



**SFERS**  
San Francisco Employees' Retirement System

San Francisco City and County  
Employees' Retirement System

**Office of the  
Chief Executive Officer & Chief Investment Officer**

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**RETIREMENT BOARD MEETING CALENDAR SHEET  
August 14, 2024**

**To:** Retirement Board

**From:** Alison Romano  
CEO & CIO

**Date:** August 14, 2024

**Agenda Item:** Chief Investment Officer's Report

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**Recommendation:**

This is a discussion item only.

**Background:**

Alison Romano, Chief Executive Officer and Chief Investment Officer, will report on the following items:

Performance and Market Update and Plan Value  
Update on Closed Investments

**Attachments for Informational Purposes:**

- Exhibit 1: Performance and Market Update
- Exhibit 2: Plan Value Report
- Exhibit 3: Update on Closed Investments

# Exhibit 1: Performance and Market Update

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August 14, 2024

# Summary

- On a preliminary basis<sup>1</sup>, the SFERS Total Plan has returned +3.2% (annualized) over the trailing three years. Real Assets (+8.5%) and Private Credit (+8.3%) were the strongest performing asset classes, followed by Absolute Return (+4.4%), Public Equity (+2.3%), Private Equity (+1.9%), and Fixed Income (-1.4%).
- On a preliminary basis<sup>1</sup>, the SFERS Total Plan returned +5.4% for the calendar year-to-date. Public Equity (+13.3%) has been the highest returning asset class thus far in 2024, followed by Absolute Return<sup>2</sup> (+5.5%), Private Credit (+4.6%), Fixed Income (+3.2%), Private Equity (+2.1%) and Real Assets (-3.4%).
- On a preliminary basis<sup>1</sup>, the SFERS Total Plan returned +0.8% in the month of July. Public Equity (+2.0%) was the strongest performer, followed by Fixed Income (+1.5%), Private Equity (+0.1%), Private Credit (-0.0%) and Real Assets (-0.1%). Absolute Return<sup>2</sup> was up +1.2% in June.

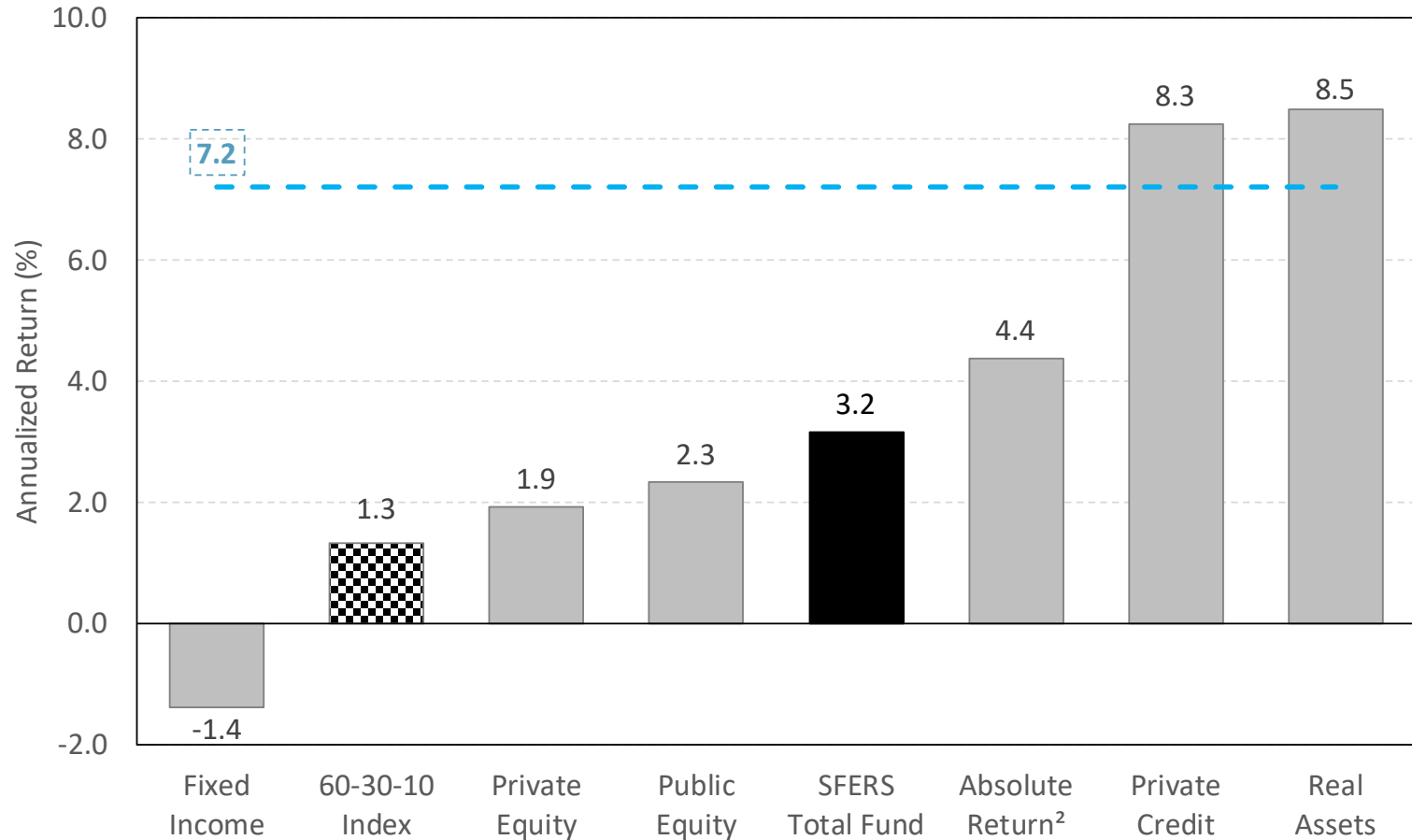
Notes: Preliminary data sourced from SFERS Plan Value Report, through July 31, 2024. <sup>1</sup> Valuations are preliminary and are reported gross of fees. The reported returns and market values are based on prior month-end values that have been adjusted by SFERS' Custody Bank since the last report. For non-daily priced public fund vehicles, returns and market values may include estimates or be proxied using benchmarks. For private equity, private credit and real assets, returns and market values are based on the most currently available manager data.

<sup>2</sup> Absolute Return performance is lagged by one month.

60-40 and 60-30-10 indices comprise of the MSCI ACWI IMI (ND), Bloomberg Global Aggregate and FTSE EPRA/NAREIT Global.



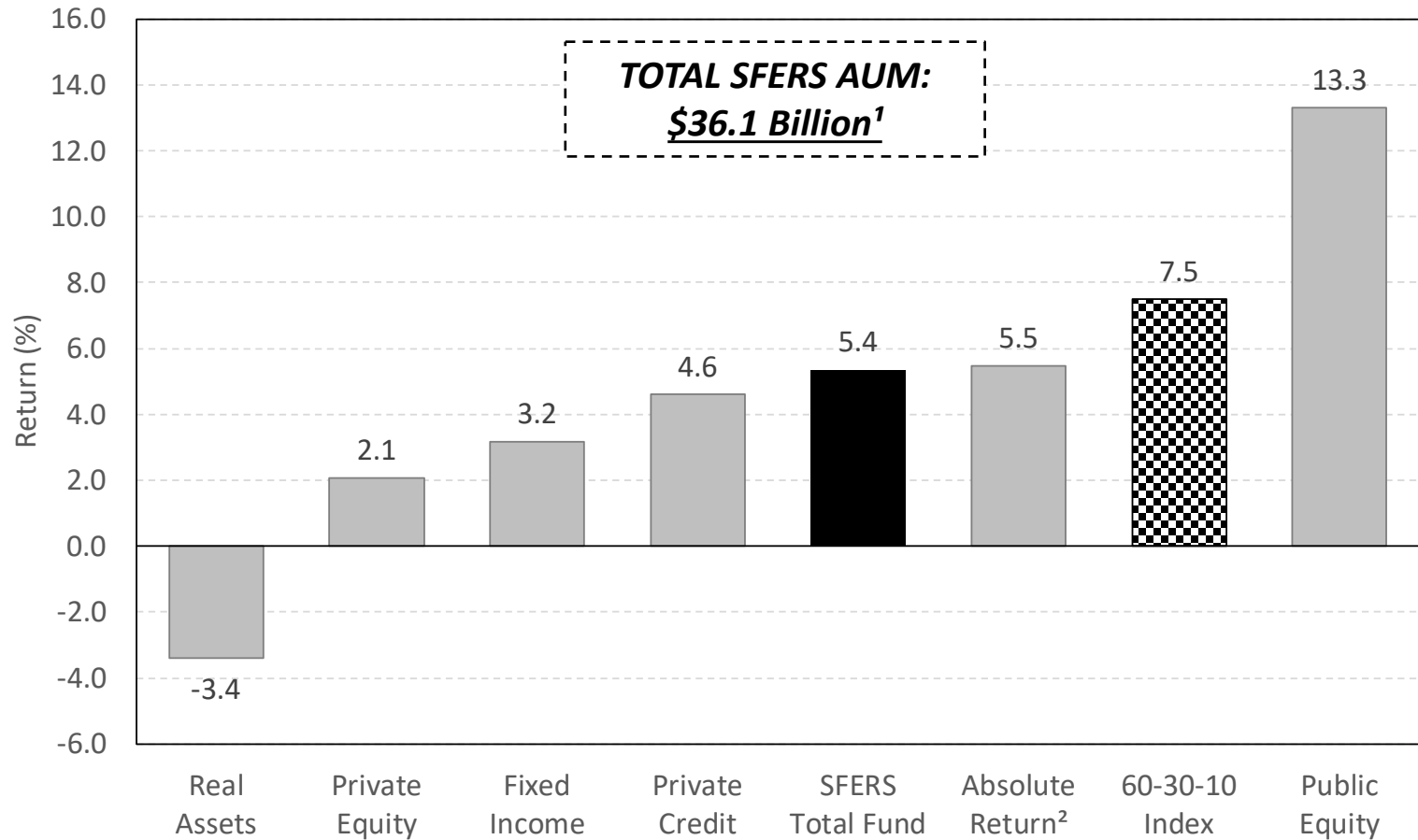
# Estimated Annualized 3 Year Performance<sup>1</sup>



Notes: Preliminary data sourced from SFERS Plan Value Report, through July 31, 2024. <sup>1</sup> Valuations are preliminary and are reported gross of fees. The reported returns and market values are based on prior month-end values that have been adjusted by SFERS' Custody Bank since the last report. For non-daily priced public fund vehicles, returns and market values may include estimates or be proxied using benchmarks. For private equity, private credit and real assets, returns and market values are based on the most currently available manager data. <sup>2</sup> Absolute Return performance is lagged by one month. 60-40 and 60-30-10 indices comprise of the MSCI ACWI IMI (ND), Bloomberg Global Aggregate and FTSE EPRA/NAREIT Global.



# Estimated CYTD Performance<sup>1</sup>



Notes: Preliminary data sourced from SFERS Plan Value Report, through July 31, 2024. <sup>1</sup> Valuations are preliminary and are reported gross of fees. The reported returns and market values are based on prior month-end values that have been adjusted by SFERS' Custody Bank since the last report. For non-daily priced public fund vehicles, returns and market values may include estimates or be proxied using benchmarks. For private equity, private credit and real assets, returns and market values are based on the most currently available manager data.

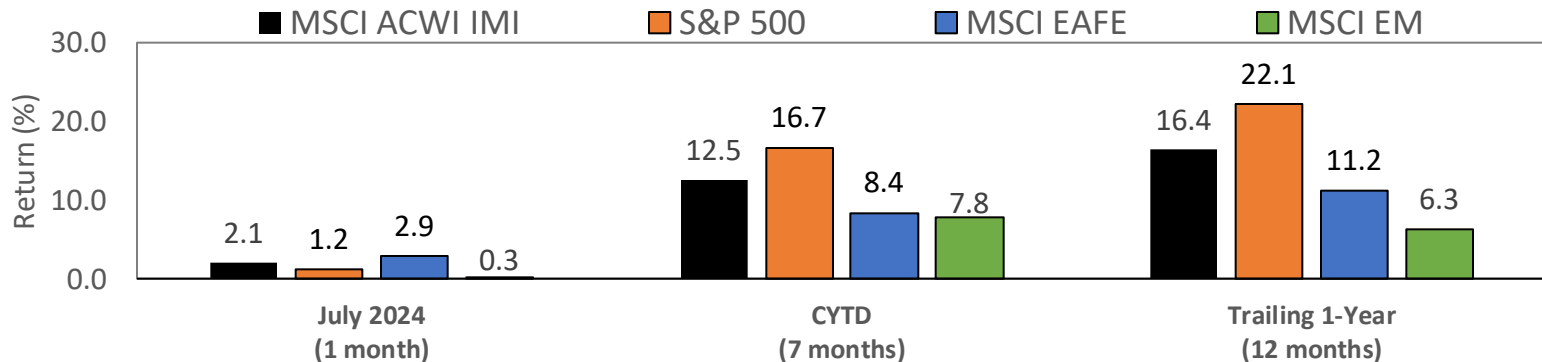
<sup>2</sup> Absolute Return performance is lagged by one month.

60-40 and 60-30-10 indices comprise of the MSCI ACWI IMI (ND), Bloomberg Global Aggregate and FTSE EPRA/NAREIT Global.



# Public Equity

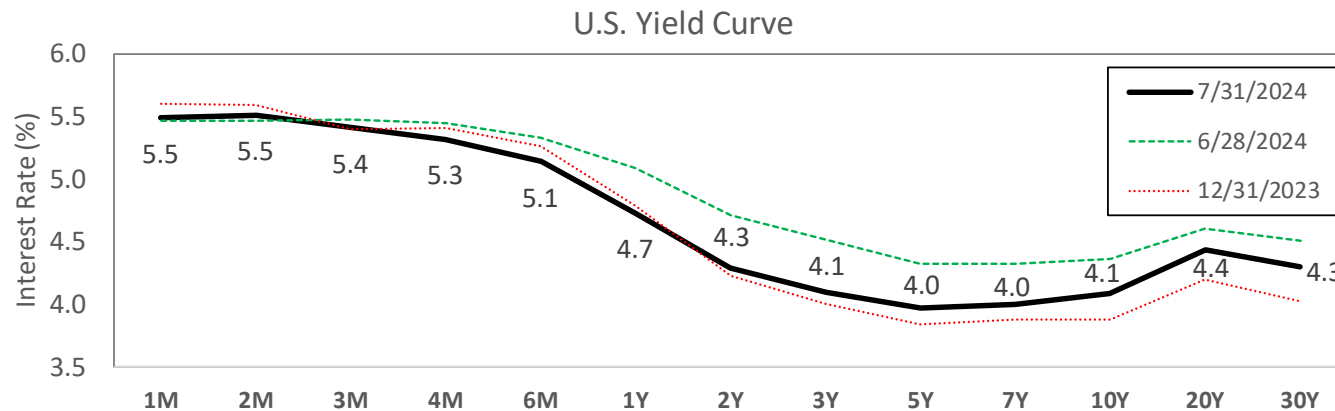
- Geography:** In July, equity markets were positive. Developed Market ex US equities (+2.9%) had the best month, followed by US equities (+1.2%) and Emerging Market equities (+0.3%). Thus far in 2024, global equity markets in aggregate have returned +12.5%, led by U.S. equities (+16.7%).



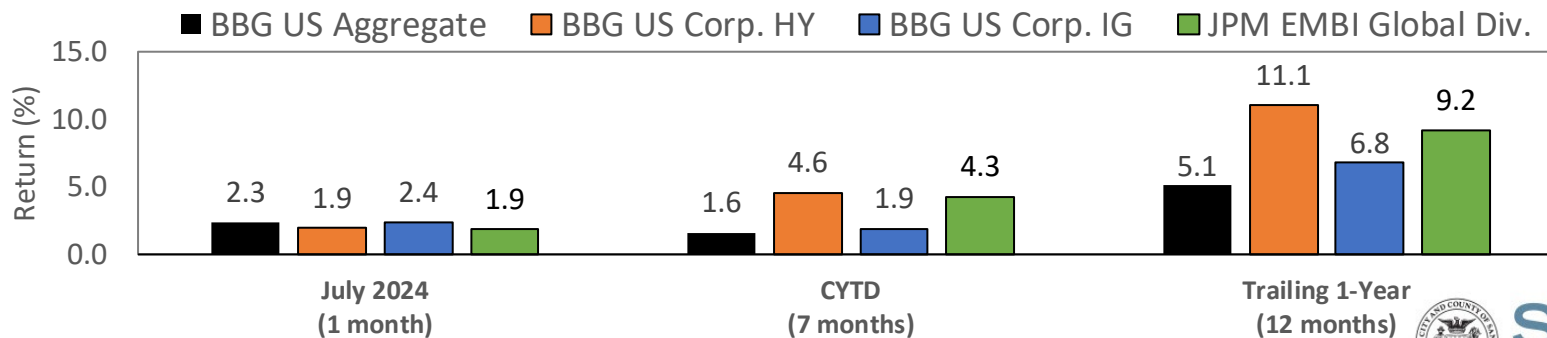
- Sector:** 9 out of the 11 major sectors groups were positive in July. Real Estate (+7.2%), Utilities (+6.8%), and Financials (+6.5%) led returns for the month. Information Technology and Telecommunication Services have been the strongest returning sectors thus far in 2024, returning +25.6% and +21.6%, respectively. Both sectors gave back some of that year-to-date performance in July posting returns of -4.0% and -2.1%, respectively.
- Style:** Over the first seven months of 2024, Growth stocks (+22.0%) have outperformed Value stocks (+10.8%). Value narrowed the amount of the outperformance in July by returning +4.7%, handily outperforming Growth which returned -1.3%.
- Size:** From a size perspective, large caps have been outperforming small caps in 2024 (+15.6% vs +12.1%). This outperformance also narrowed in July, with small caps (+10.2%) trouncing large caps (+1.5%).

# Fixed Income

- Rates:** At the July 31 meeting, the FOMC again voted to hold the Federal Funds target range at 5.25-5.50%. Chair Powell acknowledged that the time for rate cuts is approaching but that the committee did not yet have enough confidence to cut. The committee next meets September 17–18. Key rates 6-months and beyond retraced most, if not all, of their 2024 increases. As a result, the yield curve became more inverted.



- Credit:** Credit indices were positive in July, led by sectors with higher duration, such as U.S. investment grade corporate credit (+2.4%) and the U.S. Aggregate (+2.3%).



Notes: Returns sourced from eVestment. Underlying sources are Bloomberg and JP Morgan. Performance is reported on a total return basis through July 31, 2024. Yield curve data sourced from <https://home.treasury.gov>.

# Liquid Real Assets

- Real assets performance in July was mixed.
- Listed security markets were positive, including the Wilshire Global Real Estate Securities Index<sup>SM</sup> (+5.3%) and the FTSE Global Core Infrastructure Index (+6.4%).
- TIPS were positive for the month; the Bloomberg U.S. TIPS index returned +1.8%.
- Commodities were down; Oil returned -4.5%, with prices falling from \$81.54 per barrel at the end of June to \$77.91 at the end of July.
- The Bloomberg Commodity Index, which measures a broad group of assets including energy, grains and metals, returned -4.0% in July.



## Exhibit 2: Plan Value Report



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San Francisco Employees' Retirement System

San Francisco City and County  
Employees' Retirement System

### RETIREMENT BOARD CALENDAR SHEET Retirement Board Meeting of August 14, 2024

**To:** Retirement Board

**Through:** Alison Romano  
CEO & CIO

**From:** Kevin Cao  
Associate Portfolio Manager

**Date:** August 14, 2024

**Re:** Plan Value Report

Best available data as of July 31, 2024

	<u>Value</u> <sup>1,3</sup> (000)	<u>Weight</u> (%)	<u>MTD</u> (%)	<u>QTD</u> (%)	<u>CYTD</u> (%)	<u>FYTD</u> (%)
<b>SFERS TOTAL FUND</b>	<b>36,136,776</b>	<b>100.0</b>	<b>0.84</b>	<b>0.84</b>	<b>5.35</b>	<b>0.84</b>
Public Equity	10,806,650	29.9	2.01	2.01	13.30	2.01
Private Equity	10,063,812	27.8	0.08	0.08	2.06	0.08
<b>GROWTH ASSETS</b>	<b>20,870,462</b>	<b>57.8</b>				
Real Assets	5,187,510	14.4	(0.07)	(0.07)	(3.38)	(0.07)
Absolute Return <sup>2</sup>	2,935,882	8.1	1.18	1.88	5.48	10.76
<b>DIVERSIFYING ASSETS</b>	<b>8,123,392</b>	<b>22.5</b>				
Private Credit	3,092,719	8.6	(0.01)	(0.01)	4.61	(0.01)
Fixed Income	2,825,941	7.8	1.50	1.50	3.17	1.50
<b>INCOME GENERATING ASSETS</b>	<b>5,918,659</b>	<b>16.4</b>				
<b>NET CASH EXPOSURE</b> <sup>3</sup>	<b>1,224,264</b>	<b>3.4</b>	0.45	0.45	3.12	0.45
<b>LEVERAGE OFFSET</b> <sup>3</sup>	<b>0</b>	<b>0.0</b>	---	---	---	---

<sup>1</sup> Valuations are preliminary and are reported gross of fees. The reported returns and market values are based on prior month-end values that have been audited and adjusted by SFERS' Custody Bank since the last report. For non-daily priced public fund vehicles, returns and market values may include estimates or be proxied using benchmarks. For private equity, private credit and real assets, returns and market values are based on the most currently available manager data. Cash returns are estimated using historical STIF yield and effective federal fund rates.

<sup>2</sup> Absolute Return market value and return are lagged by one month.

<sup>3</sup> Values reflect net exposures, not necessarily physical holdings.

# SFERS - Asset Allocation Summary Report

As of July 31, 2024

	6/30/2024	Value In	Value Out	MV Δ <sup>1</sup>	7/31/2024	Current	LT Target	Range	Unfunded
		----- (\$ Mn) -----					---- Weight (%) ----		(\$ Mn)
<b>GROWTH ASSETS</b>	<b>20,760.5</b>	<b>54.3</b>	<b>167.7</b>	<b>223.4</b>	<b>20,870.5</b>	<b>57.8</b>	<b>52.0</b>	<b>45 - 75</b>	<b>3,381.5</b>
Public Equity	10,691.3	0.0	100.0	215.3	10,806.6	29.9	32.0	20 - 45	
Physical	10,691.3	0.0	100.0	215.3	10,806.6	29.9			
Private Equity	10,069.2	54.2	67.7	8.1	10,063.8	27.8	20.0	15 - 30	3,381.5 <sup>3</sup>
<b>DIVERSIFYING ASSETS</b>	<b>8,202.6</b>	<b>19.2</b>	<b>128.9</b>	<b>30.4</b>	<b>8,123.4</b>	<b>22.5</b>	<b>20.0</b>	<b>15 - 30</b>	<b>2,049.8</b>
Real Assets	5,187.4	19.2	15.4	(3.8)	5,187.5	14.4	10.0	8 - 15	2,048.5 <sup>3</sup>
Absolute Return	3,015.1	0.0	113.5	34.2	2,935.9	8.1	10.0	5 - 15	1.4
<b>INCOME ASSETS</b>	<b>4,428.7</b>	<b>21.5</b>	<b>29.4</b>	<b>18.7</b>	<b>4,439.5</b>	<b>12.3</b>	<b>22.0</b>	<b>8 - 30</b>	<b>2,143.4</b>
Public Credit	1,327.8	0.0	0.0	19.0	1,346.8	3.7	12.0	3 - 15	
Private Credit	3,100.9	21.5	29.4	(0.3)	3,092.7	8.6	10.0	5 - 15	2,143.4 <sup>3</sup>
<b>CAPITAL PRESERVATION</b>	<b>1,357.9</b>	<b>100.0</b>	<b>0.0</b>	<b>21.2</b>	<b>1,479.1</b>	<b>4.1</b>	<b>8.0</b>	<b>3 - 12</b>	<b>0.0</b>
Treasuries <sup>2</sup>	1,357.9	100.0	0.0	21.2	1,479.1	4.1	8.0	3 - 12	
Physical	1,357.9	100.0	0.0	21.2	1,479.1	4.1			
<b>CASH<sup>2</sup></b>	<b>587.3</b>	<b>1,491.1</b>	<b>857.0</b>	<b>2.9</b>	<b>1,224.3</b>	<b>3.4</b>	<b>1.0</b>	<b>0 - 5</b>	
<b>LEVERAGE OFFSET<sup>2</sup></b>	<b>0.0</b>	<b>---</b>	<b>0.0</b>	<b>---</b>	<b>0.0</b>	<b>0.0</b>	<b>(3.0)</b>	<b>-5 - 0</b>	
Gross Synthetic Exposure	0.0	0.0	0.0	0.0	0.0	0.0			
Investable Cash <sup>4</sup>	587.3	1,491.1	857.0	2.9	1,224.3	3.4			
Credit Facility	0.0	0.0	0.0	---	0.0	0.0			
<b>TOTAL PORTFOLIO</b>	<b>35,336.9</b>	<b>624.1</b>	<b>121.0</b>	<b>296.8</b>	<b>36,136.8</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>7,574.7</b>

Notes: Target allocations and ranges were approved by the Board in November 2020.

<sup>1</sup> For non-daily priced vehicles, performance may include estimates or be proxied using benchmark performance.

<sup>2</sup> Values reflect net exposures, not necessarily physical holdings.

<sup>3</sup> Unfunded commitment estimates for private markets are provided by Burgiss as of the current month end and include only active funds.

<sup>4</sup> Investable cash comprises investment, enhanced, and dedicated cash accounts.

**San Francisco City and County Employees' Retirement System**  
**Cash Activities and Projections**  
As of July 31, 2024

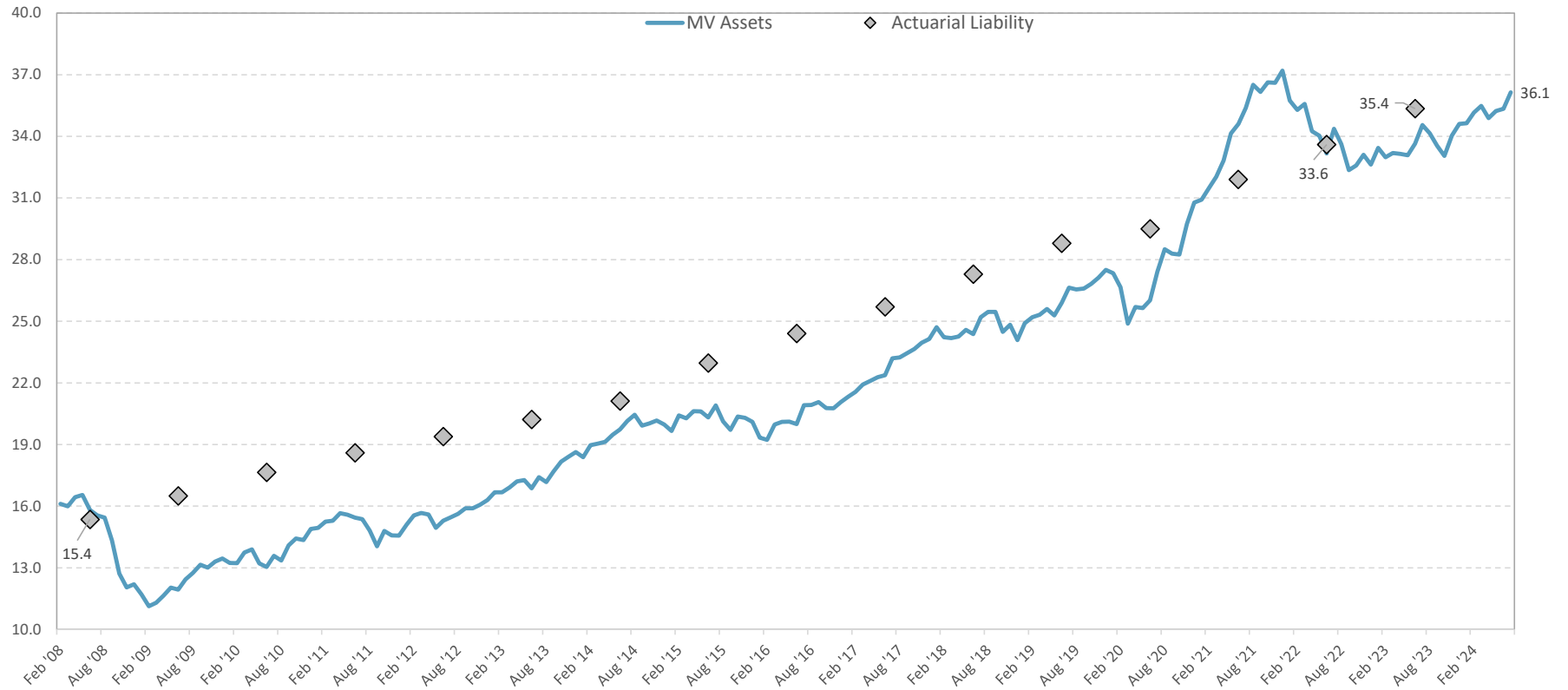
Investable Cash Account (In \$ Million) <sup>1</sup>	
<b>Beginning Balance as of July 1, 2024</b>	<b>587.3</b>
Employer Contribution	624.1
Cash from Credit Line	0.0
Return to Credit Line	0.0
Public Equity Net Flows	100.0
Public Equity Synthetic Net Flows	0.0
Private Equity Net Flows	13.4
Real Assets Net Flows	-3.9
Absolute Return Net Flows	113.5
Public Credit Net Flows	0.0
Private Credit Net Flows	7.9
Treasuries Net Flows	-100.0
Investable Cash Market Value Change	2.9
Benefit Payment for July 2024	-121.0
<b>Ending Balance as of July 31, 2024</b>	<b>1,224.3</b>

Credit Line	
Total Credit Available	600.0
Net Credit Drawn from BNY Mellon's Cash Release	0.0
Period of Credit Utilization	N/A
Annualized Cost of Credit (basis points)	N/A
Cost of Credit (\$)	N/A
<b>Ending Balance of Credit Drawn as of July 31, 2024</b>	<b>0.0</b>

Note: Positive sign denotes an inflow into the cash account and a negative sign denotes an outflow from the cash account.

<sup>1</sup>Investable Cash comprises investment, enhanced, and dedicated cash accounts.

# SFERS - Monthly Assets



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Notes: Data from January 31, 2008 through July 31, 2024. Total Plan market values through December 2022 are provided by NEPC. Data from January 2023 to May 2024 are provided by BNY Mellon and finalized. Data starting from June 2024 are provided by BNY Mellon and preliminary.

## Exhibit 3: Update on Approved Investments

### **CLOSED INVESTMENTS**

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#### **NEA Secondary Opportunity Fund, L.P.**

Under its delegated authority, SFERS invested \$20 million in NEA Secondary Opportunity Fund, L.P. The investment was closed on July 3, 2024.

The fund is classified as Venture Capital within SFERS' Private Equity portfolio.

More information about New Enterprise Associates (NEA) is available at <https://www.nea.com>.

#### **Resurgens Technology Partners III, L.P.**

At its meeting on June 12, 2024, the Retirement Board approved in closed session a commitment of up to \$75 million to Resurgens Technology Partners III, L.P. The commitment was approved by the following vote:

Ayes: Commissioners Bridges, Driscoll, Engardio, Gandhi, Heldfond, O'Connor, Thomas

Nays: None

SFERS' commitment of \$35 million to Resurgens Technology Partners III, L.P. closed on July 31, 2024.

This investment will be classified as buyout within SFERS' Private Equity portfolio.

More information about Resurgens is available at [resurgenstech.com](https://resurgenstech.com).

#### **Fortress Credit Opportunities VI, L.P.**

Under its delegated authority, SFERS invested \$75 million in Fortress Credit Opportunities Fund VI, L.P. This investment closed on July 29, 2024.

Fortress Credit Opportunities Fund VI, L.P. is managed by Fortress Investment Group LLC ("Fortress") and will be classified as a Credit Opportunities investment within SFERS' Private Credit portfolio.

More information about Fortress is available at <https://www.fortress.com/>.