



Santa Barbara County Employees' Retirement System

DATE: February 22, 2023 **Agenda Item #4**
TO: SBCERS' BOARD OF RETIREMENT
FROM: SBCERS' Investment Staff
RE: **2022-12-31 Quarterly Investment Performance Analysis**

Recommendation

That the Board of Retirement receive and accept the Quarterly Investment Performance Analysis Report 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 fourth quarter of 2022. During the quarter the system returned 4.82%, outperforming the policy benchmark by 20 basis points. SBCERS' ended the quarter with a market value of \$3.90 billion. When compared to public pension funds with \$1B-\$5B AUM, the fund ranked 69th percentile for the quarter (gross of fees). SBCERS ranks in the 4th percentile for the period ending 5 years.

Fourth quarter 2022 markets were buoyed by inflation showing signs of abating. Federal Open Market Committee (FOMC) slowed rate hike pace to an increase of 50 basis points after 4 consecutive hikes of 75 basis points. Outside of the U.S., Europe continues to struggle with energy price shocks which is straining trade relationships in the region.

Equity and Fixed Income fared better in the fourth quarter 2022 than the rest of the year. Broad Equity and Fixed Income domestic markets represented by the S&P 500 Index and Bloomberg U.S. Aggregate Bond Index posted returns of 7.56% and 1.87% for the quarter respectively. Non-U.S. Developed markets trended positive as well, with a 17.34% quarterly return for the MSCI EAFE. Emerging Markets followed suit with developed markets rising 9.70% for the quarter, represented by MSCI EM index. Fourth quarter's positive returns were unable to save 2022 from a negative return for the aforementioned asset classes.

Attachments

- Quarterly Investment Performance Analysis - SBCERS December 2022 (Final)