KCERA
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

September 3, 2026

Trustees, Board of Retirement
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, September 9, 2026, 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 and enter ID# 840 8934 9516:

- (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/84089349516?pwd=LdgHEsrtRh9Yyn0xushO8cc2xCyAhE.1
- Passcode: 691772

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

Dominic D. Brown
Chief Executive Officer

Attachments

❖ ***KCERA Board Agenda Notifications:*** *Sign up here on the KCERA website.*

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 Section 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)

FLAG SALUTE / MOMENT OF SILENCE

SB 707 REMOTE APPEARANCE(S)
Item 1 withdrawn from agenda if no trustee(s) request to appear remotely:

1. Trustee(s) who have notified the Board of a "Just Cause" to attend this meeting via teleconference. (See Government Code Section 54953.8.3).

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.

*2. Application for service-connected disability retirement for Rigoberto Lucio, Sheriff (Safety) – ADOPT RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY RETIREMENT

*3. Application for service-connected disability retirement for Bryson Wattenbarger, Fire (Safety) – ADOPT RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY RETIREMENT

*4. Summary of proceedings of the following meetings:

- August 5, 2026 Investment Committee
- August 12, 2026 Board of Retirement

APPROVE

*5. Report from the KCERA office on new retirees processed during the month of August 2026 – RATIFY

*6. Securities Lending Earnings Summary Report from Deutsche Bank for the period ending July 31, 2026 – RECEIVE AND FILE

*7. KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the month of July 2026 – RECEIVE AND FILE

*8. Review of KCERA's Compensation Policy – REFER REVIEW TO THE ADMINISTRATIVE COMMITTEE

*9. Invitation from P2F2 for Chief Financial Officer Angela Kruger, Deputy Chief Financial Officer Maritza Rodriguez, and Deputy Chief Financial Officer Cory Pruett to attend the P2F2 23rd Annual Conference, October 4-7, 2026, in Orlando, Florida – RECEIVE AND FILE

*10. Invitation from Albourne for Investment Officer Rafael Jimenez to attend the Albourne Client Conference, September 30 – October 1, 2026, in London, England – RECEIVE AND FILE

*11. Service provider evaluation period initiated pursuant to the KCERA Evaluation Period Policy – RATIFY

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.

MATTERS FOR CONSIDERATION
Staff recommendations are shown in caps after each item.

INVESTMENT MATTERS

13. Presentation on the 2nd Quarter Investment Performance Review period ending June 30, 2026 by Investment Consultants Scott Whalen and Brian Kwan, Cerity Partners – RECEIVE AND FILE

14. Presentation on the 2nd Quarter 2026 Portfolio Review by Investment Consultant Spencer Edge, Albourne America[1] – RECEIVE AND FILE

FINANCIAL MATTERS

15. Discussion and appropriate action on the Actuarial Experience Study for the period July 1, 2022 through June 30, 2025, presented by Actuary Molly Calcagno, Segal, and the Finance Committee – ADOPT THE ECONOMIC AND NON-ECONOMIC ASSUMPTIONS WITH EXCEPTION OF MAINTAINING CURRENT INVESTMENT RATE OF RETURN ASSUMPTION OF 7.00%

EXECUTIVE STAFF REPORTS

16. Report from Chief Executive Officer – HEAR PRESENTATION

17. Report from Chief Investment Officer – HEAR PRESENTATION

18. Report from Chief Legal Officer – HEAR PRESENTATION

COMMITTEE REPORTS

19. Report from Committee Chairs:

    a. Administrative Committee: Hughes
    b. Finance Committee: Sanders
    c. Investment Committee: Whitezell

CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S)

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 Sections 7928.710, 7922.000, and 54957.5.

EXECUTIVE SESSION

Items 2-3 are withdrawn from Executive Session if approved on consent agenda:

2. PUBLIC EMPLOYMENT (pursuant to Government Code Section 54957)
Application for service-connected disability retirement:

Rigoberto Lucio	Sheriff	(Safety)

3. PUBLIC EMPLOYMENT (pursuant to Government Code Section 54957)
Application for service-connected disability retirement:

Bryson Wattenbarger	Fire	(Safety)

RETURN TO PUBLIC SESSION:

- ROLL CALL TO CONFIRM QUORUM
- REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

REFERRALS TO STAFF, ANNOUNCEMENTS, OR REPORTS

20. 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

21. 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

22. Adjournment

SUMMARY OF PROCEEDINGS

Investment Committee Meeting

August 5, 2026

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

CALLED TO ORDER: 8:30 A.M.

ROLL CALL (IN PERSON)

Present: Couch, Kaufman, Kratt, Sanders, Whitezell

Absent: None

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.

SB 707 REMOTE APPEARANCE(S)
Item 1 withdrawn from agenda. No trustees appeared remotely.

PUBLIC COMMENTS

2. 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

MATTERS FOR CONSIDERATION

3. Presentation and trustee education regarding Capital Efficiency Deep Dive, including discussion and appropriate action on proposed updates to KCERA's Investment Policy Statement, by Chief Investment Officer Daryn Miller and Investment Consultants Scott Whalen and Brian Kwan, Cerity Partners

   HEARD PRESENTATION; RECEIVED EDUCATIONAL TRAINING (52 MINUTES TRUSTEE EDUCATION CREDIT); RECOMMENDED THE BOARD OF RETIREMENT APPROVE PROPOSED CHANGES TO KCERA'S INVESTMENT POLICY STATEMENT

   Kratt-Kaufman – 4 Ayes

REFERRALS TO STAFF, ANNOUNCEMENTS, OR REPORTS

4. 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

5. ADJOURNED: 9:25 A.M.

____
Secretary, Board of Retirement

____
Chair, Investment Committee

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

SUMMARY OF PROCEEDINGS

Board of Retirement Meeting

August 12, 2026

Board Members: Couch, Frapwell, Gill, Chair Hughes, Kaufman, Kratt, Mosqueda, Nunneley (Alternate), Sanders, Seibly (Alternate), Whitezell, (7th Member Alternate Vacant)

CALLED TO ORDER: 8:31 A.M.

ROLL CALL (IN PERSON)

Present: Frapwell, Gill, Hughes, Kaufman, Kratt, Mosqueda, Nunneley, Sanders, Seibly, Whitezell

Absent: Couch

FLAG SALUTE: TRUSTEE JORDAN KAUFMAN

MOMENT OF SILENCE

NOTE: The vote is displayed in bold below each item. For example, Gill-Kratt denotes Trustee Ajaib Gill made the motion and Trustee Rick Kratt seconded the motion.

SB 707 REMOTE APPEARANCE(S)

1. Trustee(s) who have notified the Board of a "Just Cause" to attend this meeting via teleconference. (See Government Code Section 54953.8.3).

    - TRUSTEE DAVID COUCH NOTIFIED THE BOARD OF HIS NEED TO ATTEND VIA TELECONFERENCE FOR "JUST CAUSE" CIRCUMSTANCES AS DEFINED BY SB 707; CHAIR JOSEPH D. HUGHES STATED THIS ITEM WOULD BE CONTINUED UPON TRUSTEE COUCH'S ARRIVAL

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.

*2. Application for service-connected disability retirement for Richard Griffee, Sheriff (Safety) – ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY RETIREMENT

Kratt-Frapwell – 8 Ayes

*3. Application for service-connected disability retirement for Joseph Mehciz, Fire (Safety) – ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY RETIREMENT

Kratt-Frapwell – 8 Ayes

*4. Application for service-connected disability retirement for Rudy Rangel, Human Services (General) – ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY RETIREMENT

Kratt-Frapwell – 8 Ayes

*5. Application for non-service-connected disability retirement for Nicole England, Human Services (General) – ADOPTED RECOMMENDATION OF SDAG TO GRANT NON-SERVICE-CONNECTED DISABILITY RETIREMENT; MEMBER REQUIRED TO UNDERGO MEDICAL EXAMINATION IN 1 YEAR PER CAL. GOV. CODE 31729 ET SEQ. AND MEDICAL ADVISOR RECOMMENDATION

Kratt-Frapwell – 8 Ayes

*6. Proposed Decision and Findings of Fact submitted by Richard Terzian for Veronica Mariscal, Risk Management (General) – ADOPTED PROPOSED FINDINGS OF FACT, CONCLUSIONS, AND RECOMMENDATION OF HEARING OFFICER TO DENY APPLICATION FOR SERVICE-CONNECTED DISABILITY RETIREMENT AND GRANT NON-SERVICE-CONNECTED DISABILITY RETIREMENT

Kratt-Frapwell – 8 Ayes

*7. Proposed Decision and Findings of Fact submitted by Richard Terzian for Ranna Lock, Sheriff (Safety) –

ITEM REMOVED FROM CONSENT AGENDA

*8. Proposed Decision and Findings of Fact submitted by Duane Bennett for David Norris, Sheriff (Safety) –

ITEM REMOVED FROM CONSENT AGENDA

*9. Summary of proceedings of the following meetings:

- June 2, 2026 Finance Committee
- June 2, 2026 Special Board of Retirement
- June 10, 2026 Board of Retirement
- June 23, 2026 Finance Committee

APPROVED

Kratt-Frapwell – 8 Ayes

*10. Report from the KCERA office on new retirees processed during the months of June and July 2026 – RATIFED

Kratt-Frapwell – 8 Ayes

*11. Securities Lending Earnings Summary Report from Deutsche Bank for the periods ending May 31 and June 30, 2026 – RECEIVED AND FILED

Kratt-Frapwell – 8 Ayes

*12. KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the months of May and June 2026 – RECEIVED AND FILED

Kratt-Frapwell – 8 Ayes

*13. KCERA Class Action Proceeds Report from April 1 through June 30, 2026 from the Northern Trust Company – RECEIVED AND FILED

Kratt-Frapwell – 8 Ayes

*14. Semiannual Report on Overpayment/Underpayment of Member Benefits for the period January through June 2026 – RECEIVED AND FILED

Kratt-Frapwell – 8 Ayes

*15. Semiannual Report on Overpayment/Underpayment of Member Contributions for the period January through June 2026 – RECEIVED AND FILED

Kratt-Frapwell – 8 Ayes

*16. KCERA Audited Schedules of Employer Allocations and Pension Amounts by Employer and Segal GASB 68 Actuarial Valuation Report based on June 30, 2025 Measurement Date for Employer Reporting as of June 30, 2026 – RECEIVED AND FILED

Kratt-Frapwell – 8 Ayes

*17. Semiannual Report on Board of Retirement Trustee Education for the period ending June 30, 2026 – RECEIVED AND FILED

Kratt-Frapwell – 8 Ayes

*18. 2026 KCERA Retirement Benefit Statement and Cover Letter Sample – RECEIVED AND FILED; APPROVED

Kratt-Frapwell – 8 Ayes

*19. Invitation from NCPERS to trustees to attend the NCPERS Public Pension Funding Forum 2026, August 17-19, 2026, in Chicago, Illinois – APPROVED ATTENDANCE OF TRUSTEE AJAIB GILL

Kratt-Frapwell – 8 Ayes

*20. Invitation from CALAPRS to trustees to attend the CALAPRS Principles of Pension Governance for Trustees Program, August 24-27, 2026, in Santa Barbara, California – APPROVED ATTENDANCE OF TRUSTEE JEFF FRAPWELL

Kratt-Frapwell – 8 Ayes

*21. Invitation from State Association of County Retirement Systems (SACRS) to Board of Directors to attend the SACRS Board of Directors Meeting, September 17-18, 2026, in Sacramento, California – APPROVED ATTENDANCE OF TRUSTEE JORDAN KAUFMAN

Kratt-Frapwell – 8 Ayes

*22. Invitation from NCPERS for Administrative Services Officer Aimee Morton to attend the NCPERS 2026 Public Pension HR Summit, September 23-25, 2026, in Phoenix, Arizona – RECEIVED AND FILED

Kratt-Frapwell – 8 Ayes

*23. Service provider evaluation period initiated pursuant to the KCERA Evaluation Period Policy – RATIFED

Kratt-Frapwell – 8 Ayes

PUBLIC COMMENTS

24. 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.

MATTERS FOR CONSIDERATION
Staff recommendations are shown in caps after each item.

INVESTMENT MATTERS

25. Presentation and trustee education regarding Capital Efficiency Deep Dive, including discussion and appropriate action on proposed updates to KCERA's Investment Policy Statement, by Chief Investment Officer Daryn Miller, Investment Consultant Brian Kwan, Cerity Partners, and the Investment Committee – HEARD PRESENTATION; RECEIVED EDUCATIONAL TRAINING (21 MINUTES TRUSTEE EDUCATION CREDIT); APPROVED PROPOSED CHANGES TO KCERA'S INVESTMENT POLICY STATEMENT

Frapwell-Whitezell – 8 Ayes

THE FOLLOWING ITEM HEARD OUT OF ORDER

SB 707 REMOTE APPEARANCE(S) CONTINUED

1. TRUSTEE DAVID COUCH ARRIVED VIA TELECONFERENCE, MADE REQUIRED DISCLOSURES, AND ADDED TO THE ROLL AT 9:00 A.M.

FINANCIAL MATTERS

26. Discussion and appropriate action on KCERA's Regular Interest and Excess Interest Crediting Policy presented by Chief Executive Officer Dominic Brown, Chief Legal Officer Jennifer Zahry, and the Finance Committee – ADOPTED PROPOSED EDITS TO KCERA'S REGULAR INTEREST AND EXCESS INTEREST CREDITING POLICY, RATIFYED INTEREST CREDITED FROM DECEMBER 31, 2010 THROUGH JUNE 30, 2026

Kratt-Frapwell – 9 Ayes

ADMINISTRATIVE MATTERS

THE FOLLOWING ITEM HEARD OUT OF ORDER

28. Discussion and appropriate action regarding designation of Board of Retirement Vice-Chair for remainder of calendar year 2026 due to the resignation of Chair Dustin Contreras – APPOINTED TRUSTEE JORDAN KAUFMAN AS VICE-CHAIR

    Kratt-Whitezell – 9 Ayes

27. Discussion and appropriate action regarding a special Board of Retirement election to fill the vacancy of the Alternate Seventh Member (Safety) seat due to the resignation of Trustee Dustin Contreras – DIRECTED STAFF TO CONDUCT A SPECIAL ELECTION FOR ALTERNATE SEVENTH MEMBER (SAFETY) SEAT

    Kratt-Gill – 9 Ayes

EXECUTIVE STAFF REPORTS

29. Report from Chief Executive Officer

    CHIEF OPERATIONS OFFICER MATT HENRY REPORTED THE FOLLOWING:

    - OFFICE UPDATE
    - OPERATIONS ACTIVITY
    - MEMBER OUTREACH AND EDUCATION
    - UPCOMING EVENTS

    HEARD PRESENTATION

30. Report from Chief Investment Officer

    CHIEF INVESTMENT OFFICER DARYN MILLER REPORTED THE FOLLOWING:

    - MARKET COLOR
    - POSITIONING
    - REBALANCING
    - DELEGATION
    - CLOSED INVESTMENTS
    - INVESTMENT COMMITTEE MEETINGS

    HEARD PRESENTATION

31. Report from Chief Legal Officer

CHIEF LEGAL OFFICER JENNIFER ZAHRY AND DEPUTY CHIEF LEGAL OFFICER KRISTEN MCDONALD REPORTED THE FOLLOWING:

- LEGISLATIVE UPDATE
- LITIGATION UPDATE

HEARD PRESENTATION

COMMITTEE REPORTS

32. Report from Committee Chairs:

a. Administrative Committee: HUGHES – MEETING TO BE SCHEDULED IN SEPTEMBER

b. Finance Committee: SANDERS – NONE

c. Investment Committee: WHITEZELL – NONE

CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S)

TRUSTEE DAVID COUCH LEFT AT 9:59 A.M.

EXECUTIVE SESSION

7. PUBLIC EMPLOYMENT (pursuant to Government Code Section 54957) Application for service-connected disability retirement:

Ranna Lock	Sheriff	(Safety)

8. PUBLIC EMPLOYMENT (pursuant to Government Code Section 54957) Application for service-connected disability retirement:

David Norris	Sheriff	(Safety)

33. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9. (Number of potential cases: unknown).

34. CONFERENCE WITH LEGAL COUNSEL – INITIATION OF LITIGATION

Determination of whether to initiate litigation pursuant to paragraph (4) of subdivision (c) and (d) of California Government Code Section 54956.9. (Number of potential cases: one).

35. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (pursuant to Government Code Section 54957) – Title: Chief Executive Officer

RETURN TO PUBLIC SESSION

BOARD OF RETIREMENT RECONVENED IN PUBLIC SESSION AT 10:54 A.M.

ROLL CALL
To establish quorum present upon resuming public session

Present: Frapwell, Gill, Hughes, Kaufman, Kratt, Mosqueda, Nunneley, Sanders, Seibly, Whitezell

Absent: Couch

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 7 – REFERRED MATTER BACK WITH INSTRUCTIONS TO HEARING OFFICER FOR FURTHER PROCEEDINGS

Kratt-Frapwell – 8 Ayes

ITEM 8 – REFERRED MATTER BACK WITH INSTRUCTIONS TO HEARING OFFICER FOR FURTHER PROCEEDINGS

Kratt-Frapwell – 8 Ayes

ITEM 33 – NO REPORTABLE ACTION

ITEM 34 – NO REPORTABLE ACTION

ITEM 35 – NO REPORTABLE ACTION

REFERRALS TO STAFF, ANNOUNCEMENTS, OR REPORTS

36. 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

37. Consider, discuss, and take possible action to agendize one or more items for future meetings of the Board of Retirement – DIRECTED STAFF TO PLACE A REFERRAL OF KCERA’S COMPENSATION POLICY REVIEW TO THE ADMINISTRATIVE COMMITTEE ON FUTURE BOARD AGENDA

Kaufman-Frapwell – 8 Ayes

38. ADJOURNED: 10:58 A.M.

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Secretary, Board of Retirement

____
Chair, Board of Retirement

Kern County Employees' Retirement Association
New Retirees Processed – August 01, 2026 to August 31, 2026

Employer Name: County Of Kern

Last Name	First Name	Retirement Date	Membership Tier	Department Name
Albitre	Christina	06/27/2026	General Tier II PEPRA	Department Of Human Services
Ayala	Michelle	07/11/2026	General Tier I	Department Of Human Services
Carrizalez	Elizabeth	07/21/2026	General Tier I	Hospital Authority
Ceja	Lorena	07/25/2026	General Tier I	Department Of Public Health
Croxton	Tina	07/25/2026	General Tier I	Behavioral Health & Recovery
Doss	Justin	07/19/2026	General Tier I	Hospital Authority
French	John	07/11/2026	General Tier I	Behavioral Health & Recovery
Garrison	Timmy	07/11/2026	General Tier II	General Services Division
Gonzalez-Coley	Sara	07/01/2026	General Tier II	Department Of Public Health
Heard	Darin	07/11/2026	General Tier I	Department Of Ag & Measurement
Hernandez	Jose	07/11/2026	General Tier I	Sheriff
Irvine	Todd	07/25/2026	General Tier I	Department Of Human Services
Lucio	Rigoberto	06/15/2026	Safety Tier I	Sheriff
Marquez	Norma	07/30/2026	General Tier I	Behavioral Health & Recovery
Mendosa	Patrick	07/18/2026	General Tier I	General Services Division
Miller	Cherree	07/25/2026	General Tier I	Department Of Human Services
Rech	Maryellen	07/11/2026	General Tier I	Behavioral Health & Recovery
Terry	Bryan	07/25/2026	Safety Tier I	Probation

Kern County Employees' Retirement Association
New Retirees Processed – August 01, 2026 to August 31, 2026

Employer Name: County Of Kern

Last Name	First Name	Retirement Date	Membership Tier	Department Name
Thomas	Shirley	07/25/2026	General Tier II PEPRA	Behavioral Health & Recovery
Torres	Guadalupe	07/01/2026	General Tier II PEPRA	Department Of Human Services
Underwood Bullock	Janet	07/01/2026	General Tier I	Behavioral Health & Recovery

Kern County Employees' Retirement Association
New Retirees Processed – August 01, 2026 to August 31, 2026

Employer Name: Kern County Hospital Authority

Last Name	First Name	Retirement Date	Membership Tier	Department Name
Barenchi	Janet	03/01/2021	General Tier I	Kern County Hospital Authority
Ramirez	Rosemary	07/09/2026	General Tier II	Kern County Hospital Authority
Utterback	Engel	07/25/2026	General Tier I	Kern County Hospital Authority

SECURITIES LENDING

Deutsche Bank

Summary Earnings Report

Run Time: 10-Aug-2026 17:59 EDT
Date Range: 01-JUL-2026 To 31-JUL-2026
Location: New York
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
New York						
USD						
KNCTY PIMCO EMD	CAKE08	3,023,794.65	1,189.74	107.08	1,082.66	KNC12
KNTCY - Aristotle Short Duration	CAKE20	44,757,647.64	12,700.81	1,143.07	11,557.74	KNC21
KNTCY - CONGRESS SMALL CAP VALUE	CAKE21	45,487,490.54	13,500.93	1,215.08	12,285.84	4437610
KNTCY - FIDELITY BROADMARKET DURATION	CAKE22	112,416,775.05	24,572.94	2,211.56	22,361.37	KNC24
KNTCY - Geneva	CAKE16	27,150,256.64	7,793.91	701.45	7,092.45	2667336
	CCY Total	**232,835,964.52**	**59,758.32**	**5,378.25**	**54,380.07**	
	Grand Total USD:		**59,758.32**	**5,378.25**	**54,380.07**	

KCERA ASSET ALLOCATION*
7/31/2026

Manager Name	Type	$(000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) $(000)
Chilton Capital	Large Cap Core	237,637	3.2%	*Domestic Equity Range 12.0% - 29.0%*		
Congress Small Cap Value	Small Cap	93,645	1.3%			
Geneva Capital	Small Cap Growth	69,176	0.9%			
Mellon Capital Management Stock Index Fund	Large Cap Passive	847,589	11.5%			
PIMCO StockPlus	Large Cap Enhanced	206,940	2.8%			
Total Domestic Equity		**$1,454,987**	**19.7%**	**12 - 29%**		
American Century	International Small	815	0.0%	*International Developed Equity Range 5.0% - 19.0%*		
Cevian Capital II LP	International Large	66,799	0.9%			
Dalton Japan Long Only	International Small	94,649	1.3%			
Lazard Japanese Equity	International Large	192,968	2.6%			
Mellon DB SL Developed Markets EX U.S. Stock Index	International Large Passive	456,763	6.2%			
Total International Developed Equity		**$811,994**	**11.0%**	**5 - 19%**		
ABS Direct Equity	Emerging Markets	114,177	1.5%	*Emerging Markets 0.0% - 10.0%*		
Carrhae Long Only	Emerging Markets	122,189	1.7%			
DFA Emerging Markets Value Portfolio	Emerging Markets	81,498	1.1%			
Mellon Emerging Markets	Emerging Markets Passive	5,106	0.1%			
Total Emerging Market Equity		**$322,970**	**4.4%**	**0 - 10%**		
TOTAL EQUITY		**$2,589,951**	**35.1%**	**34.0%**	**1.1%**	**$80,119**
Aristotle Pacific Capital, LLC	Core	277,461	3.8%	*Core Range 10.0% - 25.0%*		
Fidelity Broad Market Duration	Core	216,445	2.9%			
Mellon Capital Management Agg Bond	Core Passive	178,283	2.4%			
Total Core		**$672,189**	**9.1%**	**13.0%**	**(3.9%)**	**($287,453)**
Guggenheim Securitized Products	Credit	194,867	2.6%	*Credit Range 5.0% - 15.0%*		
KKR US Broadly Syndicated Loan Fund	Credit	168,616	2.3%			
PIMCO EM Beta	Credit	182,219	2.5%			
Schroders Securitized Products	Credit	194,428	2.6%			
Western Asset Management - HY	Credit	713	0.0%			
Total Credit		**$740,843**	**10.0%**	**10.0%**	**0.0%**	**$2,657**
TOTAL FIXED INCOME		**$1,413,032**	**19.1%**	**23.0%**	**(3.9%)**	**($284,796)**
Wellington Trust Company (WTC)	Commodities	313,278	4.2%	*Commodities Range 0.0% - 9.0%*		
TOTAL COMMODITIES		**$313,278**	**4.2%**	**5.0%**	**(0.8%)**	**($55,815)**
Aristeia International	Hedge Fund - Direct	84,316	1.1%	*Hedge Fund Range 7.0% - 17.0%*		
Brevan Howard Fund Limited	Hedge Fund - Direct	61,732	0.8%			
D.E. Shaw Composite Fund	Hedge Fund - Direct	88,357	1.2%			
Elliott Associates	Hedge Fund - Direct	68,222	0.9%			
Frontier Commodities Fund	Hedge Fund - Direct	60,558	0.8%			
Hawk Ridge Partners II	Hedge Fund - Direct	92,189	1.2%			
HBK Multi-Strategy Fund	Hedge Fund - Direct	59,297	0.8%			
Hudson Bay Enhanced Fund	Hedge Fund - Direct	92,400	1.3%			
Indus Pacific Opportunities Fund	Hedge Fund - Direct	63,744	0.9%			
PIMCO Absolute Return Strategy V Fund (PARS V)	Hedge Fund - Direct	50,000	0.7%			
PIMCO Commodity Alpha Fund	Hedge Fund - Direct	68,606	0.9%			
Pharo Macro Fund	Hedge Fund - Direct	98,353	1.3%			
TOTAL HEDGE FUND		**$887,774**	**12.0%**	**12.0%**	**0.0%**	**$1,951**
Davidson Kempner	Hedge Fund - Direct	61,758	0.8%	*CE Alpha Pool Range 0.0% - 5.0%*		
Garda Fixed Income	Hedge Fund - Direct	46,079	0.6%			
HBK Alpha Pool	Hedge Fund - Direct	22,208	0.3%			
Hudson Bay Enhanced Fund	Hedge Fund - Direct	42,324	0.6%			
TOTAL CE ALPHA POOL		**$172,369**	**2.3%**	**2.5%**	**(0.2%)**	**($12,177)**
ASB Capital Management	Core	98,703	1.3%	*Core Real Estate Range 2.0% - 10.0%*		
Beach Point Capital Real Estate Debt - Acquino	Core	2,759	0.0%			
Blue Owl Real Estate Fund VI	Core	56,144	0.8%			
BPC Real Estate Debt Fund	Core	16,793	0.2%			
Fortress CRE Enhanced Income Fund	Core	65,250	0.9%			
HBC Financing Partners Fund	Core	104,507	1.4%			
Hudson Bay Real Estate Opportunities Fund	Core	43,321	0.6%			
JPMCB Strategic Property Fund	Core	80,721	1.1%			
Sculptor DREIT Inc-Issuance of Founders Class	Core	72,177	1.0%			
Sculptor Real Estate MI Fund	Core	9,894	0.1%			
TPG AG Essential Housing Fund III	Core	31,274	0.4%			
TOTAL CORE REAL ESTATE		**$581,543**	**7.9%**	**7.0%**	**0.9%**	**$64,813**
Aristeia Select Opportunities II	Opportunistic	64,899	0.9%	*Opportunistic Range 0.0% - 10.0%*		
Beach Point Capital Real Estate Debt - Fulton	Opportunistic	2,438	0.0%			
Pharo Opportunities Fund SPC	Opportunistic	762	0.0%			
Hudson Bay Special Opportunities Fund	Opportunistic	5,518	0.1%			
Sixth Street TAO Partners (D)	Opportunistic	52,887	0.7%			
TOTAL OPPORTUNISTIC		**$126,504**	**1.7%**	**0.0%**	**1.7%**	**$126,504**
Northern Trust STIF	Short Term	-2,814	0.0%	*Cash Range -5.0% - 4.0%*		
BlackRock Short Duration	Short Term	76,065	1.0%			
Parametric	Overlay	18,343	0.2%			
Treasurers Pooled Cash	Short Term	1,833	0.0%			
Wells Fargo Bank	Short Term	11,314	0.2%			
TOTAL CASH AND OVERLAY		**$104,741**	**1.4%**	**-2.5%**	**3.9%**	**$289,287**
Transition Accounts	Liquidation	291	0.0%			
Other		**$291**	**0.0%**	**0.0%**	**0.0%**	**$291**
TOTAL PRIVATE EQUITY ***		**$407,209**	**5.5%**	**6.0%**	**(0.5%)**	**($35,703)**
TOTAL PRIVATE CREDIT ***		**$473,609**	**6.4%**	**8.0%**	**(1.6%)**	**($116,940)**
TOTAL PRIVATE REAL ASSETS ***		**$311,557**	**4.2%**	**5.0%**	**(0.8%)**	**($57,536)**
As Allocated to Managers **		**$7,381,859**	**100.0%**	**100.0%**	**(0.0%)**	**$0**

*This report reflects the strategic asset allocation policy adopted by the Board of Retirement July 2026.

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

*** See second page of the report for account details.

KCERA ASSET ALLOCATION*

7/31/2026

Manager Name	Type	$(000)	Current Allocation	Target Percentage	Variance Over Target (Under Target)	Variance Over Target (Under Target) $(000)
Abbott Capital Funds	Private Equity Fund of Funds	1,128	0.0%			
Accel-KKR Capital Partners VII	Private Equity	3,492	0.0%			
Atlas Capital Resources V	Private Equity	3,469	0.0%			
Blue Owl Strategic Equity Partners	Private Equity	6,500	0.1%			
Brighton Park Capital Fund I & II	Private Equity	64,065	0.9%			
Level Equity Growth Partners V, VI & 2021	Private Equity	41,293	0.6%			
LGT Crown Global V & VI	Private Equity	54,174	0.7%			
Linden Capital Partners V, VI & Co-Investment	Private Equity	36,025	0.5%		*Private Equity Range 0.0% - 11.0%*	
Longreach CAP Parners IV-JPY	Private Equity	5,233	0.1%			
OrbiMed Private Investments IX & X	Private Equity	10,320	0.1%			
Pantheon Funds	Private Equity Fund of Funds	1,573	0.0%			
Parthenon Investors VII	Private Equity	14,243	0.2%			
Peak Rock Capital Fund III	Private Equity	17,745	0.2%			
Petershill PES II	Private Equity	500	0.0%			
Rubicon Technology Partners IV	Private Equity	21,571	0.3%			
Vista Foundation Fund IV	Private Equity	20,856	0.3%			
Warren Equity Partners Fund III, IV, V, Co-Investment & WEP TreeCo	Private Equity	105,021	1.4%			
TOTAL PRIVATE EQUITY		**$407,208**	5.5%	**6.0%**	**(0.5%)**	**($35,704)**
Ares Pathfinder Fund II	Private Credit	20,527	0.3%			
Ares Senior Direct Lending III	Private Credit	17,414	0.2%			
Blue Torch Credit Opportunites II, III & IV	Private Credit	57,367	0.8%			
Brookfield Real Estate Finance Fund V	Private Credit	4,933	0.1%			
Castlelake Aviation V Stable Yield	Private Credit	8,676	0.1%			
Cerberus Levered Loan Opportunities Fund V	Private Credit	19,960	0.3%			
DC Value Recovery Fund IV	Private Credit	8,114	0.1%			
Fortress Credit Opportunities Fund V Exp & VI	Private Credit	34,483	0.5%			
Fortress Legal Assets Fund II	Private Credit	15,764	0.2%			
Fortress Lending Fund II & III	Private Credit	27,290	0.4%		*Private Credit Range 0.0% - 13.0%*	
H.I.G Bayside Loan Opportunity Fund V	Private Credit	34,491	0.5%			
HPS Special Situations Opportunity Fund II	Private Credit	14,050	0.2%			
ITE Rail Fund	Private Credit	41,438	0.6%			
Magnetar Constellation Fund V	Private Credit	8,467	0.1%			
Oak Hill Advisors Structured Products Fund III	Private Credit	26,160	0.4%			
OrbiMed Royalty & Credit Opportunities IV & V	Private Credit	14,147	0.2%			
Quantum Capital Solutions II & Co-Investment	Private Credit	23,062	0.3%			
Silver Point Specialty Credit Fund III	Private Credit	16,628	0.2%			
Sixth Street TAO Partners (B)	Private Credit	54,824	0.7%			
TPG AG Asset Based Credit Evergreen Fund	Private Credit	25,816	0.3%			
TOTAL PRIVATE CREDIT		**$473,611**	6.4%	**8.0%**	**(1.6%)**	**($116,938)**
Covenant Apartment Fund X, XI & XII	Private Real Assets	64,970	0.9%			
Juniper Capital IV LP & Co-Investment	Private Real Assets	18,531	0.3%			
Kayne Anderson Real Estate Partners VII	Private Real Assets	16,773	0.2%			
KSL Capital Partners VI	Private Real Assets	14,040	0.2%			
Landmark Real Estate Partners VIII, IX & Project Yeti II	Private Real Assets	62,933	0.9%		*Private Real Estate Range 0.0% - 10.0%*	
LBA Logistics Value Fund IX	Private Real Assets	24,176	0.3%			
Long Wharf Real Estate Partners VI	Private Real Assets	25,878	0.4%			
Merit Hill Self-Storage V & VI	Private Real Assets	27,021	0.4%			
Post Oak Energy Partners V	Private Real Assets	27,049	0.4%			
Sculptor Real Estate Fund V	Private Real Assets	4,260	0.1%			
Singerman Real Estate Opportunity Fund IV & V	Private Real Assets	25,926	0.4%			
TOTAL PRIVATE REAL ASSETS		**$311,557**	4.2%	**5.0%**	**(0.8%)**	**($57,536)**
TOTAL PRIVATE MARKETS		**$1,192,376**	16.2%	**19.0%**	**(2.8%)**	**($210,177)**

KCERA
Operating Expense Budget Status Report
For the Month Ended July 31, 2026

Expense Type	Budget FY 2026/27	Expenses	Over (Under)
Personnel Costs			
Salaries	5,435,248	383,457	(5,051,791)
Benefits	3,087,704	211,637	(2,876,067)
Total Personnel Costs	**8,522,952**	**595,094**	**(7,927,858)**
Staff Development			
Education & professional development	142,000	15,506	(126,494)
Staff recognition	6,000	-	(6,000)
Total Staff Development	**148,000**	**15,506**	**(132,494)**
Professional Services			
Actuarial fees	163,200	-	(163,200)
Audit fees	54,950	-	(54,950)
Consultant fees	90,000	-	(90,000)
Custodial fees	579,200	-	(579,200)
Disability services	250,000	3,350	(246,650)
Due Diligence	38,000	1,718	(36,282)
Investment consultants	1,671,950	8,118	(1,663,832)
Legal fees	465,000	-	(465,000)
Total Professional Services *	**3,312,300**	**13,186**	**(3,299,114)**
Office Expenses			
Building expenses	197,000	408	(196,593)
Communication platforms	65,001	4,776	(60,225)
Equipment lease & maintenance	12,000	693	(11,307)
Member engagement	38,000	-	(38,000)
Subscriptions & memberships	63,000	6,000	(57,000)
Office supplies & misc. admin.	83,700	846	(82,854)
Payroll & accounts payable fees	-	-	-
Postage	30,000	1,447	(28,553)
Other services - Kern County	30,000	-	(30,000)
Utilities	39,000	452	(38,548)
Total Office Expenses	**557,701**	**14,622**	**(543,081)**
Insurance	**209,527**	**80,607**	**(128,920)**
Information Technology Systems			
Audit-security & vulnerability scan	12,930	-	(12,930)
Business continuity expenses	10,600	-	(10,600)
Hardware	224,150	13,128	(211,022)
Licensing & support	224,520	6,768	(217,752)
Software	609,583	46,585	(562,998)
Website design & hosting	26,400	1,100	(25,300)
Total Information Technology Systems	**1,108,183**	**67,581**	**(1,040,602)**
Board of Retirement			
Board compensation	14,500	-	(14,500)
Board conferences & training	55,000	-	(55,000)
Board elections	-	-	-
Board meetings	7,500	-	(7,500)
Total Board of Retirement	**77,000**	**-**	**(77,000)**
Depreciation	**265,284**	**20,129**	**(245,155)**
Total Operating Expenses	**14,200,947**	**806,725**	**(13,394,224)**

KCERA
CASH FLOW POSITION
July, 2026

TREASURERS POOLED CASH

Beginning Cash Balance:				**$ 208,630**
Contributions			30,219,113	
Total Receipts:				**30,219,113**
Salaries			(595,094)	
Transfers-out			(28,000,000)	
Total Disbursements:				**(28,595,094)**
Ending Cash Balance:				**1,832,649**

WELLS FARGO BANK

Beginning Balances				
Cash Balance				**$ (0)**
STIF Balance				**$ 16,738,125**
Total				**$ 16,738,125**
		5109	5447	
Contributions			8,311,309	
Transfer In	5109/5447	40,609,160	33,895	
Transfer In	Northern Trust			
Transfer In	TPC - County		28,000,000	
ACH Returns / Deletes		84,698		
Interest Earned			87,056	
Misc				
Total Receipts:				**77,126,119**
Operating Expenses			(466,250)	
Investment Expenses			(1,287,859)	
ACH Benefit Payments		(35,236,563)		
Total Checks Paid		(349,504)	(201,675)	
Taxes Witholding Deposits		(5,071,846)		
Bank Services		(2,050)		
Transfers Out	5109/5447	(33,895)	(40,609,160)	
Transfers Out	Northern Trust			
Total Disbursements:				**(83,258,802)**
Net Sweep Activity				**5,559,837**
Pending Bank Transactions			708,634	
Ending Balances				
Cash Balance				**135,788**
STIF Balance				**11,178,288**
Total				**$ 11,314,076**

KCERA
CASH FLOW POSITION
July, 2026

NORTHERN TRUST

Beginning Cash Balance:			**$ 22,617,050**
Private Markets - Distributions		21,271,498	
Commingled Funds - Distributions		10,572,492	
Redemption	Dalton Japan Long Only	8,000,000	
Transfer from Parametric		10,000,000	
Redemption	American Century - Full Redemption	33,696,771	
Redemption	Wellington	15,000,000	
Dividend and Interest Income		181,556	
Class Action Proceeds		407	
Securities Lending Earnings (NET)		49,412	
Total Receipts:			**98,772,136**
Capital Calls	Private Markets	(18,849,791)	
Capital Calls	Commingled Funds	(26,252,195)	
Contribution	Mellon Developed Markets	(34,000,000)	
Other Expenses		(4,177)	
Total Disbursements:			**(79,106,164)**
Ending Cash Balance:			**$ 42,283,022**

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT FEES CASH FLOW REPORT
FOR THE MONTH ENDED July 31, 2026

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Description	July	Total
Investment Base Fees:		
Domestic Equity:		
AllianceBernstein	0.00	0.00
Henderson Geneva Capital	146,188.00	146,188.00
Mellon Capital	0.00	0.00
Congress Small Cap Value	128,613.75	128,613.75
International Equity:		
Lazard	140,526.96	140,526.96
Mellon Capital (Developed Markets)	58,583.66	58,583.66
Fixed Income:		
Aristotle Pacific Capital, LLC	0.00	0.00
Mellon Capital (Agg Bond)	0.00	0.00
Pacific Investment Management Company	157,335.89	157,335.89
Western Asset Management	0.00	0.00
Guggenheim Securitized Products	139,628.53	139,628.53
Schroders Securitized Products	133,159.67	133,159.67
Fidelity Broadmarket Duration	0.00	0.00
Commodities:		
Wellington Trust Company	0.00	0.00
Real Estate:		
ASB Capital Management	201,762.55	201,762.55
Midstream Energy:		
Harvest Midstream	0.00	0.00
Cash & Overlay		
BlackRock	43,262.62	43,262.62
Parametric	27,039.00	27,039.00
Subtotal	**1,176,100.63**	**1,176,100.63**
Investment Professional Fees:		
Consulting:		
Abel Noser	8,190.00	8,190.00
Albourne America LLC	33,333.33	33,333.33
Cambridge Associates	0.00	0.00
Glass, Lewis & Co.	7,950.00	7,950.00
Verus (Cerity Partners)	35,416.67	35,416.67
Consulting - Other Expenses	0.00	0.00
Custodial:		
The Northern Trust Co.	0.00	0.00
Legal:		
Foley & Lardner LLP	0.00	0.00
Hanson Bridgett LLP	0.00	0.00
Nossaman LLP	25,150.00	25,150.00
Due Diligence / Investment-Related Travel:	1,718.07	1,718.07
Subtotal	**111,758.07**	**111,758.07**
Total Investment Fees	**1,287,858.70**	**1,287,858.70**

Date: September 9, 2026

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: **Compensation Policy Referral to Administrative Committee**

At the August 12, 2026 Regular Meeting, the Board of Retirement acted (under Agenda Item #37) to place the following on a future agenda: "Refer KCERA Compensation Policy to the Administrative Committee for review." Trustee Kaufman made the motion, seconded by Trustee Frapwell, and unanimously approved by the Board members present.

Agenda Item 37 provided an avenue for Trustees to present item(s) to fellow board members for consideration on a future agenda. Specifically, it allows Trustees to "Consider, discuss, and take possible action to agendize one or more items for future meetings of the Board of Retirement." If the motion passes, as occurred at the August meeting, Staff must place the matter on a future agenda for Board action.

Accordingly, Staff have placed this item on today's agenda for action by your Board.

Date: September 9, 2026

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: **P2F2 23rd Annual Conference**
Orlando, Florida
October 4-7, 2026

I have attached information concerning the above-captioned meeting, as follows:

- Agenda and supporting information on the pertinence and relevance of the following staff attendance – Chief Financial Officer Angela Kruger, Deputy Chief Financial Officer Maritza Rodriguez, and Deputy Chief Financial Officer Cory Pruett

- Specific information as to whether staff will serve as a speaker or panel participant – None

- Specific information concerning the estimated total travel cost involved, including the estimated costs to be borne by KCERA and those costs borne by the conference sponsor

The topic list is timely and relevant to the administration of the retirement system. Therefore, it is recommended that your Board receive and file.

Attachments

Travel Subject P2F2 23rd Annual Conference
Sponsor P2F2
Date(s) October 4-7, 2026
Location Orlando, Florida
Proposed Attendee(s) Angela Kruger, Maritza Rodriguez, Cory Pruett

Estimated Total Travel Cost **$10,461.20**

Description	Computation		Kruger (5 Nights)	Rodriguez (4 Nights)	Pruett (4 Nights)	Totals	Borne By KCERA	Borne By Sponsor
Registration fees	$925.00	=	925.00	925.00	925.00	**2,775.00**	2,775.00	
Lodging expense	4 nights @ $ 320.00 /night	=	1,600.00	1,280.00	1,280.00	**4,160.00**	4,160.00	
Per diem meals reimbursement:	4 days @ $ 80.00 /day	=	400.00	320.00	320.00			
Less meals provided by sponsor	0 Breakfast, 3 Lunch, 1 Dinner = $328.80	=	($109.60)	($109.60)	($109.60)			$328.80
Total meals expense		=				**1,040.00**	711.20	
Rideshare expense		=	50.00	50.00	50.00	**150.00**	150.00	
Airfare		=	$875.00	$895.00	$895.00	**$2,665.00**	2,665.00	
Vehicle-related expenses:		=	-	-	-	**-**	-	
Parking	- days @ - /day	=		-		**-**	-	
Mileage	miles @ 0.425 /mile (Department Head)	=		-		**-**	-	
	miles @ 0.725 /mile (Staff, Trustee)	=		-		**-**	-	
Rental car		=		-		**-**	-	
Rental car gasoline		=		-		**-**	-	
Totals		=	3,740.40	3,360.40	3,360.40	**$ 10,790.00**	**$ 10,461.20**	**$ 328.80**

P2F2 23rd Annual Conference
Orlando, Florida

CONFERENCE AT A GLANCE

DRAFT - Subject to Change

Sunday, October 4, 2026

Time	CPE	Session Name	Location
7:30 AM - 7:30 PM		Registration Desk Open	Portico

Preconference Seminars (Run Concurrently)

9:00 - 11:45 AM	3	The AI Shift: Innovation, Impact and Controls *Panel*	Grand Cypress ABC
		Follow the Money: Understanding the Financial Lifecycle of a Pension Plan *Alice Alsberghe, Rob Dolphin, Tim Rekow, Mark Whelan*	Grand Cypress DEF
Mid-session		A Break Will Occur Midway Through Preconference Session	Portico
11:45 AM - 12:45 PM		**Lunch for Preconference Attendees Only**	**Regency Hall**

Main Conference

12:45 - 1:00		Welcome	Grand Cypress Ballroom DEF
1:00 - 2:40 PM	2	Leadership Lessons From Hollywood *Andy Masters*	Grand Cypress Ballroom DEF
2:40 - 2:55 PM		BREAK (15 minutes)	Portico
2:55 - 3:45 PM	1	How Does My Plan Stack Up - Meaningful Metrics for Comparing Public Plans *Alice Alsberghe*	Grand Cypress Ballroom DEF
3:45 - 4:00 PM		BREAK (15 minutes)	Portico
4:00 - 4:50 PM	1	Establishing an Effective Fraud Working Group in Pension Administration *Brittany Smith*	Grand Cypress Ballroom DEF
5:30 - 7:30 PM		**Conference Welcome Reception**	**Portico Terrace**

Monday, October 5, 2026

Time	CPE	Session Name	Location
7:30 AM - 5:15 PM		Registration Desk Open	Portico
8:30 - 9:00 AM		Welcome Remarks, Conference Logistics, and Sponsor Introductions *Melissa Rackers*	Grand Cypress Ballroom DEF
9:00 - 10:40 AM	2	Positive Growth in a Negative World *Will Bowen*	Grand Cypress Ballroom DEF
10:40 - 10:55 AM		BREAK (15 minutes)	Portico
10:55 - 11:45 AM	1	Threat Intelligence Briefing *Jen Aras*	Grand Cypress Ballroom DEF
11:45 AM - 1:00 PM		**Lunch**	**Regency Hall**
1:00 - 1:50 PM	1	Getting a Handle on Administrative Costs *GFOA*	Grand Cypress Ballroom DE
		How and Why Pension Funds Use Derivatives *ISDA*	Grand Cypress Ballroom ABC
		When You Wish Upon a Compliance Star: Bona Fide Terminations *Alex Audino*	Grand Cypress Ballroom I
		Breaking Silos for Better Governance and Decision Making *Scott Patton*	Grand Cypress Ballroom GH
		Deploying AI in Everyday Operations *J.P. Morgan*	Grand Cypress Ballroom F
1:50 - 2:05 PM		BREAK (15 minutes)	Portico
2:05 - 2:55 PM	1	Strategic Costing and Linking to Overall Strategic Plan *CalSTRS*	Grand Cypress Ballroom DE
		Digital Assets and Implications for Public Funds *BNY*	Grand Cypress Ballroom ABC
		Monsters, Inc.: Scaring Up Better Employer Audits *James Hammer, Norm Remp*	Grand Cypress Ballroom I
		Building Leadership Continually - What Will Happen When You are Gone? *Kwesi Adjei*	Grand Cypress Ballroom GH
		Excel Tips and Tricks *Karl Greve, Lawrence Mundy*	Grand Cypress Ballroom F

2:55 - 3:25 PM		Ice Cream Social (30 Minues)	Portico
3:25 - 5:05 PM	2	CFO Hot Topics *Panel*	Grand Cypress Ballroom DE
		Role of Modern Custodian *Panel*	Grand Cypress Ballroom ABC
		The Reporting King: A Circle of Life Round Table *Patti Gordon*	Grand Cypress Ballroom I
		Practical Uses for AI and Other Time Management Tips and Tricks *Emily Schwartz*	Grand Cypress Ballroom GH
		AI in Pensions *EY*	Grand Cypress Ballroom F
		Dinner On Your Own - Explore Orlando Cuisine	

Tuesday, October 6, 2026

Time	CPE	Session Name	Location
7:30 AM - 4:30 PM		Registration Desk Open	Portico
8:00 - 8:50 AM	1	GASB Update *Emily Paul*	Grand Cypress Ballroom DEF
8:50 - 9:05 AM		BREAK (15 minutes)	Portico
9:05 - 10:45 AM	2	Economics - The Economic Pulse: From Everyday Concepts to Strategic Positioning *Joe Calhoun*	Grand Cypress Ballroom DEF
10:45 - 11:00 AM		BREAK (15 minutes)	Portico
11:00 - 11:50 AM	1	Why Isn't Our Funding Ratio Improving Faster? Managing Risks After a Few Good Years *GRS*	Grand Cypress Ballroom DEF
11:50 AM - 1:15 PM		**Business Lunch**	**Regency Hall**
1:15 - 2:05 PM	1	TBD	Grand Cypress Ballroom DE
		International Tax Update *EY*	Grand Cypress Ballroom ABC
		Integrating Emerging Technology Into Employer Reporting *Segal*	Grand Cypress Ballroom I

		Where AI and Human Capital Meet: Finding Balance for the Future *Baker Tilly*	Grand Cypress Ballroom GH
		Ethical Hacking and Penetration Testing *CLA*	Grand Cypress Ballroom F
2:05 - 2:20 PM		BREAK (15 minutes)	Portico
2:20 - 3:10 PM	1	Materiality: How Does it Affect Fair Value and Actuarial Considerations *Baker Tilly*	Grand Cypress Ballroom DE
		Managing Multi-Asset Class in Private Market Growth *SimCorp*	Grand Cypress Ballroom ABC
		Guardians of the Portal: A Whole New World of Employer Reporting Security *Jason Todd*	Grand Cypress Ballroom I
		Leading Change in Public Pension Organizations From Managing Transitions to Building Change Ready Leadership *Eide Bailly*	Grand Cypress Ballroom GH
		IT Security and Modern Cyber Risks *CLA*	Grand Cypress Ballroom F
3:10 - 3:25 PM		BREAK (15 minutes)	Portico
3:25 - 4:15 PM	1	Financial Reporting *Plante Moran*	Grand Cypress Ballroom DE
		Financial Risks in Dated Trustee Agreements *Amaces*	Grand Cypress Ballroom ABC
		Customer Surveying - Tracking Membership Trends *TBD*	Grand Cypress Ballroom I
		Improving Government Processes: Practical Ways to Make Change Stick *Eide Bailly*	Grand Cypress Ballroom GH
		GL Implementation: Post Go Live *Crowe*	Grand Cypress Ballroom F
5:30 - 8:30 PM		**Evening Event - Wilderness**	

Wednesday, October 7, 2026

Time	CPE	Session Name	Location

7:30 AM - 12:00 PM		Registration Desk Open	Portico
8:00 - 8:50 AM	1	Tax Update *Lisa Harrison*	Grand Cypress Ballroom DEF
8:50 - 9:05 AM			Portico
9:05 - 10:45 AM	2	Ethics *TBD*	Grand Cypress Ballroom DEF
10:45 - 11:00		BREAK (15 minutes)	Portico
11:00 - 11:50	1	Legislative Update *Leigh Snell*	Grand Cypress Ballroom DEF
11:50 AM		**Adjourn**	

Date: September 9, 2026

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: **Albourne Client Conference**
London, England
September 30 – October 1, 2026

I have attached information concerning the above-captioned meeting, as follows:

- Agenda and supporting information on the pertinence and relevance of the following staff attendance – Investment Officer Rafael Jimenez

- Specific information as to whether staff will serve as a speaker or panel participant – None

- Specific information concerning the estimated total travel cost involved, including the estimated costs to be borne by KCERA and those costs borne by the conference sponsor

The topic list is timely and relevant to the administration of the retirement system. Therefore, it is recommended that your Board receive and file.

Attachments

Travel Subject	Albourne Client Conference
Sponsor	Albourne
Date(s)	September 30 - October 1, 2026
Location	London, England
Proposed Attendee(s)	Rafael Jimenez
Estimated Total Travel Cost	**$2,850.00**

Description	**Computation**		**Jimenez**	**Totals**	**Borne By**	
					KCERA	**Sponsor**
Registration fees		=	-	**-**	-	
Lodging expense	5 nights @ $ 200.00 /night	=	1,000.00	**1,000.00**	1,000.00	
Per diem meals reimbursement:	5 days @ $ 174.00 /day	=	870.00			
Less meals provided by sponsor	1 Breakfast, 2 Lunch, 0 Dinner = $137.46	=	($137.46)			$137.46
Total meals expense		=		**870.00**	732.54	
Rideshare expense	150	=	150.00	**150.00**	150.00	
Airfare	$1,500.00	=	$1,500.00	**$1,500.00**	1,500.00	
Vehicle-related expenses:		=	-	**-**	-	
Parking	- days @ - /day	=	-	**-**	-	
Mileage	miles @ 0.410 /mile (Department Head)	=	-	**-**	-	
	miles @ 0.700 /mile (Staff, Trustee)	=	-	**-**	-	
Rental car		=	-	**-**	-	
Rental car gasoline		=	-	**-**	-	
Totals		=	3,382.54	**$ 3,520.00**	**$ 3,382.54**	**$ 137.46**

WEDNESDAY 30 SEPTEMBER

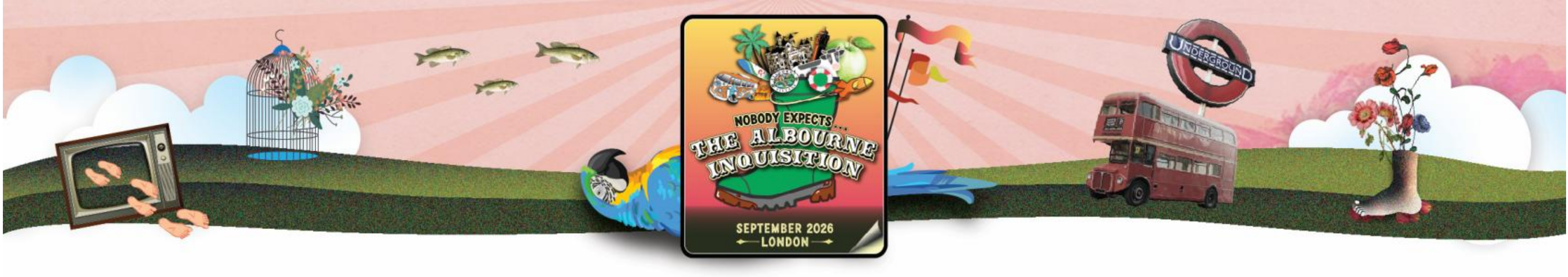
Time	THE ALBOURNE INQUISITION Woolwich Works - The Fireworks Factory, 11 No. 1st, Royal Arsenal, London, SE18 6HD		
08:00 – 08:45	REGISTRATION/ BREAKFAST		
08:45 – 09:00	**John Claisse Sets the Scene - (*Main Hall*)** *(Welcome Address)*		
	PANEL – *Main Hall*		
09:00 – 09:45	**Industry Panel (Introducing Investor Manifesto IV)** *Hosted by: John Claisse & Debra Ng*		
	PANELS ***(Main Hall)***	**DISCUSSIONS** ***(Coopers Studio*)*** ****Capacity Constraints apply***	**SOUNDBITES** ***(Knight Gallery)***
09:50 – 10:10	**Credit Across the Liquidity Spectrum** *Hosted by: Pauline Cacucciolo & Adam Edris – Panelists: David Sherr, **One William Street Capital Management**, Pierre Bour, **Fidera Limited**, Ruben Kliksberg, **Redwood Capital** &Tristram Leach, **Apollo Global Management**.*	**AI Implementation**	**Fraud Case Study** *Presenters: David Pearlman & Sanja Koullapis*
10:15 – 10:35			**Sustainability** *Hosted by: Emlyn Palmer & Tim Foran*
10:40 – 11:00	BREAK		
	PANELS ***(Main Hall)***	**DISCUSSIONS** **(*Coopers Studio**)**	**SOUNDBITES** ***(Knight Gallery)***
11:00 – 11:40	**Equity Market Perspectives - Winners & Losers** *Hosted by: Christopher Meinke & Julie Lauer Wurster – Panelists: Alex Sacerdote, **Whale Rock**, Mala Gaonkar, **SurgoCap** & Roderick Wong, **RTW**.*	**PM ODD**	**Private Markets Benchmarking** *Presenters: Tom Cawkwell & Jennifer Yeung* **Albourne Cash Flow Model & Forward Calendar** *Presenters: Lincoln Smith &Yut Wah Leong*
11:45 – 12:25	**Capital Efficiency** *(Portable Alpha, Beta Completion, QIS)* *Hosted by: Jessica Ross & Andrew McCulloch.*		**Asset Based Lending** *Hosted by: Daniel Xu – Panelists: Ivan Zinn, **Atalaya*** **Asia Alpha Opportunities** *Hosted by: Susan Lee – Panelists: Masa Yamaguchi, **MYAM***
12:30 – 14:00	LUNCHBREAK		
	PANELS ***(Main Hall)***	**DISCUSSIONS** **(*Coopers Studio**)**	**SOUNDBITES** ***(Knight Gallery)***
14:00 – 14:40	**Infrastructure** *Hosted by: Ashli Aslin & Mark White – Panelists: David Scaysbrook, **Quinbrook**, Jordan Cott, **Arcus Infrastructure Partners** & Sebastian Urban, **Asterion Industrial Partners**.*	**HF ODD**	**Back Office** *Presenters: Rowan Levy & Christina Efstathiou* **Fees & Liquidity** *Presenters: Nicolas Stylianou & Lucy Berrington*
14:45 – 15:25	**Secondaries** *Hosted by: Seamus Hely-Hutchinson & Jay Patel – Panelists: Ben Pearce, **Campbell Lutyens Lazard**, Chris Perriello, **Carlyle AlpInvest**, Louise Boothby, **CVC Secondaries** & Verdun Perry, **Blackstone**.*		**5A on the Castle** *Presenters: Ogonna Nneji & Guy Ingram* **Total Portfolio OP** *Presenters: Sarah Grist &Vas Ntiskos*
15:30 – 16:00	BREAK		
	PANEL – *Main Hall*		
16:00 – 17:00	**AI: Investment Opportunities and Threats** *Hosted by: Travis Williamson & Yingwen Chin – Panelists: Alex Zhou, **Qiming**, Giuliana Bordigoni, **Man AHL**, Jeremy Goldstein, **D1 Capital** & Venky Ganesan, **Menlo Ventures**.*		

THURSDAY 1 OCTOBER

THE ALBOURNE INQUISITION

Woolwich Works - The Fireworks Factory, 11 No. 1st, Royal Arsenal, London, SE18 6HD

Time			
07:30 – 08:30	**REGISTRATION**		
08:00 – 08:45	**ASK Albourne (*Main Hall)*** *(Client Only Session)*		
	PANEL – *Main Hall*		
09:00 – 09:45	**Energy Investing** *Hosted by: Phil Pothier & Andrew Hayward – Panelists: Ajay Khurana, **Quantum Capital**, Jason M Kellman, **Pinnacle**, Per Leklander, **Clean Energy Transition** & Rod Saddington, **Merewether**.*		
	PANELS ***(Main Hall)***	**DISCUSSIONS** ***(Coopers Studio*)*** ****Capacity Constraints apply***	**SOUNDBITES** ***(Knight Gallery)***
09:50 – 10:10	**Private Credit** *Hosted by: Kristen Jones & Kellie Hata – Panelists: Jeff Aronson, **Centerbridge** & Josh Howie, **Freeport***	**Insurance** *Hosted by: Michael Hamer & Chantal Berendsen – Panelists: Aditya Dutt, **Aeolus Capital Management** & MariaGiovanna Guatteri, **Swiss Re Insurance**.*	**Middle Office Trends** *Presenters: Jose Jimenez & Monica Mula*
10:15 – 10:35			**Digital Monitoring & Albourne's New ORB Report** *Presenters: Andrew McAloney & Carmen Lam*
10:40 – 11:00	**BREAK**		
	PANELS ***(Main Hall)***	**DISCUSSIONS** ***(Coopers Studio*)***	**SOUNDBITES** ***(Knight Gallery)***
11:00 – 11:40	**Private Equity** *(Buy-Outs & Venture Capital)* *Hosted by: Tom Cawkwell & Marianna Inston – Panelists: Ajit Nedungadi, **TA Associates**, Dany Rammal, **PSG Europe** & Dr. Jeannette zu Fürstenburg, **General Catalyst**.*	**Evergreen & BDCs** *Hosted by: Michael Scott & Kristen Jones – Panelists: Jana Markowicz, **Ares Management**, Logan Nicholson, **Blue Owl** & Stephen Nesbitt, **Cliffwater**.*	**ARP & QIS** *Presenters: Evelina Klerides & Michael Ide* **Investing in Africa** *Hosted by: Emlyn Palmer*
11:45 – 12:25	**Emerging Markets** *Hosted by: Mike Halliwell & Richard Johnston – Panelists: Ali Akay, **Carrhae Capital**, Antoine Estier, **Amia Capital**, Brad Wickens, **Broad Reach** & Polina Kurdyavko, **RBC BlueBay Asset Management**.*	**Real Estate** *Hosted by: Heather Christopher & Christian Reel – Panelists: Dwight Angelini, **Longpoint**, Nabil Mabed, **PGIM** & Vivien Huang, **VWH**.*	**Digital Assets** *Hosted by: Steve D'Mello* **Castle AI** *Presenters: Andrew McCulloch & Andreas Avgusti*
12:30 – 14:00	**LUNCHBREAK**		
	PANELS ***(Main Hall)***	**DISCUSSIONS** ***(Coopers Studio*)***	**SOUNDBITES** ***(Knight Gallery)***
14:00 – 14:40	**Quants** *Hosted by: Anca Dimitriu & Michael Ide – Panelists: Alan Hofmeyr, **Marshall Wace**, Andreas Kreuz, **WorldQuant**, Oliver Watson, **Xantium** & Raffaele Savi, **Blackrock**.*	**E&F & Family Offices** *(E&F & Family Office Clients Only)*	**AltERS & HedgeRS** *Presenters: Christina Stavrinides & James Munro* **Venture Capital** *Hosted by: Amiee Kish – Panelists: Joe Fath, **Eclipse Capital***
14:45 – 15:25	**Asia** *Hosted by: Debra Ng & David Low – Panelists: Angus Wai, **Polymer Capital**, Hiro Hirano, **KKR Asia**, John Ho, **Janchor** & Stephanie Hui**, Goldman Sachs Asset Management**.*	**Pensions & SWFs** *(Pension & SWF Clients Only)*	**Albourne API & MCP** *Presenters: John Shearman & Adriaan Joubert* **TBC**
15:30 – 16:00	**BREAK**		
	PANEL – *Main Hall*		
16:00 – 17:00	**Founders Panel** *(Succession, Talent Wars & Evolution of GPs)* *Hosted by: James Walsh & Simon Ruddick – Panelists: Alan Howard, **Brevan Howard**, Chris Gradel, **PAG**, Denis Ribon, **Archimed** & Nancy Zimmerman, **Bracebridge***		



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Date: September 9, 2026

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: **Initiation of Service Provider Evaluation Period**

The Board of Retirement's Evaluation Period Policy was established to help ensure that decisions involving the selection, retention, or termination of KCERA service providers are consistent with fiduciary standards of conduct, and that service providers being considered by KCERA are treated fairly.

An "evaluation period" may be initiated by the Chief Executive Officer ("CEO") in the following situations:

a) when a request for proposals (RFP) has been issued by KCERA or a short list of candidate firms has been identified for consideration by KCERA, or

b) the Board otherwise deems it to be in the best interest of KCERA and its members and beneficiaries to do so.

The CEO has exercised his discretion and initiated the evaluation period for the following providers:

1) Beach Point Capital
2) Audax Private Equity
3) Lazard Asset Management
4) Los Angeles Capital Management
5) Man Group
6) Strategic Global Advisors

Trustees are required to comply with the evaluation period restrictions upon receipt of this notification. (See Board Communications Policy).

> During evaluation periods, trustees shall not communicate with the specified service providers, except during board meetings, committee meetings, or KCERA-authorized due diligence visits; nor shall they accept meals, travel, hotel, or other types of gifts from the specified service providers. Notwithstanding the above, Trustees who need to communicate with such service providers for reasons unrelated to KCERA business agree to disclose such need to the Board beforehand. If circumstances do not permit timely disclosure to the Board, the trustee shall provide disclosure of the intended communication to the CEO and to the Chair or Vice-Chair.

> Service providers that breach this policy may be terminated by KCERA or disqualified from consideration in a search process. Board members who breach this policy may be sanctioned in accordance with the KCERA Code of Conduct.

(See Evaluation Period Policy).

Pursuant to the aforementioned policies, your Board is asked to ratify the above evaluation period I recently initiated.

CERITY PARTNERS®

Kern County Employees Retirement Association

Investment Performance Review

September 2026

Table of Contents

3rd Quarter 2026 Investment Landscape

Institutional Consulting

Table of Contents

Business Update

Since our last Investment Landscape webinar:

- We hosted our clients in Seattle for our 2026 Institutional Client Summit
- CPIC hired Nate Patzwald and Ashley Andrews as Investment Analysts in our Seattle office
- Partner Tim McEnery, CFA, was announced as a CIO Knowledge Broker for 2026
- Recent research
  - *Real Assets Outlook*
- Upcoming research
  - *Private Equity Outlook*

Recent Cerity Partners research

Thought Leadership

TOP TEN THOUGHTS FOR 2026

Each year CPIC identifies a set of themes we believe investors should weigh in the year ahead—some centered on the economy and markets, others on geopolitics and broader structural issues. The paper also revisits the prior year's forecasts.

STATE OF THE CORE REAL ESTATE FUND UNIVERSE

CPIC assesses the state of the core real estate fund universe, including the mixed fundamentals facing the asset class and the elevated redemption queues that continue to pressure certain funds and frustrate investors seeking liquidity.

LDI FOR PUBLIC SPONSORS

We examine the divergence in LDI adoption across sponsor types, the plan characteristics that make liability-driven strategies advantageous, and why the current environment makes LDI look relatively attractive today.

THIS MATTERS, AND THIS DOESN'T

We share perspectives on recognizing and, where possible, avoiding bias—identifying what matters most to the portfolio by drawing on a balanced set of information sources, remaining alert to bias, and weighing incentives carefully, while also discerning what does not matter.

2nd quarter summary

THE ECONOMY

- U.S. real GDP growth in Q2 was weaker than expected at 1.5% QoQ annualized. The ongoing trade deficit acted as a significant drag on growth, although consumer spending and investment trends suggest core economic activity remains strong. The current trade deficit should arguably be viewed less poorly, as importation of AI-related hardware and equipment will likely help drive future business productivity.
- U.S. inflation jumped considerably during Q2 as the U.S.-Iran conflict led to a historically severe global oil supply shortage. Inflation spiked to 4.2% in May—more than double the Fed's 2% target—then fell sharply to 3.5% in June as a possible peace deal led oil prices back nearly to pre-crisis levels. However, inflation is not all about energy and the Strait of Hormuz, as massive AI investment has driven demand-pull inflation across a variety of materials and goods.

EQUITY

- Emerging markets outperformed, up +24.1%. The U.S. market generated +15.2%, while international developed equity lagged but still advanced a solid +10.8%. Q2 year-over-year S&P 500 earnings growth is expected to reach +23.3% (FactSet, as of July 2nd), and full-year 2026 corporate earnings are projected to grow a remarkable +24.1%.
- Small caps again outperformed large caps, extending a one-year run of +18.5% relative outperformance, though the asset class still lags meaningfully on a 3- and 5-year trailing basis. Growth led Value in Q2, even as Value retains a +9.8% edge over the past year. Sector effects drove much of the style dispersion, with Info Technology a standout in Q2 (+31.8%).

FIXED INCOME

- Kevin Warsh was sworn in as Fed Chairman on May 22nd, in a historically divided 54–45 Senate vote. Warsh takes the helm amid an energy shock from the Iran conflict, resurgent inflation, and historically depressed consumer sentiment. A key question is whether he leans dovish—consistent with his rhetoric ahead of nomination—or hawkish, given his hardline inflation stance and long-standing preference for shrinking the Fed's balance sheet and narrowing its role.
- Concerns around private credit persisted, now centered largely on investor redemption requests, which remained substantial and above the standard 5% quarterly limit imposed by many funds. In several cases, redemptions have come disproportionately from a small subset of investors—suggesting greater underlying stability than the headlines imply. Credit defaults and stress remain broadly muted.

ASSET ALLOCATION ISSUES

- Risk assets performed well as expanding corporate earnings and tighter credit spreads lifted fixed income returns. Global equities returned +14.9% and U.S. high yield bonds gained +2.5%. Commodities notably lagged: oil fell on optimism around a U.S.–Iran peace deal, while gold retreated sharply after its remarkable 2025 rally, alongside declines in other metals. ***p. 50***
- Market-priced volatility stayed subdued despite geopolitical risk. U.S. inflation pushed above 4%—double the Fed's target—leading markets to brace for future rate hikes rather than the cuts previously expected. The U.S. and Iran signed the Islamabad Memorandum, though hostilities reignited in early July. The VIX ended June at 16.5.

Risk assets generated very strong returns during Q2 on substantial profit growth and tighter credit spreads

Conflict around the Strait of Hormuz continued, though market pricing suggests little concern

What drove the market in Q2?

"AI spending, earnings hopes, Fed outlook set to sway US in second half"

S&P 500 earnings year-over-year				
Q1 2026	**Q2 2026***	**Q3 2026***	**2026***	**2027***
28.8%	23.6%	26.6%	24.2%	17.4%

Article Source*: Reuters, June 30th, 2026*
**Expected earnings growth YoY*

"US releases official agreement with Iran"

WTI Crude Oil Spot					
2/20	**3/9**	**4/3**	**5/1**	**6/1**	**7/1**
$66	$94	$111	$101	$93	$68

Article Source*: CNN, June 17th, 2026*

"Inflation cools more than expected in June as gas costs fall"

U.S. Inflation (year-over-year)							
Nov '25	**Dec '25**	**Jan '26**	**Feb '26**	**Mar '26**	**Apr '26**	**May '26**	**Jun '26**
2.7%	2.7%	2.4%	2.4%	3.3%	3.8%	4.2%	3.5%

Article Source*: AP News, July 14th, 2026*

"America's job market looks strong. So why is it so difficult to find work?"

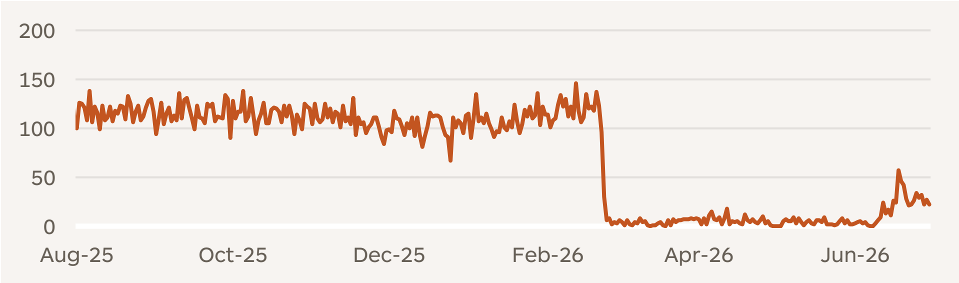
Change in Employment (% year-over-year)					
Jan '26	**Feb '26**	**Mar '26**	**April '26**	**May '26**	**June '26**
0.20%	0.08%	0.17%	0.20%	0.27%	0.32%

Article Source*: CNN, June 1st, 2026*

S&P 500 INDEX

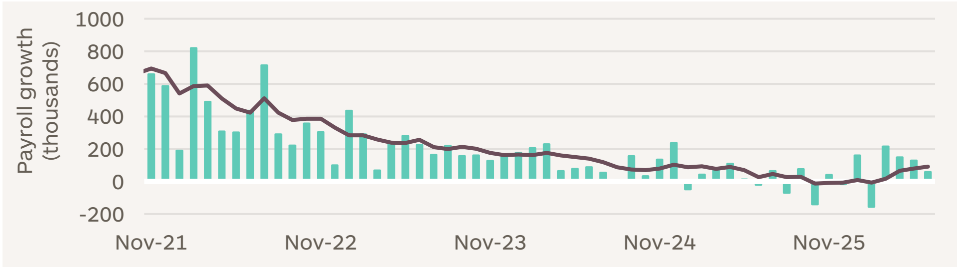
Source*: Standard & Poor's, as of 6/30/26*

HORMUZ COMMERCIAL CARGO CROSSINGS



Source: *Bloomberg, CPIC, as of 7/6/26*

U.S. MONTHLY JOB GROWTH



Source: *FRED, CPIC, as of 6/30/26*

Economic environment

U.S. economics summary

- U.S. real GDP in Q2 grew at a weaker than expected 1.5% QoQ annualized rate. An ongoing trade deficit acted as a significant drag on growth, fueled partly by imports of AI-related infrastructure and hardware. While trade deficits are often viewed as negative for the economy, it is worth noting that a deficit due to AI buildout should arguably be viewed less poorly, as these imports will likely be used to improve productivity and expand business capabilities in the U.S.

- The U.S.–Iran conflict caused significant disruption to energy supplies, but has had surprisingly little effect on the broader economy. Several factors seem to explain the resilience: major economies drew on their own large reserves, easing supply pressure; some producers continued to export through routes other than the Strait; and the global energy market entered the conflict in surplus rather than scarcity. Perhaps just as important, the world's reliance on fossil fuels is far lower than in prior energy crises, muting the economic and inflationary fallout this time around.

- U.S. inflation jumped considerably during Q2 given the U.S.-Iran conflict. Inflation spiked to 4.2% in May—more than double the Fed's 2% target—then fell sharply to 3.5% in June as a possible peace deal led oil prices back nearly to pre-crisis levels. However, inflation is not all about energy and the Strait of Hormuz, as massive AI investment has driven demand-pull inflation across a variety of materials and goods.

- Unemployment fell from 4.3% to 4.2%. The decline, however, largely reflected a falling participation rate, as workers aged 55 and older have steadily exited the workforce since the pandemic. Participation among the 55+ cohort now sits at its lowest level since 2005. We would describe the labor market as strong in certain ways—historically low unemployment with minimal layoff activity—but soft beneath the surface, with subdued hiring and a workforce that is barely expanding.

- Consumer sentiment stayed depressed through Q2, near record lows per the University of Michigan. It improved modestly in June as gasoline prices eased, fears around the Iran conflict began to subside, and households grew more optimistic about business conditions. The Conference Board's Consumer Confidence Index likewise remained soft, though its short-term outlook for income, business, and labor-market conditions firmed.

	Most Recent	12 Months Prior
Real GDP *(YoY)*	2.1% 6/30/2026	2.1% 6/30/2025
Inflation *(CPI YoY, Core)*	2.6% 6/30/2026	2.9% 6/30/2025
Expected Inflation *(5yr-5yr forward)*	2.2% 6/30/2026	2.3% 6/30/2025
Fed Funds Target Range	3.50% - 3.75% 6/30/2026	4.25% - 4.50% 6/30/2025
10-Year Rate	4.5% 6/30/2026	4.2% 6/30/2025
U-3 Unemployment	4.2% 6/30/2026	4.1% 6/30/2025
U-6 Unemployment	7.9% 6/30/2026	7.7% 6/30/2025

Source: *Bloomberg*

Inflation

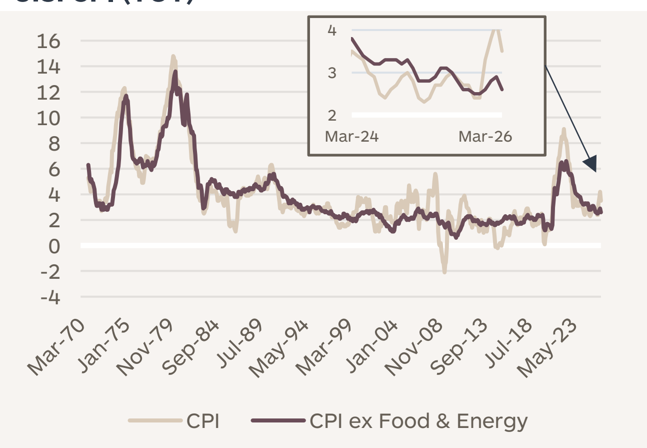
U.S. inflation reaccelerated sharply in Q2 as the U.S.–Iran conflict drove a historically severe global oil-supply shortage. CPI spiked to 4.2% in May—more than double the Fed's 2% target—before falling back to 3.5% in June as a prospective peace deal returned oil prices toward pre-crisis levels. Energy is only part of the story, however: intense AI-related investment has generated demand-pull inflation across a range of materials and goods (e.g., laptops, mobile phones, computer hardware, electricity). Prices are now outpacing U.S. wage growth and eroding household purchasing power.

On the shelter side, prices rose just 0.1% month-over-month in June—a key driver of the -0.4% move in headline CPI during that month—potentially an early sign that the flat rents and moderate home-price gains of recent years are finally filtering into official CPI data, which tends to lag the market.

Consumer anxiety over the conflict and its inflationary implications eased notably in June, per the University of Michigan survey. One-year inflation expectations fell to 4.2% (down from 4.8% in May), while five-year expectations fell to 3.3% from 3.9%—roughly in line with the recent average of the past year. Market-based measures also declined notably following the peace deal, though hostilities resumed in early July: the 2-year TIPS breakeven fell from a Q1 high of nearly 3.4% to 2.0% by end of June.

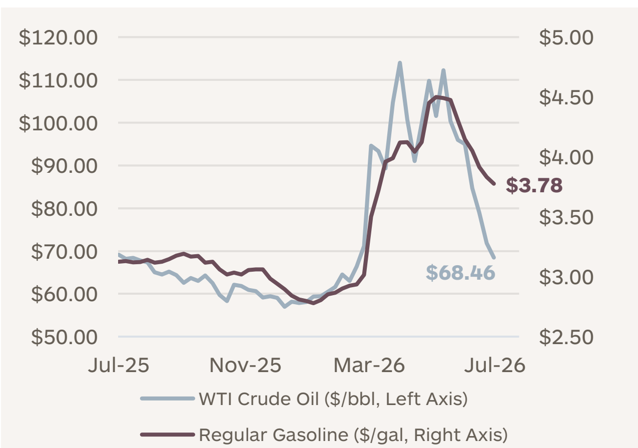
› The Strait reopened during the quarter, but the military conflict reignited in July, causing more confusion

U.S. CPI (YOY)



***Source**: BLS, as of 6/30/26*

CRUDE OIL VS. GAS PRICES



***Source**: BLS, CPIC, as of 7/2/26*

MONTHLY PRICE MOVEMENT (CPI)

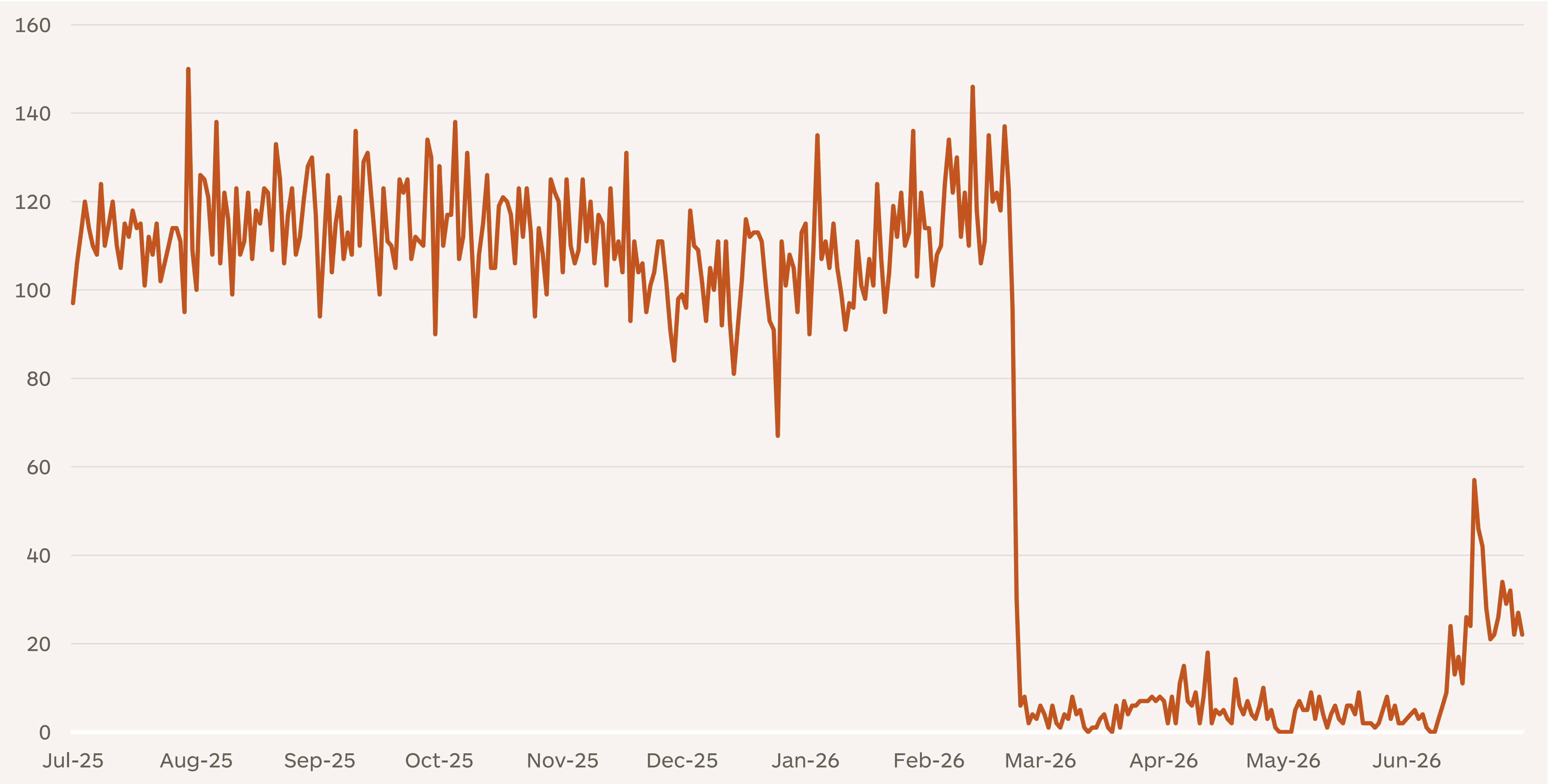
***Source**: FRED, CPIC, as of 6/30/26*

Dynamics that led to higher inflation could now lead to easing

- WTI crude spiked from roughly $70/bbl pre-conflict to above $110/bbl before retracing to the ~$70-$80/bbl range in early July. Should gasoline and related prices track this reversal, the initial inflationary impulse could give way to disinflation. This was evident in June's U.S. inflation report, which reflected a sharp single month move lower from 4.2% to 3.5%. **However, military strikes between the U.S. and Iran continued later in July, and there is a high amount of uncertainty around the direction of energy prices.**
- Housing prices in June showed the weakest monthly price rise since early 2021. Since shelter costs are roughly one-third of the U.S. inflation rate, a trend towards more subdued housing inflation could have a significant disinflationary impact on official inflation numbers (this trend would make sense, as actual rents have been flat for multiple years, and home price appreciation has been moderate).
- Tariffs typically exert a one-time, level effect on prices—once in place for a full year, their year-over-year contribution fades to zero. With tariffs now past the one-year mark, this base effect should become a headwind to year-over-year inflation. Compounding the point, the effective tariff rate has drifted lower over the past year amid court challenges and refunds (e.g., IEEPA).
- U.S. wage growth has decelerated for more than four years and now trails the pace of inflation. As wages are widely regarded as a durable driver of underlying inflation, this continued softening likely creates some disinflationary effects.

A (very) slow normalization in the Strait of Hormuz

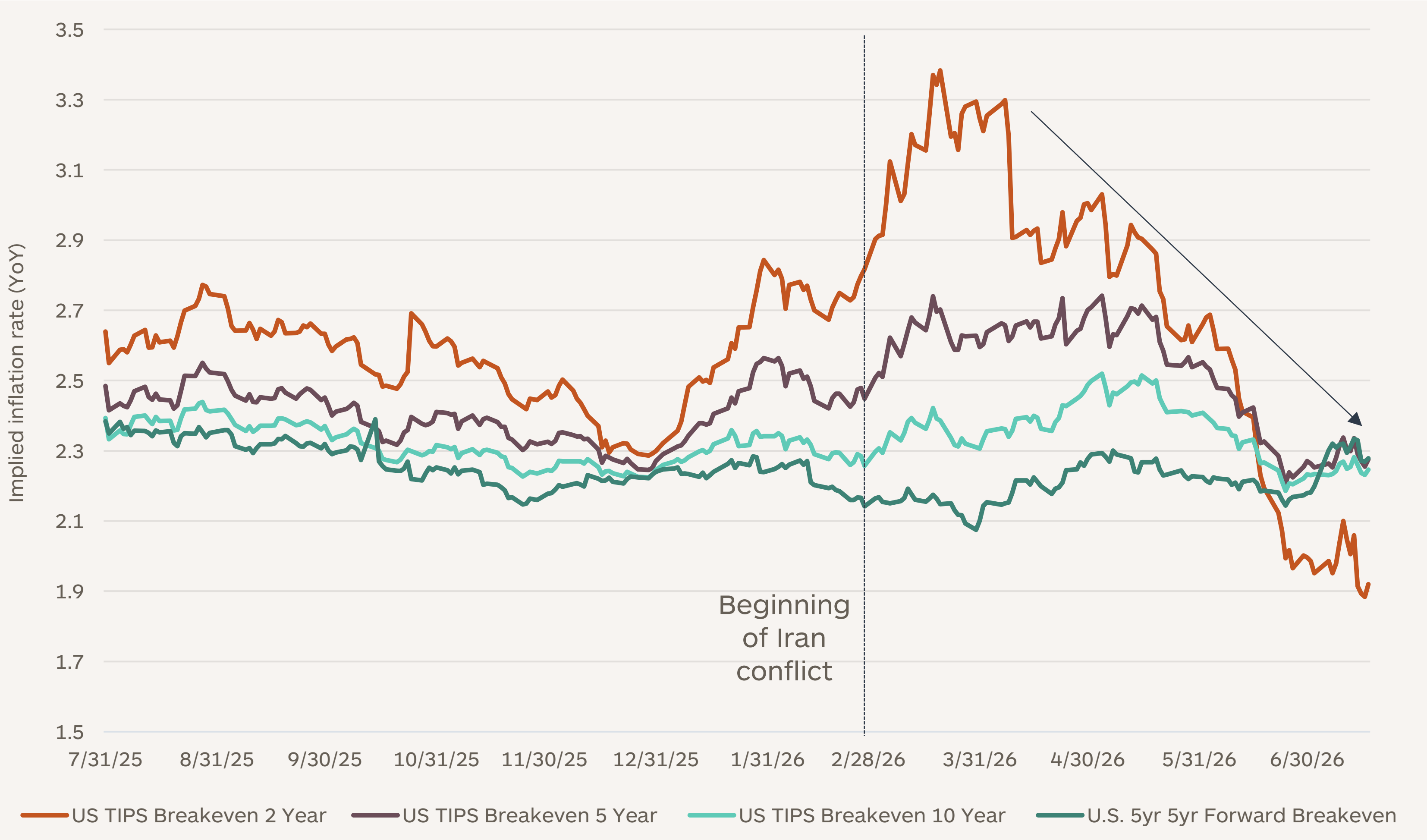
HORMUZ COMMERCIAL CARGO CROSSINGS



Source: CPIC, Bloomberg, as of 7/6/26

Markets expect inflation to return to normal

MARKET IMPLIED INFLATION RATES



- At the onset of the U.S.–Iran conflict, markets began repricing the inflation outlook
- With shipping through the Strait of Hormuz resuming towards the end of the quarter, markets began to expect inflation normalization

Source: CPIC, Bloomberg, as of 7/17/26 – 5-year 5-year forward contract represents the rate of inflation starting 5 years from today and ending 10 years from today

GDP Growth

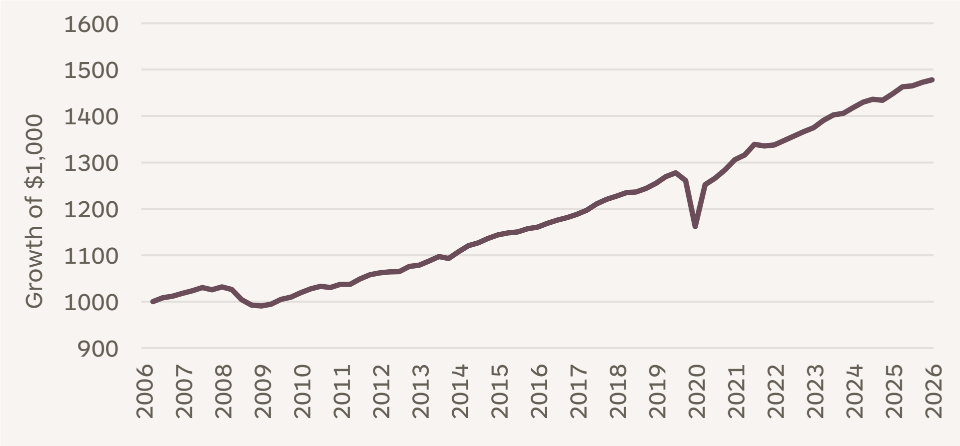
U.S. real GDP growth in Q2 came in weaker than expected at a 1.5% quarter-over-quarter annualized rate. An ongoing trade deficit acted as a significant drag on growth, fueled partly by imports of AI-related infrastructure and hardware. While trade deficits are often viewed poorly, it is worth noting that a deficit due to AI buildout should arguably be viewed less negatively, as these imports will likely be used to improve productivity and expand future business capabilities here at home.

Outside of trade, core economic trends appear strong. Retail sales since February have been incredibly robust, reflecting accelerating overall spending, while investment and business capital expenditures have provided a tailwind.

Recent quarters of GDP growth have been more modest than many investors had hoped, especially given broad AI infrastructure tailwinds. With calendar year 2026 real GDP growth expected to be in a 2-2.5% range, the next two quarters will need to show fairly rapid growth to achieve that rate.

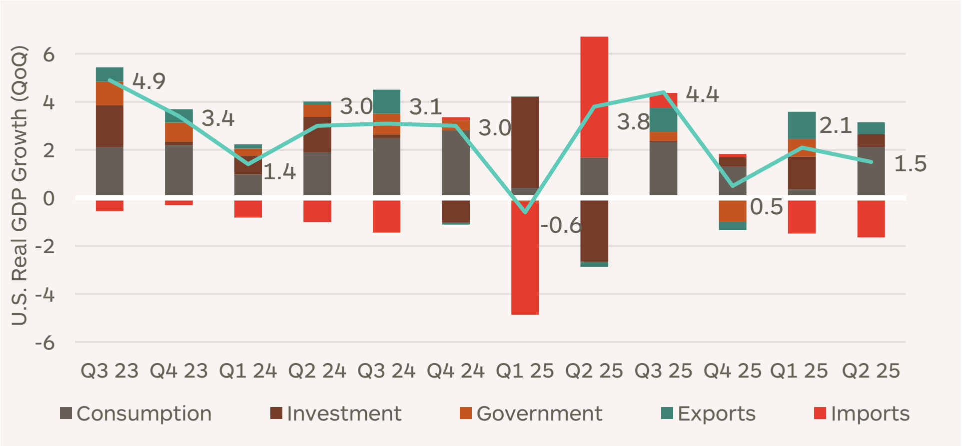
› Q2 GDP growth was weaker than expected, dragged lower by the trade deficit

U.S. REAL GDP GROWTH



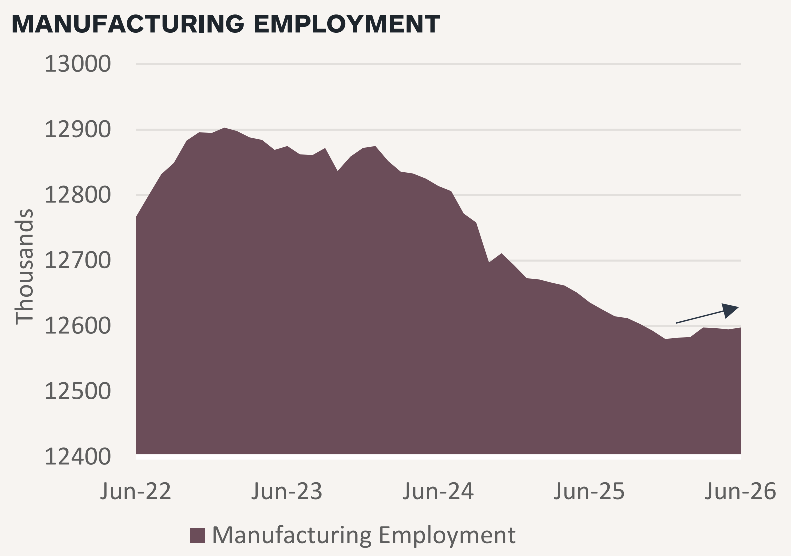
***Source**: FRED, as of 6/30/26*

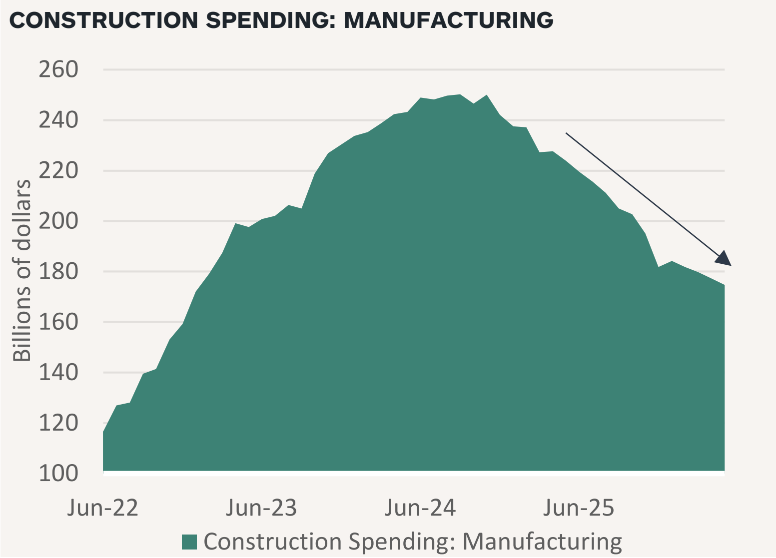
U.S. REAL GDP COMPONENTS (QOQ ANNUALIZED)



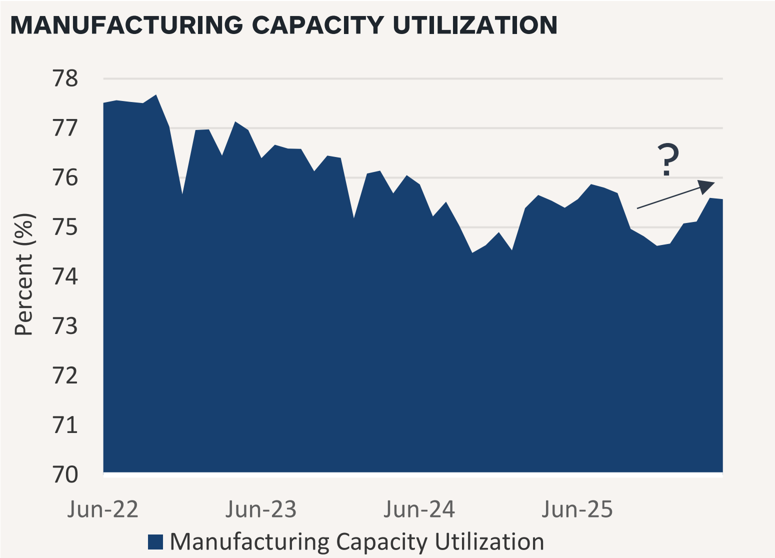
***Source**: FRED, as of 6/30/26*

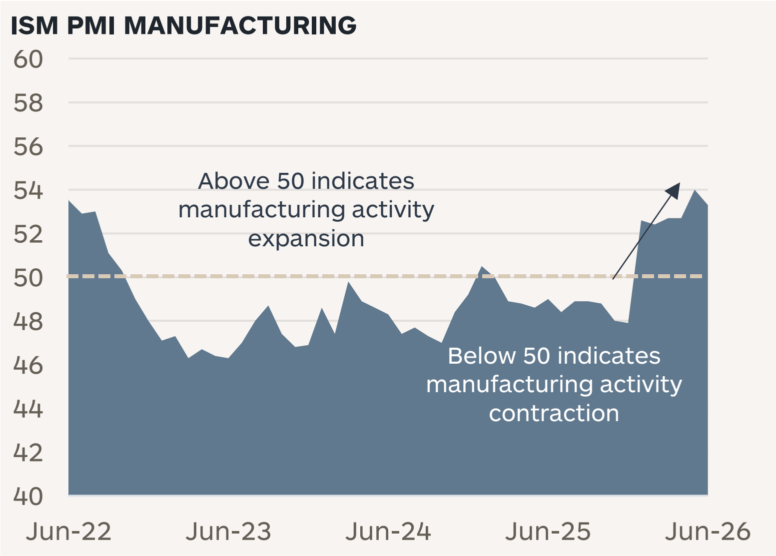
U.S. manufacturing activity could be turning a corner





- Manufacturing activity has clearly picked up in certain respects, even as investment in new facilities and future capacity continues to decline





Source: *FRED (top left, top right, bottom left), Institute for Supply Management (bottom right), CPIC*

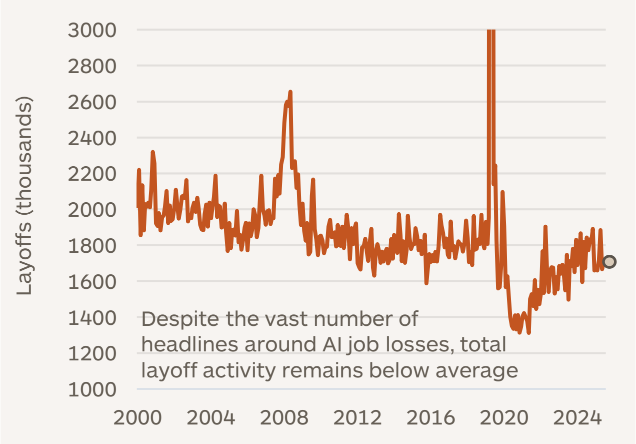
Labor Market

The unemployment rate edged down over the quarter from 4.3% to 4.2%, which on the surface points to a firm labor market. The underlying picture is more nuanced. The decline largely reflects a falling participation rate, as workers aged 55 and older have exited the workforce steadily since the pandemic (when a discouraged job-seeker abandons the search, measured unemployment falls). Participation among the 55+ cohort has slipped to its lowest level since 2005. On balance, we would characterize today's labor market as solid regarding the level—healthy employment and historically low unemployment—yet soft at the margin, with subdued hiring and a workforce that is barely expanding, likely reflecting reduced net immigration and a low birth rate.

Despite persistent headlines around layoffs—AI-related terminations in particular—aggregate separations remain very low by historical standards. We think the phrase *low hire, low fire* best captures the current equilibrium. Additionally, there seems to be more talk about the potential for AI adoption to lead to *more hiring* in AI-intensive firms, rather than less. This argument suggests that as the cost of professional services falls due to AI, the demand and market for these services expands, with the total number of firms growing and employment also expanding. We suspect reality will fall somewhere in the middle: expanding demand and opportunity in certain segments of the economy, with concerning job losses in other segments.

› The job market seems to have stabilized and may be strengthening, although the total growth rate is historically slow

LAYOFFS



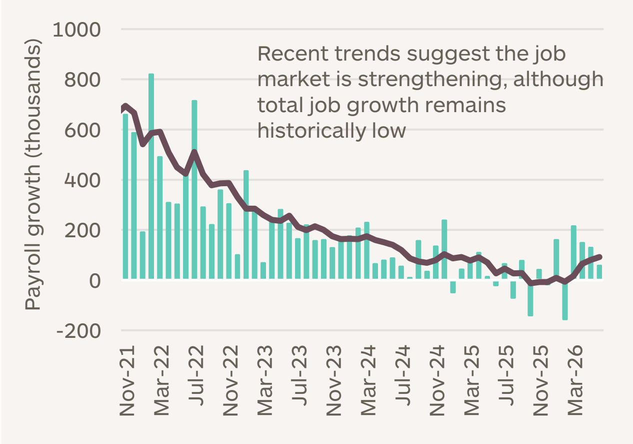
Source: *FRED, as of 5/31/26*

LABOR PARTICIPATION TRENDS

	Overall Participation	16-19 Years	20-24 Years	25-54 Years	55+ Years
25-Mar	62.5	37.4	71.9	83.3	38.2
25-Apr	62.6	36.7	72.0	83.6	38.4
25-May	62.4	36.0	71.3	83.4	38.1
25-Jun	62.3	35.1	71.0	83.5	38.0
25-Jul	62.2	35.0	71.0	83.4	38.1
25-Aug	62.3	34.8	70.3	83.7	38.1
25-Sep	62.5	36.3	71.1	83.7	38.0
25-Oct			*Not reported*		
25-Nov	62.5	36.3	71.8	83.8	37.9
25-Dec	62.4	36.6	71.3	83.8	37.9
26-Jan	62.1	35.4	71.3	84.0	37.3
26-Feb	62.0	35.7	71.6	83.9	37.3
26-Mar	61.9	35.7	70.5	83.8	37.2
26-Apr	61.8	35.8	70.5	83.8	37.1
26-May	61.8	35.7	70.5	83.9	37.1
26-Jun	61.5	35.4	70.6	83.3	37.1

Source: *FRED, CPIC, as of 6/30/26 - Color formatting determined by range of conditions over the past decade (dark red suggests worst conditions of the past decade)*

JOB GROWTH



Source: *FRED, CPIC, as of 6/30/26*

The consumer

After a soft stretch from September 2025 through January 2026, retail sales turned higher in February and have held firm ever since (stripping out volatile gas prices in May and June reveals a generally strong trend across other types of spending). Sales rose 7.2% year-over-year in June—the strongest pace since 2022.

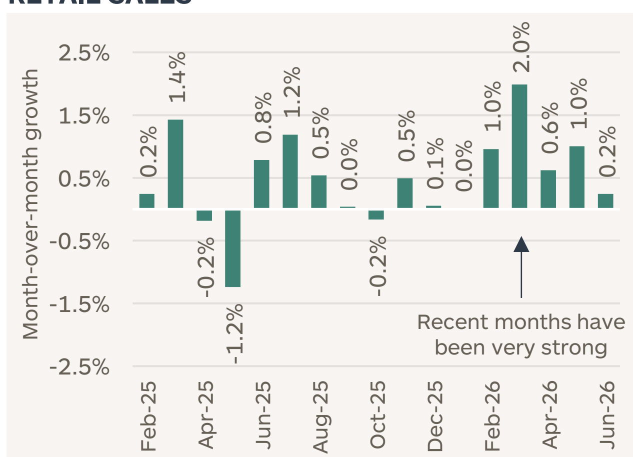
Consumer spending overall has stayed resilient, growing 2.1% in real terms over the past year, as of May. Services outlays carried overall activity while goods purchases were more subdued. The household savings rate, meanwhile, has fallen to historically low levels—though it remains up for debate whether this reflects genuine strain on household finances or simply shifting demographics, as a growing retiree population naturally depresses the national savings rate.

Recent market headlines have focused on the idea of a "K-shaped" economy, in which higher-income households prosper and drive spending while lower-income households struggle with inflation and pull back (the lower leg of the "K"). Market strategist Ed Yardeni offers a competing framing—the "G-shaped" economy, where "G" stands for generational: older, wealthier Americans have benefited from substantial gains in equities and housing, while younger Americans confront unaffordable homes, student debt, and a tougher starting point. This theory seems well supported by certain data, such as the fact that first-time home buyers represent a historically low 24% of total home purchase activity, a record number of young adults still live at home with their parents, and the student loan debt crisis.

REAL PERSONAL SPENDING

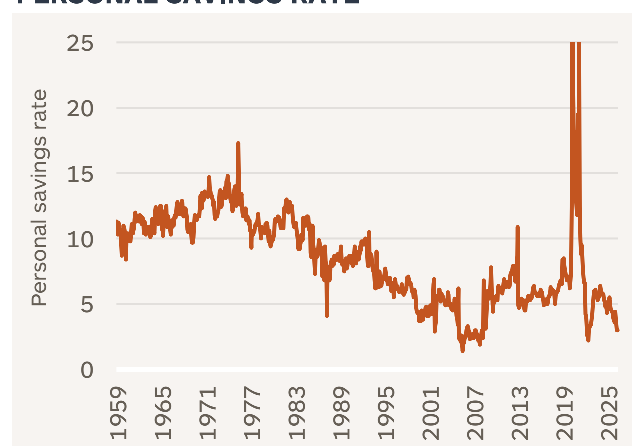
***Source**: FRED, as of 5/31/26*

RETAIL SALES



***Source**: FRED, as of 6/30/26*

PERSONAL SAVINGS RATE



***Source**: FRED, as of 5/31/26*

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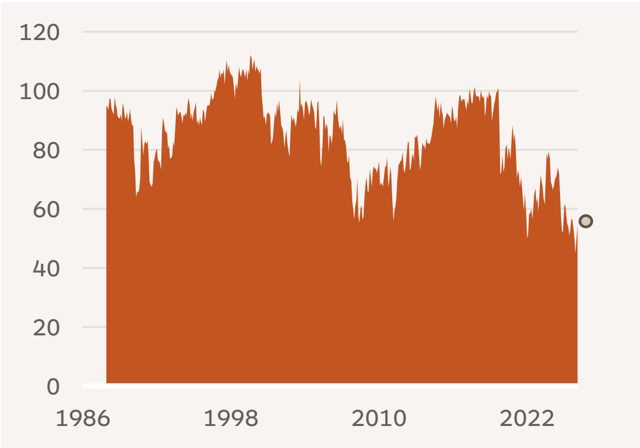
Sentiment

Consumer sentiment improved slightly during the quarter—though still at depressed levels, per the University of Michigan survey. Sentiment jumped markedly in June as gasoline prices eased, fears around the Iran conflict began to subside, and households turned more optimistic on business conditions.

The Conference Board's Consumer Confidence Index likewise continued to signal weak sentiment. Consumers' appraisal of current business and labor-market conditions deteriorated further, even as the short-term outlook for income, business, and jobs improved over the quarter. The share of respondents describing jobs as “hard to get” climbed to 22.5%—the highest since January 2021.

Small business sentiment recovered somewhat in June, moving back closer to pre-Iran war levels. Businesses began to expect better future business conditions, and sales expectations improved, though uncertainty remained elevated. “Current economic conditions present small business owners with both encouraging developments and ongoing challenges,” said NFIB Chief Economist Bill Dunkelberg. “Lower fuel costs provide welcome relief for businesses as well as consumers, with firms anticipating improved operating conditions over the next six months.”

CONSUMER SENTIMENT (UNIV. OF MICHIGAN)



***Source**: University of Michigan, as of 6/30/26*

CONSUMER CONFIDENCE (CONFERENCE BOARD)

***Source**: Conference Board, as of 6/30/26*

NFIB SMALL BUSINESS SENTIMENT

***Source**: NFIB, as of 6/30/26*

Housing

Home prices rose 2.0% year-over-year in May, according to Redfin, with sales activity up 5.2% over the same period. The average 30-year fixed mortgage rate edged up from 6.2% to 6.4% during the quarter, finding little relief after inflation concerns tied to the Iran conflict drove a sharp rise in borrowing costs in March.

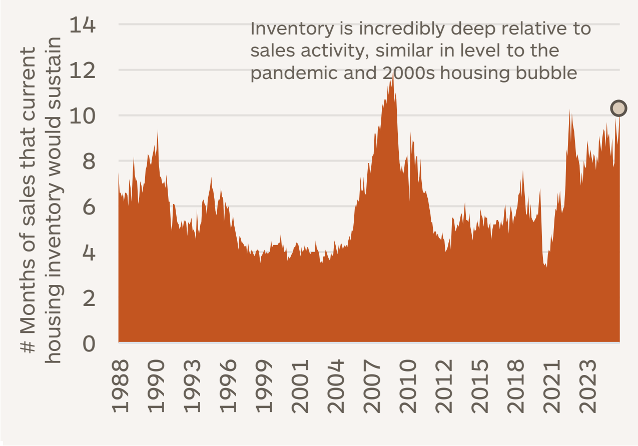
Housing inventory has nearly returned to pre-pandemic levels while sales activity remains depressed, leaving supply elevated relative to transactions—a dynamic matched only by the pandemic and the mid-2000s housing bubble. To date, however, this excess supply does not seem to have translated into downward pressure on prices.

Elevated prices, combined with higher mortgage costs, have led to further deterioration in affordability. One path back toward normal affordability would be an extended stretch of muted price appreciation: if wages outpace home prices consistently, the monthly mortgage burden gradually eases relative to incomes. Lower mortgage rates could also help, though markets do not anticipate a return to the ultra-low-rate regime of the 2010s—suggesting rates may not fall materially from current levels.

30-YEAR MORTGAGE RATE (%)

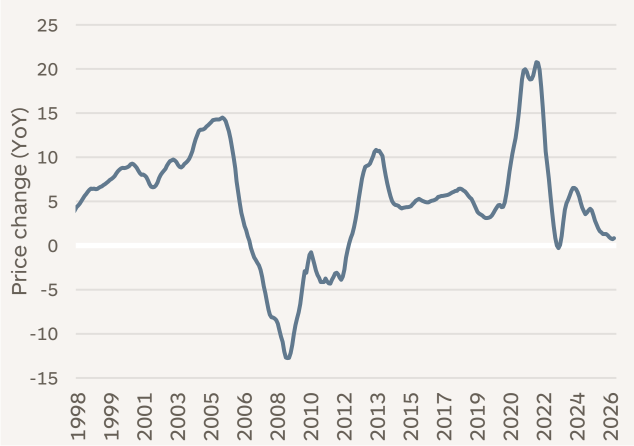
Source: *Freddie Mac, as of 6/30/26*

HOUSING SALES VS. INVENTORY



Source: *FRED, as of 5/31/26*

U.S. NATIONAL HOME PRICE INDEX



Source: *S&P Cotality Case-Shiller National Home Price Index, CPIC, as of 5/31/26*

International economics summary

- Non-U.S. developed economies showed very weak, but positive, economic growth. Modest improvements in growth are expected, supported by fiscal stimulus, investment in local infrastructure and defense spending, and some lingering effects of recent monetary easing (although the ECB reversed and hiked rates in June). Eurozone GDP growth slowed to 0.3% year-over-year in Q1, while Japan posted a mild 0.4% rate. Shipping disruptions from the U.S.–Iran war, along with rising energy prices, have pushed inflation to concerning levels in many places.
- The Strait of Hormuz remains unstable with very minimal shipping traffic. Early in July there appeared to be hope for normalization, but a reigniting of military conflict between Iran and the U.S., and seemingly a falling apart of the Memorandum of Understanding, sent energy prices upward as shipping traffic slowed. It is likely that extended closure of the Strait could translate to imminent crisis in certain regions.
- Higher inflation appears to be prompting a reversal in policy at some central banks, notably the ECB, which raised rates during Q2—a marked shift from a series of cuts delivered since early 2024. The combination of sluggish growth and elevated inflation makes for a distinctly more difficult policy backdrop.
- Following the February 2026 Supreme Court decision that invalidated previous tariffs under the International Emergency Economic Powers Act (IEEPA), the U.S. government owes importers an estimated $166 billion in refunds. In June, the U.S. sent $49 billion in tariff refunds, which means refunds issued were two times larger than import duties collected. The legal process around refunds remains cloudy.
- For the first time in nearly three years, the ECB hiked rates in June from 2% to 2.25%, pointing to the rise of inflation. Markets expect a ~50% chance of another hike by September. Meanwhile, the BOE held rates steady at 3.75% in June, though the vote was split 7-2, with two members wanting to hike to 4.0%. The BOJ hiked rates in June to 1.0% with a decisive 7-1 vote. Central banks are watching energy prices closely.
- Russia and Ukraine remain locked in a costly stalemate—intensified strikes but little territorial change. The U.S.-brokered peace process has stalled, with the "spirit of Anchorage" from the 2025 Trump–Putin summit having collapsed. Casualties are immense and war-weariness runs high; fighting continues to escalate even as diplomacy yields no breakthrough, most notably with Ukraine landing large-scale drone strikes on Moscow.

	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	2.1% 6/30/2026	3.5% 6/30/2026	4.2% 6/30/2026
Eurozone	1.0% 6/30/2026	2.8% 6/30/2026	6.3% 6/30/2026
Japan	0.4% 3/31/2026	1.7% 6/30/2026	2.6% 5/31/2026
Canada	1.1% 4/30/2026	2.8% 6/30/2026	6.5% 6/30/2026
BRICS Nations	4.6% 3/31/2026	2.2% 6/30/2026	4.8% 6/30/2026
Brazil	1.8% 3/31/2026	4.6% 6/30/2026	5.4% 6/30/2026
Russia	-0.2% 3/31/2026	6.0% 6/30/2026	2.2% 6/30/2026
India	7.8% 3/31/2026	4.4% 6/30/2026	8.5% *12/31/2017*
China	4.3% 6/30/2026	1.0% 6/30/2026	5.0% 6/30/2026

Source: *Bloomberg*

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.*

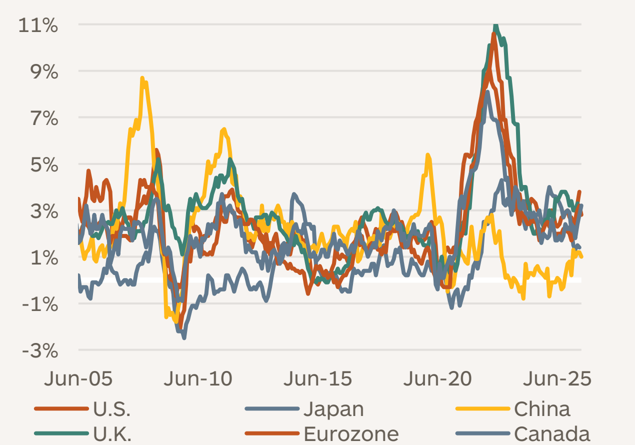
International economics

Non-U.S. developed economies are showing very weak, but positive, economic growth. Modest improvements are expected, supported by fiscal stimulus, investment in local infrastructure and defense spending, and some lingering effects of recent monetary easing (although the ECB reversed and hiked rates in June). Eurozone GDP growth slowed to 0.3% year-over-year in Q1, as Europe continues to face stagnant growth, a lack of innovation and business formation (arguably due to overregulation), as well as strong competition from China on industrial goods and autos, for example.

Japan grew at a mild 0.4% rate year-over-year during Q2, and could see economic acceleration as the Takaichi administration focuses on strategic investment, looser fiscal policy, and a generally market-friendly stance.

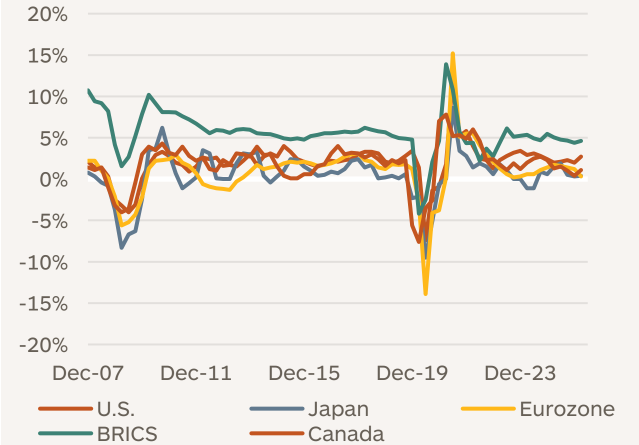
Following the February 2026 Supreme Court decision that invalidated previous tariffs under the International Emergency Economic Powers Act (IEEPA), the U.S. government owes importers an estimated $166 billion in refunds. In June the U.S. sent $49 billion in tariff refunds, which means refunds issued were two times larger than import duties collected. The legal process around refunds remains cloudy.

INFLATION (CPI YEAR-OVER-YEAR)



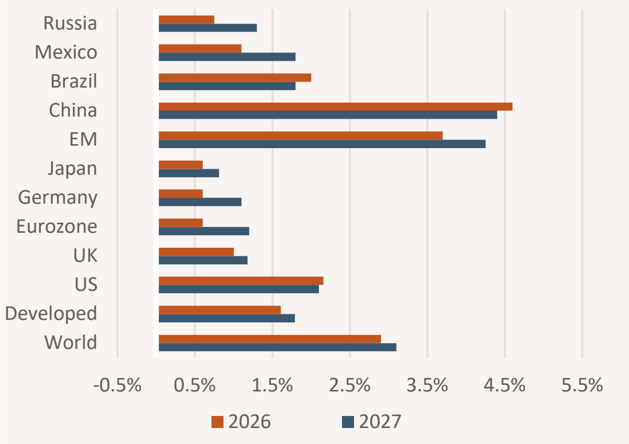
***Source**: Bloomberg, CPIC, as of 6/30/26*

REAL GDP GROWTH (YEAR-OVER-YEAR)



***Source**: Bloomberg, CPIC, as of 3/31/26*

GDP GROWTH EXPECTATIONS



***Source**: Bloomberg, CPIC, as of 7/22/26 or most recent date*

Fixed income rates & credit

Fixed income environment

- Kevin Warsh was sworn in as Fed Chairman on May 22nd in a historically divided 54–45 Senate vote. He takes the helm amid an energy shock from the Iran conflict, surging inflation, and historically depressed consumer sentiment. A central question is whether Warsh proves more dovish—consistent with his rhetoric ahead of nomination—or more hawkish, given his hardline inflation views and long-standing preference for shrinking the Fed's balance sheet and narrowing its role. Markets currently expect rate hikes in 2026. The FOMC held rates steady in July.
- The 10-year U.S. Treasury yield drifted higher over the quarter, from 4.32% to 4.47%. Inflation concerns tied to the Iran war and the prospect of a more hawkish Fed have likely helped keep yields elevated.
- High yield bonds gained +3.1% in Q2, while bank loans were up +1.9%. The persistent laggard in both asset classes has been Technology, which was the only negative returning sector year-to-date in bank loans (-4.2%), as software-specific fears remained a dominant market theme.
- Market inflation expectations fell materially following the U.S.–Iran ceasefire and the rising likelihood that traffic through the Strait of Hormuz would at least partially resume. The TIPS 2-year Breakeven Inflation Rate fell from 3.3% to 2.0%. The TIPS 5-year breakeven fell from a high of 2.7% in early May to near 2.2% by the final week of June.
- Concerns around private credit persisted through Q2, now centered largely on investor redemption requests, which remained substantial and above the standard 5% quarterly limit imposed by many funds. In several cases, redemptions have come disproportionately from a small subset of investors—suggesting greater underlying stability than the headlines imply.
- The par-weighted high yield bond default rate including distressed exchanges (2.7%) rose above the loan default rate (2.3%) for the first time since December 2022, representing a reversal of the multi-year pattern in which loans consistently defaulted at a higher rate than bonds. On a year-over-year basis, first-half 2026 HY bond issuance of $186.9 billion is running ahead of the $144.6 billion issued one year prior, while loan issuance of $438 billion YTD is roughly flat.

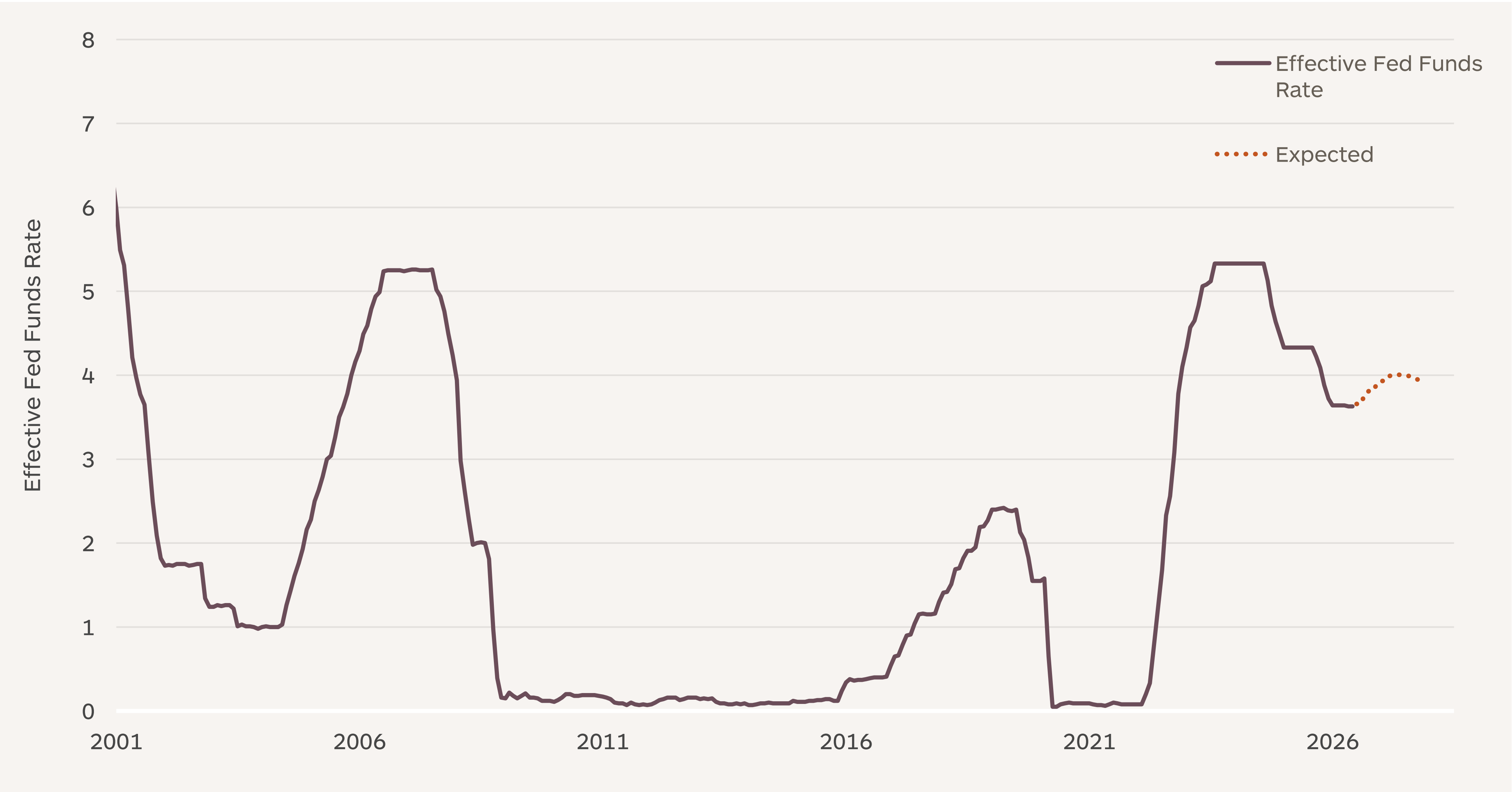
	QTD Total Return	1 Year Total Return
Core Fixed Income (Bloomberg U.S. Aggregate)	0.7%	3.8%
Core Plus Fixed Income (Bloomberg U.S. Universal)	1.1%	4.2%
U.S. Treasuries (Bloomberg U.S. Treasury)	0.4%	2.7%
U.S. Treasuries: Long (Bloomberg U.S. Treasury 20+)	0.8%	2.5%
U.S. High Yield (Bloomberg U.S. Corporate HY)	3.1%	5.9%
Bank Loans (Morningstar LSTA Leveraged Loan)	1.9%	4.4%
Emerging Market Debt Local (JPM GBI-EM Global Diversified)	4.2%	7.8%
Emerging Market Debt Hard (JPM EMBI Global Diversified)	5.0%	11.8%
Mortgage-Backed Securities (Bloomberg MBS)	0.9%	5.2%

Source*: Standard & Poor's, J.P. Morgan, Bloomberg, as of 6/30/26*

Markets are pricing in a hawkish Fed

After a surprisingly soft June inflation report, markets expect one or more hikes later in 2026, then stabilization

EXPECTED PATH OF FED FUNDS RATE

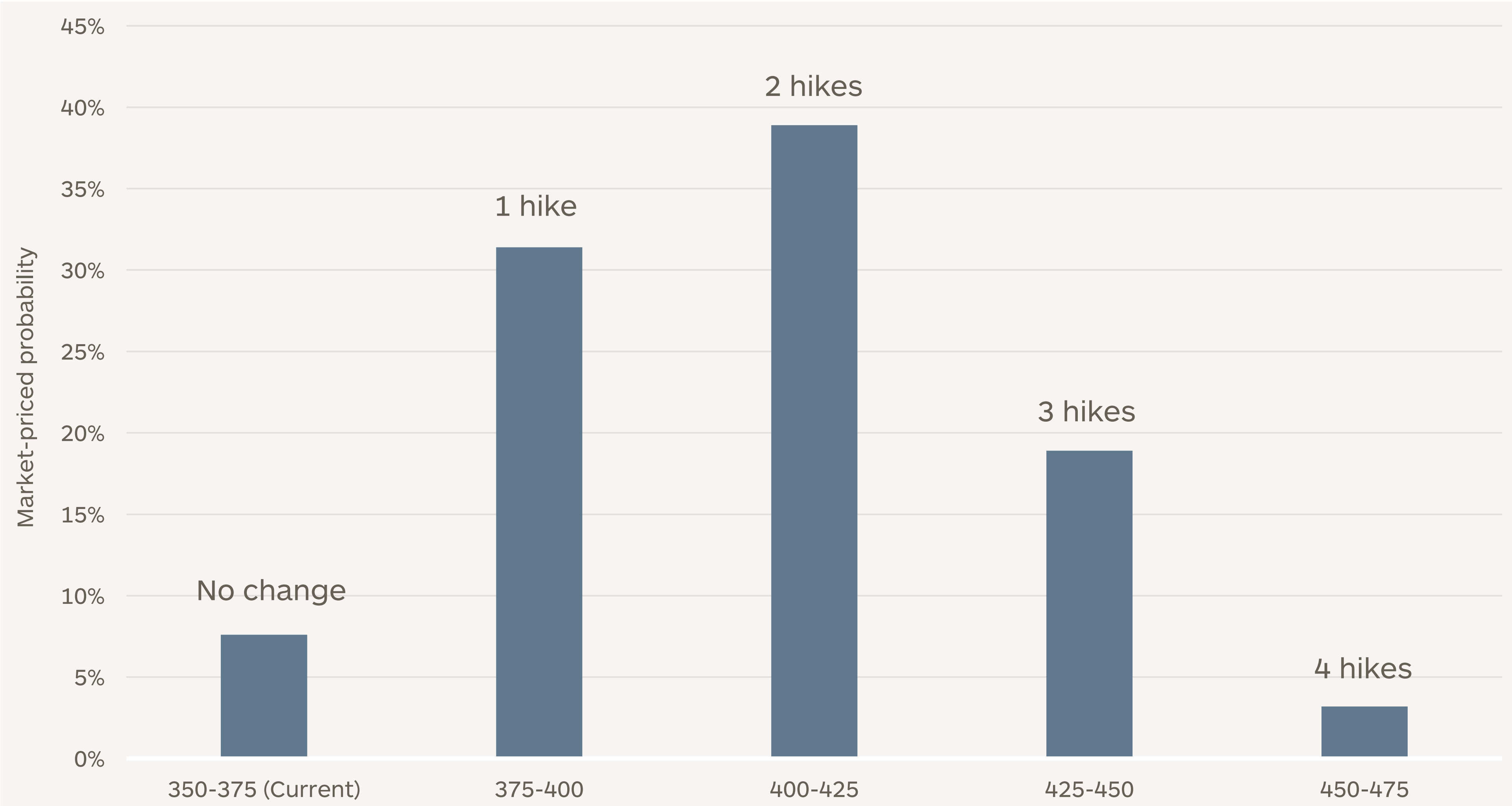


Source: CPIC, Bloomberg, estimate as of 7/15/26

Market rate expectations

Probabilities suggest a rate hike - maybe multiple

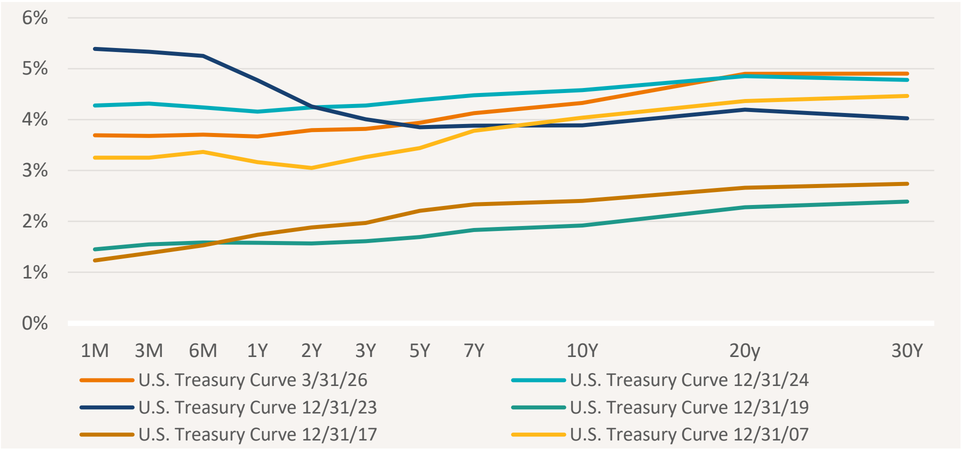
EXPECTED FED FUNDS RATE AT DECEMBER 9TH 2026 FED MEETING



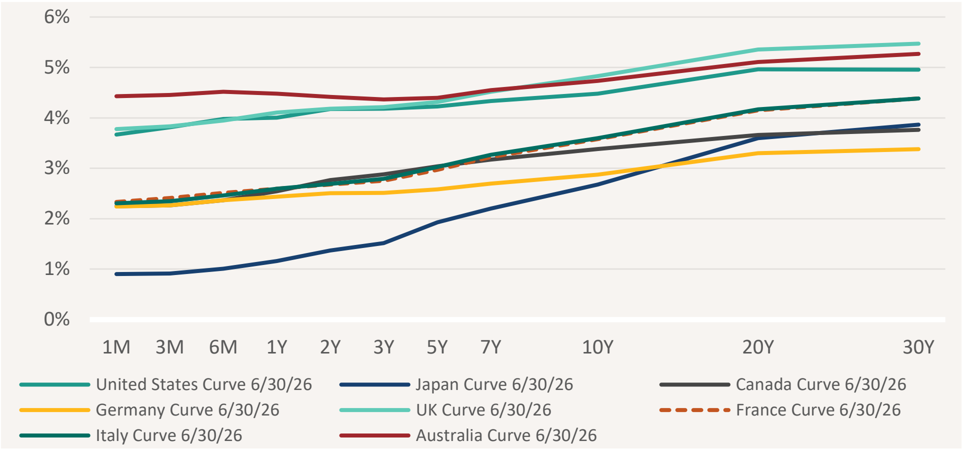
Source: CME Watch, Cerity Partners Institutional Consulting, as of 7/23/26

Yield environment

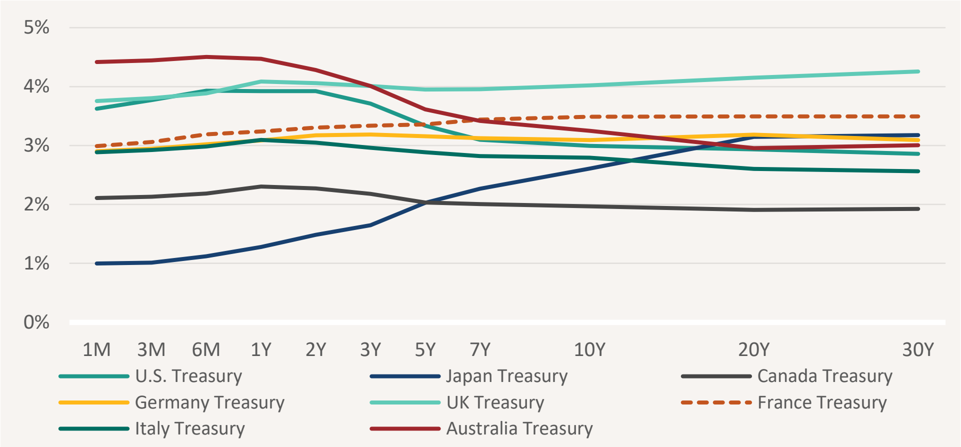
U.S. YIELD CURVE



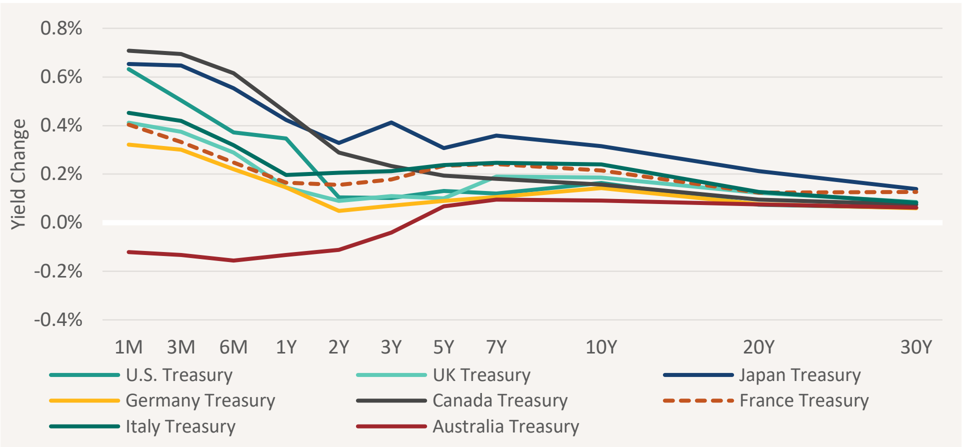
GLOBAL GOVERNMENT YIELD CURVES



YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



***Source**: Bloomberg, as of 6/30/26*

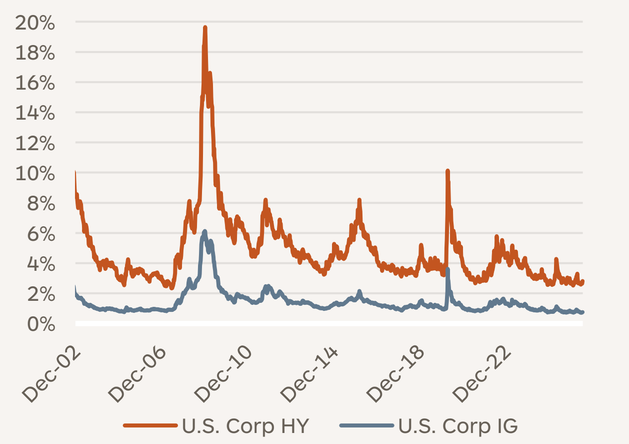
Credit environment

High yield bonds gained +3.1% in Q2 (BBG U.S. Corporate High Yield), a reversal from -0.5% in Q1, while bank loans were up +1.9% relative to -0.6% in Q1 (Morningstar LSTA Leveraged Loan Index), lifting the year-to-date gain for loans to +1.5% (+2.5% ex-Software). The persistent laggard in both asset classes has been Technology, which was the only negative returning sector year-to-date in bank loans (-4.2%), as software-specific fears remained a dominant market theme. Within high yield, higher quality outperformed lower quality.

High yield bond spreads tightened -50 bps in Q2, from 320 bps at the beginning of April to 270 bps at the end of June, as easing of U.S.-Iran tensions and a temporary ceasefire likely drove the bulk of the move in April before spreads stabilized in May and June. Bank loan spreads tightened a more modest -12 bps, from 472 bps to 460 bps. Spreads compressed through April and May before widening to a new high in June on renewed software weakness and softer technicals.

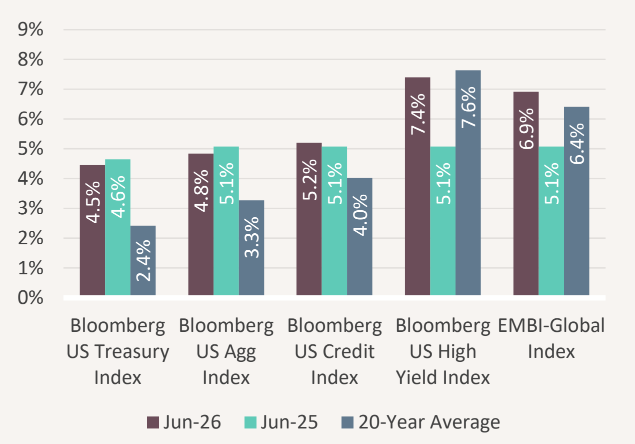
High yield spreads went from -150 bps less than bank loans in April to -190 bps in June. This level continues to be well below the post-Global Financial Crisis average of ~+25bps, while the gap between high yield bonds and bank loans reached a 2-year high (7.4% high yield bond yield vs. 8.9% bank loan yield). Both of those trends suggest a changing relationship between the two asset classes, though each still provides an ample premium over investment grade credit (which offered a 5.2% yield as of June 30th).

SPREADS



Source: Barclays, Bloomberg, as of 6/30/26

YIELD TO MATURITY



Source: Morningstar, as of 6/30/26

CREDIT SPREAD (OAS)

Market	6/30/2026	6/30/2025
Long U.S. Corp	0.9%	1.0%
U.S. Inv Grade Corp	0.7%	0.8%
U.S. High Yield	2.7%	2.9%
U.S. Bank Loans*	4.6%	4.4%

Source: Barclays, Credit Suisse, Bloomberg, as of 6/30/26
**Discount margin (4-year life)*

Default & issuance

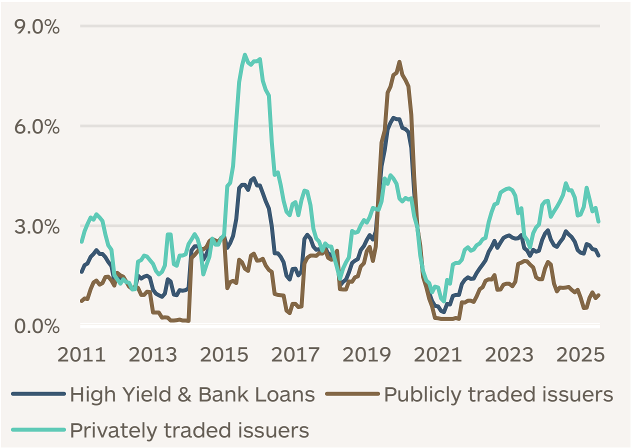
Default and distressed activity in Q2 continued to slow, with April and May being unusually quiet while June saw a significant uptick in activity due to a single event. High yield bonds made up most default activity, though high yield and bank loans were fairly evenly split across distressed activity, a reversal of a loan-heavy Q1.

April recorded one default and distressed exchange in high yield bonds. No default or distressed activity occurred in bank loans during April, for the first time since March 2021. June saw a surge in default activity to $13.1 billion across six borrowers, the largest monthly total since December 2024, driven almost entirely by Dish DBS's $9.75 billion Chapter 11 filing, the second-largest post-pandemic default behind Envision Healthcare in 2023. The total activity of Q2 was $12.2 billion in defaults ($11.95 billion in bonds and $267 million in loans) and $4.9 billion in distressed exchanges ($2.8 billion bonds, $2.1 billion loans).

That single event pushed the par-weighted high yield bond default rate including distressed exchanges (2.7%) above the loan default rate (2.3%) for the first time since 2022, representing a reversal of the multi-year pattern in which loans had consistently defaulted at a higher rate than bonds. However, this change was mostly driven by a single borrower default, which to us does not suggest a meaningful change in the environment.

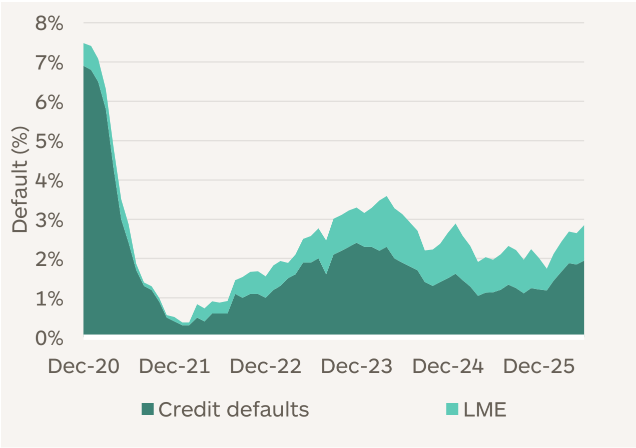
High yield bond issuance totaled $106 billion during Q2, lifting year-to-date volume to $186.9 billion versus $144.6 billion one year ago, while bank loan issuance totaled roughly $214.6 billion over the quarter, pushing year-to-date volume to $438 billion—roughly flat year-over-year.

PAST 12 MONTHS (PAR DEFAULT RATE)



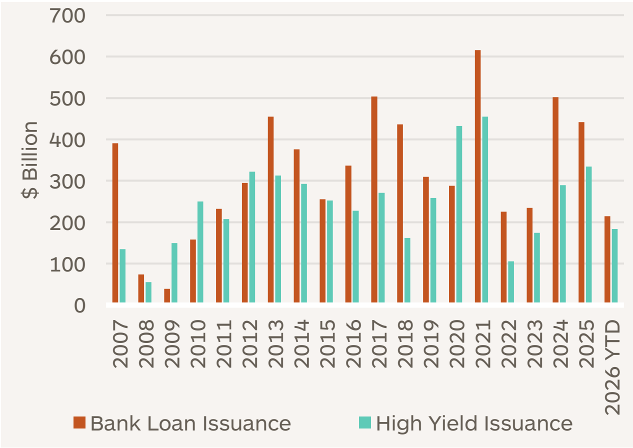
***Source**: BofA Global Research, ICE, LCD /Pitchbook, as of 6/30/26*

U.S. HIGH YIELD: DEFAULTS + LME (PAST YEAR)



***Source**: BofA Merrill Lynch, as of 6/30/26 – par weighted. "LME" stands for liability management exercise, which is effectively a renegotiation of debt terms but without an official default*

DEVELOPED MARKET USD ISSUANCE



***Source**: BofA Merrill Lynch, as of 6/30/26*

Equity

Equity environment

- Emerging market equity outperformed in Q2, up +24.1%. The U.S. market returned +15.2%, while international developed markets lagged but still posted a solid +10.8%. Emerging market strength continues to be driven by AI semiconductor and software names across Asia—TSMC, SK Hynix, and Samsung among them.
- Small caps again outpaced large caps (FTSE Russell 2000 +21.5% vs. S&P 500 +15.2%), extending a one-year run in which small caps led by +18.5%. Small caps nonetheless remain well behind on a 3- and 5-year trailing basis.
- Growth led Value in Q2 (FTSE Russell 1000 Growth +16.7% vs. Value +13.9%), though Value retains a +9.8% edge over the past year. Sector effects drove much of the style dispersion, underscored by a standout quarter for Information Technology (+31.8%).
- Chinese equity underperformance accelerated in Q2. MSCI China has fallen -4.8% over the past year, against +63.1% for MSCI EM ex-China, and trailed the broader emerging markets index by -41% during the quarter.
- Market-priced volatility stayed relatively subdued in Q2 despite the range of risks posed by the Iran conflict. Headline U.S. inflation pushed above 4%, leading markets to price future Fed rate *hikes* rather than the cuts anticipated earlier in the year. U.S. and Iranian leaders signed the Islamabad Memorandum—an interim agreement establishing a 60-day window to negotiate a permanent peace treaty. The VIX ended the quarter at 16.5.
- SpaceX went public on June 12th with the company valued at a historic $1.77 trillion—triple the size of the prior largest IPO. The offering was structured unusually in that 30% of shares were allocated to retail investors (single digit allocations are more common). The stock was priced at $135/share, opened trading at $150 and roared above $210 before falling below $120 by mid-July with substantial short-seller positioning.

	QTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)
U.S. Large Cap (S&P 500)	15.2%		22.3%	
U.S. Small Cap (Russell 2000)	21.5%		40.8%	
U.S. Equity (Russell 3000)	15.4%		22.8%	
U.S. Large Value (Russell 1000 Value)	13.9%		27.1%	
U.S. Large Growth (Russell 1000 Growth)	16.7%		17.7%	
Global Equity (MSCI ACWI)	14.9%	15.3%	23.7%	26.3%
International Large (MSCI EAFE)	10.8%	12.1%	20.2%	27.9%
Eurozone (EURO STOXX 50)	14.3%	15.7%	18.8%	24.7%
U.K. (FTSE 100)	4.7%	4.1%	19.7%	23.6%
Japan (TOPIX)	11.8%	15.3%	27.0%	48.0%
Canada (S&P/TSX)	6.3%	8.6%	25.7%	33.1%
Emerging Markets (MSCI Emerging Markets)	24.1%	24.3%	43.5%	51.6%

***Source**: Standard & Poor's, FTSE, MSCI, STOXX, JPX, as of 6/30/26 – performance quoted from perspective of U.S. dollar investor*

Domestic equity

U.S. equities gained +15.2% in the quarter (S&P 500), trailing emerging markets but outpacing non-U.S. developed markets.

Beneath the calm surface of the index lay several notable rotations. First, the Magnificent 7 lagged the broader S&P 500 by roughly -10% year-to-date, with those seven names collectively flat at 0%. Second, the “HALO” stocks—Heavy on Assets and at Low risk of Obsolescence—cooled in Q2 after a strong Q1 rally. Finally, investors began to favor “picks and shovels” AI infrastructure names that supply chips and memory.

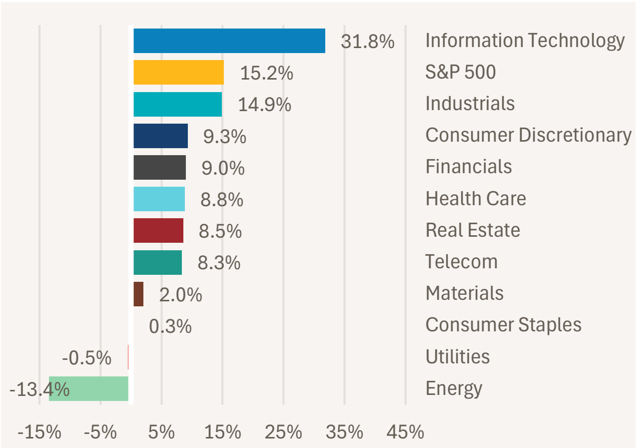
Year-over-year Q2 S&P 500 earnings growth is expected to reach +23.3% (FactSet, as of July 2nd). Full-year 2026 corporate earnings are projected to grow a remarkable +24.1%. Tempting as it is to credit AI alone, the gains look more broad-based: Energy earnings are expected to grow +66.2% in 2026, Materials +39.7%, Communication Services +27.1%, and Consumer Discretionary +14.0%. Equity concentration remains a topic on many investors’ minds, though the domestic market has exhibited some broadening out in 2026.

- U.S. equities delivered an impressive +15.2% return in Q2 on rapid profit growth and AI buildout
- Small caps fared even better, up +21.5%

S&P 500 PRICE INDEX

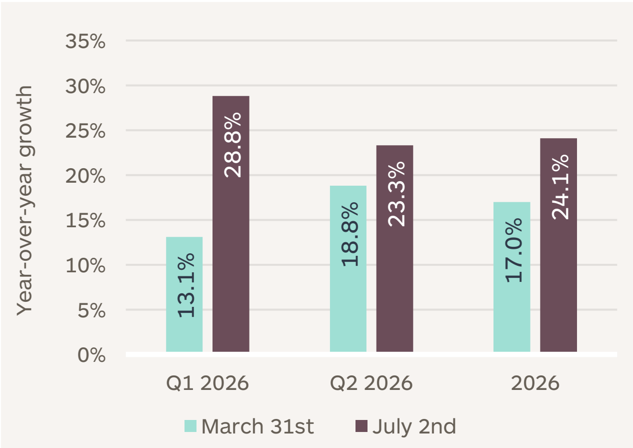
***Source**: Standard & Poor’s, as of 6/30/26*

Q2 SECTOR PERFORMANCE



***Source**: Bloomberg, as of 6/30/26*

S&P 500 EARNINGS FORECASTS (YOY)

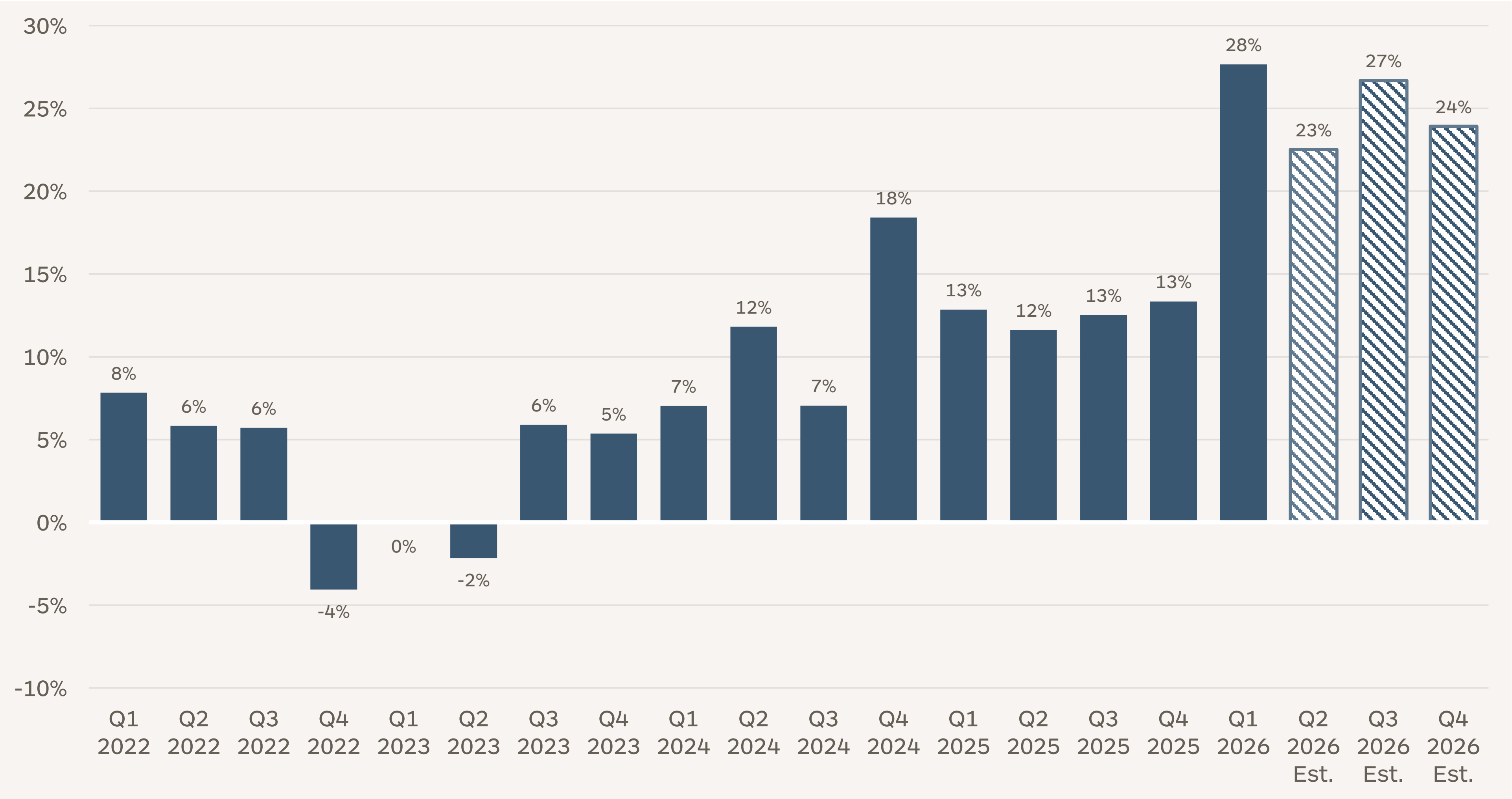


***Source**: Factset, CPIC, as of 7/2/26*

Analysts expect the good times to keep rolling

Four straight quarters of 20%+ YoY earnings growth are now expected for 2026

S&P 500: EARNINGS GROWTH YEAR-OVER-YEAR



Source: CPIC, FactSet estimates as of 7/7/26

CERITY PARTNERS®

SpaceX initial public offering...

...has not gone to the moon

- SpaceX went public on June 12th with the company valued at a historic $1.77 trillion—triple the size of the prior largest IPO. The offering was structured unusually in that 30% of shares were allocated to retail investors (single-digit allocations are more common).
- The stock was priced at $135/share, opened trading at $150 and roared above $210 before falling below $120 by mid-July. Reportedly around 185 million shares (29% of the tradeable shares) were being sold short mid-month.
- Other upcoming mega-IPOs include Anthropic and OpenAI.

Source: Bloomberg

Domestic equity size & style

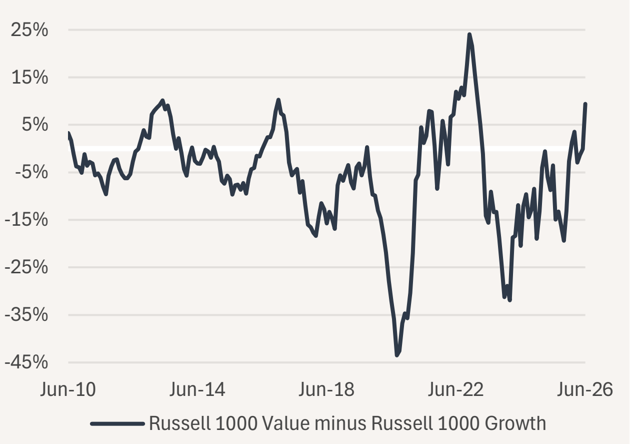
In Q2, small caps again outperformed large caps (FTSE Russell 2000 +21.5% vs. S&P 500 +15.2%), extending a one-year run of +18.5% relative outperformance. Even so, small caps remain materially behind on a 3- and 5-year trailing basis.

Growth led Value in Q2 (FTSE Russell 1000 Growth +16.7% vs. Value +13.9%), though Value holds a +9.8% edge over the past year. Sector composition drove much of the style dispersion: Information Technology, which skews heavily Growth, surged +31.8%, while Value-oriented sectors such as Energy, Utilities, and Materials lagged.

U.S. market concentration remains a popular talking point. Concentration has risen sharply over the past decade, back to levels last seen in the 1960s. What the coverage often omits is that such concentration is not unusual—it characterized much of the 20th century, frequently rising during periods of rapid technological change, and today's level of concentration is fairly average relative to other regional markets. None of this disputes that a smaller set of companies may exert an outsized influence on portfolio outcomes going forward *(which could be positive or negative, depending on whether those companies continue to display strong performance).*

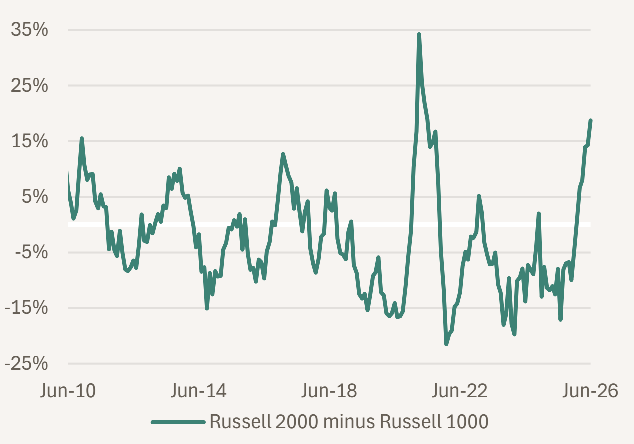
- Small caps and Value have displayed a rebound over the past year, but still lag considerably on a 3- and 5-year trailing basis

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



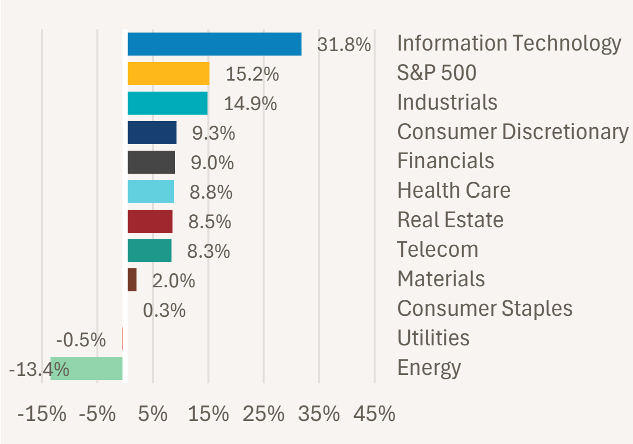
***Source**: FTSE, as of 6/30/26*

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



***Source**: FTSE Russell, as of 6/30/26*

1-YEAR SIZE & STYLE PERFORMANCE



***Source**: Bloomberg, as of 6/30/26*

International developed equity

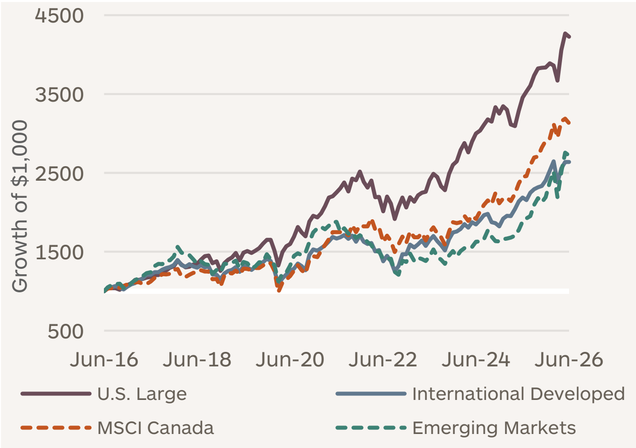
International developed equity delivered strong Q2 returns (MSCI EAFE +10.8%) but trailed both emerging markets (MSCI EM +24.1%) and U.S. equities (S&P 500 +15.2%). Developed market equity has once again fallen behind the performance of the United States (on a YTD, 1-year, 2-year, 3-year, 5-year, and 10-year basis), despite many predictions that shifting U.S. trade policy would lead to a "Sell America" trend and that domestic equities would be left behind the rest of the world.

The fundamental problems of Europe continue to exist—namely, a lack of entrepreneurialism and business formation, heavy regulation, and fierce competition from China on industrial goods and autos, for example. More recently, the lack of AI innovation in Europe could pose a particularly acute risk of falling further behind the United States. In developed markets, Japan has stood out with robust performance as the Takaichi administration rolls out an agenda of strategic economic investment, a looser fiscal stance, while showing a broadly pro-market stance. Significant declines in the value of the Japanese yen have meant a -21% performance difference over the past year for investors without a currency hedging program in place.

INTERNATIONAL DEVELOPED EQUITY

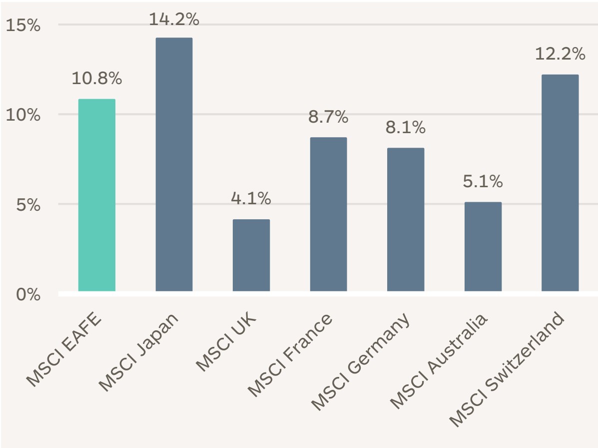
***Source**: MSCI, as of 6/30/26*

CUMULATIVE PERFORMANCE (10 YEARS)



***Source**: CPIC, as of 6/30/26*

Q2 REGIONAL RETURNS



***Source**: MSCI, as of 6/30/26*

Emerging market equity

Emerging market equities outpaced developed markets by an impressive margin in Q1 (MSCI EM +24.1%) though performance was bifurcated, with Asia gaining +30.2% (MSCI EM Asia) and Latin America falling -3.6% (MSCI EM Latin America). AI is a powerful theme driving overall emerging market behavior: for example, Korean semiconductor business SK Hynix rose roughly 280% in price year-to-date, and at quarter end was 7.7% of the total MSCI EM Index, single-handedly driving a large portion of index gains (MSCI South Korea gained +87.6% during the past quarter). While Asia is substantially weighted in tech, seeing massive AI tailwinds, the Latin America region is highly concentrated in Materials and Energy stocks which performed less well in Q2.

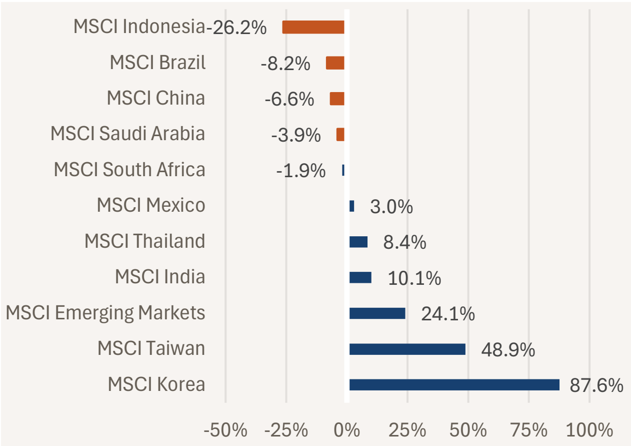
Chinese equity underperformance accelerated in Q2. MSCI China has declined -4.8% over the past year, relative to a +63.1% gain from MSCI EM ex-China, trailing the broader emerging markets index by -41% during just the past quarter. The country continues to grapple with real estate overinvestment and broad-based price deterioration, weak consumer spending, and headwinds from a lack of foreign direct investment. However, China's incredible success in AI innovation and other technology such as electric vehicles has demonstrated that the country can continue to push forward economically despite its problems.

- EM delivered exceptional performance during Q2, though performance disparity across regions was extreme

EMERGING MARKET EQUITY

***Source**: MSCI, as of 6/30/26*

MSCI EM 2026 Q2 COUNTRY RETURNS (USD)



***Source:** Bloomberg, CPIC, as of 6/30/26*

CHINA PAIN

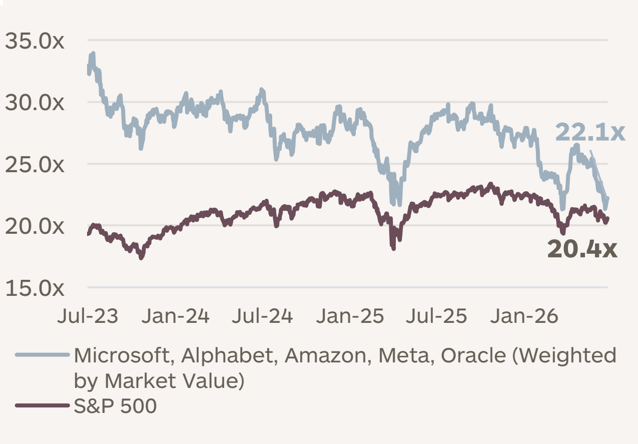
***Source:** MSCI, CPIC, as of 6/30/26*

Equity valuations

Equity forward P/E multiples across many regions have moved lower in 2026 as earnings growth outpaced price appreciation. Put differently, despite broad enthusiasm for AI and concerns over rising concentration, equities continue to offer a fundamentals-driven rally rather than a valuation-led one. While much of the earnings growth has been concentrated in Information Technology (+54.8% YoY in Q1), notable growth is also evident in Communication Services (+48.9%), Materials (+42.5%), and Consumer Discretionary (+40.8%). Full-year 2026 earnings are expected to grow +24.1% on +10.8% revenue growth (*all performance data quoted from FactSet, as of July 2nd).*

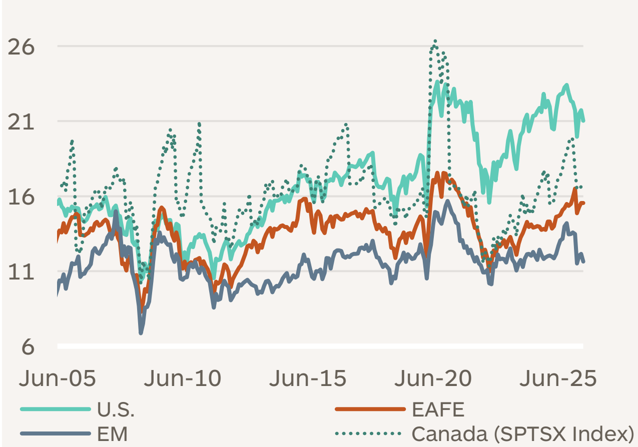
U.S. equity market concentration has been a popular topic of late—specifically, concerns that a handful of mega-cap stocks now make up outsized portions of domestic indexes. *Could these incredibly large companies crash and bring down the overall index?* Interestingly, the valuations of the Magnificent 7 have been falling as their earnings growth far outstrips their price appreciation. The Mag 7's forward price-to-earnings ratio is now only moderately elevated relative to the rest of the index (23.7x versus 19.1x, as of July 7th, per Yardeni Research). This convergence between high-growth valuations and the broader market is also evident in hyperscaler valuations.

HYPERSCALER FORWARD P/E VS. INDEX



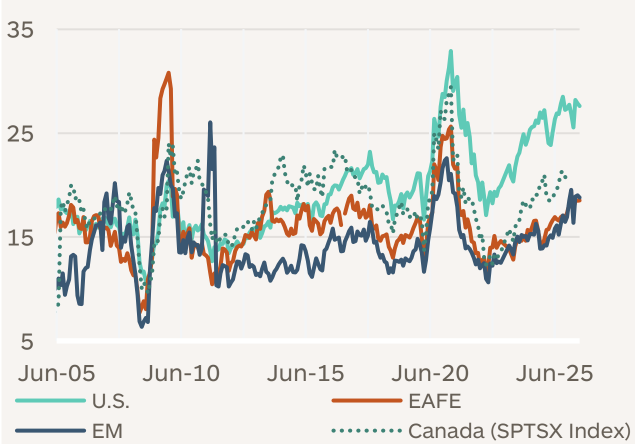
***Source**: CPIC, FactSet, as of 6/30/26*

FORWARD P/E



***Source**: MSCI, Canada shown as S&P/TSX, as of 6/30/26*

TRAILING P/E



***Source**: MSCI, Canada shown as S&P/TSX, as of 6/30/26*

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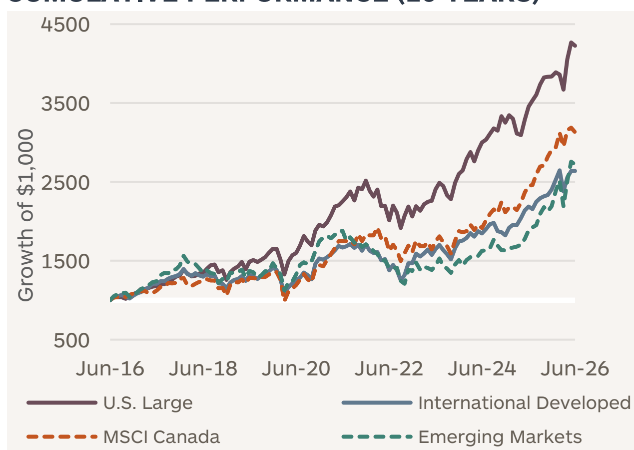
INTERNATIONAL DEVELOPED EQUITY

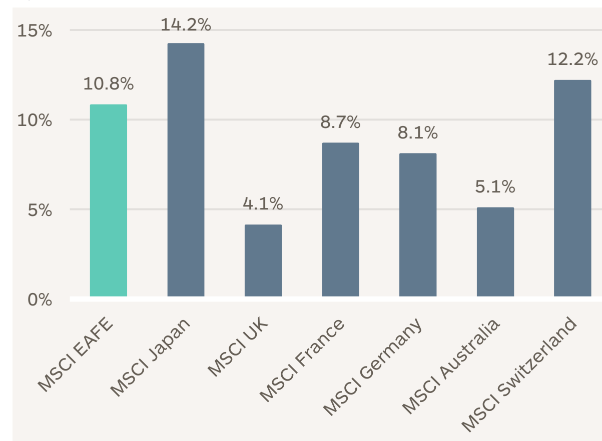
***Source**: MSCI, as of 6/30/26*

CUMULATIVE PERFORMANCE (10 YEARS)



***Source**: CPIC, as of 6/30/26*

Q2 REGIONAL RETURNS



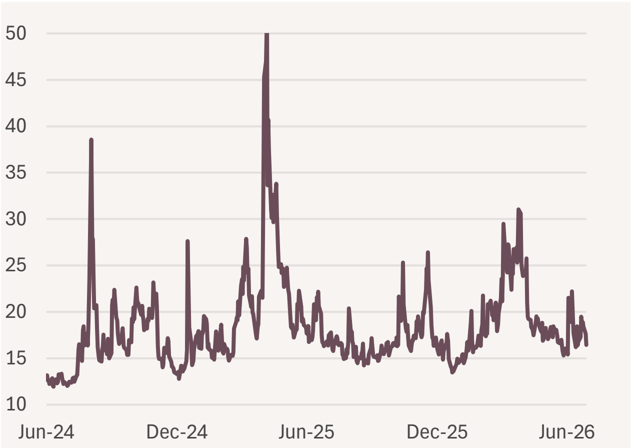
***Source**: MSCI, as of 6/30/26*

Market volatility

Market-priced volatility (Cboe VIX Index) stayed relatively subdued in Q2 despite the range of risks posed by the Iran conflict. Headline U.S. inflation pushed well above 4%—double the Federal Reserve's 2% target—leading markets to price future Fed rate *hikes* rather than the cuts anticipated earlier in the year. U.S. and Iranian leaders signed the Islamabad Memorandum, an interim agreement establishing a 60-day window to negotiate a permanent peace treaty. The VIX ended the quarter at 16.5.

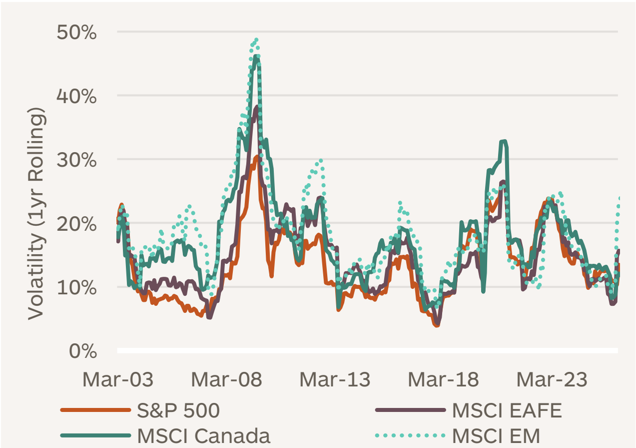
The U.S.–Iran conflict caused a historically significant disruption to energy supplies through the Strait of Hormuz, yet produced surprisingly little equity market volatility and less upward pressure on energy prices than many expected. We see a few central reasons. First, major economies such as China drew on their own deep energy reserves during the crisis, easing global supply pressure. Second, some Gulf producers exported via alternate routes—such as Saudi Arabia's East-West pipeline—bypassing the Strait entirely. Third, the global energy market entered the conflict in surplus rather than scarcity. It is also worth noting that global reliance on fossil fuels is far lower than in past energy crises, muting both the economic impact and the regional inflationary effect, as households now spend less of their budgets on fuel.

U.S. IMPLIED VOLATILITY (VIX)



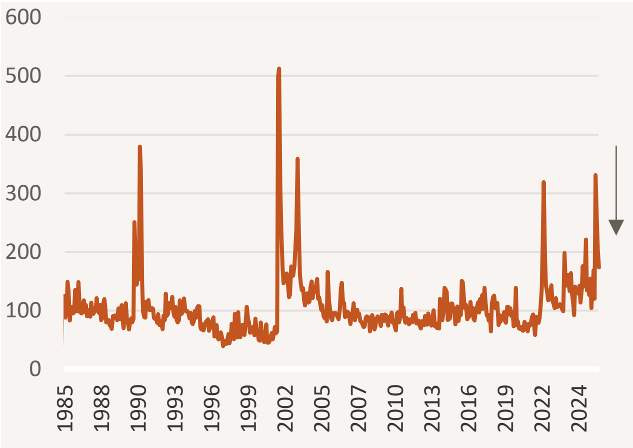
***Source**: Cboe, as of 6/30/26*

REALIZED VOLATILITY



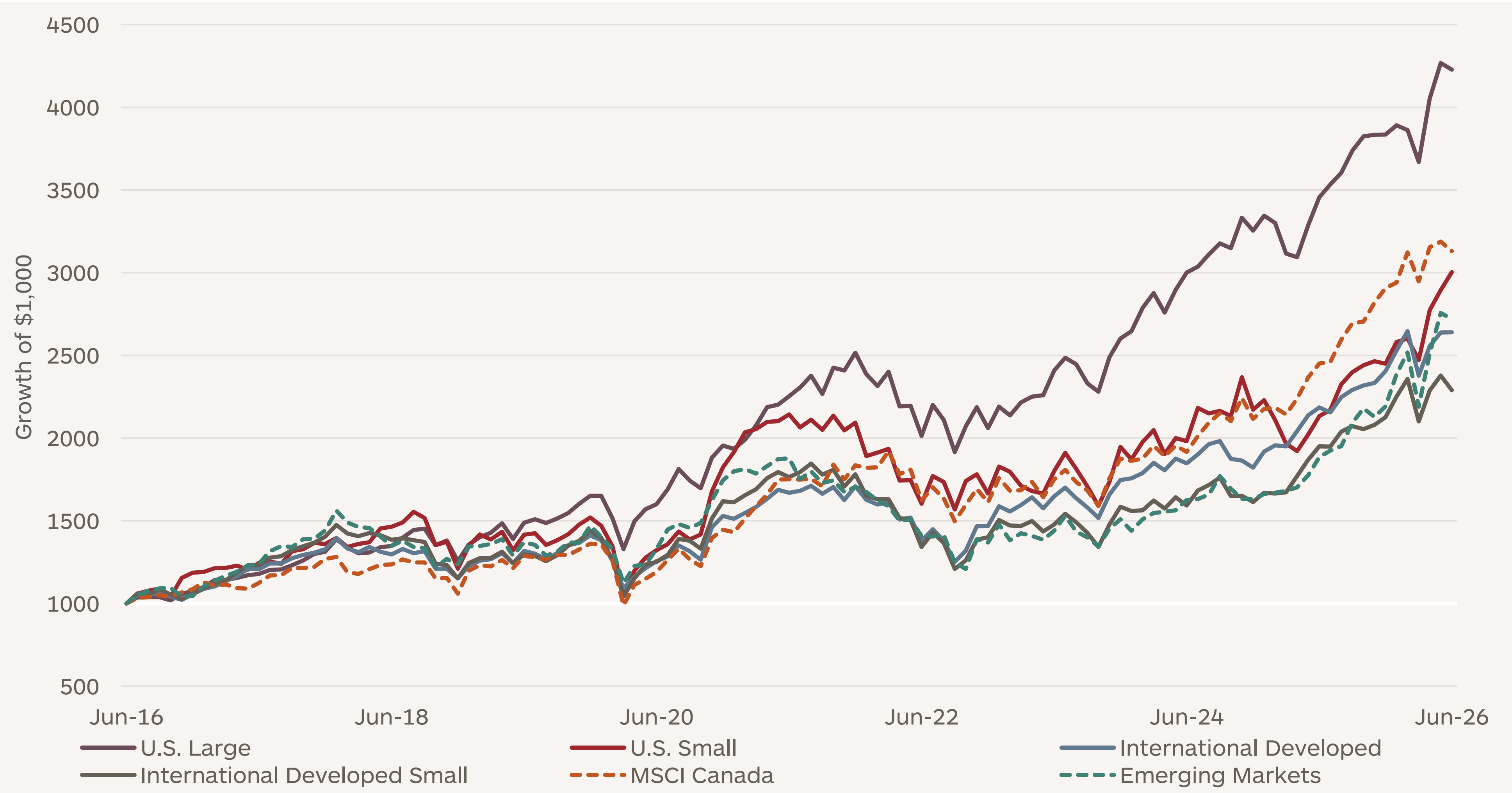
***Source**: Standard & Poor's, MSCI, Verus, as of 6/30/26*

GEOPOLITICAL RISK INDEX



***Source**: Caldara & Iacoviello GPR Index is based on the number of articles relating to adverse geopolitical events in each newspaper for each month as a share of total news stories*

Long-term equity performance



***Source**: Standard & Poor's, FTSE, MSCI, CPIC, as of 6/30/26*

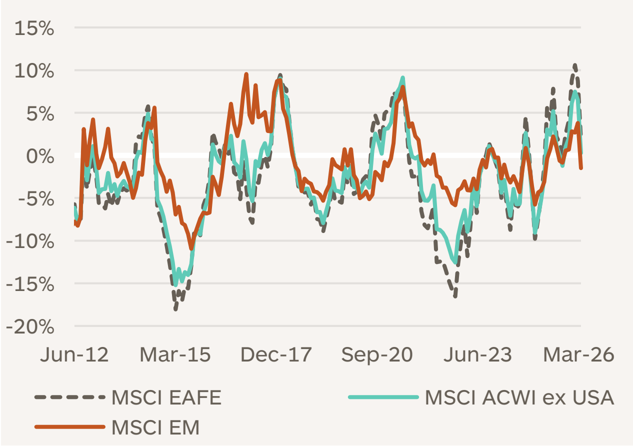
Other assets

Currency

The U.S. dollar appreciated 1% in Q2 (DXY), holding within a stable range after a +10% rally in Q4 2025 and a subsequent retracement in Q1 2026 back to prior levels. Currency moves had a mild effect on unhedged U.S. investors during the quarter: those with international developed equity exposure (MSCI EAFE) gave up -1.3% to currency in Q2, and a larger -7.5% over the past year. The yen lost -2.3% during the quarter relative to the U.S. dollar, while the euro lost -1.1%, and the British pound was up +0.3%.

A more deliberate approach to currency exposure has delivered both lower volatility and higher long-term returns—a rare combination. It reduces the uncompensated risk of unhedged foreign currency and, in its place, makes a passive allocation to the currency market by favoring higher-yielding, undervalued, and positively trending currencies. Represented by the MSCI Currency Factor Mix Index, this approach has generated positive one-year rolling returns across most periods with far lower volatility than an unhedged stance. The benefit was on display over the past year: an unhedged U.S. investor in international developed equities (MSCI EAFE) lost -5.8% to currency amid considerable volatility, while the MSCI Currency Factor Mix Index gained +1.6%.

EFFECT OF CURRENCY (1-YEAR ROLLING)

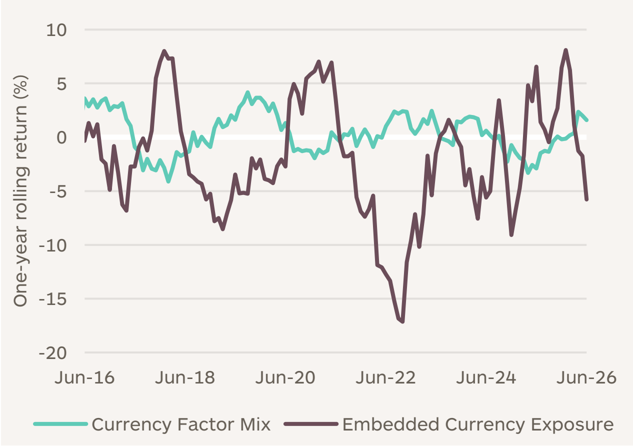


***Source**: MSCI, CPIC, as of 6/30/26*

U.S. DOLLAR MAJOR CURRENCY INDEX

***Source**: ICE, as of 6/30/26*

EMBEDDED CURRENCY VS CURRENCY FACTORS



***Source**: MSCI, CPIC, as of 6/30/26*

Hedge funds

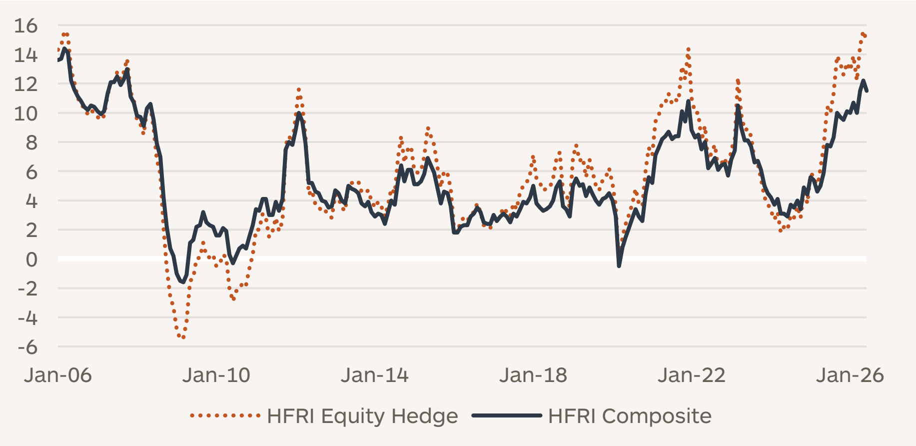
Hedge funds have enjoyed tremendous performance over the last three years with trailing 36 month returns the highest since 2006-2007 for the overall universe (HFRI Composite +10.5% annualized), and equity-focused funds (HFRI Equity Hedge +14.9% annualized), which typically dominate the composites.

Equity hedge funds have taken advantage of several market dynamics that work in their favor, allowing the more unconstrained funds to find greater opportunities for gains. These factors include, but are not limited to, the following: concentrated bets in the AI/semiconductor space (especially in memory-related stocks in the U.S. and Korea), and exponential growth in some of the largest and highest-profile private companies that are widely held across equity hedge funds, including Anthropic, xAI, OpenAI, and SpaceX, among others. Additionally, many of the largest, growth-oriented hedge funds have been very active in the private markets since the pandemic.

Corporate activity has picked up in recent years, with IPO and spin-off activity both increasing and being rewarded by the market.

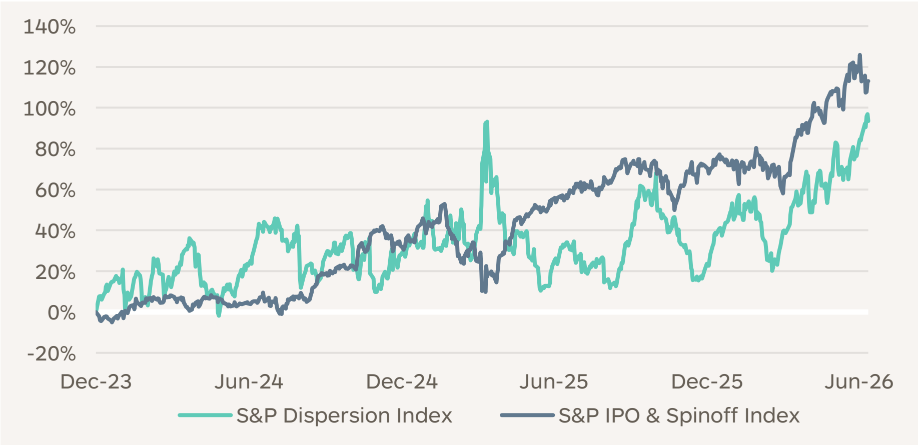
Increasing dispersion within equity markets, as Magnificent 7 leadership has faltered, capital has flowed into opportunities down-market. Hedge fund portfolios are typically skewed heavily towards small/mid/large-cap compared to the mega-cap heavy indexes.

ROLLING 3-YEAR ANNUALIZED RETURNS



Source: *MPI, HFR*

EQUITY DISPERSION AND IPO/SPIN-OFF INDEXES SINCE 2023



Source: *MPI, S&P Global*

Appendix

Periodic table of returns

BEST ↑ … ↓ WORST

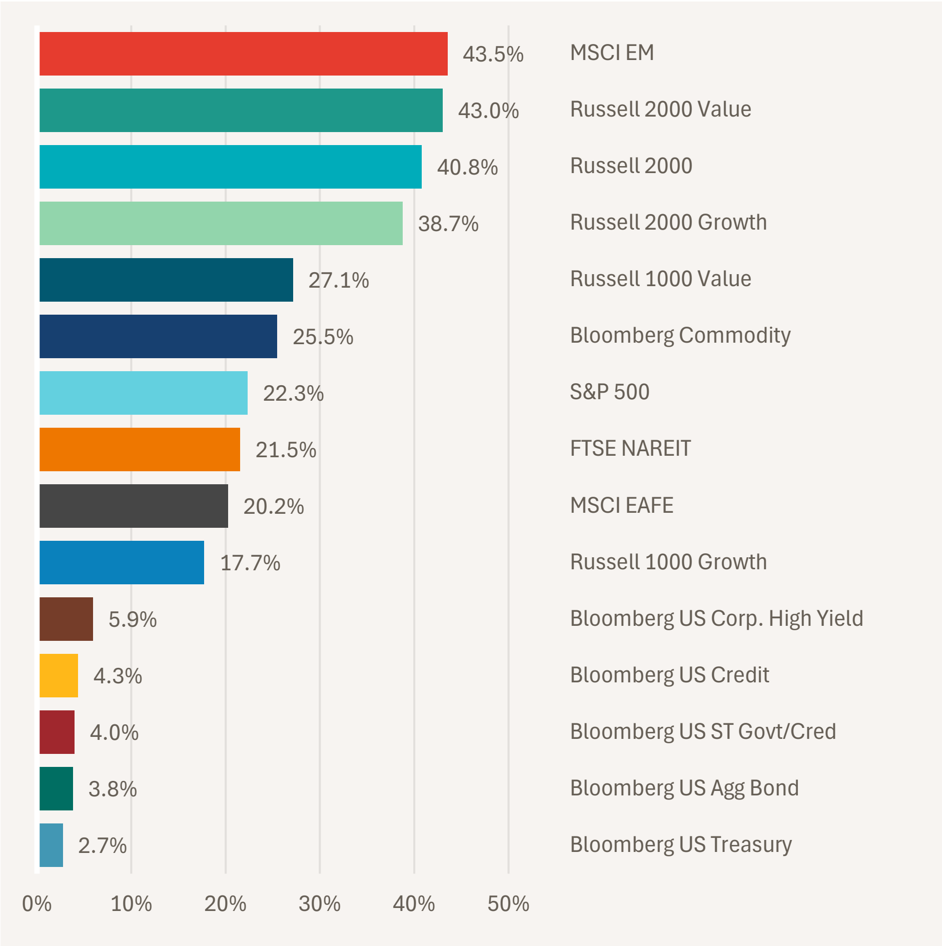
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD	5-Year	10-Year
Emerging Markets Equity	32.1%	39.4%	5.2%	78.5%	29.1%	11.8%	18.2%	43.3%	13.5%	13.5%	31.7%	37.3%	6.7%	36.4%	38.5%	28.3%	16.1%	42.7%	33.4%	33.6%	23.8%	13.7%	18.6%
Small Cap Value	26.3%	16.2%	1.8%	37.2%	26.9%	7.8%	18.1%	38.8%	13.2%	5.7%	21.3%	30.2%	1.8%	31.4%	34.6%	27.6%	9.4%	26.5%	24.5%	31.2%	23.0%	12.7%	15.3%
Small Cap Equity	23.5%	15.8%	-6.5%	34.5%	24.5%	2.6%	17.5%	34.5%	13.0%	0.9%	17.3%	25.0%	0.0%	28.5%	21.0%	27.1%	1.5%	18.7%	15.2%	18.6%	22.6%	11.2%	12.0%
Small Cap Growth	22.2%	11.8%	-21.4%	31.8%	18.9%	1.5%	17.3%	33.5%	12.0%	0.5%	12.1%	22.2%	-1.5%	26.5%	20.0%	26.5%	-5.6%	18.2%	14.4%	17.4%	22.2%	9.4%	11.6%
Large Cap Value	18.4%	11.2%	-23.4%	28.4%	16.8%	0.4%	16.4%	33.1%	6.0%	0.0%	11.8%	21.7%	-4.0%	25.5%	18.3%	25.2%	-7.5%	16.9%	11.5%	16.7%	16.3%	9.0%	11.5%
Commodities	15.5%	10.8%	-28.9%	27.2%	16.7%	0.1%	16.4%	32.5%	5.6%	-0.3%	11.3%	17.3%	-4.8%	22.4%	13.4%	17.4%	-13.0%	15.6%	9.8%	15.9%	14.4%	8.2%	10.9%
Large Cap Equity	15.2%	10.3%	-33.8%	23.5%	16.1%	-2.2%	15.3%	22.8%	4.9%	-0.8%	11.2%	14.6%	-6.1%	22.0%	10.9%	14.8%	-14.5%	14.6%	9.2%	15.8%	10.3%	7.2%	10.1%
International Equity	13.3%	7.0%	-35.6%	20.6%	15.5%	-2.9%	14.6%	12.6%	4.2%	-1.4%	7.1%	13.7%	-8.3%	18.7%	7.8%	11.3%	-14.5%	11.5%	8.1%	13.0%	9.4%	7.0%	9.7%
Hedge Funds of Funds	11.6%	7.0%	-36.8%	19.7%	13.1%	-4.2%	11.4%	11.1%	3.4%	-2.7%	6.2%	7.8%	-9.3%	18.4%	7.5%	9.2%	-17.5%	9.8%	7.5%	12.8%	7.3%	6.0%	7.8%
60/40 Global Portfolio	9.1%	5.8%	-37.6%	18.9%	9.8%	-5.2%	10.8%	9.0%	2.7%	-3.8%	5.6%	6.8%	-11.0%	8.7%	4.6%	6.2%	-19.1%	5.5%	5.4%	12.6%	6.7%	5.6%	5.9%
Large Cap Growth	8.5%	4.8%	-38.4%	11.5%	7.8%	-5.5%	4.8%	0.0%	0.0%	-4.4%	2.6%	5.2%	-11.2%	8.4%	2.8%	2.8%	-20.1%	5.1%	5.3%	10.5%	5.3%	5.6%	5.8%
Cash	4.8%	-0.2%	-38.5%	5.9%	6.5%	-12.1%	4.2%	-2.0%	-2.2%	-7.5%	1.0%	3.5%	-12.9%	7.7%	1.8%	0.0%	-20.4%	3.9%	3.8%	7.3%	1.8%	3.6%	4.6%
Real Estate	4.3%	-1.6%	-43.4%	0.1%	5.7%	-13.3%	0.1%	-2.6%	-4.9%	-14.9%	0.3%	1.7%	-13.8%	6.4%	0.5%	-1.5%	-26.4%	-4.8%	1.3%	5.0%	1.2%	3.1%	2.3%
US Bonds	2.1%	-9.8%	-53.3%	-16.8%	0.1%	-18.4%	-1.1%	-9.5%	-17.0%	-24.7%	-0.4%	0.8%	-14.6%	2.2%	-3.1%	-2.5%	-29.1%	-7.9%	0.6%	4.3%	0.6%	0.1%	1.5%

- Large Cap Equity
- Large Cap Value
- Large Cap Growth
- Small Cap Equity
- Small Cap Value
- Small Cap Growth
- International Equity
- Emerging Markets Equity
- US Bonds
- Cash
- Commodities
- Real Estate
- Hedge Funds of Funds
- 60% MSCI ACWI/40% Bloomberg Global Bond

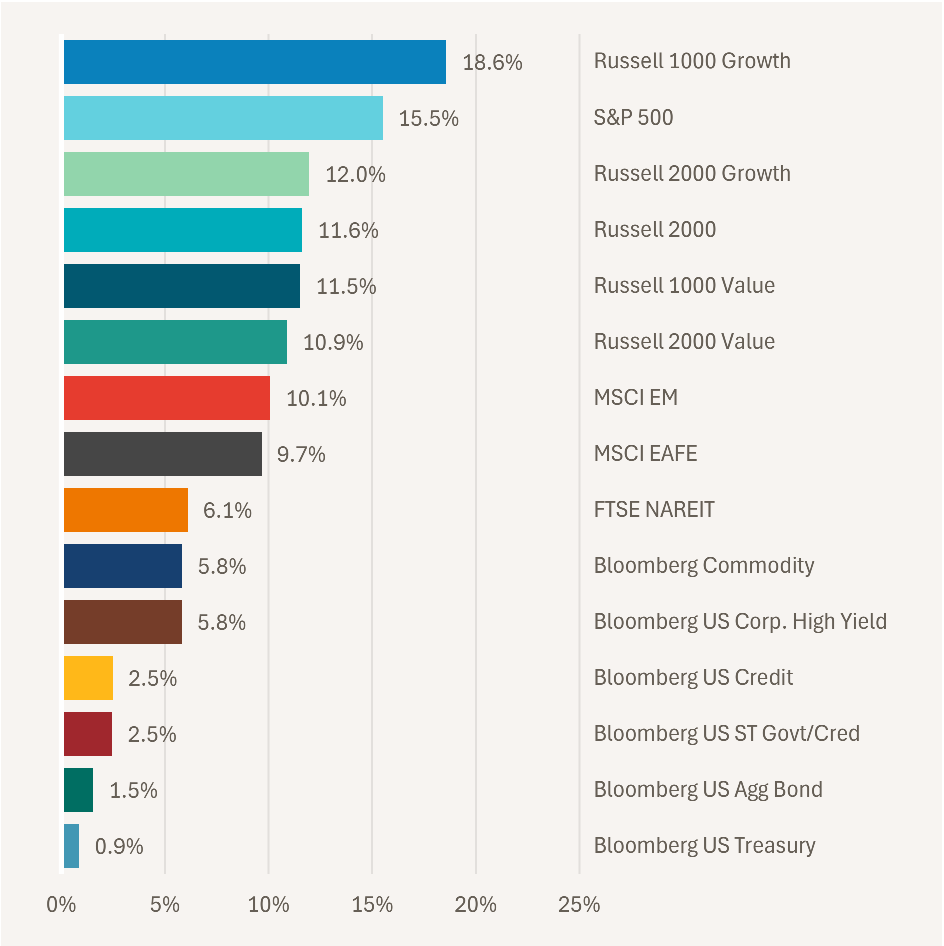
***Source Data**: Bloomberg, Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, 90-Day T-Bills, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 6/30/26.*

Major asset class returns

ONE YEAR ENDING JUNE



TEN YEARS ENDING JUNE



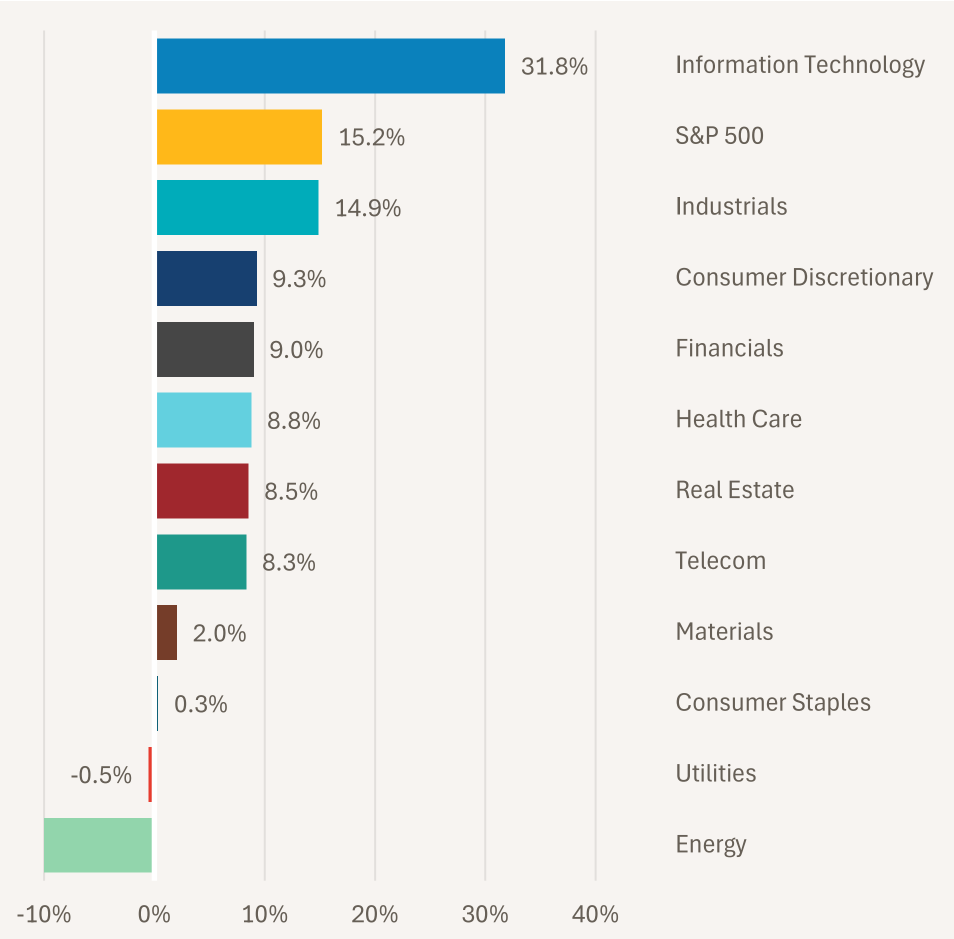
**Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.*

***Source**: Bloomberg, as of 6/30/26*

***Source**: Bloomberg, as of 6/30/26*

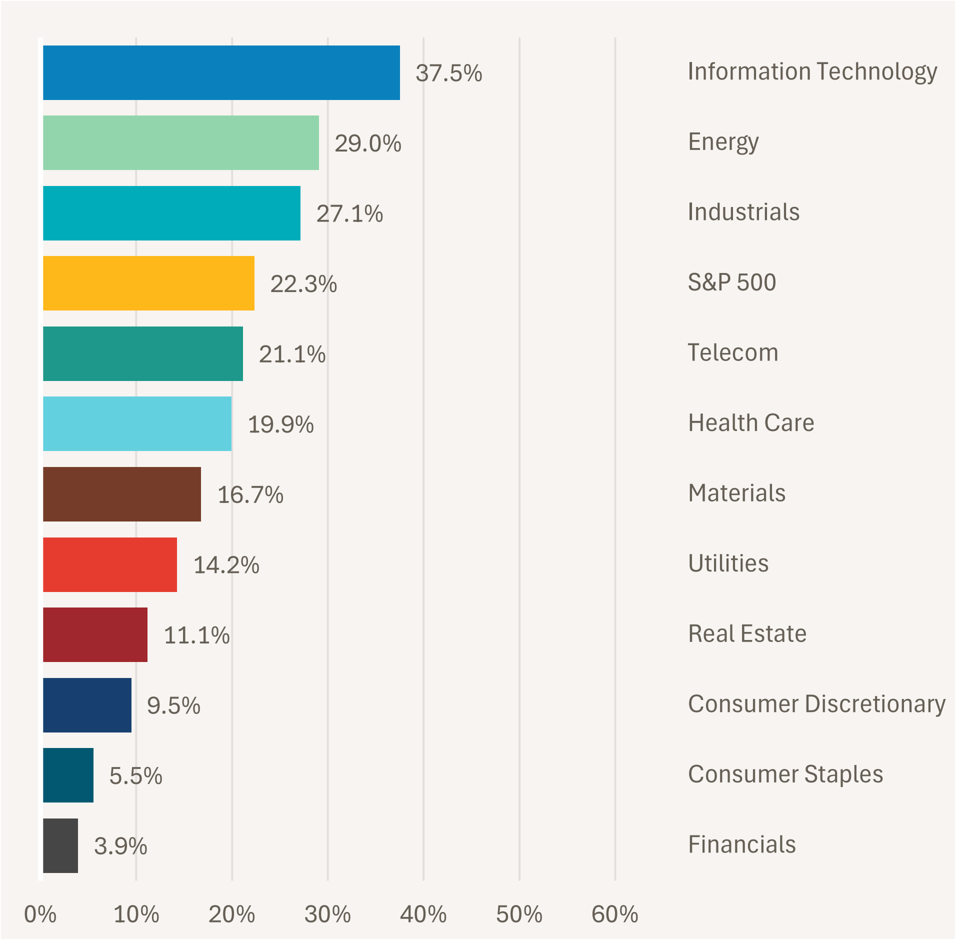
S&P 500 sector returns

QTD



***Source**: Bloomberg, as of 6/30/26*

ONE YEAR ENDING JUNE



***Source**: Bloomberg, as of 6/30/26*

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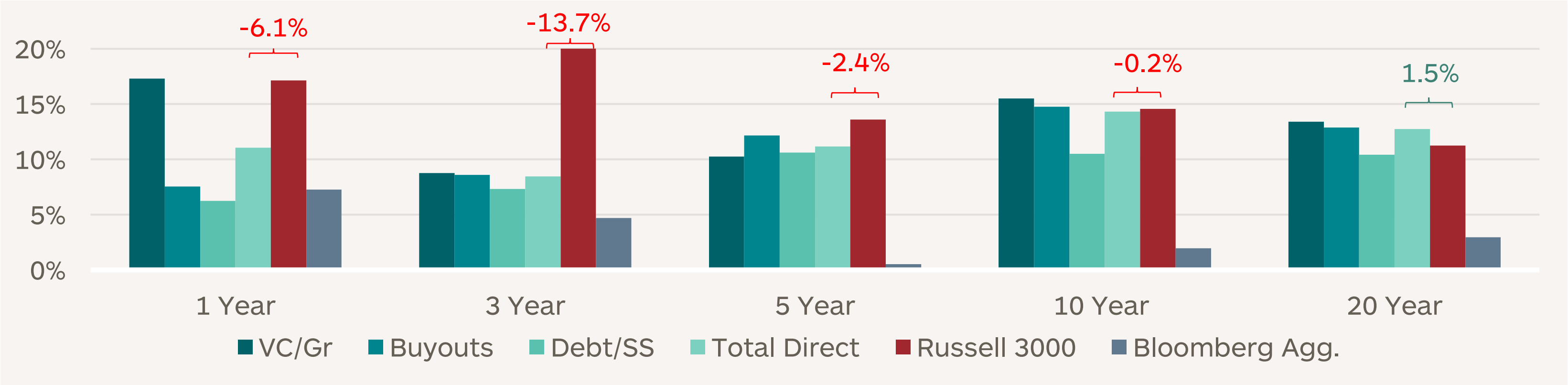
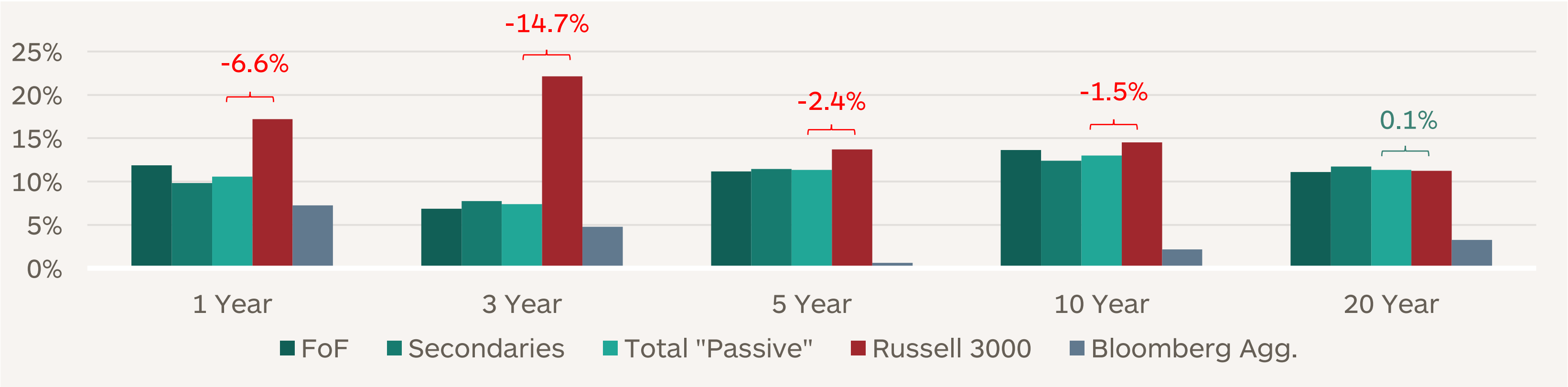
Private equity vs. traditional assets performance

DIRECT PRIVATE EQUITY AND CREDIT FUND INVESTMENTS



- Direct P.E. Fund Investments underperformed public equities in most time periods.

"PASSIVE" STRATEGIES

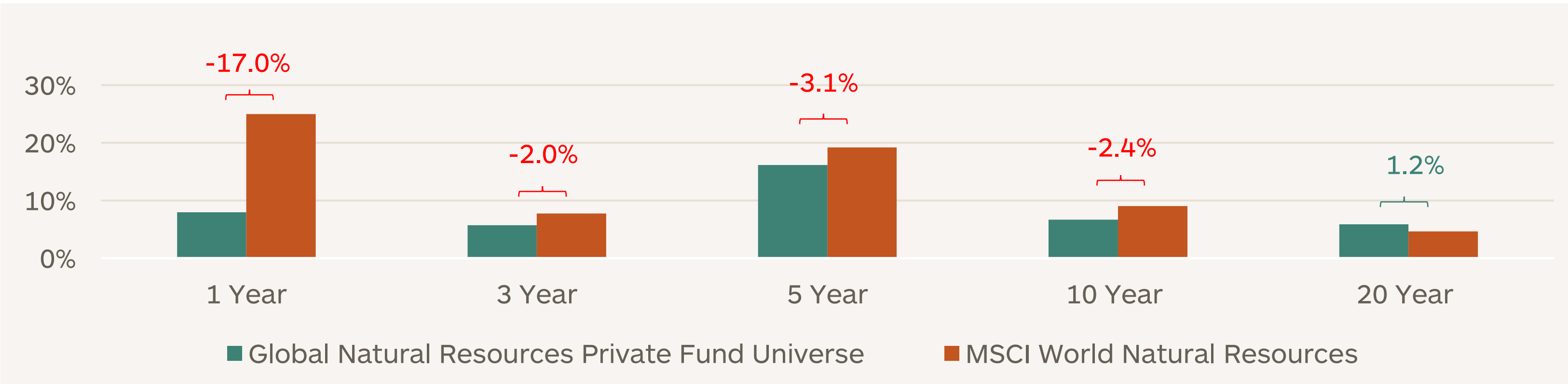


- "Passive" strategies have underperformed public equities in most time periods.

Sources: *FTSE PME: U.S. Direct Private Equity and "Passive" returns are as of December 31, 2025. Public Market Equivalent returns resulted from "Total Passive" and Total Direct's identical cash flows invested into and distributed from respective traditional asset comparable.*

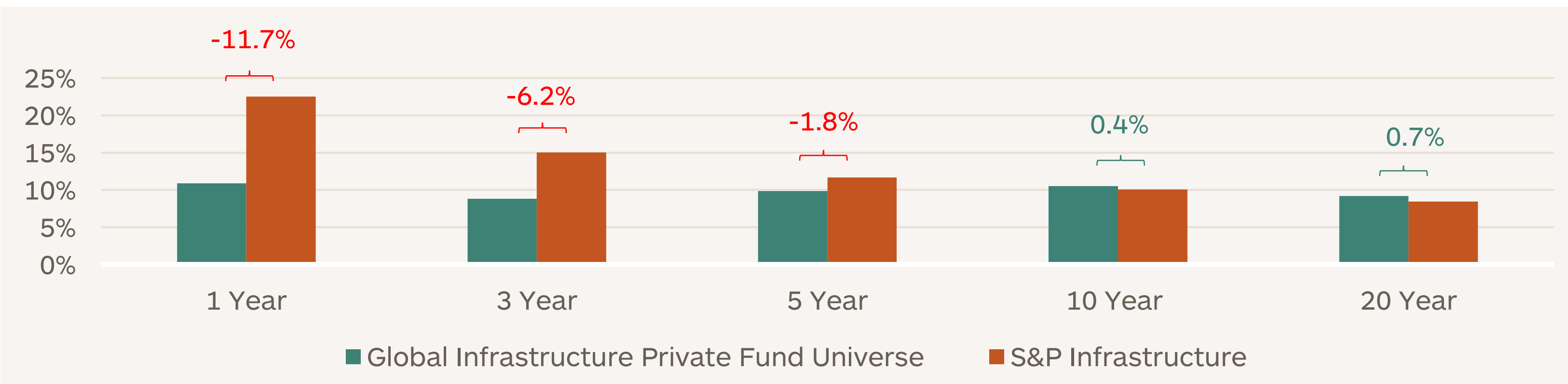
Private vs. liquid real assets performance

GLOBAL NATURAL RESOURCES FUNDS



- N.R. funds underperformed MSCI World Natural Resources across most time periods.

GLOBAL INFRASTRUCTURE FUNDS

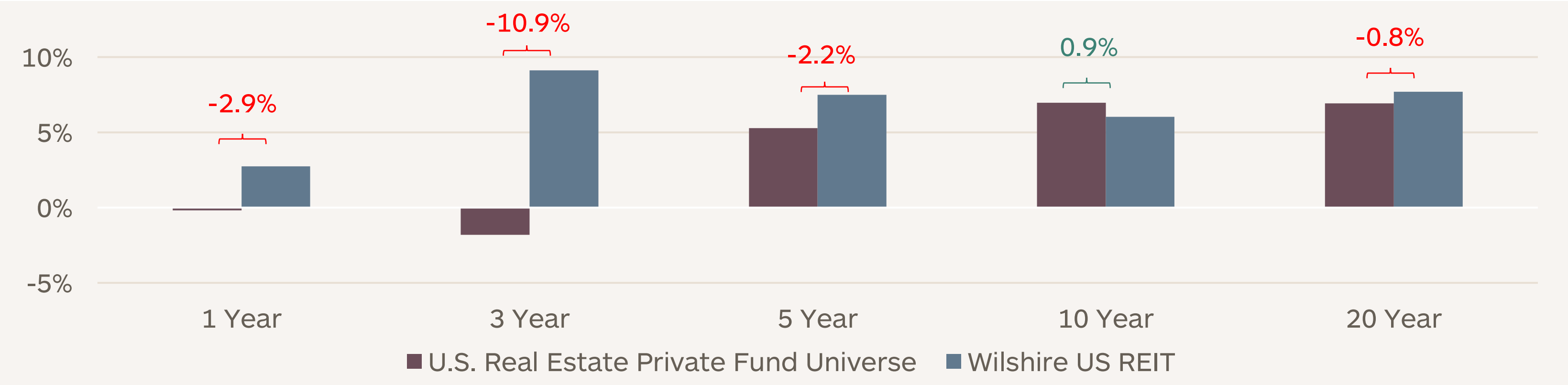


- Infra. funds outperformed S&P Infra. across longer periods.

***Sources**: FTSE 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 December 31st, 2025. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real assets universes.*

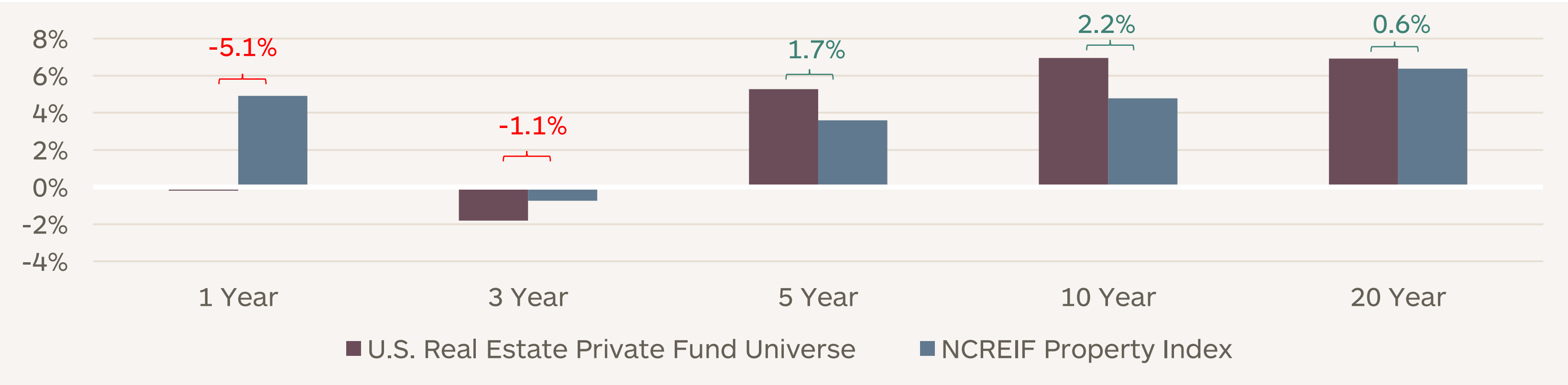
Private vs. liquid and core real estate performance

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



- U.S. Private R.E. funds underperformed the Wilshire U.S. REIT across most time periods.

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



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

***Sources**: FTSE PME: U.S. Real Estate universes as of December 31st, 2025. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real estate universes.*

Detailed index performance

DOMESTIC EQUITY	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
S&P 500	-1.0%	15.2%	10.2%	22.3%	20.6%	13.4%	15.5%
S&P 500 Equal Weighted	2.4%	11.4%	12.1%	19.2%	14.5%	9.1%	12.4%
DJ Industrial Average	2.7%	13.4%	9.8%	20.6%	17.1%	10.8%	13.7%
Russell Top 200	-1.4%	15.5%	9.1%	22.1%	21.7%	14.0%	16.4%
Russell 1000	-0.5%	15.1%	10.3%	22.0%	20.4%	12.7%	15.3%
Russell 2000	3.7%	21.5%	22.6%	40.8%	18.6%	7.0%	11.6%
Russell 3000	-0.3%	15.4%	10.9%	22.8%	20.3%	12.3%	15.1%
Russell Mid Cap	3.1%	13.8%	15.3%	21.6%	16.5%	8.5%	12.0%
Style Index							
Russell 1000 Growth	-2.7%	16.7%	5.3%	17.7%	22.6%	13.7%	18.6%
Russell 1000 Value	2.3%	13.9%	16.3%	27.1%	17.8%	11.2%	11.5%
Russell 2000 Growth	3.6%	25.7%	22.2%	38.7%	18.4%	5.6%	12.0%
Russell 2000 Value	4.0%	17.2%	23.0%	43.0%	18.7%	8.2%	10.9%

FIXED INCOME	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg US TIPS	-0.5%	0.9%	1.2%	3.4%	4.0%	1.0%	2.6%
Bloomberg US Treasury Bills	0.3%	0.9%	1.8%	4.0%	4.7%	3.5%	2.4%
Bloomberg US Agg Bond	0.2%	0.7%	0.6%	3.8%	4.2%	0.1%	1.5%
Bloomberg US Universal	0.3%	0.9%	0.8%	4.2%	4.7%	0.4%	1.9%
Duration							
Bloomberg US Treasury 1-3 Yr	0.1%	0.4%	0.6%	2.9%	4.4%	1.9%	1.8%
Bloomberg US Treasury 20+ Yr	1.2%	0.9%	0.6%	2.5%	-1.5%	-6.6%	-1.8%
Bloomberg US Treasury	0.3%	0.3%	0.3%	2.7%	3.2%	-0.4%	0.9%
Issuer							
Bloomberg US MBS	0.2%	0.6%	1.0%	5.2%	4.6%	0.5%	1.4%
Bloomberg US Corp. High Yield	0.3%	2.5%	2.0%	5.9%	8.8%	4.2%	5.8%
Bloomberg US ST Govt/Cred	0.2%	0.9%	1.7%	4.0%	4.8%	3.4%	2.5%
Bloomberg US Credit	0.2%	1.3%	0.8%	4.3%	5.2%	0.4%	2.5%

INTERNATIONAL EQUITY	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
MSCI ACWI	-0.8%	14.9%	11.2%	23.7%	19.7%	11.0%	12.8%
MSCI ACWI ex US	-0.6%	14.5%	13.7%	27.7%	18.8%	8.8%	9.9%
MSCI EAFE	0.1%	10.8%	9.4%	20.2%	16.4%	9.0%	9.7%
MSCI EM	-1.4%	24.1%	23.8%	43.5%	23.0%	7.2%	10.1%
MSCI EAFE Small Cap	-3.7%	9.0%	7.6%	17.4%	15.7%	5.3%	8.6%
Style Index							
MSCI EAFE Growth	0.8%	14.5%	9.1%	13.7%	11.5%	4.9%	8.6%
MSCI EAFE Value	-0.7%	7.5%	9.6%	27.0%	21.5%	13.1%	10.4%
Regional Index							
MSCI UK	-0.8%	4.1%	6.2%	20.3%	17.5%	12.0%	8.8%
MSCI Japan	-0.3%	14.2%	15.8%	29.1%	18.5%	9.5%	9.8%
MSCI Euro	2.5%	15.3%	9.6%	20.5%	17.4%	10.4%	10.9%
MSCI EM Asia	-1.1%	30.2%	28.2%	48.7%	25.2%	7.6%	11.4%
MSCI EM Latin America	-2.4%	-3.6%	10.5%	31.7%	12.1%	9.0%	7.4%

OTHER	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	-8.5%	-8.1%	14.4%	25.5%	11.7%	9.4%	5.8%
FTSE NAREIT Equity REITS	3.1%	12.4%	17.8%	21.5%	12.5%	5.9%	6.1%
Morningstar LSTA US LL	0.1%	1.9%	1.3%	4.4%	7.5%	6.0%	5.5%
S&P Global Infrastructure	1.3%	1.6%	10.0%	16.8%	16.9%	11.9%	9.0%
Alerian MLP Infrastructure	0.5%	0.9%	18.2%	19.4%	22.2%	20.0%	8.6%
Emerging Market Debt							
JPM EMBI Global Div	0.7%	4.6%	3.3%	11.8%	10.3%	2.6%	3.7%
JPM GBI-EM Global Div	0.2%	3.9%	1.5%	7.8%	7.3%	2.1%	2.7%
Hedge Funds							
HFRI Composite	0.0%	6.1%	7.1%	15.9%	11.4%	6.5%	7.2%
HFRI FOF Composite	0.0%	6.5%	7.3%	15.3%	10.3%	5.6%	5.9%
Currency (Spot vs. USD)							
Euro	-2.0%	-1.1%	-2.8%	-3.1%	1.5%	-0.7%	0.3%
Pound Sterling	-1.4%	0.3%	-1.6%	-3.4%	1.4%	-0.8%	0.0%
Yen	-2.0%	-2.3%	-3.6%	-11.4%	-3.9%	-7.3%	-4.4%

***Source**: Bloomberg, HFRI, as of 6/30/26*

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.langerresearch.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 Federation 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 "(Good-Poor + 100)/2" to the present and future sales series and "(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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All return projections, yield estimates, and financial models presented herein are based on assumptions that may not be realized. Key assumptions include, but are not limited to: interest rate environment, inflation expectations, market liquidity, economic growth forecasts, and historical volatility data. These assumptions are subject to change without notice.

Earnings growth figures that may be shown in any slides are estimates/projections as of 7/2/26 and are not guaranteed. Actual earnings results may differ materially from earnings growth estimates due to changes in economic conditions, market conditions, or other factors. Projected earnings growth should not be viewed as indicative of future investment returns.

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Kern County Employees Retirement Association

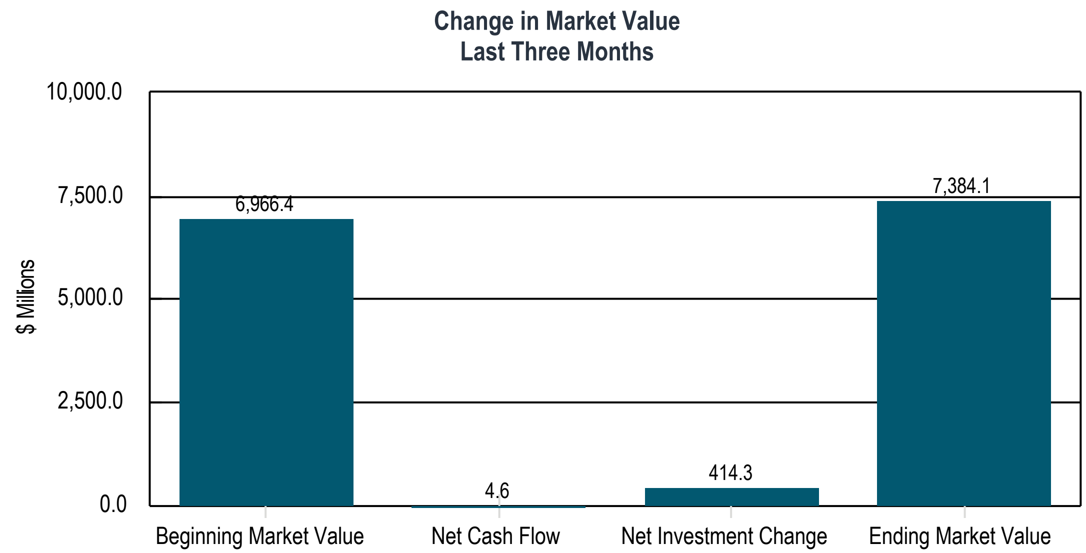
Investment Performance Review

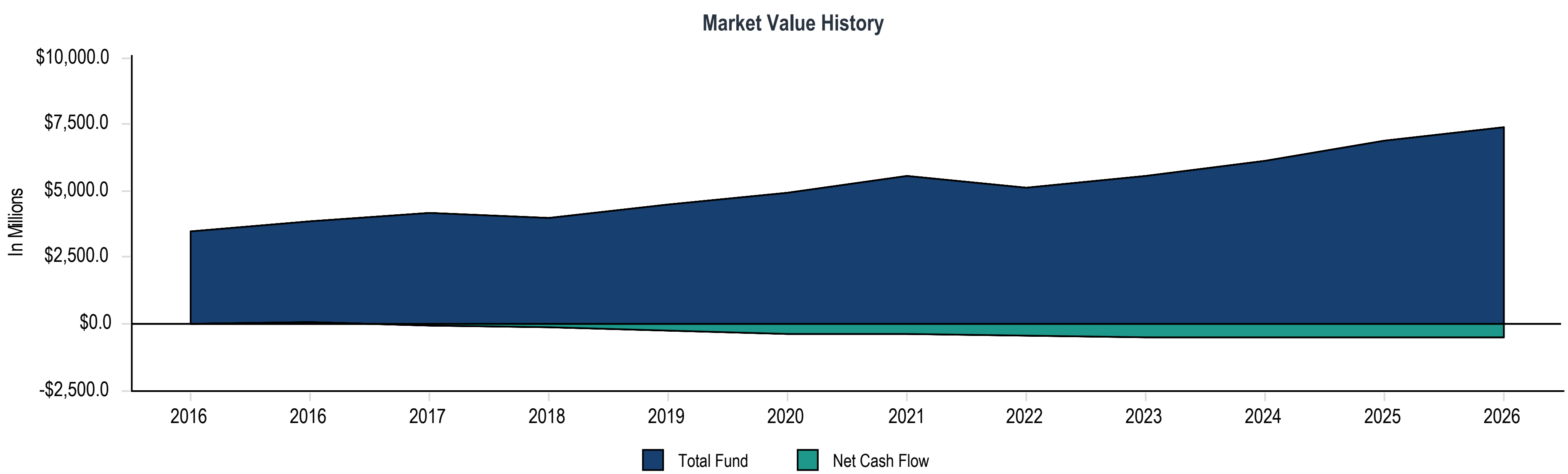
Period Ending: June 30, 2026

CERITY PARTNERS®

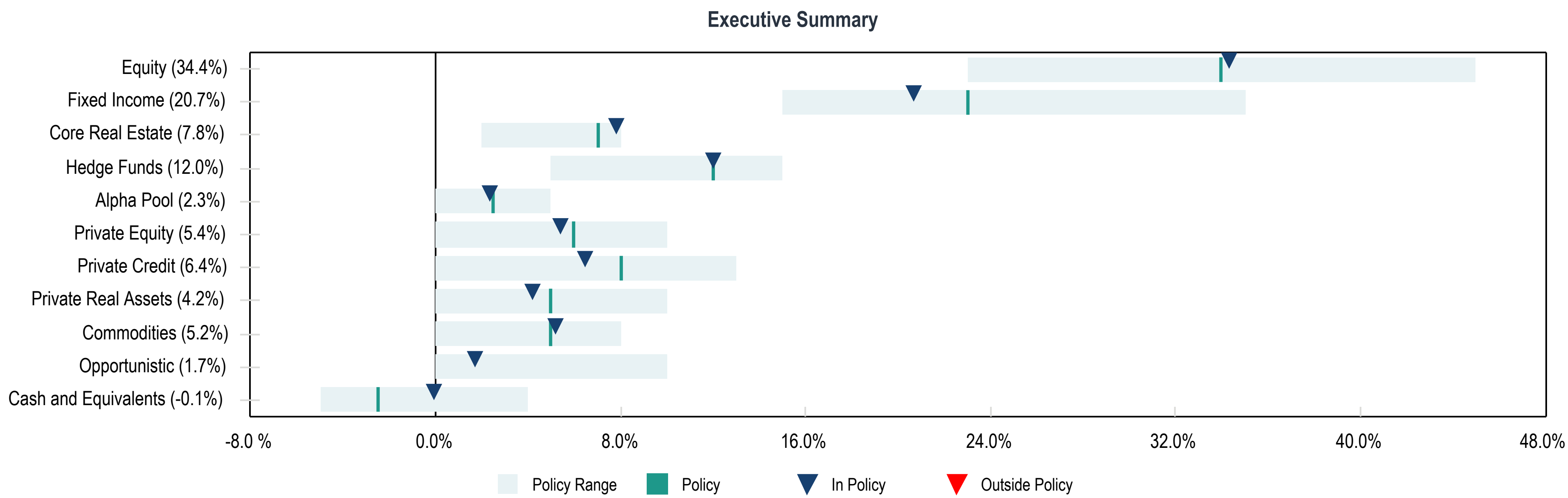
Portfolio Reconciliation

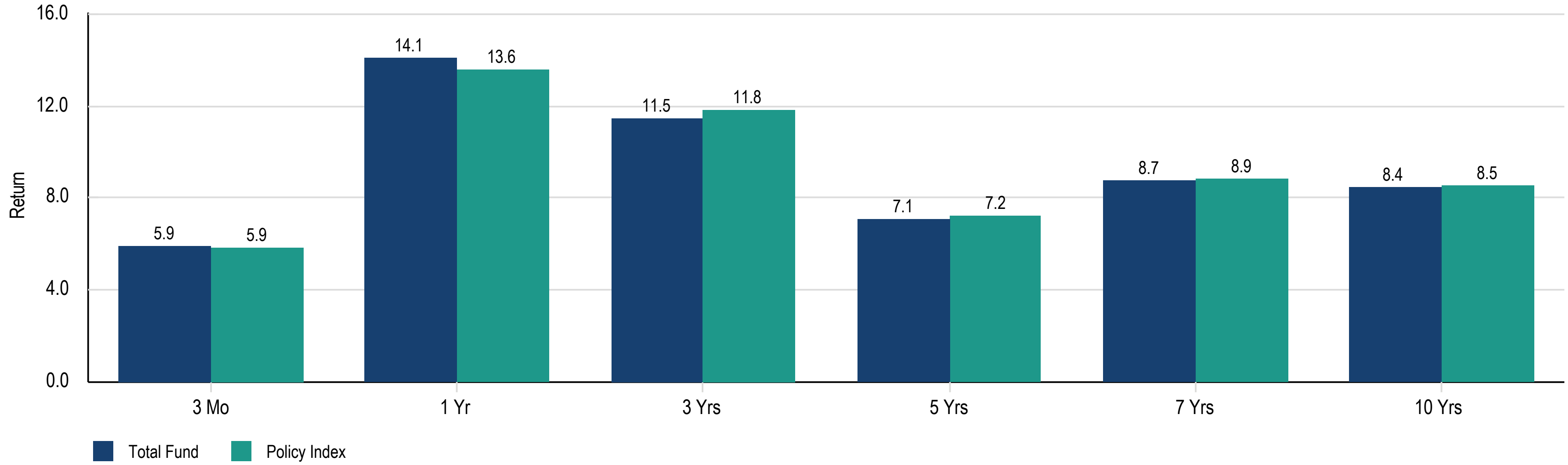
	Last Three Months
Beginning Market Value	$6,966,404,182
Net Cash Flows	$4,614,687
Net Investment Change	$414,302,437
Ending Market Value	$7,384,145,875





	Current Balance ($)	Current Allocation (%)	Policy Allocation (%)	Excess Allocation (%)	Policy Range (%)	Within IPS Range?
Equity	2,536,576,049	34.4	34.0	0.4	23.0 - 45.0	Yes
Fixed Income	1,528,828,788	20.7	23.0	-2.3	15.0 - 35.0	Yes
Core Real Estate	574,770,764	7.8	7.0	0.8	2.0 - 8.0	Yes
Hedge Funds	886,731,719	12.0	12.0	0.0	5.0 - 15.0	Yes
Alpha Pool	172,042,612	2.3	2.5	-0.2	0.0 - 5.0	Yes
Private Equity	397,542,572	5.4	6.0	-0.6	0.0 - 10.0	Yes
Private Credit	475,507,670	6.4	8.0	-1.6	0.0 - 13.0	Yes
Private Real Assets	311,482,155	4.2	5.0	-0.8	0.0 - 10.0	Yes
Commodities	382,229,637	5.2	5.0	0.2	0.0 - 8.0	Yes
Opportunistic	124,773,381	1.7	0.0	1.7	0.0 - 10.0	Yes
Cash and Equivalents	-6,339,473	-0.1	-2.5	2.4	-5.0 - 4.0	Yes
Total	**7,384,145,875**	**100.0**	**100.0**	**0.0**		




16.0
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4.0
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Return
14.1
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11.8
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8.9
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8.5
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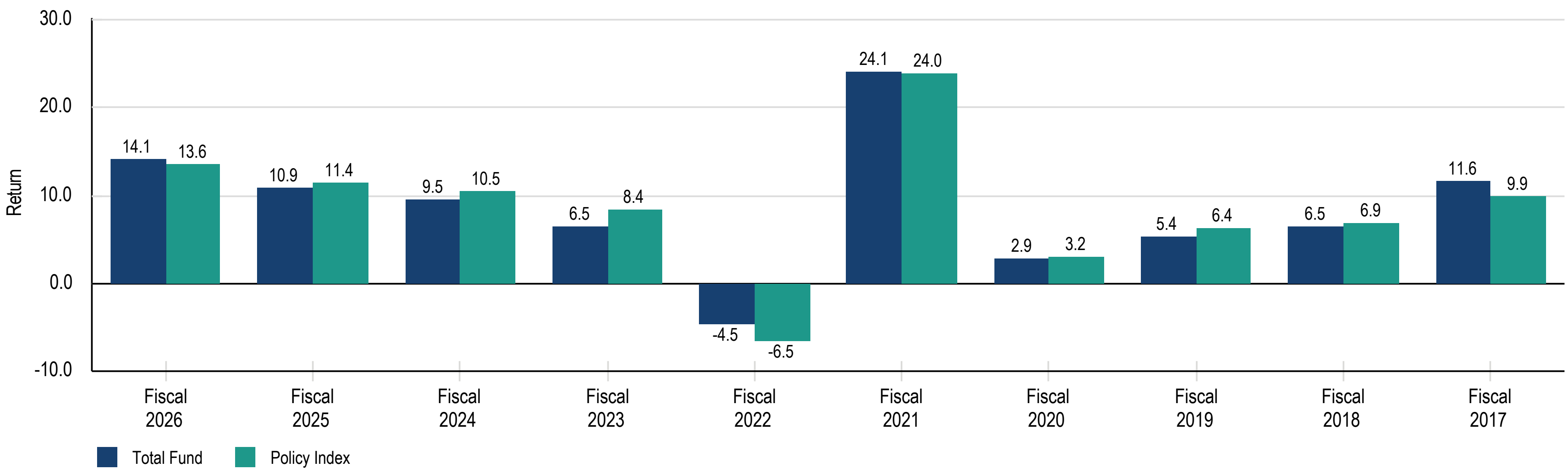
5 Yrs
7 Yrs
10 Yrs
Total Fund
Policy Index


30.0
20.0
10.0
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Return
14.1
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9.5
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-4.5
-6.5
24.1
24.0
2.9
3.2
5.4
6.4
6.5
6.9
11.6
9.9
Fiscal 2026
Fiscal 2025
Fiscal 2024
Fiscal 2023
Fiscal 2022
Fiscal 2021
Fiscal 2020
Fiscal 2019
Fiscal 2018
Fiscal 2017
Total Fund
Policy Index

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Fiscal 2025	Fiscal 2024	Fiscal 2023	Fiscal 2022	Fiscal 2021
Total Fund	**7,384,145,875**	**100.0**	**6.0**	**14.5**	**14.5**	**11.6**	**7.3**	**8.7**	**10.7**	**9.7**	**6.7**	**-4.3**	**24.4**
Policy Index			*5.9*	*13.6*	*13.6*	*11.8*	*7.2*	*8.5*	*11.4*	*10.5*	*8.4*	*-6.5*	*24.0*
InvMetrics Public DB > $1B Rank			*85*	*41*	*41*	*46*	*26*	*51*	*48*	*57*	*73*	*37*	*89*
Equity	**2,536,576,049**	**34.4**	**14.7**	**24.4**	**24.4**	**18.7**	**10.5**	**12.8**	**14.8**	**17.1**	**15.9**	**-14.9**	**41.2**
MSCI AC World IMI Index (Net)			*14.9*	*24.2*	*24.2*	*19.5*	*10.6*	*12.5*	*15.9*	*18.4*	*16.1*	*-16.5*	*40.9*
Domestic Equity	1,426,804,833	19.3	14.8	21.4	21.4	18.8	11.7	14.9	12.9	22.4	17.9	-12.0	43.6
MSCI USA IMI			*15.7*	*23.3*	*23.3*	*20.5*	*12.5*	*15.2*	*15.2*	*23.3*	*19.2*	*-13.7*	*44.4*
International Developed Equity	779,475,455	10.6	10.6	21.7	21.7	16.8	8.5	10.0	17.8	11.0	17.2	-19.6	37.0
MSCI World ex U.S. IMI Index (Net)			*9.9*	*20.8*	*20.8*	*16.9*	*8.8*	*9.7*	*19.3*	*10.8*	*16.3*	*-17.7*	*34.8*
Emerging Markets Equity	330,293,104	4.5	25.1	46.6	46.6	25.2	10.2	9.8	17.0	14.2	5.3	-21.4	40.6
MSCI Emerging Markets IMI (Net)			*22.7*	*40.3*	*40.3*	*22.1*	*7.2*	*10.0*	*14.3*	*13.6*	*3.2*	*-24.8*	*43.2*
Fixed Income	**1,528,828,788**	**20.7**	**1.5**	**5.5**	**5.5**	**5.7**	**1.2**	**3.1**	**7.5**	**4.2**	**3.1**	**-12.7**	**5.4**
Fixed Income Custom Benchmark			*1.1*	*4.2*	*4.2*	*5.5*	*1.1*	*2.6*	*7.4*	*4.8*	*1.9*	*-11.6*	*4.0*
Core Fixed Income	783,256,156	10.6	0.7	4.0	4.0	4.0	-0.2	1.8	5.6	2.5	-0.9	-11.2	1.0
Core Fixed Income Benchmark			*0.7*	*3.7*	*3.7*	*4.0*	*0.0*	*1.5*	*5.8*	*2.5*	*-0.9*	*-10.3*	*-0.3*
Credit Fixed Income	745,386,611	10.1	2.4	7.1	7.1	8.1	3.4	4.7	10.1	7.1	9.3	-14.2	11.6
Credit Fixed Income Benchmark			*1.8*	*5.4*	*5.4*	*8.0*	*3.0*	*4.5*	*10.5*	*8.2*	*9.2*	*-15.7*	*12.2*
Commodities	**382,229,637**	**5.2**	**-8.1**	**23.7**	**23.7**	**14.8**	**11.2**	**8.4**	**6.6**	**14.6**	**-6.3**	**20.1**	**43.5**
Bloomberg Commodity Index Total Return			*-8.1*	*25.5*	*25.5*	*11.7*	*9.4*	*5.8*	*5.8*	*5.0*	*-9.6*	*24.3*	*45.6*
Hedge Funds	**886,731,719**	**12.0**	**6.3**	**10.9**	**10.9**	**9.6**	**7.7**	**8.0**	**8.9**	**9.2**	**6.9**	**2.9**	**16.3**
75% (3 Month T-Bill + 3%) + 25% MSCI ACWI Net			*4.9*	*11.1*	*11.1*	*10.8*	*7.9*	*7.4*	*10.0*	*11.4*	*9.4*	*-1.7*	*11.4*
Alpha Pool	**172,042,612**	**2.3**	**2.7**	**7.9**	**7.9**	**4.9**	**3.0**	**-**	**6.2**	**0.7**	**-0.9**	**1.5**	**14.5**
3-Month Treasury Bill +3%			*1.6*	*7.0*	*7.0*	*7.8*	*6.6*	-	*7.8*	*8.6*	*6.7*	*3.2*	*3.1*
Core Real Estate	**573,084,040**	**7.8**	**2.0**	**9.4**	**9.4**	**-2.7**	**0.4**	**3.0**	**4.9**	**-19.8**	**-11.9**	**25.6**	**6.6**
NCREIF ODCE (Net)			*1.3*	*3.6*	*3.6*	*-1.4*	*1.9*	*3.7*	*2.7*	*-10.0*	*-10.7*	*28.3*	*7.1*
Private Real Assets	**307,249,481**	**4.2**	**2.2**	**8.7**	**8.7**	**0.7**	**8.9**	**7.9**	**0.4**	**-6.4**	**7.9**	**38.8**	**9.6**
			2.2	*8.7*	*8.7*	*0.7*	*8.9*	*7.9*	*0.4*	*-6.4*	*7.9*	*38.8*	*9.6*
Private Equity	**399,617,727**	**5.4**	**0.9**	**12.5**	**12.5**	**11.2**	**10.7**	**11.2**	**9.1**	**11.9**	**-0.6**	**21.5**	**41.9**
			0.9	*12.5*	*12.5*	*11.2*	*10.7*	*11.2*	*9.1*	*11.9*	*-0.6*	*21.5*	*41.9*
Private Credit	**475,507,670**	**6.4**	**4.4**	**11.3**	**11.3**	**11.4**	**7.4**	**7.6**	**9.7**	**13.1**	**3.2**	**0.3**	**4.8**
			4.4	*11.3*	*11.3*	*11.4*	*7.4*	*7.6*	*9.7*	*13.1*	*3.2*	*0.3*	*4.8*
Opportunistic	**128,617,624**	**1.7**	**1.1**	**15.3**	**15.3**	**12.0**	**6.0**	**-**	**18.4**	**2.9**	**0.6**	**-5.3**	**60.3**
Assumed Rate of Return +3%			*2.4*	*10.0*	*10.0*	*10.0*	*10.0*	-	*10.0*	*10.0*	*10.0*	*10.0*	*10.0*
Cash	**109,732,876**	**1.5**	**1.2**	**4.6**	**4.6**	**5.5**	**3.7**	**2.8**	**5.4**	**6.4**	**2.6**	**-0.1**	**0.1**
3 Month T-Bill			*0.9*	*3.8*	*3.8*	*4.6*	*3.5*	*2.3*	*4.7*	*5.4*	*3.6*	*0.2*	*0.1*

Policy Index: 34% MSCI ACWI IMI (Net), 23% Fixed Income Blend - 13% Core (3% ICE BofAML 7-10 Year US Treasury Index, 2% ICE BofAML US Treasury 10+ Index, 4% Bloomberg US Aggregate Index, 4% Bloomberg US Corporate Credit 1-3 Year Index). 10% Credit (5% Securitized (2.5% Bloomberg Non-Agency CMBS Index; 1.67% Bloomberg ABS Index; 0.83% J.P. Morgan CLOIE AAA Index) 2.5% Morningstar LSTA Leverage Loan Index. 2.5% Emerging Market Debt (2.5% JPM EMBI Global Div - Hard currency only), 5% Bloomberg Commodity Index, 12% Hedge fund (9% 3-Month T-bill + 3%, 3% MSCI ACWI Net), 2.5% 3-Month T-Bill + 3%, 7% NCREIF-ODCE Net Monthly, 6% actual timeweighted Private Equity Returns, 8% actual time-weighted Private Credit Returns*, 5% actual time-weighted Private Real Estate Returns*, 0% Assumed Rate of Return +3%, -2.5% 3-Month T-bill. Fixed Income Beta Exposure return includes overlay cash and an implied hurdle rate also applied to the Alpha pool. Hedge fund data sourced from Albourne. Estimated return for Hudson Bay Real Estate Opportunities and TPG AG Essential Housing III is 2%. Estimate for HBC Financing Partners Fund is 1% (6/30/2026)*

Performance and Attribution

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Fiscal 2025	Fiscal 2024	Fiscal 2023	Fiscal 2022	Fiscal 2021	Inception	Inception Date
Total Fund	**7,384,145,875**	**100.0**	**5.9**	**14.1**	**14.1**	**11.5**	**7.1**	**8.4**	**10.9**	**9.5**	**6.5**	**-4.5**	**24.1**	**7.4**	**Jun-11**
Policy Index			*5.9*	*13.6*	*13.6*	*11.8*	*7.2*	*8.5*	*11.4*	*10.5*	*8.4*	*-6.5*	*24.0*	*7.4*	
Equity	**2,536,576,049**	**34.4**	**14.6**	**24.0**	**24.0**	**18.5**	**10.3**	**12.5**	**14.6**	**16.9**	**15.7**	**-15.1**	**40.7**	**10.6**	**Jun-11**
MSCI AC World IMI Index (Net)			*14.9*	*24.2*	*24.2*	*19.5*	*10.6*	*12.5*	*15.9*	*18.4*	*16.1*	*-16.5*	*40.9*	*10.2*	
Domestic Equity	**1,426,804,833**	**19.3**	**14.7**	**21.1**	**21.1**	**18.6**	**11.5**	**14.6**	**12.7**	**22.1**	**17.6**	**-12.2**	**43.2**	**13.0**	**Jul-14**
MSCI USA IMI			*15.7*	*23.3*	*23.3*	*20.5*	*12.5*	*15.2*	*15.2*	*23.3*	*19.2*	*-13.7*	*44.4*	*13.4*	
Mellon DB SL Stock Index Fund	848,137,011	11.5	15.2	22.3	22.3	20.6	13.4	-	15.1	24.5	19.6	-10.6	40.8	15.0	Oct-17
S&P 500 Index			*15.2*	*22.3*	*22.3*	*20.6*	*13.4*	*-*	*15.2*	*24.6*	*19.6*	*-10.6*	*40.8*	*15.0*	
PIMCO StocksPLUS	206,962,278	2.8	15.8	22.9	22.9	21.2	13.0	15.5	15.1	25.6	18.8	-12.8	41.7	12.0	Jul-03
S&P 500 Index			*15.2*	*22.3*	*22.3*	*20.6*	*13.4*	*15.5*	*15.2*	*24.6*	*19.6*	*-10.6*	*40.8*	*11.3*	
Chilton High Conviction Equity	227,095,087	3.1	11.6	19.7	19.7	-	-	-	-	-	-	-	-	25.4	May-25
S&P 500 Index			*15.2*	*22.3*	*22.3*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*27.0*	
Geneva Capital Small Cap Growth	71,948,337	1.0	14.6	6.1	6.1	6.3	1.6	10.1	3.3	9.8	15.6	-22.1	37.6	9.1	Jul-15
Russell 2000 Growth Index			*25.7*	*38.7*	*38.7*	*18.4*	*5.6*	*12.0*	*9.7*	*9.1*	*18.5*	*-33.4*	*51.4*	*9.6*	
Congress Small Cap Value	97,066,901	1.3	18.3	-	-	-	-	-	-	-	-	-	-	14.1	Feb-26
Russell 2000 Value Index			*17.2*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*11.5*	
Parametric Domestic Overlay	-24,404,782	-0.3	-14.3	-	-	-	-	-	-	-	-	-	-	-14.3	Mar-26
International Developed Equity	**779,475,455**	**10.6**	**10.6**	**21.5**	**21.5**	**16.6**	**8.8**	**10.0**	**17.7**	**10.9**	**17.1**	**-17.8**	**36.7**	**7.2**	**Jul-14**
MSCI World ex U.S. IMI Index (Net)			*9.9*	*20.8*	*20.8*	*16.9*	*8.8*	*9.7*	*19.3*	*10.8*	*16.3*	*-17.7*	*34.8*	*6.7*	
Mellon DB SL World ex-US Index Fund	413,388,142	5.6	10.3	21.3	21.3	17.3	9.8	-	19.0	11.7	17.9	-16.1	35.6	9.5	Jul-18
MSCI World ex U.S. IMI Index (Net)			*9.9*	*20.8*	*20.8*	*16.9*	*8.8*	*-*	*19.3*	*10.8*	*16.3*	*-17.7*	*34.8*	*8.7*	
Cevian Capital II	65,320,242	0.9	11.8	21.9	21.9	18.9	14.1	13.0	13.2	21.8	25.3	-8.2	46.8	10.4	Dec-14
MSCI Europe (Net)			*10.9*	*18.6*	*18.6*	*16.2*	*9.5*	*9.9*	*18.4*	*11.7*	*21.8*	*-17.6*	*35.1*	*7.7*	
Lazard Japanese Equity	186,689,095	2.5	14.8	28.9	28.9	-	-	-	14.1	-	-	-	-	23.2	Nov-23
TOPIX Net Total Return Index			*11.4*	*26.3*	*26.3*	*-*	*-*	*-*	*15.5*	*-*	*-*	*-*	*-*	*21.6*	
American Century Non-US Small Cap	34,511,843	0.5	8.3	16.7	16.7	13.9	3.0	-	16.9	8.3	7.9	-27.4	-	5.3	Dec-20
MSCI World ex U.S. Small Cap Growth Index (Net)			*10.5*	*18.5*	*18.5*	*15.2*	*3.6*	*-*	*22.1*	*5.6*	*9.5*	*-28.6*	*-*	*5.5*	
Dalton Japan Long Only	89,285,338	1.2	4.5	13.1	13.1	-	-	-	23.5	-	-	-	-	18.7	Oct-23
MSCI Japan Small Cap Index (Net)			*12.5*	*28.5*	*28.5*	*-*	*-*	*-*	*22.9*	*-*	*-*	*-*	*-*	*23.4*	
Parametric International Overlay	-9,719,204	-0.1	-14.3	-	-	-	-	-	-	-	-	-	-	-14.3	Mar-26
Emerging Markets Equity	**330,293,104**	**4.5**	**24.8**	**45.6**	**45.6**	**24.5**	**9.5**	**9.0**	**16.5**	**13.8**	**4.6**	**-21.9**	**39.5**	**6.4**	**Jul-14**
MSCI Emerging Markets IMI (Net)			*22.7*	*40.3*	*40.3*	*22.1*	*7.2*	*10.0*	*14.3*	*13.6*	*3.2*	*-24.8*	*43.2*	*6.7*	
Mellon Emerging Markets Stock Index Fund	5,269,441	0.1	24.0	44.0	44.0	23.0	7.1	-	15.5	12.0	1.6	-25.5	41.1	11.9	Jun-20
MSCI Emerging Markets IMI (Net)			*22.7*	*40.3*	*40.3*	*22.1*	*7.2*	*-*	*14.3*	*13.6*	*3.2*	*-24.8*	*43.2*	*13.6*	
ABS Emerging Market Direct	114,176,953	1.5	21.4	46.1	46.1	-	-	-	-	-	-	-	-	30.4	Aug-24
MSCI Emerging Markets IMI (Net)			*22.7*	*40.3*	*40.3*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*28.2*	
Carrhae Capital Long Master Fund Ltd	131,171,946	1.8	35.8	53.5	53.5	-	-	-	-	-	-	-	-	38.8	Aug-24
MSCI Emerging Markets IMI (Net)			*22.7*	*40.3*	*40.3*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*27.8*	
DFA Emerging Markets Value I	84,469,473	1.1	15.9	35.8	35.8	21.0	10.8	10.8	11.9	16.7	7.9	-12.9	47.6	7.8	Mar-14
MSCI Emerging Markets Value (Net)			*21.7*	*42.3*	*42.3*	*22.3*	*9.2*	*9.4*	*12.7*	*14.1*	*4.1*	*-18.6*	*41.6*	*6.5*	
Parametric EM Overlay	-4,794,709	-0.1	-14.3	-	-	-	-	-	-	-	-	-	-	-14.3	Mar-26

Policy Index: 34% MSCI ACWI IMI (Net), 23% Fixed Income Blend - 13% Core (3% ICE BofAML 7-10 Year US Treasury Index, 2% ICE BofAML US Treasury 10+ Index, 4% Bloomberg US Aggregate Index, 4% Bloomberg US Corporate Credit 1-3 Year Index). 10% Credit (5% Securitized (2.5% Bloomberg Non-Agency CMBS Index; 1.67% Bloomberg ABS Index; 0.83% J.P. Morgan CLOIE AAA Index) 2.5% Morningstar LSTA Leverage Loan Index. 2.5% Emerging Market Debt (2.5% JPM EMBI Global Div - Hard currency only), 5% Bloomberg Commodity Index, 12% Hedge fund (9% 3-Month T-bill + 3%, 3% MSCI ACWI Net), 2.5% 3-Month T-Bill + 3%, 7% NCREIF-ODCE Net Monthly, 6% actual timeweighted Private Equity Returns, 8% actual time-weighted Private Credit Returns*, 5% actual time-weighted Private Real Estate Returns*, 0% Assumed Rate of Return +3%, -2.5% 3-Month T-bill. Fixed Income Beta Exposure return includes overlay cash and an implied hurdle rate also applied to the Alpha pool. Hedge fund data sourced from Albourne. Estimated return for Hudson Bay Real Estate Opportunities and TPG AG Essential Housing III is 2%. Estimate for HBC Financing Partners Fund is 1% (6/30/2026)*

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Fiscal 2025	Fiscal 2024	Fiscal 2023	Fiscal 2022	Fiscal 2021	Inception	Inception Date
Fixed Income	**1,528,828,788**	**20.7**	**1.4**	**5.2**	**5.2**	**5.4**	**1.0**	**2.8**	**7.2**	**3.9**	**2.9**	**-13.0**	**5.1**	**3.5**	**Jun-10**
Fixed Income Custom Benchmark			*1.1*	*4.2*	*4.2*	*5.5*	*1.1*	*2.6*	*7.4*	*4.8*	*1.9*	*-11.6*	*4.0*	*3.4*	
Core Fixed Income	**783,256,156**	**10.6**	**0.7**	**3.9**	**3.9**	**3.9**	**-0.3**	**1.7**	**5.5**	**2.4**	**-1.0**	**-11.4**	**0.8**	**2.0**	**Jul-14**
Core Fixed Income Benchmark			*0.7*	*3.7*	*3.7*	*4.0*	*0.0*	*1.5*	*5.8*	*2.5*	*-0.9*	*-10.3*	*-0.3*	*1.9*	
Fixed Income Beta Exposure	106,278,112	1.4	0.0	2.4	2.4	3.2	-	-	5.5	1.7	-2.5	-	-	2.3	Jun-22
ICE BofA 7-10 Year U.S. Treasury Index			*0.1*	*2.7*	*2.7*	*3.1*	-	-	*6.2*	*0.3*	*-3.3*	-	-	*1.2*	
Mellon DB SL Aggregate Bond Index Fund	180,630,915	2.4	0.7	3.8	3.8	4.1	0.0	1.5	6.1	2.6	-0.9	-10.4	-0.4	2.3	Jan-11
Bloomberg U.S. Aggregate Index			*0.7*	*3.8*	*3.8*	*4.2*	*0.1*	*1.5*	*6.1*	*2.6*	*-0.9*	*-10.3*	*-0.3*	*2.4*	
Fidelity Broad Market Duration	219,166,547	3.0	0.7	-	-	-	-	-	-	-	-	-	-	-0.4	Feb-26
Bloomberg U.S. Aggregate Index			*0.7*	-	-	-	-	-	-	-	-	-	-	*-0.4*	
Aristotle Short Duration Bond Strategy	277,176,482	3.8	0.9	4.0	4.0	-	-	-	-	-	-	-	-	5.2	Jan-25
Bloomberg U.S. Corporate 1-3 Year Index			*0.9*	*3.9*	*3.9*	-	-	-	-	-	-	-	-	*4.7*	
Credit Fixed Income	**745,386,611**	**10.1**	**2.3**	**6.6**	**6.6**	**7.6**	**3.0**	**4.2**	**9.6**	**6.7**	**8.9**	**-14.6**	**11.1**	**2.9**	**Jul-14**
Credit Fixed Income Benchmark			*1.8*	*5.4*	*5.4*	*8.0*	*3.0*	*4.5*	*10.5*	*8.2*	*9.2*	*-15.7*	*12.2*	*3.7*	
KKR US Broadly Syndicated Loan Fund	171,260,031	2.3	1.8	4.3	4.3	-	-	-	-	-	-	-	-	4.1	Oct-24
Morningstar LSTA U.S. Leveraged Loan			*1.9*	*4.4*	*4.4*	-	-	-	-	-	-	-	-	*5.2*	
Guggenheim Structured Credit	194,513,361	2.6	1.2	5.2	5.2	-	-	-	-	-	-	-	-	5.2	Jun-25
50% Bloomberg Non-Agency CMBS Index, 33.33% Bloomberg ABS Index, 16.67% JPM CL			*0.4*	*2.7*	*2.7*	-	-	-	-	-	-	-	-	*3.3*	
Schroders Credit	194,447,352	2.6	1.5	5.5	5.5	-	-	-	-	-	-	-	-	5.2	Jun-25
50% Bloomberg Non-Agency CMBS Index, 33.33% Bloomberg ABS Index, 16.67% JPM CL			*0.4*	*2.7*	*2.7*	-	-	-	-	-	-	-	-	*3.1*	
PIMCO EMD	185,165,867	2.5	5.0	11.9	11.9	9.7	3.5	-	11.8	5.6	11.3	-19.2	8.7	3.4	Feb-20
JPM EMBI Global Diversified			*4.6*	*11.8*	*11.8*	*10.3*	*2.6*	-	*10.0*	*9.2*	*7.4*	*-21.2*	*7.5*	*2.5*	
Commodities	**382,229,637**	**5.2**	**-8.3**	**22.8**	**22.8**	**13.9**	**10.4**	**7.8**	**5.9**	**13.7**	**-7.0**	**19.3**	**42.5**	**2.7**	**Jul-13**
Bloomberg Commodity Index Total Return			*-8.1*	*25.5*	*25.5*	*11.7*	*9.4*	*5.8*	*5.8*	*5.0*	*-9.6*	*24.3*	*45.6*	*1.8*	
Wellington Commodities	382,229,637	5.2	-8.3	22.8	22.8	14.5	10.8	8.5	5.8	15.5	-5.2	17.2	40.2	3.5	Sep-13
S&P GSCI Commodity Equal Weighted			*-8.4*	*22.0*	*22.0*	*12.2*	*9.6*	*7.6*	*4.8*	*10.4*	*-6.0*	*19.0*	*40.9*	*3.0*	
Hedge Funds	**886,731,719**	**12.0**	**6.1**	**9.9**	**9.9**	**9.0**	**7.5**	**7.7**	**8.2**	**8.9**	**7.0**	**3.4**	**16.1**	**6.2**	**Jun-13**
75% (3 Month T-Bill + 3%) + 25% MSCI ACWI Net			*4.9*	*11.1*	*11.1*	*10.8*	*7.9*	*7.4*	*10.0*	*11.4*	*9.4*	*-1.7*	*11.4*	*6.5*	
Aristeia International Limited	84,343,292	1.1	1.8	5.9	5.9	6.0	5.0	7.9	6.9	5.1	5.5	1.8	21.6	5.5	May-14
Brevan Howard Fund	61,732,175	0.8	3.2	3.7	3.7	4.3	5.3	7.4	6.3	3.1	-1.0	15.2	6.1	6.5	Sep-13
D.E. Shaw Composite Fund	88,357,094	1.2	8.4	25.4	25.4	19.1	19.3	16.1	19.3	12.9	11.0	29.0	19.0	15.3	Jul-13
HBK Fund II	59,449,410	0.8	2.5	8.7	8.7	9.7	7.8	6.6	9.3	11.1	7.9	2.3	11.0	5.7	Nov-13
Hudson Bay Cap Structure Arbitrage Enhanced Fund	92,573,331	1.3	2.5	6.9	6.9	6.5	7.0	-	8.6	4.0	7.7	7.7	14.2	9.2	Jun-19
Indus Pacific Opportunities Fund	66,005,871	0.9	15.4	18.9	18.9	12.5	5.4	8.4	13.1	5.8	-0.4	-8.2	38.0	8.1	Jul-14
Pharo Macro Fund	98,071,570	1.3	5.1	19.3	19.3	16.0	7.1	-	16.2	12.7	1.2	-11.1	3.5	6.4	Dec-19
PIMCO Commodity Alpha Fund	66,816,812	0.9	12.7	-11.9	-11.9	-2.2	3.8	6.9	-8.1	15.6	18.3	8.6	14.2	7.0	Jun-16
Elliott Associates	68,221,849	0.9	0.7	5.8	5.8	-	-	-	5.5	-	-	-	-	5.6	Jul-24
Hawk Ridge Partners II	92,188,725	1.2	14.9	-	-	-	-	-	-	-	-	-	-	21.9	Aug-25
PIMCO Absolute Return Strategy V Fund	48,971,591	0.7	-	-	-	-	-	-	-	-	-	-	-	-	Aug-25
Frontier Commodities Fund LP	60,000,000	0.8	-	-	-	-	-	-	-	-	-	-	-	0.0	Jun-26

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	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Fiscal 2025	Fiscal 2024	Fiscal 2023	Fiscal 2022	Fiscal 2021	Inception	Inception Date
Alpha Pool	**172,042,612**	**2.3**	**2.7**	**7.9**	**7.9**	**4.9**	**3.0**	**-**	**6.2**	**0.7**	**-0.9**	**1.5**	**14.5**	**4.9**	**Jul-20**
3-Month Treasury Bill +3%			*1.6*	*7.0*	*7.0*	*7.8*	*6.6*	-	*7.8*	*8.6*	*6.7*	*3.2*	*3.1*	*6.0*	
Hudson Bay - Alpha Pool	42,150,331	0.6	2.3	6.4	6.4	3.0	2.9	-	5.7	-2.8	-1.1	6.7	-	4.5	Aug-20
Davidson Kempner Institutional Partners	61,758,028	0.8	3.1	10.0	10.0	6.4	2.2	-	8.0	1.2	-4.1	-3.4	-	3.5	Dec-20
HBK Fund II	22,055,561	0.3	2.3	8.3	8.3	6.2	3.7	-	6.4	4.0	-1.0	1.3	-	4.3	Dec-20
Garda Fixed Income Relative Value Opportunity Fund	46,078,692	0.6	2.6	6.3	6.3	4.1	-	-	4.2	1.8	3.6	-	-	4.4	Sep-21
Core Real Estate	**573,084,040**	**7.8**	**2.0**	**9.2**	**9.2**	**-3.1**	**-0.1**	**2.5**	**4.5**	**-20.2**	**-12.4**	**24.8**	**5.6**	**4.0**	**Oct-14**
NCREIF ODCE (Net)			*1.3*	*3.6*	*3.6*	*-1.4*	*1.9*	*3.7*	*2.7*	*-10.0*	*-10.7*	*28.3*	*7.1*	*4.9*	
ASB Allegiance Real Estate Fund	102,606,695	1.4	1.9	5.0	5.0	-6.4	-2.6	1.0	2.8	-23.9	-13.3	23.0	5.4	3.4	Sep-13
NCREIF ODCE (Net)			*1.3*	*3.6*	*3.6*	*-1.4*	*1.9*	*3.7*	*2.7*	*-10.0*	*-10.7*	*28.3*	*7.1*	*5.4*	
JPMCB Strategic Property Fund	81,157,068	1.1	1.4	4.5	4.5	-2.6	0.9	3.1	3.9	-14.9	-11.4	27.9	5.9	4.4	Jul-14
NCREIF ODCE (Net)			*1.3*	*3.6*	*3.6*	*-1.4*	*1.9*	*3.7*	*2.7*	*-10.0*	*-10.7*	*28.3*	*7.1*	*5.1*	
Blue Owl Real Estate Fund VI	56,468,324	0.8	4.0	18.7	18.7	-	-	-	12.0	-	-	-	-	7.2	May-24
NCREIF ODCE (Net)			*1.3*	*3.6*	*3.6*	-	-	-	*2.7*	-	-	-	-	*2.6*	
Sculptor Diversified REIT	82,827,438	1.1	1.2	15.4	15.4	-	-	-	-	-	-	-	-	10.2	Dec-24
NCREIF ODCE (Net)			*1.3*	*3.6*	*3.6*	-	-	-	-	-	-	-	-	*3.9*	
Hudson Bay Real Estate Opportunities	44,190,129	0.6	2.0	10.9	10.9	-	-	-	-	-	-	-	-	10.5	Jan-25
NCREIF ODCE (Net)			*1.3*	*3.6*	*3.6*	-	-	-	-	-	-	-	-	*3.5*	
TPG AG Essential Housing III	31,931,363	0.4	2.0	12.1	12.1	-	-	-	-	-	-	-	-	10.7	Dec-24
NCREIF ODCE (Net)			*1.3*	*3.6*	*3.6*	-	-	-	-	-	-	-	-	*4.0*	
Sculptor Real Estate Fund MI Fund	10,393,974	0.1	0.0	-	-	-	-	-	-	-	-	-	-	-	Dec-24
NCREIF-ODCE			*1.5*	*4.4*	*4.4*	-	-	-	-	-	-	-	-	*4.8*	
BPC Real Estate Debt Fund LP	16,917,168	0.2	3.5	12.9	12.9	-	-	-	-	-	-	-	-	16.5	Mar-25
NCREIF ODCE (Net)			*1.3*	*3.6*	*3.6*	-	-	-	-	-	-	-	-	*4.0*	
Fortress CRE Enhanced Income Fund	55,196,229	0.7	2.3	-	-	-	-	-	-	-	-	-	-	2.3	Dec-25
NCREIF-ODCE			*1.5*	-	-	-	-	-	-	-	-	-	-	*3.7*	
HBC Financing Partners Fund	91,395,652	1.2	-	-	-	-	-	-	-	-	-	-	-	1.0	May-26
NCREIF ODCE (Net)			-	-	-	-	-	-	-	-	-	-	-	*1.3*	
Private Real Assets	**307,249,481**	**4.2**	**2.2**	**8.7**	**8.7**	**0.7**	**8.9**	**7.9**	**0.4**	**-6.4**	**7.9**	**38.8**	**9.6**	**10.7**	**Mar-11**
			2.2	*8.7*	*8.7*	*0.7*	*8.9*	*7.9*	*0.4*	*-6.4*	*7.9*	*38.8*	*9.6*	*10.3*	
Private Equity	**399,617,727**	**5.4**	**0.9**	**12.5**	**12.5**	**11.2**	**10.7**	**11.2**	**9.1**	**11.9**	**-0.6**	**21.5**	**41.9**	**10.9**	**Sep-10**
			0.9	*12.5*	*12.5*	*11.2*	*10.7*	*11.2*	*9.1*	*11.9*	*-0.6*	*21.5*	*41.9*	*10.8*	
Private Credit	**475,507,670**	**6.4**	**4.4**	**11.3**	**11.3**	**11.4**	**7.4**	**7.6**	**9.7**	**13.1**	**3.2**	**0.3**	**4.8**	**8.1**	**Jan-16**
			4.4	*11.3*	*11.3*	*11.4*	*7.4*	*7.6*	*9.7*	*13.1*	*3.2*	*0.3*	*4.8*	*8.1*	

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	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Fiscal 2025	Fiscal 2024	Fiscal 2023	Fiscal 2022	Fiscal 2021	Inception	Inception Date
Opportunistic	**128,617,624**	**1.7**	**1.1**	**15.3**	**15.3**	**12.0**	**6.0**	**-**	**18.4**	**2.9**	**0.6**	**-5.4**	**60.3**	**10.9**	**Jan-20**
Assumed Rate of Return +3%			*2.4*	*10.0*	*10.0*	*10.0*	*10.0*	*-*	*10.0*	*10.0*	*10.0*	*10.0*	*10.0*	*10.0*	
Sixth Street TAO Partners (D)	53,789,931	0.7	1.5	18.3	18.3	12.6	10.3	-	8.3	11.3	4.4	9.6	39.6	14.1	Mar-20
Assumed Rate of Return +3%			*2.4*	*10.0*	*10.0*	*10.0*	*10.0*	*-*	*10.0*	*10.0*	*10.0*	*10.0*	*10.0*	*10.0*	
Aristeia Select Opportunities II	64,899,011	0.9	1.4	10.0	10.0	10.3	-	-	35.1	-9.7	-7.2	-	-	5.5	Jul-21
Assumed Rate of Return +3%			*2.4*	*10.0*	*10.0*	*10.0*	*10.0*	*-*	*10.0*	*10.0*	*10.0*	*10.0*	*-*	*10.0*	
Hudson Bay Special Opportunities Fund LP	6,084,439	0.1	5.3	14.8	14.8	-	-	-	65.0	-	-	-	-	40.6	Feb-24
Assumed Rate of Return +3%			*2.4*	*10.0*	*10.0*	*-*	*-*	*-*	*10.0*	*-*	*-*	*-*	*-*	*10.0*	
BPC Real Estate Debt Fund Co-Investment	2,328,930	0.0	-0.2	-	-	-	-	-	-	-	-	-	-	4.9	Aug-25
Assumed Rate of Return +3%			*2.4*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*9.1*	
Beach Point Capital Real Estate Debt - Fulton	1,515,313	0.0	-	-	-	-	-	-	-	-	-	-	-	0.0	Jun-26
NCREIF ODCE (Net)			*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*1.3*	
Cash	**109,732,876**	**1.5**	**1.1**	**4.5**	**4.5**	**5.3**	**3.6**	**2.7**	**5.2**	**6.3**	**2.5**	**-0.2**	**0.1**	**2.2**	**Apr-11**
3 Month T-Bill			*0.9*	*3.8*	*3.8*	*4.6*	*3.5*	*2.3*	*4.7*	*5.4*	*3.6*	*0.2*	*0.1*	*1.5*	

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Vintage Year	Manager/Fund	Estimated Market Value as of 6/30/26	IRR Analysis as of IRR date									
			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	$1,127,501	$50,000,000	$50,000,000	100%	$0	$94,226,910	$6,810,805	1.88x	1.91x	15.3%	12/31/25
2006	Pantheon Global III	$535,597	$50,000,000	$47,300,000	95%	$2,700,000	$52,000,000	$537,225	1.10x	1.11x	1.9%	12/31/24
2002	Pantheon USA V	$30,817	$25,000,000	$24,350,000	97%	$650,000	$38,291,224	$30,817	1.57x	1.57x	9.0%	12/31/24
2004	Pantheon USA VI	$311,635	$35,000,000	$33,075,000	95%	$1,925,000	$50,623,827	$311,850	1.53x	1.54x	7.3%	12/31/24
2006	Pantheon USA VII	$1,343,333	$50,000,000	$46,600,000	93%	$3,400,000	$85,479,998	$3,043,333	1.83x	1.86x	7.3%	12/31/25
2020	Vista Foundation Fund IV	$21,881,634	$25,000,000	$22,051,958	88%	$2,948,042	$831,242	$21,881,634	0.04x	1.03x	-1.9%	06/30/26
2021	Crown Global Secondaries V Master S.C.Sp	$38,880,737	$50,000,000	$35,150,000	70%	$14,850,000	$12,550,000	$38,880,737	0.36x	1.46x	14.7%	06/30/26
2021	Brighton Park Capital Fund I	$38,667,752	$30,000,000	$28,164,111	94%	$1,835,889	$8,050,138	$38,667,752	0.29x	1.66x	12.0%	06/30/26
2021	Warren Equity Partners Fund III	$45,335,937	$32,500,000	$29,582,245	91%	$2,917,755	$3,247,297	$45,335,937	0.11x	1.64x	13.2%	06/30/26
2021	Peak Rock Capital Fund III	$23,598,064	$30,000,000	$26,597,930	89%	$3,402,070	$20,773,642	$23,598,064	0.78x	1.67x	24.3%	06/30/26
2021	Level Equity Growth Partners V	$17,757,002	$15,000,000	$12,838,118	86%	$2,161,882	$134,351	$17,757,002	0.01x	1.39x	13.1%	06/30/26
2021	Level Equity Opportunities Fund 2021	$19,320,287	$15,000,000	$11,130,356	74%	$3,869,644	$140,206	$19,320,287	0.01x	1.75x	18.6%	06/30/26
2022	Linden Capital Partners V LP	$23,701,563	$22,500,000	$20,782,237	92%	$1,717,763	$623,163	$23,701,563	0.03x	1.17x	7.9%	06/30/26
2022	Rubicon Technology Partners IV LP	$20,250,561	$30,000,000	$16,421,334	55%	$13,578,666	$490,744	$18,407,049	0.03x	1.26x	12.0%	03/31/26
2022	OrbiMed Private Investments IX, LP	$7,584,847	$10,000,000	$6,409,777	64%	$3,590,223	$1,796,662	$6,904,565	0.28x	1.46x	30.4%	03/31/26
2022	Brighton Park Capital Fund II	$23,322,590	$30,000,000	$23,801,560	79%	$6,198,440	$4,144,143	$23,322,590	0.17x	1.15x	7.0%	06/30/26
2022	Linden Co-Investment V LP	$9,808,519	$7,500,000	$7,223,331	96%	$276,669	$470,008	$9,808,519	0.07x	1.42x	14.4%	06/30/26
2022	Warren Equity Partners Fund IV	$38,053,352	$32,500,000	$16,127,705	50%	$16,372,295	$806,265	$38,053,352	0.05x	2.41x	21.7%	06/30/26
2023	WEP Co-Invest IV	$11,644,391	$10,000,000	$9,757,415	98%	$242,585	$173,170	$11,644,391	0.02x	1.21x	11.7%	06/30/26
2023	Crown Global Secondaries Fund VI	$14,979,944	$30,000,000	$11,250,000	38%	$18,750,000	$0	$14,979,944	0.00x	1.33x	33.5%	06/30/26
2023	Parthenon Investors VII	$12,689,130	$30,000,000	$16,620,636	55%	$13,379,364	$392,741	$12,689,130	0.02x	0.79x	4.2%	06/30/26
2024	Longreach Capital Partners	$4,716,564	$15,000,000	$5,586,606	37%	$9,413,394	$421,772	$4,581,046	0.08x	0.92x	-1.8%	03/31/26
2024	Blue Owl Strategic Equity	$5,193,628	$25,000,000	$8,309,672	33%	$16,690,328	$7,739,432	N/A	0.93x	1.56x	N/A	N/A
2025	WEP IV TreeCo Co-Invest	$4,518,961	$5,000,000	$3,866,955	77%	$1,133,045	$0	$4,518,961	0.00x	1.17x	6.8%	06/30/26
2025	Accel-KKR Capital Partners VII	$3,147,678	$25,000,000	$2,386,418	10%	$22,613,582	$51,361	N/A	0.02x	1.34x	N/A	N/A
2025	Petershill PES II	$813,903	$25,000,000	$813,903	3%	$24,186,097	$0	N/A	0.00x	1.00x	N/A	N/A
2025	Blue Owl Strategic Equity Holdco LLC	$0	$25,000,000	$31,250	0%	$24,968,750	$65,456	N/A	2.09x	2.09x	N/A	N/A
2026	Level Equity Growth Partners VI	$2,191,995	$15,000,000	$2,191,995	15%	$12,808,005	$0	N/A	0.00x	1.00x	N/A	N/A
2026	OrbiMed Private Investments X, LP	$2,409,418	$20,000,000	$2,400,000	12%	$17,600,000	$0	N/A	0.00x	1.00x	N/A	N/A
2026	Merit Hill Self-Storage VI, LP.	$2,075,155	$40,000,000	$4,150,310	10%	$35,849,690	$0	N/A	0.00x	0.50x	N/A	N/A
2026	Atlas Capital Resources V LP	$3,725,232	$90,000,000	$7,492,151	8%	$82,507,849	$41,686	N/A	0.01x	0.50x	N/A	N/A
2026	Level Equity Opportunities Fund 2025	$0	$15,000,000	$0	0%	$15,000,000	$0	N/A	N/A	N/A	N/A	N/A
2026	Linden Capital Partners VI	$0	$30,000,000	$0	0%	$30,000,000	$0	N/A	N/A	N/A	N/A	N/A
2026	Warren Equity Partners V	$0	$30,000,000	$0	0%	$30,000,000	$0	N/A	N/A	N/A	N/A	N/A
	Total Private Equity	**$399,617,727**	$940,000,000	$532,462,972	57%	$407,537,028	$383,565,436	$384,786,554	0.72x	1.47x		
	% of Portfolio (Market Value)	5.4%										

[1](DPI) is equal to (capital returned / capital called)
[2](TVPI) is equal to (market value + capital returned) / capital called
[3]Net 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.

Vintage Year	Manager/Fund	Estimated Market Value 6/30/2026	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
			IRR Analysis as of IRR date									
Private Credit												
2015	DC Value Recovery Fund IV[4]	$8,113,539	$74,360,749	$73,340,099	99%	$1,020,650	$46,910,192	N/A	0.64x	0.75x	N/A	N/A
2017	Sixth Street TAO Partners (B)	$53,881,399	$108,035,958	$101,251,760	94%	$6,784,198	$58,379,512	$48,026,161	0.58x	1.11x	10.7%	3/31/26
2017	Brookfield Real Estate Finance Fund V	$5,568,802	$50,000,000	$39,318,573	79%	$10,681,427	$39,415,421	$5,688,581	1.00x	1.14x	4.0%	3/31/26
2018	Magnetar Constellation Fund V	$9,307,360	$60,000,000	$56,445,318	94%	$3,554,682	$58,937,637	$9,307,360	1.04x	1.21x	5.0%	6/30/26
2019	H.I.G Bayside Loan Opportunity Fund V	$34,010,019	$60,000,000	$36,671,764	61%	$23,328,236	$35,892,448	$34,010,019	0.98x	1.91x	17.0%	6/30/26
2020	Blue Torch Credit Opportunities Fund II	$11,884,806	$20,000,000	$17,296,007	86%	$2,703,993	$8,935,024	$11,767,742	0.52x	1.20x	7.8%	3/31/26
2020	Fortress Credit Opportunites Fund V Expansion	$24,985,647	$40,000,000	$43,266,559	108%	$0	$28,608,090	$32,514,475	0.66x	1.24x	10.4%	12/31/25
2021	Fortress Lending Fund II	$10,076,232	$40,000,000	$35,322,373	88%	$4,677,627	$35,257,551	$10,076,232	1.00x	1.28x	8.2%	6/30/26
2022	Blue Torch Credit Opportunities Fund III	$36,511,110	$40,000,000	$40,000,000	100%	$0	$16,635,189	$36,186,895	0.42x	1.33x	15.0%	3/31/26
2022	Fortress Lending Fund III	$19,871,213	$40,000,000	$27,538,798	69%	$12,461,202	$14,834,723	$19,871,213	0.54x	1.26x	11.2%	6/30/26
2022	OrbiMed Royalty & Credit Opportunities IV	$10,501,803	$30,000,000	$18,433,980	61%	$11,566,020	$10,336,992	$13,284,124	0.56x	1.13x	14.2%	3/31/26
2023	Cerberus Business Finance V	$22,861,160	$30,000,000	$25,055,642	84%	$4,944,358	$11,400,630	$22,861,160	0.46x	1.37x	15.3%	6/30/26
2023	Silver Point – Specialty Credit Fund III	$16,129,725	$30,000,000	$24,308,090	81%	$5,691,910	$12,105,949	$16,129,725	0.50x	1.16x	13.6%	6/30/26
2023	Ares Pathfinder II	$20,526,955	$30,000,000	$15,611,589	52%	$14,388,411	$418,937	$17,856,097	0.03x	1.34x	16.5%	3/31/26
2023	Oak Hill Advisors Structured Products Fund III, L.P.	$26,159,541	$25,000,000	$23,598,626	94%	$1,401,374	$1,127,312	$19,820,832	0.05x	1.16x	-2.5%	3/31/26
2023	Ares Senior Direct Lending III	$15,125,657	$30,000,000	$12,031,596	40%	$17,968,404	$1,478,232	$11,661,333	0.12x	1.38x	17.3%	12/31/25
2024	ITE Rail Fund, L.P.	$41,438,304	$40,000,000	$34,296,307	86%	$5,703,693	$3,488,447	N/A	0.10x	1.31x	N/A	N/A
2024	HPS Special Situations Opportunity Fund II, L.P.	$13,289,548	$25,000,000	$13,508,181	46%	$11,491,819	$1,798,337	$13,289,548	0.13x	1.12x	12.1%	6/30/26
2024	Castlelake Aviation V Stable Yield	$9,143,104	$30,000,000	$7,013,250	23%	$22,986,750	$994,385	$9,143,104	0.14x	1.45x	34.0%	6/30/26
2025	Fortress Credit Opportunities Fund VI	$9,210,217	$25,000,000	$11,834,992	47%	$13,165,008	$5,175,300	$9,210,217	0.44x	1.22x	13.0%	6/30/26
2025	Quantum Capital Solutions II	$17,874,645	$39,600,000	$11,056,716	28%	$28,543,284	$5,181,717	$19,934,689	0.47x	2.09x	25.0%	6/30/26
2025	Quantum Capital Solutions II Co-Investment Fund, LP	$3,651,068	$7,900,000	$7,042,865	89%	$857,135	$1,033,895	$4,171,246	0.15x	0.67x	28.0%	6/30/26
2025	Blue Torch Credit Opportunities Fund IV	$9,411,577	$25,000,000	$8,796,878	35%	$16,203,122	$345,923	$7,623,500	0.04x	1.11x	22.0%	3/31/26
2025	OrbiMed Royalty & Credit Opportunities V	$2,986,362	$30,000,000	$3,150,000	11%	$26,850,000	$0	$1,477,696	0.00x	0.95x	38.2%	3/31/26
2025	Fortress Legal Assets Fund II	$15,771,701	$40,000,000	$15,730,086	39%	$24,269,914	$122,839	$10,389,364	0.01x	1.01x	22.7%	3/31/26
2025	TPG AG Asset Based Credit Evergreen Fund	$27,216,176	$30,000,000	$27,000,000	90%	$3,000,000	$136,509	$22,179,512	0.01x	1.01x	23.1%	3/31/26
2026	Ares Partners Fund III	$0	$40,000,000	$0	0%	$40,000,000	$0	$0	N/A	N/A	N/A	N/A
2026	Ares Pathfinder III	$0	$40,000,000	$0	0%	$40,000,000	$0	$0	N/A	N/A	N/A	N/A
	Total Private Credit	**$475,507,670**	$1,079,896,707	$728,920,048	67%	$314,243,218	$398,951,189	$406,480,825	0.55x	1.20x		
	% of Portfolio (Market Value)	**6.4%**										

[1](DPI) is equal to (capital returned / capital called)
[2](TVPI) is equal to (market value + capital returned) / capital called
[3]Net 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.
[4]Name changed from Colony Distressed Credit fund to DC Value Recovery Fund IV

			IRR Analysis as of IRR date									
Vintage Year	Manager/Fund	Estimated Market Value 6/30/2026	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 Real Assets												
2017	Landmark Real Estate Partners VIII	$24,487,436	$60,000,000	$48,108,827	80%	$11,891,173	$32,916,613	$28,285,567	*0.68x*	*1.19x*	*6.6%*	03/31/26
2018	Long Wharf Real Estate Partners VI	$25,790,710	$50,000,000	$50,000,000	100%	$0	$26,065,411	$25,790,710	*0.52x*	*1.04x*	*9.6%*	06/30/26
2020	Covenant Apartment Fund X	$23,885,360	$30,000,000	$25,507,333	85%	$4,492,667	$10,641,009	$23,885,360	*0.42x*	*1.35x*	*5.8%*	06/30/26
2021	Singerman Real Estate Opportunity Fund IV	$24,225,037	$35,000,000	$25,952,500	74%	$9,047,500	$5,074,955	$24,225,037	*0.20x*	*1.13x*	*7.3%*	06/30/26
2022	LBA Logistics Value Fund IX, L.P.	$24,176,478	$40,000,000	$20,615,384	52%	$19,384,616	$0	$24,176,478	*0.00x*	*1.17x*	*-0.5%*	06/30/26
2022	Covenant Apartment Fund XI	$32,278,609	$30,000,000	$20,850,000	70%	$38,076,924	$2,196,500	$32,278,609	*0.11x*	*1.65x*	*7.6%*	06/30/26
2022	KSL Capital Partners VI	$14,946,703	$30,000,000	$19,080,650	64%	$10,919,350	$515,201	$14,946,703	*0.03x*	*0.81x*	*-8.7%*	06/30/26
2023	Merit Hill V	$24,571,380	$30,000,000	$32,531,712	108%	-$2,531,711	$8,440,885	$24,186,839	*0.26x*	*1.01x*	*1.2%*	12/31/25
2024	Juniper Capital IV, L.P.	$12,632,581	$30,000,000	$10,658,126	36%	$19,341,874	$59,700	$12,632,581	*0.01x*	*1.19x*	*10.4%*	06/30/26
2024	Juniper High Noon Partners, L.P.	$5,046,967	$5,000,000	$3,309,091	66%	$1,690,909	$0	$3,313,080	*0.00x*	*1.53x*	*46.1%*	12/31/24
2024	Landmark Real Estate Partners IX	$20,843,761	$40,000,000	$17,590,932	44%	$22,409,068	$0	$15,706,520	*0.00x*	*1.18x*	*24.3%*	03/31/26
2024	LRAF Holdings 21 Project Yeti II	$19,204,175	$25,000,000	$19,508,622	78%	$5,491,378	$2,912,633	$13,693,257	*0.15x*	*1.13x*	*11.1%*	06/30/25
2024	Post Oak Energy Partners GP V, LP	$23,725,175	$40,000,000	$41,099,805	103%	-$1,099,805	$24,114,527	$25,725,175	*0.59x*	*1.16x*	*40.0%*	06/30/26
2025	Covenant Apartment Fund XII	$8,236,455	$30,000,000	$6,300,000	21%	$23,700,000	$38,618	$8,236,455	*0.01x*	*1.31x*	*-0.9%*	06/30/26
2025	Sculptor Real Estate V	$4,073,654	$50,000,000	$4,986,260	10%	$45,013,740	$1,083,338	N/A	*0.22x*	*1.03x*	*N/A*	N/A
2025	Singerman Real Estate Opportunity Fund V	$2,025,000	$30,000,000	$2,025,000	7%	$27,975,000	$0	N/A	*0.00x*	*1.00x*	*N/A*	N/A
2026	Kayne Anderson Real Estate Partners VII	$17,100,000	$30,000,000	$17,100,000	57%	$12,900,000	$0	N/A	*0.00x*	*1.00x*	*N/A*	N/A
	Total Private Real Assets	**$307,249,481**	$585,000,000	$365,224,243	62%	$248,702,681	$114,059,391	$277,082,371	*0.31x*	*1.15x*		
	% of Portfolio (Market Value)	*4.2%*										

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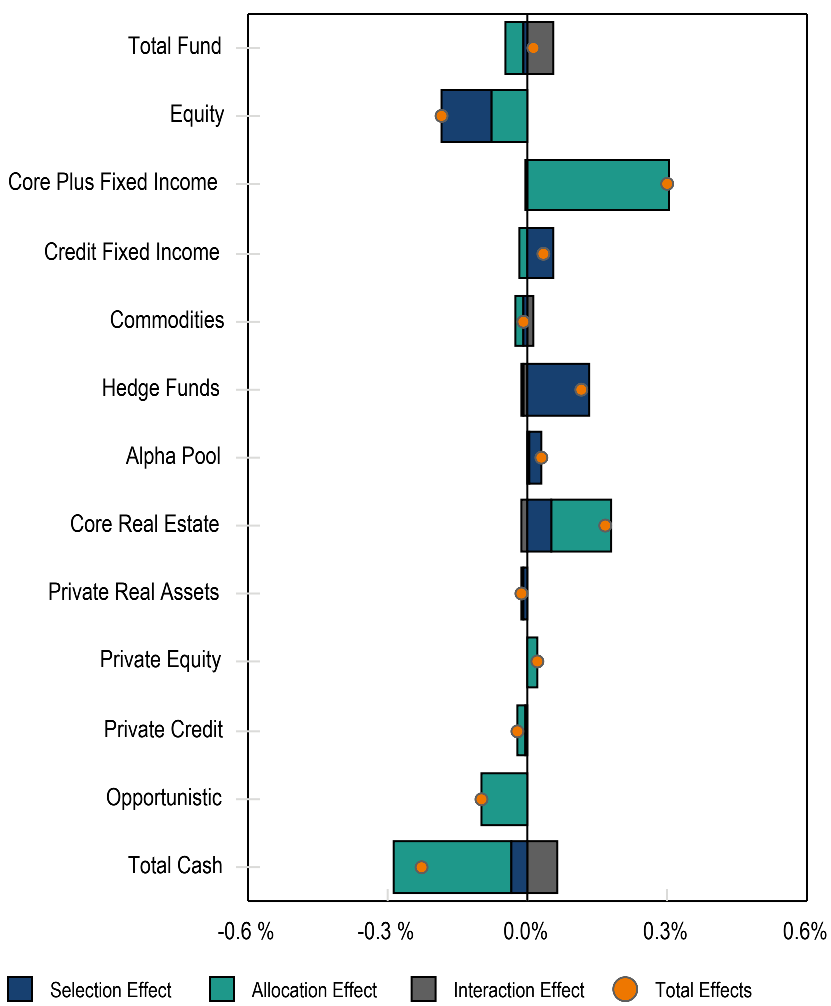
Attribution Effects
Last Three Months



Performance Attribution

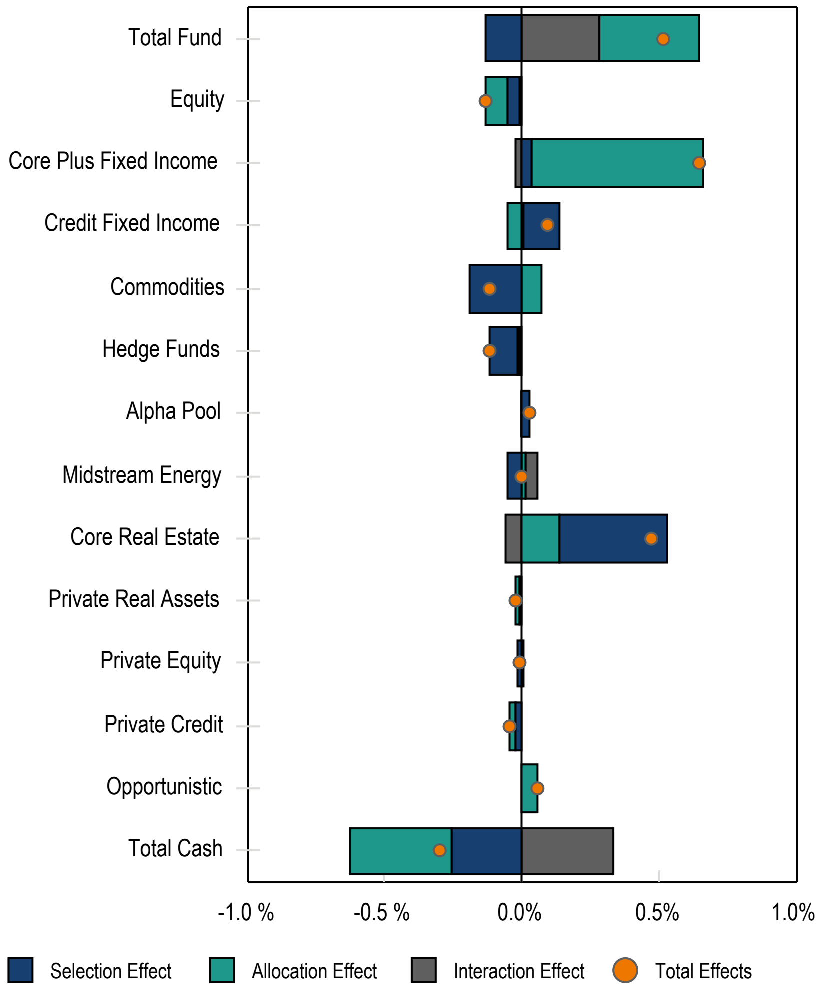
	Last Three Months
Wtd. Actual Return	5.9
Wtd. Index Return	5.9
Excess Return	**0.0**
Selection Effect	0.0
Allocation Effect	0.0
Interaction Effect	0.1

Attribution Summary
Last Three Months

	Actual Weight (%)	Policy Weight (%)	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Equity	34.1	34.0	14.6	14.9	-0.3	-0.1	-0.1	0.0	-0.2
Core Plus Fixed Income	11.4	15.7	0.7	0.7	-0.1	0.0	0.3	0.0	0.3
Credit Fixed Income	10.2	10.0	2.3	1.8	0.5	0.0	0.0	0.0	0.0
Commodities	5.5	5.0	-8.3	-8.1	-0.2	0.0	0.0	0.0	0.0
Hedge Funds	10.4	10.7	6.1	4.9	1.2	0.1	0.0	0.0	0.1
Alpha Pool	2.3	2.5	2.7	1.6	1.0	0.0	0.0	0.0	0.0
Core Real Estate	6.0	7.7	2.0	1.3	0.7	0.0	0.1	0.0	0.2
Private Real Assets	4.1	4.3	2.1	2.2	-0.2	0.0	0.0	0.0	0.0
Private Equity	5.4	6.0	0.9	0.9	0.0	0.0	0.0	0.0	0.0
Private Credit	6.5	6.7	4.3	4.4	-0.1	0.0	0.0	0.0	0.0
Opportunistic	1.9	0.0	1.1	2.4	-1.3	0.0	-0.1	0.0	-0.1
Total Cash	2.2	-2.5	2.3	0.9	1.4	0.0	-0.3	0.1	-0.2
Total Fund	**100.0**	**100.0**	**5.9**	**5.9**	**0.0**	**0.0**	**0.0**	**0.1**	**0.0**

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.

Attribution Effects
Fiscal YTD



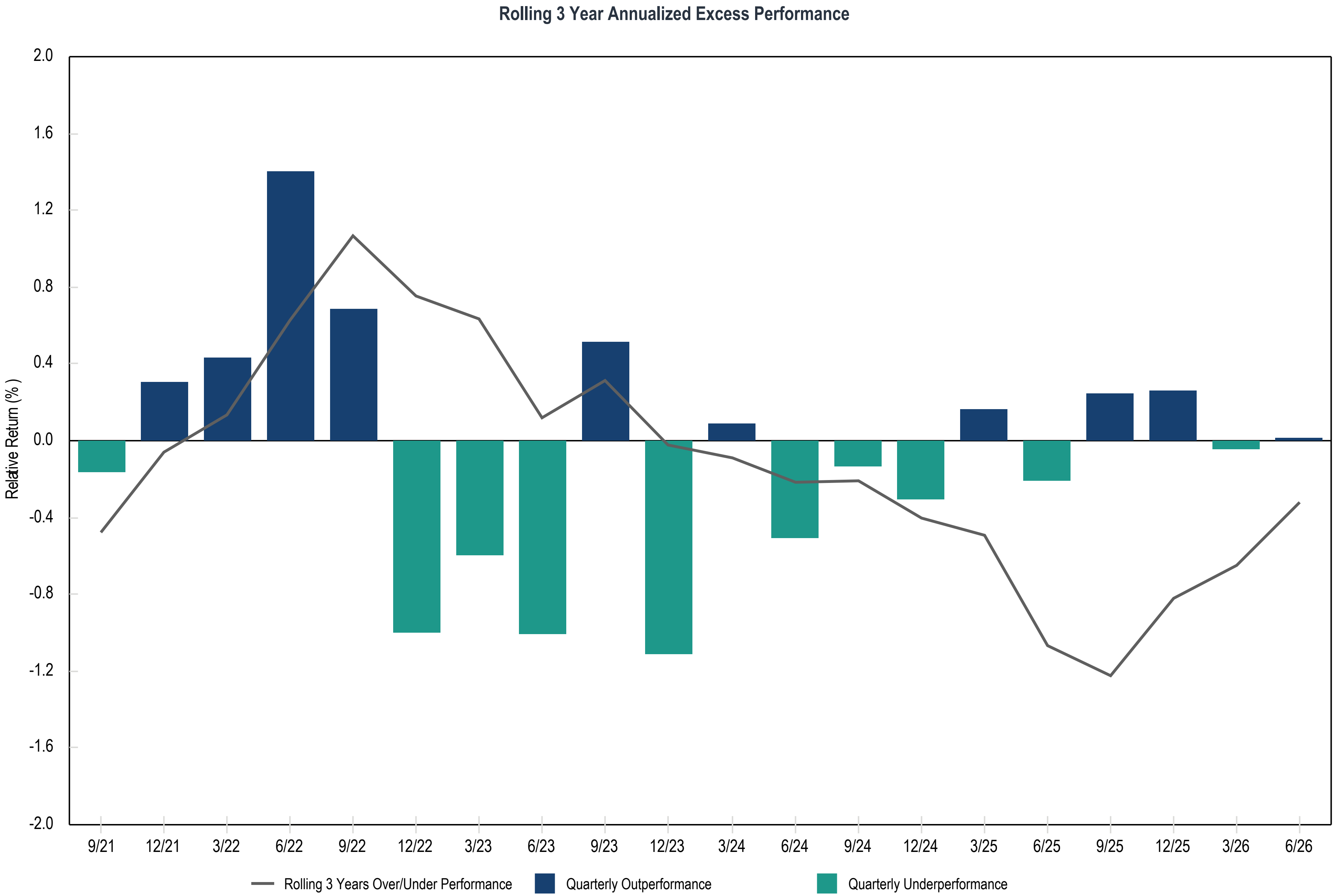
Performance Attribution

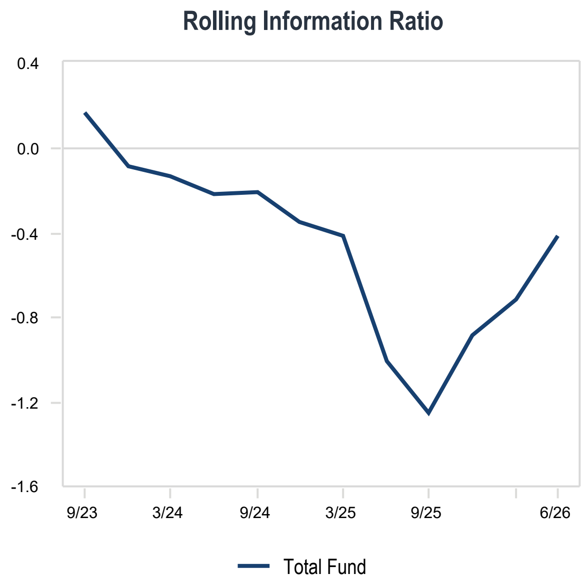
	Fiscal YTD
Wtd. Actual Return	14.1
Wtd. Index Return	13.6
Excess Return	**0.5**
Selection Effect	-0.1
Allocation Effect	0.4
Interaction Effect	0.3

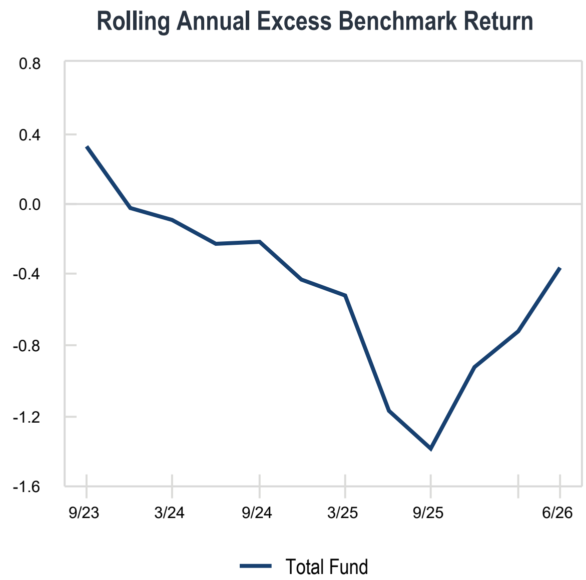
Attribution Summary
FYTD

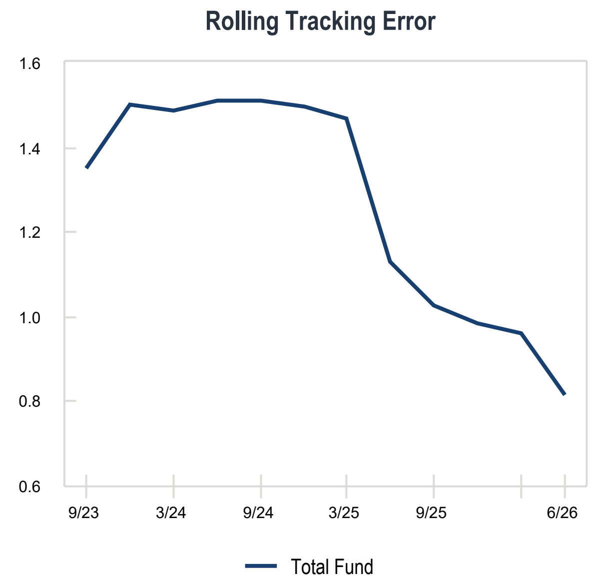
	Actual Weight (%)	Policy Weight (%)	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Equity	34.2	33.5	24.0	24.2	-0.2	-0.1	-0.1	0.0	-0.1
Core Plus Fixed Income	11.1	16.7	3.9	3.7	0.2	0.0	0.6	0.0	0.6
Credit Fixed Income	10.4	10.0	6.6	5.4	1.3	0.1	0.0	0.0	0.1
Commodities	4.7	4.5	22.8	25.5	-2.6	-0.2	0.1	0.0	-0.1
Hedge Funds	10.0	10.2	9.9	11.1	-1.2	-0.1	0.0	0.0	-0.1
Alpha Pool	2.4	2.5	7.9	7.0	0.9	0.0	0.0	0.0	0.0
Midstream Energy	2.2	2.5	-0.9	-0.1	-0.8	-0.1	0.0	0.0	0.0
Core Real Estate	5.7	6.9	9.2	3.6	5.6	0.4	0.1	-0.1	0.5
Private Real Assets	4.1	4.1	8.5	8.7	-0.2	0.0	0.0	0.0	0.0
Private Equity	5.5	5.5	12.3	12.5	-0.2	0.0	0.0	0.0	0.0
Private Credit	6.4	6.2	11.0	11.3	-0.3	0.0	0.0	0.0	0.0
Opportunistic	2.2	0.0	15.3	10.0	5.3	0.0	0.1	0.0	0.1
Total Cash	1.1	-2.5	13.5	3.8	9.6	-0.3	-0.4	0.3	-0.3
Total Fund	**100.0**	**100.0**	**14.1**	**13.6**	**0.5**	**-0.1**	**0.4**	**0.3**	**0.5**

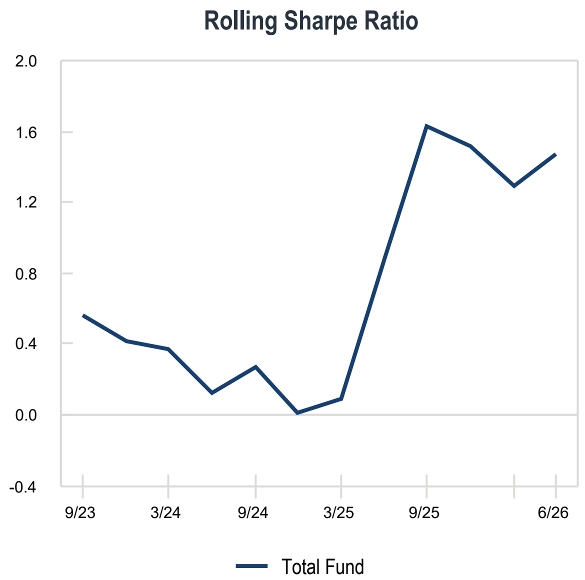
Weighted returns shown in attribution analysis may differ from actual returns. Negative cash allocation unable to be shown in Attribution Summary table. Wtd. Index Returns calculated from benchmark returns and weightings of each component. Selection Effect includes Other Effect in the Performance Attribution table. Midstream terminated 12/31/2025.


Rolling 3 Year Annualized Excess Performance
2.0
1.6
1.2
0.8
0.4
0.0
-0.4
-0.8
-1.2
-1.6
-2.0
Relative Return (%)
9/21
12/21
3/22
6/22
9/22
12/22
3/23
6/23
9/23
12/23
3/24
6/24
9/24
12/24
3/25
6/25
9/25
12/25
3/26
6/26
Rolling 3 Years Over/Under Performance
Quarterly Outperformance
Quarterly Underperformance

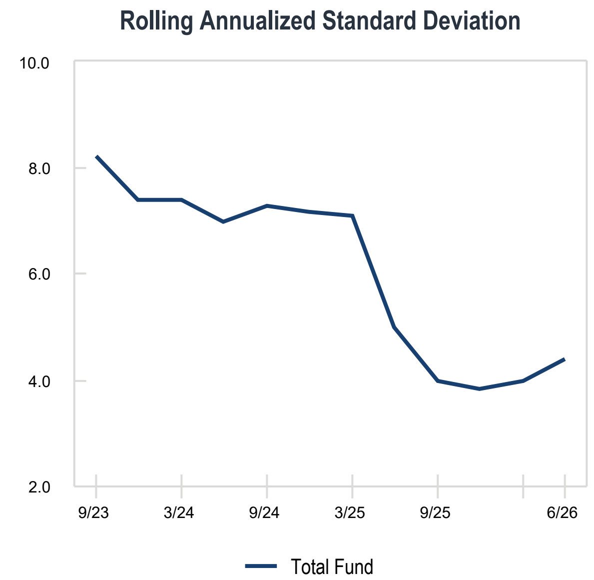

Rolling Information Ratio
0.4
0.0
-0.4
-0.8
-1.2
-1.6
9/23
3/24
9/24
3/25
9/25
6/26
Total Fund


Rolling Annual Excess Benchmark Return
0.8
0.4
0.0
-0.4
-0.8
-1.2
-1.6
9/23
3/24
9/24
3/25
9/25
6/26
Total Fund

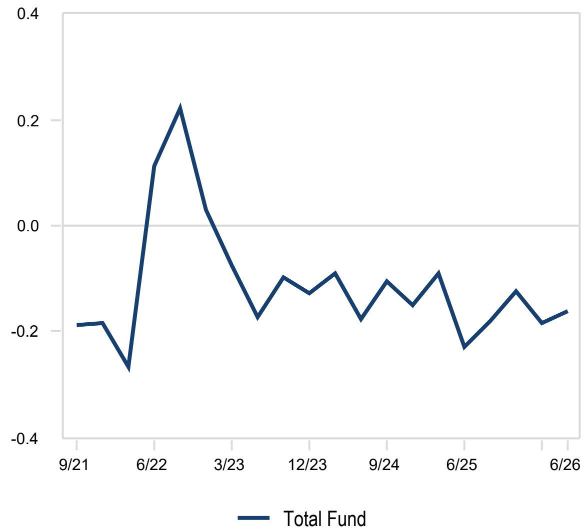

Rolling Tracking Error
1.6
1.4
1.2
1.0
0.8
0.6
9/23
3/24
9/24
3/25
9/25
6/26
Total Fund


Rolling Sharpe Ratio
2.0
1.6
1.2
0.8
0.4
0.0
-0.4
9/23
3/24
9/24
3/25
9/25
6/26
Total Fund

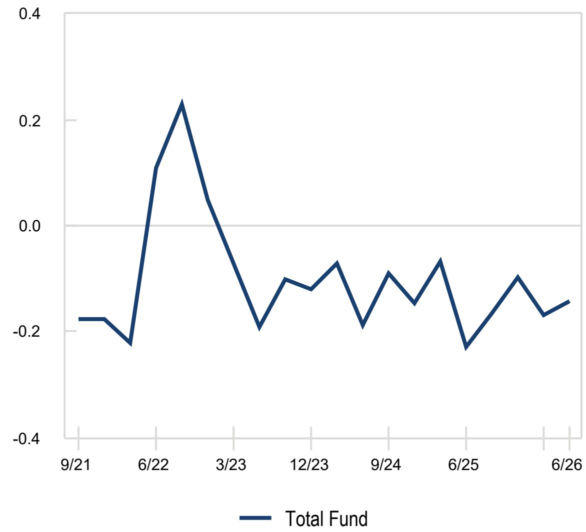

Rolling Annual Excess Risk Free Return
8.0
6.0
4.0
2.0
0.0
-2.0
9/23
3/24
9/24
3/25
9/25
6/26
Total Fund


Rolling Annualized Standard Deviation
10.0
8.0
6.0
4.0
2.0
9/23
3/24
9/24
3/25
9/25
6/26
Total Fund

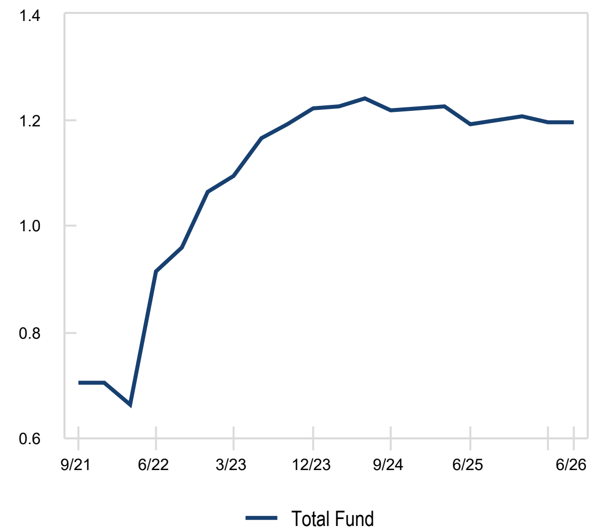
Rolling Information Ratio



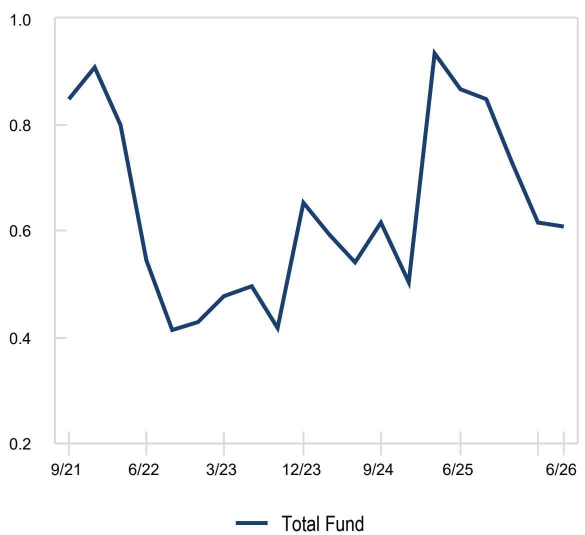
Rolling Annual Excess Benchmark Return



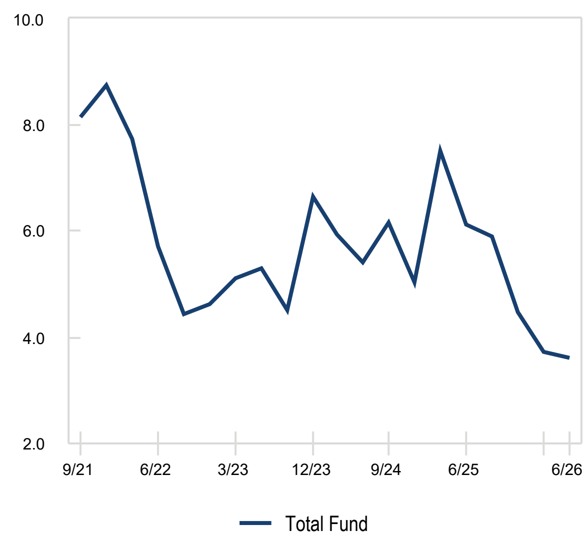
Rolling Tracking Error



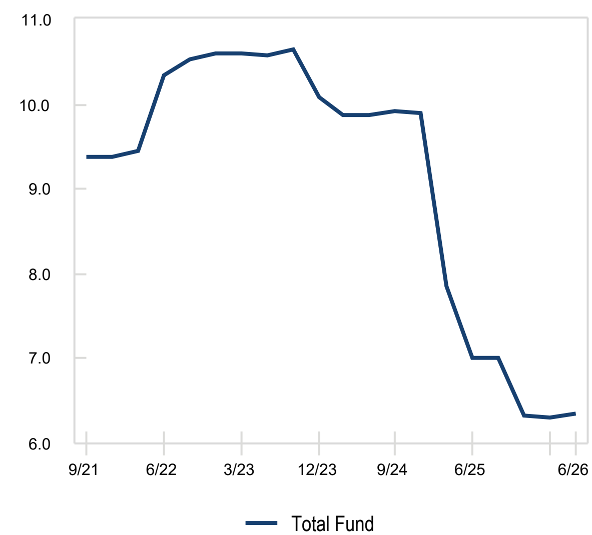
Rolling Sharpe Ratio



Rolling Annual Excess Risk Free Return



Rolling Annualized Standard Deviation



Cash Flows

	Estimated Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Estimated Ending Market Value
Equity	**2,255,424,781**	**89,608,101**	**-50,436,314**	**-222,016**	**-92,000,000**	**334,201,496**	**2,536,576,049**
Mellon DB SL Stock Index Fund	753,572,812				-20,000,000	114,564,200	848,137,011
PIMCO StocksPLUS	178,796,629					28,165,649	206,962,278
Chilton High Conviction Equity	203,336,331			-177,974		23,936,731	227,095,087
Geneva Capital Small Cap Growth	81,147,346				-20,000,000	10,800,991	71,948,337
Congress Small Cap Value	82,030,312					15,036,589	97,066,901
Parametric Domestic Overlay	-44,094,759	55,690,198	-31,415,654			-4,584,567	-24,404,782
Mellon DB SL World ex-US Index Fund	385,684,236				-12,000,000	39,703,906	413,388,142
Cevian Capital II	58,450,530					6,869,712	65,320,242
Lazard Japanese Equity	171,110,814			-25	-10,000,000	25,578,306	186,689,095
American Century Non-US Small Cap	49,969,403				-20,000,000	4,542,440	34,511,843
Dalton Japan Long Only	85,429,580			-44,016		3,899,774	89,285,338
Parametric International Overlay	-18,197,837	23,026,815	-12,684,077			-1,864,105	-9,719,204
Mellon Emerging Markets Stock Index Fund	12,332,087				-10,000,000	2,937,355	5,269,441
ABS Emerging Market Direct	94,049,657					20,127,296	114,176,953
Carrhae Capital Long Master Fund Ltd	96,621,847					34,550,099	131,171,946
DFA Emerging Markets Value I	72,882,625					11,586,848	84,469,473
Parametric EM Overlay	-7,699,085	10,891,088	-6,336,582			-1,650,130	-4,794,709
Transition Equity	2,253					403	2,656
Fixed Income	**1,554,423,293**	**548,877**			**-48,751,711**	**22,608,330**	**1,528,828,788**
Fixed Income Beta Exposure	106,099,520	548,877			-272,800	-97,485	106,278,112
Mellon DB SL Aggregate Bond Index Fund	224,019,942				-45,000,000	1,610,973	180,630,915
PIMCO Core Plus	33,026				-29,957	1,030	4,099
Aristotle Short Duration Bond Strategy	274,770,069					2,406,414	277,176,482
KKR US Broadly Syndicated Loan Fund	171,659,591				-3,448,945	3,049,385	171,260,031
Guggenheim Structured Credit	192,118,982					2,394,379	194,513,361
Schroders Credit	191,536,148					2,911,204	194,447,352
PIMCO EMD	176,297,003					8,868,864	185,165,867
Fidelity Broad Market Duration	217,701,746					1,464,801	219,166,547
Transition Fixed Income	187,265				-9	-1,234	186,022

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: June 30, 2026

	Estimated Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Estimated Ending Market Value
Commodities	**416,049,839**	**87,000,000**			**-87,000,000**	**-33,820,202**	**382,229,637**
Wellington Commodities	416,049,839	87,000,000			-87,000,000	-33,820,202	382,229,637
Hedge Funds	**703,415,554**	**13,532**		**-378,627**	**139,718,962**	**43,962,298**	**886,731,719**
Aristeia International Limited	82,883,342					1,459,950	84,343,292
Brevan Howard Fund	59,819,279	13,532				1,899,363	61,732,175
D.E. Shaw Composite Fund	81,509,790					6,847,304	88,357,094
HBK Fund II	58,022,206					1,427,204	59,449,410
Hudson Bay Cap Structure Arbitrage Enhanced Fund	90,304,233					2,269,098	92,573,331
Indus Pacific Opportunities Fund	57,204,908					8,800,963	66,005,871
Pharo Macro Fund	93,601,287				-281,038	4,751,321	98,071,570
PIMCO Commodity Alpha Fund	59,302,886					7,513,926	66,816,812
Elliott Associates	67,726,123			-378,627		874,353	68,221,849
Hawk Ridge Partners II	53,041,500				30,000,000	9,147,225	92,188,725
Alpha Pool	**167,284,184**				**272,800**	**4,485,628**	**172,042,612**
Hudson Bay - Alpha Pool	41,117,169				66,478	966,684	42,150,331
Davidson Kempner Institutional Partners	59,797,341				98,120	1,862,567	61,758,028
HBK Fund II	21,526,073				34,778	494,710	22,055,561
Garda Fixed Income Relative Value Opportunity Fund	44,843,601				73,423	1,161,668	46,078,692
Core Real Estate	**410,445,581**				**152,528,259**	**10,110,200**	**573,084,040**
ASB Allegiance Real Estate Fund	105,439,746				-4,713,026	1,879,974	102,606,695
JPMCB Strategic Property Fund	82,672,380				-2,832,871	1,317,559	81,157,068
Blue Owl Real Estate Fund VI	55,272,661				-980,651	2,176,315	56,468,324
Sculptor Diversified REIT	83,330,573				-1,462,144	959,009	82,827,438
Hudson Bay Real Estate Opportunities	38,318,862				5,002,343	868,924	44,190,129
TPG AG Essential Housing III	29,230,258				2,075,000	626,105	31,931,363
Sculptor Real Estate Fund MI Fund					10,393,974		10,393,974
BPC Real Estate Debt Fund LP	16,181,101				159,058	577,008	16,917,168
Fortress CRE Enhanced Income Fund					54,000,000	1,196,229	55,196,229
HBC Financing Partners Fund					90,886,576	509,076	91,395,652

	Estimated Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Estimated Ending Market Value
Private Real Assets	**289,825,472**			**-448,757**	**11,355,023**	**6,517,744**	**307,249,481**
Invesco Real Estate Value-Add Fund IV	123,076				-123,835	759	
Landmark Real Estate Partners VIII	28,285,567				-2,876,793	-921,338	24,487,436
Long Wharf Real Estate	26,110,300				-396,432	76,842	25,790,710
Covenant Apartment Fund X	25,481,872			-78,343	-76,123	-1,442,046	23,885,360
Singerman Real Estate Opportunity Fund IV	23,771,133					453,904	24,225,037
LBA Logistics Value Fund IX, L.P.	24,215,820					-39,342	24,176,478
Covenant Apartment Fund XI, LP	31,900,612			-93,582	-314,768	786,347	32,278,609
KSL Capital Partners VI	8,437,158				6,757,730	-248,185	14,946,703
Merit Hill Self-Storage V, LP.	23,492,228				899,937	179,215	24,571,380
Juniper Capital IV, L.P	10,657,071					1,975,510	12,632,581
Landmark Real Estate Partners IX	15,706,520				4,022,747	1,114,494	20,843,761
Juniper High Noon Partners, L.P	4,485,359					561,608	5,046,967
LRAF Holdings 21 Yeti II LP	18,238,492				450,000	515,683	19,204,175
Post Oak Energy Partners GP V, LP	37,139,134			-190,582	-16,366,667	3,143,290	23,725,175
Covenant Apartment Fund XII	7,269,873			-86,250	900,000	152,832	8,236,455
Sculptor Real Estate Fund V, LP	4,398,756				-533,273	208,171	4,073,654
Singerman Real Estate Opportunity Fund V	112,500				1,912,500		2,025,000
Kayne Anderson Real Estate Partners VII					17,100,000		17,100,000
Private Equity	**390,533,860**				**5,573,598**	**3,510,270**	**399,617,727**
Abbott VI	1,091,246					36,255	1,127,501
Pantheon Secondary III	535,597						535,597
Pantheon V	30,817						30,817
Pantheon VI	311,635						311,635
Pantheon VII	2,843,333				-1,500,000		1,343,333
Vista Foundation Fund IV	25,479,826				-800,990	-2,797,202	21,881,634
Crown Global Secondaries V Master S.C.Sp	40,859,032				-1,050,000	-928,295	38,880,737
Crown Global Secondaries VI Master S.C.Sp	12,990,212				1,800,000	189,732	14,979,944
Brighton Park Capital Fund I	42,179,575				-2,915,659	-596,164	38,667,752
Warren Equity Partners Fund III	42,682,948					2,652,989	45,335,937
Peak Rock Capital Fund III	29,397,345				-6,022,785	223,504	23,598,064
Level Equity Growth Partners V	17,644,106				-131,958	244,854	17,757,002
Level Equity Opportunities Fund 2021	17,453,888				1,252,704	613,695	19,320,287
Linden Capital Partners V LP	23,290,937					410,626	23,701,563
Rubicon Technology Partners IV L.P.	18,407,049				1,131,319	712,193	20,250,561

	Estimated Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Estimated Ending Market Value
OrbiMed Private Investments IX, LP	6,904,565				59,810	620,472	7,584,847
Brighton Park Capital Fund II, L.P	20,278,218				2,733,737	310,635	23,322,590
Linden Co-Investment V LP	8,857,435					951,084	9,808,519
Warren Equity Partners Fund IV	36,246,348				273,013	1,533,991	38,053,352
WEP IV TS Co-Investment, L.P.	11,677,734					-33,343	11,644,391
Parthenon Investors VII	9,873,240				2,623,988	191,902	12,689,130
Longreach Capital Partners	4,581,046				140,796	-5,278	4,716,564
Blue Owl Strategic Equity Partners	4,517,053				704,623	-28,048	5,193,628
WEP TreeCo Co-Investment, L.P.	4,528,160					-9,199	4,518,961
Accel-KKR Capital Partners VII	3,819,042					-671,364	3,147,678
Petershill PES II	313,903				500,000		813,903
Blue Owl Strategic Equity Holdco LLC	16,570				-25,388	8,818	
Level Equity Growth Partners VI	2,322,999					-131,004	2,191,995
OrbiMed Private Investments X, LP	1,400,000				1,000,000	9,418	2,409,418
Merit Hill Self-Storage VI, LP.					2,075,155		2,075,155
Atlas Capital Resources V LP					3,725,232		3,725,232
Private Credit	**458,208,256**			**-364,893**	**-2,027,371**	**19,691,678**	**475,507,670**
DC Value Recovery Fund IV	9,372,276				-1,142,903	-115,834	8,113,539
Sixth Street TAO Partners (B)	48,026,161				4,736,490	1,118,747	53,881,399
Brookfield Real Estate Finance Fund V	5,688,581				-175,795	56,016	5,568,802
Magnetar Constellation Fund V	9,190,039					117,321	9,307,360
H.I.G. Bayside Loan Opportunity Fund V	33,280,527				-684,155	1,413,647	34,010,019
Blue Torch Credit Opportunities Fund II	11,767,742					117,064	11,884,806
Fortress Credit Opportunites Fund V Expansion	30,145,299				-5,800,393	640,741	24,985,647
Fortress Lending Fund II	10,299,876				-785,854	562,210	10,076,232
Blue Torch Credit Opportunities Fund III	36,186,895				-558,516	882,731	36,511,110
Fortress Lending Fund III	20,461,157				-855,942	265,998	19,871,213
OrbiMed Royalty & Credit Opportunities IV	13,284,124				-3,211,140	428,819	10,501,803
Cerberus Levered Loan Opportunities Fund V, L.P.	22,257,529			-259,445		863,076	22,861,160
Silver Point Specialty Credit Fund III, L.P.	14,649,361				1,310,423	169,941	16,129,725
Ares Pathfinder II	17,856,097				1,832,416	838,442	20,526,955
Oak Hill Advisors Structured Products Fund III, L.P.	19,820,832				5,000,000	1,338,709	26,159,541
ITE Rail Fund, L.P	41,945,345			-105,448	-1,259,592	857,999	41,438,304
Ares Senior Direct Lending Fund III LP	13,609,511				1,302,345	213,801	15,125,657
HPS Special Situations Opportunity Fund II, L.P.	14,560,652				-1,541,306	270,202	13,289,548

	Estimated Beginning Market Value	Contributions	Withdrawals	Fees	Net Transfers	Net Investment Change	Estimated Ending Market Value
Castlelake Aviation V Stable Yield, L.P.	8,076,889				840,821	225,394	9,143,104
Fortress Credit Opportunites Fund VI Expansion	10,741,809				-1,684,659	153,067	9,210,217
Quantum Capital Solutions II	21,047,884				-6,095,419	2,922,180	17,874,645
Quantum Capital Solutions II Co-Investment Fund, LP	4,269,595				-1,325,383	706,856	3,651,068
Blue Torch Credit Opportunities Fund IV	7,623,500				1,250,000	538,077	9,411,577
OrbiMed Royalty & Credit Opportunities V	1,477,696				1,650,000	-141,334	2,986,362
Fortress Lending Fund II	10,299,876				-785,854	562,210	10,076,232
TPG AG Asset Based Credit Evergreen Fund	22,179,512					5,036,664	27,216,176
Opportunistic	**150,468,179**		**-278,864**		**-23,130,671**	**1,558,980**	**128,617,624**
Sixth Street TAO Partners (D)	60,282,276				-7,395,144	902,799	53,789,931
Aristeia Select Opportunities II	64,001,501					897,510	64,899,011
Hudson Bay Special Opportunities Fund LP	9,973,927				-4,415,927	526,439	6,084,439
BPC Real Estate Debt Fund Co-Investment	1,502,805				829,413	-3,288	2,328,930
Beach Point Capital Real Estate Debt - Fulton					1,515,313		1,515,313
Cash	**139,705,249**	**15,697,687**	**-15,848,431**	**-5,188**	**-31,538,889**	**1,478,400**	**109,732,876**
Short Term Investment Funds	64,977,532	15,697,687	-15,848,431	-5,188	-31,538,889	490,737	34,017,497
BlackRock Short Duration Fund	74,727,717					987,662	75,715,379
Other	**30,617,552**	**64,373,395**	**-186,063,296**		**-25,000,000**		**-116,072,349**
Parametric Cash Overlay	57,108,598	452,249	-7,384,709		-25,000,000		25,176,138
Goldman Sachs Cash Account	2,431,482	2,781,151	-5,832,487				-619,853
Futures Offset	-36,038,528	60,368,994	-169,882,100				-145,551,633
Collateral Cash	7,116,000	771,000	-2,964,000				4,923,000

Portfolio Reconciliation

	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Beginning Market Value	6,966,404,182	6,444,640,714	6,444,640,714	5,352,263,309	5,374,393,446	3,497,264,699
Contributions	1,002,931,437	4,335,015,206	4,335,015,206	10,761,023,320	17,239,956,492	26,105,557,436
Withdrawals	-998,316,749	-4,308,524,625	-4,308,524,625	-10,798,943,860	-17,405,136,350	-26,604,142,943
Fees	-1,419,480	-4,416,433	-4,416,433	-7,067,778	-25,438,216	-97,571,294
Net Cash Flows	4,614,687	26,490,581	26,490,581	-37,920,541	-165,179,857	-498,585,506
Net Investment Change	413,127,005	913,014,581	913,014,581	2,069,803,106	2,174,932,287	4,385,466,682
Ending Market Value	7,384,145,875	7,384,145,875	7,384,145,875	7,384,145,875	7,384,145,875	7,384,145,875
Net Change $	417,741,693	939,505,161	939,505,161	2,031,882,566	2,009,752,429	3,886,881,176

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

Correlation Matrix
3 Years Ending June 30, 2026

	A	B	C	D	E	F	G	H	I	J	K	L
A	1.00											
B	0.98	1.00										
C	0.92	0.94	1.00									
D	0.90	0.91	0.74	1.00								
E	0.79	0.81	0.64	0.78	1.00							
F	0.75	0.70	0.64	0.73	0.45	1.00						
G	0.67	0.63	0.56	0.68	0.37	0.99	1.00					
H	0.75	0.73	0.72	0.68	0.44	0.89	0.83	1.00				
I	0.87	0.84	0.74	0.84	0.69	0.91	0.84	0.82	1.00			
J	0.11	0.00	-0.05	0.01	0.17	-0.11	-0.13	-0.08	-0.02	1.00		
K	0.65	0.70	0.59	0.69	0.71	0.34	0.30	0.32	0.51	-0.15	1.00	
L	-0.10	-0.16	-0.19	-0.13	-0.04	-0.22	-0.24	-0.25	-0.11	0.09	-0.13	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 Interation
Moderate to High Interation
High Interaction

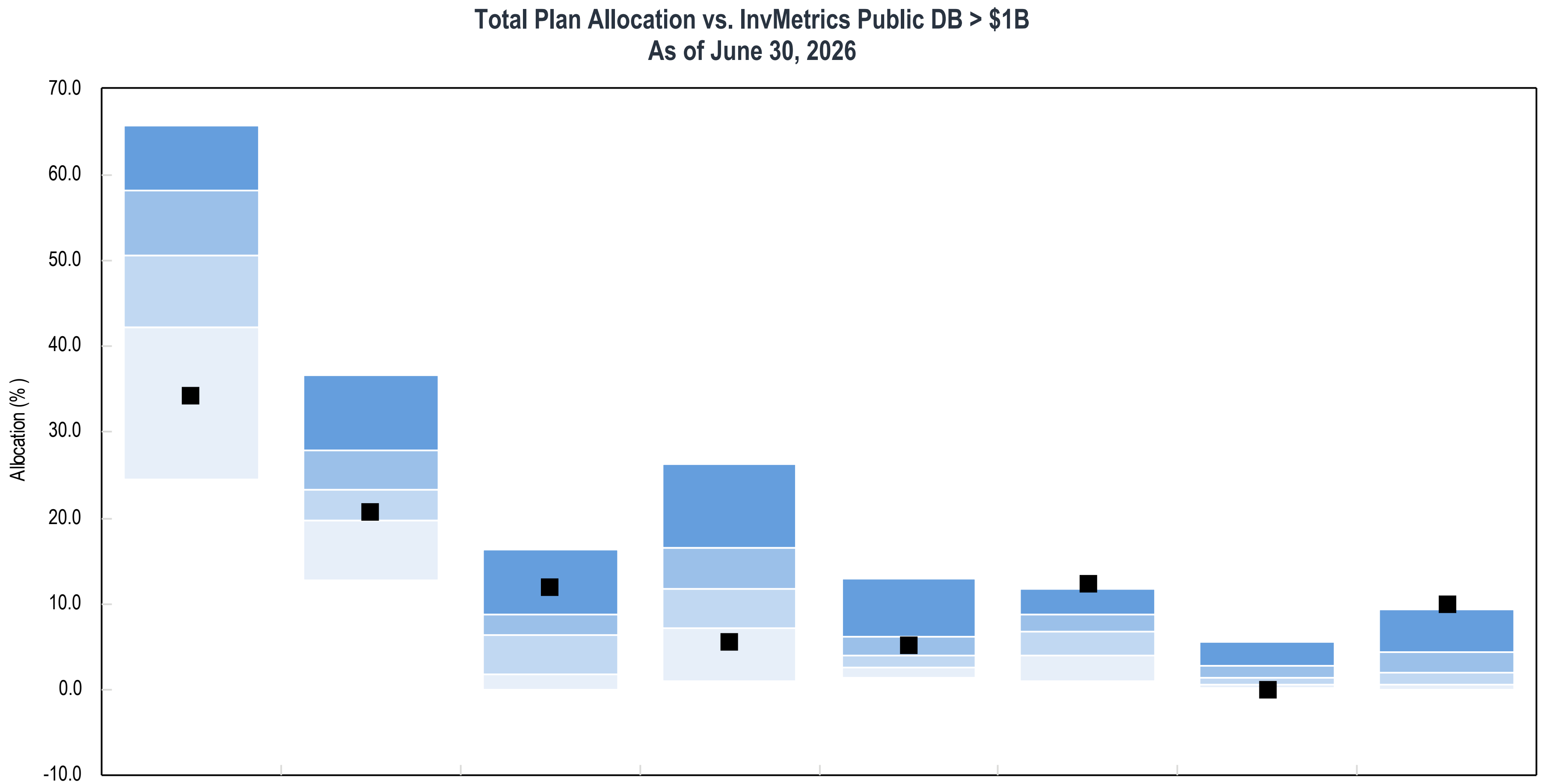
	Alpha	Beta	R-Squared	Return	Information Ratio	Excess Performance	Tracking Error	Sharpe Ratio	Excess Return	Standard Deviation	Sortino Ratio	Up Capture	Down Capture
Total Fund	0.6	0.9	1.0	11.5	-0.3	-0.4	1.0	1.2	6.5	5.5	2.1	95.7	92.5
Equity	-0.5	1.0	1.0	18.5	-0.7	-1.0	1.3	1.1	13.3	12.5	1.8	97.5	101.2
Domestic Equity	-1.4	1.0	1.0	18.6	-1.7	-2.0	1.0	1.0	13.4	13.1	1.9	96.2	105.1
International Developed Equity	0.2	1.0	1.0	16.6	-0.1	-0.2	1.9	0.9	11.8	13.1	1.4	99.0	99.6
Emerging Markets Equity	2.2	1.0	1.0	24.5	0.9	2.4	2.1	1.1	19.1	17.2	1.9	103.4	94.2
Fixed Income	0.1	1.0	1.0	5.4	0.0	0.0	0.5	0.2	0.9	4.8	0.3	100.6	102.0
Core Fixed Income	0.0	1.0	1.0	3.9	-0.4	-0.2	0.5	-0.1	-0.5	5.3	-0.1	95.5	96.0
High Yield/ Specialty Credit	0.8	0.7	0.9	6.9	-1.0	-1.8	1.7	0.7	2.2	3.2	1.2	77.1	68.3
Emerging Market Debt	1.2	1.0	1.0	9.7	0.6	0.9	1.3	0.7	5.0	6.8	1.2	101.4	90.8
Commodities	4.5	0.8	0.8	13.9	0.3	2.2	5.7	0.8	9.2	11.5	1.3	88.4	59.8
Hedge Funds	1.5	0.7	0.5	9.0	-1.0	-2.6	2.5	1.4	4.2	3.0	2.2	72.3	-1.1
Alpha Pool	36.1	-3.1	0.1	4.9	-1.9	-3.9	1.9	0.1	0.3	1.8	0.2	56.6	-
Core Real Estate	-2.1	1.5	0.8	-3.1	-0.7	-2.5	3.6	-1.1	-7.5	6.4	-1.2	133.1	202.0
Private Real Assets	-0.1	1.0	1.0	0.6	-0.8	-0.1	0.1	-1.0	-3.8	3.8	-1.1	98.1	100.0
Private Equity	0.0	1.0	1.0	11.1	-0.8	-0.1	0.1	1.3	6.1	4.6	4.3	99.5	100.0
Private Credit	-0.1	1.0	1.0	11.2	-3.2	-0.1	0.0	1.3	6.3	4.8	6.2	99.1	112.3
Opportunistic	-	-	-	12.0	0.3	2.0	8.3	0.9	7.2	8.3	1.6	122.4	-

	3 Years							
	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	50 JPM EMBI Global Div/ 50 JPM GBI EM Global Div
RETURN SUMMARY STATISTICS								
Up Market Periods	26	26	23	23	29	29	27	27
Down Market Periods	10	10	13	13	7	7	9	9
Maximum Return	10.06	10.12	4.23	4.53	3.52	4.55	5.51	5.47
Minimum Return	-7.75	-7.29	-2.60	-2.54	-1.49	-1.24	-3.49	-4.41
Return	18.46	19.45	3.95	4.16	6.95	8.79	9.71	8.84
Excess Return	13.29	14.16	-0.53	-0.31	2.24	4.00	4.99	4.20
Excess Performance	-0.99	0.00	-0.21	0.00	-1.84	0.00	0.87	0.00
RISK SUMMARY STATISTICS								
Beta	0.98	1.00	0.96	1.00	0.70	1.00	0.96	1.00
Upside Risk	11.70	12.08	4.38	4.62	3.54	4.67	6.28	6.10
Downside Risk	6.72	6.60	3.13	3.18	1.26	1.52	3.73	4.18
RISK/RETURN SUMMARY STATISTICS								
Standard Deviation	12.47	12.66	5.26	5.48	3.20	4.25	6.77	6.95
Alpha	-0.50	0.00	-0.03	0.00	0.80	0.00	1.17	0.00
Sharpe Ratio	1.07	1.12	-0.10	-0.06	0.71	0.95	0.74	0.60
Excess Risk	12.47	12.66	5.24	5.46	3.16	4.20	6.77	6.95
Tracking Error	1.27	0.00	0.52	0.00	1.74	0.00	1.26	0.00
Information Ratio	-0.68	-	-0.42	-	-1.01	-	0.63	-
CORRELATION STATISTICS								
R-Squared	0.99	1.00	0.99	1.00	0.86	1.00	0.97	1.00
Actual Correlation	0.99	1.00	1.00	1.00	0.93	1.00	0.98	1.00

	Commodities	Bloomberg Commodity Index Total Return	Hedge Funds	3 Yrs 75% 90 Day TBills +4% / 25% MSCI ACWI (75% 90-Day TBills +4% / 25% MSCI ACWI)	Core Real Estate	NCREIF ODCE	Opportunistic	Assumed Rate of Return +3%
RETURN SUMMARY STATISTICS								
Up Market Periods	22	22	28	28	32	32	36	36
Down Market Periods	14	14	8	8	4	4	0	0
Maximum Return	6.99	11.50	3.34	3.01	2.53	1.49	10.18	0.80
Minimum Return	-9.60	-8.54	-2.82	-1.33	-6.33	-4.83	-6.31	0.80
Return	13.94	11.69	9.03	11.61	-3.10	-0.62	11.98	10.00
Excess Return	9.24	7.41	4.18	6.54	-7.47	-5.10	7.17	5.03
Excess Performance	2.25	0.00	-2.59	0.00	-2.47	0.00	1.98	0.00
RISK SUMMARY STATISTICS								
Beta	0.79	1.00	0.65	1.00	1.52	1.00	-	-
Upside Risk	10.09	11.67	3.57	4.39	2.83	1.70	8.00	2.76
Downside Risk	6.73	7.00	1.64	0.88	5.83	3.30	4.03	0.00
RISK/RETURN SUMMARY STATISTICS								
Standard Deviation	11.46	13.16	3.02	3.13	6.42	3.71	8.30	0.00
Alpha	4.48	0.00	1.47	0.00	-2.07	0.00	-	-
Sharpe Ratio	0.80	0.56	1.38	2.10	-1.14	-1.34	0.86	22.90
Excess Risk	11.50	13.21	3.02	3.12	6.54	3.82	8.32	0.22
Tracking Error	5.71	0.00	2.46	0.00	3.63	0.00	8.30	0.00
Information Ratio	0.32	-	-0.96	-	-0.65	-	0.26	-
CORRELATION STATISTICS								
R-Squared	0.81	1.00	0.46	1.00	0.77	1.00	-	-
Actual Correlation	0.90	1.00	0.68	1.00	0.88	1.00	-	-

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

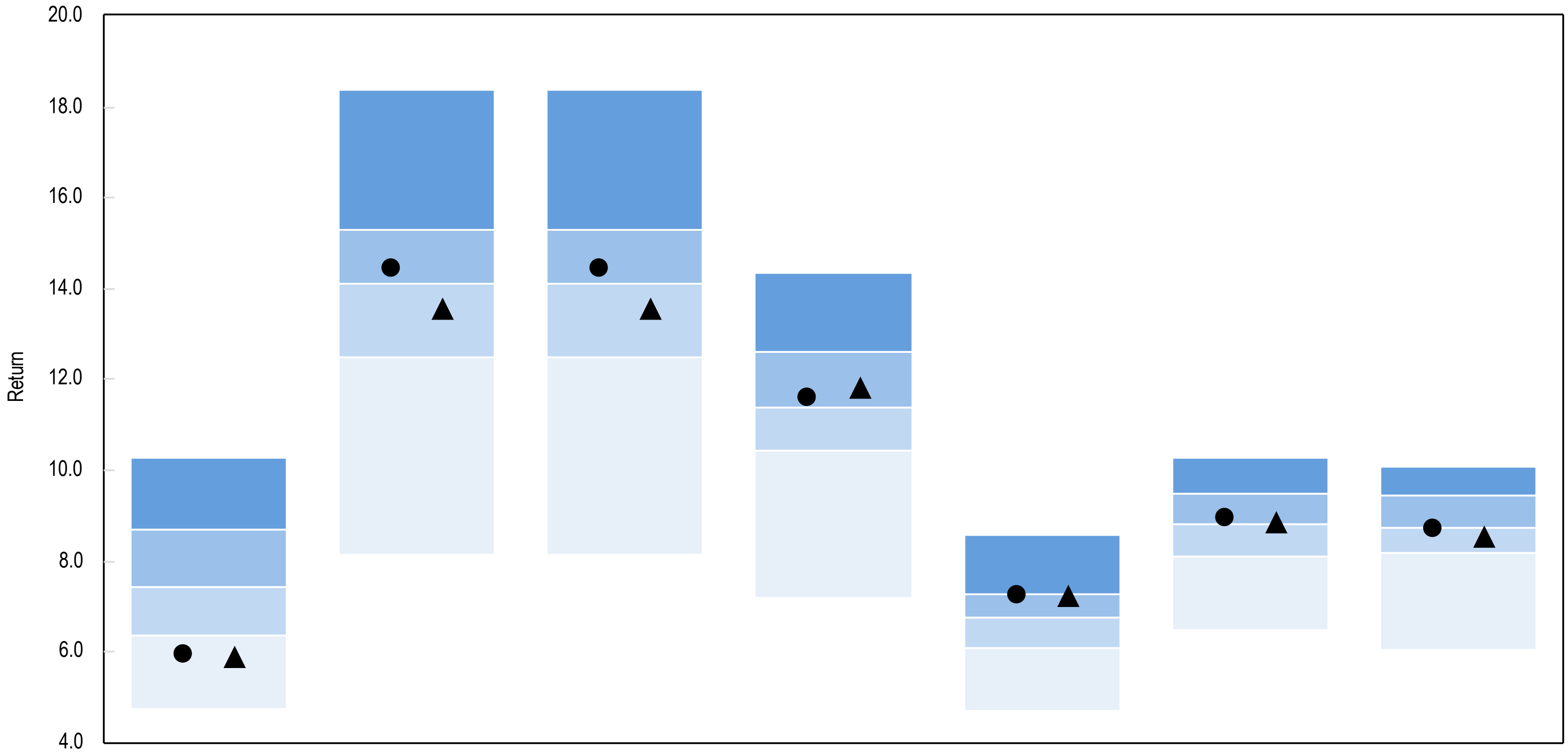
Peer Comparison



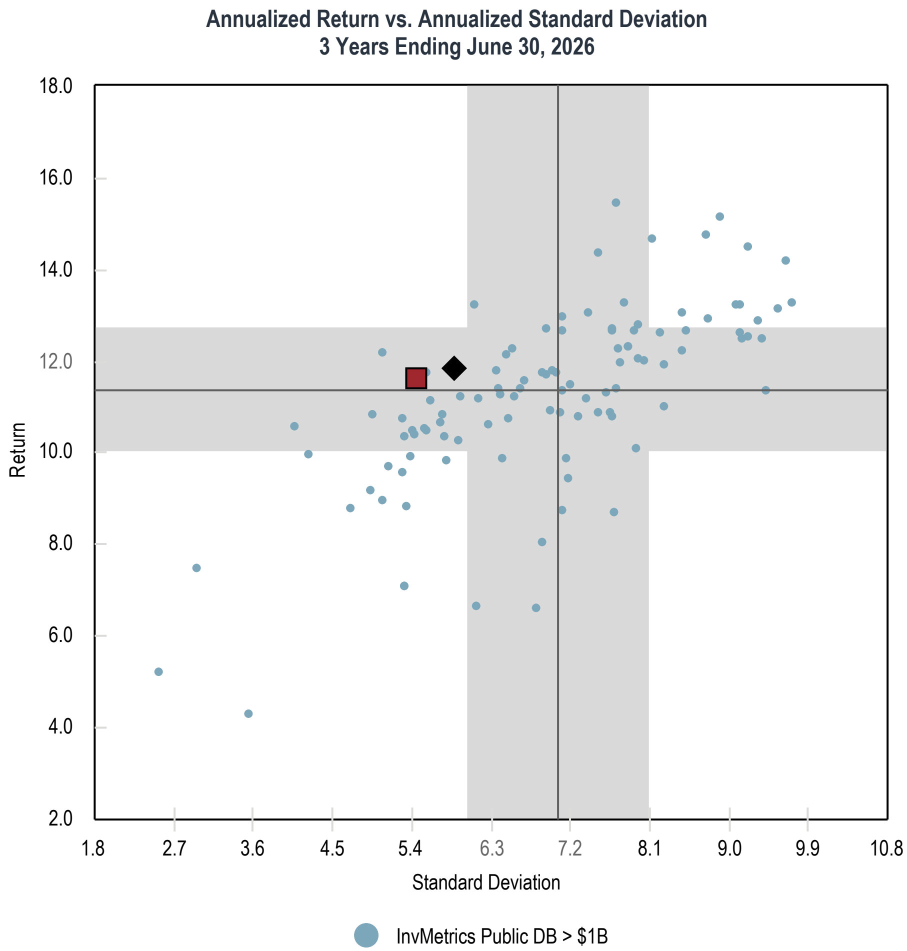
	Total Equity	Total Fixed Income	Hedge Funds	Private Equity	Real Assets/Commod	Real Estate - Private	Cash & Equivalents	Other
■ Total Fund	34.4 (90)	20.7 (70)	12.0 (11)	5.5 (82)	5.2 (36)	12.4 (4)	-0.1	10.0 (1)
5th Percentile	65.8	36.6	16.3	26.4	12.9	11.8	5.5	9.3
1st Quartile	58.2	28.0	8.7	16.6	6.2	8.8	2.9	4.4
Median	50.6	23.4	6.3	11.8	4.0	6.7	1.4	2.0
3rd Quartile	42.3	19.8	1.8	7.1	2.5	4.0	0.6	0.6
95th Percentile	24.6	12.7	0.0	1.0	1.3	1.0	0.1	0.1
Population	107	108	44	95	72	84	104	23

Parentheses contain percentile rankings. Other contains Alpha Pool, Opportunistic, and Private Credit. Real Estate contains Private and Core Real Estate. Real Assets contain Commodities.

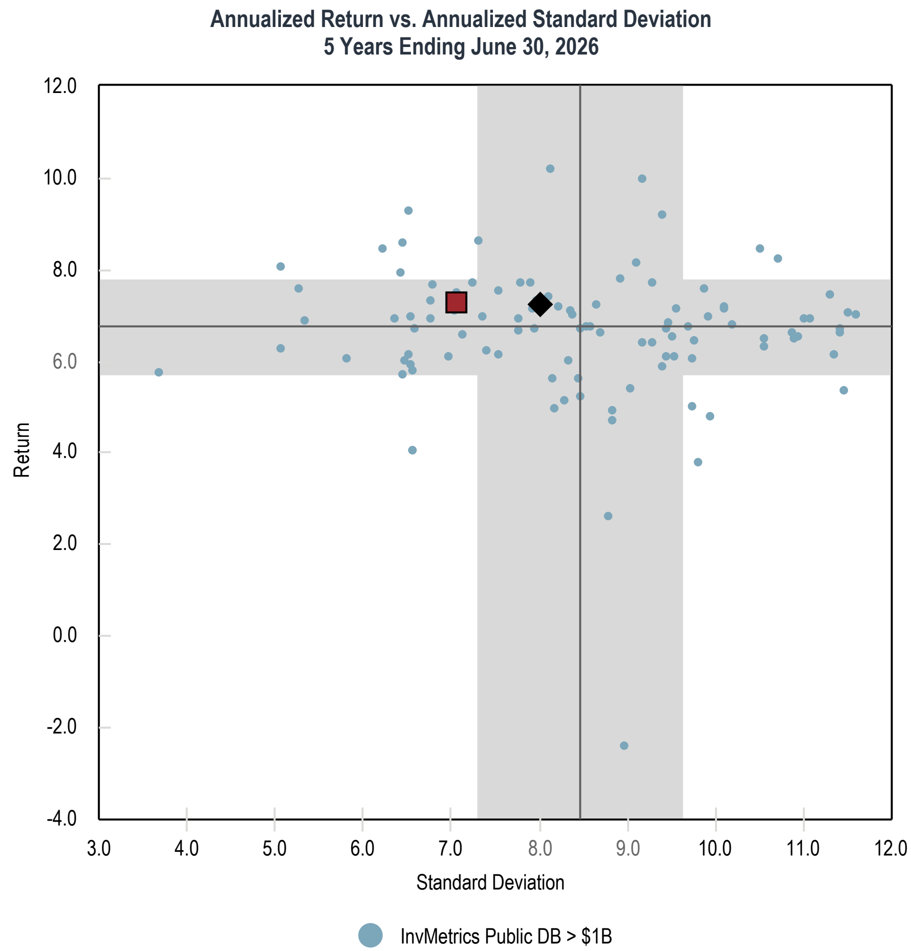
Total Fund vs. InvMetrics Public DB > $1B



	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years
● Total Fund	6.0 (85)	14.5 (41)	14.5 (41)	11.6 (46)	7.3 (26)	9.0 (41)	8.7 (51)
▲ Policy Index	5.9 (86)	13.6 (58)	13.6 (58)	11.8 (39)	7.2 (27)	8.9 (49)	8.5 (62)
5th Percentile	10.3	18.4	18.4	14.4	8.6	10.3	10.1
1st Quartile	8.7	15.3	15.3	12.6	7.3	9.5	9.5
Median	7.4	14.1	14.1	11.4	6.7	8.8	8.8
3rd Quartile	6.4	12.5	12.5	10.4	6.1	8.1	8.2
95th Percentile	4.8	8.1	8.1	7.2	4.7	6.5	6.1
Population	106	106	106	106	103	102	100



	Return	Standard Deviation
Total Fund	11.63	5.45
Policy Index	11.83	5.89
Median	11.39	7.06
Population	106	106



	Return	Standard Deviation
Total Fund	7.29	7.06
Policy Index	7.23	8.00
Median	6.75	8.47
Population	103	103

Other

	2026 Q2	2026 Q1	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3
Total Fund	**5.9**	**0.7**	**2.4**	**4.5**	**4.6**	**1.6**	**-0.4**	**4.8**	**1.2**	**3.8**	**5.1**	**-0.9**
Policy Index	*5.9*	*0.7*	*2.2*	*4.2*	*4.8*	*1.4*	*-0.1*	*4.9*	*1.8*	*3.7*	*6.2*	*-1.4*

	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3
Total Fund	**1.9**	**3.2**	**4.5**	**-3.1**	**-7.5**	**-0.8**	**3.6**	**0.5**	**5.5**	**3.5**	**8.8**	**4.4**
Policy Index	*2.9*	*3.8*	*5.5*	*-3.8*	*-8.9*	*-1.3*	*3.3*	*0.7*	*5.6*	*3.2*	*8.8*	*4.5*

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
Total Fund	**10.7**	**-11.3**	**4.6**	**0.2**	**3.1**	**6.8**	**-6.4**	**2.3**	**0.3**	**-0.1**	**3.0**	**3.2**
Policy Index	*10.1*	*-11.1*	*4.6*	*0.8*	*3.0*	*7.0*	*-5.5*	*2.2*	*0.7*	*-0.1*	*3.1*	*3.0*

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

Cerity Partners Retirement Plan Consultants, LLC (d/b/a "Cerity Partners Institutional Consulting" and referenced herein as "CPIC"), is an independent third party consulting firm and calculates returns from best source book of record data. Returns calculated by Cerity Partners 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 Cerity Partners-calculated multiples based on flows and valuations (e.g. DPI and TVPI) and manager-provided IRRs.

Manager Line Up

Investment.Fund.or_Strategy	Fund.Incepted	Data_Source	Investment.Fund.or_Strategy	Fund.Incepted	Data_Source
Abbott Capital PE VI	3/31/2008	Abbott Capital	Level Equity Opportunities Fund 2021	11/1/2021	Level Equity
Accel-KKR Capital Partners VII	2/6/2025	Accel	LGT Crown	2/1/2021	LGT
ABS Emerging Market Direct	8/29/2024	ABS	Linden Capital Partners V LP	7/19/2022	Linden
American Century Non-US Small Cap	12/15/2020	American Century	Linden Co-Investment V LP	6/30/2022	Linden
Ares Pathfinder	10/1/2023	Ares	Longreach Capital Partners	5/28/2024	Long Reach
Aristeia International Limited	5/1/2014	Northern Trust	Long Wharf Real Estate	6/27/2019	Long Wharf
Aristotle Pacific Capital, LLC	1/6/2025	Aristotle	LRAF Holdings 21 Yeti II LP	12/6/2024	Long Wharf
Atlas Capital Resource	4/1/2026	Atlas	Magnetar Constellation	11/14/2018	Magnetar
ASB Real Estate	9/30/2013	ASB	Mellon Aggregate Bond Index Fund	1/14/2011	Mellon
Barclays Capital Aggregate Rebalancing Overlay	6/15/2022	Parametric	Mellon EB DV Stock Index	10/18/2017	Mellon
BlackRock Short Duration Fund	9/8/2021	BlackRock	Mellon EB DV World ex-US Index	8/1/2018	Mellon
Blue Owl Real Estate Fund VI	3/18/2024	Blue Owl	Merit Hill Self Storage VI	11/3/2023	Merit
Blue Owl Strategic Equity Partners	9/6/2024	Blue Owl	Merit Hill Self Storage V	4/9/2026	Merit
Blue Torch Credit Opportunities	7/24/2020	Blue Torch	Myriad Opportunities Offshore	5/19/2016	Northern Trust
Blue Torch Credit Opportunities Fund IV	9/30/2020	Blue Torch	Oak Hill Advisors	12/22/2023	Oak Hill
BPC Real Estate Debt Fund LP	3/1/2025	BPC	OrbiMed Private Investments IV, LP	11/4/2022	OrbiMed
BPC Real Estate Debt Fund Co-Investment	8/25/2025	BPC	OrbiMed Royalty & Credit Opportunities	9/12/2022	OrbiMed
Brevan Howard	11/1/2013	Northern Trust	OrbiMed Private Investments X, LP	11/4/2022	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
Carrhae Capital Long Master Fund	8/1/2024	Carrhae	Pantheon USA VII	3/31/2005	Pantheon
Castlelake Aviation V Stable Yield, L.P	10/24/2024	Castlelake	Parametric Overlay/ Cap Efficiency Program	7/31/2020	Parametric
Cerberus Business Finance V	8/25/2023	Cerberus	Parametric Domestic Overlay	3/26/2026	Parametric
Cevian Capital II	12/30/2014	Northern Trust	Parametric International Overlay	3/26/2026	Parametric
Chilton High Conviction Equity	5/1/2025	Chilton	Parametric EM Overlay	3/26/2026	Parametric
Congress Small Cap Value	2/13/2026	Congress	Peak Rock Capital Fund III	7/13/2021	Peak Rock
Covenant Apartment Fund X	10/29/2020	Covenant	Petershill PES II	9/25/2025	Petershill
Covenant Apartment Fund XII	3/1/2025	Covenant	Pharo Opportunities Fund SPC	6/28/2024	Pharo
Crown Global Secondaries V Master S.C.Sp	2/1/2021	Crown	PIMCO Core Plus	1/21/2011	Northern Trust
Crown Global Secondaries Fund VI	2/1/2021	Crown	PIMCO Commodity Alpha	5/4/2016	PIMCO
Dalton Japan Long Only	10/31/2023	Dalton	PIMCO EMD	2/29/2020	Northern Trust
DC Value Recovery fund IV	12/28/2015	Colony	PIMCO Midstream	10/9/2020	PIMCO
D.E. Shaw	6/30/2013	Northern Trust	PIMCO StocksPLUS	7/14/2003	PIMCO
DFA Emerging Markets Value I	3/7/2014	Northern Trust	Post Oak Energy Partners GP V, LP	3/1/2025	Post
Elliot Associates	7/1/2024	Elliott	Fidelity Non-US Small Cap Equity	6/10/2008	Northern Trust
Fidelity Broad Market Duration	2/12/2026	Fidelity	Quantum Capital Solutions II	11/1/2024	Quantum
Fortress Credit Opportunities	12/17/2020	Fortress	Quantum Capital Solutions II Co-Investment Fund, LP	11/1/2024	Quantum
Fortress Legal Asset Fund II	10/7/2025	Fortress	River Birch	8/3/2015	Northern Trust
Fortress Lending Fund II	3/15/2021	Fortress	Rubicon Technology Partners IV LP	11/30/2022	Rubicon
Fortress CRE Enhanced Income Fund	10/15/2025		Russell 2000 Overlay	8/31/2025	Parametric
Fortress Credit Opportunities Fund VI Expansion	10/1/2024	Fortress	Schroders	6/10/2025	Schroders
Frontier Commodities Fund	6/30/2026	Frontier	Sculptor Real Estate Fund MI	4/12/2026	Sculptor
Garda Fixed Income Relative Value Opp	9/30/2021	Garda	Silver Point Specialty Credit Fund III, L.P.	10/4/2023	Singerman
Geneva Capital Small Cap Growth	7/22/2015	Geneva	Singerman Real Estate Opportunity Fund IV	10/27/2021	Sculptor
Gresham MTAP Commodity	9/3/2013	Gresham	Singerman Real Estate Opportunity Fund V	2/26/2026	Sculptor
Guggenheim	6/2/2025	Guggenheim	Sculptor Diversified REIT	12/2/2024	Sculptor
Harvest Midstream	9/28/2020	Harvest Midstream	Sculptor Enhanced Domestic Partners	3/26/2019	Sculptor
Hawk Ridge Partners II	8/31/2025	Hawk Ridge	Sculptor Real Estate Fund V, LP	7/30/2024	Sculptor
HBC Financing Partners	5/7/2026	HBC	Short Term Cash Account	12/31/2000	Northern Trust
HBK Fund II	11/1/2013	Northern Trust	Short Term Investment Funds	6/30/2000	Stone Harbor
Henderson Smallcap Growth	7/22/2015	Northern Trust	Stone Harbor Emerging Markets Debt	8/8/2012	TPG Sixth Street
H.I.G Bayside Loan Opportunities Fund V	7/24/2019	H.I.G. Capital	TAO Contingent	4/16/2020	TCW
Hudson Bay	6/7/2019	Northern Trust	TCW Securitized Opportunities	2/3/2016	Northern Trust
Hudson Bay Real Estate Opportunities	1/23/2025	Hudson Bay	TPG AG Asset Based Credit Evergreen Fund	1/1/2016	TPG
Hudson Bay Special Opportunities Fund	2/20/2024	Hudson Bay	TPG AG Essential Housing III	11/1/2024	TPG Sixth Street
Indus Pacific Opportunities	6/30/2014	Northern Trust	Transition Equity	9/30/2010	Northern Trust
Invesco Real Estate III	6/30/2013	Invesco	Transition Fixed Income	9/30/2010	TPG Sixth Street
Invesco Real Estate IV	12/18/2015	Invesco	TSSP Adjacent Opportunities Partners	11/17/2017	Vista Equity
ITE Rail Fund, L.P	2/27/224	ITE Rail	Vista Equity Partners	7/24/2020	Warren
J.P. Morgan Strategic Property	7/2/2014	J.P. Morgan	Warren Equity III	4/1/2021	Warren
Juniper High Noon Partners, L.P	3/18/2024	Juniper	Warren Equity IV	1/1/2023	Wellington
Juniper Capital IV, L.P.	4/26/2023	Juniper	Wellington Alternative Investments	2/9/2023	Wellington
Kayne Anderson	2/26/2026	Kayne	WEP IV TS Co-Investment, L.P.	8/14/2023	Northern Trust
KKR US Broadly Syndicated Loan Fund	10/21/2024	Mellon	WEP TreeCo Co-Investment, L.P	2/7/2025	WEP
KSL Capital Partners VI	4/26/2023	KSL Capital	Western Asset Core Plus	5/31/2004	Northern Trust
Landmark Real Estate Partners VIII	4/29/2018	Landmark	Western Asset High Yield Fixed income	5/31/2005	Western Asset
Landmark Real Estate Partners IX	4/1/2024	Landmark			
Lazard Japanese Equity	11/1/2023	Lazard			
LBA Logistics Value Fund IX, L.P.	2/22/2022	LBA			
Level Equity Growth Partners V	11/1/2021	Level Equity			

CERITY PARTNERS®

Policy & Custom Index Composition	
Policy Index: 6/1/2026 - Present	Policy Index: 34% MSCI ACWI IMI (Net), 23% Fixed Income Blend - 13% Core (3% ICE BofAML 7-10 Year US Treasury Index, 2% ICE BofAML US Treasury 10+ Index, 4% Bloomberg US Aggregate Index, 4% Bloomberg US Corporate Credit 1-3 Year Index). 10% Credit (5% Securitized (2.5% Bloomberg Non-Agency CMBS Index; 1.67% Bloomberg ABS Index; 0.83% J.P. Morgan CLOIE AAA Index) 2.5% Morningstar LSTA Leverage Loan Index. 2.5% Emerging Market Debt (2.5% JPM EMBI Global Div - Hard currency only), 5% Bloomberg Commodity Index, 12% Hedge fund (9% 3-Month T-bill + 3%, 3% MSCI ACWI Net), 2.5% 3-Month T-Bill + 3%, 7% NCREIF-ODCE Net Monthly, 6% actual timeweighted Private Equity Returns*, 8% actual time-weighted Private Credit Returns*, 5% actual time-weighted Private Real Estate Returns*, 0% Assumed Rate of Return +3%, -2.5% 3-Month T-bill.
Policy Index: 1/1/2026 - Present	Policy Index: 35% MSCI ACWI IMI (Net), 27% Fixed Income Blend - 17% Core (10% Bloomberg US Aggregate Index, 3% ICE BofAML 7-10 Year US Treasury Index, 4% Bloomberg US Corporate Credit 1-3 Year Index). 10% Credit (5% Securitized (2.5% Bloomberg Non-Agency CMBS Index; 1.67% Bloomberg ABS Index; 0.83% J.P. Morgan CLOIE AAA Index) 2.5% Morningstar LSTA Leverage Loan Index. 2.5% Emerging Market Debt (2.5% JPM EMBI Global Div - Hard currency only, 5% Bloomberg Commodity Index), 10% Hedge fund (7.5% 3-Month T-bill + 3%, 2.5% MSCI ACWI (Net)), 2.5% 3-Month T-Bill + 3%, 7% NCREIF-ODCE Net Monthly, 5% actual timeweighted Private Equity Returns*, 6% actual time-weighted Private Credit Returns*, 5% actual time-weighted Private Real Estate Returns*, 0% Assumed Rate of Return +3%, -2.5% 3-Month T-bill.
Policy Index: 7/1/2025 -1/1/2026	33% MSCI ACWI IMI (Net), 27% Fixed Income Blend - 16% Core (9% Bloomberg US Aggregate Index, 3% ICE BofAML 7-10 Year US Treasury Index, 4% Bloomberg US Corporate Credit 1-3 Year Index). 10% Credit (5% Securitized (2.5% Bloomberg Non-Agency CMBS Index; 1.67% Bloomberg ABS Index; 0.83% J.P. Morgan CLOIE AAA Index) 2.5% Morningstar LSTA Leverage Loan Index. 2.5% Emerging Market Debt (2.5% JPM EMBI Global Div - Hard currency only, 4% Bloomberg Commodity Index, 10% Hedge fund (7.5% 3-Month T-bill + 3%, 2.5% MSCI ACWI (Net)), 2.5% 3-Month T-Bill + 3%, 5% Alerian Midstream Energy Index, 6% NCREIF-ODCE Gross Monthly, 5% actual timeweighted Private Equity Returns*, 6% actual time-weighted Private Credit Returns*, 4% actual time-weighted Private Real Estate Returns*, 0% Assumed Rate of Return +3%, -2.5% 3-Month T-bill.
Policy Index: 5/1/2025 - 7/1/25	33% MSCI ACWI IMI (Net), 27% Fixed Income Blend - 19% Core (12% Bloomberg US Aggregate Index, 3% ICE BofAML 7-10 Year US Treasury Index, 4% Bloomberg US Corporate Credit 1-3 Year Index). 8% Credit (1.5% Securitized (0.75% Bloomberg Non-Agency CMBS Index; 0.50% Bloomberg ABS Index; 0.25% J.P. Morgan CLOIE AAA Index) 2.5% Morningstar LSTA Leverage Loan Index. 4% Emerging Market Debt (2% JPM EMBI Global Div / 2% JPM GBI EM Global Div)), 4% Bloomberg Commodity Index, 10% Hedge fund (7.5% 3-Month T-bill + 3%, 2.5% MSCI ACWI (Net)), 2.5% 3-Month T-Bill + 3%, 5% Alerian Midstream Energy Index, 6% NCREIF-ODCE Net Monthly, 5% actual timeweighted Private Equity Returns*, 6% actual time-weighted Private Credit Returns*, 4% actual time-weighted Private Real Estate Returns*, 0% Assumed Rate of Return +3%, -2.5% 3-Month T-bill.
Policy Index: 1/1/2025 - Present	33% MSCI ACWI IMI (Net), 27% Fixed Income Blend - 19% Core (12% Bloomberg US Aggregate Index, 3% ICE BofAML 7-10 Year US Treasury Index, 4% Bloomberg US Corporate Credit 1-3 Year Index). 8% Credit (1.5% Securitized (0.75% Bloomberg Non-Agency CMBS Index; 0.50% Bloomberg ABS Index; 0.25% J.P. Morgan CLOIE AAA Index) 2.5% Morningstar LSTA Leverage Loan Index. 4% Emerging Market Debt (2% JPM EMBI Global Div / 2% JPM GBI EM Global Div), 4% Bloomberg Commodity Index, 10% Hedge fund (7.5% 3-Month T-bill + 3%, 2.5% MSCI ACWI (Net)), 4% 3-Month T-Bill + 3%, 5% Alerian Midstream Energy Index, 6% NCREIF-ODCE Gross Monthly, 5% actual timeweighted Private Equity Returns*, 6% actual time-weighted Private Credit Returns*, 4% actual time-weighted Private Real Estate Returns*, 0% Assumed Rate of Return +3%, -4% 3-Month T-bill.
Policy Index: 11/1/2024 - 1/1/2025	Policy Index: 33% MSCI ACWI IMI (Net), 25% Fixed Income Blend - 17% Core (14% Bloomberg US Aggregate Index, 3% ICE BofAML 7-10 Year US Treasury Index). 8% Credit (1.5% Securitized (0.75% Bloomberg Non-Agency CMBS Index; 0.50% Bloomberg ABS Index; 0.25% J.P. Morgan CLOIE AAA Index) 2.5% Morningstar LSTA Leverage Loan Index, 4% Emerging Market Debt (2% JPM EMBI Global Div / 2% JPM GBI EM Global Div), 4% Bloomberg Commodity Index, 10% Hedge fund (7.5% 3-Month T-bill + 3%, 2.5% MSCI ACWI (Net)), 4% 3-Month T-Bill + 3%, 5% Alerian Midstream Energy Index, 5% NCREIF-ODCE Gross Monthly, 5% actual time-weighted Private Equity Returns*, 8% actual time-weighted Private Credit Returns*, 5% actual time-weighted Private Real Estate Returns*, 0% Assumed Rate of Return +3%, -4% 3-Month T-bill.
Policy Index: 10/1/2023 - 11/1/2024	33% MSCI ACWI IMI (Net), 15% 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%, 5% Alerian Midstream Energy Index, 5% NCREIF-ODCE Gross Monthly, 5% actual time-weighted Private Equity Returns*, 8% actual time-weighted Private Credit Returns*, 5% actual time-weighted Private Real Estate Returns*, 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 market's 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.

Effective 1/1/2017, only traditional asset class (public equity, public fixed income, REITs) investment manager fees will be included in the gross of fee return calculation. Fiscal year end: 6/30.

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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Kern County Employees’ Retirement Association

Actuarial Experience Study

Analysis for the period from July 1, 2022 through June 30, 2025

September 9, 2026 / Molly Calcagno

Segal

Agenda

Actuarial Experience Study Overview

Summary of Recommendations

Actuarial Cost Impact

Taking a Closer Look

Actuarial Experience Study Overview

Actuarial Experience Study Overview

Why do we need experience studies?

Develop recommended assumptions for annual actuarial valuation

- Reviews economic and demographic assumptions every three years
- Current study is based on the **three-year** period from 2022-2025
  - Most assumptions include experience from prior studies to increase the “credibility”

Segal’s role is to make appropriate recommendations to the Board

- Recommendations follow guidance of Actuarial Standards of Practice
  - Assumptions are reasonable individually and in aggregate (ASOP No. 27)

Purpose of the Actuarial Assumptions

What do the assumptions do?

Economic

How will assets grow?

How will salaries and benefits increase?

How will UAAL be amortized?

What type of benefits will be paid?

When will benefits be paid and how long?

Demographic

Actuaries make assumptions as to when and how a member will leave active service and estimate the amount, duration and present value of the expected benefits paid.

Role of Actuarial Assumptions and Methods

C + I = B + E

<u>C</u>ontributions + <u>I</u>nvestment Income

equals

<u>B</u>enefit Payments + <u>E</u>xpenses

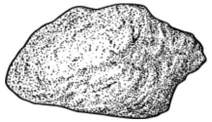
- Assumptions do not directly affect the **payment** of benefits, only the **timing** of contributions
  - Actuarial valuation determines the “current” cost, not the ultimate cost

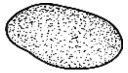
Actuarial Assumption Impacts

How do the assumptions impact liabilities and costs?

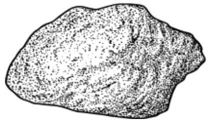
Economic

 Inflation

 Investment return

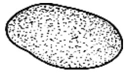
 Salary increase

Demographic

 Post-retirement mortality

 Pre-retirement mortality

 Retirement

 Termination

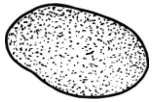
 Disability (General members)

 Disability (Safety members)

Scale of relative impact of assumptions


Boulder


Rock


Pebble


Sand

Summary of Recommendations

Summary of Economic Assumptions

Assumption	Recommendation
Inflation	• Maintain current assumption of 2.50%
Cost-of-Living Increases	• Maintain current assumption of 2.50%
Investment Return	• **Reduce** investment return assumption from 7.00% to 6.75% • **Finance Committee has recommended maintaining the current assumption of 7.00%**
Salary Increase	• Maintain current inflation assumption of 2.50% • Maintain current "across-the-board" salary assumption of 0.50% • **Introduce** separate assumptions for Tier I and IIA members and Tier IIB and III members • **Adjust** merit & promotion salary assumptions to reflect past experience
Payroll Growth	• Maintain current assumption of 3.00%
Administrative Expenses	• **Increase** current administrative expense load assumption from 0.95% to 1.00% of projected payroll

Summary of Demographic Assumptions

Rates of decrement

Assumption	Recommendation
Mortality	• **Adopt** new **Pub-2016** base tables • **Adopt** new **adjustments** to base tables to reflect KCERA experience • Maintain latest MP-2021 projection scale
Disability	• **Adjust** rates to reflect **slightly lower** incidence of disability for General members and **slightly higher** incidence of disability for Safety members
Termination	• **Adjust** rates to reflect **slightly lower** overall termination experience for Safety members
Retirement	• **Introduce** separate assumptions for General Tier II and Safety Tier II members with service less than 25 years of service and with 25 or more years of service • **Decrease** rates to reflect **lower** overall retirement experience for General Tier I and General Tier II with less than 25 years of service • **Increase** rates to reflect **higher** overall retirement experience for Safety Tier I with less than 25 years of service

Summary of Demographic Assumptions

Miscellaneous assumptions

Assumption	Recommendation
Deferred Vested Retirement Age	• Maintain current assumption at 60 for General members with reciprocity • Maintain current assumption at 56 for General members without reciprocity • **Increase** assumption from 51 to **52** for Safety members with reciprocity • Maintain current assumption at 51 for Safety members without reciprocity
Reciprocity	• **Reduce** assumption from 45% to **40%** of future General deferred vested members that will be covered by a reciprocal system • **Increase** assumption from 60% to **65%** of future Safety deferred vested members that will be covered by a reciprocal system
Beneficiary Assumptions	• Maintain current assumption of 65% for males and 55% for females expected to have an eligible survivor at retirement • Maintain assumption that male retirees are three years older than their spouses and that female retirees are two years younger than their spouses • Maintain assumption that male retirees have a female survivor and female retirees have a male survivor

Actuarial Cost Impact

Estimated Actuarial Impact

Modeled as of June 30, 2025

Actual cost impact will be reflected in the June 30, 2026 valuation

Component	Demographic Assumptions	Economic Assumptions Excluding Discount Rate	Total Change Excluding Discount Rate	6.75% Discount Rate	Total Change All Recomm. Assumptions
Employer normal cost rate	+0.08%	+0.30%	+0.38%	+0.84%	+1.22%
Employer UAAL rate	-0.73%	+0.23%	-0.50%	+2.11%	+1.61%
Total Employer rate	**-0.65%**	**+0.53%**	**-0.12%**	**+2.95%**	**+2.83%**
Total Member rate	**+0.05%**	**+0.19%**	**+0.24%**	**+0.45%**	**+0.69%**
UAAL	-$76 M	+$18 M	-$58 M	+$259 M	+$201 M
VVA funded ratio	+0.6%	-0.1%	+0.5%	-2.1%	-1.6%

Estimated Actuarial Impact

Modeled as of June 30, 2025

Actual cost impact will be reflected in the June 30, 2026 valuation

Component	Current Assumptions	Change Excluding Discount Rate	Recomm. Assumptions Excluding Discount Rate	6.75% Discount Rate	All Recomm. Assumptions
Employer normal cost rate	11.84%	+0.38%	12.22%	+0.84%	13.06%
Employer UAAL rate	32.33%	-0.50%	31.83%	+2.11%	33.94%
Total Employer rate	**44.17%**	**-0.12%**	**44.05%**	**+2.95%**	**47.00%**
Total Member rate	**7.67%**	**+0.24%**	**7.91%**	**+0.45%**	**8.36%**
UAAL	$2,406 M	-$58 M	$2,348 M	+$259 M	$2,607 M
VVA funded ratio	72.3%	+0.5%	72.8%	-2.1%	70.7%

Employer Contribution Rate Impact

Modeled as of June 30, 2025 as % of payroll

Plans and Employer	Current Assum.	Change Excl. Discount Rate	Recomm. Assum. Excl. Discount Rate	6.75% Discount Rate	All Recomm. Assum.
General County without Courts	34.29%	-0.44%	33.85%	+2.20%	36.05%
Courts	34.73%	-0.38%	34.35%	+2.38%	36.73%
County Safety	75.59%	+0.99%	76.58%	+5.31%	81.89%
District Category I	47.27%	-0.46%	46.81%	+2.95%	49.76%
District Category II	46.82%	-0.44%	46.38%	+2.93%	49.31%
District Category III	42.66%	-0.49%	42.17%	+2.79%	44.96%
District Category V	43.26%	-0.54%	42.72%	+2.64%	45.36%
District Category VI	56.82%	+0.00%	56.82%	+3.65%	60.47%
Declining Employers	207.69%	-4.98%	202.71%	+12.70%	215.41%
All Categories Combined	**44.17%**	**-0.12%**	**44.05%**	**+2.95%**	**47.00%**

Member Contribution Rate Impact

Modeled as of June 30, 2025 as % of payroll

Plans and Employer	Current Assum.	Change Excl. Discount Rate	Recomm. Assum. Excl. Discount Rate	6.75% Discount Rate	All Recomm. Assum.
County General without Courts					
County General Tier I without Courts	5.99%	+0.15%	6.14%	+0.33%	6.47%
County General Tier IIA without Courts	6.93%	+0.19%	7.12%	+0.37%	7.49%
County General Tier IIB without Courts	6.59%	+0.10%	6.69%	+0.39%	7.08%
Courts					
Courts Tier I	8.14%	+0.01%	8.15%	+0.00%	8.15%
Courts Tier IIA	6.41%	+0.16%	6.57%	+0.39%	6.96%
Courts Tier IIB	6.59%	+0.10%	6.69%	+0.39%	7.08%
County Safety					
County Safety Tier I	8.23%	+0.22%	8.45%	+0.41%	8.86%
County Safety Tier IIA	9.96%	+0.30%	10.26%	+0.56%	10.82%
County Safety Tier IIB	14.12%	+1.09%	15.21%	+1.01%	16.22%
District					
District Category I Tier I	5.02%	+0.14%	5.16%	+0.31%	5.47%
District Category I Tier IIA	6.17%	+0.16%	6.33%	+0.40%	6.73%
District Category I Tier IIB	6.59%	+0.10%	6.69%	+0.39%	7.08%

Member Contribution Rate Impact

Modeled as of June 30, 2025 as % of payroll

Plans and Employer	Current Assum.	Change Excl. Discount Rate	Recomm. Assum. Excl. Discount Rate	6.75% Discount Rate	All Recomm. Assum.
District					
District Category II Tier I	6.57%	+0.12%	6.69%	+0.38%	7.07%
District Category II Tier IIB	6.59%	+0.10%	6.69%	+0.39%	7.08%
District Category II Tier III	7.90%	+0.15%	8.05%	+0.54%	8.59%
District Category III Tier I (Buttonwillow)	N/A	N/A	N/A	N/A	N/A
District Category III Tier I (SJVAPCD)	12.38%	+0.24%	12.62%	+0.87%	13.49%
District Category III Tier IIA (Buttonwillow)	N/A	N/A	N/A	N/A	N/A
District Category III Tier IIA (SJVAPCD)	6.96%	+0.06%	7.02%	+0.42%	7.44%
District Category III Tier IIB	6.59%	+0.10%	6.69%	+0.39%	7.08%
District Category V Tier I	0.00%	+0.00%	0.00%	+0.00%	0.00%
District Category V Tier IIA	6.33%	+0.17%	6.50%	+0.40%	6.90%
District Category V Tier IIB	6.59%	+0.10%	6.69%	+0.39%	7.08%
District Category VI Tier I	0.00%	+0.00%	0.00%	+0.00%	0.00%
District Category VI Tier IIB	6.59%	+0.10%	6.69%	+0.39%	7.08%

Member Contribution Rate Impact

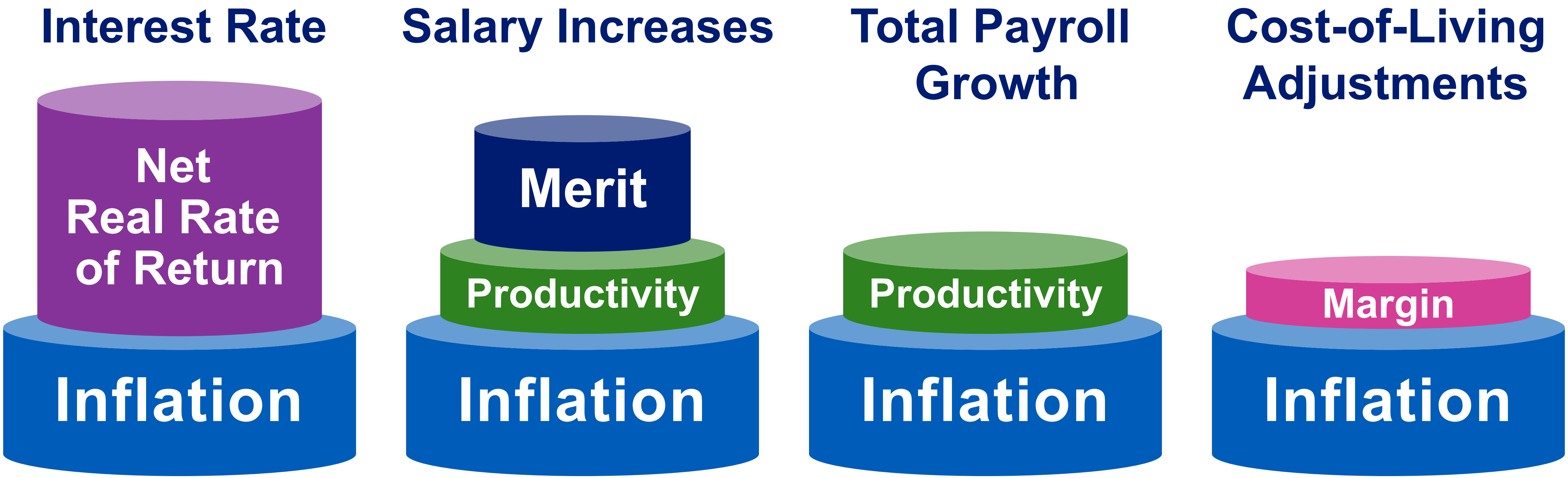
Modeled as of June 30, 2025 as % of payroll

Plans and Employer	Current Assum.	Change Excl. Discount Rate	Recomm. Assum. Excl. Discount Rate	6.75% Discount Rate	All Recomm. Assum.
Declining Employers					
Declining Employers Tier I	6.20%	+0.11%	6.31%	+0.35%	6.66%
Declining Employers Tier IIB	6.59%	+0.10%	6.69%	+0.39%	7.08%
All Categories Combined	**7.67%**	**+0.24%**	**7.91%**	**+0.45%**	**8.36%**

Taking a Closer Look

Summary of Economic Assumptions

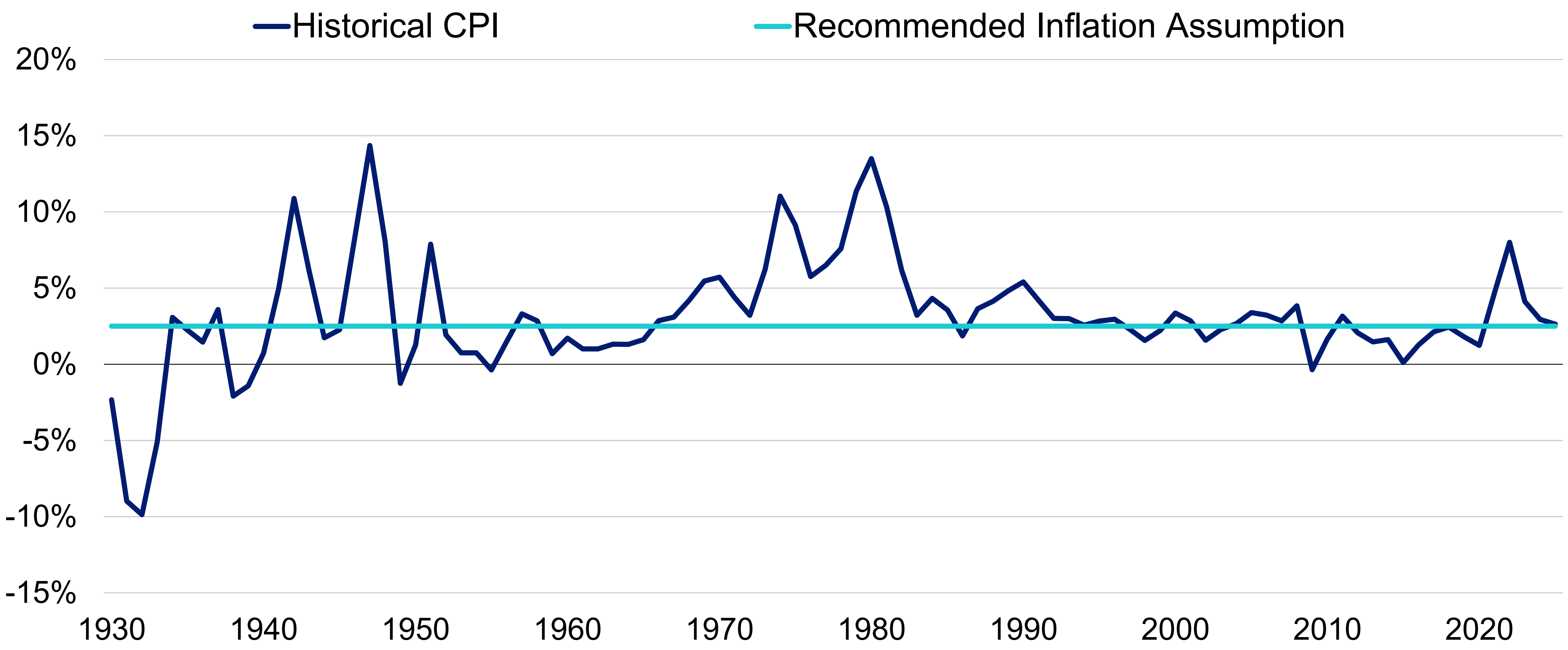
What are the components of the economic assumptions?



Each component should be consistent across all economic assumptions

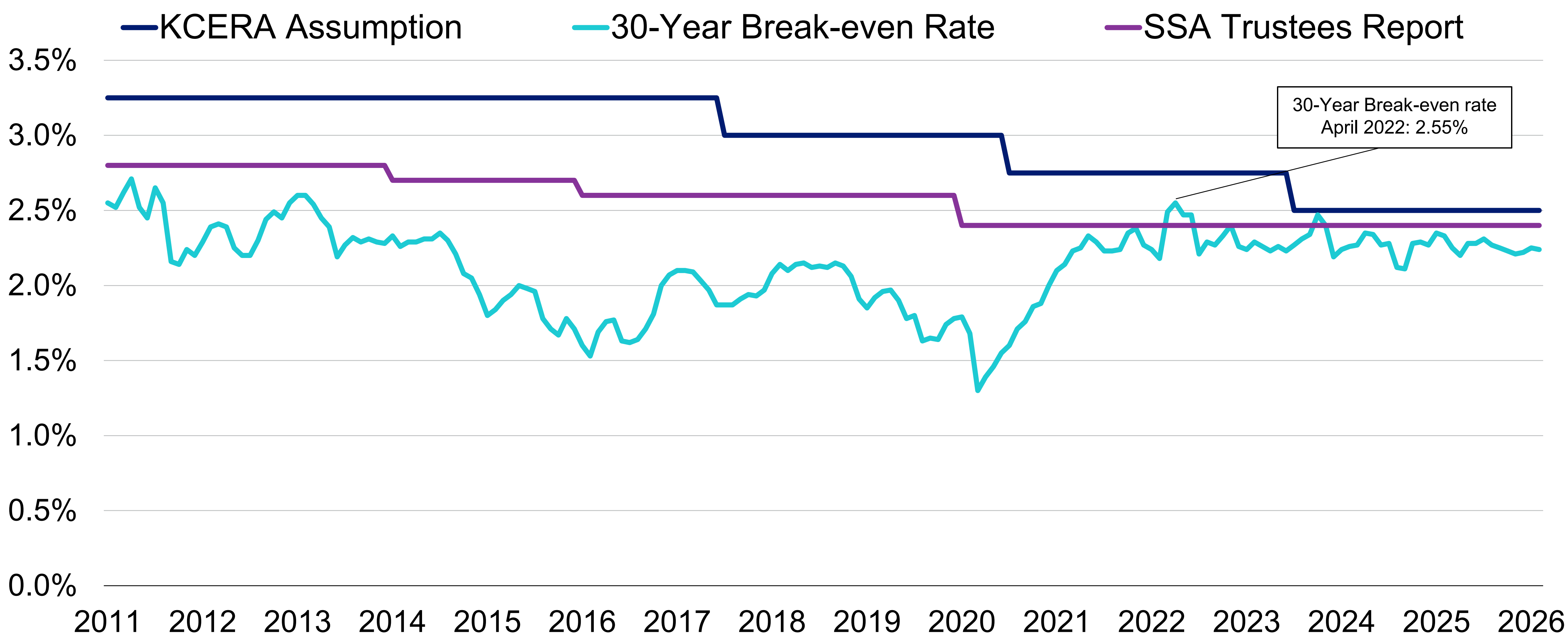
Historical Consumer Price Index (CPI)

Price inflation historical review



Historical Inflation Forecasts

Price inflation comparisons



Price Inflation Assumption

Looking forward

Future expectations

- Investment consultant survey average inflation is 2.49%
  – Verus: 2.30% annual inflation over 30 years
- Social Security Administration: 2.40% average CPI over 75 years
- Market implied forward inflation hovering between 2%-2.5%
- Public Plan Database: 2.50% median inflation assumption

Recommend maintaining annual inflation assumption at 2.50%

Investment Earnings Assumption

Putting it all together

Assumption Component	June 30, 2026 Recommended	June 30, 2026 Finance Committee	June 30, 2023 Adopted
Inflation	2.50%	2.50%	2.50%
Portfolio expected arithmetic real return	5.16%	5.16%	5.81%
Expense adjustment	(0.05%)	(0.05%)	(0.05%)
Adjustment to expected geometric real return	(0.52%)	(0.52%)	(0.75%)
Risk adjustment	(0.34%)	(0.09%)	(0.51%)
Total	**6.75%**	**7.00%**	**7.00%**
Confidence level	**55%**	**51%**	**56%**

Risk Adjustment

Risk adjustment

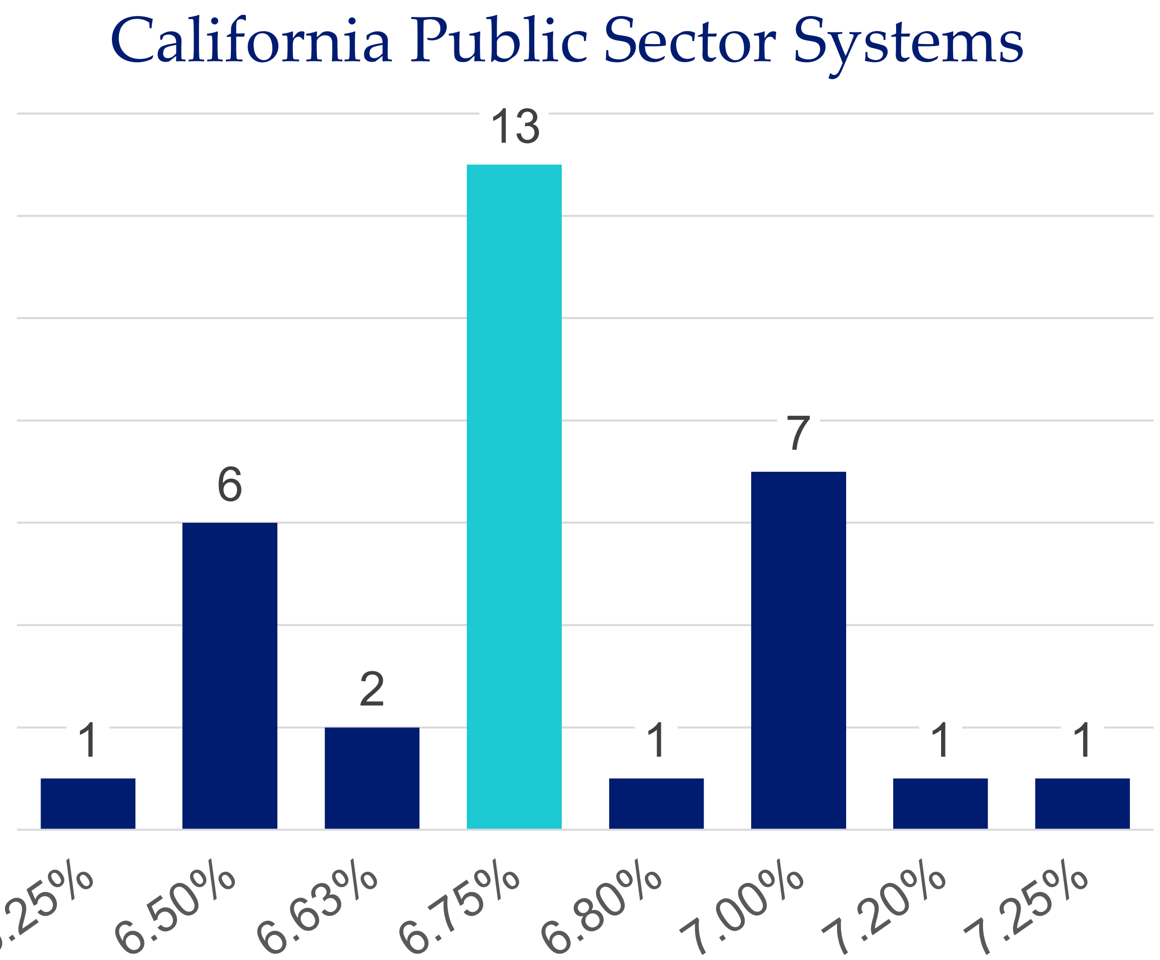
- **Decrease** in risk adjustment
  - Results in **slightly lower** confidence level under **6.75% recommendation**
  - Results in **even lower** confidence level under **7.00% Finance Committee recommendation**
- Compares risk position over time

Years Ending June 30	Investment Return	Risk Adjustment	Confidence Level
2011 – 2013	7.75%	(0.04%)	49%
2014 – 2016	7.50%	0.23%	53%
2017 – 2019	7.25%	0.22%	53%
2020 – 2022	7.25%	0.35%	55%
2023 – 2025	7.00%	0.51%	56%
2026 (Recommended)	**6.75%**	**0.34%**	**55%**
2026 Finance Committee	**7.00%**	**0.09%**	**51%**

Comparison with Other Systems

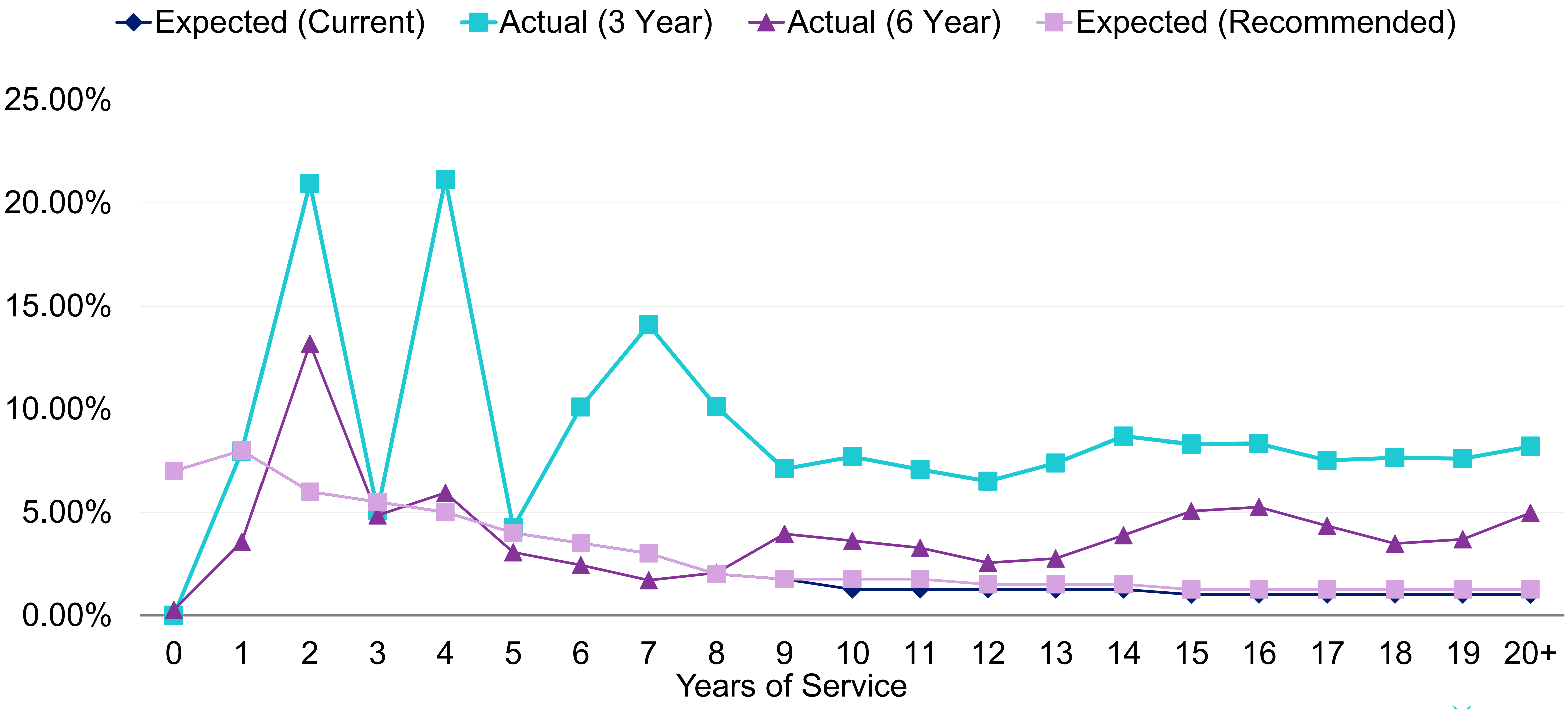
How does the 6.75% recommendation compare?

- National median is 7.00%
  - NCPERS's survey mean is 6.67%
    - 49 survey responses, as of 2025
  - Public Plan's survey mean is 6.91%
    - 239 large public retirement funds in their 2024 fiscal year valuation
    - 72% of the systems have reduced their investment return assumption from 2017 to 2024
  - State systems outside California tend to lag emerging practices



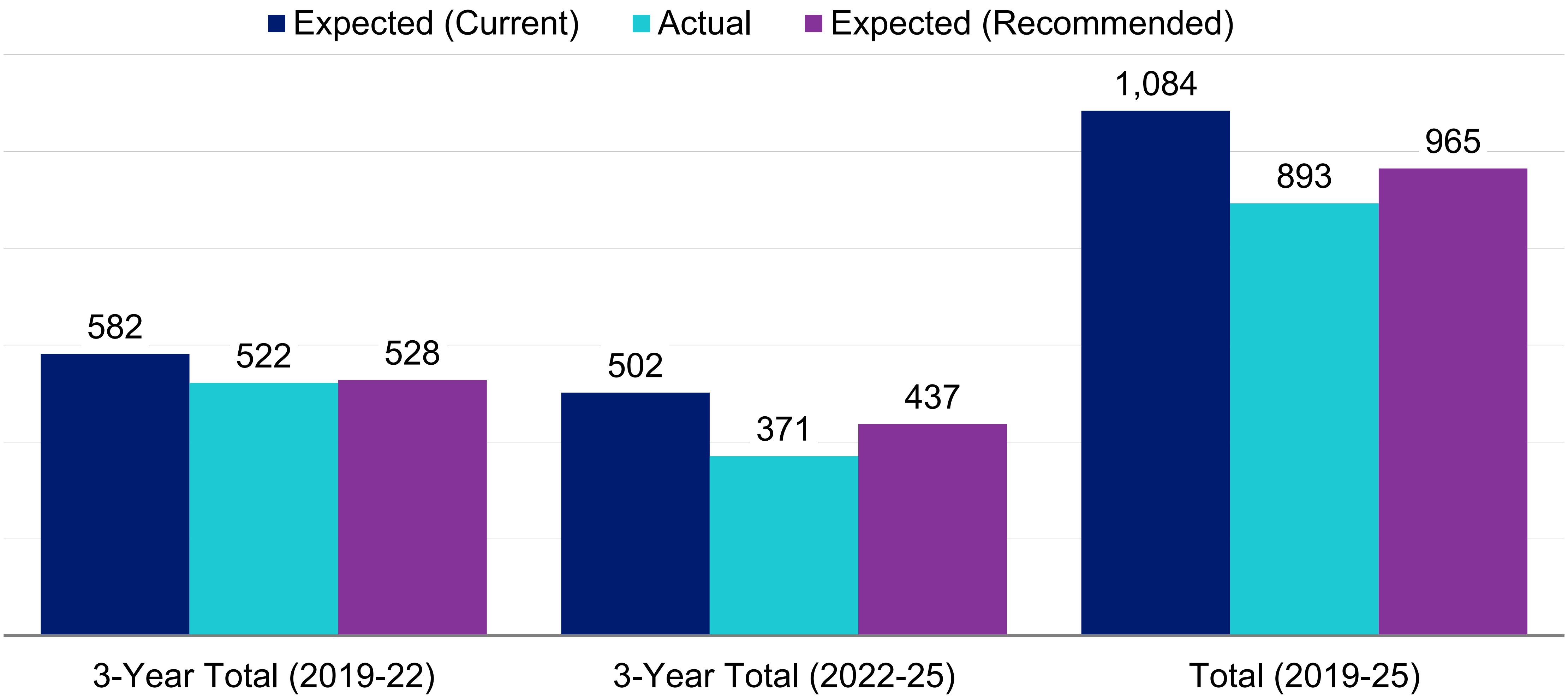
Merit and Promotion Increase Example

Safety Tier I and IIA Members



Retirement Assumption Example

General Tier I Members



Note: Results may not add due to rounding.

Thank You

Molly Calcagno, ASA, MAAA, EA
Vice President and Consulting Actuary
mcalcagno@segalco.com

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Segal

Molly Calcagno, ASA, MAAA, EA
Vice President and Consulting Actuary
T 415.263.8254
M 415.265.6078
mcalcagno@segalco.com

180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
segalco.com

September 2, 2026

Mr. Dominic Brown
Chief Executive Officer
11125 River Run Boulevard
Bakersfield, CA 93311

Re: Kern County Employees' Retirement Association (KCERA)
Hypothetical Phase-in of the Increase in Unfunded Actuarial Accrued Liability Contribution Rate due to Changes in Actuarial Assumptions

Dear Dominic:

We have been requested to provide information on a hypothetical three-year "phase-in" of the increase in the unfunded actuarial accrued liability (UAAL) contribution rate due to changes in actuarial assumptions in our triennial experience study recommending assumptions for the June 30, 2026 valuation. This letter provides an illustration of the phased-in contribution rate and discusses the impact of the phase-in on the ultimate employer contribution rate after the phase-in is over.

Background

We estimated that if all the recommended actuarial assumptions in the upcoming Actuarial Experience Study, including a 6.75% investment return assumption, were to be adopted by the Board of Retirement (Board), the aggregate employer contribution rate would increase by 2.83% of payroll and the aggregate member rate would increase by 0.69% of payroll.

Please note that the discussion in this letter reflects the general practice that, even when changes in employer rates are phased in, changes in the member rates due to assumption changes are not phased in. There are two main reasons for that practice. The principal reason is that, because the phase-in increases the UAAL and the UAAL is funded only by the employer, a phase-in of the member rates would in effect shift cost from the employees to the employers. In addition, because member contribution rates are based solely on normal cost and are unaffected by changes in the UAAL, the cost impact on member rates is generally smaller than the impact on employer rates.

This letter illustrates only a phase-in of the UAAL amortization component of the employer rate increase. In practice, this is usually the largest component. For example, of the 2.83% of rate impact noted above, the UAAL amortization component increased by 1.61%, while the normal cost rate increased by 1.22%.

Another reason to phase in only the changes in the UAAL rate has to do with the fact that, under the California Public Employees' Pension Reform Act of 2013 (CalPEPRA), the normal cost is split 50:50 between the employers and the members. Since, as noted earlier, changes in member rates due to assumption changes are not phased in, it may be considered more consistent with CalPEPRA to exclude the change in employer normal cost from the phase-in as well.

We would advise the Board that phasing in of the employer's contribution rate impact of assumption changes is a common practice both nationally and especially here in California. Some systems routinely phase in such rate changes whenever assumptions are changed and the cost impact is above some threshold amount. Furthermore, guidance on actuarial funding policy from both the California Actuarial Advisory Panel and the Conference of Consulting Actuaries views this as an acceptable practice as long as the phase-in period is no longer than the time until the next experience study, just as is being illustrated here.

Impact of three-year phase-in of only the employer UAAL contribution rate change

For illustration purposes in this letter only, we have assumed that the effect of the changes in actuarial assumptions in the triennial experience study would be to increase the employer's UAAL contribution rate in the June 30, 2026 valuation by 1.02% of payroll for County General and Court, 1.53% of payroll for Districts,[1] and 3.50% of payroll for County Safety, as estimated based on the June 30, 2025 valuation. Under this scenario, the 1.02%, 1.53%, and 3.50% would be phased in over three years starting with the June 30, 2026 valuation, which establishes the employer and member contribution rates for the 2027/2028 fiscal year. The actual amount phased in would be determined as part of the June 30, 2026 annual valuation.

The following is a general description of how a three-year phase-in would work:

- The portion of the employer contribution to be phased in would be determined one time, as part of the June 30, 2026 valuation. That total fixed amount would not be redetermined in later valuations. In this illustration, that amount is 1.02% of payroll for County General and Court, 1.53% of payroll for Districts, and 3.50% of payroll for County Safety.
- In the June 30, 2026 valuation, the actual employer contribution rate would immediately increase by the full impact of the change in normal cost. The actual employer contribution rate would also reflect **one third** of the impact of the change in the UAAL amortization rate. In this illustration, that amount is 0.34% of payroll (1/3 × 1.02%) for County General and Court, 0.51% of payroll for Districts (1/3 × 1.53%), and 1.17% of payroll (1/3 × 3.50%) for County Safety. In other words, the actual employer rates would defer recognition of two-thirds of the impact by subtracting 0.68% for County General and Court, 1.02% for Districts, and 2.33% for County Safety from the employer rate determined in the June 30, 2026 valuation.
- In the June 30, 2027 valuation, the employer contribution rate would reflect another one third of the change in UAAL amortization rate shown above, or 0.68% of payroll for County General

[1] Excluding the two Declining Employers.

and Court, 1.02% of payroll for Districts, and 2.33% of payroll for County Safety. The actual employer rates would defer recognition of one-third of the impact by subtracting 0.34% for County General and Court, 0.51% for Districts, and 1.17% for County Safety from the employer rate determined in the June 30, 2027 valuation.

- In the June 30, 2028 valuation, the employer contribution rate would reflect the full impact of the change in UAAL amortization rate shown above, or 1.02% of payroll for County General and Court, 1.53% of payroll for Districts, and 3.50% of payroll for County Safety. None of the original impact would be deferred and there would be no deduction from the employer rate determined in the June 30, 2028 valuation.

During the phase-in period, the plan is not receiving the full UAAL amortization payments. That means that in the next actuarial valuation, there will be an actuarial loss that will increase the future UAAL and future UAAL contributions. This contribution loss will be amortized and funded over a period of 18 years starting with the actuarial valuation that follows the contribution loss (i.e., following the year of the phased in contribution). In our experience, contribution losses due to phase-ins are usually relatively small and so are not identified separately, but simply become part of “other gains and losses.”

If the Board adopts the three-year phase-in only for the impact on UAAL amortization, the employer contribution rates would immediately increase by the full impact of the change in normal cost. The cumulative increase in **only** the aggregate employer UAAL amortization rates both before and after applying the phase-in is provided in the tables below:

Cost Phase-in Applied Only to UAAL Amortization Rate for County General and Court

Fiscal Year	Cumulative Increase in Employer UAAL Rates without Phase-in	Cumulative Increase in Employer UAAL Rates with Phase-in
2027/2028	1.02%	0.34%
2028/2029	1.02%	0.73%
2029 and later	1.02%	1.10%

Cost Phase-in Applied Only to UAAL Amortization Rate for Districts

Fiscal Year	Cumulative Increase in Employer UAAL Rates without Phase-in	Cumulative Increase in Employer UAAL Rates with Phase-in
2027/2028	1.53%	0.51%
2028/2029	1.53%	1.10%
2029 and later	1.53%	1.65%

Cost Phase-in Applied Only to UAAL Amortization Rate for County Safety

Fiscal Year	Cumulative Increase in Employer UAAL Rates without Phase-in	Cumulative Increase in Employer UAAL Rates with Phase-in
2027/2028	3.50%	1.17%
2028/2029	3.50%	2.51%
2029 and later	3.50%	3.77%

When we then add in the full impact of the change in normal cost, the total increases in the total employer rate would be as follows:

Cost Phase-in Applied Only to UAAL Amortization Rate for County General[2]

Fiscal Year	Cumulative Increase in Aggregate Employer Rates without Phase-in	Cumulative Increase in Aggregate Employer Rates with Phase-in
2027/2028	1.76%	1.08%
2028/2029	1.76%	1.47%
2029 and later	1.76%	1.84%

Cost Phase-in Applied Only to UAAL Amortization Rate for Court[3]

Fiscal Year	Cumulative Increase in Aggregate Employer Rates without Phase-in	Cumulative Increase in Aggregate Employer Rates with Phase-in
2027/2028	2.00%	1.32%
2028/2029	2.00%	1.71%
2029 and later	2.00%	2.08%

[2] It is our understanding that, in practice, County General pays a single employer rate, regardless of tier, which will differ from the tier-specific total employer rates paid by the Court.

[3] It is our understanding that, in practice, the Court pays separate employer rates for each tier. While the UAAL rate to be phased-in for each tier would be the same, we would calculate different total employer rates for each tier because of the different normal cost rates.

Cost Phase-in Applied Only to UAAL Amortization Rate for Districts[4]

Fiscal Year	Cumulative Increase in Aggregate Employer Rates **without** Phase-in	Cumulative Increase in Aggregate Employer Rates **with** Phase-in
2027/2028	2.32%	1.30%
2028/2029	2.32%	1.89%
2029 and later	2.32%	2.44%

Cost Phase-in Applied Only to UAAL Amortization Rate for County Safety[5]

Fiscal Year	Cumulative Increase in Aggregate Employer Rates **without** Phase-in	Cumulative Increase in Aggregate Employer Rates **with** Phase-in
2027/2028	6.30%	3.97%
2028/2029	6.30%	5.31%
2029 and later	6.30%	6.57%

These tables show that, because of the contribution losses discussed earlier, the rate impacts for the second and third years of the phase-in are somewhat higher than simply adding another one-third of the phased-in amount to the contribution rates for the preceding year.

The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions, and we look forward to discussing this with you and your Board.

Sincerely,

Molly Calcagno

Molly Calcagno, ASA, MAAA, EA
Vice President and Consulting Actuary

/bbf

4 It is our understanding that, in practice, the Districts pay separate employer rates for each category and tier. While the UAAL rate to be phased-in for each tier would be the same, we would calculate different total employer rates for each category and tier because of the different normal cost rates.

5 It is our understanding that, in practice, County Safety pays a single employer rate, regardless of tier.

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Kern County Employees' Retirement Association

Actuarial Experience Study

Analysis of Experience During the Period July 1, 2022 through June 30, 2025

Segal

Segal

180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
T 415.263.8200
F 415.376.1167
segalco.com

May 26, 2026

Board of Retirement
Kern County Employees' Retirement Association
11125 River Run Blvd.
Bakersfield, CA 93311

Dear Members of the Board:

We are pleased to submit this report of our review of the actuarial experience for the Kern County Employees' Retirement Association (KCERA). This study utilizes the census data for the period July 1, 2022 through June 30, 2025 as well as prior periods for certain assumptions, examines other relevant inputs, and provides the recommended actuarial assumptions, both economic and demographic, to be used in the June 30, 2026 valuation.

The actuarial calculations were completed under the supervision of Molly Calcagno, ASA, MAAA, Enrolled Actuary. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

We look forward to reviewing this report with you and answering any questions you may have.

Sincerely,

Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary

Molly Calcagno, ASA, MAAA, EA
Senior Actuary

JT/sm

Table of Contents

Section 1: Introduction and Summary

To project the cost and liabilities of a pension plan, assumptions are made about all future events that could affect the amount and timing of the benefits to be paid and the assets to be accumulated. Each year actual experience is compared against the projected experience, and to the extent there are differences, the future contribution requirement is adjusted.

If assumptions are modified, contribution requirements are adjusted to take into account a change in the projected experience in all future years. There is a difference in both philosophy and cost impact between recognizing actuarial deviations as they occur annually and changing the actuarial assumptions. Taking into account one year's gains or losses without making a change in the assumptions treats that years' experience as temporary and assumes that, over the long run, experience will return to what was originally assumed. Changing assumptions reflects a fundamental change in thinking about the future, and has a much greater effect on the current contribution requirements than recognizing gains or losses as they occur.

The use of realistic actuarial assumptions is important in maintaining adequate funding, while paying the promised benefit amounts to participants already retired and to those near retirement. The actuarial assumptions used do not determine the "actual cost" of the plan. The actual cost is determined solely by the benefits and administrative expenses paid out, offset by investment income received. However, it is desirable to estimate as closely as possible what the actual cost will be so as to permit an orderly method for setting aside contributions today to provide benefits in the future, and to maintain equity among generations of participants and taxpayers.

This study was undertaken in order to review the economic and demographic actuarial assumptions and to compare the actual experience with that expected under the current assumptions during the three-year experience period from July 1, 2022 through June 30, 2025. The study was performed in accordance with Actuarial Standard of Practice (ASOP) No. 27 "Selection of Assumptions for Measuring Pension Obligations". This Standard of Practice provides guidance for the selection of the various actuarial assumptions utilized in a pension plan actuarial valuation. Based on the results of this study and expected future experience, we are recommending various changes in the current actuarial assumptions.

Section 2 provides background on the basic principles and methodology used in the review of the economic and demographic actuarial assumptions. A detailed discussion of each assumption and reasons for the recommended changes is found in *Section 3* for the economic assumptions and *Section 4* for the demographic assumptions. The cost impact of the recommended changes is detailed in *Section 5*. Lastly, a summary of the current actuarial assumptions is provided in *Appendix A*, and a summary of the recommended actuarial assumptions is provided in *Appendix B*.

Summary of recommendations

Page	Actuarial Assumption	Recommendation
11	**Inflation:** Future increases in the Consumer Price Index (CPI), which drives investment returns and active member salary increases.	Maintain the inflation assumption at 2.50% per annum as discussed in *Section 3(A).*
13	**Cost-of-living adjustment (COLA):** Future increases to a member's retirement benefit.	Maintain the COLA assumption at 2.50% per annum as discussed in *Section 3(A).*
14	**Investment return:** The estimated average net rate of return on current and future assets of the Association as of the valuation date. This rate is used to discount liabilities.	Reduce the investment return assumption from 7.00% to 6.75% per annum as discussed in *Section 3(B)*.
22	**Salary increases:** Increases in the salary of a member between the date of the valuation to the date of separation from active service. This assumption has three components: • Inflationary salary increases • Real "across-the-board" salary increases • Merit and promotion increases	Maintain the inflationary salary increase assumption at 2.50% and maintain the real "across-the-board" salary increase assumption at 0.50%. Adjust the merit and promotion salary increases as developed in *Section 3(C)* to reflect past experience. This includes introducing separate merit and promotion salary increases for Tier I and IIA members and Tier IIB and III members. The recommended total rates of salary increase anticipate higher increases than the current assumptions for General and Safety members.
28	**Payroll growth:** Used to amortize the UAAL in determining the UAAL contribution rate.	Maintain the payroll growth assumption (combined inflationary and real "across-the-board" salary increases) at 3.00%.
32	**Administrative expenses:** Expenses incurred in connection with the plan's operation.	Increase the explicit administrative expense load from 0.95% to 1.00% of projected payroll as discussed in *Section 3(D)*.

Page	Actuarial Assumption	Recommendation
33	**Mortality rates – healthy:** The probability of dying at each age for non-disabled members. Mortality rates are used to anticipate life expectancies.	**Healthy retirees:** Change base tables from Pub-2010 Healthy Retiree Amount-Weighted mortality tables to Pub-2016 Healthy Retiree Amount-Weighted mortality tables. The Above-Median tables are used for Safety members. Adjust the base tables to reflect partial credibility of KCERA's experience. Overall, the recommended assumptions anticipate more deaths for General members and fewer deaths for Safety members than previously projected. **Beneficiaries not in pay status:** Change mortality tables to be consistent with the mortality tables recommended for General healthy retirees. **Beneficiaries in pay status:** Change base tables from Pub-2010 Contingent Survivor Amount-Weighted mortality tables to Pub-2016 Contingent Survivor Amount-Weighted mortality tables. Adjust the base tables to reflect partial credibility of KCERA's experience. Overall, the recommended assumptions anticipate more deaths than previously projected. **Pre-retirement mortality:** Change base tables from Pub-2010 Employee Amount-Weighted mortality tables to Pub-2016 Employee Amount-Weighted mortality tables. The Above-Median tables are used for Safety members. There is no adjustment to the base tables. The recommended assumptions anticipate more deaths for General members and fewer deaths for Safety members than previously projected. **Mortality projection:** Maintain two-dimensional mortality improvement scale MP-2021 to project tables generationally. **Mortality for member contribution rates, optional forms and reserves:** Adjust the mortality rates to those developed in *Section 4(A)* for member contribution rates. A discussion of mortality rates for optional forms and reserves is also provided in *Section 4(A)*. **Pre-retirement death type:** Maintain the assumption that pre-retirement deaths are non-service connected.
43	**Mortality rates – disabled:** The probability of dying at each age for disabled members. Mortality rates are used to project life expectancies.	**Disabled retirees:** Change base tables from Pub-2010 Disabled Retiree Amount-Weighted mortality tables to Pub-2016 Disabled Retiree Amount-Weighted mortality tables. There is no adjustment to the base tables. The recommended assumptions anticipate fewer deaths for General members and more deaths for Safety members than previously projected. **Mortality projection:** Maintain two-dimensional mortality improvement scale MP-2021 to project tables generationally.
47	**Disability incidence rates:** The probability of becoming disabled at each age.	Adjust the disability rates to those developed in *Section 4(C)* to reflect a lower incidence of disability overall for General members and a higher incidence of disability overall for Safety members.

Page	Actuarial Assumption	Recommendation
52	**Termination rates:** The probability of leaving employment at each age and receiving either a refund of member contributions or a deferred vested retirement benefit.	Adjust the withdrawal and vested termination rates to those developed in *Section 4(D)* to reflect a slightly lower incidence of termination for Safety members.
58	**Retirement rates:** The probability of retirement at each age at which participants are eligible to retire. Includes retirement age for deferred vested members.	For active members, adjust the current retirement rates to those developed in *Section 4(E)*. For deferred vested members that work for a reciprocal employer, maintain the assumed retirement age at 60 for General members and increase the assumed retirement age from 51 to 52 for Safety members. For deferred vested members that do not work for a reciprocal employer, maintain the assumed retirement age at 56 for General members and maintain the assumed retirement age at 51 for Safety members.
72	**Miscellaneous assumptions including:** • Reciprocity • Future benefit accruals • Unreported data for members • Form of payment • Percentage with eligible survivor • Eligible survivor age and gender	Decrease the current proportion of future deferred vested members expected to be covered by a reciprocal system from 45% to 40% for General members and increase the current proportion of future deferred vested members expected to be covered by a reciprocal system from 60% to 65% for Safety members. Maintain the current future benefit accrual assumption, adjust the assumption for members with unknown gender, and maintain the form of payment assumption as outlined in *Section 4(F)*. For active and deferred vested members, maintain the current percentage with eligible survivor assumption at 65% for males and 55% for females. Maintain the spouse age difference assumption that male retirees are three years older than their spouses and that female retirees are two years younger than their spouses.

Cost impact summary

We have estimated the impact of the recommended assumption changes as if they were applied to the June 30, 2025 actuarial valuation. The tables below show the impact on key results due to the recommended assumption changes separately for the economic assumptions (including the merit and promotion salary increases) and demographic assumptions. More details, including the contribution impact by cost group, can be found in *Section 5*.

Cost Impact Based on June 30, 2025 Actuarial Valuation ($ in '000s)

Assumption	Impact on Average Employer Contribution Rates	Impact on Average Member Contribution Rates
Changes in economic assumptions	3.48%	0.64%
Changes in demographic assumptions	(0.65%)	0.05%
Total increase in average contribution rate	**2.83%**	**0.69%**
Total increase in annual dollar amount[1]	**$24,719**	**$6,053**

Assumption	Impact on Funded Status
Increase in UAAL due to changes in economic assumptions	$277,276
Decrease in UAAL due to changes in demographic assumptions	(76,296)
Total increase in UAAL	**$200,980**
Change in funded ratio on VVA basis	**(1.63%)**

Of the various assumption changes, the most significant rate increase is due to the change in the investment return assumption.

[1] Based on June 30, 2025 projected annual payroll as determined under each set of assumptions.

Section 2: Background and Methodology

In this report, we analyzed both economic and demographic assumptions.

The primary economic assumptions reviewed are inflation, investment return, salary increases, and administrative expenses. Demographic assumptions include the probabilities of certain events occurring in the population of members, referred to as "decrements" (e.g., termination from service, disability retirement, service retirement, and death before and after retirement).

In addition to decrements, other demographic assumptions reviewed in this study include the percentage of members assumed to go on to work for a reciprocal system, reciprocal salary increases, percentage of members with an eligible spouse or domestic partner, and survivor age difference.

It should be noted that with the exception of selecting the merit and promotion salary increases, the mortality assumptions, and the percentage with an eligible survivor assumption on an amount-weighted or benefit-weighted basis, all the demographic assumptions in this report have been selected on a headcount-weighted basis. A value of "N/A" represents a service bucket for which there were no exposure over the time-period measured.

Economic assumptions

Economic assumptions consist of:

- **Inflation:** Increases in the price of goods and services. The inflation assumption reflects the basic return that investors expect from securities markets. It also reflects the expected basic salary increase for active employees and drives increases in the allowances of retired members (if any).
- **Investment return:** Expected long-term rate of return on the Association's investments after accounting for certain investment expenses. This assumption has a significant impact on contribution rates.
- **Salary increases:** In addition to inflationary increases, it is assumed that salaries will also grow by real "across-the-board" pay increases in excess of price inflation. It is also assumed that employees will receive raises above these average increases as they advance in their careers, which are commonly referred to as merit and promotion increases. Payments to amortize any unfunded actuarial accrued liability (UAAL) are calculated to increase each year by the price inflation rate plus any real "across-the-board" pay increases that are assumed.
- **Administrative Expenses:** These include expenses incurred in connection with the Association's operation.

The setting of the economic assumptions is described in *Section 3*.

Demographic assumptions

To determine the probability of an event occurring, we examine the "decrements" and "exposures" of that event. For example, when considering termination from service, we compare the number of employees who actually terminate in a specific service category/group (the number of "decrements") with those who could have terminated (the number of "exposures"). If there were 500 active employees in the 3–4 service category at the beginning of the year and 50 of them left during the year, the probability of termination in that service category is 50 ÷ 500, or 10%.

The reliability of the resulting probability depends heavily on both the number of decrements and the number of exposures. For instance, if there are only a few people in a high service category at the beginning of the year (number of exposures), the probability of termination developed for that service category may be less credible, particularly if it does not align with the pattern shown for the other service categories. Similarly, when considering the death decrement, if an age category has a large number of exposures but very few decrements (actual deaths), then the probability developed for that category would also be considered less reliable.

One reason we use several years of experience for such a study is to enhance statistical reliability by increasing the number of exposures and decrements. Another reason for using several years of data is to smooth out any fluctuations that may occur from one year to the next. Nevertheless, we also calculate the rates on a yearly basis to check for any emerging trends in the recent years.

Segal has routinely reviewed the experience over the most recent three-year period and the prior three-year period when setting assumptions, for a total of six years. (We note that for setting the mortality assumptions, we have actually used the data for a fifteen-year period.) As noted above, using more years of data tends to smooth out year-to-year fluctuations in the actual experience.

The setting of the demographic assumptions is provided in *Section 4*.

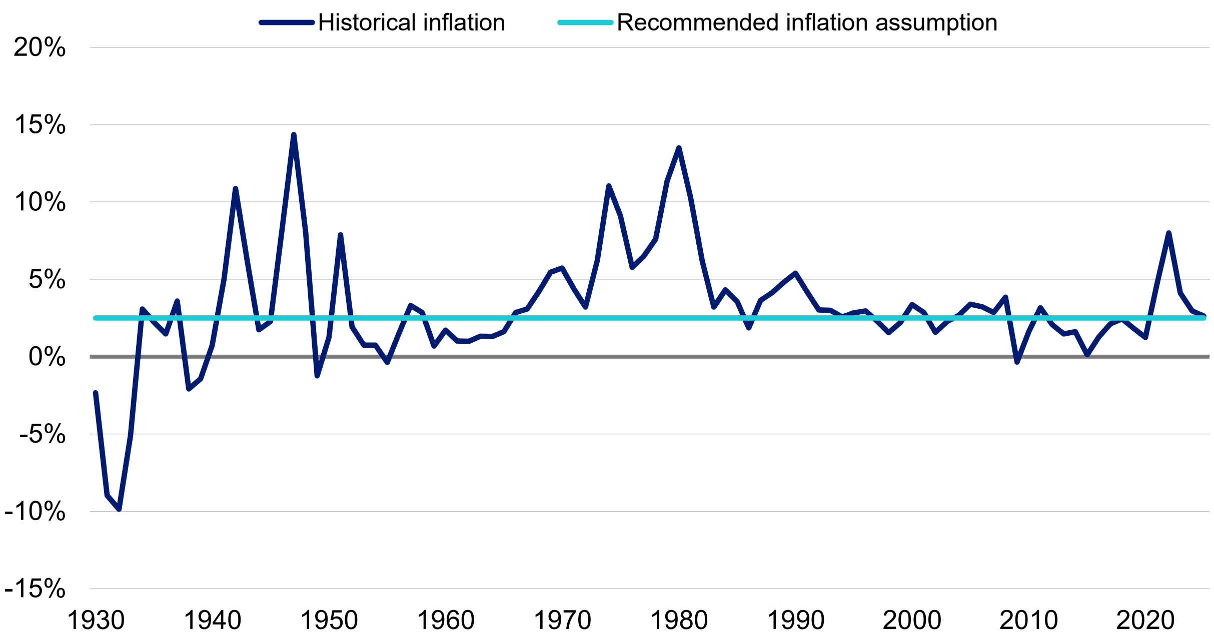
Section 3: Economic Assumptions

A. Inflation

Unless an investment grows at least as fast as prices increase, investors will experience a reduction in the inflation-adjusted value of their investment. There may be times when "riskless" investments return more or less than inflation, but over the long term, investment market forces will generally require an issuer of fixed income securities to maintain a minimum return which protects investors from inflation.

The inflation assumption is long term in nature, so our analysis begins with a review of historical information. The following graph compares historical inflation rates with the recommended inflation assumption of 2.50%. We then proceed with a discussion of other sources of inflation data to provide additional context to our recommendation.

Historical Consumer Price Index (CPI) — 1930 to 2025[2]
(U.S. City Average — All Urban Consumers)



There was a spike in inflation that started in the second quarter of 2021 and continued into 2022. The rate of inflation started to decrease after the Federal Reserve began raising interest rates around the second quarter of 2022. As inflation continued to decrease, the Federal Reserve changed course in late 2024 and reduced interest rates three times. After a period of no changes, the Federal Reserve cut interest rates again three times in late 2025.[3] Based on the most recent data, the change in the CPI from December 2024 to December 2025 was 2.7%.

[2] Source: Bureau of Labor Statistics – Based on CPI for All Items in U.S. city average, all urban consumers, not seasonally adjusted (Series ID: CUUR0000SA0).

[3] As of early 2026, the Federal Reserve's median projection of the interest rate for the year-end target range is 3.25%-3.50%. This target implies one additional 25-basis-point cut in 2026, building on the series of reductions that occurred in late 2024 and 2025.

Section 3: Economic Assumptions

According to the Public Plans Database,[4] the median inflation assumption was 2.50% in the 2024 fiscal year valuations for 243[5] public pension plans across the U.S. In California, CalSTRS and four[6] 1937 Act CERL systems currently use an inflation assumption of 2.75%, while CalPERS and the 16 remaining 1937 Act CERL systems (including KCERA) use an assumption of 2.50%.[7]

KCERA's investment consultant, Verus, anticipates an annual inflation rate of 2.30% over a 30-year horizon.[8] The average inflation assumption provided by Verus and five other investment advisory firms retained by Segal's California public sector clients, as well as Segal's investment advisory division (Segal Marco Advisors), was 2.49%. The time horizon used by the investment consultants included in our review, with the exception of one investment consultant that uses a one-year horizon, generally ranges from 20 years to 30 years.

To find a forecast of inflation based on a longer time horizon, we referred to the Social Security Administration's (SSA) 2025 report on the financial status of the Social Security program.[9] The projected average increase in the CPI over the next 75 years under the intermediate cost assumptions used in that report was 2.40%, which the SSA has maintained for several years. The SSA report also includes alternative projections using lower and higher inflation assumptions of 1.80% and 3.00%, respectively.

Finally, we also compared the yields on the 30-year inflation indexed U.S. Treasury bonds to comparable traditional U.S. Treasury bonds.[10] This "break-even rate" is commonly regarded as a market-based gauge of future inflation expectations. While this measure can be quite volatile, it is worth noting that during the peak of the most recent inflation spike this break-even rate exceeded 2.50% in only a single month, April 2022 (2.55%). As of March 2026, the difference in yields was 2.23%.

The following graph shows KCERA's historical and recommended inflation assumptions as well as the two metrics just discussed. In effect, this compares KCERA's assumption to two separate independent forecasts, one based on market observations and one developed by economists at the SSA. The graph shows that over the observed period, KCERA's assumption has been gradually decreasing as it converges with the other metrics and seems to be in a stable place at this point in time.

4 Public Plans Data is produced by the Center for Retirement Research at Boston College in partnership with the MissionSquare Research Institute, National Association of State Retirement Administrators, and the Government Finance Officers Association.

5 Among 253 large public retirement funds, the 2024 fiscal year inflation assumption was not available for 10 of the public retirement funds in the survey data as of March 2026.

6 We note that none of these four 1937 Act CERL systems are served by Segal.

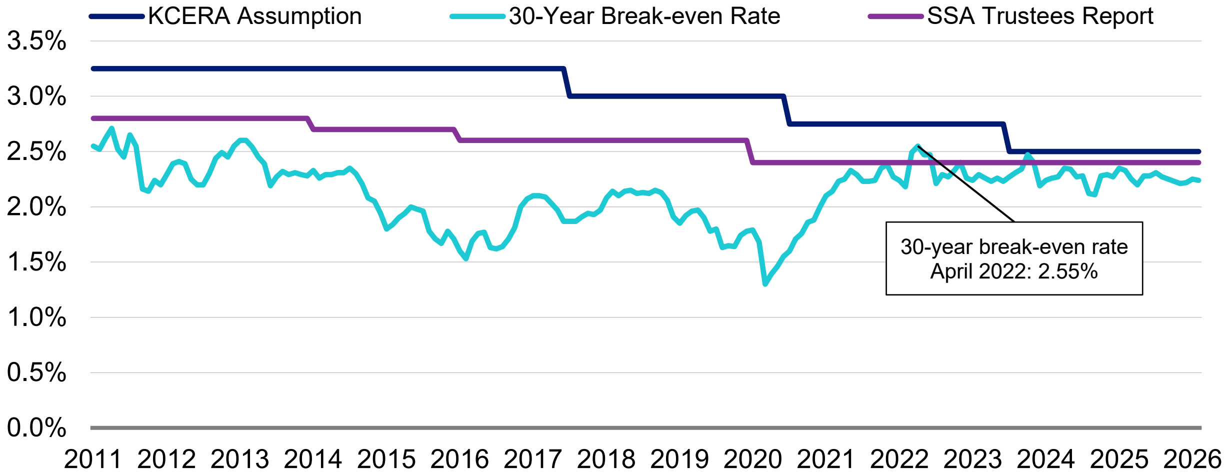
7 Eight of these 1937 Act CERL systems use a 2.50% inflation assumption with a 2.75% COLA assumption.

8 The annual inflation assumption used by Verus is 2.7% over a 10-year horizon.

9 Source: "Social Security Administration: The 2025 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds."

10 Source: Board of Governors of the Federal Reserve System.

Historical Inflation Forecasts



The setting of the inflation assumption using the information outlined above is a somewhat subjective process, and Segal does not apply a specific weight to each of the metrics in determining our recommended inflation assumption. Based on a consideration of all the above metrics, beginning in 2021 we have been recommending the same 2.50% inflation assumption in our experience studies for our California public retirement system clients.

We recommend maintaining the annual inflation assumption at 2.50%.

Retiree cost-of-living increases

In our last economic assumptions review as of June 30, 2022, the Board maintained the recommended cost-of-living adjustments (COLA) assumption of 2.50% for all General and Safety Tiers. We continue to recommend setting the COLA assumptions based on the lesser of the provision adopted by the employers to provide an up to 2.5% retiree cost-of-living adjustment or the maximum annual long-term annual inflation assumption, as we have in prior years.

We recommend maintaining the retiree COLA assumption of 2.50% per year in the June 30, 2026 valuation for all tiers.

B. Investment return

The investment return assumption is comprised of two primary components, inflation, and real rate of return, with adjustments for certain expenses and risk.

Real rate of return

This component represents the portfolio's expected incremental investment market returns over inflation. Generally, when an investor takes on greater investment risk, the return on the investment is expected to also be greater, at least in the long run.[11] This additional risk and return is expected to vary by asset class and empirical data supports that expectation. For that reason, real rate of return assumptions are developed for each asset class and the resulting assumption for a retirement plan's portfolio will vary based on the Board's asset allocation.

The Association's target asset allocation and corresponding real rate of return assumptions (net of investment management expenses) are shown in the following table. The first column of returns are determined by reducing Verus' nominal 30-year arithmetic return assumptions by their assumed 2.30% inflation rate. The second column of returns shows the average real rate of return assumptions provided to us by Verus, five other investment advisors to Segal's California public sector retirement clients, and Segal Marco Advisors. We believe these averages are a reasonable consensus of long-term future market returns in excess of inflation.

[11] However, an argument can also be made that taking on more risk in the portfolio could justify a greater risk margin in the actuarial assumption used, to help manage that risk.

KCERA's Asset Allocation and Arithmetic Real Rate of Return Assumptions

Asset Class	KCERA's Target Asset Allocation	Verus' Real Rate of Return Assumption	Average Real Rate of Return Assumption from Seven Investment Firms
Global equity ex-U.S.	34.00%	6.30%	5.99%
U.S. core fixed income	4.00%	3.40%	2.48%
Bank loan	2.50%	4.80%	4.16%
Emerging market debt	2.50%	6.90%	4.55%
Short term government/credit	4.00%	2.70%	1.53%
U.S. treasury	3.00%	2.60%	2.60%
Real estate	7.00%	5.10%	4.57%
Cash	-2.50%	1.60%	0.85%
Commodities	5.00%	5.10%	4.01%
Private equity	6.00%	8.60%	9.18%
Private credit	8.00%	6.90%	5.98%
U.S. long treasury	4.00%	3.30%	3.30%[12]
Securitized credit	5.00%	3.70%	3.70%[12]
Private real assets	5.00%	7.40%	7.40%[12]
Hedge funds	10.00%	3.60%	3.60%[12]
Alpha pool	2.50%	3.60%	3.60%[12]
Total	**100.00%**	**5.53%**	**5.16%**

Generally, the above are representative of "indexed" returns for securities that are publicly traded, returns net of fees for securities that are non-publicly traded and do not include any additional returns ("alpha") from active management. Consideration of returns without alpha is consistent with the Actuarial Standard of Practice No. 27, Section 3.7.3.d, which states:

> "Investment Manager Performance — Anticipating superior (or inferior) investment manager performance may be unduly optimistic (or pessimistic). The actuary should not assume that superior or inferior returns will be achieved, net of investment expenses, from an active investment management strategy compared to a passive investment management strategy unless the actuary believes, based on relevant supporting data, that such superior or inferior returns represent a reasonable expectation over the measurement period."

The following are some observations about the returns provided above:

- • The investment consultants and Segal's investment advisory division included in our sample provided us with their expected real rates of return for each asset class over

[12] There is a larger disparity in returns for this asset class among the firms surveyed, so Verus' assumption is applied in lieu of the average to more closely reflect the underlying investments made specifically for KCERA.

varying time horizons. In general, the time horizon used by an individual investment consultant is not necessarily consistent with the time horizon of the actuarial assumption, which is used to discount cashflows over the expected lifetime of each plan member.

- Using an average of real rate of return assumptions allows KCERA's investment return assumption to reflect a broad range of capital market information and to help reduce year to year volatility in the investment return assumption.
- We recommend the 5.16% portfolio net real rate of return, as calculated above, be used in the determination of KCERA's investment return assumption.
  - This return is 0.65% lower than the 5.81% net return that was used three years ago in the review of the recommended investment return assumption for the June 30, 2023 valuation.
  - The 0.65% decrease in the portfolio net real rate of return since 2023 is due to changes in the real rate of return assumptions provided by the investment advisory firms (-0.36% under the 2023 asset allocation), changes in KCERA's target asset allocation (-0.38%) and the interaction effect between these changes (+0.09%).
  - Even though there is a reduction in the real rates of return between the 2023 study and the current study, it is worth noting that the real rates of return provided in the capital market assumptions in the current study are generally higher than those in the ten-year period following the Global Financial Crisis, and so altogether should be used with caution in selecting a long-term investment return assumption.

Investment expenses

For funding purposes, the real rate of return assumption for the portfolio needs to be adjusted for investment expenses expected to be paid from investment income. As the investment consultants discussed in the prior section provide us with real rates of return that are net of expected investment manager fees, we only need to make adjustments for investment consulting fees, custodian fees and other miscellaneous investment expenses.

The following table shows these investment expenses as a percentage of the beginning of year actuarial value of assets.

Investment Expenses as a Percentage of Actuarial Value of Assets ($ in '000s)

Year Ended June 30	Actuarial Value of Assets[13]	Investment Expenses[14]	Investment Expenses as %
2020	$4,418,118	$1,869	0.04%
2021	4,635,030	2,667	0.06%
2022	4,988,449	2,194	0.04%
2023	5,351,182	2,378	0.04%
2024	5,594,899	7,305	0.13%
2025	5,962,375	2,804	0.05%

[13] As of beginning of plan year.
[14] Equals the sum of investment consulting fees, custodian fees and other miscellaneous investment expenses. Excludes investment manager fees.

Investment Expenses Averages and Assumptions

Averaging Period and Assumption	Investment Expense Percentage
Current assumption	0.05%
Three-year average (2023–2025)	0.07%
Six-year average (2020–2025)	0.06%
Recommended assumption	**0.05%**

We recommend maintaining the investment expense assumption at 0.05%.

Adjustment to expected geometric real rate of return

The recommended 5.16% real rate of return assumption was based on expected arithmetic average returns. A retirement system using an expected arithmetic average return as the discount rate in a funding valuation is expected, over long periods of time, to have no surplus or asset shortfall relative to its expected obligations assuming all other actuarial assumptions are met in the future.[15]

Beginning with the previous study, we have converted the portfolio's arithmetic average return to a geometric average return. A retirement system using a geometric average return as the discount rate in a funding valuation will, over long periods of time, have an equal likelihood of having a surplus or asset shortfall relative to its expected obligations assuming all actuarial assumptions are met in the future.[16]

For any given asset portfolio, the geometric average return will be less than the arithmetic average return.[17] The difference depends on the variability of the portfolio as measured by its standard deviation. Based on the portfolio's standard deviation of 10.46% provided by Verus, the adjustment to a geometric average return reduces the expected return by 0.52%. The strong majority of public plans across the United States use the geometric average return to determine the expected return on assets.

Risk adjustment

The real rate of return assumption for the portfolio is adjusted to reflect the potential risk of shortfalls in the return assumptions. KCERA's asset allocation determines this portfolio risk, since risk levels are driven by the variability of returns for the various asset classes and the correlation of returns among those asset classes. This portfolio risk is incorporated into the real rate of return assumption through a risk adjustment.

The purpose of the risk adjustment (as measured by the corresponding confidence level) is to increase the likelihood of achieving the actuarial investment return assumption in the long

15 The mathematical terminology for this is that the mean (or average) surplus or asset shortfall is expected to be zero.
16 The mathematical terminology for this is that over time the median surplus or asset shortfall is expected to be zero.
17 This is because the expected geometric average return reflects expected median outcomes, while the expected arithmetic average return reflects expected average or mean outcomes. Expected median outcomes are lower than expected average outcomes because they are less affected by the possibility of extraordinary ("outlier") favorable outcomes.

term.[18] It also acknowledges that investment results carry significant volatility over time, and yet the recommended assumption is a static number that does not explicitly convey this risk or its ramifications. The practice of including a risk adjustment helps mitigate some of this risk and is consistent with our experience that retirement plan fiduciaries would generally prefer that returns exceed the assumed rate more often than not.

The confidence level associated with a particular risk adjustment represents a relative likelihood that future investment earnings would equal or exceed the assumed earnings over a 15-year period. The 15-year time horizon represents an approximation of the "duration" of the fund's liabilities, where the duration of a liability represents the sensitivity of that liability to interest rate variations.

Three years ago, the Board adopted an investment return assumption of 7.00%. That return implied a risk adjustment of 0.51%, corresponding to a 15-year confidence level of 56%, based on an annual portfolio return standard deviation of 12.69% provided by Verus in 2023.

If we use the same 56% 15-year confidence level from our last study to set this year's risk adjustment, based on the current annual portfolio return standard deviation of 10.46% provided by Verus, the corresponding risk adjustment would be 0.42%. Together with the other investment return components, this would result in an investment return assumption of 6.67%, which is lower than the current assumption of 7.00%.

Based on Segal's general practice of using one-quarter percentage point increments for economic assumptions, we considered an investment return assumption of 6.75% which would produce a risk adjustment of 0.34% and a corresponding confidence level of 55%. For comparison, the current net investment return assumption of 7.00% would have a confidence level of 51% under this model.

Recommended investment return assumption

The following table summarizes the components of the recommended investment return assumption. For comparison purposes, we have also included similar values from the last study.

Assumption Component	June 30, 2026 Recommended Value	June 30, 2023 Adopted Value
Inflation	2.50%	2.50%
Arithmetic real rate of return	5.16%	5.81%
Expense adjustment	(0.05%)	(0.05%)
Geometric return adjustment	(0.52%)	(0.75%)
Risk adjustment	(0.34%)	(0.51%)
Total	**6.75%**	**7.00%**
Confidence level	**55%**	**56%**

[18] This type of risk adjustment is referred to in the Actuarial Standards of Practice as a "margin for adverse deviation."

Section 3: Economic Assumptions

We recommend reducing the investment return assumption from 7.00% to 6.75% per annum.

Comparison with historical assumptions

The table below shows KCERA's recommended investment return assumption and the corresponding risk adjustment and confidence level compared to similar values from prior studies.

Years Ended June 30[19]	Investment Return[20]	Risk Adjustment	Confidence Level
2011 – 2013	7.75%	(0.04%)	49%
2014 – 2016	7.50%	0.23%	53%
2017 – 2019	7.25%	0.22%	53%
2020 – 2022	7.25%	0.35%	55%
2023 – 2025	7.00%	0.51%	56%
2026 (Recommended)	**6.75%**	**0.34%**	**55%**

As we have discussed in prior experience studies, the risk adjustment model and associated confidence level is most useful as a means for comparing how KCERA has positioned itself relative to risk over periods of time.[21] The use of a 55% confidence level should be considered in context with other factors, including:

- As noted above, the confidence level is more of a relative measure than an absolute measure, and so can be reevaluated and reset for future comparisons. This is particularly true when comparing confidence levels developed using different models, as we have shown above between 2022 and 2023 when we transitioned from the arithmetic model to the geometric model.
- The confidence level is based on the standard deviation of the portfolio that is determined and provided to us by Verus. The standard deviation is a statistical measure of the future volatility of the portfolio and so is itself based on assumptions about future portfolio volatility and can be considered somewhat of a "soft" number.
- We have not taken into account any additional returns ("alpha") that might be earned on active management. If active management generates enough alpha to cover its related expenses, returns would increase.
- As with any model, the results of the risk adjustment model should be evaluated for reasonableness and consistency. This is discussed in the later section on "Comparison with other public retirement systems".

[19] Based on expected geometric average returns starting in 2023.
[20] The investment returns prior to 2014 are net of administrative expenses.
[21] In particular, it would not be appropriate to use this type of risk adjustment as a measure of determining an investment return rate that is "risk-free."

Effect of Gain Sharing Provisions

The recommended investment return assumption has been developed without taking into consideration any impact of the 50/50 excess earnings allocation between the retirement and Supplemental Retiree Benefit Reserve (SRBR) asset pools. This is based on our understanding that Article 5.5 of the Statute, which authorizes the allocation of 50% allocation of excess earnings to the SRBR, does not allow for the use of a different investment return for funding than is used for interest crediting. This would appear in effect to preclude the prefunding of the SRBR through the use of an assumption lower than the market earnings assumption.

ASOP No. 4 "Measuring Pension Obligations and Determining Pension Plan Costs or Contributions" states that some plan provisions, including gain sharing provisions, "may create pension obligations that are difficult to appropriately measure using traditional valuation procedures." ASOP No. 4 further states that "for such plan provisions, the actuary should consider using alternative valuation procedures, such as stochastic modeling…to reflect the impact of variations in experience from year to year."

Accordingly, we performed stochastic modeling in December 2015 to estimate the impact of the 50% allocation of future excess earnings to the SRBR. The results of our model indicated that the 50/50 allocation of future excess earnings would have about the same impact as an "outflow" (i.e., assets not available to fund the benefits included in the valuation) that would average approximately 0.3% of assets over time. This was done by comparing the future impact on the employer's contribution rate over a 15-year period with and without the 50% allocation of excess earnings to the SRBR.

We recommend that we continue to develop our recommended investment return assumption and the resultant member and employer contribution rates without considering the 50% allocation of excess earnings to the SRBR. In addition, we will continue to disclose in the annual actuarial valuation reports the potential increase in actuarial liabilities and employer contributions by re-measuring the liabilities and contributions under an investment return assumption that is reduced by 0.3% to anticipate the 50% allocation of future excess earnings to the SRBR. However, as it has been multiple years since the analysis was performed, it may be appropriate to update the analysis in the near future.

Comparison with alternative model

To maintain a robust analytical framework, we have employed an alternative model for comparison by evaluating the recommended 6.75% assumption based on the expected geometric return for the entire portfolio net of investment management expenses, but using a fully stochastic approach and a different source for capital market assumptions.

Under this alternative model, over a 15-year period, there is a 57% likelihood that future average geometric returns will meet or exceed 6.75%[22] developed using the capital market assumptions compiled by Horizon Actuarial Services based on their most recent survey published in August 2025. This 57% likelihood of achieving a 6.75% return is greater than the

[22] We performed this stochastic simulation using the capital market assumptions included in the 2025 survey prepared by Horizon Actuarial Services. That simulation was performed using 10,000 trial outcomes of future market returns, using assumptions from 20-year arithmetic returns, standard deviations and correlation matrix that were found in the 2025 survey that included responses from 41 investment advisors.

corresponding likelihood of 51% (for achieving a 7.00% return) that we observed in this comparison during the assumption review in 2023. Note that the likelihood of 51% we calculated in the prior study was based on the capital market assumptions provided in the Horizon Survey updated through August 2022.

Comparison with other public retirement systems

One final review of the recommended investment return assumption is to compare it against those used by other public retirement systems, both in California and nationwide.

An investment return of 6.75% or lower is becoming more common among California public sector retirement systems. Of the twenty 1937 Act CERL systems, one uses a 7.25% investment assumption, six use 7.00%, eight use 6.75%, four use 6.50%, and one uses 6.25%. Furthermore, CalSTRS currently uses a 7.00% investment return assumption, CalPERS uses a 6.80% investment return assumption, while the San Jose and San Diego City retirement systems use investment return assumptions of 6.625% and 6.50%, respectively.

The following table compares KCERA's recommended investment return assumption against those of the 239[23] large public retirement funds in their 2024 fiscal year valuations based on information found in the Public Plans Database,[24] which is produced in partnership with NASRA.

Assumption	KCERA	Public Plan Data Low	Public Plan Data Median	Public Plan Data High
Investment return	6.75%	4.31%	7.00%	7.50%

The detailed survey results show that 72% of the systems have reduced their investment return assumption from 2017 to 2024. State systems outside of California tend to change their economic assumptions less frequently and so may lag behind emerging practices in this area. NCPERS also conducts an annual survey of public plans nationwide, and their 2026 survey reports an average investment return assumption of 6.67%.

[23] Among 246 large public retirement funds, the 2024 fiscal year investment return assumption was not available for 7 of the public retirement funds in the Public Plans Database as of March 2026.
[24] Public Plans Data website – Produced in partnership with the National Association of State Retirement Administrators (NASRA).

C. Salary increases

Salary increases impact plan costs in two ways:

1. Increasing members' benefits (since benefits are a function of the members' highest average pay) and future normal cost collections; and
2. Increasing total active member payroll which in turn generates lower UAAL contribution rates as a percentage of payroll.

As an employee progresses through his or her career, increases in pay are expected to come from three sources, inflation, real "across-the-board" increases and merit and promotion increases. Each of these assumptions is discussed in more detail below.

Inflation

Unless pay grows at least as fast as consumer prices grow, employees will experience a reduction in their standard of living. There may be times when pay increases lag or exceed inflation, but over the long term, labor market forces may require an employer to maintain its employees' standards of living.

As discussed earlier in this report, we recommend maintaining the annual inflation assumption at 2.50%.

Real "across-the-board" pay increases

These increases are typically termed productivity increases since they are considered to be derived from the ability of an organization or an economy to produce goods and services in a more efficient manner. As that occurs, at least some portion of the value of these improvements can provide a source for pay increases. These increases are typically assumed to extend to all employees "across the board." The State and Local Government Workers Employment Cost Index produced by the Department of Labor provides evidence that real "across-the-board" pay increases have averaged about 0.1% – 0.4% annually during the last ten to twenty years.

We also referred to the annual report on the financial status of the Social Security program published in June 2025. In that report, real "across-the-board" pay increases are forecast to be 1.13% per year under the intermediate assumptions.

The real pay increase assumption is generally considered a more "macroeconomic" assumption that is not necessarily based on individual plan experience. However, the following table compares KCERA's recent salary experience to the change in CPI over the three-year and six-year period ending June 30, 2025. We note that the actual average salary increase was higher than the average change in the CPI over the six-year period ending June 30, 2025 in part due to significant equity adjustments in 2022-2023 and 2023-2024.

Valuation Date	Actual Average[25] Wage Inflation	Actual Annual Average Change in CPI[26]
June 30, 2020	2.51%	1.62%
June 30, 2021	1.77%	3.83%
June 30, 2022	1.51%	7.45%
June 30, 2023	7.66%	3.48%
June 30, 2024	6.78%	3.30%
June 30, 2025	4.60%	3.16%
Three-year average (2023 – 2025)	**6.35%**	**3.31%**
Six-year average (2020 – 2025)	**4.14%**	**3.81%**

Based on the above information, we recommend maintaining the real "across-the-board" salary increase assumption at 0.50%.

Merit and promotion increases

As the name implies, these increases come from an employee's career advancement. This form of pay increase differs from the previous two, since it is specific to the individual. For KCERA, we continue to recommend service-specific merit and promotion increase assumptions.

The annual merit and promotion increases are determined by measuring the actual increases received by members over the experience period, net of the inflationary and real "across-the-board" pay increases. This is accomplished by:

1. Measuring each continuing member's actual salary increase over each year of the experience period on a salary-weighted basis, with higher weights assigned to experience from members with larger salaries;
2. Excluding any members with increases of more than 50% or decreases of more than 25% during any particular year;
3. Categorizing these increases into groups by years of service;
4. Removing the wage inflation component from these increases (assumed to be the total 3.00% assumed inflation and real "across-the-board" increases each year);
5. Averaging these annual increases over the experience period; and
6. Modifying current assumptions to reflect some portion of these measured increases reflective of their "credibility."

[25] Reflects the increase in average salary for members at the beginning of the year versus those at the end of the year. It does not reflect the average salary increases received by members who worked the full year.

[26] Based on the change in the annual average CPI index for the Los Angeles-Long Beach-Anaheim Area compared to the prior year.

Section 3: Economic Assumptions

To be consistent with the other economic assumptions, these merit and promotion assumptions should be used in combination with the total 3.00% assumed inflation and real “across-the-board” increases recommended in this study.

Merit and promotion increases are measured separately for General and Safety members. Note that beginning with this experience study, we are also recommending separate merit and promotion increase assumptions for Tier I and IIA members and Tier IIB and III members.

Due to the high variability of the actual salary increases, we have analyzed this assumption using data for the past six years. We believe that when the experience from the current and prior study is combined, it provides a more reasonable representation of potential future merit and promotion salary increases over the long term.

As noted earlier, there were significant equity adjustments in 2022-2023 and 2023-2024 and we took those into account while recommending adjustments to the merit and promotion increases. Therefore, we have generally not increased the rates (after considering credibility) by as much as the actual rates may seem to imply.

The following table shows the General Tier I and IIA members’ actual average merit and promotion increases by years of service over the three-year period from July 1, 2022 through June 30, 2025. As mentioned above, we have also included the actual average increases based on the past six years (July 1, 2019 through June 30, 2025) for General Tier I and IIA members. These actual increases were reduced by the assumed average inflation plus "across-the-board" increase. The current and recommended assumptions are also shown.

General Tier I and IIA — Merit and Promotion Salary Increase Rates

Years of Service	Current Expected Increase	Actual 3 Year Average	Actual 6 Year Average	Recommended Expected Increase
Less than 1	5.00%	4.27%	2.47%	5.00%
1 – 2	5.25%	6.15%	4.39%	5.25%
2 – 3	4.50%	6.02%	3.68%	4.50%
3 – 4	4.00%	6.06%	3.84%	4.00%
4 – 5	3.25%	8.22%	3.17%	3.25%
5 – 6	2.75%	4.26%	1.99%	2.75%
6 – 7	2.25%	6.08%	2.37%	2.25%
7 – 8	2.00%	7.42%	1.84%	2.00%
8 – 9	1.75%	6.40%	1.13%	1.75%
9 – 10	1.50%	7.85%	3.30%	1.50%
10 – 11	1.25%	6.98%	3.78%	1.45%
11 – 12	1.15%	4.76%	2.01%	1.40%
12 – 13	1.05%	3.91%	1.38%	1.35%
13 – 14	1.00%	5.88%	1.77%	1.30%
14 – 15	0.90%	6.78%	3.36%	1.25%
15 – 16	0.80%	5.91%	3.95%	1.15%
16 – 17	0.70%	4.06%	2.70%	1.05%
17 – 18	0.70%	3.72%	2.11%	1.00%
18 – 19	0.70%	3.91%	1.56%	0.95%
19 – 20	0.70%	4.39%	1.72%	0.85%
20 and over	0.70%	4.65%	2.40%	0.75%
Actual / Expected (6 years)	**101.4%**			**101.2%**

For General Tier I and IIA members with less than ten years of service, we recommend maintaining the current merit and promotion salary increases due to the overall low level of experience for those service categories. For General Tier I and IIA members with ten or more years of service, we recommend increasing the current merit and promotion salary increases.

Chart 1 on page 30 compares the actual merit and promotion increase experience for General Tier I and IIA members with the current and recommended assumptions.

The following table shows similar information for General Tier IIB and III members.

General Tier IIB and III — Merit and Promotion Salary Increase Rates

Years of Service	Current Expected Increase	Actual 3 Year Average	Actual 6 Year Average	Recommended Expected Increase
Less than 1	5.00%	6.27%	4.75%	5.00%
1 – 2	5.25%	7.65%	6.17%	5.50%
2 – 3	4.50%	7.65%	5.84%	4.75%
3 – 4	4.00%	7.33%	5.53%	4.50%
4 – 5	3.25%	6.79%	4.93%	3.75%
5 – 6	2.75%	6.12%	4.39%	3.25%
6 – 7	2.25%	6.04%	4.40%	2.75%
7 – 8	2.00%	5.11%	3.87%	2.50%
8 – 9	1.75%	4.75%	4.23%	2.25%
9 – 10	1.50%	5.17%	5.01%	1.85%
10 – 11	1.25%	3.66%	3.60%	1.45%
11 – 12	1.15%	2.83%	2.99%	1.40%
12 – 13	1.05%	4.05%	3.23%	1.35%
13 – 14	1.00%	3.33%	2.45%	1.30%
14 – 15	0.90%	3.48%	2.50%	1.25%
15 – 16	0.80%	3.26%	2.73%	1.15%
16 – 17	0.70%	4.82%	4.82%	1.05%
17 – 18	0.70%	3.48%	3.48%	1.00%
18 – 19	0.70%	6.64%	6.64%	0.95%
19 – 20	0.70%	0.00%	0.00%	0.85%
20 and over	0.70%	0.00%	0.00%	0.75%
Actual / Expected (6 years)	**101.3%**			**100.9%**

For General Tier IIB and III members with less than ten years of service, we recommend increasing the merit and promotion salary increases for most service categories. For General Tier IIB and III members with ten or more years of service, we recommend the same merit and promotion salary increases that are recommended for General Tier I and IIA members with ten or more years of service due to the overall low level of experience for General Tier IIB and III members in those service categories.

Chart 2 on page 30 compares the actual merit and promotion increase experience for General Tier IIB and III members with the current and recommended assumptions.

The following table shows the Safety Tier I and IIA members' actual average merit and promotion increases by years of service over the three-year period from July 1, 2022 through June 30, 2025. As mentioned above, we have also included the actual average increases based on the past six years (July 1, 2019 through June 30, 2025) for Safety Tier I and IIA members.

These actual increases were reduced by the assumed average inflation plus "across-the-board" increase. The current and recommended assumptions are also shown.

Safety Tier I and IIA — Merit and Promotion Salary Increase Rates

Years of Service	Current Expected Increase	Actual 3 Year Average	Actual 6 Year Average	Recommended Expected Increase
Less than 1	7.00%	0.00%	0.26%	7.00%
1 – 2	8.00%	7.95%	3.56%	8.00%
2 – 3	6.00%	20.94%	13.17%	6.00%
3 – 4	5.50%	5.06%	4.85%	5.50%
4 – 5	5.00%	21.13%	5.95%	5.00%
5 – 6	4.00%	4.26%	3.06%	4.00%
6 – 7	3.50%	10.09%	2.43%	3.50%
7 – 8	3.00%	14.08%	1.70%	3.00%
8 – 9	2.00%	10.10%	2.06%	2.00%
9 – 10	1.75%	7.11%	3.94%	1.75%
10 – 11	1.25%	7.70%	3.61%	1.75%
11 – 12	1.25%	7.08%	3.27%	1.75%
12 – 13	1.25%	6.51%	2.54%	1.50%
13 – 14	1.25%	7.39%	2.75%	1.50%
14 – 15	1.25%	8.68%	3.89%	1.50%
15 – 16	1.00%	8.30%	5.05%	1.25%
16 – 17	1.00%	8.33%	5.25%	1.25%
17 – 18	1.00%	7.52%	4.34%	1.25%
18 – 19	1.00%	7.65%	3.47%	1.25%
19 – 20	1.00%	7.60%	3.68%	1.25%
20 and over	1.00%	8.20%	4.97%	1.25%
Actual / Expected (6 years)	**102.9%**			**102.6%**

For Safety Tier I and IIA members with less than ten years of service, we recommend maintaining the current merit and promotion salary increases due to the overall low level of experience for those service categories. For Safety Tier I and IIA members with ten or more years of service, we recommend increasing the current merit and promotion salary increases.

Chart 3 on page 31 compares the actual merit and promotion increase experience for Safety Tier I and IIA members with the current and recommended assumptions.

The following table shows similar information for Safety IIB members.

Safety IIB — Merit and Promotion Salary Increase Rates

Years of Service	Current Expected Increase	Actual 3 Year Average	Actual 6 Year Average	Recommended Expected Increase
Less than 1	7.00%	11.53%	10.01%	7.00%
1 – 2	8.00%	9.88%	9.40%	8.00%
2 – 3	6.00%	7.31%	6.79%	6.00%
3 – 4	5.50%	7.49%	6.63%	5.50%
4 – 5	5.00%	9.07%	7.56%	5.00%
5 – 6	4.00%	8.02%	6.16%	4.00%
6 – 7	3.50%	6.21%	4.60%	3.75%
7 – 8	3.00%	6.93%	5.30%	3.50%
8 – 9	2.00%	6.49%	5.49%	2.50%
9 – 10	1.75%	8.47%	8.20%	2.00%
10 – 11	1.25%	7.76%	7.60%	1.75%
11 – 12	1.25%	4.04%	3.72%	1.75%
12 – 13	1.25%	6.90%	5.24%	1.50%
13 – 14	1.25%	7.53%	5.89%	1.50%
14 – 15	1.25%	4.76%	4.67%	1.50%
15 – 16	1.00%	7.64%	7.64%	1.25%
16 – 17	1.00%	8.82%	8.82%	1.25%
17 – 18	1.00%	3.68%	3.68%	1.25%
18 – 19	1.00%	0.00%	0.00%	1.25%
19 – 20	1.00%	0.00%	0.00%	1.25%
20 and over	1.00%	0.00%	0.00%	1.25%
Actual / Expected (6 years)	**102.2%**			**102.1%**

For Safety IIB members with less than ten years of service, we recommend increasing the merit and promotion salary increases at certain service categories. For Safety Tier IIB members with ten or more years of service, we recommend the same merit and promotion salary increases that are recommended for Safety Tier I and IIA members with ten or more years of service due to the overall low level of experience for Safety Tier IIB members in those service categories.

Chart 4 on page 31 compares the actual merit and promotion increase experience for Safety IIB members with the current and recommended assumptions.

Total payroll growth

Projected active member payrolls are used to develop the UAAL contribution rate. Future values are determined as a product of the number of employees in the workforce and the average pay for all employees. The average pay for all employees increases only by inflation and real "across-the-board" pay increases. The merit and promotion increases are not included, because this average pay is not specific to an individual.

Under the Board's current practice, the UAAL contribution rate is developed by assuming that the number of active members will remain about the same, so that the total payroll for all active members will increase annually over the amortization periods at the same assumed rates of inflation plus real "across-the-board" salary increase assumptions as are used to project the members' future benefits. Note again that this does not include the assumed merit and promotion increases, because longer service members are assumed to be replaced by new members.

As part of reviewing the current practice, we have summarized in the table below how the number of active members and total payroll has changed over the last six valuations.

Active Members and Projected Payroll[27]

Year Ended June 30	Number of Active Members	Projected Payroll ($ in '000s)
2020	9,326	$634,570
2021	9,072	623,294
2022	9,076	633,102
2023	9,557	716,116
2024	10,217	817,439
2025	10,459	875,293
Average Annual Rate of Increase	**2.38%**	**6.83%**

As can be observed from the above table, the average annual rate of increase in the projected payroll during the above period was 6.83% before accounting for the 2.38% average growth in the total active workforce (and 4.45% after netting out the impact due to the growth in the active workforce). It is also worth noting that the past few years may have been affected by the inflation spike that occurred at the end of COVID.

After considering the above factors and experience, we recommend maintaining the payroll growth assumption at 3.00% annually (consistent with the combined recommended inflation and real "across-the-board" salary increase assumptions).

[27] Projected payroll is used to develop the UAAL contribution rate in the actuarial valuation.

Chart 1: Merit and Promotion Salary Increase Rates
General Tier I and IIA Members

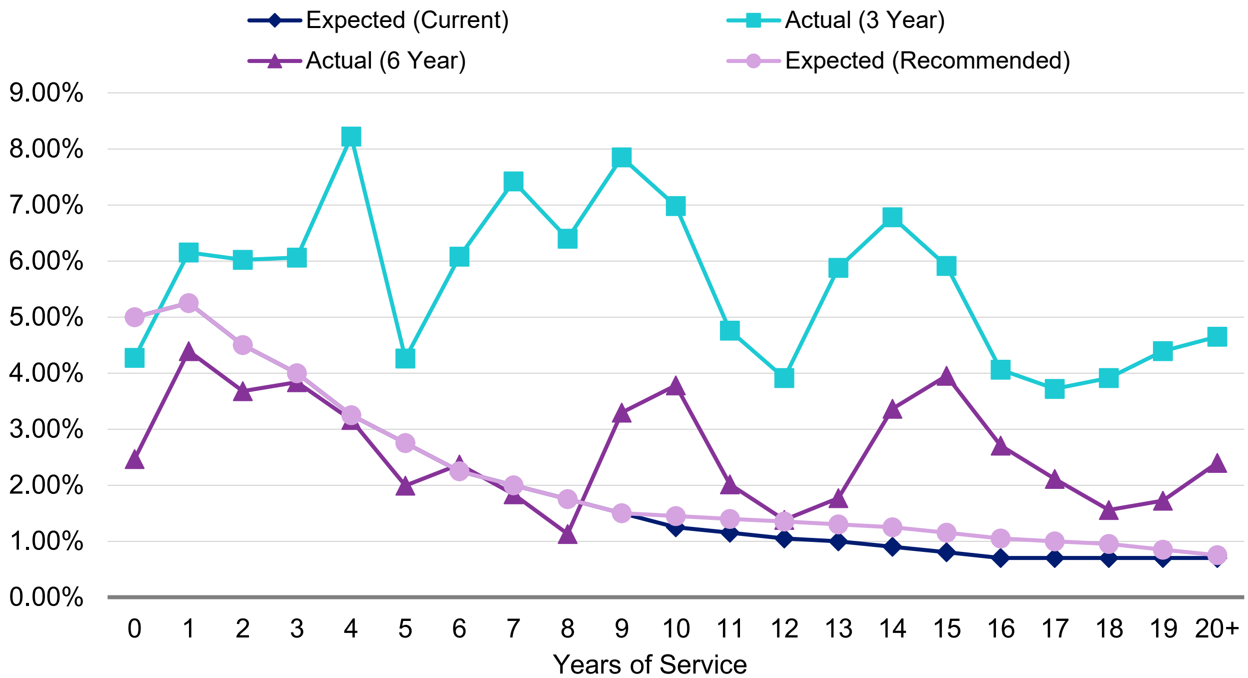


Chart 2: Merit and Promotion Salary Increase Rates
General Tier IIB and III Members

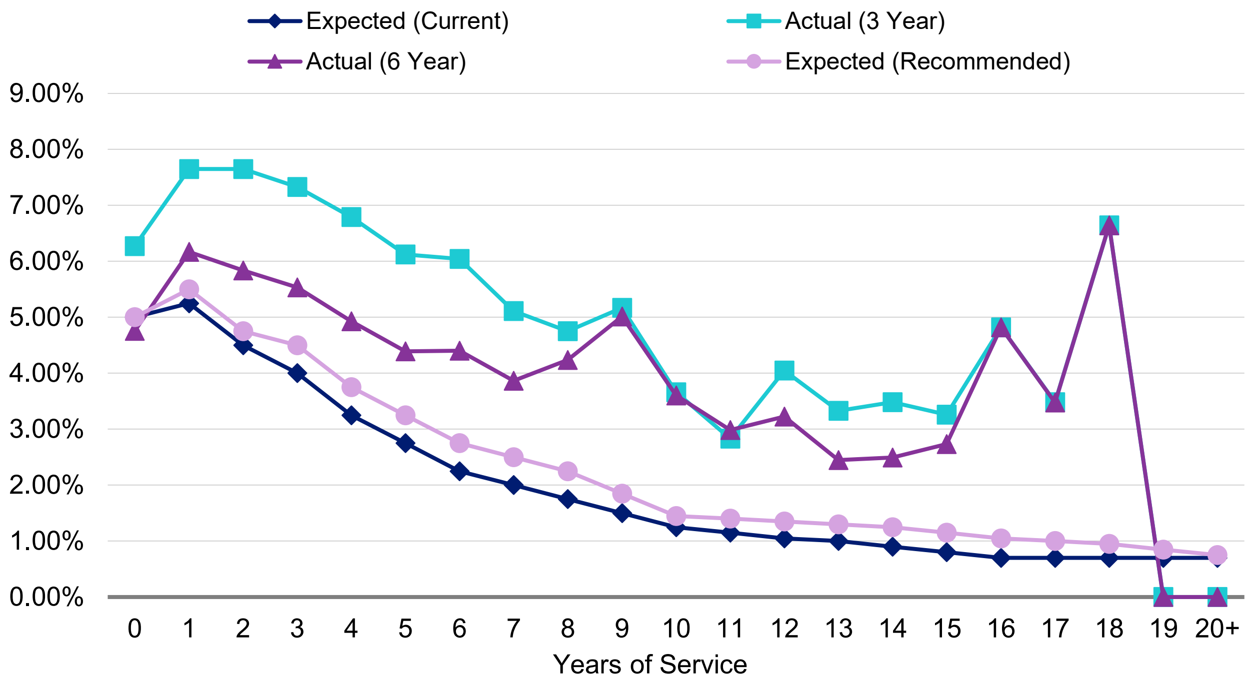


Chart 3: Merit and Promotion Salary Increase Rates
Safety Tier I and IIA Members

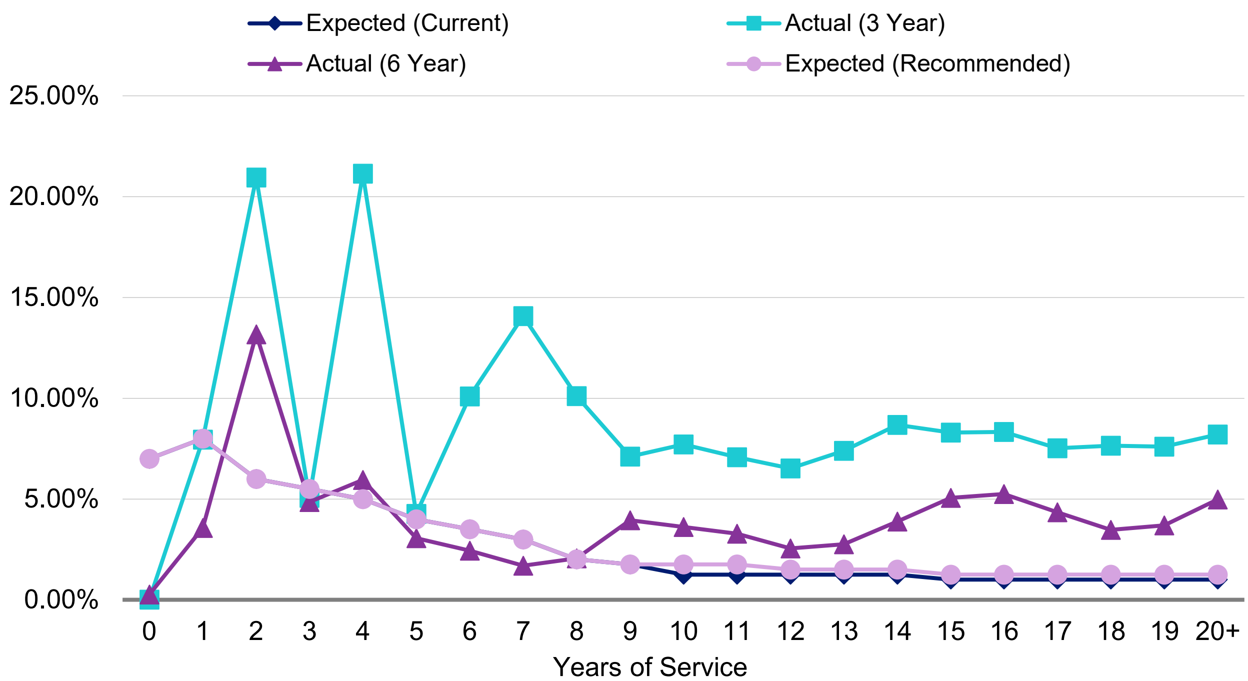
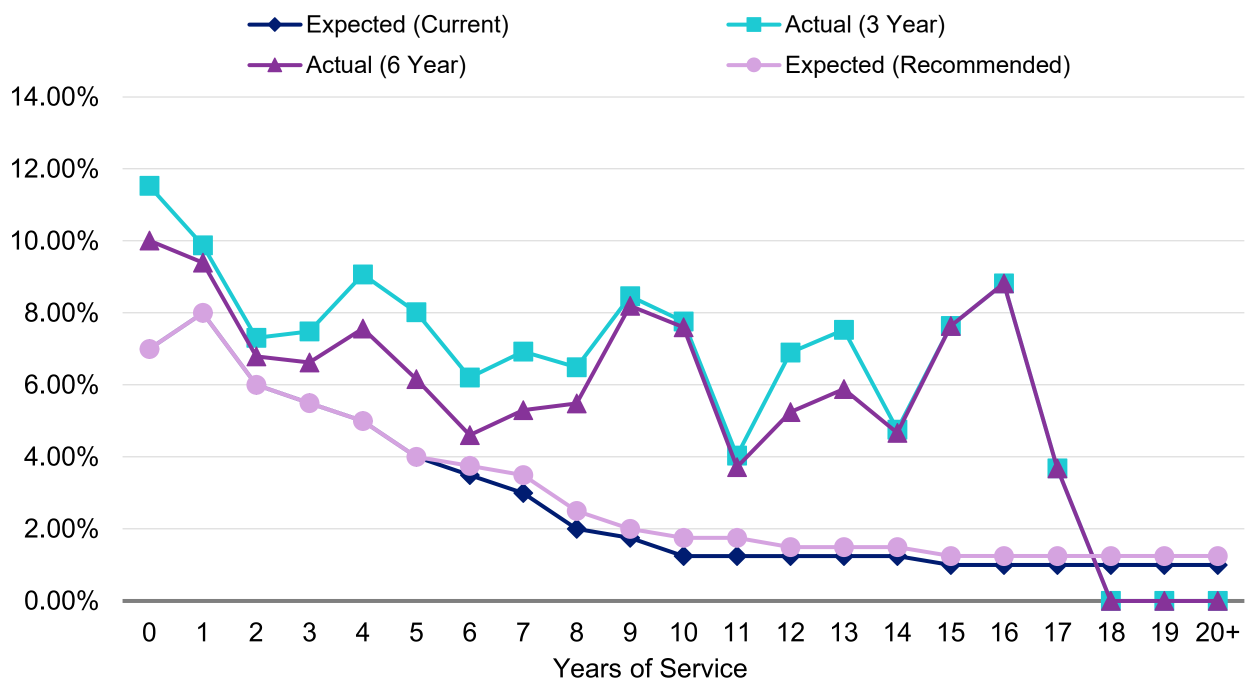


Chart 4: Merit and Promotion Salary Increase Rates
Safety Tier IIB Members



D. Administrative expenses

Administrative expenses incurred in connection with the plan's operation are paid from the Association's assets. These expenses include fees for administrative, legal, accounting, and actuarial services, as well as routine costs for printing, mailings, computer-related activities, and other functions carried out by the Association. They do not include investment-related expenses.

In order to reflect future administrative expenses in the contribution rates, the total administrative expense load is allocated between the employer and member based on contribution rates (before expenses) for the employer and member in each actuarial valuation.

The following table shows actual administrative expenses as a percentage of payroll.

Administrative Expenses as a Percentage of Payroll ($ in '000s)

Year Ended June 30	Payroll	Administrative Expenses	Administrative Expenses as %
2020	$607,695	$5,523	0.91%
2021	604,320	6,061	1.00%
2022	612,609	6,702	1.09%
2023	677,026	7,260	1.07%
2024	797,698	8,222	1.03%
2025	839,637	9,224	1.10%

Administrative Expenses Averages and Assumptions

Averaging Period and Assumption	Administrative Expense Percentage
Current assumption	0.95%
Three-year average (2023 – 2025)	1.07%
Six-year average (2020 – 2025)	1.03%
Recommended assumption	**1.00%**

We recommend increasing the administrative expense assumption from 0.95% to 1.00% of payroll.

This expense will be allocated to the employer and member based on the total average contribution rates in the upcoming June 30, 2026 actuarial valuation, as determined before including the administrative expenses. The allocation of the total administrative expenses between employer and member is subject to change with each actuarial valuation.

Section 4: Demographic Assumptions

A. Mortality rates — healthy

The “healthy” mortality rates project the life expectancy of a member who retires from service (i.e., who did not retire on a disability pension). Also, the “healthy” pre-retirement (employee) mortality rates project what proportion of members will live to retirement.

In 2019, the Retirement Plans Experience Committee (RPEC) of the SOA published the first family of mortality tables based exclusively on public sector pension plan experience in the United States referred to as the Pub-2010 Public Retirement Plans Mortality Tables (Pub-2010). In 2025, RPEC published and the SOA approved an updated family of mortality tables, referred to as the Pub-2016 Public Retirement Plans Mortality Tables (Pub-2016).[28]

Within the Pub-2010 and Pub-2016 family of mortality tables, there are separate tables by job categories of General, Safety and Teachers. Included with the mortality tables is the analysis prepared by RPEC that continues to observe that benefit amount for healthy retirees and salary for employees are the most significant predictors of mortality differences within the job categories. Therefore, Pub-2010 and Pub-2016 include mortality rates developed on an “amount-weighted” basis, with higher credibility assigned to experience from annuitants and employees receiving larger benefits and salaries, respectively.

We recommend the "amount-weighted" tables from the Pub-2016 family of mortality tables be used (adjusted for KCERA experience as discussed herein), as well as using the “above-median” tables for Safety members.

A generational mortality table provides dynamic projections of mortality experience for each cohort of retirees. For example, the mortality rate for someone who is 65 next year will be slightly less than for someone who is 65 this year. In general, using generational mortality anticipates increases in the cost of the plan over time as participants’ life expectancies are projected to increase and is now the established practice within the actuarial profession.

RPEC has historically published annual updates to their mortality improvement scale. However, the mortality data observed during 2020 was severely impacted by the COVID-19 pandemic and RPEC has not released a new mortality improvement scale that incorporates the substantially higher rate of mortality experience from 2020. Therefore, Scale MP-2021 remains the most recent mortality improvement scale published as of the date of this report.

We recommend continuing to apply Scale MP-2021 generationally where each future year has its own mortality table that reflects the forecasted improvements.

In order to reflect more KCERA experience in our analysis of the mortality assumption, we have used experience over a 15 year period by using data from the current experience study period

[28] The Pub-2016 family of mortality tables have been developed without experience from the COVID-19 pandemic.

(from July 1, 2022 through June 30, 2025) and the last four experience study periods (from July 1, 2019 through June 30, 2022; from July 1, 2016 through June 30, 2019; from July 1, 2013 through June 30, 2016; and from July 1, 2010 through June 30, 2013). While we did not have information on the number of COVID-19 related deaths from July 1, 2019 through June 30, 2022, we noticed a spike in the number of deaths for 2020-2021 and 2021-2022. We have excluded the mortality data from 2020-2021 and 2021-2022 in setting our recommended mortality assumptions.

In 2008 the SOA published an article recommending that mortality assumptions include an adjustment for credibility. Under this approach, the number of deaths needed for full credibility for a headcount-weighted mortality table is just over 1,000,[29] where full credibility means a 90% confidence that the actual experience will be within 5% of the expected value. For KCERA, the number of actual deaths differs for each cohort and varies from no deaths for Safety active females to 943 deaths for General healthy retiree females over the 13-year period studied. In our recommended assumptions, we have adjusted the Pub-2016 mortality tables to fit KCERA's experience based on the partial credibility for each cohort.

Post-retirement mortality (service retirements)

The current mortality tables used for post-retirement mortality are as follows:

- **General members**
  - Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and increased by 15% for females, projected generationally with Scale MP-2021.
- **Safety members**
  - Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates unadjusted for males and females, projected generationally with Scale MP-2021.

The following table shows the observed benefit-weighted deaths for heathy retired members based on the actual experience during the 13-year period. Also shown are the expected benefit-weighted deaths under the current and recommended assumptions.

[29] The number of deaths needed for full credibility for an "amount" weighted mortality table is generally higher and based on the dispersion of the benefit amount for a given retiree group.

Healthy Retiree Mortality – Benefit-Weighted Deaths ($ in millions)

Gender	General Current Expected	General Actual	General Recomm. Expected	Safety Current Expected	Safety Actual	Safety Recomm. Expected
Male	$249.24	$265.09	$260.91	$141.46	$144.56	$139.54
Female	226.96	246.97	228.20	10.53	7.59	9.55
Total	**$476.20**	**$512.05**	**$489.11**	**$151.99**	**$152.15**	**$149.09**
Actual / Expected	**107.5%**		**104.7%**[30]	**100.1%**		**102.1%**[31]

Notes

1. Experience shown above is weighted by annual benefit amounts for deceased members.
2. Expected amounts under the current and recommended generational mortality tables are based on mortality rates from the base year projected with mortality improvements to the year the death occurred (or was expected to occur).
3. Results may not add due to rounding.

As shown in the table above, the recommended mortality tables have an actual to expected ratio of about 105% and 102% for General and Safety, respectively, after adjustments for partial credibility. In future years the ratios should remain around these levels as long as actual mortality improves at the same rates as anticipated by the generational mortality tables.

Based on standard statistical theory, the data used in our analysis is only partially credible under the recommended "amount-weighted" basis when dispersion of retirees' benefit amounts is considered, particularly for the Safety membership groups (for example, a credibility of 11% for Safety females). Therefore, the recommended mortality tables reflect only a partial adjustment for actual KCERA experience.

We recommend updating the post-retirement mortality assumptions to the following:

- **General members**
  - Pub-2016 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 5% for males and increased by 15% for females, projected generationally with Scale MP-2021.
- **Safety members**
  - Pub-2016 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for males and decreased by 5% for females, projected generationally with Scale MP-2021.

Chart 5 on page 41 compares the actual to expected deaths on an amount-weighted basis for General service retirement members over the 13-year period for the current and recommended assumptions.

[30] If we used the benchmark Pub-2016 General Healthy Retiree table without any adjustment, the recommended actual to expected ratio would be 115%.

[31] If we used the benchmark Pub-2016 Safety Healthy Retiree table without any adjustment, the recommended actual to expected ratio would be 106%.

Chart 6 on page 41 compares the actual to expected deaths on an amount-weighted basis for Safety service retirement members over the 13-year period for the current and recommended assumptions.

Chart 7 and Chart 8 on page 42 show the life expectancies (i.e., expected future lifetime) under the current and recommended tables for General service retirement members and Safety service retirement members, respectively, on an amount-weighted basis. Life expectancies under the current and recommended generational mortality rates are based on age in 2026. In practice, assumed life expectancies will increase in accordance with the mortality improvement scale.

Beneficiary mortality

The current mortality tables used for beneficiary mortality are as follows:

- **Beneficiaries not in pay status as of valuation**
  - Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and increased by 15% for females, projected generationally with Scale MP-2021.
- **Beneficiaries in pay status as of valuation**
  - Pub-2010 Contingent Survivor Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 10% for males and increased by 5% for females, projected generationally with Scale MP-2021.

The Pub-2016 Contingent Survivor mortality tables (as well as the Pub-2010 Contingent Survivor mortality tables) are developed based only on beneficiary data after the death of the member. This is consistent with the data that we have available for KCERA's beneficiaries and we have confirmed that the Pub-2016 Contingent Survivor mortality rates are comparable to KCERA's actual mortality experience for beneficiaries.

Because the Contingent Survivor mortality tables reflect beneficiary mortality experience only **after** the death of the member, in the prior study we recommended the use of two separate mortality tables for beneficiaries, based on the pay status of the beneficiary. In particular, we recommended that the General Healthy Retiree mortality tables be used for beneficiary mortality (both before and after the expected death of the General or Safety member) when calculating the liability for the continuance to a beneficiary of a surviving member. Upon the actual death of the member (i.e., for all beneficiaries in pay status as of the valuation date), we recommended that the Contingent Survivor mortality tables, adjusted for KCERA experience, be used. We note that the use of different mortality tables (before and after the death of the member) has been found by the RPEC to be reasonable.

The following table shows the observed benefit-weighted deaths for beneficiaries based on the actual experience during the 13 years studied. Also shown are the expected benefit-weighted deaths under the current and recommended assumptions.

Beneficiary Mortality – Benefit-Weighted Deaths ($ in millions)

Gender	Current Expected	Actual	Recomm. Expected
Male	$23.56	$28.84	$24.55
Female	118.62	125.14	122.63
Total	**$142.17**	**$153.98**	**$147.18**
Actual / Expected	**108.3%**		**104.6%**[32]

Notes

1. Experience shown above is weighted by annual benefit amounts for deceased beneficiaries.
2. Expected amounts under the current and recommended generational mortality table are based on mortality rates from the base year projected with mortality improvements to the year the death occurred (or was expected to occur).
3. Results may not add due to rounding.

As shown in the table above, the recommended mortality table has an actual to expected ratio of about 105% after adjustments for partial credibility. In future years the ratios should remain around these levels as long as actual mortality improves at the same rates as anticipated by the generational mortality tables.

The recommended mortality table reflects current experience to the extent that the experience is credible based on standard statistical theory. For KCERA, there is less data available for beneficiaries than there is for retirees, so it is given relatively less credibility and the recommended tables are only slightly adjusted.

We recommend updating the beneficiary mortality assumption to the following:

- **Beneficiaries not in pay status as of valuation**
  - Pub-2016 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 5% for males and increased 15% for females, projected generationally with Scale MP-2021.
- **Beneficiaries in pay status as of valuation**
  - Pub-2016 Contingent Survivor Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 5% for males and females, projected generationally with Scale MP-2021.

As noted above, we continued to recommend the use of separate mortality tables for beneficiaries before and after the actual death of the member.

[32] If we used the benchmark Pub-2016 Contingent Survivor table without any adjustment, the recommended actual to expected ratio would be 110%.

Pre-retirement mortality

The current mortality tables used for pre-retirement mortality are as follows:

- **General members**
  - Pub-2010 General Employee Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with Scale MP-2021.
- **Safety members**
  - Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with Scale MP-2021.

The table below shows the observed salary-weighted deaths for active members based on the actual experience during the 13 years studied. Also shown are the expected salary-weighted deaths under the current and recommended assumptions.

Pre-Retirement Mortality – Salary-Weighted Deaths ($ in millions)

Gender	General Current Expected	General Actual	General Recomm. Expected	Safety Current Expected	Safety Actual	Safety Recomm. Expected
Male	$1.01	$1.49	$1.05	$0.38	$0.77	$0.38
Female	1.04	1.61	1.14	0.05	0.00	0.05
Total	**$2.06**	**$3.09**	**$2.19**	**$0.43**	**$0.77**	**$0.43**
Actual / Expected	**150.4%**		**141.2%**	**179.1%**		**181.5%**

Notes

1. Experience shown above is weighted by annual salary for deceased members.
2. Expected amounts under the current and recommended generational mortality table are based on mortality rates from the base year projected with mortality improvements to the year the death occurred (or was expected to occur).
3. Results may not add due to rounding.

As shown in the table above, the recommended mortality tables have an actual to expected ratio of about 141% and 182% for General and Safety, respectively after adjustments for partial credibility. In future years the ratios should remain around these levels as long as actual mortality improves at the same rates as anticipated by the generational mortality tables.

The recommended mortality tables reflect current experience to the extent that the experience is credible based on standard statistical theory. For many plans, there is generally less mortality experience available for actives, so it is given little credibility and the recommended tables are only slightly adjusted.

We recommend updating the pre-retirement mortality assumption to the following:

- **General members**
  - Pub-2016 General Employee Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and females, projected generationally with Scale MP-2021.
- **Safety members**
  - Pub-2016 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates unadjusted for males and females, projected generationally with Scale MP-2021.

Currently, our assumption is that 100% of pre-retirement deaths are non-service connected. Observed experience over the past three years for active member deaths is limited. In particular, there were 33 General member pre-retirement deaths and only six Safety member pre-retirement deaths, and only one death was service connected.

Service vs. Non-Service Connected Death

Service Connected Death %	General	Safety
Current assumption	0%	0%
Actual experience	0%	17%
Recommended assumption	**0%**	**0%**

Due in part to the limited actual experience, we recommend maintaining the current assumption that 100% of pre-retirement deaths are non-service connected.

Mortality table for member contributions, optional forms of payment and reserves

There are administrative reasons why a generational mortality table is more difficult to implement for determining member contributions for the legacy tiers (i.e., Tiers I and IIA), optional forms of payment and reserves. For determining member contributions, one emerging practice is to approximate the use of a generational mortality table by the use of a static table with projection of the mortality improvement from the measurement year over a period that is close to the duration of the benefit payments for active legacy members. We recommend the use of this approximation for determining member contributions for employees in the legacy tiers.

We recommend updating the mortality tables used for determining contributions to the following:

- **General members**
  - Pub-2016 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 5% for males and increased by 15% for females, projected 30 years (from 2016) with Scale MP-2021, weighted 30% male and 70% female.

Section 4: Demographic Assumptions

- **Safety members**
  - Pub-2016 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for males and decreased by 5% for females, projected 30 years (from 2016) with Scale MP-2021, weighted 80% male and 20% female.

KCERA has implemented the use of a generational mortality table for determining optional forms of payment and reserves. We will provide the recommended mortality assumptions after they have been converted to a unisex basis for determining optional forms of payments and reserves to KCERA in a separate letter.

Chart 5: Service Retired Benefit-Weighted Deaths ($ in millions)

General Members

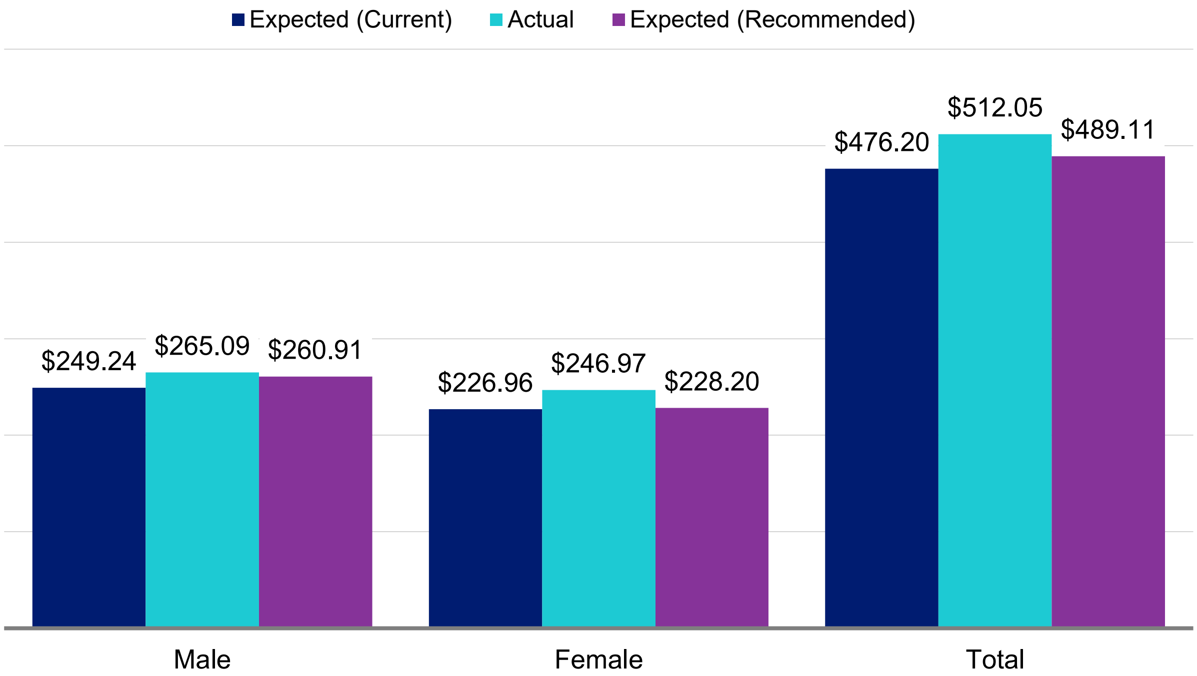


Chart 6: Service Retired Benefit-Weighted Deaths ($ in millions)

Safety Members

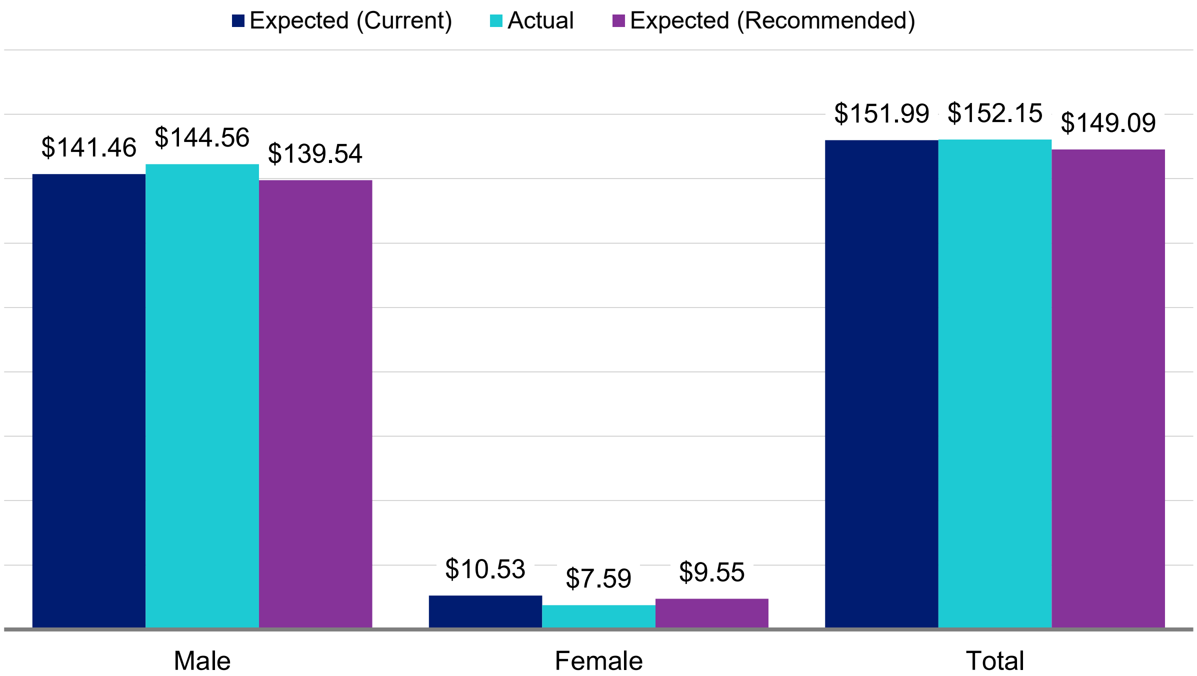


Chart 7: Service Retired Benefit-Weighted Life Expectancies in 2026
General Members

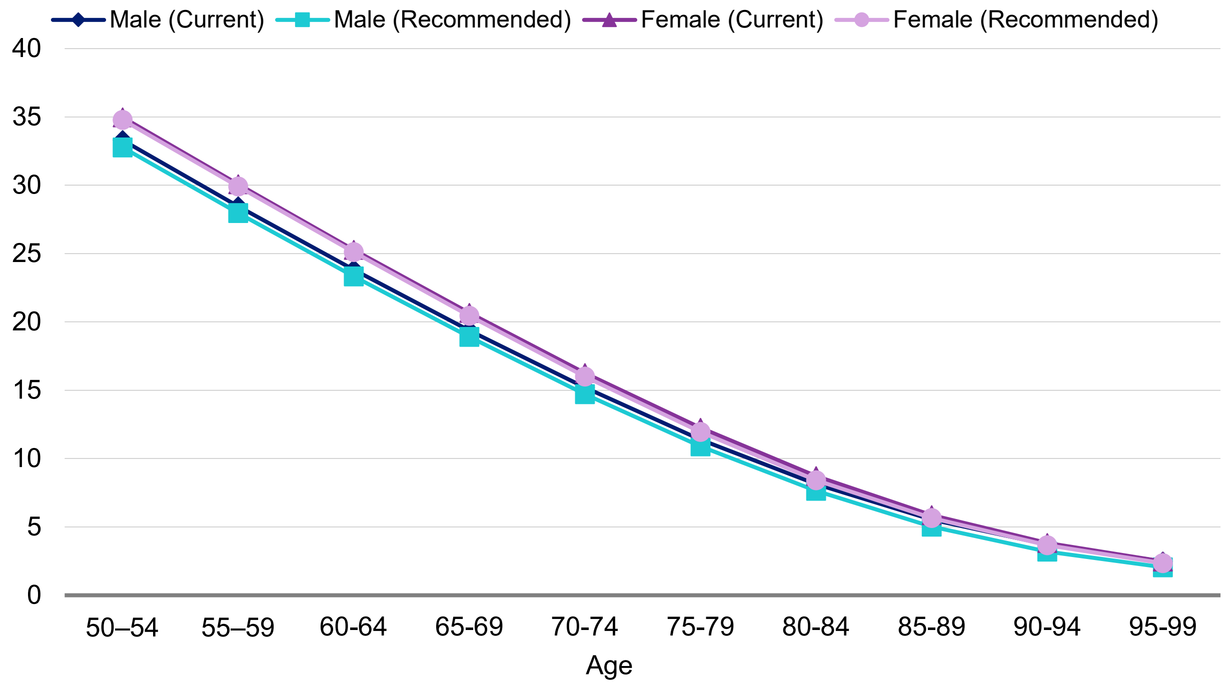
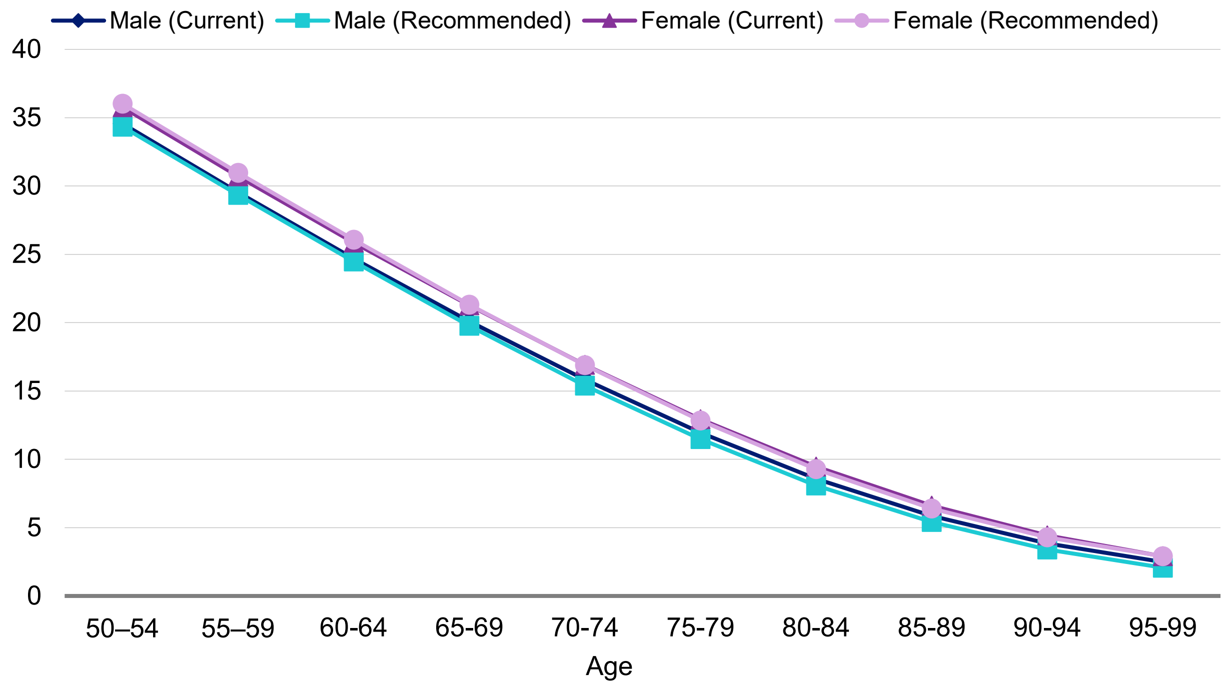


Chart 8: Service Retired Benefit-Weighted Life Expectancies in 2026
Safety Members



B. Mortality rates — disabled

Since mortality rates for disabled members can vary from those of healthy members, a different mortality assumption is often used.

The current mortality tables used for disabled mortality are as follows:

- **General members**
  - Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates decreased by 5% for males and females, projected generationally with Scale MP-2021.
- **Safety members**
  - Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and females, projected generationally with Scale MP-2021.

The following table shows the observed benefit-weighted deaths for disability retired members based on the actual experience during the 13 years studied. Also shown are the expected benefit-weighted deaths under the current and recommended assumptions.

The recommended mortality tables have an actual to expected ratio of 104% and 97% for General and Safety, respectively, after adjustments for partial credibility. In future years the ratios should remain around these levels as long as actual mortality improves at the same rates as anticipated by the generational mortality tables.

Disabled Retiree Mortality – Benefit-Weighted Deaths ($ in millions)

Gender	General Current Expected	General Actual	General Recomm. Expected	Safety Current Expected	Safety Actual	Safety Recomm. Expected
Male	$24.55	$22.06	$21.62	$59.07	$56.92	$58.80
Female	29.54	28.57	26.87	3.87	3.92	4.25
Total	**$54.09**	**$50.63**	**$48.49**	**$62.94**	**$60.85**	**$63.05**
Actual / Expected	**93.6%**		**104.4%**	**96.7%**		**96.5%**

Notes

1. Experience shown above is weighted by annual benefit amounts for deceased members.
2. Expected amounts under the current and recommended generational mortality table are based on mortality rates from the base year projected with mortality improvements to the year the death occurred (or was expected to occur).
3. Results may not add due to rounding.

Similar to mortality rates for service retirees, the recommended mortality tables reflect current experience to the extent that the experience is credible based on standard statistical theory. For KCERA, there is much less data available for disabled retirees, so it is given little credibility and the recommended tables are not adjusted.

We recommend updating the mortality tables used for disabled mortality to the following:

- **General members**
  - Pub-2016 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and females, projected generationally with Scale MP-2021.
- **Safety members**
  - Pub-2016 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and females, projected generationally with Scale MP-2021.

Chart 9 on page 45 compares the actual to expected deaths on an amount-weighted basis for General disabled retirement members over the 13-year period for the current and recommended assumptions.

Chart 10 on page 45 compares the actual to expected deaths on an amount-weighted basis for Safety disabled retirement members over the 13-year period for the current and recommended assumptions.

Chart 11 and Chart 12 on page 46 show the life expectancies (i.e., expected future lifetime) under the current and recommended tables for General disabled retirement members and Safety disabled retirement members, respectively, on an amount-weighted basis. Life expectancies under the current and recommended generational mortality rates are based on age in 2026. In practice, assumed life expectancies will increase in accordance with the mortality improvement scale.

Chart 9: Disability Retired Benefit-Weighted Deaths ($ in millions)
General Members

Chart 10: Disability Retired Benefit-Weighted Deaths ($ in millions)
Safety Members

Chart 11: Disability Retired Benefit-Weighted Life Expectancies in 2026
General Members

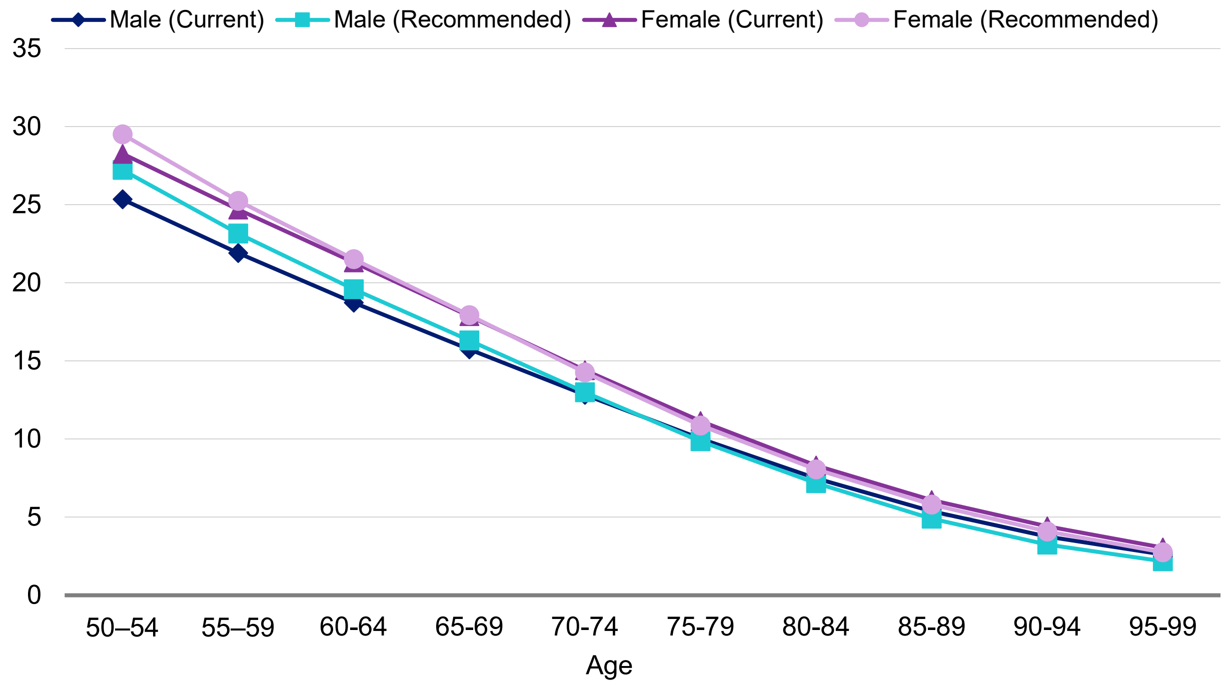
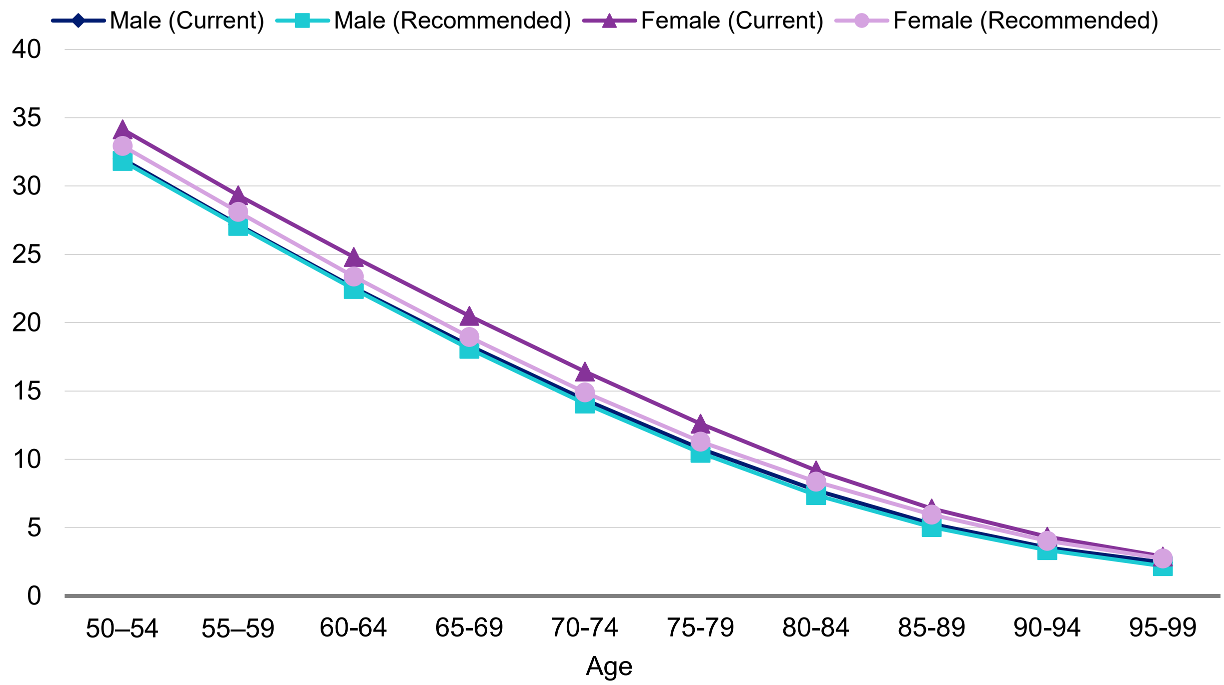


Chart 12: Disability Retired Benefit-Weighted Life Expectancies in 2026
Safety Members



C. Disability incidence rates

When a member becomes disabled, he or she may be entitled to at least a 50% of pay pension (service-connected disability), or a pension that depends upon the member's years of service (non-service-connected disability).

Under current assumptions, there is an overall incidence of disability assumed, combined with an assumption that a member will receive a service-connected disability or a non-service-connected disability. Furthermore, the disability incidence rates are a function of the member's age.

We recommend maintaining the current structure of the disability incidence rate assumption.

To increase the credibility of the data, particularly for Safety members, we have also included and considered the actual experience over the past six years. The following tables show the observed overall rate of disability incidence based on actual experience during the three-year period from July 1, 2022 through June 30, 2025 as well as the six-year period from July 1, 2019 through June 30, 2025. Also shown are the current and recommended assumptions.

General — Disability Incidence Rates

Age	Current Expected Rate	Actual Rate (3 Years)	Actual Rate (6 Years)	Recommended Expected Rate
15 – 19	0.02%	0.00%	0.00%	0.01%
20 – 24	0.02%	0.00%	0.00%	0.01%
25 – 29	0.02%	0.00%	0.00%	0.01%
30 – 34	0.04%	0.00%	0.00%	0.02%
35 – 39	0.07%	0.03%	0.03%	0.05%
40 – 44	0.09%	0.14%	0.07%	0.09%
45 – 49	0.13%	0.13%	0.10%	0.12%
50 – 54	0.18%	0.12%	0.14%	0.16%
55 – 59	0.25%	0.15%	0.20%	0.25%
60 – 64	0.35%	0.30%	0.30%	0.30%
65 – 69	0.35%	0.20%	0.10%	0.30%
70 – 74	0.35%	0.00%	0.00%	0.30%
Actual / Expected (6 Years)	**68.5%**			**77.1%**

We recommend decreasing the disability incidence assumption at most ages for General members.

Chart 13 on page 50 compares the number of actual disabilities for General members over the past six years to the current and recommended assumptions.

Chart 15 on page 51 compares the actual disability incidence experience for General members with the current and recommended assumptions.

Safety — Disability Incidence Rates

Age	Current Expected Rate	Actual Rate (3 Years)	Actual Rate (6 Years)	Recommended Expected Rate
15 – 19	0.05%	0.00%	0.00%	0.05%
20 – 24	0.05%	0.00%	0.00%	0.05%
25 – 29	0.08%	0.00%	0.00%	0.08%
30 – 34	0.11%	0.37%	0.18%	0.16%
35 – 39	0.22%	0.55%	0.30%	0.30%
40 – 44	0.40%	0.29%	0.50%	0.45%
45 – 49	0.50%	0.49%	0.54%	0.55%
50 – 54	1.35%	2.78%	1.88%	1.80%
55 – 59	3.00%	4.23%	2.70%	3.50%
60 – 64	4.25%	6.12%	6.14%	5.00%
65 – 69	4.25%	9.09%	8.82%	5.00%
Actual / Expected (6 Years)	**124.0%**			**101.6%**

We recommend increasing the disability incidence assumption at certain ages for Safety members.

Chart 14 on page 50 compares the number of actual disabilities for Safety members over the past six years to the current and recommended assumptions.

Chart 16 on page 51 compares the actual disability incidence experience for Safety members with the current and recommended assumptions.

Service-connected vs. non-service-connected disability

The following table shows the observed percentage of new disabled members that received a service-connected disability based on the actual experience over the past three years as well as the actual experience over the past six years. Also shown are the current and recommended assumptions.

Disabled Members Receiving a Service-Connected Disability

Line Description	General	Safety
Current assumption	50%	90%
Actual percentage (3 years)	62%	100%
Actual percentage (6 years)	57%	98%
Recommended assumption	**55%**	**95%**

Section 4: Demographic Assumptions

We recommend increasing the assumption for future disabled members receiving a service-connected disability for General members from 50% to 55% and increasing the assumption for Safety members from 90% to 95%. The remaining percentages are assumed to be non-service-connected disabilities (45% for General members and 5% for Safety members).

Chart 13: Actual Number of Disabilities Compared to Expected
General Members

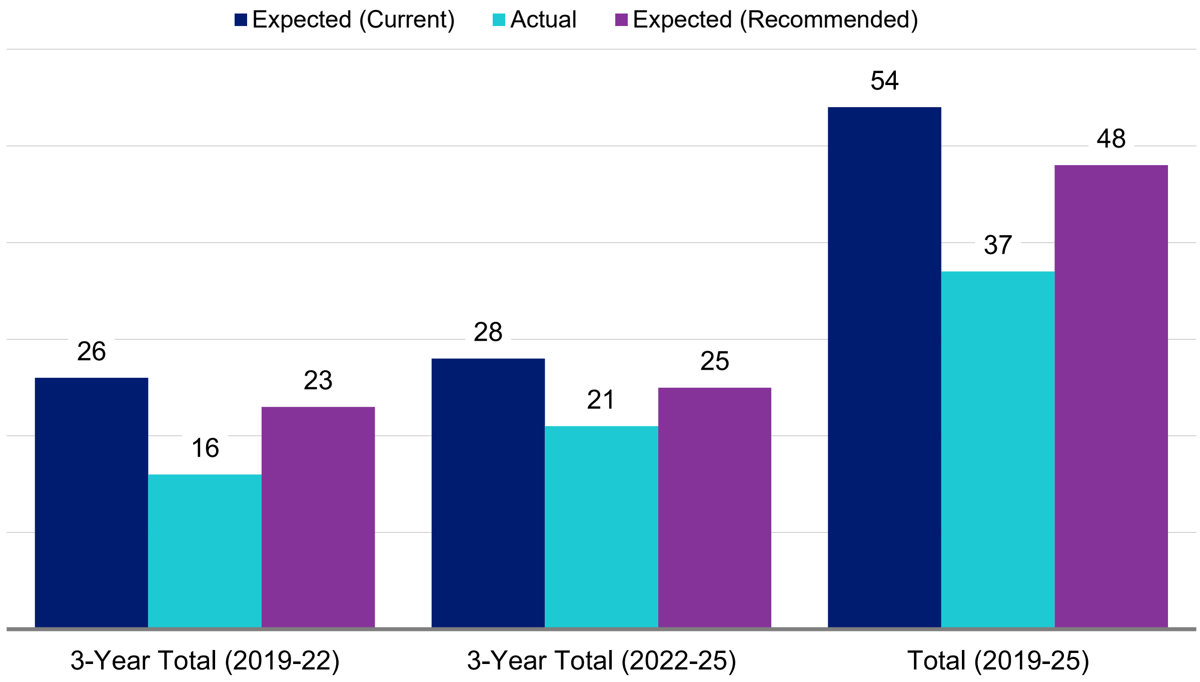


Chart 14: Actual Number of Disabilities Compared to Expected
Safety Members

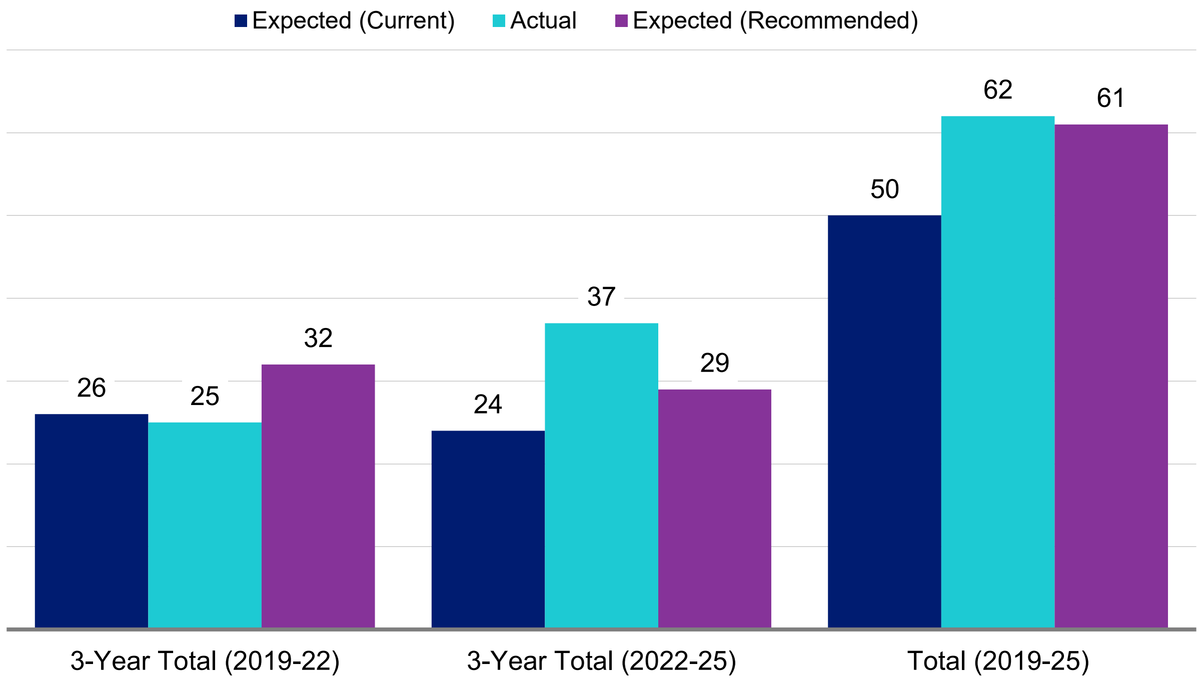


Chart 15: Disability Rates
General Members

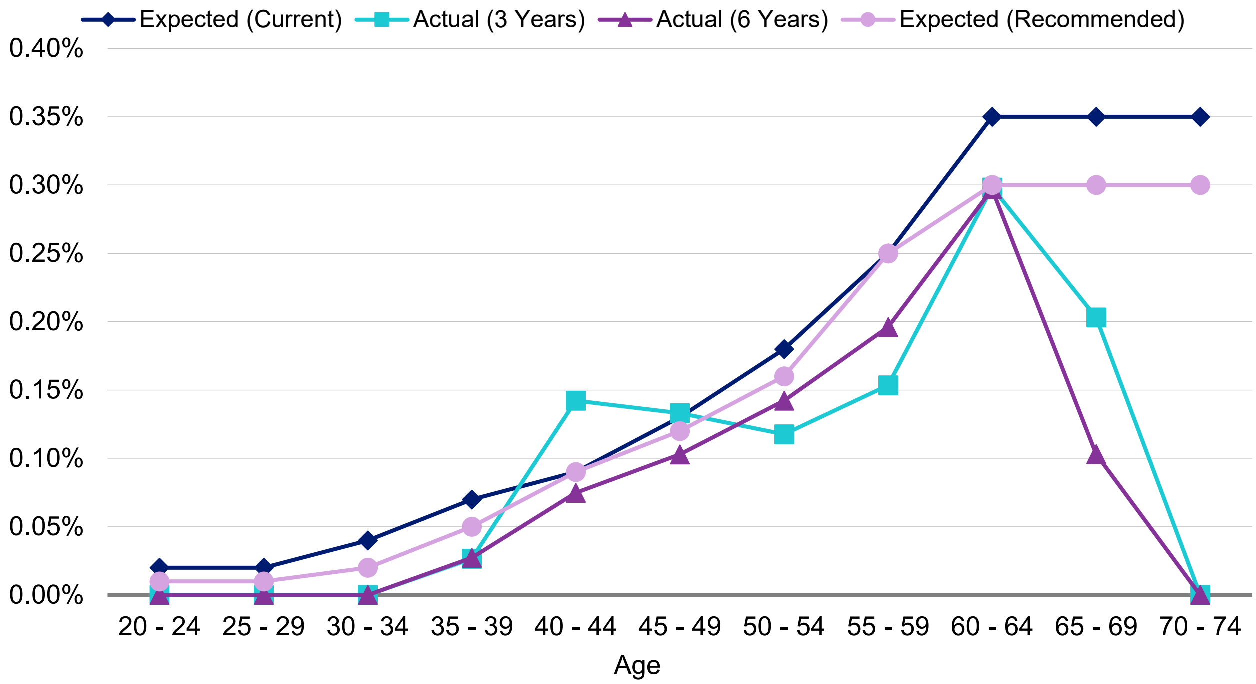
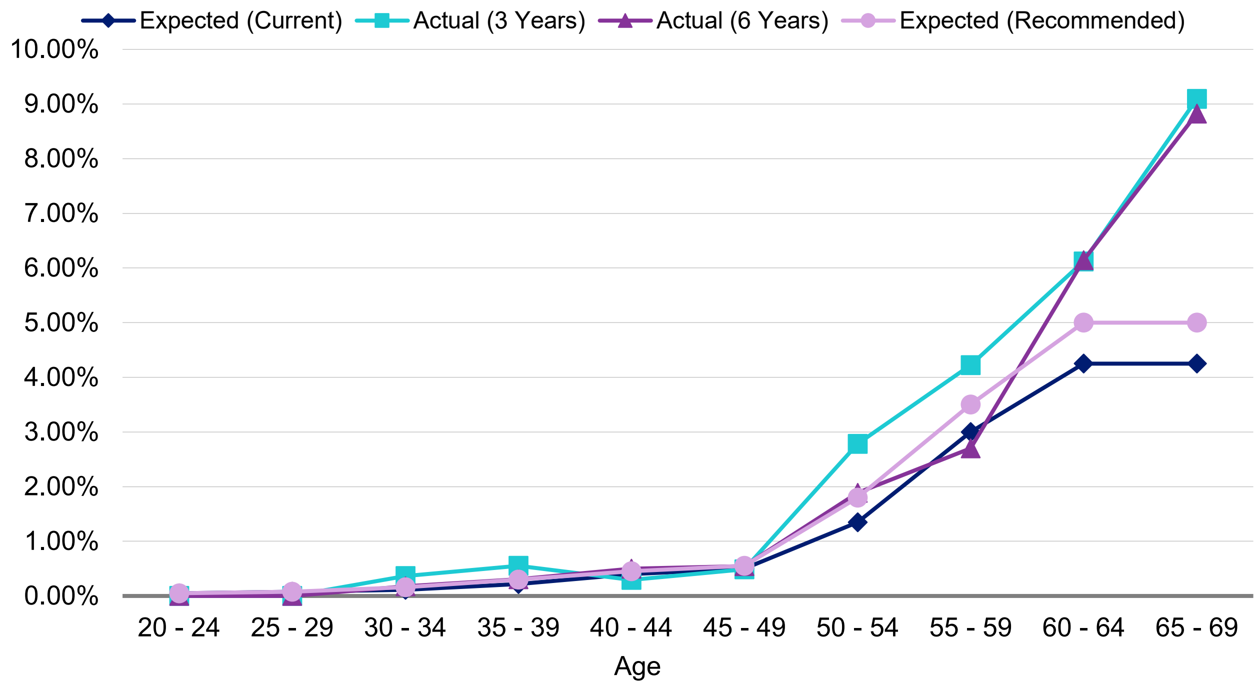


Chart 16: Disability Rates
Safety Members



D. Termination rates

Termination rates include all terminations for reasons other than death, disability, or retirement. Additionally, when a member terminates from service, they can choose between receiving an immediate refund of member contributions or, if they leave their contributions on deposit they will be entitled to a deferred vested benefit.

Under current assumptions, there is an overall incidence of termination assumed, combined with an assumption that a member will choose between a refund of member contributions and a deferred vested benefit. Furthermore, the termination rates are a function of the member's years of service and are applied until the member is first eligible, and assumed, to retire.

We recommend maintaining the current structure of the termination rate assumption.

It is important to note that not every years of service category has enough exposures and/or decrements such that the results for that category are statistically credible even when looking at six years' worth of experience. This is mainly the case for the higher service categories, since most members in those categories are eligible to retire and therefore have been excluded from our review of termination experience.

The following tables show the observed overall rate of termination based on actual experience during the three-year period from July 1, 2022 through June 30, 2025 as well as the six-year period from July 1, 2019 through June 30, 2025. Also shown are the current and recommended assumptions.

Section 4: Demographic Assumptions

General — Termination Rates

Years of Service	Current Expected Rate	Actual Rate (3 Years)	Actual Rate (6 Years)	Recommended Expected Rate
Less than 1	20.00%	19.62%	20.86%	20.00%
1 – 2	15.00%	14.23%	15.39%	15.00%
2 – 3	12.00%	12.39%	13.21%	12.00%
3 – 4	11.00%	9.55%	10.97%	11.00%
4 – 5	9.00%	8.39%	8.70%	9.00%
5 – 6	8.50%	8.05%	8.19%	8.50%
6 – 7	8.00%	8.29%	8.11%	8.00%
7 – 8	7.50%	5.54%	6.91%	7.50%
8 – 9	6.50%	5.37%	6.45%	6.50%
9 – 10	5.00%	6.73%	6.06%	5.00%
10 – 11	4.50%	6.61%	6.92%	4.50%
11 – 12	4.00%	4.12%	4.99%	4.00%
12 – 13	3.75%	6.07%	5.34%	3.75%
13 – 14	3.50%	8.33%	4.92%	3.50%
14 – 15	3.25%	4.72%	4.30%	3.25%
15 – 16	3.00%	2.94%	3.08%	3.00%
16 – 17	2.75%	2.78%	2.80%	2.75%
17 – 18	2.25%	2.54%	2.14%	2.25%
18 – 19	2.00%	2.23%	2.38%	2.00%
19 – 20	1.90%	1.99%	2.34%	1.90%
20 – 21	1.75%	3.01%	3.46%	1.75%
21 – 22	1.50%	2.99%	2.85%	1.50%
22 – 23	1.25%	4.84%	3.61%	1.25%
23 – 24	1.00%	1.10%	1.56%	1.00%
24 – 25	1.00%	0.00%	0.00%	1.00%
25 – 26	1.00%	0.00%	0.00%	1.00%
26 – 27	1.00%	7.14%	4.35%	1.00%
27 – 28	1.00%	0.00%	0.00%	1.00%
28 – 29	1.00%	0.00%	0.00%	1.00%
29 – 30	1.00%	0.00%	0.00%	1.00%
30 and over	0.00%	N/A	N/A	0.00%
Actual / Expected (6 Years)	**104.7%**			**104.7%**

We recommend maintaining the termination rates for General members.

Chart 17 on page 56 compares the number of actual terminations for General members over the past six years to the current and recommended assumptions.

Chart 19 on page 57 compares the actual terminations experience for General members with the current and recommended assumptions.

Safety — Termination Rates

Years of Service	Current Expected Rate	Actual Rate (3 Years)	Actual Rate (6 Years)	Recommended Expected Rate
Less than 1	11.00%	9.81%	12.69%	11.00%
1 – 2	9.00%	6.00%	6.92%	8.00%
2 – 3	8.00%	6.64%	6.43%	7.50%
3 – 4	7.00%	3.83%	8.31%	7.00%
4 – 5	6.50%	4.30%	6.27%	6.00%
5 – 6	5.50%	4.28%	6.14%	5.00%
6 – 7	4.75%	1.78%	3.98%	4.75%
7 – 8	4.50%	5.50%	5.63%	4.50%
8 – 9	4.25%	4.27%	6.19%	4.25%
9 – 10	4.00%	2.40%	4.38%	3.75%
10 – 11	3.50%	2.03%	3.02%	3.25%
11 – 12	3.25%	2.87%	4.67%	3.00%
12 – 13	3.00%	2.40%	4.12%	2.50%
13 – 14	2.00%	4.80%	2.83%	2.00%
14 – 15	2.00%	1.80%	2.33%	2.00%
15 – 16	2.00%	2.63%	3.20%	2.00%
16 – 17	1.00%	0.84%	1.00%	1.00%
17 – 18	0.90%	1.52%	1.33%	0.90%
18 – 19	0.80%	1.29%	1.15%	0.80%
19 – 20	0.75%	0.79%	0.68%	0.75%
20 and over	0.00%	N/A	N/A	0.00%
Actual / Expected (6 Years)	**106.8%**			**112.2%**

We recommend decreasing the termination rates at certain service categories for Safety members.

Chart 18 on page 56 compares the number of actual terminations for Safety members over the past six years to the current and recommended assumptions.

Chart 20 on page 57 compares the actual terminations experience for Safety members with the current and recommended assumptions.

Election of refund of member contributions

As mentioned above, when a member terminates from service, they can choose between receiving an immediate refund of member contributions or, if they leave their contributions on deposit they will be entitled to a deferred vested benefit.

The following tables show the observed percentage of members who elected a refund of contributions based on the actual experience during the three-year period from July 1, 2022 through June 30, 2025 as well as the six-year period from July 1, 2019 through June 30, 2025. Also shown are the current and recommended assumptions.

General — Percentage of Total Terminations Assumed to Receive Refund of Contributions

Years of Service	Current Expected Rate	Actual Rate (3 Years)	Actual Rate (6 Years)	Recommended Expected Rate
Less than 5	100.00%	93.94%	94.19%	100.00%
5 – 9	25.00%	20.79%	22.39%	20.00%
10 – 14	15.00%	10.75%	10.28%	10.00%
15 – 19	15.00%	7.14%	10.96%	10.00%
20 and over	0.00%	6.25%	3.57%	0.00%
Actual / Expected (6 Years)	**93.7%**			**95.0%**

Safety — Percentage of Total Terminations Assumed to Receive Refund of Contributions

Years of Service	Current Expected Rate	Actual Rate (3 Years)	Actual Rate (6 Years)	Recommended Expected Rate
Less than 5	100.00%	89.66%	90.30%	100.00%
5 – 9	30.00%	23.08%	26.09%	25.00%
10 – 14	12.00%	9.52%	10.77%	10.00%
15 – 19	12.00%	14.29%	10.71%	10.00%
20 and over	0.00%	N/A	N/A	0.00%
Actual / Expected (6 Years)	**89.9%**			**92.2%**

We recommend decreasing the rates of members electing a refund of contributions. The assumed percentage of members who leave their contributions on deposit and receive a deferred vested benefit is equal to 100% minus the percentage assumed to elect a refund of contributions.

Chart 17: Actual Number of Terminations Compared to Expected
General Members

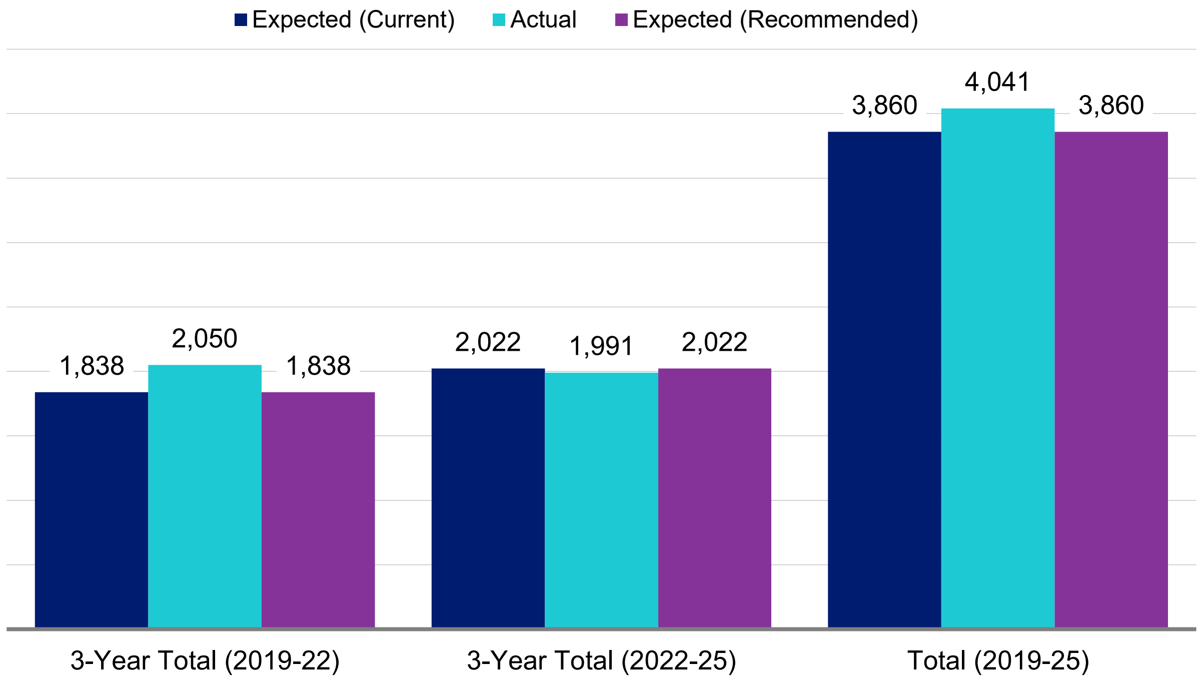


Chart 18: Actual Number of Terminations Compared to Expected
Safety Members

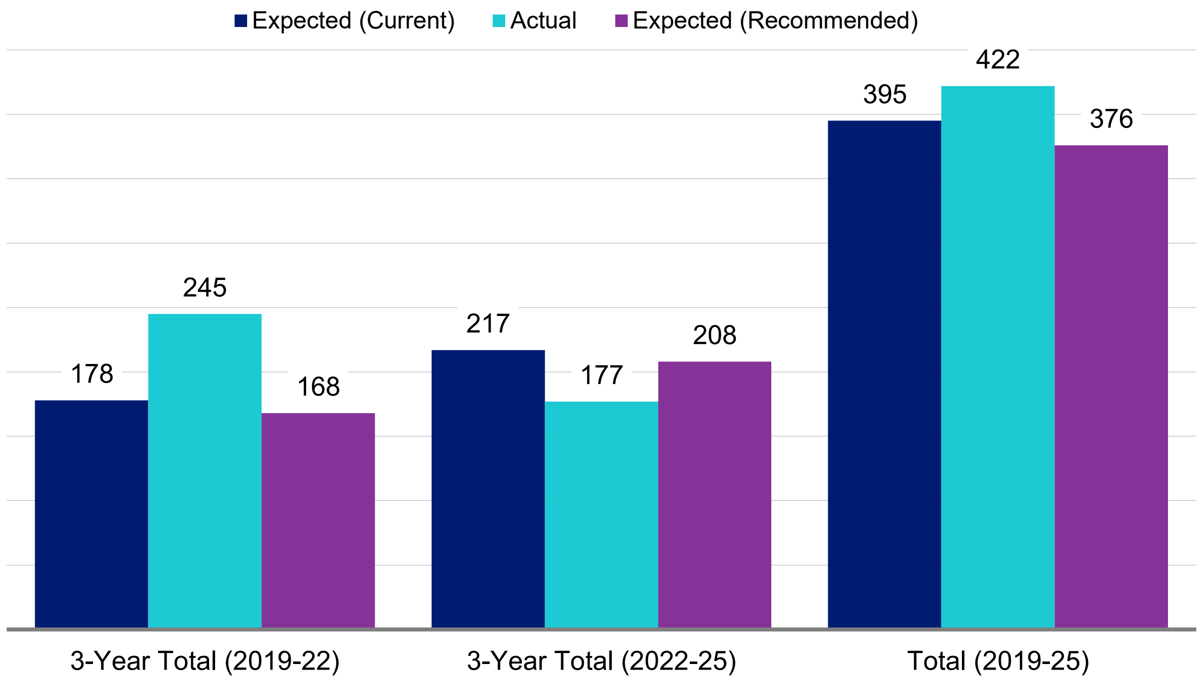


Chart 19: Termination Rates
General Members

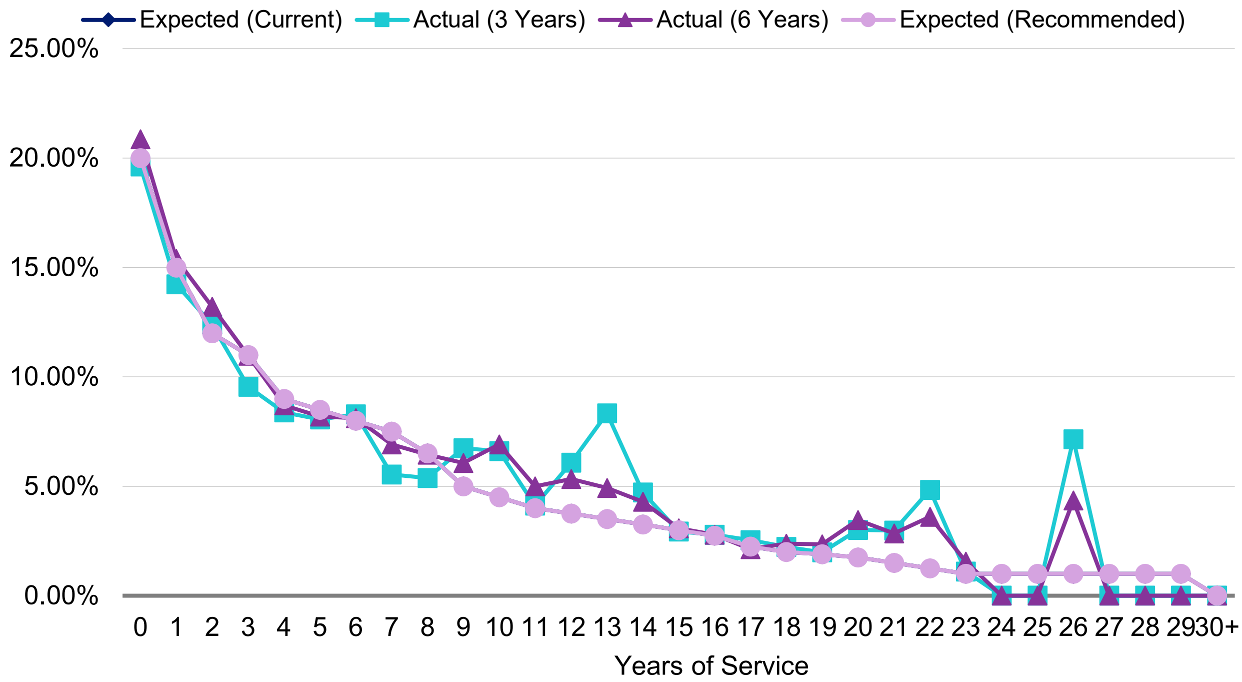
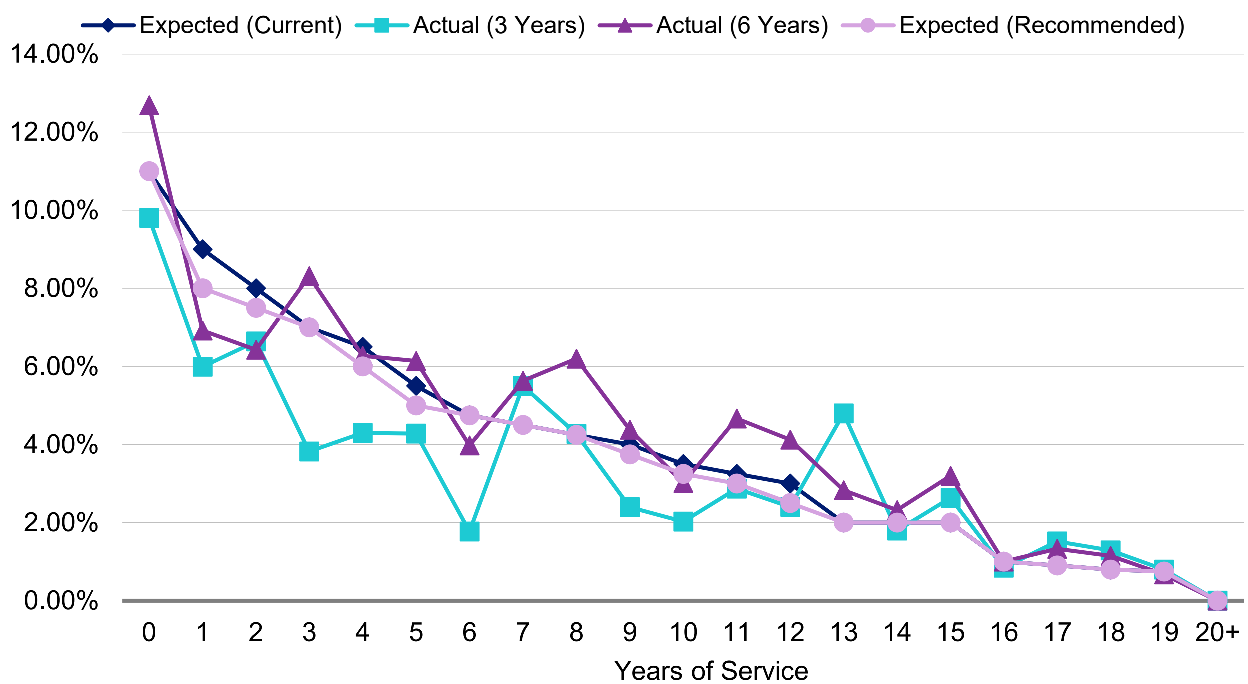


Chart 20: Termination Rates
Safety Members



E. Retirement rates

The age at which a member retires from service will affect both the amount of benefits that will be paid to that member as well as the period over which funding must take place.

Under current assumptions, retirement rates for General Tier I and Safety Tier I members are based on a function of age and service while retirement rates for General Tier IIA, IIB, and III and Safety Tier II members are based only on age.

We recommend maintaining the retirement rates as a function of age and service for Tier I members. We recommend introducing retirement rates based on a function of age and service for General Tier IIA, General Tier IIB, and Safety Tier II members.

To increase the credibility of the data, particularly for Safety members, we have also included and considered the actual experience over the past six years. The following tables show the observed service retirement rates based on actual experience during the three-year period from July 1, 2022 through June 30, 2025 as well as the six-year period from July 1, 2019 through June 30, 2025. Also shown are the current and recommended assumptions.

General Tier I — Retirement Rates by Years of Service (YOS)

Age	<25 YOS Current Expected Rate	<25 YOS Actual Rate (3 Years)	<25 YOS Actual Rate (6 Years)	<25 YOS Recomm. Expected Rate	25+ YOS Current Expected Rate	25+ YOS Actual Rate (3 Years)	25+ YOS Actual Rate (6 Years)	25+ YOS Recomm. Expected Rate
50	10.00%	3.83%	6.69%	8.00%	10.00%	6.90%	14.52%	8.00%
51	6.00%	2.68%	4.57%	5.00%	6.00%	16.13%	8.64%	10.00%
52	6.00%	3.50%	4.05%	4.00%	10.00%	8.51%	9.26%	10.00%
53	5.00%	3.11%	3.90%	4.00%	12.00%	10.71%	11.76%	10.00%
54	5.00%	8.09%	6.21%	6.00%	12.00%	8.82%	14.62%	10.00%
55	5.00%	7.64%	5.65%	6.00%	12.00%	9.23%	12.69%	12.00%
56	6.00%	3.65%	5.36%	6.00%	14.00%	10.71%	16.18%	12.00%
57	5.00%	3.76%	3.34%	5.00%	16.00%	19.35%	17.65%	18.00%
58	9.00%	5.65%	8.25%	8.00%	20.00%	19.40%	21.64%	20.00%
59	14.00%	7.58%	8.72%	12.00%	24.00%	22.54%	24.14%	24.00%
60	20.00%	13.22%	17.50%	18.00%	30.00%	38.89%	31.94%	33.00%
61	14.00%	15.09%	14.59%	15.00%	24.00%	13.46%	18.69%	24.00%
62	20.00%	20.45%	24.08%	20.00%	30.00%	45.10%	30.93%	33.00%
63	20.00%	20.31%	16.77%	20.00%	30.00%	14.63%	25.00%	30.00%
64	20.00%	10.71%	18.18%	20.00%	30.00%	38.89%	29.63%	30.00%
65	33.00%	18.42%	26.50%	32.00%	33.00%	13.64%	21.95%	32.00%
66	33.00%	31.58%	31.52%	32.00%	33.00%	31.58%	37.14%	32.00%
67	30.00%	34.62%	31.82%	32.00%	30.00%	41.67%	37.50%	32.00%
68	30.00%	10.53%	19.57%	30.00%	30.00%	25.00%	28.57%	30.00%
69	35.00%	17.65%	16.22%	30.00%	35.00%	14.29%	7.69%	30.00%
70	100.00%	23.08%	25.93%	30.00%	100.00%	28.57%	16.67%	30.00%
71	100.00%	0.00%	5.88%	30.00%	100.00%	0.00%	0.00%	30.00%
72	100.00%	30.00%	26.67%	30.00%	100.00%	14.29%	20.00%	30.00%
73	100.00%	20.00%	30.00%	30.00%	100.00%	0.00%	11.11%	30.00%
74	100.00%	50.00%	33.33%	30.00%	100.00%	33.33%	16.67%	30.00%
75 and over	100.00%	75.00%	46.67%	100.00%	100.00%	33.33%	33.33%	100.00%
Actual / Expected (6 Years)	**77.7%**			**90.0%**	**89.6%**			**96.2%**

We recommend decreasing the retirement rates overall for General Tier I members with less than 25 years of service and with 25 or more years of service.

Chart 21 on page 66 compares the number of actual to expected retirements for General Tier I members over the past six years for the current and recommended assumptions.

Chart 24 on page 67 compares the actual retirement experience with the current and recommended assumptions for General Tier I members with less than 25 years of service.

Chart 25 on page 68 compares the actual retirement experience with the current and recommended assumptions for General Tier I members with 25 or more years of service.

General Tier IIA and IIB — Retirement Rates

Age	<25 YOS Current Expected Rate	<25 YOS Actual Rate (3 Years)	<25 YOS Actual Rate (6 Years)	<25 YOS Recomm. Expected Rate	25+ YOS Current Expected Rate	25+ YOS Actual Rate (3 Years)	25+ YOS Actual Rate (6 Years)	25+ YOS Recomm. Expected Rate
50	5.00%	1.37%	2.63%	3.00%	5.00%	N/A	0.00%	4.00%
51	3.00%	1.30%	2.78%	2.00%	3.00%	N/A	0.00%	5.00%
52	3.00%	2.67%	3.74%	2.00%	3.00%	0.00%	0.00%	5.00%
53	3.00%	3.03%	1.96%	2.00%	3.00%	0.00%	0.00%	5.00%
54	3.25%	1.67%	3.23%	3.00%	3.25%	0.00%	0.00%	5.00%
55	3.50%	9.09%	6.59%	5.00%	3.50%	N/A	0.00%	6.00%
56	4.00%	5.08%	6.02%	5.00%	4.00%	N/A	0.00%	6.00%
57	4.50%	2.33%	1.33%	4.50%	4.50%	0.00%	0.00%	8.00%
58	6.50%	2.27%	5.80%	5.50%	6.50%	0.00%	0.00%	10.00%
59	11.00%	2.44%	4.35%	9.00%	11.00%	0.00%	0.00%	12.00%
60	12.00%	8.77%	7.69%	12.00%	12.00%	100.00%	50.00%	15.00%
61	13.00%	15.69%	15.19%	14.00%	13.00%	0.00%	0.00%	14.00%
62	20.00%	13.95%	16.67%	18.00%	20.00%	0.00%	0.00%	20.00%
63	20.00%	16.22%	13.79%	18.00%	20.00%	0.00%	0.00%	20.00%
64	20.00%	15.00%	23.64%	18.00%	20.00%	50.00%	50.00%	20.00%
65	33.00%	33.33%	33.33%	32.00%	33.00%	100.00%	100.00%	32.00%
66	33.00%	29.03%	28.95%	32.00%	33.00%	0.00%	0.00%	32.00%
67	30.00%	50.00%	40.00%	32.00%	30.00%	N/A	N/A	32.00%
68	30.00%	15.38%	15.79%	30.00%	30.00%	N/A	N/A	30.00%
69	35.00%	60.00%	50.00%	30.00%	35.00%	N/A	N/A	30.00%
70	100.00%	28.00%	22.86%	30.00%	100.00%	N/A	N/A	30.00%
71	100.00%	16.67%	12.50%	30.00%	100.00%	N/A	N/A	30.00%
72	100.00%	25.00%	18.75%	30.00%	100.00%	0.00%	0.00%	30.00%
73	100.00%	0.00%	0.00%	30.00%	100.00%	N/A	N/A	30.00%
74	100.00%	0.00%	0.00%	30.00%	100.00%	N/A	N/A	30.00%
75 and over	100.00%	7.69%	13.33%	100.00%	100.00%	N/A	N/A	100.00%
Actual / Expected (6 Years)	**59.8%**			**85.4%**	**70.1%**			**75.4%**

Based on this experience, we recommend decreasing the retirement rates overall for General Tier IIA and IIB members with less than 25 years of service and introducing higher retirement rates for members with 25 or more years of service.

Chart 22 on page 66 compares the number of actual to expected retirements for General Tier IIA and IIB members over the past six years for the current and recommended assumptions.

Chart 26 on page 68 compares the actual retirement experience with the current and recommended assumptions for General Tier IIA and IIB members with less than 25 years of experience.

Chart 27 on page 69 compares the actual retirement experience with the current and recommended assumptions for General Tier IIA and IIB members with 25 or more years of experience.

General Tier III — Retirement Rates

Age	Current Expected Rate	Recomm. Expected Rate
52	3.00%	2.00%
53	3.00%	2.00%
54	3.25%	3.00%
55	3.50%	5.00%
56	4.00%	5.00%
57	4.50%	4.50%
58	6.50%	5.50%
59	11.00%	9.00%
60	12.00%	12.00%
61	13.00%	14.00%
62	20.00%	18.00%
63	20.00%	18.00%
64	20.00%	18.00%
65	33.00%	32.00%
66	33.00%	32.00%
67	30.00%	32.00%
68	30.00%	30.00%
69	35.00%	30.00%
70	100.00%	30.00%
71	100.00%	30.00%
72	100.00%	30.00%
73	100.00%	30.00%
74	100.00%	30.00%
75 and over	100.00%	100.00%

There were no active retirements from General Tier III over the past three years, so no actual rates are shown in the above table. We have based our recommended rates for General Tier III on a combination of the current assumptions and the actual retirement experience that occurred for General Tier II members. We recommend slightly decreasing the retirement rates overall for General Tier III members.

Chart 28 on page 69 compares the current and recommended assumptions for General Tier III members.

Safety Tier I — Retirement Rates by Years of Service (YOS)

Age	<25 YOS Current Expected Rate	<25 YOS Actual Rate (3 Years)	<25 YOS Actual Rate (6 Years)	<25 YOS Recomm. Expected Rate	25+ YOS Current Expected Rate	25+ YOS Actual Rate (3 Years)	25+ YOS Actual Rate (6 Years)	25+ YOS Recomm. Expected Rate
41	5.00%	5.00%	5.26%	6.00%	5.00%	N/A	N/A	6.00%
42	5.00%	4.88%	7.04%	6.00%	5.00%	N/A	N/A	6.00%
43	5.00%	10.00%	10.00%	6.00%	5.00%	N/A	N/A	6.00%
44	5.00%	5.97%	4.96%	6.00%	5.00%	N/A	N/A	6.00%
45	5.00%	7.14%	5.84%	6.00%	5.00%	25.00%	20.00%	6.00%
46	5.00%	3.53%	5.66%	6.00%	5.00%	20.00%	25.00%	6.00%
47	8.00%	6.17%	8.05%	8.00%	8.00%	7.69%	10.53%	8.00%
48	8.00%	7.89%	9.56%	8.00%	8.00%	14.29%	9.09%	8.00%
49	22.00%	16.67%	18.03%	20.00%	36.00%	23.08%	28.57%	33.00%
50	16.00%	21.52%	22.91%	20.00%	36.00%	42.86%	40.43%	33.00%
51	10.00%	11.54%	13.95%	10.00%	30.00%	42.11%	40.63%	30.00%
52	10.00%	14.00%	13.21%	10.00%	30.00%	10.00%	28.57%	30.00%
53	10.00%	4.35%	8.79%	10.00%	30.00%	42.86%	31.58%	30.00%
54	12.00%	15.79%	14.86%	12.00%	28.00%	16.67%	22.73%	28.00%
55	14.00%	28.00%	20.00%	16.00%	28.00%	38.46%	42.31%	28.00%
56	14.00%	12.50%	13.89%	14.00%	28.00%	9.09%	27.27%	28.00%
57	14.00%	18.75%	19.35%	14.00%	28.00%	25.00%	42.11%	28.00%
58	14.00%	0.00%	10.53%	14.00%	28.00%	28.57%	20.00%	28.00%
59	14.00%	20.00%	16.67%	14.00%	28.00%	100.00%	55.56%	28.00%
60	30.00%	33.33%	35.71%	30.00%	60.00%	66.67%	55.56%	60.00%
61	30.00%	25.00%	25.00%	30.00%	60.00%	0.00%	25.00%	60.00%
62	30.00%	100.00%	55.56%	30.00%	60.00%	50.00%	50.00%	60.00%
63	30.00%	100.00%	40.00%	30.00%	60.00%	0.00%	20.00%	60.00%
64	30.00%	0.00%	33.33%	30.00%	60.00%	50.00%	57.14%	60.00%
65 and over	100.00%	40.00%	31.82%	100.00%	100.00%	11.11%	14.29%	100.00%
Actual / Expected (6 Years)	**108.1%**			**103.7%**	**95.2%**			**96.8%**

We recommend increasing the retirement rates overall for Safety Tier I members with less than 25 years of service and adjusting the retirement rates slightly for Safety Tier I members with 25 or more years of service.

Chart 23 on page 67 compares the number of actual to expected retirements for Safety Tier I members over the past six years for the current and recommended assumptions.

Chart 29 on page 70 compares the actual retirement experience with the current and recommended assumptions for Safety Tier I members with less than 25 years of service.

Chart 30 on page 70 compares the actual retirement experience with the current and recommended assumptions for Safety Tier I members with 25 or more years of service.

Safety Tier II — Retirement Rates

Age	<25 YOS Current Expected Rate	<25 YOS Recomm. Expected Rate	25+ YOS Current Expected Rate	25+ YOS Recomm. Expected Rate
50	5.00%	5.00%	5.00%	10.00%
51	3.00%	3.00%	3.00%	10.00%
52	3.00%	3.00%	3.00%	10.00%
53	5.00%	5.00%	5.00%	10.00%
54	11.00%	11.00%	11.00%	15.00%
55	13.00%	13.00%	13.00%	20.00%
56	12.00%	12.00%	12.00%	20.00%
57	12.00%	12.00%	12.00%	20.00%
58	12.00%	12.00%	12.00%	20.00%
59	12.00%	12.00%	12.00%	20.00%
60	15.00%	15.00%	15.00%	30.00%
61	15.00%	15.00%	15.00%	30.00%
62	30.00%	30.00%	30.00%	50.00%
63	30.00%	30.00%	30.00%	50.00%
64	30.00%	30.00%	30.00%	50.00%
65 and over	100.00%	100.00%	100.00%	100.00%

There were only four active retirements from Safety Tier II over the past three years, so no actual rates are shown in the above table. We have based our recommended rates for Safety Tier II on a combination of the current assumptions and the actual retirement experience that occurred for Safety Tier I members. We recommend maintaining the retirement rates for Safety Tier II members with less than 25 years of service and introducing higher retirement rates for those with 25 or more years of service.

Chart 31 on page 71 compares the current and recommended assumptions for Safety Tier II members with less than 25 years of service.

Chart 32 on page 71 compares the current and recommended assumptions for Safety Tier II members with 25 or more years of service.

Deferred vested members

The following tables show the observed deferred vested retirement age based on the actual experience over the past six years, separately for those who went on to work at a reciprocal retirement system and those that did not. Also shown are the current and recommended assumptions.

General Members' Deferred Vested Retirement Age

Line Description	Reciprocal Members	Non-Reciprocal Members
Current assumption	60.0	56.0
Actual average age (six years)	60.5	55.9
Recommended assumption	**60.0**	**56.0**

We recommend maintaining the General deferred vested retirement age assumption at age 60 for those covered by a reciprocal retirement system and age 56 for those who are non-reciprocal.

Safety Members' Deferred Vested Retirement Age

Line Description	Reciprocal Members	Non-Reciprocal Members
Current assumption	51.0	51.0
Actual average age (six years)	52.1	50.3
Recommended assumption	**52.0**	**51.0**

We recommend increasing the Safety deferred vested retirement age assumption from age 51 to age 52 for those covered by a reciprocal retirement system and maintaining the Safety deferred vested retirement age assumption at age 51 for those who are non-reciprocal.

Chart 21: Actual Number of Retirements Compared to Expected
General Tier I Members

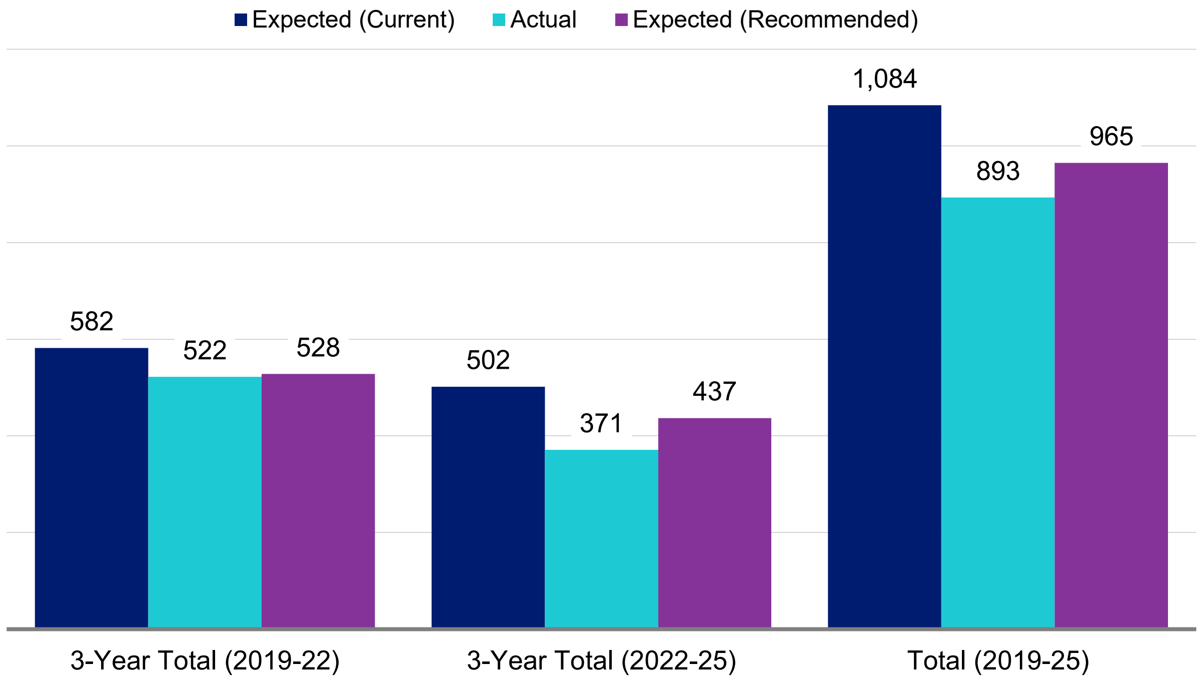


Chart 22: Actual Number of Retirements Compared to Expected
General Tier IIA and IIB Members

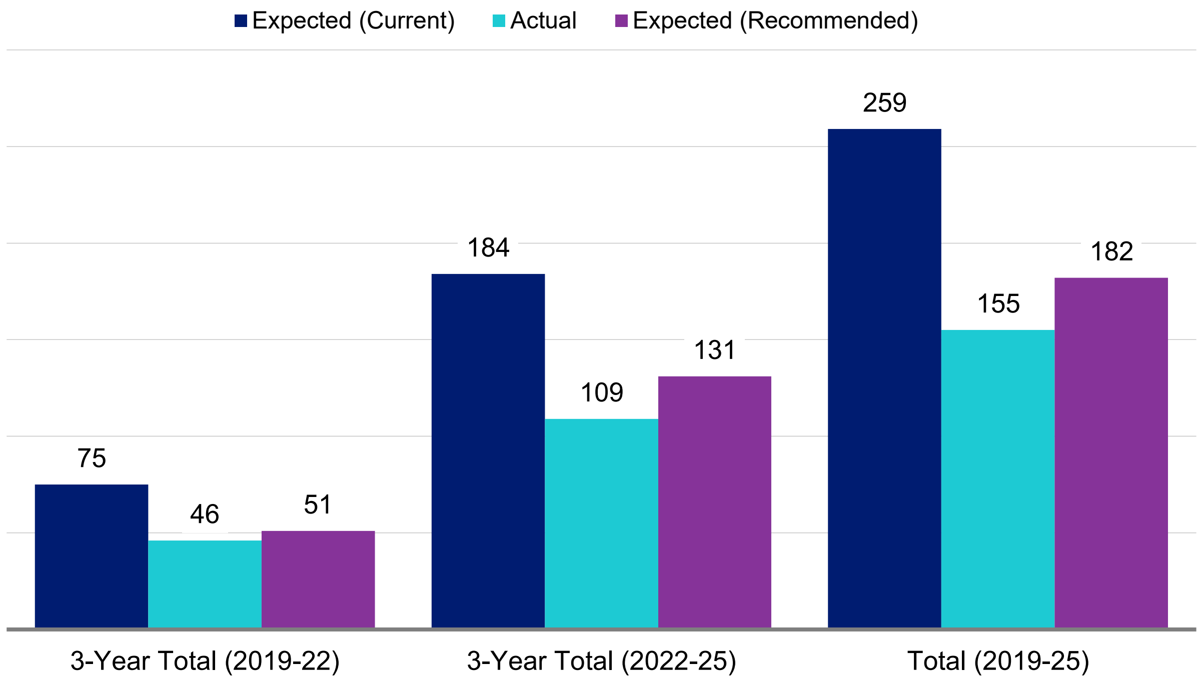


Chart 23: Actual Number of Retirements Compared to Expected
Safety Tier I Members

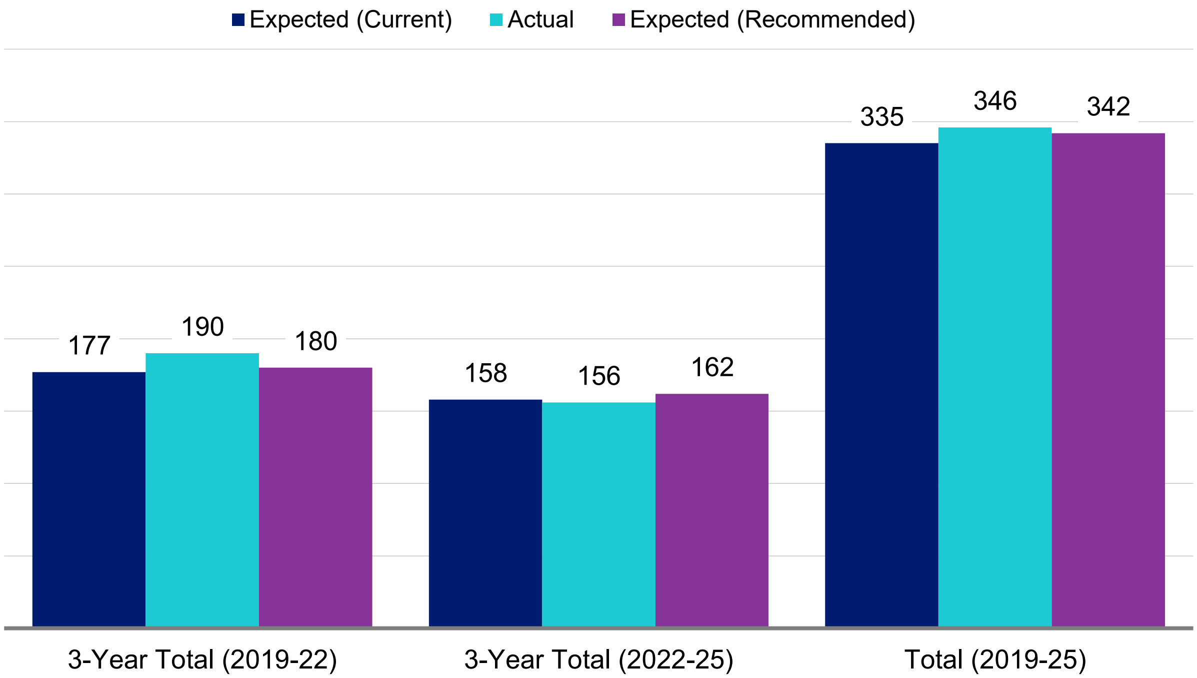


Chart 24: Retirement Rates
General Tier I Members with less than 25 Years of Service

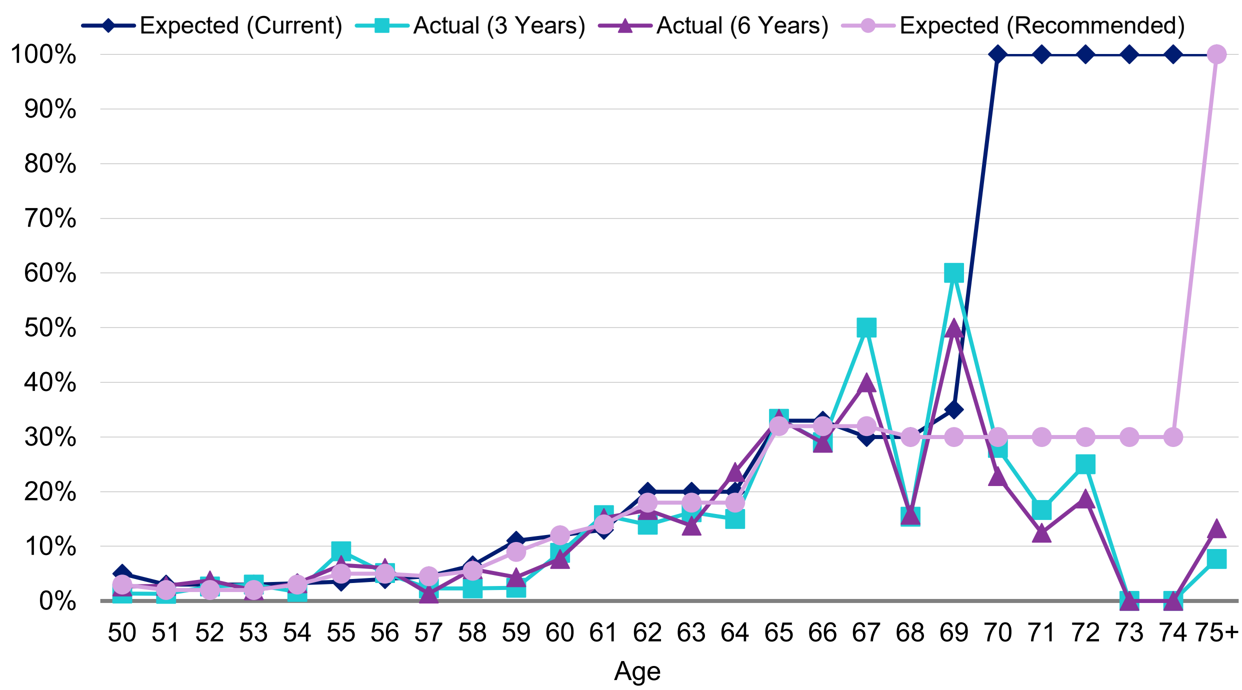


Chart 25: Retirement Rates

General Tier I Members with 25 or more Years of Service

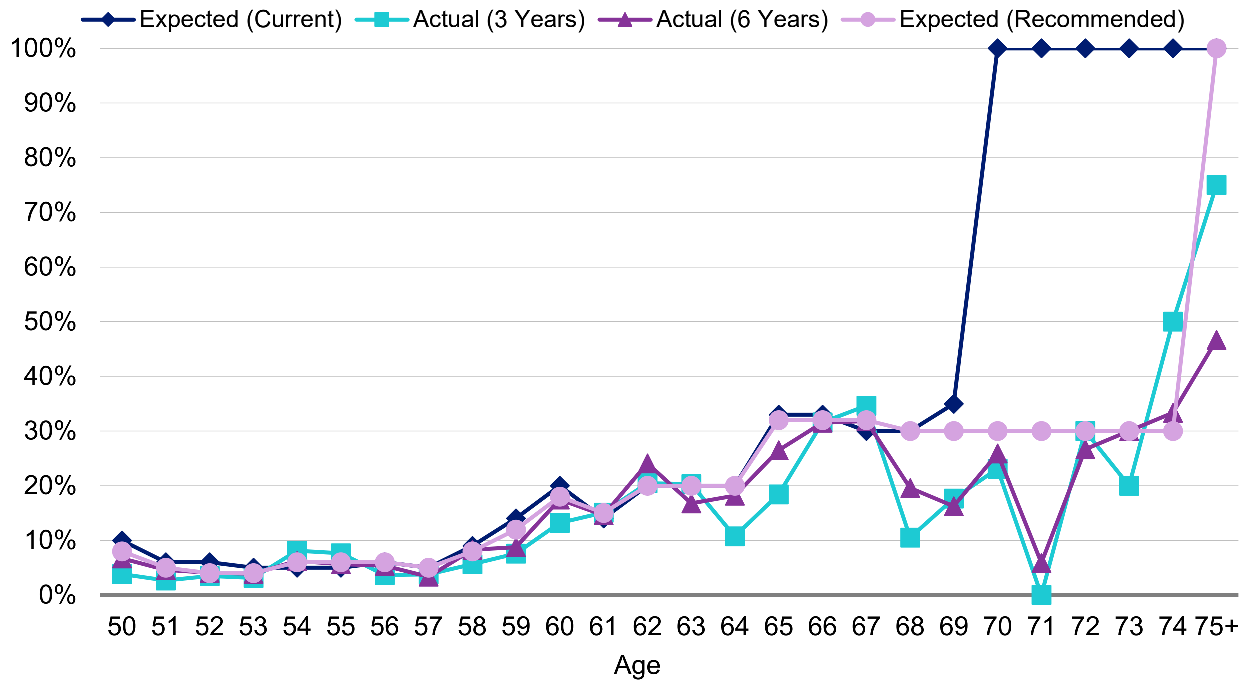
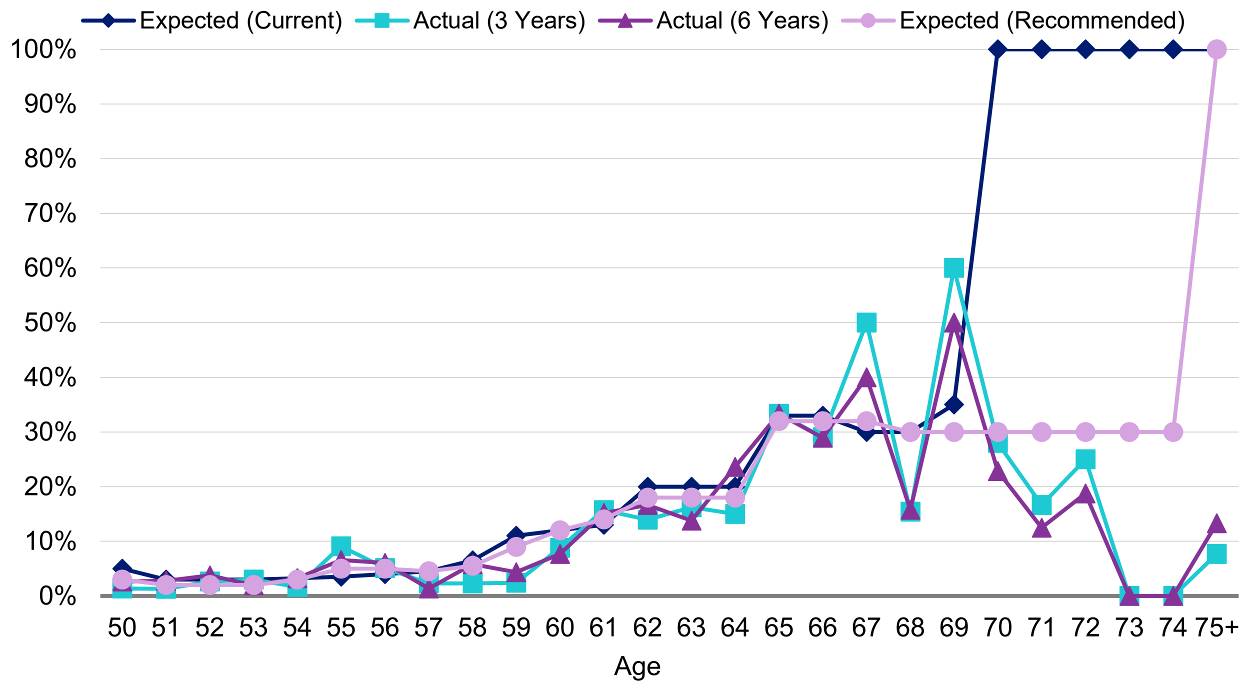


Chart 26: Retirement Rates

General Tier IIA and IIB Members with less than 25 Years of Service



Section 4: Demographic Assumptions

Chart 27: Retirement Rates

General Tier IIA and IIB Members with 25 or more Years of Service

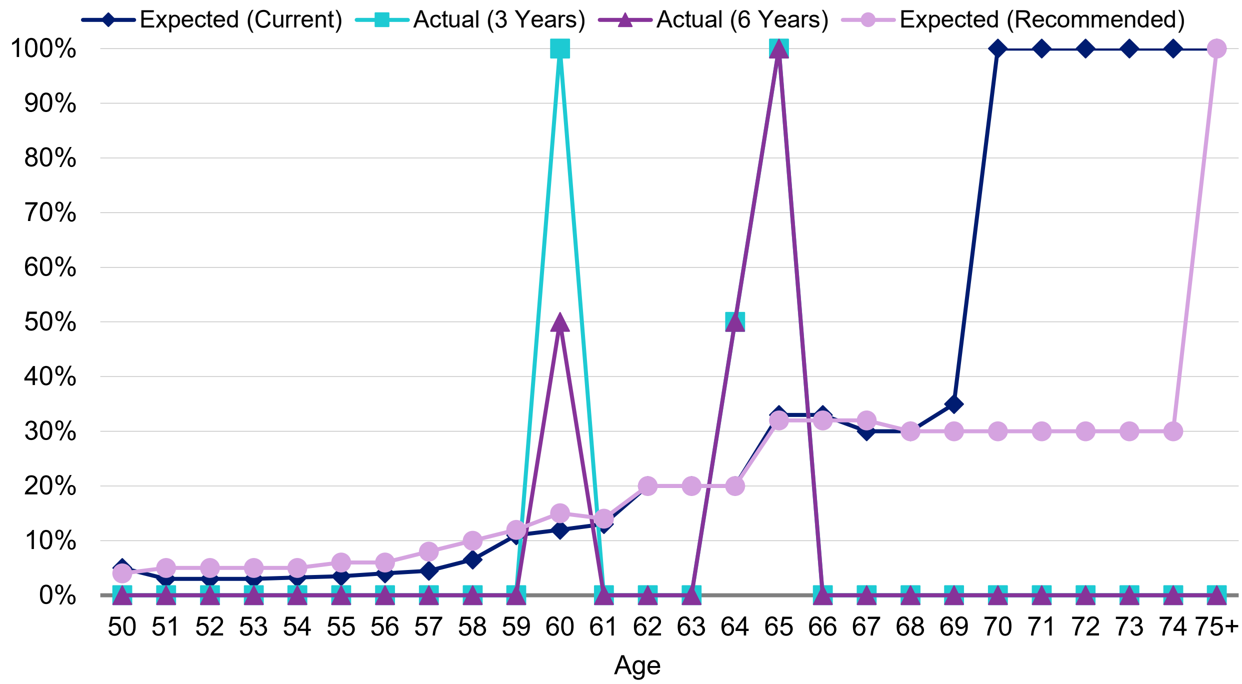


Chart 28: Retirement Rates

General Tier III Members

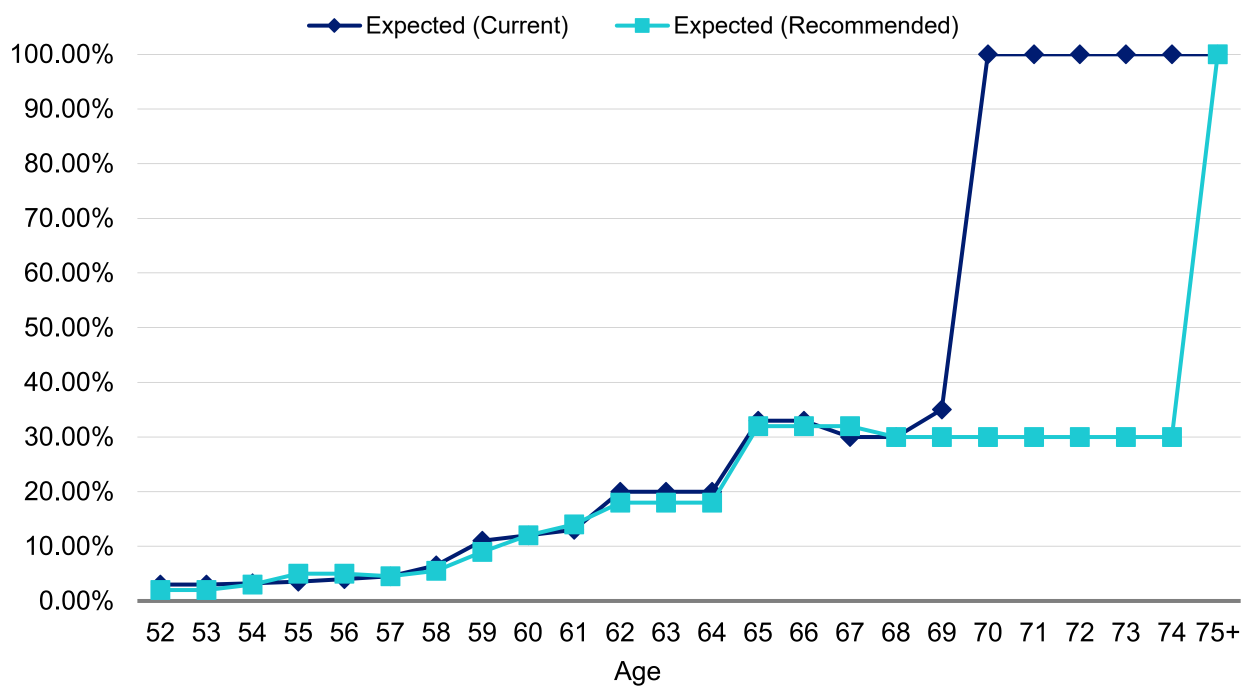


Chart 29: Retirement Rates

Safety Tier I Members with less than 25 Years of Service

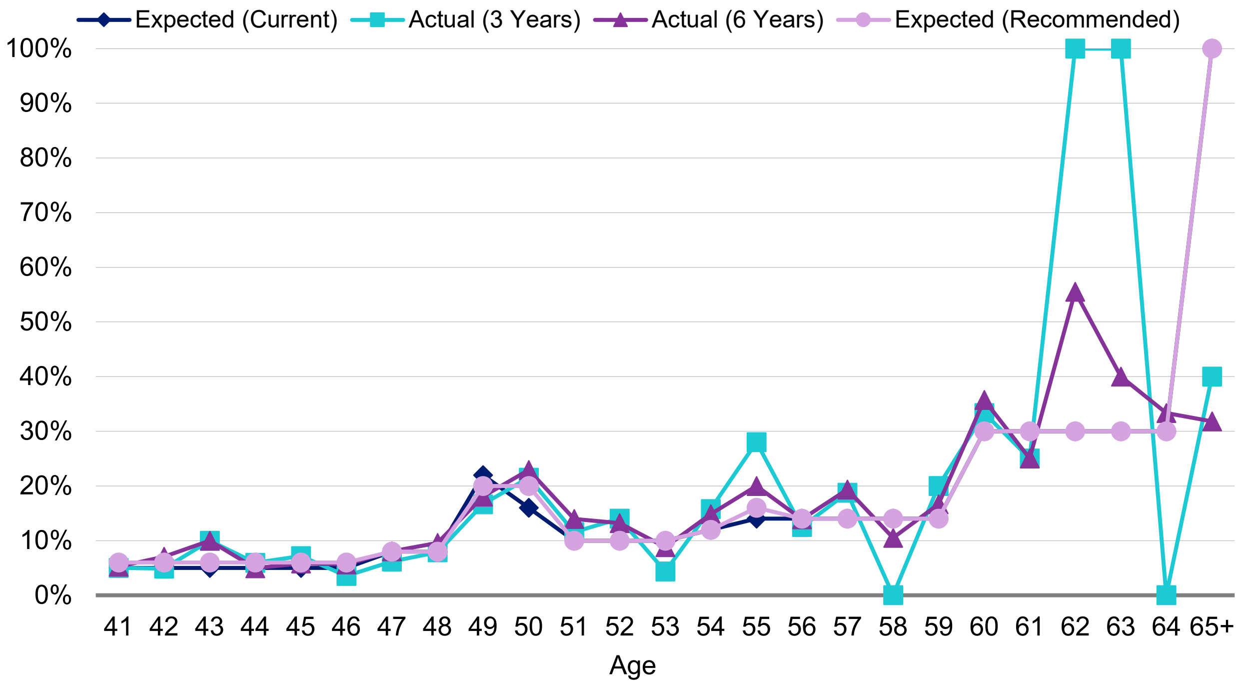


Chart 30: Retirement Rates

Safety Tier I Members with 25 or more Years of Service

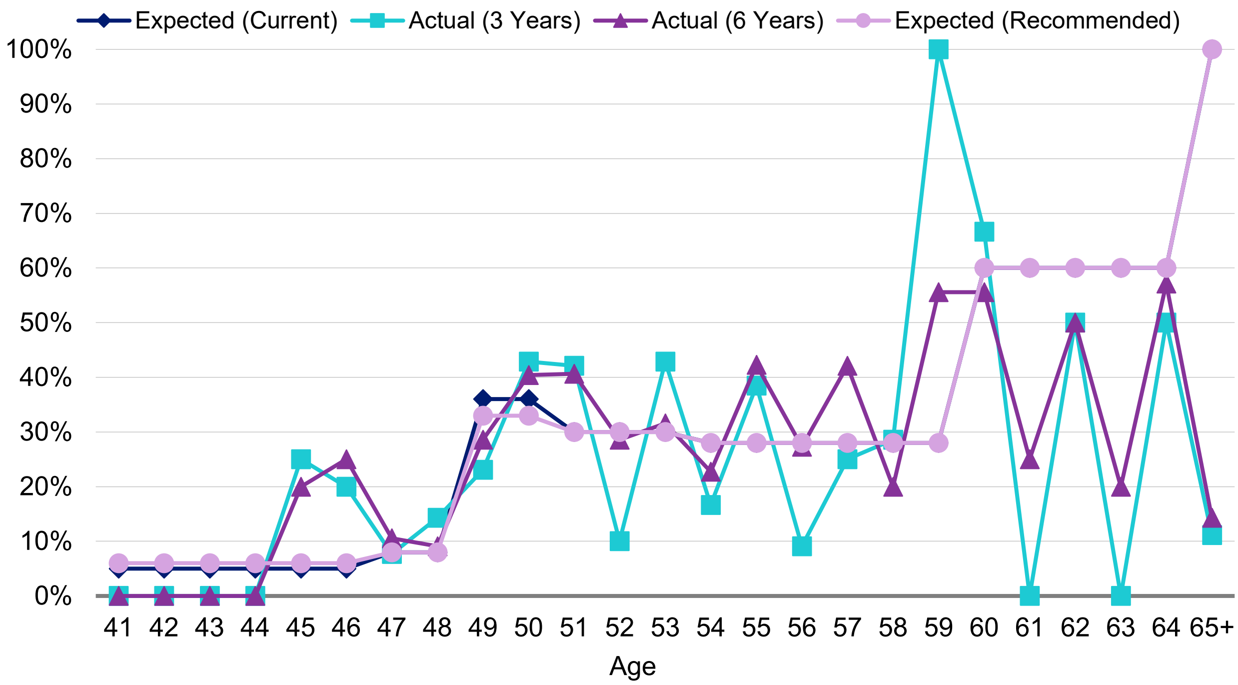


Chart 31: Retirement Rates
Safety Tier II Members with less than 25 Years of Service

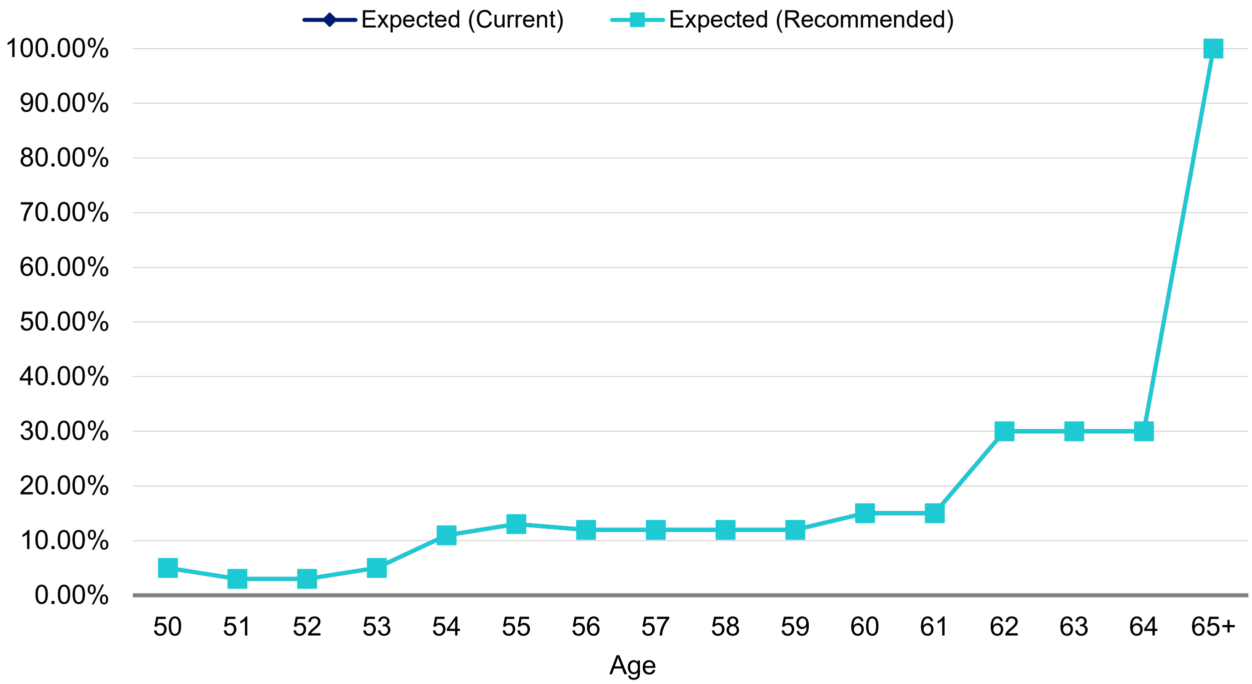
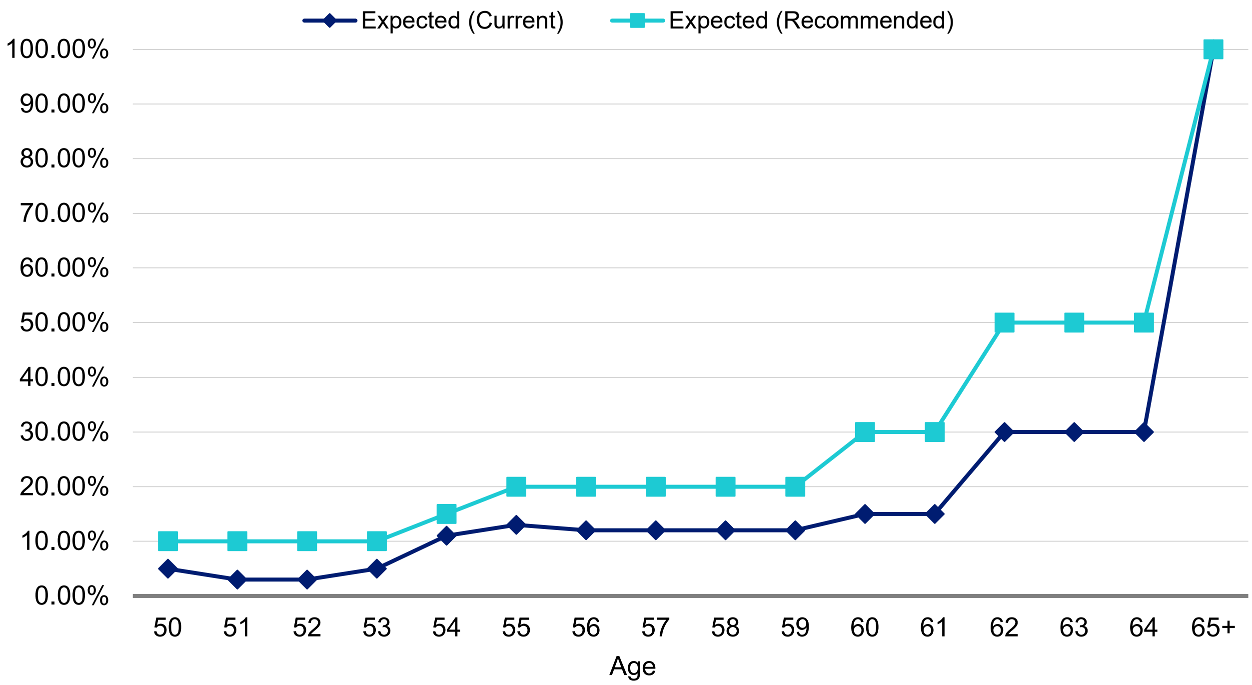


Chart 32: Retirement Rates
Safety Tier II Members with 25 or more Years of Service



F. Miscellaneous assumptions

Reciprocity

Under the current assumptions, a percentage of future deferred vested members are assumed to be covered by a reciprocal system.

Unlike other assumptions, we do not review only new deferred vested members during the three-year period because there is typically a lag between a member's date of termination and the time that it is known that they are covered by a reciprocal system. Therefore, the following table shows the observed reciprocity percentage based on the actual experience of all deferred vested members as of June 30, 2025. Also shown are the current and recommended assumptions.

Percentage of Inactive Members at Reciprocal System as of June 30, 2025

Line Description	General	Safety
Current assumption	45.0%	60.0%
Actual experience	40.1%	62.7%
Recommended assumption	**40.0%**	**65.0%**

We recommend decreasing the reciprocal assumption to 40% for General members and increasing the reciprocal assumption to 65% for Safety members.

Under the current assumptions, we assume reciprocal members will receive annual salary increase from the date of termination to the expected date of retirement based on the ultimate salary increase assumptions for actives.

We recommend maintaining the annual reciprocal salary assumption to be the same as the ultimate salary increase assumptions for active members.

Future benefit accruals

Benefits are based on the years of service and compensation earned by the member. In order to project benefits and determine the liabilities, an assumption about the amount of service earned by members each year is necessary.

We recommend maintaining the current assumption that employees accrue 1.0 year of service annually.

Unreported data for members

When various elements of valuation data are not available, an assumption must be made in order to project benefits and determine liabilities.

Section 4: Demographic Assumptions

The following table shows the gender of active members based on actual experience as of June 30, 2025. Also shown are the current and recommended assumptions for members with unreported gender.

Assumption for Unreported Gender

Line Description	General Male Member	General Female Member	Safety Male Member	Safety Female Member
Current assumption	100.0%	0.0%	100.0%	0.0%
Actual percentage as of June 30, 2025	29.6%	70.4%	79.0%	21.0%
Recommended assumption	**0.0%**	**100.0%**	**100.0%**	**0.0%**

We recommend updating the assumption for members with unreported gender to assume General members are female and Safety members are male.

Form of payment

In prior valuations, it was assumed that all members would select the unmodified option at retirement. Actual experience for recent new retirees shows that around 83% select the unmodified option at retirement.

We recommend maintaining the assumption that all members will elect the unmodified option at retirement.

Percentage with eligible survivor

The value of a member's retirement, disability, or death benefit depends on the percentage of members who are assumed to have an eligible spouse or domestic partner.

The following table shows the observed percentage of new retirees, weighted by benefit amounts, who were reported with an eligible spouse or domestic partner at the time of retirement based on the actual experience over the past three years. Also shown are the current and recommended assumptions.

New Retirees with Eligible Spouse or Domestic Partner who Elected the Unmodified Option

Line Description	Male Member	Female Member
Current assumption	65.0%	55.0%
Actual percentage (three years)	54.0%	56.4%
Recommended assumption	**65.0%**	**55.0%**

We recommend maintaining the percentage with eligible survivor assumption for male members at 65% and for female members at 55%.

Eligible survivor age and gender

Since the present value of the survivor's automatic continuance benefit is dependent on the survivor's age and gender, we must also have assumptions for these demographics of the survivor.

The following table shows the member's age as compared to the survivor's age for new retirees who elected the unmodified option with an eligible spouse or domestic partner at the time of retirement based on the actual experience over the past three years. Also shown are the current and recommended assumptions.

Member's Age as Compared to Survivor's Age

Line Description	Male Retiree	Female Retiree
Current assumption	3 years older	2 years younger
Actual percentage (three years)	3.0 years older	1.8 years younger
Recommended assumption	**3 years older**	**2 years younger**

We recommend maintaining the survivor assumption that male retirees are three years older than their survivor and that female retirees are two years younger than their survivor.

We recommend maintaining the survivor assumption that male retirees have a female survivor, and female retirees have a male survivor. This recommendation is consistent with the actual data for most members as of June 30, 2025, even with the inclusion of domestic partners.

Section 5: Cost Impact

This section presents the estimated impact of the recommended economic assumptions from *Section 3* and the recommended demographic assumptions from *Section 4*. The cost impact is estimated by recalculating the June 30, 2025 actuarial valuation using the recommended assumptions. The actual impact of the recommended assumptions will be measured as of the June 30, 2026 valuation.

Cost Impact Based on June 30, 2025 Actuarial Valuation ($ in '000s)

Assumption	Impact on Average Employer Contribution Rates	Impact on Average Member Contribution Rates
Changes in economic assumptions	3.48%	0.64%
Changes in demographic assumptions	(0.65%)	0.05%
Total increase in average contribution rate	**2.83%**	**0.69%**
Total increase in annual dollar amount[33]	**$24,719**	**$6,053**

Assumption	Impact on Funded Status
Increase in UAAL due to changes in economic assumptions	$277,276
Decrease in UAAL due to changes in demographic assumptions	(76,296)
Total increase in UAAL	**$200,980**
Change in funded ratio on VVA basis	**(1.63%)**

Of the various assumption changes, the most significant rate increase is due to the change in the investment return assumption.

The tables below show the total impact on the employer and average member contribution rates for each cost group due to the recommended assumptions.

[33] Based on June 30, 2025 projected annual payroll as determined under each set of assumptions.

Section 5: Cost Impact

Employer Contribution Rate Increases/(Decreases) (% of Payroll)

Plans and Employer	Normal Cost	UAAL	Total	Annual Amount ($ in '000s)[34]
General County without Courts	0.74%	1.02%	1.76%	$10,360
Courts	0.98%	1.02%	2.00%	807
County Safety	2.80%	3.50%	6.30%	12,432
District Category I	0.96%	1.53%	2.49%	164
District Category II	0.96%	1.53%	2.49%	68
District Category III	0.74%	1.56%	2.30%	828
District Category V	0.57%	1.53%	2.10%	35
District Category VI	2.12%	1.53%	3.65%	9
Declining Employers	1.95%	5.77%	7.72%	16
All Categories Combined	**1.22%**	**1.61%**	**2.83%**	**$24,719**

[34] Based on June 30, 2025 projected annual payroll as determined under each set of assumptions.

Section 5: Cost Impact

Average Member Contribution Rate Increases/(Decreases) (% of Payroll)

Plans and Employer	Total	Annual Amount ($ in '000s)[35]
County General without Courts		
County General Tier I without Courts	0.48%	$582
County General Tier IIA without Courts	0.56%	373
County General Tier IIB without Courts	0.49%	1,971
Courts		
Courts Tier I	0.01%	2
Courts Tier IIA	0.55%	21
Courts Tier IIB	0.49%	122
County Safety		
County Safety Tier I	0.63%	586
County Safety Tier IIA	0.86%	81
County Safety Tier IIB	2.10%	1,993
District		
District Category I Tier I	0.45%	12
District Category I Tier IIA	0.56%	5
District Category I Tier IIB	0.49%	15
District Category II Tier I	0.50%	6
District Category II Tier IIB	0.49%	8
District Category II Tier III	0.69%	0
District Category III Tier I (Buttonwillow)	N/A	0
District Category III Tier I (SJVAPCD)	1.11%	161
District Category III Tier IIA (Buttonwillow)	N/A	0
District Category III Tier IIA (SJVAPCD)	0.48%	7
District Category III Tier IIB	0.49%	0
District Category V Tier I	0.00%	0
District Category V Tier IIA	0.57%	3
District Category V Tier IIB	0.49%	5
District Category VI Tier I	0.00%	0
District Category VI Tier IIB	0.49%	0
Declining Employers		
Declining Employers Tier I	0.46%	1
Declining Employers Tier IIB	0.49%	0
All Categories Combined	**0.69%**	**$6,053**

[35] Based on June 30, 2025 projected annual payroll as determined under each set of assumptions.

Appendix A: Current Actuarial Assumptions

Economic assumptions

Net investment return

7.00%, net of investment expenses.

Administrative expenses

0.95% of payroll allocated to both the employer and member based on the components of the total average contribution rate (before expenses) for the employer and member.

The administrative expense load is added to the basic rates for employers and members.

Member contribution crediting rate

7.00%, credited semi-annually.

Inflation

2.50% per year.

Cost-of-Living Adjustment (COLA)

Retiree COLA increases due to CPI subject to a 2.50% maximum change per year for all General and Safety.

Increase in IRC Section 401(a)(17) compensation limit

2.50% per year from the valuation date.

Increase in Section 7522.10 compensation limit

2.50% per year from the valuation date.

Payroll growth

Inflation of 2.50% per year plus “across-the-board” salary increases of 0.50% per year.

Salary Increases

The annual rate of compensation increase includes inflation of 2.50%, “across-the-board” increase of 0.50%, and a merit and promotion increase that varies by service.

Merit and Promotion Salary Increases

Years of Service	General	Safety
Less than 1	5.00%	7.00%
1 – 2	5.25%	8.00%
2 – 3	4.50%	6.00%
3 – 4	4.00%	5.50%
4 – 5	3.25%	5.00%
5 – 6	2.75%	4.00%
6 – 7	2.25%	3.50%
7 – 8	2.00%	3.00%
8 – 9	1.75%	2.00%
9 – 10	1.50%	1.75%
10 – 11	1.25%	1.25%
11 – 12	1.15%	1.25%
12 – 13	1.05%	1.25%
13 – 14	1.00%	1.25%
14 – 15	0.90%	1.25%
15 – 16	0.80%	1.00%
16 and over	0.70%	1.00%

Demographic assumptions

Mortality

The Pub-2010 mortality tables and adjustments shown below reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Post-retirement mortality rates

- **Service retirees**
  - **General**
    - Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 15% for females, projected generationally with Scale MP-2021.
  - **Safety**
    - Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with Scale MP-2021.

- **Disabled retirees**
  - **General**
    - Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates decreased by 5% for males and females, projected generationally with Scale MP-2021.
  - **Safety**
    - Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with Scale MP-2021.
- **Beneficiaries**
  - **Not currently in pay status**
    - Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 15% for females, projected generationally with Scale MP-2021.
  - **In pay status**
    - Pub-2010 Contingent Survivor Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 10% for males and increased by 5% for females, projected generationally with Scale MP-2021.

Pre-retirement mortality rates

- **General**
  - Pub-2010 General Employee Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with Scale MP-2021.
- **Safety**
  - Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with Scale MP-2021.

Pre-Retirement Mortality Rates – Before Generational Projection from 2010

Age	General Male	General Female	Safety Male	Safety Female
25	0.03%	0.01%	0.03%	0.02%
30	0.04%	0.01%	0.04%	0.02%
35	0.05%	0.02%	0.04%	0.03%
40	0.07%	0.04%	0.05%	0.04%
45	0.10%	0.06%	0.07%	0.06%
50	0.15%	0.08%	0.10%	0.08%
55	0.22%	0.12%	0.15%	0.11%
60	0.32%	0.19%	0.23%	0.14%
65	0.47%	0.30%	0.35%	0.20%

All pre-retirement deaths are assumed to be non-service connected.

Mortality rates for member contributions

- **General**
  - Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 15% for females, projected 30 years (from 2010) with Scale MP-2021, weighted 30% male and 70% female.
- **Safety**
  - Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected 30 years (from 2010) with Scale MP-2021, weighted 80% male and 20% female.

Disability

Disability Rates from Active Status

Age	General	Safety
20	0.02%	0.05%
25	0.02%	0.07%
30	0.03%	0.10%
35	0.06%	0.18%
40	0.08%	0.33%
45	0.11%	0.46%
50	0.16%	1.01%
55	0.22%	2.34%
60	0.31%	3.75%
65	0.35%	4.25%

Disability Type

Disability Type	General	Safety
Service connected	50%	90%
Non-service connected	50%	10%

Appendix A: Current Actuarial Assumptions

Termination

Termination rates are set to zero once a member is eligible and assumed to retire.

Termination Rates from Active Status

Years of Service	General	Safety
Less than 1	20.00%	11.00%
1 – 2	15.00%	9.00%
2 – 3	12.00%	8.00%
3 – 4	11.00%	7.00%
4 – 5	9.00%	6.50%
5 – 6	8.50%	5.50%
6 – 7	8.00%	4.75%
7 – 8	7.50%	4.50%
8 – 9	6.50%	4.25%
9 – 10	5.00%	4.00%
10 – 11	4.50%	3.50%
11 – 12	4.00%	3.25%
12 – 13	3.75%	3.00%
13 – 14	3.50%	2.00%
14 – 15	3.25%	2.00%
15 – 16	3.00%	2.00%
16 – 17	2.75%	1.00%
17 – 18	2.25%	0.90%
18 – 19	2.00%	0.80%
19 – 20	1.90%	0.75%
20 – 21	1.75%	0.00%
21 – 22	1.50%	0.00%
22 – 23	1.25%	0.00%
23 – 30	1.00%	0.00%
30 and over	0.00%	0.00%

Appendix A: Current Actuarial Assumptions

Proportion of Total Terminations Assumed to Elect a Refund of Contributions Upon Termination

Years of Service	General	Safety
Less than 5	100.00%	100.00%
5 – 9	25.00%	30.00%
10 – 14	15.00%	12.00%
15 – 19	15.00%	12.00%
20 and over	0.00%	0.00%

Assumptions for Current and Future Inactives with a Deferred Benefit

Assumption Type	General	Safety
Retirement age		
Non-reciprocal members, with less than 5 years	70	70
Non-reciprocal members, with 5 or more years	56	51
Reciprocal members	60	51
Reciprocity assumptions		
Future inactives assumed to work for reciprocal employer	45%	60%
Annual salary increases from separation date	3.70%	4.00%

Retirement Rates

Retirement rates apply to members who are eligible to retire at the age shown.

General – Retirement Rates from Active Status

Age	Tier I Service < 25	Tier I Service ≥ 25	Tier IIA and IIB	Tier III
50	10.00%	10.00%	5.00%	0.00%
51	6.00%	6.00%	3.00%	0.00%
52	6.00%	10.00%	3.00%	3.00%
53	5.00%	12.00%	3.00%	3.00%
54	5.00%	12.00%	3.25%	3.25%
55	5.00%	12.00%	3.50%	3.50%
56	6.00%	14.00%	4.00%	4.00%
57	5.00%	16.00%	4.50%	4.50%
58	9.00%	20.00%	6.50%	6.50%
59	14.00%	24.00%	11.00%	11.00%
60	20.00%	30.00%	12.00%	12.00%
61	14.00%	24.00%	13.00%	13.00%
62	20.00%	30.00%	20.00%	20.00%
63	20.00%	30.00%	20.00%	20.00%
64	20.00%	30.00%	20.00%	20.00%
65	33.00%	33.00%	33.00%	33.00%
66	33.00%	33.00%	33.00%	33.00%
67	30.00%	30.00%	30.00%	30.00%
68	30.00%	30.00%	30.00%	30.00%
69	35.00%	35.00%	35.00%	35.00%
70 and over	100.00%	100.00%	100.00%	100.00%

Appendix A: Current Actuarial Assumptions

Safety – Retirement Rates from Active Status

Age	Tier I Service < 25	Tier I Service ≥ 25	Tier IIA and IIB
41	5.00%	5.00%	0.00%
42	5.00%	5.00%	0.00%
43	5.00%	5.00%	0.00%
44	5.00%	5.00%	0.00%
45	5.00%	5.00%	0.00%
46	5.00%	5.00%	0.00%
47	8.00%	8.00%	0.00%
48	8.00%	8.00%	0.00%
49	22.00%	36.00%	0.00%
50	16.00%	36.00%	5.00%
51	10.00%	30.00%	3.00%
52	10.00%	30.00%	3.00%
53	10.00%	30.00%	5.00%
54	12.00%	28.00%	11.00%
55	14.00%	28.00%	13.00%
56	14.00%	28.00%	12.00%
57	14.00%	28.00%	12.00%
58	14.00%	28.00%	12.00%
59	14.00%	28.00%	12.00%
60	30.00%	60.00%	15.00%
61	30.00%	60.00%	15.00%
62	30.00%	60.00%	30.00%
63	30.00%	60.00%	30.00%
64	30.00%	60.00%	30.00%
65 and over	100.00%	100.00%	100.00%

Survivor assumptions

Survivor Assumptions for Actives and Inactives

Member Gender	% with Survivor at Retirement or Pre-Retirement Death	Survivor Age	Survivor Gender
Male	65%	3 years younger than member	Female
Female	55%	2 years older than member	Male

Appendix A: Current Actuarial Assumptions

Form of Payment

All active and inactive members are assumed to elect the unmodified option at retirement.

Unknown Data for Members

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male. If not provided, salary is assumed to be equal to the average salary of the membership group and tier.

Future Benefit Accruals

1.0 year of service per year of employment.

Appendix B: Recommended Actuarial Assumptions

Economic assumptions

Net investment return

6.75%, net of investment expenses.

Administrative expenses

1.00% of payroll allocated to both the employer and member based on the components of the total average contribution rate (before expenses) for the employer and member.

The administrative expense load is added to the basic rates for employers and members.

Member contribution crediting rate

6.75%, credited semi-annually.

Inflation

2.50% per year.

Cost-of-Living Adjustment (COLA)

Retiree COLA increases due to CPI subject to a 2.50% maximum change per year for all General and Safety.

Increase in IRC Section 401(a)(17) compensation limit

2.50% per year from the valuation date.

Increase in Section 7522.10 compensation limit

2.50% per year from the valuation date.

Payroll growth

Inflation of 2.50% per year plus “across-the-board” salary increases of 0.50% per year.

Salary Increases

The annual rate of compensation increase includes inflation of 2.50%, “across-the-board” increase of 0.50%, and a merit and promotion increase that varies by service.

Merit and Promotion Salary Increases

Years of Service	General Tier I and IIA	General Tier IIB and III	Safety Tier I and IIA	Safety Tier IIB
Less than 1	5.00%	5.00%	7.00%	7.00%
1 – 2	5.25%	5.50%	8.00%	8.00%
2 – 3	4.50%	4.75%	6.00%	6.00%
3 – 4	4.00%	4.50%	5.50%	5.50%
4 – 5	3.25%	3.75%	5.00%	5.00%
5 – 6	2.75%	3.25%	4.00%	4.00%
6 – 7	2.25%	2.75%	3.50%	3.75%
7 – 8	2.00%	2.50%	3.00%	3.50%
8 – 9	1.75%	2.25%	2.00%	2.50%
9 – 10	1.50%	1.85%	1.75%	2.00%
10 – 11	1.45%	1.45%	1.75%	1.75%
11 – 12	1.40%	1.40%	1.75%	1.75%
12 – 13	1.35%	1.35%	1.50%	1.50%
13 – 14	1.30%	1.30%	1.50%	1.50%
14 – 15	1.25%	1.25%	1.50%	1.50%
15 – 16	1.15%	1.15%	1.25%	1.25%
16 – 17	1.05%	1.05%	1.25%	1.25%
17 – 18	1.00%	1.00%	1.25%	1.25%
18 – 19	0.95%	0.95%	1.25%	1.25%
19 – 20	0.85%	0.85%	1.25%	1.25%
20 and over	0.75%	0.75%	1.25%	1.25%

Demographic assumptions

Mortality

The Pub-2016 mortality tables and adjustments shown below reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Appendix B: Recommended Actuarial Assumptions

Post-retirement mortality rates

- **Service retirees**
  - **General**
    - Pub-2016 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 5% for males and increased by 15% for females, projected generationally with Scale MP-2021.
  - **Safety**
    - Pub-2016 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for males and decreased by 5% for females, projected generationally with Scale MP-2021.
- **Disabled retirees**
  - **General**
    - Pub-2016 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with Scale MP-2021.
  - **Safety**
    - Pub-2016 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with Scale MP-2021.
- **Beneficiaries**
  - **Not currently in pay status**
    - Pub-2016 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 5% for males and increased by 15% for females, projected generationally with Scale MP-2021.
  - **In pay status**
    - Pub-2016 Contingent Survivor Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 5% for males and females, projected generationally with Scale MP-2021.

Pre-retirement mortality rates

- **General**
  - Pub-2016 General Employee Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with Scale MP-2021.
- **Safety**
  - Pub-2016 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with Scale MP-2021.

Pre-Retirement Mortality Rates – Before Generational Projection from 2016

Age	General Male	General Female	Safety Male	Safety Female
20	0.03%	0.01%	0.02%	0.01%
25	0.04%	0.01%	0.03%	0.01%
30	0.05%	0.02%	0.04%	0.02%
35	0.05%	0.03%	0.04%	0.03%
40	0.07%	0.04%	0.05%	0.04%
45	0.10%	0.06%	0.07%	0.06%
50	0.15%	0.09%	0.10%	0.09%
55	0.23%	0.14%	0.16%	0.13%
60	0.34%	0.21%	0.27%	0.20%
65	0.49%	0.31%	0.45%	0.32%
70	0.73%	0.48%	0.84%	0.50%

All pre-retirement deaths are assumed to be non-service connected.

Mortality rates for member contributions

- **General**
  - Pub-2016 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 5% for males and increased by 15% for females, projected 30 years (from 2016) with Scale MP-2021, weighted 30% male and 70% female.
- **Safety**
  - Pub-2016 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for males and decreased by 5% for females, projected 30 years (from 2016) with Scale MP-2021, weighted 80% male and 20% female.

Disability

Disability Rates from Active Status

Age	General	Safety
20	0.01%	0.05%
25	0.01%	0.07%
30	0.02%	0.13%
35	0.04%	0.24%
40	0.07%	0.39%
45	0.11%	0.51%
50	0.14%	1.30%
55	0.21%	2.82%
60	0.28%	4.40%
65	0.30%	5.00%
70	0.30%	5.00%

Disability Type

Disability Type	General	Safety
Service connected	55%	95%
Non-service connected	45%	5%

Termination

Termination rates are set to zero once a member is eligible and assumed to retire.

Termination Rates from Active Status

Years of Service	General	Safety
Less than 1	20.00%	11.00%
1 – 2	15.00%	8.00%
2 – 3	12.00%	7.50%
3 – 4	11.00%	7.00%
4 – 5	9.00%	6.00%
5 – 6	8.50%	5.00%
6 – 7	8.00%	4.75%
7 – 8	7.50%	4.50%
8 – 9	6.50%	4.25%
9 – 10	5.00%	3.75%
10 – 11	4.50%	3.25%
11 – 12	4.00%	3.00%
12 – 13	3.75%	2.50%
13 – 14	3.50%	2.00%
14 – 15	3.25%	2.00%
15 – 16	3.00%	2.00%
16 – 17	2.75%	1.00%
17 – 18	2.25%	0.90%
18 – 19	2.00%	0.80%
19 – 20	1.90%	0.75%
20 – 21	1.75%	0.00%
21 – 22	1.50%	0.00%
22 – 23	1.25%	0.00%
23 – 30	1.00%	0.00%
30 and over	0.00%	0.00%

Appendix B: Recommended Actuarial Assumptions

Proportion of Total Terminations Assumed to Elect a Refund of Contributions Upon Termination

Years of Service	General	Safety
Less than 5	100.00%	100.00%
5 – 9	20.00%	25.00%
10 – 14	10.00%	10.00%
15 – 19	10.00%	10.00%
20 and over	0.00%	0.00%

Assumptions for Current and Future Inactives with a Deferred Benefit

Assumption Type	General	Safety
Retirement age		
Non-reciprocal members, with less than 5 years	70	70
Non-reciprocal members, with 5 or more years	56	51
Reciprocal members	60	52
Reciprocity assumptions		
Future inactives assumed to work for reciprocal employer	40%	65%
Annual salary increases from separation date	3.75%	4.25%

Retirement Rates

Retirement rates apply to members who are eligible to retire at the age shown.

General – Retirement Rates from Active Status

Age	Tier I Service < 25	Tier I Service ≥ 25	Tier IIA and IIB Service < 25	Tier IIA and IIB Service ≥ 25	Tier III
50	8.00%	8.00%	3.00%	4.00%	0.00%
51	5.00%	10.00%	2.00%	5.00%	0.00%
52	4.00%	10.00%	2.00%	5.00%	2.00%
53	4.00%	10.00%	2.00%	5.00%	2.00%
54	6.00%	10.00%	3.00%	5.00%	3.00%
55	6.00%	12.00%	5.00%	6.00%	5.00%
56	6.00%	12.00%	5.00%	6.00%	5.00%
57	5.00%	18.00%	4.50%	8.00%	4.50%
58	8.00%	20.00%	5.50%	10.00%	5.50%
59	12.00%	24.00%	9.00%	12.00%	9.00%
60	18.00%	33.00%	12.00%	15.00%	12.00%
61	15.00%	24.00%	14.00%	14.00%	14.00%
62	20.00%	33.00%	18.00%	20.00%	18.00%
63	20.00%	30.00%	18.00%	20.00%	18.00%
64	20.00%	30.00%	18.00%	20.00%	18.00%
65	32.00%	32.00%	32.00%	32.00%	32.00%
66	32.00%	32.00%	32.00%	32.00%	32.00%
67	32.00%	32.00%	32.00%	32.00%	32.00%
68	30.00%	30.00%	30.00%	30.00%	30.00%
69	30.00%	30.00%	30.00%	30.00%	30.00%
70	30.00%	30.00%	30.00%	30.00%	30.00%
71	30.00%	30.00%	30.00%	30.00%	30.00%
72	30.00%	30.00%	30.00%	30.00%	30.00%
73	30.00%	30.00%	30.00%	30.00%	30.00%
74	30.00%	30.00%	30.00%	30.00%	30.00%
75 and over	100.00%	100.00%	100.00%	100.00%	100.00%

Appendix B: Recommended Actuarial Assumptions

Safety – Retirement Rates from Active Status

Age	Tier I Service < 25	Tier I Service ≥ 25	Tier IIA and IIB Service < 25	Tier IIA and IIB Service ≥ 25
41	6.00%	6.00%	0.00%	0.00%
42	6.00%	6.00%	0.00%	0.00%
43	6.00%	6.00%	0.00%	0.00%
44	6.00%	6.00%	0.00%	0.00%
45	6.00%	6.00%	0.00%	0.00%
46	6.00%	6.00%	0.00%	0.00%
47	8.00%	8.00%	0.00%	0.00%
48	8.00%	8.00%	0.00%	0.00%
49	20.00%	33.00%	0.00%	0.00%
50	20.00%	33.00%	5.00%	10.00%
51	10.00%	30.00%	3.00%	10.00%
52	10.00%	30.00%	3.00%	10.00%
53	10.00%	30.00%	5.00%	10.00%
54	12.00%	28.00%	11.00%	15.00%
55	16.00%	28.00%	13.00%	20.00%
56	14.00%	28.00%	12.00%	20.00%
57	14.00%	28.00%	12.00%	20.00%
58	14.00%	28.00%	12.00%	20.00%
59	14.00%	28.00%	12.00%	20.00%
60	30.00%	60.00%	15.00%	30.00%
61	30.00%	60.00%	15.00%	30.00%
62	30.00%	60.00%	30.00%	50.00%
63	30.00%	60.00%	30.00%	50.00%
64	30.00%	60.00%	30.00%	50.00%
65 and over	100.00%	100.00%	100.00%	100.00%

Spousal assumptions

Spousal Assumptions for Actives and Inactives

Member Gender	% with Spouse at Retirement or Pre-Retirement Death	Spouse Age	Spouse Gender
Male	65%	3 years younger than member	Female
Female	55%	2 years older than member	Male

Appendix B: Recommended Actuarial Assumptions

Form of Payment

All active and inactive members are assumed to elect the unmodified option at retirement.

Unknown Data for Members

Same as those exhibited by members with similar known characteristics. If not specified, General members are assumed to be female and Safety members are assumed to be male. If not provided, salary is assumed to be equal to the average salary of the membership group and tier.

Future Benefit Accruals

1.0 year of service per year of employment.

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Chief Executive Officer's Report

Presented by: Dominic D. Brown

September 2026

Office Update

- Disability Files Pending: Pre-2025: 4 2025:7 2026: 17 Hearing: 5 Writ: 1
- Alive & Well: Staff continues to enhance process to verify eligibility of pensioners
- Inyokern CSD: Staff continue to monitor developments with plan sponsor
- Courts Social Security Update
- Annual Statements
- Staffing update: Accountant recruitment underway

Operations Activity

Member Services

- 22 new retirements processed
- 46 death benefits processed
- 31 service purchase calculations
- 79 retirement estimates
- 93 new active members
- 74 terminations
- 37 in-person appointments
- 65 walk-ins
- 385 phone calls
- 277 emails

Accounting & Reporting

- Service Purchases <30 days
- Monthly pension payroll over $40M for over 9,500 members (34 checks)
- Beginning Y/E processes
- Implementing new General Ledger application

Information Technology

- We are lending support to Kern360 for testing
- Provided 06/30/26 data to actuary for valuation

Member Outreach & Education

Recent:

- 8/18 KC Probation New Employee Orientation
- 8/26 Kern Medical New Employee Orientation
- **9/01 Department of Human Services Education**
- 9/02 Kern Behavior Health New Employee Orientation
- 9/03 KC New Employee Orientation
- 9/08 REOKC Luncheon

Upcoming:

- **9/24 KCERA End-of-Career Seminar**
- 9/30 Kern Medical New Employee Orientation
- 10/01 KC New Employee Orientation
- 10/07 BHRS New Employee Orientation
- 10/13 REOKC Luncheon
- 10/23 Kern County Health Fair

Upcoming Events

- Investment Committee – No meetings scheduled at this time
- Finance Committee – No meetings scheduled at this time
- Administrative Committee – Meeting to be scheduled
- Board of Retirement – Next regular monthly meeting will be October 14

KCERA
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

CIO REPORT

September 2026

Presented by:
Daryn Miller, CFA
Chief Investment Officer

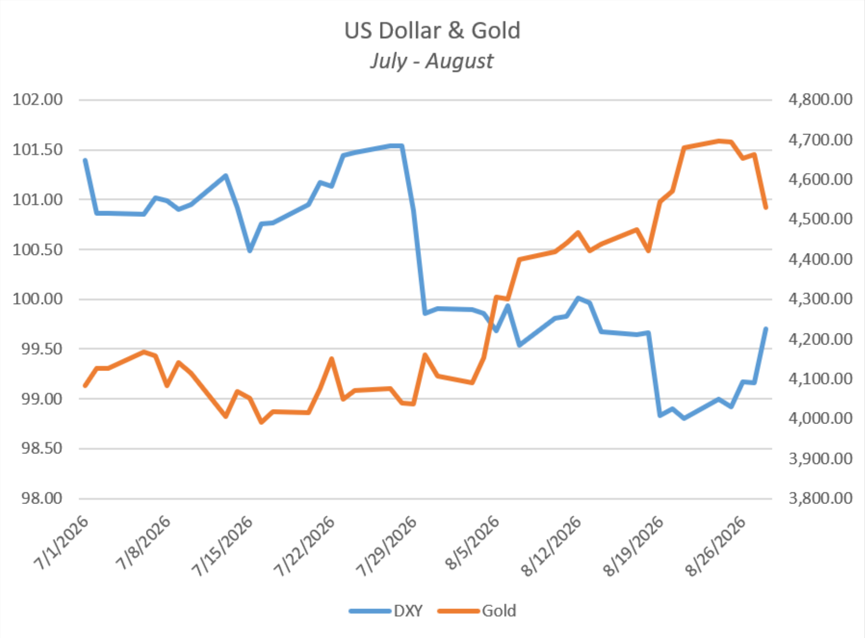
MARKET COLOR

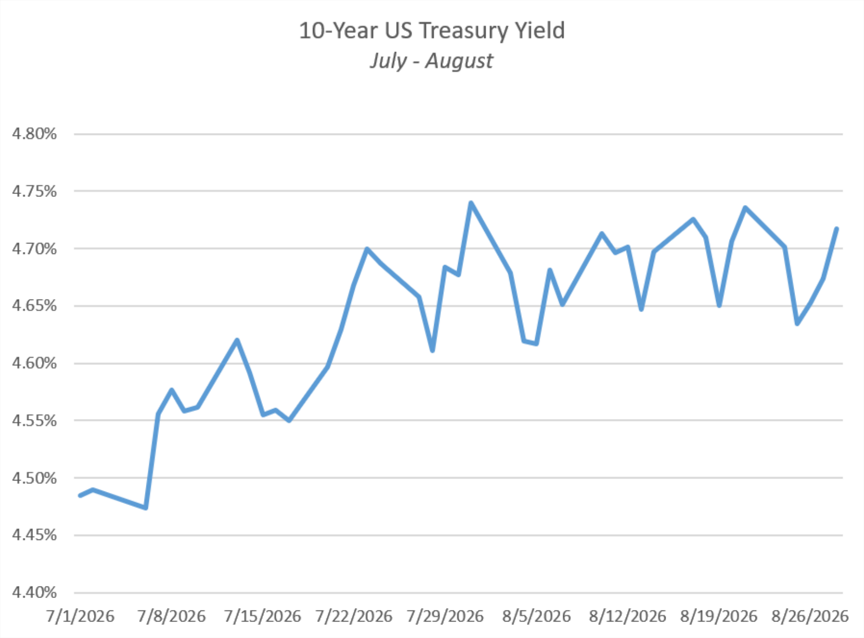
A Comment on Treasury Yields, US Policy, & the Dollar

Market	July 2026	August 2026
US 2-YR Treasury Yield	4.30%	4.35%
US 10-YR Treasury Yield	4.74%	4.72%
US 30-YR Treasury Yield	5.28%	5.21%
US Dollar (DXY)	99.91	99.70
Brent Crude	87.93	88.10
Gold	4,107.00	4,529.90
**August yield and price through 8/28 close*		

During August, US Treasury yields remained elevated (following the rise in July) and volatile amid the persistent inflation concerns stemming from geopolitical uncertainty and developments in US policy. The Dollar, which usually exhibits positive correlation with interest rates, weakened as market participants weighed the sustainability of rising federal debt and the *unorthodox* policy response to higher borrowing costs. On August 19th, Secretary Bessent announced that the US Treasury would be purchasing long-term debt to provide liquidity to support a volatile, thin-volume bond market. The bond market interpreted the announcement as a method to suppress long-end yields, and these dynamics reinforced a broader *Dollar debasement* narrative.

Investors have demonstrated an appetite for non-fiat assets, such as Gold, as a hedge against inflation and a deterioration in the credibility of US policy. On August 28th, Chair Warsh reaffirmed the Federal Reserve's commitment to containing inflation. The hawkish comments delivered during the Jackson Hole address provided some support to yields and the Dollar.





Staff is monitoring US policy developments, specifically monetary and fiscal policy, as a further rise in Treasury yields could have implications for the Plan.

The Plan maintains an underweight **Duration** stance on the expectation that long-term yields can move higher.

A move higher in interest rates would (at some point) have an impact on **Equities**, as investors would apply a higher discount rate to future earnings, and *risk-free* assets become a more attractive alternate destination of capital.

KCERA
KERN COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Positioning

ACTUAL VS POLICY TARGET

Asset Class	Actual	Policy Target	Delta
Public Equities	34.5%	34.0%	0.5%
Fixed Income	21.7%	23.0%	-1.3%
Core	11.8%	13.0%	-1.2%
Credit	9.9%	10.0%	-0.1%
Commodities	5.7%	5.0%	0.7%
Hedge Funds	12.0%	12.0%	0.0%
Alpha Pool	2.3%	2.5%	-0.2%
Core Real Estate	8.2%	7.0%	1.2%
Private Real Assets	4.2%	5.0%	-0.8%
Private Equity	5.3%	6.0%	-0.7%
Private Credit	6.3%	8.0%	-1.7%
Opportunistic	0.9%	0.0%	0.9%
Cash	-1.1%	-2.5%	1.4%
Total	100.0%	100.0%	0.0%

Public Equity: modest overweight due to recent market volatility.

Core Fixed Income: exposure to Core Fixed Income was increased by 1.4% given lower bond prices (higher yields) and as we reinvested a liquidation from the Opportunistic portfolio. We maintain an underweight vs. policy target on our view that positive economic growth, stickier inflation, and the fiscal backdrop, create an environment for higher yields.

Core Real Estate: efforts to diversify and enhance the Core Real Estate portfolio are working well, so we have increased exposure and are maintaining an overweight vs policy target.

Commodities: given current geopolitical uncertainty, the commodity portfolio continues to provide a diversification benefit. We maintain a moderate overweight vs policy.

Opportunistic: exposure decreased from 1.8% to 0.9% following the liquidation of an investment. The proceeds were invested in Core Fixed Income.

Cash: we continue to move the cash allocation closer to target as Capital Efficiency moves closer to program design.

Estimates as of August 31st, 2026. Source: KCERA.

Rebalancing

AUGUST ACTIVITY

- Fixed Income
  - Buy 22M Aristotle Short Duration Bond Strategy
  - Buy 40M Mellon Aggregate Bond Index Fund
  - Buy 45M Parametric Rates

Reporting period covers 08/01/2026 to 08/31/2026

Fixed Income: Staff reduced the underweight to Core Fixed Income following the weakness in bonds and move higher in yields during the month; the Plan remains underweight Core Fixed Income but has reduced the active exposure by approximately 1.4% over a series of trades as interest rates rose

Staff maintains the view that long-term yields should move higher

Delegation

The following investment falls within the parameters of the Delegation Policy and were approved by the CIO

$50M

Quantum Energy Parters IX - $50M

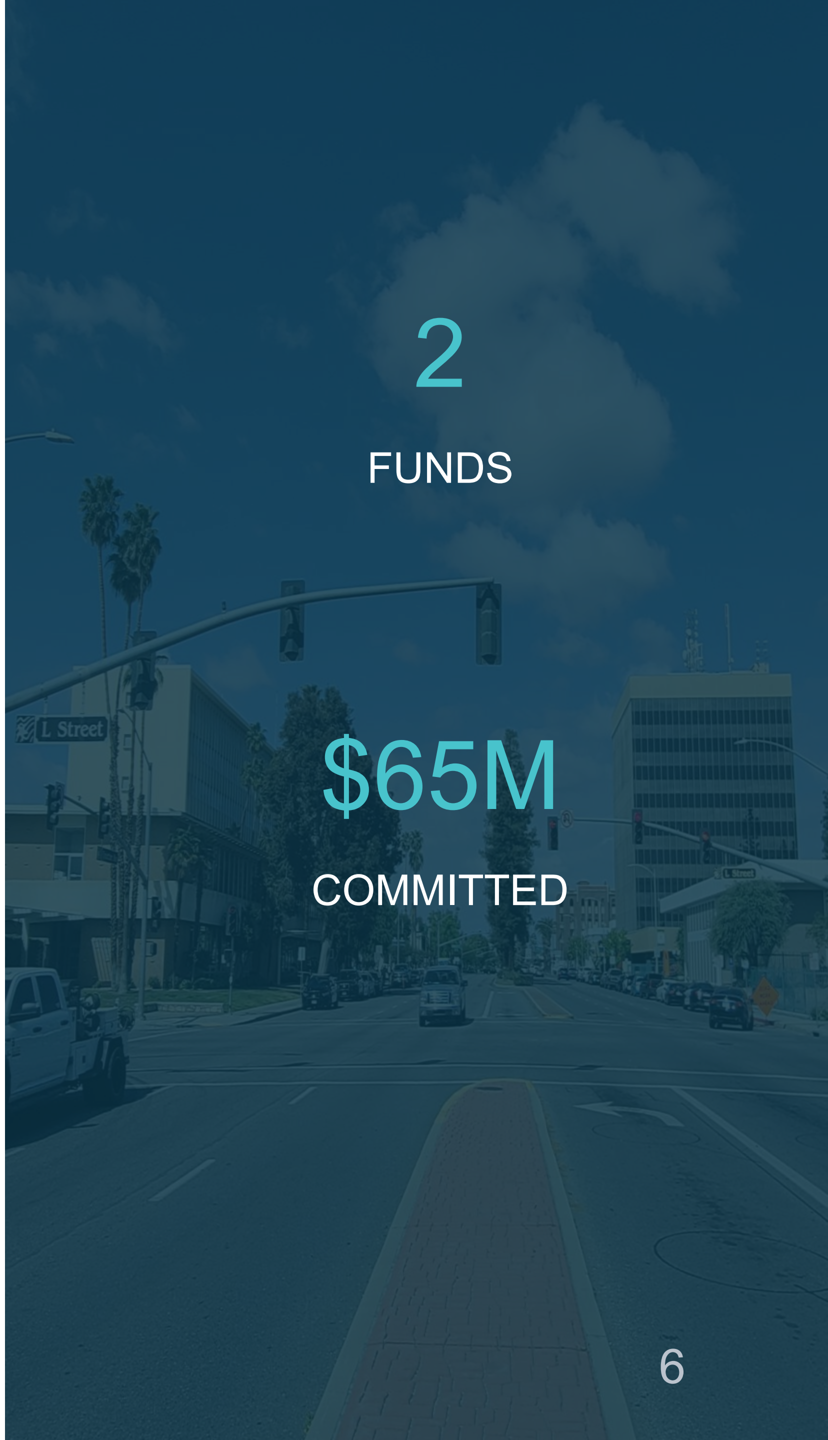
Quantum will pursue a strategy focused on upstream oil & gas exploration and development in North America and will target 13 to 16 investments in the Fund. In addition to upstream opportunities, the Fund will likely have exposure to midstream oil & gas, and power generation. This investment will be a part of the Plan's Private Real Assets allocation.

Closed
Investments

Contracting completed (all)

- Juniper Capital Co-Investment, Forge III (Private Real Assets) - $15MM
- TPG Essential Housing Fund IV (Core Real Estate) - $50MM

Reporting Period covers 08/01/2026 to 08/31/2026



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FUNDS

$65M

COMMITTED

6

Investment Committee Meetings

Next meeting TBD

The last IC meeting was held on August 5th

Legal Report

Jennifer Zahry, Chief Legal Officer
Kristen McDonald, Deputy Chief Legal Officer

September 2026

Legislative Update

Pending presentation to Governor

- AB 1054: Establish DROP (Deferred Retirement Option Program) Legislation within PERS for Highway Patrol and Firefighters. Amended 8/13/2026 and Enrolled 8/30/2026.
- AB 1383: Amended. If using PEPRA tier formulas for safety, would be using same PEPRA tier 430(b) compensation limits for staff as current, not previously-proposed higher 415 limit instead. Amended 8/27/2026 and ordered to Engrossing and Enrolling 8/30/2026.

Legislative Update

Pending presentation to Governor

- AB 1439: Proposed restriction on investment in CA development projects unless certain labor standards used. Heavily amended, now requires PERS and STRS to contract for a study of effect of that initial proposal instead. Report would be due by 01/01/2028. Amended 8/13/2026 and Enrolled 09/01/2026.
- Specific requirements for the study: “The Legislature requests that the University of California, Berkeley, Labor Center conduct an independent study to analyze the extent of labor standards protections in California real estate and infrastructure development projects funded through the real asset portfolios of the Public Employees’ Retirement System (PERS) and the State Teachers’ Retirement System (STRS). The Legislature also requests that the study examine available evidence on the impact of labor standards protections, or lack of protections, on California workers and the state’s economy, development costs, project completion timelines, and other outcomes.”

Legislative Update

Pending Governor Approval

- AB 1619: Increase Board of Retirement Trustee per diem from $100 to $320, subject to Board of Supervisors adoption. Enrolled and Presented to Governor 8/25/2026.
- AB 2780: SACRS-sponsored omnibus bill
  - Only active members can run for and vote for 2nd, 3rd, 7th seats
  - Create 10-year statute of limitations period for overpayment collections
  - Change “earnable compensation” to “compensation earnable”
  - Lump sum burial allowance across reciprocal systems- last in time
  - Reciprocity “concurrent retirement” = within 30 calendar days
  - Enrolled and Presented to Governor 8/27/2026.

Legislative Update

Pending SACRS Legislative Proposal

- There is an expanded SACRS Legislative Proposal this year, called the CERL Modernization Act. Legal will present a detailed discussion of the proposal at a future Board meeting, prior to the November SACRS.