCERA will pay charges as itemized under "Unit Price" in "Attachment 1" or an approved amendment thereof. Bank shall provide an itemized monthly account analysis statement and invoice. KCERA's method of payment will be by direct fee with monthly settlement periods. The settlement periods and/or method of payment may be changed upon written agreement of the parties to the Agreement.

6) NOTICES AND OTHER COMMUNICATIONS

Unless another address is specified in writing by the respective parties to whom any notice or other communication is to be given hereunder, all such notices or communication shall be in writing or confirmed in writing and delivered at the respective address as follows:

To Bank: Lynn Love, Vice
President Wells Fargo
Bank, N.A.
Government Banking
333 S. Grand Avenue, 6th Floor
Los Angeles, California 90071
MAC #E2064-056

To KCERA: Dominic D. Brown, Chief Executive Officer
Kern County Employees' Retirement Association
11125 River Run Boulevard
Bakersfield, California 93311

7) AMENDMENT OF AGREEMENT

This Agreement may be altered at any time by letter or other written instrument in such manner as may be agreed by Bank and KCERA.

8) INSURANCE

Bank, at its sole cost and expense, shall insure its activities in connection with work under this Agreement and obtain, keep in force and maintain insurance at a minimum as follows:

- a) Bank shall carry a Banker's Blanket Bond which provides sufficient coverage to insure KCERA's deposit. Such coverage currently stands at Fifty Million Dollars (\$50,000,000).
- b) *Workers' Compensation Insurance*: Bank shall submit written proof that Bank is insured against liability for workers' compensation in accordance with the provisions of Section 3700 of the California Labor Code.
- c) *Commercial General Liability Insurance*, including, but not limited to, Contractual Liability Insurance (specifically concerning the indemnity provisions), Personal Injury (including bodily injury and death), and Property Damage for liability arising out of Bank's performance of work under the Agreement. Such insurance coverage shall have minimum limits for

bodily injury and property damage liability of One Million Dollars (\$1,000,000) each occurrence and Five Million Dollars (\$5,000,000) in aggregate.

- d) *Automobile Liability Insurance* against claims of Personal Injury (including bodily injury and death) and Property Damage covering all owned, leased, hired and non-owned vehicles used in the performance of services with minimum limits for Bodily Injury and Property Damage liability of One Million Dollars (\$1,000,000) per occurrence and Five Million Dollars (\$5,000,000) aggregate. Such insurance shall be provided by a business or commercial vehicle policy.
- e) *Professional Liability (Errors and Omissions) Insurance*, for liability arising out of, or in connection with, the performance of all required services with limits of not less than Ten Million Dollars (\$10,000,000) aggregate.

If any of the insurance coverages required are written on a claims-made basis, the insurance policy must be kept in force for a period of not less than four (4) years following the termination of the Agreement or completion of all work performed by Bank.

All insurance shall be issued by a financially sound company licensed to do business. All insurance coverages required to be maintained by Bank in the amounts set forth in this Agreement shall be maintained until the completion of all of Bank's obligations under the Agreement, and such coverages shall not be reduced below the amounts set forth in this Agreement or canceled without thirty (30) days prior written notice to KCERA. Failure by Bank to maintain all such insurance in effect at times required shall be a material breach of the Agreement by Bank. KCERA, at its sole option, may terminate the Agreement and obtain damages from Bank resulting from such breach.

Insurance coverages in the minimum amounts set forth herein shall not be construed to relieve Bank for any liability, whether within, outside or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall it preclude KCERA from taking such other actions as are available to it under any other provision of the Agreement or otherwise in law.

KCERA will require a certificate of insurance certifying that the insurance required in this Agreement has been obtained and is currently in place. In addition, that certification will be required for each renewal period.

9) APPLICABLE LAWS

- a) Bank shall provide services in accordance with applicable Federal, State and County statutes, regulations and directives and any changes or amendments thereto, including those described in this Agreement.
- b) This Agreement shall be interpreted and enforced in accordance with applicable laws of the United States and the State of California.

10) INDEPENDENT CONTRACTOR

- a) Bank (including Bank's employees) is an independent contractor and hereby agrees that no relationship of employer-employee exists between the parties hereto. Bank or Bank's assigned personnel shall not be entitled to any benefits payable to employees of KCERA. KCERA is not required to make any deductions or withholdings from the compensation

payable to Bank under the provisions of this Agreement; and as an independent contractor, Bank hereby indemnifies and holds KCERA harmless from any and all claims that may be made against KCERA based upon any contention by anyone that an employer-employee relationship exists by reason of this Agreement or the performance thereof.

- b) If, in the performance of this Agreement, any third persons are employed by Bank, such persons shall be entirely and exclusively under the direction, supervision, and control of Bank. All terms of employment, including hours, wages, working conditions, discipline, hiring, and discharging or any other terms of employment or requirements of law, shall be the responsibility of Bank.
- c) As an independent contractor and not an employee of KCERA, neither Bank nor Bank's assigned personnel is authorized to act on behalf of KCERA in any capacity whatsoever as agent, nor to bind KCERA to any obligation whatsoever.

11) CONFLICT OF INTEREST

Bank has read and is aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees. Bank personnel charged with managing the KCERA relationship are unaware of any financial or economic interest of any public officer or employee of KCERA or the County of Kern relating to this Agreement. It is further understood and agreed that if such a financial interest does exist at the inception of this Agreement, KCERA may immediately terminate this Agreement by giving written notice thereof. Bank shall comply with the requirements of Government Code Section 87100 et seq. during the term of this Agreement.

12) DISCRIMINATION

Bank agrees that it shall comply with Title VII of the Civil Rights Act of 1964 and the Fair Employment and Housing Act of California. Bank, its officers, agents, employees, servants or subcontractors shall not discriminate in the treatment or employment of an individual or groups of individuals on the grounds of race, color, religion, national origin, age, sex or physical handicap unrelated to job performance, either directly, indirectly or through contractual or other arrangements.

13) IMMIGRATION REFORM AND CONTROL ACT

Bank acknowledges that Bank, and all subcontractors hired by Bank to perform services under this Agreement, are aware of and understand the Immigration Reform and Control Act ("IRCA"). Bank is and shall remain in compliance with the IRCA and shall ensure that any subcontractors hired by Bank to perform services under this Agreement are in compliance with the IRCA. In addition, Bank agrees to indemnify, defend and hold harmless KCERA, its agents, officers and employees, from any liability, damages or causes of action arising out of or relating to any claims that Bank's employees, or the employees of any subcontractor hired by Bank, are not authorized to work in the United States for Bank or its subcontractor and/or any other claims based upon alleged IRCA violations committed by Bank or Bank's subcontractor(s). A contractual or other arrangement between Bank and another person or entity relating to the outsourcing of services or functions which are not specific to KCERA (e.g., those made available by Bank to applicable customers generally) shall not be deemed a subcontract for purposes of this Agreement.

14) INDEMNIFICATION

During the term of this Agreement, Bank will indemnify, defend and hold harmless the KCERA and its officers, directors, employees, agents and assigns (the "Indemnified Parties") from and against all losses or damages (collectively, "Losses") arising out of, resulting from or relating to the performance of the services provided hereunder which are, in each case, directly caused in whole or in part by (i) the Bank's omission or (ii) the negligent or intentional misconduct of Bank or any of its officers, directors, employees, agents, subcontractors or assigns, except to the extent such Losses are caused by the negligence or intentional misconduct of the KCERA. In no event will Bank be liable for any indirect, special, consequential or punitive damages, whether or not the likelihood of such damages was known to Bank, and regardless of the form of the claim or action or the legal theory on which it is based.

15) . ASSIGNMENT AND SUB-CONTRACTING

- a) No performance to be rendered or payment due under this Agreement may be delegated or assigned. None of the services to be rendered pursuant to this Agreement may be subcontracted without the express written consent of the Executive Director or designee. A contractual or other arrangement between Bank and another person or entity relating to the outsourcing of services or functions which are not specific to KCERA (e.g., those made available by Bank to applicable customers generally) shall not be deemed a subcontract for purposes of this Agreement.
- b) Whenever written consent for the use of subcontractors is granted by the Executive Director or her designee, all references herein to "employees" and "personnel" shall be construed to also refer to subcontractors.

16) CONFIDENTIALITY

- a) While KCERA will have the right to receive data and reports associated with the services provided, Bank is a service provider and is not delivering "work product". Bank reserves rights in all Bank intellectual property (including but not limited to systems, software and hardware and regardless of location or date of development) that Bank uses to provide the services nor or as those services grow/change/evolve in the future. Each party to this Agreement shall keep confidential all nonpublic information that the other party designates as being confidential or which, under the circumstances surrounding disclosure ought to be treated as confidential.
- b) Upon completion of this Agreement, the provisions of this Section 16 shall continue to survive.

17) AUDIT OF BANK RECORDS

Bank agrees to maintain and make available to KCERA accurate books and records relative to the Services for the limited purpose of verifying compliance with the financial and record-keeping requirements of the Agreement. Notwithstanding the foregoing sentence, nothing in this Agreement gives rise to a right, expectation, or other entitlement on the part of KCERA to (1) inspect, examine, or visit any Bank data center, facilities, systems, networks or equipment; or (2) any technology documentation, test or scan results, or any other artifact relating to Bank's security practices.

18) SUCCESSORS AND WAIVERS

This Agreement shall bind the successors of KCERA and Bank in the same manner as if they were expressly named. Waiver by either party of any default, breach or condition precedent shall not be construed as a waiver of any other default, breach, or condition precedent or any other right hereunder. Failure of either party to enforce at any time, or from time-to-time, any provision of the Agreement shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity.

19) TIME

Time is of the essence for the provision of services described in this Agreement.

20) ENTIRE AGREEMENT

This Agreement contains the entire agreement of the parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this Agreement shall be of no force or effect excepting a subsequent modification in writing, signed by the party to be charged.

ADDITIONAL DOCUMENTATION: to the extent not inconsistent with the provisions of this Agreement, the banking and cash management services furnished by Bank to the KCERA shall be governed by Bank's standard deposit and treasury management agreements (collectively, the "Service Documentation") governing the accounts and services outlined in the Agreement. The Service Documentation includes, but is not limited to, the Acceptance of Services, the Master Agreement for Treasury Management Services, the Commercial Account Agreement, and the Service Description for each of the services provided hereunder.

21) PARTIAL INVALIDITY

Should any part, term, portion, or provision of this Agreement be finally decided to be in conflict with any law of the United States or the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be effected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement which the parties intended to enter into in the first instance.

REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, each party to this Agreement has signed this Agreement upon the date indicated, and agrees, for itself, its employees, officers, partners and successors, to be fully bound by all terms and conditions of this Agreement.

APPROVED AS TO CONTENT:

KERN COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION (KCERA)

WELLS FARGO BANK, N.A.

By: _____
Dominic D. Brown,
Chief Executive Officer

By: _____
Madaline Love,
Director

APPROVED AS TO FORM:

KERN COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION (KCERA)

By: _____
Jennifer Esquivel Zahry
Chief Legal Officer

Attachment 1 Fee Schedule



Kern County Employees' Retirement Association

		SERVICE DETAILS	
WF Code	AFP Code	Service Description	Unit Price
		BALANCE & COMPENSATION INFORMATION	
IAMTH	000230	RECOUPMENT MONTHLY	0.12750
		GENERAL ACCOUNT SERVICES	
22051	010000	ACCT MAINTENANCE	7.50000
CK021	010100	DEBITS POSTED	0.01000
		PAPER DISBURSEMENT SERVICES	
DS191	150122	PAYEE VALIDATION STANDARD-ITEM	0.02000
22810	150500	WF CHK CASHED FOR NONACCT HOLDER	6.75000
22030	150412	STOP PAYMENT - AUTO RENEWAL	1.00000
12907	150030	POSITIVE PAY MONTHLY BASE	10.00000
12670	150410	STOP PAYMENT - ONLINE	4.00000
22202	150100	DDA CHECKS PAID	0.25000
12675	150499	STOP PAYMENT - PAPER CONFIRMATION	7.50000
		PAPER DISBURSEMENT RECON SERVICES	
12687	209999	ARP AGED ISSUE RECORDS ON FILE-ITEM	0.02000
12377	200201	ARP FULL RECON-ITEM	0.03000
12060	200010	ARP MONTHLY BASE - FULL	25.00000
12604	200306	ARP OPTIONAL REPORTS	6.00000
12430	200301	ARP OUTPUT - TRANSMISSION	15.00000
34350	200306	ONLINE ARP STMT & RPTS MONTHLY BASE	25.00000
12694	200100	OUTGOING TRANSMISSION - PER ITEM	0.01500
		GENERAL ACH SERVICES	
CK018	250201	ELECTRONIC CREDITS POSTED	0.01000
34342	250400	ACH RETURN SUBSCRIPTION - ITEM	0.25000
34340	250400	ACH RETURN SUBSCRIPTION-ACCOUNT	20.00000
ES349	250220	ACH RECEIVED ADDENDA	0.03000
ES344	250202	ACH RECEIVED ITEM	0.10000
06505	250302	ACH RETURN ADMIN -ELECTRONIC	2.25000
06502	250302	ACH RETURN ITEM-ELECTRONIC	2.25000
ES801	250501	ACH TRANSMISSION CHARGE	10.00000
ES361	250642	ACH REVERSAL - ITEM	1.00000
34333	251050	ACH FRAUD FILTER REVIEW MO BASE	5.00000
34335	251053	ACH FRAUD FILTER REVIEW - ITEM	1.00000
06525	250302	ACH NOC - ELECTRONIC	2.25000
		EDI PAYMENT SERVICES	
ED267	300100	PAYMENT MANAGER DOMESTIC ACH TRAN	0.05000
28164	300199	PAYMENT MGR EMAIL SECONDARY APPROVE	0.00000
28163	300105	PAYMENT MGR RPT SUBSCRIPTION MOBASE	25.00000
ED370	309999	PMGR TOTAL MTH POSTAGE AND HANDLING	1.00000
ED421	309999	PAYMENT MGR NEXT DAY CHECK	0.35000
ED290	300000	PAYMENT MANAGER MONTHLY BASE	100.00000
28597	300505	ELECTRONIC DOC DELIV PRINT PER PAGE	0.05000
28212	300200	PAYMENT MANAGER ACH CONFIRMATION	0.01000
28005	300100	PAYMENT MGR INBOUND TRANSMISSION	5.00000
28588	300202	PM ENHANC REMIT ADDL OR APPRVD FILE	0.00000
		WIRE & OTHER FUNDS TRANSFER SERVICE	

Attachment 1 Fee Schedule

SERVICE DETAILS			
WF Code	AFP Code	Service Description	Unit Price
18703	350700	PAYMENT MANAGER WIRE OUT XBRD USD	5.00000
ES030	350300	WIRE IN TO USA ACCT-USA DOMESTIC	5.00000
18031	350541	WIRE OUT REPAIR	9.00000
28306	350400	PAYMENT MANAGER WIRE CONFIRMATION	0.50000
INFORMATION SERVICES			
34123	40022Z	ALERTS SERVICE - EMAIL	0.25000
34121	400274	INTRADAY REPORTING ITEMS RPTD	0.07000
34120	400055	INTRADAY BASE PER ACCT PER REPORT	25.00000
34115	400271	PREV DAY REPORTING ITEMS LOADED	0.07000
34100	400052	PREV DAY BASE PER ACCT PER REPORT	25.00000
27707	400340	ONLINE SEARCH	0.25000

Disclosures

We created this proposal for you based on our understanding of your requirements and the services in which you expressed interest. This proposal confirms the deposit and treasury management services and the pricing we plan to provide you based on certain assumptions including projected volumes and other relevant information you provided.

This document is confidential. Please do not share it without first obtaining our written permission. The services and pricing contained in this proposal are valid for 90 days. The pricing is subject to change if the actual volume or scope of services differs from the assumptions upon which we based the pricing.

Please let us know if you believe this proposal does not accurately represent the prices or services we discussed with you. If you have questions about the services in this proposal, please contact your Treasury Management Sales Consultant or visit: www.wellsfargo.com/accountanalysis for additional information about the services.

Regarding your services

Alerts Service

Charges are assessed against the volume of Alerts per user, per company, per month basis. Users are only charged for the first 80 events/alerts per month, per delivery mechanism (email or text). There is no per company cap for billing.

Services with No Volumes

Services listed with zero volume are not included in the estimated monthly analysis fee but are included in the event the service is used in the future.

This message may contain confidential and/or privileged information. If you are not the addressee or authorized to receive this for the addressee, you must not use, copy, disclose, or take any action based on this message or any information herein. If you have received this message in error, please advise the sender immediately by reply email and delete this message. Thank you for your cooperation.

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Date: March 13, 2024
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer
Subject: **SACRS Board of Directors Meeting**
Riverside, California
March 25-26, 2024



In accordance with the Travel Policy approved by the Board of Retirement on April 13, 2022, I have attached information concerning the above-captioned meeting, as follows:

- Specific information as to whether staff or members of the Board will serve as a participant – Jordan Kaufman
- Specific information concerning the estimated total travel cost involved, including the estimated costs to be borne by KCERA and those costs borne by the meeting sponsor

The meeting topics are relevant to the administration of the retirement system. Accordingly, I recommend that the Board approve the attendance of Trustee Jordan Kaufman.

Attachment

Travel Subject	SACRS Board of Directors Meeting
Sponsor	SACRS
Date(s)	March 25-26, 2024
Location	Santa Barbara, CA
Proposed Attendee(s)	Jordan Kaufman

Estimated Total Travel Cost **\$560.50**

Description	Computation	Kaufman	Totals	Borne By	
				KCERA	Sponsor
Registration fees	=	-	-	-	
Lodging expense	1 nights @ \$ 300.00 /night	= 300.00	300.00	300.00	
Per diem meals reimbursement:	1 days @ \$ 74.00 /day	= 74.00			
Less meals provided by sponsor	1 Breakfast, 1 Lunch, 0 Dinner = \$34.50	= (\$34.50)			\$34.50
Total meals expense	=		74.00	39.50	
Shuttle/taxicab expense	Taxi Estimate	=	-	-	
Airfare	\$0.00	= \$0.00	\$0.00	-	
Vehicle-related expenses:	=	-	-	-	
Parking	1 days @ 20.00 /day	= 20.00	20.00	20.00	
Mileage	miles @ /mile (Department Head)	= -	-	-	
	300 miles @ 0.67 /mile (Staff, Trustee)	= 201.00	201.00	201.00	
Rental car	=	-	-	-	
Rental car gasoline	=	-	-	-	
Totals	=	560.50	\$ 595.00	\$ 560.50	\$ 34.50



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



PERIOD ENDING: DECEMBER 31, 2023

Investment Performance Review for

Kern County Employees' Retirement Association

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Investment Landscape

TAB I

Investment Performance
Review

TAB II



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

1ST QUARTER 2024
Investment Landscape

Verus business update

Since our last Investment Landscape webinar:

- Verus hired Adam Babson, *Director of Portfolio Management* (Seattle)
- JC Faubion, CFA, *Senior Consulting Associate*, obtained the CAIA charter
- James Wadner, *Performance Analyst*, recently passed his CFA level I exam
- We celebrated our 38th anniversary. Wurts Johnson & Company (founding name) was established in January 1986.
- Recent research, found at verusinvestments.com/research:
 - *Is now the time to de-risk?*
 - *Liquidity needs during market drawdowns*
 - *2024 Annual Capital Market Assumptions*

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Recent Verus research

Visit: verusinvestments.com/research

Topics of interest

LIQUIDITY NEEDS DURING MARKET DRAWDOWNS

What is the fundamental reason why investors should care about liquidity? In short, investors want to avoid being forced to sell high-returning assets that have fallen in value in order to pay for benefits, philanthropic spending, expenses, and cover capital calls for their private asset programs. We first touch on the different definitions of liquidity and illustrate how these relate to institutional portfolios. Second, we examine those liquidity characteristics in times of market stress, the way in which illiquid assets often behave, and how that impacts investors. Lastly, we outline a tool that we have created and discuss how this can be used to assist clients with gauging the appropriate level of liquidity in their own portfolios. Overall, we believe investors should put much thought and care into portfolio liquidity decisions.

IS NOW THE TIME TO DE-RISK?

Is now a good time to engage in de-risking strategies? The combination of rising interest rates and relatively strong risk asset performance since 2020 seem to suggest so. We aim to give plan sponsors a better appreciation of the potential benefits of de-risking strategies and examine when it would be most prudent to adopt these strategies. ERISA plan sponsors that have frozen benefits or report actuarial obligations with a market-based interest rate will find this paper most applicable to them.

Annual research

2024 CAPITAL MARKET ASSUMPTIONS

Capital Market Assumptions guide our advice and recommendations. They reflect the best judgments of our research and investment teams regarding the expected long-term behavior of capital markets.

Investment Landscape

1st Quarter 2024

4th quarter summary

THE ECONOMIC CLIMATE

- Real GDP increased at a 2.9% pace from a year ago in Q3 (4.9% quarter-over-quarter annualized rate). The economy has remained relatively strong while inflation now appears likely to fall closer to the Fed's 2% target in 2024. These expectations contributed to a dovish pivot from the Fed, a sharp drop in interest rates, and a notable market rally as the possibility of a soft landing has risen.
- Unemployment fell slightly from 3.8% to 3.7%, though the labor participation rate dropped sharply towards the end of the year. The labor market remains surprisingly resilient after roughly a full year of higher interest rates.

PORTFOLIO IMPACTS

- Consumer sentiment has been incredibly poor, and one of the greatest concerns for Americans is inflation. Although inflation has fallen considerably, prices of goods and services remain high, placing strain on budgets. Because inflation measures the rate of change of prices, rather than the level of prices, lower inflation has failed to ease the financial pressure that many households face.
- The Cboe VIX implied volatility index moved even lower during Q4, from 17.5 to 12.5. At the same time, bond market volatility was very high, as indicated by the "MOVE" Index. Uncertainty around inflation, the Federal Reserve's possible interest rate path and the extent of rate cuts, potential recession, and fears around the U.S. fiscal situation are likely contributing to market shakiness.

THE INVESTMENT CLIMATE

- An abrupt change in Federal Reserve communication regarding interest rate cuts during the quarter coincided with sharply lower bond yields, higher equity valuations, and further tightening of credit spreads.
- U.S. headline inflation fell during the quarter, from 3.7% to 3.3% year-over-year. Core CPI (ex-food & energy) declined from 4.1% to 3.9%. Low inflation numbers in October and November (0.0% and 0.1% month-over-month) were counterbalanced by a surprisingly high inflation number in December (0.3% month-over-month).

ASSET ALLOCATION ISSUES

- U.S. equities (S&P 500 +11.7%) led international developed equities (MSCI EAFE +10.4%) and emerging market equities (MSCI EM +7.9%) during the quarter. Domestic equities also led non-U.S. equities over the full year while emerging markets lagged. Wide sector performance differences contributed to U.S. leadership given a much heavier tech focus of the domestic market.
- Style factor performance was mixed during Q4. Small cap outperformed large cap by +2.0%. Value underperformed Growth by -3.2%. Over the full year, small caps underperformed large caps by -9.6% while value stocks underperformed growth by a whopping -31.2%. Besides an extreme period of value underperformance during 2020, calendar year 2023 was the worst 1-year rolling period in more than two decades.

Risk assets rallied in Q4 following a dovish pivot from the Federal Reserve and recent economic data suggesting a greater chance of a soft landing

What drove the market in Q4?

“A Soft Landing is in View as Inflation Drops”

HEADLINE CPI MONTH-OVER-MONTH CHANGES

July	Aug	Sept	Oct	Nov	Dec
0.2%	0.6%	0.4%	0.0%	0.1%	0.3%

Article Source: WSJ, November 14th, 2023

“U.S. Labor Market Resilience Keeps Economy Afloat as Year Ends”

U-3 UNEMPLOYMENT RATE

July	Aug	Sept	Oct	Nov	Dec
3.5%	3.8%	3.8%	3.8%	3.7%	3.7%

Article Source: Reuters, December 21st, 2023

“U.S. Consumer Spending, Inflation Slow in Sign of Cooling Economy”

U.S. NOMINAL RETAIL SALES (YEAR-OVER-YEAR)

July	Aug	Sept	Oct	Nov	Dec
2.8%	2.8%	4.0%	2.2%	4.0%	5.6%

Article Source: Bloomberg, November 30th, 2023

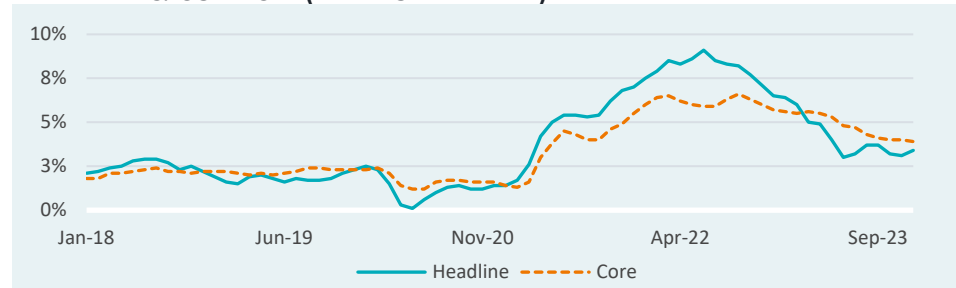
“Fed Holds Rates Steady, Indicating Three Cuts Coming in 2024”

FOMC PROJECTED END OF 2023 FED FUNDS RATE

Sep 22 SEP	Dec 22 SEP	Mar 23 SEP	June 23 SEP	Sept 23 SEP	Dec 23 SEP
4.60%	5.10%	5.10%	5.60%	5.60%	5.40%

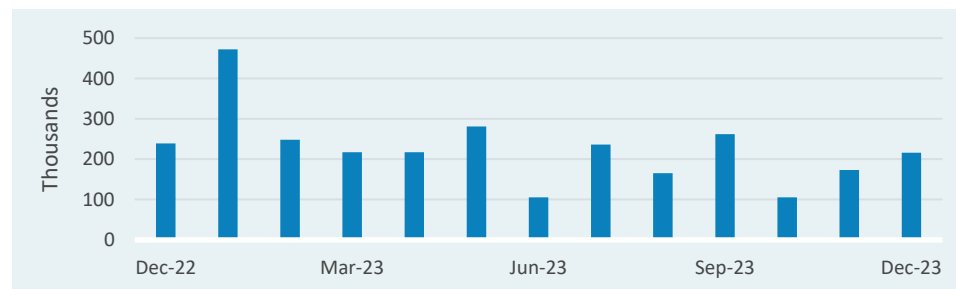
Article Source: CNBC, December 13th, 2023

HEADLINE & CORE CPI (YEAR-OVER-YEAR)



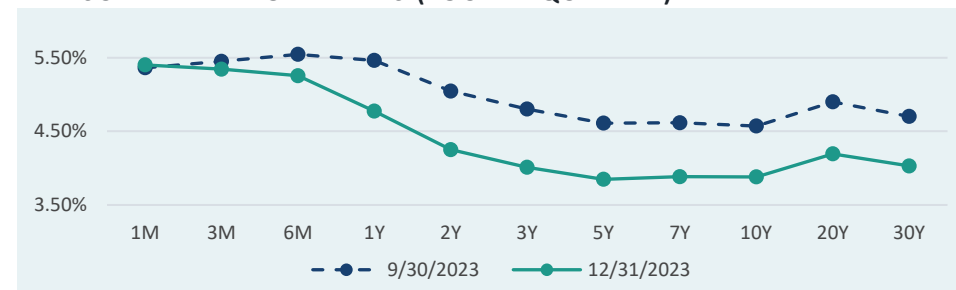
Source: BLS, as of 12/31/23

CHANGE IN NONFARM PAYROLLS



Source: BLS, as of 12/31/23

TREASURY YIELD MOVEMENTS (FOURTH QUARTER)



Source: Bloomberg, as of 12/31/23

Economic environment

U.S. economics summary

- Real GDP increased at a 2.9% pace year-over-year in Q3 (4.9% quarter-over-quarter annualized rate). The economy has remained relatively strong while inflation appears more likely to fall closer to the Fed’s target in 2024. These expectations contributed to a dovish pivot from the Federal Reserve in December, a sharp drop in interest rates, and a notable market rally as the possibility of a soft landing has risen.
- U.S. headline inflation fell during the quarter, from 3.7% to 3.3% year-over-year. Core CPI (ex-food & energy) declined further from 4.1% to 3.9%. Low inflation numbers in October and November (0.0% and 0.1% month-over-month) were counterbalanced by a surprisingly high inflation number in December (0.3% month-over-month).
- Consumer spending has been stable, with real personal consumption expenditures up +2.7% year-over-year in November, the strongest growth figure since early 2022. However, strong spending appears to be at the expense of a low household savings rate (4.1% in November) and may be partly driven by necessity (higher prices of goods & services) rather than by a positive financial or economic outlook.
- The job market has shown mixed signals, increasing in total size during 2023 but arguably with some weakness around the edges. Unemployment rose during the year but fell slightly in Q4 from 3.8% to 3.7%. This historic mismatch between jobs available and workers available has been slowly closing.
- Consumer sentiment improved slightly but remains incredibly poor. Inflation is a central concern for Americans. Although inflation has fallen considerably, prices of goods and services remain high, placing strain on budgets. Because inflation measures the rate of change of prices, rather than the level of prices, lower inflation has failed to ease the financial pressure that many households face.

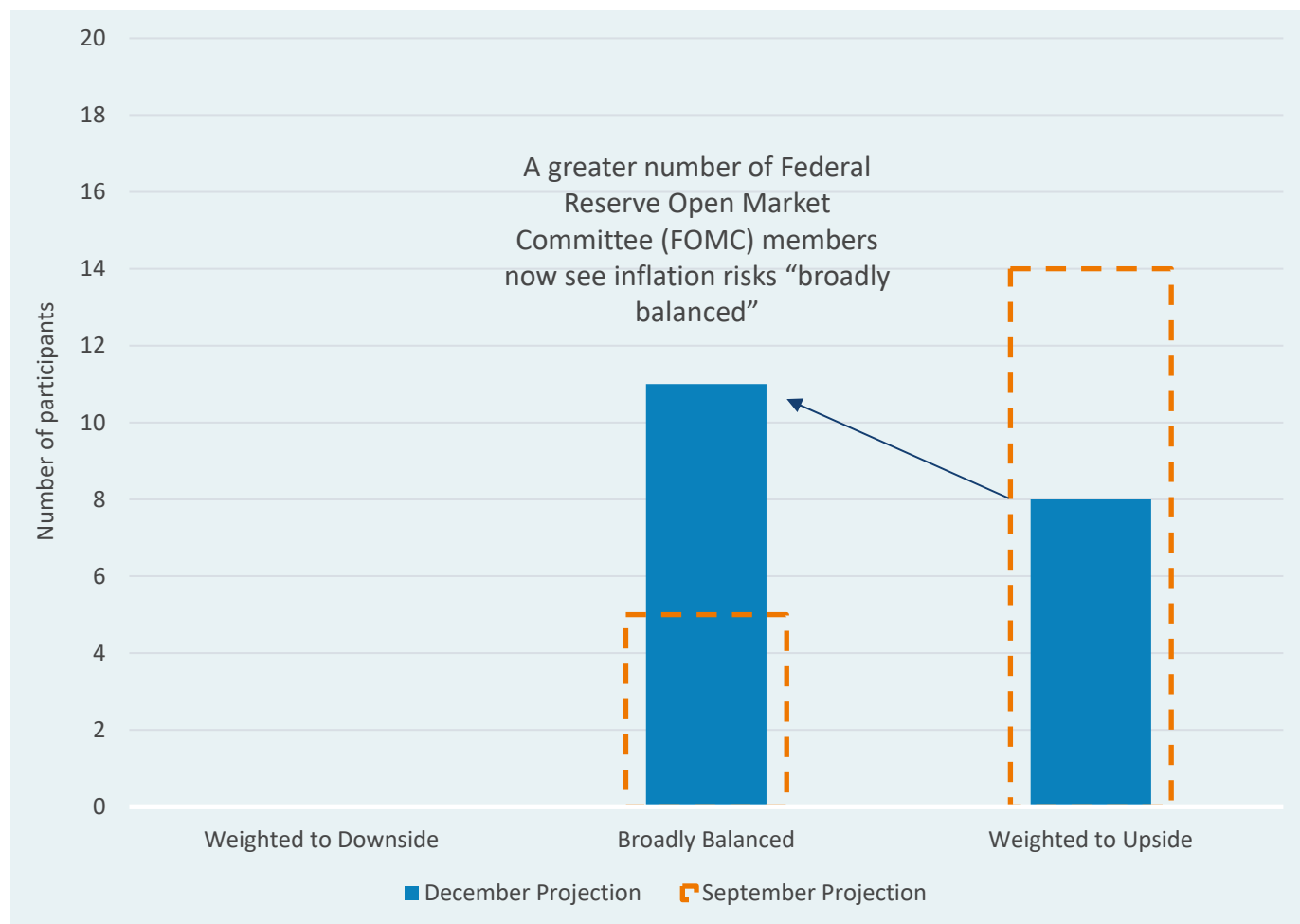
	Most Recent	12 Months Prior
Real GDP (YoY)	2.9% 9/30/23	1.7% 9/30/22
Inflation (CPI YoY, Core)	3.9% 12/31/23	6.4% 12/31/22
Expected Inflation (5yr-5yr forward)	2.2% 12/31/23	2.3% 12/31/22
Fed Funds Target Range	5.25–5.50% 12/31/23	4.25–4.50% 12/31/22
10-Year Rate	3.88% 12/31/23	3.88% 12/31/22
U-3 Unemployment	3.7% 12/31/23	3.5% 12/31/22
U-6 Unemployment	7.1% 12/31/23	6.5% 12/31/22

Shifting signaling from the Federal Reserve

December 2023 risks to core inflation: FOMC participants

On December 13th, the Fed's tone shifted. Powell spoke to a much rosier inflation picture and described a greater focus on both sides of its dual mandate—price stability and full employment.

Although optimistic, Powell's comments emphasized a cautious view of the restrictive policy's impact, *"Our actions have moved our policy rate well into restrictive territory, meaning that tight policy is putting downward pressure on economic activity and inflation, and the full effects of our tightening likely have not yet been felt... Given how far we have come, along with the uncertainties and risks that we face, the Committee is proceeding carefully."*



Source: Federal Reserve December 2023 Summary of Economic Projections

Inflation

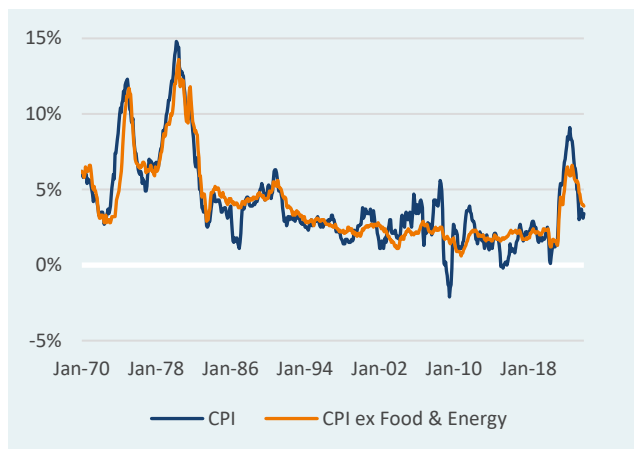
U.S. headline inflation fell during the quarter, from 3.7% to 3.3% year-over-year in December. Core CPI (ex-food & energy) declined further from 4.1% to 3.9%. It is not yet clear how long it will take for inflation to return to the Federal Reserve's 2% target, or how bumpy that ride might be. Low inflation numbers in October and November (0.0% and 0.1% month-over-month) were counterbalanced by a surprisingly high inflation release in December (0.3% month-over-month).

Most of the largest initial drivers of U.S. inflation, such as food, energy, and used autos, are now moderating in price and helping to bring inflation down towards the Fed's 2% target.

Additionally, the largest component of the inflation "basket" of goods and services is shelter prices (the cost of rents or renter's equivalent). The calculation of shelter for official government data purposes tends to reflect market rent movements with a lag. Market-based rent indexes reflect much lower rent inflation. For example, the series published by Zillow indicates 3.3% year-over-year inflation as of December. This suggests that as government shelter data catches up with true market rent prices, the greatest support to current inflation levels (shelter costs) will drop materially, potentially bringing inflation officially back to around a 2% level.

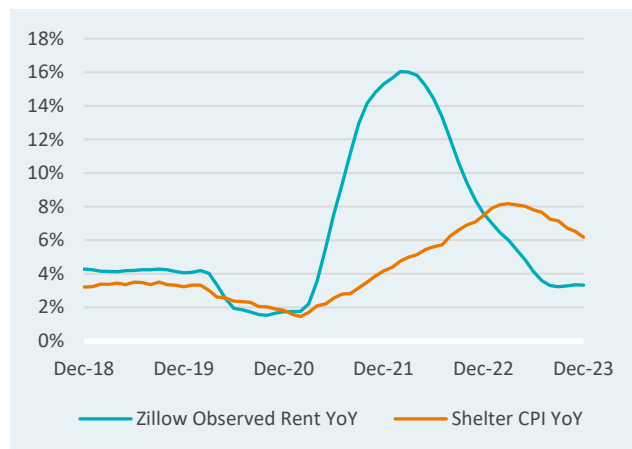
Inflation & other economic data released in Q4 suggests a path for inflation to fall towards 2% in 2024

U.S. CPI (YOY)



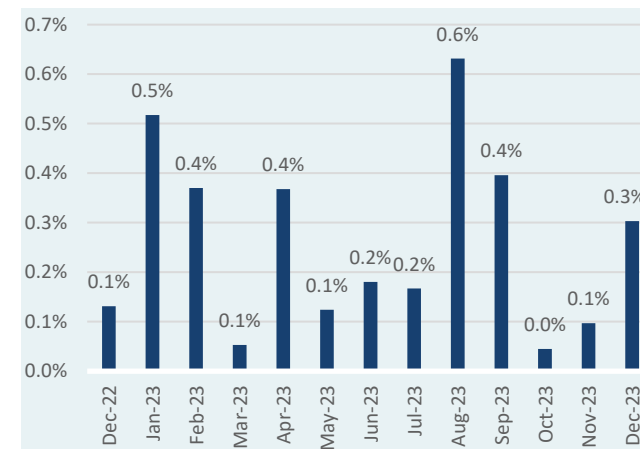
Source: BLS, as of 12/31/23

ZILLOW OBSERVED RENT VS. SHELTER CPI (YOY)



Source: Zillow Observed Rent Index, as of 12/31/23

MONTHLY PRICE MOVEMENT (CPI)



Source: BLS, as of 12/31/23

GDP growth

Real GDP increased at a 2.9% pace from a year ago in the third quarter (4.9% quarter-over-quarter annualized rate). The large uptick was driven by consumption, which continues to show resiliency. While many investors have expected high inflation and weaker wage growth to impact spending, a combination of pandemic related excess savings and a strong decade of household wealth expansion is likely providing a cushion against an economic slowdown. Outside of consumption, all major categories, besides net exports, positively contributed to GDP growth.

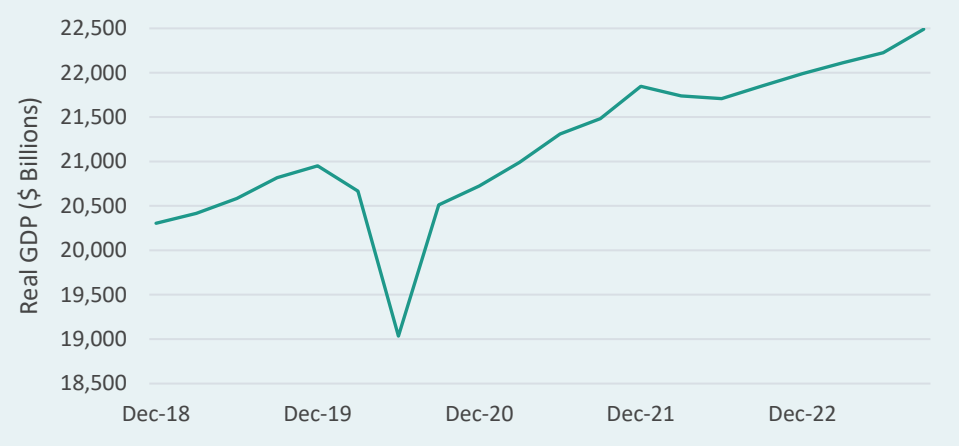
The economy has remained relatively strong while inflation

now appears likely to fall closer to the Fed target in 2024. These expectations contributed to a sharp drop in interest rates towards the end of 2023, and a notable market rally, as the possibility of a soft landing has risen.

A string of positive economic news occurred throughout the fourth quarter. The economic outlook has improved along with this new information, though we continue to believe economic bumpiness is on the horizon—perhaps in mid-2024. However, U.S. markets appear to be fully pricing in the soft-landing narrative, which likely limits the upside if that were to come to fruition.

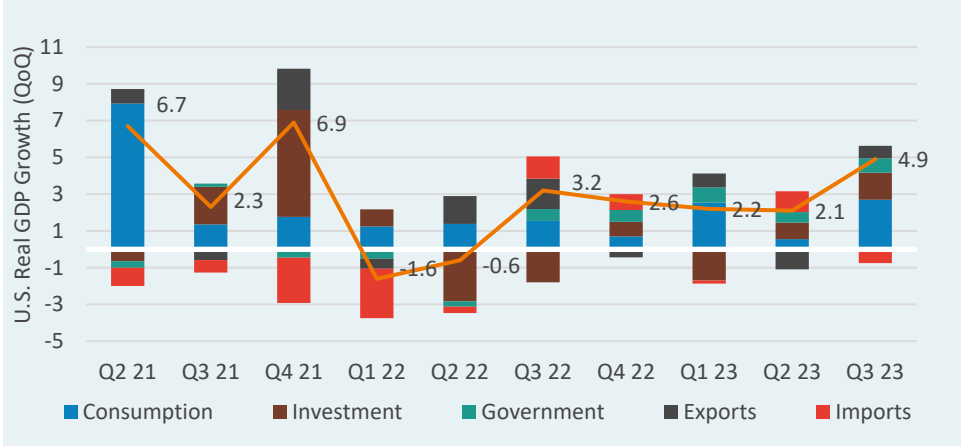
The U.S. economy continues to show resilience despite aggressive monetary tightening & low consumer confidence

U.S. REAL GROSS DOMESTIC PRODUCT



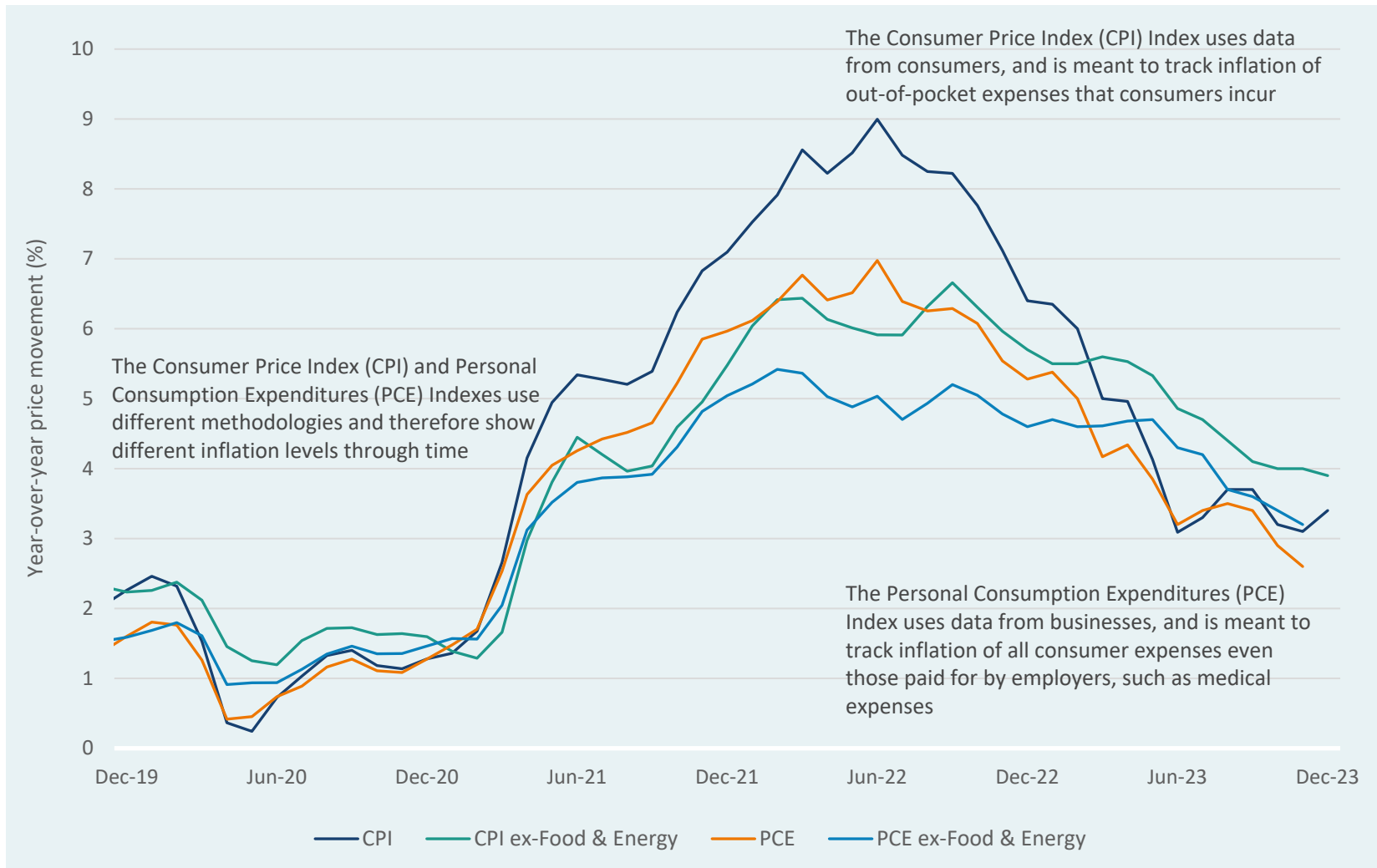
Source: FRED, as of 9/30/23

U.S. REAL GDP COMPONENTS (QOQ)



Source: FRED, as of 9/30/23

How are inflation conditions evolving?



Recent price trends suggest inflation may move closer to the Fed's 2% target in 2024

A moderation of shelter prices, which tend to be lagged in official statistics, could be the most notable driver of lower inflation in future quarters

Source: FRED, Verus, PCE data as of 11/30/23, CPI data as of 12/31/23

Labor market

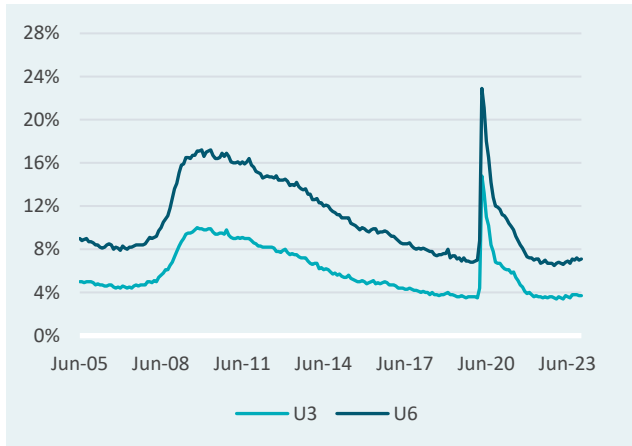
Unemployment fell slightly in Q4 from 3.8% to 3.7%, though the labor participation rate dropped sharply towards the end of the year from 62.8% to 62.5%. According to most available metrics, the labor market remains surprisingly resilient. While throughout history higher interest rates, and yield curve inversion in particular, have typically been followed by recession, the economy has been strong in the face of higher interest rates for roughly a full year. These dynamics have fueled hope that the economy may achieve a soft landing.

Some mixed signals have appeared in recent months. The labor participation rate has fallen for both younger and older

workers, potentially a sign of stalling of strong post-pandemic job growth. Rebalancing within the labor market continued, as the mismatch between the number of *workers available* and the number of *available jobs* closes. This gap was 5.5 million at the beginning of the year and fell to 2.5 million in November. This rebalancing appears to be due to positive factors (a growing workforce) rather than negative factors (fewer jobs available), as more Americans are seeking employment and finding jobs that had previously gone unfilled.

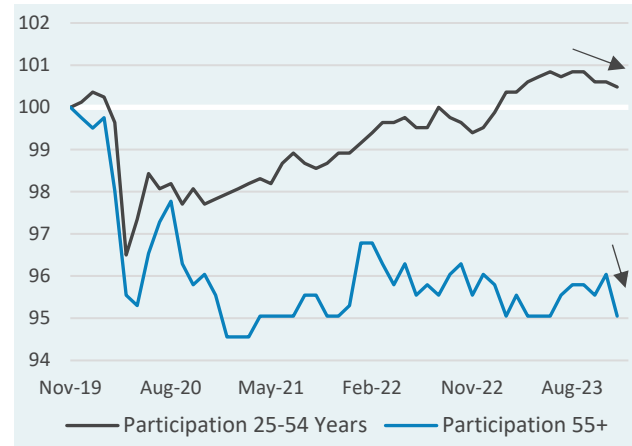
The gap between *available jobs* and *available workers* was cut in half during 2023, as the labor market moves into balance

U.S. UNEMPLOYMENT



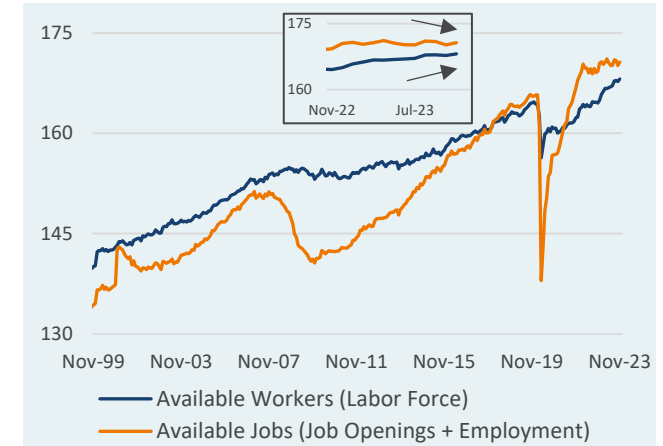
Source: FRED, as of 12/31/23

LABOR FORCE PARTICIPATION RATE BY AGE



Source: FRED, as of 12/31/23

WORKERS AVAILABLE VS. AVAILABLE JOBS



Source: BLS, Verus, as of 11/30/23

The consumer

We believe there are two important sides to the U.S. consumer picture. First, spending has been stable, as real (inflation-adjusted) personal consumption expenditures continued at a moderate pace, at 2.7% year-over-year in November—the strongest growth figure since early 2022. But second, strong spending appears to be coming at the expense of household savings (very low at 4.1% in November) and may be partly driven by necessity (higher prices of goods and services) rather than driven by a positive financial or economic outlook. This latter point is supported by incredibly poor consumer sentiment.

As discussed in last quarter’s report, wealth for the majority of

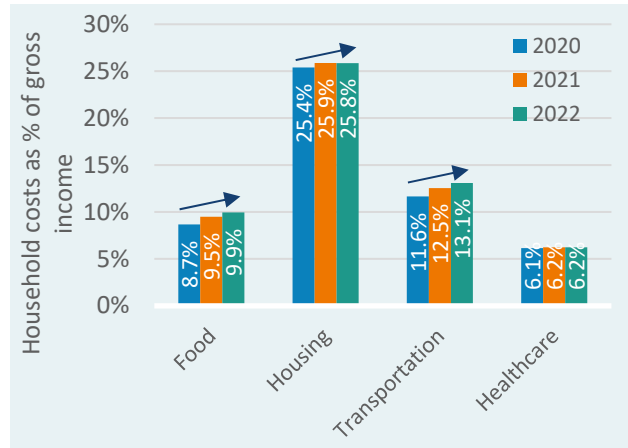
Americans has greatly expanded over the past decade, fueled by higher home prices, a bull market for stocks, and broad economic strength. However, this stands in stark contrast to reports of widespread financial difficulties of Americans. For example, a Lending Club survey conducted in November 2023 indicated that 62% of consumers are living paycheck to paycheck. In this unique environment, it is difficult to gauge the extent to which greater wealth, though often illiquid, might help extend strong spending into future quarters, or whether spending is set to slow as households reset their spending to lower levels to try and return to more conservative budgets with an appropriate savings rate.

REAL PERSONAL SPENDING



Source: FRED, as of 11/30/23

HIGHER COSTS EATING INTO BUDGETS



Source: BLS, Verus, as of 9/8/23 – household costs as % of gross income

PERSONAL SAVINGS RATE



Source: FRED, as of 11/30/23

Sentiment

Sentiment readings were up slightly during Q4 but remain pessimistic. The University of Michigan Consumer Sentiment survey improved from 67.9 to 69.7 on reports that households believe inflation is on a better trajectory.

A confusing aspect of the consumer picture is the large disconnect between economic data (good in many respects) and sentiment readings (very poor overall). For example, inflation has mostly normalized but many Americans continue to express deep concerns about high inflation and difficulties in making ends meet. A major driver of this disconnect is what we might call the “lower inflation conundrum”. As displayed below, prices surged substantially in recent years, meaning inflation was high, but then prices plateaued, which led inflation to come down. *Why hasn't*

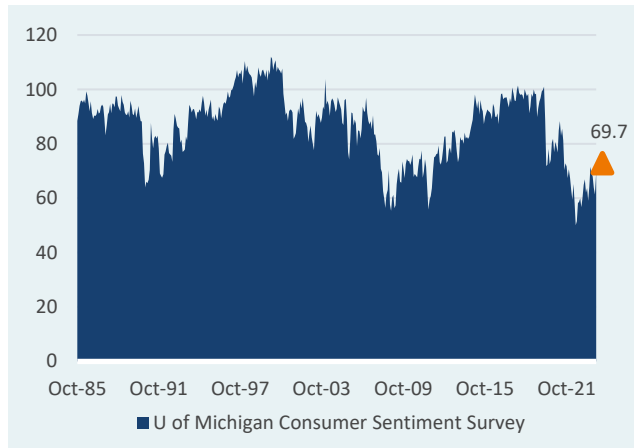
lower inflation led Americans to feel better about the economy? This is because inflation measures the *rate of change* in the price of goods and services, not the overall level. Prices are currently very high while the rate of inflation is fairly low.

The NFIB Small Business Optimism index improved slightly during Q4, with the gains occurring in December. The index has now been below the 50-year average level for two years. According to the report, 23% of business owners reported inflation as the most important issue for business operations—now a greater concern than the labor shortage. Small businesses remain very pessimistic about conditions and do not expect these conditions to improve in 2024.

Sentiment improved slightly during the quarter

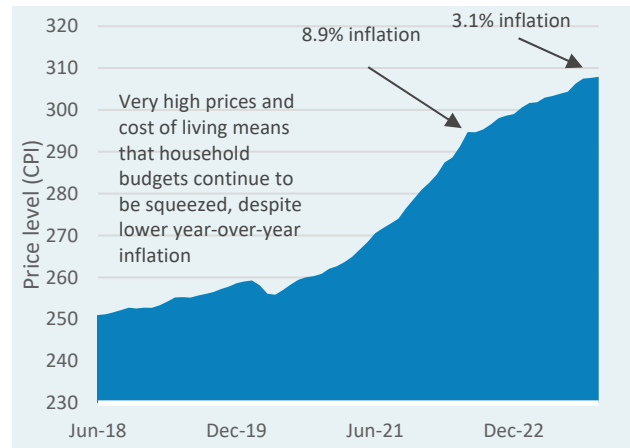
Inflation remains very poor

CONSUMER SENTIMENT



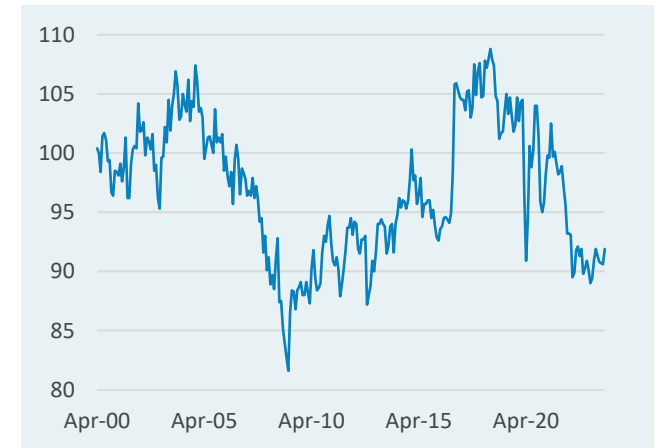
Source: University of Michigan, as of 12/31/23

THE “LOWER INFLATION” CONUNDRUM



Source: FRED, as of 11/30/23

NFIB SMALL BUSINESS SENTIMENT



Source: NFIB, as of 12/31/23

Housing

Home prices increased 3.0% in the third quarter, with ongoing support from very low housing inventory levels. It is possible that low inventories, high costs of new construction, a lack of forced sales (home sales due to financial stress), and an unwillingness of current homeowners to sell and sacrifice their existing low mortgage rate, could act as an ongoing support to high home prices despite extreme unaffordability.

On a brighter note, housing affordability on the margin may be moving in a better direction. Despite mild gains in home prices, the 30-year average fixed mortgage rate has fallen from a 23-year high of 7.3% to 6.6% at the

end of December. A moderation in mortgage rates, with expectations for a handful of Federal Reserve rate cuts in 2023, could help affordability and provide a support to home demand in the near-term.

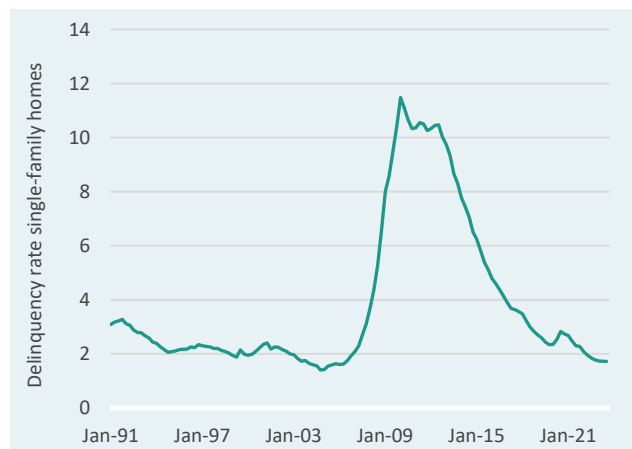
Mortgage delinquency levels of single-family homeowners continue to be muted, at 1.7% as of Q3. Surprisingly, mortgage delinquency rates have consistently declined since the pandemic. This may be a reflection of significant home equity built up for the average homeowner, the ability of homeowners to draw on that equity to help make financial ends meet, and a hesitance to default on a loan if the loan is not underwater.

30-YEAR MORTGAGE RATE (%)



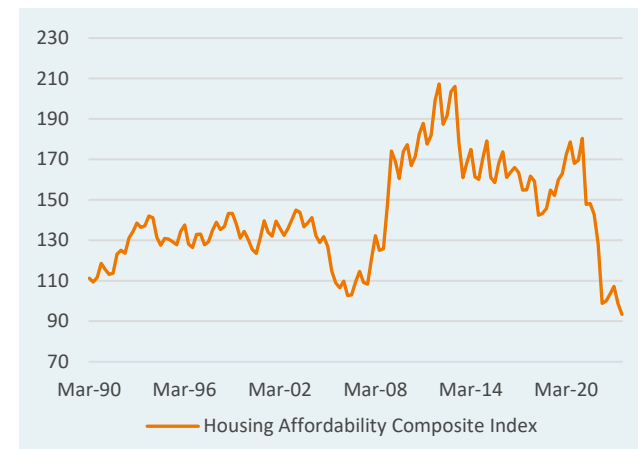
Source: FRED, as of 12/31/23

SINGLE-FAMILY HOME DELINQUENCY RATE (%)



Source: FRED, as of 9/30/23

HOUSING AFFORDABILITY



Source: FRED, as of 9/30/23 – Housing affordability is calculated as the cost of a median priced single-family home at the current mortgage rate, as a percentage of the median family income

International economics summary

- The ongoing threat of inflation, and central banks' tightrope act of working to battle that inflation without tipping economies into recession, was expected to be a key risk of 2024. However, in the fourth quarter inflation has fallen more quickly than expected, while economic growth has generally been more resilient. The global growth picture seems to have improved, all else equal, although growth is still expected to slow materially in the coming quarters.
- Conflicts within the Middle East have led to heightened geopolitical tensions, and broader escalation is a notable risk. While military action has been relatively confined, further conflict could have a material impact on global supply chains and energy markets. The war in Ukraine, which played a large part in initially driving inflation across developed economies, is still fresh in many investors' minds.
- Inflation fell significantly in the Eurozone and U.K., helping to take

some pressure off the ECB and BOE (headline inflation receded to 3.4% and 4.0% across the Eurozone and U.K., respectively). Despite the easing of price pressures, interest rates sit at multi-decade highs at both central banks which does little to change expectations for stagnant and potentially even negative economic growth.

- China reported GDP growth of 5.2% in 2023, exceeding the 5% growth target set by the CCP. While the reported figure is slightly above the CCP's target, growth has disappointed investors and economists alike, especially following a nearly three-year COVID-19 lockdown. The country continues to face a variety of challenges including incredibly dire demographic trends, geopolitical tension with the U.S., slowing growth, financial distress amongst the property sector and local government financing vehicles, a heavy national debt burden, and deflation.

Area	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	2.9% 9/30/23	3.4% 12/31/23	3.7% 12/31/23
Eurozone	0.0% 9/30/23	2.9% 12/31/23	6.4% 11/30/23
Japan	1.5% 9/30/23	2.4% 12/31/23	2.4% 11/30/23
BRICS Nations	5.0% 9/30/23	1.5% 12/31/23	4.8% 12/31/22
Brazil	2.0% 9/30/23	4.6% 12/31/23	7.5% 11/30/23
Russia	5.5% 9/30/23	7.4% 12/31/23	2.9% 11/30/23
India	7.6% 9/30/23	5.7% 12/31/23	8.7% 12/31/23
China	5.2% 12/31/23	-0.3% 12/31/23	5.1% 12/31/23

NOTE: India lacks reliable government unemployment data. Unemployment rate shown above is estimated from the Centre for Monitoring Indian Economy. The Chinese unemployment rate represents the monthly surveyed urban unemployment rate in China.

International economics

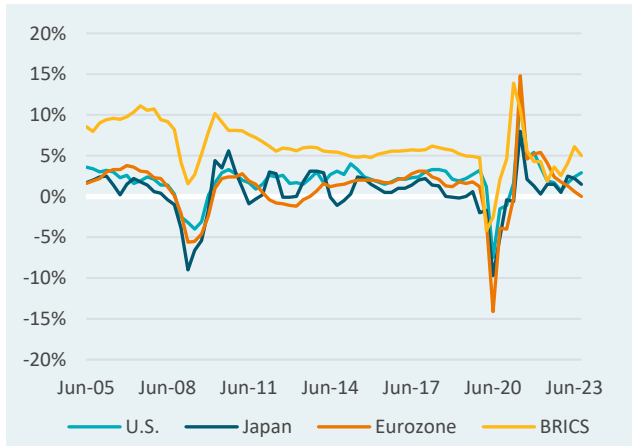
The ongoing threat of inflation, and central banks' tightrope act of working to battle that inflation without tipping economies into recession, was expected to be a key risk of 2024. However, in the fourth quarter inflation has fallen more quickly than expected, while economic growth has generally been more resilient. The global growth picture seems to have improved, all else equal, although growth is still expected to slow materially in the coming quarters.

Although broad macroeconomic conditions improved, additional risks surfaced throughout the quarter, as conflicts within the Middle East escalated. Tensions remain high and concerns around global supply chains

and energy markets have been at the forefront—though impacts across commodity markets have been muted so far.

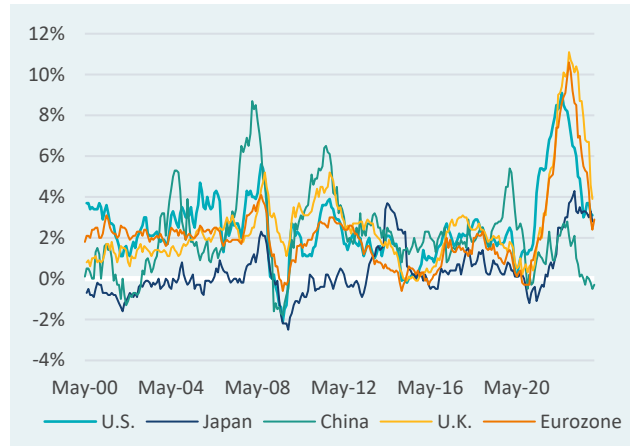
The outlook remains uncertain. Geopolitical tension is still high, especially as the U.S. and China compete for dominance in the technology sector. Developed economies in the Eurozone and Japan are projected by the World Bank to grow less than 1% in 2024, far below historical long-term averages. On the flip side, emerging and developing economies still boast strong growth targets. India is a highlight, as growth expectations for both 2024 and 2025 sit above six-percent.

REAL GDP GROWTH (YEAR-OVER-YEAR)



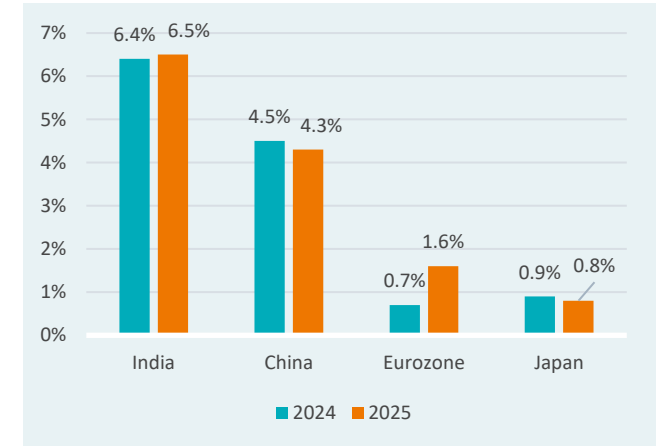
Source: Bloomberg, as of 9/30/23

INFLATION (CPI YEAR-OVER-YEAR)



Source: Bloomberg, as of 12/31/23 – or most recent release

WORLD BANK REAL GDP FORECASTS



Source: World Bank Global Economic Prospects, as of 1/9/24

Fixed income rates & credit

Fixed income environment

- The 10-year U.S. Treasury yield reversed its gains from the prior quarter, falling from 4.58% to 3.88% in Q4, as the market reassessed inflation conditions and the Federal Reserve’s likely path. Further signs that inflation is moderating toward target, along with surprisingly upbeat economic news, likely contributed to the Federal Reserve’s “dovish pivot” as it has been referred to. The 10-year yield ended 2023 unchanged.
- During Q4, credit markets delivered strong results, led by lower-quality bonds such as high yield and bank loans. High yield gained +7.2% (Bbg U.S. Corporate High Yield), while bank loans rose +2.8% (S&P/LSTA Leveraged Loan). Longer duration investment grade corporate bonds (Bloomberg U.S. Long Corporate Credit) rose 14.0% during the quarter as both falling interest rates and narrower credit spreads acted as a tailwind.
- The U.S. yield curve has remained inverted for 1.5 years, which is

among the most extended periods in modern history. This is indicated by the 10-year minus 2-year Treasury yield—ending the year at -35bps, up from -44bps in Q3. Unique attributes of the current economic environment suggest that this curve inversion may not coincide with a near-term recession.

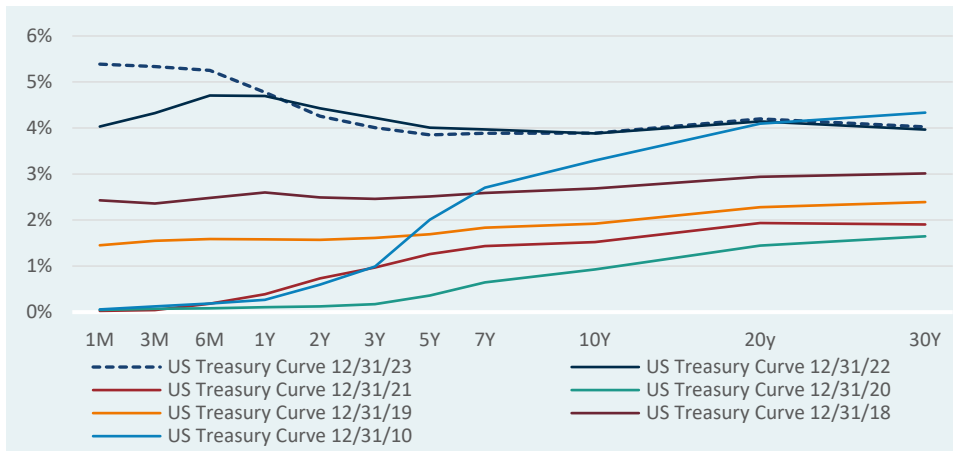
- US interest rates remained steady during the quarter as inflation continued to moderate towards the Federal Reserve Bank's 2.0% target. Importantly, expectations for future rate cuts increased following the statement made by Chairman Powell that future rate hikes may not be required.
- With inflation and economic growth continuing to moderate during the quarter, market expectations for future rate cuts by the Federal Reserve increased. As a result, interest rates across the US Treasury curve declined meaningfully, with shorter-term rates declining more than longer-term rates.

	QTD Total Return	1 Year Total Return
Core Fixed Income (Bloomberg U.S. Aggregate)	6.8%	5.5%
Core Plus Fixed Income (Bloomberg U.S. Universal)	6.8%	6.2%
U.S. Treasuries (Bloomberg U.S. Treasury)	5.7%	4.1%
U.S. Treasuries: Long (Bloomberg U.S. Treasury 20+)	13.4%	2.7%
U.S. High Yield (Bloomberg U.S. Corporate HY)	7.2%	13.4%
Bank Loans (S&P/LSTA Leveraged Loan)	2.8%	13.3%
Emerging Market Debt Local (JPM GBI-EM Global Diversified)	8.1%	12.7%
Emerging Market Debt Hard (JPM EMBI Global Diversified)	9.2%	11.1%
Mortgage-Backed Securities (Bloomberg MBS)	7.5%	5.0%

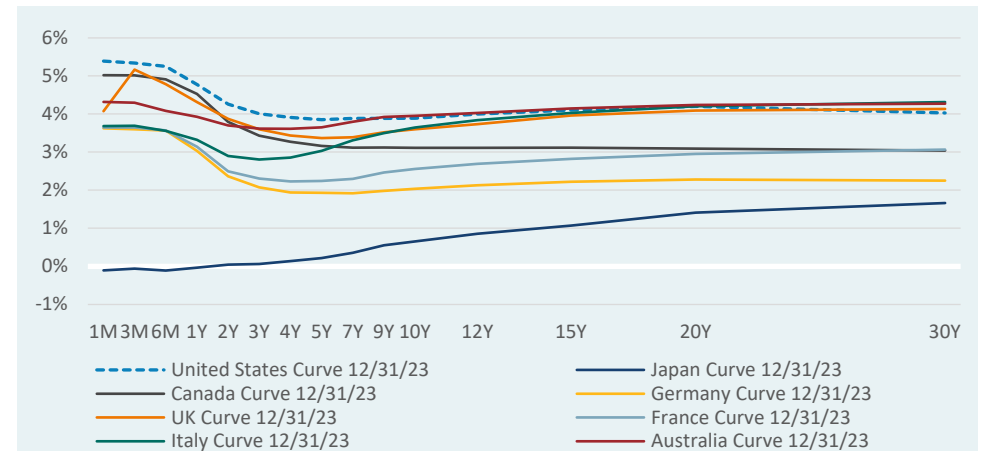
Source: Bloomberg, as of 12/31/23

Yield environment

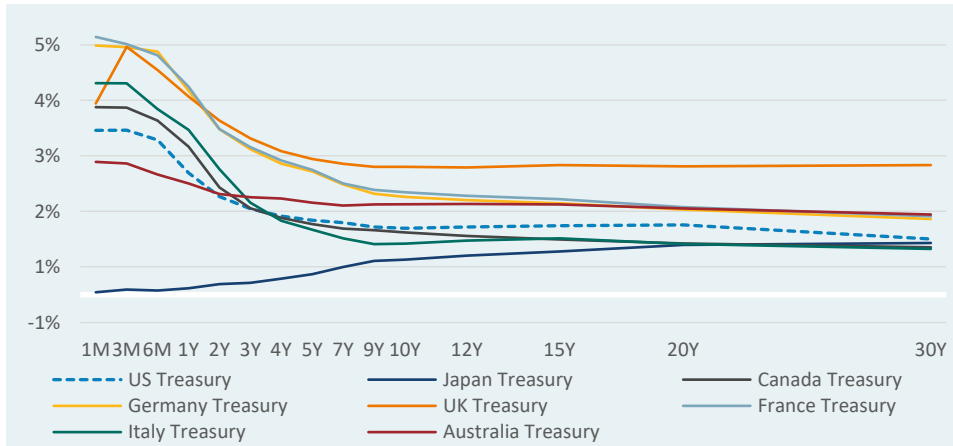
U.S. YIELD CURVE



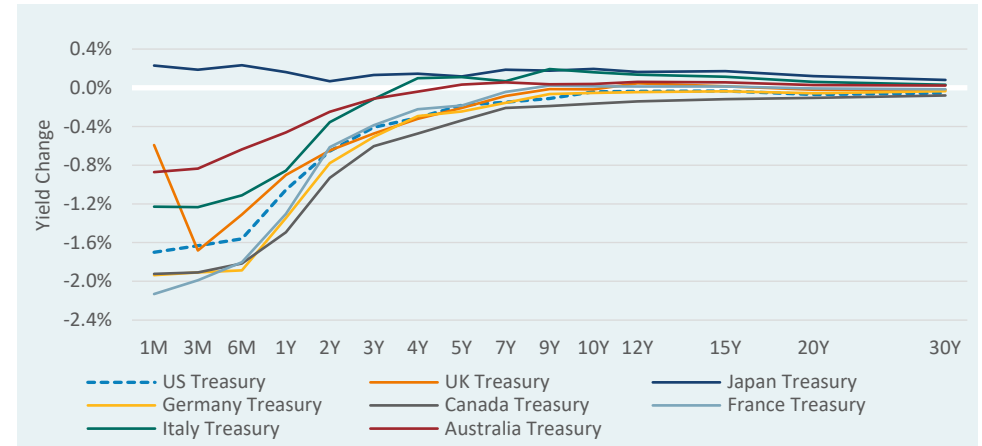
GLOBAL GOVERNMENT YIELD CURVES



YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 12/31/23

Credit environment

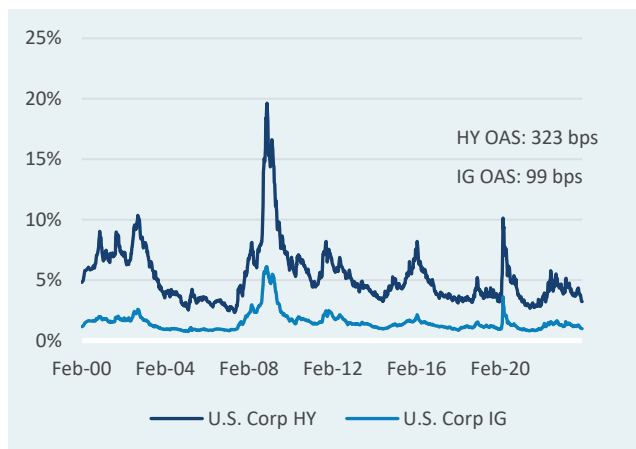
During the fourth quarter, credit markets delivered strong positive results, led by lower-quality credits such as high yield bonds and bank loans. High yield bonds delivered strong results gaining 7.2% (Bbg U.S. Corporate High Yield), while bank loans rose 2.8% (CS Leveraged Loans). Longer duration investment grade corporate bonds (Bloomberg U.S. Long Corporate Credit) rose 14.0% during the quarter as both falling interest rates and narrower credit spreads acted as a tailwind.

Higher-quality BB-rated bonds outperformed lower quality credits during the period returning 7.3% compared to 6.8% and 6.6% for B-rated and CCC-rated bonds, respectively. While absolute returns were positive, bank loans delivered a less-than-impressive 2.8%, primarily due to the

combination of falling interest rates and expectations that the Federal Reserve Bank would begin cutting rates in the future.

Credit spreads narrowed during the quarter despite concerns related to an economic slowdown, weakening corporate fundamentals, and rising geopolitical tensions. Lower-quality, high yield bond spreads fell by 0.6% to roughly 3.2%, while investment grade spreads decreased by roughly 0.2% to 1.0%. Broadly, spreads remain below their long-term historical averages, which suggests that investors remain confident about the ability of those companies to service their debt. That said, slower U.S. economic growth could lead to wider credit spreads as investors seek safety in higher quality assets.

SPREADS



Source: Barclays, Bloomberg, as of 12/31/23

HIGH YIELD BONDS MONTHLY INCOME RETURN



Source: Bloomberg, as of 12/31/23

CREDIT SPREAD (OAS)

Market	12/31/23	12/31/22
Long U.S. Corp	1.2%	1.6%
U.S. Inv Grade Corp	1.0%	1.3%
U.S. High Yield	3.2%	4.7%
U.S. Bank Loans*	5.0%	5.9%

Source: Barclays, Credit Suisse, Bloomberg, as of 12/31/23

*Discount margin (4-year life)

Default & issuance

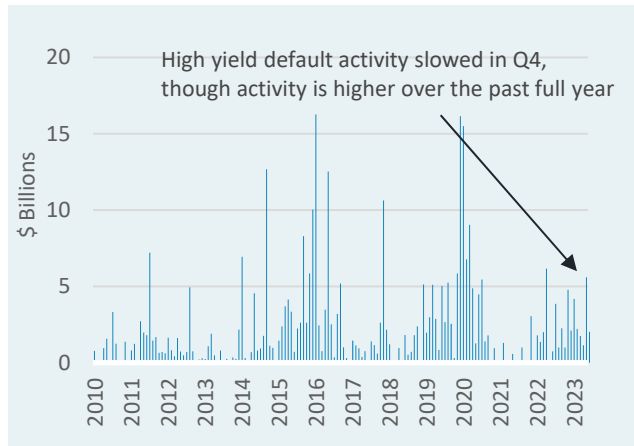
Default activity increased during Q4 as increased borrowing costs acted as a headwind. Eighteen companies defaulted, which were concentrated in the retail, telecommunications, and financial sectors. A total of \$15.8 billion of bank loan and high yield bonds were affected by default or distressed exchanges, up from \$11.5 billion in the prior quarter. Notable company defaults included Rite Aid (Retail), Ligado Networks (Telecommunications), and WeWork (Financial).

For 2023, both the number of defaults and volume increased meaningfully year-over-year. During the period, 88 companies defaulted on \$83.7 billion in high-yield bonds and bank loans compared to 35 companies and \$47.8 billion in 2022. High yield bond default rates have

increased to roughly 2.8%, up from 1.7% a year earlier, but are still below the long-term annual average of roughly 3.2%. High-yield default recovery rates ended the year at 32.8%, down sharply from 55.3% a year ago at the same time.

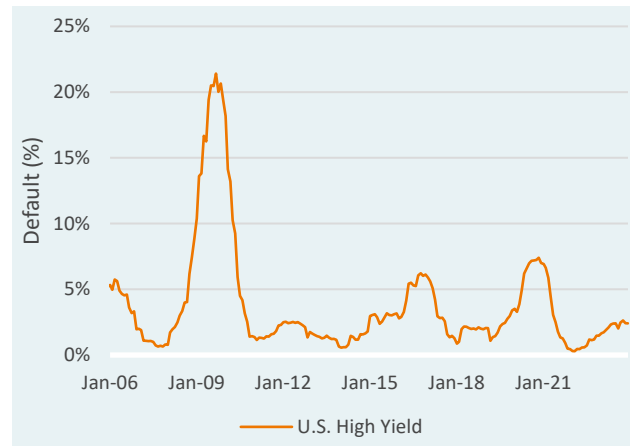
The issuance of investment grade credit slowed from the prior quarter, down to \$204 billion from \$275 billion. With borrowing costs falling as interest rates declined, high-yield bond issuance climbed slightly to \$42 billion, up from \$40 billion in Q3. On a year-over-year basis, the volume of both investment-grade and high yield issuance increased, up \$69.1 billion and \$5.3 billion, respectively.

U.S. HY MONTHLY DEFAULTS (PAR WEIGHTED)



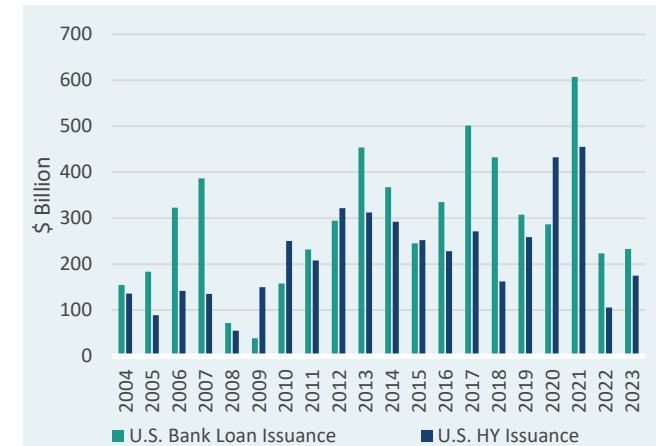
Source: BofA Merrill Lynch, as of 12/31/23

U.S. HY SECTOR DEFAULTS (LAST 12 MONTHS)



Source: BofA Merrill Lynch, as of 12/31/23 – par weighted

DEVELOPED MARKET ISSUANCE (\$ BILLIONS)



Source: BofA Merrill Lynch, all developed markets, as of 12/31/23

Equity

Equity environment

- Domestic equities delivered a strong rally to finish Q4, driven by a combination of better-than-expected Q3 earnings and signals of easing from the Federal Reserve. The S&P 500 Index gained +26.3% during 2023.
- U.S. equities (S&P 500 +11.7%) led international developed equities (MSCI EAFE +10.4%) and emerging market equities (MSCI EM +7.9%) during the quarter. Domestic equities also led non-U.S. equities over the full year, while emerging markets were laggards. Wide sector performance differences contributed to U.S. leadership, given the much heavier tech focus of the domestic market.
- The U.S. dollar fell sharply, as investors reassessed Federal Reserve policy and interest rates retraced lower. This move created a tailwind for investors with unhedged exposure to foreign currencies. On a trade-weighted basis, the value of the U.S. dollar fell -4.3%. However, over the full calendar year investors with unhedged currency exposure saw moderate losses, due to wide fluctuations of the dollar.
- Style factor investing delivered mixed performance for investors in Q4. Over the full year, style investing suffered substantially. Small cap underperformed by -9.6% while value stocks underperformed growth by a whopping -31.2%. Besides an extreme period during 2020, calendar year 2023 was the worst 1-year rolling period in more than two decades.
- The Cboe VIX implied volatility index moved even lower during the fourth quarter, from 17.5 to 12.5 in December. Priced volatility is incredibly low—at a level that has historically tended to coincide with very strong economic and market conditions.

	QTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)
U.S. Large Cap (S&P 500)	11.7%		26.3%	
U.S. Small Cap (Russell 2000)	14.0%		16.9%	
U.S. Equity (Russell 3000)	12.1%		26.0%	
U.S. Large Value (Russell 1000 Value)	9.5%		11.5%	
US Large Growth (Russell 1000 Growth)	14.2%		42.7%	
Global Equity (MSCI ACWI)	11.0%	9.7%	22.2%	22.7%
International Large (MSCI EAFE)	10.4%	6.0%	18.2%	19.9%
Eurozone (EURO STOXX 50)	13.3%	9.3%	26.5%	25.6%
U.K. (FTSE 100)	6.9%	2.5%	14.3%	8.8%
Japan (TOPIX)	8.2%	3.6%	19.3%	35.7%
Emerging Markets (MSCI Emerging Markets)	7.9%	5.7%	9.8%	10.1%

Source: Russell Investments, MSCI, STOXX, FTSE, JPX, as of 12/31/23

Domestic equity

Domestic equities finished the fourth quarter with a strong rally, driven by a combination of better-than-expected Q3 earnings and signals of easing from the Federal Reserve. The S&P 500 Index delivered a gain of +26.3% over 2023, boosted by a +11.7% rise over the final quarter of the year. Shares in the U.S. outperformed international developed and emerging markets over the calendar year.

Third-quarter earnings surprised to the upside, driven by large earnings beats in the communication services and consumer discretionary sectors. Per FactSet, in Q3 earnings grew by 4.9% year-over-year, in contrast to initial expectations of a -0.3% decline at the beginning of the quarter.

From a sector perspective gains were broad, outside of energy. Real estate and information technology outperformed—driven by easing rates on the long-end of the curve and strong demand within the accelerated computing and artificial intelligence space.

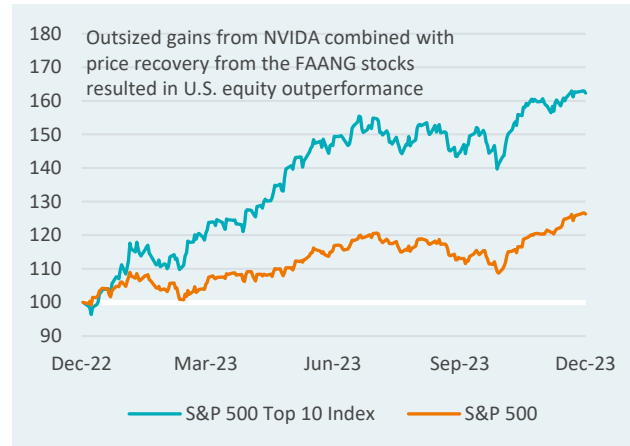
Going forward, domestic equities likely face a challenging environment to build off of the large gains seen in 2023. Valuations remain elevated as the S&P 500 Index approaches a new all-time high. At the same time, earnings growth has been modest, with Q4 earnings expected to come in at +1.3% per FactSet. Although the outlook remains challenged, growth catalysts such as stable inflation, monetary easing, and greater chance of a soft-landing present investors with upside opportunity.

S&P 500 PRICE INDEX



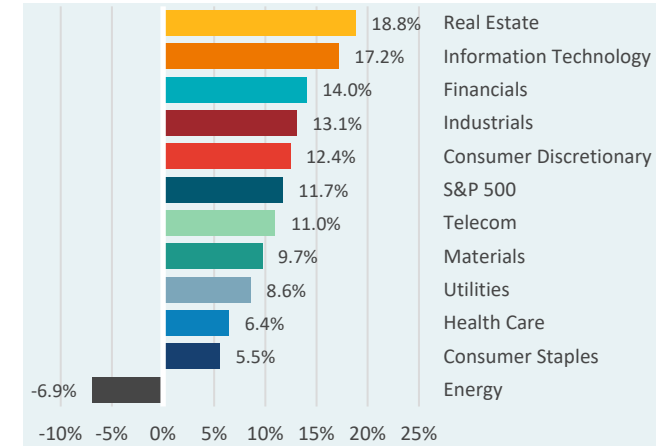
Source: Bloomberg, as of 12/31/23

2023 PERFORMANCE (INDEX 100)



Source: Bloomberg, S&P, as of 12/31/23

Q4 2023 SECTOR PERFORMANCE



Source: Morningstar, as of 12/31/23

Domestic equity size & style

Style factor investing delivered mixed performance for investors in the fourth quarter. Small cap outperformed large cap by +2.0% during Q4 (Russell 2000 vs. Russell 1000). Value underperformed Growth by -3.2% (Russell 1000 Value vs. Russell 1000 Growth). Over the full year, style investing suffered substantially. Small cap underperformed by -9.6% while value stocks underperformed growth by a whopping -31.2%. Besides an extreme period during 2020, calendar year 2023 was the worst 1-year rolling period in more than two decades.

The wide variability of style investing continues to be fueled by extreme sector volatility. For example, the information technology sector, which tends to be more concentrated in growth stocks, performed +57.8% in

2023. Meanwhile, utilities and energy sectors, which tend to be more concentrated in value stocks, performed -7.1% and -1.3%, respectively. Mega cap growth stocks have propelled the U.S. market higher in 2023—a reversal from significant losses in 2022. Many market-leading stocks are concentrated in technology and telecom sectors, which have outperformed the overall index (+57.8% and +55.8%, respectively).

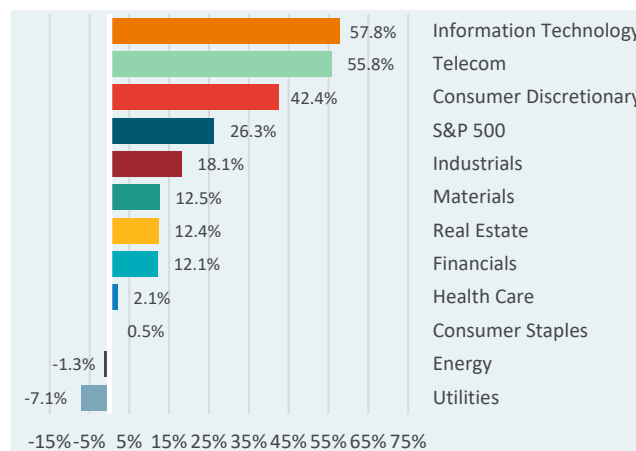
We believe sector variability and the way this has contributed to style factor volatility is further evidence that style investing should be a long-term decision. Short-term factor timing decisions should typically be pursued only in the rare occasion of obvious market mispricing and a foreseen catalyst for price correction.

VALUE VS. GROWTH 1-YR ROLLING



Source: FTSE, as of 12/31/23

VALUE VS GROWTH (YOY)



Source: Morningstar, as of 12/31/23

1-YEAR SIZE & STYLE PERFORMANCE

	Value	Core	Growth
Large Cap	11.5%	26.5%	42.7%
Mid Cap	12.7%	17.2%	25.9%
Small Cap	14.6%	16.9%	18.7%

Source: FTSE, as of 12/31/23

International developed equity

International developed equities also benefited from shifting expectations around Federal Reserve policy in the fourth quarter, with the MSCI EAFE Index delivering a +10.4% gain in unhedged currency terms. Fading dollar strength provided a large boost, as expectations for potential easing from the Federal Reserve contrasted against shifting policy from the ECB and BOE.

In terms of relative performance, international developed shares trailed the U.S., but outperformed emerging market equities. Sector weightings played the largest role, as gains from mega-cap technology names drove domestic

performance, contrasting against the heavier financials and industrial sector composition of the MSCI EAFE index.

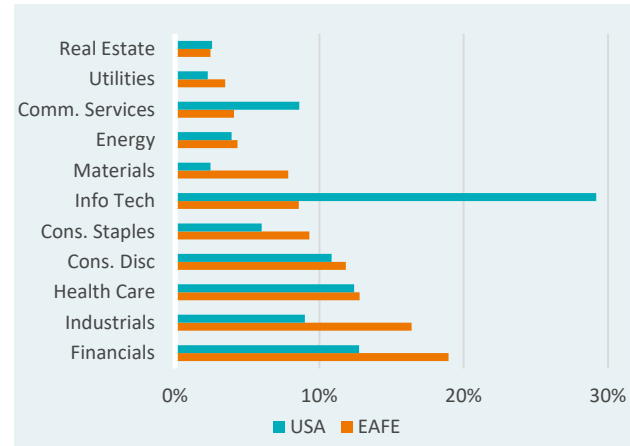
Despite macroeconomic challenges, international developed equities saw strong performance in 2023, up +18.2% in unhedged dollar terms. Japanese shares continued to benefit from zero-interest rate policy and shifting investment away from China and into Japan. European shares were lifted by better-than-expected global growth and the ability for companies to pass off higher prices – resulting in strong earnings.

INTERNATIONAL DEVELOPED EQUITY



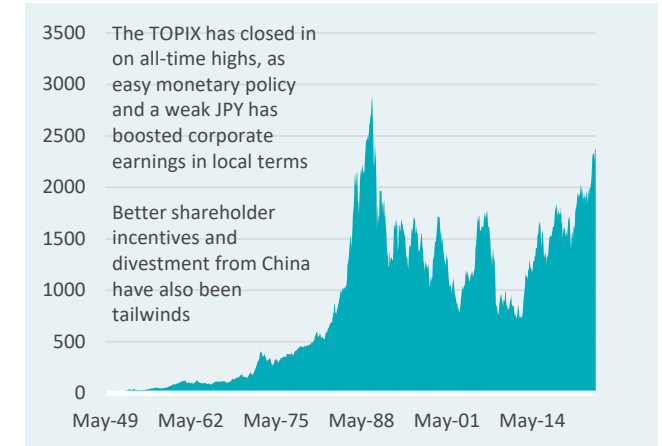
Source: MSCI, as of 12/31/23

MSCI EAFE VS. USA SECTOR WEIGHTING



Source: MSCI, as of 12/31/23

JAPAN TOPIX PRICE INDEX



Source: Tokyo Stock Exchange, as of 12/31/23

Emerging market equity

Emerging markets saw a positive end to 2023, rising +7.9% in the fourth quarter – helping to notch a +9.8% gain for the index over the 2023 calendar year. While rebounding from losses seen last year (-20.1% decline in 2022), emerging market equities underperformed both domestic and international developed equities for the second straight year.

Most countries within the index saw positive returns in the last quarter of the year, fueled by the broader rally in risk assets as U.S. monetary policy expectations eased. China was the outlier, declining -4.2%.

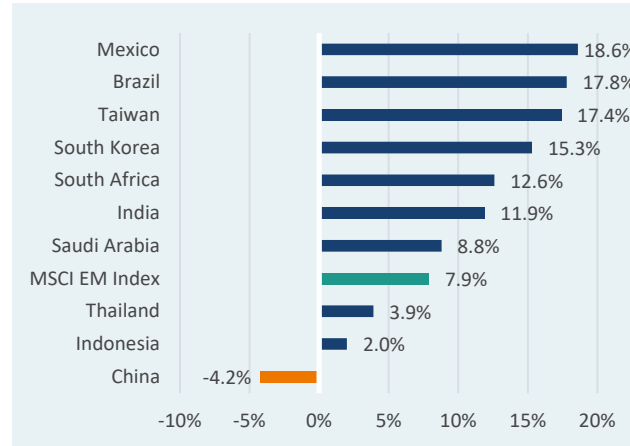
Chinese shares remain the elephant in the room within emerging markets. The MSCI EM ex China Index outperformed the flagship index by more than 10% in 2023, which highlights the large drag that China has caused, given its nearly 30% country weight in the index. The country continues to face a variety of challenges including incredibly dire demographic trends, geopolitical tension with the U.S., slowing growth, financial distress amongst the property sector and local government financing vehicles, a heavy national debt burden, and deflation. Combined with further consolidation of power within the CCP, the cheap pricing of Chinese equities may be justified.

EMERGING MARKET EQUITY



Source: MSCI, as of 12/31/23

Q4 2023 MSCI EM COUNTRY RETURNS (USD)



Source: Bloomberg, MSCI, as of 12/31/23

MSCI EM VS. EM EX CHINA (GROWTH \$100K)



Source: Bloomberg, MSCI, as of 12/31/23

Equity valuations

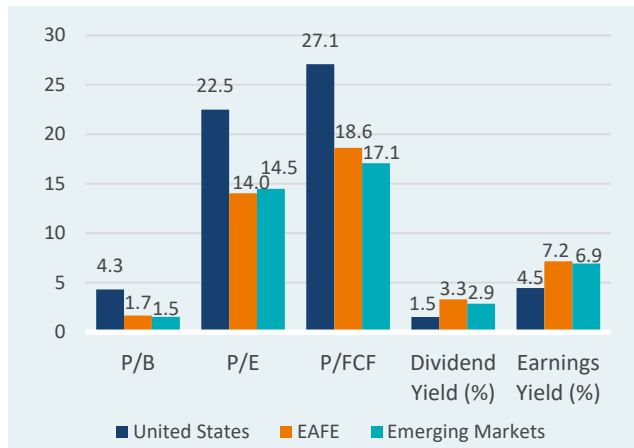
U.S. equity valuation drifted further above those of non-U.S. equities during the quarter. The domestic market is priced at a historic 71% premium over emerging market equities, up from a 59% premium in the third quarter. A portion of the U.S. pricing premium is due to a larger U.S. technology sector, which tends to demand higher valuations, though the valuation gap remains wide even after adjusting for sector composition.

The lower valuations of international developed equities may be at least partly justified due to weaker growth potential and unique challenges in those markets, though rising valuations create a high bar for future profit growth. In order for U.S. equities to justify high valuations over the

longer-term, business will need to generate supernormal earnings growth, and/or stock multiples will need to move upward even further.

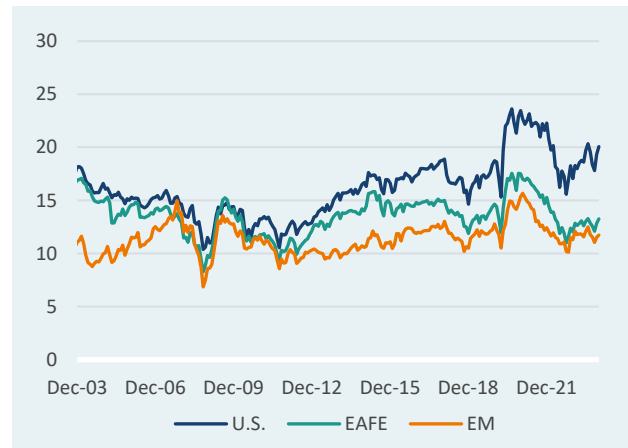
U.S. equity market valuations seem to have defied rising interest rates. Theoretically (and historically) speaking, equities should be fairly sensitive to sharply higher interest rates—the present value of stocks is less when rates are high due to the discounting effect, higher interest rates damage profits as financing is more expensive, and the overall economy tends to slow as borrowing costs rise which bodes poorly for profits. At least for now, the U.S. market remains richly valued and median bank forecasts are for a healthy 2024 S&P 500 return.

MSCI VALUATION METRICS (3-MONTH AVG)



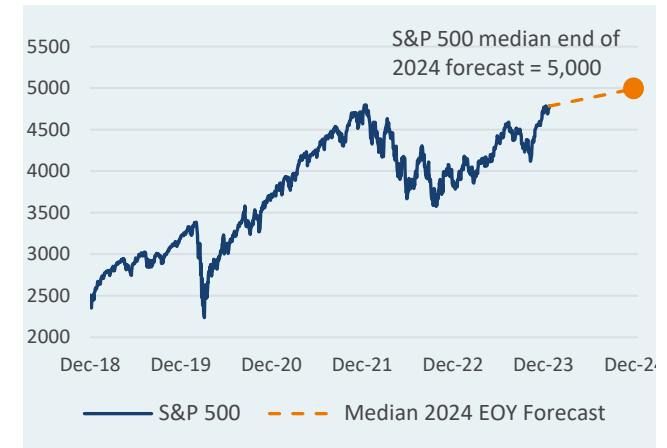
Source: Bloomberg, as of 12/31/23

FORWARD PRICE/EARNINGS RATIO



Source: MSCI, Bloomberg, as of 12/31/23

2024 S&P 500 MEDIAN FORECAST



Source: Bloomberg, as of 1/10/24. Banks included in forecast include J.P. Morgan, Goldman Sachs, Bank of America, Citibank, Morgan Stanley, Deutsche Bank, and UBS.

Market volatility

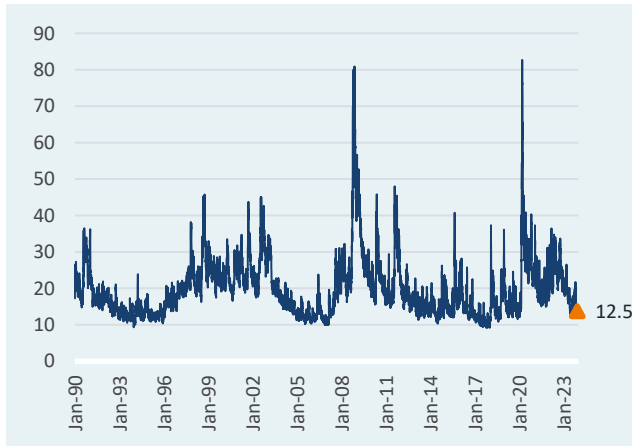
The Cboe VIX implied volatility index moved even lower during the fourth quarter, from 17.5 to 12.5 in December. Priced volatility is incredibly low—at a level that has historically tended to coincide with very strong economic and market conditions.

Realized volatility of global equity markets over the past year has also moderated. The relative volatility of markets has moved back in line with historical behavior—U.S. equities showing the lowest volatility, followed closely by international developed equities, and with emerging market

equities delivering greater risk. This behavior is a reversal of recent years when emerging market volatility was lower than that of developed markets—an uncommon occurrence historically speaking.

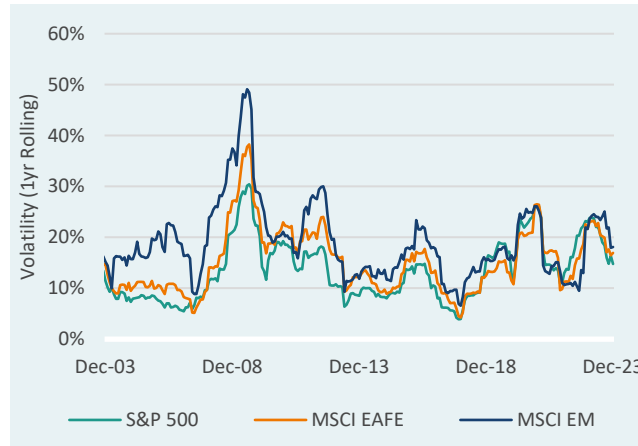
Bond markets remain shaky, as indicated by the “MOVE” Index—which calculates the implied volatility of U.S. Treasury securities. Uncertainty around inflation, the Federal Reserve’s interest rate path and the extent of rate cuts, potential recession, and fears around the U.S. fiscal situation, are likely to act as an ongoing support to volatility.

U.S. IMPLIED VOLATILITY (VIX)



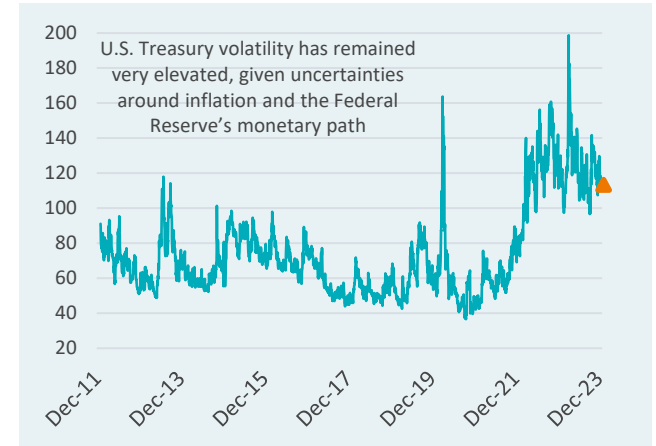
Source: Cboe, as of 12/31/23

REALIZED VOLATILITY



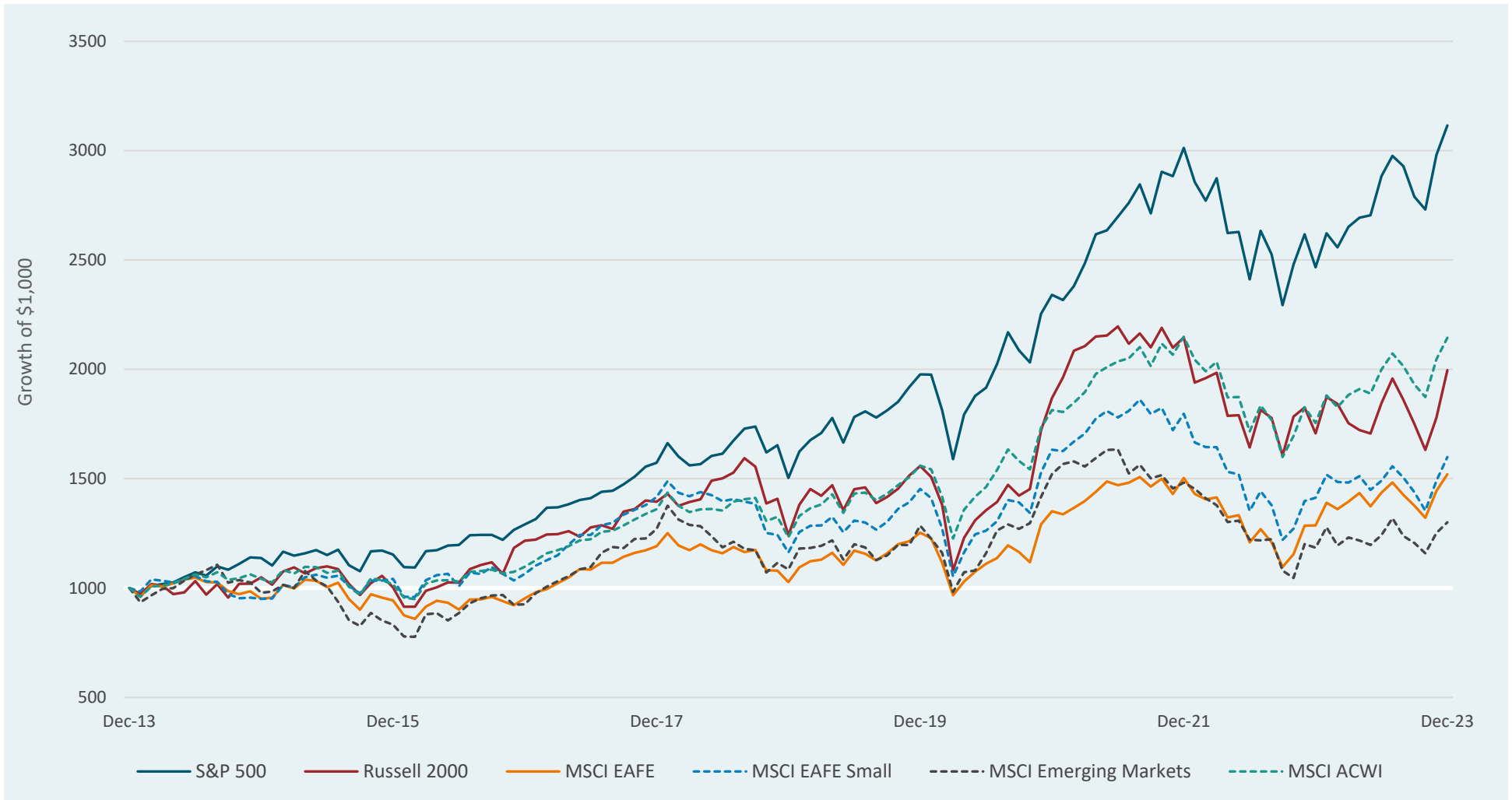
Source: S&P, MSCI, as of 12/31/23

U.S. TREASURY IMPLIED VOL (“MOVE” INDEX)



Source: Bloomberg, as of 12/31/23

Long-term equity performance



Source: MPI, as of 12/31/23

Other assets

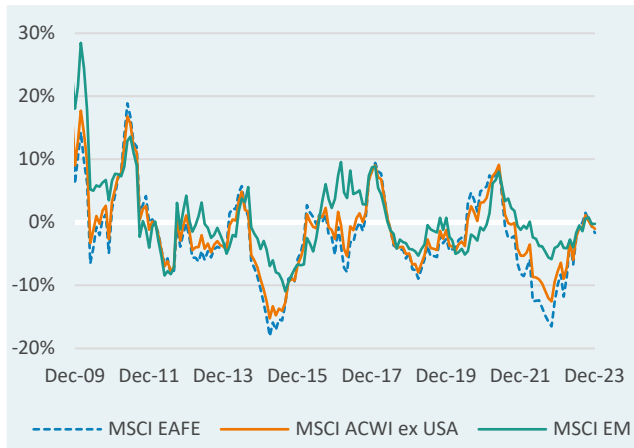
Currency

The U.S. dollar fell sharply in the fourth quarter, as investors reassessed Federal Reserve policy and interest rates retraced lower. This move created a tailwind for investors with unhedged exposure to foreign currencies. On a trade-weighted basis, the value of the U.S. dollar fell -4.3%. However, following wide fluctuations of the dollar during 2023, and the performance volatility that resulted, investors with unhedged foreign currency exposure saw moderate losses. For investors with unhedged international developed equity exposure, this delivered a loss of -1.7%. Unhedged exposure to emerging market currencies resulted in a loss of -0.2%.

As investors evaluate market movements and performance of 2023, it may be worth reflecting on the benefits which a more thoughtful

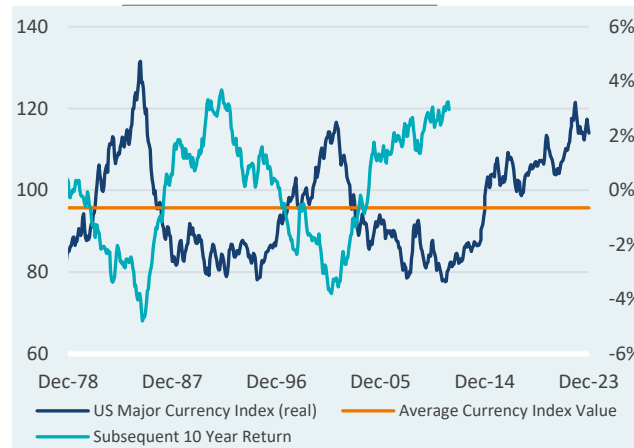
currency approach might deliver. A better approach may reduce the uncompensated risk of unhedged foreign currency exposure. Additionally, the MSCI Currency Factor Mix Index—a representation of a passive investment in the currency market, by investing in currencies with higher interest rates, currencies that are undervalued, and currencies that are showing positive price momentum—has shown a positive one-year rolling return over most periods with low volatility. This is what was delivered in 2023. During the year, an unhedged exposure to currency markets (assuming MSCI EAFE equity implementation) resulted in a loss of -1.7% and volatility of 7.5%. Meanwhile, an implementation to Currency Factor Mix delivered a gain of +1.4% and volatility of 2.5%.

EFFECT OF CURRENCY (1-YEAR ROLLING)



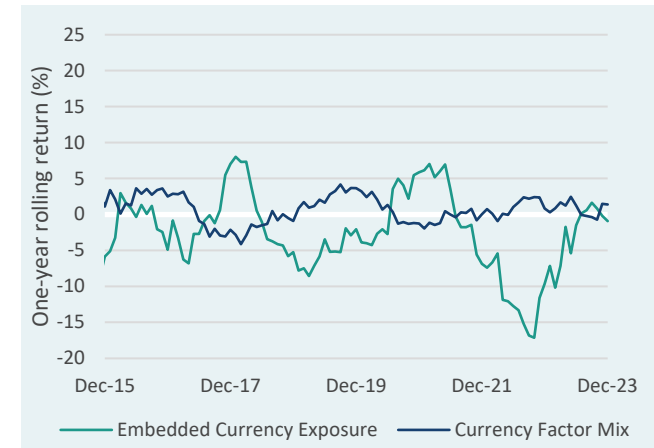
Source: MSCI, as of 12/31/23

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Bloomberg, as of 12/31/23

EMBEDDED CURRENCY VS CURRENCY FACTORS



Source: Bloomberg, MSCI, as of 12/31/23

Event strategies lead in equity, credit

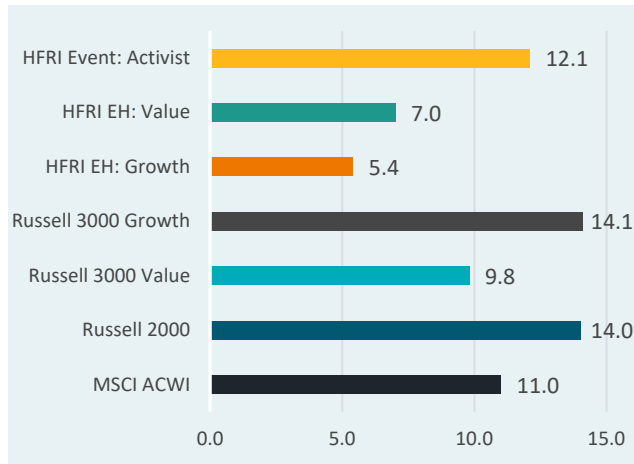
Stock and credit markets rallied in the fourth quarter, and directionally biased strategies within those markets outperformed non-directional peers. Within the equity focused strategy group:

- Activist strategies, which benefited from their smaller cap exposure, continued their run of strong performance with favorable up capture relative to L/S peers.
- Interestingly, value managers outperformed growth counterparts despite growth indexes outperforming value, likely due to a smaller cap bias.

Within the fixed income / credit focused strategy group:

- Event Driven credit strategies such as Distressed and Credit Arbitrage outperformed Relative Value credit strategies such as Structured Credit and Long/Short Credit, as market directionality paid off and economic optimism benefited special situation, catalyst-oriented positioning.
- Event Driven strategies have outperformed both stocks and high yield over the last few years after struggling to keep up in the decade following the Global Financial Crisis.

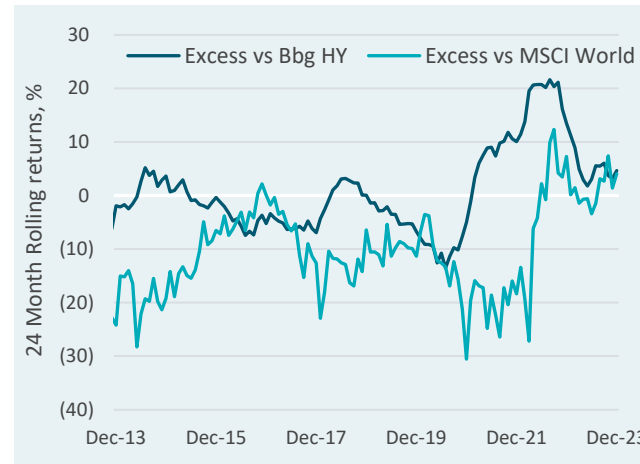
4Q RETURNS (%) FOR EQUITY STRATEGIES



Source: HFR, MPI. Data as of 12/31/23

EH = Equity Hedge ED = Event Driven

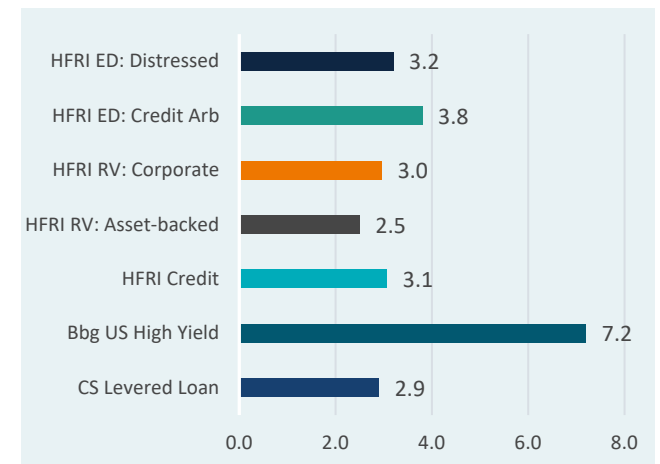
HFRI EVENT DRIVEN RETURNS VS STOCKS/HY



Source: HFR, MPI.. Data as of 12/31/23 HFRI Event Driven (Total)

vs Bloomberg US Corp HY & MSCI World Index

4Q RETURNS (%) FOR CREDIT STRATEGIES

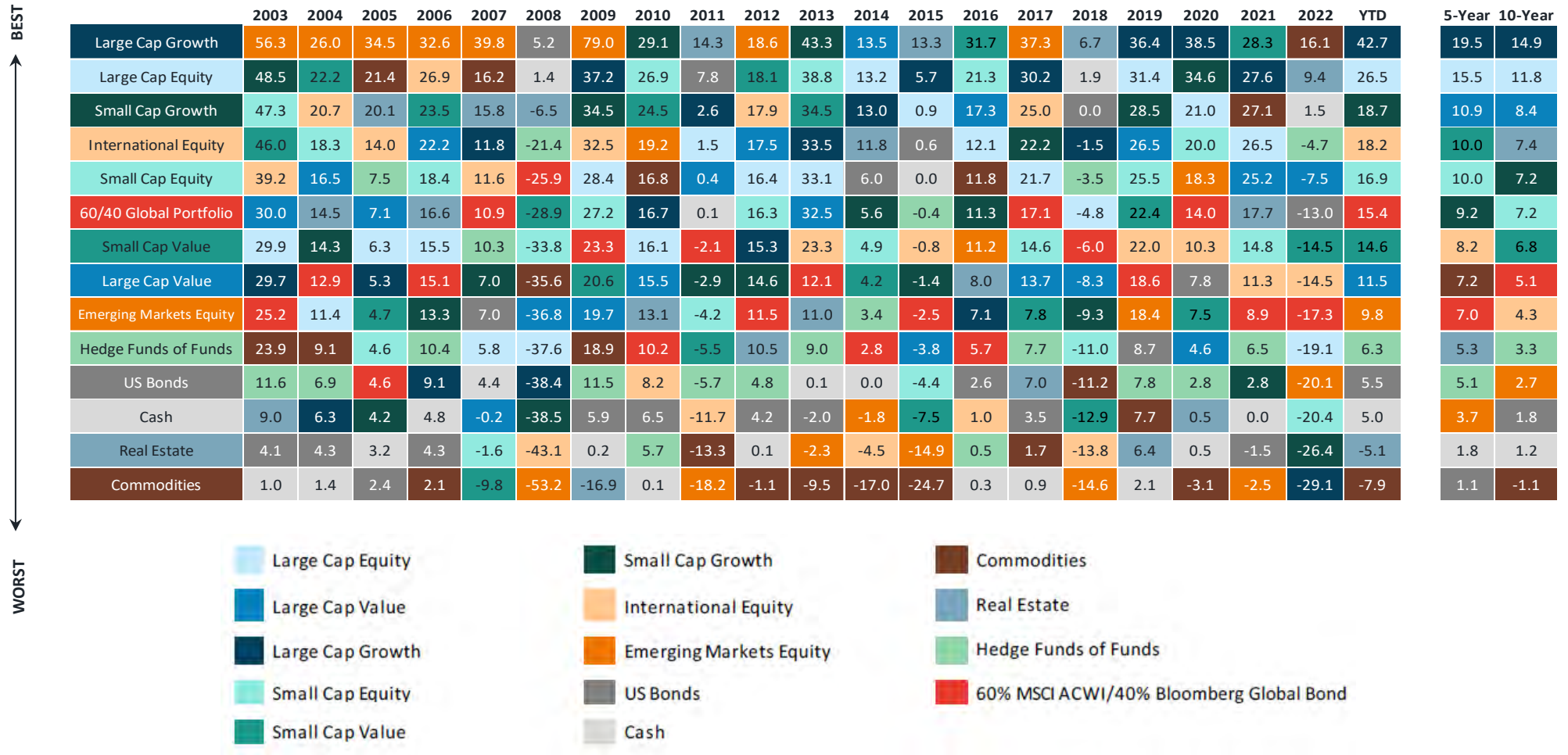


Source: HFR, MPI. Data as of 12/31/23

ED = Event Driven RV = Relative Value

Appendix

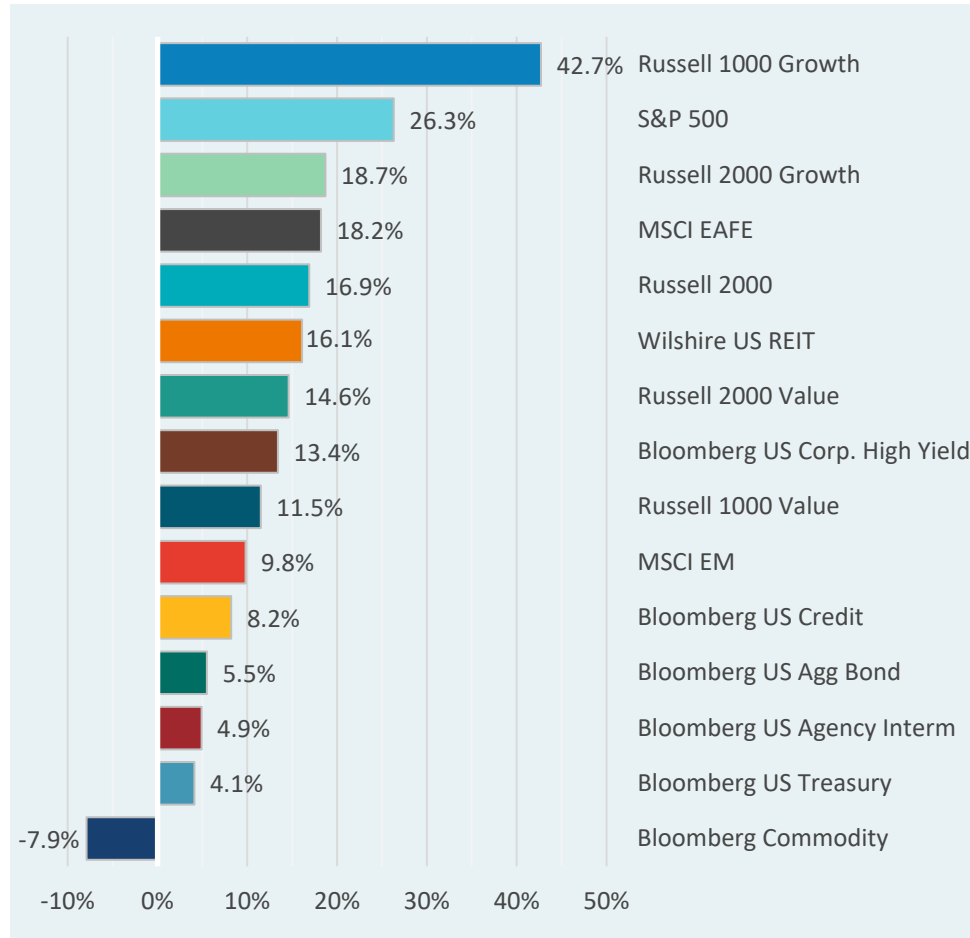
Periodic table of returns



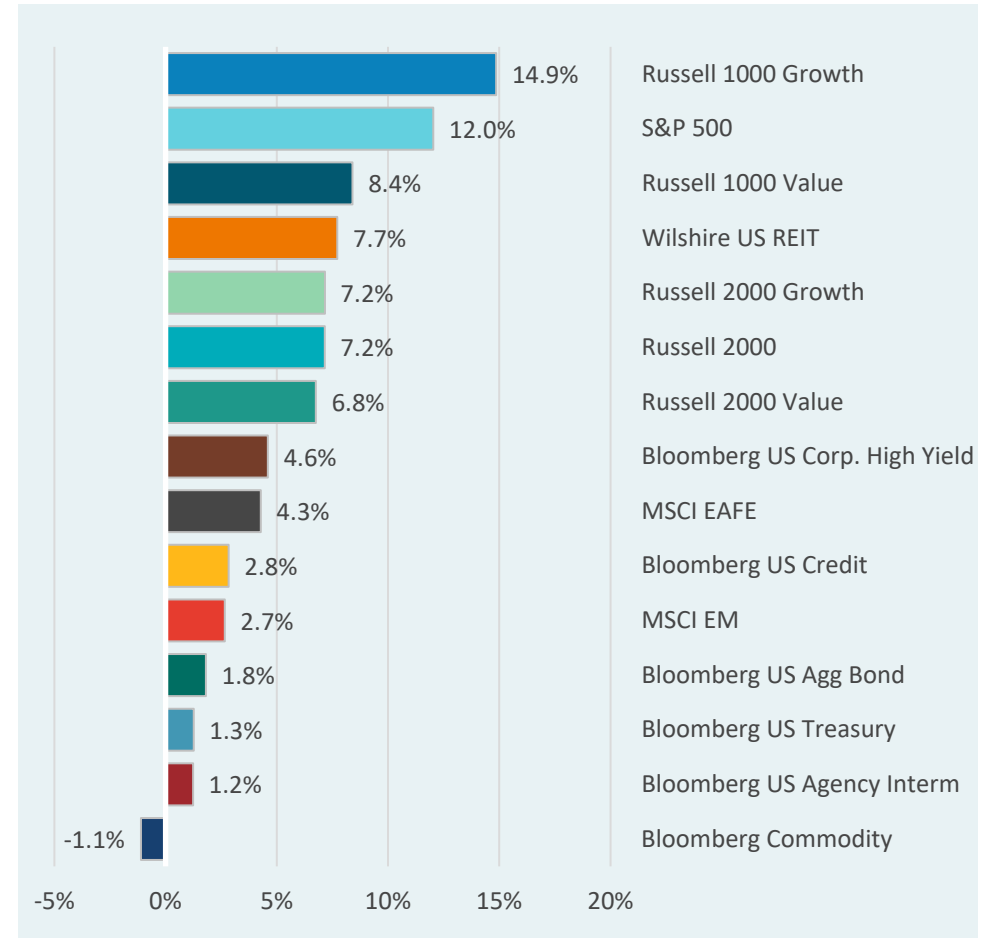
Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 9/30/23.

Major asset class returns

ONE YEAR ENDING DECEMBER



TEN YEARS ENDING DECEMBER



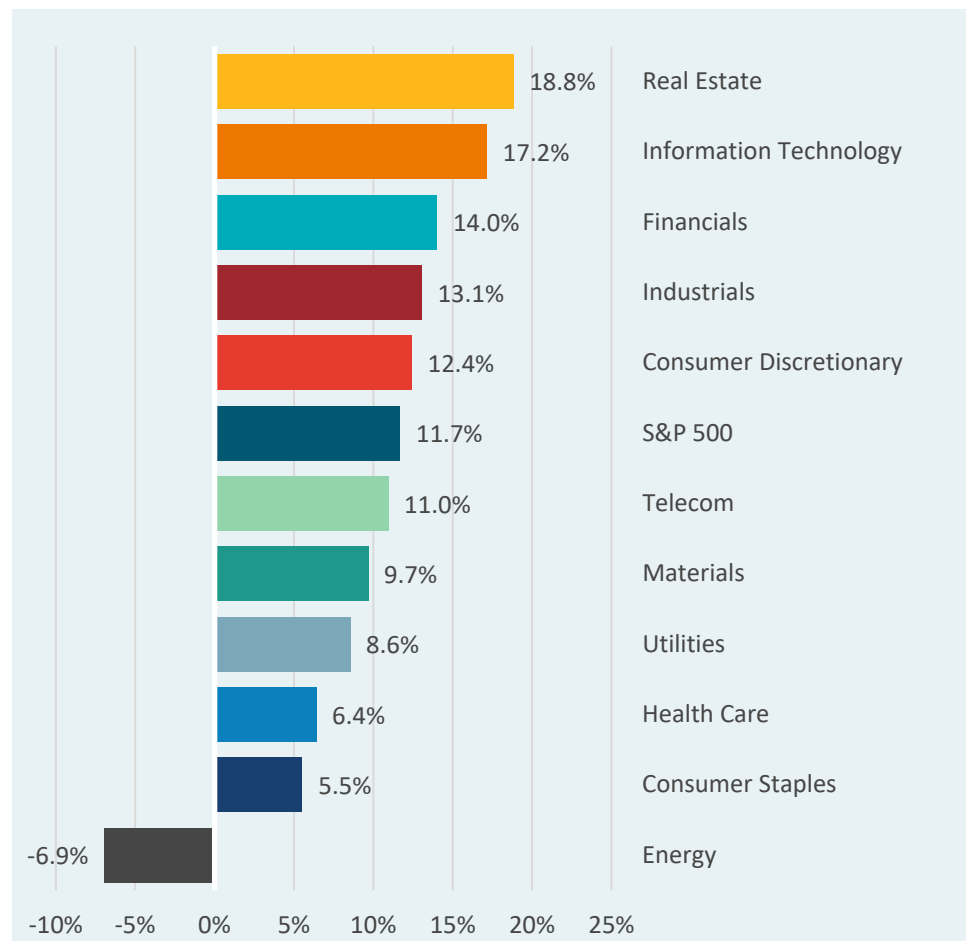
*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

Source: Morningstar, as of 12/31/23

Source: Morningstar, as of 12/31/23

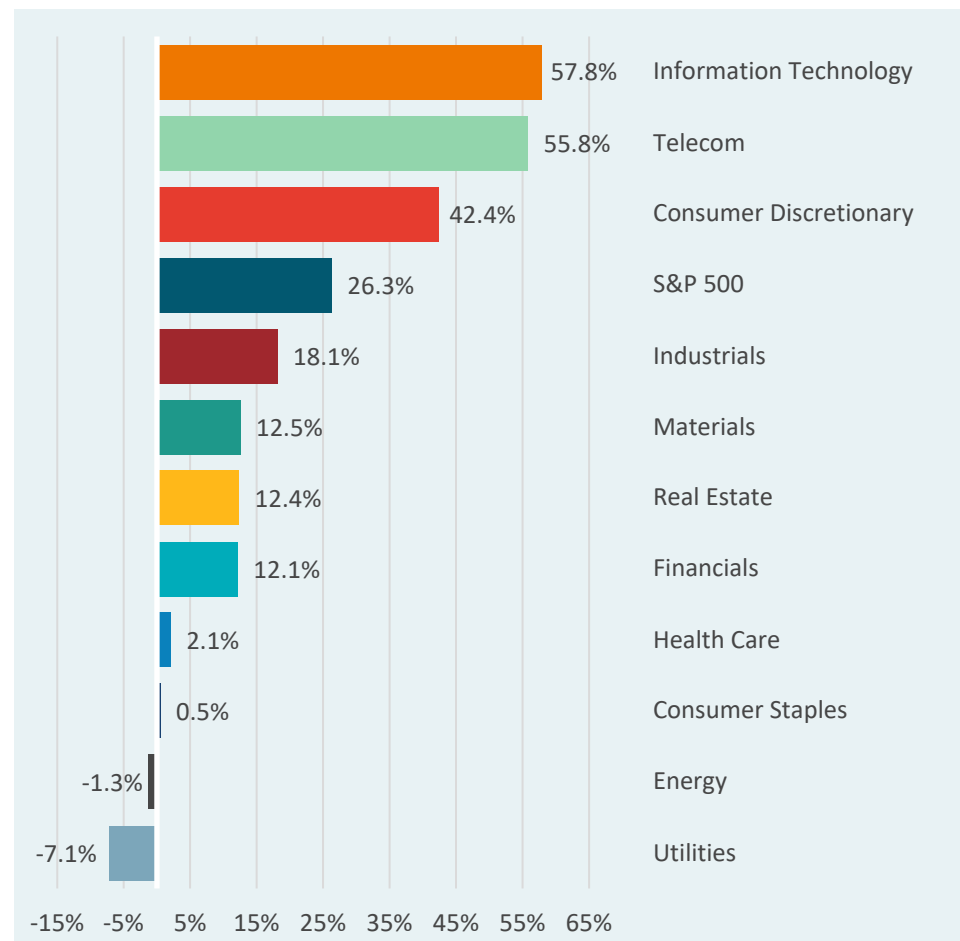
S&P 500 sector returns

QTD



Source: Morningstar, as of 12/31/23

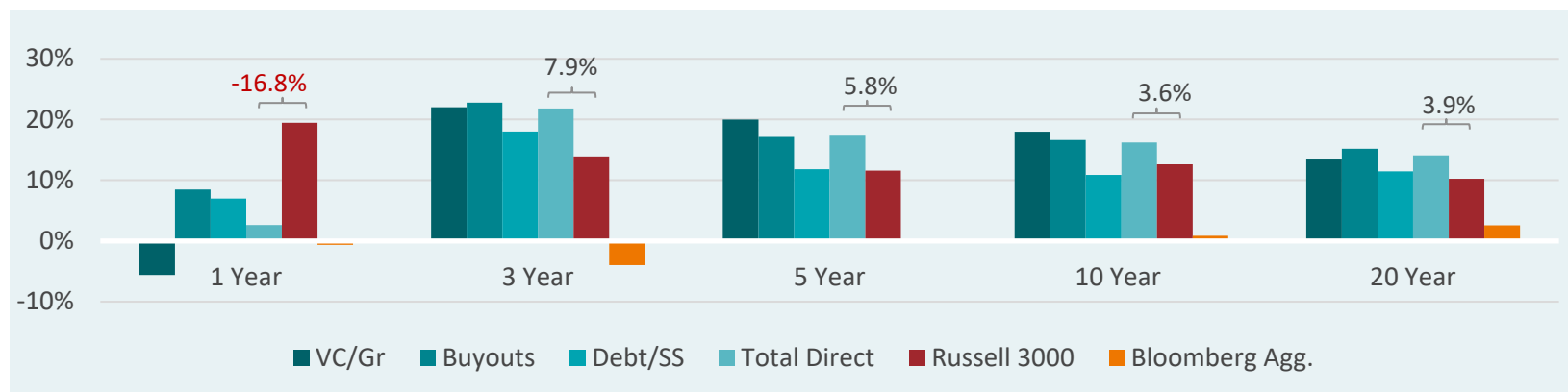
ONE YEAR ENDING DECEMBER



Source: Morningstar, as of 12/31/23

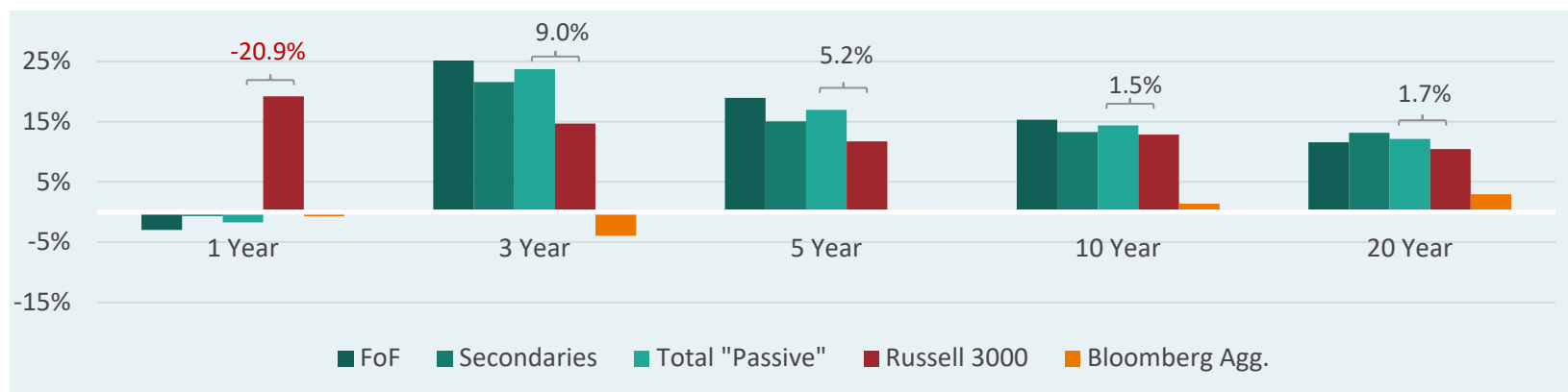
Private equity vs. traditional assets performance

DIRECT PRIVATE EQUITY FUND INVESTMENTS



Direct P.E Fund Investments outperformed comparable public equities across all time periods, aside from the 1-year.

"PASSIVE" STRATEGIES

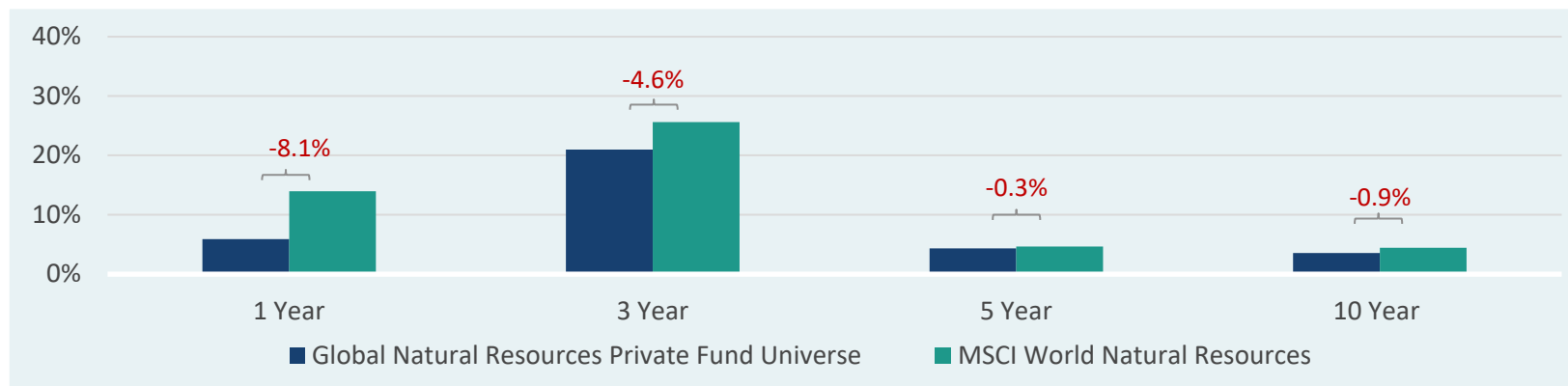


"Passive" strategies outperformed comparable public equities across all time periods, aside from the 1-year.

Sources: Refinitiv PME: U.S. Private Equity Funds sub asset classes as of June 30, 2023. Public Market Equivalent returns resulted from "Total Passive" and Total Direct's identical cash flows invested into and distributed from respective traditional asset comparable.

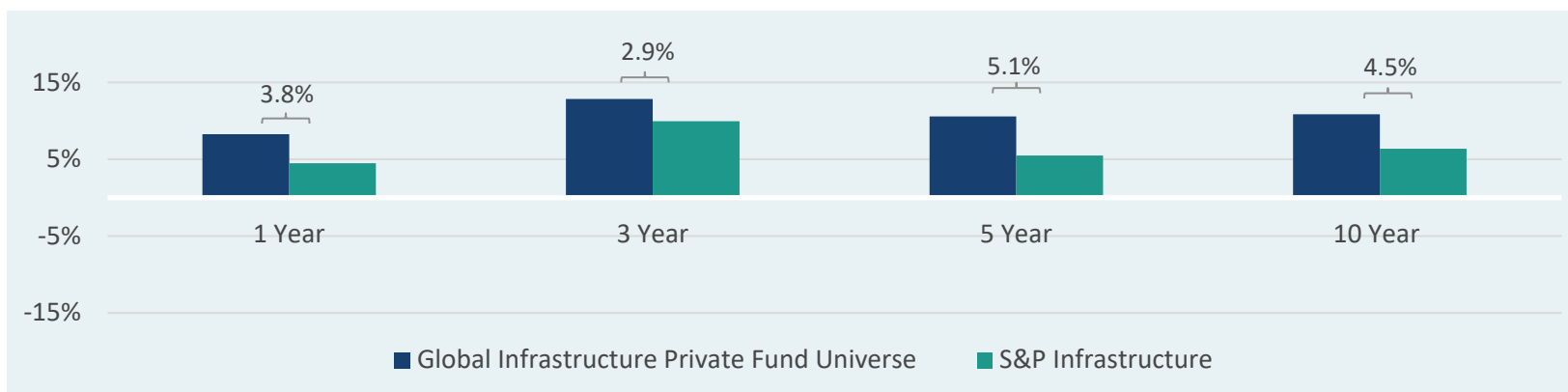
Private vs. liquid real assets performance

GLOBAL NATURAL RESOURCES FUNDS



N.R. funds underperformed the MSCI World Natural Resources benchmark across all periods.

GLOBAL INFRASTRUCTURE FUNDS

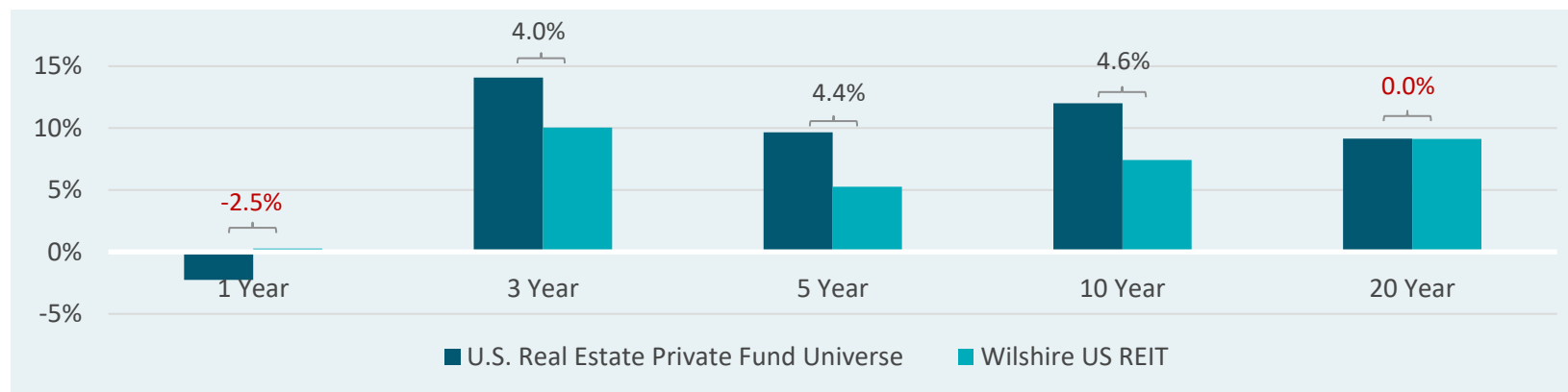


Infra. funds outperformed the S&P Infra. across all periods.

Sources: Refinitiv PME: Global Natural Resources (vintage 1999 and later, inception of MSCI World Natural Resources benchmark) and Global Infrastructure (vintage 2002 and later, inception of S&P Infrastructure benchmark) universes as of June 30, 2023. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real assets universes.

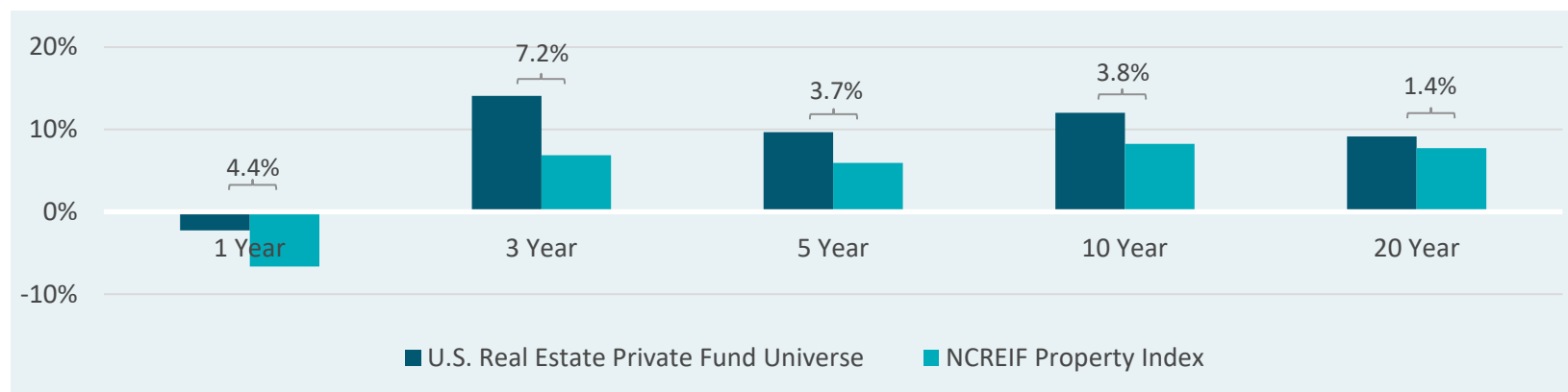
Private vs. liquid and core real estate performance

U.S. PRIVATE REAL ESTATE FUNDS VS. LIQUID UNIVERSE



U.S. Private R.E. fund performance relative to the Wilshire U.S. REIT Index has been mixed.

U.S. PRIVATE REAL ESTATE FUNDS VS. CORE FUNDS



U.S. Private R.E. Funds outperformed the NCREIF Property Index across all time periods.

Sources: Refinitiv PME: U.S. Real Estate universes as of June 30, 2023. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real estate universes.

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	4.5	11.7	26.3	26.3	10.0	15.7	12.0
S&P 500 Equal Weighted	6.9	11.9	13.9	13.9	9.3	13.8	10.4
DJ Industrial Average	4.9	13.1	16.2	16.2	9.4	12.5	11.1
Russell Top 200	4.1	11.7	29.9	29.9	10.0	16.5	12.7
Russell 1000	4.9	12.0	26.5	26.5	9.0	15.5	11.8
Russell 2000	12.2	14.0	16.9	16.9	2.2	10.0	7.2
Russell 3000	5.3	12.1	26.0	26.0	8.5	15.2	11.5
Russell Mid Cap	7.7	12.8	17.2	17.2	5.9	12.7	9.4
Style Index							
Russell 1000 Growth	4.4	14.2	42.7	42.7	8.9	19.5	14.9
Russell 1000 Value	5.5	9.5	11.5	11.5	8.9	10.9	8.4
Russell 2000 Growth	12.0	12.7	18.7	18.7	(3.5)	9.2	7.2
Russell 2000 Value	12.4	15.3	14.6	14.6	7.9	10.0	6.8

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	4.8	11.0	22.2	22.2	5.7	11.7	7.9
MSCI ACWI ex US	5.0	9.8	15.6	15.6	1.5	7.1	3.8
MSCI EAFE	5.3	10.4	18.2	18.2	4.0	8.2	4.3
MSCI EM	3.9	7.9	9.8	9.8	(5.1)	3.7	2.7
MSCI EAFE Small Cap	7.3	11.1	13.2	13.2	(0.7)	6.6	4.8
Style Index							
MSCI EAFE Growth	5.7	12.7	17.6	17.6	0.3	8.8	5.1
MSCI EAFE Value	4.9	8.2	19.0	19.0	7.6	7.1	3.2
Regional Index							
MSCI UK	4.5	6.9	14.1	14.1	8.8	6.9	2.5
MSCI Japan	4.4	8.2	20.3	20.3	0.7	6.9	5.0
MSCI Euro	4.4	12.9	25.2	25.2	6.0	9.3	4.1
MSCI EM Asia	3.3	6.7	7.8	7.8	(6.9)	4.3	4.1
MSCI EM Latin American	8.3	17.6	32.7	32.7	9.9	6.1	2.1

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	2.7	4.7	3.9	3.9	(1.0)	3.2	2.4
Bloomberg US Treasury Bills	0.5	1.4	5.1	5.1	2.1	1.9	1.3
Bloomberg US Agg Bond	3.8	6.8	5.5	5.5	(3.3)	1.1	1.8
Bloomberg US Universal	3.8	6.8	6.2	6.2	(3.0)	1.4	2.1
Duration							
Bloomberg US Treasury 1-3 Yr	1.2	2.6	4.3	4.3	(0.1)	1.3	1.0
Bloomberg US Treasury Long	8.6	12.7	3.1	3.1	(11.4)	(1.2)	2.3
Bloomberg US Treasury	3.4	5.7	4.1	4.1	(3.8)	0.5	1.3
Issuer							
Bloomberg US MBS	4.3	7.5	5.0	5.0	(2.9)	0.3	1.4
Bloomberg US Corp. High Yield	3.7	7.2	13.4	13.4	2.0	5.4	4.6
Bloomberg US Agency Interm	1.6	3.2	4.9	4.9	(1.1)	1.1	1.2
Bloomberg US Credit	4.2	8.2	8.2	8.2	(3.2)	2.4	2.8

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	(2.7)	(4.6)	(7.9)	(7.9)	10.8	7.2	(1.1)
Wilshire US REIT	10.2	16.3	16.1	16.1	7.5	7.6	7.7
CS Leveraged Loans	1.6	2.9	13.0	13.0	5.6	5.6	4.4
S&P Global Infrastructure	4.2	10.9	6.8	6.8	6.0	7.4	5.7
Alerian MLP	(3.4)	3.0	23.8	23.8	31.8	10.9	1.6
Regional Index							
JPM EMBI Global Div	4.7	9.2	11.1	11.1	(3.6)	1.7	3.2
JPM GBI-EM Global Div	3.2	8.1	12.7	12.7	(3.2)	1.1	0.1
Hedge Funds							
HFRI Composite	2.6	3.6	7.5	7.5	4.3	7.0	4.5
HFRI FOF Composite	2.3	3.4	6.3	6.3	2.3	5.1	3.3
Currency (Spot)							
Euro	1.2	4.3	3.5	3.5	(3.4)	(0.7)	(2.2)
Pound Sterling	0.7	4.4	6.0	6.0	(2.3)	0.0	(2.6)
Yen	4.9	5.9	(6.4)	(6.4)	(9.9)	(4.9)	(2.9)

Source: Morningstar, HFRI, as of 12/31/23

Definitions

Bloomberg US Weekly Consumer Comfort Index - tracks the public's economic attitudes each week, providing a high-frequency read on consumer sentiment. The index, based on cell and landline telephone interviews with a random, representative national sample of U.S. adults, tracks Americans' ratings of the national economy, their personal finances and the buying climate on a weekly basis, with views of the economy's direction measured separately each month. (www.lanqerresearch.com)

University of Michigan Consumer Sentiment Index - A survey of consumer attitudes concerning both the present situation as well as expectations regarding economic conditions conducted by the University of Michigan. For the preliminary release approximately three hundred consumers are surveyed while five hundred are interviewed for the final figure. The level of consumer sentiment is related to the strength of consumer spending. (www.Bloomberg.com)

NFIB Small Business Outlook - Small Business Economic Trends (SBET) is a monthly assessment of the U.S. small-business economy and its near-term prospects. Its data are collected through mail surveys to random samples of the National Federal of Independent Business (NFIB) membership. The survey contains three broad question types: recent performance, near-term forecasts, and demographics. The topics addressed include: outlook, sales, earnings, employment, employee compensation, investment, inventories, credit conditions, and single most important problem. (<http://www.nfib-sbet.org/about/>)

NAHB Housing Market Index - the housing market index is a weighted average of separate diffusion indices for three key single-family indices: market conditions for the sale of new homes at the present time, market conditions for the sale of new homes in the next six months, and the traffic of prospective buyers of new homes. The first two series are rated on a scale of Good, Fair, and Poor and the last is rated on a scale of High/Very High, Average, and Low/Very Low. A diffusion index is calculated for each series by applying the formula $(\text{Good-Poor} + 100)/2$ to the present and future sales series and $(\text{High/Very High-Low/Very Low} + 100)/2$ to the traffic series. Each resulting index is then seasonally adjusted and weighted to produce the HMI. Based on this calculation, the HMI can range between 0 and 100.

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Kern County Employees' Retirement Association

Investment Performance Review
Period Ending: December 31, 2023



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SAN FRANCISCO 415.362.3484

Total Fund
Portfolio Reconciliation

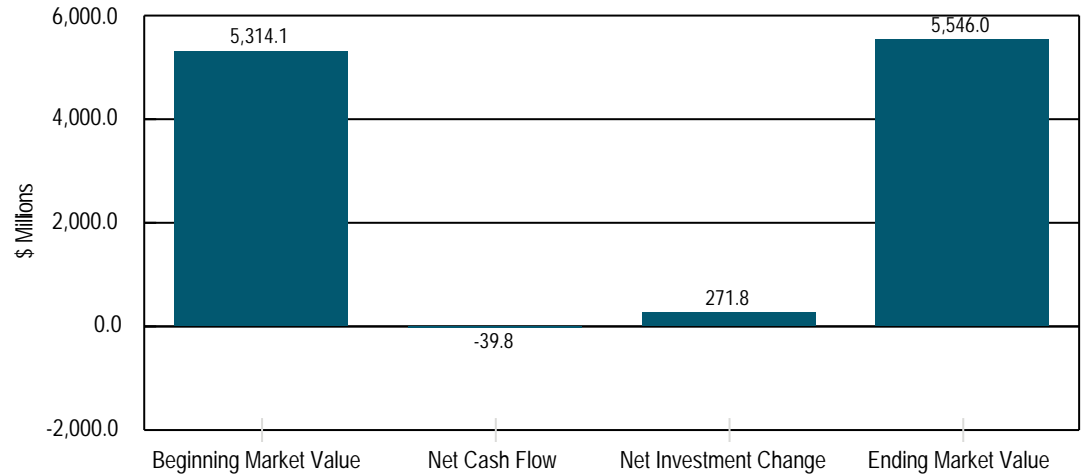
Kern County Employees' Retirement Association
Period Ending: December 31, 2023

Portfolio Reconciliation

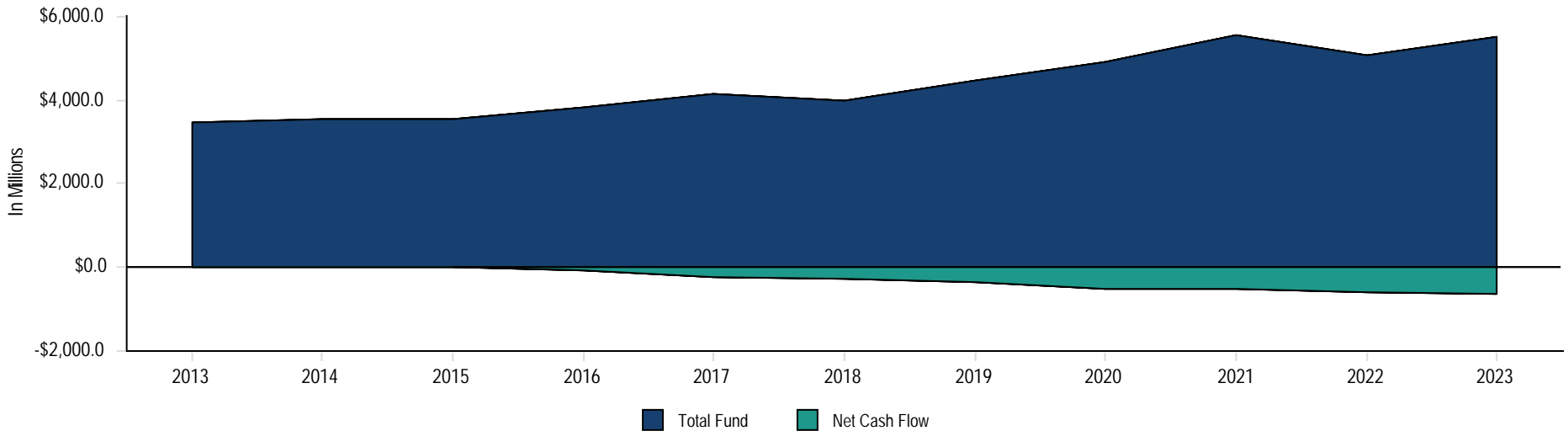
Last Three Months

Beginning Market Value	\$5,314,111,145
Net Cash Flows	-\$39,835,495
Net Investment Change	\$271,774,553
Ending Market Value	\$5,545,997,689

Change in Market Value
Last Three Months



Market Value History



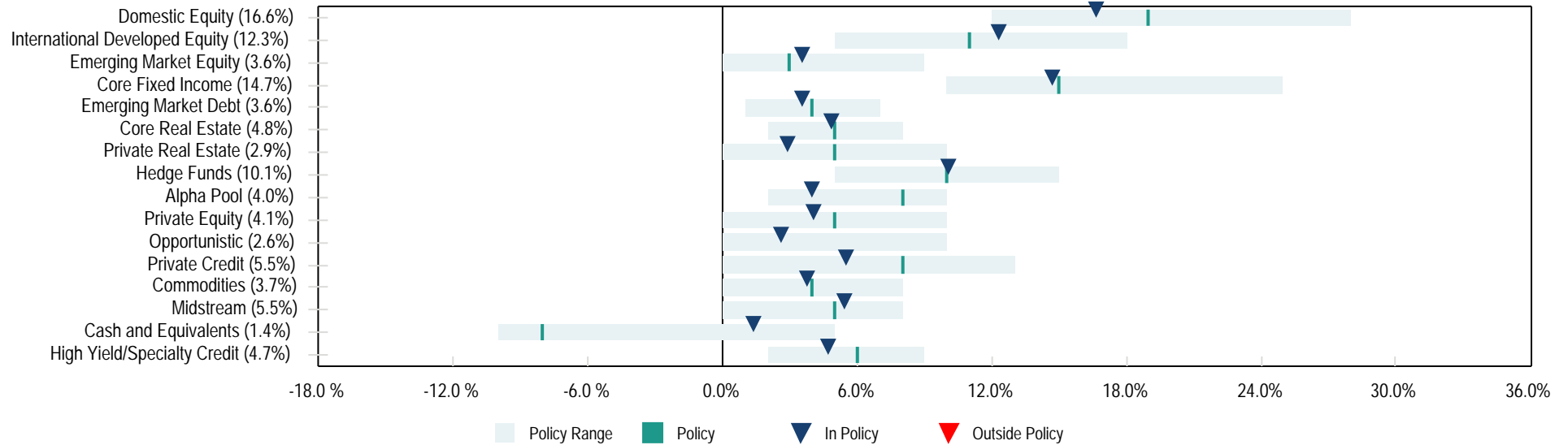
Total Fund

Asset Allocation vs. Policy

Kern County Employees' Retirement Association
 Period Ending: December 31, 2023

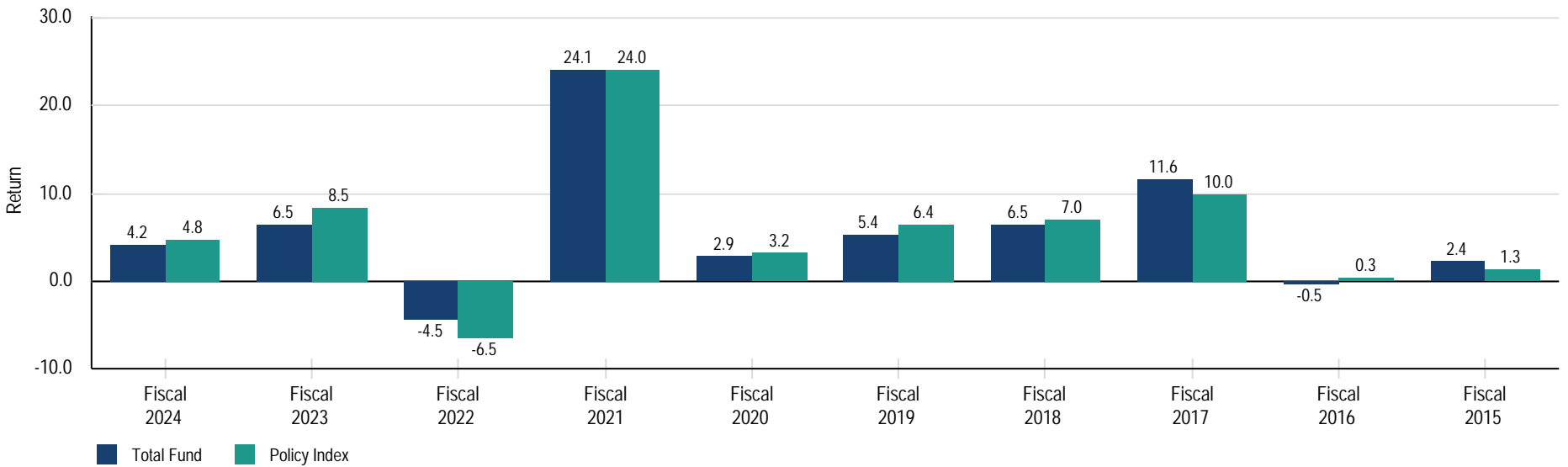
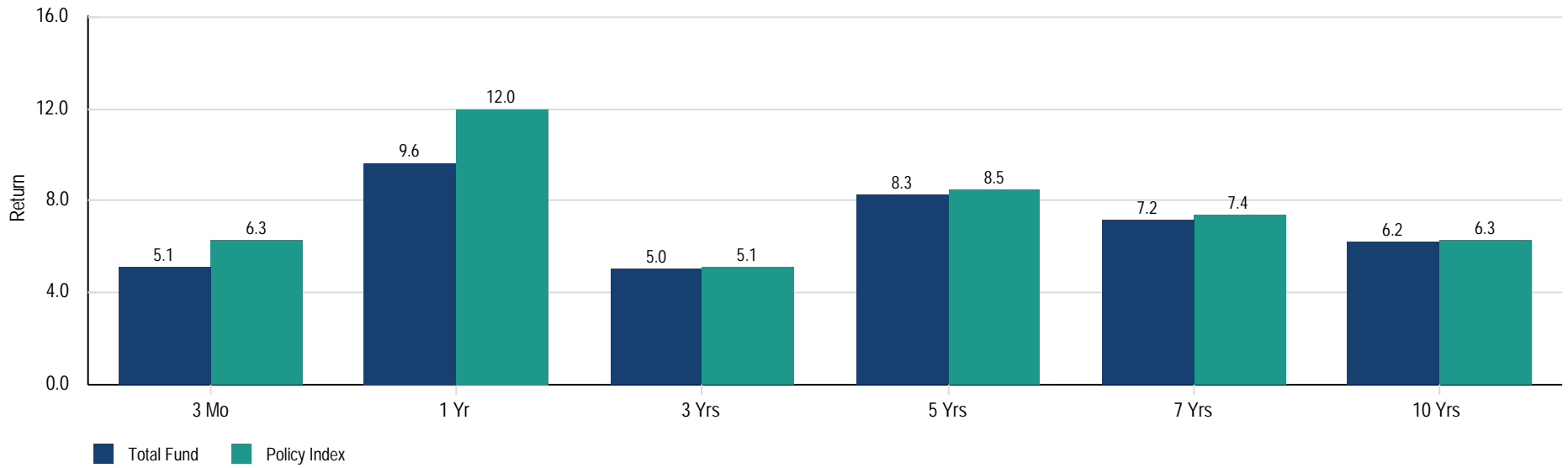
	Current Balance (\$)	Current Allocation (%)	Policy Allocation (%)	Excess Allocation (%)	Policy Range (%)	Within IPS Range?
Equity	1,804,668,699	32.5	37.0	-4.5	26.0 - 48.0	Yes
Fixed Income	1,276,401,377	23.0	24.0	-1.0	14.0 - 34.0	Yes
Core Real Estate	267,156,219	4.8	5.0	-0.2	2.0 - 8.0	Yes
Hedge Funds	557,778,481	10.1	10.0	0.1	5.0 - 15.0	Yes
Alpha Pool	221,490,241	4.0	8.0	-4.0	2.0 - 10.0	Yes
Private Equity	225,134,003	4.1	5.0	-0.9	0.0 - 10.0	Yes
Private Credit	303,862,333	5.5	5.0	0.5	0.0 - 10.0	Yes
Private Real Estate	161,001,260	2.9	5.0	-2.1	0.0 - 10.0	Yes
Commodities	207,453,782	3.7	4.0	-0.3	0.0 - 8.0	Yes
Opportunistic	143,114,014	2.6	0.0	2.6	0.0 - 10.0	Yes
Midstream	302,780,890	5.5	5.0	0.5	0.0 - 8.0	Yes
Cash and Equivalents	75,156,390	1.4	-8.0	9.4	-10.0 - 5.0	Yes
Total	5,545,997,689	100.0	100.0	0.0		

Executive Summary



Total Fund
Performance vs. Policy (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2023



Total Fund
Executive Summary (Gross of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019
Total Fund	5,545,997,689	100.0	5.1	4.3	9.8	5.3	8.6	6.6	6.7	-4.2	24.4	3.2	5.7
<i>Policy Index</i>			6.3	4.8	12.0	5.1	8.5	6.3	8.5	-6.5	24.0	3.2	6.4
<i>InvMetrics Public DB > \$1B Rank</i>			88	67	85	32	42	49	74	32	88	21	62
Equity	1,804,668,699	32.5	10.3	6.6	19.9	6.1	11.8	8.6	15.9	-14.9	41.2	0.7	5.3
<i>MSCI AC World IMI (Net)</i>			11.1	7.4	21.6	5.5	11.5	7.8	16.1	-16.5	40.9	1.2	4.6
Domestic Equity	922,021,065	16.6	11.9	8.0	24.2	9.1	15.4	-	17.8	-12.0	43.6	6.3	9.2
<i>MSCI USA IMI</i>			12.1	8.5	26.2	8.8	15.4	-	19.2	-13.7	44.4	6.7	9.0
International Developed Equity	684,112,752	12.3	9.2	4.8	16.2	4.2	8.7	-	17.2	-17.2	37.0	-5.5	-0.6
<i>MSCI World ex U.S. IMI Index (Net)</i>			10.5	6.1	17.2	3.7	8.2	-	16.3	-17.7	34.8	-5.1	0.2
Emerging Markets Equity	198,533,775	3.6	6.8	5.8	14.0	-1.5	3.6	-	5.3	-21.4	40.6	-10.9	0.4
<i>MSCI Emerging Markets IMI (Net)</i>			8.0	5.7	11.7	-3.7	4.5	-	3.2	-24.8	43.2	-4.0	0.5
Fixed Income	1,276,401,377	23.0	6.5	3.9	7.4	-2.3	2.4	2.6	3.1	-12.7	5.4	6.6	7.9
<i>Fixed Income Custom Benchmark</i>			7.0	4.6	7.6	-2.1	2.1	2.4	1.9	-11.6	4.0	5.2	8.4
Core Fixed Income	816,023,077	14.7	6.7	3.1	5.1	-3.7	1.3	-	-0.9	-11.2	1.0	9.5	8.0
<i>Bloomberg U.S. Aggregate Index</i>			6.8	3.4	5.5	-3.3	1.1	-	-0.9	-10.3	-0.3	8.7	7.9
High Yield/ Specialty Credit	261,902,555	4.7	4.2	4.6	10.0	1.9	4.7	-	7.9	-9.7	13.6	0.0	7.5
<i>ICE BofA U.S. High Yield Index</i>			7.1	7.6	13.5	2.0	5.2	-	8.9	-12.7	15.6	-1.1	7.6
Emerging Market Debt	198,217,388	3.6	9.3	6.8	13.9	-1.9	2.6	-	11.7	-19.6	9.4	-1.2	8.5
<i>50 JPM EMBI Global Div / 50 JPM GBI EM Global Div</i>			8.6	5.6	11.9	-3.3	1.4	-	9.4	-20.2	7.1	-1.1	10.8
Commodities	207,453,782	3.7	-1.5	5.9	1.5	12.8	10.5	1.0	-6.3	20.1	43.5	-10.7	-6.2
<i>Bloomberg Commodity Index Total Return</i>			-4.6	-0.1	-7.9	10.8	7.2	-1.1	-9.6	24.3	45.6	-17.4	-6.8
Hedge Funds	557,778,481	10.1	3.0	4.9	8.0	6.5	8.5	6.3	6.9	2.8	16.3	7.3	2.6
<i>75% 3 Month T-Bill +4% / 25% MSCI ACWI IMI</i>			5.1	6.8	15.5	9.5	10.9	9.4	13.4	2.0	15.7	8.3	9.8
Alpha Pool	221,490,241	4.0	0.0	0.2	-1.6	2.0	-	-	-0.9	1.5	14.5	-	-
<i>3 Month T-Bill +4%</i>			2.4	4.7	9.2	6.2	-	-	7.7	4.2	4.1	-	-
Midstream Energy	302,780,890	5.5	4.9	11.4	18.3	25.0	-	-	20.1	9.6	-	-	-
<i>Alerian Midstream Energy Index</i>			6.5	9.1	14.0	24.2	-	-	12.2	11.4	-	-	-
Core Real Estate	267,156,219	4.8	-7.6	-10.9	-18.3	1.2	2.0	-	-11.9	25.6	6.6	2.3	6.1
<i>NCREIF ODCE</i>			-4.8	-6.6	-12.0	4.9	4.2	-	-10.0	29.5	8.0	2.2	6.4
Private Real Estate	161,001,260	2.9	-0.7	-4.5	-2.1	13.7	9.8	12.0	7.9	31.3	12.1	4.4	9.0
			-0.7	-4.5	-2.1	13.7	9.8	12.0	7.9	31.3	12.1	4.4	9.0
Private Equity	225,134,003	4.1	0.8	4.0	8.1	13.9	10.6	10.7	-0.6	23.0	41.7	-10.5	10.9
			0.8	4.0	8.1	13.9	10.6	10.7	-0.6	23.0	41.7	-10.5	10.9
Private Credit	303,862,333	5.5	2.2	5.7	10.0	5.1	4.9	-	3.2	1.2	4.8	5.5	9.7
			2.2	5.7	10.0	5.1	4.9	-	3.2	1.2	4.8	5.5	9.7

34% MSCI ACWI IMI (Net), 18% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets Global Diversified, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +3%, 2.5% MSCI ACWI (Net), 8% 90 Day T-Bill + 3%, 7% NCREIF-ODCE Gross Monthly, 4% actual time-weighted Private Equity Returns, 5% actual time-weighted Private Credit Returns, 3% actual time-weighted Private Real Estate Returns, 5% Alerian Midstream, 0% Assumed Rate of Return +3%, -8% 90 Day T-bill. All data prior to 2Q 2011 has been provided by the investments managers. FY: 6/30. The Equity and Fixed Income Beta Exposure return includes overlay cash and an implied hurdle rate also applied to the Alpha pool.

Total Fund
Executive Summary (Gross of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019
Opportunistic	143,114,014	2.6	1.9	1.0	6.3	11.0	-	-	0.6	-5.4	59.9	-	-
<i>Assumed Rate of Return +3%</i>			<i>1.8</i>	<i>3.6</i>	<i>7.2</i>	<i>7.2</i>	-	-	<i>7.2</i>	<i>7.2</i>	<i>7.2</i>	-	-
Cash	415,705,315	7.5	1.8	3.2	4.3	1.8	1.5	1.9	2.3	-0.2	0.1	1.0	2.0
<i>3 Month T-Bill</i>			<i>1.4</i>	<i>2.7</i>	<i>5.0</i>	<i>2.2</i>	<i>1.9</i>	<i>1.2</i>	<i>3.6</i>	<i>0.2</i>	<i>0.1</i>	<i>1.6</i>	<i>2.3</i>

34% MSCI ACWI IMI (Net), 18% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets Global Diversified, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +3%, 2.5% MSCI ACWI (Net), 8% 90 Day T-Bill + 3%, 7% NCREIF-ODCE Gross Monthly, 4% actual time-weighted Private Equity Returns*, 5% actual time-weighted Private Credit Returns*, 3% actual time-weighted Private Real Estate Returns*, 5% Alerian Midstream, 0% Assumed Rate of Return +3%, -8% 90 Day T-bill. All data prior to 2Q 2011 has been provided by the investments managers. FY: 6/30. The Equity and Fixed Income Beta Exposure return includes overlay cash and an implied hurdle rate also applied to the Alpha pool.

Performance and Attribution

Total Fund
Performance (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019	Inception	Inception Date
Total Fund	5,545,997,689	100.0	5.1	4.2	9.6	5.0	8.3	6.2	6.5	-4.5	24.1	2.9	5.4	6.5	Jun-11
<i>Policy Index</i>			6.3	4.8	12.0	5.1	8.5	6.3	8.5	-6.5	24.0	3.2	6.4	6.5	
Equity	1,804,668,699	32.5	10.2	6.5	19.7	5.8	11.5	8.2	15.7	-15.1	40.7	0.3	4.8	8.9	Jun-11
<i>MSCI AC World IMI (Net)</i>			11.1	7.4	21.6	5.5	11.5	7.8	16.1	-16.5	40.9	1.2	4.6	8.3	
Domestic Equity	922,021,065	16.6	11.8	7.9	24.0	8.9	15.1	-	17.6	-12.2	43.2	6.0	8.8	11.5	Jul-14
<i>MSCI USA IMI</i>			12.1	8.5	26.2	8.8	15.4	-	19.2	-13.7	44.4	6.7	9.0	11.4	
Equity Beta Exposure	67,962,000	1.2	12.0	8.1	26.3	9.6	-	-	19.2	-11.0	-	-	-	13.1	Aug-20
<i>S&P 500 Index</i>			11.7	8.0	26.3	10.0	-	-	19.6	-10.6	-	-	-	13.4	
Mellon DB SL Stock Index Fund	579,000,969	10.4	11.7	8.0	26.3	10.0	15.7	-	19.6	-10.6	40.8	7.5	10.4	12.6	Oct-17
<i>S&P 500 Index</i>			11.7	8.0	26.3	10.0	15.7	-	19.6	-10.6	40.8	7.5	10.4	12.5	
PIMCO StocksPLUS	126,366,009	2.3	12.1	8.6	27.0	9.0	15.5	12.0	18.8	-12.8	41.7	7.7	10.6	10.8	Jul-03
<i>S&P 500 Index</i>			11.7	8.0	26.3	10.0	15.7	12.0	19.6	-10.6	40.8	7.5	10.4	10.1	
AB US Small Cap Value Equity	93,666,254	1.7	12.7	7.8	7.8	6.8	9.2	-	4.3	-16.1	77.5	-19.4	-6.9	6.8	Jul-15
<i>Russell 2000 Value Index</i>			15.3	11.8	14.6	7.9	10.0	-	6.0	-16.3	73.3	-17.5	-6.2	7.4	
Geneva Capital Small Cap Growth	55,025,832	1.0	10.6	3.8	18.8	0.3	11.5	-	15.6	-22.1	37.6	9.3	8.6	10.0	Jul-15
<i>Russell 2000 Growth Index</i>			12.7	4.5	18.7	-3.5	9.2	-	18.5	-33.4	51.4	3.5	-0.5	6.6	
International Developed Equity	684,112,752	12.3	9.2	4.8	16.1	4.1	8.5	-	17.1	-17.3	36.7	-5.7	-0.9	4.6	Jul-14
<i>MSCI World ex U.S. IMI Index (Net)</i>			10.5	6.1	17.2	3.7	8.2	-	16.3	-17.7	34.8	-5.1	0.2	4.0	
Mellon DB SL World ex-US Index Fund	415,298,504	7.5	10.6	6.2	18.6	5.5	9.3	-	17.9	-16.1	35.6	-5.5	-	5.8	Jul-18
<i>MSCI World ex U.S. IMI Index (Net)</i>			10.5	6.1	17.2	3.7	8.2	-	16.3	-17.7	34.8	-5.1	-	4.8	
Cevian Capital II	44,029,220	0.8	12.1	13.3	27.9	15.0	14.2	-	25.3	-8.2	46.8	-8.2	-5.0	8.6	Dec-14
<i>MSCI Europe (Net)</i>			6.4	4.2	15.8	9.5	9.8	-	16.7	-6.5	27.9	-5.5	4.5	6.2	Dec-14
Lazard Japanese Equity	109,154,063	2.0	-	-	-	-	-	-	-	-	-	-	-	9.2	Nov-23
<i>TOPIX Net Total Return Index</i>			-	-	-	-	-	-	-	-	-	-	-	9.8	
American Century Non-US Small Cap	60,360,821	1.1	8.9	1.2	4.8	-4.6	-	-	7.9	-27.4	-	-	-	-2.9	Dec-20
<i>MSCI World ex U.S. Small Cap Growth Index (Net)</i>			11.2	4.6	10.6	-4.2	-	-	9.5	-28.6	-	-	-	-2.7	
Dalton Japan Long Only	55,270,144	1.0	-	-	-	-	-	-	-	-	-	-	-	10.5	Oct-23
<i>MSCI Japan Small Cap (Net)</i>			7.4	-	-	-	-	-	-	-	-	-	-	12.0	
Emerging Markets Equity	198,533,775	3.6	6.7	5.5	13.5	-2.1	2.8	-	4.6	-21.9	39.5	-11.8	-0.6	1.5	Jul-14
<i>MSCI Emerging Markets IMI (Net)</i>			8.0	5.7	11.7	-3.7	4.5	-	3.2	-24.8	43.2	-4.0	0.5	2.5	
DFA Emerging Markets Value I	87,548,956	1.6	7.2	7.3	16.5	5.3	5.7	-	7.9	-12.9	47.6	-17.7	2.0	4.4	Mar-14
<i>MSCI Emerging Markets Value (Net)</i>			8.1	7.2	14.2	0.0	3.4	-	4.1	-18.6	41.6	-15.7	5.0	2.4	
Mellon Emerging Markets Stock Index Fund	110,984,819	2.0	7.7	4.4	9.6	-5.3	-	-	1.6	-25.5	41.1	-	-	3.0	Jun-20
<i>MSCI Emerging Markets (Net)</i>			7.9	4.7	9.8	-5.1	-	-	1.7	-25.3	40.9	-	-	5.3	
Fixed Income	1,276,401,377	23.0	6.5	3.8	7.1	-2.5	2.2	2.4	2.9	-13.0	5.1	6.3	7.6	3.3	Jun-10
<i>Fixed Income Custom Benchmark</i>			7.0	4.6	7.6	-2.1	2.1	2.4	1.9	-11.6	4.0	5.2	8.4	3.1	
Core Fixed Income	816,023,077	14.7	6.6	3.1	5.0	-3.9	1.2	-	-1.0	-11.4	0.8	9.3	7.9	1.6	Jul-14
<i>Bloomberg U.S. Aggregate Index</i>			6.8	3.4	5.5	-3.3	1.1	-	-0.9	-10.3	-0.3	8.7	7.9	1.5	
Fixed Income Beta Exposure	351,655,645	6.3	5.9	2.3	3.8	-	-	-	-2.5	-	-	-	-	1.4	Jun-22
<i>Bloomberg U.S. Aggregate Index</i>			6.8	3.4	5.5	-	-	-	-0.9	-	-	-	-	0.5	
Mellon DB SL Aggregate Bond Index Fund	166,484,242	3.0	6.8	3.4	5.5	-3.4	1.1	1.8	-0.9	-10.4	-0.4	8.8	7.9	2.1	Jan-11
<i>Bloomberg U.S. Aggregate Index</i>			6.8	3.4	5.5	-3.3	1.1	1.8	-0.9	-10.3	-0.3	8.7	7.9	2.2	
PIMCO Core Plus	170,961,375	3.1	7.1	3.8	6.1	-2.8	1.4	2.0	-0.7	-9.9	1.1	8.7	6.3	2.4	Feb-11
<i>Bloomberg U.S. Aggregate Index</i>			6.8	3.4	5.5	-3.3	1.1	1.8	-0.9	-10.3	-0.3	8.7	7.9	2.1	

34% MSCI ACWI IMI (Net), 18% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets Global Diversified, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +3%, 2.5% MSCI ACWI (Net), 8% 90 Day T-Bill + 3%, 7% NCREIF-ODCE Gross Monthly, 4% actual time-weighted Private Equity Returns*, 5% actual time-weighted Private Credit Returns*, 3% actual time-weighted Private Real Estate Returns*, 5% Alerian Midstream, 0% Assumed Rate of Return +3%, -8% 90 Day T-bill. All data prior to 2Q 2011 has been provided by the investments managers. FY: 6/30. The Equity and Fixed Income Beta Exposure return includes overlay cash and an implied hurdle rate also applied to the Alpha pool. Cevian Capital II Benchmark MSCI Europe Index return shown in Euro to reflect currency exchange rate. Cevian Capital II Benchmark MSCI Europe Index return shown in Euro to reflect currency exchange rate.

Total Fund Performance (Net of Fees)

Kern County Employees' Retirement Association Period Ending: December 31, 2023

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019	Inception	Inception Date
Western Asset Core Plus	126,921,814	2.3	8.3	4.0	6.5	-4.3	1.6	2.5	0.8	-14.5	2.4	9.3	9.4	3.8	Jun-04
<i>Bloomberg U.S. Aggregate Index</i>			<i>6.8</i>	<i>3.4</i>	<i>5.5</i>	<i>-3.3</i>	<i>1.1</i>	<i>1.8</i>	<i>-0.9</i>	<i>-10.3</i>	<i>-0.3</i>	<i>8.7</i>	<i>7.9</i>	<i>3.3</i>	
High Yield/ Specialty Credit	261,902,555	4.7	4.1	4.4	9.5	1.4	4.2	-	7.5	-10.2	13.1	-0.5	7.0	2.8	Jul-14
<i>ICE BofA U.S. High Yield Index</i>			<i>7.1</i>	<i>7.6</i>	<i>13.5</i>	<i>2.0</i>	<i>5.2</i>	<i>-</i>	<i>8.9</i>	<i>-12.7</i>	<i>15.6</i>	<i>-1.1</i>	<i>7.6</i>	<i>4.2</i>	
Western Asset High Yield Fixed Income	170,770,013	3.1	5.8	6.9	12.8	1.6	4.9	3.9	9.5	-14.1	16.5	-2.2	8.3	6.0	Jun-05
<i>Bloomberg US HY BalB 2% Cap TR</i>			<i>7.2</i>	<i>7.4</i>	<i>12.6</i>	<i>1.7</i>	<i>5.5</i>	<i>4.6</i>	<i>8.9</i>	<i>-12.4</i>	<i>13.4</i>	<i>2.1</i>	<i>8.8</i>	<i>6.2</i>	
TCW Securitized Opportunities	91,132,542	1.6	0.9	-0.1	3.8	0.8	2.5	-	4.4	-4.0	6.4	2.2	5.2	3.2	Feb-16
<i>Bloomberg U.S. High Yield - 2% Issuer Cap</i>			<i>7.2</i>	<i>7.7</i>	<i>13.4</i>	<i>2.0</i>	<i>5.4</i>	<i>-</i>	<i>9.1</i>	<i>-12.8</i>	<i>15.3</i>	<i>0.0</i>	<i>7.5</i>	<i>6.3</i>	
Emerging Market Debt	198,217,388	3.6	9.2	6.5	13.4	-2.3	2.2	-	11.2	-19.9	9.1	-1.7	7.9	0.5	Jul-14
<i>50 JPM EMBI Global Div / 50 JPM GBI EM Global Div</i>			<i>8.6</i>	<i>5.6</i>	<i>11.9</i>	<i>-3.3</i>	<i>1.4</i>	<i>-</i>	<i>9.4</i>	<i>-20.2</i>	<i>7.1</i>	<i>-1.1</i>	<i>10.8</i>	<i>1.0</i>	
Stone Harbor Emerging Markets Debt Blend Portfolio	41,325,698	0.7	9.5	7.7	14.0	-2.4	2.3	1.3	10.8	-20.9	9.5	-1.8	8.2	0.6	Aug-12
<i>50 JPM GBI-EM Global Div / 40 JPM EMBI Global Div / 10 JPM Corporate EM Bond Idx</i>			<i>8.3</i>	<i>5.5</i>	<i>11.7</i>	<i>-3.1</i>	<i>1.6</i>	<i>1.8</i>	<i>9.2</i>	<i>-19.5</i>	<i>7.2</i>	<i>-0.8</i>	<i>10.6</i>	<i>1.4</i>	
PIMCO EMD	156,891,690	2.8	9.0	6.1	13.2	-2.1	-	-	11.3	-19.2	8.7	-	-	-0.2	Feb-20
<i>50 JPM EMBI Global Div / 50 JPM GBI EM Global Div</i>			<i>8.6</i>	<i>5.6</i>	<i>11.9</i>	<i>-3.3</i>	<i>-</i>	<i>-</i>	<i>9.4</i>	<i>-20.2</i>	<i>7.1</i>	<i>-</i>	<i>-</i>	<i>-1.6</i>	
Commodities	207,453,782	3.7	-1.7	5.5	0.7	12.0	9.8	0.4	-7.0	19.4	42.5	-11.3	-6.7	0.1	Jul-13
<i>Bloomberg Commodity Index Total Return</i>			<i>-4.6</i>	<i>-0.1</i>	<i>-7.9</i>	<i>10.8</i>	<i>7.2</i>	<i>-1.1</i>	<i>-9.6</i>	<i>24.3</i>	<i>45.6</i>	<i>-17.4</i>	<i>-6.8</i>	<i>-1.0</i>	
Gresham MTAP Commodity Builder Fund	34,270,350	0.6	-4.6	0.2	-7.9	10.4	7.5	-0.8	-11.5	24.7	46.8	-16.3	-9.0	-0.9	Oct-13
<i>Bloomberg Commodity Index Total Return</i>			<i>-4.6</i>	<i>-0.1</i>	<i>-7.9</i>	<i>10.8</i>	<i>7.2</i>	<i>-1.1</i>	<i>-9.6</i>	<i>24.3</i>	<i>45.6</i>	<i>-17.4</i>	<i>-6.8</i>	<i>-1.0</i>	
Wellington Commodities	173,183,432	3.1	-1.1	6.8	3.2	12.2	10.9	1.4	-5.2	17.2	40.2	-7.5	-5.4	0.9	Sep-13
<i>S&P GSCI Commodity Equal Weighted</i>			<i>-3.0</i>	<i>2.0</i>	<i>-3.4</i>	<i>10.7</i>	<i>8.8</i>	<i>0.9</i>	<i>-6.0</i>	<i>19.0</i>	<i>40.9</i>	<i>-12.4</i>	<i>-3.5</i>	<i>0.5</i>	
Hedge Funds	557,778,481	10.1	3.2	5.1	8.3	6.5	8.4	5.8	6.8	2.8	16.1	7.0	2.5	6.1	Sep-10
<i>75% 3 Month T-Bill +4% / 25% MSCI ACWI (net)</i>			<i>4.6</i>	<i>5.5</i>	<i>12.6</i>	<i>6.4</i>	<i>7.7</i>	<i>6.3</i>	<i>10.2</i>	<i>-0.9</i>	<i>12.3</i>	<i>5.1</i>	<i>6.6</i>	<i>6.3</i>	
Aristeia International Limited	73,340,536	1.3	1.3	3.4	7.6	5.5	8.8	-	5.5	1.8	21.6	8.7	9.2	5.4	May-14
Brevan Howard Fund	56,802,993	1.0	2.2	4.6	-1.8	6.4	10.9	7.5	-1.0	15.2	6.1	20.5	12.7	7.3	Sep-13
D.E. Shaw Composite Fund	59,341,499	1.1	1.0	5.4	9.8	19.0	17.8	14.5	11.0	29.0	19.0	15.6	11.5	14.1	Jul-13
HBK Fund II	48,006,986	0.9	2.9	6.6	8.6	6.9	6.6	5.0	7.9	2.3	11.0	1.5	5.5	4.9	Nov-13
Hudson Bay Cap Structure Arbitrage Enhanced Fund	78,511,107	1.4	1.2	2.4	4.3	7.5	-	-	7.7	7.7	14.2	16.2	-	10.6	Jun-19
Indus Pacific Opportunities Fund	45,669,351	0.8	-0.2	-1.5	-2.8	-0.7	9.0	-	-0.4	-8.2	38.0	15.8	-19.2	6.2	Jul-14
Pharo Macro Fund	68,570,627	1.2	10.6	8.9	10.0	-3.1	-	-	1.2	-11.1	3.5	-	-	1.1	Dec-19
PIMCO Commodity Alpha Fund	78,129,135	1.4	5.8	9.4	24.0	14.2	11.9	-	18.3	8.6	14.2	4.8	5.2	11.6	Jun-16
Enhanced Domestic Partners to Sculptor Master Fund	49,406,248	0.9	3.2	5.9	14.3	-1.4	-	-	8.8	-19.9	16.8	6.5	-	5.8	Feb-19
Alpha Pool	221,490,241	4.0	0.0	0.2	-1.6	2.0	-	-	-0.9	1.5	14.5	-	-	4.2	Jul-20
<i>3 Month T-Bill +4%</i>			<i>2.4</i>	<i>4.7</i>	<i>9.2</i>	<i>6.2</i>	<i>-</i>	<i>-</i>	<i>7.7</i>	<i>4.2</i>	<i>4.1</i>	<i>-</i>	<i>-</i>	<i>5.9</i>	
Hudson Bay	64,505,703	1.2	-1.0	-1.9	-4.8	2.6	-	-	-1.1	6.7	-	-	-	4.5	Aug-20
Davidson Kempner Institutional Partners	57,525,287	1.0	0.0	-0.6	-3.2	-0.6	-	-	-4.1	-3.4	-	-	-	0.0	Dec-20
HBK Fund II	36,167,379	0.7	0.7	2.3	-0.7	2.1	-	-	-1.0	1.3	-	-	-	2.5	Dec-20
Garda Fixed Income Relative Value Opportunity Fund	63,291,872	1.1	0.5	1.5	2.8	-	-	-	3.6	-	-	-	-	4.6	Sep-21

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Total Fund
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Midstream Energy	302,780,890	5.5	4.8	11.1	17.7	24.5	-	-	19.3	9.3	-	-	-	27.2	Sep-20
<i>Alerian Midstream Energy Index</i>			<i>6.5</i>	<i>9.1</i>	<i>14.0</i>	<i>24.2</i>	-	-	<i>12.2</i>	<i>11.4</i>	-	-	-	<i>24.2</i>	
Harvest Midstream	145,365,427	2.6	4.1	12.1	18.8	29.2	-	-	20.9	15.3	-	-	-	32.6	Aug-20
<i>Alerian Midstream Energy Index</i>			<i>6.5</i>	<i>9.1</i>	<i>14.0</i>	<i>24.2</i>	-	-	<i>12.2</i>	<i>11.4</i>	-	-	-	<i>23.6</i>	
PIMCO Midstream	157,415,463	2.8	5.5	10.1	16.4	18.7	-	-	16.9	2.2	-	-	-	22.2	Oct-20
<i>50/25/25 Alerian Midstream/ICE BofA US Pipeline/ICE BofA US HY Midstream</i>			<i>6.9</i>	<i>7.7</i>	<i>12.8</i>	<i>12.5</i>	-	-	<i>10.1</i>	<i>-0.7</i>	-	-	-	<i>15.2</i>	
Core Real Estate	267,156,219	4.8	-7.7	-11.1	-18.8	0.5	1.3	-	-12.4	24.8	5.6	1.4	5.9	4.8	Oct-14
<i>NCREIF ODCE</i>			<i>-4.8</i>	<i>-6.6</i>	<i>-12.0</i>	<i>4.9</i>	<i>4.2</i>	-	<i>-10.0</i>	<i>29.5</i>	<i>8.0</i>	<i>2.2</i>	<i>6.4</i>	<i>6.9</i>	
ASB Allegiance Real Estate Fund	144,618,851	2.6	-7.8	-11.4	-21.6	-0.4	0.9	4.8	-13.3	23.0	5.4	1.5	6.8	5.0	Sep-13
<i>NCREIF ODCE</i>			<i>-4.8</i>	<i>-6.6</i>	<i>-12.0</i>	<i>4.9</i>	<i>4.2</i>	<i>7.3</i>	<i>-10.0</i>	<i>29.5</i>	<i>8.0</i>	<i>2.2</i>	<i>6.4</i>	<i>7.4</i>	
JPMCB Strategic Property Fund	122,537,368	2.2	-7.6	-10.7	-15.2	1.8	1.9	-	-11.4	27.9	5.9	1.3	5.0	5.2	Jul-14
<i>NCREIF ODCE</i>			<i>-4.8</i>	<i>-6.6</i>	<i>-12.0</i>	<i>4.9</i>	<i>4.2</i>	-	<i>-10.0</i>	<i>29.5</i>	<i>8.0</i>	<i>2.2</i>	<i>6.4</i>	<i>7.1</i>	
Private Real Estate	161,001,260	2.9	-0.7	-4.5	-2.1	13.7	9.8	11.6	7.9	31.3	12.1	4.4	9.0	11.5	Mar-11
			<i>-0.7</i>	<i>-4.5</i>	<i>-2.1</i>	<i>13.7</i>	<i>9.8</i>	<i>12.0</i>	<i>7.9</i>	<i>31.3</i>	<i>12.1</i>	<i>4.4</i>	<i>9.0</i>	<i>11.6</i>	
Private Equity	225,134,003	4.1	0.8	4.0	8.1	13.9	10.6	10.3	-0.6	22.9	41.7	-10.5	10.9	10.6	Sep-10
			<i>0.8</i>	<i>4.0</i>	<i>8.1</i>	<i>13.9</i>	<i>10.6</i>	<i>10.7</i>	<i>-0.6</i>	<i>23.0</i>	<i>41.7</i>	<i>-10.5</i>	<i>10.9</i>	<i>10.7</i>	
Private Credit	303,862,333	5.5	2.2	5.7	10.0	5.1	4.9	-	3.2	1.2	4.8	5.5	9.7	7.2	Jan-16
			<i>2.2</i>	<i>5.7</i>	<i>10.0</i>	<i>5.1</i>	<i>4.9</i>	-	<i>3.2</i>	<i>1.2</i>	<i>4.8</i>	<i>5.5</i>	<i>9.7</i>	<i>7.2</i>	
Opportunistic	143,114,014	2.6	1.9	1.0	6.3	11.0	-	-	0.6	-5.4	59.9	-	-	8.9	Jan-20
<i>Assumed Rate of Return +3%</i>			<i>1.8</i>	<i>3.6</i>	<i>7.2</i>	<i>7.2</i>	-	-	<i>7.2</i>	<i>7.2</i>	<i>7.2</i>	-	-	<i>7.2</i>	
River Birch International	5,352,729	0.1	10.9	19.6	60.1	-	-	-	45.1	-	-	-	-	53.4	Jun-22
<i>Assumed Rate of Return +3%</i>			<i>1.8</i>	<i>3.6</i>	<i>7.2</i>	-	-	-	<i>7.2</i>	-	-	-	-	<i>7.2</i>	
Sixth Street TAO Partners (D)	91,747,562	1.7	2.9	6.5	13.2	15.2	-	-	4.4	9.6	39.6	-	-	15.2	Mar-20
<i>Assumed Rate of Return +3%</i>			<i>1.8</i>	<i>3.6</i>	<i>7.2</i>	<i>7.2</i>	-	-	<i>7.2</i>	<i>7.2</i>	<i>7.2</i>	-	-	<i>7.2</i>	
Aristeia Select Opportunities II	46,013,723	0.8	1.8	-4.8	-5.5	-	-	-	-7.2	-	-	-	-	-3.0	Jul-21
<i>Assumed Rate of Return +3%</i>			<i>1.8</i>	<i>3.6</i>	<i>7.2</i>	-	-	-	<i>7.2</i>	-	-	-	-	<i>7.2</i>	
Cash	415,705,315	7.5	1.8	3.1	4.2	1.7	1.4	1.9	2.2	-0.2	0.1	1.0	2.0	1.6	Apr-11
<i>3 Month T-Bill</i>			<i>1.4</i>	<i>2.7</i>	<i>5.0</i>	<i>2.2</i>	<i>1.9</i>	<i>1.2</i>	<i>3.6</i>	<i>0.2</i>	<i>0.1</i>	<i>1.6</i>	<i>2.3</i>	<i>1.0</i>	

34% MSCI ACWI IMI (Net), 18% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets Global Diversified, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +3%, 2.5% MSCI ACWI (Net), 8% 90 Day T-Bill + 3%, 7% NCREIF-ODCE Gross Monthly, 4% actual time-weighted Private Equity Returns*, 5% actual time-weighted Private Credit Returns*, 3% actual time-weighted Private Real Estate Returns*, 5% Alerian Midstream, 0% Assumed Rate of Return +3%, -8% 90 Day T-bill. All data prior to 2Q 2011 has been provided by the investments managers. FY: 6/30. The Equity and Fixed Income Beta Exposure return includes overlay cash and an implied hurdle rate also applied to the Alpha pool. Cevian Capital II Benchmark MSCI Europe Index return shown in Euro to reflect currency exchange rate. Cevian Capital II Benchmark MSCI Europe Index return shown in Euro to reflect currency exchange rate.

Total Fund
Total Private Equity

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

IRR Analysis as of IRR date

Vintage Year	Manager/Fund	Estimated Market Value as of 12/31/2023	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value as of IRR date	Distrib./Paid-In (DPI) ¹	Tot. Value/Paid-In (TVPI) ²	Net IRR Since Inception ³	IRR Date
Private Equity												
2008	Abbott Capital PE VI	\$16,001,729	\$50,000,000	\$49,750,000	100%	\$250,000	\$79,584,694	\$16,921,054	1.60x	1.92x	12.6%	09/30/23
2006	Pantheon Global III	\$545,326	\$50,000,000	\$47,300,000	95%	\$2,700,000	\$52,000,000	\$548,661	1.10x	1.11x	1.9%	09/30/23
2002	Pantheon USA V	\$374,357	\$25,000,000	\$24,350,000	97%	\$650,000	\$37,950,000	\$375,348	1.56x	1.57x	9.0%	09/30/23
2004	Pantheon USA VI	\$329,324	\$35,000,000	\$33,075,000	95%	\$1,925,000	\$50,623,827	\$330,050	1.53x	1.54x	6.7%	09/30/23
2006	Pantheon USA VII	\$7,158,613	\$50,000,000	\$46,600,000	93%	\$3,400,000	\$80,624,998	\$8,855,040	1.73x	1.88x	10.1%	09/30/23
2020	Vista Foundation Fund IV	\$18,765,984	\$25,000,000	\$19,521,303	78%	\$5,478,697	\$30,252	\$18,784,419	0.00x	0.96x	-0.9%	09/30/23
2021	Crown Global Secondaries V Master S.C.Sp	\$36,047,551	\$50,000,000	\$28,700,000	57%	\$21,300,000	\$1,550,000	\$36,047,551	0.05x	1.31x	25.2%	12/31/23
2021	Brighton Park Capital Fund I	\$38,960,843	\$30,000,000	\$28,880,317	96%	\$1,119,683	\$1,325,801	\$38,863,716	0.05x	1.33x	13.0%	09/30/23
2021	Warren Equity Partners Fund III	\$34,020,296	\$32,500,000	\$27,590,020	85%	\$4,909,980	\$508,290	\$30,248,893	0.02x	1.25x	15.4%	09/30/23
2021	Peak Rock Capital Fund III	\$14,333,765	\$30,000,000	\$12,513,744	42%	\$17,486,256	\$2,566,358	\$13,544,451	0.21x	1.35x	24.1%	09/30/23
2021	Level Equity Growth Partners V	\$7,597,497	\$15,000,000	\$7,114,651	47%	\$7,885,349	\$0	\$6,864,460	0.00x	1.07x	6.4%	09/30/23
2021	Level Equity Opportunities Fund 2021	\$6,407,431	\$15,000,000	\$5,788,419	39%	\$9,211,581	\$0	\$5,898,520	0.00x	1.11x	13.5%	09/30/23
2022	Linden Capital Partners V LP	\$13,014,916	\$22,500,000	\$12,011,178	53%	\$10,488,822	\$0	\$12,638,351	0.00x	1.08x	13.3%	09/30/23
2022	Rubicon Technology Partners IV LP	\$5,135,484	\$30,000,000	\$6,185,241	21%	\$23,814,759	\$0	\$3,124,027	0.00x	0.83x	-18.0%	09/30/23
2022	OrbilMed Private Investments IX, LP	\$1,167,203	\$10,000,000	\$1,200,000	12%	\$8,800,000	\$0	\$1,167,203	0.00x	0.97x	31.9%	12/31/23
2022	Brighton Park Capital Fund II	\$3,658,153	\$30,000,000	\$4,174,920	14%	\$25,825,080	\$0	N/A	0.00x	0.88x	N/A	N/A
2022	Linden Co-Investment V LP	\$4,113,076	\$7,500,000	\$7,499,177	100%	\$823	\$55,503	\$4,159,884	0.01x	0.56x	13.3%	09/30/23
2022	Warren Equity Partners Fund IV	\$12,263,238	\$32,500,000	\$7,612,883	23%	\$24,887,117	\$0	N/A	0.00x	1.61x	N/A	N/A
2023	WEP Co-Invest IV	\$7,239,217	\$10,000,000	\$7,470,589	75%	\$2,529,411	\$173,170	N/A	0.02x	0.99x	N/A	N/A
2022	Accel-KKR Capital Partners VII	\$0	\$25,000,000	\$0	0%	\$25,000,000	\$0	N/A	N/A	N/A	N/A	N/A
2023	LGT Crown Global Secondaries Fund VI	\$0	\$30,000,000	\$0	0%	\$30,000,000	\$0	N/A	N/A	N/A	N/A	N/A
2023	Parthenon Investors VII	\$0	\$30,000,000	\$0	0%	\$30,000,000	\$0	N/A	N/A	N/A	N/A	N/A
Total Private Equity		\$225,134,003	\$835,000,000	\$377,337,442	59%	\$257,662,558	\$306,992,894	\$194,371,629	0.81x	1.41x		
% of Portfolio (Market Value)		4.1%										

¹(DPI) is equal to (capital returned / capital called)

²(TVPI) is equal to (market value + capital returned) / capital called

³Net IRR is calculated on the cash flows of all the limited partners of the fund and is net of all fees. Each IRR is provided by the Fund manager and is reflective of the Fund IRR, rather than KCERA's specific IRR.

Total Fund
Total Private Credit

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

IRR Analysis as of IRR date												
Vintage Year	Manager/Fund	Estimated Market Value 12/31/2023	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value as of IRR date	Distrib/ Paid-In (DPI) ¹	Tot. Value/ Paid-In (TVPI) ²	Net IRR Since Inception ³	IRR Date
Private Credit												
2015	DC Value Recovery Fund IV ⁴	\$17,346,522	\$74,360,749	\$73,340,099	99%	\$1,020,650	\$41,560,033	\$18,893,391	0.57x	0.80x	N/A	9/30/23
2017	Sixth Street TAO Partners (B)	\$42,694,725	\$108,035,958	\$84,519,175	78%	\$23,516,783	\$44,420,688	\$41,877,567	0.53x	1.03x	10.0%	9/30/23
2017	Brookfield Real Estate Finance Fund V	\$15,305,465	\$50,000,000	\$36,019,917	72%	\$13,980,083	\$28,837,159	\$16,771,893	0.80x	1.23x	13.3%	9/30/23
2018	Magnetar Constellation Fund V	\$26,403,562	\$60,000,000	\$56,445,318	94%	\$3,554,682	\$42,783,179	\$26,403,562	0.76x	1.23x	5.4%	12/31/23
2019	H.I.G Bayside Loan Opportunity Fund V	\$45,173,127	\$60,000,000	\$35,821,497	60%	\$24,178,503	\$14,479,021	\$45,153,751	0.40x	1.67x	18.0%	9/30/23
2020	Blue Torch Credit Opportunities Fund II	\$15,184,695	\$20,000,000	\$16,613,092	83%	\$3,386,908	\$5,642,562	\$16,189,364	0.34x	1.25x	13.5%	9/30/23
2020	Fortress Credit Opportunit Fund V Expansion	\$22,238,689	\$40,000,000	\$20,122,013	50%	\$19,877,987	\$468,590	\$16,911,033	0.02x	1.13x	21.7%	9/30/23
2021	Fortress Lending Fund II	\$28,269,695	\$40,000,000	\$33,337,851	83%	\$6,662,149	\$10,117,289	\$28,165,127	0.30x	1.15x	10.0%	9/30/23
2022	Blue Torch Credit Opportunities Fund III	\$25,242,588	\$40,000,000	\$26,999,891	67%	\$13,000,109	\$5,108,700	\$5,094,132	0.19x	1.12x	18.8%	9/30/23
2022	Fortress Lending Fund III	\$27,777,855	\$40,000,000	\$26,432,701	66%	\$13,567,299	\$3,799,583	\$24,367,938	0.14x	1.19x	11.8%	9/30/23
2022	OrbiMed Royalty & Credit Opportunities IV	\$4,831,827	\$30,000,000	\$5,983,980	20%	\$24,016,020	\$1,774,357	\$4,831,827	0.30x	1.10x	11.8%	12/31/23
2023	Cerberus Business Finance V	\$15,804,081	\$30,000,000	\$14,123,992	47%	\$15,876,008	\$0	\$11,140,767	0.00x	1.12x	13.6%	9/30/23
2023	Silver Point – Specialty Credit Fund III	\$9,652,808	\$30,000,000	\$9,705,708	32%	\$20,294,292	\$178,180	\$0	N/A	N/A	N/A	N/A
2023	Ares Pathfinder II	\$2,450,370	\$30,000,000	\$2,298,699	8%	\$27,701,301	\$0	\$0	N/A	N/A	N/A	N/A
2023	Oak Hill Advisors Structured Products Fund III, L.P.	\$5,486,324	\$25,000,000	\$5,420,411	22%	\$19,579,589	\$0	\$0	N/A	N/A	N/A	N/A
2023	Ares Senior Direct Lending III	\$0	\$30,000,000	\$0	0%	\$30,000,000	\$0	\$0	N/A	N/A	N/A	N/A
Total Private Credit		\$303,862,333	\$562,396,707	\$415,635,533	74%	\$146,761,174	\$198,991,161	\$255,800,353	0.48x	1.21x		
% of Portfolio (Market Value)		5.5%										

¹(DPI) is equal to (capital returned / capital called)

²(TVPI) is equal to (market value + capital returned) / capital called

³Net IRR is calculated on the cash flows of all the limited partners of the fund and is net of all fees. Each IRR is provided by the Fund manager and is reflective of the Fund IRR, rather than KCERA's specific IRR.

⁴Name changed from Colony Distressed Credit fund to DC Value Recovery Fund IV

IRR Analysis as of IRR date												
Vintage	Estimated Market Value	Total	Capital	%	Remaining	Capital		Distrib./	Tot. Value/	Net IRR		
Year	12/31/2023	Commitment	Called	Called	Commitment	Returned	Market Value as of IRR date	Paid-In (DPI) ¹	Paid-In (TVPI) ²	Since Inception ³	IRR	Date
Manager/Fund												
Private Real Estate												
2014	Invesco Real Estate Value-Add Fund IV	\$649,619	\$50,000,000	\$43,637,717	87%	\$6,362,283	\$56,824,750	\$649,619	1.30x	1.32x	10.2%	12/31/23
2017	Landmark Real Estate Partners VIII	\$31,486,250	\$60,000,000	\$43,895,680	73%	\$16,104,320	\$25,532,514	\$31,486,250	0.58x	1.30x	14.1%	12/31/23
2018	Long Wharf Real Estate Partners VI	\$34,319,023	\$50,000,000	\$50,000,000	100%	\$0	\$24,281,467	\$34,319,023	0.49x	1.17x	16.4%	12/31/23
2020	Covenant Apartment Fund X	\$29,983,585	\$30,000,000	\$25,507,333	85%	\$4,492,667	\$7,568,667	\$29,983,585	0.30x	1.47x	16.7%	12/31/23
2021	Singerman Real Estate Opportunity Fund IV	\$14,774,492	\$35,000,000	\$13,527,500	39%	\$21,472,500	\$0	\$12,316,089	0.00x	1.09x	12.5%	09/30/23
2022	LBA Logistics Value Fund IX, L.P.	\$15,969,138	\$40,000,000	\$14,230,769	36%	\$25,769,231	\$0	\$13,104,308	0.00x	1.12x	-10.4%	09/30/23
2022	Covenant Apartment Fund XI	\$14,987,980	\$30,000,000	\$11,100,000	37%	\$38,076,924	\$3,112	\$14,987,980	N/A	N/A	-0.2%	12/31/23
2022	KSL Capital Partners VI	\$5,598,482	\$30,000,000	\$6,945,876	23%	\$23,054,124	\$212,603	N/A	N/A	N/A	N/A	N/A
2022	Landmark Real Estate Partners IX	\$0	\$40,000,000	\$0	0%	\$40,000,000	\$0	N/A	N/A	N/A	N/A	N/A
2023	Merit Hill V	\$13,232,691	\$30,000,000	\$13,232,691	44%	\$16,767,309	\$0	N/A	N/A	N/A	N/A	N/A
Total Private Real Estate		\$161,001,260	\$395,000,000	\$222,077,566	56%	\$192,099,358	\$114,423,113	\$136,846,854	0.52x	1.24x		
% of Portfolio (Market Value)		2.9%										

¹(DPI) is equal to (capital returned / capital called)

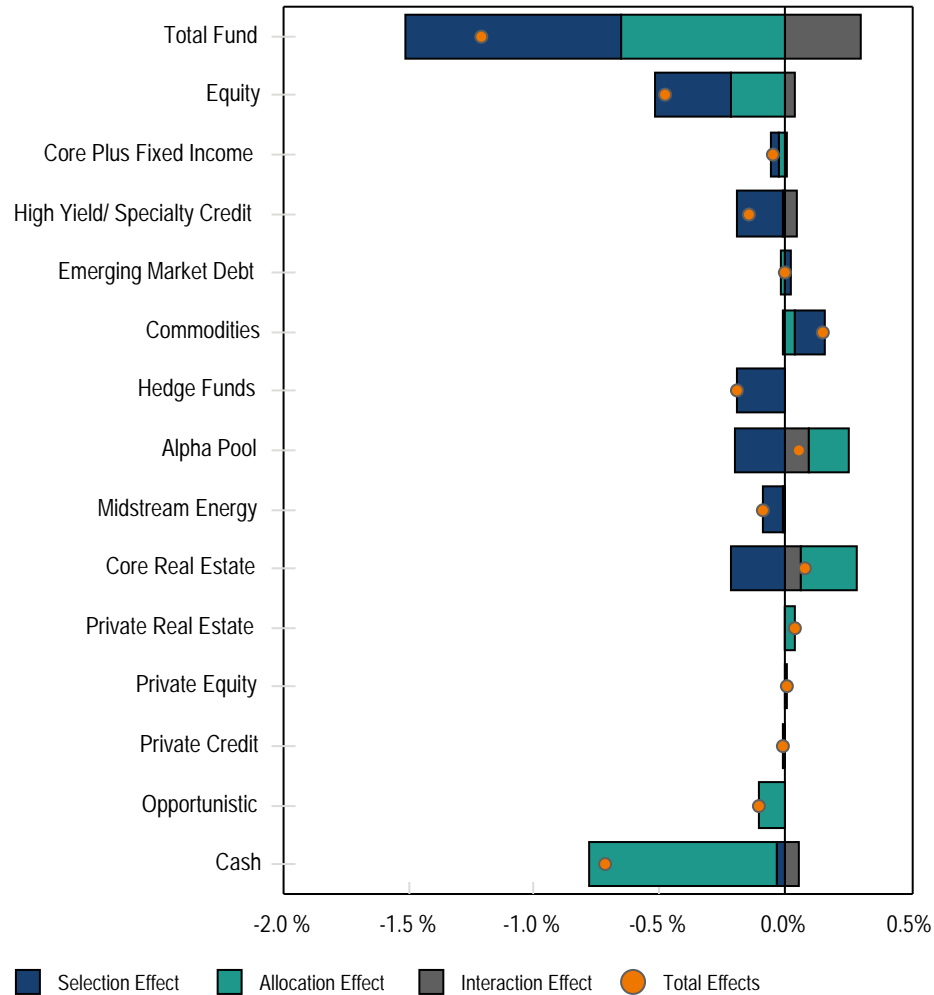
²(TVPI) is equal to (market value + capital returned) / capital called

³Net IRR is calculated on the cash flows of all the limited partners of the fund and is net of all fees. Each IRR is provided by the Fund manager and is reflective of the Fund IRR, rather than KCERA's specific IRR.

Total Fund
Attribution Analysis - Asset Class Level (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

Attribution Effects
Last Three Months



Performance Attribution

	Last Three Months
Wtd. Actual Return	5.1
Wtd. Index Return	6.3
Excess Return	-1.2
Selection Effect	-0.9
Allocation Effect	-0.7
Interaction Effect	0.3

Attribution Summary
Last Three Months

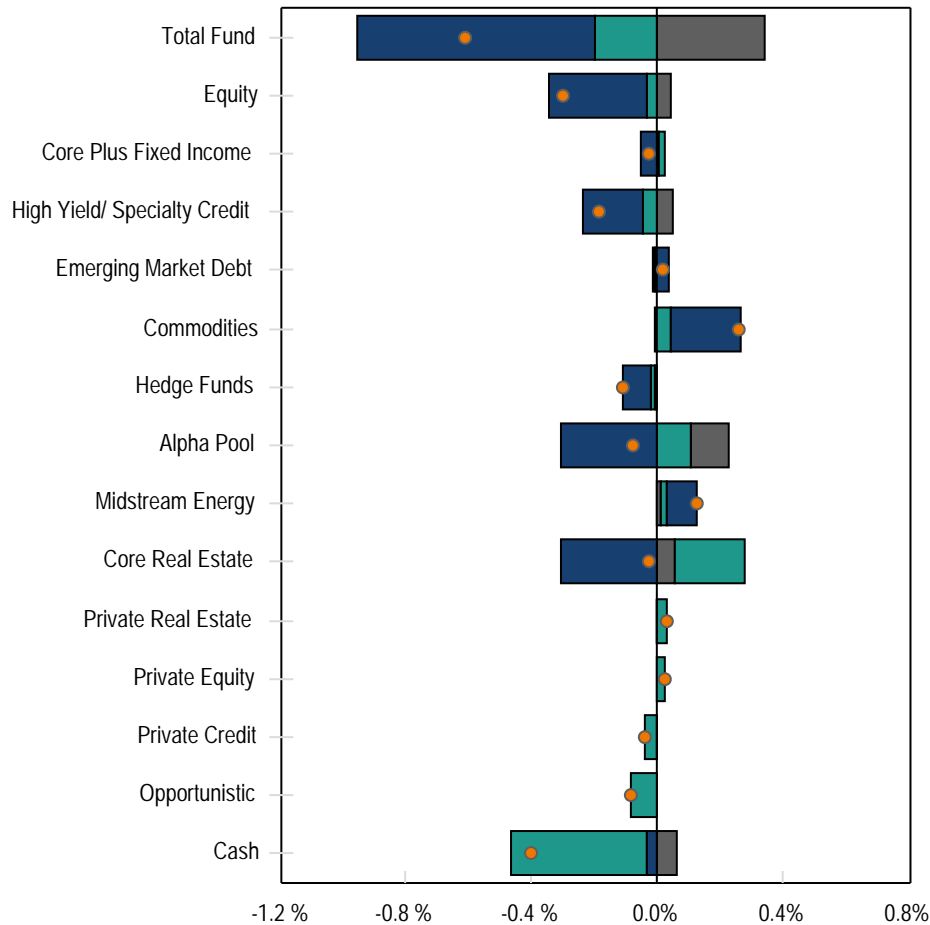
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Equity	10.2	11.1	-0.9	-0.2	-0.2	0.0	-0.5
Core Plus Fixed Income	6.6	6.8	-0.2	0.0	0.0	0.0	0.0
High Yield/ Specialty Credit	4.1	7.1	-3.0	-0.2	0.0	0.0	-0.1
Emerging Market Debt	9.2	8.6	0.5	0.0	0.0	0.0	0.0
Commodities	-1.7	-4.6	2.9	0.1	0.0	0.0	0.2
Hedge Funds	3.2	5.1	-2.0	-0.2	0.0	0.0	-0.2
Alpha Pool	0.0	2.4	-2.4	-0.2	0.2	0.1	0.1
Midstream Energy	4.8	6.5	-1.7	-0.1	0.0	0.0	-0.1
Core Real Estate	-7.7	-4.8	-2.9	-0.2	0.2	0.1	0.1
Private Real Estate	-0.7	-0.7	0.0	0.0	0.0	0.0	0.0
Private Equity	0.8	0.8	0.0	0.0	0.0	0.0	0.0
Private Credit	2.2	2.2	0.0	0.0	0.0	0.0	0.0
Opportunistic	1.9	1.8	0.2	0.0	-0.1	0.0	-0.1
Cash	1.8	1.4	0.4	0.0	-0.7	0.1	-0.7
Total Fund	5.1	6.3	-1.2	-0.9	-0.7	0.3	-1.2

Weighted returns shown in attribution analysis may differ from actual returns. Negative cash allocation unable to be shown in Attribution Summary table. Wtd. Index Returns calculated from benchmark returns and weightings of each component. Selection Effect includes Other Effect in the Performance Attribution table.

Total Fund
Attribution Analysis - Asset Class Level (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

Attribution Effects
Fiscal YTD



Performance Attribution

	Fiscal YTD
Wtd. Actual Return	4.2
Wtd. Index Return	4.8
Excess Return	-0.6
Selection Effect	-0.8
Allocation Effect	-0.2
Interaction Effect	0.3

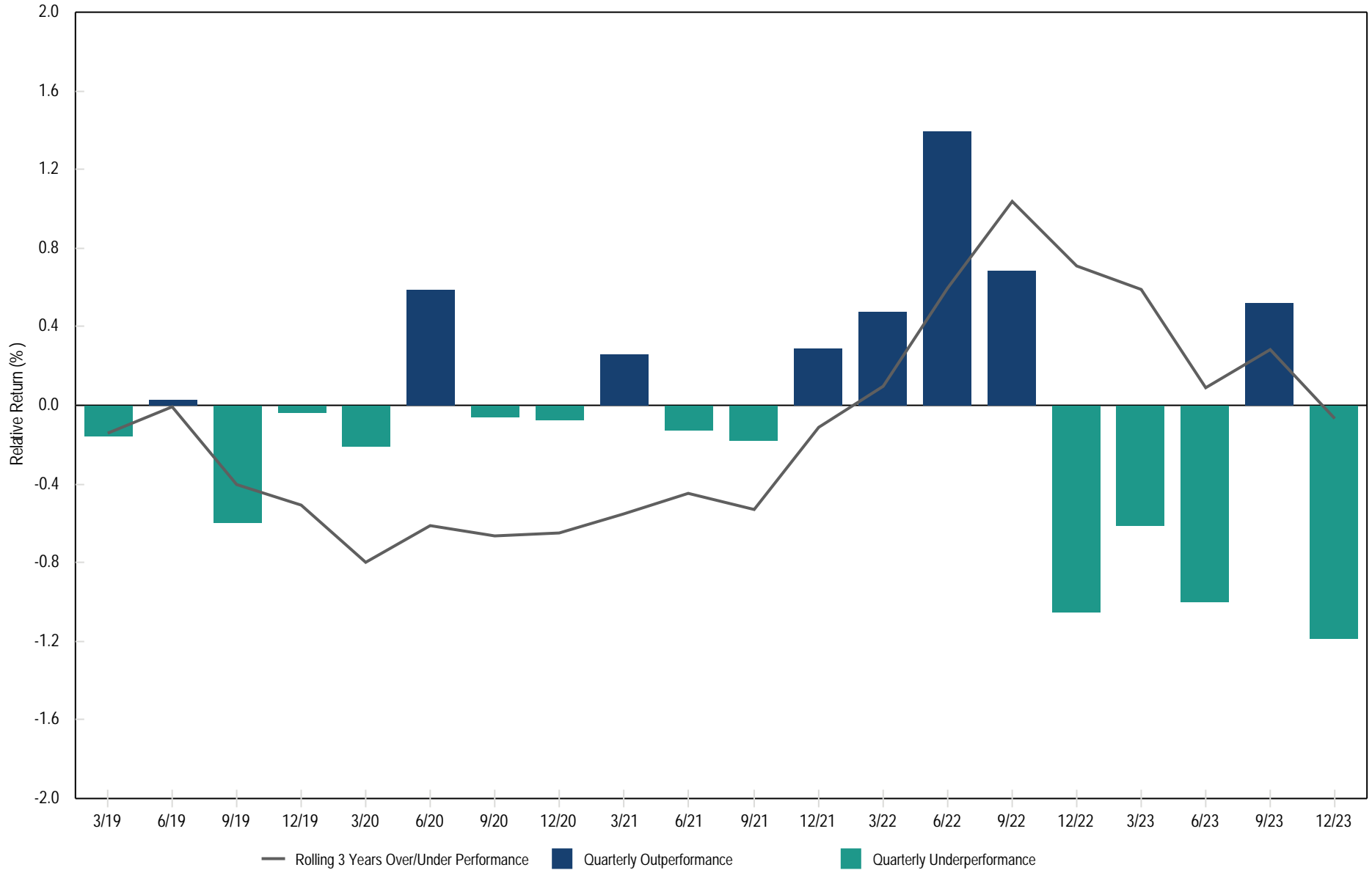
Attribution Summary
Fiscal YTD

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Equity	6.5	7.4	-0.9	-0.3	0.0	0.0	-0.3
Core Plus Fixed Income	3.1	3.4	-0.3	0.0	0.0	0.0	0.0
High Yield/ Specialty Credit	4.4	7.6	-3.3	-0.2	0.0	0.1	-0.2
Emerging Market Debt	6.5	5.6	0.9	0.0	0.0	0.0	0.0
Commodities	5.5	-0.1	5.7	0.2	0.0	0.0	0.3
Hedge Funds	5.1	6.1	-1.0	-0.1	0.0	0.0	-0.1
Alpha Pool	0.2	4.7	-4.6	-0.3	0.1	0.1	-0.1
Midstream Energy	11.1	9.1	2.0	0.1	0.0	0.0	0.1
Core Real Estate	-11.1	-6.6	-4.5	-0.3	0.2	0.1	0.0
Private Real Estate	-4.5	-4.5	0.0	0.0	0.0	0.0	0.0
Private Equity	4.0	4.0	0.0	0.0	0.0	0.0	0.0
Private Credit	5.7	5.7	0.0	0.0	0.0	0.0	0.0
Opportunistic	1.0	3.6	-2.6	0.0	-0.1	0.0	-0.1
Cash	3.1	2.7	0.4	0.0	-0.4	0.1	-0.4
Total Fund	4.2	4.8	-0.6	-0.8	-0.2	0.3	-0.6

■ Selection Effect ■ Allocation Effect ■ Interaction Effect ● Total Effects

Weighted returns shown in attribution analysis may differ from actual returns. Negative cash allocation unable to be shown in Attribution Summary table. Wtd. Index Returns calculated from benchmark returns and weightings of each component. Selection Effect includes Other Effect in the Performance Attribution table.

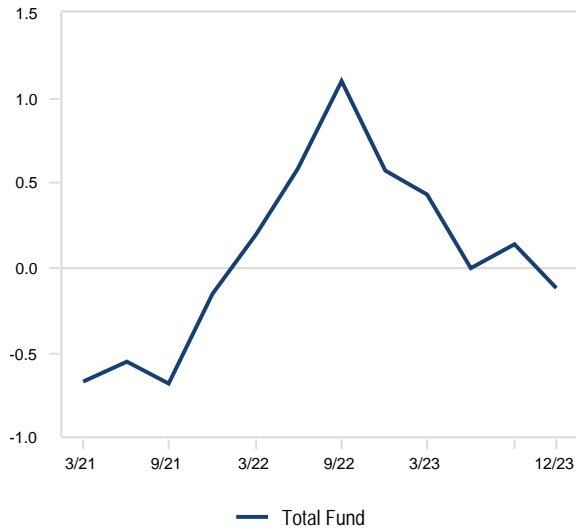
Rolling 3 Year Annualized Excess Performance



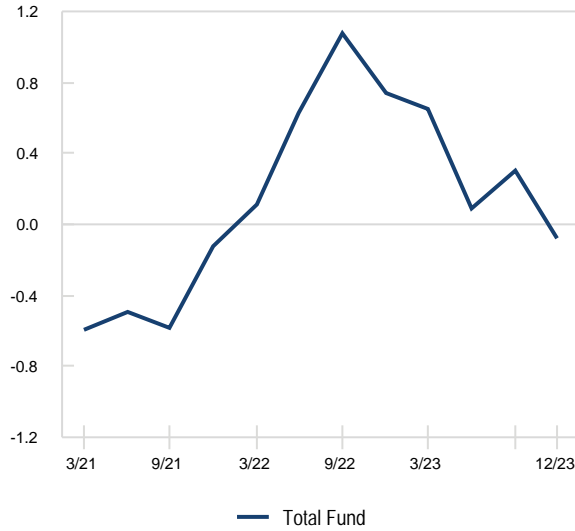
Total Fund
Rolling Risk Statistics: 3 Years (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

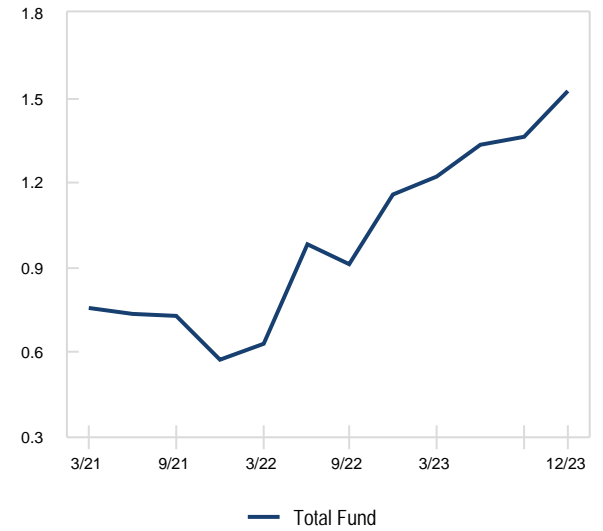
Rolling Information Ratio



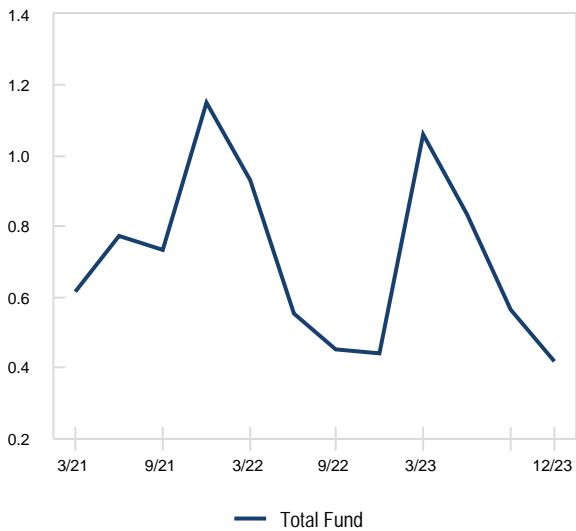
Rolling Annual Excess Benchmark Return



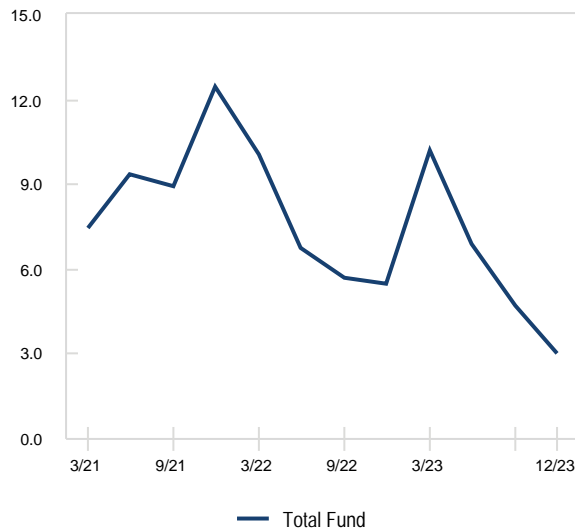
Rolling Tracking Error



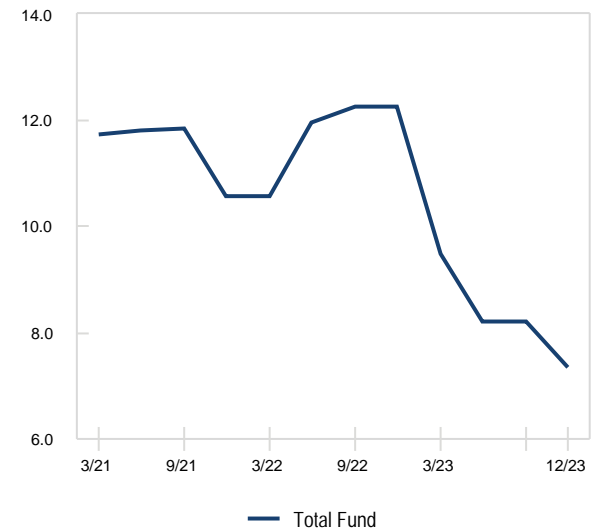
Rolling Sharpe Ratio



Rolling Annual Excess Risk Free Return



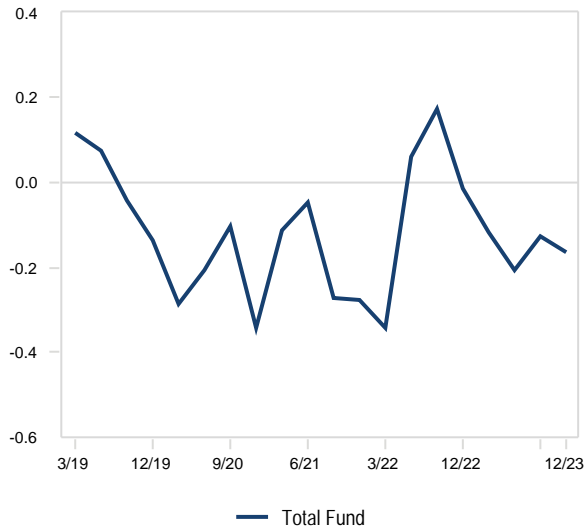
Rolling Annualized Standard Deviation



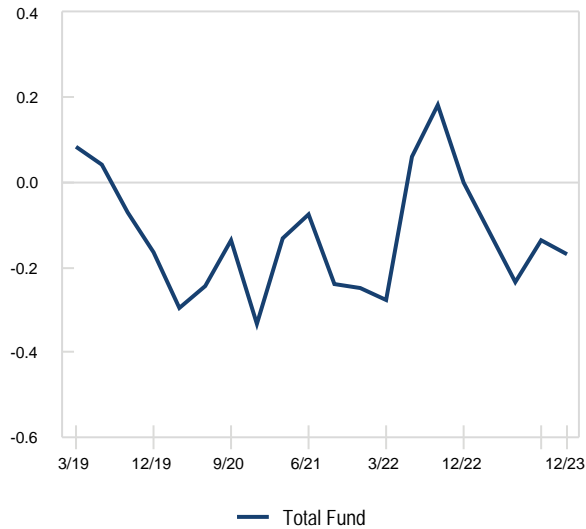
Total Fund
Rolling Risk Statistics: 5 Years (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

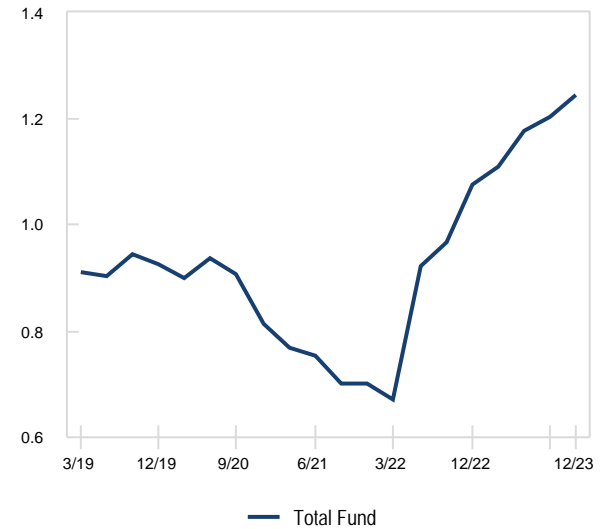
Rolling Information Ratio



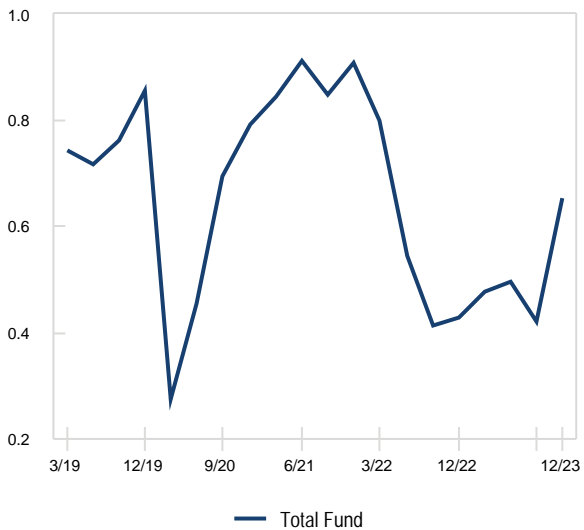
Rolling Annual Excess Benchmark Return



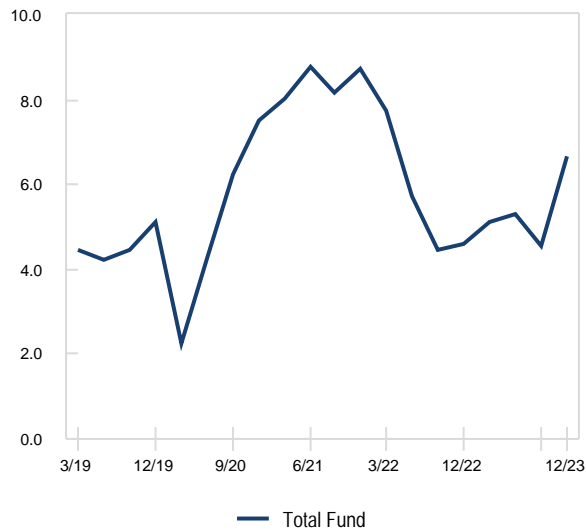
Rolling Tracking Error



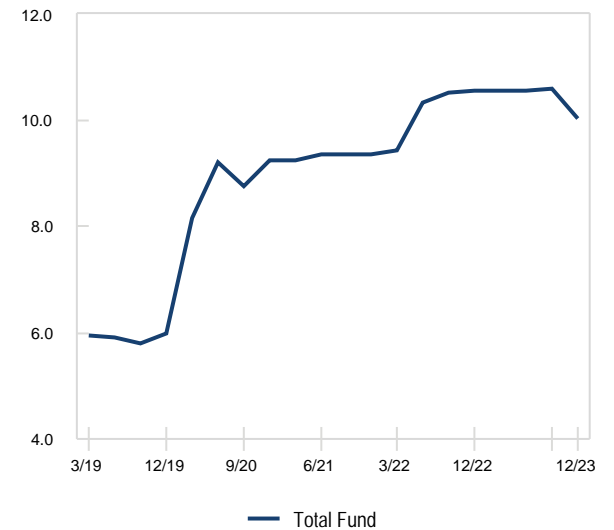
Rolling Sharpe Ratio



Rolling Annual Excess Risk Free Return



Rolling Annualized Standard Deviation



Cash Flows

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

	Estimated Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Estimated Ending Market Value
Equity	1,676,406,460	734,288	-25,508,168		-16,231,817	169,267,937	1,804,668,699
Equity Beta Exposure	85,644,900	734,288	-25,503,057		-31,500	7,117,369	67,962,000
Mellon DB SL Stock Index Fund	518,380,614					60,620,355	579,000,969
PIMCO StocksPLUS	112,716,197					13,649,812	126,366,009
AB US Small Cap Value Equity	82,918,002					10,748,253	93,666,254
Geneva Capital Small Cap Growth	49,659,027					5,366,806	55,025,832
Mellon DB SL World ex-US Index Fund	505,255,789				-125,000,000	35,042,715	415,298,504
Cevian Capital II	39,290,266					4,738,954	44,029,220
Lazard Japanese Equity					100,000,000	9,154,063	109,154,063
American Century Non-US Small Cap	65,976,206				-10,000,000	4,384,615	60,360,821
DFA Emerging Markets Value I	81,688,665					5,860,291	87,548,956
AB Emerging Markets Strategic Core Equity Collective Trust	53,102,935		-5,111		-53,200,317	102,494	
Mellon Emerging Markets Stock Index Fund	81,772,975				22,000,000	7,211,844	110,984,819
Dalton Japan Long Only					50,000,000	5,270,144	55,270,144
Transition Equity	886					222	1,108
Fixed Income	1,303,214,455	8,165,353	-79,718,503		-34,920,674	79,660,745	1,276,401,377
Fixed Income Beta Exposure	406,910,741	8,165,353	-79,718,503		-5,065,000	21,363,054	351,655,645
Mellon DB SL Aggregate Bond Index Fund	155,840,026					10,644,217	166,484,242
PIMCO Core Plus	159,560,189					11,401,186	170,961,375
Western Asset Core Plus	117,145,176					9,776,638	126,921,814
Western Asset High Yield Fixed Income	163,885,990				-2,492,866	9,376,889	170,770,013
TCW Securitized Opportunities	92,257,964				-1,975,653	850,231	91,132,542
Stone Harbor Emerging Markets Debt Blend Portfolio	63,485,582				-25,338,706	3,178,822	41,325,698
PIMCO EMD	143,838,920					13,052,770	156,891,690
Transition Fixed Income	289,867				-48,449	16,939	258,357
Commodities	225,499,850			-14,803	-15,000,000	-3,031,265	207,453,782
Gresham MTAP Commodity Builder Fund	50,660,377			-14,803	-15,000,000	-1,375,224	34,270,350
Wellington Commodities	174,839,473					-1,656,041	173,183,432
Hedge Funds	551,764,758				-10,241,489	16,255,213	557,778,481
Aristeia International Limited	72,368,832					971,704	73,340,536
Brevan Howard Fund	55,576,582					1,226,411	56,802,993
D.E. Shaw Composite Fund	63,964,747				-5,241,489	618,241	59,341,499
HBK Fund II	46,665,480					1,341,506	48,006,986

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

	Estimated Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Estimated Ending Market Value
Hudson Bay Cap Structure Arbitrage Enhanced Fund	82,491,514				-5,000,000	1,019,593	78,511,107
Indus Pacific Opportunities Fund	45,773,642					-104,291	45,669,351
Pharo Macro Fund	61,980,585					6,590,042	68,570,627
PIMCO Commodity Alpha Fund	73,834,671					4,294,465	78,129,135
Enhanced Domestic Partners to Sculptor Master Fund	49,108,706					297,542	49,406,248
Alpha Pool	226,372,547				-4,903,500	21,194	221,490,241
Hudson Bay	63,718,148				1,445,371	-657,816	64,505,703
Davidson Kempner Institutional Partners	56,240,127				1,276,355	8,805	57,525,287
HBK Fund II	44,877,280				-9,045,941	336,040	36,167,379
Garda Fixed Income Relative Value Opportunity Fund	61,536,992				1,420,715	334,165	63,291,872
Midstream Energy	302,860,943				-14,246,894	14,166,841	302,780,890
Harvest Midstream	151,675,622				-12,257,245	5,947,050	145,365,427
PIMCO Midstream	151,185,321				-1,989,648	8,219,790	157,415,463
Core Real Estate	291,668,466		-295,005		-2,216,499	-22,000,742	267,156,219
ASB Allegiance Real Estate Fund	157,896,152				-1,074,210	-12,203,091	144,618,851
JPMCB Strategic Property Fund	133,772,313		-295,005		-1,142,289	-9,797,651	122,537,368
Private Real Estate	136,887,189				25,036,669	-922,598	161,001,260
Invesco Real Estate Value-Add Fund IV	930,593					-280,974	649,619
Landmark Real Estate Partners VIII	28,103,277				2,201,095	1,181,878	31,486,250
Long Wharf Real Estate	34,107,846					211,177	34,319,023
Covenant Apartment Fund X	31,836,365				-101,343	-1,751,437	29,983,585
Singerman Real Estate Opportunity Fund IV	12,316,089				2,581,250	-122,847	14,774,492
LBA Logistics Value Fund IX, L.P.	13,104,308				3,076,923	-212,093	15,969,138
Covenant Apartment Fund XI, LP	14,543,938					444,042	14,987,980
KSL Capital Partners VI	1,944,774				4,046,053	-392,345	5,598,482
Merit Hill Self-Storage V, LP.					13,232,691		13,232,691
Private Equity	212,605,730				11,406,516	1,121,756	225,134,003
Abbott VI	16,921,054				-489,130	-430,195	16,001,729
Pantheon Secondary III	548,661					-3,335	545,326
Pantheon III	45,445				-41,705	-3,740	
Pantheon V	375,348					-991	374,357

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

	Estimated Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Estimated Ending Market Value
Pantheon VI	330,050					-726	329,324
Pantheon VII	6,855,040				418,795	-115,222	7,158,613
Vista Foundation Fund IV	18,784,419					-18,435	18,765,984
Crown Global Secondaries V Master S.C.Sp	31,892,513				5,000,000	-844,962	36,047,551
Brighton Park Capital Fund I	36,863,716				97,127		36,960,843
Warren Equity Partners Fund III	30,248,893				3,310,744	460,659	34,020,296
Peak Rock Capital Fund III	13,544,451				218,728	570,586	14,333,765
Level Equity Growth Partners V	6,864,460				398,883	334,154	7,597,497
Level Equity Opportunities Fund 2021	5,898,520				259,034	249,877	6,407,431
Linden Capital Partners V LP	12,638,351					376,565	13,014,916
Rubicon Technology Partners IV L.P.	3,124,027				2,289,544	-278,087	5,135,484
OrbiMed Private Investments IX, LP	1,129,757					37,446	1,167,203
Brighton Park Capital Fund II, L.P	3,299,342					358,811	3,658,153
Linden Co-Investment V LP	4,159,884				-55,503	8,695	4,113,076
Warren Equity Partners Fund IV	11,784,379					478,859	12,263,238
WEP IV TS Co-Investment, L.P.	7,297,419					-58,202	7,239,217
Private Credit	256,723,966				41,396,429	5,741,938	303,862,333
DC Value Recovery Fund IV	18,893,391				-1,229,913	-316,956	17,346,522
Sixth Street TAO Partners (B)	41,877,567				-359,237	1,176,395	42,694,725
Brookfield Real Estate Finance Fund V	16,771,893				-1,478,134	11,706	15,305,465
Magnetar Constellation Fund V	26,896,537					-492,975	26,403,562
H.I.G. Bayside Loan Opportunity Fund V	45,153,751				-1,041,216	1,060,592	45,173,127
Blue Torch Credit Opportunities Fund II	16,189,364				-1,389,922	385,253	15,184,695
Fortress Credit Opportunites Fund V Expansion	16,911,033				5,000,000	327,656	22,238,689
Fortress Lending Fund II	28,165,127				-1,282,960	1,387,528	28,269,695
Blue Torch Credit Opportunities Fund III	5,094,132				19,800,000	348,456	25,242,588
Fortress Lending Fund III	24,367,938				2,348,752	1,061,165	27,777,855
OrbiMed Royalty & Credit Opportunities IV	5,262,466				-684,768	254,129	4,831,827
Cerberus Business Finance V	11,140,767				4,315,518	347,796	15,804,081
Silver Point Specialty Credit Fund III, L.P.					9,527,528	125,280	9,652,808
Ares Pathfinder II					2,450,370		2,450,370
Oak Hill Advisors Structured Products Fund III, L.P.					5,420,411	65,913	5,486,324

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

	Estimated Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Estimated Ending Market Value
Opportunistic	165,626,876		-1,021,997		-24,598,655	3,107,790	143,114,014
DB Investors Fund IV	21,437,761		-1,021,997		-19,417,936	-997,828	
Sixth Street TAO Partners (D)	93,502,490				-4,428,396	2,673,468	91,747,562
Aristeia Select Opportunities II	45,181,604					832,119	46,013,723
River Birch International - Opportunistic Investment	5,505,020				-752,322	600,031	5,352,729
Cash	374,783,988	3,903,081	-14,818,215	-37,711	44,519,914	7,354,258	415,705,315
Short Term Investment Funds	141,742,344	3,903,081	-14,818,215	-37,711	44,519,914	2,412,105	177,721,518
Parametric Cash Overlay	56,882,831	65,721,849	-39,473,149				83,131,531
Goldman Sachs Cash Account	11,608,728	42,209,427	-68,973,966				-15,155,811
Futures Offset	-492,555,641	108,330,764	-36,424,253			1,031,485	-419,617,645
Collateral Cash	13,760,000		-2,667,000				11,093,000
BlackRock Short Duration Fund	233,041,644					4,942,153	237,983,797

Total Fund
Cash Flow History

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

Portfolio Reconciliation

	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Beginning Market Value	5,314,111,145	5,352,263,309	5,102,522,000	4,911,503,681	3,984,041,515	3,457,058,664
Contributions	799,783,285	1,123,452,481	2,151,565,462	9,142,978,939	13,436,357,701	19,404,152,815
Withdrawals	-839,618,780	-1,158,725,981	-2,206,236,581	-9,291,198,986	-13,808,095,758	-20,058,116,250
Fees	-52,514	-226,111	-317,584	-26,426,980	-54,215,127	-127,020,344
Net Cash Flows	-39,835,495	-35,273,500	-54,671,119	-148,220,047	-371,738,057	-653,963,434
Net Investment Change	271,722,039	229,007,880	498,146,807	782,714,055	1,933,694,231	2,742,902,459
Ending Market Value	5,545,997,689	5,545,997,689	5,545,997,689	5,545,997,689	5,545,997,689	5,545,997,689
Net Change \$	231,886,544	193,734,380	443,475,688	634,494,008	1,561,956,174	2,088,939,025

Contribution and withdrawals include transfers in and out of accounts. Ending market value is net of fees. Market value and flows do not include the Short Term Cash Account balance.

Risk Metrics

Total Fund
Actual Correlation Matrix

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

Correlation Matrix
3 Years Ending December 31, 2023

	A	B	C	D	E	F	G	H	I	J	K	L
A	1.00											
B	0.98	1.00										
C	0.95	0.98	1.00									
D	0.96	0.97	0.91	1.00								
E	0.80	0.81	0.68	0.83	1.00							
F	0.83	0.84	0.77	0.84	0.79	1.00						
G	0.71	0.74	0.68	0.74	0.70	0.97	1.00					
H	0.88	0.87	0.84	0.86	0.70	0.88	0.78	1.00				
I	0.80	0.82	0.72	0.84	0.86	0.91	0.81	0.78	1.00			
J	0.54	0.42	0.36	0.46	0.42	0.19	0.06	0.34	0.28	1.00		
K	0.39	0.36	0.35	0.35	0.26	0.19	0.07	0.36	0.26	0.32	1.00	
L	-0.16	-0.23	-0.17	-0.27	-0.31	-0.40	-0.38	-0.30	-0.42	0.10	-0.14	1.00

- A = Total Fund
- B = Equity
- C = Domestic Equity
- D = International Developed Equity
- E = Emerging Markets Equity
- F = Fixed Income
- G = Core Fixed Income
- H = High Yield/ Specialty Credit
- I = Emerging Market Debt
- J = Commodities
- K = Hedge Funds
- L = Core Real Estate

	Low Interaction
	Moderate Interaction
	Moderate to High Interaction
	High Interaction

Total Fund
Risk Analysis - 3 Years (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

	Alpha	Beta	R-Squared	Return	Information Ratio	Excess Performance	Tracking Error	Sharpe Ratio	Excess Return	Standard Deviation	Sortino Ratio	Up Capture	Down Capture
Total Fund	0.6	0.9	1.0	5.0	-0.1	-0.1	1.7	0.4	3.1	8.1	0.6	88.7	84.9
Equity	0.4	1.0	1.0	5.8	0.3	0.4	1.1	0.3	4.9	16.1	0.4	100.1	98.6
Domestic Equity	0.1	1.0	1.0	8.9	0.1	0.1	1.1	0.5	7.9	17.5	0.7	99.8	99.1
International Developed Equity	0.4	1.0	1.0	4.1	0.2	0.3	1.3	0.2	3.2	16.3	0.3	99.3	98.0
Emerging Markets Equity	1.4	0.9	1.0	-2.1	0.6	1.6	2.5	-0.2	-3.1	15.9	-0.3	95.7	89.9
Fixed Income	-0.5	1.0	1.0	-2.5	-0.5	-0.4	0.8	-0.6	-4.4	7.2	-0.8	99.5	103.8
Core Fixed Income	-0.6	1.0	1.0	-3.9	-1.1	-0.6	0.5	-0.8	-5.8	7.1	-1.0	98.2	103.8
High Yield/ Specialty Credit	-0.1	0.7	0.9	1.4	-0.3	-0.6	2.7	-0.1	-0.5	6.3	-0.1	71.2	71.9
Emerging Market Debt	1.2	1.0	1.0	-2.3	1.2	1.1	0.9	-0.4	-3.8	10.7	-0.5	105.5	97.4
Commodities	2.5	0.9	0.9	12.0	0.2	1.2	4.9	0.7	10.3	14.3	1.1	87.1	72.6
Hedge Funds	5.2	0.2	0.1	6.5	0.0	0.1	4.0	1.8	4.2	2.3	3.9	51.3	-42.4
Alpha Pool	10.7	-1.3	0.1	2.0	-1.2	-4.2	3.3	0.0	-0.1	3.0	-0.1	33.4	-
Midstream Energy	3.7	0.8	1.0	24.5	-0.1	0.3	4.5	1.3	21.4	16.5	2.2	87.3	72.0
Core Real Estate	-3.0	0.7	0.8	0.5	-1.1	-4.4	4.2	-0.2	-1.4	7.6	-0.2	68.2	116.3
Private Real Estate	0.0	1.0	1.0	13.7	-	0.0	0.0	1.4	11.0	7.7	4.3	100.0	100.0
Private Equity	0.0	1.0	1.0	13.9	-0.6	0.0	0.0	1.3	11.3	8.8	4.4	100.0	100.3
Private Credit	0.0	1.0	1.0	5.1	-0.6	0.0	0.0	0.8	2.9	3.8	1.7	99.9	100.0
Opportunistic	-	-	-	11.0	0.3	3.7	14.5	0.6	9.3	14.5	1.8	163.0	-

Risk Return Statistics: Last Three Years

Period Ending: December 31, 2023

	Equity	MSCI AC World IMI (Net)	Core Plus Fixed Income	Bloomberg U.S. Aggregate Index	High Yield/ Specialty Credit	ICE BofA U.S. High Yield Index	Emerging Market Debt	3 Years 50 JPM EMBI Global Div/ 50 JPM GBI EM Global Div	Commodities	Bloomberg Commodity Index Total Return	Hedge Funds	75% 3 Month T-Bill +4% / 25% MSCI ACWI (net)	Core Real Estate	NCREIF ODCE-monthly
RETURN SUMMARY STATISTICS														
Up Market Periods	21	21	13	13	22	22	15	15	21	21	23	23	31	31
Down Market Periods	15	15	23	23	14	14	21	21	15	15	13	13	5	5
Maximum Return	8.39	9.24	4.23	4.53	4.80	6.02	7.56	7.35	7.67	8.78	2.14	2.89	5.39	7.97
Minimum Return	-9.42	-9.65	-4.27	-4.32	-5.04	-6.81	-5.99	-5.81	-8.90	-10.77	-0.75	-1.96	-6.33	-4.97
Return	5.84	5.46	-3.87	-3.31	1.41	2.00	-2.27	-3.33	12.00	10.76	6.51	6.42	0.48	4.92
Excess Return	4.85	4.54	-5.82	-5.25	-0.53	0.20	-3.85	-4.97	10.28	9.39	4.22	4.19	-1.36	3.12
Excess Performance	0.38	0.00	-0.56	0.00	-0.59	0.00	1.07	0.00	1.24	0.00	0.09	0.00	-4.44	0.00
RISK SUMMARY STATISTICS														
Beta	0.98	1.00	1.00	1.00	0.74	1.00	1.03	1.00	0.86	1.00	0.20	1.00	0.73	1.00
Upside Risk	12.23	12.34	4.83	4.96	4.71	6.11	7.41	7.07	11.86	12.53	2.86	4.04	5.20	8.26
Downside Risk	10.65	10.95	5.36	5.21	4.28	5.71	7.79	7.72	8.83	10.23	0.81	2.08	5.59	4.79
RISK/RETURN SUMMARY STATISTICS														
Standard Deviation	16.09	16.38	7.14	7.14	6.35	8.33	10.74	10.44	14.34	15.83	2.34	4.16	7.63	9.43
Alpha	0.45	0.00	-0.59	0.00	-0.12	0.00	1.21	0.00	2.51	0.00	5.24	0.00	-3.02	0.00
Sharpe Ratio	0.30	0.28	-0.83	-0.75	-0.08	0.02	-0.37	-0.49	0.71	0.59	1.80	1.03	-0.17	0.32
Excess Risk	16.04	16.31	7.01	7.01	6.25	8.21	10.52	10.21	14.50	16.05	2.35	4.05	8.10	9.79
Tracking Error	1.14	0.00	0.55	0.00	2.69	0.00	0.91	0.00	4.94	0.00	4.00	0.00	4.16	0.00
Information Ratio	0.27	-	-1.05	-	-0.27	-	1.24	-	0.18	-	0.01	-	-1.08	-
CORRELATION STATISTICS														
R-Squared	1.00	1.00	0.99	1.00	0.94	1.00	0.99	1.00	0.90	1.00	0.12	1.00	0.81	1.00
Actual Correlation	1.00	1.00	1.00	1.00	0.97	1.00	1.00	1.00	0.95	1.00	0.35	1.00	0.90	1.00

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

Risk Return Statistics: Last Two Years

	Midstream Energy	Alerian Midstream Energy Index	2 Yrs Opportunistic	Assumed Rate of Return +3%
RETURN SUMMARY STATISTICS				
Up Market Periods	12	12	24	24
Down Market Periods	12	12	0	0
Maximum Return	11.14	11.05	5.16	0.58
Minimum Return	-11.84	-12.21	-4.04	0.58
Return	19.84	17.72	-4.87	7.25
Excess Return	16.74	15.43	-7.88	3.84
Excess Performance	2.13	0.00	-12.12	0.00
RISK SUMMARY STATISTICS				
Beta	0.86	1.00	-	-
Upside Risk	15.71	17.25	1.42	2.03
Downside Risk	10.95	12.87	5.69	0.00
RISK/RETURN SUMMARY STATISTICS				
Standard Deviation	18.26	20.84	7.39	0.00
Alpha	3.99	0.00	-	-
Sharpe Ratio	0.91	0.74	-1.09	6.41
Excess Risk	18.37	20.96	7.24	0.60
Tracking Error	4.60	0.00	7.39	0.00
Information Ratio	0.28	-	-1.59	-
CORRELATION STATISTICS				
R-Squared	0.96	1.00	-	-
Actual Correlation	0.98	1.00	-	-

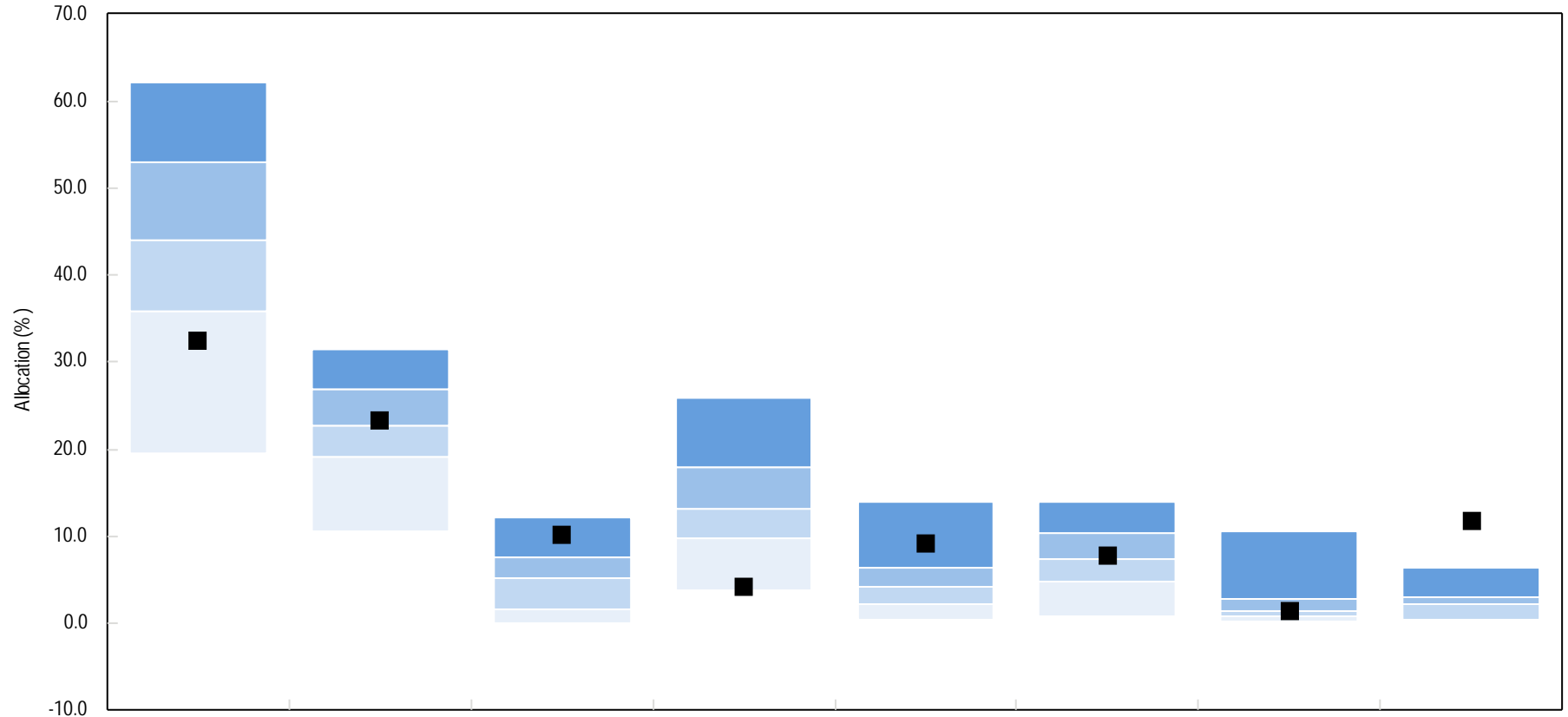
Data for unavailable for positions held for less than two years.

Peer Comparison

Total Fund
Peer Universe Comparison: Asset Allocation

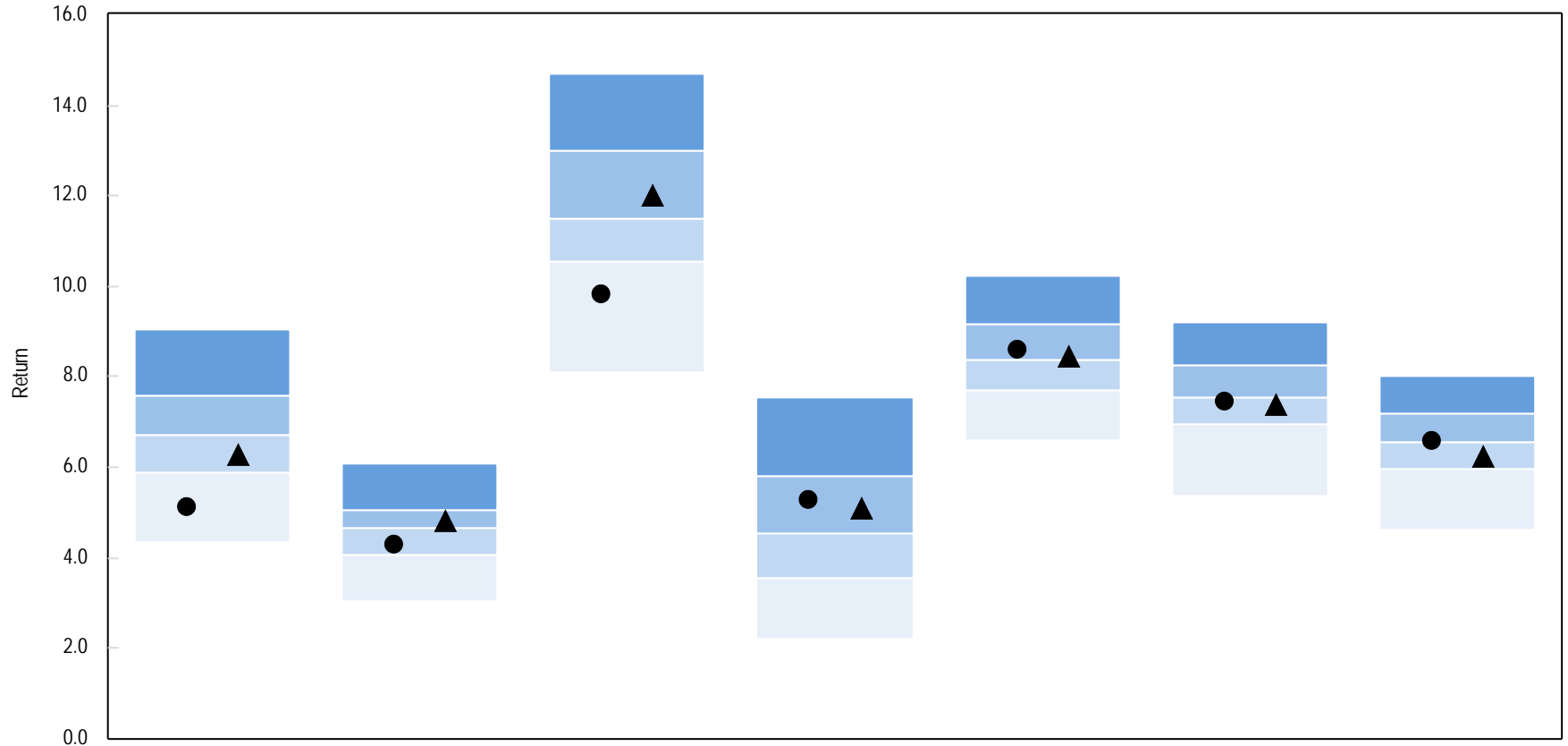
Kern County Employees' Retirement Association
Period Ending: December 31, 2023

Total Plan Allocation vs. InvMetrics Public DB > \$1B
As of December 31, 2023



	Total Equity	Total Fixed Income	Hedge Funds	Private Equity	Real Assets/Commod	Real Estate - Private	Cash & Equivalents	Other
■ Total Fund	32.5 (84)	23.3 (45)	10.1 (13)	4.2 (95)	9.2 (13)	7.7 (47)	1.4 (53)	11.7 (1)
5th Percentile	62.1	31.5	12.2	25.9	13.9	14.0	10.6	6.3
1st Quartile	53.1	26.9	7.6	17.9	6.4	10.3	2.8	3.0
Median	44.0	22.7	5.2	13.2	4.2	7.4	1.4	2.2
3rd Quartile	35.9	19.1	1.5	9.8	2.1	4.8	0.7	0.3
95th Percentile	19.6	10.5	0.0	3.9	0.4	0.8	0.2	0.2
Population	94	95	43	71	52	64	79	14

Total Fund vs. InvMetrics Public DB > \$1B

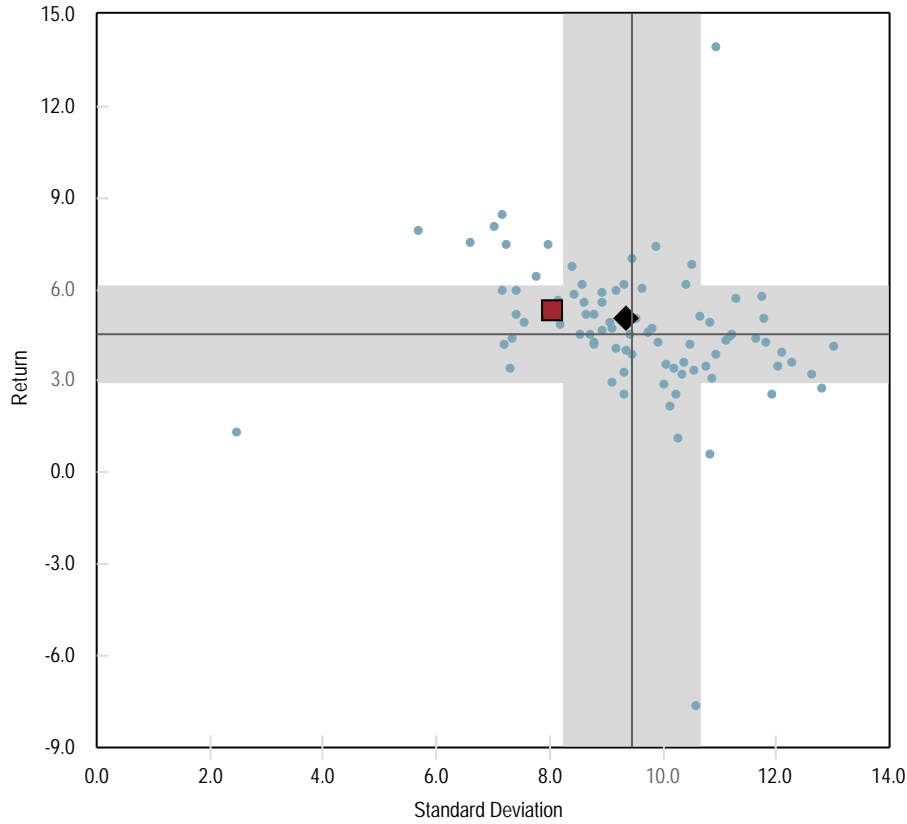


	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years
● Total Fund	5.1 (88)	4.3 (67)	9.8 (85)	5.3 (32)	8.6 (42)	7.5 (52)	6.6 (49)
▲ Policy Index	6.3 (63)	4.8 (44)	12.0 (44)	5.1 (37)	8.5 (46)	7.4 (54)	6.3 (61)
5th Percentile	9.1	6.1	14.7	7.5	10.2	9.2	8.0
1st Quartile	7.6	5.1	13.0	5.8	9.1	8.3	7.2
Median	6.7	4.7	11.5	4.5	8.4	7.5	6.5
3rd Quartile	5.9	4.1	10.5	3.6	7.7	6.9	6.0
95th Percentile	4.4	3.0	8.1	2.2	6.6	5.4	4.6
Population	105	102	96	83	80	80	75

Total Fund
Risk Analysis - 3 & 5 Year (Gross of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

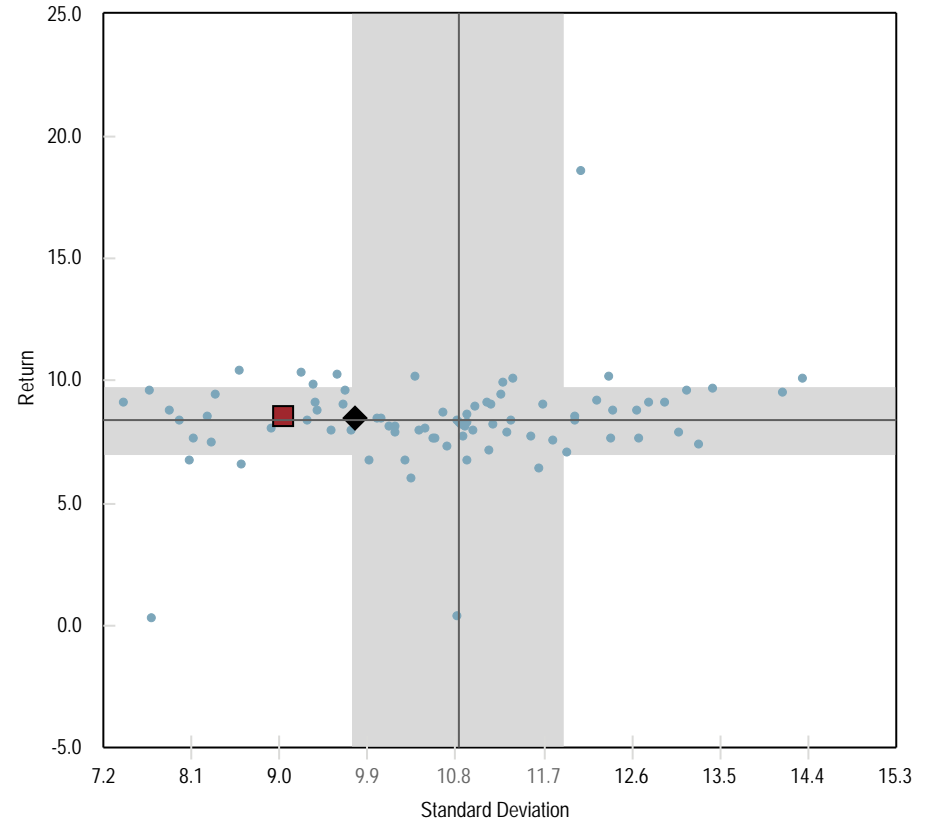
Annualized Return vs. Annualized Standard Deviation
3 Years Ending December 31, 2023



● InvMetrics Public DB > \$1B

	Return	Standard Deviation
■ Total Fund	5.30	8.05
◆ Policy Index	5.08	9.35
— Median	4.53	9.45
Population	83	83

Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2023



● InvMetrics Public DB > \$1B

	Return	Standard Deviation
■ Total Fund	8.60	9.05
◆ Policy Index	8.46	9.77
— Median	8.39	10.83
Population	80	80

Other

Total Fund
Quarterly Historical Returns (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: December 31, 2023

	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Total Fund	5.1	-0.8	1.9	3.2	4.5	-3.1	-7.5	-0.8	3.6	0.5	5.5	3.5
<i>Policy Index</i>	6.3	-1.4	2.9	3.8	5.5	-3.8	-8.9	-1.3	3.3	0.7	5.7	3.3

	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Total Fund	8.8	4.4	10.7	-11.3	4.6	0.2	3.1	6.8	-6.4	2.3	0.3	-0.1
<i>Policy Index</i>	8.8	4.5	10.1	-11.1	4.6	0.8	3.0	7.0	-5.5	2.2	0.7	-0.1

	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1
Total Fund	3.0	3.2	2.7	4.2	0.8	3.5	1.9	1.1	2.2	-5.4	0.7	2.4
<i>Policy Index</i>	3.2	3.1	2.8	3.5	0.5	2.9	2.2	1.8	1.4	-4.9	0.4	2.0

Total Fund Data Sources and Methodology

Kern County Employees' Retirement Association Period Ending: December 31, 2023

Performance Return Calculations

Performance is calculated using a Time Weighted Rates of Return (TWRR) methodology. Monthly returns are linked geometrically and annualized for periods longer than one year.

Data Source

Verus is an independent third party consulting firm and calculates returns from best source book of record data. Returns calculated by Verus may deviate from those shown by the manager in part, but not limited to, differences in prices and market values reported by the custodian and manager, as well as significant cash flows into or out of an account. It is the responsibility of the manager and custodian to provide insight into the pricing methodologies and any difference in valuation.

Illiquid Alternatives

Due to the inability to receive final valuation prior to report production, closed end funds (including but are not limited to Real Estate, Hedge Funds, Private Equity, and Private Credit) performance is typically reported at a one-quarter lag. Valuation is reported at a one-quarter lag, adjusted for current quarter flow (cash flows are captured real time). Closed end fund performance is calculated using a time-weighted return methodology consistent with all portfolio and total fund performance calculations. For Private Markets, performance reports also include Verus-calculated multiples based on flows and valuations (e.g. DPI and TVPI) and manager-provided IRRs.

Manager Line Up

<u>Investment Fund or Strategy</u>	<u>Fund Incepted</u>	<u>Data Source</u>	<u>Investment Fund or Strategy</u>	<u>Fund Incepted</u>	<u>Data Source</u>
AB US Small Cap Value Equity	7/7/2015	Northern Trust	Linden Co-Investment V LP	6/30/2022	Linden
Abbott Capital PE VI	3/31/2008	Abbott Capital	Long Wharf Real Estate	6/27/2019	Long Wharf
American Century Non-US Small Cap	12/15/2020	American Century	Magnetar Constellation	11/14/2018	Magnetar
Ares Pathfinder	10/1/2023	Ares	Mellon Aggregate Bond Index Fund	1/14/2011	Mellon
Aristeia International Limited	5/1/2014	Northern Trust	Mellon EB DV Stock Index	10/18/2017	Mellon
ASB Real Estate	9/30/2013	ASB	Mellon EB DV World ex-US Index	8/1/2018	Mellon
Barclays Capital Aggregate Rebalancing Overlay	6/15/2022	Parametric	Merit Hill Self Storage	11/3/2023	Merit
BlackRock Short Duration Fund	9/8/2021	BlackRock	Myriad Opportunities Offshore	5/19/2016	Northern Trust
Blue Torch Credit Opportunities	7/24/2020	Blue Torch	Oak Hill Advisors	12/22/2023	Oak Hill
Brevan Howard	11/1/2013	Northern Trust	OrbiMed Royalty & Credit Opportunities	9/12/2022	OrbiMed
Brighton Private Equity	3/28/2021	Brighton	Pantheon Global III	6/30/2000	Pantheon
Brighton Park Capital Fund II, L.P.	9/30/2022	Brighton	Pantheon USA V	6/30/2005	Pantheon
Brookfield Real Estate Finance Fund V	12/18/2017	Northern Trust	Pantheon USA VI	3/31/2005	Pantheon
Cerberus Business Finance V	8/25/2023	Cerberus	Pantheon USA VII	3/31/2005	Pantheon
Cevian Capital II	12/30/2014	Northern Trust	Parametric Overlay/ Cap Efficiency Program	7/31/2020	Parametric
Covenant Apartment Fund X	10/29/2020	Covenant	Peak Rock Capital Fund III	7/13/2021	Peak Rock
Dalton Japan Long Only	10/31/2023	Dalton	PIMCO Core Plus	1/21/2011	Northern Trust
DC Value Recovery fund IV	12/28/2015	Colony	PIMCO Commodity Alpha	5/4/2016	PIMCO
D.E. Shaw	6/30/2013	Northern Trust	PIMCO EMD	2/29/2020	Northern Trust
DFA Emerging Markets Value I	3/7/2014	Northern Trust	PIMCO Midstream	10/9/2020	PIMCO
Fortress Credit Opportunities	12/17/2020	Fortress	PIMCO StocksPLUS	7/14/2003	PIMCO
Fortress Lending Fund II	3/15/2021	Fortress	Fidelity Non-US Small Cap Equity	6/10/2008	Northern Trust
Garda Fixed Income Relative Value Opp	9/30/2021	Garda	River Birch	8/3/2015	Northern Trust
Geneva Capital Small Cap Growth	7/22/2015	Geneva	Rubicon Technology Partners IV LP	11/30/2022	Rubicon
Gresham MTAP Commodity	9/3/2013	Gresham	Silver Point Specialty Credit Fund III, L.P.	10/4/2023	Singerman
Harvest Midstream	9/28/2020	Harvest Midstream	Singerman Real Estate Opportunity Fund IV	10/27/2021	Sculptor
HBK Fund II	11/1/2013	Northern Trust	Sculptor Enhanced Domestic Partners	3/26/2019	Northern Trust
Henderson Smallcap Growth	7/22/2015	Northern Trust	Short Term Cash Account	12/31/2000	Northern Trust
H.I.G Bayside Loan Opportunities Fund V	7/24/2019	H.I.G. Capital	Short Term Investment Funds	6/30/2000	Stone Harbor
Hudson Bay	6/7/2019	Northern Trust	Stone Harbor Emerging Markets Debt	8/8/2012	TPG Sixth Street
Indus Pacific Opportunities	6/30/2014	Northern Trust	TAO Contingent	4/16/2020	TCW
Invesco Real Estate III	6/30/2013	Invesco	TCW Securitized Opportunities	2/3/2016	Northern Trust
Invesco Real Estate IV	12/18/2015	Invesco	Transition Equity	9/30/2010	Northern Trust
J.P. Morgan Strategic Property	7/2/2014	J.P. Morgan	Transition Fixed Income	9/30/2010	TPG Sixth Street
KSL Capital Partners VI	4/26/2023	KSL Capital	TSSP Adjacent Opportunities Partners	11/17/2017	Vista Equity
Landmark Real Estate Partners VIII	4/29/2018	Landmark	Vista Equity Partners	7/24/2020	Warren
Lazard Japanese Equity	11/1/2023	Lazard	Warren Equity III	4/1/2021	Warren
LBA Logistics Value Fund IX, L.P.	2/22/2022	LBA	Warren Equity IV	1/1/2023	Wellington
Level Equity Growth Partners V	11/1/2021	Level Equity	Wellington Alternative Investments	2/9/2023	Wellington
Level Equity Opportunities Fund 2021	11/1/2021	Level Equity	WEP IV TS Co-Investment, L.P.	8/14/2023	Northern Trust
LGT Crown	2/1/2021	LGT	Western Asset Core Plus	5/31/2004	Northern Trust
Linden Capital Partners V LP	7/19/2022	Linden	Western Asset High Yield Fixed income	5/31/2005	

Policy & Custom Index Composition	
Policy Index: 10/31/2023 - Present	34% MSCI ACWI IMI (Net), 18% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets Global Diversified, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +3%, 2.5% MSCI ACWI (Net), 8% 90 Day T-Bill + 3%, 7% NCREIF-ODCE Gross Monthly, 4% actual time-weighted Private Equity Returns*, 5% actual time-weighted Private Credit Returns*, 3% actual time-weighted Private Real Estate Returns*, 5% Alerian Midstream, 0% Assumed Rate of Return +3%, -8% 90 Day T-bill.
Policy Index: 4/1/2022-9/30/23	37% MSCI ACWI IMI (Net), 14% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets Global Diversified, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +4%, 2.5% MSCI ACWI (Net), 8% 91 Day T-Bill + 4%, 5% NCREIF-ODCE Gross Monthly, 5% actual time-weighted Private Equity Returns*, 5% actual time-weighted Private Credit Returns*, 5% actual time-weighted Private Real Estate Returns*, 5% Alerian Midstream, 0% Assumed Rate of Return +3%, -8% 3-Month T-bill.
Policy Index: 7/1/2021-4/1/2022	37% MSCI ACWI IMI, 14% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 1% Bloomberg US Aggregate*, 4% Bloomberg US Aggregate, 5% Alerian Midstream, 5% 3-Month T-bill +400bps, 91 Day T-Bills, -5% 3-Month T-bill.
Policy Index: 1/1/2021-6/30/2021	37% MSCI ACWI IMI, 14% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 1% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 4% MSCI ACWI*, 1% Bloomberg US Aggregate*, 4% Bloomberg US Aggregate, 5% Alerian Midstream, 5% 3-Month T-bill +400bps, 91 Day T-Bills, -5% 3-Month T-bill.
Policy Index: 7/1/2020-12/31/2020	37% MSCI ACWI IMI, 14% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 1% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 4% MSCI ACWI*, 5% Bloomberg US Aggregate, 1% Alerian Midstream, 4% Bloomberg US Aggregate
Policy Index: 4/1/2020-6/30/2020	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 1% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 5% Bloomberg US Aggregate*
Policy Index: 1/1/2020-3/31/2020	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 5% Bloomberg US Aggregate*
Policy Index: 10/1/2019-12/31/2019	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 3% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 6% Bloomberg US Aggregate*
Policy Index: 7/1/2019-9/30/2019	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 4% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 5% Bloomberg US Aggregate*
Policy Index: 4/1/2019-6/30/2019	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 3% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 6% Bloomberg US Aggregate*
Policy Index: 1/1/2019-3/31/2019	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 3% actual time-weighted Private Credit Returns*, 2% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 5% Bloomberg US Aggregate*
Policy Index: 10/1/2018-12/31/2018	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 2% actual time-weighted Private Equity Returns*, 2% actual time-weighted Private Credit Returns*, 2% actual time-weighted Private Real Estate Returns*, 3% MSCI ACWI*, 6% Bloomberg US Aggregate*
Policy Index: 7/1/2018-9/30/2018	37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofA ML High Yield Master II Index, 2% JPM Emerging Markets Bond Index Global Diversified, 2% JPM Government Bond Index-Emerging Markets, 4% Bloomberg Commodity Index, 7.5% 3-Month T-bill +400bps, 2.5% MSCI ACWI, 5% NCREIF-ODCE, 3% actual time-weighted Private Equity Returns*, 2% actual time-weighted Private Credit Returns*, 1% actual time-weighted Private Real Estate Returns*, 2% MSCI ACWI*, 7% Bloomberg US Aggregate*
Policy Index: 1/1/2017- 6/30/2018	19% Russell 3000 Index, 18% MSCI ACWI ex US, 29% Bloomberg US Aggregate, 10% NCREIF-ODCE, 4% Bloomberg Commodity Index, 7.5% 91-day T-bills + 400bps, 2.5% MSCI ACWI, 5% Russell 3000 Index + 300 bps, 5% ICE BofA ML High Yield + 200 bps.
Policy Index: 4/1/2014-12/31/2016	23% Russell 3000 Index, 29% Bloomberg US Aggregate, 22% MSCI ACWI ex US.

Other Disclosures

*Private Asset actual weights, rounded to 1%, and actual time-weighted returns of Private Equity, Private Credit, Private Real Estate used in policy with the difference in weight versus target allocated to private markets public market "equivalent", Private Equity to Global Equity, Private Credit and Private Real Estate to Core Plus.
All data prior to 2Q 2011 has been provided by the investment managers.

Glossary

Allocation Effect: An attribution effect that describes the amount attributable to the managers' asset allocation decisions, relative to the benchmark.

Alpha: The excess return of a portfolio after adjusting for market risk. This excess return is attributable to the selection skill of the portfolio manager. Alpha is calculated as: Portfolio Return - [Risk-free Rate + Portfolio Beta x (Market Return - Risk-free Rate)].

Benchmark R-squared: Measures how well the Benchmark return series fits the manager's return series. The higher the Benchmark R-squared, the more appropriate the benchmark is for the manager.

Beta: A measure of systematic, or market risk; the part of risk in a portfolio or security that is attributable to general market movements. Beta is calculated by dividing the covariance of a security by the variance of the market.

Book-to-Market: The ratio of book value per share to market price per share. Growth managers typically have low book-to-market ratios while value managers typically have high book-to-market ratios.

Capture Ratio: A statistical measure of an investment manager's overall performance in up or down markets. The capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen (up market) or fallen (down market). The capture ratio is calculated by dividing the manager's returns by the returns of the index during the up/down market, and multiplying that factor by 100.

Correlation: A measure of the relative movement of returns of one security or asset class relative to another over time. A correlation of 1 means the returns of two securities move in lock step, a correlation of -1 means the returns of two securities move in the exact opposite direction over time. Correlation is used as a measure to help maximize the benefits of diversification when constructing an investment portfolio.

Excess Return: A measure of the difference in appreciation or depreciation in the price of an investment compared to its benchmark, over a given time period. This is usually expressed as a percentage and may be annualized over a number of years or represent a single period.

Information Ratio: A measure of a manager's ability to earn excess return without incurring additional risk. Information ratio is calculated as: excess return divided by tracking error.

Interaction Effect: An attribution effect that describes the portion of active management that is contributable to the cross interaction between the allocation and selection effect. This can also be explained as an effect that cannot be easily traced to a source.

Portfolio Turnover: The percentage of a portfolio that is sold and replaced (turned over) during a given time period. Low portfolio turnover is indicative of a buy and hold strategy while high portfolio turnover implies a more active form of management.

Price-to-Earnings Ratio (P/E): Also called the earnings multiplier, it is calculated by dividing the price of a company's stock into earnings per share. Growth managers typically hold stocks with high price-to-earnings ratios whereas value managers hold stocks with low price-to-earnings ratios.

R-Squared: Also called the coefficient of determination, it measures the amount of variation in one variable explained by variations in another, i.e., the goodness of fit to a benchmark. In the case of investments, the term is used to explain the amount of variation in a security or portfolio explained by movements in the market or the portfolio's benchmark.

Selection Effect: An attribution effect that describes the amount attributable to the managers' stock selection decisions, relative to the benchmark.

Sharpe Ratio: A measure of portfolio efficiency. The Sharpe Ratio indicates excess portfolio return for each unit of risk associated with achieving the excess return. The higher the Sharpe Ratio, the more efficient the portfolio. Sharpe ratio is calculated as: Portfolio Excess Return / Portfolio Standard Deviation.

Sortino Ratio: Measures the risk-adjusted return of an investment, portfolio, or strategy. It is a modification of the Sharpe Ratio, but penalizes only those returns falling below a specified benchmark. The Sortino Ratio uses downside deviation in the denominator rather than standard deviation, like the Sharpe Ratio.

Standard Deviation: A measure of volatility, or risk, inherent in a security or portfolio. The standard deviation of a series is a measure of the extent to which observations in the series differ from the arithmetic mean of the series. For example, if a security has an average annual rate of return of 10% and a standard deviation of 5%, then two-thirds of the time, one would expect to receive an annual rate of return between 5% and 15%.

Style Analysis: A return based analysis designed to identify combinations of passive investments to closely replicate the performance of funds

Style Map: A specialized form or scatter plot chart typically used to show where a Manager lies in relation to a set of style indices on a two-dimensional plane. This is simply a way of viewing the asset loadings in a different context. The coordinates are calculated by rescaling the asset loadings to range from -1 to 1 on each axis and are dependent on the Style Indices comprising the Map.

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ALTERNATIVE INVESTMENTS RECORDS

EXEMPT FROM PUBLIC DISCLOSURE

(CA Gov. Code §7928.710)

(CA Gov. Code §7922.000)

(CA Gov. Code §54957.5)

DO NOT REPRODUCE

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Date: March 13, 2024
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer *Dominic D. Brown*
Subject: **2024-25 Chief Executive Officer Performance Evaluation Criteria**

In accordance with the Chief Executive Officer Performance Evaluation Policy, the Chief Executive Officer must be reviewed by the Administrative Committee each year for the twelve-month period for which the criteria are effective. The following criteria and ratings were approved for 2023-2024, and will be used for 2024-2025:

**CHIEF EXECUTIVE OFFICER
PERFORMANCE EVALUATION CRITERIA**

1. General Management Abilities as determined by the CEO Evaluation Survey	30%
2. Financial Accounting and Reporting	15%
3. Budgetary Control	15%
4. Strategic Plan Implementation	40%
	<hr/> <hr/> 100%

The Chief Executive Officer is required to complete a self-evaluation annually and to share that with the Administrative Committee and the Board, along with the results of a Stakeholder Survey, Employee Survey, and Trustee Survey.

Therefore, it is recommended that your Board approve the 2024-2025 Chief Executive Officer Performance Evaluation Criteria, as recommended by the Administrative Committee on February 29, 2024.



Chief Executive Officer's Report

Presented by: Matthew Henry, Chief Operations Officer

March 2024



Office Update

- Staffing
 - Recruitments: Deputy/Senior Deputy Chief Legal Officer, Administrative Specialist/Senior Specialist, Legal Secretary, Network Engineer, Investment Analyst, Senior Member Services Analyst (DP), Member Services Specialist (DP), Network Manager (DP)
- Member Outreach: Stakeholder Summit 2024
- Disability – Since December 9 files were prepared for Board recommendation
- Solar Project – City Inspection hurdle cleared; final PG&E integration next



Office Update (cont'd)

- Special Election Update – Beginning now, and election day will be in April 16, two candidates
- Paul Angelo with Segal has notified KCERA that he will be retiring in the near future.
 - Per the Segal contract we have a key man provision that will be updated accordingly.
- Segal is under contract through the 2023/2024 actuarial valuation.
- Segal and KCERA will be presenting to the Board of Supervisors on March 12th.



Operations Activity

- Member Services
 - 26 new retirements and calculations
 - 39 death benefit calculations
 - 35 service-credit purchase calculations
 - 61 retirement estimates
 - 119 new active members
 - 85 terminations with disposition packets
 - 25 in-person appointments
 - 150 walk-ins
 - 617 phone calls
 - 205 emails
- Communications
 - Monitoring website traffic analytics
 - Stakeholder Survey
- Accounting & Reporting
 - Service Purchases – <30 days
- Information Technology
 - Retro Split Project



Upcoming Events

- Administrative Committee – No meetings scheduled
- Finance Committee – No meetings scheduled
- Investment Committee – No meetings scheduled
- Board of Retirement – Next regular monthly meeting will be April 10, 2024





CIO REPORT

INVESTMENT PROGRAM
UPDATE
March 2024

Presented by:
Daryn Miller, CFA
Chief Investment Officer



Rebalancing

FEBRUARY ACTIVITY

- Rates
 - Buy 60MM Parametric Rates
 - Buy 30MM on February 9th
 - Buy 30MM on February 12th
- Midstream
 - Sell 15MM PIMCO Midstream



Fixed Income: Added exposure following fixed income decline. Overweight to policy and underweight to adjusted policy target.



Midstream: Took advantage of strong performance to reduce our overweight, still maintain a slight overweight position

Asset Class	Actual	Policy Target	Adj. Policy Target	Diff. Act. vs. Adj. Pol.
Public Equities	33.6%	33.0%	34.0%	-0.4%
Fixed Income	23.5%	25.0%	27.4%	-3.9%
Core	15.3%	15.0%	17.4%	-2.1%
Credit	8.1%	10.0%	10.0%	-1.9%
Commodities	3.7%	4.0%	4.0%	-0.3%
Hedge Funds	10.0%	10.0%	10.0%	0.0%
Alpha Pool	4.0%	8.0%	8.0%	-4.0%
Midstream Energy	5.3%	5.0%	5.0%	0.3%
Core Real Estate	4.7%	5.0%	7.3%	-2.5%
Private Real Estate	2.8%	5.0%	2.8%	0.0%
Private Equity	4.1%	5.0%	4.1%	0.0%
Private Credit	5.6%	8.0%	5.6%	0.0%
Opportunistic	2.7%	0.0%	0.0%	2.7%
Cash	0.1%	-8.0%	-8.0%	8.1%
Total	100.0%	100.0%	100.0%	0.0%

Positioning

ACTUAL VS POLICY TARGET

Public Equity: overweight to policy target and underweight to adjusted policy target. Underweight is primarily in domestic large cap.

Core Fixed Income: overweight to policy target and underweight to adjusted policy target.

Credit: underweight both high yield and EMD.

Core Real Estate: now underweight due to 1) requested redemptions, 2) growth in total Plan assets, and 3) underperformance.

Private Credit: underweight policy target increased in 2023 due to increasing the Strategic Asset Allocation Private Credit target from 5% to 8%.



UPDATES

Fixed Income

As part of repositioning the fixed income portfolio, Staff will be changing the investment guidelines for two of the fixed income separately managed accounts. These changes will better prepare the portfolio to transition to the new fixed income allocation or will move the portfolio closer to the new fixed income target allocation.





Key Initiatives

Enhancing return while managing risk

- **Asset Class Deep Dives**
 - Core Real Estate
 - Opportunistic
 - Public Equity
- **Currency management**
- **Improve hedge fund program returns**
- **Multi-asset research / tactical asset allocation**
- **Opportunistic investments**
- **Private markets**
- **Repositioning fixed income**

Investment Committee Meetings

Next meeting late-March

The next IC meeting agenda will include the following items:

- Annual asset allocation review

The last IC meeting was held on February 5th



Investment Activity

Passed Investments

The following investment opportunities were diligenced, but not pursued

Description	Comments
Private Equity, technology buyout	Passed due to portfolio fit
Private Equity, Japan buyout	No access, fund oversubscribed
Private Equity, Japan buyout	Passed due to portfolio fit
Private Equity, secondaries	Passed due to investment team turnover
Private Credit, special situations lending	Passed due to lower-middle market exp.
Private Credit, credit opportunities	Passed, found opportunity with better risk-adjusted returns
Private Credit, opportunistic lending	Passed, found opportunity with better risk-adjusted returns and portfolio fit
Private Credit, opportunistic lending	Passed due to portfolio fit
Private Credit, direct lending	Passed due to lower-middle market exp.
Private Credit, direct lending	Passed due to lower-middle market exp.
Private Credit, direct lending	Passed due to lower-middle market exp.
Private Credit, direct lending	Passed, found opportunity with better risk-adjusted returns and portfolio fit

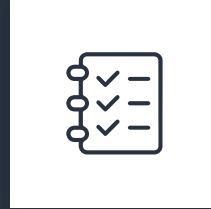
Description	Comments
Private Credit, direct lending	Passed due to portfolio fit
Private Real Estate, alternative sectors	Passed, pursuing opportunity with better risk-adjusted returns
Private Real Estate, opportunistic real estate	Passed, target return & portfolio fit
Private Real Assets, energy	Passed, found better risk adjusted opportunity
Private Real Assets, energy	Passed, found better risk adjusted opportunity
Hedge Fund, multi-strategy	Passed, lack of conviction in strategy
Hedge Fund, equity market neutral	No access

Risk Analytics

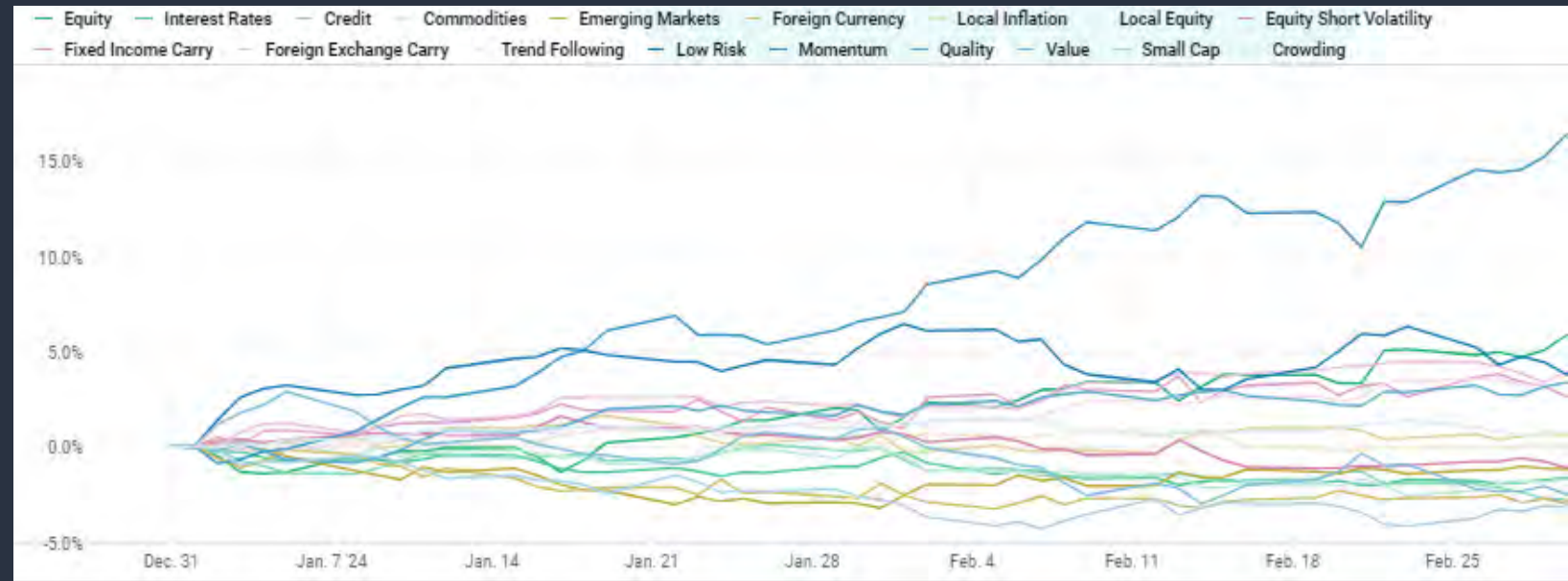
Factor Performance YTD

Momentum	16.41%
Equity	5.86%
Foreign Exchange Carry	3.91%
Trend Following	3.82%
Low Risk	3.75%
Quality	3.36%
Fixed Income Carry	2.61%
Crowding	0.80%
Local Inflation	0.57%
Local Equity	0.03%
Equity Short Volatility	-1.13%
Emerging Markets	-1.18%
Interest Rates	-1.66%
Commodities	-1.70%
Value	-2.54%
Credit	-2.83%
Foreign Currency	-3.02%
Small Cap	-3.19%

Source: Venn.



Momentum and Equity factors have driven most of the YTD returns.



Source: Venn

Risk analysis relative to Policy

The KCERA portfolio has less risk than the Policy portfolio.

Historical Risk Statistics

Metrics	Current Portfolio	Benchmark	CURRENT PORTFOLIO	
			Historical ⓘ	Forecast ⓘ
Beta to Benchmark	0.88	1.00	Tracking Error	1.9% 3.1%
Correlation	0.99	1.00	Information Ratio	0.70 0.10
Downside Correlation	0.99	1.00	Max Underperformance	-1.8% --
Downside Capture	79.9%	100.0%		
Upside Capture	92.0%	100.0%		
Average Down Month	-2.6%	-2.9%		
Average Up Month	2.6%	3.0%		
Downside Volatility	11.9%	13.3%		
Upside Volatility	11.0%	12.3%		
Batting Average	61.2%	57.1%		
CVaR (5%)	7.0%	8.0%		
VaR (95%)	4.7%	5.5%		
VaR (97.5%)	5.7%	6.9%		
VaR (99%)	8.0%	9.1%		
Skewness	-0.64	-0.59		
Kurtosis	1.42	0.82		
Sortino Ratio	0.43	0.27		
Calmar Ratio	0.42	0.26		
Autocorrelation	-0.07	-0.08		

Drawdown analysis

The KCERA portfolio likely performs better than Policy in a market decline.

Hypothetical Drawdown Periods

Drawdown Period ~	○ Startpoint / × Trough / ○ Endpoint	Drawdown Length (Months)	Recovery Period (Months)	Current Portfolio +/-	Benchmark +/-
7 Oct 1997 – 26 Feb 1998		3.2	1.5	-7.4%	-9.5%
16 Apr 1998 – 20 Jul 1998		2.0	1.1	-5.7%	-7.2%
21 Jul 1998 – 15 Mar 1999		2.6	5.2	-16.5%	-20.2%
17 Jul 1999 – 4 Nov 1999		0.8	2.8	-5.1%	-6.3%
28 Mar 2000 – 5 Apr 2006		35.5	36.8	-29.4%	-39.8%
10 May 2006 – 28 Sep 2006		1.1	3.5	-6.8%	-8.3%
14 Jul 2007 – 5 Oct 2007		1.1	1.6	-6.5%	-7.9%
13 Oct 2007 – 21 Oct 2013		16.9	55.4	-33.7%	-42.0%
6 Sep 2014 – 18 Nov 2014		1.4	1.1	-5.2%	-6.3%
28 Apr 2015 – 13 Dec 2016		9.5	10.1	-11.8%	-15.2%
27 Jan 2018 – 29 Aug 2018		1.9	5.2	-5.4%	-6.8%
22 Sep 2018 – 3 Apr 2019		3.1	3.3	-10.1%	-12.6%
20 Feb 2020 – 26 Aug 2020		1.1	5.1	-19.9%	-23.9%
5 Jan 2022 – 31 Jul 2023		9.3	9.6	-13.9%	-17.8%
1 Aug 2023 – 23 Nov 2023		2.9	0.9	-5.3%	-7.0%



CLO Report March 2024

Jennifer Esquivel Zahry, Chief Legal Officer
Maggie Peralta-Lee, KCERA Senior Paralegal
Irma Chavez, KCERA Senior Legal Secretary
Sofia Reyes, Senior Paralegal (Ret.)

Legislative Update

- AB 1997 – Teacher annualized pay rate redefined
- AB 2153 – Notice to employee of PRA request for personnel or medical records
- AB 2284 – Ability to define “grade” for compensation earnable
- SB 537 – Adds to “just cause” conditions; sunset date 1/1/2026
- SB 908 – Use of nonofficial electronic messaging system
- SB 1034 – Time to respond to PRA during state of emergency

Process Update

- Member Services – Decedent Project
- Investment Team – Intake and tracking
- IT – Intake and processing



March Calendar

	Pending CLO Review
Board/Committee Meetings/Staff Meetings/Conferences	14
Board Material	3
Community Property Matters	5
Disability Matters	8
Investment/ Custodial Documents	8
Member Inquiries	5
Operational Contracts	3
Public Records Act Requests	2
Staff Inquiries	10