



# San Bernardino County Employees' Retirement Assoc.

## Staff Report Details (With Text)

**File #:** 19-949.1 **Name:**

**Type:** Action Item

**File created:** 6/11/2020 **In control:** BOARD OF RETIREMENT

**On agenda:** 7/2/2020 **Final action:** 7/2/2020

**Title:** Approve the proposed 2020 Asset Allocation, Ranges and Benchmarks.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit A: NEPC Asset Allocation, Ranges & Benchmarks Presentation

Date	Ver.	Action By	Action	Result
7/2/2020	1	BOARD OF RETIREMENT	Approved	Pass

**FROM:** Don Pierce, Chief Investment Officer

**SUBJECT:** 2020 Asset Allocation, Ranges and Benchmarks

### RECOMMENDATION:

Approve the proposed 2020 Asset Allocation, Ranges and Benchmarks.

### BACKGROUND:

Each year, NEPC updates their expected return estimates for various asset classes. We take the opportunity to review their findings with the SBCERA Investment Committee and Board. This final report details the SBCERA portfolio under the new asset class expectations. While SBCERA reviews the asset allocation each year, the asset allocation does not necessarily change each year. The last change to the asset allocation occurred in 2018, which reduced the strategic allocation to Real Estate in favor of Emerging Market Debt (EMD). Another change, while not necessarily an asset allocation change, was eliminating the systematic call overwriting on the S&P 500 in 2019.

The 2020 Asset Allocation report indicates the current asset allocation meets the Board approved 7.25% funding rate. As a result, the Staff does not recommend changes to the strategic asset allocation for 2020. It is important to note that while there are no strategic changes recommended, the Informed Rebalancing program should be viewed as complementary to the asset allocation. That program reviews market inputs on a monthly basis and positions the portfolio pursuant to the Board approved rules.

### COMMITTEE REVIEW:

This item was reviewed by the Investment Committee at its June 9, 2020 meeting and recommends Board approval, with a 3-1 vote.

### BUDGET IMPACT:

None.

**STRATEGIC PLANNING GOAL/OBJECTIVE:**

Prudent Fiscal Management

**STAFF CONTACT:**

Don Pierce

**ATTACHMENTS:**

Exhibit A: NEPC 2020 Asset Allocation, Ranges and Benchmarks Presentation