



Santa Barbara County Employees' Retirement System

DATE: May 24, 2023 **Agenda Item #2**

TO: SBCERS' BOARD OF RETIREMENT

FROM: SBCERS' Investment Staff

RE: **2023-03-31 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 first quarter of 2023. During the quarter the system returned 3.70%, underperforming the policy benchmark by 48 basis points. SBCERS' ended the quarter with a market value of \$4.02 billion. When compared to public pension funds with \$1B-\$5B AUM, the fund ranked 52nd percentile for the quarter (net of fees). SBCERS ranks in the 4th percentile for the period ending 5 years.

First quarter 2023 markets continued to see volatility which materialized in 2022, but markets generally trended positive in spite of continued volatility. The Federal Open Market Committee (FOMC) continued to slowed rate hike pace to an increase of 25 basis points in February. March saw another rate hike of 25 bps, which brings the U.S. to 9 rate hikes since March of 2022. Outside of the U.S., the International Money Fund (IMF) lowered the global GDP growth forecast from 2.90% in February to 2.80% in March.

Equity and Fixed Income had positive returns in the first quarter 2023. Broad Equity and Fixed Income domestic markets represented by the S&P 500 Index and Bloomberg U.S. Aggregate Bond Index posted returns of 7.50% and 2.96% for the quarter, respectively. Non-U.S. Developed markets beat U.S. Equities, with an 8.47% quarterly return for the MSCI EAFE. Emerging Markets Equities continued the positive return trend with developed markets rising 3.96% for the quarter, represented by MSCI EM index.

Attachments

- Quarterly Investment Performance Analysis - SBCERS March 2023 (Final)