



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 14

MEETING DATE: October 15, 2025

SUBJECT: Chief Investment Officer's Report

SUBMITTED FOR: Action Information

RECOMMENDATION

Receive and file the Chief Investment Officer's Report for the quarter ended September 30, 2025.

PURPOSE

This agenda item provides the Board with updates to the SCERS investment program and contributes to the effective management and oversight of investment activities.

DISCUSSION

The quarterly CIO Report presentation will cover investment performance, economic data and market performance, SCERS' asset class allocations relative to targets, overlay and physical rebalancing activity for the quarter, quarterly investment activity, investment manager updates, Staff updates and activity, as well as portfolio exposures.

ATTACHMENTS

- Board Order
- Quarterly CIO Report presentation

Prepared by:

/S/

Steve Davis
Chief Investment Officer

Reviewed by:

/S/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

**Before the Board of Retirement
October 15, 2025**

AGENDA ITEM:

Chief Investment Officer's Report

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to receive and file the Chief Investment Officer's Report for the quarter ended September 30, 2025.

I HEREBY CERTIFY that the above order was passed and adopted on October 15, 2025 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

Chris Giboney
Board President

Eric Stern
Chief Executive Officer and
Board Secretary

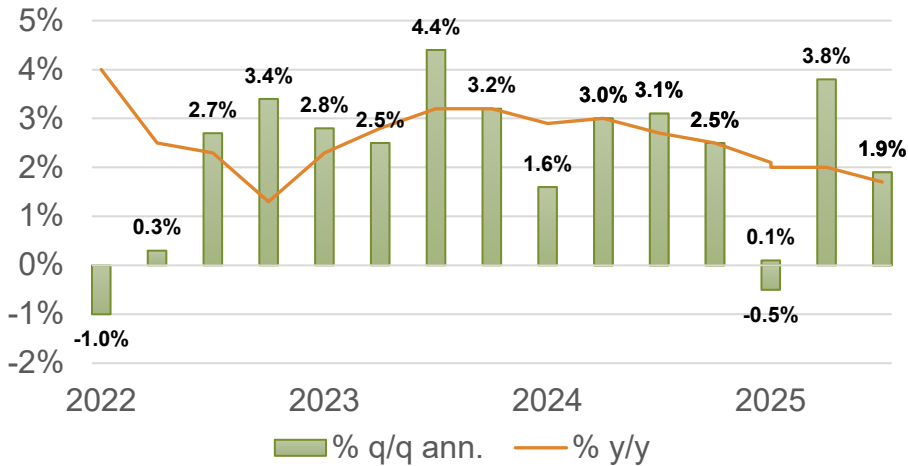


Quarterly CIO Report

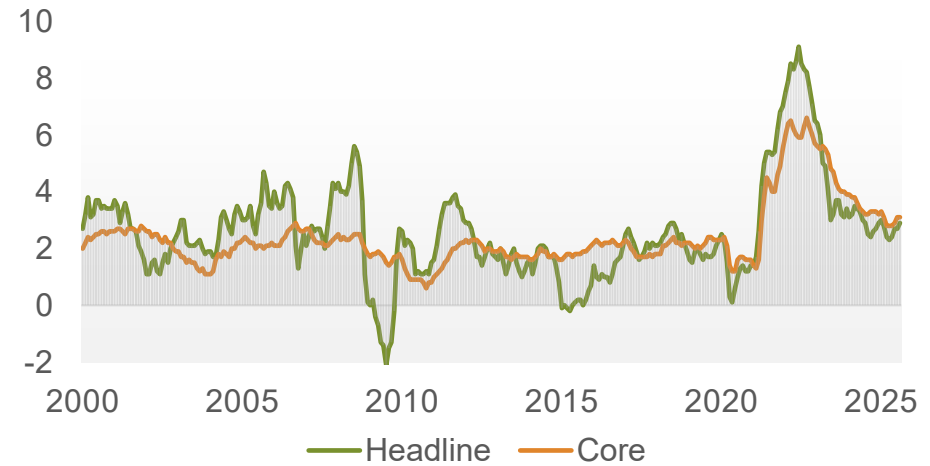
Third Quarter 2025

Economic Data

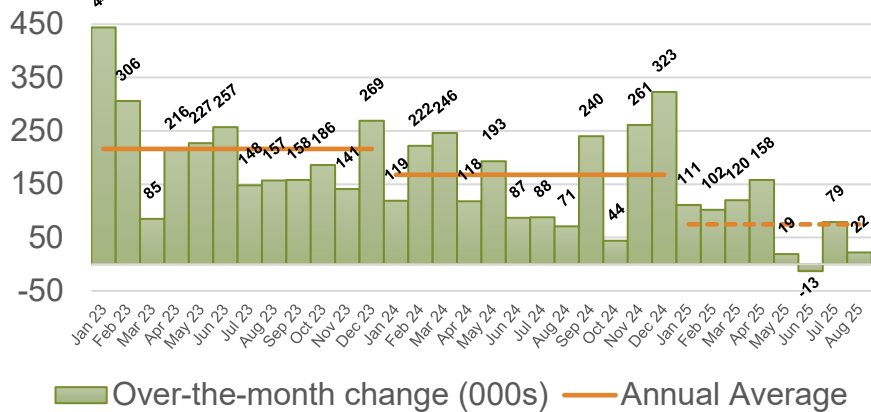
Quarterly Real U.S. GDP



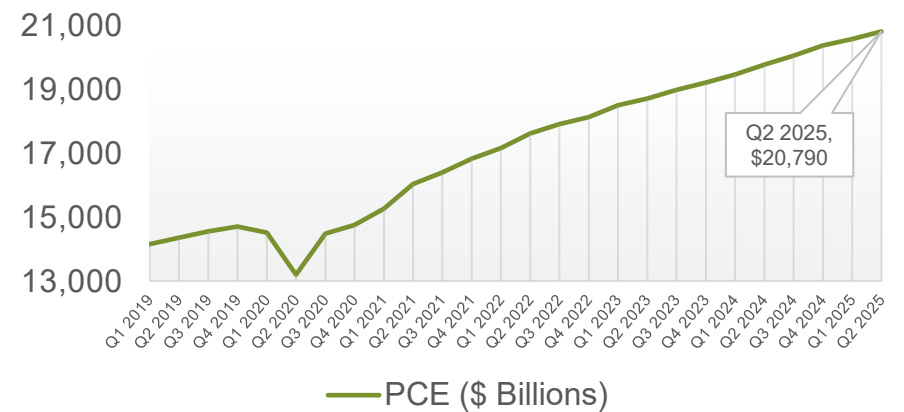
CPI Inflation (%)



Nonfarm Payroll Employment



Personal Consumption Expenditures

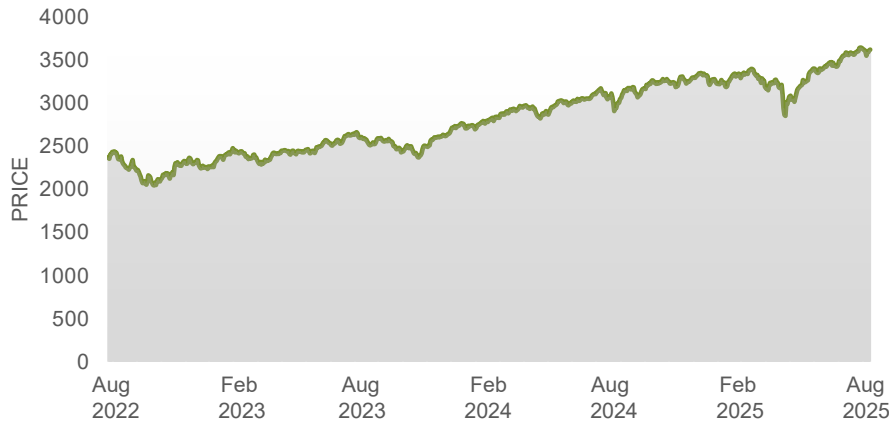


Sources: Capital Economics, Bureau of Labor Statistics, Bureau of Economic Analysis

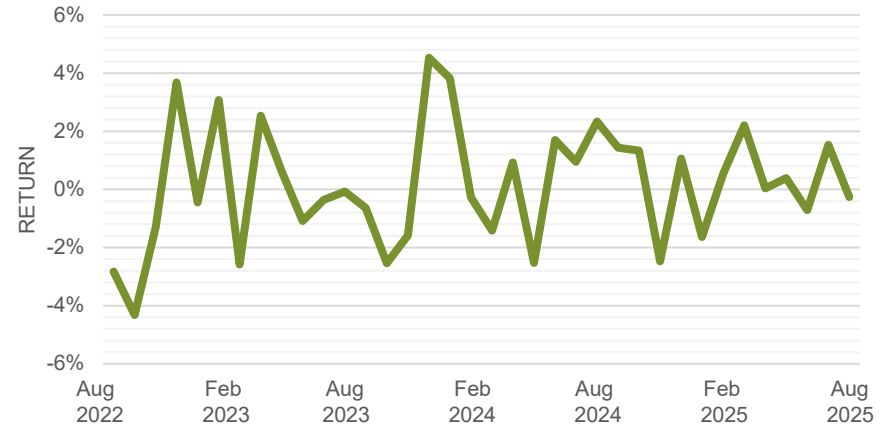
Market Performance

As of October 3, 2025

MSCI ACWI IMI Index



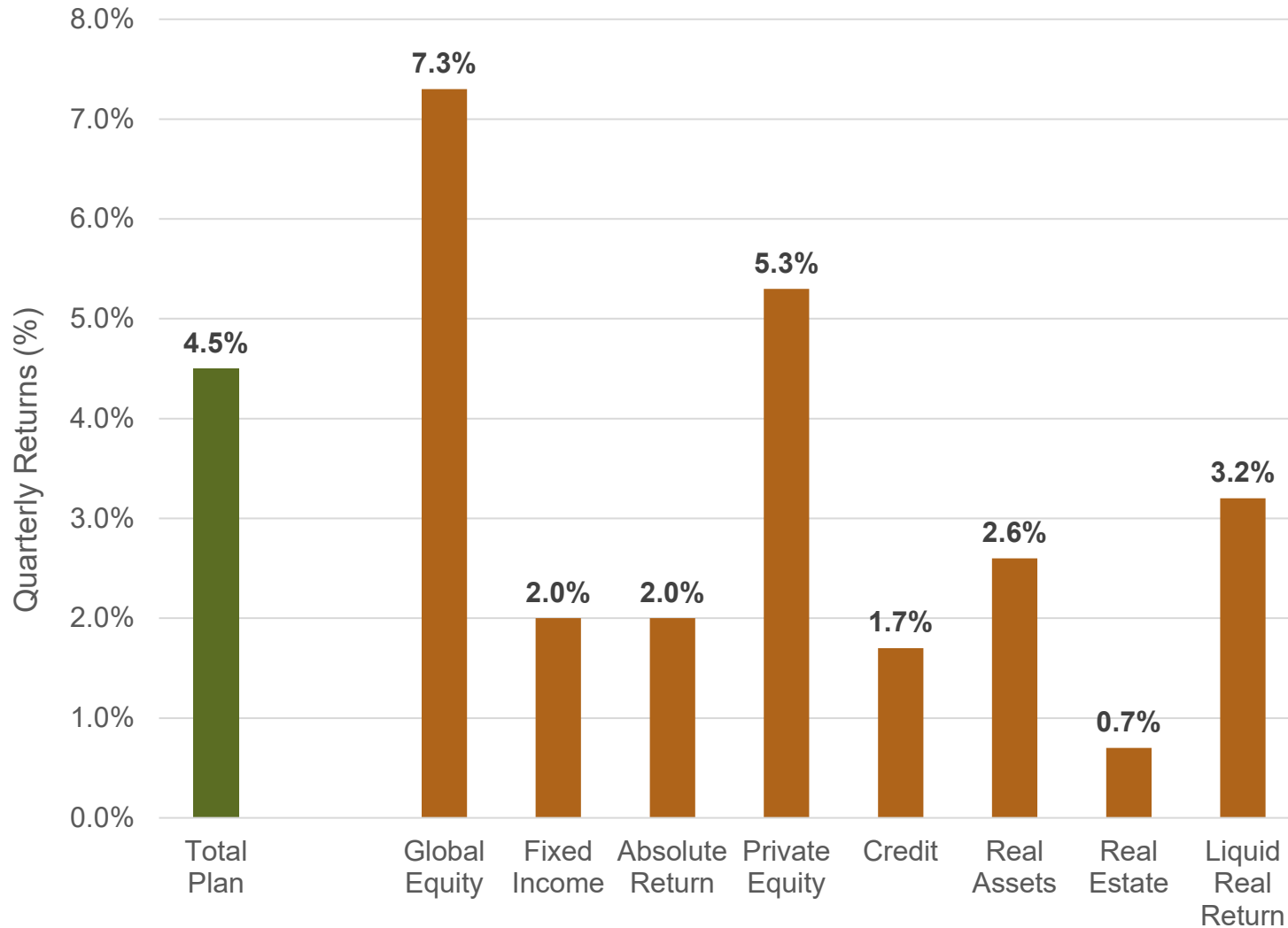
Bloomberg U.S. Aggregate Index



Market	Index	Quarter	YTD	1-Year	3-Year	5-Year	10-Year
Domestic Equity	S&P 500 Index	8.1	14.8	17.6	24.9	16.5	15.3
	Russell 1000 Index	8	14.6	17.7	24.6	16	15
	Russell 2000 Index	12.4	10.4	10.8	15.2	11.6	9.8
	Dow Jones Industrial Average	5.7	10.5	11.5	19.6	13	13.5
International Equity	MSCI AC World ex USA Index	7	26.6	17.1	21.3	10.8	8.8
	MSCI Emerging Markets Index	10.9	28.2	18.2	18.8	7.5	8.4
	MSCI EAFE Index	4.8	25.7	15.6	22.3	11.7	8.7
Fixed Income	Blmbg. U.S. Aggregate Index	2	6.1	2.9	4.9	-0.4	1.8
	Blmbg. U.S. Treasury Bills	1.1	3.2	4.4	4.9	3	2.1
	Blmbg. U.S. Corp: High Yield Index	2.5	7.2	7.4	11.1	5.5	6.2

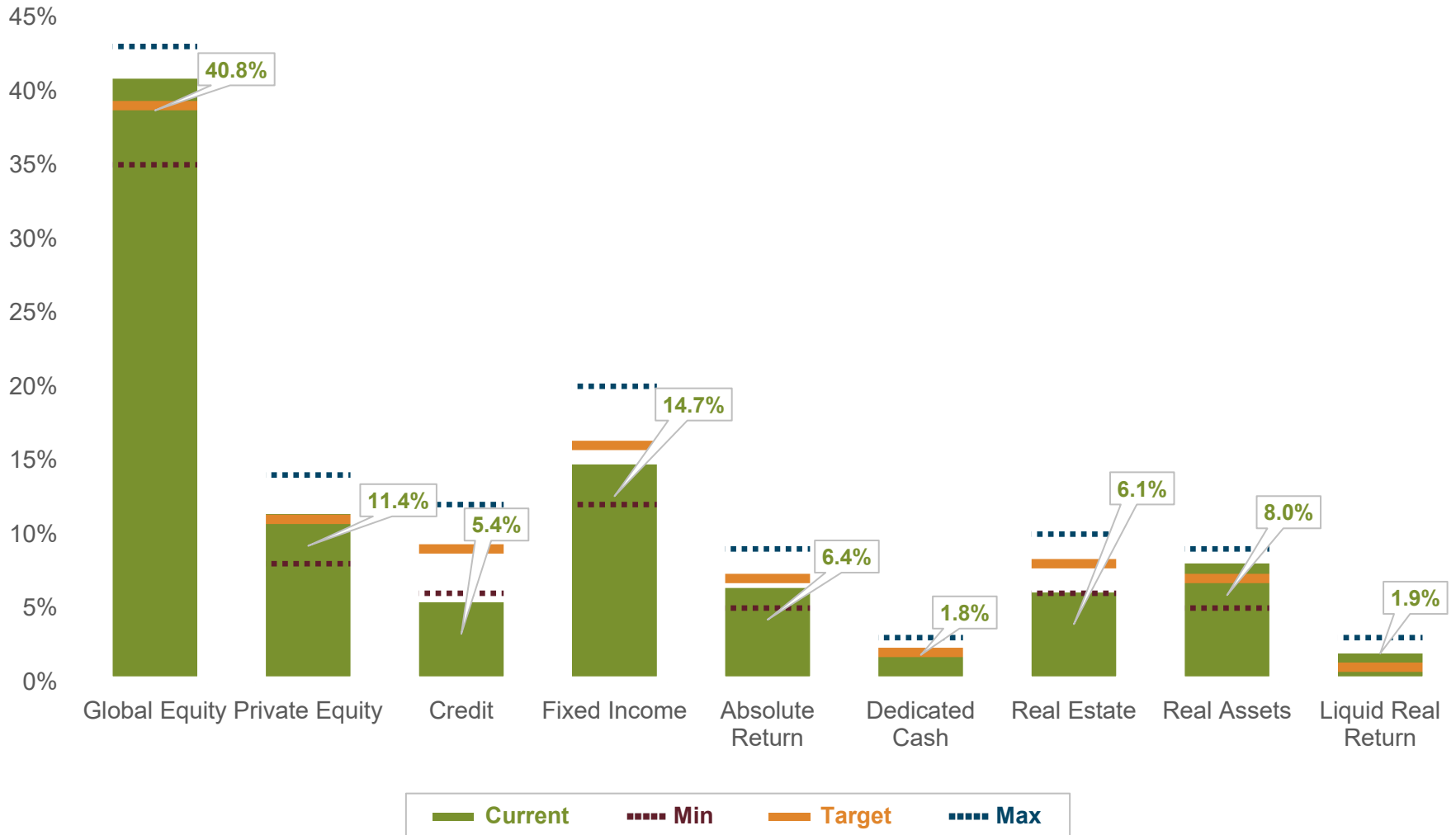
Portfolio Updates: Performance Estimate

For the quarter ended September 30, 2025



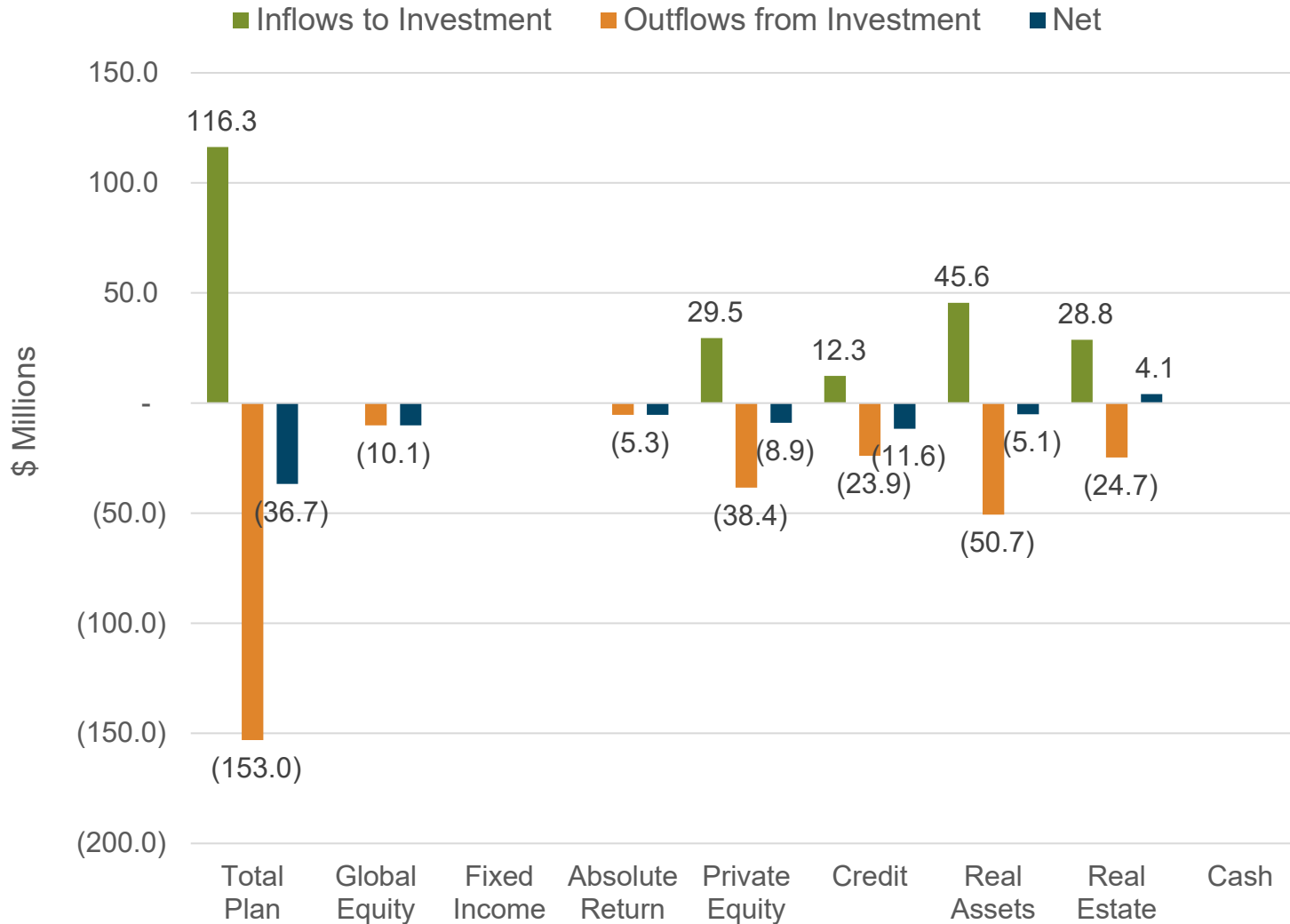
Portfolio Updates: Asset Allocation

As of September 30, 2025



Portfolio Updates: Cash Flows

For the quarter ended September 30, 2025



Portfolio Updates: Rebalancing Activity

For the quarter ended September 30, 2025



Overlay Rebalancing

Asset Category Proxy	Trade	Amount
Growth	Sold	\$105 million
Diversifying	Sold	\$206 million
Real Return	Purchased	\$33 million
Cash	Increased	\$278 million



Physical Rebalancing

Investment Manager	Trade	Amount
TCW	Purchased	\$40 million
PGIM	Purchased	\$40 million
Brandywine	Purchased	\$40 million
Reams	Purchased	\$40 million
BlackRock	Sold	\$10 million

Portfolio Updates: Transitioning & Implementation

For the quarter ended September 30, 2025

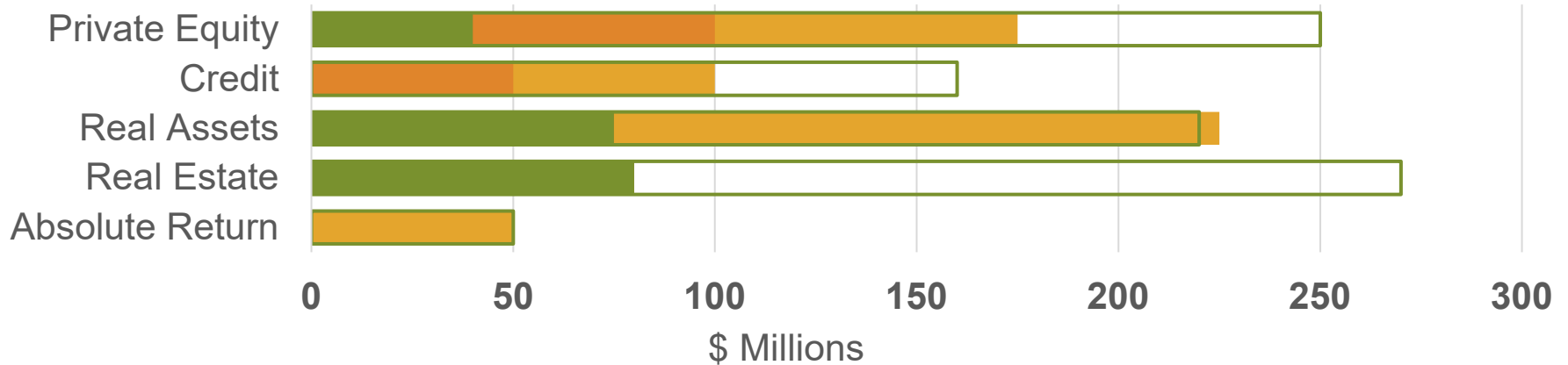
Investment	Trade	Detail
Lazard International Strategic Equity ex-EM	- \$379 million	SCERS completed a full redemption as approved by the Board on August 20, 2025. The mandate has generated an annualized since inception net of fees return of 8.0% for SCERS, as of 6/30/2025.
Acadian Global All Country Equity Extension	+ \$100 million	Additional funding for this mandate will take place in October to reach the Board approved investment amount of \$250 million.

Portfolio Updates: New Investment Activity



2025 Investment Activity

□ Target
 ■ Deployed Q1
 ■ Deployed Q2
 ■ Deployed Q3



Q3 Investment Summary

Asset Class	New Commitments	Total Committed
Absolute Return	1	\$50 million
Credit	1	\$50 million
Private Equity	2	\$75 million
Real Assets	3	\$150 million

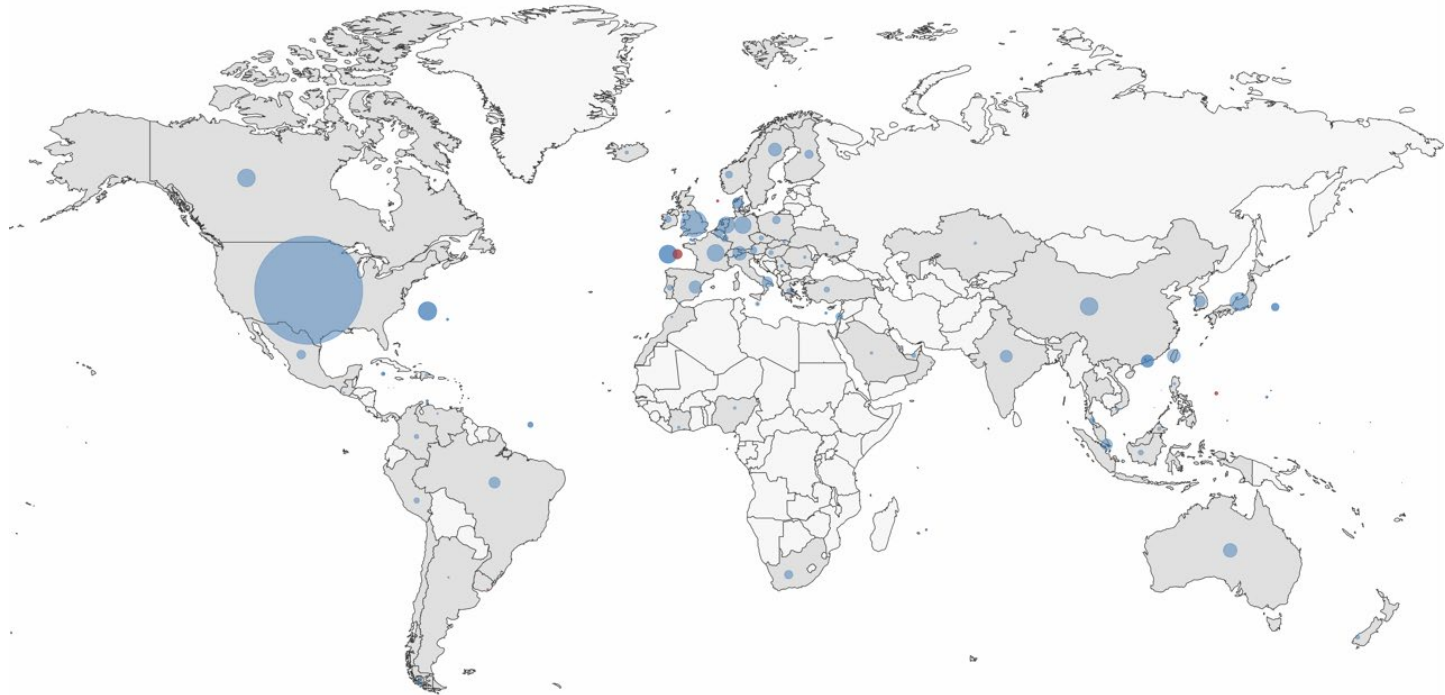
Portfolio Exposures

As of September 30, 2025

Geographic Exposure

Top Developed	Portfolio
United States	68.4%
United Kingdom	3.6%
Japan	1.7%
Canada	1.6%
France	1.4%

Top Emerging	Portfolio
China	1.6%
Taiwan	0.8%
India	0.7%
South Korea	0.6%
Brazil	0.5%

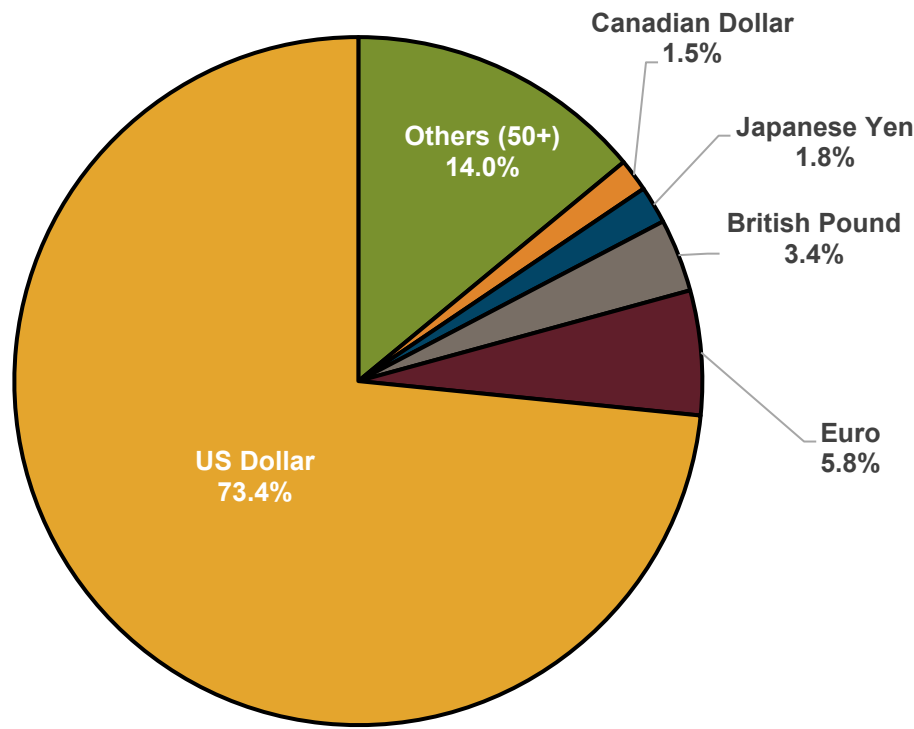
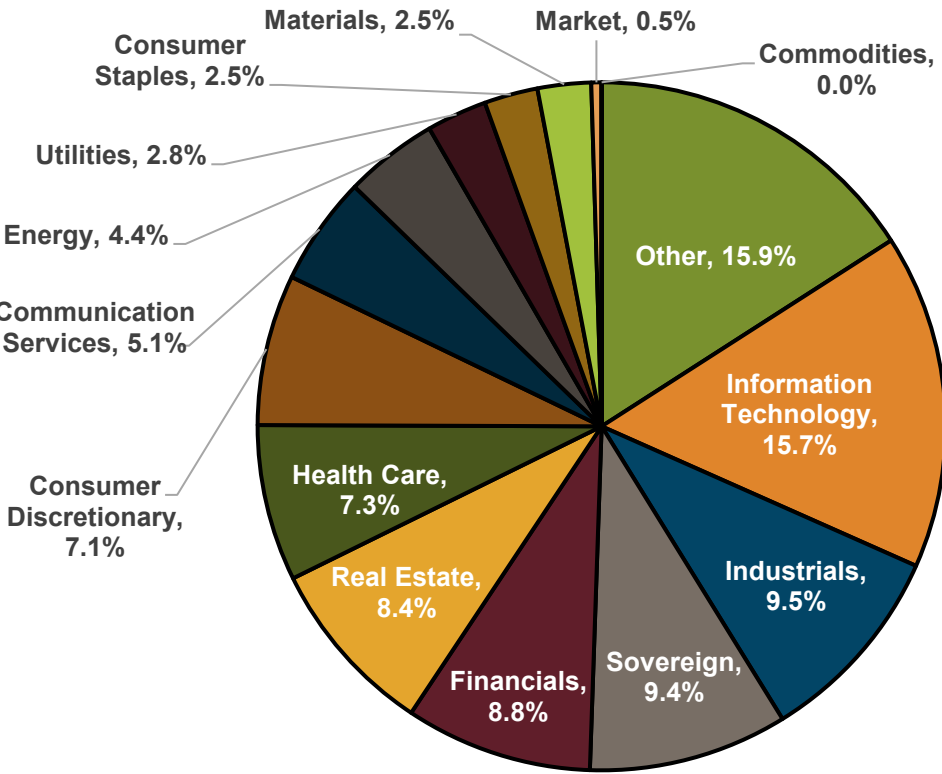


Portfolio Exposures Cont'd

As of September 30, 2025

 **Sector Exposure**

 **Currency Exposure**



Initiatives and Updates

Initiatives

- Investment Year in Review and Annual Investment Plan – November meeting
- Custodial bank contract in process
 - Transition expected 2026
- General consultant RFP to begin early 2026

Investment Manager Updates

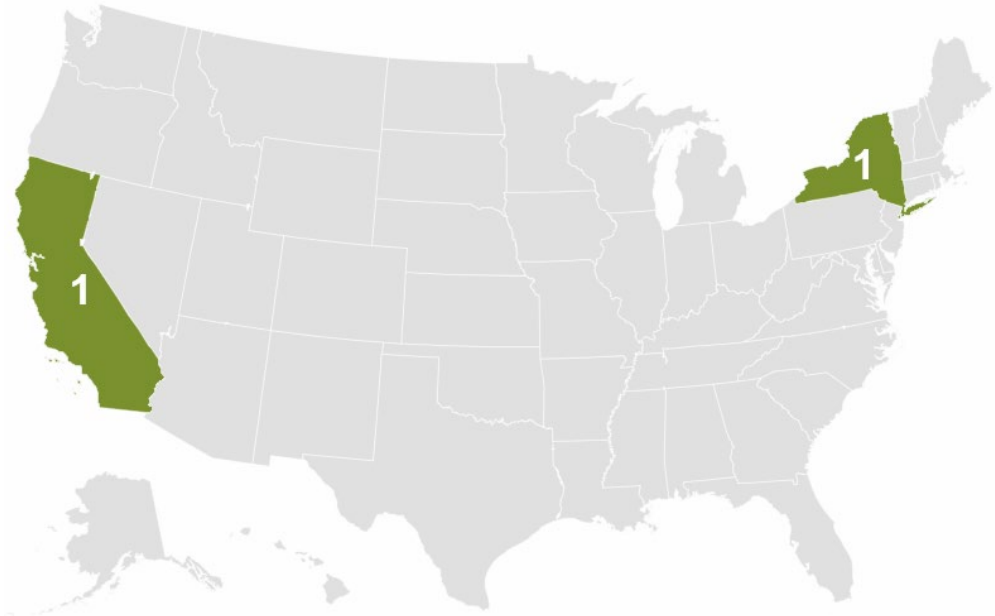
Staff Updates

- Senior Investment Officer Recruitment

Initiatives and Updates Cont'd

 Staff Travel Q3

Travel Type	Destinations
Conference	1
Investment Manager Annual Meeting	1



- Staff attended one annual meeting in NYC
- Participated in one conference – ALTSSF