

SBCERS

Santa Barbara County Employees' Retirement System

DATE: February 28, 2024

TO: SBCERS BOARD OF RETIREMENT

FROM: SBCERS Investment Staff

RE: **Quarterly Public Markets Portfolio Review**

Recommendation

That the Board of Retirement receive and file the Quarterly Investment Performance Analysis Report presented by Principals and Co-Lead Consultants Marcia Beard and Matthias Bauer, CFA of RVK, Inc.

Summary

The SBCERS' quarterly report will give a detailed review of investment performance and status for the fourth quarter of 2023. During the quarter the system returned 5.33% outperforming the policy benchmark by 5 basis points. SBCERS' ended the quarter with a market value of \$4.25 billion. When compared to public pension funds with \$1B-\$5B AUM, the fund ranked 87th percentile for the quarter (net of fees). SBCERS continues to rank in the 19th percentile for the period ending 5 years.

During the fourth quarter of 2023 most risk assets rebounded and finished the year with significant positive returns. Fixed Income markets ended the year firmly in positive territory with the Bloomberg U.S. Aggregate Bond Index returning 6.82%. The Consumer Price Index (CPI) showed a higher-than-expected uptick of 3.4%. The Federal Open Market Committee (FOMC) anticipates further progress in bringing inflation down to target level, projecting a decline to 2.4% by the end of 2024.

Equity had positive returns in the fourth quarter 2023. Broad Equity markets represented by the S&P 500 Index posted returns of 11.69% for the quarter. Non-U.S. Developed markets (MSCI EAFE) had a 10.42% quarterly return. Emerging Markets Equities had a positive return, with 7.86% for the quarter, represented by MSCI EM index.

Attachments

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