San Francisco City and County
Employees' Retirement System

Office of the
Chief Executive Officer & Chief Investment Officer

RETIREMENT BOARD MEETING CALENDAR SHEET

November 13, 2024

To: Retirement Board

From: Alison Romano
CEO & CIO

Date: November 13, 2024

Agenda Item: Chief Investment Officer's Report

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

November 13, 2024

Summary

- On a preliminary basis[1], the SFERS Total Plan has returned +2.1% (annualized) over the trailing three years. Private Credit (+8.0%) and Real Assets (+6.6%) were the strongest performing asset classes, followed by Absolute Return[2] (+5.4%), Public Equity (+2.2%), Fixed Income (-0.4%), and Private Equity (-1.3%).

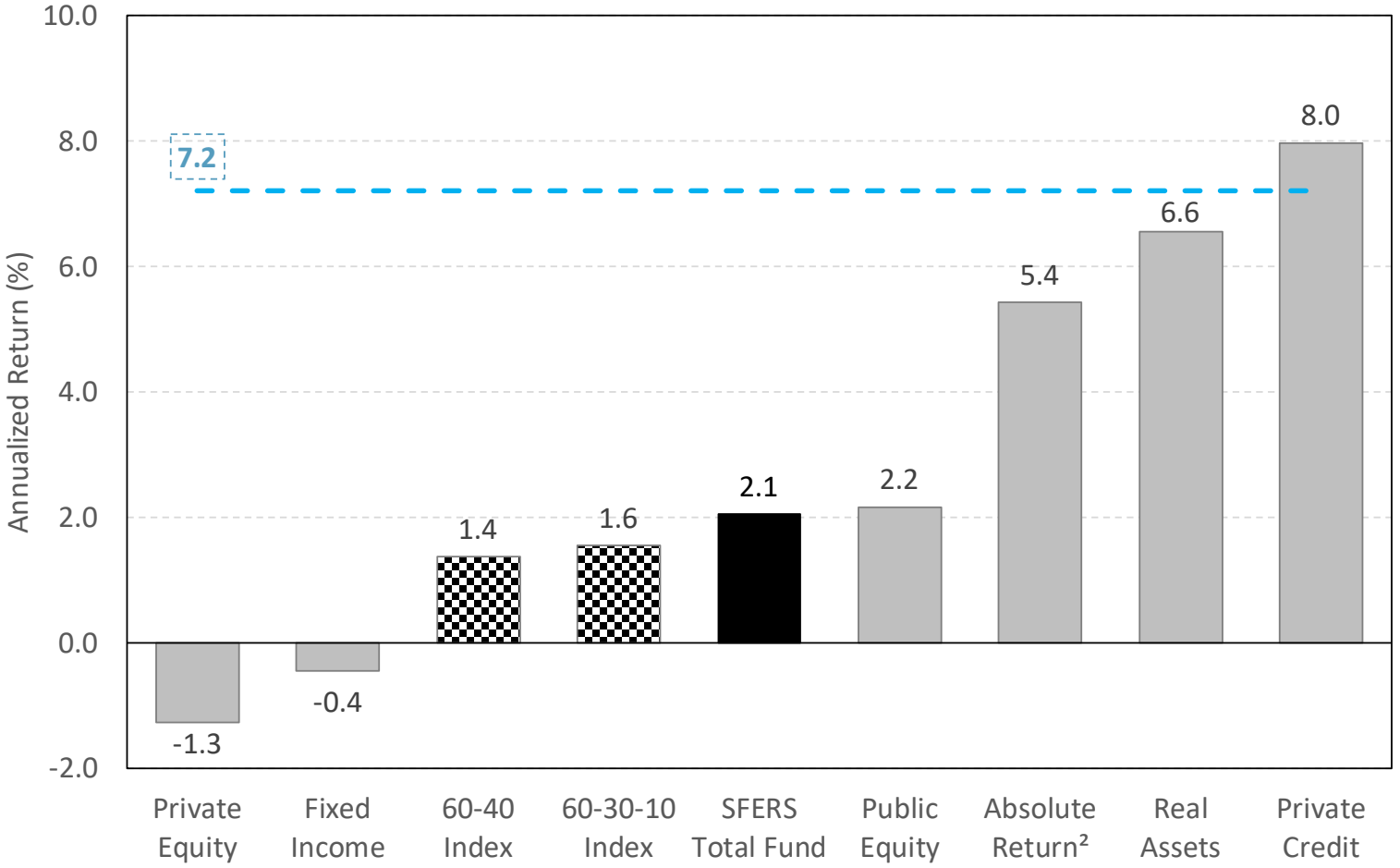
- On a preliminary basis[1], the SFERS Total Plan returned +6.6% for the calendar year-to-date. Public Equity (+16.0%) has been the highest returning asset class thus far in 2024, followed by Absolute Return[2] (+7.9%), Private Credit (+7.4%), Fixed Income (+4.8%), Private Equity (+1.5%) and Real Assets (-3.1%).

- On a preliminary basis[1], the SFERS Total Plan returned -0.4% in the month of October. Private Credit (-0.0%) was the best performing asset class, followed by Private Equity (-0.1%), Real Assets (-0.4%), Fixed Income (-1.3%), and Public Equity (-1.3%). Absolute Return[2] was up +1.5% in September.

Notes: Preliminary data sourced from SFERS Plan Value Report, through October 31, 2024. [1] 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. [2] 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.

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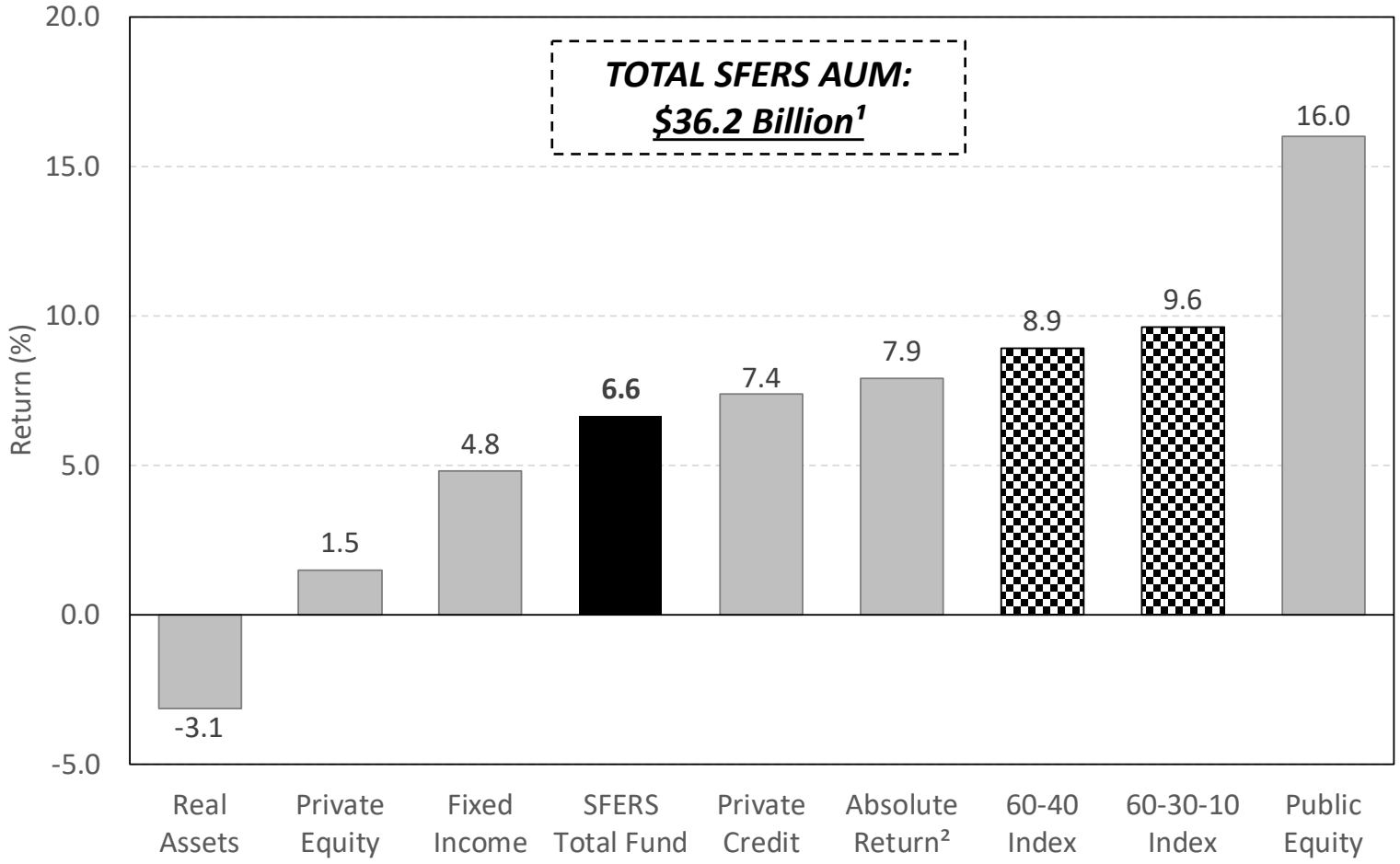
Estimated Annualized 3 Year Performance[1]



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Estimated CYTD Performance[1]

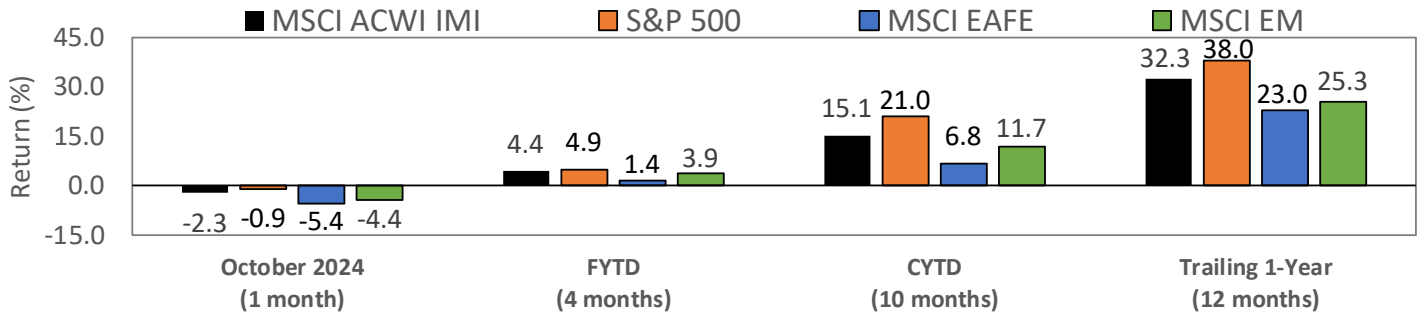


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Public Equity

- **Geography:** Equity markets declined in October. US equities (-0.9%) were the best performing market, followed by Emerging Market equities (-4.4%) and Developed ex-US equities (-5.4%). US equities have also been the best performing market through the first ten months of 2024, with a return of +21.0%.



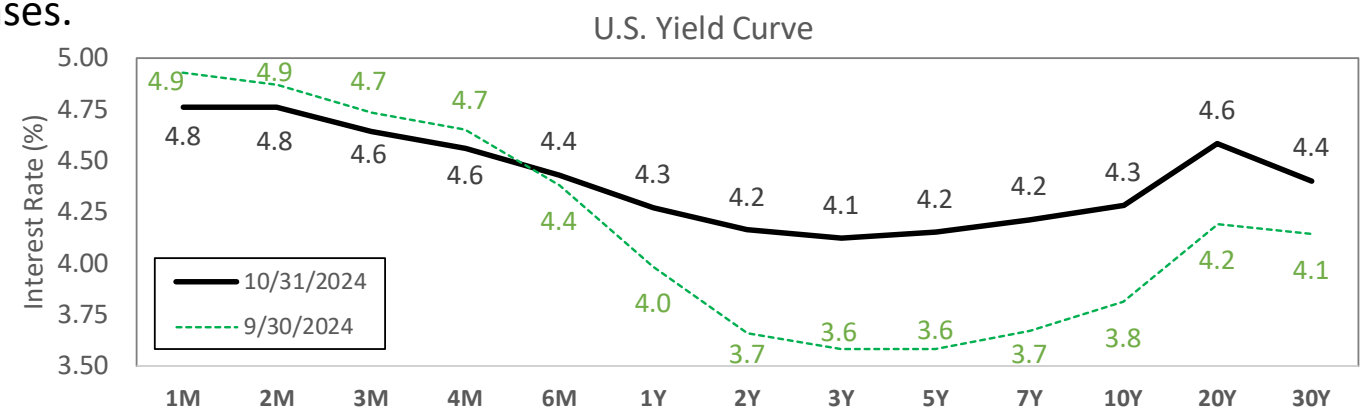
- **Sector:** 8 out of the 11 major sectors groups were negative in October. Financials (+2.7%) and Telecommunication Services (+1.9%) were the best performing sectors while Health Care (-4.6%) and Materials (-3.5%) were the laggards. Thus far in 2024, the best performing sector has been Telecommunication Services (+31.3%).
- **Style:** In October, Growth (-0.6%) outperformed Value (-1.3%). This trend is consistent for the calendar year-to-date period as well, with Growth (27.4%) outperforming Value (+13.9%)
- **Size:** From a size perspective, large caps (-0.7%) outperformed small caps (-1.4%) in October. Thus far in 2024, large caps (+20.3%) have outperformed small caps (+9.6%).

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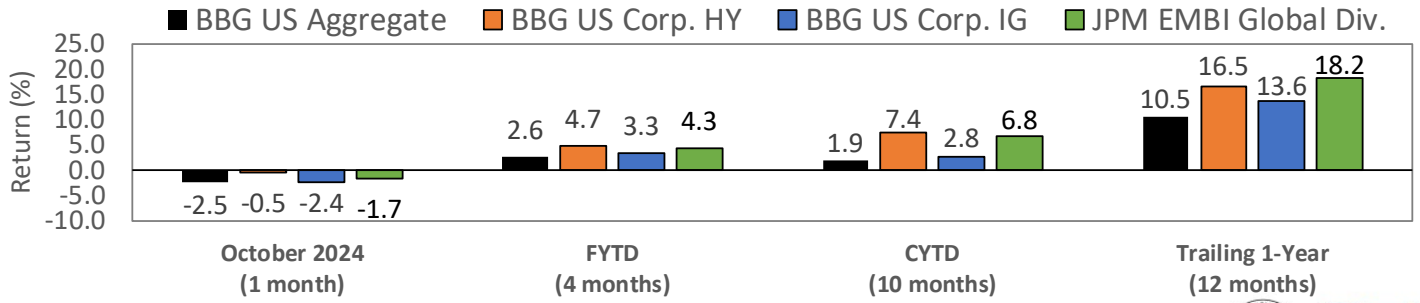
Notes: Returns sourced from eVestment. Underlying sources are MSCI, S&P and Russell. Performance is reported on a total return basis through October 31, 2024. Sector and Style performance refers to S&P 500. Size performance compares the Russell 1000 (large caps) vs Russell 2000 (small caps).

Fixed Income

- **Rates:** During October, Treasuries experienced the largest selloff since September 2022. This was driven by increased scrutiny over the deficit, optimism around a soft or no-landing scenario, and rising political uncertainty. Key-rates 6 months and out saw yield increases, with the belly of the curve (2-10 year maturities) experiencing the largest increases.



- **Credit:** Credit indices were negative in October. US High Yield Corporate Debt (-0.5%) led returns for the month, followed by Emerging Market Debt (-1.7%), US Investment Grade Corporate Debt (-2.4%) and the Aggregate Bond Index (-2.5%).



Notes: Returns sourced from eVestment. Underlying sources are Bloomberg and JP Morgan. Performance is reported on a total return basis through September 30, 2024. Yield curve data sourced from https://home.treasury.gov.

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Liquid Real Assets

- Real Assets were broadly down during October.
- During the month, the Wilshire Global Real Estate Securities Index℠ returned -3.9%, the FTSE Global Core Infrastructure Index returned -2.6% and the Bloomberg Commodity Index returned -1.9%.
- Oil prices were up modestly (+1.6%) from $68.2 per barrel at the end of September to $69.3 per barrel.
- Gold continued its upward trend with a fourth-straight monthly increase in October. As of the end of the month, the gold price stood at $2,790 per troy ounce, representing an all-time high.

Notes: Sourced from Wilshire's Monthly Market Commentary – October 2024. Underlying sources are Wilshire, FTSE and Bloomberg.

Exhibit 2: Plan Value Report

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RETIREMENT BOARD CALENDAR SHEET
Retirement Board Meeting of November 13, 2024

To: Retirement Board

Through: Alison Romano
CEO & CIO

From: Kevin Cao
Associate Portfolio Manager

Date: November 13, 2024

Re: Plan Value Report

Best available data as of October 31, 2024

	Value[1,3] (000)	Weight (%)	MTD (%)	QTD (%)	CYTD (%)	FYTD (%)
SFERS TOTAL FUND	**36,193,087**	**100.0**	**(0.43)**	**(0.43)**	**6.63**	**2.11**
Public Equity	10,642,455	29.4	(1.31)	(1.31)	15.99	4.63
Private Equity	9,955,757	27.5	(0.09)	(0.09)	1.50	(0.48)
GROWTH ASSETS	**20,598,212**	**56.9**				
Real Assets	5,126,709	14.2	(0.36)	(0.36)	(3.12)	0.20
Absolute Return[2]	3,139,729	8.7	1.49	2.29	7.90	2.29
DIVERSIFYING ASSETS	**8,266,438**	**22.8**				
Private Credit	3,182,551	8.8	(0.04)	(0.04)	7.38	2.64
Fixed Income	3,019,805	8.3	(1.28)	(1.28)	4.80	3.10
INCOME GENERATING ASSETS	**6,202,356**	**17.1**				
NET CASH EXPOSURE[3]	**1,126,081**	**3.1**	0.41	0.41	4.45	1.74
LEVERAGE OFFSET[3]	**0**	**0.0**	---	---	---	---

[1] 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.

[2] Absolute Return market value and return are lagged by one month.

[3] Values reflect net exposures, not necessarily physical holdings.

SFERS - Asset Allocation Summary Report

As of October 31, 2024

	9/30/2024	Value In	Value Out	MV Δ[1]	10/31/2024	Current	LT Target	Range	Unfunded
		---------- ($ Mn) ----------				----- Weight (%) -----			($ Mn)
GROWTH ASSETS	**20,875.7**	**69.1**	**194.8**	**(151.8)**	**20,598.2**	**56.9**	**52.0**	**45 - 75**	**3,331.1**
Public Equity	*10,885.0*	*0.0*	100.0	(142.5)	10,642.5	29.4	32.0	20 - 45	
Physical	*10,885.0*	*0.0*	100.0	(142.5)	10,642.5	29.4			
Private Equity	*9,990.7*	69.1	94.7	(9.3)	9,955.8	27.5	20.0	15 - 30	3,331.1[3]
DIVERSIFYING ASSETS	**8,261.0**	**71.5**	**93.3**	**27.3**	**8,266.4**	**22.8**	**20.0**	**15 - 30**	**2,038.7**
Real Assets	*5,162.2*	21.5	38.3	(18.7)	5,126.7	14.2	10.0	8 - 15	2,037.4[3]
Absolute Return	*3,098.8*	50.0	55.0	46.0	3,139.7	8.7	10.0	5 - 15	1.4
INCOME ASSETS	**4,593.1**	**33.7**	**48.1**	**(13.6)**	**4,565.1**	**12.6**	**22.0**	**8 - 30**	**2,134.0**
Public Credit	*1,394.9*	0.0	0.0	(12.4)	*1,382.5*	3.8	12.0	3 - 15	
Private Credit	*3,198.2*	33.7	48.1	(1.3)	3,182.6	8.8	10.0	5 - 15	2,134.0[3]
CAPITAL PRESERVATION	**1,613.5**	**50.0**	**0.0**	**(26.2)**	**1,637.3**	**4.5**	**8.0**	**3 - 12**	**0.0**
Treasuries[2]	*1,613.5*	50.0	0.0	(26.2)	*1,637.3*	4.5	8.0	3 - 12	
Physical	*1,613.5*	*50.0*	*0.0*	*(26.2)*	*1,637.3*	*4.5*			
CASH[2]	1,142.6	471.2	494.3	6.5	1,126.1	3.1	1.0	0 - 5	
LEVERAGE OFFSET[2]	0.0	---	0.0	---	0.0	0.0	(3.0)	-5 - 0	
Gross Synthetic Exposure	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*			
Investable Cash[4]	*1,142.6*	*471.2*	*494.3*	*6.5*	*1,126.1*	*3.1*			
Credit Facility	*0.0*	*0.0*	*0.0*	---	*0.0*	*0.0*			
TOTAL PORTFOLIO	**36,485.9**	**0.0**	**135.0**	**(157.8)**	**36,193.1**	**100.0**	**100.0**	**100.0**	**7,503.8**

Notes: Target allocations and ranges were approved by the Board in June 2024.

[1] For non-daily priced vehicles, performance may include estimates or be proxied using benchmark performance.

[2] Values reflect net exposures, not necessarily physical holdings. Month-end redemptions are moved into cash.

[3] Unfunded commitment estimates for private markets are provided by Aksia as of the current month end and include only active funds.

[4] Investable cash comprises investment, enhanced, and dedicated cash accounts.

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Cash Activities and Projections

As of October 31, 2024

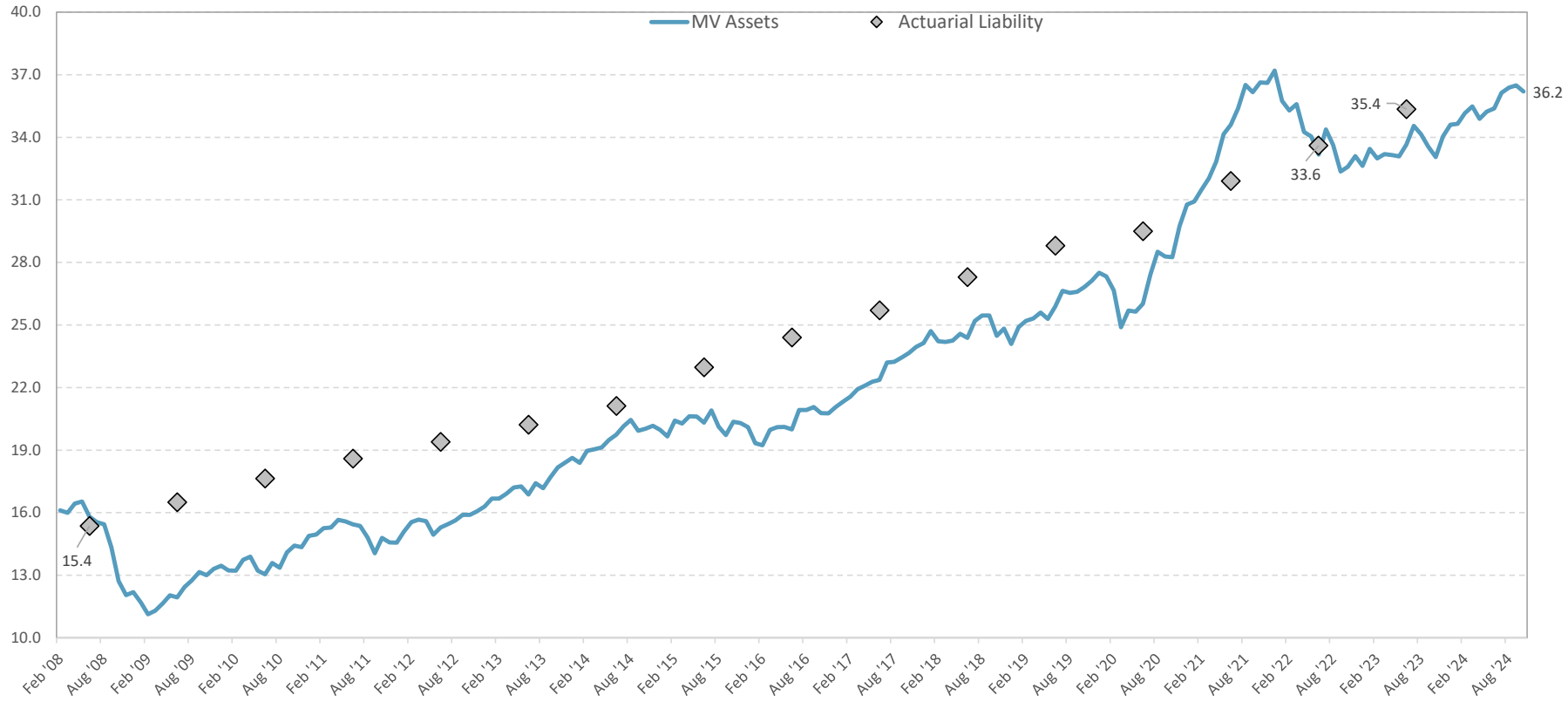
Investable Cash Account (In $ Million)[1]	
Beginning Balance as of October 1, 2024	**1,142.6**
Employer Contribution	0.0
Cash from Credit Line	0.0
Return to Credit Line	0.0
Public Equity Net Flows	100.0
Public Equity Synthetic Net Flows	0.0
Private Equity Net Flows	25.7
Real Assets Net Flows	16.9
Absolute Return Net Flows	5.0
Public Credit Net Flows	0.0
Private Credit Net Flows	14.4
Treasuries Net Flows	-50.0
Investable Cash Market Value Change	6.5
Benefit Payment for October 2024	-135.0
Ending Balance as of October 31, 2024	**1,126.1**

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
Ending Balance of Credit Drawn as of October 31, 2024	**0.0**

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

[1]Investable Cash comprises investment, enhanced, and dedicated cash accounts.

SFERS - Monthly Assets



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

Exhibit 3: Update on Approved Investments

CLOSED INVESTMENTS

LAV Fund VII, L.P.

Under its delegated authority, SFERS committed $50 million to LAV Fund VII, L.P. SFERS previously disclosed that $31.2 million closed on April 19, 2024 and $0.6 million closed on April 24, 2024. Since the last public disclosure, SFERS closed on an additional $16.6 million, and subsequent closings can occur at future dates until the commitment amount is reached.

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

More information about Lilly Asia Ventures (LAV) is available at https://www.lillyasiaventures.com/.

Voleon Institutional Strategies Fund LP

Under its delegated authority, SFERS invested $50 million in Voleon Institutional Strategies Fund LP by San Francisco Absolute Return Investors II, LP ("SFARI II"). The investment closed on November 1, 2024.

This investment is classified as a Quantitative investment within SFERS' absolute return portfolio share class B of SFARI II.

More information about the firm is available at: https://voleon.com/