



TOWN OF LOS GATOS
TOWN PENSION AND OPEB TRUSTS OVERSIGHT COMMITTEE AGENDA
JUNE 20, 2023
110 EAST MAIN STREET AND VIA TELECONFERENCE
TOWN COUNCIL CHAMBERS
LOS GATOS, CA
6:30 PM

Rob Rennie, Mayor
Maria Ristow, Vice Mayor
Mary Badame, Council Member
Matthew Hudes, Council Member
Marico Sayoc, Council Member

PARTICIPATION IN THE PUBLIC PROCESS

How to participate: The Town of Los Gatos strongly encourages your active participation in the public process, which is the cornerstone of democracy. If you wish to speak to an item on the agenda, please complete a "speaker's card" located on the back of the chamber benches and return it to the Town Council. If you wish to speak to an item NOT on the agenda, you may do so during the "Verbal Communications" period. The time allocated to speakers may change to better facilitate the Town Council meeting.

Effective Proceedings: The purpose of the Town Council meeting is to conduct the business of the community in an effective and efficient manner. For the benefit of the community, the Town of Los Gatos asks that you follow the Town's meeting guidelines while attending Town Council meetings and treat everyone with respect and dignity. This is done by following meeting guidelines set forth in State law and in the Town Code. Disruptive conduct is not tolerated, including but not limited to: addressing the Town Council without first being recognized; interrupting speakers, Town Council or Town staff; continuing to speak after the allotted time has expired; failing to relinquish the podium when directed to do so; and repetitiously addressing the same subject.

Deadlines for Public Comment and Presentations are as follows:

- Persons wishing to make an audio/visual presentation on any agenda item must submit the presentation electronically, either in person or via email, to the Clerk's Office no later than 3:00 p.m. on the day of the Council meeting.
- Persons wishing to submit written comments to be included in the materials provided to Town Council must provide the comments as follows:
 - For inclusion in the regular packet: by 11:00 a.m. the Thursday before the Council meeting
 - For inclusion in any Addendum: by 11:00 a.m. the Monday before the Council meeting
 - For inclusion in any Desk Item: by 11:00 a.m. on the day of the Council Meeting

Town Council Meetings Broadcast Live on KCAT, Channel 15 (on Comcast) on the 1st and 3rd Tuesdays at 7:00 p.m.
Rebroadcast of Town Council Meetings on the 2nd and 4th Mondays at 7:00 p.m.
Live & Archived Council Meetings can be viewed by going to:
www.LosGatosCA.gov/TownYouTube

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE CLERK DEPARTMENT AT (408) 354-6834. NOTIFICATION 48 HOURS BEFORE THE MEETING WILL ENABLE THE TOWN TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING [28 CFR §35.102-35.104]

TOWN OF LOS GATOS
TOWN PENSION AND OPEB TRUSTS OVERSIGHT COMMITTEE AGENDA
JUNE 20, 2023
110 EAST MAIN STREET AND VIA TELECONFERENCE
TOWN COUNCIL CHAMBERS
6:30 PM

IMPORTANT NOTICE

This is a hybrid meeting and will be held in-person at the Town Council Chambers at 110 E. Main Street and virtually through the Zoom webinar application (log-in information provided below). Members of the public may provide public comments for agenda items in-person or virtually through the Zoom webinar by following the instructions listed below. The live stream of the meeting may be viewed on television and/or online at www.LosGatosCA.gov/TownYouTube.

PARTICIPATION

To provide oral comments in real-time during the meeting:

- **Zoom webinar:** Join from a PC, Mac, iPad, iPhone or Android device: Please click this URL to join: <https://losgatosca.gov.zoom.us/j/89514395783?pwd=bTJTNDVMeHFzL2JBZCt4dUpuQT09>
Passcode: 441188 You can also type in 895 1439 5783 in the “Join a Meeting” page on the Zoom website at <https://zoom.us/join>.
When the Mayor announces the item for which you wish to speak, click the “raise hand” feature in Zoom. If you are participating by phone on the Zoom app, press *9 on your telephone keypad to raise your hand.
- **Join by telephone:** Join by Telephone: Dial: USA 636 651 3128 US Toll-free or 877 411 9748 US Toll. Conference code: 363432 If you are participating by calling in, press #2 on your telephone keypad to raise your hand.
- **In-Person:** If you wish to speak during the meeting, please complete a “speaker’s card” located on the back of the chamber benches and return it to the Town Clerk. If you wish to speak to an item on the agenda, please list the item number. If you wish to speak on an item NOT on the agenda, please list the subject and you may speak during the “Verbal Communications” period. The time allocated to speakers may change to better facilitate the Town Council meeting.

When called to speak, you may be asked to provide your full name and your town/city of residence. This identifying information is optional and not a requirement for participation. Please limit your comments to three (3) minutes, or such other time as the Mayor may decide, consistent with the time limit for speakers at a Council meeting. If you wish to speak to an item or items on the Consent Calendar, please state which item number(s) you are commenting on at the beginning of your time.

If you are unable to participate in real-time, you may email to Clerk@losgatosca.gov the subject line “Public Comment Item #__ ” (insert the item number relevant to your comment) or “Verbal Communications – Non-Agenda Item.” Comments received by 11:00 a.m. the day of the meeting

will be reviewed and distributed before the meeting. All comments received will become part of the record.

MEETING CALL TO ORDER

ROLL CALL

APPROVE REMOTE PARTICIPATION *(This item is listed on the agenda in the event there is an emergency circumstance requiring a Council Member to participate remotely under AB 2449 (Government Code 54953)).*

RULES OF DECORUM AND CIVILITY

To conduct the business of the community in an effective and efficient manner, please follow the meeting guidelines set forth in the Town Code and State law.

The Town does not tolerate disruptive conduct, which includes but is not limited to:

- Addressing the Oversight Committee without first being recognized;
- Interrupting speakers, Committee Members, or Town staff;
- Continuing to speak after the allotted time has expired;
- Failing to relinquish the microphone when directed to do so;
- Repetitiously addressing the same subject.

Town Policy does not allow speakers to cede their commenting time to another speaker. Disruption of the meeting may result in a violation of Penal Code Section 403.

CONSENT ITEMS *(Items appearing on the Consent Items are considered routine Town business and may be approved by one motion. Any member of the Council may request to have an item removed from the Consent Items for comment and action. Members of the public may provide input on any or multiple Consent Item(s) when the Mayor asks for public comments on the Consent Items. If you wish to comment, please follow the Participation Instructions contained on Page 2 of this agenda. If an item is removed, the Mayor has the sole discretion to determine when the item will be heard.)*

1. Approve Minutes of the March 21, 2023, Pension and OPEB Trusts Oversight Committee Meeting.
2. Receive the CalPERS Public Employees' Retirement Fund (PERF) Performance Report as of December 31, 2022.

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Town Council on any matter that is not listed on the agenda. To ensure all agenda items are heard and unless additional time is authorized by the Mayor, this portion of the agenda is limited to 30 minutes and no more than three (3) minutes per speaker. In the event additional speakers were not able to be heard during the initial Verbal Communications portion of the agenda, an additional Verbal Communications will be opened prior to adjournment.)*

OTHER BUSINESS *(Up to three minutes may be allotted to each speaker on any of the following items.)*

- [3.](#) Receive the California Employer's Pension Prefunding Trust (CEPPT) Strategy Market Value Summary Report for the Period Ending March 31, 2023 and Performance as of April 30, 2023.
- [4.](#) Receive the California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending March 31, 2023 and the Performance Report as of April 30, 2023.

ADJOURNMENT *(Council policy is to adjourn no later than midnight unless a majority of Council votes for an extension of time).*

Writings related to an item on the Town Council meeting agenda distributed to members of the Council within 72 hours of the meeting are available for public inspection at the front desk of the Los Gatos Town Library, located at 100 Villa Avenue, and are also available for review on the official Town of Los Gatos website. Copies of desk items distributed to members of the Council at the meeting are available for review in the Town Council Chambers.

Note: The Town of Los Gatos has adopted the provisions of Code of Civil Procedure §1094.6; litigation challenging a decision of the Town Council must be brought within 90 days after the decision is announced unless a shorter time is required by State or Federal law.



**TOWN OF LOS GATOS
PENSION AND OPEB TRUST
OVERSIGHT COMMITTEE
REPORT**

MEETING DATE: 06/20/2023

ITEM NO: 1

**DRAFT
Minutes of the Pension and OPEB Trust Oversight Committee Meeting
March 21, 2023**

The Pension and OPEB Trust Oversight Committee of the Town of Los Gatos conducted a regular meeting in-person and utilizing teleconferencing means on March 21, 2023 at 6:00 p.m.

MEETING CALLED TO ORDER AT 6:00 P.M.

ROLL CALL

Present: Mayor Maria Ristow (participating remotely), Vice Mayor Mary Badame, Council Member Matthew Hudes, Council Member Rob Moore, Council Member Rob Rennie.

Absent: None

Mayor Ristow stated she will be participating remotely under AB2449 due to a contagious illness and no one is in the room with her including anyone over 18 years old.

CONSENT ITEMS (TO BE ACTED UPON BY A SINGLE MOTION)

1. Approve Minutes of the December 20, 2022 Pension and OPEB Trusts Oversight Committee Meeting.
2. Receive California Employer's Pension Prefunding Trust (CEPPT) Strategy Market Value Summary Report for the Period Ending December 31, 2022.
3. Receive California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending December 31, 2022.

MOTION: Motion by Council Member Rennie to approve the Consent Items 1-3. **Seconded by Council Member Moore.**

VOTE: Motion passed unanimously.

VERBAL COMMUNICATIONS

None.

OTHER BUSINESS

4. Receive Actuarial Presentation on CalPERS Analysis – 6/30/2021 Valuation Report by Foster & Foster Actuaries and Consultants and Identify Amortization Bases for Future Potential Additional Discretionary Payments (ADPs).

Gitta Ungvari, Finance Director, presented the staff report.

PAGE 2 OF 2

SUBJECT: Draft Minutes of the Pension and OPEB Trust Oversight Committee Meeting of
March 21, 2022

DATE: March 21, 2022

A representative from Foster & Foster gave the presentation.

Opened public comment.

No one spoke.

Closed public comment.

Council discussed the item.

**MOTION: Motion by Council Member Rennie to leave the funds in the current account.
Seconded by Council Member Hudes.**

VOTE: Motion passed unanimously.

ADJOURNMENT

The meeting adjourned at 6:45 p.m.

Respectfully Submitted:

Jenna De Long, Deputy Clerk



TOWN OF LOS GATOS
TOWN PENSION AND OPEB TRUSTS
OVERSIGHT COMMITTEE REPORT

MEETING DATE: 06/20/2023

ITEM NO: 2

DATE: June 5, 2023
TO: Town Pension and OPEB Trusts Oversight Committee
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive the CalPERS Public Employees' Retirement Fund (PERF) Performance Report as of December 31, 2022

RECOMMENDATION:

Receive the CalPERS Public Employees' Retirement Fund (PERF) Performance Report as of December 31, 2022.

DISCUSSION:

Attachment 1 contains the CalPERS PERF Performance Report as of December 31, 2022. As of December 31, 2022, the fund had a net return of 0.1%.

The Finance Commission will receive this report on June 22, 2023 at a special meeting as its regular meeting was cancelled due to lack of a quorum.

Attachment:

1. PERF Performance as of December 31, 2022

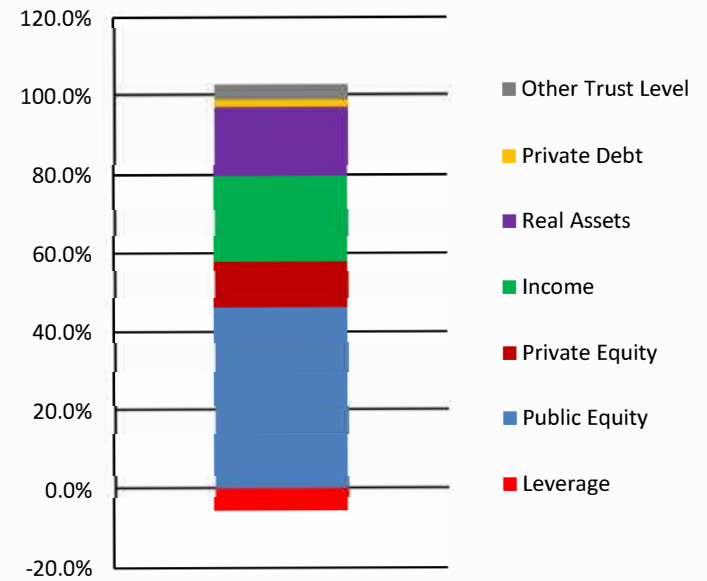
PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney

CalPERS Trust Level Quarterly Update - Performance & Risk


Public Employees' Retirement Fund (PERF)
As of December 31, 2022
Asset Allocation

	Ending Asset Value (bil)	Current Allocation (%)	SAA Interim Target Weight (%)	Variance (%)	Policy Range
Public Equity ¹	\$ 210.1	47.5%	52.8%	(5.3%)	± 7%
Private Equity ²	\$ 50.3	11.4%	9.0%	2.4%	± 5%
Income ¹	\$ 105.0	23.7%	24.8%	(1.1%)	± 6%
Real Assets ²	\$ 73.7	16.7%	13.4%	3.3%	± 5%
Private Debt ²	\$ 8.9	2.0%	1.0%	1.0%	± 5%
Other Trust Level	\$ 16.6	3.8%			
Leverage	\$ (22.4)	-5.1%			
Strategic	\$ (5.8)	-1.3%	(1.0%)	(0.3%)	
Active ³	\$ (16.6)	-3.8%			
Total PERF	\$ 442.2	100.0%	100.0%		



TAP	\$ 0.2
PERF Plus TAP	\$ 442.4

Performance Summary

Performance Summary	Ending Asset Value (bil)	10-Yr			5-Yr			3-Yr			1-Yr			FYTD			5-Yr Realized Information Ratio ⁵
		Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	
Public Equity	\$ 210.1	8.5%	8.4%	13	5.3%	5.2%	4	4.1%	3.8%	27	(15.8%)	(16.0%)	18	2.3%	2.2%	8	-
Cap Wtd. ¹	\$ 156.9	8.7%	8.5%	14	5.6%	5.5%	6	4.7%	4.4%	34	(17.9%)	(18.2%)	27	2.7%	2.6%	11	0.2
Factor Wtd.	\$ 53.2	-	-	-	-	-	-	2.2%	2.1%	4	(11.0%)	(10.9%)	(8)	1.8%	1.8%	(2)	-
Private Equity²	\$ 50.3	12.4%	10.8%	154	12.1%	6.5%	565	15.3%	5.7%	959	(2.3%)	(19.6%)	1,728	(6.0%)	(20.6%)	1,462	-
Income	\$ 105.0	1.6%	1.0%	52	(0.1%)	(0.4%)	25	(3.6%)	(3.7%)	17	(18.5%)	(18.4%)	(10)	(3.5%)	(3.4%)	(7)	-
Treasury ¹	\$ 14.7	0.2%	0.2%	(1)	(1.8%)	(1.7%)	(7)	(6.3%)	(6.1%)	(15)	(24.9%)	(24.9%)	0	(8.4%)	(8.4%)	0	-
MBS	\$ 23.6	1.6%	0.8%	84	(0.2%)	(0.4%)	21	(3.0%)	(3.1%)	4	(11.8%)	(11.7%)	(8)	(3.2%)	(3.3%)	4	0.7
IG Corporates	\$ 25.7	2.7%	2.1%	62	0.1%	(0.3%)	44	(4.5%)	(4.8%)	37	(22.8%)	(22.6%)	(24)	(3.1%)	(2.9%)	(14)	1.0
High Yield	\$ 20.3	-	-	-	-	-	-	(0.4%)	(0.4%)	(1)	(10.2%)	(10.2%)	(1)	3.7%	3.7%	(2)	-
EM Sovereign Bonds	\$ 14.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fund Income	\$ 6.2	-	-	-	-	-	-	-	-	-	(25.3%)	(24.9%)	(31)	(8.7%)	(8.4%)	(38)	-
Real Assets²	\$ 73.7	9.2%	9.5%	(33)	7.9%	9.1%	(120)	9.8%	11.3%	(149)	14.3%	20.9%	(651)	2.7%	4.7%	(194)	-
Private Debt²	\$ 8.9	-	-	-	-	-	-	-	-	-	-	-	-	1.8%	(3.5%)	527	-
Other Trust Level	\$ 16.6																
LLER ⁴	\$ 14.2	-	-	-	2.2%	1.2%	100	1.4%	1.0%	40	0.3%	2.0%	(165)	2.2%	1.6%	67	-
Opportunistic ²	\$ 0.2	-	-	-	-	-	-	-	-	-	(2.8%)	2.0%	(474)	(5.9%)	1.6%	(751)	-
Other	\$ 2.2																
Leverage	\$ (22.4)																
Strategic	\$ (5.8)																
Active ³	\$ (16.6)																
Total PERF	\$ 442.2	7.0%	6.7%	29	5.0%	4.7%	37	4.2%	3.3%	89	(11.2%)	(12.6%)	137	0.1%	(1.5%)	157	-
TAP	\$ 0.2	-	-	-	0.7%	-	-	(2.0%)	-	-	(21.4%)	-	-	(6.0%)	-	-	-

¹ Asset value of Public Equity Cap Weighted and Income Treasury segments includes notional exposure obtained via trust level Synthetic Cap Weighted and Synthetic Treasury portfolios respectively.

² Market exposure of private asset classes reported at NAV.

³ Active leverage may differ from other reporting given amounts do not include leverage taken by specific segments (e.g. – Real Asset Leverage).

⁴ Low Liquidity Enhanced Return (LLER) was historically funded out of Cap Weighted and Treasury so returns are also reflected in the returns of Cap Weighted and Long Treasury through 12/21/2020; but are only recorded once in Total PERF returns. Returns prior to 12/21/2020 are for reference only.

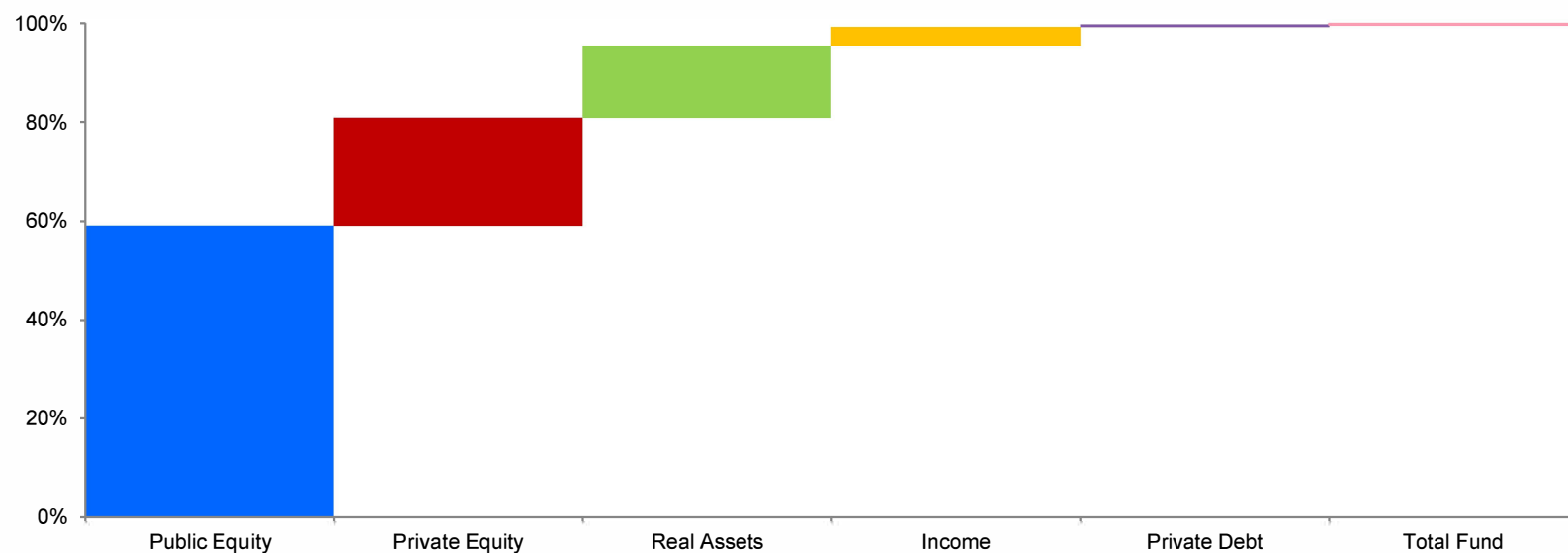
⁵ Information Ratio is excess return divided by realized tracking error. This presents a perspective on risk adjusted performance. The metric is not meaningful for illiquid assets (where realized volatility tends to be muted by valuation based pricing and benchmark issues) or for indexed strategies.

Public Employees' Retirement Fund (PERF)

Total PERF Risk			
Risk Measure	12/30/2022	9/30/2022	Explanation of Risk Measures:
Forecasted Volatility¹			The total (absolute) volatility is the annualized standard deviation of the Portfolio total return distribution and is indicative of the plan's dispersion given the current environment. The metric is model-based and could underestimate potential drawdowns.
Portfolio	13.7%	13.7%	
Benchmark	12.6%	12.5%	
Forecasted Tracking Error (Total Fund)¹			Forecasted tracking error is the annualized standard deviation of the differential return between the portfolio and an equal investment in the benchmark.
Portfolio	1.59%	1.62%	
Forecasted Tracking Error (Actionable)¹			Excludes from the above measure the effect of active exposure from private asset classes (Private Equity, Real Assets and Private Debt) arising from the modeling challenges and the non-investible nature of their benchmarks. This metric focuses on controllable and measurable active exposures and captures all public markets strategies and asset allocation management.
Portfolio	0.10%	0.11%	

December 30, 2022	Volatility		Tracking Error	
Asset Class	Annualized Forecasted (%) ¹	5-Year Realized (%) ²	Annualized Forecasted (%) ¹	5-Year Realized (%) ²
Public Equity	17.4	16.9	0.1	0.5
Cap Weighted	18.7	18.0	0.2	0.3
Factor Weighted	13.8	-	0.1	-
Income	6.5	8.6	0.2	1.2
Treasury	11.2	11.1	0.2	0.6
MBS	6.1	4.7	0.5	0.3
IG Corp	9.5	11.2	0.6	0.4
High Yield	6.9	-	0.3	-
EM Sov Debt	7.9	-	0.4	-
Total Fund Income	11.1	-	0.6	-
Total Fund	2.7	-	2.7	-
LLER	2.9	2.9	2.9	2.9
Opportunistic	4.5	-	4.5	-
Other	3.3	-	3.3	-
Total PERF Actionable			0.10	0.24
Private Equity	27.4	10.7	10.9	13.2
Real Assets	13.5	4.5	4.2	2.5
Private Debt	6.7	-	2.2	-
Total PERF	13.7	9.3	1.59	1.60

Program Contribution to Forecasted Volatility



¹ Forecasted Volatility and Tracking Error are based on Aladdin risk model.

² Realized Volatility and Tracking Error for private asset classes are computed from quarterly net returns.

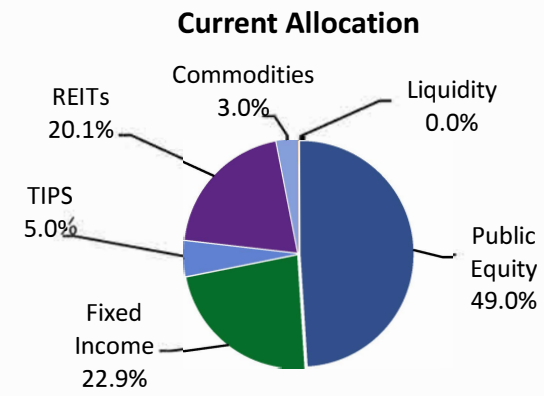
Affiliate Investment Programs

CERBT Strategy 1 Fund (CERBT 1) & CERBT Strategy 2 Fund (CERBT 2)

As of December 31, 2022

Asset Allocation, Performance & Realized Risk Summary - CERBT 1

Asset Allocation	Ending Asset Value (mil)	Current Allocation (%)	Policy Weight (%) ¹	Variance (%)	Policy Range
Public Equity	\$ 6,480.8	49.0%	49.0%	0.0%	± 5%
Fixed Income	\$ 3,022.4	22.9%	23.0%	(0.1%)	± 5%
TIPS	\$ 654.6	5.0%	5.0%	(0.0%)	± 3%
REITs	\$ 2,656.5	20.1%	20.0%	0.1%	± 5%
Commodities	\$ 395.7	3.0%	3.0%	(0.0%)	± 3%
Liquidity	\$ 3.4	0.0%	0.0%	0.0%	+ 2%
Total CERBT 1	\$13,213.5	100.0%	100.0%	0.0%	



Performance Summary ²	10-Yr			5-Yr			3-Yr			1-Yr			FYTD		
	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps
Public Equity	8.3%	7.9%	33	5.3%	5.0%	29	4.2%	3.9%	29	(18.1%)	(18.4%)	28	2.7%	2.6%	12
Fixed Income	1.5%	1.0%	43	(0.7%)	(0.7%)	2	(4.6%)	(4.5%)	(8)	(20.2%)	(19.9%)	(23)	(5.3%)	(5.0%)	(30)
TIPS	1.1%	1.1%	(5)	2.1%	2.1%	(4)	1.1%	1.2%	(7)	(12.0%)	(11.8%)	(13)	(3.4%)	(3.2%)	(14)
REITs	3.5%	2.7%	80	0.6%	(0.2%)	85	(4.0%)	(4.9%)	83	(24.6%)	(25.1%)	50	(5.1%)	(5.5%)	38
Commodities	(3.4%)	(3.3%)	(13)	6.4%	6.5%	(4)	10.3%	10.5%	(15)	25.3%	26.0%	(67)	(7.5%)	(7.2%)	(23)
Total CERBT 1	5.9%	5.6%	31	3.7%	3.5%	20	1.9%	1.7%	19	(17.8%)	(17.9%)	8	(0.9%)	(0.9%)	(5)

5-Yr Realized Volatility:

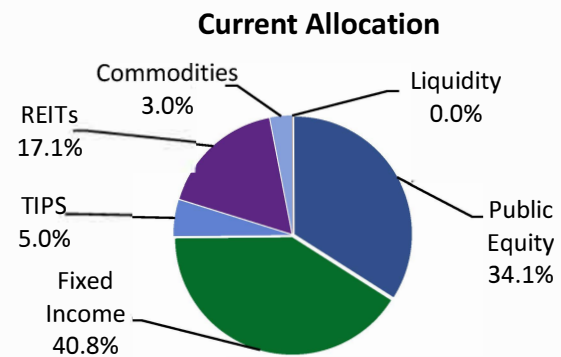
13.3%

5-Yr Realized Tracking Error:

0.1%

Asset Allocation, Performance & Realized Risk Summary - CERBT 2

Asset Allocation	Ending Asset Value (mil)	Current Allocation (%)	Policy Weight (%) ¹	Variance (%)	Policy Range
Public Equity	\$ 573.5	34.1%	34.0%	0.1%	± 5%
Fixed Income	\$ 686.7	40.8%	41.0%	(0.2%)	± 5%
TIPS	\$ 83.5	5.0%	5.0%	(0.0%)	± 3%
REITs	\$ 288.2	17.1%	17.0%	0.1%	± 5%
Commodities	\$ 50.5	3.0%	3.0%	0.0%	± 3%
Liquidity	\$ 0.1	0.0%	0.0%	0.0%	+ 2%
Total CERBT 2	\$ 1,682.6	100.0%	100.0%	0.0%	



Performance Summary ²	10-Yr			5-Yr			3-Yr			1-Yr			FYTD		
	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps
Public Equity	8.3%	7.9%	32	5.3%	5.0%	29	4.2%	3.9%	27	(18.1%)	(18.4%)	28	2.7%	2.6%	12
Fixed Income	1.5%	1.0%	43	(0.7%)	(0.7%)	2	(4.6%)	(4.5%)	(9)	(20.2%)	(19.9%)	(23)	(5.3%)	(5.0%)	(30)
TIPS	1.1%	1.1%	(5)	2.1%	2.1%	(3)	1.1%	1.2%	(7)	(12.0%)	(11.8%)	(13)	(3.4%)	(3.2%)	(14)
REITs	3.5%	2.7%	78	0.6%	(0.2%)	84	(4.1%)	(4.9%)	81	(24.6%)	(25.1%)	50	(5.1%)	(5.5%)	38
Commodities	(3.3%)	(3.3%)	(4)	6.5%	6.5%	9	10.3%	10.5%	(15)	25.3%	26.0%	(67)	(7.5%)	(7.2%)	(23)
Total CERBT 2	4.6%	4.4%	27	2.8%	2.7%	14	0.6%	0.5%	10	(17.6%)	(17.6%)	(2)	(2.3%)	(2.2%)	(10)

5-Yr Realized Volatility:

11.0%

5-Yr Realized Tracking Error:

0.1%

¹ Allocations approved by the Board of Administration at the March 2022 Investment Committee Meeting.

² Liquidity is for operational purposes rather than a strategic allocation target and is not included in the performance summary table due to negligible impact on performance. All performance is reported net of investment expenses.

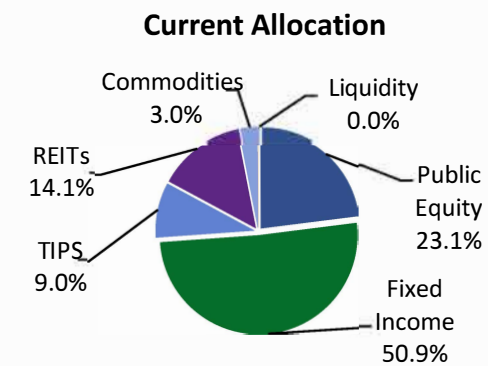
Affiliate Investment Programs

CERBT Strategy 3 Fund (CERBT 3) & Legislators' Retirement System Fund (LRF)

As of December 31, 2022

Asset Allocation, Performance & Realized Risk Summary - CERBT 3

Asset Allocation	Ending Asset Value (mil)	Current Allocation (%)	Policy Weight (%) ¹	Variance (%)	Policy Range
Public Equity	\$ 171.3	23.1%	23.0%	0.1%	± 5%
Fixed Income	\$ 378.1	50.9%	51.0%	(0.1%)	±5%
TIPS	\$ 66.9	9.0%	9.0%	(0.0%)	± 3%
REITs	\$ 104.4	14.1%	14.0%	0.1%	± 5%
Commodities	\$ 22.3	3.0%	3.0%	0.0%	± 3%
Liquidity	\$ 0.1	0.0%	0.0%	0.0%	+ 2%
Total CERBT 3	\$ 743.1	100.0%	100.0%	0.0%	



Performance Summary ²	10-Yr			5-Yr			3-Yr			1-Yr			FYTD		
	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps
Public Equity	8.2%	7.9%	30	5.2%	5.0%	28	4.2%	3.9%	27	(18.1%)	(18.4%)	28	2.7%	2.6%	12
Fixed Income	1.4%	1.0%	40	(0.7%)	(0.7%)	2	(4.6%)	(4.5%)	(9)	(20.2%)	(19.9%)	(23)	(5.3%)	(5.0%)	(30)
TIPS	1.1%	1.1%	(3)	2.1%	2.1%	(2)	1.1%	1.2%	(7)	(12.0%)	(11.8%)	(13)	(3.4%)	(3.2%)	(14)
REITs	3.5%	2.7%	76	0.6%	(0.2%)	86	(4.1%)	(4.9%)	80	(24.6%)	(25.1%)	50	(5.1%)	(5.5%)	38
Commodities	(3.2%)	(3.3%)	9	6.7%	6.5%	24	10.3%	10.5%	(16)	25.3%	26.0%	(67)	(7.5%)	(7.2%)	(23)
Total CERBT 3	3.5%	3.3%	26	2.2%	2.1%	9	(0.1%)	(0.2%)	5	(16.4%)	(16.3%)	(7)	(3.1%)	(3.0%)	(11)

5-Yr Realized Volatility:

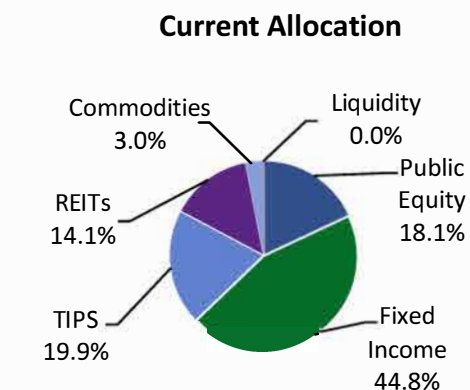
9.0%

5-Yr Realized Tracking Error:

0.1%

Asset Allocation, Performance & Realized Risk Summary - LRF

Asset Allocation	Ending Asset Value (mil)	Current Allocation (%)	Policy Weight (%) ¹	Variance (%)	Policy Range
Public Equity	\$ 17.3	18.1%	18.0%	0.1%	± 5%
Fixed Income	\$ 42.9	44.8%	45.0%	(0.2%)	± 5%
TIPS	\$ 19.1	19.9%	20.0%	(0.1%)	± 3%
REITs	\$ 13.5	14.1%	14.0%	0.1%	± 5%
Commodities	\$ 2.9	3.0%	3.0%	0.0%	± 3%
Liquidity	\$ 0.0	0.0%	0.0%	0.0%	+ 2%
Total LRF	\$ 95.6	100.0%	100.0%	0.0%	



Performance Summary ²	10-Yr			5-Yr			3-Yr			1-Yr			FYTD		
	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps
Public Equity	8.5%	8.3%	24	5.4%	5.1%	35	4.3%	3.9%	37	(18.0%)	(18.4%)	37	2.7%	2.6%	16
Fixed Income	1.5%	1.0%	42	(0.7%)	(0.7%)	1	(4.6%)	(4.5%)	(9)	(20.1%)	(19.9%)	(21)	(5.2%)	(5.0%)	(28)
TIPS	1.1%	1.1%	(3)	2.1%	2.1%	(1)	1.2%	1.2%	(5)	(12.0%)	(11.8%)	(13)	(3.4%)	(3.2%)	(15)
REITs	3.9%	3.5%	39	0.7%	(0.0%)	73	(4.1%)	(4.9%)	79	(24.6%)	(25.1%)	45	(5.2%)	(5.5%)	32
Commodities	(3.2%)	(3.3%)	10	6.7%	6.5%	22	10.3%	10.5%	(16)	25.3%	26.0%	(67)	(7.5%)	(7.2%)	(23)
Total LRF	3.6%	3.4%	23	2.2%	2.1%	11	(0.1%)	(0.2%)	7	(16.6%)	(16.5%)	(7)	(3.3%)	(3.2%)	(12)

5-Yr Realized Volatility:

8.9%

5-Yr Realized Tracking Error:

0.1%

¹ Allocations approved by the Board of Administration at the March 2022 Investment Committee Meeting.

² Liquidity is for operational purposes rather than a strategic allocation target and is not included in the performance summary table due to negligible impact on performance. All performance is reported net of investment expenses.

Affiliate Investment Programs

Judges' Retirement Fund (JRF) & Judges' Retirement System Fund II (JRFII)

As of December 31, 2022

Asset Allocation, Performance & Realized Risk Summary - JRF

Asset Allocation	Ending Asset Value (mil)	Current Allocation (%)	Policy Weight (%) ¹	Variance (%)	Policy Range
Cash	\$ 47.6	100.0%	100.0%	0.0%	+ 0%
Total JRF	\$ 47.6	100.0%	100.0%	0.0%	

Current Allocation



Performance Summary	10-Yr			5-Yr			3-Yr			1-Yr			FYTD		
	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps
Cash	0.9%	0.8%	10	1.4%	1.3%	11	0.8%	0.7%	11	1.8%	1.5%	35	1.6%	1.3%	26
Total JRF	0.9%	0.8%	10	1.4%	1.3%	11	0.8%	0.7%	11	1.8%	1.5%	35	1.6%	1.3%	26

5-Yr Realized Volatility:

0.3%

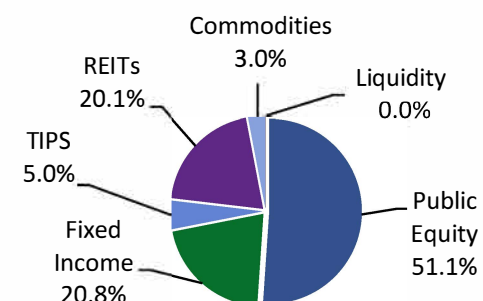
5-Yr Realized Tracking Error:

0.1%

Asset Allocation, Performance & Realized Risk Summary - JRFII

Asset Allocation	Ending Asset Value (mil)	Current Allocation (%)	Policy Weight (%) ¹	Variance (%)	Policy Range
Public Equity	\$ 1,090.0	51.1%	51.0%	0.1%	± 5%
Fixed Income	\$ 444.5	20.8%	21.0%	(0.2%)	± 5%
TIPS	\$ 105.9	5.0%	5.0%	(0.0%)	± 3%
REITs	\$ 429.5	20.1%	20.0%	0.1%	± 5%
Commodities	\$ 64.0	3.0%	3.0%	0.0%	± 3%
Liquidity	\$ 0.0	0.0%	0.0%	0.0%	+ 2%
Total JRFII	\$ 2,134.0	100.0%	100.0%	0.0%	

Current Allocation



Performance Summary ²	10-Yr			5-Yr			3-Yr			1-Yr			FYTD		
	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps
Public Equity	8.5%	8.3%	24	5.4%	5.1%	36	4.3%	3.9%	39	(18.0%)	(18.4%)	37	2.7%	2.6%	16
Fixed Income	1.5%	1.0%	45	(0.7%)	(0.7%)	7	(4.6%)	(4.5%)	(2)	(20.0%)	(19.9%)	(5)	(5.0%)	(5.0%)	(9)
TIPS	1.1%	1.1%	(4)	2.1%	2.1%	(3)	1.2%	1.2%	(6)	(12.0%)	(11.8%)	(13)	(3.4%)	(3.2%)	(15)
REITs	3.9%	3.5%	39	0.7%	(0.0%)	74	(4.1%)	(4.9%)	81	(24.6%)	(25.1%)	45	(5.2%)	(5.5%)	31
Commodities	(3.3%)	(3.3%)	(1)	6.4%	6.5%	(3)	10.3%	10.5%	(15)	25.3%	26.0%	(67)	(7.5%)	(7.2%)	(23)
Total JRFII	5.8%	5.5%	25	3.6%	3.4%	25	1.7%	1.5%	25	(17.2%)	(17.3%)	17	(0.5%)	(0.6%)	7

5-Yr Realized Volatility:

12.4%

5-Yr Realized Tracking Error:

0.1%

¹ Allocations approved by the Board of Administration at the March 2022 Investment Committee Meeting.

² Liquidity is for operational purposes rather than a strategic allocation target and is not included in the performance summary table due to negligible impact on performance. All performance is reported net of investment expenses.

Affiliate Investment Programs

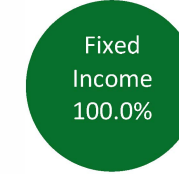
Health Care Fund (HCF) & Long-Term Care Fund (LTCF)

As of December 31, 2022

Asset Allocation, Performance & Realized Risk Summary - HCF

Asset Allocation	Ending Asset Value (mil)	Current Allocation (%)	Policy Weight (%) ¹	Variance (%)	Policy Range
Fixed Income	\$ 200.5	100.0%	100.0%	0.0%	+ 0%
Total HCF	\$ 200.5	100.0%	100.0%	0.0%	

Current Allocation



Performance Summary	10-Yr			5-Yr			3-Yr			1-Yr			FYTD		
	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps
Fixed Income	1.2%	1.1%	16	(0.0%)	0.0%	(3)	(2.8%)	(2.7%)	(7)	(13.2%)	(13.0%)	(18)	(3.2%)	(3.0%)	(21)
Total HCF	1.2%	1.1%	16	(0.0%)	0.0%	(3)	(2.8%)	(2.7%)	(7)	(13.2%)	(13.0%)	(18)	(3.2%)	(3.0%)	(21)

5-Yr Realized Volatility:

5.1%

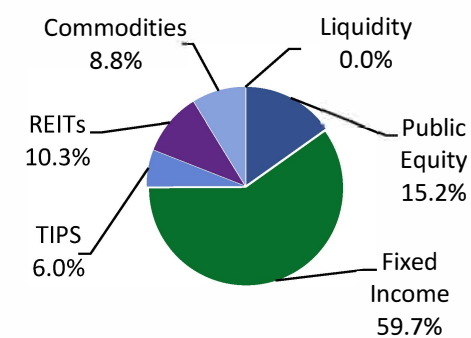
5-Yr Realized Tracking Error:

0.1%

Asset Allocation, Performance & Realized Risk Summary - LTCF

Asset Allocation	Ending Asset Value (mil)	Current Allocation (%)	Policy Weight (%) ¹	Variance (%)	Policy Range
Public Equity	\$ 710.0	15.2%	15.0%	0.2%	± 4%
Fixed Income	\$ 2,793.0	59.7%	60.0%	(0.3%)	± 5%
TIPS	\$ 281.4	6.0%	6.0%	0.0%	± 2%
REITs	\$ 479.6	10.3%	11.0%	(0.7%)	± 4%
Commodities	\$ 410.9	8.8%	8.0%	0.8%	± 2%
Liquidity	\$ 0.2	0.0%	0.0%	0.0%	+ 2%
Total LTCF	\$ 4,675.1	100.0%	100.0%	0.0%	

Current Allocation



Performance Summary ²	10-Yr			5-Yr			3-Yr			1-Yr			FYTD		
	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps
Public Equity	8.2%	7.9%	30	5.2%	5.0%	28	4.2%	3.9%	29	(18.1%)	(18.4%)	29	2.7%	2.6%	12
Fixed Income	1.0%	1.0%	(1)	(0.8%)	(0.7%)	(5)	(4.6%)	(4.5%)	(11)	(20.2%)	(19.9%)	(25)	(5.3%)	(5.0%)	(31)
TIPS	1.1%	1.1%	(2)	2.1%	2.1%	(4)	1.1%	1.2%	(6)	(12.0%)	(11.8%)	(13)	(3.3%)	(3.2%)	(14)
REITs	3.5%	2.7%	77	0.6%	(0.2%)	82	(4.1%)	(4.9%)	79	(24.6%)	(25.1%)	48	(5.2%)	(5.5%)	35
Commodities	(3.4%)	(3.3%)	(8)	6.3%	6.5%	(12)	10.3%	10.5%	(17)	25.3%	26.0%	(67)	(7.5%)	(7.2%)	(23)
Total LTCF	2.7%	2.5%	13	1.7%	1.6%	3	(0.7%)	(0.8%)	6	(16.3%)	(16.2%)	(3)	(4.1%)	(4.0%)	(12)

5-Yr Realized Volatility:

9.0%

5-Yr Realized Tracking Error:

0.4%

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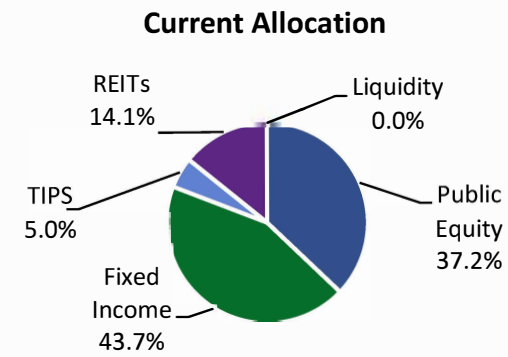
Affiliate Investment Programs

CEPPT Strategy 1 Fund (CEPPT 1) & CEPPT Strategy 2 Fund (CEPPT 2)

As of December 31, 2022

Asset Allocation & Performance Summary - CEPPT 1

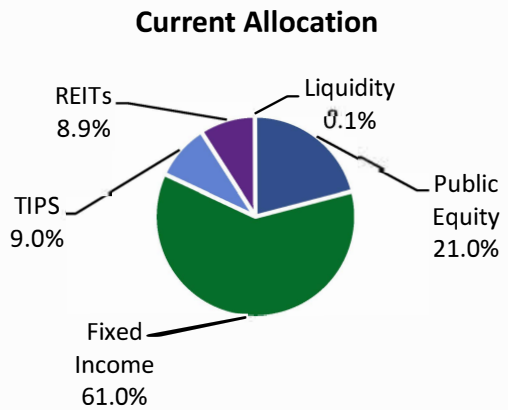
Asset Allocation	Ending Asset Value (mil)	Current Allocation (%)	Policy Weight (%) ¹	Variance (%)	Policy Range
Public Equity	\$ 26.5	37.2%	37.0%	0.2%	± 5%
Fixed Income	\$ 31.2	43.7%	44.0%	(0.3%)	± 5%
TIPS	\$ 3.5	5.0%	5.0%	(0.0%)	± 3%
REITs	\$ 10.1	14.1%	14.0%	0.1%	± 5%
Liquidity	\$ 0.0	0.0%	0.0%	0.0%	+ 2%
Total CEPPT 1	\$ 71.4	100.0%	100.0%	0.0%	



Performance Summary ²	10-Yr			5-Yr			3-Yr			1-Yr			FYTD		
	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps
Public Equity	-	-	-	-	-	-	4.1%	3.9%	25	(18.1%)	(18.4%)	27	2.7%	2.6%	11
Fixed Income	-	-	-	-	-	-	(2.8%)	(2.7%)	(5)	(13.1%)	(13.0%)	(13)	(3.1%)	(3.0%)	(18)
TIPS	-	-	-	-	-	-	1.1%	1.2%	(7)	(12.0%)	(11.8%)	(13)	(3.3%)	(3.2%)	(14)
REITs	-	-	-	-	-	-	(4.1%)	(4.9%)	73	(24.6%)	(25.1%)	45	(5.2%)	(5.5%)	31
Total CEPPT 1	-	-	-	-	-	-	0.6%	0.6%	1	(15.8%)	(15.9%)	8	(0.9%)	(0.9%)	(6)

Asset Allocation & Performance Summary - CEPPT 2

Asset Allocation	Ending Asset Value (mil)	Current Allocation (%)	Policy Weight (%) ¹	Variance (%)	Policy Range
Public Equity	\$ 7.0	21.0%	21.0%	0.0%	± 5%
Fixed Income	\$ 20.3	61.0%	61.0%	0.0%	± 5%
TIPS	\$ 3.0	9.0%	9.0%	0.0%	± 3%
REITs	\$ 3.0	8.9%	9.0%	(0.1%)	± 5%
Liquidity	\$ 0.0	0.1%	0.0%	0.1%	+ 2%
Total CEPPT 2	\$ 33.2	100.0%	100.0%	0.0%	



Performance Summary ²	10-Yr			5-Yr			3-Yr			1-Yr			FYTD		
	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps	Total Return	BM Return	Excess Bps
Public Equity	-	-	-	-	-	-	4.1%	3.9%	25	(18.1%)	(18.4%)	27	2.7%	2.6%	11
Fixed Income	-	-	-	-	-	-	(3.0%)	(2.7%)	(28)	(13.1%)	(13.0%)	(13)	(3.1%)	(3.0%)	(18)
TIPS	-	-	-	-	-	-	1.1%	1.2%	(7)	(12.0%)	(11.8%)	(13)	(3.3%)	(3.2%)	(14)
REITs	-	-	-	-	-	-	(4.1%)	(4.9%)	77	(24.6%)	(25.1%)	46	(5.2%)	(5.5%)	33
Total CEPPT 2	-	-	-	-	-	-	(1.1%)	(1.1%)	(1)	(14.2%)	(14.1%)	(10)	(2.0%)	(1.8%)	(17)

¹ Allocations approved by the Board of Administration at the March 2022 Investment Committee Meeting.

² Liquidity is for operational purposes rather than a strategic allocation target and is not included in the performance summary table due to negligible impact on performance. All performance is reported net of investment expenses.

Affiliate Investment Programs

Supplemental Income Plans (SIP)

As of December 31, 2022

Asset Allocation - SIP

Asset Allocation	Ending Asset Value (mil)	Global Equity			US Fixed Income			Real Assets			Cash and Cash Equivalents		
		Actual	Policy ¹	Policy Range	Actual	Policy ¹	Policy Range	Actual	Policy ¹	Policy Range	Actual	Policy ¹	Policy Range
Target Income Fund	\$ 178.8	33.8%	32.0%	± 4%	53.6%	55.0%	± 4%	3.1%	3.0%	± 1%	9.6%	10.0%	± 1%
Target 2020 Fund	\$ 152.8	43.9%	42.0%	± 4%	44.5%	46.0%	± 4%	3.1%	3.0%	± 1%	8.6%	9.0%	± 1%
Target 2025 Fund	\$ 204.8	56.9%	55.0%	± 4%	34.5%	36.0%	± 4%	2.0%	2.0%	± 1%	6.6%	7.0%	± 1%
Target 2030 Fund	\$ 197.1	67.7%	66.0%	± 4%	24.7%	26.0%	± 2%	2.0%	2.0%	± 1%	5.6%	6.0%	± 1%
Target 2035 Fund	\$ 129.2	81.2%	80.0%	± 4%	14.1%	15.0%	± 2%	1.0%	1.0%	± 1%	3.7%	4.0%	+ 0.25%
Target 2040 Fund	\$ 120.0	92.5%	92.0%	± 4%	4.7%	5.0%	± 1%	1.0%	1.0%	± 1%	1.8%	2.0%	+ 0.25%
Target 2045 Fund	\$ 71.5	94.4%	94.0%	± 4%	2.8%	3.0%	± 1%	1.0%	1.0%	± 1%	1.8%	2.0%	+ 0.25%
Target 2050 Fund	\$ 43.5	94.4%	94.0%	± 4%	2.8%	3.0%	± 1%	1.0%	1.0%	± 1%	1.8%	2.0%	+ 0.25%
Target 2055 Fund	\$ 16.1	94.4%	94.0%	± 4%	2.8%	3.0%	± 1%	1.0%	1.0%	± 1%	1.8%	2.0%	+ 0.25%
Target 2060 Fund	\$ 8.5	94.4%	94.0%	± 4%	2.8%	3.0%	± 1%	1.0%	1.0%	± 1%	1.8%	2.0%	+ 0.25%
Target 2065 Fund	\$ 0.3	94.4%	94.0%	± 4%	2.8%	3.0%	± 1%	1.0%	1.0%	± 1%	1.8%	2.0%	+ 0.25%
SSgA STIF	\$ 121.1	-	-	-	-	-	-	-	-	-	100.0%	100.0%	-
SIP US ST Bond Core	\$ 37.8	-	-	-	100.0%	100.0%	-	-	-	-	-	-	-
SIP US Bond Core	\$ 52.3	-	-	-	100.0%	100.0%	-	-	-	-	-	-	-
SIP Real Asset Core	\$ 21.5	-	-	-	-	-	-	100.0%	100.0%	-	-	-	-
SIP Russell All Cap Core	\$ 583.9	100.0%	100.0%	-	-	-	-	-	-	-	-	-	-
SIP Gbl All Cap EX-US	\$ 64.6	100.0%	100.0%	-	-	-	-	-	-	-	-	-	-

Performance Summary - SIP

Performance Summary	10-Yr			5-Yr			3-Yr			1-Yr			FYTD		
	Total Return ²	BM Return	Excess Bps	Total Return ²	BM Return	Excess Bps	Total Return ²	BM Return	Excess Bps	Total Return ²	BM Return	Excess Bps	Total Return ²	BM Return	Excess Bps
Target Income Fund	3.2%	3.0%	15	2.4%	2.3%	11	0.7%	0.6%	16	(12.9%)	(12.9%)	2	(0.9%)	(0.8%)	(7)
Target 2020 Fund	4.3%	4.1%	15	3.1%	2.9%	13	1.7%	1.5%	20	(13.7%)	(13.8%)	5	(0.4%)	(0.3%)	(6)
Target 2025 Fund	5.1%	5.0%	18	3.6%	3.4%	15	2.4%	2.2%	23	(14.6%)	(14.7%)	8	0.3%	0.3%	(5)
Target 2030 Fund	5.8%	5.7%	15	4.0%	3.9%	9	3.0%	2.9%	13	(15.4%)	(15.5%)	11	0.9%	0.9%	(3)
Target 2035 Fund	6.5%	6.4%	16	4.4%	4.3%	12	3.6%	3.4%	17	(16.4%)	(16.5%)	14	1.5%	1.6%	(2)
Target 2040 Fund	7.1%	7.0%	18	4.8%	4.7%	12	4.1%	3.9%	17	(17.2%)	(17.3%)	17	2.2%	2.2%	(1)
Target 2045 Fund	7.4%	7.2%	18	4.9%	4.8%	13	4.1%	4.0%	17	(17.0%)	(17.2%)	18	2.4%	2.4%	(0)
Target 2050 Fund	7.4%	7.2%	17	4.9%	4.8%	13	4.1%	4.0%	17	(17.0%)	(17.2%)	18	2.4%	2.4%	(0)
Target 2055 Fund	-	-	-	4.9%	4.8%	13	4.1%	4.0%	17	(17.0%)	(17.2%)	18	2.4%	2.4%	(0)
Target 2060 Fund	-	-	-	-	-	-	4.1%	4.0%	13	(17.0%)	(17.2%)	18	2.4%	2.4%	(0)
Target 2065 Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SSgA STIF	0.9%	0.8%	13	1.4%	1.3%	17	0.8%	0.7%	12	1.8%	1.5%	36	1.6%	1.3%	27
SIP US ST Bond Core	-	-	-	0.9%	0.9%	(6)	(0.4%)	(0.3%)	(5)	(3.7%)	(3.7%)	(6)	(0.6%)	(0.6%)	(3)
SIP US Bond Core	-	-	-	0.0%	0.0%	(1)	(2.7%)	(2.7%)	(3)	(13.1%)	(13.0%)	(11)	(3.1%)	(3.0%)	(16)
SIP Real Asset Core	-	-	-	6.3%	6.3%	5	8.8%	8.7%	14	3.1%	3.2%	(6)	1.2%	1.3%	(6)
SIP Russell All Cap Core	-	-	-	8.8%	8.8%	2	7.1%	7.1%	5	(19.1%)	(19.2%)	12	2.4%	2.4%	1
SIP Gbl All Cap EX-US	-	-	-	1.1%	0.8%	23	0.4%	0.2%	24	(16.3%)	(16.6%)	29	3.1%	3.1%	(2)

¹ Allocations approved by the Board of Administration at the June 2022 Investment Committee Meeting.

² Performance is net of the average investment management fees & expenses incurred by the 457/SCP plans.

Affiliate Investment Programs

Supplemental Income Plans (SIP)

As of December 31, 2022

Realized Risk - SIP

Realized Risk	Annualized 5-Yr Realized Volatility	Tracking Error ¹
Target Income Fund	7.5%	0.2%
Target 2020 Fund	9.7%	0.2%
Target 2025 Fund	11.6%	0.2%
Target 2030 Fund	13.5%	0.2%
Target 2035 Fund	15.5%	0.2%
Target 2040 Fund	17.0%	0.2%
Target 2045 Fund	17.0%	0.2%
Target 2050 Fund	17.0%	0.2%
Target 2055 Fund	17.0%	0.2%
Target 2060 Fund	-	-
Target 2065 Fund	-	-
SSgA STIF	0.4%	0.2%
SIP US ST Bond Core	1.6%	0.0%
SIP US Bond Core	5.1%	0.1%
SIP Real Asset Core	13.2%	0.3%
SIP Russell All Cap Core	19.2%	0.1%
SIP Gbl All Cap EX-US	17.9%	0.4%

¹ Due to the impact of Fair Value Pricing adjustment, the tracking error is based on a rolling 12 month calculation.

CalPERS Trust Level

Trust Level Benchmarks

As of December 31, 2022

Public Employees' Retirement Fund and Affiliate Investment Programs Policy Benchmarks

Trust	Asset Class	Policy Benchmark
Public Employees' Retirement Fund	Public Equity - Cap Weighted	CalPERS Custom FTSE All World, All Cap Equity Benchmark
	Public Equity - Factor Weighted	CalPERS Custom MSCI ACWI Factor Weighted Index
	Private Equity	CalPERS Custom FTSE Global Benchmark + 150 bps, Quarter Lag
	Income - Treasury	Custom Bloomberg Government
	Income - MBS	Custom Bloomberg Mortgage
	Income - IG Corporate	Custom Bloomberg Corporate ex Sov
	Income - High Yield	Custom Bloomberg High Yield
	Income - EM Sovereign Bonds	Custom JP Morgan EMBIG Diversified
	Real Assets	MSCI/PREA U.S. ACOE Quarterly Property Fund Index (Unfrozen)
	Private Debt	S&P/LSTA U.S. Leverage Loan 100 Index + 125 bps, Quarter Lag
	Strategic Leverage	ICE BofA US 3-Month Treasury Bill Index + 50 bps
Judges' Retirement System Fund	Cash	91-day Treasury Bill
Judges' Retirement System II Fund	Global Equity	MSCI ACWI IMI (Net)
	U.S. Fixed Income	Bloomberg Long Liability Index
	TIPS	Bloomberg U.S. TIPS Index, Series L
	Commodities	S&P GSCI Total Return Daily
	REITs	FTSE EPRA/NAREIT Developed Index
Legislators' Retirement System Fund	Global Equity	MSCI ACWI IMI (Net)
	U.S. Fixed Income	Bloomberg Long Liability Index
	TIPS	Bloomberg U.S. TIPS Index, Series L
	Commodities	S&P GSCI Total Return Daily
	REITs	FTSE EPRA/NAREIT Developed Index
Public Employees' Health Care Fund	U.S. Fixed Income	Bloomberg U.S. Aggregate Bond Index
Long-Term Care Fund	Global Equity	MSCI ACWI IMI (Net)
	U.S. Fixed Income	Bloomberg Long Liability Index
	TIPS	Bloomberg U.S. TIPS Index, Series L
	Commodities	S&P GSCI Total Return Daily
	REITs	FTSE EPRA/NAREIT Developed Index
California Employers' Retiree Benefit Trust (CERBT) Funds 1, 2 & 3	Global Equity	MSCI ACWI IMI (Net)
	U.S. Fixed Income	Bloomberg Long Liability Index
	TIPS	Bloomberg U.S. TIPS Index, Series L
	Commodities	S&P GSCI Total Return Daily
	REITs	FTSE EPRA/NAREIT Developed Index
California Employers' Pension Prefunding Trust (CEPPT) Funds 1 & 2	Global Equity	MSCI ACWI IMI (Net)
	U.S. Fixed Income	Bloomberg U.S. Aggregate Bond Index
	TIPS	Bloomberg U.S. TIPS Index, Series L
	REITs	FTSE EPRA/NAREIT Developed Index

CalPERS Trust Level

Trust Level Benchmarks

As of December 31, 2022

Supplemental Income Plans Policy Benchmarks

Policy Weights							
Supplemental Income Plans	Global Equity	US Equity	Int'l Equity	US Income		Real Assets	Cash & Cash Equivalents
	Russell 3000 / MSCI ACWI ex US	Russell 3000 Index	MSCI ACWI ex US IMI Index (Net)	Bloomberg U.S. Aggregate Bond Index	Bloomberg U.S. 1-3 Year Govt/Credit Bond Index	SSGA Real Asset	BofA Merrill Lynch 3-Month Treasury Bill Index
Target Income Fund	32.0%	19.0%	13.0%	55.0%	-	3.0%	10.0%
Target 2020 Fund	42.0%	25.0%	17.0%	46.0%	-	3.0%	9.0%
Target 2025 Fund	55.0%	33.0%	22.0%	36.0%	-	2.0%	7.0%
Target 2030 Fund	66.0%	39.0%	27.0%	26.0%	-	2.0%	6.0%
Target 2035 Fund	80.0%	48.0%	32.0%	15.0%	-	1.0%	4.0%
Target 2040 Fund	92.0%	55.0%	37.0%	5.0%	-	1.0%	2.0%
Target 2045 Fund	94.0%	56.0%	38.0%	3.0%	-	1.0%	2.0%
Target 2050 Fund	94.0%	56.0%	38.0%	3.0%	-	1.0%	2.0%
Target 2055 Fund	94.0%	56.0%	38.0%	3.0%	-	1.0%	2.0%
Target 2060 Fund	94.0%	56.0%	38.0%	3.0%	-	1.0%	2.0%
Target 2065 Fund	94.0%	56.0%	38.0%	3.0%	-	1.0%	2.0%
SSGA STIF	-	-	-	-	-	-	100.0%
SIP US ST Bond Core	-	-	-	-	100.0%	-	-
SIP US Bond Core	-	-	-	100.0%	-	-	-
SIP Real Asset Core	-	-	-	-	-	100.0%	-
SIP Russell All Cap Core	100.0%	100.0%	-	-	-	-	-
SIP Global All Cap ex US	100.0%	-	100.0%	-	-	-	-



TOWN OF LOS GATOS
TOWN PENSION AND OPEB TRUSTS
OVERSIGHT COMMITTEE REPORT

MEETING DATE: 6/20/2023

ITEM NO: 3

DATE: June 1, 2023
TO: Town Pension and OPEB Trusts Oversight Committee
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive the California Employer's Pension Prefunding Trust (CEPPT) Strategy Market Value Summary Report for the Period Ending March 31, 2023 and Performance as of April 30, 2023

RECOMMENDATION:

Receive the California Employer's Pension Prefunding Trust (CEPPT) Strategy 2 Market Value Summary Report for the period ending March 31, 2023 and performance as of April 30, 2023.

BACKGROUND:

On November 5, 2019, the Town Council authorized the Town Manager to enter into an agreement with CalPERS for participation in the California Employers' Pension Prefunding Trust (CEPPT) program.

The CEPPT Fund is a Section 115 trust fund dedicated to prefunding employer contributions to defined benefit pension systems for eligible California public agencies. On March 3, 2020, the Town Pension and OPEB Trusts Oversight Committee adopted CEPPT Strategy 2 as the asset allocation for the Town's Section 115 Trust pension assets.

DISCUSSION:

On April 14, 2021, the remaining CEPPT balance at the time of approximately \$700,000 was liquidated for inclusion in a \$2,050,942 additional discretionary payment. The CEPPT account continues to be maintained by the Town (at no cost) to accommodate annual account distributions associated with the Town's General Fund Reserve Policy.

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney

DISCUSSION (continued):

Effective Fiscal Year (FY) 2015/16, Council determined that if sufficient General Fund year-end savings are available and targeted reserve levels for the Catastrophic Reserve and Budget Stabilization Reserve have been met, upon the final close of the fiscal year, a minimum of \$300,000 annually shall be deposited into the Pension/OPEB Reserve Fund. In addition, in 2018 the Council updated the General Fund Reserve Policy to provide for additional discretionary payments (ADPs) of \$390,000 per year to address the unfunded pension liability. Under the updated Policy, a 20-year amortization equivalence will be achieved.

The ending CEPPT 115 Trust account balance as of March 31, 2023, was \$1,392,175 (Attachment 1). As of April 30, 2023, the CEPPT Strategy 2 fund had a net return of 0.8% for the month and 2.42% for the Fiscal Year to Date (FYTD) (Attachment 2). Staff anticipates transferring an additional \$690,000 to the CEPPT Trust during FY 2023/24. Per the March 2023 Pension/OPEB Oversight Committee action, the Town leaves the funds in the CEPPT Trust and will continuously monitor and evaluate if an Additional Discretionary Payment should be made directly to CalPERS.

The Finance Commission will receive this report on June 22, 2023 at a special meeting as its regular meeting was cancelled due to lack of a quorum.

Attachments:

1. CEPPT Market Value Summary Report as of March 31, 2023
2. CEPPT Performance April 30, 2023



Market Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Balance	\$662,322.97	\$676,150.03
Contribution	690,000.00	690,000.00
Disbursement	0.00	0.00
Transfer In	0.00	0.00
Transfer Out	0.00	0.00
Investment Earnings	40,329.37	27,275.91
Administrative Expenses	(314.68)	(824.92)
Investment Expense	(162.43)	(425.79)
Other	0.00	0.00
Ending Balance	\$1,392,175.23	\$1,392,175.23
FY End Contribution Accrual	0.00	0.00
FY End Disbursement Accrual	0.00	0.00
Grand Total	\$1,392,175.23	\$1,392,175.23

Unit Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Units	68,400.224	68,400.224
Unit Purchases from Contributions	70,247.976	70,247.976
Unit Sales for Withdrawals	0.000	0.000
Unit Transfer In	0.000	0.000
Unit Transfer Out	0.000	0.000
Ending Units	138,648.200	138,648.200
Period Beginning Unit Value	9.683052	9.885202
Period Ending Unit Value	10.041062	10.041062

Please note the Grand Total is your actual fund account balance at the end of the period, including accrued contribution and disbursements. Please review your statement promptly. All information contained in your statement will be considered true and accurate unless you contact us within 30 days of receipt of this statement. If you have questions about the validity of this information, please contact CEPPT4U@calpers.ca.gov.

Statement of Transaction Detail for the Quarter Ending 03/31/2023

Town of Los Gatos

Entity #: SKHE-4589482285-501P



Date	Description	Amount	Unit Value	Units	Check/Wire	Notes
03/10/2023	Contribution	\$690,000.00	\$9.822347	70,247.976	1000000464324 31	

CEPPT Strategy 2

April 30, 2023



Objective

The CEPPT Strategy 2 portfolio seeks to provide capital appreciation and income consistent with its strategic asset allocation. There is no guarantee that the portfolio will achieve its investment objective.

Strategy

The CEPPT Strategy 2 portfolio is invested in various asset classes that are passively managed to an index. CalPERS periodically adjusts the composition of the portfolio in order to match the target allocations. Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

Compared with CEPPT Strategy 1, this portfolio has a lower allocation to equities and a higher allocation to bonds. Historically, funds with a lower percentage of equities have displayed less price volatility and, therefore, this portfolio may experience comparatively less fluctuation of value. Employers that seek greater stability of value, in exchange for possible lower investment returns, may wish to consider this portfolio.

CalPERS Board may change the list of approved asset classes in composition as well as targeted allocation percentages and ranges at any time.

Assets Under Management

As of the specified reporting month-end:

CEPPT Strategy 2	Annual Expense Ratio
\$37,438,820	0.25%

Composition

Asset Class Allocations and Benchmarks

The CEPPT Strategy 2 portfolio consists of the following asset classes and corresponding benchmarks:

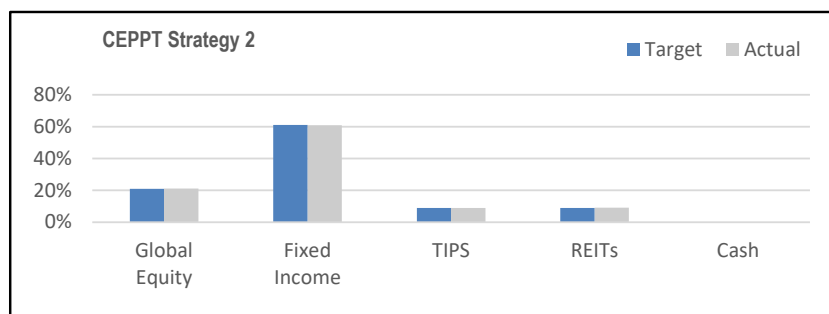
Asset Class	Target Allocation	Target Range	Benchmark
Global Equity	21%	± 5%	MSCI All Country World Index IMI (Net)
Fixed Income	61%	± 5%	Bloomberg US Aggregate Bond Index
Treasury Inflation-Protected Securities ("TIPS")	9%	± 3%	Bloomberg US TIPS Index, Series L
Real Estate Investment Trusts ("REITs")	9%	± 5%	FTSE EPRA/NAREIT Developed Index (Net)
Cash	-	+ 2%	91-Day Treasury Bill

Portfolio Benchmark

The CEPPT Strategy 2 benchmark is a composite of underlying asset class market indices, each assigned the target weight for the asset class it represents.

Target vs. Actual Asset Class Allocations

The following chart shows policy target allocations compared with actual asset allocations as of the specified reporting month-end. CalPERS may temporarily deviate from the target allocation for a particular asset class based on market, economic, or other considerations.



CEPPT Strategy 2 Performance as of April 30, 2023

	1 Month	3 Months	Fiscal YTD	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* (January 1, 2020)
Gross Return ^{1,3}	0.82%	0.11%	2.62%	-0.48%	0.33%	-	-	0.42%
Net Return ^{2,3}	0.80%	0.05%	2.42%	-0.71%	0.10%	-	-	0.19%
Benchmark Return	0.82%	0.08%	2.61%	-0.53%	0.21%	-	-	0.31%
Standard Deviation ⁴	-	-	-	-	8.10%	-	-	8.27%

* Returns for periods greater than one year are annualized.

¹ Gross returns are net of SSGA operating expenses.

² Net returns are net of SSGA operating expenses, investment management, administrative and recordkeeping fees.

³ Expenses are described in more detail on page 2 of this document.

⁴ Standard deviation is based on gross returns and is reported for periods greater than 3 years.

CEPPT Strategy 2



April 30, 2023

General Information

Information Accessibility

The CEPPT Strategy 2 portfolio consists of assets managed internally by CalPERS and/or by external managers. Since it is not a mutual fund, a prospectus is not available and daily holdings are not published. CalPERS provides a quarterly statement of the employer's account and other information about the CEPPT. For total market value, detailed asset allocation, investment policy and performance information, please visit our website at www.calpers.ca.gov.

Portfolio Manager Information

The CalPERS Board, through its Investment Committee, directs the CEPPT investment strategy based on policies approved by the Board of Administration. State Street Global Advisors (SSGA) manages all underlying investments for CEPPT, which include: Global Equity, Fixed Income, Real Estate Investment Trusts, and Treasury Inflation-Protected Securities.

Custodian and Record Keeper

State Street Bank serves as custodian for the CEPPT. Northeast Retirement Services serves as recordkeeper.

Expenses

CEPPT is a self-funded trust in which participating employers pay for all administrative and investment expenses. Expenses reduce the gross investment return by the fee amount. The larger the expenses, the greater reduction of investment return. Currently, CEPPT expense ratios are 0.25%. This equates to \$2.50 per \$1,000 invested. The expenses consist of administrative expenses borne by CalPERS to administer and oversee the Trust assets, investment management and administrative fees paid to SSGA to manage all asset classes, and recordkeeping fees paid to Northeast Retirement Services to administer individual employer accounts. The expenses described herein are reflected in the net asset value per unit. The expense ratio is subject to change at any time and without prior notification due to factors such as changes to average fund assets or market conditions. CalPERS reviews the operating expenses annually and changes may be made as appropriate. Even if the portfolio loses money during a period, the expenses will still be charged.

What Employers Own

Each employer invested in CEPPT Strategy 2 owns units of this portfolio, which invests in pooled asset classes managed by CalPERS and/or external advisors. Employers do not have direct ownership of the securities in the portfolio.

Price

The value of the portfolio changes daily based upon the market value of the underlying securities. Just as prices of individual securities fluctuate, the portfolio's value also changes with market conditions.

Principal Risks of the Portfolio

The CEPPT fund is a trust fund dedicated to prefunding employer contributions to defined benefit pension plans for eligible state and local agencies. CEPPT is not, however, a defined benefit plan. There is no guarantee that the portfolio will achieve its investment objectives or provide sufficient funding to meet employer obligations.

An investment in the portfolio is not a bank deposit, nor is it insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC), CalPERS, the State of California or any other government agency.

There are risks associated with investing, including possible loss of principal. The portfolio's risk depends in part on the portfolio's asset class allocations and the selection, weighting and risks of the underlying investments. For more information about investment risks, please see the document entitled "CEPPT Principal Investment Risks" located at www.calpers.ca.gov.

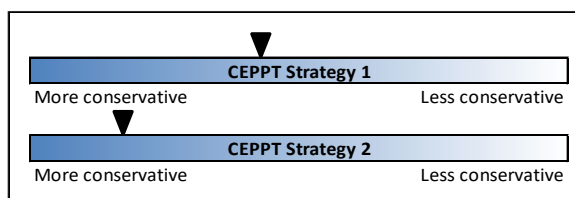
Fund Performance

Performance data shown on page 1 represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an employer's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than historical performance data shown. For current performance information, please visit www.calpers.ca.gov and follow the links to California Employers' Pension Prefunding Trust.

CEPPT Strategy Risk Levels

CalPERS offers employers the choice of one of two investment strategies. Projected risk levels among risk strategies vary, depending upon the target asset class allocations. Generally, equities carry more risk than fixed income securities.

Asset Class Target Allocations	Strategy 1	Strategy 2
Global Equity	37%	21%
Fixed Income	44%	61%
Treasury-Inflation Protected Securities	5%	9%
Real Estate Investment Trusts	14%	9%





TOWN OF LOS GATOS
TOWN PENSION AND OPEB TRUSTS
OVERSIGHT COMMITTEE REPORT

MEETING DATE: 6/20/2023

ITEM NO: 4

DATE: June 1, 2023
TO: Town Pension and OPEB Trusts Oversight Committee
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive the California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending March 31, 2023 and the Performance Report as of April 30, 2023.

RECOMMENDATION:

Receive California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending March 31, 2023 and the Performance Report as of April 30, 2023.

BACKGROUND:

In 2009, the Council approved participating in the CERBT Fund. The CERBT Fund is an IRS Section 115 trust fund dedicated to the prefunding of other post-employment benefits ("OPEB"). The CERBT Strategy 1 is the single investment vehicle for the Town's OPEB Plan ("OPEB Plan").

DISCUSSION:

The ending OPEB 115 Trust account balance as of March 31, 2023, was \$23,707,807 compared to \$22,645,730 as of December 31, 2023 (Attachment 1). As of April 30, 2023, the CERBT Strategy 1 fund had a net return of 1.15% for the month and 4.89% as of April 30, 2023 (Attachment 2).

The Finance Commission will receive this report on June 22, 2023 at a special meeting as its regular meeting was cancelled due to lack of a quorum.

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney

PAGE 2 OF 2

SUBJECT: CERBT

DATE: June 1, 2023

Attachments:

1. OPEB 115 Trust Market Value Summary Report as of March 31, 2023
2. CERBT Performance Report April 30, 2023



Market Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Balance	\$22,645,729.59	\$22,861,333.23
Contribution	0.00	0.00
Disbursement	0.00	0.00
Transfer In	0.00	0.00
Transfer Out	0.00	0.00
Investment Earnings	1,067,004.12	861,184.09
Administrative Expenses	(2,845.85)	(8,497.31)
Investment Expense	(2,080.80)	(6,212.95)
Other	0.00	0.00
Ending Balance	\$23,707,807.06	\$23,707,807.06
FY End Contrib per GASB 74 Para 22	0.00	0.00
FY End Disbursement Accrual	0.00	0.00
Grand Total	\$23,707,807.06	\$23,707,807.06

Unit Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Units	1,188,552.988	1,188,552.988
Unit Purchases from Contributions	0.000	0.000
Unit Sales for Withdrawals	0.000	0.000
Unit Transfer In	0.000	0.000
Unit Transfer Out	0.000	0.000
Ending Units	1,188,552.988	1,188,552.988
Period Beginning Unit Value	19.053193	19.234593
Period Ending Unit Value	19.946782	19.946782

Please note the Grand Total is your actual fund account balance at the end of the period, including all contributions per GASB 74 paragraph 22 and accrued disbursements. Please review your statement promptly. All information contained in your statement will be considered true and accurate unless you contact us within 30 days of receipt of this statement. If you have questions about the validity of this information, please contact CERBT4U@calpers.ca.gov.

Statement of Transaction Detail for the Quarter Ending 03/31/2023

Town of Los Gatos

Entity #: SKB0-4589482285



Date	Description	Amount	Unit Value	Units	Check/Wire	Notes
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CERBT Strategy 1

April 30, 2023

**Objective**

The CERBT Strategy 1 portfolio seeks to provide capital appreciation and income consistent with its strategic asset allocation. There is no guarantee that the portfolio will achieve its investment objective.

Strategy

The CERBT Strategy 1 portfolio is invested in various asset classes. CalPERS periodically adjusts the composition of the portfolio in order to match the target allocations. Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

Compared with CERBT Strategy 2 and Strategy 3, this portfolio has a higher allocation to equities than bonds and other assets. Historically, equities have displayed greater price volatility and, therefore, this portfolio may experience greater fluctuation of value. Employers that seek higher investment returns, and are able to accept greater risk and tolerate more fluctuation in returns, may wish to consider this portfolio.

CalPERS Board may change the list of approved asset classes in composition as well as targeted allocation percentages and ranges at any time.

Assets Under Management

As of the specified reporting month-end:

CERBT Strategy 1	Annual Operating Ratio
\$14,476,835,707	0.10%

Composition**Asset Class Allocations and Benchmarks**

The CERBT Strategy 1 portfolio consists of the following asset classes and corresponding benchmarks:

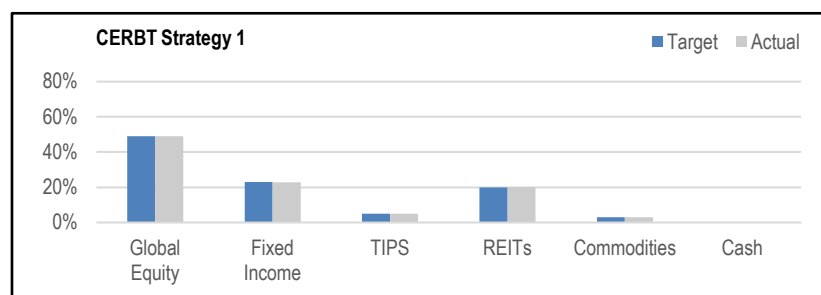
Asset Class	Target Allocation	Target Range	Benchmark
Global Equity	49%	± 5%	MSCI All Country World Index IMI (Net)
Fixed Income	23%	± 5%	Bloomberg Long Liability Index
Treasury Inflation-Protected Securities ("TIPS")	5%	± 3%	Bloomberg US TIPS Index, Series L
Real Estate Investment Trusts ("REITs")	20%	± 5%	FTSE EPRA/NAREIT Developed Index (Net)
Commodities	3%	± 3%	S&P GSCI Total Return Index
Cash	-	+ 2%	91-Day Treasury Bill

Portfolio Benchmark

The CERBT Strategy 1 benchmark is a composite of underlying asset class market indices, each assigned the target weight for the asset class it represents.

Target vs. Actual Asset Class Allocations

The following chart shows policy target allocations compared with actual asset allocations as of the specified reporting month-end. CalPERS may temporarily deviate from the target allocation to a particular asset class based on market, economic, or other considerations.

**CERBT Strategy 1 Performance as of April 30, 2023**

	1 Month	3 Months	Fiscal YTD	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* (June 1, 2007)
Gross Return ^{1,3}	1.15%	-0.70%	4.97%	-2.11%	7.14%	5.10%	5.72%	4.92%
Net Return ^{2,3}	1.15%	-0.72%	4.89%	-2.19%	7.05%	5.01%	5.63%	4.84%
Benchmark Returns	1.14%	-0.78%	4.83%	-2.36%	6.91%	4.85%	5.37%	4.52%
Standard Deviation ⁴	-	-	-	-	13.88%	13.58%	10.85%	13.03%

* Returns for periods greater than one year are annualized.

¹ Gross returns are net of SSGA operating expenses.

² Net returns are net of SSGA operating expenses, investment management, administrative and recordkeeping fees.

³ Expenses are described in more detail on page 2 of this document.

⁴ Standard deviation is based on gross returns and is reported for periods greater than 3 years.

CERBT Strategy 1

April 30, 2023



General Information

Information Accessibility

The CERBT Strategy 1 portfolio consists of assets managed internally by CalPERS and/or by external advisors. Since it is not a mutual fund, a prospectus is not available and daily holdings are not published. CalPERS provides a quarterly statement of the employer's account and other information about the CERBT. For total market value, detailed asset allocation, investment policy and current performance information, please visit our website at: www.calpers.ca.gov.

Portfolio Manager Information

The CalPERS Board, through its Investment Committee, directs the CERBT investment strategy based on policies approved by the Board of Administration. State Street Global Advisors (SSGA) manages all underlying investments for CERBT, which include: Global Equity, Fixed Income, Real Estate Investment Trusts, Treasury Inflation-Protected Securities, and Commodities.¹

Custodian and Record Keeper

State Street Bank serves as custodian for the CERBT. Northeast Retirement Services serves as recordkeeper.

Expenses

CERBT is a self-funded trust in which participating employers pay for all administrative and investment expenses. Expenses reduce the gross investment return by the fee amount. The larger the expenses, the greater the reduction of investment return. Currently, CERBT expenses are 0.10% which consist of administrative expenses borne by CalPERS to administer and oversee the Trust assets, investment management and administrative fees paid to SSGA to manage all asset classes, and recordkeeping fees paid to Northeast Retirement Services to administer individual employer accounts. The expenses described herein are reflected in the net asset value per unit. The expense ratio is subject to change at any time and without prior notification due to factors such as changes to average fund assets or market conditions. CalPERS reviews the operating expenses annually and changes may be made as appropriate. Even if the portfolio loses money during a period, the expenses will still be charged.

What Employers Own

Each employer invested in CERBT Strategy 1 owns units of this portfolio, which invests in pooled asset classes managed by CalPERS and/or external advisors. Employers do not have direct ownership of the securities in the portfolio.

Price

The value of the portfolio changes daily based upon the market value of the underlying securities. Just as prices of individual securities fluctuate, the portfolio's value also changes with market conditions.

Principal Risks of the Portfolio

The CalPERS CERBT Fund provides California government employers with a trust through which they may prefund retiree medical costs and other post-employment benefits (OPEB). CERBT is not, however, a defined benefit plan. There is no guarantee that the portfolio will achieve its investment objectives or provide sufficient funding to meet employer obligations. Further, CalPERS will not make up the difference between an employer's CERBT assets and the actual cost of OPEB provided to an employer's plan members.

An investment in the portfolio is not a bank deposit, nor is it insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC), CalPERS, the State of California or any other government agency.

There are risks associated with investing, including possible loss of principal. The portfolio's risk depends in part on the portfolio's asset class allocations and the selection, weighting and risks of the underlying investments. For more information about investment risks, please see the document entitled "CERBT Principal Investment Risks" located at www.calpers.ca.gov.

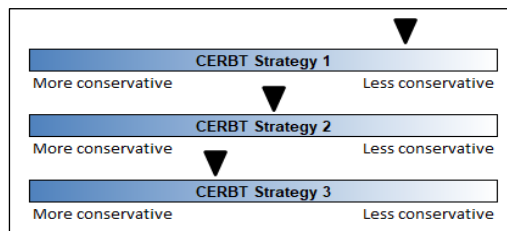
Fund Performance

Performance data shown on page 1 represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an employer's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than historical performance data shown. For current performance information, please visit www.calpers.ca.gov and follow the links to California Employers' Retiree Benefit Trust.

CERBT Strategy Risk Levels

CalPERS offers employers the choice of one of three investment strategies. Projected risk levels among strategies vary, depending upon the target asset class allocations. Generally, equities carry more risk than fixed income securities.

Asset Class Target Allocations	Strategy 1	Strategy 2	Strategy 3
Global Equity	49%	34%	23%
Fixed Income	23%	41%	51%
Treasury Inflation-Protected Securities	5%	5%	9%
Real Estate Investment Trusts	20%	17%	14%
Commodities	3%	3%	3%



¹ Since June 2018, SSGA has passively managed all CERBT asset classes. Previously, Fixed Income, TIPS and Commodity asset classes were managed internally by CalPERS.