



Fiscal Year 2025 Strategic Plan

Santa Barbara County Employees' Retirement System

June 26, 2024



RVK Overview



RVK Overview



Year
founded
1985



Total
Employees
138

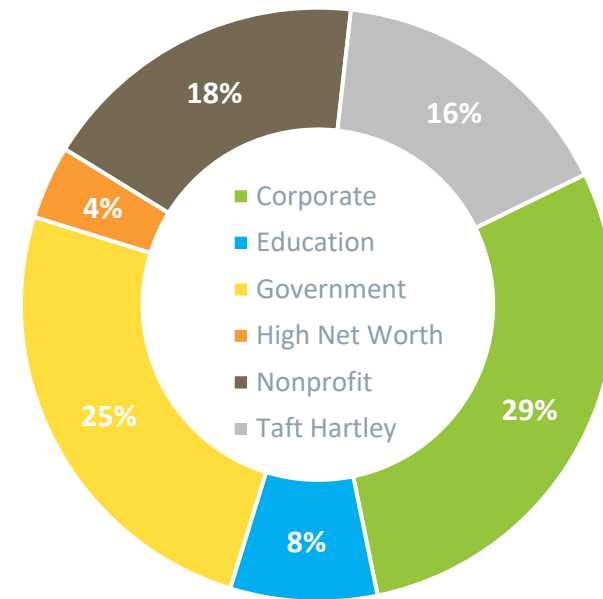


Advanced degrees &
certifications
56



Assets Under
Advisement
\$3.4T

RVK Client Composition



Representative California Pension Clients

- Los Angeles Department of Water & Power
- Los Angeles Fire & Police Pension System
- San Diego Transit Corporation
- Sequoia Healthcare District

100% - Revenue Derived From Client Fees
- Employee Ownership
- Non-Discretionary Consulting

Client data as of 12/31/2023; employee data as of 4/30/2024.

Client composition stats are based on client count.

Assets under advisement reflects clients served on a full-retainer and/or project basis.

Client Focused

Our approach to client service provides focused leadership supported by a deep pool of subject matter expertise, including full client access to RVK's extensive resources.

SBCERS

Core Consulting Team

Marcia Beard – Co-Lead Consultant*
Matthias Bauer, CFA – Co-Lead Consultant*
Joe Ledgerwood, CFA – Manager Research Specialist
Paige Blaser – Associate Consultant*
Jordan Masukawa – Investment Associate
Tanner Ono – Performance Measurement Analyst
Alexandra Goroch – Project Support Team

Investment
Practice
Review

Asset/Liability
and Asset
Allocation

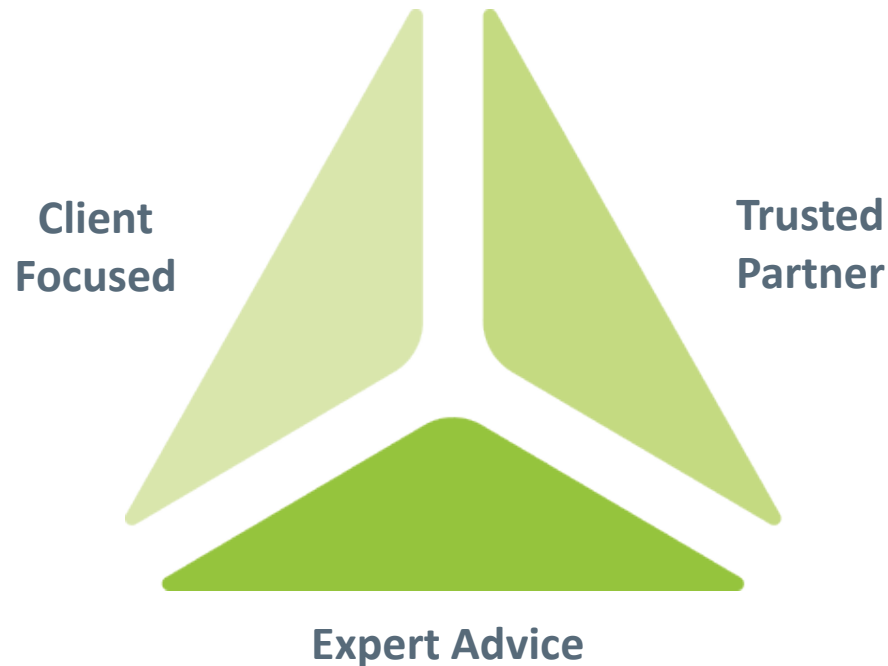
Investment
Manager
Research

Performance
Measurement

Investment
Operations

*Member of SBCERS service team since original engagement in 2016.

RVK Cornerstones



1

We are a deep team of **experienced and dedicated investment professionals** who have provided investment consulting and fiduciary services to institutional asset owners for nearly 40 years.

2

We are committed to providing an exceptional client service experience, often serving as a **highly collaborative and integrated component** of a client's organization. Our **independence, employee ownership, and focused business model** ensures our focus on our clients' needs.

3

We pride ourselves on our reputation of maintaining **high ethical standards** across clients, investment managers, service providers and employees of the firm. All revenue is derived from direct compensation from our clients; we have **no conflicting business practices or arrangements**.

Expert Advice

1. Long-Term Strategic Relationships and Tenured Consultants

- a) Average retainer client tenure of 15 years
- b) Average Consultant industry experience of 21 years
- c) Average Consultant RVK tenure of 15 years

2. Experience with Similar Clients

- a) 52 public fund clients, \$3.26 trillion AUA
- b) 31 public pension clients, \$2.28 trillion AUA

3. Experienced Governance and Policy Team

4. Robust Asset Liability/Asset Allocation Modeling with Proprietary Capital Markets Assumptions

5. Dedicated Investment Manager Research Professionals

6. Deep Performance Measurement and Investment Operations Support Resources

Please refer to the following URL to learn more: <https://www.rvkinc.com/about/about.php>.

Average Consultant statistics include Consultants and Senior Consultants.

AUA data as of 12/31/23. and reflects clients served on a full-retainer and/or project basis.

Fiscal Year 2024 Projects



RVK & SBCERS: Ongoing Work/Routine Deliverables

Collaboration with Investment Staff

- Bi-weekly calls with Staff
- Annual ACFR Letter
- Annual AB 2833 Report
- Annual Audit Support
- Periodic IPS Review
- Transition Event Support (As Needed)
- Operational Support (As Needed)

Monthly Performance Reporting

- Capital Markets Review
- Preliminary Performance Report
- Final Performance Report

Quarterly Performance Reporting

- Capital Markets Review
- Executive Summary
- Manager Monitoring
- Watch List
- Total Fund, Composite & Investment Manager Analytics
- Plan Sponsor Peer Group Analysis

Quarterly Performance Reporting (Continued)

- Manager Strategy Summaries
- Private Credit Performance Report

Other Performance Reporting

- Semi-Annual Public Fund Reporting (including SACRS specific universe)

Asset/Liability & Asset Allocation Studies

- Asset/Liability Studies (every 3-5 years)
- Annual Asset Allocation Studies

Investment Manager Research

- Ongoing Manager Due Diligence
- Ongoing Investment Manager Operational Support

RVK & SBCERS: Completed Fiscal Year 2024 Projects

Manager Environmental, Social, Governance (“ESG”) Review – July 2023

- RVK provided education in response to Board interest and conducted an ESG review of SBCERS’ managers.

China Equity Discussion – September & October 2023

- RVK provided education in response to Board interest and conducted an analysis of SBCERS’ exposure to China.

Private Credit Fund Recommendation – September & October 2023, May 2024

- Marathon Dislocation Credit Fund II – Recommended a \$25M commitment.
- KKR US Direct Lending Evergreen Fund – Recommended a \$25M commitment.
- Pantheon Private Credit Recommendation – Recommended a \$27.5M commitment.

U.S. Equity Structure Review – January 2024

- The Board approved RVK’s recommendation to terminate Rice Hall James Small Cap Growth and revise the DFA Small Cap Value mandate to a DFA Small Cap Core mandate.
- The new structure simplifies the portfolio while maintaining similar market exposure, reduces management fees, and maintains active management in the small cap space which we believe offers alpha opportunities.

Watch List Education – March 2024

- RVK provided education on this topic in response to Board interest.

Capital Markets Assumptions & Asset Allocation Review – April 2024

- RVK provided an in-depth review of the Firm’s 2024 Capital Markets Assumptions.
- RVK conducted a review of SBCERS’ asset allocation and recommended no changes. The portfolio remains positioned strategically along the efficient frontier and aligned with SBCERS’ asset allocation objectives.

RVK & SBCERS: Completed Fiscal Year 2024 Projects

Real Return Structure Review: Part 1 – May 2024

- The Board approved RVK's recommended to adopt a long-term target of 75% private assets and 25% public assets for the overall Real Return structure.
- The Board approved RVK's recommendation to initiate a manager search to evaluate all available options in the Diversified Inflation Strategies space.

Custody Bank RFP – May 2024

- RVK performed a RFP for Global Custody, Accounting & Performance Services for SBCERS. RFP activities began with RFP issuance in January 2024, and ended in May 2024, when the recommendation was presented to the Board.
- The RFP resulted in retaining BNY Mellon as SBCERS' custodian, which resulted in increased services to SBCERS with competitive fees.

Real Return Structure Review: Part 2 – June 2024

- Today, RVK will provide education on the available options in the Diversified Inflation Strategies space and walk the Board through the intended process for this Invitation to Bid manager search.

Private Credit Strategic Plan Review and Pacing Analysis – June 2024

- Today, RVK is presenting a review of the strategic goals for the SBCERS Private Credit program and an updated pacing study to determine the annual commitment volume needed to reach the Private Credit target allocation of 4.95%.
- RVK's pacing plan calls for annual commitments of \$50-55M to achieve the target allocation by late 2027.

Fiscal Year 2025 Projects



RVK & SBCERS: Fiscal Year 2025 Goals and Objectives

Diversified Inflation Strategies Manager Search

- RVK will conduct an Invitation to Bid manager search to evaluate available option in the Diversified Inflation Strategies space to fill the 25% public assets portion of the Real Return structure.
- We anticipate presenting the finalist(s) recommendation to the Board at the August 2024 Board meeting.

RFPs for Potential New Liquidity Management Providers

- RFP for potential new Futures Overlay Provider.
- RFP for potential new Short-Duration Strategy for Cash Management.

Non-Core Fixed Income Structure Review

- The current structure is 25% Emerging Markets Debt/30% Bank Loans/45% Private Credit.
- This portfolio structure was last reviewed in 2022. RVK intends to review the structure and evaluate whether the current managers and mandates in place remain appropriate.

Investment Operations Education Series

- Investment Vehicle Education.
- Securities Lending Education.
- Transition Cost Analysis Education.

Collaboration with Cheiron for 2025 A/L Study

- The most recent A/L study was completed in September 2022, with data as of June 30, 2022.
- The next A/L study is planned for summer/fall of 2025.

RVK & SBCERS: Ongoing Goals and Objectives

Capital Markets Assumptions Review

- RVK will provide an in-depth review of the Firm's 2025 Capital Markets Assumptions.

Provide relevant educational presentations to the Board

- Collaborate with the Board and Staff to incorporate educational presentations when the monthly agenda permits.
- Collaborate with Staff to provide annual Trustee education.

Improve periodic performance reporting

- Continue to work with the Board and Staff to improve content.
- Continue to expand detailed Private Credit performance reporting.

Continue with SBCERS' Private Credit Pacing Plan

- Based on RVK's latest pacing study, the Private Credit portfolio is expected to reach the target allocation of 4.95% by late 2027.
- With SBCERS committed to 12 strategies, which act as a core anchor to the Non-Core Fixed Income portfolio, RVK may recommend strategies that are more focused.

PORTLAND

BOISE

CHICAGO

NEW YORK

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