



Monthly Risk-Return Report

As of January 31, 2020

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Based on actual BNY Mellon data through December 2019 and preliminary data for January 2020.

Private asset valuations and returns are presented with a quarterly lag per industry standard.



Asset Allocation and Policy Guidelines

As of January 31, 2020

Asset Class	Assets and Allocation		Policy Target	Minimum Target	Maximum Target	Difference	
	\$ (MM)	%				From Policy Target	Within Target?
Public Markets Equity	6,509	47.3%	45.0%	40.0%	50.0%	2.3%	Yes
Global Equity	539	3.9%	3.0%	0.0%	10.0%	0.9%	Yes
US Equity	3,043	22.1%	20.0%	15.0%	25.0%	2.1%	Yes
Non-US Equity Developed	2,070	15.0%	15.0%	11.0%	19.0%	0.0%	Yes
Non-US Equity Emerging	857	6.2%	7.0%	3.0%	11.0%	-0.8%	Yes
Fixed Income and Cash	3,660	26.6%					
Risk-Reducing Fixed Income	2,832	20.6%	18.0%	13.0%	24.0%	2.6%	Yes
Return-Seeking Fixed Income	828	6.0%	6.0%	0.0%	12.0%	0.0%	Yes
Opportunistic	1,131	8.2%	8.0%	0.0%	15.0%	0.2%	Yes
Private Assets	2,468	17.9%	23.0%	10.0%		-5.1%	Yes
Real Estate	1,093	7.9%	9.0%	5.0%	12.0%	-1.1%	Yes
Private Equity	727	5.3%	8.0%	3.0%	10.0%	-2.7%	Yes
Private Real Assets	648	4.7%	6.0%	3.0%	8.0%	-1.3%	Yes
Total Invested	13,768	100.0%					



Portfolio and Benchmark Returns

As of January 31, 2020

	MTD	QTD	FYTD	CYTD	1 Year	3 Years	5 Years
SDCERA Total Trust Fund	-0.4%	-0.4%	5.2%	-0.4%	10.7%	8.2%	6.2%
SDCERA Policy Benchmark	-0.6%	-0.6%	6.0%	-0.6%	12.5%	8.6%	6.8%
Balanced Benchmark	-0.6%	-0.6%	6.2%	-0.6%	12.9%	8.7%	6.8%

SDCERA Public Markets	-0.6%	-0.6%	5.2%	-0.6%	11.5%	8.1%	5.2%
Balanced Benchmark	-0.6%	-0.6%	6.2%	-0.6%	12.9%	8.7%	6.8%
Total Public Markets Equity	-1.7%	-1.7%	6.9%	-1.7%	14.7%	10.6%	7.5%
MSCI ACWI IMI	-1.3%	-1.3%	7.4%	-1.3%	15.3%	10.6%	8.4%
Total Fixed Income and Cash	1.1%	1.1%	3.0%	1.1%	6.8%	3.9%	3.3%
Bloomberg Barclays US Intermediate Aggregate	1.2%	1.2%	3.1%	1.2%	7.1%	3.6%	2.6%

Opportunistic							
Opportunistic	-0.2%	-0.2%	3.3%	-0.2%	9.0%	3.9%	2.9%
Balanced Benchmark	-0.6%	-0.6%	6.2%	-0.6%	12.9%	8.7%	6.8%

Private Assets							
<i>The industry standard is to present private asset returns with a quarterly lag</i>							
Real Estate	1.0%	1.0%	7.2%	1.0%	11.6%	9.8%	11.0%
NCREIF ODCE	0.4%	0.4%	2.8%	0.4%	4.4%	6.1%	7.9%
Private Equity	0.3%	0.3%	4.6%	0.3%	8.4%	13.2%	11.0%
MSCI ACWI IMI	-1.3%	-1.3%	7.4%	-1.3%	15.3%	10.6%	8.4%
Private Real Assets	0.9%	0.9%	1.4%	0.9%	0.7%	5.1%	3.2%
MSCI ACWI IMI	-1.3%	-1.3%	7.4%	-1.3%	15.3%	10.6%	8.4%

Equities by Sub-Asset Class							
Global Equity	-1.7%	-1.7%	6.9%	-1.7%	12.7%	10.1%	8.3%
MSCI ACWI IMI	-1.3%	-1.3%	7.4%	-1.3%	15.3%	10.6%	8.4%
US Equity	-0.3%	-0.3%	10.1%	-0.3%	20.6%	13.5%	11.3%
MSCI USA IMI	-0.2%	-0.2%	9.9%	-0.2%	19.9%	13.2%	11.3%
Non-US Equity Developed	-2.0%	-2.0%	5.1%	-2.0%	13.0%	8.0%	5.4%
MSCI EAFE IMI	-2.2%	-2.2%	5.2%	-2.2%	12.1%	7.9%	5.5%
Non-US Emerging	-5.3%	-5.3%	0.4%	-5.3%	2.0%	7.0%	4.7%
MSCI Emerging Markets	-4.7%	-4.7%	2.1%	-4.7%	3.8%	7.9%	4.5%

Fixed Income by Sub-Asset Class							
Risk-Reducing Fixed Income	1.4%	1.4%	3.0%	1.4%	6.6%	3.7%	
Bloomberg Barclays US Intermediate Aggregate	1.2%	1.2%	3.1%	1.2%	7.1%	3.6%	
Return-Seeking Fixed Income	0.1%	0.1%	3.1%	0.1%	7.3%	4.5%	
ICE BofA Merrill Lynch US High Yield	0.0%	0.0%	3.9%	0.0%	9.4%	5.9%	

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 January 31, 2020	11/30/19 Trailing three years		12/31/19 Trailing three years		1/31/20 Trailing three years	
Total Trust Fund	Volatility	Tracking Error	Volatility	Tracking Error	Volatility	Tracking Error
SDCERA Total Trust Fund Assets	5.8%	N/A	5.9%	N/A	5.9%	N/A
SDCERA Policy Benchmark	7.6%	2.0%	7.7%	2.0%	7.7%	2.1%

	Forecasted		Forecasted		Forecasted	
Total Trust Fund	Volatility	Tracking Error	Volatility	Tracking Error	Volatility	Tracking Error
SDCERA Total Trust Fund Assets	6.3%	N/A	6.4%	N/A	6.4%	N/A
SDCERA Policy Benchmark	7.8%	1.7%	7.9%	1.5%	7.9%	1.6%
Balanced Benchmark	8.2%	2.0%	8.2%	1.9%	8.2%	1.9%
SDCERA Public-Only Assets	7.5%	N/A	7.6%	N/A	7.6%	N/A
SDCERA Public Benchmark	8.1%	0.8%	8.1%	0.7%	8.1%	0.7%

Equities						
Global Equity	11.4%	N/A	11.5%	N/A	11.5%	N/A
MSCI ACWI IMI	11.8%	1.7%	11.8%	1.7%	11.8%	1.7%
US Equity	12.3%	N/A	12.4%	N/A	12.2%	N/A
MSCI USA IMI	12.2%	0.4%	12.2%	0.4%	12.1%	0.4%
Non-US Equity Developed	12.4%	N/A	12.3%	N/A	12.4%	N/A
MSCI EAFE IMI	12.3%	0.7%	12.2%	0.7%	12.3%	0.7%
Non-US Emerging	15.8%	N/A	15.9%	N/A	16.2%	N/A
MSCI Emerging Markets	15.6%	0.8%	15.8%	0.8%	16.0%	0.8%

Fixed Income						
Risk-Reducing Fixed Income	1.5%	N/A	1.6%	N/A	1.7%	N/A
Bloomberg Barclays US Intermediate Aggregate	2.2%	0.4%	2.2%	0.4%	2.1%	0.4%
Return-Seeking Fixed Income	4.5%	N/A	4.5%	N/A	4.5%	N/A
ICE BofA Merrill Lynch US High Yield	5.4%	1.1%	5.3%	1.1%	5.4%	1.1%

Opportunistic						
Opportunistic	6.4%	N/A	6.4%	N/A	6.3%	N/A
Balanced Benchmark	8.2%	5.1%	8.2%	5.0%	8.2%	4.7%

Private Assets						
Real Estate	3.2%	N/A	3.2%	N/A	2.6%	N/A
NCREIF ODCE	0.2%	3.1%	0.2%	3.1%	0.3%	2.5%
Private Equity	2.4%	N/A	2.4%	N/A	2.3%	N/A
MSCI ACWI IMI	11.8%	9.5%	11.8%	9.6%	11.8%	9.7%
Private Real Assets	10.4%	N/A	10.4%	N/A	10.6%	N/A
MSCI ACWI IMI	11.8%	13.2%	11.8%	13.2%	11.8%	13.3%

Public Markets Portfolio Changes in January 2020

Allocation Changes (millions)

Portfolio %		Portfolio \$ millions		Summary Comments
Begin	End	Begin	End	

Private Markets Portfolio Changes in January 2020

Portfolio %		Portfolio \$ millions		Summary Comments
Begin	End	Begin	End	

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 9,033 equity securities that cover approximately 99% of the global equity investment opportunity set as of December 31, 2019.

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 2,411 equity securities that cover approximately 99% of the free float-adjusted market capitalization in the U.S. as of December 31, 2019.

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 3,264 equity securities that cover approximately 99% of the free float-adjusted market capitalization in each country as of December 31, 2019.

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 December 31, 2019.

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.