Case Study

The below hypothetical portfolio has experienced an average of 4% growth over the last 5 years and requires annual cash distributions of $150,000,000, due semi-annually in May (30th) and November (30th). Current cash available is $50,000,000. On February 1st, 2029, the market experiences a major dislocation event, resulting in the values seen below.

	Market Value ($)	Allocation (%)	Lower Range (%)	Target (%)	Upper Range (%)
Total Fund Composite	5,304,338,228.74	100.00%	-	100	-
US Equity Composite	689,589,327.07	13.00%	15	19	23
Developed Non-US Equity Composite	371,317,329.96	7.00%	8	11	14
Emerging Markets Equity Composite	229,686,291.25	4.33%	4	7	10
Core Fixed Income Composite	636,543,994.22	12.00%	14	17	20
Non-Core Fixed Income Composite	424,362,662.81	8.00%	8	11	14
Public Real Return Composite	106,090,665.70	2.00%	2	3.75	5.5
Private Real Return Composite	1,007,861,324.18	19.00%	6	11.25	16.5
Real Estate Composite	888,509,325.27	16.75%	5	10	15
Private Equity Composite	888,509,325.27	16.75%	5	10	15
Cash Composite	50,000,000.00	0.94%	0	0	2
Transition Account (Illiquid Assets)	1,334,649.00	0.03%	0	0	0
130 Robin Hill Rd (SBCERS Headquarters)	10,533,334.00	0.20%	0	0	0

The client prefers U.S. Large Cap and U.S. Core Fixed Income Indices for synthetic exposure and does not believe Emerging Markets, Private Equity or Private Real Asset Public Indices can replicate the portfolio holdings sufficiently. The client could be convinced that Private Real Estate can be replicated with public indices. Synthetic exposure alternatives provided are not exhaustive, other synthetic exposure alternatives can be used in the response should adequate justification be provided.

Please walk through how the client should liquidate existing positions to raise an additional $25,000,000 in cash and then use derivatives to rebalance exposures using the targets and ranges above. Assume Private Assets are neutral for cash, meaning capital calls are equal to the distributions.