

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### BUSINESS MEETING

**MAY 20, 2019**

### AGENDA

**PLACE:** Ventura County Employees' Retirement Association  
Second Floor Boardroom  
1190 South Victoria Avenue  
Ventura, CA 93003

**TIME:** 9:00 a.m.

*Members of the public may comment on any item under the Board's jurisdiction by filling out a speaker form and presenting it to the Clerk. Unless otherwise directed by the Chair, comments related to items on the agenda will be heard when the Board considers that item. Comments related to items not on the agenda will generally be heard at the time designated for Public Comment.*

**ITEM:**

- |  | Master Page No. |
|--|-----------------|
| <b>I. <u>CALL TO ORDER</u></b>   |                 |
| Oath of Office for Robert Ashby to be Administered by Miranda Nobriga, Deputy County Clerk.  |                 |
| <b>II. <u>APPROVAL OF AGENDA</u></b>   | 1 – 3           |
| <b>III. <u>APPROVAL OF MINUTES</u></b>   |                 |
| A. Disability Meeting for May 6, 2019.   | 4 – 11          |
| <b>IV. <u>CONSENT AGENDA</u></b>   |                 |
| A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of April 2019.  | 12 – 13         |
| B. Receive and File Report of Checks Disbursed in April 2019.  | 14 – 16         |
| C. Receive and File Budget Summary for FY 2018-19 Month Ending April 30, 2019.   | 17 – 18         |
| D. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments, Cash, and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending April 30, 2019. | 19 – 24         |

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**V. INVESTMENT MANAGER PRESENTATIONS**

- |    |   |         |
|----|---|---------|
| A. | Receive Annual Investment Presentation, Bridgewater, Jessica Oleson and Jason Rogers.                         | 25 – 55 |
| B. | Receive Annual Investment Presentation, Tortoise Capital Advisors, Dan Olson, Gregory Murphy, and James Mick. | 56 – 76 |

**VI. INVESTMENT INFORMATION**

NEPC – Allan Martin.  
VCERA – Dan Gallagher, Chief Investment Officer.

- |    |   |           |
|----|---|-----------|
| A. | Consider Adoption of the Proposed Revision to VCERA’s Investment Portfolio Asset Allocation.<br><b>RECOMMENDED ACTION: Approve.</b> |           |
| 1. | Staff Letter by C.I.O., Dan Gallagher.  | 77        |
| 2. | NEPC Memorandum and Presentation Deck.  | 78 – 123  |
| B. | Consider Adoption of the Proposed Revision to VCERA’s Investment Policy.<br><b>RECOMMENDED ACTION: Approve.</b>                     |           |
| 1. | Staff Letter by C.I.O., Dan Gallagher.  | 124 – 126 |
| 2. | Proposed Investment Policy.   | 127 – 140 |
| 3. | Proposed Investment Policy (Redline).   | 141 – 160 |
| C. | Preliminary Performance Report for Month Ending April 30, 2019.<br><b>RECOMMENDED ACTION: Receive and file.</b>                     | 161 – 172 |
| D. | Quarterly Investment Performance Report for Period Ending March 31, 2019.<br><b>RECOMMENDED ACTION: Receive and file.</b>           | 173 – 267 |

**VII. OLD BUSINESS**

- A. None.

**VIII. NEW BUSINESS**

- |    |  |           |
|----|--|-----------|
| A. | Review and Adoption of Proposed Fiscal Year 2019/20 Budget.<br><b>RECOMMENDED ACTION: Approve.</b> |           |
| 1. | Staff Letter.  | 268 – 272 |
| 2. | Proposed Budget for FY 2019/20.  | 273 – 283 |
| B. | Proposed Changes to VCERA Bylaws.<br><b>RECOMMENDED ACTION: Approve.</b>                           |           |

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**VIII. NEW BUSINESS (continued)**

- |   |           |
|---|-----------|
| 1. Staff Letter.  | 284 – 285 |
| 2. VCERA Bylaws (Redline).  | 286 – 294 |
| 3. Staff Letter and Redline sent to County with Request for Feedback on November 1, 2018.   | 295 – 306 |
| 4. Response from County on Bylaws, dated February 19, 2019.   | 307 – 312 |
| 5. VCERA's Response to County on Bylaws, dated February 27, 2019.   | 313 – 316 |
| 6. Response from County on Bylaws, dated April 8, 2019.   | 317       |
| 7. VCERA's Response to County on Bylaws, dated May 3, 2019.   | 318 – 320 |
| C. Request from Retired Employees Association (REVAC) for Authorization for Payroll Deductions for Retiree Supplemental Insurance Program with Pacific Group Agencies, Inc. |           |
| 1. Staff Letter.  | 321       |
| 2. Letter from REVAC.   | 322       |
| D. Discussion Regarding VCERA's 2019 Board Retreat.   |           |

**IX. INFORMATIONAL**

- |   |           |
|---|-----------|
| A. CALAPRS Principles of Pension Government for Trustees.   | 323 – 324 |
| B. Correspondence from Loomis Sayles: Dan Fuss Honored at 2019 US Morningstar Awards for Investing. | 325       |

**X. PUBLIC COMMENT**

**XI. STAFF COMMENT**

**XII. BOARD MEMBER COMMENT**

**XIII. ADJOURNMENT**

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### DISABILITY MEETING

**MAY 6, 2019**

### MINUTES

**TRUSTEES  
PRESENT:**

William W. Wilson, Chair, Public Member  
Robert Bianchi, Vice-Chair, Public Member  
Steven Hintz, Treasurer-Tax Collector  
Steve Bennett, Public Member  
Dan Shapiro, General Member  
Mike Sedell, Public Member  
Arthur E. Goulet, Retiree Member  
Will Hoag, Alternate Retiree Member  
Ed McCombs, Alternate Public Member

**TRUSTEES  
ABSENT:**

Steven Hintz, Treasurer-Tax Collector  
Craig Winter, General Member

**STAFF  
PRESENT:**

Linda Webb, Retirement Administrator  
Lori Nemiroff, General Counsel  
Henry Solis, Chief Financial Officer  
Dan Gallagher, Chief Investment Officer  
Julie Stallings, Chief Operations Officer  
Leah Oliver, Chief Technology Officer  
Shalini Nunna, Retirement Benefits Manager  
Donna Edwards, Retirement Benefits Specialist  
Nancy Jensen, Retirement Benefits Specialist  
Chris Ayala, Program Assistant  
Shalaine Nolan, Office Assistant III-C

**PLACE:**

Ventura County Employees' Retirement Association  
Second Floor Boardroom  
1190 South Victoria Avenue  
Ventura, CA 93003

**TIME:**

9:00 a.m.



**BOARD OF RETIREMENT  
DISABILITY MEETING**

**MAY 6, 2019**

**MINUTES  
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**ITEM:**

**I. CALL TO ORDER**

Chair Wilson called the Disability Meeting of May 6, 2019, to order at 9:01 a.m.

**II. APPROVAL OF AGENDA**

MOTION: Approve.

Moved by Bianchi, seconded by Hoag.

Vote: Motion carried

Yes: Bianchi, Goulet, Hoag, McCombs, Sedell, Shapiro, Wilson

No: -

Absent: Bennett, Hintz, Winter

Abstain: -

**III. APPROVAL OF MINUTES**

A. Disability & Business Meeting of April 15, 2019.

MOTION: Approve.

Moved by McCombs, seconded by Hoag.

Trustees Bianchi and Sedell said that they would abstain because they were not present at the Disability & Business Meeting of April 15, 2019.

Ms. Nemiroff reminded the Board that the Trustees who were not present at the April Board meeting were not required to abstain, and the Board was also not required to approve the minutes because the Chair was authorized to approve minutes independently.

Following discussion by the Board, Trustee McCombs withdrew his motion.

The minutes for the Disability & Business Meeting of April 15, 2019 were accepted by Chair Wilson.

**IV. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT**

Trustee Goulet noted the report listed delinquent disability applications and noted that the Inman disability case had been ongoing for three years.

Regarding the Inman case, Ms. Edwards replied that the counsel for the Ventura Regional Sanitation District (VRSD) stated that the agency was waiting for more evidence from the applicant's Worker's Compensation case before proceeding with VCERA's disability case.

Ms. Nemiroff said that if there was no permanent-stationary report for the applicant, then the disability case could not move forward.

**BOARD OF RETIREMENT  
DISABILITY MEETING**

**MAY 6, 2019**

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Trustee Goulet noted that VCERA did not know whether there was a report yet.

Ms. Edwards said she had not received information about the case from VRSD in some time.

Ms. Nemiroff said that if there were a permanent-stationary report, the Board could request that VRSD take a position on the case.

After discussion by the Board, the following motion was made:

MOTION: Receive and File.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Goulet, Hoag, McCombs, Sedell, Shapiro, Wilson

No: -

Absent: Bennett, Hintz, Winter

Abstain: -

**V. APPLICATIONS FOR DISABILITY RETIREMENT**

A. Application for Service-connected Disability Retirement - Olivera, Miguel T., Jr.; Case No. 17-016.

1. Application for Service-connected Disability Retirement, filed July 25, 2017.
2. Medical Analysis and Recommendation, including Supporting Medical Documentation, submitted by County of Ventura, Risk Management, in support of the Application for Service-connected Disability Retirement, dated April 17, 2019.
3. Hearing Notice, dated April 23, 2019.

Catherine Laveau was present on behalf of Ventura County Risk Management. The applicant, Miguel T. Olivera, was also present.

Trustee Bennett arrived at 9:05 a.m., before the vote on this item.

Both parties declined to make statements.

Trustee Goulet said the physician's report indicated that Mr. Olivera was significantly overweight. He asked if there was any examination as to whether the applicant's weight contributed to his injury.

Ms. Laveau replied that the Causation Section of the Risk Management report stated that all co-morbidities, including obesity, were considered by the physician, who found that 100% of one of his injuries was work related and 85% of his other injury was work related.

Mr. Olivera explained that his injuries had contributed to his inability to exercise, which had negatively impacted his weight.

**BOARD OF RETIREMENT  
DISABILITY MEETING**

**MAY 6, 2019**

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After discussion by the Board, the following motion was made:

MOTION: Approve Application for Service-Connected Disability Retirement.

Moved by Bianchi, seconded by Sedell.

Vote: Motion carried

Yes: Bennett, Bianchi, Goulet, Hoag, McCombs, Sedell, Shapiro, Wilson

No: -

Absent: Hintz, Winter

Abstain: -

Both parties agreed to waive preparation of findings of fact and conclusions of law.

Responding to Trustee Goulet's comment regarding delinquent disability cases from Ventura County Risk Management, Ms. Laveau believed there was only one overdue report because of staff turnover in the applicant's department, which delayed Risk Management's receipt of required information. She expected the report to be presented to the Board at its Disability Meeting in June.

**VI. OLD BUSINESS**

Update on Safety Member Special Election.

Ms. Webb said that VCERA had arranged to hold an election to fill the Safety member seat on the Board, but only one candidate, Robert Ashby, had filed nomination papers. Staff would recommend to the Board of Supervisors that no election be held and that a unanimous ballot be cast in favor of the unopposed candidate.

**VII. NEW BUSINESS**

A. Recommendation for Disability Retirement Medical Re-Evaluation Under Government Code 31729.

**RECOMMENDED ACTION: Approve.**

1. Staff Letter.

Ms. Webb said that this case was brought to staff's attention by Ventura County Risk Management, who had received the initial report in 2013 through Ventura County's Fraud Hotline, but did not refer it to VCERA at that time because of a false assumption that if the former employer would not reinstate the former employee, the issue did not need to be reported to VCERA. When Risk Management recently learned this assumption was incorrect, they forward the complaint information to VCERA. Staff had provided confidential information under separate cover for the Board to review, which staff believed was sufficient to recommend a re-evaluation of the retiree's disability.

MOTION: Approve.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

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Yes: Bennett, Bianchi, Goulet, Hoag, McCombs, Sedell, Shapiro, Wilson

No: -

Absent: Hintz, Winter

Abstain: -

- B. Recommendation to Authorize Retirement Administrator to Execute 10-Year Lease with M.F. Daily and to Engage Project Manager for Tenant Improvements.

**RECOMMENDED ACTION: Approve.**

1. Staff Letter.
  - a. Attachment A: Proposed Lease Agreement.
  - b. Attachment B: Proposed Project Manager Agreement.

Ms. Webb clarified that the recommendation was from the Real Estate Committee, in coordination with staff. Over the past few months, the committee and staff met with Mr. Dwyer of CBRE, who had represented VCERA in past negotiations. Both staff and the committee believed the provided recommended lease agreement was ready for execution. Ms. Webb appreciated that the committee also recommended the engagement of a project manager.

Trustee Goulet raised concerns about the proposed lease agreement, specifically Section 25 which stated that anything not changed from the current lease remained in effect, and the lack of enumeration on what specifically remained in effect could lead to disputes in the future. Also, he asked if the repair and maintenance of the elevator and VCERA's contribution to renovations were captured under the "operational expenses" section.

Ms. Webb said the reason the new lease only listed items to be changed was based on Mr. Dwyer's assurance that this was a common practice and to VCERA's contractual advantage.

Ms. Nemiroff said in her reading of Section 16 of the agreement, the landlord was obligated to pay 100% of the cost of the new elevator. Once the overhaul was completed, VCERA would be required to pay its proportionate share of any ongoing repair or maintenance as an operating expense. But if M.F. Daily failed to perform the elevator work within 24 months, VCERA could pay for the overhaul and be reimbursed by the landlord.

Trustee Goulet believed the lease agreement lacked clarity, and respectfully disagreed with the Real Estate Committee regarding leasing the current building instead of purchasing one.

Trustee Bianchi remarked that the committee had considered leasing versus purchasing at length.

Ms. Webb added that Trustee Goulet had communicated to staff that he was not comfortable with the lease format used by M.F. Daily, but that Mr. Dwyer was very familiar and comfortable with the format because of prior dealings with this specific landlord.

After discussion by the Board, the following motion was made:

**MOTION:** Approve Lease Agreement with M.F. Daily Corporation and Approve Project Management Agreement, not to Exceed \$35,000; and Authorize Retirement Administrator to Execute Lease Agreement and Project Management Agreement.

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Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

Yes: Bennett, Bianchi, Goulet, Hoag, McCombs, Sedell, Shapiro, Wilson

No: -

Absent: Hintz, Winter

Abstain: -

- C. Recommendation for Authorization for C.I.O. to Accept Limited Partners Advisory Committee (LPAC) Seat on Drive Capital Fund III, and LPAC Observer Seat on OverDrive Fund I.

**RECOMMENDED ACTION: Approve.**

1. Staff Letter by C.I.O., Dan Gallagher.

Mr. Gallagher explained the advantages to accepting seats on the Drive Capital advisory boards and summarized the contract provisions for participation at LPAC meetings.

Ms. Nemiroff clarified that staff's recommendation was for the Board to ratify the acceptance of the seats, with Mr. Gallagher as the designee, as provided for in the previously signed side letters with Drive Capital.

After discussion by the Board, the following motion was made:

MOTION: Ratify the Acceptance of the Seat on the Limited Partners Advisory Committee for Drive Capital Fund III and the Observer Seat on OverDrive Fund I.

Moved by Bianchi, seconded by Shapiro.

Vote: Motion carried

Yes: Bennett, Bianchi, Goulet, Hoag, McCombs, Sedell, Shapiro, Wilson

No: -

Absent: Hintz, Winter

Abstain: -

Trustee Goulet asked about the travel costs of the CIO attending advisory board meetings, and Mr. Gallagher replied that observer meetings are typically held on the same day as LPAC meetings, so additional travel expenses are not expected.

Ms. Nemiroff said only attendance at LPAC meetings are reimbursable, so if an observer meeting took place on a different day, Mr. Gallagher would need to bring a travel request to the Board in order to attend.

Trustee Sedell proposed giving authority to the Retirement Administrator to approve travel expenses if an observer meeting was held on a different day.

Trustee Goulet agreed.

- D. Recommendation for Authorization for General Counsel to Attend the NAPPA 2019 Spring Seminar, June 25 – June 28, 2019, San Diego, CA.

**BOARD OF RETIREMENT  
DISABILITY MEETING**

**MAY 6, 2019**

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**RECOMMENDED ACTION: Approve.**

1. Staff Letter.
2. NAPPA 2019 Spring Seminar Brochure.

MOTION: Approve.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried

Yes: Bennett, Bianchi, Goulet, Hoag, McCombs, Sedell, Shapiro, Wilson

No: -

Absent: Hintz, Winter

Abstain: -

- E. Recommendation for Authorization for Retirement Administrator to Attend the CALAPRS Administrators' Round Table, June 21, 2019, San Jose, CA.

**RECOMMENDED ACTION: Approve.**

1. Staff Letter.

MOTION: Approve.

Moved by Bianchi, seconded by Sedell.

Vote: Motion carried

Yes: Bennett, Bianchi, Goulet, Hoag, McCombs, Sedell, Shapiro, Wilson

No: -

Absent: Hintz, Winter

Abstain: -

Trustee Sedell said if this type of travel request was already in the budget, the Retirement Administrator should have the authority to approve it independent of the Board. He requested a future agenda item for the Board to grant the Retirement Administrator this authority.

Ms. Nemiroff noted that this subject is addressed in the Education & Travel Policy and that when the policy comes to the Board for review, it could be addressed.

**VIII. INFORMATIONAL**

- A. Invitation to the Adams Street Partners 2019 US Investor Conference.

**IX. PUBLIC COMMENT**

None.

**X. STAFF COMMENT**

**BOARD OF RETIREMENT  
DISABILITY MEETING**

**MAY 6, 2019**

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Ms. Webb said that staff anticipated bringing the proposed annual budget to the next Business Meeting, but the agenda item could possibly be delayed until the Disability Meeting in June. Also, she said staff had recently learned that from 2010 to 2017, VCERA miscalculated the supplemental benefits of 17 retirees who had split accounts due to divorce. Of that total, 15 retirees received overpayments and 2 received underpayments. Staff had contacted the affected members about the adjustment of their supplemental benefits prospectively and recovery of the overpaid amounts.

**XI. BOARD MEMBER COMMENT**

Trustee Goulet apologized for his recent poor attendance and inquired about participating in meetings via phone call. Ms. Nemiroff replied that phone participation among trustees requires public notice and is not a good precedent to set.

Trustee Bennett commented that in regard to the upcoming office renovation, the Board's new sound system must be reliable. Ms. Webb responded that this issue had indeed been identified as needing an upgrade.

**XII. ADJOURNMENT**

The meeting was adjourned at 9:47 a.m.

Respectfully submitted,



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LINDA WEBB, Retirement Administrator

Approved,

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WILLIAM W. WILSON, Chairman

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REPORT OF REGULAR AND DEFERRED RETIREMENTS AND SURVIVORS CONTINUANCES**

**APRIL 2019**

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	BENEFIT SERVICE*	DEPARTMENT	EFFECTIVE DATE
<b>REGULAR RETIREMENTS:</b>						
Manuel	Aragon	G	12/21/1956	27.30	Public Works Agency	03/22/2019
Richard	Barrios	S	10/25/1981	37.50	Sheriff's Department	03/23/2019
Wayne	Battleson	G	06/10/2002	16.83	Public Works Agency	03/30/2019
Susan	Becker	G	11/13/2002	16.32	District Attorney	03/30/2019
Jodi	Bogart				Resource Management Agency (alt-payee)	03/01/2019
Frederick	Burris	S	01/31/1982	38.30	Fire Protection District	03/24/2019
Lisa	Byrne	S	01/06/2002	23.39	Probation Agency	03/23/2019
Charito	Cabana	G	04/29/1990	29.02	Sheriff's Department	04/05/2019
Maria	Castillo	G	02/13/1994	33.16	Human Services Agency	03/31/2019
Marina	Castro	G	06/24/1990	27.00	Health Care Agency	03/19/2019
Alexander	Catigan	G	02/25/2007	10.47	Health Care Agency (deferred)	03/28/2019
Irma	Cerda	G	11/10/1998	20.39	Human Services Agency	03/29/2019
David	Chovanec	S	03/27/1983	36.07	Fire Protection District	03/31/2019
Varpu	Deschepper	G	08/26/2007	0.05	Health Care Agency (deferred)	04/01/2019
Larry	Farren	G	02/26/1995	24.10	Sheriff's Department	03/26/2019
Matthew	Hall	G	06/15/1997	5.38	Health Care Agency (deferred)	03/27/2019
Josh	Henderson	G	01/10/1999	20.20	Information Technology Services	03/30/2019
Dennis	Hopkins	G	09/16/2002	20.66	Human Services Agency	03/28/2019
Kathleen	Ingalls	G	06/10/2002	16.69	Human Services Agency	03/01/2019
Richard	Johnson	S	05/01/1988	31.09	Probation Agency	03/30/2019
Edward	Johnston	S	02/02/1981	38.36	Fire Protection District	03/27/2019
David	Kenney	S	04/15/1990	29.10	Sheriff's Department	03/30/2019
Gail	Love	G	08/18/2013	8.86	Public Works Agency	03/30/2019
Christopher	Lindemann	S	12/04/1994	24.44	Sheriff's Department	03/22/2019
James	Mc Elroy	G	04/30/1989	29.92	Air Pollution Control District	03/23/2019
John	Mc Graw	S	10/05/1986	32.61	Sheriff's Department	03/28/2019
Vaughan	Miller	S	02/26/1984	35.61	Fire Protection District	03/30/2019
Mark	Munyon	G	07/26/2000	18.52	Resource Management Agency	03/30/2019
Scott	Norris	S	10/30/1988	30.54	Sheriff's Department	03/22/2019
Leland	Olsen	G	05/18/2008	10.02	Human Services Agency	03/23/2019
Arthur	Perea	S	05/31/1998	20.83	Probation Agency	03/29/2019
Brendan	Ripley	S	10/02/1978	40.52	Fire Protection District	03/30/2019
Demetrio	Rivera	G	11/19/2006	12.38	Sheriff's Department	03/29/2019
Rose	Robison	G	08/18/1991	27.63	Health Care Agency	03/30/2019
Olaf	Schuett	S	11/28/1988	30.37	Fire Protection District	04/01/2019
David	Smith	G	12/06/1992	30.33	General Services Agency	03/30/2019
Joann	St. Louis	G	06/29/2008	10.65	Health Care Agency	03/15/2019
William	Stewart	S	12/09/2001	23.80	Probation Agency	03/23/2019
Encarnacion	Taleon-Corral	G	06/25/1989	29.43	Health Care Agency	03/29/2019
Jerry	Vandermeulen	S	06/27/1988	31.15	Fire Protection District	03/25/2019
Brian	Vogel	G	10/23/1994	12.96	Public Defender (deferred)	04/02/2019
Linda	Vogel	G	07/11/1999	15.56	County Counsel (deferred)	03/27/2019
James	Wada	G	09/18/1988	29.59	Resource Management Agency	03/08/2019
Jayne	Wadsworth	G	11/12/1989	17.09	CEO (deferred)	04/05/2019
Kymberly	Walling-Doleman				Probation Agency (alt-payee)	02/01/2019
Todd	Werre	S	07/24/1988	30.78	Sheriff's Department	03/23/2019
Daniel	Whelan	S	06/27/1988	31.79	Fire Protection District	03/18/2019



**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REPORT OF REGULAR AND DEFERRED RETIREMENTS AND SURVIVORS CONTINUANCES**

**APRIL 2019**

<b>FIRST NAME</b>	<b>LAST NAME</b>	<b>G/S</b>	<b>DATE OF MEMBERSHIP</b>	<b>BENEFIT SERVICE*</b>	<b>DEPARTMENT</b>	<b>EFFECTIVE DATE</b>
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**DEFERRED RETIREMENTS:**

Catherine	Glueckert	G	02/22/2011	8.15	Health Care Agency	04/11/2019
Bertha A.	Lopez	G	05/06/2007	11.79	Treasurer-Tax Collector	04/13/2019
Dawn Y.	Scott	G	08/18/2002	16.43	Health Care Agency	04/02/2019

**SURVIVORS' CONTINUANCES:**

Deanna	Carpenter
Mary Lou	Clapperton
Karen	Driscoll
Araceli	Finger
Beverly	Helson
Lynda	Hudson
Norma	Lapid
Charlotte	Paventi
Beverly	Riley
Gay	Vaniman

\* = Excludes reciprocal service or service from any previous retirements

\*\* = Member establishing reciprocity

Date: Monday, May 06, 2019  
 Time: 04:22PM  
 104164  
 User:

**Ventura County Retirement Assn**

Page: 1 of 3  
 Report: 03630.rpt  
 Company: VCERA

**Check Register - Standard**  
 Period: 10-19 As of: 5/6/2019

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
<b>Company: VCERA</b>										
Acct / Sub: 028036	10300 CK	4/3/2019	000000 ADP ADP, LLC	10-19	000867	VO	ADMIN EXP	4/3/2019	0.00	3,346.84
028037	CK	4/3/2019	HANSONBRID HANSON BRIDGETT LLP	10-19	000868	VO	LEGAL FEES	4/3/2019	0.00	1,870.85
028038	CK	4/3/2019	HARRISWATE HARRIS WATER CONDITIONING	10-19	000869	VO	ADMINE EXP	4/3/2019	0.00	144.50
028039	CK	4/3/2019	NOSSAMAN NOSSAMAN LLP	10-19	000870	VO	LEGAL FEES	4/3/2019	0.00	21,523.00
028040	CK	4/3/2019	SBSGROUP VELOSIO	10-19	000872	VO	IT	4/3/2019	0.00	218.75
028041	CK	4/3/2019	SPRUCEGROV SPRUCEGROVE INVESTMENT M	10-19	000871	VO	INVESTMENT FEES	4/3/2019	0.00	65,793.18
028042	CK	4/10/2019	ACCESSINFO ACCESS INFORMATION PROTEC	10-19	000873	VO	ADMIN EXP	4/10/2019	0.00	420.75
028043	CK	4/10/2019	BANKOFAMER BUSINESS CARD	10-19	000874	VO	ADMIN/IT	4/10/2019	0.00	5,494.93
028044	CK	4/10/2019	BLACKROCKI BLACKROCK INSTITUTIONAL TR	10-19	000875	VO	INVESTMENT FEES	4/10/2019	0.00	234,713.43
028045	CK	4/10/2019	BRENTWOODI BRENTWOOD IT	10-19	000876	VO	IT	4/10/2019	0.00	6,125.00
028046	CK	4/10/2019	CHOIKEVIN KEVIN CHOI	10-19	000877	VO	ADMIN EXP	4/10/2019	0.00	150.00
028047	CK	4/10/2019	DIGITALDEP DIGITAL DE	10-19	000878	VO	IT	4/10/2019	0.00	650.00
028048	CK	4/17/2019	ATTMOBILIT AT&T MOBILITY	10-19	000879	VO	IT	4/17/2019	0.00	464.74

Date: Monday, May 06, 2019  
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**Ventura County Retirement Assn**

Page: 2 of 3  
 Report: 03630.rpt  
 Company: VCERA

**Check Register - Standard**  
 Period: 10-19 As of: 5/6/2019

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
028049	CK	4/17/2019	EVOLUTIOND EVOLUTION DESIGN SYSTEM, IN	10-19	000880	VO	ADMIN EXP	4/17/2019	0.00	211.66
028050	CK	4/17/2019	HEXAVEST HEXAVEST INC.	10-19	000881	VO	INVESTMENT FEES	4/17/2019	0.00	102,872.96
028051	CK	4/17/2019	LINEASOLUT LINEA SOLUTIONS	10-19	000882	VO	ADMIN EXP	4/17/2019	0.00	10,544.63
028052	CK	4/17/2019	LOOMISSAYL LOOMIS, SAYLES & COMPANY, L.P	10-19	000883	VO	INVESTMENT FEES	4/17/2019	0.00	128,567.76
028053	CK	4/17/2019	SBSGROUP VELOSIO	10-19	000884	VO	IT	4/17/2019	0.00	306.25
028054	CK	4/17/2019	SHREDITUSA SHRED-IT USA	10-19	000887	VO	ADMIN EXP	4/17/2019	0.00	118.80
028055	CK	4/17/2019	THOMSONREU THOMSON REUTERS- WEST	10-19	000885	VO	IT	4/17/2019	0.00	461.00
028056	CK	4/17/2019	TIMEWARNER TIME WARNER CABLE	10-19	000886	VO	IT	4/17/2019	0.00	294.99
028057	CK	4/17/2019	VENTURACOU VENTURA COUNTY STAR DIGITAL	10-19	000888	VO	ADMIN EXP	4/17/2019	0.00	10.86
028058	CK	4/17/2019	VITECHSYST VITECH SYSTEMS GROUP, INC.	10-19	000889	VO	IT	4/17/2019	0.00	14,906.25
028059	CK	4/17/2019	WALTERSCOT BNY MELLON INV MGMT CAYMA	10-19	000890	VO	INVESTMENT FEES	4/17/2019	0.00	219,715.64
028060	CK	4/17/2019	WESTCOASTA WEST COAST AIR CONDITIONIN	10-19	000891	VO	IT	4/17/2019	0.00	75.00

Check Count: 25

**Acct Sub Total: 819,001.77**

Date: Monday, May 06, 2019  
 Time: 04:22PM  
 104164  
 User:

### Ventura County Retirement Assn

Page: 3 of 3  
 Report: 03630.rpt  
 Company: VCERA

**Check Register - Standard**  
 Period: 10-19 As of: 5/6/2019

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post	Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid	
<b>Check Type</b>				<b>Count</b>		<b>Amount Paid</b>						
								25			819,001.77	
								0			0.00	
								0			0.00	
								0			0.00	
								0			0.00	
								0			0.00	
								0			0.00	
								25			819,001.77	
								<b>Company Disc Total</b>		<b>0.00</b>	<b>Company Total</b>	<b>819,001.77</b>

**Ventura County Employees' Retirement Association  
Budget Summary Fiscal Year 2018-2019**

**For the Ten Months Ended April 30, 2019 and Year-To-Date - 83.33% of Fiscal Year Expended**

	<i>Adopted 2019 Budget</i>	<i>Adjusted 2019 Budget</i>	<i>April 2019</i>	<i>Expended Fiscal Year to Date</i>	<i>Available Balance</i>	<i>Percent Expended</i>
<b>Salaries and Benefits</b>						
Regular Salary	\$3,215,800.00	\$3,158,800.00	\$250,811.27	\$2,519,676.52	\$639,123.48	79.77%
Extra-Help/Temporary Services	158,500.00	158,500.00	10,544.63	99,317.78	59,182.22	62.66%
Supplemental Payments	63,500.00	63,500.00	4,648.08	44,547.47	18,952.53	70.15%
Vacation Redemption	146,800.00	146,800.00	1,739.55	145,606.77	1,193.23	99.19%
Retirement Contributions	546,000.00	535,100.00	44,598.76	430,400.04	104,699.96	80.43%
OASDI Contribution	196,700.00	189,900.00	15,888.39	133,861.88	56,038.12	70.49%
FICA-Medicare	55,500.00	55,700.00	3,715.82	39,036.74	16,663.26	70.08%
Medical Insurance	327,600.00	325,400.00	26,552.00	251,231.38	74,168.62	77.21%
Life Insurance	1,100.00	1,100.00	92.46	955.81	144.19	86.89%
Unemployment Insurance	2,300.00	2,300.00	177.82	1,770.94	529.06	77.00%
Mgmt Disability Insurance	23,500.00	23,500.00	1,624.78	16,285.28	7,214.72	69.30%
Workers Compensation Insurance	23,600.00	23,600.00	1,791.68	18,985.85	4,614.15	80.45%
401K Plan Contribution	81,700.00	81,700.00	6,004.15	60,836.12	20,863.88	74.46%
<b>Total Salaries &amp; Benefits</b>	<b>\$4,842,600.00</b>	<b>\$4,765,900.00</b>	<b>\$368,189.39</b>	<b>\$3,762,512.58</b>	<b>\$1,003,387.42</b>	<b>78.95%</b>

**Services & Supplies**

Board Member Stipend	\$13,200.00	\$13,200.00	\$1,800.00	\$8,500.00	\$4,700.00	64.39%
Other Professional Services	173,800.00	205,900.00	9,425.64	144,412.06	61,487.94	70.14%
Auditing	51,400.00	51,400.00	0.00	49,604.90	1,795.10	96.51%
Hearing Officers	50,000.00	29,600.00	0.00	12,372.50	17,227.50	41.80%
Legal	275,000.00	322,000.00	23,393.85	232,226.00	89,774.00	72.12%
Election Services	12,000.00	5,000.00	0.00	0.00	5,000.00	0.00%
Actuary-Valuation	61,000.00	61,000.00	0.00	61,000.00	0.00	100.00%
Actuary-GASB 67	13,000.00	13,000.00	0.00	13,000.00	0.00	100.00%
Actuary-415 Calculation	0.00	105,000.00	0.00	17,686.00	87,314.00	16.84%
Actuary-Misc Hrly Consult	16,000.00	16,000.00	0.00	6,762.00	9,238.00	42.26%
Printing	33,000.00	33,000.00	3,230.30	23,705.27	9,294.73	71.83%
Postage	70,000.00	70,000.00	4,994.86	57,588.56	12,411.44	82.27%
Copy Machine	3,000.00	3,000.00	0.00	1,692.78	1,307.22	56.43%
General Liability	15,100.00	15,100.00	0.00	7,542.50	7,557.50	49.95%
Fiduciary Liability	86,000.00	83,700.00	0.00	83,609.01	90.99	99.89%
Cost Allocation Charges	30,200.00	30,200.00	15,029.00	30,128.00	72.00	99.76%
Education Allowance	4,000.00	4,000.00	0.00	4,000.00	0.00	100.00%
Training/Travel-Staff	76,100.00	51,600.00	3,900.57	33,074.45	18,525.55	64.10%
Training/Travel-Trustee	53,500.00	29,000.00	0.00	8,242.34	20,757.66	28.42%
Travel-Due Diligence-Staff	7,800.00	7,800.00	0.00	3,855.02	3,944.98	49.42%
Travel-Due Diligence-Trustee	13,400.00	13,400.00	328.96	4,977.65	8,422.35	37.15%
Mileage-Staff	4,800.00	4,800.00	0.00	1,547.01	3,252.99	32.23%
Mileage -Trustee	5,000.00	3,500.00	0.00	1,436.73	2,063.27	41.05%
Mileage-Due Diligence-Staff	1,000.00	1,000.00	0.00	213.75	786.25	21.38%
Mileage-Due Diligence-Trustee	1,000.00	1,000.00	0.00	96.61	903.39	9.66%
Auto Allowance	6,900.00	6,900.00	575.00	5,750.00	1,150.00	83.33%
Facilities-Security	2,700.00	2,700.00	230.56	2,571.64	128.36	95.25%
Facilities-Maint & Repairs	2,300.00	1,300.00	75.00	225.00	1,075.00	17.31%
Equipment-Maint & Repairs	2,000.00	1,000.00	0.00	0.00	1,000.00	0.00%
General Office Expense	10,400.00	6,400.00	144.50	3,657.40	2,742.60	57.15%
Books & Publications	2,500.00	2,500.00	10.86	747.25	1,752.75	29.89%
Office Supplies	18,000.00	14,000.00	0.00	7,393.46	6,606.54	52.81%
Memberships & Dues	13,500.00	13,500.00	0.00	13,588.00	(88.00)	100.65%
Bank Service Charges	1,500.00	1,500.00	40.28	898.10	601.90	59.87%
Offsite Storage	4,800.00	4,800.00	420.75	5,574.53	(774.53)	116.14%
Rents/Leases-Structures	217,600.00	217,600.00	0.00	161,488.82	56,111.18	74.21%
Non-Capital Equipment	23,900.00	0.00	160.41	160.41	(160.41)	0.00%
Non-Capital Furniture	15,000.00	5,100.00	0.00	125.00	4,975.00	2.45%
Depreciation /Amortization	1,460,600.00	1,460,600.00	121,716.16	1,217,161.60	243,438.40	83.33%
<b>Total Services &amp; Supplies</b>	<b>\$2,851,000.00</b>	<b>\$2,911,100.00</b>	<b>\$185,476.70</b>	<b>\$2,226,614.35</b>	<b>\$684,485.65</b>	<b>76.49%</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$7,693,600.00</b>	<b>\$7,677,000.00</b>	<b>\$553,666.09</b>	<b>\$5,989,126.93</b>	<b>\$1,687,873.07</b>	<b>78.01%</b>

**Ventura County Employees' Retirement Association**  
**Budget Summary Fiscal Year 2018-2019**  
**For the Ten Months Ended April 30, 2019 and Year-To-Date - 83.33% of Fiscal Year Expended**

	<i>Adopted 2019 Budget</i>	<i>Adjusted 2019 Budget</i>	<i>April 2019</i>	<i>Expended Fiscal Year to Date</i>	<i>Available Balance</i>	<i>Percent Expended</i>
<b>Technology</b>						
Technology Hardware	\$67,100.00	\$67,100.00	\$597.49	\$40,958.93	\$26,141.07	61.04%
Technology Hardware Support	0.00	0.00	0.00	3,968.32	(3,968.32)	0.00%
Technology Software	214,600.00	214,600.00	1,161.65	204,810.33	9,789.67	95.44%
Technology Software Support	15,500.00	15,500.00	544.68	10,825.69	4,674.31	69.84%
Technology Systems Support	266,800.00	266,800.00	1,175.00	198,158.51	68,641.49	74.27%
Technology Infrastruct Support	500.00	500.00	0.00	347.97	152.03	69.59%
Technology Application Support	310,400.00	343,400.00	18,655.55	190,080.00	153,320.00	55.35%
Technology Data Communication	55,700.00	58,900.00	3,551.73	41,703.07	17,196.93	70.80%
Total Technology	<u>\$930,600.00</u>	<u>\$966,800.00</u>	<u>\$25,686.10</u>	<u>\$690,852.82</u>	<u>\$275,947.18</u>	<u>71.46%</u>
Congtingency	\$688,100.00	\$668,500.00	\$0.00	\$0.00	\$668,500.00	0.00%
Total Current Year	<u>\$9,312,300.00</u>	<u>\$9,312,300.00</u>	<u>\$579,352.19</u>	<u>\$6,679,979.75</u>	<u>\$2,632,320.25</u>	<u>71.73%</u>

*Ventura County Employees' Retirement Association  
Statement of Fiduciary Net Position  
As of April 30, 2019 (Unaudited)*

**Assets**

<b>Cash &amp; Cash Equivalents</b>		<b>\$124,038,080</b>
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**Receivables**

Interest and Dividends	5,608,423	
Securities Sold	22,605,553	
Miscellaneous	12,926	
<b>Total Receivables</b>	28,226,902	<b>28,226,902</b>

**Investments at Fair Value**

Domestic Equity	1,615,211,292	
Non U.S. Equity	930,782,137	
Global Equity	633,419,669	
Fixed Income	1,092,775,465	
Private Equity	402,386,865	
Real Assets	879,261,366	
Cash Overlay	75,759	
<b>Total Investments</b>	5,553,912,552	<b>5,553,912,552</b>

<b>Capital Assets, Net of Accumulated Depreciation &amp; Amortization</b>		<b>11,887,119</b>
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<b>Total Assets</b>		<b>5,718,064,652</b>
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**Liabilities**

Securities Purchased	23,577,010	
Accounts Payable	1,068,750	
Tax Withholding Payable	3,347,897	
Deferred Revenue (PrePaid Contributions)	17,168,449	
	45,162,106	

<b>Total Liabilities</b>		<b>45,162,106</b>
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<b>Net Position Restricted for Pensions</b>		<b>\$5,672,902,546</b>
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*Ventura County Employees' Retirement Association  
Statement of Changes in Fiduciary Net Position  
For The Ten Months Ending April 30, 2019 (Unaudited)*

**ADDITIONS****Contributions**

Employer	\$160,142,203	
Employee	60,122,801	
<b>Total Contributions</b>	<u>220,265,004</u>	<b>220,265,004</b>

**Investment Income**

Net Appreciation (Depreciation) in Fair Value of Investments	282,312,288	
Interest Income	18,244,236	
Dividend Income	8,064,203	
Other Investment Income	(1,479,832)	
Real Estate Operating Income, Net	13,890,801	
Security Lending Income	1,167,356	
<b>Total Investment Income</b>	<u>322,199,053</u>	

**Less Investment Expenses**

Management & Custodial Fees	12,837,977	
Other Investment Expenses	468,256	
Securities Lending Borrower Rebates	991,173	
Securities Lending Management Fees	57,864	
<b>Total Investment Expenses</b>	<u>14,355,271</u>	

<b>Net Investment Income/(Loss)</b>		<u><b>307,843,782</b></u>
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<b>Total Additions</b>		<u><b>528,108,786</b></u>
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**DEDUCTIONS**

Benefit Payments	242,183,346	
Member Refunds and Death Benefit Payments	3,273,695	
Administrative Expenses	4,246,964	
Other Expenses	1,964,759	
<b>Total Deductions</b>	<u>251,668,764</u>	<u><b>251,668,764</b></u>

<b>Net Increase/(Decrease)</b>		<u><b>276,440,022</b></u>
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**Net Position Restricted For Pensions**

<b>Beginning of Year</b>		<u><b>5,396,462,523</b></u>
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<b>Ending Balance</b>		<u><u><b>\$5,672,902,545</b></u></u>
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**Ventura County Employees' Retirement Association**  
**Investments, Cash, and Cash Equivalents**  
**As of April 30, 2019 (Unaudited)**

	Investments	Cash & Cash Equivalents
<b>Equity</b>		
<b>Domestic Equity</b>		
Blackrock - Russell 1000	\$1,364,004,801	\$0
Blackrock - Russell 2500	66,207,985	0
Western Asset Enhanced Equity Index Plus	184,998,506	28,995,542
<b>Total Domestic Equity</b>	<b>1,615,211,292</b>	<b>28,995,542</b>
<b>Non U.S. Equity</b>		
Blackrock - ACWI ex - US	474,149,959	0
Hexavest	91,893,102	0
Sprucegrove	231,944,489	0
Walter Scott	132,794,586	0
<b>Total Non U.S. Equity</b>	<b>930,782,137</b>	<b>0</b>
<b>Global Equity</b>		
Blackrock - ACWI Index	633,419,669	0
<b>Total Global Equity</b>	<b>633,419,669</b>	<b>0</b>
<b>Fixed Income</b>		
Blackrock - Bloomberg Barclays Aggregate Index	231,944,864	0
Loomis Sayles Multi Sector	83,269,763	2,358,698
Loomis Sayles Strategic Alpha	47,757,072	0
Reams	319,732,718	10
Reams - US Treasury	99,151,130	100,711
Western Asset Management	310,919,918	8,619,222
<b>Total Fixed Income</b>	<b>1,092,775,465</b>	<b>11,078,641</b>
<b>Private Equity</b>		
Abbott Capital	(34,391)	0
Abbott Secondaries	14,719,907	0
Adams Street	174,349,756	0
Battery Ventures	5,203,894	0
Blue Bay	3,762,491	0
Buenaventure One	20,295,572	0
Buenaventure Two	206,338	0
Carval Investors	11,985,789	0
Clearlake Investors	5,353,070	0
GGV Capital	1,091,200	0
Drive Capital	8,540,477	0
ECI 11 GP LP	1,198,045	0
GTCR Fund XII	5,871,478	0
Harbourvest	84,246,258	0
Insight Ventures	13,795,624	0
Monroe Capital	9,935,571	0
Pantheon	38,545,064	0
Resolute Fund IV LP	3,320,721	0
<b>Total Private Equity</b>	<b>402,386,865</b>	<b>0</b>
<b>Real Assets</b>		
Prudential Real Estate	159,078,815	0
LaSalle	0	0
UBS Realty	278,139,027	0
Bridgewater All Weather	324,948,613	0
Tortoise (MLPs)	117,094,910	2,768,331
<b>Total Real Assets</b>	<b>879,261,366</b>	<b>2,768,331</b>

*Ventura County Employees' Retirement Association  
Investments, Cash, and Cash Equivalents  
As of April 30, 2019 (Unaudited)*

	<u>Investments</u>	<u>Cash &amp; Cash Equivalents</u>
Parametric (Cash Equitization)	75,759	31,097,815
State Street Bank and Trust		43,379,427
County Treasury and Bank of America		6,718,324
Total Investments, Cash, and Cash Equivalents	<u><u>\$5,553,912,552</u></u>	<u><u>\$124,038,080</u></u>

*Ventura County Employees' Retirement Association  
Schedule of Investment Management Fees  
For the Ten Months Ending April 30, 2019 (Unaudited)*

<b>Equity Managers</b>	
<b>Domestic Equity</b>	
Blackrock - Russell 1000	\$71,360
Blackrock - Russell 2500	23,544
Western Asset Enhanced Equity Index Plus	280,718
<b>Total Domestic Equity</b>	<b>375,622</b>
<b>Non U.S. Equity</b>	
Blackrock - ACWI ex - US	333,123
Hexavest	305,739
Sprucegrove	583,509
Walter Scott	651,594
<b>Total Non U.S. Equity</b>	<b>1,873,965</b>
<b>Global Equity</b>	
Blackrock - ACWI Index	179,382
<b>Total Global Equity</b>	<b>179,382</b>
<b>Fixed Income Managers</b>	
Blackrock Bloomberg Barclays Aggregate Index	92,072
Loomis Sayles Multi Sector	208,791
Loomis Sayles Strategic Alpha	173,472
Reams Asset Management	408,168
Reams US Treasury	
Western Asset Management	399,554
<b>Total Fixed Income</b>	<b>1,282,057</b>
<b>Private Equity</b>	
Abbott Capital	137,082
Abbott Secondary Opportunities	238,450
Adams Street	1,680,918
Battery Ventures	102,550
Blue Bay	
Buenaventure One	
Carval, CVI A Fund	55,598
Clearlake	54,460
Drive Capital	225,000
ECI 11 GP LP	43,562
GGV Capital	
GTCR XII/A & B	464,030
Harbourvest	1,163,662
Insight Venture Partners	305,583
Monroe Capital	
Pantheon	407,327
Resolute Fund	
<b>Total Private Equity</b>	<b>4,878,223</b>
<b>Real Assets</b>	
Prudential Real Estate Advisors	985,311
LaSalle	
UBS Realty	1,466,840
Bridgewater All Weather	594,012
Tortoise (MLPs)	547,403
<b>Total Real Assets</b>	<b>3,593,566</b>
<b>Cash Overlay (Parametric)</b>	<b>177,580</b>

*Ventura County Employees' Retirement Association  
Schedule of Investment Management Fees  
For the Ten Months Ending April 30, 2019 (Unaudited)*

<b>Securities Lending</b>	
Borrower's Rebate	991,173
Management Fees	<u>57,864</u>
<b>Total Securities Lending</b>	<b><u>1,049,037</u></b>
<b>Other</b>	
Investment Consultant (NEPC)	232,500
Investment Custodian (State Street)	<u>245,082</u>
<b>Total Other Fees</b>	<b><u>477,582</u></b>
<b>Total Investment Management Fees</b>	<b><u><u>\$13,887,014</u></u></b>



## Board Presentation

May 20, 2019

One Glendinning Place  
Westport, CT 06880  
(203) 226-3030  
[www.bridgewater.com](http://www.bridgewater.com)

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## **BRIDGEWATER REPRESENTATIVES**



**Jessica Oleson, CFA – Client Advisor**

Jessica joined Bridgewater in 2009 and serves as a Client Advisor to US and international clients. Prior to joining Bridgewater, from 2004-2008 Jessica was an Investment Director for Wellington Management, where she focused on commodities and multi-asset portfolios. Previously, Jessica was a consultant with McKinsey & Company, where she worked with clients in the financial services industry. Jessica earned a BS in Chemical Engineering from MIT (1996), an MS in Biological Engineering from Cornell (1998), and an MBA from Harvard Business School (2002). She also holds the Chartered Financial Analyst designation, and is a member of the CFA Society and the Stamford Society of Security Analysts.



**Jason Rogers – Senior Investment Associate**

Jason joined Bridgewater in 2012 and is a senior member of our research group. His research has included work on structuring portfolios, researching China's economy, and working directly with Co-CIO Ray Dalio on his research priorities. Jason works regularly with Bridgewater's clients on portfolio structuring questions and to share the research group's thinking on global economies and markets. Prior to joining Bridgewater, he spent several years as a researcher at a small Toronto-based think tank. Jason is a graduate of McGill University and the University of Toronto, where he studied physics and economics.

## **AGENDA**

- I. Bridgewater Overview
- II. Account Review
- III. Global Outlook

## I. Bridgewater Overview



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## **BRIDGEWATER OVERVIEW**

- ◆ Institutional investment manager
- ◆ Founded in 1975
- ◆ Deep fundamental understanding of markets
- ◆ Built around the principle of separating alpha and beta
  - Managing Pure Alpha accounts for 28 years
  - Managing All Weather accounts for 23 years
    - Launched All Weather China in 2018
  - Launched Optimal Portfolio in 2015
- ◆ Manage approximately \$165 billion in assets
  - \$90bln in Pure Alpha strategies\*
  - \$53bln in All Weather strategy
  - \$22bln in Optimal Portfolio strategy\*\*
- ◆ Employee controlled

Figures estimated as of April 2019. Figures as of the date shown are inclusive of additions and/or withdrawals made as of the first business day of the following month.  
\* \$90bln is equivalent to \$108bln in 12% return-adjusted terms or equivalent to \$72bln in 18% return-adjusted terms. \*\* \$22bln is equivalent to \$22bln in 9% return-adjusted terms.  
Please review the "Important Disclosures and Other Information" located at the end of this presentation.

## II. Account Review

## ALL WEATHER MANDATE SUMMARY

**Investment Philosophy:** Fundamental, Systematic, Diversified.

**Strategy Overview & Goal:** Bridgewater's optimal beta portfolio, designed to produce the highest return-to-risk ratio for a strategic asset mix.

**Approach:** Collect the risk premium embedded across assets by balancing risk across asset classes with opposing sensitivities to shifts in the economic environment.

**Size:** \$323 million.

		Growth	Inflation
<b>Rising</b>		<b>25% of Risk</b> Equities Commodities Corporate Credit EM Credit	<b>25% of Risk</b> Breakeven Inflation IL Bonds Commodities EM Credit
	<b>Falling</b>	<b>25% of Risk</b> Nominal Bonds IL Bonds	<b>25% of Risk</b> Nominal Bonds Equities
		<b>Risk Premiums &amp; Discount Rates</b>	

Note: AUM is estimated as of May 2, 2019.  
 Please review the "Important Disclosures and Other Information" located at the end of this presentation.

## PERFORMANCE SUMMARY

### Net of Fees Performance Summary

	Excess	+ Return on Cash	= Total Return	
1996	17.2 %	3.1 %	20.4 %	
1997	9.4 %	5.6 %	15.0 %	
1998	-7.3 %	5.5 %	-1.8 %	
1999	10.5 %	5.1 %	15.6 %	
2000	3.6 %	6.3 %	9.9 %	
2001	-9.8 %	3.8 %	-6.0 %	
2002	8.5 %	1.7 %	10.2 %	
2003	15.6 %	1.1 %	16.7 %	
2004	16.3 %	1.4 %	17.7 %	
2005	12.2 %	3.3 %	15.5 %	
2006	-3.9 %	5.0 %	1.2 %	
2007	6.8 %	5.0 %	11.8 %	
2008	-22.0 %	1.9 %	-20.2 %	
2009	9.2 %	0.2 %	9.4 %	
2010	17.5 %	0.1 %	17.6 %	
2011	18.0 %	0.1 %	18.1 %	
2012	14.5 %	0.2 %	14.7 %	
2013	-4.0 % / 1.9 %*	0.1 % / 0.0 %*	-3.9 % / 2.0 %*	
2014	7.5 %	0.1 %	7.6 %	
2015	-6.8 %	0.0 %	-6.8 %	
2016	9.8 %	0.2 %	10.0 %	
2017	11.1 %	0.8 %	11.9 %	
2018	-6.8 %	1.8 %	-5.0 %	
2019 YTD	7.9 %	0.8 %	8.8 %	

Bridgewater All Weather Strategy	
<b>Jun 1996 - Apr 2019</b>	
<b>Net Total</b>	
Cumulative Return	443.1%
Annual Return	7.7%
Annual StDev	9.8%

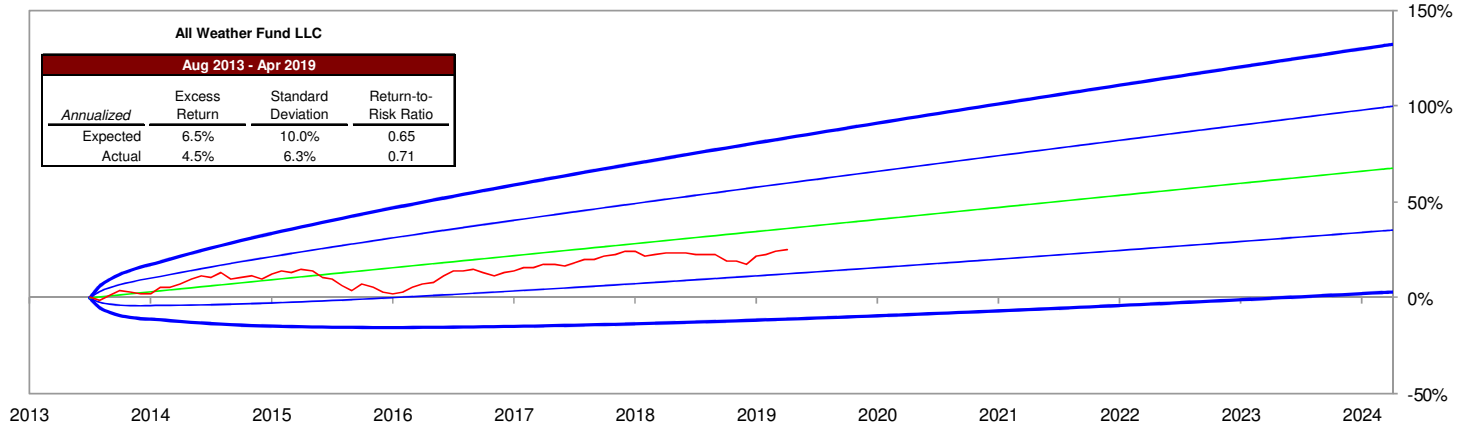
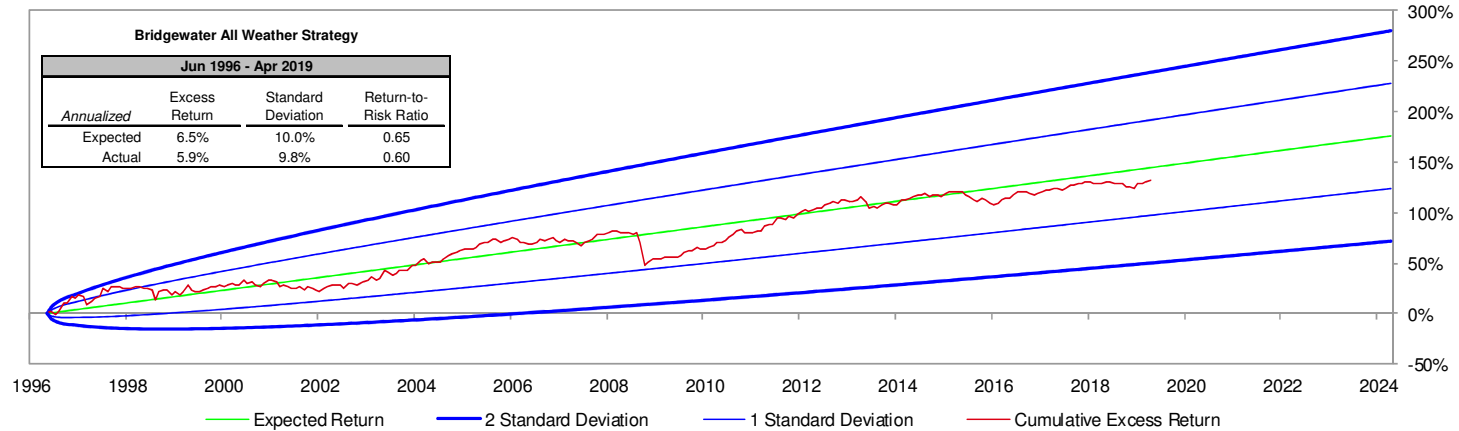
  

Ventura County Employees' Retirement Association	
<b>Aug 2013 - Apr 2019</b>	
<b>Net Total</b>	
Cumulative Return	30.0%
Annual Return	4.7%
Annual StDev	6.3%

Performance is estimated through April 30, 2019. Inception of the mandate was August 2013. Inception of the strategy was June 1996. Standard deviation is calculated using gross of fees excess returns.  
 \*Performance is shown for the full year for the All Weather Strategy (black text), and for the partial year for the client's specific account (bold red text). Summary statistics for the All Weather Strategy are based on the full history of the strategy, and may differ from the performance of your specific account or investment.  
 PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.  
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# PERFORMANCE VS. EXPECTATIONS

Gross Cumulative Excess Return vs. Expectations (In)

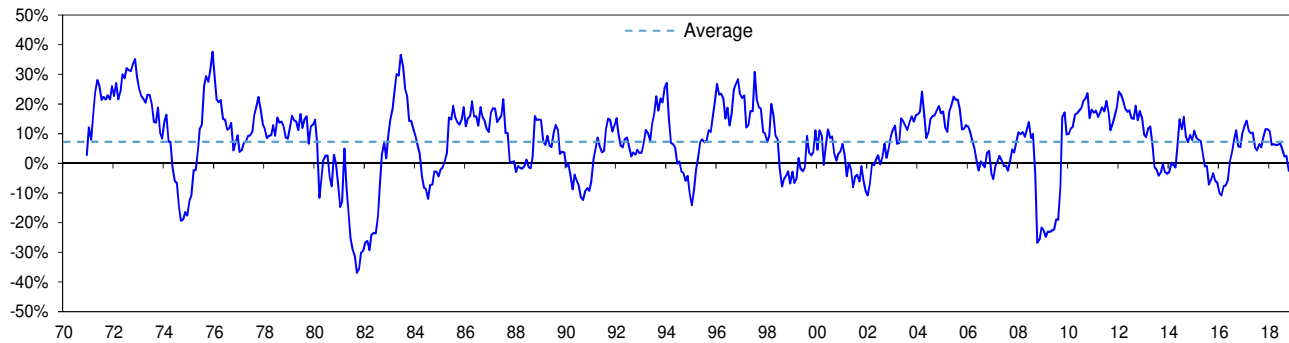


PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.  
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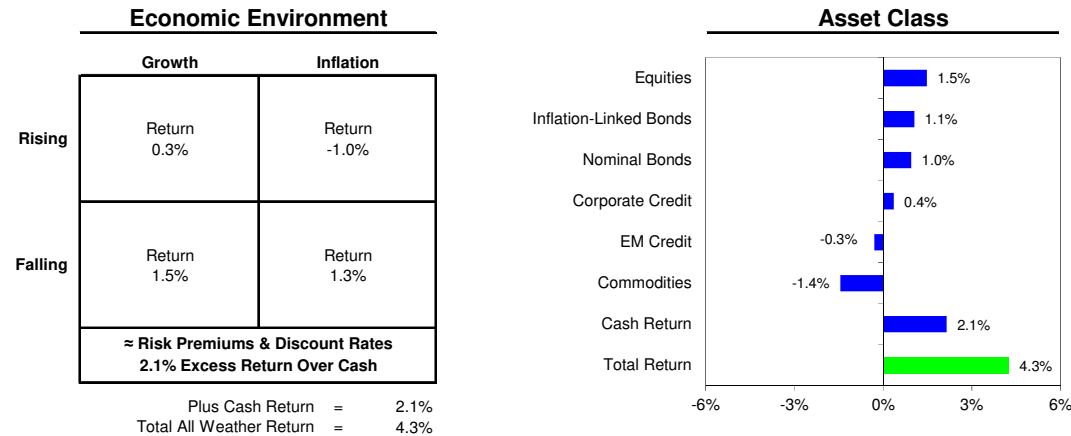
# ALL WEATHER PERFORMANCE: TRAILING ONE YEAR

All Weather Strategy Rolling One Year Excess Return (Gross of Fees)

(Returns Simulated Prior to June 1996)



Trailing One Year Gross Attribution (May 2018 - April 2019)



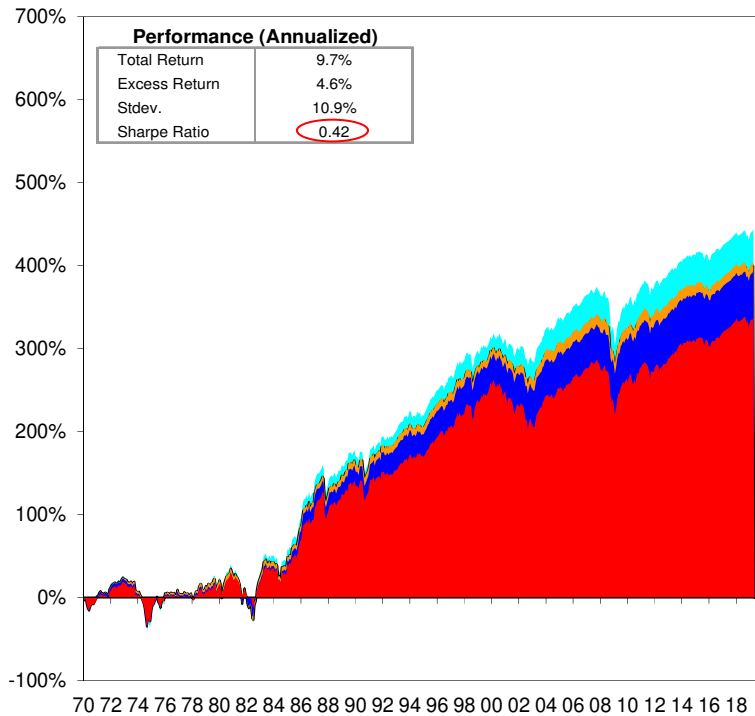
Performance is estimated through April 30, 2019. Please note the returns shown for All Weather are simulated prior to June 1996 using the All Weather Strategy Simulation (see All Weather Strategy Simulation Disclosure). It is expected that the simulated performance will periodically change as a function of both refinements to our simulation methodology and the underlying market data. Attribution is based on Bridgewater analysis. HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING OR THE COSTS OF MANAGING THE PORTFOLIO. ALSO, SINCE THE TRADES HAVE NOT ACTUALLY BEEN EXECUTED, THE RESULTS MAY HAVE UNDER OR OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. Please review the "Important Disclosures and Other Information" located at the end of this presentation.

# CONCENTRATED VS. BALANCED PORTFOLIO RETURN CONTRIBUTION

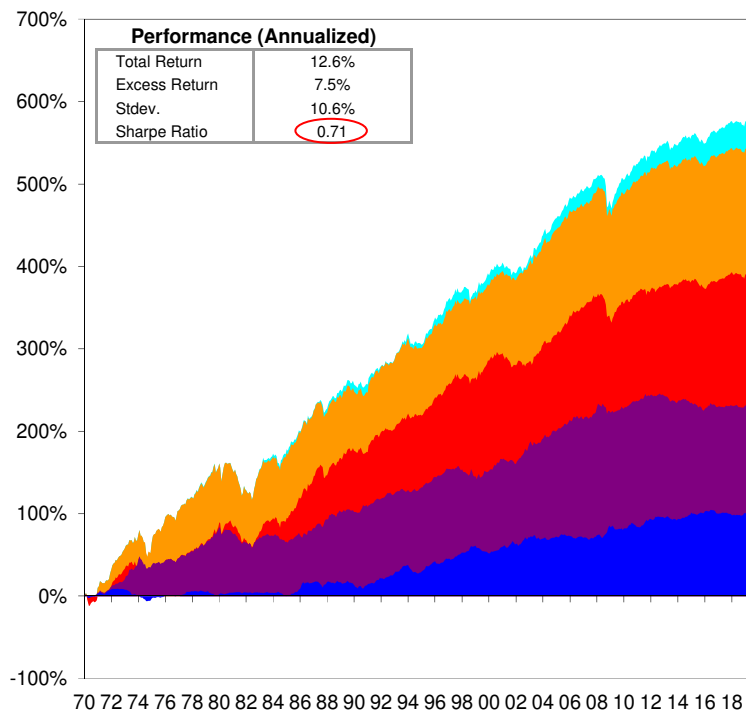
## Cumulative Performance Attribution (In)

■ Equities   
 ■ Nominal Bonds   
 ■ IL Bonds   
 ■ Commodities   
 ■ Other

**U.S. Traditional Portfolio**



**Balanced Portfolio (Simulated)**



Data through April 2019. More detailed information for the "US Traditional Portfolio" is available in the disclosure page for "US Traditional Portfolio". "Balanced Portfolio" is simulated using the All Weather Asset Mix as described in the "All Weather Asset Mix Disclosure." Returns are cumulative excess returns above cash, shown gross of fees. It is expected that the simulated performance will periodically change as a function of both refinements to our simulation methodology and the underlying market data. HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING OR THE COSTS OF MANAGING THE PORTFOLIO. ALSO, SINCE THE TRADES HAVE NOT ACTUALLY BEEN EXECUTED, THE RESULTS MAY HAVE UNDER OR OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. Past performance is not indicative of future results. Please review the "Important Disclosures and Other Information" located at the end of this presentation.

### III. Global Outlook

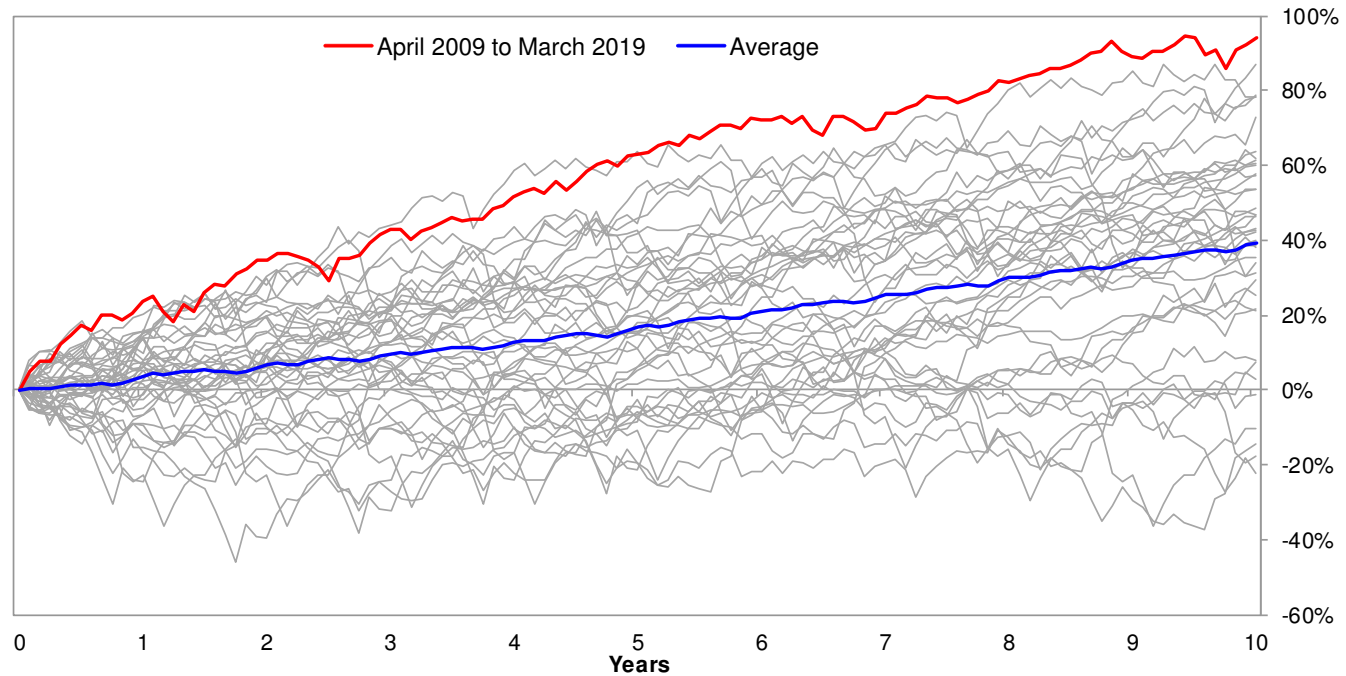


## **OUTLOOK**

- ◆ One of the most dangerous things an investor can do is to extrapolate into the future trends that shouldn't be extrapolated. We think the world is at risk of having done this.
- ◆ We are likely at or near the end of several major secular trends that supported economies and assets over the past few decades.
- ◆ Central banks are shifting toward easing but will likely struggle. Together with rising populism and still high levels of debt, this creates unique risks.
- ◆ Environmental and geographic diversification are powerful tools for navigating the wide range of potential outcomes.

## THE LAST DECADE WAS ONE OF THE BEST PERIODS IN HISTORY FOR US ASSETS

**US 60/40 Portfolio Cumulative Excess Returns, All 10-Year Periods Since 1970 (ln)**



**US 60/40 Portfolio Excess Return (Ann.)**

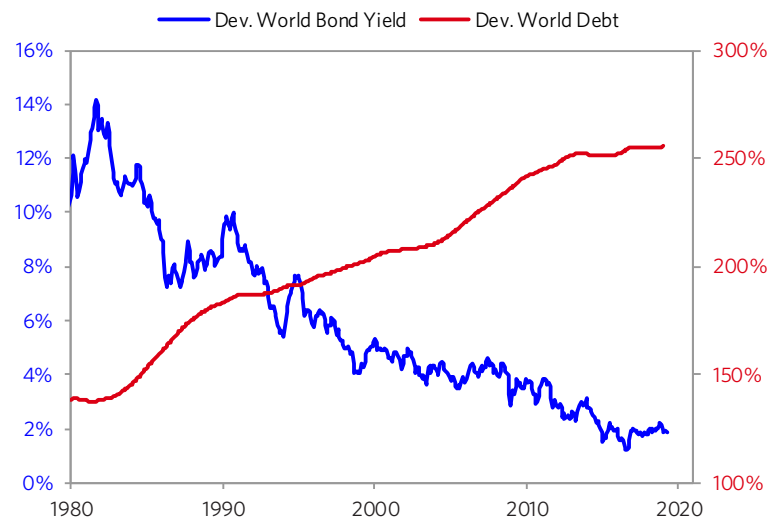
Since 1970	4.2%
April 2009 to March 2019	9.9%
Forward-Looking	~2%

Analysis through March 2019. The 60/40 represents 60% capital weight in equities and 40% capital weight in nominal bonds. Forward-looking total return estimate based on Bridgewater's 10-year value estimates. There is no guarantee that these results will be achieved. Past performance is not indicative of future results. Please review the "Important Disclosures and Other Information" located at the end of this document.

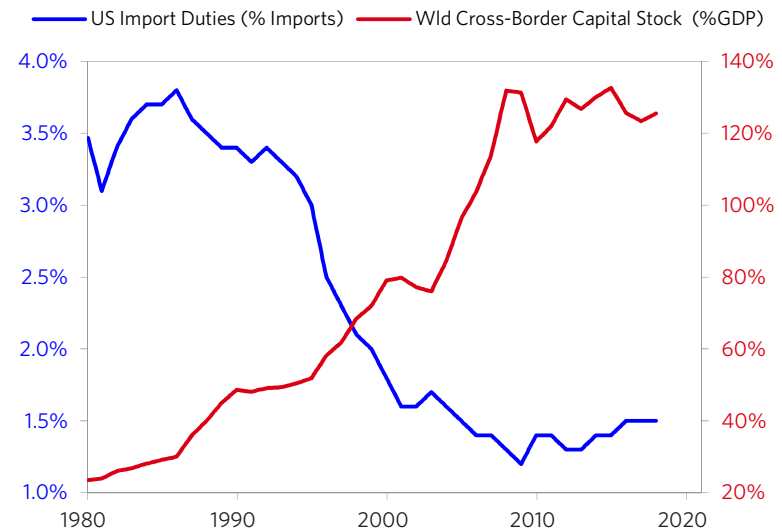
## **FOUR DECADES OF SUPPORT FROM INTEREST RATES AND GLOBALIZATION MAY BE NEARING AN END**

- ◆ Over the past four decades:
  - Falling interest rates supported markets and economies.
  - Globalization enhanced productivity and lowered inflation.

**INTEREST RATES AND DEBT GROWTH**



**GLOBALIZATION**

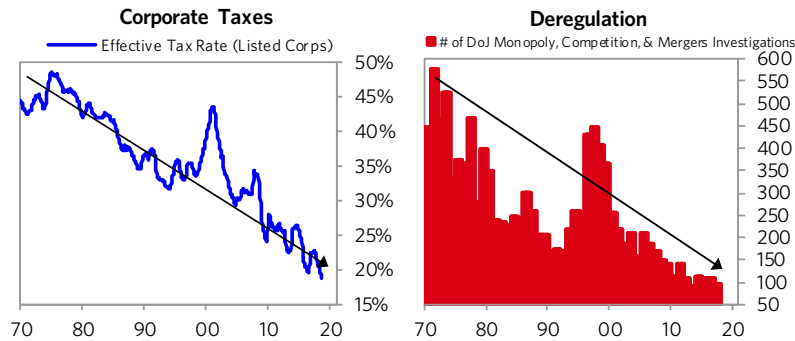


Dev. world debt shows non-financial debt as a share of GDP. Please review the "Important Disclosures and Other Information" located at the end of this presentation.

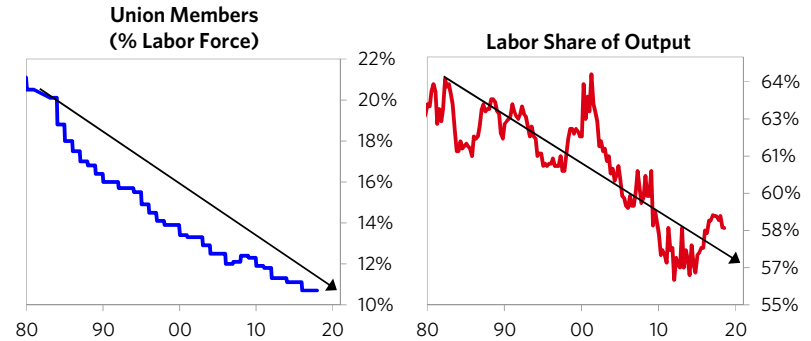
## THE END OF THE SHIFT TO A PRO-BUSINESS ENVIRONMENT?

- ◆ The past four decades have been a prolonged shift to an increasingly pro-business environment.
- ◆ This supported corporate margins, while less of the pie went to labor.

### COSTS OF DOING BUSINESS



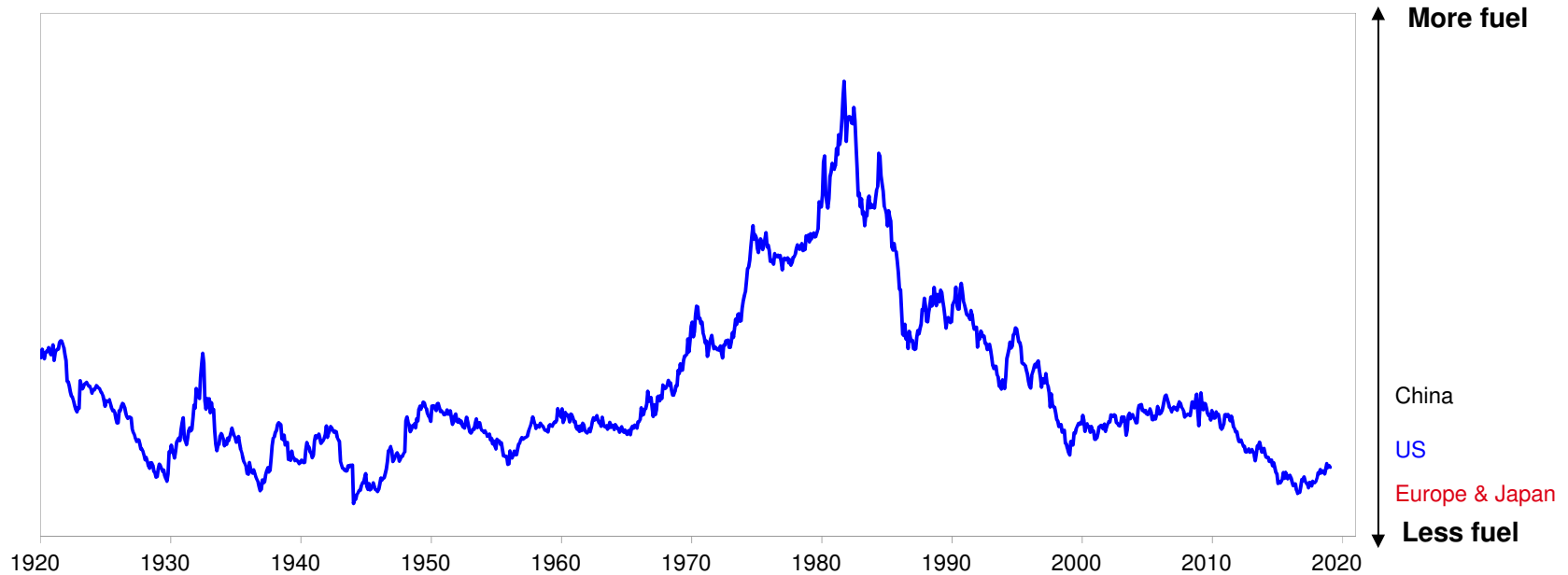
### SHRINKING POWER OF LABOR



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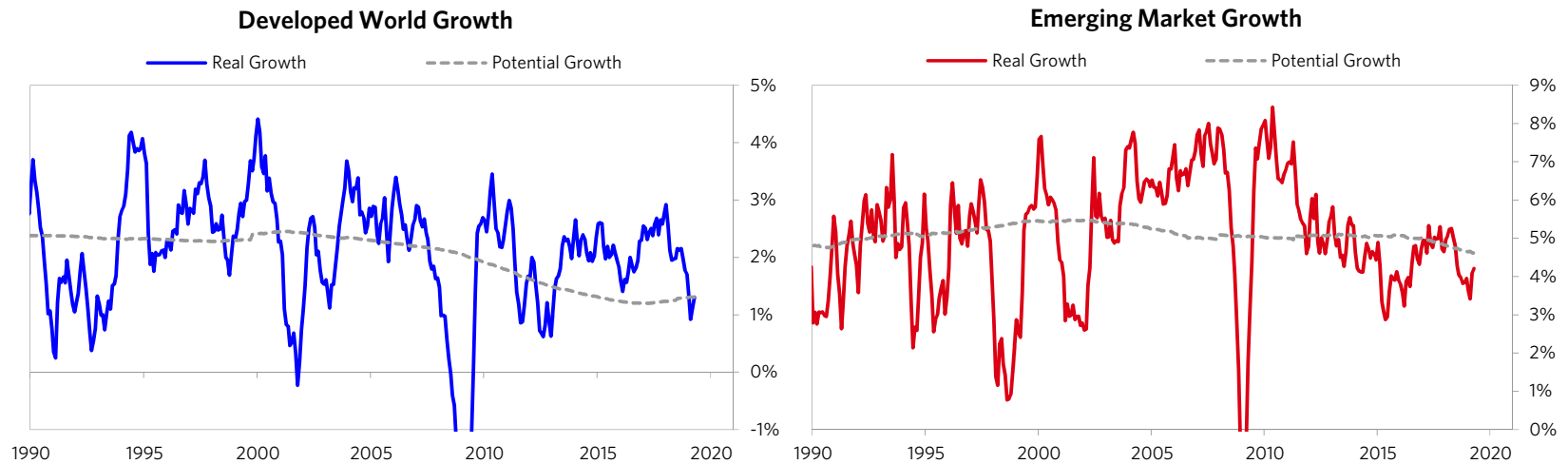
# DEVELOPED CENTRAL BANKS DO NOT HAVE MUCH FUEL LEFT TO STIMULATE GROWTH

Developed World "Fuel in the Tank" (i.e. Ability to Stimulate)



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## GROWTH HAS SLOWED; THE ABILITY TO STIMULATE COULD BE TESTED



Forward estimate is based on Bridgewater analysis. Please review the "Important Disclosures and Other Information" located at the end of this presentation.

# THE PREVIOUS DECADE HAS BEEN A POOR GUIDE FOR THE NEXT

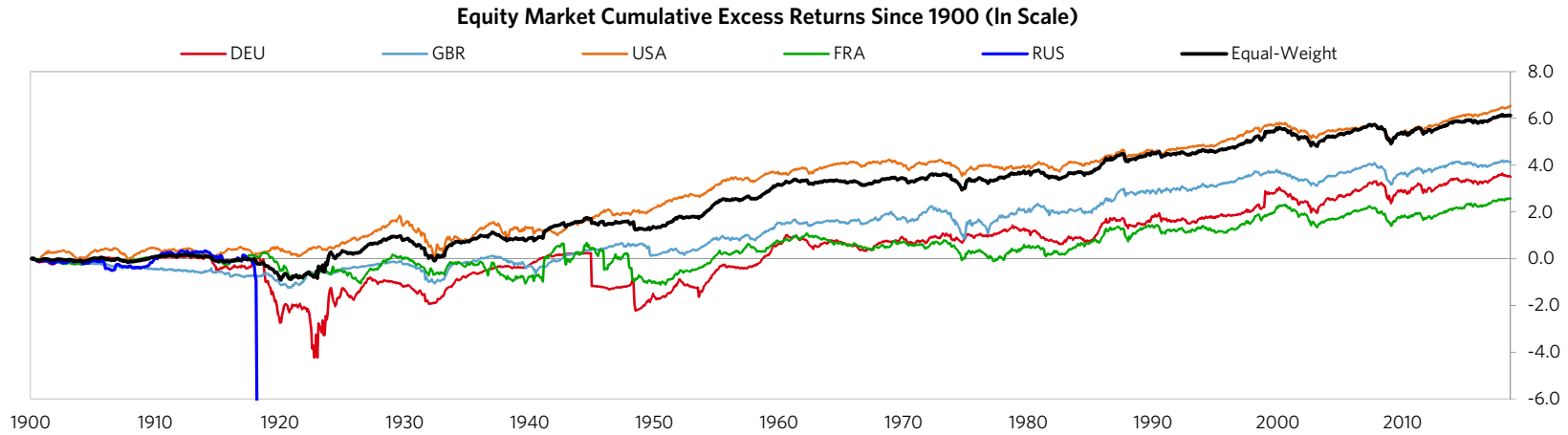
Rankings of Equity Excess Returns (Hedged) By Decade						
2010s	2000s	1990s	1980s	1970s	1960s	
<b>USA</b> 207%	NOR 48%	CHE 231%	SWE 503%	KOR 456%	ESP 312%	
SWE 175%	BRZ 45%	<b>USA</b> 217%	KOR* 354%	JPN 66%	AUS 148%	
NZL 172%	CAN 42%	SWE* 190%	JPN 310%	CAN 30%	<b>Equal Weight</b> 75%	
DEU 124%	AUS 36%	FRA 117%	ESP 188%	<b>Equal Weight</b> 10%	JPN 74%	
JPN 120%	KOR 22%	GBR 110%	<b>Equal Weight</b> 185%	GBR 8%	CAN 71%	
CHE 120%	ESP 17%	ESP 96%	DEU 179%	CHE -5%	<b>USA</b> 41%	
FRA 117%	<b>Equal Weight</b> 1%	DEU 92%	GBR 173%	AUS -12%	SWE 31%	
GBR 95%	NZL -3%	AUS 59%	ITA 169%	<b>USA</b> -17%	GBR 28%	
NOR* 88%	CHE* -4%	<b>Equal Weight</b> 53%	FRA 158%	FRA -20%	DEU* 21%	
<b>Equal Weight</b> 86%	SWE -13%	CAN 52%	CHE 96%	SWE -22%	ITA -1%	
TAI 70%	TAI -23%	ITA 40%	<b>USA</b> 96%	DEU -31%	FRA -6%	
CAN 64%	GBR -23%	NOR 2%	AUS 39%	ESP* -69%		
AUS 49%	<b>USA</b> -27%	NZL -6%	NOR 23%	ITA -74%		
ITA 35%	FRA -32%	JPN -47%	CAN -4%			
RUS 34%	ITA -35%	TAI -49%				
KOR 29%	DEU -36%	KOR -66%				
ESP 21%	JPN -41%					
BRZ -26%						
Avg Correl 64%	74%	50%	46%	38%	26%	
Best - Worst 233%	89%	296%	507%	530%	319%	

1950s	1940s	1930s	1920s	1910s	1900s	
DEU 739%	ESP 140%	GBR 6%	<b>Equal Weight</b> 249%	<b>USA*</b> 10%	<b>USA</b> 83%	
JPN 662%	<b>Equal Weight</b> 138%	DEU 2%	DEU 178%	FRA -35%	<b>Equal Weight</b> 9%	
ITA 484%	AUS 132%	CAN -9%	<b>USA*</b> 170%	GBR -44%	FRA 9%	
FRA 484%	<b>USA</b> 122%	<b>Equal Weight*</b> -10%	CAN 134%	<b>Equal Weight</b> -54%	DEU 9%	
<b>Equal Weight</b> 384%	GBR* 117%	<b>USA</b> -12%	GBR 87%	DEU -92%	RUS -7%	
<b>USA</b> 376%	CAN 115%	SWE -22%	ESP 72%	RUS -100%	GBR -34%	
AUS 277%	SWE 100%	FRA -54%	FRA 41%			
GBR 270%	FRA -19%	ESP -61%	SWE 24%			
SWE 240%	DEU -35%					
CAN 222%						
ESP* 98%						
Avg Correl 20%	17%	37%	26%	3%	19%	
Best - Worst 641%	176%	68%	225%	110%	116%	

\*Denotes the best performer of the prior decade. <sup>1</sup>China equities start in 2001.  
Data as of April 2019. Past performance is not indicative of future results. Please review the "Important Disclosures and Other Information" located at the end of this document.

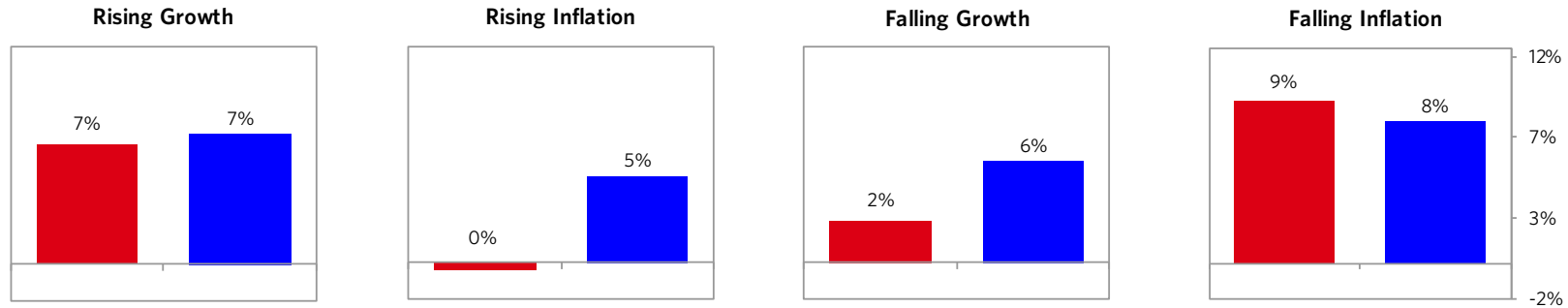
# YOU DON'T NEED TO PREDICT THE WINNING COUNTRY OR ASSET



**Balanced vs. Traditional Portfolio (Annualized Gross of Fees Excess Returns)**

January 1970 Through December 2018

■ Traditional Portfolio      ■ All Weather 10% USD Strategy (Simulated Prior to June 1996)



More detailed information for the "Traditional Portfolio" is available in the disclosure page for "US Traditional Portfolio". A rising (falling) inflation month is defined as a month in which the current rate of inflation is greater (lower) than the 12-month moving average rate of inflation. A rising (falling) growth month is defined as a month in which the current rate of real GDP growth is greater (lower) than the 12-month moving average rate of real GDP growth. Before June 1996, All Weather returns are simulated using the All Weather Strategy Simulation, as described in the "All Weather Strategy Simulation Disclosure." It is expected that the simulated performance will periodically change as a function of both refinements to our simulation methodology and the underlying market data. HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING OR THE COSTS OF MANAGING THE PORTFOLIO. ALSO, SINCE THE TRADES HAVE NOT ACTUALLY BEEN EXECUTED, THE RESULTS MAY HAVE UNDER OR OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. Past performance is not indicative of future results. Please review the "Important Disclosures and Other Information" located at the end of this presentation.



## Appendix

# CENTRAL BANKS CAN NO LONGER EASE BY DOING NOTHING

US Short Rate (w/ Discounted Fwd Path)

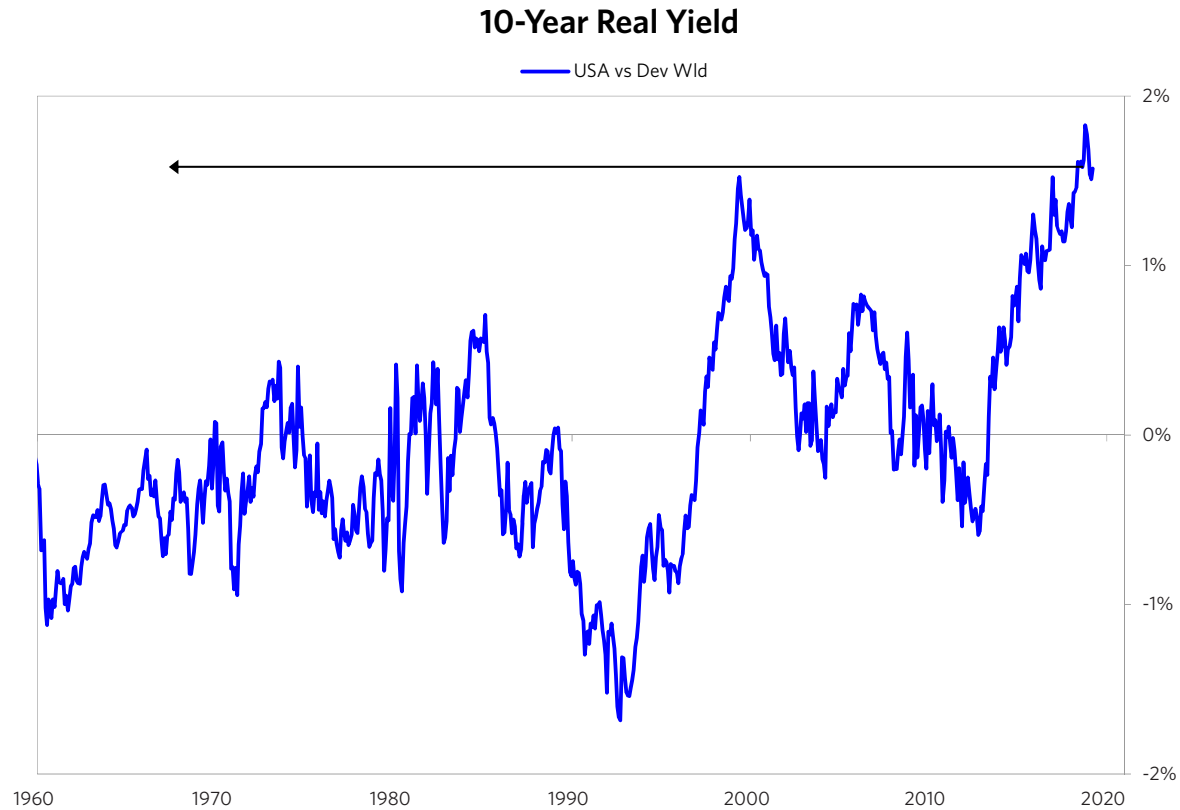


Short Rates

	USA	EUR	JPN	GBR	CAN	AUS	CHN
<b>Today</b>	2.4%	-0.3%	-0.1%	0.8%	1.6%	1.5%	2.7%
<b>1y Fwd</b>	2.2%	-0.3%	-0.2%	0.8%	1.5%	1.4%	2.8%

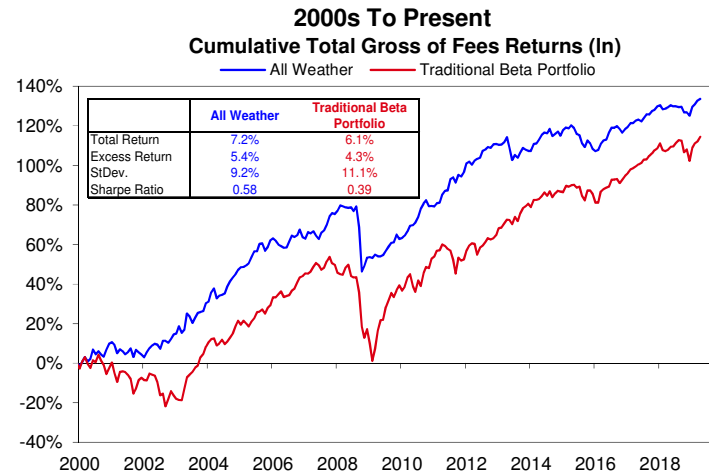
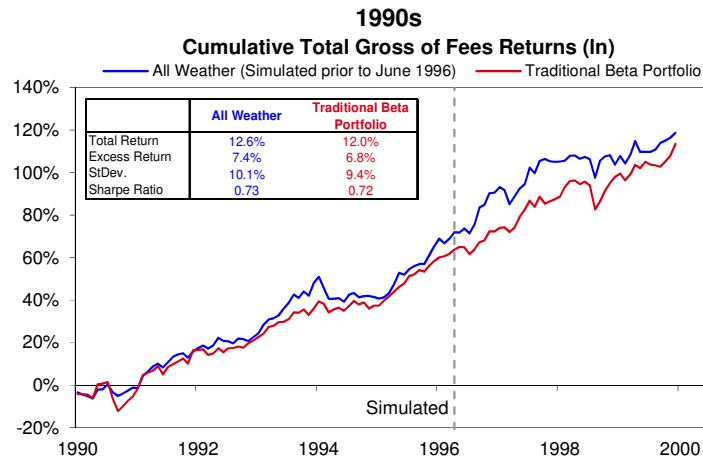
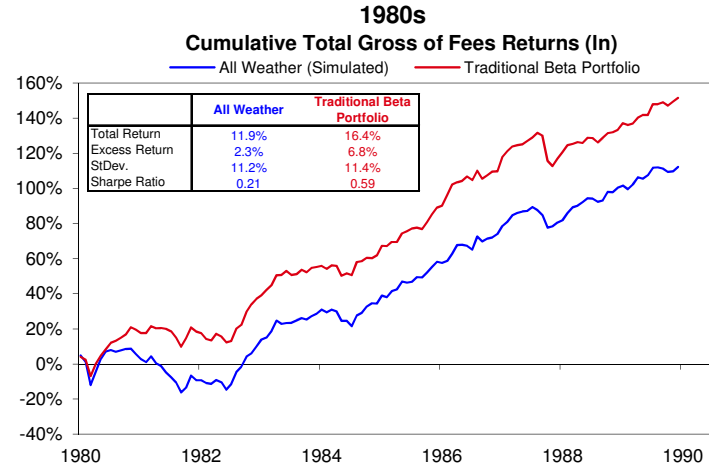
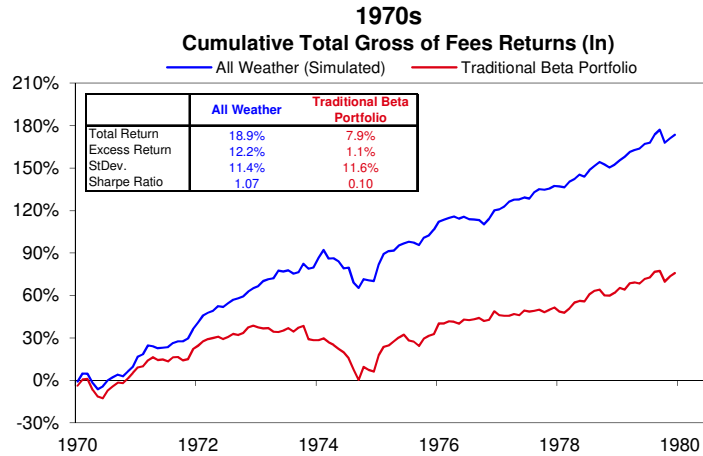
Data as of April 2019. Please review the "Important Disclosures and Other Information" located at the end of this presentation.

## US MARKETS ARE PRICING HISTORICAL OUTPERFORMANCE VS. REST OF WORLD



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# ALL WEATHER VS. TRADITIONAL PORTFOLIO BY DECADE



Data through Apr-2019. All Weather refers to the All Weather 10% Strategy. More detailed information for the "Traditional Beta Portfolio" is available in the disclosure page for "US Traditional Portfolio". Before June 1996, returns are simulated using the All Weather Strategy Simulation, as described in the "All Weather Strategy Simulation Disclosure." It is expected that the simulated performance will periodically change as a function of both refinements to our simulation methodology and the underlying market data. HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING OR THE COSTS OF MANAGING THE PORTFOLIO. ALSO, SINCE THE TRADES HAVE NOT ACTUALLY BEEN EXECUTED, THE RESULTS MAY HAVE UNDER OR OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. Past performance is not indicative of future results. Please review the "Important Disclosures and Other Information" located at the end of this presentation.

## Important Disclosures and Other Information

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Bridgewater's investment process seeks to understand the cause and effect linkages that drive markets over time. To assess and refine its understanding of these linkages, Bridgewater performs historical stress tests across a wide range of timeframes and market environments. From these stress tests, Bridgewater is able to simulate how its strategies would have performed prior to their inception. For strategies that include active decision making, Bridgewater often "humbles" its simulated alpha returns (by systematically adjusting downward the simulated results that Bridgewater's current alpha investment logic produces) to account for the possibility that it could be wrong. Because this stress testing is a core component of Bridgewater's investment process, it shares these simulations with current and prospective investors to demonstrate its thinking. However, because they do not demonstrate actual results, these simulations are inherently limited and should not be relied upon to make an investment decision.

**HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM.**

**ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.**

Bridgewater believes that a particular return stream should be evaluated against its expected performance or its benchmark. To that end, Bridgewater demonstrates whether its strategies are operating as expected via a cone chart, which shows the performance of a particular strategy over time relative to the strategy's benchmark and also within bands of standard deviation from that benchmark. Separately, to demonstrate the impact of market conditions on the strategies it manages, Bridgewater explains the macro-economic pressures and market conditions that effected performance in the context of client letters, account reviews, or other publications that Bridgewater provides to each current and prospective investor on a regular basis. Additional information about how Bridgewater thinks about setting expectations for its strategies via a benchmark is available upon request.

## **IMPORTANT DISCLOSURES**

Any tables, graphs or charts relating to past performance, whether hypothetical, simulated or actual, included in this presentation are intended only to illustrate the performance of indices, strategies, or specific accounts for the historical periods shown. When creating such tables, graphs and charts, Bridgewater may incorporate assumptions on trading, positions, transactions costs, market impact estimations and the benefit of hindsight. For example, transaction cost estimates used in simulations are based on historical measured costs and/or modeled costs, and attribution is derived from a process of attributing positions held at a point in time to specific market views and is inherently imprecise. Such tables, graphs and charts are not intended to predict future performance and should not be used as a basis for making any investment decision. Bridgewater has no obligation to update or amend such tables, graphs or charts.

Statements regarding target performance or target ratios related to assumed risk budgets, liabilities, volatility, target volatility, tracking error or other targets should not be considered a guarantee that such results can or will be achieved. For example, Bridgewater may adjust returns to match, for instance, the annualized standard deviation of two or more return series but this adjustment does not suggest that the returns or assets are similar with respect to other aspects of the risk such as liquidity risk. Any statements with respect to the ability to risk match or risk adjust in the future are not a guarantee that the realized risks will be similar and material divergences could occur. All performance and risk targets contained herein are subject to revision by Bridgewater and are provided solely as a guide to current targets.

Discussions related to the risk controlling capabilities of low risk portfolios, diversification, passive investing, risk management, risk adjusting, and any other risk control theories, statements, measures, calculations and policies contained herein should not be construed as a statement that Bridgewater has the ability to control all risk or that the investments or instruments discussed are low risk. Active trading comes with a monetary cost and high risk and there is no guarantee the cost of trading will not have a materially adverse impact on any account, fund, portfolio or other structure. Bridgewater manages accounts, funds and strategies not referred to herein. Additionally, even where accounts, funds or strategies are traded similarly, performance may materially diverge based on, among other factors, timing, the approved instruments, markets, and target risk for each strategy or market. The price and value of the investments referred to in this presentation and the income, if any, derived therefrom may fluctuate.

Statistical and mathematical measures of performance and risk measures based on past performance, market assumptions or any other input should not be relied upon as indicators of future results. While Bridgewater believes the assumptions and possible adjustments it may make in making the underlying calculations are reasonable, other assumptions, methodologies and adjustments could have been made that are reasonable and would result in materially different results, including materially lower results. Where shown, targeted performance and the abilities and capabilities of the active and passive management approaches discussed herein are based on Bridgewater's analysis of market data, quantitative research of the underlying forces that influence asset classes as well as management policies and objectives, all of which are subject to change. The material contained herein may exhibit the potential for attractive returns, however it also involves a corresponding high degree of risk. Targeted performance, whether mathematically based or theoretical, is considered hypothetical and is subject to inherent limitations such as the impact of concurrent economic or geo-political elements, forces of nature, war and other factors not addressed in the analysis, such as lack of liquidity. There is no guarantee that the targeted performance for any fund or strategy shown herein can or will be achieved. A broad range of risk factors, individually or collectively, could cause a fund or strategy to fail to meet its investment objectives and/or targeted returns, volatilities or correlations.

Where shown, information related to markets traded may not necessarily indicate the actual historical or current strategies of Bridgewater. Markets listed may or may not be currently traded and are subject to change without notice. Markets used for illustrative purposes may not represent the universe of markets traded or results available and may not include actual trading results of Bridgewater. Other markets or trading, not shown herein, may have had materially different results. Attribution of performance or designation of markets and the analysis of performance or other performance with respect to scenario analysis or the determination of biases is based on Bridgewater's analysis. Statements made with respect to the ability of Bridgewater, a fund, a strategy, a market or instrument to perform in relation to any other market, instrument or manager in absolute terms or in any specific manner in the future or any specified time period are not a guarantee of the desired or targeted result.

Bridgewater research utilizes data and information from public, private and internal sources, including data from actual Bridgewater trades. Sources include, the Australian Bureau of Statistics, Barclays Capital Inc., Bloomberg Finance L.P., CBRE, Inc., CEIC Data Company Ltd., Consensus Economics Inc., Corelogic, Inc., CoStar Realty Information, Inc., CreditSights, Inc., Credit Market Analysis Ltd., Dealogic LLC, DTCC Data Repository (U.S.), LLC, Ecoanalitica, EPFR Global, Eurasia Group Ltd., European Money Markets Institute – EMMI, Factset Research Systems, Inc., The Financial Times Limited, GaveKal Research Ltd., Global Financial Data, Inc., Haver Analytics, Inc., The Investment Funds Institute of Canada, Intercontinental Exchange (ICE), International Energy Agency, Lombard Street Research, Markit Economics Limited, Mergent, Inc., Metals Focus Ltd, Moody's Analytics, Inc., MSCI, Inc., National Bureau of Economic Research, Organisation for Economic Cooperation and Development, Pensions & Investments Research Center, Renwood Realtytrac, LLC, RP Data Ltd, Rystad Energy, Inc., S&P Global Market Intelligence Inc., Sentix GmbH, Spears & Associates, Inc., State Street Bank and Trust Company, Sun Hung Kai Financial (UK), Thomson Reuters, Tokyo Stock Exchange, United Nations, US Department of Commerce, Wind Information (Shanghai) Co Ltd, Wood Mackenzie Limited, World Bureau of Metal Statistics, and World Economic Forum. While we consider information from external sources to be reliable, we do not assume responsibility for its accuracy.

None of the information related to a fund or strategy that Bridgewater may provide is intended to form the basis for any investment decision with respect to any retirement plan's assets. Any information Bridgewater provides should be independently and critically evaluated based on whatever other sources deemed appropriate, including legal and tax advice; it is also not intended to be impartial investment information or advice as Bridgewater may recommend one or more Bridgewater products in connection with such information, which would result in additional fees being paid to Bridgewater. Bridgewater's status as an ERISA fiduciary with respect to the management of any existing or future Bridgewater product(s) in which you invest would be (or continue to be) set forth in that product's applicable governing instruments. You are responsible for ensuring that your decision to invest in any Bridgewater product does not violate the fiduciary or prohibited transaction rules of ERISA, the U.S. Internal Revenue Code or any applicable laws or regulations that are similar. On and after June 9, 2017, the information provided herein is being made available only to "independent fiduciaries with financial expertise" (within the meaning of the Definition of the Term "Fiduciary"; Conflict of Interest Rule – Retirement Investment Advice, 81 Fed. Reg. 20,946 (Apr. 8, 2017), available at <https://www.gpo.gov/fdsys/pkg/FR-2016-04-08/pdf/2016-07924.pdf>), and this presentation should not be accepted by any person who does not meet such requirements.

This presentation was written in connection with the promotion or marketing of a Bridgewater fund or strategy, and it was not intended or written to be used and cannot be used by any person for the purpose of avoiding penalties that may be asserted under the U.S. Internal Revenue Code.

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## US TRADITIONAL PORTFOLIO

This page contains the allocation information for the historical simulation of the US Traditional portfolio, from 1970 onwards, as well as forward looking assumptions for expected returns, volatility, tracking error, and correlations used in this analysis. The portfolio capital allocation weights (illustrated below) are estimates based either upon Bridgewater Associates' understanding of standard asset allocation (which may change without notice) or information provided by or publicly available from the recipient of this presentation. Asset class returns are actual market returns where available and otherwise a proxy index constructed based on Bridgewater Associates understanding of global financial markets. Information regarding specific indices and simulation methods used for proxies is available upon request (except where the proprietary nature of information precludes its dissemination). Results are hypothetical or simulated and gross of fees unless otherwise indicated. HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.

Asset Type	Benchmark	Nominal Exposure	Fx Exposure	Beta Volatility	Beta Ratio	Alpha Volatility	Alpha Ratio
Equities	U.S. Equities	15.0%	---	14.5%	0.25	---	---
Equities	U.S. Equities	15.0%	---	14.5%	0.25	5.0%	0.25
Equities	Dev. World Equities Ex-US	18.0%	Unhedged	14.1%	0.30	5.0%	0.30
Equities	Emerging Market Equities	3.0%	Unhedged	17.0%	0.25	5.0%	0.30
Nominal Bonds	U.S. Gov't Bonds	4.5%	---	3.8%	0.25	---	---
Nominal Bonds	U.S. Gov't Bonds	4.5%	---	3.8%	0.25	2.0%	0.25
Corporate Bonds	U.S. Corporate Bonds	5.0%	---	6.4%	0.30	3.0%	0.25
MBS	U.S. MBS	6.0%	---	4.1%	0.25	2.0%	0.25
IL Bonds	U.S. IL Bonds	1.0%	---	6.0%	0.25	---	---
IL Bonds	U.S. IL Bonds	1.0%	---	6.0%	0.25	1.0%	0.25
High Yield Bonds	U.S. High Yield	2.0%	---	10.3%	0.30	4.0%	0.25
Nominal Bonds	World Gov't Bonds Ex-US	2.0%	Hedged	3.7%	0.30	2.0%	0.30
Equities	U.S. PE / VC	9.0%	---	24.0%	0.25	10.0%	0.25
Real Estate	U.S. Real Estate	5.0%	---	18.3%	0.25	6.0%	0.25
Real Estate	World Real Estate	2.0%	Unhedged	16.8%	0.30	6.0%	0.30
Commodities	Bloomberg Commodity Index	2.0%	---	16.7%	0.20	---	---
Hedge Fund	Cash	5.0%	---	---	---	7.0%	0.70



## ALL WEATHER STRATEGY DISCLOSURE

### All Weather Strategy Performance (Net of Fees)

	Total Return in USD
<b>Last 1 Year</b>	3.7%
<b>Last 3 Years</b>	6.7%
<b>Last 5 Years</b>	3.7%
<b>Last 7 Years</b>	4.0%
<b>Last 10 Years</b>	7.7%

Annualized Returns (Jun-96 through Apr-19)

### Net Since Inception Jun-96 through Apr-19

	Total Return in USD
<b>Annualized Return</b>	7.7%
<b>Standard Deviation</b>	9.8%
<b>Sharpe Ratio</b>	0.55

Past results are not necessarily indicative of future results.

Standard deviation is calculated using gross of fees performance.

### Bridgewater All Weather Strategy Performance Disclosure:

For the period June 1996 (the inception of the strategy) through August 2001 the performance is based on the total return of the Bridgewater All Weather strategy as implemented for Bridgewater's principals and their affiliates and was not fully hedged to the US Dollar. The All Weather strategy is structured to be fully hedged, and the performance reflected after August 2001 includes these hedging transactions. For the period of August 2001 through present the performance shown is the actual total returns of the longest running fully funded All Weather account. For the entire history excess returns are calculated by subtracting an approximation of a U.S. cash rate from the total returns described above. Of note, the All Weather strategy's target leverage, volatility and return, as well as the asset mix varied from June 1996 to July 2005. From August 2005 through the present the strategy has targeted 10% volatility. Bridgewater manages additional All Weather portfolios not included in this performance history.

Gross of fees performance is gross of management fees and includes the reinvestment of interest, gains, and losses. Returns will be reduced by the investment advisory fees and any other expenses that may be incurred in the management of the account.

Net of fees performance has been calculated using our standard fee schedule for a minimum size account, which are the highest fees we have or would currently charge an account. Investment advisory fees are described in Bridgewater's ADV Part 2A.

No representation is being made that any account will or is likely to achieve returns similar to those shown. Trading in futures is risky and can result in losses as well as profits. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. Performance as of the current month is estimated and subject to change.

## **ALL WEATHER STRATEGY SIMULATION DISCLOSURE**

### **All Weather Simulation Performance (Net of Fees)**

	Total Return in USD
<b>Last 1 Year</b>	3.8%
<b>Last 3 Years</b>	6.3%
<b>Last 5 Years</b>	3.5%
<b>Last 7 Years</b>	4.0%
<b>Last 10 Years</b>	8.4%

Annualized Returns (Jan-70 through Apr-19)

### **Net Since Inception Jan-70 through Apr-19**

	Total Return in USD
<b>Annualized Return</b>	11.9%
<b>Standard Deviation</b>	10.1%
<b>Sharpe Ratio</b>	0.68

Standard deviation is calculated using gross of fees performance. Past results are not necessarily indicative of future results. HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM.

ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.

#### **All Weather Strategy Simulation Performance Disclosure**

From June 1996 to present, any performance shown will be based on the performance of the All Weather Strategy or a variation of the All Weather Strategy expressed in a different currency or volatility. For additional information about the characteristics of such returns, please refer to the relevant disclosure page provided at the end of the materials. Prior to June 1996, performance of the Bridgewater All Weather Strategy Simulation is based on simulated, hypothetical performance and not the actual returns of Bridgewater's All Weather Strategy. Bridgewater's investment selection and trading strategies are systematic and rules-based. However, they are not fully automated and they do include human input. As a result, back-tested returns are designed based on assumptions about how Bridgewater would have implemented the All Weather Strategy, prior to its existence. These assumptions are intended to approximate such implementation, but are inherently speculative.

The simulated performance for the All Weather Strategy Simulation was derived by applying Bridgewater's current investment systems and portfolio construction logic to historical market returns across the markets selected for the All Weather Strategy Simulation. A list of the markets used appears below. We use actual market returns when available as an input for our hypothetical returns and otherwise use Bridgewater Associates' proprietary estimates, based on other available data and our fundamental understanding of asset classes. In certain cases, market data for an exposure which otherwise would exist in the simulation may be omitted if the relevant data is unavailable, deemed unreliable, immaterial or accounted for using proxies. Proxies are assets that existed and for which data is available, which Bridgewater believes would approximate returns for an asset that did not exist or for which reliable data is not available. For example, before reliable commodity futures returns data can be found Bridgewater estimates futures returns by using the spot commodity returns and their typical relationship to futures returns. Examples of omitted markets or accounted for using proxies include, but are not limited to, emerging market equities, emerging market debt, and certain commodities. The mix and weightings of markets traded for All Weather Strategy Simulation are subject to change in the future.

The All Weather Strategy Simulation includes periodic adjustments that are made to the All Weather Strategy Simulation's desired strategic asset allocation and level of risk pursuant to Bridgewater's systematic strategic management process. Such strategic management is based on a systematic process that assesses whether the assumptions underlying the All Weather Strategy (that assets will outperform cash, and that assets can be reasonably balanced against each other) are under threat, and systematically adjusts or reduces exposures accordingly. When applicable, the returns of the All Weather Strategy Simulation reflect adjustments based on this systematic strategic management process.

Simulated asset returns are subject to considerable uncertainty and potential error, as a great deal cannot be known about how assets would have performed in the absence of actual returns. The All Weather Strategy Simulation is an approximation of our current process but not an exact replication and may have differences including but not limited to the precise mix of markets used and the weights applied to those markets. It is expected that the simulated performance will periodically change as a function of both refinements to our simulation methodology (including the addition/removal of asset classes) and the underlying market data. There is no guarantee that previous results would not be materially different. Future strategy changes could materially change previous simulated returns in order to reflect the changes accurately across time.

Transaction costs are accounted for and are estimates themselves based on historical measured costs and/or modeled costs. Actual transaction costs experienced could have been higher or lower than those reflected. Where noted, the All Weather Strategy Simulation net of fees returns have been calculated using our standard fee schedule for a minimum size account, which are the highest fees we have or would currently charge an account. Investment advisory fees are described in Bridgewater's ADV Part 2A. Gross of fees performance (i) excludes the deduction of management fees, and other operating expenses (the "fees and expenses") and (ii) includes the reinvestment of interest, gains and losses. Including the fees and expenses would lower performance. There is no guarantee regarding the All Weather Strategy Simulation's ability to perform in absolute returns or relative to any market in the future, during market events not represented or during market events occurring in the future. Market conditions and events vary considerably, are unpredictable and can have unforeseen impacts resulting in materially adverse results.

#### **Markets included in the All Weather Strategy Simulation**

The All Weather Strategy Simulation includes returns from the following markets: global nominal interest rates, global inflation linked bonds, emerging market credit spreads, corporate credit spreads, global equities, and commodities.

## ALL WEATHER ASSET MIX DISCLOSURE

<b>All Weather Asset Mix Performance (Net of Fees)</b>	
	Total Return in USD
<b>Last 1 Year</b>	5.0%
<b>Last 3 Years</b>	7.2%
<b>Last 5 Years</b>	4.8%
<b>Last 7 Years</b>	5.0%
<b>Last 10 Years</b>	9.2%

Annualized Returns (Jan-70 through Apr-19)

<b>Net Since Inception Jan-70 through Apr-19</b>	
	Total Return in USD
<b>Annualized Return</b>	12.0%
<b>Standard Deviation</b>	10.6%
<b>Sharpe Ratio</b>	0.66

Standard deviation is calculated using gross of fees performance. Past results are not necessarily indicative of future results. HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM.

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### All Weather Asset Mix Simulation Performance Disclosure

Where shown all performance of the Bridgewater All Weather Asset Mix is based on simulated, hypothetical performance and not the returns of Bridgewater's All Weather strategy. Bridgewater's investment selection and trading strategies are systematic and rules-based. However, they are not fully automated and they do include human input. As a result, back-tested returns are designed based on assumptions about how Bridgewater would have implemented the All Weather Asset Mix, prior to its existence. These assumptions are intended to approximate such implementation, but are inherently speculative.

The simulated performance for the All Weather Asset Mix was derived by applying Bridgewater's current investment systems and portfolio construction logic to historical market returns across the markets selected for the All Weather Asset Mix. A table of the markets used appears below. We use actual market returns when available as an input for our hypothetical returns and otherwise use Bridgewater Associates' proprietary estimates, based on other available data and our fundamental understanding of asset classes. In certain cases, market data for an exposure which otherwise would exist in the simulation may be omitted if the relevant data is unavailable, deemed unreliable, immaterial or accounted for using proxies. Proxies are assets that existed and for which data is available, which Bridgewater believes would approximate returns for an asset that did not exist or for which reliable data is not available. For example, before reliable commodity futures returns data can be found Bridgewater estimates futures returns by using the spot commodity returns and their typical relationship to futures returns. Examples of omitted markets or accounted for using proxies include, but are not limited to, emerging market equities, emerging market debt, and certain commodities. The mix and weightings of markets traded for All Weather Asset Mix are subject to change in the future.

The All Weather Asset Mix maintains the desired strategic asset allocation and level of risk regardless of market conditions. Accordingly, the All Weather Asset Mix does not alter the desired strategy asset allocation and level of risk based on the strategic management process employed in the All Weather Strategy.

Simulated asset returns are subject to considerable uncertainty and potential error, as a great deal cannot be known about how assets would have performed in the absence of actual returns. The All Weather Asset Mix is an approximation of our current process but not an exact replication and may have differences including but not limited to the precise mix of markets used and the weights applied to those markets. It is expected that the simulated performance will periodically change as a function of both refinements to our simulation methodology (including the addition/removal of asset classes) and the underlying market data. There is no guarantee that previous results would not be materially different. Future strategy changes could materially change previous simulated returns in order to reflect the changes accurately across time.

Transaction costs are accounted for and are estimates themselves based on historical measured costs and/or modeled costs. Actual transaction costs experienced could have been higher or lower than those reflected. Where noted, the All Weather Asset Mix net of fees returns have been calculated using our standard fee schedule for a minimum size account, which are the highest fees we have or would currently charge an account. Investment advisory fees are described in Bridgewater's ADV Part 2A. Gross of fees performance (i) excludes the deduction of management fees, and other operating expenses (the "fees and expenses") and (ii) includes the reinvestment of interest, gains and losses. Including the fees and expenses would lower performance. There is no guarantee regarding the All Weather Asset Mix's ability to perform in absolute returns or relative to any market in the future, during market events not represented or during market events occurring in the future. Market conditions and events vary considerably, are unpredictable and can have unforeseen impacts resulting in materially adverse results.

### **Markets included in the All Weather Asset Mix Simulation**

The All Weather Asset Mix Simulation includes returns from the following markets: global nominal interest rates, global inflation linked bonds, emerging market credit spreads, corporate credit spreads, global equities, and commodities.



## Ventura County Employees' Retirement Association

Energy update

## Tortoise presenters



**Daniel Olson, CFA**  
**Director - Institutional Sales & Consultant Relations**

Mr. Daniel Olson joined Tortoise in 2018 as a director of institutional sales and consultant relations. Previously, Mr. Olson worked at Morgan Stanley Investment Management as an executive director responsible for institutional sales and consultant relations and was a senior relationship manager for a key strategic partnership client. He represented a diverse product suite including global equities, global fixed income, multi-asset solutions and private equity, credit and real assets. Over his more than 30-year career in the investment industry, Mr. Olson has also held a variety of institutional sales leadership positions at Principal Global Investors, Denver Investment Advisors LLC, Warburg Pincus/Credit Suisse Asset Management and Strong Capital Management Inc. He earned a Bachelor of Science degree in economics with a minor in math & computer science from the University of South Dakota and holds Series 7 and 63 licenses. He and his family reside in the Denver area.



**Greg Murphy, CFA**  
**Director - Relationship Management**

Mr. Greg Murphy joined Tortoise in 2015 as a client portfolio manager and currently leads the relationship management team. Previously, he was an investment committee member and principal at Fountain Capital Management, a privately-owned investment manager that specialized in high-yield bond and bank loan portfolios for institutional clients and structured products. Mr. Murphy earned a Bachelor of Science in business administration and economics from Trinity University and a Master of Business Administration from the University of Kansas. He is a CFA® charterholder.



**James Mick, CFA**  
**Managing Director and Senior Portfolio Manager**

Mr. James Mick joined Tortoise in 2006 and is a member of the Investment Committee. He frequently engages with Tortoise's largest institutional clients. Mr. Mick has more than 19 years of industry experience. Previously, he was a senior finance specialist at General Electric Insurance Solutions (now Swiss Re) from 2003 to 2006 and a senior auditor at Ernst & Young from 2000 to 2003. Mr. Mick earned Bachelor of Science degrees in business administration and accounting, as well as a Master of Accounting and Information Systems from the University of Kansas. He is a CFA® charterholder.

# Who is Tortoise?

**Tortoise invests in essential assets – those assets and services that are indispensable to the economy and society. With a steady wins approach and a long-term perspective, Tortoise strives to make a positive impact on clients and communities.**



## Energy infrastructure

- Pipeline companies
- Midstream MLPs
- Gathering and processing



## Social infrastructure

- Education
- Housing
- Healthcare



## Sustainable infrastructure

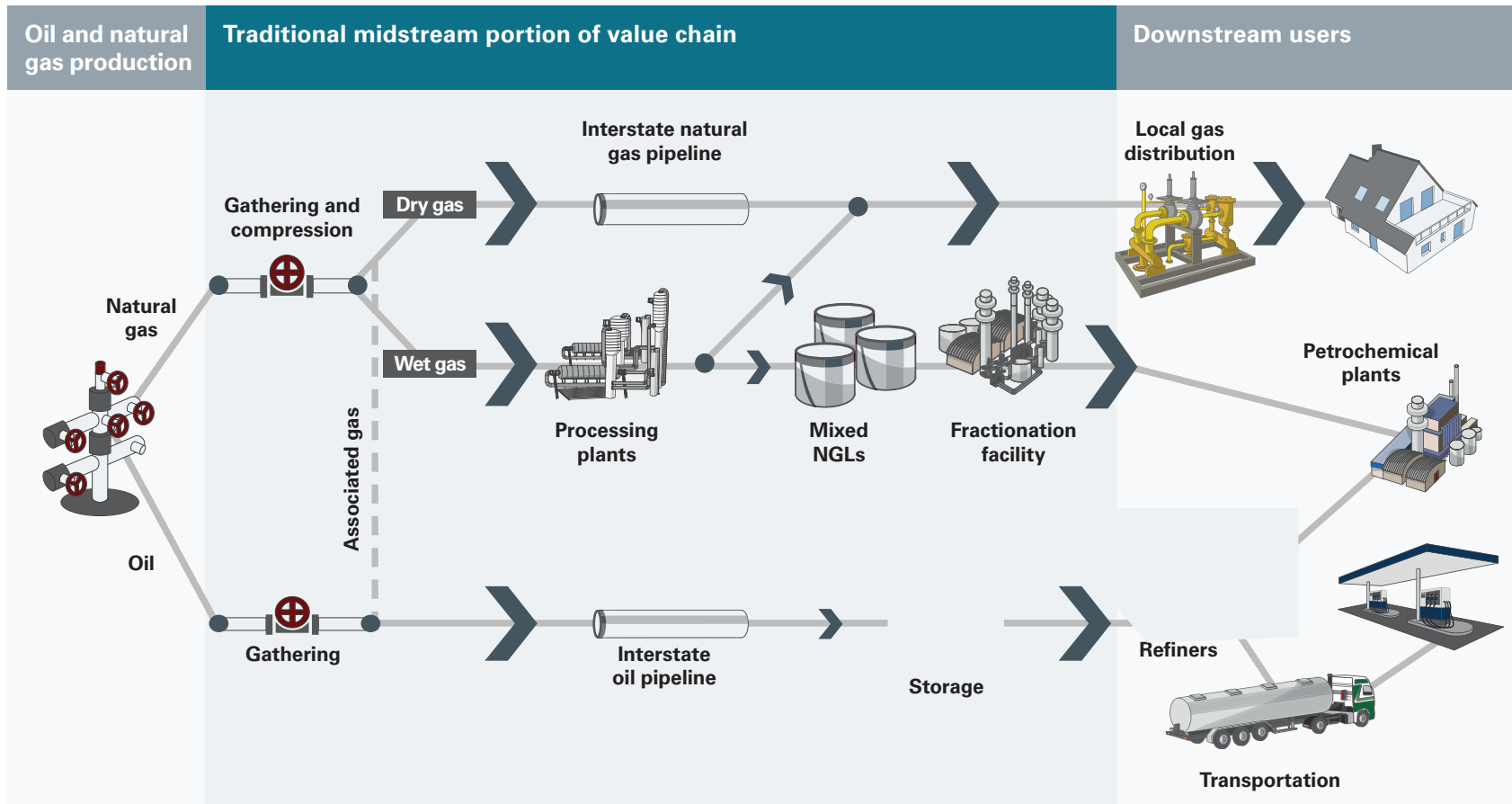
- Wind
- Solar
- Water



## Digital infrastructure

- Electronic transaction companies
- Innovative transaction solutions
- Cloud companies

# Energy value chain

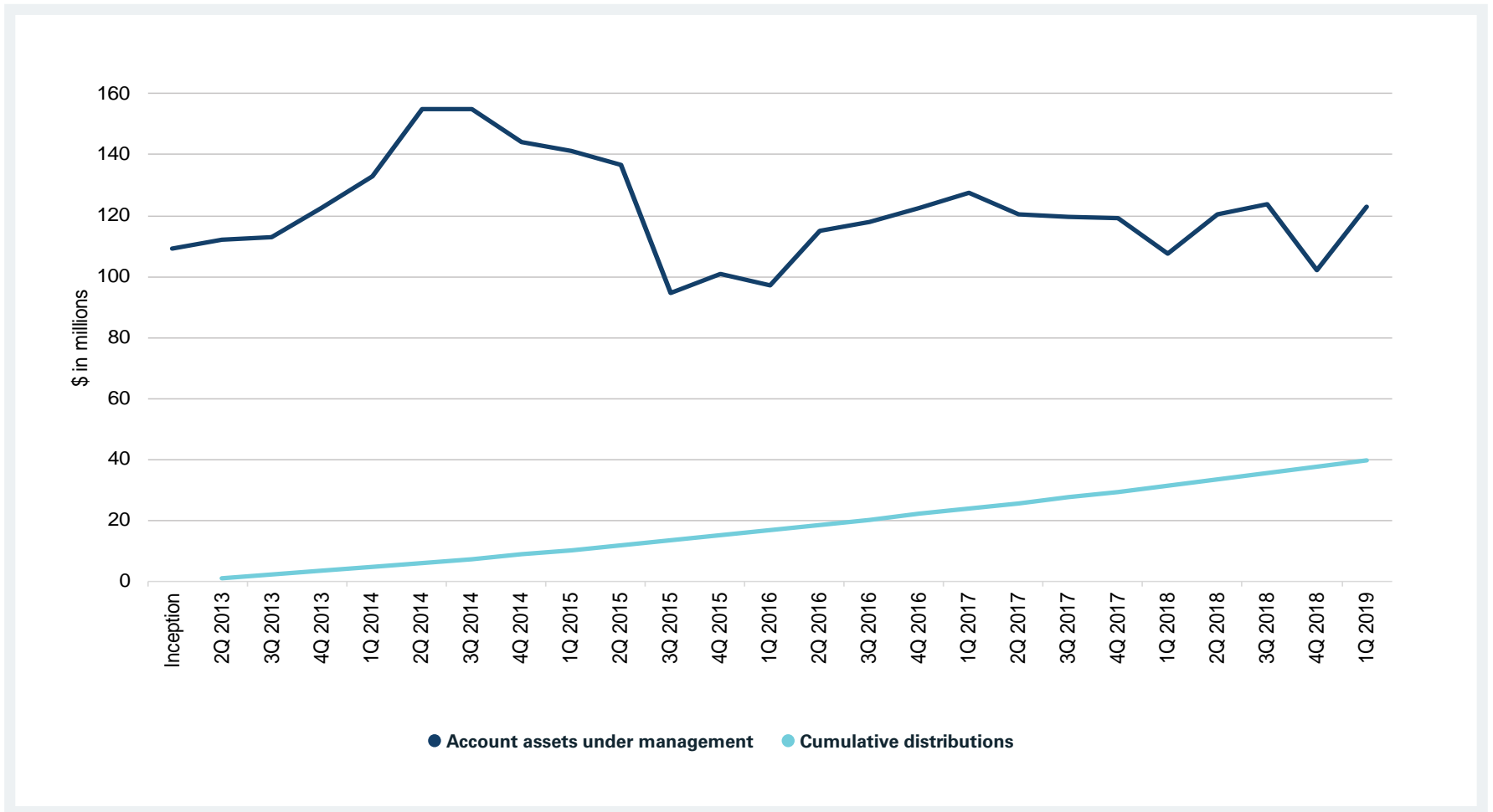




# Account overview



## Cumulative distributions have increased since inception



## Account performance summary

	Year to date	Fiscal year to date <sup>1</sup>	1 year	3 year	5 year	Since inception <sup>2</sup>
<b>Account (net of fees)</b>	16.32	0.07	4.12	2.72	(3.29)	1.13
<b>Tortoise MLP Index<sup>®</sup></b>	17.00	2.50	5.95	3.20	(4.18)	(1.22)
<b>Over/under performance (net)</b>	(0.68)	(2.43)	(1.83)	(0.48)	0.89	2.35

### Portfolio activity summary From 4/22/2013 to 4/30/2019

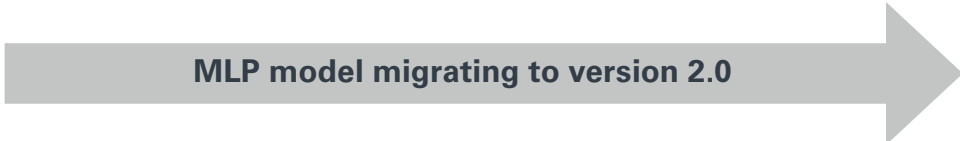
<b>Portfolio value on 4/22/2013</b>	\$ -
<b>Contributions</b>	109,000,000
<b>Withdrawals</b>	-
<b>Realized gains/(losses)</b>	(7,416,327)
<b>Unrealized gains/(losses)</b>	(21,450,601)
<b>Interest</b>	136,651
<b>Dividends/distributions</b>	40,599,069
<b>Management fees paid from account</b>	-
<b>Expenses</b>	-
<b>Portfolio value on 4/30/2019</b>	\$120,868,792

All returns through 4/30/2019. Annualized for periods over one year. <sup>1</sup>Account fiscal year to date: 6/30/2018 to 4/30/2019. <sup>2</sup>Account performance inception date: 4/30/2013. It is not possible to invest directly in an index. Please see important disclosures at end of presentation.

**Past performance is no guarantee of future results.**



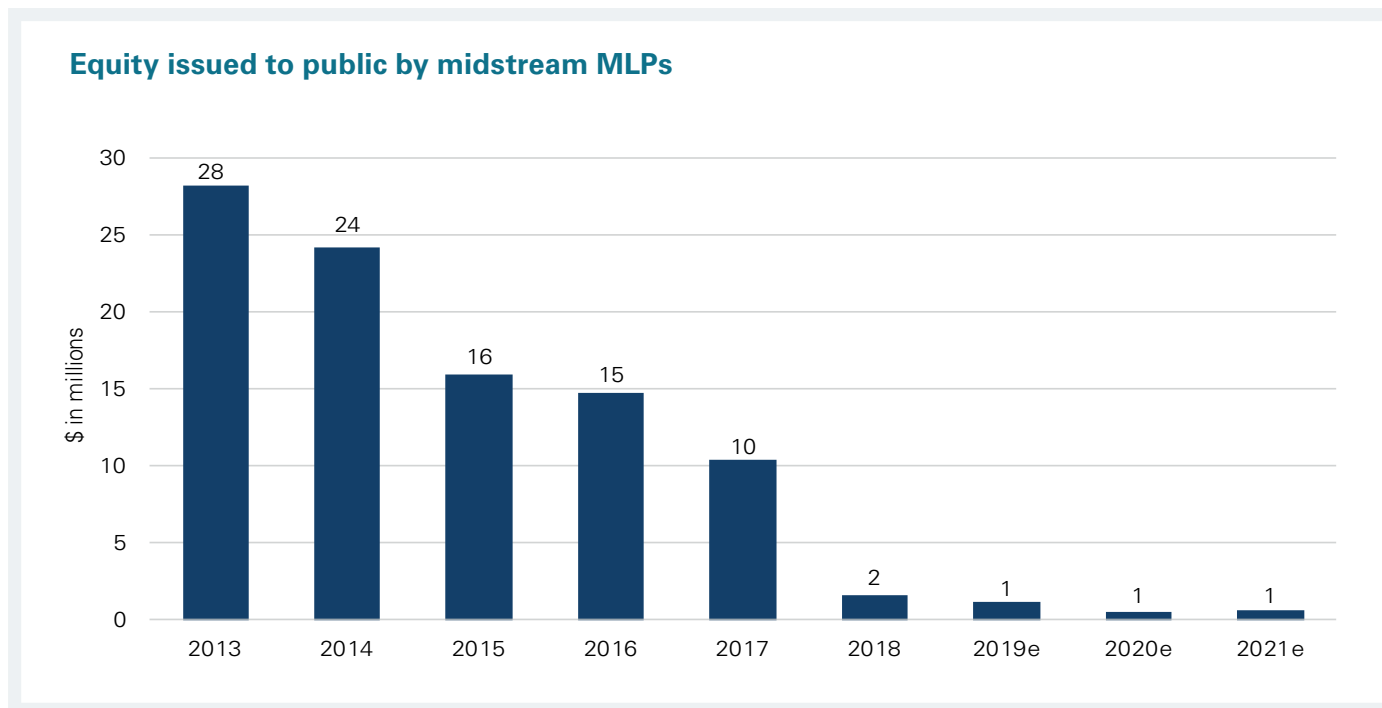
# Evolution of MLPs



MLPs	Version 1.0	Version 2.0
<b>Return components</b>	<ul style="list-style-type: none"> <li>• Distribution yield</li> <li>• Distribution per unit growth</li> <li>• Change in market multiple</li> </ul>	<ul style="list-style-type: none"> <li>• Distribution yield</li> <li>• Distributable cash flow (DCF) per unit growth</li> <li>• Change in market multiple</li> </ul>
<b>Qualities</b>	<ul style="list-style-type: none"> <li>• Distribution coverage 1.0x - 1.3x</li> <li>• Shareholder return primarily through distribution</li> <li>• Utilized equity and debt markets to fund projects</li> <li>• <b>Incentive distribution rights (IDRs) prevalent</b></li> </ul>	<ul style="list-style-type: none"> <li>• Distribution coverage 1.2x - 1.5x</li> <li>• Shareholder return through distribution, debt reduction and unit repurchases</li> <li>• Utilizes self funding and debt markets to fund projects</li> <li>• <b>No IDRs</b></li> </ul>

## Prevalence of self-funding across the sector

- Total equity issued by midstream MLPs continues to decline
- We anticipate minimal equity issuance over the next few years

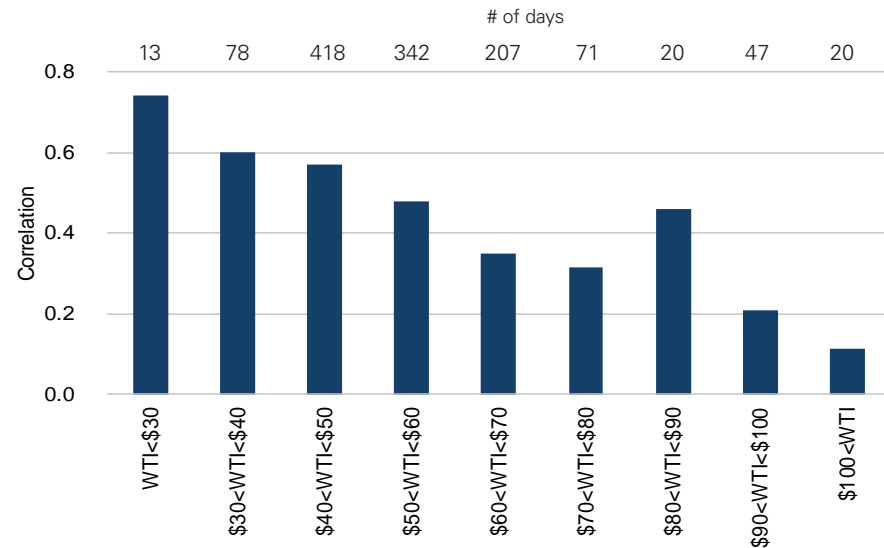


Source: Bloomberg and Tortoise as of 1/4/2019  
The projections on this page are based on industry estimates and are no guarantee of future outcomes.

# Correlation to midstream energy

- Number of days at lower crude oil levels are minimal
- As crude oil prices decrease, correlation to MLPs tends to increase
  - Main driver: sentiment
  - Secondary driver: health of producers in low crude oil price environment
- Not all MLPs are impacted the same by low crude oil prices
  - Refined product pipelines: benefit from higher volumes driven by increased demand
  - Natural gas pipelines: little-to-no impact on cash flows
- We expect crude oil prices to be \$55 - \$65 range-bound through 2019

MLP correlation to crude oil 6/30/2014 - 4/30/2019



	1 year	3 year	5 year	10 year	Since 2000
Historical correlation to crude oil	0.53	0.44	0.57	0.57	0.37

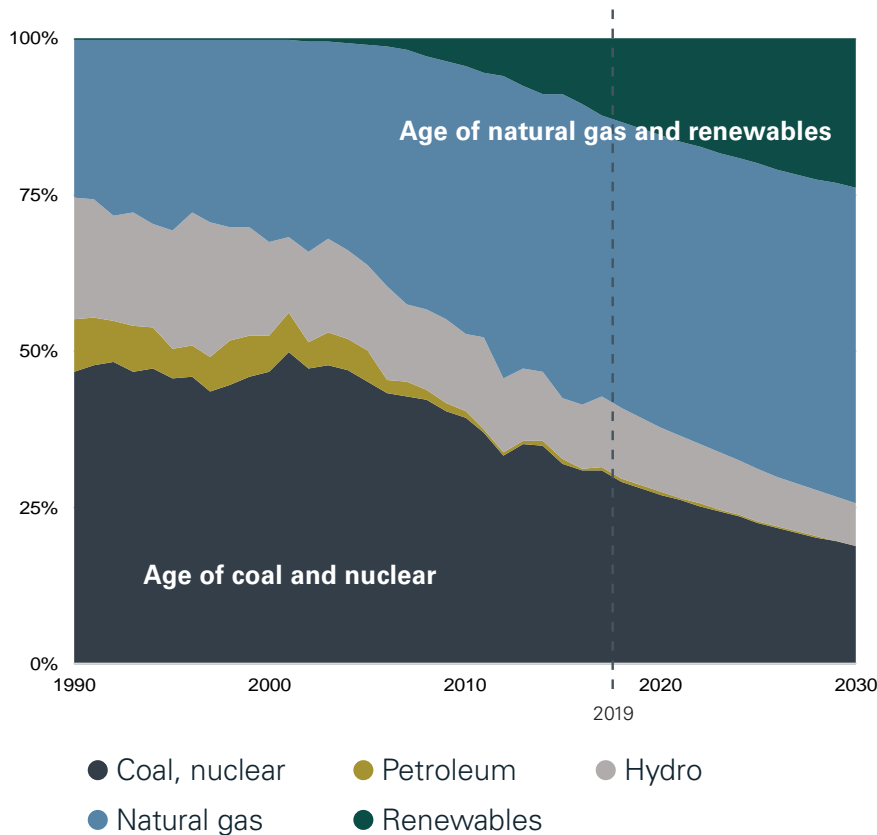


Source: Bloomberg as of 4/30/2019. Crude oil represented by West Texas Intermediate (WTI). MLPs represented by Tortoise MLP Index®. The projections on this page are based on industry estimates and are no guarantee of future outcomes. Please see important disclosures at end of presentation.

**Past performance is no guarantee of future results.**

# Market outlook

# Transitioning to cleaner electricity generation



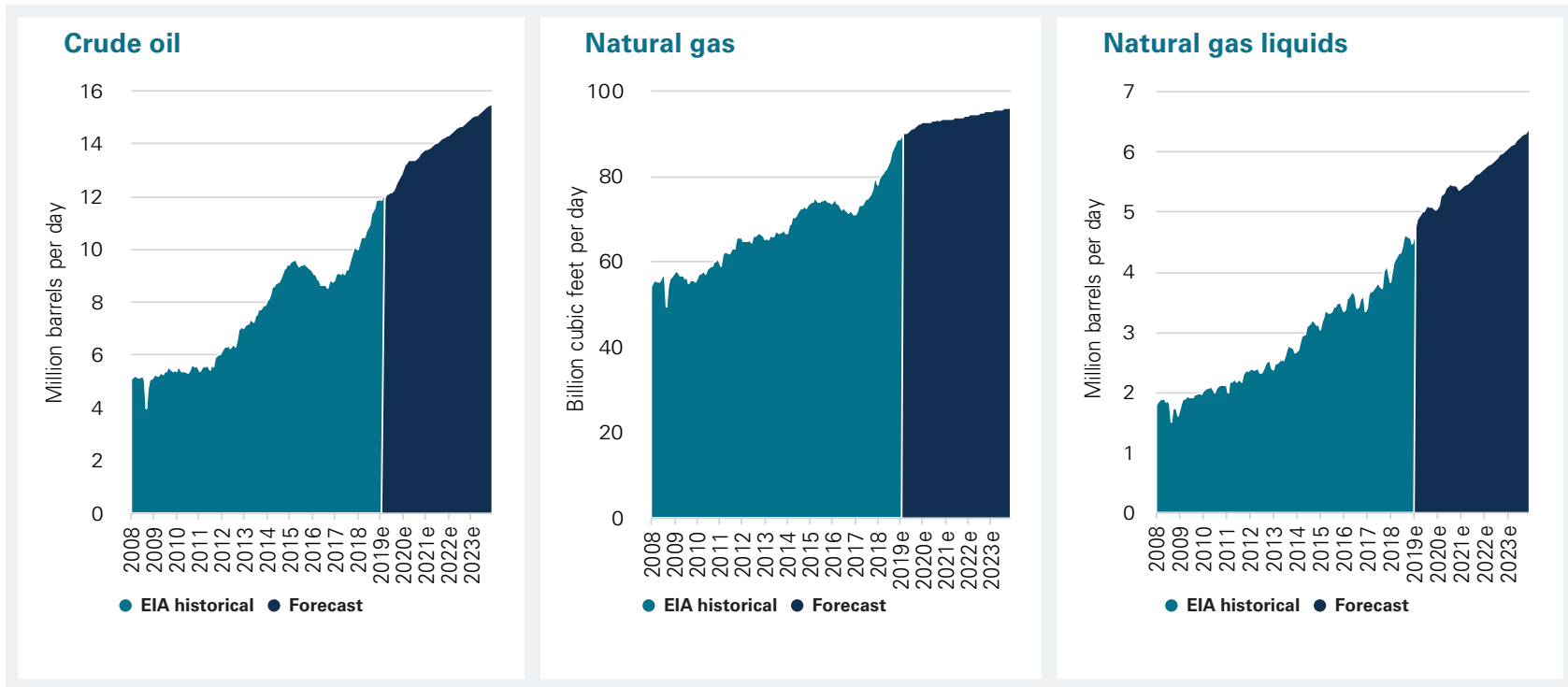
**Advances in technology** and **reduced costs** are driving growth of **cleaner energy sources**

**Coal** and **nuclear** are being **displaced** by **natural gas** and **renewables**

**Wind** and **solar** are becoming a **significant** part of the electric power stack

# U.S. production outlook

Production growth expected to continue at a strong pace over the next five years

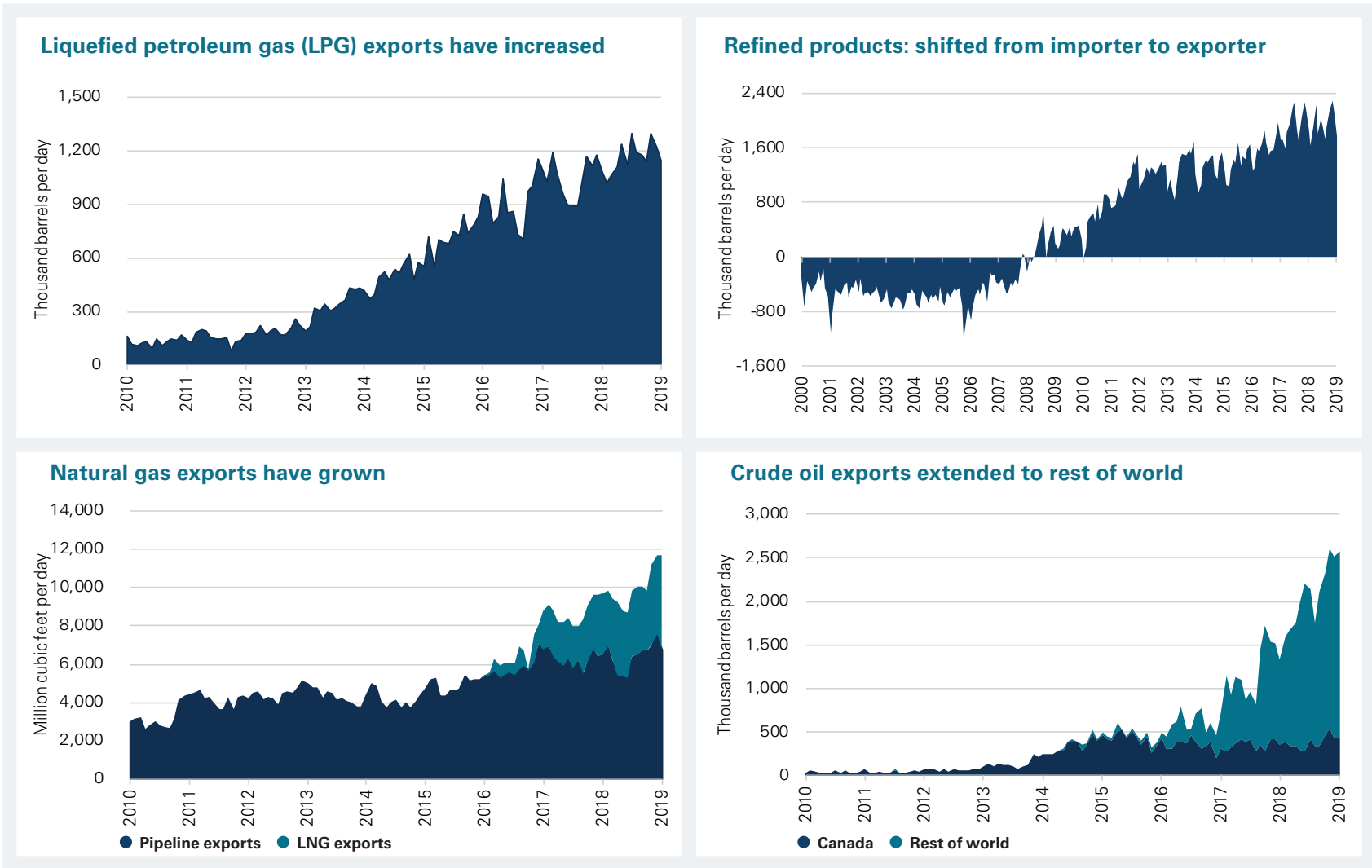


Source: BTU Analytics, EIA STEO (April 2019), EPD, IHS, Tortoise estimates, Tudor Pickering and Wood Mackenzie as of 3/31/2019. The projections on this page are based on industry estimates and are no guarantee of future outcomes.





# U.S. transition to a global exporter



Source: EIA (April 2019 STEO). Data reflected as of 1/15/2019.

## 2019 midstream catalysts

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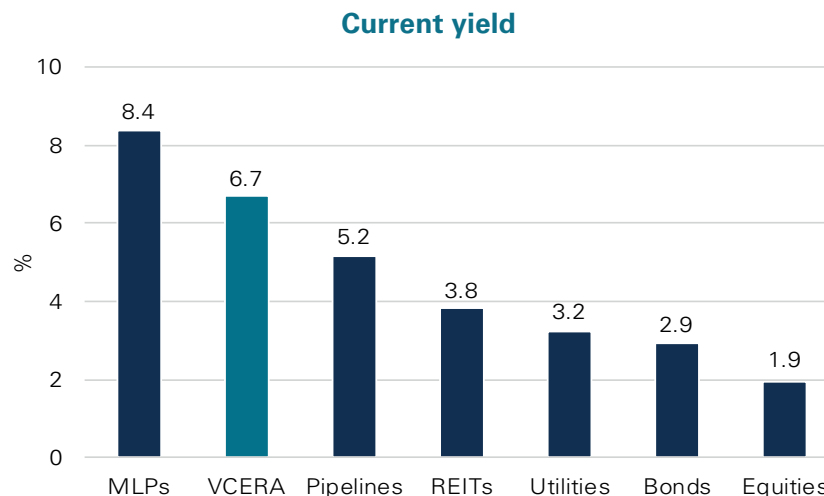
We expect to see these catalysts materialize for midstream energy in 2019

- Structure
  - Simplifications almost complete
  - Companies self-funding equity portion of capex program
- Return of capital to shareholders
  - High current cash yield
  - Sequential cash distribution growth
  - Selling non-core assets
  - Stock buybacks with excess cash flow
- Flows
  - New capital entering space from a variety of channels

# Relative valuation

## MLP yields remained relatively attractive to other yield-oriented securities

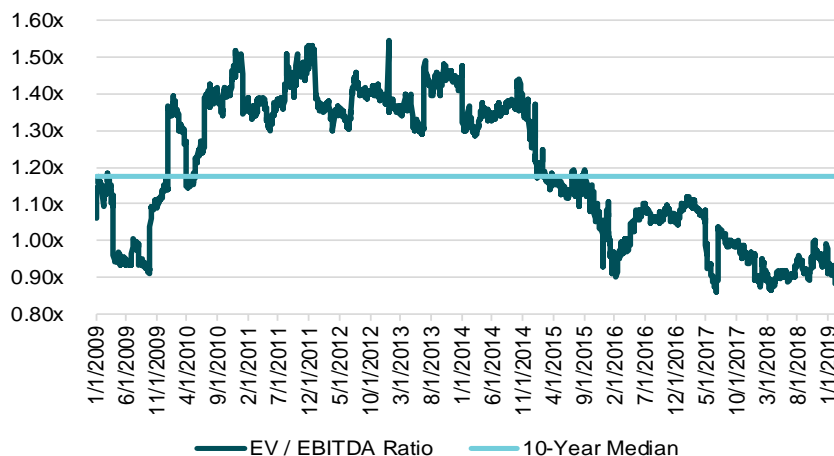
- Yield spread continued to be wide relative to historical averages for utilities and REITs
  - Spread to utilities: 512 basis points (bps) vs. five-year median of 405 bps
  - Spread to REITs: 453 bps vs. five-year median of 344 bps



## MLP valuations remain very attractive relative to broader market

- Historically (10-year median) MLPs have traded at an ~20% premium relative to S&P 500 on an EV / EBITDA basis
  - MLPs currently trading at ~7.5% discount relative to S&P 500, implying ~30% upside to historical median

## MLPs currently trading at a discount relative to S&P 500



Source: Bloomberg, NAREIT (REITs yield) and Tortoise as of 3/31/2019. MLPs = Tortoise MLP Index<sup>®</sup>. Pipelines = Tortoise North American Pipeline Index<sup>SM</sup>. REITs = FTSE NAREIT All Equity REITs Index. Utilities = S&P Utilities Select Sector Index. Bonds = Bloomberg Barclays U.S. Aggregate Bond Index. Equities = S&P 500<sup>®</sup> Index. It is not possible to invest directly in an index. EV/EBITDA = enterprise value to earnings before interest, taxes, depreciation and amortization. Please see important disclosures at end of presentation.

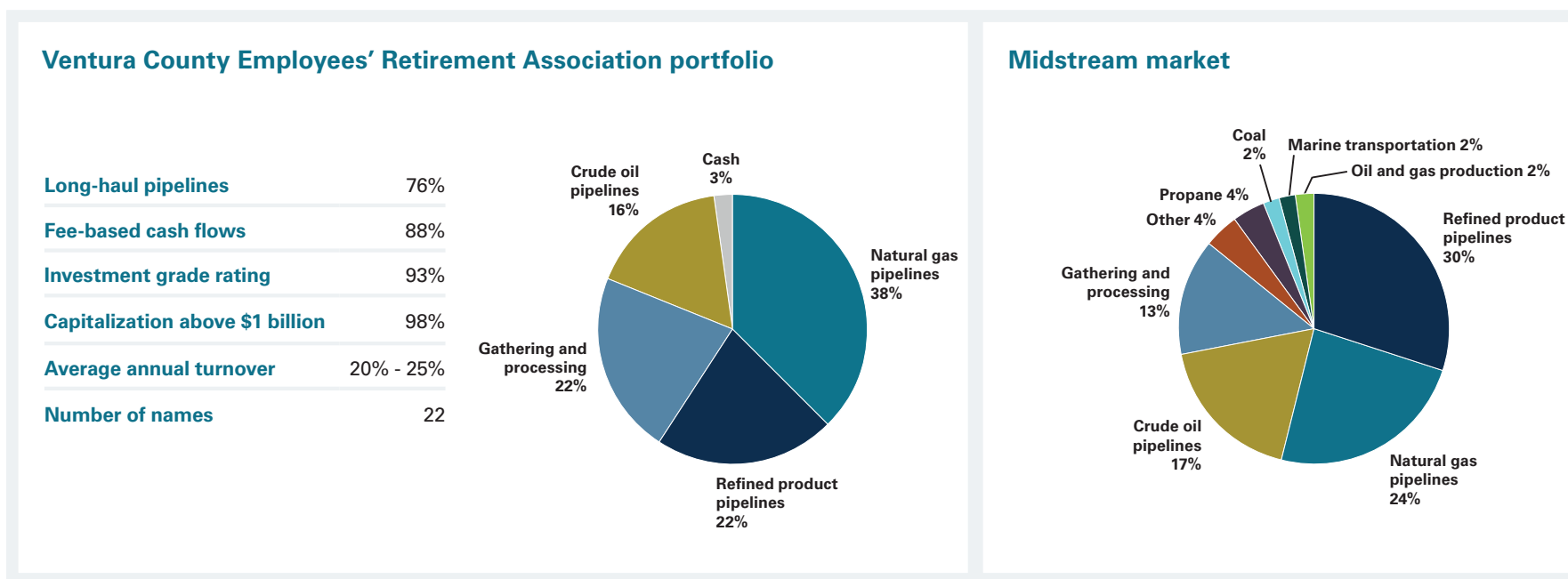


**Past performance is no guarantee of future results.**

# Appendix

# Account portfolio vs. index

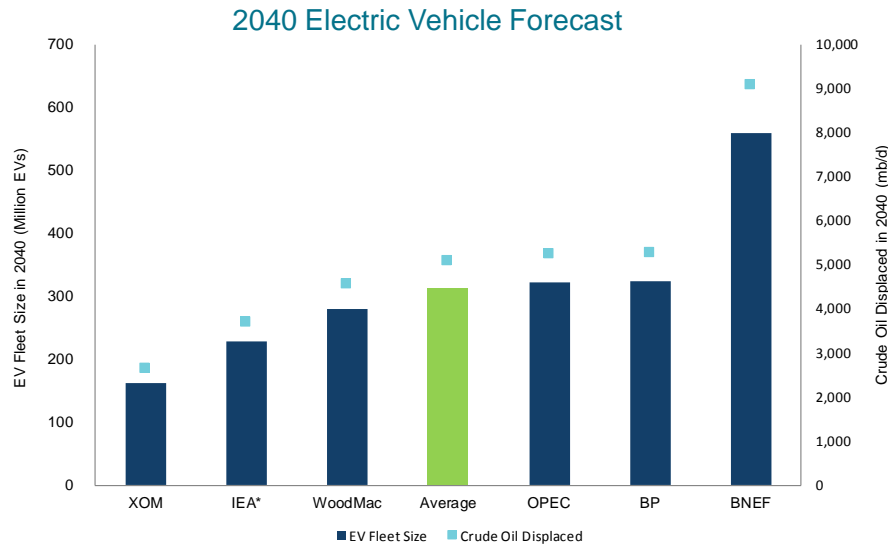
## Midstream strategy focuses on pipelines and gathering and processing companies



As of 4/30/2019

Midstream market is represented by the Tortoise MLP Index<sup>®</sup>. Due to rounding, totals may not equal 100%. Please see important disclosures at end of presentation.

# Electric vehicles



- 2040 Electric Vehicle Forecast
  - Projected average EV fleet size represents a 23% CAGR from 2017
  - EV fleet size expected to represent 12-34% of total vehicles on the road
  - EVs expected to account for 31-55% of new car sales in 2040
- Crude oil displacement assumptions:
  - 11,200 miles driven per year, per vehicle
  - 45 MPG of cars replaced in 2040 (currently ~25 MPG)

## Drivers of EV Uptake

- Increased fuel economy standards
- Continued gov't support (e.g. subsidies, regulation)
- Declining EV costs
- Improved battery technology (e.g. lower cost, increased range capability)
- Reduced operating costs (e.g. charging, maintenance)
- Expanded EV charging infrastructure & improved charging speeds
- Adoption of automated vehicles
- Environmental benefits of vehicle

## Barriers of EV Uptake

- Improved ICE efficiency
- Dependence on policy support (e.g. subsidies)
- EV costs
- Battery limitations (e.g. cost, range anxiety)
- EV charging infrastructure constraints
- Electrical grid constraints
- Raw material shortage (e.g. lithium and cobalt)
- Environmental concerns inclusive of entire value chain

**Most aggressive adoption assumptions merely slows demand growth**



Source: BNEF, IEA, OPEC, BP, Wood Mackenzie, XOM as of 3/31/2019. \*IEA forecast is only available through 2030. Reflects Tortoise views and opinions as of date herein which are subject to change at any time based on market and other conditions.

## Important disclosures

This presentation contains forward-looking statements. These forward-looking statements include all statements regarding the intent, belief or current expectations regarding matters covered and all statements which are not statements of historical fact. The forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors, many of which are beyond our control. Since these factors can cause results, performance and achievements to differ materially from those discussed in the presentation, you are cautioned not to place undue reliance on the forward-looking statements. This presentation is updated through March 31, 2019 unless otherwise noted.

All investing involves risk. Principal loss is possible. The risks of investing vary depending on an investor's particular situation. Investment objectives, risks and fees/expenses within particular master limited partnership (MLP)-related product alternatives vary.

MLPs are subject to many risks, including those that differ from the risks involved in an investment in the common stock of a corporation. Holders of MLP units have limited control and voting rights on matters affecting the partnership. Holders of units issued by an MLP are exposed to a remote possibility of liability for all of the obligations of that MLP in the event that a court determines that the rights of the holders of MLP units to vote to remove or replace the general partner of that MLP, to approve amendments to that MLP's partnership agreement, or to take other action under the partnership agreement of that MLP would constitute "control" of the business of that MLP, or a court or governmental agency determines that the MLP is conducting business in a state without complying with the partnership statute of that state. Holders of MLP units are also exposed to the risk that they will be required to repay amounts to the MLP that are wrongfully distributed to them. In addition, the value of the investment in an MLP will depend largely on the MLP's treatment as a partnership for U.S. federal income tax purposes. If an MLP does not meet current legal requirements to maintain partnership status, or if it is unable to do so because of tax law changes, it would be treated as a corporation for U.S. federal income tax purposes. In that case, the MLP would be obligated to pay income tax at the entity level and distributions received generally would be taxed as dividend income. Furthermore, MLP interests may not be as liquid as other more commonly traded equity securities.

**Index information:** MLPs = Tortoise MLP Index<sup>®</sup>, a float-adjusted, capitalization-weighted index of energy MLPs. To be eligible for inclusion in the Tortoise MLP Index<sup>®</sup>, a company must be publicly traded, organized as a limited partnership or a limited liability company (LLC), and be classified as an "energy MLP" by the Master Limited Partnership Association (MLPA). Tortoise MLP Index<sup>®</sup> (the "Index") is the exclusive property of Tortoise Index Solutions, LLC, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) to calculate and maintain the Index. The Index is not sponsored by S&P Dow Jones Indices or its affiliates or its third party licensors (collectively, "S&P Dow Jones Indices"). S&P Dow Jones Indices will not be liable for any errors or omission in calculating the Index. "Calculated by S&P Dow Jones Indices" and its related stylized mark(s) are service marks of S&P Dow Jones Indices and have been licensed for use by Tortoise Index Solutions, LLC and its affiliates. S&P<sup>®</sup> is a registered trademark of Standard & Poor's Financial Services LLC ("SPFS"), and Dow Jones<sup>®</sup> is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). The Alerian MLP Index is a composite of the 50 most prominent energy MLPs that provides investors with an unbiased, comprehensive benchmark for this emerging asset class. Utilities = S&P Utilities Select Sector Index, a modified market-cap weighted index composed of constituents of the S&P 500 in the utility sector (as defined by the Global Industry Classification Standard). REITs = FTSE NAREIT All Equity REITs Index, a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50% of total assets in qualifying real estate assets other than mortgages secured by real property. Equities = S&P 500<sup>®</sup> Index, an unmanaged market-value weighted index of stocks that is widely regarded as the standard for measuring large-cap U.S. stock market performance. It is not possible to invest directly in an index. Index returns and yields shown are presented before management fees and other expenses of Tortoise advisory products and services. Clients or investors in Tortoise products and services will experience returns and yields reduced by advisory fees and other product expenses.

Nothing contained in this communication constitutes tax, legal or investment advice. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation and should carefully read specific fund documentation for particular situations.

**Past performance is no guarantee of future results.**



[www.tortoiseadvisors.com](http://www.tortoiseadvisors.com)





May 20, 2019

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

**SUBJECT: ASSET ALLOCATION RECOMMENDATION**

Attached is a memo from NEPC and I jointly recommending an increase in the private equity target allocation from 10% to 13%, funded by a decrease in the target allocation to real assets from 10% to 7%.

As noted in the attached memo, NEPC and I believe that the recommended allocation change offers a higher long-term return potential, which will better enable VCERA to meet its long-term obligations.

**RECOMMENDED: THAT THE BOARD APPROVE THE ASSET ALLOCATION RECOMMENDATION AS PRESENTED**

Respectfully submitted,

Dan Gallagher  
Chief Investment Officer

H:\Investment Policy\Investment Policy\20190520 target change- 3% increase in pvt eqty, 3% decrease in real assets cover memo- Board rec.docx



**To:** Ventura County Employees' Retirement Association  
**From:** Dan Gallagher, CIO, and the NEPC Consulting Team  
**Date:** May 20<sup>th</sup>, 2019  
**Subject:** Asset Allocation Recommendation

**Recommendation**

Staff and NEPC recommend the Ventura County Employees' Retirement Association ("VCERA" or the "Fund") adopt the proposed asset allocation, ranges, and benchmarks (Shown in Exhibit A) to replace the current target asset allocation.

**Background**

As shown in the table below, the only change being recommended is to take three percent of the 10% in the Real Assets allocation and investing that three percent in the Private Equity allocation.

Staff and NEPC are recommending this change as we believe Private Equity represents the more attractive risk-adjusted returns compared to Real Assets and NEPC and Abbott Capital have shown the ability to identify opportunistic strategies that have provided strong net of fee returns while mitigating the effect of the J-curve. At a Total Fund level, this change retains the same projected risk-adjusted returns while improving the expected returns of the Fund. We would expect the proposed target asset allocation to take four to six years to implement the increased allocation to Private Equity as the allocation is currently at 6.7% as of April 30<sup>th</sup>.

	Current Target	70/30	Proposed Target
Large Cap Equities	23%	0%	23%
Small/Mid Cap Equities	3%	0%	3%
Int'l Equities (Unhedged)	14%	0%	14%
Emerging Int'l Equities	3%	0%	3%
Global Equity	10%	70%	10%
Private Equity	10%	0%	13%
<b>Total Equity</b>	<b>63%</b>	<b>70%</b>	<b>66%</b>
Core Bonds	7%	30%	7%
Absolute Return Fixed Income	7%	0%	7%
Private Debt	3%	0%	3%
Treasuries	2%	0%	2%
<b>Total Fixed Income</b>	<b>19%</b>	<b>30%</b>	<b>19%</b>
Real Assets	10%	0%	7%
Core Real Estate	6%	0%	6%
Non-Core Real Estate	2%	0%	2%
<b>Total Real Assets</b>	<b>18%</b>	<b>0%</b>	<b>15%</b>
<b>Expected Return 5-7 yrs</b>	<b>6.99%</b>	<b>6.39%</b>	<b>7.08%</b>
<b>Expected Return 30 yrs</b>	<b>8.09%</b>	<b>7.81%</b>	<b>8.19%</b>
<b>Standard Dev</b>	<b>13.45%</b>	<b>12.55%</b>	<b>13.72%</b>
<b>Sharpe Ratio (5-7 years)</b>	<b>0.33</b>	<b>0.31</b>	<b>0.33</b>
<b>Sharpe Ratio (30 years)</b>	<b>0.38</b>	<b>0.38</b>	<b>0.38</b>

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**Exhibit A**

	<u>Targets</u>	<u>Ranges</u>	<u>Benchmark</u>
U.S. Equity	26.0%	21.0% - 31.0%	Russell 3000 Index
Non-US Equity	17.0%	13.0% - 21.0%	MSCI ACWI ex U.S. Index Net
Global Equity	10.0%	7.0% - 13.0%	MSCI ACWI Index Net
Private Equity	13.0%	5.0% - 15.0%	Russell 3000 Index + 3%
U.S. Fixed Income	19.0%	16.0% - 22.0%	Barclays Capital U.S. Aggregate Bond Index
Real Assets			
• Real Assets	7.0%	0.0% - 9.0%	CPI + 2%
• Core Real Estate	6.0%	3.0% - 9.0%	NCREIF ODCE Index
• Non-Core Real Estate	2.0%	0.0% - 3.0%	NCREIF ODCE Index
Cash	0.0%	0.0% - 3.0%	90 day T-bills

## ASSET ALLOCATION UPDATE

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

May 20, 2019

Allan Martin, Partner

Anthony Ferrara, CAIA, Consultant

Michael Miranda, CFA, Senior Analyst



**VCERA**  
VENTURA COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION



BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | PORTLAND | SAN FRANCISCO

# OVERVIEW

**On an annual basis (and more frequently based on developments), NEPC spends a significant amount of time reviewing capital markets**

**This includes a review of significant capital market themes on a global basis**

**NEPC's recommendation of specific opportunities for all clients**

These are then customized for each client based on their specific situation, including investment goals and risk tolerance

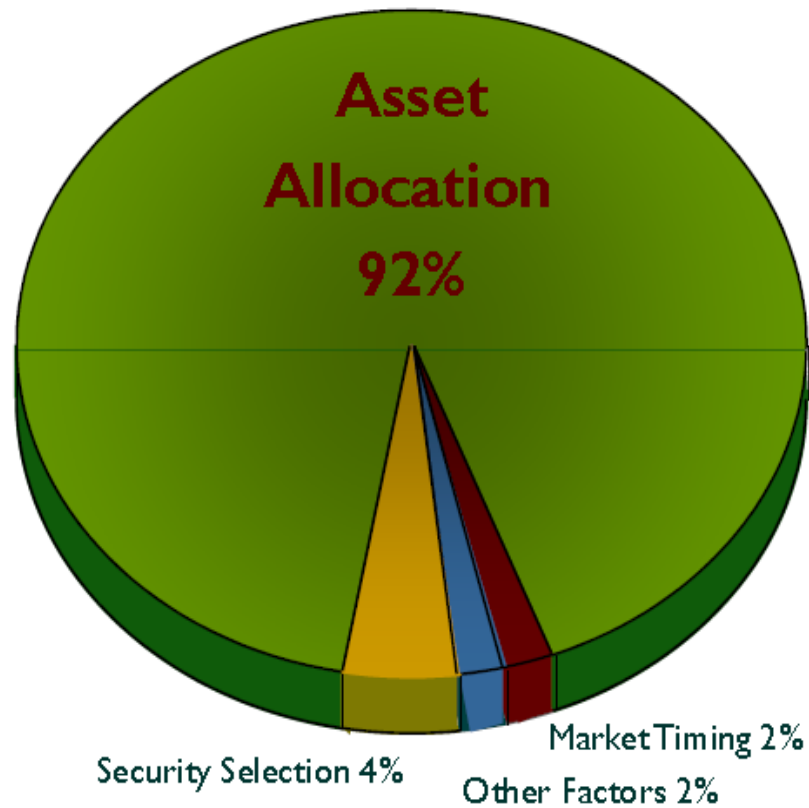
**Using these asset class forecasts, we then apply them to the client's current strategic targets as well as alternate mixes to develop a profile of potential returns and risks associated with each mix, allowing the Board to evaluate and determine if a change in strategic targets (as well as ranges and benchmarks) is warranted**

**While the current allocation generates an expected return of 7% over the next 5-7 years, we recommend increasing that expected return by 10 basis points without reducing the Sharpe ratio by reallocating a portion of the Real Assets allocation to Private Equity (Page 6)**



# IMPORTANCE OF ASSET ALLOCATION

## Determinants of Portfolio Performance



Source: *Determinants of Portfolio Performance II: An Update*, Brinson, et al, *Financial Analysts Journal*, May/June 1991, pp 40-48.

# 2019 SUMMARY OUTLOOK

## **Market dynamics shifted significantly in 2018, with Fed policy and US-China trade tensions disrupting many of our key market themes**

As a result we have removed Extended US Economic Cycle, and Global Synchronized Growth as key themes

## **We believe we have entered a late-cycle market environment and the dynamics of such an environment will be a focal point for investors**

However, late-cycle does not mean end of cycle and equities can still offer lucrative returns, though are likely to be accompanied by additional volatility

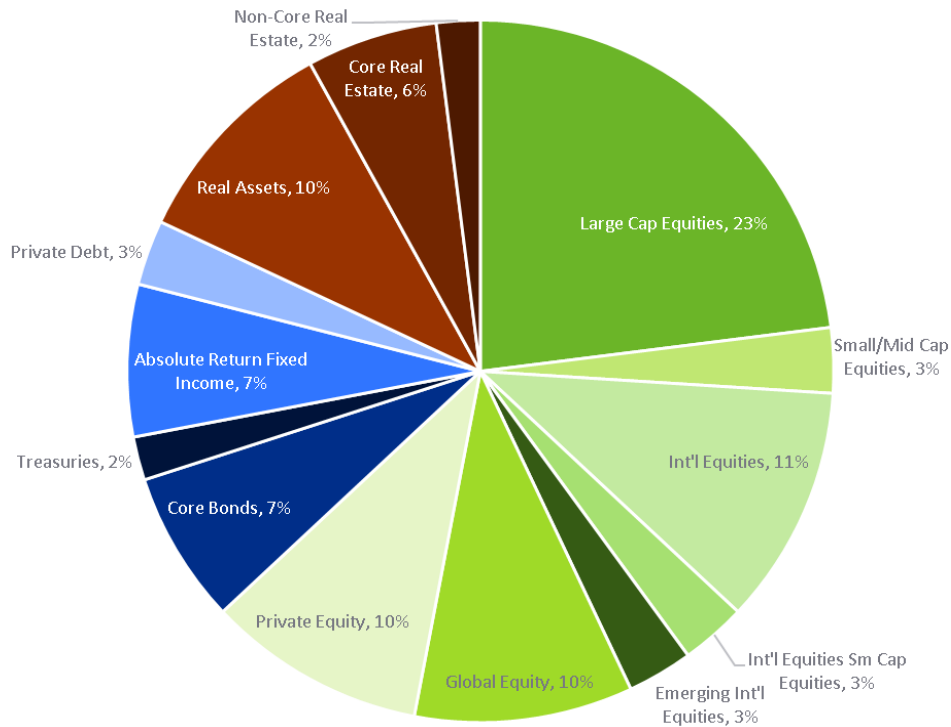
## **The transition to a late-cycle is accompanied with a more risk-averse investment outlook as economic risks become more pronounced**

After years of low volatility and outsized equity returns, the market is likely to transition to a higher volatility regime, which offers more risk but also tactical opportunities

We recommend reducing lower quality credit exposure as higher default rates are a common aspect of late-cycle market dynamics



# VCERA TARGET MIX – USING NEPC’S 2019 ASSUMPTIONS



	5-7 Year		30 Year	
	2018	2019	2018	2019
<b>Expected Return</b>	6.7%	7.0%	7.7%	8.1%
<b>Expected Volatility</b>	12.1%	13.5%	12.1%	13.5%
<b>Sharpe Ratio</b>	0.38	0.33	0.43	0.38
<b>Sortino Ratio</b>	0.69	0.63	0.80	0.75

Probabilities using 2019 Assumptions	
<b>Probability of 1-Year Return Under 0.00%</b>	30.2%
<b>Probability of 5-7 Year Return Under 0.00%</b>	10.2%
<b>Probability of 5-7 Year Return Over 7.25%</b>	48.0%
<b>Probability of 30-Year Return Over 7.25%</b>	62.9%





# VCERA ASSET ALLOCATION COMPARISON

	Current Target	70/30	Proposed Target
Large Cap Equities	23%	0%	23%
Small/Mid Cap Equities	3%	0%	3%
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# VCERA PROPOSED RANGES AND BENCHMARKS

	<u>Targets</u>	<u>Ranges</u>	<u>Benchmark</u>
U.S. Equity	26.0%	21.0% - 31.0%	Russell 3000 Index
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# 2019 ASSET CLASS ASSUMPTIONS

NEPC, LLC

---

# 2019 ASSET CLASS OVERVIEW

## **NEPC asset class assumptions offer both an intermediate (5-7 years) and long term (30 years) forecast horizon**

November 30<sup>th</sup> replaced by December 31<sup>st</sup> market data for inputs to asset class models

## **Return expectations for credit asset classes are broadly higher relative to last year due to interest rate increases and wider credit spreads**

Despite the increase in return expectations, we encourage caution when investing in lower-quality credit exposure as we expect default rates to trend higher in the current late-cycle market environment

## **US equity return expectations increased relative to last year following a sizable correction in the fourth quarter of 2018**

## **Our outlook for international developed equities is less optimistic than prior years, resulting in a significantly lower 5-7 year return expectation**

## **We continue to refine and enhance our process where appropriate**

New asset class assumptions were added this year to provide greater differentiation in credit, including investment and speculative grade corporate ratings (AAA-CCC)

Private equity and private debt sub-strategies were added to offer a distinction among private market implementation options with different volatility and return profiles

Asset class correlation and volatility assumptions were adjusted to integrate private markets and new asset classes, to improve risk modeling and scenario analysis



# ASSUMPTION DEVELOPMENT

## Capital market assumptions are published for over 60 asset classes

Assumptions include 5-7 year and 30 year return forecasts, average annual volatility expectations, and correlations

## The 5-7 year forecast is designed to capture the return outlook for the current investment cycle

30 year return assumptions reflect a long-term outlook and are informed by the historical relationships among asset classes

## Assumptions are published annually in December and use market data as of November 30

Assumptions are developed by the Asset Allocation Committee and approved by the Partners Research Committee (PRC)

## Assumptions are developed with proprietary valuation models and rely on a core building block methodology

Asset Allocation Committee	
September	<p>Asset Allocation Committee Assumptions Kickoff</p> <p>Finalize List of New Asset Class Assumptions</p>
October	<p>Review Draft of Asset Class Return Assumptions</p> <p>Discuss Outlook with NEPC Research Beta Groups</p>
November	<p>Finalize Volatility and Correlation Assumptions</p> <p>Final Update of Asset Class Models (As of 11/30)</p>
December	<p>Review Model Output and Create Return Assumptions</p> <p>Present Draft to the PRC</p> <p>Publish Assumptions on December 14<sup>th</sup></p>



# BUILDING BLOCKS METHODOLOGY

**Forward-looking asset class models incorporate current and forecasted market and economic data to inform expected returns**

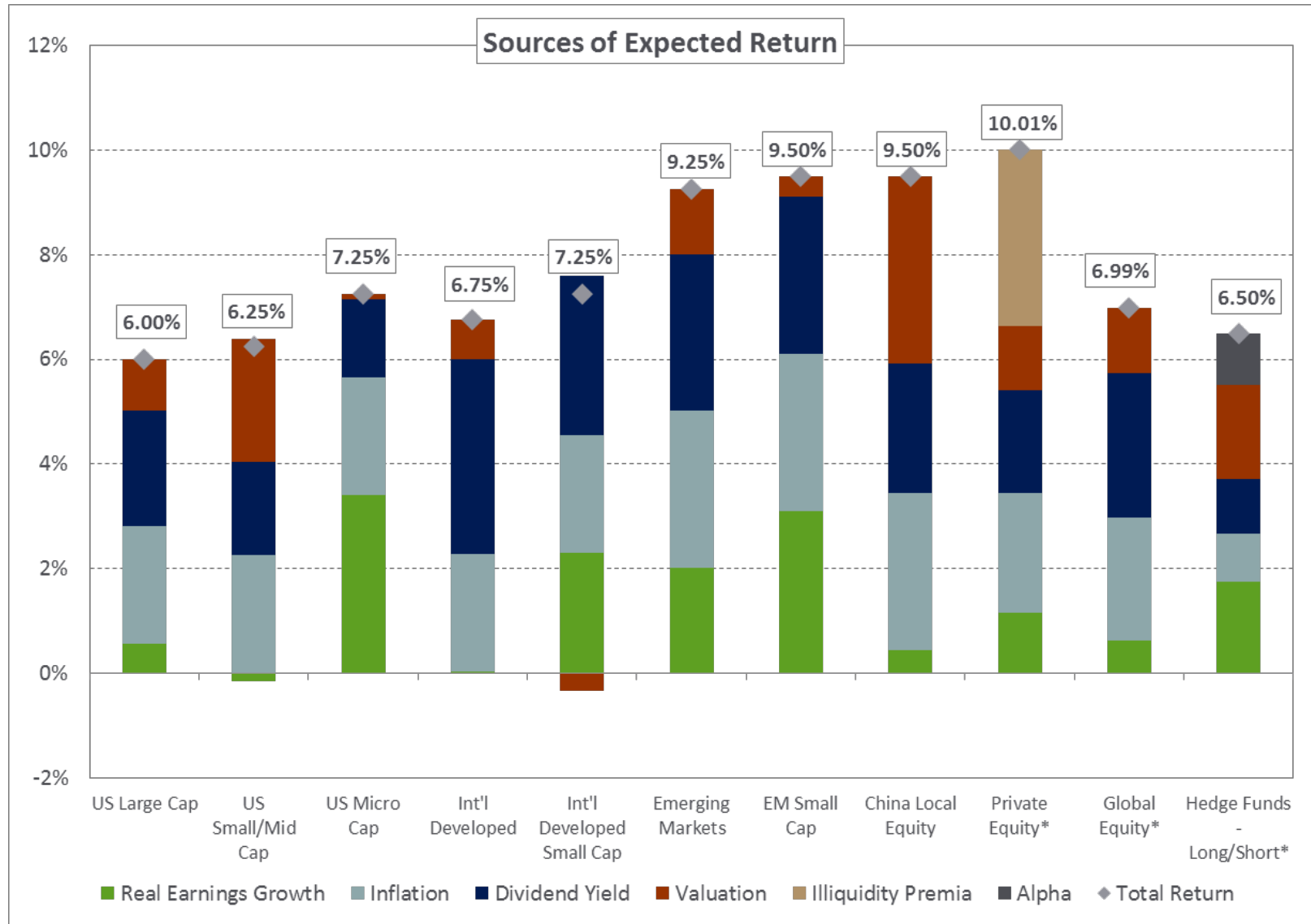
**Quantitative inputs combined with qualitative factors and investor sentiment (capital flows, etc.) drive the 5-7 year return outlook**

**Components are combined to capture core drivers of return across asset classes – forming the foundation of our building blocks framework**

**Building blocks will vary across equity, credit, and real assets**



# EXAMPLE: EQUITY 5-7 YR BUILDING BLOCKS



Source: NEPC

\*Calculated as a blend of other classes – see page 39 for additional details



# CORE RETURN ASSUMPTIONS

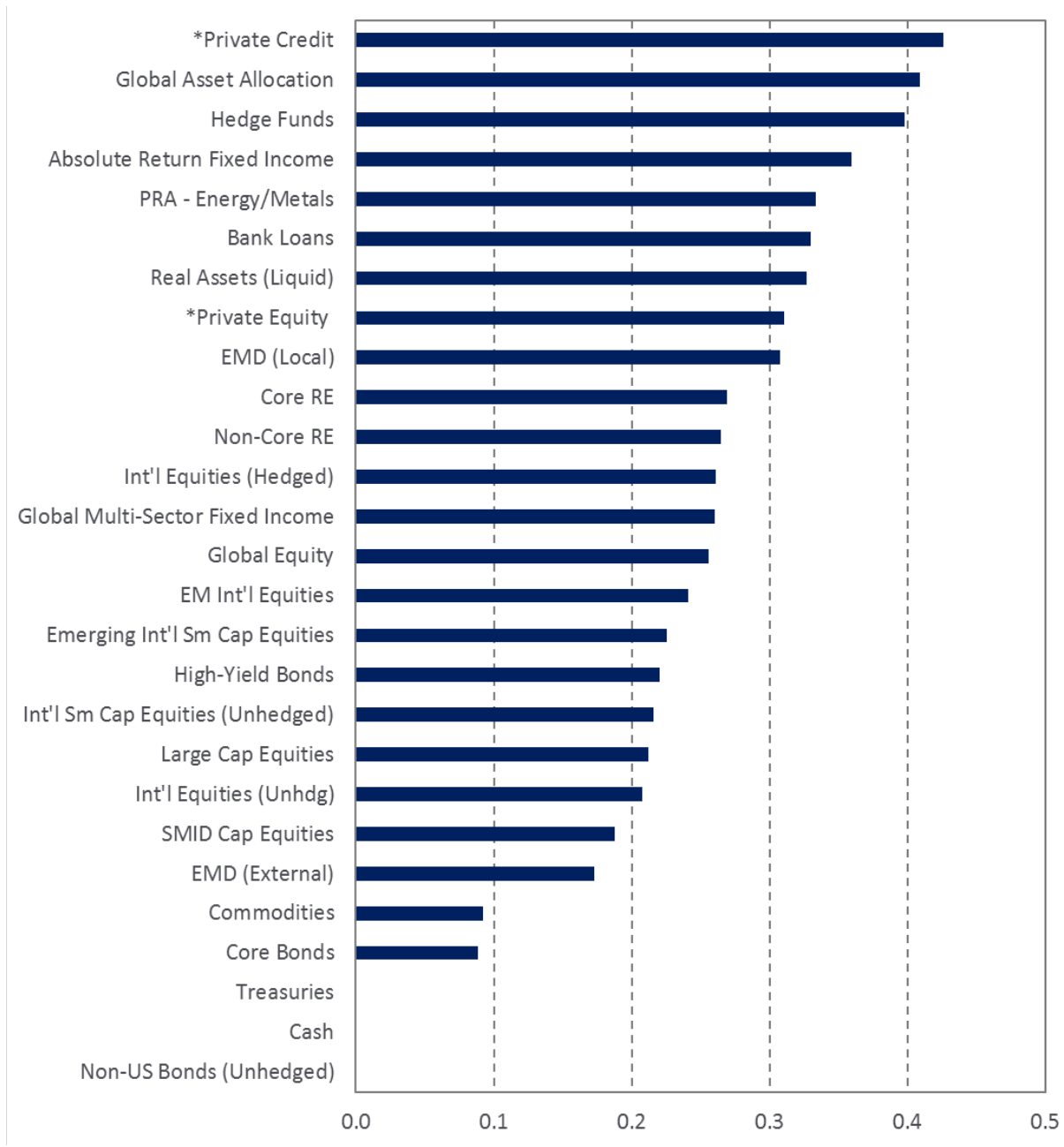
	Asset Class	5-7 Year Return	Change 2019-2018	Volatility
	Cash	2.50%	<b>+0.50%</b>	1.00%
	US Inflation	2.25%	<b>-0.25%</b>	-
Equity	Large Cap Equities	6.00%	<b>+0.75%</b>	16.50%
	International Equities (Unhedged)	6.75%	<b>-0.75%</b>	20.50%
	Emerging International Equities	9.25%	<b>+0.25%</b>	28.00%
	<i>Private Equity*</i>	10.01%	<b>+2.01%</b>	24.16%
Rates/Credit	Treasuries	2.50%	<b>+0.25%</b>	5.50%
	<i>Core Bonds*</i>	3.04%	<b>+0.29%</b>	6.10%
	High Yield Bonds	5.25%	<b>+1.50%</b>	12.50%
	<i>Private Debt*</i>	7.60%	<b>+1.10%</b>	11.97%
Real Assets	Commodities	4.25%	<b>-0.50%</b>	19.00%
	Midstream Energy	8.25%	<b>+1.00%</b>	18.50%
	REITs	6.75%	<b>+0.25%</b>	20.00%
	Core Real Estate	6.00%	<b>+0.25%</b>	13.00%
Multi-Asset	<i>US 60/40*</i>	5.07%	<b>+0.53%</b>	10.45%
	<i>Global 60/40*</i>	5.08%	<b>+0.17%</b>	10.95%
	<i>Absolute Return*</i>	5.74%	<b>-0.09%</b>	8.15%

\*Calculated as a blend of other asset classes – see page 39 for additional details





# 2019 5-7 YEAR FORECASTED SHARPE RATIOS



Source: NEPC  
 \*Unsmoothed volatilities used for Private Equity and Private Credit for optimization purposes



# MACRO ASSUMPTIONS

NEPC, LLC

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# INFLATION OVERVIEW

## **Inflation is an integral component of our asset allocation assumptions**

Represents an essential building block for developing asset class returns

## **Inflation building blocks are model driven and informed by multiple sources for both the US and global asset classes**

Includes forecasts from international organizations (e.g. IMF), local consumer and producer price indices, break-even inflation expectations, and global interest rate curves

## **US inflation is based upon the TIPS breakeven inflation curve adjusted for expectations of economic activity, employment, and capacity levels**

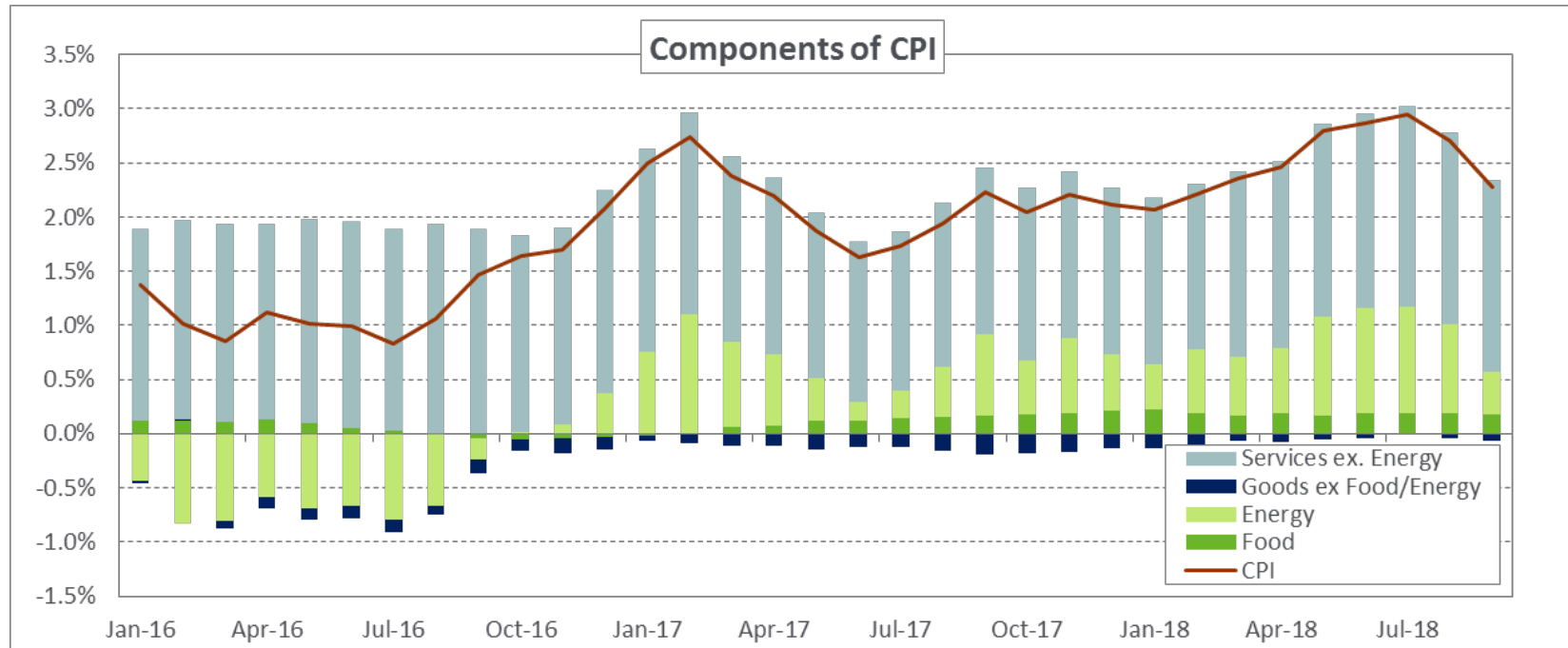
## **Global inflation expectations are informed by consensus forecasts across countries along with implied inputs from global bond curves**

The 30 year global inflation forecast assumes purchase power parity holds across the globe and country specific inflation levels converge to a terminal value

<b>Region</b>	<b>5-7 Year Inflation Assumption</b>	<b>30-Year Inflation Assumption</b>
United States	2.25%	2.75%
Global	3.00%	3.25%



# US INFLATION



Source: Bloomberg, NEPC

## US inflation has increased, but has yet to materially accelerate despite strong economic growth and a tight labor market

Underlying inflation has risen with a modest increase in wages due to the tightening labor market but market-based inflation expectations have declined considerably this year

## A significant decline in energy prices in the latter half of 2018 has minimized overall price pressures

Energy is historically the most volatile component of CPI and a sustained decline in prices can cause inflation to remain muted



# GLOBAL INFLATION

## In most developed economies, core inflation has failed to reach or exceed central bank targets

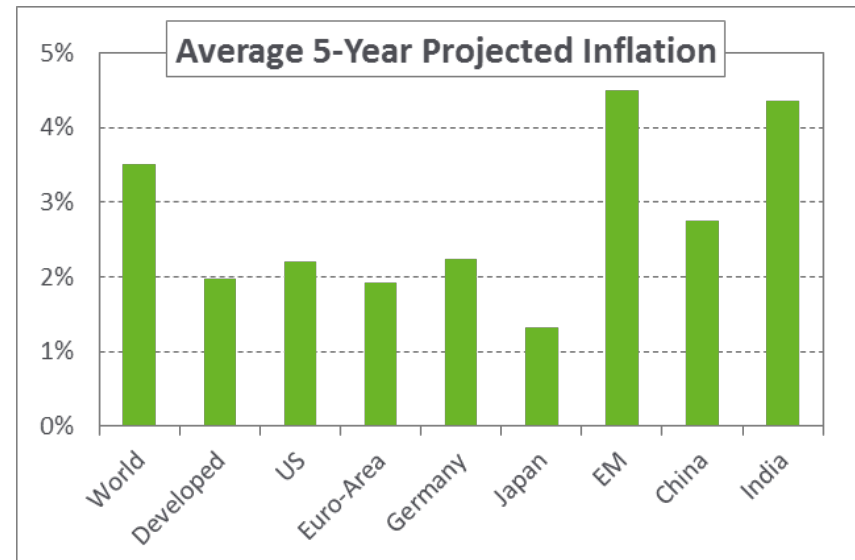
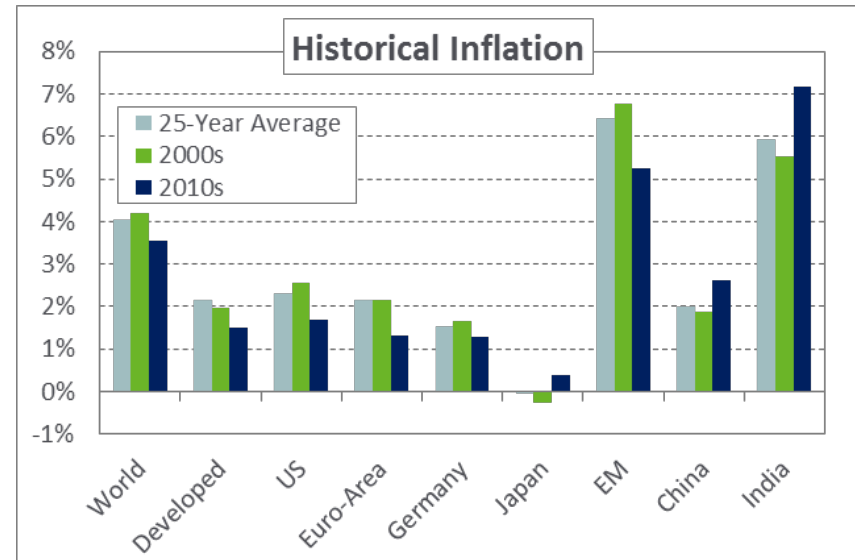
The European Central Bank is expected to end the expansion of its quantitative easing program at the end of the year despite a weakening economic outlook

Japan has been the only developed economy to drive inflation above historical levels, although still less than other countries

## Emerging market inflation remains significantly lower than long-term averages in most economies

Turkey and Argentina remain notable outliers as idiosyncratic risks and inconsistent monetary policy have fueled rising prices

Lower inflation is likely to give select countries room to ease monetary policy, as needed, to bolster economic growth



Source: (Top) IMF, NEPC  
Source: (Bottom) IMF, NEPC



# US CASH EXPECTATIONS

## Cash is a foundation for all asset classes

The assumption flows through as a direct building block component or as a relative value adjustment (cash + risk premia)

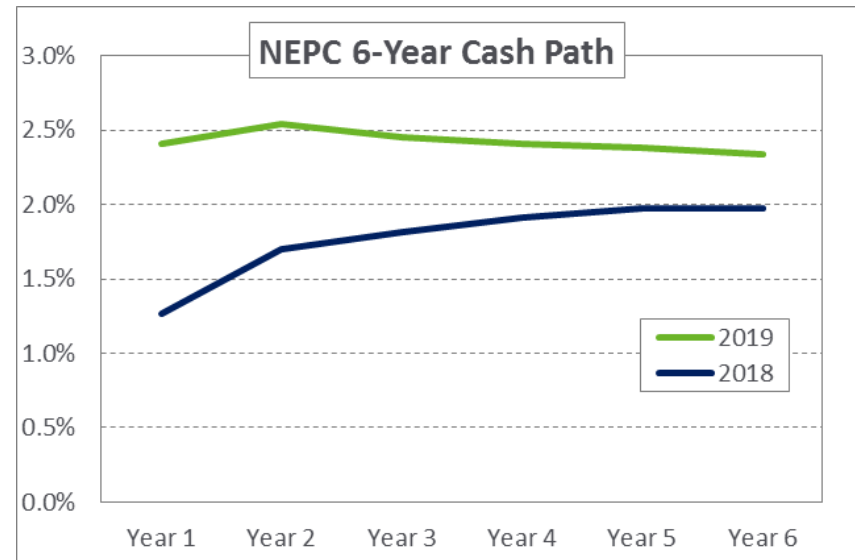
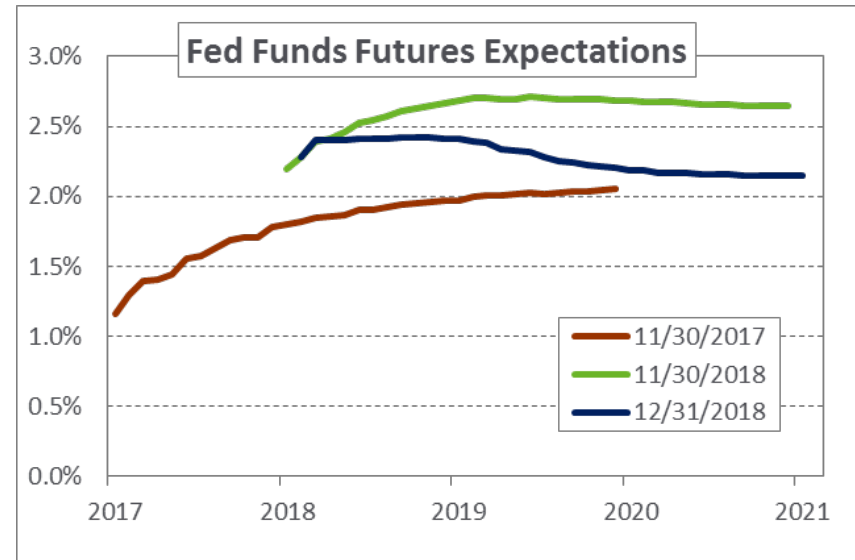
The longer-term cash assumption is a result of the inflation assumption in conjunction with our forecasted real interest rate path

## The Fed has shifted from a “lower for longer” policy to a more balanced posture of raising rates relative to changes in inflation

With Fed action impacting the front-end of the yield curve, a progressively flatter yield curve has formed as longer-term rate expectations remain muted

Markets are discounting a more muted pace of rate hikes relative to Fed projections, especially after December markets

Key risks to our overall investment outlook are an increased pace in Fed rate hikes or a Fed misstep disrupting capital markets



Source: (Top) Bloomberg, NEPC  
Source: (Bottom) Bloomberg, NEPC



# US INTEREST RATE EXPECTATIONS

## Real yields moved materially higher relative to last year with continued Fed rate hikes and subdued inflation

The real yield curve flattened relative to last year, with an inversion at the 2 year point

Late-cycle expectations of growth and continued Fed rate hikes increase market forward-looking expectations

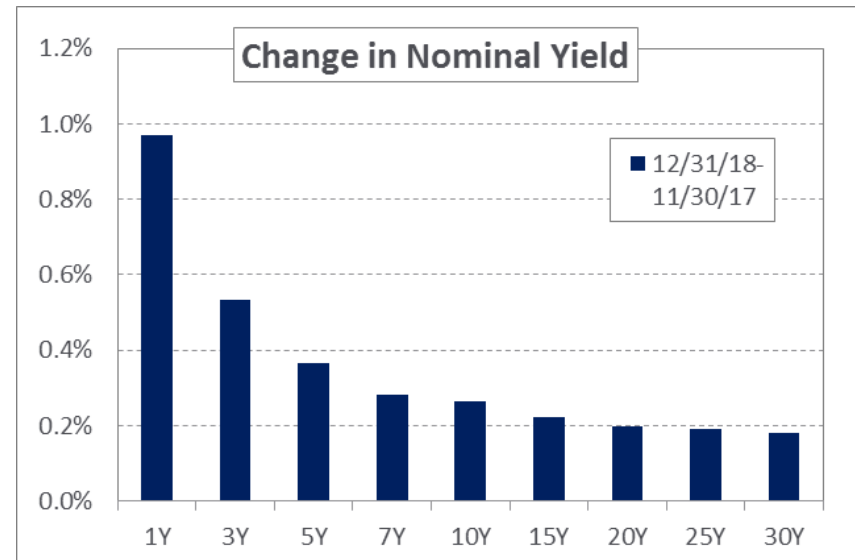
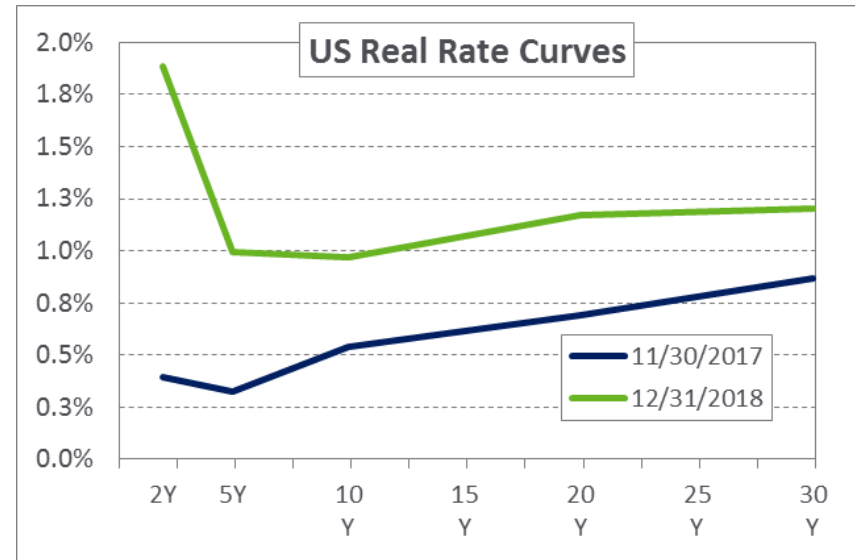
## Long-term yields continue to rise but remain low relative to history in the US

Low real rates depress the return outlook for risk assets over the long-term

The flatter nominal curve is likely to invert during the late cycle

## Uncertainty has surfaced surrounding the path of rates for 2019 and beyond

The Fed has recently expressed a willingness to slow the pace via a wait-and-see approach should material risks to the US economy develop



Source: (Top) Bloomberg, NEPC  
Source: (Bottom) Bloomberg, NEPC



# GLOBAL INTEREST RATE EXPECTATIONS

**Government bond yields remain low across much of the developed world**

**European sovereign yields have increased relative to Germany due to political and economic concerns**

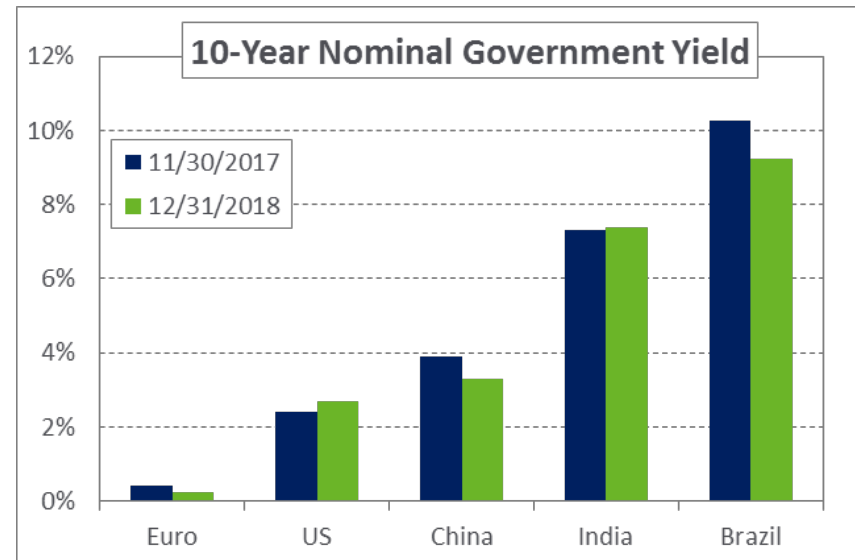
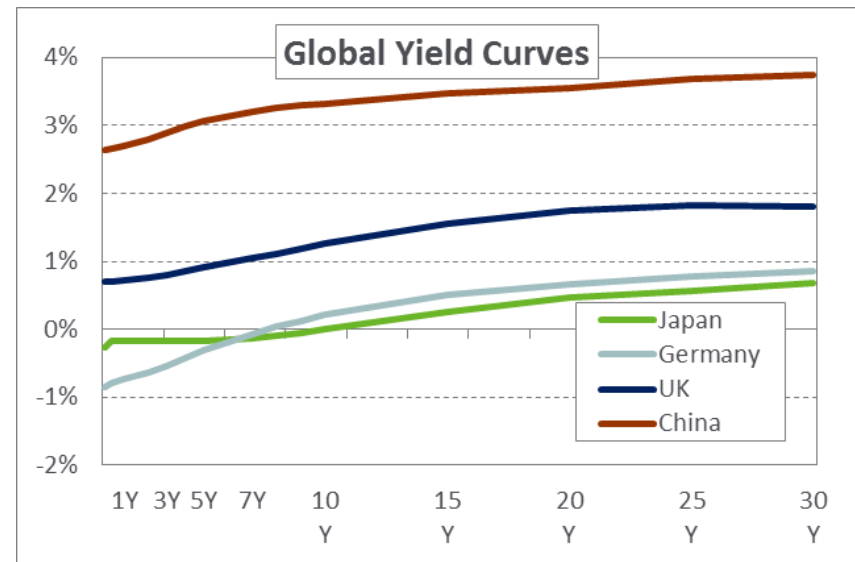
Ongoing political turmoil in the UK and budget concerns in Italy caused periphery yields to increase during the year

German bund yields are lower due to heightened demand for safe-haven assets in Europe

**Emerging market local interest rates are attractively priced as real yields remain elevated**

Emerging market yields continue to retain a healthy premia over developed world rates

Additionally, positive real rates provide a larger cushion for EM central banks to cut interest rates and ease monetary conditions



Source: (Top) Bloomberg, NEPC  
Source: (Bottom) Bloomberg, NEPC





# EQUITY ASSUMPTIONS

NEPC, LLC

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# EQUITY: ASSUMPTIONS

Equity Building Blocks	
<b>Illiquidity Premium</b>	The additional return expected for investments carrying liquidity risk
<b>Valuation</b>	An input representing P/E multiple contraction or expansion relative to long-term trend
<b>Inflation</b>	Represents market-specific inflation derived from index country revenue contribution and region-specific forecasted inflation
<b>Real Earnings Growth</b>	Reflects market-specific real growth for each equity asset class as a weighted-average derived from index country revenue contribution and forecasted GDP growth
<b>Dividend Yield</b>	Informed by current income distributed to shareholders with adjustments made to reflect market conditions and trends

Asset Class	5-7 Year Return	Change 2019-2018
US Large Cap	6.00%	+0.75%
US Small/Mid-Cap	6.25%	+0.50%
US Micro Cap	7.25%	N/A
International (Unhedged)	6.75%	-0.75%
International Small Cap	7.25%	-0.50%
Emerging International	9.25%	+0.25%
Emerging Intl. Small Cap	9.50%	+0.25%
China Local	9.50%	N/A
Absolute Return – Long/Short	5.50%	-0.75%
<i>Global Equity</i>	6.99%	+0.11%
<i>Private Equity</i>	10.01%	+2.01%



# EQUITY: REAL EARNINGS GROWTH

## US growth accelerated relative to the rest of the world during 2018

Strong earnings growth fueled by corporate tax cuts helped support US equities

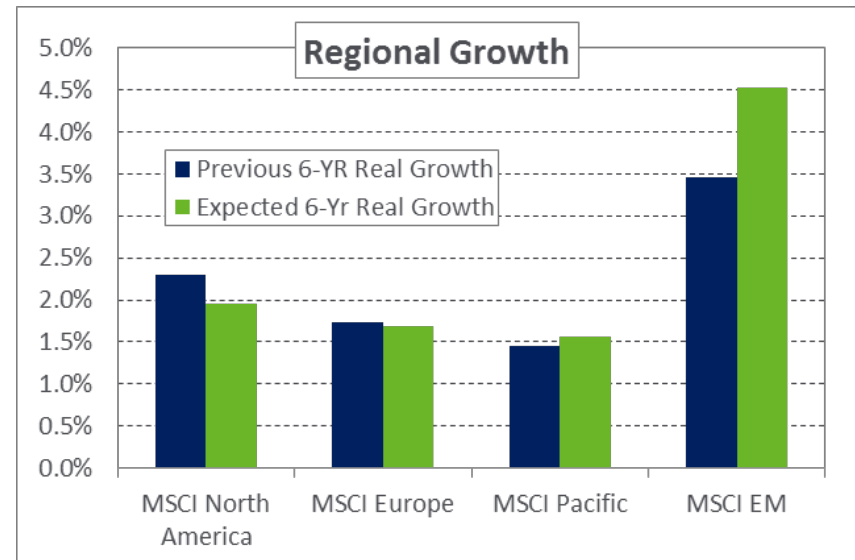
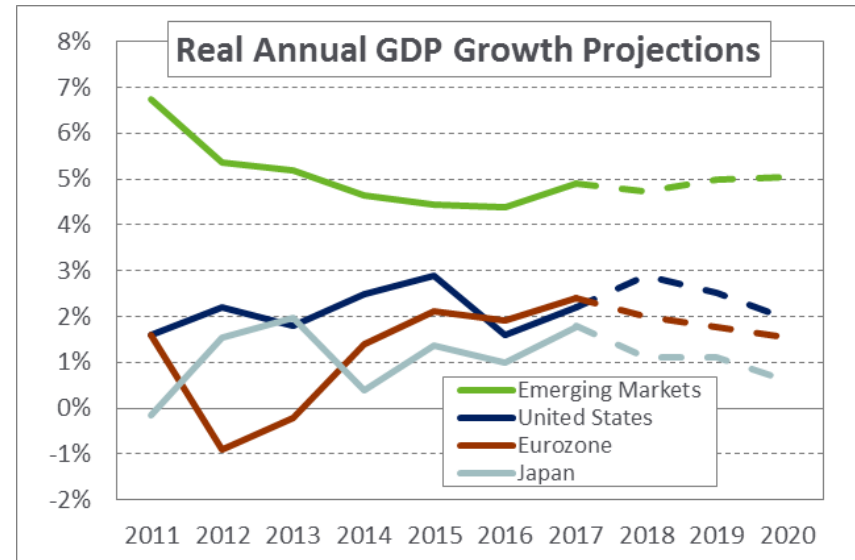
Additionally, fiscal stimulus and pre-purchases from China for tariffed goods fueled above-trend GDP growth

## Global trade tensions and political-economic concerns regarding Europe have led to a weaker growth outlook for international developed economies

## Strong economic growth is expected to continue in the emerging markets

However, China's real growth is expected to slow in future years as the country transitions to a consumption based model

Ongoing reforms in southeast Asia and India are expected to boost investment, productivity, and per-capita growth

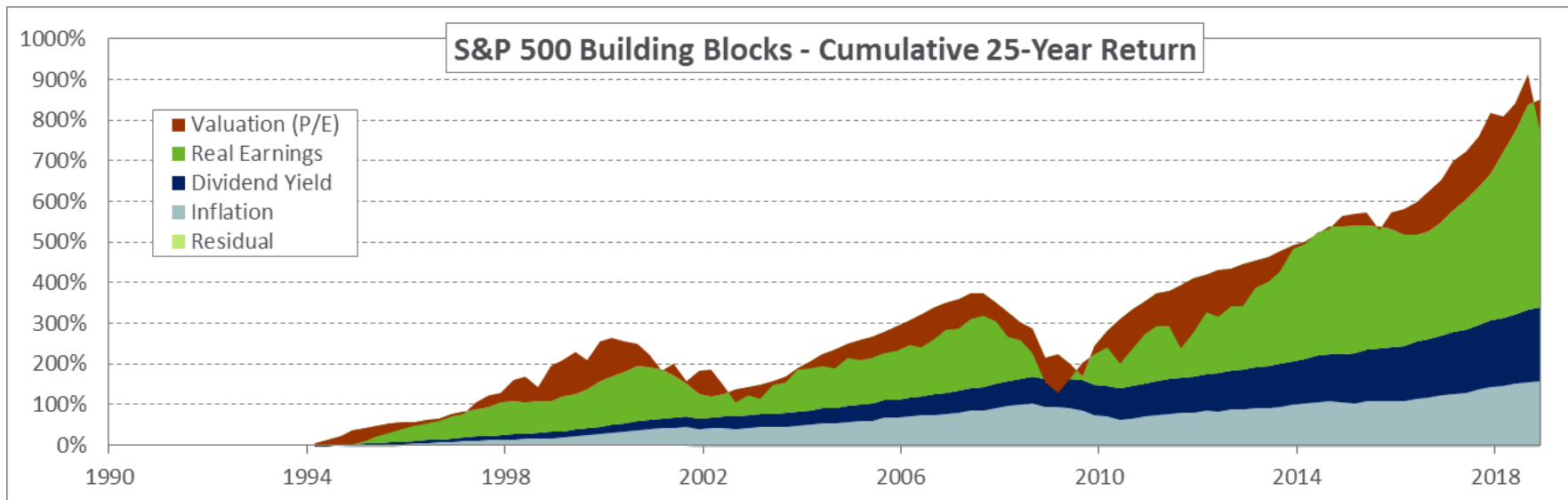


Source: (Top) Bloomberg, NEPC

Source: (Bottom) IMF, MSCI, Bloomberg, NEPC



# EQUITY: DIVIDEND YIELD

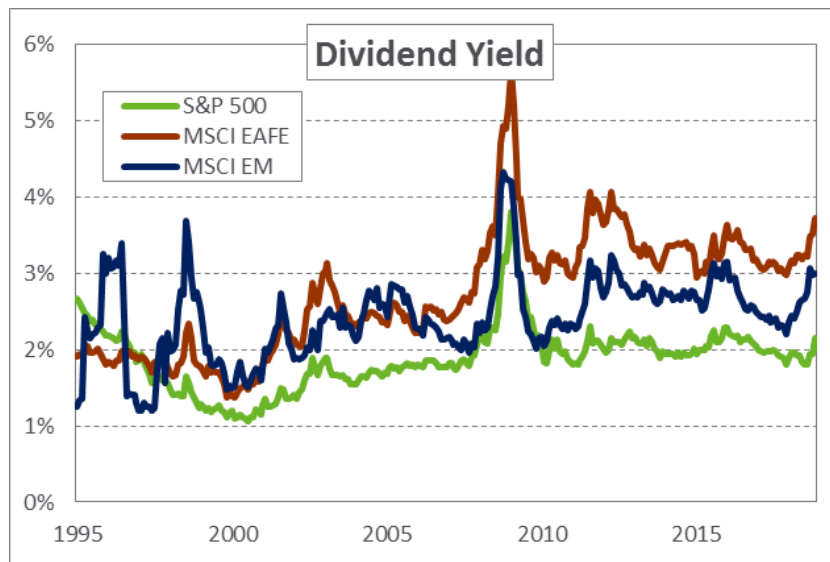


## Global dividend payouts hit record levels this year

Much of the growth came from emerging markets following years of declining dividend yields

Corporate tax cuts in the US helped increase dividend payout rates

## International and emerging markets continue to offer higher dividend yields relative to the US equity market



Source: (Top) S&P, Bloomberg, NEPC  
 Source: (Bottom) S&P, MSCI, Bloomberg, NEPC



# EQUITY: VALUATION

## US equities were an outlier relative to global equities this year

US equities benefited from an extended US economic cycle and added fuel from the fiscal stimulus package

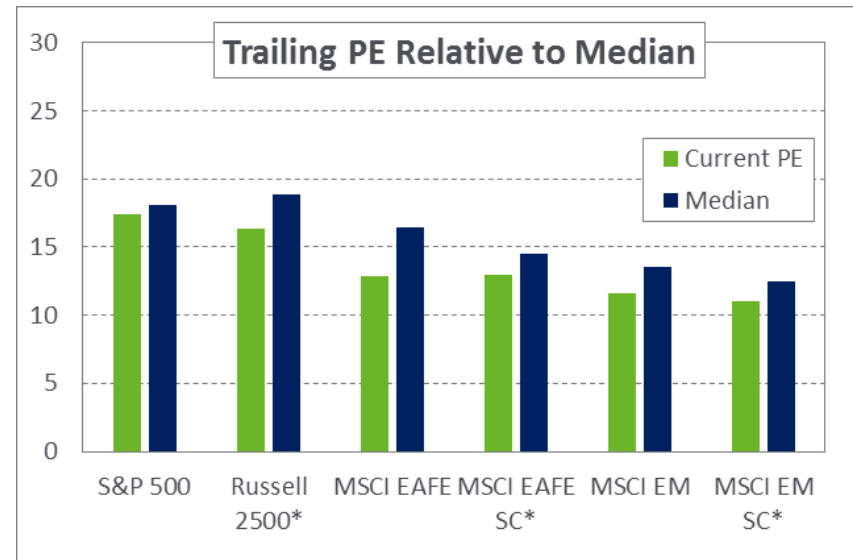
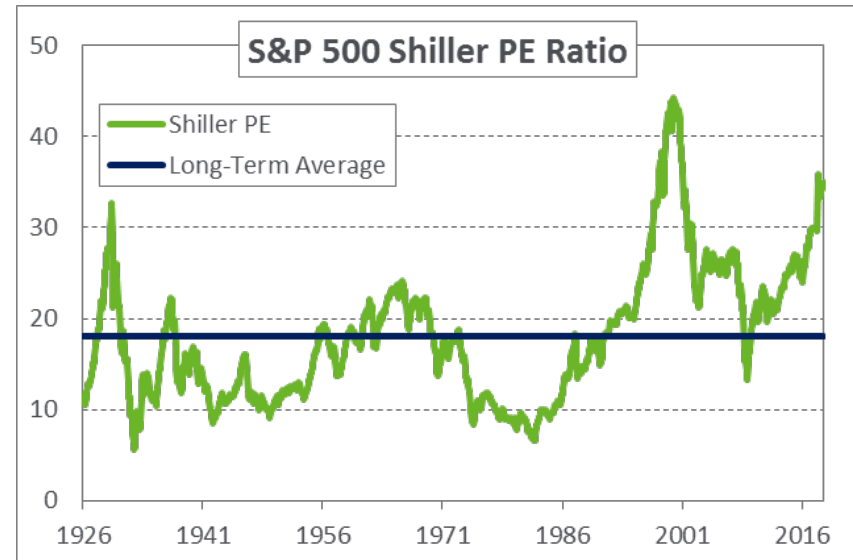
Strong earnings growth fueled by corporate tax cuts pushed valuations lower for large-cap US equities

Increased volatility in December resulting from fears of a global slowdown erased gains made throughout the year

## International and emerging market valuations fell despite strong earnings growth as price declines were fueled by negative sentiment and US-China trade tensions

## We anticipate the negative sentiment and macro concerns weighing on emerging markets to moderate

Attractive equity and currency valuations support an overweight to emerging markets due to the high total-return potential



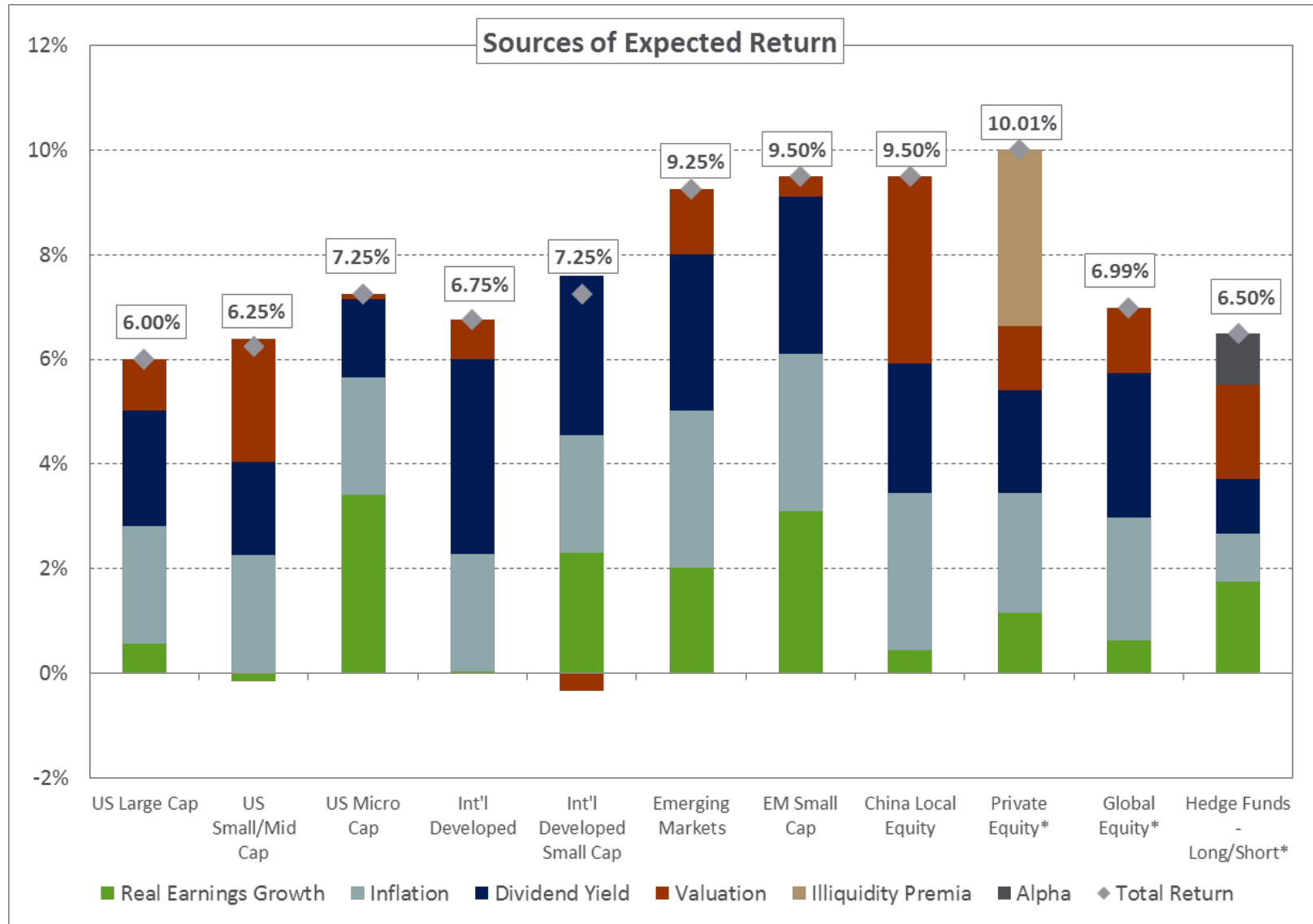
Source: (Top) S&P, Shiller, NEPC; long-term average beginning in 1926

Source: (Bottom) S&P, Russell, MSCI, Bloomberg, NEPC

\*Small cap indices use index positive-adjusted earnings



# EQUITY: BUILDING BLOCKS (5-7 YEARS)



Source: NEPC

\*Calculated as a blend of other classes – see page 39 for additional details



# RATES & CREDIT ASSUMPTIONS

NEPC, LLC

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# RATES & CREDIT: ASSUMPTIONS

Rate & Credit Building Blocks	
<b>Illiquidity Premium</b>	The additional return expected for investments carrying liquidity risk
<b>Government Rates Price Change</b>	The valuation change resulting from a change in the current yield curve to forecasted rates
<b>Spread Price Change</b>	The valuation change resulting from a change in credit spreads over the duration of the investment and highly sensitive to economic cycles
<b>Credit Deterioration</b>	The average loss for credit securities associated with an expected default cycle and recovery rates
<b>Credit Spread</b>	Additional yield premium provided by securities with credit risk
<b>Government Rates</b>	The yield attributed to sovereign bonds that do not have credit risk associated with their valuation

Asset Class	5-7 Year Return	Change 2019-2018
TIPS	3.00%	-0.25%
Treasuries	2.50%	+0.25%
Investment-Grade Corporate Credit	4.00%	+0.50%
MBS	2.75%	+0.25%
High-Yield Bonds	5.25%	+1.50%
Bank Loans	5.00%	+1.00%
EMD (External)	4.75%	+0.50%
EMD (Local Currency)	6.50%	+0.50%
Non-US Bonds (Unhedged)	0.75%	+0.25%
Core Bonds	3.04%	+0.29%
Private Debt	7.60%	+1.10%





# RATES & CREDIT: CREDIT SPREAD

## Credit spreads rose across investment and speculative grade debt relative to 2018's below average spread levels

The later stages of an economic cycle often see an increase in credit spreads as the probability of defaults trend upward

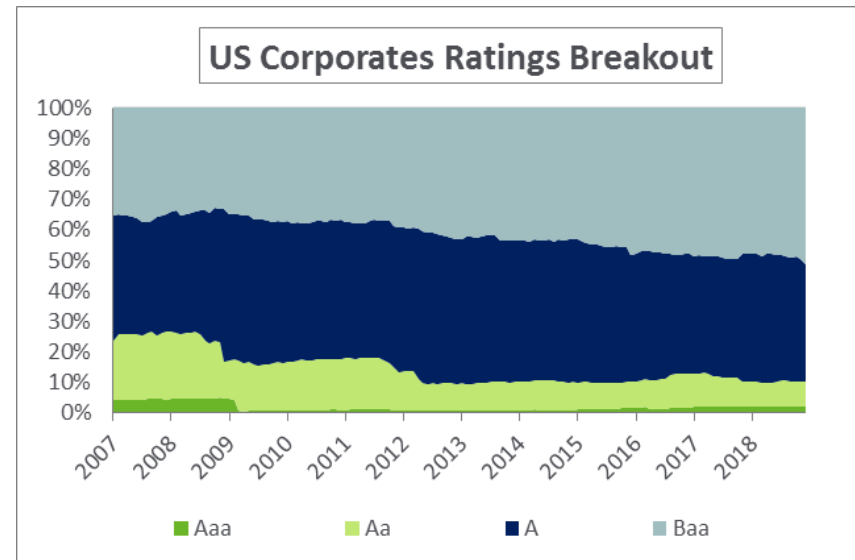
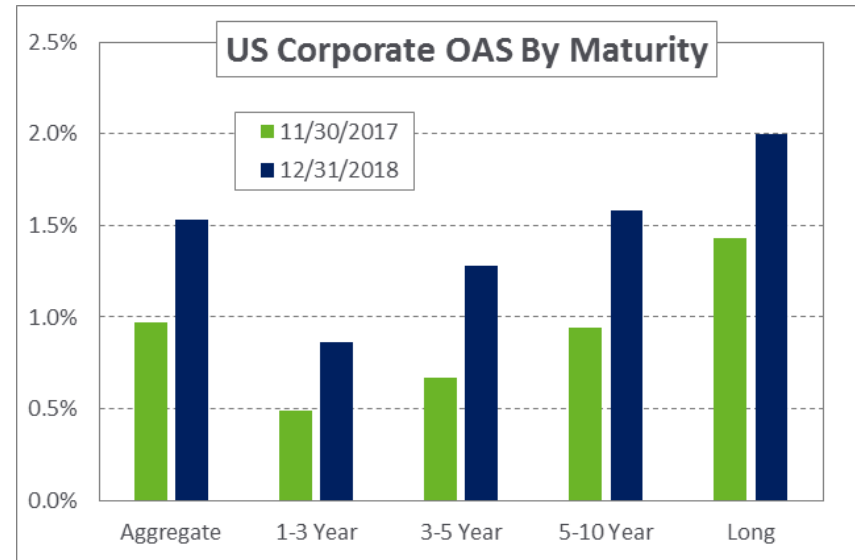
Lower-quality credit spreads increased most significantly during the year, partially due to the fall in the price of oil

## Higher credit spreads partially reflect the risk in investment grade credit

There are a record number of BBB-rated corporates – suggesting a greater risk of fallen angel downgrades

Corporate debt issuance has expanded rapidly in recent years with the majority of new debt rated BBB

As such, we advocate for a reduction in lower-quality credit that does not provide adequate compensation for the associated risk



Source: (Top) Barclays, Bloomberg, NEPC  
 Source: (Bottom) Barclays, Bloomberg, NEPC



# RATES & CREDIT: RATES PRICE CHANGE

## Government Rates Price Change: The change in the level of interest rates, shape of the curve, and roll down that impact the price of a bond

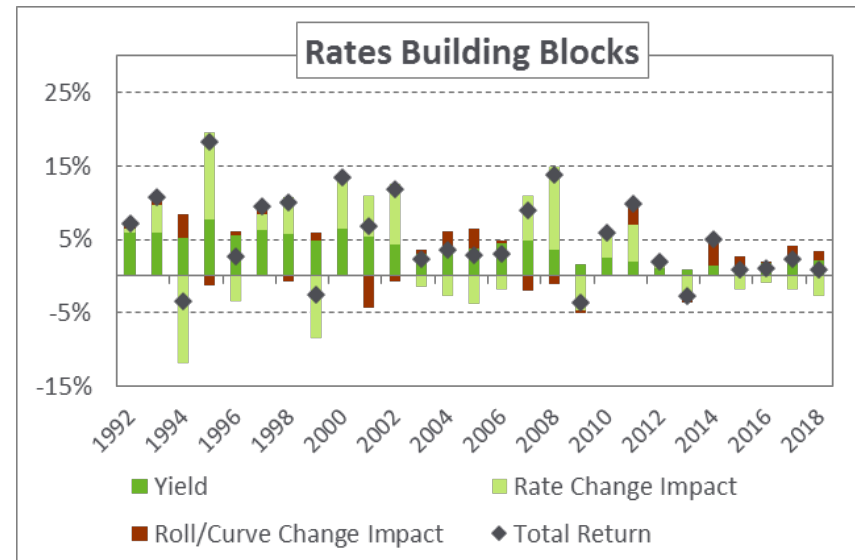
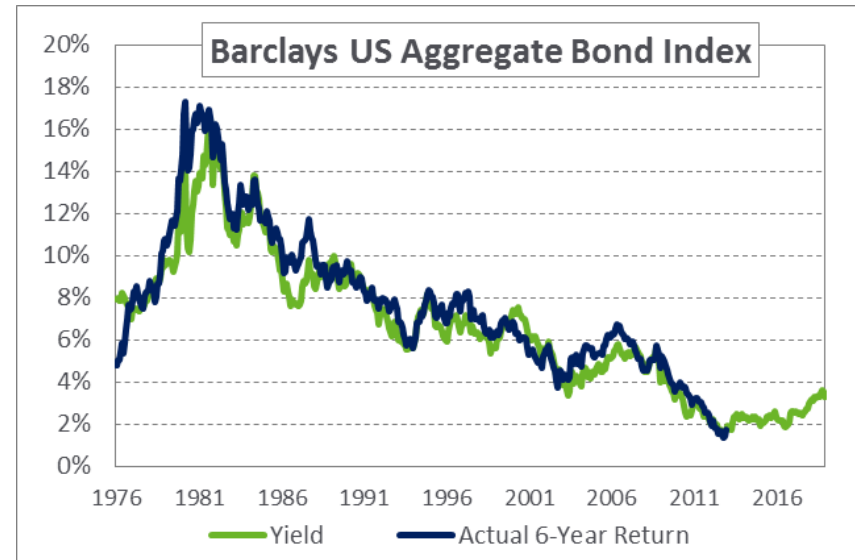
Roll down refers to the price change due to the aging of a bond along the yield curve

## The rate price change is a significant component of total return and expectations of higher rates can drag on future year returns

The path of interest rates for each market is tied to both central bank actions and inflation expectations

## Roll down offers some relief to rising rates when yield curves are steep

As the yield curve flattens the benefit of the roll down is muted, often pushing investors to shorter duration bonds



Source: (Top) Barclays, Bloomberg, NEPC  
Source: (Bottom) Barclays, Bloomberg, NEPC



# RATES & CREDIT: SPREAD PRICE CHANGE

## Credit spreads broadly remain near historic medians

Above-average credit spreads are generally associated with a late-cycle environment as credit default risks increase

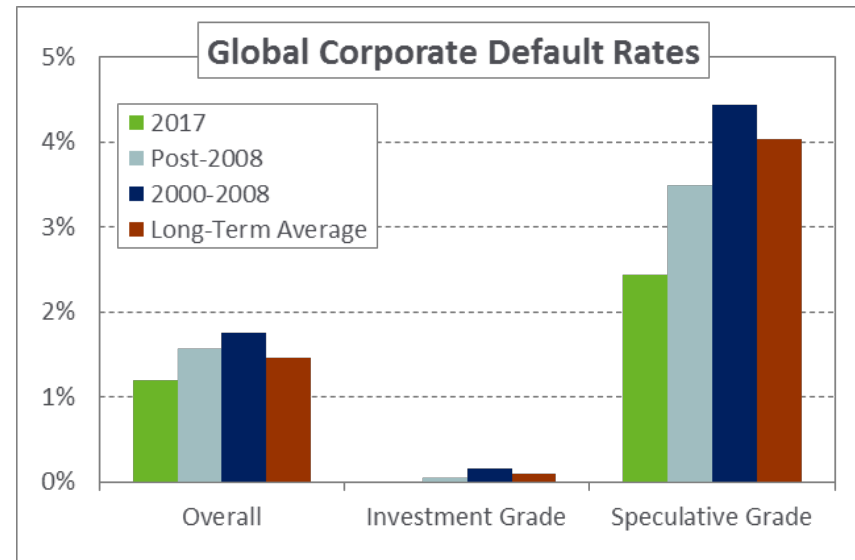
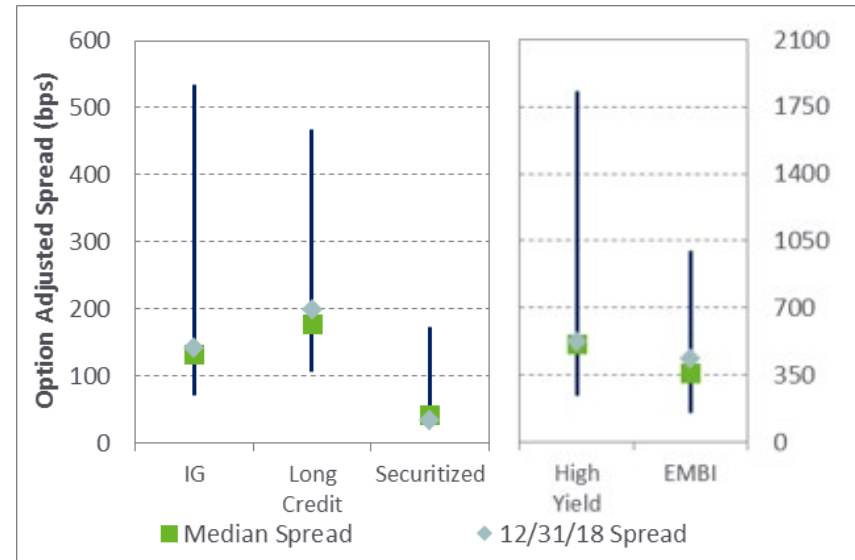
Despite the spread increase relative to 2018, we do not believe lower-quality credit exposure compensates investors for the risk relative to safer alternatives

## The number of defaults decreased last year to a three-year low despite residual stress from the energy sector and an uptick in retail defaults

## Higher expected default rates were incorporated in our building blocks

This can be attributed to the increase in lower-quality (BBB) credit as a percentage of the investment grade universe

This is also a reflection of the late cycle environment and the stress generally seen within the high yield market during these periods

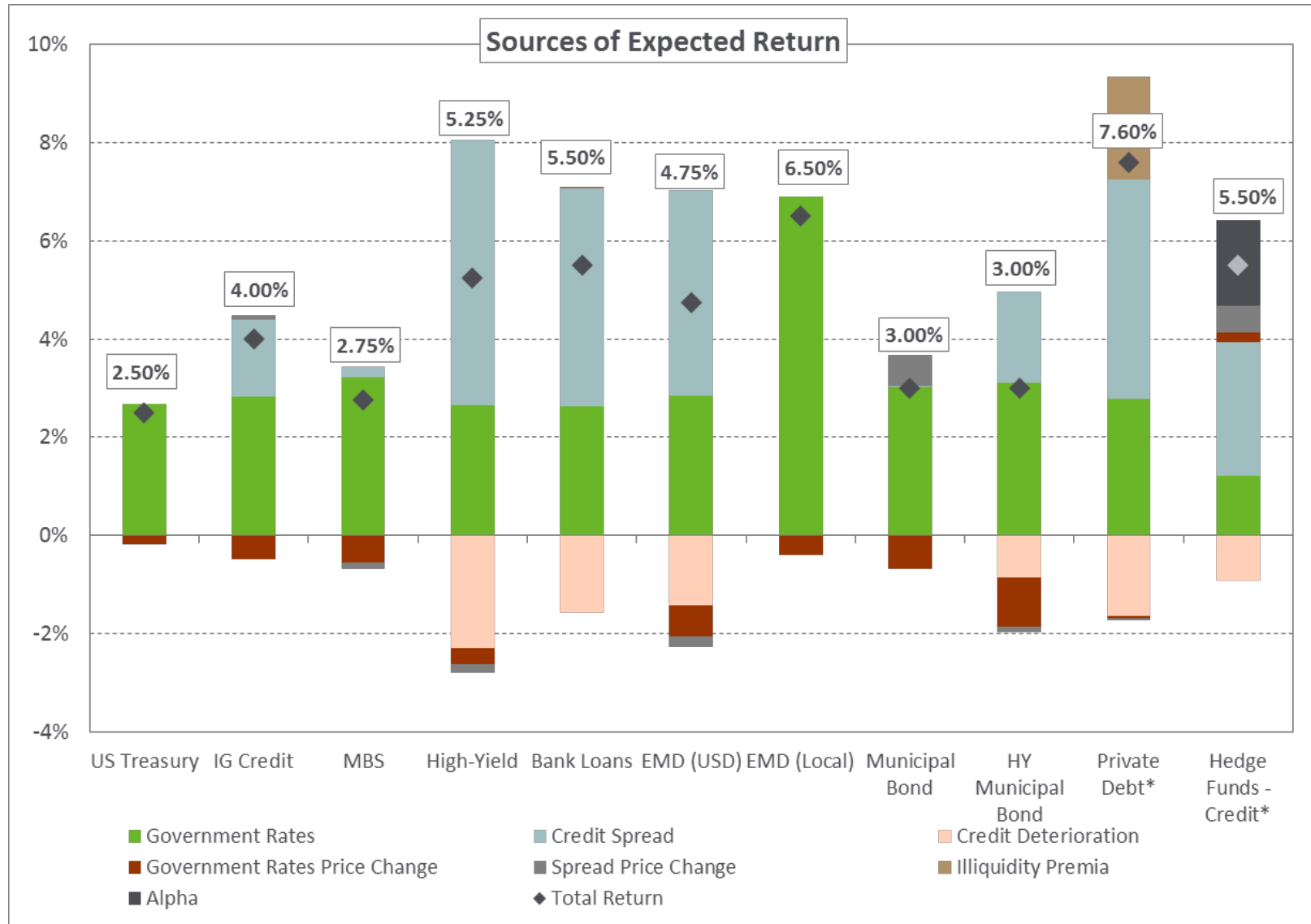


Source: (Top) JPM, Bloomberg, NEPC. As of 01/31/2000

Source: (Bottom) S&P, NEPC



# CREDIT: BUILDING BLOCKS (5-7 YEARS)

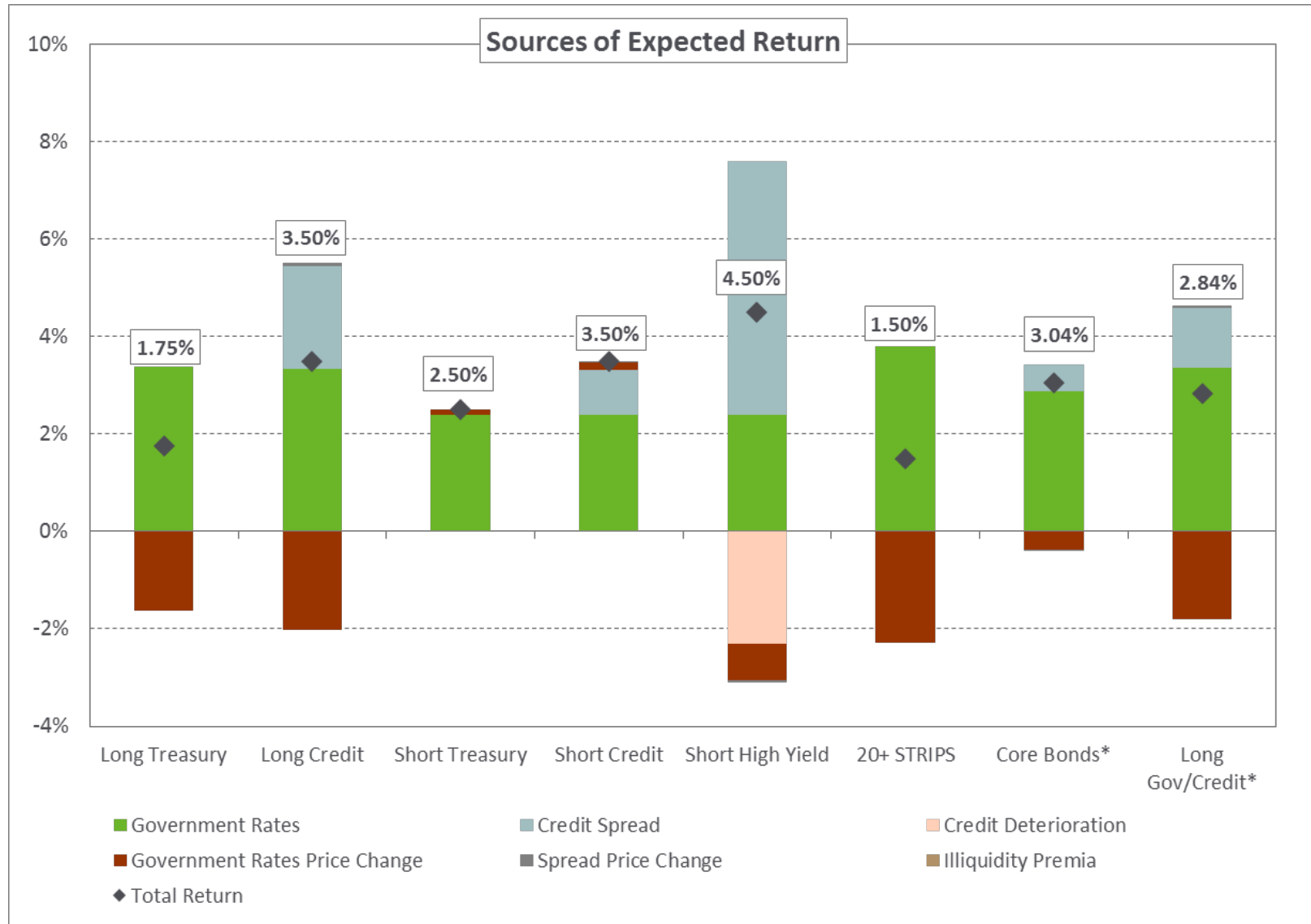


Source: NEPC

\*Calculated as a blend of other classes – see page 39 for additional details



# CREDIT: BUILDING BLOCKS (5-7 YEARS)



Source: NEPC

\*Calculated as a blend of other classes – see page 39 for additional details



# REAL ASSETS ASSUMPTIONS

NEPC, LLC

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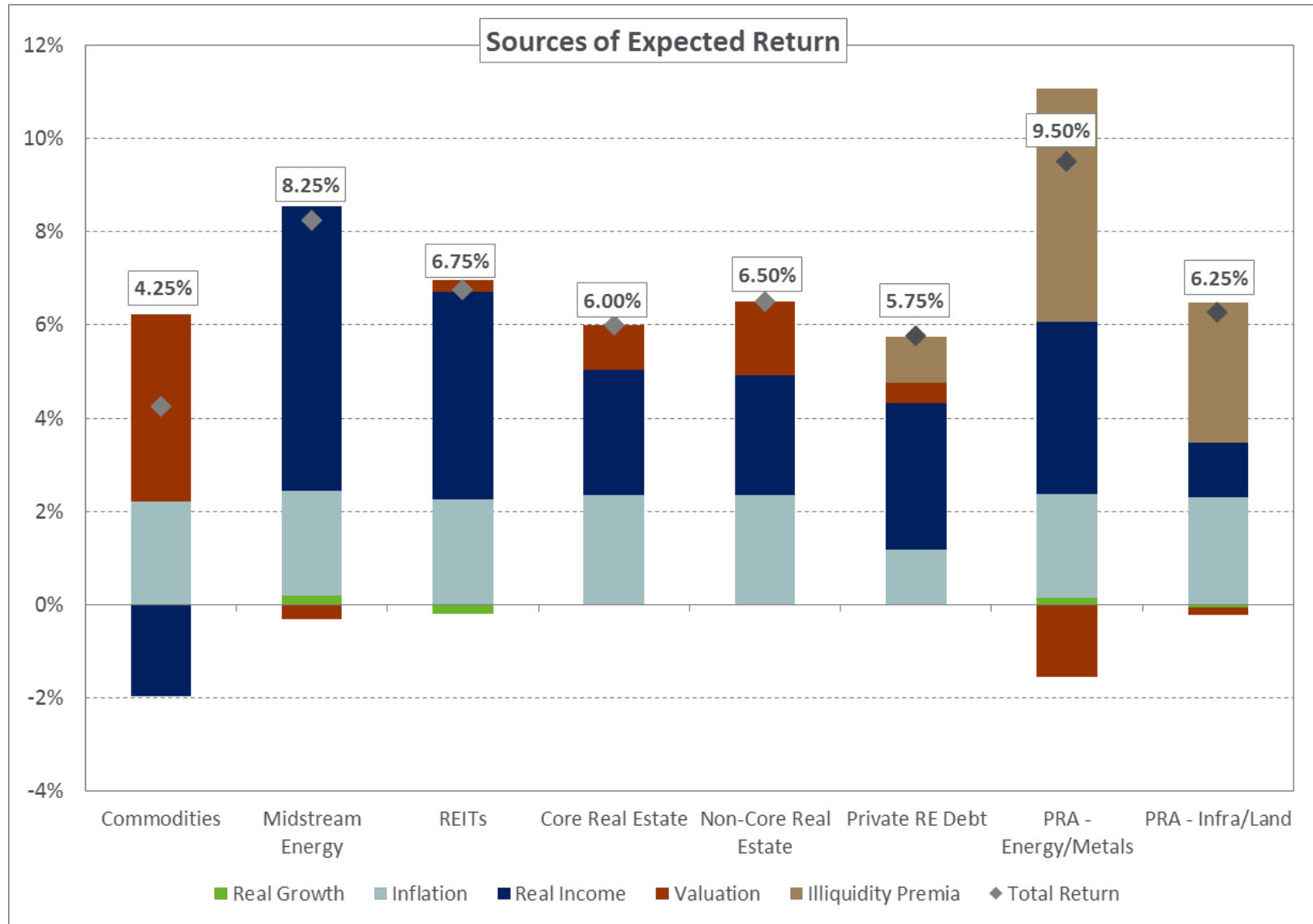
# REAL ASSETS: ASSUMPTIONS

Real Assets Building Blocks	
<b>Illiquidity Premium</b>	The additional return expected for investments carrying liquidity risk
<b>Valuation</b>	The expected change in price of the underlying asset reverting to a long-term real average or terminal value assumption
<b>Inflation</b>	Incorporates the inflation paths as defined by TIPS breakeven expectations and NEPC expected inflation assumptions
<b>Real Earnings Growth</b>	Reflects market-specific real growth for each equity asset class as a weighted-average derived from index country revenue contribution and forecasted GDP growth
<b>Real Income</b>	Represents the inflation-adjusted income produced by the underlying tangible or physical asset

Asset Class	5-7 Year Return	Change 2019-2018
Commodities	4.25%	-0.50%
Midstream Energy	8.25%	+1.00%
REITs	6.75%	+0.25%
Core Real Estate	6.00%	+0.25%
Non-Core Real Estate	7.00%	-
Private RE Debt	5.75%	N/A
Private Real Assets: Energy/Metals	9.50%	+1.50%
Private Real Assets: Infrastructure/Land	6.25%	+0.25%



# REAL ASSETS: BUILDING BLOCKS (5-7 YEARS)



Source: NEPC





# DERIVED COMPOSITES

NEPC, LLC

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# DERIVED COMPOSITES

**Derived composites are the result of the sum of equity, credit, and real asset building blocks**

**Global 60/40:** 60% global equity and 40% global bonds

**US 60/40:** 60% US equity and 40% core bonds

**Risk Parity:** Average of AQR GRP EL 10%, Bridgewater All Weather, Panagora Multi-Asset

**Global Equity:** Market-weighted blend of MSCI ACWI IMI (US, Non-US Developed, Emerging)

**Private Equity:** 34% US Buyout, 34% US Growth, 8.5% US Secondary, 8.5% US Venture, 15% Non-US PE

**Core Bonds:** Market weighted blend of Bloomberg Barclays US Aggregate Bond Index (Treasuries, IG Credit, MBS)

**Private Debt:** 50% Direct Lending, 25% Mezzanine, 25% Distressed

**Real Assets (Liquid):** Weighted blend of TIPS, global equities, REITs, and commodities

**Absolute Return:** Weighted blend of 40% AR equity, 40% AR credit, and 20% AR macro

Asset Class	5-7 Year Return	Change 2019-2018
Global 60/40	5.08%	+0.17%
US 60/40	5.07%	+0.53%
Risk Parity	4.67%	-0.44%
Global Asset Allocation	5.73%	+0.29%
<i>Global Equity</i>	6.99%	+0.11%
<i>Private Equity</i>	10.01%	+2.01%
<i>Core Bonds</i>	3.04%	+0.29%
<i>Private Debt</i>	7.60%	+1.10%
<i>Real Assets (Liquid)</i>	5.79%	-0.08%
<i>Absolute Return</i>	5.74%	-0.09%

# PRIVATE MARKETS METHODOLOGY

**In previous years, private equity and private debt assumptions were constructed using betas to public market assumptions with an added illiquidity premia**

**For 2019, sub-strategies were incorporated to offer a distinction among private market implementation options with different risk/return profiles**

The sub-strategies were constructed using the same build-up methodology using public market betas and an illiquidity premia based on historical returns analysis relative to appropriate public market equivalents

**The composite Private Equity and Private Debt line items are derived from a custom blend of sub-strategies**

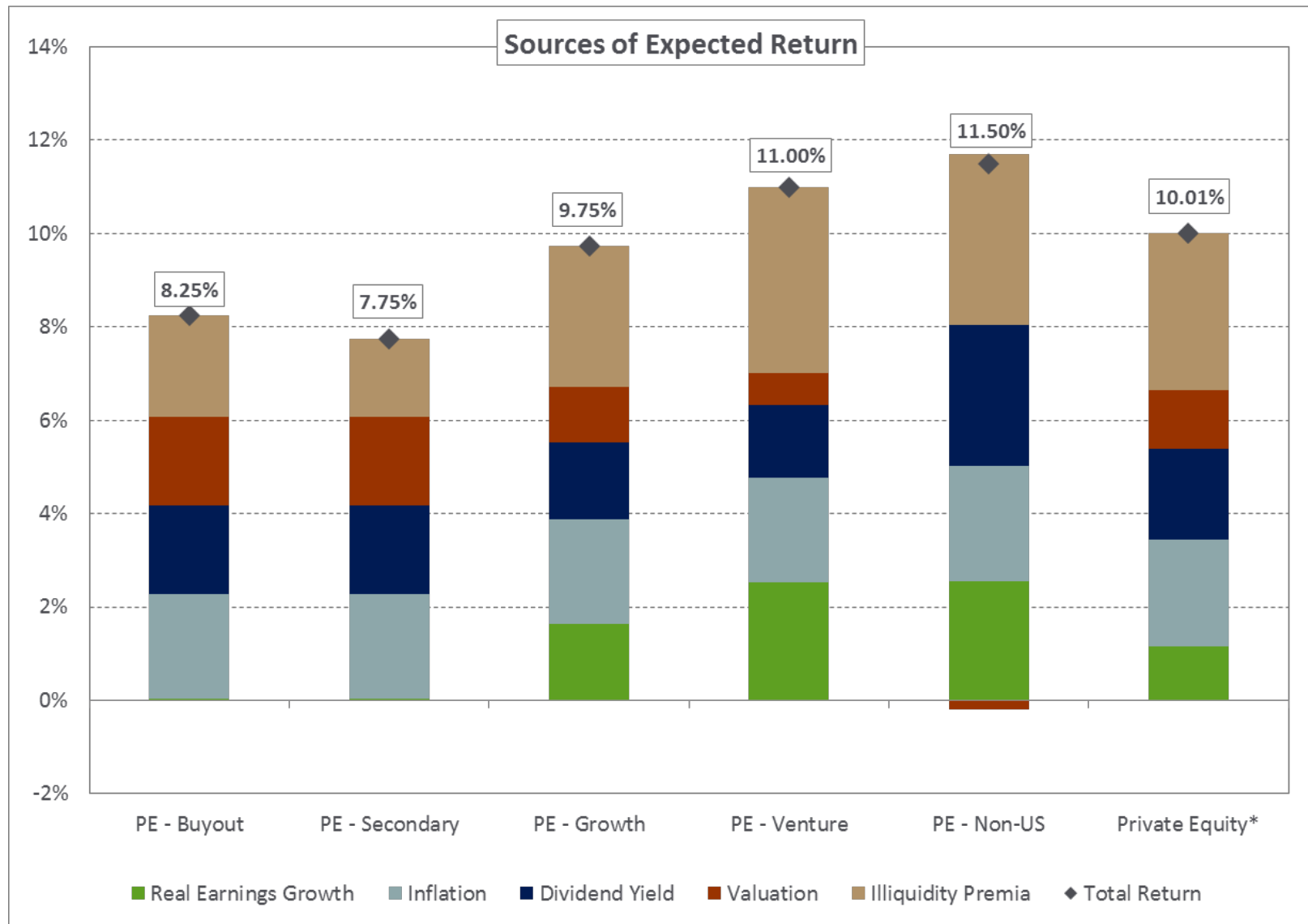
Private Equity: 34% Buyout, 34% Growth, 15 % Non-US, 8.5% Secondaries, 8.5% Venture

Private Debt: 50% Direct Lending, 25% Mezzanine, 25% Distressed

**The methodology change generally resulted in a higher return expectations from incorporating the granularity of the sub-strategies and including a non-US component**



# PRIVATE EQUITY: BUILDING BLOCKS (5-7 YEARS)

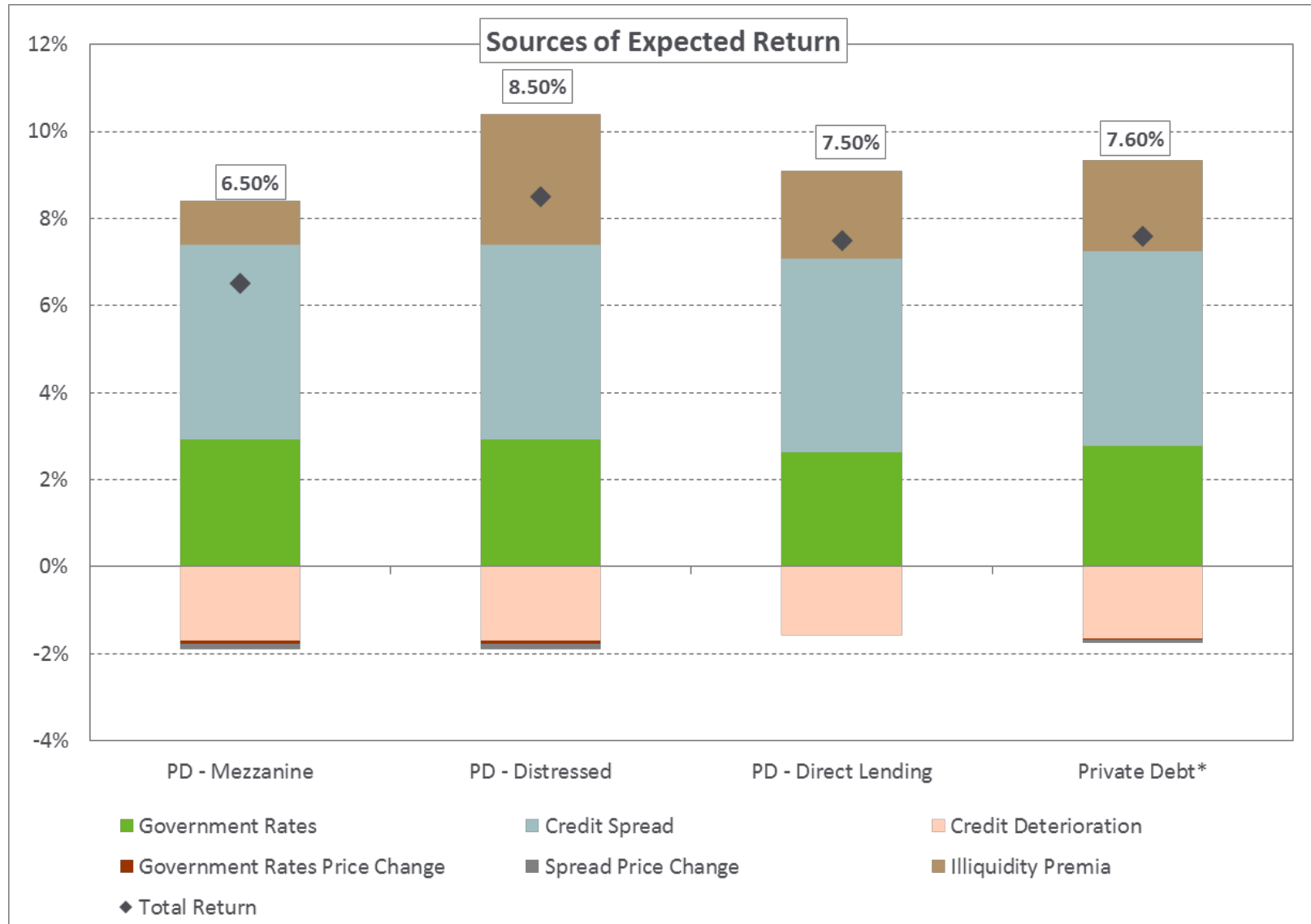


Source: NEPC

\*Private Equity is a derived composite of 34% US Buyout, 34% US Growth, 8.5% US Secondary, 8.5% US Venture, 15% Non-US PE



# PRIVATE DEBT: BUILDING BLOCKS (5-7 YEARS)

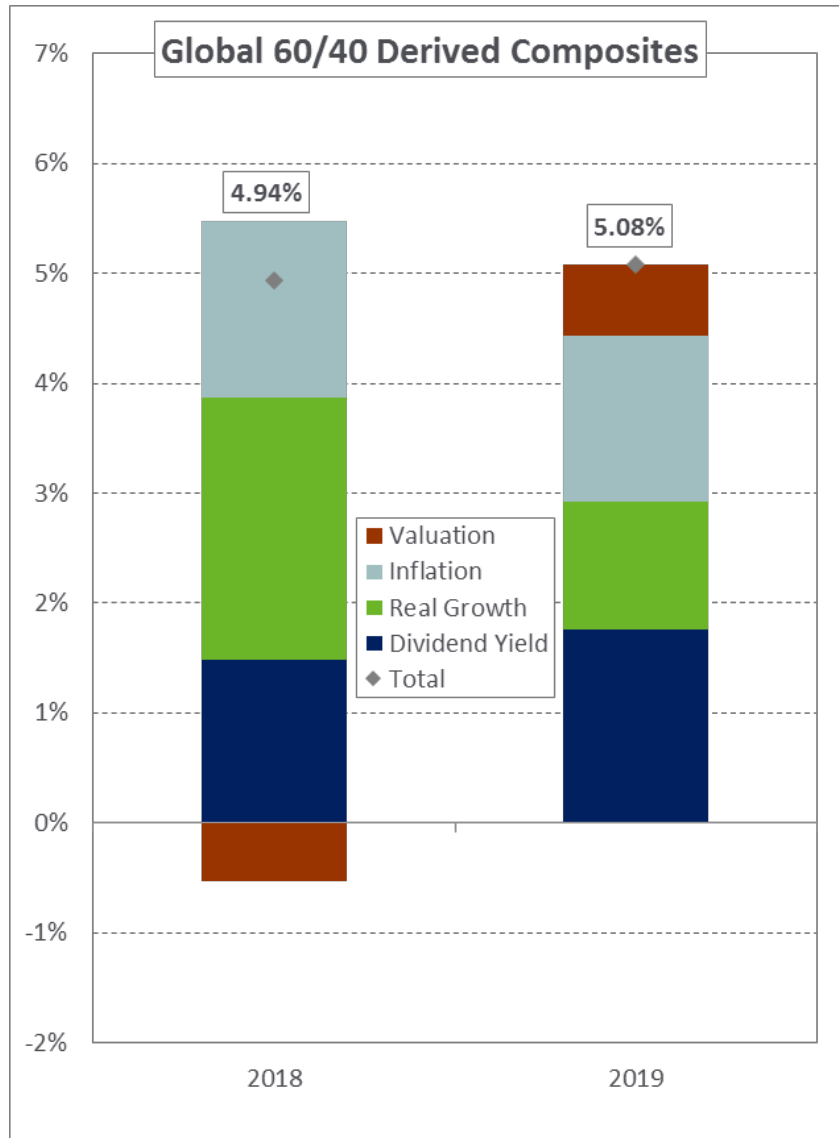


Source: NEPC

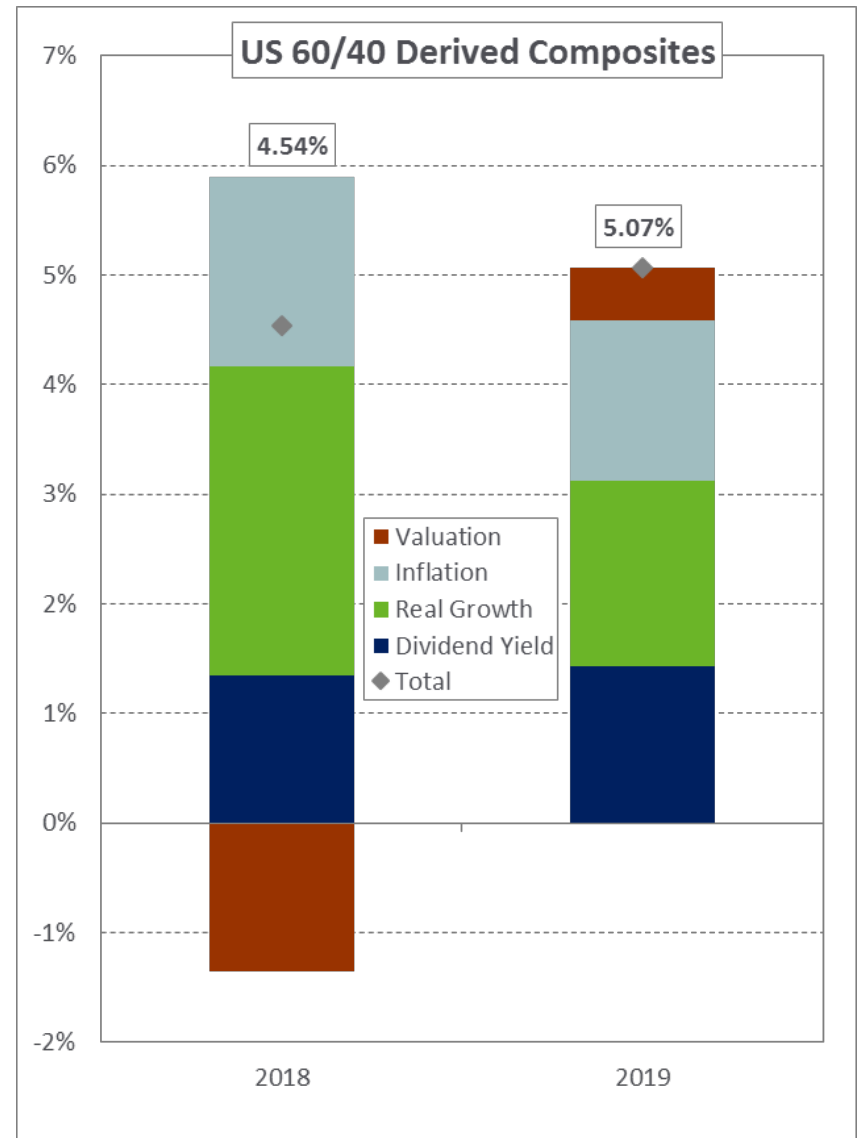
\*Private Debt is a derived composite of 25% Mezzanine, 25% Distressed, 50% Direct Lending



# GLOBAL VS. US 60/40 DERIVED COMPOSITES



Source: NEPC



Source: NEPC



# INFORMATION DISCLAIMER

**Past performance is no guarantee of future results.**

**The goal of this report is to provide a basis for substantiating asset allocation recommendations. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.**

**Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.**

**All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.**

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May 20, 2019

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

**SUBJECT: INVESTMENT POLICY REVISIONS**

Provided are redline and clean drafts of a revised Investment Policy, jointly recommended by NEPC and myself for your consideration, review, and comment. The previous Investment Policy document was approved by the Board in 2017. Revisions to targets, ranges and benchmarks were approved by the Board in 2018 as part of a separate document and implemented by staff, but were not separately brought back as a formal revision to the Investment Policy document at that time.

The proposed changes to the Investment Policy document include:

- Deletion of real estate and liquid alternatives as separate asset classes;
- Addition of descriptive language for the new Real Assets asset class, which consolidated real estate, risk parity, and MLP allocations into the new asset class; and, descriptive language for U.S. Treasury Bonds and Private Credit allocations;
- Exhibit A (attached) reflects the 2018 adopted asset allocation targets, ranges, and benchmarks;
- Miscellaneous updates and corrections, including the addition of sub strategies in non-U.S Equities, refining types of strategies appropriate for private equity and private credit, and deleting language for strategies which are no longer employed, such as separate accounts for publicly traded equities.

Also presented to the Board for consideration during this Board meeting is a recommendation to increase the targeted allocation to Private Equity, funded by a decreased allocation to Real Assets (attached as Exhibit B). If the Board approves the proposed asset allocation revision, staff recommends that the Board instead authorize the substitution of the attached Exhibit B in place of Exhibit A as the Asset Allocation attachment to the revised Investment Policy.

**RECOMMENDATION: APPROVE PROPOSED REVISIONS TO VCERA'S INVESTMENT POLICY,  
INCLUDING AN ASSET ALLOCATION EXHIBIT REFLECTING THE BOARD'S MOST  
RECENTLY ADOPTED ASSET ALLOCATION**

Respectfully submitted,

Dan Gallagher  
Chief Investment Officer



**EXHIBIT A**

**Asset Allocation Targets, Ranges, and Benchmarks**

	<u>Targets</u>	<u>Ranges</u>	<u>Benchmark</u>
U.S. Equity	26.0%	21.0% - 31.0%	Russell 3000 Index
Non-US Equity	17.0%	13.0% - 21.0%	MSCI ACWI ex U.S. Index Net
Global Equity	10.0%	7.0% - 13.0%	MSCI ACWI Index Net
Private Equity	10.0%	3.0% - 12.0%	Russell 3000 Index + 3%
U.S. Fixed Income	19.0%	16.0% - 22.0%	Barclays Capital U.S. Aggregate Bond Index
Real Assets			
• Real Assets	10.0%	0.0% - 12.0%	CPI + 2%
• Core Real Estate	6.0%	3.0% - 9.0%	NCREIF ODCE Index
• Non-Core Real Estate	2.0%	0.0% - 3.0%	NCREIF ODCE Index
Cash	0.0%	0.0% - 3.0%	90 day T-bills

- **Asset Classes and Targets Approved by the Board in May 2018**
- **Asset Class Ranges and Benchmarks Approved by the Board in June 2018**

**Exhibit B**

	<b><u>Targets</u></b>	<b><u>Ranges</u></b>	<b><u>Benchmark</u></b>
U.S. Equity	26.0%	21.0% - 31.0%	Russell 3000 Index
Non-US Equity	17.0%	13.0% - 21.0%	MSCI ACWI ex U.S. Index Net
Global Equity	10.0%	7.0% - 13.0%	MSCI ACWI Index Net
Private Equity	13.0%	5.0% - 15.0%	Russell 3000 Index + 3%
U.S. Fixed Income	19.0%	16.0% - 22.0%	Barclays Capital U.S. Aggregate Bond Index
Real Assets			
• Real Assets	7.0%	0.0% - 9.0%	CPI + 2%
• Core Real Estate	6.0%	3.0% - 9.0%	NCREIF ODCE Index
• Non-Core Real Estate	2.0%	0.0% - 3.0%	NCREIF ODCE Index
Cash	0.0%	0.0% - 3.0%	90 day T-bills

**Proposed 2019**



# Investment Policy

*May 2019*

## I. INTRODUCTION

This document sets forth the framework for the management and oversight of the investment assets of the Ventura County Employees' Retirement Association ("VCERA"). The purpose of the Investment Policy is to assist the Board of Retirement (the "Board") in effectively supervising and monitoring the investments of VCERA. Specifically, it will address the following issues:

- The general goals of the investment program.
- The policies and procedures for the management of the investments.
- Investment guidelines for asset classes, specific asset allocations, and portfolio rebalancing.
- Performance objectives and risk tolerance.
- Responsibilities of VCERA's Board and staff, Investment Consultant, custodian, and investment managers.

The Board establishes this investment policy in accordance with the provisions of the County Employees' Retirement Law of 1937 (Government code Sections 31450 et. seq.). VCERA is considered a separate entity and is administered by a Board consisting of nine members, plus three alternates. VCERA's Board and its officers and employees shall discharge their duties as provided for in Government Code Section 31595:

- Solely in the interest of, and for the exclusive purpose of providing benefits to, participants and their beneficiaries, minimizing employer and employee contributions thereto, and defraying reasonable expenses of administering the system.
  - With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like aims.
  - In addition to the statutory requirements, the Board shall seek to diversify the investments of the system so as to maximize risk-adjusted returns.
- This policy statement is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while setting forth reasonable parameters to ensure prudence and care are exercised in the execution of the investment program.

With respect to investments, asset allocation target and ranges, the role of the Board is to ensure VCERA's fiduciary responsibilities are fulfilled, that the investment structure, operation and results of the individual portfolios are consistent with investment objectives established for them, and to ensure competence, integrity and continuity in the management of the assets.

## II. INVESTMENT POLICIES

The following policies, consistent with the above described purpose and state government citations, are adopted:

- The overall goal of VCERA's investment program is to provide plan participants with retirement, disability, and death and survivor benefits as provided for under the County Employees' Retirement Law of 1937.
- VCERA's assets will be managed on a total return basis. While VCERA recognizes the importance of the preservation of capital, it also adheres to the principle that varying degrees of investment risk are expected to be rewarded with compensating returns.
- VCERA's Investment Policy has been designed to earn the highest possible long-term rate of return consistent with a level of risk that the Board believes is appropriate given the plan's assets and liabilities, funded status and capital markets outlook, and to generate a real rate of return exceeding 4%. Consequently, prudent risk-taking is warranted within the context of overall portfolio diversification to meet this goal. Investment strategies are considered primarily in light of their impact on total plan assets subject to any restrictions set forth in the County Employees' Retirement Law of 1937, and shall at all times comply with applicable state and federal regulations.
- All transactions undertaken will be for the sole benefit of VCERA's participants and their beneficiaries and for the exclusive purpose of providing benefits to them; and, minimizing employer and employee contributions to the System, and defraying reasonable administrative expenses of the System.
- VCERA has a long-term investment horizon generally described as a time period greater than 10 years, and utilizes an asset allocation that encompasses a strategic, long-term perspective of capital markets. It is recognized that a strategic long-term asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of VCERA's investment performance.
- Investment actions are expected to comply with "prudent person" standards which recognize the importance of diversification of investment risks and opportunities.
- Invest funds in accordance with asset allocation targets established by the Board.

### III. INVESTMENT OBJECTIVES OF THE TOTAL FUND

- Earn the highest possible long-term rate of return consistent with a level of risk that the Board believes is appropriate given the plan's assets and liabilities, funded status and capital markets outlook, and to generate a real rate of return exceeding 4%.
- Exceed an asset allocation policy weighted index return.

### IV. ASSET ALLOCATION

This policy is adopted to provide for diversification of assets in an effort to maximize the investment return of VCERA consistent with market conditions and the Board's risk tolerance. Asset allocation modeling identifies asset classes VCERA will utilize and the percentage each class represents in the total fund. Due to the fluctuation of market values, positioning within a specified range is acceptable and constitutes compliance with the policy. It is anticipated that an extended period of time may be required to fully implement the asset allocation policy, and that periodic revisions will occur. VCERA CIO and Investment Consultant will monitor and assess the actual asset allocation versus policy, and will report investment exposure outside of Board adopted asset allocation ranges.

The portfolio is continually rebalanced to add exposure to under weighted asset classes, and to reduce exposure to over weighted asset classes by VCERA's overlay investment manager. If Board adopted asset class limits are breached, an asset class threshold range rebalancing is evaluated and executed by the CIO in consultation with the overlay manager and the Investment Consultant.

Cash balances will be equitized by VCERA's overlay manager. Sufficient liquidity will be ensured for payment of VCERA's obligations such as the retirement roll, capital calls, investment manager fees, etc., and excess cash will be deployed to VCERA's investment managers.

The policies and procedures of VCERA's investment program are designed to maximize the probability that the investment goals will be fulfilled. Investment policies will evolve as fund conditions change and as investment conditions warrant.

VCERA adopts and implements an asset allocation policy that is predicated on a number of factors, including:

- The actuarially projected liabilities and benefit payments and the cost to both covered employees and employers.
- Historical and expected long-term capital market risk and return behavior.
- The perception of future economic conditions, including inflation and interest rate levels.
- The risk tolerance of the Board.

- The relationship between current and projected assets of the Plan and its actuarial requirements.

VCERA's asset class target allocation (including ranges and benchmarks) is attached as Appendix A.

The Board will implement the asset allocation policy through the use of specialized investment managers, who will be given full discretion to invest the assets of their portfolios subject to investment guidelines. When appropriate, passively managed index funds, and exchange traded funds (ETFs) will be utilized.

The Board, in recognition of the benefits of commingled funds as investment vehicles (e.g., the potential to diversify more extensively than in a direct investment account and achieve lower costs) may from time to time elect to invest in such funds. The Board recognizes that the practices of such funds will be in accordance with the funds' offering documents. Any significant changes in the offering documents of a fund in which the Board has placed an investment will be promptly delivered to the Board.

## V. ROLE OF ASSET CLASSES

VCERA will utilize the following portfolio components to fulfill the asset allocation targets and total fund performance goals established elsewhere in this document.

**Equities** – VCERA anticipates that total returns to equities will be higher than total returns to fixed income securities over the long-run, but may be subject to greater volatility as well. There are several components of VCERA's equity holdings:

- **U.S. Large Cap Equities** – This component will provide broadly diversified, core exposure to the U.S. equity market, primarily through holdings in large capitalization companies.
- **U.S. SMid (Small and Mid) Cap Equities** – SMid Cap Stocks are generally those of companies with a market capitalization up to \$10 billion. Although more volatile than larger capitalization stocks, SMid cap stocks are generally characterized by faster growth and (historically) higher long-term returns.
- **Non-U.S. Equities** – This component provides access to major equity markets outside the U.S. and consequently plays a significant role in diversifying VCERA's equity portfolio. This segment may provide exposure to developed non-U.S. markets, emerging markets, and frontier markets whose growth and returns are not necessarily synchronized with those of the U.S. This international segment will be diversified across large cap, small cap, and emerging markets equities. Discretion consistent with commingled funds guidelines will be employed by active managers to invest opportunistically in emerging and frontier markets.
- **Global Equities** – A further diversifying feature that allows for investment in securities of companies domiciled both in the domestic and international markets.

**Fixed Income** – The primary role of the fixed income portfolio is to provide a more stable investment return and to generate income while diversifying VCERA's investment assets to hedge against significant drawdowns in the equity markets. The fixed income holdings are comprised of the following:

- **Core Fixed Income** – This portfolio will provide core exposure to the U.S. and non-U.S. fixed income markets (maturities from 0 to 30 years) such as US Treasury and government agency bonds, corporate debt, mortgages and asset-backed securities. The portfolio will be largely composed of investment grade issues with limited investment in non-dollar and high yield bonds.
- **Absolute Return Fixed Income Portfolios** - Due to the historic low interest rates, the Board has a concern that maintaining a duration exposure similar to the Barclays Aggregate index creates the real possibility of significant losses over a long-term rising rate environment. Therefore some of the US and non-US fixed income exposure will be with managers with a more flexible mandate to earn an absolute return with lower down-side risk.
- **U.S Treasury Bonds** – This portfolio provides for a dedicated allocation to U.S. Treasury securities to offset the risk added by increasing private equity exposure; to benefit from any “flight to quality” in times of market distress; and, to serve as a reserve source of liquidity when sufficient liquidity otherwise is not available in the public markets.
- **Private Credit** – Private Credit strategies may include direct lending, opportunistic/niche lending (aircraft leasing, royalty-backed lending, trade finance, etc.), mezzanine lending, real estate lending, distressed debt, and structured credit. Private Credit strategies are generally shorter duration, floating-rate, and cash-generating, although less liquid than publicly traded debt.

**Real Assets** – may consist of investments in real estate, commodities, timber, farmland, agricultural products, inflation linked products, infrastructure, Treasury Inflation Protected Securities (TIPS), inflation-sensitive equities, MLPs, risk parity, etc. These investments offer diversification benefits and target a “real” (after inflation) return.

**Private Equity** – The role of private equity, in general, is to provide a superior risk adjusted rate of return compared to other asset classes and to provide prudent portfolio diversification consistent with risk and return objectives. Private Equity investments are generally long term and illiquid and shall consist of a broad range of investment opportunities and may include investments such as leveraged buyouts, venture capital, growth capital, and special situations.

## VI. INVESTMENT MANAGER POLICY

Managers will have full discretion and authority for determining investment strategy, security selection and timing subject to investment guidelines. Performance of investment portfolios will be monitored and evaluated on a regular basis relative to benchmark returns, and relative to a peer group of managers with a similar investment style.



Investment actions are expected to comply with “prudent person” standards. Each investment manager will be expected to know VCERA’s policies (as outlined in this document) and to comply with those policies. It is each manager’s responsibility to identify policies that may have an adverse impact on performance and notify VCERA and consultant of any significant issues.

VCERA will also review each investment manager’s adherence to its investment policy, and any material changes in the manager’s organization (e.g., personnel changes, new business developments, etc.) and its investment process. The investment managers retained by VCERA will be responsible for informing VCERA and the consultant of any material changes.

Investment managers under contract to VCERA shall have discretion to establish and execute transactions through accounts with one or more securities broker/dealer(s) that a manager may select. The investment managers are expected to obtain best execution with respect to portfolio transactions.

#### **Selection Criteria for Investment Managers**

Criteria will be established for each manager search undertaken by VCERA, and will be tailored to VCERA’s needs in such search. In general, eligible managers will possess attributes including, but not limited to, the following:

- The firm must be experienced in managing money for institutional clients in the asset class/product category specified.
- The firm must display a record of stability in retaining and attracting qualified investment professionals, as well as a record of managing asset growth effectively, both in gaining and retaining clients.
- The firm must demonstrate adherence to the investment style sought, and adherence to the firm’s stated investment discipline.
- The firm’s fees must be competitive with industry standards or the product category.
- The firm must be willing and able to comply with the “Duties of the Investment Managers” outlined herein.

#### **Criteria for Investment Manager Termination**

VCERA reserves the right to terminate an investment manager for any reason. Grounds for investment manager termination may include, but are not limited to, the following:

- Failure to comply with the guidelines agreed upon for management of the portfolio.
- Failure to achieve performance objectives.
- Significant deviation from manager’s stated investment philosophy and/or process.
- Loss of key personnel.

- Evidence of illegal or unethical behavior by the investment management firm.
- Lack of willingness to cooperate with reasonable requests by VCERA for information, meetings or other material related to its portfolios.
- Loss of confidence by the Board in the investment manager.
- A change in the asset allocation program that necessitates a shift of assets to a different investment style.

The presence of any one of these factors will be carefully reviewed by the Board, but will not necessarily result in an automatic termination. VCERA reserves the right to place its investment managers on a formal Watch List.

A manager may be placed on "Watch" status for:

- Failure to meet one or more of the standards, objectives, goals, or risk controls as set forth in this policy statement.
- Violation of ethical, legal, or regulatory standards.
- Material adverse change in the ownership of the firm or personnel changes.
- Failure to meet reporting or disclosure requirements.
- Failure to meet performance objectives or goals.
- Any actual or potentially adverse information, trends, or developments that the Board feels might impair the investment manager's ability to deliver successful outcomes for the participants of the plan.

Managers placed on Watch status shall be notified in writing and be made aware of the reason for the action and the required remediation. Watch status is an optional interim step that may be used to formally communicate dissatisfaction to the investment manager and the potential for termination. Watch status is not a required step in terminating a manager. The Watch List will normally be for a period of six months, but the Board retains the right to terminate the manager, extend the period of the Watch status, or remove the manager from Watch status at any time. The staff and or the consultant shall report to the Board the progress of any manager remediation activities.

## **VII. GENERAL GUIDELINES**

### **Custody of Assets**

With the exception of assets invested in commingled funds, the assets of VCERA shall be held in a custody/record keeping account in a master custody bank located in a national money center and in international sub-custodian banks under contract with the custodian bank.

### **Derivatives**

VCERA's investment managers may be permitted through individual investment guidelines to use derivative instruments to control or manage portfolio risk. Derivatives are contracts or securities whose returns are derived from the returns of other securities, indices or derivatives. This definition includes collateralized

mortgage obligations futures, forwards, options, options on futures, swaps, swap options, etc.

VCERA's managers are not to utilize derivatives for speculative purposes (for example, by taking a position greater than 100% or less than 0% of underlying asset exposure). No derivatives positions can be established that create portfolio characteristics outside of current portfolio guidelines. Examples of appropriate applications of derivative strategies include hedging interest rate and currency risk, and maintaining exposure to a desired asset class while effecting asset allocation changes.

### **Securities Lending**

The Board may authorize the execution of a Securities Lending Program for separate accounts.

VCERA may participate in a securities lending program administered by a lending agent approved by the Board for the purpose of increasing income. The Board, or agent as designated by the Board, shall be responsible for overseeing the securities lending program. The securities lending program shall be established pursuant to a written agreement established between the Board and the lending agent that stipulates the working of the program.

The terms of VCERA's separate account securities lending program should incorporate the following features at a minimum:

- A description of the allocation queuing system used.
- Available list of approved brokers.
- Statement of lendable securities.
- The percentage of the portfolio available for loan, and amount on loan.
- Provision for indemnification in case of broker default or failure to return sold securities in a timely manner.
- Provisions for the selection/elimination of brokers from the program by the lending agent.
- Provisions for the elimination of securities from the securities lending program by either the lending agent or the CIO.
- Types of collateral acceptable for loaned securities, provisions for marked to market value of collateral.
- The lending agent/VCERA split on the securities lending income.
- Availability of a securities lending report which details the securities loaned, the collateral used, the broker used and the income and fees received. The report should break out reinvestment income when reporting revenues.

- The cash collateral pool should be invested conservatively in high quality short maturity fixed income instruments. Leverage shall not be allowed in the collateral pool.

#### **Voting of Proxies**

Retained investment managers will vote, or cause to be voted, all proxy proposals on an individual basis. The manager's process in dealing with proxy issues should be both thorough and reasonable, and oriented toward achieving maximum long-term shareholder value. The manager is to discharge its fiduciary duty by use of proxy voting policies and procedures solely in the interest of the Fund. Each investment manager shall notify the custodial bank of their responsibility to forward to the manager all proxy material. An ongoing review should be done to see that all expected proxies have been received, and if not, the bank should be directed to vote any proxy it receives in conformance with the manager's instruction. The manager may outsource this service in order to discharge its proxy voting responsibilities in conformance with these guidelines and shall make its voting records available to VCERA upon request.

### **VIII. PUBLIC MARKET EQUITY GUIDELINES**

- No securities shall be purchased on margin or sold short.
- Managers shall not purchase stock (or securities convertible into stock) of any issuer if the purchase would cause this portfolio to include more than 5% of the outstanding voting stock, or more than 5% in (market) value of all outstanding securities of a single issuer (assuming all shares are converted).

#### **Prohibited Transactions**

Unless otherwise provided for, the following transactions will be prohibited:

- Physical commodities, including gold.
- Speculative or leveraged use of derivatives.
- Transactions that involve a broker acting as a "principal," where such broker is also the investment manager who is making the transaction. Any exemption from these guidelines requires prior written approval from the Board.
- Buying warrants.
- Margin buying.
- Short selling.
- Reverse repurchase agreements.

**IX. PUBLIC MARKET FIXED INCOME GUIDELINES**

- The total portfolio's minimum rating in aggregate will be Aa2 or better by Moody's, AA by Standard & Poor's, or AA by Fitch, although any individual manager may be less.
- No more than 5% of the market value of any single portfolio will be invested in any one issuer, with the exception of U.S. Treasury or Federal Agency issues.
- U.S. dollar-denominated issues of foreign governments, international organizations and U.S. subsidiaries of foreign corporations are permitted up to 10% of the market value of any single portfolio.
- No securities shall be purchased on margin or sold short.
- Publicly traded fixed income instruments rated investment grade by either Moody's or Standard and Poor's must comprise at least 90% of the total portfolio.

**X. PRIVATE MARKET GUIDELINES**

- Due to the varying nature of these strategies, and the primary use of commingled vehicles, each investment will be subject to the investment guidelines for each respective commingled fund.

**XI. MANAGEMENT CONTROL PROCEDURES – RESPONSIBLE PARTIES**

**Duties of the Board**

Procedures concerning the oversight of VCERA include the following:

- The Board shall have discretion to develop and execute VCERA's investment program. Only the Board in its sole discretion can delegate its decision-making authority regarding the investment program. Staff will be responsible for the timely implementation and administration of these decisions.
- A review of VCERA's investment structure, asset allocation and financial performance will be conducted annually or more frequently as the need arises. A formal asset liability review will be conducted every 3-5 years. The review will include recommended adjustments to the long-term, strategic asset allocation plan to reflect any changes in pension fund regulations, long-term capital market assumptions and VCERA's financial condition.
- Employ external investment managers who have demonstrated experience, expertise and investment styles consistent with the need for return and diversification. Investment guidelines will be developed for each manager, and investment performance will be monitored against these guidelines. Each investment manager will manage its portfolio according to a formal contract.

The Board, with the assistance of Staff and consultants, shall be responsible for taking appropriate

action if investment objectives are not being met or if policies and guidelines are not being followed. Reviews for portfolios managed by external managers will focus on:

- Manager adherence to the Policy guidelines.
- Material changes in the managers' organizations, such as investment philosophy, personnel changes, acquisitions or losses of major accounts, etc. The managers will be responsible for keeping VCERA advised of any material changes in personnel, investment strategy, or other pertinent information potentially affecting performance.
- The Board shall be responsible for selecting a qualified custodian.
- The Board shall administer VCERA's investments in a cost-effective manner. These costs include, but are not limited to, investment management, consulting, custodial fees, and other administrative costs chargeable to VCERA.

**Duties of the Chief Investment Officer ("CIO")**

The CIO or his/her designate(s) will adhere to the following in the management of VCERA's assets:

- The CIO supports the Board in the development and approval of the Investment Plan, implements and monitors the Plan, and reports at least monthly on investment activity and matters of significance.
- Provides advice to the Board on current and recommended investment strategies and tactics within asset classes, analyzing suitability for VCERA, and making recommendations for Board consideration in coordination with the Investment Consultant.
- Evaluates a wide variety of specific investment products, including alternative investments such as private equity, private credit, real assets, etc., analyzing suitability for VCERA, and makes recommendations for Board consideration in coordination with the consultant. Meets with financial organizations, industry peers, trade groups, and investment managers; reviews and researches market and academic literature to evaluate and remain up to date on markets, trends, and risks of various investment strategies, managers, and products across asset classes that may be of interest and applicability to the Board.
- Ensures that Investment Managers conform to the terms of their contracts and that performance monitoring systems are sufficient to provide the Board with timely, accurate and useful information.

**Duties of the Custodian**

The Board recognizes that accurate and timely completion of custodial functions is necessary to effectively monitor investment management activity. The custodian's responsibilities for VCERA's investible assets are to:

- Provide complete global custody and depository services for the designated accounts. Provide a Short Term Investment Fund (STIF) for investment of any cash not invested by managers, and to ensure that

all available cash is invested.

- Provide for timely settlement of securities transactions.
- Collect all income and principal realizable and properly report it on the periodic statements.
- Provide monthly and fiscal year-end accounting statements for the portfolio, including all transactions; these should be based on accurate security values for both cost and market. These reports should be provided within 15 days from the end of the month.
- Report to VCERA situations where accurate security pricing, valuation and accrued income is either not possible or subject to considerable uncertainty.
- Provide assistance to VCERA to complete such activities as the annual audit, transaction verification or unique issues as required by VCERA.
- Manage a securities lending program to enhance income as may be approved by the Board.
- Provide other services, as required, that assist with the monitoring of managers and investments.
- Act and report in a timely fashion on corporate actions, securities litigations, furnish investment managers proxies for voting, etc.

#### **Duties of the Investment Managers**

The Investment Managers shall:

- Provide VCERA with a written agreement to invest within the guidelines established in the Investment Plan.
- Provide VCERA with proof of liability and fiduciary insurance coverage.
- Be a SEC-Registered Investment Advisor, a bank, insurance company, or other legal entity recognized as providing demonstrated expertise over a number of years in the management of institutional, tax-exempt assets and a defined investment specialty.
- Adhere to the investment management style, concepts and principles for which they were retained, including, but not limited to, developing portfolio strategy, performing research, purchasing and selling securities and voting proxies.
- Execute all transactions for the benefit of VCERA with brokers and dealers qualified to execute institutional orders on a best execution basis for VCERA, and, where appropriate, facilitate the recapture of commissions on behalf of VCERA.
- Reconcile every quarter accounting, transaction and asset summary data with custodian valuations, and communicate and resolve any significant discrepancies with the custodian.

- Maintain frequent and open communication with the Board through the CIO and Investment Consultant on all significant matters pertaining to the Investment Plan, including, but not limited to, the following:
  - Major changes in the Investment Manager's investment outlook, investment strategy and portfolio structure.
  - Significant changes in ownership, organizational structure, financial condition or senior personnel.
  - Any changes in the Portfolio Manager or other personnel assigned to VCERA.
  - Each significant client which terminates its relationship with the Investment Manager, within 45 days of such termination.
  - All pertinent issues which the Investment Manager deems to be of significant interest or material importance.

#### **Manager Reporting Requirements**

In addition to the aforementioned duties, the managers of publicly traded securities are required to provide the CIO and Consultant with the following reports:

- Monthly – Asset (portfolio) statement, and performance on the portfolio and benchmark for the month, quarter, year-to-date, fiscal year-to-date, 1-year, 3-year, 5-year, 10-year, and since inception annualized returns gross and net of fees. In addition, a discussion of the portfolio's recent strategy and expected future strategy and a statement of compliance with guidelines.

#### **Duties of the Investment Consultant(s)**

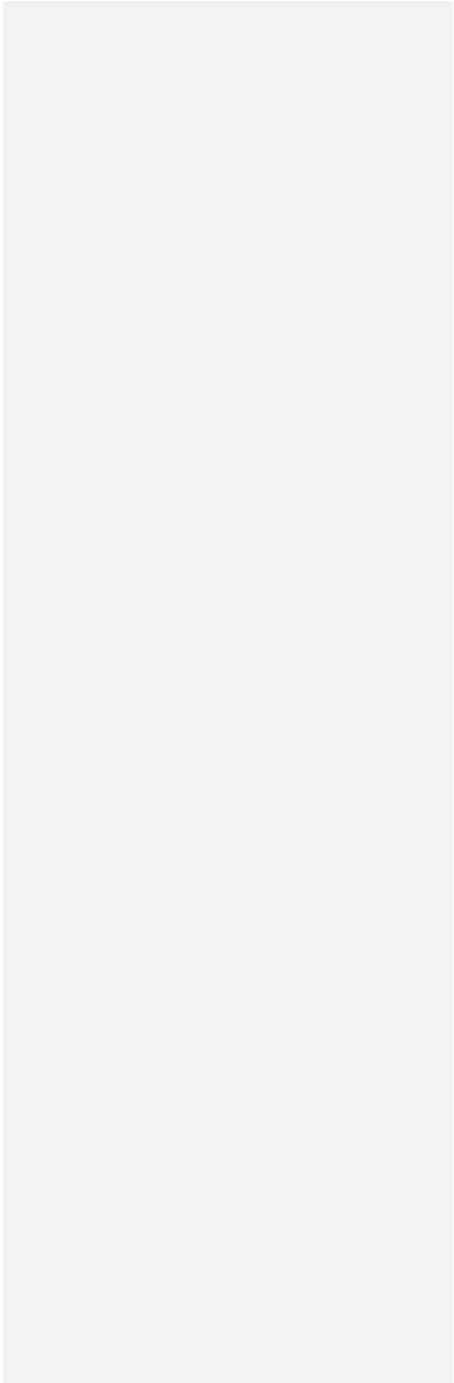
The Investment Consultant(s) shall:

- Make recommendations to the Board and the CIO regarding investment policy and strategic asset allocation.
- Assist VCERA in the selection of qualified investment managers, and assist in the oversight of existing managers, including monitoring changes in personnel and the investment process.
- Assist in the selection of a qualified custodian.
- Prepare performance reports at the total fund, asset class, and manager levels. Report significant activity for the portfolio at the total fund, asset class, and manager levels.
- Provide topical research and education on investment subjects that are relevant to VCERA



## Investment Policy

Ventura County Employees' Retirement Association  
~~February 2017~~ May 2019



Ventura County Employees' Retirement Association

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**INVESTMENT POLICY  
VENTURA COUNTY EMPLOYEES' RETIREMENT  
ASSOCIATION**

**I. INTRODUCTION**

This document sets forth the framework for the management and oversight of the investment assets of the Ventura County Employees' Retirement Association ("VCERA"). The purpose of the Investment Policy is to assist the Board of Retirement (the "Board") in effectively supervising and monitoring the investments of VCERA. Specifically, it will address the following issues:

- The general goals of the investment program.
- The policies and procedures for the management of the investments.
- Investment guidelines for asset classes, specific asset allocations, and portfolio rebalancing.
- Performance objectives and risk tolerance.
- Responsibilities of VCERA's Board and staff, Investment Consultant, custodian, and investment managers.

The Board establishes this investment policy in accordance with the provisions of the County Employees' Retirement Law of 1937 (Government code Sections 31450 et. seq.). VCERA is considered a separate entity and is administered by a Board consisting of nine members, plus three alternates. VCERA's Board and its officers and employees shall discharge their duties as provided for in Government Code Section 31595:

- Solely in the interest of, and for the exclusive purpose of providing benefits to, participants and their beneficiaries, minimizing employer and employee contributions thereto, and defraying reasonable expenses of administering the system.
  - With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like aims.
  - ~~In addition to the statutory requirements, the Board shall seek to minimize~~ diversify the investments of the system so as to ~~In addition to the statutory requirements, the Board shall seek to minimize employee contributions and~~ maximize risk-adjusted returns.
- This policy statement is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while setting forth reasonable parameters to ensure prudence and care are exercised in the execution of the investment program.

Ventura County Employees' Retirement Association

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With respect to investments, asset allocation target and ranges, the role of the Board is to ensure VCERA's fiduciary responsibilities are fulfilled, that the investment structure, operation and results of the individual portfolios are consistent with investment objectives established for them, and to ensure competence, integrity and continuity in the management of the assets.

**II. INVESTMENT POLICIES**

The following policies, consistent with the above described purpose and state government citations, are adopted:

- The overall goal of VCERA's investment program is to provide plan participants with retirement, disability, and death and survivor benefits as provided for under the County Employees' Retirement Law of 1937.
- VCERA's assets will be managed on a total return basis. While VCERA recognizes the importance of the preservation of capital, it also adheres to the principle that varying degrees of investment risk are expected to be rewarded with compensating returns.
- VCERA's Investment Policy has been designed to earn the highest possible long-term rate of return consistent with a level of risk that the Board believes is appropriate given the plan's assets and liabilities, funded status and capital markets outlook, and to generate a real rate of return exceeding 4%. Consequently, prudent risk-taking is warranted within the context of overall portfolio diversification to meet this goal. Investment strategies are considered primarily in light of their impact on total plan assets subject to any restrictions set forth in the County Employees' Retirement Law of 1937, and shall at all times comply with applicable state and federal regulations.
- All transactions undertaken will be for the sole benefit of VCERA's participants and their beneficiaries and for the exclusive purpose of providing benefits to them; and, minimizing employer and employee contributions to the System, and defraying reasonable administrative expenses of the System.
- VCERA has a long-term investment horizon generally described as a time period greater than 10 years, and utilizes an asset allocation that encompasses a strategic, long-term perspective of capital markets. It is recognized that a strategic long-term asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of VCERA's investment performance.
- Investment actions are expected to comply with "prudent person" standards which recognize the importance of diversification of investment risks and opportunities.
- Invest funds in accordance with asset allocation targets established by the Board.

**III. INVESTMENT OBJECTIVES OF THE TOTAL FUND**

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- Earn the highest possible long-term rate of return consistent with a level of risk that the Board believes is appropriate given the plan's assets and liabilities, funded status and capital markets outlook, and to generate a real rate of return exceeding 4%.
- Exceed an asset allocation policy weighted index return.

**IV. ASSET ALLOCATION**

This policy is adopted to provide for diversification of assets in an effort to maximize the investment return of VCERA consistent with market conditions and the Board's risk tolerance. Asset allocation modeling identifies asset classes VCERA will utilize and the percentage each class represents in the total fund. Due to the fluctuation of market values, positioning within a specified range is acceptable and constitutes compliance with the policy. It is anticipated that an extended period of time may be required to fully implement the asset allocation policy, and that periodic revisions will occur. VCERA ~~staff~~ CIO and Investment Consultant will monitor and assess the actual asset allocation versus policy, and will report ~~any variation considered significant investment exposure outside of Board adopted asset allocation ranges.~~

The portfolio is continually rebalanced ~~using incoming cash flows~~ to add exposure to under weighted asset classes, and ~~taking outgoing cash from~~ to reduce exposure to over weighted asset classes by VCERA's overlay investment manager. If Board adopted asset class limits are breached, an asset class threshold range rebalancing is evaluated and executed by the CIO in consultation with the overlay manager and the Investment Consultant.

Cash balances will be equitized by VCERA's overlay manager. Sufficient liquidity will be ensured for payment of VCERA's obligations such as the retirement roll, capital calls, investment manager fees, etc., and excess cash will be deployed to VCERA's investment managers.

The policies and procedures of VCERA's investment program are designed to maximize the probability that the investment goals will be fulfilled. Investment policies will evolve as fund conditions change and as investment conditions warrant.

VCERA adopts and implements an asset allocation policy that is predicated on a number of factors, including:

- The actuarially projected liabilities and benefit payments and the cost to both covered employees and employers.
- Historical and expected long-term capital market risk and return behavior.
- The perception of future economic conditions, including inflation and interest rate levels.
- The risk tolerance of the Board.
- The relationship between current and projected assets of the Plan and its actuarial requirements.

VCERA's asset class target allocation (including ranges and benchmarks) is attached as Appendix A.

The Board will implement the asset allocation policy through the use of specialized investment managers, who will be given full discretion to invest the assets of their portfolios subject to investment guidelines. When appropriate, passively managed index funds, and exchange traded funds (ETFs) will be utilized.

The Board, in recognition of the benefits of commingled funds as investment vehicles (e.g., the potential to diversify more extensively than in a direct investment account and achieve lower costs) may from time to time elect to invest in such funds. The Board recognizes that the practices of such funds will be in accordance with the funds' offering documents. Any significant changes in the offering documents of a fund in which the Board has placed an investment will be promptly delivered to the Board.

V. ROLE OF ASSET CLASSES

VCERA will utilize the following portfolio components to fulfill the asset allocation targets and total fund performance goals established elsewhere in this document.

**Equities** – VCERA anticipates that total returns to equities will be higher than total returns to fixed income securities over the long-run, but may be subject to greater volatility as well. There are several components of VCERA's equity holdings:

U.S. Equities

- **U.S. Large Cap Equities** – This component will provide broadly diversified, core exposure to the U.S. equity market, primarily through holdings in large capitalization companies.
- **U.S. SMid (Small and Mid) Cap Equities** – SMid Cap Stocks are generally those of companies with a market capitalization up to \$10 billion. Although more volatile than larger capitalization stocks, SMid cap stocks are generally characterized by faster growth and (historically) higher long-term returns.
- **International Non-U.S. Equities** – This component provides access to major equity markets outside the U.S. and consequently plays a significant role in diversifying VCERA's equity portfolio. This segment may provide exposure to developed non-U.S. markets, emerging markets, and frontier markets whose growth and returns are not necessarily synchronized with those of the U.S. This ~~core~~-international segment will be diversified across large cap, small cap, and emerging markets equities. concentrate on larger companies in established non-U.S. equity markets. Limited Discretion consistent with commingled funds guidelines will be provided to active managers deemed to have an appropriate level of expertise employed by active managers to invest opportunistically in emerging and frontier markets.
- **Global Equities** – A further diversifying feature that allows for ~~securities investment in securities of companies~~ domiciled both in the domestic and international ~~stock~~ markets. ~~Managers invest in U.S.~~

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~~stocks and non-U.S. stocks.~~

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**Fixed Income** – The primary role of the fixed income portfolio is to provide a more stable investment return and to generate income while diversifying VCERA's investment assets to hedge against significant drawdowns in the equity markets. The fixed income holdings are comprised of the following:

- **Core Fixed Income** – This portfolio will provide core exposure to the U.S. and non-U.S. fixed income markets (maturities from 0 to 30 years) such as US Treasury and government agency bonds, corporate debt, mortgages and asset-backed securities. The portfolio will be largely composed of investment grade issues with limited investment in non-dollar and high yield bonds.
- **Absolute Return Fixed Income Portfolios** - Due to the historic low interest rates, the Board has a concern that maintaining a duration exposure similar to the Barclays Aggregate index creates the real possibility of significant losses over a long-term rising rate environment. Therefore some of the US and non-US fixed income exposure will be with managers with a more flexible mandate to earn an absolute return with lower down-side risk.

▪ **U.S Treasury Bonds** – This portfolio provides for a dedicated allocation to U.S. Treasury securities to offset the risk added by increasing private equity exposure; to benefit from any "flight to quality" in times of market distress; and, to serve as a reserve source of liquidity when sufficient liquidity otherwise is not available in the public markets.

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▪ **Private Credit** – Private Credit strategies may include direct lending, opportunistic/niche lending (aircraft leasing, royalty-backed lending, trade finance, etc.), mezzanine lending, real estate lending, distressed debt, and structured credit. Private Credit strategies are generally shorter duration, floating-rate, and cash-generating, although less liquid than publicly traded debt.

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**Real Assets** – may consist of investments in real estate, commodities, timber, farmland, agricultural products, inflation linked products, infrastructure, Treasury Inflation Protected Securities (TIPS), inflation-sensitive equities, MLPs, risk parity, etc. These investments offer diversification benefits, and target a "real" (after inflation) return.

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**Real Estate** – The role of real estate, in general, is to provide a competitive risk adjusted rate of return compared to other asset classes and to provide prudent portfolio diversification consistent with risk and return objectives. This portfolio diversification is due to real estate's low correlation with returns of equity and fixed income. Real Estate also generates income in addition to capital appreciation. Real Estate investments may include direct investment in properties, REITs and commingled funds.

**Private Equity** – The role of private equity, in general, is to provide a superior risk adjusted rate of return compared to other asset classes and to provide prudent portfolio diversification consistent with risk and return objectives. Private Equity investments are generally long term and illiquid and shall consist of a broad range of investment opportunities and may include investments such as leveraged buyouts, venture capital, growth capital, distressed, and mezzanine debt and special situations.

**Liquid Alternatives** – The role of liquid alternatives, in general, is to provide a superior risk adjusted rate of return across different economic regimes and to provide prudent portfolio diversification consistent with risk and return objectives. This portfolio diversification is due to liquid alternatives low

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~~correlation with returns of traditional equity and fixed income. Liquid alternatives include Master Limited Partnerships ("MLPs") and risk parity strategies.~~

**VI. INVESTMENT MANAGER POLICY**

Managers will have full discretion and authority for determining investment strategy, security selection and timing subject to investment guidelines. Performance of investment portfolios will be monitored and evaluated on a regular basis relative to benchmark returns, and relative to a peer group of managers with a similar investment style.

Investment actions are expected to comply with "prudent person" standards. Each investment manager will be expected to know VCERA's policies (as outlined in this document) and to comply with those policies. It is each manager's responsibility to identify policies that may have an adverse impact on performance and notify VCERA and consultant of any significant issues.



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VCERA will also review each investment manager's adherence to its investment policy, and any material changes in the manager's organization (e.g., personnel changes, new business developments, etc.) and its investment process. The investment managers retained by VCERA will be responsible for informing VCERA and the consultant of any material changes.

Investment managers under contract to VCERA shall have discretion to establish and execute transactions through accounts with one or more securities broker/dealer(s) that a manager may select. The investment managers are expected to obtain best execution with respect to portfolio transactions.

**Selection Criteria for Investment Managers**

Criteria will be established for each manager search undertaken by VCERA, and will be tailored to VCERA's needs in such search. In general, eligible managers will possess attributes including, but not limited to, the following:

- The firm must be experienced in managing money for institutional clients in the asset class/product category specified.
- The firm must display a record of stability in retaining and attracting qualified investment professionals, as well as a record of managing asset growth effectively, both in gaining and retaining clients.
- The firm must demonstrate adherence to the investment style sought, and adherence to the firm's stated investment discipline.
- The firm's fees must be competitive with industry standards or the product category.
- The firm must be willing and able to comply with the "Duties of the Investment Managers" outlined herein.

**Criteria for Investment Manager Termination**

VCERA reserves the right to terminate an investment manager for any reason. Grounds for investment manager termination may include, but are not limited to, the following:

- Failure to comply with the guidelines agreed upon for management of the portfolio.
- Failure to achieve performance objectives.
- Significant deviation from manager's stated investment philosophy and/or process.
- Loss of key personnel.
- Evidence of illegal or unethical behavior by the investment management firm.

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- Lack of willingness to cooperate with reasonable requests by VCERA for information, meetings or other material related to its portfolios.
- Loss of confidence by the Board in the investment manager.
- A change in the asset allocation program that necessitates a shift of assets to a different investment style.

The presence of any one of these factors will be carefully reviewed by the Board, but will not necessarily result in an automatic termination. VCERA reserves the right to place its investment managers on a formal Watch List.

A manager may be placed on "Watch" status for:

- Failure to meet one or more of the standards, objectives, goals, or risk controls as set forth in this policy statement.
- Violation of ethical, legal, or regulatory standards.
- Material adverse change in the ownership of the firm or personnel changes.
- Failure to meet reporting or disclosure requirements.
- Failure to meet performance objectives or goals.
- Any actual or potentially adverse information, trends, or developments that the Board feels might impair the investment manager's ability to deliver successful outcomes for the participants of the plan.

Managers placed on Watch status shall be notified in writing, and be made aware of the reason for the action and the required remediation. Watch status is an optional interim step that may be used to formally communicate dissatisfaction to the investment manager and the potential for termination. Watch status is not a required step in terminating a manager. The Watch List will normally be for a period of six months, but the Board retains the right to terminate the manager, extend the period of the Watch status, or remove the manager from Watch status at any time. The staff and or the consultant shall report to the Board the progress of any manager remediation activities.

**VII. GENERAL GUIDELINES**

**Custody of Assets**

With the exception of assets invested in commingled funds, the assets of VCERA shall be held in a custody/record keeping account in a master custody bank located in a national money center and in international sub-custodian banks under contract with the custodian bank.

**Derivatives**

VCERA's investment managers may be permitted through individual investment guidelines to use derivative instruments to control or manage portfolio risk. Derivatives are contracts or securities whose returns are derived from the returns of other securities, indices or derivatives. This definition includes,

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collateralized mortgage obligations futures, forwards, options, options on futures, swaps, swap options, etc.

VCERA's managers are not to utilize derivatives for speculative purposes (for example, by taking a position greater than 100% or less than 0% of underlying asset exposure). No derivatives positions can be established that create portfolio characteristics outside of current portfolio guidelines. Examples of appropriate applications of derivative strategies include hedging interest rate and currency risk, and maintaining exposure to a desired asset class while effecting asset allocation changes.

#### Securities Lending

The Board may authorize the execution of a Securities Lending Program for separate accounts.

VCERA may participate in a securities lending program administered by a lending agent approved by the Board for the purpose of increasing income. The Board, or agent as designated by the Board, shall be responsible for overseeing the securities lending program. The securities lending program shall be established pursuant to a written agreement established between the Board and the lending agent that stipulates the working of the program.

The terms of VCERA's separate account securities lending program should incorporate the following ~~provisions-features~~ at a minimum:

- A description of the allocation queuing system used.
- Available list of approved brokers.
- Statement of lendable securities.
- The percentage of the portfolio available for loan, and amount on loan.
- Provision for indemnification in case of broker default or failure to return sold securities in a timely manner.
- Provisions for the selection/elimination of brokers from the program by the lending agent ~~and/or the Board~~.
- Provisions for the elimination of securities from the securities lending program by either the lending agent or the ~~Board~~CIO.
- Types of collateral acceptable for loaned securities, provisions for marked to market value of collateral.
- The lending agent/VCERA split on the securities lending income.

~~• Provisions for termination of a loan.~~

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- Availability of a securities lending report which details the securities loaned, the collateral used, the broker used and the income and fees received. The report should break out reinvestment income when reporting revenues.

~~• Disclose potential conflicts with existing clients.~~

~~• Specify collateralization requirements for VCERA securities out on loan.~~

- The cash collateral pool should be invested conservatively in high quality short maturity fixed income instruments. Leverage shall not be allowed in the collateral pool.

**Voting of Proxies**

Retained investment managers will vote, or cause to be voted, all proxy proposals on an individual basis. The manager's process in dealing with proxy issues should be both thorough and reasonable, and oriented toward achieving maximum long-term shareholder value. The manager is to discharge its fiduciary duty by use of proxy voting policies and procedures solely in the interest of the Fund. Each investment manager shall notify the custodial bank of their responsibility to forward to the manager all proxy material. An ongoing review should be done to see that all expected proxies have been received, and if not, the bank should be directed to vote any proxy it receives in conformance with the manager's instruction. The manager may outsource this service in order to discharge its proxy voting responsibilities in conformance with these guidelines, and shall make its voting records available to VCERA upon request.

~~Annually, investment managers shall send VCERA a report of its proxy voting activities including a brief explanation of the proxy voting issues, how the manager voted on each issue, the number of proxies that were not voted, why they were not voted, and what steps can be taken to decrease the number of missed proxy votes.~~

**VIII. PUBLIC MARKET EQUITY GUIDELINES**

~~**Public Market Equity Investment Manager Guidelines**~~

- No securities shall be purchased on margin or sold short.
- Managers shall not purchase stock (or securities convertible into stock) of any issuer if the purchase would cause this portfolio to include more than 5% of the outstanding voting stock, or more than 5% in (market) value of all outstanding securities of a single issuer (assuming all shares are converted).

**Prohibited Transactions**

Unless otherwise provided for, the following transactions will be prohibited:

- Physical commodities, including gold.
- Speculative or leveraged use of derivatives.

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- Transactions that involve a broker acting as a "principal," where such broker is also the investment manager who is making the transaction. Any exemption from these guidelines requires prior written approval from the Board.
- Buying warrants.
- Margin buying.
- Short selling.
- Reverse repurchase agreements.

**IX. PUBLIC MARKET FIXED INCOME GUIDELINES**

**U.S. Fixed Income**

- The total portfolio's minimum rating in aggregate will be Aa2 or better by Moody's, AA by Standard & Poor's, or AA by Fitch, although any individual manager may be less.
- No more than 5% of the market value of any single portfolio will be invested in any one issuer, with the exception of U.S. Treasury or Federal Agency issues.
- U.S. dollar-denominated issues of foreign governments, international organizations and U.S. subsidiaries of foreign corporations are permitted up to 10% of the market value of any single portfolio.
- No securities shall be purchased on margin or sold short.
- Publicly traded fixed income instruments rated investment grade by either Moody's or Standard and Poor's must comprise at least 90% of the total portfolio.

**X. PRIVATE MARKET GUIDELINES**

- Due to the varying nature of these strategies, and the primary use of commingled vehicles, each investment will be subject to the investment guidelines for each respective commingled fund.

**XI. MANAGEMENT CONTROL PROCEDURES – RESPONSIBLE PARTIES**

**Duties of the Board**

Procedures concerning the oversight of VCERA include the following:

- The Board shall have discretion to develop and execute VCERA's investment program. Only the Board in its sole discretion can delegate its decision-making authority regarding the investment program. Staff will be responsible for the timely implementation and administration of these decisions.

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- A review of VCERA's investment structure, asset allocation and financial performance will be conducted annually or more frequently as the need arises. A formal asset liability review will be conducted every 3-5 years. The review will include recommended adjustments to the long-term, strategic asset allocation plan to reflect any changes in pension fund regulations, long-term capital market assumptions and VCERA's financial condition.
- Employ external investment managers who have demonstrated experience, expertise and investment styles consistent with the need for return and diversification. Investment guidelines will be developed for each manager, and investment performance will be monitored against these guidelines. Each investment manager will manage its portfolio according to a formal contract.

The Board, with the assistance of Staff and consultants, shall be responsible for taking appropriate action if investment objectives are not being met or if policies and guidelines are not being followed. Reviews for ~~separate~~ portfolios managed by external managers will focus on:

- Manager adherence to the Policy guidelines.
- Material changes in the managers' organizations, such as investment philosophy, personnel changes, acquisitions or losses of major accounts, etc. The managers will be responsible for keeping VCERA advised of any material changes in personnel, investment strategy, or other pertinent information potentially affecting performance.
- The Board shall be responsible for selecting a qualified custodian.
- The Board shall administer VCERA's investments in a cost-effective manner. These costs include, but are not limited to, investment management, consulting, custodial fees, and other administrative costs chargeable to VCERA.

**Duties of the Chief Investment Officer ("CIO")**

The CIO or his designate(s) will adhere to the following procedures in the management of VCERA's assets:

- The CIO supports the Board in the development and approval of the Investment Plan, implements and monitors the Plan, and reports at least monthly on investment activity and matters of significance.
- Provides advice to the Board on current and recommended investment strategies and tactics within asset classes, analyzing suitability for VCERA, and making recommendations for Board consideration in coordination with the Investment Consultant.
- Evaluates a wide variety of specific investment products, including ~~real estate and~~ alternative investments such as private equity, private credit, infrastructure, MLP, real assets, etc., analyzing suitability for VCERA, and makes recommendations for Board consideration in coordination with

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the consultant.

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- Meets with financial organizations, industry peers, trade groups, and investment managers; reviews and researches market and academic literature to evaluate and remain up to date on markets, trends, and risks of various investment strategies, managers, and products across asset classes that may be of interest and applicability to the Board.
- Ensures that Investment Managers conform to the terms of their contracts and that ~~their~~ performance monitoring systems are sufficient to provide the Board with timely, accurate and useful information.

**Duties of the Custodian**

The Board recognizes that accurate and timely completion of custodial functions is necessary to effectively monitor investment management activity. The custodian's responsibilities for VCERA's investible assets are to:

- Provide complete global custody and depository services for the designated accounts. Provide a Short Term Investment Fund (STIF) for investment of any cash not invested by managers, and to ensure that all available cash is invested.
- Provide for timely settlement of securities transactions.
- Collect all income and principal realizable and properly report it on the periodic statements.
- Provide monthly and fiscal year-end accounting statements for the portfolio, including all transactions; these should be based on accurate security values for both cost and market. These reports should be provided within 15 days from the end of the month.
- Report to VCERA situations where accurate security pricing, valuation and accrued income is either not possible or subject to considerable uncertainty.
- Provide assistance to VCERA to complete such activities as the annual audit, transaction verification or unique issues as required by VCERA.
- Manage a securities lending program to enhance income as ~~directed~~ may be approved by the Board.
- Provide other services, as required, that assist with the monitoring of managers and investments.
- Act and report in a timely fashion on corporate actions, securities litigations, furnish investment managers proxies for voting, etc.

**Duties of the Investment Managers**

The Investment Managers shall:

- Provide VCERA with a written agreement to invest within the guidelines established in the Investment Plan.



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- Provide VCERA with proof of liability and fiduciary insurance coverage.
- Be a SEC-Registered Investment Advisor, a bank, ~~or~~ insurance company, or other legal entity recognized as providing demonstrated expertise over a number of years in the management of institutional, tax-exempt assets and a defined investment specialty.
- Adhere to the investment management style, concepts and principles for which they were retained, including, but not limited to, developing portfolio strategy, performing research, purchasing and selling securities and voting proxies.
- Execute all transactions for the benefit of VCERA with brokers and dealers qualified to execute institutional orders on a best execution basis for VCERA, and, where appropriate, facilitate the recapture of commissions on behalf of VCERA.
- Reconcile every quarter accounting, transaction and asset summary data with custodian valuations, and communicate and resolve any significant discrepancies with the custodian.
- Maintain frequent and open communication with the Board through the CIO and Investment Consultant on all significant matters pertaining to the Investment Plan, including, but not limited to, the following:
  - Major changes in the Investment Manager's investment outlook, investment strategy and portfolio structure.
  - Significant changes in ownership, organizational structure, financial condition or senior personnel.
  - Any changes in the Portfolio Manager or other personnel assigned to VCERA.
  - Each significant client which terminates its relationship with the Investment Manager, within 45 days of such termination.
  - All pertinent issues which the Investment Manager deems to be of significant interest or material importance.

**Manager Reporting Requirements**

In addition to the aforementioned duties, the managers of publicly traded securities are required to provide the CIO and Consultant with the following reports:

- Monthly – Asset (portfolio) statement, and performance on the portfolio and benchmark for the month, quarter, year-to-date, fiscal year-to-date, 1-year, 3-year, 5-year, 10-year, and since inception annualized returns gross and net of fees. In addition, a discussion of the portfolio's recent strategy and expected future strategy and a ~~demonstration statement~~ of compliance with guidelines.

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**Duties of the Investment Consultant(s)**

The Investment Consultant(s) shall:

- Make recommendations to the Board and the CIO regarding investment policy and strategic asset allocation.
- Assist VCERA in the selection of qualified investment managers, and assist in the oversight of existing managers, including monitoring changes in personnel and the investment process.
- Assist in the selection of a qualified custodian.
- Prepare performance reports at the total fund, asset class, and manager levels. Report significant activity for the portfolio at the total fund, asset class, and manager levels.
- Provide topical research and education on investment subjects that are relevant to VCERA.

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APPENDIX A

**Asset Allocation Policy**

**The Ventura County Employees' Retirement Association's  
Asset Allocation Targets, Ranges, and Benchmarks**

	<u>Targets</u>	<u>Ranges</u>	<u>Benchmark</u>
U.S. Equity	<del>28</del> 26.0%	<del>24</del> 21.0% - <del>32</del> 31.0%	Russell 3000 Index
Non-US Equity	<del>15</del> 17.0%	<del>12</del> 13.0% - <del>18</del> 21.0%	MSCI ACWI ex U.S. Index Net
Global Equity	10.0%	7.0% - 13.0%	MSCI ACWI Index Net
Private Equity	10.0%	<del>0</del> 3.0% - 12.0%	Russell 3000 Index + 3%
U.S. Fixed Income	<del>20</del> 19.0%	16.0% - <del>24</del> 22.0%	Barclays Capital U.S. Aggregate Bond Index
<u>Real Assets</u>			
• <u>Real Assets</u>	<u>10.0%</u>	<u>0.0% - 12.0%</u>	<u>CPI + 2%</u>
• <u>Core Real Estate</u>	<u>6.0%</u>	<u>3.0% - 9.0%</u>	<u>NCREIF ODCE Index</u>
• <u>Non-Core Real Estate</u>	<u>2.0%</u>	<u>0.0% - 3.0%</u>	<u>NCREIF ODCE Index</u>
<u>Real Estate</u>	<u>7.0%</u>	<u>4.0% - 10.0%</u>	<u>NCREIF ODCE Index</u>
<u>Cash/Liquid Alternatives</u>	<u>0.0% - 10.0%</u>	<u>0.0% - 3.0%</u>	<u>90 day T-bills 5.0% - 15.0% CPI + 3%</u>
<u>Cash</u>	<u>0.0%</u>	<u>0.0% - 3.0%</u>	<u>90 day T-bills</u>

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- ~~Asset Classes Targets and Ranges approved by the Board in December 2015~~
- ~~Benchmarks revised February 2017 Asset Classes and Targets Approved by the Board in May 2018~~
- Asset Class Ranges and Benchmarks Approved by the Board in June 2018

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# PRELIMINARY MONTHLY PERFORMANCE REPORT

## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

April 30, 2019

Allan Martin, Partner

Anthony Ferrara, CAIA, Consultant

Michael Miranda, CFA, Senior Analyst



**VCERA**  
VENTURA COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION



BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | PORTLAND | SAN FRANCISCO

**Ventura County Employees' Retirement Association**

**TOTAL FUND PERFORMANCE DETAIL NET OF FEES**

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total Fund</b>	<b>5,679,780,579</b>	<b>100.0</b>	<b>100.0</b>	<b>2.1</b>	<b>10.9</b>	<b>6.1</b>	<b>7.0</b>	<b>9.5</b>	<b>6.7</b>	<b>10.7</b>	<b>8.0</b>	<b>Apr-94</b>
<i>Policy Index</i>				<u>2.4</u>	<u>11.6</u>	<u>6.4</u>	<u>7.5</u>	<u>9.9</u>	<u>7.4</u>	<u>10.3</u>	<u>8.1</u>	<i>Apr-94</i>
Over/Under				-0.3	-0.7	-0.3	-0.5	-0.4	-0.7	0.4	-0.1	
60% MSCI ACWI (Net) / 40% FTSE WGBI				1.8	9.9	4.1	3.2	7.0	4.4	7.7	--	<i>Apr-94</i>
60% S&P 500 / 40% BBgBarc Aggregate				2.4	12.0	8.3	10.5	9.7	8.1	10.8	8.4	<i>Apr-94</i>
<b>Total Fund ex Parametric</b>	<b>5,645,574,936</b>	<b>99.4</b>	<b>--</b>	<b>2.0</b>	<b>10.6</b>	<b>5.5</b>	<b>6.4</b>	<b>9.3</b>	<b>6.5</b>	<b>10.5</b>	<b>8.0</b>	<b>Apr-94</b>
<b>Total Fund ex Private Equity</b>	<b>5,299,179,009</b>	<b>93.3</b>	<b>--</b>	<b>2.1</b>	<b>11.6</b>	<b>5.9</b>	<b>6.7</b>	<b>9.3</b>	<b>6.4</b>	<b>--</b>	<b>8.7</b>	<b>Jan-12</b>
<i>Policy Index</i>				<u>2.4</u>	<u>11.6</u>	<u>6.4</u>	<u>7.5</u>	<u>9.9</u>	<u>7.4</u>	<u>10.3</u>	<u>9.4</u>	<i>Jan-12</i>
Over/Under				-0.3	0.0	-0.5	-0.8	-0.6	-1.0		-0.7	
<b>Total US Equity</b>	<b>1,655,031,305</b>	<b>29.1</b>	<b>28.0</b>	<b>4.1</b>	<b>18.8</b>	<b>9.7</b>	<b>13.3</b>	<b>15.1</b>	<b>11.4</b>	<b>15.7</b>	<b>9.4</b>	<b>Dec-93</b>
<i>Russell 3000</i>				<u>4.0</u>	<u>18.6</u>	<u>8.9</u>	<u>12.7</u>	<u>14.7</u>	<u>11.2</u>	<u>15.3</u>	<u>9.7</u>	<i>Dec-93</i>
Over/Under				0.1	0.2	0.8	0.6	0.4	0.2	0.4	-0.3	
Western U.S. Index Plus	224,818,519	4.0		4.3	19.7	10.9	14.2	15.6	12.1	18.8	6.4	<i>May-07</i>
<i>S&amp;P 500</i>				<u>4.0</u>	<u>18.2</u>	<u>10.1</u>	<u>13.5</u>	<u>14.9</u>	<u>11.6</u>	<u>15.3</u>	<u>7.9</u>	<i>May-07</i>
Over/Under				0.3	1.5	0.8	0.7	0.7	0.5	3.5	-1.5	
Blackrock Russell 1000 Index	1,364,004,801	24.0		4.0	18.6	9.8	13.4	--	--	--	13.3	<i>May-17</i>
<i>Russell 1000</i>				<u>4.0</u>	<u>18.6</u>	<u>9.8</u>	<u>13.3</u>	<u>14.8</u>	<u>11.4</u>	<u>15.4</u>	<u>13.2</u>	<i>May-17</i>
Over/Under				0.0	0.0	0.0	0.1				0.1	
Blackrock Russell 2500 Index	66,207,985	1.2		3.5	19.9	2.3	7.9	--	--	--	9.8	<i>May-17</i>
<i>Russell 2500</i>				<u>3.5</u>	<u>19.9</u>	<u>2.3</u>	<u>7.9</u>	<u>13.3</u>	<u>9.0</u>	<u>15.0</u>	<u>9.8</u>	<i>May-17</i>
Over/Under				0.0	0.0	0.0	0.0				0.0	

Policy Index: Currently, 28% Russell 3000, 20% BBgBarc US Aggregate, 15% MSCI ACWI ex U.S., 10% MSCI ACWI, 10% Russell 3000 Index + 3%, 10% CPI+4% Index, and 7% NCREIF ODCE Real Estate Index.

Prior to January 2016 the Total U.S. Equity Benchmark was a dynamic hybrid using the respective managers' market value weights within the U.S. Equity component toward their benchmark. Prior to May 2013, the Dow Jones U.S. Total Stock Market Index. Prior to May 2007, the Russell 3000 Index.



Ventura County Employees' Retirement Association

**TOTAL FUND PERFORMANCE DETAIL NET OF FEES**

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total Non-US Equity</b>	<b>930,782,137</b>	<b>16.4</b>	<b>15.0</b>	<b>2.6</b>	<b>12.9</b>	<b>1.4</b>	<b>-2.2</b>	<b>8.7</b>	<b>3.6</b>	<b>8.4</b>	<b>6.4</b>	<b>Mar-94</b>
<i>MSCI ACWI ex USA</i>				<u>2.6</u>	<u>13.2</u>	<u>1.0</u>	<u>-3.2</u>	<u>8.1</u>	<u>2.8</u>	<u>7.7</u>	<u>5.1</u>	<i>Mar-94</i>
Over/Under				0.0	-0.3	0.4	1.0	0.6	0.8	0.7	1.3	
<i>MSCI EAFE</i>				2.8	13.1	0.2	-3.2	7.2	2.6	8.0	4.8	<i>Mar-94</i>
<i>MSCI ACWI ex USA NR LCL</i>				3.2	14.3	3.5	1.9	10.0	6.7	8.9	--	<i>Mar-94</i>
<i>MSCI EAFE NR LCL</i>				3.4	14.3	2.7	1.7	9.3	6.5	8.9	4.9	<i>Mar-94</i>
BlackRock ACWI ex-U.S. Index	474,149,959	8.3		2.6	13.3	0.2	-3.8	8.2	3.2	8.2	2.7	Mar-07
<i>MSCI ACWI ex USA IMI</i>				<u>2.6</u>	<u>13.2</u>	<u>0.1</u>	<u>-4.0</u>	<u>7.9</u>	<u>3.0</u>	<u>8.1</u>	<u>2.4</u>	<i>Mar-07</i>
Over/Under				0.0	0.1	0.1	0.2	0.3	0.2	0.1	0.3	
<i>MSCI ACWI ex USA NR LCL</i>				3.2	14.3	3.5	1.9	10.0	6.7	8.9	3.5	<i>Mar-07</i>
Sprucegrove	231,944,489	4.1		3.3	13.2	1.4	-3.0	10.0	3.4	9.2	7.4	Mar-02
<i>MSCI ACWI ex USA</i>				<u>2.6</u>	<u>13.2</u>	<u>1.0</u>	<u>-3.2</u>	<u>8.1</u>	<u>2.8</u>	<u>7.7</u>	<u>6.4</u>	<i>Mar-02</i>
Over/Under				0.7	0.0	0.4	0.2	1.9	0.6	1.5	1.0	
<i>MSCI EAFE</i>				2.8	13.1	0.2	-3.2	7.2	2.6	8.0	5.8	<i>Mar-02</i>
<i>MSCI ACWI ex USA NR LCL</i>				3.2	14.3	3.5	1.9	10.0	6.7	8.9	5.4	<i>Mar-02</i>
<i>MSCI EAFE NR LCL</i>				3.4	14.3	2.7	1.7	9.3	6.5	8.9	4.6	<i>Mar-02</i>
Hexavest	91,893,102	1.6		0.9	9.2	0.8	-3.2	4.7	2.0	--	3.9	Dec-10
<i>MSCI EAFE</i>				<u>2.8</u>	<u>13.1</u>	<u>0.2</u>	<u>-3.2</u>	<u>7.2</u>	<u>2.6</u>	<u>8.0</u>	<u>4.7</u>	<i>Dec-10</i>
Over/Under				-1.9	-3.9	0.6	0.0	-2.5	-0.6	--	-0.8	
<i>MSCI EAFE NR LCL</i>				3.4	14.3	2.7	1.7	9.3	6.5	8.9	7.3	<i>Dec-10</i>
Walter Scott	132,794,586	2.3		2.3	14.0	6.4	6.3	10.9	6.4	--	6.2	Dec-10
<i>MSCI ACWI ex USA</i>				<u>2.6</u>	<u>13.2</u>	<u>1.0</u>	<u>-3.2</u>	<u>8.1</u>	<u>2.8</u>	<u>7.7</u>	<u>3.8</u>	<i>Dec-10</i>
Over/Under				-0.3	0.8	5.4	9.5	2.8	3.6	--	2.4	
<i>MSCI ACWI ex USA NR LCL</i>				3.2	14.3	3.5	1.9	10.0	6.7	8.9	6.7	<i>Dec-10</i>
<i>MSCI EAFE</i>				2.8	13.1	0.2	-3.2	7.2	2.6	8.0	4.7	<i>Dec-10</i>
<b>Total Global Equity</b>	<b>633,419,669</b>	<b>11.2</b>	<b>10.0</b>	<b>3.4</b>	<b>16.1</b>	<b>5.8</b>	<b>5.5</b>	<b>11.9</b>	<b>6.4</b>	<b>10.4</b>	<b>6.2</b>	<b>May-05</b>
<i>MSCI ACWI</i>				<u>3.4</u>	<u>16.0</u>	<u>5.5</u>	<u>5.1</u>	<u>11.4</u>	<u>7.0</u>	<u>11.1</u>	<u>6.9</u>	<i>May-05</i>
Over/Under				0.0	0.1	0.3	0.4	0.5	-0.6	-0.7	-0.7	
BlackRock MSCI ACWI Equity Index	633,419,669	11.2		3.4	16.1	5.8	5.5	11.8	7.4	--	10.4	Aug-12
<i>MSCI ACWI</i>				<u>3.4</u>	<u>16.0</u>	<u>5.5</u>	<u>5.1</u>	<u>11.4</u>	<u>7.0</u>	<u>11.1</u>	<u>10.0</u>	<i>Aug-12</i>
Over/Under				0.0	0.1	0.3	0.4	0.4	0.4	--	0.4	



## Ventura County Employees' Retirement Association

## TOTAL FUND PERFORMANCE DETAIL NET OF FEES

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total Private Equity</b>	<b>380,601,569</b>	<b>6.7</b>	<b>10.0</b>	<b>0.9</b>	<b>1.5</b>	<b>10.1</b>	<b>13.9</b>	<b>14.3</b>	<b>14.3</b>	<b>--</b>	<b>14.4</b>	<b>Jan-12</b>
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	<u>17.9</u>	<i>Jan-12</i>
Over/Under				-3.3	-18.2	-1.5	-2.1	-3.8	-0.2		-3.5	
<i>Cambridge Associates Global All PE (Qtr Lag)</i>				0.0	-1.1	6.7	9.8	12.6	10.9	13.1	12.4	<i>Jan-12</i>
Adams Street Global Fund Series	174,144,151	3.1		0.0	1.4	10.9	15.3	13.3	12.9	--	13.2	Jan-12
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	<u>17.9</u>	<i>Jan-12</i>
Over/Under				-4.2	-18.3	-0.7	-0.7	-4.8	-1.6		-4.7	
Harbourvest	85,873,291	1.5		2.9	2.1	12.4	17.2	17.6	18.8	--	19.1	Aug-13
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	<u>15.4</u>	<i>Aug-13</i>
Over/Under				-1.3	-17.6	0.8	1.2	-0.5	4.3		3.7	
Pantheon Global Secondary Funds	38,532,736	0.7		0.0	-2.4	6.1	8.0	17.4	14.0	--	12.4	Jan-12
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	<u>17.9</u>	<i>Jan-12</i>
Over/Under				-4.2	-22.1	-5.5	-8.0	-0.7	-0.5		-5.5	
Drive Capital Fund II	8,188,524	0.1		0.0	-1.2	0.3	-1.6	--	--	--	-25.8	Sep-16
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	<u>17.5</u>	<i>Sep-16</i>
Over/Under				-4.2	-20.9	-11.3	-17.6				-43.3	
Abbott Secondary Opportunities	15,456,051	0.3		5.0	4.3	31.4	31.4	--	--	--	22.7	Jan-18
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	<u>12.4</u>	<i>Jan-18</i>
Over/Under				0.8	-15.4	19.8	15.4				10.3	
Clearlake Capital Partners V	5,664,127	0.1		5.8	5.8	40.6	37.2	--	--	--	31.1	Mar-18
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	<u>12.5</u>	<i>Mar-18</i>
Over/Under				1.6	-13.9	29.0	21.2				18.6	
Battery Ventures XII	5,116,558	0.1		0.0	-1.9	-9.8	-9.8	--	--	--	-9.1	Apr-18
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	<u>15.4</u>	<i>Apr-18</i>
Over/Under				-4.2	-21.6	-21.4	-25.8				-24.5	
Insight Venture Partners X	13,910,843	0.2		0.0	3.3	-2.6	-2.6	--	--	--	-2.6	May-18
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	<u>16.0</u>	<i>May-18</i>
Over/Under				-4.2	-16.4	-14.2	-18.6				-18.6	

Please Note: Private Equity performance is shown on a time-weighted return basis. Values are cash adjusted with current month cash flows.





Ventura County Employees' Retirement Association

**TOTAL FUND PERFORMANCE DETAIL NET OF FEES**

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
GTCR Fund XII	6,277,695	0.1		0.0	-3.2	-44.0	--	--	--	--	-44.0	Jun-18
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	<u>12.6</u>	<i>Jun-18</i>
Over/Under				-4.2	-22.9	-55.6					-56.6	
Buenaventure One, LLC	20,889,135	0.4		0.0	3.3	2.5	--	--	--	--	2.5	Jul-18
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	<u>11.6</u>	<i>Jul-18</i>
Over/Under				-4.2	-16.4	-9.1					-9.1	
ECl 11	1,415,637	0.0		-9.2	14.0	--	--	--	--	--	11.1	Dec-18
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	<u>8.9</u>	<i>Dec-18</i>
Over/Under				-13.4	-5.7						2.2	
Buenaventure Two, LLC	211,001	0.0		0.0	2.6	--	--	--	--	--	71.9	Dec-18
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	<u>8.9</u>	<i>Dec-18</i>
Over/Under				-4.2	-17.1						63.0	
The Resolute Fund IV L.P.	3,478,669	0.1		0.0	24.0	--	--	--	--	--	24.0	Jan-19
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	<u>19.7</u>	<i>Jan-19</i>
Over/Under				-4.2	4.3						4.3	
GGV Capital VII L.P.	965,200	0.0		0.0	--	--	--	--	--	--	0.0	Feb-19
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	<u>10.0</u>	<i>Feb-19</i>
Over/Under				-4.2							-10.0	
GGV Discovery II, L.P.	126,000	0.0		0.0	--	--	--	--	--	--	0.0	Feb-19
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	<u>10.0</u>	<i>Feb-19</i>
Over/Under				-4.2							-10.0	
Drive Capital Overdrive Fund I	351,951	0.0		--	--	--	--	--	--	--	--	May-19
<i>Russell 3000 + 3%</i>				<u>4.2</u>	<u>19.7</u>	<u>11.6</u>	<u>16.0</u>	<u>18.1</u>	<u>14.5</u>	<u>18.7</u>	--	<i>May-19</i>
Over/Under												

Please Note: Private Equity performance is shown on a time-weighted return basis. Values are cash adjusted with current month cash flows.



## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION PRIVATE EQUITY LIMITED PARTNERSHIP PERFORMANCE

Fund Name	Vintage Year	Initial Investment Date	Commitment	Capital Called to Date <sup>1</sup>	Outstanding Commitment <sup>1</sup>	Call Ratio	Add'l Fees <sup>2</sup>	Distributions to Date	Valuation	Total Value	Net Benefit	IRR	Since Inception	
													Distributions to Paid In Multiple (DPI)	Total Value to Paid In Multiple (TVPI)
Abbott Secondary Opportunities, LP.	2017	12/21/2017	\$25,000,000	\$15,937,843	\$9,424,874	64%	--	\$2,625,000	\$15,456,056	\$18,081,056	\$2,143,213	20.7%	0.16x	1.13x
ABRY Partners IX	2019	12/6/2018	\$10,600,000	--	\$10,600,000	0%	--	--	--	--	--	--	--	--
Adams Street 2010 U.S. Fund	2010	5/21/2010	\$42,500,000	\$37,442,500	\$5,057,500	88%	\$15,213	\$26,681,710	\$37,173,116	\$63,854,826	\$26,397,113	13.9%	0.71x	1.71x
Adams Street 2010 Non-U.S. Dev. Mkts Fund	2010	5/21/2010	\$25,500,000	\$22,325,249	\$3,174,751	88%	\$1,589	\$17,113,349	\$16,758,505	\$33,871,854	\$11,545,016	11.5%	0.77x	1.52x
Adams Street 2010 Non-U.S. Emg Mkts Fund	2010	1/3/2011	\$8,500,000	\$7,633,000	\$867,000	90%	\$0	\$2,212,616	\$9,876,341	\$12,088,957	\$4,455,957	10.8%	0.29x	1.58x
Adams Street 2010 Direct Fund	2010	5/21/2010	\$8,500,000	\$8,066,500	\$433,500	95%	\$6,697	\$9,546,815	\$4,573,702	\$14,120,517	\$6,047,320	12.7%	1.18x	1.75x
Adams Street 2013 Global Fund	2013	6/27/2013	\$75,000,000	\$61,350,000	\$13,650,000	82%	\$10,728	\$11,799,337	\$73,150,893	\$84,950,230	\$23,589,502	11.1%	0.19x	1.38x
Adams Street 2016 Global Fund	2016	12/22/2016	\$60,000,000	\$28,200,000	\$31,800,000	47%	\$0	\$3,621,043	\$28,662,488	\$32,283,531	\$4,083,531	14.4%	0.13x	1.14x
Adams Street Co-Investment Fund IV A	2018	9/24/2018	\$30,000,000	\$4,567,808	\$25,500,000	15%	\$67,808	\$0	\$4,154,711	\$4,154,711	-\$480,905	-15.3%	--	0.91x
Astorg VII	2019	12/17/2018	\$8,596,819	--	\$8,596,819	0%	--	--	--	--	--	--	--	--
Battery Ventures XII	2018	2/1/2018	\$9,050,000	\$3,201,890	\$5,848,110	35%	\$0	\$0	\$3,006,957	\$3,006,957	-\$194,933	-11.1%	0x	0.94x
Battery Ventures XII Side Fund	2018	2/1/2018	\$5,050,000	\$2,156,855	\$2,893,145	43%	\$0	\$0	\$2,109,603	\$2,109,603	-\$47,252	-4.5%	0x	0.98x
Blue Bay Direct Lending Fund III	2019	2/12/2019	\$25,000,000	\$3,793,138	\$21,206,862	15%	--	\$30,646	\$3,762,491	\$3,793,137	-\$1	0.0%	0.01x	1x
Buenaventure One, LLC	2018	1/5/2018	\$67,072,500	\$20,830,590	\$46,241,910	31%	--	\$403,156	\$20,889,139	\$21,292,295	\$461,705	4.2%	--	1.02x
CapVest Equity Partners IV	2019	7/11/2018	\$12,309,082	--	\$12,309,082	0%	--	--	(\$52,168)	(\$52,168)	--	--	--	--
Clearlake Capital Partners V	2017	12/22/2017	\$9,950,000	\$4,781,476	\$5,258,013	48%	\$46,158	\$150,190	\$5,646,752	\$5,796,942	\$969,308	33.4%	0.03x	1.21x
CVI Credit Value Fund IV	2017	12/31/2017	\$30,000,000	\$12,000,000	\$18,000,000	40%	--	\$6,147	\$12,555,669	\$12,561,816	\$561,816	6.4%	0x	1.05x
Drive Capital Fund II	2016	9/1/2016	\$15,000,000	\$8,817,135	\$6,186,075	59%	\$3,210	\$0	\$8,188,526	\$8,188,526	-\$631,819	-6.8%	0x	0.93x
Drive Capital Overdrive Fund I	2019	4/5/2019	\$7,500,000	\$351,951	\$7,148,049	5%	--	\$0	\$351,951	\$351,951	\$0	--	0x	1x
ECI 11	2018	7/5/2018	\$9,687,854	\$1,252,530	\$8,435,324	13%	--	\$0	\$1,085,902	\$1,085,902	-\$166,628	-30.5%	--	0.87x
Genstar Capital Partners IX	2019	2/21/2019	\$7,500,000	--	\$7,500,000	0%	--	--	--	--	--	--	--	--
Genstar Capital Partners IX Opportunities Program	2019	2/21/2019	\$2,500,000	--	\$2,500,000	0%	--	--	--	--	--	--	--	--
GGV Capital VII	2019	8/15/2018	\$10,160,000	\$965,200	\$9,194,800	10%	--	\$0	\$965,200	\$965,200	--	--	--	1x
GGV Capital VII Plus	2019	8/15/2018	\$2,540,000	--	\$2,540,000	0%	--	\$0	--	--	--	--	--	--
GGV Discovery II	2019	8/15/2018	\$2,100,000	\$126,000	\$1,974,000	6%	--	\$0	\$126,000	\$126,000	--	--	--	1x
GTCR Fund XII	2017	9/29/2017	\$30,000,000	\$7,428,000	\$22,667,792	25%	--	\$264,502	\$4,866,844	\$5,131,346	-\$2,296,654	-57.1%	0.04x	0.69x
HarbourVest - Dover Street VIII	2013	5/30/2013	\$67,500,000	\$60,834,954	\$6,750,000	90%	\$84,954	\$67,749,682	\$25,439,643	\$93,189,325	\$32,269,417	20.4%	1.11x	1.53x
HarbourVest - Dover Street IX	2016	12/16/2016	\$60,000,000	\$34,800,000	\$25,200,000	58%	\$0	\$10,296,461	\$32,344,857	\$42,641,318	\$7,841,318	25.9%	0.3x	1.23x
HarbourVest - PRINS CO INVEST IV L.P.	2017	6/2/2017	\$30,000,000	\$23,559,694	\$6,637,046	79%	\$0	\$1,736,653	\$25,712,087	\$27,448,740	\$3,889,046	11.4%	0.07x	1.17x
HarbourVest - PRINS CO INVEST V L.P.	2019	7/31/2018	\$35,000,000	--	\$35,000,000	0%	--	\$0	(\$111,140)	(\$111,140)	--	--	--	--
Hellman & Friedman Capital Partners IX	2019	9/28/2018	\$19,800,000	--	\$19,800,000	0%	--	--	--	--	--	--	--	--
Insight Venture Partners X	2017	10/13/2017	\$25,000,000	\$13,750,000	\$11,250,000	55%	--	\$8,561	\$13,910,846	\$13,919,407	\$169,407	2.2%	0x	1.01x
M/C Partners VIII	2019	4/2/2018	\$10,000,000	--	\$10,000,000	0%	--	--	--	--	--	--	--	--
Monroe Capital Private Credit Fund III	2018	9/5/2018	\$25,000,000	\$10,000,000	\$15,000,000	40%	--	\$355,219	\$9,961,703	\$10,316,922	\$316,922	11.3%	--	1.03x
Pantheon Global Secondary Fund IV	2010	8/20/2010	\$15,000,000	\$9,960,000	\$5,040,000	66%	\$0	\$12,450,001	\$3,315,583	\$15,765,584	\$5,805,584	13.8%	1.25x	1.58x
Pantheon Global Secondary Fund V	2015	2/26/2015	\$50,000,000	\$33,566,509	\$16,433,491	67%	(\$162,514)	\$9,962,534	\$35,217,152	\$45,179,686	\$11,775,691	16.5%	0.3x	1.35x
The Resolute Fund IV	2018	5/2/2018	\$20,000,000	\$3,021,073	\$16,978,927	15%	--	\$0	\$3,478,670	\$3,478,670	\$457,597	69.1%	--	1.15x
Riverside Micro-Cap Fund V	2018	8/21/2018	\$10,000,000	--	\$10,000,000	0%	--	--	(\$91,203)	(\$91,203)	--	--	--	--
<b>Total VCERA Private Equity Program</b>	--	<b>5/21/2010</b>	<b>\$906,916,255</b>	<b>\$440,719,895</b>	<b>\$467,097,070</b>	<b>49%</b>	<b>\$73,843</b>	<b>\$177,013,622</b>	<b>\$402,486,876</b>	<b>\$579,500,498</b>	<b>\$138,961,271</b>	<b>13.7%</b>	<b>0.4x</b>	<b>1.31x</b>

1. Includes recycled/recallable distributions received to date.

2. Add'l Fees represents notional interest paid/(received).

3. Add'l Fees for Pantheon Global Secondary Fund V includes notional interest paid/(received) and management fee rebates paid to VCERA.

Note: Private equity performance data is reported net of fees.

Performance shown is based on 4/30/2019 statement of investments produced by Abbott Capital.



## Ventura County Employees' Retirement Association

## TOTAL FUND PERFORMANCE DETAIL NET OF FEES

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total US Fixed Income</b>	<b>994,550,077</b>	<b>17.5</b>	<b>20.0</b>	<b>0.2</b>	<b>3.2</b>	<b>4.6</b>	<b>4.8</b>	<b>2.7</b>	<b>2.7</b>	<b>6.2</b>	<b>5.7</b>	<b>Feb-94</b>
BBgBarc US Aggregate TR				0.0	3.0	4.7	5.3	1.9	2.6	3.7	5.2	Feb-94
Over/Under				0.2	0.2	-0.1	-0.5	0.8	0.1	2.5	0.5	
BlackRock U.S. Debt Fund	231,944,864	4.1		0.0	3.0	4.7	5.3	1.9	2.6	3.8	5.1	Nov-95
BBgBarc US Aggregate TR				0.0	3.0	4.7	5.3	1.9	2.6	3.7	5.0	Nov-95
Over/Under				0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	
Western	308,595,909	5.4		0.1	3.8	5.4	5.5	3.0	3.5	6.3	6.0	Dec-96
BBgBarc US Aggregate TR				0.0	3.0	4.7	5.3	1.9	2.6	3.7	5.0	Dec-96
Over/Under				0.1	0.8	0.7	0.2	1.1	0.9	2.6	1.0	
Reams	319,732,718	5.6		0.1	2.4	3.8	4.1	2.2	1.8	6.1	5.1	Sep-01
Reams Custom Index				0.2	0.9	2.2	2.6	1.7	1.2	2.9	3.8	Sep-01
Over/Under				-0.1	1.5	1.6	1.5	0.5	0.6	3.2	1.3	
BBgBarc US Aggregate TR				0.0	3.0	4.7	5.3	1.9	2.6	3.7	4.3	Sep-01
3-Month LIBOR + 3%				0.5	1.9	4.7	5.7	4.8	4.2	3.8	4.8	Sep-01
Loomis Strategic Alpha	47,757,072	0.8		0.4	2.5	2.1	1.8	3.5	2.6	--	2.6	Jul-13
BBgBarc US Aggregate TR				0.0	3.0	4.7	5.3	1.9	2.6	3.7	2.8	Jul-13
Over/Under				0.4	-0.5	-2.6	-3.5	1.6	0.0		-0.2	
3-Month LIBOR + 3%				0.5	1.9	4.7	5.7	4.8	4.2	3.8	4.1	Jul-13
Loomis Sayles Multi Strategy	86,519,515	1.5		0.6	4.3	5.3	4.6	4.9	3.8	8.6	6.2	Jul-05
Loomis Custom Index				0.4	4.7	5.1	5.7	3.6	3.2	5.5	4.9	Jul-05
Over/Under				0.2	-0.4	0.2	-1.1	1.3	0.6	3.1	1.3	
BBgBarc US Govt/Credit TR				0.1	3.3	4.9	5.4	2.0	2.6	3.9	4.0	Jul-05

Reams Custom Index: Merrill Lynch 3 Month Libor Constant Maturity Index, prior to February 2013 the Barclays Aggregate.

Loomis Custom Index: 65% BBgBarc US Aggregate, 30% Citigroup High Yield Market Index and 5% JPM Non-US Hedged Bond Index.



**Ventura County Employees' Retirement Association**

**TOTAL FUND PERFORMANCE DETAIL NET OF FEES**

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Private Debt</b>	<b>26,279,860</b>	<b>0.5</b>	<b>0.0</b>	<b>0.5</b>	<b>2.5</b>	<b>4.9</b>	<b>5.3</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>5.4</b>	<b>Jan-18</b>
50% BofA ML US HY BB-B Constrained Index/ 50% Credit Suisse Leveraged Loan Index +150bps				<u>1.6</u>	<u>7.6</u>	<u>6.9</u>	<u>7.4</u>	--	--	--	<u>6.5</u>	Jan-18
Over/Under				-1.1	-5.1	-2.0	-2.1				-1.1	
CVI Credit Value Fund	12,555,669	0.2		1.1	2.5	4.8	5.2	--	--	--	5.4	Jan-18
50% BofA ML US HY BB-B Constrained Index/ 50% Credit Suisse Leveraged Loan Index +150bps				<u>1.6</u>	<u>7.6</u>	<u>6.9</u>	<u>7.4</u>	--	--	--	<u>6.5</u>	Jan-18
Over/Under				-0.5	-5.1	-2.1	-2.2				-1.1	
Monroe Capital Private Credit Fund III	9,961,699	0.2		0.0	3.2	--	--	--	--	--	3.2	Dec-18
50% BofA ML US HY BB-B Constrained Index/ 50% Credit Suisse Leveraged Loan Index +150bps				<u>1.6</u>	<u>7.6</u>	<u>6.9</u>	<u>7.4</u>	--	--	--	<u>5.5</u>	Dec-18
Over/Under				-1.6	-4.4						-2.3	
Bluebay Direct Lending Fund III	3,762,491	0.1		0.0	--	--	--	--	--	--	0.0	Apr-19
50% BofA ML US HY BB-B Constrained Index/ 50% Credit Suisse Leveraged Loan Index +150bps				<u>1.6</u>	<u>7.6</u>	<u>6.9</u>	<u>7.4</u>	--	--	--	<u>1.6</u>	Apr-19
Over/Under				-1.6							-1.6	
<b>Treasuries</b>	<b>99,251,841</b>	<b>1.7</b>	<b>0.0</b>	<b>-0.8</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-0.8</b>	<b>Apr-19</b>
Reams 10-Year Treasuries	99,251,841	1.7		-0.8	--	--	--	--	--	--	-0.8	Apr-19
BBgBarc US Treasury 7-10 Yr TR				<u>-0.4</u>	<u>2.4</u>	<u>5.4</u>	<u>6.6</u>	<u>0.8</u>	<u>2.8</u>	<u>3.7</u>	<u>-0.4</u>	Apr-19
Over/Under				-0.4							-0.4	



## Ventura County Employees' Retirement Association

## TOTAL FUND PERFORMANCE DETAIL NET OF FEES

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total Real Estate</b>	<b>437,217,842</b>	<b>7.7</b>	<b>7.0</b>	<b>0.0</b>	<b>0.9</b>	<b>4.2</b>	<b>5.9</b>	<b>6.2</b>	<b>8.5</b>	<b>7.1</b>	<b>7.7</b>	<b>Mar-94</b>
NCREIF ODCE Net				<u>0.0</u>	<u>1.2</u>	<u>4.7</u>	<u>6.6</u>	<u>7.0</u>	<u>9.2</u>	<u>7.7</u>	<u>8.0</u>	<u>Mar-94</u>
Over/Under				0.0	-0.3	-0.5	-0.7	-0.8	-0.7	-0.6	-0.3	
Prudential Real Estate	159,078,815	2.8		0.0	1.7	5.8	7.6	7.7	9.9	8.1	6.3	Jun-04
NCREIF ODCE Net				<u>0.0</u>	<u>1.2</u>	<u>4.7</u>	<u>6.6</u>	<u>7.0</u>	<u>9.2</u>	<u>7.7</u>	<u>7.0</u>	<u>Jun-04</u>
Over/Under				0.0	0.5	1.1	1.0	0.7	0.7	0.4	-0.7	
NCREIF ODCE				0.0	1.4	5.4	7.5	8.0	10.2	8.7	8.0	Jun-04
UBS Real Estate	278,139,027	4.9		0.0	0.5	3.3	4.9	5.5	7.6	7.0	7.2	Mar-03
NCREIF ODCE Net				<u>0.0</u>	<u>1.2</u>	<u>4.7</u>	<u>6.6</u>	<u>7.0</u>	<u>9.2</u>	<u>7.7</u>	<u>7.2</u>	<u>Mar-03</u>
Over/Under				0.0	-0.7	-1.4	-1.7	-1.5	-1.6	-0.7	0.0	
NCREIF ODCE				0.0	1.4	5.4	7.5	8.0	10.2	8.7	8.2	Mar-03
<b>Total Real Assets</b>	<b>445,822,944</b>	<b>7.8</b>	<b>10.0</b>	<b>0.1</b>	<b>10.7</b>	<b>2.6</b>	<b>3.9</b>	<b>5.7</b>	<b>1.6</b>	<b>--</b>	<b>4.4</b>	<b>Apr-13</b>
CPI + 4% (Unadjusted)				<u>0.9</u>	<u>3.1</u>	<u>4.8</u>	<u>6.1</u>	<u>6.3</u>	<u>5.6</u>	--	<u>6.3</u>	<u>Apr-13</u>
Over/Under				-0.8	7.6	-2.2	-2.2	-0.6	-4.0		-1.9	
Bridgewater All Weather Fund	324,948,613	5.7		0.8	8.8	3.5	3.8	6.9	3.8	--	5.0	Aug-13
CPI + 5% (Unadjusted)				<u>0.9</u>	<u>3.4</u>	<u>5.6</u>	<u>7.1</u>	<u>7.3</u>	<u>6.6</u>	--	<u>6.6</u>	<u>Aug-13</u>
Over/Under				-0.1	5.4	-2.1	-3.3	-0.4	-2.8		-1.6	
Tortoise Energy Infrastructure	120,874,331	2.1		-1.6	16.3	0.0	4.1	2.7	-3.3	--	1.1	Apr-13
Tortoise MLP Index				<u>-0.5</u>	<u>17.0</u>	<u>2.5</u>	<u>6.0</u>	<u>3.0</u>	<u>-5.2</u>	--	<u>-2.2</u>	<u>Apr-13</u>
Over/Under				-1.1	-0.7	-2.5	-1.9	-0.3	1.9		3.3	
<b>Overlay</b>	<b>76,823,335</b>	<b>1.4</b>	<b>0.0</b>									
Parametric	33,310,560	0.6										
Abbott Capital Cash	43,512,775	0.8										

Total Real Estate Benchmark: NCREIF ODCE; prior to January 2006, the NCREIF Property Index.

Real Estate managers and NCREIF ODCE are valued on a quarterly basis. Performance is not applicable in mid-quarter months, therefore 0% return is shown.

Real Estate Valuation is as of 3/31/2018.



## Ventura County Employees' Retirement Association

**TOTAL FUND**

Cash Flow Summary							
Month Ending April 30, 2019							
	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Fees	Net Investment Change	Ending Market Value
Abbott Capital Cash	\$45,722,084	\$33,282,014	-\$35,609,766	-\$2,327,752	\$0	\$118,444	\$43,512,775
Abbott Secondary Opportunities	\$14,719,904	\$0	\$0	\$0	\$0	\$736,147	\$15,456,051
Adams Street Global Fund Series	\$175,170,760	\$0	-\$1,026,614	-\$1,026,614	\$0	\$5	\$174,144,151
Battery Ventures XII	\$5,116,558	\$0	\$0	\$0	\$0	\$0	\$5,116,558
BlackRock ACWI ex-U.S. Index	\$461,892,059	\$0	\$0	\$0	-\$41,179	\$12,257,901	\$474,149,959
BlackRock MSCI ACWI Equity Index	\$612,427,844	\$0	\$0	\$0	-\$22,781	\$20,991,825	\$633,419,669
Blackrock Russell 1000 Index	\$1,311,033,291	\$0	\$0	\$0	-\$11,783	\$52,971,510	\$1,364,004,801
Blackrock Russell 2500 Index	\$63,961,157	\$0	\$0	\$0	-\$1,103	\$2,246,828	\$66,207,985
BlackRock U.S. Debt Fund	\$231,881,448	\$0	\$0	\$0	-\$11,065	\$63,416	\$231,944,864
Bluebay Direct Lending Fund III	\$3,762,491	\$0	\$0	\$0	\$0	\$0	\$3,762,491
Bridgewater All Weather Fund	\$322,498,833	\$0	\$0	\$0	-\$101,031	\$2,449,781	\$324,948,613
Buenaventure One, LLC	\$18,414,135	\$2,475,000	\$0	\$2,475,000	\$0	\$0	\$20,889,135
Buenaventure Two, LLC	\$186,001	\$25,000	\$0	\$25,000	\$0	\$0	\$211,001
Clearlake Capital Partners V	\$5,353,071	\$0	\$0	\$0	\$0	\$311,056	\$5,664,127
CVI Credit Value Fund	\$12,422,154	\$0	\$0	\$0	\$0	\$133,516	\$12,555,669
Drive Capital Fund II	\$6,833,057	\$1,355,469	\$0	\$1,355,469	\$0	-\$2	\$8,188,524
Drive Capital Overdrive Fund I	\$0	\$351,951	\$0	\$351,951	\$0	\$0	\$351,951
ECI 11	\$1,559,469	\$0	\$0	\$0	\$0	-\$143,832	\$1,415,637
GGV Capital VII L.P.	\$508,000	\$457,200	\$0	\$457,200	\$0	\$0	\$965,200
GGV Discovery II, L.P.	\$105,000	\$21,000	\$0	\$21,000	\$0	\$0	\$126,000
GTCR Fund XII	\$5,272,698	\$1,005,000	\$0	\$1,005,000	\$0	-\$3	\$6,277,695
Harbourvest	\$82,365,498	\$1,131,103	\$0	\$1,131,103	\$0	\$2,376,690	\$85,873,291



## Ventura County Employees' Retirement Association

**TOTAL FUND**

	Month Ending April 30, 2019							Ending Market Value
	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Fees	Net Investment Change		
Hexavest	\$90,998,020	\$0	\$0	\$0	-\$34,798	\$895,083	\$91,893,102	
Insight Venture Partners X	\$12,660,848	\$1,250,000	\$0	\$1,250,000	\$0	-\$4	\$13,910,843	
Loomis Sayles Multi Strategy	\$86,017,155	\$0	\$0	\$0	-\$27,463	\$502,360	\$86,519,515	
Loomis Strategic Alpha	\$47,530,377	\$0	\$0	\$0	-\$15,919	\$226,695	\$47,757,072	
Monroe Capital Private Credit Fund III	\$10,068,756	\$0	-\$107,050	-\$107,050	\$0	-\$7	\$9,961,699	
Pantheon Global Secondary Funds	\$38,532,736	\$0	\$0	\$0	\$0	\$0	\$38,532,736	
Parametric	\$52,198,289	\$0	-\$20,000,000	-\$20,000,000	-\$3,818	\$1,112,271	\$33,310,560	
Prudential Real Estate	\$159,078,815	\$0	\$0	\$0	\$0	\$0	\$159,078,815	
Reams	\$319,242,898	\$0	\$0	\$0	-\$46,217	\$489,819	\$319,732,718	
Reams 10-Year Treasuries	\$100,032,491	\$0	\$0	\$0	\$0	-\$780,650	\$99,251,841	
Sprucegrove	\$224,408,925	\$0	\$0	\$0	-\$67,905	\$7,535,564	\$231,944,489	
The Resolute Fund IV L.P	\$2,361,452	\$1,117,218	\$0	\$1,117,218	\$0	-\$1	\$3,478,669	
Tortoise Energy Infrastructure	\$122,759,894	\$0	\$0	\$0	-\$62,955	-\$1,885,563	\$120,874,331	
UBS Real Estate	\$278,139,027	\$0	\$0	\$0	\$0	\$0	\$278,139,027	
Walter Scott	\$129,680,070	\$0	\$0	\$0	-\$88,272	\$3,114,516	\$132,794,586	
Western	\$308,175,244	\$0	\$0	\$0	-\$51,074	\$420,665	\$308,595,909	
Western U.S. Index Plus	\$215,550,214	\$0	\$0	\$0	-\$40,602	\$9,268,305	\$224,818,519	
<b>Total</b>	<b>\$5,578,640,723</b>	<b>\$42,470,955</b>	<b>-\$56,743,430</b>	<b>-\$14,272,475</b>	<b>-\$627,966</b>	<b>\$115,412,331</b>	<b>\$5,679,780,579</b>	



### **Information Disclaimer**

- Past performance is no guarantee of future results.
- All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.
- NEPC's source for portfolio pricing, calculation of accruals, and transaction information is the plan's custodian bank. Information on market indices and security characteristics is received from other sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- Some index returns displayed in this report or used in calculation of a policy, allocation or custom benchmark may be preliminary and subject to change.
- This report is provided as a management aid for the client's internal use only. Information contained in this report does not constitute a recommendation by NEPC.
- This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

### **Reporting Methodology**

- The client's custodian bank is NEPC's preferred data source unless otherwise directed. NEPC generally reconciles custodian data to manager data. If the custodian cannot provide accurate data, manager data may be used.
- Trailing time period returns are determined by geometrically linking the holding period returns, from the first full month after inception to the report date. Rates of return are annualized when the time period is longer than a year. Performance is presented gross and/or net of manager fees as indicated on each page.
- For managers funded in the middle of a month, the "since inception" return will start with the first full month, although actual inception dates and cash flows are taken into account in all Composite calculations.
- This report may contain forward-looking statements that are based on NEPC's estimates, opinions and beliefs, but NEPC cannot guarantee that any plan will achieve its targeted return or meet other goals.





# QUARTERLY PERFORMANCE REPORT

## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

May 20, 2019

Allan Martin, Partner

Anthony Ferrara, CAIA, Consultant

Michael Miranda, CFA, Senior Analyst



**VCERA**  
VENTURA COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION



BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | PORTLAND | SAN FRANCISCO

## **MARKET ENVIRONMENT UPDATE AND OUTLOOK**

NEPC, LLC

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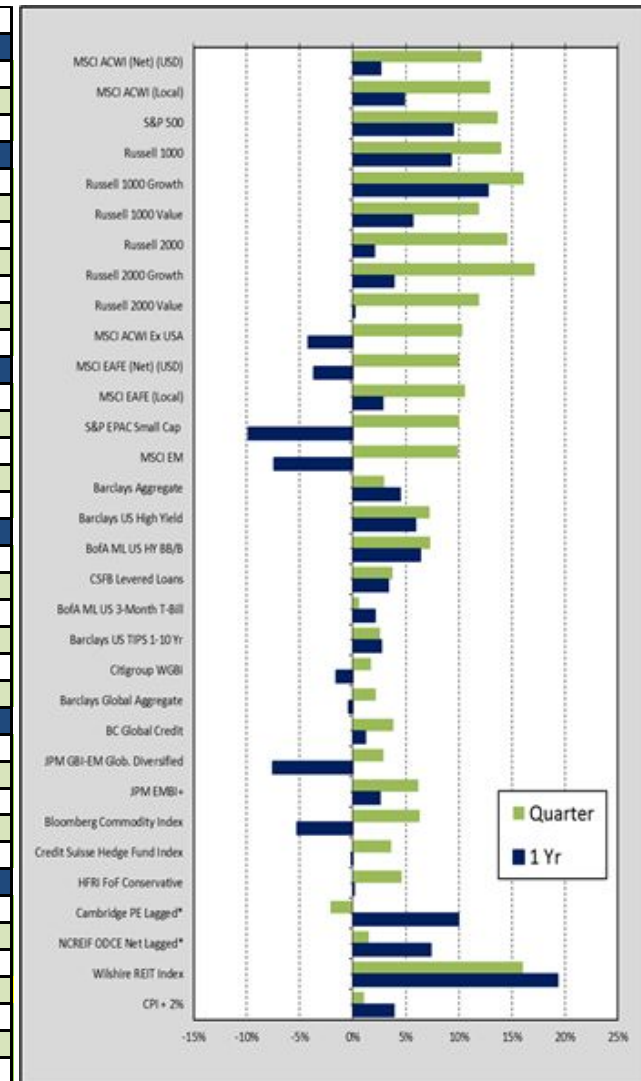
## ECONOMIC ENVIRONMENT

- **Real GDP (advance estimate Q1 2019) increased at an annual rate of 3.2%.**
  - Retail sales ended February at +1.8% on a YoY basis. In the same period last year the YoY growth rate was 5.1%.
  - Corporate profits (ended October) as a percent of GDP decreased to 9.33% from 9.59% (in July) and remain elevated relative to historical levels.
  - The inventory-to-sales ratio ended February flat at 1.4 from December levels and has remained relatively constant since early 2010.
  - The U.S. trade deficit narrowed ended February as exports increased at a greater pace than imports amidst China trade tensions
- **The unemployment rate decreased slightly to 3.8% from 3.9% ended Q1; U-6, a broader measure of unemployment, decreased to 7.3% from 7.6% during the first quarter.**
- **The Case-Shiller Home Price Index (ended January) decreased to 204.7 from 205.1 and remains at levels higher than that of pre-financial crisis levels of 150.9.**
- **Rolling 12-month seasonally-adjusted CPI saw a down-tick to 1.87% from 1.94% ended Q1; Capacity Utilization decreased to 78.8% from 79.5% in Q1.**
- **Fed Funds rate remained unchanged at a targeted range of 2.25% -to- 2.50%. The 10-year Treasury Yield (constant maturity) finished Q1 down to 2.6% from 2.8%.**
- **The Fed continues its planned reduction in balance sheet size, while the European Central Bank balance sheet continues to grow.**
  - The Fed announced it will end the reduction of its balance sheet in September 2019, with assets totaling more than \$3.5 trillion
- **S&P valuations decreased in Q1, remaining above the 10-year and long-term averages.**
  - Cyclically adjusted Shiller PE ratio (29.91x) is above the long-term average of 16.6x and above the 10-year average of 24.7x.



# MARKET ENVIRONMENT – Q1 2019 OVERVIEW

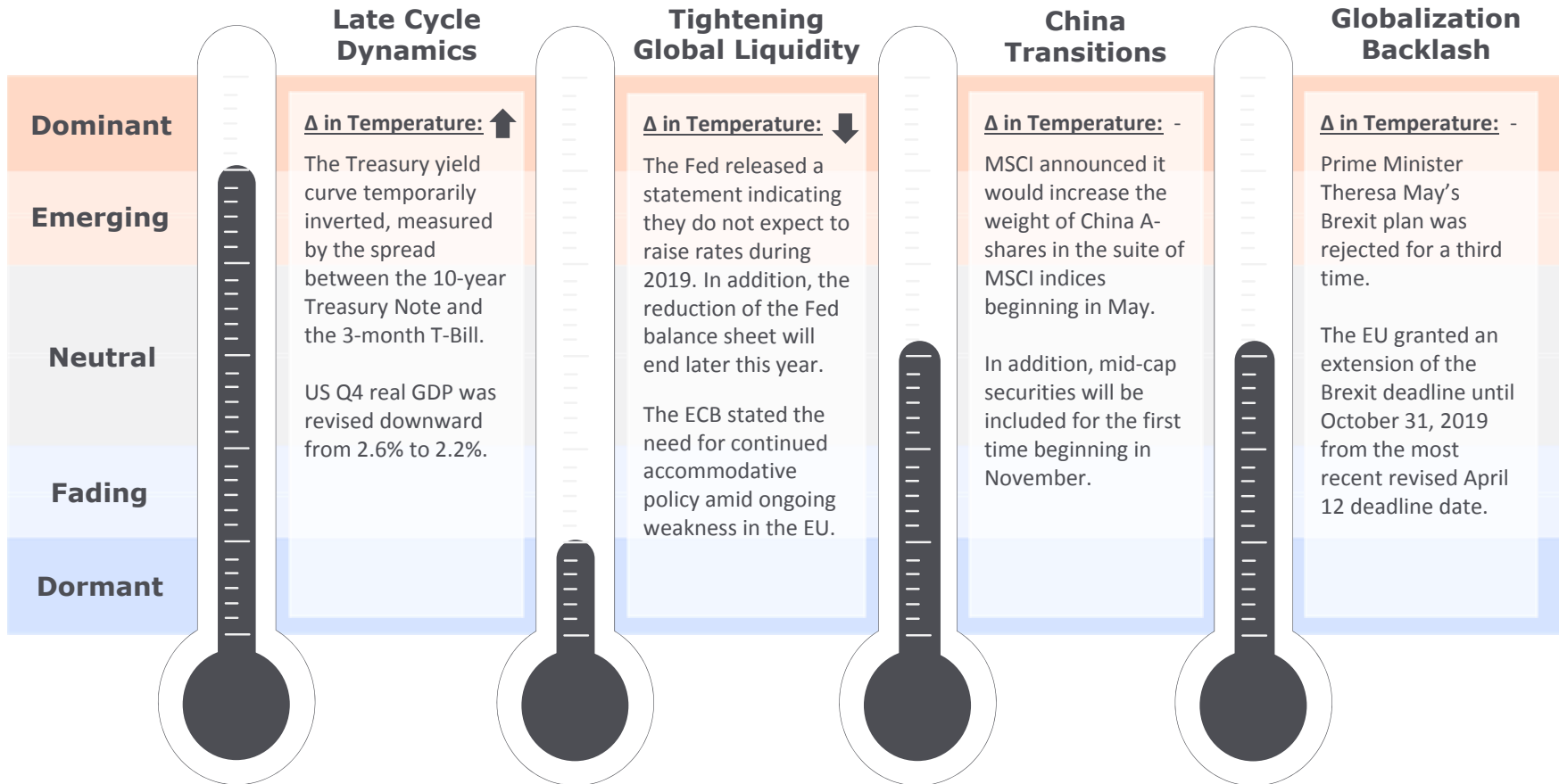
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>World Equity Benchmarks</b>						
MSCI ACWI (Net) (USD)	World w/o Small Cap	12.2%	2.6%	10.7%	6.5%	12.0%
MSCI ACWI (Local)	World (Local Currency)	12.9%	4.9%	10.9%	8.0%	12.2%
MSCI ACWI IMI (Net)	World with Small Cap	12.3%	1.9%	10.6%	6.3%	12.3%
<b>Domestic Equity Benchmarks</b>						
S&P 500	Large Core	13.7%	9.5%	13.5%	10.9%	15.9%
Russell 1000	Large Core	14.0%	9.3%	13.5%	10.6%	16.1%
Russell 1000 Growth	Large Growth	16.1%	12.8%	16.5%	13.5%	17.5%
Russell 1000 Value	Large Value	11.9%	5.7%	10.5%	7.7%	14.5%
Russell 2000	Small Core	14.6%	2.1%	12.9%	7.1%	15.4%
Russell 2000 Growth	Small Growth	17.1%	3.9%	14.9%	8.4%	16.5%
Russell 2000 Value	Small Value	11.9%	0.2%	10.9%	5.6%	14.1%
<b>International Equity Benchmarks</b>						
MSCI ACWI Ex USA	World ex-US	10.3%	-4.2%	8.1%	2.6%	8.9%
MSCI EAFE (Net) (USD)	Int'l Developed	10.0%	-3.7%	7.3%	2.3%	9.0%
MSCI EAFE (Local)	Int'l Developed (Local Currency)	10.6%	2.8%	8.5%	6.0%	9.8%
S&P EPAC Small Cap	Small Cap Int'l	10.0%	-9.9%	7.2%	4.5%	12.6%
MSCI EM	Emerging Equity	9.9%	-7.4%	10.7%	3.7%	8.9%
<b>Domestic Fixed Income Benchmarks</b>						
Barclays Aggregate	Core Bonds	2.9%	4.5%	2.0%	2.7%	3.8%
Barclays US High Yield	High Yield	7.3%	5.9%	8.6%	4.7%	11.3%
BofA ML US HY BB/B	High Yield	7.3%	6.4%	7.8%	4.7%	10.1%
CSFB Levered Loans	Bank Loans	3.8%	3.3%	5.9%	3.8%	8.0%
BofA ML US 3-Month T-Bill	Cash	0.6%	2.1%	1.2%	0.7%	0.4%
Barclays US TIPS 1-10 Yr	Inflation	2.6%	2.7%	1.5%	1.5%	2.7%
<b>Global Fixed Income Benchmarks</b>						
Citigroup WGBI	World Gov. Bonds	1.7%	-1.6%	1.0%	0.6%	2.2%
Barclays Global Aggregate	Global Core Bonds	2.2%	-0.4%	1.5%	1.0%	3.1%
BC Global Credit	Global Bonds	3.8%	1.2%	2.8%	1.9%	5.2%
JPM GBI-EM Glob. Diversified	Em. Mkt. Bonds (Local Currency)	2.9%	-7.6%	3.3%	-0.8%	4.4%
JPM EMBI+	Em. Mkt. Bonds	6.2%	2.6%	4.0%	4.5%	7.7%
<b>Alternative Benchmarks</b>						
Bloomberg Commodity Index	Commodities	6.3%	-5.3%	2.2%	-8.9%	-2.6%
Credit Suisse Hedge Fund Index	Hedge Fund	3.6%	-0.2%	3.6%	2.2%	5.4%
HFRI FoF Conservative	Fund of Hedge Funds	4.6%	0.1%	3.9%	2.2%	3.5%
Cambridge PE Lagged*	Private Equity	-2.1%	10.0%	13.5%	11.4%	13.7%
NCREIF ODCE Net Lagged*	Real Estate	1.5%	7.4%	7.3%	9.4%	6.0%
Wilshire REIT Index	REIT	16.0%	19.3%	5.5%	9.0%	18.7%
CPI + 2%	Inflation/Real Assets	1.1%	3.9%	4.3%	3.5%	3.8%



\* As of 9/30/2018

# ASSESSING THE KEY MARKET THEMES

## Current Temperature



# KEY MARKET THEMES

## Late Cycle Dynamics

### The US economy has transitioned from a mid- to late-cycle environment

Late-cycle does not mean end of cycle; equity markets can offer strong returns and abandoning risk assets early may detract from long-term results

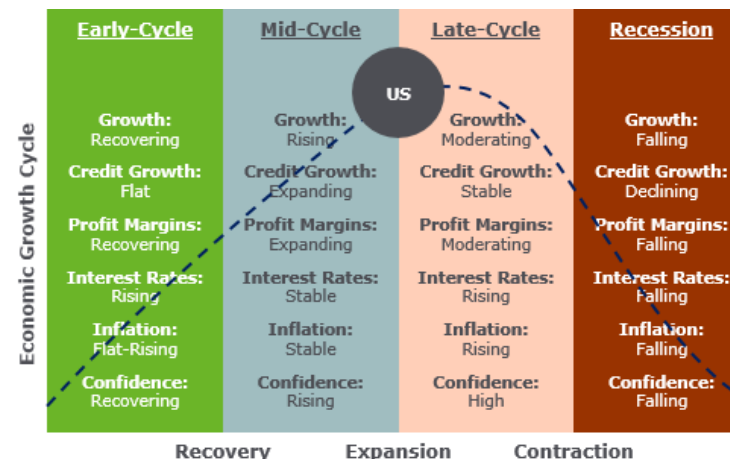
Positive economic data can support continued US economic expansion and further equity gains

However, moving into a late cycle negatively skews the range of outcomes and our investment outlook reflects a more risk-averse posture with a bias toward selling low-quality credit and increasing safe-haven fixed income exposure

### Trends among key indicators suggest a transition to late-cycle has occurred

These indicators provide a useful guide to recognize changes in the economic cycle

Despite the recent trend, there is minimal evidence in economic/financial indicators to suggest that a US recession is imminent



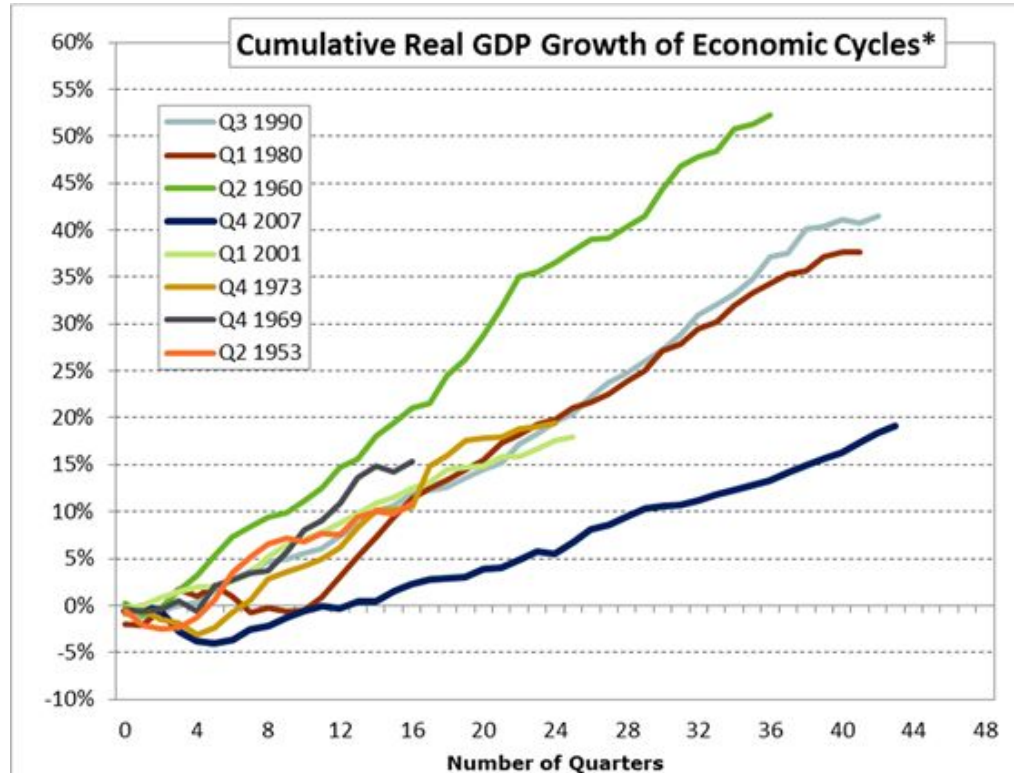
US Indicators	Late-Cycle Trend	Current Trend*
Equities	Peaking	Rising
Interest Rates	Rising	Rising
Yield Curve	Flattening	Flattening
Inflation	Rising	Falling
GDP Growth	Moderating	Rising
Credit Spreads	Stable/Rising	Rising
Output Gap	Near/Above Potential	Rising
Unemployment	Falling/Bottoming	Falling

Source: (Top) NEPC

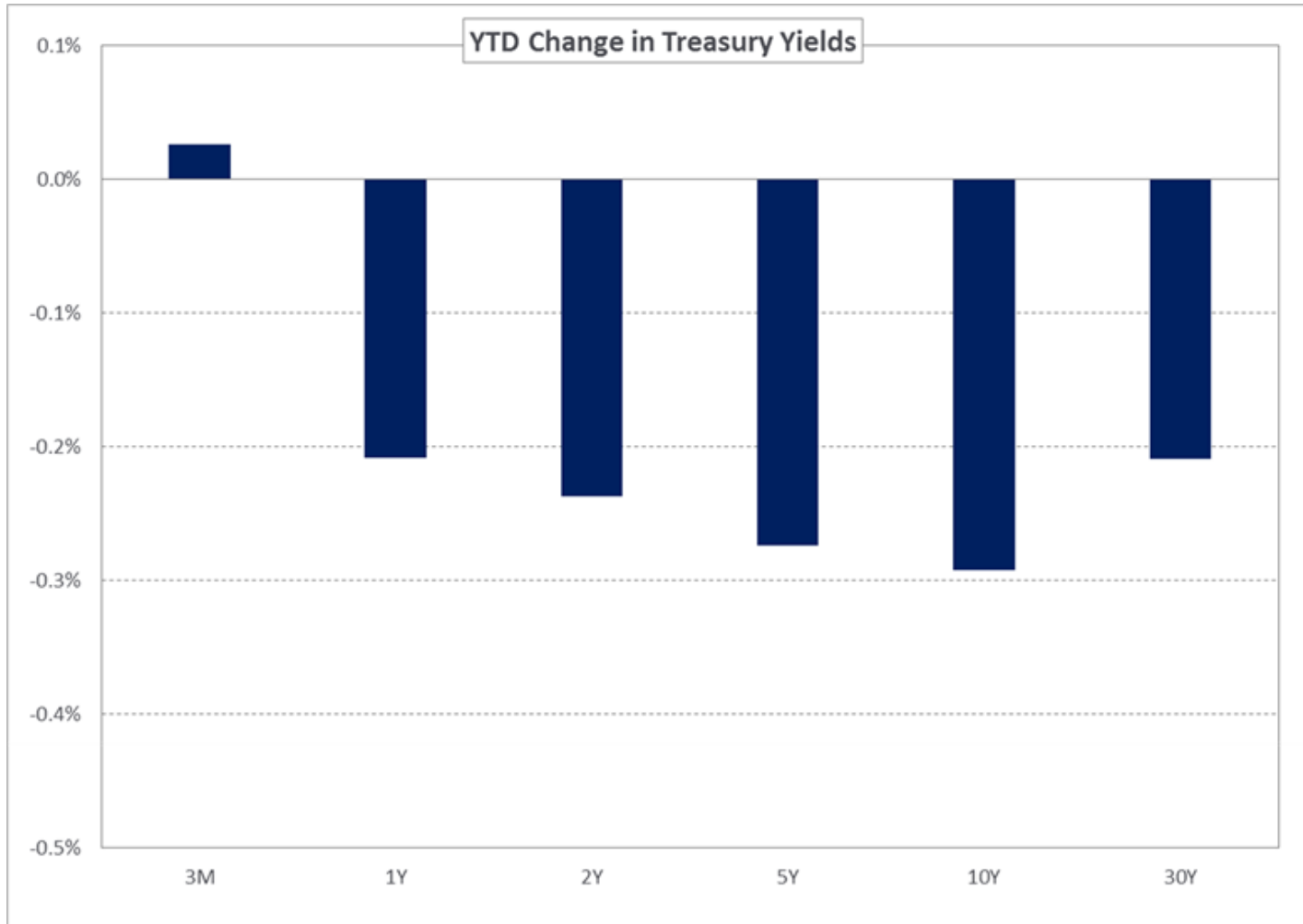
Source: (Bottom) NEPC; \*Trend represents changes over the previous two quarters



# CUMULATIVE REAL GDP GROWTH OVER VARIOUS CYCLES



# THE US YIELD CURVE TEMPORARILY INVERTED

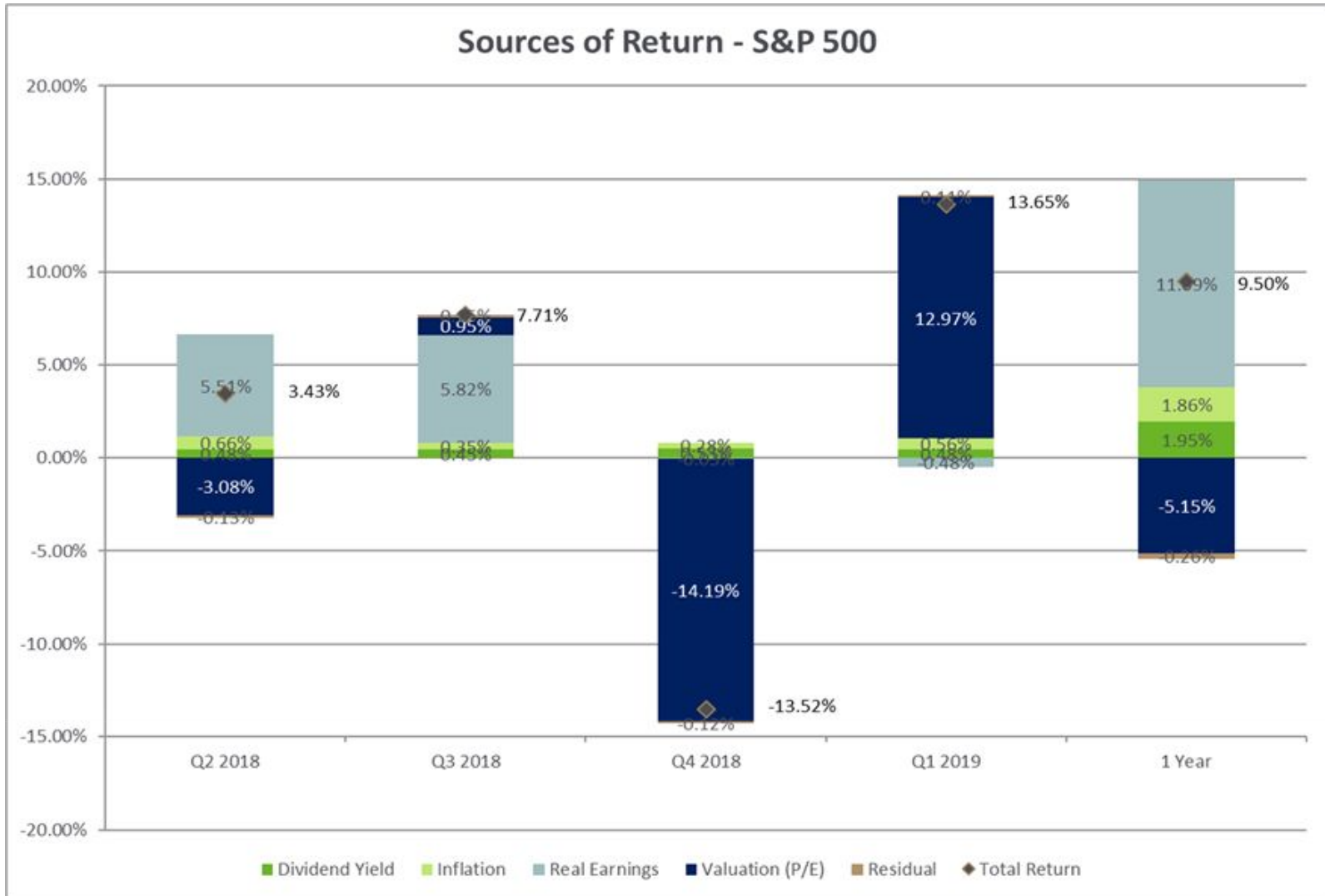


Source: Bloomberg

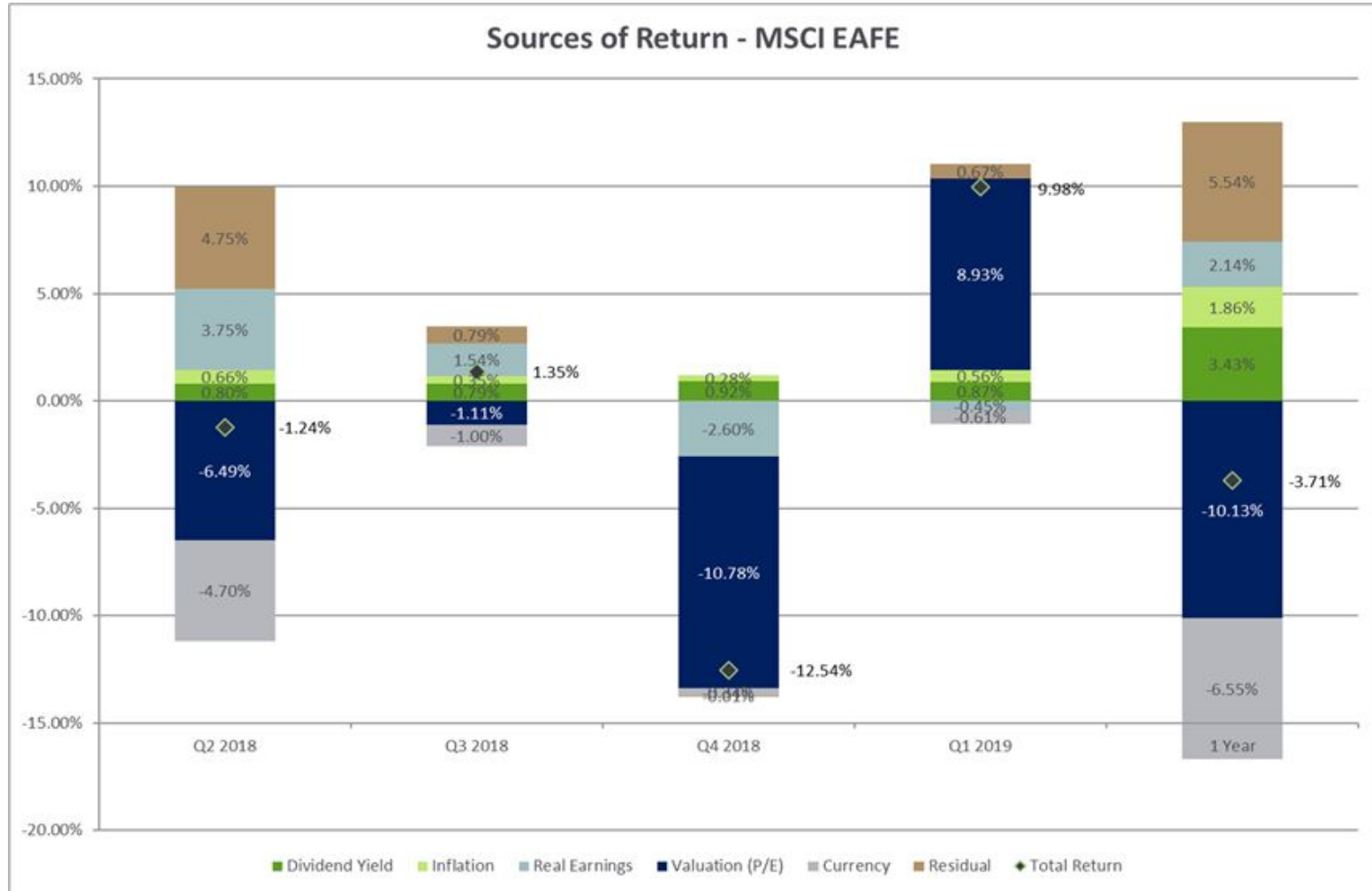




# 1 YEAR ATTRIBUTION OF S&P 500 RETURNS



# 1 YEAR ATTRIBUTION OF MSCI EAFE RETURNS



**Spot Rates**

1 USD = 0.855 Euro

1 USD = 0.861 Euro

1 USD = 0.874 Euro

1 USD = 0.891 Euro



# TOTAL FUND PERFORMANCE SUMMARY

NEPC, LLC

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## Ventura County Employees' Retirement Association

# TOTAL FUND PERFORMANCE SUMMARY (NET)

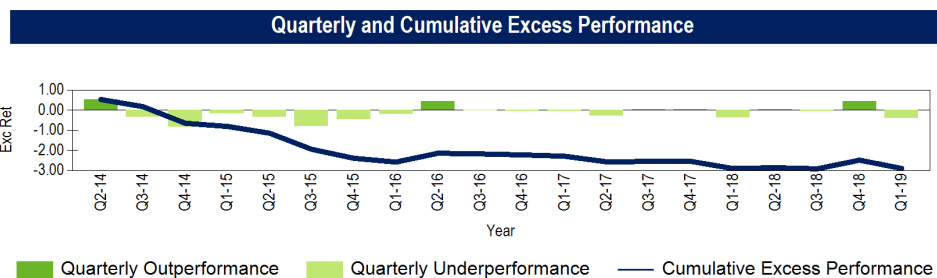
	Market Value	3 Mo	Rank	Fiscal YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	10 Yrs	Rank	Inception	Inception Date
<b>Total Fund</b>	<b>\$5,578,640,723</b>	<b>8.6%</b>	<b>20</b>	<b>3.9%</b>	<b>6</b>	<b>5.5%</b>	<b>4</b>	<b>9.3%</b>	<b>14</b>	<b>6.4%</b>	<b>21</b>	<b>11.4%</b>	<b>5</b>	<b>8.0%</b>	<b>Apr-94</b>
Policy Index		9.0%	15	3.9%	7	5.5%	5	9.4%	13	7.0%	7	10.9%	7	8.0%	Apr-94
60% MSCI ACWI (Net) / 40% FTSE WGBI		7.9%	28	2.2%	63	1.2%	92	6.8%	99	4.2%	99	8.2%	95	--	Apr-94
60% S&P 500 / 40% BBgBarc Aggregate		9.3%	10	5.7%	1	7.8%	1	8.9%	21	7.7%	3	11.1%	6	8.3%	Apr-94
InvestorForce Public DB > \$1B Net Median		7.2%		2.5%		3.4%		8.3%		5.8%		9.8%		7.4%	Apr-94

- For the five year period ending March 31, 2019, the Fund returned 6.4% trailing the policy index by 0.6% and ranking in the 21st percentile of its peers and underperforming the actuarial assumed rate of 7.25%. The Fund's volatility, as measured by standard deviation, ranked in the 77th percentile of its peers, and the risk-adjusted return, or Sharpe Ratio, ranks in the 50th percentile. This means that the Fund has earned more return per unit of volatility taken than 50% of its peers.

- For the three-year period, the Fund returned 9.3%, performing in line with the policy index and ranking in the 14th percentile of its peers. The Fund's volatility ranks in the 77th percentile of its peers over this period, with the Fund's Sharpe Ratio ranking in the 48th percentile.

- For the one-year period, the Fund returned 5.5%, performing in line with the policy index and ranking in the 4th percentile of the InvestorForce Public Funds > \$1 Billion Universe (Net of fees).

- For the one-year period, the Fund experienced a net investment gain of \$291.1 million which includes a net investment gain of \$447.4 million in the quarter. Assets decreased from \$5.34 billion one year ago to \$5.58 billion.



3 Years Ending March 31, 2019								
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Total Fund	9.3%	14	6.3%	77	1.3	48	1.2	46
Policy Index	9.4%	13	6.5%	80	1.3	54	1.2	60
InvestorForce Public DB > \$1B Net Median	8.3%	--	5.5%	--	1.3	--	1.2	--

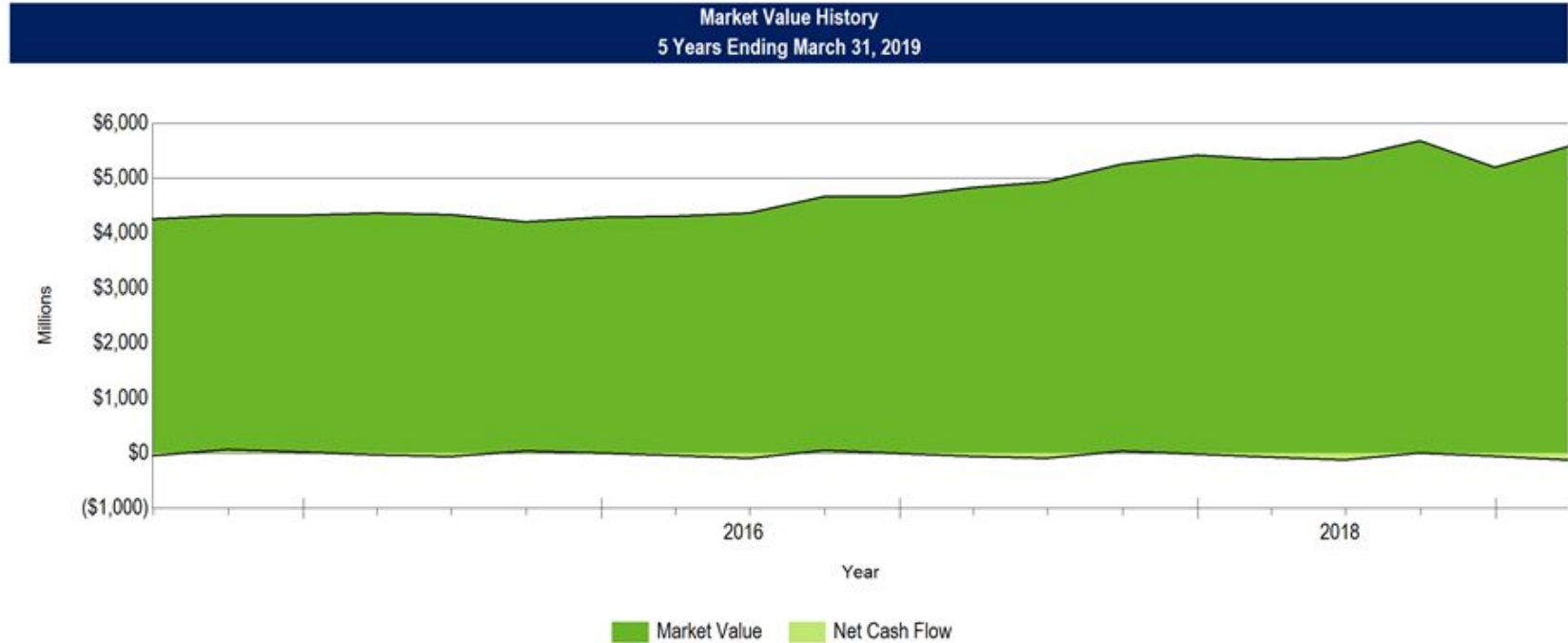
5 Years Ending March 31, 2019								
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Total Fund	6.4%	21	6.9%	77	0.8	50	1.1	41
Policy Index	7.0%	7	6.8%	77	0.9	33	1.2	37
InvestorForce Public DB > \$1B Net Median	5.8%	--	6.1%	--	0.8	--	1.0	--

Policy Index as of January 2016: 28% Russell 3000 Index, 20% Barclays Aggregate, 15% MSCI ACWI ex U.S., 10% MSCI ACWI, 10% Russell 3000 Index + 3%, 10% CPI+4% Index, and 7% NCREIF ODCE Real Estate Index.



Ventura County Employees' Retirement Association

# TOTAL FUND ASSET GROWTH SUMMARY

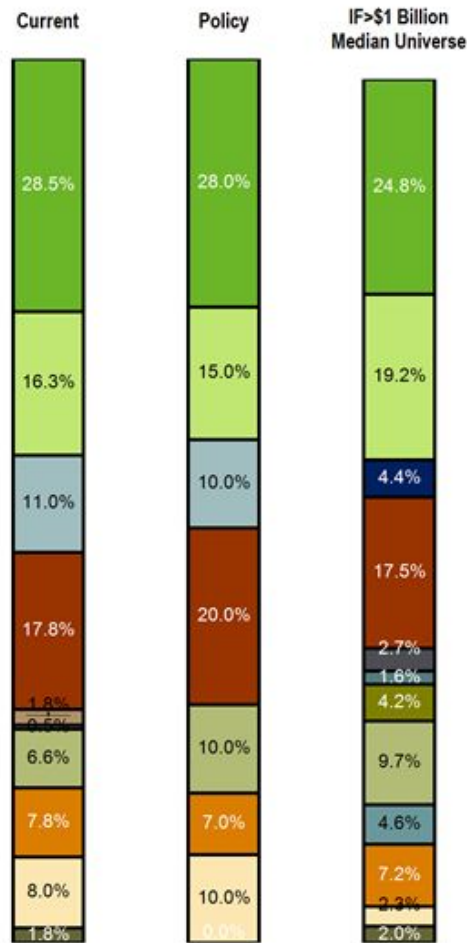


<b>Summary of Cash Flows</b>					
	Last Three Months	Fiscal Year-To-Date	One Year	Three Years	Five Years
Beginning Market Value	\$5,198,263,282	\$5,370,442,517	\$5,337,941,269	\$4,309,978,136	\$4,122,353,883
Net Cash Flow	-\$67,040,768	-\$1,458,257	-\$50,486,971	-\$81,343,041	-\$123,242,164
Net Investment Change	\$447,418,209	\$209,656,463	\$291,186,425	\$1,350,005,627	\$1,579,529,003
Ending Market Value	\$5,578,640,723	\$5,578,640,723	\$5,578,640,723	\$5,578,640,723	\$5,578,640,723



Ventura County Employees' Retirement Association

# TOTAL FUND ASSET ALLOCATION VS. POLICY TARGETS



Asset Allocation vs. Target							
	Current	Current	Policy	Difference*	Policy Range	Within Range	
U.S. Equity	\$1,590,544,662	28.5%	28.0%	0.5%	24.0% - 32.0%	Yes	
Non-US Equity	\$906,979,074	16.3%	15.0%	1.3%	12.0% - 18.0%	Yes	
Emerging Markets Equity	--	--	--	0.0%			
Global Equity	\$612,427,844	11.0%	10.0%	1.0%	7.0% - 13.0%	Yes	
U.S. Fixed Income	\$992,847,122	17.8%	20.0%	-2.2%	16.0% - 24.0%	Yes	
Treasury	\$100,032,491	1.8%	--	1.8%			
Non-U.S. Fixed Income	--	--	--	0.0%			
Fixed Income - Emerging	--	--	--	0.0%			
GTAA	--	--	--	0.0%			
Private Debt	\$26,253,401	0.5%	--	0.5%			
Private Equity	\$369,159,188	6.6%	10.0%	-3.4%	0.0% - 12.0%	Yes	
Hedge Funds	--	--	--	0.0%			
Real Estate	\$437,217,842	7.8%	7.0%	0.8%	4.0% - 10.0%	Yes	
Real Assets	\$445,258,726	8.0%	10.0%	-2.0%	5.0% - 15.0%	Yes	
Cash	\$97,920,373	1.8%	0.0%	1.8%	0.0% - 3.0%	Yes	
<b>Total</b>	<b>\$5,578,640,723</b>	<b>100.0%</b>	<b>100.0%</b>				

\*Difference between Policy and Current Allocation

Cash represents assets in Parametric Overlay.

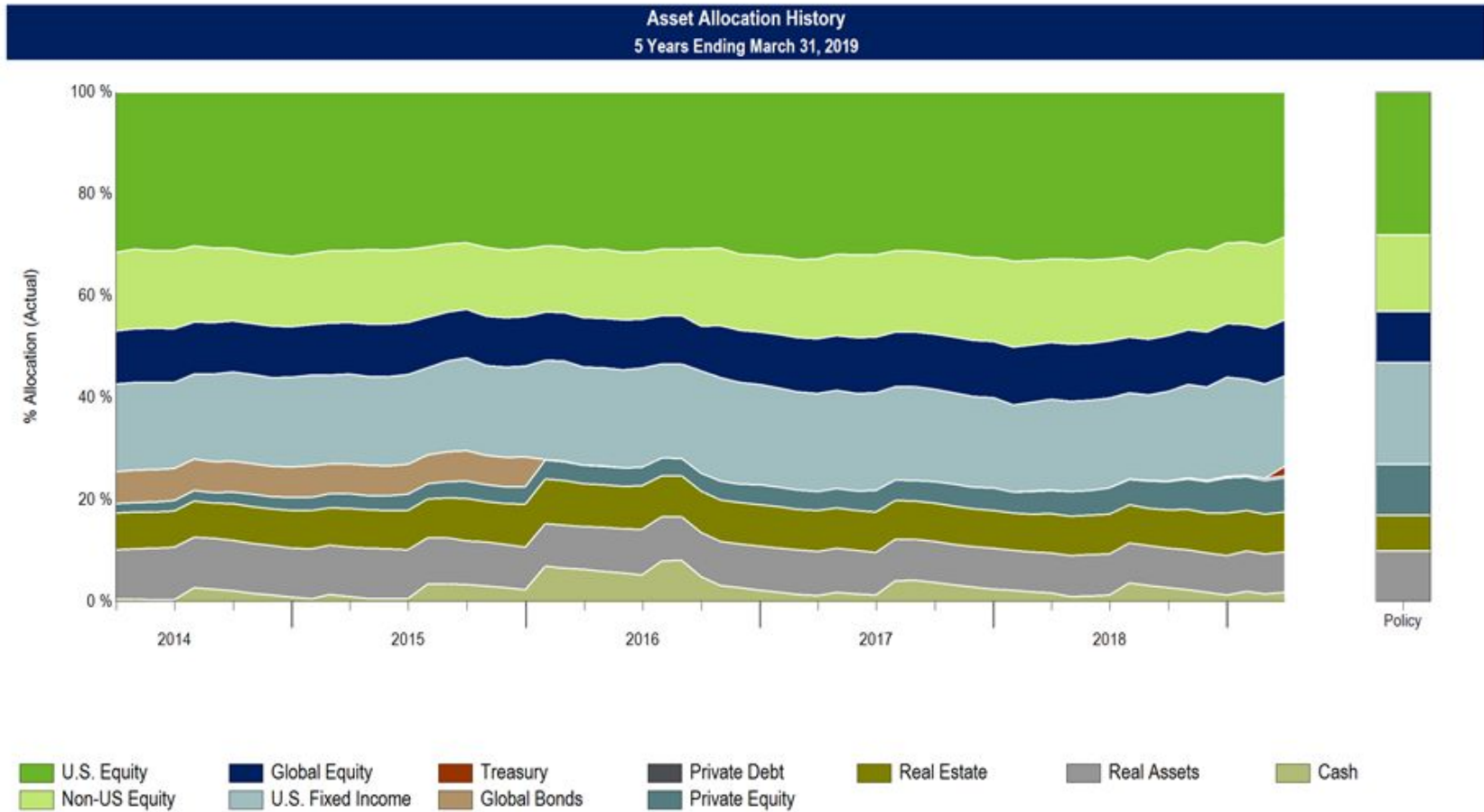
Policy Index as of January 2016: 28% Russell 3000 Index, 20% Barclays Aggregate, 15% MSCI ACWI ex U.S., 10% MSCI ACWI, 10% Russell 3000 Index + 3%, 10% CPI+4% Index, and 7% NCREIF ODCE Real Estate Index.

Asset Allocation vs. Policy Targets chart does not reflect Overlay adjusted weights.



Ventura County Employees' Retirement Association

# TOTAL FUND ALLOCATION HISTORY



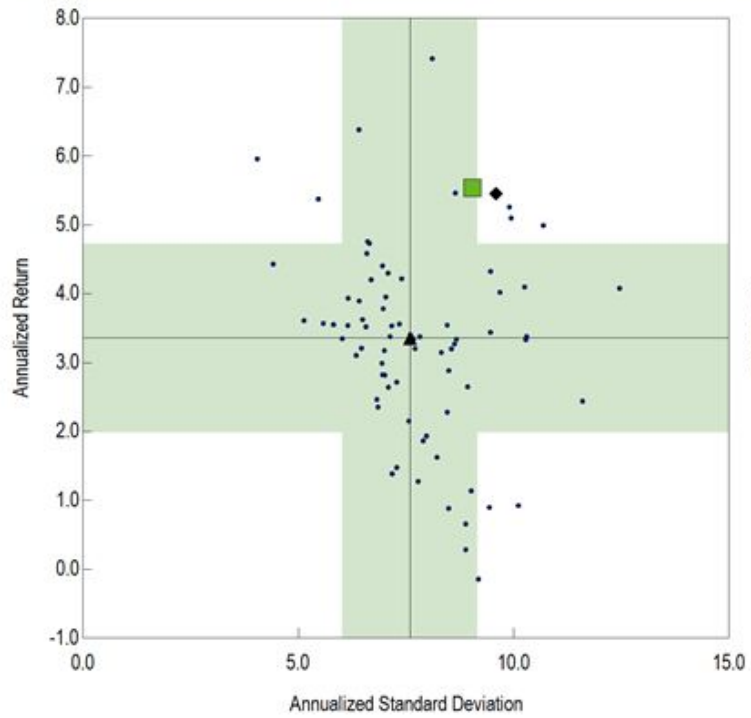
Policy Index shown is most recently approved index



# Ventura County Employees' Retirement Association

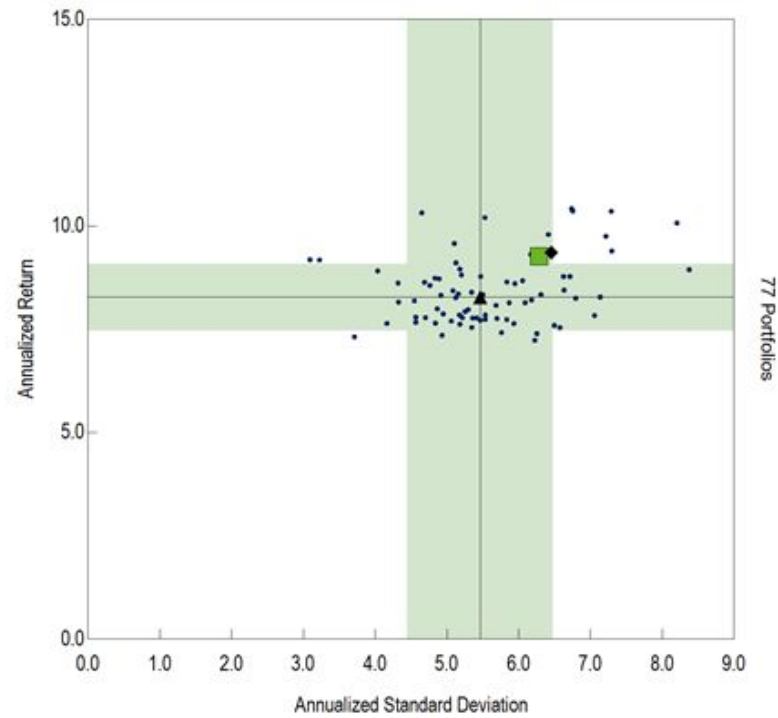
## TOTAL FUND RISK/RETURN

1 Years Ending March 31, 2019



- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB > \$1B Net

3 Years Ending March 31, 2019



- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB > \$1B Net

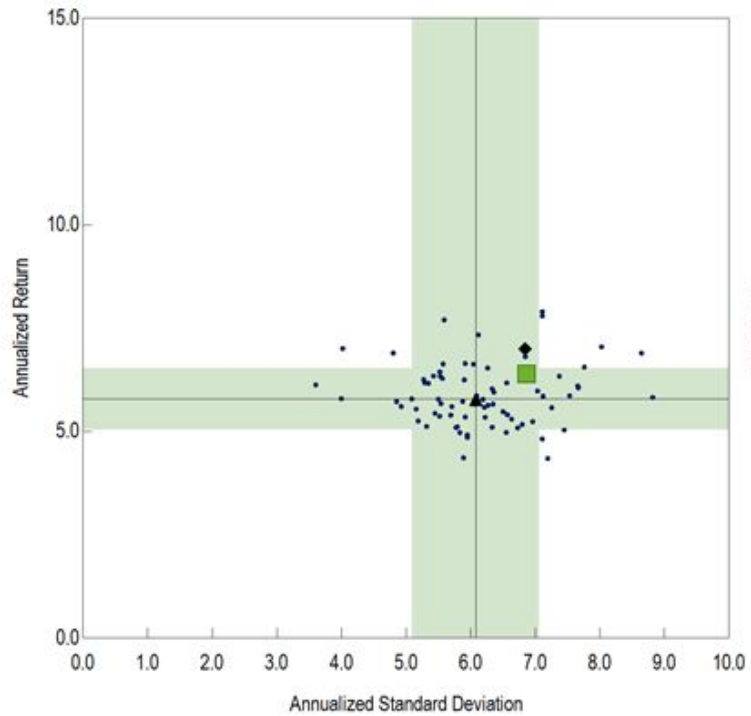




# Ventura County Employees' Retirement Association

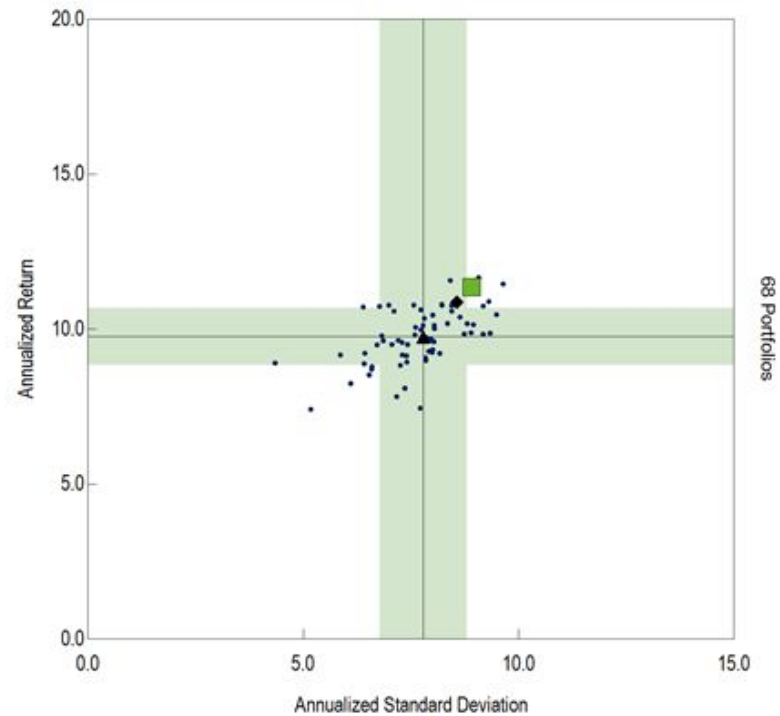
## TOTAL FUND RISK/RETURN

5 Years Ending March 31, 2019



- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- ▬ 68% Confidence Interval
- InvestorForce Public DB > \$1B Net

10 Years Ending March 31, 2019



- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- ▬ 68% Confidence Interval
- InvestorForce Public DB > \$1B Net



Ventura County Employees' Retirement Association

# TOTAL FUND RISK STATISTICS VS. PEER UNIVERSE

## Total Fund vs. InvestorForce Public DB > \$1B Net 1 Year



Ventura County Employees' Retirement Association

# TOTAL FUND RISK STATISTICS VS. PEER UNIVERSE

## Total Fund vs. InvestorForce Public DB > \$1B Net 3 Years



Ventura County Employees' Retirement Association

# TOTAL FUND RISK STATISTICS VS. PEER UNIVERSE

## Total Fund vs. InvestorForce Public DB > \$1B Net 5 Years



Ventura County Employees' Retirement Association

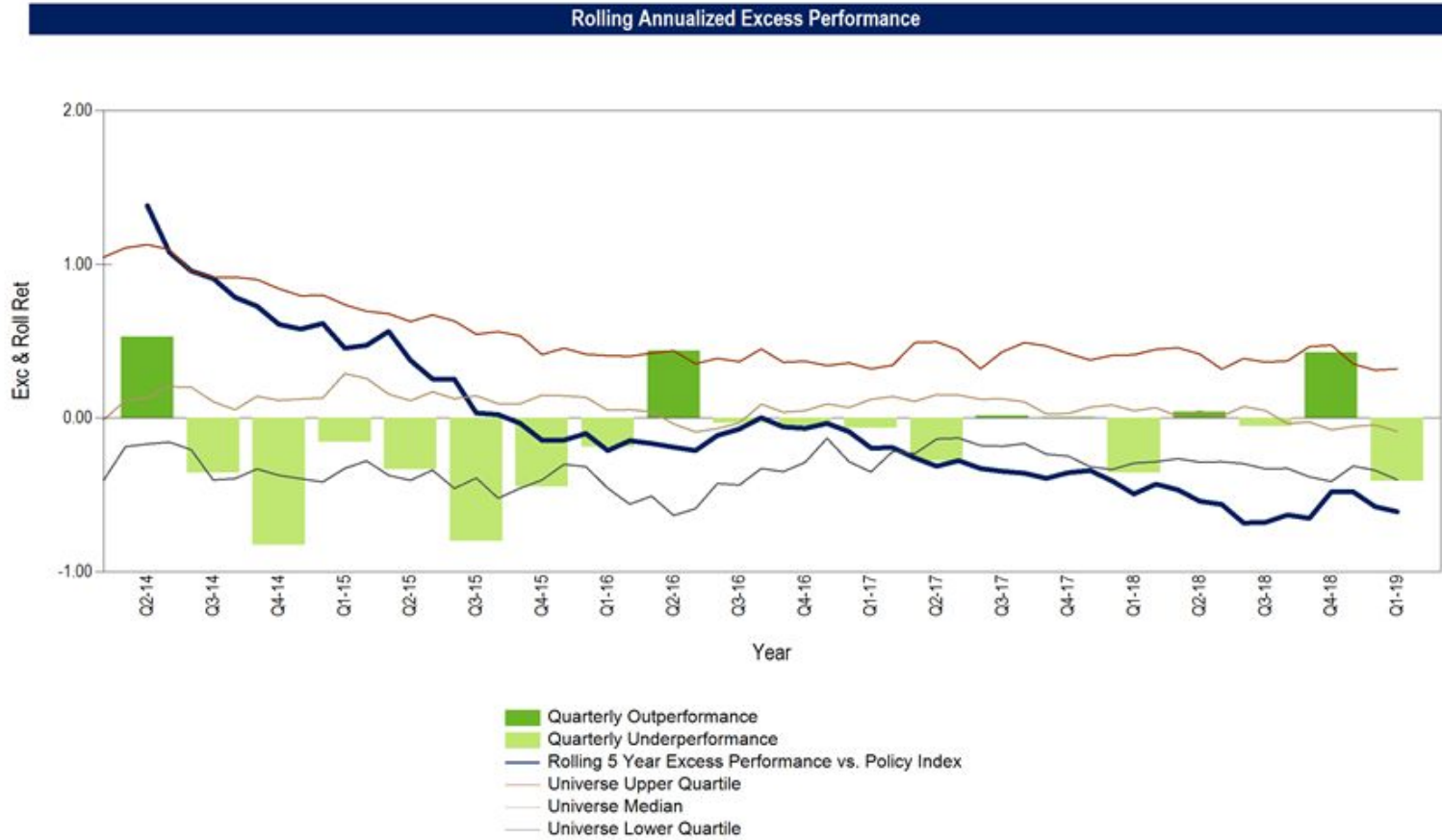
# TOTAL FUND RISK STATISTICS VS. PEER UNIVERSE

## Total Fund vs. InvestorForce Public DB > \$1B Net 10 Years



Ventura County Employees' Retirement Association

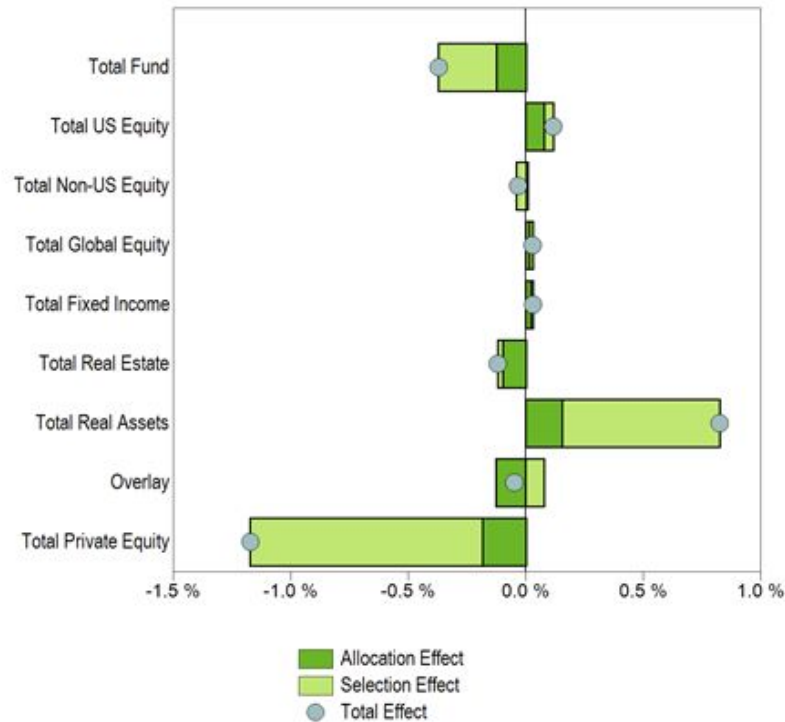
# ROLLING 5 YEAR EXCESS RETURNS- NET OF FEES



Ventura County Employees' Retirement Association

# TOTAL FUND ATTRIBUTION ANALYSIS

**Attribution Effects**  
3 Months Ending March 31, 2019



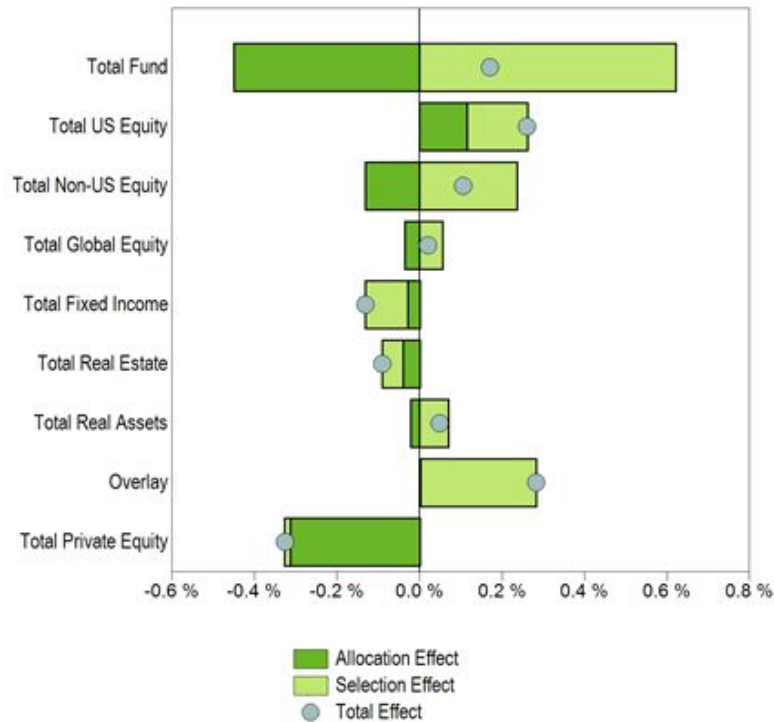
Attribution Summary						
3 Months Ending March 31, 2019						
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Total US Equity	14.2%	14.0%	0.1%	0.0%	0.1%	0.1%
Total Non-US Equity	10.1%	10.3%	-0.2%	0.0%	0.0%	0.0%
Total Global Equity	12.3%	12.2%	0.1%	0.0%	0.0%	0.0%
Total Fixed Income	3.0%	2.9%	0.0%	0.0%	0.0%	0.0%
Total Real Estate	0.9%	1.2%	-0.3%	0.0%	-0.1%	-0.1%
Total Real Assets	10.6%	2.2%	8.4%	0.7%	0.2%	0.8%
Overlay	6.9%	0.6%	6.3%	0.1%	-0.1%	0.0%
Total Private Equity	0.6%	14.9%	-14.3%	-1.0%	-0.2%	-1.2%
<b>Total</b>	<b>8.7%</b>	<b>9.0%</b>	<b>-0.4%</b>	<b>-0.2%</b>	<b>-0.1%</b>	<b>-0.4%</b>



Ventura County Employees' Retirement Association

# TOTAL FUND ATTRIBUTION ANALYSIS

**Attribution Effects**  
1 Year Ending March 31, 2019



Attribution Summary						
1 Year Ending March 31, 2019						
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Total US Equity	9.3%	8.8%	0.5%	0.1%	0.1%	0.3%
Total Non-US Equity	-2.8%	-4.2%	1.4%	0.2%	-0.1%	0.1%
Total Global Equity	3.1%	2.6%	0.5%	0.1%	0.0%	0.0%
Total Fixed Income	3.9%	4.5%	-0.6%	-0.1%	0.0%	-0.1%
Total Real Estate	5.9%	6.6%	-0.6%	0.0%	0.0%	-0.1%
Total Real Assets	6.4%	5.9%	0.5%	0.1%	0.0%	0.0%
Overlay	20.1%	2.1%	18.0%	0.3%	0.0%	0.3%
Total Private Equity	13.8%	12.0%	1.8%	0.0%	-0.3%	-0.3%
<b>Total</b>	<b>5.6%</b>	<b>5.5%</b>	<b>0.2%</b>	<b>0.6%</b>	<b>-0.4%</b>	<b>0.2%</b>

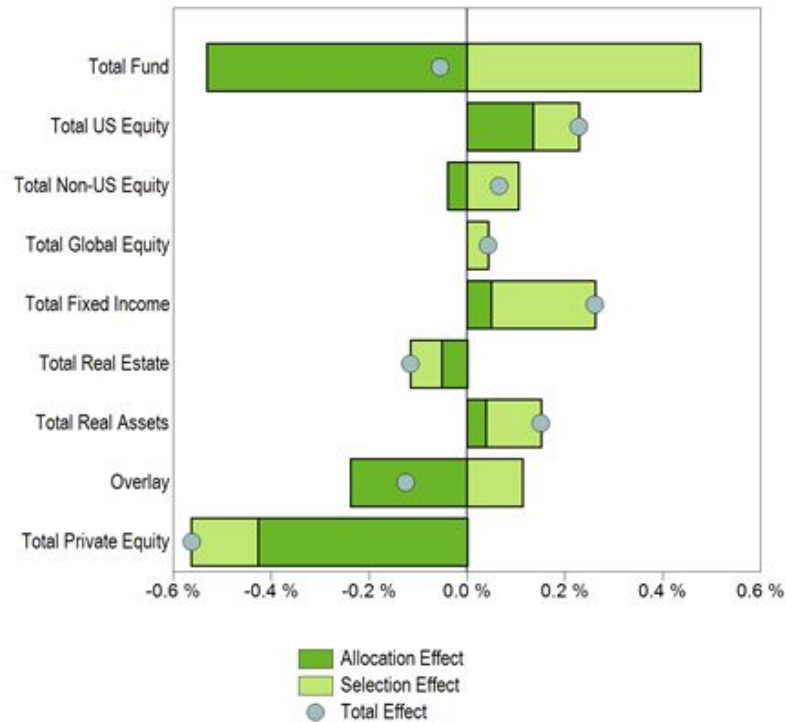




Ventura County Employees' Retirement Association

# TOTAL FUND ATTRIBUTION ANALYSIS

**Attribution Effects**  
3 Years Ending March 31, 2019



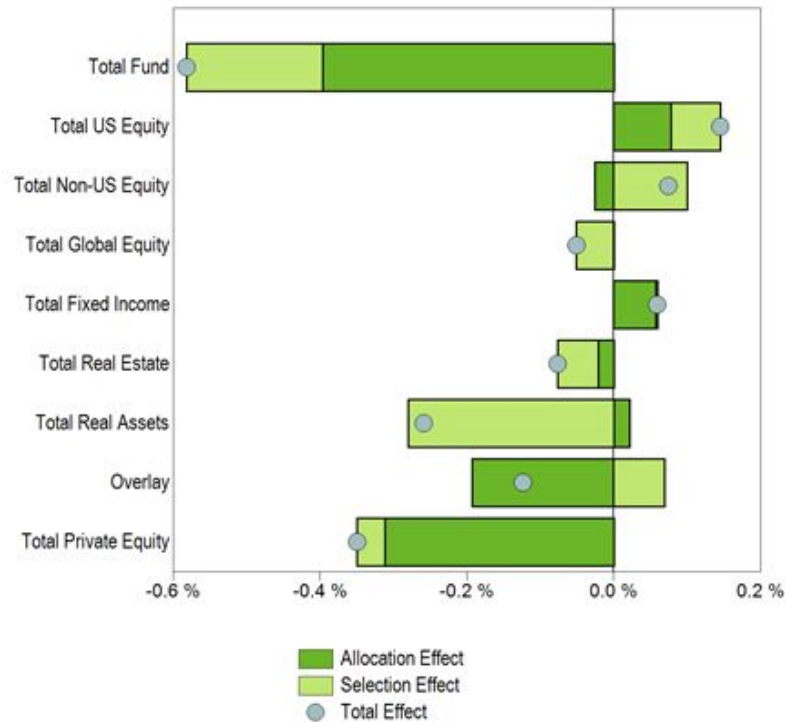
Attribution Summary						
3 Years Ending March 31, 2019						
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Total US Equity	13.8%	13.5%	0.3%	0.1%	0.1%	0.2%
Total Non-US Equity	8.9%	8.1%	0.8%	0.1%	0.0%	0.1%
Total Global Equity	11.1%	10.7%	0.4%	0.0%	0.0%	0.0%
Total Fixed Income	3.1%	2.0%	1.0%	0.2%	0.1%	0.3%
Total Real Estate	6.2%	7.0%	-0.8%	-0.1%	-0.1%	-0.1%
Total Real Assets	7.1%	6.3%	0.8%	0.1%	0.0%	0.2%
Overlay	8.1%	1.2%	6.8%	0.1%	-0.2%	-0.1%
Total Private Equity	14.2%	16.9%	-2.6%	-0.1%	-0.4%	-0.6%
<b>Total</b>	<b>9.3%</b>	<b>9.4%</b>	<b>-0.1%</b>	<b>0.5%</b>	<b>-0.5%</b>	<b>-0.1%</b>



Ventura County Employees' Retirement Association

# TOTAL FUND ATTRIBUTION ANALYSIS

**Attribution Effects**  
5 Years Ending March 31, 2019



Attribution Summary						
5 Years Ending March 31, 2019						
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Total US Equity	10.5%	10.3%	0.2%	0.1%	0.1%	0.1%
Total Non-US Equity	3.3%	2.6%	0.8%	0.1%	0.0%	0.1%
Total Global Equity	6.0%	6.5%	-0.5%	0.0%	0.0%	0.0%
Total Fixed Income	2.5%	2.3%	0.2%	0.0%	0.1%	0.1%
Total Real Estate	8.5%	9.2%	-0.7%	-0.1%	0.0%	-0.1%
Total Real Assets	2.1%	5.5%	-3.4%	-0.3%	0.0%	-0.3%
Overlay	4.8%	0.8%	4.1%	0.1%	-0.2%	-0.1%
Total Private Equity	14.3%	13.6%	0.7%	0.0%	-0.3%	-0.3%
<b>Total</b>	<b>6.4%</b>	<b>7.0%</b>	<b>-0.6%</b>	<b>-0.2%</b>	<b>-0.4%</b>	<b>-0.6%</b>



## Ventura County Employees' Retirement Association

**TOTAL FUND RISK STATISTICS**

1 Year Ending March 31, 2019												
	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Anlzd AJ	Rank	Tracking Error	Rank	Info Ratio	Rank	Beta
Total Equity	55.7%	4.7%	21	14.7%	52	2.1%	9	1.1%	34	1.9	3	1.0
MSCI ACWI	--	2.6%	61	14.4%	36	0.0%	33	0.0%	1	--	--	1.0
Total US Equity	28.5%	9.3%	1	16.5%	99	0.6%	26	0.5%	1	1.1	7	1.0
Russell 3000	--	8.8%	1	16.7%	99	0.0%	36	0.0%	1	--	--	1.0
Total Non-US Equity	16.3%	-2.8%	10	12.8%	18	1.0%	8	1.1%	12	1.3	5	0.9
MSCI ACWI ex USA	--	-4.2%	27	13.6%	64	0.0%	23	0.0%	1	--	--	1.0
Total Global Equity	11.0%	3.1%	47	14.4%	90	0.5%	48	0.1%	1	4.6	1	1.0
MSCI ACWI	--	2.6%	55	14.4%	90	0.0%	59	0.0%	1	--	--	1.0
Total Fixed Income	20.1%	3.9%	46	2.8%	63	-0.3%	62	0.6%	33	-0.9	--	0.9
Total Fixed Income Policy Index	--	4.5%	17	3.2%	83	0.0%	46	0.0%	1	--	--	1.0
Total US Fixed Income	17.8%	3.9%	46	2.9%	67	-0.3%	64	0.6%	33	-0.9	--	0.9
BBgBarc US Aggregate TR	--	4.5%	17	3.2%	83	0.0%	46	0.0%	1	--	--	1.0
Total Real Assets	8.0%	6.4%	--	10.3%	--	-14.8%	--	9.9%	--	0.0	--	5.0
CPI + 4% (Unadjusted)	--	5.9%	--	1.0%	--	0.0%	--	0.0%	--	--	--	1.0

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Real Estate	7.8%	5.9%	78	2.5%	59
NCREIF ODCE Net	--	6.6%	69	2.8%	62
Total Private Equity	6.6%	13.8%	24	5.5%	45
Russell 3000 + 3%	--	12.0%	38	16.7%	99

Total U.S. Equity Benchmark: Russell 3000 Index. Prior to January 2016, the Benchmark is a dynamic hybrid using the respective managers' market value weights within the U.S. Equity component toward their benchmark. Prior to May 2013, the Dow Jones U.S. Total Stock Market Index. Prior to May 2007, the Russell 3000 Index.

Total Non-U.S. Equity Benchmark: MSCI ACWI ex US Free, prior to May 2002, the MSCI EAFE.

Composite rankings are used for Total Equity (InvestorForce Public DB Total Eq consists of 70 portfolios), Total US Equity (InvestorForce Public DB US Eq consists of 141 portfolios), Total Non-US Equity (InvestorForce Public DB ex-US Eq consists of 93 portfolios), Total Global Equity (InvestorForce Public DB Gbl Eq consists of 37 portfolios), Total Fixed Income (InvestorForce Public DB Total Fix Inc consists of 70 portfolios), Total US Fixed Income (InvestorForce Public DB US Fix Inc consists of 84 portfolios), Total Real Estate (InvestorForce Public DB Real Estate Pub+Priv consists of 47 portfolios) and Total Private Equity (InvestorForce Public DB Private Eq consists of 20 portfolios).



## Ventura County Employees' Retirement Association

**TOTAL FUND RISK STATISTICS**

3 Years Ending March 31, 2019												
	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Anlzd AJ	Rank	Tracking Error	Rank	Info Ratio	Rank	Beta
Total Equity	55.7%	11.9%	18	10.0%	34	1.3%	13	1.2%	34	1.1	3	1.0
MSCI ACWI	--	10.7%	71	10.0%	32	0.0%	37	0.0%	1	--	--	1.0
Total US Equity	28.5%	13.8%	1	11.0%	97	0.4%	20	0.4%	1	0.8	3	1.0
Russell 3000	--	13.5%	1	11.1%	97	0.0%	29	0.0%	1	--	--	1.0
Total Non-US Equity	16.3%	8.9%	18	10.1%	12	1.1%	16	1.0%	8	0.8	8	1.0
MSCI ACWI ex USA	--	8.1%	42	10.6%	42	0.0%	41	0.0%	1	--	--	1.0
Total Global Equity	11.0%	11.1%	3	10.0%	65	0.4%	59	0.3%	1	1.4	1	1.0
MSCI ACWI	--	10.7%	29	10.0%	65	0.0%	71	0.0%	1	--	--	1.0
Total Fixed Income	20.1%	3.1%	57	2.5%	50	1.2%	46	0.9%	41	1.1	22	0.8
Total Fixed Income Policy Index	--	2.0%	69	3.0%	83	0.0%	81	0.0%	1	--	--	1.0
Total US Fixed Income	17.8%	3.1%	57	2.5%	50	1.2%	46	0.9%	41	1.1	22	0.8
BBgBarc US Aggregate TR	--	2.0%	69	3.0%	83	0.0%	81	0.0%	1	--	--	1.0
Total Real Assets	8.0%	7.1%	--	7.9%	--	-7.1%	--	7.7%	--	0.1	--	2.6
CPI + 4% (Unadjusted)	--	6.3%	--	0.8%	--	0.0%	--	0.0%	--	--	--	1.0

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Real Estate	7.8%	6.2%	86	2.6%	45
NCREIF ODCE Net	--	7.0%	64	2.9%	50
Total Private Equity	6.6%	14.2%	27	5.4%	33
Russell 3000 + 3%	--	16.9%	6	11.1%	99

Total U.S. Equity Benchmark: Russell 3000 Index. Prior to January 2016, the Benchmark is a dynamic hybrid using the respective managers' market value weights within the U.S. Equity component toward their benchmark. Prior to May 2013, the Dow Jones U.S. Total Stock Market Index. Prior to May 2007, the Russell 3000 Index.

Total Non-U.S. Equity Benchmark: MSCI ACWI ex US Free, prior to May 2002, the MSCI EAFE.

Composite rankings are used for Total Equity (InvestorForce Public DB Total Eq consists of 65 portfolios), Total US Equity (InvestorForce Public DB US Eq consists of 131 portfolios), Total Non-US Equity (InvestorForce Public DB ex-US Eq consists of 83 portfolios), Total Global Equity (InvestorForce Public DB Gbl Eq consists of 33 portfolios), Total Fixed Income (InvestorForce Public DB Total Fix Inc consists of 63 portfolios), Total US Fixed Income (InvestorForce Public DB US Fix Inc consists of 84 portfolios), Total Real Estate (InvestorForce Public DB Real Estate Pub+Priv consists of 47 portfolios) and Total Private Equity (InvestorForce Public DB Private Eq consists of 47 portfolios).



## Ventura County Employees' Retirement Association

# TOTAL FUND RISK STATISTICS

5 Years Ending March 31, 2019												
	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Anlzd AJ	Rank	Tracking Error	Rank	Info Ratio	Rank	Beta
Total Equity	55.7%	7.8%	27	10.9%	44	1.4%	12	1.2%	27	1.1	2	1.0
MSCI ACWI	--	6.5%	76	11.1%	55	0.0%	46	0.0%	1	--	--	1.0
Total US Equity	28.5%	10.5%	1	11.5%	93	0.2%	44	0.3%	1	0.7	2	1.0
Russell 3000	--	10.3%	1	11.5%	93	0.0%	54	0.0%	1	--	--	1.0
Total Non-US Equity	16.3%	3.3%	27	11.4%	22	0.9%	23	1.1%	7	0.7	8	0.9
MSCI ACWI ex USA	--	2.6%	70	12.0%	70	0.0%	61	0.0%	1	--	--	1.0
Total Global Equity	11.0%	6.0%	69	11.2%	67	-0.5%	86	1.0%	1	-0.5	97	1.0
MSCI ACWI	--	6.5%	55	11.1%	66	0.0%	76	0.0%	1	--	--	1.0
Total Fixed Income	20.1%	2.5%	66	2.4%	36	0.6%	36	1.5%	57	0.1	43	0.7
Total Fixed Income Policy Index	--	2.3%	68	2.8%	56	0.0%	80	0.0%	1	--	--	1.0
Total US Fixed Income	17.8%	2.8%	40	2.4%	32	0.7%	27	1.7%	62	0.0	50	0.7
BBgBarc US Aggregate TR	--	2.7%	43	2.9%	60	0.0%	80	0.0%	1	--	--	1.0
Total Real Assets	8.0%	2.1%	--	9.4%	--	-10.7%	--	9.2%	--	-0.4	--	2.5
CPI + 4% (Unadjusted)	--	5.5%	--	1.0%	--	0.0%	--	0.0%	--	--	--	1.0

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Real Estate	7.8%	8.5%	81	3.7%	46
NCREIF ODCE Net	--	9.2%	64	3.9%	51
Total Private Equity	6.6%	14.3%	29	6.1%	54
Russell 3000 + 3%	--	13.6%	31	11.5%	96

Total U.S. Equity Benchmark: Russell 3000 Index. Prior to January 2016, the Benchmark is a dynamic hybrid using the respective managers' market value weights within the U.S. Equity component toward their benchmark. Prior to May 2013, the Dow Jones U.S. Total Stock Market Index. Prior to May 2007, the Russell 3000 Index.

Total Non-U.S. Equity Benchmark: MSCI ACWI ex US Free, prior to May 2002, the MSCI EAFE.

Composite rankings are used for Total Equity (InvestorForce Public DB Total Eq consists of 56 portfolios), Total US Equity (InvestorForce Public DB US Eq consists of 120 portfolios), Total Non-US Equity (InvestorForce Public DB ex-US Eq consists of 79 portfolios), Total Global Equity (InvestorForce Public DB Gbl Eq consists of 28 portfolios), Total Fixed Income (InvestorForce Public DB Total Fix Inc consists of 56 portfolios), Total US Fixed Income (InvestorForce Public DB US Fix Inc consists of 79 portfolios), Total Real Estate (InvestorForce Public DB Real Estate Pub+Priv consists of 45 portfolios) and Total Private Equity (InvestorForce Public DB Private Eq consists of 19 portfolios).



Ventura County Employees' Retirement Association

TOTAL FUND PERFORMANCE DETAIL (NET)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
<b>Total Fund</b>	<b>5,578,640,723</b>	<b>100.0</b>	<b>100.0</b>	<b>8.6</b>	<b>20</b>	<b>3.9</b>	<b>6</b>	<b>5.5</b>	<b>4</b>	<b>9.3</b>	<b>14</b>	<b>6.4</b>	<b>21</b>	<b>11.4</b>	<b>5</b>	<b>8.0</b>	<b>Apr-94</b>
Policy Index				9.0	15	3.9	7	5.5	5	9.4	13	7.0	7	10.9	7	8.0	Apr-94
Over/Under				-0.4		0.0		0.0		-0.1		-0.6		0.5		0.0	
60% MSCI ACWI (Net) / 40% FTSE WGBI				7.9	28	2.2	63	1.2	92	6.8	99	4.2	99	8.2	95	--	Apr-94
60% S&P 500 / 40% BBgBarc Aggregate				9.3	10	5.7	1	7.8	1	8.9	21	7.7	3	11.1	6	8.3	Apr-94
InvestorForce Public DB > \$1B Net Median				7.2		2.5		3.4		8.3		5.8		9.8		7.4	Apr-94
<b>Total Fund ex Parametric*</b>	<b>5,522,362,105</b>	<b>99.0</b>	<b>--</b>	<b>8.5</b>	<b>--</b>	<b>3.4</b>	<b>--</b>	<b>5.0</b>	<b>--</b>	<b>9.1</b>	<b>--</b>	<b>6.3</b>	<b>--</b>	<b>11.1</b>	<b>--</b>	<b>7.9</b>	<b>Apr-94</b>
<b>Total Fund ex Private Equity</b>	<b>5,209,481,535</b>	<b>93.4</b>	<b>--</b>	<b>9.2</b>	<b>12</b>	<b>3.6</b>	<b>8</b>	<b>5.1</b>	<b>8</b>	<b>9.0</b>	<b>20</b>	<b>6.1</b>	<b>36</b>	<b>--</b>	<b>--</b>	<b>8.5</b>	<b>Jan-12</b>
Policy Index				9.0	15	3.9	7	5.5	5	9.4	13	7.0	7	10.9	7	9.2	Jan-12
Over/Under				0.2		-0.3		-0.4		-0.4		-0.9				-0.7	
InvestorForce Public DB > \$1B Net Median				7.2		2.5		3.4		8.3		5.8		9.8		8.2	Jan-12
<b>Total US Equity</b>	<b>1,590,544,662</b>	<b>28.5</b>	<b>28.0</b>	<b>14.2</b>	<b>2</b>	<b>5.4</b>	<b>1</b>	<b>9.3</b>	<b>1</b>	<b>13.8</b>	<b>1</b>	<b>10.5</b>	<b>1</b>	<b>16.5</b>	<b>1</b>	<b>9.3</b>	<b>Dec-93</b>
Russell 3000				14.0	3	4.7	3	8.8	1	13.5	1	10.3	1	16.0	1	9.6	Dec-93
Over/Under				0.2		0.7		0.5		0.3		0.2		0.5		-0.3	
InvestorForce Public DB Total Eq Net Median				12.5		2.2		3.4		11.0		7.2		12.8		8.1	Dec-93
Western U.S. Index Plus	215,550,214	3.9		14.8	29	6.3	30	9.8	31	14.3	25	11.4	22	19.6	2	6.0	May-07
S&P 500				13.6	41	5.9	34	9.5	34	13.5	31	10.9	28	15.9	28	7.6	May-07
Over/Under				1.2		0.4		0.3		0.8		0.5		3.7		-1.6	
eV US Large Cap Equity Net Median				13.0		4.1		7.0		11.9		9.3		14.9		7.4	May-07
Blackrock Russell 1000 Index	1,311,033,291	23.5		14.0	38	5.6	36	9.4	35	--	--	--	--	--	--	11.6	May-17
Russell 1000				14.0	38	5.5	36	9.3	36	13.5	31	10.6	30	16.0	26	11.5	May-17
Over/Under				0.0		0.1		0.1								0.1	
eV US Large Cap Equity Net Median				13.0		4.1		7.0		11.9		9.3		14.9		10.0	May-17
Blackrock Russell 2500 Index	63,961,157	1.1		15.8	43	-1.1	48	4.5	39	--	--	--	--	--	--	8.3	May-17
Russell 2500				15.8	43	-1.2	49	4.5	40	12.6	41	7.8	42	16.2	32	8.3	May-17
Over/Under				0.0		0.1		0.0								0.0	
eV US Small-Mid Cap Equity Net Median				15.0		-1.6		2.6		11.4		7.1		15.5		7.1	May-17

Color Coding: PERFORMANCE: Green-Over performance, Red-Under performance / Color Coding: RANKS: 1 - 25 Green - Positive Result, 26 - 50 Yellow, 50 - 75 Orange, 76 - 100 Red - Negative Result.

Policy Index: Currently, 28% Russell 3000 Index, 20% Barclays Aggregate, 15% MSCI ACWI ex U.S., 10% MSCI ACWI, 10% Russell 3000 Index + 3%, 10% CPI+4% Index, and 7% NCREIF ODCE Real Estate Index.

Total U.S. Equity Benchmark: Russell 3000 Index. Prior to January 2016, the Benchmark is a dynamic hybrid using the respective managers' market value weights within the U.S. Equity component toward their benchmark. Prior to May 2013, the Dow Jones U.S. Total Stock Market Index. Prior to May 2007, the Russell 3000 Index.

Ventura County Employees' Retirement Association

# TOTAL FUND PERFORMANCE DETAIL (NET)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
<b>Total Non-US Equity</b>	<b>906,979,074</b>	<b>16.3</b>	<b>15.0</b>	<b>10.1</b>	<b>78</b>	<b>-1.1</b>	<b>23</b>	<b>-2.8</b>	<b>10</b>	<b>8.9</b>	<b>18</b>	<b>3.3</b>	<b>27</b>	<b>9.4</b>	<b>48</b>	<b>6.3</b>	<b>Mar-94</b>
MSCI ACWI ex USA				10.3	64	-1.6	36	-4.2	27	8.1	42	2.6	70	8.8	67	5.1	Mar-94
Over/Under				-0.2		0.5		1.4		0.8		0.7		0.6		1.2	
MSCI EAFE				10.0	80	-2.5	55	-3.7	20	7.3	74	2.3	77	9.0	63	4.7	Mar-94
MSCI ACWI ex USA NR LCL				10.8	38	0.3	6	2.1	1	9.3	13	6.2	1	9.7	33	--	Mar-94
MSCI EAFE NR LCL				10.6	52	-0.6	13	2.8	1	8.5	27	6.0	1	9.8	33	4.8	Mar-94
InvestorForce Public DB ex-US Eq Net Median				10.6		-2.4		-5.8		7.9		2.8		9.4		5.5	Mar-94
<b>BlackRock ACWI ex-U.S. Index</b>	<b>461,892,059</b>	<b>8.3</b>		<b>10.3</b>	<b>67</b>	<b>-2.4</b>	<b>36</b>	<b>-4.6</b>	<b>42</b>	<b>8.2</b>	<b>41</b>	<b>2.9</b>	<b>59</b>	<b>9.4</b>	<b>62</b>	<b>2.5</b>	<b>Mar-07</b>
MSCI ACWI ex USA IMI				10.3	67	-2.4	37	-5.0	43	7.9	44	2.7	65	9.2	63	2.2	Mar-07
Over/Under				0.0		0.0		0.4		0.3		0.2		0.2		0.3	
MSCI ACWI ex USA NR LCL				10.8	54	0.3	6	2.1	2	9.3	31	6.2	15	9.7	59	3.2	Mar-07
eV ACWI ex-US All Cap Equity Net Median				11.0		-3.6		-5.5		7.7		3.2		10.6		3.0	Mar-07
<b>Sprucegrove</b>	<b>224,408,925</b>	<b>4.0</b>		<b>9.6</b>	<b>77</b>	<b>-1.9</b>	<b>31</b>	<b>-3.7</b>	<b>31</b>	<b>10.3</b>	<b>19</b>	<b>3.1</b>	<b>54</b>	<b>10.0</b>	<b>57</b>	<b>7.2</b>	<b>Mar-02</b>
MSCI ACWI ex USA				10.3	67	-1.6	25	-4.2	37	8.1	43	2.6	66	8.8	74	6.2	Mar-02
Over/Under				-0.7		-0.3		0.5		2.2		0.5		1.2		1.0	
MSCI EAFE				10.0	73	-2.5	39	-3.7	31	7.3	61	2.3	69	9.0	72	5.7	Mar-02
MSCI ACWI ex USA NR LCL				10.8	54	0.3	6	2.1	2	9.3	31	6.2	15	9.7	59	5.2	Mar-02
MSCI EAFE NR LCL				10.6	64	-0.6	14	2.8	2	8.5	37	6.0	16	9.8	59	4.4	Mar-02
eV ACWI ex-US All Cap Equity Net Median				11.0		-3.6		-5.5		7.7		3.2		10.6		6.8	Mar-02
<b>Hexavest</b>	<b>90,998,020</b>	<b>1.6</b>		<b>8.1</b>	<b>85</b>	<b>-0.1</b>	<b>14</b>	<b>-2.1</b>	<b>29</b>	<b>5.4</b>	<b>75</b>	<b>2.1</b>	<b>69</b>	<b>--</b>	<b>--</b>	<b>3.8</b>	<b>Dec-10</b>
MSCI EAFE				10.0	54	-2.5	38	-3.7	45	7.3	42	2.3	64	9.0	53	4.4	Dec-10
Over/Under				-1.9		2.4		1.6		-1.9		-0.2		--		-0.6	
MSCI EAFE NR LCL				10.6	39	-0.6	17	2.8	3	8.5	27	6.0	5	9.8	46	7.0	Dec-10
eV EAFE All Cap Equity Net Median				10.1		-3.6		-4.3		6.9		3.0		9.3		5.1	Dec-10
<b>Walter Scott</b>	<b>129,680,070</b>	<b>2.3</b>		<b>11.4</b>	<b>43</b>	<b>3.9</b>	<b>1</b>	<b>4.8</b>	<b>1</b>	<b>11.0</b>	<b>14</b>	<b>6.3</b>	<b>15</b>	<b>--</b>	<b>--</b>	<b>6.0</b>	<b>Dec-10</b>
MSCI ACWI ex USA				10.3	67	-1.6	25	-4.2	37	8.1	43	2.6	66	8.8	74	3.5	Dec-10
Over/Under				1.1		5.5		9.0		2.9		3.7		--		2.5	
MSCI ACWI ex USA NR LCL				10.8	54	0.3	6	2.1	2	9.3	31	6.2	15	9.7	59	6.3	Dec-10
MSCI EAFE				10.0	73	-2.5	39	-3.7	31	7.3	61	2.3	69	9.0	72	4.4	Dec-10
eV ACWI ex-US All Cap Equity Net Median				11.0		-3.6		-5.5		7.7		3.2		10.6		5.0	Dec-10



Ventura County Employees' Retirement Association

# TOTAL FUND PERFORMANCE DETAIL (NET)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
<b>Total Global Equity</b>	<b>612,427,844</b>	<b>11.0</b>	<b>10.0</b>	<b>12.3</b>	<b>10</b>	<b>2.3</b>	<b>49</b>	<b>3.1</b>	<b>47</b>	<b>11.1</b>	<b>3</b>	<b>6.0</b>	<b>69</b>	<b>10.7</b>	<b>13</b>	<b>6.0</b>	<b>May-05</b>
MSCI ACWI				12.2	12	2.1	53	2.6	55	10.7	29	6.5	55	12.0	6	6.7	May-05
Over/Under				0.1		0.2		0.5		0.4		-0.5		-1.3		-0.7	
InvestorForce Public DB Glbl Eq Net Median				10.6		2.2		2.8		9.9		7.0		8.8		5.2	May-05
<b>BlackRock MSCI ACWI Equity Index</b>	<b>612,427,844</b>	<b>11.0</b>		<b>12.3</b>	<b>53</b>	<b>2.3</b>	<b>43</b>	<b>3.1</b>	<b>46</b>	<b>11.1</b>	<b>31</b>	<b>6.9</b>	<b>42</b>	--	--	<b>10.0</b>	<b>Aug-12</b>
MSCI ACWI				12.2	54	2.1	45	2.6	52	10.7	37	6.5	50	12.0	57	9.6	Aug-12
Over/Under				0.1		0.2		0.5		0.4		0.4				0.4	
eV All Global Equity Net Median				12.4		1.5		2.7		9.5		6.4		12.5		9.8	Aug-12





Ventura County Employees' Retirement Association

# TOTAL FUND PERFORMANCE DETAIL (NET)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
<b>Total Private Equity</b>	<b>369,159,188</b>	<b>6.6</b>	<b>10.0</b>	<b>0.6</b>	<b>19</b>	<b>9.2</b>	<b>29</b>	<b>13.8</b>	<b>24</b>	<b>14.2</b>	<b>27</b>	<b>14.3</b>	<b>29</b>	--	--	<b>14.5</b>	Jan-12
Russell 3000 + 3%				14.9	1	7.0	53	12.0	38	16.9	6	13.6	31	19.4	1	17.4	Jan-12
Over/Under				-14.3		2.2		1.8		-2.7		0.7				-2.9	
Cambridge Associates Global All PE (Qtr Lag)				-1.1	70	6.7	54	9.8	62	12.6	49	10.9	54	13.1	37	12.6	Jan-12
InvestorForce Public DB Private Eq Net Median				-0.4		7.4		11.1		12.6		11.9		12.5		13.2	Jan-12
Adams Street Global Fund Series	175,170,760	3.1		1.4	--	10.9	--	15.3	--	13.3	--	12.9	--	--	--	13.4	Jan-12
Russell 3000 + 3%				14.9	--	7.0	--	12.0	--	16.9	--	13.6	--	19.4	--	17.4	Jan-12
Over/Under				-13.5		3.9		3.3		-3.6		-0.7				-4.0	
Harbourvest	82,365,498	1.5		-0.8	--	9.3	--	13.9	--	17.1	--	19.1	--	--	--	18.8	Aug-13
Russell 3000 + 3%				14.9	--	7.0	--	12.0	--	16.9	--	13.6	--	19.4	--	14.8	Aug-13
Over/Under				-15.7		2.3		1.9		0.2		5.5				4.0	
Pantheon Global Secondary Funds	38,532,736	0.7		-2.4	--	6.1	--	14.4	--	17.9	--	14.0	--	--	--	12.6	Jan-12
Russell 3000 + 3%				14.9	--	7.0	--	12.0	--	16.9	--	13.6	--	19.4	--	17.4	Jan-12
Over/Under				-17.3		-0.9		2.4		1.0		0.4				-4.8	
Drive Capital Fund II	6,833,057	0.1		-1.2	--	0.3	--	-3.7	--	--	--	--	--	--	--	-26.5	Sep-16
Russell 3000 + 3%				14.9	--	7.0	--	12.0	--	16.9	--	13.6	--	19.4	--	16.2	Sep-16
Over/Under				-16.1		-6.7		-15.7		--		--				-42.7	
Abbott Secondary Opportunities	14,719,904	0.3		-0.7	--	25.2	--	25.2	--	--	--	--	--	--	--	19.7	Jan-18
Russell 3000 + 3%				14.9	--	7.0	--	12.0	--	16.9	--	13.6	--	19.4	--	9.6	Jan-18
Over/Under				-15.6		18.2		13.2		--		--				10.1	
Clearlake Capital Partners V	5,353,071	0.1		0.0	--	32.9	--	29.7	--	--	--	--	--	--	--	27.1	Mar-18
Russell 3000 + 3%				14.9	--	7.0	--	12.0	--	16.9	--	13.6	--	19.4	--	9.2	Mar-18
Over/Under				-14.9		25.9		17.7		--		--				17.9	

Private equity performance shown above is calculated using a time-weighted return methodology. Market values shown are cash-adjusted based on the current period's cash flows.

Adams Street Global Fund Series includes Adams Street 2010 U.S. Fund, 2010 Non-U.S. Developed Markets Fund, 2010 Non-U.S. Emerging Markets Fund, 2010 Direct Fund, 2013, and 2016 Global Fund.

Pantheon Global Secondary Funds includes Pantheon Global Secondary Fund IV and Global Secondary Fund V.



**Ventura County Employees' Retirement Association**

**TOTAL FUND PERFORMANCE DETAIL (NET)**

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Battery Ventures XII	5,116,558	0.1		-1.9	--	-9.8	--	-9.8	--	--	--	--	--	--	--	-9.8	Apr-18
Russell 3000 + 3%				14.9	--	7.0	--	12.0	--	16.9	--	13.6	--	19.4	--	12.0	Apr-18
Over/Under				-16.8		-16.8		-21.8								-21.8	
Insight Venture Partners X	12,660,848	0.2		3.3	--	-2.6	--	--	--	--	--	--	--	--	--	-2.6	May-18
Russell 3000 + 3%				14.9	--	7.0	--	12.0	--	16.9	--	13.6	--	19.4	--	11.3	May-18
Over/Under				-11.6		-9.6										-13.9	
GTCR Fund XII	5,272,698	0.1		-3.2	--	-44.0	--	--	--	--	--	--	--	--	--	-44.0	Jun-18
Russell 3000 + 3%				14.9	--	7.0	--	12.0	--	16.9	--	13.6	--	19.4	--	8.0	Jun-18
Over/Under				-18.1		-51.0										-52.0	
Buenaventure One, LLC	18,414,135	0.3		3.3	--	2.5	--	--	--	--	--	--	--	--	--	2.5	Jul-18
Russell 3000 + 3%				14.9	--	7.0	--	12.0	--	16.9	--	13.6	--	19.4	--	7.0	Jul-18
Over/Under				-11.6		-4.5										-4.5	
ECI 11	1,559,469	0.0		25.6	--	--	--	--	--	--	--	--	--	--	--	22.4	Dec-18
Russell 3000 + 3%				14.9	--	7.0	--	12.0	--	16.9	--	13.6	--	19.4	--	4.4	Dec-18
Over/Under				10.7												18.0	
Buenaventure Two, LLC	186,001	0.0		2.6	--	--	--	--	--	--	--	--	--	--	--	71.9	Dec-18
Russell 3000 + 3%				14.9	--	7.0	--	12.0	--	16.9	--	13.6	--	19.4	--	4.4	Dec-18
Over/Under				-12.3												67.5	
The Resolute Fund IV L.P.	2,361,452	0.0		24.0	--	--	--	--	--	--	--	--	--	--	--	24.0	Jan-19
Russell 3000 + 3%				14.9	--	7.0	--	12.0	--	16.9	--	13.6	--	19.4	--	14.9	Jan-19
Over/Under				9.1												9.1	
GGV Capital VII L.P.	508,000	0.0		--	--	--	--	--	--	--	--	--	--	--	--	0.0	Feb-19
Russell 3000 + 3%				14.9	--	7.0	--	12.0	--	16.9	--	13.6	--	19.4	--	5.5	Feb-19
Over/Under																-5.5	
GGV Discovery II, L.P.	105,000	0.0		--	--	--	--	--	--	--	--	--	--	--	--	0.0	Feb-19
Russell 3000 + 3%				14.9	--	7.0	--	12.0	--	16.9	--	13.6	--	19.4	--	5.5	Feb-19
Over/Under																-5.5	

Private equity performance shown above is calculated using a time-weighted return methodology. Market values shown are cash-adjusted based on the current period's cash flows.

Adams Street Global Fund Series includes Adams Street 2010 U.S. Fund, 2010 Non-U.S. Developed Markets Fund, 2010 Non-U.S. Emerging Markets Fund, 2010 Direct Fund, 2013, and 2016 Global Fund.

Pantheon Global Secondary Funds includes Pantheon Global Secondary Fund IV and Global Secondary Fund V.



## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION PRIVATE PARTNERSHIP PERFORMANCE

Fund Name	Vintage Year	Initial Investment Date	Commitment	Capital Called to Date <sup>1</sup>	Outstanding Commitment <sup>1</sup>	Call Ratio	Add'l Fees <sup>2</sup>	Distributions to Date	Valuation	Total Value	Net Benefit	IRR	Since Inception	
													Distributions to Paid In Multiple (DPI)	Total Value to Paid In Multiple (TVPI)
Abbott Secondary Opportunities, LP.	2017	12/21/2017	\$25,000,000	\$15,937,843	\$9,424,874	64%	--	\$2,625,000	\$14,719,907	\$17,344,907	\$1,407,064	15.3%	0.16x	1.09x
ABRY Partners IX	2019	12/6/2018	\$10,600,000	--	\$10,600,000	0%	--	--	--	--	--	--	--	--
Adams Street 2010 U.S. Fund	2010	5/21/2010	\$42,500,000	\$37,442,500	\$5,057,500	88%	\$15,213	\$26,681,710	\$37,173,116	\$63,854,826	\$26,397,113	14.0%	0.71x	1.71x
Adams Street 2010 Non-U.S. Dev. Mkts Fund	2010	5/21/2010	\$25,500,000	\$22,325,249	\$3,174,751	88%	\$1,589	\$16,269,043	\$17,602,811	\$33,871,854	\$11,545,016	11.6%	0.73x	1.52x
Adams Street 2010 Non-U.S. Emg Mkts Fund	2010	1/3/2011	\$8,500,000	\$7,633,000	\$867,000	90%	\$0	\$2,030,308	\$10,058,649	\$12,088,957	\$4,455,957	11.0%	0.27x	1.58x
Adams Street 2010 Direct Fund	2010	5/21/2010	\$8,500,000	\$8,066,500	\$433,500	95%	\$6,697	\$9,546,815	\$4,573,702	\$14,120,517	\$6,047,320	12.7%	1.18x	1.75x
Adams Street 2013 Global Fund	2013	6/27/2013	\$75,000,000	\$61,350,000	\$13,650,000	82%	\$10,728	\$11,799,337	\$73,150,893	\$84,950,230	\$23,589,502	11.4%	0.19x	1.38x
Adams Street 2016 Global Fund	2016	12/22/2016	\$60,000,000	\$28,200,000	\$31,800,000	47%	\$0	\$3,621,043	\$28,662,488	\$32,283,531	\$4,083,531	15.6%	0.13x	1.14x
Adams Street Co-Investment Fund IV A	2018	9/24/2018	\$30,000,000	\$4,567,808	\$25,500,000	15%	\$67,808	--	\$4,500,000	\$4,500,000	-\$135,616	-3.0%	--	0.99x
Astorg VII	2019	12/17/2018	\$8,653,645	--	\$8,653,645	0%	--	--	--	--	--	--	--	--
Battery Ventures XII	2018	2/1/2018	\$9,050,000	\$3,201,890	\$5,848,110	35%	\$0	\$0	\$3,006,957	\$3,006,957	-\$194,933	-13.0%	0x	0.94x
Battery Ventures XII Side Fund	2018	2/1/2018	\$5,050,000	\$2,156,855	\$2,893,145	43%	\$0	\$0	\$2,109,603	\$2,109,603	-\$47,252	-5.5%	0x	0.98x
Blue Bay Direct Lending Fund III	2019	2/12/2019	\$25,000,000	\$3,793,138	\$21,206,862	15%	--	\$30,646	\$3,762,491	\$3,793,137	-\$1	0.0%	0.01x	1x
Buenaventure One, LLC	2018	1/5/2018	\$67,072,500	\$18,355,590	\$48,716,910	27%	--	\$403,156	\$18,414,139	\$18,817,295	\$461,705	4.9%	--	1.03x
CapVest Equity Partners IV	2019	7/11/2018	\$12,390,446	--	\$12,390,446	0%	--	--	--	--	--	--	--	--
Clearlake Capital Partners V	2017	12/22/2017	\$9,950,000	\$4,781,476	\$5,258,013	48%	\$46,158	\$150,190	\$5,295,982	\$5,446,172	\$618,538	25.0%	0.03x	1.14x
CVI Credit Value Fund IV	2017	12/31/2017	\$30,000,000	\$12,000,000	\$18,000,000	40%	--	\$6,147	\$11,998,081	\$12,004,228	\$4,228	0.1%	0x	1x
Drive Capital Fund II	2016	9/1/2016	\$15,000,000	\$7,461,666	\$7,541,544	50%	\$3,210	\$0	\$6,918,344	\$6,918,344	-\$546,532	-6.3%	0x	0.93x
ECI 11	2018	7/5/2018	\$9,813,200	\$1,252,530	\$8,560,670	13%	--	--	\$1,196,783	\$1,196,783	-\$55,747	-13.6%	--	0.96x
Genstar Capital Partners IX	2019	2/21/2019	\$7,500,000	--	\$7,500,000	0%	--	--	--	--	--	--	--	--
Genstar Capital Partners IX Opportunities Program	2019	2/21/2019	\$2,500,000	--	\$2,500,000	0%	--	--	--	--	--	--	--	--
GGV Capital VII	2019	8/15/2018	\$10,160,000	\$508,000	\$9,652,000	5%	--	--	\$508,000	\$508,000	--	--	--	1x
GGV Capital VII Plus	2019	8/15/2018	\$2,540,000	--	\$2,540,000	0%	--	--	--	--	--	--	--	--
GGV Discovery II	2019	8/15/2018	\$2,100,000	\$105,000	\$1,995,000	5%	--	--	\$105,000	\$105,000	--	--	--	1x
GTCR Fund XII	2017	9/29/2017	\$30,000,000	\$6,423,000	\$23,672,792	21%	--	\$264,502	\$4,032,467	\$4,296,969	-\$2,126,031	-61.0%	0.04x	0.67x
HarbourVest - Dover Street VIII	2013	5/30/2013	\$67,500,000	\$60,834,954	\$6,750,000	90%	\$84,954	\$67,749,682	\$25,439,643	\$93,189,325	\$32,269,417	20.6%	1.11x	1.53x
HarbourVest - Dover Street IX	2016	12/16/2016	\$60,000,000	\$34,800,000	\$25,200,000	58%	\$0	\$10,296,461	\$32,344,857	\$42,641,318	\$7,841,318	27.9%	0.3x	1.23x
HarbourVest - PRTRS CO INVEST IV L.P.	2017	6/2/2017	\$30,000,000	\$22,428,591	\$7,768,149	75%	\$0	\$1,736,653	\$24,580,984	\$26,317,637	\$3,889,046	12.0%	0.08x	1.17x
HarbourVest - PRTRS CO INVEST V L.P.	2019	7/31/2018	\$35,000,000	--	\$35,000,000	0%	--	--	(\$111,140)	(\$111,140)	--	--	--	--
Hellman & Friedman Capital Partners IX	2019	9/28/2018	\$19,800,000	--	\$19,800,000	0%	--	--	--	--	--	--	--	--
Insight Venture Partners X	2017	10/13/2017	\$25,000,000	\$12,500,000	\$12,500,000	50%	--	\$8,561	\$12,660,846	\$12,669,407	\$169,407	2.6%	0x	1.01x
M/C Partners VIII	2019	4/2/2018	\$10,000,000	--	\$10,000,000	0%	--	--	--	--	--	--	--	--
Monroe Capital Private Credit Fund III	2018	9/5/2018	\$25,000,000	\$10,000,000	\$15,000,000	40%	--	\$248,169	\$10,068,753	\$10,316,922	\$316,922	15.8%	--	1.03x
Pantheon Global Secondary Fund IV	2010	8/20/2010	\$15,000,000	\$9,960,000	\$5,040,000	66%	\$0	\$12,450,001	\$3,315,583	\$15,765,584	\$5,805,584	13.9%	1.25x	1.58x
Pantheon Global Secondary Fund V	2015	2/26/2015	\$50,000,000	\$33,566,509	\$16,433,491	67%	(\$162,514)	\$9,962,534	\$35,217,152	\$45,179,686	\$11,775,691	17.0%	0.3x	1.35x
The Resolute Fund IV	2018	5/2/2018	\$20,000,000	\$1,903,855	\$18,096,145	10%	--	--	\$2,361,452	\$2,361,452	\$457,597	99.3%	--	1.24x
Riverside Micro-Cap Fund V	2018	8/21/2018	\$10,000,000	--	\$10,000,000	0%	--	--	--	--	--	--	--	--
<b>Total VCERA Private Equity Program</b>	--	<b>5/21/2010</b>	<b>\$899,679,791</b>	<b>\$431,555,954</b>	<b>\$469,024,547</b>	<b>48%</b>	<b>\$73,843</b>	<b>\$175,879,958</b>	<b>\$393,667,543</b>	<b>\$569,547,501</b>	<b>\$138,028,844</b>	<b>14.0%</b>	<b>0.41x</b>	<b>1.32x</b>

1. Includes recycled/recallable distributions received to date.

2. Add'l Fees represents notional interest paid/(received).

3. Add'l Fees for Pantheon Global Secondary Fund V includes notional interest paid/(received) and management fee rebates paid to VCERA.

Note: Private equity performance data is reported net of fees.

Performance shown is based on 3/31/2019 statement of investments produced by Abbott Capital.



Ventura County Employees' Retirement Association

# TOTAL FUND PERFORMANCE DETAIL (NET)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
<b>Total US Fixed Income</b>	<b>992,847,122</b>	<b>17.8</b>	<b>20.0</b>	<b>3.0</b>	<b>58</b>	<b>4.4</b>	<b>29</b>	<b>3.9</b>	<b>46</b>	<b>3.1</b>	<b>57</b>	<b>2.8</b>	<b>40</b>	<b>6.8</b>	<b>21</b>	<b>5.7</b>	<b>Feb-94</b>
<i>BBgBarc US Aggregate TR</i>				2.9	63	4.6	20	4.5	17	2.0	69	2.7	43	3.8	89	5.2	Feb-94
<i>Over/Under</i>				0.1		-0.2		-0.6		1.1		0.1		3.0		0.5	
<i>InvestorForce Public DB Total Fix Inc Net Median</i>				3.2		4.1		3.7		3.2		2.7		5.0		5.4	Feb-94
<b>BlackRock U.S. Debt Fund</b>	<b>231,881,448</b>	<b>4.2</b>		<b>3.0</b>	<b>53</b>	<b>4.7</b>	<b>29</b>	<b>4.5</b>	<b>35</b>	<b>2.1</b>	<b>61</b>	<b>2.8</b>	<b>51</b>	<b>3.8</b>	<b>59</b>	<b>5.1</b>	<b>Nov-95</b>
<i>BBgBarc US Aggregate TR</i>				2.9	54	4.6	30	4.5	37	2.0	63	2.7	53	3.8	60	5.0	Nov-95
<i>Over/Under</i>				0.1		0.1		0.0		0.1		0.1		0.0		0.1	
<i>eV All US Fixed Inc Net Median</i>				3.1		4.0		4.2		2.5		2.8		4.4		4.9	Nov-95
<b>Western</b>	<b>308,175,244</b>	<b>5.5</b>		<b>3.7</b>	<b>36</b>	<b>5.3</b>	<b>17</b>	<b>4.4</b>	<b>43</b>	<b>3.3</b>	<b>39</b>	<b>3.7</b>	<b>29</b>	<b>6.5</b>	<b>31</b>	<b>6.0</b>	<b>Dec-96</b>
<i>BBgBarc US Aggregate TR</i>				2.9	54	4.6	30	4.5	37	2.0	63	2.7	53	3.8	60	5.0	Dec-96
<i>Over/Under</i>				0.8		0.7		-0.1		1.3		1.0		2.7		1.0	
<i>eV All US Fixed Inc Net Median</i>				3.1		4.0		4.2		2.5		2.8		4.4		5.0	Dec-96
<b>Reams</b>	<b>319,242,898</b>	<b>5.7</b>		<b>2.3</b>	<b>68</b>	<b>3.6</b>	<b>60</b>	<b>3.5</b>	<b>69</b>	<b>2.7</b>	<b>47</b>	<b>1.6</b>	<b>81</b>	<b>7.2</b>	<b>25</b>	<b>5.2</b>	<b>Sep-01</b>
<i>Reams Custom Index</i>				0.7	97	2.0	89	2.6	87	1.7	76	1.1	92	2.9	75	3.8	Sep-01
<i>Over/Under</i>				1.6		1.6		0.9		1.0		0.5		4.3		1.4	
<i>BBgBarc US Aggregate TR</i>				2.9	54	4.6	30	4.5	37	2.0	63	2.7	53	3.8	60	4.3	Sep-01
<i>3-Month LIBOR + 3%</i>				1.4	85	4.3	43	5.6	9	4.7	24	4.1	20	3.8	60	4.8	Sep-01
<i>eV All US Fixed Inc Net Median</i>				3.1		4.0		4.2		2.5		2.8		4.4		4.4	Sep-01
<b>Loomis Strategic Alpha</b>	<b>47,530,377</b>	<b>0.9</b>		<b>2.0</b>	<b>76</b>	<b>1.6</b>	<b>96</b>	<b>1.6</b>	<b>98</b>	<b>3.9</b>	<b>33</b>	<b>2.5</b>	<b>58</b>	--	--	<b>2.6</b>	<b>Jul-13</b>
<i>BBgBarc US Aggregate TR</i>				2.9	54	4.6	30	4.5	37	2.0	63	2.7	53	3.8	60	2.8	Jul-13
<i>Over/Under</i>				-0.9		-3.0		-2.9		1.9		-0.2				-0.2	
<i>3-Month LIBOR + 3%</i>				1.4	85	4.3	43	5.6	9	4.7	24	4.1	20	3.8	60	4.0	Jul-13
<i>eV All US Fixed Inc Net Median</i>				3.1		4.0		4.2		2.5		2.8		4.4		2.9	Jul-13
<b>Loomis Sayles Multi Strategy</b>	<b>86,017,155</b>	<b>1.5</b>		<b>3.8</b>	<b>35</b>	<b>4.7</b>	<b>27</b>	<b>3.6</b>	<b>67</b>	<b>5.6</b>	<b>17</b>	<b>3.9</b>	<b>24</b>	<b>9.3</b>	<b>14</b>	<b>6.2</b>	<b>Jul-05</b>
<i>Loomis Custom Index</i>				4.2	29	4.7	29	4.9	21	4.0	31	3.2	39	5.9	36	4.9	Jul-05
<i>Over/Under</i>				-0.4		0.0		-1.3		1.6		0.7		3.4		1.3	
<i>BBgBarc US Govt/Credit TR</i>				3.3	45	4.8	25	4.5	37	2.1	59	2.8	51	3.9	57	4.0	Jul-05
<i>eV All US Fixed Inc Net Median</i>				3.1		4.0		4.2		2.5		2.8		4.4		4.0	Jul-05

Reams Custom Index: Merrill Lynch 3 Month Libor Constant Maturity Index, prior to February 2013 the Barclays Aggregate

Loomis Custom Index: 65% Barclays Aggregate, 30% Citigroup High Yield Market Index and 5% JPM Non-US Hedged Bond Index

As of January 2016, Loomis Strategic Alpha was moved from the Total Global Fixed Income composite to the Total US Fixed Income composite.



**Ventura County Employees' Retirement Association**

**TOTAL FUND PERFORMANCE DETAIL (NET)**

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
<b>Private Debt</b>	<b>26,253,401</b>	<b>0.5</b>	<b>0.0</b>	<b>2.0</b>	--	<b>4.4</b>	--	<b>6.8</b>	--	--	--	--	--	--	--	<b>5.4</b>	<b>Jan-18</b>
<i>50% BofA ML US HY BB-B Constrained Index/ 50% Credit Suisse Leveraged Loan Index +150bps</i>				<u>5.9</u>	--	<u>5.3</u>	--	<u>6.4</u>	--	--	--	--	--	--	--	<u>5.6</u>	<i>Jan-18</i>
Over/Under				<b>-3.9</b>		<b>-0.9</b>		<b>0.4</b>								<b>-0.2</b>	
<b>CVI Credit Value Fund</b>	<b>12,422,154</b>	<b>0.2</b>		<b>1.4</b>	--	<b>3.7</b>	--	<b>6.1</b>	--	--	--	--	--	--	--	<b>4.8</b>	<b>Jan-18</b>
<i>50% BofA ML US HY BB-B Constrained Index/ 50% Credit Suisse Leveraged Loan Index +150bps</i>				<u>5.9</u>	--	<u>5.3</u>	--	<u>6.4</u>	--	--	--	--	--	--	--	<u>5.6</u>	<i>Jan-18</i>
Over/Under				<b>-4.5</b>		<b>-1.6</b>		<b>-0.3</b>								<b>-0.8</b>	
<b>Monroe Capital Private Credit Fund III</b>	<b>10,068,756</b>	<b>0.2</b>		<b>3.2</b>	--	--	--	--	--	--	--	--	--	--	--	<b>3.2</b>	<b>Dec-18</b>
<i>50% BofA ML US HY BB-B Constrained Index/ 50% Credit Suisse Leveraged Loan Index +150bps</i>				<u>5.9</u>	--	<u>5.3</u>	--	<u>6.4</u>	--	--	--	--	--	--	--	<u>3.8</u>	<i>Dec-18</i>
Over/Under				<b>-2.7</b>												<b>-0.6</b>	
Bluebay Direct Lending Fund III	3,762,491	0.1															
<b>Treasuries</b>	<b>100,032,491</b>	<b>1.8</b>	<b>0.0</b>														
Reams 10-Year Treasuries	100,032,491	1.8															

Total Real Estate Benchmark: NCREIF ODCE; prior to January 2006, the NCREIF Property Index  
 Bluebay Direct Lending Fund III funded 3/8/2019.  
 Reams 10-Year Treasuries funded 3/31/2019.



## Ventura County Employees' Retirement Association

# TOTAL FUND PERFORMANCE DETAIL (NET)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
<b>Total Real Estate</b>	<b>437,217,842</b>	<b>7.8</b>	<b>7.0</b>	<b>0.9</b>	<b>77</b>	<b>4.2</b>	<b>72</b>	<b>5.9</b>	<b>78</b>	<b>6.2</b>	<b>86</b>	<b>8.5</b>	<b>81</b>	<b>7.1</b>	<b>68</b>	<b>7.8</b>	<b>Mar-94</b>
<i>NCREIF ODCE Net</i>				<u>1.2</u>	69	<u>4.7</u>	59	<u>6.6</u>	69	<u>7.0</u>	64	<u>9.2</u>	64	<u>7.7</u>	50	<u>8.1</u>	<i>Mar-94</i>
<i>Over/Under</i>				<b>-0.3</b>		<b>-0.5</b>		<b>-0.7</b>		<b>-0.8</b>		<b>-0.7</b>		<b>-0.6</b>		<b>-0.3</b>	
<i>InvestorForce Public DB Real Estate Pub+Priv Net Median</i>				1.6		5.1		7.7		7.6		9.6		7.7		8.6	<i>Mar-94</i>
<b>Prudential Real Estate</b>	<b>159,078,815</b>	<b>2.9</b>		<b>1.7</b>	--	<b>5.8</b>	--	<b>7.6</b>	--	<b>7.7</b>	--	<b>9.9</b>	--	<b>8.1</b>	--	<b>6.3</b>	<b>Jun-04</b>
<i>NCREIF ODCE Net</i>				<u>1.2</u>	--	<u>4.7</u>	--	<u>6.6</u>	--	<u>7.0</u>	--	<u>9.2</u>	--	<u>7.7</u>	--	<u>7.1</u>	<i>Jun-04</i>
<i>Over/Under</i>				0.5		1.1		1.0		0.7		0.7		0.4		<b>-0.8</b>	
<i>NCREIF ODCE</i>				1.4	--	5.4	--	7.5	--	8.0	--	10.2	--	8.7	--	8.1	<i>Jun-04</i>
<b>UBS Real Estate</b>	<b>278,139,027</b>	<b>5.0</b>		<b>0.5</b>	--	<b>3.3</b>	--	<b>4.9</b>	--	<b>5.5</b>	--	<b>7.6</b>	--	<b>7.0</b>	--	<b>7.3</b>	<b>Mar-03</b>
<i>NCREIF ODCE Net</i>				<u>1.2</u>	--	<u>4.7</u>	--	<u>6.6</u>	--	<u>7.0</u>	--	<u>9.2</u>	--	<u>7.7</u>	--	<u>7.3</u>	<i>Mar-03</i>
<i>Over/Under</i>				<b>-0.7</b>		<b>-1.4</b>		<b>-1.7</b>		<b>-1.5</b>		<b>-1.6</b>		<b>-0.7</b>		0.0	
<i>NCREIF ODCE</i>				1.4	--	5.4	--	7.5	--	8.0	--	10.2	--	8.7	--	8.3	<i>Mar-03</i>

Total Real Estate Benchmark: NCREIF ODCE; prior to January 2006, the NCREIF Property Index.



**Ventura County Employees' Retirement Association**

**TOTAL FUND PERFORMANCE DETAIL (NET)**

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
<b>Total Real Assets</b>	<b>445,258,726</b>	<b>8.0</b>	<b>10.0</b>	<b>10.6</b>	--	<b>2.4</b>	--	<b>6.4</b>	--	<b>7.1</b>	--	<b>2.1</b>	--	--	--	<b>4.5</b>	<b>Apr-13</b>
<i>CPI + 4% (Unadjusted)</i>				2.2	--	3.9	--	5.9	--	6.3	--	5.5	--	--	--	6.3	Apr-13
Over/Under				8.4		-1.5		0.5		0.8		-3.4				-1.8	
<b>Bridgewater All Weather Fund</b>	<b>322,498,833</b>	<b>5.8</b>		<b>7.9</b>	--	<b>2.8</b>	--	<b>3.9</b>	--	<b>7.2</b>	--	<b>4.1</b>	--	--	--	<b>4.9</b>	<b>Aug-13</b>
<i>CPI + 5% (Unadjusted)</i>				2.4	--	4.6	--	6.9	--	7.3	--	6.5	--	--	--	6.6	Aug-13
Over/Under				5.5		-1.8		-3.0		-0.1		-2.4				-1.7	
<b>Tortoise Energy Infrastructure</b>	<b>122,759,894</b>	<b>2.2</b>		<b>18.1</b>	--	<b>1.6</b>	--	<b>13.5</b>	--	<b>6.7</b>	--	<b>-2.3</b>	--	--	--	<b>1.4</b>	<b>Apr-13</b>
<i>Tortoise MLP Index</i>				17.6	--	3.1	--	14.6	--	7.5	--	-4.4	--	--	--	-2.1	Apr-13
Over/Under				0.5		-1.5		-1.1		-0.8		2.1				3.5	
<b>Overlay</b>	<b>97,920,373</b>	<b>1.8</b>	<b>0.0</b>														
Parametric	52,198,289	0.9															
Abbott Capital Cash	45,722,084	0.8															

Overlay performance is not applicable on an individual account level.

Color Coding: PERFORMANCE: Green-Over performance, Red-Under performance  
 Color Coding: RANKS: 1 - 25 Green - Positive Result, 26 - 50 Yellow, 50 - 75 Orange, 76 - 100 Red - Negative Result

# MANAGER DUE DILIGENCE

NEPC, LLC

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# DUE DILIGENCE MONITOR

The items below summarize the recent quarter's performance and any changes or announcements from the Plan's managers/products. A "-" indicates there were no material announcements. A "Yes" indicates there was an announcement and a brief summary is provided on the following pages. NEPC's Due Diligence Committee meets every two weeks to review events as they relate to investment managers and determine if any action should be taken (by NEPC and/or by our clients). Events are rated: No Action, Watch, Hold, Client Review or Terminate. NEPC's recommendation in view of the recent quarter's developments (performance, manager events, and any of the longer-term trending data) is refreshed quarterly.

Investment Options	Performance (Recent Quarter)	Changes/Announcements (Recent Quarter)	NEPC DD Committee Rec.	Plan Rec.	Comments	Last Onsite Conducted
BlackRock Russell 1000 Index	-	-	-	-		10/2013
Western U.S. Index Plus	-	-	-	-		6/2014
BlackRock Russell 2500 Index	-	-	-	-		10/2013
BlackRock MSCI ACWI ex-U.S. Index	-	-	-	-		10/2013
Sprucegrove	Bottom Quartile	-	-	-		N/A
Hexavest	Bottom Quartile	-	-	Watch (Board Driven)	On Watch for Performance Issues	1/2013
Walter Scott	-	-	-	-		10/2012
BlackRock MSCI ACWI Index	-	-	-	-		10/2013
Adams Street	N/A	-	-	-		11/2013
HarbourVest	N/A	-	-	-		3/2014
Pantheon	N/A	-	-	-		1/2015
Drive	N/A	-	-	-		
Abbott Secondary Opps.	N/A	-	-	-		
Carval Credit Value	N/A	-	-	-		
Battery Ventures	N/A	-	-	-		
Buenaventure	N/A	-	-	-		
Clearlake Capital	N/A	-	-	-		
Insight Venture Partners	N/A	-	-	-		10/2013
ECI	N/A	-	-	-		6/2014
Monroe	N/A	-	-	-		11/2013



# DUE DILIGENCE MONITOR

	Performance (Recent Quarter)	Changes/ Announcements (Recent Quarter)	NEPC DD Committee Rec.	Plan Rec.	Comments	Last Onsite Conducted
<b>Resolute Fund</b>	N/A					
<b>Blue Direct Lending Fund III</b>	N/A					
<b>BlackRock U.S. Debt Fund</b>	-	-	-	-		10/2013
<b>Western</b>	-	-	-	-		6/2014
<b>Reams</b>	-	-	-	-		11/2013
<b>Loomis Sayles Strategic Alpha</b>	Bottom Quartile	-	-	-		11/2013
<b>Loomis Sayles Multi-Sector Full Discretion</b>	-	-	-	-		11/2013
<b>Prudential</b>	N/A	-	-	-		7/2014
<b>RREEF</b>	N/A	-	-	-		7/2013
<b>UBS</b>	N/A	-	-	-		8/2011
<b>Bridgewater</b>	N/A	-	-	-		9/2012
<b>Tortoise</b>	N/A	-	-	-		8/2013
<b>Parametric/Clifton</b>	N/A	-	-	-		7/2013

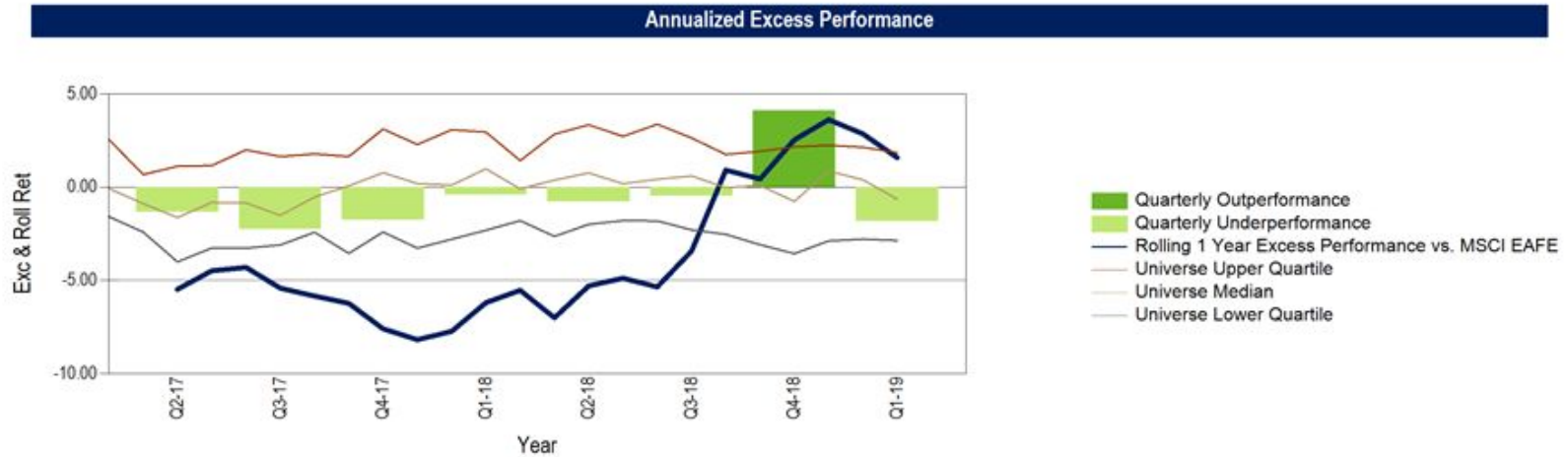
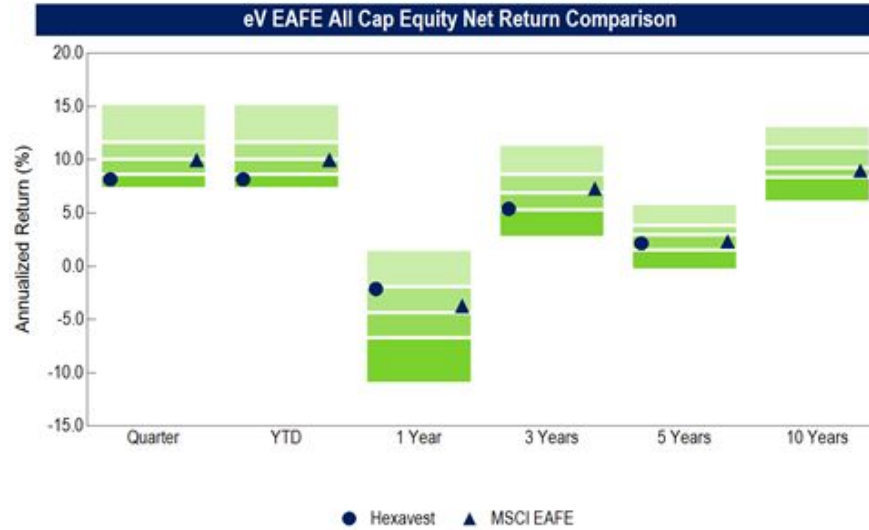
## NEPC Due Diligence Committee Recommendation Key

<b>No Action</b>	Informational items have surfaced; no action is recommended.
<b>Watch</b>	Issues have surfaced to be concerned over; manager can participate in future searches, but current and prospective clients must be made aware of the issues.
<b>Hold</b>	Serious issues have surfaced to be concerned over; manager cannot participate in future searches unless a client specifically requests, but current and prospective clients must be made aware of the issues.
<b>Client Review</b>	Very serious issues have surfaced with an Investment Manager; manager cannot participate in future searches unless a client specifically requests. Current clients must be advised to review the manager.
<b>Terminate</b>	We have lost all confidence in the product; manager would not be recommended for searches and clients would be discouraged from using. The manager cannot participate in future searches unless a client specifically requests. Current clients must be advised to replace the manager.



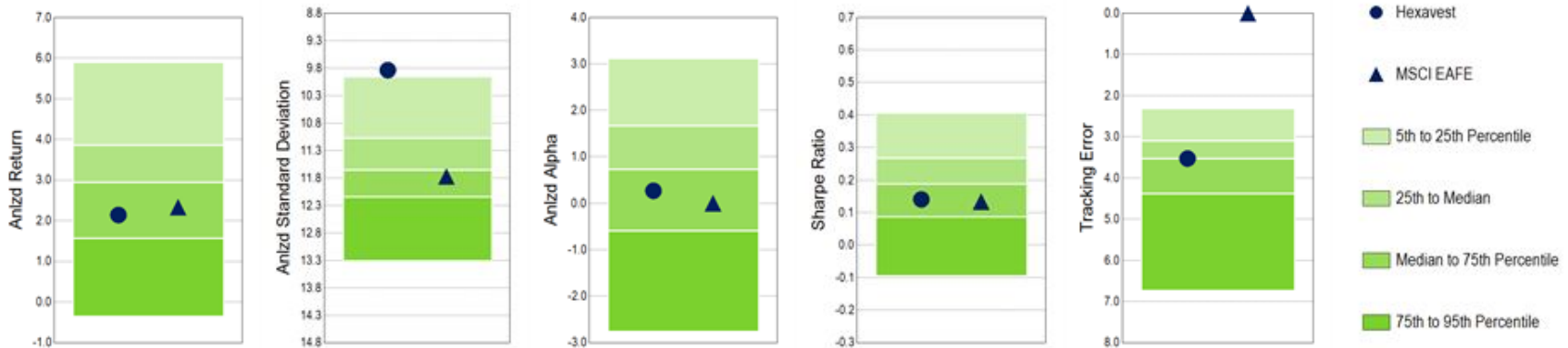
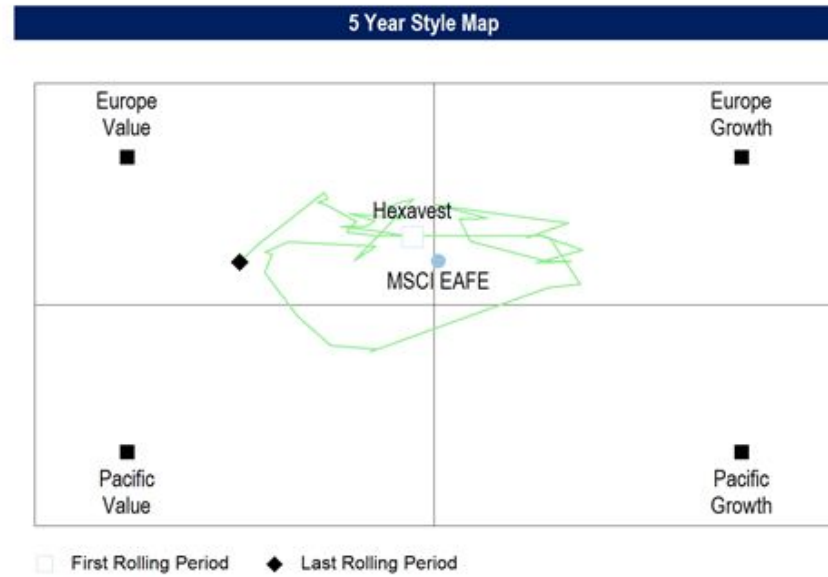
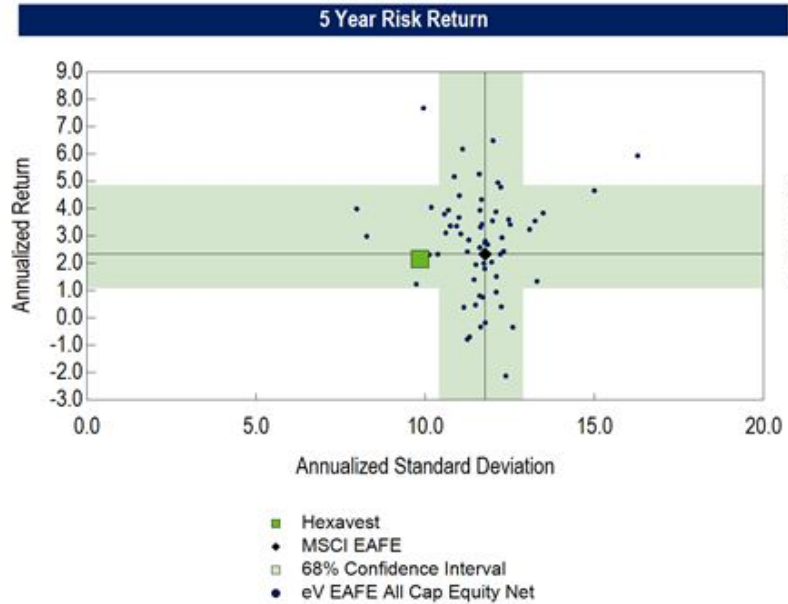
Ventura County Employees' Retirement Association

# HEXAVEST



# Ventura County Employees' Retirement Association

## HEXAVEST



Ventura County Employees' Retirement Association

# TOTAL FUND CALENDAR YEAR RETURN SUMMARY

	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)
<b>Total Fund</b>	<b>-3.5</b>	<b>16.0</b>	<b>8.6</b>	<b>-0.9</b>	<b>6.3</b>	<b>18.1</b>	<b>14.0</b>	<b>0.3</b>	<b>15.1</b>	<b>24.2</b>	<b>-30.9</b>
Policy Index	-3.6	16.3	8.4	0.8	6.8	17.2	12.9	0.5	13.2	21.0	-27.1
Over/Under	0.1	-0.3	0.2	-1.7	-0.5	0.9	1.1	-0.2	1.9	3.2	-3.8
60% MSCI ACWI (Net) / 40% FTSE WGBI	-5.8	17.1	5.5	-2.6	2.3	11.4	10.3	-1.8	10.0	21.3	-24.1
60% S&P 500 / 40% BBgBarc Aggregate	-2.3	14.2	8.3	1.3	10.6	17.6	11.3	4.7	12.1	18.4	-22.1
<b>Total Fund ex Parametric*</b>	<b>-3.8</b>	<b>15.9</b>	<b>8.6</b>	<b>-0.9</b>	<b>6.3</b>	<b>17.8</b>	<b>13.7</b>	<b>0.6</b>	<b>14.5</b>	<b>23.3</b>	<b>-30.3</b>
<b>Total Fund ex Private Equity</b>	<b>-4.7</b>	<b>15.9</b>	<b>8.6</b>	<b>-1.4</b>	<b>6.1</b>	<b>16.2</b>	<b>13.3</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Policy Index	-3.6	16.3	8.4	0.8	6.8	17.2	12.9	0.5	13.2	21.0	-27.1
Over/Under	-1.1	-0.4	0.2	-2.2	-0.7	-1.0	0.4				
<b>Total US Equity</b>	<b>-5.0</b>	<b>21.4</b>	<b>13.0</b>	<b>0.5</b>	<b>12.5</b>	<b>34.0</b>	<b>16.9</b>	<b>0.9</b>	<b>18.5</b>	<b>29.2</b>	<b>-40.0</b>
Russell 3000	-5.2	21.1	12.7	0.4	12.4	33.5	16.4	1.1	17.5	28.6	-37.2
Over/Under	0.2	0.3	0.3	0.1	0.1	0.5	0.5	-0.2	1.0	0.6	-2.8
Western U.S. Index Plus	-5.3	22.7	13.8	1.1	14.2	32.9	20.7	1.0	24.7	42.6	-56.3
S&P 500	-4.4	21.8	12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	-37.0
Over/Under	-0.9	0.9	1.8	-0.3	0.5	0.5	4.7	-1.1	9.6	16.1	-19.3
Blackrock Russell 1000 Index	-4.7	--	--	--	--	--	--	--	--	--	--
Russell 1000	-4.8	21.7	12.1	0.9	13.2	33.1	16.4	1.5	16.1	28.4	-37.6
Over/Under	0.1										
Blackrock Russell 2500 Index	-9.9	--	--	--	--	--	--	--	--	--	--
Russell 2500	-10.0	16.8	17.6	-2.9	7.1	36.8	17.9	-2.5	26.7	34.4	-36.8
Over/Under	0.1										



Ventura County Employees' Retirement Association

# TOTAL FUND CALENDAR YEAR RETURN SUMMARY

	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)
<b>Total Non-US Equity</b>	<b>-13.0</b>	<b>26.5</b>	<b>6.6</b>	<b>-4.8</b>	<b>-3.6</b>	<b>16.3</b>	<b>17.9</b>	<b>-13.6</b>	<b>13.5</b>	<b>37.4</b>	<b>-44.1</b>
MSCI ACWI ex USA	-14.2	27.2	4.5	-5.7	-3.9	15.3	16.8	-13.7	11.2	41.4	-45.5
Over/Under	1.2	-0.7	2.1	0.9	0.3	1.0	1.1	0.1	2.3	-4.0	1.4
MSCI EAFE	-13.8	25.0	1.0	-0.8	-4.9	22.8	17.3	-12.1	7.8	31.8	-43.4
MSCI ACWI ex USA NR LCL	-10.6	18.2	7.0	1.9	6.0	20.1	16.3	-12.2	7.6	31.7	-40.9
MSCI EAFE NR LCL	-11.0	15.2	5.3	5.3	5.9	26.9	17.3	-12.2	4.8	24.7	-40.3
BlackRock ACWI ex-U.S. Index	-14.6	28.1	4.7	-4.5	-3.8	16.0	17.2	-14.1	12.8	43.1	-45.6
MSCI ACWI ex USA IMI	-14.8	27.8	4.4	-4.6	-3.9	15.8	17.0	-14.3	12.7	43.6	-46.0
Over/Under	0.2	0.3	0.3	0.1	0.1	0.2	0.2	0.2	0.1	-0.5	0.4
MSCI ACWI ex USA NR LCL	-10.6	18.2	7.0	1.9	6.0	20.1	16.3	-12.2	7.6	31.7	-40.9
Sprucegrove	-13.8	27.5	11.9	-9.1	-3.2	17.1	17.2	-10.7	18.8	36.2	-42.4
MSCI ACWI ex USA	-14.2	27.2	4.5	-5.7	-3.9	15.3	16.8	-13.7	11.2	41.4	-45.5
Over/Under	0.4	0.3	7.4	-3.4	0.7	1.8	0.4	3.0	7.6	-5.2	3.1
MSCI EAFE	-13.8	25.0	1.0	-0.8	-4.9	22.8	17.3	-12.1	7.8	31.8	-43.4
MSCI ACWI ex USA NR LCL	-10.6	18.2	7.0	1.9	6.0	20.1	16.3	-12.2	7.6	31.7	-40.9
MSCI EAFE NR LCL	-11.0	15.2	5.3	5.3	5.9	26.9	17.3	-12.2	4.8	24.7	-40.3
Hexavest	-11.3	17.4	3.8	-1.4	-4.3	20.2	13.7	-9.6	--	--	--
MSCI EAFE	-13.8	25.0	1.0	-0.8	-4.9	22.8	17.3	-12.1	7.8	31.8	-43.4
Over/Under	2.5	-7.6	2.8	-0.6	0.6	-2.6	-3.6	2.5	--	--	--
MSCI EAFE NR LCL	-11.0	15.2	5.3	5.3	5.9	26.9	17.3	-12.2	4.8	24.7	-40.3
Walter Scott	-7.1	26.6	5.1	-0.4	-3.5	11.8	20.4	-9.3	--	--	--
MSCI ACWI ex USA	-14.2	27.2	4.5	-5.7	-3.9	15.3	16.8	-13.7	11.2	41.4	-45.5
Over/Under	7.1	-0.6	0.6	5.3	0.4	-3.5	3.6	4.4	--	--	--
MSCI ACWI ex USA NR LCL	-10.6	18.2	7.0	1.9	6.0	20.1	16.3	-12.2	7.6	31.7	-40.9
MSCI EAFE	-13.8	25.0	1.0	-0.8	-4.9	22.8	17.3	-12.1	7.8	31.8	-43.4
<b>Total Global Equity</b>	<b>-9.0</b>	<b>24.5</b>	<b>9.0</b>	<b>-3.8</b>	<b>1.9</b>	<b>22.0</b>	<b>14.4</b>	<b>-3.9</b>	<b>11.4</b>	<b>17.8</b>	<b>-37.3</b>
MSCI ACWI	-9.4	24.0	7.9	-2.4	4.2	22.8	16.1	-7.3	12.7	34.6	-42.2
Over/Under	0.4	0.5	1.1	-1.4	-2.3	-0.8	-1.7	3.4	-1.3	-16.8	4.9
BlackRock MSCI ACWI Equity Index	-9.0	24.5	8.4	-2.0	4.6	23.2	--	--	--	--	--
MSCI ACWI	-9.4	24.0	7.9	-2.4	4.2	22.8	16.1	-7.3	12.7	34.6	-42.2
Over/Under	0.4	0.5	0.5	0.4	0.4	0.4	--	--	--	--	--



**Ventura County Employees' Retirement Association**

**TOTAL FUND CALENDAR YEAR RETURN SUMMARY**

	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)
<b>Total Private Equity</b>	<b>18.7</b>	<b>16.9</b>	<b>7.6</b>	<b>14.7</b>	<b>19.0</b>	<b>17.9</b>	<b>10.3</b>	--	--	--	--
<i>Russell 3000 + 3%</i>	<i>-2.4</i>	<i>24.7</i>	<i>16.1</i>	<i>3.5</i>	<i>15.9</i>	<i>37.5</i>	<i>19.9</i>	<i>4.1</i>	<i>20.4</i>	<i>32.1</i>	<i>-35.3</i>
Over/Under	21.1	-7.8	-8.5	11.2	3.1	-19.6	-9.6				
<i>Cambridge Associates Global All PE (Qtr Lag)</i>	<i>16.4</i>	<i>15.9</i>	<i>8.5</i>	<i>7.0</i>	<i>16.3</i>	<i>15.9</i>	<i>13.0</i>	<i>12.6</i>	<i>17.1</i>	<i>-9.3</i>	<i>-7.2</i>
<b>Adams Street Global Fund Series</b>	<b>19.6</b>	<b>13.4</b>	<b>7.1</b>	<b>10.3</b>	<b>19.6</b>	<b>15.7</b>	<b>10.8</b>	--	--	--	--
<i>Russell 3000 + 3%</i>	<i>-2.4</i>	<i>24.7</i>	<i>16.1</i>	<i>3.5</i>	<i>15.9</i>	<i>37.5</i>	<i>19.9</i>	<i>4.1</i>	<i>20.4</i>	<i>32.1</i>	<i>-35.3</i>
Over/Under	22.0	-11.3	-9.0	6.8	3.7	-21.8	-9.1				
<b>Harbourvest</b>	<b>22.7</b>	<b>23.2</b>	<b>6.7</b>	<b>28.5</b>	<b>18.5</b>	--	--	--	--	--	--
<i>Russell 3000 + 3%</i>	<i>-2.4</i>	<i>24.7</i>	<i>16.1</i>	<i>3.5</i>	<i>15.9</i>	<i>37.5</i>	<i>19.9</i>	<i>4.1</i>	<i>20.4</i>	<i>32.1</i>	<i>-35.3</i>
Over/Under	25.1	-1.5	-9.4	25.0	2.6						
<b>Pantheon Global Secondary Funds</b>	<b>17.3</b>	<b>24.1</b>	<b>15.5</b>	<b>6.4</b>	<b>16.7</b>	<b>14.9</b>	<b>0.9</b>	--	--	--	--
<i>Russell 3000 + 3%</i>	<i>-2.4</i>	<i>24.7</i>	<i>16.1</i>	<i>3.5</i>	<i>15.9</i>	<i>37.5</i>	<i>19.9</i>	<i>4.1</i>	<i>20.4</i>	<i>32.1</i>	<i>-35.3</i>
Over/Under	19.7	-0.6	-0.6	2.9	0.8	-22.6	-19.0				
<b>Drive Capital Fund II</b>	<b>-2.5</b>	<b>-33.7</b>	--	--	--	--	--	--	--	--	--
<i>Russell 3000 + 3%</i>	<i>-2.4</i>	<i>24.7</i>	<i>16.1</i>	<i>3.5</i>	<i>15.9</i>	<i>37.5</i>	<i>19.9</i>	<i>4.1</i>	<i>20.4</i>	<i>32.1</i>	<i>-35.3</i>
Over/Under	-0.1	-58.4									
<b>Abbott Secondary Opportunities</b>	<b>26.0</b>	--	--	--	--	--	--	--	--	--	--
<i>Russell 3000 + 3%</i>	<i>-2.4</i>	<i>24.7</i>	<i>16.1</i>	<i>3.5</i>	<i>15.9</i>	<i>37.5</i>	<i>19.9</i>	<i>4.1</i>	<i>20.4</i>	<i>32.1</i>	<i>-35.3</i>
Over/Under	28.4										
<b>Clearlake Capital Partners V</b>	--	--	--	--	--	--	--	--	--	--	--
<i>Russell 3000 + 3%</i>	<i>-2.4</i>	<i>24.7</i>	<i>16.1</i>	<i>3.5</i>	<i>15.9</i>	<i>37.5</i>	<i>19.9</i>	<i>4.1</i>	<i>20.4</i>	<i>32.1</i>	<i>-35.3</i>
Over/Under											
<b>Battery Ventures XII</b>	--	--	--	--	--	--	--	--	--	--	--
<i>Russell 3000 + 3%</i>	<i>-2.4</i>	<i>24.7</i>	<i>16.1</i>	<i>3.5</i>	<i>15.9</i>	<i>37.5</i>	<i>19.9</i>	<i>4.1</i>	<i>20.4</i>	<i>32.1</i>	<i>-35.3</i>
Over/Under											
<b>Insight Venture Partners X</b>	--	--	--	--	--	--	--	--	--	--	--
<i>Russell 3000 + 3%</i>	<i>-2.4</i>	<i>24.7</i>	<i>16.1</i>	<i>3.5</i>	<i>15.9</i>	<i>37.5</i>	<i>19.9</i>	<i>4.1</i>	<i>20.4</i>	<i>32.1</i>	<i>-35.3</i>
Over/Under											
<b>GTCR Fund XII</b>	--	--	--	--	--	--	--	--	--	--	--
<i>Russell 3000 + 3%</i>	<i>-2.4</i>	<i>24.7</i>	<i>16.1</i>	<i>3.5</i>	<i>15.9</i>	<i>37.5</i>	<i>19.9</i>	<i>4.1</i>	<i>20.4</i>	<i>32.1</i>	<i>-35.3</i>
Over/Under											



**Ventura County Employees' Retirement Association**

**TOTAL FUND CALENDAR YEAR RETURN SUMMARY**

	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)
Buenaventure One, LLC	--	--	--	--	--	--	--	--	--	--	--
<i>Russell 3000 + 3%</i>	<u>-2.4</u>	<u>24.7</u>	<u>16.1</u>	<u>3.5</u>	<u>15.9</u>	<u>37.5</u>	<u>19.9</u>	<u>4.1</u>	<u>20.4</u>	<u>32.1</u>	<u>-35.3</u>
Over/Under											
ECl 11	--	--	--	--	--	--	--	--	--	--	--
<i>Russell 3000 + 3%</i>	<u>-2.4</u>	<u>24.7</u>	<u>16.1</u>	<u>3.5</u>	<u>15.9</u>	<u>37.5</u>	<u>19.9</u>	<u>4.1</u>	<u>20.4</u>	<u>32.1</u>	<u>-35.3</u>
Over/Under											
Buenaventure Two, LLC	--	--	--	--	--	--	--	--	--	--	--
<i>Russell 3000 + 3%</i>	<u>-2.4</u>	<u>24.7</u>	<u>16.1</u>	<u>3.5</u>	<u>15.9</u>	<u>37.5</u>	<u>19.9</u>	<u>4.1</u>	<u>20.4</u>	<u>32.1</u>	<u>-35.3</u>
Over/Under											
The Resolute Fund IV L.P.	--	--	--	--	--	--	--	--	--	--	--
<i>Russell 3000 + 3%</i>	<u>-2.4</u>	<u>24.7</u>	<u>16.1</u>	<u>3.5</u>	<u>15.9</u>	<u>37.5</u>	<u>19.9</u>	<u>4.1</u>	<u>20.4</u>	<u>32.1</u>	<u>-35.3</u>
Over/Under											
GGV Capital VII L.P.	--	--	--	--	--	--	--	--	--	--	--
<i>Russell 3000 + 3%</i>	<u>-2.4</u>	<u>24.7</u>	<u>16.1</u>	<u>3.5</u>	<u>15.9</u>	<u>37.5</u>	<u>19.9</u>	<u>4.1</u>	<u>20.4</u>	<u>32.1</u>	<u>-35.3</u>
Over/Under											
GGV Discovery II, L.P.	--	--	--	--	--	--	--	--	--	--	--
<i>Russell 3000 + 3%</i>	<u>-2.4</u>	<u>24.7</u>	<u>16.1</u>	<u>3.5</u>	<u>15.9</u>	<u>37.5</u>	<u>19.9</u>	<u>4.1</u>	<u>20.4</u>	<u>32.1</u>	<u>-35.3</u>
Over/Under											





Ventura County Employees' Retirement Association

# TOTAL FUND CALENDAR YEAR RETURN SUMMARY

	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)
<b>Total US Fixed Income</b>	<b>0.0</b>	<b>4.4</b>	<b>4.9</b>	<b>0.3</b>	<b>3.0</b>	<b>-0.1</b>	<b>9.6</b>	<b>7.3</b>	<b>10.6</b>	<b>25.6</b>	<b>-8.7</b>
BBgBarc US Aggregate TR	0.0	3.5	2.6	0.5	6.0	-2.0	4.2	7.8	6.5	5.9	5.2
Over/Under	0.0	0.9	2.3	-0.2	-3.0	1.9	5.4	-0.5	4.1	19.7	-13.9
<b>BlackRock U.S. Debt Fund</b>	<b>0.0</b>	<b>3.6</b>	<b>2.7</b>	<b>0.6</b>	<b>6.2</b>	<b>-2.0</b>	<b>4.3</b>	<b>7.9</b>	<b>6.7</b>	<b>6.0</b>	<b>5.4</b>
BBgBarc US Aggregate TR	0.0	3.5	2.6	0.5	6.0	-2.0	4.2	7.8	6.5	5.9	5.2
Over/Under	0.0	0.1	0.1	0.1	0.2	0.0	0.1	0.1	0.2	0.1	0.2
<b>Western</b>	<b>-0.6</b>	<b>6.0</b>	<b>4.1</b>	<b>0.9</b>	<b>7.4</b>	<b>-1.2</b>	<b>9.7</b>	<b>7.3</b>	<b>11.3</b>	<b>18.9</b>	<b>-8.9</b>
BBgBarc US Aggregate TR	0.0	3.5	2.6	0.5	6.0	-2.0	4.2	7.8	6.5	5.9	5.2
Over/Under	-0.6	2.5	1.5	0.4	1.4	0.8	5.5	-0.5	4.8	13.0	-14.1
<b>Reams</b>	<b>0.7</b>	<b>2.5</b>	<b>6.0</b>	<b>0.3</b>	<b>-3.6</b>	<b>2.5</b>	<b>10.0</b>	<b>8.4</b>	<b>10.0</b>	<b>33.6</b>	<b>-11.0</b>
Reams Custom Index	2.4	1.3	0.7	0.3	0.2	-0.5	4.2	7.8	6.5	5.9	5.2
Over/Under	-1.7	1.2	5.3	0.0	-3.8	3.0	5.8	0.6	3.5	27.7	-16.2
BBgBarc US Aggregate TR	0.0	3.5	2.6	0.5	6.0	-2.0	4.2	7.8	6.5	5.9	5.2
3-Month LIBOR + 3%	5.4	4.4	3.8	3.3	3.2	3.3	3.5	3.3	3.4	3.8	6.2
<b>Loomis Strategic Alpha</b>	<b>0.6</b>	<b>3.3</b>	<b>6.1</b>	<b>-1.0</b>	<b>2.4</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
BBgBarc US Aggregate TR	0.0	3.5	2.6	0.5	6.0	-2.0	4.2	7.8	6.5	5.9	5.2
Over/Under	0.6	-0.2	3.5	-1.5	-3.6	--	--	--	--	--	--
3-Month LIBOR + 3%	5.4	4.4	3.8	3.3	3.2	3.3	3.5	3.3	3.4	3.8	6.2
<b>Loomis Sayles Multi Strategy</b>	<b>-0.8</b>	<b>8.4</b>	<b>8.2</b>	<b>-2.3</b>	<b>6.8</b>	<b>1.4</b>	<b>16.7</b>	<b>4.2</b>	<b>13.6</b>	<b>37.6</b>	<b>-19.7</b>
Loomis Custom Index	-0.6	4.5	7.0	-1.2	4.6	0.8	7.5	7.1	8.7	18.8	-4.6
Over/Under	-0.2	3.9	1.2	-1.1	2.2	0.6	9.2	-2.9	4.9	18.8	-15.1
BBgBarc US Govt/Credit TR	-0.4	4.0	3.0	0.1	6.0	-2.4	4.8	8.7	6.6	4.5	5.7



**Ventura County Employees' Retirement Association**

**TOTAL FUND CALENDAR YEAR RETURN SUMMARY**

	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)
<b>Private Debt</b>	<b>4.7</b>	--	--	--	--	--	--	--	--	--	--
50% BofA ML US HY BB-B Constrained Index/ 50% Credit Suisse Leveraged Loan Index +150bps	<u>1.1</u>	--	--	--	--	--	--	--	--	--	--
Over/Under	3.6										
<b>CVI Credit Value Fund</b>	<b>4.6</b>	--	--	--	--	--	--	--	--	--	--
50% BofA ML US HY BB-B Constrained Index/ 50% Credit Suisse Leveraged Loan Index +150bps	<u>1.1</u>	--	--	--	--	--	--	--	--	--	--
Over/Under	3.5										
<b>Monroe Capital Private Credit Fund III</b>	--	--	--	--	--	--	--	--	--	--	--
50% BofA ML US HY BB-B Constrained Index/ 50% Credit Suisse Leveraged Loan Index +150bps	<u>1.1</u>	--	--	--	--	--	--	--	--	--	--
Over/Under											
Bluebay Direct Lending Fund III											
<b>Treasuries</b>											
Reams 10-Year Treasuries											



Ventura County Employees' Retirement Association

# TOTAL FUND CALENDAR YEAR RETURN SUMMARY

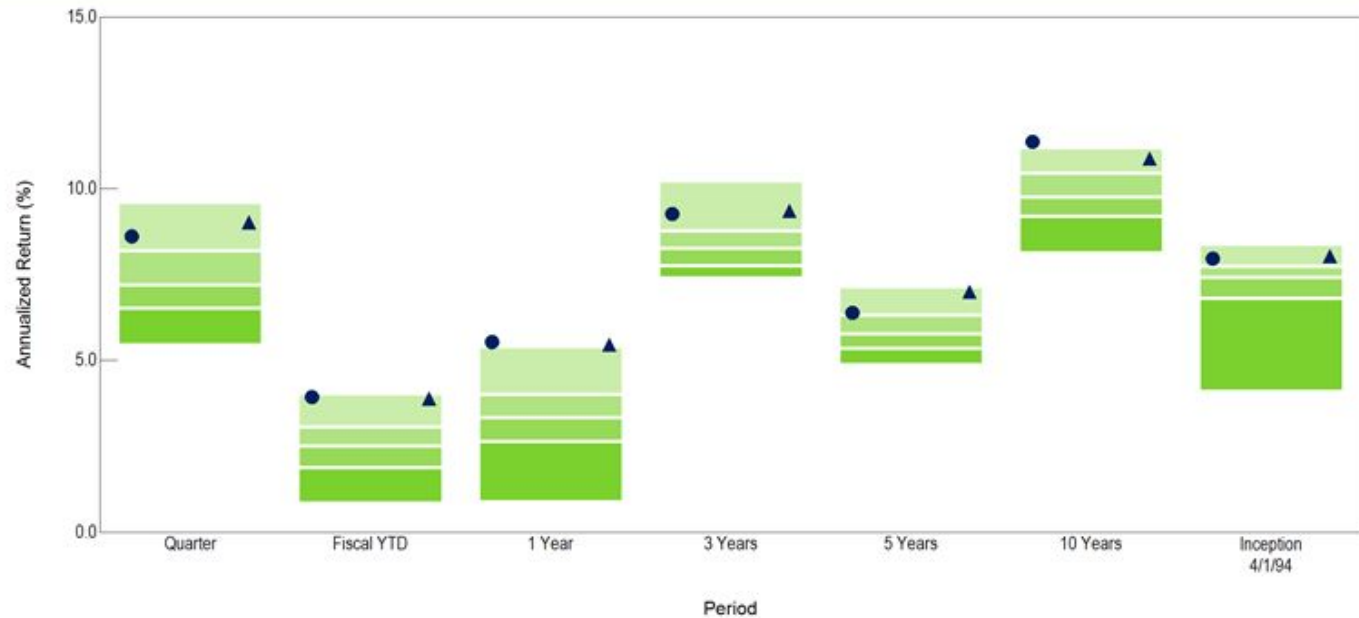
	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)
<b>Total Real Estate</b>	<b>6.9</b>	<b>5.9</b>	<b>6.8</b>	<b>12.8</b>	<b>11.6</b>	<b>10.6</b>	<b>9.1</b>	<b>14.4</b>	<b>15.4</b>	<b>-31.2</b>	<b>-16.0</b>
NCREIF ODCE Net	7.4	6.7	7.8	14.0	11.5	12.9	9.8	15.0	15.3	-30.4	-10.7
Over/Under	-0.5	-0.8	-1.0	-1.2	0.1	-2.3	-0.7	-0.6	0.1	-0.8	-5.3
Prudential Real Estate	8.2	7.0	8.2	14.5	12.5	13.8	8.8	18.0	17.2	-34.8	-13.6
NCREIF ODCE Net	7.4	6.7	7.8	14.0	11.5	12.9	9.8	15.0	15.3	-30.4	-10.7
Over/Under	0.8	0.3	0.4	0.5	1.0	0.9	-1.0	3.0	1.9	-4.4	-2.9
NCREIF ODCE	8.3	7.6	8.8	15.0	12.5	13.9	10.9	16.0	16.4	-29.8	-10.0
UBS Real Estate	6.2	5.4	6.2	11.9	10.6	9.3	9.0	12.1	15.9	-22.9	-8.3
NCREIF ODCE Net	7.4	6.7	7.8	14.0	11.5	12.9	9.8	15.0	15.3	-30.4	-10.7
Over/Under	-1.2	-1.3	-1.6	-2.1	-0.9	-3.6	-0.8	-2.9	0.6	7.5	2.4
NCREIF ODCE	8.3	7.6	8.8	15.0	12.5	13.9	10.9	16.0	16.4	-29.8	-10.0
<b>Total Real Assets</b>	<b>-7.3</b>	<b>7.2</b>	<b>11.7</b>	<b>-13.8</b>	<b>10.2</b>	--	--	--	--	--	--
CPI + 4% (Unadjusted)	6.0	6.2	6.2	4.8	4.8	28.8	5.4	13.5	--	--	--
Over/Under	-13.3	1.0	5.5	-18.6	5.4	--	--	--	--	--	--
Bridgewater All Weather Fund	-5.0	11.9	10.0	-6.8	7.6	--	--	--	--	--	--
CPI + 5% (Unadjusted)	7.0	7.2	7.2	5.8	5.8	--	--	--	--	--	--
Over/Under	-12.0	4.7	2.8	-12.6	1.8	--	--	--	--	--	--
Tortoise Energy Infrastructure	-13.3	-3.5	15.9	-27.1	15.7	--	--	--	--	--	--
Tortoise MLP Index	-13.7	-5.7	21.0	-34.1	8.0	28.8	5.4	13.5	--	--	--
Over/Under	0.4	2.2	-5.1	7.0	7.7	--	--	--	--	--	--
<b>Overlay</b>											
Parametric											
Abbott Capital Cash											



Ventura County Employees' Retirement Association

# TOTAL FUND RETURN SUMMARY VS. PEER UNIVERSE

Total Fund vs. InvestorForce Public DB > \$1B Net



	Return (Rank)													
5th Percentile	9.6	4.0	5.4	10.2	7.1	11.2	8.4							
25th Percentile	8.2	3.1	4.0	8.8	6.3	10.5	7.8							
Median	7.2	2.5	3.4	8.3	5.8	9.8	7.4							
75th Percentile	6.5	1.9	2.6	7.8	5.4	9.2	6.8							
95th Percentile	5.5	0.9	0.9	7.4	4.9	8.1	4.1							
# of Portfolios	78	77	77	77	74	68	39							
● Total Fund	8.6	(20)	3.9	(6)	5.5	(4)	9.3	(14)	6.4	(21)	11.4	(5)	8.0	(19)
▲ Policy Index	9.0	(15)	3.9	(7)	5.5	(5)	9.4	(13)	7.0	(7)	10.9	(7)	8.0	(16)



Ventura County Employees' Retirement Association

# TOTAL FUND RETURN SUMMARY VS. PEER UNIVERSE

Total Fund vs. InvestorForce Public DB > \$1B Net



	Return (Rank)									
5th Percentile	-0.1	18.6	9.3	2.4	7.6	19.5	14.3	4.2	15.1	27.5
25th Percentile	-2.7	16.6	8.4	0.8	6.1	16.0	13.4	1.5	13.8	21.7
Median	-4.0	15.6	7.7	-0.4	5.1	14.3	12.7	0.6	12.8	20.0
75th Percentile	-5.1	14.1	7.1	-1.3	4.4	11.0	11.8	-0.3	11.8	17.7
95th Percentile	-6.6	10.7	5.3	-3.2	2.6	8.5	9.0	-1.2	9.3	13.4
# of Portfolios	63	61	62	57	55	48	44	42	41	40
● Total Fund	-3.5 (38)	16.0 (37)	8.6 (15)	-0.9 (65)	6.3 (20)	18.1 (10)	14.0 (15)	0.3 (61)	15.1 (6)	24.2 (16)
▲ Policy Index	-3.6 (41)	16.3 (29)	8.4 (25)	0.8 (25)	6.8 (12)	17.2 (14)	12.9 (41)	0.5 (55)	13.2 (44)	21.0 (33)



Ventura County Employees' Retirement Association

# TOTAL FUND RETURN SUMMARY VS. PEER UNIVERSE

Total Fund vs. InvestorForce Public DB > \$1B Net



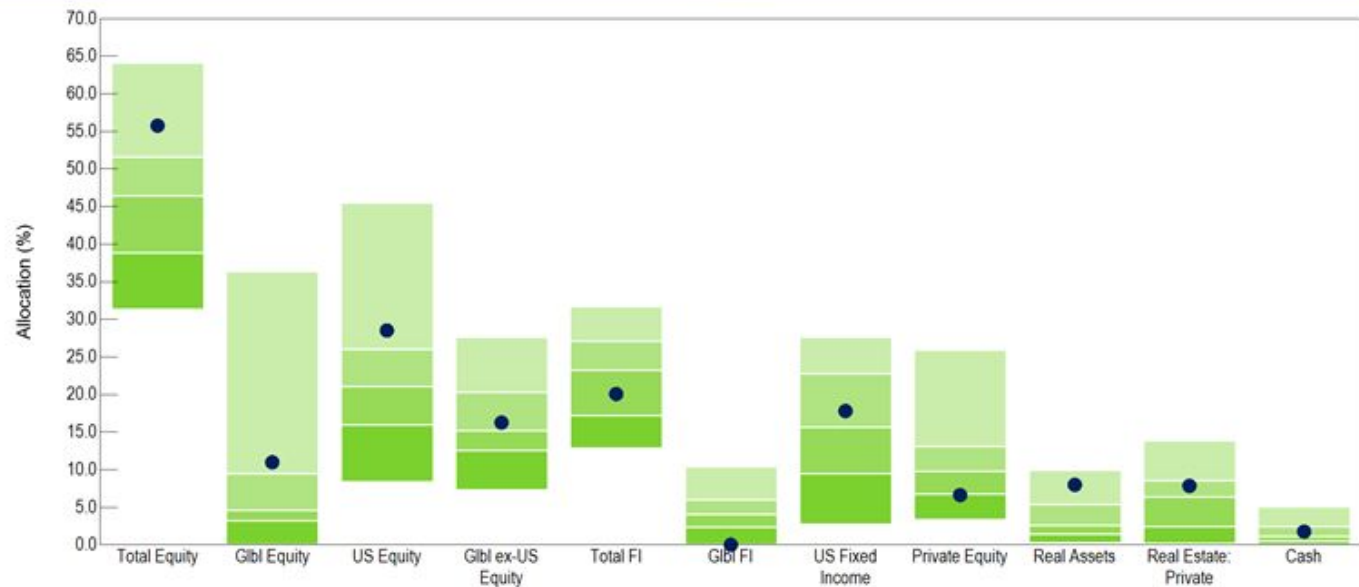
	Fiscal 2018		Fiscal 2017		Fiscal 2016		Fiscal 2015		Fiscal 2014		5 Years	
	Return	(Rank)	Return	(Rank)	Return	(Rank)	Return	(Rank)	Return	(Rank)	Return	(Rank)
5th Percentile	7.3		11.9		-2.4		-0.9		13.6		4.9	
25th Percentile	8.0		12.7		-1.2		1.6		14.7		5.4	
Median	8.8		13.7		0.8		3.3		17.2		6.3	
75th Percentile	10.5		14.9		2.7		4.3		18.7		7.1	
95th Percentile	13.0		16.5		4.3		4.3		19.0		7.1	
# of Portfolios	51		65		55		53		43		74	
● Total Fund	8.9	(23)	12.6	(53)	0.8	(26)	1.7	(71)	18.8	(4)	6.4	(21)
▲ Policy Index	9.2	(13)	13.1	(37)	1.8	(9)	3.4	(25)	17.7	(19)	7.0	(7)



Ventura County Employees' Retirement Association

# TOTAL FUND ALLOCATIONS VS. PEER UNIVERSE

Total Plan Allocation vs. InvestorForce Public DB > \$1B Net



	Allocation (Rank)																						
5th Percentile	64.1	36.3	45.5	27.6	31.7	10.4	27.6	25.9	9.9	13.8	5.0	--											
25th Percentile	51.7	9.5	26.1	20.3	27.1	6.0	22.8	13.2	5.5	8.6	2.5	--											
Median	46.5	4.7	21.1	15.2	23.3	4.1	15.8	9.8	2.6	6.4	1.2	--											
75th Percentile	38.9	3.2	16.0	12.6	17.3	2.4	9.6	6.8	1.5	2.5	0.6	--											
95th Percentile	31.4	0.1	8.5	7.4	13.0	0.1	2.8	3.4	0.3	0.3	0.1	--											
# of Portfolios	61	24	51	59	60	28	49	55	32	50	59	--											
• Total Fund	55.7	(19)	11.0	(21)	28.5	(18)	16.3	(48)	20.1	(65)	0.0	(97)	17.8	(41)	6.6	(76)	8.0	(8)	7.8	(38)	1.8	(36)	--



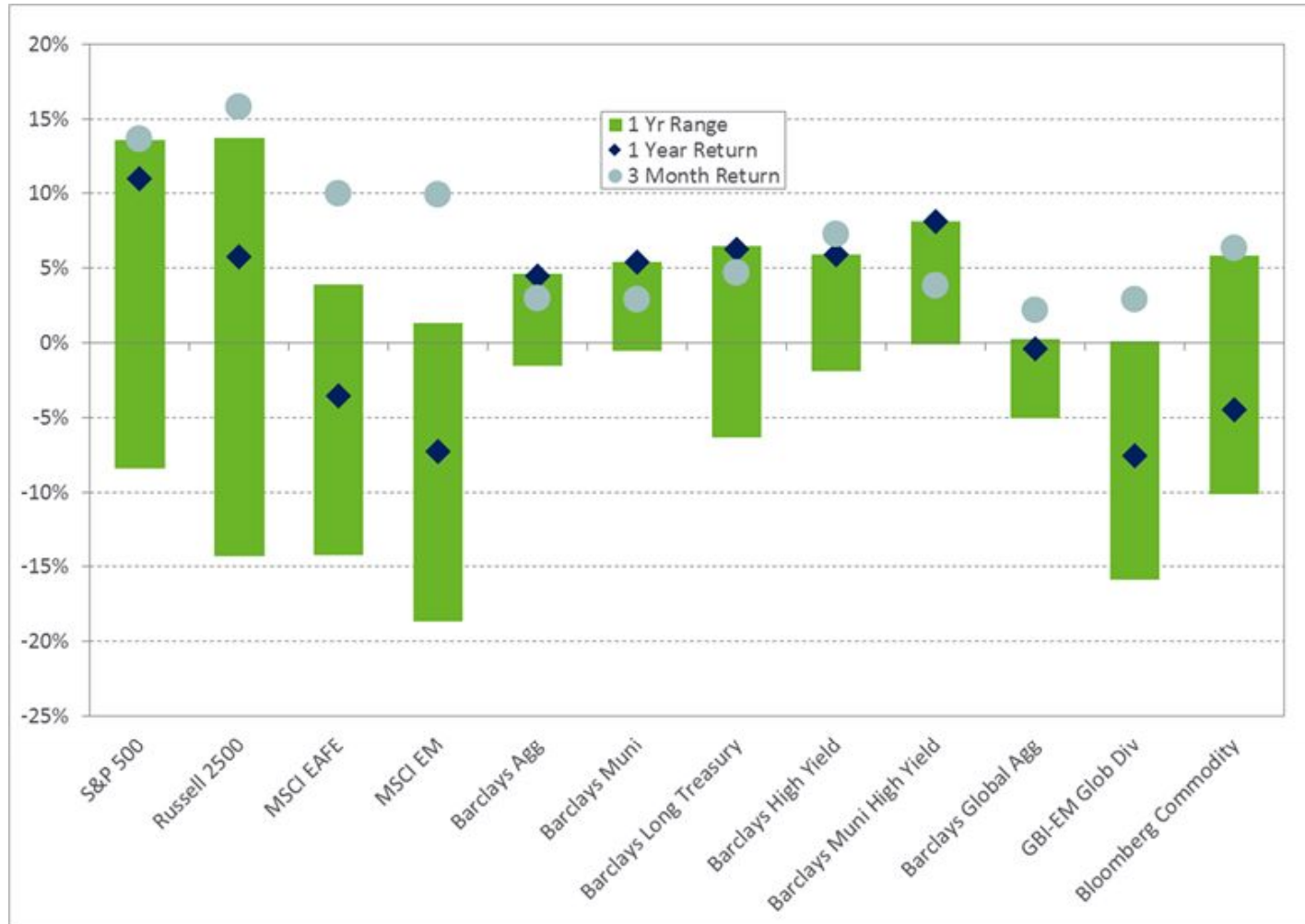
# APPENDIX

NEPC, LLC

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# SHORT-TERM PERFORMANCE SUMMARY

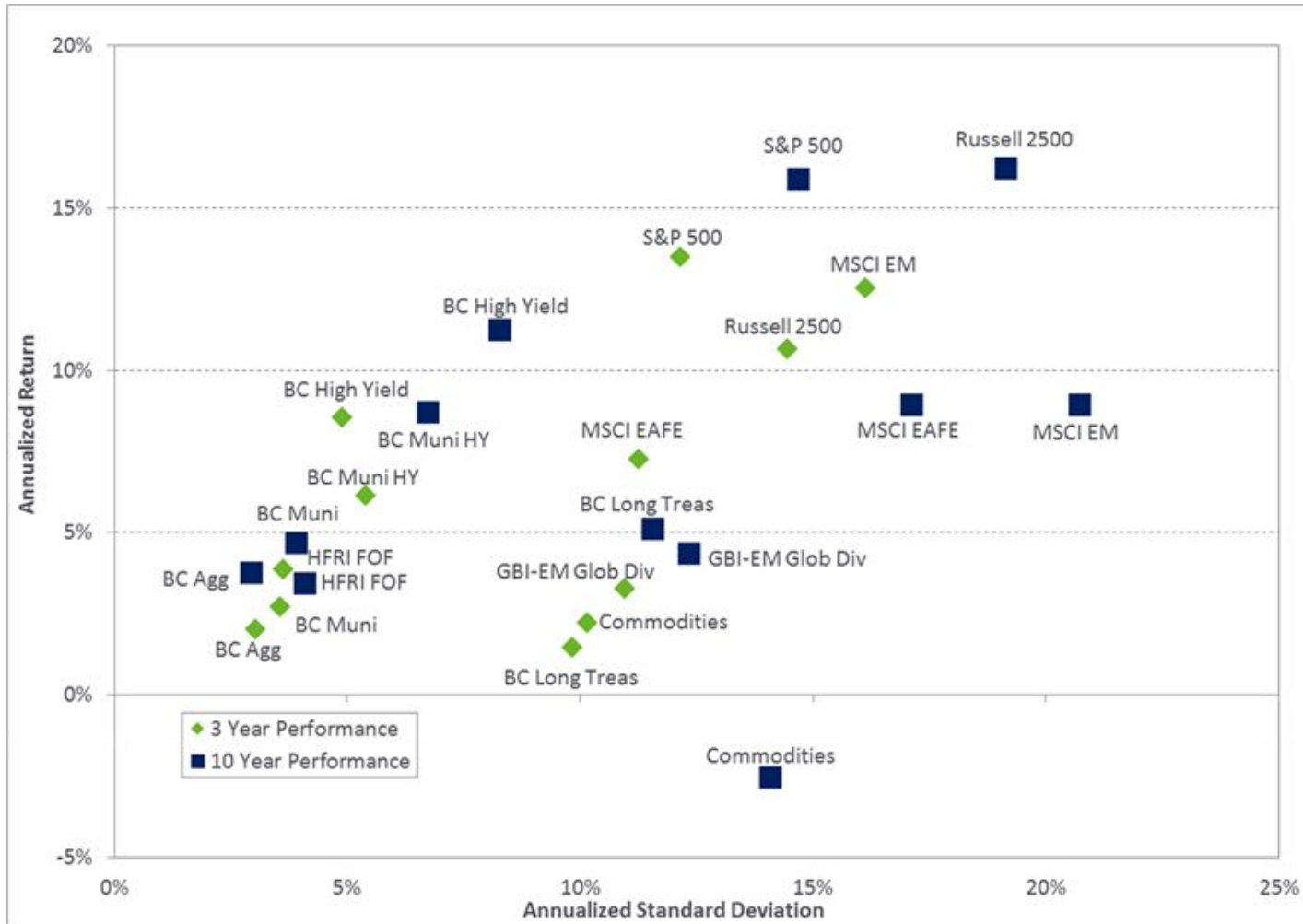


Source: Bloomberg, Standard and Poor's, Russell, MSCI, Barclays, JP Morgan

\*1 Yr Range: Represents range of cumulative high/low daily index returns for an investment made one year ago



# LONG-TERM PERFORMANCE SUMMARY



Source: Bloomberg, Standard and Poor's, Russell, MSCI, Barclays, JP Morgan

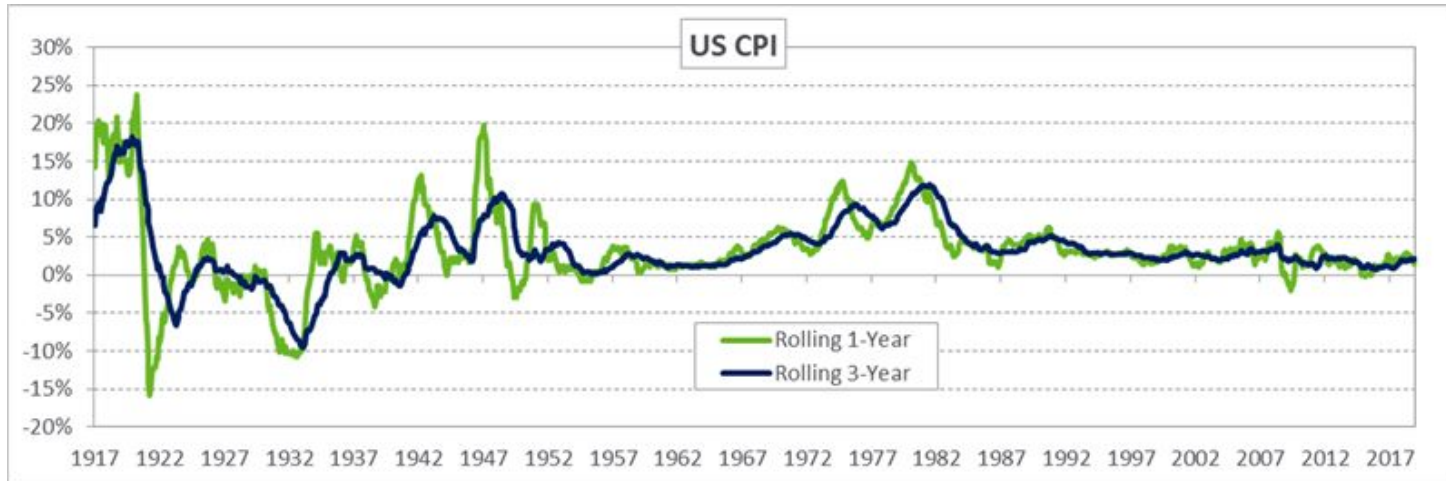


# MACRO

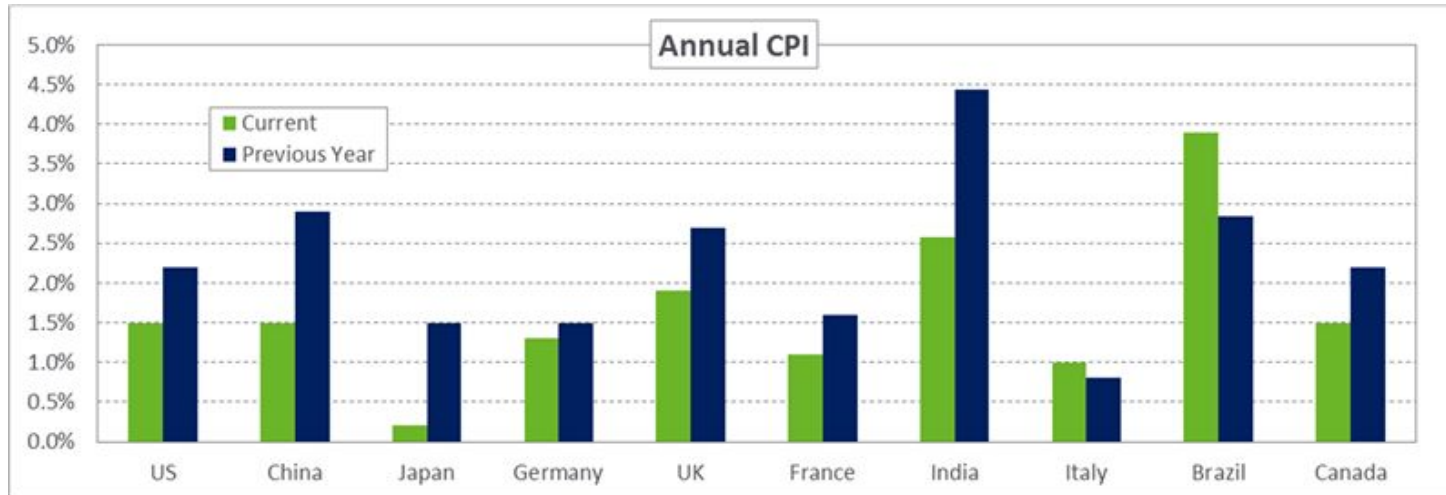
NEPC, LLC

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# INFLATION



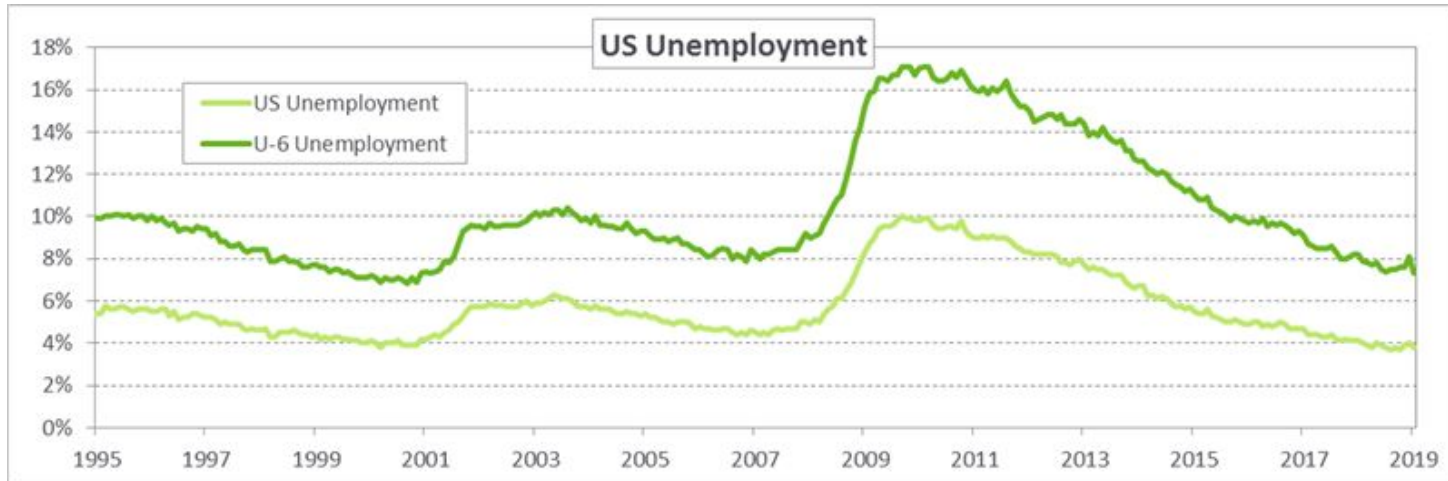
Source: Bureau of Labor Statistics, Bloomberg, NEPC



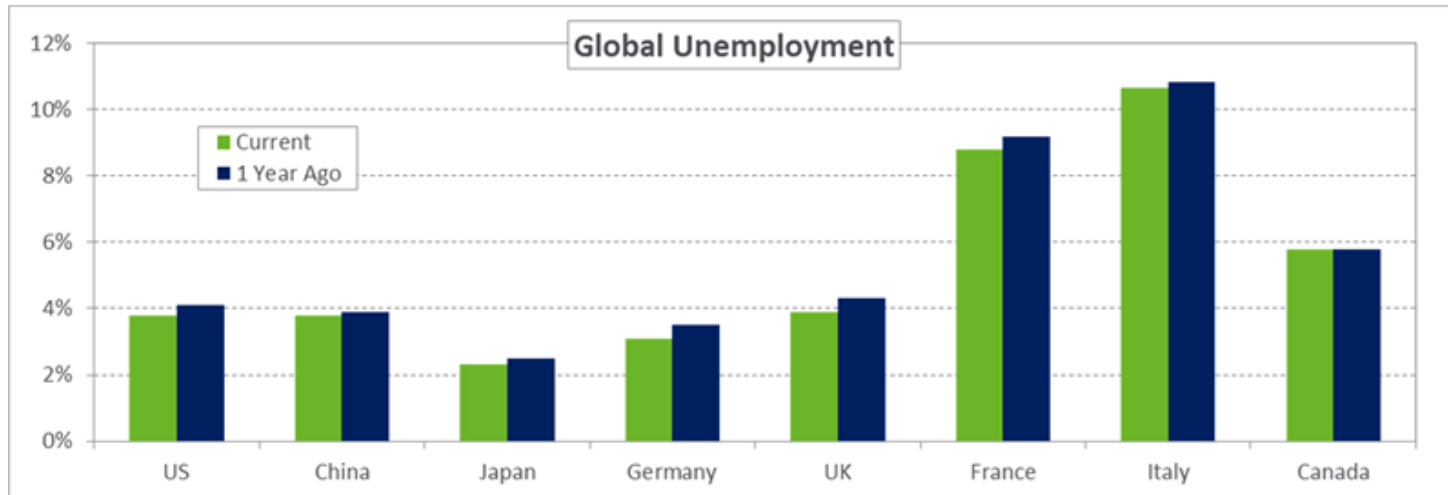
Source: Bureau of Labor Statistics, National Bureau of Statistics of China, Ministry of Internal Affairs and Communications (Japan), German Federal Statistics Office, UK Office for National Statistics, National Statistics Office of France, India Central Statistical Organization, ISTAT, IBGE, STCA, Bloomberg



# UNEMPLOYMENT



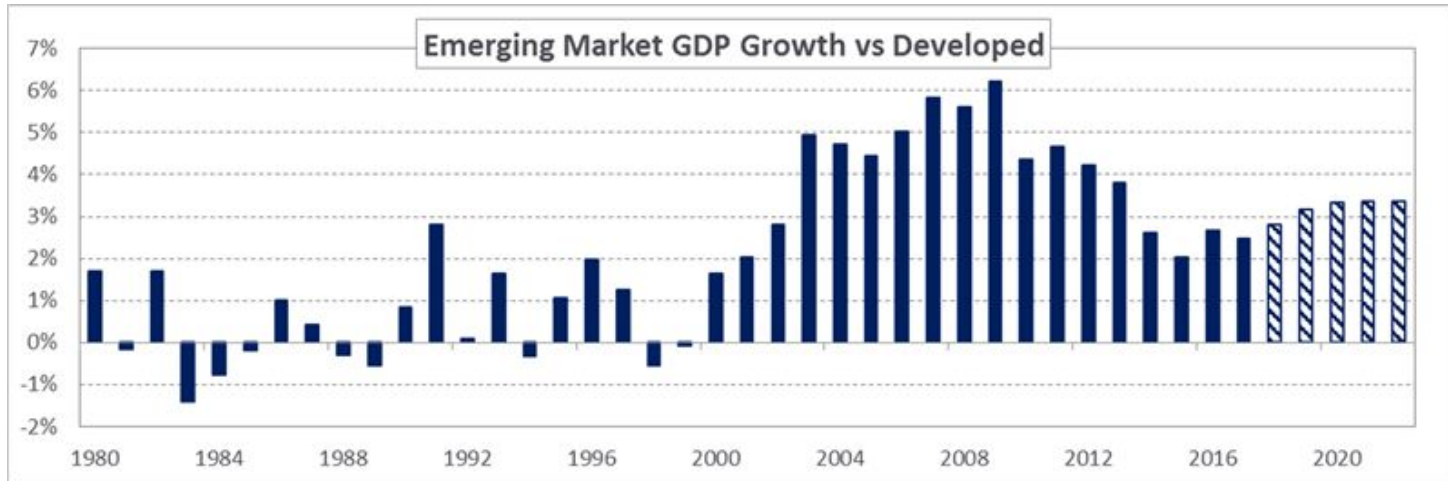
Source: Bureau of Labor Statistics, Bloomberg



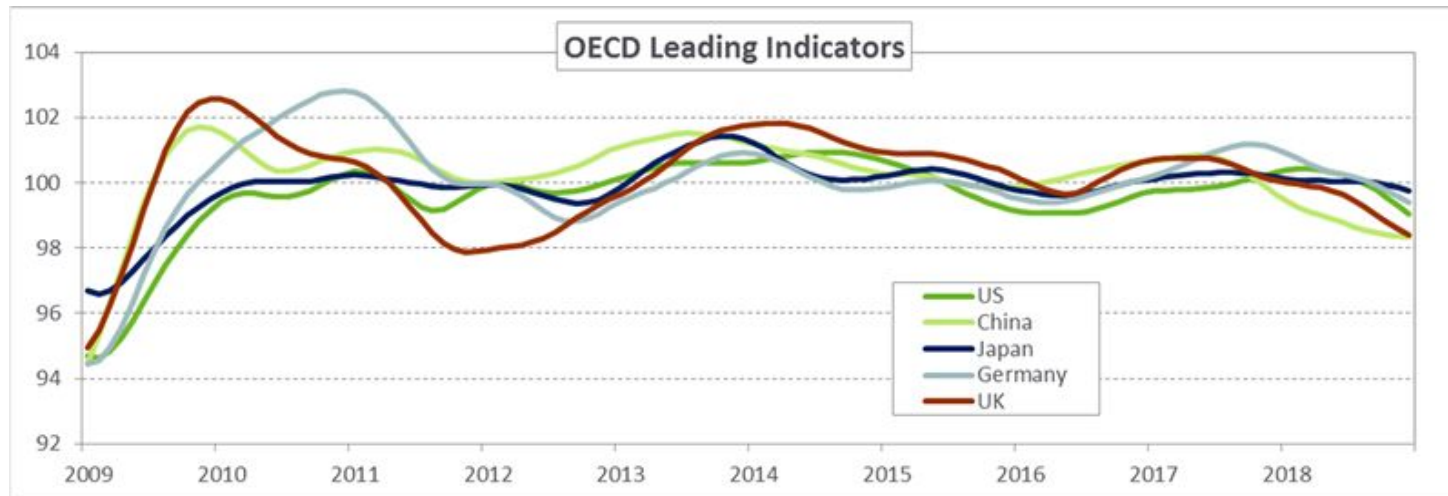
Source: Bureau of Labor Statistics, STA, National Bureau of Statistics of China, Ministry of Internal Affairs and Communications (Japan), German Federal Statistics Office, UK Office for National Statistics, National Statistics Office of France, ISTAT, IBGE, Bloomberg



# ECONOMIC INDICATORS



Source: IMF



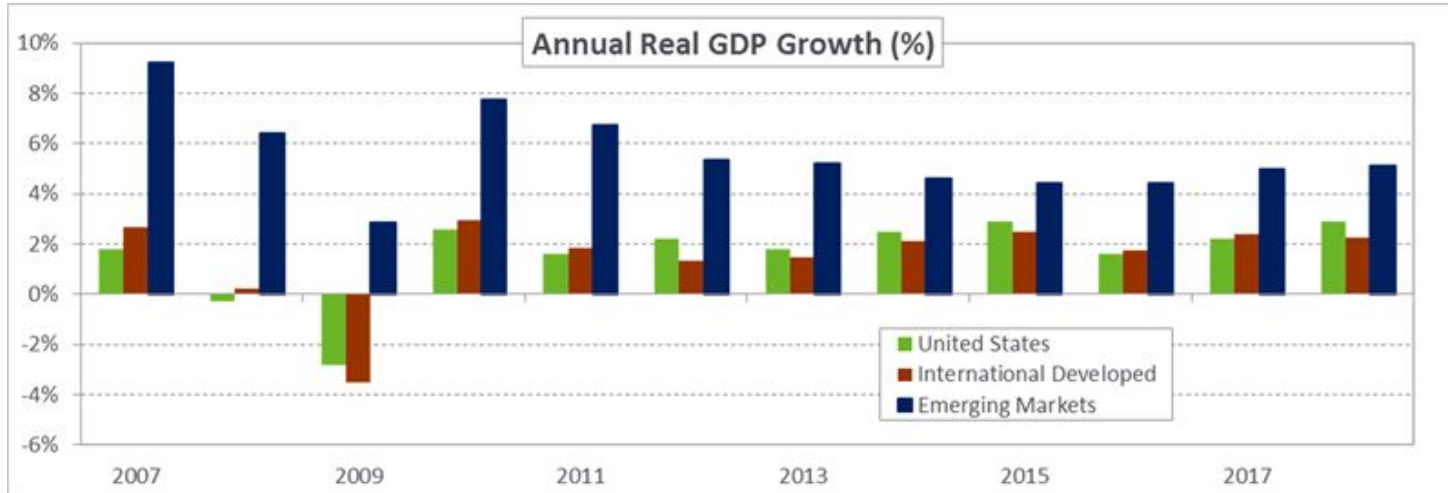
Source: OECD, Bloomberg



# GROSS DOMESTIC PRODUCT



Source: Bloomberg

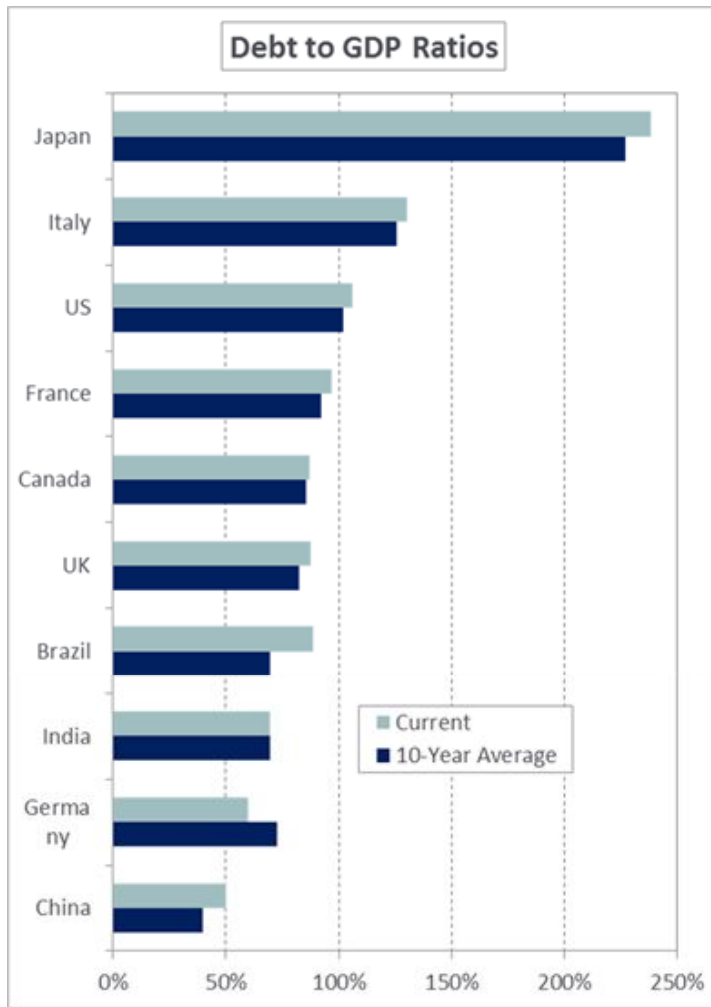


Source: Bloomberg

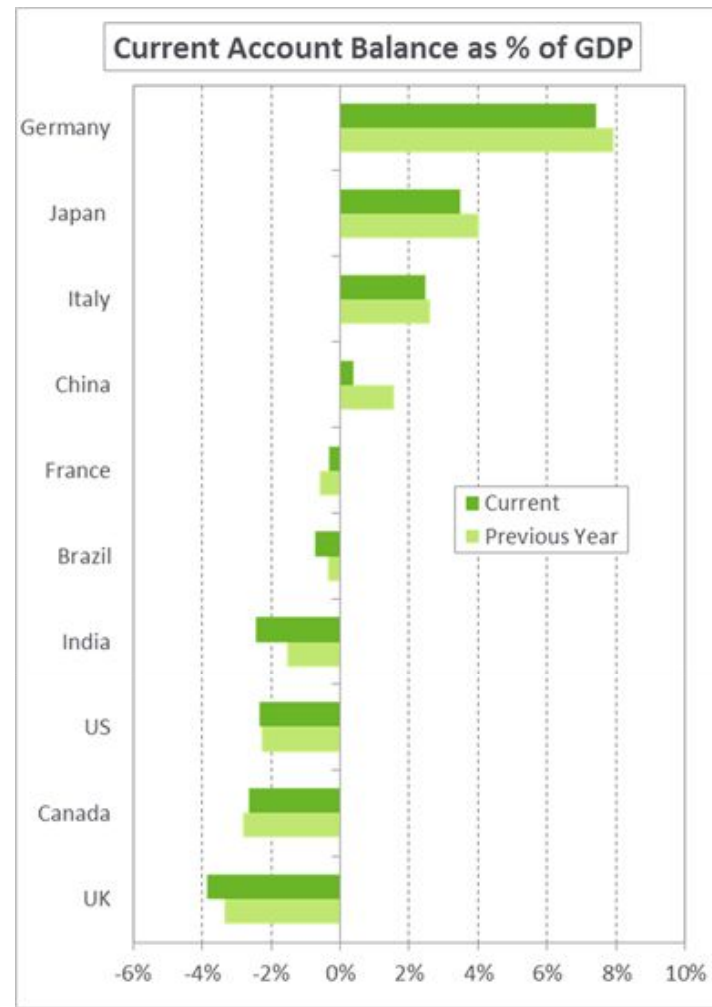




# GROSS DOMESTIC PRODUCT METRICS



Source: IMF, Bloomberg

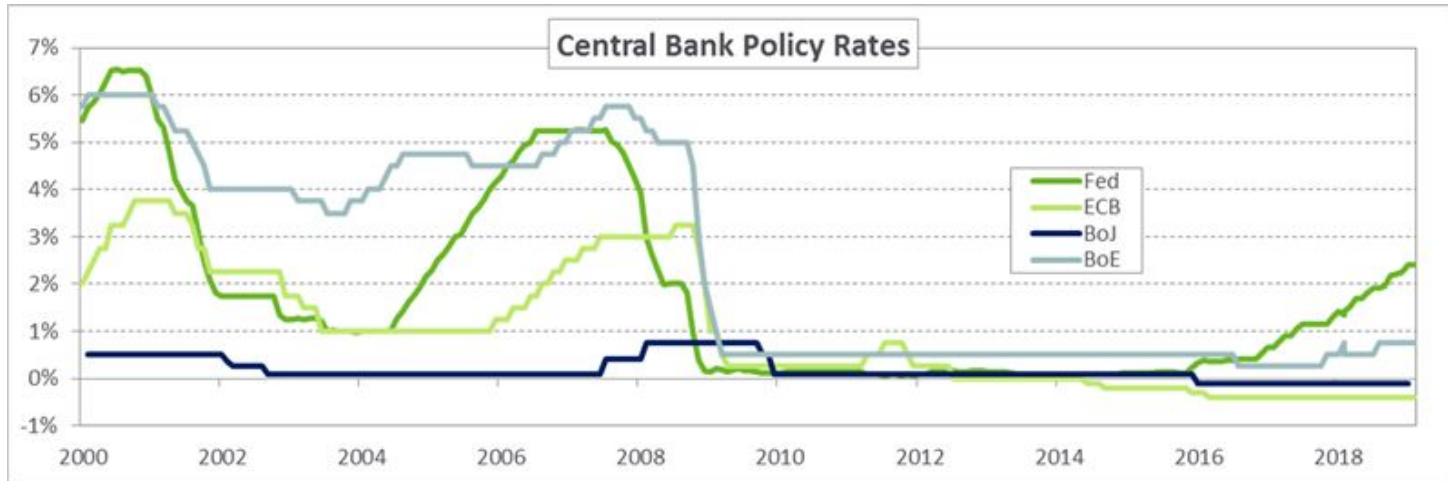


Source: Bloomberg

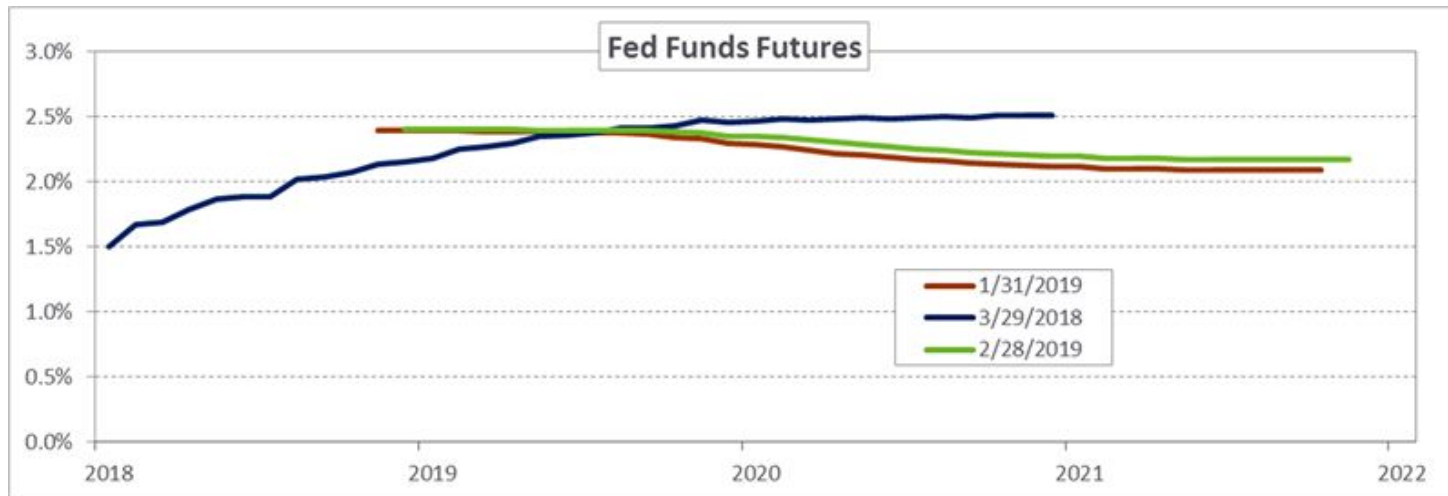




# CENTRAL BANK RATES



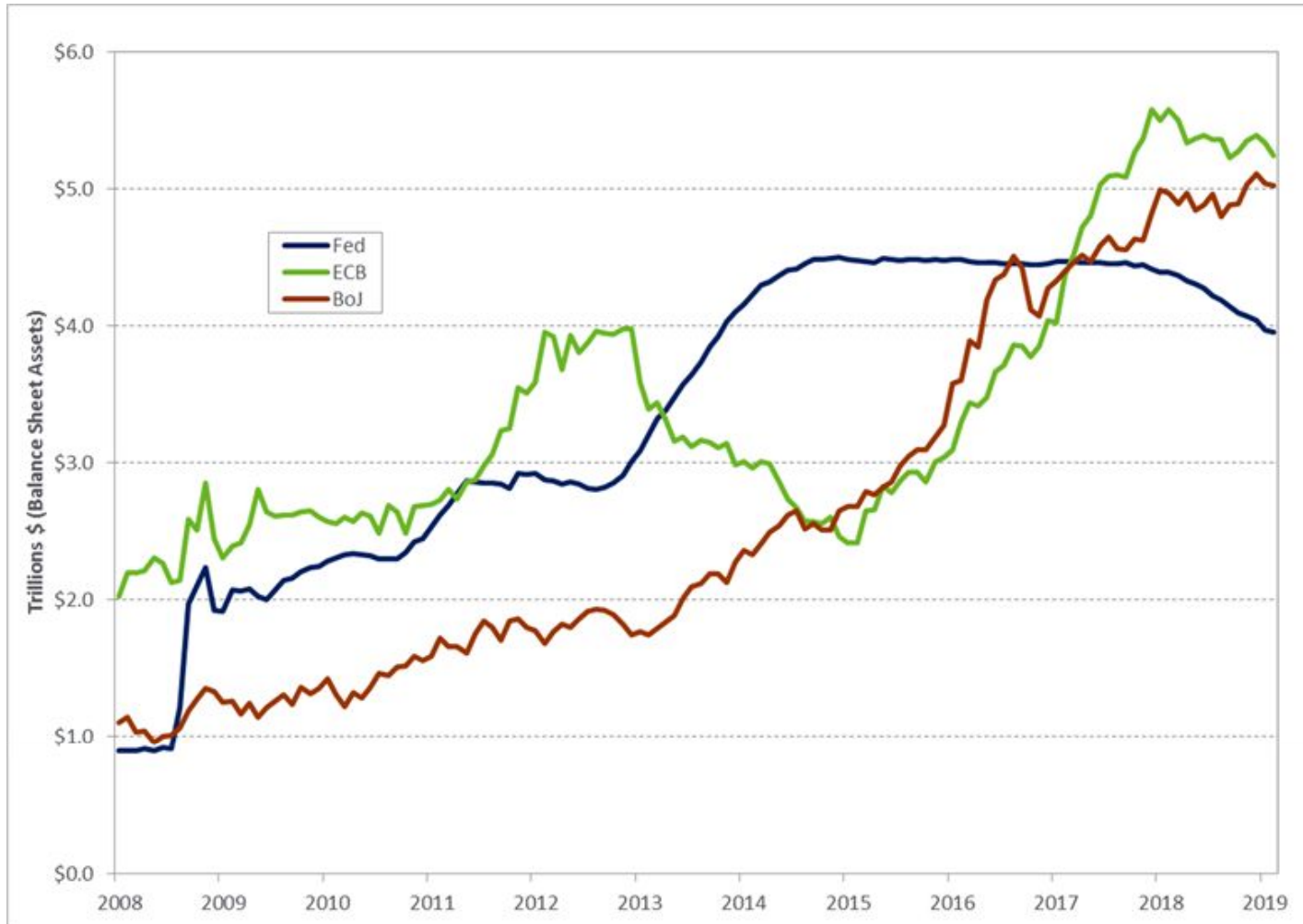
Source: Federal Reserve, ECB, Bank of Japan, Bank of England, Bloomberg



Source: Bloomberg



# CENTRAL BANK BALANCE SHEETS



Source: Federal Reserve, Bank of Japan, ECB, Bloomberg, NEPC



# CURRENCIES

% Change Relative to USD				
Currencies	Spot	1 Month	YTD	1 Year
Euro	1.12	-1.3%	-2.2%	-9.0%
British Pound	1.30	-1.7%	2.2%	-7.0%
Japanese Yen	110.86	0.5%	-1.1%	-4.1%
Swiss Franc	1.00	0.3%	-1.3%	-4.1%
Australian Dollar	0.71	0.0%	0.7%	-7.6%
Chinese Yuan	6.71	-0.3%	2.5%	-6.5%
Brazilian Real	3.92	-4.2%	-1.2%	-15.7%
Russian Ruble	65.63	0.4%	6.2%	-13.0%
Indian Rupee	69.15	2.3%	0.9%	-5.7%
Mexican Peso	19.43	-0.8%	1.1%	-6.4%
South African Rand	14.50	-2.9%	-1.1%	-18.3%

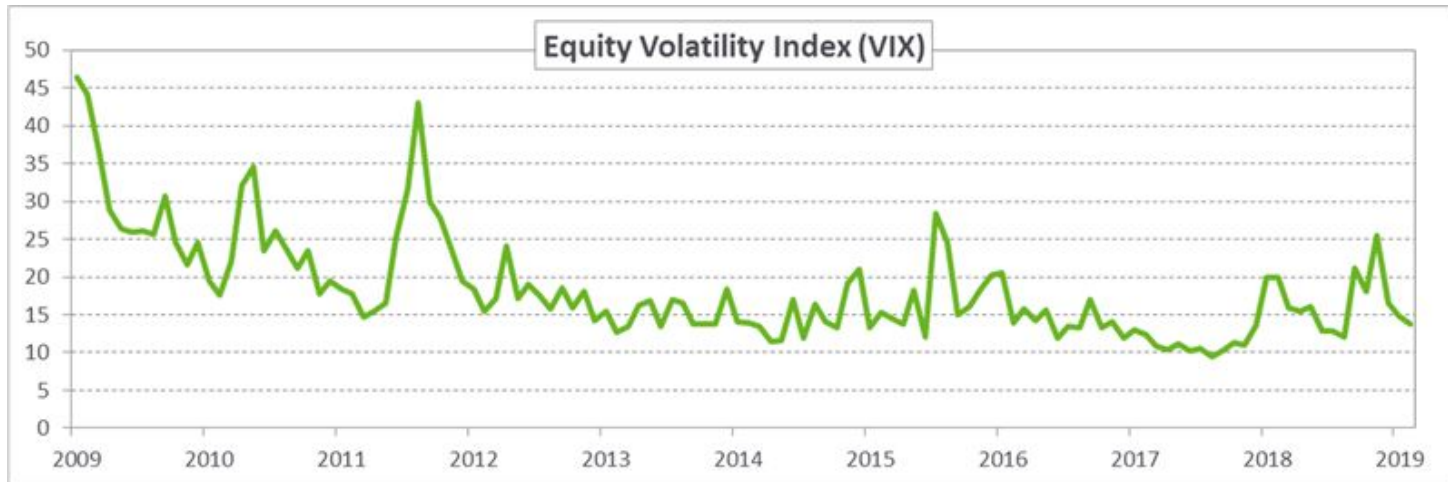
Source: Bloomberg



Source: Bloomberg



# VOLATILITY



Source: CBOE, Bloomberg



Source: Merrill Lynch, Bloomberg



Source: Deutsche Bank, Bloomberg



# EQUITY

NEPC, LLC

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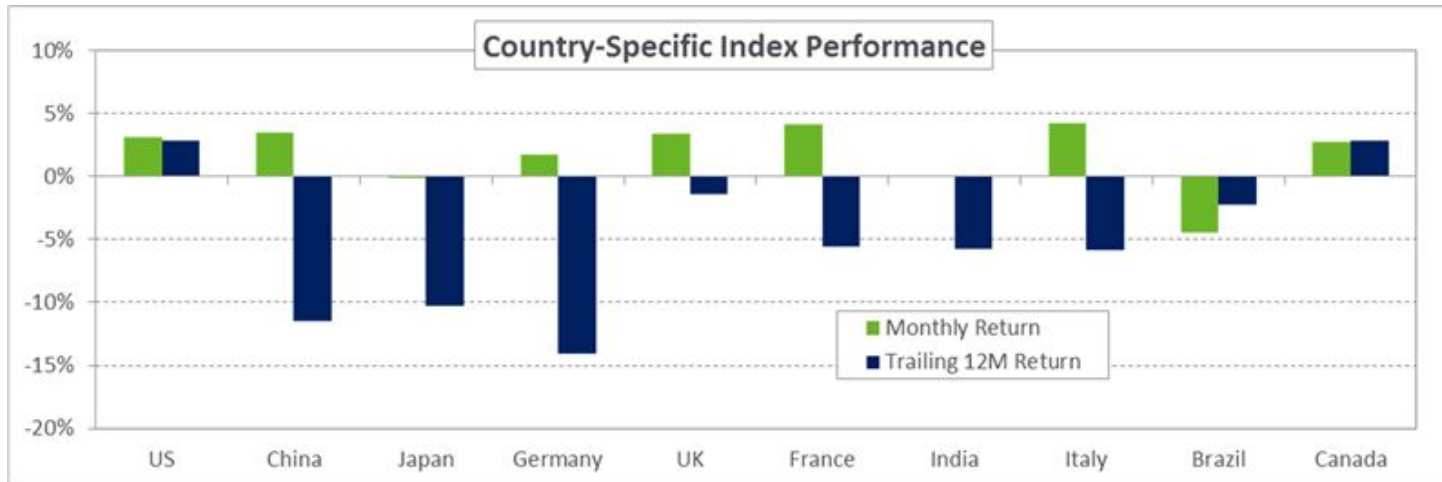
# EQUITY INDEX PERFORMANCE



Source: Russell, Bloomberg



Source: MSCI, Bloomberg



Source: MSCI, Bloomberg  
Represents returns in USD

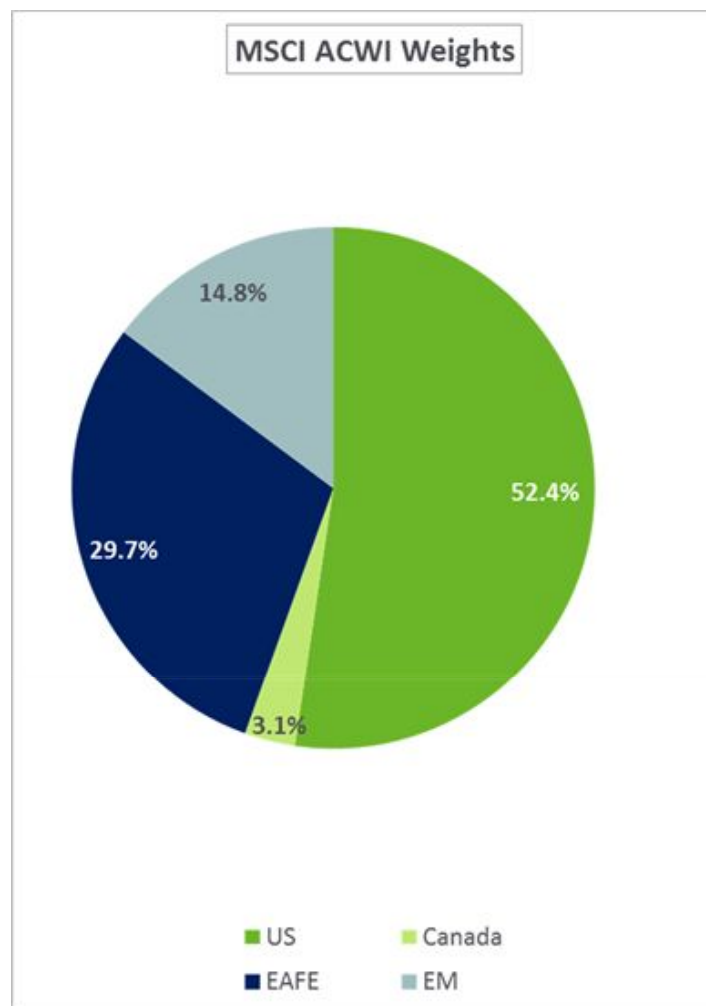


# INDEX COMPOSITION

	MTD	QTD	YTD	Index Weight
<b>S&amp;P 500</b>	<b>3.2%</b>	<b>11.5%</b>	<b>11.5%</b>	<b>100%</b>
Cons Disc	0.7%	11.1%	11.1%	10.0%
Cons Staples	2.2%	7.5%	7.5%	7.3%
Energy	2.4%	13.8%	13.8%	5.5%
Financials	2.3%	11.3%	11.3%	12.7%
Health Care	1.1%	6.0%	6.0%	15.0%
Industrials	6.3%	18.4%	18.4%	9.9%
Info Tech	6.8%	14.2%	14.2%	20.4%
Materials	3.2%	8.9%	8.9%	2.7%
Real Estate	1.0%	11.9%	11.9%	3.0%
Telecom	0.8%	11.2%	11.2%	10.2%
Utilities	4.0%	7.5%	7.5%	3.3%

	MTD	QTD	YTD	Index Weight
<b>MSCI ACWI</b>	<b>2.7%</b>	<b>10.9%</b>	<b>10.9%</b>	<b>100%</b>
Cons Disc	1.6%	11.4%	11.4%	11.1%
Cons Staples	1.9%	7.1%	7.1%	8.1%
Energy	2.2%	12.8%	12.8%	6.1%
Financials	2.4%	10.8%	10.8%	17.7%
Health Care	1.9%	7.1%	7.1%	11.4%
Industrials	4.4%	14.2%	14.2%	10.9%
Info Tech	6.0%	14.3%	14.3%	14.5%
Materials	2.4%	10.0%	10.0%	4.9%
Real Estate	0.0%	10.5%	10.5%	3.3%
Telecom	0.3%	8.9%	8.9%	8.7%
Utilities	2.2%	7.5%	7.5%	3.3%

Source: S&P, MSCI, Bloomberg

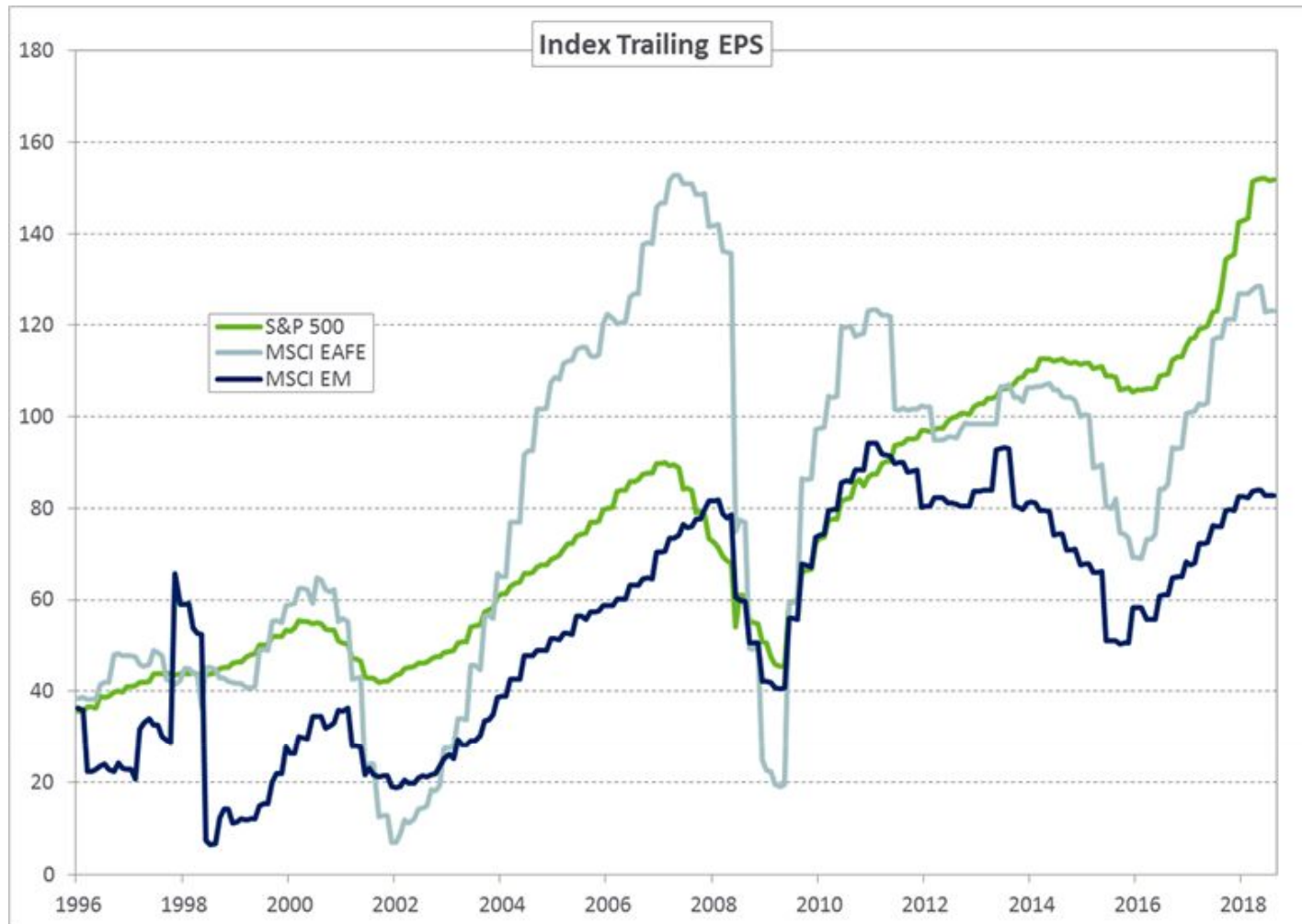


Source: MSCI, Bloomberg





# EARNINGS



Source: S&P, MSCI, Bloomberg

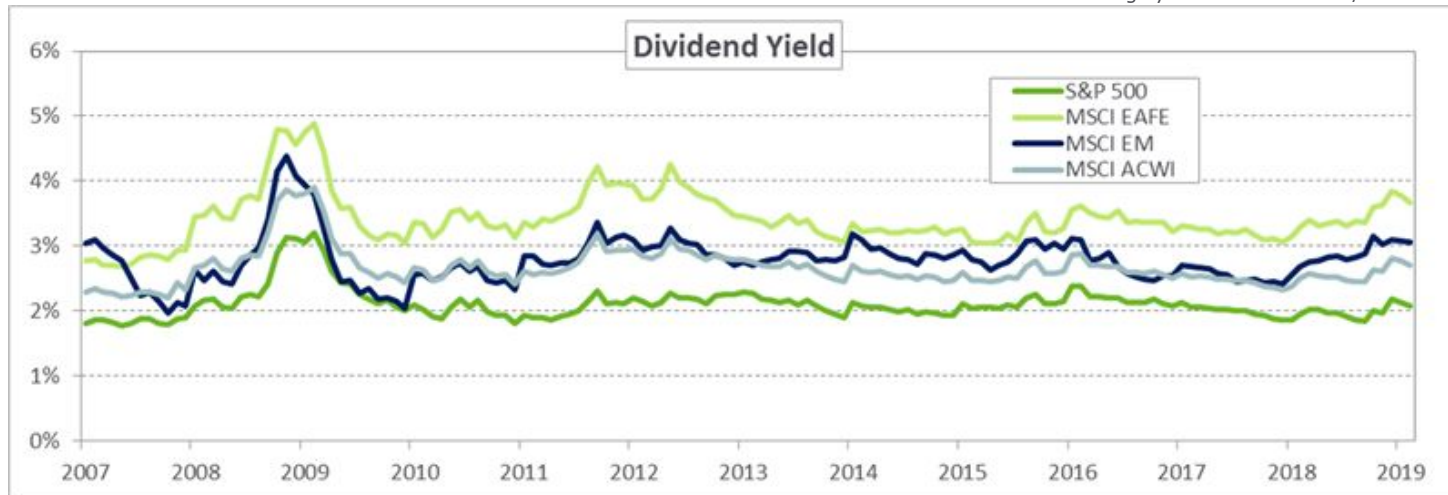




# YIELDS



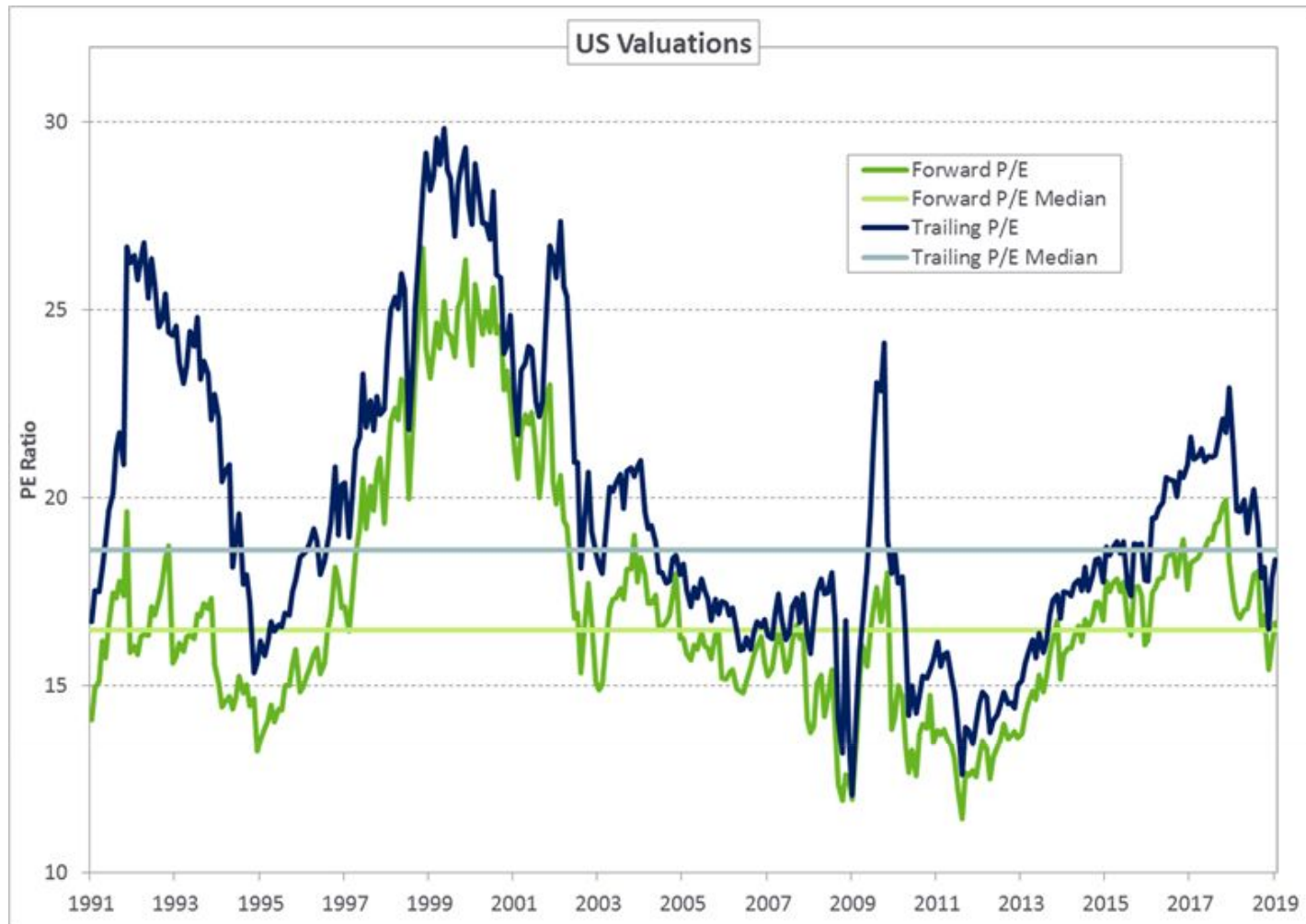
Source: S&P, MSCI, Bloomberg  
Earnings yield calculated as 1/PE Ratio



Source: S&P, MSCI, Bloomberg



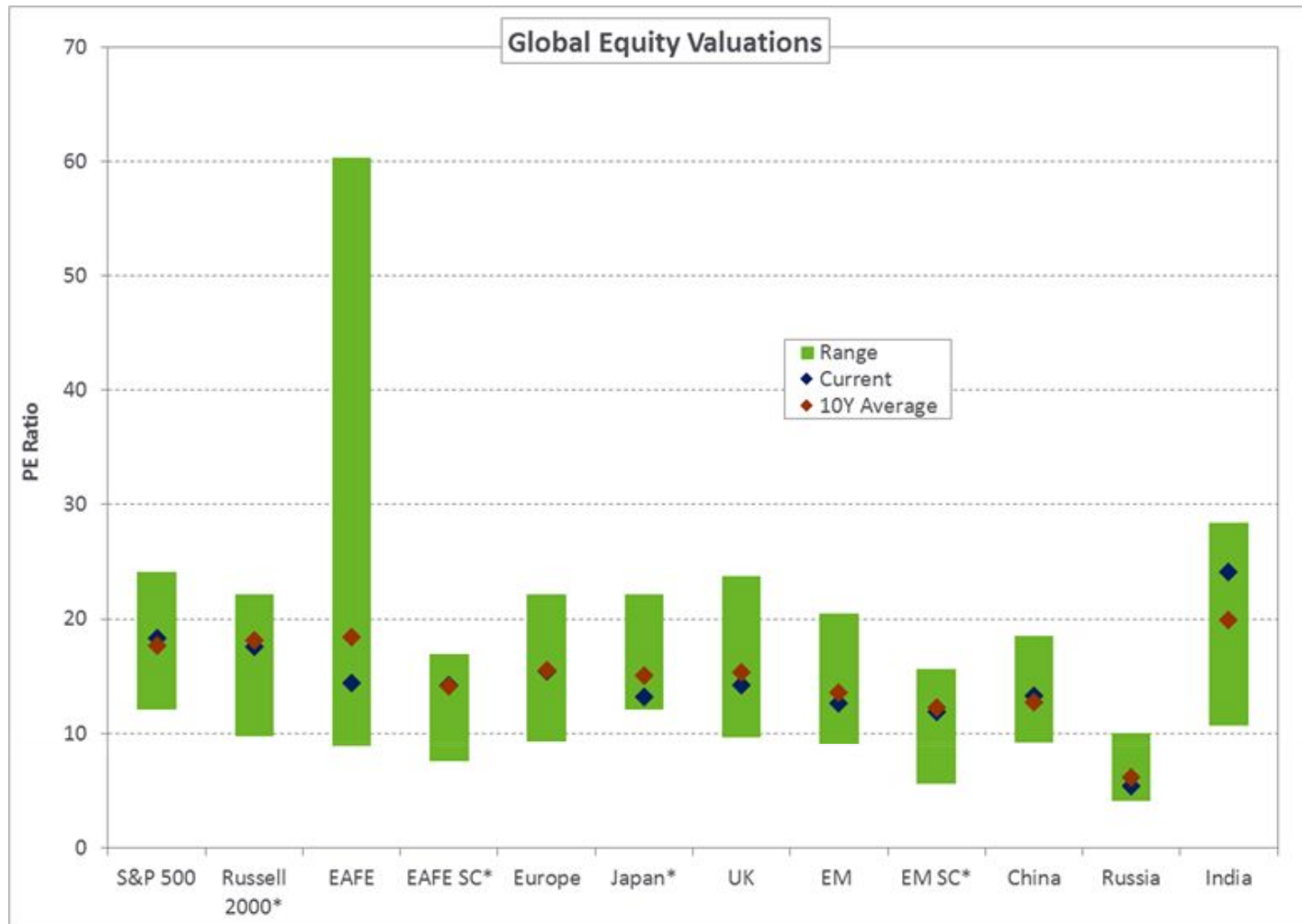
# US EQUITY VALUATIONS



Source: S&P, Bloomberg  
Medians calculated as of 01/31/1990



# GLOBAL EQUITY VALUATIONS



Source: S&P, Russell, MSCI, Bloomberg, NEPC  
 \*Denotes the use of index-adjusted positive PE ratio  
 Ranges calculated using trailing 10-year figures



# CREDIT

NEPC, LLC

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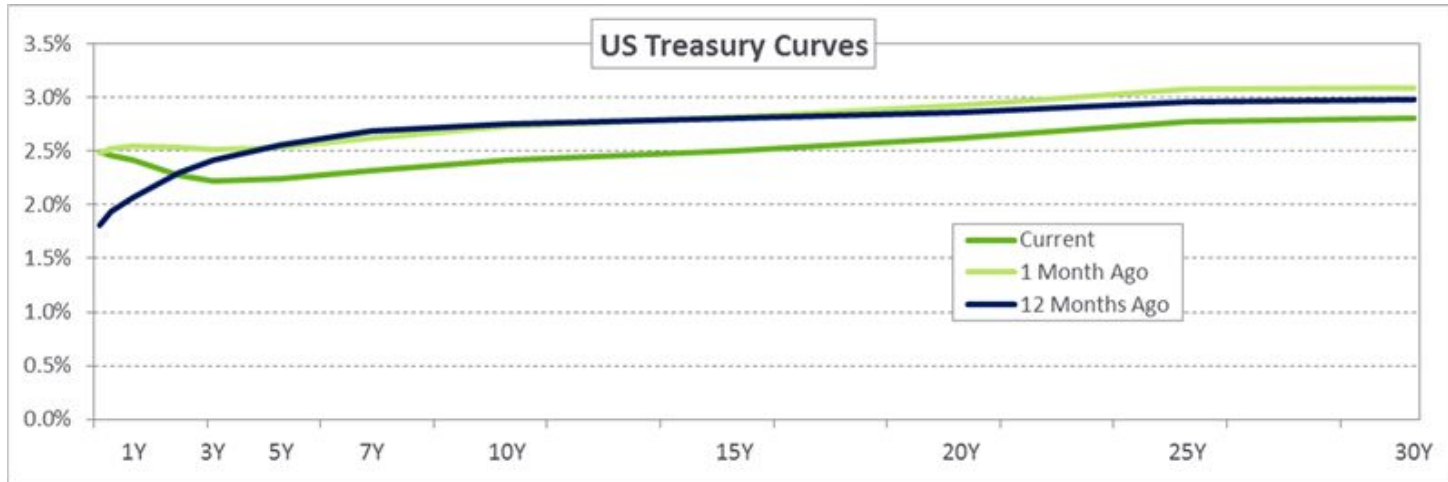
## FIXED INCOME CHARACTERISTICS

	Averages			Total Returns (%)		
	Yield to Worst	Spread (bps)	Duration (Years)	1-Month	YTD	1-Year
Barclays Aggregate	2.9%	44	5.8	1.9%	2.9%	4.5%
Barclays Treasury	2.4%	-	6.2	1.9%	2.1%	4.2%
Barclays Agency	2.5%	13	4.1	1.4%	1.8%	3.7%
Barclays MBS	3.1%	35	4.0	1.5%	2.2%	4.4%
Barclays ABS	2.6%	33	2.4	0.7%	1.5%	3.7%
Barclays CMBS	3.0%	69	5.3	1.8%	3.2%	5.4%
Barclays Corp IG	3.6%	119	7.4	2.5%	5.1%	4.9%
Barclays Muni	2.3%	-	5.8	1.6%	2.9%	5.4%
Barclays HY Muni	4.7%	-	8.8	2.6%	3.8%	8.1%
Barclays TIPS	2.6%	-	5.2	1.8%	3.2%	2.7%
Barclays HY	6.4%	391	3.4	0.9%	7.3%	5.9%
Barclays Global Agg	1.8%	48	7.0	1.3%	2.2%	-0.4%
JPM EMBI Glob Div	6.1%	372.77	7.4	1.4%	7.0%	4.2%
JPM CEMBI Broad	4.5%	282.7	4.5	1.3%	5.2%	4.6%
JPM GBI - EM	6.2%	-	5.2	-1.3%	2.9%	-7.6%

Source: Barclays, JPM, Bloomberg



# TREASURIES



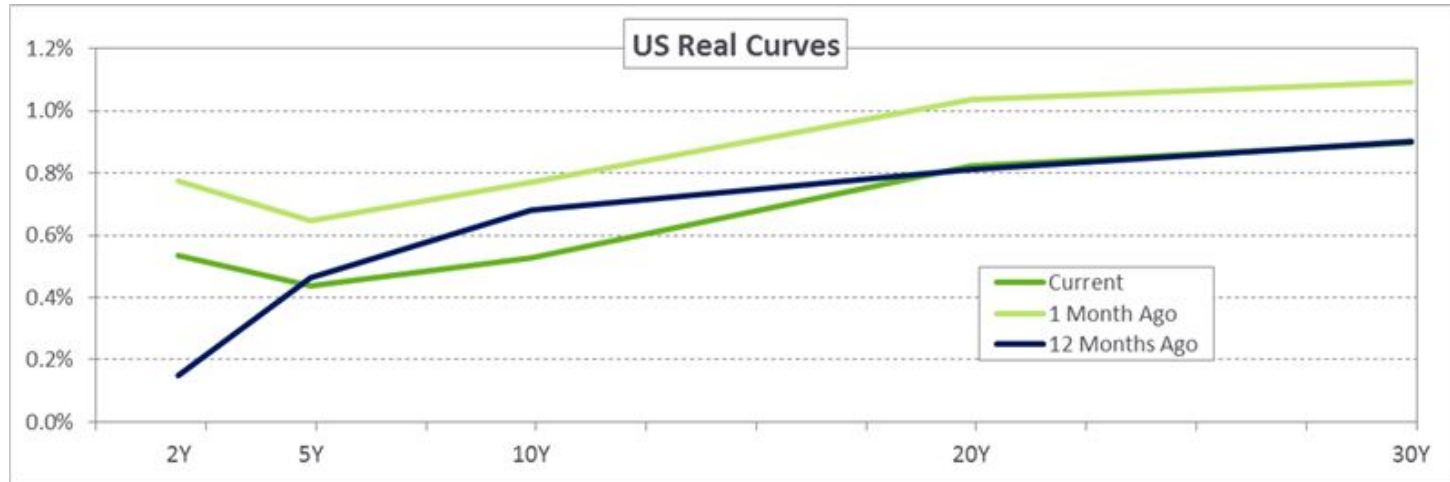
Source: Bloomberg

	Yield (%)			Total Return (%)	
	Current	1 Month Ago	12 Months Ago	1 Month	12 Months
3M Treasury	2.49%	2.49%	1.81%	0.21%	2.09%
6M Treasury	2.46%	2.52%	1.94%	0.23%	2.22%
2Y Treasury	2.28%	2.54%	2.30%	0.63%	2.56%
5Y Treasury	2.24%	2.54%	2.56%	1.49%	4.37%
10Y Treasury	2.41%	2.73%	2.75%	2.84%	5.60%
30Y Treasury	2.81%	3.09%	2.98%	5.60%	6.26%

Source: Barclays, Bloomberg



# REAL YIELDS



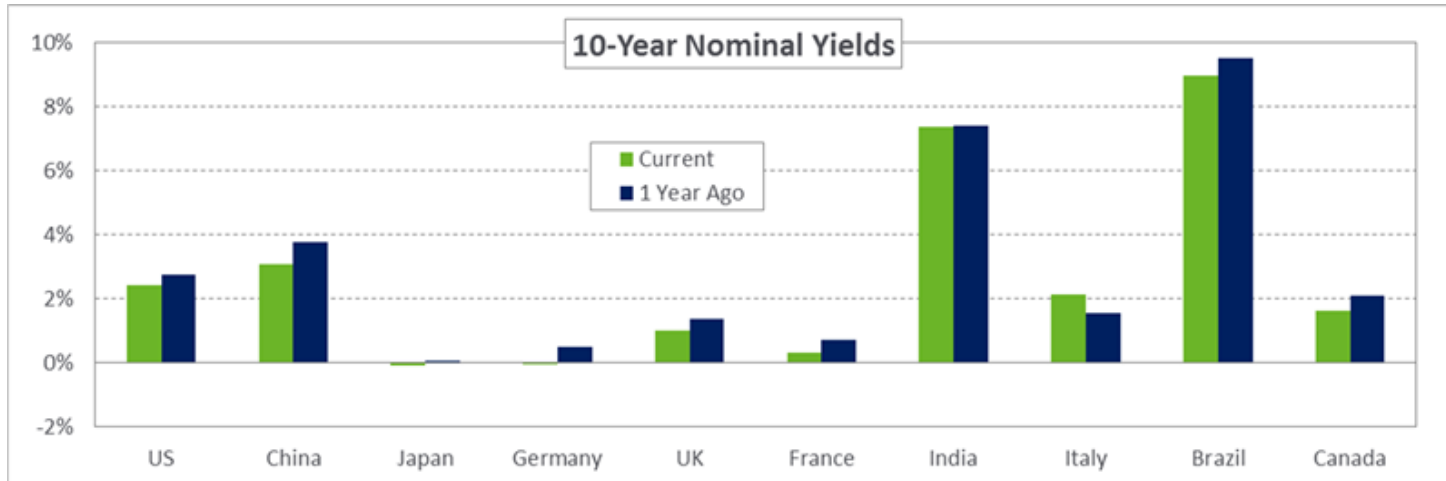
Source: Bloomberg

	Real Rates			Breakeven Rates	
	Current	1 Month Ago	12 Months Ago	Current	12 Months Ago
<b>2Y Treasury</b>	0.53%	0.78%	0.15%	1.83%	1.98%
<b>5Y Treasury</b>	0.44%	0.65%	0.47%	1.79%	2.04%
<b>10Y Treasury</b>	0.53%	0.77%	0.68%	1.87%	2.06%
<b>20Y Treasury</b>	0.82%	1.04%	0.81%	1.85%	2.00%
<b>30Y Treasury</b>	0.90%	1.09%	0.90%	1.92%	2.07%

Source: Barclays, Bloomberg



# NOMINAL YIELDS



Source: Bloomberg

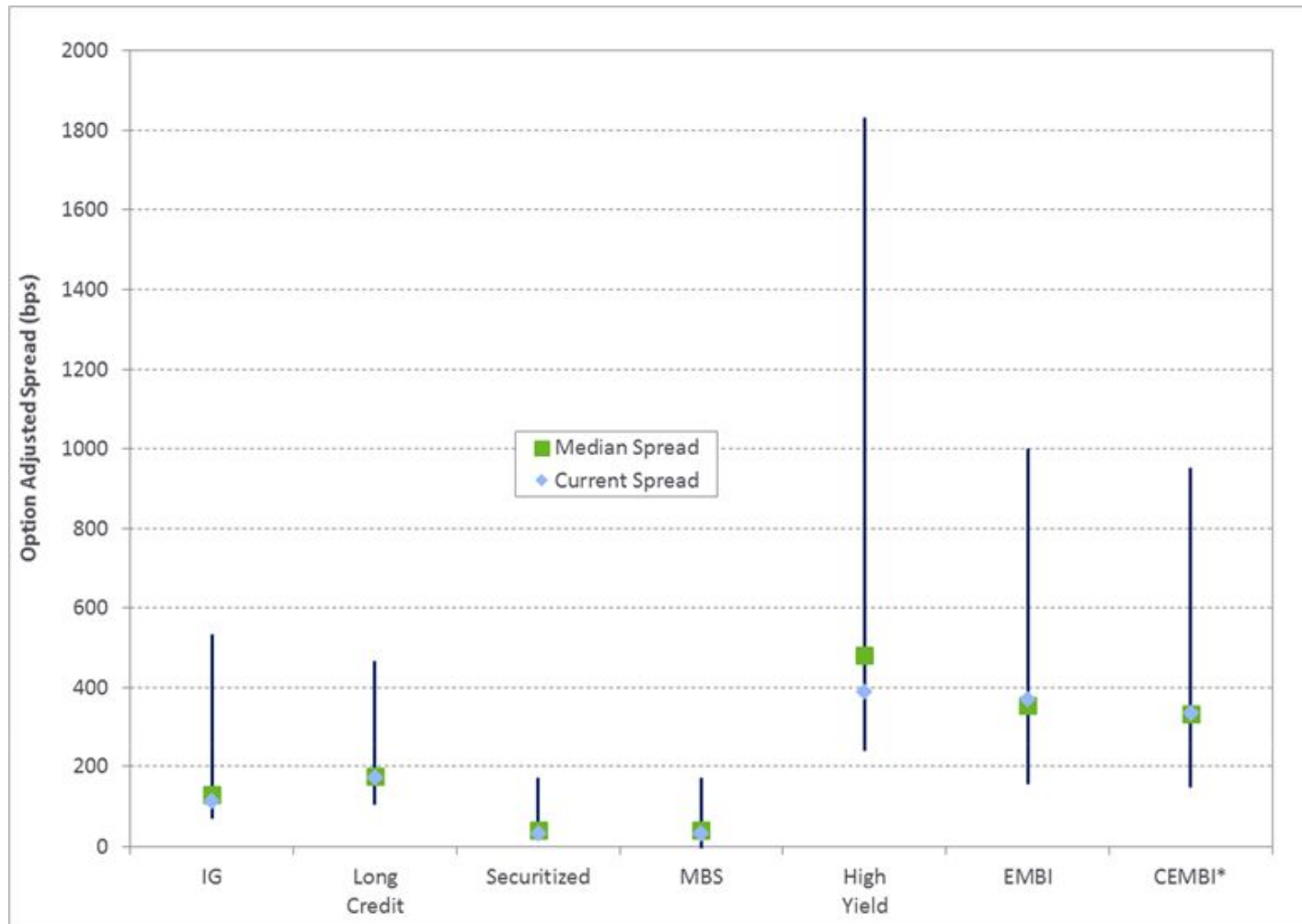


Source: Bloomberg





# CREDIT SPREADS



Source: Barclays, JPM, Bloomberg  
 Data range: 01/31/2000 through month-end  
 \*JPM CEMBI calculated since 12/31/2001



# REAL ASSETS

NEPC, LLC

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## REAL ASSETS INDEX PERFORMANCE

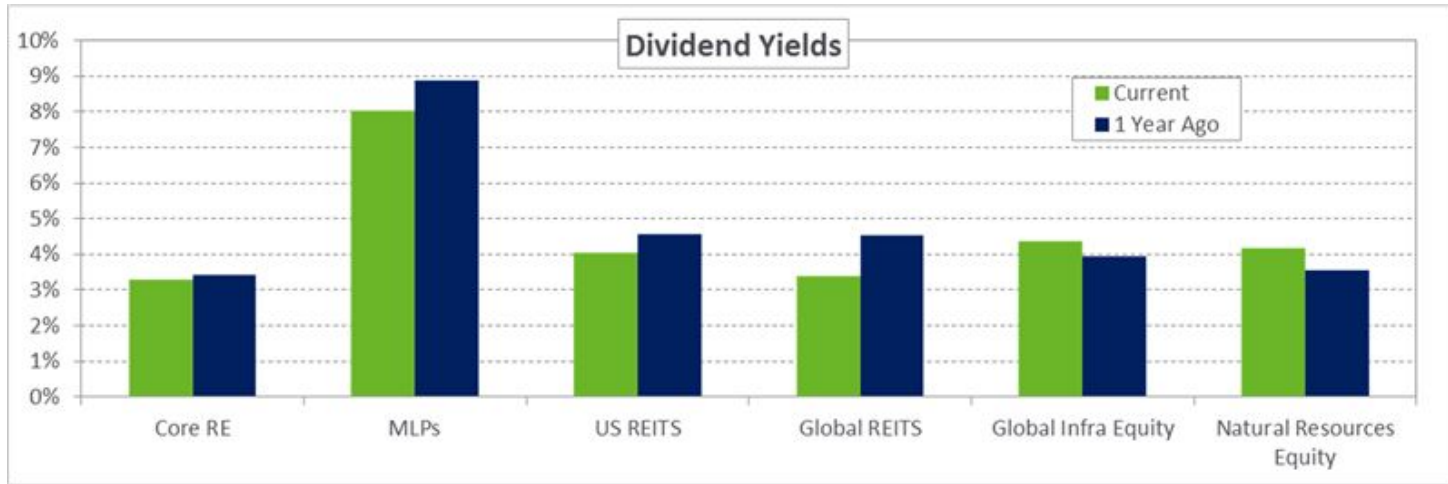
Index	1 Month	3 Month	YTD	1 Year	3 Year	5 Year
<b>Bloomberg Commodity Index</b>	<b>-0.2%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>-5.3%</b>	<b>2.2%</b>	<b>-8.9%</b>
<b>Bloomberg Sub Agriculture Index</b>	<b>-2.2%</b>	<b>-3.2%</b>	<b>-3.2%</b>	<b>-16.3%</b>	<b>-8.0%</b>	<b>-12.4%</b>
Coffee	-3.8%	-9.5%	-9.5%	-28.0%	-17.7%	-19.9%
Corn	-3.7%	-6.3%	-6.3%	-17.8%	-9.8%	-15.8%
Cotton	6.8%	6.2%	6.2%	-4.0%	10.2%	-2.0%
Soybean	-2.9%	-2.7%	-2.7%	-21.6%	-5.8%	-9.2%
Soybean Oil	-6.2%	0.7%	0.7%	-16.2%	-10.7%	-10.9%
Sugar	-1.8%	5.8%	5.8%	-4.8%	-10.9%	-15.0%
Wheat	-0.2%	-9.0%	-9.0%	-8.7%	-14.4%	-17.5%
<b>Bloomberg Sub Energy</b>	<b>0.7%</b>	<b>15.9%</b>	<b>15.9%</b>	<b>-0.5%</b>	<b>7.5%</b>	<b>-16.7%</b>
Brent Crude	1.9%	25.2%	25.2%	1.1%	15.3%	-15.0%
Heating Oil	-2.3%	19.3%	19.3%	0.9%	15.3%	-11.2%
Natural Gas	-5.5%	-7.9%	-7.9%	-1.3%	-6.2%	-24.8%
Unleaded Gas	6.8%	26.7%	26.7%	-9.9%	4.1%	-13.1%
WTI Crude Oil	4.6%	30.2%	30.2%	-4.9%	9.6%	-18.4%
<b>Bloomberg Sub Industrial Metals</b>	<b>0.9%</b>	<b>12.8%</b>	<b>12.8%</b>	<b>-3.1%</b>	<b>11.3%</b>	<b>0.1%</b>
Aluminum	-0.2%	3.2%	3.2%	-2.5%	7.3%	-1.0%
Copper	-0.2%	12.0%	12.0%	-3.6%	8.9%	-1.6%
Nickel	-0.5%	21.5%	21.5%	-2.5%	14.2%	-5.1%
Zinc	6.1%	20.6%	20.6%	-4.4%	19.9%	8.5%
<b>Bloomberg Sub Precious Metals</b>	<b>-2.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-4.0%</b>	<b>0.2%</b>	<b>-1.9%</b>
Gold	-1.6%	0.9%	0.9%	-2.8%	0.8%	-0.4%
Silver	-3.2%	-2.8%	-2.8%	-7.9%	-2.0%	-6.4%
<b>Bloomberg Sub Livestock</b>	<b>6.3%</b>	<b>4.7%</b>	<b>4.7%</b>	<b>14.4%</b>	<b>0.7%</b>	<b>-4.3%</b>
Lean Hogs	23.7%	6.8%	6.8%	6.5%	-4.0%	-12.6%
Live Cattle	-1.9%	2.4%	2.4%	17.2%	2.8%	0.7%

Source: Bloomberg

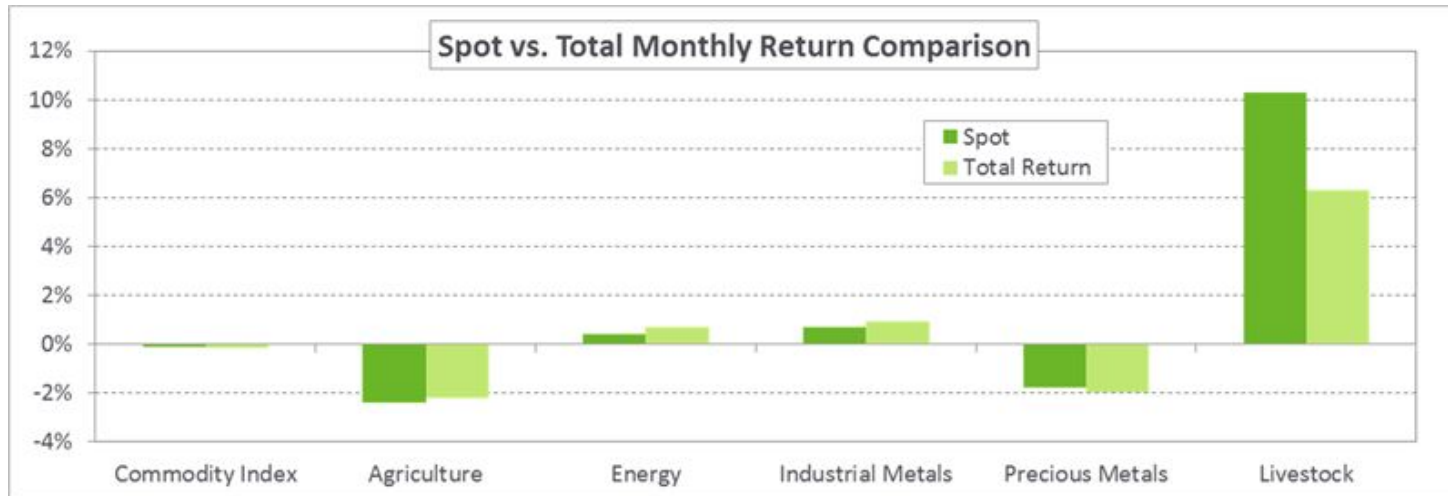
Bloomberg subindex total return indices reflects the return of the underlying one month commodity futures price movements



# INCOME YIELD



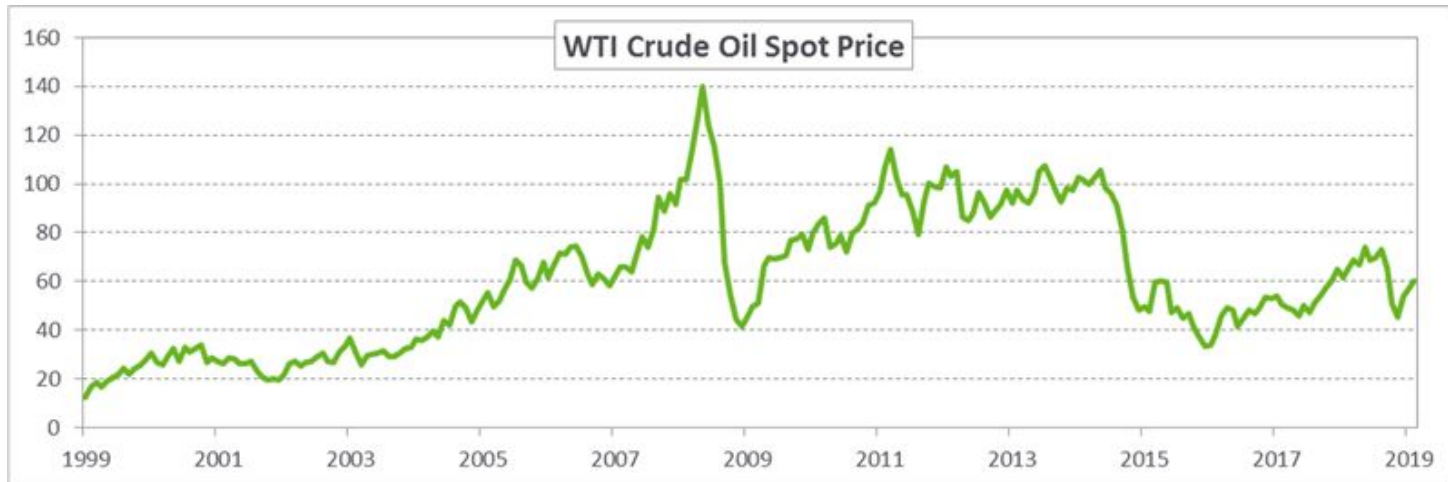
Source: Alerian, NAREIT, S&P, Bloomberg



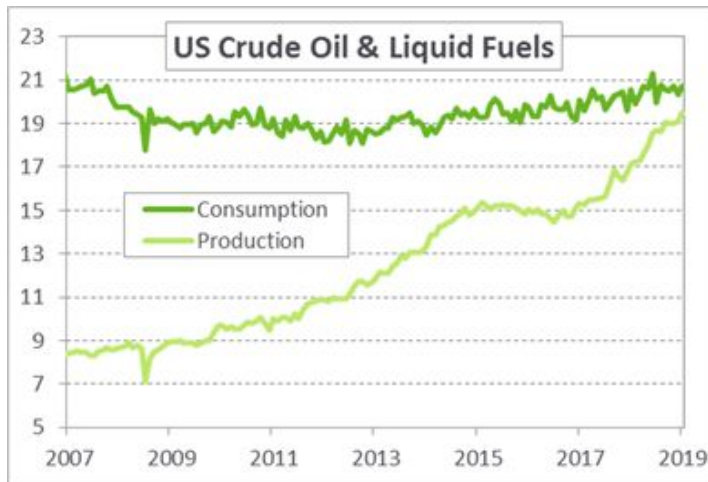
Source: Bloomberg, NEPC



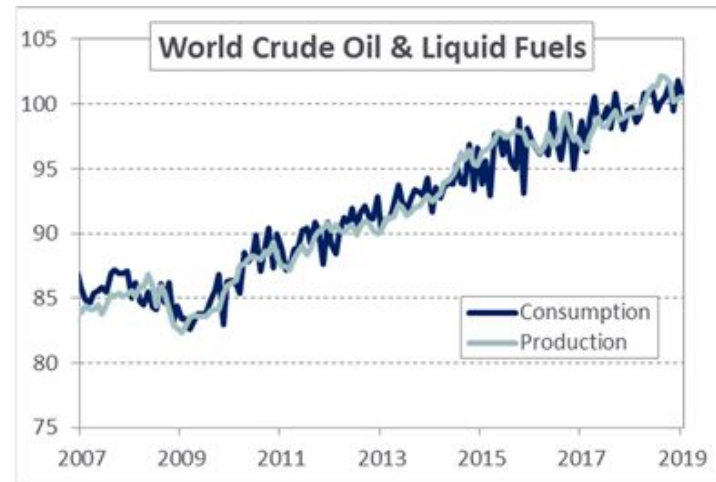
# OIL MARKETS



Source: New York Mercantile Exchange, Bloomberg



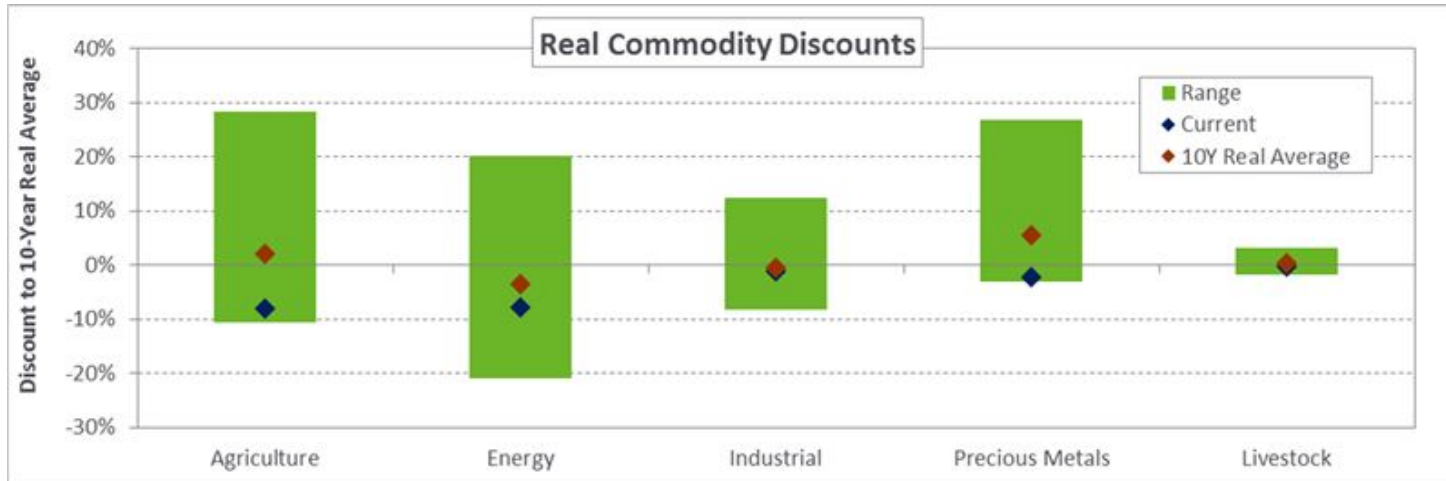
Source: US Department of Energy, Bloomberg



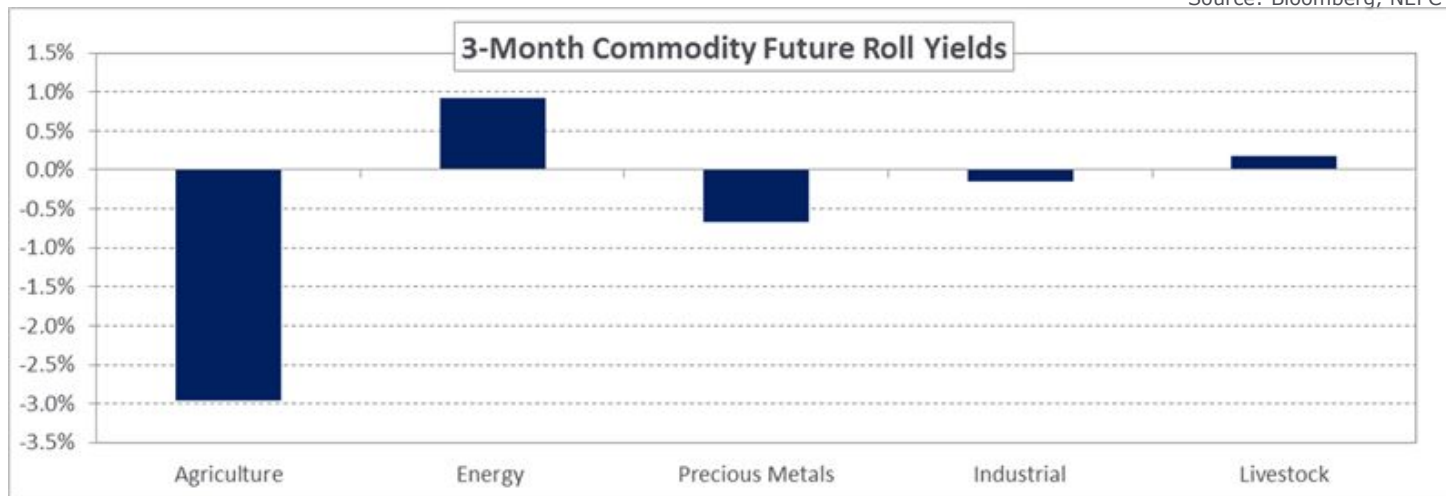
Source: OECD, Bloomberg



# VALUATIONS



Source: Bloomberg, NEPC



Source: Bloomberg



# INVESTMENT GUIDELINES

- **Sprucegrove U.S. International Pooled Fund**
  - The Fund seeks to maximize the long-term rate of return while seeking to preserve investment capital by investing primarily in equity and quasi-equity securities of companies with more value characteristics located in developed markets in the Europe, Australasia and the Far East ("EAFE") Index and to outperform the index, net of fees and achieve a high ranking relative to similar funds over a full market cycle.
- **Walter Scott & Partners International Fund**
  - The Fund will invest in equity securities that meet certain quantitative and qualitative investment criteria and will seek long-term capital appreciation. The Fund will tend to focus on those industries or sectors with more growth characteristics and experiencing upper quartile economic growth and may avoid industries which are in secular economic decline. The Fund seeks to outperform the MSCI Europe, Australasia and the Far East ("EAFE") Index net of fees, and achieve a high ranking relative to similar funds over a full market cycle.
- **Blackrock U.S. Debt Index Fund**
  - The U.S. Debt Index Fund shall be invested and reinvested primarily in a portfolio of Debt Securities with the objective of approximating as closely as practicable the total rate of return of the market for Debt Securities as defined by the Barclays Capital/Bloomberg U.S. Aggregate Bond Index.
- **Western Asset Management Core Plus Fixed Income Separate Account**
  - The objective of the Portfolio is to provide above-average total return in a manner that is consistent with the typical rate-of-return volatility exhibited by broad market fixed income portfolios. The Fund will seek to outperform the Bloomberg Barclays U.S. Aggregate Index, net of fees, over a full market cycle.
- **Reams Unconstrained Fixed Income Separate Account**
  - The Portfolio will be broadly diversified across markets, sectors, securities, and maturities in a manner consistent with accepted standards of prudence. The objective of the Portfolio is to maximize risk-adjusted total return by systematically pursuing relative value opportunities throughout all sectors of the fixed income market. The Portfolio will seek returns in excess of the Bloomberg/Barclays U.S. Aggregate Bond Index and/or the three month London Interbank Offered Rate ("LIBOR") in U.S. dollars plus 3% net of fees with an expected risk volatility goal of approximately 4 to 6% over a full market cycle.



# INVESTMENT GUIDELINES

- **Loomis, Sayles & Company Multisector Full Discretion Separate Account**
  - The fixed income portfolio should be broadly diversified across markets, sectors, securities, and maturities in a manner consistent with accepted standards of prudence. The objective of the Portfolio is to provide above-average total return in a manner that is consistent with the typical rate-of-return volatility exhibited by broad market fixed income portfolios. The return of the Manager should exceed that of the custom benchmark (30% of the rate of return of the Citigroup High-Yield Index, 5% of the rate of return of the J.P. Morgan Non-U.S. Hedged Bond Index and 65% of the rate of return of the Bloomberg Barclays U.S. Aggregate Bond Index), net of fees, over a full market cycle.
- **Loomis, Sayles & Company Strategic Alpha Fund**
  - The objective of the Fund is to provide absolute returns in excess of the Bloomberg/Barclays U.S. Aggregate Bond Index and/or the three month London Interbank Offered Rate (“LIBOR”) in U.S. dollars plus 3% net of fees with an expected risk volatility goal of approximately 4 to 6% over a full market cycle.
- **Bridgewater Associates All Weather Portfolio**
  - The investment objective of the Fund is to seek to provide attractive returns with relatively limited risks, with no material bias to perform better or worse in any particular type of economic environment. In other words, the portfolio seeks to perform approximately as well in rising or falling inflation periods, or in periods of strong or weak economic growth. To achieve this objective, the Fund holds investments in different asset classes that have different biases to economic conditions. The Manager will seek to outperform the CPI + 4% (Unadjusted) benchmark net of fees over a full market cycle.
- **Tortoise Energy Infrastructure Master Limited Partnership**
  - The Manager will invest in master limited partnerships with an investment approach that emphasizes a long-term, buy-and-hold philosophy with low turnover in an effort to achieve a portfolio characterized by high current income, high growth and low volatility. The Manager invests primarily in long-haul pipelines and gathering & processing pipelines. The Manager will seek to outperform the Wells Fargo MLP Index net of fees over a full market cycle.





# INVESTMENT GUIDELINES

- **PGIM Real Estate Property Investment Separate Account**
  - PRISA is a broadly diversified equity real estate portfolio that invests primarily in existing, income-producing properties with strong cash flow that is expected to increase over time and thereby provide the potential for capital appreciation. The Fund's performance objective is to produce a total return each year that meets or exceeds the National Council of Real Estate Investment Fiduciaries Fund Index – Open-End Diversified Core Equity ("NCREIF-ODCE") net of fees, while maintaining the benefits of a broadly diversified, core real estate portfolio.
- **UBS Realty Investors Trumbull Property Fund**
  - The Fund seeks to provide investors with strategic market access to high-quality private commercial real estate with the financial objective of providing superior risk-adjusted returns across the real estate cycles. Maximize the quality and growth of the Fund's income by acquiring and aggressively managing high quality assets in major US metropolitan markets to minimize risk through diversification by property type, geographic location and economic sector. The Fund's performance objective is to outperform the National Council of Real Estate Investment Fiduciaries Fund Index – Open-End Diversified Core Equity ("NCREIF-ODCE") index net of fees, and a 5% real rate of return (inflation-adjusted return) over a full market cycle.



# GLOSSARY OF INVESTMENT TERMINOLOGY

**Alpha** - Measures the relationship between the fund performance and the performance of another fund or benchmark index and equals the excess return while the other fund or benchmark index is zero.

**Alpha Jensen** - The average return on a portfolio over and above that predicted by the capital asset pricing model (CAPM), given the portfolio's beta and the average market return. Also known as the abnormal return or the risk adjusted excess return.

**Annualized Excess Return over Benchmark** - Annualized fund return minus the annualized benchmark return for the calculated return.

**Annualized Return** - A statistical technique whereby returns covering periods greater than one year are converted to cover a 12 month time span.

**Beta** - Measures the volatility or systematic risk and is equal to the change in the fund's performance in relation to the change in the assigned index's performance.

**Information Ratio** - A measure of the risk adjusted return of a financial security, asset, or portfolio.

*Formula:*  
 $(\text{Annualized Return of Portfolio} - \text{Annualized Return of Benchmark}) / \text{Annualized Standard Deviation}(\text{Period Portfolio Return} - \text{Period Benchmark Return})$ . To annualize standard deviation, multiply the deviation by the square root of the number of periods per year where monthly returns per year equals 12 and quarterly returns is four periods per year.

**R-Squared** - Represents the percentage of a fund's movements that can be explained by movements in an index. R-Squared values range from 0 to 100. An R-Squared of 100 denotes that all movements of a fund are completely explained by movements in the index.

**Sharpe Ratio** - A measure of the excess return or risk premium per unit of risk in an investment asset or trading strategy.

**Sortino Ratio** - A method to differentiate between good and bad volatility in the Sharpe Ratio. The differentiation of up and down volatility allows the calculation to provide a risk adjusted measure of a security or fund's performance without upward price change penalties.

*Formula:*  
 $\text{Calculation Average } (X-Y) / \text{Downside Deviation } (X-Y) * 2$   
 Where X=Return Series X Y = Return Series Y which is the risk free return (91 day T-bills)

**Standard Deviation** - The standard deviation is a statistical term that describes the distribution of results. It is a commonly used measure of volatility of returns of a portfolio, asset class, or security. The higher the standard deviation the more volatile the returns are.

*Formula:*  
 $(\text{Annualized Return of Portfolio} - \text{Annualized Return of Risk Free}) / \text{Annualized Standard Deviation (Portfolio Returns)}$

**Tracking Error** - Tracking error, also known as residual risk, is a measure of the degree to which a portfolio tracks its benchmark. It is also a measure of consistency of excess returns. Tracking error is computed as the annualized standard deviation of the difference between a portfolio's return and that of its benchmark.

*Formula:*  
 $\text{Tracking Error} = \text{Standard Deviation } (X-Y) * \sqrt{\# \text{ of periods per year}}$   
 Where X = periods portfolio return and Y = the period's benchmark return  
 For monthly returns, the periods per year = 12  
 For quarterly returns, the periods per year = 4

**Treynor Ratio** - A risk-adjusted measure of return based on systematic risk. Similar to the Sharpe ratio with the difference being the Treynor ratio uses beta as the measurement of volatility.

*Formula:*  
 $(\text{Portfolio Average Return} - \text{Average Return of Risk-Free Rate}) / \text{Portfolio Beta}$

**Up/Down Capture Ratio** - A measure of what percentage of a market's returns is "captured" by a portfolio. For example, if the market declines 10% over some period, and the manager declines only 9%, then his or her capture ratio is 90%. In down markets, it is advantageous for a manager to have as low a capture ratio as possible. For up markets, the higher the capture ratio the better. Looking at capture ratios can provide insight into how a manager achieves excess returns. A value manager might typically have a lower capture ratio in both up and down markets, achieving excess returns by protecting on the downside, whereas a growth manager might fall more than the overall market in down markets, but achieve above-market returns in a rising market.

$\text{UpsideCapture} = \text{TotalReturn}(\text{FundReturns}) / \text{TotalReturns}(\text{BMReturn})$  when  $\text{Period Benchmark Return is } > = 0$

$\text{DownsideCapture} = \text{TotalReturn}(\text{FundReturns}) / \text{TotalReturns}(\text{BMReturn})$  when  $\text{Benchmark } < 0$

Data Source: InvestorForce



# GLOSSARY OF INVESTMENT TERMINOLOGY

**# Of Portfolios/Observations<sup>1</sup>** – The total number of data points that make up a specified universe

**Allocation Index<sup>3</sup>** - The allocation index measures the value added (or subtracted) to each portfolio by active management. It is calculated monthly: The portfolio asset allocation to each category from the prior month-end is multiplied by a specified market index.

**Asset Allocation Effect<sup>2</sup>** - Measures an investment manager's ability to effectively allocate their portfolio's assets to various sectors. The allocation effect determines whether the overweighting or underweighting of sectors relative to a benchmark contributes positively or negatively to the overall portfolio return. Positive allocation occurs when the portfolio is over weighted in a sector that outperforms the benchmark and underweighted in a sector that underperforms the benchmark. Negative allocation occurs when the portfolio is over weighted in a sector that underperforms the benchmark and under weighted in a sector that outperforms the benchmark.

**Agency Bonds (Agencies)<sup>3</sup>** - The full faith and credit of the United States government is normally not pledged to payment of principal and interest on the majority of government agencies issuing these bonds, with maturities of up to ten years. Their yields, therefore, are normally higher than government and their marketability is good, thereby qualifying them as a low risk-high liquidity type of investment. They are eligible as security for advances to the member banks by the Federal Reserve, which attests to their standing.

**Asset Backed Securities (ABS)<sup>3</sup>** - Bonds which are similar to mortgage-backed securities but are collateralized by assets other than mortgages; commonly backed by credit card receivables, auto loans, or other types of consumer financing.

**Attribution<sup>3</sup>** - Attribution is an analytical technique that allows us to evaluate the performance of the portfolio relative to the benchmark. A proper attribution tells us where value was added or subtracted as a result of the manager's decisions.

**Average Effective Maturity<sup>4</sup>** - For a single bond, it is a measure of maturity that takes into account the possibility that a bond might be called back to the issuer.

For a portfolio of bonds, average effective maturity is the weighted average of the maturities of the underlying bonds. The measure is computed by weighing each bond's maturity by its market value with respect to the portfolio and the likelihood of any of the bonds being called. In a pool of mortgages, this would also account for the likelihood of prepayments on the mortgages.

**Batting Average<sup>1</sup>** - A measurement representing an investment manager's ability to meet or beat an index.

*Formula: Divide the number of days (or months, quarters, etc.) in which the manager beats or matches the index by the total number of days (or months, quarters, etc.) in the period of question and multiply that factor by 100.*

**Brinson Fachler (BF) Attribution<sup>1</sup>** - The BF methodology is a highly accepted industry standard for calculating the allocation, selection, and interaction effects within a portfolio that collectively explains a portfolio's underlying performance. The main advantage of the BF methodology is that rather than using the overall return of the benchmark, it goes a level deeper than BHB and measures whether the benchmark sector, country, etc. outperformed/or underperformed the overall benchmark.

**Brinson Hood Beebower (BHB) Attribution<sup>1</sup>** - The BHB methodology shows that excess return must be equal to the sum of all other factors (i.e., allocation effect, selection effect, interaction effect, etc.). The advantage to using the BHB methodology is that it is a highly accepted industry standard for calculating the allocation, selection, and interaction effects within a portfolio that collectively explains a portfolio's underlying performance.

**Corporate Bond (Corp)<sup>4</sup>** - A debt security issued by a corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations. In some cases, the company's physical assets may be used as collateral for bonds.

**Correlation<sup>1</sup>** - A range of statistical relationships between two or more random variables or observed data values. A correlation is a single number that describes the degree of relationship between variables.

Data Source: <sup>1</sup>InvestorForce, <sup>2</sup>Interaction Effect Performance Attribution, <sup>3</sup>NEPC, LLC, <sup>4</sup>Investopedia, <sup>5</sup>Hedgeco.net



# GLOSSARY OF INVESTMENT TERMINOLOGY

**Coupon<sup>4</sup>** – The interest rate stated on a bond when it is issued. The coupon is typically paid semiannually. This is also referred to as the "coupon rate" or "coupon percent rate."

**Currency Effect<sup>1</sup>** - Is the effect that changes in currency exchange rates over time affect excess performance.

**Derivative Instrument<sup>3</sup>** - A financial obligation that derives its precise value from the value of one or more other instruments (or assets) at the same point of time. For example, the relationship between the value of an S&P 500 futures contract (the derivative instrument in this case) is determined by the value of the S&P 500 Index and the value of a U.S. Treasury bill that matures at the expiration of the futures contract.

**Downside Deviation<sup>1</sup>** - Equals the standard deviation of negative return or the measure of downside risk focusing on the standard deviation of negative returns.

*Formula:*

*Annualized Standard Deviation (Fund Return - Average Fund Return) where average fund return is greater than individual fund returns, monthly or quarterly.*

**Duration<sup>3</sup>** - Duration is a measure of interest rate risk. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates. A bond's duration is inversely related to interest rates and directly related to time to maturity.

**Equity/Debt/Cash Ratio<sup>1</sup>** – The percentage of an investment or portfolio that is in Equity, Debt, and/or Cash (i.e. A 7/89/4 ratio represents an investment that is made up of 7% Equity, 89% Debt, and 4% Cash).

**Foreign Bond<sup>3</sup>** - A bond that is issued in a domestic market by a foreign entity, in the domestic market's currency. A foreign bond is most often issued by a foreign firm to raise capital in a domestic market that would be most interested in purchasing the firm's debt. For foreign firms doing a large amount of business in the domestic market, issuing foreign bonds is a common practice.

**Hard Hurdle<sup>5</sup>** – is a hurdle rate that once beaten allows a fund manager to charge a performance fee on only the funds above the specified hurdle rate.

**High-Water Mark<sup>4</sup>** - The highest peak in value that an investment fund/account has reached. This term is often used in the context of fund manager compensation, which is performance based. Some performance-based fees only get paid when fund performance exceeds the high-water mark. The high-water mark ensures that the manager does not get paid large sums for poor performance.

**Hurdle Rate<sup>4</sup>** - The minimum rate of return on an investment required, in order for a manager to collect incentive fees from the investor, which is usually tied to a benchmark.

**Interaction Effects<sup>2</sup>** - The interaction effect measures the combined impact of an investment manager's selection and allocation decisions within a sector. For example, if an investment manager had superior selection and over weighted that particular sector, the interaction effect is positive. If an investment manager had superior selection, but underweighted that sector, the interaction effect is negative. In this case, the investment manager did not take advantage of the superior selection by allocating more assets to that sector. Since many investment managers consider the interaction effect to be part of the selection or the allocation, it is often combined with the either effect.

**Median<sup>3</sup>** - The value (rate of return, market sensitivity, etc.) that exceeds one-half of the values in the population and that is exceeded by one-half of the values. The median has a percentile rank of 50.

**Modified Duration<sup>3</sup>** - The percentage change in the price of a fixed income security that results from a change in yield.

**Mortgage Backed Securities (MBS)<sup>3</sup>** - Bonds which are a general obligation of the issuing institution but are also collateralized by a pool of mortgages.

**Municipal Bond (Muni)<sup>4</sup>** - A debt security issued by a state, municipality or county to finance its capital expenditures.

**Net Investment Change<sup>1</sup>** – Is the change in an investment after accounting for all Net Cash Flows.

**Performance Fee<sup>4</sup>** - A payment made to a fund manager for generating positive returns. The performance fee is generally calculated as a percentage of investment profits, often both realized and unrealized.

Data Source: <sup>1</sup>InvestorForce, <sup>2</sup>Interaction Effect Performance Attribution, <sup>3</sup>NEPC, LLC, <sup>4</sup>Investopedia, <sup>5</sup>Hedgero.net





## GLOSSARY OF INVESTMENT TERMINOLOGY

**Policy Index<sup>3</sup>** - A custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the asset allocation targets set forth in this investment policy statement.

**Price to Book (P/B)<sup>4</sup>** - A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share, also known as the "price-equity ratio".

**Price to Earnings (P/E)<sup>3</sup>** - The weighted equity P/E is based on current price and trailing 12 months earnings per share (EPS).

**Price to Sales (P/S)<sup>4</sup>** - A ratio for valuing a stock relative to its own past performance, other companies, or the market itself. Price to sales is calculated by dividing a stock's current price by its revenue per share for the trailing 12 months.

**Return on Equity (ROE)<sup>4</sup>** - The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

**Selection (or Manager) Effect<sup>2</sup>** - Measures the investment manager's ability to select securities within a given sector relative to a benchmark. The over or underperformance of the portfolio is weighted by the benchmark weight, therefore, selection is not affected by the manager's allocation to the sector. The weight of the sector in the portfolio determines the size of the effect—the larger the sector, the larger the effect is, positive or negative.

**Soft Hurdle rate<sup>5</sup>** - is a hurdle rate that once beaten allows a fund manager to charge a performance fee based on the entire annualized return.

**Tiered Fee<sup>1</sup>** - A fee structure that is paid to fund managers based on the size of the investment (i.e. 1.00% fee on the first \$10M invested, 0.90% on the next \$10M, and 0.80% on the remaining balance).

**Total Effects<sup>2</sup>** - The active management (total) effect is the sum of the selection, allocation, and interaction effects. It is also the difference between the total portfolio return and the total benchmark return. You can use the active management effect to determine the amount the investment manager has added to a portfolio's return.

**Total Return<sup>1</sup>** - The actual rate of return of an investment over a specified time period. Total return includes interest, capital gains, dividends, and distributions realized over a defined time period.

**Universe<sup>3</sup>** - The list of all assets eligible for inclusion in a portfolio.

**Upside Deviation<sup>1</sup>** - Standard Deviation of Positive Returns

**Weighted Avg. Market Cap.<sup>4</sup>** - A stock market index weighted by the market capitalization of each stock in the index. In such a weighting scheme, larger companies account for a greater portion of the index. Most indexes are constructed in this manner, with the best example being the S&P 500.

**Yield (%)<sup>3</sup>** - The current yield of a security is the current indicated annual dividend rate divided by current price.

**Yield to Maturity<sup>3</sup>** -The discount rate that equates the present value of cash flows, both principal and interest, to market price.

Data Source: <sup>1</sup>InvestorForce, <sup>2</sup>Interaction Effect Performance Attribution, <sup>3</sup>NEPC, LLC, <sup>4</sup>Investopedia, <sup>5</sup>Hedgeco.net



## INFORMATION DISCLAIMER

- **Past performance is no guarantee of future results.**
- **The goal of this report is to provide a basis for monitoring financial markets. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.**
- **Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.**
- **All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.**
- **This report is provided as a management aid for the client's internal use only. This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.**



### **Information Disclaimer**

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- All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.
- NEPC's source for portfolio pricing, calculation of accruals, and transaction information is the plan's custodian bank. Information on market indices and security characteristics is received from other sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- Some index returns displayed in this report or used in calculation of a policy, allocation or custom benchmark may be preliminary and subject to change.
- This report is provided as a management aid for the client's internal use only. Information contained in this report does not constitute a recommendation by NEPC.
- This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

### **Reporting Methodology**

- The client's custodian bank is NEPC's preferred data source unless otherwise directed. NEPC generally reconciles custodian data to manager data. If the custodian cannot provide accurate data, manager data may be used.
- Trailing time period returns are determined by geometrically linking the holding period returns, from the first full month after inception to the report date. Rates of return are annualized when the time period is longer than a year. Performance is presented gross and/or net of manager fees as indicated on each page.
- For managers funded in the middle of a month, the "since inception" return will start with the first full month, although actual inception dates and cash flows are taken into account in all Composite calculations.
- This report may contain forward-looking statements that are based on NEPC's estimates, opinions and beliefs, but NEPC cannot guarantee that any plan will achieve its targeted return or meet other goals.





May 20, 2019

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

**SUBJECT: REVIEW AND ADOPTION OF PROPOSED FISCAL YEAR 2019-20 OPERATING BUDGET**

Board Members:

**Overview**

Government Code section 31580.2(a) requires the Board to adopt an annual budget covering the entire expense of administration of the retirement system. The total administrative expenses, which are direct charges against the earnings of the Fund, may not exceed the greater of twenty-one hundredths of one percent of the accrued actuarial liability of the system, or two million dollars (\$2,000,000), as adjusted annually by the amount of the annual cost of living adjustment (CAP). These expenditures will be budgeted in the Administrative budget which is comprised of an Administration and Information Technology (IT) Support budget.

Government Code section 31580.2(b) provides an exclusion from the CAP for expenditures for computer software, computer hardware, and computer technology consulting services in support of these computer products. These costs are identified as information technology costs herein. These expenditures will be budgeted in the IT-Exempt-CAP budget. Depreciation/Amortization related to capitalized expenditures will be included in the Other Expenditures Budget.

Government Code 31596.1, as amended, states that expenses of investing monies shall not be considered a cost of administration of the retirement system but shall be considered as a reduction in earnings from those investments or a charge against the assets of the system. These expenditures will be budgeted in the Investment or Other Expenditures Budgets.

*Other Expenditures, Investment, Information Technology and Contingency*

While including qualified operating, investment and information technology costs in the administrative costs would not result in exceeding the CAP, such qualified excludable operating, investment and information technology costs are identified separately and disclosed in the attached proposed budget schedules for the Board's information. This also serves to make future budgets more comparable. Further, staff has included a contingency line item in the Budget equal to ten percent (10%) of the Total Proposed Budget less total Extra-Help costs, to arrive at an adjusted total (further reduced by total Extra-Help costs, per prior Board direction). While inclusion of the



REVIEW AND ADOPTION OF PROPOSED FISCAL YEAR 2019-20 BUDGET

May 20, 2019

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contingency in the administrative costs would not result in exceeding the CAP, it is separately identified and disclosed in the attached proposed operating budget because it is not a cost of administration until a later budget revision incorporates all or a portion of it into the administrative budget.

*VCERA Budget at a Glance*

The following chart highlights the VCERA **total** proposed operating budget comprised of Administrative (Administration and IT-Support), all information technology (IT) costs, Investment, and Other Expenditures budgets, inclusive of proposed contingency. IT costs are separately identified as subject to ("IT-Support") and not subject to ("IT-Exempt-CAP") the CAP.

The total proposed Operating Budget for Fiscal Year (FY) 2019-20 is \$9,921,100 an increase of \$608,800 (6.5%) from the prior year adjusted budget and includes funding for VCERA's 29.5 Full Time Equivalent (FTE) positions. When adjusting for the effects of contingency, the overall increase is \$546,300 (6.3%) from the prior year adjusted budget. The amount includes administrative expenditures, information technology costs, investment, other expenditures and contingency. The details of the proposed increase will be discussed in the respective Administrative, Technology, Investments and Other Expenditures budget sections that follow.

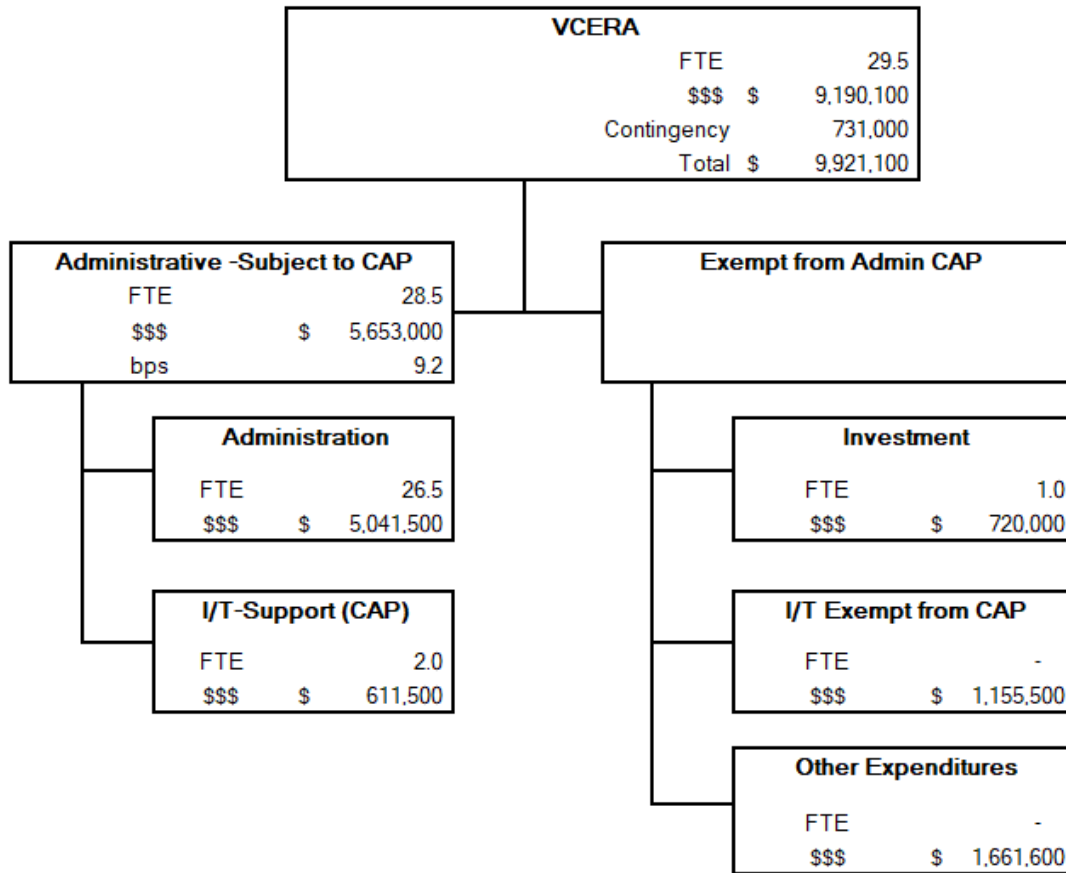
In addition, the Administrative budget shows a basis point calculation against Association actuarial liabilities. Administrative costs, when compared to the statutory provisions, total \$5,653,000 and 9.2 bps.

Not included in the proposed budget are costs associated with the remodel of VCERA's office space. The Board recently approved a new 10-year lease extension which includes additional office space to meet VCERA's current and long-term space requirements. Firm cost information was not available to include in the proposed budget. The contracted project manager is finalizing cost estimates and staff anticipates returning to the Board in June 2019 with a proposed project budget and projected timeline for completion of the remodel.

REVIEW AND ADOPTION OF PROPOSED FISCAL YEAR 2019-20 BUDGET

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**Administrative Budget**

The Administrative Budget is comprised of Administration and Information Technology (IT)-Support subdivisions, each comprised of Salaries and Benefits, Services and Supplies, and Technology (subject to CAP). For fiscal year 2019-20, we continue to create separate budgets to identify IT expenditures included and excluded from the CAP. As previously discussed, included in the IT-Support budget are technology expenditures that are subject to the CAP. Where it is not clear whether an IT expenditure should be included or excluded from the CAP, staff will take the conservative view and include the expenditure within the IT-Support subdivision of the Administrative budget.

*Salaries and Benefits:*

Salaries and Benefits in the proposed 2019-20 Administrative budget are \$4,675,500, reflecting an increase of \$203,400 or 4.5%, as compared to the prior fiscal year **adjusted** budget. When adjusting for the mid-year transfer of budgeted appropriations of \$79,500 from Salary and Benefits to other expenditure categories to cover anticipated shortfalls, the net increase was \$123,900 (or 2.7%) and is attributable to scheduled staff merit increases and increased benefit costs. In addition, we have budgeted 50% of two (2) Senior Program Administrator allocations to the IT-Support division as these two positions are hybrid positions that have responsibilities for both IT and Operations. (These two positions now report to the Chief Technology Officer.)

REVIEW AND ADOPTION OF PROPOSED FISCAL YEAR 2019-20 BUDGET

May 20, 2019

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Potential IT Needs - During the budget year, staff may recommend the addition of staffing in the area of database administration to pursue a more cost-effective solution for system improvements and/or modifications. Such a step would allow VCERA to pursue a co-development agreement with Vitech and allow for more flexibility with ongoing V3 needs.

Finally, staff is requesting \$170,900 in Extra-Help resources which is \$12,400 higher than last year's adjusted budget amount. Specific support they would continue to provide consists of: 1) expert assistance and support with the ongoing corrections, review and validation of the active payroll transmittal file; and 2) continued assistance to System Administrators with remaining cutover tasks and post Go-Live data clean-up efforts, and; 3) training of VCERA and Auditor-Controller staff on the transmittal audit and review to mitigate future need for extra help. (The Retirement Administrator will provide additional information about these tasks in her remarks at the May 20, 2019 meeting).

*Services and Supplies Changes:*

The total Administrative Services and Supplies proposed for Fiscal Year 2019-20 is \$921,800, a decrease of \$4,400 (0.5%) from the prior fiscal year **adjusted** budget. The decrease (\$2,,300) included other professional services (\$115,000), Rents/Leases-Structures (\$6,700), non-capital furniture (\$5,100), postage (\$5,000), Election Services (\$5,000) offset with increases in auditing \$50,000, training/travel staff \$13,000, hearing officer fees \$10,400, training/travel trustee \$9,200, printing \$7,000, cost allocation charges \$4,200, General Office Expense \$4,000, office supplies \$3,000, membership and dues \$2,800, with minor variances in the remaining accounts. The increase of \$50,000 in auditing is for performance of an internal audit as previously requested by the Board.

**Technology**

The Technology section of the proposed budget is comprised of Information Technology (IT) expenditures that are subject to the statutory CAP, and those that are excludible but included in the Administrative budget, pursuant to Government Code section 31580.2(b). The total proposed Technology budget for FY 2019-20 is \$1,211,200, comprised of Administrative IT-Support of \$55,700 and IT-Exempt from CAP of \$1,155,500, an increase of \$244,400 (25.3%) from the prior year adjusted budget. The increase is primarily related to the scheduled cyclical replacement/refresh of desktop computers and laptops \$83,000, contracted IT support services \$116,500 (previously budgeted under IT-Support), and desktop printer support \$51,000 that was inadvertently omitted from the prior budget. Included in this year's budget is \$754,900 for V3 costs for annual upgrade/maintenance fee (\$157,500), hosting (\$280,000), maintenance and support of the new system and programming enhancements (\$317,400). The \$317,400 for maintenance and support and programming enhancements is for 1,380 hours at the current hourly rate (\$230), which represents staff's best projection of anticipated programming changes/enhancements for the fiscal year.

**Investment Budget**

The proposed Investment budget for Fiscal Year 2019-20 is \$720,000, an increase of \$94,800 (15.2%) from the prior fiscal year **adjusted** budget. The primary increase is for legal fees \$68,000 for review of investment related documents as estimated by the CIO. The budget includes Salary and Benefits

REVIEW AND ADOPTION OF PROPOSED FISCAL YEAR 2019-20 BUDGET

May 20, 2019

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for the CIO, as well as the CIO's projections of investment-related expenditures (legal fees, investment-related travel, etc.).

**Other Expenditures Budget**

The Other Expenditures Budget captures expenditures that are not subject to the CAP pursuant to Government Code section 31596.1, but are not considered to be within the IT-Exempt or Investment Budget categories. Included in the Proposed Other Expenditures Budget are Actuarial Services and Depreciation/Amortization (V3 system) totaling \$1,661,600 - a decrease of \$6,000 or (0.4%) from the prior year adjusted budget. Staff included \$100,000 for the actuary (Segal) to perform Internal Revenue Code 415 limit calculations approved by the Board in February 2019. Staff is still performing the preliminary work required in order for Segal to begin their subsequent work; therefore, the expenditure to Segal will not take place in the current fiscal year, and so they are included in FY 2019-20. Future expenditures that do not meet the definition to be included in the other budgets will be budgeted in the Other Expenditures budget.

**Contingency and Other Considerations**

The contingency is set at ten percent (10%), but otherwise follows the existing methodology. Staff believes this to be a prudent budget practice. Contingency continues to require Board action for any transfer and use, and the Board maintains its full discretion and management over the use of these funds.

**RECOMMENDED ACTIONS:**

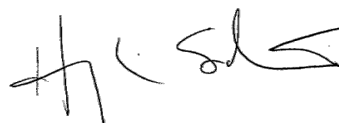
1. Adopt proposed 2019-2020 Operating Budget, including a contingency of 10%.

We would be pleased to respond to any questions you may have on this matter.

Sincerely,



Linda Webb  
Retirement Administrator



Henry C. Solis, CPA  
Chief Financial Officer

Attachment – Proposed Budget

**VENTURA COUNTY EMPLOYEES' RETIREMENT  
ASSOCIATION**

**PROPOSED OPERATING BUDGET**

**FISCAL YEAR  
2019-20**

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
STATUTORY LIMIT SCHEDULE  
PROPOSED BUDGET - FISCAL YEAR 2019 – 2020**

Government Code section 31580.2 provides for the adoption by the Board of Retirement an annual budget covering the entire expense of administration. This expense of administration is a direct charge against the earnings of the fund and shall not exceed the greater of twenty-one hundredths of one percent of the accrued actuarial liability of the system or two million dollars (\$2,000,000), as adjusted annually by the amount of the annual cost-of-living adjustment. Government Code section 31580.2(b) provides that expenditures for software, hardware and computer technology are not considered a cost of administration. The calculations of the maximum allowable budget and requested budget are summarized below.

	2018 -2019 ADOPTED		2018 -2019 ADJUSTED		2019-2020 ADOPTED	
		%		%		%
Accrued Actuarial Liability (6/30/17, 6/30/18)	\$ 5,703,396,000	N/A	\$ 5,703,396,000	N/A	\$ 6,129,758,000	N/A
Allowable Budget for Cost of Administration (21/100 of 1.0%)	11,977,100	0.21%	11,977,100	0.21%	12,872,500	0.21%
Salaries and Benefits	\$ 4,551,600	0.080%	\$ 4,472,100	0.078%	4,675,500	0.076%
Services and Supplies	1,016,000	0.018%	924,100	0.016%	921,800	0.015%
Information Technology (IT) - Support	55,700	0.001%	58,900	0.001%	55,700	0.001%
Total Administrative (Subject to CAP)	\$ 5,623,300	0.099%	\$ 5,455,100	0.095%	\$ 5,653,000	0.092%
Under Statutory Limitation	\$ 6,353,800	0.111%	\$ 6,522,000	0.114%	\$ 7,219,500	0.118%
Expenditures Exempt from CAP:						
Investment	575,400	0.010%	625,200	0.011%	720,000	0.012%
Information Technology (IT) - Exempt-CAP	874,900	0.015%	907,900	0.016%	1,155,500	0.019%
Other Expenditures	1,550,600	0.027%	1,655,600	0.029%	1,661,600	0.027%
Total Expenditures Exempt from CAP	\$ 3,000,900	0.052%	\$ 3,188,700	0.056%	\$ 3,537,100	0.058%
Combined:						
Administrative	\$ 5,623,300	0.099%	\$ 5,455,100	0.096%	\$ 5,653,000	0.092%
Expenditures Exempt from CAP	3,000,900	0.052%	3,188,700	0.056%	3,537,100	0.058%
Contingency	688,100	0.010%	668,500	0.012%	731,000	0.012%
Total Budget	\$ 9,312,300	0.161%	\$ 9,312,300	0.163%	\$ 9,921,100	0.162%

Business Meeting Agenda - VIII.A. NEW BUSINESS: REVIEW & ADOPTION OF PROPOSED FY 2019/20 BUDGET

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
 COMBINED UNITS  
 PROPOSED OPERATING BUDGET  
 FISCAL YEAR 2019 - 2020

	2017-18 ACTUAL	2018-2019 ADJUSTED BUDGET	2018-2019 PROJECTED	2019-2020 PROPOSED Administration	2019-2020 PROPOSED IT Support	2019-2020 PROPOSED Investment	2019-2020 PROPOSED IT-Exempt-CAP	2019-2020 PROPOSED Other Expenditures	2019-2020 PROPOSED COMBINED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE/ (DECREASE)
<b>Salaries and Benefits:</b>											
Full-Time Equivalents	27.5	29.5	29.5	26.5	2.0	1.0	0.0	0.0	29.5	0.0	0.0%
<b>Salaries:</b>											
Regular Salary	\$2,783,022	\$3,158,800	\$3,149,189	\$2,696,900	\$250,300	\$241,700	\$0	\$0	\$3,188,900	\$30,100	1.0%
Overtime	(222)	0	0	0	0	0	0	0	0	0	#DIV/0!
Extra-Help/Temporary Services	148,634	158,500	158,474	20,900	150,000	0	0	0	170,900	12,400	7.8%
<b>Total Salaries</b>	<b>2,931,434</b>	<b>3,317,300</b>	<b>3,307,663</b>	<b>2,717,800</b>	<b>400,300</b>	<b>241,700</b>	<b>0</b>	<b>0</b>	<b>3,359,800</b>	<b>42,500</b>	<b>1.3%</b>
<b>Benefits:</b>											
Supplemental Payments	46,265	63,500	56,201	51,200	10,300	0	0	0	61,500	(2,000)	(3.1%)
Vacation Redemption	146,572	146,800	134,753	146,300	15,900	0	0	0	162,200	15,400	10.5%
Retirement Contributions	482,385	535,100	533,263	509,300	51,100	21,200	0	0	581,600	46,500	8.7%
OASDI Contribution	152,938	189,900	181,746	168,200	17,000	8,200	0	0	193,400	3,500	1.8%
FICA-Medicare	42,546	55,700	58,744	45,400	4,300	3,700	0	0	53,400	(2,300)	(4.1%)
Medical Insurance	253,264	325,400	317,431	312,000	23,400	11,700	0	0	347,100	21,700	6.7%
Retiree Health Insurance	0	0	0	0	0	0	0	0	0	0	#DIV/0!
Life Insurance	1,074	1,100	1,189	1,100	100	0	0	0	1,200	100	9.1%
Unemployment Insurance	2,209	2,300	2,224	1,400	100	100	0	0	1,600	(700)	(30.4%)
Mgmt Disability Insurance	18,139	23,500	21,994	19,900	1,900	1,800	0	0	23,600	100	0.4%
Workers Compensation Insurance	20,832	23,600	23,762	93,300	9,400	7,200	0	0	109,900	86,300	365.7%
401K Plan Contribution	67,233	81,700	75,605	70,900	4,900	7,300	0	0	83,100	1,400	1.7%
<b>Total Benefits</b>	<b>1,233,457</b>	<b>1,448,600</b>	<b>1,406,912</b>	<b>1,419,000</b>	<b>138,400</b>	<b>61,200</b>	<b>0</b>	<b>0</b>	<b>1,618,600</b>	<b>170,000</b>	<b>11.7%</b>
<b>Total Salaries &amp; Benefits</b>	<b>\$4,164,891</b>	<b>\$4,765,900</b>	<b>\$4,714,575</b>	<b>\$4,136,800</b>	<b>\$538,700</b>	<b>\$302,900</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,978,400</b>	<b>\$212,500</b>	<b>4.5%</b>
<b>Services &amp; Supplies:</b>											
Board Member Stipend	\$12,500	\$13,200	\$12,700	\$13,200	\$0	\$0	\$0	\$0	\$13,200	\$0	0.0%
Other Professional Services	240,142	205,900	193,100	93,000	0	0	0	0	93,000	(112,900)	(54.8%)
Auditing	43,829	51,400	51,335	101,400	0	0	0	0	101,400	50,000	97.3%
Hearing Officers	39,375	29,600	29,875	40,000	0	0	0	0	40,000	10,400	35.1%
Temporary Services	0	0	0	0	0	0	0	0	0	0	#DIV/0!
Legal	296,291	322,000	321,647	75,000	0	350,000	0	0	425,000	103,000	32.0%
Election Services	12,196	5,000	4,900	0	0	0	0	0	0	(5,000)	(100.0%)
Actuary-Valuation	60,000	61,000	61,000	0	0	0	0	62,000	62,000	1,000	1.6%
Actuary-GASB 67	13,000	13,000	13,000	0	0	0	0	13,000	13,000	0	0.0%
Actuary-Assump/Exp	45,000	0	0	0	0	0	0	0	0	0	#DIV/0!
Actuary-415 Calculation	4,300	105,000	111,076	0	0	0	0	110,000	110,000	5,000	4.8%
Actuary-Misc Hrly Consult	14,055	16,000	10,364	0	0	0	0	16,000	16,000	0	0.0%
Actuary-Actuarial Audit	53,801	0	0	0	0	0	0	0	0	0	#DIV/0!
Printing	11,570	33,000	32,988	40,000	0	0	0	0	40,000	7,000	21.2%
Postage	55,245	70,000	69,986	65,000	0	0	0	0	65,000	(5,000)	(7.1%)
Copy Machine	2,658	3,000	2,982	4,500	0	0	0	0	4,500	1,500	50.0%
Insurance - General Liability	9,488	15,100	15,143	15,200	0	0	0	0	15,200	100	0.7%
Insurance - Fiduciary Liability	84,488	83,700	83,609	86,000	0	0	0	0	86,000	2,300	2.7%
Cost Allocation Charges	33,470	30,200	30,199	34,400	0	0	0	0	34,400	4,200	13.9%
Education Allowance	4,000	4,000	4,000	6,000	0	0	0	0	6,000	2,000	50.0%

Business Meeting Agenda - VIII.A. NEW BUSINESS: REVIEW & ADOPTION OF PROPOSED FY 2019/20 BUDGET

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
 COMBINED UNITS  
 PROPOSED OPERATING BUDGET  
 FISCAL YEAR 2019 - 2020

	2017-18 ACTUAL	2018-2019 ADJUSTED BUDGET	2018-2019 PROJECTED	2019-2020 PROPOSED Administration	2019-2020 PROPOSED IT Support	2019-2020 PROPOSED Investment	2019-2020 PROPOSED IT-Exempt-CAP	2019-2020 PROPOSED Other Expenditures	2019-2020 PROPOSED COMBINED	PROPOSED/ ADJUSTED VARIANCE	% INCREASE/ (DECREASE)
Training/Travel-Staff	34,695	51,600	45,735	35,800	14,800	14,000	0	0	64,600	13,000	25.2%
Training/Travel-Trustee	30,111	29,000	25,420	18,200	0	20,000	0	0	38,200	9,200	31.7%
Travel-Due Diligence-Staff	4,212	7,800	13,052	0	0	9,300	0	0	9,300	1,500	19.2%
Travel-Due Diligence-Trustee	6,509	13,400	12,229	0	0	13,600	0	0	13,600	200	1.5%
Mileage-Staff	2,374	4,800	3,833	3,500	300	1,000	0	0	4,800	0	0.0%
Mileage-Trustee	3,424	3,500	2,684	4,000	0	1,000	0	0	5,000	1,500	42.9%
Mileage-Due Diligence-Staff	386	1,000	543	0	0	1,000	0	0	1,000	0	0.0%
Mileage-Due Diligence-Trustee	237	1,000	449	0	0	1,000	0	0	1,000	0	0.0%
Auto Allowance	6,900	6,900	6,900	6,900	0	0	0	0	6,900	0	0.0%
Facilities-Security	3,315	2,700	3,154	2,400	300	0	0	0	2,700	0	0.0%
Facilities-Maint & Repairs	3,673	1,300	1,050	2,500	800	0	0	0	3,300	2,000	153.8%
Equipment-Maint & Repairs	114	1,000	1,000	2,000	0	0	0	0	2,000	1,000	100.0%
General Office Expense	10,043	6,400	6,252	8,000	0	2,400	0	0	10,400	4,000	62.5%
Books & Publications	1,025	2,500	1,732	1,500	500	500	0	0	2,500	0	0.0%
Office Supplies	11,417	14,000	13,933	17,000	0	0	0	0	17,000	3,000	21.4%
Memberships & Dues	14,493	13,500	14,588	12,600	400	3,300	0	0	16,300	2,800	20.7%
Bank Service Charges	1,494	1,500	1,528	500	0	0	0	0	500	(1,000)	(66.7%)
Offsite Storage	2,830	4,800	6,642	5,200	0	0	0	0	5,200	400	8.3%
Claims, Judgements & Court Ord	555	0	0	0	0	0	0	0	0	0	#DIV/0!
Rents/Leases-Equipment	0	0	0	0	0	0	0	0	0	0	#DIV/0!
Rents/Leases-Structures	210,970	217,600	217,109	210,900	0	0	0	0	210,900	(6,700)	(3.1%)
Non-Capital Equipment	0	0	0	0	0	0	0	0	0	0	#DIV/0!
Non-Capital Furniture	20,256	5,100	5,125	0	0	0	0	0	0	(5,100)	(100.0%)
Depreciation /Amortization	1,452,381	1,460,600	1,460,594	0	0	0	0	1,460,600	1,460,600	0	0.0%
<b>Total Services &amp; Supplies</b>	<b>\$2,856,822</b>	<b>\$2,911,100</b>	<b>\$2,891,456</b>	<b>\$904,700</b>	<b>\$17,100</b>	<b>\$417,100</b>	<b>\$0</b>	<b>\$1,661,600</b>	<b>\$3,000,500</b>	<b>\$89,400</b>	<b>3.1%</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$7,021,713</b>	<b>\$7,677,000</b>	<b>\$7,606,031</b>	<b>\$5,041,500</b>	<b>\$555,800</b>	<b>\$720,000</b>	<b>\$0</b>	<b>\$1,661,600</b>	<b>\$7,978,900</b>	<b>\$301,900</b>	<b>3.9%</b>
<b>Technology:</b>											
Technology-Hardware	19,760	\$67,100	\$62,902	\$0	\$0	\$0	\$118,500	\$0	\$118,500	\$51,400	76.6%
Technology-Hardware Support	7,235	0	3,968	0	0	0	0	0	0	0	#DIV/0!
Technology-Software Lic & Maint	205,906	214,600	206,241	0	0	0	60,000	0	60,000	(154,600)	(72.0%)
Technology-Software Support & Maint	12,117	15,500	11,448	0	0	0	41,500	0	41,500	26,000	167.7%
Technology-Cloud Services	313,215	266,800	266,574	0	0	0	3,600	0	3,600	(263,200)	(98.7%)
Technology-Website Support	0	0	0	0	0	0	8,900	0	8,900	8,900	#DIV/0!
Technology-Infrastructure Support	185	500	540	0	0	0	168,100	0	168,100	167,600	33520.0%
Technology-V3 Software & VSG Hosting	614,176	343,400	356,143	0	0	0	754,900	0	754,900	411,500	119.8%
Technology-Data Communication	52,068	58,900	58,902	0	55,700	0	0	0	55,700	(3,200)	(5.4%)
<b>Total Technology</b>	<b>\$1,224,663</b>	<b>\$966,800</b>	<b>\$966,719</b>	<b>\$0</b>	<b>\$55,700</b>	<b>\$0</b>	<b>\$1,155,500</b>	<b>\$0</b>	<b>\$1,211,200</b>	<b>\$244,400</b>	<b>25.3%</b>
<b>Total Before Contingency</b>	<b>\$8,246,376</b>	<b>\$8,643,800</b>	<b>\$8,572,750</b>	<b>\$5,041,500</b>	<b>\$611,500</b>	<b>\$720,000</b>	<b>\$1,155,500</b>	<b>\$1,661,600</b>	<b>\$9,190,100</b>	<b>\$546,300</b>	<b>6.3%</b>
Contingency	532,800	668,500	0	0	0	0	0	0	731,000	62,500	9.3%
<b>Total</b>	<b>\$8,779,176</b>	<b>\$9,312,300</b>	<b>\$8,572,750</b>	<b>\$5,041,500</b>	<b>\$611,500</b>	<b>\$720,000</b>	<b>\$1,155,500</b>	<b>\$1,661,600</b>	<b>\$9,921,100</b>	<b>\$608,800</b>	<b>7.1%</b>



**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
POSITION DETAIL BY CLASSIFICATION  
PROPOSED BUDGET**

Position Code	Position/Class Description	Biweekly Salary Range		ADOPTED		ADJUSTED		PROPOSED	
				FY 2018-19		FY 2018-19		FY 2019-20	
				FTE	POS	FTE	POS	FTE	POS
00623	Benefits Specialist (Program Administrator II)	2,550.50	3,571.05	13.0	13.0	13.0	13.0	13.0	13.0
00912	Senior Accountant - MB	2,559.49	3,583.28	1.0	1.0	1.0	1.0	1.0	1.0
00946	Manager, Accounting I	3,150.71	4,410.99	1.0	1.0	1.0	1.0	1.0	1.0
00981	Chief Financial Officer - Retirement	4,730.10	7,717.91	1.0	1.0	1.0	1.0	1.0	1.0
00982	General Counsel - Retirement	6,173.09	9,247.07	1.0	1.0	1.0	1.0	1.0	1.0
00983	Retirement Chief Operations Officer	3,856.14	6,795.72	1.0	1.0	1.0	1.0	1.0	1.0
00984	Retirement Chief Investment Officer	4,894.47	9,247.07	1.0	1.0	1.0	1.0	1.0	1.0
01174	Communications Officer (Senior Program Administrator)	3,000.94	4,201.73	1.0	1.0	1.0	1.0	1.0	1.0
01174	Senior Program Administrator	3,000.94	4,201.73	2.0	2.0	2.0	2.0	2.0	2.0
01350	Office Assistant III - Confidential	1,592.79	2,230.12	2.0	2.0	2.0	2.0	2.0	2.0
01318	Legal Management Asst III-C	1,990.93	2,787.30	0.5	0.5	0.5	0.5	0.5	0.5
01489	Program Assistant-NE	2,284.52	3,198.64	1.0	1.0	1.0	1.0	1.0	1.0
01617	Chief Technology Officer (Mgr Application Development)	4,003.30	5,605.17	1.0	1.0	1.0	1.0	1.0	1.0
01710	Benefits Manager (Staff Services Manager II)	3,000.94	4,201.73	2.0	2.0	2.0	2.0	2.0	2.0
01814	Retirement Administrator	6,555.56	10,247.57	1.0	1.0	1.0	1.0	1.0	1.0
	<b>Total</b>			<b>29.5</b>	<b>29.5</b>	<b>29.5</b>	<b>29.5</b>	<b>29.5</b>	<b>29.5</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ADMINISTRATION  
PROPOSED BUDGET  
FISCAL YEAR 2019 - 2020**

	2017-18 ACTUAL	2018-2019 ADJUSTED BUDGET	2018-2019 PROJECTED	2019-2020 PROPOSED Administration	PROPOSED/ ADJUSTED VARIANCE	% INCREASE/ (DECREASE)
<b><u>Salaries and Benefits:</u></b>						
Full-Time Equivalents	25.5	27.5	27.5	26.5	(1.0)	(3.6%)
<b><u>Salaries:</u></b>						
Regular Salary	\$2,600,034	\$2,833,100.00	\$2,824,030	\$2,696,900	(\$136,200)	(4.8%)
Overtime	(222)	0	0	0	0	#DIV/0!
Extra-Help/Temporary Services	148,634	158,500.00	158,474	20,900	(137,600)	(86.8%)
<b>Total Salaries</b>	<b>2,748,446</b>	<b>2,991,600</b>	<b>2,982,503</b>	<b>2,717,800</b>	<b>(273,800)</b>	<b>(9.2%)</b>
<b><u>Benefits:</u></b>						
Supplemental Payments	44,697	58,500.00	52,018	51,200	(7,300)	(12.5%)
Vacation Redemption	146,572	146,800.00	134,753	146,300	(500)	(0.3%)
Retirement Contributions	459,739	498,300.00	497,523	509,300	11,000	2.2%
OASDI Contribution	144,584	173,300.00	167,059	168,200	(5,100)	(2.9%)
FICA-Medicare	39,563	49,200.00	51,715	45,400	(3,800)	(7.7%)
Medical Insurance	244,824	305,800.00	298,960	312,000	6,200	2.0%
Retiree Health Insurance	0	0	0	0	0	#DIV/0!
Life Insurance	1,029	1,100.00	1,122	1,100	0	0.0%
Unemployment Insurance	2,023	2,000.00	1,993	1,400	(600)	(30.0%)
Mgmt Disability Insurance	17,069	20,600.00	19,902	19,900	(700)	(3.4%)
Workers Compensation Insurance	19,709	21,100.00	21,792	93,300	72,200	342.2%
401K Plan Contribution	61,951	70,000	67,542	70,900	900	1.3%
<b>Total Benefits</b>	<b>1,181,760</b>	<b>1,346,700</b>	<b>1,314,380</b>	<b>1,419,000</b>	<b>72,300</b>	<b>5.4%</b>
<b>Total Salaries &amp; Benefits</b>	<b>\$3,930,206</b>	<b>\$4,338,300</b>	<b>\$4,296,883</b>	<b>\$4,136,800</b>	<b>(\$201,500)</b>	<b>(4.6%)</b>
<b><u>Services &amp; Supplies:</u></b>						
Board Member Stipend	\$12,500	\$13,200	\$12,700	\$13,200	\$0	0.0%
Other Professional Services	116,137	94,300	101,050	93,000	(1,300)	(1.4%)
Auditing	43,829	51,400	51,335	101,400	50,000	97.3%
Hearing Officers	39,375	29,600	29,875	40,000	10,400	35.1%
Legal	36,714	40,000	39,972	75,000	35,000	87.5%
Election Services	12,196	5,000	4,900	0	(5,000)	(100.0%)
Actuary-Valuation	0	0	0	0	0	#DIV/0!
Actuary-GASB 67	0	0	0	0	0	#DIV/0!
Actuary-Assump/Exp	0	0	0	0	0	#DIV/0!
Actuary-415 Calculation	0	0	0	0	0	#DIV/0!
Actuary-Misc Hrlly Consult	0	0	0	0	0	#DIV/0!
Actuary-Actuarial Audit	0	0	0	0	0	#DIV/0!
Advertising	0	0	0	0	0	#DIV/0!
Printing	11,570	33,000	32,988	40,000	7,000	21.2%
Postage	55,245	70,000	69,986	65,000	(5,000)	(7.1%)
Courier	0	0	0	0	0	#DIV/0!
Telephone	0	0	0	0	0	#DIV/0!
Copy Machine	2,658	3,000	2,982	4,500	1,500	50.0%
Insurance - General Liability	9,488	15,100	15,143	15,200	100	0.7%
Insurance - Fiduciary Liability	84,488	83,700	83,609	86,000	2,300	2.7%
Cost Allocation Charges	33,470	30,200	30,199	34,400	4,200	13.9%
Education Allowance	4,000	4,000	2,000	6,000	2,000	50.0%

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**ADMINISTRATION**  
**PROPOSED BUDGET**  
**FISCAL YEAR 2019 - 2020**

	2017-18 ACTUAL	2018-2019 ADJUSTED BUDGET	2018-2019 PROJECTED	2019-2020 PROPOSED Administration	PROPOSED/ ADJUSTED VARIANCE	% INCREASE/ (DECREASE)
Training/Travel-Staff	28,895	36,900	36,794	35,800	(1,100)	(3.0%)
Training/Travel-Trustee	16,147	19,000	19,009	18,200	(800)	(4.2%)
Travel-Due Diligence-Staff	0	0	0	0	0	#DIV/0!
Travel-Due Diligence-Trustee	1,958	0	0	0	0	#DIV/0!
Mileage-Staff	2,092	3,500	3,262	3,500	0	0.0%
Mileage -Trustee	3,333	2,500	2,430	4,000	1,500	60.0%
Mileage-Due Diligence-Staff	0	0	0	0	0	#DIV/0!
Mileage-Due Diligence-Trustee	166	0	0	0	0	#DIV/0!
Auto Allowance	6,900	6,900	6,900	6,900	0	0.0%
Facilities-Security	3,177	2,400	2,806	2,400	0	0.0%
Facilities-Maint & Repairs	2,624	500	500	2,500	2,000	400.0%
Equipment-Maint & Repairs	0	1,000	1,000	2,000	1,000	100.0%
General Office Expense	8,446	4,000	3,712	8,000	4,000	100.0%
Books & Publications	930	1,500	1,000	1,500	0	0.0%
Office Supplies	11,417	14,000	13,933	17,000	3,000	21.4%
Memberships & Dues	10,440	9,800	9,958	12,600	2,800	28.6%
Bank Service Charges	1,494	1,500	1,528	500	(1,000)	(66.7%)
Offsite Storage	2,830	4,800	6,642	5,200	400	8.3%
Claims, Judgements & Court Ord	555	0	0	0	0	#DIV/0!
Rents/Leases-Equipment	0	0	0	0	0	#DIV/0!
Rents/Leases-Structures	210,970	217,600	217,109	210,900	(6,700)	(3.1%)
Non-Capital Equipment	0	0	0	0	0	#DIV/0!
Non-Capital Furniture	20,256	5,100	5,125	0	(5,100)	(100.0%)
Depreciation /Amortization	0	0	0	0	0	#DIV/0!
<b>Total Services &amp; Supplies</b>	<b>\$794,301</b>	<b>\$803,500</b>	<b>\$808,447</b>	<b>\$904,700</b>	<b>\$101,200</b>	<b>12.6%</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$4,724,507</b>	<b>\$5,141,800</b>	<b>\$5,105,330</b>	<b>\$5,041,500</b>	<b>(\$100,300)</b>	<b>(2.0%)</b>
<b>Total</b>	<b>\$4,724,507</b>	<b>\$5,141,800</b>	<b>\$5,105,330</b>	<b>\$5,041,500</b>	<b>(\$100,300)</b>	<b>(2.0%)</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
INFORMATION TECHNOLOGY (I/T) SUPPORT (Subject to CAP)  
PROPOSED BUDGET  
FISCAL YEAR 2019 - 2020**

	2017-18 ACTUAL	2018-2019 ADJUSTED BUDGET	2018-2019 PROJECTED	2019-2020 PROPOSED IT Support	PROPOSED/ ADJUSTED VARIANCE	% INCREASE/ (DECREASE)
<b><u>Salaries and Benefits:</u></b>						
Full-Time Equivalents	1.0	1.0	1.0	2.0	1.0	100.0%
<b><u>Salaries:</u></b>						
Regular Salary	\$0	\$87,200	\$86,649	\$250,300	\$163,100	187.0%
Overtime	0	0	0	0	0	#DIV/0!
Extra-Help/Temporary Services	0	0	0	150,000	150,000	#DIV/0!
<b>Total Salaries</b>	<b>0</b>	<b>87,200</b>	<b>86,649</b>	<b>400,300</b>	<b>313,100</b>	<b>359.1%</b>
<b><u>Benefits:</u></b>						
Supplemental Payments	0	5,000	4,182	10,300	5,300	106.0%
Vacation Redemption	0	0	0	15,900	15,900	#DIV/0!
Retirement Contributions	0	16,800	15,813	51,100	34,300	204.2%
OASDI Contribution	0	6,900	6,045	17,000	10,100	146.4%
FICA-Medicare	0	2,300	1,414	4,300	2,000	87.0%
Medical Insurance	0	8,700	7,449	23,400	14,700	169.0%
Retiree Health Insurance	0	0	0	0	0	#DIV/0!
Life Insurance	0	0	26	100	100	#DIV/0!
Unemployment Insurance	0	100	64	100	0	0.0%
Mgmt Disability Insurance	0	1,100	642	1,900	800	72.7%
Workers Compensation Insurance	0	1,200	706	9,400	8,200	683.3%
401K Plan Contribution	0	4,500	908	4,900	400	8.9%
<b>Total Benefits</b>	<b>0</b>	<b>46,600</b>	<b>37,250</b>	<b>138,400</b>	<b>91,800</b>	<b>197.0%</b>
<b>Total Salaries &amp; Benefits</b>	<b>\$0</b>	<b>\$133,800</b>	<b>\$123,899</b>	<b>\$538,700</b>	<b>\$404,900</b>	<b>302.6%</b>
<b><u>Services &amp; Supplies:</u></b>						
Board Member Stipend	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Other Professional Services	124,005	111,600	92,050	0	(111,600)	(100.0%)
Education Allowance	0	0	2,000	0	0	#DIV/0!
Training/Travel-Staff	0	6,700	4,600	14,800	8,100	120.9%
Mileage-Staff	0	300	300	300	0	0.0%
Facilities-Security	138	300	348	300	0	0.0%
Facilities-Maint & Repairs	1,050	800	550	800	0	0.0%
Books & Publications	95	500	228	500	0	0.0%
Office Supplies	0	0	0	0	0	#DIV/0!
Memberships & Dues	750	400	300	400	0	0.0%
Depreciation /Amortization	0	0	0	0	0	#DIV/0!
<b>Total Services &amp; Supplies</b>	<b>\$126,037</b>	<b>\$120,600</b>	<b>\$100,376</b>	<b>\$17,100</b>	<b>(\$103,500)</b>	<b>(85.8%)</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$126,037</b>	<b>\$254,400</b>	<b>\$224,275</b>	<b>\$555,800</b>	<b>\$301,400</b>	<b>118.5%</b>
<b><u>Technology:</u></b>						
Technology-Data Communication	52,068	58,900	58,902	55,700	(3,200)	(5.4%)
<b>Total Technology</b>	<b>\$52,068</b>	<b>\$58,900</b>	<b>\$58,902</b>	<b>\$55,700</b>	<b>(\$3,200)</b>	<b>(5.4%)</b>
<b>Total</b>	<b>\$178,105</b>	<b>\$313,300</b>	<b>\$283,178</b>	<b>\$611,500</b>	<b>\$298,200</b>	<b>95.2%</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**INVESTMENT**  
**PROPOSED BUDGET**  
**FISCAL YEAR 2019 - 2020**

	2017-18 ACTUAL	2018-2019 ADJUSTED BUDGET	2018-2019 PROJECTED	2019-2020 PROPOSED Investment	PROPOSED/ ADJUSTED VARIANCE	% INCREASE/ (DECREASE)
<b><u>Salaries and Benefits:</u></b>						
Full-Time Equivalents	1.0	1.0	1.0	1.0	0.0	0.0%
<b><u>Salaries:</u></b>						
Regular Salary	\$182,988	\$238,500	\$238,511	\$241,700	\$3,200	1.3%
Overtime	0	0	0	0	0	#DIV/0!
Extra-Help/Temporary Services	0	0	0	0	0	#DIV/0!
<b>Total Salaries</b>	<b>182,988</b>	<b>238,500</b>	<b>238,511</b>	<b>241,700</b>	<b>3,200</b>	<b>1.3%</b>
<b><u>Benefits:</u></b>						
Supplemental Payments	1,568	0	0	0	0	#DIV/0!
Vacation Redemption	0	0	0	0	0	#DIV/0!
Retirement Contributions	22,646	20,000	19,927	21,200	1,200	6.0%
OASDI Contribution	8,354	9,700	8,642	8,200	(1,500)	(15.5%)
FICA-Medicare	2,983	4,200	5,615	3,700	(500)	(11.9%)
Medical Insurance	8,440	10,900	11,022	11,700	800	7.3%
Retiree Health Insurance	0	0	0	0	0	#DIV/0!
Life Insurance	45	0	40	0	0	#DIV/0!
Unemployment Insurance	186	200	167	100	(100)	(50.0%)
Mgmt Disability Insurance	1,070	1,800	1,450	1,800	0	0.0%
Workers Compensation Insurance	1,123	1,300	1,264	7,200	5,900	453.8%
401K Plan Contribution	5,282	7,200	7,155	7,300	100	1.4%
<b>Total Benefits</b>	<b>51,697</b>	<b>55,300</b>	<b>55,282</b>	<b>61,200</b>	<b>5,900</b>	<b>10.7%</b>
<b>Total Salaries &amp; Benefits</b>	<b>\$234,685</b>	<b>\$293,800</b>	<b>\$293,793</b>	<b>\$302,900</b>	<b>\$9,100</b>	<b>3.1%</b>
<b><u>Services &amp; Supplies:</u></b>						
Board Member Stipend	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Legal	259,577	282,000	281,675	350,000	68,000	24.1%
Training/Travel-Staff	5,800	8,000	4,341	14,000	6,000	75.0%
Training/Travel-Trustee	13,964	10,000	6,411	20,000	10,000	100.0%
Travel-Due Diligence-Staff	4,212	7,800	13,052	9,300	1,500	19.2%
Travel-Due Diligence-Trustee	4,552	13,400	12,229	13,600	200	1.5%
Mileage-Staff	282	1,000	271	1,000	0	0.0%
Mileage -Trustee	90	1,000	254	1,000	0	0.0%
Mileage-Due Diligence-Staff	386	1,000	543	1,000	0	0.0%
Mileage-Due Diligence-Trustee	71	1,000	449	1,000	0	0.0%
General Office Expense	1,597	2,400	2,540	2,400	0	0.0%
Books & Publications	0	500	504	500	0	0.0%
Memberships & Dues	3,303	3,300	4,330	3,300	0	0.0%
Depreciation /Amortization	0	0	0	0	0	#DIV/0!
<b>Total Services &amp; Supplies</b>	<b>\$293,833</b>	<b>\$331,400</b>	<b>\$326,599</b>	<b>\$417,100</b>	<b>\$85,700</b>	<b>25.9%</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$528,518</b>	<b>\$625,200</b>	<b>\$620,392</b>	<b>\$720,000</b>	<b>\$94,800</b>	<b>15.2%</b>
<b>Total</b>	<b>\$528,518</b>	<b>\$625,200</b>	<b>\$620,392</b>	<b>\$720,000</b>	<b>\$94,800</b>	<b>15.2%</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
INFORMATION TECHNOLOGY - EXEMPT-CAP  
PROPOSED BUDGET  
FISCAL YEAR 2019 - 2020**

	2017-18 ACTUAL	2018-2019 ADJUSTED BUDGET	2018-2019 PROJECTED	2019-2020 PROPOSED IT-Exempt-CAP	PROPOSED/ ADJUSTED VARIANCE	% INCREASE/ (DECREASE)
<b><u>Technology:</u></b>						
Technology-Hardware	\$19,760	\$67,100	\$62,902	\$118,500	\$51,400	76.6%
Technology-Hardware Support	7,235	0	3,968	0	0	#DIV/0!
Technology-Software Lic & Maint	205,906	214,600	206,241	60,000	(154,600)	(72.0%)
Technology-Software Support & Maint	12,117	15,500	11,448	41,500	26,000	167.7%
Technology-Cloud Services	313,215	266,800	266,574	3,600	(263,200)	(98.7%)
Technology-Website Support	0	0	0	8,900	8,900	#DIV/0!
Technology-Infrastructure Support	185	500	540	168,100	167,600	33520.0%
Technology-V3 Software & VSG						
Hosting	614,176	343,400	356,143	754,900	411,500	119.8%
Technology-Data Communication	0	0	0	0	0	#DIV/0!
<b>Total Technology</b>	<b>\$1,172,595</b>	<b>\$907,900</b>	<b>\$907,816</b>	<b>\$1,155,500</b>	<b>\$247,600</b>	<b>27.3%</b>
<b>Total</b>	<b>\$1,172,709</b>	<b>\$907,900</b>	<b>\$907,816</b>	<b>\$1,155,500</b>	<b>\$247,600</b>	<b>27.3%</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
OTHER EXPENDITURES  
PROPOSED BUDGET  
FISCAL YEAR 2019 - 2020**

	<b>2017-18 ACTUAL</b>	<b>2018-2019 ADJUSTED BUDGET</b>	<b>2018-2019 PROJECTED</b>	<b>2019-2020 PROPOSED Other Expenditures</b>	<b>PROPOSED/ ADJUSTED VARIANCE</b>	<b>% INCREASE/ (DECREASE)</b>
<b><u>Services &amp; Supplies:</u></b>						
Board Member Stipend	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Actuary-Valuation	60,000	61,000	61,000	62,000	1,000	1.6%
Actuary-GASB 67	13,000	13,000	13,000	13,000	0	0.0%
Actuary-Assump/Exp	45,000	0	0	0	0	#DIV/0!
Actuary-415 Calculation	4,300	105,000	111,076	110,000	0	0.0%
Actuary-Misc Hrly Consult	14,055	16,000	10,364	16,000	0	0.0%
Actuary-Actuarial Audit	53,801	0	0	0	0	#DIV/0!
Depreciation /Amortization	1,452,381	1,460,600	1,460,594	1,460,600	0	0.0%
<b>Total Services &amp; Supplies</b>	<b>\$1,642,537</b>	<b>\$1,655,600</b>	<b>\$1,656,034</b>	<b>\$1,661,600</b>	<b>\$1,000</b>	<b>0.1%</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$1,642,537</b>	<b>\$1,655,600</b>	<b>\$1,656,034</b>	<b>\$1,661,600</b>	<b>\$6,000</b>	<b>0.4%</b>
<b>Total</b>	<b>\$1,642,537</b>	<b>\$1,655,600</b>	<b>\$1,656,034</b>	<b>\$1,661,600</b>	<b>\$1,000</b>	<b>0.1%</b>



May 20, 2019

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 S. Victoria Avenue, Suite 200  
Ventura, CA 93003

**SUBJECT: RECOMMENDATION TO APPROVE PROPOSED CHANGES  
TO VCERA BYLAWS & REGULATIONS**

Dear Board Members:

Background/Review

The County Employees Retirement Law of 1937 (CERL) authorizes boards to make regulations and requires that certain provision be included in the regulations. Although VCERA has recently adopted additional regulations as part of its IRS Tax Compliance process, the VCERA Board of Retirement Bylaws and Regulations (Bylaws) document address other administrative and operational matters and has been essentially unchanged since 1999.

In October 2018, staff brought recommended changes to VCERA's Bylaws to the Board of Retirement. These changes represent an effort to streamline the Bylaws and to better align with our CERL peers. Some of the streamlining involves eliminating redundant or unnecessary language by which VCERA is already bound, by either CERL or separate policy. The proposed changes fell under the following category reasons:

- Streamlining with eliminations of unnecessary provision language;
- Updating of terminology, references, etc. to better reflect current usage;
- Reflect changes of policy, practice and/or legislation since last bylaw review;
- Remove disability procedures addendum, such that they may be independently adopted by the Board of Retirement.

The Board instructed staff to share the proposed changes with the County for feedback, and the following has taken place since the Board issued that instruction. (Corresponding materials are provided.)

- November 1, 2018: Staff sent letter and redline to County with request for feedback.
- February 19, 2019: Assistance County Executive Officer Mike Pettit sent written response with questions about proposed changes.
- February 27, 2019: Staff sent written response to Mike Pettit to answer questions.
- April 8, 2019: Mike Pettit sent written response with County's input on and requested changes for the proposed Bylaws changes.
- May 3, 2019: Staff sent written response to Pettit.



May 20, 2019

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Change in Staff Recommendation

Please note that staff is withdrawing its recommendation to change the Article "REDEPOSIT OF CONTRIBUTIONS WITHDRAWN", as we believe it is more prudent to allow for a repayment period up to 5 years without requiring the Board to review and approve each individual request for periods in excess of 1 year. (The County did not indicate a concern with this section.)

Considerations

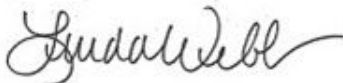
Note that staff considers two of the three April 8<sup>th</sup> requested changes from the County to represent an expansion of the County's role in VCERA's operations, and while staff would like to recommend accommodating the County's requests whenever possible, in this instance we believe it would be problematic from legal and fiduciary perspectives to incorporate them in the Bylaws. The reasoning is explained in detail in staff's response of May 8.

Therefore, staff recommends the Board of Retirement adopt the proposed changes to the VCERA Bylaws. They are the same as those provided in October 2018, with the exception of the change referenced above regarding the time period for repayment of withdrawn contributions. Once the Board of Retirement takes its action, in accordance with Government Code 31525, the Board-approved final version of the Bylaws and Regulations would then be presented to the County Board of Supervisors for approval.

**RECOMMENDATION: ADOPT PROPOSED CHANGES TO VCERA BYLAWS & REGULATIONS**

Staff will be pleased to answer any questions regarding this matter at the May 20, 2019 meeting.

Sincerely,



Linda Webb  
Retirement Administrator

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
BOARD OF RETIREMENT  
BYLAWS AND REGULATIONS

APPROVED BY THE BOARD OF RETIREMENT  
~~APRIL 5, 1999~~

APPROVED BY THE BOARD OF SUPERVISORS  
~~APRIL 27, 1999~~

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BYLAWS AND REGULATIONS

ARTICLE I. ADMINISTRATION

1. NAME: The name of this Association is ~~"Ventura County Employees' Retirement Association" (hereinafter "VCERA Association").~~ "Ventura County Employees' Retirement Association" (hereinafter "VCERA").
2. AUTHORITY: ~~VCERA The Association~~ is governed by the provisions of the County Employees Retirement Law of 1937 ("CERL") (California Government Code Section 31450 et. seq.).
3. MANAGEMENT: The management and administration of the ~~VCERA Association~~ is vested with the Board of Retirement (Board) as provided for by Government Code Section 31520 and Section 17A of Article XVI of the California Constitution.
4. BYLAWS: ~~VCERA The Association~~ Bylaws, as adopted by the Board pursuant to Government Code Sections 31525, 31526 and 31527, are intended to be the rules and regulations governing the operation of the Retirement Board and the administration of ~~VCERA, the Association.~~
5. ELECTION OF OFFICERS: At ~~its~~ the first regular meeting in December, the Board shall elect from its members a Chair and Vice Chair to hold office for a period of one year commencing on January 1 of the following year. No member shall be elected to the position of Chair or Vice Chair until he/she has served on the Board for a minimum of one year.

The Chair shall preside at all meetings of the Board, shall appoint all committees and perform any other duties incidental to that office. The Vice Chair shall take the place of, and perform the duties of, the Chair in his/her absence. ~~The Chair The County Treasurer, ex officio member of the Board,~~ shall attest to Resolutions, Contracts and other such documents on behalf of the Board. In the absence of the Chair and Vice Chair, the ~~Retirement Administrator County Treasurer~~ shall ~~preside for~~ take the sole purpose ~~place of facilitating and perform the election duties of a presiding officer from among those members present, who shall preside only until the Chair or Vice Chair becomes available to do so.~~

6. EXECUTIVE STAFF: ~~Notwithstanding RETIREMENT ADMINISTRATOR: A Retirement Administrator shall be appointed by the board in accordance with~~ Government Code Sections 31522.1 ~~and~~ 31522.2, Executive Staff identified in Government Code Section 31522.10 shall be appointed by the Board. The Retirement Administrator shall

serve as the chief executive officer to the Board and, under the general direction of the Board, shall plan, organize, direct and supervise the activities, budget and operations of the ~~VCERA Retirement Association~~ office and its personnel, unless otherwise designated by the Board. The Administrator shall be directed by, serve at the pleasure of, and may be dismissed at the will of the Board.

7. COMMITTEES: The Chair of the Board shall appoint committees as necessary to carry out the business of the Board. Each committee shall consist of no fewer than three Board members and shall include at least one elected and one appointed Board member, unless the Board approves an alternative composition by majority vote~~Member~~. Committee meetings may be called by the committee Chair or Board Chair.
8. BOARD MEMBER CONFLICT OF INTEREST: The Board shall establish and maintain a Conflict of Interest Code, applicable to its Board members and designated employees. Statements of Economic Interests shall be filed with and maintained by the Retirement Administrator.

~~BOARD MEMBER CONFLICT OF INTEREST:—No member of the Board shall engage in any employment, activity or enterprise for compensation which is inconsistent, incompatible or in conflict with his/her duties as a member of the Board. Such member shall not perform any work, service or counsel for compensation outside of his/her Board responsibilities where any part of his/her efforts will be subject to approval by the Board of Retirement. Board members shall timely file such Statements of Financial Interest as required by the Board's Conflict of Interest Code, as amended from time to time.~~COUNSEL:  
~~The Ventura County Counsel shall advise the Board pursuant to Government Code section 31529, except the Board may contract with an attorney in private practice pursuant to Government Code section 31529.5.~~

## ARTICLE II. MEETINGS

1. REGULAR: ~~The Board shall adopt an annual calendar of meetings; regular~~Regular meetings of the Board shall be held on the first and third Monday of each month, though generally avoiding legal holidays and consecutive Mondays. Meetings will be held at 9:00 a.m. at the offices of the Ventura County Employees' Association. A Government Center, Administration Building, Third Floor Multipurpose Room, 800 South Victoria Avenue, Ventura. ~~The~~ regular meeting may be rescheduled for an earlier or later time, or day, or held at a different location if ordered by a majority vote of members of the Board.

~~Disability hearings and business~~Meetings held on the first Monday of the month will be scheduled for the first meeting of the month; ~~investment and administrative business~~for the purpose of the Board may be considered as well. The second meeting will generally be devoted to conducting the investment and administrative business of the Board, ~~though~~ Meetings held on the third Monday will be devoted to disability hearings. The Board may

~~consider disability related matters may be scheduled at the direction of the Chair. No meetings shall be held on first meeting of the month and administrative business at the third meeting of the month. If a legal holiday, recognized by the County of Ventura, falls on the first or third Monday of the month, the meeting shall be scheduled for the Monday following the holiday~~

2. SPECIAL: Special meetings of the Board of Retirement may be called at any time by the Chair, Vice Chair, or by vote of any five members of the Board.
3. NOTICE: Notice of all regular, special and committee meetings of the Board shall be provided as required by the Ralph M. Brown Act (Brown Act), Government Code Section 54950 et. seq.
4. CLOSED MEETINGS: The Board may meet in closed session to consider and vote on litigation, personnel and disability related matters so long as such issues are conducted in accordance with the provisions of the Brown Act.
5. ORDER OF BUSINESS: The Chair shall require approval of the agenda at the beginning of each meeting. In the absence of instructions from the Board, the order of business set forth on the agenda shall be at the discretion of the Retirement Administrator. The Chair shall have the discretion to call for discussion and/or action on any agenda item in the order deemed by the Chair to be most efficient.
6. RULES OF ORDER: The Board shall conduct its business in accordance with the provisions of the Government Code and these regulations. The Chair shall be entitled to vote on all issues to the extent permitted by law and shall not be required to relinquish the chair in order to participate in matters before the Board.
7. QUORUM: Five members of the Board who are eligible to vote at the same time shall constitute a quorum.
- ~~8. AGENDA ITEMS: Members of the Board, administrative staff and others who wish to place items on the Board agenda may do so by notifying the Retirement Administrator, in writing, no later than seven (7) business days prior to any regularly scheduled or special meeting of the Board. The request should specify the nature of the item to be placed on the agenda and include any documentation which is to be included with the packet to be distributed to the members of the Board. The Retirement Administrator may accept items for the agenda submitted after the deadline if it can reasonably be done without violating the notice requirements of the Brown Act.~~
- 9.8. MINUTES: The Retirement Administrator shall record in the minutes the time and place of each meeting of the Board, the names of the members present, all official acts of the Board, the votes given by the members of the Board ~~except where the action is unanimous,~~ and when requested, a member's dissent or approval with the stated his/her reasons. The minutes shall be presented to the Board for approval at the next regular meeting. The

minutes shall be signed by the ~~chair of that meeting~~Chair, and shall become a permanent record of the Board.

~~10.9.~~ PUBLIC COMMENT: The Board shall permit public comment on any item on the agenda and shall include a public comment section on the agenda in order to allow comment on items relating to the retirement system that are not listed on the agenda. The Chair may limit public comment to no more than five minutes.

~~11.10.~~ COMPENSATION: ~~Appointed and elected retired~~The fourth, fifth, sixth, eighth and ninth members of the Board (~~Board of Supervisor appointees and elected retiree member~~) shall be compensated in accordance with Government Code section 31521. The Treasurer and elected general and safety members of the Board shall not receive such compensation, but shall receive regular County/District compensation while attending official~~for their attendance at each Board meeting at the rate of \$100.00 per meeting for not more than five meetings and functions per month, including, but not limited to, other lawfully called special meetings, conferences, due diligence visits and training sessions authorized by of the Board of Retirement during regular working hours. and meetings of Board committees when such meetings are held on a day that the full Board does not meet.~~

### ARTICLE III. MEMBERSHIP

1. EMPLOYEES INCLUDED: All ~~non-safety nonsafety~~ regular employees of the County of Ventura, and other employer members of the Ventura County Employees' Retirement Association, who are scheduled to work 64 hours or more biweekly, and shall become members of the Association on the first day of the fourth pay period following appointment. The three pay period delay in membership shall terminate for all nonsafety regular employees, who would otherwise be included in membership, on July 11, 1999. Effective on such date, all nonsafety regular employees shall become members upon appointment to an eligible position. All safety employees of the County of Ventura and the Ventura County Fire Protection District shall become members of VCERA on appointment. Members may delay the effective start date of their membership up to twelve weeks after the date of employment for the purpose of establishing reciprocity with another public retirement system as described in CERL. ~~shall become members upon appointment.~~
2. EXCLUDED POSITIONS: Employees who are filling positions that meet any of the following descriptions shall be excluded from membership in VCERA~~the Association~~:
  - (A) Extra Help Employee: A person employed for temporary work on a day to day basis who is compensated on an hourly basis.
  - (B) Intermittent Employee: A person employed for intermittent or temporary work on a day to day basis who is compensated on an hourly basis.
  - (C) Part-Time Employee: A regular employee scheduled to work less than 64 hours biweekly.

Regular employee members who reduce their scheduled work hours to below 64 biweekly shall be required to retain membership in VCERA, the Association. Those employees will contribute to, and accrue retirement service credit on a pro rata basis.

3. EXCLUSION FROM MEMBERSHIP: Exclusions from membership for a regular employee member shall not be granted by the Board under any circumstances.
4. ELECTED OFFICIALS: Membership in the VCERA Association is optional for elected officials, in accordance with Government Code 31533.
5. DETERMINATION OF ELIGIBILITY: In all cases, the Board shall determine eligibility for membership in VCERA, the Association.

#### ARTICLE IV. COMPENSATION EARNABLE

- ~~1. COMPENSATION EARNABLE (DEFINITION): For purposes of calculating retirement benefits, "compensation earnable" means the average "compensation" (see Gov. Code, section 31460) as determined by the Board of Retirement, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The compensation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation earnable will not include true overtime pay or expense reimbursements.~~
- ~~2. BASIS OF CONTRIBUTIONS/BENEFITS: The amount upon which appropriate member contribution rates are applied or upon which retirement benefits are calculated shall be based upon the forms of cash paid remuneration included in the definition of compensation earnable as determined, from time to time, by the Board of Retirement in a manner consistent with applicable law.~~

#### ARTICLE IV. CONTRIBUTIONS

- ~~1. NORMAL CONTRIBUTIONS: Normal contributions shall be based upon the employee's compensation earnable, as defined in Article IV, and actuarially determined contribution rates adopted by the Ventura County Board of Supervisors. Normal contributions shall be deducted from the member's biweekly pay only for the pay period during which service for compensation is rendered.~~
- ~~2. WITHDRAWAL OF CONTRIBUTIONS: Any member of the Retirement Association upon termination of his employment with the County of Ventura, or employer member of the Ventura County Employees' Retirement Association, may withdraw all of his/her accumulated contributions, except the Retirement Association shall withhold for federal tax purposes 20% of the taxable contributions, or such other amount as dictated by applicable federal and state~~

~~law, unless the member elects to rollover the taxable contributions to a qualified plan or Individual Retirement Account (IRA).~~

~~In no event shall any member be refunded any portion of his/her accumulated contributions until such time as that member, their legal guardian or conservator or other person(s) responsible for the members affairs, executes a "Disposition of Separated Employees Retirement Contributions" form with the Retirement Department.~~

REDEPOSIT OF CONTRIBUTIONS WITHDRAWN

~~3.1. REDEPOSIT OF CONTRIBUTIONS WITHDRAWN: An active or deferred member of VCERAthe Retirement Association may, prior to filing an application for retirement, redeposit in lump sum, or, in the case of an active member, by payroll deductions not to exceed a cumulative total of five years, an amount equal to all of the accumulated normal contributions he/she has withdrawn, plus regular interest thereon from the date of separation from the retirement system as provided by Government Code section 31652.~~

~~Retirement service credit for the redeposit of contributions for previous membership shall be considered credited to the member upon completion of the redeposit of all funds, and shall be granted at the retirement tier in which the service was earned. If the redeposit of contributions for previous membership is for service accrued under retirement tier 1, and the member's current service is being accrued under tier 2, the member shall have all his/her current service converted to retirement tier 1. Such conversion will be considered complete when the member has paid in full to the Retirement Association all prior tier 1 contributions previously withdrawn, plus regular interest and further, deposits with the Association the contribution deficiency, in any, between the member's current and former tiers.~~

~~Notwithstanding the above, under no circumstances will the redeposit of contributions for previous safety membership entitle a current nonsafety member to have his/her current service converted to safety member service.~~

~~4.2. DEDUCTION OF PAST DUE CONTRIBUTIONS: If, as a result of a clerical or other type of error, retirement contributions are not deducted at the time and manner required by law, or by the regulations of the Board, the member will be permitted to make past due contributions through payroll deductions over a period of time not to exceed one year.~~

ARTICLE VI. SWORN STATEMENT

Every employee who is to become a member of VCERAthe Retirement Association shall complete ~~and execute~~ a sworn statement, with written or electronic signature, as provided in Government Code Sections 31526(b)(1) and 31527(i). Such statement shall show the member's date of birth, date of hire by the County or other participating employer member of



the Ventura County Employees' Retirement Association, compensation and the name, relationship, date of birth and address of the member's designated member's beneficiary.

ARTICLE VII. USE OF ELECTRONIC SIGNATURES & RECORDED TELEPHONE COMMUNICATIONS FOR TRANSACTIONS

The Board of Retirement may adopt procedures to allow for use and acceptance of member electronic signatures and/or use of recorded telephone communications for processing authorized transactions affecting a member's account, as provided in Government Code Section 31527 (i) and (j).

ARTICLE VIII. DISABILITY RETIREMENT HEARING PROCEDURES

1. DISABILITY HEARING PROCEDURES: The Board of Retirement shall promulgate disability hearing procedures to ensure maintain Disability Hearing Procedures for the purpose of providing an equitable, fair and efficient proceedings regarding impartial method for acting upon applications for rights, benefits and privileges under the County Employees' Retirement Law of 1937, as amended, to the end that applications for disability retirement, may be expeditiously processed with a minimum lapse of time, and that, when a hearing is required by law, all parties will have notice of the hearing and an opportunity to appear before the board or duly appointed hearing officer and present their case. The Board of Retirement Disability Hearing Procedures are appended to these bylaws as Attachment A.

ARTICLE IX. AMENDMENTS

These regulations may be amended by a quorum majority vote of the ~~entire~~ Board of Retirement ~~(5)~~ and shall become effective on the first day of the month following approval by the Ventura County Board of Supervisors.

ARTICLE IX. REPEALS

All former Bylaws, regulations, and resolutions of policy inconsistent with these regulations are hereby repealed.

Bylaws Adopted ~~by~~ By the Board of Retirement \_\_\_\_\_ ~~April 5, 1999.~~

William

WILLIAM W. ~~Wilson~~WILSON, Vice-Chair

Upon the motion of Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, the Board of Retirement Bylaws are hereby APPROVED this \_\_\_\_\_ 27<sup>th</sup> \_\_\_\_\_ day of \_\_\_\_\_.

BOARD OF SUPERVISORS ~~April~~  
1999.  
COUNTY OF VENTURA



October 22, 2018

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 S. Victoria Avenue, Suite 200  
Ventura, CA 93003

**SUBJECT: DRAFT AMENDMENTS TO BYLAWS & REGULATIONS FOR REVIEW AND DISCUSSION**

Dear Board Members:

Background

The County Employees Retirement Law of 1937 (CERL) authorizes boards to make regulations and requires that certain provision be included in the regulations. Although VCERA has recently adopted additional regulations as part of its IRS Tax Compliance process, the VCERA Board of Retirement Bylaws and Regulations document has been essentially unchanged since 1999.

The CERL provisions that govern adoption of regulations are contained in Government Code sections 31525 through 31527. Section 31525 provides the general authority for adoption of regulations not inconsistent with the CERL and provides:

**§31525. Regulations; approval**

*The board may make regulations not inconsistent with this chapter. The regulations become effective when approved by the board of supervisors.*

Section 31526 sets forth the provisions that must be included in the board's regulations:

**§31526. Requisites of regulations**

*The regulations shall include provisions:*

*(a) For the election of officers, their terms, meetings, and all other matters relating to the administrative procedure of the board.*

*(b) For one of the following:*

*(1) The filing of a sworn statement by every person who is or becomes a member, showing date of birth, nature and duration of employment with the county, compensation received, and other information as is required by the board.*

*(2) In lieu of a sworn statement, the submission by the member's employer to the retirement association of the information otherwise required in paragraph (1), in a form determined by the retirement association.*

*(c) For forms of annuity certificates and other forms as required.*

October 22, 2018

Page 2 of 3

While §31526 lists the **required** provisions, §31527 lists additional provisions that **may** be included, if the system chooses; these are shown on Attachment A. In addition, PEPRA also authorizes retirement board to adopt regulations or resolutions as necessary to comply with PEPRA. (See Govt. Code § 7522.02(j).) VCERA has elected to utilize resolutions for this purpose.

Traditionally, the VCERA bylaws/regulations have contained a good deal of information and language not required by §31526. In an effort to streamline VCERA's document, and to better align with our CERL peers, staff recommends simplifying the language to eliminate unnecessary provision language by which VCERA is already bound, by either CERL or separate policy. Therefore, the proposed amendments reflect limiting the document to the provisions required by §31526 required provisions, with the additional inclusion of two provisions based on what is permissible §31527:

*(c) For a period of time longer than one year during which a member brought within the field of membership may pay into the retirement fund the amount equal to the contributions he or she would have made plus interest, if he or she had been a member from the date of its organization, or from the date of his or her entrance into service, whichever is later.*

*(h) The day upon which each person becomes a member of the association if it is to be other than the first day of the calendar month after his or her entrance into service. However, that day shall be no later than 12 weeks after his or her entrance into service, or the day upon which the member terminates service credited by the association, and that the day shall be no earlier than 12 weeks prior to the member's termination from employment.*

*(i) Notwithstanding any other law, for the use and acceptance of a document requiring a signature that is submitted by a member using an electronic signature, if the document and electronic signature are submitted using technology the board deems sufficient to ensure its integrity, security, and authenticity. A document submitted pursuant to the regulation shall be given the same force as a signed, valid original document.*

These three additional provisions are included to 1) specify the current practice of a one-year repayment period for service purchases or repayments; 2) to allow VCERA to delay a member's entry into membership where necessary to avoid "overlapping service" with another system to enable a member to establish reciprocity, and; 3) to allow for VCERA to develop a policy for accepting electronic signatures on certain transactions in the future.

Further, while CERL requires all systems to administer disability retirement benefits, it does not require that disability retirement procedures be included in the body of the regulations or as an attachment or addendum thereto – and most CERL systems do not incorporate those procedures into their by-laws. Staff recommends this change as well, both to simply the document, and so that as the procedures are updated and improved in the coming months, each iteration will not need to go through the Board of Supervisors approval process multiple times.

October 22, 2018

Page 3 of 3

Summary

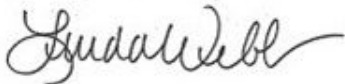
The provided redline document shows the proposed amendments, which fall under the following category reasons:

- Streamlining as described with eliminations of unnecessary provision language;
- Updating of terminology, references, etc. to better reflect current usage;
- Reflect changes of policy, practice and/or legislation since last bylaw review.
- Remove disability procedures addendum.

Staff requests Board feedback on the draft by-law amendments, and authorization to transmit the approved draft to the County CEO's office for further discussion. A proposed final draft would be brought back to the Board for approval. Then, in accordance with Government Code 31525, the by-laws would then be presented to the County Board of Supervisors for approval.

VCERA staff will be pleased to respond to any questions you may have at the October 22, 2018 business meeting.

Sincerely,

A handwritten signature in cursive script, appearing to read "Linda Webb".

Linda Webb  
Retirement Administrator

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
BOARD OF RETIREMENT  
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minutes shall be signed by the ~~chair of that meeting~~Chair, and shall become a permanent record of the Board.

~~10.9.~~ PUBLIC COMMENT: The Board shall permit public comment on any item on the agenda and shall include a public comment section on the agenda in order to allow comment on items relating to the retirement system that are not listed on the agenda. The Chair may limit public comment to no more than five minutes.

~~11.10.~~ COMPENSATION: ~~Appointed and elected retired~~The fourth, fifth, sixth, eighth and ninth members of the Board (~~Board of Supervisor appointees and elected retiree member~~) shall be compensated in accordance with Government Code section 31521. The Treasurer and elected general and safety members of the Board shall not receive such compensation, but shall receive regular County/District compensation while attending official~~for their attendance at each Board meeting at the rate of \$100.00 per meeting for not more than five meetings and functions per month, including, but not limited to, other lawfully called special meetings, conferences, due diligence visits and training sessions authorized by of the Board of Retirement during regular working hours. and meetings of Board committees when such meetings are held on a day that the full Board does not meet.~~

### ARTICLE III. MEMBERSHIP

1. EMPLOYEES INCLUDED: All ~~non-safety nonsafety~~ regular employees of the County of Ventura, and other employer members of the Ventura County Employees' Retirement Association, who are scheduled to work 64 hours or more biweekly, and shall become members of the Association on the first day of the fourth pay period following appointment. The three pay period delay in membership shall terminate for all nonsafety regular employees, who would otherwise be included in membership, on July 11, 1999. Effective on such date, all nonsafety regular employees shall become members upon appointment to an eligible position. All safety employees of the County of Ventura and the Ventura County Fire Protection District shall become members of VCERA on appointment. Members may delay the effective start date of their membership up to twelve weeks after the date of employment for the purpose of establishing reciprocity with another public retirement system as described in CERL. ~~shall become members upon appointment.~~
2. EXCLUDED POSITIONS: Employees who are filling positions that meet any of the following descriptions shall be excluded from membership in VCERA~~the Association~~:
  - (A) Extra Help Employee: A person employed for temporary work on a day to day basis who is compensated on an hourly basis.
  - (B) Intermittent Employee: A person employed for intermittent or temporary work on a day to day basis who is compensated on an hourly basis.
  - (C) Part-Time Employee: A regular employee scheduled to work less than 64 hours biweekly.

Regular employee members who reduce their scheduled work hours to below 64 biweekly shall be required to retain membership in VCERA, the Association. Those employees will contribute to, and accrue retirement service credit on a pro rata basis.

3. EXCLUSION FROM MEMBERSHIP: Exclusions from membership for a regular employee member shall not be granted by the Board under any circumstances.
4. ELECTED OFFICIALS: Membership in the VCERA Association is optional for elected officials, in accordance with Government Code 31533.
5. DETERMINATION OF ELIGIBILITY: In all cases, the Board shall determine eligibility for membership in VCERA the Association.

#### ARTICLE IV. COMPENSATION EARNABLE

1. COMPENSATION EARNABLE—(DEFINITION): For purposes of calculating retirement benefits, “compensation earnable” means the average “compensation” (see Gov. Code, section 31460) as determined by the Board of Retirement, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The compensation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation earnable will not include true overtime pay or expense reimbursements.
2. BASIS OF CONTRIBUTIONS/BENEFITS: The amount upon which appropriate member contribution rates are applied or upon which retirement benefits are calculated shall be based upon the forms of cash paid remuneration included in the definition of compensation earnable as determined, from time to time, by the Board of Retirement in a manner consistent with applicable law.

#### ARTICLE IV. CONTRIBUTIONS

1. NORMAL CONTRIBUTIONS: Normal contributions shall be based upon the employee’s compensation earnable, as defined in Article IV, and actuarially determined contribution rates adopted by the Ventura County Board of Supervisors. Normal contributions shall be deducted from the member’s biweekly pay only for the pay period during which service for compensation is rendered.
2. WITHDRAWAL OF CONTRIBUTIONS: Any member of the Retirement Association upon termination of his employment with the County of Ventura, or employer member of the Ventura County Employees’ Retirement Association, may withdraw all of his/her accumulated contributions, except the Retirement Association shall withhold for federal tax purposes 20% of the taxable contributions, or such other amount as dictated by applicable federal and state

~~law, unless the member elects to rollover the taxable contributions to a qualified plan or Individual Retirement Account (IRA).~~

~~In no event shall any member be refunded any portion of his/her accumulated contributions until such time as that member, their legal guardian or conservator or other person(s) responsible for the members affairs, executes a "Disposition of Separated Employees Retirement Contributions" form with the Retirement Department.~~

### REDEPOSIT OF CONTRIBUTIONS WITHDRAWN & DEDUCTION OF PAST DUE CONTRIBUTIONS

~~3.1. REDEPOSIT OF CONTRIBUTIONS WITHDRAWN: An active or deferred member of VCERA the Retirement Association may, prior to filing an application for retirement, redeposit in lump sum, or, in the case of an active member, by payroll deductions not to exceed one year unless otherwise approved by the Board a cumulative total of five years, an amount equal to all of the accumulated normal contributions he/she has withdrawn, plus regular interest thereon from the date of separation from the retirement system as provided by Government Code section 31652.~~

~~Retirement service credit for the redeposit of contributions for previous membership shall be considered credited to the member upon completion of the redeposit of all funds, and shall be granted at the retirement tier in which the service was earned. If the redeposit of contributions for previous membership is for service accrued under retirement tier 1, and the member's current service is being accrued under tier 2, the member shall have all his/her current service converted to retirement tier 1. Such conversion will be considered complete when the member has paid in full to the Retirement Association all prior tier 1 contributions previously withdrawn, plus regular interest and further, deposits with the Association the contribution deficiency, in any, between the member's current and former tiers.~~

~~Notwithstanding the above, under no circumstances will the redeposit of contributions for previous safety membership entitle a current nonsafety member to have his/her current service converted to safety member service.~~

~~4.2. DEDUCTION OF PAST DUE CONTRIBUTIONS: If, as a result of a clerical or other type of error, retirement contributions are not deducted at the time and manner required by law, or by the regulations of the Board, the member will be permitted to make past due contributions through payroll deductions over a period of time not to exceed one year.~~

### ARTICLE VI. SWORN STATEMENT

~~Every employee who is to become a member of VCERA the Retirement Association shall complete and execute a sworn statement, with written or electronic signature, as provided in Government Code Sections 31526(b)(1) and 31527(i). Such statement shall show the~~

member's date of birth, date of hire by the County or other participating employer ~~member~~ of the Ventura County Employees' Retirement Association, compensation and the name, relationship, date of birth and address of the member's designated~~member's~~ beneficiary.

ARTICLE VII. USE OF ELECTRONIC SIGNATURES & RECORDED TELEPHONE COMMUNICATIONS FOR TRANSACTIONS

The Board of Retirement may adopt procedures to allow for use and acceptance of member electronic signatures and/or use of recorded telephone communications for processing authorized transactions affecting a member's account, as provided in Government Code Section 31527 (i) and (j).

ARTICLE VIII. DISABILITY RETIREMENT HEARING PROCEDURES

1. DISABILITY HEARING PROCEDURES: The Board of Retirement shall promulgate disability hearing procedures to ensure maintain Disability Hearing Procedures for the purpose of providing an equitable, fair and efficient proceedings regarding impartial method for acting upon applications for rights, benefits and privileges under the County Employees' Retirement Law of 1937, as amended, to the end that applications for disability retirement, may be expeditiously processed with a minimum lapse of time, and that, when a hearing is required by law, all parties will have notice of the hearing and an opportunity to appear before the board or duly appointed hearing officer and present their case. The Board of Retirement Disability Hearing Procedures are appended to these bylaws as Attachment A.

ARTICLE IXIII.

ARTICLE VIII. AMENDMENTS

These regulations may be amended by a quorum majority vote of the ~~entire~~ Board of Retirement ~~(5)~~ and shall become effective on the first day of the month following approval by the Ventura County Board of Supervisors.

ARTICLE IX. ARTICLE IX. REPEALS

All former Bylaws, regulations, and resolutions of policy inconsistent with these regulations are hereby repealed.

Bylaws Adopted ~~by~~By the Board of Retirement \_\_\_\_\_ ~~April 5, 1999.~~

William

WILLIAM W. ~~Wilson~~WILSON, Vice-Chair

Upon the motion of Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, the Board of Retirement Bylaws are hereby APPROVED this 27<sup>th</sup> day of \_\_\_\_\_.

BOARD OF SUPERVISORS ~~April~~  
1999.  
COUNTY OF VENTURA





COUNTY EXECUTIVE OFFICE  
MICHAEL POWERS  
County Executive Officer

Mike Pettit  
Assistant County Executive Officer

Kaye Mand  
County Chief Financial Officer

Shawn Atin  
Assistant County Executive Officer/  
Human Resources Director  
Labor Relations

February 19, 2019

Linda Webb, Retirement Administrator  
Ventura County Employees Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, California 93003

RE: Proposed Bylaw Changes

Dear Ms. Webb:

Thank you for the opportunity to review the Ventura County Employees' Retirement Association (VCERA) proposed changes to the bylaws and regulations. It has been about 20 years since this document was reviewed by the Board of Supervisors. Thus, this would seem an appropriate time to ensure the bylaws and regulations have kept current with the VCERA and County practices. I hope you will understand the delay in getting back to you given the unprecedented local emergencies the County has faced these past several months. In reviewing the document, it would be helpful to understand the rationale for the changes that would result in material alterations.

Below please find reference to the sections and my thoughts, reviewing the proposed changes. Reference to Article and Section numbers refer to the original numbers in the 1999 Bylaws, as opposed to the revised Article and Section numbers.

#### **Article I – Administration**

##### **Section 5 – Election of Officers:**

5. **ELECTION OF OFFICERS:** At ~~it~~<sup>the</sup> first regular meeting in December, the Board shall elect from its members a Chair and Vice Chair to hold office for a period of one year commencing on January 1 of the following year. No member shall be elected to the position of Chair or Vice Chair until he/she has served on the Board for a minimum of one year.

Linda Webb  
February 19, 2019  
Page 2

The Chair shall preside at all meetings of the Board, shall appoint all committees and perform any other duties incidental to that office. The Vice Chair shall take the place of, and perform the duties of, the Chair in his/her absence. ~~The Chair~~~~The County Treasurer,~~~~ex-officio member of the Board,~~ shall attest to Resolutions, Contracts and other such documents on behalf of the Board. In the absence of the Chair and Vice Chair, the ~~Retirement Administrator~~~~County Treasurer~~ shall ~~preside for~~~~take~~ the ~~sole purpose~~~~place~~ of ~~facilitating and perform~~ the ~~election~~~~duties~~ of a ~~presiding officer from among those members present, who shall preside only until the Chair or Vice Chair becomes available to do so.~~

Please provide an explanation for the rationale for the substitution of The Chair for the County Treasurer, ex officio member of the Board in the roles of attesting to Resolutions, Contracts and other documents, and presiding over the Board in the absence of the Chair and Vice Chair.

#### Section 8 – Board Member Conflict of Interest:

8. BOARD MEMBER CONFLICT OF INTEREST: The Board shall establish and maintain a Conflict of Interest Code, applicable to its Board members and designated employees. Statements of Economic Interests shall be filed with and maintained by the Retirement Administrator.

~~BOARD MEMBER CONFLICT OF INTEREST:—No member of the Board shall engage in any employment, activity or enterprise for compensation which is inconsistent, incompatible or in conflict with his/her duties as a member of the Board. Such member shall not perform any work, service or counsel for compensation outside of his/her Board responsibilities where any part of his/her efforts will be subject to approval by the Board of Retirement. Board members shall timely file such Statements of Financial Interest as required by the Board's Conflict of Interest Code, as amended from time to time. COUNSEL:—The Ventura County Counsel shall advise the Board pursuant to Government Code section 31529, except the Board may contract with an attorney in private practice pursuant to Government Code section 31529.5.~~

Please provide an explanation for the rationale for the elimination of statement of the policy in the Bylaws, retaining with the Board to establish and maintain a Conflict of Interest Code. Would this change result in eliminating any oversight responsibility by the Board of Supervisors?



Linda Webb  
February 19, 2019  
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## Article II - Meetings

### Section 8 – Agenda Items:

~~8. **AGENDA ITEMS:** Members of the Board, administrative staff and others who wish to place items on the Board agenda may do so by notifying the Retirement Administrator, in writing, no later than seven (7) business days prior to any regularly scheduled or special meeting of the Board. The request should specify the nature of the item to be placed on the agenda and include any documentation which is to be included with the packet to be distributed to the members of the Board. The Retirement Administrator may accept items for the agenda submitted after the deadline if it can reasonably be done without violating the notice requirements of the Brown Act.~~

Please provide an explanation for the rationale for elimination of this section. If the County, a retiree or a member of the public would like an item on the agenda, how would this be accomplished if this revision is accepted?

## Article III - Membership

### Section 1 – Employees Included:

1. ~~**EMPLOYEES INCLUDED:** All ~~non-safety-nonsafety~~ regular employees of the County of Ventura, and other employer members of the Ventura County Employees' Retirement Association, who are scheduled to work 64 hours or more biweekly, and shall become members of the Association on the first day of the fourth pay period following appointment. ~~The three pay period delay in membership shall terminate for all nonsafety regular employees, who would otherwise be included in membership, on July 11, 1999. Effective on such date, all nonsafety regular employees shall become members upon appointment to an eligible position. All safety employees of the County of Ventura and the Ventura County Fire Protection District shall become members of VCERA on appointment. Members may delay the effective start date of their membership up to twelve weeks after the date of employment for the purpose of establishing reciprocity with another public retirement system as described in CERL.~~ shall become members upon appointment.~~

Please provide the rationale for the revisions and how the delay in effective start date applies in establishing reciprocity with other public retirement systems.

Linda Webb  
February 19, 2019  
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Section 4 – Elected Officials:

- 4. ELECTED OFFICIALS: Membership in the VCERA Association is optional for elected officials, in accordance with Government Code 31533.

Reference to Government Codes §31533 appears to be misplaced. This section concerns appointment of a referee. It appears this should be Government Code §31553.

**Article IV – Compensation Earnable**

ARTICLE IV. COMPENSATION EARNABLE

~~1. COMPENSATION EARNABLE (DEFINITION): For purposes of calculating retirement benefits, "compensation earnable" means the average "compensation" (see Gov. Code, section 21460) as determined by the Board of Retirement, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The compensation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation earnable will not include true overtime pay or expense reimbursements.~~

~~2. BASIS OF CONTRIBUTIONS/BENEFITS: The amount upon which appropriate member contribution rates are applied or upon which retirement benefits are calculated shall be based upon the forms of cash paid remuneration included in the definition of compensation earnable as determined, from time to time, by the Board of Retirement in a manner consistent with applicable law.~~

Please provide an explanation for the rationale for removal of this Article.

**Article V - Contributions**

Sections 1 and 2 –

ARTICLE IV. CONTRIBUTIONS

~~1. NORMAL CONTRIBUTIONS: Normal contributions shall be based upon the employee's compensation earnable, as defined in Article IV, and actuarially determined contribution rates adopted by the Ventura County Board of Supervisors. Normal contributions shall be deducted from the member's biweekly pay only for the pay period during which service for compensation is rendered.~~



Linda Webb  
February 19, 2019  
Page 5

~~2. WITHDRAWAL OF CONTRIBUTIONS: Any member of the Retirement Association upon termination of his employment with the County of Ventura, or employer member of the Ventura County Employees' Retirement Association, may withdraw all of his/her accumulated contributions, except the Retirement Association shall withhold for federal tax purposes 20% of the taxable contributions, or such other amount as dictated by applicable federal and state~~

~~law, unless the member elects to rollover the taxable contributions to a qualified plan or Individual Retirement Account (IRA).~~

~~In no event shall any member be refunded any portion of his/her accumulated contributions until such time as that member, their legal guardian or conservator or other person(s) responsible for the members affairs, executes a "Disposition of Separated Employees Retirement Contributions" form with the Retirement Department.~~

Normal Contributions and Withdrawal of Contributions: Please provide an explanation for the rationale for removing these two sections.

Section 3 – Redeposit of Contributions Withdrawn:

REDEPOSIT OF CONTRIBUTIONS WITHDRAWN  
& DEDUCTION OF PAST DUE CONTRIBUTIONS

~~3.1. REDEPOSIT OF CONTRIBUTIONS WITHDRAWN: An active or deferred member of VCERA the Retirement Association may, prior to filing an application for retirement, redeposit in lump sum, or, in the case of an active member, by payroll deductions not to exceed one year unless otherwise approved by the Board a cumulative total of five years, an amount equal to all of the accumulated normal contributions he/she has withdrawn, plus regular interest thereon from the date of separation from the retirement system as provided by Government Code section 31652.~~

~~Retirement service credit for the redeposit of contributions for previous membership shall be considered credited to the member upon completion of the redeposit of all funds, and shall be granted at the retirement tier in which the service was earned. If the redeposit of contributions for previous membership is for service accrued under retirement tier 1, and the member's current service is being accrued under tier 2, the member shall have all his/her current service converted to retirement tier 1. Such conversion will be considered complete when the member has paid in full to the Retirement Association all prior tier 1 contributions previously withdrawn, plus regular interest and further, deposits with the Association the contribution deficiency, in any, between the member's current and former tiers.~~

~~Notwithstanding the above, under no circumstances will the redeposit of contributions for previous safety membership entitle a current nonsafety member to have his/her current service converted to safety member service.~~

Linda Webb  
February 19, 2019  
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Please explain the rationale for shortening the time permitted to redeposit withdrawn contributions from five years to one year, unless otherwise approved by the Board. Also, by deleting the third paragraph, should there be concern that someone may be able to effectively reinstate a safety membership?

## Article VIII – Disability Hearing Procedures

### Section 1 – Disability Hearing Procedures:

#### ARTICLE VIII. DISABILITY RETIREMENT HEARING PROCEDURES

1. DISABILITY HEARING PROCEDURES: The Board of Retirement shall promulgate disability hearing procedures to ensure maintain Disability Hearing Procedures for the purpose of providing an equitable, fair and efficient proceedings regarding impartial method for acting upon applications for rights, benefits and privileges under the County Employees' Retirement Law of 1937, as amended, to the end that applications for disability retirement may be expeditiously processed with a minimum lapse of time, and that, when a hearing is required by law, all parties will have notice of the hearing and an opportunity to appear before the board or duly appointed hearing officer and present their case. The Board of Retirement Disability Hearing Procedures are appended to these bylaws as Attachment A.

Please provide the rationale for the revisions to this section. In the proposed letter to the Board of Retirement it states that the disability section is removed to simplify the document and to permit future procedural changes without the need to go through the Board of Supervisors. How do you propose the County maintains its interest in developing procedures which impact County employees?

We look forward to learning more about VCERA's proposed revisions. Then we would be happy to collaborate to achieve your goals and objectives.

Sincerely,



Mike Pettit  
Assistant County Executive Officer

cc. Mike Powers, Chief Financial Officer  
Shawn Atin, Assistant County Executive Officer/Director of Human Resources  
Chuck Poda, Risk Manager





February 27, 2019

Mike Pettit, Assistant County Executive Officer  
Hall of Administration L#1940  
800 South Victoria Avenue  
Ventura, CA 93009

**SUBJECT: COUNTY FEEDBACK ON VCERA PROPOSED BYLAW CHANGES**

Dear Mr. Pettit:

Thank you for the feedback on VCERA's proposed bylaw changes. We are happy to explain our rationale for the proposed changes in response to your questions.

**Article I – Administration**

Section 5 – Election of Officers

County Feedback:

*Please provide an explanation for the rationale for the substitution of The Chair for the County Treasurer, ex officio member of the Board in the roles of attesting to Resolutions, Contracts and other documents, and presiding over the Board in the absence of the Chair and Vice Chair.*

VCERA Response:

The previous language is decades old, and is a remnant from a time when the retirement system was an office/department within the Treasurer/Tax Collector's Office. While the Treasurer continues to be an ex officio member of the Board, the statute does not require that the Treasurer hold an office on the Board, nor does it give additional power or authority to that Board position than to any other. Within the other CERL system bylaws we reviewed, none designate the Treasurer the ability to serve in absence of the Chair and Vice Chair, and none designate the Treasurer with signatory or attestation authority.

Section 8 – Board Member Conflict of Interest

County Feedback:

Please provide an explanation for the rationale for the elimination of statement of the policy in the Bylaws, retaining with the Board to establish and maintain a Conflict of Interest Code. Would this change result in eliminating any oversight responsibility by the Board of Supervisors?

VCERA Response:

The Conflict of Interest Code requirements for VCERA are covered by statute and regulation; no existing oversight responsibility would change. VCERA is otherwise bound by statute to adopt a COI Code and to submit the COI code to the county Board of Supervisors as the code-reviewing body, making the bylaws language redundant.

**Article II – Meetings**

Section 8 – Agenda Items

County Feedback:

Please provide an explanation for the rationale for the elimination of this section. If the County, a retiree or a member of the public would like an item on the agenda, how would this be accomplished if this revision is accepted?

VCERA Response:

The current language is outdated and does not align with VCERA’s practices concerning agenda management. In practice, all requests for items to be placed on the agenda are made by various parties to the Chair or the Retirement Administrator; with the elimination of this section, the County, a retiree, or member of the public may continue to request items be on the agenda in the same way as they currently do. Placement of items on the agenda will continue to be subject to the discretion of the Chair or Retirement Administrator. This policy is also more consistent with the practice of the Board of Supervisors. Exceptions to the 7-day requirement are frequently required, and subject to discretion of the Chair and Retirement Administrator. Elimination of this section will allow VCERA to more appropriately govern agenda management through policy.

**Article III – Membership**

Section 1 – Employees Included:

County Feedback:

Please provide the rationale for the revisions and how the delay in effective start date applies in establishing reciprocity with other public retirement systems.

VCERA Response:

Delaying membership date is specifically allowed by §31527, and enables members to establish reciprocity where there would otherwise be prohibited overlapping service. Delaying the membership date allows incoming employees to delay their VCERA membership date for up to 12 weeks after beginning County or district employment during the time that they are still on active payroll from their previous employer, i.e. “running out” vacation time. As a relevant example, the County hired Matthew Sandoval approximately one year ago as the Chief Deputy Director to oversee several agencies within HCA. At time of hire, he was running out his vacation time with San Bernardino County. This member would like to establish reciprocity but under the current bylaws, VCERA is unable to allow him to do so. The proposed change in the bylaws would allow VCERA to delay his membership date so as to avoid overlapping service, thereby allowing him to establish reciprocity. Such a provision is common among CERL systems.

Section 4 – Elected Officials

County Feedback:

Reference to Government Codes §31533 appears to be misplaced. This section concerns appointment of a referee. It appears this should be Government Code §31553.

VCERA Response:

Yes, that is an error; indeed, it should be §31553; we will make the appropriate correction.

**Article IV – Compensation Earnable**

<p><u>County Feedback:</u> Please provide an explanation for the rationale for removal of this article.</p>
<p><u>VCERA Response:</u> Compensation Earnable is governed by statute and case law and has changed over time, making the existing language outdated. VCERA has, over time, adopted various resolutions to specify what is included in compensation earnable. Other CERL systems have removed such a definition from their bylaws, and instead define compensation earnable by resolution.</p>

**Article V – Contributions**

Sections 1 and 2

<p><u>County Feedback:</u> Normal Contributions and Withdrawal of Contributions: Please provide an explanation for the rationale for removing these two sections.</p>
<p><u>VCERA Response:</u> The rules for contributions and withdrawals are otherwise governed by statute, to which VCERA is bound. Therefore, the detailed language in the bylaws is redundant. Further, the language provides references to the form name (which may change), and referred to VCERA as the “Retirement Department” – again, a remnant of when VCERA was an office/department in the Treasurer’s office.</p>

Section 3 – Redeposit of Contributions Withdrawn

<p><u>County Feedback:</u> Please provide the rationale for shortening the time permitted to redeposit withdrawn contributions from five years to one year, unless otherwise approved by the Board. Also, by deleting the third paragraph, should there be concern that someone may be able to effectively reinstate a safety membership?</p>
<p><u>VCERA Response:</u> The default period in §31527 is one year to complete a redeposit, and the proposed language would still allow the Board of Retirement the discretion to allow for up to a five-year repayment period when circumstances warrant. Regarding safety membership: redeposit of withdrawn contributions would reinstate Safety membership only for the prior Safety service and would not make the member eligible to convert current General service to Safety Service. Membership category (General or Safety) is dictated by the duties and responsibilities of the position held when service is performed and contributions are made; therefore, classifications that fall under General membership are not eligible for Safety membership, regardless of the repayment of withdrawn contributions. Eligibility to convert membership would be covered elsewhere by statute or, when applicable, bargaining or settlement agreements.</p>

VCERA Response

Page 4

**Article VIII – Disability Hearing Procedures**

**Sections 1 – Disability Hearing Procedures**

County Feedback:

Please provide the rationale for the revisions to this section. In the proposed letter to the Board of Retirement it states that the disability section is removed to simplify the document and to permit future procedural changes without the need to go through the Board of Supervisors. How do you propose the County maintains its interest in developing procedures which impact County employees?

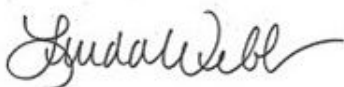
VCERA Response:

By California Constitution, the Board of Retirement has plenary authority over administration of the system, which includes administration of the disability program. It is the Board of Retirement’s exclusive responsibility to ensure due process to members in a variety of situations in addition to disability retirement, i.e. felony forfeitures, exclusion of compensation deemed awarded for the sole purpose of enhancing retirement benefits (§31542), and for member appeals of staff determinations regarding benefit issues.

Each employer, including the County, has the opportunity to participate in the disability process as a party. Further, the County appoints four trustee members (and one alternate), ensuring that its interests are considered for all issues brought before the Board of Retirement. Most other CERL systems do not include disability hearing procedures in their by-laws. VCERA seeks to improve the disability process and will continue to collaborate with the County and districts to further the interests of both members and employers.

VCERA staff will be pleased to respond to any questions you may have on this matter at the March 27, 2017 business meeting.

Sincerely,



Linda Webb  
Retirement Administrator

CC: Mike Powers, Chief Executive Officer  
Shawn Atin, Asst. County Executive Officer/Director of Human Resources  
Chuck Pode, Risk Manager





COUNTY EXECUTIVE OFFICE  
MICHAEL POWERS  
County Executive Officer

Mike Pettit  
Assistant County Executive Officer

Kaye Mand  
County Chief Financial Officer

Shawn Atin  
Assistant County Executive Officer/  
Human Resources Director  
Labor Relations

April 8, 2019

Dear Ms. Webb,

Thank you for explaining VCERA's rationale for the proposed changes to its bylaws. The explanation significantly narrows the issues about which the County is concerned. Only three areas of concern remain.

**Article II, Meetings (Section 8—Agenda Items)**

We understand the Retirement Board's desire to streamline its agenda management practices. The County's preference, however, is to allow **any** Retirement Board member to place an item on the agenda, as opposed to just the Chair or the Retirement Administrator. Allowing any Retirement Board member to place an item on the agenda more closely aligns with the practice of the Board of Supervisors and provides a mechanism for the County, a retiree or a member of the public to get an item on the agenda, while still allowing VCERA to manage its agenda.

**Article IV—Compensation Earnable**

We agree with VCERA that the current language in the bylaws regarding compensation earnable is not necessary and that it is also outdated. The County suggests the following language in its place:

*If the definition or scope of what constitutes "compensation earnable" changes, whether by statute or case law or any other way, prior to implementing any changes that result from the change in definition or scope, VCERA will consult and collaborate with County regarding its interpretation of the change and VCERA and County will work in good faith to attempt to reach an agreement regarding the interpretation and implementation of that change.*

**Article VIII—Disability Hearing Procedures**

The County supports VCERA's efforts to update the existing disability hearing procedures. Since your most recent correspondence, we believe that the County and VCERA have made some progress toward a mutually satisfactory resolution regarding disability hearing procedures. It is my understanding that VCERA understands the advantages of having Risk Management participate in processing disability retirement claims. At this time, the County proposes that it and VCERA continue to collaborate on revising the existing disability hearing procedures and that such procedures remain incorporated as part of the bylaws to protect the interests of both the County and VCERA.

We look forward to continued collaboration with VCERA on these issues.

Sincerely,

A handwritten signature in black ink that reads "Mike Pettit". The signature is written in a cursive, slightly slanted style.

Mike Pettit  
Assistant County Executive Officer

pc: Michael Powers, County Executive Officer  
Shawn Atin, Director, Department of Human Resources  
Chuck Poda, Senior Deputy Executive Officer/Risk Manager

Hall of Administration L#1940  
800 South Victoria Avenue, Ventura, CA 93009 • (805) 654-2681 • FAX (805) 658-4500



May 3, 2019

Mike Pettit, Assistant County Executive Officer  
Hall of Administration L#1940  
800 South Victoria Avenue  
Ventura, CA 93009

**SUBJECT: VCERA RESPONSE TO COUNTY FEEDBACK ON VCERA PROPOSED BYLAW CHANGES**

Dear Mr. Pettit:

Thank you for your letter of April 8<sup>th</sup>, providing input on VCERA’s proposed edits to its bylaws. We are pleased that our previous response answered some of the County’s questions, narrowing the areas of County concern regarding the proposed edits.

We value the County’s input as Plan sponsor. However, two of the County’s three suggestions represent an expansion of its role in VCERA’s operations, and may blur lines of authority already delineated in the law. Allow us to elaborate in our responses below:

**Article II – Meetings**

**Section 8 – Agenda Items**

County Response:

We understand the Retirement Board’s desire to streamline its agenda management practices. The County’s preference, however, is to allow ANY Retirement Board member to place an item on the agenda, as opposed to just the Chair or the Retirement Administrator. Allowing any Retirement Board member to place an item on the agenda more closely aligns with the practice of the Board of Supervisors and provides a mechanism for the County, a retiree or a member of the public to get an item on the agenda, while still allowing VCERA to manage its agenda.

VCERA Response:

We agree that any trustee should be able to initiate consideration of an issue or item. VCERA trustees can – and do – bring items to be placed on the agenda, and the process is for them to contact the Chair or the Retirement Administrator. If it is done through the RA, the Chair is informed, as he/she is managing the meeting. This is more practical for VCERA, given there are more than twice as many members on the Board of Retirement as there are on the Board of Supervisors. To our knowledge, there has been no occasion where the Chair blocked any requested item, issue or topic from being placed on the agenda for consideration.

Again, the proposed elimination of this section would align with the majority of our CERL peers, who do not address management of agenda items in their bylaws; rather, they do that through policy. We would be glad to share proposed policy language regarding agenda items with the County for feedback.

**Article IV – Compensation Earnable**

County Feedback:

We agree with VCERA that the current language in the bylaws regarding compensation earnable is not necessary and that it is also outdated. The County suggests the following language in its place:

*If the definition or scope of what constitutes “compensation earnable” changes, whether by statute or case law or any other way, prior to implementing any changes that result from the change in definition or scope, VCEAR will consult and collaborate with County regarding its interpretation of the change and VCERA and County will work in good faith to attempt to reach an agreement regarding the interpretation and implementation of that change.*

VCERA Response:

The County’s proposed language that the Board of Retirement seek agreement from the County prior to adopting any interpretation of compensation earnable in response to a change in law would seek authority for the County that does not currently exist in the law. However, the statutory authority\* and associated case law, are clear that the Board of Retirement has sole and exclusive responsibility to determine what is and is not included in compensation earnable, within the confines of the law.

VCERA has consistently consulted with the County regarding considerations of pensionability of compensation, in advance of Board action or Resolution, and will continue to do so.

The Board of Retirement must fulfill its statutory fiduciary duty to determine what compensation is (and is not) pensionable, and could result in fiduciary liability for the Board of Retirement if its determination were conditioned upon approval by the County or labor unions. Note that all Resolutions defining compensation earnable (and pensionable compensation) have been adopted by the BOR, not BOS.

\*Govt. Code § 31461

**Article VIII – Disability Hearing Procedures**

Sections 1 – Disability Hearing Procedures

County Feedback:

The County supports VCERA’s efforts to update the existing disability hearing procedures. Since your most recent correspondence, we believe that the County and VCERA have made some progress toward a mutually satisfactory resolution regarding disability hearing procedures. It is my understanding that VCERA understands the advantages of having Risk Management participate in processing disability retirement claims. At this time, the County proposes that it and VCERA continue to collaborate on revising the existing disability hearing procedures and that such procedures remain incorporated as part of the bylaws to protect the interests of both the County and VCERA.

VCERA Response:

VCERA acknowledges the recent collaboration process with County Risk Management has been positive and we look forward to continuing our discussions to gain insights that will lead to more compliant and streamlined disability application processing.

VCERA Response on Bylaws  
May 3, 2019  
Page 3

*(cont.)*

Just as with determinations with respect to compensation earnable, the authority to manage disability retirement benefits is vested exclusively with the Board of Retirement. The statutory authority\*\* and associated case law are clear that it is the Board of Retirement who shall determine whether a member qualifies for disability retirement, and it is the Board of Retirement that appoints staff to carry out its duties – just as the County Board of Supervisors has the authority to manage Workers’ Compensation and appoint and direct staff to carry out its direction. As the County can appreciate, legal responsibility for a process without the corresponding authority to manage that process creates risk.

VCERA appreciates the cooperation of Risk Management staff, and will continue to engage with and consult with them on proposed changes to the disability procedures. Ultimately though, in order for the Board of Retirement to fulfill its fiduciary duties, it must retain the authority to make decisions related to management of its disability process. Continuing to incorporate the disability hearing procedures into VCERA’s bylaws would require BOS approval of procedures for which they are not legally responsible.

Again, the majority of CERL systems do not incorporate disability hearing procedures into their bylaws.

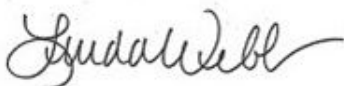
\*\*Govt. Code §31720.3, 31723, 31724 & 31725.

Change to Original Redline

Please note that VCERA staff is withdrawing its recommendation to change the Article “REDEPOSIT OF CONTRIBUTIONS WITHDRAWN”, as we believe it is more prudent to allow for a repayment period up to 5 years without requiring the Board to review and approve each individual request for periods in excess of 1 year. (The County did not indicate a concern with this section.)

Staff anticipates recommending the indicated changes to VCERA’s bylaws to the Board of Retirement at the May 20, 2019 business meeting.

Sincerely,



Linda Webb  
Retirement Administrator

CC: Mike Powers, Chief Executive Officer  
Shawn Atin, Asst. County Executive Officer/Director of Human Resources  
Chuck Pode, Risk Manager  
Lori Nemiroff, VCERA General Counsel



May 20, 2019

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

**SUBJECT: REQUEST FROM REAVC FOR BOARD OF RETIREMENT TO AUTHORIZE PAYROLL DEDUCTIONS FOR RETIREE SUPPLEMENTAL INSURANCE PROGRAM WITH PACIFIC GROUP AGENCIES, INC.**

Dear Board Members:

The Retired Employees Association of Ventura County (REAVC) is requesting the Board's authorization to allow deductions from VCERA retirement allowances and to direct remittance to Pacific Group Agencies, Inc. (PGA) as a third-party administrator for a new optional Supplemental Insurance Program offered to retirees. As indicated in the attached letter, PGA offers various types of supplemental insurance such as vision, dental, veterinary and travel. The third-party agreement between REAVC and PGA was submitted to staff and reviewed to ensure that the administration of these deductions would be consistent with how other deductions and vendors are managed.

Government Code section 31452.5(a) (10) permits retirement systems governed by the County Employees Retirement Law of 1937 to comply with and give effect to a revocable written authorization signed by a retired member or beneficiary, authorizing payroll deductions from retirement allowances for retiree benefit programs available through the "recognized retiree organization". This section also authorizes the Board to require that this payment be made to a single party designated by the retiree organization, which may be REAVC itself or to a third-party administrator.

By way of background, the Board previously authorized payroll deductions for separate vision and dental plans at REAVC's request, pursuant to Government Code section 31452.5(a)(3). In March of 2010, the Board approved REAVC's request to authorize deductions from retirement allowances for retiree premiums for the Vision Service Plan (VSP), when it was sponsored by SACRS. While SACRS is no longer sponsoring the VSP Program, VCERA continues to honor payroll deduction requests from retirees who enrolled in the plan under SACRS sponsorship. In November of 2015, the Board approved REAVC's request to authorize deductions from retirement allowances for CIGNA dental insurance premiums. Staff received a notification from SACRS in October of 2017, indicating that the CIGNA program would close as of December 31, 2017, and all CIGNA deductions ceased as of that date.

As it is within the Board's discretion to allow for payroll deductions from retirement allowances in specified instances, the Board may approve REAVC's request and staff will follow the Board's direction. A representative from REAVC will be in attendance at the May 6, 2019, board meeting to assist staff in answering any questions.

Sincerely,

Linda Webb  
Retirement Administrator



## RETIRED EMPLOYEES ASSOCIATION OF VENTURA COUNTY

### 2019 Board of Directors

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May 20, 2019

William W. Wilson, Chairman  
Ventura County Board of Retirement  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue  
Ventura, CA 93003

Re: Payroll Deduction Authorization for Ventura County Retirees' Participation in Pacific Group Agencies, Inc. Supplemental Insurance Program

On April 2, 2019 the Retired Employees Association of Ventura County (REAVC) acted to offer Ventura County Retirees and REAVC members the opportunity to participate in the Pacific Group Agencies, Inc. (PGA) supplemental insurance program. PGA offers supplemental insurance for a variety of needs such as vision, dental, veterinary care, and travel insurance. PGA will offer insurance options based on their review of Ventura County retiree needs. Sixteen of the twenty 1937 Act Counties offer PGA supplemental insurance because of the reduced group rates and to provide additional supplemental insurance options to the retiree. Additionally, REAVC has conducted two county surveys to determine customer satisfaction and any concerns with administration of the PGA program. Survey respondents reported positively. REAVC has also taken efforts to ensure that indemnification and contract language protects REAVC and its members regarding litigation and insurance coverage.

A Ventura County Employees' Retirement Association (VCERA) payroll deduction authorization is necessary for retiree participation in the PGA supplemental insurance program. Government code section 31452.5(a)(10) states that, in part, the Board of Retirement may comply with a written revocable authorization signed by a retired member or beneficiary of a retired member authorizing the board to deduct a specified amount from the retirement allowance of a retired member payment for any retiree benefit programs available through the recognized retiree organization. The board may require that this payment be to a single party designated by the recognized retiree organization, either to itself or to a third-party administrator. The referenced section further states that the Board of Retirement may charge a reasonable fee for the making of the deductions and payment. VCERA Administration and REAVC will meet to discuss the work involved to determine any necessary fees.

We appreciate your Board's consideration of this payroll deduction authorization for participation in the PGA program.

Sincerely,

---

Nancy Settle Vaniotis, President  
Retired Employees Association of Ventura County

P. O. Box 7231  
Ventura CA 93006-7231  
805/644-7814 Email: [info@reavc.org](mailto:info@reavc.org)  
Website: [www.reavc.org](http://www.reavc.org)



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### Contact CALAPRS

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**From:** Risa Sampson <RSampson@loomissayles.com> **On Behalf Of** Stephanie\_Lord/Chicago/LoomisSayles  
**Sent:** Friday, May 10, 2019 7:21 AM  
**To:** Gallagher, Dan <Dan.Gallagher@ventura.org>  
**Subject:** [External] Loomis Sayles' Dan Fuss honored at 2019 US Morningstar Awards for Investing Excellence



[Click here for press release.](#)

We are happy to share that Morningstar has named Dan Fuss Outstanding Portfolio Manager at the 2019 US Morningstar Awards for Investing Excellence.

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Since joining Loomis Sayles over 40 years ago, Dan's intellectual curiosity, investment excellence, humility and unparalleled commitment to clients have shaped the ethos of our organization. We are delighted that Morningstar has recognized not only Dan's long-term investment success, but also his commitment to developing Loomis Sayles' next generation of fixed income investors.

As we celebrate this honor, we would also like to thank you for your continued confidence and partnership.

Best regards,  
Stephanie S. Lord, CFA, CIC  
VP, Relationship Manager  
Tel: 630.581.5054  
[slord@loomissayles.com](mailto:slord@loomissayles.com)

