



Mendocino County Employees' Retirement Association

Performance Review

Quarter ended March 31, 2024

Greg DeForrest, CFA

Fund Sponsor Consulting

Claire Telleen, CFA

Fund Sponsor Consulting

Hannah Vieira

Fund Sponsor Consulting

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Agenda

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- Economic and Capital Markets Review
 - MCERA 1Q 2024 Performance
 - MCERA Forward Planning Calendar

Global Economic Update

Equity Markets Climb in 1Q, Bonds Falter

Stocks have recovered losses of 2022; bonds still have ground to make up

S&P 500 climbed 10.6% in 1Q24

- Stocks continued their momentum from the end of last year when the index surged 11.7% in 4Q23.
- The S&P 500 has fully recovered after falling 18.1% in 2022.

Fixed income faltered in 1Q24

- The Bloomberg Aggregate fell 0.8% amid rising rates in 1Q24.
- Interest rates have been volatile as the markets assess when and how swiftly the Fed will begin easing.
- CPI-U declined during 2023 but remains stalled at 3.5% in 1Q (year-over-year); the inflation index is 13% higher than it was at the start of 2022.
- Grinding out the last bit of stubborn inflation to get to the Fed's broad 2% goal may take longer than expected.

First signs of cooling for economy

- The initial estimate for 1Q24 GDP growth came in at 1.6%, failing to meet consensus expectations of 2.5% to 3%.

Returns for Periods ended 3/31/24

	Quarter	1 Year	1/1/22 - Current	5 Years	10 Years	25 Years
U.S. Equity						
Russell 3000	10.02	29.29	5.15	14.34	12.33	8.01
S&P 500	10.56	29.88	6.13	15.05	12.96	7.78
Russell 2000	5.18	19.71	-0.96	8.10	7.58	8.37
Global ex-U.S. Equity						
MSCI World ex USA	5.59	15.29	2.94	7.48	4.81	4.78
MSCI Emerging Markets	2.37	8.15	-4.65	2.22	2.95	--
MSCI ACWI ex USA Small Cap	2.11	12.80	-2.48	6.24	4.74	7.20
Fixed Income						
Bloomberg Aggregate	-0.78	1.70	-4.06	0.36	1.54	3.84
90-day T-Bill	1.29	5.24	3.45	2.02	1.38	1.91
Bloomberg Long Gov/Credit	-2.41	-1.15	-11.36	-0.62	2.32	5.25
Bloomberg Global Agg ex-US	-3.21	-0.71	-7.85	-2.49	-1.38	2.34
Real Estate						
NCREIF Property	-0.98	-7.16	-1.71	3.76	6.41	7.88
FTSE Nareit Equity	-0.20	10.54	-6.56	4.15	6.61	9.48
Alternatives						
HFRI Fund Weighted	4.52	11.68	3.62	6.92	4.93	6.35
Cambridge Private Equity*	-0.42	4.17	2.69	14.59	14.27	13.87
Bloomberg Commodity	2.19	-0.56	4.01	6.38	-1.56	2.70
Gold Spot Price	8.04	12.70	9.40	11.51	5.72	8.64
CPI-U	1.82	3.48	5.18	4.20	2.83	2.58

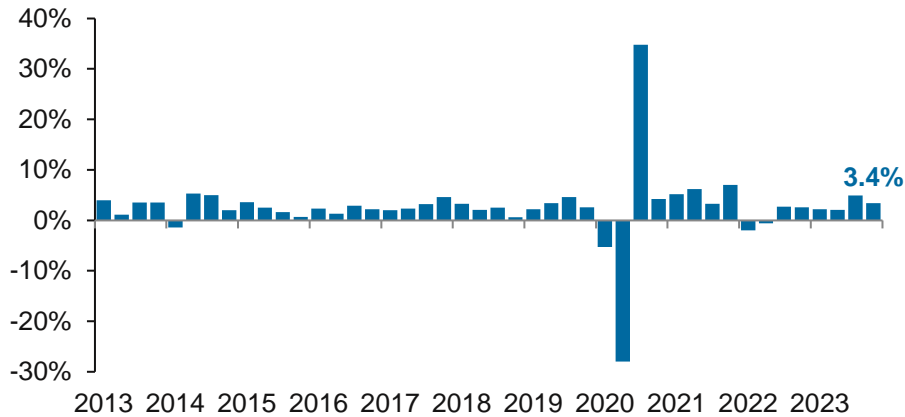
*Cambridge PE data as of 9/30/23.

Returns greater than one year are annualized. Sources: Bloomberg, Callan, Cambridge, FTSE Russell, HFRI, MSCI, NCREIF, S&P Dow Jones Indices

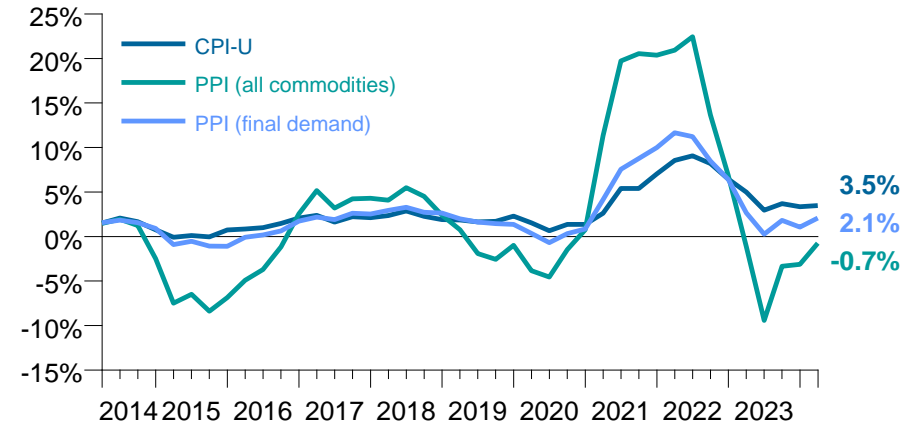
U.S. Economy—Summary

For periods ended 3/31/24 (except GDP, which is as of 12/31/23)

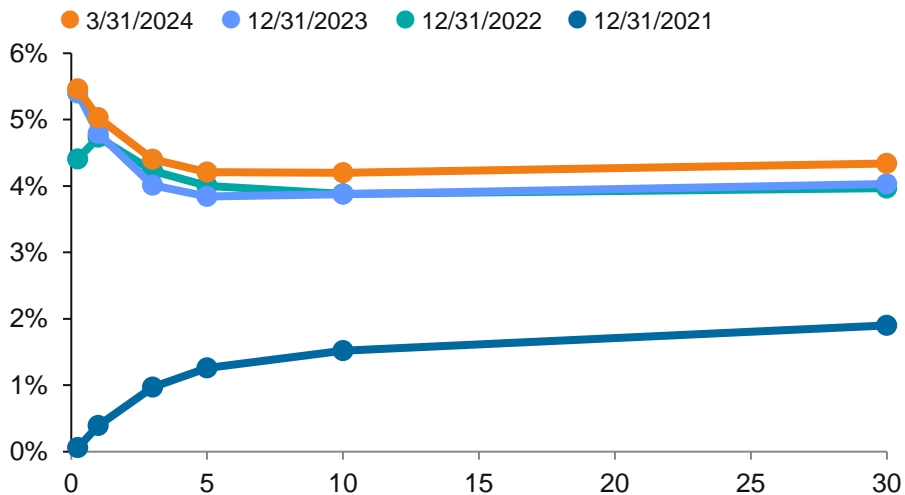
Quarterly Real GDP Growth



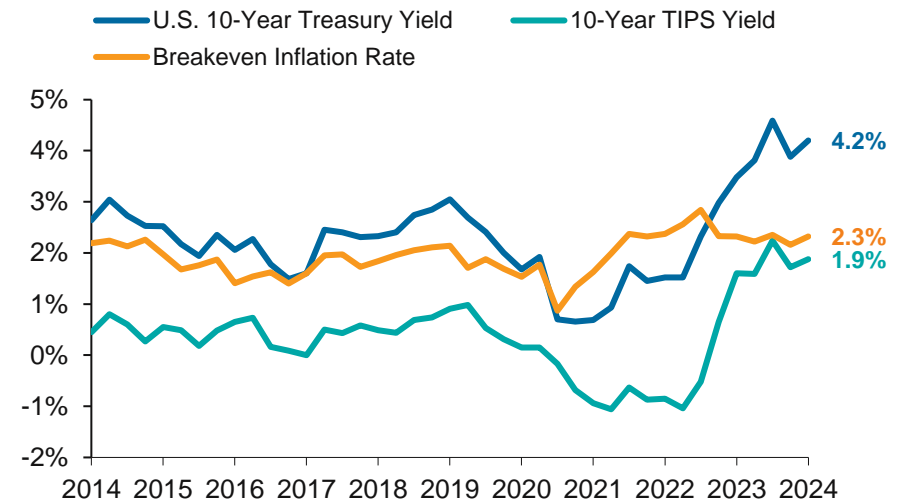
Inflation Year-Over-Year



U.S. Treasury Yield Curves



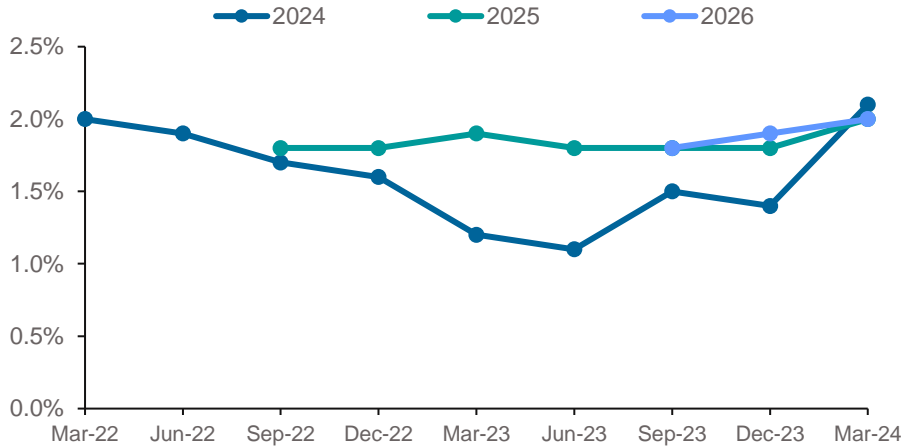
Historical 10-Year Yields



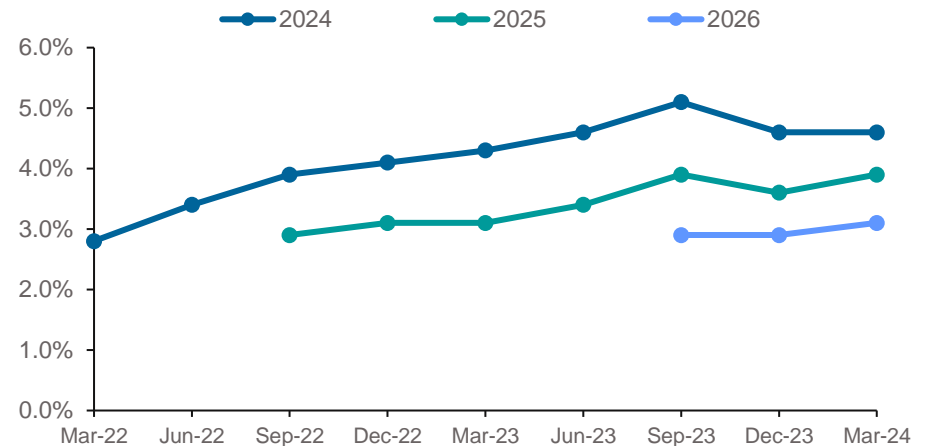
Sources: Bloomberg, Bureau of Labor Statistics, Callan

The Shifting Mindset at the Fed

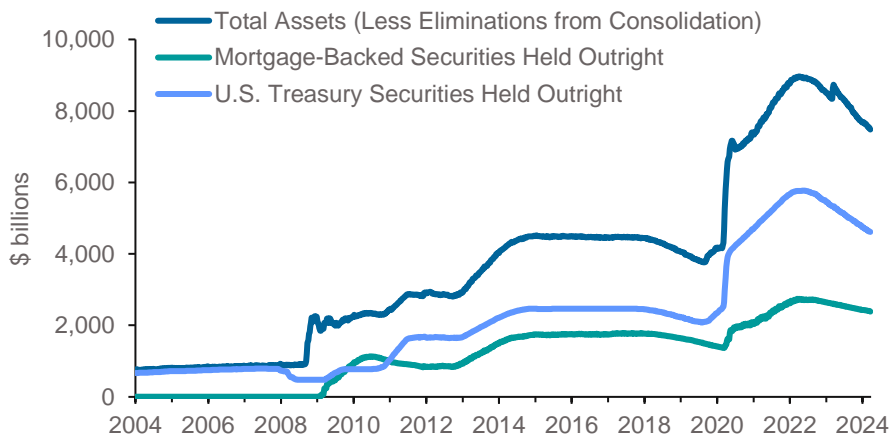
**Fed Projection of Change in Real GDP
By Fed Meeting Date and Projection Year**



**Fed Projection of Fed Funds Rate
By Fed Meeting Date and Projection Year**



Fed Balance Sheet



The big swing in the Fed's GDP projection reflects the surprising nature of economic resilience.

- The Fed steadily increased projections for the appropriate Fed Funds Rate in response to this economic strength.
 - Inflation down from recent highs but well above the Fed's long-term 2% target
- The Fed is also unwinding its balance sheet.
 - This has a more direct impact on longer-term rates than the Fed Funds Rate and could help to slow economic activity if it causes rates to rise.

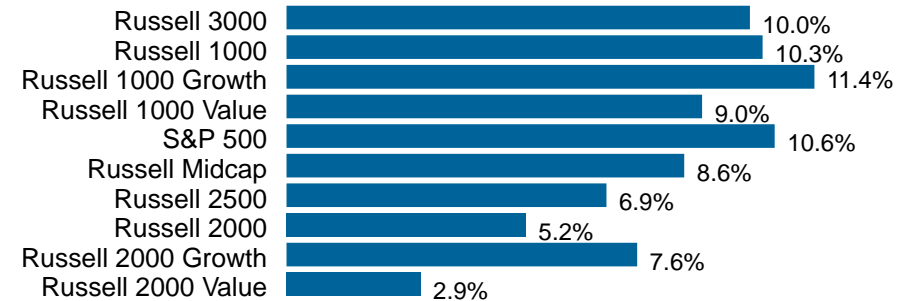
Sources: Federal Reserve, Financial Times

U.S. Equity Performance: 1Q24

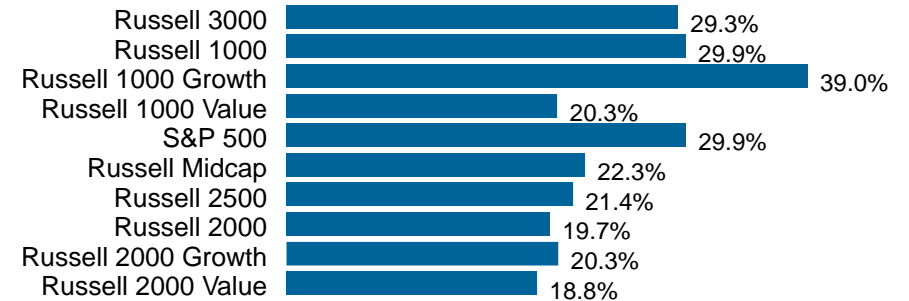
The market exhibited a strong start to 2024

- The U.S. equity markets were off to an exceptional start with the S&P 500 posting a YTD gain of 11%, its best first quarter performance since 2019. Performance was buoyed by continued optimism around a “soft landing” scenario, strong corporate earnings, and the Fed’s projected interest rate cuts in mid-2024.
- Almost all of the 11 S&P 500 sectors posted gains in 1Q24. Real estate was the only sector that posted negative returns, which were challenged by the interest rate environment and continued negative sentiment around office real estate.
- The best-performing sector was Communication Services, which generated a nearly 16% return during the quarter. Energy, Financials, Information Technology, and Industrials also posted double-digit returns.
- Growth outpaced value across the market cap spectrum once again, and large cap stocks continued to outperform small cap stocks.

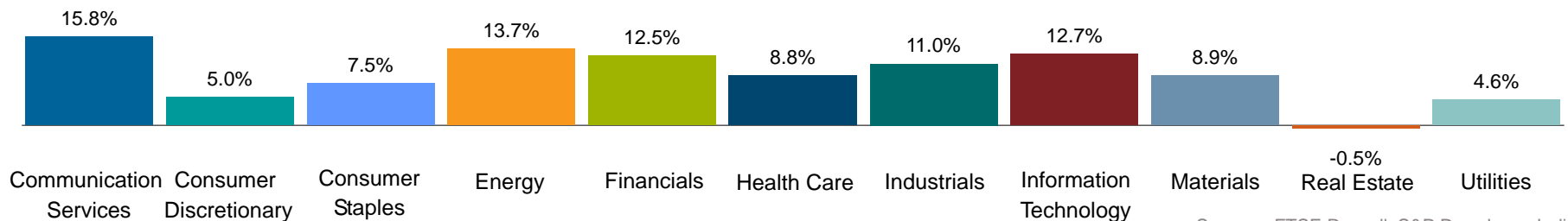
U.S. Equity: Quarter Ended 3/31/24



U.S. Equity: One Year Ended 3/31/24



Industry Sector Quarterly Performance (S&P 500) as of 3/31/24



Sources: FTSE Russell, S&P Dow Jones Indices

Global/Global ex-U.S. Equity Performance: 1Q24

Continued optimism lifts all markets, except China

Broad market

- Broad markets delivered strong returns on the decreasing expected probability of a recession in the U.S. and continued optimism around artificial intelligence.
- Small caps once again trailed large caps in a higher interest rate environment, which tends to more negatively impact smaller companies with more significant borrowing needs.
- Japan performed well yet again, beating the S&P 500 in 1Q24, driven by continued stock buybacks, economic resiliency, and a weakening yen, which helped exports.

Emerging markets

- Emerging markets underperformed developed markets as China struggled with increased regulatory scrutiny and a continued economic slowdown.
- Exporting countries such as Peru and Colombia benefited from growing commodity prices. Turkey also performed well with a return to orthodox monetary policies after experimenting with counterintuitive methodologies.

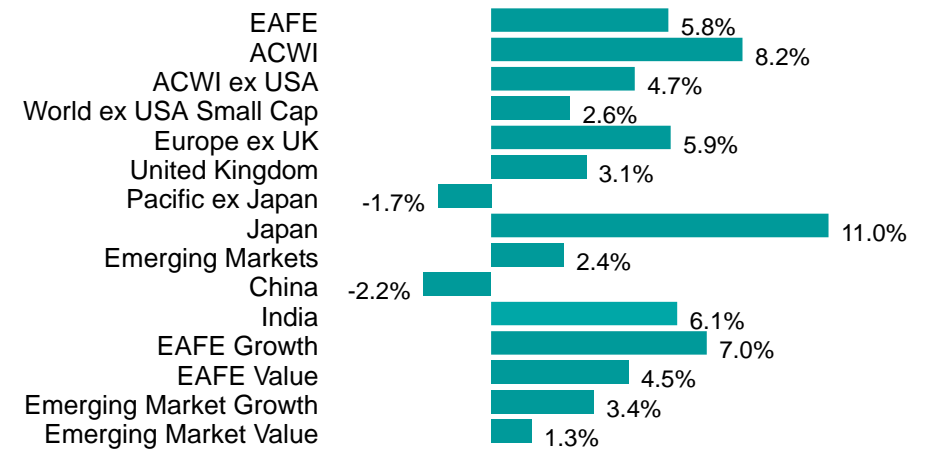
Growth vs. value

- Energy’s volatility continued; after struggling in 4Q23, energy rebounded and helped deliver stronger performance in the commodity-heavy value space.

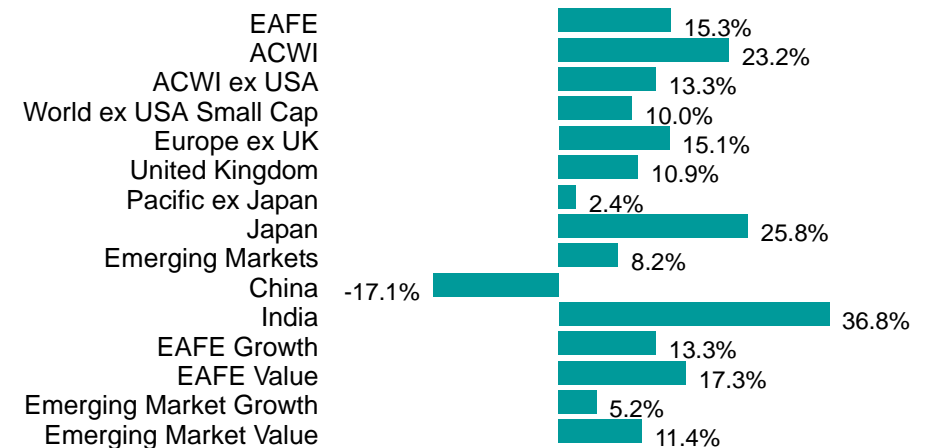
U.S. dollar strength

- The U.S. dollar gained in 1Q as investors recalibrated their interest rate expectations, with conventional wisdom now indicating that the U.S. may only enact one rate cut in 2024.

Global Equity Returns: Quarter Ended 3/31/24



Global Equity Returns: One Year Ended 3/31/24



Source: MSCI

U.S. Fixed Income Performance: 1Q24

U.S. Treasury rates rose while risk appetite drove credit spreads tighter

Macro environment

- Markets' enthusiasm for multiple rate cuts starting in early 2024 was tempered by stronger-than-expected economic data.
- 10-year U.S. Treasury yield rose from 3.88% as of year-end to close the quarter at 4.21%.
- The yield curve remained inverted but less so than one year ago (2-year/10-year 42 bps vs. 57 one year ago).

Performance and drivers

- The Aggregate fell 0.8% as rates rose.
- Investment grade corporates outperformed like-duration Treasuries, while mortgages underperformed.
- Lower quality also outperformed, with high yield corporates and leveraged loans posting the highest returns.

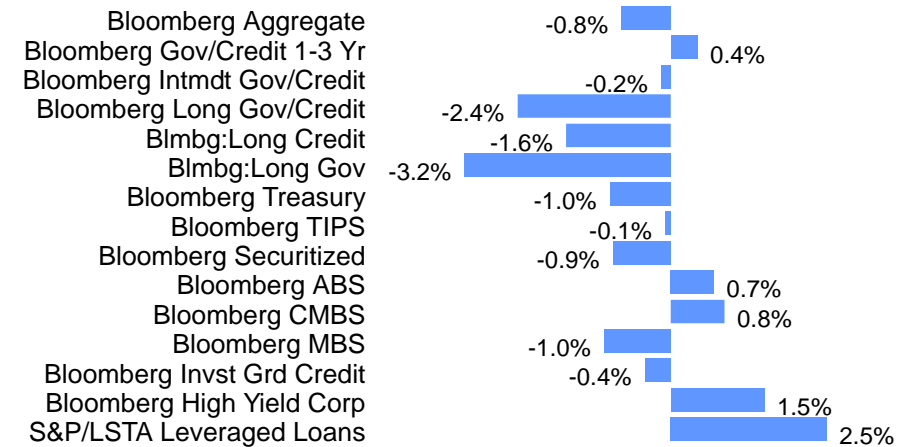
Valuations

- Investment grade and high yield corporate spreads are now tighter than one standard deviation from the trailing 10-year average.

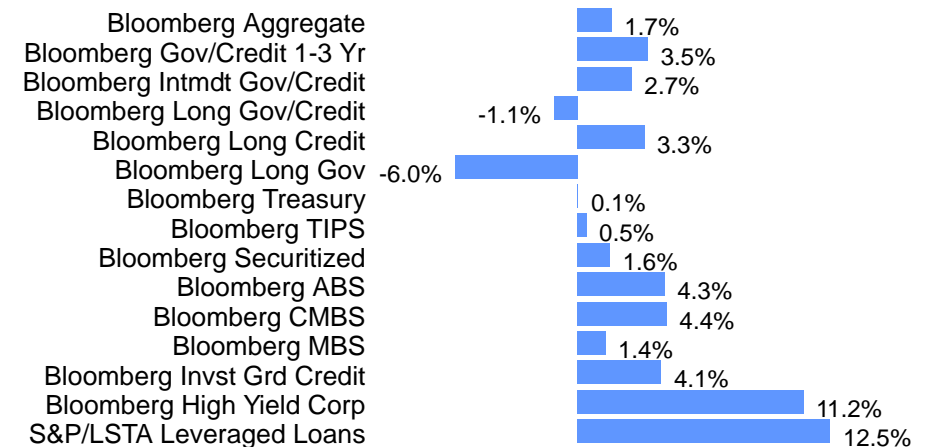
Record corporate bond issuance

- Highest first quarter of new issuance on record, with \$529 bn in investment grade corporates, surpassing 2020's \$479 bn.
- High yield quarterly issuance was just as significant with a volume of \$85 bn, a level not seen since 2021.
- Both were met with strong investor demand.

U.S. Fixed Income Returns: Quarter Ended 3/31/24



U.S. Fixed Income Returns: One Year Ended 3/31/24



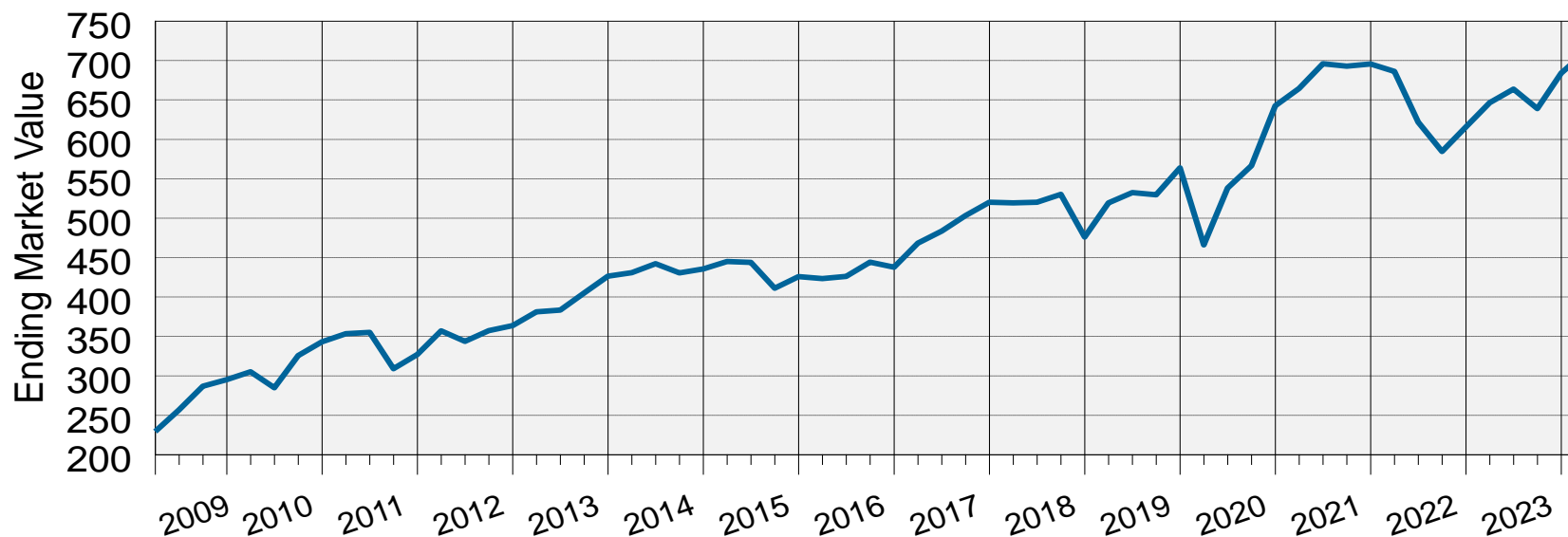
Sources: Bloomberg, Callan, S&P Dow Jones Indices

Callan

MCERA Plan Performance

Total MCERA Plan Growth

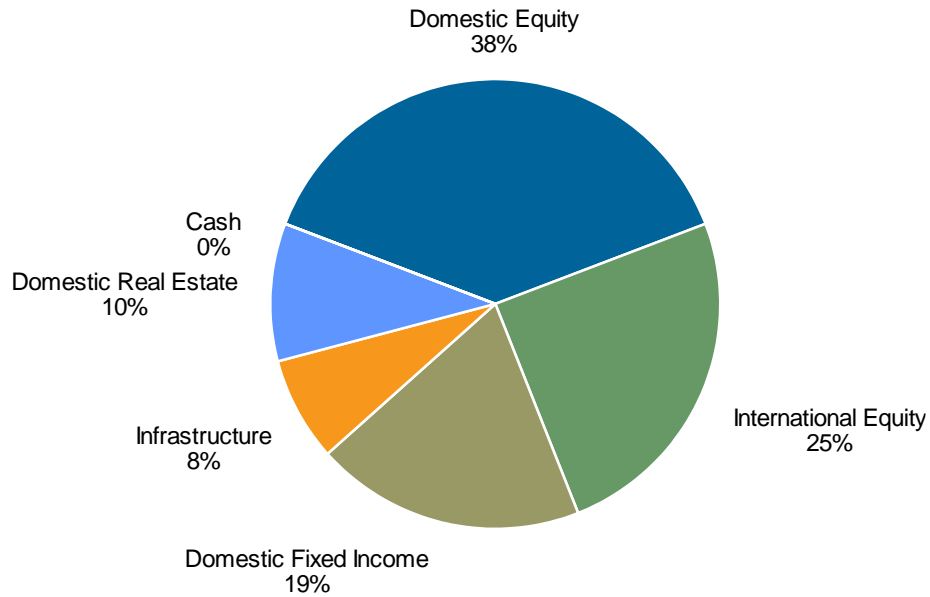
MCERA Ending Market Value for 15 Years Ended March 31, 2024



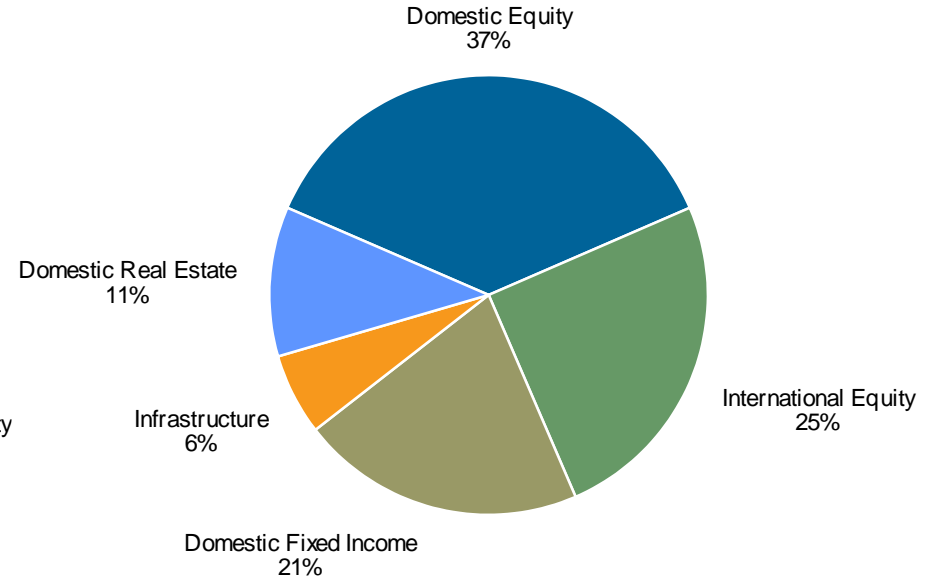
	March 31, 2024				June 30, 2023	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Domestic Equities	\$273,483,471	38.43%	\$(10,687,028)	\$42,607,622	\$241,562,877	36.39%
International Equities	\$176,085,774	24.75%	\$3,206,467	\$14,073,884	\$158,805,423	23.92%
Domestic Fixed Income	\$137,797,372	19.37%	\$2,857,914	\$5,258,449	\$129,681,010	19.53%
Infrastructure	\$54,002,430	7.59%	\$(1,384,287)	\$2,965,244	\$52,421,472	7.90%
Real Estate	\$70,094,300	9.85%	\$(1,186,702)	\$(9,413,429)	\$80,694,431	12.16%
Cash	\$111,921	0.02%	\$(565,161)	\$0	\$677,082	0.10%
Total Fund	\$711,575,269	100.00%	\$(7,758,796)	\$55,491,770	\$663,842,295	100.00%

MCERA Actual vs Target Asset Allocation as of March 31, 2024

Actual Asset Allocation



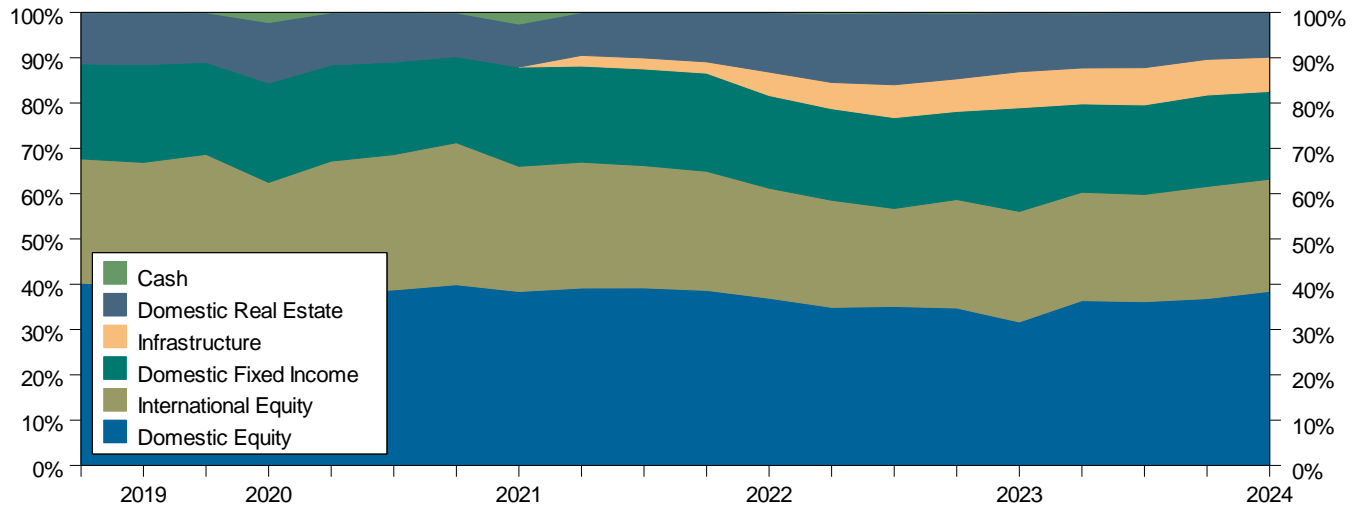
Target Asset Allocation



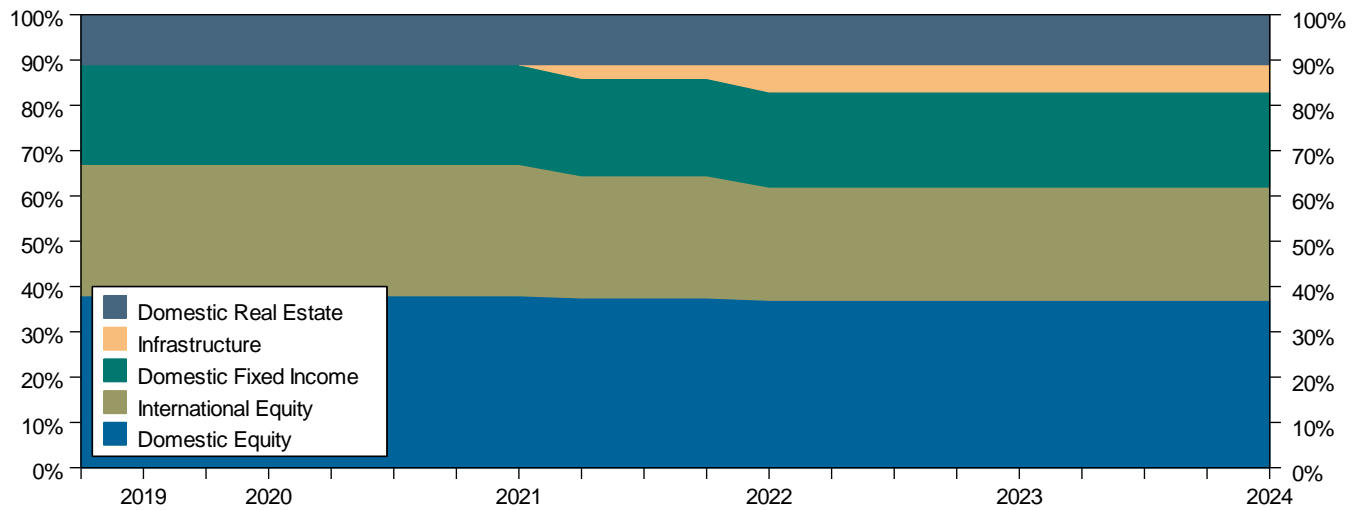
Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	273,483	38.4%	37.0%	1.4%	10,201
International Equity	176,086	24.7%	25.0%	(0.3%)	(1,808)
Domestic Fixed Income	137,797	19.4%	21.0%	(1.6%)	(11,633)
Infrastructure	54,002	7.6%	6.0%	1.6%	11,308
Domestic Real Estate	70,094	9.9%	11.0%	(1.1%)	(8,179)
Cash	112	0.0%	0.0%	0.0%	112
Total	711,575	100.0%	100.0%		

MCERA Actual vs Target Historical Asset Allocation

Actual Historical Asset Allocation



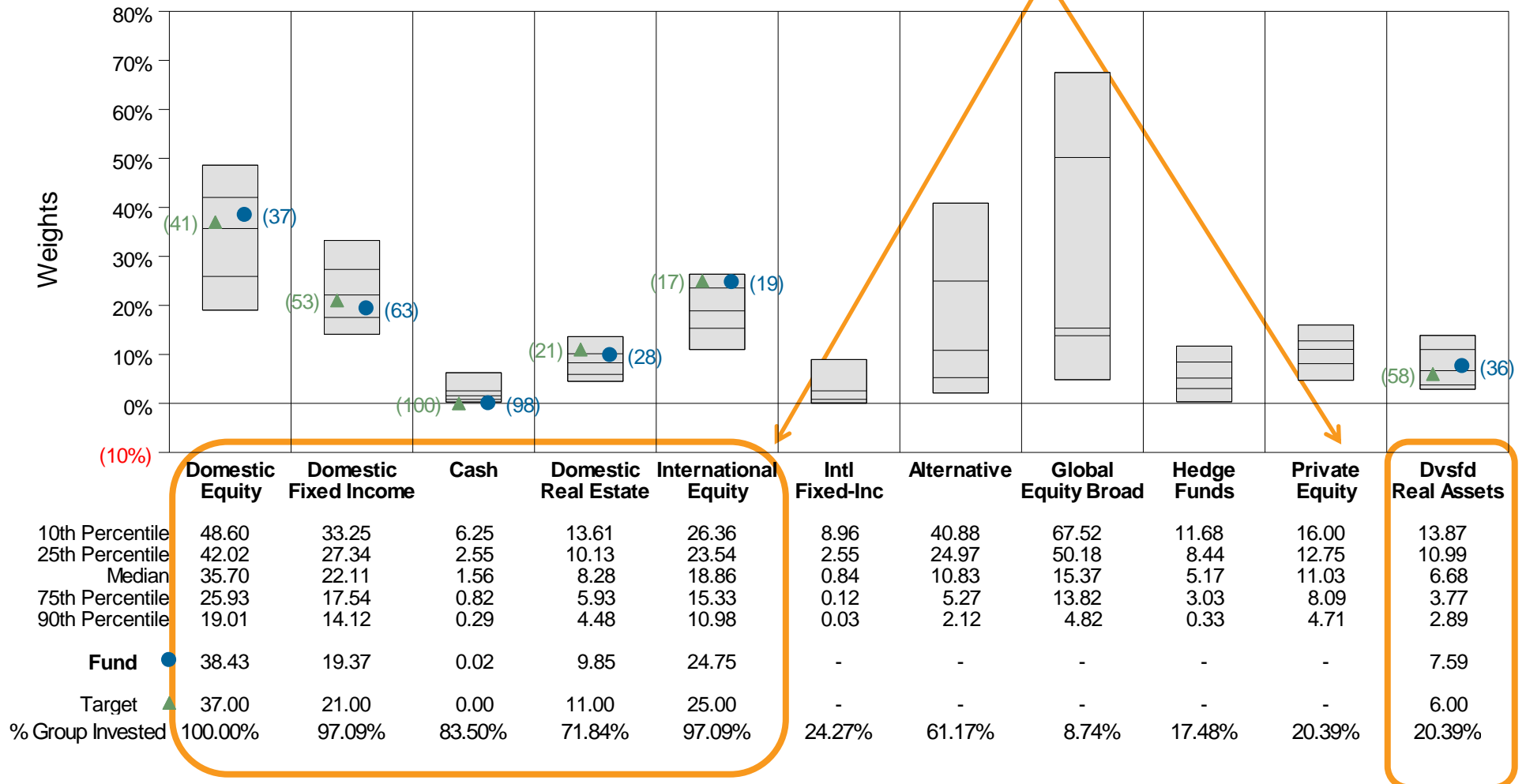
Target Historical Asset Allocation



MCERA Asset Class Weights vs Callan Public Fund Sponsor Database

Asset Class Weights vs Callan Public Fund Sponsor Database

Currently Invested

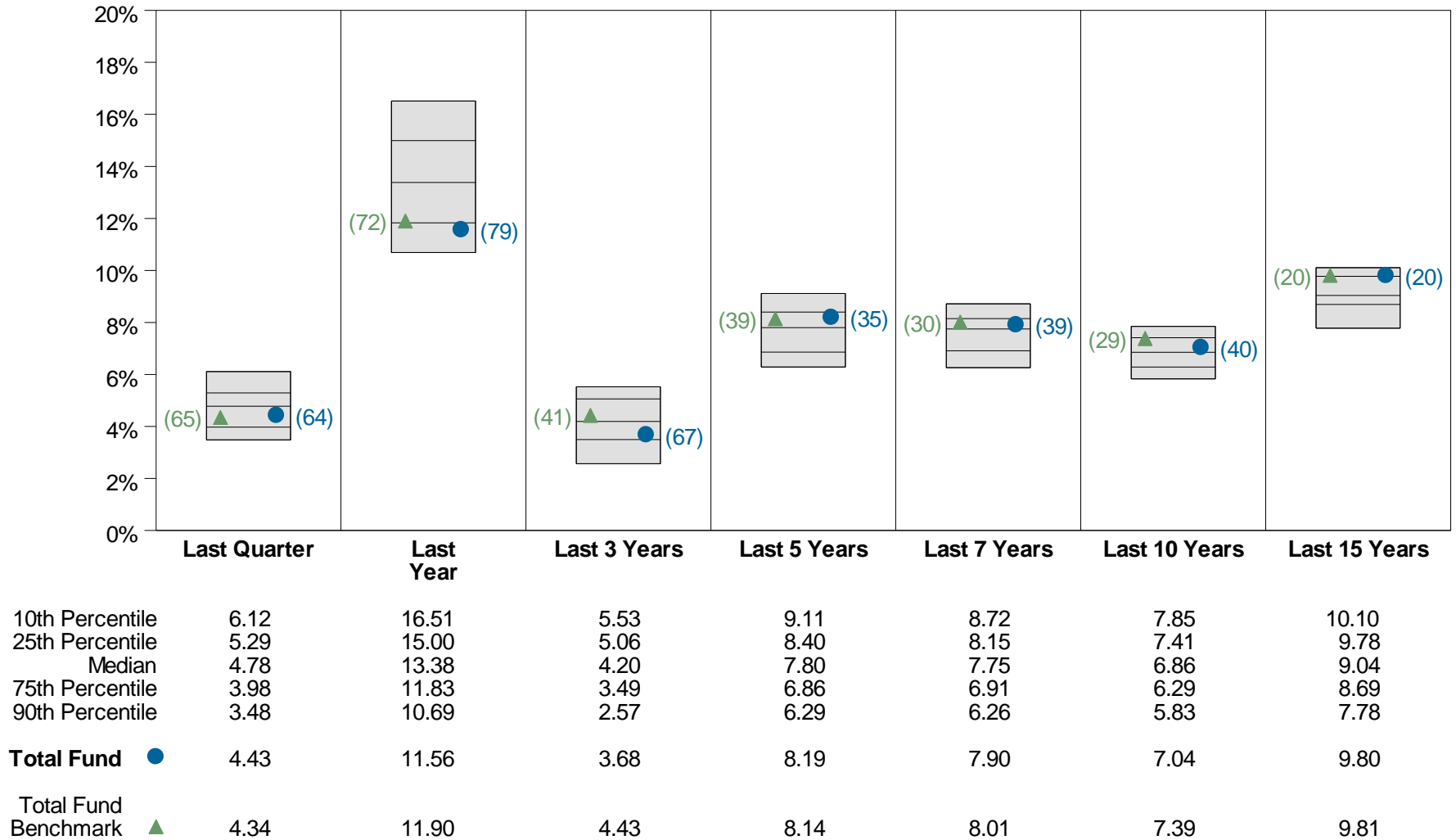


Asset Allocation as of March 31, 2024

	March 31, 2024			December 31, 2023		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Domestic Equities	\$273,483,471	38.43%	\$(2,360,613)	\$23,785,672	\$252,058,412	36.85%
Large Cap Equities	\$187,730,837	26.38%	\$(1,938,700)	\$18,056,679	\$171,612,858	25.09%
Vanguard S&P 500 Index	187,730,837	26.38%	(1,938,700)	18,056,679	171,612,858	25.09%
Mid Cap Equities	\$42,146,568	5.92%	\$0	\$3,278,035	\$38,868,533	5.68%
Fidelity Low Price Stocks	20,176,145	2.84%	0	1,547,134	18,629,011	2.72%
Janus Enterprise	21,970,423	3.09%	0	1,730,902	20,239,522	2.96%
Small Cap Equities	\$43,606,066	6.13%	\$(421,913)	\$2,450,958	\$41,577,022	6.08%
Prudential Small Cap Value	21,456,967	3.02%	(421,913)	351,196	21,527,684	3.15%
AB Small Cap Growth	22,149,099	3.11%	0	2,099,762	20,049,337	2.93%
International Equities	\$176,085,774	24.75%	\$0	\$6,694,601	\$169,391,173	24.77%
EuroPacific	30,800,702	4.33%	0	2,133,042	28,667,660	4.19%
Harbor International	35,189,951	4.95%	0	2,073,545	33,116,406	4.84%
Oakmark International	32,995,467	4.64%	0	0	32,995,467	4.82%
Mondrian International	32,319,795	4.54%	0	712,188	31,607,607	4.62%
T. Rowe Price Intl Small Cap	28,211,717	3.96%	0	1,159,386	27,052,331	3.96%
NinetyOne	16,568,142	2.33%	0	616,440	15,951,702	2.33%
Domestic Fixed Income	\$137,797,372	19.37%	\$0	\$(233,319)	\$138,030,691	20.18%
Dodge & Cox Income	68,696,955	9.65%	0	(222,205)	68,919,160	10.08%
PIMCO	69,100,418	9.71%	0	(11,114)	69,111,531	10.10%
Infrastructure	\$54,002,430	7.59%	\$(316,309)	\$477,998	\$53,840,741	7.87%
IFM Global Infrastructure	26,566,922	3.73%	0	(295,013)	26,861,934	3.93%
JP Morgan Infrastructure	27,435,508	3.86%	(316,309)	773,011	26,978,807	3.94%
Real Estate	\$70,094,300	9.85%	\$0	\$(415,171)	\$70,509,472	10.31%
RREEF Private Fund	37,278,736	5.24%	0	(101,747)	37,380,483	5.47%
Barings Core Property Fund	31,468,564	4.42%	0	(313,425)	31,781,989	4.65%
625 Kings Court	1,347,000	0.19%	0	0	1,347,000	0.20%
Cash	\$111,921	0.02%	\$(31,282)	\$0	\$143,203	0.02%
Total Fund	\$711,575,269	100.0%	\$(2,708,204)	\$30,309,781	\$683,973,693	100.0%

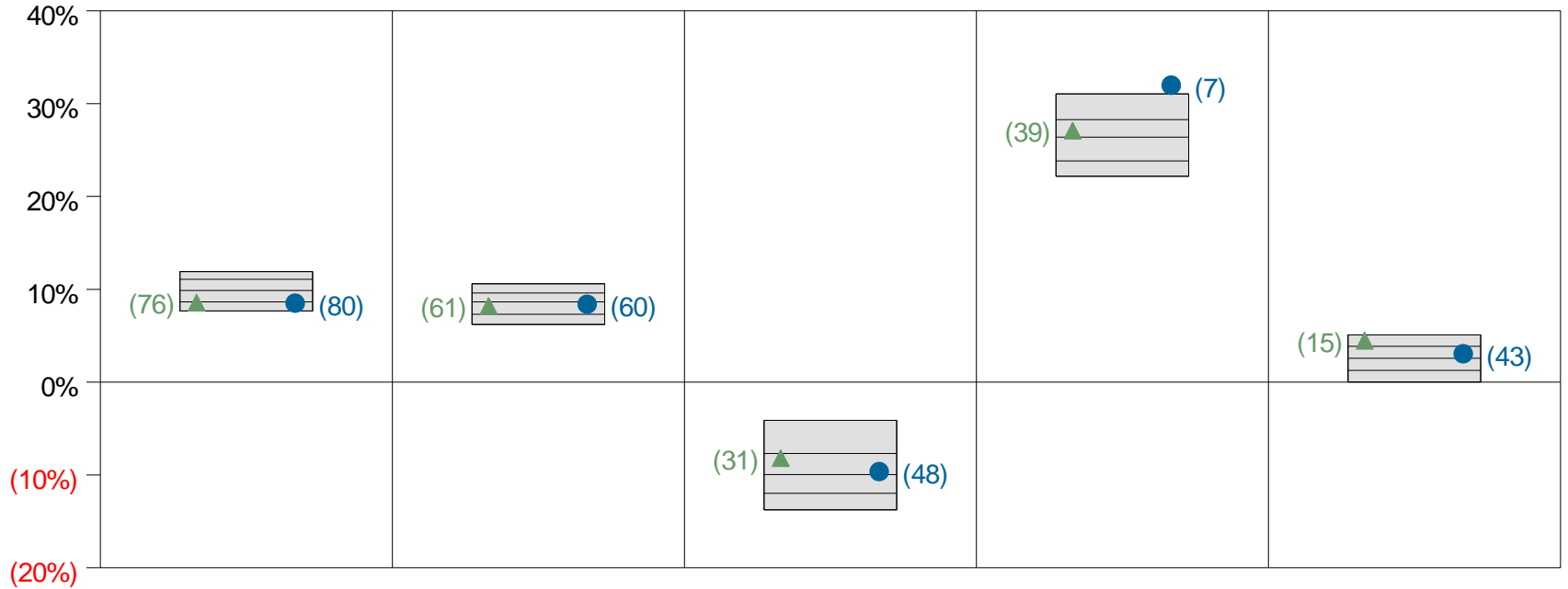
MCERA Total Fund Performance as of March 31, 2024

Performance vs Callan Public Fund Sponsor Database (Net)



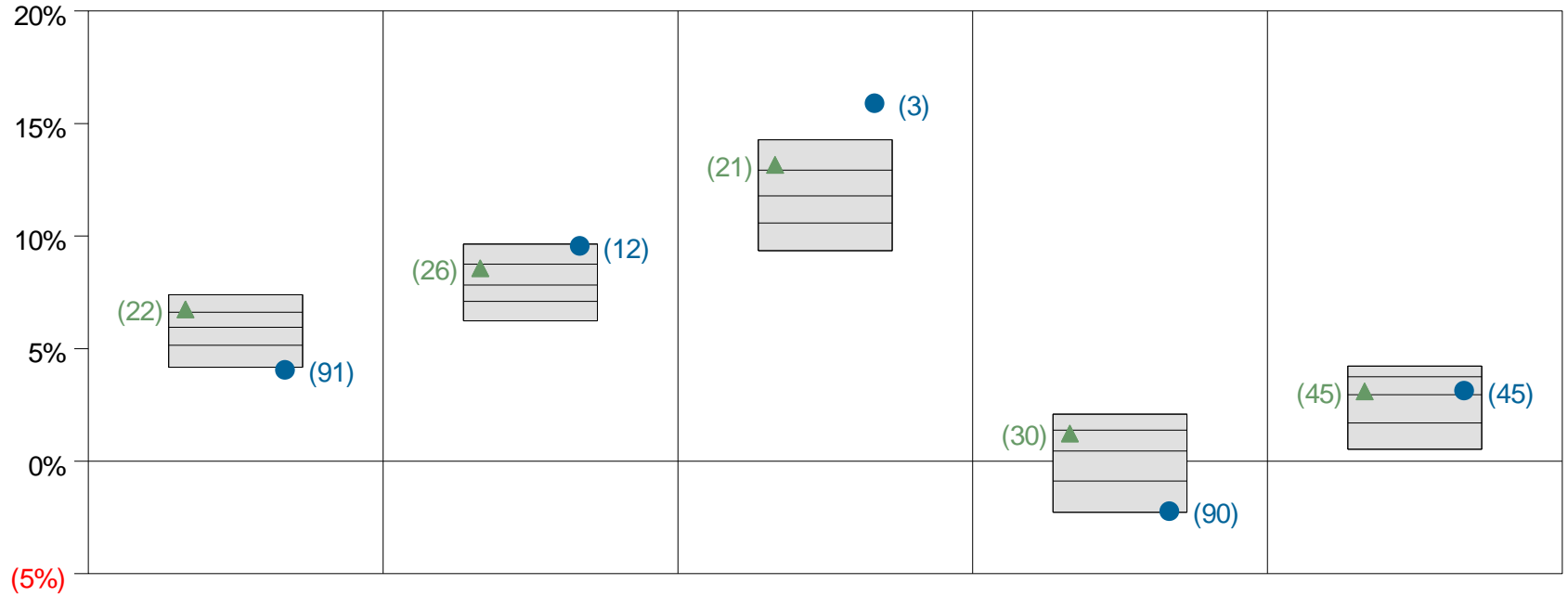
The Callan Public Fund Sponsor Database consists of public employee pension total funds including both Callan LLC client and surveyed non-client funds. Returns greater than one year are annualized.

MCERA Total Fund Fiscal Year Performance as of March 31, 2024



	FYTD	FY 2023	FY 2022	FY 2021	FY 2020
10th Percentile	11.90	10.60	(4.11)	31.04	5.08
25th Percentile	11.06	9.59	(7.69)	28.27	3.85
Median	9.88	8.65	(9.95)	26.39	2.57
75th Percentile	8.63	7.31	(11.97)	23.83	1.26
90th Percentile	7.66	6.22	(13.76)	22.17	0.02
Total Fund ●	8.40	8.29	(9.74)	31.89	2.96
Total Fund Benchmark ▲	8.56	8.21	(8.20)	27.09	4.47

MCERA Total Fund Fiscal Year Performance

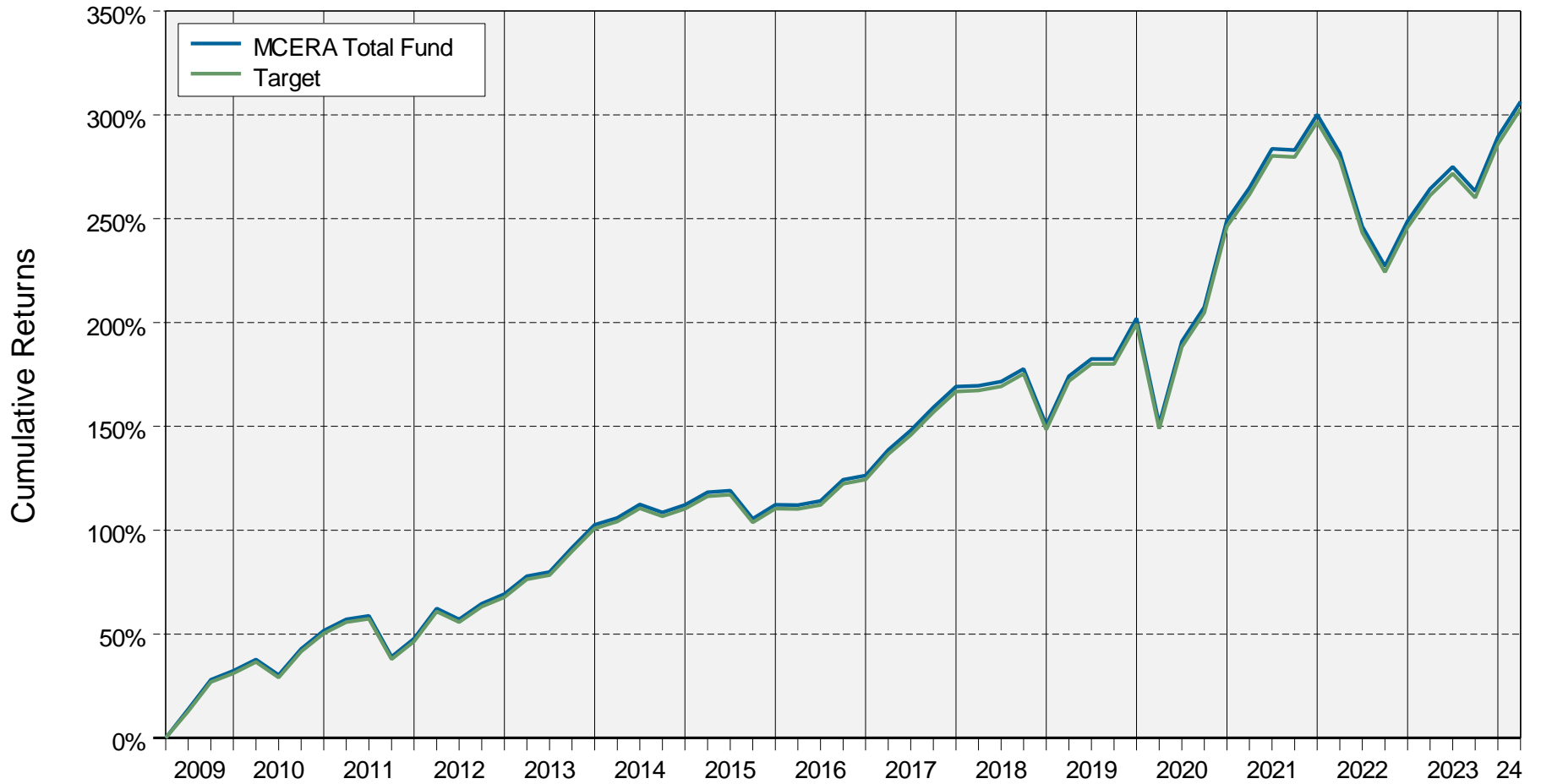


	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
10th Percentile	7.39	9.65	14.28	2.08	4.23
25th Percentile	6.61	8.75	12.92	1.38	3.75
Median	5.95	7.83	11.78	0.45	2.95
75th Percentile	5.15	7.10	10.58	(0.88)	1.70
90th Percentile	4.18	6.23	9.35	(2.27)	0.53
Total Fund ●	4.01	9.52	15.86	(2.26)	3.09
Total Fund Benchmark ▲	6.75	8.57	13.16	1.23	3.10

MCERA Cumulative Total Fund Performance

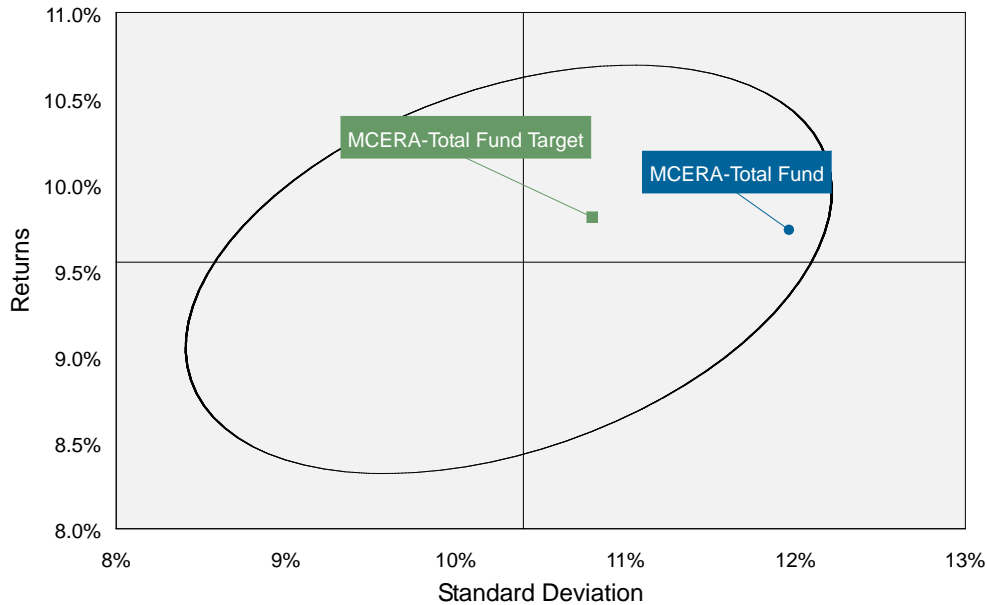
For 15 Years Ended March 31, 2024

Fifteen Year Cumulative Returns

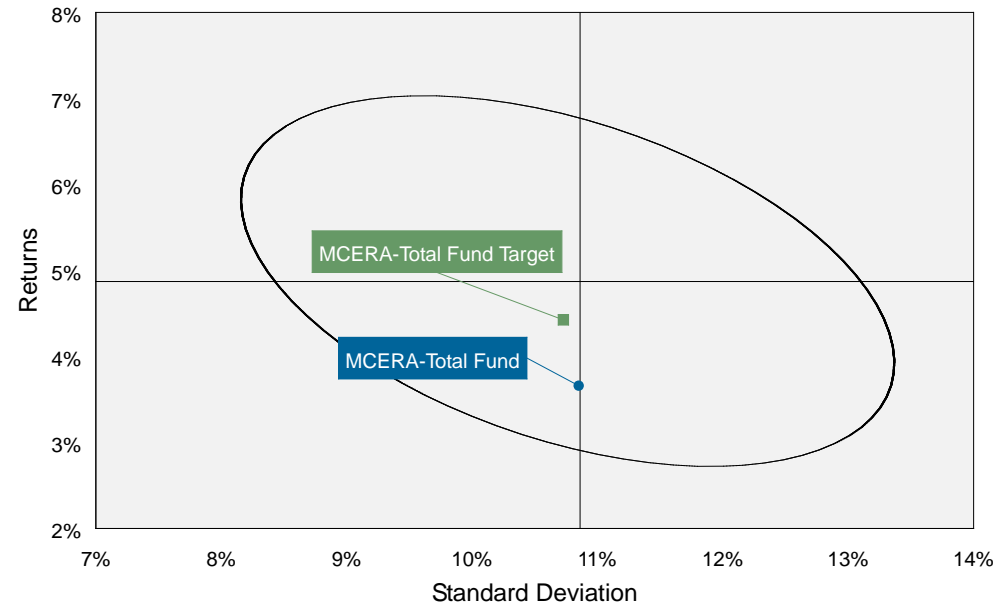


MCERA Annualized Return vs Risk

15 Years Ended March 31, 2024
Group: Callan Public Fund Sponsor Database



3 Years Ended March 31, 2024
Group: Callan Public Fund Sponsor Database



- The charts above plot 15 year and 3-year annualized return vs standard deviation of the MCERA Total Fund and the Total Fund Target.
- The trailing 3-year period represents the time since the MCERA infrastructure allocation was initiated.
- Over the trailing 15-year period the MCERA Total Fund has achieved an annualized return in line with the Total Fund Target with higher volatility.

Total Fund Relative Attribution

March 31, 2024

Relative Attribution Effects for the Quarter Ended March 31, 2024

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	37%	37%	9.47%	10.02%	(0.20%)	(0.01%)	(0.21%)
Domestic Fixed Income	20%	21%	(0.17%)	(0.78%)	0.12%	0.04%	0.16%
Domestic Real Estate	10%	11%	(0.59%)	(2.38%)	0.18%	0.05%	0.23%
International Equity	25%	25%	3.90%	4.81%	(0.23%)	(0.00%)	(0.23%)
Infrastructure	8%	6%	0.89%	(2.38%)	0.26%	(0.13%)	0.13%
Cash	0%	0%	0.00%	0.00%	0.00%	0.00%	0.00%
Total			4.43%	4.34%	+ 0.14%	+ (0.05%)	0.08%

Five Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	37%	37%	14.11%	14.34%	(0.05%)	(0.07%)	(0.12%)
Domestic Fixed Income	21%	21%	1.34%	0.36%	0.19%	(0.03%)	0.16%
Domestic Real Estate	12%	11%	1.80%	2.98%	(0.16%)	(0.10%)	(0.26%)
International Equity	26%	27%	6.17%	6.48%	0.03%	(0.03%)	(0.00%)
Infrastructure	3%	3%	-	-	0.45%	(0.21%)	0.24%
Cash	0%	0%	(0.00%)	(0.00%)	0.00%	0.05%	0.05%
Total			8.19%	8.14%	+ 0.44%	+ (0.39%)	0.05%

Investment Manager Returns for Periods Ended March 31, 2024

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years
Domestic Equities	9.47%	27.14%	9.27%	14.11%	13.50%	11.89%	15.58%
Russell 3000 Index	10.02%	29.29%	9.78%	14.34%	13.45%	12.33%	15.44%
Large Cap Equities							
Vanguard S&P 500 Index	10.55%	29.90%	11.47%	15.03%	14.06%	-	-
S&P 500 Index	10.56%	29.88%	11.49%	15.05%	14.09%	-	-
Mid Cap Equities							
Fidelity Low Priced Stock	8.30%	22.47%	8.47%	12.57%	10.88%	9.39%	14.12%
Russell MidCap Value Idx	8.23%	20.40%	6.80%	9.94%	8.41%	8.57%	14.20%
Janus Enterprise (1)	8.55%	18.13%	6.47%	11.87%	13.46%	12.69%	16.47%
Russell MidCap Growth Idx	9.50%	26.28%	4.62%	11.82%	12.87%	11.35%	15.64%
Small Cap Equities							
Prudential Small Cap Value (2)	1.70%	23.73%	5.66%	9.16%	6.07%	-	-
MSCI US Small Cap Value Idx	3.62%	20.47%	5.81%	9.37%	7.47%	-	-
Russell 2000 Value Index	2.90%	18.75%	2.22%	8.17%	6.55%	-	-
AB US Small Growth (3)	10.47%	18.90%	(5.26%)	8.59%	12.29%	9.77%	16.17%
Russell 2000 Growth Index	7.58%	20.35%	(2.68%)	7.38%	8.40%	7.89%	13.39%

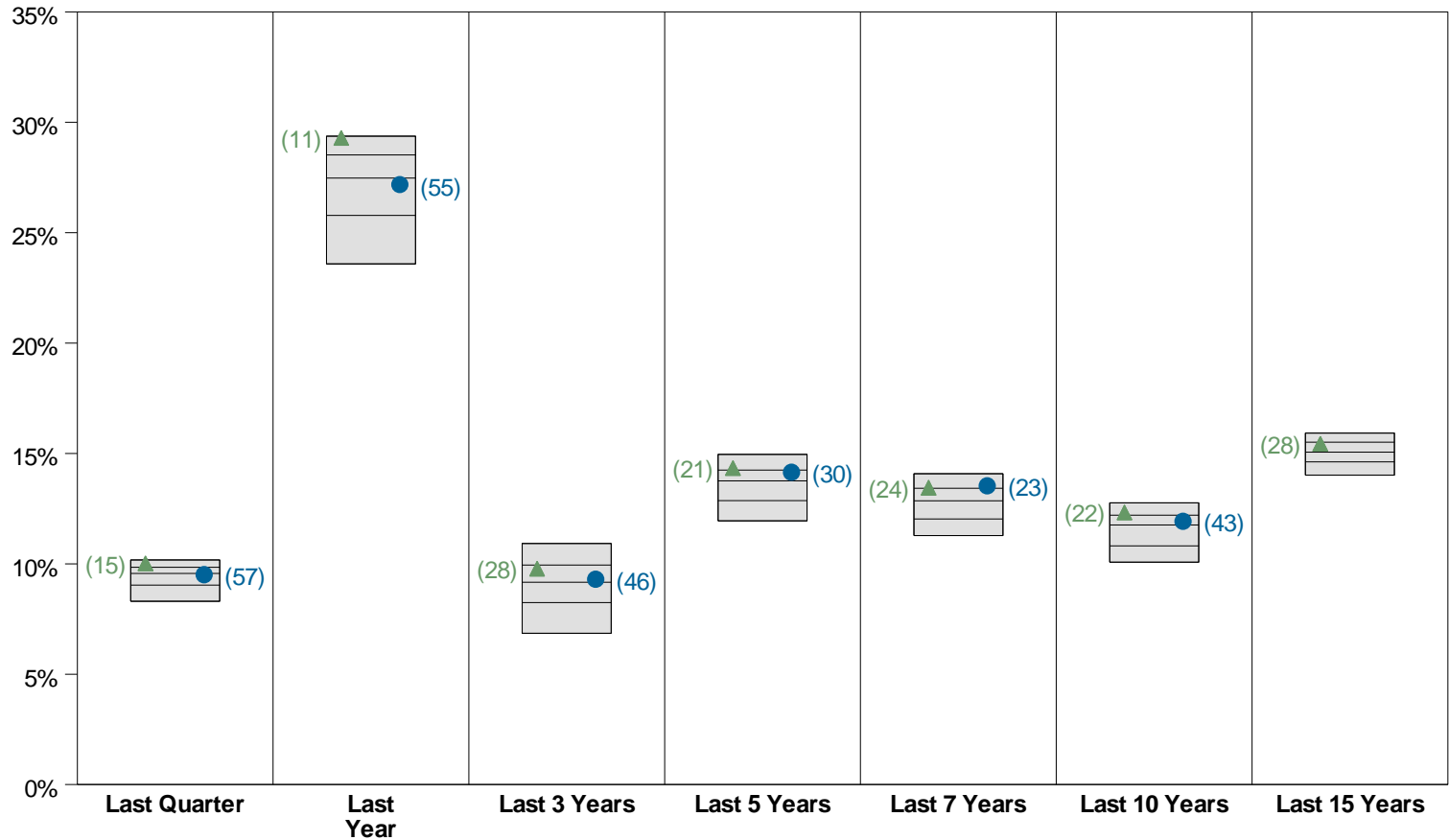
Investment Manager Returns for Periods Ended March 31, 2024 (continued)

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years
International Equities	3.90%	11.01%	0.05%	6.17%	5.44%	3.76%	8.21%
MSCI ACWI ex-US Index	4.81%	13.83%	2.44%	6.48%	6.38%	4.75%	7.86%
EuroPacific	7.44%	13.49%	(0.16%)	6.91%	7.08%	5.58%	8.93%
Harbor International (1)	6.26%	14.86%	3.69%	7.72%	5.75%	3.64%	8.31%
Oakmark International (2)	(0.00%)	3.99%	(0.10%)	5.76%	4.00%	3.45%	9.81%
Mondrian International	2.05%	12.02%	2.17%	4.31%	4.19%	2.96%	-
MSCI EAFE Index	5.78%	15.32%	4.78%	7.33%	6.70%	4.80%	8.41%
MSCI ACWI ex-US Index	4.81%	13.83%	2.44%	6.48%	6.38%	4.75%	8.38%
T. Rowe Price Intl Small Cap	4.29%	12.49%	(4.25%)	7.22%	-	-	-
MSCI ACWI ex US Small Cap	2.11%	12.80%	0.38%	6.24%	5.74%	-	-
NinetyOne	3.66%	8.65%	(5.56%)	2.13%	-	-	-
MSCI Emerging Markets Index	2.37%	8.15%	(5.05%)	2.22%	3.72%	-	-
Domestic Fixed Income	(0.17%)	3.69%	(1.58%)	1.34%	1.85%	2.17%	3.75%
Blmbg Aggregate Index	(0.78%)	1.70%	(2.46%)	0.36%	1.06%	1.54%	2.62%
Dodge & Cox Income	(0.32%)	4.09%	(0.93%)	1.89%	2.28%	2.52%	4.32%
PIMCO	(0.02%)	3.27%	(2.24%)	0.75%	1.39%	1.80%	3.46%
Blmbg Aggregate Index	(0.78%)	1.70%	(2.46%)	0.36%	1.06%	1.54%	2.62%
Infrastructure	0.89%	8.23%	8.78%	-	-	-	-
IFM Global Infrastructure	(1.10%)	4.81%	-	-	-	-	-
JP Morgan Infrastructure	2.87%	11.67%	10.14%	-	-	-	-
NFI-ODCE Equal Weight Net	(2.38%)	(12.33%)	2.81%	2.98%	4.12%	-	-
Real Estate	(0.59%)	(14.89%)	0.70%	1.80%	3.30%	5.36%	8.08%
Real Estate Custom Benchmark (3)(4)	(2.38%)	(12.33%)	2.81%	2.98%	4.12%	6.12%	9.49%
RREEF Private	(0.27%)	(10.59%)	3.34%	3.54%	4.55%	6.52%	7.80%
Barings Core Property Fund	(0.99%)	(19.20%)	(2.39%)	(0.39%)	1.61%	4.07%	-
NFI-ODCE Equal Weight Net	(2.38%)	(12.33%)	2.81%	2.98%	4.12%	6.15%	5.99%
625 Kings Court	0.00%	(21.62%)	5.73%	8.35%	10.50%	10.38%	8.82%
Total Fund	4.43%	11.56%	3.68%	8.19%	7.90%	7.04%	9.80%
Total Fund Benchmark*	4.34%	11.90%	4.43%	8.14%	8.01%	7.39%	9.81%

MCERA Domestic Equity Composite Performance

For Periods Ended March 31, 2024

Performance vs Public Fund - Domestic Equity (Net)

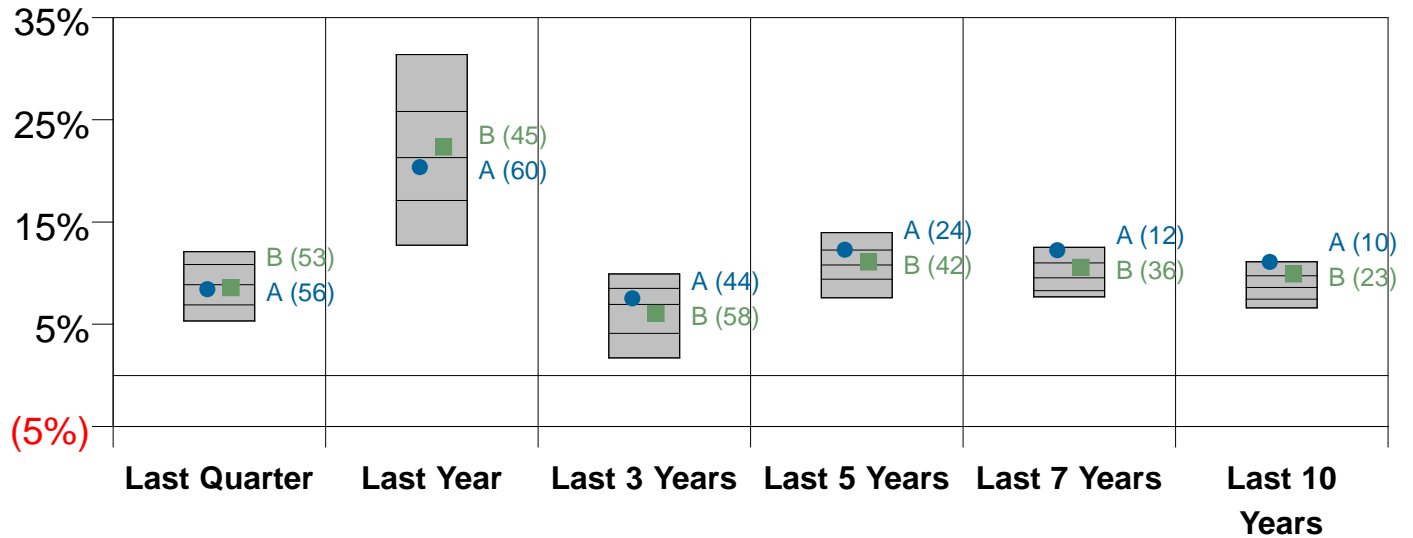


10th Percentile	10.18	29.37	10.92	14.96	14.08	12.76	15.92
25th Percentile	9.84	28.53	9.94	14.24	13.42	12.20	15.51
Median	9.57	27.47	9.16	13.76	12.85	11.76	15.06
75th Percentile	9.04	25.79	8.24	12.86	12.03	10.81	14.62
90th Percentile	8.30	23.58	6.85	11.94	11.28	10.08	14.02
Domestic Equity ●	9.47	27.14	9.27	14.11	13.50	11.89	-
Russell 3000 Index ▲	10.02	29.29	9.78	14.34	13.45	12.33	15.44

MCERA Domestic Mid Cap Equity Composite Performance

For Periods Ended March 31, 2024

Performance vs Callan Mid Cap Mutual Funds (Net)



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	12.12	31.39	9.95	13.98	12.55	11.12
25th Percentile	10.85	25.82	8.52	12.27	11.02	9.77
Median	8.87	21.33	6.96	10.82	9.55	8.62
75th Percentile	6.90	17.13	4.13	9.43	8.29	7.46
90th Percentile	5.35	12.75	1.73	7.60	7.70	6.62

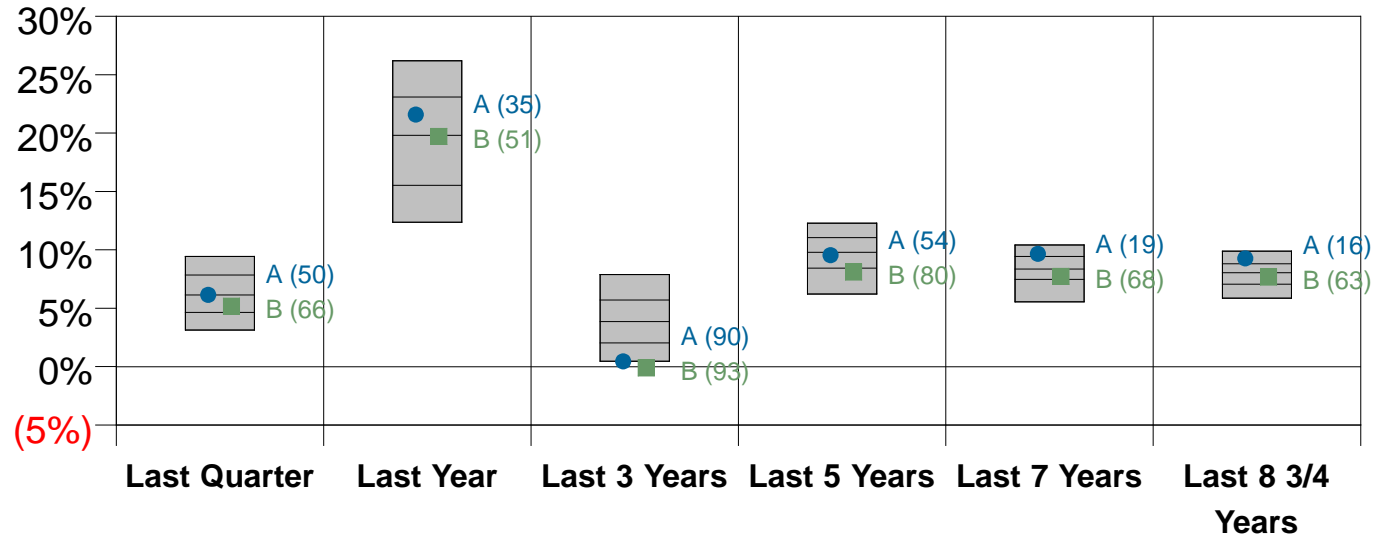
Mid Cap Equity Composite	● A	8.45	20.38	7.54	12.30	12.25	11.11
Russell:Midcap Index	■ B	8.60	22.35	6.07	11.10	10.58	9.95

MCERA Mid Cap Equity portfolio leads the Russell Midcap Index in the intermediate- and long-term. The Portfolio is above peer median for trailing 1-, 3-, 5-, 7- and 10-year periods.

MCERA Domestic Small Cap Equity Composite Performance

For Periods Ended March 31, 2024

Performance vs Callan Small Cap Mutual Funds (Net)



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 8 3/4 Years
10th Percentile	9.45	26.19	7.89	12.30	10.43	9.89
25th Percentile	7.85	23.09	5.72	11.06	9.44	8.82
Median	6.14	19.82	3.86	9.80	8.37	8.06
75th Percentile	4.65	15.53	2.05	8.45	7.49	7.08
90th Percentile	3.13	12.37	0.47	6.22	5.57	5.86

	● A	■ B
Small Cap Equity Composite	6.15	5.18
Russell:2000 Index	21.59	19.71
	0.44	(0.10)
	9.54	8.10
	9.66	7.73
	9.26	7.68

MCERA Small Cap Equity portfolio leads the Russell 2000 Index over all time periods shown. The Portfolio is at or above peer median for the trailing quarter, 1-, 7-, and 8.75-year periods.

MCERA International Equity Composite Performance

For Periods Ended March 31, 2024

Performance vs Public Fund - International Equity (Net)

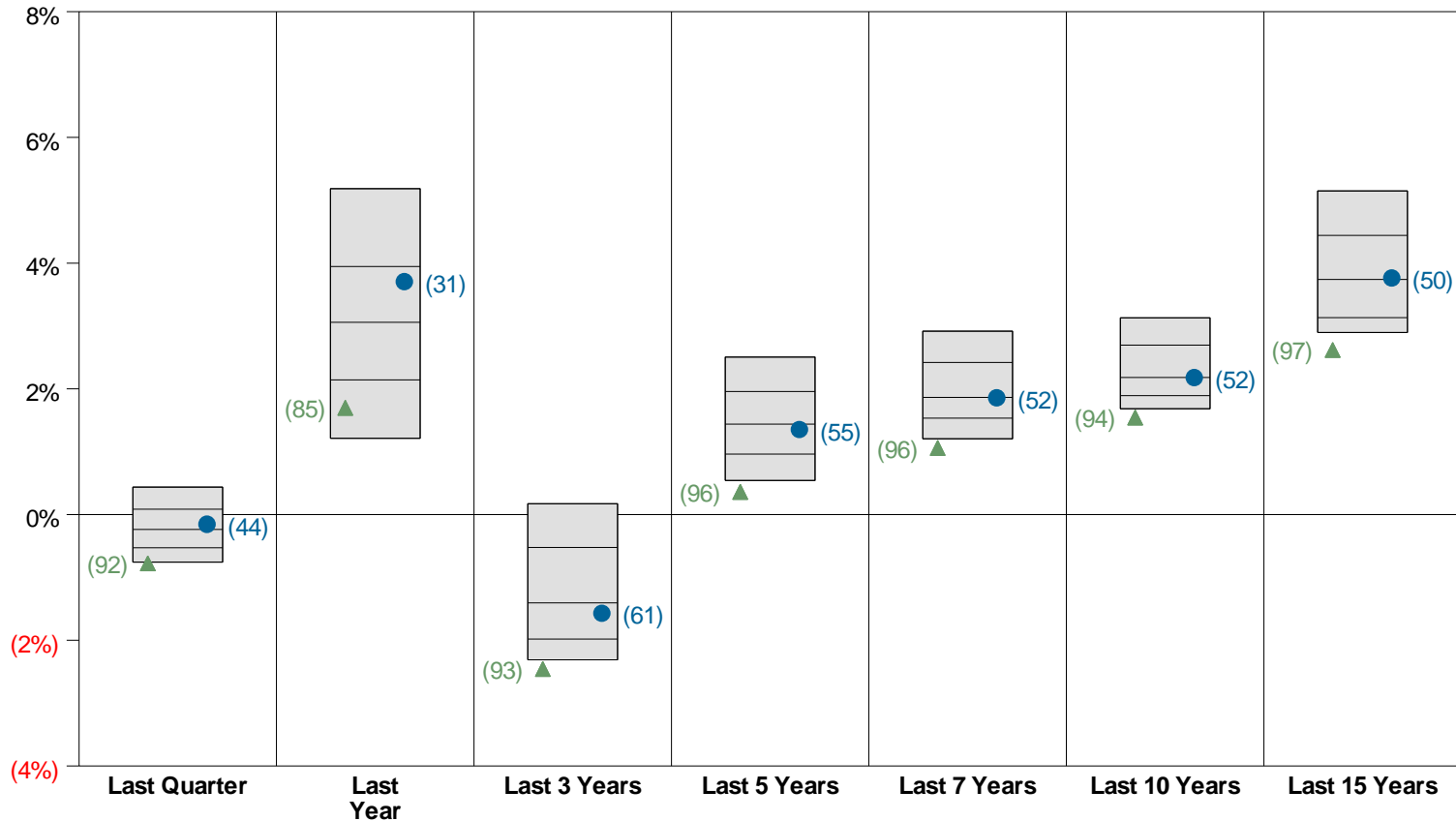


10th Percentile		5.55	15.89	4.88	8.51	8.27	6.52	9.94
25th Percentile		5.08	15.22	3.39	7.91	7.38	5.81	9.51
Median		4.70	13.45	2.16	6.94	6.78	5.30	8.93
75th Percentile		4.28	12.15	0.80	5.89	6.05	4.89	8.52
90th Percentile		3.76	10.54	(0.05)	4.74	5.14	4.23	8.19
International Equity	● A	3.90	11.01	0.05	6.17	5.44	3.76	-
MSCI EAFE Index	■ B	5.78	15.32	4.78	7.33	6.70	4.80	8.41
MSCI ACWI ex-US Index	▲	4.81	13.83	2.44	6.48	6.38	4.75	7.86

MCERA Fixed Income Composite Performance

For Periods Ended March 31, 2024

Performance vs Public Fund - Domestic Fixed (Net)



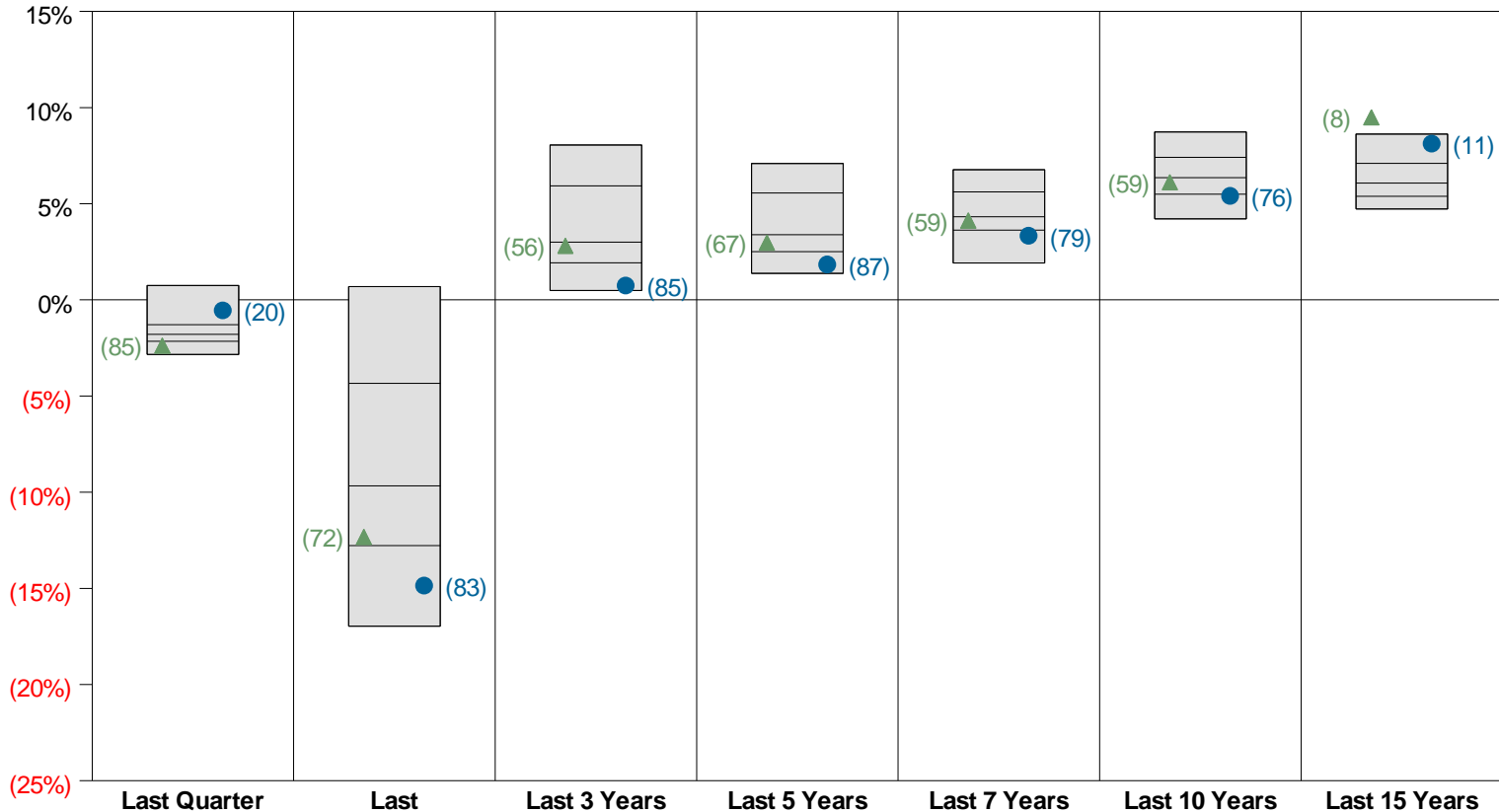
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years
10th Percentile	0.44	5.18	0.17	2.51	2.92	3.13	5.15
25th Percentile	0.09	3.95	(0.52)	1.96	2.42	2.70	4.44
Median	(0.24)	3.06	(1.40)	1.44	1.87	2.18	3.74
75th Percentile	(0.53)	2.14	(1.98)	0.96	1.53	1.89	3.13
90th Percentile	(0.76)	1.21	(2.31)	0.54	1.20	1.68	2.90

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years
Domestic Fixed Income	● (0.17)	3.69	(1.58)	1.34	1.85	2.17	3.75
Blmbg:Aggregate	▲ (0.78)	1.70	(2.46)	0.36	1.06	1.54	2.62

MCERA Real Estate Composite Performance

For Periods Ended March 31, 2024

Performance vs Callan Open End Core Cmmingled Real Est (Net)



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years
10th Percentile	0.75	0.69	8.06	7.09	6.77	8.73	8.62
25th Percentile	(1.29)	(4.34)	5.93	5.56	5.61	7.41	7.10
Median	(1.80)	(9.67)	3.01	3.38	4.32	6.35	6.07
75th Percentile	(2.15)	(12.77)	1.93	2.51	3.63	5.49	5.38
90th Percentile	(2.84)	(16.96)	0.49	1.38	1.92	4.21	4.72
Real Estate ●	(0.59)	(14.89)	0.70	1.80	3.30	5.36	8.08
Real Estate Custom Benchmark ▲	(2.38)	(12.33)	2.81	2.98	4.12	6.12	9.49

Manager Monitoring Summary

March 31, 2024

	Philosophy/			
	Overall	Process	Org/Team	Performance
Domestic Equity				
Vanguard S&P 500 Index	Green	Green	Green	Green
Fidelity Low Priced Stock	Yellow	Green	Yellow	Green
Janus Enterprise	Green	Green	Green	Green
Prudential Small Cap Value	Yellow	Green	Yellow	Yellow
AB US Small Growth	Green	Green	Yellow	Green
Non-US Equity				
EuroPacific Growth	Green	Green	Green	Green
Harbor International	Green	Green	Green	Yellow
Oakmark International	Green	Green	Green	Green
Mondrian International	Green	Green	Green	Yellow
T. Rowe Price Intl Small Cap	Green	Green	Green	Green
NinetyOne	Green	Green	Green	Green
Fixed Income				
Dodge & Cox Income	Green	Green	Green	Green
PIMCO	Green	Green	Green	Green
Infrastructure				
IFM Global Infrastructure	Green	Green	Green	Green
JP Morgan Infrastructure	Green	Green	Green	Green
Real Estate				
RREEF America II	Green	Green	Green	Green
Barings Core Property Fund	Yellow	Green	Green	Yellow

- **Fidelity Low Priced Stock:** Notable transition in portfolio manager duties from Joel Tillinghast to new PM's Sam Chamovitz and Morgen Peck in 2023.
- **Prudential QMA Small Cap Value:** The deep value orientation of this strategy came back into favor in 2021 and it has outpaced the Russell 2000 Value Index in 2022 and 2023. Callan continues to monitor the organization and team following turnover in 2021.
- **AllianceBernstein Small Cap Growth:** Bruce Aronow, Co-Chief Investment Officer (CIO) for the US Small and SMID Cap Growth Equities strategies, retired at the end of 2023. Samantha Lau, previous co-CIO for the US Small and SMID Cap Growth Equities strategies, became the sole CIO.
- **Harbor International (Marathon):** The Fund's process and style are extremely flexible which can lead to significant deviations from the benchmark and result in extended periods of under and out performance.
- **Mondrian:** Strategy provides downside protection but has experienced longer term performance struggles during strong up market.
- **Dodge & Cox Income:** Tom Dugan, Director of Fixed Income, retired at the end 2023 and is succeeded by Lucy Johns, previously Associate Director of Fixed Income.
- **PIMCO:** Lead PM Scott Mather announced leave of absence in 2022, which culminated in his retirement. Qi Wang and Dan Ivascyn were subsequently added to the team.
- **Barings:** Underperformance driven largely by write downs on four office assets in the portfolio.

Appendix

MCERA Forward Planning Calendar

2023-2024

Following the completion of the Asset Liability study in the first half of 2023, we are in the process of working through investment structure studies for each of Domestic Equity, Non-US Equity, Fixed Income and Real Assets.

The Domestic Equity review was completed in March 2024. International Equity will be reviewed next.

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Strategic Planning & Implementation						
Review Investment Policy Statement						
Capital Market Projections Discussion						
Domestic Equity Structure						
International Equity Structure						
Fixed Income Structure						
Real Assets Structure						
Manager Searches (as needed)						
Monitoring & Evaluation						
Quarterly Performance Reviews	2Q23	3Q23	4Q23	1Q24	2Q24	2Q24
Monthly "Flash" Report						
Ongoing Monitoring and Qualitative Review						
Research & Education						
Research Papers and Publications						
"Callan College"						
Regional Workshops						
National Client Conference						

MCERA Asset Allocation and Asset Class Reviews – Progress Thus Far

2023-2024

February 15, 2023 Agenda Item 3b) Discussion and Possible Action Regarding Asset/Liability Study

Board Action: Motion was made and approved to adopt Asset Allocation Mix 3 as presented within the MCERA 2023 Asset/Liability Study prepared by Callan.

April 19, 2023 Agenda Item 4b) Portfolio Structure Discussion Regarding Reconsideration of Investment Allocation

Board Action: Motion was made to reconsider the Board's February 15, 2023 action and adopt asset allocation mix 4. The motion was approved.

August 16, 2023 Agenda Item 3e) Educational Presentation Regarding Domestic Equity

Review of Current MCERA Domestic Equity Structure & Consideration of Alternative Structures.

Board Direction: Staff and Callan will bring back alternative investment mixes for further discussion at a future meeting.

October 18, 2023 Agenda Item 2c) Fiduciary Review and Domestic Equity Manager Review

Callan provided Fiduciary education, alternative investment mixes, and a deep-dive on MCERAs active domestic equity managers with research specialist, Mark Wood.

Board Direction: Callan will conduct a SMID Cap Manager search and will present the results at a future meeting.

In **January 2024** MCERA staff and Callan worked together to review SMID strategies.

March 20, 2024 Agenda Item 4c) Small and Mid-Cap (SMID) Investment Manager Review

Staff and Callan recommended retaining the current domestic equity structure.

An asset liability study for the MCERA Plan is typically conducted every 3-5 years. Prior to 2023, the last asset liability study was reviewed by the MCERA Board in 2019, followed by reviews of each asset category in the portfolio 2020-2021.

MCERA Investment Beliefs

1. Focus on the Long-Run

- MCERA is a long-term investor and holds a 50+ year investment horizon
- Asset allocation decision is the single most important determinant of long-term investment returns

2. Diversification Adds Value

- Diversification is prudent and provides value by reducing volatility
- Lower investment volatility leads to more stable contribution rates

3. Understand and Manage Risk

- Willing to accept risk that is understood for which they receive compensation
- Seek to avoid risk that is not understood, or for which there is insufficient compensation

4. Simple is Often Better

- Research has shown that complexity in the investment program often provides no net benefit to the plan
- Avoid overly complex investment structure or vehicles

5. Public Investment Markets are Largely Efficient

- Utilize index funds in efficient market segments

6. Investment Costs Matter

- Evaluate value provided by various experts that require expenditure of funds

7. Strong Governance is Vital

- Implement and maintain documented governance policies and monitor said policies

Callan

Callan Update

Published Research Highlights: 1Q24

STAR Report Executive Summary: Year-End 2023



A Primer on Investable Types of Rental Housing



The Callan Periodic Table Collection: Year-End 2023



Callan 2024-2033 Capital Markets Assumptions



Recent Blog Posts

SEC Releases Final Climate Disclosure Rule

Kristin Bradbury

A Strong Finish to 2023 Bodes Well for Hedge Funds in 2024

Joe McGuane

The Magnificent Seven and Large Cap Portfolios

Nicole Wubbena

Additional Reading

Alternatives Focus quarterly newsletter

Active vs. Passive quarterly charts

Capital Markets Review quarterly newsletter

Monthly Updates to the Periodic Table

Market Pulse Flipbook quarterly markets update

Real Estate Indicators market outlook

Callan Institute Events

Upcoming conferences, workshops, and webinars

Callan College

Intro to Investments—Learn the Fundamentals

This course is for institutional investors, including trustees and staff members of public plans, corporate plans, and nonprofits. This session familiarizes trustees and staff with basic investment theory, terminology, and practices.

- June 18-19, 2024 – In-Person Session in Chicago
- September 24-26, 2024 – Virtual Session via Zoom

Intro to Alternatives

This course is for institutional investors, including trustees and staff members of public plans, corporate plans, and nonprofits. This session familiarizes trustees and staff with alternative investments like private equity, hedge funds, and real estate, and how they can play a key role in any portfolio. You will learn about the importance of allocations to alternatives and how to consider integrating, evaluating, and monitoring them.

- August 21-22, 2024 – Virtual Session via Zoom

Please visit our website at callan.com/events-education as we add dates to our 2024 calendar!

Mark Your Calendar

2024 Regional Workshops

- June 25, 2024 – Atlanta
- June 27, 2024 – San Francisco
- October 22, 2024 – Denver
- October 23, 2024 – Chicago

Watch your email for further details and an invitation.

Webinars & Research Café Sessions

Webinar: Market Intelligence

April 26, 2024 – Virtual Session via Zoom

Webinar: Fee Study Results (National Conference)

May 16, 2024 – Virtual Session via Zoom

Introducing CODE: Callan On-Demand Education

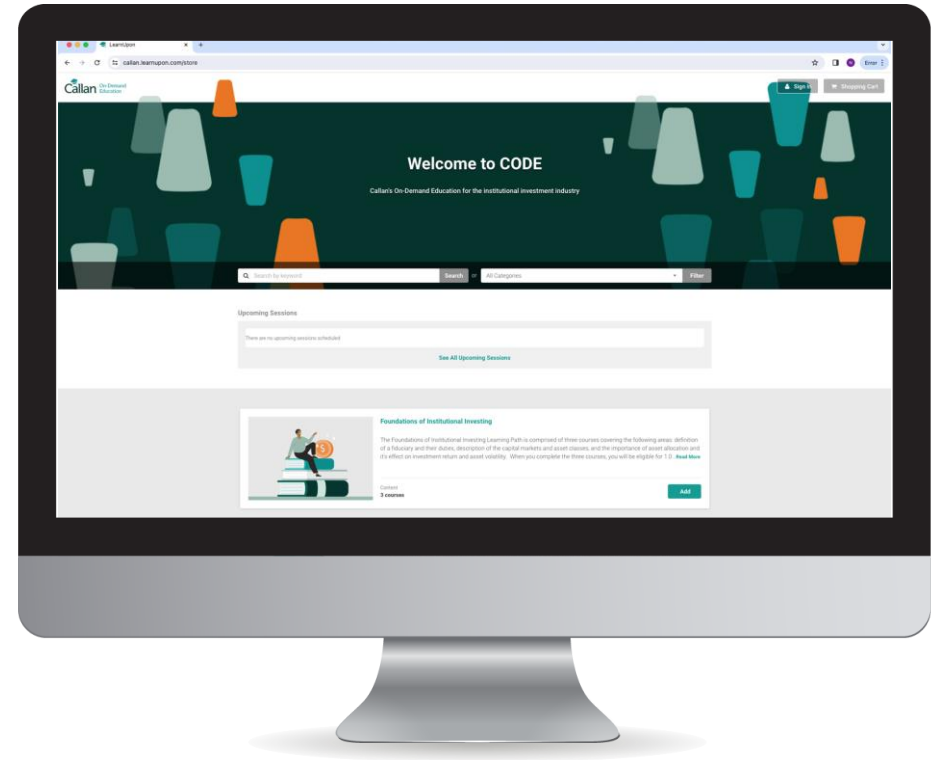


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callan.com/code



3 Reasons to Take CODE Courses

- 1 Become a better fiduciary
- 2 Showcase your skills and knowledge
- 3 Learn from Callan's investment experts

Callan Updates

Firm updates by the numbers, as of March 31, 2024

Total Associates: ~210

Ownership

- ▶ 100% employees
- ▶ ~70% of employees are equity owners
- ▶ ~55% of shareholders identify as women or minority

Total General and Investment Consultants: 50+

Total Specialty and Research Consultants: 60+

Total CFA/CAIA/FRMs: 55+

Total Institutional Investor Clients: 475+

Provides advisory services to institutional investor clients with assets over \$4+ trillion

Introducing CODE: Callan On-Demand Education

Launched an online education platform featuring courses on a broad range of institutional investing topics

Learn more at callan.com/CODE

“Our philosophy with this platform is to make the whole industry more educated and have a better understanding of how decisions actually happen. If we can do that, we'll get better outcomes for stakeholders and beneficiaries.”

— CEO and Chief Research Officer Greg Allen on why we built the Callan On-Demand Education (CODE) platform



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