

SBCERS

Santa Barbara County Employees' Retirement System

DATE: August 28, 2024

TO: SBCERS BOARD OF RETIREMENT

FROM: SBCERS Investment Staff

RE: **Quarterly Public Markets Portfolio Review**

Recommendation

That the Board of Retirement receive and file the Quarterly Investment Performance Analysis Report for the period ended June 30, 2024 presented by Principals and Co-Lead Consultants Marcia Beard and Matthias Bauer, CFA of RVK, Inc.

Summary

The SBCERS quarterly report will give a detailed review of investment performance and status for the second quarter of 2024. During the quarter, the System returned 1.70% underperforming the policy benchmark by 43 basis points. SBCERS ended the quarter with a market value of \$4.42 billion. When compared to public pension funds with \$1B-\$5B Assets Under Management (AUM), the fund ranked 6th percentile for the quarter (net of fees). SBCERS ranks in the 12th percentile for the period ending 5 years.

In second quarter 2024, broad global equity markets experienced subdued volatility and continued appreciation, while aggregate fixed income was flat. U.S. Equity posted gains driven by mega cap growth stocks. The broad Fixed Income markets experienced marginally positive returns. The Consumer Price Index (CPI) came in below expectation at 3%. The Federal Open Market Committee (FOMC) indicated that “greater confidence” was necessary regarding the downward path of inflation prior to considering major policy changes. The Organization for Economic Cooperation and Development (OECD) forecasted the world GDP growth of 2.6% and 2.7% in 2024 and 2025, respectively, and the global inflation level forecasted to be 3.5%.

Equity and Fixed Income both had positive return in the second quarter 2024. Broad Equity and Fixed Income domestic markets, represented by the S&P 500 Index and Bloomberg U.S. Aggregate Bond Index, posted returns of 4.28% and 0.07% for the quarter, respectively. Non-U.S. Developed markets had a -0.42% quarterly return illustrated by the MSCI EAFE. Emerging Markets Equities had a positive return, with 5% for the quarter, represented by MSCI EM index.

Attachments

- Quarterly Investment Performance Analysis
- Private Credit Analysis