San Francisco Employees' Retirement System

San Francisco City and County Employees' Retirement System

Office of the
Chief Executive Officer & Chief Investment Officer

RETIREMENT BOARD MEETING CALENDAR SHEET

March 12, 2025

To: Retirement Board

From: Alison Romano
CEO & CIO

Date: March 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

March 12, 2025

Summary

- On a preliminary basis[1], the SFERS Total Plan has returned +3.7% (annualized) over the trailing three years. Private Credit (+8.0%), Public Equity (+7.5%) and Absolute Return[2] (+7.3%) were the strongest performing asset classes, followed by Public Credit (+3.6%), Real Assets (+3.3%), Treasuries (+0.7%), and Private Equity (-1.6%).

- On a preliminary basis[1], the SFERS Total Plan returned +4.6% for the fiscal year-to-date. Public Equity (+8.0%) has been the highest returning asset class thus far in this fiscal year, followed by Absolute Return[2] (+6.8%), Public Credit (+6.4%), Private Credit (+5.5%), Treasuries (+4.0%), Cash (+3.6%), Private Equity (+1.9%) and Real Assets (-0.4%).

- On a preliminary basis[1], the SFERS Total Plan returned -0.2% in the month of February. Treasuries (+1.4%) and Public Credit (+1.4%) were the best performing asset classes, followed by Cash (+0.3%), Private Equity (+0.3%), Private Credit (+0.2%), Real Assets (-0.4%) and Public Equity (-1.8%). Absolute Return[2] was positive (+1.6%) in January.

Notes: Preliminary data sourced from SFERS Plan Value Report, through February 28, 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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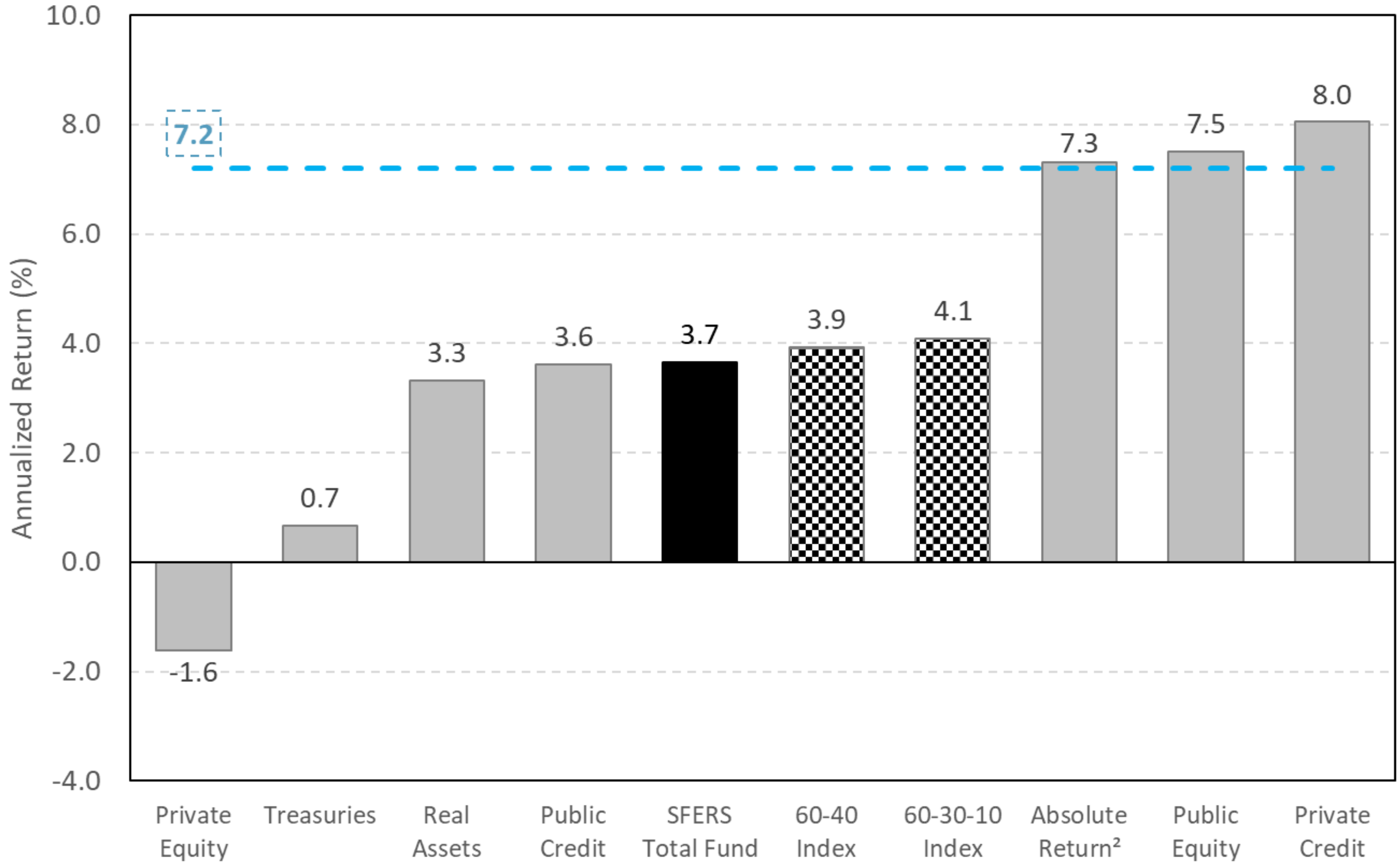
Estimated Annualized 3 Year Performance[1]



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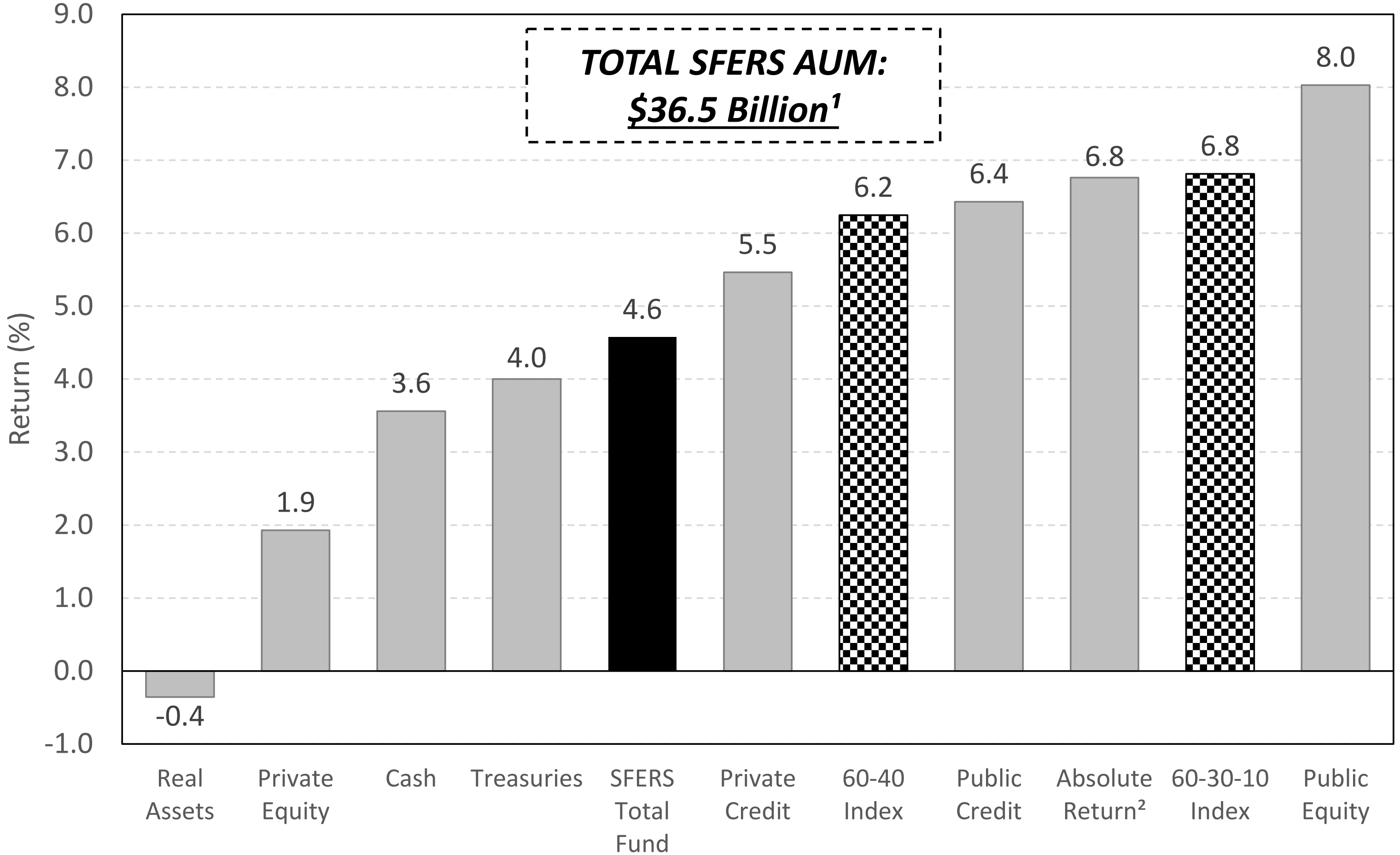
Estimated FYTD Performance[1]



Notes: Preliminary data sourced from SFERS Plan Value Report, through February 28, 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.
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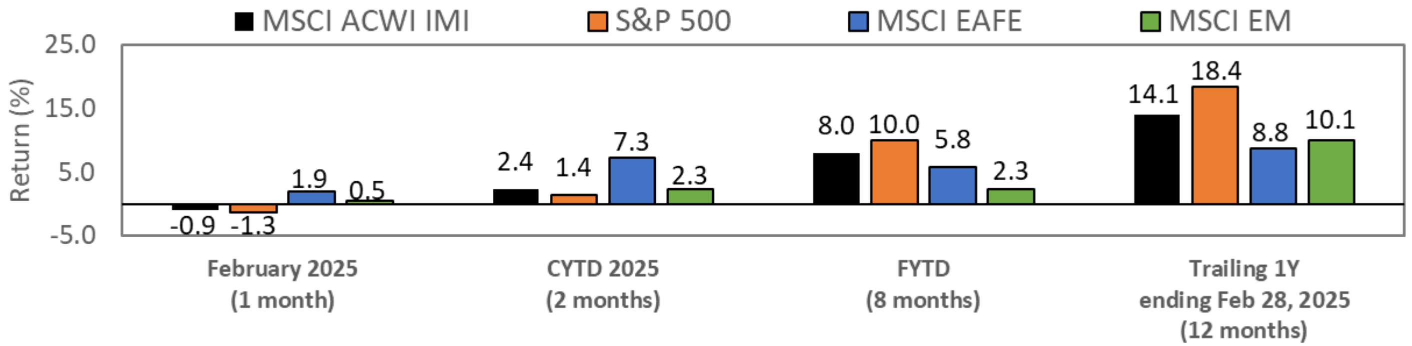
Public Equity

- **Geography:** Equity market performance was mixed in February. Developed ex-US (+1.9%) and Emerging Market (+0.5%) equities had positive returns while US equities (-1.3%) fell. US equities have been the best performing market for the first 8 months of this fiscal year, with a return of +10.0%.



- **Sector:** Consumer Discretionary (-9.4%) and Telecommunication Services (-6.3%) were the worst performing sectors for the month, while Consumer Staples (+5.7%) and Real Estate (+4.2%) were the best performing sectors.

- **Style:** In US markets during February, Value (+0.4%) outperformed Growth (-2.9%). The outperformance of Value was more pronounced in global markets (+1.5% vs -2.6%).

- **Size:** From a size perspective, large caps (-1.7%) outperformed small caps (-5.3%) in February.

Notes: Returns sourced from eVestment. Underlying sources are MSCI, S&P and Russell. Performance is reported on a total return basis through February 28, 2025. Sector and Style performance refers to S&P 500. Size performance compares the Russell 1000 (large caps) vs Russell 2000 (small caps).

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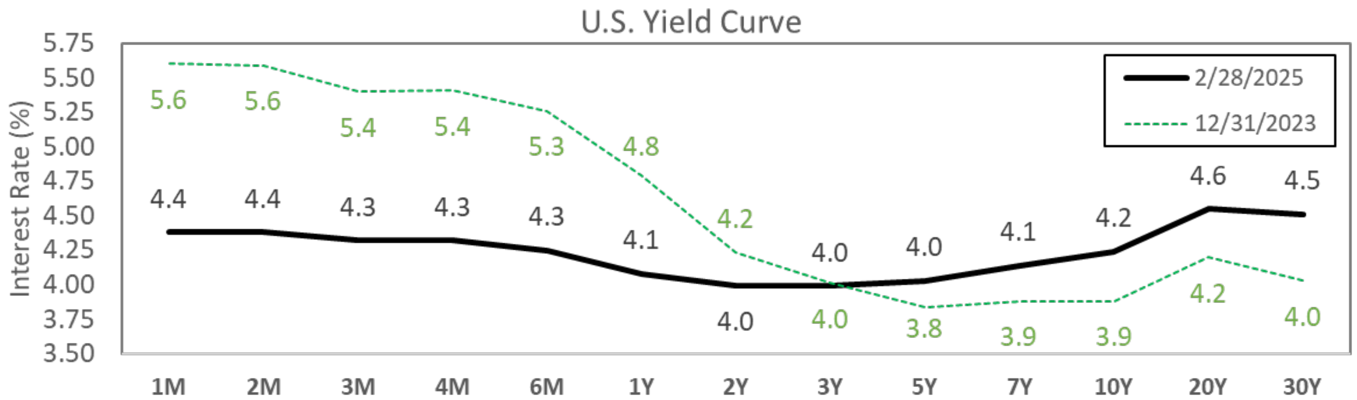
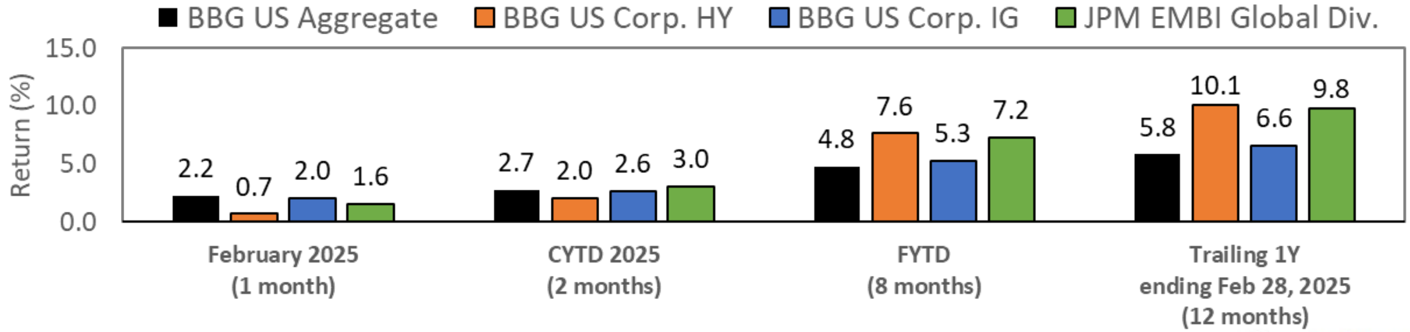
Fixed Income

- **Rates:** The yield curve is normally shaped for key rates 2-years and out and is inverted inside of the 2-year key rate. 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 February. The Aggregate Index (+2.2%) and U.S. Investment Grade Corporate Credit (+2.0%) 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 February 28, 2025. Yield curve data sourced from https://home.treasury.gov.

Liquid Real Assets

- Real assets were generally up during February.
- Listed infrastructure[1] (+2.0%), TIPS (+2.2%) and listed real estate[2] (+3.0%) were up.
- Oil (-3.8%) was down from $72.53 per barrel at the end of January to $69.76 per barrel.
- Commodities[3] had a positive February, returning +0.8%.
- Gold continued its strong run, returning +2.1% in February and +40.5% for the trailing 12 months.
- The price of Bitcoin fell sharply in February (-17.5%). Bitcoin has returned +39.1% for the trailing 12 months.

Notes: Sourced from Wilshire's Monthly Market Commentary – February 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

San Francisco City and County
Employees' Retirement System

To: Retirement Board

Through: Alison Romano
CEO & CIO

From: Kevin Cao
Associate Portfolio Manager

Date: March 12, 2025

Re: Plan Value Report

Best available data as of February 28, 2025

	Value[1,3] (000)	Weight (%)	MTD (%)	QTD (%)	CYTD (%)	FYTD (%)
SFERS TOTAL FUND	**36,547,872**	**100.0**	**(0.19)**	**1.31**	**1.31**	**4.57**
Public Equity	10,631,028	29.1	(1.76)	2.53	2.53	8.03
Private Equity	10,052,697	27.5	0.32	0.36	0.36	1.93
GROWTH ASSETS	**20,683,725**	**56.6**				
Real Assets	5,046,004	13.8	(0.37)	(0.52)	(0.52)	(0.36)
Absolute Return[2]	3,491,280	9.6	1.56	1.56	1.56	6.76
DIVERSIFYING ASSETS	**8,537,284**	**23.4**				
Private Credit	3,173,579	8.7	0.21	0.62	0.62	5.46
Public Credit	1,508,085	4.1	1.40	2.38	2.38	6.43
Treasuries	1,667,350	4.6	1.42	1.87	1.87	4.00
INCOME GENERATING ASSETS	**6,349,014**	**17.4**				
NET CASH EXPOSURE[3]	**977,849**	**2.7**	0.34	0.63	0.63	3.56
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.

[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 February 28, 2025

	1/31/2025	Value In	Value Out	MV Δ[1]	2/28/2025	Current	LT Target	Range	Unfunded
		----------- ($ Mn) -----------				----- Weight (%) -----			($ Mn)
GROWTH ASSETS	**20,946.9**	**47.0**	**150.3**	**(159.9)**	**20,683.7**	**56.6**	**52.0**	**45 - 75**	**3,206.6**
Public Equity	*10,921.5*	*0.0*	98.8	(191.8)	10,631.0	29.1	32.0	20 - 45	
Physical	*10,921.5*	*0.0*	98.8	(191.8)	10,631.0	29.1			
Private Equity	*10,025.4*	47.0	51.5	31.8	10,052.7	27.5	20.0	15 - 30	3,206.6[3]
DIVERSIFYING ASSETS	**8,445.7**	**125.7**	**69.1**	**35.0**	**8,537.3**	**23.4**	**20.0**	**15 - 30**	**1,999.1**
Real Assets	*5,108.1*	25.7	69.1	(18.7)	5,046.0	13.8	10.0	8 - 15	1,997.7[3]
Absolute Return	*3,337.6*	100.0	0.0	53.7	3,491.3	9.6	10.0	5 - 15	1.4
INCOME ASSETS	**4,632.0**	**75.9**	**53.2**	**27.0**	**4,681.7**	**12.8**	**22.0**	**8 - 30**	**2,286.8**
Public Credit	*1,438.0*	50.0	0.0	20.1	*1,508.1*	4.1	12.0	3 - 15	
Private Credit	*3,194.0*	25.9	53.2	6.8	3,173.6	8.7	10.0	5 - 15	2,286.8[3]
CAPITAL PRESERVATION	**1,643.7**	**0.0**	**0.0**	**23.7**	**1,667.4**	**4.6**	**8.0**	**3 - 12**	**0.0**
Treasuries[2]	*1,643.7*	0.0	0.0	23.7	*1,667.4*	4.6	8.0	3 - 12	
Physical	*1,643.7*	*0.0*	*0.0*	*23.7*	*1,667.4*	*4.6*			
CASH[2]	1,077.2	399.6	502.6	3.7	977.8	2.7	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]	*1,077.2*	*399.6*	*502.6*	*3.7*	*977.8*	*2.7*			
Credit Facility	*0.0*	*0.0*	*0.0*	---	*0.0*	*0.0*			
TOTAL PORTFOLIO	**36,745.4**	**0.0**	**127.0**	**(70.5)**	**36,547.9**	**100.0**	**100.0**	**100.0**	**7,492.4**

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 February 28, 2025

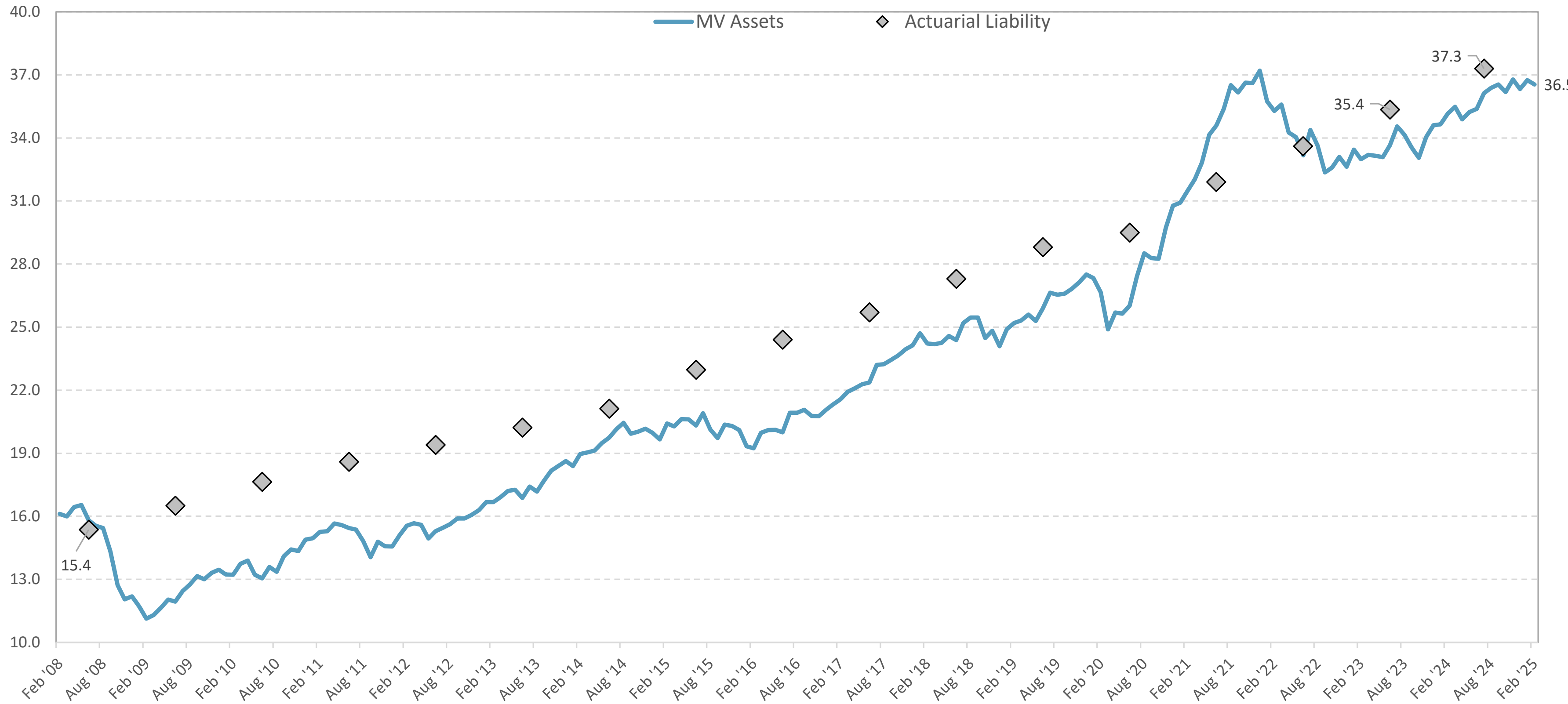
Investable Cash Account (In $ Million)[1]	
Beginning Balance as of February 1, 2025	**1,077.2**
Employer Contribution Pre-Payment	0.0
Cash from Credit Line	0.0
Return to Credit Line	0.0
Public Equity Net Flows	98.7
Public Equity Synthetic Net Flows	0.0
Private Equity Net Flows	4.6
Real Assets Net Flows	43.5
Absolute Return Net Flows	-100.0
Public Credit Net Flows	-50.0
Private Credit Net Flows	27.3
Treasuries Net Flows	0.0
Investable Cash Market Value Change	3.7
Net Benefit Payment for February 2025	-127.0
Ending Balance as of February 28, 2025	**977.8**

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 February 28, 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 February 28, 2025. Total Plan market values through December 2022 are provided by NEPC. Data from January 2023 to December 2024 are provided by BNY Mellon and finalized. Data starting from January 2025 are provided by BNY Mellon and preliminary.

Exhibit 3: Update on Approved Investments

CLOSED INVESTMENTS

Qube Fund LP

Under its delegated authority, SFERS invested $100 million in Qube Fund LP by San Francisco Absolute Return Investors II, LP ("SFARI II"). The investment closed on March 1, 2025.

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://www.qube-rt.com/