

# SBCERS

Santa Barbara County Employees' Retirement System

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**DATE:** January 24, 2024

**TO:** SBCERS BOARD OF RETIREMENT

**FROM:** SBCERS Investment Staff

**RE: Board Education: Russell 1000 HEDI Index**

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## **Recommendation**

That the Board of Retirement receive and file the Russell 1000 High Efficiency Defensive - Moderate Index Education presented by Director of Product Management Catherine Yoshimoto and Head of U.S. Consultant Relations Matthew C. Stone of FTSE Russell, an LSEG Business.

## **Summary**

The education will give an introduction to Russell US Indexes starting with the inception, December 1987, through present covering both index launches and methodology enhancements. Next, a walk-through of index construction which will help develop an understanding of index membership determination. For full context, both Russell 1000, 2000 and 3000 will be introduced during the education. Once the foundation of what is an index and how it is constructed is set, the presentation will focus on the specifics of the High Efficiency Defense Index (HEDI), which SBCERS currently utilizes in the U.S. Large Cap Equity space.

HEDI is an index designed to deliver a subset of either the Russell 1000, 2000 or 3000 with a choice to follow the base index at Low or Moderate tracking error. SBCERS currently uses Russell 1000 High Efficiency Defensive Index – Moderate as a passive exposure to U.S. Large Cap Equity. The purpose of the HEDI is to deliver a less volatile return as compared to the Russell 1000.

## **Attachments**

- 2024 01 24 Russell HEDI - SBCERS