

























May 2024 IC Meeting



Schedule	Thursday, May 23, 2024 10:00 AM — 12:00 PM CDT
Venue	4700 Mueller Blvd., Austin TX 78723
Organizer	Sarah McCleary

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1. Call roll of Committee members

Presented by Ed Van Eenoo



**COMMITTEE MEETING
Agenda Item Information Sheet**

**AGENDA ITEM 1:
Call roll of Committee members**

AGENDA ITEM OBJECTIVE

The objective of the agenda item is to determine for the record which Trustees are present at the start of the meeting.

Each Trustee should respond to the roll call, and it will be noted in the minutes which Trustees are present in person and which Trustees have joined via video conference.

2. Review order of business and establish meeting objectives

Presented by Ed Van Eenoo

AGENDA ITEM 2:

Review order of business and establish meeting objectives

AGENDA ITEM OBJECTIVE

This agenda item provides Trustees the opportunity to review the order of business and to express a desire to take an agenda item out of order, and to discuss the key objectives of the meeting.

1. The Committee will receive reports on first quarter investment performance and capital markets, as well as the Fund's investment strategy and compliance.
2. The Committee will discuss and consider recommendations for the Real Assets asset class including strategic asset allocation, benchmarking, and implementation.
3. The Committee will discuss and consider recommendations for the Fixed Income asset class and policy guidelines.
4. The Committee will discuss and consider the Site Visit team recommendation related to the request for proposal for COAERS general investment consultant.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management**. It is an industry best practice to establish meeting objectives and review them at the outset of each meeting.

3. Receive public comments

Presented by Ed Van Eenoo



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 3: Receive public comments

AGENDA ITEM OBJECTIVE

This standing agenda item allows System members and members of the public the opportunity to provide comments to the Board.

ITEM SUMMARY

The Chair will recognize any person who wishes to comment for up to three minutes per person.

RELEVANCE TO STRATEGIC PLAN/CORE COMPETENCIES

This agenda item meets the core competency established in the **COAERS Strategic Plan** “*Transparency: Complying with open meeting and public information laws to ensure the decision-making process is clear to members and the public.*”

4. Consider approval of the April 11, 2024
Investment Committee minutes
Presented by Ed Van Eenoo



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 4:

Consider approval of the April 11, 2024 Investment Committee minutes

AGENDA ITEM OBJECTIVE

This standing agenda item seeks approval of the minutes from the prior Investment Committee meeting. The charter for the Investment Committee requires the Committee to keep minutes of its meetings.

RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends approval of the minutes of the April 11, 2024 Investment Committee meeting.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets the core competency established in the **COAERS Strategic Plan** “*Transparency: Complying with open meeting and public information laws to ensure the decision-making process is clear to members and the public.*”

ATTACHMENT

1. Draft minutes of April 11, 2024 Investment Committee meeting



Investment Committee
MINUTES
Meeting held in person
4700 Mueller Blvd., Austin TX 78723
Thursday, April 11, 2024 10:00 AM

Committee Member Present/(Absent)

Ed Van Eenoo, Committee Chair
Michael Granof
Dick Lavine
Brad Sinclair
Diana Thomas

Other Board Trustees Present/(Absent)

Michael Benson (Kelly Crook)
Yuejiao Liu
Chris Noak (Leslie Pool)
Anthony Ross

Others Present

Staff:
Christopher Hanson
David Kushner
David Stafford
Ty Sorrel
Sarah McCleary
Mehrin Rahman
Russell Nash
Jenni Bonds
Blake Lemen

Guests:

Spencer Hunter, RVK
Ian Bray, RVK
Paige Saenz, General Counsel

1 Call roll of Committee members

Committee Chair Van Eenoo called the meeting to order at 10:00 a.m. The following Committee members were present in person: Van Eenoo, Granof, Lavine, Sinclair.

2 Review order of business and establish meeting objectives

Committee Chair Van Eenoo referred Trustees to the order of business and meeting objectives. No changes were made to the order of business.

3 Receive public comments

Committee Chair Van Eenoo asked if any members of the public wished to speak, either now or during an agenda item. There were no comments.

4 Consider approval of the February 22, 2024 Investment Committee minutes

Committee Chair Van Eenoo asked the Committee to review the Investment Committee minutes. Mr. Brad Sinclair moved approval of the February 22, 2024 Investment Committee minutes. Mr. Dick Lavine seconded. The motion passed 3-0-1 (Lavine, Van Eenoo, and Sinclair “for” and Granof as “abstain”).

5 Discuss and consider Fixed Income asset class including Strategic Asset Allocation and benchmarking

Mr. Benson arrived at 10:07 a.m.

Mr. Spencer Hunter of RVK presented a recommendation to use the Bloomberg US Aggregate Bond Index as the benchmark for Fixed Income. Mr. Hunter also presented the recommendation of a single set of allowable ranges around neutral, and elimination of the sub-asset class structure within the Fixed Income asset class.

Ms. Thomas arrived at 10:16 a.m.

Mr. David Stafford added that Staff concurred with these recommendations and noted that at a time when the Private Credit allocation reaches a larger, more material amount of its target in the total Fund, Staff would recommend to the Board reducing the upper bound for Fixed Income as presented. Mr. Stafford also noted that until an implementation plan for the new structure is approved, rebalancing will take place only with prior Board approval.

Mr. Sinclair moved to refer to the Board the acceptance of the RVK recommendations regarding the Fixed Income asset class and to require rebalancing in Fixed Income to receive Board approval. Mr. Granof seconded, and the motion passed unanimously.

6 Discuss and consider Cash & Equivalents asset class including strategic asset allocation and benchmarking

Mr. Hunter of RVK presented a recommendation to continue to use the Bloomberg US T-Bills 1-3 Month Index for the Cash & Equivalents asset class. Mr. Hunter also recommended a set of allowable ranges (0% minimum, 1% neutral, and 10% maximum) for Cash & Equivalents.

Mr. Stafford reported to the Committee that Staff concurred with the RVK recommendations, noting that the neutral 1% allocation to cash equates to approximately 12 months of required operating needs and benefit payments.

Mr. Lavine moved to refer to the Board the acceptance of the RVK recommendations regarding the Cash & Equivalents asset class. Ms. Thomas seconded, and the motion passed unanimously.

7 Discuss and consider general investment consultant Request for Proposals including:

7A. Results of scoring submitted bids

Mr. David Kushner explained that of the seven responses to the RFP, all met the minimum qualifications, and that four Staff members and the Executive Director scored all responses according to the approved scoring matrix. Mr. Kushner explained that the scores had a natural break between the top four and the bottom three bidders and recommended that the site visit team evaluate the top four bidders.

Ms. Thomas moved to approve the recommended four firms for the next phase of the RFP process. Mr. Sinclair seconded, and the motion passed unanimously.

7B. Total scoring process and next steps

Mr. Christopher Hanson outlined two different scoring systems that could be utilized to pick the finalists for the general investment consultant. Option one was a clean slate whereby the rankings for the onsite visits would solely determine the finalists. Option two was a cumulative ranking of 50% the Staff scoring of the initial applications and 50% scoring of the site visit team.

Ms. Thomas moved to approve scoring option two for the RFP. Mr. Sinclair seconded, and the motion passed unanimously.

8 Review key meeting takeaways and call for future agenda items

Committee Chair Van Eenoo noted that the Work Plan had been updated to include a discussion of the investment manager selection process (Premier List) at the May meeting.

As there were no further items to address, the meeting adjourned at 11:08 a.m.

5. Receive reports on first quarter investment performance and capital markets, including strategy and compliance

Presented by RVK



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 5:

Receive reports on first quarter investment performance and capital markets, including strategy and compliance

AGENDA ITEM OBJECTIVE

This agenda item is for the Committee to review the Fund's performance through March 31, 2024 and other strategic reports.

RECOMMENDATION FOR COMMITTEE ACTION

At the Committee's discretion.

ITEM SUMMARY

RVK will lead a review of the Fund's performance through March 31, 2024 using updated reporting dashboards based on the Committee's prior feedback.

Staff has additionally provided standard quarterly reports in a consolidated fashion. Based on Trustee feedback to streamline meetings, many standard quarterly reports have also been included in the supplemental materials.

RELEVANCE TO STRATEGIC PLAN

This item allows the Committee to review Fund performance and assess the extent to which the System is meeting **COAERS Strategic Plan Goal 1: Achieve and maintain a funding level that ensures the long-term sustainability of the retirement system** since long-term investment performance consistent with the investment program's goals is central to long-term system sustainability. Additionally, the agenda item allows the Committee to review the Fund goals and compliance requirements to ensure the System is fulfilling **COAERS Strategic Plan Goal 2: Responsibly Manage the Risks of the System**.

ATTACHMENTS

1. RVK Memo: Capital Markets Review
2. RVK Memo: Performance Review
3. RVK Report: Summary Performance Report
4. Staff Memo: Quarterly Reports Executive Summary
5. Staff Report: Investment Strategy Dashboard
6. Staff Report: Investment Compliance Dashboard
7. Staff Report: Status of Delegated Authority
8. Staff Report: Investment Implementation Update (Confidential)

SUPPLEMENTAL MATERIALS

1. Additional Quarterly Reports
2. Additional Performance Reports
3. Investment Risk Framework Reports CONFIDENTIAL



Memorandum

To	City of Autin Employees' Retirement System (COAERS) Investment Committee
From	RVK, Inc. (RVK)
Subject	2024 Q1 Capital Markets Review
Date	May 23, 2024

Broad Overview:

In Q1, risk assets built on their impressive performance in 2023 amid a resilient US economy and strong labor market despite rising uncertainty regarding the timing of future monetary policy changes and elevated geopolitical tensions. Both US and developed international equities, across all capitalizations and styles, posted gains. The public fixed income market posted mixed results with strong economic data and moderating expectations for future rate cuts contributing to increasing yields in Q1. The broad fixed income market experienced negative returns with shorter duration bonds outperforming longer maturity bonds, representing a trend change from late-2023. Overall, indicators currently point to stable economic activity with purchasing manager indexes for manufacturing and services remaining in expansionary territory in Q1.

US Equity:

In Q1, US equity markets posted significant gains with the Russell 3000 Index returning 10.0%, although there was increased dispersion among the Magnificent 7. Large-cap stocks outperformed small-cap stocks with the Russell 1000 Index returning 10.3% compared to the Russell 2000 Index returning 5.2%. In a reversal of recent trends, median manager excess returns were positive for active large-cap growth managers, suggesting the increased dispersion among the Magnificent 7 has provided increased opportunities for alpha generation.

Non-US Equity:

Developed international markets trailed their US counterparts in Q1 with the MSCI EAFE returning 5.8%. Emerging market equities lagged developed markets with the MSCI Emerging Market Index returning 2.4% during the quarter. Based on median manager excess returns, the quarter represented a favorable environment for active management across most sub-asset classes.

Fixed Income:

In Q1, investor expectations related to monetary policy actions shifted due to persistent inflation, a strong labor market, and stable economic conditions. US Treasury yields experienced a steady increase across the curve, with the 10-year yield rising by 32 basis points to end the quarter at 4.2%. The Bloomberg US Corporate Investment Grade Index returned -0.4%, while the Bloomberg US Corporate High Yield Index returned 1.5%. The JPMorgan EMBI Global Diversified Index posted a 2.0% return in Q1.

Multi-Asset:

Multi-asset managers who target reduced correlations, low volatility, and limited market sensitivity posted positive returns, though underperforming a 60/40 blend.

Real Estate:

In Q1, core private real estate generated a return of -2.4% (on a preliminary and gross of fee basis), as reported by the NFI-ODCE Index, with the total return comprising of 1.0% from income and -3.3% from price appreciation. Publicly traded real estate outperformed private market counterparts with a total return of -1.3% in Q1, as measured by the FTSE/NAREIT All REITs Index.



Memorandum

To	City of Astin Employees' Retirement System (COAERS) Investment Committee
From	RVK, Inc. (RVK)
Subject	2024 Q1 COAERS Performance Review
Date	May 23, 2024

Total Fund:

The Total Fund produced positive absolute returns over the quarter (+4.18%), exceeding the policy benchmark by 1 basis point (net of fees). For the quarter, this performance ranked the System in the 41st percentile among similarly sized peers (gross of fees).

US Equity:

The US Equity composite trailed its benchmark by 109 basis points over the quarter, but was the primary driver of Total Fund returns. Relative underperformance was driven primarily by the composite's exposure to diversifying mandates.

Non-US Equity:

The Developed Markets Equity composite trailed its benchmark by 162 basis points over the quarter. Relative underperformance was primarily driven by the composite's two active managers underperforming their primary benchmarks. The Emerging Markets Equity composite exceeded its benchmark by 53 basis points over the quarter. Relative outperformance was driven by the composite's overweight allocation to the information technology sector.

Real Assets:

The Real Estate Equity composite underperformed its benchmark by 100 basis points over the quarter. While both core private real estate and public REIT holdings experienced negative returns during the quarter, underperformance relative to the benchmark was driven by a continued mismatch in the benchmark which is to be addressed at the May 2024 IC meeting. The Infrastructure Equity composite underperformed its benchmark by 142 basis points over the quarter. Similar to the Real Estate Equity composite, benchmark mismatch was the primary contributor to the underperformance and is also to be addressed at the May 2024 IC meeting.

Fixed Income:

The Global Fixed Income composite outperformed its benchmark by 181 basis points over the quarter. The composite's underweight to developed non-US debt helped drive the relative performance against the benchmark (which as of Q1 2024 still reflected the Global Aggregate Bond Index).

Multi-Asset:

The Multi-Asset composite outperformed its benchmark by 146 basis points over the quarter. The system's Gold Futures holdings contributed to outperformance.

Cash & Equivalents:

The Cash & Equivalents composite trailed its benchmark by 2 basis points over the quarter.



Summary of Fund Performance

City of Austin Employees' Retirement System

Period Ended: March 31, 2024



Executive Summary

Quarter to Date – As of March 31, 2024

Category	Results	Notes
Total Fund Performance	Positive	+4.2% (+\$135mm net investment change)
Performance vs. Benchmarks	Outperformed	4.2% vs. 4.2% (Policy) and 4.0% (Passive)
Performance vs. Peers ¹	Mixed	4.2% vs. 4.6% (All Public) median (60 th percentile) 4.2% vs. 4.0% (All Public \$1-5B) median (41 st percentile)
Asset Allocation Attribution Effects	Negative	Style selection within US Equity and manager selection in Developed Markets Equity was detractive
Active Managers vs. Benchmarks	Underperformed	6 of 13 active managers beat respective benchmarks (after fees)
Active Managers vs. Peer Groups	Underperformed	2 of 9 ² active managers beat peer group median benchmarks (after fees)
Compliance with Targets	In Compliance	All exposure within policy ranges

Performance is shown net of fees, unless noted otherwise.

¹Gross of fees vs. Investment Metrics All Public DB and All Public DB Plans (\$1B - \$5B)

²Excludes active managers without appropriate peer group.

Executive Summary

1-Year – As of March 31, 2024

Category	Results	Notes
Total Fund Performance	Positive	+11.7% (+\$353mm net investment change)
Performance vs. Benchmarks	Underperformed	11.7% vs. 14.7% (Policy) and 13.7% (Passive)
Performance vs. Peers ¹	Mixed	12.0% vs. 13.4% (All Public) median (72 nd percentile) 12.0% vs. 11.7% (All Public \$1-5B) median (42 nd percentile)
Asset Allocation Attribution Effects	Negative	Style selection within US Equity and Real Estate Equity was detractive
Active Managers vs. Benchmarks	Underperformed	6 of 13 active managers beat respective benchmarks (after fees)
Active Managers vs. Peer Groups	Underperformed	3 of 9 ² active managers beat peer group median benchmarks (after fees)
Compliance with Targets	In Compliance	All exposure within policy ranges

Performance is shown net of fees, unless noted otherwise.

¹Gross of fees vs. Investment Metrics All Public DB and All Public DB Plans (\$1B - \$5B)

²Excludes active managers without appropriate peer group.

Executive Summary

3-Years – As of March 31, 2024

Category	Results	Notes
Total Fund Performance	Positive	+3.1% (+\$295mm net investment change)
Performance vs. Benchmarks	Mixed	3.1% vs. 3.5% (Policy) and 2.3% (Passive)
Performance vs. Peers ¹	Underperformed	3.3% vs. 4.2% (All Public) median (75 th percentile) 3.3% vs. 4.7% (All Public \$1-5B) median (87 th percentile)
Asset Allocation Attribution Effects	Negative	Style selection within US Equity and manager selection in Developed Markets Equity was detractive
Active Managers vs. Benchmarks	Underperformed	5 of 11 active managers beat respective benchmarks (after fees)
Active Managers vs. Peer Groups	Underperformed	2 of 9 ² active managers beat peer group median benchmarks (after fees)
Compliance with Targets	In Compliance	All exposure within policy ranges

Performance is shown net of fees, unless noted otherwise.

¹Gross of fees vs. Investment Metrics All Public DB and All Public DB Plans (\$1B - \$5B)

²Excludes active managers without appropriate peer group.

Executive Summary

5-Years – As of March 31, 2024

Category	Results	Notes
Total Fund Performance	Positive	+6.4% (+\$937mm net investment change)
Performance vs. Benchmarks	Mixed	6.4% vs. 6.9% (Policy) and 6.2% (Passive)
Performance vs. Peers ¹	Underperformed	6.7% vs. 7.9% (All Public) median (84 th percentile) 6.7% vs. 7.8% (All Public \$1-5B) median (84 th percentile)
Asset Allocation Attribution Effects	Negative	Style selection and manager skill within US Equity was detractive
Active Managers vs. Benchmarks	Outperformed	3 of 5 active managers beat respective benchmarks (after fees)
Active Managers vs. Peer Groups	Outperformed	3 of 4 ² active managers beat peer group median benchmarks (after fees)
Compliance with Targets	In Compliance	All exposure within policy ranges

Performance is shown net of fees, unless noted otherwise.

¹Gross of fees vs. Investment Metrics All Public DB and All Public DB Plans (\$1B - \$5B)

²Excludes active managers without appropriate peer group.

As of March 31, 2024

Composite: Total Fund
Asset Allocation & Performance - Net of Fees

	Allocation		Rate of Return (%)							
	Market Value (\$)	%	QTD	CYTD	1 Year	3 Years	5 Years	10 Years	Since Incep.	Inception Date
Total Fund	3,357,117,450	100.00	4.18	4.18	11.72	3.11	6.43	6.00	9.39	06/01/1982
Policy Benchmark			4.17	4.17	14.66	3.46	6.92	6.15	N/A	
Excess Return			0.01	0.01	-2.94	-0.35	-0.49	-0.15	N/A	
Passive Benchmark			4.01	4.01	13.71	2.28	6.18	5.29	N/A	
Excess Return			0.17	0.17	-1.99	0.83	0.25	0.71	N/A	
Global Equity	1,976,162,088	58.86	7.01	7.01	18.92	4.41	9.10	7.87	9.04	06/01/1988
Global Equity Benchmark			7.72	7.72	22.45	6.31	10.57	8.43	N/A	
Excess Return			-0.71	-0.71	-3.53	-1.90	-1.47	-0.56	N/A	
US Equity	1,219,084,067	36.31	9.21	9.21	24.51	8.03	11.85	10.46	10.79	06/01/1988
US Equity Benchmark			10.30	10.30	29.67	10.30	14.42	12.37	10.99	
Excess Return			-1.09	-1.09	-5.16	-2.27	-2.57	-1.91	-0.20	
Developed Markets Equity	536,882,834	15.99	3.97	3.97	11.53	2.48	7.35	5.69	5.21	01/01/2008
Developed Market Equity Benchmark			5.59	5.59	15.29	4.93	7.48	4.81	3.08	
Excess Return			-1.62	-1.62	-3.76	-2.45	-0.13	0.88	2.13	
Emerging Markets Equity	220,195,188	6.56	2.90	2.90	8.92	-6.74	1.11	2.48	1.20	03/01/2008
Emerging Market Equity Benchmark			2.37	2.37	8.15	-5.05	2.22	2.95	1.73	
Excess Return			0.53	0.53	0.77	-1.69	-1.11	-0.47	-0.53	
Real Assets	440,895,832	13.13	-0.87	-0.87	0.07	4.45	3.92	5.86	5.84	09/01/2004
Real Assets Benchmark			0.26	0.26	8.04	4.47	4.23	5.95	7.55	
Excess Return			-1.13	-1.13	-7.97	-0.02	-0.31	-0.09	-1.71	
Real Estate Equity	278,556,287	8.30	-1.20	-1.20	-2.37	2.81	3.61	6.93	6.38	09/01/2004
Real Estate Equity Benchmark			-0.20	-0.20	10.54	4.14	4.15	7.12	7.89	
Excess Return			-1.00	-1.00	-12.91	-1.33	-0.54	-0.19	-1.51	
Infrastructure Equity	162,339,545	4.84	-0.30	-0.30	4.59	7.76	2.26	N/A	2.66	01/01/2020
Infrastructure Equity Benchmark			1.12	1.12	3.12	4.59	3.97	4.24	2.26	
Excess Return			-1.42	-1.42	1.47	3.17	-1.71	N/A	0.40	

Performance shown is net of fees and is annualized for periods greater than one year. Indices show N/A for since inception returns when the fund contains more history than the corresponding benchmark.

As of March 31, 2024

Composite: Total Fund
Asset Allocation & Performance - Net of Fees

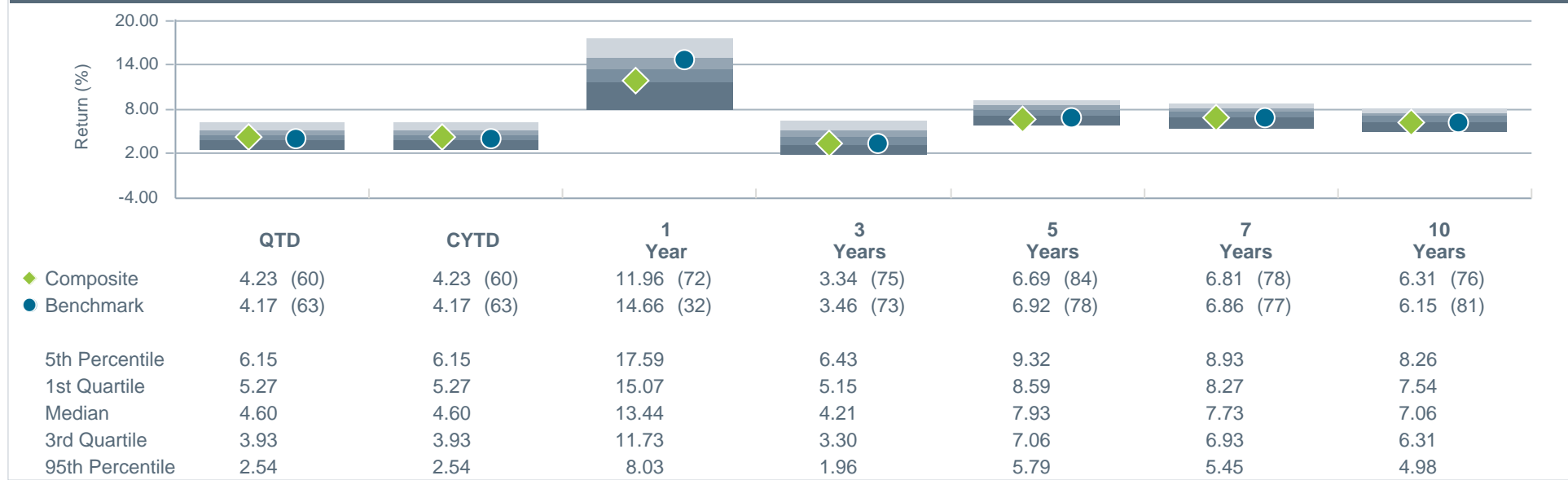
	Allocation		Rate of Return (%)							
	Market Value (\$)	%	QTD	CYTD	1 Year	3 Years	5 Years	10 Years	Since Incep.	Inception Date
Global Fixed Income	568,095,937	16.92	-0.27	-0.27	1.33	-2.30	-0.14	1.34	4.91	02/01/1991
Global Fixed Income Benchmark			-2.08	-2.08	0.49	-4.73	-1.17	0.71	4.65	
Excess Return			1.81	1.81	0.84	2.43	1.03	0.63	0.26	
US Treasuries	370,868,369	11.05	-0.57	-0.57	0.01	-2.36	N/A	N/A	0.22	05/01/2019
US Treasuries Benchmark			-0.96	-0.96	0.05	-2.73	-0.08	1.03	-0.03	
Excess Return			0.39	0.39	-0.04	0.37	N/A	N/A	0.25	
US Mortgages	71,931,533	2.14	-0.67	-0.67	2.13	-2.79	N/A	N/A	-0.81	08/01/2019
US Mortgages Benchmark			-1.04	-1.04	1.39	-2.84	-0.39	1.12	-0.91	
Excess Return			0.37	0.37	0.74	0.05	N/A	N/A	0.10	
US Credit	125,296,036	3.73	0.94	0.94	6.15	-1.36	N/A	N/A	1.15	08/01/2019
US Credit Benchmark			-0.41	-0.41	4.15	-1.86	1.39	2.49	0.48	
Excess Return			1.35	1.35	2.00	0.50	N/A	N/A	0.67	
Multi-Asset	140,241,747	4.18	5.47	5.47	12.67	4.53	7.50	5.36	5.67	02/01/2014
Multi-Asset Benchmark			4.01	4.01	13.71	2.28	6.09	5.24	5.53	
Excess Return			1.46	1.46	-1.04	2.25	1.41	0.12	0.14	
Asset Allocation	95,698,831	2.85	4.61	4.61	14.92	3.35	N/A	N/A	8.44	05/01/2020
Multi-Asset Benchmark			4.01	4.01	13.71	2.28	6.09	5.24	8.67	
Excess Return			0.60	0.60	1.21	1.07	N/A	N/A	-0.23	
Commodities & Other	44,542,917	1.33	7.34	7.34	7.73	8.19	N/A	N/A	8.19	04/01/2021
Commodities & Other Benchmark			2.19	2.19	-0.56	9.11	6.38	-1.56	9.11	
Excess Return			5.15	5.15	8.29	-0.92	N/A	N/A	-0.92	
Cash & Equivalents	231,721,845	6.90	1.30	1.30	5.13	2.67	2.01	N/A	1.89	07/01/2017
Cash & Equivalents Benchmark			1.32	1.32	5.38	2.65	2.02	1.36	1.93	
Excess Return			-0.02	-0.02	-0.25	0.02	-0.01	N/A	-0.04	
US Dollar Instruments	181,317,422	5.40	1.30	1.30	5.00	2.65	2.00	1.33	1.55	09/01/2015
Bloomberg US T-Bills 1-3 Mo Index			1.32	1.32	5.38	2.65	2.02	1.36	1.58	
Excess Return			-0.02	-0.02	-0.38	0.00	-0.02	-0.03	-0.03	
Other Currencies	50,404,423	1.50	1.33	1.33	5.32	N/A	N/A	N/A	3.50	12/01/2021
Bloomberg US T-Bills 1-3 Mo Index			1.32	1.32	5.38	2.65	2.02	1.36	3.42	
Excess Return			0.01	0.01	-0.06	N/A	N/A	N/A	0.08	

Performance shown is net of fees and is annualized for periods greater than one year. Indices show N/A for since inception returns when the fund contains more history than the corresponding benchmark.

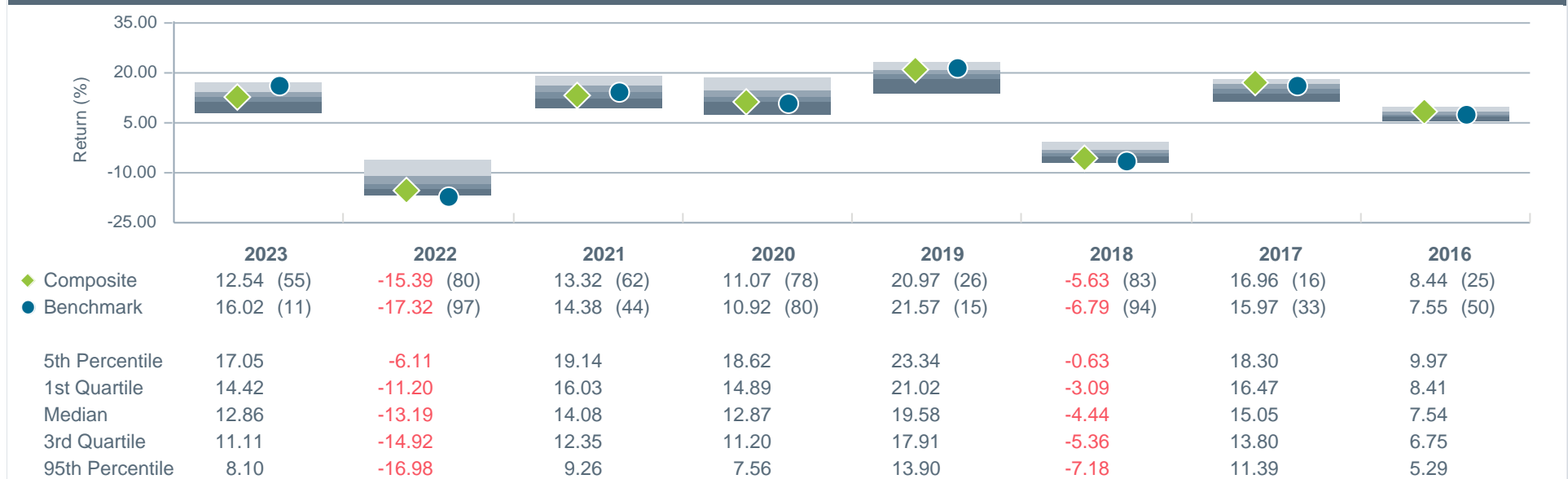
Composite: Total Fund
 Benchmark: Policy Benchmark
 Peer Group: All Public DB Plans

As of March 31, 2024

Rate of Return - Trailing



Rate of Return - Calendar



Performance shown is gross of fees and is annualized for periods greater than one year. Calculation is based on monthly periodicity. Parentheses contain percentile ranks.



City of Austin Employees' Retirement System

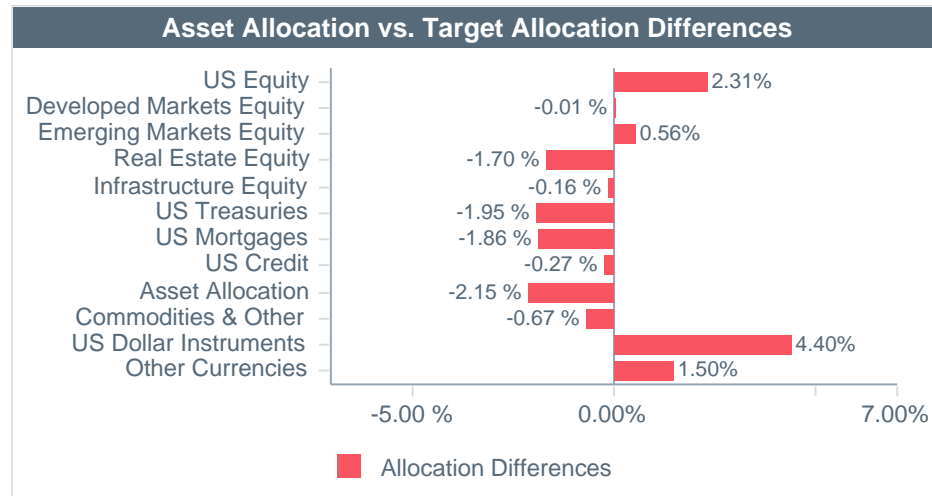
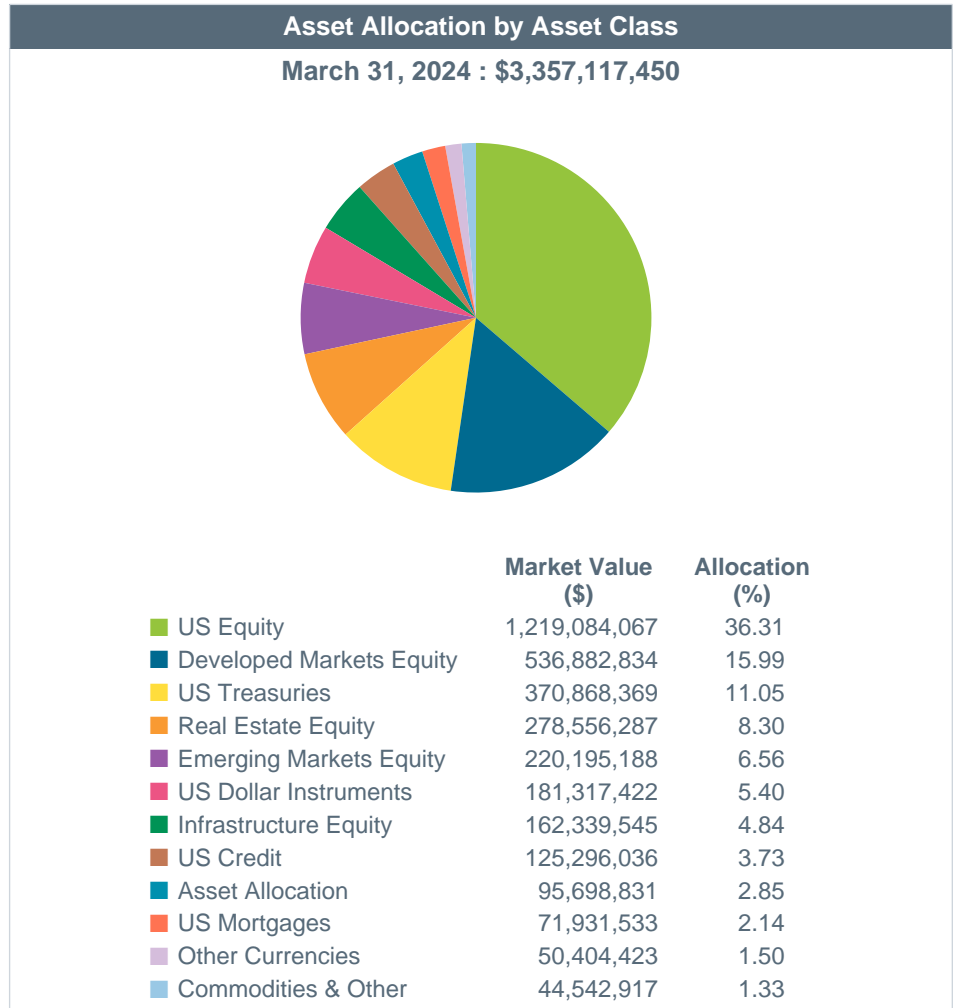
As of March 31, 2024

Composite: Total Fund

Asset Alloc. by Asset Class, Asset Alloc. vs. Target, and Schedule of Investable Assets

Schedule of Investable Assets					
Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
CYTD	3,222,615,819	-104,315	134,605,946	3,357,117,450	4.18
1 Year	3,037,798,691	-33,426,655	352,745,414	3,357,117,450	11.72
3 Years	3,227,606,952	-165,475,499	294,985,998	3,357,117,450	3.11

Asset Allocation vs. Target Allocation					
	Market Value (\$)	Allocation (%)	Neutral (%)	Min. (%)	Max. (%)
Total Fund	3,357,117,450	100.00	100.00	-	-
US Equity	1,219,084,067	36.31	34.00	29.00	39.00
Developed Markets Equity	536,882,834	15.99	16.00	13.50	18.50
Emerging Markets Equity	220,195,188	6.56	6.00	4.00	10.50
Real Estate Equity	278,556,287	8.30	10.00	7.00	13.00
Infrastructure Equity	162,339,545	4.84	5.00	1.00	7.00
US Treasuries	370,868,369	11.05	13.00	11.00	21.00
US Mortgages	71,931,533	2.14	4.00	3.00	6.00
US Credit	125,296,036	3.73	4.00	2.50	7.00
Asset Allocation	95,698,831	2.85	5.00	3.50	7.50
Commodities & Other	44,542,917	1.33	2.00	1.00	5.00
US Dollar Instruments	181,317,422	5.40	1.00	0.00	5.00
Other Currencies	50,404,423	1.50	0.00	0.00	1.00

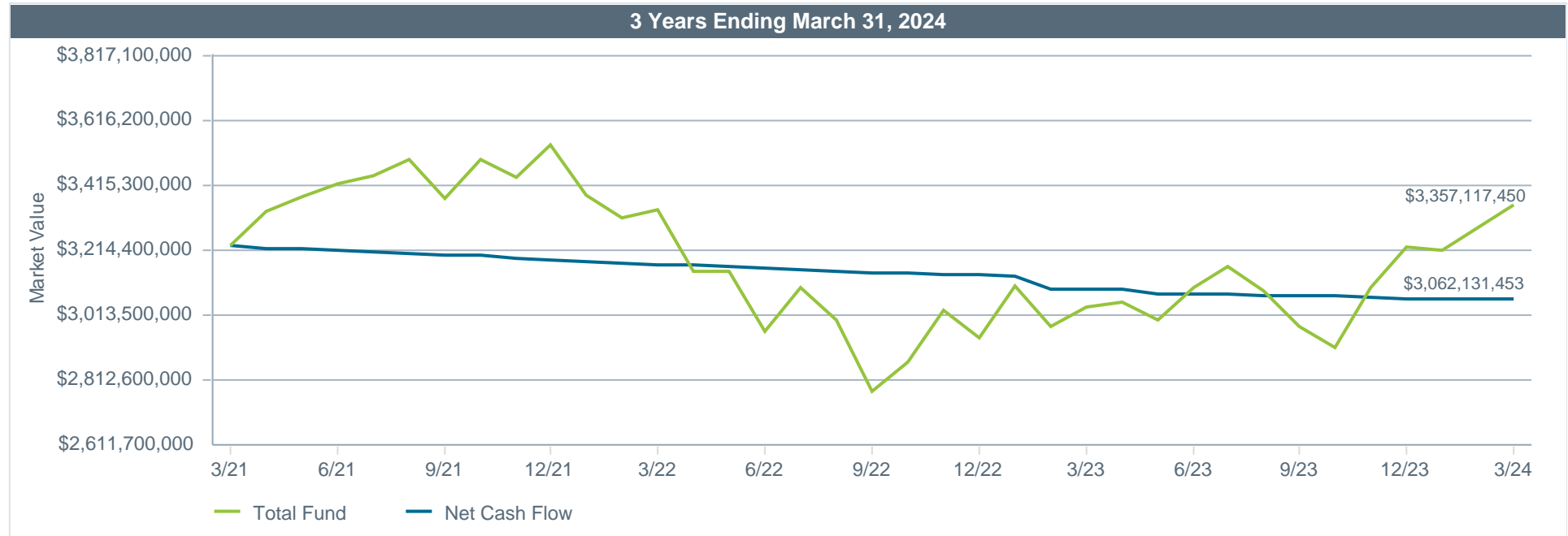


Performance shown is net of fees. Allocations shown may not sum up to 100% exactly due to rounding. Performance is annualized for periods greater than one year. Total Fund market value does not include \$319,626.06 in assets remaining at Northern Trust - representing accruals, cash, tax reclaims, and some assets that were restricted from being delivered due to a liquidation or pending corporate action.



Composite: Total Fund
Total Fund Asset Growth Summary

As of March 31, 2024



Schedule of Investable Assets - Quarter To Date						
Periods Ending	Beginning Market Value (\$)	Contributions (\$)	Withdrawals (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)
QTD	3,222,615,819	43,760,673	-43,864,988	-104,315	134,605,946	3,357,117,450

Schedule of Investable Assets - Year To Date						
Periods Ending	Beginning Market Value (\$)	Contributions (\$)	Withdrawals (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)
CYTD	3,222,615,819	43,760,673	-43,864,988	-104,315	134,605,946	3,357,117,450

Schedule of Investable Assets - 1 Year						
Periods Ending	Beginning Market Value (\$)	Contributions (\$)	Withdrawals (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)
1 Year	3,037,798,691	617,229,143	-650,655,798	-33,426,655	352,745,414	3,357,117,450

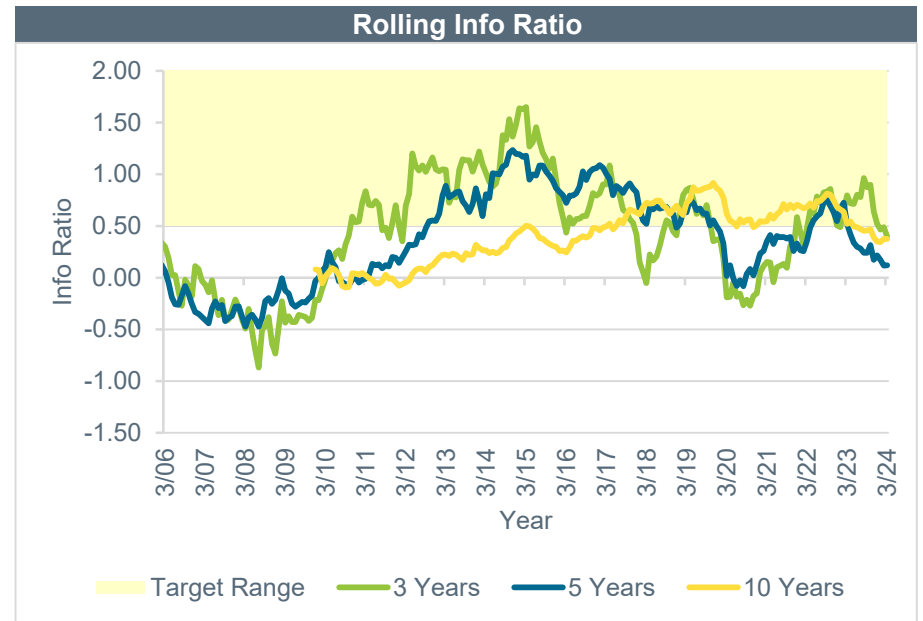
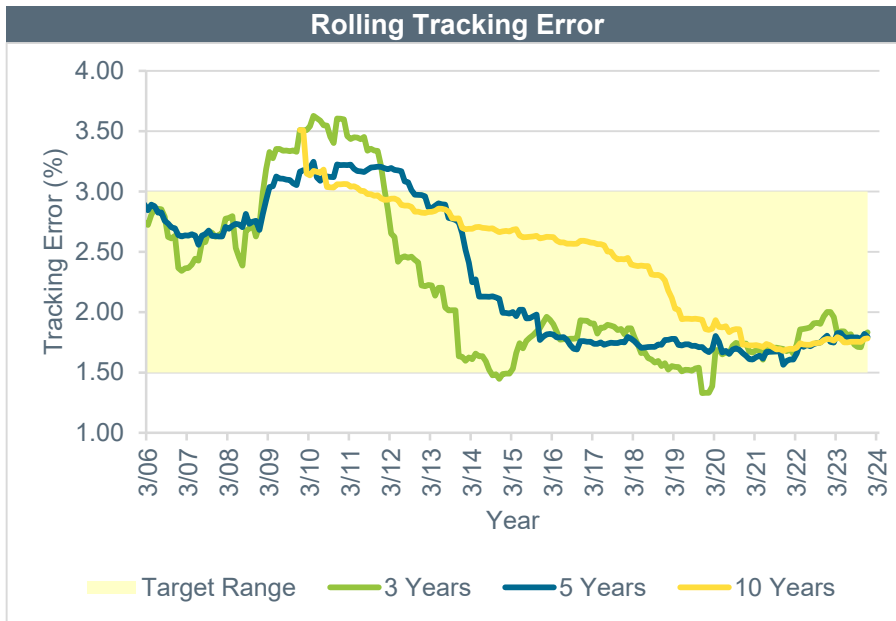
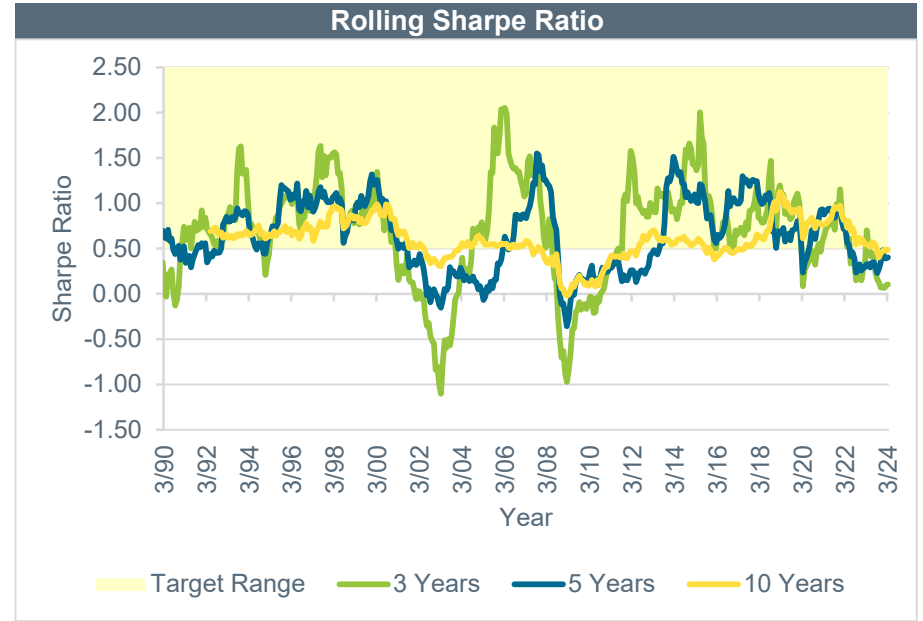
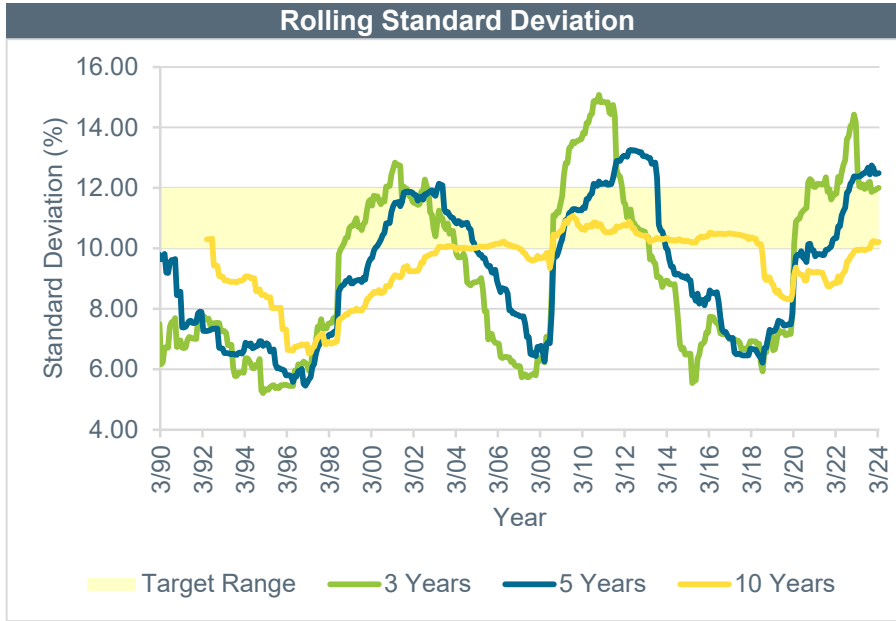
Schedule of Investable Assets - 3 Years						
Periods Ending	Beginning Market Value (\$)	Contributions (\$)	Withdrawals (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)
3 Years	3,227,606,952	2,105,544,627	-2,271,020,126	-165,475,499	294,985,998	3,357,117,450

Cash flows shown are net of fees. Net cash flow shown in the line chart represents the beginning market value, adjusted for cash flows. Contributions and withdrawals detail shown includes intra-portfolio cash flows.



Composite: Total Fund
Rolling Risk Statistics (Net of Fees)

As of March 31, 2024



Performance shown is net of fees. Tracking Error and Info Ratio shown are relative to the Passive Benchmark.



City of Austin Employees' Retirement System Executive Summary

As of March 31, 2024

Capital Markets Review						Market Performance					
<ul style="list-style-type: none"> In Q1, risk assets built on their impressive performance in 2023 amid a resilient US economy and strong labor market despite rising uncertainty regarding the timing of future monetary policy changes and elevated geopolitical tensions. While moderating, inflation levels above target ranges has led investors to carefully monitor comments from the Federal Open Market Committee (FOMC). The FOMC communicated its intention to maintain the plan for three rate cuts during the year. The Organisation for Economic Co-Operation and Development forecasted world GDP growth of 2.9% and 3.0% in 2024 and 2025, respectively. 						QTD	1 Year	3 Years	5 Years	10 Years	
						S&P 500 (Mkt Cap Wtd)	10.6	29.9	11.5	15.0	13.0
						Russell 2000	5.2	19.7	-0.1	8.1	7.6
						MSCI EAFE (Net)	5.8	15.3	4.8	7.3	4.8
						MSCI Emg Mkts (Net)	2.4	8.2	-5.1	2.2	2.9
Bbrg US Agg Bond	-0.8	1.7	-2.5	0.4	1.5						
Bbrg Comdty (TR)	2.2	-0.6	9.1	6.4	-1.6						
NCREIF ODCE (Net)	-2.6	-12.0	2.5	2.6	5.8						

Total Fund Performance												
	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2023	2022	2021	2020	2019
Total Fund	4.2	4.2	11.7	3.1	6.4	6.5	6.0	12.3	-15.6	13.0	10.8	20.7
Policy Benchmark	4.2	4.2	14.7	3.5	6.9	6.9	6.1	16.0	-17.3	14.4	10.9	21.6
Excess Return	0.0	0.0	-3.0	-0.4	-0.5	-0.4	-0.1	-3.7	1.7	-1.4	-0.1	-0.9

Total Fund Risk Metrics												
	1 Year	3 Years	5 Years	7 Years	10 Years	2023	2022	2021	2020	2019		
Sharpe Ratio	0.6	0.1	0.4	0.4	0.5	0.6	-1.2	1.9	0.6	2.3		
Standard Deviation	10.1	12.0	11.3	12.5	10.2	11.5	14.3	6.7	17.4	7.3		
Tracking Error	1.1	1.8	1.8	1.7	1.8	1.4	2.1	1.2	2.0	1.0		

Asset Class Performance							Performance Commentary					
	QTD	CYTD	1 Year	3 Years	Since Incep	Inception Date	<ul style="list-style-type: none"> The Total Fund returned 4.2% net of fees during the quarter, matching the Policy Benchmark. US Equity was the best performing asset class on an absolute basis, net of fees, returning 9.2%. Emerging Markets Equity had strong relative returns, outpacing its benchmark in Q1 by 0.5%. 					
Total Fund	4.2	4.2	11.7	3.1	9.4	06/01/1982						
Policy Benchmark	4.2	4.2	14.7	3.5	N/A							
Excess Return	0.0	0.0	-3.0	-0.4	N/A							
US Equity	9.2	9.2	24.5	8.0	10.8	06/01/1988						
US Equity Benchmark	10.3	10.3	29.7	10.3	11.0							
Excess Return	-1.1	-1.1	-5.2	-2.3	-0.2							
Developed Markets Equity	4.0	4.0	11.5	2.5	5.2	01/01/2008						
Developed Market Equity Benchmark	5.6	5.6	15.3	4.9	3.1							
Excess Return	-1.6	-1.6	-3.8	-2.4	2.1							
Emerging Markets Equity	2.9	2.9	8.9	-6.7	1.2	03/01/2008						
Emerging Market Equity Benchmark	2.4	2.4	8.2	-5.1	1.7							
Excess Return	0.5	0.5	0.7	-1.6	-0.5							
Real Estate Equity	-1.2	-1.2	-2.4	2.8	6.4	09/01/2004						
Real Estate Equity Benchmark	-0.2	-0.2	10.5	4.1	7.9							
Excess Return	-1.0	-1.0	-12.9	-1.3	-1.5							
Infrastructure Equity	-0.3	-0.3	4.6	7.8	2.7	01/01/2020						
Infrastructure Equity Benchmark	1.1	1.1	3.1	4.6	2.3							
Excess Return	-1.4	-1.4	1.5	3.2	0.4							
Global Fixed Income	-0.3	-0.3	1.3	-2.3	4.9	02/01/1991						
Global Fixed Income Benchmark	-2.1	-2.1	0.5	-4.7	4.6							
Excess Return	1.8	1.8	0.8	2.4	0.3							
Asset Allocation	4.6	4.6	14.9	3.4	8.4	05/01/2020						
Multi-Asset Benchmark	4.0	4.0	13.7	2.3	8.7							
Excess Return	0.6	0.6	1.2	1.1	-0.3							
Commodities & Other	7.3	7.3	7.7	8.2	N/A	07/01/2017						
Commodities & Other Benchmark	2.2	2.2	-0.6	9.1	4.9							
Excess Return	5.1	5.1	8.3	-0.9	N/A							

Asset Allocation vs. Target Allocation			
	Market Value (\$000)	Allocation (%)	Target (%)
US Equity	1,219,084	36.3	34.0
DM Equity	536,883	16.0	16.0
EM Equity	220,195	6.6	6.0
Real Estate Equity	278,556	8.3	10.0
Infrastructure Equity	162,340	4.8	5.0
Global Fixed Income	568,096	16.9	21.0
Asset Allocation	95,699	2.9	5.0
Commodities & Other	44,543	1.3	2.0
Cash & Equivalents	231,722	6.9	1.0
Total Fund	3,357,117	100.0	100.0

Schedule of Investable Assets					
Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
CYTD	3,222,615,819	-104,315	134,605,946	3,357,117,450	4.18

Performance shown is net of fees. Allocations shown may not sum up to 100% exactly. Tracking Error shown is relative to the Passive Benchmark. Risk statistics shown are less meaningful for periods less than one year. Please see the addendum for custom benchmark definitions.

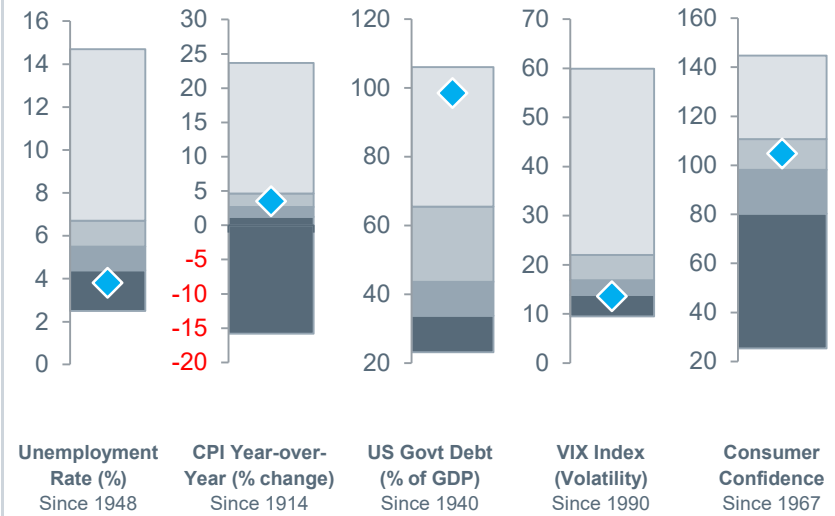


Capital Markets Review

First Quarter Economic Environment

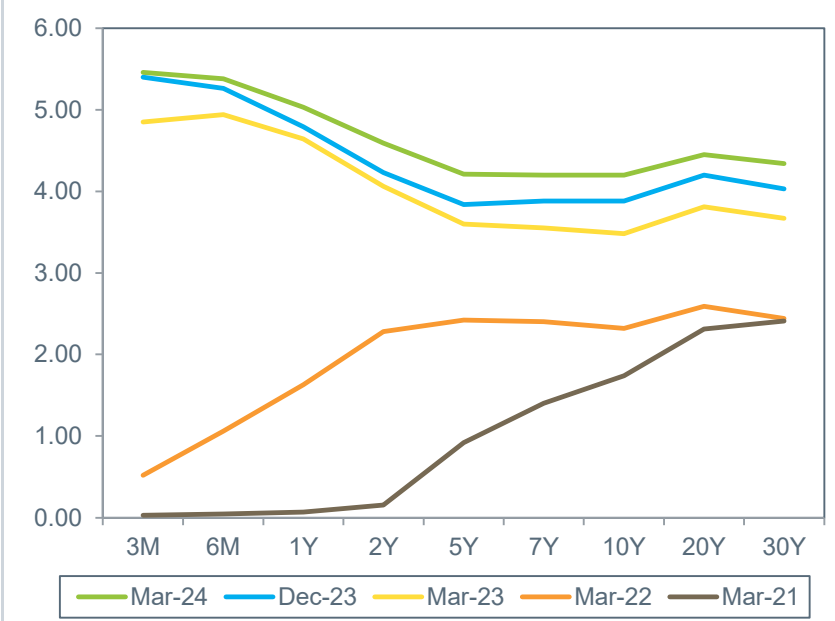
In Q1, risk assets built on their impressive performance in 2023 amid a resilient US economy and strong labor market despite rising uncertainty regarding the timing of future monetary policy changes and elevated geopolitical tensions. Both US and developed international equities, across all capitalizations and styles, posted gains. The public fixed income market posted mixed results with strong economic data and moderating expectations for future rate cuts contributing to increasing yields in Q1. The broad fixed income market experienced negative returns with shorter duration bonds outperforming longer maturity bonds, representing a trend change from late-2023. The more credit sensitive sectors, such as bank loans, high yield, and emerging market debt, posted positive returns. While moderating, inflation levels above target ranges has led investors to carefully monitor comments from the Federal Open Market Committee (FOMC). In late March, the FOMC communicated its intention to maintain the plan for three rate cuts during the year. Overall, indicators currently point to stable economic activity with purchasing manager indexes for manufacturing and services remaining in expansionary territory in Q1. In its February economic outlook, the Organisation for Economic Co-operation and Development (OECD) forecasted world GDP growth of 2.9% and 3.0% in 2024 and 2025, respectively, and projected headline inflation of 6.6% in 2024 before moderating down to 3.8% in 2025.

Key Economic Indicators



Economic Indicators	Mar-24	Dec-23	Mar-23	Mar-21	20 Yr
Federal Funds Rate (%)	5.33 =	5.33	4.83	0.06	1.55
Breakeven Infl. - 5 Yr (%)	2.44 ▲	2.14	2.47	2.60	1.94
Breakeven Infl. - 10 Yr (%)	2.32 ▲	2.17	2.33	2.37	2.10
CPI YoY (Headline) (%)	3.5 ▲	3.4	5.0	2.6	2.6
Unemployment Rate (%)	3.8 ▲	3.7	3.5	6.0	5.9
Real GDP YoY (%)	3.0 ▼	3.1	1.7	1.6	2.0
PMI - Manufacturing	50.3 ▲	47.4	46.3	63.7	53.3
USD Total Wtd Idx	121.41 ▲	118.77	119.46	113.86	104.14
WTI Crude Oil per Barrel (\$)	83.2 ▲	71.7	75.7	59.2	70.7
Gold Spot per Oz (\$)	2,230 ▲	2,068	1,979	1,708	1,259

Treasury Yield Curve (%)



Market Performance (%)	QTD	CYTD	1 Yr	5 Yr	10 Yr
S&P 500 (Cap Wtd)	10.56	10.56	29.88	15.05	12.96
Russell 2000	5.18	5.18	19.71	8.10	7.58
MSCI EAFE (Net)	5.78	5.78	15.32	7.33	4.80
MSCI EAFE SC (Net)	2.40	2.40	10.45	4.94	4.70
MSCI Emg Mkts (Net)	2.37	2.37	8.15	2.22	2.95
Bloomberg US Agg Bond	-0.78	-0.78	1.70	0.36	1.54
ICE BofAML 3 Mo US T-Bill	1.29	1.29	5.24	2.02	1.38
NCREIF ODCE (Gross)	-2.37	-2.37	-11.29	3.46	6.76
FTSE NAREIT Eq REIT (TR)	-0.20	-0.20	10.54	4.15	6.61
HFRI FOF Comp	4.17	4.17	9.68	5.00	3.59
Bloomberg Cmdty (TR)	2.19	2.19	-0.56	6.38	-1.56

Treasury data courtesy of the US Department of the Treasury. Economic data courtesy of Bloomberg Professional Service.



Staff Reports

Please find very high-level summaries of each attachment in this agenda item:

1. **Investment Strategy Dashboard:** Over the trailing 10-years, Fund returns are below the assumed rate of return, Policy Index, and top quartile peers. Over this same period, risk has been within guidelines. This report now contains recently approved guidelines for Global Equities.
 2. **Investment Compliance Dashboard:** The investment program is within all compliance related guidelines, with one exception. A manager experienced client outflows from their strategy which pushed COAERS assets above concentration limits prescribed in policy. Staff notes that this strategy is in the process of being terminated under the Board approved rebalancing in Global Equities.
 3. **Status of Delegated Authority:** Staff did not exercise any delegated authority, including approved policy exceptions, in Q1 2024.
 4. **Investment Implementation Update:** The Fund received a capital call for a portion of the Board approved commitment to a private credit fund. Staff has additionally completed a portion of the Board approved rebalance of Global Equities.
-

COAERS Investment Strategy Dashboard

as of 2024-Q1

COAERS

INVESTMENT GOALS

1. Achieve long-term, annualized nominal rate of return net of fees that:

- Meets or exceeds the assumed actuarial rate of return for the System

	3Y	5Y	10Y
COAERS Fund - Net Return	3.11%	6.43%	6.00%
COAERS Actuarially Assumed Rate of Return	6.75%	6.75%	6.75%
Difference	-3.64%	-0.32%	-0.75%
Status	BELOW	BELOW	BELOW

2. Achieve a long-term, risk-adjusted relative rate of return net of fees that:

- Meets or exceeds the Passive Index (i.e. the Reference Portfolio)

Passive Index: 60% MSCI ACWI Net USD Unhedged/40% Bloomberg Global Agg USD Unhedged

	3Y	5Y	10Y
COAERS Fund - Net Return	3.11%	6.43%	6.00%
COAERS Passive Index - Gross Return	2.28%	6.18%	5.29%
Difference	0.83%	0.25%	0.71%
Status	ABOVE	ABOVE	ABOVE

Incorporating fee levels for the Passive Index that are consistent with best COAERS Premier List fees (6 bps)

	3Y	5Y	10Y
COAERS Passive Index - Net Return	2.22%	6.12%	5.23%
Difference	0.89%	0.31%	0.77%
Status	ABOVE	ABOVE	ABOVE

- Meets or exceeds the Policy Index (i.e. the Strategic Benchmark)

Policy Index: Target weighted composite of the benchmarks for the major asset classes in the SAA

	3Y	5Y	10Y
COAERS Fund - Net Return	3.11%	6.43%	6.00%
COAERS Policy Index - Gross Return	3.46%	6.92%	6.15%
Difference	-0.35%	-0.49%	-0.15%
Status	BELOW	BELOW	BELOW

Incorporating fee levels for the Policy Index that are consistent with best COAERS Premier List fees (6 bps)

	3Y	5Y	10Y
COAERS Policy Index - Net Return	3.40%	6.86%	6.09%
Difference	-0.29%	-0.43%	-0.09%
Status	BELOW	BELOW	BELOW

Investment returns are presented in an annualized net basis unless otherwise noted

- Ranks in the top quartile of peer comparisons consistently

*Versus **all plans** and incorporating investment expense levels equal to the CEM Benchmarking median of 90 bps*

	3Y	5Y	10Y
COAERS Fund - Net Return	3.11%	6.43%	6.00%
Top Quartile Net Return - All Peers *	3.31%	7.03%	6.16%
Difference	-0.19%	-0.59%	-0.15%
Status	BELOW	BELOW	BELOW

*Versus **small plans** and incorporating investment expense levels equal to the CEM Benchmarking median of 72 bps*

	3Y	5Y	10Y
COAERS Fund - Net Return	3.11%	6.43%	6.00%
Top Quartile Net Return - Small Peers *	3.96%	7.12%	6.43%
Difference	-0.85%	-0.69%	-0.43%
Status	BELOW	BELOW	BELOW

INVESTMENT GOALS (continued)**3. Achieve these strategic objectives via fiduciary best practices that:**

- Ensure proper diversification of asset classes and factor exposures
 - Staff and Consultant continue to assess the diversification of Fund's Strategic Asset Allocation including Functionally Focused portfolio construction concepts.
 - Staff is evaluating current portfolio hedging strategies to ensure the Fund maintains appropriate diversification against adverse regimes.
 - Staff, with Board approval, is implementing reductions of exposure to underperforming diversifying strategies.
- Maintain appropriate long-term risk and return expectations
 - CMAs reviewed each year with IC/Board to assess outlook and market conditions.
 - Key Investment Manager views and asset allocation strategies are incorporated into IRF discussions to inform outlook.
- Adapt the asset allocation to changing market conditions
 - Staff regularly evaluates current market conditions via the Investment Risk Framework to guide recommendations to the IC/Board regarding changes to SAA parameters based upon current market conditions and their impact to return and risk expectations.
 - Delegated authority to implement strategy within SAA parameters approved by Board.

RISK BUDGET

ABSOLUTE RISK (aka VOLATILITY)						
	POLICY			REALIZED		
	MIN	TARGET	MAX	3Y	5Y	10Y
COAERS Fund - Volatility	10%	-	12%	12.0%	12.5%	10.2%
Status				WITHIN	ABOVE	WITHIN
	MIN	TARGET	MAX	3Y	5Y	10Y
COAERS Fund - Sharpe Ratio	-	0.50	-	0.12	0.42	0.52
Status				BELOW	BELOW	ABOVE
RELATIVE RISK (aka TRACKING ERROR)						
	POLICY			REALIZED		
	MIN	NEUTRAL	MAX	3Y	5Y	10Y
COAERS Fund - Tracking Error	-	150	300	181	177	176
Status				WITHIN	WITHIN	WITHIN
	MIN	TARGET	MAX	3Y	5Y	10Y
COAERS Fund - Information Ratio	-	0.50	-	0.52	0.26	0.55
Status				ABOVE	BELOW	ABOVE

ASSET ALLOCATION

COAERS Fund Positioning

YTD Return (Net): 4.17%

as of 2024-Q1

AUM: \$3.357 Bn

	Current	SAA Neutral	Relative	Bands	Strategic	Tactical	Neutral	Current
Global Equity	58.9%	56.0%	2.9%	TACTICAL	46%	51%	56%	61% 66%
US Equity	36.3%	34.0%	2.3%	TACTICAL	22%	29%	34%	39% 47%
DM Equity	16.0%	16.0%	0.0%	TACTICAL	11%	13.5%	16%	19% 20%
EM Equity	6.6%	6.0%	0.6%	TACTICAL	2%	4%	6%	11% 13%
Real Assets	13.1%	15.0%	-1.9%	TACTICAL	10%	11%	15%	19% 20%
Real Estate Equity	8.3%	10.0%	-1.7%	TACTICAL	5%	7%	10%	13% 15%
Infrastructure Equity	4.8%	5.0%	-0.2%	TACTICAL	0%	1%	5%	7% 10%
* Fixed Income	16.9%	21.0%	-4.1%	STRATEGIC U/W	16%	18%	21%	27% 33%
UST	11.1%	13.0%	-2.0%	TACTICAL	9%	11%	13%	21% 25%
* MBS	2.1%	4.0%	-1.9%	STRATEGIC U/W	2%	3%	4%	6% 8%
Credit	3.7%	4.0%	-0.3%	TACTICAL	1%	2.5%	4%	7% 10%
* Multi Asset	4.2%	7.0%	-2.8%	STRATEGIC U/W	2.5%	4.5%	7%	13% 15%
* Asset Allocation	2.9%	5.0%	-2.2%	STRATEGIC U/W	2.5%	3.5%	5%	8% 10%
Commodities & Other	1.3%	2.0%	-0.7%	TACTICAL	0%	1%	2%	5% 10%
* Cash & Equivalents	6.9%	1.0%	5.9%	STRATEGIC O/W	-10%	-5%	1%	5% 10%
* US Dollar Instruments	5.4%	1.0%	4.4%	STRATEGIC O/W	-10%	-5%	1%	5% 10%
* Foreign Currency	1.5%	0.0%	1.5%	STRATEGIC O/W	0%	1%	1%	2%

* Strategic Positioning Approved at January 31, 2024 Board Meeting

GLOBAL EQUITY GUIDELINES

Asset Class	Minimum	Neutral	Maximum	Current	Relative	Status
Global Equity	46%	53%	60%	58.9%	5.9%	WITHIN
Regional Equity Guidelines: +/- 5% of MSCI ACWI IMI Weight						
US Equity	57.6%	62.6%	67.6%	61.7%	-0.9%	WITHIN
DM Equity	22.0%	27.0%	32.0%	27.2%	0.2%	WITHIN
EM Equity	5.4%	10.4%	15.4%	11.1%	0.7%	WITHIN

* Strategic Global Equity and Regional weightings approved at the March 28, 2024 Board Meeting

Board approved allowable ranges of +/- 5% to each regional exposure relative to the Global Equity benchmark (MSCI All Country World Investible Market Index), expressed as a percentage of Global Equities.

COAERS Compliance Dashboard

as of 2024-Q1



INVESTMENT STRATEGY

1. Pursue a superior investment strategy by conducting:

- Formal Asset/Liability Study every 5 years or upon major changes to contributions, benefits, or capital markets.

	<u>Completion Date</u>	<u>As of Date</u>	<u>Service Provider</u>
Asset/Liability Study:	August 2023	December 2022	RVK

- Formal Asset Allocation Study every 3 years.

	<u>Completion Date</u>	<u>As of Date</u>	<u>Service Provider</u>
Strategic Asset Allocation Study:	August 2023	December 2022	RVK

- Review of Strategic Asset Allocation parameters at least every 1 year.

	<u>Completion Date</u>	<u>As of Date</u>
Strategic Asset Allocation Review:	August 2023	December 2022

- Review of IPS and IIP at least annually or upon major changes in capital markets or industry practices.

	<u>Last Review Date</u>	<u>Last Revision Date</u>
Investment Policy Statement:	March 30, 2023	March 30, 2023
Investment Implementation Policy:	March 30, 2023	March 30, 2023

ASSET DIVERSIFICATION

2. Maintain proper diversification of assets by:

- Reviewing investment concentration levels in any single public corporation.

	<u>Individual Holding Concentration Limits:</u>	<u>Company Name</u>	<u>Level</u>	<u>Status</u>
3% of the Fund in the securities of any one company:		EQUINIX INC	0.4%	OK
5% of the Fund of any class of voting security of any one company:		EQUINIX INC	0.4%	OK

- Reviewing investment concentration levels in any single investment manager or investment vehicle.

	<u>Investment Manager Concentration Limits:</u>	<u>Manager/Vehicle</u>	<u>Level</u>	<u>Status</u>
≤15% of Fund assets with any active manager:		Newton IM	9.4%	OK
≤30% of Fund assets with any passive manager:		Agincourt	14.8%	OK
≤20% of firm assets for any manager:		Agincourt	5.5%	OK
≤20% of fund/vehicle assets unless a seed investment:		LGIMA MSCI USA Index	43.9%	Over
Board approved Seed Investments:		Newton DEXUS	49.6%	Seed
		PGIM IG Credit	22.1%	Seed

FUND LIQUIDITY

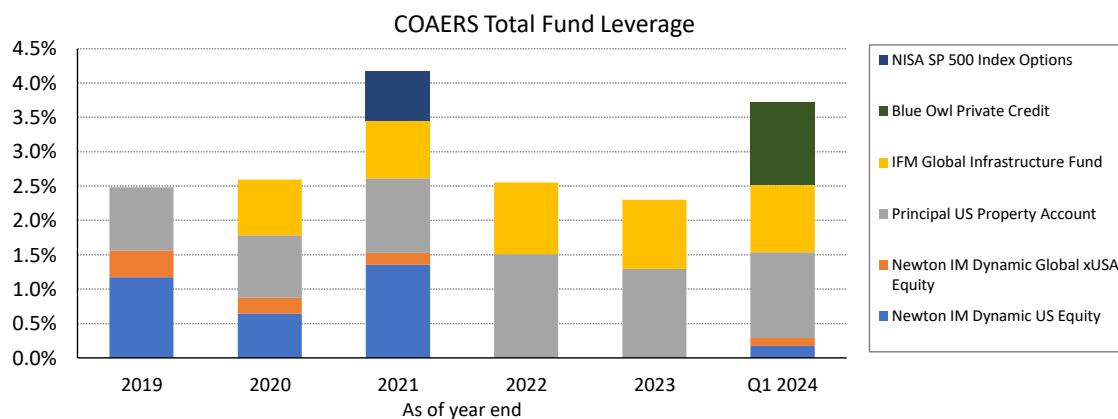
3. Ensure sufficient liquidity to meet benefit payment and other obligations by:

- Review allocation to highly liquid investments quarterly.

Liquidity:	\$ millions	% of Fund	Accounts Included
0 - 5 Days	2,624	78%	All except those listed below
5-30 Days	436	13%	1607, PGIM, DoubleLine, Fidelity, Agincourt
30+ Days	296	9%	Principal, IFM, Blue Owl

FUND LEVERAGE

4. Monitor level of risk associated with leverage at the Fund level and within portfolios.



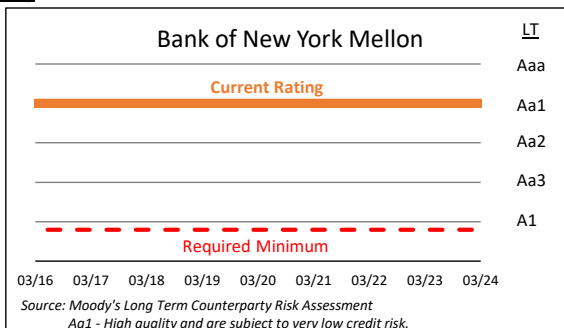
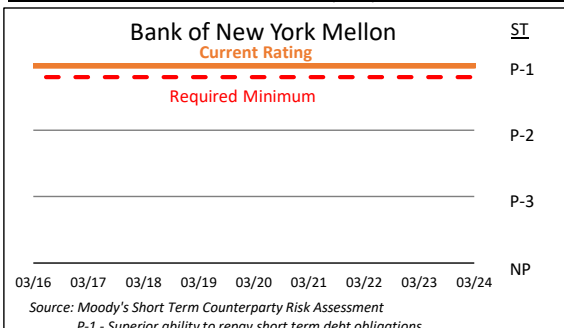
COAERS Compliance Dashboard

as of 2024-Q1

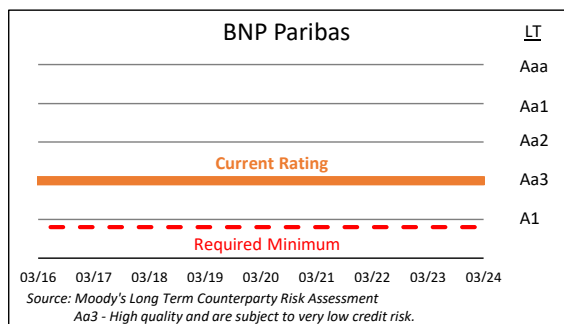
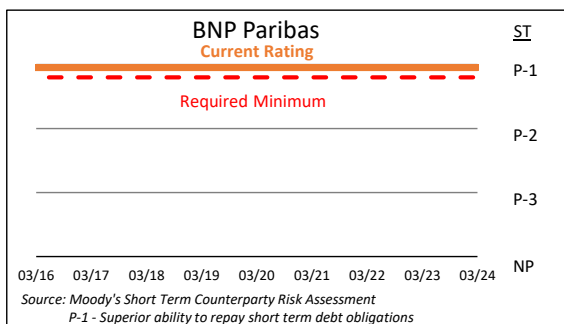
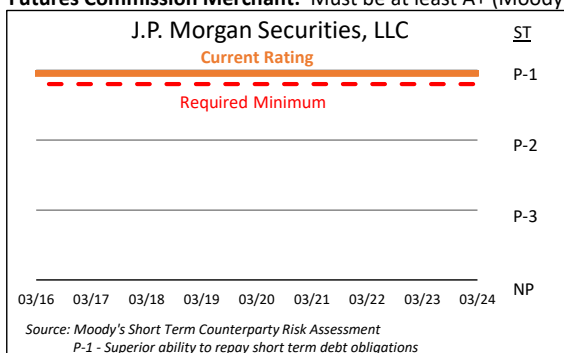


COUNTERPARTY MANAGEMENT

5. Monitor risk of loss from counterparty default and/or insolvency



Futures Commission Merchant: Must be at least A+ (Moody's Short Term Rating P-1 and Long Term Rating A1)



Status of Authority Delegated To COAERS Staff

Source	Nature of Delegated Authority	Status during 2024-Q1
IPS Section I	Executive Director may approve variances to further compliance	Unused
IPS Section I	Executive Director may update policies for administrative items	Unused
IPS Section II	Executive Director may act to protect System assets	Unused
IPS Section V	Fund positioning may be rebalanced due to market drift	Unused
IPS Section V	Fund positioning may be rebalanced for risk management	Unused
IPS Section V	Fund positioning may be rebalanced due to phased transition	Unused
IPS Section VI	Staff may move between lending and non-lending shares to manage risk	Unused
IIP Section I	Executive Director may update policies for administrative items	Unused
IIP Section IV	Staff may transition between approved Premier List managers	Unused
IIP Section V	Emergency termination of managers by Executive Director	Unused
IIP Section VIII	Staff may select Money Market Funds for cash investments.	Unused

Status of Approved Policy Deviations

Source	Nature of Delegated Authority	Status during 2024-Q1
12/19/2023 Board Meeting	The Board approved a policy exception to allow Staff to: 1) not rebalance the asset and underlying sub-asset classes for Fixed Income and Multi-Asset for market drift and 2) rebalance the Fund for Risk Management within the Strategic Rebalancing Ranges for Cash & Equivalents This policy exception was amended at the January 31, 2024 Board Meeting (below).	Unused
01/31/2023 Board Meeting	The Board approved a policy exception to allow Staff to maintain existing positioning in the Strategic Rebalancing Ranges for a period of twelve months and not rebalance the asset and underlying sub-asset classes for Fixed Income and Multi-Asset for market drift.	Unused

6. Discuss and consider Real Assets asset class including strategic asset allocation, benchmarking, and asset class review

Presented by Ed Van Eenoo

AGENDA ITEM 6:

Discuss and consider Real Assets asset class including strategic asset allocation, benchmarking, and asset class review

RECOMMENDATION FOR COMMITTEE ACTION

RVK and Staff recommend that the Committee refer to the Board the proposed Real Assets, Real Estate and Infrastructure recommendations as noted in the RVK Executive Summary memo.

ITEM SUMMARY

This agenda item allows the Committee to review the current benchmark and policy structure of the Real Assets asset class. RVK will make recommendations related to both items, including updating the benchmarking approach to incorporate actual allocation weights with private markets peer benchmarks and implementing fully via private markets. Staff has provided a memo with additional commentary and perspectives on these recommendations.

RELEVANCE TO STRATEGIC PLAN

This agenda item is central to **COAERS Strategic Plan Goal 4: Identify and implement leading practices in Board governance, pension administration, and investment management.**

ATTACHMENTS

1. RVK Memo: Executive Summary and Recommendations – Real Assets
2. RVK Presentation: Real Assets
3. Staff Memo: Real Assets Benchmark and Structure

SUPPLEMENTAL MATERIALS

1. NCREIF ODCE Q1-2024 Press Release
2. Premier List for Real Assets (CONFIDENTIAL)
3. Real Assets Manager Diligence Materials (CONFIDENTIAL)



Memorandum

To	City of Austin Employees' Retirement System (COAERS)
From	RVK, Inc.
Subject	Executive Summary and Recommendations – Real Assets
Date	May 23, 2024

Executive Summary

- A comprehensive review of the COAERS Real Assets portfolio, its benchmark, and potential implementation improvements was completed by RVK and COAERS Staff.
- The current portfolio has a combination of public and private investments in both real estate and infrastructure.
- The inclusion of public/listed real estate and infrastructure did reduce tracking error to portfolio level benchmarks, but were also somewhat duplicative in nature and added volatility.
- There may be attractive opportunities in private markets to consider beyond traditional core real estate and infrastructure.
- There are three main approaches in benchmarking infrastructure – a public benchmark, a private peer benchmark, or inflation plus alpha – and each carry associated risks.

Recommendations

Real Assets:

- **RVK recommends creating a blended benchmark consisting of underlying primary composite benchmarks at actual allocation weights. By outlining the methodology for establishing the Real Assets benchmark in the IPS, it allows any future considered exposures to be implemented without the need for IPS revisions.**
- **RVK recommends the Real Assets portfolio have a long-term target that would generally favor a larger weighting to real estate vis-à-vis the infrastructure weighting. Other asset classes (such as agriculture, commodities, private energy, timber, etc.) could be considered for allowable investments, but we would not recommend them being included at this time as long-term strategic holdings within Real Assets.**

Real Estate

- **RVK recommends moving to the NCREIF ODCE (Net) (EWA) as the composite benchmark.**



- RVK recommends the real estate portfolio be implemented via private market exposures. An additional source of education and discussion with the Board may be to consider the future addition of non-core exposures such as value-add or opportunistic real estate. While currently held public REIT exposure may serve as a placeholder while additional core/non-core investments are sourced, we would not recommend a long-term strategic allocation.
- As the transition from the current to future portfolios will take 6-12 months, RVK will work with COAERS Staff to create a “transition benchmark” that will serve to bridge the gap between the current 100% public markets benchmark to the recommended 100% private markets benchmark.

Infrastructure

- RVK recommends moving to a private markets peer-based benchmark. Given the unique attributes of each provider, more research should be completed by Staff and Consultant prior to final recommendation.
- RVK recommends the infrastructure portfolio be implemented via private market exposures within the Core segment of the infrastructure universe. While currently held publicly listed infrastructure exposure may serve as a placeholder while additional private core investments are sourced, we would not recommend a long-term strategic allocation.
- As the transition from the current to future portfolios will take 6-12 months, RVK will work with COAERS Staff to create a “transition benchmark” that will serve to bridge the gap between the current 100% public markets benchmark to the recommended 100% private markets benchmark.

Real Assets



Real Assets Discussion Points

Benchmark:

It has become common across institutional public pension peers to aggregate their “real assets” exposures under one composite; however, benchmarking can prove difficult for several reasons. For example, deviations from underlying target weights based on the pace of capital calls and distributions can make static benchmark weights undesirable. One method to alleviate tracking error associated with deviations from underlying target weights has been to utilize an actual allocation benchmark at the composite level. This is a method that allows the underlying benchmark weights to reflect the actual weightings held within the total real assets composite, as opposed to utilizing static weightings.

Portfolio Implementation Considerations:

1. Other Considerations:

- Outside of real estate and infrastructure, other institutional public pension peers have explored investments in private energy, timber, agriculture, commodities, etc.

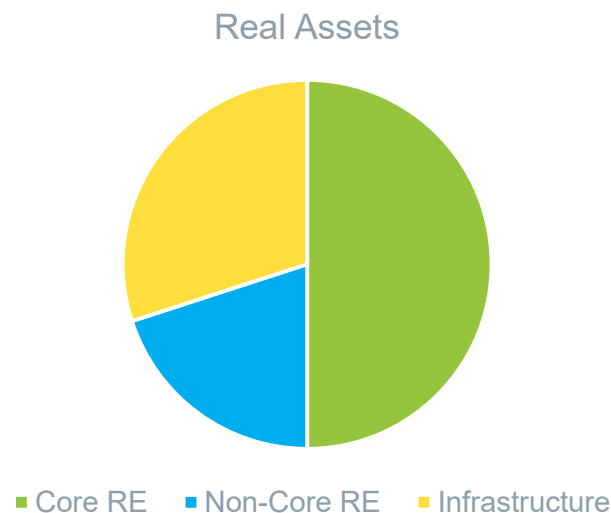
Real Assets – Recommendations

Benchmark: Pending Approval

Create blended benchmark consisting of underlying primary composite benchmarks at actual allocation weights. By outlining the methodology for establishing the Real Assets benchmark in the IPS, it allows any future considered exposures to be implemented without the need for IPS revisions.

Portfolio Implementation Considerations: Pending Approval

RVK recommends the Real Assets portfolio have a long-term target goal that broadly resembles the graph illustrated below. While the future allocations may fluctuate during the portfolio buildout stage, we would generally favor a larger weighting to real estate vis-à-vis the infrastructure weighting. Other asset classes (such as agriculture, commodities, private energy, timber, etc.) could be considered for allowable investments, but we would not recommend them being included at this time as long-term strategic holdings within Real Assets.



Real Estate



Real Estate – Discussion Points

Benchmark:

While portfolio implementation should be factored into any benchmarking decisions, RVK typically sees most institutional public pension peers utilize the NCREIF Open End Diversified Core Equity (“ODCE”) as their primary real estate benchmark. Unlike public market benchmarks, it should be noted that this is a non-investible peer-based benchmark that covers a large degree of domestic real estate markets and sectors, but not all. It is typically viewed as a “core” representation of an institutional real estate portfolio.

Portfolio Implementation Considerations:

1. Exposures –

- Public vs. Private
 - Most institutional public pension peers tend to favor private implementation within real estate, with any public exposure (REITs) less likely held directly but rather understood to be represented to a small degree within small-cap equity.
- Benchmark vs. Non-Benchmark exposures
 - NCREIF ODCE represents the “core” but not “core-plus” sectors and geographies of the real estate market, and as such may still provide tracking error for the total portfolio if plus sectors are implemented to a large degree.

2. Portfolio Composition Flexibility –

- Investor flexibility within a (private) real estate portfolio generally hinge on two factors:
 1. Decision between Core, Value-Add, and Opportunistic exposures
 2. Decision between evergreen/open-ended vs. drawdown structures

3. Efficiency of Asset Class –

- N/A

4. Fees –

- Tend to increase as more niche and/or plus sector exposures are implemented typically through drawdown structures.

Real Estate

Asset Class Overview



2024 RVK Assumptions

Core Real Estate

- Return 5.75%
- Risk 12.50%

Non-Core Real Estate

- Return 8.00%
- Risk 20.00%

Asset Class Characteristics

Role in Portfolio

- Core – Diversification, income generation, and inflation protection
- Non-Core – Diversification and capital appreciation

Risk/Return Profile

- Core – Moderate
- Non-Core – High

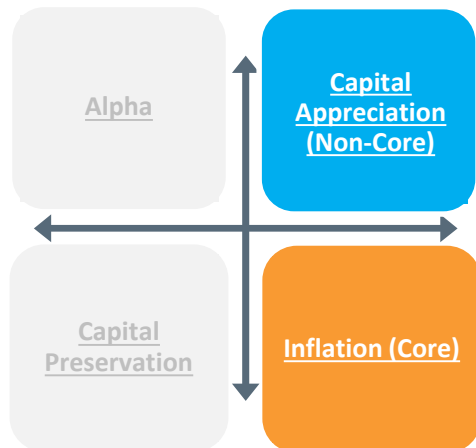
Types of Investments

- Core Real Estate focuses on stable, income-producing properties, while Non-Core Real Estate focuses on value-add or transitional properties.
- REITs, commingled funds, direct investments, limited partnerships

Other Considerations

- Liquidity concerns and severe market downturns can pose increased risk to a real estate portfolio

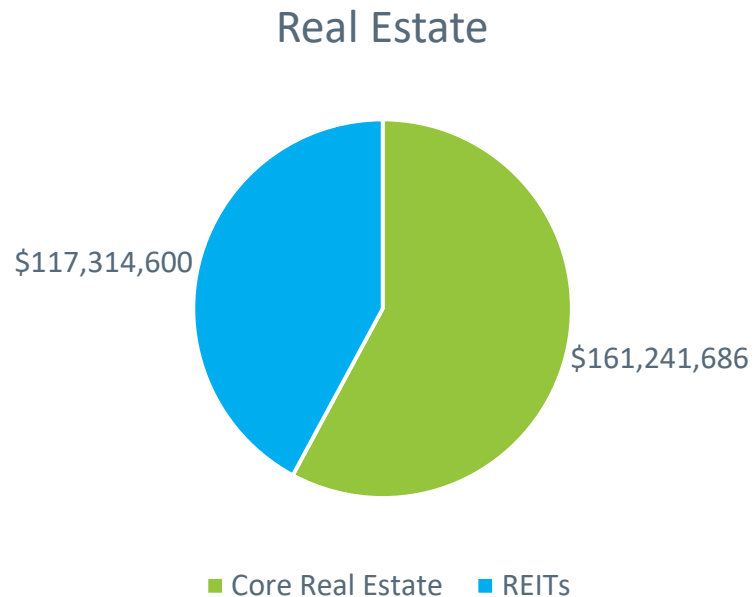
Thematic Allocation



COAERS Real Estate

Current Construction

The COAERS Real Estate composite currently utilizes both publicly listed (REIT) and private core real estate.



- **Core Real Estate** (57.9% of Real Estate) allocation managed by Principal.
- **Real Estate Investment Trusts “REITs”** (42.1% of Real Estate) allocations managed by Fidelity and Agincourt.

Private Real Estate Categories

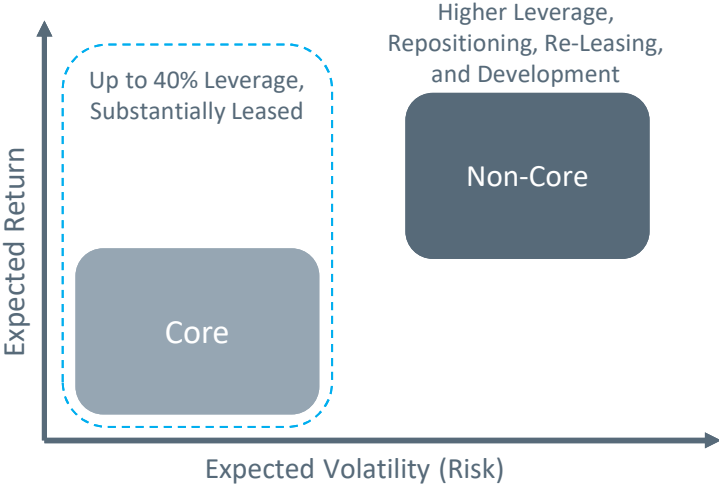
Private real estate investments can be broken into two “risk” categories:

1. **“Core”** – strategies focused on stabilized properties characterized by (i) fewer property-level risks, (ii) fewer “problems” that need to be fixed, and (iii) a greater reliance on income, but with **lower** absolute returns.
2. **“Non-Core”** – strategies generally focused on creating value by fixing property-level problems, characterized by (i) greater property-level risk, (ii) more reliance on capital appreciation, and (iii) higher total return potential.

	<u>Core</u> Real Estate	<u>Non-Core</u> Real Estate
Typical Fund Structure	Open-Ended, Perpetual Life	Closed-Ended, 8-10 Year Fund Life
Debt Limitations	Typically < 40%	Typically 50% - 70%
Fees Charged	Asset Management Fees (Limited, if any, incentive fees)	Asset Management + Incentive Fees
Expected Returns	Net IRR: 6% - 8% (Typically 70%+ generated through <u>income</u>)	Net IRR: 10% -14% (Majority generated through <u>capital gains</u>)
Return Volatility	Lower	Higher
Liquidity	Moderate	Low
Capital Expenditures	Minimal	Greater
Typical Strategy	Buy and Hold; Maximize Operating Income; Minimal Value-Add components	Buy at discount and convert to Core RE through repositioning, re-leasing, and/or redevelopment; Maximize capital appreciation potential

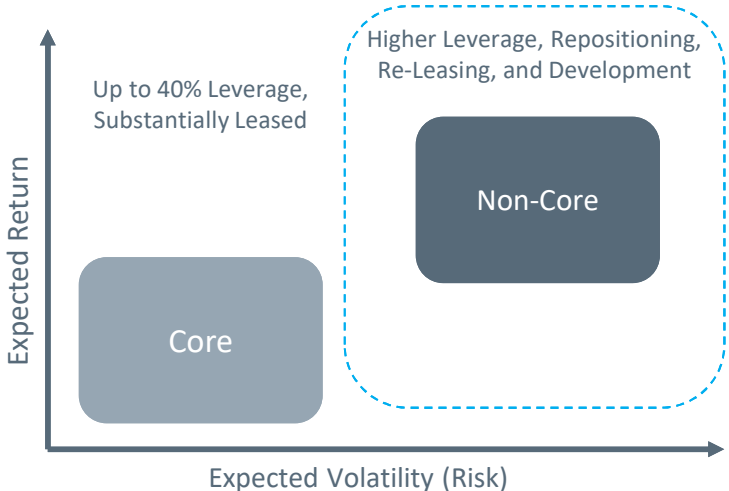
Core Real Estate

Summary

<p>Focus on Existing Assets</p>	<ul style="list-style-type: none"> • Most core real estate assets have minimal value-add components • Typical characteristics of assets considered to be core include: <ul style="list-style-type: none"> • High profile or “trophy-assets” • Top-tier markets • Mission critical facilities to the tenant • Limited vacancy and substantial in-place income
<p>Extract Value Through Income</p>	<ul style="list-style-type: none"> • Managers typically buy and hold core assets and actively manage tenancy to maximize in-place income • Core managers typically do not access assets at significant discount to valuations Managers may develop new assets if prices for existing assets far exceeds replacement costs but this is typically a limited focus given the emphasis on income • Asset and market selection of assets is crucial as core valuations are intended to be less volatile than value add investments
<p>Risk Profile</p>	 <p>The graph plots Expected Return on the y-axis and Expected Volatility (Risk) on the x-axis. Two asset classes are compared:</p> <ul style="list-style-type: none"> Core: Represented by a grey rounded rectangle in the lower-left quadrant, indicating lower risk and lower return. It is enclosed in a dashed blue box with the text "Up to 40% Leverage, Substantially Leased". Non-Core: Represented by a dark grey rounded rectangle in the upper-right quadrant, indicating higher risk and higher return. Above it is the text "Higher Leverage, Repositioning, Re-Leasing, and Development".

Non-Core Real Estate

Summary

<p>Focus on Former Core Assets</p>	<ul style="list-style-type: none"> • Non-core real estate assets may have been considered core real estate at some point, but have one or more components that make them non-core • Typical characteristics of assets considered to be non-core include: <ul style="list-style-type: none"> • Over-leveraged asset (repositioning) • Higher than core-level of vacancy (releasing) • “Dated” building that needs remodeling/upgrades (redevelopment)
<p>Value Creation</p>	<ul style="list-style-type: none"> • Once a manager has implemented and has completed its value-creation strategy, it often sells the asset to a core real estate buyer or an investor looking to further improve the asset • Lower purchase prices than core real estate but often with a limited income component generated during the holding period • Non-core real estate may require extensive redevelopment, releasing or ground-up development to extract value
<p>Risk Profile</p>	 <p>The graph illustrates the risk profile of Core versus Non-Core real estate. The vertical axis represents Expected Return, and the horizontal axis represents Expected Volatility (Risk). The Core asset is shown as a box at a lower level of both return and risk, associated with 'Up to 40% Leverage, Substantially Leased'. The Non-Core asset is shown as a box at a higher level of both return and risk, associated with 'Higher Leverage, Repositioning, Re-Leasing, and Development'.</p>

Real Estate – Recommendations

Benchmark: Pending Approval

RVK recommends moving to the NCREIF ODCE (Net) (Equal Weighted Average) as the composite benchmark.

Portfolio Implementation Considerations: Pending Approval

RVK recommends the real estate portfolio be implemented via private market exposures. An additional source of education and discussion with the Board may be to consider the future addition of non-core exposures such as value-add or opportunistic real estate. While currently held public REIT exposure may serve as a placeholder while additional core/non-core investments are sourced, we would not recommend a long-term strategic allocation.

As the transition from the current to future portfolios will take 6-12 months, RVK will work with COAERS Staff to create a “transition benchmark” that will serve to bridge the gap between the current 100% public markets benchmark to the recommended 100% private markets benchmark.

Infrastructure



Infrastructure Discussion Points

Benchmark:

Benchmarking infrastructure investments tends to be one of the least agreed upon areas across institutional public pension peers. Common options we see across peers include public (listed infrastructure) indices, CPI + some hurdle level, and to a smaller degree private peer-based benchmarks (such as Preqin, Burgiss and/or Cambridge). Each carry their own unique set of challenges when comparing to underlying portfolio implementation that may include public vs. private performance timing and non-investability issues—both of which contribute to heightened tracking error vs. other common asset class benchmarks.

Portfolio Implementation Considerations:

1. Exposures –

- Public vs. Private
 - The majority of institutional public pension peers tend to favor private implementation within infrastructure, however given the smaller opportunity set we do see a higher degree of usage within public markets (listed infrastructure) than in real estate.
- Benchmark vs. Non-Benchmark exposures
 - Given the challenges discussed above and associated with infrastructure benchmarking, tracking error can be unavoidable to a large degree.

2. Portfolio Composition Flexibility –

- Small universe of core, open-end (evergreen) strategies
- Large and diverse set of closed-end strategies, with long (12+ year) lockups and PE-style terms

3. Efficiency of Asset Class –

- N/A

4. Fees –

- Tend to increase as more niche and/or plus sector exposures are implemented typically through drawdown structures.

Infrastructure

Asset Class Overview



2024 RVK Assumptions

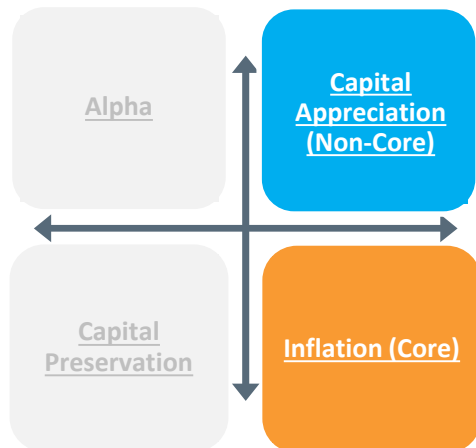
Private Core Infrastructure

- Return 7.25%
- Risk 15.00%

Private Non-Core Infrastructure

- Return 8.75%
- Risk 21.00%

Thematic Allocation



Asset Class Characteristics

Role in Portfolio

- Core – Inflation protection
- Non-Core – Capital appreciation

Risk/Return Profile

- Core – Moderate
- Non-Core – High

Types of Investments

- Core Infrastructure focuses on assets with highly forecastable cash flows due to regulation or contracts
- Non-Core Infrastructure focuses on assets with potentially less reliable cash flows but higher equity upside with respect to market and execution risk

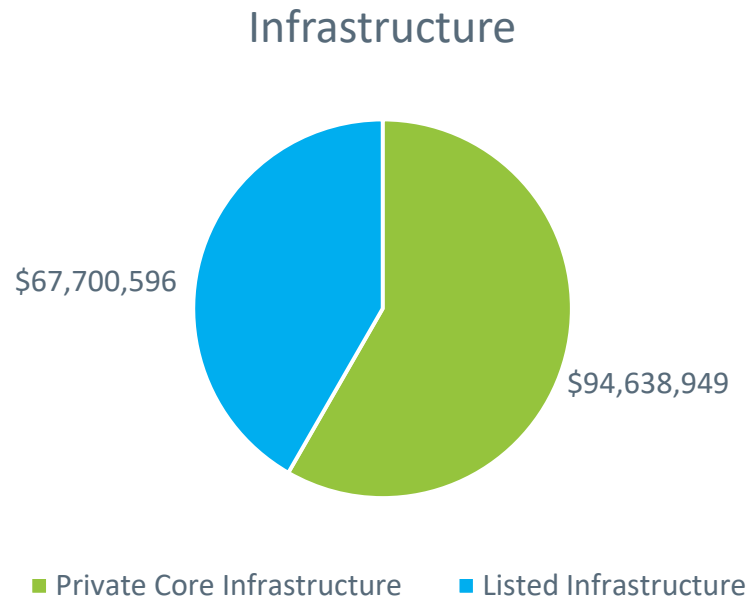
Other Considerations

- Liquidity concerns and severe market downturns can pose increased risk to an infrastructure portfolio

COAERS Infrastructure

Current Construction

The COAERS Infrastructure composite currently utilizes both publicly listed and private core infrastructure.



- **Private Core Infrastructure** (58.3% of Infrastructure) allocation managed by IFM.
- **Public Listed Infrastructure** (41.7% of Infrastructure) allocation managed by Fidelity.

Infrastructure

Portfolio Implementation Considerations

Infrastructure is available in multiple structures, depending on investor preferences for liquidity, correlation, and expected risk & return.

<i>Public companies</i>	<i>Private companies</i>
<p data-bbox="457 597 741 626">Active Public Equities</p> <p data-bbox="191 651 861 680"><i>Active managers investing in global public securities</i></p> <ul data-bbox="191 704 808 842" style="list-style-type: none"> ▪ Daily liquidity ▪ More highly correlated with public equities ▪ Significant non-U.S. exposure 	<p data-bbox="1356 597 1591 626">Closed-end Funds</p> <p data-bbox="1064 651 1850 716"><i>Draw down funds (similar to private equity and non-core real estate) with blind pool risk</i></p> <ul data-bbox="1064 740 1808 878" style="list-style-type: none"> ▪ Typically highest risk & return target ▪ Typically highest fees & carried interest ▪ Investing in undermanaged or growth focused assets
<p data-bbox="449 972 749 1002">Passive Public Equities</p> <p data-bbox="191 1026 890 1055"><i>Passive products tracking a global infrastructure index</i></p> <ul data-bbox="191 1079 968 1201" style="list-style-type: none"> ▪ A handful of indices exist, with differing geographic and sector exposures (energy, utilities, transportation, etc.) ▪ No “perfect” index 	<p data-bbox="1362 972 1583 1002">Open-end Funds</p> <p data-bbox="1064 1026 1787 1091"><i>Open-end private funds (similar to core real estate) with existing assets</i></p> <ul data-bbox="1064 1115 1728 1302" style="list-style-type: none"> ▪ Core and core plus focus ▪ Moderate fees and carried interest ▪ Multi-year hard or soft lock for investor capital ▪ Diversified pool of assets across sectors

Infrastructure

Portfolio Implementation Considerations

Private infrastructure primarily offers three advantages over public infrastructure, at the cost of illiquidity:

YIELD

Private infrastructure funds offer yields of 200 to 300+ basis points above public alternatives.

CORRELATION

Private infrastructure funds offer significantly lower correlations to global public equities.

ASSET DIVERSITY

Private infrastructure offers access to operating companies and assets that are too small for public ownership, increasing the number of sectors and deal sizes available to investors.

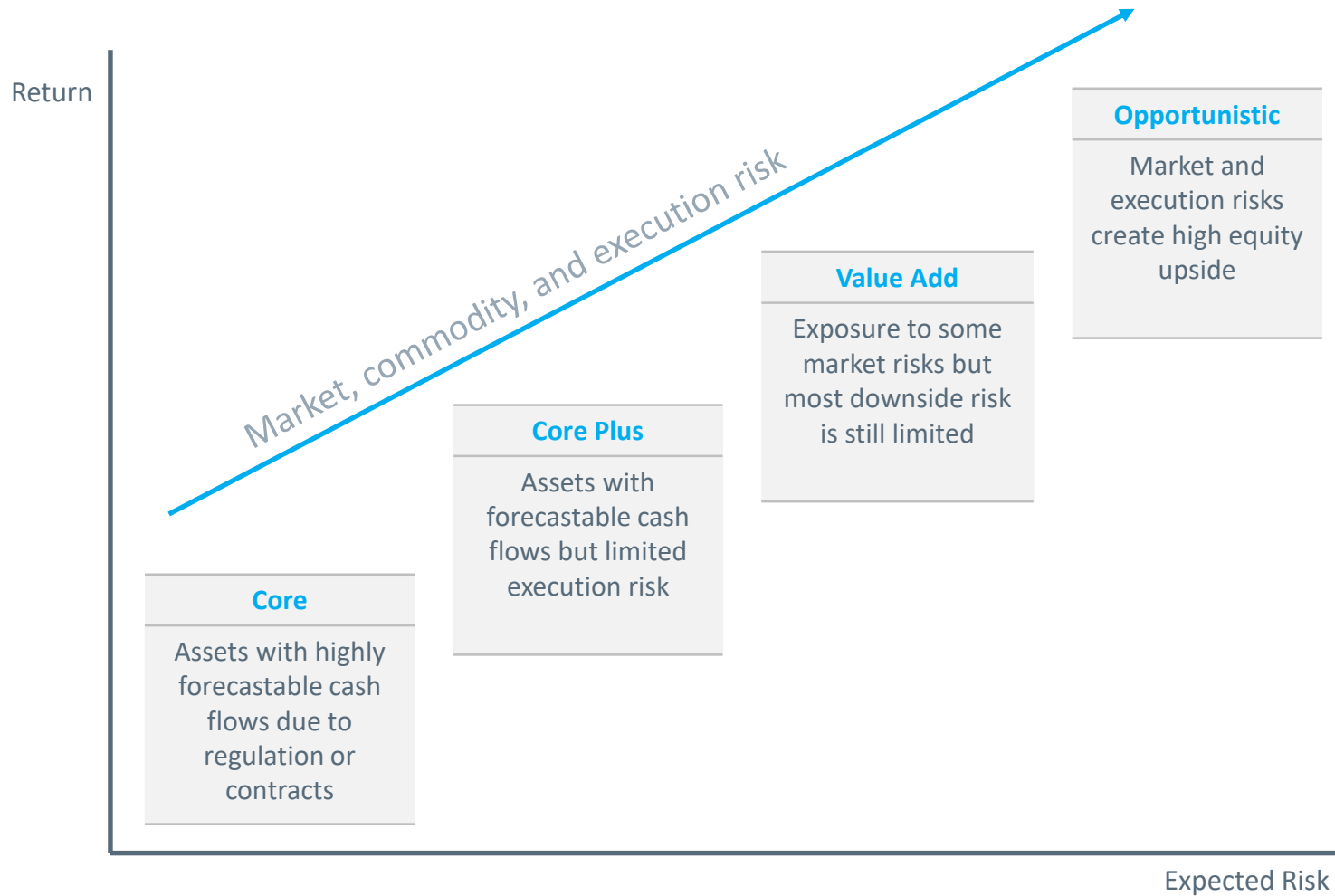
ILLIQUIDITY

Most open-end funds include a multi-year lock and “best efforts” liquidity based on distribution yield and new investors. RVK reviews fund liquidity policies to ensure liquidity policies do not disadvantage the fund and for equal treatment of all investors.

In a severe dislocation, either across markets or specific to a given fund, RVK anticipates it could be a multi-year period before investors receive significant capital back.

Infrastructure

Portfolio Implementation Considerations



Infrastructure – Recommendations

Benchmark: Pending Approval

RVK recommends moving to a private markets peer-based benchmark. Given the unique attributes of each provider, more research should be completed by Staff and Consultant prior to final recommendation.

Portfolio Implementation Considerations: Pending Approval

RVK recommends the infrastructure portfolio be implemented via private market exposures within the Core segment of the infrastructure universe. While currently held publicly listed infrastructure exposure may serve as a placeholder while additional private core investments are sourced, we would not recommend a long-term strategic allocation.

As the transition from the current to future portfolios will take 6-12 months, RVK will work with COAERS Staff to create a “transition benchmark” that will serve to bridge the gap between the current 100% public markets benchmark to the recommended 100% private markets benchmark.



Real Assets Benchmark and Structure Staff Memo

SUMMARY: STAFF PERSPECTIVE ON RVK RECOMMENDATIONS

Real Assets

RVK Recommendation: RVK recommends creating a blended benchmark consisting of underlying primary composite benchmarks at actual allocation weights. By outlining the methodology for establishing the Real Assets benchmark in the IPS, it allows any future considered exposures to be implemented without the need for IPS revisions.

Staff concurs with this recommendation. While other approaches could be taken, this methodology will reduce tracking error resulting from differences in positioning and allow for a flexible approach over time to adding new exposures.

RVK Recommendation: RVK recommends the Real Assets portfolio have a long-term target that would generally favor a larger weighting to real estate vis-à-vis the infrastructure weighting. Other asset classes (such as agriculture, commodities, private energy, timber, etc.) could be considered for allowable investments, but we would not recommend them being included at this time as long-term strategic holdings within Real Assets.

Staff believes that the long-term target of underlying strategies in Real Assets should be further evaluated, potentially to include other strategy types such as commodities, private energy, farmland or timber. Staff believes that the benchmarking approach recommended by RVK would allow for further diversifying Real Assets over time, based on Board approval of new investment types. It would be prudent to consider setting out guidelines or a strategic plan to guide these conversations which could be completed alongside other policy considerations in the second half of the year.

Real Estate

RVK Recommendation: RVK recommends moving to the NCREIF ODCE (Net) (EWA) as the composite benchmark.

Staff concurs with this recommendation. Contingent on moving implementation of Real Estate to private markets exposures, the NCREIF ODCE index is a better representation of the actual investments of the Fund. Special consideration should be given to transitioning to this benchmark as building out additional private markets exposures will take some time.

RVK Recommendation: RVK recommends the real estate portfolio be implemented via private market exposures. An additional source of education and discussion with the Board may be to consider the future addition of non-core exposures such as value-add or opportunistic real estate. While currently held public REIT exposure may serve as a placeholder while additional core/non-core investments are sourced, we would not recommend a long-term strategic allocation.



Real Assets Benchmark and Structure Staff Memo

Staff concurs with this recommendation. Private markets appear to be an attractive way to gain exposure to “plus” sector exposures and are likely to be additive to the Fund.

RVK Recommendation: As the transition from the current to future portfolios will take 6-12 months, RVK will work with COAERS Staff to create a “transition benchmark” that will serve to bridge the gap between the current 100% public markets benchmark to the recommended 100% private markets benchmark.

Staff concurs with this recommendation.

Infrastructure

RVK Recommendation: RVK recommends moving to a private markets peer-based benchmark. Given the unique attributes of each provider, more research should be completed by Staff and Consultant prior to final recommendation.

Staff concurs with this recommendation. Contingent on moving implementation of Infrastructure to private markets exposures, a private markets peer-based benchmark is likely a better representation of the actual investments of the Fund. Special consideration should be given to the benchmark chosen among providers and to transitioning to this benchmark as building out additional private markets exposures will take some time.

RVK Recommendation: RVK recommends the infrastructure portfolio be implemented via private market exposures within the Core segment of the infrastructure universe. While currently held publicly listed infrastructure exposure may serve as a placeholder while additional private core investments are sourced, we would not recommend a long-term strategic allocation.

Staff concurs with this recommendation. However, Staff believes that there may be value in implementing in “plus” sectors in Infrastructure, similar to Real Estate, and that this point should be better defined in a strategic plan or other guidelines.

RVK Recommendation: As the transition from the current to future portfolios will take 6-12 months, RVK will work with COAERS Staff to create a “transition benchmark” that will serve to bridge the gap between the current 100% public markets benchmark to the recommended 100% private markets benchmark.

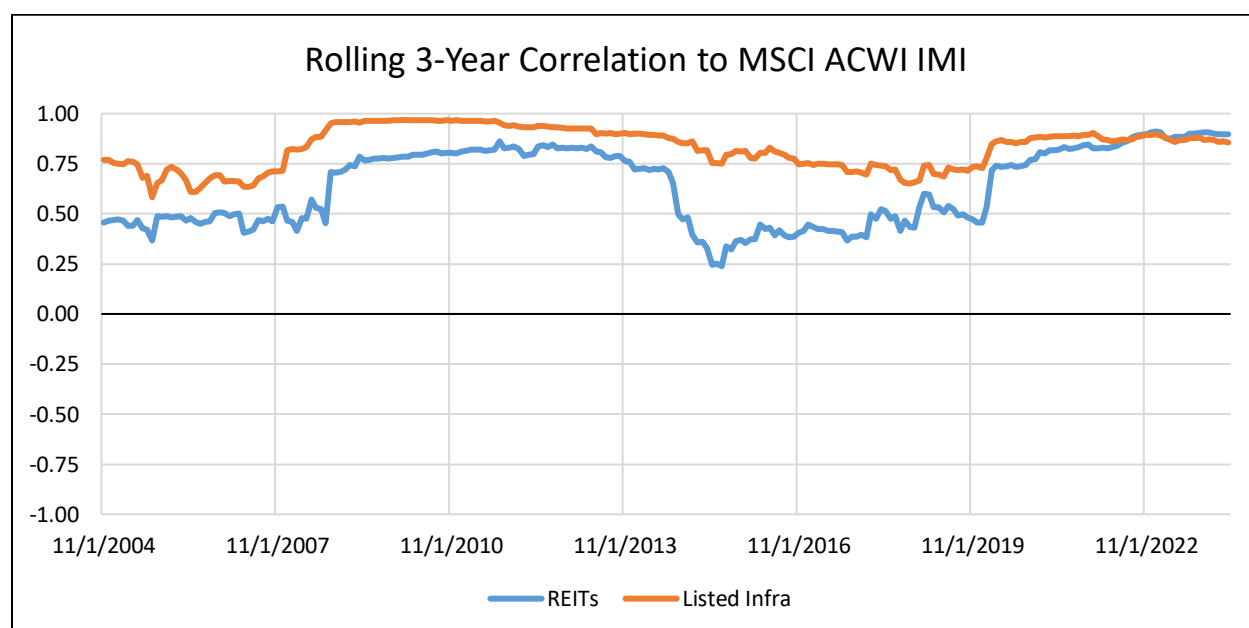
Staff concurs with this recommendation.

ADDITIONAL COMMENTARY

In the total portfolio context, the Real Assets portfolio is expected to provide portfolio growth with strong performance expected during inflationary regimes. Real Assets generally provide underlying exposure to hard assets, such as buildings or infrastructure assets, which can provide a different risk and return profile than many other investments in the Fund.

Publicly listed equities in real estate (REITs) and infrastructure constitute approximately 42% of the Real Assets portfolio currently. While these strategies do provide underlying exposure to real estate and infrastructure investments, the securities trade very similarly to global equities and exhibit very high equity correlations (Exhibit 1). Additionally, these securities are already included, in small amounts, in the Fund's Global Equity benchmark (the MSCI ACWI IMI) (Exhibit 2).

Exhibit 1: Public market Real Assets correlations to equities



Source: Staff analysis of Bloomberg, MSCI data

Exhibit 2: Real Asset equities included in MSCI ACWI IMI

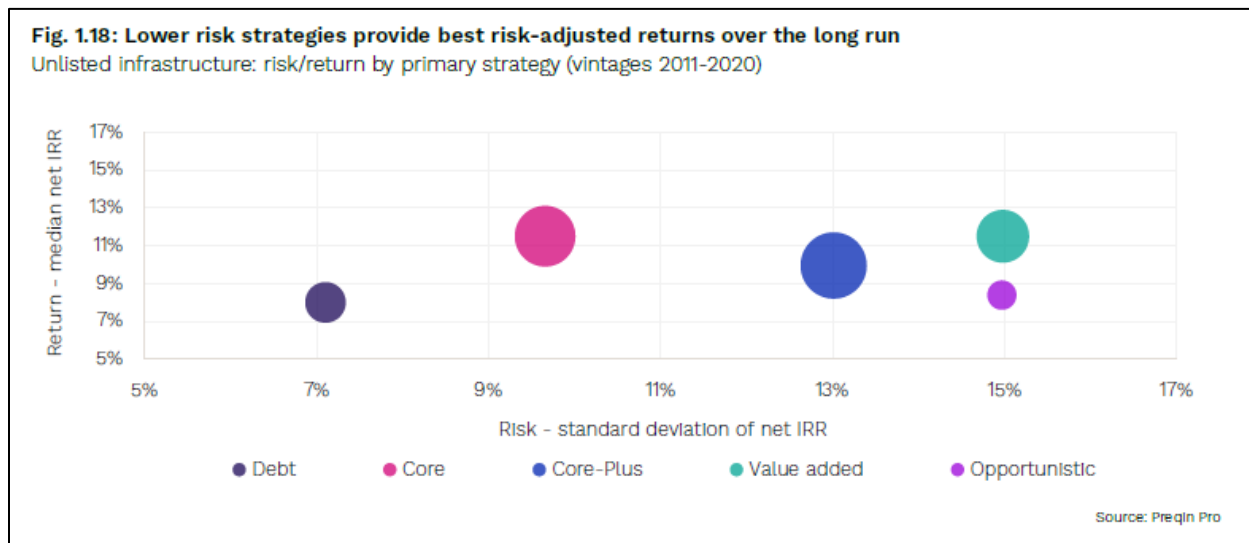
	Index Holdings Overlap with ACWI IMI	Implied SAA Exposure from ACWI IMI	Current Standalone Mandates
REITs	1.31%	0.70%	3.49%
Listed Infrastructure	1.74%	0.92%	2.02%

Source: Staff analysis of Bloomberg, FTSE, and S&P data

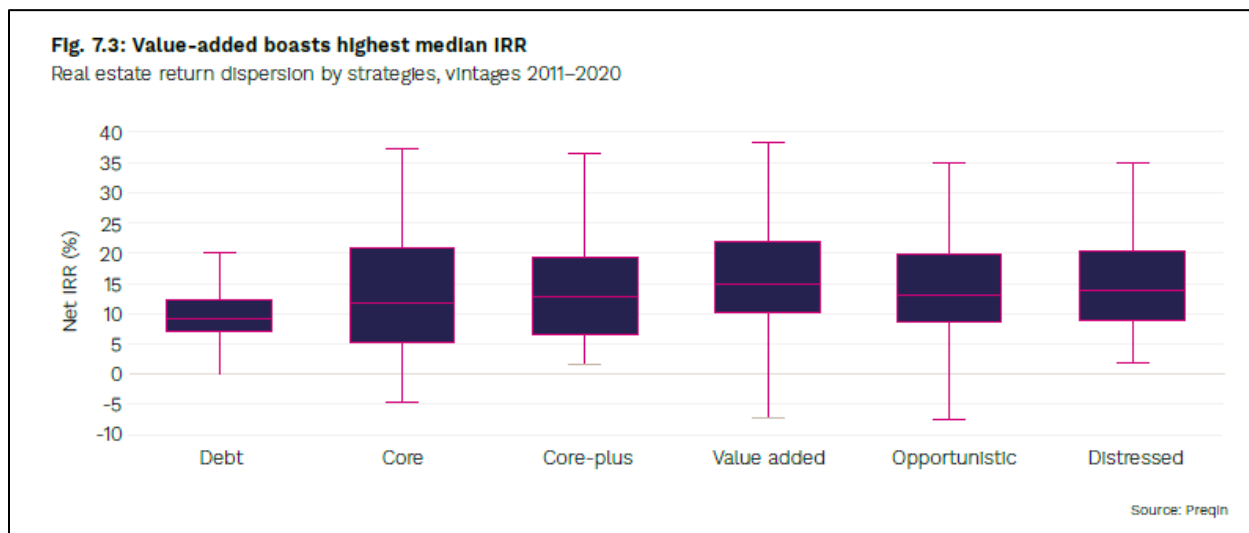
As such, Staff concurs with RVK's recommendation to implement these parts of the portfolio through private markets strategies. These strategies can offer a range of differentiated risk and return profiles beyond those currently in the portfolio (Exhibit 3). Similar to Fixed Income, focusing

Staff, Consultant and Board time on building out private markets exposures is likely to be more impactful on total Fund outcomes than insourcing asset allocation views/positioning.

Exhibit 3: Risk and return profiles of private markets Real Asset strategies



Source: Preqin Global Report 2024: Infrastructure



Source: Preqin Global Report 2024: Real Estate

While Staff agrees at a high level on some of the structuring comments made by RVK, we would note that the overall structure of the Real Assets portfolio and the allowable underlying strategy types should be discussed further. This could include the appropriateness of “plus” exposures (which tend to have different portfolio roles than “core” investments) and the right mix of underlying Real Assets strategy types. It may be appropriate to solidify these topics in a strategic plan or similar Board approved guidelines for the asset class.



Real Assets Benchmark and Structure Staff Memo

Staff analysis suggests that switching to private markets benchmarks will more closely represent actual Fund investments via a reduction in tracking error (Exhibit 4). Staff concurs with the use of the equal weighted, net-of fees return ODCE index for Real Estate as this best represents actual opportunity set of an institutional investor in core real estate and there are no implementation choices which could avoid imbedded fees of strategies in the peer group. As such, Staff believes that the use of these types of benchmarks would be prudent to use for performance measurement of these investments. It is important to note that despite these benefits, there will still be unavoidable differences in benchmark exposures and actual Fund investments (Exhibit 5).

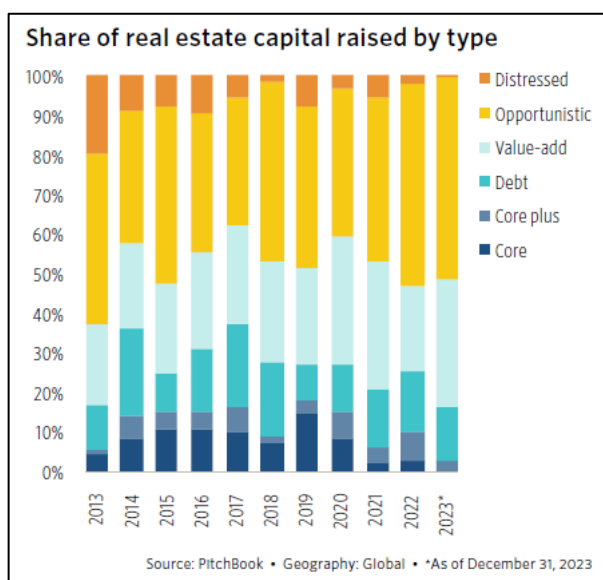
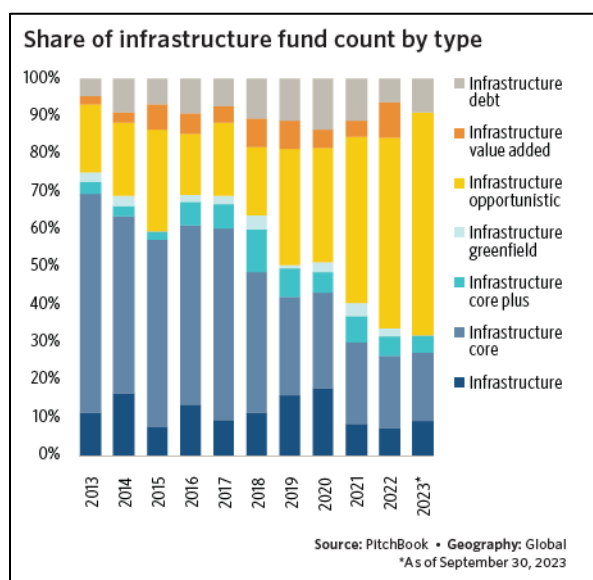
Exhibit 4: Tracking error of benchmarks to existing Fund investments

Manager	Private Markets Benchmark	Tracking Error	Correlation
IFM GIF	Burgiss Global Infrastructure Funds Index	3.5%	0.64
Principal USPA	NCREIF ODCE EW Net Index	1.9%	0.97

Manager	Public Markets Benchmark	Tracking Error
IFM GIF	S&P Global Listed Infrastructure Index	15.9%
Principal USPA	FTSE NAREIT Equity REITs Index	23.2%

Source: Staff analysis of IFM, Principal, Bloomberg, BNYM data; calculated based on longest data available

Exhibit 5: Private markets strategy types





Real Assets Benchmark and Structure Staff Memo

Finally, Staff notes that using a benchmarking approach that uses actual allocation weights for benchmark is reasonable, particularly when private markets are used. This approach will significantly limit tracking error resulting from positioning differences. Given the extremely limited (if any) ability to rebalance private markets exposures, relative performance comparisons will instead highlight manager-specific performance and overall structuring differences. This proposed approach would similarly roll up to the top-level Policy Benchmark for the total Fund.

7. Discuss and consider Fixed Income asset class and policy guidelines

Presented by Ed Van Eenoo



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 7:

Discuss and consider Fixed Income asset class and policy guidelines

RECOMMENDATION FOR COMMITTEE ACTION

RVK and Staff recommend that the Committee refer to the Board the proposed Fixed Income asset class recommendations as noted in the RVK Executive Summary memo.

ITEM SUMMARY

This agenda item allows the Committee to review the current benchmark and policy structure of the Fixed Income asset class. The Committee previously approved changes to the benchmark and structure of this asset class in the Strategic Asset Allocation.

RVK will make recommendations related to the structure of this asset class, including maintaining public markets exposures, moving to a “hybrid” implementation approach, evaluating “plus” sector exposures, and evaluating the guidelines for currently held specialty mandates. Staff has provided a memo with additional commentary and perspectives on these recommendations.

RELEVANCE TO STRATEGIC PLAN

This agenda item is central to **COAERS Strategic Plan Goal 4: Identify and implement leading practices in Board governance, pension administration, and investment management.**

ATTACHMENTS

1. RVK Memo: Executive Summary and Recommendations – Fixed Income
2. RVK Presentation: Fixed Income
3. Staff Memo: Fixed Income Structure

SUPPLEMENTAL MATERIALS

1. Premier List for Fixed Income (CONFIDENTIAL)
2. Fixed Income Manager Diligence Materials (CONFIDENTIAL)



Memorandum

To	City of Austin Employees' Retirement System (COAERS)
From	RVK, Inc.
Subject	Executive Summary and Recommendations – Fixed Income
Date	May 23, 2024

Executive Summary

- A comprehensive review of the COAERS Fixed Income portfolio, its benchmark, and potential implementation improvements was completed by RVK and COAERS Staff.
- The Board recently approved a change in the benchmark for this asset class from the Global Aggregate Bond Index to the US Aggregate Bond Index to better align with the purpose of the portfolio and long-term strategic allocations.
- The portfolio is currently split into subsector mandates, with US Treasuries, mortgages, and investment grade credit each separately managed by a combination of active and passive managers. US Treasuries also have duration-specific mandates.
- There may be opportunities to introduce aspects of a more traditional structure while still retaining a certain degree of customization currently found in the Fixed Income portfolio.
- Private Credit is currently housed under the Fixed Income portfolio as the program is in its infancy with only one commitment to date.

Recommendations

- **RVK recommends the Fixed Income portfolio represent public exposures, however, recognizes that during the interim Private Credit will likely need to be housed within Fixed Income until a critical size (3-5% of Total Fund) is met, at which time it can be relocated outside of Fixed Income as a standalone composite.**
- **As a first phase in portfolio restructuring, RVK recommends implementing a hybrid approach, which would include hiring an active core fixed income manager to serve as the portfolio anchor with respect to accessing primary benchmark exposures (US Treasury, agency MBS, and investment-grade US corporate credit).**
- **After the successful implementation of phase one, a second consideration would be education on the potential benefits of adding an active core plus fixed income manager to access non-benchmark exposures, often referred to as core plus sectors (High Yield, EMD, etc.).**
- **The future exposure to currently held specialty mandates (US Treasury, MBS and Credit) should be evaluated throughout this process to establish appropriate guidelines for utilization (if warranted).**

Fixed Income



Fixed Income – Discussion Points

Benchmark: Approved

Bloomberg US Aggregate Bond Index

Portfolio Implementation Considerations:

1. Exposures –

- Public vs. Private
 - Private Credit to be housed outside of Fixed Income when critical size met
- Benchmark vs. Non-Benchmark exposures
 - Are exposures outside of Bloomberg US Aggregate Bond Index, often labeled as plus sectors, allowable and/or desirable (Emerging Market Debt, High Yield, etc.)?

2. Portfolio Composition Flexibility –

- Insourced (disaggregated exposures) vs. Outsourced (aggregated at manager level)
 - Need to determine the level of flexibility that COAERS wants to maintain in terms of duration positioning, sector allocation, etc. A more disaggregated approach (such as the current structure) allows for more flexibility but also requires more Board/Staff/Consultant monitoring and input, while a more aggregated approach reduces overall flexibility all else equal but allows potentially more skilled investment teams to make relative value tradeoffs (and can be controlled through Investment Management Agreement guidelines).
 - Does not need to be a binary decision as a hybrid approach could be established depending on the “levers” that remain to Board/Staff/Consultant. For example, if duration is the primary portfolio characteristic that is desirable to maintain, allowance for flexibility with respect to Treasury-only mandates might be an option.

3. Efficiency of Asset Class –

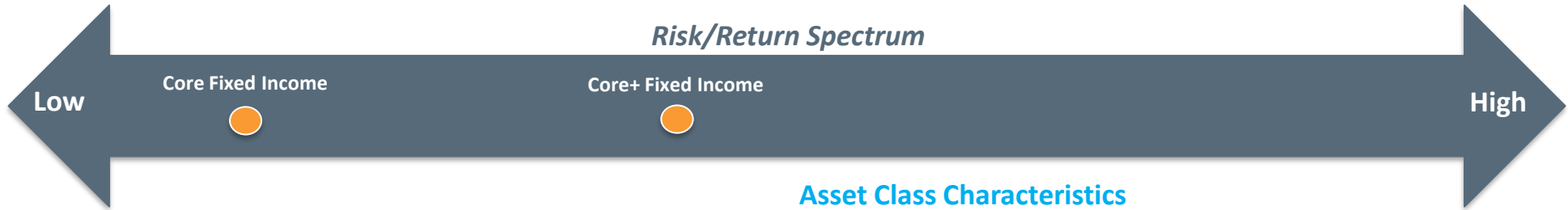
- Historically, active core- and core-plus fixed income have seen a high probability of excess returns relative to passive implementation (relative the Bloomberg US Aggregate Bond Index), supporting active management all else being equal.

4. Fees –

- Compared to many public and private asset classes, active core- and core-plus fixed income mandates generally carry lower overall fees while passive implementation fees tend to be slightly higher than in public equities.
- Insourced/disaggregated exposures may provide an opportunity to reduce the overall fee burden but should be weighed against the opportunity cost associated with internal decision making vs. outsourced mandates.

Fixed Income

Asset Class Overview



2024 RVK Assumptions

Core Fixed Income

- US Agg

Return/Risk

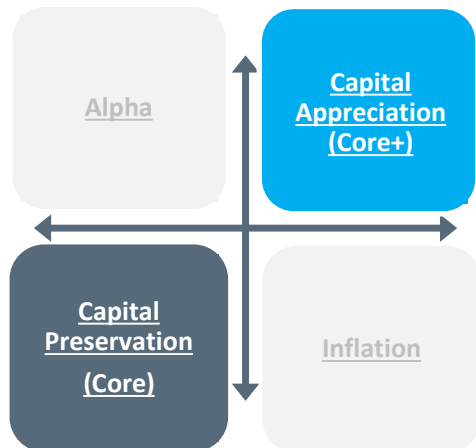
4.00%/5.00%

Core Plus Fixed Income

- US High Yield
- EMD (Hard)
- Bank Loans

7.00%/10.50%
7.00%/10.00%
6.50%/9.00%

Thematic Allocation



Asset Class Characteristics

Role in Portfolio

- Core – Capital Preservation
- Core Plus – Tilted toward Capital Appreciation

Risk/Return Profile

- Core – Low
- Core+ – Moderate

Types of Investments

- Core Sectors – US Treasury, Agency MBS and Investment-Grade Credit
- Core Plus Sectors – US High Yield, Emerging Market Debt, etc.

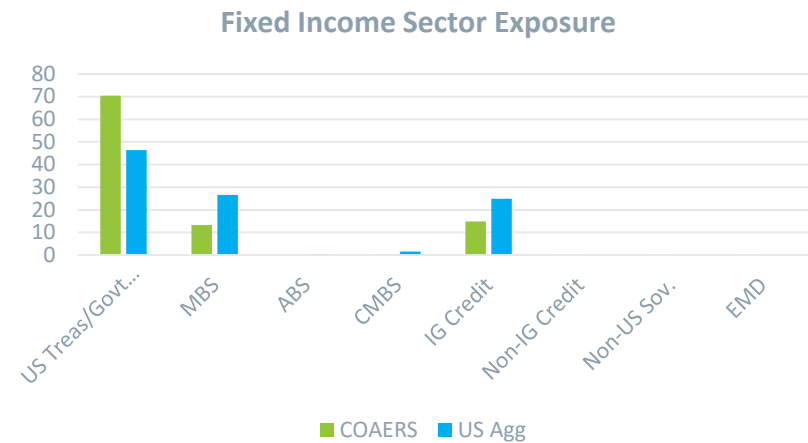
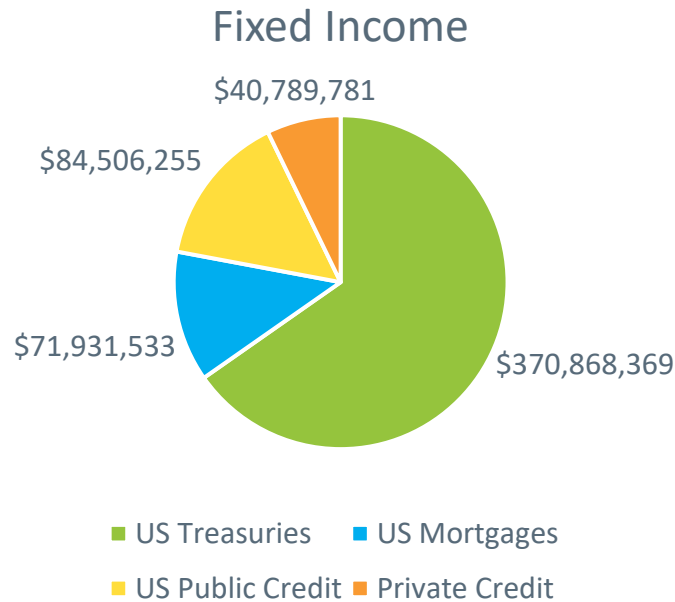
Considerations

- Diversification, interest rate, credit, and liquidity risks are all concerns and factors to consider when evaluating implementation choices

COAERS Fixed Income

Current Construction

The COAERS fixed income composite is currently constructed to implement the primary Bloomberg US Aggregate Bond Market exposures (core; US Treasury, MBS, and Investment-Grade Credit) through standalone mandates. Additionally, private credit is currently being held within Fixed Income until critical size is met.

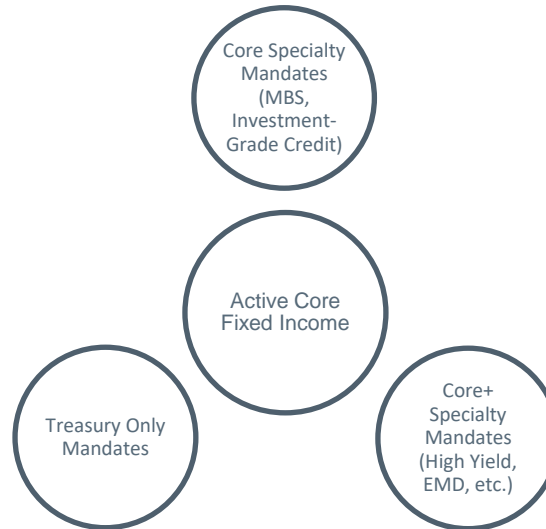


- **US Treasuries** (65.3% of Fixed Income) allocations managed by Agincourt, NISA, and Hoisington.
- **US Mortgages** (12.7% of Fixed Income) allocation managed by DoubleLine.
- **US Public Credit** (14.9% of Fixed Income) allocation managed by PGIM.
- **Private Credit** (7.2% of Fixed Income) allocation managed by Blue Owl.

Fixed Income

Portfolio Implementation Considerations

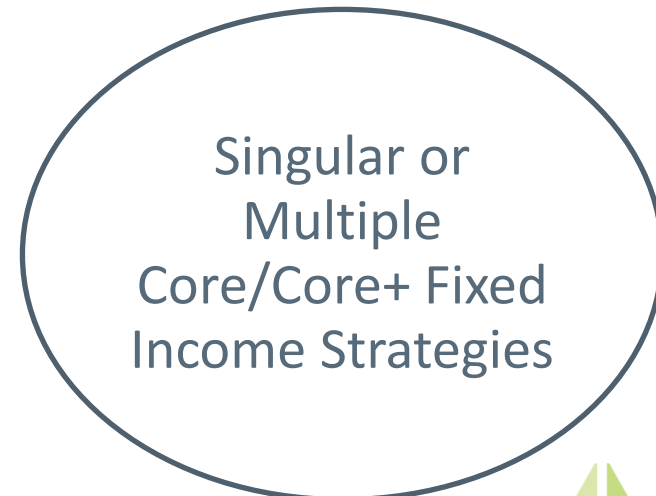
Hybrid Implementation



Insourced Implementation (Current)



Outsourced Implementation



Fixed Income

Efficiency of Asset Class

Manager Excess Returns Summary

Long-Term 3-Year Rolling Average (Net of Fees)

January 2001 – December 2023

Fixed Income Excess Returns, %			
	25 th Percentile	Median	75 th Percentile
Core Fixed Income	0.74	0.30	-0.17
Core Plus Fixed Income	1.55	0.85	0.23
High Yield Fixed Income	0.31	-0.58	-1.52
Bank Loans*	0.72	-0.02	-0.73
Global Fixed Income	1.66	0.47	-0.57
EMD – Hard Currency	1.39	0.35	-0.72

* Bank Loans data begins on March 2002 with a population of 20.

Excess return is calculated versus universe-specific benchmark (Core and Core Plus vs. Bloomberg US Aggregate Bond Index, High Yield vs. Bloomberg US Corporate High Yield Index, Bank Loans vs. Credit Suisse Leveraged Loan Index, Global Fixed Income vs. Bloomberg Global Aggregate Bond Index, and EMD-Hard vs JPM EMBI Global Diversified index).

January 2001 represents the start of the first 3-year period.

Performance shown represents rolling 3-year performance at each quartile and does not correspond to the long-term experience of any specific manager.

Peer group constituents and managers' rankings change over time.



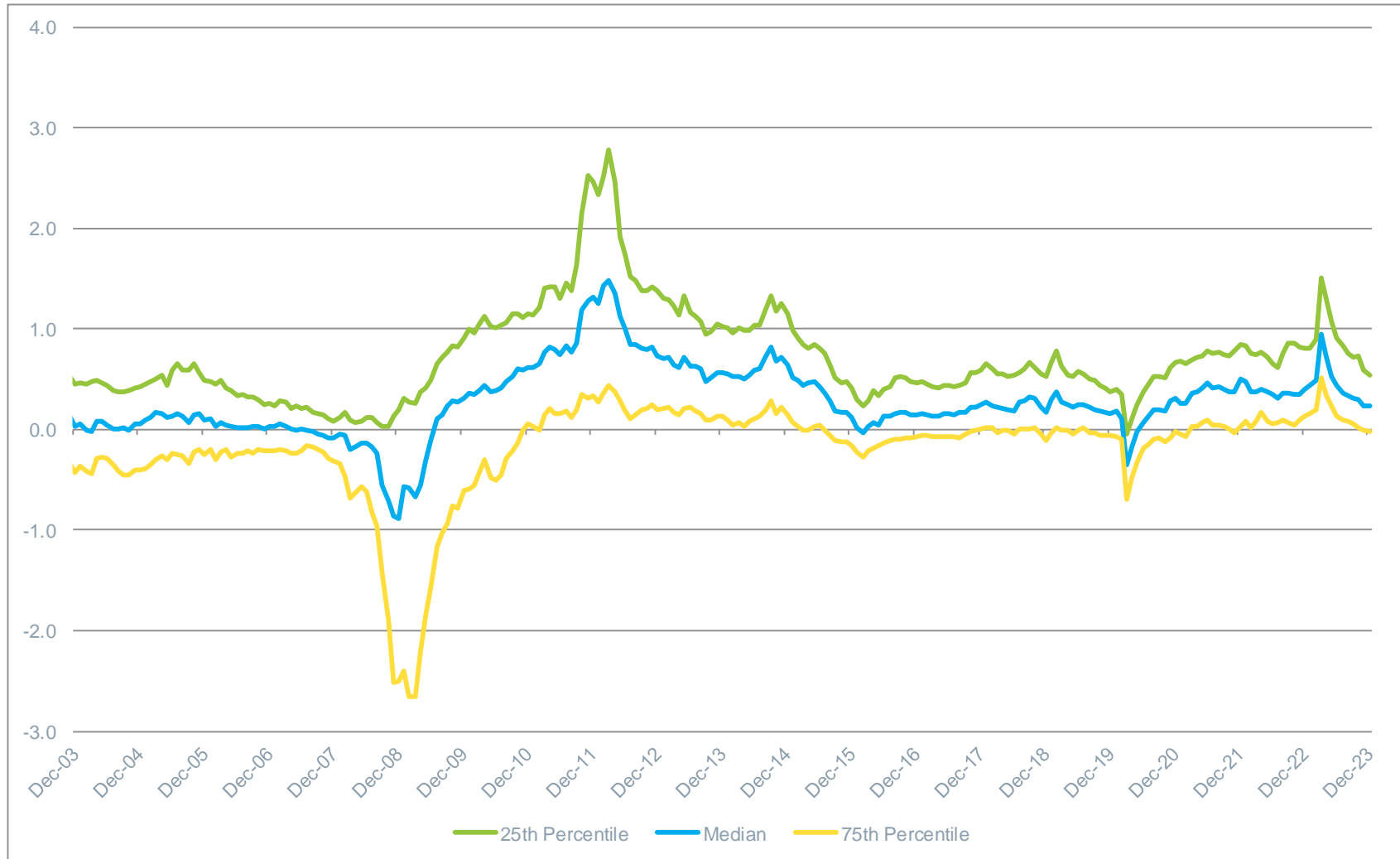
Core Fixed Income

Manager Excess Returns – Rolling 3-Year Periods (beginning January 2001)

Excess Returns (%) are calculated relative to the Bloomberg US Aggregate Bond Index

Assumed Active Management Fee: 21 (Basis Points)

Peak Population: 346



eVestment Manager Database Comparison

Performance shown represents rolling 3-year performance at each quartile and does not correspond to the long-term experience of any specific manager.

Peer group constituents and managers' rankings change over time.

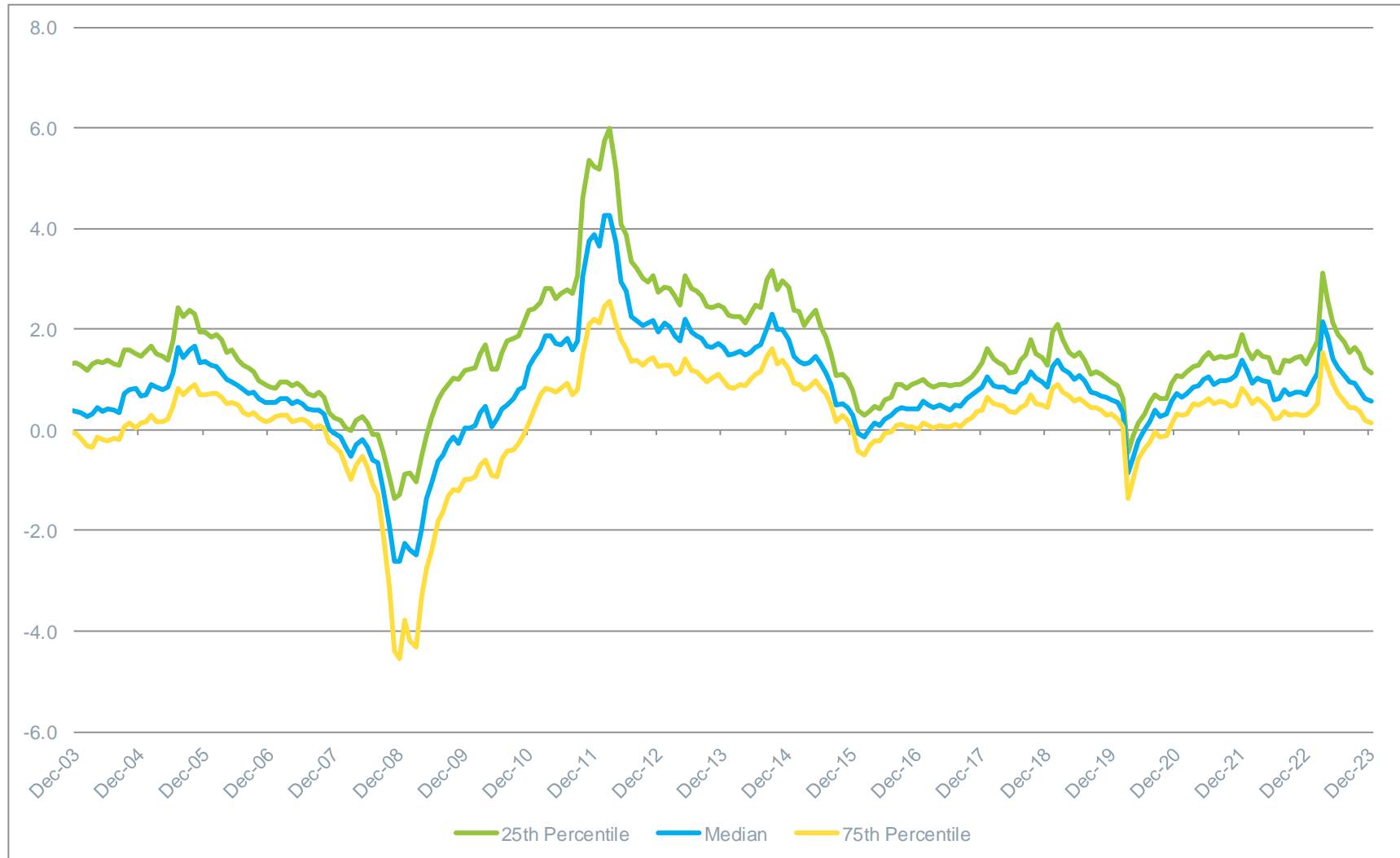
Core Plus Fixed Income

Manager Excess Returns – Rolling 3-Year Periods (beginning January 2001)

Excess Returns (%) are calculated relative to the Bloomberg US Aggregate Bond Index

Assumed Active Management Fee: 24 (Basis Points)

Peak Population: 153



eVestment Manager Database Comparison

Performance shown represents rolling 3-year performance at each quartile and does not correspond to the long-term experience of any specific manager.

Peer group constituents and managers' rankings change over time.

Fixed Income – Recommendations

Benchmark: Approved

Bloomberg US Aggregate Bond Index

Portfolio Implementation Considerations: Pending Approval

- RVK recommends the Fixed Income portfolio represent public exposures, however, recognizes that during the interim Private Credit will likely need to be housed within Fixed Income until a critical size (3-5% of Total Fund) is met, at which time it can be relocated outside of Fixed Income as a standalone composite.
- As a first phase in portfolio restructuring, RVK recommends implementing a hybrid approach, which would include hiring an active core fixed income manager to serve as the portfolio anchor with respect to accessing primary benchmark exposures (US Treasury, agency MBS, and investment-grade US corporate credit).
- After the successful implementation of phase one, a second consideration would be education on the potential benefits of adding an active core plus fixed income manager to access non-benchmark exposures, often referred to as core plus sectors (High Yield, EMD, etc.).
- The future exposure to currently held specialty mandates (US Treasury, MBS and Credit) should be evaluated throughout this process to establish appropriate guidelines for utilization (if warranted).



Fixed Income Structure Staff Memo

SUMMARY: STAFF PERSPECTIVE ON RVK RECOMMENDATIONS

RVK Recommendation: RVK recommends the Fixed Income portfolio represent public exposures, however, recognizes that during the interim Private Credit will likely need to be housed within Fixed Income until a critical size (3-5% of Total Fund) is met, at which time it can be relocated outside of Fixed Income as a standalone composite.

Staff concurs with this recommendation. Given this portfolio's role to provide a liquid, diversifying exposure to equity risk the use of public exposures is prudent. Staff and Consultant will continue to work on building out Private Credit as a separate asset in the Strategic Asset Allocation.

RVK Recommendation: As a first phase in portfolio restructuring, RVK recommends implementing a hybrid approach, which would include hiring an active core fixed income manager to serve as the portfolio anchor with respect to accessing primary benchmark exposures (US Treasury, agency MBS, and investment-grade US corporate credit).

Staff concurs with this recommendation. While we believe that there remains value in using an "insourced," disaggregated approach, focusing Staff, Consultant and Committee time on building out private markets exposures will be more impactful on total Fund outcomes. Selection of a core manager will take some time and needs to be evaluated over the coming quarters.

RVK Recommendation: After the successful implementation of phase one, a second consideration would be education on the potential benefits of adding an active core plus fixed income manager to access non-benchmark exposures, often referred to as core plus sectors (High Yield, EMD, etc.).

Staff concurs with this recommendation. Staff believe that "plus" sector exposures are prudent to include in the Fixed Income portfolio to some extent. This could come through core plus mandates or dedicated exposures to just the "plus" sectors depending on how this allocation evolves over time. Policy considerations for this approach include changing the allowable investments for Fixed Income to be less prescriptive. Current Investment Implementation Policy guidelines do not allow sub-investment grade fixed income investments and include very specific guidelines for position sizing and credit quality.

RVK Recommendation: The future exposure to currently held specialty mandates (US Treasury, MBS and Credit) should be evaluated throughout this process to establish appropriate guidelines for utilization (if warranted).

Staff concurs with this recommendation. Should the Committee decide to use a "hybrid" structure, it would be prudent to define guidelines for satellite exposures. However, should the Committee decide to use a "fully outsourced" model, these guidelines would be incorporated into relevant agreements with the investment manager.

ADDITIONAL COMMENTARY
Background:

At its meeting in April 2024, the Investment Committee approved the use of the Bloomberg US Aggregate Bond Index as the benchmark for Fixed Income as well as a new asset class structure in the Strategic Asset Allocation which eliminates the use of sub-asset classes:

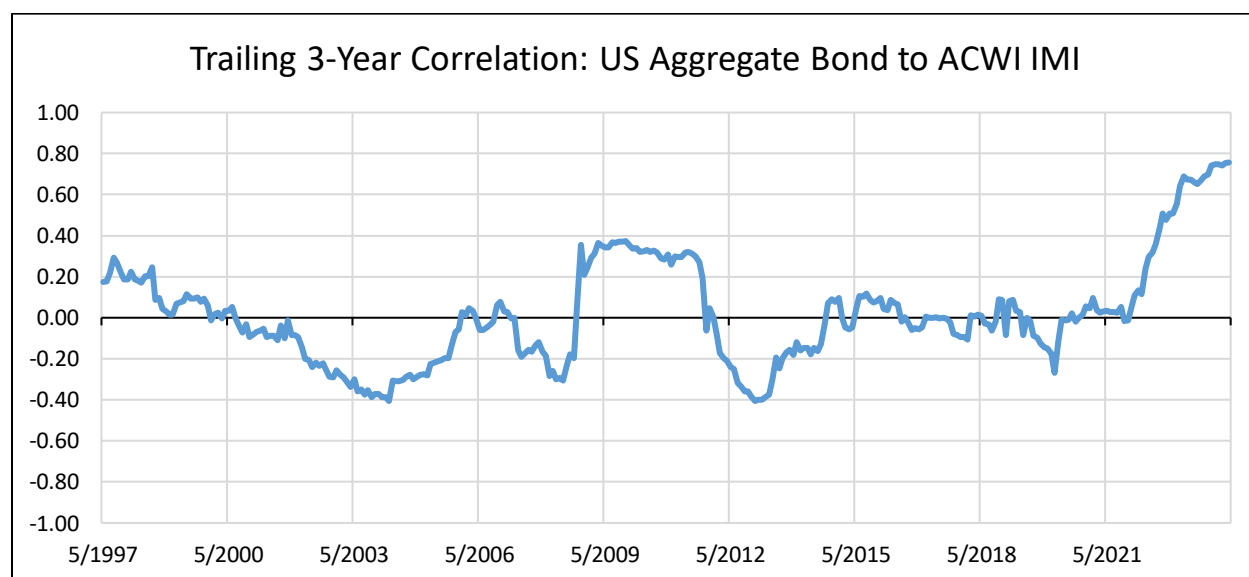
Strategic Asset Allocation Structure:

Asset Class	Benchmark	Min	Neutral	Max
Fixed Income	Bloomberg US Aggregate Bond Index	18%	21%	28%

Minimum and maximum ranges only to be used for Market Drift rebalancing

Commentary on RVK Recommendations:

In the total portfolio context, the Fixed Income portfolio is expected to provide diversification to equity risk and liquidity through current income. Staff agrees with RVK that public fixed income investments best exhibit these characteristics, particularly when compared to their private markets counterparts. While the diversification of public fixed income has been challenged in recent times (Exhibit 1), expected longer-term correlations to equities are still low compared to other asset classes (Exhibit 2).

Exhibit 1: Correlation between Bloomberg US Aggregate Bond Index and MSCI ACWI IMI


Source: Staff analysis of Bloomberg, MSCI data



Fixed Income Structure Staff Memo

Exhibit 2: RVK Capital Market Assumptions

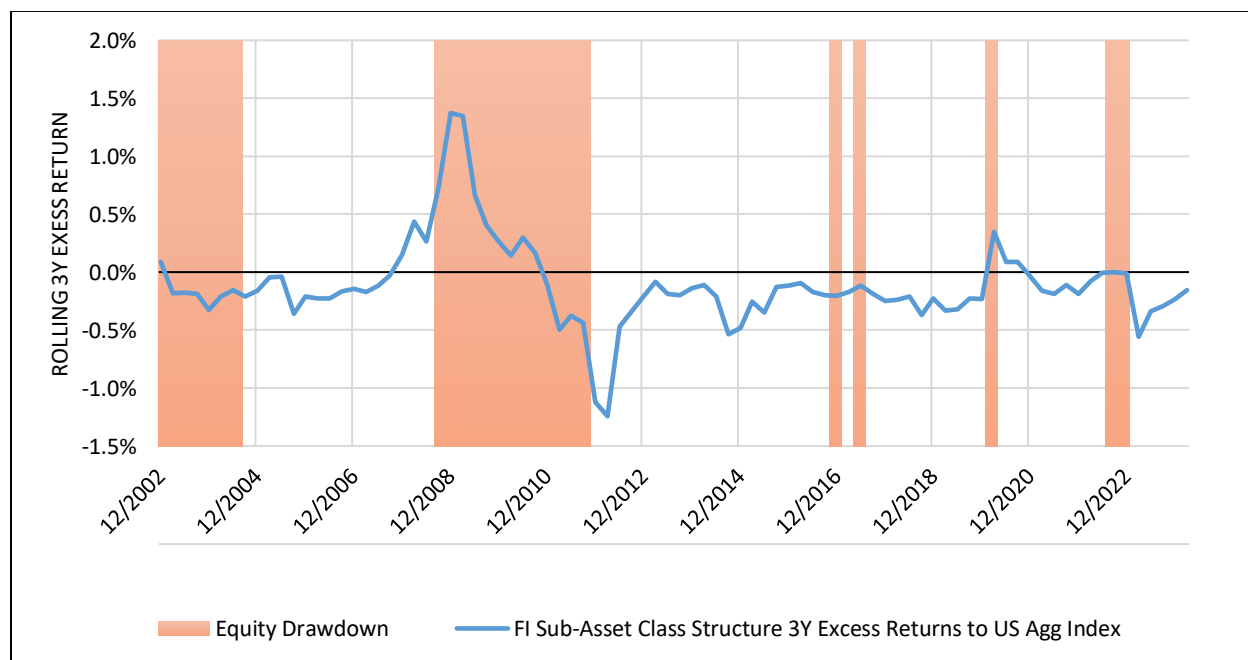
	Global Equity	COAERS Fixed Income	COAERS Real Assets	COAERS Multi-Asset	Private Credit	Private Equity	Cash Equivalents
Global Equity	1.00	-0.01	0.84	0.97	0.80	0.81	-0.08
COAERS Fixed Income	-0.01	1.00	-0.17	0.10	-0.29	-0.18	0.17
COAERS Real Assets	0.84	-0.17	1.00	0.90	0.82	0.73	-0.08
COAERS Multi-Asset	0.97	0.10	0.90	1.00	0.84	0.80	-0.08
Private Credit	0.80	-0.29	0.82	0.84	1.00	0.84	-0.12
Private Equity	0.81	-0.18	0.73	0.80	0.84	1.00	-0.21
Cash Equivalents	-0.08	0.17	-0.08	-0.08	-0.12	-0.21	1.00

Source: RVK Asset Allocation Study 2023-09

Private Credit is expected to improve total Fund diversification by providing a differentiated return source, as opposed to a hedge expected from public Fixed Income. Additionally, the Board has adopted separate guidelines and strategic asset allocations for Private Credit to manage this allocation.

Historically, the Fixed Income portfolio was disaggregated into its component pieces to better manage this allocation and structure it to provide a hedge to equity risk. This was done by increasing exposure to US Treasuries, which provide lower correlations to equities than Mortgages or Investment Grade Credit. This resulted in a portfolio which is expected to provide positive excess returns to the US Aggregate Bond Index during times of equity stress (Exhibit 3).

Exhibit 3: Fixed Income Sub-Asset Class Structure Excess Returns to US Agg. Bond Index



Source: Staff analysis of Bloomberg data, equity drawdown periods defined as when trailing 3Y returns are below 5%

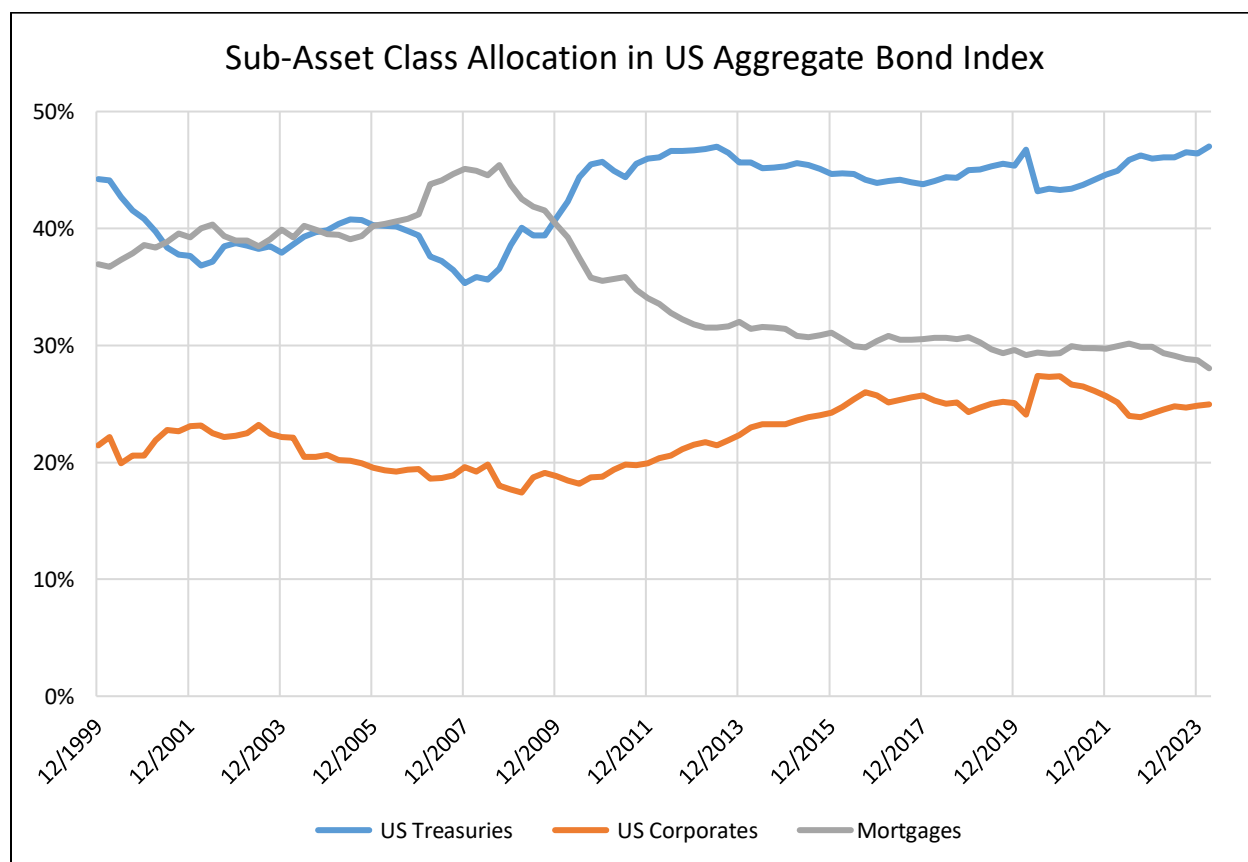


Fixed Income Structure Staff Memo

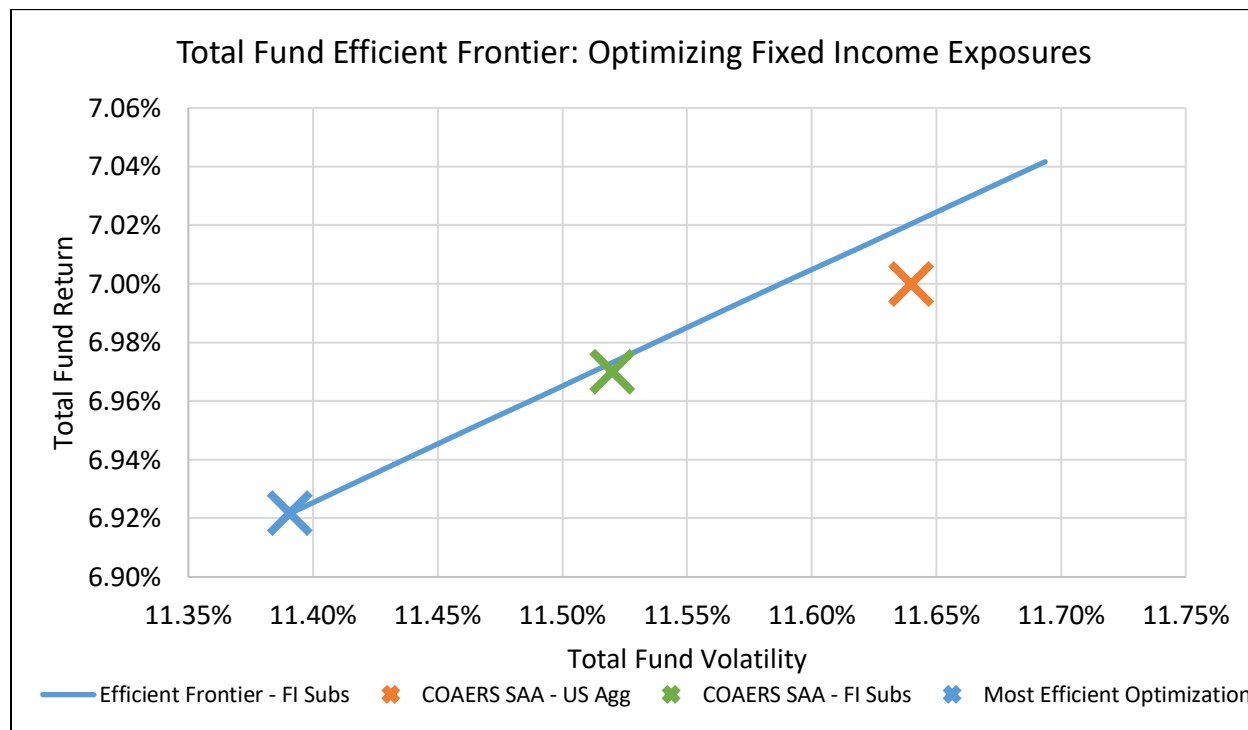
RVK's recommendation is to move implementation back to a more aggregated "core" approach whereby these decisions would be delegated to an investment manager instead of Staff, Consultant and Board. This will likely lead to sub-strategy exposures that are closer to the benchmark than the current approach (Exhibit 4). The data presented by RVK suggests that active managers are more likely to produce higher alpha over the long term but have negative alpha during times of equity market stress.

Exhibit 4: Sub-Asset Class Exposures

Sub-Asset Class	US Aggregate Bond Index	COAERS SAA Neutral	Difference
UST	47%	62%	15%
MBS	28%	19%	-9%
Credit	25%	19%	-6%



Staff believes there is value in directly managing duration or sub-asset exposures in Fixed Income as noted above, but also believe that focusing Staff, Consultant, and Committee time on building out private markets exposures will be more impactful in improving total Fund outcomes (Exhibit 5).

Exhibit 5: Efficient Frontier


Source: Staff analysis of Caissa data

Another way to improve outcomes is to allow active managers to use out of benchmark exposures to “plus” sectors (e.g., high yield, bank loans, or emerging market debt). Index construction in Fixed Income gives larger weights to the most indebted issuers, which is counterintuitive. Different segments of the Fixed Income universe can exhibit markedly different risk, return and correlation profiles, in contrast to Global Equities where market segments tend to be much more homogeneous. As such, allocating to various sectors can reduce risk or increase returns when compared to the aggregate index and active management tends to be successful in doing so. Staff believes that these exposures do indeed provide differentiated risk and return profiles (Exhibit 6) and should be allowable in the Fixed Income portfolio. Current Policy guidelines adopted by the Board do not allow these types of investments and would need to be updated.

Exhibit 6: RVK Capital Market Assumptions
RVK 2024 Compound Return Assumptions


Should the Board decide to maintain a “hybrid” model on a go forward basis, maintaining guidelines in Policy as to the sizing of various “satellite” exposures will help ensure that Fixed Income implementation gives reasonably similar exposures to the benchmark.

8. Discuss and consider request for proposal for COAERS general investment consultant

Presented by Ed Van Eenoo



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 8:

Discuss and consider request for proposal for COAERS general investment consultant

AGENDA ITEM OBJECTIVE

This item is for the Committee to receive the report on the site visit phase of the general investment consultant RFP and consider the site visit team's recommendation.

RECOMMENDATION FOR COMMITTEE ACTION

The Site Visit Team recommendation is included in the attached memo.

ITEM SUMMARY

At its April 11 meeting, the Investment Committee approved moving forward with onsite diligence of four general investment consulting firms, creating a Team of Trustees and Staff to perform the site visits, and the scoring system for the recommendation of the finalists for Board consideration. The Committee will review the update on the site visit phase of the RFP and consider the finalist recommendations of the Site Visit Team.

RELEVANCE TO STRATEGIC PLAN

This agenda item is central to **COAERS Strategic Plan Goal 4: Identify and implement leading practices in Board governance, pension administration, and investment management**. It is considered a best practice to periodically review major service providers, including consulting relationships.

ATTACHMENT

1. General Investment Consultant RFP Site Visit Team Memo (Confidential)

SUPPLEMENTAL MATERIALS

The onsite presentation deck for each firm is provided in the supplemental Committee materials.

9. Review key meeting takeaways and call for future agenda items

Presented by Ed Van Eenoo



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 9: Call for future agenda items

AGENDA ITEM OBJECTIVE

This standing agenda item provides Trustees the opportunity to review the key takeaways from the meeting.

RECOMMENDATION FOR COMMITTEE ACTION

Trustees will review key meeting takeaways and delineate next steps.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management**. It is an industry best practice to review key meeting takeaways to summarize what was accomplished at the meeting as well as ensure Staff has clear direction on further work and future agenda items.

2024 Investment Committee Priorities and Workplan

Priority 1: Review and update Investment Policy Statement and Investment Implementation Plan

- January:
 - ✓ Investment program objectives
 - ✓ Measuring success including benchmarking philosophy
- February:
 - ✓ Discuss and consider review of policy and processes of investment program
 - ✓ Global Equities strategic review, Premier List, and implementation
- April:
 - ✓ Fixed Income and Cash & Equivalents strategic review and benchmarking discussion
- May:
 - ✓ Real Assets strategic review and benchmarking discussion
 - ~~Review and discussion of the investment manager selection process~~
- August:
 - Consider proposed changes to the Investment Policy Statement and Investment Implementation Policy
 - Review and discussion of the investment manager selection process
- November:
 - Updated Strategic Asset Allocation

Priority 2: Investment Consultant RFP review and recommendation

- February:
 - ✓ Discuss and consider bids from general investment consultant requests for proposal
 - ✓ Discuss timeline for RFP process and establish review committee
- April:
 - ✓ Consultant RFP initial evaluation
 - ✓ Consultant RFP Site Visits (week of either April 22 or April 29)
- May:
 - ✓ Consultant RFP recommendation to Board

Priority 3: Development of private markets program

- January:
 - ✓ Private markets program discussion
- February:
 - ✓ Discuss and consider private markets program including draft strategic plan
- August:
 - Discuss private markets program resources

- November:
 - Review of private markets program, pacing analysis and 2025 funding plan
 - Private credit investment recommendations

Priority 4: Monitor the performance of the investment portfolio, investment staff, investment managers, and investment consultant

- February:
 - ✓ Review total portfolio and asset class performance through fourth quarter 2023 – RVK
- May:
 - ✓ Quarterly review of investment performance, positioning, strategy, implementation, delegated authority, manager fees, cash movements, manager monitoring and compliance, Premier List
- August:
 - Review passive approach to Global Equity portfolio
 - Quarterly review of investment performance, positioning, strategy, implementation, delegated authority, manager fees, cash movements, manager monitoring and compliance, Premier List
- November:
 - Quarterly review of investment performance, positioning, strategy, implementation, delegated authority, manager fees, cash movements, manager monitoring and compliance, Premier List
 - Annual review of investment budget