

Semi-Annual Investment Performance Summary

PERFORMANCE PULSE

December 2024



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INTRODUCTION

The Performance Pulse is a semi-annual summary of SamCERA's investment performance answering key questions to explain the performance of the fund, where the fund was invested and any significant updates or changes.

THE KEY QUESTIONS

1

How Did We Do?

Learn about SamCERA's total fund performance and how it compares to the policy benchmark.

2

Where Did We Invest?

Discover where the fund was invested. Compare the market value and allocation percentages for the current period and the prior period.

3

What Did We Do?

Explore details about updates to policies and any changes to the fund that occurred during the current period.

HOW DID WE DO?

Table One shows SamCERA's total fund performance over various trailing time periods. As seen in the table, the portfolio returned 9.2% net of investment manager fees for the calendar year ended December 31, 2024, underperforming SamCERA's policy benchmark return of 12.5% by 3.3%. This calendar-year performance resulted in above median performance relative to SamCERA's peers, as defined by large (greater than \$1 billion in assets) public plans.

TABLE ONE: SAMCERA TOTAL FUND NET PERFORMANCE CHARACTERISTICS
ENDING DECEMBER 31, 2024

	1 Year	3 Years	5 Years	10 Years
SamCERA Return	9.2%	3.2%	6.1%	6.5%
Benchmark Return	12.5%	4.5%	7.2%	7.3%
Excess Return	(3.3%)	(1.3%)	(1.1%)	(0.8%)
Peer Rank Return (Percentile)	40th	38th	84th	72nd
SamCERA Risk (Std Dev)	4.4	7.4	8.5	7.5
Benchmark Risk (Std Dev)	5.0	8.5	9.0	7.9
Peer Median Risk (Std Dev)	5.3	9.0	9.9	8.2
SamCERA Sharpe Ratio	0.9	-0.1	0.4	0.6
Benchmark Sharpe Ratio	1.4	0.1	0.5	0.7
Peer Median Sharpe Ratio	0.7	-0.1	0.5	0.6

RETURN/RISK MEASURE

SamCERA also looks at “risk-adjusted” returns to compare how much return was received given the risk (measured by standard deviation of returns) taken to achieve that return. This is typically measured by the Sharpe Ratio. The higher the ratio, the better, as it measures the return provided per unit of risk taken. For example, if a fund has a lower return than the benchmark but also a much lower risk level (as measured by standard deviation of returns), it may result in a higher risk-adjusted outcome. Conversely, if a fund has a higher return but also takes higher than commensurate risk than the benchmark, then its risk-adjusted return may be lower than that of the benchmark.

SamCERA’s portfolio had lower returns than its policy benchmark over all historical periods. However, consistent with its risk-based approach, SamCERA’s portfolio also exhibited lower risk levels to its policy benchmark (and the median plan) over all historical periods. Taken together, the more significant underperformance over the past year impacted longer-term periods and resulted in lower risk-adjusted returns over all periods, while relative to the median plan, the portfolio had a higher risk-adjusted return over the past year, matched it over the 3- and 10-year periods, and had a lower risk-adjusted return over the 5-year period.

Table Two shows performance for each of SamCERA’s four primary composites. All four composites had positive returns for the calendar year. Growth was the by far the best performing composite and returned 13.4%, while Diversifying returned 2.8% and was the lowest returning composite. Liquidity returned 4.8%, while Inflation Hedge returned 3.1%.

Two of the composites had positive relative returns compared to their respective benchmarks, with Diversifying and Liquidity outperforming by a modest 0.2% and 0.3%, respectively. Growth had the largest underperformance at -4.8%, closely followed by Inflation Hedge (-4.1%).

**TABLE TWO: SAMCERA COMPOSITE NET PERFORMANCE FOR TRAILING YEAR
ENDING DECEMBER 31, 2024**

Composite	Composite Return	Benchmark Return	Excess Return
Growth	13.4%	18.2%	-4.8%
Diversifying	2.8%	2.6%	0.2%
Inflation Hedge	3.1%	7.2%	-4.1%
Liquidity	4.8%	4.5%	0.3%

WHERE DID WE INVEST?

In this section we show where the fund is invested, displaying both the market value and resulting allocation percentages for the current period end as well as six months ago. The allocation percentages include exposures from SamCERA's cash overlay program. Table Three shows that SamCERA's total market value was \$6.703 billion as of December 31, 2024, an increase of \$229.5 million from June 30, 2024. During the period we took advantage of strong equity markets by selling some of our equity exposure and rebalancing into Inflation Hedge assets.

TABLE THREE: SAMCERA ASSET ALLOCATION COMPARISON

	12/31/2024		6/30/2023		Change in %
	Market Value (\$m)	Allocation (%)	Market Value (\$m)	Allocation (%)	
Growth	4,017.0	59.9	3,903.6	60.3	-0.4
Diversifying	1,197.2	17.9	1,175.0	18.2	-0.3
Inflation Hedge	1,149.8	17.2	1,048.5	16.2	+1.0
Liquidity	339.0	5.1	346.4	5.3	-0.2
Total	6,703.0		6,473.5		

WHAT DID WE DO?

In November, SamCERA approved a new asset allocation policy. First the Board approved partially replenishing the cash flow match pool to include a portion of fiscal year 2028's net cash flows. This required contributing \$35 million to the Insight cash flow-matched account, which is expected to meet the net benefit payments for fiscal years 2025, 2026, 2027, and partially for 2028. Importantly this required no change to the cash-flow match target allocation as we are currently below target.

Additionally, while the new policy has no allocation changes at the primary performance driver composite level (Growth, Diversifying, Inflation Hedge, and Liquidity), the Board approved two changes within the public equity portion of the Growth category. First, the low volatility target allocation has been removed, and second, the U.S. equity/International equity split has been adjusted so that U.S. Equity comprises 60% of total public equity (up from the current 55%).

In addition, in the growth category, we continued building out and further diversifying our opportunistic credit portfolio. We added a new \$60 million multi-strategy credit strategy within the period.

SamCERA's Asset Allocation Policy is shown below:

ASSET ALLOCATION POLICY: PERFORMANCE DRIVER VIEW

Current Policy	
Growth	52%
Public Equity	41%
Private Equity	7%*
Opportunistic Credit	11%
Diversifying	18.5%
Core Fixed Income	12.5%
Absolute Return	6%
Inflation Hedge	17%
Real Estate	9%
Private Real Assets	5%
Public Real Assets	3%
Liquidity	5.5%
Cash Equivalents	1%
Cash Flow Match	4.5%

*Long-term target is 8%

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