



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 14

MEETING DATE: January 21, 2026

SUBJECT: Chief Investment Officer's Report

SUBMITTED FOR: Action Information

RECOMMENDATION

Receive and file the Chief Investment Officer's Report for the quarter ended December 31, 2025.

PURPOSE/STRATEGIC PRIORITY

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
January 21, 2026

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 December 31, 2025.

I HEREBY CERTIFY that the above order was passed and adopted on January 21, 2026 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

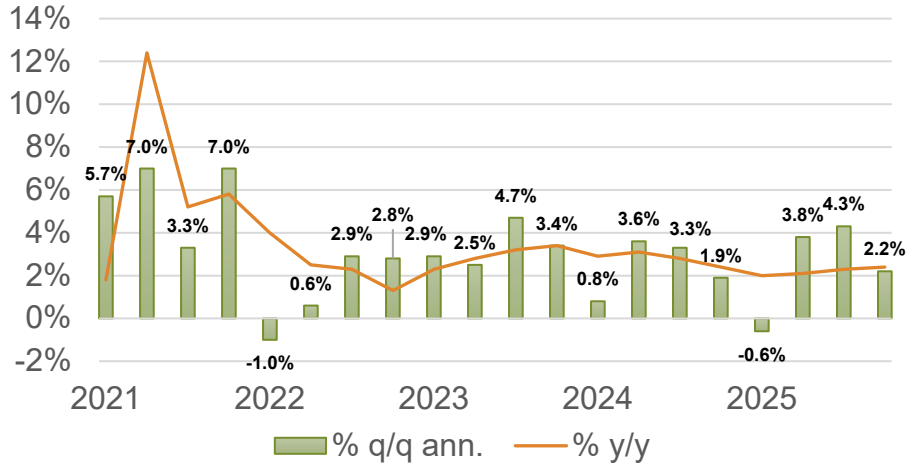


Quarterly CIO Report

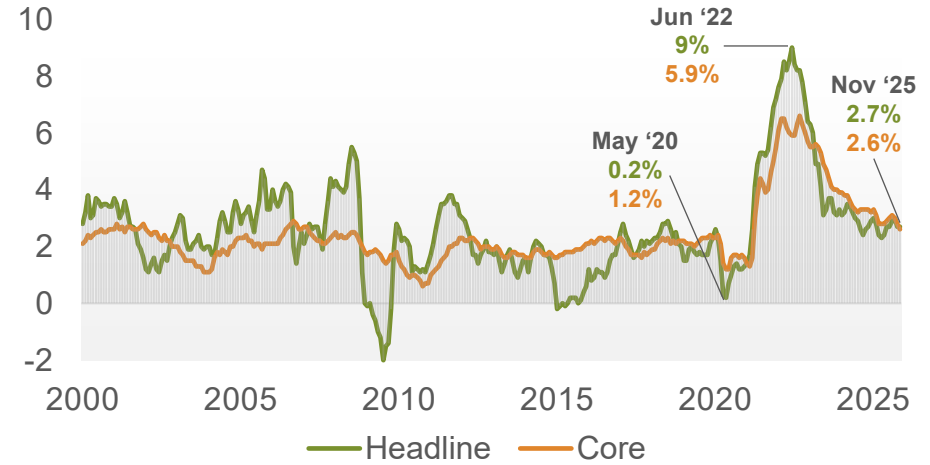
Q4 2025

Economic Data

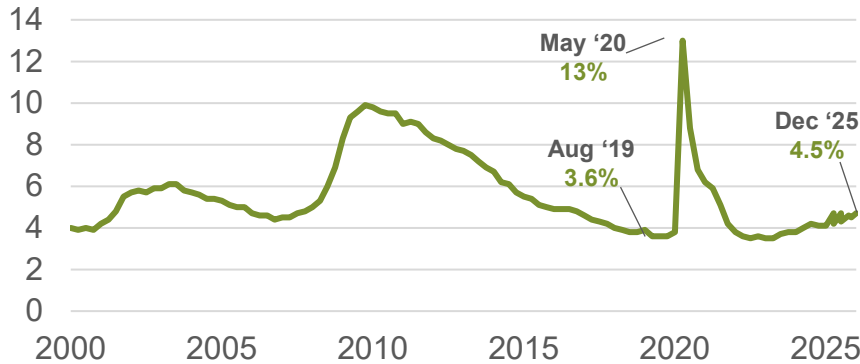
Quarterly Real U.S. GDP



CPI Inflation (%)



Unemployment Rate (%)



Consumer Sentiment

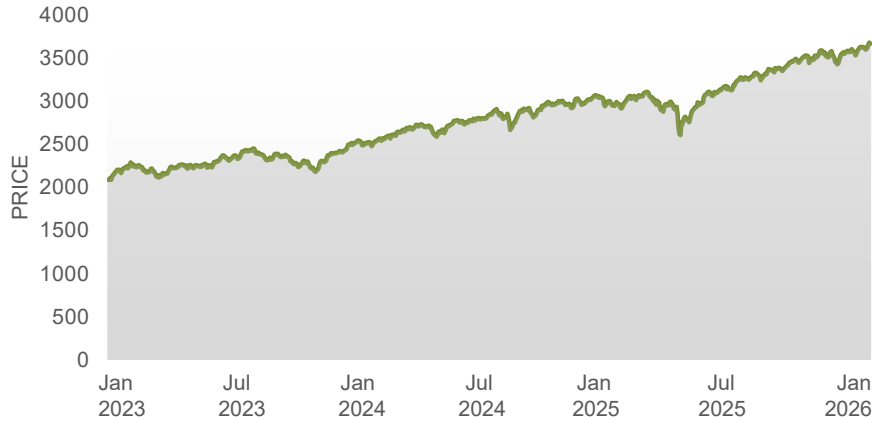


Sources: Capital Economics, University of Michigan via FRED®

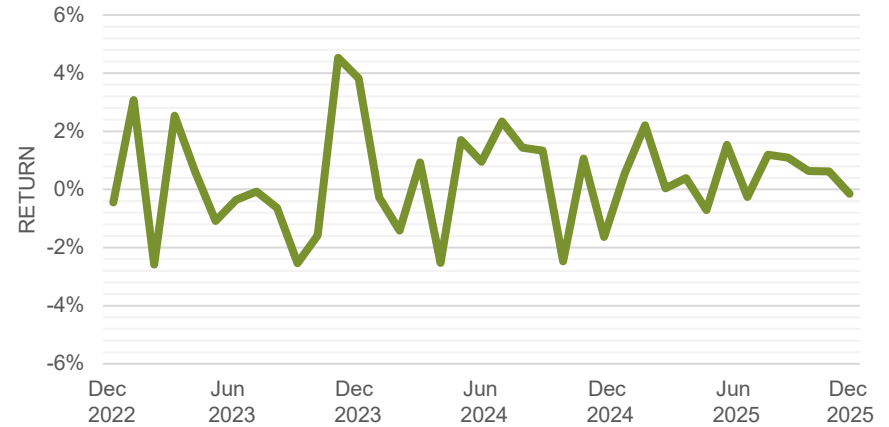
Market Performance

As of December 31, 2025

MSCI ACWI IMI Index



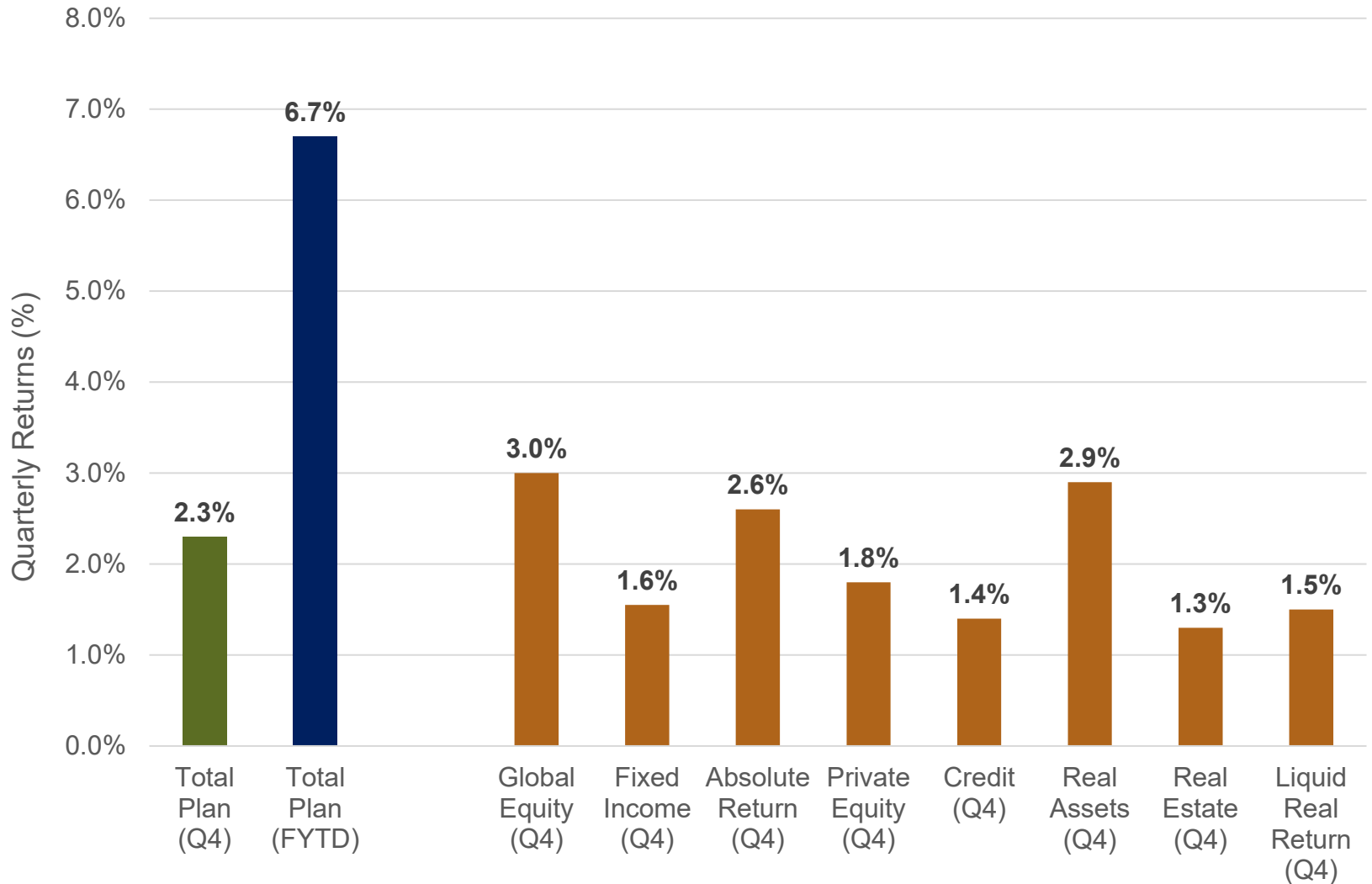
Bloomberg U.S. Aggregate Index



Market	Index	Quarter	1-Year	3-Year	5-Year	10-Year
Domestic Equity	S&P 500 Index	2.7	17.9	23.0	14.4	14.8
	Russell 1000 Index	2.4	17.4	22.7	13.6	14.6
	Russell 2000 Index	2.2	12.8	13.7	6.1	9.6
	Dow Jones Industrial Average	4.0	14.9	15.4	11.6	13.1
International Equity	MSCI AC World ex USA Index	5.1	33.1	18.0	8.5	8.9
	MSCI Emerging Markets Index	4.8	34.4	17.0	4.7	8.9
	MSCI EAFE Index	4.9	31.9	17.8	9.5	8.7
Fixed Income	Blmbg. U.S. Aggregate Index	1.1	7.3	4.7	-0.4	2.0
	Blmbg. U.S. Treasury Bills	1.0	4.3	4.9	3.2	2.2
	Blmbg. U.S. Corp. High Yield Index	1.3	8.6	10.1	4.5	6.5

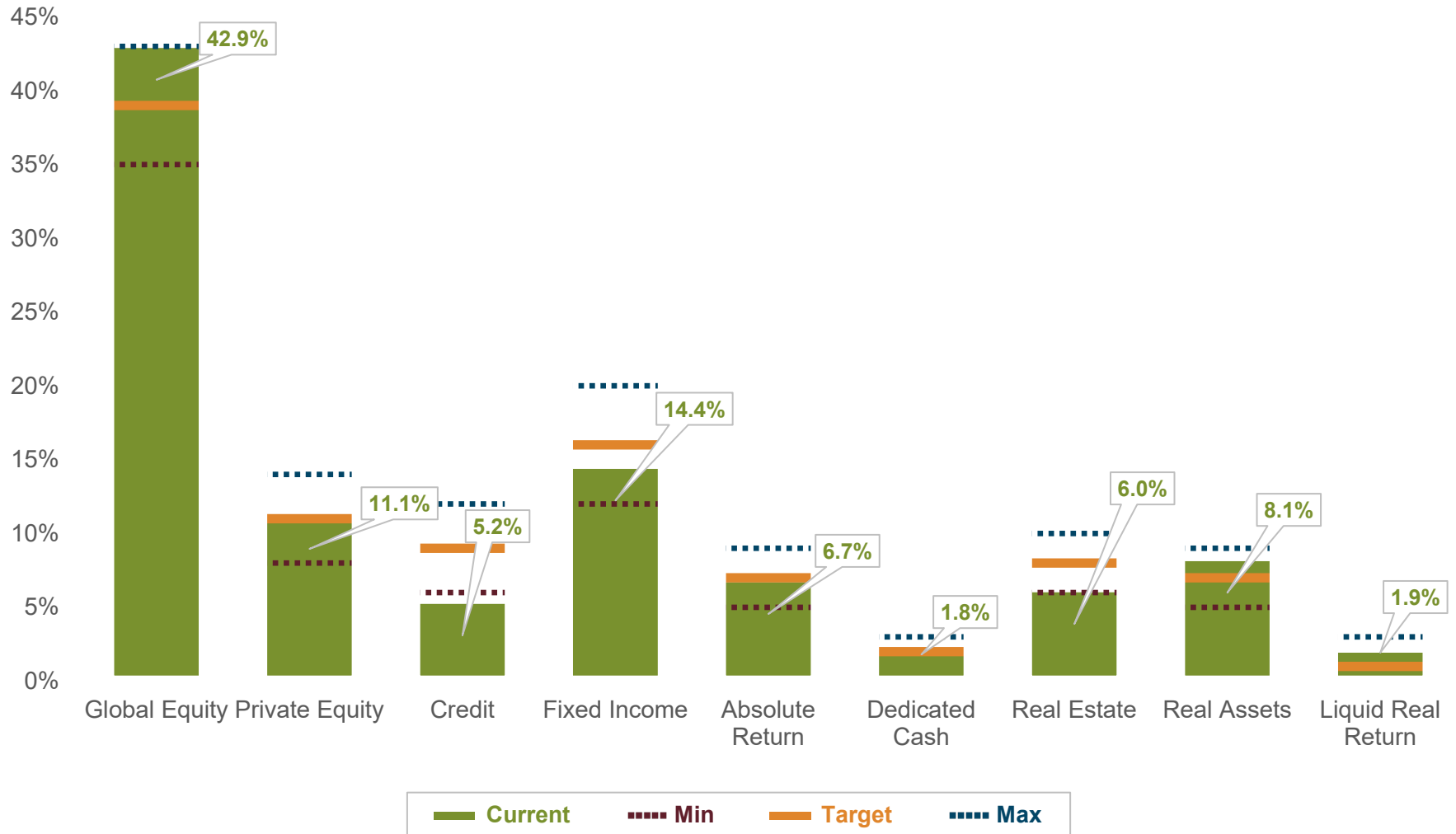
Portfolio Updates: Performance Estimate

For the quarter ended December 31, 2025



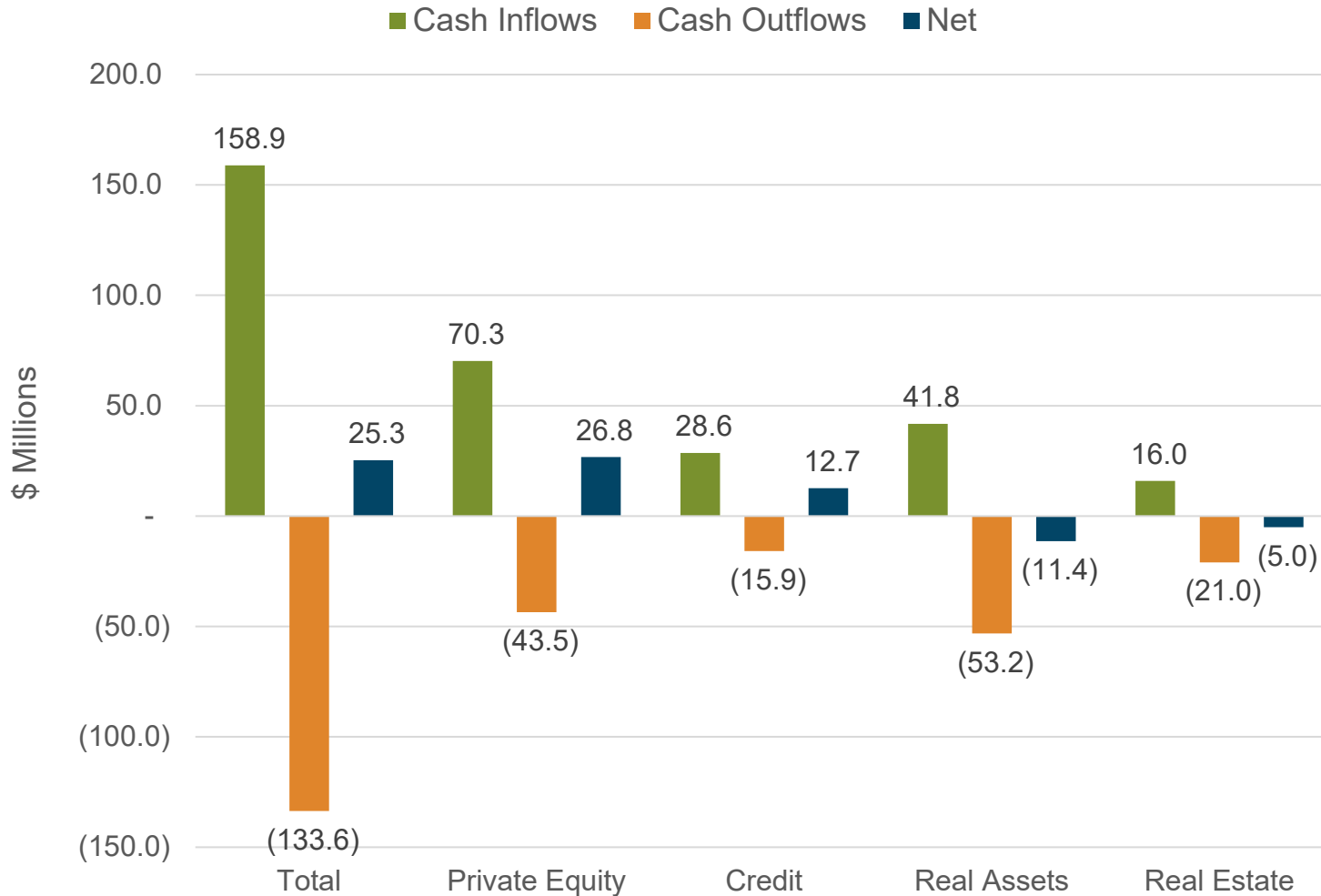
Portfolio Updates: Asset Allocation

As of December 31, 2025



Portfolio Updates: Private Market Cash Flows

For the quarter ended December 31, 2025



Portfolio Updates: Rebalancing Activity

For the quarter ended December 31, 2025



Overlay Rebalancing

Asset Category Proxy	Trade	Amount
Growth	Sold	\$28 million
Diversifying	Purchased	\$39 million
Real Return	No Change	No Change
Cash	Decreased	\$11 million



Physical Rebalancing

Investment Manager	Trade	Amount
BlackRock (EDF)	Sold	\$10 million
Elliott International	Sold	\$15 million
Grosvenor	Sold	\$12.5 million

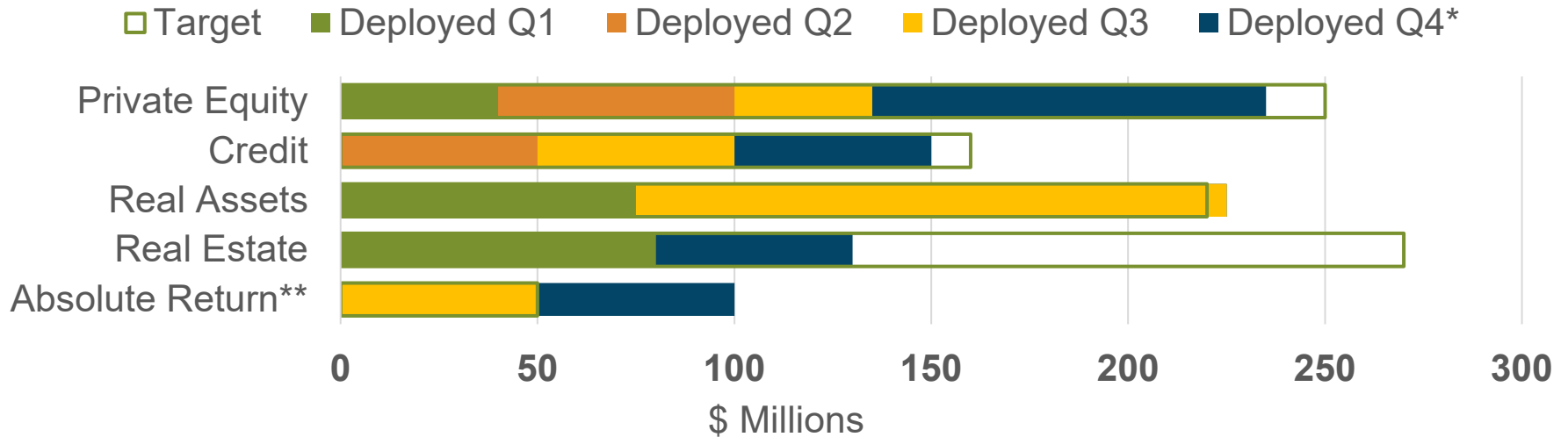
Portfolio Updates: Transitioning & Implementation

For the quarter ended December 31, 2025

Investment	Trade	Detail
Acadian Global All Country Equity Extension	+ \$150 million	Remaining funding for this mandate took place in October to reach the Board approved investment amount of \$250 million.
BlackRock Systemic Total Alpha	+\$50 million	Funding of a new investment in a multi-strategy absolute return fund took place in early September.

Portfolio Updates: New Investment Activity

2025 Investment Activity



Q4 Investment Summary

Asset Class	New Commitments	Total Committed
Absolute Return	1	\$50 million
Credit	1	\$50 million

* Private Equity and Real Estate Q4 deployment will close in January 2026, but are counted within 2025 investment activity

** SCERS also fully redeemed from one Absolute Return fund (\$53 million) during 2025

Initiatives and Updates

Initiatives

- Global Equity physical rebalancing scheduled for Q1'26
- Custodial bank transition ongoing; expected to conclude in spring 2026
- General consultant RFP to be issued in 2026

Staff Updates

- Senior Investment Officer recruitment – expect to onboard candidate in February

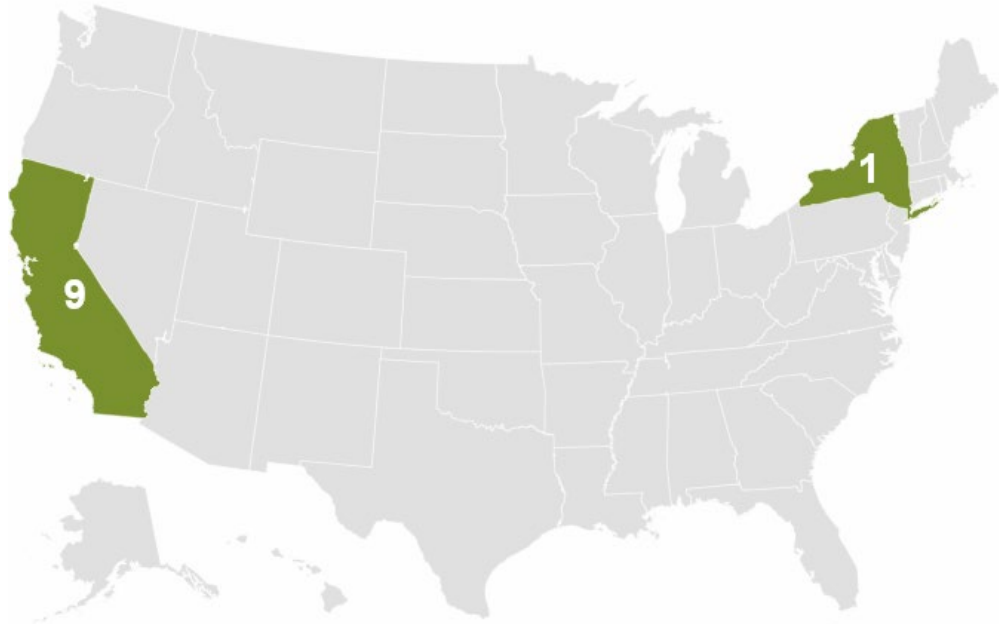
Upcoming Investment Activity

- Meaningful investment activity expected within the Credit asset class in early 2026
 - Liquid Credit multi-sector mandate search ongoing – alternative assets/private markets protocol being used

Initiatives and Updates Cont'd

 **Staff Travel Q4**

Travel Type	Destinations
Conference / Manager Meeting	9
Education	1



- Staff attended several conferences and manager meetings, one conference being in NYC

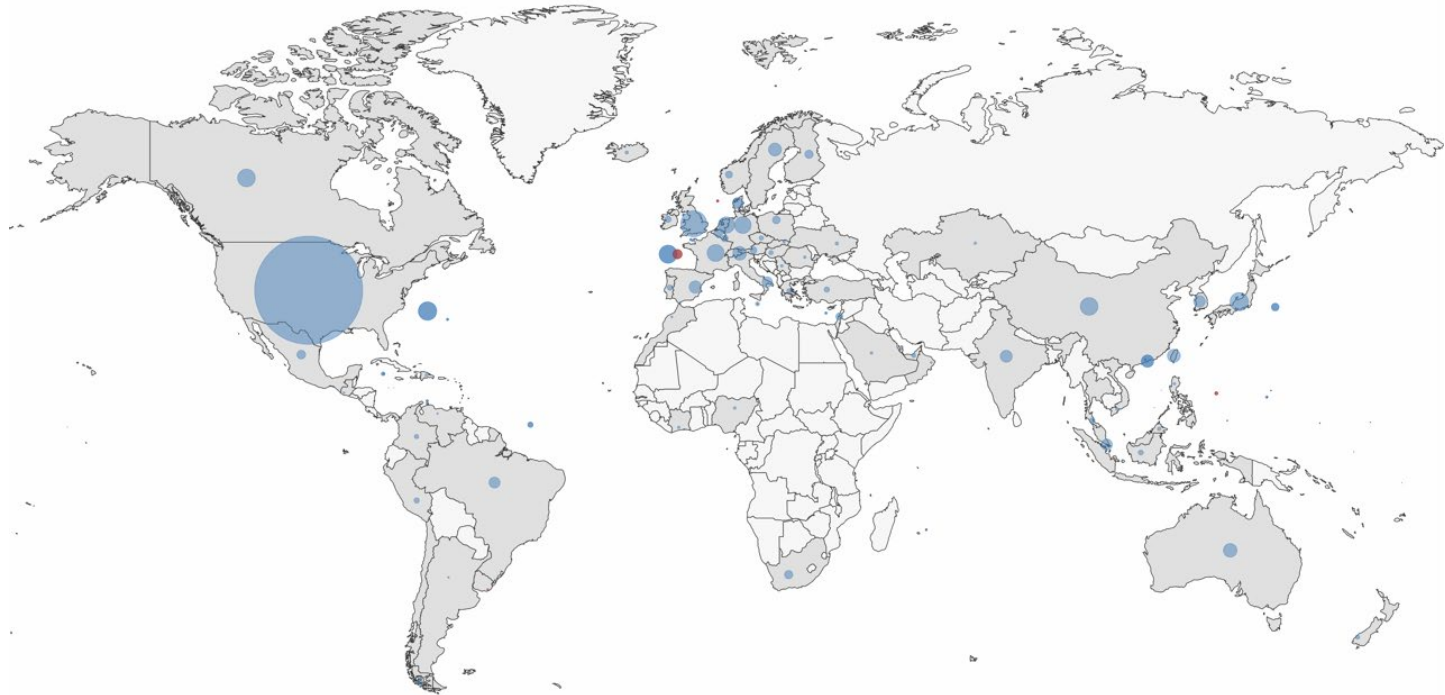
Portfolio Exposures

As of December 31, 2025

Geographic Exposure

Top Developed	Portfolio
United States	65.5%
United Kingdom	3.6%
Japan	1.8%
Canada	1.7%
France	1.5%

Top Emerging	Portfolio
China	1.6%
Taiwan	1.0%
South Korea	0.8%
India	0.6%
Brazil	0.6%



North America	69%	Europe	15%	Asia	9%	Other	7%
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Portfolio Exposures Cont'd

As of December 31, 2025

 **Sector Exposure**

 **Currency Exposure**

