San Francisco City and County
Employees' Retirement System

Office of the
Chief Executive Officer & Chief Investment Officer

RETIREMENT BOARD MEETING CALENDAR SHEET

February 12, 2025

To: Retirement Board

From: Alison Romano
CEO & CIO

Date: February 12, 2025

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

February 12, 2025

Summary

- On a preliminary basis[1], the SFERS Total Plan has returned +3.5% (annualized) over the trailing three years. Private Credit (+7.9%) and Public Equity (+7.3%) were the strongest performing asset classes, followed by Absolute Return[2] (+6.5%), Real Assets (+4.2%), Public Credit (+2.3%), Treasuries (+0.1%), and Private Equity (-1.6%).

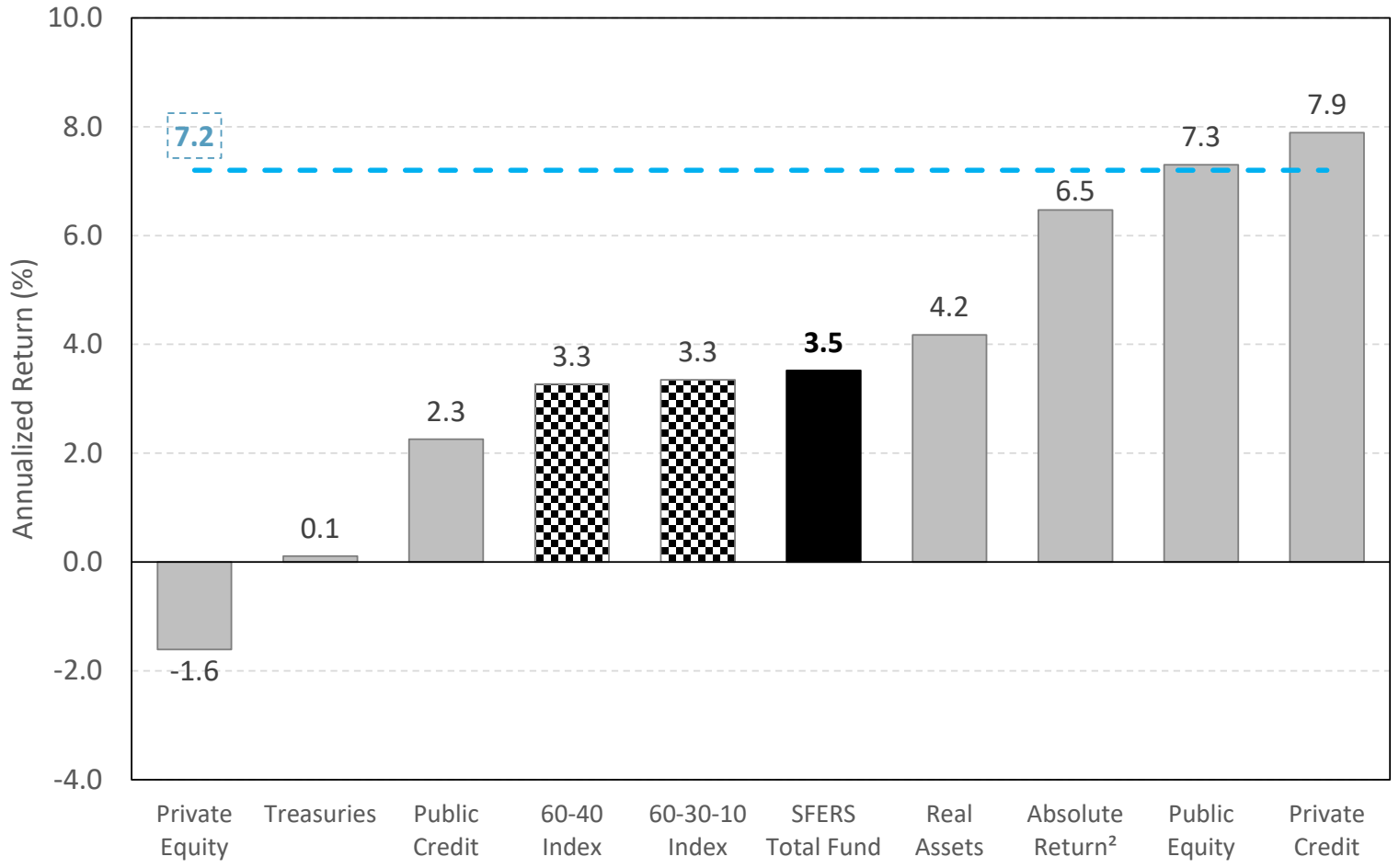
- On a preliminary basis[1], the SFERS Total Plan returned +4.8% for the fiscal year-to-date. Public Equity (+10.3%) has been the highest returning asset class thus far in this fiscal year, followed by Absolute Return[2] (+5.1%), Public Credit (+4.9%), Private Credit (+4.8%), Treasuries (+2.7%), Private Equity (+1.6%) and Real Assets (+0.0%).

- On a preliminary basis[1], the SFERS Total Plan returned +1.5% in the month of January. Public Equity (+4.7%) was the best performing asset class, followed by Public Credit (+0.9%), Treasuries (+0.6%), Private Credit (+0.0%), Private Equity (+0.0%), and Real Assets (-0.1%). Absolute Return[2] was positive (1.2%) in January.

Notes: Preliminary data sourced from SFERS Plan Value Report, through January 31, 2025. [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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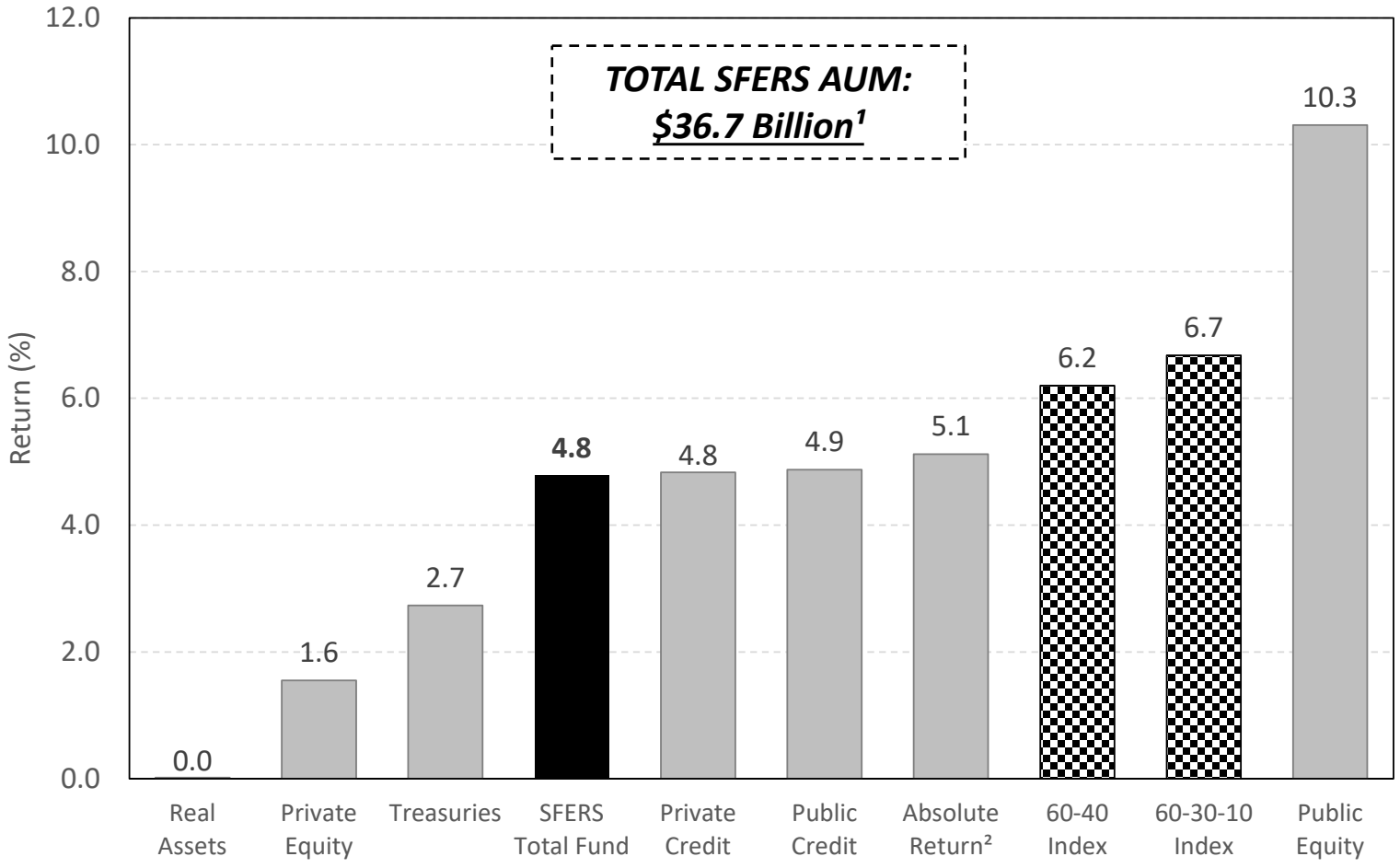
Estimated Annualized 3 Year Performance[1]



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Estimated FYTD Performance[1]

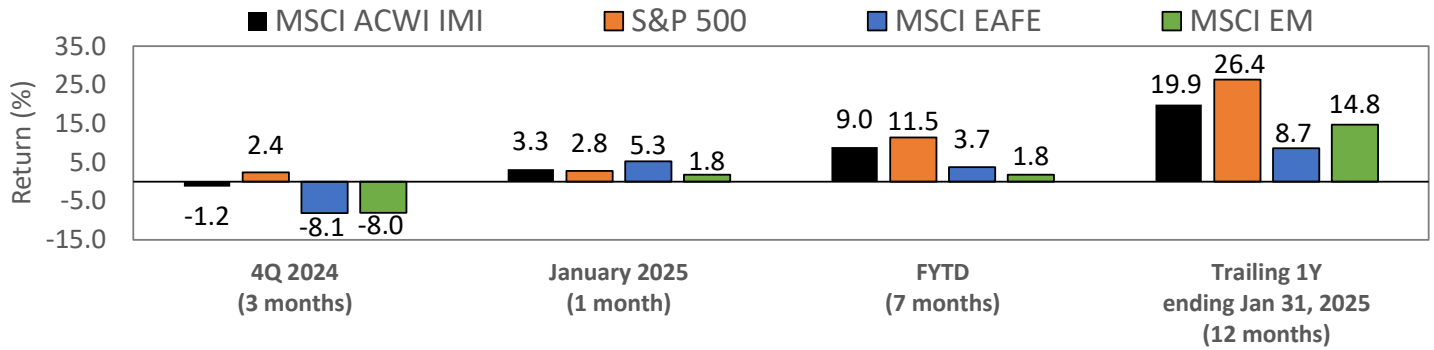


Notes: Preliminary data sourced from SFERS Plan Value Report, through January 31, 2025. [1] Valuations are preliminary and are reported gross of fees. The reported returns and market values are based on prior month-end values that have been adjusted by SFERS' Custody Bank since the last report. For non-daily 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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Public Equity

- **Geography:** Equity market performance was positive in January. Developed ex-US equities (+5.3%) led returns while Emerging Market equities (+1.8%) lagged. US equities have been the best performing market for the first 7 months of the fiscal year, with a return of +11.5%.



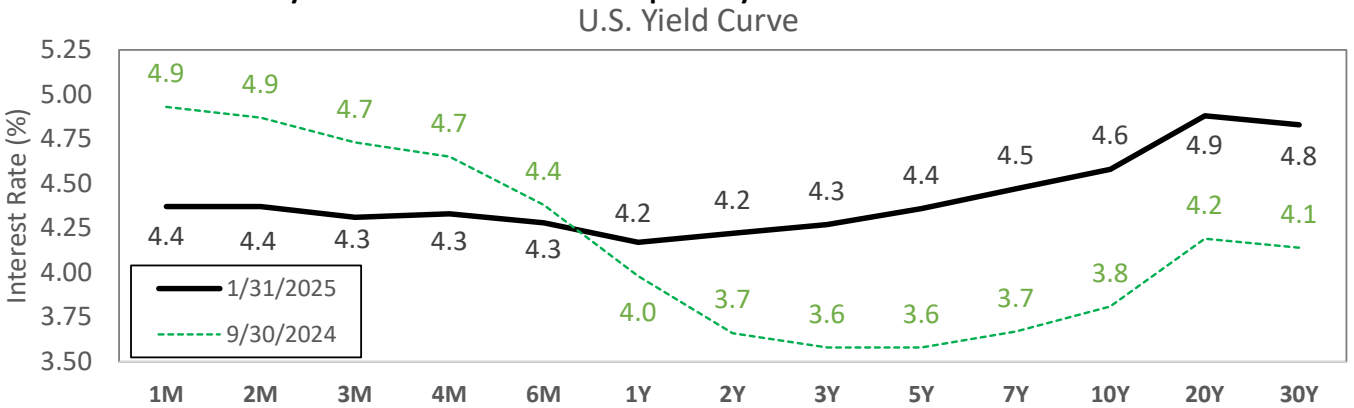
- **Sector:** All sectors in the US were positive in January except for Information Technology (-2.9%). Telecommunication Services (+9.1%), Health Care (+6.8%) and Financials (+6.6%) were the best performing sectors for the month.
- **Style:** In US markets during January, Value (+2.9%) marginally outperformed Growth (+2.7%). The outperformance of Value was more pronounced in global markets (+4.2% vs +2.6%).
- **Size:** From a size perspective, large caps (+3.2%) outperformed small caps (+2.6%) in January.

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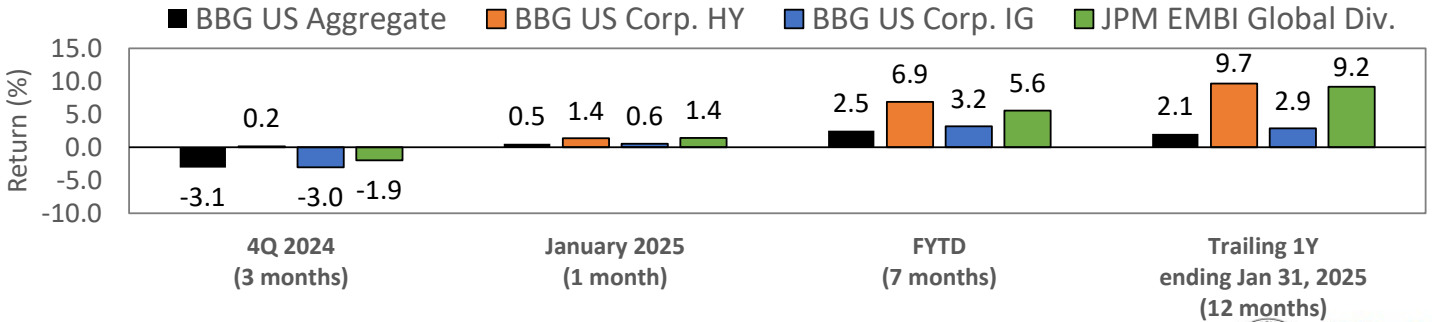
Notes: Returns sourced from eVestment. Underlying sources are MSCI, S&P and Russell. Performance is reported on a total return basis through January 31, 2025. Sector and Style performance refers to S&P 500. Size performance compares the Russell 1000 (large caps) vs Russell 2000 (small caps).

Fixed Income

- **Rates:** Since the end of the third quarter, the yield curve has steadily moved towards normalization; reductions in policy rates have led to a decline in short-term yields, while longer-term yields have increased, reflecting a growing term premium. On January 29th, the FOMC voted to leave the target Fed Funds rate at 4.25%-4.50%, driven, in part, by heightened uncertainty around economic policy.



- **Credit:** Credit indices were positive in January. US High Yield Corporate Debt (+1.4%) and Emerging Market Debt (+1.4%) led returns for the month.



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Notes: Returns sourced from eVestment. Underlying sources are Bloomberg and JP Morgan. Performance is reported on a total return basis through January 31, 2025. Yield curve data sourced from https://home.treasury.gov.

Liquid Real Assets

- Real assets were broadly up during January.
- Listed infrastructure[1] (+0.8%), TIPS (+1.3%) and listed real estate[2] (+1.7%) were up modestly.
- Oil prices (+1.1%) were also up, from $71.72 per barrel at the end of December to $72.53 per barrel.
- Commodities[3] had a positive January, returning +4.0%.
- Gold (+6.6%) and Bitcoin (+9.0%) had strong returns in January, and in the past 12 months have returned +37.2% and 140.5%, respectively.

Notes: Sourced from Wilshire's Monthly Market Commentary – January 2025. Underlying sources are Wilshire, FTSE and Bloomberg.
[1]FTSE Global Core Infrastructure Index [2]Wilshire Global Real Estate Securities Index℠ [3]Bloomberg Commodity Index

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Exhibit 2: Plan Value Report

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To: Retirement Board

Through: Alison Romano
CEO & CIO

From: Kevin Cao
Associate Portfolio Manager

Date: February 12, 2025

Re: Plan Value Report

Best available data as of January 31, 2025

	Value[1,3] (000)	Weight (%)	MTD (%)	QTD (%)	CYTD (%)	FYTD (%)
SFERS TOTAL FUND	**36,745,631**	**100.0**	**1.50**	**1.50**	**1.50**	**4.78**
Public Equity	10,951,127	29.8	4.69	4.69	4.69	10.31
Private Equity	10,021,096	27.3	0.00	0.00	0.00	1.55
GROWTH ASSETS	**20,972,223**	**57.1**				
Real Assets	5,108,722	13.9	(0.14)	(0.14)	(0.14)	0.02
Absolute Return[2]	3,339,112	9.1	1.21	2.77	10.88	5.12
DIVERSIFYING ASSETS	**8,447,834**	**23.0**				
Private Credit	3,181,485	8.7	0.02	0.02	0.02	4.83
Public Credit	1,436,933	3.9	0.88	0.88	0.88	4.87
Treasuries	1,643,619	4.5	0.64	0.64	0.64	2.73
INCOME GENERATING ASSETS	**6,262,037**	**17.0**				
NET CASH EXPOSURE[3]	**1,063,536**	**2.9**	0.37	0.37	0.37	2.90
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 January 31, 2025

	12/31/2024	Value In	Value Out	MV Δ[1]	1/31/2025	Current	LT Target	Range	Unfunded
	---------- ($ Mn) ----------					----- Weight (%) -----			($ Mn)
GROWTH ASSETS	**20,497.8**	**44.0**	**60.0**	**490.3**	**20,972.2**	**57.1**	**52.0**	**45 - 75**	**3,261.6**
Public Equity	*10,461.9*	*0.0*	1.1	490.2	10,951.1	29.8	32.0	20 - 45	
Physical	*10,461.9*	*0.0*	1.1	490.2	10,951.1	29.8			
Private Equity	*10,035.9*	44.0	58.9	0.1	10,021.1	27.3	20.0	15 - 30	3,261.6[3]
DIVERSIFYING ASSETS	**8,431.0**	**22.0**	**37.7**	**32.5**	**8,447.8**	**23.0**	**20.0**	**15 - 30**	**1,968.6**
Real Assets	*5,131.8*	22.0	37.7	(7.4)	5,108.7	13.9	10.0	8 - 15	1,967.3[3]
Absolute Return	*3,299.2*	0.0	0.0	39.9	3,339.1	9.1	10.0	5 - 15	1.4
INCOME ASSETS	**4,618.5**	**87.5**	**100.4**	**12.8**	**4,618.4**	**12.6**	**22.0**	**8 - 30**	**2,222.7**
Public Credit	*1,374.8*	50.0	0.0	12.1	*1,436.9*	3.9	12.0	3 - 15	
Private Credit	*3,243.7*	37.5	100.4	0.7	3,181.5	8.7	10.0	5 - 15	2,222.7[3]
CAPITAL PRESERVATION	**1,636.5**	**0.0**	**0.0**	**7.1**	**1,643.6**	**4.5**	**8.0**	**3 - 12**	**0.0**
Treasuries[2]	*1,636.5*	0.0	0.0	7.1	*1,643.6*	4.5	8.0	3 - 12	
Physical	*1,636.5*	*0.0*	*0.0*	*7.1*	*1,643.6*	*4.5*			
CASH[2]	1,147.4	432.1	519.6	3.6	1,063.5	2.9	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]	*1,147.4*	*432.1*	*519.6*	*3.6*	*1,063.5*	*2.9*			
Credit Facility	*0.0*	*0.0*	*0.0*	---	*0.0*	*0.0*			
TOTAL PORTFOLIO	**36,331.3**	**0.0**	**132.0**	**546.4**	**36,745.6**	**100.0**	**100.0**	**100.0**	**7,453.0**

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 January 31, 2025

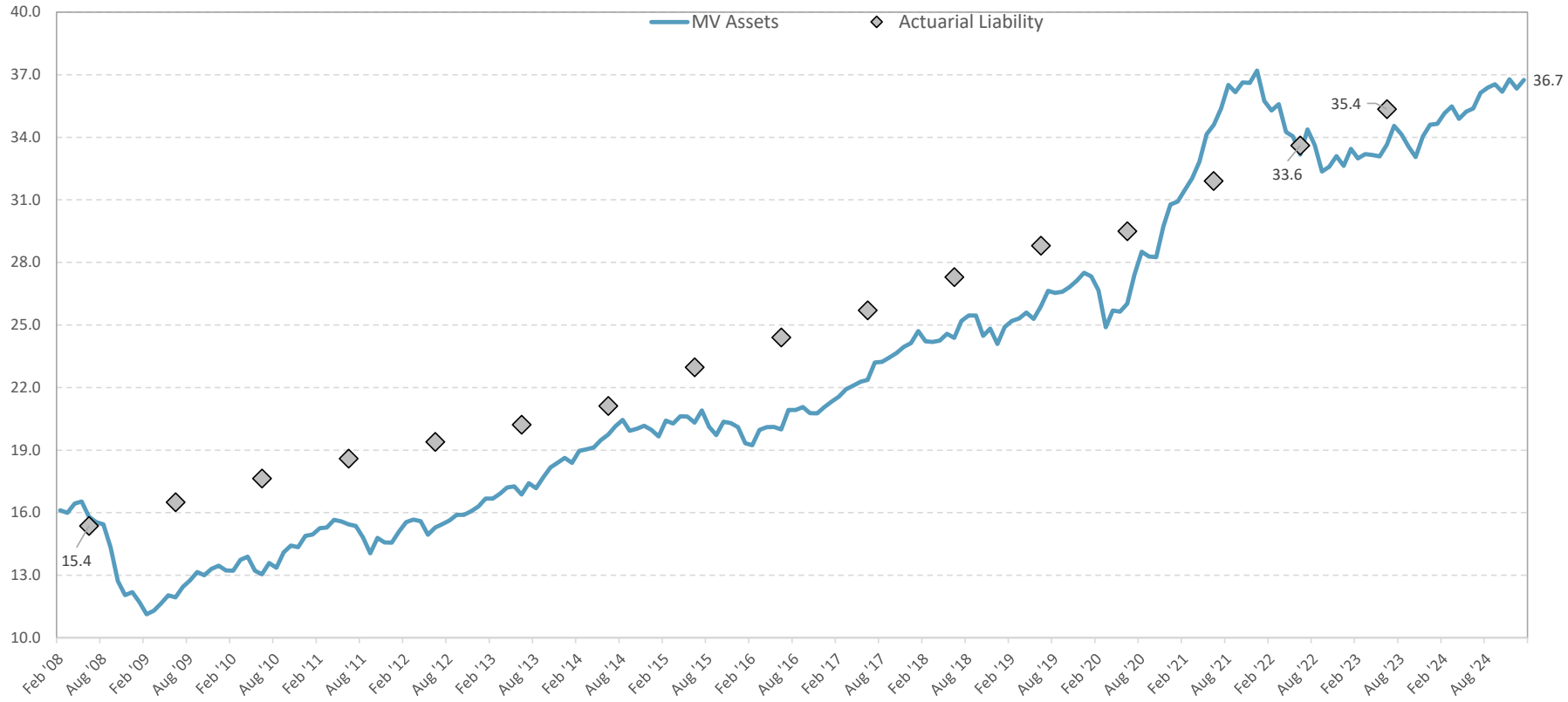
Investable Cash Account (In $ Million)[1]	
Beginning Balance as of January 1, 2025	**1,147.4**
Employer Contribution Pre-Payment	0.0
Cash from Credit Line	0.0
Return to Credit Line	0.0
Public Equity Net Flows	1.1
Public Equity Synthetic Net Flows	0.0
Private Equity Net Flows	14.9
Real Assets Net Flows	15.7
Absolute Return Net Flows	0.0
Public Credit Net Flows	-50.0
Private Credit Net Flows	62.9
Treasuries Net Flows	0.0
Investable Cash Market Value Change	3.6
Net Benefit Payment for January 2025	-132.0
Ending Balance as of January 31, 2025	**1,063.5**

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 January 31, 2025	**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 January 31, 2025. Total Plan market values through December 2022 are provided by NEPC. Data from January 2023 to November 2024 are provided by BNY Mellon and finalized. Data starting from December 2024 are provided by BNY Mellon and preliminary.

Exhibit 3: Update on Approved Investments

CLOSED INVESTMENTS

Trinity Ventures 2024, L.P.

Under its delegated authority, SFERS invested $24.4 million in Trinity Ventures 2024, L.P. This investment closed on December 12, 2024.

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

More information about Trinity Ventures is available at www.trinityventures.com.

Sculptor Real Estate Fund V, LP

Under its delegated authority, SFERS invested an additional $50 million in Sculptor Real Estate Fund V, LP (the "Fund"), which closed on December 23, 2024. This brings SFERS' total investment in the Fund to $100 million.

The investment is classified as a Real Estate investment within the Real Assets portfolio and is SFERS' first investment with Sculptor Capital Management.

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

Ares SFERS Credit Strategies Fund

Under its delegated authority, on December 24, 2024, SFERS approved a $60 million increase in commitment to Ares SFERS Credit Strategies Fund (the "SMA").

The SMA is classified as Income Focused/Senior Debt within the SFERS' Private Credit portfolio.

More information about Ares is available at https://www.aresmgmt.com/.

New Mountain Net Lease Trust

Under its delegated authority, on December 27, 2024, SFERS approved the rollover of an existing $50 million commitment from New Mountain Net Lease Partners to New Mountain Net Lease Trust.

The investment is classified as Opportunistic/Specialty Finance within the SFERS' Private Credit portfolio.

More information about New Mountain Capital is available at https://www.newmountaincapital.com/.

Presidio Loan Fund, L.P.

Under its delegated authority, on January 22, 2025, SFERS approved a $75 million increase in commitment to Presidio Loan Fund (the "SMA").

The SMA is classified as Income Focused/Senior Debt within the SFERS' Private Credit portfolio.

More information about HPS is available at https://www.hpspartners.com/en/home/.

OrbiMed Royalty & Credit Opportunities V, LP.

Under its delegated authority, SFERS approved an investment of up to $85 million to OrbiMed Royalty & Credit Opportunities V, LP. SFERS' investment of $85 million to OrbiMed Royalty & Credit Opportunities V, LP closed on January 31, 2025.

This investment is classified as a Real Asset Lending investment within SFERS' Private Credit portfolio. This is SFERS' fourth investment with OrbiMed Advisors LLC ("OrbiMed") within the Private Credit portfolio.

More information about OrbiMed is available at https://www.orbimed.com/.