Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 7

MEETING DATE: **March 18, 2026**

SUBJECT: **Annual Investment Operations Report**

SUBMITTED FOR: **____ Action** **__X__ Information**

RECOMMENDATION

Receive and file the Annual Investment Operations Report for 2025.

PURPOSE/STRATEGIC PRIORITY

This item supports the Strategic Management Plan goals to effectively manage investment risks and ensure effective oversight of the investment program.

DISCUSSION

The following report provides details related to investment operations for 2025 in accordance with Board investment operations policies. One change to the report is related to Transaction Cost Analysis (TCA), which is not included in the 2025 report. In August 2025, the TCA stand-alone policy was incorporated into the Master IPS as approved by the Board, and TCA Board reporting was removed from the policy. TCA information is very granular and more relevant to Staff to evaluate, but less relevant for the Board in its oversight function of the investment portfolio.

ATTACHMENTS

- Board Order
- 2025 Annual Investment Operations Report

Prepared by:

/S/

Kenter Ludlow
Investment Analyst

Reviewed by:

/S/

Steve Davis
Chief Investment Officer

/S/

Eric Stern
Chief Executive Officer

Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
March 18, 2026

AGENDA ITEM:

Annual Investment Operations Report

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to receive and file the Annual Investment Operations Report for 2025.

I HEREBY CERTIFY that the above order was passed and adopted on March 18, 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

Revenue Generating Operations

Operation	2025	2024	2023	Description
Securities Lending	$1,508,359	$1,284,952	$1,407,110	SCERS' net income earned from securities lending activities
Commission Recapture	$41,204	$48,113	$14,834	Rebates resulting from SCERS' public market managers trading through designated commission recapture brokers for best execution
Tax Reclaims	$105,469[1]	$53,653[2]	$42,702[3]	Reclaimed tax withholdings related to SCERS' foreign security investments
Securities Litigation	$463,892	$172,365	$808,126	Monies claimed in security, antitrust, bankruptcy, and other litigation-related matters for which SCERS is eligible
Total Revenue	**$2,118,924**	**$1,559,083**	**$2,272,772**	

[1] Received in January 2026
[2] Received in January 2025
[3] Tax reclaims reported for 2023 are since-inception

Non-Revenue Generating Operations

Summary of Proxy Voting

	Meetings	Ballots	Proposals
Votable	2,057	2,414	24,781
Voted	2,008	2,364	23,336
Voting Rate	97.6%	97.9%	94.2%

Votes With/Against Management	
With	Against
21,642	1,694
92.7%	7.3%

81% of votes against management consisted of votes in the following categories:

- Management compensation
- Director election
- Other director-related concerns

Placement Agent Disclosures

Investment	SCERS Commitment Date	Name of Disclosed Placement Agent	Employer of Placement Agent
KKR Global Infrastructure Investors V, SCSp	6/27/2025	Sasha Talcott Lawrence Ou	Kohlberg Kravis Roberts & Co, L.P. (KKR) Kohlberg Kravis Roberts & Co, L.P. (KKR)
Manulife Infrastructure Fund III, L.P.	8/29/2025	None	Campbel Lutyens & Co. Inc.
Acadian Non-U.S. Small Cap Developed Equity strategy	8/1/2025	James E. Klapman Andrew Miller	Acadian Asset Management LLC Acadian Asset Management LLC
Acadian Global All Country Equity Extension	9/29/2025	James E. Klapman Andrew Miller	Acadian Asset Management LLC Acadian Asset Management LLC