

Executive Team:

Dominic D. Brown, CPA, CFE
Chief Executive Officer

Daryn Miller, CFA
Chief Investment Officer

Jennifer Zahry, JD
Chief Legal Officer

Matthew Henry, CFE
Chief Operations Officer



Board of Retirement:

Dustin Contreras, Chair
Joseph D. Hughes, Vice-Chair
Jordan Kaufman
Ajaib Gill
Rocio Mosqueda
David Couch
John Sanders
Rick Kratt
Jeff Frapwell
Tyler Whitezell
Chase Nunneley, Alternate
Robb Seibly, Alternate

June 4, 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, June 10, 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# 816 6500 0020:

- (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/81665000020?pwd=JnHpttaiawlgSDf0Gh883yteKQnpFv.1>
- Passcode: 473506

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. [Summary of proceedings of the following meeting:](#)

- April 28, 2026 Administrative Committee
- April 28, 2026 Investment Committee
- April 28, 2026 Special Board of Retirement
- May 6, 2026 Board of Retirement

RECEIVE AND FILE

- *3. [Report from the KCERA office on new retirees processed during the month of May 2026 – RATIFY](#)
- *4. [Securities Lending Earnings Summary Report from Deutsche Bank for the period ending April 30, 2026 – RECEIVE AND FILE](#)
- *5. [KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the month of April 2026 – RECEIVE AND FILE](#)
- *6. [Invitation from Cerity Partners for Chief Investment Officer Daryn Miller to attend the Cerity Partners Institutional Client Summit, July 20-21, 2026 in Seattle, Washington – RECEIVE AND FILE](#)
- *7. [Invitation from State Association of County Retirement Systems \(SACRS\) to trustees to attend the SACRS UC Berkeley Program 2026, July 19-22, 2026, in Berkeley, California – APPROVE ATTENDANCE OF TRUSTEES JOSEPH D. HUGHES AND ROCIO MOSQUEDA](#)
- *8. [Agreement for Audit Services with UHY LLP – AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT, SUBJECT TO LEGAL ADVICE AND REVIEW](#)
- *9. [Amendment 2 to Agreement for Investment Consulting Services with Albourne America – AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT, SUBJECT TO LEGAL ADVICE AND REVIEW](#)
- *10. [Proposed updates to KCERA's Investment Policy Statement \(IPS\) – RATIFY CHANGES](#)
- *11. [Service provider evaluation period initiated pursuant to the KCERA Evaluation Period Policy – RATIFY](#)
- *12. [Report on Special Pay Codes classified by the Chief Executive Officer – RECEIVE AND FILE](#)

PUBLIC COMMENTS

- 13. 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

14. [Presentation on the 2H 2025 Private Markets Performance Report by Chief Investment Officer Daryn Miller, Investment Consultants Andrea Auerbach, Kelly Jensen, Keirsten Lawton, Maria Surina, and Mark Mallory, Cambridge Associates¹](#) – RECEIVE AND FILE
15. [Presentation on the 1st Quarter Investment Performance Review period ending March 31, 2026 by Investment Consultants Scott Whalen and Brian Kwan, Cerity Partners](#) – RECEIVE AND FILE
16. [Presentation on the 1st Quarter 2026 Portfolio Review by Investment Consultant Spencer Edge, Albourne America²](#) – RECEIVE AND FILE

FINANCIAL MATTERS

17. [Presentation on KCERA Organizational Landscape and Budget Governance by Chief Executive Officer Dominic Brown](#) – HEAR PRESENTATION
18. [Discussion and appropriate action on the recommended FY 2026-2027 KCERA Operating Budget presented by Chief Executive Officer Dominic Brown, Chief Operations Officer Matt Henry, Chief Financial Officer Angela Kruger, and the Finance Committee](#) – APPROVE

ADMINISTRATIVE MATTERS

19. [Trustee education on KCERA's Legislative Policy presented by Chief Legal Officer Jennifer Zahry](#) – RECEIVE EDUCATIONAL TRAINING (15 MINUTES TRUSTEE EDUCATION CREDIT)

EXECUTIVE STAFF REPORTS

20. [Report from Chief Executive Officer](#) – HEAR PRESENTATION
21. [Report from Chief Investment Officer](#) – HEAR PRESENTATION
22. [Report from Chief Legal Officer](#) – HEAR PRESENTATION

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

² 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

COMMITTEE REPORTS

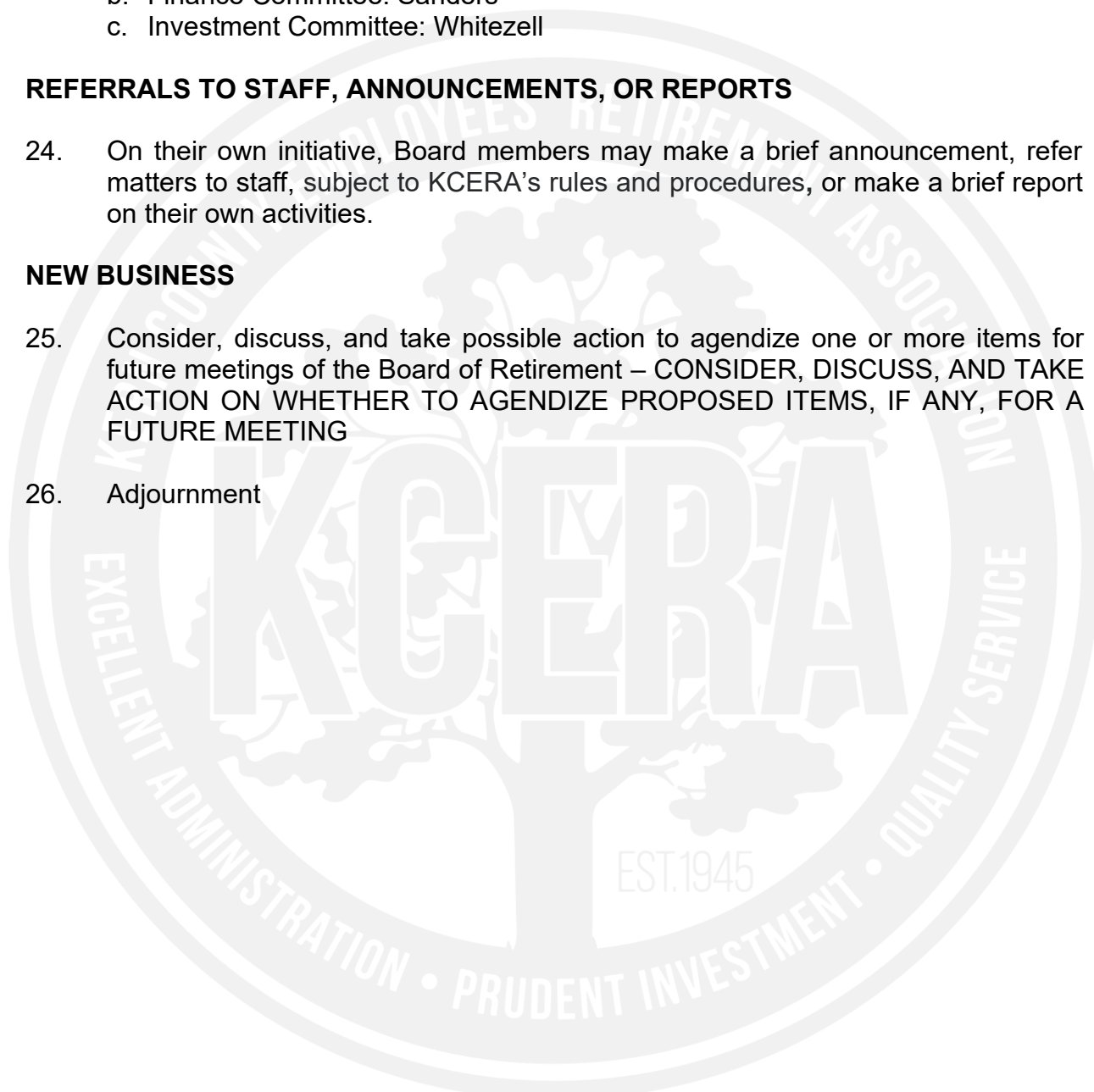
23. Report from Committee Chairs:
 - a. Administrative Committee: Hughes
 - b. Finance Committee: Sanders
 - c. Investment Committee: Whitezell

REFERRALS TO STAFF, ANNOUNCEMENTS, OR REPORTS

24. 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

25. 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**
26. Adjournment





SUMMARY OF PROCEEDINGS

Administrative Committee Meeting

April 28, 2026

Committee Members: Contreras (Alternate), Gill, Chair Hughes, Mosqueda, Seibly

CALLED TO ORDER: 4:04 P.M.

ROLL CALL (IN PERSON)

Present: Contreras, Gill, Mosqueda, Seibly

Absent: Hughes*

**In Chair Joseph D. Hughes' absence, Trustee Dustin Contreras was appointed to the Chair role for this meeting*

NOTE: The vote is displayed in bold below each item. For example, Seibly-Mosqueda denotes Trustee Robb Seibly made the motion and Trustee Rocio Mosqueda 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. Review of the annual KCERA Human Resources Report presented by Chief Executive Officer Dominic Brown – CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; CHAIR DUSTIN CONTRERAS HEARD; TRUSTEES AJAIB GILL AND ROBB SEIBLY HEARD

HEARD PRESENTATION

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: 4:21 P.M.

Secretary, Board of Retirement

Chair, Administrative Committee



SUMMARY OF PROCEEDINGS

Investment Committee Meeting

April 28, 2026

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

CALLED TO ORDER: 3:01 P.M.

ROLL CALL (IN PERSON)

Present: Kaufman, Kratt, Sanders, Whitezell

Absent: Couch

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.

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. Update to KCERA's Placement Agent Policy – **RECOMMENDED THE BOARD OF RETIREMENT APPROVE PROPOSED CHANGES**

Sanders-Kratt – 4 Ayes

Trustee John Sanders voted in place of Trustee David Couch

PUBLIC COMMENTS

3. 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

4. Discussion and appropriate action on fund recommendation for the Core Real Estate allocation presented by Chief Investment Officer Daryn Miller, Investment Officer Jack Bowman, and Investment Consultants Scott Whalen and Brian Kwan, Cerity Partners¹ – CHIEF INVESTMENT OFFICER DARYN MILLER HEARD; INVESTMENT OFFICER JACK BOWMAN HEARD; CHAIR TYLER WHITEZELL HEARD; TRUSTEES RICK KRATT AND JOHN SANDERS HEARD; SCOTT WHALEN, CERITY PARTNERS, HEARD

TRUSTEE DAVID COUCH ARRIVED AT 3:05 P.M.

RECOMMENDED THE BOARD OF RETIREMENT APPROVE UP TO \$125MM INVESTMENT IN HBC FINANCING PARTNERS FUND, LP; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Kratt-Kaufman – 4 Ayes

5. Discussion and appropriate action on the annual asset allocation review presented by Chief Investment Officer Daryn Miller and Investment Consultants Scott Whalen and Brian Kwan, Cerity Partners – CHIEF INVESTMENT OFFICER DARYN MILLER HEARD; TRUSTEE RICK KRATT HEARD; SCOTT WHALEN, CERITY PARTNERS, HEARD

RECOMMENDED THE BOARD OF RETIREMENT APPROVE ASSET ALLOCATION

Kratt-Kaufman – 4 Ayes

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

REFERRALS TO STAFF, ANNOUNCEMENTS, OR REPORTS

6. 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

7. ADJOURNED: 3:32 P.M.

Secretary, Board of Retirement

Chair, Investment Committee



SUMMARY OF PROCEEDINGS

Special Board of Retirement Meeting

April 28, 2026

Board Members: Chair Contreras (Alternate), Couch, Frapwell, Gill, Vice-Chair Hughes, Kaufman, Kratt, Mosqueda, Nunneley (Alternate), Sanders, Seibly (Alternate), Whitezell

CALLED TO ORDER: 3:44 P.M.

ROLL CALL (IN PERSON)

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

Absent: Hughes

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)

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

MATTERS FOR CONSIDERATION

Staff recommendations are shown in caps after each item.

INVESTMENT MATTERS

3. Discussion and appropriate action on fund recommendation for the Core Real Estate allocation presented by Chief Investment Officer Daryn Miller, Investment Officer Jack Bowman, Investment Consultants Scott Whalen and Brian Kwan, Cerity Partners, and the Investment Committee – CHIEF INVESTMENT OFFICER DARYN MILLER HEARD; INVESTMENT OFFICER JACK BOWMAN HEARD; CHAIR TYLER WHITEZELL HEARD; TRUSTEES JEFF FRAPWELL AND AJAIB GILL HEARD

APPROVED UP TO \$125MM INVESTMENT IN HBC FINANCING PARTNERS FUND, LP; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW

Whitezell-Couch – 8 Ayes

REFERRALS TO STAFF, ANNOUNCEMENTS, OR REPORTS

4. 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
5. ADJOURNED: 3:56 P.M.

Secretary, Board of Retirement

Chair, Board of Retirement



SUMMARY OF PROCEEDINGS

Board of Retirement Meeting

May 6, 2026

Board Members: Chair Contreras (Alternate), Couch, Frapwell, Gill, Vice-Chair Hughes, Kaufman, Kratt, Mosqueda, Nunneley (Alternate), Sanders, Seibly (Alternate), Whitezell

CALLED TO ORDER: 8:35 A.M.

ROLL CALL (IN PERSON)

Present: Contreras, Couch, Frapwell, Gill, Kaufman, Kratt, Mosqueda, Nunneley, Seibly, Whitezell

Absent: Hughes, Sanders

FLAG SALUTE: TRUSTEE RICK KRATT

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)

Item 1 withdrawn from agenda. No trustees appeared 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).
 - TRUSTEE JOSEPH D. HUGHES NOTIFIED THE BOARD OF HIS NEED TO ATTEND VIA TELECONFERENCE FOR "JUST CAUSE" CIRCUMSTANCES AS DEFINED BY SB 707; CHAIR DUSTIN CONTRERAS STATED THIS ITEM WOULD BE CONTINUED UPON TRUSTEE HUGHES' 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 Mitchell Adams, Sheriff (Safety) – ADOPTED RECOMMENDATION OF SDAG TO GRANT SERVICE-CONNECTED DISABILITY RETIREMENT

Frapwell-Whitezell – 7 Ayes

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

Frapwell-Whitezell – 7 Ayes

- *4. Summary of proceedings of the following meeting:

- April 8, 2026 Board of Retirement

RECEIVED AND FILED

Frapwell-Whitezell – 7 Ayes

- *5. Report from the KCERA office on new retirees process during the month of April 2026 – RATIFIED

Frapwell-Whitezell – 7 Ayes

- *6. Securities Lending Earnings Summary Report from Deutsche Bank for the period ending March 31, 2026 – RECEIVED AND FILED

Frapwell-Whitezell – 7 Ayes

- *7. KCERA asset allocation, cash flow position, investment fees cash flow, and operating expense budget status reports for the month of March 2026 – RECEIVED AND FILED

Frapwell-Whitezell – 7 Ayes

- *8. KCERA Class Action Proceeds Report for the period from January 1 – March 31, 2026 from the Northern Trust Company – RECEIVED AND FILED

Frapwell-Whitezell – 7 Ayes

- *9. Updates to KCERA's Placement Agent Policy – APPROVED PROPOSED CHANGES

Frapwell-Whitezell – 7 Ayes

- *10. Invitation from Sculptor for Investment Officer Jack Bowman to attend the Sculptor Annual General Meeting, May 12-15, 2026 in New York, New York – RECEIVED AND FILED

Frapwell-Whitezell – 7 Ayes

- *11. Invitation from State Association of County Retirement Systems (SACRS) to Board of Directors to attend the SACRS Board of Directors Meeting, June 22-23, 2026, in Oakland, California – APPROVED THE ATTENDANCE OF TRUSTEE JORDAN KAUFMAN

Frapwell-Whitezell – 7 Ayes

- *12. SACRS Spring 2026 Business Meeting Packet for the SACRS business meeting on May 15, 2026 in Olympic Valley, California – RECEIVED AND FILED

Frapwell-Whitezell – 7 Ayes

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

Frapwell-Whitezell – 7 Ayes

- *14. Proclamation of May 3-9, 2026 as Public Service Recognition Week – ADOPTED PROCLAMATION

Frapwell-Whitezell – 7 Ayes

PUBLIC COMMENTS

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

MATTERS FOR CONSIDERATION

Staff recommendations are shown in caps after each item.

FINANCIAL MATTERS

16. Trustee education regarding the triennial Actuarial Experience Study presented by Actuaries Todd Tauzer and Molly Calcagno, Segal – CHAIR DUSTIN CONTRERAS HEARD; TRUSTEES JORDAN KAUFMAN AND RICK KRATT HEARD; TODD TAUZER AND MOLLY CALCAGNO, SEGAL, HEARD

TRUSTEE JOHN SANDERS ARRIVED AT 8:44 A.M.

RECEIVED EDUCATIONAL TRAINING (49 MINUTES TRUSTEE EDUCATION CREDIT)

INVESTMENT MATTERS

17. Discussion and appropriate action on the annual asset allocation review presented by Chief Investment Officer Daryn Miller, Investment Consultants Scott Whalen and Brian Kwan, Cerity Partners, and the Investment Committee – CHIEF INVESTMENT OFFICER DARYN MILLER HEARD; SCOTT WHALEN AND BRIAN KWAN, CERTIY PARTNERS, HEARD

TRUSTEE AJAIB GILL LEFT AT 9:29 A.M.

APPROVED ASSET ALLOCATION

Couch-Frapwell – 8 Ayes

Trustee Dustin Contreras voted in place of Trustee Ajaib Gill

EXECUTIVE STAFF REPORTS

18. Report from Chief Executive Officer

CHIEF EXECUTIVE OFFICER DOMINIC BROWN REPORTED THE FOLLOWING:

- OFFICE UPDATE
- OPERATIONS ACTIVITY
- MEMBER OUTREACH AND EDUCATION
- UPCOMING EVENTS
- ASK JAN INQUIRY

19. Report from Chief Investment Officer

CHIEF INVESTMENT OFFICER DARYN MILLER REPORTED THE FOLLOWING:

TRUSTEE JEFF FRAPWELL LEFT AT 9:48 A.M.

- POSITIONING – ACTUAL VS. POLICY TARGET
- REBALANCING – APRIL ACTIVITY
- DELEGATION
- CLOSED INVESTMENTS
- INVESTMENT COMMITTEE MEETINGS

CHIEF EXECUTIVE OFFICER DOMINIC BROWN HEARD; TRUSTEE DAVID COUCH HEARD

THE FOLLOWING ITEM HEARD OUT OF ORDER

SB 707 REMOTE APPEARANCE(S) CONTINUED

1. TRUSTEE JOSEPH D. HUGHES ARRIVED VIA TELECONFERENCE, MADE REQUIRED DISCLOSURES, AND ADDED TO THE ROLL AT 9:58 A.M.

20. Report from Chief Legal Officer

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

- LITIGATION UPDATE
- LEGISLATIVE UPDATE
- SB 1319

TRUSTEES DAVID COUCH, JORDAN KAUFMAN, AND CHASE NUNNELEY HEARD

COMMITTEE REPORTS

21. Report from Committee Chairs:

- a. Administrative Committee: HUGHES – NONE
- b. Finance Committee: SANDERS – MEETING ON JUNE 2
- c. Investment Committee: WHITEZELL – NONE

ADMINISTRATIVE MATTERS

22. Trustee education regarding KCERA's Compensation Policy and Fiduciary Considerations presented by Governance Consultants Julie Becker and Benita Falls Harper, Aon – CHIEF OPERATIONS OFFICER MATT HENRY HEARD; CHIEF LEGAL OFFICER JENNIFER ZAHRY HEARD; CHAIR DUSTIN CONTRERAS HEARD; BENITA FALLS HARPER, AON, HEARD; PATTY HOWARD, RGS, HEARD

RECEIVED EDUCATIONAL TRAINING (20 MINUTES TRUSTEE EDUCATION CREDIT)

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

EXECUTIVE SESSION

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

Agency Designated Representatives: Joseph D. Hughes, Rocio Mosqueda, and Tyler Whitezell, or Trustee(s) participating in the absence of any of the listed agency designees (to be announced in open session prior to closed session)

Unrepresented Employee: KCERA Chief Executive Officer

RETURN TO PUBLIC SESSION

BOARD OF RETIREMENT RECONVENED IN PUBLIC SESSION AT 12:18 P.M.

ROLL CALL

To establish quorum present upon resuming public session

Present: Contreras, Couch, Frapwell, Hughes, Mosqueda, Nunneley, Seibly, Whitezell

Absent: Gill, Kaufman, Kratt, Sanders

REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ITEM 23 – NO REPORTABLE ACTION

REFERRALS TO STAFF, ANNOUNCEMENTS, OR REPORTS

24. 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

25. Consider, discuss, and take possible action to agendaize one or more items for future meetings of the Board of Retirement – NONE

26. ADJOURNED: 12:19 P.M.

Secretary, Board of Retirement

Chair, Board of Retirement



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

Employer Name: County Of Kern

| Last Name | First Name | Retirement Date | Membership Tier | Department Name |
|-------------|----------------|-----------------|-----------------------|----------------------------------|
| Baldwin | Kymberly | 03/21/2026 | General Tier I | Public Works-Public Ways |
| Banda Lopez | Sandra | 04/04/2026 | General Tier I | Depart Of Child Support Services |
| Barnes | Chuck | 03/21/2026 | Safety Tier I | Fire |
| Blazer | Katherine | 03/21/2026 | General Tier I | Depart Of Public Health |
| Brown | Ashanti | 03/31/2026 | General Tier I | Behavioral Health & Recovery |
| Deleon | Michael | 03/21/2026 | Safety Tier I | Sheriff |
| Farley | Ryan | 03/30/2026 | Safety Tier I | Fire |
| Fawcett | Pu | 03/21/2026 | General Tier I | Depart Of Human Services |
| Garcia | Ernestina | 04/01/2026 | General Tier I | Library |
| Garrett | Kimberly | 03/13/2026 | General Tier I | Depart Of Human Services |
| Gutierrez | Mary | 04/04/2026 | General Tier I | Depart Of Human Services |
| Hardy | Vandertollaria | 04/01/2026 | General Tier I | Depart Of Child Support Services |
| Johnson | Terri | 04/16/2026 | General Tier II PEPRA | Depart Of Human Services |
| Jones | Carl | 11/18/2025 | General Tier II | Auditor-Controller |
| Lopez | Maria | 04/24/2026 | Tier II PEPRA | Behavioral Health & Recovery |
| Pannell | Nicole | 04/01/2026 | General Tier II | KCERA |
| Rutledge | Brandon | 03/21/2026 | Safety Tier I | Sheriff |
| Schryver | Barbara | 03/07/2026 | General Tier I | Sheriff |



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

Employer Name: County Of Kern

| Last Name | First Name | Retirement Date | Membership Tier | Department Name |
|------------------|-------------------|------------------------|------------------------|------------------------------|
| Smith | Charles | 03/30/2026 | General Tier I | Behavioral Health & Recovery |
| Story | Brenda | 03/31/2026 | General Tier I | Behavioral Health & Recovery |
| Stuart | Nadine | 04/04/2026 | General Tier II PEPR | Behavioral Health & Recovery |
| Velasco-Sloan | Viola | 04/01/2026 | General Tier I | Depart Of Human Services |



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

Employer Name: Kern County Hospital Authority

| Last Name | First Name | Retirement Date | Membership Tier | Department Name |
|------------------|-------------------|------------------------|------------------------|--------------------------------|
| Gomez | Enrique | 02/12/2026 | General Tier I | Kern County Hospital Authority |
| Huntington | Judith | 03/21/2026 | General Tier I | Kern County Hospital Authority |
| Perez | Patricia | 03/21/2026 | General Tier I | Kern County Hospital Authority |
| Rodriguez | Maria | 03/21/2026 | General Tier I | Kern County Hospital Authority |



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

Employer Name: Kern County Superior Court

| Last Name | First Name | Retirement Date | Membership Tier | Department Name |
|------------------|-------------------|------------------------|------------------------|------------------------|
| Holley | Lydia | 04/01/2026 | General Tier II PEPRA | Superior Court |
| McNeill | Tammy | 03/27/2026 | General Tier I | Superior Court |

SECURITIES LENDING
Summary Earnings Report

Run time 10-May-2026 04:48 EDT
Date Range 01-APR-2026 To 30-APR-2026
Master Client CAKERN
Client ID Not Specified
Currency USD

| | Client Id | Custody Account | Average Contract Amount | Net Earnings | DB Earnings | Client Earnings |
|-------------------------|---------------------------------------|-----------------|-------------------------|------------------|-----------------|------------------|
| New York | | | | | | |
| USD | | | | | | |
| KNTCY PIMCO EMD | CAKE08 | KNC12 | 3,388,971.12 | 940.93 | 84.68 | 856.25 |
| | CAKERN NORTHERN TRUST Q3 2025 INVOICE | | | -373.00 | -33.57 | -339.44 |
| | | | | 567.93 | 51.11 | 516.81 |
| KNTCY - Aristotle Short | CAKE20 | KNC21 | 30,697,162.95 | 9,118.13 | 820.63 | 8,297.50 |
| | CAKERN NORTHERN TRUST Q3 2025 INVOICE | | | -3,378.64 | -304.07 | -3,074.57 |
| | | | | 5,739.49 | 516.56 | 5,222.93 |
| KNTCY - CONGRESS SMALL | CAKE21 | 4437610 | 27,490,127.71 | 8,071.46 | 726.43 | 7,345.03 |
| | CAKERN NORTHERN TRUST Q3 2025 INVOICE | | | -3,025.66 | -272.31 | -2,753.36 |
| | | | | 5,045.80 | 454.12 | 4,591.67 |
| KNTCY - FIDELITY | CAKE22 | KNC24 | 81,379,500.83 | 16,046.70 | 1,444.20 | 14,602.50 |
| | CAKERN NORTHERN TRUST Q3 2025 INVOICE | | | -8,956.93 | -806.12 | -8,150.81 |
| | | | | 7,089.77 | 638.08 | 6,451.69 |
| KNTCY - Geneva | CAKE16 | 2667336 | 30,180,243.29 | 8,513.43 | 766.21 | 7,747.22 |
| | CAKERN NORTHERN TRUST Q3 2025 INVOICE | | | -3,321.75 | -298.96 | -3,022.80 |
| | | | | 5,191.68 | 467.25 | 4,724.42 |
| CCY Total USD: | | | 173,136,005.90 | 23,634.67 | 2,127.13 | 21,507.51 |

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KCERA ASSET ALLOCATION*
4/30/2026

| Manager Name | Type | \$(000) | Current Allocation | Target Percentage | Variance Over Target (Under Target) | Variance Over Target (Under Target) \$(000) |
|--|-----------------------------|--------------------|--------------------|--|-------------------------------------|---|
| Chilton Capital | Large Cap Core | 227,116 | 3.1% | Domestic Equity Range 12.0% - 29.0% | | |
| Congress Small Cap Value | Small Cap | 88,834 | 1.2% | | | |
| Geneva Capital | Small Cap Growth | 85,756 | 1.2% | | | |
| Mellon Capital Management Stock Index Fund | Large Cap Passive | 832,658 | 11.5% | | | |
| PIMCO StockPlus | Large Cap Enhanced | 198,181 | 2.7% | | | |
| Total Domestic Equity | | \$1,432,545 | 19.8% | 12 - 29% | | |
| American Century | International Small | 54,362 | 0.8% | International Developed Equity Range 5.0% - 19.0% | | |
| Cevian Capital II LP | International Large | 63,080 | 0.9% | | | |
| Dalton Japan Long Only | International Small | 89,896 | 1.2% | | | |
| Lazard Japanese Equity | International Large | 187,566 | 2.6% | | | |
| Mellon DB SL Developed Markets EX U.S. Stock Index | International Large Passive | 414,352 | 5.7% | | | |
| Total International Developed Equity | | \$809,256 | 11.2% | 5 - 19% | | |
| ABS Direct Equity | Emerging Markets | 94,050 | 1.3% | Emerging Markets 0.0% - 10.0% | | |
| Carrhae Long Only | Emerging Markets | 115,275 | 1.6% | | | |
| DFA Emerging Markets Value Portfolio | Emerging Markets | 80,449 | 1.1% | | | |
| Mellon Emerging Markets | Emerging Markets Passive | 14,131 | 0.2% | | | |
| Total Emerging Market Equity | | \$303,905 | 4.2% | | | |
| TOTAL EQUITY | | \$2,545,706 | 35.2% | 34.0% | 1.2% | \$84,172 |
| Aristotle Pacific Capital, LLC | Core | 275,870 | 3.8% | Core Range 10.0% - 25.0% | | |
| Fidelity Broad Market Duration | Core | 218,045 | 3.0% | | | |
| Mellon Capital Management Agg Bond | Core Passive | 224,279 | 3.1% | | | |
| Total Core | | \$718,228 | 9.9% | 15.0% | (5.1%) | (\$367,743) |
| Guggenheim Securitized Products | Credit | 193,119 | 2.7% | Credit Range 5.0% - 15.0% | | |
| KKR US Broadly Syndicated Loan Fund | Credit | 170,074 | 2.3% | | | |
| PIMCO EM Beta | Credit | 181,576 | 2.5% | | | |
| Schroders Securitized Products | Credit | 193,112 | 2.7% | | | |
| Western Asset Management - HY | Credit | 710 | 0.0% | | | |
| Total Credit | | \$738,591 | 10.2% | 10.0% | 0.2% | \$14,610 |
| TOTAL FIXED INCOME | | \$1,456,819 | 20.1% | 25.0% | (4.9%) | (\$353,133) |
| Wellington Trust Company (WTC) | Commodities | 435,415 | 6.0% | Commodities Range 0.0% - 9.0% | | |
| TOTAL COMMODITIES | | \$435,415 | 6.0% | 5.0% | 1.0% | \$73,425 |
| Aristeia International | Hedge Fund - Direct | 82,883 | 1.1% | Hedge Fund Range 5.0% - 15.0% | | |
| Brevan Howard Fund Limited | Hedge Fund - Direct | 59,819 | 0.8% | | | |
| D.E. Shaw Composite Fund | Hedge Fund - Direct | 81,510 | 1.1% | | | |
| Elliott Associates | Hedge Fund - Direct | 67,241 | 0.9% | | | |
| Hawk Ridge Partners II | Hedge Fund - Direct | 53,042 | 0.7% | | | |
| HBK Multi-Strategy Fund | Hedge Fund - Direct | 57,332 | 0.8% | | | |
| Hudson Bay Enhanced Fund | Hedge Fund - Direct | 89,836 | 1.2% | | | |
| Indus Pacific Opportunities Fund | Hedge Fund - Direct | 63,250 | 0.9% | | | |
| PIMCO Commodity Alpha Fund | Hedge Fund - Direct | 59,303 | 0.8% | | | |
| Pharo Macro Fund | Hedge Fund - Direct | 93,601 | 1.3% | | | |
| TOTAL HEDGE FUND | | \$707,817 | 9.8% | 10.0% | (0.2%) | (\$16,164) |
| Davidson Kempner | Hedge Fund - Direct | 59,797 | 0.8% | CE Alpha Pool Range 0.0% - 5.0% | | |
| Garda Fixed Income | Hedge Fund - Direct | 44,844 | 0.6% | | | |
| HBK Alpha Pool | Hedge Fund - Direct | 21,644 | 0.3% | | | |
| Hudson Bay Enhanced Fund | Hedge Fund - Direct | 41,585 | 0.6% | | | |
| TOTAL CE ALPHA POOL | | \$167,870 | 2.3% | 2.5% | (0.2%) | (\$13,125) |
| ASB Capital Management | Core | 100,727 | 1.4% | Core Real Estate Range 2.0% - 10.0% | | |
| Beach Point Capital Real Estate Debt - Acquino | Core | 1,988 | 0.0% | | | |
| Blue Owl Real Estate Fund VI | Core | 54,951 | 0.8% | | | |
| BPC Real Estate Debt Fund | Core | 17,397 | 0.2% | | | |
| Hudson Bay Real Estate Opportunities Fund | Core | 43,303 | 0.6% | | | |
| JPMCB Strategic Property Fund | Core | 80,246 | 1.1% | | | |
| Sculptor DREIT Inc-Issuance of Founders Class | Core | 74,803 | 1.0% | | | |
| Sculptor Real Estate MI Fund | Core | 11,417 | 0.2% | | | |
| TPG AG Essential Housing Fund III | Core | 28,236 | 0.4% | | | |
| TOTAL CORE REAL ESTATE | | \$413,068 | 5.7% | 7.0% | (1.3%) | (\$93,718) |
| Aristeia Select Opportunities II | Opportunistic | 64,002 | 0.9% | Opportunistic Range 0.0% - 10.0% | | |
| Pharo Opportunities Fund SPC | Opportunistic | 902 | 0.0% | | | |
| Hudson Bay Special Opportunities Fund | Opportunistic | 6,660 | 0.1% | | | |
| Sixth Street TAO Partners (D) | Opportunistic | 55,115 | 0.8% | | | |
| TOTAL OPPORTUNISTIC | | \$126,679 | 1.7% | 0.0% | 1.7% | \$126,679 |
| Northern Trust STIF | Short Term | 89,030 | 1.2% | Cash Range -5.0% - 4.0% | | |
| BlackRock Short Duration | Short Term | 75,171 | 1.0% | | | |
| Parametric | Overlay | 58,127 | 0.8% | | | |
| Treasurers Pooled Cash | Short Term | 16,014 | 0.2% | | | |
| Wells Fargo Bank | Short Term | 7,852 | 0.1% | | | |
| TOTAL CASH AND OVERLAY | | \$246,194 | 3.4% | -2.5% | 5.9% | \$427,189 |
| Transition Accounts | Liquidation | 290 | 0.0% | | | |
| Other | | \$290 | 0.0% | 0.0% | 0.0% | \$290 |
| TOTAL PRIVATE EQUITY *** | | \$388,778 | 5.4% | 6.0% | (0.6%) | (\$45,611) |
| TOTAL PRIVATE CREDIT *** | | \$458,597 | 6.3% | 8.0% | (1.7%) | (\$120,587) |
| TOTAL PRIVATE REAL ASSETS *** | | \$292,571 | 4.0% | 5.0% | (1.0%) | (\$69,419) |
| As Allocated to Managers ** | | \$7,239,806 | 100.0% | 100.0% | (0.0%) | (\$0) |

*This report reflects the strategic asset allocation policy adopted by the Board of Retirement January 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*
4/30/2026

| 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 | 1,091 | 0.0% | | | |
| Accel-KKR Capital Partners VII | Private Equity | 3,148 | 0.0% | | | |
| Atlas Capital Resources V | Private Equity | 3,230 | 0.0% | | | |
| Blue Owl Strategic Equity Partners | Private Equity | 5,222 | 0.1% | | | |
| Brighton Park Capital Fund I & II | Private Equity | 61,755 | 0.9% | | | |
| Level Equity Growth Partners V, VI & 2021 | Private Equity | 38,139 | 0.5% | | | |
| LGT Crown Global V & VI | Private Equity | 53,849 | 0.7% | | | |
| Linden Capital Partners V & Co-Investment | Private Equity | 33,510 | 0.5% | | | |
| Longreach CAP Partners IV-JPY | Private Equity | 4,576 | 0.1% | | | |
| OrbiMed Private Investments IX & X | Private Equity | 8,649 | 0.1% | | | |
| Pantheon Funds | Private Equity Fund of Funds | 1,533 | 0.0% | | | |
| Parthenon Investors VII | Private Equity | 10,065 | 0.1% | | | |
| Peak Rock Capital Fund III | Private Equity | 23,421 | 0.3% | | | |
| Rubicon Technology Partners IV | Private Equity | 18,628 | 0.3% | | | |
| Vista Foundation Fund IV | Private Equity | 22,683 | 0.3% | | | |
| Warren Equity Partners Fund III, IV, Co-Investment & WEP TreeCo | Private Equity | 99,280 | 1.4% | | | |
| TOTAL PRIVATE EQUITY | | \$388,779 | 5.4% | 6.0% | (0.6%) | (\$45,609) |
| Ares Pathfinder Fund II | Private Credit | 19,235 | 0.3% | | | |
| Ares Senior Direct Lending III | Private Credit | 15,302 | 0.2% | | | |
| Blue Torch Credit Opportunites II, III & IV | Private Credit | 55,924 | 0.8% | | | |
| Brookfield Real Estate Finance Fund V | Private Credit | 5,745 | 0.1% | | | |
| Castlelake Aviation V Stable Yield | Private Credit | 7,835 | 0.1% | | | |
| Cerberus Levered Loan Opportunities Fund V | Private Credit | 22,258 | 0.3% | | | |
| DC Value Recovery Fund IV | Private Credit | 8,229 | 0.1% | | | |
| Fortress Credit Opportunities Fund V Exp & VI | Private Credit | 40,314 | 0.6% | | | |
| Fortress Legal Assets Fund II | Private Credit | 10,400 | 0.1% | | | |
| Fortress Lending Fund II & III | Private Credit | 28,935 | 0.4% | | | |
| H.I.G Bayside Loan Opportunity Fund V | Private Credit | 34,694 | 0.5% | | | |
| HPS Special Situations Opportunity Fund II | Private Credit | 12,913 | 0.2% | | | |
| ITE Rail Fund | Private Credit | 41,357 | 0.6% | | | |
| Magnetar Constellation Fund V | Private Credit | 9,479 | 0.1% | | | |
| Oak Hill Advisors Structured Products Fund III | Private Credit | 19,821 | 0.3% | | | |
| OrbiMed Royalty & Credit Opportunities IV & V | Private Credit | 11,117 | 0.2% | | | |
| Quantum Capital Solutions II & Co-Investment | Private Credit | 26,225 | 0.4% | | | |
| Silver Point Specialty Credit Fund III | Private Credit | 14,819 | 0.2% | | | |
| Sixth Street TAO Partners (B) | Private Credit | 47,617 | 0.7% | | | |
| TPG AG Asset Based Credit Evergreen Fund | Private Credit | 26,378 | 0.4% | | | |
| TOTAL PRIVATE CREDIT | | \$458,597 | 6.3% | 8.0% | (1.7%) | (\$120,588) |
| Covenant Apartment Fund X, XI & XII | Private Real Assets | 63,535 | 0.9% | | | |
| Juniper Capital IV LP & Co-Investment | Private Real Assets | 17,680 | 0.2% | | | |
| KSL Capital Partners VI | Private Real Assets | 8,574 | 0.1% | | | |
| Landmark Real Estate Partners VIII, IX & Project Yeti II | Private Real Assets | 62,157 | 0.9% | | | |
| LBA Logistics Value Fund IX | Private Real Assets | 24,176 | 0.3% | | | |
| Long Wharf Real Estate Partners VI | Private Real Assets | 26,186 | 0.4% | | | |
| Merit Hill Self-Storage V & VI | Private Real Assets | 26,467 | 0.4% | | | |
| Post Oak Energy Partners V | Private Real Assets | 35,261 | 0.5% | | | |
| Sculptor Real Estate Fund V | Private Real Assets | 4,607 | 0.1% | | | |
| Singerman Real Estate Opportunity Fund IV & V | Private Real Assets | 23,929 | 0.3% | | | |
| TOTAL PRIVATE REAL ASSETS | | \$292,572 | 4.0% | 5.0% | (1.0%) | (\$69,419) |
| TOTAL PRIVATE MARKETS | | \$1,139,948 | 15.7% | 19.0% | (3.3%) | (\$235,615) |

*Private Equity Range
0.0% - 11.0%*

*Private Credit Range
0.0% - 13.0%*

*Private Real Estate Range
0.0% - 10.0%*

KCERA
Operating Expense Budget Status Report
For the Month Ended April 30, 2026

| Expense Type | Budget FY 2025/26 | Expenses | Over (Under) |
|---|----------------------|-------------------|--------------------|
| Personnel Costs | | | |
| Salaries | 5,184,129 | 4,042,257 | (1,141,872) |
| Benefits | 2,918,170 | 2,157,107 | (761,063) |
| Total Personnel Costs | 8,102,299 | 6,199,364 | (1,902,935) |
| Staff Development | | | |
| Education & professional development | 147,000 | 102,063 | (44,937) |
| Staff recognition | 5,200 | 3,977 | (1,223) |
| Total Staff Development | 152,200 | 106,040 | (46,160) |
| Professional Services | | | |
| Actuarial fees | 157,250 | 54,600 | (102,650) |
| Audit fees | 53,300 | 48,000 | (5,300) |
| Consultant fees | 90,000 | 57,890 | (32,110) |
| Custodial fees | 562,000 | 405,267 | (156,733) |
| Disability services | 250,000 | 159,339 | (90,661) |
| Investment consultants | 1,602,950 | 1,450,651 | (152,299) |
| Legal fees | 465,000 | 213,670 | (251,330) |
| Total Professional Services * | 3,180,500 | 2,389,417 | (791,084) |
| Office Expenses | | | |
| Building expenses | 232,000 | 186,059 | (45,941) |
| Communication platforms | 60,939 | 45,167 | (15,772) |
| Equipment lease & maintenance | 25,100 | 14,757 | (10,343) |
| Member engagement | 50,000 | 11,588 | (38,412) |
| Subscriptions & memberships | 36,200 | 25,255 | (10,945) |
| Office supplies & misc. admin. | 83,700 | 52,932 | (30,768) |
| Payroll & accounts payable fees | 25,000 | - | (25,000) |
| Postage | 30,000 | 18,339 | (11,661) |
| Other services - Kern County | 40,000 | - | (40,000) |
| Utilities | 37,980 | 28,397 | (9,583) |
| Total Office Expenses | 620,919 | 382,494 | (238,426) |
| Insurance | 199,594 | 193,752 | (5,842) |
| Information Technology Systems | | | |
| Audit-security & vulnerability scan | 4,000 | 3,960 | (40) |
| Business continuity expenses | 10,000 | 10,710 | 710 |
| Hardware | 51,114 | 37,759 | (13,355) |
| Licensing & support | 288,158 | 182,905 | (105,253) |
| Software | 356,243 | 334,928 | (21,315) |
| Website design & hosting | 19,200 | 14,185 | (5,015) |
| Total Information Technology Systems | 728,715 | 584,447 | (144,268) |
| Board of Retirement | | | |
| Board compensation | 16,000 | 6,900 | (9,100) |
| Board conferences & training | 50,000 | 31,619 | (18,381) |
| Board elections | 112,500 | 69,189 | (43,311) |
| Board meetings | 8,500 | 5,015 | (3,485) |
| Total Board of Retirement | 187,000 | 112,723 | (74,277) |
| Depreciation | 245,954 | 202,974 | (42,980) |
| Total Operating Expenses | 13,417,181 | 10,171,211 | (3,245,973) |

**KCERA
CASH FLOW POSITION
April, 2026**

TREASURERS POOLED CASH

| | | | |
|--------------------------------|--------------|-----------|---------------------------------|
| Beginning Cash Balance: | | \$ | 14,714,609 |
| Contributions | 29,488,323 | | |
| Interest Apportionment | 418,613 | | |
| Total Receipts: | | | 29,906,937 |
| Salaries | (607,746) | | |
| Transfers-out | (28,000,000) | | |
| Total Disbursements: | | | <u>(28,607,746)</u> |
| Ending Cash Balance: | | | <u><u>16,013,800</u></u> |

WELLS FARGO BANK

| | | | |
|---------------------------|--|-----------|--------------------------|
| Beginning Balances | | | |
| Cash Balance | | \$ | (0) |
| STIF Balance | | \$ | 13,892,651 |
| Total | | \$ | <u>13,892,651</u> |

| | | <u>5109</u> | <u>5447</u> | | |
|-----------------------------|----------------|--------------|--------------|--|-----------------------------------|
| Contributions | | | 7,337,205 | | |
| Transfer In | 5109/5447 | 40,335,846 | - | | |
| Transfer In | Northern Trust | | | | |
| Transfer In | TPC - County | | 28,000,000 | | |
| ACH Returns / Deletes | | 28,282 | | | |
| Interest Earned | | | 90,210 | | |
| Misc | | | 826 | | |
| Total Receipts: | | | | | 75,792,368 |
| Operating Expenses | | | (214,833) | | |
| Investment Expenses | | | (831,266) | | |
| ACH Benefit Payments | | (35,015,954) | | | |
| Total Checks Paid | | (367,098) | (86,743) | | |
| Taxes Withholding Deposits | | (4,979,209) | | | |
| Bank Services | | (1,867) | | | |
| Transfers Out | 5109/5447 | - | (40,335,846) | | |
| Transfers Out | Northern Trust | | | | |
| Total Disbursements: | | | | | (81,832,815) |
| Net Sweep Activity | | | | | <u>6,040,447</u> |
| Ending Balances | | | | | |
| Cash Balance | | | | | (0) |
| STIF Balance | | | | | <u>7,852,204</u> |
| Total | | | | | <u><u>\$ 7,852,204</u></u> |

**KCERA
CASH FLOW POSITION
April, 2026**

NORTHERN TRUST

| | | |
|--|--------------|------------------------------------|
| Beginning Cash Balance: | | \$ 62,752,969 |
| Private Markets - Distributions | 22,216,079 | |
| Commingled Funds - Distributions | 16,971,636 | |
| Hedge Funds - Distributions | 3,313,959 | |
| Redemption Pharo Opportunities Fund SPC | 13,664,326 | |
| Dividend and Interest Income | 222,543 | |
| Securities Lending Earnings (NET) | 27,988 | |
| Total Receipts: | | 56,416,532 |
| Capital Calls Private Markets | (12,838,574) | |
| Capital Calls Commingled Funds | (19,099,095) | |
| Other Expenses | (5,181) | |
| Total Disbursements: | | <u>(31,942,850)</u> |
| Ending Cash Balance: | | <u><u>\$ 87,226,650</u></u> |

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT FEES CASH FLOW REPORT
FOR THE MONTH ENDED April 30, 2026**

| Description | July | August | September | October | November | December | January | February | March | April | Total |
|--|---------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|---------------------|
| Investment Base Fees: | | | | | | | | | | | |
| Domestic Equity: | | | | | | | | | | | |
| AllianceBernstein | 57,598.30 | 0.00 | 25,862.51 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 83,460.81 |
| Henderson Geneva Capital | 189,429.00 | 0.00 | 0.00 | 189,805.00 | 0.00 | 0.00 | 169,458.00 | 0.00 | 0.00 | 160,634.00 | 709,326.00 |
| Mellon Capital | 42,127.47 | 56,524.79 | 0.00 | 22,423.27 | 0.00 | 0.00 | 53,593.70 | 0.00 | 0.00 | 53,399.13 | 228,068.36 |
| International Equity: | | | | | | | | | | | |
| Lazard | 120,362.24 | 0.00 | 0.00 | 131,714.49 | 0.00 | 0.00 | 134,952.79 | 0.00 | 0.00 | 127,975.14 | 515,004.66 |
| Mellon Capital (Developed Markets) | 0.00 | 0.00 | 0.00 | 22,855.66 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 22,855.66 |
| Fixed Income: | | | | | | | | | | | |
| Aristotle Pacific Capital, LLC | 38,798.00 | 46,897.00 | 0.00 | 0.00 | 59,785.00 | 0.00 | 0.00 | 61,382.00 | 0.00 | 0.00 | 206,862.00 |
| Mellon Capital (Agg Bond) | 16,602.26 | 0.00 | 0.00 | 7,913.30 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 24,515.56 |
| Pacific Investment Management Company | 359,485.30 | 0.00 | 0.00 | 45,741.11 | 265,957.15 | 0.00 | 0.00 | 1,038,324.83 | 60,595.50 | 0.00 | 1,770,103.89 |
| Western Asset Management | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Guggenheim Securitized Products | 0.00 | 17,538.74 | 0.00 | 118,189.22 | 0.00 | 0.00 | 128,192.78 | 0.00 | 0.00 | 0.00 | 263,920.74 |
| Schroders Securitized Products | 0.00 | 0.00 | 0.00 | 128,086.33 | 0.00 | 0.00 | 0.00 | 120,290.14 | 0.00 | 132,277.69 | 380,654.16 |
| Commodities: | | | | | | | | | | | |
| Wellington Trust Company | 0.00 | 249,707.22 | 0.00 | 0.00 | 260,038.96 | 0.00 | 0.00 | 305,652.53 | 0.00 | 0.00 | 815,398.71 |
| Real Estate: | | | | | | | | | | | |
| ASB Capital Management | 0.00 | 227,965.71 | 0.00 | 228,888.34 | 0.00 | 0.00 | 0.00 | 222,590.93 | 0.00 | 207,074.52 | 886,519.50 |
| Midstream Energy: | | | | | | | | | | | |
| Harvest Midstream | 336,364.88 | 0.00 | 0.00 | 347,532.43 | 0.00 | 0.00 | 277,004.53 | 45,879.53 | 0.00 | 0.00 | 1,006,781.37 |
| Cash & Overlay | | | | | | | | | | | |
| BlackRock | 70,177.41 | 0.00 | 0.00 | 55,632.33 | 0.00 | 0.00 | 42,731.47 | 0.00 | 0.00 | 0.00 | 168,541.21 |
| Parametric | 0.00 | 37,500.00 | 0.00 | 0.00 | 20,106.00 | 0.00 | 29,082.00 | 0.00 | 0.00 | 32,282.00 | 118,970.00 |
| Subtotal | 1,230,944.86 | 636,133.46 | 25,862.51 | 1,298,781.48 | 605,887.11 | 0.00 | 835,015.27 | 1,794,119.96 | 60,595.50 | 713,642.48 | 7,200,982.63 |
| Investment Professional Fees: | | | | | | | | | | | |
| Consulting: | | | | | | | | | | | |
| Abel Noser | 0.00 | 0.00 | 8,190.00 | 0.00 | 8,190.00 | 0.00 | 0.00 | 8,190.00 | 0.00 | 0.00 | 24,570.00 |
| Albourne America LLC | 33,333.33 | 33,333.33 | 33,333.33 | 33,333.33 | 33,333.33 | 33,333.33 | 33,333.33 | 50,683.33 | 33,333.33 | 33,333.33 | 350,683.30 |
| Cambridge Associates | 187,500.00 | 0.00 | 187,500.00 | 0.00 | 0.00 | 62,500.00 | 125,000.00 | 0.00 | 187,500.00 | 0.00 | 750,000.00 |
| Glass, Lewis & Co. | 7,950.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,950.00 |
| Verus | 68,333.34 | 34,166.67 | 0.00 | 35,416.67 | 35,416.67 | 35,416.67 | 35,416.67 | 0.00 | 35,416.67 | 35,416.67 | 315,000.03 |
| Consulting - Other Expenses | 0.00 | 0.00 | 0.00 | 14,375.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14,375.00 |
| Custodial: | | | | | | | | | | | |
| The Northern Trust Co. | 131,633.33 | 0.00 | 152,647.22 | 0.00 | 0.00 | 120,319.44 | 0.00 | 0.00 | 132,300.00 | 0.00 | 536,899.99 |
| Legal: | | | | | | | | | | | |
| Foley & Lardner LLP | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Hanson Bridgett LLP | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nossaman LLP | 40,000.00 | 21,858.20 | 0.00 | 68,308.00 | 68,480.50 | 0.00 | 2,689.00 | 0.00 | 1,884.00 | 41,710.00 | 244,929.70 |
| Due Diligence / Investment-Related Travel: | 9,587.45 | 2,971.52 | 412.18 | 8,314.78 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,163.86 | 28,449.79 |
| Subtotal | 478,337.45 | 92,329.72 | 382,082.73 | 159,747.78 | 145,420.50 | 251,569.44 | 196,439.00 | 58,873.33 | 390,434.00 | 117,623.86 | 2,272,857.81 |
| Total Investment Fees | 1,709,282.31 | 728,463.18 | 407,945.24 | 1,458,529.26 | 751,307.61 | 251,569.44 | 1,031,454.27 | 1,852,993.29 | 451,029.50 | 831,266.34 | 9,473,840.44 |

Date: June 10, 2026

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: **Cerity Partners Institutional Client Summit
Seattle, Washington
July 20-21, 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 Investment Officer Daryn Miller
- 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 Cerity Partners Institutional Client Summit
Date(s) July 20-21, 2026
Location Seattle, Washington
Proposed Attendee(s) Daryn Miller

Estimated Total Travel Cost \$1,745.32

| Description | Computation | Miller | Totals | Borne By | |
|--------------------------------|---|--------------|--------------------|--------------------|------------------|
| | | | | KCERA | Sponsor |
| Registration fees | \$0.00 | = \$0.00 | - | - | |
| Lodging expense | 2 nights @ \$ 400.00 /night | = 800.00 | 800.00 | 800.00 | |
| Per diem meals reimbursement: | 2 days @ \$ 92.00 /day | = 184.00 | | | |
| Less meals provided by sponsor | 1 Breakfast, 2 Lunch, 1 Dinner = \$118.68 | = (\$118.68) | | | \$118.68 |
| Total meals expense | | = | 184.00 | 65.32 | |
| Shuttle/taxicab expense | \$150 | = 150.00 | 150.00 | 150.00 | |
| Airfare | \$700.00 | = \$700.00 | \$700.00 | 700.00 | |
| Vehicle-related expenses: | | = - | - | - | |
| Parking | | = 30.00 | 30.00 | 30.00 | |
| Mileage | _____ miles @ _____ /mile (Department Head) | = - | - | - | |
| | - miles @ _____ /mile (Staff, Trustee) | = - | - | - | |
| Rental car | | = - | - | - | |
| Rental car gasoline | | = - | - | - | |
| Totals | | = 1,745.32 | \$ 1,864.00 | \$ 1,745.32 | \$ 118.68 |



[Summary](#) [Post Registration](#) [Hotel](#) **[Agenda](#)** [Speakers](#) [Visiting Seattle](#)

[Log Out](#)



Institutional Client Summit

Monday, July 20 – Tuesday, July 21

The Westin Seattle

Agenda

The Summit will take place primarily in the Cascade Ballroom, located on the Mezzanine Level.

Day 1

Lunch

12:00-12:50pm

Welcome & Fireside Chat with Howard Marks (Co-Chairman of Oaktree Capital Management)

1:00-2:00pm - Intro by
Jeffrey MacLean
(Partner | Practice
Leader) & moderated by
Ian Toner (Partner | Head
of Portfolio Solutions)

An unfiltered conversation on
where we are in the cycle,
what Howard is watching in
credit and equities, and how
disciplined investors can find
opportunity when uncertainty
is the norm. Expect candid
lessons learned, today's
biggest risks, and what "being
early" really costs.

Forty Years Forward: Continuing Trust, Expanding Capability

2:00-2:50pm - Kurt
Miscinski (Partner | CEO)
& Jeffrey MacLean
(Partner | Practice
Leader)

A candid discussion about what we have built with clients over the past 40 years, and why we chose to partner with Cerity Partners. We'll introduce Cerity Partners and share the strategic rationale for unifying institutional and wealth advisory capabilities, including expanded research resources, increased investment in technology and data, and a partnership ownership model designed to deepen alignment with clients.

Breakout Sessions

3:00-3:45pm - Cerity
Partners Research
Teams

See below for speakers and a description of each breakout session.

Headlines vs. Reality: What Will Actually Matter for Investment Programs in the Next 12 Months

4:00-4:50pm - Ian Toner

(Partner | Head of
Portfolio Solutions) &
James Lebenthal (Chief
Market Strategist)

Every headline tells a story. Not all of them matter. This session focuses exclusively on what does – translating today's macro complexity into return expectations, interest rate and inflation scenarios, and diversification realities that institutional investors need to navigate with conviction. James Lebenthal and Ian Toner will also share their highest-conviction watch items, opportunities, and risks for the next 6 – 12 months.

Day One Closing Remarks

4:50-5:00pm - Jeffrey
MacLean (Partner |
Practice Leader)

Cocktail Hour

5:00-6:15pm - The
Westin

**Dinner at the
iconic Chihuly
Garden & Glass**
6:30-10:00pm

**Optional
Panoramic
Nightcap from the
Space Needle**
8:30-10:00pm

Day 2

Breakfast

7:30-8:20am

Or an optional self-guided
walking tour - Grab a buddy
and see our 'Visiting Seattle'
page for a suggested route!

An Exclusive CIO Leadership Roundtable

8:30-9:20am -

Moderator: Samantha
Grant (Senior Principal |
Senior Consultant)

A candid, peer-to-peer
discussion on the challenges
CIOs are navigating right now
—from governance and
liquidity to manager oversight,
internal stakeholders, and risk
communication. You'll leave
with ideas you can take back
to your board/committee, plus
perspective on what's working
across plans facing similar
constraints.

Breakout Sessions

9:30-10:15am - Cerity

Partners Research
Teams

See below for speakers and a
description of each breakout
session.

Why Not Your Best?

10:30-11:30am - Special Guest Terry Bradshaw (Co-host and Analyst, FOX NFL Sunday and NFL Legend)

At a time when business is experiencing very serious challenges, perhaps it's time to go back to basics and take a look at what makes people successful despite disappointment, adversity and relentless competition. Legendary Hall of Fame Quarterback Terry Bradshaw, a success both on and off the field, shares strategies for maintaining success through persistent self-improvement.

Closing Remarks

11:30-11:45am - Jeffrey MacLean (Partner | Practice Leader)

Grab & Go (or Sit & Stay) Lunch

11:45am

Breakout Sessions

Identical breakout sessions will run on both days.
Attendees will be able to attend two sessions in total.

Session A: Has Private Equity Lost Its Edge? Returns, Liquidity, and its Future After the Mag 7

Faraz Shooshani (*Partner | Head of Private Markets, Institutional Consulting*), Chris Shelby (*Senior Principal | Private Markets*) & Nathaniel Fraser (*Partner | Co-Head of Private Capital - OCIO Practice*)

Private equity has struggled to keep pace with public markets driven by a narrow group of mega-cap stocks, prompting renewed scrutiny from investment committees. Slower distributions, illiquidity, and the growing use of continuation vehicles have added to investor frustration, even as private allocations have increased. We'll discuss how the private equity opportunity set is evolving, where future drivers of return are most likely to emerge, and what investors should reasonably expect in the years ahead.

Session B: The Big Levers: Winning with Asset Allocation

Thomas Garrett (*Senior Principal | Strategic Research*), Dan Hougard (*Principal | Actuarial Consultant*) & Mark Brubaker (*Partner | Senior Consultant*)

Asset allocation remains the single most important decision in institutional investing, and every portfolio ultimately exists to meet a set of liabilities or spending goals. Despite growing complexity, outcomes are driven by a small number of core risks: equity, rates, credit, and inflation. This session explores how to pull those "big levers" intentionally. We'll show how liability aware asset allocation frameworks help investors align portfolios with enterprise objectives, clarify trade offs, and improve long term decision making – whether for pensions focused on funded status or endowments balancing growth and spending.

Session C: Cut Bait or Stay the Course? Making the Call on an Underperforming Manager






Colleen Flannery (*Principal | Public Markets*), Brian Kwan (*Partner | Senior Consultant*) & Patrick Machell (*Principal | Public Markets - OCIO Practice*)

Active managers are hired to outperform – and when they don't, frustration can quickly turn into action. Yet performance is often shaped by market themes, benchmark design, and style cycles that test patience over long stretches. This session focuses on how to evaluate manager performance with discipline. We'll discuss how to separate signal from noise, when patience is warranted, and when decisive change is necessary. The goal is better decisions—avoiding costly timing mistakes while remaining accountable to long term objectives.

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Date: June 10, 2026

To: Trustees, Board of Retirement

From: Dominic D. Brown, Chief Executive Officer

Subject: **SACRS UC Berkeley Program 2026**
Berkeley, California
July 19-22, 2026

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

- Specific information as to whether members of the Board 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 meeting sponsor.

The meeting topics are relevant to the administration of the retirement system. Accordingly, I recommend that the Board approve the attendance of Trustees Joseph D. Hughes and Rocio Mosqueda.

Attachment

| | |
|----------------------|---|
| Travel Subject | SACRS UC Berkeley Program |
| Sponsor | State Association of Retirement Systems (SACRS) |
| Date(s) | July 19-22, 2026 |
| Location | Berkeley, CA |
| Proposed Attendee(s) | Joseph Hughes, Rocio Mosqueda |

Estimated Total Travel Cost \$10,502.30

| Description | Computation | | Hughes | Mosqueda | Totals | Borne By | |
|--------------------------------|---|---|-----------------|-----------------|---------------------|---------------------|------------------|
| | | | | | | KCERA | Sponsor |
| Registration fees | | = | 3,000.00 | 3,000.00 | 6,000.00 | 6,000.00 | |
| Lodging expense | 4 nights @ \$ 380.00 /night | = | 1,520.00 | 1,520.00 | 3,040.00 | 3,040.00 | |
| Per diem meals reimbursement: | 4 days @ \$ 92.00 /day | = | 368.00 | 368.00 | | | |
| Less meals provided by sponsor | 4 Breakfast, 4 Lunch, 0 Dinner = \$184.00 | = | (\$184.00) | (\$184.00) | | | \$368.00 |
| Total meals expense | | = | | | 736.00 | 368.00 | |
| Shuttle/taxicab expense | Uber/Taxi Estimate | = | - | - | - | - | |
| Airfare | | = | | | | | |
| Vehicle-related expenses: | | = | - | - | - | - | |
| Parking | 4 days @ 40.00 /day | = | 160.00 | 160.00 | 320.00 | 320.00 | |
| Mileage | miles @ 0.425 /mile (Department Head) | = | - | - | - | - | |
| | 534 miles @ 0.725 /mile (Staff, Trustee) | = | 387.15 | 387.15 | 774.30 | 774.30 | |
| Rental car | | = | - | - | - | - | |
| Rental car gasoline | | = | - | - | - | - | |
| Totals | | = | 5,251.15 | 5,251.15 | \$ 10,870.30 | \$ 10,502.30 | \$ 368.00 |

MODERN INVESTMENT THEORY & PRACTICE

for Retirement Systems

SACRS PUBLIC PENSION INVESTMENT MANAGEMENT PROGRAM 2025

July 13-16, 2025 | UC Berkeley Haas School of Business Executive Education

AGENDA

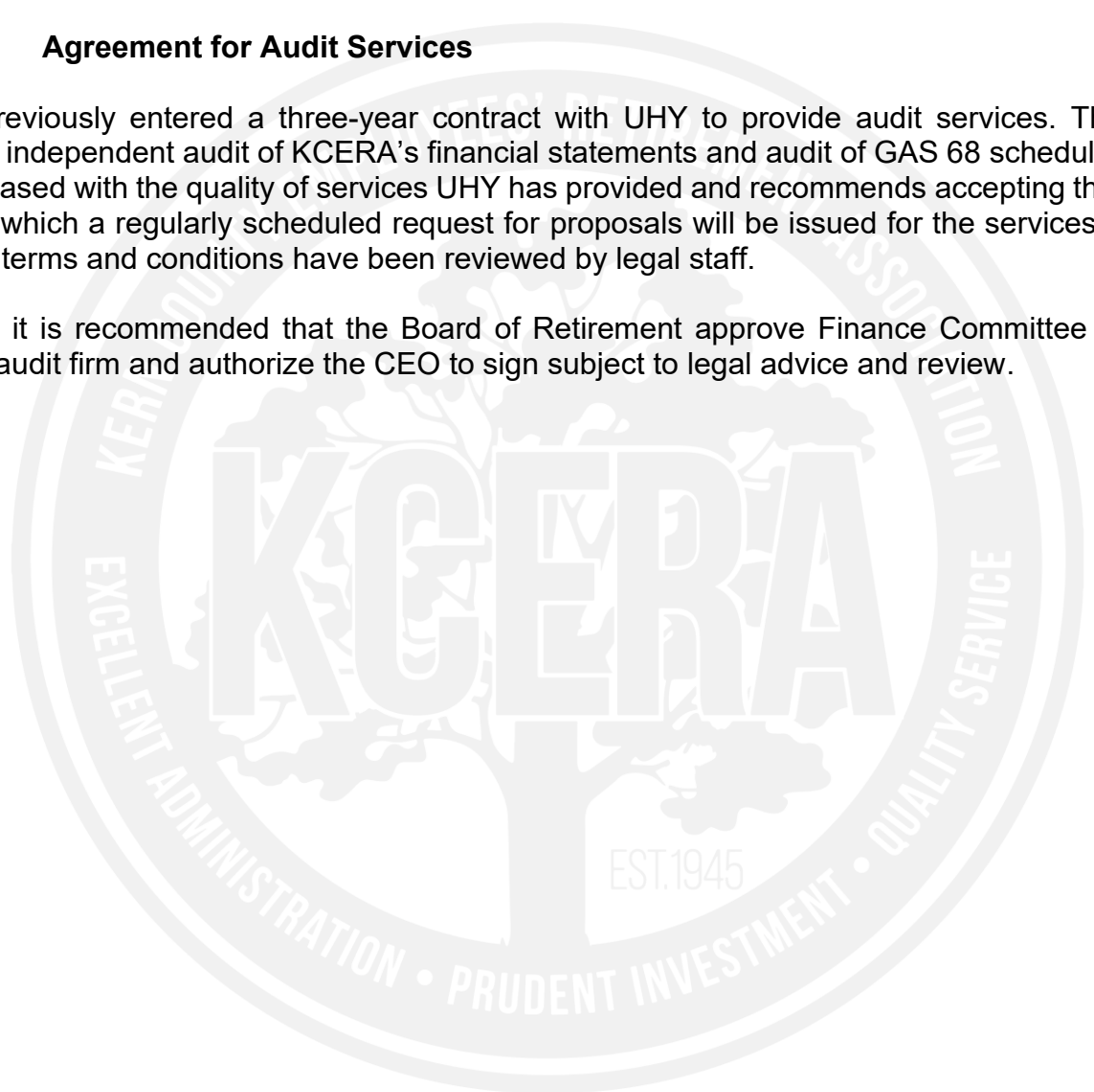
| Claremont Club & Spa ▶ Skyline A | UC Berkeley Haas School of Business ▶ DK Kim Executive Classroom (S480) 4th Floor of the Student Services Building | | |
|--|--|--|--|
| SUNDAY, JULY 13 Investing Fundamentals | MONDAY, JULY 14 Asset Allocation | TUESDAY, JULY 15 Managing Investment Managers | WEDNESDAY, JULY 16 Governance & Decision Making |
| Registration and Breakfast ▶ Lobby Lounge Claremont Club & Spa 7:00am – 8:30am | Breakfast ▶ Lobby Lounge Claremont Club & Spa 7:00am – 8:00am | Breakfast ▶ Lobby Lounge Claremont Club & Spa 7:00am – 8:00am | Breakfast ▶ Lobby Lounge Claremont Club & Spa 7:00am – 8:00am |
| 9:00am ▶ Skyline A Session Held Onsite at Claremont Club & Spa | 8:00am Depart Hotel to UC Berkeley Bus leaves at 8:10am | 8:00am Depart Hotel to UC Berkeley Bus leaves at 8:10am | 8:00am Depart Hotel to UC Berkeley Bus leaves at 8:10am |
| Pension Fund and Investment Basics Thomas Gilbert, Associate Professor of Finance & Business Economics, University of Washington 9:00am – 10:30am | Introduction and Program Overview Greg LaBlanc, UC Berkeley, Haas School of Business Thomas Gilbert, Associate Professor of Finance & Business Economics, University of Washington 9:00am – 10:30am | Private Equity 101 Valarie Ruddick, Managing Director, Pathway Capital Management Scott Whalen, Managing Director, Senior Consultant, Verus 9:00am – 10:00am Asset Class - VC Greg LaBlanc, UC Berkeley, Haas School of Business 10:00am – 11:00 am | CalSTRS Leading the Way Geraldine Jimenez, President, CalSTRS 9:00am – 10:00am Case Study XTP William Conlin, Executive Chairman, XTP Marc Becker, Board Member, XTP 10:00am – 11:00am |
| 10:30am – 11:00am Break | 10:30am – 11:00am Break | 11:00am – 11:15am Break | 11:00am – 11:15am Break |
| Return, Risk, and Diversification Thomas Gilbert, Associate Professor of Finance & Business Economics, University of Washington 11:00am – 12:30pm | Actuarial Considerations Thomas Gilbert, Associate Professor of Finance & Business Economics, University of Washington Graham Schmidt, Principal Consulting Actuary, Cheiron, Inc. 11:00am – 12:30pm | Private Credit Tyler Herried, Managing Director, Co-Head of Product Specialist, Golub Capital 11:15am – 12:15pm | Case Study XTP Part 2 William Conlin, Executive Chairman, XTP Marc Becker, Board Member, XTP 11:15am – 12:15pm |
| 12:30pm – 1:30pm Lunch ▶ Rockridge ABC | 12:30pm – 1:30pm Lunch ▶ Helzel Room | 12:15pm – 1:15pm Lunch ▶ Wells Fargo Room | 12:15pm – 1:15pm Lunch ▶ Wells Fargo Room |
| Practical Mean - Variance Analysis Thomas Gilbert, Associate Professor of Finance & Business Economics, University of Washington 1:30pm – 3:00pm | Active vs Passive Public vs Private Rodolfo Martell, Head of Strategy, Kepos Capital LLC 1:30pm – 3:00pm | Investing in Real Estate: An Institutional Approach Sally Stocks, Senior Portfolio Manager, CalSTRS Brooks Monroe, Managing Director, Invesco Real Estate 1:30pm – 2:30pm Infrastructure Kevin Reid, Executive Vice President, investor Relations & Capital Formation, Fengate 2:30pm – 3:30pm | Fiduciary Duties and ESG Maytak Chin, Reed Smith LLP, Partner 1:30pm – 2:30pm The AI Opportunity: Investing Billions, Impacting Trillions 2:30pm – 3:30pm |
| 3:00pm – 3:30pm Break | 3:00pm – 3:30pm Break | 3:30pm – 3:45pm Break | 3:30pm – 3:45pm Break |
| Asset Classes and Asset Management Thomas Gilbert, University of Washington 3:30pm – 5:00pm | Absolute Return Strategy David Francl, Managing Director, Absolute Return, San Francisco Employees' Retirement System 3:30pm – 5:00pm | Public Pension Investing - State of the Art Anton Olrich, Managing Investment Director, CalPERS 3:45pm – 4:45pm Wrap-up Greg LaBlanc, UC Berkeley Haas School of Business 4:45pm – 5:00pm | Public Pension Investing - State of the Art Anton Olrich, Managing Investment Director, CalPERS 3:45 pm - 4:45 pm Wrap-up Greg LaBlanc, UC Berkeley Haas School of Business 4:45pm – 5:00pm |
| | Bus departs back to hotel at 5:10pm | Bus departs back to hotel at 5:10pm | Bus departs back to hotel at 5:10pm |
| Reception ▶ Lobby Lounge 5:30pm – 6:30pm | Reception ▶ Lobby Lounge 5:30pm – 6:30pm | Reception ▶ Lobby Lounge 5:30pm – 6:30pm | See you in the Fall! SACRS Annual Fall Conference 2025 November 11-14, 2025 |



Date: June 10, 2026
To: Trustees, Board of Retirement
From: Dominic D. Brown, Chief Executive Officer
Subject: **Agreement for Audit Services**

KCERA previously entered a three-year contract with UHY to provide audit services. The services include an independent audit of KCERA's financial statements and audit of GAS 68 schedules. KCERA Staff is pleased with the quality of services UHY has provided and recommends accepting this one-year term after which a regularly scheduled request for proposals will be issued for the services mentioned above. All terms and conditions have been reviewed by legal staff.

Therefore, it is recommended that the Board of Retirement approve Finance Committee and Staff's proposed audit firm and authorize the CEO to sign subject to legal advice and review.



AGREEMENT FOR PROFESSIONAL SERVICES

(KCERA – UHY LLP)

INDEPENDENT CONTRACTOR

THIS AGREEMENT is made and entered into this ____ day of _____, 2026, by and between the KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION, a public retirement system organized and existing under the County Employees Retirement Law of 1937, (hereinafter "KCERA"), with its principal location at 11125 River Run Boulevard, Bakersfield, CA 93311 and UHY LLP, a limited liability partnership with principal location at 8601 Robert Fulton Drive, Suite 210, Columbia, MD 21046 (hereinafter "UHY");

WITNESSETH:

WHEREAS:

(a) KCERA is a multi-tier 401(a) defined benefit public retirement system administered by its Board of Retirement (hereinafter "Board") in accordance with the County Employees Retirement Law of 1937 and related laws; and

(b) KCERA is obligated pursuant to Government Code section 7504(b) to secure the services of a qualified person or entity to perform an attest audit of the KCERA's financial statements and to submit the audited financial statements to the State Controller each fiscal year; and

(c) Government Code section 31593 of the California Employees' Retirement Law of 1937 requires KCERA to conduct an audit of the retirement system at least once every 12 months and report upon its financial condition; and

(d) KCERA desires to retain UHY to perform such services as listed in Attachment "A"; and

(e) UHY, by reason of its qualifications, experience, and facilities for doing the type of work herein contemplated, has offered to provide the required services on the terms set forth herein.

NOW, THEREFORE, IT IS AGREED between the parties hereto as follows:

1. **Services to be Rendered.** UHY shall provide the services described in Attachment A, attached hereto and incorporated herein. Such services shall be monitored by the Chief Executive Officer of the KCERA ("Chief Executive Officer") or his designee.

///
///

2. **Compensation to Consultant.** KCERA agrees to compensate UHY for professional services performed in accordance with the terms and conditions of this AGREEMENT as outlined in the Fees section of Attachment A.

3. **Reimbursement Policy and Billing Requirements.** All invoices for payment shall be submitted in a form approved by KCERA, and shall contain an itemization of costs and fees broken down and also stated as a cumulative total. Invoices shall be sent to KCERA for review and processing. Payment will be made to UHY within thirty (30) days of receipt and approval of each invoice by KCERA. With regard to the fees paid for the Annual Comprehensive Financial Report, KCERA shall withhold ten percent (10%) from each payment, and the final payment shall be made after the Board approves the final audit report.

4. **Term.** This Agreement shall commence as of the date first written above and shall remain in effect until completion of the audit and other audit services for the period from July 1, 2025 to June 30, 2026, unless sooner terminated as hereinafter provided.

5. **Representations.** UHY makes the following representations which are agreed to be material to and form a part of the inducement for this Agreement:

- a. UHY has the expertise, support staff and facilities necessary to provide the services described in this Agreement and Attachment A; and
- b. UHY does not have any actual or potential interests adverse to KCERA nor does UHY represent a person or firm with an interest adverse to KCERA with reference to the subject of this Agreement; and
- c. UHY shall diligently provide all required services in a timely and professional manner in accordance with the terms stated in this Agreement.

6. **Assignment.** UHY shall not assign or transfer this Agreement or any part hereof without the prior express and written approval of KCERA.

7. **Independent Contractor.** In the performance of all services under this Agreement, UHY shall be, and acknowledges that UHY is, in fact and law, an independent contractor and not an agent or employee of KCERA. UHY has and retains the right to exercise full supervision and control of the manner and methods of providing services to KCERA under this Agreement. UHY retains full supervision and control over the employment, direction, compensation and discharge of all persons assisting UHY in the provision of services under this Agreement. With respect to UHY's employees, if any, UHY shall be solely responsible for payment of wages, benefits and other compensation, compliance with all occupational safety, welfare and civil rights laws, tax

withholding and payment of employee taxes, whether federal, state or local, and compliance with any and all other laws regulating employment.

8. **Indemnification**. UHY agrees to indemnify, defend and hold harmless KCERA and KCERA's agents, board members, elected and appointed officials and officers, employees, volunteers and authorized representatives from losses, liabilities, charges, damages, claims, liens, causes of action, awards, judgments, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable expert fees, and investigation costs), which arise out of or are in any way connected with any negligent act or omission of UHY or UHY's officers, agents, employees, independent contractors, sub-contractors of any tier, or authorized representatives. Without limiting the generality of the foregoing, the same shall include injury or death to any person or persons; damage to any property, regardless of where located; and any workers' compensation claim or suit arising from or connected with the negligent acts or omissions of UHY in its performance of the services performed pursuant to this Agreement or performed on behalf of UHY by any person or entity.

9. **Insurance**. UHY, at its sole cost and expense, will insure its activities in connection with work under this proposal and obtain, keep in force and maintain insurance at a minimum as follows:

a. Liability Insurance Requirements:

(1) UHY shall maintain in full force and effect, at all times during the term of this Agreement, the following insurance:

(a) Commercial General Liability insurance, including, but not limited to, Contractual Liability insurance (specifically concerning the indemnity provisions of this Agreement), Personal Injury insurance (including bodily injury and death), and Property Damage insurance for liability arising out of Consultant's performance of work under this Agreement. Said insurance coverage shall have minimum limits for Bodily Injury and Property Damage liability of One Million Dollars (\$1,000,000) for each occurrence and Two Million Dollars (\$2,000,000) in the aggregate.

(b) Workers' Compensation insurance in statutory amounts.

(c) Automobile Liability insurance against claims of Personal Injury (including bodily injury and death) and Property Damage covering all owned, leased, hired and non-owned vehicles used in the performance of services pursuant to this Agreement with minimum limits for Bodily Injury and Property Damage liability of One Million Dollars (\$1,000,000). Such insurance shall be provided by a business or commercial vehicle policy.

(d) Professional Liability (Errors and Omissions) Insurance, for liability arising out of, or in connection with, the performance of all required

services under this Agreement, with limits of not less than One Million Dollars (\$1,000,000) for each occurrence and Two Million Dollars (\$2,000,000) in the aggregate.

(2) If any of the insurance coverage required under this Agreement are written on a claims-made basis, the insurance policy shall provide an extended reporting period of not less than four (4) years following termination of this Agreement or completion of Consultant's work specified in this Agreement, whichever is later.

b. Prior to UHY commencing any of its obligations under this Agreement, evidence of insurance in the form of Certificates of Insurance in compliance with the requirements above shall be furnished to KCERA's Chief Executive Officer. UHY shall maintain the above-stated insurance coverage until the termination of this Agreement. Such insurance coverage shall not be reduced, modified, or canceled without thirty (30) days prior written notice to KCERA. UHY shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, not renewed, or whose policy limits have been exhausted or upon receipt of written notification of the insolvency of the insurer that issued the policy.

c. All insurance shall be issued by a company or companies listed in the current "Best's Key Rating Guide" publication with a minimum of an "A-;VII" rating, or, in the alternative, by a company or companies who have been pre-approved by KCERA.

d. All insurance afforded by UHY pursuant to this Agreement shall be primary to and not contributing to any other insurance maintained by KCERA. Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve UHY for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall it preclude KCERA from taking such other actions as are available to it under any other provision of this Agreement or otherwise in law.

e. Failure by UHY to maintain all such insurance in effect at all times required by this Agreement shall be a material breach of this Agreement by UHY. KCERA, at its sole option, may terminate this Agreement and seek to obtain actual damages from UHY resulting from such breach. In the alternative, KCERA may purchase such required insurance coverage, and without further notice to UHY, KCERA deduct from sums due to UHY any premiums and associated costs advanced or paid by KCERA for such insurance (the "Alternative Action"). If the balance of monies owed to UHY pursuant to this Agreement are insufficient to reimburse KCERA for the premiums and any associated costs, UHY agrees to reimburse KCERA for the premiums and pay for all costs associated with the purchase of said insurance. Any failure by KCERA to take the

Alternative Action shall not relieve UHY of its obligation to obtain and maintain the insurance coverage required by this Agreement.

10. **Termination**. This Agreement may be terminated by written notice as follows: (a) by either party at any time for failure of the other party to comply with the terms and conditions of this Agreement through no fault of the party initiating the termination; (b) by either party upon sixty (60) days prior written notice to the other party; or (c) upon mutual agreement of both parties. In the event of termination, UHY shall stop work immediately and shall be entitled to compensation for all satisfactory professional service fees performed prior to termination and for expense reimbursement submitted in accordance with the Agreement. Any such compensation and/or reimbursement shall not exceed the applicable maximum dollar amount set forth in Attachment A. In the event this Agreement is terminated by either UHY or KCERA, UHY shall submit to the Chief Executive Officer all files, memoranda, documents, correspondence and other items generated in the course of performing this Agreement, within fifteen (15) days after the effective date of any written Notice of Termination.

11. **Ownership of Documents**. All reports, documents and other items generated or gathered in the course of providing services to KCERA under this Agreement are and shall remain the property of KCERA, and shall be returned to KCERA upon full completion of all services by UHY or termination of this Agreement, whichever first occurs.

12. **Notices**. All notices required or provided for in this Agreement shall be provided to the parties at the following addresses, by personal delivery or deposit in the U.S. Mail, postage prepaid, registered, certified mail or e-mail, addressed as specified below. Notices delivered personally shall be deemed received upon receipt; mailed or expressed notices shall be deemed received five (5) days after deposit. A party may change the address to which notice is to be given by giving notice as provided in this Section.

| | |
|-----------|---|
| To KCERA: | Dominic D. Brown, Chief Executive Officer 11125 River Run Boulevard Bakersfield, California 93311 legal@kcera.org |
|-----------|---|

| | |
|---------|--|
| To UHY: | UHY LLP 8601 Robert Fulton Drive, Suite 210 Columbia, MD 21046 jostroski@uhy-us.com |
|---------|--|

Nothing in this Agreement shall be construed to prevent or render ineffective delivery of notices required or permitted under this Agreement by leaving such notice with the receptionist or other person if like capacity employed by UHY or in KCERA's office.

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

14. **Sole Agreement.** This document, including Attachment "A", contains the entire agreement of the parties relating to the services, rights, obligations and covenants contained herein and assumed by the parties respectively. No inducements, representations or promises have been made, other than those recited in this Agreement. No oral promise, modification, change or inducement shall be effective or given any force or effect.

15. **Authority to Bind KCERA.** It is understood that UHY, in UHY performance of any and all duties under this Agreement, except as otherwise provided in this Agreement, has no authority to bind KCERA to any agreements or undertakings.

16. **Modifications of Agreement.** This Agreement may be modified in writing only, signed by the parties in interest at the time of the modification.

17. **Non-waiver.** No covenant or condition of this Agreement can be waived except by the written consent of KCERA. Forbearance or indulgence by KCERA in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by UHY. KCERA shall be entitled to invoke any remedy available to KCERA under this Agreement or by law or in equity despite said forbearance or indulgence.

18. **Choice of Law/Venue.** The parties hereto agree that the provisions of this Agreement will be construed pursuant to the laws of the State of California. This Agreement has been entered into and is to be performed in the County of Kern. Accordingly, the parties agree that the venue of any action relating to this Agreement shall be in the County of Kern.

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19. **Confidentiality.**

a. UHY acknowledges and agrees that KCERA is a public agency subject to state laws, including, without limitation, (A) the Ralph M. Brown Act (California Government Code Sections 54950 et seq.), which governs meetings for local legislative bodies; and (B) the California Public Records Act (California Government Code Sections 7920.000 et seq.) (the "Act"), which provides generally that all records relating to a public agency's business, including reports of transactions and proceedings, constitute "public records or files," and are open to public inspection, disclosure, and copying in the manner provided in the Act, unless specifically exempted under the Act;

b. UHY will not make any claim against KCERA if KCERA makes available to the public any report, notice or other information it receives from UHY, which KCERA, in good faith, determines is not exempt from public disclosure under applicable law, including, without limitation, the Act.

c. Upon expiration or termination of this Agreement, the provisions of this Section 19 shall continue to survive.

d. Auditor shall not, without the written consent of the KCERA, communicate confidential information, designated in writing or identified in this Agreement as such, to any third party and shall protect such information from inadvertent disclosure to any third party in the same manner that they protect their own confidential information, unless such disclosure is required in response to a validly issued subpoena or other process of law or regulation. Upon completion of this Agreement, the provisions of this paragraph shall continue to survive. Any and all information related to individual members of KCERA is designated as confidential.

e. For purposes of this Agreement, "Confidential Information" shall mean any and all information (whether a trade secret or not; whether proprietary or not) disclosed by either party to the other that relates to the parties' proprietary information, technology, know-how, research and development, or business which is of value to such disclosing party, including, without limitation, processes, know-how, designs, software, flow charts, logic diagrams, business plans, negotiations and contracts with other companies, financial statements, cost and expense data, marketing strategies, KCERA lists, pricing, terms, personnel matters, licenses, licensees, and licensors; provided, however, that Confidential Information shall not include information which is (A) rightfully in possession of the receiving party prior to disclosure by the disclosing party provided that the source of such information was not known by the receiving party to be bound by a confidentiality agreement or other contractual, legal or fiduciary

obligation of confidentiality to the disclosing party or any other party with respect to such information, (B) rightfully obtained from a third party authorized to make such disclosure, without breach of the terms and conditions of this Agreement, or otherwise, (C) independently developed by the receiving party as conclusively demonstrated by contemporaneous documents, (D) available to the public without restrictions, (E) approved for disclosure with the prior written approval of the disclosing party, or (F) disclosed by court order or as otherwise required by law, provided that the party required to disclose such information provides prompt advance notice to enable the other party to seek a protective order or otherwise prevent such disclosure. Furthermore, any contemplated transactions are considered ongoing, and the terms and substance of any related discussions, negotiations or investigations between the parties are deemed to be Confidential Information.

20. **Enforcement of Remedies**. No right or remedy herein conferred on or reserved to KCERA is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder or now or hereafter existing by law or in equity or by statute or otherwise, and may be enforced concurrently or from time to time.

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

22. **Compliance with Law**. UHY shall observe and comply with all applicable state and federal laws, ordinances, rules and regulations now in effect or hereafter enacted, each of which are hereby made a part hereof and incorporated herein by reference.

23. **Captions and Interpretation**. Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement. No provision of this Agreement shall be interpreted for or against a party because that party or its legal representative drafted such provision, and this Agreement shall be construed as if jointly prepared by the parties.

24. **Time of Essence**. Time is hereby expressly declared to be of the essence of this Agreement and of each and every provision hereof, and each such provision is hereby made and declared to be a material, necessary, and essential part of this Agreement. It is agreed by and between and the parties, however, that neither party shall be liable to the other for delays in performance that are caused in whole or in part by the other party, by third parties over which the

parties hereto do not have the legal right to control, or by forces de majeure.

25. **Counterparts**. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

26. **Non-discrimination**. Neither UHY, nor any officer, agent, employee, servant or subcontractor of UHY shall discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, religion, national origin, age, or sex, either directly, indirectly or through contractual or other arrangements.

27. **Audit, Inspection and Retention of Records**. UHY agrees to maintain and make available to KCERA accurate books and records relative to all its activities under this Agreement. UHY shall permit KCERA to audit, examine, and make excerpts and transcripts from such records, and to conduct audits of all invoices, materials, records of personnel, or other data related to all other matters covered by this Agreement. UHY shall maintain such data and records in an accessible location and condition for a period of not less than three (3) years from the date of final payment under this Agreement, or until after the conclusion of any audit, whichever occurs last. The State of California and/or any federal agency having an interest in the subject of this Agreement shall have the same rights conferred upon KCERA herein.

28. **Non-Collusion Covenant**. UHY represents and agrees that it has in no way entered into any contingent fee arrangement with any firm or person concerning the obtaining of this Agreement with KCERA. UHY has received from KCERA no incentive or special payments, nor considerations not related to the provision of services under this Agreement.

[Remainder of page left intentionally blank]

29. **Signature Authority.** Each party has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement.

30. **Third Parties.** The KCERA and UHY are the only parties to this Agreement and are the only parties to enforce its terms. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide, any right or benefit, whether directly or indirectly or otherwise, to third persons.

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

APPROVED AS TO CONTENT:

KERN COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

UHY LLP

By _____
Dominic D. Brown
KCERA Chief Executive Officer

By _____
Jason Ostroski
Managing Director

APPROVED AS TO FORM:

By _____
Jennifer Esquivel Zahry
KCERA Chief Legal Officer

ATTACHMENT A

KCERA – UHY SERVICES AND FEE SCHEDULE FY 2025-2026

I. Audit Services

Auditor will audit the financial statements of fiduciary net position and changes in fiduciary net position, which collectively comprise the basic financial statements of Kern County Employees' Retirement Association, as of and for the fiscal year ending June 30, 2026, and the related notes to the financial statements for the listed fiscal year.

KCERA requires the Auditor to express an opinion on the fair presentation of the financial statements in conformity with generally accepted accounting principles. The Auditor shall be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The Auditor will review the basic requirement of internal controls for KCERA. The Auditor will advise KCERA about the appropriateness of accounting policies and their application. The Auditor will evaluate KCERA's compliance with accounting principles generally accepted in the United States of America.

The Auditor will review the Annual Comprehensive Financial Report (ACFR) that KCERA issues annually. The Auditor will not be required to audit the supporting schedules contained in the ACFR. However, the Auditor is to provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the audit of the general-purpose financial statements. The Auditor is not required to audit the introductory, investment, actuarial and statistical sections of the report but to review them for consistency. KCERA's ACFRs can be found online at www.kcera.org.

The Auditor will review census data and member data found in KCERA's pension administration system when auditing samples of member records.

KCERA may ask the Auditor to perform other services not specifically provided for under this section. If such a request is made, the Auditor will submit a separate proposal for completing the engagement, along with a proposed fee schedule. KCERA reserves the right to contract for any additional audits or reviews with whomever it chooses.

Audit Services Fee

Not-to-Exceed Maximum Price

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2026 \$49,500

II. GASB Statement No. 68 Schedule

Express an opinion in accordance with AU-C 805, *Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement (AICPA, Professional Standards)* on any stand-alone schedules such as the Schedule of Employer Allocations, Schedule of Collective Pension Amounts or Schedule of Pension Amounts by Employer.

The auditor shall express an opinion about whether KCERA’s Schedule of Employer Allocations, and the total for all entities of the columns entitled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense included in KCERA’s Schedule of Pension Amounts by Employer are fairly presented, in all material respects, in conformity with auditing standards generally accepted in the United States.

The auditor shall also conduct any required communication with the auditors of KCERA’s employers and perform any required testing in order to identify differences in the member census data provided by KCERA’s employers.

GASB 68 Schedule

Fiscal Year Ended June 30, 2026 \$5,450

Date: June 10, 2026

To: Trustees, Board of Retirement

From: Daryn Miller, CFA, Chief Investment Officer

Subject: **Albourne Contract Extension**

Recommendation

Staff recommends that the Board of Retirement approve amending the contract with Albourne America (the Plan's hedge fund consultant).

Background

Albourne has been KCERA's hedge fund consultant since 2012. Staff evaluated the hedge fund specialty consultant space in 2012 and again in 2021, both via RFP processes. Staff's intent is to reevaluate the hedge fund consulting space and issue an RFP in 2027-2028.

The following contract amendment makes two notable changes:

- 1) Extends the contract period for 2 years (through June 2028)
- 2) Updates the Fee for Hedge Fund Fee Reconciliation Services and PM Fee Collection Services, reflecting Albourne's request to increase the fee for these services.

**AMENDMENT 2 TO AMENDED AND RESTATED AGREEMENT FOR HEDGE FUND
CONSULTANT SERVICES**

(Albourne America LLC)

THIS AMENDMENT 2 TO AGREEMENT FOR HEDGE FUND CONSULTANT SERVICES (“**Amendment**”) is made and entered into this 13th day of June, 2026 (“**Effective Date**”) by and between the KERN COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION (“**KCERA**”) and ALBOURNE AMERICA LLC (“**Consultant**” and together with KCERA, “**the Parties**”).

RECITALS:

WHEREAS:

- (a) By the Agreement for Hedge Fund Consultant Services dated July 28, 2021, and as amended July 30, 2025 (the “**Agreement**”), KCERA has engaged the services of Consultant in order to ensure performance within hedge fund guidelines established by KCERA’s Board;
- (b) Under the Agreement, KCERA is permitted to certain of Consultant’s Hedge Fund Fee Reconciliation Services, and Private Markets Fund Fee Collection Services;
- (c) KCERA and Consultant wish to extend the term of the Agreement;
- (d) KCERA and Consultant agree to change the fees associated with the Hedge Fund Fee Reconciliation Services, and Private Markets Fund Fee Collection Services; and,
- (e) Consultant and KCERA desire to amend the Agreement to effectuate the above and make certain other changes, subject to the terms and conditions set forth herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. The first sentence of Section 4 of the Agreement shall be deleted in its entirety and replaced with:

This Agreement shall be for a two (2) year term, and shall commence as of June 13, 2026 and terminate on June 12, 2028; provided, however, that Consultant may terminate this Agreement without cause upon one hundred twenty (120) days' prior written notice to KCERA, and KCERA may terminate this Agreement without cause upon thirty (30) days' prior written notice to Consultant.

2. Section 6 of Exhibit B of the Agreement shall be deleted in its entirety and replaced with:

Where KCERA elects to receive Hedge Fund Fee Reconciliation Services on an annual basis, the fees for such service are: 1) US \$800 per year per each newly invested fund, or 2) for existing funds, US \$533 per fund for the first year subsequent to the Effective Date, US \$667 per fund for the second year subsequent to the Effective Date, and US \$800 per fund each year thereafter.

3. Section 7 of Exhibit B of the Agreement shall be deleted in its entirety and replaced with:

Where KCERA elects to receive PM Fee Collection Services for any Private Market Investments in its portfolio on an annual basis, the fees for such service are: 1) US \$500 per year per each newly invested fund, or 2) for existing funds, US \$267 per fund for the first year subsequent to the Effective Date, US \$383 per fund for the second year subsequent to the Effective Date, and US \$500 per fund each year thereafter.

4. Except as modified by this Amendment 2, all terms and conditions of the Agreement shall remain in full force and effect.
5. Certain capitalized terms used herein and not otherwise defined shall have the meaning attributed to them in the Agreement.

IN WITNESS WHEREOF, this Amendment 2 to the Agreement has been executed by a duly authorized representative of each Party. This Amendment 2 may be executed by the Parties in counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same agreement.

APPROVED AS TO CONTENT:

Kern County Employees'
Retirement Association

By _____
Dominic D. Brown,
Chief Executive Officer

Dated: _____

Albourne America LLC

By _____
,Manager

Federal Tax I.D. No 91-2164625

Dated: _____

APPROVED AS TO FORM:

By _____
Jennifer Esquivel Zahry,
KCERA Chief Legal Officer

Dated: _____

Date: June 10, 2026

To: Trustees, Board of Retirement

From: Daryn Miller, CFA, Chief Investment Officer

Subject: **Update to the Investment Policy Statement**

Recommendation

Staff recommends that the Board of Retirement approve the updated Investment Policy Statement (IPS).

Background

At the Board meeting on May 6, 2026, the Board approved a new Strategic Asset Allocation, which increased the Hedge Fund allocation by 2% (from 10% to 12%) and decreased U.S. Long-Term Treasuries by 2% (from 4% to 2%). In addition, the approved Asset Allocation Ranges for Hedge Funds and Fixed Income were updated. The following IPS update codifies those Board approved changes and updates the Policy benchmark to reflect changes in the SAA.



11125 River Run Blvd
Bakersfield, CA 93311
661.381.7700
www.kcera.org

INVESTMENT POLICY STATEMENT

December 2025 May 2026

DRAFT

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MISSION STATEMENT AND PURPOSE

Mission Statement

Kern County Employees' Retirement Association's ("KCERA") mission is to expertly administer retirement benefits, prudently invest the assets of the Association, and provide quality membership services to eligible public employees, retirees and their beneficiaries.

Purpose

This Investment Policy Statement establishes policies for the administration and investment of KCERA's plan assets ("Plan"). This policy formally documents the goals, objectives, and guidelines of the investment program, and is intended to allow for sufficient flexibility in the investment process to capture opportunities, yet ensure prudence, consistency, and care.

The purpose of this policy is to set forth in writing:

1. An appropriate set of goals and objectives regarding the investment of the Plan;
2. The position of KCERA's board ("Board) with respect to the Plan's investment risk/return posture, including asset allocation; and
3. The establishment of investment guidelines.

Further, this policy seeks to ensure the investment of the Plan in a manner consistent with the County Employees Retirement Law of 1937 (commonly known as "the CERL," Government Code Section 31450 et seq.) and other applicable state and federal statutes.

BACKGROUND

KCERA is governed by the CERL. Sections 31594 and 31595 of the CERL provide for prudent person governance of the Plan. Under this law, the type and amount of Plan investments as well as the quality of securities is not specifically delineated, rather the investments made are assumed to be in the best interest of the Plan such that others with similar information would acquire similar investments. These statutory provisions are set forth below:

It is the intent of the Legislature, consistent with the mandate of the voters in passing Proposition 21 at the June 5, 1984, Primary Election, to allow the Board of any retirement system governed by this chapter to invest in any form or type of investment deemed prudent by the Board pursuant to the requirements of Section 31595. It is also the intent of the Legislature to repeal, or amend as appropriate, certain statutory provisions, whether substantive or procedural in nature, that restrict the form, type, or amount of investments that would otherwise be considered prudent under the terms of that section. This will increase the flexibility and range of investment choice available to these retirement systems, while ensuring protection of the interests of their beneficiaries.

(Cal. Gov. Code §31594.)

The Board has exclusive control of the investment of the employees' retirement fund. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system. Except as otherwise expressly restricted by the California Constitution and by law, the Board may, in its discretion, invest, or delegate the authority to invest, the assets of KCERA through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the Board.

The Board and its officers and employees shall discharge their duties with respect to the system:

- a) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.
- b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- c) Shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

(Cal. Gov. Code §31595.)

KCERA was established under the provisions of the CERL on January 1, 1945, by the Kern County Board of Supervisors, and its management is vested in a Board of Retirement.

INVESTMENT OBJECTIVES

The primary investment objectives for the Plan shall be:

1. Earn a long-term net of fees rate of return which is equal to or exceeds the Plan's assumed rate of return;
2. Earn a long-term net of fees rate of return which is equal to or exceeds the established benchmark ("Policy Benchmark"). The Policy Benchmark is identified in Appendix B; and
3. Earn a long-term net of fees rate of return which exceeds the long-term rate of inflation.

Rates of return are to be time-weighted total return.

LONG-TERM STRATEGIC ASSET ALLOCATION

The long-term strategic asset allocation (herein referred to as "asset allocation," "target asset allocation," or "strategic asset allocation") is one of the most important investment decisions the Board makes. The primary objective of the asset allocation decision is to establish an asset allocation which produces the highest expected investment return with a prudent level of risk.

The Board selects an asset allocation that is predicated on a number of factors, including:

1. Actuarial considerations of the Plan, including current and projected contributions, benefit payments, assets, liabilities, and funded status;
2. Appropriate levels of risk and return, as evidenced by various quantitative techniques, including mean-variance optimization, stress testing, and scenario analysis;
3. An assessment of potential future economic conditions;
4. Long-term capital market assumptions; and
5. Liquidity considerations.

The Board's selected strategic asset allocation, including target weights and allowable ranges, is illustrated in Appendix A.

Rebalancing

From time to time the Plan's actual asset allocation will deviate from the strategic asset allocation. Rebalancing can occur between asset classes, within an asset class, and between investment managers, with the objective of maintaining the strategic asset allocation exposures. Rebalancing or portfolio allocation changes can also occur in response to specific risks or anticipated changes in markets. The Chief Investment Officer shall determine appropriate rebalancing actions and obtain the written consent of the Chief Executive Officer. The Chief Executive Officer has the authority to sign and execute any trade authorization, subscription, redemption, or related documentation in order to implement rebalancing actions. When rebalancing activity occurs, the Board shall be notified of such activity at the next regularly scheduled Board meeting. Rebalancing may occur through the buying and selling of physical investments or through the use of derivatives.

Cash Flow Management

The Chief Investment Officer will monitor cash flow activity and maintain a cash flow forecast in order to ensure the payment of benefits, expenses, capital calls, and other investment activity, while also reducing friction from excess levels of cash. When liquidations of assets are necessary to meet cash flow needs, the Chief Investment Officer will determine the appropriate sources of liquidity and will obtain the written consent of the Chief Executive Officer. The Chief Executive Officer has the authority to sign and execute any trade authorization, redemption, or related documentation in order to implement cash flow management actions. Investment managers should receive adequate notification so that cash can be raised efficiently.

INVESTMENT MANAGER GUIDELINES

The Board has adopted the following guidelines to be used in limiting exposure to an investment manager (herein referred to as "Manager"). The Board may override these policies under special circumstances:

1. The maximum allocation to a single active Manager is 12% of the Plan;
2. The maximum allocation to a single active management product is 8% of the Plan; and,

3. No investment with any single investment strategy may exceed 10% of that Manager's total assets under management.

There is no maximum allocation limitation for passive Managers or their passive investment products.

It is the intention of the Board to allow Managers full discretion within the scope of this policy, the operative fund documents, any Investment Management Agreement ("IMA") or side letter agreement, and any laws or applicable federal and state statutes or regulations that supersede these documents. Investment guidelines for individual mandates are contained in each Manager's IMA.

Unless specifically provided for in the manager's operative fund documents or investment guidelines, the following transactions are generally prohibited: purchase of non-negotiable securities, short sales, transactions on margin, use of leverage and use of options.

RISK MANAGEMENT

The Board recognizes it must accept risk to sufficiently grow assets to meet promised benefit payment obligations, and that taking risk needs to be balanced with capital preservation. The Board's risk tolerance is a function of this perspective.

Risk

Risk is a broad concept and can generally be thought of as the likelihood of an unfavorable outcome. Investment management is a process of taking risk (i.e. exposing assets to potentially unfavorable outcomes). A key component of taking risk is understanding the relationship between positive outcomes and negative outcomes, both in terms of likelihood and magnitude.

The Plan is exposed to numerous risks, and no single metric or measure encompasses the complexity of those risks. The risk management process identifies, measures, and evaluates risks, so that risks taken are intentional and prudent.

Risk Management Process

The risk management process includes:

1. Identifying risk;
2. Measuring risk; and
3. Evaluating risk.

This process assists in determining what risks are acceptable and how to appropriately size them. The risk management process is integral to the investment process, whether it be selecting a strategic asset allocation, structuring an asset class, hiring a Manager, rebalancing the portfolio, or managing cash flows.

Risk Metrics

The Board uses various metrics and tools to measure and understand risk. These are important elements in evaluating risk, and include standard deviation, tracking error, beta, upside capture, downside capture, stress testing, scenario analysis, and liquidity. In addition to specific metrics, various risk concepts can help understand and evaluate risk, including counterparty risk, operational risk, and execution risk.

Risk Reporting

Risk metrics are included in the quarterly investment performance report. In addition, other measures of risk are presented to the Board on an ad hoc basis when deemed necessary by the Chief Investment Officer and the investment consultant. To appropriately evaluate risk, an understanding of economic, political, and financial market environments is helpful, thus an investment landscape with this type of information is presented to the Board in conjunction with the quarterly investment performance report.

INVESTMENT PERFORMANCE REVIEW

The Board will review the investment results of the Plan quarterly. Investment performance reports will be prepared by the Plan's investment consultant. Performance will primarily be evaluated within the context of the Investment Objectives as set forth in this policy. Manager performance is to be evaluated as set forth in Appendix D.

CAPITAL EFFICIENCY

The capital efficiency program seeks to improve the returns of the Plan by using derivatives in place of physical securities in traditional markets (equity, fixed income, commodities, etc.), and then utilizing a portion of the unencumbered cash to fund investments in the alpha pool. The capital efficiency program will add value when the alpha pool achieves net of fees and expenses returns that are above the cash funding rate. The Plan can use a third-party overlay provider to manage derivative exposure. The derivative exposure is collateralized with a combination of cash and investments.

ASSET CLASSES

The Board has decided to invest in the following asset classes:

PUBLIC EQUITY: Publicly traded global equities is a core asset class and serves the primary goal of return generation. Regional exposures include domestic, international developed, and emerging markets (including frontier markets).

FIXED INCOME: Fixed income securities are a core asset class and serves the primary goals of liquidity as well as risk mitigation, at least to the extent that the inverse relationship between equities and bonds hold. A secondary goal is income generation and diversification.

Fixed income includes, but is not limited to, two broad sub-asset classes: core and credit. The core allocation emphasizes the primary fixed income goals of liquidity and risk mitigation, while the credit allocation emphasizes the secondary objectives of income generation, and diversification.

COMMODITIES: The primary goals of the commodities allocation are return generation, positive correlation to inflation, and diversification.

HEDGE FUNDS: The primary goals of the hedge funds allocation are diversification, return generation, and downside protection. The hedge funds allocation will diversify across hedge fund strategies (relative value, event driven, equity long/short, and directional), and is expected to have low correlation to public equities and fixed income. The hedge funds allocation should be semi-liquid, with the majority of assets liquid within 1 year, and will generally not be considered a short-term liquidity source.

Objectives

1. Annualized return expectation of:
 - a. 75% 3-Month Treasury Bill + 300bps; and
 - b. 25% MSCI All Country World Index (Total Return Net).
2. Annualized forecast volatility between 4% and 7%;
3. Sharpe Ratio greater than 1.0; and,
4. Forecast Beta to MSCI All Country World Index of less than 0.3.

Guidelines

- | | | |
|----|-------------------|----------|
| 1. | Strategy | Ranges |
| a. | Relative Value | 20 - 40% |
| b. | Event Driven | 15 - 35% |
| c. | Equity Long/Short | 10 - 30% |
| d. | Directional | 15 - 35% |

For purposes of investment strategy ranges, funds are decomposed into their underlying strategies.

2. No investment with any single Manager can represent more than 15% of the hedge funds allocation.

ALPHA POOL: The primary goal of the alpha pool is to generate a cash-plus return through strategies that have low beta exposure, medium to high alpha, and expectations of downside protection. The alpha pool is expected to have low correlation to public equities and fixed income. The alpha pool is a key component of the capital efficiency program.

Objectives

1. Annualized return expectation of 3-Month Treasury Bill + 300bps;
2. Annualized forecast volatility between 3% and 6%; and,

3. Forecast Beta to MSCI All Country World Index of less than 0.2.

CORE REAL ESTATE: The primary goals of the core real estate allocation are income generation, positive correlation to inflation, and diversification.

OPPORTUNISTIC: The primary goal of the opportunistic allocation is return generation. Opportunistic investments are intended to take advantage of specific market conditions, or investments that are opportunistic in nature, and may include expansion of investments in the current asset allocation or entry into strategies outside of the asset allocation.

Objectives

- Return expectation at least 3% higher than the assumed rate of return

Guidelines

- Individual investments may not exceed 3% of Plan at time of purchase.

PRIVATE MARKETS: The primary goals of the private market allocations are generally consistent with their public market counterparts noted herein, with the additional expectation of higher returns. The expectation of higher returns is a function of the illiquidity, differentiated sources of return, and increased complexity in private markets versus public markets. Private market investments are illiquid and investment horizons can reach 10-15 years or more.

Private markets include three broad sub-asset classes; private equity, private credit, and private real assets (including private real estate).

CASH: The primary goals of cash are liquidity and operational efficiency. Cash exposure is defined as physical cash adjusted by the net notional exposure of (a) overlay positions, and (b) derivatives positions for the capital efficiency program. Holding some level of physical cash is necessary for the smooth operation of the Plan. The cash exposure should be minimized and an overlay program may be utilized to reduce the potential drag on performance. Holding physical cash is an important component of the capital efficiency program.

ADMINISTRATIVE PRACTICES

Review and Revisions

The investment consultant or the Chief Investment Officer shall first advise the Chief Executive Officer and then the Board of any restrictions within this policy which may prevent the investment program from meeting the goals and objectives set forth herein. Any violation of this policy discovered by the investment consultant or the Chief Investment Officer shall be reported first to the Chief Executive Officer and subsequently to the Board at the next regularly scheduled Board meeting.

The Board reserves the right to amend this policy at any time deemed necessary, or to comply with changes in state or federal law, or regulations.

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POLICY REVIEW AND HISTORY

- 1) This policy was:
 - a) Adopted by the Board on April 9, 2014.
 - b) Amended by the Board on March 9, 2016; March 13, 2019; May 1, 2019; April 1, 2020; December 9, 2020; April 13, 2022; September 13, 2023; September 11, 2024; April 9, 2025; November 5, 2025; ~~and~~ December 10, 2025; and May 6, 2026.

APPENDIX A – ASSET ALLOCATION AND ALLOWABLE RANGES

| Asset Class | Target | Range |
|-------------------------|------------------|------------------------------------|
| Public Equity | 34% | 24 – 46% |
| Domestic | | 12 – 29% |
| International Developed | | 5 – 19% |
| Emerging Markets | | 0 – 10% |
| Fixed Income | 23 5% | 13 5 – 33 5% |
| Core | 13 5% | 8 10 – 23 5% |
| Credit | 10% | 5 – 15% |
| Commodities | 5% | 0 – 9% |
| Hedge Funds | 12 0% | 7 5 – 17 5% |
| Alpha Pool | 2.5% | 0 – 5% |
| Core Real Estate | 7% | 2 – 10% |
| Opportunistic | 0% | 0 – 10% |
| Private Markets | 18% | 0 – 33% |
| Private Equity | 6% | 0 – 11% |
| Private Credit | 8% | 0 – 13% |
| Private Real Assets | 5% | 0 – 10% |
| Cash | -2.5% | -5 – 4% |

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APPENDIX B – POLICY BENCHMARK

| Asset Class | Weight | Benchmark |
|---|----------|---|
| Equity | 34.0% | MSCI All Country World Investable Market Index (Total Return Net) |
| Fixed Income | 235.0% | Blend † |
| Core | 135.0% | 3% ICE BofAML 7-10 Year US Treasury Index 24% ICE BofAML US Treasury 10+ Index 4% Bloomberg Barclays US Aggregate Total Return Value Unhedged USD Index 4% Bloomberg US Corporate Credit 1-3 Year Index |
| Credit | 10.0% | 5% Securitized (50% Bloomberg Non-Agency CMBS Index; 33.33% Bloomberg ABS Index; 16.67% JP Morgan CLOIE AAA Index) 2.5% Morningstar LSTA Leverage Loan Index 2.5% JP Morgan Emerging Market Bond Global Diversified Index |
| Commodities | 5.0% | Bloomberg Commodity Index |
| Hedge Funds | 12.00-0% | 97.5% 3-Month Treasury Bill + 300bps & 32.5% MSCI All Country World Index (Total Return Net) |
| Alpha Pool | 2.5% | 3-Month Treasury Bill + 300bps |
| Core Real Estate | 7.0% | NCREIF Fund Index - Open End Diversified Core Equity (Net) |
| Opportunistic | 0.0% | Assumed rate of return + 300bps |
| Private Equity | 6.0% | Actual time-weighted Private Equity returns †† |
| Private Credit | 8.0% | Actual time-weighted Private Credit returns †† |
| Private Real Assets | 5.0% | Actual time-weighted Private Real Assets returns †† |
| Cash | -2.5% | 3-Month Treasury Bill Index |
| <p>† Fixed Income Benchmark is a blend of the fixed income sub-asset class benchmarks and corresponding target weights. †† The Policy Benchmark uses actual private market asset class weights each rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market's public market "equivalent" (private equity to public equity; private credit to core fixed income and private real assets to core real estate).</p> | | |

APPENDIX C – INVESTMENT PHILOSOPHY

Governance

- Governance is the process of establishing and maintaining effective decision-making authority, responsibility, and accountability.
- Effective governance adds value and is a critical element of a successful investment program.
- An effective governance framework includes delegation of decision-making authority to the most capable resources.
- An essential role of the Board is to establish, maintain, and monitor clear and consistent policies of operation.

Risk

- The primary investment risk for the Plan is that long-term investment returns, together with reasonable and sustainable contributions, are insufficient to meet financial obligations over the long-term.
- Achieving investment goals requires investment risk taking and accepting that losses can and will likely occur.
- Investment management is risk management and the two are inherently linked. Risk and long-term returns are strongly correlated.
- Risk is multi-faceted and not fully quantifiable.
- Investment returns are fueled by multiple sources of risk.

Asset Allocation

- The long-term strategic asset allocation is a key determinant of the Plan's overall risk and return. Structure and Manager selection impact returns on the margin.
- The liability profile, sponsor position, funded status, and tolerance for adverse outcomes, should form the basis for establishing an appropriate level of risk for the Plan.
- The global opportunity set is dynamic, and a tactical approach to identifying opportunities can add value. However, a well-defined and adequately resourced process needs to be present.

Investment Horizon

- The long-term nature of the liabilities generally implies a long-term investment horizon. That said, at times short-term market conditions should be considered and balancing the short-term with the long-term is appropriate.
- Having a long-term investment horizon is an advantage, if utilized appropriately.
- A long-term investment horizon can lend itself to investing in illiquid assets and the opportunity to earn higher returns.

Diversification

- Diversification improves the stability of investment returns and the long-term risk-adjusted return of the portfolio.
- Diversification spreads risk across many dimensions including but not limited to, asset class, strategy, industry, market, style, geography, timeframe, and economic sensitivity.

Market Efficiency, Structure, and Manager Selection

- Structure should not cause an asset class to meaningfully deviate from its intended role or purpose.
- Markets are competitive and dynamic. Different markets have varying levels of efficiency, and some markets are more conducive to excess returns than others.
- Skill to generate active risk-adjusted returns over a benchmark (alpha) is rare and difficult to identify in advance and consistently capture.
- Value can be added through Manager selection, provided that Manager selection is well resourced with skill, experience, and focus, and utilizes a rigorous and consistent due diligence process.
- Passive investments reduce some forms of risk and cost, and potentially improve net returns. Utilizing passive investments in both efficient and inefficient markets can be an appropriate decision.

Costs

- Fees, expenses, and transaction costs can have a significant impact on long-term compounded returns and must be clearly justified and carefully managed.
- Investments should be evaluated on an expected net of fees basis. However, an understanding that fees are certain, while returns are not, should be appreciated.

Other

- Value is created by building an organization with deep knowledge and experience in global markets and draws on the expertise of a network of external partners.
- A successful investment program requires adequate resources, expertise, focus, and consistency in approach.
- Resources are constrained. Determining appropriate areas to focus and deploy resources is critical for adding value.
- The Plan's people and partners drive success. Develop and retain internal capital, foster a collaborative team-oriented culture that values integrity, excellence, and humility.
- Seek arrangements which ensure alignment of interest with agents and partners and collaborate broadly.
- Attractive risk-adjusted returns can be achieved by being an early adopter in strategies, assets, markets, technologies, and approaches.
- Derivatives and leverage can be efficient tools when utilized prudently.

APPENDIX D – MANAGER DUE DILIGENCE, SELECTION, MONITORING AND TERMINATION

This policy establishes the guidelines for selecting, monitoring, and terminating Managers. This policy aims to retain a high degree of flexibility in how it is applied to Managers. The goal is to implement a process which finds a balance between two undesirable outcomes:

1. Retaining Managers with no value-adding capabilities; and,
2. Terminating Managers with value-adding capabilities

Due to the significant costs involved in replacing Managers, and due to the substantial probability of selecting a value-detracting Manager as a replacement for an existing Manager, this policy is somewhat biased toward avoiding terminating Managers with value-adding capabilities.

Delegation

The Board has delegated the authority to select and terminate investment managers to the Chief Investment Officer, within the parameters and constraints set forth in this policy and with concurrence from the applicable investment consulting firm.

Parameters and Constraints – Selection and Termination

The authority delegated to the Chief Investment Officer by the Board to select investment managers will be constrained by a maximum investment size defined as a percentage of total plan assets. The authority delegated to the Chief Investment Officer to terminate investment managers is not constrained and is fully delegated.

| Asset Class | Selection Threshold | Termination |
|-----------------------------|---------------------|-----------------|
| Hedge Funds | 1.0% | Fully delegated |
| Private Markets | 1.0% | Fully delegated |
| Opportunistic | 1.0% | Fully delegated |
| Co-investments ¹ | 0.5% | Fully delegated |
| All other investments | 1.0% | Fully delegated |

¹Co-investments must be with managers where the Plan has previously made an investment.

The authority delegated to the Chief Investment Officer by the Board to select and terminate investment managers may be rescinded by the Board for any of the following reasons:

- The current Chief Investment Officer either leaves the job position of Chief Investment Officer or leaves employment with KCERA.
- The current consultant is replaced for an asset class (delegated authority will be rescinded for that asset class only).
- If overall KCERA Investment Staff positions fall below 50% of authorized positions.

The Board maintains discretion to reinstitute delegated authority previously rescinded by the Board.

Staff will develop procedures describing the criteria and processes to be used in conducting investment manager due diligence, including due diligence meetings, and arriving at staff decisions and recommendations; and will review said procedures with the Investment Committee from time to time.

Manager Search Process – Public Markets

1. **Initiation and Evaluation:** The Chief Investment Officer will coordinate with the investment consultant regarding due diligence. A written due diligence report will be produced, which articulates the opportunity, rationale, and risk of the investment. Due diligence may include on-site visits or may be performed virtually via video conference.
2. **Internal Investment Committee Approval:** Members of the investment team will review proposed investments presented by team members. The Chief Investment Officer will have the final decision-making authority to select an investment manager, subject to the parameters and constraints in this Appendix D, or recommend an investment to the Investment Committee and/or Board of Retirement.
3. **Investment Committee Notification:** For investments within the Chief Investment Officer's delegated authority, the Investment team will promptly notify Investment Committee members of the selected investment manager and confirm that the selection complies with the delegated authority described in this Appendix D.
4. **Board of Retirement Notification:** At the next available Regular Board meeting, the Chief Investment Officer will report the investment managers selected under delegated authority that have completed the contracting process.

Manager Search Process – Private Markets

The Private Markets program will be managed according to an annual plan produced by the investment consultant whose main components will encompass an update on the private markets program, a recap of prior year activity, a review of the Plan's private market strategy, a review of the annual pacing plan, and a forward calendar of prospective Managers or strategies. The annual plan will serve as a guide to ensure that target allocations are managed, proper diversification is implemented, and overall private market investments are in line with portfolio goals. It is recognized that market environments can change and deviations from the annual plan may be necessary.

The overall search process will be generally in line with public markets:

1. **Initiation and Evaluation:** Guided by the pacing plan and forward calendar, the Chief Investment Officer will coordinate with the investment consultant regarding due diligence. A written due diligence report will be produced, which articulates the opportunity, rationale, and risk of the investment. Due diligence may include on-site visits or may be performed virtually via video conference.
2. **Internal Investment Committee Approval:** Members of the investment team will review proposed investments presented by team members. The Chief Investment Officer will have the final decision-making authority to select an investment manager, subject to the parameters and constraints in this Appendix D, or recommend an investment to the Investment Committee and/or Board of Retirement.
3. **Investment Committee Notification:** For investments within the Chief Investment Officer's delegated authority, the Investment team will promptly notify Investment Committee

members of the selected investment manager(s) and confirm that the selection complies with the delegated authority described in this Appendix D.

4. Board of Retirement Notification: At the next available Regular Board meeting, the Chief Investment Officer will report the investment manager(s) selected under delegated authority that have completed the contracting process.

Contracting – Public and Private Markets

Managers shall acknowledge in writing their recognition and acceptance of their role as a fiduciary to the Plan and adherence to an industry-accepted standard of care, which may be established by contract or operation of law. Managers must further agree to adhere to appropriate federal and state legislation governing the Plan and agree to be covered by appropriate and adequate insurance coverage.

Managers retained by the Board shall be compensated by a formula contained in the manager's operative fund documents or Investment Management Agreement. No public markets Manager retained by the Board shall receive a payment of commission or other fees on a particular investment transaction; provided that, performance fees paid to Managers, as documented and agreed to by and between KCERA and the Manager are allowed. Further, Managers must disclose to staff any indirect compensation received in addition to its fees as a result of servicing the Plan. Additionally, alternative Managers will be required to disclose fee information per Cal. Gov. Code §7928.710 and §7514.7.

Ongoing Monitoring – Public and Private Markets

Manager evaluation relies on the ongoing review of qualitative and quantitative factors. These factors will be monitored on an ongoing basis in order for the Chief Investment Officer and the investment consultant to apprise the Board of changes which could warrant a change in the Manager's suitability. A key objective of this policy is the timely identification of signs of adverse changes in a Manager's organization or investment process. Factors to monitor include performance, attribution, key contributors and detractors from performance, portfolio positioning and exposures, key positions and investment thesis, changes in the investment team or process, changes in investment product line-up, assets under management and capital flows, administrative or operational changes, and other potential changes in the business.

No less than quarterly the investment consultant reviews each traditional public market Manager of the Plan and produces a written summary, which is provided to staff. In the case of alternative Managers including private market Managers, a review and written summary is produced at least annually. In the case where no investment consultant formally covers the investment, staff will produce a written summary.

Value-adding Managers will experience adverse circumstances, such as underperformance, personnel changes, and loss of assets under management. When Managers experience such events, staff and the investment consultant will evaluate whether appropriate action was taken by the Manager, what impact the action could have, and what other actions may be considered.

Manager reporting requirements

All Managers

- Updated Form ADV - Part 2 on an annual basis

All public markets

- Monthly account statement and NAV
- Monthly gross and net performance
- Performance commentary at least quarterly
- Positioning, exposure or risk report at least quarterly
- Audited Annual Financial Statements (for fund investments)

Public market investments through separately managed accounts

- Each quarter, managers shall provide a letter certifying compliance with the portfolio guidelines from the Investment Management Agreement, and compliance with regulatory requirements. Managers are required to advise staff and the investment consultant in writing of any violation.
- Managers are required to advise staff and the investment consultant in writing of any need for changes to the portfolio guidelines; and
- Managers are required to comply with the reporting requirements of the Trading Policy, as detailed in Appendix E
- Managers are required to comply with the reporting requirements of the Asset Pricing Policy, as detailed in Appendix G

Private markets

- Quarterly account statement and NAV
- Quarterly performance measures including IRR, and multiples
- Quarterly update of contributions, distributions, and uncalled capital
- Annual performance commentary
- Annual fund composition, positioning, or exposure reports
- Audited Annual Financial Statements (for fund investments)

APPENDIX E – TRADING POLICY

The Board has determined that trading costs represent a significant expense to the Plan. The Board has therefore established policies in order to control these costs, and to monitor the level and effectiveness of the trading activity of the Plan.

Best Price and Execution Standard

1. Notwithstanding anything to the contrary, all trading of securities will be placed by Managers with broker-dealers with the aim of obtaining the best price and best execution, taking into account all factors influencing best execution, as well as the value of all services received or savings obtained by the Plan related thereto, or by the Managers, for the benefit of the Plan.
 - a. The policy of best price and best execution is intended to mean that Managers shall use professional judgment in the selection of broker- dealers and the commissions paid. Managers should be prepared to provide evidence that they are attempting to deliver investment results at the lowest possible level of transaction costs, including the market impact of their trades, and considering the value of all services provided to the Plan for its commission dollars.
 - b. The policy of best price and best execution is intended to provide the most favorable overall results for the Plan.
 - c. Broker-dealers, as referenced herein, include firms which customarily perform trades for an institutional clientele. Such broker-dealers may trade on the floor of the various national and regional stock exchanges or may trade in the third and fourth markets performing transactions outside of the securities exchanges.
2. Inasmuch as trading costs contribute to the gains and losses on the securities held by the Plan, and therefore contribute to the portfolio performance of each Manager, all trades will be placed by Managers at their discretion. Such trades may include fixed income transactions placed on an agency basis. All such trades will be placed within the following general guidelines, consistent with the best price and best execution standard.
 - a. Managers may direct a portion of total annual transactions to broker- dealers who provide the Managers with research. In selecting among these broker-dealers to execute transactions, the Managers shall consider all factors relative to best execution. Such factors should include, but are not limited to, the following:
 - i. price of security;
 - ii. the commission rate;
 - iii. size and difficulty of the order;
 - iv. reliability, integrity, and financial condition of broker-dealer;
 - v. general execution and operational capabilities or competing broker-dealers;
 - vi. Manager's investment style; and
 - vii. brokerage and research services provided.

3. When placing trades with broker-dealers, Managers will emphasize minimizing commission costs directly and not seeking sources of value to the Plan through ancillary research services. In selecting these broker-dealers to execute transactions, the Manager will consider all factors relative best execution. Such factors should include, but are not limited to, the following:
 - a. price of security;
 - b. the commission rate;
 - c. size and difficulty of the order;
 - d. reliability, integrity, and financial condition of broker-dealer;
 - e. general execution and operational capabilities or competing broker-dealers; and,
 - f. the Manager's investment style.

Trading Analysis

For separately managed account investments, Managers will allow an analysis of trading costs of the account. The Board may engage third parties to independently evaluate the Manager's trading costs and practices, to assess whether or not the Manager is achieving best execution. This analysis will be provided to staff no less than every three years.

1. The analysis will summarize and evaluate the cost effectiveness of the various broker-dealers utilized by the Manager, specifically reporting commissions charged per share traded, and an estimate of the total costs incurred in these transactions.
2. The analysis will evaluate instances of higher commissions per share with respect to the many factors affecting best execution and shall consider other services or research provided to the Manager.
3. The analysis will report trading performance by broker-dealer and by investment management account.

APPENDIX F – PROXY VOTING POLICY

Because the proxy vote is an asset of the Plan, it must be managed prudently and for the exclusive benefit of the Plan. It is the intent of this policy to lay out a broad set of guidelines within which proxies must be voted to maximize shareholder value.

Guidelines

For all equity oriented separately managed accounts, a proxy voting service provider is retained to vote all proposals submitted to stockholders in accordance with this policy. All commingled investment fund proxies are voted by the respective Manager of each fund in accordance with the Manager's proxy guidelines.

Due to the significant resources required to properly manage a proxy voting program, the Board has chosen to delegate the proxy voting decision to a third-party provider of proxy voting services and to follow that provider's detailed proxy voting guidelines.

The obligations of the third-party provider are as follows:

1. With regard to timely execution of specified proxy votes on the Plan's behalf, including corporate account set up, vote execution reporting and record keeping, and compliance with U.S. SEC and Department of Labor ERISA standards, as applicable, the third party shall carry out its duties and obligations to vote the Plan's proxies in accordance with the standards of fiduciary responsibility set forth in the CERL;
2. The third-party shall cast votes after careful consideration of the issues; and
3. The third-party shall describe the rationale for its votes.

The overarching and universal guideline is that proxies must be voted in the best interest of the Plan and its beneficiaries and in order to maximize shareholder value. In following this broad, all-encompassing guideline, the third-party provider shall follow its own detailed guidelines, which provide specific instruction on how to vote proxies in alignment with and support of the following key principles:

1. A board of directors that serves shareholder interests;
2. Transparency and integrity in financial reporting;
3. A strong link between compensation and performance; and
4. A governance structure that clearly supports shareholder interests.

The third-party provider's detailed guidelines may change over time. A copy of the current guidelines shall be maintained by staff.

Monitoring

The third-party service provider shall provide monthly reports to staff, which include a list of all proxies voted on behalf of the Plan, along with the rationale for the votes. On an annual basis, staff will provide the Board with a consolidated report summarizing the previous year's proxy voting activity.

APPENDIX G – ASSET PRICING POLICY

This policy provides a process for the valuation of securities in separately managed accounts where the prices listed by the Plan's master custodian bank ("Custodian") are substantially different from the Manager's prices for those same securities. The Board recognizes that there are coverage limitations for security prices as provided by the Custodian's pricing matrix and third-party pricing provider prices. In those situations, where pricing is disputed between the Manager and the Custodian, the approach outlined in this policy will be implemented.

The Custodian will provide official pricing for the Plan's separately managed accounts with the following exceptions:

1. Issue specific market values may be priced by the Manager where no reliable third-party pricing source is available; and
2. Disputed issue prices may use the price provided by the Manager when the Manager provides the average of at least three dealer prices (bid-side).

In the case of disputed issue prices, staff may, in accordance with this policy, direct the Manager to provide its price to the Custodian and may direct the Custodian to accept the Manager's price as the official price for that issue. Valuation documentation should contain the following:

1. Sources and/or quantitative calculation used to determine the respective issue prices;
2. Percentage difference between Manager's price relative to the price generated by the master trustee bank; and
3. Aggregate percentage of the portfolio's market value for the securities priced by the Manager.

When requested by staff, the asset pricing report will include the above information. The report must be sent by the Manager to staff, the Custodian, and the investment consultant five days after receipt of the request.

Securities held in commingled accounts are valued according to the pricing policy of the individual commingled fund Manager.

Managers shall provide a copy of their pricing policy and pricing matrix to staff.

APPENDIX H – MANAGER RECONCILIATION REQUIREMENTS

The Board seeks to ensure greater accuracy through the implementation of a reconciliation reporting process. The Plan's separately managed account Managers shall provide written acknowledgment of the accuracy of the Custodian's records, and it is the responsibility of the Manager to reconcile with the Custodian all discrepancies in cash and holdings. The reconciliation report will list the assets and liabilities of the account that have discrepancies for both the number of shares/par value and pricing. The Manager's reconciliation report must be received by staff within 30 days of the close of the reporting month.

For traditional Managers who charge incentive fees, the Managers are responsible for reconciling its portfolio return and benchmark calculation. The reconciliation report will provide the Manager's monthly returns as well as the incentive fee calculation for the quarter. The report will show both gross and net-of-fees returns. The manager's reconciliation report must be received by staff along with the invoice billed for the quarter.

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INVESTMENT POLICY STATEMENT

May 2026

PROPOSED

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MISSION STATEMENT AND PURPOSE

Mission Statement

Kern County Employees' Retirement Association's ("KCERA") mission is to expertly administer retirement benefits, prudently invest the assets of the Association, and provide quality membership services to eligible public employees, retirees and their beneficiaries.

Purpose

This Investment Policy Statement establishes policies for the administration and investment of KCERA's plan assets ("Plan"). This policy formally documents the goals, objectives, and guidelines of the investment program, and is intended to allow for sufficient flexibility in the investment process to capture opportunities, yet ensure prudence, consistency, and care.

The purpose of this policy is to set forth in writing:

1. An appropriate set of goals and objectives regarding the investment of the Plan;
2. The position of KCERA's board ("Board) with respect to the Plan's investment risk/return posture, including asset allocation; and
3. The establishment of investment guidelines.

Further, this policy seeks to ensure the investment of the Plan in a manner consistent with the County Employees Retirement Law of 1937 (commonly known as "the CERL," Government Code Section 31450 et seq.) and other applicable state and federal statutes.

BACKGROUND

KCERA is governed by the CERL. Sections 31594 and 31595 of the CERL provide for prudent person governance of the Plan. Under this law, the type and amount of Plan investments as well as the quality of securities is not specifically delineated, rather the investments made are assumed to be in the best interest of the Plan such that others with similar information would acquire similar investments. These statutory provisions are set forth below:

It is the intent of the Legislature, consistent with the mandate of the voters in passing Proposition 21 at the June 5, 1984, Primary Election, to allow the Board of any retirement system governed by this chapter to invest in any form or type of investment deemed prudent by the Board pursuant to the requirements of Section 31595. It is also the intent of the Legislature to repeal, or amend as appropriate, certain statutory provisions, whether substantive or procedural in nature, that restrict the form, type, or amount of investments that would otherwise be considered prudent under the terms of that section. This will increase the flexibility and range of investment choice available to these retirement systems, while ensuring protection of the interests of their beneficiaries.

(Cal. Gov. Code §31594.)

The Board has exclusive control of the investment of the employees' retirement fund. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system. Except as otherwise expressly restricted by the California Constitution and by law, the Board may, in its discretion, invest, or delegate the authority to invest, the assets of KCERA through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the Board.

The Board and its officers and employees shall discharge their duties with respect to the system:

- a) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.
- b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- c) Shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

(Cal. Gov. Code §31595.)

KCERA was established under the provisions of the CERL on January 1, 1945, by the Kern County Board of Supervisors, and its management is vested in a Board of Retirement.

INVESTMENT OBJECTIVES

The primary investment objectives for the Plan shall be:

1. Earn a long-term net of fees rate of return which is equal to or exceeds the Plan's assumed rate of return;
2. Earn a long-term net of fees rate of return which is equal to or exceeds the established benchmark ("Policy Benchmark"). The Policy Benchmark is identified in Appendix B; and
3. Earn a long-term net of fees rate of return which exceeds the long-term rate of inflation.

Rates of return are to be time-weighted total return.

LONG-TERM STRATEGIC ASSET ALLOCATION

The long-term strategic asset allocation (herein referred to as "asset allocation," "target asset allocation," or "strategic asset allocation") is one of the most important investment decisions the Board makes. The primary objective of the asset allocation decision is to establish an asset allocation which produces the highest expected investment return with a prudent level of risk.

The Board selects an asset allocation that is predicated on a number of factors, including:

1. Actuarial considerations of the Plan, including current and projected contributions, benefit payments, assets, liabilities, and funded status;
2. Appropriate levels of risk and return, as evidenced by various quantitative techniques, including mean-variance optimization, stress testing, and scenario analysis;
3. An assessment of potential future economic conditions;
4. Long-term capital market assumptions; and
5. Liquidity considerations.

The Board's selected strategic asset allocation, including target weights and allowable ranges, is illustrated in Appendix A.

Rebalancing

From time to time the Plan's actual asset allocation will deviate from the strategic asset allocation. Rebalancing can occur between asset classes, within an asset class, and between investment managers, with the objective of maintaining the strategic asset allocation exposures. Rebalancing or portfolio allocation changes can also occur in response to specific risks or anticipated changes in markets. The Chief Investment Officer shall determine appropriate rebalancing actions and obtain the written consent of the Chief Executive Officer. The Chief Executive Officer has the authority to sign and execute any trade authorization, subscription, redemption, or related documentation in order to implement rebalancing actions. When rebalancing activity occurs, the Board shall be notified of such activity at the next regularly scheduled Board meeting. Rebalancing may occur through the buying and selling of physical investments or through the use of derivatives.

Cash Flow Management

The Chief Investment Officer will monitor cash flow activity and maintain a cash flow forecast in order to ensure the payment of benefits, expenses, capital calls, and other investment activity, while also reducing friction from excess levels of cash. When liquidations of assets are necessary to meet cash flow needs, the Chief Investment Officer will determine the appropriate sources of liquidity and will obtain the written consent of the Chief Executive Officer. The Chief Executive Officer has the authority to sign and execute any trade authorization, redemption, or related documentation in order to implement cash flow management actions. Investment managers should receive adequate notification so that cash can be raised efficiently.

INVESTMENT MANAGER GUIDELINES

The Board has adopted the following guidelines to be used in limiting exposure to an investment manager (herein referred to as "Manager"). The Board may override these policies under special circumstances:

1. The maximum allocation to a single active Manager is 12% of the Plan;
2. The maximum allocation to a single active management product is 8% of the Plan; and,

3. No investment with any single investment strategy may exceed 10% of that Manager's total assets under management.

There is no maximum allocation limitation for passive Managers or their passive investment products.

It is the intention of the Board to allow Managers full discretion within the scope of this policy, the operative fund documents, any Investment Management Agreement ("IMA") or side letter agreement, and any laws or applicable federal and state statutes or regulations that supersede these documents. Investment guidelines for individual mandates are contained in each Manager's IMA.

Unless specifically provided for in the manager's operative fund documents or investment guidelines, the following transactions are generally prohibited: purchase of non-negotiable securities, short sales, transactions on margin, use of leverage and use of options.

RISK MANAGEMENT

The Board recognizes it must accept risk to sufficiently grow assets to meet promised benefit payment obligations, and that taking risk needs to be balanced with capital preservation. The Board's risk tolerance is a function of this perspective.

Risk

Risk is a broad concept and can generally be thought of as the likelihood of an unfavorable outcome. Investment management is a process of taking risk (i.e. exposing assets to potentially unfavorable outcomes). A key component of taking risk is understanding the relationship between positive outcomes and negative outcomes, both in terms of likelihood and magnitude.

The Plan is exposed to numerous risks, and no single metric or measure encompasses the complexity of those risks. The risk management process identifies, measures, and evaluates risks, so that risks taken are intentional and prudent.

Risk Management Process

The risk management process includes:

1. Identifying risk;
2. Measuring risk; and
3. Evaluating risk.

This process assists in determining what risks are acceptable and how to appropriately size them. The risk management process is integral to the investment process, whether it be selecting a strategic asset allocation, structuring an asset class, hiring a Manager, rebalancing the portfolio, or managing cash flows.

Risk Metrics

The Board uses various metrics and tools to measure and understand risk. These are important elements in evaluating risk, and include standard deviation, tracking error, beta, upside capture, downside capture, stress testing, scenario analysis, and liquidity. In addition to specific metrics, various risk concepts can help understand and evaluate risk, including counterparty risk, operational risk, and execution risk.

Risk Reporting

Risk metrics are included in the quarterly investment performance report. In addition, other measures of risk are presented to the Board on an ad hoc basis when deemed necessary by the Chief Investment Officer and the investment consultant. To appropriately evaluate risk, an understanding of economic, political, and financial market environments is helpful, thus an investment landscape with this type of information is presented to the Board in conjunction with the quarterly investment performance report.

INVESTMENT PERFORMANCE REVIEW

The Board will review the investment results of the Plan quarterly. Investment performance reports will be prepared by the Plan's investment consultant. Performance will primarily be evaluated within the context of the Investment Objectives as set forth in this policy. Manager performance is to be evaluated as set forth in Appendix D.

CAPITAL EFFICIENCY

The capital efficiency program seeks to improve the returns of the Plan by using derivatives in place of physical securities in traditional markets (equity, fixed income, commodities, etc.), and then utilizing a portion of the unencumbered cash to fund investments in the alpha pool. The capital efficiency program will add value when the alpha pool achieves net of fees and expenses returns that are above the cash funding rate. The Plan can use a third-party overlay provider to manage derivative exposure. The derivative exposure is collateralized with a combination of cash and investments.

ASSET CLASSES

The Board has decided to invest in the following asset classes:

PUBLIC EQUITY: Publicly traded global equities is a core asset class and serves the primary goal of return generation. Regional exposures include domestic, international developed, and emerging markets (including frontier markets).

FIXED INCOME: Fixed income securities are a core asset class and serves the primary goals of liquidity as well as risk mitigation, at least to the extent that the inverse relationship between equities and bonds hold. A secondary goal is income generation and diversification.

Fixed income includes, but is not limited to, two broad sub-asset classes: core and credit. The core allocation emphasizes the primary fixed income goals of liquidity and risk mitigation, while the credit allocation emphasizes the secondary objectives of income generation, and diversification.

COMMODITIES: The primary goals of the commodities allocation are return generation, positive correlation to inflation, and diversification.

HEDGE FUNDS: The primary goals of the hedge funds allocation are diversification, return generation, and downside protection. The hedge funds allocation will diversify across hedge fund strategies (relative value, event driven, equity long/short, and directional), and is expected to have low correlation to public equities and fixed income. The hedge funds allocation should be semi-liquid, with the majority of assets liquid within 1 year, and will generally not be considered a short-term liquidity source.

Objectives

1. Annualized return expectation of:
 - a. 75% 3-Month Treasury Bill + 300bps; and
 - b. 25% MSCI All Country World Index (Total Return Net).
2. Annualized forecast volatility between 4% and 7%;
3. Sharpe Ratio greater than 1.0; and,
4. Forecast Beta to MSCI All Country World Index of less than 0.3.

Guidelines

- | | | |
|----|-------------------|----------|
| 1. | Strategy | Ranges |
| a. | Relative Value | 20 - 40% |
| b. | Event Driven | 15 - 35% |
| c. | Equity Long/Short | 10 - 30% |
| d. | Directional | 15 - 35% |

For purposes of investment strategy ranges, funds are decomposed into their underlying strategies.

2. No investment with any single Manager can represent more than 15% of the hedge funds allocation.

ALPHA POOL: The primary goal of the alpha pool is to generate a cash-plus return through strategies that have low beta exposure, medium to high alpha, and expectations of downside protection. The alpha pool is expected to have low correlation to public equities and fixed income. The alpha pool is a key component of the capital efficiency program.

Objectives

1. Annualized return expectation of 3-Month Treasury Bill + 300bps;
2. Annualized forecast volatility between 3% and 6%; and,

3. Forecast Beta to MSCI All Country World Index of less than 0.2.

CORE REAL ESTATE: The primary goals of the core real estate allocation are income generation, positive correlation to inflation, and diversification.

OPPORTUNISTIC: The primary goal of the opportunistic allocation is return generation. Opportunistic investments are intended to take advantage of specific market conditions, or investments that are opportunistic in nature, and may include expansion of investments in the current asset allocation or entry into strategies outside of the asset allocation.

Objectives

- Return expectation at least 3% higher than the assumed rate of return

Guidelines

- Individual investments may not exceed 3% of Plan at time of purchase.

PRIVATE MARKETS: The primary goals of the private market allocations are generally consistent with their public market counterparts noted herein, with the additional expectation of higher returns. The expectation of higher returns is a function of the illiquidity, differentiated sources of return, and increased complexity in private markets versus public markets. Private market investments are illiquid and investment horizons can reach 10-15 years or more.

Private markets include three broad sub-asset classes; private equity, private credit, and private real assets (including private real estate).

CASH: The primary goals of cash are liquidity and operational efficiency. Cash exposure is defined as physical cash adjusted by the net notional exposure of (a) overlay positions, and (b) derivatives positions for the capital efficiency program. Holding some level of physical cash is necessary for the smooth operation of the Plan. The cash exposure should be minimized and an overlay program may be utilized to reduce the potential drag on performance. Holding physical cash is an important component of the capital efficiency program.

ADMINISTRATIVE PRACTICES

Review and Revisions

The investment consultant or the Chief Investment Officer shall first advise the Chief Executive Officer and then the Board of any restrictions within this policy which may prevent the investment program from meeting the goals and objectives set forth herein. Any violation of this policy discovered by the investment consultant or the Chief Investment Officer shall be reported first to the Chief Executive Officer and subsequently to the Board at the next regularly scheduled Board meeting.

The Board reserves the right to amend this policy at any time deemed necessary, or to comply with changes in state or federal law, or regulations.

PROPOSED

POLICY REVIEW AND HISTORY

- 1) This policy was:
 - a) Adopted by the Board on April 9, 2014.
 - b) Amended by the Board on March 9, 2016; March 13, 2019; May 1, 2019; April 1, 2020; December 9, 2020; April 13, 2022; September 13, 2023; September 11, 2024; April 9, 2025; November 5, 2025; December 10, 2025; and May 6, 2026.

APPENDIX A – ASSET ALLOCATION AND ALLOWABLE RANGES

| Asset Class | Target | Range |
|-------------------------|---------------|--------------|
| Public Equity | 34% | 24 – 46% |
| Domestic | | 12 – 29% |
| International Developed | | 5 – 19% |
| Emerging Markets | | 0 – 10% |
| Fixed Income | 23% | 13 – 33% |
| Core | 13% | 8 – 23% |
| Credit | 10% | 5 – 15% |
| Commodities | 5% | 0 – 9% |
| Hedge Funds | 12% | 7 – 17% |
| Alpha Pool | 2.5% | 0 – 5% |
| Core Real Estate | 7% | 2 – 10% |
| Opportunistic | 0% | 0 – 10% |
| Private Markets | 18% | 0 – 33% |
| Private Equity | 6% | 0 – 11% |
| Private Credit | 8% | 0 – 13% |
| Private Real Assets | 5% | 0 – 10% |
| Cash | -2.5% | -5 – 4% |

PROPOSED

APPENDIX B – POLICY BENCHMARK

| Asset Class | Weight | Benchmark |
|---------------------|--------|---|
| Equity | 34.0% | MSCI All Country World Investable Market Index (Total Return Net) |
| Fixed Income | 23.0% | Blend † |
| Core | 13.0% | 3% ICE BofAML 7-10 Year US Treasury Index 2% ICE BofAML US Treasury 10+ Index 4% Bloomberg Barclays US Aggregate Total Return Value Unhedged USD Index 4% Bloomberg US Corporate Credit 1-3 Year Index |
| Credit | 10.0% | 5% Securitized (50% Bloomberg Non-Agency CMBS Index; 33.33% Bloomberg ABS Index; 16.67% JP Morgan CLOIE AAA Index) 2.5% Morningstar LSTA Leverage Loan Index 2.5% JP Morgan Emerging Market Bond Global Diversified Index |
| Commodities | 5.0% | Bloomberg Commodity Index |
| Hedge Funds | 12.0% | 9% 3-Month Treasury Bill + 300bps & 3% MSCI All Country World Index (Total Return Net) |
| Alpha Pool | 2.5% | 3-Month Treasury Bill + 300bps |
| Core Real Estate | 7.0% | NCREIF Fund Index - Open End Diversified Core Equity (Net) |
| Opportunistic | 0.0% | Assumed rate of return + 300bps |
| Private Equity | 6.0% | Actual time-weighted Private Equity returns †† |
| Private Credit | 8.0% | Actual time-weighted Private Credit returns †† |
| Private Real Assets | 5.0% | Actual time-weighted Private Real Assets returns †† |
| Cash | -2.5% | 3-Month Treasury Bill Index |

† Fixed Income Benchmark is a blend of the fixed income sub-asset class benchmarks and corresponding target weights.
 †† The Policy Benchmark uses actual private market asset class weights each rounded to the nearest whole percentage point. The difference in actual weight versus target is allocated to the private market's public market "equivalent" (private equity to public equity; private credit to core fixed income and private real assets to core real estate).

APPENDIX C – INVESTMENT PHILOSOPHY

Governance

- Governance is the process of establishing and maintaining effective decision-making authority, responsibility, and accountability.
- Effective governance adds value and is a critical element of a successful investment program.
- An effective governance framework includes delegation of decision-making authority to the most capable resources.
- An essential role of the Board is to establish, maintain, and monitor clear and consistent policies of operation.

Risk

- The primary investment risk for the Plan is that long-term investment returns, together with reasonable and sustainable contributions, are insufficient to meet financial obligations over the long-term.
- Achieving investment goals requires investment risk taking and accepting that losses can and will likely occur.
- Investment management is risk management and the two are inherently linked. Risk and long-term returns are strongly correlated.
- Risk is multi-faceted and not fully quantifiable.
- Investment returns are fueled by multiple sources of risk.

Asset Allocation

- The long-term strategic asset allocation is a key determinant of the Plan's overall risk and return. Structure and Manager selection impact returns on the margin.
- The liability profile, sponsor position, funded status, and tolerance for adverse outcomes, should form the basis for establishing an appropriate level of risk for the Plan.
- The global opportunity set is dynamic, and a tactical approach to identifying opportunities can add value. However, a well-defined and adequately resourced process needs to be present.

Investment Horizon

- The long-term nature of the liabilities generally implies a long-term investment horizon. That said, at times short-term market conditions should be considered and balancing the short-term with the long-term is appropriate.
- Having a long-term investment horizon is an advantage, if utilized appropriately.
- A long-term investment horizon can lend itself to investing in illiquid assets and the opportunity to earn higher returns.

Diversification

- Diversification improves the stability of investment returns and the long-term risk-adjusted return of the portfolio.
- Diversification spreads risk across many dimensions including but not limited to, asset class, strategy, industry, market, style, geography, timeframe, and economic sensitivity.

Market Efficiency, Structure, and Manager Selection

- Structure should not cause an asset class to meaningfully deviate from its intended role or purpose.
- Markets are competitive and dynamic. Different markets have varying levels of efficiency, and some markets are more conducive to excess returns than others.
- Skill to generate active risk-adjusted returns over a benchmark (alpha) is rare and difficult to identify in advance and consistently capture.
- Value can be added through Manager selection, provided that Manager selection is well resourced with skill, experience, and focus, and utilizes a rigorous and consistent due diligence process.
- Passive investments reduce some forms of risk and cost, and potentially improve net returns. Utilizing passive investments in both efficient and inefficient markets can be an appropriate decision.

Costs

- Fees, expenses, and transaction costs can have a significant impact on long-term compounded returns and must be clearly justified and carefully managed.
- Investments should be evaluated on an expected net of fees basis. However, an understanding that fees are certain, while returns are not, should be appreciated.

Other

- Value is created by building an organization with deep knowledge and experience in global markets and draws on the expertise of a network of external partners.
- A successful investment program requires adequate resources, expertise, focus, and consistency in approach.
- Resources are constrained. Determining appropriate areas to focus and deploy resources is critical for adding value.
- The Plan's people and partners drive success. Develop and retain internal capital, foster a collaborative team-oriented culture that values integrity, excellence, and humility.
- Seek arrangements which ensure alignment of interest with agents and partners and collaborate broadly.
- Attractive risk-adjusted returns can be achieved by being an early adopter in strategies, assets, markets, technologies, and approaches.
- Derivatives and leverage can be efficient tools when utilized prudently.

APPENDIX D – MANAGER DUE DILIGENCE, SELECTION, MONITORING AND TERMINATION

This policy establishes the guidelines for selecting, monitoring, and terminating Managers. This policy aims to retain a high degree of flexibility in how it is applied to Managers. The goal is to implement a process which finds a balance between two undesirable outcomes:

1. Retaining Managers with no value-adding capabilities; and,
2. Terminating Managers with value-adding capabilities

Due to the significant costs involved in replacing Managers, and due to the substantial probability of selecting a value-detracting Manager as a replacement for an existing Manager, this policy is somewhat biased toward avoiding terminating Managers with value-adding capabilities.

Delegation

The Board has delegated the authority to select and terminate investment managers to the Chief Investment Officer, within the parameters and constraints set forth in this policy and with concurrence from the applicable investment consulting firm.

Parameters and Constraints – Selection and Termination

The authority delegated to the Chief Investment Officer by the Board to select investment managers will be constrained by a maximum investment size defined as a percentage of total plan assets. The authority delegated to the Chief Investment Officer to terminate investment managers is not constrained and is fully delegated.

| Asset Class | Selection Threshold | Termination |
|-----------------------------|---------------------|-----------------|
| Hedge Funds | 1.0% | Fully delegated |
| Private Markets | 1.0% | Fully delegated |
| Opportunistic | 1.0% | Fully delegated |
| Co-investments ¹ | 0.5% | Fully delegated |
| All other investments | 1.0% | Fully delegated |

¹Co-investments must be with managers where the Plan has previously made an investment.

The authority delegated to the Chief Investment Officer by the Board to select and terminate investment managers may be rescinded by the Board for any of the following reasons:

- The current Chief Investment Officer either leaves the job position of Chief Investment Officer or leaves employment with KCERA.
- The current consultant is replaced for an asset class (delegated authority will be rescinded for that asset class only).
- If overall KCERA Investment Staff positions fall below 50% of authorized positions.

The Board maintains discretion to reinstitute delegated authority previously rescinded by the Board.

Staff will develop procedures describing the criteria and processes to be used in conducting investment manager due diligence, including due diligence meetings, and arriving at staff decisions and recommendations; and will review said procedures with the Investment Committee from time to time.

Manager Search Process – Public Markets

1. **Initiation and Evaluation:** The Chief Investment Officer will coordinate with the investment consultant regarding due diligence. A written due diligence report will be produced, which articulates the opportunity, rationale, and risk of the investment. Due diligence may include on-site visits or may be performed virtually via video conference.
2. **Internal Investment Committee Approval:** Members of the investment team will review proposed investments presented by team members. The Chief Investment Officer will have the final decision-making authority to select an investment manager, subject to the parameters and constraints in this Appendix D, or recommend an investment to the Investment Committee and/or Board of Retirement.
3. **Investment Committee Notification:** For investments within the Chief Investment Officer's delegated authority, the Investment team will promptly notify Investment Committee members of the selected investment manager and confirm that the selection complies with the delegated authority described in this Appendix D.
4. **Board of Retirement Notification:** At the next available Regular Board meeting, the Chief Investment Officer will report the investment managers selected under delegated authority that have completed the contracting process.

Manager Search Process – Private Markets

The Private Markets program will be managed according to an annual plan produced by the investment consultant whose main components will encompass an update on the private markets program, a recap of prior year activity, a review of the Plan's private market strategy, a review of the annual pacing plan, and a forward calendar of prospective Managers or strategies. The annual plan will serve as a guide to ensure that target allocations are managed, proper diversification is implemented, and overall private market investments are in line with portfolio goals. It is recognized that market environments can change and deviations from the annual plan may be necessary.

The overall search process will be generally in line with public markets:

1. **Initiation and Evaluation:** Guided by the pacing plan and forward calendar, the Chief Investment Officer will coordinate with the investment consultant regarding due diligence. A written due diligence report will be produced, which articulates the opportunity, rationale, and risk of the investment. Due diligence may include on-site visits or may be performed virtually via video conference.
2. **Internal Investment Committee Approval:** Members of the investment team will review proposed investments presented by team members. The Chief Investment Officer will have the final decision-making authority to select an investment manager, subject to the parameters and constraints in this Appendix D, or recommend an investment to the Investment Committee and/or Board of Retirement.
3. **Investment Committee Notification:** For investments within the Chief Investment Officer's delegated authority, the Investment team will promptly notify Investment Committee

members of the selected investment manager(s) and confirm that the selection complies with the delegated authority described in this Appendix D.

4. Board of Retirement Notification: At the next available Regular Board meeting, the Chief Investment Officer will report the investment manager(s) selected under delegated authority that have completed the contracting process.

Contracting – Public and Private Markets

Managers shall acknowledge in writing their recognition and acceptance of their role as a fiduciary to the Plan and adherence to an industry-accepted standard of care, which may be established by contract or operation of law. Managers must further agree to adhere to appropriate federal and state legislation governing the Plan and agree to be covered by appropriate and adequate insurance coverage.

Managers retained by the Board shall be compensated by a formula contained in the manager's operative fund documents or Investment Management Agreement. No public markets Manager retained by the Board shall receive a payment of commission or other fees on a particular investment transaction; provided that, performance fees paid to Managers, as documented and agreed to by and between KCERA and the Manager are allowed. Further, Managers must disclose to staff any indirect compensation received in addition to its fees as a result of servicing the Plan. Additionally, alternative Managers will be required to disclose fee information per Cal. Gov. Code §7928.710 and §7514.7.

Ongoing Monitoring – Public and Private Markets

Manager evaluation relies on the ongoing review of qualitative and quantitative factors. These factors will be monitored on an ongoing basis in order for the Chief Investment Officer and the investment consultant to apprise the Board of changes which could warrant a change in the Manager's suitability. A key objective of this policy is the timely identification of signs of adverse changes in a Manager's organization or investment process. Factors to monitor include performance, attribution, key contributors and detractors from performance, portfolio positioning and exposures, key positions and investment thesis, changes in the investment team or process, changes in investment product line-up, assets under management and capital flows, administrative or operational changes, and other potential changes in the business.

No less than quarterly the investment consultant reviews each traditional public market Manager of the Plan and produces a written summary, which is provided to staff. In the case of alternative Managers including private market Managers, a review and written summary is produced at least annually. In the case where no investment consultant formally covers the investment, staff will produce a written summary.

Value-adding Managers will experience adverse circumstances, such as underperformance, personnel changes, and loss of assets under management. When Managers experience such events, staff and the investment consultant will evaluate whether appropriate action was taken by the Manager, what impact the action could have, and what other actions may be considered.

Manager reporting requirements

All Managers

- Updated Form ADV - Part 2 on an annual basis

All public markets

- Monthly account statement and NAV
- Monthly gross and net performance
- Performance commentary at least quarterly
- Positioning, exposure or risk report at least quarterly
- Audited Annual Financial Statements (for fund investments)

Public market investments through separately managed accounts

- Each quarter, managers shall provide a letter certifying compliance with the portfolio guidelines from the Investment Management Agreement, and compliance with regulatory requirements. Managers are required to advise staff and the investment consultant in writing of any violation.
- Managers are required to advise staff and the investment consultant in writing of any need for changes to the portfolio guidelines; and
- Managers are required to comply with the reporting requirements of the Trading Policy, as detailed in Appendix E
- Managers are required to comply with the reporting requirements of the Asset Pricing Policy, as detailed in Appendix G

Private markets

- Quarterly account statement and NAV
- Quarterly performance measures including IRR, and multiples
- Quarterly update of contributions, distributions, and uncalled capital
- Annual performance commentary
- Annual fund composition, positioning, or exposure reports
- Audited Annual Financial Statements (for fund investments)

APPENDIX E – TRADING POLICY

The Board has determined that trading costs represent a significant expense to the Plan. The Board has therefore established policies in order to control these costs, and to monitor the level and effectiveness of the trading activity of the Plan.

Best Price and Execution Standard

1. Notwithstanding anything to the contrary, all trading of securities will be placed by Managers with broker-dealers with the aim of obtaining the best price and best execution, taking into account all factors influencing best execution, as well as the value of all services received or savings obtained by the Plan related thereto, or by the Managers, for the benefit of the Plan.
 - a. The policy of best price and best execution is intended to mean that Managers shall use professional judgment in the selection of broker- dealers and the commissions paid. Managers should be prepared to provide evidence that they are attempting to deliver investment results at the lowest possible level of transaction costs, including the market impact of their trades, and considering the value of all services provided to the Plan for its commission dollars.
 - b. The policy of best price and best execution is intended to provide the most favorable overall results for the Plan.
 - c. Broker-dealers, as referenced herein, include firms which customarily perform trades for an institutional clientele. Such broker-dealers may trade on the floor of the various national and regional stock exchanges or may trade in the third and fourth markets performing transactions outside of the securities exchanges.

2. Inasmuch as trading costs contribute to the gains and losses on the securities held by the Plan, and therefore contribute to the portfolio performance of each Manager, all trades will be placed by Managers at their discretion. Such trades may include fixed income transactions placed on an agency basis. All such trades will be placed within the following general guidelines, consistent with the best price and best execution standard.
 - a. Managers may direct a portion of total annual transactions to broker- dealers who provide the Managers with research. In selecting among these broker-dealers to execute transactions, the Managers shall consider all factors relative to best execution. Such factors should include, but are not limited to, the following:
 - i. price of security;
 - ii. the commission rate;
 - iii. size and difficulty of the order;
 - iv. reliability, integrity, and financial condition of broker-dealer;
 - v. general execution and operational capabilities or competing broker-dealers;
 - vi. Manager's investment style; and
 - vii. brokerage and research services provided.

3. When placing trades with broker-dealers, Managers will emphasize minimizing commission costs directly and not seeking sources of value to the Plan through ancillary research services. In selecting these broker-dealers to execute transactions, the Manager will consider all factors relative best execution. Such factors should include, but are not limited to, the following:
 - a. price of security;
 - b. the commission rate;
 - c. size and difficulty of the order;
 - d. reliability, integrity, and financial condition of broker-dealer;
 - e. general execution and operational capabilities of competing broker-dealers; and,
 - f. the Manager's investment style.

Trading Analysis

For separately managed account investments, Managers will allow an analysis of trading costs of the account. The Board may engage third parties to independently evaluate the Manager's trading costs and practices, to assess whether or not the Manager is achieving best execution. This analysis will be provided to staff no less than every three years.

1. The analysis will summarize and evaluate the cost effectiveness of the various broker-dealers utilized by the Manager, specifically reporting commissions charged per share traded, and an estimate of the total costs incurred in these transactions.
2. The analysis will evaluate instances of higher commissions per share with respect to the many factors affecting best execution and shall consider other services or research provided to the Manager.
3. The analysis will report trading performance by broker-dealer and by investment management account.

APPENDIX F – PROXY VOTING POLICY

Because the proxy vote is an asset of the Plan, it must be managed prudently and for the exclusive benefit of the Plan. It is the intent of this policy to lay out a broad set of guidelines within which proxies must be voted to maximize shareholder value.

Guidelines

For all equity oriented separately managed accounts, a proxy voting service provider is retained to vote all proposals submitted to stockholders in accordance with this policy. All commingled investment fund proxies are voted by the respective Manager of each fund in accordance with the Manager's proxy guidelines.

Due to the significant resources required to properly manage a proxy voting program, the Board has chosen to delegate the proxy voting decision to a third-party provider of proxy voting services and to follow that provider's detailed proxy voting guidelines.

The obligations of the third-party provider are as follows:

1. With regard to timely execution of specified proxy votes on the Plan's behalf, including corporate account set up, vote execution reporting and record keeping, and compliance with U.S. SEC and Department of Labor ERISA standards, as applicable, the third party shall carry out its duties and obligations to vote the Plan's proxies in accordance with the standards of fiduciary responsibility set forth in the CERL;
2. The third-party shall cast votes after careful consideration of the issues; and
3. The third-party shall describe the rationale for its votes.

The overarching and universal guideline is that proxies must be voted in the best interest of the Plan and its beneficiaries and in order to maximize shareholder value. In following this broad, all-encompassing guideline, the third-party provider shall follow its own detailed guidelines, which provide specific instruction on how to vote proxies in alignment with and support of the following key principles:

1. A board of directors that serves shareholder interests;
2. Transparency and integrity in financial reporting;
3. A strong link between compensation and performance; and
4. A governance structure that clearly supports shareholder interests.

The third-party provider's detailed guidelines may change over time. A copy of the current guidelines shall be maintained by staff.

Monitoring

The third-party service provider shall provide monthly reports to staff, which include a list of all proxies voted on behalf of the Plan, along with the rationale for the votes. On an annual basis, staff will provide the Board with a consolidated report summarizing the previous year's proxy voting activity.

APPENDIX G – ASSET PRICING POLICY

This policy provides a process for the valuation of securities in separately managed accounts where the prices listed by the Plan's master custodian bank ("Custodian") are substantially different from the Manager's prices for those same securities. The Board recognizes that there are coverage limitations for security prices as provided by the Custodian's pricing matrix and third-party pricing provider prices. In those situations, where pricing is disputed between the Manager and the Custodian, the approach outlined in this policy will be implemented.

The Custodian will provide official pricing for the Plan's separately managed accounts with the following exceptions:

1. Issue specific market values may be priced by the Manager where no reliable third-party pricing source is available; and
2. Disputed issue prices may use the price provided by the Manager when the Manager provides the average of at least three dealer prices (bid-side).

In the case of disputed issue prices, staff may, in accordance with this policy, direct the Manager to provide its price to the Custodian and may direct the Custodian to accept the Manager's price as the official price for that issue. Valuation documentation should contain the following:

1. Sources and/or quantitative calculation used to determine the respective issue prices;
2. Percentage difference between Manager's price relative to the price generated by the master trustee bank; and
3. Aggregate percentage of the portfolio's market value for the securities priced by the Manager.

When requested by staff, the asset pricing report will include the above information. The report must be sent by the Manager to staff, the Custodian, and the investment consultant five days after receipt of the request.

Securities held in commingled accounts are valued according to the pricing policy of the individual commingled fund Manager.

Managers shall provide a copy of their pricing policy and pricing matrix to staff.

APPENDIX H – MANAGER RECONCILIATION REQUIREMENTS

The Board seeks to ensure greater accuracy through the implementation of a reconciliation reporting process. The Plan's separately managed account Managers shall provide written acknowledgment of the accuracy of the Custodian's records, and it is the responsibility of the Manager to reconcile with the Custodian all discrepancies in cash and holdings. The reconciliation report will list the assets and liabilities of the account that have discrepancies for both the number of shares/par value and pricing. The Manager's reconciliation report must be received by staff within 30 days of the close of the reporting month.

For traditional Managers who charge incentive fees, the Managers are responsible for reconciling its portfolio return and benchmark calculation. The reconciliation report will provide the Manager's monthly returns as well as the incentive fee calculation for the quarter. The report will show both gross and net-of-fees returns. The manager's reconciliation report must be received by staff along with the invoice billed for the quarter.

PROPOSED

Date: June 10, 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) Silver Point Capital
- 2) Oak Hill 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.





SPECIAL PAY CODE CLASSIFICATIONS

SPECIAL PAY CODES – PENSIONABLE AND NON-PENSIONABLE

| Dept./BU | Code | Title | Details |
|----------|-------|---|--|
| County | WC_AA | L4850 AA Uniform Allowance INCLUDED FOR LEGACY MEMBERS EXCLUDED FOR PEPRA MEMBERS | Workday configuration to be used as L4850 special codes (non-taxable). These codes already exist; however, counterpart special pay codes are needed to allow the same type of payments to be processed as non-taxable specifically for L4850 payment purposes. |
| County | WC_BL | L4850 BL Bilingual Pay – Verbal INCLUDED FOR ALL MEMBERS | Workday configuration to be used as L4850 special codes (non-taxable). These codes already exist; however, counterpart special pay codes are needed to allow the same type of payments to be processed as non-taxable specifically for L4850 payment purposes. |
| County | WC_BM | L4850 BM Bilingual Pay – Written INCLUDED FOR ALL MEMBERS | Workday configuration to be used as L4850 special codes (non-taxable). These codes already exist; however, counterpart special pay codes are needed to allow the same type of payments to be processed as non-taxable specifically for L4850 payment purposes. |

SPECIAL PAY CODES – PENSIONABLE AND NON-PENSIONABLE

| Dept./BU | Code | Title | Details |
|----------|-------|---|--|
| County | WC_BO | L4850 BO Bonus-Entire Classification INCLUDED FOR LEGACY MEMBERS EXCLUDED FOR PEPRA MEMBERS | Workday configuration to be used as L4850 special codes (non-taxable). These codes already exist; however, counterpart special pay codes are needed to allow the same type of payments to be processed as non-taxable specifically for L4850 payment purposes. |
| County | WC_BP | L4850 BP Premium Pay 6% INCLUDED FOR ALL MEMBERS | Workday configuration to be used as L4850 special codes (non-taxable). These codes already exist; however, counterpart special pay codes are needed to allow the same type of payments to be processed as non-taxable specifically for L4850 payment purposes. |
| County | WC_BS | L4850 BS Bonus Incentive EXCLUDED FOR ALL MEMBERS | Workday configuration to be used as L4850 special codes (non-taxable). These codes already exist; however, counterpart special pay codes are needed to allow the same type of payments to be processed as non-taxable specifically for L4850 payment purposes. |
| County | WC_FA | L4850 FA Administrative Assignment Pay INCLUDED FOR ALL MEMBERS | Workday configuration to be used as L4850 special codes (non-taxable). These codes already exist; however, counterpart special pay codes are needed to allow the same type of payments to be processed as non-taxable specifically for L4850 payment purposes. |

SPECIAL PAY CODES – PENSIONABLE AND NON-PENSIONABLE

| Dept./BU | Code | Title | Details |
|----------|-------|--|--|
| County | WC_FH | L4850 FH FIRE USAR/HAZMAT 5% INCLUDED FOR LEGACY MEMBERS EXCLUDED FOR PEPRA MEMBERS | Workday configuration to be used as L4850 special codes (non-taxable). These codes already exist; however, counterpart special pay codes are needed to allow the same type of payments to be processed as non-taxable specifically for L4850 payment purposes. |
| County | WC_HM | L4850 HM Holiday - Not Scheduled EXCLUDED FOR ALL MEMBERS | Workday configuration to be used as L4850 special codes (non-taxable). These codes already exist; however, counterpart special pay codes are needed to allow the same type of payments to be processed as non-taxable specifically for L4850 payment purposes. |
| County | WC_HO | L4850 HO Holiday Pay – County INCLUDED FOR ALL MEMBERS | Workday configuration to be used as L4850 special codes (non-taxable). These codes already exist; however, counterpart special pay codes are needed to allow the same type of payments to be processed as non-taxable specifically for L4850 payment purposes. |

THE FOLLOWING SPECIAL ALLOWANCE DESIGNATIONS DISPLAY THE SPECIAL ALLOWANCES CLASSIFIED BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO KCERA BOARD'S ADMINISTRATION OF SPECIAL ALLOWANCES POLICY & CA SUPREME COURT ALAMEDA DECISION (7/30/2020)

COMPENSATION EARNABLE

THE FOLLOWING SPECIAL ALLOWANCES ARE CONSIDERED COMPENSATION EARNABLE FOR APPLICABLE MEMBERS (MEMBERSHIP BEFORE 1/1/2013).

| <u>SPECIAL ALLOWANCE</u> | |
|--------------------------|--|
| <u>CODE</u> | <u>FULL LEGEND</u> |
| WC_AA | L4850 AA UNIFORM ALLOWANCE |
| WC_BL | L4850 BL BILINGUAL PAY – VERBAL |
| WC_BM | L4850 BM BILINGUAL PAY – WRITTEN |
| WC_BO | L4850 BO BONUS-ENTIRE CLASSIFICATION |
| WC_BP | L4850 BP PREMIUM PAY 6% |
| WC_FA | L4850 FA ADMINISTRATIVE ASSIGNMENT PAY |
| WC_FH | L4850 FH FIRE USAR/HAZMAT 5% |
| WC_HO | L4850 HO HOLIDAY PAY – COUNTY |

THE FOLLOWING SPECIAL ALLOWANCES ARE NOT CONSIDERED COMPENSATION EARNABLE FOR APPLICABLE MEMBERS (MEMBERSHIP BEFORE 1/1/2013).

| <u>SPECIAL ALLOWANCE</u> | |
|--------------------------|----------------------------------|
| <u>CODE</u> | <u>FULL LEGEND</u> |
| WC_BS | L4850 BS BONUS INCENTIVE |
| WC_HM | L4850 HM HOLIDAY - NOT SCHEDULED |

PENSIONABLE COMPENSATION

THE FOLLOWING SPECIAL ALLOWANCES ARE CONSIDERED PENSIONABLE COMPENSATION FOR APPLICABLE MEMBERS (MEMBERSHIP ON OR AFTER 1/1/2013).

| <u>SPECIAL ALLOWANCE</u> | |
|--------------------------|--|
| <u>CODE</u> | <u>FULL LEGEND</u> |
| WC_BL | L4850 BL BILINGUAL PAY – VERBAL |
| WC_BM | L4850 BM BILINGUAL PAY – WRITTEN |
| WC_BP | L4850 BP PREMIUM PAY 6% |
| WC_FA | L4850 FA ADMINISTRATIVE ASSIGNMENT PAY |
| WC_HO | L4850 HO HOLIDAY PAY – COUNTY |

THE FOLLOWING SPECIAL ALLOWANCES ARE NOT CONSIDERED PENSIONABLE COMPENSATION FOR APPLICABLE MEMBERS (MEMBERSHIP ON OR AFTER 1/1/2013).

| <u>SPECIAL ALLOWANCE</u> | |
|--------------------------|--------------------------------------|
| <u>CODE</u> | <u>FULL LEGEND</u> |
| WC_AA | L4850 AA UNIFORM ALLOWANCE |
| WC_BO | L4850 BO BONUS-ENTIRE CLASSIFICATION |
| WC_BS | L4850 BS BONUS INCENTIVE |
| WC_FH | L4850 FH FIRE USAR/HAZMAT 5% |
| WC_HM | L4850 HM HOLIDAY - NOT SCHEDULED |

ALTERNATIVE INVESTMENTS RECORDS

EXEMPT FROM PUBLIC DISCLOSURE

**(California Government Code Section 7928.710)
(California Government Code Section 7922.000)
(California Government Code Section 54957.5)**

DO NOT REPRODUCE

DO NOT DISTRIBUTE



Kern County Employees Retirement Association

June 2026

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2nd Quarter 2026 Investment Landscape

Institutional Consulting

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Business Update

Since our last Investment Landscape webinar:

- › We celebrated our successful merger with **Cerity Partners** in April
- › We are excited to welcome our clients to Seattle in July for our **2026 Institutional Client Summit**
- › Recent research
 - *Active Management Environment*
- › Upcoming research
 - *Real Assets Outlook*

Recent Cerity Partners research

Thought Leadership

TOP TEN THOUGHTS FOR 2026

Every year Verus identifies a series of topics that we believe will be important for investors to consider during the coming year. Some of those tend to be economics or markets focused, while others tend to focus on geopolitics or other broader issues. The paper also looks back at the past years' forecasts.

LDI FOR PUBLIC SPONSORS

We explore the dichotomy in LDI adoption between sponsor types. We discuss the characteristics of pension plans that make LDI strategies beneficial. We assess the current environment, to illustrate why LDI may appear relatively attractive today.

STATE OF THE CORE REAL ESTATE FUND UNIVERSE

Verus addresses the state of the core real estate fund universe. Discussion includes the mixed fundamental conditions facing the asset class and the heavy redemption queues that continue to challenge certain funds and frustrate investors who are seeking liquidity.

THIS MATTERS, AND THIS DOESN'T

We offer perspectives regarding what we watch out for to acknowledge or even avoid biases where possible. Deciding what matters most to the portfolio by ensuring a balanced set of information sources, keeping a watchful eye for biases and carefully thinking about incentives, and also determining what doesn't matter.

1st quarter summary

THE ECONOMY

- › U.S. Q4 GDP growth was revised down to 0.7% QoQ annualized, with the government shutdown being the primary cause. Growth is expected to be more moderate throughout the year, likely supported by AI investment and productivity gains, as well as fiscal stimulus from the One Big Beautiful Bill Act. Job growth remains tepid.
- › U.S. inflation jumped to 3.3% YoY in March while core CPI rose to 2.6% YoY. The report reflected a large price increase overall, though energy was effectively the sole cause, with other goods and service prices showing mild movement. Food prices were flat during the month and services (excluding energy services) rose only 0.2%. Shelter inflation continued to cool as rent growth moderated, reinforcing a disinflationary trend given shelter's large CPI weight.

EQUITY

- › The first quarter showed a reversal of many style trends of late: U.S. small cap equities outperformed U.S. large caps (+0.9% vs. -4.3%), Value outperformed Growth (+2.1% vs. -9.8%), and non-U.S. markets outperformed U.S. (-0.7% vs. -4.3%).
- › U.S. equity forward P/E multiples moved sharply lower as equity prices fell but earnings forecasts adjusted further upwards despite fears around the Iran war. Persistent upward earnings guidance, along with the recent drawdown could potentially set U.S. equities up for a rally if a constructive end to the war appears most likely.

FIXED INCOME

- › Fears of a possible private credit crisis continued to circulate, leading to large redemptions from certain retail-focused funds. We believe the current situation can be mostly described as a liquidity mismatch among retail-focused funds driven by panic, and that panic may be somewhat overblown. If larger credit issues become apparent, spread and price movement would likely occur. Investors should focus attention on their private equity exposure if they believe these issues will expand.
- › Software stocks experienced a sharp drawdown amid concerns around AI creative destruction, though credit default activity has been muted. However, distressed credit activity among software has been notable.

ASSET ALLOCATION ISSUES

- › Global equities sold off during Q1 as the Iran conflict escalated and fears spread of a possible energy shock and perhaps a reversal of central bank easing due to inflation fears. The domestic market showed larger losses (S&P 500 -4.3%) with non-U.S. equities down slightly (MSCI EAFE -1.2% vs. MSCI EM -0.2%). Core fixed income and credit were relatively flat.
- › Market-priced volatility rose from 14 to a peak of 31 in late March. Neither U.S. nor Iranian leadership appeared willing to deescalate, with each side divided on core issues such as denuclearization and the Strait of Hormuz. On April 17th Iran announced the Strait of Hormuz was “completely open” following a ceasefire agreement between Israel and Lebanon, sending energy lower.

Global equities sold off during Q1 on the Iran conflict, though equity earnings forecasts continue to be adjusted upwards

Geopolitical shocks tend to have a more muted impact on asset markets, despite headlines and initial investor fears

What drove the market in Q1?

“U.S., Israel and Iran agree to a tentative ceasefire, even as the terms remain unclear”

| Oil Price (WTI) | | | | |
|-----------------|------|------|-------|------|
| 2/20 | 2/27 | 3/9 | 4/3 | 4/17 |
| \$66 | \$67 | \$94 | \$111 | \$81 |

Article Source: AP News, April 8th, 2026

“Fed Official Urges Caution on Rate Cuts as Iran War Drags On”

| Expected Fed Funds Rate on December 31 st , 2026 | | | | | |
|---|---------|---------|---------|----------|---------|
| 12/31/24 | 3/31/25 | 6/30/25 | 9/30/25 | 12/31/25 | 3/31/26 |
| 3.66% | 3.23% | 2.98% | 3.03% | 3.05% | 3.60% |

Article Source: The New York Times, March 20th, 2026

“U.S. consumer inflation hot in March amid record surge in gasoline prices”

| U.S. Inflation (year-over-year) | | | | | | | |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Aug '25 | Sep '25 | Oct '25 | Nov '25 | Dec '25 | Jan '26 | Feb '26 | Mar '26 |
| 2.9% | 3.0% | N/A | 2.7% | 2.7% | 2.4% | 2.4% | 3.3% |

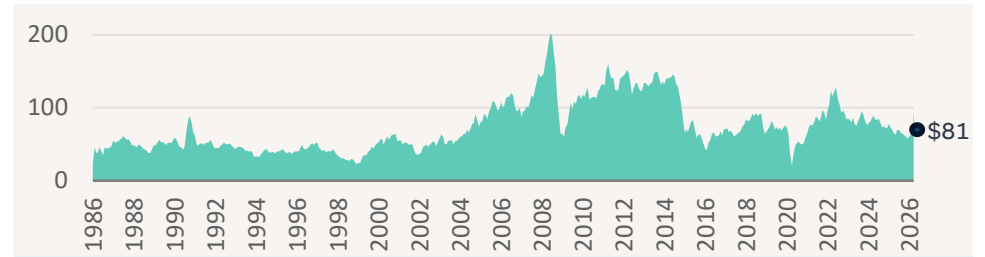
Article Source: Reuters, April 20th, 2026

“Weak Hiring, Layoff Plans Paint a Gloomy Labor-Market Picture”

| Change in Employment (% year-over-year) | | | | | |
|---|----------|---------|----------|---------|---------|
| Dec '23 | June '24 | Dec '24 | June '25 | Dec '25 | Mar '26 |
| 1.6% | 1.2% | 0.9% | 0.5% | 0.07% | 0.20% |

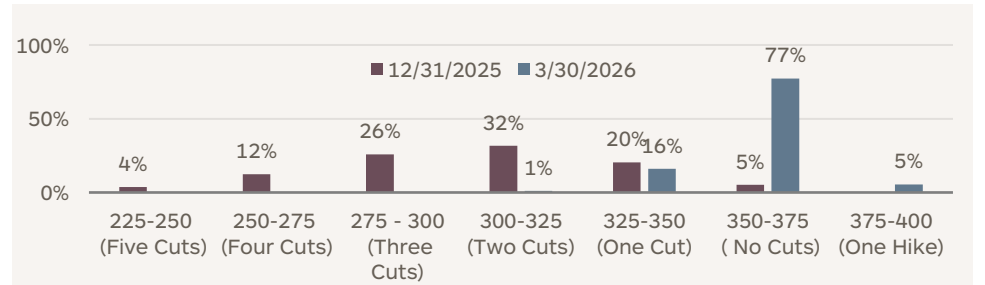
Article Source: Wall Street Journal, February 5th, 2026

OIL SPOT PRICE (WTI INFLATION ADJUSTED)



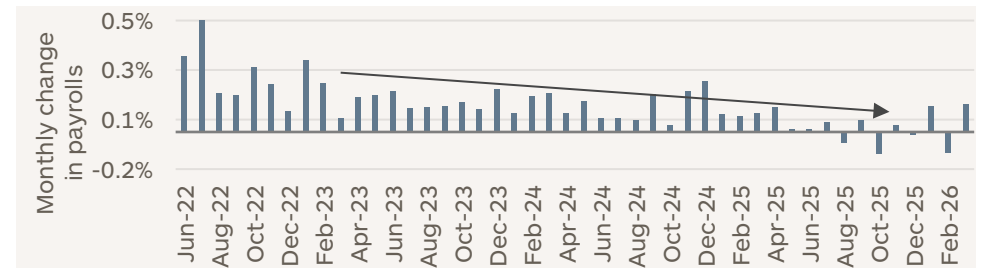
Source: Bloomberg, Cerity Partners, as of 4/17/26

FED FUNDS RATE PATH



Source: CME FedWatch, Cerity Partners, as of 3/30/26

U.S. MONTHLY JOB GROWTH



Source: FRED, Cerity Partners, as of 3/31/26

Economic environment

U.S. economics summary

- › U.S. Q4 GDP growth was revised down to 0.7% QoQ annualized. Less government spending was a notable contributor to poor growth, caused by the government shutdown. Growth in Q1 is also expected to be weak at 1.3% QoQ annualized, according to the Atlanta Fed GDPNow estimate, as of April 9th. The U.S. trade deficit has persisted as an ongoing drag on growth, despite aggressive tariff hikes and other implemented measures.
- › The US-Israel war with Iran began on February 28 with surprise airstrikes on Iranian sites and cities. While damage to Iranian military capabilities has been severe, the IRGC has held onto power and showed little willingness to negotiate. The disruption of the Strait of Hormuz triggered the largest oil supply disruption in history, pushing oil (WTI) to \$119 in overnight trading, fueling global inflation fears and risking central banks tightening. On April 17th Iran announced the Strait of Hormuz was “completely open” following a ceasefire agreement between Israel and Lebanon, sending energy prices lower.
- › U.S. inflation jumped to 3.3% while core CPI rose to 2.6%. This report reflected a very large increase overall, though

energy prices were effectively the sole cause, with other goods and service prices showing mild or flat movement. Food price inflation was 0% during the month and services (excluding energy services) rose only 0.2%. Shelter inflation continued to cool as rent growth moderated, reinforcing a disinflation trend.

- › The rate of unemployment fell from 4.5% to 4.3%, though this appears to be due to workers leaving the job market rather than a strengthening of labor conditions. Hiring activity is extremely low—at a level last seen during the depths of COVID and during 2011 as the economy began to recover from the 2008-2009 Global Financial Crisis.
- › Poor consumer sentiment continued, with the University of Michigan sentiment survey dropping to 47.6, and the Expectations component of the survey falling to the lowest level since 1980. The report indicated poor sentiment across all age, income, and political affiliations. One-year inflation expectations jumped from 3.8% to 4.8%, though it is worth noting that consumer inflation expectations tend to overshoot relative to actual inflation trends.

| | Most Recent | 12 Months Prior |
|---|----------------------------|----------------------------|
| Real GDP (YoY) | 2.0% 12/31/2025 | 2.4% 12/31/2024 |
| Inflation (CPI YoY, Core) | 2.6% 3/31/2026 | 2.8% 3/31/2025 |
| Expected Inflation (5yr-5yr forward) | 2.1% 3/31/2026 | 2.2% 3/31/2025 |
| Fed Funds Target Range | 3.50% - 3.75% 3/31/2026 | 4.25% - 4.50% 3/31/2025 |
| 10-Year Rate | 4.3% 3/31/2026 | 4.2% 3/31/2025 |
| U-3 Unemployment | 4.3% 3/31/2026 | 4.2% 3/31/2025 |
| U-6 Unemployment | 8.0% 3/31/2026 | 7.9% 3/31/2025 |

Inflation

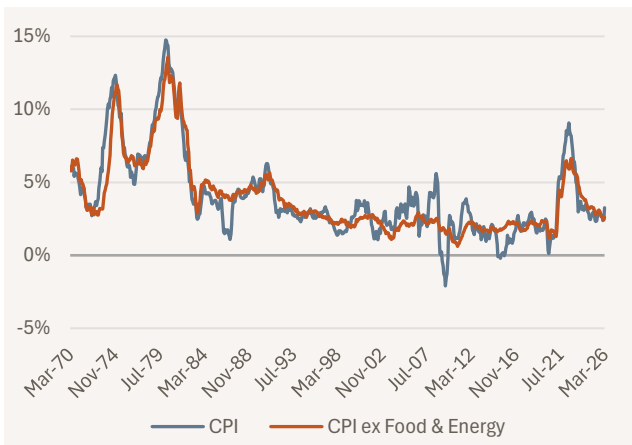
In March, U.S. inflation jumped to 3.3% while core CPI rose at a 2.6% rate. While this report reflected a very large increase overall, energy prices were effectively the sole cause, with other goods and service prices showing mild or flat movement. Food price inflation was 0.0% during the month and services (excluding energy services) rose only 0.2%. Shelter inflation continued to cool as rent growth moderated, reinforcing a disinflation trend given shelter's large CPI weight. Tariff-related price pressures remained muted.

Markets seem to be interpreting the recent energy price shock as a temporary effect. Federal Reserve Chair Jerome Powell stated that Fed is not considering the energy supply shock in its policy decisions. However, we

suspect the label of 'temporary' could change if energy infrastructure damage and/or a more prolonged conflict suggests longer-term damage to supply and severe disruption of refining processes. The length of time that the Strait of Hormuz is closed will likely be a key determinant in deciding the path of U.S. inflation over the coming months and the remainder of the year. On April 17th, Iran announced the Strait of Hormuz was "completely open" following a ceasefire agreement between Israel and Lebanon, sending energy prices lower, though the situation is fluid and it is unclear whether this agreement will hold.

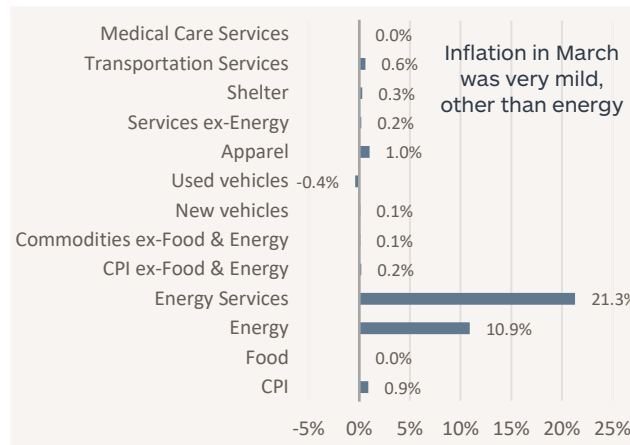
The length of time that the Strait of Hormuz is closed will likely be a key determinant of inflation trends in 2026

U.S. CPI (YOY)



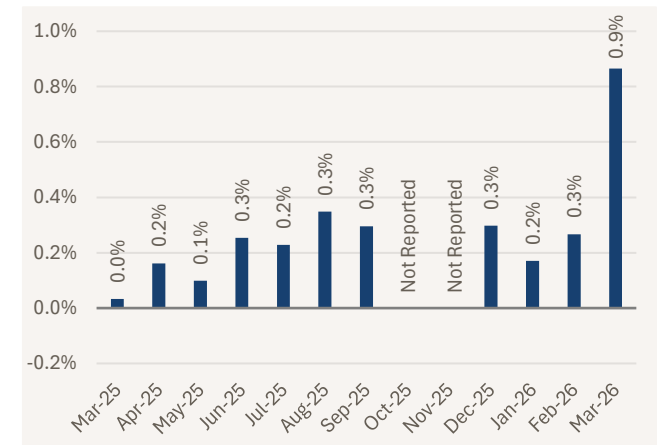
Source: BLS, as of 3/31/26

MARCH CPI (MONTH-OVER-MONTH)



Source: BLS, Cerity Partners, as of 3/31/26

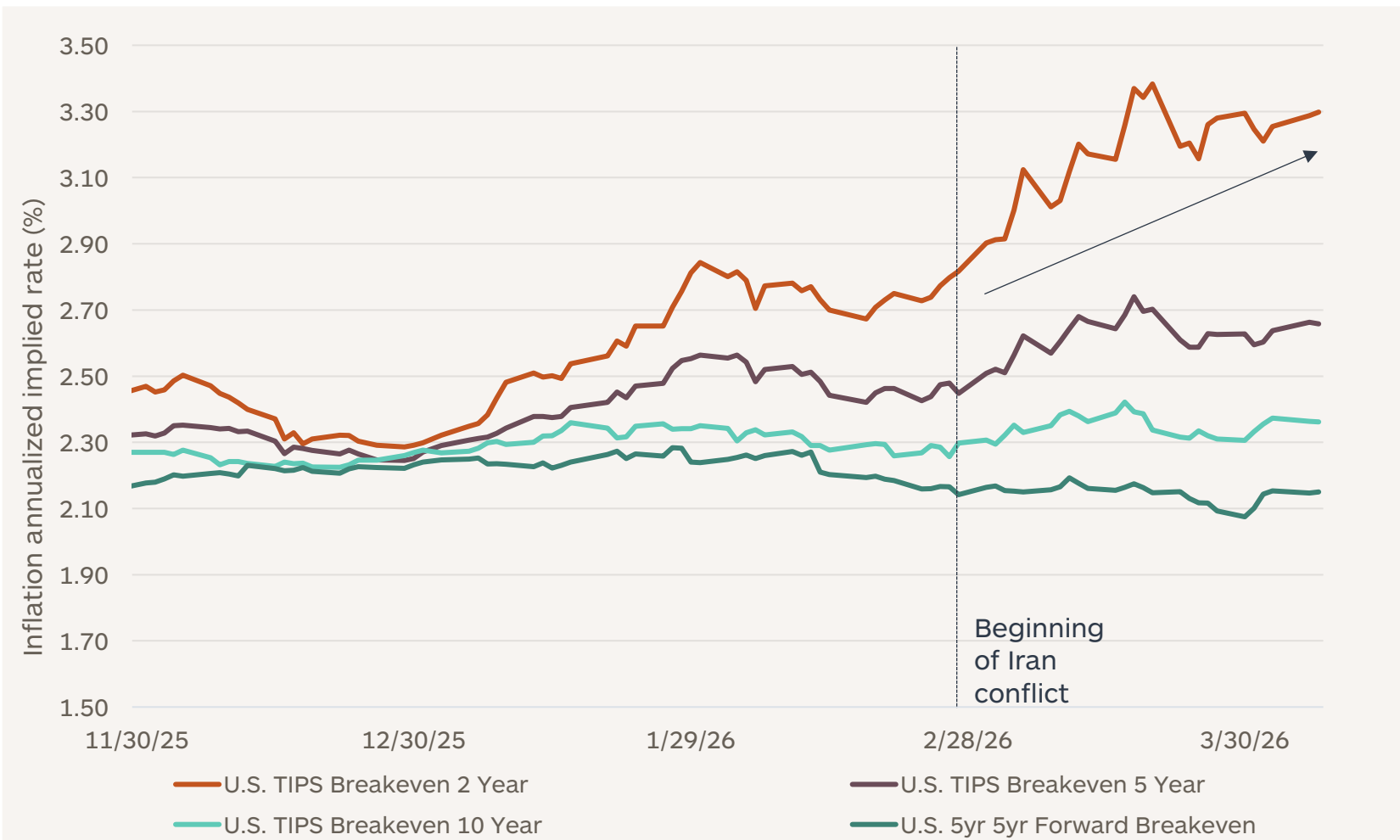
MONTHLY PRICE MOVEMENT (CPI)



Source: BLS, Cerity Partners, as of 3/31/26

How have inflation expectations changed?

MARKET IMPLIED INFLATION RATES



The Iran War has led to a jump in short-term inflation expectations, while medium and longer-term expectations remain little changed

This seems to imply that markets expect energy prices to spike higher but then to come back down thereafter

Source: Cerity Partners, Bloomberg, as of 4/7/26 – 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. Q4 real GDP growth was revised down to 0.7% QoQ annualized. This surprisingly weak report reflects moderate consumer spending, mild investment, a sharp drop in government spending, and a trade deficit which served as a drag on the economy. A contraction in government spending was the notable contributor to poor growth, caused by the government shutdown. The trade balance has remained in deficit (more imports than exports), despite aggressive tariff hikes and other efforts from the U.S. administration to encourage domestic production and spending on domestic products.

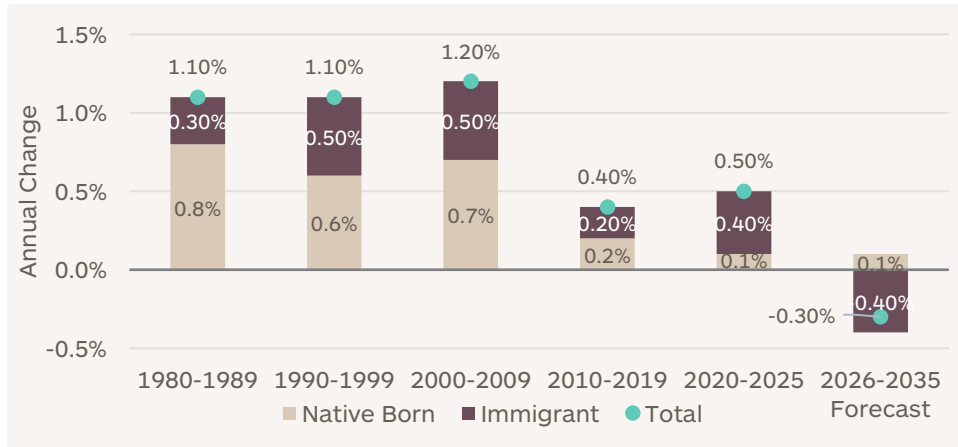
U.S. Q1 real GDP growth is forecast at 1.3% QoQ, as of April 9th according to the Atlanta Fed GDPNow indicator,

suggesting a larger drag from the trade deficit, slowing consumer spending, and weaker investment.

We continue to expect moderate positive economic growth in 2026 in the 2-2.5% range, supported by fiscal and monetary easing, lower taxes and capital investment incentives rolled out in the One Big Beautiful Bill Act. Capital expenditures around AI will likely remain a significant support to overall growth, though job growth may be a weak spot again this year. Border enforcement and shifting immigration policy has materially impacted the U.S. population growth rate. We believe this will impact the economy in a variety of ways, though the negative impacts may be less than some fear.

Growth during Q4 was very weak, and Q1 may show another weak quarter due to the trade deficit and slower consumer spending

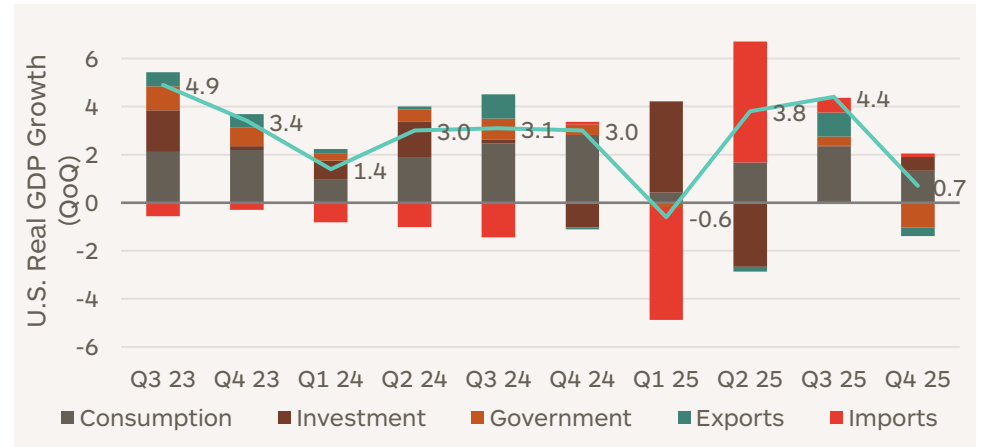
U.S. POPULATION GROWTH TRENDS



Source: J.P. Morgan

*Future working-age population is based on Census Bureau low immigration scenario projections released November 2023, controlled for military enrollment, growth in institutionalized population and demographic trends

U.S. REAL GDP COMPONENTS (QOQ)



Source: FRED, as of 12/31/25

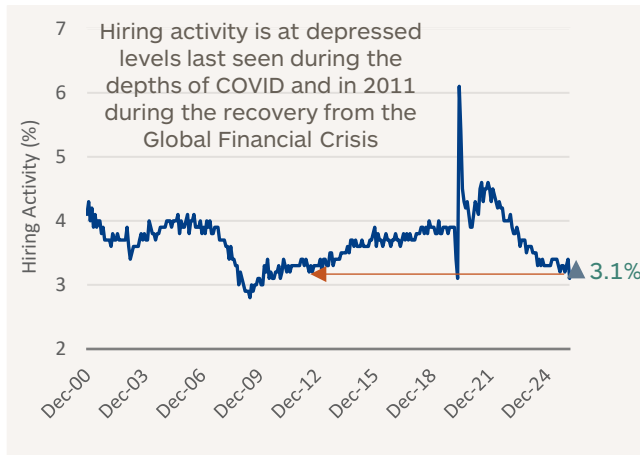
Labor Market

The rate of unemployment fell during the quarter from 4.5% to 4.3%, though this appears to be due to some workers leaving the job market rather than a strengthening of labor conditions (if a worker who is seeking a job gives up and stops their job hunt, this results in lower unemployment). Hiring activity is extremely low—at a level last seen during the depths of COVID and in 2011 as the economy began to recover from the 2008-2009 Global Financial Crisis. Overall, the labor market has remained generally stable with low levels of layoffs, low levels of workers quitting, and extremely low hiring activity.

A sudden drop in the labor participation rate was a notable theme in labor reports of recent months. The ‘labor force participation rate’ is defined as the number of people either working or actively looking for work, as a percentage of civilian population that is able to work. If we look at labor participation rates among different age groups, we see that young workers (ages 16-24) have experienced falling rates, as have older workers (age 55+). Interestingly, workers in the “core” age group of 25-54 have seen not only a stable participation rate in the job market recently, but one of the strongest participation rates of the past year.

Job growth appears to be stabilizing at a very low but positive rate

HIRING ACTIVITY



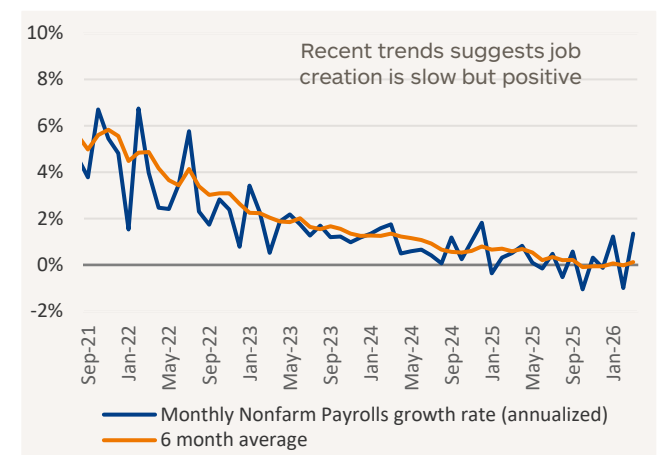
Source: FRED, as of 2/28/26

LABOR PARTICIPATION TRENDS

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

Source: FRED, Cerity Partners, as of 3/31/26

JOB GROWTH



Source: FRED, Cerity Partners, as of 3/31/26

The consumer

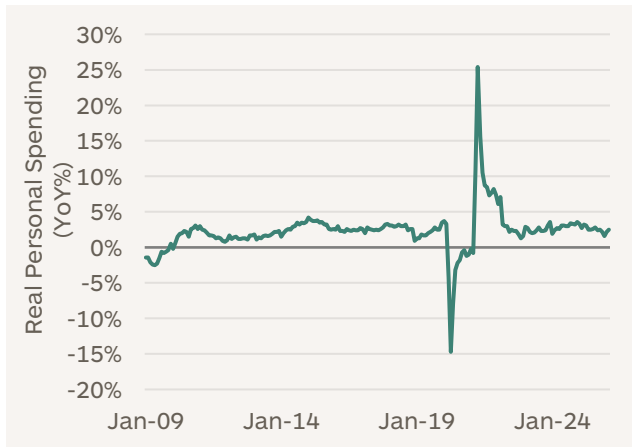
Retail sales grew at a strong pace in February and then increased substantially in March—the strongest month since early 2023. Higher gas prices were the main driver of increased spending, although if gas station purchases were excluded from the report, retail sales still rose at an impressive pace of 0.6%. Consumer spending could show surprising strength in the coming months as large tax refunds are sent to households following the One Big Beautiful Bill Act.

Although consumer spending remains robust by most measures, much debate has occurred regarding how uneven that spending might be across different income groups. This has been referred to as a “K-shaped” spending environment,

where the wealth and spending of upper income households has moved robustly upward. Meanwhile, the spending of lower income households has struggled due to high housing costs and general price rises, as well as higher energy prices more recently.

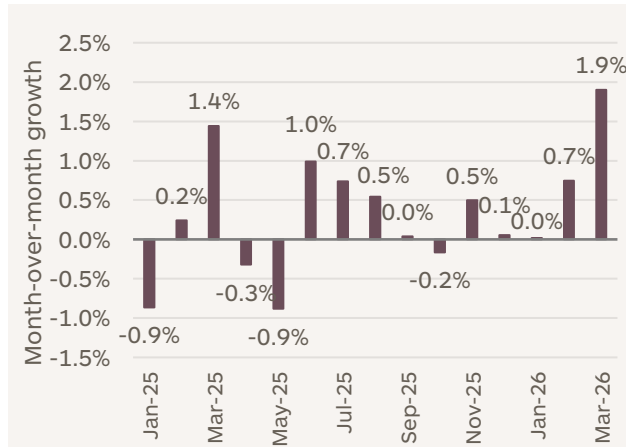
The war in Iran has resulted in greater gas and fuel prices for U.S. households at a time when inflation is already an immense concern for budgets. If inflation were to spike materially above the rate of household wage growth, this could lead to a tenuous situation given that personal savings rates are very low (4.5% as of January), which suggests higher energy costs may impact other types of spending.

REAL PERSONAL SPENDING



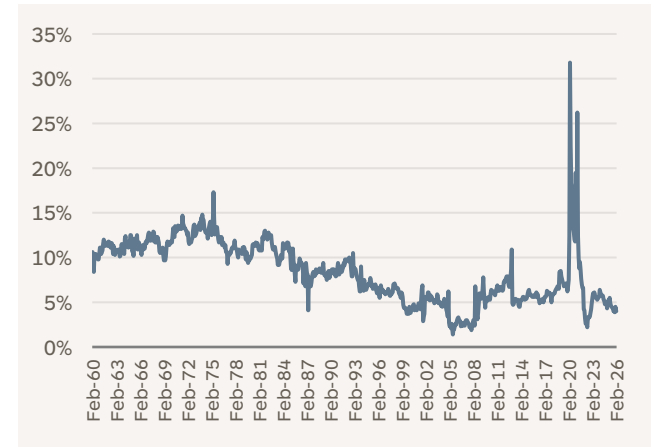
Source: FRED, as of 2/28/26

RETAIL SALES



Source: FRED, as of 3/31/26

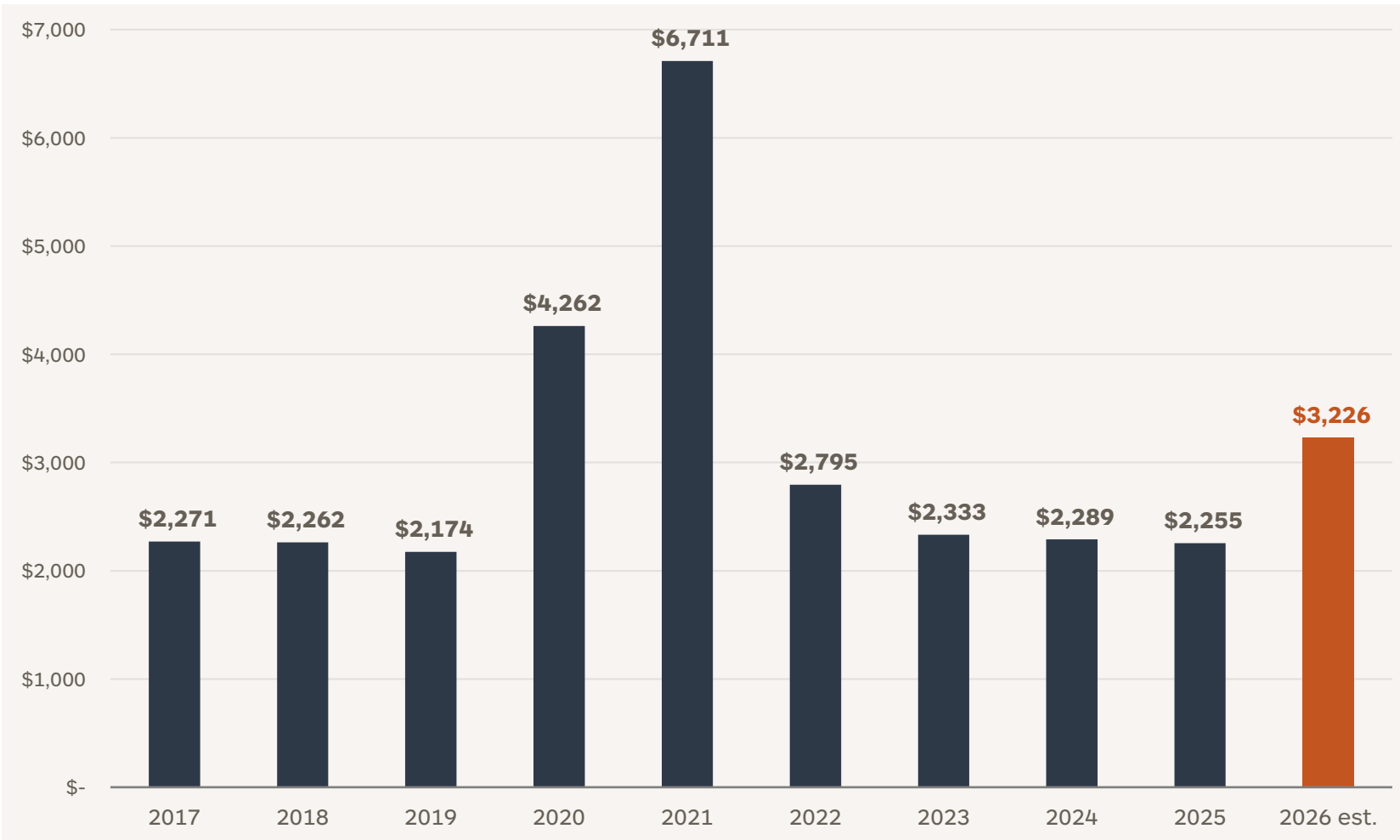
PERSONAL SAVINGS RATE



Source: FRED, as of 2/28/26

OBBBA tax benefits arriving

FEDERAL TAX REFUNDS PER NON-FARM PAYROLL JOB



Larger tax refunds resulting from the One Big Beautiful Bill Act will provide a boost to consumer spending this year

Source: Cerity Partners, Strategas estimates of impact of OBBA on tax refunds, 10/13/25

Sentiment

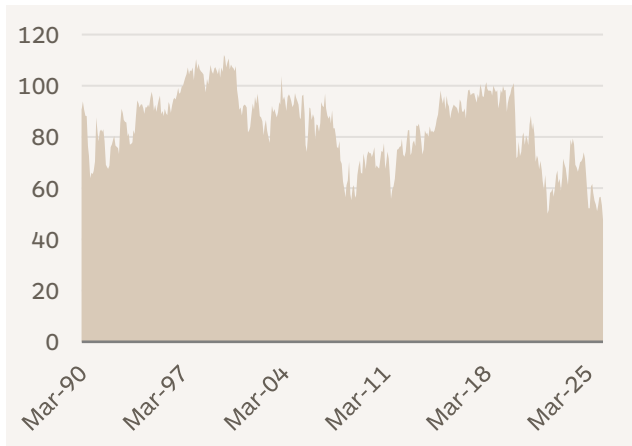
Poor consumer sentiment continued during Q1. The University of Michigan sentiment survey dropped to 47.6, and the Expectations component of the survey fell to the lowest level since 1980. The report indicated poor sentiment across all age, income, and political affiliations. One-year inflation expectations jumped from 3.8% to 4.8%, though it is worth noting that consumer inflation expectations tend to overshoot relative to actual inflation trends.

The Conference Board Consumer Confidence Index also reflected relatively poor sentiment. Feelings about current business and employment conditions improved slightly during the quarter. Interestingly, consumer sentiment among Americans over the age of 45 has deteriorated significantly over

the past year, while at the same time this age group's participation rate in the labor market has fallen.

Small business sentiment continued declining in March as it moved back towards 2024 levels on energy and general price concerns. "The 20% Small Business Deduction and other supportive small business tax provisions in the Working Families Tax Cut Act have had many positives for small business owners," said NFIB Chief Economist Bill Dunkelberg. "However, the dramatic spike in oil prices has spooked consumers and owners alike. Small business owners are having to absorb those higher input costs and pass them along to their customers."

CONSUMER SENTIMENT (UNIV. OF MICHIGAN)



Source: University of Michigan, as of 3/31/26

CONSUMER CONFIDENCE (CONFERENCE BOARD)



Source: Conference Board, as of 3/31/26

NFIB SMALL BUSINESS SENTIMENT



Source: NFIB, as of 3/31/26

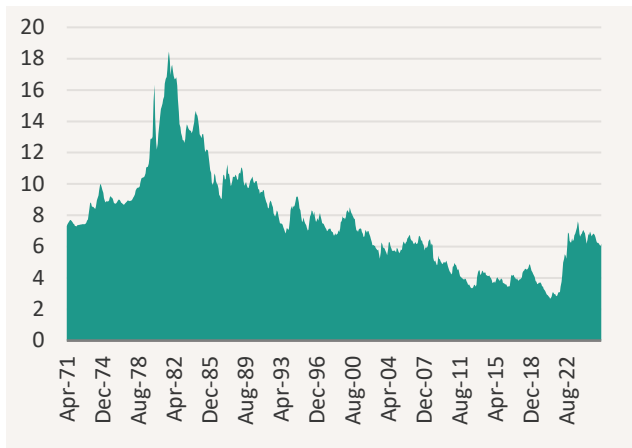
Housing

Home prices appreciated 0.9% in February year-over-year, according to Redfin. Sales activity was down -3.3% during this time. The 30-year average fixed mortgage rate moved lower from 6.2% to closer to 6.0% during the quarter but reversed course back to 6.2% as interest rates and inflation expectations jumped during the Iran conflict.

Home sales activity remains very low while unsold inventory has risen. The net effect of these dynamics is a considerable amount of housing supply on the market relative to sales activity, which seems to be making for more of a buyer's market. This is of course not to say that homes are affordable— affordability remains at depressed levels (measured as the cost of a monthly mortgage on a new average priced home relative to average household income).

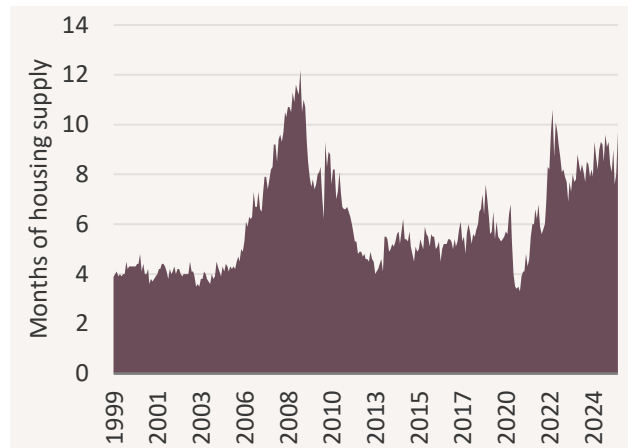
One possible path back to more normal homeownership affordability would be an extended period of low home price appreciation, such as what occurred over the past 12 months. If household wage gains grow at a faster rate than home prices consistently each year, this slowly moves the cost of a monthly mortgage to a more affordable level relative to incomes. Lower mortgage rates could also play a notable role in housing affordability, though markets are generally not expecting a return to the ultra-low interest rate environment of the 2010s, which suggests mortgage rates may not move substantially lower from today's level.

30-YEAR MORTGAGE RATE (%)



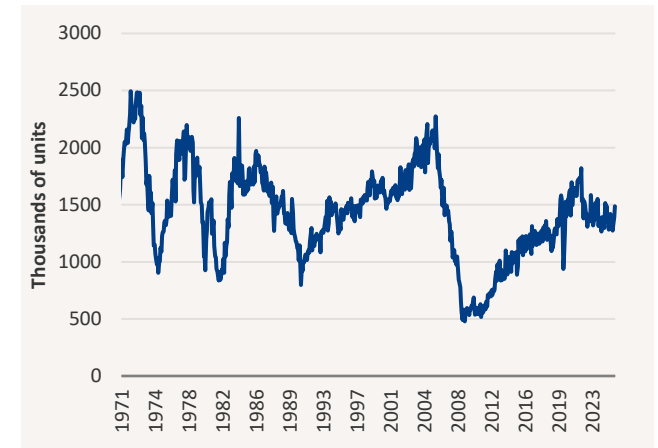
Source: Freddie Mac, as of 3/31/26

HOUSING SALES VS. INVENTORY



Source: FRED, as of 1/31/26

RESIDENTIAL HOME CONSTRUCTION STARTS



Source: FRED, Cerity Partners, as of 1/31/26

International economics summary

- › Eurozone GDP growth was 1.2% YoY in Q4, while Japan and Canada grew at a 0.4% and 0.6% rate, respectively. International growth and forecasts had exceeded expectations since the U.S. trade policy shift last April, but the Middle East war has since weighed on expectations and reignited inflation concerns.
 - › The U.S.-Israel war with Iran triggered severe energy supply disruptions following the effective closure of the Strait of Hormuz, pushing Brent crude oil above \$115/barrel in late March. On April 17th Iran announced the Strait of Hormuz was “completely open” following a ceasefire agreement between Israel and Lebanon, sending energy prices sharply lower. Economies most dependent on gulf energy exports, including Japan, Europe, and China, face greater risks if disruptions persist.
 - › The tariff environment continued to ease, with no major U.S. trade actions implemented and several threatened tariff increases deferred. Early-April’s enactment of the Supreme Court’s ruling invalidating IEEPA-based tariffs introduced partial relief. Some progress toward bilateral agreements—notably momentum toward a U.S. EU trade deal and the signing of a U.S. Ecuador agreement—pointed to selective
- normalization amid ongoing legal and policy uncertainty.
- › The U.S. led talks between Russia and Ukraine in January and February produced a brief pause of attacks on energy infrastructure, though this later collapsed as hostilities re-intensified toward quarter-end. Core disagreements over territory and security guarantees remain unresolved.
 - › Following a series of rate cuts, the ECB and BOE held rates steady at 2.00% and 3.75%, respectively, citing persistent underlying inflationary pressures even prior to the Middle East conflict. Markets now expect possible rate hikes later in 2026 as energy-related inflation uncertainty clouds the outlook.
 - › By contrast, growth risks have emerged in Japan and China. Japan paused interest rate hikes due to war-related economic growth concerns. China entered the year with an already accommodative stance amid weak growth and low inflation, and the war has reinforced the case for continued or additional policy support.
 - › U.S. tensions with NATO have persisted, as many European allies who are very reliant on gulf energy exports have now banned U.S. use of local air bases for operations connected to the Iran war.

| | GDP (Real, YoY) | Inflation (CPI, YoY) | Unemployment |
|---------------|--------------------|-------------------------|--------------------|
| United States | 2.0% 12/31/2025 | 3.3% 3/31/2026 | 4.3% 3/31/2026 |
| Eurozone | 1.2% 12/31/2025 | 2.5% 3/31/2026 | 6.2% 2/28/2026 |
| Japan | 0.4% 12/31/2025 | 1.3% 2/28/2026 | 2.6% 2/28/2026 |
| Canada | 0.6% 1/31/2026 | 1.8% 2/28/2026 | 6.7% 3/31/2026 |
| BRICS Nations | 4.4% 12/31/2025 | 1.9% 3/31/2026 | 5.3% 3/31/2026 |
| Brazil | 1.8% 12/31/2025 | 4.1% 3/31/2026 | 5.8% 2/28/2026 |
| Russia | 1.0% 12/31/2025 | 5.9% 3/31/2026 | 2.1% 2/28/2026 |
| India | 7.8% 12/31/2025 | 3.4% 3/31/2026 | 8.5% 12/31/2017 |
| China | 4.5% 12/31/2025 | 1.0% 3/31/2026 | 5.3% 2/28/2026 |

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

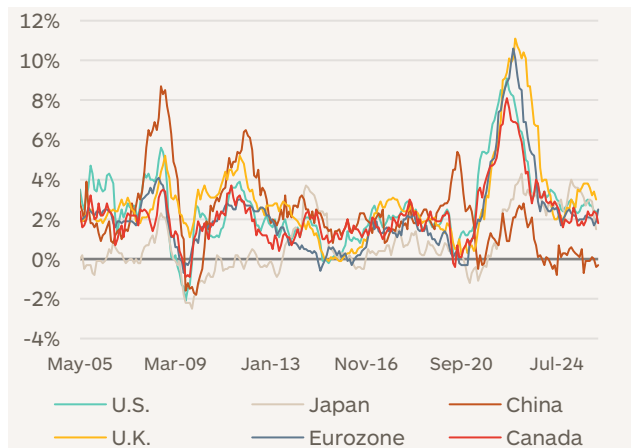
Eurozone GDP growth was 1.2% YoY in Q4, while Japan and Canada grew at 0.4% and 0.6%, respectively. Global growth and growth forecasts had materially outpaced expectations since the U.S. trade policy shift in April 2025 led to fears of a global slowdown. At the same time, Inflation eased in many regions, allowing central banks more flexibility. Conflict in the Middle East has since weighed on growth expectations and reignited inflation concerns, with Eurozone inflation rising notably to 2.5% in March after normalizing around 2.0%.

Following the breakdown of nuclear negotiations, the U.S. and Israel launched strikes on Iranian military and energy infrastructure targets on February 28th. Iran responded by targeting U.S. and allied assets across the Middle East and by severely restricting transit through the Strait of Hormuz, which carries roughly one-fifth of global oil flows.

Tanker traffic collapsed in early March, triggering the largest oil supply disruption in modern history. Brent crude surged from roughly \$70 pre-conflict to above \$115 per barrel by late March, alongside sharp increases in shipping, LNG, and broader energy costs. After U.S.-Iran negotiations failed, the U.S. imposed a formal naval blockade on April 13th, effectively cutting off Iran's foreign revenue stream. On April 17th Iran announced the Strait of Hormuz was "completely open" following a ceasefire agreement between Israel and Lebanon, sending energy prices lower.

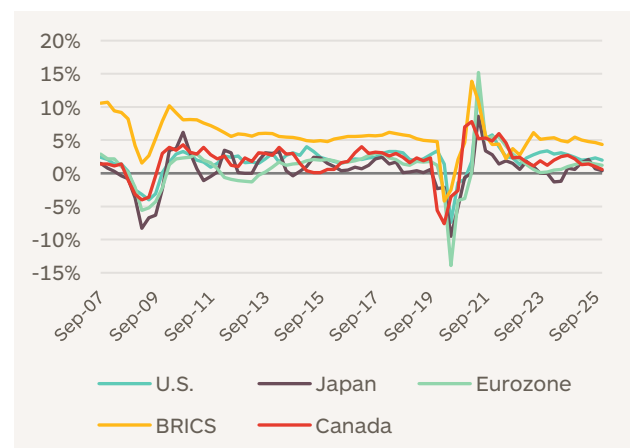
The conflict has complicated central-bank trade-offs between growth and inflation while reinforcing geopolitical uncertainty and exposing divisions among U.S allies, even as the war's intensity moderated from initial fears and markets have recovered somewhat.

INFLATION (CPI YEAR-OVER-YEAR)



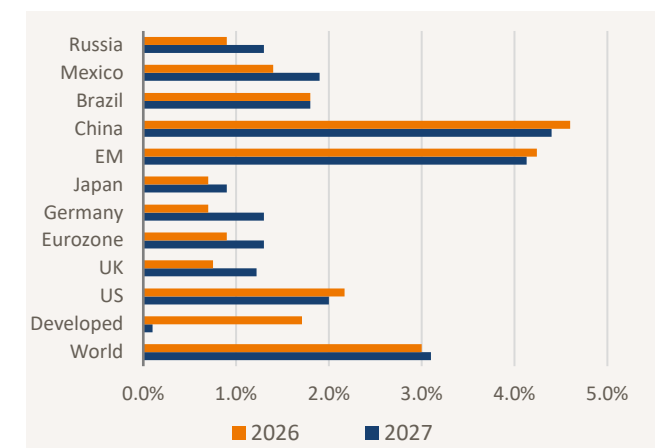
Source: BLS, Cerity Partners, as of 3/31/26

REAL GDP GROWTH (YEAR-OVER-YEAR)



Source: BLS, Cerity Partners, as of 3/31/26

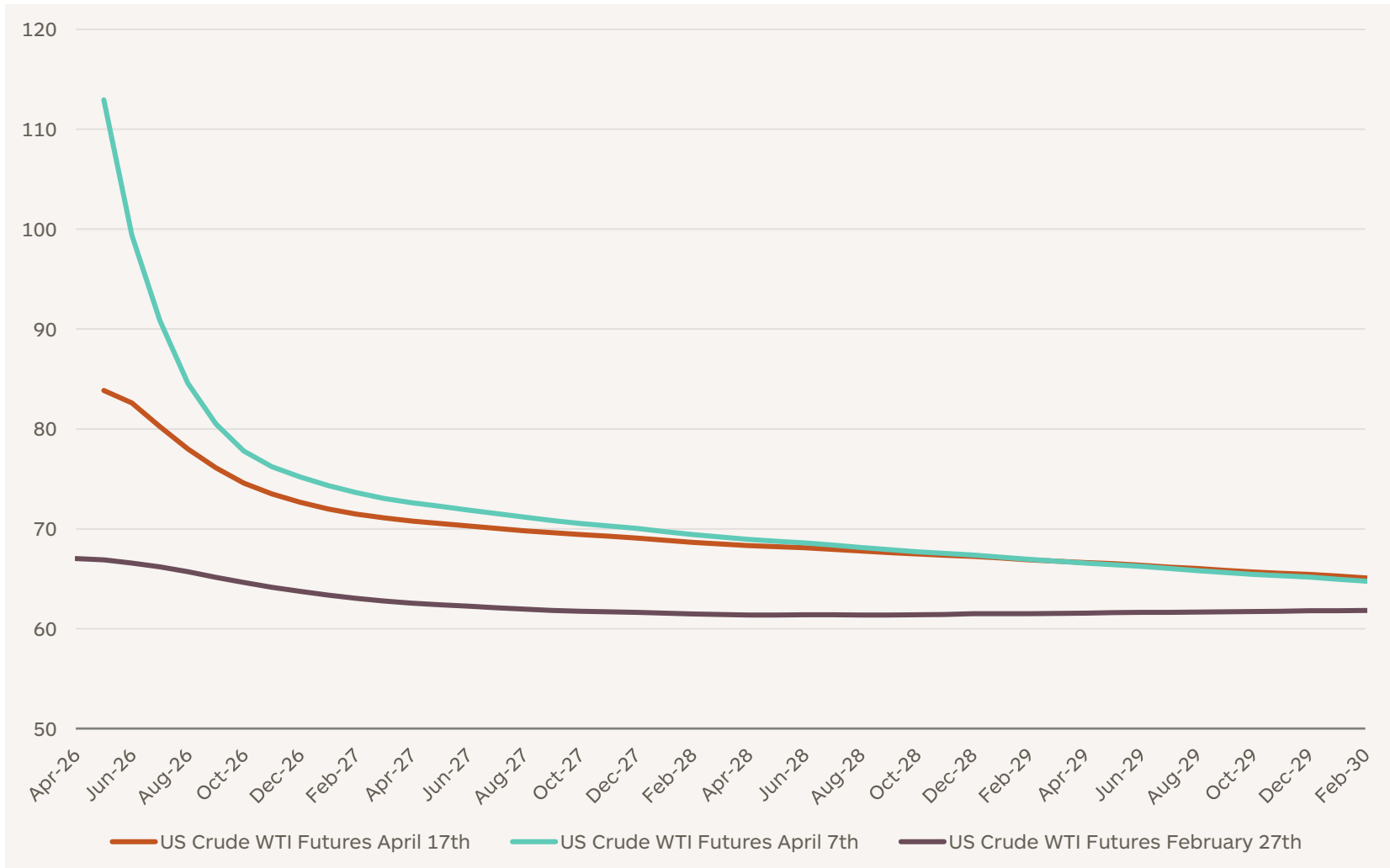
GDP GROWTH EXPECTATIONS



Source: Bloomberg, as of 4/23/26 or most recent date

Iran war & impacts on energy

WTI CRUDE \$ OIL FUTURES CURVE



- › On April 17th Iran announced the Strait of Hormuz was “completely open” following a ceasefire agreement between Israel and Lebanon, sending energy prices lower
- › The situation is fluid and it is unclear whether this agreement will hold

Source: Bloomberg, Cerity Partners, as of 4/7/26

Fixed income rates & credit

Fixed income environment

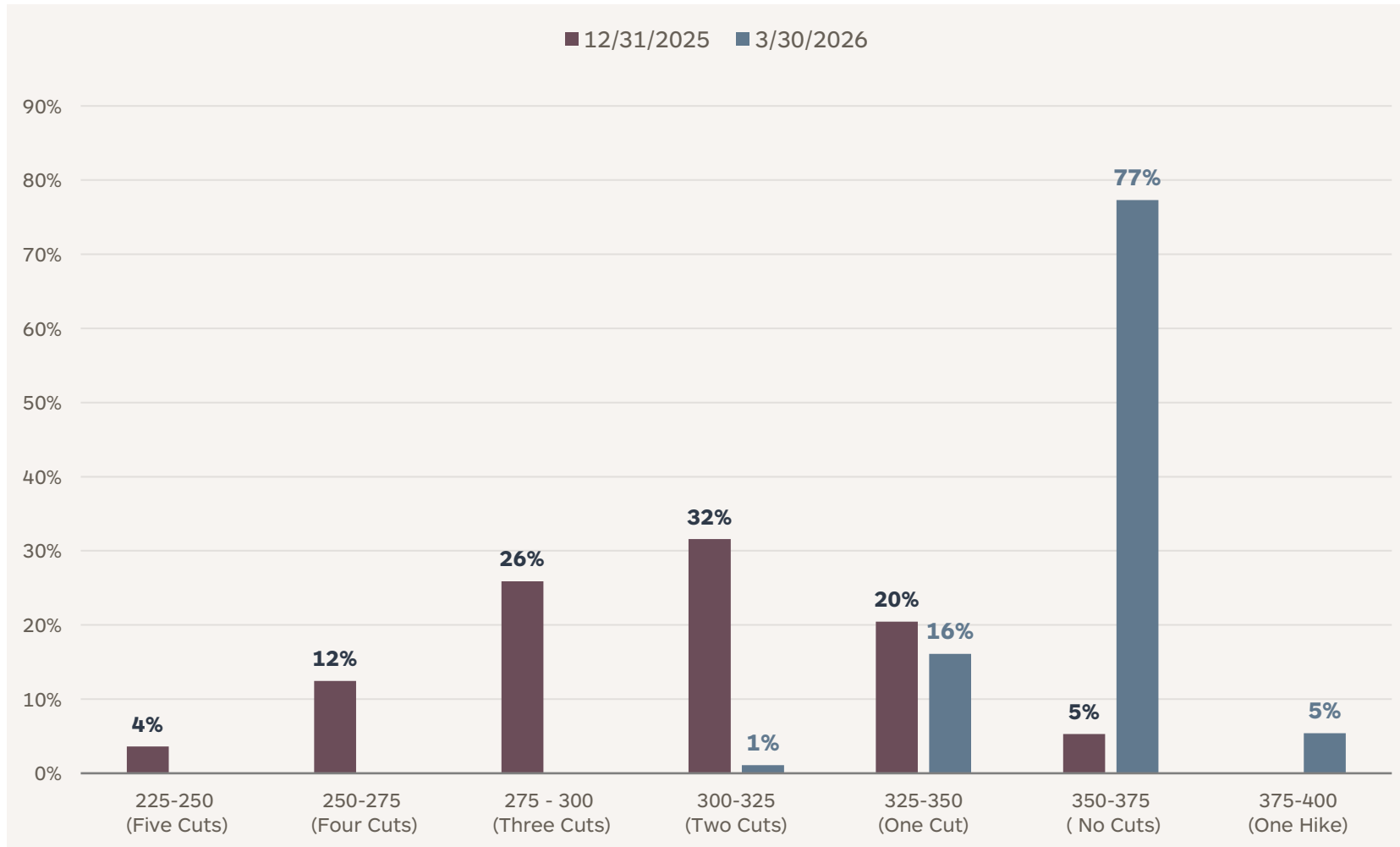
- › During Q1, short duration higher-quality assets outperformed longer duration assets and lower-quality credit. In contrast, shorter-duration high yield and leveraged loans experienced sharper drawdowns tied to spread widening following headline risk in March, sector-specific stress in Technology & Software, and fund outflows, resulting in uneven performance even as floating-rate structures benefitted bank loans.
- › The 10-year U.S. Treasury yield moved upward from 4.16% to 4.32% during the quarter. The Iran war and subsequent energy supply shock led to fears of inflation and pushed rates higher. These shifting conditions translated to a sudden reversal in the expected Federal Reserve rate path, with investors now expecting Fed rate cuts to remain on hold.
- › Market inflation expectations jumped during Q1 as represented by the U.S. TIPS 2-year Breakeven Inflation Rate, which rose from 2.26% to 2.81%. However, markets seem to expect price rises to be short-lived. The 5-year 5-year forward inflation rate fell from 2.24% to 2.06%.
- › Fears of a private credit crisis continued to circulate, although there seems to be little evidence so far of widespread credit defaults or stress. The liquidity issues that are currently a concern are apparent in a small segment of the overall market in funds that have the ability to limit redemption requests at 5% per quarter. Most private fund loans mature at least a year or two from now, which suggests credit stress could remain muted in 2026.
- › Including distressed exchanges, par-weighted U.S. high yield bond default rates increased to 2.1%, low by historical standards but the highest level in two years. Leveraged loan default rates declined to 3.0%, falling meaningfully from early-2025 highs but still above historical norms. While aggregate activity remained elevated relative to Q1 2025, a slowing in March shows that stress remains episodic and issuer-specific rather than systemic, with credit markets continuing to absorb defaults and restructurings without material disruption.

| | QTD Total Return | 1 Year Total Return |
|---|------------------|---------------------|
| Core Fixed Income (Bloomberg U.S. Aggregate) | 0.0% | 4.3% |
| Core Plus Fixed Income (Bloomberg U.S. Universal) | -0.1% | 4.6% |
| U.S. Treasuries (Bloomberg U.S. Treasury) | 0.0% | 3.3% |
| U.S. Treasuries: Long (Bloomberg U.S. Treasury 20+) | -0.3% | -0.3% |
| U.S. High Yield (Bloomberg U.S. Corporate HY) | -0.5% | 7.0% |
| Bank Loans (Morningstar LSTA Leveraged Loan) | -0.6% | 4.8% |
| Emerging Market Debt Local (JPM GBI-EM Global Diversified) | -2.2% | 11.8% |
| Emerging Market Debt Hard (JPM EMBI Global Diversified) | -1.3% | 10.4% |
| Mortgage-Backed Securities (Bloomberg MBS) | 0.4% | 5.8% |

Source: Standard & Poor's, J.P. Morgan, Bloomberg, as of 3/31/26

Shift in expected Fed rate path

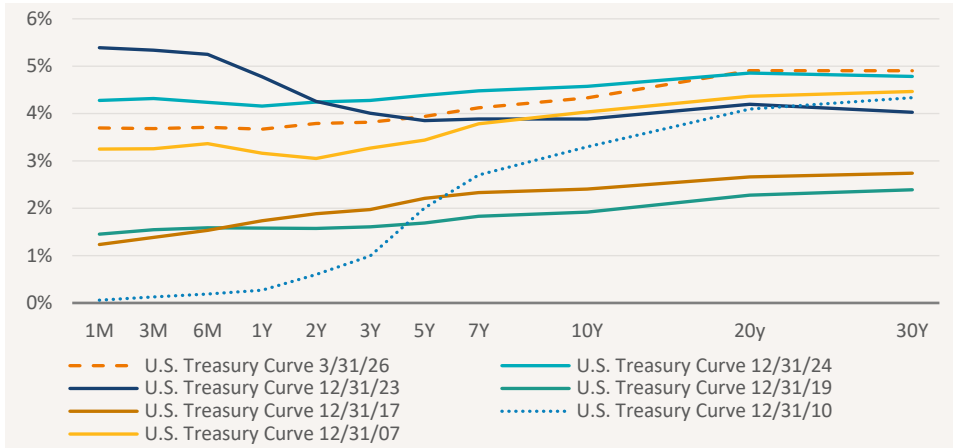
MARKET PROBABILITIES FOR FED FUNDS TARGET RANGE AFTER DECEMBER 2026 MEETING



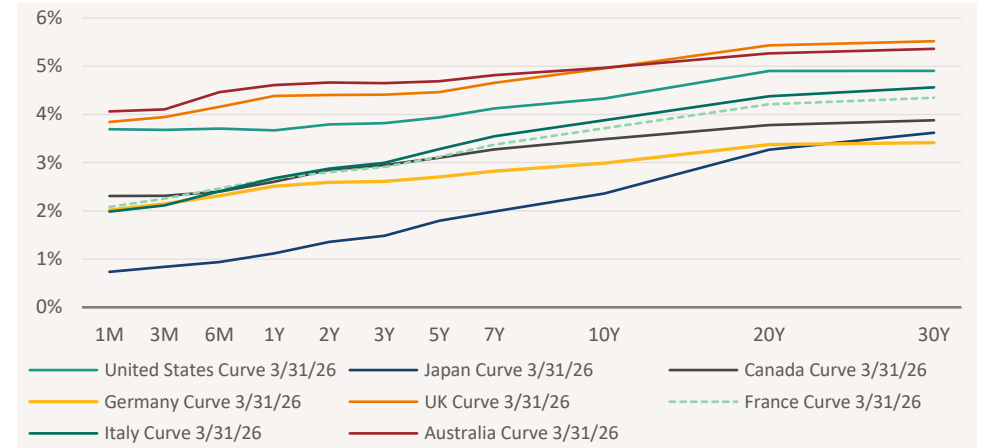
Source: CME FedWatch as of 3/30/2026, Cerity Partners

Yield environment

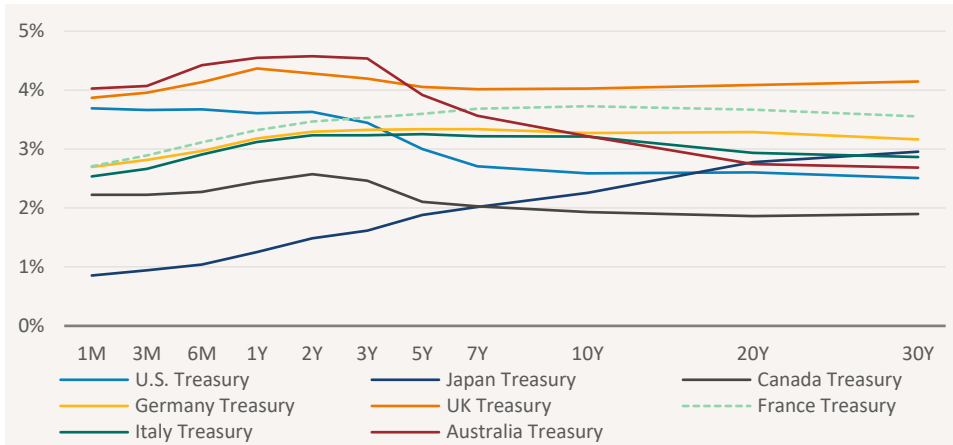
U.S. YIELD CURVE



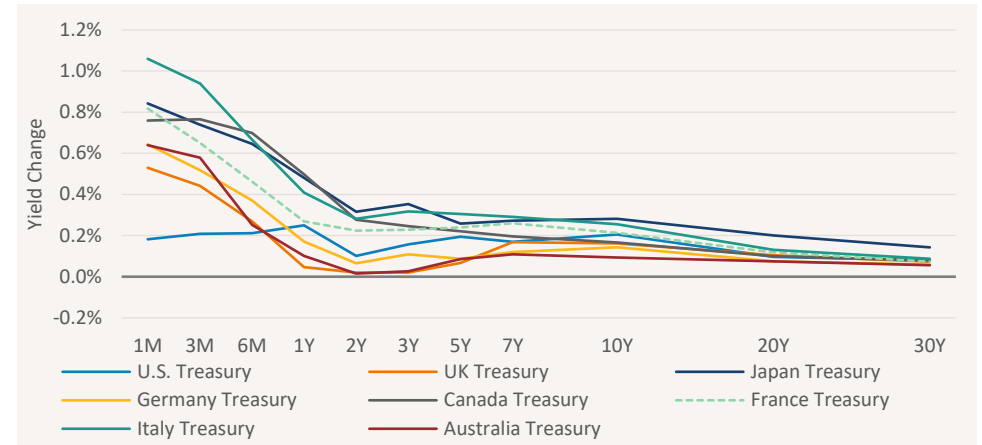
GLOBAL GOVERNMENT YIELD CURVES



YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 3/31/26

Credit environment

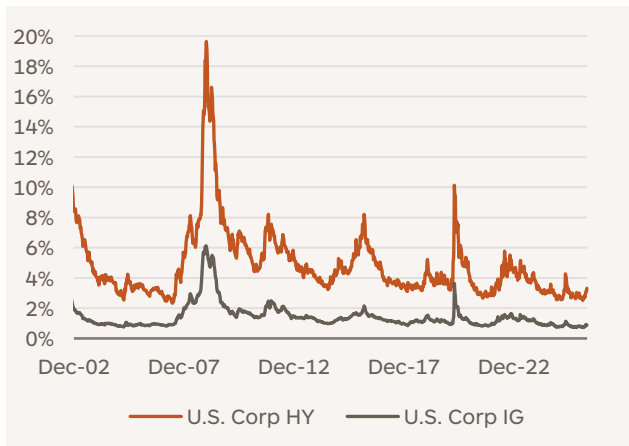
During Q1, credit generated mixed returns. Bank loans and high yield bonds returned -0.6% and -0.5%, respectively (Morningstar LSTA Leveraged Loan index & Bloomberg U.S. Corp. High Yield index. Loans within the software sector returned -5.9% quarter to date, highlighting the concentration of market-perceived issues within that sector.

While leveraged loans ended Q1 with slightly weaker performance than high yield bonds, March was the worst month for high yield since October 2023 and weakest month relative to loans since August 2022. New concerns around rising energy costs pushed yields higher, negatively impacting the price of bonds. As a result, higher quality tranches performed better in both bonds and loans—CCC-rated bonds and loans declined -1.0% and -3.7%, underperforming BB-bonds and loans (-0.2% and +0.5%) and B-rated bonds and loans (-0.4% and -0.9%).

High yield bond spreads increased nearly 50 bps to 3.2% since Q4. Leveraged loan spreads likewise increased 40 bps to 4.7%. Notably, the spread of loans in the index ex-Software was nearly 50 bps below the broader 4.7% figure, further highlighting investor concerns around the sector. Most spread widening for bank loans occurred in the first two months of 2026, while high yield experienced a selloff in March, coinciding with the onset of conflict in the Middle East.

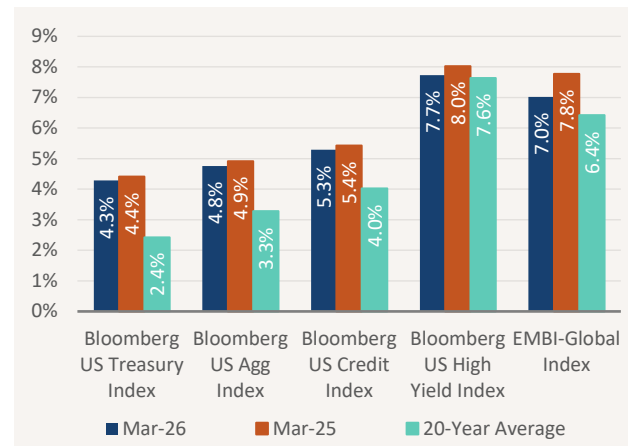
While concerns around geopolitical conflict, rate volatility, and credit fundamentals persisted, capital markets activity suggests investors remain selectively constructive toward higher-quality credit issuers, though negative returns and continued higher yields in lower quality tranches and troubled loan sectors such as Software indicate this sentiment is not reflective of a broad, risk-on tailwind for all of credit.

SPREADS



Source: Barclays, Bloomberg, as of 3/31/26

YIELD TO MATURITY



Source: Morningstar, as of 3/31/26

CREDIT SPREAD (OAS)

| Market | 3/31/2026 | 3/31/2025 |
|---------------------|-----------|-----------|
| Long U.S. Corp | 1.1% | 1.2% |
| U.S. Inv Grade Corp | 0.9% | 0.9% |
| U.S. High Yield | 3.2% | 3.5% |
| U.S. Bank Loans* | 4.7% | 4.7% |

Source: Barclays, Credit Suisse, Bloomberg, as of 3/31/26 *Discount margin (4-year life)

Default & issuance

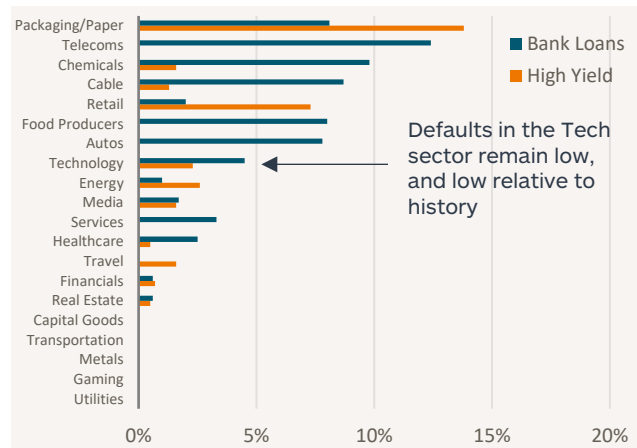
Default and distressed activity remained low during the quarter. Loans represented roughly 90% of distressed volume. A total of \$8.5 billion in payment defaults occurred and loans slightly outpaced bonds (\$4.4B vs \$4.1B), while distressed exchanges and LMEs totaled \$6.4 billion and were overwhelmingly concentrated in loans (\$5.7B) versus bonds (\$0.8B).

Including distressed exchanges, the par-weighted U.S. high yield bond default rate increased to 2.1%, a low level historically speaking but the highest in nearly two years. Leveraged loan default rates declined to 3.0%, falling meaningfully from early-2025 highs but still above historical norms. Software stocks experienced a sharp selloff in Q1, though credit default activity has been muted. Distressed activity among software has been notable—despite lower total default rates, technology, including software, led the quarter in both count and dollar amount of distressed transaction activity. This figure was up 8% from the prior month and up 95% from the prior six months.

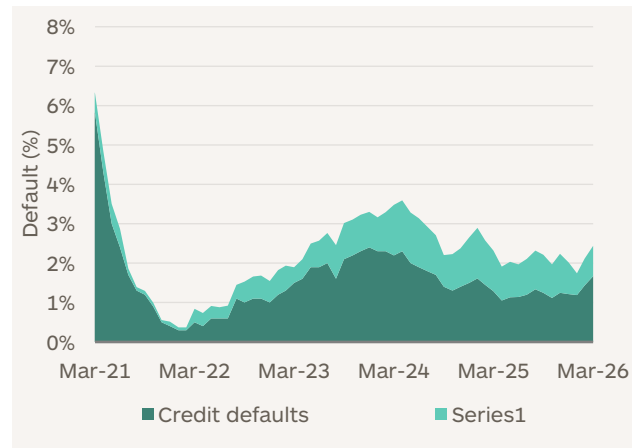
Of the distressed market (loans trading at more than a 20% discount), technology comprised 42%. Within the loan market, the market share of distressed loans increased to its highest level since May 2020 (\$41.6bn or 7.2% of the market, as represented by the MSTA LL index). While these figures might be alarming at first glance, it is debatable if this is reflective of larger underlying issues in the software sector, or intra-quarter risk-off sentiment that impacted prices.

High yield bond issuance was greater over the past year, supported by strong opportunistic refinancing activity. Institutional loan issuance totaled roughly \$224 billion in Q1, though net issuance remained constrained as over half of activity was driven by refinancing of debt. While issuance volumes remained healthy, the composition of activity did reflect some issuer caution, with limited net capital formation and continued focus on liability management.

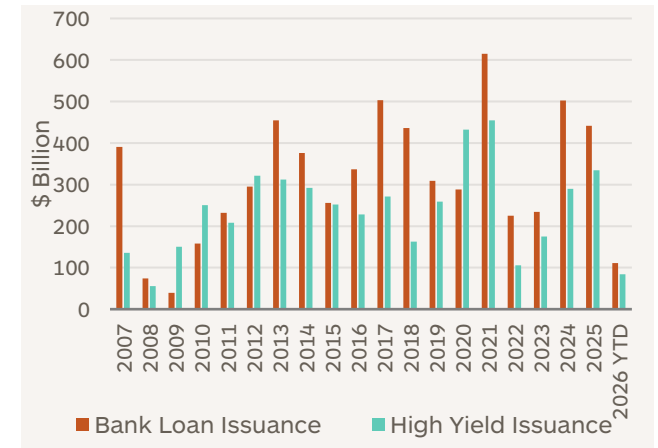
PAST 12 MONTHS (PAR DEFAULT RATE)



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



DEVELOPED MARKET USD ISSUANCE



Source: BofA Global Research, ICE, LCD /Pitchbook, as of 3/31/26

Source: BofA Merrill Lynch, as of 3/31/26 – par weighted

Source: BofA Merrill Lynch, as of 3/31/26

NOTE: “LME” stands for liability management exercise, which is effectively a renegotiation of debt terms but without an official default

Equity

Equity environment

- › U.S. equities led markets lower during the quarter, losing -4.3% (S&P 500), most of which occurred since the beginning of the Iran conflict. Emerging market equities outpaced other markets overall during Q1 (MSCI EM - 0.2%), followed by international developed (MSCI EAFE -1.2%).
- › ‘Size’ and ‘style’ domestic equity behavior shifted during Q1. Mega-cap growth stocks took a breath during 2025, with most of the Magnificent 7 stocks underperforming, and in 2026 all of those stocks underperformed. Fears around AI contributed to a broad selloff in Tech and Software, negatively impacting Growth. Additionally, the Iran war led to an extreme spike in energy and commodity prices due to supply concerns, which boosted the performance of Value.
- › Year-over-year Q1 S&P 500 earnings growth is expected to come in at +13.2%, according to FactSet, as of April 2nd. Full year 2026 corporate earnings growth is expected to come in at an incredible rate of +17.4%.
- › Chinese equities once again faced dramatic underperformance relative to broader emerging markets. MSCI China fell -8.9% during Q1 which compared to +3.2% from MSCI EM ex-China. China gained +3.9% over the past year relative to +41.3% from emerging markets ex-China.
- › Market-priced volatility (Cboe VIX Index) rose markedly from 14 to a peak of 31 in late March as the Iran conflict expanded and neither President Trump nor Iranian leadership appeared willing to deescalate. The VIX fell to 17 on April 17th after Iran announced the Strait of Hormuz was “completely open” following a ceasefire agreement between Israel and Lebanon.

| | QTD TOTAL RETURN | | 1 YEAR TOTAL RETURN | |
|--|------------------|----------|---------------------|----------|
| | (unhedged) | (hedged) | (unhedged) | (hedged) |
| U.S. Large Cap (S&P 500) | -4.3% | | 17.8% | |
| U.S. Small Cap (Russell 2000) | 0.9% | | 25.7% | |
| U.S. Equity (Russell 3000) | -4.0% | | 18.1% | |
| U.S. Large Value (Russell 1000 Value) | 2.1% | | 15.9% | |
| U.S. Large Growth (Russell 1000 Growth) | -9.8% | | 18.8% | |
| Global Equity (MSCI ACWI) | -3.2% | -2.3% | 20.0% | 20.0% |
| International Large (MSCI EAFE) | -1.2% | 0.8% | 21.3% | 20.1% |
| Eurozone (EURO STOXX 50) | -5.4% | -2.9% | 15.9% | 11.1% |
| U.K. (FTSE 100) | 1.4% | 3.5% | 25.2% | 22.6% |
| Japan (TOPIX) | -0.1% | 2.3% | 27.0% | 39.5% |
| Canada (S&P/TSX) | 1.1% | 3.4% | 33.9% | 32.4% |
| Emerging Markets (MSCI Emerging Markets) | -0.2% | 2.7% | 29.6% | 31.8% |

Source: Standard & Poor's, FTSE, MSCI, STOXX, JPX, as of 3/31/26 – performance quoted from perspective of U.S. dollar investor

Domestic equity

U.S. equities led markets lower during the quarter, losing -4.3% (S&P 500), most of which occurred after the beginning of the Iran conflict. Small cap stocks fared materially better over the quarter, up +0.9% (FTSE Russell 2000), and have shown a recent strong run of performance relative to large caps. Small caps have gained +25.7% over the past year relative to +17.8% from large caps, although over the past three years (+13.0% vs +18.3%) and five years (+3.8% vs. +12.1%) underperformance remains substantial.

Year-over-year Q1 S&P 500 earnings growth is expected to come in at +13.2%, according to FactSet,

as of April 2nd. Full year 2026 corporate earnings are expected to grow at an incredible rate of +17.4%. Much of that growth is expected to be driven by a unique sector mix—Information Technology (+37.3%), Materials (+29.4%), and Energy (+19.1%). Persistent strong upward earnings guidance, along with the recent minor drawdown since the onset of the Iran war, could potentially set domestic equities up for a strong rally if markets begin to see a constructive resolution to the war.

- › **U.S. equities were down -4.3% during Q1 as fears grew around the Iran war**
- › **Small caps have shown recent leadership over large caps**

S&P 500 PRICE INDEX



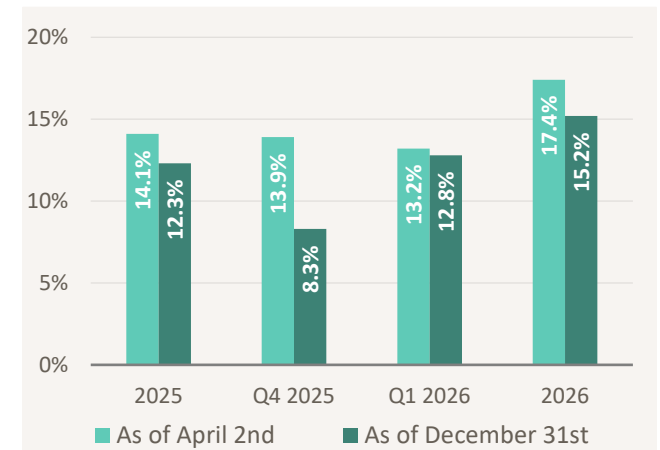
Source: Standard & Poor's, as of 3/31/26

S&P 500 DIVIDEND YIELD



Source: Bloomberg, as of 3/31/26

S&P 500 EARNINGS FORECASTS (YOY)



Source: Factset, Cerity Partners, as of 4/2/26

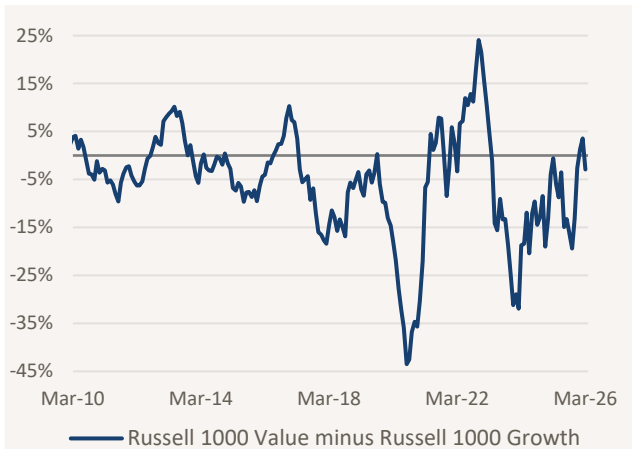
Domestic equity size & style

The first quarter showed a reversal in many style trends of late: U.S. small cap equities outperformed U.S. large caps (FTSE Russell 2000 +0.9% vs. S&P 500 -4.3%), Value outperformed Growth (FTSE Russell 1000 Value +2.1%, FTSE Russell 1000 Growth -9.8%), and non-U.S. markets outperformed U.S. (MSCI ACWI ex-US -0.7%, S&P 500 -4.3%). U.S. small caps are now outperforming on a one-year basis, along with non-U.S. equities over domestic equities, though Growth stocks still lead Value by a wide margin. Over the quarter, small cap value went from the weakest style performance to the top performers on a one-year lookback.

This 'size' and 'style' performance shift ties into some important market and geopolitical themes. Mega-cap growth stocks took a breath during 2025, with most of the Magnificent 7 stocks underperforming, and in 2026 all of those seven stocks have underperformed. Fears around the implications of artificial intelligence for business models of technology and software stocks contributed to a broad selloff in the sector, which negatively affected Growth strategies. Additionally, the Iran war led to an extreme spike in energy and commodity prices due to supply concerns, which boosted the performance of sectors which tend to be concentrated in Value.

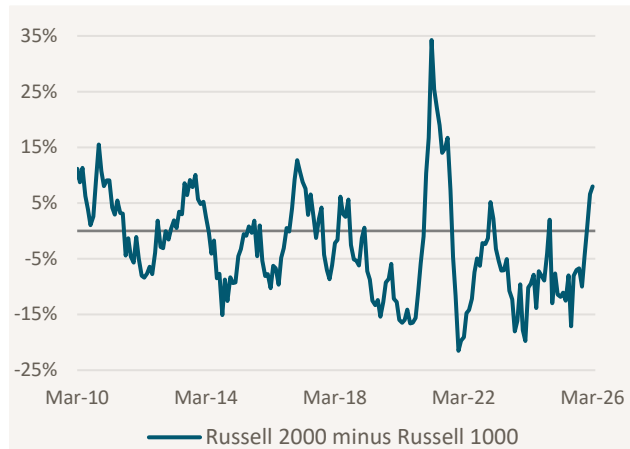
› **Style factor performance remains very difficult to predict in the current environment**

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, as of 3/31/26

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE Russell, as of 3/31/26

1-YEAR SIZE & STYLE PERFORMANCE

| | Value | Core | Growth |
|-----------|-------|-------|--------|
| Large Cap | 15.9% | 17.7% | 18.8% |
| Mid Cap | 17.6% | 16.0% | 9.6% |
| Small Cap | 28.1% | 25.7% | 23.6% |

Source: FTSE Russell, as of 3/31/26

International developed equity

International developed equity (MSCI EAFE -1.2%) and emerging market equities (MSCI EM -0.2%) led during Q1, while domestic equities lagged (S&P 500 -4.3%). Markets faced headwinds from the Iran conflict, and relative performance across regions in March appeared to be driven by level of reliance on Middle East energy imports. Japanese equities lost -12.4% during March (MSCI Japan), equities in the European Union were down -11.1% (MSCI Euro), while the U.K. lost -7.7%. Results over the full quarter were much better with the U.K. and Japan producing positive results, for example.

Value stocks were resilient and materially outperformed Growth, similar to themes seen in the U.S. market, as defensive and energy stocks benefited from a market rotation. Consumer discretionary and financials lagged as the prospect of higher energy and food costs pushed bond yields higher and eroded hopes for central bank rate cuts.

INTERNATIONAL DEVELOPED EQUITY



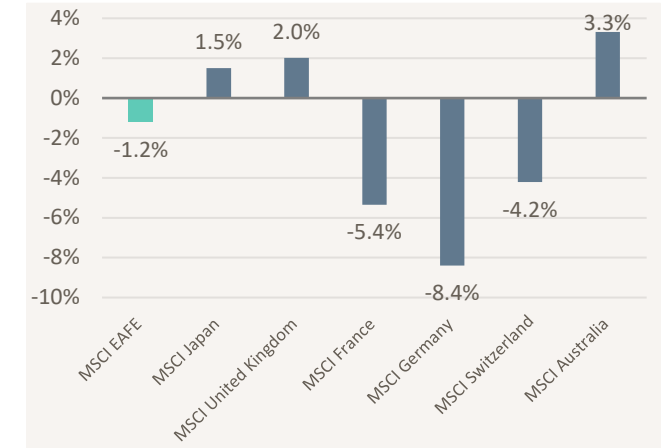
Source: MSCI, as of 3/31/26

CUMULATIVE PERFORMANCE (10 YEARS)



Source: Cerity Partners, as of 3/31/26

REGIONAL RETURNS (QUARTER-TO-DATE)



Source: MSCI Indices, as of 3/31/26

Emerging market equity

Emerging market equities outpaced developed markets during Q1 (MSCI EM -0.2%) but realized sharp losses during March (-13.1%) during the Iran conflict. A very large divide existed within emerging markets over the quarter, as Latin American markets generated a +14.6% return (MSCI EM Latin America) while Asian markets suffered a -1.5% loss (MSCI EM Asia).

Losses were especially acute in the MSCI EM Asia Index likely due to sensitivity to global trade and reliance on energy imports. In contrast, the MSCI EM Latin America Index significantly outperformed, supported by strength in commodity-linked economies that benefited from rising

energy and commodity prices.

Chinese equities once again face dramatic underperformance relative to broader emerging markets. MSCI China fell -8.9% during Q1 which compared to +3.2% from MSCI EM ex-China. China gained +3.9% over the past year relative to +41.3% from emerging markets ex-China.

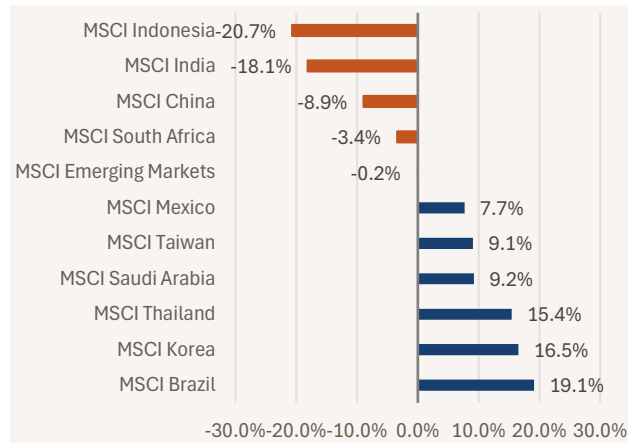
› **EM performance was mixed, with the commodity producing LatAm region seeing large gains, and Asia suffering losses**

EMERGING MARKET EQUITY



Source: MSCI, as of 3/31/26

MSCI EM 2026 Q1 COUNTRY RETURNS (USD)



Source: Bloomberg, Cerity Partners, as of 3/31/26

CHINA PAIN



Source: MSCI, Cerity Partners, as of 3/31/26

Equity valuations

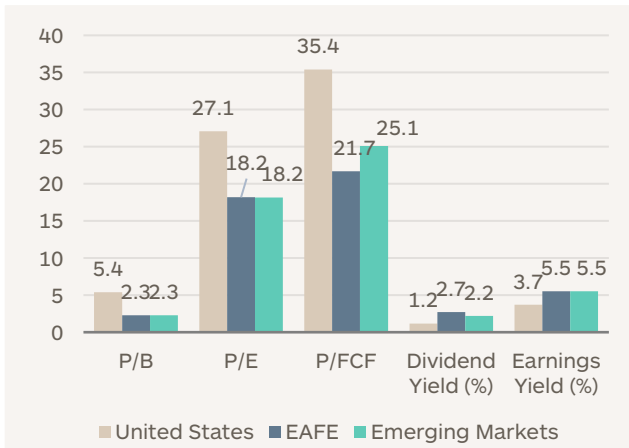
U.S. equity forward P/E multiples moved sharply lower during Q1 as equity prices fell but earnings forecasts continued to be adjusted upwards (a declining numerator but rising denominator in the Price/Earnings equation results in lower valuations). We believe investors should keep an eye on earnings forecasts as the Iran conflict unfolds. If earnings expectations hold steady at very strong levels, this may help limit performance downside throughout the conflict.

Market fears that AI innovation could severely impact the business models and earnings potential of software companies led to a widespread sector selloff early in 2026. While it will take time for investors to gain more clarity around these risks, it is notable that the

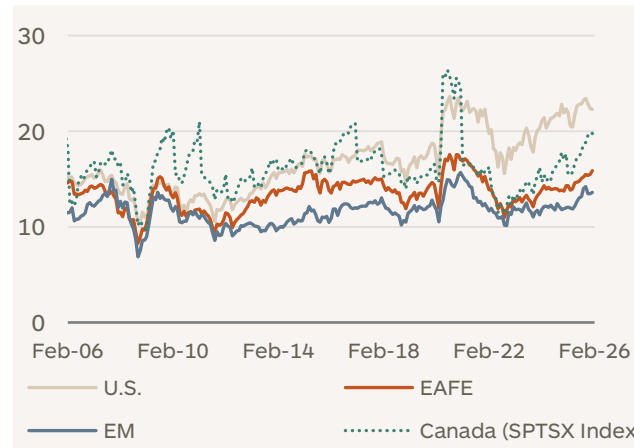
Technology sector of the S&P 500 now trades at effectively the same valuation multiple as the overall index—quite the change from conditions of recent years.

Valuation multiples of many of the largest stocks in the U.S. index have moderated recently as many of these stocks underperformed the index while earnings forecasts remain incredibly strong. This may help assuage some of the ongoing concerns around index concentration and arguably lofty multiples of the Magnificent 7 companies. Most of these seven stocks underperformed the index during 2025, and all of these stocks have underperformed in 2026 year-to-date.

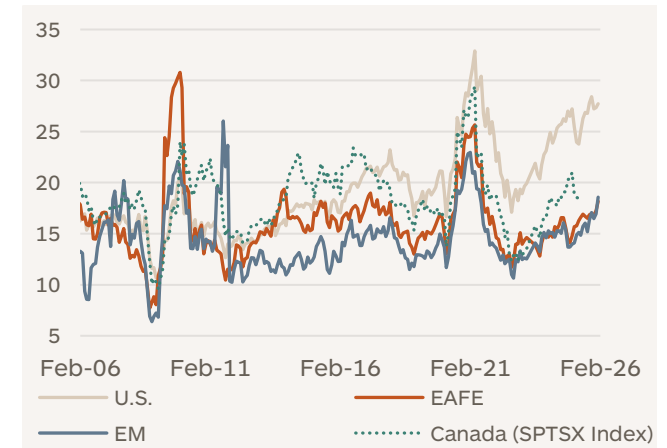
MSCI VALUATION METRICS (3-MONTH AVG)



FORWARD P/E



TRAILING P/E



Source: MSCI, Cerity Partners, as of 3/31/26 – trailing P/E

Source: MSCI, Canada shown as S&P/TSX, as of 2/28/26

Source: MSCI, Canada shown as S&P/TSX, as of 2/28/26

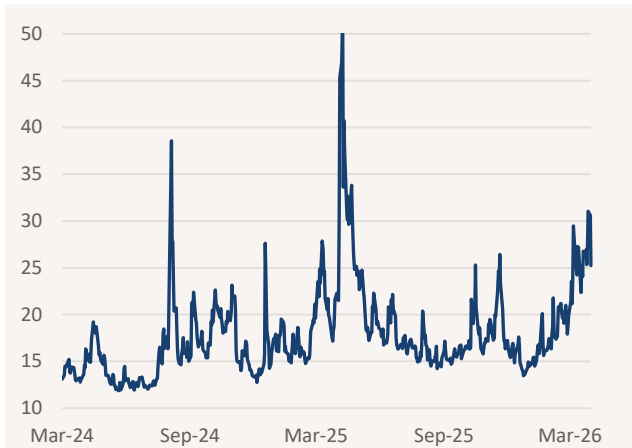
Market volatility

Market-priced volatility (Cboe VIX Index) rose markedly from 14 to a peak of 31 in late March as the Iran conflict heated up. Neither President Trump nor Iranian leadership appeared willing to deescalate, as each side is in direct opposition on certain core issues such as Iran's ability to enrich uranium and Iranian control over the Strait of Hormuz.

Following a twelve-month period of unusually muted market volatility, non-U.S. equities exhibited large moves in March, sending trailing volatility higher. Markets have shown considerable sensitivity to the Iran conflict, especially those economies at risk of an energy supply shock. A flight-to-safety to the U.S. dollar added to equity volatility as a rising U.S. dollar results in even more negative returns for investors without a currency hedging program in place.

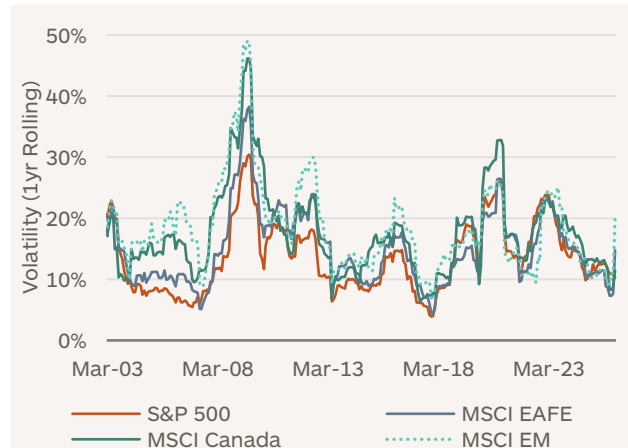
Direct U.S. military conflict with Iran has led to talks of a possible 1970s style energy supply shock, runaway inflation, and U.S. recession. Based on conditions so far, we believe these fears are overblown. First, the U.S. does not depend on foreign oil for the most part which means we are not exposed to supply shocks, and the domestic economy is far less dependent on fossil fuels relative to the 1970s. Second, the inflationary impacts of the recent surge in energy prices is expected to have a mild and temporary upward impact on inflation and perhaps a mild drag on economic growth, but these effects would not likely mean recession or runaway inflation. Third, if market or energy price pressures become too intense, the U.S. administration maintains the option to pause or back out of the conflict.

U.S. IMPLIED VOLATILITY (VIX)



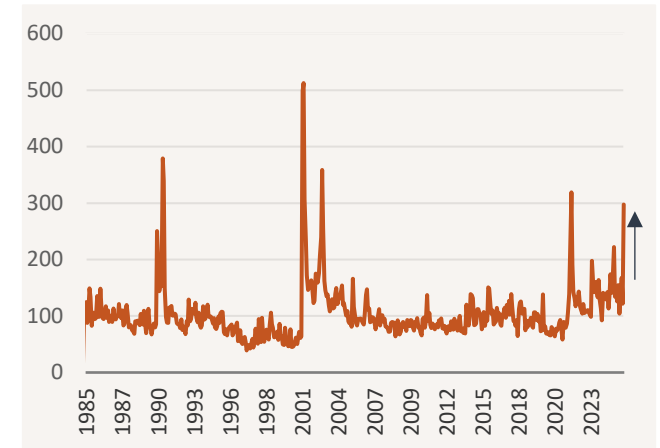
Source: Cboe, as of 3/31/26

REALIZED VOLATILITY



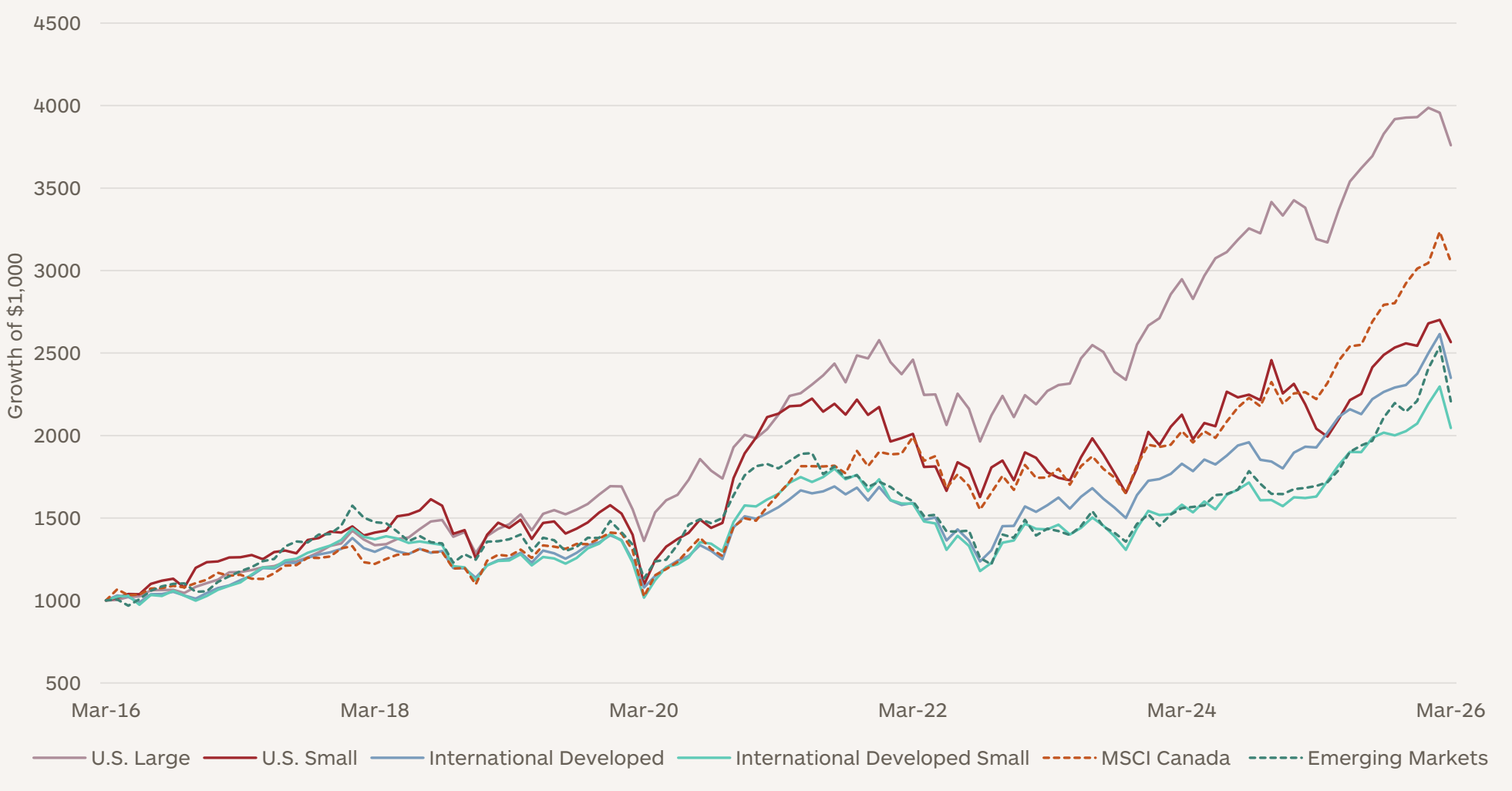
Source: Standard & Poor's, MSCI, Verus, as of 3/31/26

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, Cerity Partners, as of 3/31/26

Other assets

Currency

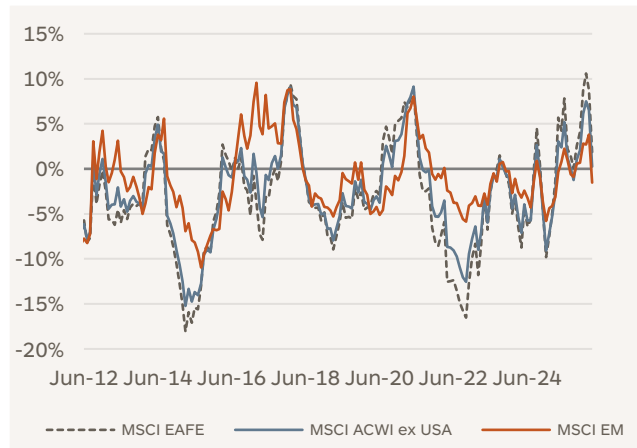
The U.S. dollar appreciated by 1.7% in Q1 (DXY U.S. dollar index), likely benefiting from a flight to safety during the Iran conflict and a material move higher in treasury yields. Appreciation was broad based, with the Euro down -1.6%, British pound -1.8%, and Yen -1.3%. These moves added to March losses for U.S. investors without a currency hedging program in place, as investments in assets denominated in foreign currencies fall in value as those currencies depreciate relative to the U.S. dollar.

Markets arguably exhibited some unusual behavior in March in terms of flight-to-safety. Gold traded at \$5,247 per ounce on February 27th, immediately prior to the Iran conflict, then reached a recent low of \$4,409 on March 26th. This represented a -16% drawdown in price of a safe haven asset during a period of escalating war and rising inflation fears. Another core safe haven asset, U.S. Treasuries, saw the 10-year yield jump from 3.96% to 4.44% during this time, resulting in sharp losses to investors. March offered a useful reminder of the

complexities of portfolio diversifying assets during periods of risk-off sentiment relating to inflation fears.

A more thoughtful portfolio approach to currency exposure has provided lower portfolio volatility and higher long-term returns—a rare proposition. This approach involves reducing the uncompensated risk of unhedged foreign currency exposure, and instead of unhedged exposure, making a passive investment in the currency market by investing in currencies with higher interest rates, undervalued currencies, and currencies showing positive price momentum. This approach, represented by the MSCI Currency Factor Mix Index, has offered a positive one-year rolling return over most periods with far lower volatility than an unhedged approach, although the past year of currency volatility has resulted in an historically less common environment of Currency Factor Mix underperformance relative to embedded (unhedged) currency.

EFFECT OF CURRENCY (1-YEAR ROLLING)



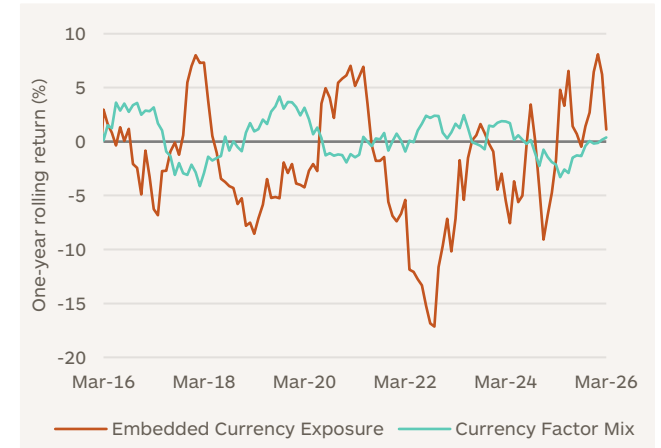
Source: MSCI, Cerity Partners, as of 3/31/26

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: ICE, as of 3/31/26

EMBEDDED CURRENCY VS CURRENCY FACTORS



Source: MSCI, Cerity Partners, as of 3/31/26

Hedge funds

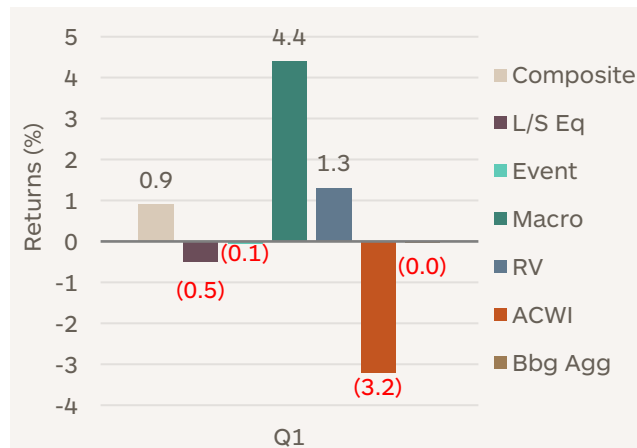
Hedge funds outperformed both stocks and bonds in the first quarter, with the HFRI Fund Weighted Composite gaining +0.9% while the MSCI ACWI declined -3.2% and Bloomberg US Aggregate performance was slightly negative. This was the first quarter since Q3 2023 in which the HFRI Composite was positive while equities and bonds experienced losses, and only the fourth time this happened in the last 20 years.

Credit hedge funds have generally kept pace with high yield and loan indexes over the past 2-3 years. Recently, distressed funds have enjoyed outsized gains relative to other strategy types and high yield markets. As of the end of Q1, the HFRI Event Driven: Distressed/Restructuring index had outperformed the Bloomberg US Corporate High Yield index by nearly 7%, gaining 13.6% vs 7.0% for the index. While some of this success can be attributed to some very large

deals that had broad participation (e.g., EchoStar), most likely it is the result of a rich opportunity set of idiosyncratic credit and credit-related situations. Going forward, credit hedge funds should be well positioned to take advantage of any significant distress that materializes in the private credit markets.

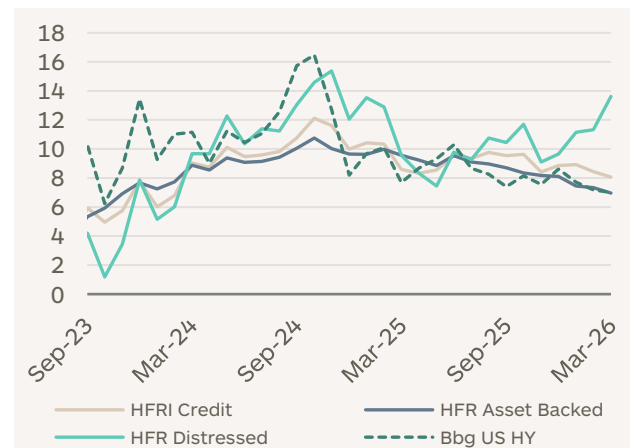
Within equity hedge funds, it should come as no surprise that strategies focused on energy and materials outperformed in the first quarter with a +8.4% gain. TMT-focused funds were the worst performing long/short sub-strategy in Q1, according to HFRI, as concerns around software disruption continued to pressure the sector.

1Q 2026 RETURN



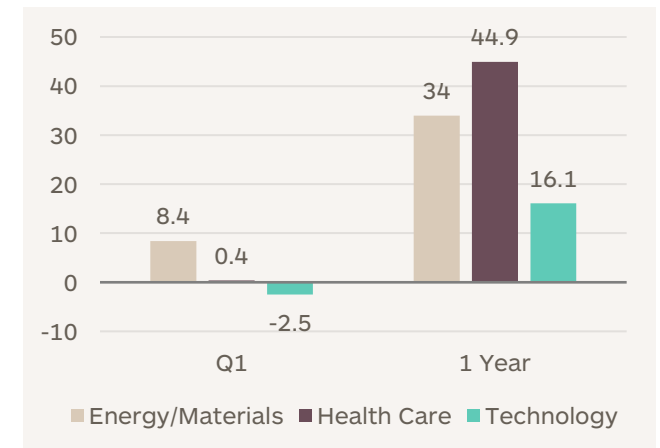
Source: MPI, HFR

12M RETURNS – CREDIT STRATEGIES



Source: MPI, HFR

L/S EQUITY – SECTOR SPECIALIST RETURNS



Source: MPI, HFR

Appendix

Periodic table of returns

| | 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 |
|-------------------------|-------|-------|--------|--------|-------|--------|-------|-------|--------|--------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|-------|--------|---------|
| Commodities | 32.1% | 39.4% | 5.2% | 78.5% | 29.1% | 11.0% | 18.2% | 43.3% | 13.5% | 13.3% | 31.7% | 37.3% | 6.7% | 36.4% | 38.5% | 28.3% | 16.1% | 42.7% | 33.4% | 33.6% | 24.4% | 14.0% | 16.8% |
| 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% | 5.0% | 12.8% | 14.0% |
| Hedge Funds of Funds | 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% | 3.0% | 11.3% | 10.6% |
| Large Cap Value | 22.2% | 11.8% | -21.4% | 31.8% | 18.9% | 1.5% | 17.3% | 33.5% | 11.8% | 0.5% | 12.1% | 22.2% | -1.5% | 26.5% | 20.0% | 26.5% | -5.6% | 18.2% | 14.4% | 17.4% | 2.1% | 9.4% | 9.9% |
| Small Cap Equity | 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% | 0.9% | 7.9% | 9.8% |
| Cash | 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% | 17.7% | -13.0% | 15.6% | 9.8% | 15.9% | 0.9% | 5.8% | 9.6% |
| Real Estate | 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% | 0.0% | 5.3% | 8.4% |
| US Bonds | 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% | 0.0% | 5.1% | 8.0% |
| Emerging Markets Equity | 11.6% | 7.0% | -36.8% | 19.7% | 13.1% | -4.2% | 11.4% | 11.0% | 3.4% | -2.7% | 6.1% | 7.8% | -9.3% | 18.4% | 7.5% | 9.2% | -17.5% | 9.8% | 7.5% | 12.8% | -0.2% | 3.8% | 7.8% |
| International Equity | 9.1% | 5.8% | -37.6% | 18.9% | 9.8% | -5.2% | 10.5% | 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% | -1.2% | 3.7% | 7.0% |
| 60/40 Global Portfolio | 8.5% | 4.8% | -38.4% | 11.5% | 7.8% | -5.5% | 4.8% | 0.0% | 0.0% | -4.4% | 2.6% | 5.1% | -11.2% | 8.4% | 2.8% | 2.8% | -20.1% | 5.1% | 5.3% | 10.4% | -2.4% | 3.4% | 5.5% |
| Small Cap Growth | 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% | 1.6% | 0.0% | -20.4% | 3.9% | 3.8% | 7.3% | -2.8% | 3.4% | 4.6% |
| Large Cap Equity | 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% | -5.1% | 1.3% | 4.9% | -4.2% | 1.6% | 2.3% |
| Large Cap Growth | 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% | 0.4% | 4.3% | -9.8% | 0.3% | 1.7% |

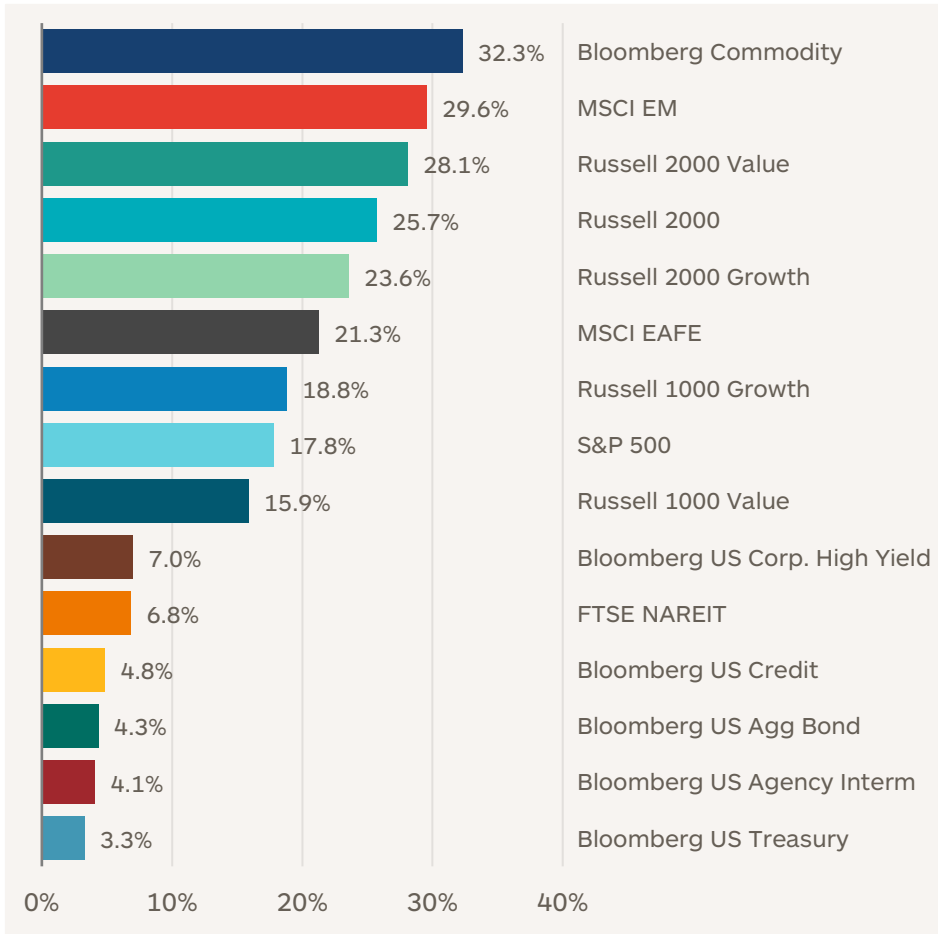
BEST
↑
↓
WORST

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

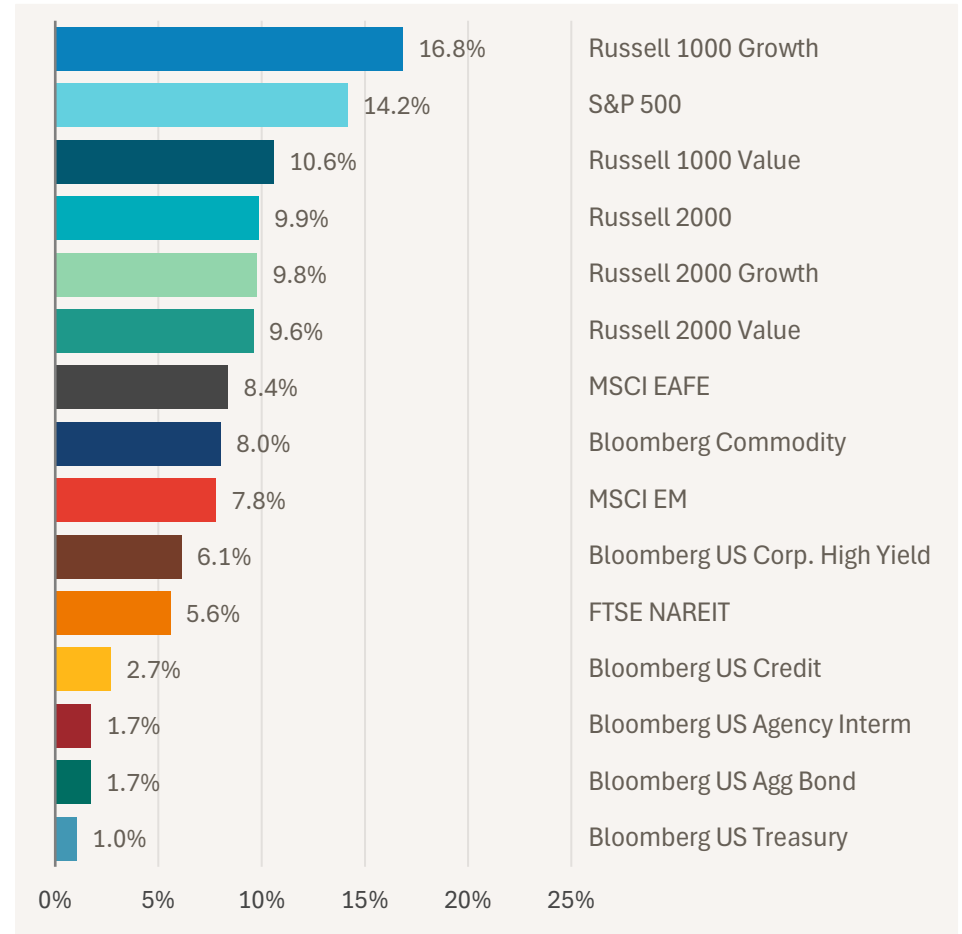
Source Data: Bloomberg, Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, 90-Day T-Bills, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 3/31/26.

Major asset class returns

ONE YEAR ENDING MARCH



TEN YEARS ENDING MARCH



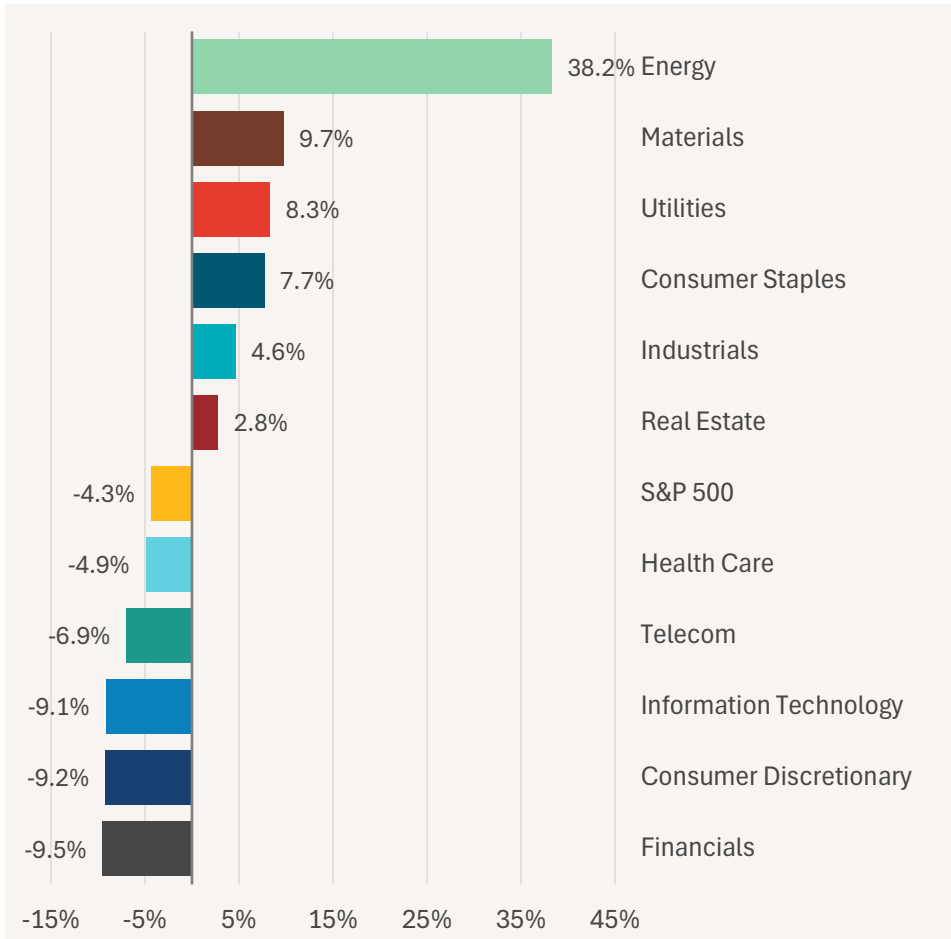
*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

Source: Bloomberg, as of 3/31/26

Source: Bloomberg, as of 3/31/26

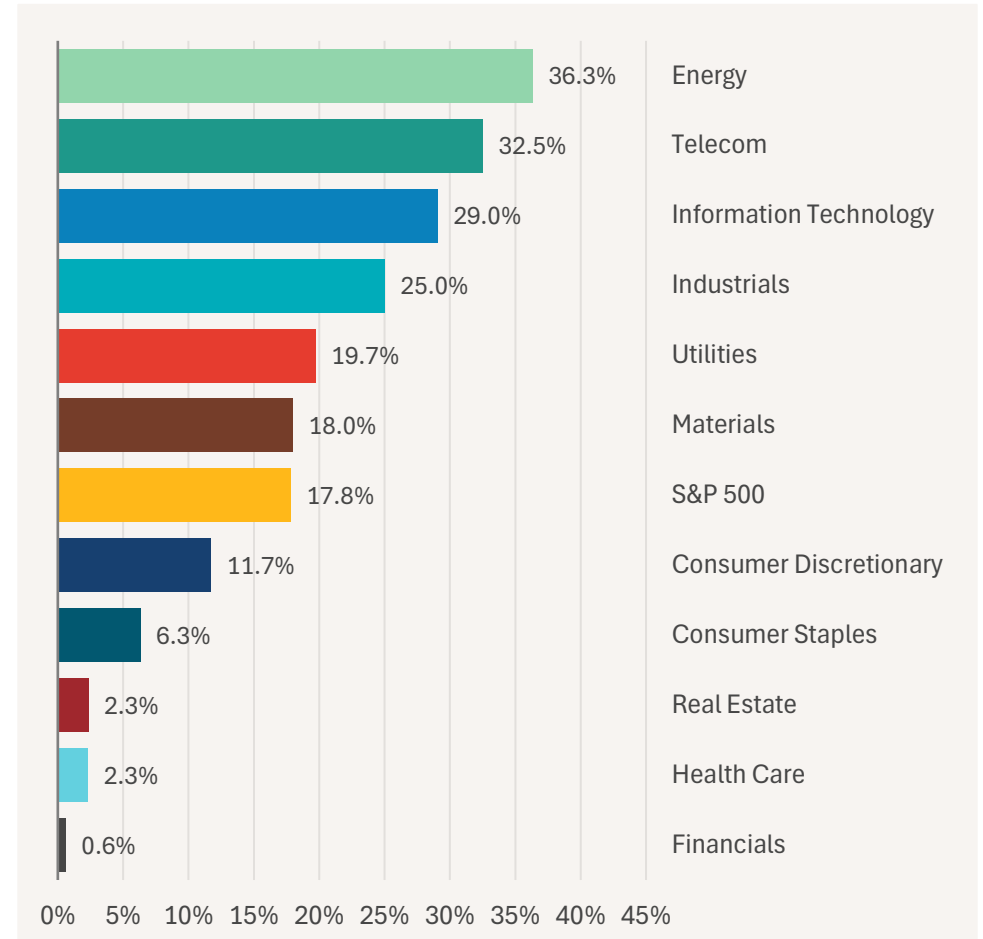
S&P 500 sector returns

QTD



Source: Bloomberg, as of 3/31/26

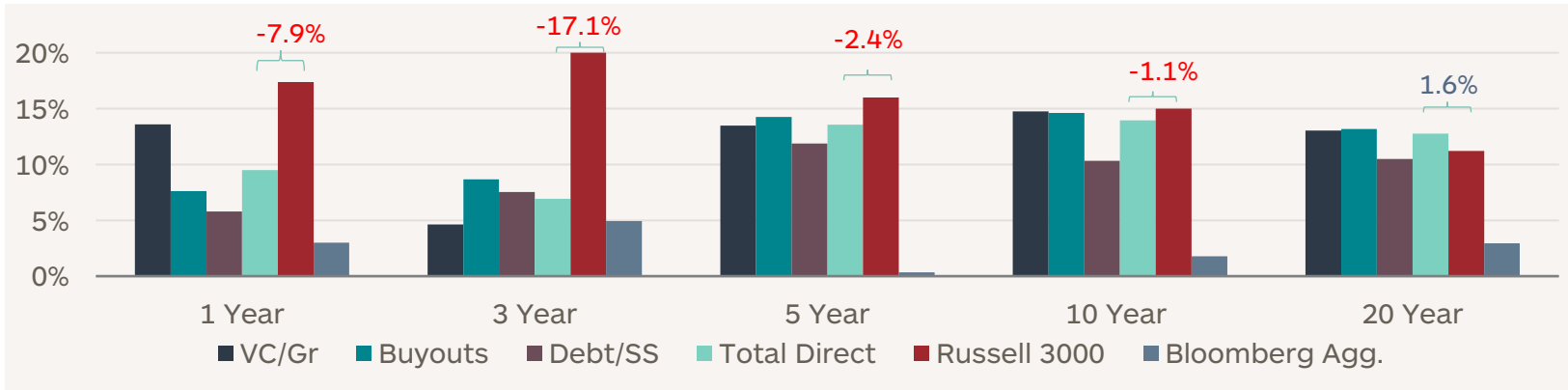
ONE YEAR ENDING MARCH



Source: Bloomberg, as of 3/31/26

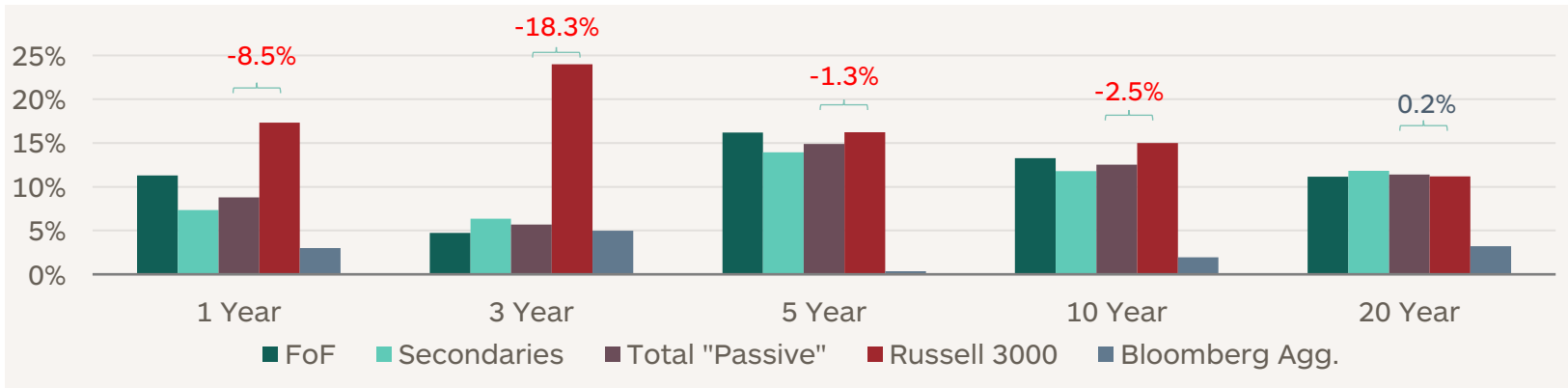
Private equity vs. traditional assets performance

DIRECT PRIVATE EQUITY AND CREDIT FUND INVESTMENTS



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

“PASSIVE” STRATEGIES

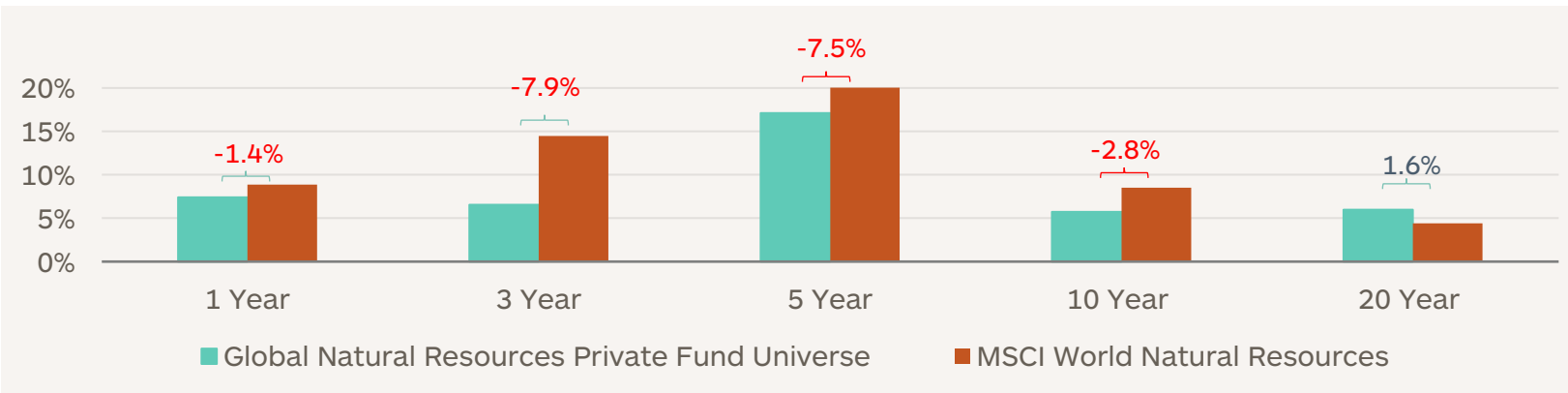


› “Passive” strategies have underperformed public equities in most time periods.

Sources: FTSE PME: U.S. Direct Private Equity and “Passive” returns are as of September 30, 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.

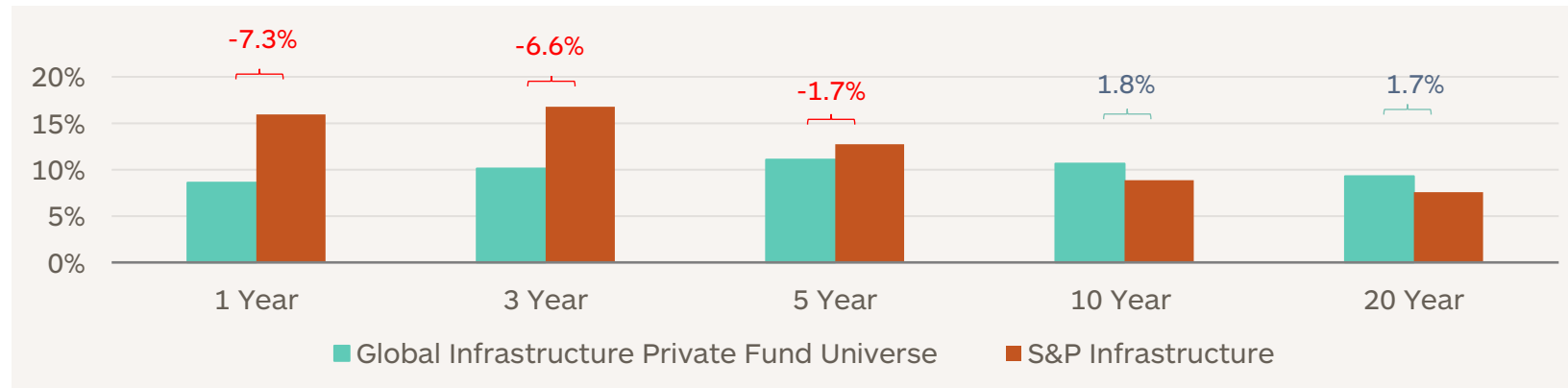
Private vs. liquid real assets performance

GLOBAL NATURAL RESOURCES FUNDS



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

GLOBAL INFRASTRUCTURE FUNDS

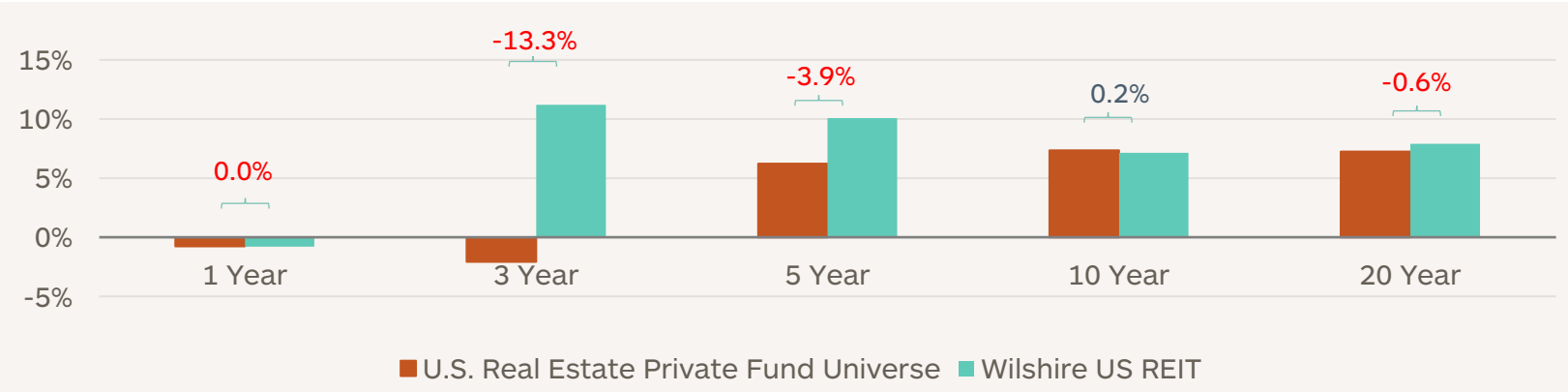


› Infra. funds outperformed S&P Infra. across longer periods.

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 September 30, 2025. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real assets universes.

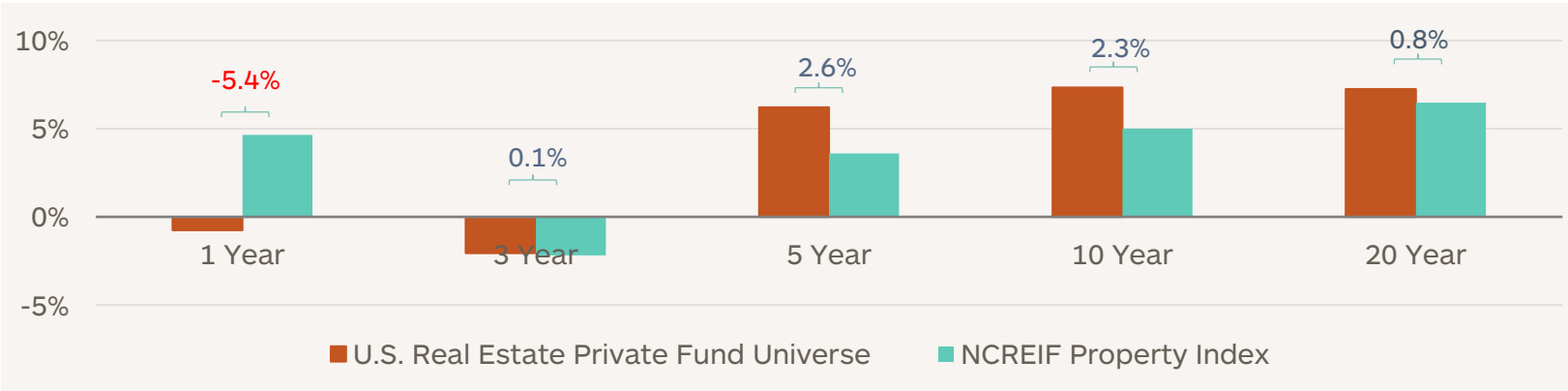
Private vs. liquid and core real estate performance

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 September 30, 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 | -5.0% | -4.3% | -4.3% | 17.8% | 18.3% | 12.1% | 14.2% |
| S&P 500 Equal Weighted | -6.0% | 0.7% | 0.7% | 12.9% | 11.9% | 8.2% | 11.4% |
| DJ Industrial Average | -5.2% | -3.2% | -3.2% | 12.2% | 13.8% | 9.1% | 12.5% |
| Russell Top 200 | -4.9% | -5.5% | -5.5% | 18.2% | 19.7% | 12.7% | 15.0% |
| Russell 1000 | -5.0% | -4.2% | -4.2% | 17.7% | 18.1% | 11.3% | 14.0% |
| Russell 2000 | -5.0% | 0.9% | 0.9% | 25.7% | 13.0% | 3.8% | 9.9% |
| Russell 3000 | -5.0% | -4.0% | -4.0% | 18.1% | 17.8% | 10.9% | 13.7% |
| Russell Mid Cap | -5.3% | 1.3% | 1.3% | 16.0% | 13.3% | 7.3% | 10.9% |
| Style Index | | | | | | | |
| Russell 1000 Growth | -5.2% | -9.8% | -9.8% | 18.8% | 21.2% | 12.8% | 16.8% |
| Russell 1000 Value | -4.8% | 2.1% | 2.1% | 15.9% | 14.3% | 9.4% | 10.6% |
| Russell 2000 Growth | -6.3% | -2.8% | -2.8% | 23.6% | 12.3% | 1.6% | 9.8% |
| Russell 2000 Value | -3.6% | 5.0% | 5.0% | 28.1% | 13.8% | 5.8% | 9.6% |

| INTERNATIONAL EQUITY | Month | QTD | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|-----------------------|--------|-------|-------|--------|--------|--------|---------|
| Index | | | | | | | |
| MSCI ACWI | -7.2% | -3.2% | -3.2% | 20.0% | 16.6% | 9.5% | 11.3% |
| MSCI ACWI ex US | -10.8% | -0.7% | -0.7% | 24.9% | 14.5% | 7.0% | 8.4% |
| MSCI EAFE | -10.3% | -1.2% | -1.2% | 21.3% | 13.6% | 7.9% | 8.4% |
| MSCI EM | -13.1% | -0.2% | -0.2% | 29.6% | 14.8% | 3.7% | 7.8% |
| MSCI EAFE Small Cap | -10.9% | -1.3% | -1.3% | 25.6% | 12.6% | 4.4% | 7.4% |
| Style Index | | | | | | | |
| MSCI EAFE Growth | -11.8% | -4.7% | -4.7% | 12.7% | 7.5% | 3.5% | 7.1% |
| MSCI EAFE Value | -8.9% | 2.0% | 2.0% | 30.1% | 19.8% | 12.2% | 9.3% |
| Regional Index | | | | | | | |
| MSCI UK | -7.7% | 2.0% | 2.0% | 25.7% | 16.8% | 12.4% | 8.3% |
| MSCI Japan | -12.4% | 1.4% | 1.4% | 25.9% | 15.7% | 6.6% | 8.5% |
| MSCI Euro | -11.1% | -5.0% | -5.0% | 17.8% | 13.4% | 8.7% | 8.7% |
| MSCI EM Asia | -14.4% | -1.5% | -1.5% | 28.4% | 14.4% | 2.8% | 8.5% |
| MSCI EM Latin America | -4.3% | 14.6% | 14.6% | 57.4% | 18.6% | 12.9% | 8.4% |

Source: Bloomberg, HFRI, as of 3/31/26

| FIXED INCOME | Month | QTD | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|-------------------------------|-------|-------|-------|--------|--------|--------|---------|
| Index | | | | | | | |
| Bloomberg US TIPS | -1.3% | 0.3% | 0.3% | 3.0% | 3.2% | 1.5% | 2.7% |
| Bloomberg US Treasury Bills | 0.3% | 0.9% | 0.9% | 4.1% | 4.8% | 3.4% | 2.3% |
| Bloomberg US Agg Bond | -1.8% | 0.0% | 0.0% | 4.3% | 3.6% | 0.3% | 1.7% |
| Bloomberg US Universal | -1.8% | -0.1% | -0.1% | 4.6% | 4.2% | 0.7% | 2.1% |
| Duration | | | | | | | |
| Bloomberg US Treasury 1-3 Yr | -0.5% | 0.3% | 0.3% | 3.8% | 4.0% | 1.8% | 1.8% |
| Bloomberg US Treasury 20+ Yr | -4.2% | -0.3% | -0.3% | -0.3% | -2.6% | -5.5% | -1.3% |
| Bloomberg US Treasury | -1.7% | 0.0% | 0.0% | 3.3% | 2.6% | -0.1% | 1.0% |
| Issuer | | | | | | | |
| Bloomberg US MBS | -1.6% | 0.4% | 0.4% | 5.8% | 4.2% | 0.4% | 1.4% |
| Bloomberg US Corp. High Yield | -1.2% | -0.5% | -0.5% | 7.0% | 8.6% | 4.2% | 6.1% |
| Bloomberg US Agency Interm | -0.8% | 0.2% | 0.2% | 4.1% | 4.2% | 1.5% | 1.7% |
| Bloomberg US Credit | -2.0% | -0.5% | -0.5% | 4.8% | 4.6% | 0.8% | 2.7% |

| OTHER | Month | QTD | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|--------------------------------|-------|-------|-------|--------|--------|--------|---------|
| Index | | | | | | | |
| Bloomberg Commodity | 11.5% | 24.4% | 24.4% | 32.3% | 13.9% | 14.0% | 8.0% |
| FTSE NAREIT Equity REITS | -5.8% | 4.8% | 4.8% | 6.8% | 9.1% | 5.8% | 5.6% |
| Morningstar LSTA US LL | 0.6% | -0.6% | -0.6% | 4.8% | 8.0% | 5.9% | 5.6% |
| S&P Global Infrastructure | -4.1% | 8.3% | 8.3% | 26.9% | 16.2% | 12.1% | 9.4% |
| Alerian MLP Infrastructure | 1.3% | 17.2% | 17.2% | 12.9% | 24.3% | 24.7% | 10.5% |
| Emerging Market Debt | | | | | | | |
| JPM EMBI Global Div | -3.3% | -1.3% | -1.3% | 10.4% | 9.4% | 2.5% | 3.8% |
| JPM GBI-EM Global Div | -5.5% | -2.2% | -2.2% | 11.8% | 6.8% | 2.1% | 2.6% |
| Hedge Funds | | | | | | | |
| HFRI Composite | 0.0% | 3.9% | 3.9% | 17.2% | 11.0% | 6.7% | 7.1% |
| HFRI FOF Composite | 0.0% | 3.0% | 3.0% | 14.1% | 9.3% | 5.3% | 5.5% |
| Currency (Spot vs. USD) | | | | | | | |
| Euro | -2.2% | -1.6% | -1.6% | 6.8% | 2.1% | -0.3% | 0.2% |
| Pound Sterling | -1.9% | -1.8% | -1.8% | 2.4% | 2.3% | -0.8% | -0.8% |
| Yen | -1.7% | -1.3% | -1.3% | -5.5% | -5.8% | -7.0% | -3.4% |

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 Federal of Independent Business (NFIB) membership. The survey contains three broad question types: recent performance, near-term forecasts, and demographics. The topics addressed include: outlook, sales, earnings, employment, employee compensation, investment, inventories, credit conditions, and single most important problem. (<http://www.nfib-sbet.org/about/>)

NAHB Housing Market Index – the housing market index is a weighted average of separate diffusion indices for three key single-family indices: market conditions for the sale of new homes at the present time, market conditions for the sale of new homes in the next six months, and the traffic of prospective buyers of new homes. The first two series are rated on a scale of Good, Fair, and Poor and the last is rated on a scale of High/Very High, Average, and Low/Very Low. A diffusion index is calculated for each series by applying the formula “(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.

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Kern County Employees Retirement Association

Investment Performance Review

Period Ending: March 31, 2026

Total Fund
Portfolio Reconciliation

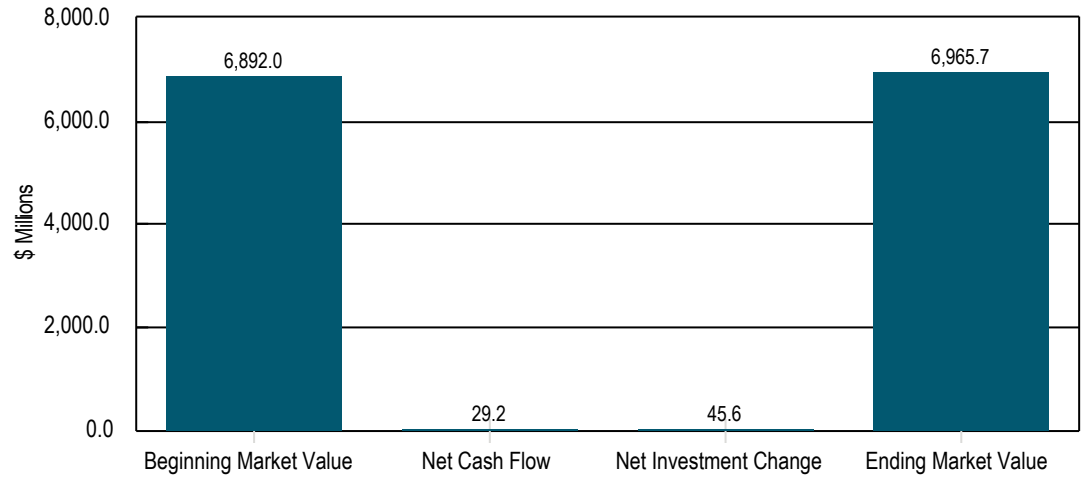
Kern County Employees' Retirement Association
Period Ending: March 31, 2026

Portfolio Reconciliation

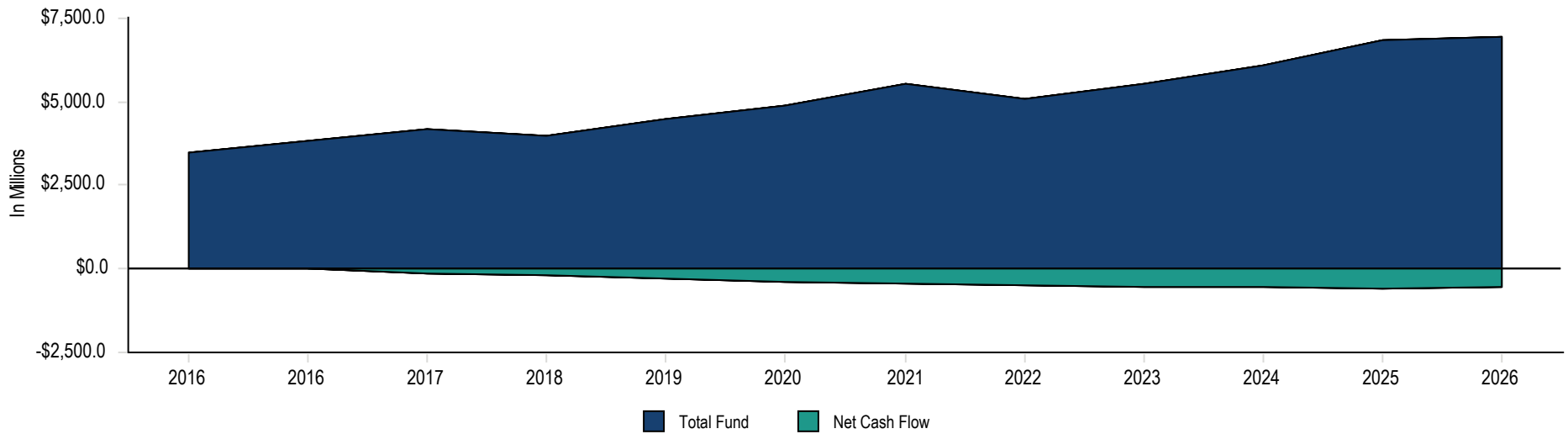
Last Three Months

| | |
|------------------------|-----------------|
| Beginning Market Value | \$6,891,986,768 |
| Net Cash Flows | \$29,167,097 |
| Net Investment Change | \$45,568,866 |
| Ending Market Value | \$6,965,694,061 |

Change in Market Value
Last Three Months



Market Value History



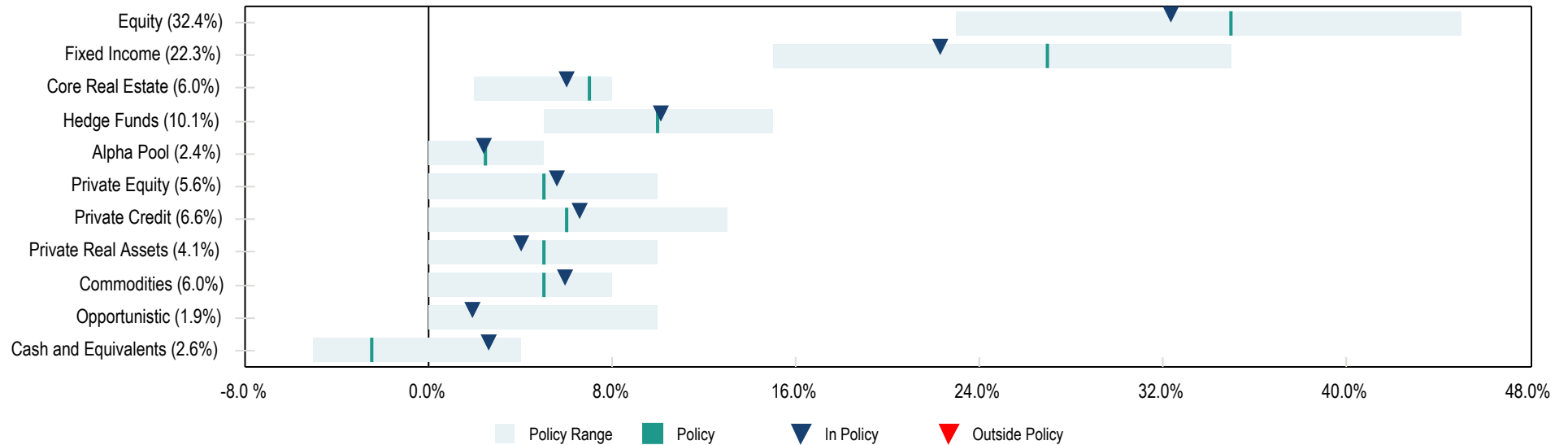
Total Fund

Asset Allocation vs. Policy

Kern County Employees Retirement Association
 Period Ending: March 31, 2026

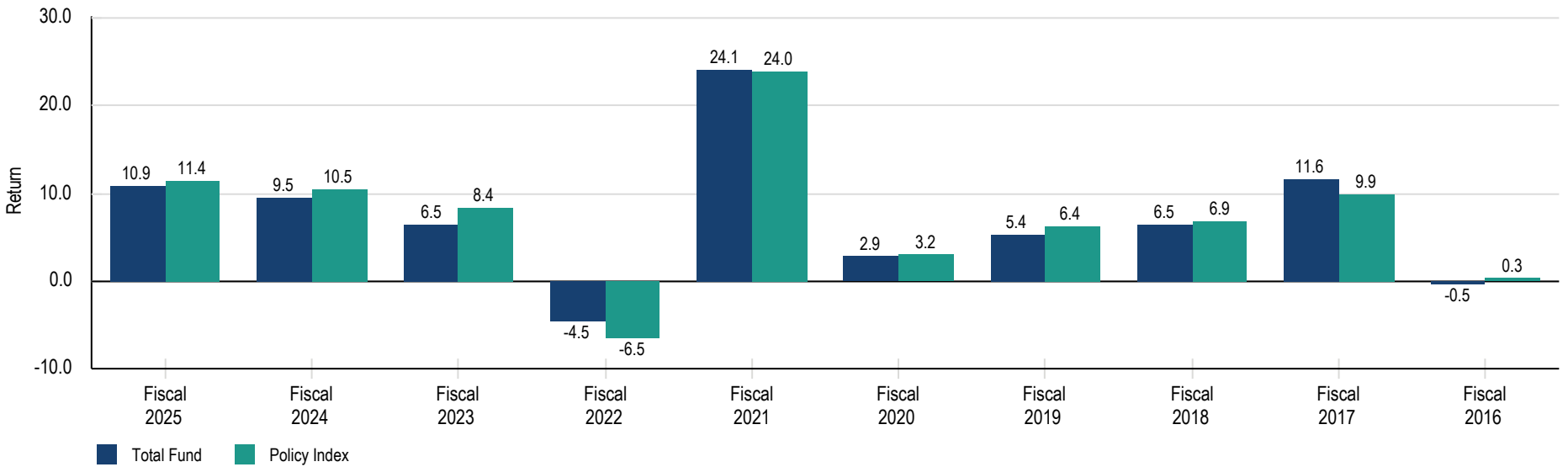
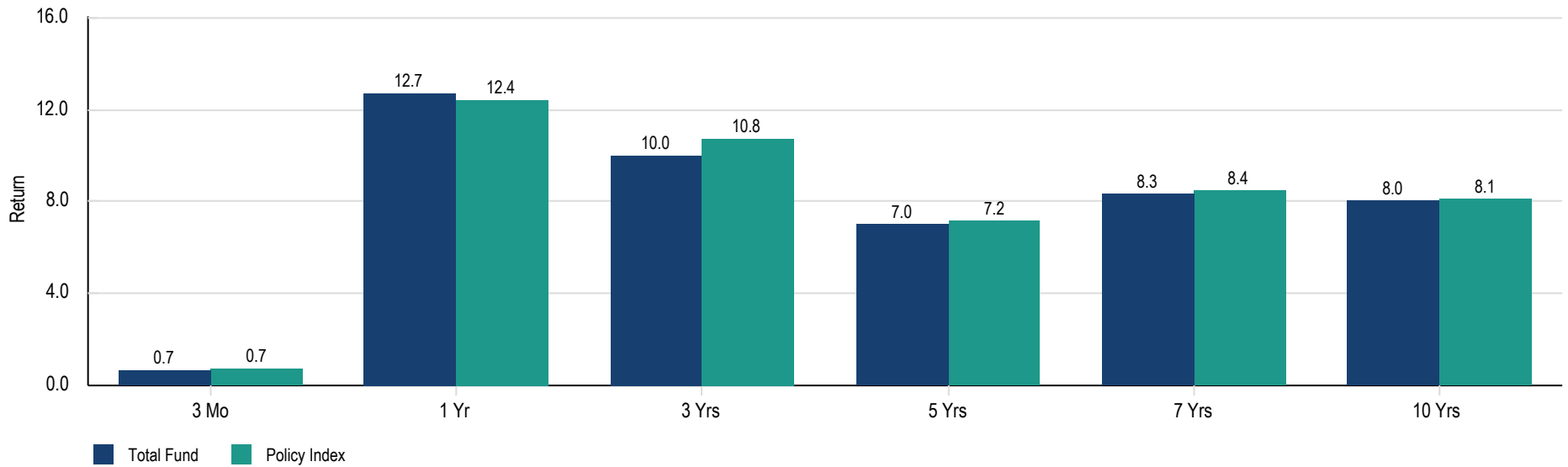
| | Current Balance (\$) | Current Allocation (%) | Policy Allocation (%) | Excess Allocation (%) | Policy Range (%) | Within IPS Range? |
|----------------------|----------------------|------------------------|-----------------------|-----------------------|------------------|-------------------|
| Equity | 2,255,424,781 | 32.4 | 35.0 | -2.6 | 23.0 - 45.0 | Yes |
| Fixed Income | 1,554,423,293 | 22.3 | 27.0 | -4.7 | 15.0 - 35.0 | Yes |
| Core Real Estate | 419,218,259 | 6.0 | 7.0 | -1.0 | 2.0 - 8.0 | Yes |
| Hedge Funds | 703,415,554 | 10.1 | 10.0 | 0.1 | 5.0 - 15.0 | Yes |
| Alpha Pool | 167,284,184 | 2.4 | 2.5 | -0.1 | 0.0 - 5.0 | Yes |
| Private Equity | 390,533,860 | 5.6 | 5.0 | 0.6 | 0.0 - 10.0 | Yes |
| Private Credit | 458,693,982 | 6.6 | 6.0 | 0.6 | 0.0 - 13.0 | Yes |
| Private Real Assets | 282,609,957 | 4.1 | 5.0 | -0.9 | 0.0 - 10.0 | Yes |
| Commodities | 416,049,839 | 6.0 | 5.0 | 1.0 | 0.0 - 8.0 | Yes |
| Opportunistic | 134,257,704 | 1.9 | 0.0 | 1.9 | 0.0 - 10.0 | Yes |
| Cash and Equivalents | 183,782,650 | 2.6 | -2.5 | 5.1 | -5.0 - 4.0 | Yes |
| Total | 6,965,694,061 | 100.0 | 100.0 | 0.0 | | |

Executive Summary



Total Fund
Performance vs. Policy (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 2026



Total Fund
Executive Summary (Gross of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 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 |
|--|----------------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|-------------|
| Total Fund | 6,965,694,061 | 100.0 | 0.7 | 8.0 | 12.7 | 10.2 | 7.2 | 8.3 | 10.7 | 9.7 | 6.7 | -4.3 | 24.4 |
| <i>Policy Index</i> | | | 0.7 | 7.3 | 12.4 | 10.8 | 7.2 | 8.1 | 11.4 | 10.5 | 8.4 | -6.5 | 24.0 |
| <i>InvMetrics Public DB > \$1B Rank</i> | | | 7 | 4 | 41 | 39 | 21 | 42 | 48 | 58 | 72 | 37 | 89 |
| Equity | 2,255,424,781 | 32.4 | -2.4 | 8.4 | 20.2 | 15.4 | 9.0 | 11.4 | 14.8 | 17.1 | 15.9 | -14.9 | 41.2 |
| <i>MSCI AC World IMI Index (Net)</i> | | | -2.7 | 8.1 | 20.6 | 16.2 | 9.0 | 11.1 | 15.9 | 18.4 | 16.1 | -16.5 | 40.9 |
| Domestic Equity | 1,254,788,671 | 18.0 | -3.9 | 5.7 | 15.8 | 16.4 | 10.4 | 13.7 | 12.9 | 22.4 | 17.9 | -12.0 | 43.6 |
| <i>MSCI USA IMI</i> | | | -3.9 | 6.6 | 18.4 | 18.0 | 11.0 | 13.8 | 15.2 | 23.3 | 19.2 | -13.7 | 44.4 |
| International Developed Equity | 732,446,726 | 10.5 | -0.8 | 10.0 | 23.3 | 13.9 | 7.5 | 8.7 | 17.8 | 11.0 | 17.2 | -19.6 | 37.0 |
| <i>MSCI World ex U.S. IMI Index (Net)</i> | | | -0.9 | 9.9 | 23.8 | 14.2 | 8.0 | 8.6 | 19.3 | 10.8 | 16.3 | -17.7 | 34.8 |
| Emerging Markets Equity | 268,187,131 | 3.9 | 0.0 | 17.2 | 34.0 | 17.3 | 6.3 | 7.8 | 17.0 | 14.2 | 5.3 | -21.4 | 40.6 |
| <i>MSCI Emerging Markets IMI (Net)</i> | | | -0.2 | 14.3 | 28.9 | 14.7 | 4.0 | 7.8 | 14.3 | 13.6 | 3.2 | -24.8 | 43.2 |
| Fixed Income | 1,554,423,293 | 22.3 | -0.1 | 3.9 | 5.9 | 5.2 | 1.5 | 3.2 | 7.5 | 4.2 | 3.1 | -12.7 | 5.4 |
| <i>Fixed Income Custom Benchmark</i> | | | -0.1 | 3.1 | 5.3 | 5.0 | 1.4 | 2.8 | 7.4 | 4.8 | 1.9 | -11.6 | 4.0 |
| Core Fixed Income | 822,624,304 | 11.8 | 0.0 | 3.3 | 4.5 | 3.4 | 0.1 | 2.0 | 5.6 | 2.5 | -0.9 | -11.2 | 1.0 |
| <i>Core Fixed Income Benchmark</i> | | | 0.0 | 3.0 | 4.3 | 3.5 | 0.2 | 1.7 | 5.8 | 2.5 | -0.9 | -10.3 | -0.3 |
| Credit Fixed Income | 731,611,724 | 10.5 | -0.2 | 4.5 | 7.7 | 8.0 | 3.7 | 4.9 | 10.1 | 7.1 | 9.3 | -14.2 | 11.6 |
| <i>Credit Fixed Income Benchmark</i> | | | -0.4 | 3.5 | 7.3 | 8.0 | 3.3 | 4.8 | 10.5 | 8.2 | 9.2 | -15.7 | 12.2 |
| Commodities | 416,049,839 | 6.0 | 19.1 | 34.7 | 34.2 | 17.0 | 15.7 | 10.5 | 6.6 | 14.6 | -6.3 | 20.1 | 43.5 |
| <i>Bloomberg Commodity Index Total Return</i> | | | 24.4 | 36.5 | 32.3 | 13.9 | 14.0 | 8.0 | 5.8 | 5.0 | -9.6 | 24.3 | 45.6 |
| Hedge Funds | 703,415,554 | 10.1 | -0.3 | 4.3 | 7.2 | 8.0 | 6.8 | 7.5 | 8.9 | 9.2 | 6.9 | 2.9 | 16.3 |
| <i>75% (3 Month T-Bill + 3%) + 25% MSCI ACWI Net</i> | | | 0.4 | 5.9 | 10.3 | 10.1 | 7.4 | 7.0 | 10.0 | 11.4 | 9.4 | -1.7 | 11.4 |
| Alpha Pool | 167,284,184 | 2.4 | 0.7 | 5.1 | 6.4 | 3.5 | 2.8 | - | 6.2 | 0.7 | -0.9 | 1.5 | 14.5 |
| <i>3-Month Treasury Bill +3%</i> | | | 1.6 | 5.2 | 7.1 | 7.9 | 6.4 | - | 7.8 | 8.6 | 6.7 | 3.2 | 3.1 |
| Core Real Estate | 410,445,581 | 5.9 | 2.1 | 7.3 | 10.3 | -4.7 | 0.5 | 3.0 | 4.9 | -19.8 | -11.9 | 25.6 | 6.6 |
| <i>NCREIF ODCE (Net)</i> | | | 1.0 | 2.3 | 3.1 | -2.8 | 2.3 | 3.8 | 2.7 | -10.0 | -10.7 | 28.3 | 7.1 |
| Private Real Assets | 289,879,831 | 4.2 | 1.0 | 6.4 | 6.2 | -0.3 | 8.5 | 7.9 | 0.4 | -6.4 | 7.9 | 38.8 | 9.6 |
| | | | 1.0 | 6.4 | 6.2 | -0.3 | 8.5 | 7.9 | 0.4 | -6.4 | 7.9 | 38.8 | 9.6 |
| Private Equity | 390,533,860 | 5.6 | 3.6 | 11.5 | 15.2 | 11.9 | 11.6 | 11.0 | 9.1 | 11.9 | -0.6 | 21.5 | 41.9 |
| | | | 3.6 | 11.5 | 15.2 | 11.9 | 11.6 | 11.0 | 9.1 | 11.9 | -0.6 | 21.5 | 41.9 |
| Private Credit | 458,693,982 | 6.6 | 1.6 | 6.7 | 7.3 | 10.8 | 7.1 | 7.4 | 9.7 | 13.1 | 3.2 | 0.3 | 4.8 |
| | | | 1.6 | 6.7 | 7.3 | 10.8 | 7.1 | 7.4 | 9.7 | 13.1 | 3.2 | 0.3 | 4.8 |
| Opportunistic | 135,760,509 | 1.9 | 3.2 | 13.4 | 17.8 | 11.8 | 7.9 | - | 18.4 | 2.9 | 0.6 | -5.3 | 60.3 |
| <i>Assumed Rate of Return +3%</i> | | | 2.4 | 7.4 | 10.0 | 10.0 | 10.0 | - | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Cash | 153,162,713 | 2.2 | 1.0 | 3.4 | 4.7 | 5.3 | 3.5 | 2.8 | 5.4 | 6.4 | 2.6 | -0.1 | 0.1 |
| <i>3 Month T-Bill</i> | | | 0.8 | 2.9 | 4.0 | 4.7 | 3.3 | 2.3 | 4.7 | 5.4 | 3.6 | 0.2 | 0.1 |

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. 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. TPG AG Essential Housing III is estimated to be 3.52 for the quarter.

Performance and Attribution

Total Fund Performance (Net of Fees)

Kern County Employees' Retirement Association Period Ending: March 31, 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 |
|--|----------------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|----------------|
| Total Fund | 6,965,694,061 | 100.0 | 0.7 | 7.7 | 12.7 | 10.0 | 7.0 | 8.0 | 10.9 | 9.5 | 6.5 | -4.5 | 24.1 | 7.1 | Jun-11 |
| <i>Policy Index</i> | | | 0.7 | 7.3 | 12.4 | 10.8 | 7.2 | 8.1 | 11.4 | 10.5 | 8.4 | -6.5 | 24.0 | 7.1 | |
| Equity | 2,255,424,781 | 32.4 | -2.5 | 8.2 | 20.0 | 15.1 | 8.8 | 11.1 | 14.6 | 16.9 | 15.7 | -15.1 | 40.7 | 9.8 | Jun-11 |
| <i>MSCI AC World IMI Index (Net)</i> | | | -2.7 | 8.1 | 20.6 | 16.2 | 9.0 | 11.1 | 15.9 | 18.4 | 16.1 | -16.5 | 40.9 | 9.3 | |
| Domestic Equity | 1,254,788,671 | 18.0 | -3.9 | 5.5 | 15.5 | 16.1 | 10.1 | 13.4 | 12.7 | 22.1 | 17.6 | -12.2 | 43.2 | 12.0 | Jul-14 |
| <i>MSCI USA IMI</i> | | | -3.9 | 6.6 | 18.4 | 18.0 | 11.0 | 13.8 | 15.2 | 23.3 | 19.2 | -13.7 | 44.4 | 12.3 | |
| Mellon DB SL Stock Index Fund | 753,572,812 | 10.8 | -4.3 | 6.2 | 17.8 | 18.3 | 12.0 | - | 15.1 | 24.5 | 19.6 | -10.6 | 40.8 | 13.6 | Oct-17 |
| <i>S&P 500 Index</i> | | | -4.3 | 6.2 | 17.8 | 18.3 | 12.1 | - | 15.2 | 24.6 | 19.6 | -10.6 | 40.8 | 13.5 | |
| PIMCO StocksPLUS | 178,796,629 | 2.6 | -4.6 | 6.2 | 17.8 | 18.7 | 11.6 | 14.2 | 15.1 | 25.6 | 18.8 | -12.8 | 41.7 | 11.4 | Jul-03 |
| <i>S&P 500 Index</i> | | | -4.3 | 6.2 | 17.8 | 18.3 | 12.1 | 14.2 | 15.2 | 24.6 | 19.6 | -10.6 | 40.8 | 10.7 | |
| Chilton High Conviction Equity | 203,336,331 | 2.9 | -3.0 | 7.3 | - | - | - | - | - | - | - | - | - | 14.9 | May-25 |
| <i>S&P 500 Index</i> | | | -4.3 | 6.2 | - | - | - | - | - | - | - | - | - | 13.0 | |
| Geneva Capital Small Cap Growth | 81,147,346 | 1.2 | -4.5 | -7.5 | -3.4 | 3.5 | -0.2 | 9.1 | 3.3 | 9.8 | 15.6 | -22.1 | 37.6 | 7.9 | Jul-15 |
| <i>Russell 2000 Growth Index</i> | | | -2.8 | 10.4 | 23.6 | 12.3 | 1.6 | 9.8 | 9.7 | 9.1 | 18.5 | -33.4 | 51.4 | 7.5 | |
| Congress Small Cap Value | 82,030,312 | 1.2 | - | - | - | - | - | - | - | - | - | - | - | -3.6 | Feb-26 |
| <i>Russell 2000 Value Index</i> | | | - | - | - | - | - | - | - | - | - | - | - | -4.8 | |
| Parametric Domestic Overlay | -44,094,759 | -0.6 | - | - | - | - | - | - | - | - | - | - | - | 0.0 | Mar-26 |
| International Developed Equity | 732,446,726 | 10.5 | -0.9 | 9.9 | 23.1 | 13.8 | 7.9 | 8.7 | 17.7 | 10.9 | 17.1 | -17.8 | 36.7 | 6.5 | Jul-14 |
| <i>MSCI World ex U.S. IMI Index (Net)</i> | | | -0.9 | 9.9 | 23.8 | 14.2 | 8.0 | 8.6 | 19.3 | 10.8 | 16.3 | -17.7 | 34.8 | 6.0 | |
| Mellon DB SL World ex-US Index Fund | 385,684,236 | 5.5 | -0.9 | 10.0 | 23.5 | 14.8 | 9.0 | - | 19.0 | 11.7 | 17.9 | -16.1 | 35.6 | 8.5 | Jul-18 |
| <i>MSCI World ex U.S. IMI Index (Net)</i> | | | -0.9 | 9.9 | 23.8 | 14.2 | 8.0 | - | 19.3 | 10.8 | 16.3 | -17.7 | 34.8 | 7.7 | |
| Cevian Capital II | 58,450,530 | 0.8 | -6.7 | 9.1 | 14.8 | 15.6 | 11.9 | 11.4 | 13.2 | 21.8 | 25.3 | -8.2 | 46.8 | 9.5 | Dec-14 |
| <i>MSCI Europe (Net)</i> | | | -2.8 | 6.9 | 19.1 | 13.2 | 8.8 | 8.5 | 18.4 | 11.7 | 21.8 | -17.6 | 35.1 | 6.9 | |
| Lazard Japanese Equity | 171,110,814 | 2.5 | 0.5 | 12.2 | 23.5 | - | - | - | 14.1 | - | - | - | - | 18.9 | Nov-23 |
| <i>TOPIX Net Total Return Index</i> | | | 1.7 | 13.3 | 26.1 | - | - | - | 15.5 | - | - | - | - | 18.6 | |
| American Century Non-US Small Cap | 49,969,403 | 0.7 | 0.0 | 7.8 | 29.7 | 10.5 | 2.7 | - | 16.9 | 8.3 | 7.9 | -27.4 | - | 4.0 | Dec-20 |
| <i>MSCI World ex U.S. Small Cap Growth Index (Net)</i> | | | -0.6 | 7.3 | 27.7 | 11.5 | 2.6 | - | 22.1 | 5.6 | 9.5 | -28.6 | - | 3.8 | |
| Dalton Japan Long Only | 85,429,580 | 1.2 | 0.8 | 8.2 | 21.2 | - | - | - | 23.5 | - | - | - | - | 18.6 | Oct-23 |
| <i>MSCI Japan Small Cap Index (Net)</i> | | | 3.5 | 14.3 | 28.4 | - | - | - | 22.9 | - | - | - | - | 20.1 | |
| Parametric International Overlay | -18,197,837 | -0.3 | - | - | - | - | - | - | - | - | - | - | - | 0.0 | Mar-26 |
| Emerging Markets Equity | 268,187,131 | 3.9 | -0.1 | 16.6 | 33.1 | 16.7 | 5.7 | 7.0 | 16.5 | 13.8 | 4.6 | -21.9 | 39.5 | 4.5 | Jul-14 |
| <i>MSCI Emerging Markets IMI (Net)</i> | | | -0.2 | 14.3 | 28.9 | 14.7 | 4.0 | 7.8 | 14.3 | 13.6 | 3.2 | -24.8 | 43.2 | 5.0 | |
| Mellon Emerging Markets Stock Index Fund | 12,332,087 | 0.2 | 0.2 | 16.2 | 30.0 | 14.8 | 3.6 | - | 15.5 | 12.0 | 1.6 | -25.5 | 41.1 | 8.4 | Jun-20 |
| <i>MSCI Emerging Markets IMI (Net)</i> | | | -0.2 | 14.3 | 28.9 | 14.7 | 4.0 | - | 14.3 | 13.6 | 3.2 | -24.8 | 43.2 | 10.3 | |
| ABS Emerging Market Direct | 94,049,657 | 1.4 | 4.0 | 20.4 | 37.4 | - | - | - | - | - | - | - | - | 20.3 | Aug-24 |
| <i>MSCI Emerging Markets IMI (Net)</i> | | | -0.2 | 14.3 | 28.9 | - | - | - | - | - | - | - | - | 17.2 | |
| Carrhae Capital Long Master Fund Ltd | 96,621,847 | 1.4 | -6.3 | 13.1 | 32.4 | - | - | - | - | - | - | - | - | 21.3 | Aug-24 |
| <i>MSCI Emerging Markets IMI (Net)</i> | | | -0.2 | 14.3 | 28.9 | - | - | - | - | - | - | - | - | 17.2 | |
| DFA Emerging Markets Value I | 72,882,625 | 1.0 | 3.7 | 17.2 | 30.1 | 17.0 | 9.0 | 9.3 | 11.9 | 16.7 | 7.9 | -12.9 | 47.6 | 6.6 | Mar-14 |
| <i>MSCI Emerging Markets Value (Net)</i> | | | 1.1 | 16.9 | 28.6 | 15.5 | 6.1 | 7.3 | 12.7 | 14.1 | 4.1 | -18.6 | 41.6 | 4.9 | |
| Parametric EM Overlay | -7,699,085 | -0.1 | - | - | - | - | - | - | - | - | - | - | - | 0.0 | Mar-26 |
| Fixed Income | 1,554,423,293 | 22.3 | -0.1 | 3.7 | 5.6 | 5.0 | 1.2 | 3.0 | 7.2 | 3.9 | 2.9 | -13.0 | 5.1 | 3.5 | Jun-10 |
| <i>Fixed Income Custom Benchmark</i> | | | -0.1 | 3.1 | 5.3 | 5.0 | 1.4 | 2.8 | 7.4 | 4.8 | 1.9 | -11.6 | 4.0 | 3.3 | |

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. 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. TPG AG Essential Housing III is estimated to be 3.52 for the quarter.

Total Fund
Performance (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 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 |
|--|--------------------|----------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|--------------|-------------|------------|----------------|
| Core Fixed Income | 822,624,304 | 11.8 | 0.0 | 3.2 | 4.4 | 3.3 | 0.0 | 1.9 | 5.5 | 2.4 | -1.0 | -11.4 | 0.8 | 2.0 | Jul-14 |
| Core Fixed Income Benchmark | | | 0.0 | 3.0 | 4.3 | 3.5 | 0.2 | 1.7 | 5.8 | 2.5 | -0.9 | -10.3 | -0.3 | 1.9 | |
| Fixed Income Beta Exposure | 106,099,520 | 1.5 | -0.3 | 2.4 | 4.1 | 2.7 | - | - | 5.5 | 1.7 | -2.5 | - | - | 2.5 | Jun-22 |
| ICE BofA 7-10 Year U.S. Treasury Index | | | -0.1 | 2.6 | 4.0 | 2.4 | - | - | 6.2 | 0.3 | -3.3 | - | - | 1.3 | |
| Mellon DB SL Aggregate Bond Index Fund | 224,019,942 | 3.2 | -0.1 | 3.1 | 4.3 | 3.6 | 0.3 | 1.7 | 6.1 | 2.6 | -0.9 | -10.4 | -0.4 | 2.3 | Jan-11 |
| Bloomberg U.S. Aggregate Index | | | 0.0 | 3.1 | 4.3 | 3.6 | 0.3 | 1.7 | 6.1 | 2.6 | -0.9 | -10.3 | -0.3 | 2.4 | |
| Fidelity Broad Market Duration | 217,701,746 | 3.1 | - | - | - | - | - | - | - | - | - | - | - | -1.0 | Feb-26 |
| Bloomberg U.S. Aggregate Index | | | - | - | - | - | - | - | - | - | - | - | - | -1.1 | |
| Aristotle Short Duration Bond Strategy | 274,770,069 | 3.9 | 0.3 | 3.1 | 4.7 | - | - | - | - | - | - | - | - | 5.5 | Jan-25 |
| Bloomberg U.S. Corporate 1-3 Year Index | | | 0.3 | 3.0 | 4.5 | - | - | - | - | - | - | - | - | 5.0 | |
| Credit Fixed Income | 731,611,724 | 10.5 | -0.3 | 4.2 | 7.3 | 7.6 | 3.2 | 4.4 | 9.6 | 6.7 | 8.9 | -14.6 | 11.1 | 2.8 | Jul-14 |
| Credit Fixed Income Benchmark | | | -0.4 | 3.5 | 7.3 | 8.0 | 3.3 | 4.8 | 10.5 | 8.2 | 9.2 | -15.7 | 12.2 | 3.7 | |
| KKR US Broadly Syndicated Loan Fund | 171,659,591 | 2.5 | -0.3 | 2.4 | 4.2 | - | - | - | - | - | - | - | - | 3.6 | Oct-24 |
| Morningstar LSTA U.S. Leveraged Loan | | | -0.6 | 2.4 | 4.8 | - | - | - | - | - | - | - | - | 4.7 | |
| Guggenheim Structured Credit | 192,118,982 | 2.8 | 0.4 | 4.0 | - | - | - | - | - | - | - | - | - | 4.4 | Jun-25 |
| 50% Bloomberg Non-Agency CMBS Index, 33.33% Bloomberg ABS Index, 16.67% JPM CL | | | 0.2 | 2.4 | - | - | - | - | - | - | - | - | - | 3.2 | |
| Schroders Credit | 191,536,148 | 2.7 | 0.4 | 3.9 | - | - | - | - | - | - | - | - | - | 3.9 | Jun-25 |
| 50% Bloomberg Non-Agency CMBS Index, 33.33% Bloomberg ABS Index, 16.67% JPM CL | | | 0.2 | 2.4 | - | - | - | - | - | - | - | - | - | 2.9 | |
| PIMCO EMD | 176,297,003 | 2.5 | -1.6 | 6.6 | 11.7 | 8.9 | 3.3 | - | 11.8 | 5.6 | 11.3 | -19.2 | 8.7 | 2.7 | Feb-20 |
| JPM EMBI Global Diversified | | | -1.3 | 6.8 | 10.4 | 9.5 | 2.5 | - | 10.0 | 9.2 | 7.4 | -21.2 | 7.5 | 1.8 | |
| Commodities | 416,049,839 | 6.0 | 18.9 | 33.9 | 33.2 | 16.2 | 14.9 | 9.8 | 5.9 | 13.7 | -7.0 | 19.3 | 42.5 | 3.5 | Jul-13 |
| Bloomberg Commodity Index Total Return | | | 24.4 | 36.5 | 32.3 | 13.9 | 14.0 | 8.0 | 5.8 | 5.0 | -9.6 | 24.3 | 45.6 | 2.5 | |
| Wellington Commodities | 416,049,839 | 6.0 | 18.9 | 33.9 | 33.2 | 16.6 | 15.1 | 10.6 | 5.8 | 15.5 | -5.2 | 17.2 | 40.2 | 4.2 | Sep-13 |
| S&P GSCI Commodity Equal Weighted | | | 19.6 | 33.2 | 32.1 | 13.5 | 13.9 | 9.5 | 4.8 | 10.4 | -6.0 | 19.0 | 40.9 | 3.8 | |
| Hedge Funds | 703,415,554 | 10.1 | -0.5 | 3.6 | 6.4 | 7.4 | 6.7 | 7.1 | 8.2 | 8.9 | 7.0 | 3.4 | 16.1 | 5.8 | Jun-13 |
| 75% (3 Month T-Bill + 3%) + 25% MSCI ACWI Net | | | 0.4 | 5.9 | 10.3 | 10.1 | 7.4 | 7.0 | 10.0 | 11.4 | 9.4 | -1.7 | 11.4 | 6.3 | |
| Aristeia International Limited | 82,883,342 | 1.2 | 1.2 | 4.0 | 5.4 | 5.8 | 5.0 | 8.3 | 6.9 | 5.1 | 5.5 | 1.8 | 21.6 | 5.4 | May-14 |
| Brevan Howard Fund | 59,819,279 | 0.9 | -0.9 | 0.5 | 6.0 | 2.3 | 4.4 | 6.7 | 6.3 | 3.1 | -1.0 | 15.2 | 6.1 | 6.4 | Sep-13 |
| D.E. Shaw Composite Fund | 81,509,790 | 1.2 | 4.9 | 15.7 | 20.7 | 17.0 | 18.3 | 15.4 | 19.3 | 12.9 | 11.0 | 29.0 | 19.0 | 14.9 | Jul-13 |
| HBK Fund II | 58,022,206 | 0.8 | 1.9 | 6.1 | 8.1 | 9.0 | 7.6 | 6.7 | 9.3 | 11.1 | 7.9 | 2.3 | 11.0 | 5.6 | Nov-13 |
| Hudson Bay Cap Structure Arbitrage Enhanced Fund | 90,304,233 | 1.3 | 1.0 | 4.3 | 6.5 | 6.0 | 6.8 | - | 8.6 | 4.0 | 7.7 | 7.7 | 14.2 | 9.2 | Jun-19 |
| Indus Pacific Opportunities Fund | 57,204,908 | 0.8 | 1.7 | 3.1 | 9.7 | 6.3 | 4.0 | 7.0 | 13.1 | 5.8 | -0.4 | -8.2 | 38.0 | 7.0 | Jul-14 |
| Pharo Macro Fund | 93,601,287 | 1.3 | 4.4 | 13.5 | 20.7 | 15.1 | 6.0 | - | 16.2 | 12.7 | 1.2 | -11.1 | 3.5 | 5.8 | Dec-19 |
| PIMCO Commodity Alpha Fund | 59,302,886 | 0.9 | -23.1 | -21.8 | -24.5 | -4.0 | 1.9 | - | -8.1 | 15.6 | 18.3 | 8.6 | 14.2 | 5.9 | Jun-16 |
| Elliott Associates | 67,726,123 | 1.0 | 1.2 | 5.0 | 5.9 | - | - | - | 5.5 | - | - | - | - | 6.0 | Jul-24 |
| Hawk Ridge Partners II | 53,041,500 | 0.8 | 5.5 | - | - | - | - | - | - | - | - | - | - | 6.1 | Aug-25 |
| Alpha Pool | 167,284,184 | 2.4 | 0.7 | 5.1 | 6.4 | 3.5 | 2.8 | - | 6.2 | 0.7 | -0.9 | 1.5 | 14.5 | 4.6 | Jul-20 |
| 3-Month Treasury Bill +3% | | | 1.6 | 5.2 | 7.1 | 7.9 | 6.4 | - | 7.8 | 8.6 | 6.7 | 3.2 | 3.1 | 6.0 | |
| Hudson Bay - Alpha Pool | 41,117,169 | 0.6 | 1.1 | 4.0 | 5.3 | 1.7 | 2.7 | - | 5.7 | -2.8 | -1.1 | 6.7 | - | 4.3 | Aug-20 |
| Davidson Kempner Institutional Partners | 59,797,341 | 0.9 | 1.5 | 6.7 | 8.1 | 4.7 | 2.1 | - | 8.0 | 1.2 | -4.1 | -3.4 | - | 3.0 | Dec-20 |
| HBK Fund II | 21,526,073 | 0.3 | 1.9 | 5.9 | 7.0 | 4.7 | 3.6 | - | 6.4 | 4.0 | -1.0 | 1.3 | - | 4.0 | Dec-20 |
| Garda Fixed Income Relative Value Opportunity Fund | 44,843,601 | 0.6 | -1.5 | 3.6 | 5.0 | 3.0 | - | - | 4.2 | 1.8 | 3.6 | - | - | 4.1 | Sep-21 |

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Total Fund
Performance (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 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 |
|--|--------------|----------------|------|------------|------|-------|-------|--------|-------------|-------------|-------------|-------------|-------------|-----------|----------------|
| Core Real Estate | 410,445,581 | 5.9 | 2.0 | 7.1 | 10.0 | -5.1 | 0.0 | 2.5 | 4.5 | -20.2 | -12.4 | 24.8 | 5.6 | 3.9 | Oct-14 |
| <i>NCREIF ODCE (Net)</i> | | | 1.0 | 2.3 | 3.1 | -2.8 | 2.3 | 3.8 | 2.7 | -10.0 | -10.7 | 28.3 | 7.1 | 4.9 | |
| ASB Allegiance Real Estate Fund | 105,439,746 | 1.5 | 1.1 | 3.0 | 4.8 | -8.9 | -2.5 | 0.9 | 2.8 | -23.9 | -13.3 | 23.0 | 5.4 | 3.3 | Sep-13 |
| <i>NCREIF ODCE (Net)</i> | | | 1.0 | 2.3 | 3.1 | -2.8 | 2.3 | 3.8 | 2.7 | -10.0 | -10.7 | 28.3 | 7.1 | 5.4 | |
| JPMCB Strategic Property Fund | 82,672,380 | 1.2 | 1.1 | 3.1 | 4.1 | -3.6 | 1.2 | 3.2 | 3.9 | -14.9 | -11.4 | 27.9 | 5.9 | 4.4 | Jul-14 |
| <i>NCREIF ODCE (Net)</i> | | | 1.0 | 2.3 | 3.1 | -2.8 | 2.3 | 3.8 | 2.7 | -10.0 | -10.7 | 28.3 | 7.1 | 5.1 | |
| Blue Owl Real Estate Fund VI | 55,272,661 | 0.8 | 2.8 | 14.2 | 27.7 | - | - | - | 12.0 | - | - | - | - | 6.0 | May-24 |
| <i>NCREIF ODCE (Net)</i> | | | 1.0 | 2.3 | 3.1 | - | - | - | 2.7 | - | - | - | - | 2.2 | |
| Sculptor Diversified REIT | 83,330,573 | 1.2 | 2.5 | 14.0 | 17.1 | - | - | - | - | - | - | - | - | 11.3 | Dec-24 |
| <i>NCREIF ODCE (Net)</i> | | | 1.0 | 2.3 | 3.1 | - | - | - | - | - | - | - | - | 3.7 | |
| Hudson Bay Real Estate Opportunities | 38,318,862 | 0.6 | 2.6 | 8.7 | 12.2 | - | - | - | - | - | - | - | - | 11.0 | Jan-25 |
| <i>NCREIF ODCE (Net)</i> | | | 1.0 | 2.3 | 3.1 | - | - | - | - | - | - | - | - | 3.2 | |
| TPG AG Essential Housing III | 29,230,258 | 0.4 | 3.5 | 9.9 | 12.3 | - | - | - | - | - | - | - | - | 11.1 | Dec-24 |
| <i>NCREIF ODCE (Net)</i> | | | 1.0 | 2.3 | 3.1 | - | - | - | - | - | - | - | - | 3.7 | |
| BPC Real Estate Debt Fund LP | 16,181,101 | 0.2 | 3.0 | 9.1 | 12.6 | - | - | - | - | - | - | - | - | 16.9 | Mar-25 |
| <i>NCREIF ODCE (Net)</i> | | | 1.0 | 2.3 | 3.1 | - | - | - | - | - | - | - | - | 3.7 | |
| Private Real Assets | 289,879,831 | 4.2 | 1.0 | 6.4 | 6.2 | -0.3 | 8.5 | 7.9 | 0.4 | -6.4 | 7.9 | 38.8 | 9.6 | 10.7 | Mar-11 |
| <i>NCREIF ODCE (Net)</i> | | | 1.0 | 6.4 | 6.2 | -0.3 | 8.5 | 7.9 | 0.4 | -6.4 | 7.9 | 38.8 | 9.6 | 10.4 | |
| Private Equity | 390,533,860 | 5.6 | 3.6 | 11.5 | 15.2 | 11.9 | 11.6 | 11.0 | 9.1 | 11.9 | -0.6 | 21.5 | 41.9 | 11.1 | Sep-10 |
| <i>NCREIF ODCE (Net)</i> | | | 3.6 | 11.5 | 15.2 | 11.9 | 11.6 | 11.0 | 9.1 | 11.9 | -0.6 | 21.5 | 41.9 | 10.9 | |
| Private Credit | 458,693,982 | 6.6 | 1.6 | 6.7 | 7.3 | 10.8 | 7.1 | 7.4 | 9.7 | 13.1 | 3.2 | 0.3 | 4.8 | 7.9 | Jan-16 |
| <i>NCREIF ODCE (Net)</i> | | | 1.6 | 6.7 | 7.3 | 10.8 | 7.1 | 7.4 | 9.7 | 13.1 | 3.2 | 0.3 | 4.8 | 7.9 | |
| Opportunistic | 135,760,509 | 1.9 | 3.2 | 13.4 | 17.8 | 11.8 | 7.9 | - | 18.4 | 2.9 | 0.6 | -5.4 | 60.3 | 11.1 | Jan-20 |
| <i>Assumed Rate of Return +3%</i> | | | 2.4 | 7.4 | 10.0 | 10.0 | 10.0 | - | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | |
| Sixth Street TAO Partners (D) | 60,282,276 | 0.9 | 6.2 | 16.6 | 18.6 | 13.8 | 11.5 | - | 8.3 | 11.3 | 4.4 | 9.6 | 39.6 | 14.4 | Mar-20 |
| <i>Assumed Rate of Return +3%</i> | | | 2.4 | 7.4 | 10.0 | 10.0 | 10.0 | - | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | |
| Aristeia Select Opportunities II | 64,001,501 | 0.9 | 0.6 | 8.5 | 15.4 | 8.9 | - | - | 35.1 | -9.7 | -7.2 | - | - | 5.5 | Jul-21 |
| <i>Assumed Rate of Return +3%</i> | | | 2.4 | 7.4 | 10.0 | 10.0 | - | - | 10.0 | 10.0 | 10.0 | 10.0 | - | 10.0 | |
| Hudson Bay Special Opportunities Fund LP | 9,973,927 | 0.1 | 5.3 | 9.0 | 24.4 | - | - | - | 65.0 | - | - | - | - | 42.8 | Feb-24 |
| <i>Assumed Rate of Return +3%</i> | | | 2.4 | 7.4 | 10.0 | - | - | - | 10.0 | - | - | - | - | 10.0 | |
| Pharo Opportunities Fund SPC | - | 0.0 | -0.1 | 17.6 | 23.2 | - | - | - | 18.5 | - | - | - | - | 20.8 | Jun-24 |
| <i>Assumed Rate of Return +3%</i> | | | 2.4 | 7.4 | 10.0 | - | - | - | 10.0 | - | - | - | - | 10.0 | |
| BPC Real Estate Debt Fund Co-Investment | 1,502,805 | 0.0 | 4.3 | - | - | - | - | - | - | - | - | - | - | 5.1 | Aug-25 |
| <i>Assumed Rate of Return +3%</i> | | | 2.4 | - | - | - | - | - | - | - | - | - | - | 6.6 | |
| Cash | 153,162,713 | 2.2 | 0.9 | 3.3 | 4.5 | 5.2 | 3.4 | 2.7 | 5.2 | 6.3 | 2.5 | -0.2 | 0.1 | 2.1 | Apr-11 |
| 3 Month T-Bill | | | 0.8 | 2.9 | 4.0 | 4.7 | 3.3 | 2.3 | 4.7 | 5.4 | 3.6 | 0.2 | 0.1 | 1.5 | |

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. 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. TPG AG Essential Housing III is estimated to be 3.52 for the quarter.

Total Fund
Total Private Equity

Kern County Employees' Retirement Association
Period Ending: March 31, 2026

| IRR Analysis as of IRR date | | | | | | | | | | | | |
|--------------------------------------|--|--------------------------------------|----------------------|----------------------|------------|----------------------|----------------------|-----------------------------|--------------------------------------|---|--------------------------------------|----------|
| Vintage Year | Manager/Fund | Estimated Market Value as of 3/31/26 | 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 | \$1,091,246 | \$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 | \$2,843,333 | \$50,000,000 | \$46,600,000 | 93% | \$3,400,000 | \$83,979,998 | \$3,043,333 | 1.80x | 1.86x | 7.3% | 12/31/25 |
| 2020 | Vista Foundation Fund IV | \$25,479,826 | \$25,000,000 | \$22,051,958 | 88% | \$2,948,042 | \$30,252 | \$25,479,826 | 0.00x | 1.16x | -0.5% | 03/31/26 |
| 2021 | Crown Global Secondaries V Master S.C.Sp | \$40,859,032 | \$50,000,000 | \$34,500,000 | 69% | \$15,500,000 | \$10,850,000 | \$40,989,958 | 0.31x | 1.50x | 17.4% | 03/31/26 |
| 2021 | Brighton Park Capital Fund I | \$42,179,575 | \$30,000,000 | \$30,262,109 | 101% | -\$262,109 | \$5,134,479 | \$42,179,575 | 0.17x | 1.56x | 12.0% | 03/31/26 |
| 2021 | Warren Equity Partners Fund III | \$42,682,948 | \$32,500,000 | \$29,582,245 | 91% | \$2,917,755 | \$3,247,297 | \$42,682,948 | 0.11x | 1.55x | 13.4% | 03/31/26 |
| 2021 | Peak Rock Capital Fund III | \$29,397,345 | \$30,000,000 | \$26,597,930 | 89% | \$3,402,070 | \$14,750,857 | \$29,397,345 | 0.55x | 1.66x | 25.6% | 09/30/25 |
| 2021 | Level Equity Growth Partners V | \$17,644,106 | \$15,000,000 | \$12,838,118 | 86% | \$2,161,882 | \$2,393 | \$17,644,106 | 0.00x | 1.37x | 13.4% | 03/31/26 |
| 2021 | Level Equity Opportunities Fund 2021 | \$17,453,888 | \$15,000,000 | \$9,737,446 | 65% | \$5,262,554 | \$0 | \$17,453,888 | 0.00x | 1.79x | 19.3% | 03/31/26 |
| 2022 | Linden Capital Partners V LP | \$23,290,937 | \$22,500,000 | \$20,782,237 | 92% | \$1,717,763 | \$623,163 | \$23,290,937 | 0.03x | 1.15x | 7.4% | 03/31/26 |
| 2022 | Rubicon Technology Partners IV LP | \$18,407,049 | \$30,000,000 | \$14,799,271 | 49% | \$15,200,729 | \$0 | \$16,818,206 | 0.00x | 1.24x | 12.0% | 12/31/25 |
| 2022 | OrbiMed Private Investments IX, LP | \$6,904,565 | \$10,000,000 | \$5,849,201 | 58% | \$4,150,799 | \$1,295,896 | \$6,714,765 | 0.22x | 1.40x | 38.2% | 12/31/25 |
| 2022 | Brighton Park Capital Fund II | \$20,278,218 | \$30,000,000 | \$20,646,147 | 69% | \$9,353,853 | \$3,722,467 | \$20,278,218 | 0.18x | 1.16x | 6.0% | 03/31/26 |
| 2022 | Linden Co-Investment V LP | \$8,857,435 | \$7,500,000 | \$9,657,986 | 129% | -\$2,157,986 | \$551,641 | \$8,857,435 | 0.06x | 0.97x | 14.5% | 03/31/26 |
| 2022 | Warren Equity Partners Fund IV | \$36,246,348 | \$32,500,000 | \$15,854,692 | 49% | \$16,645,308 | \$806,265 | \$36,246,348 | 0.05x | 2.34x | 22.2% | 09/30/25 |
| 2023 | WEP Co-Invest IV | \$11,677,734 | \$10,000,000 | \$9,757,415 | 98% | \$242,585 | \$173,170 | \$11,677,734 | 0.02x | 1.21x | 7.7% | 03/31/26 |
| 2023 | Crown Global Secondaries Fund VI | \$12,990,212 | \$30,000,000 | \$9,450,000 | 32% | \$20,550,000 | \$0 | \$12,636,045 | 0.00x | 1.37x | 38.2% | 03/31/26 |
| 2023 | Parthenon Investors VII | \$9,873,240 | \$30,000,000 | \$13,996,647 | 47% | \$16,003,353 | \$392,741 | N/A | 0.03x | 0.73x | N/A | N/A |
| 2024 | Longreach Capital Partners | \$4,581,046 | \$15,000,000 | \$5,445,811 | 36% | \$9,554,189 | \$421,772 | \$3,910,200 | 0.08x | 0.92x | -2.3% | 12/31/25 |
| 2024 | Blue Owl Strategic Equity | \$4,517,053 | \$25,000,000 | \$7,605,049 | 30% | \$17,394,951 | \$7,739,432 | N/A | 1.02x | 1.61x | N/A | N/A |
| 2025 | WEP IV TreeCo Co-Invest | \$4,528,160 | \$5,000,000 | \$3,866,955 | 77% | \$1,133,045 | \$0 | \$4,562,927 | 0.00x | 1.17x | 14.6% | 03/31/26 |
| 2025 | Accel-KKR Capital Partners VII | \$3,819,042 | \$25,000,000 | \$2,386,418 | 10% | \$22,613,582 | \$51,361 | \$3,431,514 | 0.02x | 1.62x | 24.0% | 12/31/25 |
| 2025 | Petershill PES II | \$313,903 | \$25,000,000 | \$313,903 | 1% | \$24,686,097 | \$0 | N/A | 0.00x | 1.00x | N/A | N/A |
| 2025 | Blue Owl Strategic Equity Holdco LLC | \$16,570 | \$25,000,000 | \$31,250 | 0% | \$24,968,750 | \$14,680 | N/A | 0.47x | 1.00x | N/A | N/A |
| 2026 | Level Equity Growth Partners VI | \$2,322,999 | \$15,000,000 | \$0 | 0% | \$15,000,000 | \$0 | N/A | N/A | N/A | N/A | N/A |
| 2026 | OrbiMed Private Investments X, LP | \$1,400,000 | \$20,000,000 | \$1,400,000 | 7% | \$18,600,000 | \$0 | N/A | N/A | N/A | 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 |
| Total Private Equity | | \$390,533,860 | \$810,000,000 | \$508,737,786 | 63% | \$301,262,214 | \$368,929,824 | \$374,986,006 | 0.73x | 1.49x | | |
| % of Portfolio (Market Value) | | 5.6% | | | | | | | | | | |

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

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

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

Total Fund
Total Private Credit

Kern County Employees' Retirement Association
Period Ending: March 31, 2026

| IRR Analysis as of IRR date | | | | | | | | | | | | |
|-----------------------------|--|------------------------|---------------|--------------|--------|--------------|--------------|-----------------------------|--------------------|---------------------|------------------------------|----------|
| Vintage | | Estimated Market Value | Total | Capital | % | Remaining | Capital | | Distrib./ | Tot. Value/ | Net IRR | IRR |
| Year | Manager/Fund | 3/31/2026 | Commitment | Called | Called | Commitment | Returned | Market Value as of IRR date | (DPI) ¹ | (TVPI) ² | Since Inception ³ | Date |
| Private Credit | | | | | | | | | | | | |
| 2015 | DC Value Recovery Fund IV ⁴ | \$9,372,276 | \$74,360,749 | \$73,340,099 | 99% | \$1,020,650 | \$45,767,289 | N/A | 0.62x | 0.75x | N/A | N/A |
| 2017 | Sixth Street TAO Partners (B) | \$48,026,161 | \$108,035,958 | \$94,542,865 | 88% | \$13,493,093 | \$56,407,107 | \$45,221,664 | 0.60x | 1.10x | 10.7% | 12/31/25 |
| 2017 | Brookfield Real Estate Finance Fund V | \$5,688,581 | \$50,000,000 | \$39,285,243 | 79% | \$10,714,757 | \$39,206,296 | \$5,688,581 | 1.00x | 1.14x | 4.0% | 3/31/26 |
| 2018 | Magnetar Constellation Fund V | \$9,190,039 | \$60,000,000 | \$56,445,318 | 94% | \$3,554,682 | \$58,937,637 | \$9,475,877 | 1.04x | 1.21x | 5.1% | 12/31/25 |
| 2019 | H.I.G Bayside Loan Opportunity Fund V | \$33,280,527 | \$60,000,000 | \$36,671,764 | 61% | \$23,328,236 | \$35,208,293 | \$33,280,527 | 0.96x | 1.87x | 13.8% | 3/31/26 |
| 2020 | Blue Torch Credit Opportunities Fund II | \$11,767,742 | \$20,000,000 | \$17,296,007 | 86% | \$2,703,993 | \$8,935,024 | \$12,117,021 | 0.52x | 1.20x | 8.0% | 12/31/25 |
| 2020 | Fortress Credit Opportunites Fund V Expansion | \$30,145,299 | \$40,000,000 | \$43,266,559 | 108% | \$0 | \$22,807,697 | \$32,514,475 | 0.53x | 1.22x | 10.4% | 12/31/25 |
| 2021 | Fortress Lending Fund II | \$10,299,876 | \$40,000,000 | \$35,322,373 | 88% | \$4,677,627 | \$34,471,697 | \$11,959,443 | 0.98x | 1.27x | 28.6% | 12/31/25 |
| 2022 | Blue Torch Credit Opportunities Fund III | \$36,186,895 | \$40,000,000 | \$40,000,000 | 100% | \$0 | \$16,076,673 | \$20,780,748 | 0.40x | 1.31x | 15.6% | 12/31/25 |
| 2022 | Fortress Lending Fund III | \$20,461,157 | \$40,000,000 | \$27,538,798 | 69% | \$12,461,202 | \$13,978,780 | \$20,780,748 | 0.51x | 1.25x | 11.3% | 12/31/25 |
| 2022 | OrbiMed Royalty & Credit Opportunities IV | \$13,284,124 | \$30,000,000 | \$18,433,980 | 61% | \$11,566,020 | \$7,125,852 | \$14,592,143 | 0.39x | 1.11x | 22.0% | 12/31/25 |
| 2023 | Cerberus Business Finance V | \$22,257,529 | \$30,000,000 | \$25,055,642 | 84% | \$4,944,358 | \$11,400,630 | \$22,064,369 | 0.46x | 1.34x | 15.6% | 3/31/26 |
| 2023 | Silver Point – Specialty Credit Fund III | \$14,649,361 | \$30,000,000 | \$22,429,649 | 75% | \$7,570,351 | \$11,537,931 | \$14,649,361 | 0.51x | 1.17x | 13.5% | 3/31/26 |
| 2023 | Ares Pathfinder II | \$17,856,097 | \$30,000,000 | \$13,569,391 | 45% | \$16,430,609 | \$209,154 | \$17,856,097 | 0.02x | 1.33x | 16.5% | 3/31/26 |
| 2023 | Oak Hill Advisors Structured Products Fund III, L.P. | \$19,820,832 | \$25,000,000 | \$18,598,626 | 74% | \$6,401,374 | \$1,127,312 | \$19,963,374 | 0.06x | 1.13x | 7.0% | 12/31/25 |
| 2023 | Ares Senior Direct Lending III | \$13,609,511 | \$30,000,000 | \$10,338,882 | 34% | \$19,661,118 | \$1,087,864 | \$11,661,333 | 0.11x | 1.42x | 17.3% | 12/31/25 |
| 2024 | ITE Rail Fund, L.P. | \$41,945,345 | \$40,000,000 | \$34,296,307 | 86% | \$5,703,693 | \$2,228,855 | N/A | 0.06x | 1.29x | N/A | N/A |
| 2024 | HPS Special Situations Opportunity Fund II, L.P. | \$14,560,652 | \$25,000,000 | \$13,508,181 | 46% | \$11,491,819 | \$257,031 | \$14,560,652 | 0.02x | 1.10x | 12.5% | 3/31/26 |
| 2024 | Castlelake Aviation V Stable Yield | \$8,076,889 | \$30,000,000 | \$5,960,320 | 20% | \$24,039,680 | \$782,276 | \$8,076,889 | 0.13x | 1.49x | 28.0% | 3/31/26 |
| 2025 | Fortress Credit Opportunities Fund VI | \$10,741,809 | \$25,000,000 | \$9,721,980 | 39% | \$15,278,020 | \$1,377,629 | \$10,632,544 | 0.14x | 1.25x | 17.3% | 12/31/25 |
| 2025 | Quantum Capital Solutions II | \$21,047,884 | \$39,600,000 | \$11,056,716 | 28% | \$28,543,284 | \$1,146,342 | \$16,922,874 | 0.10x | 2.01x | 18.0% | 12/31/25 |
| 2025 | Quantum Capital Solutions II Co-Investment Fund, LP | \$4,269,595 | \$7,900,000 | \$7,042,865 | 89% | \$857,135 | \$228,689 | \$2,922,954 | 0.03x | 0.64x | 18.0% | 12/31/25 |
| 2025 | Blue Torch Credit Opportunities Fund IV | \$7,623,500 | \$25,000,000 | \$7,546,878 | 30% | \$17,453,122 | \$345,923 | \$5,830,933 | 0.05x | 1.06x | 22.0% | 12/31/25 |
| 2025 | OrbiMed Royalty & Credit Opportunities V | \$1,477,696 | \$30,000,000 | \$1,500,000 | 5% | \$28,500,000 | \$0 | N/A | 0.00x | 0.99x | N/A | N/A |
| 2025 | Fortress Legal Assets Fund II | \$10,389,364 | \$40,000,000 | \$10,444,899 | 26% | \$29,555,101 | \$8,843 | N/A | 0.00x | 1.00x | N/A | N/A |
| 2025 | TPG AG Asset Based Credit Evergreen Fund | \$22,665,238 | \$30,000,000 | \$27,000,000 | 90% | \$3,000,000 | \$136,509 | N/A | 0.01x | 0.84x | N/A | N/A |

Total Private Credit \$458,693,982 \$999,896,707 \$700,213,342 70% \$302,949,925 \$370,797,333 \$351,552,608 0.53x 1.18x

% of Portfolio (Market Value) 6.6%

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

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

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

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

Total Fund
Total Private Real Assets

Kern County Employees' Retirement Association
Period Ending: March 31, 2026

| IRR Analysis as of IRR date | | | | | | | | | | | | |
|--------------------------------------|---|------------------------|---------------|---------------|--------|---------------|---------------|-----------------------------|--------------------|---------------------|------------------------------|----------|
| Vintage | | Estimated Market Value | Total | Capital | % | Remaining | Capital | | Distrib./ | Tot. Value/ | Net IRR | IRR |
| Year | Manager/Fund | 3/31/2026 | Commitment | Called | Called | Commitment | Returned | Market Value as of IRR date | (DPI) ¹ | (TVPI) ² | Since Inception ³ | Date |
| Private Real Assets | | | | | | | | | | | | |
| 2014 | Invesco Real Estate Value-Add Fund IV | \$123,076 | \$50,000,000 | \$43,637,717 | 87% | \$6,362,283 | \$56,824,750 | \$157,969 | 1.30x | 1.31x | 11.6% | 06/30/24 |
| 2017 | Landmark Real Estate Partners VIII | \$28,285,567 | \$60,000,000 | \$46,233,098 | 77% | \$13,766,902 | \$28,164,091 | \$30,401,054 | 0.61x | 1.22x | 7.9% | 09/30/25 |
| 2018 | Long Wharf Real Estate Partners VI | \$26,110,300 | \$50,000,000 | \$50,000,000 | 100% | \$0 | \$25,668,979 | \$26,110,300 | 0.51x | 1.04x | 10.8% | 03/31/26 |
| 2020 | Covenant Apartment Fund X | \$25,481,872 | \$30,000,000 | \$25,507,333 | 85% | \$4,492,667 | \$10,564,887 | \$25,481,872 | 0.41x | 1.41x | 6.3% | 03/31/26 |
| 2021 | Singerman Real Estate Opportunity Fund IV | \$23,771,133 | \$35,000,000 | \$25,952,500 | 74% | \$9,047,500 | \$5,074,955 | \$24,262,068 | 0.20x | 1.11x | 7.3% | 12/31/25 |
| 2022 | LBA Logistics Value Fund IX, L.P. | \$24,215,820 | \$40,000,000 | \$20,615,384 | 52% | \$19,384,616 | \$0 | \$23,387,743 | 0.00x | 1.17x | -1.0% | 12/31/25 |
| 2022 | Covenant Apartment Fund XI | \$31,900,612 | \$30,000,000 | \$20,850,000 | 70% | \$38,076,924 | \$1,881,732 | \$31,900,612 | 0.09x | 1.62x | 7.4% | 03/31/26 |
| 2022 | KSL Capital Partners VI | \$8,437,158 | \$30,000,000 | \$12,297,630 | 41% | \$17,702,370 | \$489,911 | \$8,437,158 | 0.04x | 0.73x | -7.7% | 03/31/26 |
| 2023 | Merit Hill V | \$23,492,228 | \$30,000,000 | \$31,631,775 | 105% | -\$1,631,774 | \$8,440,885 | \$24,186,839 | 0.27x | 1.01x | 1.2% | 12/31/25 |
| 2024 | Juniper Capital IV, L.P. | \$10,657,071 | \$30,000,000 | \$10,658,126 | 36% | \$19,341,874 | \$59,700 | \$10,657,071 | 0.01x | 1.01x | 16.3% | 03/31/26 |
| 2024 | Juniper High Noon Partners, L.P. | \$4,485,359 | \$5,000,000 | \$3,309,091 | 66% | \$1,690,909 | \$0 | \$3,313,080 | 0.00x | 1.36x | 46.1% | 12/31/24 |
| 2024 | Landmark Real Estate Partners IX | \$15,706,520 | \$40,000,000 | \$13,568,185 | 34% | \$26,431,815 | \$0 | \$15,674,993 | 0.00x | 1.16x | 22.2% | 09/30/25 |
| 2024 | LRAF Holdings 21 Project Yeti II | \$18,238,492 | \$25,000,000 | \$19,058,622 | 76% | \$5,941,378 | \$2,912,633 | \$13,693,257 | 0.15x | 1.11x | 11.1% | 06/30/25 |
| 2024 | Post Oak Energy Partners GP V, LP | \$37,139,134 | \$40,000,000 | \$41,099,805 | 103% | -\$1,099,805 | \$9,747,861 | \$37,139,134 | 0.24x | 1.14x | 39.7% | 03/31/26 |
| 2025 | Covenant Apartment Fund XII | \$7,269,873 | \$30,000,000 | \$5,400,000 | 18% | \$24,600,000 | \$38,618 | N/A | N/A | N/A | N/A | N/A |
| 2025 | Sculptor Real Estate V | \$4,453,115 | \$50,000,000 | \$4,875,228 | 10% | \$45,124,772 | \$439,033 | N/A | N/A | N/A | N/A | N/A |
| 2025 | Singerman Real Estate Opportunity Fund V | \$112,500 | \$30,000,000 | \$112,500 | 0% | \$29,887,500 | \$0 | N/A | N/A | N/A | N/A | N/A |
| Total Private Real Assets | | \$289,879,831 | \$605,000,000 | \$374,806,995 | 62% | \$259,119,929 | \$150,308,034 | \$274,803,150 | 0.40x | 1.17x | | |
| % of Portfolio (Market Value) | | 4.2% | | | | | | | | | | |

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

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

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

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

Kern County Employees' Retirement Association
Period Ending: March 31, 2026



Performance Attribution Last Three Months

| | |
|----------------------|-------------|
| Wtd. Actual Return | 0.7 |
| Wtd. Index Return | 0.7 |
| Excess Return | -0.1 |
| Selection Effect | -0.2 |
| Allocation Effect | 0.1 |
| Interaction Effect | 0.0 |

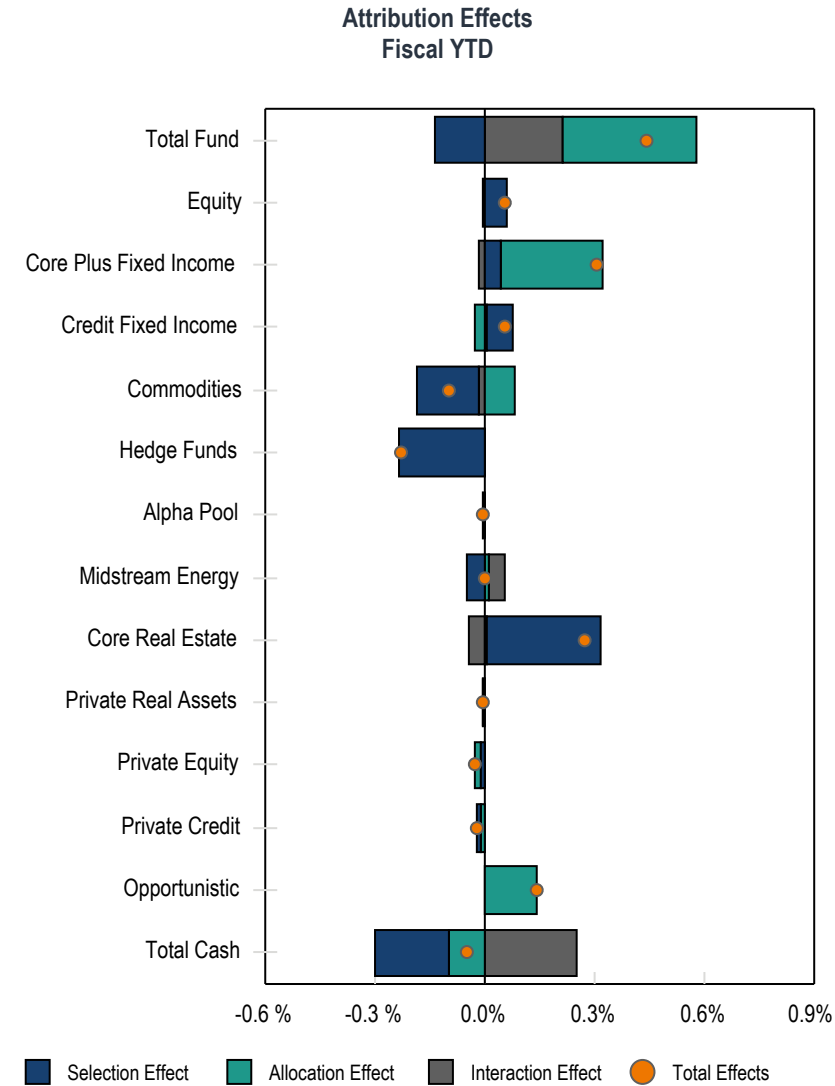
Attribution Summary Last Three Months

| | Actual Weight (%) | Policy Weight (%) | Wtd. Actual Return | Wtd. Index Return | Excess Return | Selection Effect | Allocation Effect | Interaction Effects | Total Effects |
|------------------------|-------------------|-------------------|--------------------|-------------------|---------------|------------------|-------------------|---------------------|---------------|
| Equity | 35.0 | 34.0 | -2.5 | -2.7 | 0.3 | 0.1 | 0.0 | 0.0 | 0.1 |
| Core Plus Fixed Income | 11.8 | 17.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credit Fixed Income | 10.6 | 10.0 | -0.3 | -0.4 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Commodities | 5.3 | 5.0 | 18.9 | 24.4 | -5.5 | -0.3 | 0.1 | 0.0 | -0.2 |
| Hedge Funds | 10.1 | 10.0 | -0.5 | 0.4 | -0.9 | -0.1 | 0.0 | 0.0 | -0.1 |
| Alpha Pool | 2.4 | 2.5 | 0.7 | 1.6 | -0.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Core Real Estate | 5.9 | 8.0 | 2.0 | 1.0 | 0.9 | 0.1 | 0.0 | 0.0 | 0.0 |
| Private Real Assets | 4.1 | 4.0 | 0.9 | 1.0 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Private Equity | 5.6 | 6.0 | 3.4 | 3.6 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Private Credit | 6.4 | 6.0 | 1.5 | 1.6 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Opportunistic | 2.2 | 0.0 | 3.2 | 2.4 | 0.8 | 0.0 | 0.1 | 0.0 | 0.1 |
| Total Cash | 0.6 | -2.5 | 0.9 | 0.8 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Fund | 100.0 | 100.0 | 0.7 | 0.7 | -0.1 | -0.2 | 0.1 | 0.0 | -0.1 |

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

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

Kern County Employees' Retirement Association
Period Ending: March 31, 2026



Performance Attribution Fiscal YTD

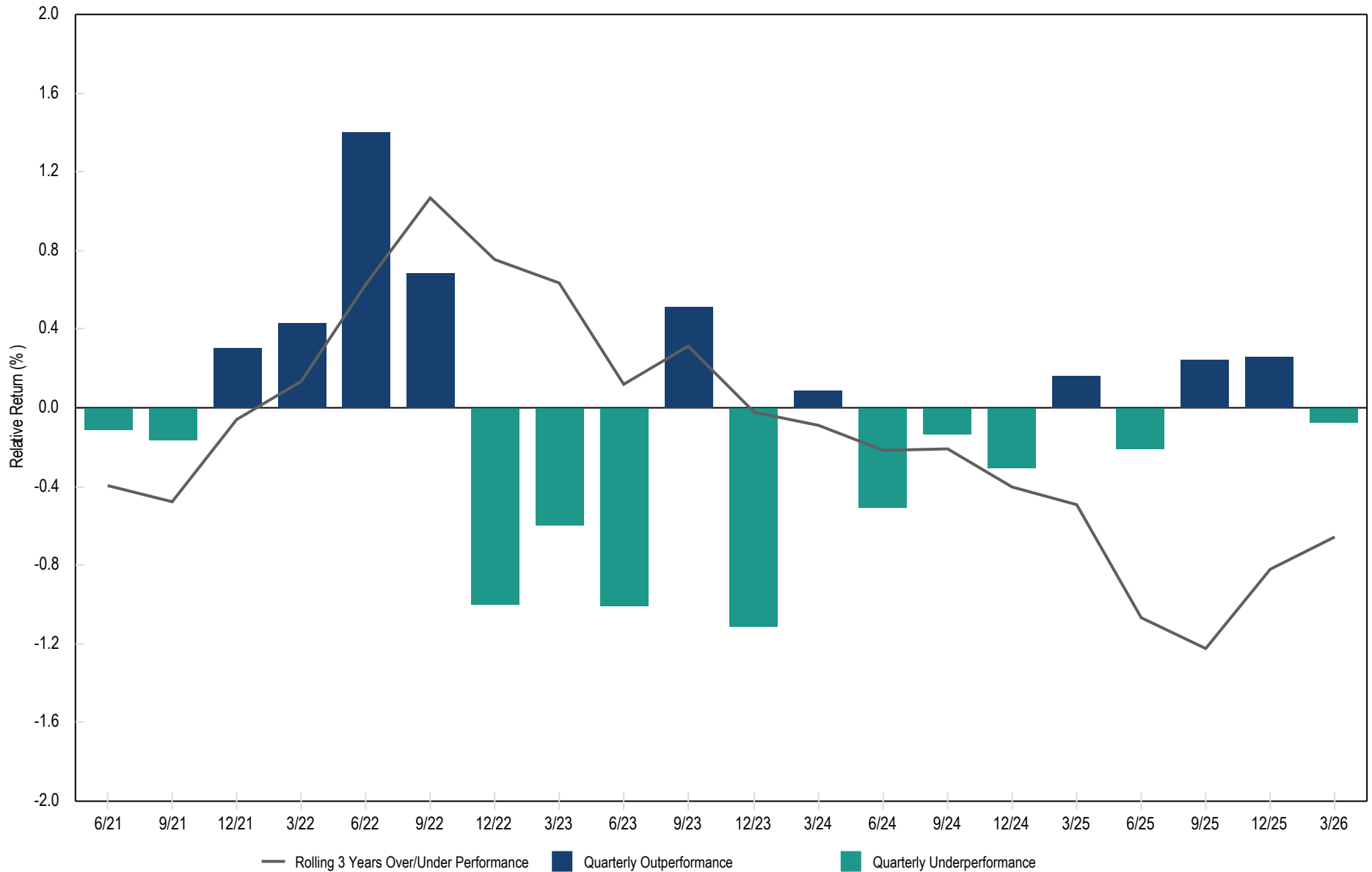
| | Fiscal YTD |
|----------------------|------------|
| Wtd. Actual Return | 7.7 |
| Wtd. Index Return | 7.3 |
| Excess Return | 0.4 |
| Selection Effect | -0.1 |
| Allocation Effect | 0.4 |
| Interaction Effect | 0.2 |

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 | 33.3 | 8.2 | 8.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.1 |
| Core Plus Fixed Income | 11.0 | 17.0 | 3.2 | 3.0 | 0.2 | 0.0 | 0.3 | 0.0 | 0.3 |
| Credit Fixed Income | 10.4 | 10.0 | 4.2 | 3.5 | 0.7 | 0.1 | 0.0 | 0.0 | 0.1 |
| Commodities | 4.4 | 4.3 | 33.9 | 36.5 | -2.6 | -0.2 | 0.1 | 0.0 | -0.1 |
| Hedge Funds | 9.9 | 10.0 | 3.6 | 5.9 | -2.3 | -0.2 | 0.0 | 0.0 | -0.2 |
| Alpha Pool | 2.4 | 2.5 | 5.1 | 5.2 | -0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Midstream Energy | 2.9 | 3.3 | -0.9 | -0.1 | -0.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Core Real Estate | 5.6 | 6.7 | 7.1 | 2.3 | 4.8 | 0.3 | 0.0 | 0.0 | 0.3 |
| Private Real Assets | 4.1 | 4.0 | 6.3 | 6.4 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Private Equity | 5.5 | 5.3 | 11.3 | 11.5 | -0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Private Credit | 6.3 | 6.0 | 6.5 | 6.7 | -0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Opportunistic | 2.4 | 0.0 | 13.4 | 7.4 | 6.0 | 0.0 | 0.1 | 0.0 | 0.1 |
| Total Cash | 0.7 | -2.5 | 11.0 | 2.9 | 8.0 | -0.2 | -0.1 | 0.3 | 0.0 |
| Total Fund | 100.0 | 100.0 | 7.7 | 7.3 | 0.4 | -0.1 | 0.4 | 0.2 | 0.4 |

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.

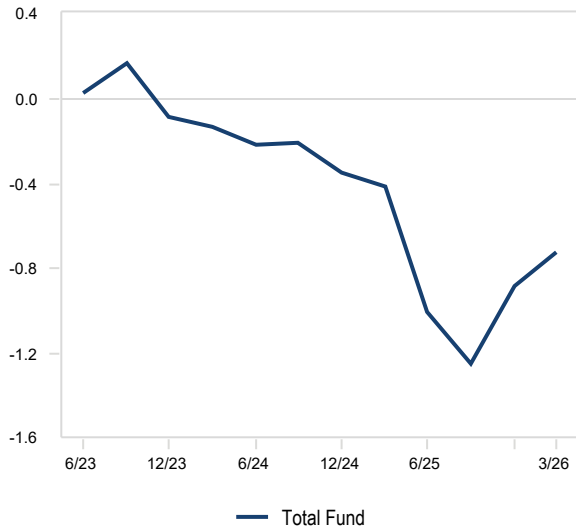
Rolling 3 Year Annualized Excess Performance



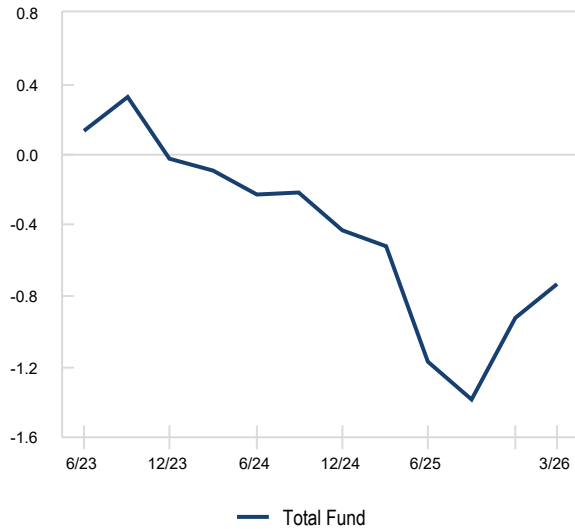
Total Fund
Rolling Risk Statistics: 3 Years (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 2026

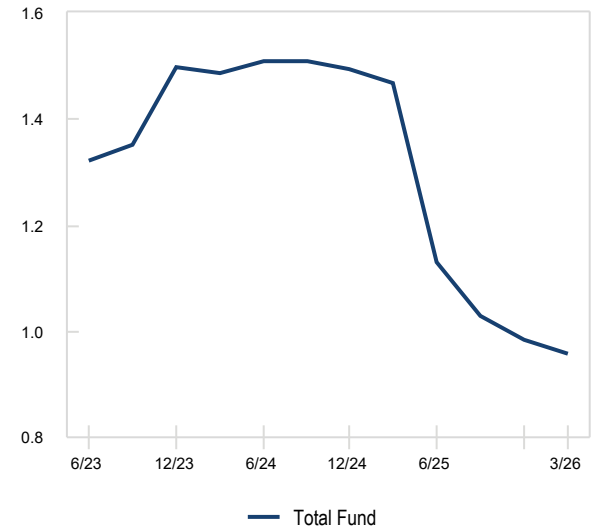
Rolling Information Ratio



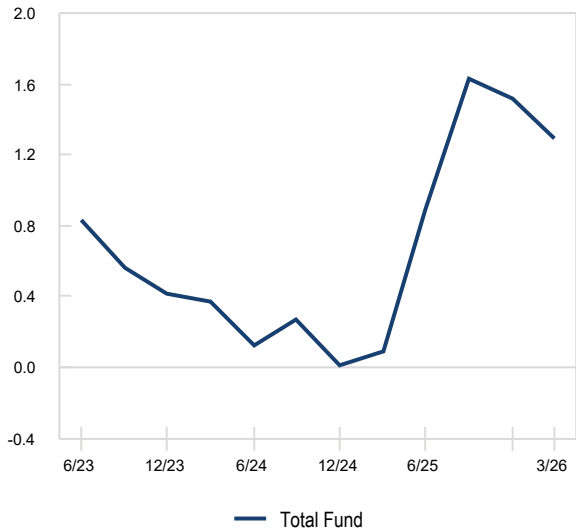
Rolling Annual Excess Benchmark Return



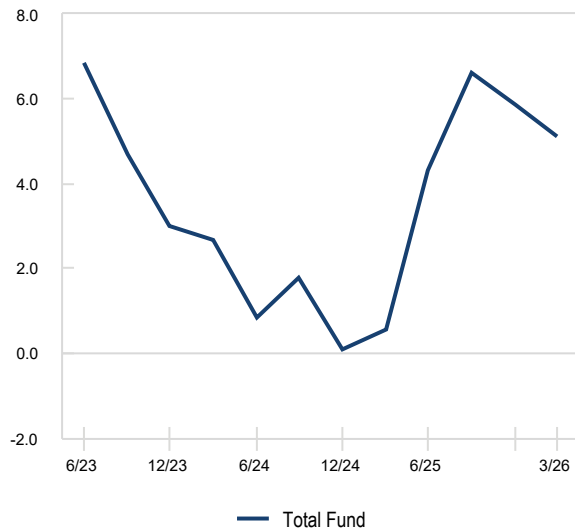
Rolling Tracking Error



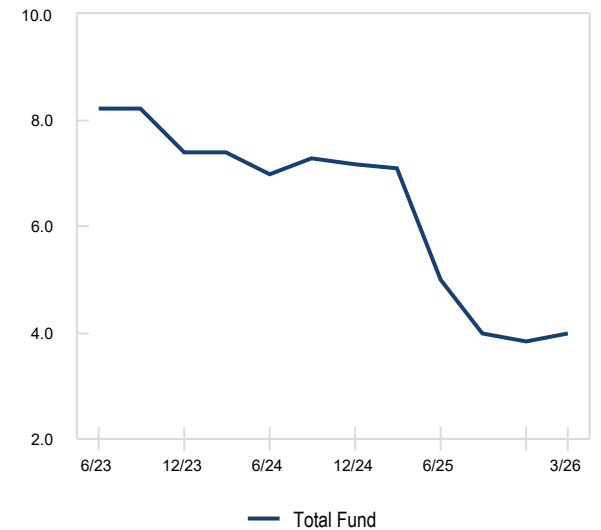
Rolling Sharpe Ratio



Rolling Annual Excess Risk Free Return



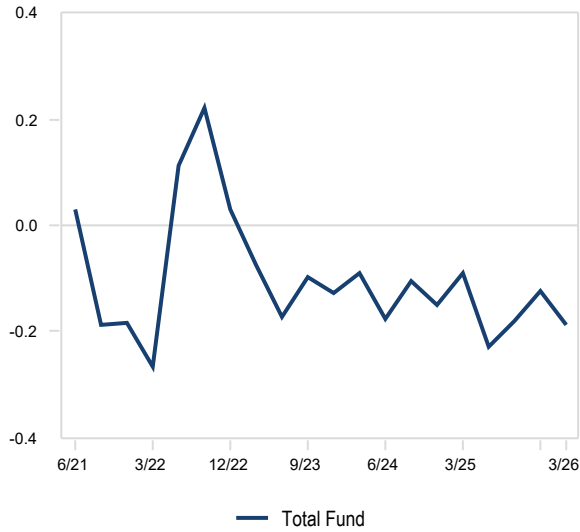
Rolling Annualized Standard Deviation



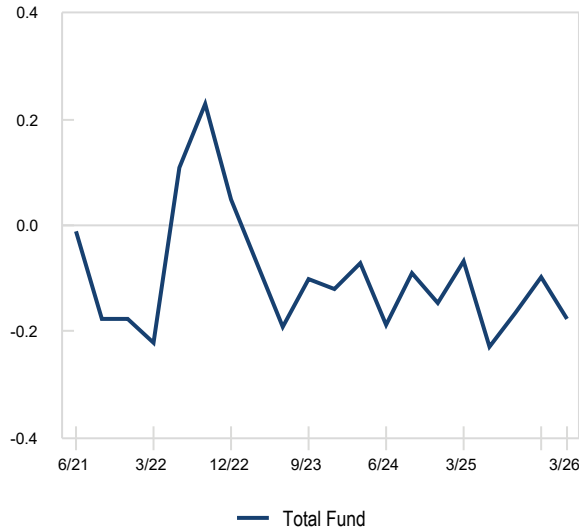
Total Fund
Rolling Risk Statistics: 5 Years (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 2026

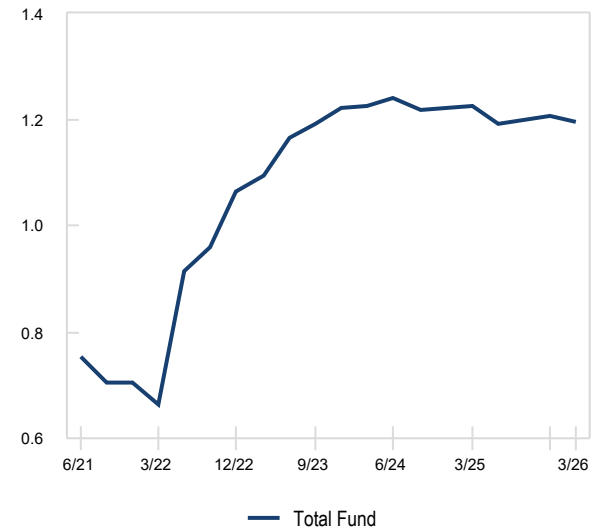
Rolling Information Ratio



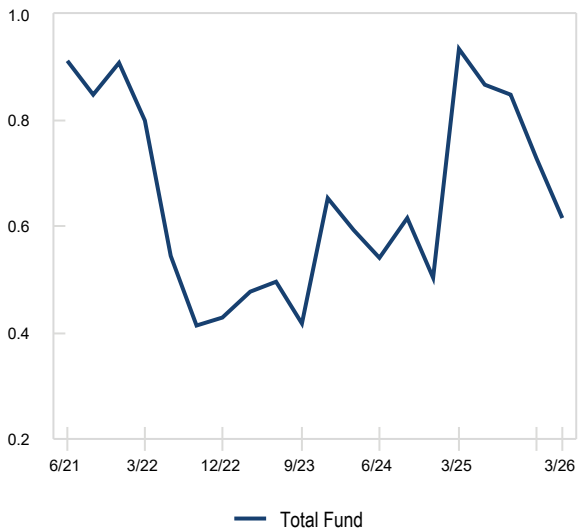
Rolling Annual Excess Benchmark Return



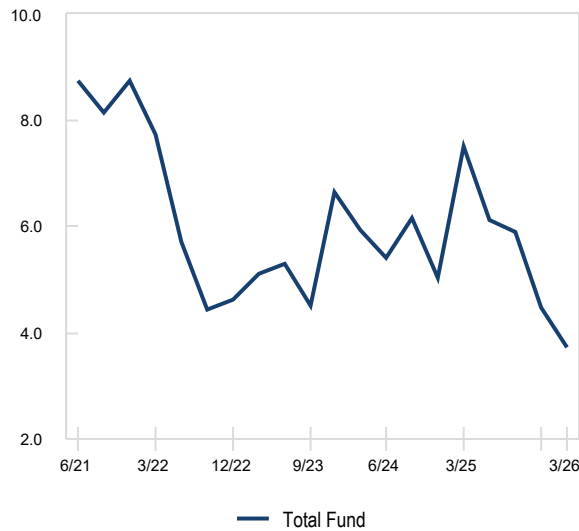
Rolling Tracking Error



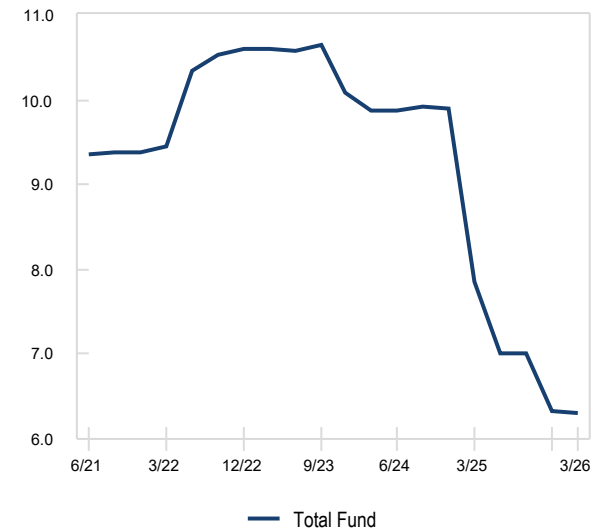
Rolling Sharpe Ratio



Rolling Annual Excess Risk Free Return



Rolling Annualized Standard Deviation



Cash Flows

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: March 31, 2026

| | Estimated Beginning Market Value | Contributions | Withdrawals | Fees | Net Transfers | Net Investment Change | Estimated Ending Market Value |
|--|-------------------------------------|--------------------|---------------------|-----------------|-------------------|--------------------------|----------------------------------|
| Equity | 2,363,025,800 | -70,000,000 | | -228,728 | 20,433,912 | -57,806,203 | 2,255,424,781 |
| Mellon DB SL Stock Index Fund | 787,720,594 | | | | | -34,147,783 | 753,572,812 |
| PIMCO StocksPLUS | 187,403,783 | | | | | -8,607,154 | 178,796,629 |
| Chilton High Conviction Equity | 209,478,959 | | | -183,257 | | -5,959,371 | 203,336,331 |
| Geneva Capital Small Cap Growth | 84,768,895 | | | | | -3,621,549 | 81,147,346 |
| Congress Small Cap Value | | | | | 85,000,000 | -2,969,688 | 82,030,312 |
| Parametric Domestic Overlay | | -44,100,000 | | | | 5,241 | -44,094,759 |
| Russell 2000 Overlay | 42,093,360 | | | | -44,566,088 | 2,472,728 | |
| Mellon DB SL World ex-US Index Fund | 398,614,912 | | | | -10,000,000 | -2,930,676 | 385,684,236 |
| Cevian Capital II | 62,627,091 | | | | | -4,176,561 | 58,450,530 |
| Lazard Japanese Equity | 179,466,395 | | | -145 | -10,000,000 | 1,644,565 | 171,110,814 |
| American Century Non-US Small Cap | 49,966,565 | | | | | 2,838 | 49,969,403 |
| Dalton Japan Long Only | 84,754,601 | | | -45,326 | | 720,306 | 85,429,580 |
| Parametric International Overlay | | -18,200,000 | | | | 2,163 | -18,197,837 |
| Mellon Emerging Markets Stock Index Fund | 12,301,521 | | | | | 30,566 | 12,332,087 |
| ABS Emerging Market Direct | 90,410,348 | | | | | 3,639,309 | 94,049,657 |
| Carrhae Capital Long Master Fund Ltd | 103,106,294 | | | | | -6,484,447 | 96,621,847 |
| DFA Emerging Markets Value I | 70,310,400 | | | | | 2,572,225 | 72,882,625 |
| Parametric EM Overlay | | -7,700,000 | | | | 915 | -7,699,085 |
| Transition Equity | 2,084 | | | | | 169 | 2,253 |
| Fixed Income | 1,502,327,582 | 240,950,706 | -271,962,832 | | 84,535,744 | -1,427,906 | 1,554,423,293 |
| Fixed Income Beta Exposure | 135,768,894 | 240,950,706 | -271,962,832 | | 106,900 | 1,235,853 | 106,099,520 |
| Mellon DB SL Aggregate Bond Index Fund | 164,272,726 | | | | 60,000,000 | -252,784 | 224,019,942 |
| PIMCO Core Plus | 191,410,678 | | | | -192,085,237 | 707,585 | 33,026 |
| Aristotle Short Duration Bond Strategy | 273,915,978 | | | | | 854,090 | 274,770,069 |
| KKR US Broadly Syndicated Loan Fund | 175,662,390 | | | | -3,462,310 | -540,489 | 171,659,591 |
| Guggenheim Structured Credit | 191,145,536 | | | | | 973,446 | 192,118,982 |
| Schroders Credit | 190,863,167 | | | | | 672,980 | 191,536,148 |
| PIMCO EMD | 179,073,997 | | | | | -2,776,994 | 176,297,003 |
| Fidelity Broad Market Duration | | | | | 220,000,000 | -2,298,254 | 217,701,746 |
| Transition Fixed Income | 214,216 | | | | -23,610 | -3,341 | 187,265 |

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: March 31, 2026

| | Estimated Beginning Market Value | Contributions | Withdrawals | Fees | Net Transfers | Net Investment Change | Estimated Ending Market Value |
|--|-------------------------------------|---------------|-------------|-----------------|--------------------|--------------------------|----------------------------------|
| Commodities | 349,228,020 | | | | | 66,821,819 | 416,049,839 |
| Wellington Commodities | 349,228,020 | | | | | 66,821,819 | 416,049,839 |
| Hedge Funds | 690,626,501 | | | -251,084 | 16,272,154 | -3,232,017 | 703,415,554 |
| Aristeia International Limited | 81,923,764 | | | | | 959,578 | 82,883,342 |
| Brevan Howard Fund | 60,374,039 | | | | | -554,759 | 59,819,279 |
| D.E. Shaw Composite Fund | 77,704,657 | | | | | 3,805,133 | 81,509,790 |
| HBK Fund II | 56,954,410 | | | | | 1,067,796 | 58,022,206 |
| Hudson Bay Cap Structure Arbitrage Enhanced Fund | 89,372,360 | | | | | 931,873 | 90,304,233 |
| Indus Pacific Opportunities Fund | 56,254,080 | | | | | 950,828 | 57,204,908 |
| Pharo Macro Fund | 89,672,311 | | | | | 3,928,976 | 93,601,287 |
| PIMCO Commodity Alpha Fund | 77,148,771 | | | | | -17,845,885 | 59,302,886 |
| Elliott Associates | 50,968,385 | | | -251,084 | 16,272,154 | 736,668 | 67,726,123 |
| Hawk Ridge Partners II | 50,253,725 | | | | | 2,787,775 | 53,041,500 |
| Alpha Pool | 166,284,295 | | | | -106,900 | 1,106,789 | 167,284,184 |
| Hudson Bay - Alpha Pool | 40,692,870 | | | | -26,275 | 450,574 | 41,117,169 |
| Davidson Kempner Institutional Partners | 58,922,704 | | | | -38,212 | 912,849 | 59,797,341 |
| HBK Fund II | 21,129,924 | | | | -13,756 | 409,905 | 21,526,073 |
| Garda Fixed Income Relative Value Opportunity Fund | 45,538,796 | | | | -28,657 | -666,539 | 44,843,601 |
| Core Real Estate | 421,568,570 | | | | -19,207,461 | 8,294,508 | 410,445,581 |
| ASB Allegiance Real Estate Fund | 113,715,161 | | | | -9,485,331 | 1,209,917 | 105,439,746 |
| JPMCB Strategic Property Fund | 90,500,718 | | | | -8,736,417 | 1,118,114 | 82,672,380 |
| Blue Owl Real Estate Fund VI | 52,933,164 | | | | 844,602 | 1,494,895 | 55,272,661 |
| Sculptor Diversified REIT | 82,553,001 | | | | -1,267,953 | 2,045,525 | 83,330,573 |
| Hudson Bay Real Estate Opportunities | 38,445,468 | | | | -1,087,386 | 960,780 | 38,318,862 |
| TPG AG Essential Housing III | 25,236,339 | | | | 3,000,000 | 993,919 | 29,230,258 |
| BPC Real Estate Debt Fund LP | 18,184,719 | | | | -2,474,975 | 471,357 | 16,181,101 |

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: March 31, 2026

| | Estimated Beginning Market Value | Contributions | Withdrawals | Fees | Net Transfers | Net Investment Change | Estimated Ending Market Value |
|---|-------------------------------------|---------------|-------------|-----------------|-------------------|--------------------------|----------------------------------|
| Private Real Assets | 284,442,820 | | | -190,582 | 2,906,437 | 2,540,871 | 289,879,831 |
| Invesco Real Estate Value-Add Fund IV | 138,195 | | | | | -138,954 | 123,076 |
| Landmark Real Estate Partners VIII | 29,628,463 | | | | -653,798 | -689,098 | 28,285,567 |
| Long Wharf Real Estate | 26,500,297 | | | | -495,540 | 105,543 | 26,110,300 |
| Covenant Apartment Fund X | 25,282,723 | | | | -51,123 | 250,272 | 25,481,872 |
| Singerman Real Estate Opportunity Fund IV | 24,262,068 | | | | | -490,935 | 23,771,133 |
| LBA Logistics Value Fund IX, L.P. | 23,387,743 | | | | | 828,077 | 24,215,820 |
| Covenant Apartment Fund XI, LP | 31,313,747 | | | | -362,900 | 949,765 | 31,900,612 |
| KSL Capital Partners VI | 8,388,743 | | | | | 48,415 | 8,437,158 |
| Merit Hill Self-Storage V, LP. | 24,186,839 | | | | -1,355,905 | 661,294 | 23,492,228 |
| Juniper Capital IV, L.P | 11,293,956 | | | | | -636,885 | 10,657,071 |
| Landmark Real Estate Partners IX | 14,702,430 | | | | 402,275 | 601,815 | 15,706,520 |
| Juniper High Noon Partners, L.P | 4,977,860 | | | | | -492,501 | 4,485,359 |
| LRAF Holdings 21 Yeti II LP | 17,308,037 | | | | 775,000 | 155,455 | 18,238,492 |
| Post Oak Energy Partners GP V, LP | 34,388,695 | | | -190,582 | 1,406,848 | 1,534,173 | 37,139,134 |
| Covenant Apartment Fund XII | 5,297,607 | | | | 2,061,382 | -89,116 | 7,269,873 |
| Sculptor Real Estate Fund V, LP | 3,385,417 | | | | 1,067,698 | -56,450 | 4,453,115 |
| Singerman Real Estate Opportunity Fund V | | | | | 112,500 | | 112,500 |
| Private Equity | 386,918,517 | | | -500,000 | -9,339,999 | 13,758,918 | 390,533,860 |
| Abbott VI | 6,810,805 | | | | -5,715,367 | -4,192 | 1,091,246 |
| Pantheon Secondary III | 535,597 | | | | | | 535,597 |
| Pantheon V | 30,817 | | | | | | 30,817 |
| Pantheon VI | 311,635 | | | | | | 311,635 |
| Pantheon VII | 3,043,333 | | | | -200,000 | | 2,843,333 |
| Vista Foundation Fund IV | 25,048,003 | | | | 209,926 | 221,897 | 25,479,826 |
| Crown Global Secondaries V Master S.C.Sp | 41,765,834 | | | | -950,000 | 43,198 | 40,859,032 |
| Crown Global Secondaries VI Master S.C.Sp | 10,877,004 | | | | 1,500,000 | 613,208 | 12,990,212 |
| Brighton Park Capital Fund I | 40,398,871 | | | | 262,109 | 1,518,595 | 42,179,575 |
| Warren Equity Partners Fund III | 41,188,703 | | | | -1,376,185 | 2,870,430 | 42,682,948 |
| Peak Rock Capital Fund III | 31,070,989 | | | | -3,309,278 | 1,635,634 | 29,397,345 |
| Level Equity Growth Partners V | 17,013,596 | | | | | 630,510 | 17,644,106 |
| Level Equity Opportunities Fund 2021 | 16,635,402 | | | | | 818,486 | 17,453,888 |
| Linden Capital Partners V LP | 24,256,654 | | | | -623,163 | -342,554 | 23,290,937 |
| Rubicon Technology Partners IV L.P. | 16,818,206 | | | | | 1,588,843 | 18,407,049 |
| OrbiMed Private Investments IX, LP | 6,714,765 | | | | -197,235 | 387,035 | 6,904,565 |

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: March 31, 2026

| | Estimated Beginning Market Value | Contributions | Withdrawals | Fees | Net Transfers | Net Investment Change | Estimated Ending Market Value |
|--|-------------------------------------|---------------|-------------|-----------------|-------------------|--------------------------|----------------------------------|
| Brighton Park Capital Fund II, L.P | 18,592,432 | | | | | 1,685,786 | 20,278,218 |
| Linden Co-Investment V LP | 9,429,334 | | | | -496,137 | -75,761 | 8,857,435 |
| Warren Equity Partners Fund IV | 34,515,771 | | | | | 1,730,577 | 36,246,348 |
| WEP IV TS Co-Investment, L.P. | 11,677,734 | | | | | | 11,677,734 |
| Parthenon Investors VII | 9,851,806 | | | | | 21,434 | 9,873,240 |
| Longreach Capital Partners | 3,910,200 | | | | 979,868 | -309,022 | 4,581,046 |
| Blue Owl Strategic Equity Partners | 5,354,476 | | | | -1,197,385 | 359,962 | 4,517,053 |
| WEP TreeCo Co-Investment, L.P. | 4,562,927 | | | | | -34,767 | 4,528,160 |
| Accel-KKR Capital Partners VII | 3,431,514 | | | -500,000 | 387,528 | 803,576 | 3,819,042 |
| Petershill PES II | 313,903 | | | | | | 313,903 |
| Blue Owl Strategic Equity Holdco LLC | 31,250 | | | | -14,680 | | 16,570 |
| OrbiMed Private Investments X, LP | | | | | 1,400,000 | | 1,400,000 |
| Private Credit | 439,059,768 | | | -228,291 | 13,036,471 | 6,474,894 | 458,693,982 |
| DC Value Recovery Fund IV | 9,067,092 | | | | | 305,184 | 9,372,276 |
| Sixth Street TAO Partners (B) | 45,221,664 | | | | -2,770,993 | 5,575,490 | 48,026,161 |
| Brookfield Real Estate Finance Fund V | 5,479,891 | | | | -153,632 | 362,322 | 5,688,581 |
| Magnetar Constellation Fund V | 9,475,877 | | | | | -285,838 | 9,190,039 |
| H.I.G. Bayside Loan Opportunity Fund V | 34,092,554 | | | | -369,077 | -442,950 | 33,280,527 |
| Blue Torch Credit Opportunities Fund II | 12,117,021 | | | | | -349,279 | 11,767,742 |
| Fortress Credit Opportunites Fund V Expansion | 32,514,475 | | | | -2,950,260 | 581,084 | 30,145,299 |
| Fortress Lending Fund II | 11,959,443 | | | | -1,739,941 | 80,374 | 10,299,876 |
| Blue Torch Credit Opportunities Fund III | 35,822,237 | | | | -554,083 | 918,741 | 36,186,895 |
| Fortress Lending Fund III | 20,780,748 | | | | -1,984,405 | 1,664,814 | 20,461,157 |
| OrbiMed Royalty & Credit Opportunities IV | 14,592,143 | | | | -2,531,753 | 1,223,734 | 13,284,124 |
| Cerberus Business Finance V | 27,755,298 | | | -228,291 | -5,862,273 | 592,795 | 22,257,529 |
| Silver Point Specialty Credit Fund III, L.P. | 13,872,317 | | | | 370,886 | 406,158 | 14,649,361 |
| Ares Pathfinder II | 17,605,164 | | | | -209,154 | 460,087 | 17,856,097 |
| Oak Hill Advisors Structured Products Fund III, L.P. | 19,963,374 | | | | 2,500,000 | -2,642,542 | 19,820,832 |
| ITE Rail Fund, L.P | 41,702,227 | | | | -614,706 | 857,824 | 41,945,345 |
| Ares Senior Direct Lending Fund III LP | 11,661,333 | | | | 1,628,409 | 319,770 | 13,609,511 |
| HPS Special Situations Opportunity Fund II, L.P. | 11,676,034 | | | | 2,557,697 | 326,921 | 14,560,652 |
| Castlelake Aviation V Stable Yield, L.P. | 5,844,577 | | | | 1,990,595 | 241,717 | 8,076,889 |
| Fortress Credit Opportunites Fund VI Expansion | 10,632,544 | | | | | 109,265 | 10,741,809 |
| Quantum Capital Solutions II | 14,751,050 | | | | 5,959,985 | 336,849 | 21,047,884 |
| Quantum Capital Solutions II Co-Investment Fund, LP | 2,922,954 | | | | 1,159,368 | 187,273 | 4,269,595 |

Total Fund
Net Cash Flow: Last 1 Quarter

Kern County Employees' Retirement Association
Period Ending: March 31, 2026

| | Estimated Beginning Market Value | Contributions | Withdrawals | Fees | Net Transfers | Net Investment Change | Estimated Ending Market Value |
|--|-------------------------------------|-------------------|--------------------|----------------|--------------------|--------------------------|----------------------------------|
| Blue Torch Credit Opportunities Fund IV | 5,830,933 | | | | 1,529,077 | 263,490 | 7,623,500 |
| Opportunistic | 152,919,596 | | | | -22,082,072 | 4,922,984 | 135,760,509 |
| Sixth Street TAO Partners (D) | 62,017,322 | | | | -5,590,965 | 3,855,919 | 60,282,276 |
| Aristeia Select Opportunities II | 63,615,422 | | | | | 386,079 | 64,001,501 |
| Hudson Bay Special Opportunities Fund LP | 12,568,393 | | | | -3,260,831 | 666,365 | 9,973,927 |
| Pharo Opportunities Fund SPC | 13,960,900 | | | | -13,943,190 | -17,710 | |
| BPC Real Estate Debt Fund Co-Investment | 757,559 | | | | 712,915 | 32,331 | 1,502,805 |
| Cash | 174,887,067 | 1,187,337 | -15,814,892 | -13,775 | -8,698,240 | 1,249,241 | 153,162,713 |
| Short Term Investment Funds | 100,825,661 | 1,187,337 | -15,814,892 | -13,775 | -8,698,240 | 582,930 | 78,434,996 |
| BlackRock Short Duration Fund | 74,061,406 | | | | | 666,311 | 74,727,717 |
| Other | -158,755,314 | 88,347,313 | 56,459,465 | | 44,566,088 | | 30,617,552 |
| Parametric Cash Overlay | 15,948,282 | 4,803,691 | -4,480,465 | | 40,837,088 | | 57,108,598 |
| Goldman Sachs Cash Account | 240,657 | 4,172,953 | -1,982,128 | | | | 2,431,482 |
| Futures Offset | -177,862,254 | 78,901,669 | 62,922,057 | | | | -36,038,528 |
| Collateral Cash | 2,918,000 | 469,000 | | | 3,729,000 | | 7,116,000 |

Total Fund
Cash Flow History

Kern County Employees' Retirement Association
Period Ending: March 31, 2026

Portfolio Reconciliation

| | 3 Mo | Fiscal YTD | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs |
|------------------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
| Beginning Market Value | 6,891,986,768 | 6,444,640,714 | 6,190,407,316 | 5,240,888,799 | 5,116,318,382 | 3,500,639,098 |
| Contributions | 1,619,641,401 | 3,345,541,233 | 4,723,092,011 | 10,141,282,636 | 16,990,874,385 | 25,367,124,858 |
| Withdrawals | -1,590,474,303 | -3,323,665,340 | -4,734,329,302 | -10,174,656,114 | -17,188,053,338 | -25,938,705,251 |
| Fees | -1,412,460 | -2,996,953 | -3,369,298 | -5,571,165 | -28,041,560 | -101,629,557 |
| Net Cash Flows | 29,167,097 | 21,875,893 | -11,237,291 | -33,373,478 | -197,178,953 | -571,580,393 |
| Net Investment Change | 44,540,196 | 499,177,454 | 786,524,036 | 1,758,178,740 | 2,046,554,633 | 4,036,635,355 |
| Ending Market Value | 6,965,694,061 | 6,965,694,061 | 6,965,694,061 | 6,965,694,061 | 6,965,694,061 | 6,965,694,061 |
| Net Change \$ | 73,707,293 | 521,053,348 | 775,286,745 | 1,724,805,262 | 1,849,375,679 | 3,465,054,963 |

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

Risk Metrics

Total Fund
Actual Correlation Matrix

Kern County Employees' Retirement Association
Period Ending: March 31, 2026

Correlation Matrix
3 Years Ending March 31, 2026

| | A | B | C | D | E | F | G | H | I | J | K | L |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| A | 1.00 | | | | | | | | | | | |
| B | 0.97 | 1.00 | | | | | | | | | | |
| C | 0.89 | 0.93 | 1.00 | | | | | | | | | |
| D | 0.90 | 0.91 | 0.71 | 1.00 | | | | | | | | |
| E | 0.75 | 0.76 | 0.56 | 0.77 | 1.00 | | | | | | | |
| F | 0.80 | 0.76 | 0.67 | 0.75 | 0.52 | 1.00 | | | | | | |
| G | 0.73 | 0.67 | 0.58 | 0.70 | 0.44 | 0.98 | 1.00 | | | | | |
| H | 0.82 | 0.80 | 0.78 | 0.72 | 0.52 | 0.89 | 0.81 | 1.00 | | | | |
| I | 0.89 | 0.87 | 0.75 | 0.84 | 0.72 | 0.90 | 0.83 | 0.84 | 1.00 | | | |
| J | 0.10 | -0.01 | -0.09 | 0.03 | 0.20 | -0.08 | -0.12 | -0.06 | 0.03 | 1.00 | | |
| K | 0.60 | 0.63 | 0.49 | 0.68 | 0.61 | 0.40 | 0.37 | 0.39 | 0.52 | -0.15 | 1.00 | |
| L | -0.14 | -0.24 | -0.28 | -0.17 | -0.09 | -0.20 | -0.20 | -0.26 | -0.17 | 0.16 | -0.23 | 1.00 |

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

Low Interaction
 Moderate Interaction
 Moderate to High Interaction
 High Interaction

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

Kern County Employees' Retirement Association
Period Ending: March 31, 2026

| | 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 | 0.4 | 0.9 | 1.0 | 10.0 | -0.6 | -0.7 | 1.1 | 1.0 | 5.1 | 5.2 | 1.6 | 93.3 | 93.3 |
| Equity | -0.7 | 1.0 | 1.0 | 15.1 | -0.7 | -1.1 | 1.3 | 0.9 | 10.2 | 11.6 | 1.4 | 97.5 | 102.9 |
| Domestic Equity | -1.4 | 1.0 | 1.0 | 16.1 | -1.6 | -1.9 | 1.0 | 0.9 | 11.1 | 12.3 | 1.5 | 95.8 | 104.5 |
| International Developed Equity | 0.1 | 1.0 | 1.0 | 13.8 | -0.2 | -0.4 | 1.9 | 0.7 | 9.2 | 13.0 | 1.0 | 97.9 | 98.9 |
| Emerging Markets Equity | 2.1 | 1.0 | 1.0 | 16.7 | 0.8 | 2.0 | 2.1 | 0.8 | 12.0 | 14.8 | 1.2 | 103.3 | 94.2 |
| Fixed Income | 0.0 | 1.0 | 1.0 | 5.0 | -0.2 | -0.1 | 0.5 | 0.1 | 0.3 | 4.9 | 0.1 | 99.4 | 100.7 |
| Core Fixed Income | -0.1 | 1.0 | 1.0 | 3.3 | -0.6 | -0.3 | 0.5 | -0.2 | -1.2 | 5.3 | -0.3 | 95.3 | 97.4 |
| High Yield/ Specialty Credit | 1.1 | 0.7 | 0.9 | 7.0 | -0.8 | -1.5 | 1.7 | 0.7 | 2.2 | 3.3 | 1.2 | 78.5 | 63.4 |
| Emerging Market Debt | 1.0 | 1.0 | 1.0 | 8.9 | 0.5 | 0.7 | 1.3 | 0.6 | 4.2 | 6.9 | 0.9 | 100.8 | 91.6 |
| Commodities | 5.6 | 0.7 | 0.8 | 16.2 | 0.3 | 2.3 | 5.7 | 1.1 | 11.0 | 10.1 | 2.1 | 87.9 | 50.6 |
| Hedge Funds | 1.6 | 0.5 | 0.4 | 7.4 | -1.3 | -3.5 | 2.4 | 1.0 | 2.6 | 2.6 | 1.3 | 63.3 | -1.1 |
| Alpha Pool | 26.9 | -2.4 | 0.1 | 3.5 | -2.6 | -5.4 | 2.0 | -0.6 | -1.2 | 1.9 | -0.7 | 40.3 | - |
| Core Real Estate | -2.1 | 1.5 | 0.8 | -5.1 | -0.8 | -3.1 | 3.6 | -1.4 | -9.7 | 6.6 | -1.4 | 123.0 | 187.6 |
| Private Real Assets | 0.0 | 1.0 | 1.0 | -0.3 | -0.6 | 0.0 | 0.0 | -1.3 | -4.9 | 3.7 | -1.4 | 99.3 | 100.0 |
| Private Equity | 0.0 | 1.0 | 1.0 | 11.9 | -0.8 | -0.1 | 0.1 | 1.4 | 6.7 | 4.6 | 5.0 | 99.5 | 100.0 |
| Private Credit | -0.1 | 1.0 | 1.0 | 10.7 | -2.8 | -0.1 | 0.0 | 1.2 | 5.7 | 4.6 | 5.5 | 99.3 | 110.3 |
| Opportunistic | - | - | - | 11.8 | 0.2 | 1.8 | 8.5 | 0.8 | 6.9 | 8.5 | 1.5 | 120.6 | - |

Risk Return Statistics: Last Three Years

Period Ending: March 31, 2026

| | 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 | 21 | 21 | 28 | 28 | 26 | 26 |
| Down Market Periods | 10 | 10 | 15 | 15 | 8 | 8 | 10 | 10 |
| Maximum Return | 8.39 | 9.24 | 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 | 15.14 | 16.24 | 3.34 | 3.63 | 7.04 | 8.50 | 8.91 | 8.17 |
| Excess Return | 10.22 | 11.19 | -1.20 | -0.91 | 2.24 | 3.64 | 4.16 | 3.49 |
| Excess Performance | -1.09 | 0.00 | -0.29 | 0.00 | -1.46 | 0.00 | 0.74 | 0.00 |
| RISK SUMMARY STATISTICS | | | | | | | | |
| Beta | 0.98 | 1.00 | 0.96 | 1.00 | 0.70 | 1.00 | 0.96 | 1.00 |
| Upside Risk | 10.34 | 10.74 | 4.38 | 4.63 | 3.60 | 4.69 | 6.25 | 6.07 |
| Downside Risk | 6.79 | 6.62 | 3.21 | 3.25 | 1.28 | 1.62 | 3.79 | 4.23 |
| RISK/RETURN SUMMARY STATISTICS | | | | | | | | |
| Standard Deviation | 11.60 | 11.76 | 5.34 | 5.55 | 3.26 | 4.34 | 6.85 | 7.02 |
| Alpha | -0.66 | 0.00 | -0.14 | 0.00 | 1.07 | 0.00 | 1.00 | 0.00 |
| Sharpe Ratio | 0.88 | 0.95 | -0.23 | -0.16 | 0.70 | 0.85 | 0.61 | 0.50 |
| Excess Risk | 11.57 | 11.73 | 5.34 | 5.55 | 3.21 | 4.29 | 6.83 | 7.00 |
| Tracking Error | 1.32 | 0.00 | 0.52 | 0.00 | 1.73 | 0.00 | 1.26 | 0.00 |
| Information Ratio | -0.74 | - | -0.56 | - | -0.81 | - | 0.53 | - |
| CORRELATION STATISTICS | | | | | | | | |
| R-Squared | 0.99 | 1.00 | 0.99 | 1.00 | 0.87 | 1.00 | 0.97 | 1.00 |
| Actual Correlation | 0.99 | 1.00 | 1.00 | 1.00 | 0.94 | 1.00 | 0.98 | 1.00 |

Risk Return Statistics: Last Three Years

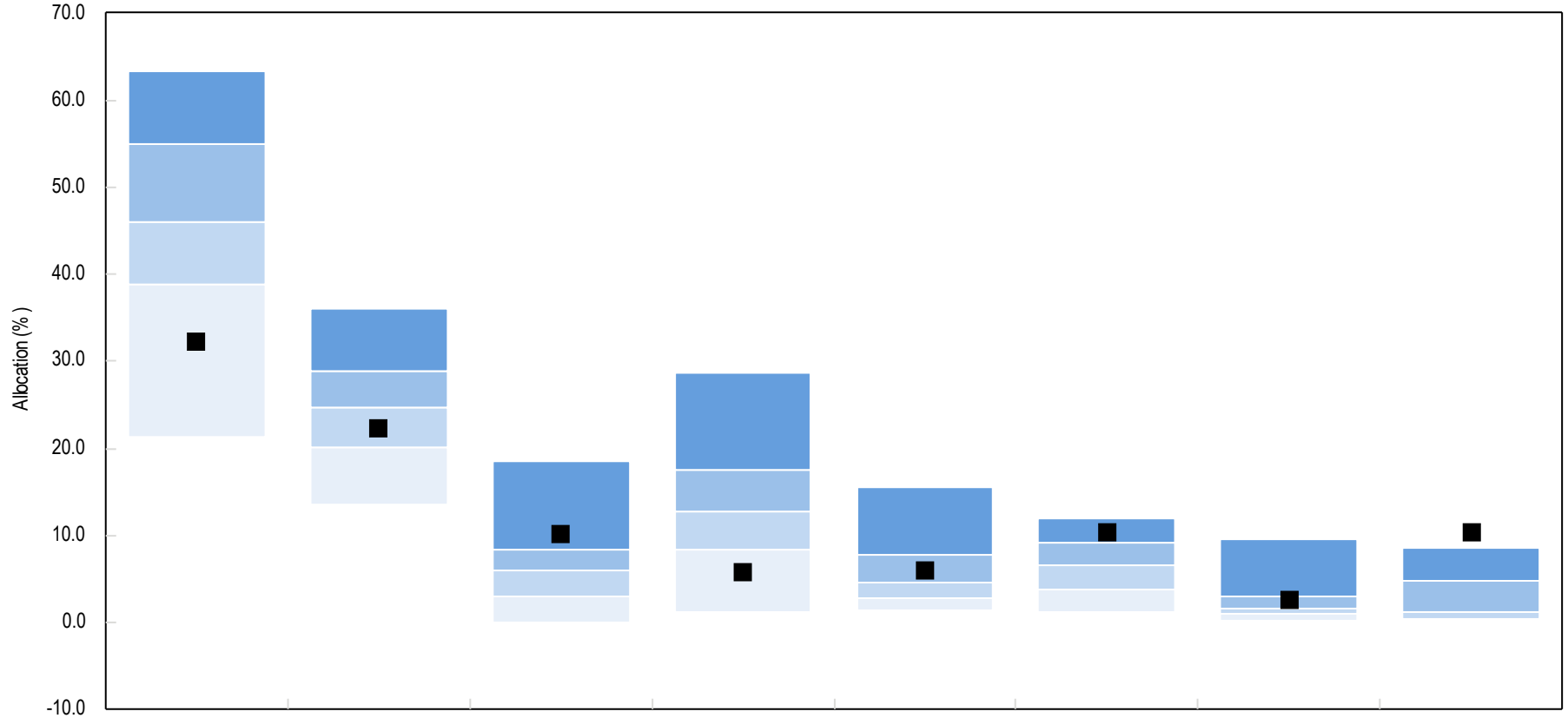
Period Ending: March 31, 2026

| | 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 | 31 | 31 | 36 | 36 |
| Down Market Periods | 14 | 14 | 8 | 8 | 5 | 5 | 0 | 0 |
| Maximum Return | 6.99 | 11.50 | 1.99 | 2.89 | 2.53 | 1.25 | 10.18 | 0.80 |
| Minimum Return | -5.48 | -5.64 | -2.82 | -1.33 | -6.33 | -4.83 | -6.31 | 0.80 |
| Return | 16.18 | 13.88 | 7.45 | 10.93 | -5.12 | -2.00 | 11.78 | 10.00 |
| Excess Return | 10.96 | 9.17 | 2.60 | 5.82 | -9.66 | -6.58 | 6.91 | 4.93 |
| Excess Performance | 2.29 | 0.00 | -3.48 | 0.00 | -3.12 | 0.00 | 1.78 | 0.00 |
| RISK SUMMARY STATISTICS | | | | | | | | |
| Beta | 0.73 | 1.00 | 0.54 | 1.00 | 1.50 | 1.00 | - | - |
| Upside Risk | 10.02 | 11.65 | 2.87 | 4.10 | 2.68 | 1.47 | 8.12 | 2.76 |
| Downside Risk | 4.70 | 5.59 | 1.64 | 0.88 | 6.20 | 3.65 | 4.12 | 0.00 |
| RISK/RETURN SUMMARY STATISTICS | | | | | | | | |
| Standard Deviation | 10.10 | 12.29 | 2.56 | 2.91 | 6.60 | 3.89 | 8.48 | 0.00 |
| Alpha | 5.63 | 0.00 | 1.60 | 0.00 | -2.09 | 0.00 | - | - |
| Sharpe Ratio | 1.08 | 0.74 | 1.04 | 2.03 | -1.44 | -1.65 | 0.81 | 23.57 |
| Excess Risk | 10.17 | 12.37 | 2.51 | 2.87 | 6.71 | 3.99 | 8.51 | 0.21 |
| Tracking Error | 5.67 | 0.00 | 2.42 | 0.00 | 3.64 | 0.00 | 8.48 | 0.00 |
| Information Ratio | 0.32 | - | -1.33 | - | -0.85 | - | 0.23 | - |
| CORRELATION STATISTICS | | | | | | | | |
| R-Squared | 0.79 | 1.00 | 0.38 | 1.00 | 0.78 | 1.00 | - | - |
| Actual Correlation | 0.89 | 1.00 | 0.61 | 1.00 | 0.88 | 1.00 | - | - |

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

Peer Comparison

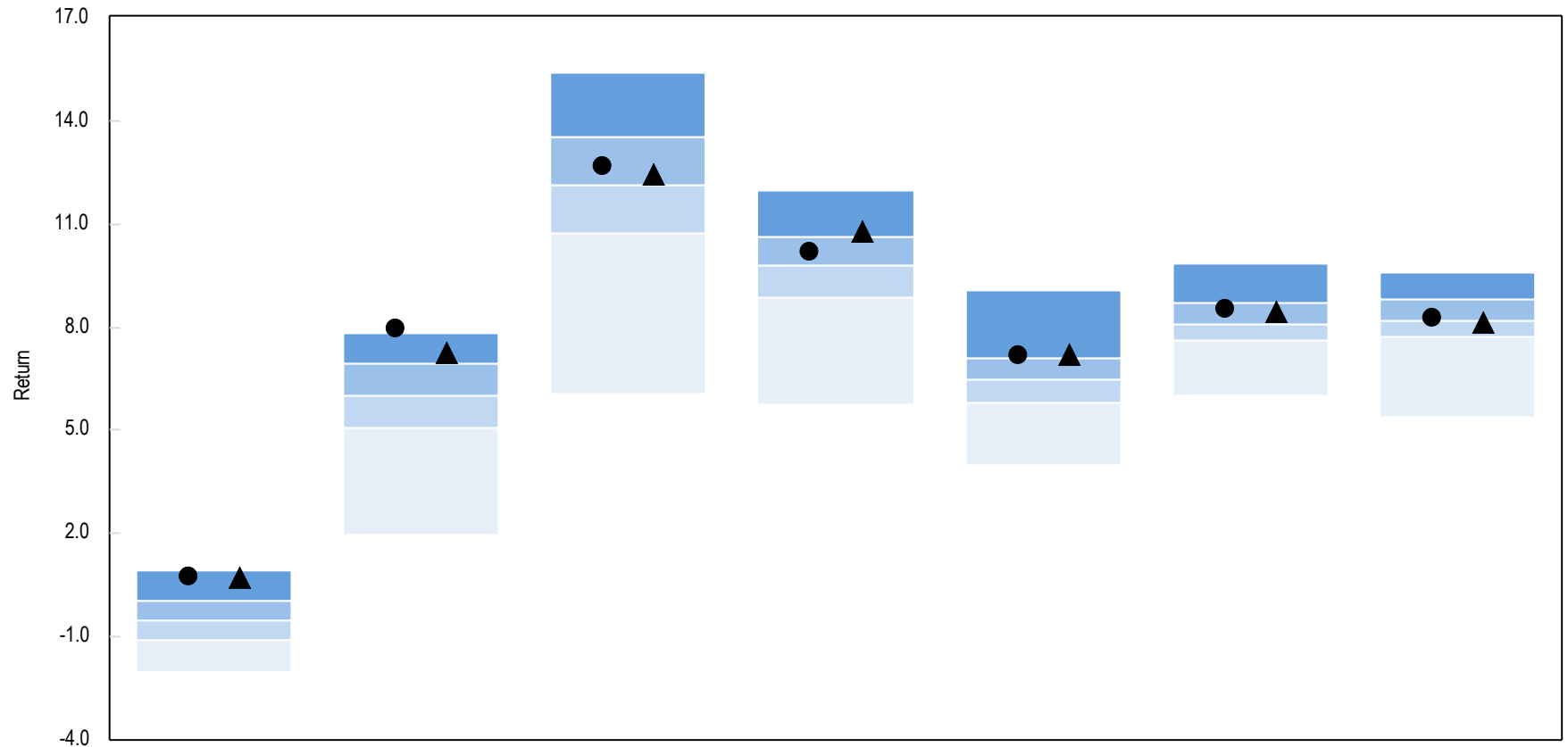
Total Plan Allocation vs. InvMetrics Public DB > \$1B
As of March 31, 2026



| | Total Equity | Total Fixed Income | Hedge Funds | Private Equity | Real Assets/Commod | Real Estate - Private | Cash & Equivalents | Other |
|-----------------|--------------|--------------------|-------------|----------------|--------------------|-----------------------|--------------------|----------|
| ■ Total Fund | 32.4 (86) | 22.3 (64) | 10.1 (19) | 5.7 (87) | 6.0 (35) | 10.4 (11) | 2.6 (33) | 10.4 (1) |
| 5th Percentile | 63.4 | 36.2 | 18.5 | 28.7 | 15.6 | 12.0 | 9.6 | 8.6 |
| 1st Quartile | 55.1 | 28.9 | 8.4 | 17.6 | 7.8 | 9.2 | 3.1 | 4.7 |
| Median | 46.0 | 24.7 | 5.9 | 12.7 | 4.6 | 6.6 | 1.7 | 1.1 |
| 3rd Quartile | 38.9 | 20.1 | 3.0 | 8.5 | 2.7 | 3.7 | 0.9 | 0.5 |
| 95th Percentile | 21.2 | 13.5 | 0.0 | 1.1 | 1.4 | 1.1 | 0.2 | 0.1 |
| Population | 109 | 109 | 49 | 98 | 71 | 89 | 105 | 24 |

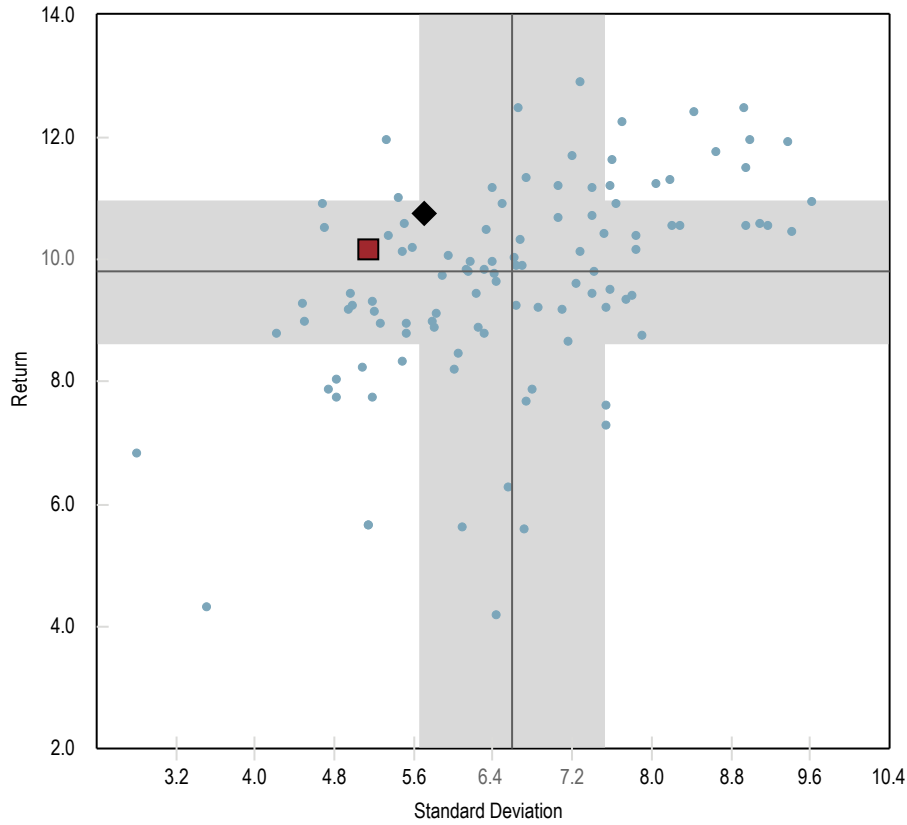
Parentheses contain percentile rankings. Other contains Alpha Pool, Opportunistic, and Private Credit. Real Estate contains Private and Core Real Estate. Real Assets contain Commodities.

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



| | Quarter | Fiscal YTD | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years |
|-----------------|---------|------------|-----------|-----------|----------|----------|----------|
| ● Total Fund | 0.7 (7) | 8.0 (4) | 12.7 (41) | 10.2 (39) | 7.2 (21) | 8.6 (30) | 8.3 (42) |
| ▲ Policy Index | 0.7 (7) | 7.3 (17) | 12.4 (45) | 10.8 (24) | 7.2 (21) | 8.4 (34) | 8.1 (53) |
| 5th Percentile | 0.9 | 7.8 | 15.4 | 12.0 | 9.1 | 9.9 | 9.6 |
| 1st Quartile | 0.0 | 7.0 | 13.5 | 10.6 | 7.1 | 8.7 | 8.8 |
| Median | -0.5 | 6.0 | 12.1 | 9.8 | 6.5 | 8.1 | 8.2 |
| 3rd Quartile | -1.1 | 5.1 | 10.7 | 8.9 | 5.8 | 7.6 | 7.7 |
| 95th Percentile | -2.0 | 1.9 | 6.1 | 5.8 | 4.0 | 6.0 | 5.4 |
| Population | 104 | 104 | 104 | 104 | 102 | 101 | 99 |

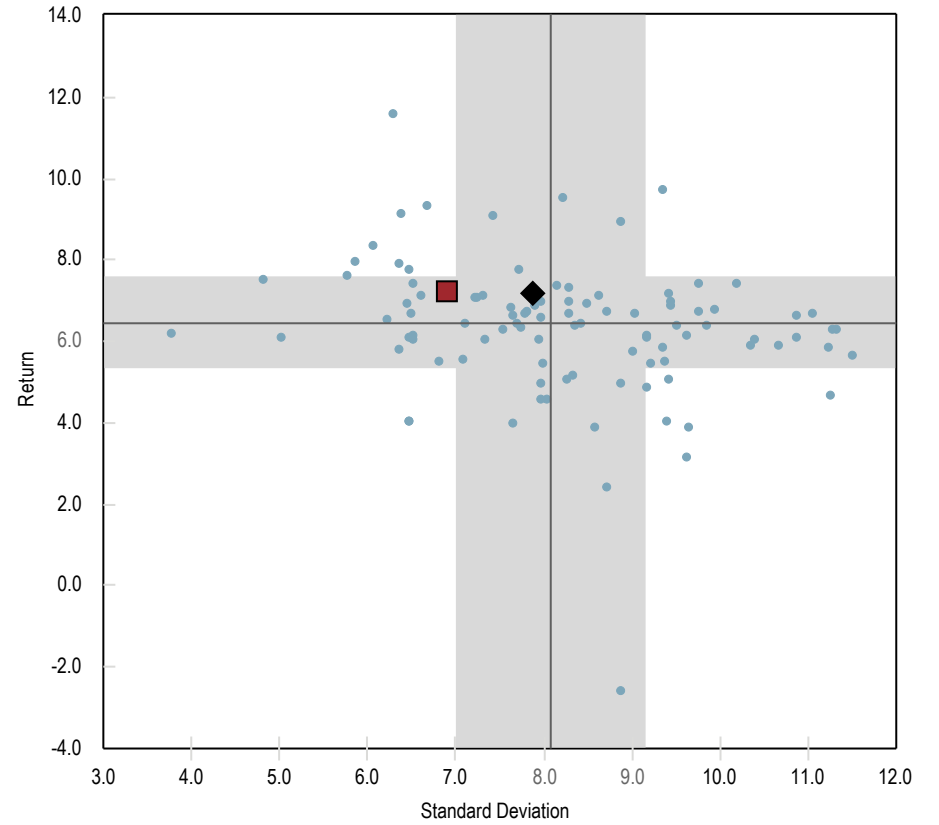
Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2026



● InvMetrics Public DB > \$1B

| | Return | Standard Deviation |
|----------------|--------|--------------------|
| ■ Total Fund | 10.19 | 5.14 |
| ◆ Policy Index | 10.78 | 5.70 |
| — Median | 9.80 | 6.58 |
| Population | 104 | 104 |

Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2026



● InvMetrics Public DB > \$1B

| | Return | Standard Deviation |
|----------------|--------|--------------------|
| ■ Total Fund | 7.21 | 6.90 |
| ◆ Policy Index | 7.18 | 7.86 |
| — Median | 6.47 | 8.08 |
| Population | 102 | 102 |

Other

Total Fund
Quarterly Historical Returns (Net of Fees)

Kern County Employees' Retirement Association
Period Ending: March 31, 2026

| | 2026 Q1 | 2025 Q4 | 2025 Q3 | 2025 Q2 | 2025 Q1 | 2024 Q4 | 2024 Q3 | 2024 Q2 | 2024 Q1 | 2023 Q4 | 2023 Q3 | 2023 Q2 |
|---------------------|------------|------------|------------|------------|------------|-------------|------------|------------|------------|------------|-------------|------------|
| Total Fund | 0.7 | 2.4 | 4.5 | 4.6 | 1.6 | -0.4 | 4.8 | 1.2 | 3.8 | 5.1 | -0.9 | 1.9 |
| <i>Policy Index</i> | <i>0.7</i> | <i>2.2</i> | <i>4.2</i> | <i>4.8</i> | <i>1.4</i> | <i>-0.1</i> | <i>4.9</i> | <i>1.8</i> | <i>3.7</i> | <i>6.2</i> | <i>-1.4</i> | <i>2.9</i> |

| | 2023 Q1 | 2022 Q4 | 2022 Q3 | 2022 Q2 | 2022 Q1 | 2021 Q4 | 2021 Q3 | 2021 Q2 | 2021 Q1 | 2020 Q4 | 2020 Q3 | 2020 Q2 |
|---------------------|------------|------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|------------|-------------|
| Total Fund | 3.2 | 4.5 | -3.1 | -7.5 | -0.8 | 3.6 | 0.5 | 5.5 | 3.5 | 8.8 | 4.4 | 10.7 |
| <i>Policy Index</i> | <i>3.8</i> | <i>5.5</i> | <i>-3.8</i> | <i>-8.9</i> | <i>-1.3</i> | <i>3.3</i> | <i>0.7</i> | <i>5.6</i> | <i>3.2</i> | <i>8.8</i> | <i>4.5</i> | <i>10.1</i> |

| | 2020 Q1 | 2019 Q4 | 2019 Q3 | 2019 Q2 | 2019 Q1 | 2018 Q4 | 2018 Q3 | 2018 Q2 | 2018 Q1 | 2017 Q4 | 2017 Q3 | 2017 Q2 |
|---------------------|--------------|------------|------------|------------|------------|-------------|------------|------------|-------------|------------|------------|------------|
| Total Fund | -11.3 | 4.6 | 0.2 | 3.1 | 6.8 | -6.4 | 2.3 | 0.3 | -0.1 | 3.0 | 3.2 | 2.7 |
| <i>Policy Index</i> | <i>-11.1</i> | <i>4.6</i> | <i>0.8</i> | <i>3.0</i> | <i>7.0</i> | <i>-5.5</i> | <i>2.2</i> | <i>0.7</i> | <i>-0.1</i> | <i>3.1</i> | <i>3.0</i> | <i>2.7</i> |

Total Fund Data Sources and Methodology

Kern County Employees' Retirement Association Period Ending: March 31, 2026

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

Total Fund Data Sources and Methodology

Kern County Employees' Retirement Association Period Ending: March 31, 2026

| Policy & Custom Index Composition | |
|-------------------------------------|---|
| 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, 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%, 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% 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 BofAML 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), 6% 90 Day T-Bill + 3%, 5% Alerian Midstream Energy Index, 5% NCREIF-ODCE Gross Monthly, 5% actual time-weighted Private Equity Returns*, 6% 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 BofAML 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), 6% 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 BofAML 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 (Net), 19% Bloomberg US Aggregate, 6% Ice BofAML 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 BofAML 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 BofAML 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 BofAML 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 BofAML 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 BofAML 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 BofAML 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*, 6% Bloomberg US Aggregate*. |
| Policy Index: 1/1/2019-3/31/2019 | 37% MSCI ACWI IMI, 19% Bloomberg US Aggregate, 6% Ice BofAML 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 BofAML 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 BofAML 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: $\text{Portfolio Return} - [\text{Risk free Rate} + \text{Portfolio Beta} \times (\text{Market Return} - \text{Risk free Rate})]$.

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: $\text{Portfolio Excess Return} / \text{Portfolio Standard Deviation}$.

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.

Disclosure

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Disclosure

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Net-of-Fees Returns mean gross-of-fees returns reduced by fees and expenses charged by third-party investment managers on the products of such managers held by client.

Net-of-Fees Returns does not include a reduction of returns for CPIC' investment management and consulting fees, or other expenses incurred by the asset owner, fund or plan.

CPIC receives universe data from InvMetrics, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. CPIC will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.

ALTERNATIVE INVESTMENTS RECORDS

EXEMPT FROM PUBLIC DISCLOSURE

**(California Government Code Section 7928.710)
(California Government Code Section 7922.000)
(California Government Code Section 54957.5)**

DO NOT REPRODUCE

DO NOT DISTRIBUTE



Organizational Landscape and Budget Governance

Presented by:

Dominic D. Brown

Chief Executive Officer

June 10, 2026



Governance & Budget

- KCERA was established under the provisions of the County Employee Retirement Law of 1937 (CERL) by resolution of the Kern County Board of Supervisors. These provisions vest plenary authority of the management of the retirement system with the Board of Retirement.
- The complexity of benefits administration has increased significantly over the years, and the resource requirements to discharge those fiduciary duties are also increasing.
 - *Ventura* Decision, Tier I/Tier II, Service Purchases, PEPRA, Retiree Return to Work, Hospital Authority, Payroll Providers, Declining Employers, Affordable Care Act, Reciprocity, Portfolio Growth, *Alameda* Decision, etc.

Governance Landscape

- KCERA Board
 - 4-1-4 composition
- Government Code
 - An entire section of the government code is dedicated to the CERL and as the Plan Document, it governs the administration of KCERA's defined benefit system
- County Salary Schedule
- KCERA is responsible for delivering the pension promises made by our plan sponsors to their employees, to the extent allowed by our Plan and governing laws

The Five Fiduciary Pillars

Primary Loyalty to Members



- Avoid “two hat” conflicts of interest
- **Attract and retain capable staff**
- **Provide superior member service**
- Minimize risk of loss

Exclusive Benefit of Members



- Avoid diverting assets for other purposes
- Avoid impacting plan for others’ goals
- **Pay only reasonable expenses to administer fund**

Prudent Care and Expertise



- Establish and follow good governance policies as a Board
- Be transparent
- **Engage and delegate to expert staff and consultants**
- Monitor and adjust as needed

Diversify the Assets



- **Establish collective risk tolerance**
- Seek risk-adjusted returns across all markets
- Weigh each investment for its contribution to whole program

Follow the Law

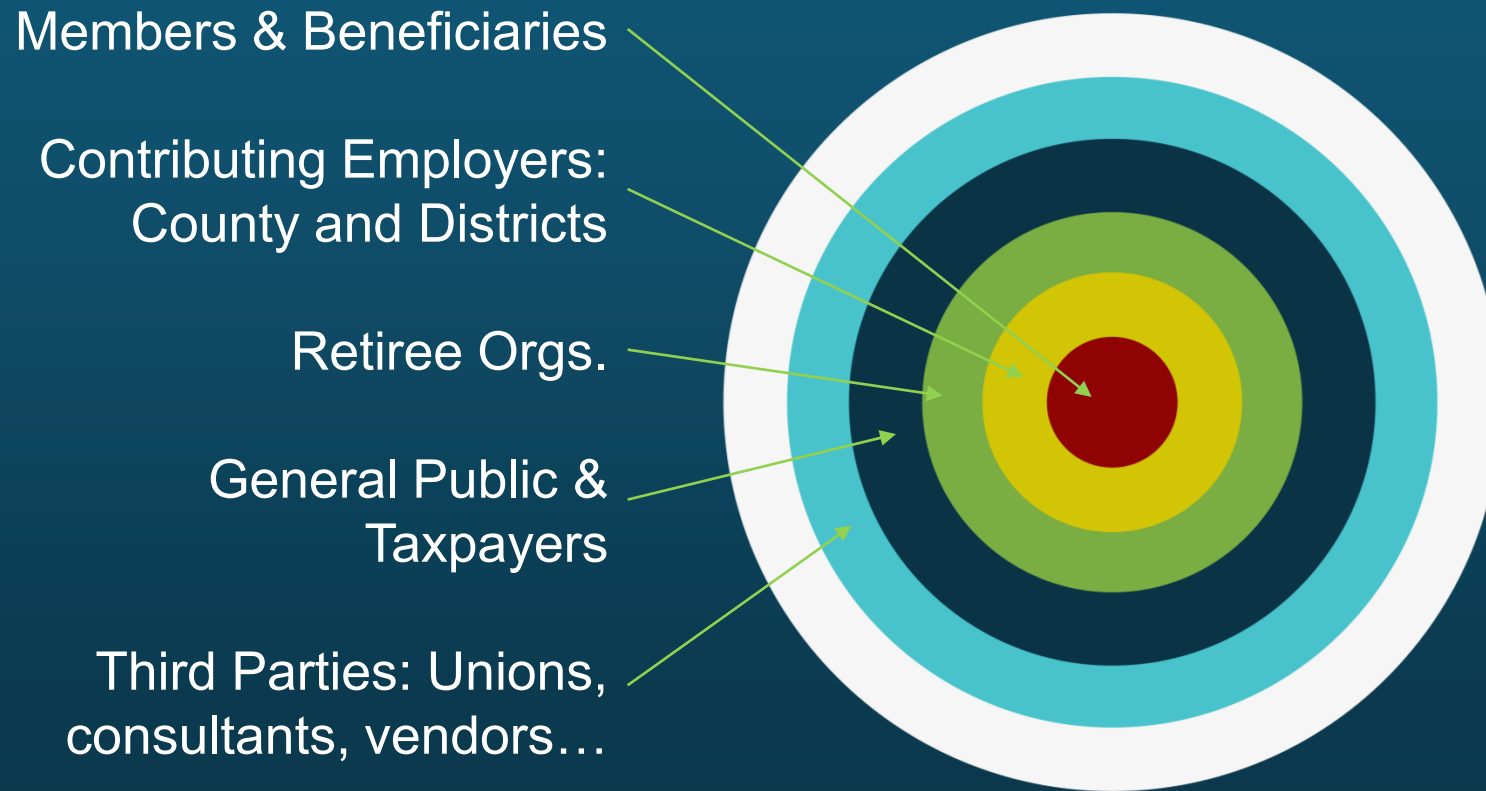


- Establish and comply with written plan documents
- **Be mindful of public official role**

Delegation and Oversight

- A public fiduciary may (often must!) delegate, but only to others who are held to the same fiduciary standards
- You have specific authority to delegate to staff
CERL sec. 31522.1: “The board of retirement ... may appoint such administrative, technical, and clerical staff personnel as are required to accomplish the necessary work of the boards.”
- But don't “set and forget” – prudent delegation requires vigilant oversight: Monitor, evaluate, adjust when appropriate
- Engage advisors (auditors, consultants, counsel) to help you exercise your oversight role

KCERA'S "Stakeholders"



Cal. Gov. Code section 31522.1

Appointment of Staff Personnel

CERL – Cal. Gov. Code section 31522.1 –

The **board of retirement** and both the board of retirement and board of investment **may appoint** such administrative, technical, and clerical staff **personnel** as are required **to accomplish the necessary work of the board.** The appointments shall be made from eligible lists created in accordance with the civil service or merit system rules of the county in which the retirement system governed by the boards is situated. **The personnel shall be county employees and shall be subject to the county civil service** or merit system rules or resolution adopted by the board of supervisors for the compensation **and shall be included in the salary ordinance** of county officers and employees.

California Constitution

Art. XVI, section 17 (Prop 162) (1992)

- “Notwithstanding any other provisions of law or this Constitution to the contrary, the retirement board of a public pension or retirement system shall have **plenary authority** and fiduciary responsibility for **investment of moneys** and **administration of the system**, subject to all of the following:
- (a) The retirement board of a public pension or retirement system shall have the **sole and exclusive fiduciary responsibility** over the assets of the public pension or retirement system. **The retirement board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries...**”

Expenses of Investing Money

CERL – Cal. Gov. Code section 31596.1 –

The expenses of investing its moneys shall be borne solely by the system. The following types of expenses shall not be considered a cost of administration of the retirement system, but shall be considered as a reduction in earnings from those investments or a charge against the assets of the retirement system as determined by the board:

- [California Code, Cal. Gov't Code § 31596.1, Expenses of investing](#)

Uncompensated Operational Risks

- Errors in benefits, including tier placement, rate determinations, reciprocity analysis, service purchase calculations, special pay designations, MOU terms, COLA application, salary history analysis, etc.
- Slow response times to members including inquiries regarding retirement planning, service purchases, disability, DROs, etc.
- Attract and retain competent staff to carry out organizational responsibilities
- Headline risk

APPFA & COSO

- The Association of Public Pension Fund Auditors, Inc. has published a document entitled *Operational Risks of a Defined Benefit and Related Plans and Controls to Mitigate those Risks*. A review of this document has revealed many risks that require additional resources in order to be sufficiently mitigated

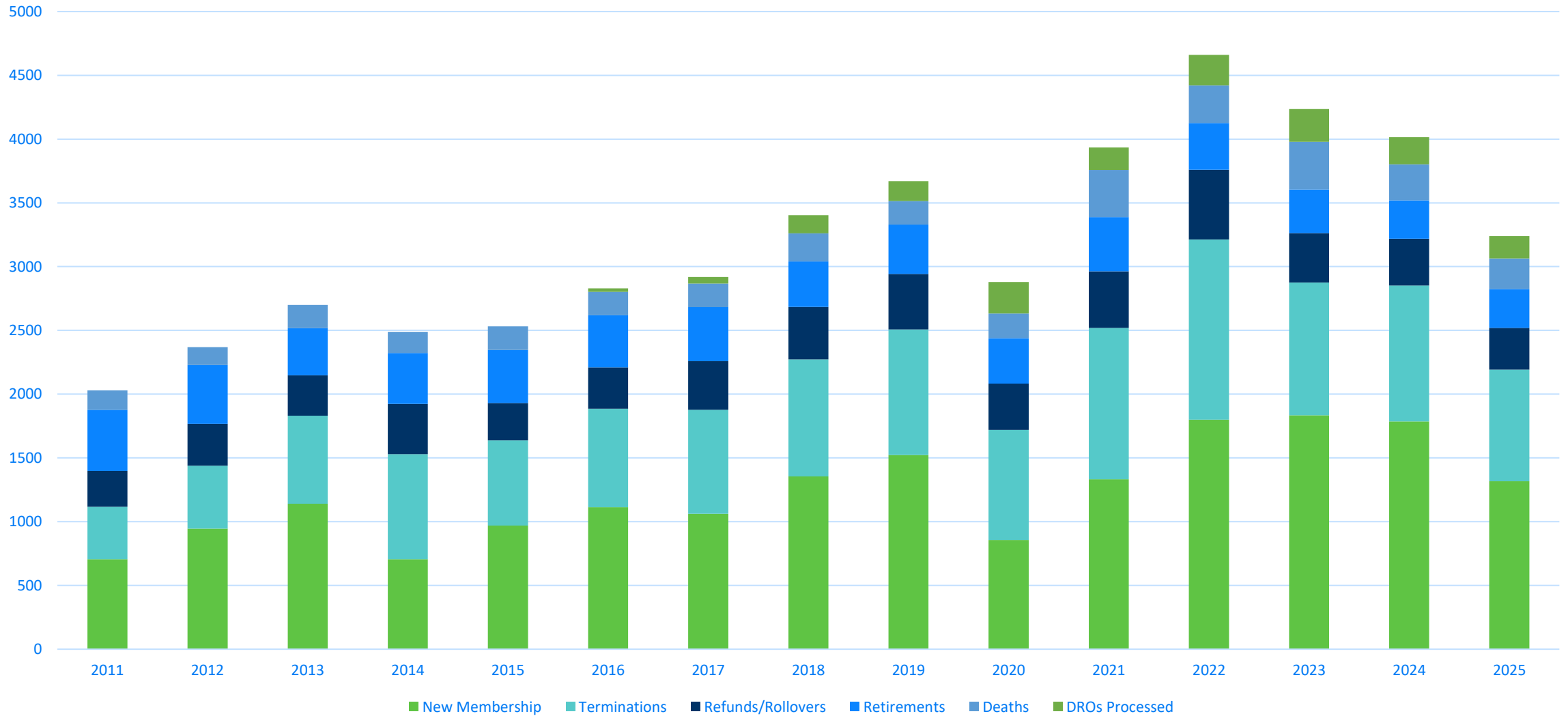
https://www.appfa.org/assets/docs/APPFA_OpRisk-Feb13-Final7.pdf

- COSO is an internal control framework that is used by accounting firms, the County, and other organizations for creating and evaluating business processes and internal controls

https://www.coso.org/_files/ugd/3059fc_1df7d5dd38074006bce8fdf621a942cf.pdf

- Staff has analyzed business processes throughout the organization and identified risks and opportunities to mitigate risks and improve service to our members

Member Activity by Year



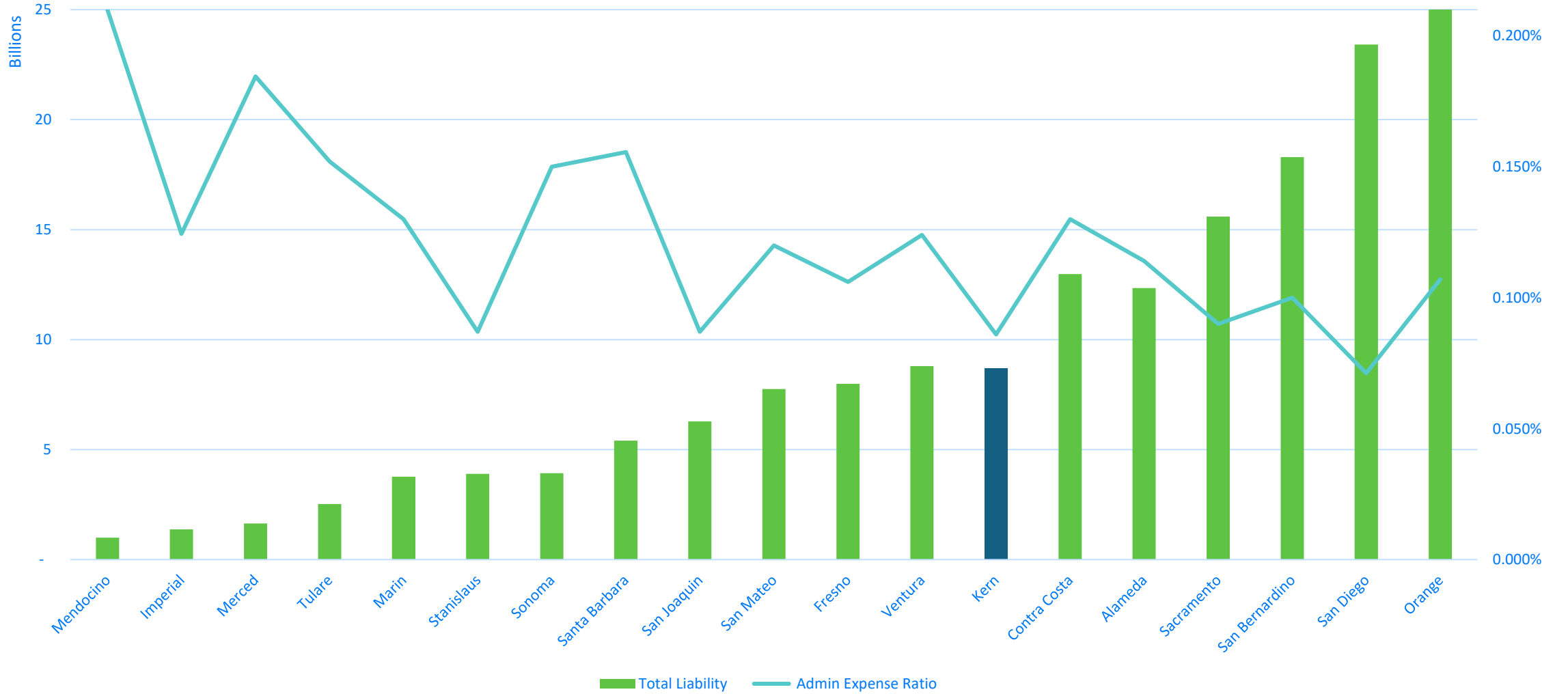


KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

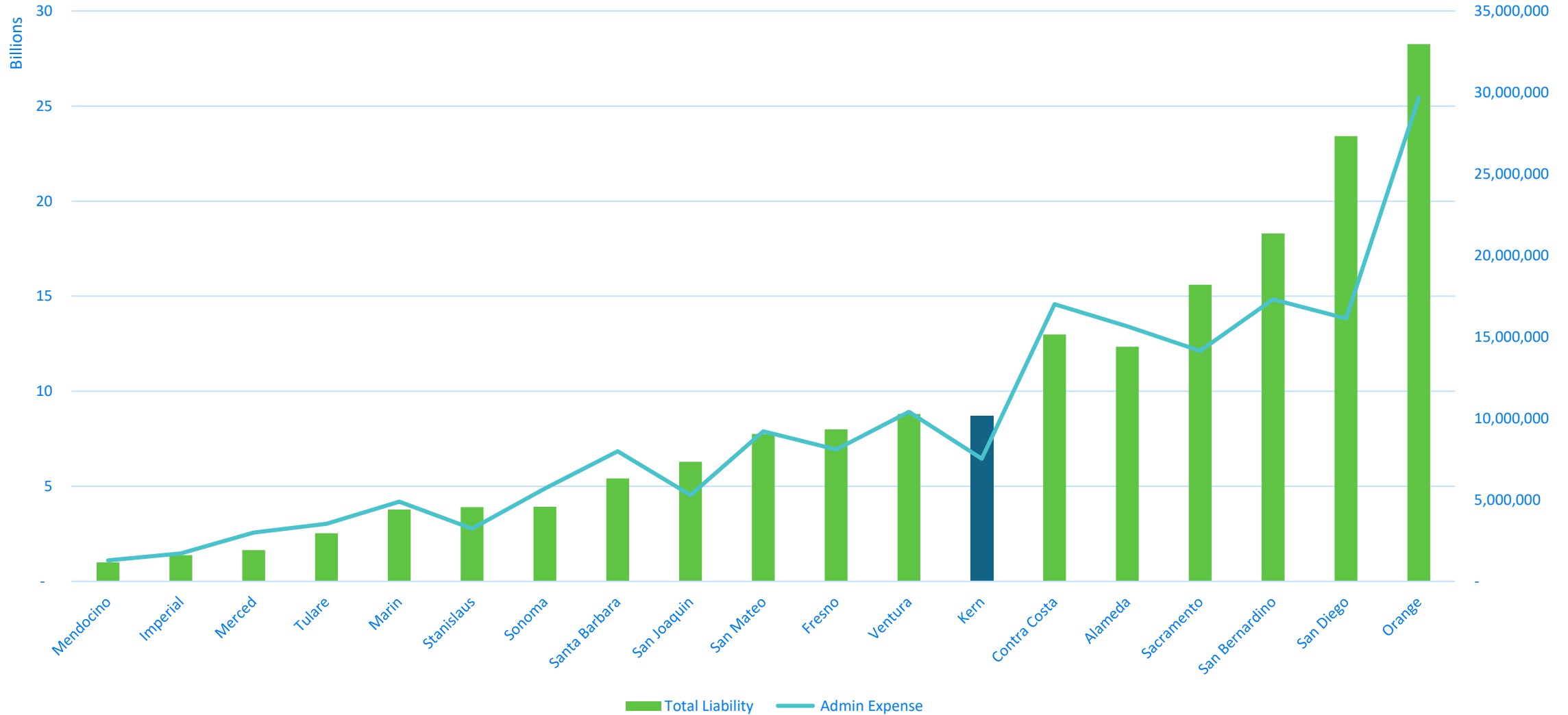
Benchmarking

- The KCERA Board of Retirement is charged with exercising its fiduciary duty to determine the resources required in order to fulfill the KCERA mission and has independent budgetary authority to administer the system
- Other California State Association of County Retirement Systems (SACRS) peers can be a very helpful benchmark to help determine reasonable resource requirements
 - KCERA has a very low administrative expense ratio compared to peers

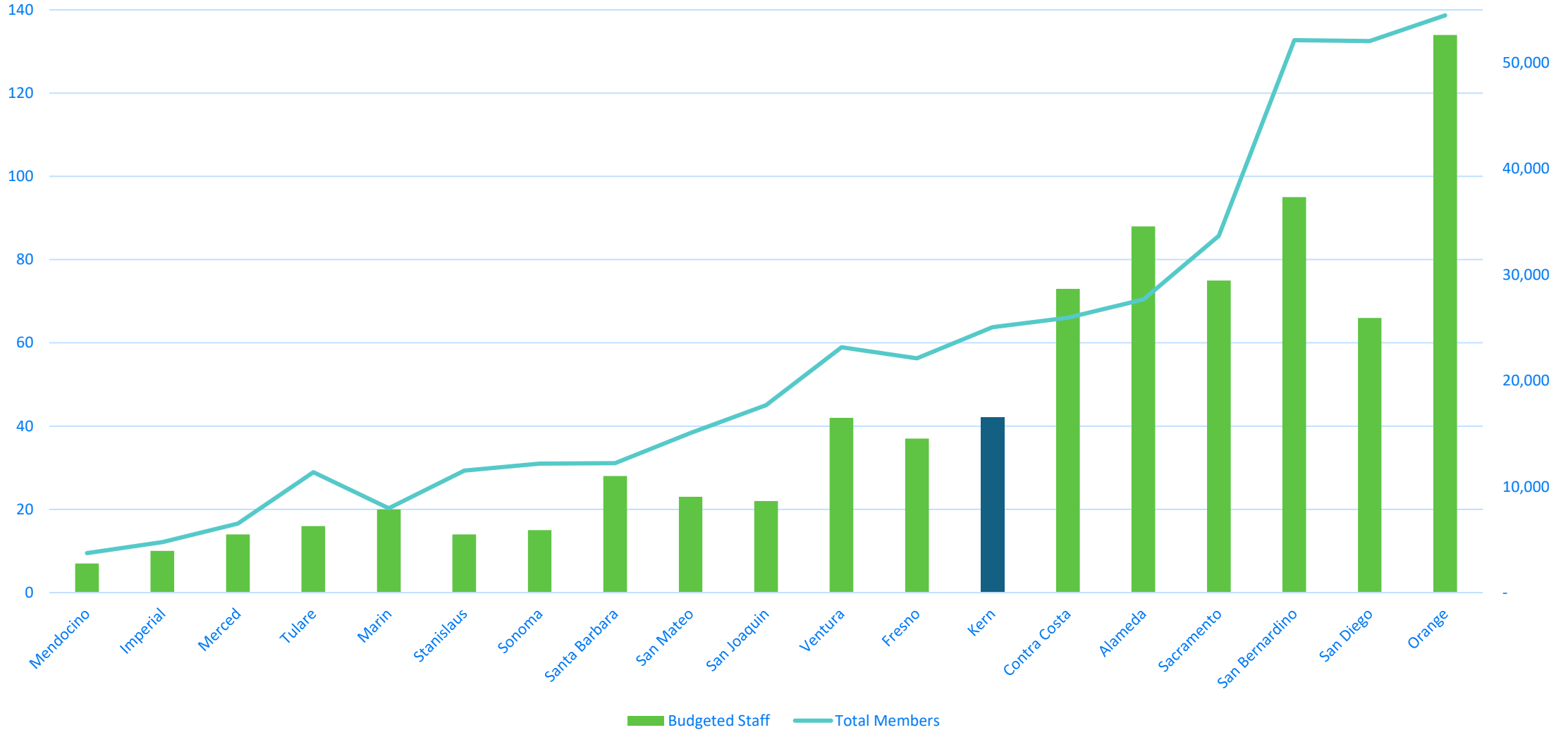
Total Liability vs. Admin Expense Ratio



Total Liability vs. Admin Expense



Staff vs Membership





Conclusions

- KCERA must discharge its fiduciary duty to administer the plan prudently, including ensuring the Plan has adequate resources to administer benefits
- When compared with SACRS peers, KCERA's administrative expense ratio is very low because KCERA strives to be lean and efficient
- Staff has put together a plan to help KCERA discharge all fiduciary duties, while keeping administrative expenses as low as possible

KCERA's Mission Statement:

KCERA's mission is to expertly administer retirement benefits, prudently invest the assets of the Association, and provide quality membership services to eligible public employees, retirees, and their beneficiaries.



Budget

For Fiscal Year

2026-27

Presented by:

Chief Executive Officer Dominic D. Brown, CPA, CFE

Chief Operations Officer Matthew Henry, CFE

Chief Financial Officer Angela Kruger, CPFO

June 10, 2026

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SECTION I

Letter from the Chief Executive Officer



June 10, 2026

Members of the Board of Retirement:

I am pleased to present to you the proposed Operating Expense Budget for fiscal year 2026-27.

Highlights of the 2025-26 and 2026-27 budgets include:

- The largest budgetary category is staff, which comprises 59.9% of the total proposed budget. The 2025-26 projected actual expense for staffing is \$7.4 million, which is \$674,281 less than what was approved.
- The proposed 2025-26 Administrative Expense Budget of \$7.7 million (8.66 basis points) is \$11.0 million (12.34 basis points) under the statutory limit of 21 basis points of the actuarial accrued liability of the retirement system, pursuant to Government Code Section 31580.2. See *Section IV – Administrative Expenses*.
- For 2026-27, staff recommends a budget of \$14.20 million, which is \$0.78 million or 5.9% more than last year's approved budget of \$13.42 million. The most significant increases are attributed to technology and investment related expenses .

Key Events for Fiscal Year 2025-26

Throughout the fiscal year, KCERA continued to focus on operational efficiency, member service enhancements, and organizational development. While staffing expenditures remained below budget due to unexpected vacancies during portions of the year, staff continued to maintain service levels and advance key organizational initiatives.

The Disability Unit continued making measurable progress in reducing the backlog of disability claims through process improvements and streamlined case management efforts.

KCERA also continued investing in staff education and professional development to ensure employees remain current on industry developments and regulatory changes. Increased activity by the Investment Team, including additional due diligence and investment-related training, contributed to higher education and professional development expenditures during the year. Additionally, certain investment consultant-related expenditures have been incorporated into the budget in recent years to improve transparency and financial reporting.

Several facility and security improvements were completed during the year to support staff safety and operational needs. KCERA completed the installation of security fencing along the east side of the building and added security monitoring systems near building exits to improve employee safety. The organization also completed development of the remaining office space to provide additional employee workspaces.

Board elections were successfully administered in-house during the fiscal year at a lower cost than originally anticipated. No Board elections are anticipated during fiscal year 2026-27.

Construction associated with the planned restroom addition was delayed due to the unexpected need to replace a building air conditioning unit. The project is expected to continue in the upcoming fiscal year.

Future Expectations

As KCERA moves into fiscal year 2026-27, management will continue emphasizing operational efficiency, transparency, fiscal responsibility, and member service. The organization remains committed to maintaining a culture focused on accountability, professional development, and prudent risk management.

Although the proposed operating budget reflects increases associated with staffing costs, technology investments, and continuing education, KCERA's Administrative Expense ratio remains unchanged from the prior year at 8.66 basis points, remaining substantially below the statutory limit of 21 basis points.

Projected staffing increases are primarily attributable to annual step increases and promotions. Subscription and membership expenditures are also increasing to ensure staff remain informed of evolving industry standards, regulatory requirements, and best practices.

KCERA will continue investing in technology, operational improvements, and staff development initiatives to support long-term organizational sustainability and effective administration of member benefits. The organization also expects to continue planned facility improvements, including completion of the restroom addition project delayed during the current fiscal year.

Management is very grateful to the Board for the support it has received over the last year, and I am pleased to present you with KCERA's budget for 2026-27.

Sincerely,

Dominic D. Brown

Dominic D. Brown
Chief Executive Officer

SECTION II

Administrative Expenses

Administrative Expense Budget

The administrative expenses incorporate the limits of Section 31580.2 of the County Employees Retirement Act of 1937, whereby administrative expenses are “capped” at 0.21% of KCERA’s actuarially accrued liabilities. The liability is calculated by KCERA’s actuary. Pursuant to the relevant code sections, certain costs are excluded from the expense cap, namely those associated with investment related costs, expenditures for computer software, hardware and related technology consulting services.

| Comparison of Administrative Expenses to Limits (Section 31580.2) | FY25 Budget | FY26 Budget* | FY27 Proposed Budget** |
|---|-----------------------|-----------------------|------------------------|
| Total actuarial accrued liabilities | \$8,332,592,000 | \$8,685,408,000 | \$8,912,400,000 |
| Limit on expenses in basis points | 21.00 | 21.00 | 21.00 |
| Maximum allowed | \$17,498,443 | \$18,239,357 | \$18,716,040 |
| Operating expenses budget*** | \$12,954,348 | \$13,417,181 | \$14,238,947 |
| Less information technology expenses | \$(788,882) | \$(807,095) | \$(1,194,573) |
| Less investment and legal expenses*** | \$(4,848,927) | \$(5,089,607) | \$(5,285,371) |
| Administrative expenses | \$7,316,539 | \$7,520,479 | \$7,721,003 |
| Over (Under) Maximum | \$(10,181,904) | \$(10,533,221) | \$(10,995,037) |
| Basis Points | 8.78 | 8.66 | 8.66 |

* Based on total actuarial accrued liabilities for pension as of June 30, 2023 (latest available actuarial valuation).

** Based on projected valuation value of assets and actuarial accrued liabilities (ASOP 51 Risk Report updated estimate (April 4, 2024).

*** Includes prior period adjustments for non-admin custodial services.

SECTION III

Operating Expense Budget

Operating Expense Budget

KCERA's mission is to expertly administer retirement benefits, prudently invest the assets of the Association, and provide quality membership services to eligible public employees, retirees and their beneficiaries. The annual Operating Expense Budget is a detailed plan established to estimate the anticipated costs of carrying out that mission.

The Board annually adopts the operating budget for the administration of KCERA. Each month, the Board reviews year-to-date actual expenses to ensure budget compliance.

Important assumptions in the fiscal year 2026-27 budget include:

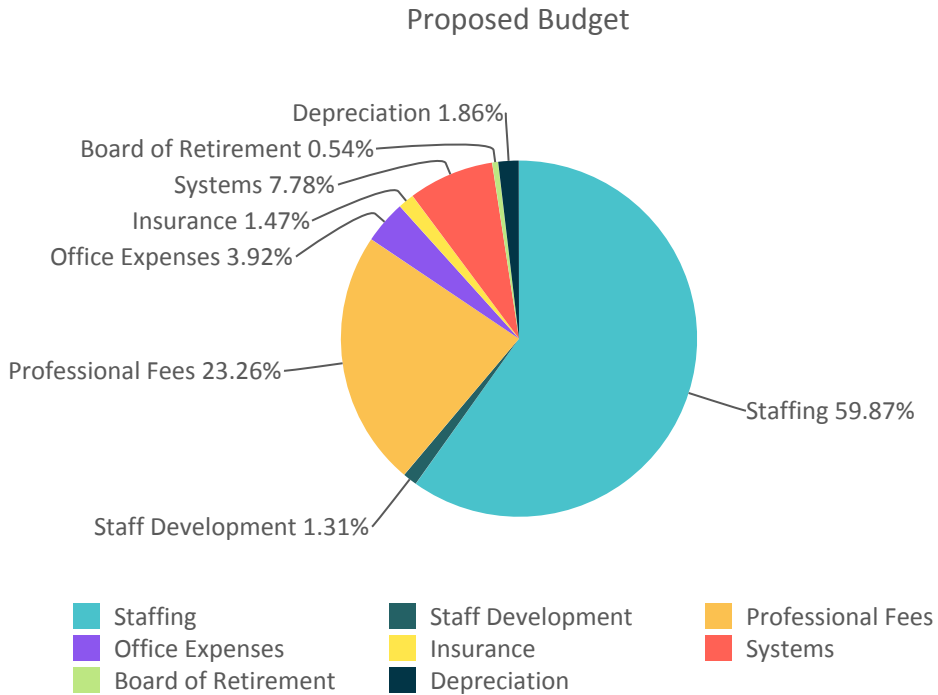
- Staffing expenses have increased primarily due to annual step increases, promotions, and ongoing efforts to maintain competitive compensation levels.
- Disability services expenditures remain stable while KCERA continues reducing the backlog of disability claims through operational efficiencies and streamlined processes.
- Continued investment-related activity, including due diligence efforts, professional development, and investment consultant services, has contributed to increased expenditures in several investment-related categories.
- Information technology expenditures increased primarily due to planned infrastructure and security enhancements, including new firewalls, a security camera system, replacement of UPS battery systems, and prepaid multi-year firewall software subscriptions.
- Board elections conducted during fiscal year 2025-26 were completed in-house at lower-than-anticipated costs. No Board elections are currently anticipated for fiscal year 2026-27.
- Office expenses, including member outreach activities, have been budgeted lower to better reflect current spending trends and operational efficiencies realized during the fiscal year. KCERA also completed development of the remaining office workspace area. Planned restroom improvements were delayed due to the unexpected replacement of a building air conditioning unit and are expected to continue during fiscal year 2026-27.

KCERA's requested fiscal year 2026-27 Operating Expense Budget may be viewed on the following pages.

Operating Expense Budget Summary

| Expense Type | FYE 26 | FYE 27 | Increase (Decrease) | FYE 27 |
|---------------------|---------------------|---------------------|------------------------|-------------------------------------|
| | Approved Budget* | Proposed Budget | | % of Total Operating Expenses |
| Staffing | \$ 8,102,299 | \$ 8,522,952 | \$ 420,653 | 59.87 % |
| Staff Development | 152,200 | 186,000 | 33,800 | 1.31 % |
| Professional Fees | 3,180,500 | 3,312,300 | 131,800 | 23.26 % |
| Office Expenses | 620,919 | 557,701 | (63,218) | 3.92 % |
| Insurance | 199,594 | 209,527 | 9,933 | 1.47 % |
| Systems | 728,715 | 1,108,183 | 379,468 | 7.78 % |
| Board of Retirement | 187,000 | 77,000 | (110,000) | 0.54 % |
| Depreciation | 245,954 | 265,284 | 19,330 | 1.86 % |
| Expenses | \$13,417,181 | \$14,238,947 | \$ 821,766 | 100 % |

* Includes prior period adjustments for non-admin custodial services.



Total Proposed Budget

| Expense Type | FYE 26 Approved Budget | FYE 26 Estimated Expenses | Over (Under) | FYE 27 Proposed Budget | Proposed vs. Approved Over (Under) | % Change |
|---|------------------------------|---------------------------------|------------------|------------------------------|--|-----------------|
| Personnel Costs | | | | | | |
| Salaries | 5,184,129 | 4,840,222 | (343,907) | 5,435,248 | 251,119 | |
| Benefits | <u>2,918,170</u> | <u>2,587,796</u> | <u>(330,374)</u> | <u>3,087,704</u> | <u>169,534</u> | |
| Total Personnel Costs | 8,102,299 | 7,428,018 | (674,281) | 8,522,952 | 420,653 | 5.19 % |
| Staff Development | | | | | | |
| Education & professional development | 122,000 | 160,742 | (2,001) | 142,000 | 20,000 | |
| Staff recognition | <u>5,200</u> | <u>5,512</u> | <u>312</u> | <u>6,000</u> | <u>800</u> | |
| Total Staff Development | 152,200 | 125,511 | (26,689) | 186,000 | 33,800 | 22.21 % |
| Professional Services | | | | | | |
| Actuarial fees | 157,250 | 218,826 | 61,576 | 163,200 | 5,950 | |
| Audit fees | 53,300 | 53,300 | — | 54,950 | 1,650 | |
| Consultant fees | 90,000 | 57,890 | (32,110) | 90,000 | — | |
| Custodial fees | 562,000 | 537,567 | (24,433) | 579,200 | 17,200 | |
| Disability services | 250,000 | 245,202 | (4,798) | 250,000 | — | |
| Due diligence | 25,000 | 25,846 | 846 | 38,000 | 13,000 | |
| Investment consultants | 1,602,950 | 1,651,435 | 48,485 | 1,671,950 | 69,000 | |
| Legal fees | <u>465,000</u> | <u>455,859</u> | <u>(9,141)</u> | <u>465,000</u> | <u>—</u> | |
| Total Professional Services | 3,180,500 | 3,245,925 | 40,425 | 3,312,300 | 106,800 | 3.36 % |
| Office Expenses | | | | | | |
| Building expenses | 232,000 | 218,577 | (13,423) | 197,000 | (35,000) | |
| Communication platforms | 60,939 | 59,882 | (1,057) | 65,001 | 4,062 | |
| Equipment lease & maintenance | 25,100 | 16,257 | (8,843) | 12,000 | (13,100) | |
| Member engagement | 50,000 | 29,887 | (20,113) | 38,000 | (12,000) | |
| Subscriptions & memberships | 36,200 | 34,250 | (1,951) | 63,000 | 26,800 | |
| Office supplies & misc. admin. | 83,700 | 68,342 | (15,358) | 83,700 | — | |
| Payroll & accounts payable fees | 25,000 | — | (25,000) | — | (25,000) | |
| Postage | 30,000 | 21,541 | (8,459) | 30,000 | — | |
| Other services - Kern County | 40,000 | 40,000 | — | 30,000 | (10,000) | |
| Utilities | <u>37,980</u> | <u>34,556</u> | <u>(3,424)</u> | <u>39,000</u> | <u>1,020</u> | |
| Total Office Expenses | 620,919 | 523,292 | (97,628) | 557,701 | (63,218) | (10.18)% |
| Insurance | 199,594 | 193,753 | (5,841) | 209,527 | 9,933 | 4.98 % |
| Information Technology Systems | | | | | | |
| Audit-security & vulnerability scan | 4,000 | 3,960 | (40) | 12,930 | 8,930 | |
| Business continuity expenses | 10,000 | 11,178 | 1,178 | 10,600 | 600 | |
| Hardware | 51,114 | 37,759 | (13,355) | 224,150 | 173,036 | |
| Licensing & support | 288,158 | 191,008 | (97,150) | 224,520 | (63,638) | |
| Software | 356,243 | 354,867 | (1,376) | 609,583 | 253,340 | |
| Website design & hosting | <u>19,200</u> | <u>16,385</u> | <u>(2,815)</u> | <u>26,400</u> | <u>7,200</u> | |
| Total Information Technology Systems | 728,715 | 615,157 | (113,558) | 1,108,183 | 379,468 | 52.07 % |
| Board of Retirement | | | | | | |
| Board compensation | 16,000 | 12,000 | (4,000) | 14,500 | (1,500) | |
| Board conferences & training | 50,000 | 55,610 | 5,610 | 55,000 | 5,000 | |
| Board elections | 112,500 | 69,189 | (43,311) | — | (112,500) | |
| Board meetings | <u>8,500</u> | <u>6,964</u> | <u>(1,536)</u> | <u>7,500</u> | <u>(1,000)</u> | |
| Total Board of Retirement | 187,000 | 143,763 | (43,237) | 77,000 | (110,000) | (58.82)% |
| Depreciation | 245,954 | 242,160 | (3,794) | 265,284 | 19,330 | 7.86 % |
| Total Operating Expenses | 13,417,181 | 12,517,579 | (920,809) | 14,238,947 | 796,766 | 5.94 % |

* Includes prior period adjustments for non-admin custodial services.

Proposed Administrative Budget

| Expense Type | FYE 26 Approved Budget | FYE 26 Estimated Expenses | Over (Under) | FYE 27 Proposed Budget | Proposed vs. Approved Over (Under) | % Change |
|--------------------------------------|------------------------------|---------------------------------|------------------|------------------------------|--|-----------------|
| Staffing | | | | | | |
| Salaries | 3,793,751 | 3,553,034 | (240,717) | 3,985,577 | 191,826 | |
| Benefits | 2,156,200 | 1,966,352 | (189,848) | 2,330,879 | 174,679 | |
| Staffing Total | 5,949,951 | 5,519,386 | (430,565) | 6,316,456 | 366,505 | 6.16 % |
| Staff Development | | | | | | |
| Education & professional development | 97,600 | 95,999 | (1,601) | 142,000 | 44,400 | |
| Staff recognition | 4,160 | 4,410 | 250 | 6,000 | 1,840 | |
| Staff Development Total | 101,760 | 100,409 | (1,351) | 148,000 | 46,240 | 45.44 % |
| Professional Fees | | | | | | |
| Audit fees | 53,300 | 53,300 | — | 54,950 | 1,650 | |
| Consultant fees | 90,000 | 57,890 | (32,110) | 90,000 | — | |
| Disability – administration | 250,000 | 245,202 | (4,798) | 250,000 | — | |
| Legal & actuarial (non-admin) fees | 77,750 | 70,737 | (7,013) | 67,700 | (10,050) | |
| Professional Fees Total | 471,050 | 427,129 | (43,921) | 462,650 | (8,400) | (1.78)% |
| Office Expenses | | | | | | |
| Building expenses | 185,600 | 174,862 | (10,738) | 157,600 | (28,000) | |
| Communication platforms | 40,000 | 47,906 | 7,906 | 30,400 | (9,600) | |
| Equipment lease & maintenance | 20,080 | 13,006 | (7,074) | 9,600 | (10,480) | |
| Member engagement | 50,000 | 29,887 | (20,113) | 38,000 | (12,000) | |
| Subscriptions & memberships | 28,960 | 27,400 | (1,561) | 50,400 | 21,440 | |
| Office supplies & misc. admin. | 66,960 | 54,674 | (12,286) | 66,960 | — | |
| Other services - Kern County | 40,000 | 40,000 | — | 30,000 | (10,000) | |
| Payroll & accounts payable fees | 25,000 | — | (25,000) | — | (25,000) | |
| Postage | 30,000 | 21,541 | (8,459) | 30,000 | — | |
| Utilities | 30,384 | 27,645 | (2,739) | 31,200 | 816 | |
| Office Expense Total | 516,984 | 436,921 | (80,064) | 444,160 | (72,824) | (14.09)% |
| Insurance | 159,675 | 155,002 | (4,673) | 167,622 | 7,947 | 4.98 % |
| Board of Retirement | | | | | | |
| Board compensation | 16,000 | 12,000 | (4,000) | 14,500 | (1,500) | |
| Board conferences & training | 50,000 | 55,610 | 5,610 | 55,000 | 5,000 | |
| Board elections | 112,500 | 69,189 | (43,311) | — | (112,500) | |
| Board meetings | 8,500 | 6,964 | (1,536) | 7,500 | (1,000) | |
| Board of Retirement Total | 187,000 | 143,763 | (43,237) | 77,000 | (110,000) | (58.82)% |
| Depreciation | 134,059 | 167,196 | 33,137 | 143,115 | 9,056 | |
| Total Operating Expenses | 7,520,479 | 6,949,806 | (570,674) | 7,759,003 | 238,524 | 3.17 % |

| Operating Expense Budget | | Variance Over |
|--|--|----------------------|
| 2026-27 Proposed Budget vs. 2025-26 Approved Budget | | (Under) |
| Personnel Costs | | |
| <ul style="list-style-type: none"> Increased cost for personnel, due to regular increases in salaries and benefits consistent with COLA and annual step increments | | 420,653 |
| Staff Development | | |
| <ul style="list-style-type: none"> Increased investment due diligence travel and education | | 33,800 |
| Professional Services | | |
| <ul style="list-style-type: none"> Contracted increases in actuarial service fees | | 5,950 |
| <ul style="list-style-type: none"> Contracted increases in annual audit service fees | | 1,650 |
| <ul style="list-style-type: none"> Increase in custodial expenses related to separately managed investment accounts and ongoing portfolio activity | | 17,200 |
| <ul style="list-style-type: none"> Increase in investment consultant services associated with expanded investment activity, due diligence efforts, and portfolio oversight | | 69,000 |
| Office Expenses | | |
| <ul style="list-style-type: none"> Office renovation projects completed during the fiscal year | | (35,000) |
| <ul style="list-style-type: none"> Recategorization of software and audio video equipment to ITS | | (13,100) |
| <ul style="list-style-type: none"> Office and member outreach expenses budgeted lower to reflect current spending trends and increased operational efficiencies | | (12,000) |
| <ul style="list-style-type: none"> Increase in subscriptions and memberships to maintain professional development. | | 26,800 |
| <ul style="list-style-type: none"> Realized savings in operating expenses due to increased efficiency of processes | | (29,918) |
| Information Technology Systems | | |
| <ul style="list-style-type: none"> Increased audit, security, and vulnerability testing expenditures associated with ongoing cybersecurity and compliance initiatives | | 8,930 |
| <ul style="list-style-type: none"> Increased security and infrastructure expenditures related to replacement firewalls, upgraded security camera systems, and UPS battery replacement equipment | | 173,036 |
| <ul style="list-style-type: none"> Decrease in licensing and support expenses due to contract restructuring or timing of implementation | | (63,638) |
| <ul style="list-style-type: none"> Increased software expenditures related primarily to prepaid multi-year firewall software subscriptions and cybersecurity enhancements | | 253,340 |
| Board of Retirement | | |
| <ul style="list-style-type: none"> No trustees elections in 2026-27 | | (112,500) |

| Operating Expense Budget | | Variance Over |
|---|--|----------------------|
| 2025-26 Estimated Expenses vs. 2025-26 Approved Budget | | (Under) |
| Personnel Costs | | |
| • Savings in salaries due to unexpected vacancies during the year | | (674,281) |
| • Staff development expenditures exceeded budget due to increased professional development, continuing education, and investment-related due diligence activities | | (26,689) |
| Professional Fees | | |
| • Savings in other actuarial fees | | 61,576 |
| • Decrease in consulting services | | (32,110) |
| • Custodial fees were lower than anticipated primarily due to timing associated with the closure of separately managed accounts | | (24,433) |
| • Disability claim review expenditures were lower than anticipated due to continued progress in reducing the backlog of cases and improved processing efficiencies” | | (4,798) |
| • Increase in investment consultant services associated with expanded investment activity, due diligence efforts, and portfolio oversight | | 48,485 |
| • Legal expenses lower than anticipated due to timing. | | (9,141) |
| Office Expenses | | |
| • Decreased building and property management expenses | | (13,423) |
| • Decrease in anticipated office and member engagement expenses | | (20,113) |
| • Decrease in memberships and subscriptions | | (1,951) |
| • Savings in office supplies and expenses moving to electronic data | | (15,358) |
| • Savings realized from transitioning Accounts Payable functions in-house | | (25,000) |
| • Postage expenses were lower than anticipated, primarily due to increased utilization of electronic communications | | (8,459) |
| • Decreased office expenses resulting from improved operational efficiencies | | (13,324) |
| Insurance | | |
| • Net decrease in insurance expenses | | (5,841) |
| Systems | | |
| • Applied savings from other IT expenses to purchase hardware | | (13,355) |
| • Decrease in licensing and support expenses due to contract restructuring or timing of implementation | | (97,150) |
| • Savings from security audit and other IT expenses | | (1,376) |
| Board of Retirement | | |
| • Decrease in trustees' attendance at conferences/training | | 5,610 |
| • Board Election lower than initially anticipated | | (43,311) |

SECTION IV

Budget Policies and Process

Budget Policies and Process

Budget Policies

KCERA's budgeting policies and guidelines are based on the County Employees Retirement Law of 1937 ("CERL"), and the policies and charters of the Board of Retirement ("Board"). The California Government Code Section 31580.2 that governs the Kern County Employees' Retirement Association ("KCERA") specifies that the Board of Retirement "... shall annually adopt a budget covering the entire expense of administration of the retirement system, which expense shall be charged against the earnings of the retirement fund..."

The retirement system's administrative expenses are limited to 0.21% (21 basis points) of the Actuarial Accrued Liability. Government Code Sections 31522.6 and 31580.2(b) indicate that KCERA should exclude actuarial fees, investment-related expenses and technology from that portion of the operating expense budget subject to the statutory limit.

The Board annually adopts the operating budget for the administration of KCERA. Each line item is budgeted based on Board initiatives, past costs, vendor proposals, and estimates of anticipated expenses. The Board also reviews year-to-date actual expenses for budget compliance on a monthly basis. The budget may be amended throughout the fiscal year, if necessary. Budgeted amounts may be reallocated between categories at the discretion of the Chief Executive Officer. These reclassifications do not result in increases or decreases to the total approved budget. Increases or decreases to the total approved budget must be approved by the Board of Retirement. Action items to increase or decrease the approved budget are introduced by KCERA staff to the Finance Committee. If the Finance Committee deems the action item necessary, it will recommend approval to the Board of Retirement.

Budget Process

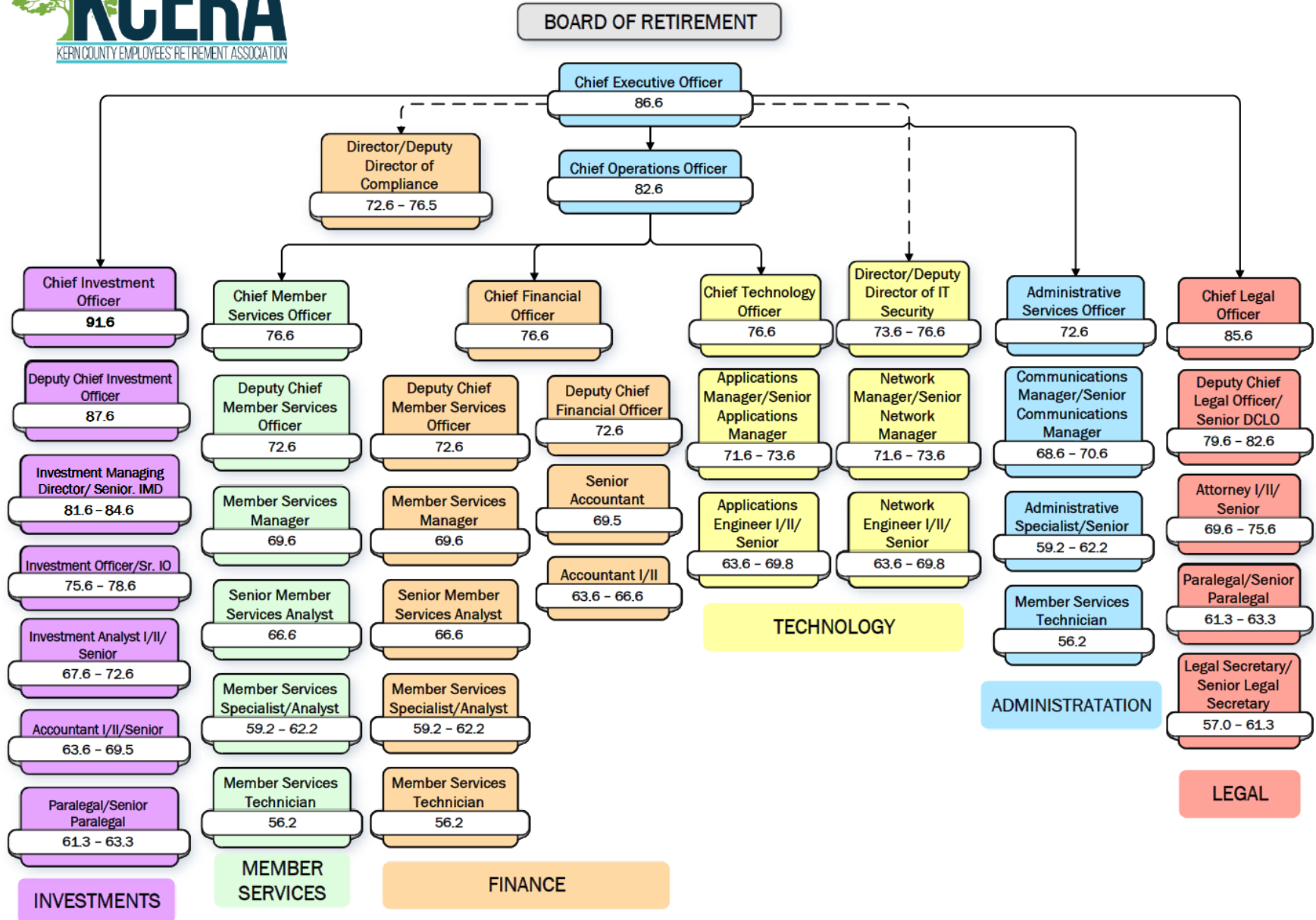
The Budget Team consists of the Chief Executive Officer, Chief Operations Officer, Chief Financial Officer, and the division managers of KCERA. The team members review the requirements of their respective divisions for the balance of the current fiscal year and the upcoming budget year. The Chief Financial Officer projects the current year-end actual expenses and the projected expenses for the budget year and finalizes the proposed budget.

The proposed budget is presented to the Finance Committee for review and feedback. Any revisions to the proposed budget recommended by the Finance Committee are incorporated to produce the final version the Committee recommends to the Board of Retirement for final adoption.

KCERA prepares the budget on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) and consistent with KCERA's audited financial statements.



Organizational Chart





KCERA's Legislative Policy

Presented by:

Jennifer Zahry

Chief Legal Officer

Legislative Policy

The purpose of the legislative policy is to provide the organization with a broad framework, which it can utilize as a basis for action.

The Board is charged with the responsibility of administering the Association in a manner to assure appropriate and prompt delivery of benefits and related services to plan participants and their beneficiaries and of managing the assets in a prudent manner.

Legislation affecting the Association must be closely monitored to determine the potential impact on the Association and whether action is necessary.





OBJECTIVES

- 2) The objectives of the Legislative Policy are to:
 - a) Establish a procedure by which the Board of Retirement can adopt an official position on proposed legislation;
 - b) Identify future legislative action in light of the Association's needs;
 - c) Facilitate the timely communication of proposed and enacted legislative changes to the Board and staff;
 - d) Provide guidance in communicating KCERA's official legislative positions to third parties;
 - e) Identify the optimal sources to promote KCERA's official legislative positions.

Legislative Policy

Roles and Responsibilities

- Board
 - Adopt official position
 - Identify future legislative needs
 - Analyze proposals and determine appropriate action
- Staff
 - Analyzing and reporting
 - Monitoring legislative impacts on KCERA
 - Communicate legislative changes to stakeholders
 - Draft legislation, as needed
 - Outreach to legislative representatives, as needed



Legislative Principles

- 5) The following legislative principles will guide the Board when considering its position on proposed legislation:
- a) Promote KCERA's legislative position primarily through organizations in which KCERA participates unless proposed legislation has a specific and unique effect on KCERA;
 - b) Support legislative proposals that strengthen the confidentiality protections for member records;
 - c) Support legislative proposals that clarify statutory interpretation of '37 Act provisions unless inconsistent with KCERA's legislative policy;
 - d) Support legislative proposals that strengthen the financial condition of KCERA and promote administrative efficiency;
 - e) Oppose legislative proposals that create the potential for increased unfunded actuarial liability without appropriate funding provisions;
 - f) Oppose legislative proposals that compromise or interfere with KCERA's duty to deliver benefits to participants and beneficiaries.



A blue-tinted photograph of a city street intersection. In the foreground, a white pickup truck is parked on the left side of the road. The street has lane markings and a crosswalk. In the background, there are several buildings, including a prominent one with a grid-like facade. Palm trees are visible on the left side. A street sign for 'L Street' is visible on a traffic light pole. The sky is blue with some clouds.

Questions?

LEGISLATIVE POLICY

PURPOSE AND BACKGROUND

- 1) The purpose of the legislative policy is to provide the organization with a broad framework, which it can utilize as a basis for action. The Board is charged with the responsibility of administering the Association in a manner to assure appropriate and prompt delivery of benefits and related services to plan participants and their beneficiaries and of managing the assets in a prudent manner. Legislation affecting the Association must be closely monitored to determine the potential impact on the Association and whether action is necessary.

OBJECTIVES

- 2) The objectives of the Legislative Policy are to:
 - a) Establish a procedure by which the Board of Retirement can adopt an official position on proposed legislation;
 - b) Identify future legislative action in light of the Association's needs;
 - c) Facilitate the timely communication of proposed and enacted legislative changes to the Board and staff;
 - d) Provide guidance in communicating KCERA's official legislative positions to third parties;
 - e) Identify the optimal sources to promote KCERA's official legislative positions.

POLICY GUIDELINES

Roles and Responsibilities

- 3) The Board will be responsible for:
 - a) Adopting an official position for pertinent legislative proposals affecting the Association;
 - b) Identifying the ongoing needs of KCERA for future legislative proposals;

- c) Analyzing legislative proposals suggested by KCERA's Board members, staff, or interested third parties, and determining appropriate action.
- 4) Staff will be responsible for:
- a) Analyzing and reporting on proposed legislation affecting KCERA, (and other public pension funds if relevant), at the beginning of each legislative session;
 - b) Monitoring proposed legislation throughout the legislative session and reporting material modifications and their potential impact on KCERA to the Board;
 - c) Monitoring all chaptered legislation and determining the impact on KCERA;
 - d) Reporting the impact of, and, as required, suggesting procedures to implement, all chaptered legislation to the Board and staff;
 - e) Communicating with organizations, active and retired KCERA's members, and/or plan sponsors, as applicable, to inform them of legislative changes affecting KCERA;
 - f) Drafting proposed legislation based upon proposals received from Board members, staff and interested parties, in accordance with SACRS' Legislative Committee, or other appropriate entity, guidelines and presenting the draft legislation to the Board for consideration; and
 - g) Identifying and communicating with elected representatives to serve as authors of KCERA-proposed legislation, when appropriate.

Legislative Principles

- 5) The following legislative principles will guide the Board when considering its position on proposed legislation:
- a) Promote KCERA's legislative position primarily through organizations in which KCERA participates unless proposed legislation has a specific and unique effect on KCERA;
 - b) Support legislative proposals that strengthen the confidentiality protections for member records;
 - c) Support legislative proposals that clarify statutory interpretation of '37 Act provisions unless inconsistent with KCERA's legislative policy;
 - d) Support legislative proposals that strengthen the financial condition of KCERA and promote administrative efficiency;
 - e) Oppose legislative proposals that create the potential for increased unfunded actuarial liability without appropriate funding provisions;

- f) Oppose legislative proposals that compromise or interfere with KCERA's duty to deliver benefits to participants and beneficiaries.



POLICY REVIEW AND HISTORY

- 6) The Board will review this policy at least every five years to ensure that it remains relevant and appropriate.
- 7) This policy was:
 - a) Adopted by the Board on January 10, 2018.
 - b) Amended by the Board on March 9, 2022.



Chief Executive Officer's Report

Presented by: Dominic D. Brown, Chief Executive Officer
June 2026



Office Update

- Disability Files Pending: Pre-2025: 4 2025:11 2026: 9 Hearing: 6 Writ: 1
- Pension Payment Calendar Update
- Actual/Actual Service Credit: Go-live date 6/27/26
- Alive & Well: Staff continues to enhance process to verify eligibility of pensioners
- Inyokern CSD: Staff monitoring developments with plan sponsor
- PEPRRA Presentation Update from March presentation to Board of Retirement
- Courts Social Security Update



Operations Activity



Member Services

- 29 new retirements processed
- 26 death benefits processed
- 57 service purchase calculations
- 90 retirement estimates
- 121 new active members
- 96 terminations
- 50 in-person appointments
- 92 walk-ins
- 490 + 725 phone calls (payment issues)
- 232 + 75 emails (payment issues)

Accounting & Reporting

- Service Purchases <30 days
- Monthly pension payroll nearly \$39M for over 9,400 members (42 checks)
- Budget

Information Technology

- New contribution rates for 26-27 have been distributed to plan sponsors
- We are lending support to Kern360 for testing
- Disaster recovery box completed & stored offsite



Member Outreach & Education

Recent:

- 5/01 KC Employees' Golf Tournament
- 5/08 Department of Human Services Resource Fair
- 5/13 KC Probation New Employee Orientation
- 5/14 KC New Employee Orientation
- 5/21 Shafter Job Fest
- 5/27 Kern Medical New Employee Orientation
- 6/03 Kern Behavior Health New Employee Orientation
- 6/09 REOKC Luncheon

Upcoming:

- 6/11 KC New Employee Orientation
- 6/24 Kern Medical New Employee Orientation
- 7/01 Kern Behavior Health New Employee Orientation
- 7/09 KC New Employee Orientation
- 7/14 REOKC Health Fair



Upcoming Events

- Investment Committee – No meetings scheduled at this time
- Finance Committee – Meeting will be scheduled soon to discuss Financial Statement Audit kick-off and Triennial Actuarial Experience Study
- Administrative Committee – No meetings scheduled at this time
- Board of Retirement – Next regular monthly meeting will be August 12 (July dark)





CIO REPORT

June 2026

Presented by:
Daryn Miller, CFA
Chief Investment Officer



MARKET COLOR

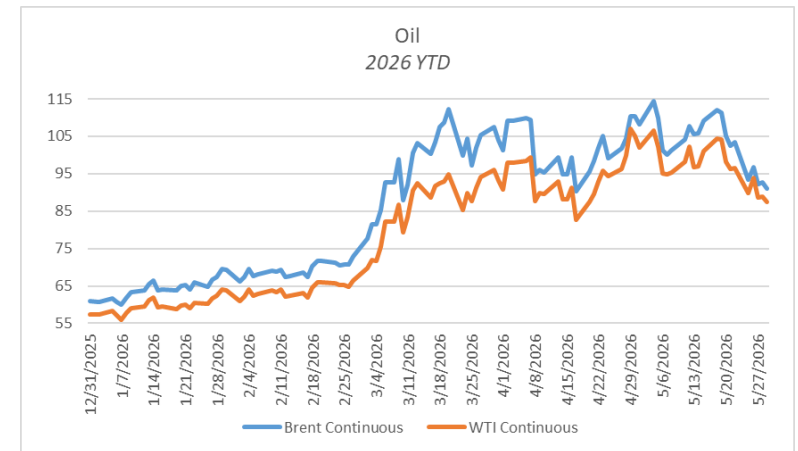
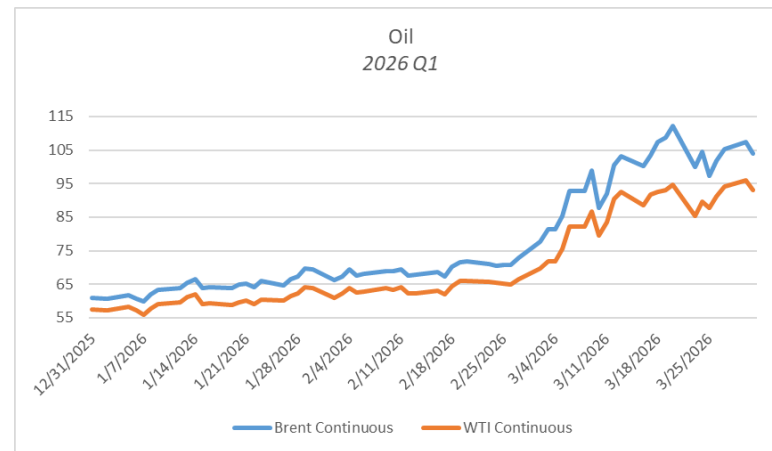
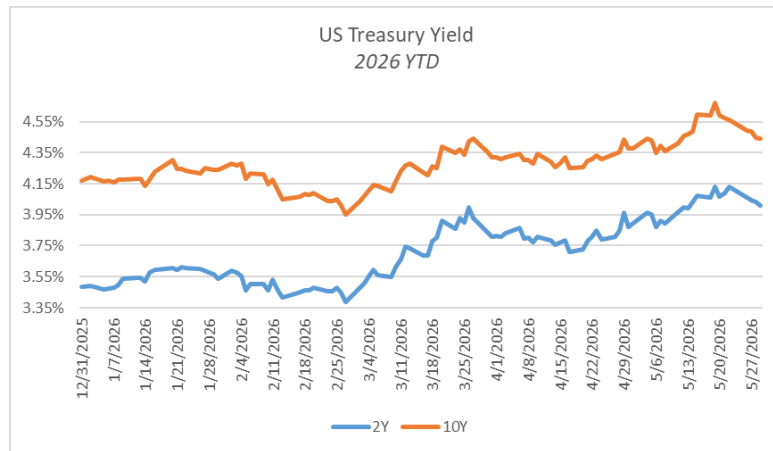
An Updated Comment on Oil, Inflation Expectations, & Market Implications

| Market | Jan-Feb 2026 | Mar 2026 | Apr 2026 | May 2026 | 2026 YTD |
|-----------------|--------------|----------|----------|----------|----------|
| US Equity | 0.49% | -5.09% | 10.42% | 5.15% | 10.96% |
| Global Equity | 4.16% | -6.11% | 9.52% | 4.62% | 12.19% |
| Japan Equity | 14.40% | -8.59% | 5.52% | 4.33% | 15.67% |
| US 2-YR Note | -0.10% | 0.42% | 0.07% | 0.14% | 0.53% |
| US 10-YR Note | -0.22% | 0.37% | 0.06% | 0.07% | 0.27% |
| Gold | 20.89% | -13.16% | -1.05% | -0.79% | 5.90% |
| Brent Crude | 19.75% | 42.68% | 6.18% | -17.46% | 51.15% |
| US Dollar (DXY) | -0.72% | 2.41% | -1.90% | 0.87% | 0.65% |

In April, Staff presented a comment on the impact of the conflict in the Middle East. As of the end of May, the Strait of Hormuz effectively remains closed and a ceasefire between the US and Iran has proven to be fragile.

U.S. interest rates have demonstrated sensitivity to the price of oil and have continued the trend higher reflecting elevated inflation expectations.

Investment Staff continues to monitor market developments, including the recent retreat in the price of oil. The Plan is well-positioned in the event inflation expectations become entrenched as Staff expects to benefit from an underweight position to Core Fixed Income and overweight exposure to Commodities, although at some point risk assets would likely come under pressure. Should the Iran situation resolve, risk assets should broadly work, benefitting the overall portfolio.



Positioning

ACTUAL VS POLICY TARGET

| Asset Class | Actual | Policy Target | Delta |
|---------------------|--------|---------------|-------|
| Public Equities | 35.3% | 34.0% | 1.3% |
| Fixed Income | 21.2% | 23.0% | -1.8% |
| Core | 11.2% | 13.0% | -1.8% |
| Credit | 10.0% | 10.0% | 0.0% |
| Commodities | 5.7% | 5.0% | 0.7% |
| Hedge Funds | 11.1% | 12.0% | -0.9% |
| Alpha Pool | 2.3% | 2.5% | -0.2% |
| Core Real Estate | 6.4% | 7.0% | -0.6% |
| Private Real Assets | 4.3% | 5.0% | -0.8% |
| Private Equity | 5.2% | 6.0% | -0.8% |
| Private Credit | 6.4% | 8.0% | -1.7% |
| Opportunistic | 1.8% | 0.0% | 1.8% |
| Cash | 0.4% | -2.5% | 2.9% |
| Total | 100.0% | 100.0% | 0.0% |

Public Equity: overweight vs. policy target, primarily due to strong market returns.

Core Fixed Income: underweight vs. policy target.

Exposure to Core Fixed Income has been primarily reallocated to Cash and Opportunistic investments. We maintain our view that positive economic growth, stickier inflation, and the fiscal backdrop, create an environment for higher yields.

Hedge Funds: underweight due to recent Strategic Asset Allocation change, that increased the target from 10% to 12%.

Commodities: modest overweight primarily due to strong performance. Given current geopolitical uncertainty, the commodity portfolio continues to provide diversification benefits.

Cash: the Plan continues to earn cash returns of approximately 4%. That said, cash should be drawn down in June as an additional hedge fund investment is funded, although that may be at partially offset through equity rebalancing.

Estimates as of May 31st, 2026. Source: KCERA.

Rebalancing

MAY ACTIVITY

- Public Equity
 - Sell 8M Dalton Japan Long Only
 - Sell 10M Geneva Small Cap Growth
 - Sell 10M Lazard Japanese Equity
 - Sell 10M Mellon Emerging Markets Fund
 - Sell 12M Mellon Developed Markets ex-US Fund
- Global Equity Overlay
 - Sell 50M Global Equity Exposure (Parametric)
 - Buy 50M Global Equity Exposure (Parametric)
- Hedge Funds
 - Buy 30M Hawk Ridge Partners II
 - Buy 50M PIMCO Absolute Return Strategy V
- Commodities
 - Transfer 87M Wellington Commodities to NT Cash



Public Equity: Staff decreased an overweight to Public Equity following strong asset class performance and brought US Small Cap and ex-US regional exposure more in line with the Global equity benchmark

Staff sold ACWI exposure through Parametric in anticipation of redemptions; Staff purchased ACWI exposure in the Overlay program as physical equity exposure was reduced



Hedge Funds: Staff increased exposure to Hedge Funds following the Board's approval of the Plan's Strategic Asset Allocation (SAA) in May; effective June 1st, the Plan's target exposure to Hedge Funds will increase from 10% to 12%



Commodities: Staff transferred cash from the Wellington mandate in anticipation of upcoming investments, including the additions to the Hedge Funds portfolio; the transfer resulted in a reduction of the mandate's funding level from 100% to 80%

Delegation

The following investments fall within the parameters of the Delegation Policy and were approved by the CIO

¥2.5B



Endeavour United Fund IV - ¥2.5B

Endeavour will pursue a lower-middle market strategy focused on companies in Japan. The manager will identify business succession and corporate carveout opportunities in fundamentally strong businesses at below-market valuations. The manager has successfully capitalized on turnaround and special situations opportunities. This investment will be a part of the Private Equity allocation.

2.5B JPY is ~16M USD

\$50M



PIMCO Absolute Return Strategy V (PARS V) - \$50M

PIMCO will pursue a discretionary Global Macro strategy that is expected to allocate capital between a Core portfolio, a Relative Value sleeve, and a dedicated allocation to systematic strategies. The Fund has a diversified return stream that is complementary to the existing strategies in the Hedge Fund portfolio.

\$40M



Silver Point Tactical Credit Opportunities Fund - \$40M

Silver Point will pursue a flexible, all weather credit strategy that combines the Manager's public and private investment capabilities into a single drawdown vehicle with exposure to direct lending, dislocation opportunities, and liquid credit. This investment will be a part of the Private Credit allocation.

Closed Investments

Contracting completed (all), and funded (liquid hedge fund investment)

- Kayne Anderson Real Estate Partners VII (Private Real Assets) – \$30MM
- PIMCO Absolute Return Strategy V (Hedge Funds) – \$50M
 - *Staff funded the investment on 5/29; the subscription date is 6/1*

Reporting Period covers 05/01/2026 to 05/31/2026

**Indicates investment was also funded*

2

FUNDS

\$50M

FUNDED

\$30M

COMMITTED

Investment Committee Meetings

Next meeting TBD

The last IC meeting was held on April 28th





Legal Report

Kristen McDonald, Deputy Chief Legal Officer

June 2026

Legislative Update

Ongoing: In committee

- AB 1054: Establish DROP (Deferred Retirement Option Program) Legislation within PERS for Highway Patrol and Firefighters.
- AB 1383: Amended. If using PEPPRA tier formulas for safety, would be using same PEPPRA tier 430(b) compensation limits for staff as current, not previously-proposed higher 415 limit instead.
- 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. **Set for Hearing in Committee on 6/10.**

Legislative Update

Ongoing: In committee

- AB 1619: proposal to increase Board of Retirement Trustee per diem from \$100 to \$320, subject to Board of Supervisors adoption. **Now in Senate, to Committee.**
- 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
 - **Now in Senate, to Committee.**

Legislative Update

Dead

- SB 1319: amend Gov. Code § 7928.710 (Public Records Act requests)
 - Re-referred to Committee on Appropriations
 - Adds to the information public pension plans must disclose in response to Public Records Act requests for information regarding “alternative investments.”
 - Held in suspense file 05/14/2026 - off the table for this legislative session.
 - We can reasonably anticipate future bills like this, however.



TO: State Association of County Retirement Systems
FROM: Cara Martinson, Capitol Advocacy
Laurie Johnson, LJ Consulting & Advocacy
DATE: May 4, 2026

RE: Legislative Update – May

The Legislature is approaching the midpoint of the legislative session, having just passed key policy committee deadlines. As a result, bills are now advancing to the fiscal committees for consideration through the Appropriations process. Measures with a fiscal impact will face heightened scrutiny in both the Assembly and Senate, particularly as lawmakers weigh ongoing cost pressures alongside broader state budget considerations. Attention is increasingly shifting toward the state budget, with the Governor expected to release the May Revision of his January proposal in mid-May. This updated budget will reflect the latest revenue data, including April tax receipts, and will serve as the foundation for negotiations between the Administration and legislative leaders in the weeks ahead.

The Legislature is constitutionally required to pass a balanced budget by June 15, followed by the Governor's signature by July 1. In the interim, budget subcommittees and leadership will work to reconcile differences and identify potential adjustments. According to the Department of Finance, April tax receipts are currently trending above projections, offering some near-term optimism. However, the Governor has already signaled that the May Revision will likely include additional cuts to address persistent structural deficits in the out-years. As a result, the budget process is expected to remain challenging, with ongoing discussions around program reductions, funding delays, and other cost containment strategies.

The following is an update on bills that SACRS is actively following:

II. Legislative Update:

- **AB 1054 (Gipson)** - This bill would establish the Deferred Retirement Option Program (DROP) as a voluntary program within PERS for employees of State Bargaining Units 5 (Highway Patrol) and 8 (Firefighters). The bill states that the DROP becomes effective and applicable only after: 1) the applicable Bargaining Unit has entered into a MOU with the employer to implement the program; 2) The program has been certified via an actuarial analysis that it is cost neutral by the



CalPERS Board of Administration; and 2) CalPERS has adopted regulations to implement and administer the program.

- Status: This bill passed out the Assembly and is awaiting action in the Senate.
- Position: No Position/Watch

- **AB 1383 (McKinnor)** – The bill was heard in the Assembly PERS Committee and advanced out of the Appropriations Committee in January after taking several amendments. The bill includes the following provisions:
 - Adjust, on and after January 1, 2027, the pensionable compensation limit to the Social Security compensation limit. The prior version of the bill would have increased the pensionable compensation limit to the higher IRC 415(b) threshold.
 - Lower the retirement age on a prospective basis from age 57 to 55 for three existing safety DB retirement formulas, and
 - Authorize a public employer to create a fourth PEPRA safety DB retirement formula of three percent (3%) at age 55, to be applied prospectively.
 - Amendments this year removed a provision that would have permitted collective bargaining over the 50-50 normal cost sharing requirement.
 - Status: This bill advanced out of the Assembly and is now awaiting action in the Senate
 - Position: Neutral

- **AB 1439 (Garcia)** - The bill would have required labor protection standards on pension system investments in development projections. The bill was amended coming out of the Assembly to now require CalPERS and CalSTRS to contract with the University of California Labor Centers to conduct an independent study to determine the impacts on public employee retirement funds of prohibiting the boards from investing in California development projects that do not provide labor standards protections for workers. The bill no longer applies to the CERL systems and removes SACRS' opposition.
 - Status: The bill passed out of the Assembly and is awaiting action in the Senate.
 - Position: No position/watch

- **AB 1601 (Rogers)** – This bill would permit the county Board of Supervisors for Sonoma County to authorize a cost-of-living adjustment to the retirement allowances, optional death allowances, or annual death allowances payable by the retirement system.



- Status: This bill passed out of the Assembly and is awaiting action in the Senate.
 - Position: Neutral
- **AB 1619 (Valencia)** – This bill allows county Boards of Supervisors to authorize an increase in the Board of Retirement trustee per diem from \$100 to \$320. The bill would then require action by the Board of Retirement to establish the increased compensation rate. This bill was amended to apply the same increase in compensation to CalPERS and CalSTRs Board Members.
 - Status: This bill passed out of the Assembly PERS Committee and is awaiting action in the Appropriations Committee.
 - Position: Neutral
- **AB 1660 (Schiavo)** – This bill was amended to now permit as opposed to require a court to award sanctions of no less than \$1,000 per violation if a financial institution, private agency, retirement fund administrator, insurance company, or other person fails to comply with existing requirements to provide information or surrender property of a decedent, minor, or conservatee to a public administrator or public guardian that is authorized to take possession and control of such property.
 - Status: This bill is awaiting action on the Assembly floor.
 - Position: No position/watch
- **AB 1762 (Gonzalez)** – This bill extends Public Employees’ Medical and Hospital Care Act (PEMHCA) authorization contract for health benefits to the City of Indio for employees hired from January 1, 2025, onward. It sets conditions such as collective bargaining agreements and requires at least five years of service for any benefit eligibility. The bill applies only to retirees after the approval of the memorandum of understanding and mandates that the City of Indio provide necessary notifications and information.
 - Status: This bill did not receive a policy committee hearing and is now dead.
 - Position: No position/watch
- **AB 1844 (Pacheco)** – This bill modifies the Judges’ Retirement System II, to give judges more flexibility in designating beneficiaries for their retirement benefits. This bill would authorize a judge who elects one of the optional retirement payment plans in lieu of receiving the maximum retirement allowance to designate a beneficiary other than their spouse to receive the payment or allowance after the judge’s death, subject to the community



- property rights of the judge's spouse. Additionally, the bill extends existing survivor benefits to non-spouse beneficiaries, removing the stipulation that the judge must have served a minimum of 20 years if they die in office.
- Status: This bill passed out the Assembly and is awaiting action in the Senate.
 - Position: No position/watch
- **AB 2336 (Macedo)** – This bill would, for taxable years beginning on or after January 1, 2026, and before January 1, 2031, exclude from gross income the first \$25,000 of overtime pay received by a taxpayer during the taxable year. The bill would also exclude from gross income the first \$25,000 received by a taxpayer as proceeds from a defined benefit plan.
 - Status: This bill was held the Assembly PERS Committee.
 - Position: No position/watch
 - **AB 2519 (McKinnor)** – The bill expands who must be included in the State Teachers' Retirement System (STRS) membership. Under current law STRS administers a defined-benefit retirement program funded by employer and employee contributions and applies to positions that generally require a valid credential or license; charter school positions were excluded. This bill adds permitholders and comparable positions at charter schools that receive state apportionment and perform specified directing, coordinating, supervising, or administrative functions to the definition of "position subject to membership." It also removes a board-triggered timing requirement and makes the new definition operative on July 1, 2027.
 - Status: This bill is awaiting action in the Assembly Appropriations Committee.
 - Position: No position/watch
 - **AB 2780 (Assembly Committee on Public Employment and Retirement) – Public Retirement Systems: Omnibus Bill** - This bill includes the SACRS-sponsored legislative package in the Legislature's annual omnibus bill for technical changes to laws affecting CalSTRS, CalPERS, and the CERL systems. The proposed changes in the CERL include the following:
 - Clarifying that deferred members cannot run for or vote in active member Miscellaneous and Safety trustee elections.
 - Establishing a 10-year statute of limitations for recovery of overpayments due to fraudulent reports of overpaid death benefits.
 - Formalizing the practice of the majority of CERL systems that only the last system pays a lump-sum burial allowance for reciprocal members.



- Defining “concurrent retirement” to allow reciprocal members to retire on different dates with 30 days of each retirement date, as long as there is not overlapping service.
 - Status: This bill is awaiting action in the Assembly Appropriations Committee.
 - Position: Support

- **SB 1187 (Durazo)** – This bill would define “majority” in the Brown Act to mean the number of members of the legislative body equaling more than half of the total number of seats on the legislative body. The bill would specify that if a seat on the legislative body is vacant, that seat is to still be counted as a seat on the legislative body.
 - Status: This bill is on the Senate Floor consent calendar.
 - No position/watch

- **SB 1207 (Laird)** – This bill authorizes CalPERS members to buy back not more than three years of service credit for their prior service in the California Conservation Corps (CCC). The bill also makes changes to CCC’s statutes to clarify the scope of authorized projects and to specifically permit CCC to contract with corps established by California Native American tribes
 - Status: This bill is awaiting action in the Senate Appropriations Committee.
 - No position/watch

- **SB 1319 (Durazo)** – This bill expands requirements for public disclosure of alternative investment information, including the name of each general partner or manager of each alternative investment vehicle and of each person with a direct or indirect interest in the general partner or manager. The bill also requires disclosure of the identity of the enterprise or activity in which the investment is made, the geographic locations where the enterprise or activity takes place, and the number and classifications of employees at each such location.
 - Status: This bill passed out of the Senate PERS Committee and is awaiting action in the Senate Appropriations Committee.
 - Position: Oppose

- **SB 1407 (Archuletta)** – Current law allows up to \$20,000 of federal military retirement pay and certain Survivor Benefit Plan annuity payments to be excluded from taxable income for qualifying taxpayers between 2025 and 2030. This bill would increase the income limits to 820,000 cap, extend the exclusion through 2037, and require reporting on the tax expenditure.
 - Status: This bill is awaiting action in the Senate Appropriations Committee.



- Position: No position/watch

Contact:

If you have any questions, contact Cara Martinson at cmartinson@capitoladvocacy.com, or Laurie Johnson at lauriejconsult@gmail.com.