Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 17

MEETING DATE: **August 19, 2026**

SUBJECT: **Chief Investment Officer's Report**

SUBMITTED FOR: **___ Action** **__X__ Information**

RECOMMENDATION

Receive and file the Chief Investment Officer's Report for the quarter ended June 30, 2026.

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:	Reviewed by:
/S/	/S/
Steve Davis Chief Investment Officer	Eric Stern Chief Executive Officer

Retirement Board Order
Sacramento County Employees' Retirement System

Before the Board of Retirement
August 19, 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 June 30, 2026.

I HEREBY CERTIFY that the above order was passed and adopted on August 19, 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

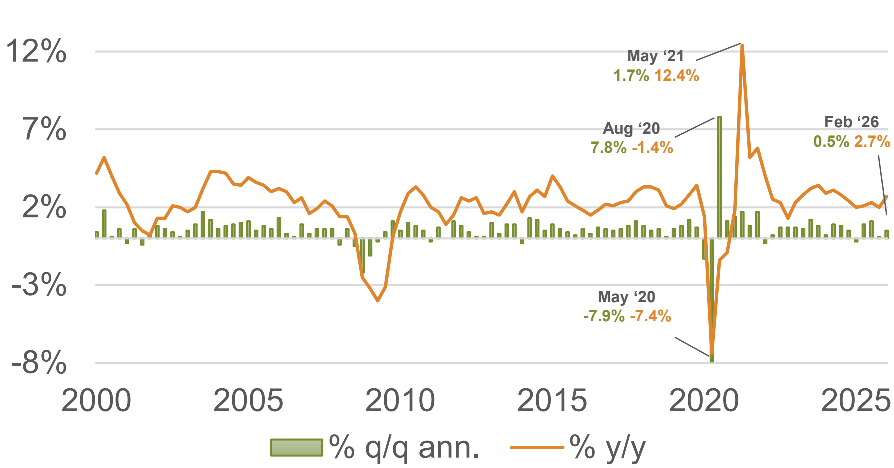
SCERS

Quarterly CIO Report

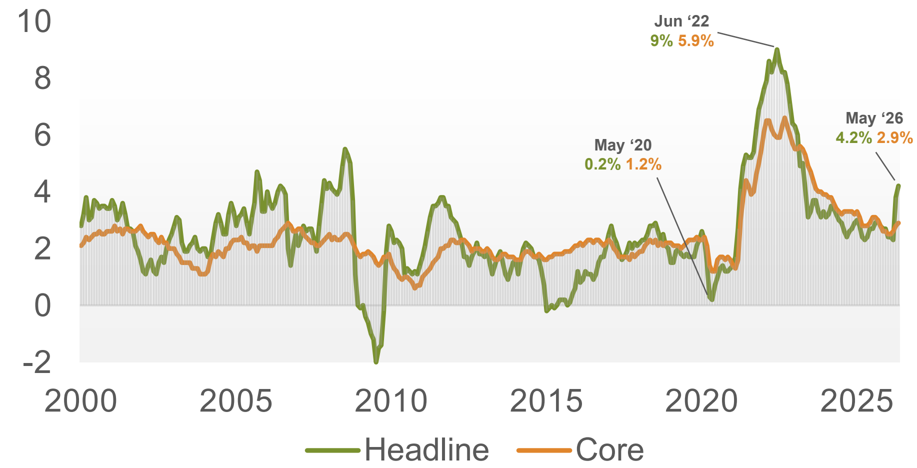
Second Quarter 2026

Economic Data

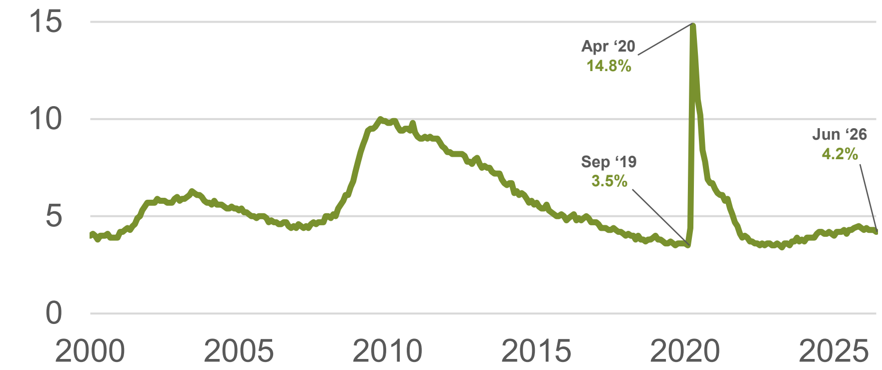
Quarterly Real U.S. GDP



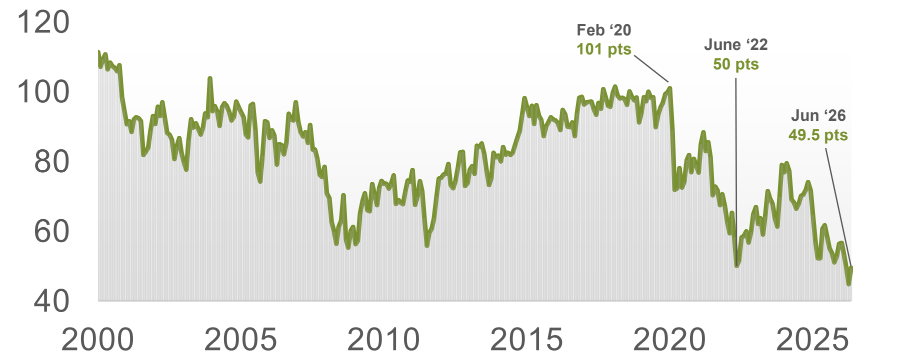
CPI Inflation (%)



Unemployment Rate (%)



Consumer Sentiment



Sources: Capital Economics, University of Michigan via FRED®

Market Performance

As of June 30, 2026

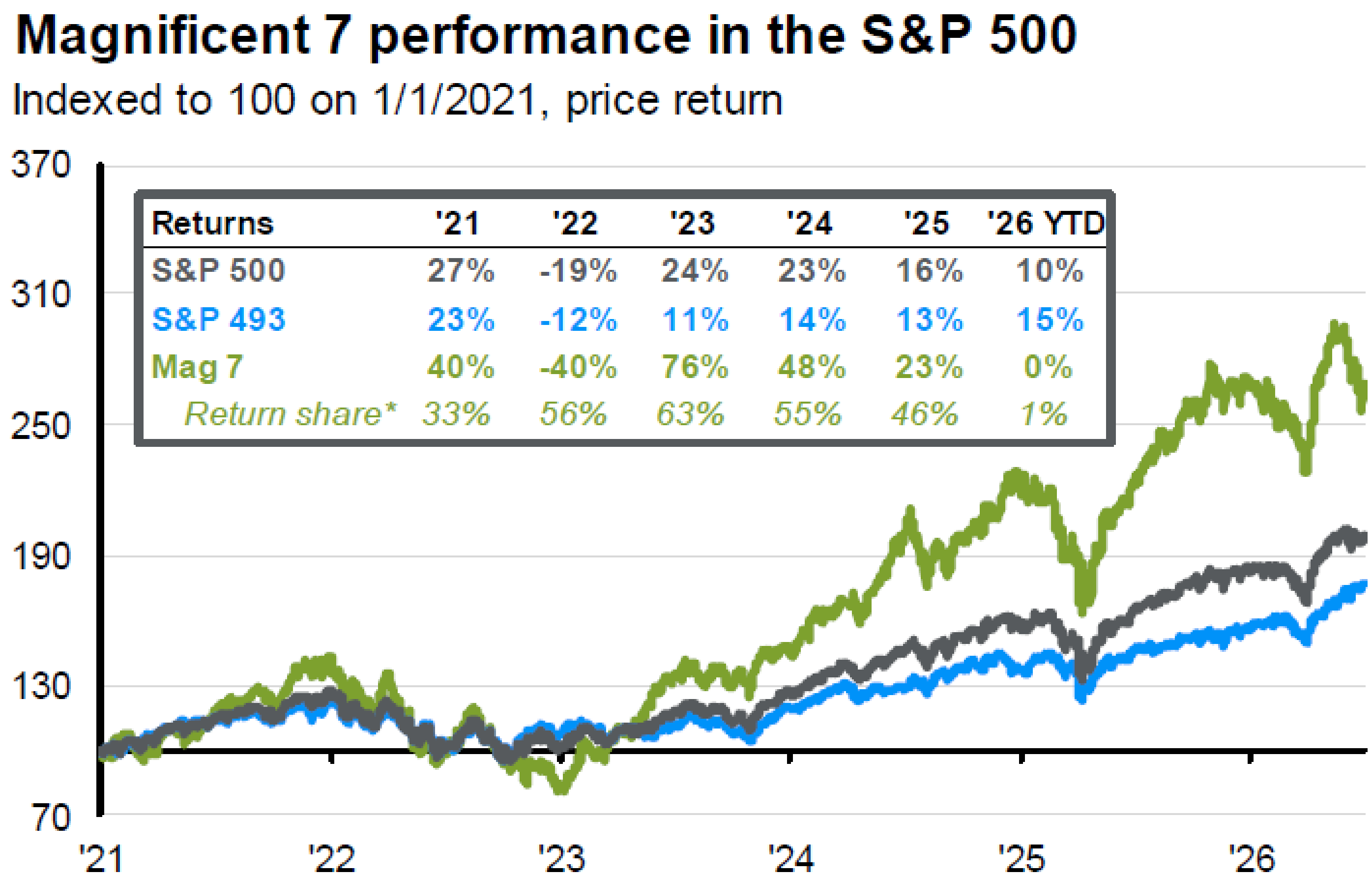
MSCI ACWI IMI Index

Bloomberg U.S. Aggregate Index

Index Returns

Market	Index	Quarter	YTD	1-Year	3-Year	5-Year	10-Year
Domestic Equity	S&P 500 Index	15.2	10.2	22.3	20.6	13.4	15.5
	Russell 1000 Index	15.1	10.3	22.0	20.5	12.7	15.3
	Russell 2000 Index	21.5	22.6	40.8	18.6	7.0	11.6
	Dow Jones Industrial Average	13.4	9.8	20.6	17.1	10.8	13.7
International Equity	MSCI AC World ex USA Index	14.7	14.0	28.3	19.4	9.3	10.5
	MSCI Emerging Markets Index	24.1	24.0	44.2	23.6	7.7	10.5
	MSCI EAFE Index	11.1	9.8	20.8	17.0	9.6	10.2
Fixed Income	Blmbg. U.S. Aggregate Index	0.7	0.6	3.8	4.2	0.1	1.5
	Blmbg. U.S. Treasury Bills	0.9	1.8	4.0	4.7	3.5	2.4
	Blmbg. U.S. Corp: High Yield Index	2.5	2.0	5.9	8.9	4.2	5.8

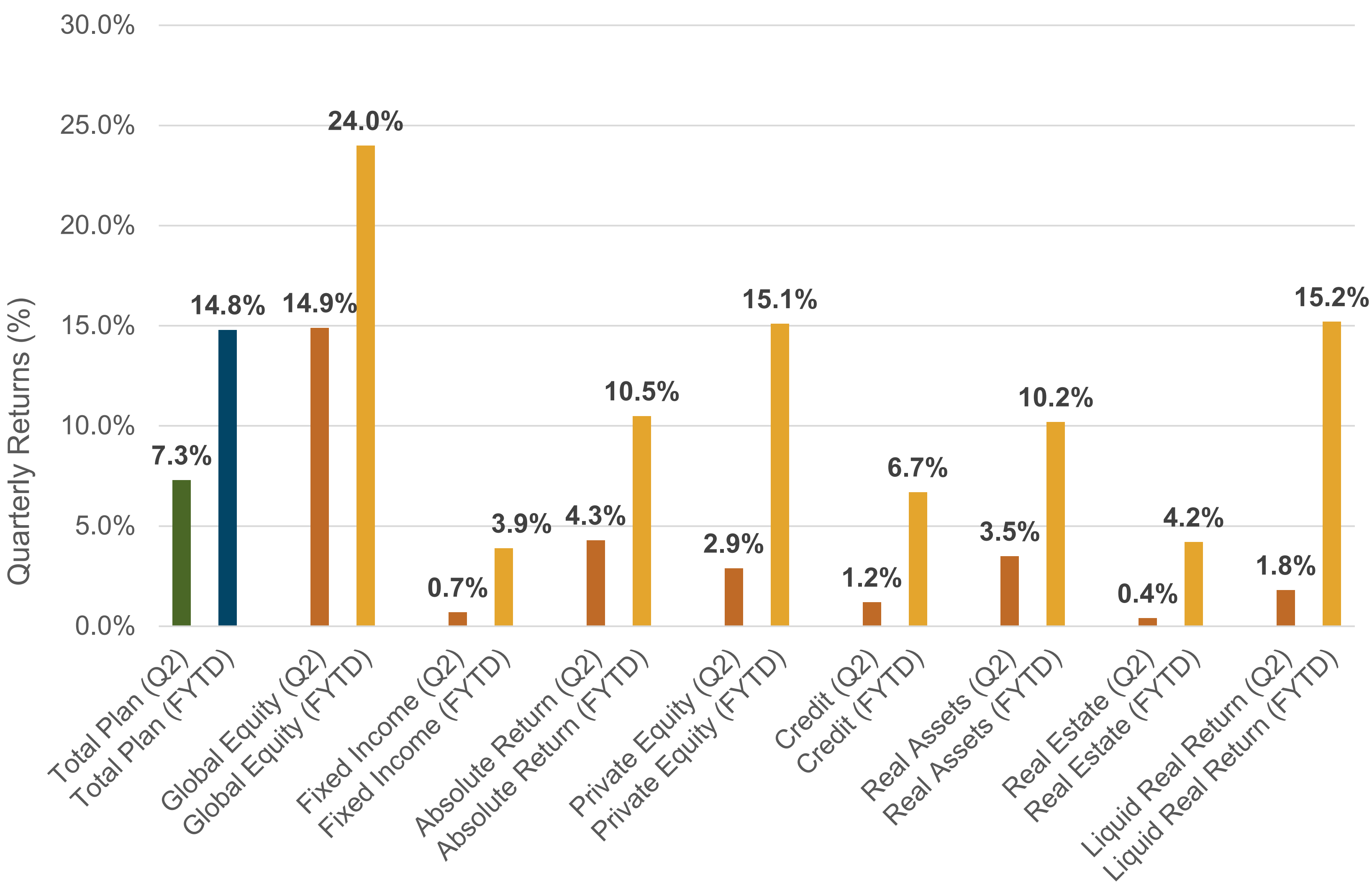
Staff Chart of the Quarter



Sources: FactSet, Standard & Poor's, J.P. Morgan Asset Management via J.P. Morgan Asset Management

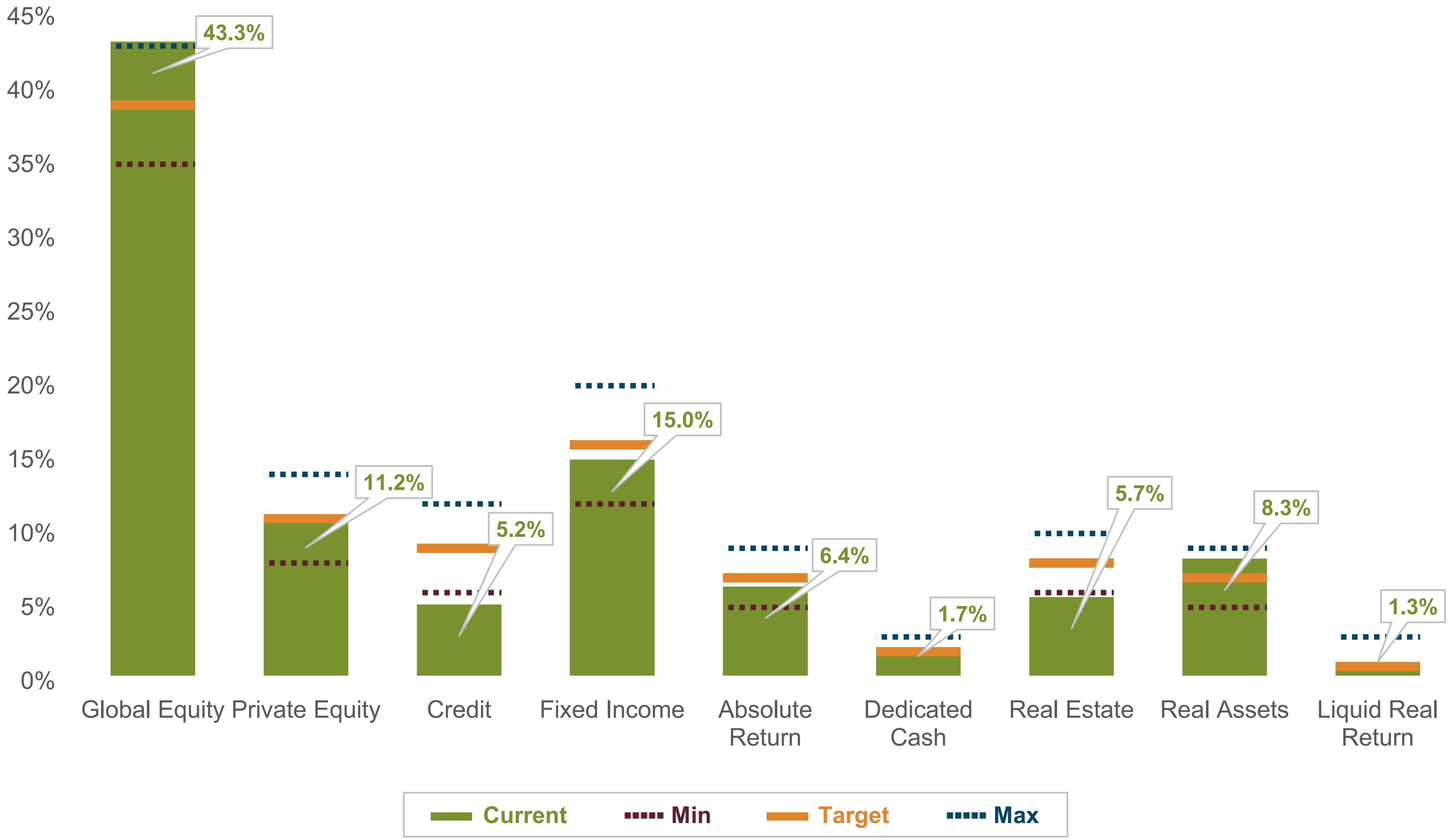
Portfolio Updates: Performance Estimate

For the quarter ended June 30, 2026



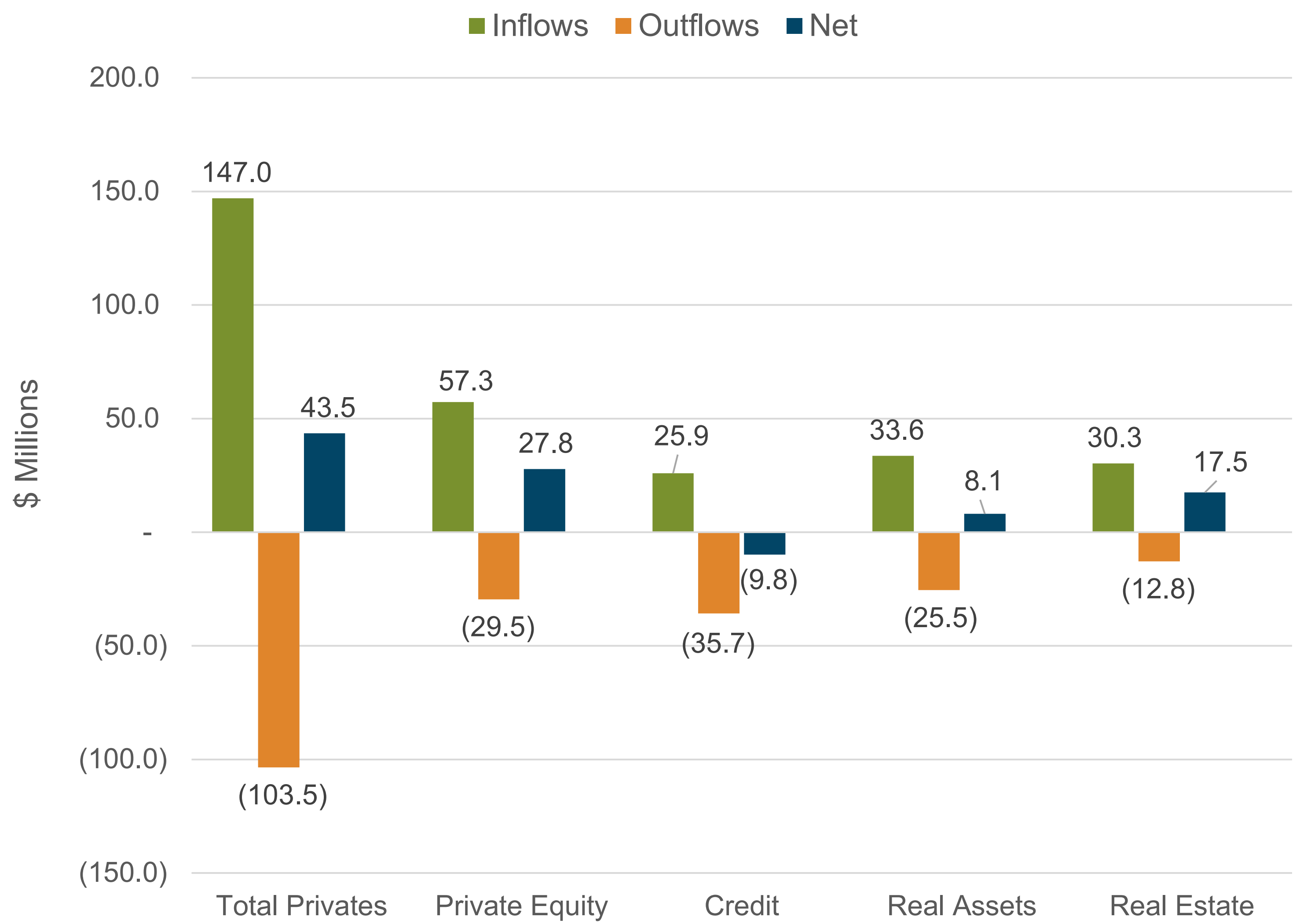
Portfolio Updates: Asset Allocation

As of June 30, 2026



Portfolio Updates: Private Market Cash Flows

For the quarter ended June 30, 2026



Portfolio Updates: Rebalancing Activity

For the quarter ended June 30, 2026

Overlay Rebalancing

Asset Category Proxy	Trade	Amount
Growth	Sold	$163 million
Diversifying	Purchased	$83 million
Real Return	Purchased	$75 million
Cash	Increased	$5 million

Physical Rebalancing

Investment Manager	Trade	Amount
Brandywine	Purchased	$30 million
PGIM	Purchased	$30 million
Reams	Purchased	$30 million
TCW	Purchased	$30 million
Neuberger Berman	Purchased	$100 million

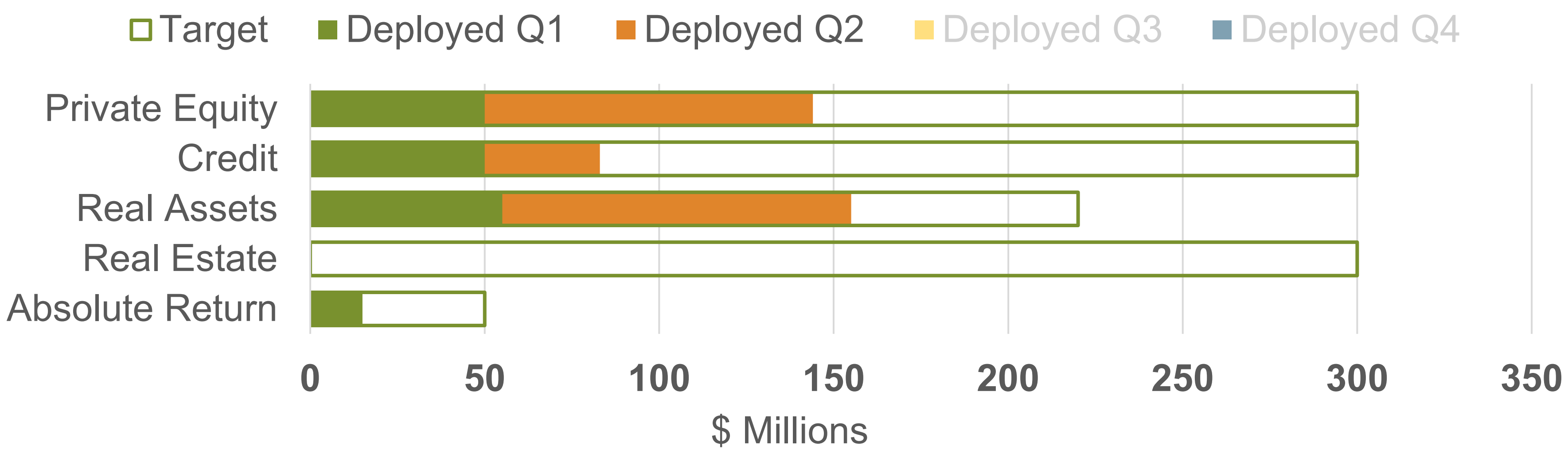
Portfolio Updates: Transitioning & Implementation

For the quarter ended June 30, 2026

Investment	Trade	Detail
Global Equity portfolio	- $450 million + $450 million	Staff completed rebalancing from existing International Developed Large Cap and Emerging Markets managers to fund Man Numeric, within the International Equity sub-asset class segment of Global Public Equity.
Brigade	- $100 million	Staff completed a partial redemption from the legacy Public Credit mandate with Brigade to fund GoldenTree Master Fund, within the Liquid Credit sub-strategy of the Credit asset class.

Portfolio Updates: New Investment Activity

2026 Investment Activity



Q2 Investment Summary

Asset Class	Commitments / Add-Ons	Total Committed / Added
Private Equity	3	$25 million + €60 million
Credit	1	$33 million
Real Assets	2	$100 million

Initiatives and Updates

Initiatives

- General consultant RFP evaluation ongoing
    - Meetings with candidates planned for third quarter

Upcoming Investment Activity

- U.S. Small Cap Growth manager search nearing completion
- Meaningful investment activity expected during the remainder of the year

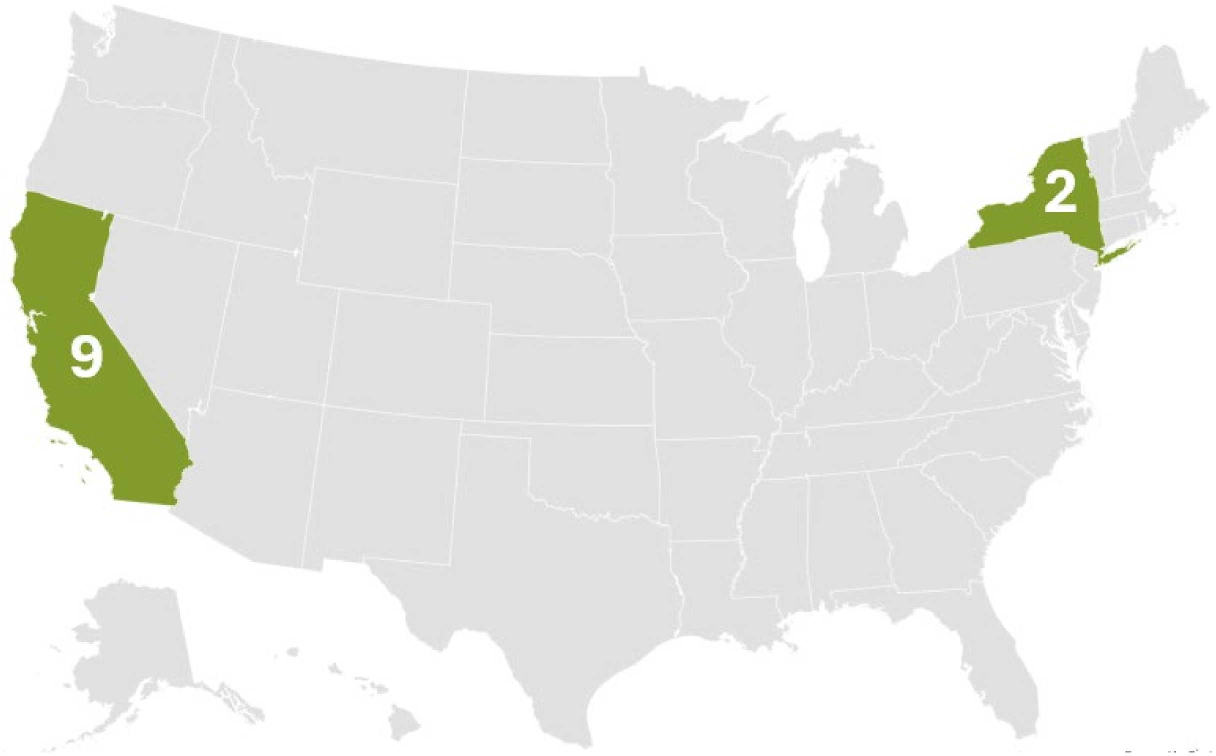
Upcoming Board Meetings

- U.S. small cap search recommendation – Q4’26
- Investment Forum – September 15th

Initiatives and Updates Cont'd

Staff Travel Q2

Travel Type	Destinations
Conferences/AGMs	8
Due Diligence	3
Manager Meetings	3



- Staff attended SACRS, other conferences, and investment manager annual general meetings
- Staff met with managers and performed due diligence in California and New York

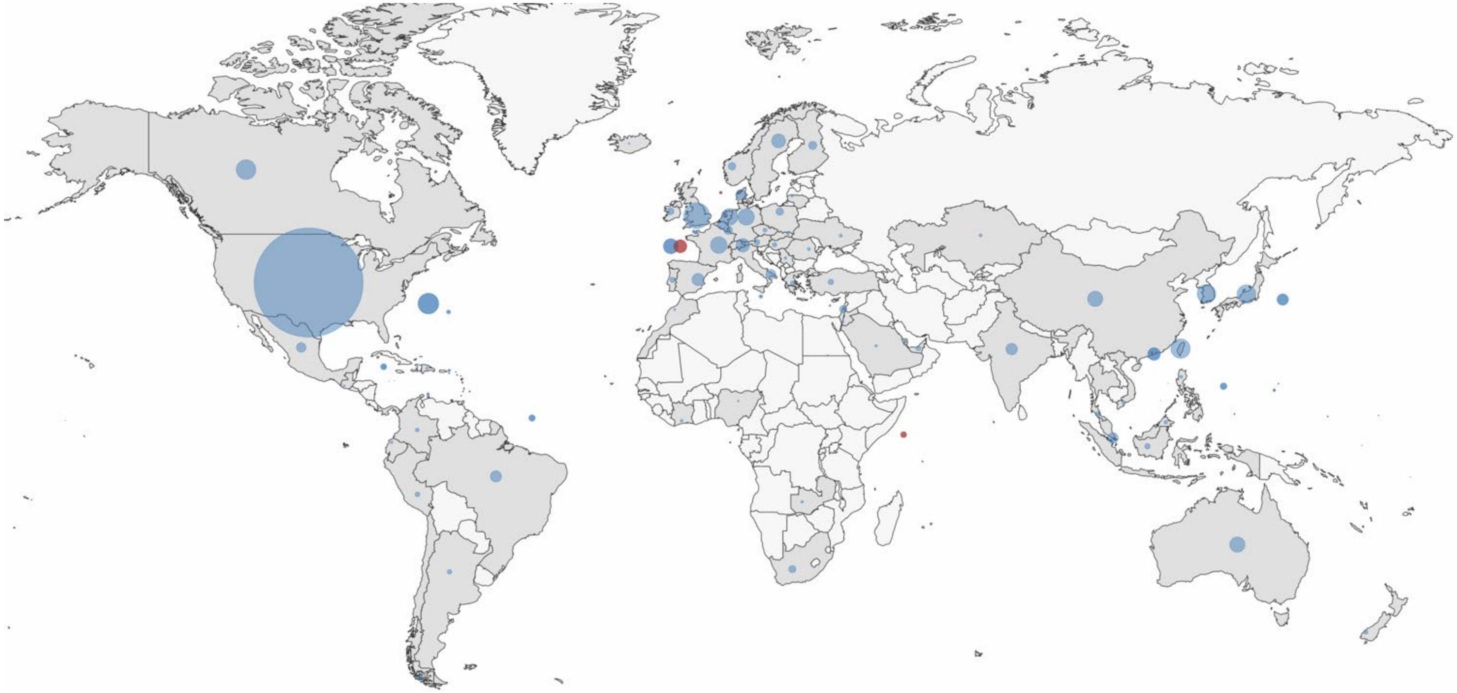
Portfolio Exposures

As of June 30, 2026

Geographic Exposure

Top Developed	Portfolio
United States	69.6%
United Kingdom	3.5%
Canada	1.9%
Japan	1.8%
France	1.4%

Top Emerging	Portfolio
Taiwan	1.9%
South Korea	1.8%
China	1.1%
India	0.6%
Brazil	0.6%



North America	74%

Europe	13%

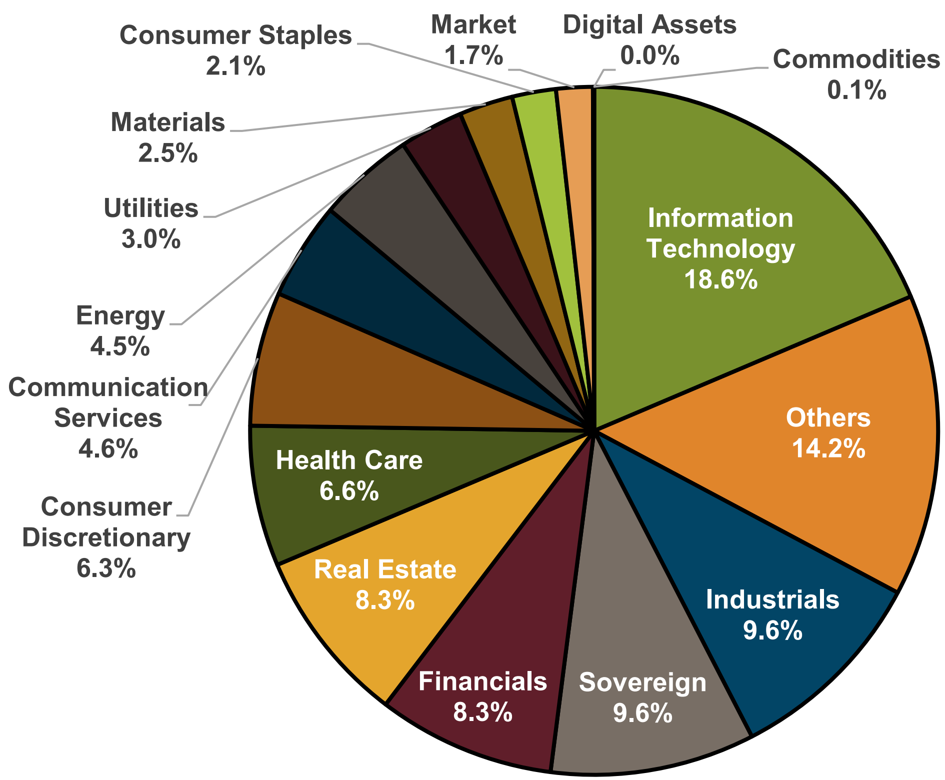
Asia	10%

Other	3%

Portfolio Exposures Cont'd

As of June 30, 2026

Sector Exposure



Currency Exposure