



# Board of Retirement Regular Meeting

## Sacramento County Employees' Retirement System

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### Agenda Item 18

**MEETING DATE:** October 16, 2024

**SUBJECT:** Education: Portfolio Analytics

**SUBMITTED FOR:**  Consent  Deliberation and Action  Receive and File

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#### **RECOMMENDATION**

Receive and file presentation on portfolio analytics software implementation.

#### **PURPOSE**

This item complies with the Strategic Management Plan objective to ensure effective oversight of the investment program.

#### **DISCUSSION**

Staff will deliver an educational presentation on MSCI's total portfolio analytics software system, Caissa, which the Board approved in June 2022. This presentation aims to update the Board on the platform's capabilities, providing insights into how it enhances portfolio management and risk analysis. The presentation will familiarize the Board with key benefits observed from utilizing the system, including its advanced data analytics, risk metrics, and performance attribution features. Staff will highlight the software's role in driving more informed, data-driven decision-making for the portfolio's overall strategy.

#### **ATTACHMENTS**

- Board Order
- Portfolio Analytics Update presentation

Prepared by:

/s/

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Jim Donohue  
Deputy Chief Investment Officer

Reviewed by:

/s/

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Eric Stern  
Chief Executive Officer

/s/

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Steve Davis  
Chief Investment Officer



# Retirement Board Order

## Sacramento County Employees' Retirement System

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Before the Board of Retirement  
October 16, 2024

AGENDA ITEM:

### Education: Portfolio Analytics

THE BOARD OF RETIREMENT hereby accepts the recommendation of staff to receive and file presentation on portfolio analytics software implementation.

I HEREBY CERTIFY that the above order was passed and adopted on October 16, 2024 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:

(Present but not voting)

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James Diepenbrock  
Board President

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Eric Stern  
Chief Executive Officer and  
Board Secretary



# Portfolio Analytics Update

October 16, 2024

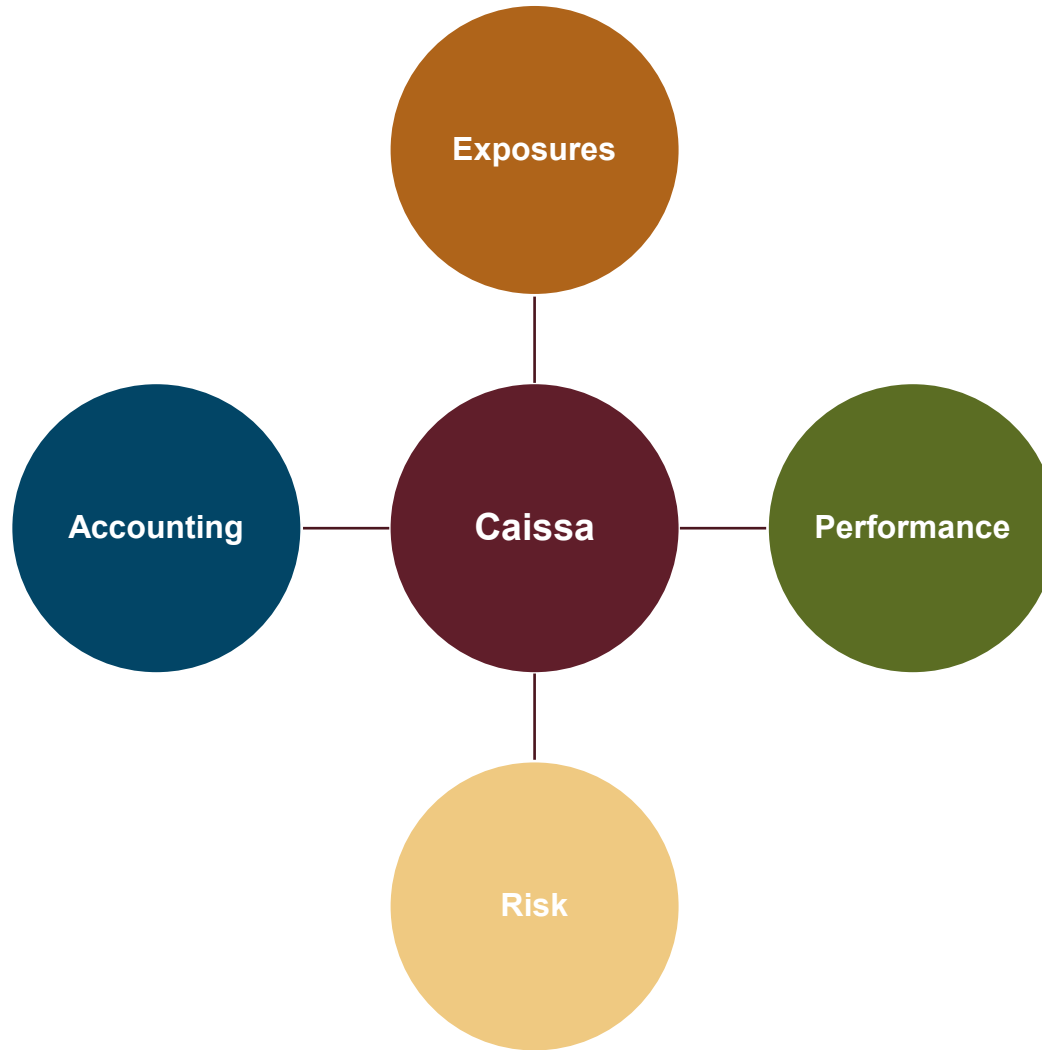
# Overview

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- Assists staff in overseeing and managing a complex portfolio
- Provides a total portfolio view that holistically views exposures across the entire portfolio (i.e., public and private)
- Critical infrastructure for an institutional portfolio
- Provides granular views within asset classes, including:
  - asset class level
  - underlying investment fund level
  - portfolio company level

# Functionality

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# Simplification of Systems

2022

2024

Eliminated SSB service

Manual collection of data

Eliminated third-party private markets software

MSCI

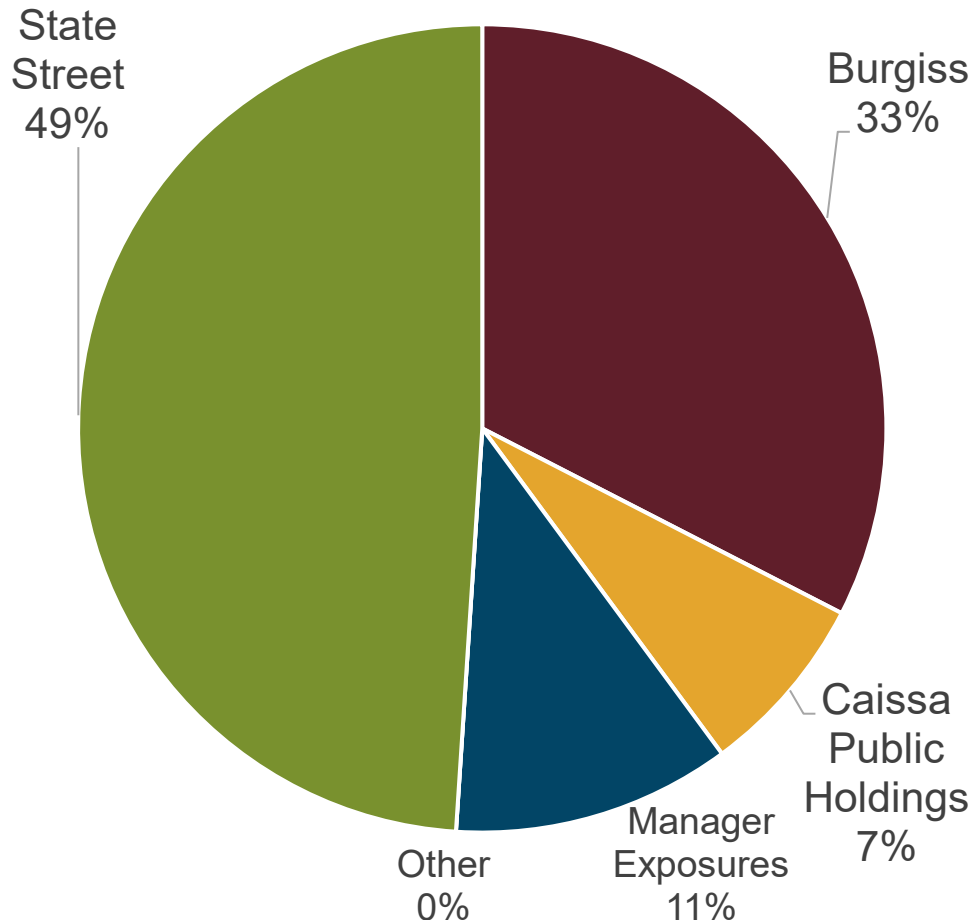
# Timeline



- Caissa merged with Burgiss in 2021, which was then subsequently acquired by MSCI in 2023, the gold standard in risk analytics
- Board approved contract in June 2022
- Onboarding took longer than expected but is almost entirely implemented (99%+)
- Now analyzing data to inform decisions



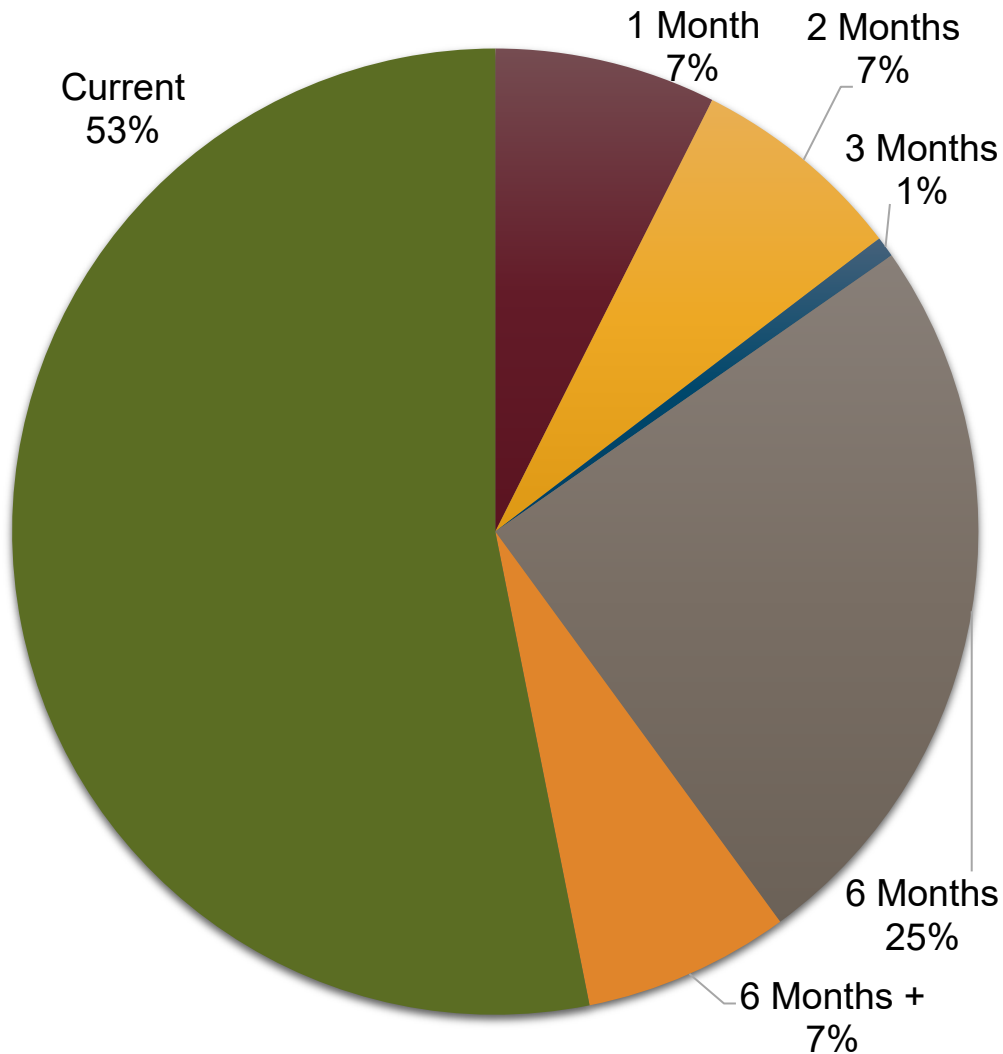
# Source of Data



- Detailed holdings level information on 89% of the portfolio
- Exposure level information on 100% of the portfolio
- Information flowing into the system daily with 90%+ entered into Caissa within 72 hours of receipt
- Limited staff involvement



# Timely View



- Majority of assets priced daily
- Given the number of private market funds in the portfolio and delayed reporting, 4-month-plus delay is expected
- Small number of funds being integrated into the system

# Asset Allocation Drilldown

Portfolios / Asset Allocation Drill Down

Total Portfolio (w/ Overlay)  
TPW01 | Comp. Group

Date	Book	Policy Hierarchy
09/30/2024	Time-Matched	Total Portfolio (w/

Portfolio

- Total Portfolio (Ex Overlay)
  - Real Return
    - Real Estate
    - Real Assets
    - Liquid Real Return
  - Growth
    - Public Credit
    - Private Equity
    - Private Credit
    - Legacy- Absolute Return
    - Global Equity
  - Diversifying
    - Fixed Income
    - Cash- Diversifying
    - Absolute Return
  - Cash

Overlay

Status	Market Value
✓ Underweight	96.27
✓ Underweight	15.93
⚠ Underweight, Exceeds Lower Band	6.02
✓ Overweight, In Range	8.06
✓ Underweight	1.84

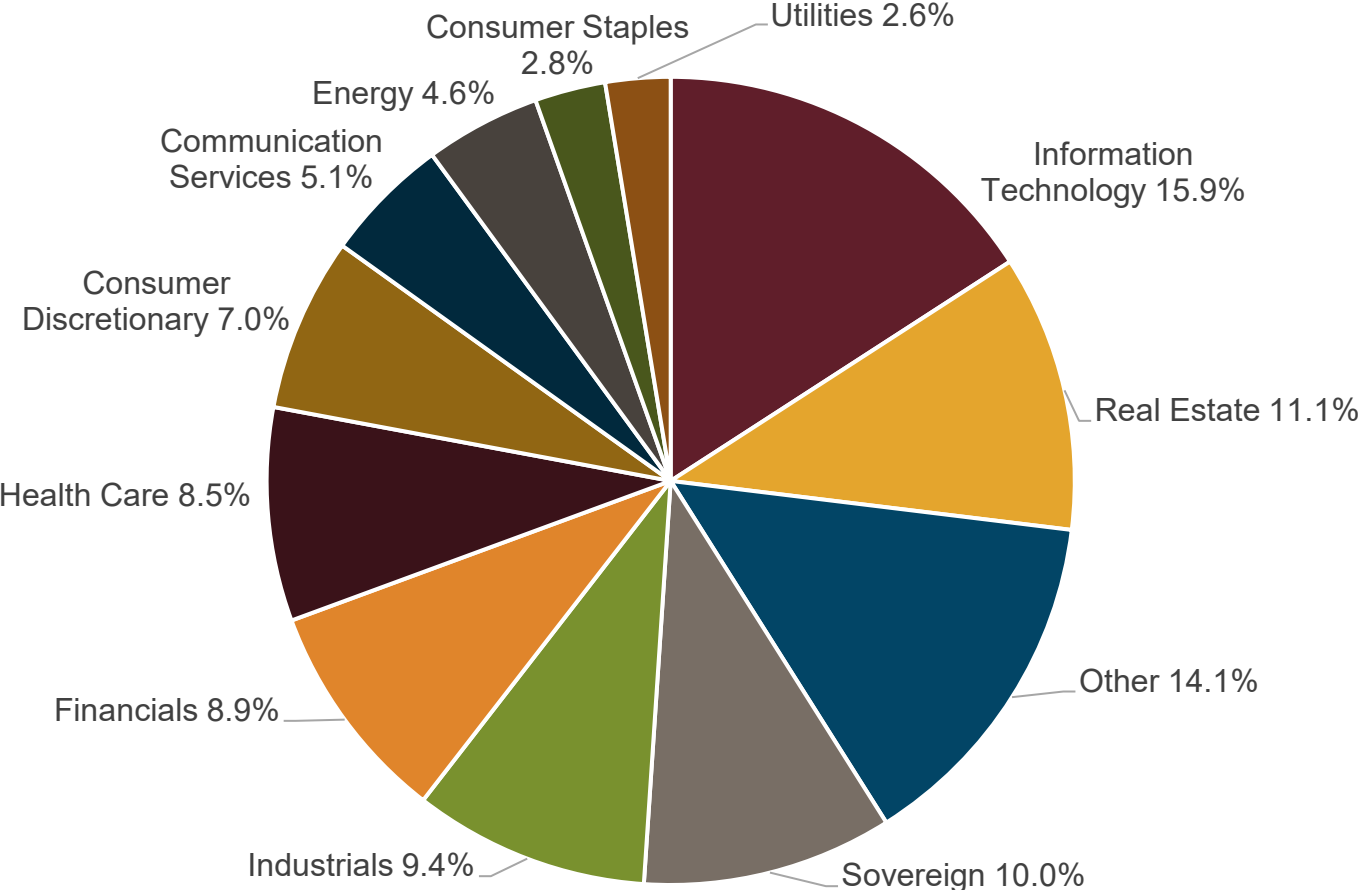
- Real-time view on asset allocation positioning
- Positioning data flows into Board reporting (i.e.: Quarterly Portfolio Allocation and Rebalancing Report)

# Where Do We Have Exposure?



Exposure to regions/sectors can be aggregated quickly

# SCERS' Industry Exposure



# Performance Attribution

Portfolios / Macro Performance Contribution

Total Portfolio (Ex Overlay)

TPI | Comp. Group

Date Range: 07/01/2023 - 06/30/2024 | Periodicity: Quarterly | Book: Time-Matched | Currency: USD | Dimension: Portfolio

Categories	+ Expand / Collapse	09/30/2023
+ 1 Growth		0.38
+ 2 Cash		2.49
+ 3 Diversifying		-0.39
+ 4 Real Return		-0.85
+ Portfolio Return		1.63

- Up-to-date performance across the total portfolio, both top-down and bottom-up
- Complements consultant quarterly reporting

Detail down to the asset level

# Better Understanding of Risk

Category	Net Exposure	Net Market	Gross Exposure	Net Market	%	P&L Contribution
Equity	42.43	0.00	49.72	0.00	-14.21	2,064,533,415
Privates	47.18	0.00	47.20	0.00	-9.99	1,451,677,439
Real Estate	9.10	0.00	9.10	0.00	-3.71	-538,921,886
Fixed Income	19.45	0.00	33.02	0.00	-0.11	-15,285,997
Commodities	0.16	0.00	0.45	0.00	-0.04	-5,897,169
Cash	6.65	0.00	8.11	0.00	-0.01	-1,992,016
Foreign Exchange	0.37	-0.07	1.43	0.00	-0.01	-1,949,991
Other Assets	0.18	0.55	0.25	0.76	0.00	0
Other Liabilities	-29.87	-29.87	29.87	29.87	0.00	0
Undefined Asset	0.75	0.75	1.47	1.47	0.00	0
Total	96.78	-28.45	181.52	32.78	-28.09	-4,080,319,905

Category	%
Equity	-14.21
Privates	-9.99
Real Estate	-3.71
Fixed Income	-0.11
Commodities	-0.04
Cash	-0.01
Foreign Exchange	-0.01
Other Assets	0.00
Other Liabilities	0.00
Undefined Asset	0.00
<b>Total</b>	<b>-28.09</b>

- Dynamic views of risk - historically not available to SCERS
- Examples include stress testing, and volatility and factor analysis
- Evolving potential given MSCI ownership

# Investment Accounting in One Place

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- Collection of streamlined data from multiple sources
- Efficient tool to verify and track capital flows
- Document management
- Centralized location for investment accounting data

# Conclusion

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- Analytics and processing functions for investment and accounting staff
- Better oversight of investment portfolio
- User-friendly platform - efficiencies of processes
- Some Board reporting can be automated, which will speed up delivery and accuracy
- Contract renewal in 2026