

**TOWN OF LOS GATOS
TOWN PENSION AND OPEB TRUSTS OVERSIGHT
COMMITTEE AGENDA
SEPTEMBER 01, 2026
110 EAST MAIN STREET AND TELECONFERENCE
TOWN COUNCIL CHAMBERS
6:15 PM**

*Rob Moore, Mayor
Maria Ristow, Vice Mayor
Mary Badame, Council Member
Matthew Hudes, Council Member
Rob Rennie, Council Member*

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 Zoom Webinar (log-in information provided below). You may watch the Council meeting without providing public comment on Comcast cable channel 15 or at www.LosGatosCA.gov/TownYouTube. Members of the public may provide public comments for agenda items in-person or virtually by following the instructions listed at the end of the agenda.

To watch and participate via Zoom, please go to:

<https://losgatosca-gov.zoom.us/j/86730363468?pwd=pfKQoh92JnbwOYwFvZqldSSWpjxYoK.1>

Enter Passcode: 577971

CALL MEETING TO ORDER

ROLL CALL

CONSENT ITEMS *(Consent Items are considered routine Town business and may be approved by one motion. Any member of the Committee may remove an item from the Consent Items for comment and action. Members of the public may provide input on any or multiple Consent Item(s) when the Chair asks for public comments on the Consent Items. If you wish to comment, please follow the Participation Instructions located at the end of this agenda. If an item is removed, the Chair has the sole discretion to determine when the item will be heard. Each speaker is limited to no more than three (3) minutes or such time as authorized by the Chair.)*

1. Approve the Minutes of the June 2, 2026, Town Pension and OPEB Trusts Oversight Committee Meeting.

RECOMMENDATION: Approve the Minutes of the June 2, 2026, Town Pension and OPEB Trusts Oversight Committee Meeting.

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Committee only on matters listed on the agenda. Town resources may not be used to facilitate audio or visual presentations. Each speaker is limited to no more than three (3) minutes or such time as authorized by the Chair.)*

OTHER BUSINESS *(Each speaker is limited to no more than three (3) minutes or such time as authorized by the Chair.)*

2. Receive the California Employer’s Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending June 30, 2026, and the Performance Report as of June 30, 2026.

RECOMMENDATION: Receive California Employer’s Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending June 30, 2026, and the Performance Report as of July 1, 2026.

3. Receive the California Employer’s Pension Prefunding Trust (CEPPT) Strategy Market Value Summary Report for the Period Ending June 30, 2026, and Performance as of June 30, 2026.

RECOMMENDATION: Receive the California Employer’s Pension Prefunding Trust (CEPPT) Strategy 2 Market Value Summary Report for the period ending June 30, 2026, and performance as of June 30, 2026.

ADJOURNMENT

ADA NOTICE - In compliance with the Americans with Disabilities Act, if you require special assistance to participate in this meeting, please contact the Clerk’s Office at (408) 354-6834. Please notify the Clerk’s Office at least two (2) business days prior to the meeting so that reasonable arrangements can be made to ensure accessibility in compliance with 28 CFR §35.102-35.104 and related provisions.

NOTICE REGARDING SUPPLEMENTAL MATERIALS - Materials related to an item on this agenda submitted to the Committee after initial distribution of the agenda packets are available for public inspection in the Clerk’s Office at Town Hall, 110 E. Main Street, Los Gatos and on the Town’s website at www.losgatosca.gov. Committee agendas and related materials can be viewed online at <https://losgatos-ca.municodemeetings.com/>.

HOW TO PARTICIPATE

The public is welcome to provide oral comments in real-time during the meeting in three ways:

- **Zoom Webinar (Online):** To participate from a PC, Mac, iPad, iPhone or Android device. Please use this URL to join: <https://losgatosca.gov.zoom.us/j/86730363468?pwd=pfKQoh92JnbwOYwFvZqldSSWpjxYoK.1> Passcode: **577971**. You can also type in **867 3036 3468** in the “Join a Meeting” page on the Zoom website at www.zoom.us and use passcode **577971**. When the Mayor announces the item for which you wish to speak, click the “raise hand” feature in Zoom.
- **Telephone:** To participate by phone please dial 1 (408) 961-3927 or 1 (855) 758-1310 for US Toll-free and use Meeting ID: **867 3036 3468**. When the Mayor announces the item for which you wish to speak, press *9 on your telephone keypad to raise your hand.

- **In-Person:** Please complete a “speaker’s card” located on the back of the chamber benches and submit it to the Town Clerk before the meeting or when the Mayor announces the item for which you wish to speak.

NOTES: Comments will be limited to three (3) minutes or less at the Mayor’s discretion. If you are unable to participate in real-time, you may email Clerk@losgatosca.gov the subject line “Public Comment Item #__” (insert the item number relevant to your comment).

Deadlines to submit written comments are:

-3:00 p.m. the Thursday before the meeting for inclusion in the agenda packet.

-3:00 p.m. the Friday and Monday before the meeting for inclusion in an addendum.

-11:00 a.m. the day of the meeting for inclusion in a desk item.



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

ITEM NO. 1.

MEETING DATE: 09/01/2026

ITEM NO: 1

DRAFT

**Minutes of the Town Pension and OPEB Trusts Oversight Committee Meeting
June 2, 2026**

The Pension and OPEB Trusts Oversight Committee of the Town of Los Gatos conducted a meeting in person and via teleconference.

MEETING CALLED TO ORDER AT 6:15 P.M.

ROLL CALL

Present: Council Member/Committee Member Matthew Hudes, Council Member/Committee Member Rob Rennie, Council Member/Committee Member Mary Badame, Vice Mayor/Vice Chair Maria Ristow, and Mayor/Chair Rob Moore.

Absent: None.

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

1. Approve the Minutes of the March 2, 2026, Town Pension and OPEB Trusts Oversight Committee Meeting.
2. Receive the California Employer's Pension Prefunding Trust (CEPPT) Strategy Market Value Summary Report for the Period Ending March 31, 2026, and Performance Report as of March 31, 2026.
3. Receive California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending March 31, 2026, and the Performance Report as of March 31, 2026.

Mayor/Chair Moore opened public comment.

The following individuals spoke:

1. Member of the Public (Items 2 and 3)

Mayor/Chair Moore closed public comment.

MOTION: Motion by Council Member/Committee Member Hudes to approve the consent items. **Seconded by Vice Mayor/Vice Chair Ristow.**

VOTE: Motion passed unanimously.

VERBAL COMMUNICATIONS

No one spoke.

SUBJECT: Draft Minutes of the Pension and OPEB Trusts Oversight Committee Meeting of
June 2, 2026
DATE: September 1, 2026

OTHER BUSINESS

4. Receive the Foster and Foster Independent Actuarial Reports as of June 30, 2024.

Kristina Alfaro, Administrative Services Director, introduced the consultant.

Drew Ballard, Foster and Foster, gave the presentation.

Mayor/Chair Moore opened public comment.

The following individuals spoke:

1. Member of the Public

Mayor/Chair Moore closed public comment.

The Committee discussed the item, asked questions, and received the report.

ADJOURNMENT

The meeting adjourned at 6:53 p.m.

Attest:

Jenna De Long, Deputy Town Clerk



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

MEETING DATE: 09/01/2026

ITEM NO. 2.

ITEM NO: 2

DATE: August 27, 2026
TO: Town Pension and OPEB Trusts Oversight Committee
FROM: Chris Constantin, Town Manager
SUBJECT: **Receive the California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending June 30, 2026, and the Performance Report as of July 31, 2026**

RECOMMENDATION: Receive California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending June 30, 2026, and the Performance Report as of July 1, 2026.

FISCAL IMPACT:

There is no fiscal impact related to receiving this report.

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 June 30, 2026, was \$35,530,289.53 compared to \$32,549,667.02 as of March 31, 2026 (Attachment 1). As of July 31, 2026, the CERBT Strategy 1 fund had a net return of .24% for the month and .24% as of Fiscal Year to Date (Attachment 2).

The Town Finance Commission will receive this information at its regular meeting on September 14, 2026.

PREPARED BY: Diane M. Howard
Finance Division Manager

Reviewed by: Town Manager, Town Attorney, and Administrative Services Director

PAGE 2 OF 2

SUBJECT: Receive the California Employer's Retiree Benefit Trust (CERBT) Strategy 1
Market Value Summary Report for the Period Ending June 30, 2026, and the
Performance Report as of July 31, 2026

DATE: August 27, 2026

Attachments:

1. OPEB 115 Trust Market Value Summary Report as of June 30, 2026
2. CERBT Strategy 1 Performance Report July 31, 2026

Market Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Balance	\$32,549,667.02	\$30,284,763.02
Contribution	0.00	0.00
Disbursement	0.00	0.00
Transfer In	0.00	0.00
Transfer Out	0.00	0.00
Investment Earnings	2,986,710.25	5,268,521.51
Administrative Expenses	(2,348.15)	(8,869.52)
Investment Expense	(3,739.59)	(14,125.48)
Other	0.00	0.00
Ending Balance	\$35,530,289.53	\$35,530,289.53
FY End Contrib per GASB 74 Para 22	0.00	0.00
FY End Disbursement Accrual	0.00	0.00
Grand Total	\$35,530,289.53	\$35,530,289.53

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	27.385962	25.480364
Period Ending Unit Value	29.893736	29.893736

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 06/30/2026

Town of Los Gatos

Entity #: SKB0-4589482285



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



July 31, 2026

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
\$26,442,932,582	0.085%

Composition

Asset Class Allocations and Benchmarks

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

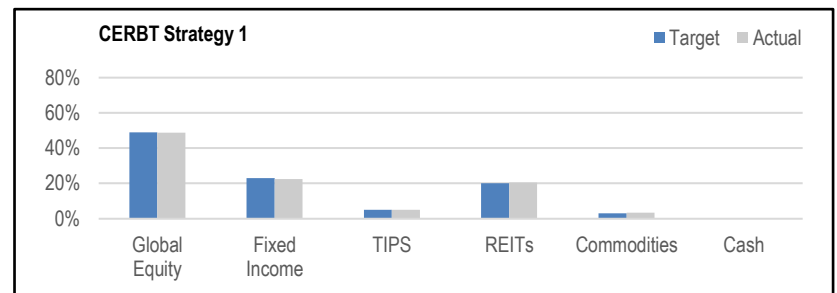
Asset Class	Target Allocation	Target Range	Benchmark
Global Equity	49%	± 5%	MSCI All Country World Index IMI (Net)
Fixed Income	23%	± 5%	Bloomberg Long Liability Index
Treasury Inflation-Protected Securities ("TIPS")	5%	± 3%	Bloomberg US TIPS Index, Series L
Real Estate Investment Trusts ("REITs")	20%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

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 July 31, 2026

	1 Month	3 Months	Fiscal YTD	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* (June 1, 2007)
Gross Return ^{1,3}	0.25%	2.23%	0.25%	17.06%	12.60%	5.98%	8.21%	6.25%
Net Return ^{2,3}	0.24%	2.21%	0.24%	16.98%	12.51%	5.89%	8.12%	6.17%
Benchmark Returns	0.25%	2.16%	0.25%	16.74%	12.29%	5.72%	7.89%	5.87%
Standard Deviation ⁴	-	-	-	-	10.59%	12.52%	11.46%	12.63%

* Returns for periods greater than one year are annualized.

¹ Gross returns are net of State Street Investment Management operating expenses.

² Net returns are net of State Street Investment Management 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

July 31, 2026



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 Investment Management 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 0.085% which consist of administrative expenses borne by CalPERS to administer and oversee the Trust assets, investment management and administrative fees paid to State Street Investment Management 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.

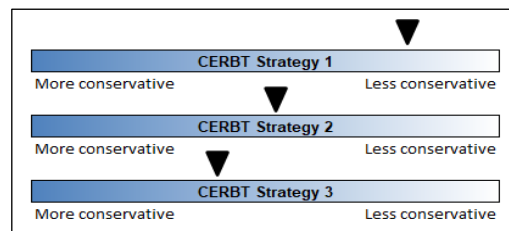
Fund Performance

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 ¹	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, State Street Investment Management has passively managed all CERBT asset classes. Previously, Fixed Income, TIPS and Commodity asset classes were managed internally by CalPERS.



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

MEETING DATE: 09/01/2026

ITEM NO. 3.

ITEM NO: 3

DATE: August 27, 2026
TO: Town Pension and OPEB Trusts Oversight Committee
FROM: Chris Constantin, Town Manager
SUBJECT: **Receive the California Employer's Pension Prefunding Trust (CEPPT)
Strategy Market Value Summary Report for the Period Ending June 30,
2026, and Performance as of July 31, 2026**

RECOMMENDATION: Receive the California Employer's Pension Prefunding Trust (CEPPT) Strategy 2 Market Value Summary Report for the period ending June 30, 2026, and performance as of July 31, 2026.

FISCAL IMPACT:

There is no fiscal impact associated with receiving this report.

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:

Effective Fiscal Year (FY) 2015-16, Council determined that sufficient General Fund year-end savings are available and targeted reserve levels for the Catastrophic Reserve and Budget

PREPARED BY: Diane M. Howard
Finance Division Manager

Reviewed by: Town Manager, Town Attorney, and Administrative Services Director

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 2018, the Council updated the General Fund Reserve Policy to provide for additional discretionary payments Strategy 2 (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 June 30, 2026, was \$4,055,601.39 (Attachment 1). As of July 31, 2026, the CEPPT Strategy 2 fund had a net return of -0.69% for the month and -0.69% for the Fiscal Year to Date (FYTD) (Attachment 2).

The Town Finance Commission will receive this report at its regular meeting on September 14, 2026.

A joint Study Session was held between the Town Pension and OPEB Trust Oversight Committee and the Finance Commission, led by a Financial Advisor, to review the Pension and OPEB Trusts.

The Finance Commission reiterated its prior recommendation to the Oversight Committee on March 10, 2025, to transfer the balance of the Pension IRS 115 Trust to CalPERS and pay off the Longest Base in the Safety Plan to maximize the interest savings. The Finance Commission also recommended that the Town move from Strategy 2 to Strategy 1.

According to the December 2, 2025, Pension/OPEB Oversight Committee action, the Town will retain the funds in the CEPPT Trust until the Town concludes its Fiscal Condition Analysis and Asset Liability Management studies. After receiving and considering the studies, staff plans to explore alternative providers and investment options through an RFP process. The information presented at the study session highlighted that several public sector trust providers offer varied investment structures, account configurations, reporting tools, and fiduciary support models. Alternative trust platforms may include daily valuation, customized portfolios, broader asset classes, and individualized reporting. These features differ from the structure offered through CalPERS and could provide the Town with expanded flexibility or different oversight mechanisms. An RFP would allow the Town to obtain comparable information on investment flexibility, fiduciary services, reporting features, trust governance, and account structure across interested providers. It would also allow the Town to evaluate costs and implementation requirements in a standardized manner. An RFP would not commit the Town to change providers but would ensure that any future decision is made with a full understanding of available alternatives.

As part of the Finance Commission's review of the FY 2026-27 Proposed Budget on May 11, 2026, the Commission recommended that Council transfer the balance of the 115 Trust, and an additional \$390,000 for FY 2026-27 as an additional discretionary payment (ADP).

At the May 19, 2026, FY 2026-27 Proposed Budget Study Session, the Council did not approve this recommendation. Instead, the Council will wait until all NHA Advisor studies are finalized before considering the transfer. The NHA Advisor studies are expected to come before Council in October.

Attachments:

1. CEPPT Market Value Summary Report as of June 30, 2026
2. CEPPT Strategy 2 Performance as of July 31, 2026

Town of Los Gatos

CEPPT Strategy 2

Entity #: SKHE-4589482285-501P

Quarter Ended June 30, 2026



ITEM NO. 3.

Market Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Balance	\$3,885,749.72	\$3,090,730.98
Contribution	0.00	690,000.00
Disbursement	0.00	0.00
Transfer In	0.00	0.00
Transfer Out	0.00	0.00
Investment Earnings	172,152.22	282,899.66
Administrative Expenses	(1,517.36)	(5,295.80)
Investment Expense	(783.19)	(2,733.45)
Other	0.00	0.00
Ending Balance	\$4,055,601.39	\$4,055,601.39
FY End Contribution Accrual	0.00	0.00
FY End Disbursement Accrual	0.00	0.00
Grand Total	\$4,055,601.39	\$4,055,601.39

Unit Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Units	321,068.492	266,043.432
Unit Purchases from Contributions	0.000	55,025.060
Unit Sales for Withdrawals	0.000	0.000
Unit Transfer In	0.000	0.000
Unit Transfer Out	0.000	0.000
Ending Units	321,068.492	321,068.492
Period Beginning Unit Value	12.102557	11.617392
Period Ending Unit Value	12.631577	12.631577

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 06/30/2026

Town of Los Gatos

Entity #: SKHE-4589482285-501P



Date	Description	Amount	Unit Value	Units	Check/Wire	Notes
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CEPPT Strategy 2



July 31, 2026

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.

Composition

Asset Class Allocations and Benchmarks

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

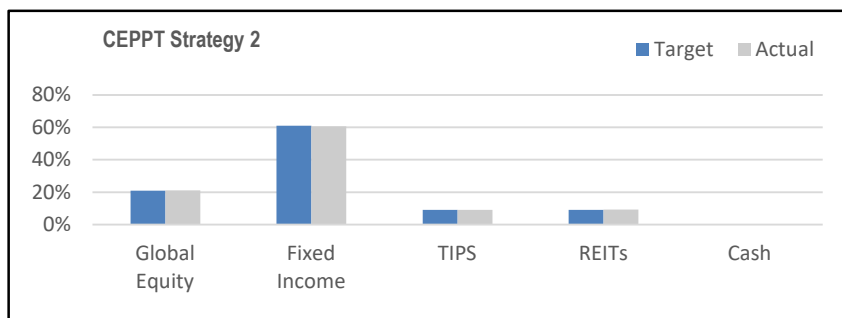
Asset Class	Target Allocation	Target Range	Benchmark
Global Equity	21%	± 5%	MSCI All Country World Index IMI (Net)
Fixed Income	61%	± 5%	Bloomberg US Aggregate Bond Index
Treasury Inflation-Protected Securities ("TIPS")	9%	± 3%	Bloomberg US TIPS Index, Series L
Real Estate Investment Trusts ("REITs")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

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.



Assets Under Management

As of the specified reporting month-end:

CEPPT Strategy 2	Annual Expense Ratio
\$99,138,219	0.25%

CEPPT Strategy 2 Performance as of July 31, 2026

	1 Month	3 Months	Fiscal YTD	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* (January 1, 2020)
Gross Return ^{1,3}	-0.67%	0.64%	-0.67%	8.21%	7.35%	2.41%	-	3.65%
Net Return ^{2,3}	-0.69%	0.59%	-0.69%	7.96%	7.10%	2.17%	-	3.41%
Benchmark Return	-0.67%	0.61%	-0.67%	8.05%	7.20%	2.29%	-	3.52%
Standard Deviation ⁴	-	-	-	-	7.20%	8.17%	-	7.68%

* Returns for periods greater than one year are annualized.

¹ Gross returns are net of State Street Investment Management operating expenses.

² Net returns are net of State Street Investment Management 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



July 31, 2026

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 Investment Management 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 State Street Investment Management 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%

