

SBCERS

Santa Barbara County Employees' Retirement System

DATE: March 20, 2024

TO: SBCERS BOARD OF RETIREMENT

FROM: SBCERS Investment Staff

RE: **Board Education – Watch List**

Recommendation

That the Board of Retirement receive and file the Watch List presentation by Principals and Co-Lead Consultants Marcia Beard and Matthias Bauer, CFA of RVK, Inc.

Summary

This presentation is a successor to the Benchmarks Education presented by Rebecca Valdez at the February 28th Board Meeting. The first discussion provided a foundation on benchmarks, and importantly how managers view their benchmarks. Today's discussion focuses on the Watch List and its use of benchmarks as criterion.

The presentation will introduce the Watch List as a device for monitoring managers and supporting SBCERS through the decision making process. The Watch List is not designed as an authoritative tool with respect to keeping or terminating a manager, but rather to provide a systematic way to draw attention to investment managers that are experiencing challenges over a long period of time.

SBCERS' Investment Policy Statement prescribes both quantitative and qualitative factors to merit a manager's placement on the Watch List and this presentation will describe examples of when quantitative and qualitative factors which would lead to a manager's inclusion on the Watch List.

The presentation will conclude with a historical look back of the Watch List use in Board of Retirement decision-making as well as two case studies. The intention of this education is reintroducing the Watch List and its application in the decision-making process of the Board.

Attachments

- 2024-03 Watch List Education (Final)