



# Monthly Risk-Return Report

## As of April 30, 2020

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Based on actual BNY Mellon data through March 2020 and preliminary data for April 2020.  
Private asset valuations and returns are presented with a quarterly lag per industry standard.



### Asset Allocation and Policy Guidelines

As of April 30, 2020

Asset Class	Assets and Allocation		Policy Target	Minimum Target	Maximum Target	Difference	
	\$ (MM)	%				From Policy Target	Within Target?
<b>Public Markets Equity</b>	<b>5,956</b>	<b>47.6%</b>	<b>45.0%</b>	<b>40.0%</b>	<b>50.0%</b>	<b>2.6%</b>	<b>Yes</b>
Global Equity	494	3.9%	3.0%	0.0%	10.0%	0.9%	Yes
US Equity	2,827	22.6%	20.0%	15.0%	25.0%	2.6%	Yes
Non-US Equity Developed	1,898	15.2%	15.0%	11.0%	19.0%	0.2%	Yes
Non-US Equity Emerging	737	5.9%	7.0%	3.0%	11.0%	-1.1%	Yes
<b>Fixed Income and Cash</b>	<b>3,111</b>	<b>24.8%</b>					
Risk-Reducing Fixed Income	2,216	17.7%	18.0%	13.0%	24.0%	-0.3%	Yes
Return-Seeking Fixed Income	895	7.1%	6.0%	0.0%	12.0%	1.1%	Yes
Opportunistic	1,034	8.3%	8.0%	0.0%	15.0%	0.3%	Yes
<b>Private Assets</b>	<b>2,422</b>	<b>19.3%</b>	<b>23.0%</b>	<b>10.0%</b>		<b>-3.7%</b>	<b>Yes</b>
Real Estate	1,124	9.0%	9.0%	5.0%	12.0%	0.0%	Yes
Private Equity	691	5.5%	8.0%	3.0%	10.0%	-2.5%	Yes
Private Real Assets	608	4.9%	6.0%	3.0%	8.0%	-1.1%	Yes
<b>Total Invested</b>	<b>12,524</b>	<b>100.0%</b>					



## Portfolio and Benchmark Returns

As of April 30, 2020

	MTD	QTD	FYTD	CYTD	1 Year	3 Years	5 Years
<b>SDCERA Total Trust Fund</b>	5.4%	5.4%	-3.1%	-8.2%	-2.2%	4.0%	4.0%
SDCERA Policy Benchmark	7.7%	7.7%	-2.8%	-8.8%	-2.1%	4.1%	4.4%
Balanced Benchmark	8.1%	8.1%	-2.4%	-8.6%	-1.6%	4.2%	4.1%

<b>SDCERA Public Markets</b>	7.2%	7.2%	-4.8%	-10.0%	-4.0%	3.0%	2.3%
Balanced Benchmark	8.1%	8.1%	-2.4%	-8.6%	-1.6%	4.2%	4.1%
<b>Total Public Markets Equity</b>	10.8%	10.8%	-7.1%	-14.5%	-6.9%	3.5%	2.5%
MSCI ACWI IMI	11.0%	11.0%	-6.3%	-13.9%	-6.2%	3.8%	4.1%
<b>Total Fixed Income and Cash</b>	1.8%	1.8%	1.8%	-0.1%	3.5%	3.0%	2.9%
Bloomberg Barclays US Intermediate Aggregate	1.2%	1.2%	5.6%	3.7%	8.0%	4.1%	3.1%

<b>Opportunistic</b>							
<b>Opportunistic</b>	4.6%	4.6%	-14.1%	-17.1%	-13.5%	-3.0%	-0.4%
Balanced Benchmark	8.1%	8.1%	-2.4%	-8.6%	-1.6%	4.2%	4.1%

<b>Private Assets</b>							
<i>The industry standard is to present private asset returns with a quarterly lag</i>							
<b>Real Estate</b>	0.8%	0.8%	10.1%	3.7%	11.8%	10.6%	11.0%
NCREIF ODCE	0.3%	0.3%	3.4%	1.0%	3.9%	5.8%	7.3%
<b>Private Equity</b>	-4.5%	-4.5%	1.0%	-3.2%	3.5%	10.5%	9.6%
MSCI ACWI IMI	11.0%	11.0%	-6.3%	-13.9%	-6.2%	3.8%	4.1%
<b>Private Real Assets</b>	-1.7%	-1.7%	-0.6%	-1.2%	0.0%	3.8%	2.7%
MSCI ACWI IMI	11.0%	11.0%	-6.3%	-13.9%	-6.2%	3.8%	4.1%

<b>Equities by Sub-Asset Class</b>							
<b>Global Equity</b>	10.5%	10.5%	-7.4%	-14.9%	-7.0%	3.0%	3.9%
MSCI ACWI IMI	11.0%	11.0%	-6.3%	-13.9%	-6.2%	3.8%	4.1%
<b>US Equity</b>	13.6%	13.6%	-1.7%	-11.0%	-1.6%	7.6%	7.5%
MSCI USA IMI	13.3%	13.3%	-1.5%	-10.6%	-1.6%	7.5%	7.8%
<b>Non-US Equity Developed</b>	7.2%	7.2%	-11.6%	-17.6%	-10.7%	-0.3%	0.1%
MSCI EAFE IMI	7.0%	7.0%	-12.0%	-18.2%	-11.5%	-0.7%	0.1%
<b>Non-US Emerging</b>	9.6%	9.6%	-13.6%	-18.5%	-14.6%	-0.8%	-0.1%
MSCI Emerging Markets	9.2%	9.2%	-10.7%	-16.6%	-12.0%	0.6%	-0.1%

<b>Fixed Income by Sub-Asset Class</b>							
<b>Risk-Reducing Fixed Income</b>	1.1%	1.1%	4.7%	3.1%	6.9%	3.9%	
Bloomberg Barclays US Intermediate Aggregate	1.2%	1.2%	5.6%	3.7%	8.0%	4.1%	
<b>Return-Seeking Fixed Income</b>	3.9%	3.9%	-8.2%	-10.9%	-8.0%	-0.2%	
ICE BofA Merrill Lynch US High Yield	3.8%	3.8%	-6.3%	-9.8%	-5.3%	1.4%	

Please note: The Risk-Reducing Fixed Income, Return-Seeking Fixed Income and ICE BofA Merrill Lynch US High Yield 5 yr returns are blank because the current composite returns calculated by BNY Mellon do not cover these time periods. SDCERA Benchmark returns are before fees.



## Portfolio Risk and Tracking Error

As of April 30, 2020	2/29/20 Trailing three years		3/31/20 Trailing three years		4/30/20 Trailing three years	
Total Trust Fund	Volatility	Tracking Error	Volatility	Tracking Error	Volatility	Tracking Error
SDCERA Total Trust Fund Assets	6.4%	N/A	8.4%	N/A	8.9%	N/A
SDCERA Policy Benchmark	8.4%	2.2%	10.4%	2.3%	11.3%	2.6%

  

	Forecasted		Forecasted		Forecasted	
Total Trust Fund	Volatility	Tracking Error	Volatility	Tracking Error	Volatility	Tracking Error
SDCERA Total Trust Fund Assets	6.4%	N/A	7.7%	N/A	8.4%	N/A
SDCERA Policy Benchmark	8.1%	1.8%	9.3%	1.9%	9.8%	1.7%
Balanced Benchmark	8.5%	2.1%	9.7%	2.2%	10.3%	2.0%
SDCERA Public-Only Assets	7.7%	N/A	9.2%	N/A	10.1%	N/A
SDCERA Public Benchmark	8.4%	0.8%	9.6%	0.7%	10.1%	0.6%

  

Equities						
Global Equity	12.0%	N/A	13.8%	N/A	14.5%	N/A
MSCI ACWI IMI	12.3%	1.7%	13.9%	1.6%	14.7%	1.6%
US Equity	12.7%	N/A	14.3%	N/A	15.5%	N/A
MSCI USA IMI	12.6%	0.4%	14.2%	0.5%	15.3%	0.5%
Non-US Equity Developed	12.8%	N/A	14.3%	N/A	14.6%	N/A
MSCI EAFE IMI	12.8%	0.7%	14.2%	0.7%	14.5%	0.7%
Non-US Emerging	16.3%	N/A	18.0%	N/A	18.2%	N/A
MSCI Emerging Markets	16.1%	0.8%	17.6%	1.0%	17.7%	1.1%

  

Fixed Income						
Risk-Reducing Fixed Income	1.8%	N/A	2.0%	N/A	2.0%	N/A
Bloomberg Barclays US Intermediate Aggregate	2.2%	0.4%	2.2%	0.4%	2.2%	0.5%
Return-Seeking Fixed Income	4.6%	N/A	7.6%	N/A	7.8%	N/A
ICE BofA Merrill Lynch US High Yield	5.4%	1.1%	7.6%	1.1%	7.8%	1.1%

  

Opportunistic						
Opportunistic	6.7%	N/A	7.7%	N/A	8.0%	N/A
Balanced Benchmark	8.5%	4.5%	9.7%	4.5%	10.3%	4.4%

  

Private Assets						
Real Estate	2.6%	N/A	2.8%	N/A	1.3%	N/A
NCREIF ODCE	0.2%	2.5%	0.3%	2.6%	0.3%	1.4%
Private Equity	2.4%	N/A	3.5%	N/A	2.6%	N/A
MSCI ACWI IMI	12.3%	10.0%	13.9%	10.8%	14.7%	12.3%
Private Real Assets	10.6%	N/A	12.6%	N/A	11.7%	N/A
MSCI ACWI IMI	12.3%	13.5%	13.9%	13.4%	14.7%	16.6%



**Public Markets Portfolio Changes in April 2020**

**Allocation Changes (millions)**

Decrease BlackRock Int Agg Fund \$100  
 Decrease AACA REIT \$20  
 Increase Operational Cash \$57.9  
 Increase Oaktree HY \$75

	Portfolio %		Portfolio \$ millions		Summary Comments
	Begin	End	Begin	End	
	7.5%	6.4%	\$889	\$799	Oaktree HY capital call and liquidity management
	0.2%	0.0%	\$21	\$2	Reverse capital call
	2.4%	2.3%	\$280	\$287	Liquidity management
	3.9%	4.5%	\$465	\$560	Public markets capital call per IMA

**Private Markets Portfolio Changes in April 2020**

Decrease Red Kite Mine Finance Fund \$12.9

	Portfolio %		Portfolio \$ millions		Summary Comments
	Begin	End	Begin	End	
	0.8%	0.6%	\$90	\$78	Decrease exposure to Red Kite Mine Finance Fund

## Benchmarks

- The SDCERA Policy benchmark is composed as follows: 45% MSCI ACWI Investable Market Index (IMI), 18% Bloomberg Barclays US Intermediate Aggregate Index, 6% ICE BofA Merrill Lynch U. S. High Yield Index, 8% Balanced Benchmark, 23% SDCERA Private Asset Benchmark.
- The SDCERA Balanced Benchmark is composed of 70% MSCI ACWI IMI and 30% Bloomberg Barclays U.S. Intermediate Aggregate Index.
- The Total Public Markets Equity Benchmark is the MSCI ACWI IMI.
- The Global Equity Benchmark is the MSCI ACWI IMI.
- The US Equity Benchmark is the MSCI USA IMI.
- The Non-US Equity (Developed) Benchmark is the MSCI EAFE IMI.
- The Non-US Equity Emerging Markets Benchmark is the MSCI Emerging Markets Index.
- The Risk-Reducing Fixed Income Benchmark is the Bloomberg Barclays U.S. Intermediate Aggregate Index.
- The Return-Seeking Fixed Income Benchmark is the ICE BofA Merrill Lynch U.S. High Yield Index.
- The Opportunistic Benchmark is 70% MSCI ACWI IMI and 30% Bloomberg Barclays U.S. Intermediate Aggregate Index.
- The Total Private Assets Benchmark is composed of 1/3 NCREIF and 2/3 MSCI ACWI IMI.
- The Real Estate Benchmark is the NCREIF ODCE Index.
- The Private Equity Benchmark is the MSCI ACWI IMI.
- The Private Real Assets Benchmark is the MSCI ACWI IMI.
- The MSCI ACWI IMI captures large, mid and small cap representation across 23 Developed Markets (DM) and 26 Emerging Markets (EM) countries.
- The SDCERA Public Markets Risk Benchmark is an aggregate of 3.9% MSCI ACWI IMI, 26.0% MSCI USA IMI, 19.5% MSCI EAFE IMI, 9.1% MSCI Emerging Markets Index, 23.4% Bloomberg Barclays U.S. Intermediate Aggregate Index, 7.8% ICE BofA Merrill Lynch US High Yield Index, and 10.3% Balanced Benchmark.

## Glossary

MSCI ACWI IMI: Morgan Stanley Capital International All Country World - Investable Market Index. A capitalization-weighted stock index that captures large, mid and small cap representation across 23 Developed Markets (DM) and 26 Emerging Markets (EM) countries. The index is comprised of 8,976 equity securities that cover approximately 99% of the global equity investment opportunity set as of March 31, 2020.

Bloomberg Barclays U.S. Intermediate Aggregate: A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of \$250 million or greater.

NCREIF ODCE: National Council of Real Estate Investment Fiduciaries – Open End Diversified Core Equity Index. A capitalization weighted index comprised of open-end, Core funds investing in commercial real estate properties. The funds that constitute the index are subject to certain geographic and property type diversification requirements as well as leverage restrictions. The index returns reflect the property-level leverage contained within each underlying fund. The returns shown in this report are net of management fees of the respective funds included in the index.

MSCI USA IMI: Morgan Stanley Capital International USA - Investable Market Index. A capitalization-weighted stock index designed to measure the performance of the large, mid and small cap segments of the U.S. market. The index is comprised of 2,383 equity securities that cover approximately 99% of the free float-adjusted market capitalization in the U.S. as of March 31, 2020.

MSCI EAFE IMI: Morgan Stanley Capital International Europe Australasia and Far East - Investable Market Index A capitalization-weighted index of stocks that captures large, mid and small cap representation across Developed Markets countries around the world, excluding the U.S. and Canada. The index is comprised of 3,243 equity securities that cover approximately 99% of the free float-adjusted market capitalization in each country as of March 31, 2020.

MSCI Emerging Markets Index: A capitalization-weighted index of stocks that captures large and mid-cap representation across 26 Emerging Markets (EM) countries. The Index is comprised of 1,404 equity securities that cover approximately 85% of the free float-adjusted market capitalization in each country as of March 31, 2020.

ICE BofAML U.S. High Yield Index: Intercontinental Exchange Bank of America Merrill Lynch. A market capitalization-weighted index that tracks the performance of U.S. dollar-denominated below investment grade corporate debt publicly issued in the U.S. domestic market.