



San Bernardino County Employees' Retirement Association

Financing Solutions Update to Board of Directors/Trustees

Year End 2025 Review



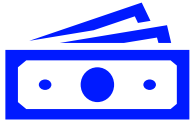
Agenda

Topics

- **State Street Financial Solutions Overview**
- **SBCERA Performance Overview**
- **Cash Collateral Portfolio 12/31/25**
- **Lending Market Summary**
- **Addendum**

State Street Financial Solutions

Delivering a competitive edge with a holistic & flexible set of financing capabilities



Agency Securities Lending – a traditional securities lending program for clients with long assets who would like to generate additional returns via lending them to qualified borrowers

- **Positive Collateral vs loans:** 102% collateral held against the market value of US securities loaned and 105% against Non-US securities loaned. All loans are priced and marked daily to ensure adequate levels are held.
- **Tailored Parameters:** Clients can customize various restrictions including borrowers, collateral, asset types, and markets
- **Legal Agreement:** The Securities Lending Authorisation Agreement (SLAA) defines all terms for a client's program
- **Indemnity:** State Street provides a collateral shortfall indemnity which would apply in the event of a default



Prime Services – provides an alternative to prime brokerage financing, allowing for the borrowing and financing of securities conducted directly from your State Street custody account, eliminating the need for tri-party arrangements

- **Asset Safety:** Custody based model promoting operational efficiency
- **Legal Agreement:** the Securities Lending Securities Agreement (SLSA) defines all terms for a client's account
- **Self Borrowing Capability:** allowing for the use of securities held long in one account, to cover a required short sale delivery in another account as a client cost saver
- **Diversified Funding:** State Street relies on strength of its balance sheet rather than wholesale markets.



FICC Repo- State Street collaborated with the Fixed Income Clearing Corporation (FICC) in 2005 to establish the first sponsored cleared repo service

- **Consistent Access to Liquidity:** via broad, centralized market-making capabilities in all market environments
- **Legal Agreements:** Bilateral execution: G(MRA), Clearing Agreement: MTSCAA, Sponsored Agreement: SMA
- **FICC carries an S&P AA Credit Rating:** as a Counterparty

Global Presence

- Approximately 219 active agency and principal clients with \$6.7 trillion in lendable securities & \$407 billion on loan
- Approximately 144 borrower relationships
- Lending across more than 38 international markets
- 14 regional locations with five agency lending trading desks and four full-service centers
- Approximately 510* employees dedicated specifically to securities lending activities



*Headcount updated as of 31 December 2025. This headcount figure does not include an additional 70 contractors in FS Technology.

**Prime Services trading desk only

SBCERA Performance Overview

Five Year Fiscal Year Performance Summary

San Bernardino						
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FYTD 2026*
Avg Lendables	252,084,644	302,339,359	273,034,735	299,219,949	323,587,874	325,546,831
Avg On Loan	68,028,938	108,875,717	146,309,651	150,308,255	169,070,224	77,204,075
Utilization (%)	27%	36%	54%	50%	52%	24%
Earnings	144,425	247,156	393,884	317,187	313,385	63,416
Components of Spread (bps)						
Demand Spread	4	14	11	10	19	12
Reinvestment Spread	27	19	32	27	14	32
Net Spread to loans	29	31	37	29	26	23
Return to Lendable (bps)	6	8	14	10	10	4

Data is as of December 31, 2025

Risk-Free rate used for spread calculations is the Overnight Bank Funding Rate

FYTD: July 2025 – December 2025

Definitions:

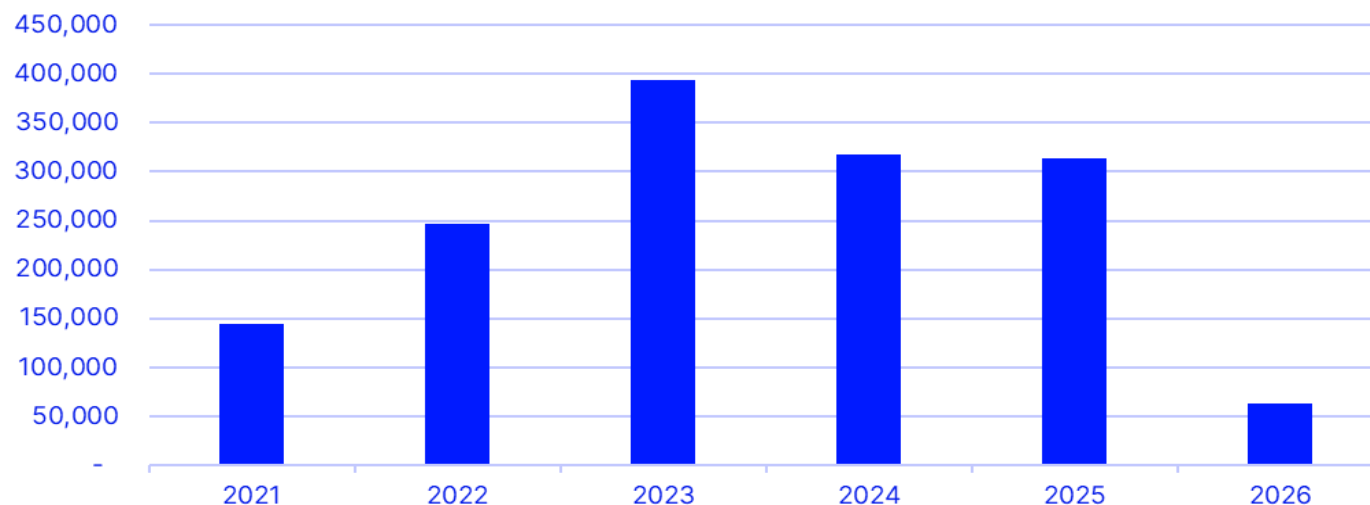
Net Spread: The average difference between the yield generated by the cash collateral and the rebate paid on the securities loans (or, in the case of loans vs. non-cash collateral it is simply the premium rate) for a calendar month, weighted by the number of days in the month and the contract value of the loans.

This monthly net spread is on a 360 day basis. Offline earnings are accounted in the monthly net earnings and monthly net spread, so the Net Spread may not always equal Collateral Spread + Funding Spread.

Re-Investment Spread: The difference between the overnight bank funding rate (OBFR) and the cash collateral reinvestment yield

Demand Spread: The average difference between the average overnight bank funding rate (OBFR) and the rebate rates paid on the loans

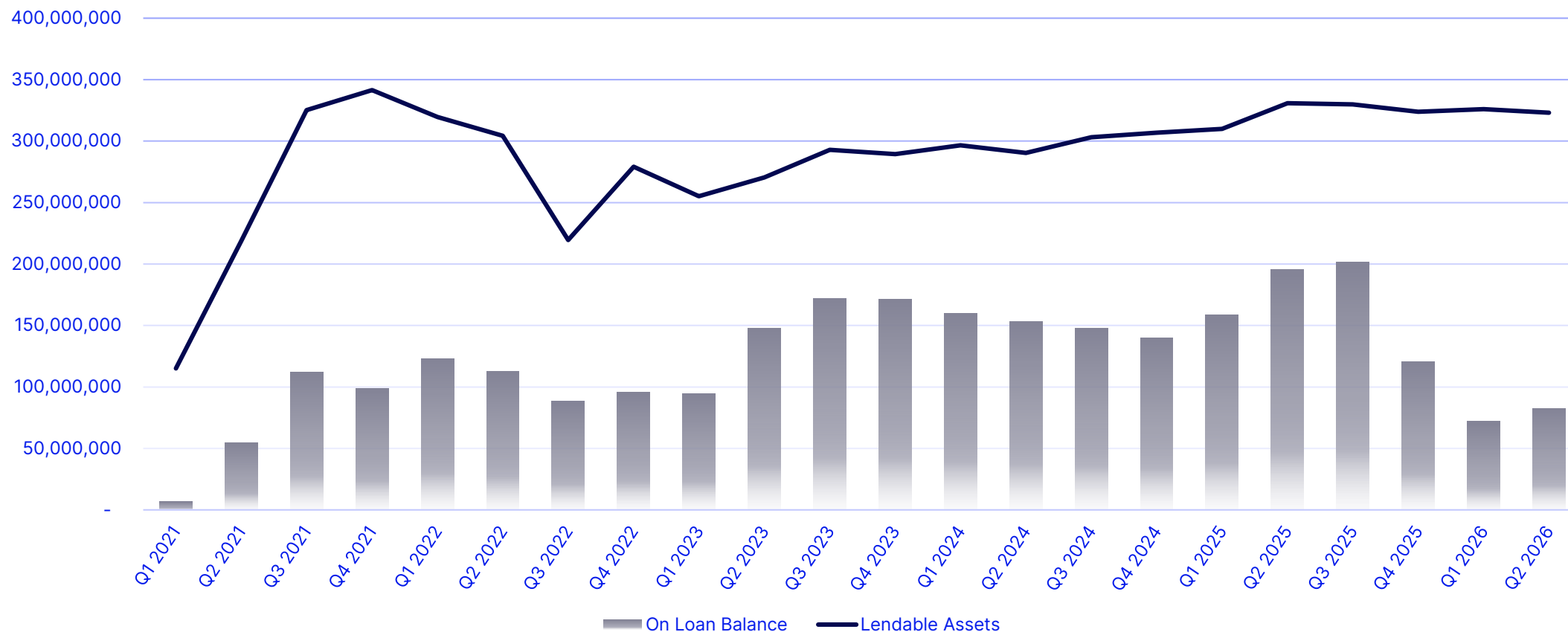
5 Year Earnings Performance



- Since inception of lending program, SBCERA has made more than **\$32.4m in net revenue** via securities lending within the State Street Program
- The past 5 full years, SBCERA has averaged yearly lending revenue of **~ \$291k**
- Program Highlights
 - ✓ US and Fixed Income loans are collateralized at 102%
 - ✓ Cash Collateral is invested into the Compass Fund
 - ✓ Non-Cash Collateral used: US Treasuries & Agencies
 - ✓ SBCERA is indemnified against collateral shortfall in the event of borrower default by State Street
 - ✓ SBCERA uses State Street's Approved Borrower List

Performance data shown represents past performance and is no guarantee of future results.
Source: State Street Securities Finance Business Intelligence

Lendable and On Loan Trend – Fiscal Quarters



2025 FY Avg On Loan Total = \$169m
 On Loan vs Cash = 48%
 On Loan vs Non-Cash = 52%

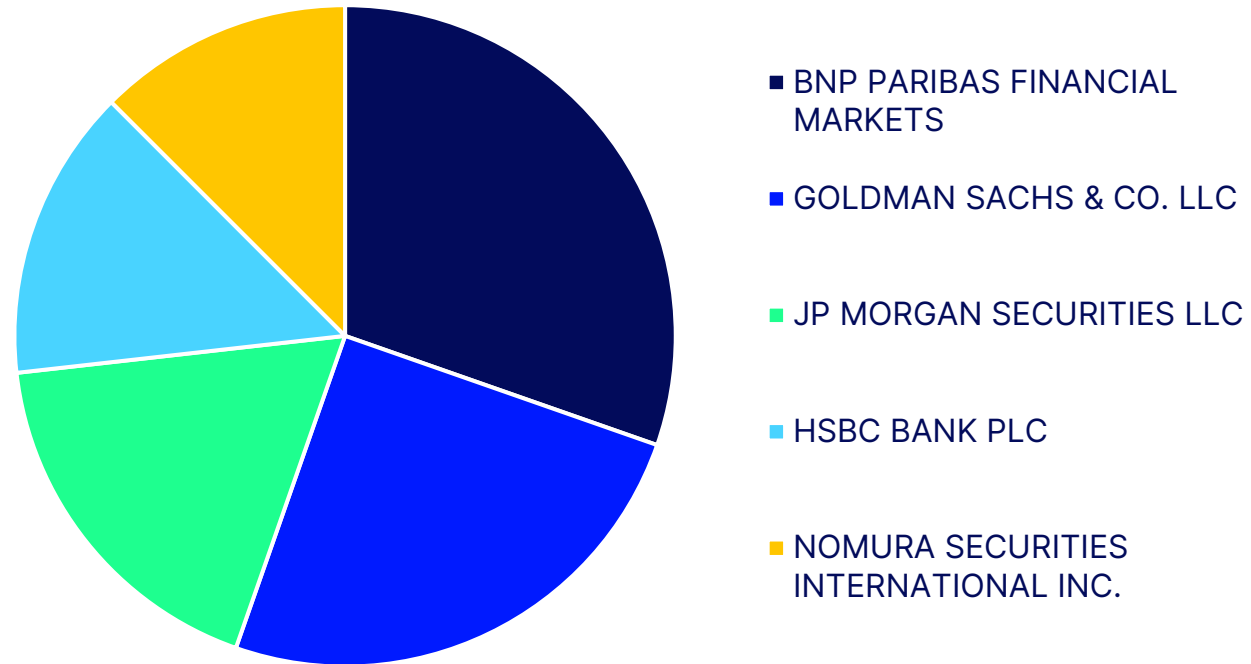
Top Ten Loans Revenue Earned = \$171k
 9 were UST Bills = \$120k
 1 was a Corp REIT (Ready Capital) = \$51k

Past Performance is no guarantee of future results
 Source: Securities Finance Business Intelligence

Loan Distribution Top 5 Borrowers

7/1/2025-12/31/2025

Borrower Entity Legal Name	Avg On-Loan	% of Total
BNP PARIBAS FINANCIAL MARKETS	27,238,774	35%
GOLDMAN SACHS & CO. LLC	12,910,048	17%
JP MORGAN SECURITIES LLC	8,574,775	11%
HSBC BANK PLC	7,260,988	9%
NOMURA SECURITIES INTERNATIONAL INC.	3,300,399	4%



*Past Performance is no guarantee of future results
Source: Securities Finance Business Intelligence*

Cash Collateral Portfolio

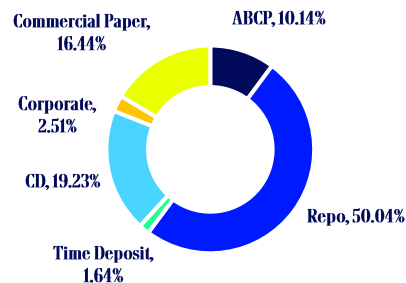
FC14 The Compass Fund - June 30,2025

Summary Characteristics

1-Day Yield ¹	4.64%
Par Position + Uninvested Cash (in millions)	7855.1
% Floating Rate	69.75
Foreign Issuers % ²	26.02
Weighted Average Maturity (WAM) ³	10.52
WAM to Call	10.52
Call v. Mat Spread	0.0
% Callables	0
Weighted Average Life (WAL) ⁴	92.19
Fund Price as of 06/30/2025	100.01
Number of Holdings	93.0

Credit Quality Breakdown

Long-term Ratings	% of fund
AAA	-
AA	3.35
A	13.88
BBB	-
Below Investment Grade LT	-
Short-term Ratings	% of fund
A-1+	10.8
A-1	68.44
A-2/A-3	-
Below Investment Grade ST	-
No Rating	% of fund
NR	3.53



ABS Sub Sector

Auto Retail	-	RMBS: AU	-
CMBS	-	RMBS: UK	-
Credit Card	-	RMBS: Other	-
Floor Plan	-	Student Loan	-
Home Equity	-	Other	-

Repo Collateral	% of fund
Treasuries	0.13
Agencies	-
Agency MBS	6.57
Money Markets	-
Corporates	7.29
Asset Backed	-
Equities	36.06

Liquidity Schedule	% of fund
Next Business Day	21.17
1 Week Liquidity ^a	27.28
2-30 Days Liquidity	9.23
31-60 Days Liquidity	14.79
61-90 Days Liquidity	4.05
90 Days Liquidity	49.24
91-120 Days Liquidity	17.68
121-150 Days Liquidity	7.63
151-180 Days Liquidity	9.8
181-270 Days Liquidity	12.5
271-360 Days Liquidity	2.17
12-15 Months Liquidity	0.98
15-18 Months Liquidity	-
18-21 Months Liquidity	-
21-24 Months Liquidity	-
Greater Than 2 Years Liquidity	-
YE 2025 Liquidity	84.35

Floating Rate Index Breakdown	% of fund
FED FUNDS	-
1MO LIBOR	-
3MO LIBOR	-
3MO TBILL	-
FCPR	-
OBFR	37.15
SOFR	32.6
BSBY	-

Floating Rate Reset Buckets	% of fund
Next Business Day	69.75
2-7 Days	-
8-31 Days	-
1-2 Months	-
2-3 Months	-

State Street Global Advisors (SSGA) is now State Street Investment Management. Source: SSIM Bloomberg. Ratings are from Bloomberg and are S&P. Past performance is not a reliable indicator of future performance. ABCP are asset backed commercial papers. ¹ 1 Day Yield is the Gross Yield. The fund is in USD and the benchmark is the Overnight Bank Funding Rate (OBFR). ² All YCD's are being reported as Domestic and thus not included in the % Foreign Issuers. % Foreign issuers is the % of the fund held in foreign issues (domicile of issuer which represents the issuer's country of incorporation, for repo it's where the counterparty is incorporated). ³ Weighted Average Maturity (WAM): aggregation of WAM of underlying securities in fund defined as (1) Floating rate securities: Next Reset Date – Current Date; (2) Fixed Rate: Maturity Date – Current Date (defined in days) ⁴ Weighted Average Life (WAL): aggregation of WAL of underlying securities in fund defined as (1) Floating rate securities: Expected Maturity Date – Current Date; (2) Fixed Rate: Expected Maturity Date – Current Date (defined in days). State Street Investment Management investment management fee is 1.75 bps per annum. Any S&P ratings below BB- or below A-1 as well as Unrated securities are included in the "Other" category. Floating rate % is the % of floating rate securities held in the fund. Liquidity schedule is the maturity profile of the cash investment.

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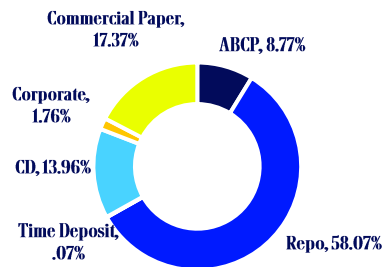
FC14 The Compass Fund - December 31, 2025

Summary Characteristics

1-Day Yield ¹	4.03%
Par Position + Uninvested Cash (in millions)	7034.7
Floating Rate %	72.93
Foreign Issuers % ²	29.99
Weighted Average Maturity (WAM) ³	13.58
WAM to Call	13.58
Call v. Mat Spread	0.0
% Callables	0.05
Weighted Average Life (WAL) ⁴	97.7
Fund Price as of 12/31/2025	100.02
Number of Holdings	79.0

Credit Quality Breakdown

Long-term Ratings	% of fund
AAA	-
AA	1.43
A	12.42
BBB	-
Below Investment Grade LT	-
Short-term Ratings	% of fund
A-1+	11.72
A-1	71.14
A-2/A-3	-
Below Investment Grade ST	-
No Rating	% of fund
NR	3.29



ABS Sub Sector

Auto Retail	-	RMBS: AU	-
CMBS	-	RMBS: UK	-
Credit Card	-	RMBS: Other	-
Floor Plan	-	Student Loan	-
Home Equity	-	Other	-

Repo Collateral	% of fund
Treasuries	0.01
Agencies	-
Agency MBS	0.58
Money Markets	-
Corporates	11.2
Asset Backed	-
Equities	46.26

Liquidity Schedule

	% of fund
Next Business Day	17.34
1 Week Liquidity ^a	22.74
2-30 Days Liquidity	7.68
31-60 Days Liquidity	12.84
61-90 Days Liquidity	7.5
90 Days Liquidity	45.36
91-120 Days Liquidity	24.54
121-150 Days Liquidity	4.31
151-180 Days Liquidity	4.21
181-270 Days Liquidity	18.45
271-360 Days Liquidity	3.13
12-15 Months Liquidity	-
15-18 Months Liquidity	-
18-21 Months Liquidity	-
21-24 Months Liquidity	-
Greater Than 2 Years Liquidity	-
YE 2025 Liquidity	7.24

Floating Rate Index Breakdown

	% of fund
FED FUNDS	-
1MO LIBOR	-
3MO LIBOR	-
3MO TBILL	-
FCPR	-
OBFR	45.17
SOFR	27.76
BSBY	-

Floating Rate Reset Buckets

	% of fund
Next Business Day	72.93
2-7 Days	-
8-31 Days	-
1-2 Months	-
2-3 Months	-

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US Lending Markets

4 Qtr 2025 Summary

Agency Lending Market Update | U.S. Equity

Q4 2025

Market Backdrop

- U.S. equities were mixed through Q4, as Tech underperformed in December following strong October flows.
- Q4 returns for both the Dow Jones Industrial Average, and the S&P 500 were positive (2.7% and 4% respectively), although they tapered off in December.
- Large-cap value stocks lead the market as large tech (Mag 7) gains slowed; investors continue to grapple with the “K-shaped” economy (strong growth but a weak labor market).
- Sector divergence widened as energy softened while AI-infrastructure names strengthened (AI stocks outperformed the broader market and the tech sector in Q4).

Securities Lending Trends

- AI-linked names remained the core of borrow demand across the quarter.
- Persistent demand for clean energy names such as **Nano Nuclear** and **Lucid Motors**.
- IPO-related supply shifts (**Figma**, **Circle**, **StubHub**, **Fermi**) created pronounced demand waves.
- Year-end constraints produced premium pricing pockets that were actively monetized.

Key Drivers

- Buybacks/QDI: **Infosys** borrow stayed sticky around buyback activity and QDI dynamics.
- Event/Lockups: **Figma**, **Circle**, **StubHub** lockup expirations; **Landbridge** supply shortfall.
- Crypto-Treasury: after repositioning as a Bitcoin Treasury Corporation, **Strive Inc.’s** aggressive accumulation strategy caused shares to tumble; it became one of the most heavily shorted names at year-end.
- Sector Dynamics: **Lucid’s** pricing remained volatile due to impacts from production to delivery mismatches and larger weakening in the EV space with several major automakers cutting production in Q4.

Looking Ahead

- Expect AI-linked demand to remain a focus into Q1.
- Maintain readiness for additional IPO lockup expirations, while optimistic about corporate action events in early Q1.

Top Earners	Spread (bps)
INFOSYS ADR REP ORD	999
NANO NUCLEAR ENERGY INC	2,899
STRIVE INC	76,138
FIGMA INC	1,931
LANDBRIDGE CO LLC	1,064
CIRCLE INTERNET GROUP INC	1,026
LUCID GROUP INC	1,220
LENNAR CORP	161
INVSC SENIOR LOAN ETF	181
ZIM INTEGRATED SHIPPING	1,341

Agency Lending Market Update | U.S. Government Q4 2025

Market Backdrop

- Funding markets were volatile on balance sheet compression and heavy Treasury issuance.
- General Collateral rates eased mid-quarter, then tightened into year-end (4.01-3.98%).
- A 25 bp Fed cut in December briefly softened conditions before liquidity tightened again (3.50-3.75%).
- Another noteworthy quarter-end event was the increase in SOFR (Secured Overnight Financing Rate).

Securities Lending Trends

- Revenue remained steady due to predictable issuance calendars and rate cut dynamics.
- Short-term issuance sustained elevated demand for high-quality collateral.
- Short-dated coupons and bills (<6 months) consistently traded special, 5–15 bps through GC.

Key Drivers

- On-the-run 5-, 10-, and 20-year issues traded special at various points of the quarter.
- Year-end repositioning intensified specialness in key benchmark maturities.
- Active collateral management ahead of major settlement cycles supported steady revenues.

Looking Ahead

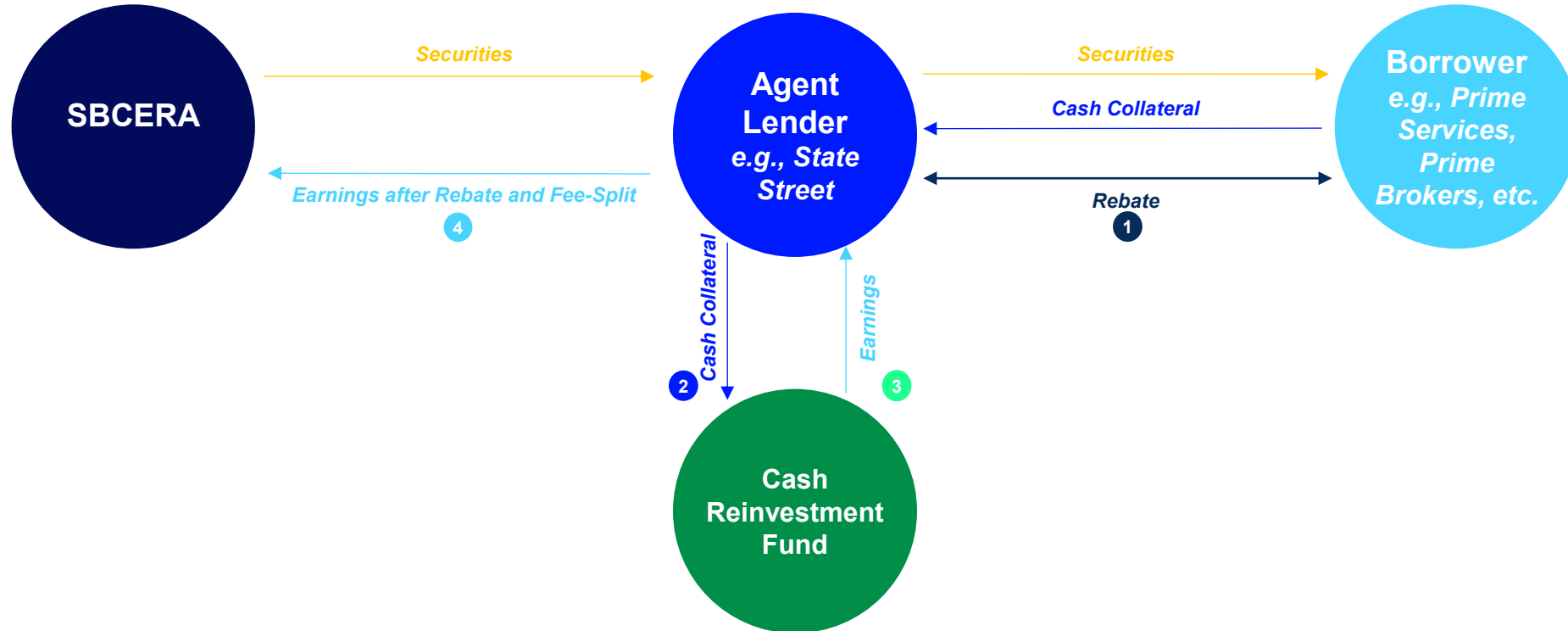
- Keep emphasis on benchmark issuance cycles.
- Short-dated paper should remain a reliable contributor to client revenues.
- The Fed sees policy nearing neutral levels, with projections suggesting one further cut in 2026, as they monitor incoming data.

US Government Funding Costs	December Averages
GC	3.76
2 Year	3.76
3 Year	3.76
5 Year	3.76
7 Year	3.76
10 Year	3.00
20 Year	3.40
30 Year	3.70

Addendum

How does a Loan in Agency Lending work? | Transaction Flow

Loan vs. Cash Collateral



- 1** **Rebate Rate:** The Borrower agrees to a **rebate rate of 4.00%** on the value of cash collateral pledged to State Street. This is a percentage yield a borrower will receive on cash collateral invested by SSGA into a client designated reinvestment portfolio.
- 2** **Cash Collateral:** In this example, collateral is valued at 102% of the securities borrowed (105% for non-U.S. equities). Cash collateral is delivered to State Street by the Borrower and **reinvested** by SSGA.
- 3** **Cash Reinvestment Fund:** The client designated reinvestment portfolio **earns 4.50%** per day on \$10,200,000 – the borrower will be **rebated 4.00%** of the yield. Each day the reinvestment portfolio yields \$1,275, of which the borrower receives a rebate of \$1,133.
- 4** **Gross Revenue and Fee Split:** After rebate rates are paid to the borrower, gross agency lending revenue amounts to \$142. With a **50/50 fee-split** agreed upon between State Street and the Client Lender, the Client Lender will receive \$71 and STT will receive \$71

Disclaimers and Important Risk Information

Exhibit A: Page 17

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