ACG | ASSET CONSULTING GROUP

# County Employees' Retirement Fund

***Monthly ASAP Report***

June 30, 2024

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**Greenwich**

**Quality Leader**

2018 2019 2020 2021 2022 **2023**

***We are proud to announce that ACG has again been named a Greenwich Associates Quality Leader - recognized as one of the top consultants in the industry.***

***Methodology and Disclosure:*** *Between February and November 2023, Coalition Greenwich conducted interviews with 708 individuals from 575 of the largest tax-exempt funds in the United States. These U.S.-based institutional investors are corporate, public, union, and endowment and foundation funds with either pension or investment pool assets greater than $150 million. Study participants were asked to provide quantitative and qualitative evaluations of their asset management and investment consulting providers, including qualitative assessments of those firms soliciting their business and detailed information on important market trends. ACG is one of three firms recognized in the mid-size investment consultant category. The ratings may not be representative of any one client's experience with ACG; rather they are representative of those clients that chose to participate in the survey. The results are not indicative of ACG's future performance. ACG does not pay to have its clients participate in the study.*

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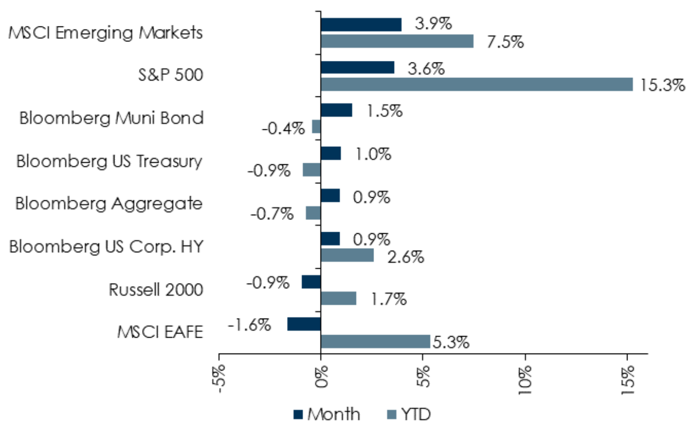
## Economic Overview

- **The FOMC maintained its benchmark rate at 5.25% - 5.50%, as expected, and the Fed's updated dot plot now forecasts just one cut in 2024**
- **Key developed market central banks have initiated policy easing, with the European Central Bank and Bank of Canada cutting rates in June**
- **Inflation cooled as core CPI's year-over-year increase fell from 3.6% to 3.4% while core PCE, the Fed's preferred gauge, fell from 2.8% to 2.6%**

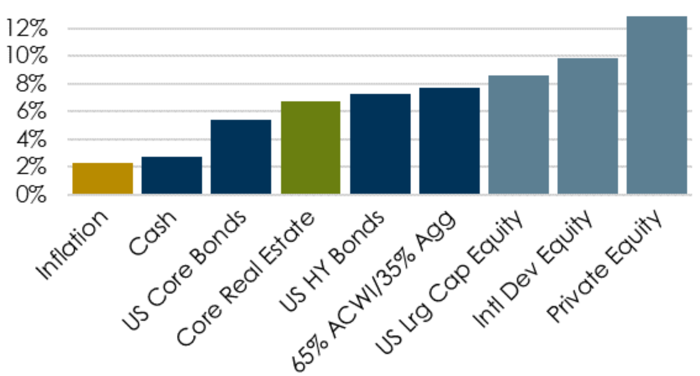
### Market Returns

- EM equities outperformed, US Large caps still lead year-to-date
- Currency impact and election uncertainty weighed on EAFE




Source: Bloomberg, ACG Research (as of 6/30/2024)

### ACG's Average Annual Return Assumptions (Next 10 Years)




### Asset Class Valuations - Rebalancing Rationale

- Equities discounting a soft landing and eventual easing monetary policy
- Favor core bonds (US Treasuries) over high yield
- Cash remains attractive with yields around 5%

| Asset Class | Current Valuation | Rationale |
|---|---|---|
| US Large Cap | | Expensive valuations |
| US Small Cap | | Balanced upside/downside risks |
| Int'l Developed | | Fair valuations, mixed growth across regions |
| Emerging Mkt | | Balanced upside/downside risks |

| | | |
|---|---|---|
| Cash | | High current yield |
| Core Bonds | | Favor high quality |
| Multi-Sector | | Duration, spreads balanced |
| Unconstrained | | Duration, spreads balanced |

| | | |
|---|---|---|
| Core Real Estate | | Historically low (but rising) cap rates |

Overvalued | Fairly Valued | Undervalued

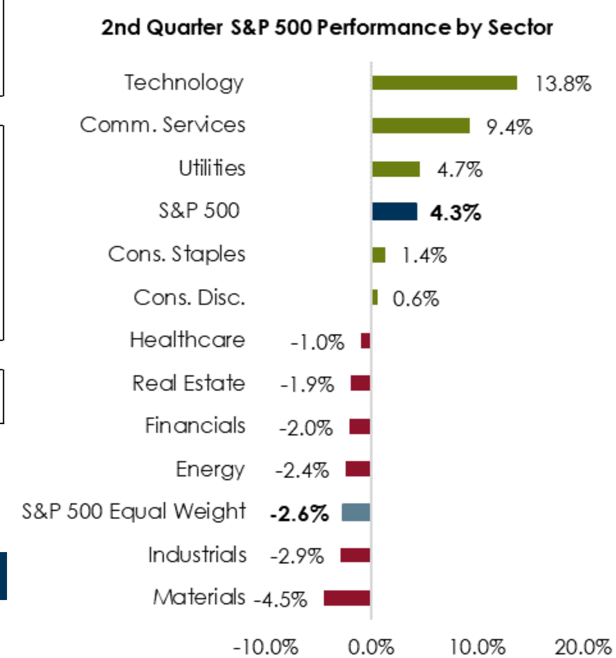
### Recent Articles (click on links below)

- The Evolution of Private Wealth (April)
- Fiscal Policy Impact of 2024 Election (April)
- Is Cash King? (February)

### Key Risk Factors We Are Watching

- Stronger inflation and labor market data
- Rising headwinds for consumers (higher rates, student loan repayments, depleted savings…)
- Potential Fed policy error
- Headwinds to corporate earnings
- Rising geopolitical tensions
- Weaker than expected China recovery

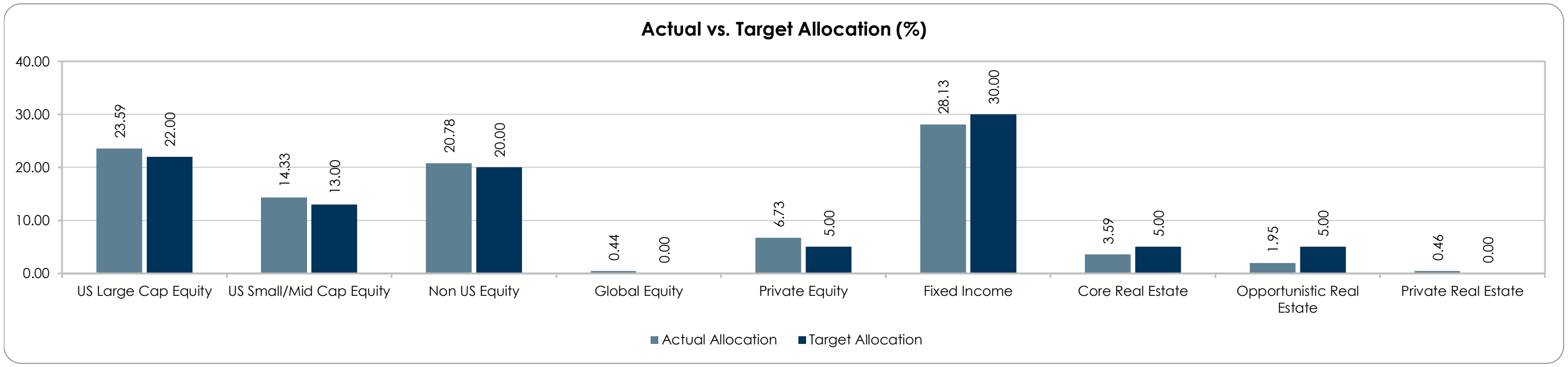
### Gains Mask Divergence in Top-Heavy S&P 500



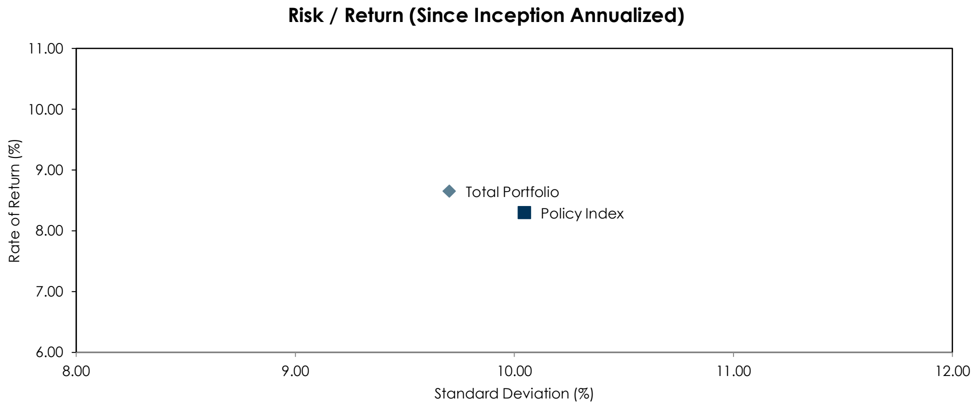

Source: Morningstar (6/30/2024)

# County Employees' Retirement Fund

*For the Periods Ending June 30, 2024*




| Asset Class | Market Value ($000s) | Actual Allocation (%) | Target Allocation (%) | Over/ Under (%) |
|---|---|---|---|---|
| **Total Portfolio** | **783,321** | **100.00** | **100.00** | |
| **Equity** | **515,993** | **65.87** | **60.00** | **5.87** |
| US Large Cap Equity | 184,811 | 23.59 | 22.00 | 1.59 |
| US Small/Mid Cap Equity | 112,260 | 14.33 | 13.00 | 1.33 |
| Non US Equity | 162,778 | 20.78 | 20.00 | 0.78 |
| Global Equity | 3,415 | 0.44 | 0.00 | 0.44 |
| Private Equity | 52,730 | 6.73 | 5.00 | 1.73 |
| **Fixed Income** | **220,315** | **28.13** | **30.00** | **-1.87** |
| **Real Assets** | **47,013** | **6.00** | **10.00** | **-4.00** |
| Core Real Estate | 28,112 | 3.59 | 5.00 | -1.41 |
| Opportunistic Real Estate | 15,300 | 1.95 | 5.00 | -3.05 |
| Private Real Estate | 3,600 | 0.46 | 0.00 | 0.46 |




| Return Statistics (Since Inception Annualized) | Total Portfolio | Policy Index |
|---|---|---|
| **Return (%)** | 8.65 | 8.30 |
| **Standard Deviation (%)** | 9.70 | 10.05 |
| **Sharpe Ratio** | 0.66 | 0.60 |
| **Benchmark Relative Statistics** | | |
| **Beta** | | 0.90 |
| **Up Capture (%)** | | 93.60 |
| **Down Capture (%)** | | 88.34 |

# County Employees' Retirement Fund

*For the Periods Ending June 30, 2024*

| | Market Value ($000s) | Actual Allocation (%) | 1 Month (%) | 3 Months (%) | YTD (%) | 1 Year (%) | 3 Years (%) | 5 Years (%) | 10 Years (%) | Since Inception (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Portfolio (01/95)** | **783,321** | **100.00** | **0.34** | **0.33** | **4.47** | **9.79** | **3.45** | **8.23** | **7.21** | **8.65** |
| *Policy Index* [1] | | | *1.64* | *1.85* | *6.78* | *12.04* | *2.57* | *7.08* | *7.25* | *8.30* |
| **US Large Cap Equity (06/01)** | **184,811** | **23.59** | **3.47** | **4.17** | **15.16** | **24.42** | **9.97** | **15.61** | **12.96** | **10.28** |
| *S&P 500* | | | *3.59* | *4.28* | *15.29* | *24.56* | *10.01* | *15.05* | *12.86* | *8.64* |
| **US Small/Mid Cap Equity (01/02)** | **112,260** | **14.33** | **-1.27** | **-4.01** | **4.81** | **12.19** | **4.50** | **11.82** | **10.99** | **9.69** |
| *Russell 2500* | | | *-1.50* | *-4.27* | *2.35* | *10.47* | *-0.29* | *8.31* | *7.99* | *9.01* |
| **Non US Equity (11/02)** | **162,778** | **20.78** | **-2.54** | **-0.72** | **3.06** | **12.52** | **4.05** | **7.16** | **4.98** | **8.19** |
| *MSCI EAFE NetDiv* | | | *-1.61* | *-0.42* | *5.34* | *11.54* | *2.89* | *6.46* | *4.33* | *7.05* |
| **Long/Short Equity (04/08) *** | **3,415** | **0.44** | **--** | **--** | **--** | **--** | **--** | **--** | **--** | **--** |
| *HFRI FOF: Strategic* | | | *0.21* | *0.29* | *5.34* | *10.21* | *0.38* | *4.68* | *3.46* | *2.51* |
| **Private Equity (11/09) *** | **52,730** | **6.73** | **0.00** | **0.00** | **-0.22** | **1.98** | **6.85** | **14.22** | **12.94** | **11.98** |
| *S&P 500* | | | *3.59* | *4.28* | *15.29* | *24.56* | *10.01* | *15.05* | *12.86* | *14.19* |
| **Fixed Income (08/03)** | **220,315** | **28.13** | **0.94** | **0.41** | **0.81** | **5.29** | **-0.71** | **1.92** | **1.99** | **4.25** |
| *Bloomberg US Aggregate* | | | *0.95* | *0.07* | *-0.71* | *2.63* | *-3.02* | *-0.23* | *1.35* | *3.17* |
| **Core Real Estate (10/05)** | **28,112** | **3.59** | **0.41** | **1.36** | **-4.21** | **-14.06** | **-0.31** | **1.59** | **5.50** | **4.68** |
| *NFI ODCE* | | | *-0.45* | *-0.45* | *-2.81* | *-9.26* | *1.89* | *3.15* | *6.40* | *5.97* |
| **Opportunistic Real Estate (08/22)** | **15,300** | **1.95** | **-1.21** | **-2.51** | **-9.87** | **-24.03** | **--** | **--** | **--** | **-21.58** |
| *NFI ODCE* | | | *-0.45* | *-0.45* | *-2.81* | *-9.26* | *1.89* | *3.15* | *6.40* | *-10.02* |
| **Building Valuation** | **3,600** | **0.46** | **--** | **--** | **--** | **--** | **--** | **--** | **--** | **--** |

[1] Policy Index: Effective August 2022, the index consists of 65.00% MSCI ACWI NetDiv, 10.00% NFI ODCE, 25.00% Bloomberg US Aggregate.

Building Valuation is not included in performance.

## County Employees' Retirement Fund

*For the Periods Ending June 30, 2024*

| | Market Value ($000s) | Actual Allocation (%) | 1 Month (%) | 3 Months (%) | YTD (%) | 1 Year (%) | 3 Years (%) | 5 Years (%) | 10 Years (%) | Since Inception (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Equity** | | | | | | | | | | |
| **US Large Cap Equity** | | | | | | | | | | |
| **Northern Trust S&P 500 Index (06/21)** | **184,811** | **23.59** | **3.47** | **4.17** | **15.16** | **24.42** | **9.97** | **--** | **--** | **10.52** |
| *S&P 500* | | | *3.59* | *4.28* | *15.29* | *24.56* | *10.01* | *15.05* | *12.86* | *10.55* |
| **US Small/Mid Cap Equity** | | | | | | | | | | |
| **William Blair SMID Cap Growth (08/16)** | **53,759** | **6.86** | **-1.98** | **-6.65** | **1.70** | **7.78** | **-1.50** | **7.95** | **--** | **11.76** |
| *Russell 2500 Growth* | | | *-0.54* | *-4.22* | *3.93* | *9.02* | *-4.11* | *7.58* | *8.77* | *10.02* |
| **Burgundy Asset Management (07/04)** | **58,500** | **7.47** | **-0.60** | **-1.45** | **7.94** | **16.41** | **9.73** | **14.94** | **12.49** | **12.33** |
| *Russell 2000 Value* | | | *-1.69* | *-3.64* | *-0.85* | *10.90* | *-0.53* | *7.07* | *6.23* | *7.23* |
| **Non US Equity** | | | | | | | | | | |
| **Brandes (10/98)** | **78,429** | **10.01** | **-3.32** | **-0.26** | **4.77** | **18.28** | **7.80** | **9.49** | **5.39** | **8.53** |
| *MSCI EAFE NetDiv* | | | *-1.61* | *-0.42* | *5.34* | *11.54* | *2.89* | *6.46* | *4.33* | *5.28* |
| *MSCI EAFE Value NetDiv* | | | *-2.78* | *0.01* | *4.49* | *13.75* | *5.55* | *6.07* | *3.02* | *5.45* |
| **Barings Focused EAFE Plus Equity (05/12)** | **61,852** | **7.90** | **-1.86** | **-1.36** | **0.44** | **5.44** | **-0.17** | **4.80** | **4.99** | **5.48** |
| *MSCI EAFE NetDiv* | | | *-1.61* | *-0.42* | *5.34* | *11.54* | *2.89* | *6.46* | *4.33* | *6.38* |
| *MSCI EAFE Growth NetDiv* | | | *-0.45* | *-0.75* | *6.23* | *9.39* | *0.08* | *6.46* | *5.42* | *6.95* |
| **Vanguard FTSE Dev Mkts ETF (03/24)** | **22,497** | **2.87** | **-1.66** | **-0.57** | **--** | **--** | **--** | **--** | **--** | **3.07** |
| *FTSE Developed All Cap ex US* | | | *-1.41* | *-0.47* | *4.55* | *11.37* | *2.09* | *6.81* | *4.67* | *3.06* |
| **Long/Short Equity** | | | | | | | | | | |
| **ABS Global (03/15)** [2] | **3,415** | **0.44** | **--** | **--** | **--** | **--** | **--** | **--** | **--** | **--** |
| *HFRI FOF: Strategic* | | | *0.21* | *0.29* | *5.34* | *10.21* | *0.38* | *4.68* | *3.46* | *3.43* |
| **Private Equity (11/09) *** | **52,730** | **6.73** | **0.00** | **0.00** | **-0.22** | **1.98** | **6.85** | **14.22** | **12.94** | **11.98** |
| *S&P 500* | | | *3.59* | *4.28* | *15.29* | *24.56* | *10.01* | *15.05* | *12.86* | *14.19* |

# County Employees' Retirement Fund

*For the Periods Ending June 30, 2024*

| | Market Value ($000s) | Actual Allocation (%) | 1 Month (%) | 3 Months (%) | YTD (%) | 1 Year (%) | 3 Years (%) | 5 Years (%) | 10 Years (%) | Since Inception (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Fixed Income** | | | | | | | | | | |
| **Loomis Sayles (04/01)** | **64,686** | **8.26** | **0.85** | **-0.18** | **-0.24** | **3.04** | **-2.32** | **1.16** | **2.25** | **4.90** |
| *Bloomberg US Aggregate* | | | *0.95* | *0.07* | *-0.71* | *2.63* | *-3.02* | *-0.23* | *1.35* | *3.53* |
| **Baird Core Plus (11/16)** | **64,689** | **8.26** | **0.97** | **0.37** | **0.27** | **4.64** | **-2.00** | **0.95** | **--** | **1.91** |
| *Bloomberg Universal* | | | *0.91* | *0.19* | *-0.28* | *3.47* | *-2.68* | *0.11* | *1.63* | *1.13* |
| **BlackRock Strategic Opps Fund (03/17)** | **89,723** | **11.45** | **1.00** | **0.87** | **1.92** | **7.49** | **1.48** | **3.31** | **--** | **3.55** |
| *Bloomberg US Aggregate* | | | *0.95* | *0.07* | *-0.71* | *2.63* | *-3.02* | *-0.23* | *1.35* | *1.01* |
| **Deferred Comp (01/13)** | **18** | **0.00** | **0.42** | **1.29** | **2.61** | **5.31** | **3.01** | **2.06** | **1.41** | **1.22** |
| **Cash and Equivalents (01/13)** | **1,198** | **0.15** | **0.33** | **1.06** | **2.38** | **5.06** | **2.99** | **2.05** | **1.42** | **1.24** |
| *US T-Bills 90 Day* | | | *0.41* | *1.32* | *2.63* | *5.40* | *3.03* | *2.16* | *1.51* | *1.32* |
| **Real Assets** | | | | | | | | | | |
| **Core Real Estate** | | | | | | | | | | |
| **JP Morgan Strategic Prop Fd (04/15)** | **28,112** | **3.59** | **0.41** | **1.36** | **-4.21** | **-14.06** | **-0.31** | **1.59** | **--** | **4.70** |
| *NFI ODCE* | | | *-0.45* | *-0.45* | *-2.81* | *-9.26* | *1.89* | *3.15* | *6.40* | *5.82* |
| **Opportunistic Real Estate** | | | | | | | | | | |
| **JP Morgan Spcl Situations Prop Fd (08/22)** | **15,300** | **1.95** | **-1.21** | **-2.51** | **-9.87** | **-24.03** | **--** | **--** | **--** | **-21.58** |
| *NFI ODCE* | | | *-0.45* | *-0.45* | *-2.81* | *-9.26* | *1.89* | *3.15* | *6.40* | *-10.02* |
| **Building Valuation** | **3,600** | **0.46** | **--** | **--** | **--** | **--** | **--** | **--** | **--** | **--** |

Building Valuation is not included in performance.

* Performance is Net of Fees

2 Manager Holdback

# County Employees' Retirement Fund

*For the Period Ending June 30, 2024*

**Summary of Cash Flows for 1 Month**

| Cash Outflows | Cash Inflows | Net Cash Flows |
|---|---|---|
| - | 434,687 | 434,687 |

**Summary of Portfolio Inception to Date**

| | Inception Date | Committed | Drawn to Date | Remaining Commitment | Distributions to Date | Adjusted Ending Value | Total Value | Total Value to Paid-in | Annualized IRR (%) |
|---|---|---|---|---|---|---|---|---|---|
| **Total** | **Nov-09** | **60,000,000** | **44,529,814** | **12,970,187** | **30,282,838** | **52,729,878** | **83,012,716** | **1.86x** | **13.93** |
| Portfolio Advisors VI | Nov-09 | 10,000,000 | 6,474,540 | 1,025,461 | 11,784,055 | **2,756,581** | 14,540,636 | 2.25x | 12.29 |
| Portfolio Advisors VIII | Nov-15 | 20,000,000 | 14,753,050 | 5,246,950 | 17,282,900 | **17,053,007** | 34,335,907 | 2.33x | 15.87 |
| Portfolio Advisors X | Jul-20 | 30,000,000 | 23,302,224 | 6,697,776 | 1,215,883 | **32,920,290** | 34,136,173 | 1.46x | 13.21 |

**Cash Flow Activity for 1 Month**

| Fund Name | Date | Transaction Type | Cash Outflows | Cash Inflows | Net Cash Flows |
|---|---|---|---|---|---|
| **Total** | | | **-** | **434,687** | **434,687** |
| Portfolio Advisors VIII | 6/03/2024 | Distribution | - | 434,687 | |

# Historical Benchmark Composition

**Policy Index**

| | |
|---|---|
| 12/31/1994 | The index consists of 65.00% S&P 500, 35.00% Bloomberg US Aggregate. |
| 01/31/2017 | The index consists of 65.00% MSCI ACWI NetDiv, 5.00% NFI ODCE, 30.00% Bloomberg US Aggregate. |
| 08/31/2022 | The index consists of 65.00% MSCI ACWI NetDiv, 10.00% NFI ODCE, 25.00% Bloomberg US Aggregate. |

# Market Overview

*For the Periods Ending June 30, 2024*

| | 1 Month (%) | 3 Months (%) | YTD (%) | 1 Year (%) | 3 Years (%) | 5 Years (%) | 10 Years (%) |
|---|---|---|---|---|---|---|---|
| **Equity Markets - Core** | | | | | | | |
| S&P 500 | 3.59 | 4.28 | 15.29 | 24.56 | 10.01 | 15.05 | 12.86 |
| Russell 1000 | 3.31 | 3.57 | 14.24 | 23.88 | 8.74 | 14.61 | 12.51 |
| Russell 2000 | -0.93 | -3.28 | 1.73 | 10.06 | -2.58 | 6.94 | 7.00 |
| Russell 2500 | -1.50 | -4.27 | 2.35 | 10.47 | -0.29 | 8.31 | 7.99 |
| Russell Mid Cap | -0.66 | -3.35 | 4.96 | 12.88 | 2.37 | 9.46 | 9.04 |
| **Equity Markets - Growth** | | | | | | | |
| S&P 500 Growth | 6.98 | 9.59 | 23.56 | 32.52 | 9.42 | 16.87 | 14.97 |
| Russell 1000 Growth | 6.74 | 8.33 | 20.70 | 33.48 | 11.28 | 19.34 | 16.33 |
| Russell 2000 Growth | -0.17 | -2.92 | 4.44 | 9.14 | -4.86 | 6.17 | 7.39 |
| Russell 2500 Growth | -0.54 | -4.22 | 3.93 | 9.02 | -4.11 | 7.58 | 8.77 |
| Russell Mid Cap Growth | 1.67 | -3.21 | 5.98 | 15.05 | -0.08 | 9.93 | 10.51 |
| **Equity Markets - Value** | | | | | | | |
| S&P 500 Value | -0.65 | -2.10 | 5.79 | 15.29 | 9.59 | 11.89 | 9.89 |
| Russell 1000 Value | -0.94 | -2.17 | 6.63 | 13.06 | 5.52 | 9.01 | 8.23 |
| Russell 2000 Value | -1.69 | -3.64 | -0.85 | 10.90 | -0.53 | 7.07 | 6.23 |
| Russell 2500 Value | -2.01 | -4.31 | 1.50 | 11.24 | 2.15 | 8.01 | 6.77 |
| Russell Mid Cap Value | -1.60 | -3.40 | 4.54 | 11.98 | 3.65 | 8.49 | 7.60 |
| **International Markets** | | | | | | | |
| MSCI EAFE NetDiv | -1.61 | -0.42 | 5.34 | 11.54 | 2.89 | 6.46 | 4.33 |
| MSCI ACWI NetDiv | 2.23 | 2.87 | 11.30 | 19.38 | 5.43 | 10.76 | 8.43 |
| MSCI World NetDiv | 2.03 | 2.63 | 11.75 | 20.19 | 6.86 | 11.78 | 9.16 |
| MSCI World ex US NetDiv | -1.66 | -0.60 | 4.96 | 11.22 | 2.82 | 6.56 | 4.27 |
| **Fixed Income** | | | | | | | |
| ICE BofA 1-3 Yr Treasury | 0.56 | 0.95 | 1.24 | 4.51 | 0.40 | 1.06 | 1.13 |
| ICE BofA High Yield Master II | 0.93 | 1.09 | 2.60 | 10.41 | 1.63 | 3.73 | 4.21 |
| Bloomberg US Aggregate | 0.95 | 0.07 | -0.71 | 2.63 | -3.02 | -0.23 | 1.35 |
| Bloomberg Intermediate G/C | 0.80 | 0.64 | 0.49 | 4.19 | -1.18 | 0.71 | 1.55 |
| Bloomberg 10 Yr Municipal | 1.51 | -1.04 | -1.57 | 1.92 | -0.79 | 1.18 | 2.48 |
| Bloomberg US Credit | 0.67 | -0.05 | -0.46 | 4.42 | -2.94 | 0.54 | 2.21 |

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