SFERS
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

May 14, 2025

To: Retirement Board

From: Alison Romano
CEO & CIO

Date: May 14, 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

May 14, 2025

Summary

- On a preliminary basis[1], the SFERS Total Plan has returned +4.0% (annualized) over the trailing three years. Public Equity (+8.8%), Private Credit (+7.8%) and Absolute Return[2] (+7.5%) were the strongest performing asset classes, followed by Public Credit (+5.5%), Treasuries (+2.8%), Real Assets (+1.8%), and Private Equity (-1.9%).

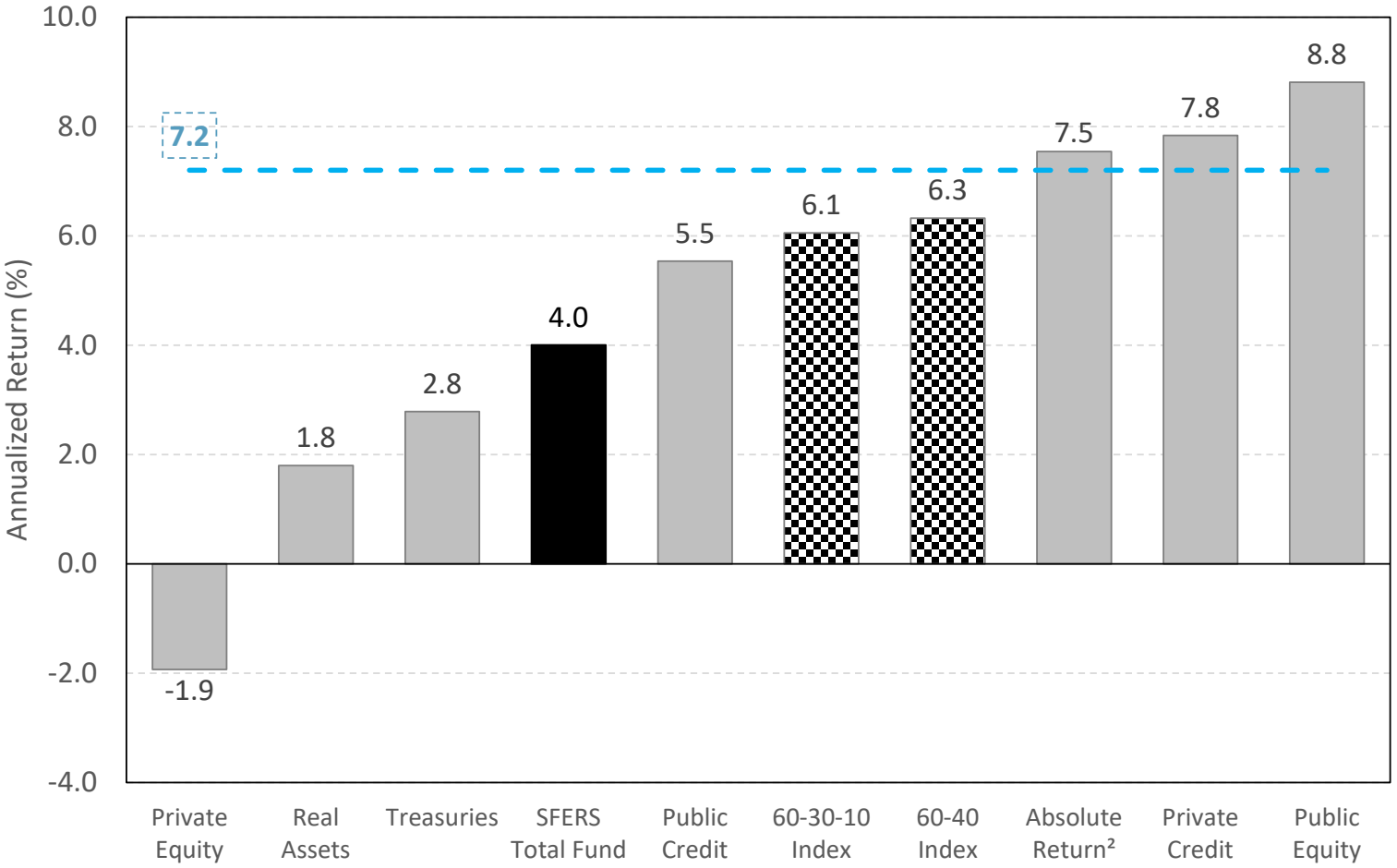
- On a preliminary basis[1], the SFERS Total Plan returned +4.1% for the fiscal year-to-date. Absolute Return[2] (+8.3%) has been the highest returning asset class thus far in this fiscal year, followed by Private Credit (+6.7%), Public Credit (+6.7%), Treasuries (+5.6%), Cash (+4.3%), Public Equity (+4.0%), Private Equity (+2.2%) and Real Assets (-0.4%).

- On a preliminary basis[1], the SFERS Total Plan returned +0.7% in the month of April. Public Equity (+1.0%) and Treasuries (+0.8%) were the best performing asset classes, followed by Cash (+0.5%), Public Credit (+0.4%), Real Assets (+0.3%), Private Credit (+0.1%) and Private Equity (+0.1%). Absolute Return[2] was positive (+0.9%) in March.

Notes: Preliminary data sourced from SFERS Plan Value Report, through April 30, 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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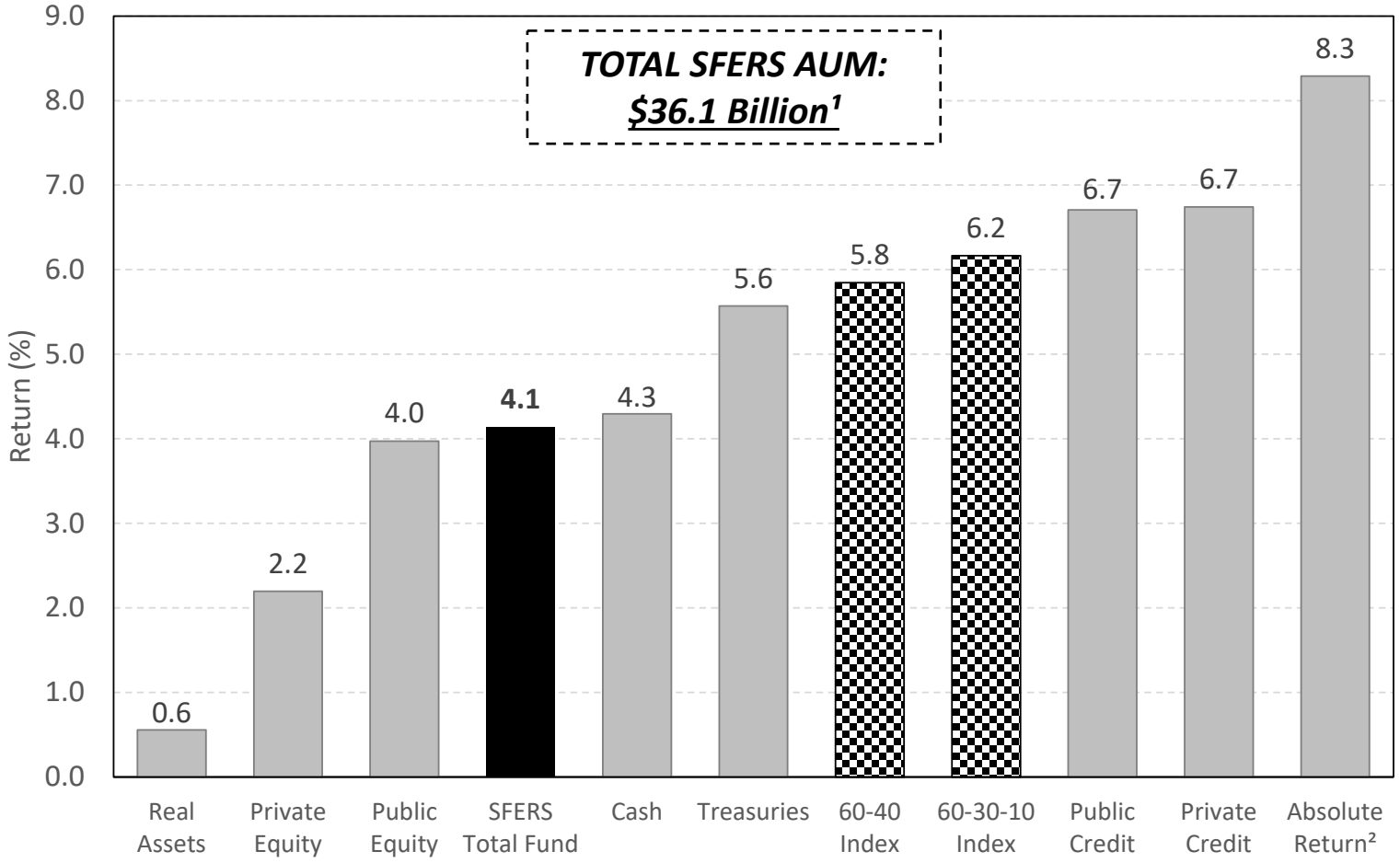
Estimated Annualized 3 Year Performance[1]



Notes: Preliminary data sourced from SFERS Plan Value Report, through March 30, 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 FYTD Performance[1]

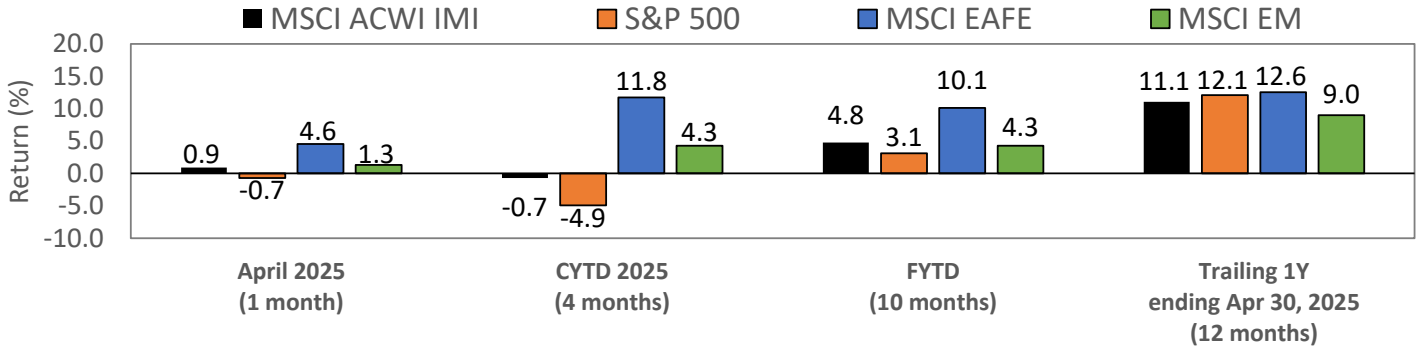


Notes: Preliminary data sourced from SFERS Plan Value Report, through April 30, 2025. [1] Valuations are preliminary and are reported gross of fees. The reported returns and market values are based on prior month-end values that have been adjusted by SFERS' Custody Bank since the last report. For non-daily 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 markets had a volatile April driven by trade and tariff concerns. Global equities ended the month with a positive return (+0.9%) but underlying geographic performance was mixed; Developed ex-US equities (+4.6%) led while US equities (-0.7%) lagged. Performance for the first 4 months of 2025 have followed a similar trend with Developed ex-US equities (+11.8%) well ahead of U.S. equities (-4.9%).



- **Sector:** For the first 4 months of 2025, Consumer Staples (+6.5%) and Utilities (+5.0%) have outperformed, while Consumer Discretionary (-14.1%) and Information Technology (-11.2%) underperformed. The Energy sector was the worst performing sector in April, down -13.6%.

- **Style:** In April, Growth (+2.2%) outperformed Value (-3.6%). For the year-to-date, Value (-3.3%) has outperformed Growth (-6.4%).

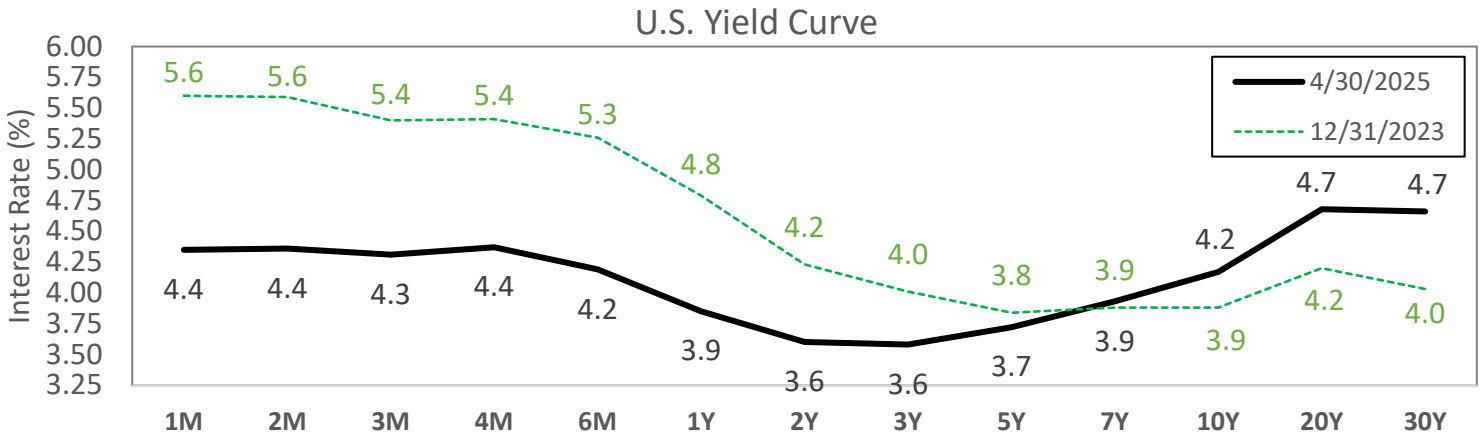
- **Size:** From a size perspective, large caps have outperformed small caps for the month as well as for the year-to-date (April: -0.6% vs -2.3%; YTD: -5.1% vs -11.6%).

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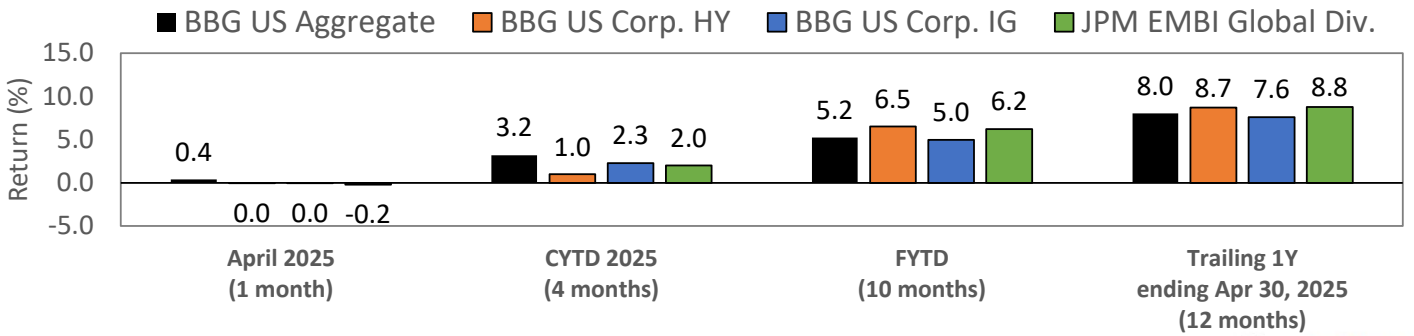
Notes: Returns sourced from eVestment. Underlying sources are MSCI, S&P and Russell. Performance is reported on a total return basis through April 30, 2025. Sector and Style performance refers to S&P 500. Size performance compares the Russell 1000 (large caps) vs Russell 2000 (small caps).

Fixed Income

- **Rates:** Treasury volatility has increased, particularly at the long end of the curve. The yield curve has steepened when compared to the end of last year; 30-year treasury yields are up 70 basis points while 1-year yields are down 80 bps.



- **Credit:** Credit indices were flat in April. For the trailing 12 months, most fixed indices have generated a positive return between 7% and 9%.



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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 April 30, 2025. Yield curve data sourced from https://home.treasury.gov.

Liquid Real Assets

- Real assets were generally down during April.
- Listed real estate[1] (-0.7%), Commodities[2] (-4.8%) and Energy[3] (-5.6%) had negative returns.
- Oil prices (-18.6%) were also down, from $71.5 per barrel in March to $58.2 per barrel in April.
- Listed infrastructure[4] (+1.8%), Gold (+5.3%) and Bitcoin (+14.8%) were the exceptions, generating a positive return for the month.

Notes: Sourced from Wilshire's Monthly Market Commentary – April 2025. Underlying sources are Wilshire, FTSE and Bloomberg.
[1]Wilshire Global Real Estate Securities Index [2]Bloomberg Commodity Index [3]Alerian Midstream Energy Index [4]FTSE Global Core Infrastructure 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: May 14, 2025

Re: Plan Value Report

Best available data as of April 30, 2025

	Value[1,3] (000)	Weight (%)	MTD (%)	QTD (%)	CYTD (%)	FYTD (%)
SFERS TOTAL FUND	**36,080,553**	**100.0**	**0.73**	**0.73**	**0.90**	**4.14**
Public Equity	10,057,087	27.9	1.01	1.01	(1.32)	3.97
Private Equity	9,985,942	27.7	0.11	0.11	0.63	2.20
GROWTH ASSETS	**20,043,029**	**55.6**				
Real Assets	5,106,336	14.2	0.30	0.30	0.40	0.56
Absolute Return[2]	3,490,269	9.7	0.87	3.01	3.01	8.29
DIVERSIFYING ASSETS	**8,596,605**	**23.8**				
Private Credit	3,238,826	9.0	0.13	0.13	1.84	6.74
Public Credit	1,711,966	4.7	0.44	0.44	2.65	6.71
Treasuries	1,745,685	4.8	0.76	0.76	3.41	5.57
INCOME GENERATING ASSETS	**6,696,477**	**18.6**				
NET CASH EXPOSURE[3]	**744,441**	**2.1**	0.49	0.49	1.34	4.30
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 April 30, 2025

	3/31/2025	Value In	Value Out	MV Δ[1]	4/30/2025	Current	LT Target	Range	Unfunded
		---------- ($ Mn) ----------				----- Weight (%) -----			($ Mn)
GROWTH ASSETS	**20,030.7**	**49.6**	**150.2**	**112.9**	**20,043.0**	**55.6**	**52.0**	**45 - 75**	**3,145.9**
Public Equity	*10,028.5*	*0.0*	73.2	101.8	10,057.1	27.9	32.0	20 - 45	
Physical	*10,028.5*	*0.0*	73.2	101.8	10,057.1	27.9			
Private Equity	*10,002.2*	49.6	77.0	11.2	9,985.9	27.7	20.0	15 - 30	3,145.9[3]
DIVERSIFYING ASSETS	**8,596.9**	**17.2**	**134.7**	**117.2**	**8,596.6**	**23.8**	**20.0**	**15 - 30**	**1,934.6**
Real Assets	*5,106.1*	17.2	32.2	15.3	5,106.3	14.2	10.0	8 - 15	1,933.3[3]
Absolute Return	*3,490.8*	0.0	102.5	102.0	3,490.3	9.7	10.0	5 - 15	1.4
INCOME ASSETS	**4,766.4**	**203.6**	**30.2**	**11.0**	**4,950.8**	**13.7**	**22.0**	**8 - 30**	**2,258.6**
Public Credit	*1,555.1*	150.0	0.0	6.9	*1,712.0*	4.7	12.0	3 - 15	
Private Credit	*3,211.3*	53.6	30.2	4.1	3,238.8	9.0	10.0	5 - 15	2,258.6[3]
CAPITAL PRESERVATION	**1,727.4**	**0.0**	**0.0**	**18.2**	**1,745.7**	**4.8**	**8.0**	**3 - 12**	**0.0**
Treasuries[2]	*1,727.4*	0.0	0.0	18.2	*1,745.7*	4.8	8.0	3 - 12	
Physical	*1,727.4*	*0.0*	*0.0*	*18.2*	*1,745.7*	*4.8*			
CASH[2]	800.9	488.1	548.4	3.9	744.4	2.1	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]	*800.9*	*488.1*	*548.4*	*3.9*	*744.4*	*2.1*			
Credit Facility	*0.0*	*0.0*	*0.0*	---	*0.0*	*0.0*			
TOTAL PORTFOLIO	**35,922.3**	**34.0**	**139.0**	**263.3**	**36,080.6**	**100.0**	**100.0**	**100.0**	**7,339.1**

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 April 30, 2025

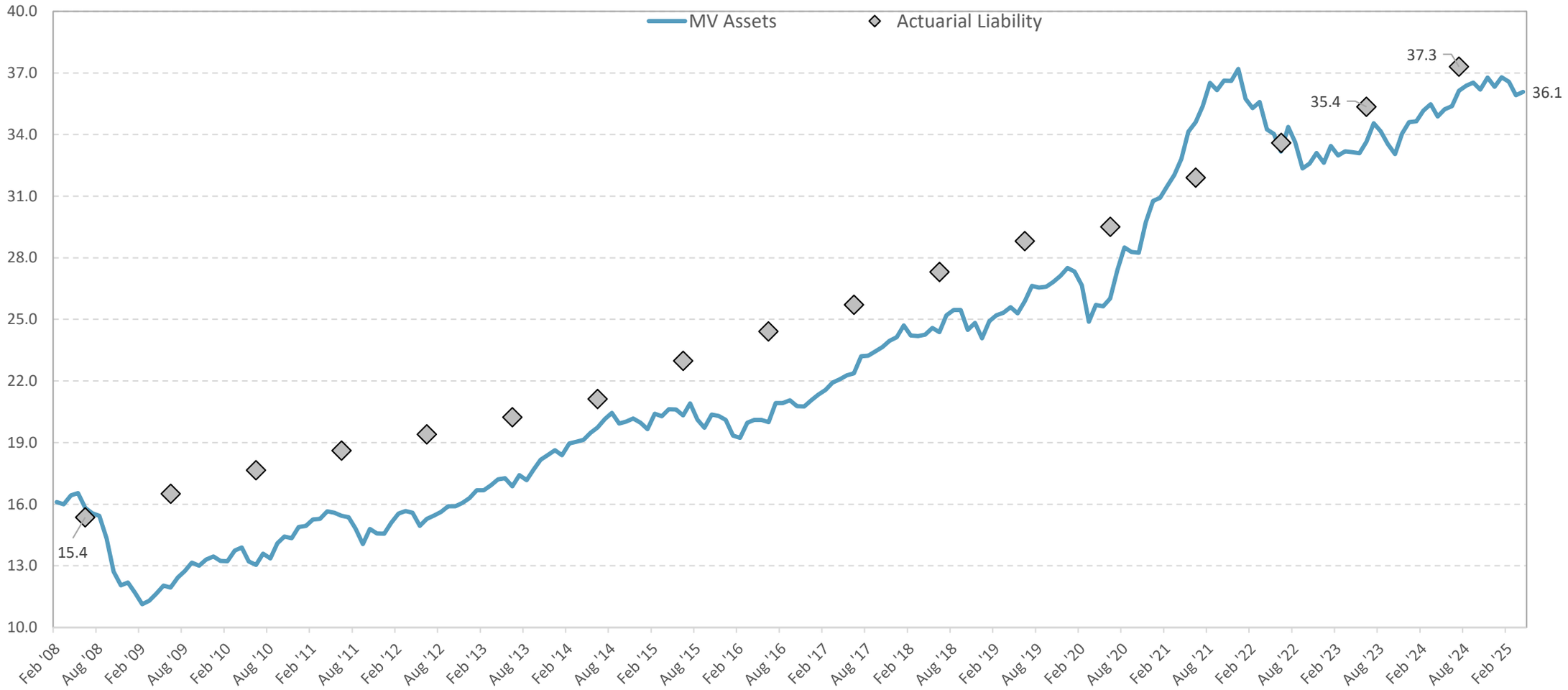
Investable Cash Account (In $ Million)[1]	
Beginning Balance as of April 1, 2025	**800.9**
Employer Contribution Pre-Payment	34.0
Cash from Credit Line	0.0
Return to Credit Line	0.0
Public Equity Net Flows	73.1
Public Equity Synthetic Net Flows	0.0
Private Equity Net Flows	27.4
Real Assets Net Flows	15.0
Absolute Return Net Flows	102.5
Public Credit Net Flows	-150.0
Private Credit Net Flows	-23.4
Treasuries Net Flows	0.0
Investable Cash Market Value Change	3.9
Net Benefit Payment for April 2025	-139.0
Ending Balance as of April 30, 2025	**744.4**

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 April 30, 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 April 30, 2025. Total Plan market values through December 2022 are provided by NEPC. Data from January 2023 to February 2025 are provided by BNY Mellon and finalized. Data starting from March 2025 are provided by BNY Mellon and preliminary.

Exhibit 3: Update on Approved Investments

CLOSED INVESTMENTS

PeakSpan Capital Growth Partners IV, L.P.

Under its delegated authority, SFERS invested $40 million in PeakSpan Capital Growth Partners IV, L.P. The investment closed on April 2, 2025.

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

More information about PeakSpan is available at https://www.peakspancapital.com/.

Atlas Capital Resources V LP

Under its delegated authority, SFERS committed $75 million to Atlas Capital Resources V LP. The commitment closed on April 25, 2025.

The commitment will be classified as buyout within SFERS' Private Equity portfolio.

More information about Atlas is available at https://www.atlasholdingsllc.com.

HPS Investment

Under its delegated authority, SFERS approved an investment of up to $85 million to HPS Strategic Investment Partners VI, LP.

SFERS' investment of $85 million to HPS Strategic Investment Partners VI, LP closed on May 1, 2025. This investment is classified as Subordinated Lending within the SFERS' Private Credit portfolio. The investment is SFERS' fifth with HPS Investment Partners, LLC ("HPS") within the Private Credit portfolio.

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

Mayfield Select III, L.P

At its meeting on April 20, 2023, the Retirement Board approved in the closed session investments of up to $50 million to be allocated between Mayfield XVII, L.P. and Mayfield Select III, L.P. The investments were approved by the following vote:

Ayes: Commissioners Bridges, Driscoll, Safaí, Thomas
Nays: None
Absent: Commissioner Gandhi

On May 1, 2023, SFERS committed $20.5 million to Mayfield XVII, L.P. and $13.5 million to Mayfield Select III, L.P., and this was disclosed at the Board meeting on May 18, 2023. On April 30, 2025, SFERS closed on an additional $6.5 million, bringing the total commitment to Mayfield Select III, L.P. to $20 million.

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

More information about Mayfield is available on https://www.mayfield.com/.

KLCP Domestic Fund IV LP

Under its delegated authority, SFERS approved an investment of up to $80 million to KLCP Domestic Fund IV LP and up to $40 million to KLCP Co-Inv Domestic Fund IV LP.

SFERS' investment of $80 million to KLCP Domestic Fund IV LP and $40 million to KLCP Co-Inv Domestic Fund IV LP closed on April 29, 2025. These investments are classified as Credit Opportunities within the SFERS' Private Credit portfolio. The investments are SFERS' fourth and fifth with Kennedy Lewis Investment Management LP ("Kennedy Lewis") within the Private Credit portfolio.

More information about Kennedy Lewis is available at https://www.kennedylewiscapitalcompany.com/

Threshold Ventures V, L.P.

Under its delegated authority, SFERS invested $35 million in Threshold Ventures V, L.P. The investment closed on April 23, 2025.

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

More information about Threshold Ventures is available at https://threshold.vc/.

TERMINATIONS

Cephei Termination

The CEO & CIO approved the termination of Cephei Capital on May 15, 2024 and final proceeds of the investment were received on April 9, 2025. The termination was approved by the CEO & CIO in accordance with SFERS Manager Selection, Monitoring and Termination Policy approved by The Retirement Board at its meeting on July 20, 2023. The investment was part of SFERS's public equity portfolio.