



# SACRS – Annual System Comparison

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# Capital Markets Review – 1 Year Ending 6/30

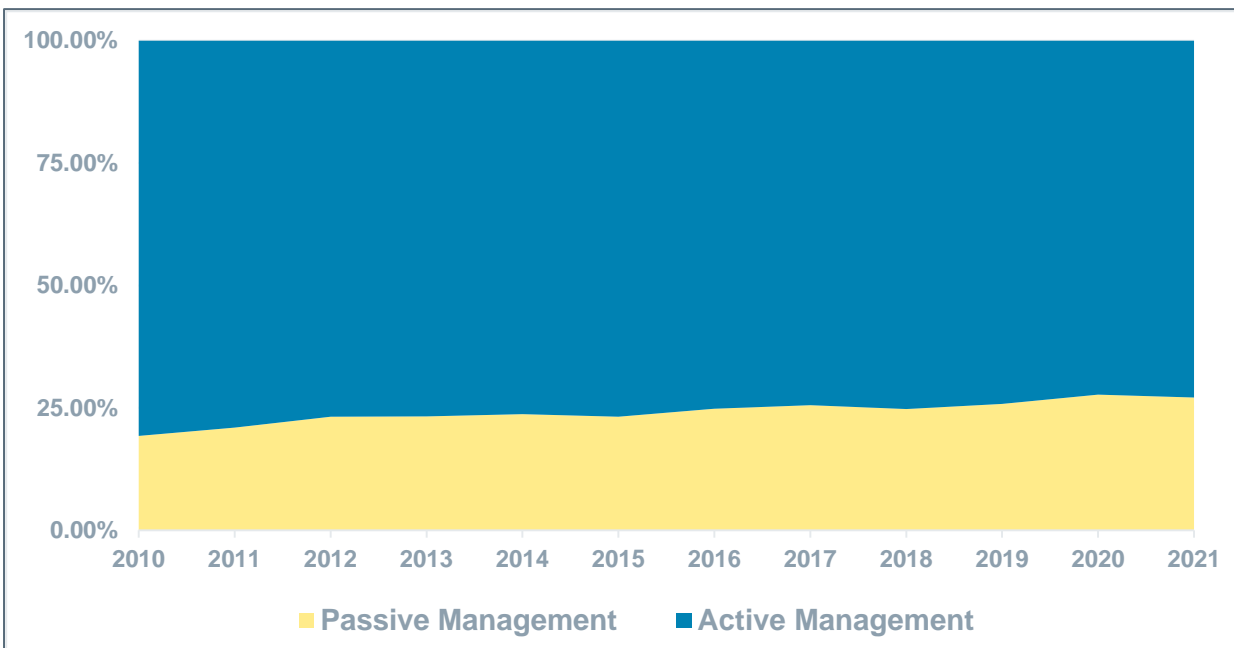
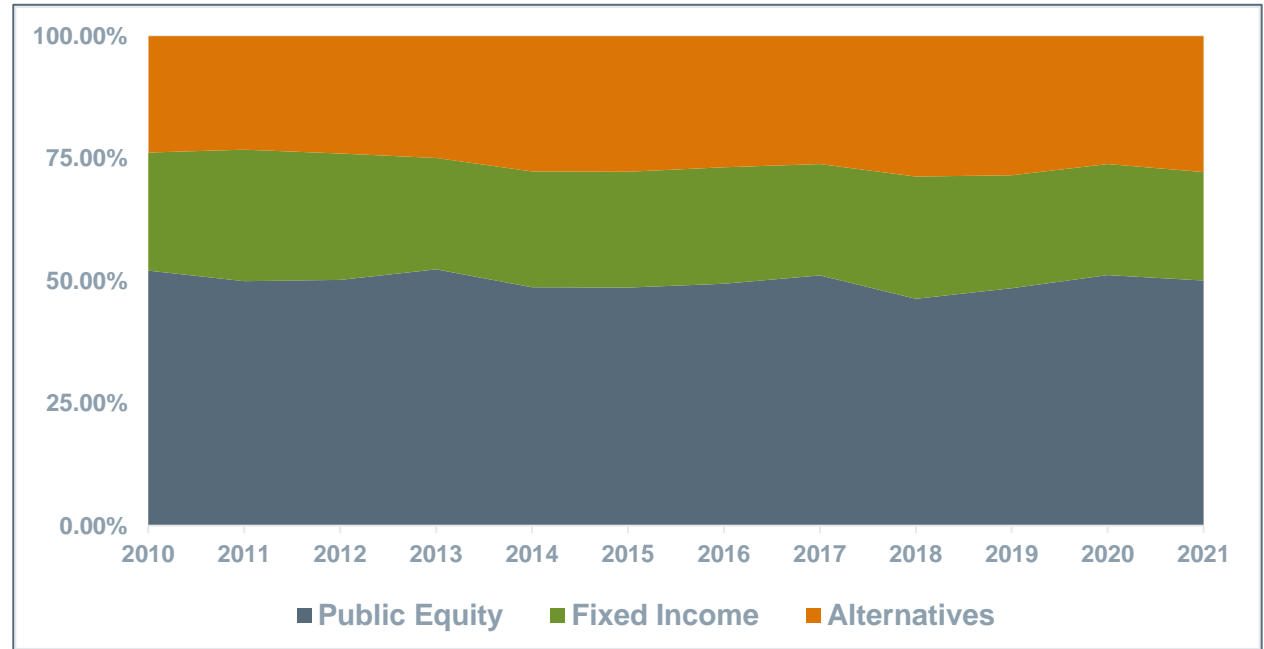
While dated at the time of this presentation, it is important to understand how capital markets fared over the one and ten year periods to give some context on the performance of the Systems.

Index	1 Year Return	10 Year Return
MSCI ACW	39.26	9.90
Russell 3000	44.16	14.70
MSCI EAFE	32.35	5.89
MSCI Emerging Markets	40.90	4.29
Bloomberg US Aggregate Fixed Income	-0.34	3.39
NCREIF ODCE	7.09	8.60
HFRI Asset Wtd.	16.35	4.13
Cambridge US PE	55.43	15.47

- Equity markets continued their historic rebound from COVID-induced lows.
- Renewed optimism stemming from reopening efforts, lifted mask mandates, and a proposed bipartisan infrastructure bill.
- Key economic indicators were largely positive and the IMF improved its forward looking expectations for GDP in 2021 and 2022.
- Key inflation figures saw meaningful YoY increases, but were largely viewed as transitory.

# Trends in Asset Allocation and Implementation

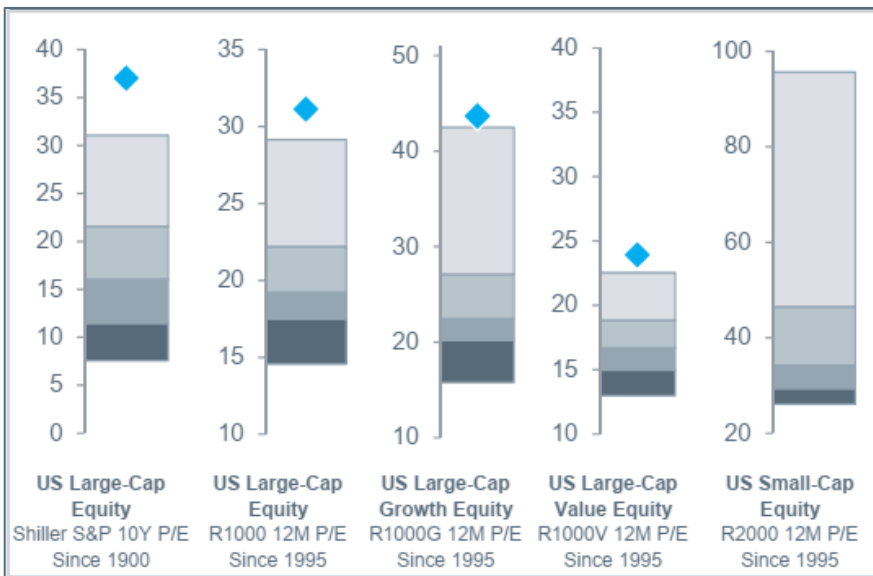
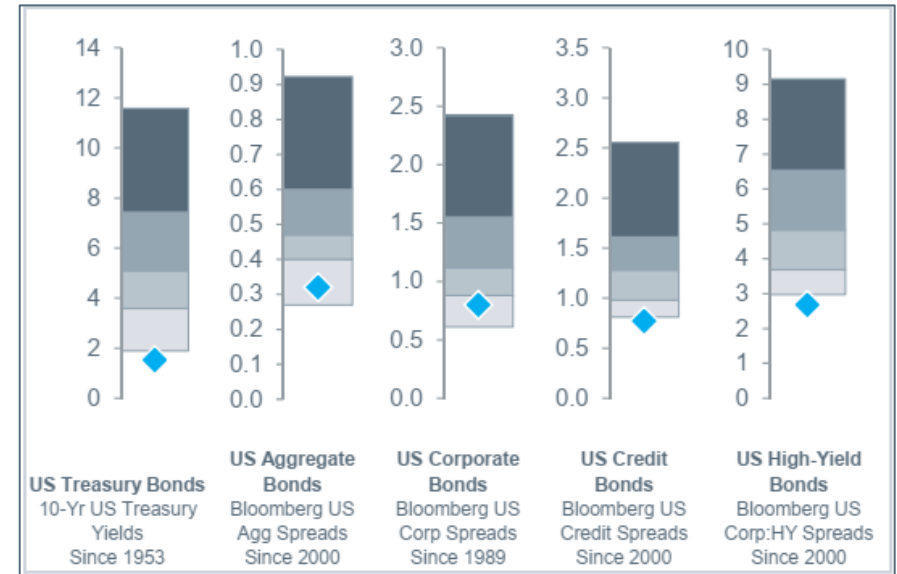
- Continued decrease in FI exposure.
- Despite public scrutiny, alternatives exposure relatively consistent.



- Passive exposure continues to increase, primarily in US equity portfolios.

# Downward Pressure on Future Expectations

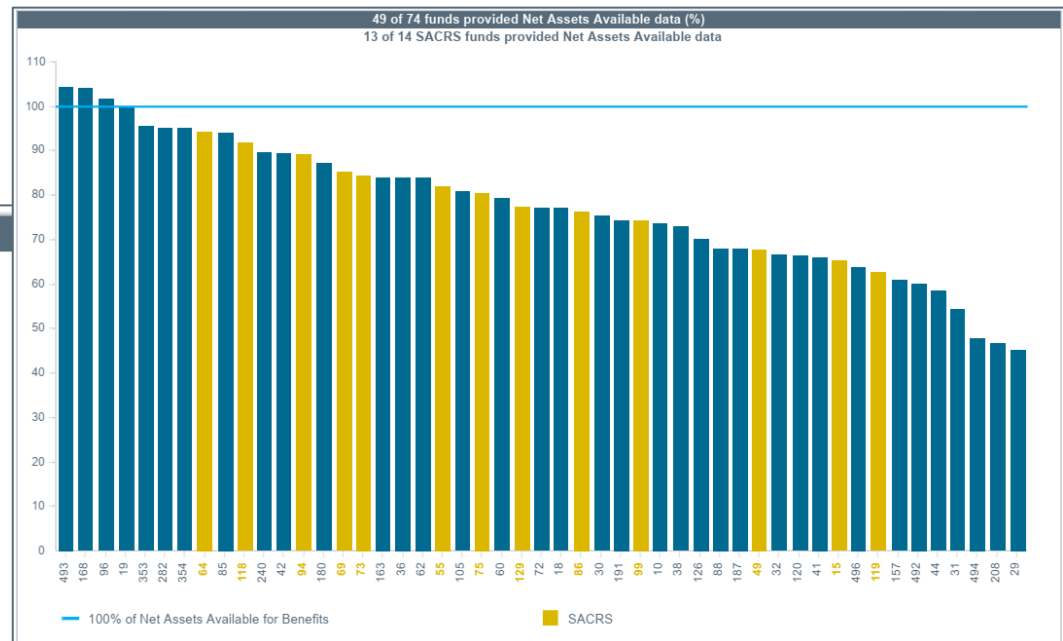
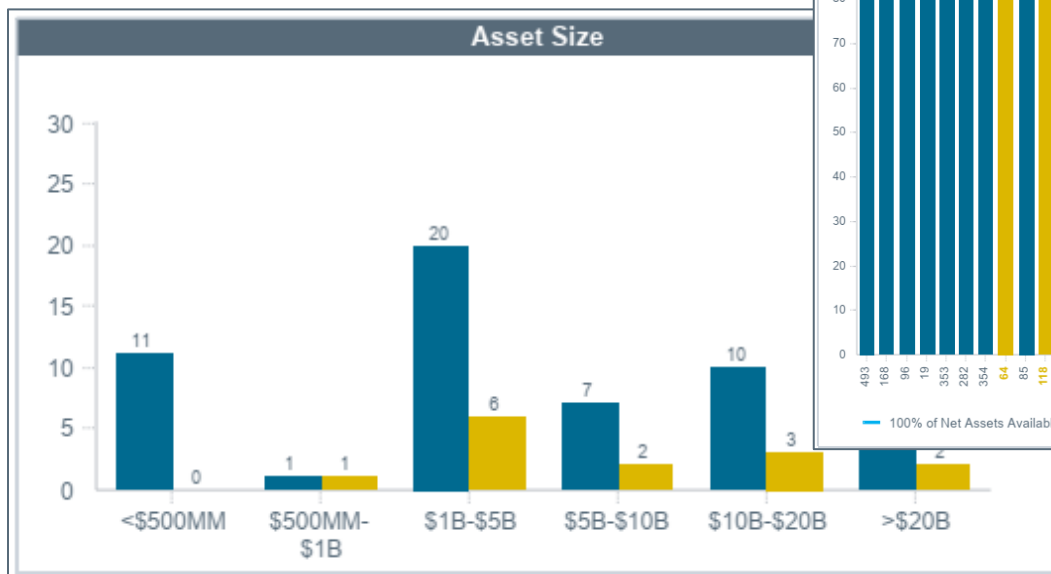
- Fixed income yields are near all-time lows.
- Additional returns sought via “spread” sectors carry additional risk and reduced return expectations.



- US equity valuations near/above all-time highs.
- Small cap stocks have a negative EPS as of 6/30/21.

# SACRS Annual Comparison – A Foreword

- Comparisons amongst peers often receive notable attention from decision making bodies and media outlets.
- RVK would recommend some amount of caution in viewing the results, as peer comparisons are often made with limited insight into the unique characteristics of peers.
- While each SACRS member is a peer in many ways, there are distinct differences in each System that may be overlooked during this analysis:
  - Funded status
  - Contribution policy
  - Payout ratio/cash flow needs
  - Governance



# SACRS Annual Comparison – 1 Year Returns

System	1 Year Return	Avg. Public Equity Exposure	Avg. FI Exposure	Avg. Alts Exposure
Mendocino	31.75	69%	20%	11%
Marin	30.56	53%	23%	24%
Sonoma	28.23	64%	18%	18%
Sacramento	27.90	42%	17%	41%
Imperial	27.17	55%	24%	21%
Merced	27.08	49%	22%	29%
Orange	26.68	48%	16%	36%
Fresno	26.05	52%	28%	20%
San Diego	25.77	54%	23%	23%
Santa Barbara	25.66	40%	25%	35%
Los Angeles	25.63	38%	27%	35%
San Mateo	24.50	41%	28%	31%
Kern	24.20	44%	26%	30%
Tulare	23.96	50%	28%	22%
Contra Costa	22.64	45%	22%	33%

# SACRS Annual Comparison – 5 Year Returns

System	5 Year Return	5 Year Standard Deviation	Avg. Public Equity Exposure	Avg. FI Exposure	Avg. Alts Exposure
Marin	12.40	11.65	53%	23%	24%
Mendocino	12.34	13.75	68%	21%	11%
Sacramento	12.13	8.43	43%	17%	40%
Merced	11.95	9.54	50%	22%	28%
Sonoma	11.17	11.52	59%	18%	23%
Imperial	11.13	10.02	56%	26%	18%
Los Angeles	11.06	8.34	41%	27%	32%
Orange	11.02	7.76	48%	16%	36%
San Diego	10.58	9.82	49%	24%	27%
Santa Barbara	10.26	8.77	41%	24%	35%
Kern	10.23	9.23	42%	31%	27%
Fresno	9.98	10.40	44%	33%	23%
Tulare	9.91	9.33	48%	28%	26%
Contra Costa	9.76	7.91	46%	24%	30%
San Mateo	9.66	9.51	40%	25%	35%

# SACRS Annual Comparison – 10 Year Returns

System	10 Year Return	10 Year Standard Deviation	Avg. Public Equity Exposure	Avg. FI Exposure	Avg. Alts Exposure
Marin	10.60	10.27	56%	22%	22%
Sonoma	9.44	10.17	59%	18%	23%
Mendocino	9.22	11.94	66%	23%	11%
Merced	9.15	8.99	53%	24%	23%
Sacramento	9.12	8.44	45%	18%	37%
Contra Costa	8.91	7.68	47%	26%	27%
Los Angeles	8.86	7.70	46%	25%	29%
Imperial	8.58	9.34	56%	27%	16%
San Diego	8.47	8.10	36%	22%	42%
San Mateo	8.35	9.05	47%	22%	31%
Orange	8.14	7.29	41%	19%	40%
Kern	8.09	8.40	45%	30%	25%
Fresno	7.88	9.42	45%	35%	20%
Santa Barbara	7.86	8.05	42%	29%	29%
Tulare	7.65	8.91	49%	28%	23%



# SACRS Annual Comparison – Summary Comments

- Capital markets have experienced outsized returns over the last 10+ years, partially driven by non-market forces (fiscal and monetary policies).
- The likelihood of similar returns over the next 10+ years is relatively low; high valuations in equity combined with low yields in fixed income create a difficult environment going forward.
- Public retirement systems need to carefully examine asset allocation and implementation to ensure portfolios are well positioned to meet cash flow needs.
- Objectively measuring an individual system's performance requires a thoughtful combination of benchmarks; peer groups should be carefully used as part of this exercise.

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