San Joaquin County Employees' Retirement Association

AGENDA

BOARD OF RETIREMENT MEETING
SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD MEETING
FRIDAY, FEBRUARY 13, 2026
AT 9:00 AM
SJCERA Board Room, 220 East Channel Street, Stockton, California

The public may also attend the Board meeting live via Zoom by (1) clicking here https://us02web.zoom.us/j/89770411880 and following the prompts to enter your name and email, or (2) calling (669) 219-2599 or (669) 900-9128 and entering Meeting ID 89770411880#

Persons who require disability-related accommodation should contact SJCERA at (209) 468 -2166 or GregF@sjcera.org at least forty-eight (48) hours prior to the scheduled meeting time.

1. ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. MEETING MINUTES

3.1 Minutes of Board Meeting of January 9, 2026

3.2 Board to consider and take possible action

4. PUBLIC COMMENT

4.1 The public is welcome to address the Board during this time on matters within the Board's jurisdiction, following the steps listed below. Speakers are limited to three minutes, and are expected to be civil and courteous. Public comment on items listed on the agenda may be heard at this time, or when the item is called, at the discretion of the Chair.

If joining via Zoom, Public Comment can be made in the following ways:

PC or Mac: select "Participants" in the toolbar at the bottom of your screen, then select the option to raise or lower your hand.

Mobile Device: select the "More" option in the toolbar at the bottom of your screen, then select the option to raise or lower your hand.
Tablet: select the icon labeled "Participants," typically located at the top

right of your screen, then select the hand icon next to your device in the Participants column.

If dialing in from a phone for audio only, dial *9 to “raise your hand.”

If attending in person, members of the public are encouraged to complete a Public Comment form, which can be found near the entry to the Board Room.

Except as otherwise permitted by the Ralph M. Brown Act (California Government Code Sections 54950 et seq.), no deliberation, discussion or action may be taken by the Board on items not listed on the agenda. Members of the Board may, but are not required to: (1) briefly respond to statements made or questions posed by persons addressing the Board;(2) ask a brief question for clarification; or (3) refer the matter to staff for further information.

5. CLOSED SESSION

5.1 Employee Disability Retirement Applications(s) (2)
California Government Code Section 54957(b)

1 Alihigai Brownfield
Staff Nurse IV - Inpatient
Correctional Health Services

2 Erik Thomas
Deputy Sheriff II
Sheriff-Stockton Unified Court

6. CONSENT

6.1 Service Retirements

6.2 General

1 Retiree Cost-of-Living Adjustment (COLA) as of April 1, 2026

6.3 Trustee and Executive Staff Travel

1 Conference and Event Schedules

2 Summary of Pending Trustee and Executive Staff Travel

3 Summary of Completed Trustee and Executive Staff Travel

a Summary of IREI Visions, Insights & Perspectives (VIP) Americas Event Mike Restuccia

b Summary of IREI Visions, Insights & Perspectives (VIP) Americas

Event Trent Kaeslin

6.4 Legislative Summary Report/SACRS Legislative Update

6.5 Calendar

6.6 Board to consider and take possible action on consent items

7. CO-INVESTMENT EDUCATION

7.1 Presentation by David Sancewich, Meketa Investment Group and Yuliya Oryol, Attorney at Law, Nossaman

8. INVESTMENT CONSULTANT REPORTS

8.1 Presentation by David Sancewich of Meketa Investment Group

1 Monthly Investment Performance Updates

a Manager Performance Flash Report - December 2025

b Economic and Markets Update - December 2025

8.2 2026 Capital Market Expectations

8.3 Total Portfolio Expected Return Update

8.4 Benchmark Review

8.5 Risk Survey

8.6 Board to receive and file reports, discuss and give direction to staff and consultants as necessary

9. EMPLOYER CONTRIBUTION RATE PROJECTION

9.1 Presentation by Anne Harper, Consulting Actuary

10. STAFF REPORTS

10.1 CEO Report

10.2 Declining Employer Payroll Report

10.3 Board to receive and file reports

11. REPORT OUT OF PREVIOUS CLOSED SESSION

11.1 On September 12, 2025, the Board voted 7-1 with 1 abstain, in regard to Resolution 2026-02-01 titled "Oaktree Special Situations Fund IV" and to authorize the CEO to sign the necessary documents to invest $50 million in

the fund.

12. COMMENTS

12.1 Comments from the Board of Retirement

13. SUMMARY OF BOARD DIRECTION

14. ADJOURNMENT

San Joaquin County Employees' Retirement Association

AGENDA

BOARD OF RETIREMENT MEETING
SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD MEETING
FRIDAY, JANUARY 9, 2026
AT 9:02 AM
SJCERA Board Room, 220 East Channel Street, Stockton, California

1. ROLL CALL

MEMBERS PRESENT: Phonxay Keokham (in at 9:09), Emily Nicholas, Sam Kaisch, Jason Whelen, JC Weydert, Steve Moore, and Michael Restuccia presiding
MEMBERS ABSENT: Sonny Dhaliwal, Michael Duffy, Raymond McCray
STAFF PRESENT: Chief Executive Officer Renee Ostrander, Assistant Chief Executive Officer Brian McKelvey, Chief Counsel Aaron Zaheen, Investment Officer Trent Kaeslin, Management Analyst III Greg Frank, Information System Analyst Lolo Garza, Administrative Secretary Elaina Petersen
OTHERS PRESENT: David Sancewich, Ryan Farrell of Meketa Investment Group

2. PLEDGE OF ALLEGIANCE

Led by Jason Whelen

3. MEETING MINUTES

3.1 Minutes of Board Meeting of December 12, 2025

3.2 The Board voted unanimously (5-0) to approve the Minutes of the Board Meeting of December 12, 2025 (Motion: Weydert; Second: Kaisch)

4. PUBLIC COMMENT

4.1 There was no Public Comment

5. MANAGER PRESENTATION - PEMBERTON (CREDIT)

5.1 Presentation by Ben Gulliver, Partner, and Grant Dechert, Director, of Pemberton Capital Management

6. CLOSED SESSION

The Chair convened Closed Session at 9:50 a.m. and reconvened Open Session at 11:07 a.m.

6.1 Purchase or Sale of Pension Fund Investment
California Government Code Section 54956.81

6.2 Purchase or Sale of Pension Fund Investment
California Government Code Section 54956.81

6.3 Public Employee Performance Evaluation
California Government Code Section 54957(b)
Title: Retirement Administrator/Chief Executive Officer

Chief Legal Counsel Aaron Zaheen stated there was nothing to report out of Closed Session

7. CONSENT

7.1 Service Retirements

7.2 General

1 Annual Trustee Education Report

2 Retirement Eligible Earnings Codes Ratification Report

7.3 Trustee and Executive Staff Travel

1 Conference and Event Schedules

2 Summary of Pending Trustee and Executive Staff Travel

3 Summary of Completed Trustee and Executive Staff Travel

7.4 Legislative Summary Report/SACRS Legislative Update - None; No Substantive Changes since 12/2025

7.5 Board Calendar

7.6 The Board voted unanimously (6-0) to approve the Consent Agenda (Motion: Kaisch; Second: Keokham)

8. MACRO MARKET EDUCATION (33 Minutes)

8.1 Presentation by Alison Adams of Meketa Investment Group

9. INVESTMENT CONSULTANT REPORTS

9.1 Presentation by David Sancewich of Meketa Investment Group

9.1.1 Monthly Investment Performance Update

a Manager Performance Flash Report - November 2025

b Economic and Market Update - November 2025

9.2 The Board received and filed reports

10. STAFF REPORTS

10.1 CEO Report

In addition to her written report CEO Ostrander noted 1) On December 29, 2025, the contract was signed for Heywood, our Pension Administration System; 2) The County is hosting the 2026 Employer Symposium on Thursday, February 19, 2026, we are excited to note some of our vendors will be in attendance, David Sancewich of Meketa, Graham Schmidt of Cheiron and staff from Heywood; 3) The 2025 Action Plan was successful with the completion of increased automation; governance and enhanced communication from SJCERA on more outlets; we are working on quantitative measures to show movement on projects.

10.2 2025 Action Plan Results

10.3 Quarterly Operations Report

1 Accounts Receivable Fourth Quarter

2 2025 Disability Quarterly Report

3 Quarterly Operations Metrics

4 Pension Administration System Update

10.4 The Board received and filed reports

11. COMMENTS

11.1 Trustee Keokham congratulated Aaron Zaheen on being Employee of the Month; he further noted his appreciation for adding ACH ability for reimbursements.

Trustee Kaisch noted the Flash Report is outside of our Policy variance and wants it kept in mind to work toward getting investments in line with our policy.

12. SUMMARY OF BOARD DIRECTION

Going forward the SJCERA Budget will be on the agenda as its own line item.

13. ADJOURNMENT

13.1 There being no further business the meeting was adjourned at 12:19 p.m.

Respectfully Submitted:

_____
Michael Restuccia, Chair

ATTEST:

_____
Sam Kaisch, Co-Chair

San Joaquin County Employees Retirement Association

February 2026

6.01 Service Retirement — Consent

01 TRICIA M ANDERSON

Deputy Sheriff II
Sheriff-Special Svcs Division

Member Type: Safety
Years of Service: 26y 03m 25d
Retirement Date: 12/1/2025

02 RICKARD E CRISP

Staff Nurse IV - Inpatient
Hosp- Trauma Center

Member Type: General
Years of Service: 11y 03m 19d
Retirement Date: 12/12/2025

03 TAMARA S CRUMMETT

Sub Abuse Program Supervisor
Behavioral Health Services

Member Type: General
Years of Service: 08y 07m 28d
Retirement Date: 12/1/2025

04 CELESTE G JOCSON

Deferred Member
N/A

Member Type: General
Years of Service: 19y 09m 29d
Retirement Date: 12/17/2025

05 KAREN A KINSER

Deferred Member
N/A

Member Type: General
Years of Service: 05y 11m 23d
Retirement Date: 12/1/2025

06 CHANG-PEY LEE

Clinical Dietitian II
Hosp Clinical Dietetics

Member Type: General
Years of Service: 11y 11m 20d
Retirement Date: 12/4/2025

07 ELLIS E LEE

Eligibility Worker II
HSA - Eligibility Staff

Member Type: General
Years of Service: 11y 09m 23d
Retirement Date: 12/1/2025

08 **DOUGLAS JAMES LOUIE**

Mt.House Operations&Maint Supr
CITYMH

Member Type: General
Years of Service: 12y 03m 23d
Retirement Date: 12/1/2025

09 **DOROTHY A LUM**

Deferred Member
N/A

Member Type: General
Years of Service: 06y 04m 12d
Retirement Date: 11/26/2025

10 **KELLEY R MCHUGH**

Senior Office Assistant
Recorder - County Clerk

Member Type: General
Years of Service: 17y 06m 10d
Retirement Date: 12/5/2025

11 **EDWIN R MIRANDA**

Deferred Member
N/A

Member Type: Safety
Years of Service: 00y 05m 20d
Retirement Date: 12/2/2025

12 **LOLITA C PEARSON**

Safety Officer
Human Resources

Member Type: General
Years of Service: 21y 00m 25d
Retirement Date: 12/9/2025

13 **JANICE R PIMENTEL**

Housekeeping Svce Wkr - SJGH
Hosp Environmental Services

Member Type: General
Years of Service: 10y 02m 17d
Retirement Date: 12/9/2025

14 **JEFFERY L RODRIGUES**

Deputy Sheriff II
Sheriff-Custody-Regular Staff

Member Type: Safety
Years of Service: 26y 03m 21d
Retirement Date: 12/14/2025

Agenda Item 6.2.1

February 13, 2026

SUBJECT: 2026 Retiree Cost-of-Living Adjustment (COLA)

SUBMITTED FOR: _X_ CONSENT ___ ACTION ___ INFORMATION

RECOMMENDATION

Review and adopt a 2% Cost-of-Living Adjustment, as calculated and recommended by SJCERA's independent actuary, Cheiron.

PURPOSE

To determine if there has been an increase or decrease in the applicable cost of living, and the resulting applicable COLA, as defined by statute.

DISCUSSION

In accordance California Government Code 31870.1, the Board is required to determine, on an annual basis, before April 1, whether there has been an increase or decrease in the cost of living in the Bureau of Labor Statistics Consumer Price Index (CPI) for All Urban Consumers for that County. Because the Bureau of Labor Statistics does not publish a CPI for San Joaquin County, SJCERA uses the CPI for the San Francisco-Oakland-Hayward area. Cheiron has determined that the CPI for All Urban Consumers in the San Francisco-Oakland-Hayward area increased by 2.18%.

Pursuant to statute, members' retirement benefits must be adjusted by a COLA equivalent to the CPI percentage change rounded to the nearest one-half of one percent, up to a maximum of 3%. In years when the change in the CPI is greater than the statutory annual maximum COLA of 3%, the percentage over the 3% limit is "banked" for use in future years when the COLA is less than 3%.

Applying the statutory requirements to this year's facts, the 2.18% CPI change, rounded to the nearest half-percent, results in a 2.0% COLA. Thus, SJCERA will apply the 2% COLA to retirees' May 1, 2026, retirement benefit.

ATTACHMENT

Annual COLA update from Cheiron dated February 3, 2026

RENEE OSTRANDER
Chief Executive Officer

Via Electronic Mail

February 3, 2026

Ms. Renee Ostrander
Chief Executive Officer
San Joaquin County Employees' Retirement Association
220 E. Channel Street
Stockton, California 95202

Re: Cost-of-Living Adjustment (COLA) as of April 1, 2026

Dear Ms. Ostrander:

Pursuant to the scope of retainer services under Cheiron's agreement to provide actuarial services to SJCERA, we have computed the cost-of-living adjustment (COLA) percentages to be used by the Association as of April 1, 2026. The calculations outlined herein have been performed in accordance with 31870.1 of the County Employees Retirement Law of 1937.

Background

The cost-of-living-adjustment (COLA) is determined annually based on increases in the Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-Hayward area, using a base period of 1982-1984. The ratio of the annual averages for the two prior calendar years is calculated and rounded to the nearest one-half percent. The annual averages are published by the Bureau of Labor and Statistics (BLS).

The previous method for determining the annual average was to calculate the average for all months of data provided by the BLS (e.g., the sum of six bi-monthly CPI amounts divided by six). No CPI was reported for October 2005, and we recommend that SJCERA switch to a methodology that uses the annual averages calculated and published by the BLS on an ongoing basis. There is no impact on the COLA determined for 2026 as a result of this change in methodology.

COLA Calculations

The annual average CPIs described above were 356.005 and 348.417 for 2025 and 2024, respectively. This represents an increase of 2.18%, which is subsequently rounded to 2.00%. Had the prior methodology been used - based on the manually calculated average of the five bi-monthly CPI amounts for 2025 divided by the average of the six bi-monthly CPI amounts for 2024 - the increase would have also been 2.18%. As a point of comparison, the annual U.S. City Average CPI increased by 2.63% over the same period.

SJCERA members are subject to the provisions of Section 31870.1, which limits annual COLA increases to 3.0% annually. Members who retired on or before April 1, 2023 should receive an increase in benefits of 3.0%, based on their accumulated carry-over balances. Members who retired after April 1, 2023 but on or before April 1, 2024 should receive an increase in benefits of 2.5%, based on their accumulated carry-over balances. Members who retired after April 1, 2024 should receive an increase in benefits of 2.0%.

Members' accumulated carry-over balances as of April 1, 2026 will decrease by the difference between the COLA granted and the rounded CPI increase (2.0%) but will not drop below 0.0%. Therefore, members who retired on or before April 1, 2023 will have their COLA balances reduced by 1.0% compared to their balances on April 1, 2025, and members who retired after April 1, 2023 but on or before April 1, 2024 will have their COLA balances reduced by 0.5%.

The enclosed exhibit summarizes the COLA calculations and carry-over balances. Please contact us if you have any questions regarding these calculations.

Sincerely,
Cheiron

Graham A. Schmidt, FSA, EA, FCA, MAAA
Principal Consulting Actuary

Timothy S. Doyle, ASA, EA, MAAAA
Associate Actuary

Attachment

cc: Anne Harper, FSA, EA, MAAA

SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

EXHIBIT A

COST-OF-LIVING ADJUSTMENTS (COLA)

As of April 1, 2026

Maximum Annual COLA: 3.0%

Initial Retirement Date			April 1, 2025		Increase in the Annual Average CPI [1]		April 1, 2026		
			Accum-ulated Carry-Over w/o PPP [2]	Accum-ulated Carry-Over w/PPP Adjust.	Actual	Rounded	**COLA**	Accum-ulated Carry-Over w/o PPP	Accum-ulated Carry-Over w/PPP Adjust.
			(A)	(B)	(C)	(D)	**(E)**	(F)	(G)
On or Before 04/01/1970			73.5%	16.0%	2.18%	2.0%	**3.0%**	72.5%	15.0%
04/02/1970	to	04/01/1971	71.0%	16.0%	2.18%	2.0%	**3.0%**	70.0%	15.0%
04/02/1971	to	04/01/1972	69.0%	16.0%	2.18%	2.0%	**3.0%**	68.0%	15.0%
04/02/1972	to	04/01/1973	68.0%	16.0%	2.18%	2.0%	**3.0%**	67.0%	15.0%
04/02/1973	to	04/01/1974	67.5%	16.0%	2.18%	2.0%	**3.0%**	66.5%	15.0%
04/02/1974	to	04/01/1975	64.5%	16.0%	2.18%	2.0%	**3.0%**	63.5%	15.0%
04/02/1975	to	04/01/1976	57.5%	16.0%	2.18%	2.0%	**3.0%**	56.5%	15.0%
04/02/1976	to	04/01/1977	50.5%	16.0%	2.18%	2.0%	**3.0%**	49.5%	15.0%
04/02/1977	to	04/01/1978	48.0%	16.0%	2.18%	2.0%	**3.0%**	47.0%	15.0%
04/02/1978	to	04/01/1979	43.5%	16.0%	2.18%	2.0%	**3.0%**	42.5%	15.0%
04/02/1979	to	04/01/1980	37.0%	16.0%	2.18%	2.0%	**3.0%**	36.0%	15.0%
04/02/1980	to	04/01/1981	31.5%	16.0%	2.18%	2.0%	**3.0%**	30.5%	15.0%
04/02/1981	to	04/01/1982	19.5%	16.0%	2.18%	2.0%	**3.0%**	18.5%	15.0%
04/02/1982	to	04/01/1983	9.5%	N/A	2.18%	2.0%	**3.0%**	8.5%	N/A
04/02/1983	to	04/01/1984	7.0%	N/A	2.18%	2.0%	**3.0%**	6.0%	N/A
04/02/1984	to	04/01/1985	7.0%	N/A	2.18%	2.0%	**3.0%**	6.0%	N/A
04/02/1985	to	04/01/1986	4.5%	N/A	2.18%	2.0%	**3.0%**	3.5%	N/A
04/02/1986	to	04/01/2022	3.5%	N/A	2.18%	2.0%	**3.0%**	2.5%	N/A
04/02/2022	to	04/01/2023	3.0%	N/A	2.18%	2.0%	**3.0%**	2.0%	N/A
04/02/2023	to	04/01/2024	0.5%	N/A	2.18%	2.0%	**2.5%**	0.0%	N/A
04/02/2024	to	04/01/2026	0.0%	N/A	2.18%	2.0%	**2.0%**	0.0%	N/A

[1] All Urban Consumers, San Francisco-Oakland-Hayward Area (1982-84 base). (G.C. 31870.1)
For a full description of the Consumer Price Index visit the Bureau of Labor Statistics' website http://stats.bls.gov/cpi/cpifaq.htm

[2] Purchasing Power Protection (PPP) benefits were implemented in 2000 (75% level) and 2001 (80% level) for allowances with an "initial retirement date" of 04/01/1982 or earlier. A "one-time" permanent increase was added to the monthly allowance amount to restore purchasing power to 80% of the purchasing power of the original allowance, determined as of 4/01/2001. These monthly allowances, including the PPP benefit, are adjusted each year by the annual COLA. (PPP reference: G.C. Section 31874.3)

Column A: The COLA Bank as of April 1, 2025, without adjustment for the PPP benefits. For allowances with an Initial Retirement Date on or before 04/01/1982, the values in this column and Column F represent what the total loss of purchasing power would be without the PPP benefits.

Column B: The COLA Bank as of April 1, 2025, with adjustment to reflect implementation of PPP benefits for allowances with an Initial Retirement Date on or before 04/01/1982.

Column E: The cost-of-living adjustment, effective April 1, 2026, to be applied to allowances included in each Initial Retirement Date period.

Column F: The COLA Bank as of April 1, 2026, available for future use, without adjustment for the PPP benefits. For allowances with an Initial Retirement Date on or before 04/01/1982, the values in this column represent what the total loss of purchasing power would be without the PPP benefits. The values in this column equal the value of Column A, less the difference between Columns D and E.

Column G: The COLA Bank as of April 1, 2026, available for future use, with adjustment to reflect implementation of the PPP benefits for allowances with an Initial Retirement Date on or before 04/01/1982. The values in this column equal the value of Column B less the difference between Columns D and E.

CONFERENCES AND EVENTS SCHEDULE

2026 EVENT DATES BEGIN	END	EVENT TITLE	EVENT SPONSOR	LOCATION	REG. FEE	WEBLINK FOR MORE INFO	EST. BOARD EDUCATION HOURS
Feb 23	Feb 24	Public Plan Trustee Institute - Level 1	IFEBP	Orlando, FL	$2015	ifebp.org	15
Mar 2	Mar 4	Communication & Member Services Summit	NCPERS	San Diego, CA	$800	ncpers.org	N/A
Mar 8	Mar 11	General Assembly 2026	CALAPRS	Carlsbad, CA	$250	calaprs.org	8.5 - 10.5
Mar 9	Mar 9	In-person Investment Roundtable	CALAPRS	Carlsbad, CA	$100	calaprs.org	N/A
Mar 23	Mar 25	ALTSLA 2026	MarketsGroup	Los Angeles, CA	$2,500	marketsgroup.com	15*
Apr 17	Apr 17	Ad Hoc Roundtable	CALAPRS	Virtual	$50	calaprs.org	N/A
Apr 20	Apr 22	The Annual	withintelligence.com	Los Angeles, CA	$0	withintelligence.com	10.25
Apr 30	Apr 30	10th Annual Pacific Northwest Institutional Forum	MarketsGroup	Seattle, WA	$0	marketsgroup.com	6.2
May 12	May 15	SACRS Spring Conference	SACRS	Olympic Valley, CA	TBD	sacrs.org	11*
May 12	May 14	AEW General Meeting - LPAC seat	AEW	Boston, MA	$0	aew.com	N/A
May 16	May 17	Accredited Fiduciary (NAF) Program	NCPERS	Las Vegas, NV	$930	ncpers.org	12.15
May 16	May 17	Trustee Educational Seminar (TEDS)	NCPERS	Las Vegas, NV	$520	ncpers.org	9
May 17	May 20	Annual Conference & Exhibition (ACE)	NCPERS	Las Vegas, NV	$1135	ncpers.org	12*
May 21	May 21	Attorney's Roundtable	CALAPRS	Virtual	$50	calaprs.org	N/A
May 29	May 29	Trustee Roundtable	CALAPRS	Virtual	$50	calaprs.org	4
Jun 2	Jun 3	BlackRock Annual Meeting	BlackRock	New York, NY	$2260	blackrock.com	N/A
Jun 5	Jun 5	Administrators Roundtable	CALAPRS	Virtual	$50	calaprs.org	N/A
Jun 15	Jun 17	Chief Officers Summit	NCPERS	Newport Beach, CA	$1030	ncpers.org	N/A
Jul 19	Jul 22	SACRS/UC Berkeley Program	SACRS	Berkeley, CA	$3000	sacrs.org	24*
Aug 24	Aug 27	Principles of Pension Governance for Trustees	CALAPRS	Santa Barbara, CA	TBD	calaprs.org	18*
Sep 15	Sep 17	Fiduciary Investors Symposium	top1000funds	Palo Alto, CA	$1900	top1000funds.com	12*
Sep 23	Sep 25	Administrator's Institute	CALAPRS	Carmel, CA	TBD	calaprs.org	N/A
Oct 2	Oct 2	Trustee Roundtable	CALAPRS	Virtual	$50	calaprs.org	4
Oct 24	Oct 25	Accredited Fiduciary (NAF) Program	NCPERS	Nashville, TN	$930	ncpers.org	12*
Oct 24	Oct 25	Program for Advanced Trustee Studies (PATS)	NCPERS	Nashville, TN	$900	ncpers.org	9
Nov 10	Nov 13	SACRS Fall Conference	SACRS	Rancho Mirage, CA	TBD	sacrs.org	11*

** Estimates based on prior agendas*

SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUMMARY OF PENDING TRUSTEE AND EXECUTIVE STAFF TRAVEL

2026 Event Dates	Sponsor / Event Description	Location	Traveler(s)	Estimated Cost	BOR Approval Date
Mar 2-4, 2026	Communication & Member Services Summit	San Diego, CA	B. McKelvey	$2,140	1/9/2026
Mar 8-11, 2026	General Assembly - CALAPRS	Carlsbad, CA	J. Whelen, R. Ostrander, T. Kaeslin	$6,000	N/A
Mar 9, 2026	Investments Roundtable @ GA - CALAPRS	Carlsbad, CA	T. Kaeslin	$100	N/A
Mar 23-25, 2026	ALTSLA - Markets Group	Los Angeles, CA	S. Kaisch	$4,400	1/9/2026
Apr 17, 2026	Ad Hoc Roundtable	virtual	R. Ostrander	$50	N/A
Apr 20-22, 2026	The Annual	Los Angeles, CA	JC Weydert	$2,600	10/15/2025
Apr 30, 2026	10th Annual Pacific Northwest Institutional Forum	Seattle, WA	R. Ostrander	$2,600	Pending
May 12 - 15, 2026	Spring Conference - SACRS	Olympic Valley, CA	J. Whelen, M. Duffy, S. Moore, R. Ostrander, A. Zaheen	$9,280	N/A
May 12-14, 2026	AEW General Meeting - LPAC Seat	Boston, MA	B. McKelvey	$500	1/9/2026
May 15-17, 2026	NAF Program - NCPERS	Las Vegas, NV	R. Ostrander	$2,490	1/9/2026
Jun 2-3, 2026	Blackrock Annual Meeting	New York, NY	T. Kaeslin	$2,260	1/9/2026
Jun 14-17, 2026	Chief Officers Summit	Newport Beach, CA	R. Ostrander	$2,860	1/9/2026
Jul 19-22, 2026	UC Berkeley Program/SACRS	Berkeley, CA	J. Whelen	$3,000	1/9/2026
Sep 15-17, 2026	Fiduciary Investors Symposium Top1000funds	Palo Alto, CA	T. Kaeslin	$3,200	1/9/2026

SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUMMARY OF COMPLETED TRUSTEE AND EXECUTIVE STAFF TRAVEL

Event Dates 2026	Sponsor / Event Description	Location	Traveler(s)	Estimated Cost	Actual Cost	Event Report Filed
Jan 26-28, 2026	IREI VIP Americas	Carlsbad, CA	M. Restuccia, T. Kaeslin, JC Weydert	$6,300	TBD	2/13/2026 2/13/2026 Pending
Feb 5, 2026	CALAPRS - Attorney's Roundtable	Virtual	A. Zaheen	$50	$50	N/A
Feb 6, 2026	CALAPRS - Administrators Roundtable	Virtual	R. Ostrander	$50	$50	N/A

Board Member Travel (not including SACRS & CALAPRS		Dates	Amount used of $4500:	Balance of $4500
RESTUCCIA	IREI	1/27-29		
WHELEN				
DHALIWAL				
DUFFY				
KAISCH				
KEOKHAM				
MCCRAY				
NICHOLAS				
WEYDERT	IREI	1/27-29		
MOORE				

*Pending Final Expense

From Mike Restuccia

The 2026 VIP was held in Carlsbad at the Park Hyatt Aviara. The conference began on Monday January 26th and ended January 28th There were approximately 480 individuals signed up and only around 12 could not make the flights due to the snow and ice storms in the south and East.

Monday
was a “Fireside Chat” in essence discussing the current state of investors perspectives and current mind sets. Seems to be very different in many factors

Tuesday
The event began with Tom Parker EVP and publisher of IREI discussing the importance of not sharing what you do but a place to share what you know, it is a no marketing environment, and everyone is encouraged to participate.

The first guest speaker was Dr. Jamil Zaki. His entire presentation was focused on the fact that we need to overcome our Trust deficit with others. We all have an idea what human nature is or as we see it but it isn’t always what we think.
Over the years, and for many reasons, Faith and Trust in human beings and our fellow workers have deteriorated. People have become selfish, greedy and corrupt and place a significant amount of stress on us and creates broken relationships. This kills communities, workplaces and creates bad leaders.
Most people underestimate others and the trust we get is the trust we give. People have become cynical but should be skepticism , meaning get more evidence before deciding, earn trust and stay curious.
When trust declines other things deteriorate

The Dr. further expressed Not only do you need to meet your goals, but you must share your goals and have a common group identity.
A culture that drives success is not geniuses but groups of different backgrounds sharing their thoughts and experiences, no one is wrong.
To be successful, engagement at the lower levels of the organization is a must. Leaders are the survival of the fittest.
Always praise people that deserve it, it spreads and people do better.
Investors don’t feel like partners anymore, there appears a lack of alignment in that mangers want to build AUM investors want returns and their money back.

From a global perspective, how do leaders see it. Things are getting back to normal, although valuations were down rents were stable (location specific). Since there were limited transactions it was hard to determine valuations, and uncertainty remains in the market.
Some funds have cut their allocations to real estate and increased their allocations to private equity mainly because they think there are better returns elsewhere, not necessarily the right long-term move. The projected close to 20% IRR was unrealistic and if they were close in some cases those days are gone. 9% to 12% is more realistic if everything goes well.

One must create value and efficiency. There was a niche that was popular, social media is confusing everyone even though things are the same it's just more obvious.
Residential is still a good place to be and invest. People are mobile, yes, but not as easy as a business fleeing for lower taxes, better business environment etc.
Investors don't feel like partners anymore since there is a lack of alignment, managers are more worried about building AUM. Plus, whether the information is good or bad, they need to be much more transparent with the investors. The managers are indicating it is more difficult to raise money for RE with investors cutting allocations to RE.

Wednesday
Adam Steltzner was a guest speaker and is the Leader and Chief Engineer of the NASA Mars Sample return Mission, he built the robot that landed on Mars and brought back soil samples. He has an amazing background from a instrument player in a band, with no desire to get into this business to being one of the top engineers at NASA.
His feeling is try what sounds and feels good, if it doesn't work, try something else.
Separate people from ideas, look where you want to go, clear the path and focus and the solution not the problem, and stay focused. Too many focus on the problem and never see the solution.
We need to explore and look for potential; curiosity is in everyone's genes.
His feeling is that if you fail fast, move on!! Hold onto doubt because you don't always know the problem. Also, problems magnify other problems.
Your team of people are like puzzle pieces, and they don't always fit together but you can still collectively find the solution.

Global cash flows are higher in 2025 than 2024 both dollars and number of funds.
If investing in Core RE the returns need to be at least 8%. Private equity and infrastructure are getting more dollar allocations than RE right now. Best to look at funds that invest in multi-regional since it would be difficult to pick just one region to be the only great success.

It's not unusual to see mega funds today that are raising $12 to $19 billion with the opportunistic raising more of the capital. Right now, some debt funds are outperforming equity funds.
Separate funds is a trend and private markets generate better returns than public markets

Today one must be a better and smarter investor, rates will fluctuate less so no more returns from a hope and prayer that rate movements will help. Need to be more RE focused not rates and financing options.
AI is very helpful and valuable; however, caution is given that garbage in garbage out. The input needs to be structured and engineered correctly to get good output. AI has challenges and risks, must be well trained to understand the good and bad.
RE can use AI in many areas, leasing, answering emails, phone calls, follow up events. It will supplement humans but will never replace humans. No one will lose a job to AI; you will lose your job to someone that knows how to use AI. AI may create efficiencies in markets, but returns will be lower because everyone now has all the same information to make decisions.
Defense spending is up and won't change for a while, so it is a good place to look to invest.

Some managers don't get out of the investments fast enough because they want that last dollar of profit and ultimately in some cases get much less. Return of capital has been slow, some want their

money back now because they are way past plan. The way to get target returns is not rates, not cap rates, not financing but the fundamental of blocking and tackling.

There is a lot of money chasing the secondary market for real estate assets.

INSTITUTIONAL REAL ESTATE, INC.

2026 Visions, Insights & Perspectives (VIP) Americas

JANUARY 26 - 28, 2026 | PARK HYATT AVIARA | CARLSBAD, CA

**Preliminary agenda, subject to change*

Monday, January 26, 2026

2:30pm Registration Opens

3:30pm The Most Insightful Hour in CRE: Walker Webcast with Willy Walker and Dr. Peter Linneman

Willy Walker, Chairman and CEO of Walker & Dunlop and host of the Walker Webcast, is joined once again by renowned economist Dr. Peter Linneman for their quarterly discussion, *The Most Insightful Hour in CRE*, delivering expert analysis on CRE and market trends.

Moderator(s):

Willy Walker

Chairman and CEO of Walker & Dunlop

Speaker(s) and Panelist(s):

Dr. Peter Linneman

Leading Economist, Professor Emeritus, The Wharton School of Business

4:30pm Springboard Alumni Mixer (Invitation Only)

5:30pm Fireside Chat: Investor Perspectives & Mixer

Moderated panel discussion with advisory board members regarding key themes, topics and questions to set the stage for program discussions.

Moderator(s):

Chase McWhorter

Managing Director, Americas, Institutional Real Estate, Inc.

Speaker(s) and Panelist(s):

Manuel Casanga

Director for Real Estate and Real Asset Investments, New York State Common Retirement Fund

Michael Fogliano, CRE

Director of Real Estate Externally Managed, State Board of Administration of Florida

Shelley Santulli

Principal, Senior Investment Director, Real Assets, NEPC, LLC

Matt Saverin

Senior Director, UTIMCO

7pm Adjourn

Tuesday, January 27, 2026

7:00am Registration Reopens

7:30am Networking Breakfast

8:30am Welcome Remarks

Speaker(s) and Panelist(s):

Tom Parker

Executive Vice President and Publisher, Institutional Real Estate, Inc.

8:45am Program Overview

Speaker(s) and Panelist(s):

Loretta Clodfelter

Editorial Director, Institutional Real Estate, Inc.

Chase McWhorter

Managing Director, Americas, Institutional Real Estate, Inc.

9:00am Overcoming the Trust Deficit

Keynote speaker, Dr. Jamil Zaki, Professor of Psychology at Stanford University and Director of the Stanford Social Neuroscience Lab, Best-Selling Author of The War for Kindness and Hope for

Cynics will speak on “Overcoming Cynicism to build Culture of Trust.”

9:30am Keynote Interview

Speaker(s) and Panelist(s):

Steven DeFrancis
CEO, Cortland

9:45am Roundtable Group Discussion

Each table will have a group leader as a facilitator, who will help the table pick one of several keynote topics and related questions to discuss.

10:15am Roundtable Group Table Reports

Group leaders will share a summary of their group’s insights in an open forum discussion.

10:45am Networking Break

11:15am A Global Perspective: The World as Our Readers See It (panel)

Geoffrey Dohrmann, Executive Chairman & CEO of Institutional Real Estate, Inc., will share key themes and insights from our global Editorial Advisory Board meetings. He will then moderate a brief Q&A session with several thought leaders about global trends related to the U.S. real estate market.

Moderator(s):

Geoffrey Dohrmann
Chairman and CEO, Institutional Real Estate, Inc.

Speaker(s) and Panelist(s):

Michael McGowan
Portfolio Manager, California State Teachers' Retirement System

Len O'Donnell
Chairman & CEO, Affinius Capital LLC

Christina Scarlato
Principal Portfolio Manager, Real Assets, The World Bank Pension Fund

12pm Wrap-up Summary

12:15pm "Grab 'n Go" Box Lunch

1:00pm Start of Afternoon Networking Activities

6:00pm Heavy hors d'oeuvres & cocktails

7:30pm Adjourn

Wednesday, January 28, 2026

7:00am Registration Reopens

7:30am Networking Breakfast

8:30am Welcome Back & Overview

8:45am "Dare Mighty Things"

Adam Steltzner, Leader & Chief Engineer of the groundbreaking NASA Mars Sample Return Mission will speak on, "Dare Mighty Things."

9:15am Roundtable Group Discussions

Each table will have a group leader as a facilitator, who will help the table pick one of several keynote topics and related questions to discuss.

9:45am Roundtable Group Reports

Group leaders will share a summary of their group's insights in an open forum discussion.

10:15am Break

10:45am Global Capital Flow Trends

To set the stage for a panel discussion, we will present data from our IRE.IQ database, which will provide macro equity and debt real estate capital-flows trends

Moderator(s):

Loretta Clodfelter

Editorial Director, Institutional Real Estate, Inc.

Speaker(s) and Panelist(s):

Jeffrey Giller

Head of StepStone Real Estate, StepStone Group Real Estate

Erin Kerr

Senior Managing Director, Head of Global Institutional Capital Raising, Principal Asset Management

Max Swango

Managing Director, Global Head of Client Portfolio Management, Invesco Real Estate

11:30am Brave New World: Global Macro Trends & Real Estate

- What are global demographic trends, and how do they compare in historical context?
- Is the world deglobalizing, or is globalization evolving?
- What do the developed world's government deficits mean for interest rates, and currencies moving forward?
- Is the current trade war temporary or not?
- How are these trends redefining global real estate opportunity sets?

Moderator(s):

Chase McWhorter

Managing Director, Americas, Institutional Real Estate, Inc.

Speaker(s) and Panelist(s):

Thomas Mueller-Borja

Global Co-Head of Real Estate and Global Chief Investment Officer for Value-Add Real Estate, BlackRock

Ryan Severino

Chief Economist and Head of Research, BGO

12:15pm Lunch

1:15pm Putting AI into Perspective: Myth, Reality and Opportunity

- What are the challenges and limitations of AI?
- Examine past technology shifts to better understand impact and future of AI
- Where and how is AI being used today in property management, tenant engagement and investment analytics?
- What are key risks such as data privacy and operational complexity?

Moderator(s):

Tom Parker

Executive Vice President and Publisher, Institutional Real Estate, Inc.

Speaker(s) and Panelist(s):

Daniel Fenton

Head of AI Platform, JLL

Daren Marrom

Managing Director, Head of Asset Management , TPG Angelo Gordon

Brandon Sedloff

Chief Real Estate Officer, Juniper Square

2:00pm Alternative Niche Strategies

- A snapshot of established niche sectors and a review of emerging niche sectors
- What is the outlook for established niche sectors becoming core investments, and why?
- How is the fusion of infrastructure and real estate evolving within niche strategies today?

Moderator(s):

Chase McWhorter

Managing Director, Americas, Institutional Real Estate, Inc.

Speaker(s) and Panelist(s):

Elizabeth Bell

Co-head of Real Estate, Hamilton Lane

Joey Lansing

Partner, Co-President & Global Head of Portfolio Management - Real Assets, Harrison Street Asset Management

Steve Orbuch

Founder & President, Sculptor Real Estate

2:45pm Break

3:15pm Return of Capital: Key Metrics to Review

- Examine issues around fund transparency and disclosure: What to look for and what should be required?
- What are some of the key considerations to make regarding different vehicles and operational challenges within open-end and closed-end funds, as well as continuation vehicles?
- How AI could help manage assets across platforms (real estate, private credit, private equity, infrastructure, etc.)
- Where is alpha coming from now and in the future related to asset management?
- Measuring returns: IRR vs. DPI?

Moderator(s):

Loretta Clodfelter

Editorial Director, Institutional Real Estate, Inc.

Speaker(s) and Panelist(s):

Russell Appel

Founding Principal, The Praedium Group, LLC

Jesse Hom

CIO of Real Estate, Head of Real Estate Credit, Blue Owl Capital

Jennifer Stevens

Co-Founder & Managing Partner, Alliance Global Advisors

Jamie Sunday

Partner & Co-Head of Secondaries, Ares Management Corporation

4pm Advisory Board Wrap-up Forum and Closing Remarks

Moderator(s):

Loretta Clodfelter

Editorial Director, Institutional Real Estate, Inc.

Chase McWhorter

Managing Director, Americas, Institutional Real Estate, Inc

Speaker(s) and Panelist(s):

Manuel Casanga

Director for Real Estate and Real Asset Investments, New York State Common Retirement Fund

Tyler Fischer

Investment Officer, Gordon & Betty Moore Foundation

Michael Fogliano, CRE

Director of Real Estate Externally Managed, State Board of Administration Florida

Shelley Santulli

Principal, Senior Investment Director, Real Assets, NEPC,LLC

4:15pm	Adjourn (until Evening Reception)
6:30pm	Gala Cocktail Reception
7:30pm	Gala Dinner
9:00pm	Optional After-Dinner Networking *Join us in the Top Golf Swing Suite for a few rounds of fun. Additional games, comfortable seating and light snacks will be provided.*

Visit our Preference Center

Sign up to receive emails from IREI. You'll receive updates on upcoming events, special publication offers and more. Sign up here.

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Topics Submitted over the past 12 Months by our
EDITORIAL ADVISORY BOARD & SPRINGBOARD MEMBERS

CONSENSUS VS. DIVERGENCE
Of issues and concerns among Investors in Different Regions

Shared Issues and Concerns
(Issues and concerns shared by investors in all regions)

1) Capital markets stress: rates, spreads, and liquidity constraints
Across all regions, investors cite "higher-for-longer" interest rates, non-accretive or negative leverage, and restricted refinancing capacity as core problems. Liquidity shortfalls in open-end/core vehicles (ODCE), elongated redemption queues, and slower distribution cycles are widespread concerns, forcing rethinks of pacing, vintage risk, and continuation vehicles/recaps., ,

2) Valuation uncertainty and slow transaction velocity
Thin comps and appraisal lag are undermining conviction on marks, hampering exits and redeployment. Board topics question whether managers delayed markdowns post-rate shock and how marks compare to true clearing prices, with debate over whether a pricing inflection point is near.,

3) Portfolio role of real estate vs. other alternatives
Many LPs are revisiting real estate's share in the total alternatives book relative to private credit and infrastructure, with some arguing real estate has shifted from ~10% toward ~5% allocations in certain portfolios; others ask whether REITs or credit should play larger roles in delivering liquidity/income

4) Strategy mix and sector rotation under structural change
Investors are recalibrating between core/core-plus, value-add, opportunistic, and credit—asking which sectors merit offense vs. defense. The data-center boom is both a magnet and a source of anxiety (power constraints, exit paths, operator risk, valuation gaps). Office remains the lightning rod; industrial/logistics and housing strategies draw nuanced discussion amid new supply, affordability, and operational intensity. ,,

5) Geopolitics, deglobalization, and policy/regulatory divergence
There is widespread concern about U.S. policy volatility (tariffs, immigration, ESG posture) and its influence on cross-border flows, with questions about whether capital is rotating from the

U.S. to Europe/Asia and how to price/de-risk currency exposure. Europe highlights Basel III credit impacts; all regions probe deglobalization's real vs. perceived effects

6) LP–GP alignment, manager selection, and consolidation
LPs are pressing for fee realism, governance protections, co-investment access, and diligence standards—while asking whether consolidating GP relationships improves outcomes and how to benchmark unrealized performance today. Manager M\&A and conflicts (consultants with manager arms) surface repeatedly.,

7) Technology, data, and AI adoption
Boards across regions want clarity on how AI/analytics tangibly improve sourcing, underwriting, reporting (incl. Scope-3 data), and portfolio operations—what's working, what isn't—and how AI/"digital infrastructure" blurs lines between real estate and infrastructure

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Region-specific Investor Issues & Concerns

Investors from the Americas Region (U.S./Pan-Americas)

- **Policy/ESG whiplash and capital flows:** Strong focus on how current U.S. administration policy shapes foreign investment into the U.S., ESG reporting and DEI priorities, and whether uncertainty is diverting capital to Europe/Asia.
- **Open-end core liquidity mechanics:** Persistent redemption queues in ODCE funds, management of pools, and redeployment plans once queues clear are front-and-center concerns.
- **Debt vs. equity tilt:** Many are assessing dedicated real estate debt buckets vs. private credit umbrellas, cycle-tested track records in rising credit markets, and relative appeal of credit over equity in 2025.
- **Sector questions:** Whether office dislocation is investable or still an exit/trim, retail's "is it back?" debate, and how to treat data centers—real estate vs. infrastructure classification.
- **Fundraising expectations:** Re-rating of the predicted "busy" 2025 fundraising year given slower distributions/sales; consolidation of GP relationships and criteria for adding new managers.

Investors from the Asia Pacific Region

- **Macro risk and spread expectations:** Emphasis on appropriate risk-premium spreads post-2022 and how rate/yield dynamics (e.g., Japan yield expansion risk) influence underwriting.
- **Digital transformation and data-center scrutiny:** Specific questioning whether U.S. AI/data-center exuberance changes views on Asia Pac, exit strategies (hyperscaler buy-backs vs. core/infrastructure funds), valuation discrepancies, and operator-dependent risks.
- **Regional build-out and team footprint:** Interest in expanding platforms/teams in Asia, investability of China, hedging inflation in Japan, and identifying the "next core" beyond Japan/Australia/Singapore/Korea.
- **Portfolio vehicles and currency risk:** Trade-offs among commingled funds, SMAs, JVs/club deals, and managing FX risk in closed-end structures.

Investors from the European Region

- **Role of real estate in the portfolio (relative shrink/competition):** Acute questioning whether real estate allocations are falling (e.g., 10%→5%), losing share to infra/private

credit, or even government bonds/equities—and how to argue for new real estate commitments to CIOs/ICs.

- **Development vs. stabilized assets:** Detailed discussion of expected development return premia, feasibility in affordable housing amid costs/land/NIMBY constraints, and risk/cost stall dynamics.
- **Deglobalization and U.S. policy spillovers:** Examination of U.S. tariffs/trade wars, the "Big Beautiful Bill," whether U.S. policy shifts push capital into Europe, and what a reversal could mean for flow sustainability. Basel III impacts on bank lending capacity also feature.
- **Cycle position and marks:** Whether European pricing has reached an inflection point, expectation of fire-sales from failed (re)financings, and tactics to position for recovery by country.
- **ESG divergence and regulation:** Strong focus on the U.S.–EU ESG posture gap, evolving investor expectations, Scope-3 data gaps, insurance/climate liabilities driving capex, and specific EU housing "greening" rules from 2030.
- **Sector nuance:** Re-rating retail (esp. grocery-anchored) vs. logistics, industrial oversupply concerns, alternative sectors for the decade, data-center supply/repurposing risk, and life sciences positioning.

The most frequently cited issues keeping investors up at night

1. **Liquidity and exit visibility**
    - Open-end redemption queues (Americas), slower distributions (global), end-of-term fund extensions, and the viability of continuation/recap vehicles. ,
2. **Refinancing risk and negative leverage**
    - Maturity walls, debt cost resets, underwriting with initial negative spreads, and uncertainty over bank/CMBS/private credit competition for loans. ,
3. **Marks vs. market**
    - Appraisal lag, delayed markdowns by some managers, and questions on fair value recognition timing.
4. **Policy/geopolitical shock-waves**
    - Tariffs, immigration, ESG posture shifts, credit regulation (Basel III), and deglobalization's practical implications for flows and operations. ,
5. **Data centers: fundamentals vs. hype**
    - Where they sit (RE vs. infra), power availability, exit paths, valuation levels, and long-term repurposing risks if tech shifts. ,
6. **Office: timing and pricing the bottom**
    - Wide dispersion in views on whether/when U.S. office becomes investable and under what capex/valuation assumptions; Europe questions whether office deserves a strong portfolio presence. ,
7. **ESG implementation and reporting credibility**
    - Scope-3 data gaps, insurance-driven climate liabilities, regulatory divergence, and whether ESG priorities are being deprioritized amid cost/valuation pressures.
8. **LP–GP alignment and manager selection**
    - Fee structures, co-investment access, governance protections, manager consolidation, and conflict management where consultants operate investment platforms. ,

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Where concerns diverge by region

Theme	Americas	Asia Pacific	Europe
Open-end core liquidity	Heavy focus on ODCE queues, redemption pool management and redeployment	Less prominent; more attention on vehicles/FX risk	Not a primary thread; more emphasis on marks and cycle position
Policy/ESG divergence	U.S. policy impacts on foreign inflows and ESG/dei stance	Geopolitical risk priced via required spreads; AI/data-center policy	Deep dive into U.S.–EU ESG gap, EU climate rules, Scope-3 challenges
Data centers	Classification (RE vs. infra), exits, valuation	AI-driven growth, exits (hyperscalers), valuation discrepancies	Supply pipelines, rental growth/demand, ultimate owners, repurposing risk
Development vs. stabilized	Sector-specific (housing/industrial) feasibility	Project/platform build-outs by country, inflation hedging (Japan)	Detailed return premia expectations; affordable housing bottlenecks
Cycle/marks	Timing re-entry to core/open-end; valuation corrections	Risk-premium calibration; REITs vs. private signals	Inflection point for pricing; fire-sale expectations; by-country recovery
Allocation to real estate vs. alternatives	Credit vs. equity tilt in 2025	Vehicle selection & regional build-out	Share potentially shrinking vs. infra/credit; case to CIOs/ICs

Practical implications for investors and managers

- **Liquidity planning:** Build explicit redemption/exit scenarios and "plan B" continuation vehicles; communicate expected timelines and DPI pathways in advance. This resonates strongly with open-end fund participants in the Americas and with European LPs wary of mark realism
- **Refi and leverage discipline:** Stress-test maturities by asset and lender type; consider opportunistic credit where refinancing pressure creates pricing dislocations—but avoid "debt tourist" behavior; emphasize cycle-tested teams/processes.
- **Sector underwriting rigor:** For data centers, underwrite **power procurement**, **operator risk**, and **exit optionality**; for office, tie capital plans to realistic leasing and capex trajectories; for industrial, assess supply pipelines and changing vacancy trends rather than relying on past momentum. ,,
- **ESG execution and disclosure:** Close Scope-3 gaps, quantify insurance-linked climate liabilities in underwriting, and align reporting to region-specific regulations. European investors will scrutinize rigor and comparability.
- **Alignment and fees:** Offer co-investment where feasible, refresh governance/minority protections, and revisit fee constructs to reflect current market frictions (e.g., fees on committed vs. invested capital).
- **Global allocation and FX:** Treat currency as a first-order risk factor; define hedging policy by fund vehicle and jurisdiction; avoid superficial "global diversification" claims—show evidence of cycle differentiation and local operator capability. ,

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VIP Americas 2026
Closed-end fund offerings and capital fundraising update

Loretta Clodfelter
Editorial Director
Institutional Real Estate, Inc.

Panel Discussion:

Redefining Global Capital Flow Trends

Moderator:

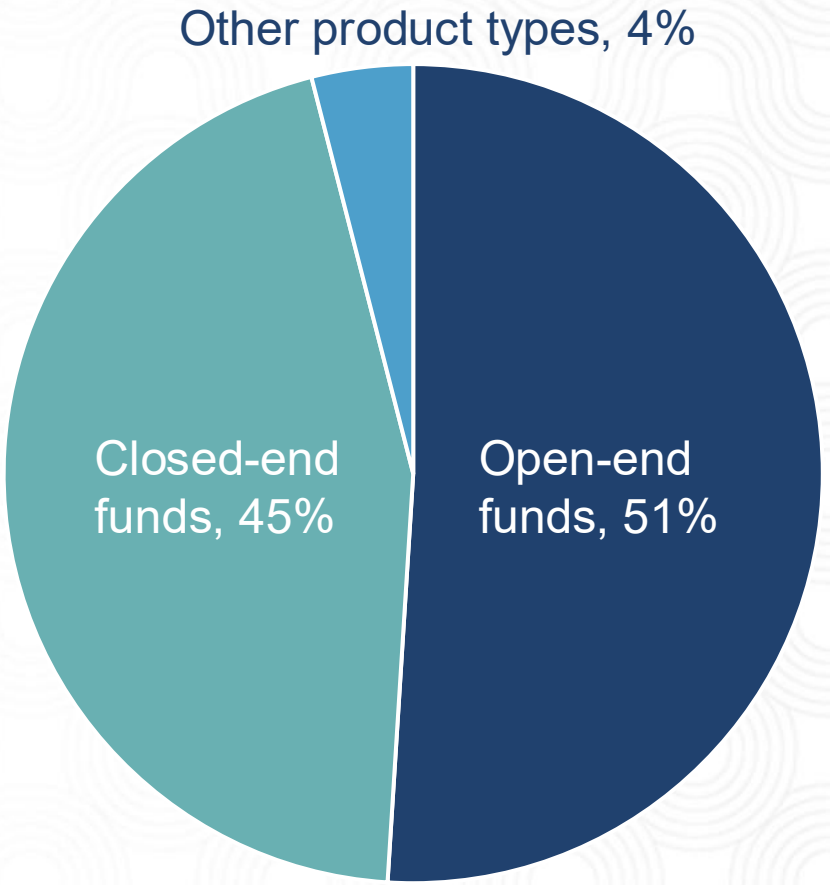
Loretta Clodfelter
Editorial Director
Institutional Real Estate, Inc.

Panelists:

Jeffrey Giller – Head of Real Estate, StepStone Group
Erin Kerr – Senior Managing Director, Principal
Max Swango – Managing Director, Invesco

Investment offerings currently in the market by product type

- 1,162 Offerings
- Collectively seeking to raise $457.3 billion



Source: Institutional Real Estate, Inc. IRE.IQ Database (as of 1/10/2026)

Investment offerings currently in the market by investment type

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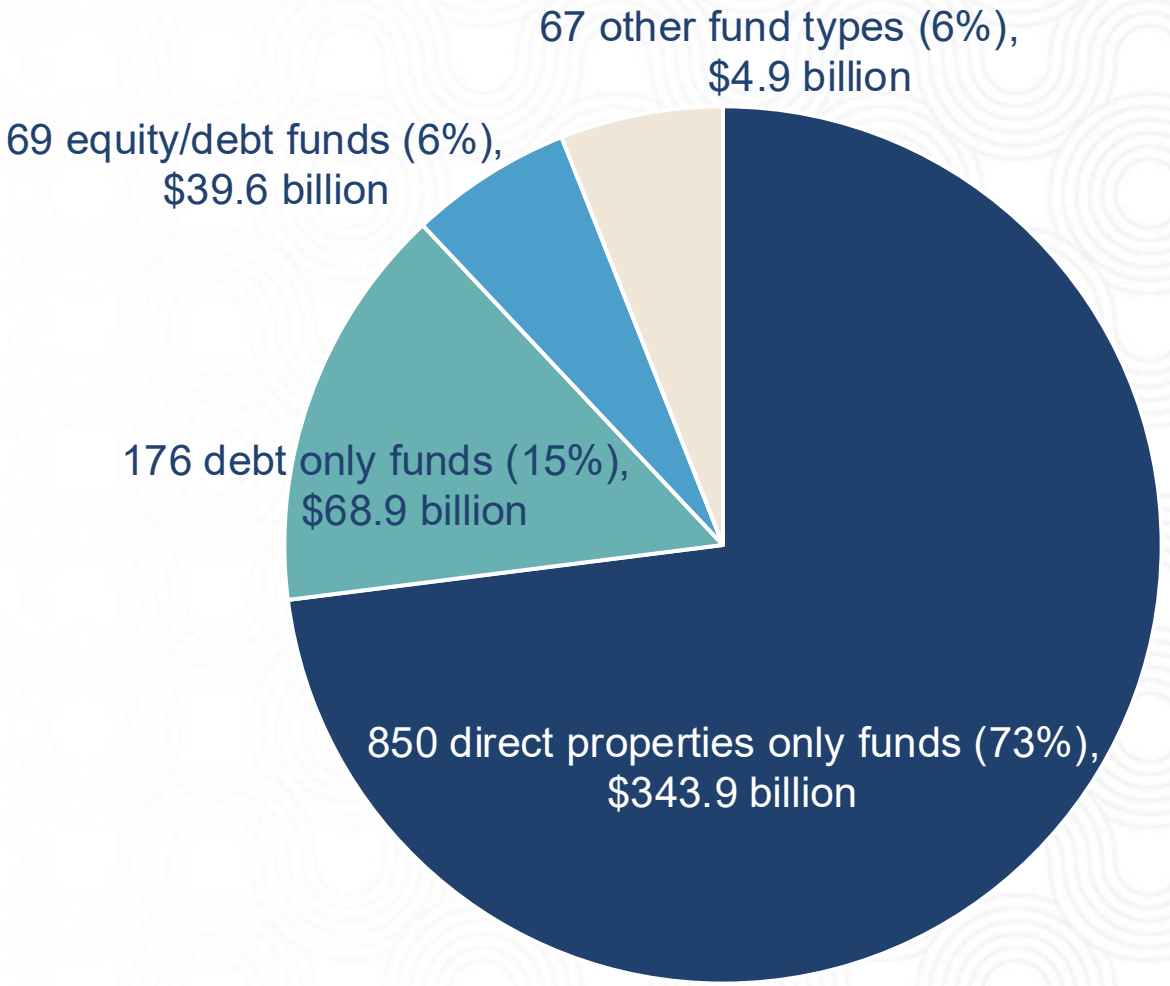
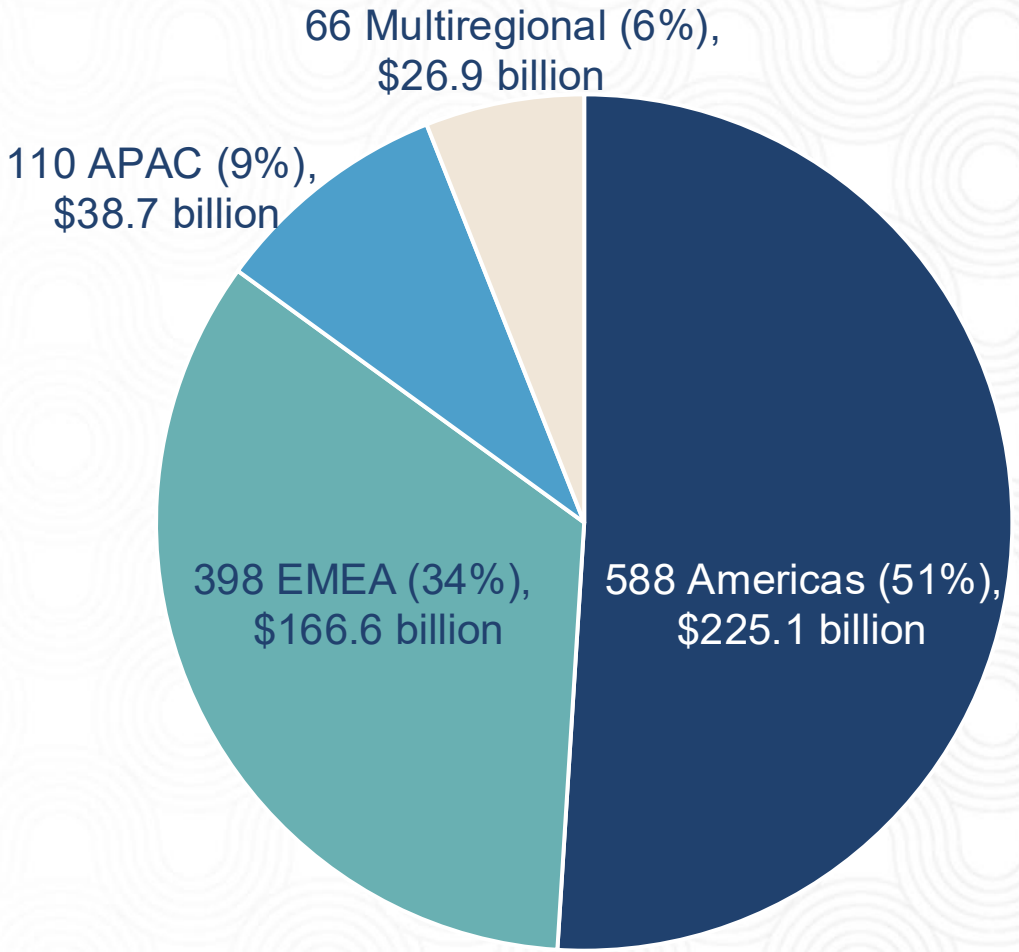


Source: Institutional Real Estate, Inc. IRE.IQ Database (as of 1/10/2026)

Investment offerings currently in the market by regional market focus

- 1,162 Offerings
- Collectively seeking to raise $457.3 billion



Source: Institutional Real Estate, Inc. IRE.IQ Database (as of 1/10/2026)

Investment offerings closed and aggregate capital raised

(FINAL CLOSES ONLY)

PERIOD	# OF FUNDS	VOLUME ($B)
Q1/24	18	$23.9
Q2/24	23	$31.1
Q3/24	17	$22.3
Q4/24	20	$13.5
2024 Totals	**78**	**$90.8**
Q1/25	31	$66.9
Q2/25	30	$30.1
Q3/25	27	$20.4
Q4/25	23	$27.1
2025 Totals	**111** 41% increase	**$144.5** 59% increase

Source: Institutional Real Estate, Inc. IRE.IQ Database (as of 1/10/2026)

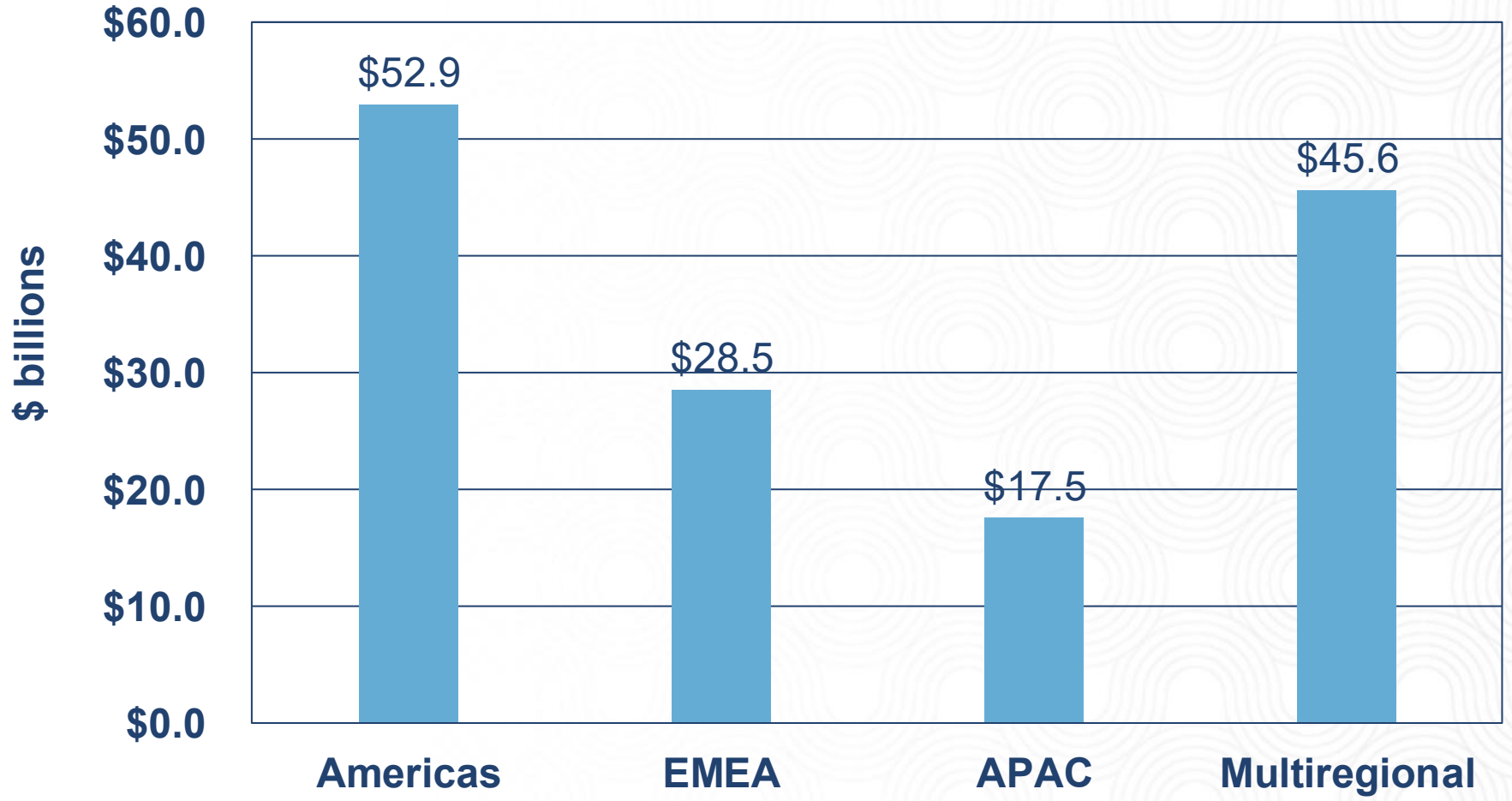
Largest investment offerings, recorded at final close in 2025

FUND NAME	TOTAL RAISED	REGION
Brookfield Strategic Real Estate Partners V	$16.0 billion	Multiregional
Blackstone Real Estate Partners Europe VII	$12.4 billion	EMEA
Carlyle Realty Partners X	$9.0 billion	Americas
Blackstone Real Estate Debt Strategies V	$8.0 billion	Multiregional
StepStone Real Estate Partners V	$5.3 billion	Multiregional
These five funds alone raised	**$50.7 billion**	**35% of total**

In 2024, the top five fund offerings accounted 27% of the total capital raised by all investment programs closing during that year.

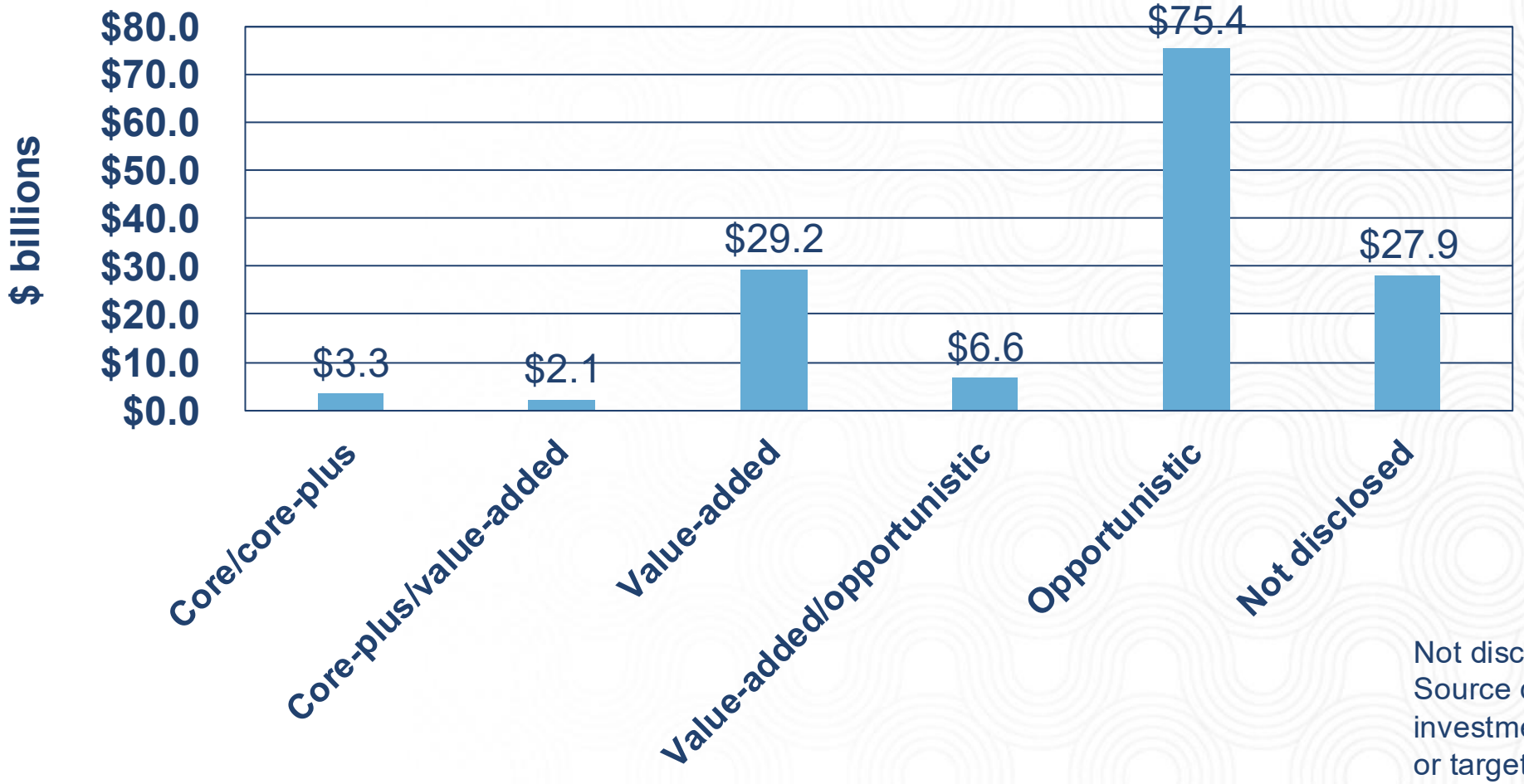
Source: Institutional Real Estate, Inc. IRE.IQ Database (as of 1/10/2026)

Closed-end real estate fundraising, recorded at final close in 2025 by regional market focus



Source: Institutional Real Estate, Inc. IRE.IQ Database (as of 1/10/2026)

Closed-end real estate fundraising, recorded at final close in 2025 by investment style

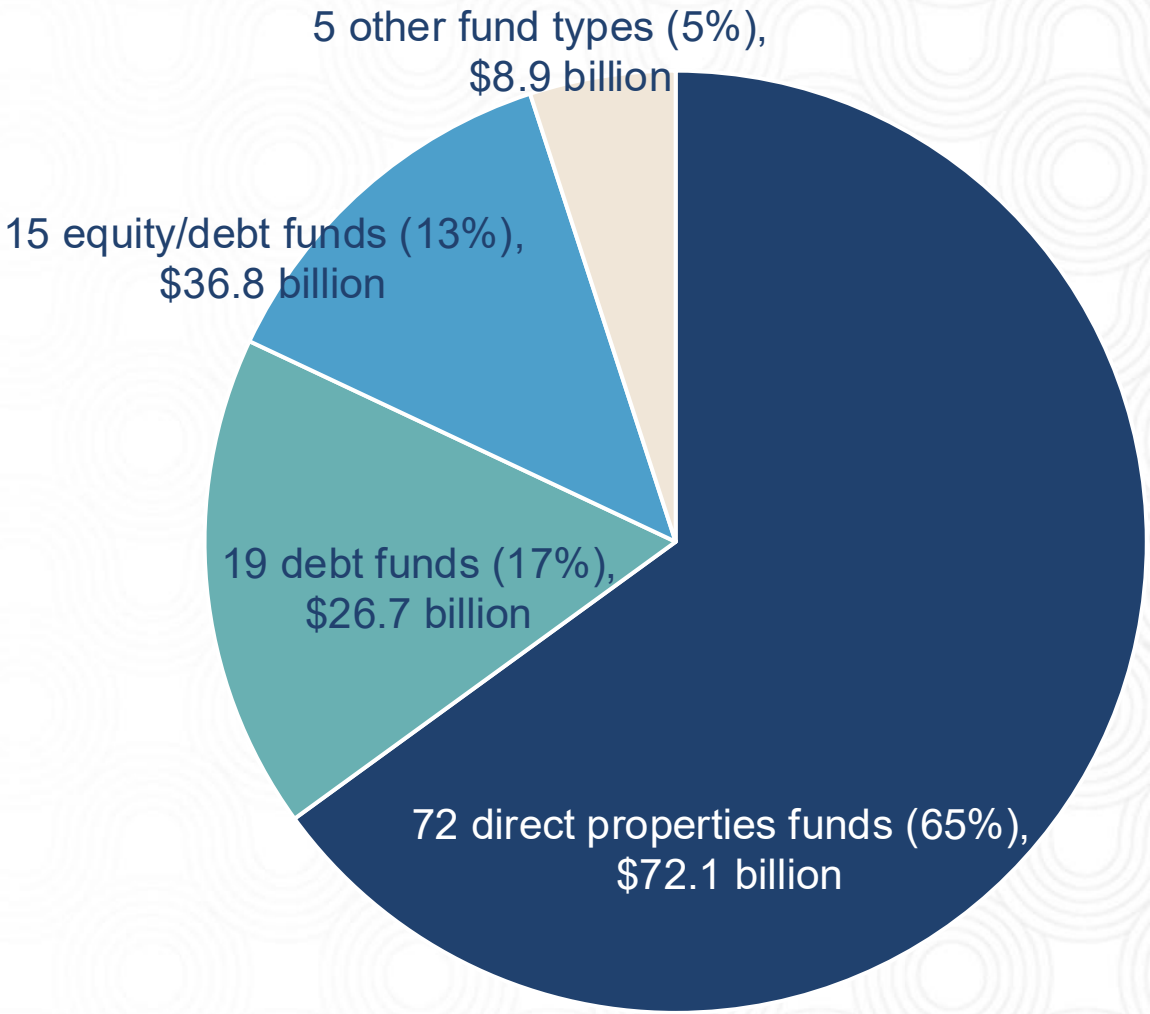


Not disclosed = Source didn't indicate investment style or target return rate

Source: Institutional Real Estate, Inc. IRE.IQ Database (as of 1/10/2026)

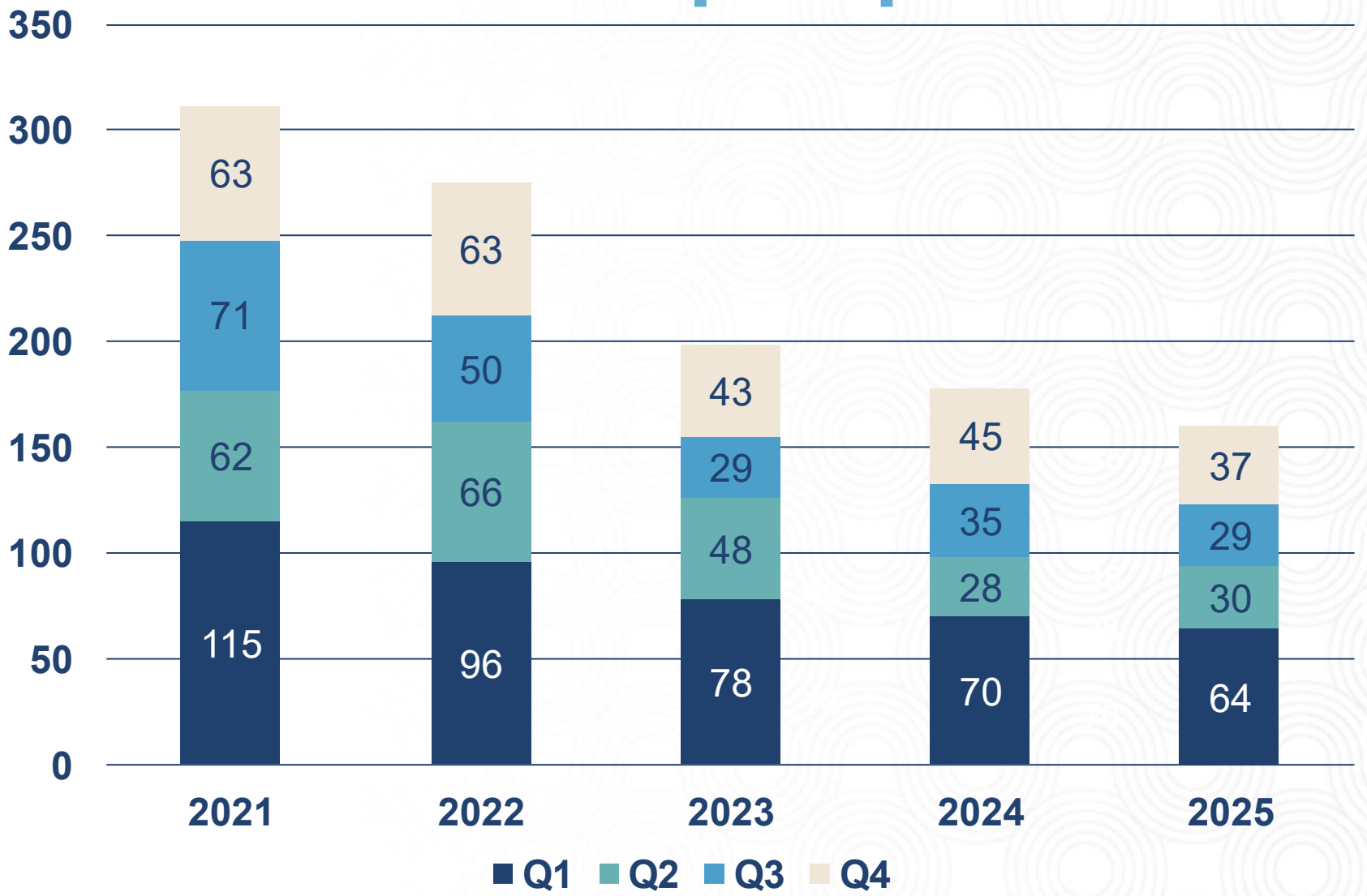
Closed-end real estate fundraising, recorded at final close in 2025 by investment type

- 111 Offerings
- Collectively raised $144.5 billion



Source: Institutional Real Estate, Inc. IRE.IQ Database (as of 1/10/2026)

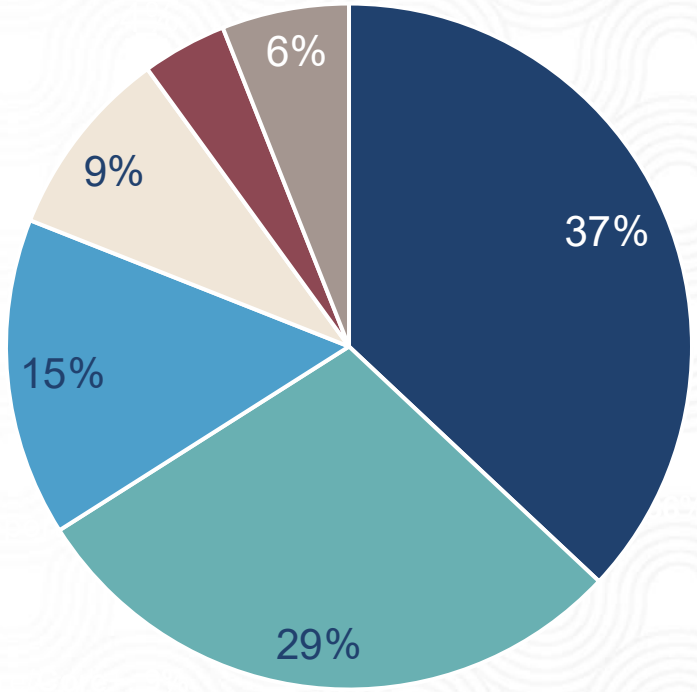
Number of investment programs launched per quarter



Source: Institutional Real Estate, Inc. IRE.IQ Database (as of 1/10/2026)

Investment offerings launched in 2025 by investment style

- 160 offerings were launched
- Collectively seeking to raise $62.8 billion



Source: Institutional Real Estate, Inc. IRE.IQ Database (as of 1/10/2026)

The bottom line

- **Fewer launches, more capital:** Investment program launches declined 10% year-over-year, while total capital raised through closed-end funds increased 59%, signaling larger fund sizes and greater investor concentration.
- **Broad regional participation:** In 2025, the Americas accounted for 37% of capital raised at final close, with multiregional investment programs contributing an additional 32%, reflecting globally diversified fundraising rather than regional concentration.
- **Clear risk-on tilt:** Higher-return strategies captured 77% of final-close fundraising, indicating renewed investor appetite for risk.
- **Capital increasingly concentrated:** Five mega-funds represented 35% of capital raised, underscoring the continued scale advantages of big managers

VIP AMERICAS | VISIONS INSIGHTS & PERSPECTIVES
Institutional Real Estate, Inc.

Thank you!

TO: Board of Retirement

FROM: Trent Kaeslin
Investment Officer

SUBJECT: Summary of Visions, Insights & Perspectives (VIP) Americas

High Level Conference Information:

The *2026 Visions, Insights & Perspectives (VIP) Americas* conference was held January 26–28, 2026, at the Park Hyatt Aviara in Carlsbad, California, and was hosted by *Institutional Real Estate, Inc. (IREI)*. The event convened senior institutional investors and industry leaders to discuss the evolving real estate environment.

Rebuilding Trust, Transparency, and Alignment:

Several sessions highlighted the importance of trust, governance, and transparency in institutional real estate, including discussions on leadership culture, fund disclosure, and return metrics. These themes are relevant to SJCERA as the fund continues to prioritize strong manager oversight, clear reporting, and alignment of interests in support of long-term fiduciary objectives.

Global Macro Trends and Capital Flows:

The agenda provided a broad view of global demographic shifts, capital flows, interest rate dynamics, and geopolitical risks influencing real estate markets. These discussions reinforced the value of diversification and geographic awareness, supporting SJCERA's ongoing evaluation of global exposures amid changing market conditions.

Innovation, AI, and Alternative Strategies:

Panels addressing artificial intelligence, data analytics, and alternative niche strategies emphasized both opportunity and discipline in adopting new tools and sectors. Insights into AI-enabled asset management and the evolution of niche investments highlighted the importance of careful evaluation, controlled implementation, and maintaining a conservative risk posture as these strategies continue to develop.

Recommendation:

Overall, the conference was well-organized and informative, providing meaningful professional development, industry insight, and networking value. I would recommend continued participation in VIP conferences in the future.

TO: State Association of County Retirement Systems
FROM: Cara Martinson, Public House Consulting
Laurie Johnson, LJ Consulting & Advocacy
DATE: January 7, 2026
RE: Legislative Update – January

The Legislature has returned to Sacramento, reconvening on Monday, January 5, following the fall recess. As lawmakers enter the second year of the two-year legislative session, their initial focus will be on bills that remain in their House of Origin. Key deadlines include mid-January for policy committee hearings and the end of the month for fiscal and floor actions needed to advance these measures to the opposite House.

In addition, the Governor is expected to release his proposed budget on January 10, outlining how the state plans to address the projected budget deficit in 2026–27. Doing so will likely require spending adjustments, program reductions, and/or new revenue proposals. Policymakers are expected to begin addressing these issues early in 2026, with an emphasis on balancing reserves, maintaining essential public services, and supporting long-term fiscal stability.

The Legislative Analyst's Office (LAO) 2026–27 outlook indicates that California's economy continues to face challenges, including high interest rates and new tariffs, despite currently strong tax revenues. Much of the recent revenue growth has been driven by enthusiasm around artificial intelligence, which has contributed to rising stock prices and increased revenues in the technology sector. However, the LAO suggests this growth may not be sustainable, and uncertainty remains regarding future stock market performance. As a result, revenue forecasts assume only a temporary boost rather than long-term gains. Even with this cautious approach, the state is projected to face a budget shortfall of nearly $18 billion in 2026-27, with deficits expected to increase in subsequent years. Ongoing spending requirements and rising program costs continue to outpace revenue growth, leaving the state's budget in a weaker position and less prepared for any economic downturn.

Change is also underway within the Legislature. New Senate President pro Tempore Monique Limón announced her new leadership team and policy committee chairs right before the holiday break. While many changes were made, the new leader did not replace the Senate PERS Committee Chair, and Senator Smallwood-Cuevas remains at the helm. This year also marks the final year of Governor Newsom's term, with significant attention focused on the gubernatorial election as it takes shape. In addition, advocacy and interest groups are actively organizing and collecting signatures for several ballot initiatives that will appear before voters in November. These measures have the potential to increase pressure on lawmakers, as the prospect of legislative negotiations versus campaign-driven outcomes remains a key consideration.

As we kick off the legislative year, the SACRS team would like to highlight the following measures, some of which are being implemented into law, while others remain active and may continue moving through the legislative process.

New Laws that take Effect January 1, 2026

SB 852 (Chapters 331, 2025)

This new law makes several changes to the Political Reform Act, including requiring public officials who manage public investments to file statements of economic interest electronically directly to FPPC.

SB 853 (Chapters 239, 2025)

This new law includes clarifying changes to the CERL, including updated requirements for how employers should report to the retirement system the hours and wages of retirees who return to work for a participating employer.

Bills to Watch in 2026

AB 1323 (Chen) – Compensation for certain Members of Orange County Board of Retirement

OCERS has indicated they plan to move an amended vehicle forward in the New Year. The bill in print would increase the compensation rate for certain members of the Orange County Board of Retirement to not more than $320 per meeting. This bill did not receive a policy committee hearing and has until January 16th to pass out of the Assembly PERS Committee to advance.

AB 1383 (McKinnor) – Public Employee Retirement Benefits

This bill was held in the Assembly Appropriations Committee. It has until January 23rd to pass out of the Committee to advance. The bill in print would establish new retirement formulas, for employees first hired on or after January 1, 2026, as 2.5% at age 55, 2.7% at age 55, or 3% at age 55. For new members hired on or after January 1, 2013, who are safety members, the bill would require employers to adjust the formulas for service performed on or after January 1, 2026, to offer one of the 3 formulas for safety members that is closest to the formula the employer provided pursuant to existing law. The bill would authorize a public employer and a recognized employee organization to negotiate a prospective increase to the retirement benefit formulas for members and new members, consistent with the formulas permitted under the act. This bill would authorize an employer and its employees to agree in a memorandum of understanding to be subject to a higher safety plan or a lower safety plan, subject to certain requirements, including that the memorandum of understanding is collectively bargained in accordance with applicable laws.

AB 1439 (Garcia) – Public Retirement Systems: Labor Standards

This bill did not receive a policy committee hearing last year and would need to pass out of the Assembly PERS Committee before January 16th in order to advance this year. The bill in print would prohibit the board of a public pension or retirement system from making any additional or new investments of public employee pension or retirement funds in development projects in California or providing financing for those projects with public employee pension or retirement funds unless those projects include labor standards protections. The SACRS legislative committee recommended an oppose position and the SACRS Board approved this recommendation.

Assembly Committee on Public Employment and Retirement – Public Retirement Systems: Omnibus Bill

This bill is expected to include the SACRS-sponsored legislative package in the Legislature's annual omnibus bill for technical changes to laws affecting CalSTRS, CalPERS, and the CERL systems. The proposed changes in the CERL include the following:

- Clarifying that deferred members cannot run for or vote in active member Miscellaneous and Safety trustee elections.
- Establishing a 10-year statute of limitations for recovery of overpayments due to fraudulent reports of overpaid death benefits.
- Formalizing the practice of the majority of CERL systems that only the last system pays a lump-sum burial allowance for reciprocal members.
- Defining "concurrent retirement" to allow reciprocal members to retire on different dates with 30 days of each retirement date, as long as there is not overlapping service.

Contact:

If you have any questions, contact Cara Martinson at cara@publichouseconsulting.net, or Laurie Johnson at lauriejconsult@gmail.com.

AB 1383

As of January 29, 2026, Assembly Bill 1383 (McKinnor) has passed the Assembly and has been transmitted to the Senate for committee assignment. The version approved by the Assembly reflects several substantive amendments from earlier drafts, including revised effective dates, changes to pensionable compensation limits, and clarification that certain benefit enhancements are not automatic. While the bill has been moderated in some respects, it continues to propose significant changes to the Public Employees' Pension Reform Act of 2013 (PEPRA), primarily affecting safety members in California public retirement systems.

Under the latest version of the bill, new retirement benefit formulas would be made available for safety members first hired on or after January 1, 2027. These formulas would replace existing PEPRA safety formulas tied to age 57 with earlier and richer formulas at age 55, including 2.5 percent, 2.7 percent, and up to 3.0 percent at age 55. For comparison, SJCERA's current tier 2/2b safety formula is 2.7% at age 57. Importantly, the bill clarifies that adoption of any of these new formulas is not mandatory; rather, the applicable formula must be affirmatively bargained for between the employer and the applicable employee organization before it may be implemented. As a result, the availability of enhanced benefits would depend on collective bargaining outcomes at the local level.

For safety members hired on or after January 1, 2013, but before January 1, 2027, AB 1383 establishes prospective transition rules. If a new formula is adopted, it would apply only going forward, starting January 1, 2027, and would not change benefits already earned. The bill does not authorize retroactive benefit increases for past service, but it would increase benefit accruals for future service once a new formula is in effect.

The bill also revises how pensionable compensation limits would be determined for those members not covered by social security (typically safety members though not exclusively). Beginning January 1, 2027, the applicable limit would be set at one hundred thirty-five percent of the federal contribution and benefit base for a member whose service is not included in the federal system. This is a proposed increase from one hundred twenty percent currently established in PEPRA.

Earlier versions of AB 1383 expressly permitted collective bargaining agreements to shift a portion of employee retirement contributions to employers. The January 29 version removes this language While the bill removes explicit authority for employers to pay employee contributions, it still relaxes PEPRA cost controls and could lead to higher long-term employer costs if new formulas are negotiated.

In summary, although the current version of AB 1383 reflects some moderation compared to earlier drafts, it remains a meaningful departure from PEPRA's safety member reforms, particularly with respect to benefit formulas and pensionable compensation limits. All major benefit changes are prospective and would not take effect until January 1, 2027, and the new formulas would only apply if negotiated through collective bargaining. The bill remains pending before the Senate and may continue to evolve as it moves through the legislative process.

2026 - SJCERA BOARD OF RETIREMENT MEETING CALENDAR

MONTH	DATE	Periodic Items / Other Events
JAN	**9**	**Board Meeting**
		Earnings Code Ratification
		Fourth Quarter Operations Reports*
		Trustee Education Compliance Report
		Action Plan Results
FEB	**13**	**Board Meeting**
		Notice of CPI/Set Retiree COLA
		Declining ER Payroll Report
		Assumptions & CMAs
	13	**CEO Performance Review Committee**
MAR	**13**	**Board Meeting**
		Fourth Quarter Inv Reports
	TBD	**Audit Committee Meeting**
	8-11	CALAPRS General Assembly
APR	**10**	**Board Meeting**
		First Quarter Operations Reports*
MAY	**8**	**Board Meeting**
	TBD	**Audit Committee Meeting**
	12-15	SACRS Spring Conf
JUN	**12**	**Board Meeting**
		First Quarter Inv Reports
		Auditor's Annual Report / ACFR
		Mid Year Action Plan Results
		Asset Class Review
	TBD	**Administrative Committee Meeting**
	TBD	RPESJC Picnic
JUL	**10**	**Board Meeting**
		Mid-Year Administrative Budget Report
		Second Quarter Operations Reports*
		Election of Board Officers
		Annual Policy Review
	13-16	SACRS UC Berkeley
AUG	**14**	**Board Meeting**
		Annual Valuation Report &
		Adoption of Plan Contribution Rates
		Board Committee Assignments
		Investment Fee Transparency Report
SEP	**11**	**Board Meeting**
		Second Quarter Inv Reports
OCT	**14**	**Board Meeting**
		Adoption of Board Calendar for next year
		Third Quarter Operations Reports*
		2027 Action Plan
	15	**Special Meeting - Investment Roundtable**
NOV	**6**	**Board Meeting**
		Investment Consultant and Actuary Consultant Evals
	TBD	**Administrative Committee Meeting**
	10-13	SACRS Fall Conference
DEC	**11**	**Board Meeting**
		Third Quarter Inv Reports
		Annual Administrative Budget
	TBD	RPESJC Holiday Lunch

Unless otherwise noted on the agenda, Board Meetings convene at 9:00 a.m.

* Disability App Status Report and Pending Retiree Accounts Receivable Report

2/1 - Removed March CEO Performance Review Committee

Notes: May meeting may move to the first Friday due to the SACRS Spring Conference.

October meeting is on Wednesday prior to the Investment Roundtable.
November meeting may move to the first Friday due to the SACRS Fall Conference.

One meeting per month on all subjects; special Manager Due Diligence Meetings as needed.

MEKETA

Co-Investing: An Increasingly Important Part of a Private Markets Portfolio | January 2026

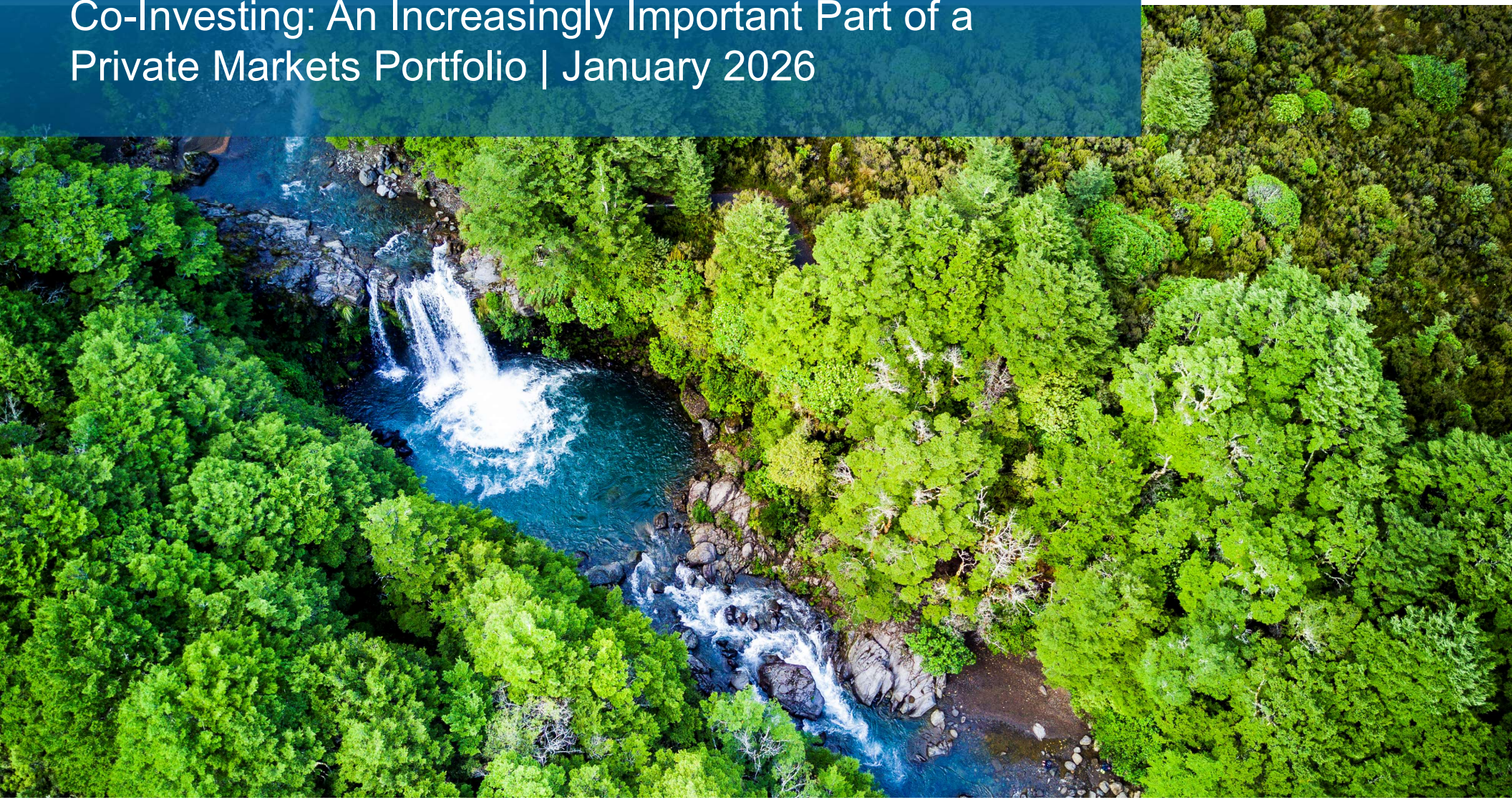


Table of Contents

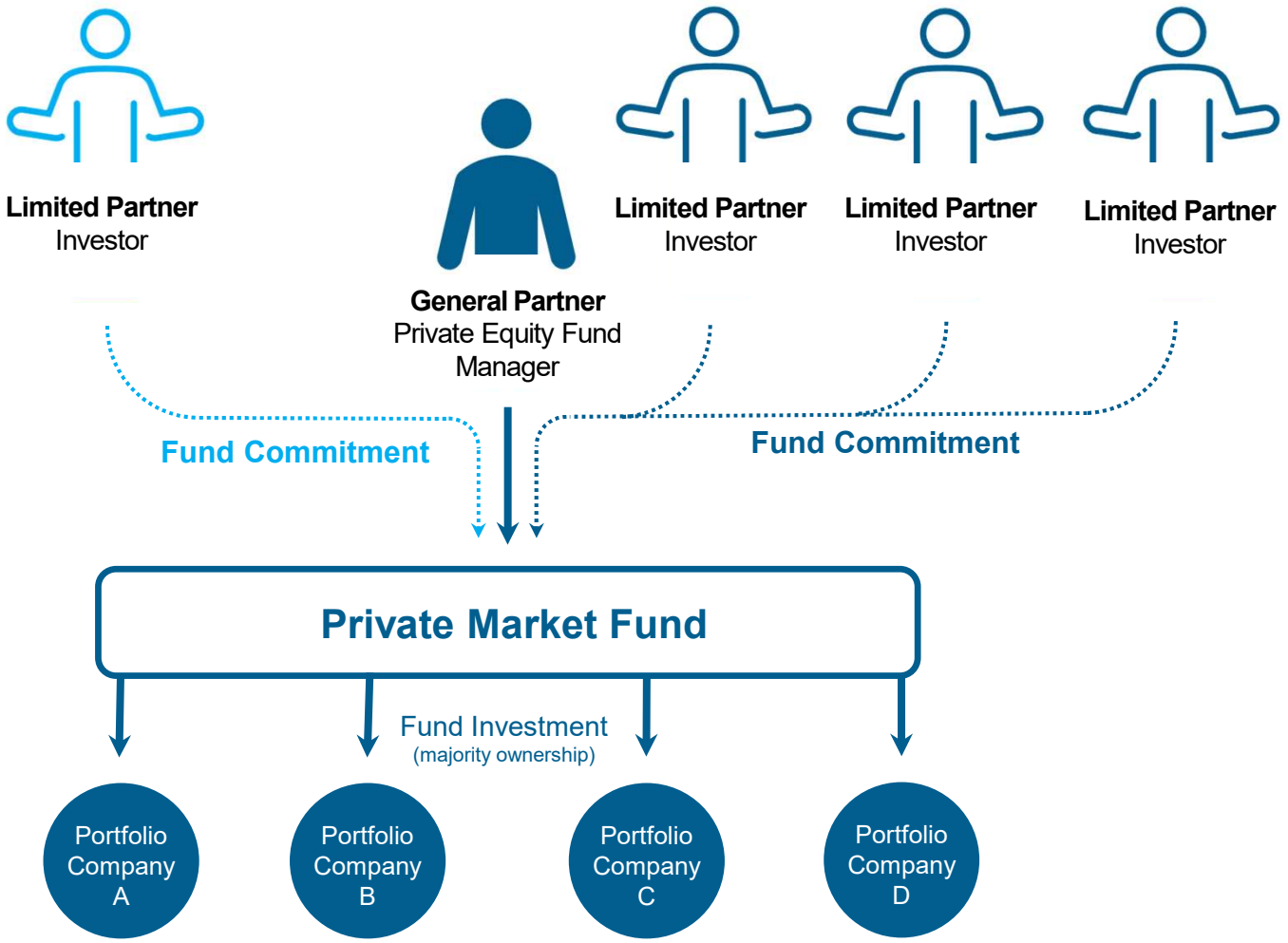
What is a Co-Investment?

Co-Investment 101

- Simply put, a co-investment is a collaborative investment structure in which a private equity firm (GP) and external investors (LPs) collectively invest in a private company (portfolio company).
- In most cases, co-investors are also LPs in the private equity firm's primary investment fund, so co-investors are putting more capital into the same deal they have exposure to in the primary investment fund.
- Typically GPs offer existing LPs the ability to co-invest in certain portfolio companies on a no-fee/ no-carry basis. It is up to the GP to decide which LPs can co-invest, how much is offered, and whether co-investment is offered at a no-fee/no-carry basis.
- The primary benefit of co-investing is the potential to enhance overall returns through fee reduction, J-curve mitigation, and the opportunity to tactically increase exposure to high-quality investments.
- Investors should not underestimate the fee-reduction benefits.

Partnership Structure

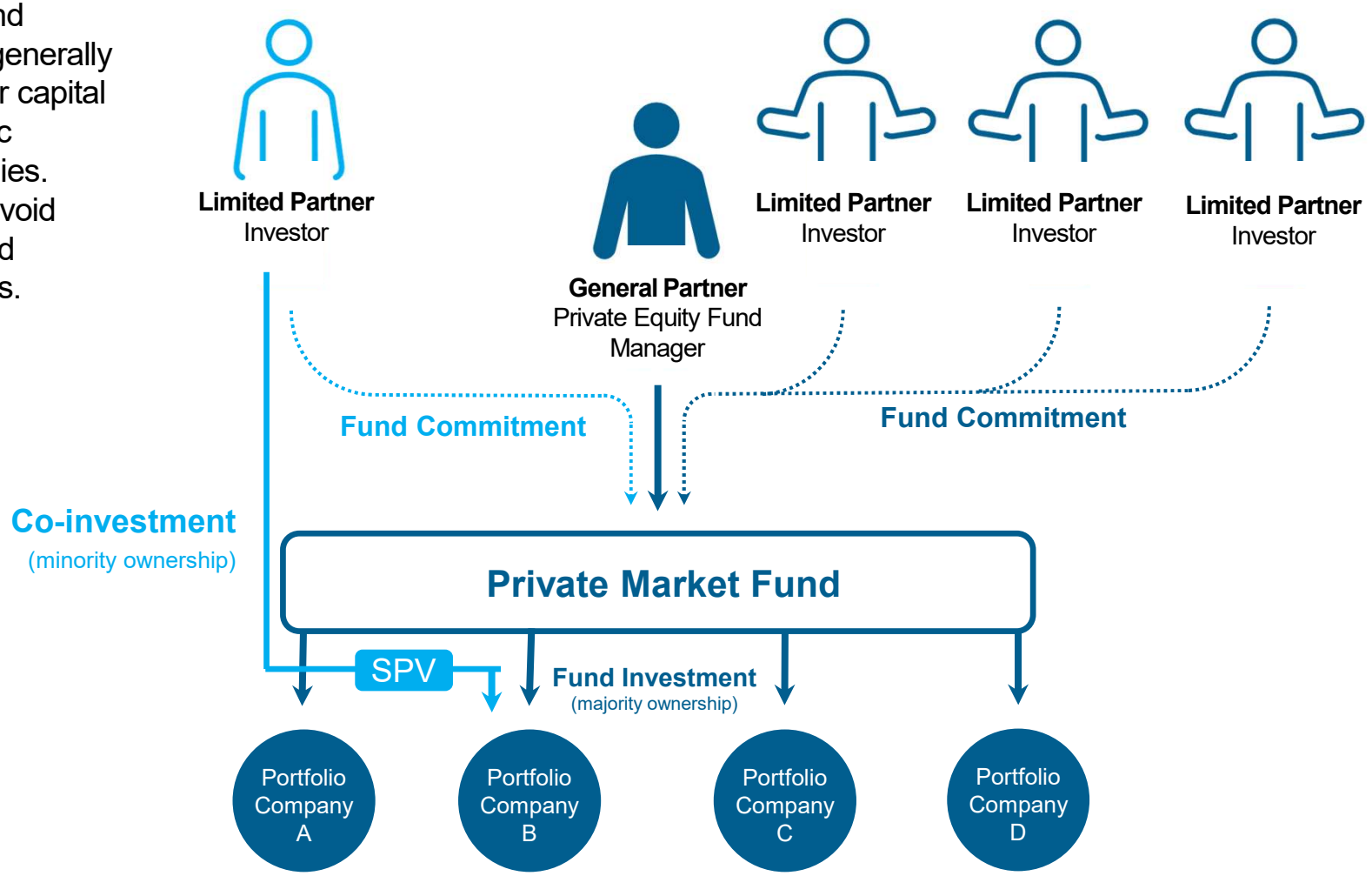
LPs in traditional private equity funds can provide capital to GPs for them to invest in portfolio companies, however they may not know portfolio company specifics.



Note: For illustrative purposes only.

Partnership Structure with Co-Investment

LPs can select their private equity fund managers, and generally have control over capital flows into specific portfolio companies. They also may avoid management and performance fees.



Note: For illustrative purposes only.
*Special Purpose Vehicle- a subsidiary created by a parent company to isolate financial risk.

Benefits of Co-Investing to LPs

Lower costs/higher returns

Fee reductions improve returns relative to the fund level exposure

More rapid deployment of capital

Co-investments deploy the capital immediately, rather than a multi-year investment period

Targeted investment portfolio

Portfolio can be tailored to focus on particular strategies, industries and geographies of interest to the LP

Staff and relationship development

Develops stronger relationships and informational advantages with existing managers

*Note: Certain statements contained herein reflect the subjective view and opinions of Meketa.
Such statements cannot be independently verified and are subject to change. There is no assurance that any portfolio construction objectives can be achieved or that any such portfolio will be profitable.

Issues and Concerns for LPs

Resources and Timing

Requires the ability to make investment decisions in an expedited timeframe
- Potential increase of internal and external resource needs

Portfolio concentration

Co-investment portfolios commonly less diversified than commingled funds

Adverse selection

Risk of not being shown the “best” deals and perception that co-investments tend to be in larger companies and transactions.*

Headline risk

Co-investor may be more easily identified with a particular investment

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*Study published in the Journal of Financial Economics in April 2020 by Reiner Braun, Tim Jenkinson, and Christoph Schemmerl found gross return distributions of co-investments and other deals to be similar. As of 2020.

What about adverse selection?

→ Do sponsors offer “inferior” opportunities to co-investors, and retain as much equity as possible in their “best” deals (e.g. “adverse selection”)?

→ Peer reviewed studies show “no evidence of adverse selection.*” This aligns with our experience, largely because:

- Any sponsor incentivized to perform well would not seek to commit to a deal that it thinks will ultimately be a sub-par investment.
- It is very difficult for a sponsor to know, at the time of closing, which investments will perform better than others.
- Co-investors are typically investors in the sponsor’s fund and, as such, the sponsor would not want to be offering them increased exposure to poor investments. The sponsor ultimately wants to build relationships to ensure existing investors continue to invest in its funds or, where the investor isn’t a current LP, make the investor more likely to consider investing in future funds.

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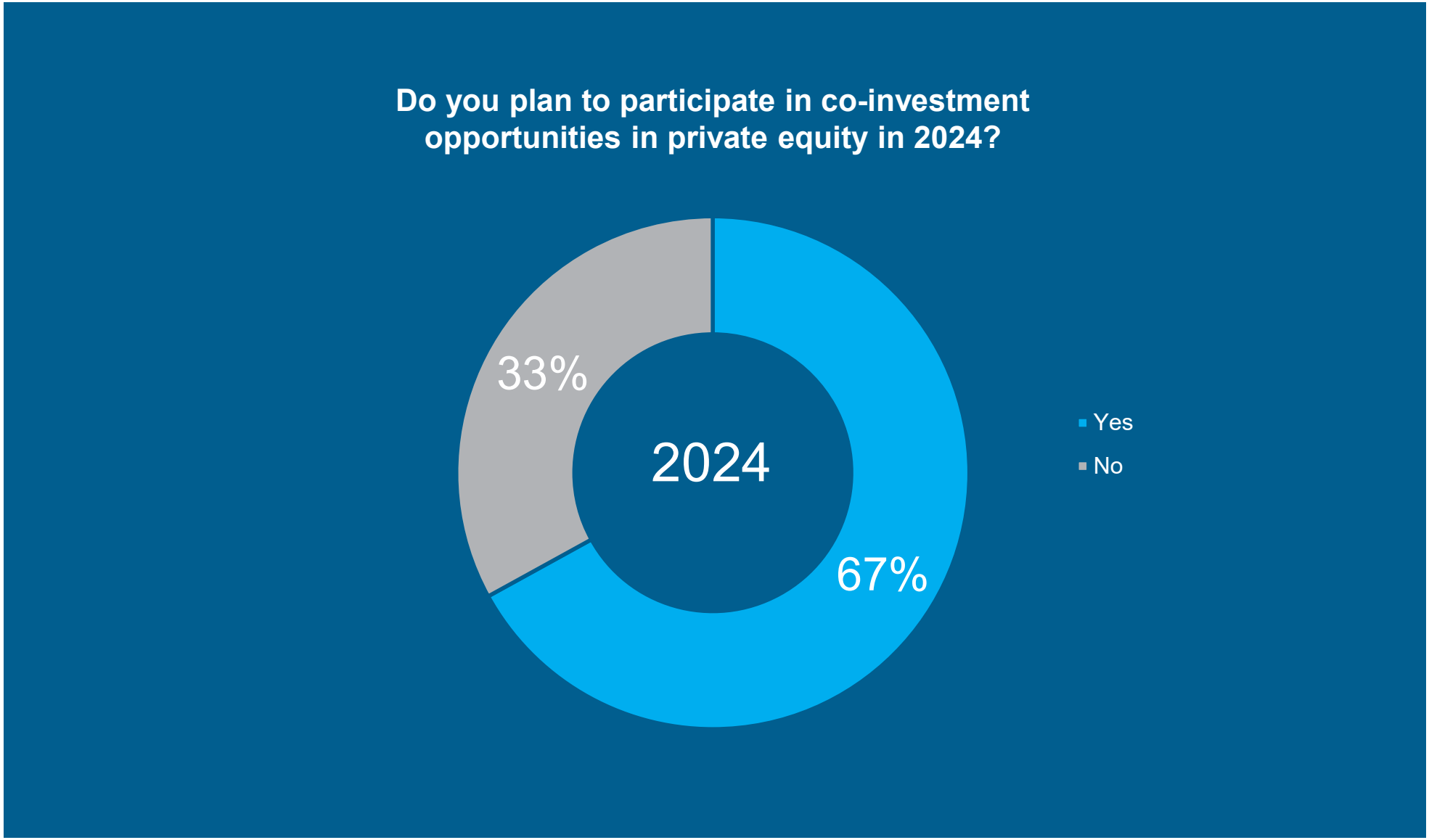
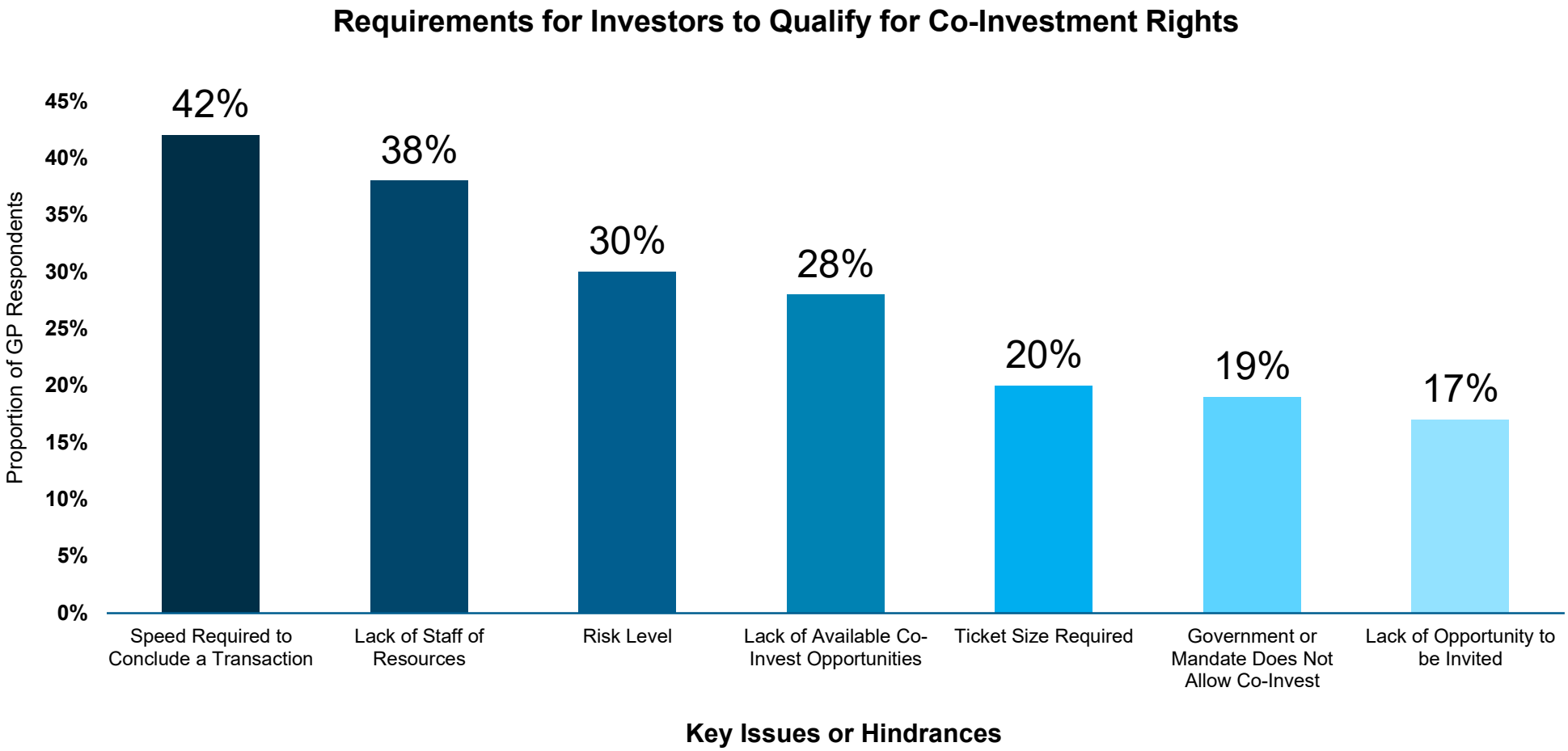
*Source: Braun, Reiner and Jenkinson, Tim and Schemmerl, Christoph, Adverse Selection and the Performance of Private Equity Co-Investments (December 14, 2018).

LP's are Increasingly Interested in Co-Investing



Source: Private Equity International's LP Perspectives 2024 Study.

Various Factors that Hinder Participation in Co-Investing



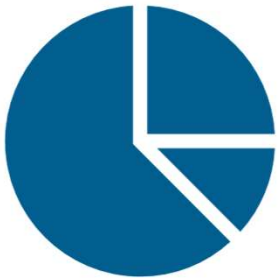
GPs seek co-investors that can respond quickly and reliably.

LPs that have made a significant commitment to the fund are also favored.

Source: Private Equity International's LP Perspectives 2024 Study.

Why use a Co-Investment Fund?

Benefits of Co-Investment Fund



Diversification

Decrease concentration risk by accessing a broader range of co-investment opportunities

Access

Provides participating Meketa clients with access to a broad set of co-investments with fairness and equity

Simplicity

Access through a fund decreases work of year end audits, lessens the burden on the investment committee and eases reporting burdens

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How much co-investment exposure makes sense?

→ For an institutional investor that has a diversified private equity program, it can make sense for 20% of both buyout commitments and infrastructure commitments to be allocated to co-investments.

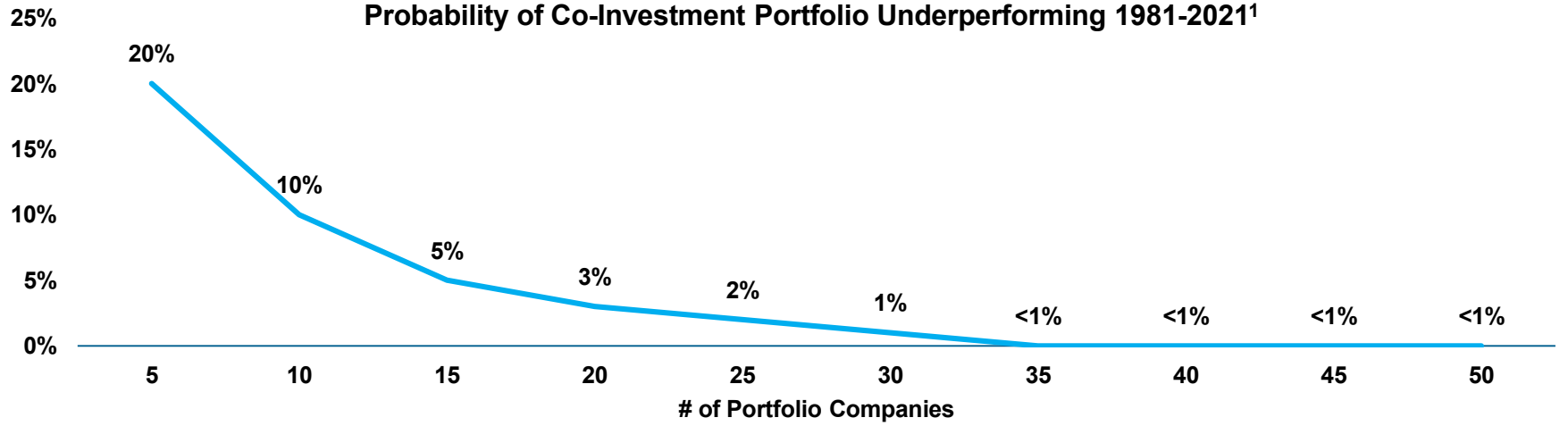
	Private Equity	Infrastructure	Private Debt	Real Estate	Natural Resources
Target	20%	20%	5%	10%	5%
Institutional LP Norms	0% - 30%	0% - 25%	0% - 15%	0% - 25%	0% - 10%
Deal Flow	Very High	High	Low	Moderate	Low
Standard Fees (Fee/Carry)	0% | 0-10%	0% | 0-10%	0% | 0-10%	1% | 10%	0% | 0-10%

→ For mature private equity funds, the average return spread between gross fund IRRs and net fund IRRs is approximately 7% to 8%, but ranges from 2% to 25%. Consequently, even a modest allocation to co-investing can improve the net-of-fee return profile of a private investment program.

*Source: Cambridge Associates data as of 12-31-23.
Note: For illustrative purposes only and subject to change. There can be no assurance any improvements are ultimately realized. There is no assurance that any portfolio construction objectives can be achieved or that any such portfolio will be profitable. Certain statements contained herein reflect the subjective views and opinions of Meketa. Such statements cannot be independently verified and are subject to change.

A Pool of Co-Investments Can Reduce Chances of Underperforming

- By our estimates, the probability of a co-investment portfolio underperforming public markets historically was ~20%with only five co-investments. This probability fell significantly when doubling the portfolio size to ten co-investments (10%chance) or expanding it further to 15 co-investments (5% chance).
- Once a co-investment portfolio is well diversified, the historical probability of underperformance was estimated to be very low.
- The chart below shows the importance of diversification in a co-investment portfolio and is not shown as a projection of future investment outcomes.



[1] "Underperforming" probability represents the proportion of times a portfolio combining a random set of deals from the study underperformed its most appropriate public market equivalent (one of three regional MSCI Asia, Europe and North America Performance Indices in local currency). Analysis is based on Meketa-simulated hypothetical outcomes informed by figures cited in "Adverse Selection and the Performance of PE Co-Investments" by Reiner Braun, Tim Jenkinson, and Christopher Schemmerl. This paper assessed the historical performance of co-investments made in 1981-2010. Underlying co-investment return data is not available; our analysis estimates the performance of historical portfolios of a hypothetical investor with access to deals in the cited dataset based on sample means/variances. The data is intended to represent the impact of diversification on a co-investment portfolio and is not intended to be a forward-looking statement on performance. **Note:** For illustrative purposes only and subject to change. There is no assurance that any portfolio construction objectives can be achieved or that any such portfolio will be profitable. Diversification does not eliminate the risk of loss.

There Are Multiple Approaches to Commingled Fund Co-Investing

	External Multi-Manager Co-Investment Fund	Internal SMA/ Commingled Vehicle
	Fund manager provides "turnkey" solution, offering access to a diversified portfolio of co-investments from various PE fund sponsors **Example providers: Alpinvest, HarbourVest**	A dedicated multi-manager co-investment portfolio comprised of investment opportunities sourced from existing primary fund relationships **Example provider: Meketa or other SMA provider**
PROS	→ Slightly lower fee than a direct fund investment → Added diversification across vintage years, strategies, geographies and managers → Sourcing resources and selection expertise	→ Much lower fee vs third party co-investment fund → Takes advantage of primary manager relationships → Expertise and resources for sourcing and execution of opportunities
CONS	→ Only small discount to direct private equity fund → Not benefitting from primary manager selection	→ Some additional costs and fees. Not entirely fee free, carry free

Note: Certain statements contained herein reflect the subjective views and opinions of Meketa. Such statements cannot be independently verified and are subject to change.

Vehicle Selection Impacts of Fees | Example

Single buyout fund investment (with management fee and carry) compared to co-investment fund investment (with no management fee and no carry).

	Investment Through Buyout Fund	Co-Investment
Initial Investment	$10,000,000	$10,000,000
2x Return Example		
Gross Proceeds at Year 6	20,000,000	20,000,000
Carry Payment (20%)	(1,846,997)	-
Management Fees	(765,000)	-
Net Proceeds to LP	**17,388,003**	**20,000,000**
Net IRR	9.0%	12.2%
Investment Multiple	1.69x	2.00x
3x Return Example		
Gross Proceeds at Year 6	30,000,000	30,000,000
Carry Payment (20%)	(3,847,005)	-
Management Fees	(765,000)	-
Net Proceeds to LP	**25,387,995**	**30,000,000**
Net IRR	15.3%	20.1%
Investment Multiple	2.43x	3.00x

Notes: calculations above are based on Meketa's proprietary impact of fees model. Assumptions: 8% preferred return, 1.5% management fee, organizational expenses capped at 0.15% of "Initial Investment" amount. **No assumed return differential between investing in a buyout fund and a co-investment fund.**

Appendix

Disclaimer

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Navigating Co-Investments from an LP's Perspective

Yuliya Oryol, Partner | Nossaman LLP

NOSSAMAN LLP

Co-Investments in Private Funds

What is a Co-Investment?

- Minority interest in a fund alongside a GP-led fund investment
- Deal-by-deal opportunity presented by GP (co-investment fund formed for one asset or select number of assets)
- Typically, no management fee and no carry (more favorable LP economics)
- Same asset, same terms, same governance as the main fund (pari passu)
- Opportunity can be presented at time of negotiation of main fund or in future

Why Invest in Co-Investments?

- LPs invest alongside existing fund
- Approved GPs with strong track records
- Enhance net returns through reduced fees and carried interest
- Increase control over pacing, exposure, and concentration
- Access to high-quality assets alongside GPs
- Not replacement for commingled funds

Co-Investments: Legal Structure

Side-by-Side Vehicle

- Co-invests alongside a single main fund
- Form at same time as main fund or in the future
- Same GP/manager as main fund vehicle
- Structured as commingled vehicle or fund-of-one/SMA
- Side letter (based on side letter for main fund)
- Typically, no management fees or carry

Stand-Alone Vehicle

- Co-invests alongside multiple investment vehicles controlled by manager
- Structured as commingled vehicle or fund-of-one/SMA
- Typically, investors pay management fees and carry

Co-Investments: Considerations

Consistency in Fund Documents

- Treated as an extension of existing fund
- Consistency in LPA and side letter terms
  - Co-investment vehicles should have similar terms to related main fund
  - Same side letter terms should apply to main fund and co-investment vehicle
- Limited exit rights - may not allow removal of GP or early termination of the fund
- Term of fund typically tracks main fund with prohibitions on early terminations
- Can be customized to address investor needs

Sourcing and Allocation

- Opportunities to participate based on pre-existing relationships with GPs or advisors
- Best to participate at same time, similar terms as other LPs
- Side letter for main fund should address LP's interest to participate in future deals presented to other LPs in fund
- Some LPs condition investment in main fund on future opportunities to co-invest with manager
- Allocation of investment costs
  - Organizational expenses
  - Shared costs with main fund

Due Diligence for Co-Investments

Business Diligence

- Advisors and investment staff should validate business model, assess market, review performance, evaluate management and execution risk, and analyze upside/downside
- Diligence of GP and management team
- May require approval from Board/Investment Committee or CIO/investment staff
- Shortened diligence and negotiation period
- Not a full redo since already completed diligence of GP/management and main fund

Legal Diligence

- Confirm structure of vehicle
- Compare LPAs and other fund documents
- Negotiate side letter
- Review governance and LP rights
- Assess alignment of interests
- Identify conflicts of interest and mitigations
- Ensure statutory, regulatory and policy compliance
- Confirm exit and liquidity rights
- Address and document investor's specific legal requirements

Co-Investments: Other Considerations

- LPA for main fund and co-investment fund should be materially similar
- Side letter for main fund and co-investment fund should be materially similar
- Consider impact on GP's time and attention paid to main fund
- Allocation of co-investment opportunities can favor some investors over others
- Confirm fee structures & economics
- Access to information can be more problematic with some co-investments
- Rushed negotiations and closings requires investors to have existing process to evaluate opportunities and participate in deals
- Preference for Board delegation to CIO/investment staff to select managers and determine size of co-investment

Thank you!

Yuliya A. Oryol

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Partner and Co-Chair
Pensions, Benefits & Investments Group

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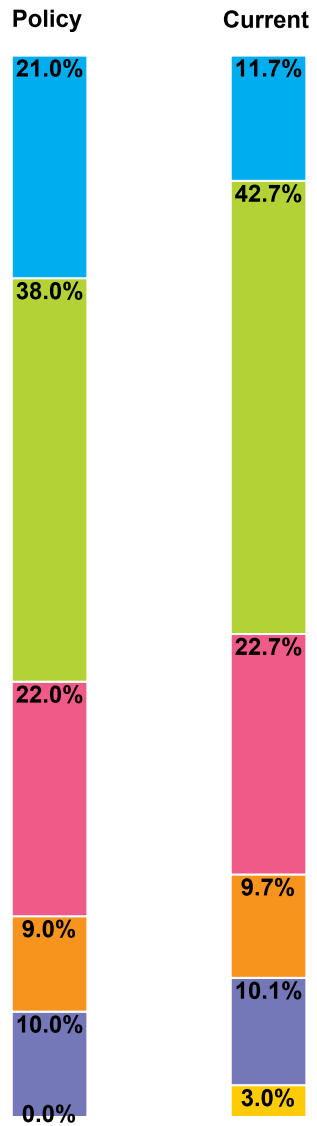
MEKETA

San Joaquin County Employees' Retirement Association (SJCERA)

February 13, 2026

December Executive Summary

Total Fund | As of December 31, 2025



Allocation vs. Targets and Policy

	Balance ($)	Current (%)	Policy (%)	Difference (%)
Broad Growth	**4,027,742,529**	**77.2**	**81.0**	**-3.8**
Aggressive Growth	612,449,392	11.7	21.0	-9.3
Traditional Growth	2,229,033,011	42.7	38.0	4.7
Stabilized Growth	1,186,260,125	22.7	22.0	0.7
Diversifying Strategies	**1,035,625,096**	**19.8**	**19.0**	**0.8**
Principal Protection	506,973,798	9.7	9.0	0.7
Crisis Risk Offset	528,651,299	10.1	10.0	0.1
Cash	**156,420,381**	**3.0**	**0.0**	**3.0**
Cash	156,420,381	3.0	0.0	3.0
Total	**5,219,788,007**	**100.0**	**100.0**	**0.0**

Summary of Cash Flows

	Quarter	1 Year
SJCERA Total Plan		
Beginning Market Value	5,102,496,177	4,622,824,288
Net Cash Flow	24,193,604	81,793,391
Net Investment Change	93,098,226	515,170,327
Ending Market Value	5,219,788,007	5,219,788,007

Figures may not add due to rounding.

Asset Class Performance Net-of-Fees | As of December 31, 2025

	Market Value ($)	% of Portfolio	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Since Inception	Inception Date
SJCERA Total Plan	**5,219,788,007**	**100.0**	**10.9**	**9.5**	**6.7**	**7.7**	**Apr-90**
SJCERA Policy Benchmark			*13.3*	*12.4*	*7.6*	*7.7*	
Broad Growth	**4,027,742,529**	**77.2**	**12.9**	**11.4**	**8.3**	**8.4**	**Feb-95**
Aggressive Growth Lag	**612,449,392**	**11.7**	**6.6**	**4.6**	**13.5**	**-1.1**	**Nov-05**
Aggressive Growth Blend			*12.1*	*9.7*	*10.2*	*9.2*	
Traditional Growth	**2,229,033,011**	**42.7**	**21.3**	**20.2**	**11.5**	**9.7**	**Jan-95**
MSCI ACWI IMI Net			*22.1*	*20.0*	*10.7*	*8.5*	
Stabilized Growth	**1,186,260,125**	**22.7**	**2.6**	**2.4**	**2.6**	**3.6**	**Mar-05**
SJCERA Stabilized Growth Benchmark			*6.3*	*6.5*	*5.6*	*6.2*	
Diversifying Strategies	**1,035,625,096**	**19.8**	**4.8**	**3.1**	**2.0**	**5.9**	**Nov-90**
Principal Protection	**506,973,798**	**9.7**	**7.9**	**5.7**	**1.2**	**5.8**	**Feb-87**
Blmbg. U.S. Aggregate Index			*7.3*	*4.7*	*-0.4*	*5.3*	
Crisis Risk Offset Asset Class	**528,651,299**	**10.1**	**2.0**	**0.9**	**2.4**	**5.6**	**Feb-05**
CRO Benchmark			*4.7*	*2.9*	*1.5*	*4.6*	
Cash and Misc Asset Class	**122,910,436**	**2.4**	**3.0**	**3.1**	**2.2**	**2.4**	**Nov-94**
90 Day U.S. Treasury Bill			*4.2*	*4.8*	*3.2*	*2.5*	

1 Market values may not add up due to rounding.
2 All market values and returns are preliminary.
3 Benchmark compositions listed in the Appendix.

THIS REPORT (THE “REPORT”) HAS BEEN PREPARED FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE “RECIPIENT”).

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MEKETA

Economic and Market Update

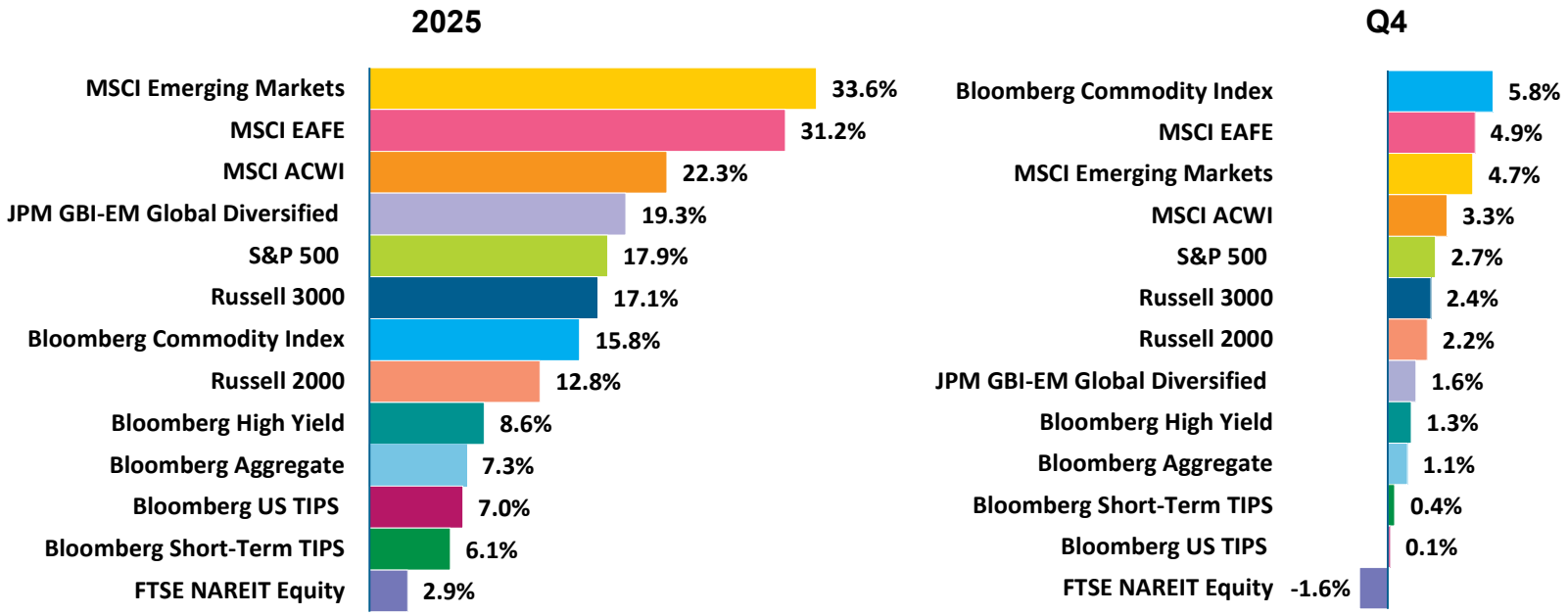
December 2025 Report

Commentary

Despite considerable policy and trade uncertainty, most major markets posted positive returns in the fourth quarter and for the year, with non-US equities leading the way.

- → In the fourth quarter US equities (Russell 3000) returned 2.4% bringing the full year results to 17.1%. Value outperformed growth for the quarter as market sentiment turned cautious given valuations in the AI related tech sector.
- → Non-US equities outperformed US stocks in the fourth quarter and for the year, supported by attractive valuations, a rotation out of US tech stocks, a weaker US dollar, and defense and infrastructure spending.
  - Non-US developed stocks (MSCI EAFE) rose 4.9% in the fourth quarter and 31.2% in 2025.
  - Emerging markets (MSCI Emerging Markets) gained 4.7% for the quarter and led the way in 2025 returning 33.6%. Although Chinese stocks declined in the fourth quarter (MSCI China: -7.8%), the broad emerging market group rallied, supported by strong returns in South Korea and Taiwan.
- → Most major bond markets finished the fourth quarter in positive territory with strong overall results for the year, particularly for riskier bonds. In the fourth quarter the broad US bond market (Bloomberg Aggregate) returned 1.1%, while cooling inflation led to lower returns for TIPS (+0.1%) and short-term TIPS (+0.4%). High yield and emerging market debt led the way, returning 1.3% and 1.6%, respectively.
- → The government reopened in mid-November but the longest shutdown on record likely had a meaningful short-term impact on the economy, while delayed and, in some cases, skipped economic data releases increased uncertainty for policymakers and financial markets.
- → Key questions going forward include how the Fed will manage interest rates given competing pressures on its dual mandate of inflation and employment, will the impact of tariffs on inflation grow, can earnings growth remain resilient in the US, will the significant investment in the AI infrastructure buildout pay off, and how will China's economy and relations with the US track.

Index Returns[1]



- → In the fourth quarter, except for REITs, markets delivered positive returns. Non-US developed and emerging market stocks outperformed US stocks while bond markets benefited from stable inflation and lower interest rates. Commodities were the top performer given the significant run in precious and industrial metals.
- → In 2025, all asset classes rose, with international equities leading the way. Key drivers of the strong performance last year include resilient earnings, AI optimism, a weaker US dollar, and expectations for lower interest rates.

[1] Source: Bloomberg. Data is as of December 31, 2025.

Domestic Equity Returns[1]

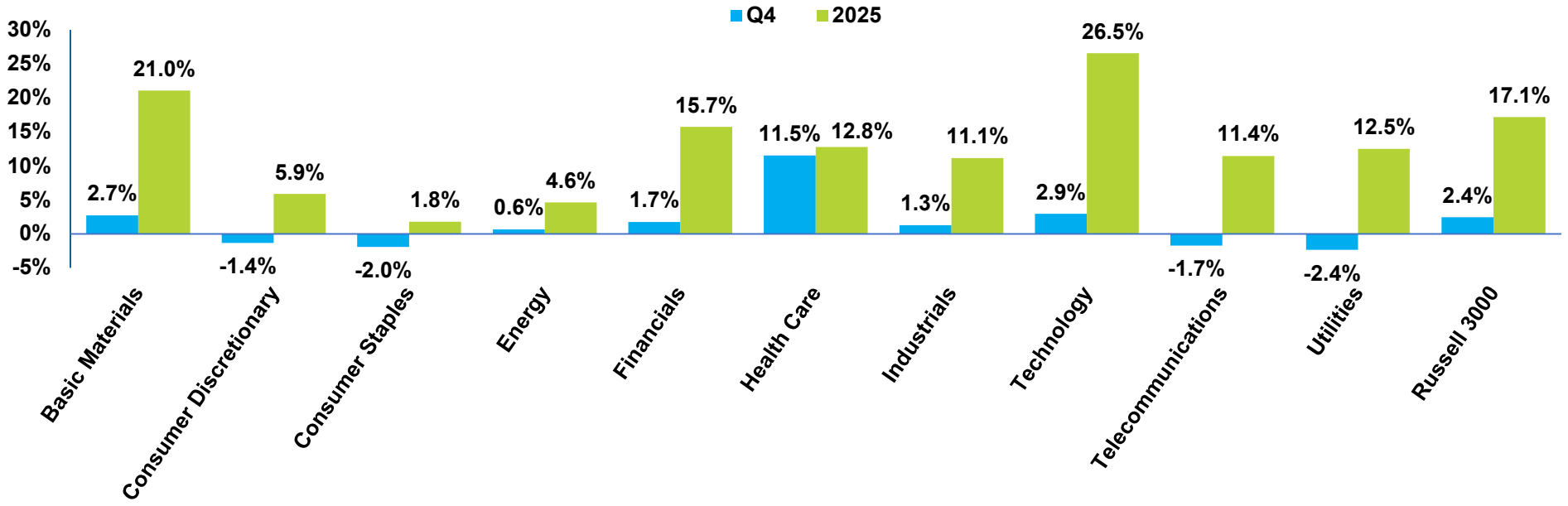
Domestic Equity	December (%)	Q4 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	0.1	2.7	17.9	23.0	14.4	14.8
Russell 3000	0.0	2.4	17.1	22.2	13.1	14.3
Russell 1000	0.0	2.4	17.4	22.7	13.6	14.6
Russell 1000 Growth	-0.6	1.1	18.6	31.1	15.3	18.1
Russell 1000 Value	0.7	3.8	15.9	13.9	11.3	10.5
Russell MidCap	-0.3	0.2	10.6	14.3	8.7	11.0
Russell MidCap Growth	-1.3	-3.7	8.7	18.6	6.6	12.5
Russell MidCap Value	0.1	1.4	11.0	12.3	9.8	9.8
Russell 2000	-0.6	2.2	12.8	13.7	6.1	9.6
Russell 2000 Growth	-1.3	1.2	13.0	15.6	3.2	9.6
Russell 2000 Value	0.2	3.3	12.6	11.7	8.9	9.3

US Equities: The Russell 3000 index returned 2.4% in the fourth quarter and 17.1% in 2025.

- → The gains in Q4 were driven mainly by a double-digit rebound in health care stocks. For the full calendar year, roughly half the 17.1% return came from the “Magnificent 7” stocks. Besides enthusiasm for the AI trade, the Fed starting to cut interest rates, an overall resilient economy, and strong earnings all helped US equity markets have another double-digit return year.
- → Growth stocks trailed value for the quarter given concerns over valuations for AI-related companies and a shift in sentiment toward more “reasonably” priced economically sensitive areas.
- → Large (Russell 1000) and small (Russell 2000) cap stocks had similar returns for the quarter, but large cap outperformed by close to 5.0% for the full year. The 2025 outperformance was mostly driven by the “Magnificent 7” stocks. Large cap banks also contributed to this divergence in performance. While small cap stocks rose nearly 13% for the full year, unprofitable stocks rose nearly twice as much as profitable stocks.

[1] Source: Bloomberg. Data is as of December 31, 2025.

Russell 3000 Sector Returns[1]



- → For the quarter, sector results were mixed with seven sectors increasing and four declining.
- → Health care stocks (+11.5%) significantly outperformed other sectors in the fourth quarter. Eli Lilly rose over 40% during the quarter as investors expressed enthusiasm for its lead in the GLP-1 market. The technology and materials sectors both returned over 2.0%, given AI momentum and strength in metals/mining, respectively. More defensive sectors like utilities and consumer staples trailed in Q4.
- → For the full year, technology led the way, driven by the "Magnificent 7" stocks, plus Broadcom. Materials also rose over 20% in 2025, given easing trade tensions and stronger demand for industrial and energy transition metals.

[1] Source: Bloomberg. Data is as of December 31, 2025.

Foreign Equity Returns[1]

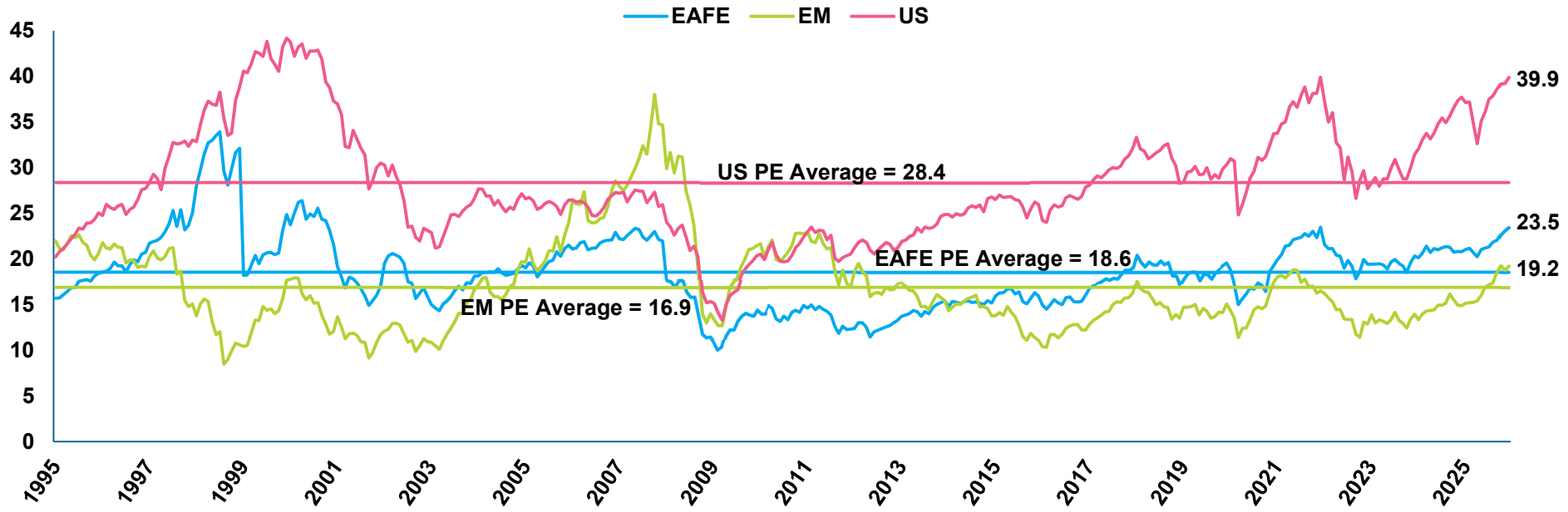
Foreign Equity	December (%)	Q4 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI Ex US	3.0	5.1	32.4	17.3	7.9	8.4
MSCI EAFE	3.0	4.9	31.2	17.2	8.9	8.2
MSCI EAFE (Local Currency)	2.1	6.1	20.6	15.9	11.5	8.6
MSCI EAFE Small Cap	2.3	2.7	31.8	14.9	5.6	7.5
MSCI Emerging Markets	3.0	4.7	33.6	16.4	4.2	8.4
MSCI Emerging Markets (Local Currency)	2.6	5.6	31.3	17.7	6.6	9.5
MSCI EM ex China	4.7	10.2	34.6	18.7	8.2	9.9
MSCI China	-1.2	-7.4	31.2	11.6	-3.2	5.5

Foreign Equity: Developed international equities (MSCI EAFE) returned 4.9% in the fourth quarter and 31.2% in 2025. Emerging markets equities rose 4.7% in the fourth quarter, returning 33.6% for the full year.

- → Developed markets posted solid gains in the fourth quarter, outperforming US equities. Eurozone performance was broad-based with financials, health care, and utilities leading. The UK saw similarly strong performance led by financials. Japanese equities rose significantly, with AI investment generating enthusiasm, yen weakness boosting exporters, and the newly elected government announcing stimulus measures.
- → Emerging market stocks had strong fourth quarter performance, also benefitting from AI themes and central bank easing. Korea and Taiwan saw solid gains, driven by record-high profits in the tech sector, particularly among semiconductor companies. India rose modestly, benefitting from easing inflation and strong exports, despite steep US tariffs. China fell over the quarter amid lackluster economic data, weak domestic consumption, and slowing US exports.

[1] Source: Bloomberg. Data is as of December 31, 2025.

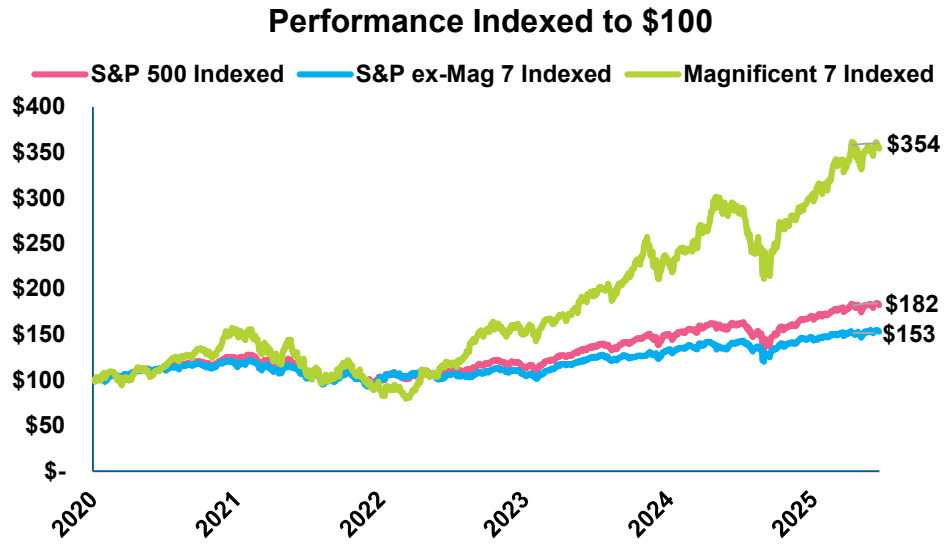
Equity Cyclically Adjusted P/E Ratios[1]

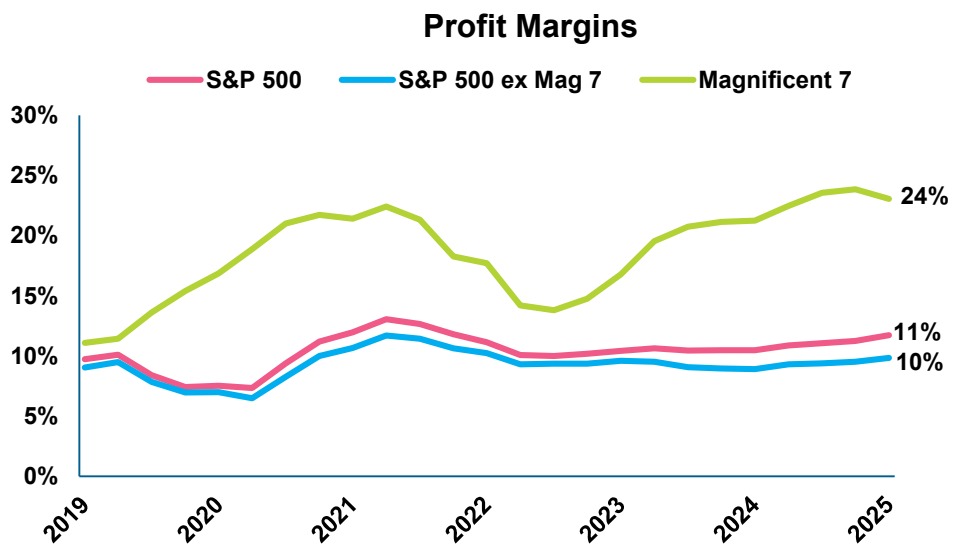


- → Cyclically adjusted US stock valuations finished the year just shy of 40, a level slightly above the post-pandemic peak. AI-related optimism has been a key driver pushing valuations higher since the April lows.
- → Given strong results this year in non-US developed stocks, valuations moved further above their long-run P/E ratio (23.5 versus 18.6).
- → As emerging market stocks led the way in 2025, their valuations are now also trading at levels above their long-run average (19.2 versus 16.9).

[1] US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E Source: Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of December 2025. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month-end, respectively.

Performance and Profit Margins: S&P 500 and "Magnificent 7"[1]





- → Despite an over 25% decline to start last year, the so-called "Magnificent 7" AI-related technology stocks continued to drive market results, gaining close to 25% for 2025. Since 2020, these stocks increased roughly 3.5x while the other members of the S&P 500 increased about 1.5x.
- → The relatively strong performance of the "Magnificent 7" has led to them currently comprising roughly a third of the entire S&P 500 index by market-capitalization, making their performance going forward key to overall market results.
- → Profit margins have been relatively strong for these companies, with the latest readings more than double the broad market (24% versus 11%).

[1] Source: Bloomberg. Data is as of December 31, 2025, for index prices and September 30, 2025, for profit margins.

Fixed Income Returns[1]

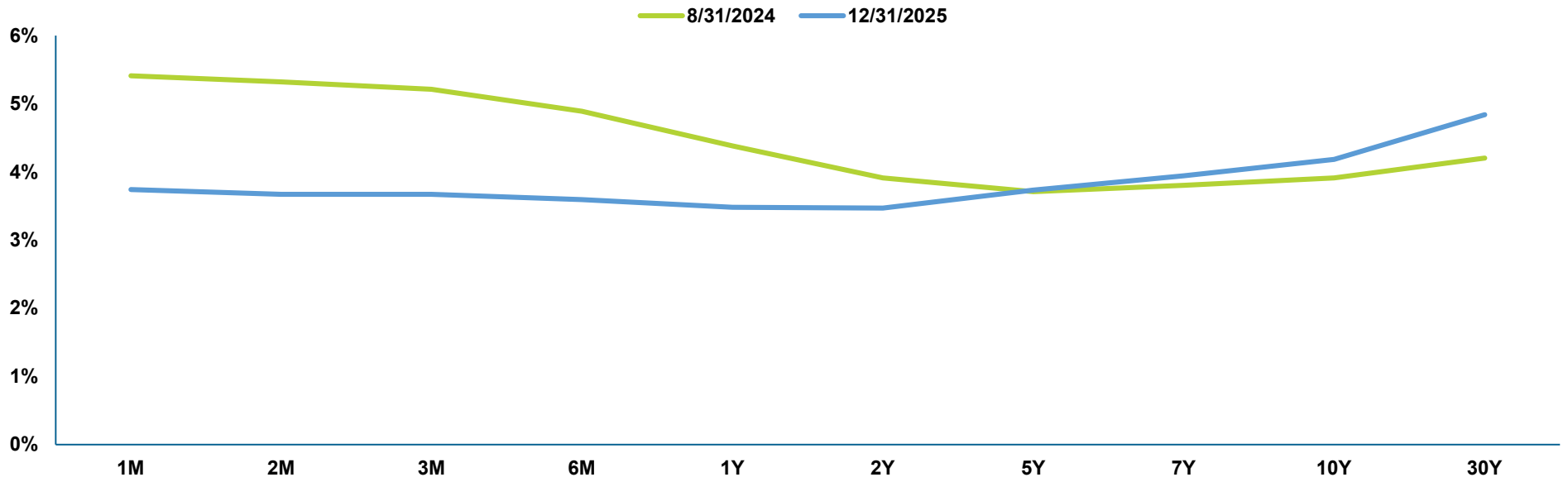
Fixed Income	December (%)	QTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	-0.1	1.2	7.6	5.2	0.1	2.4	4.5	5.8
Bloomberg Aggregate	-0.1	1.1	7.3	4.7	-0.4	2.0	4.3	6.0
Bloomberg US TIPS	-0.4	0.1	7.0	4.2	1.1	3.1	4.0	6.5
Bloomberg Short-term TIPS	0.1	0.4	6.1	5.1	3.5	3.2	3.6	2.4
Bloomberg US Long Treasury	-1.1	0.1	5.6	0.6	-7.2	0.0	4.8	14.5
Bloomberg High Yield	0.6	1.3	8.6	10.0	4.5	6.5	6.5	3.0
JPM GBI-EM Global Diversified (USD)	2.2	1.6	19.3	9.5	1.1	3.9	--	--

Fixed Income: The Bloomberg Universal index rose 1.2% in the fourth quarter, returning 7.6% in 2025.

- → In the fourth quarter falling short-term interest rates and relatively stable credit spreads led to overall gains in the bond market.
- → The broad US bond market (Bloomberg Aggregate) rose 1.1% with longer-dated US Treasuries essentially flat. Shorter and longer-dated TIPS gained 0.4% and 0.1%, respectively, as inflation concerns eased modestly.
- → As overall risk appetite remained strong, riskier bonds led the way with emerging market debt and US high yield returning 1.6% and 1.3%, respectively. In 2025 emerging market bonds returned an impressive 19.3% given relatively high yields, an earlier start to central bank easing, and generally contained inflation.

[1] Source: Bloomberg. Data is as of December 31, 2025. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration, respectively. JPM GBI-EM data is from J.P. Morgan. Current yield and duration data is not available.

US Yield Curve[1]

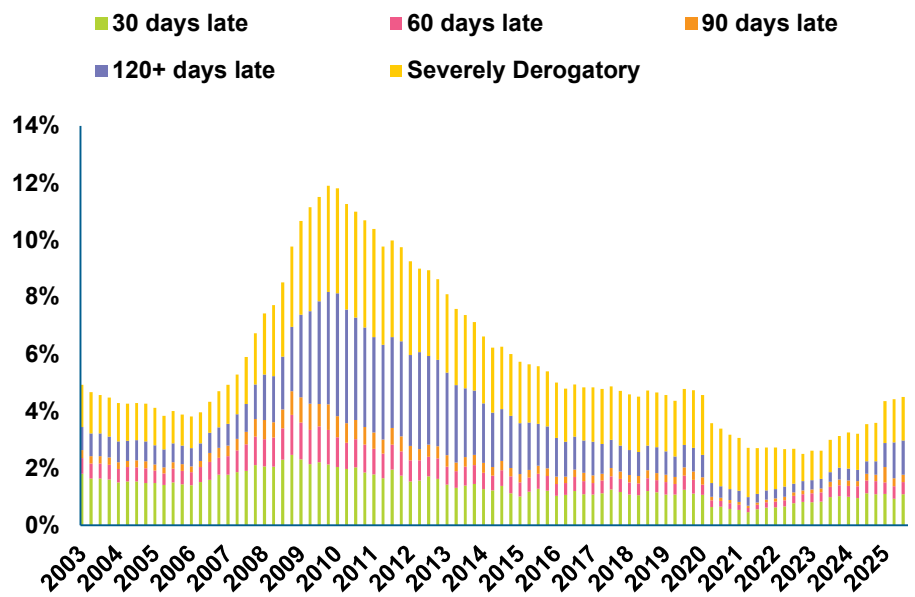


- → In the fourth quarter interest rates for shorter maturities fell, while rates for longer-dated maturities stayed stable or rose. These dynamics were driven by expectations for additional interest rate cuts by the Fed and rising term premium, lingering inflation, and fiscal uncertainty.
- → The policy-sensitive 2-year nominal Treasury yield fell from 3.61% to 3.48%. The 10-year nominal Treasury yield rose from 4.15% to 4.17%, while the 30-year nominal Treasury yield moved from 4.73% to 4.84%.
- → Given these dynamics the yield curve steepened further in the fourth quarter. The spread between a two-year and ten-year Treasury increased from 54 basis points to 70 basis points.

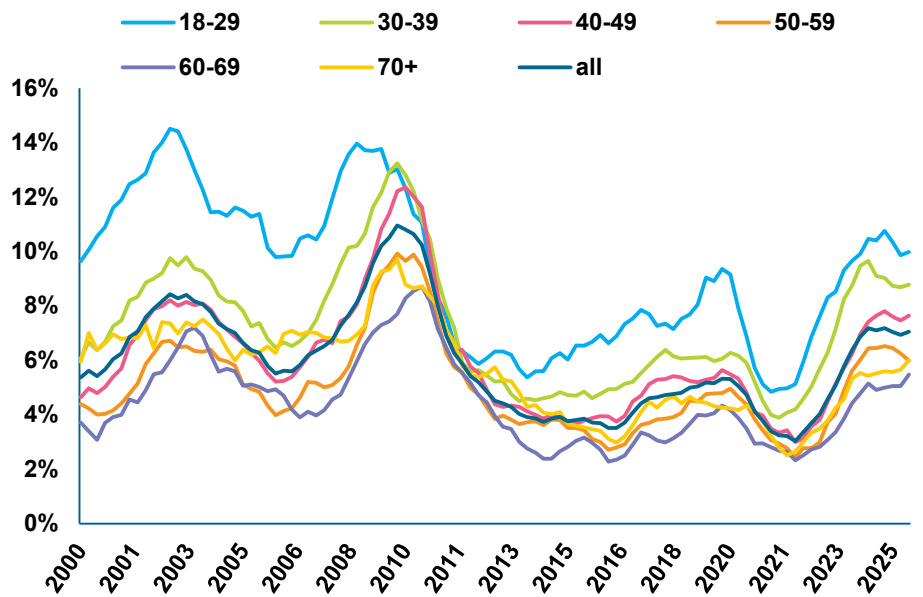
[1] Source: Bloomberg. Data is as of December 31, 2025. The August 2024 Treasury yields are shown as a reference before the first interest rate cut.

Stress is Building Among US Consumers

Percent of Total Outstanding Credit Card Balance by Delinquency Status[1]



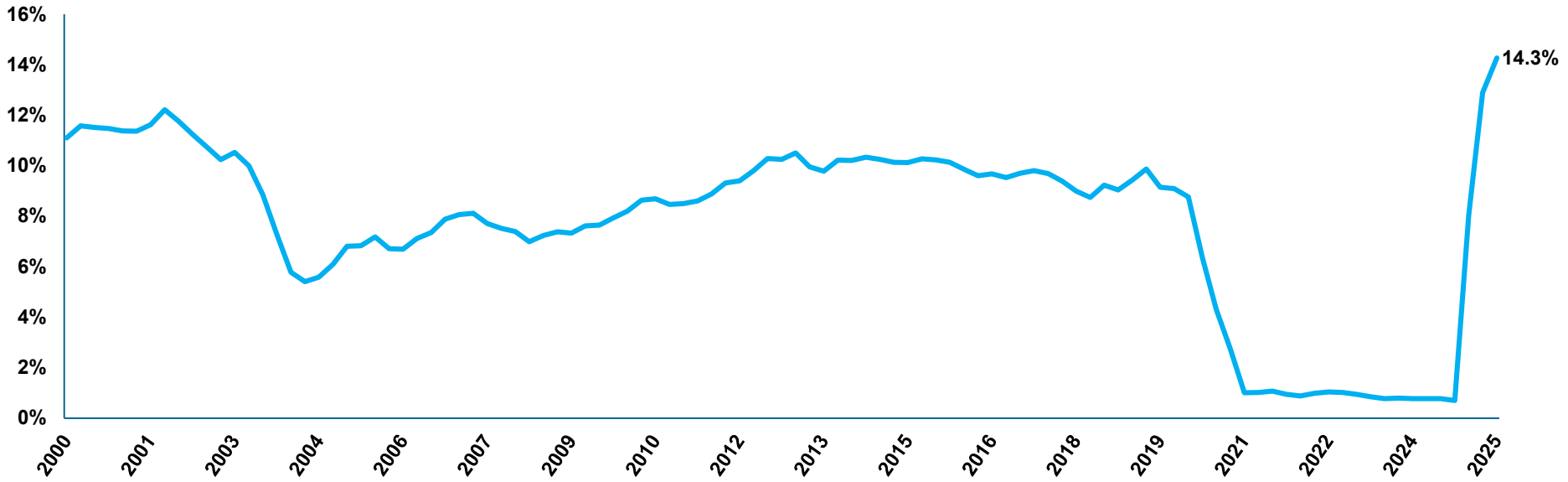
Transition into Serious Delinquency for Credit Cards by Age[1]



- → Signs of stress on the US consumer have started to emerge, given persistently higher prices and interest rates.
- → After falling to historic lows during the pandemic, loan delinquencies have increased.
- → Parts of the credit card market, especially for younger cohorts, have begun to show stress as most borrowers are subject to variable and higher borrowing costs. Total delinquencies are below pre-pandemic levels though.

[1] Source: New York Federal Reserve, Quarterly Household Debt and Credit Report. See also FRED. Data is as of September 30, 2025.

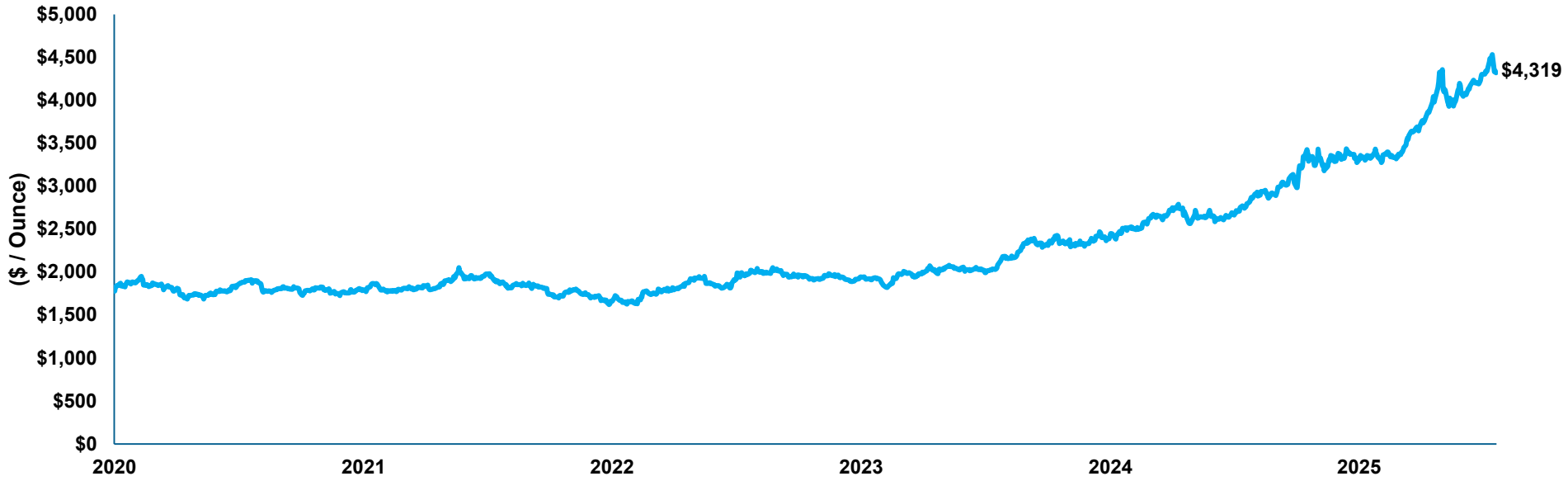
Transition Into Serious Delinquency (90+ Days) for Student Loans[1]



- → The restarting of student loan payments and reporting for those in default could add further pressures to consumers.
- → During the pandemic, student loan repayments were suspended with an estimated 43 million borrowers deferring payments.
- → Pressures have been growing in the student loan market. Roughly nine million borrowers missed at least one loan payment last year and approximately 14.3% of student debt has moved into seriously delinquent status.

[1] Source: New York Federal Reserve, Quarterly Household Debt and Credit Report. See also FRED. Data is as of September 30, 2025. Percent of student loan holders transitioning in serious default (90-days or more) based on four quarter moving average. Delays in reporting may cause fluctuations.

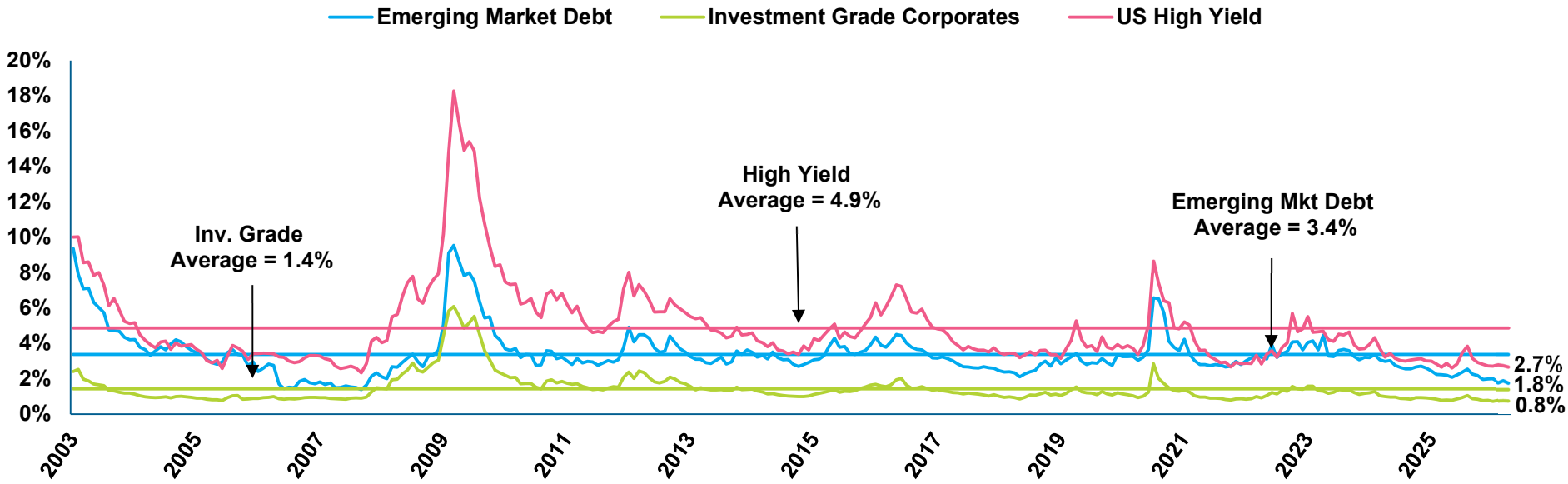
Gold[1]



- → In a year where risk assets did particularly well, gold, which is usually perceived as a safe haven, did even better, gaining close to 65%.
- → Key drivers of gold's strong year include central bank demand, a weaker US dollar, inflation concerns, central banks purchasing bullion, and expectations for lower rates.
- → In 2025, the price of gold rose from just over $2,600 an ounce to over $4,300 an ounce.

[1] Source: Bloomberg as of December 31, 2025. Gold Spot Price is quoted as US Dollars per Troy Ounce.

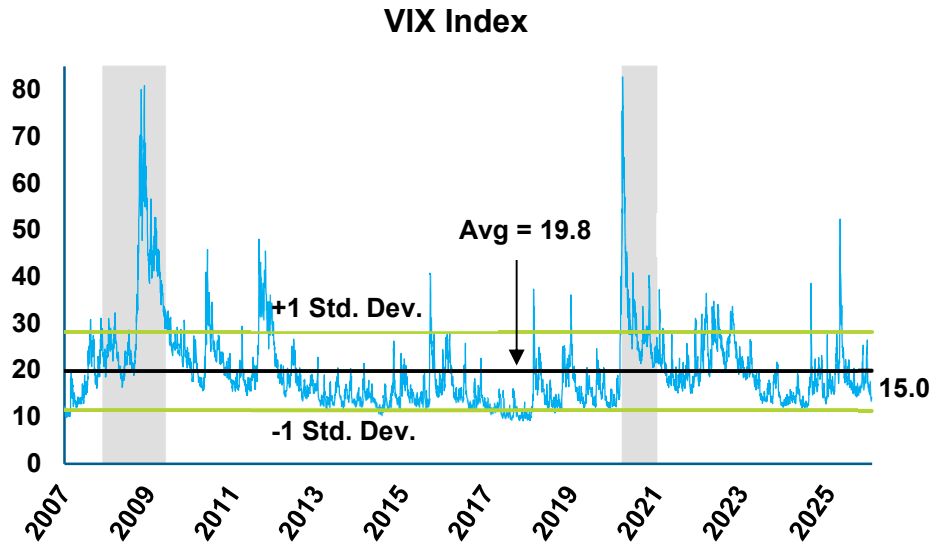
Credit Spreads vs. US Treasury Bonds[1]

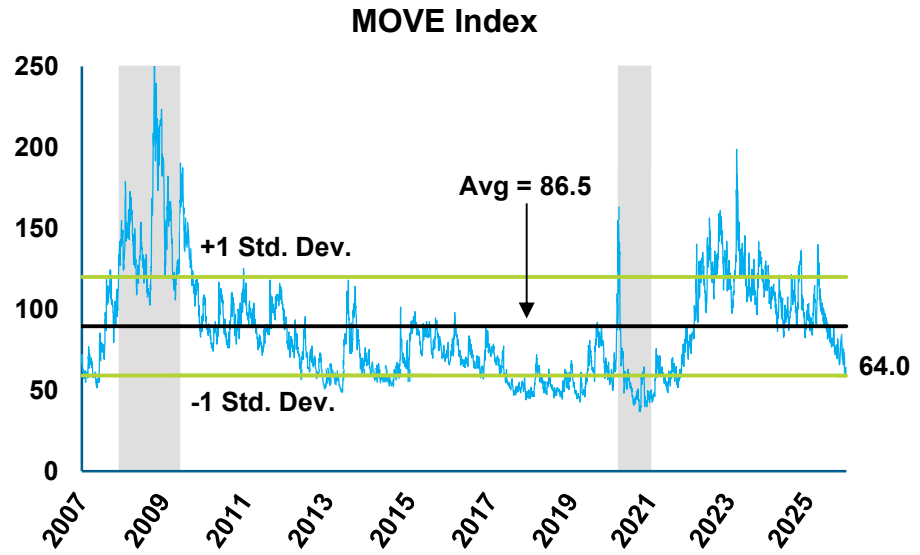


- → Credit spreads (the difference in yield from a comparable maturity Treasury) remained relatively stable over the quarter at historically tight levels. A resilient US economy, strong corporate balance sheets/low default rates, and investor demand for yield have all contributed to tight spreads.
- → Investment grade spreads remained below 1.0% in December.
- → High yield spreads stayed at 2.7% for the quarter, while emerging market spreads tightened from 2.0% to 1.8%.
- → All yield spreads remained well below their respective long-run averages, especially high yield (2.7% versus 4.9%).

[1] Source: Bloomberg. Data is as of December 31, 2025. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

Equity and Fixed Income Volatility[1]

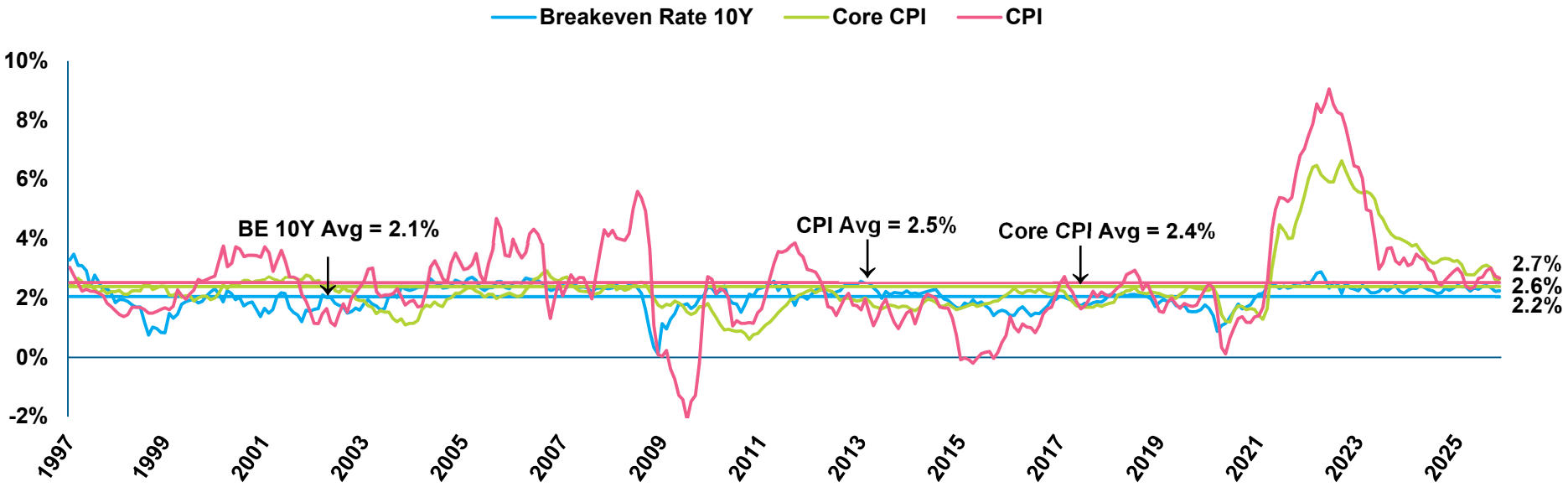




- → Equity and bond market volatility eased in the fourth quarter to levels well below their long-run averages but there were several spikes in volatility during the quarter.
- → Equity market volatility (VIX) finished the quarter at 15.0 versus a long-term average of 19.8. There were spikes above the 25 level in October and November in the wake of geopolitical tensions, questions about the path of interest rates given Fed messaging, and mixed economic data.
- → Despite several spikes, bond market volatility (MOVE) ended the quarter at 64.0, below a long-term average of 86.5. Interest-rate uncertainty declining as inflation moderated and the Fed's policy path became clearer drove bond market volatility lower over the quarter.

[1] Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of December 31, 2025. The average line indicated is the average of the VIX and MOVE values between January 2007 and December 2025.

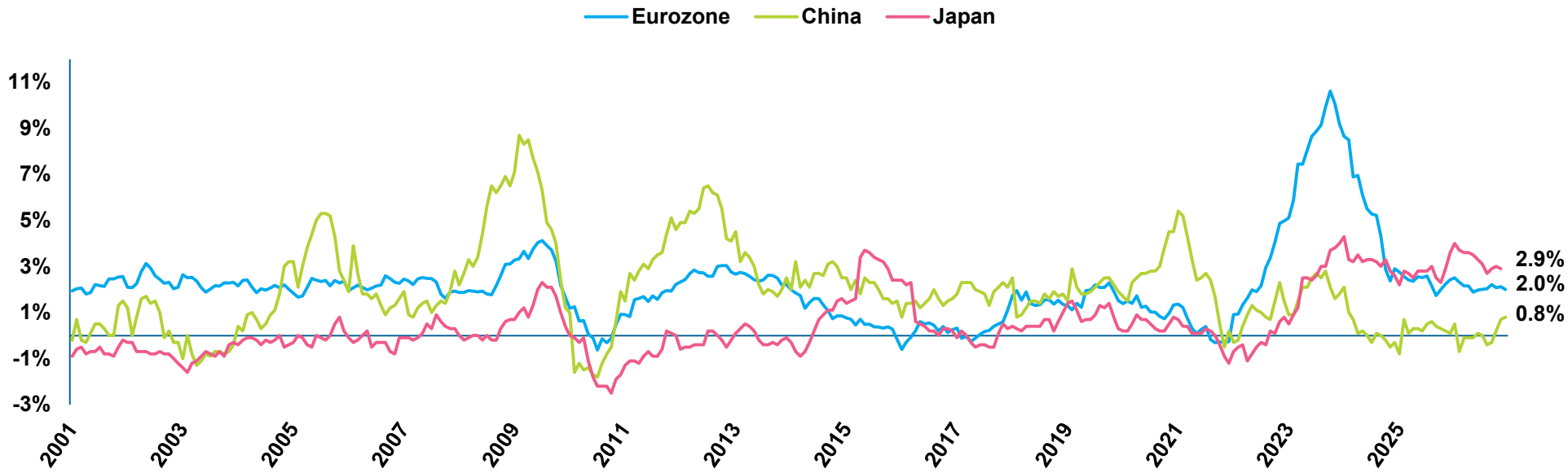
US Inflation[1]



- → In the final quarter of 2025, year-on-year headline inflation fell 0.3% to 2.7% (matching expectations). This was driven by a drop in services, as prices for goods, food, and energy remained stable. The month-on-month rate was 0.3% (like September). This was the only monthly reading during the quarter given the government shutdown.
- → Core inflation year-on-year fell from 3.0% to 2.6% (below expectations of 2.7%) in Q4 largely due to a decline in services, particularly shelter. The monthly growth rate came in at 0.2% in December (the same as September) slightly below expectations. This was also the only monthly reading during the quarter.
- → Long-term inflation expectations fell slightly over the quarter (2.4% to 2.2%) and remain well anchored close to their long-run average of 2.1%.

[1] Source: FRED. Data is as of December 31, 2025. This represents the latest inflation data. The October report was canceled given the government shutdown.

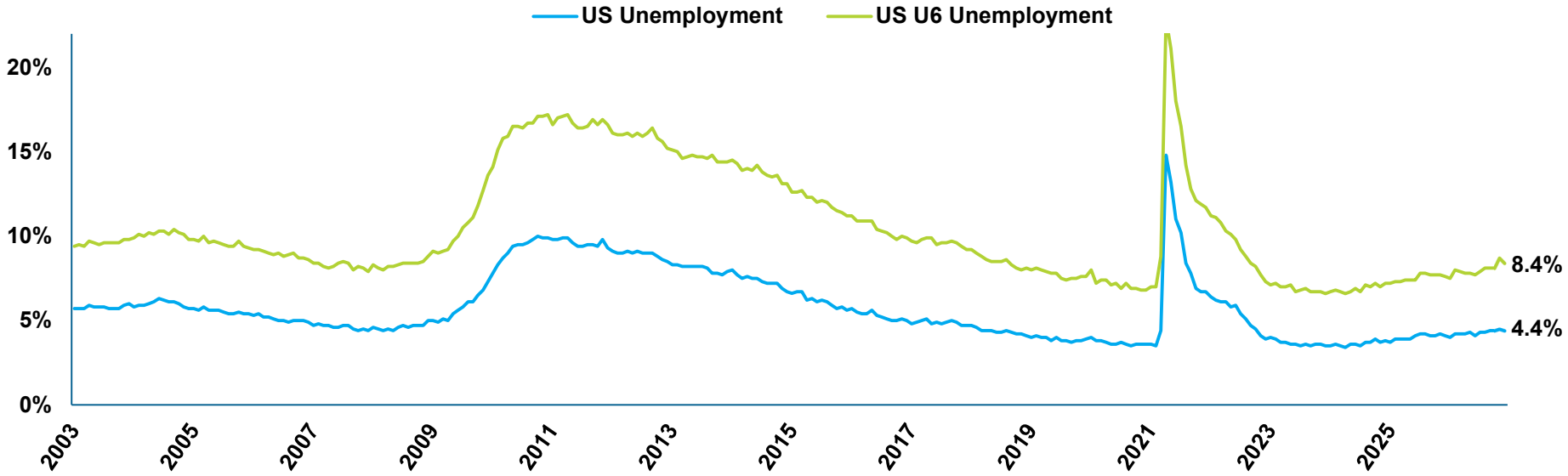
Global Inflation (CPI Trailing Twelve Months)[1]



- → With inflation at its 2.0% target, the ECB has held policy rates steady at 2.0% with disinflationary pressures expected to continue in 2026.
- → In December the Bank of Japan raised interest rates to their highest level in three decades from 0.5% to 0.75%. Inflation in Japan fell slightly (3.0% to 2.9%) but remains above target. Despite the slight drop, inflation levels continue to be roughly 1% above the Bank of Japan's target level.
- → China's annual inflation rate moved into positive territory in the fourth quarter. It finished the year at 0.8%, the highest level since early 2023, largely driven by higher food prices particularly fresh vegetables (+18.2% yoy). Despite the positive reading, inflation in China remains stubbornly low even after significant stimulus.

[1] Source: Bloomberg. Data is as of December 2025 except Japan which is of November.

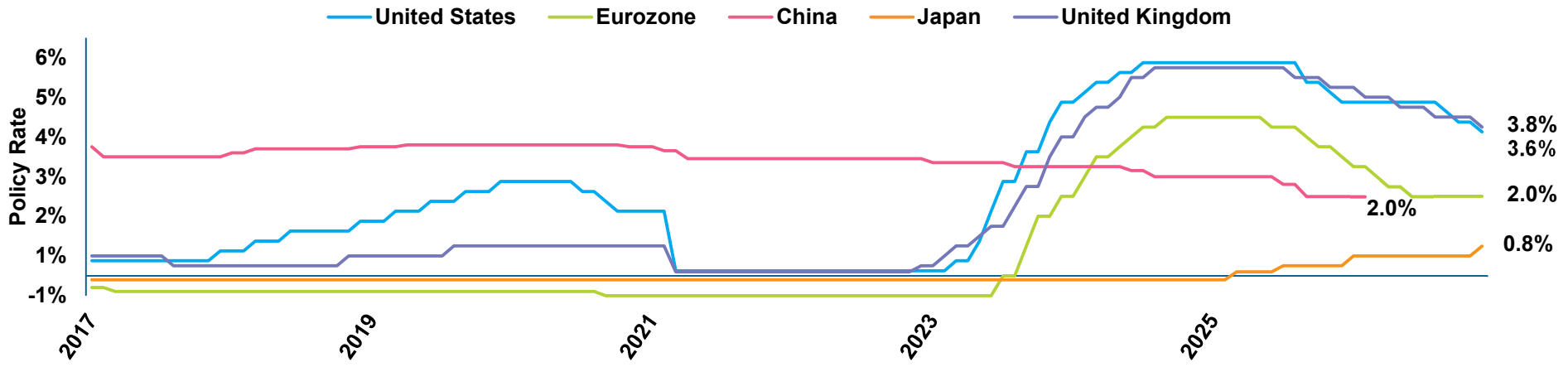
US Unemployment[1]



- In December, the US added 50,000 new jobs and the unemployment rate declined slightly from 4.6% to 4.4% (the same level as the end of Q3). Over the quarter the US shed 67,000 jobs, driven by the loss of government jobs in October related to the shutdown.
- Food services, health care, and social assistance sectors added the most jobs in December while the retail sector lost jobs. These steady job gains plus fewer people re-entering the labor force and slowing layoffs drove the decline in the unemployment rate.
- In other labor data, job openings continued to decline and hiring slowed, but layoffs have recently fallen and wages continued to grow above the rate of inflation.

[1] Source: FRED. Data is as of December 31, 2025.

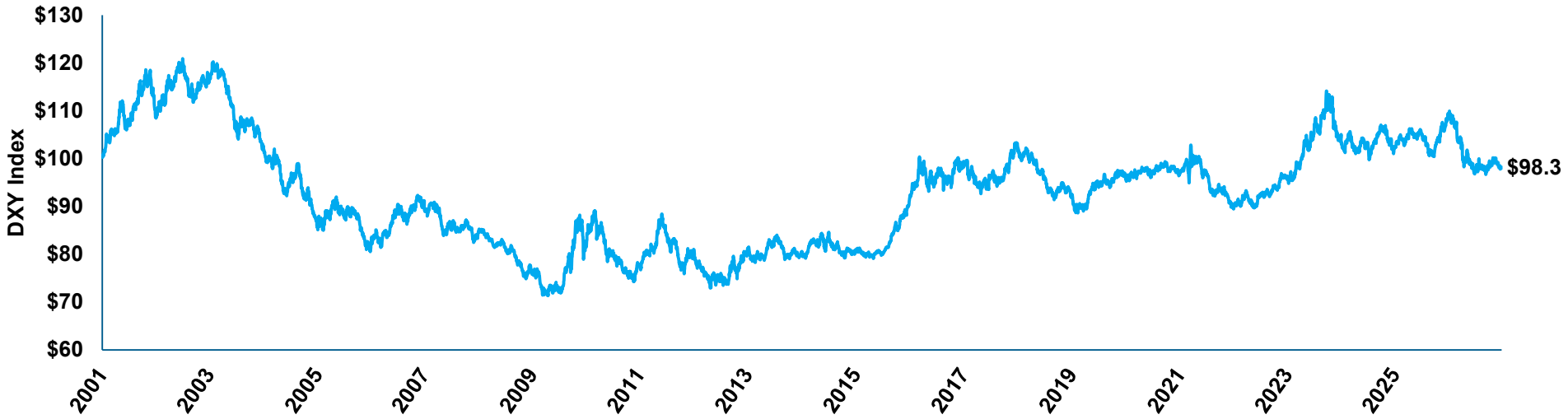
Global Policy Rates[1]



- → It appears that we are moving into an environment in which the Fed may continue to cut interest rates while other central banks are on hold or are moving rates higher.
- → The Fed cut interest rates again in December to a range of 3.5% to 3.75% with market expectations for roughly two more cuts over the next 12 months. Based on comments after the recent meeting it appears the Fed will move cautiously, given inflation remaining elevated despite signs of weakness in the labor market.
- → The ECB has held rates steady since last summer. In 2026, there are no expectations of further cuts by the ECB, but markets are pricing in nearly two cuts from the BOE.
- → After cutting rates in May of last year, China's central bank has held rates steady, although disinflationary pressures continue to be a concern.
- → The BOJ increased rates by 0.25% at their last meeting with markets expecting nearly two more hikes this year, given inflation levels remaining above their 2% target.

[1] Source: Bloomberg. Data is as of December 31, 2025, except China which is as of February 28, 2025. United States rate is the mid-point of the Federal Funds Target Rate range. Eurozone rate is the ECB Deposit Facility Announcement Rate. Japan rate is the Bank of Japan Unsecured Overnight Call Rate Expected. China rate is the China Central Bank 1-Year Medium Term Interest Rate. UK rate is the UK Bank of England Official Bank Rate.

US Dollar vs. Broad Currencies[1]



- → The US dollar weakened by over 9% in 2025 on lower rate expectations, slowing growth, and fiscal deficit concerns.
- → After a decline in the first half of the year, the dollar largely stayed range bound for the second half of 2025 as expectations for aggressive Fed rate cuts eased, yields in the US remained relatively high, and demand for safe-haven assets rose.

[1] Source: Bloomberg. Data as of December 31, 2025.

Key Trends

- According to the International Monetary Fund's (IMF) October's World Economic Outlook, the global economy will decelerate from 3.2% in 2025 to 3.1% in 2026. The US is expected to modestly accelerate economic growth in 2026 to 2.1% from 2.0% in 2025. The euro area will slow slightly from 1.2% in 2025 to 1.1% in 2026. China's economy is expected to slow from 4.8% in 2025 to 4.2% in 2026.
- Despite the decline in tariff rhetoric since earlier in 2025, questions remain about how tariffs will ultimately impact inflation. Overall, higher tariff levels and continued uncertainty could weigh on growth while increasing prices. Inflation levels and potential developments with tariffs combined with a weakening labor market will complicate the Fed's rate cutting path.
- Some signs of US consumer stress have started to emerge, with weakness in the jobs market and sentiment deteriorating. Consumers are particularly concerned about losing their jobs and the potential for higher prices. Overall, risk to economic growth and to inflation from tariffs, as well as elevated borrowing costs, could put further pressure on consumers and lead to an even weaker job market. The resumption of collecting and reporting delinquent student loans could be a further headwind to consumption.
- US equities continue to reach new highs. Relatively strong earnings, AI optimism, and rate cuts from the Fed all helped drive stocks higher last year. How earnings track from here, particularly for the large AI-related companies that make up a significant portion of the market, will be key going forward. Many questions remain about the return on investment for companies making significant investments in building AI infrastructure. We could see this year a divergence in results within the "Magnificent 7" as well as a rotation into other more economically sensitive sectors.
- Trade tensions between the US and China will remain an important focus as well as the overall health of China's economy. President Trump and President Xi met in late October last year and agreed to suspend trade sanctions for a year. However, it is not clear if China and the US will indeed de-escalate strategic high tech and rare earth tensions despite the official truce. How China manages its slowing economy, and deflationary pressures will also be important. Rising geopolitical tensions related to other countries like Venezuela, Denmark/Greenland, and Iran could also add to volatility this year.

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MEKETA

Meketa Investment Group

2026

2026 Capital Markets Expectations

Table of Contents

Executive Summary

Executive Summary

- → Changes in our capital markets expectations (CMEs) are driven by shifts in the capital markets, including factors such as interest rates, credit spreads, cap rates, and equity prices.
  - Capital markets are dynamic, and regular updates help to ensure that assumptions accurately reflect the current market environment.
- → The return assumption decreased for ~80% of the asset classes over the 10-year horizon, and it decreased for nearly 90% of the asset classes over the 20-year horizon.
- → Our 10-year CMEs continue to be lower than our 20-year CMEs for every major asset class, largely due to the market projecting a higher “risk-free” rate in the future than today.
  - Our lower return assumptions over the 10-year horizon implies that many investors might be well served by moderating their return expectations for the next ten years.

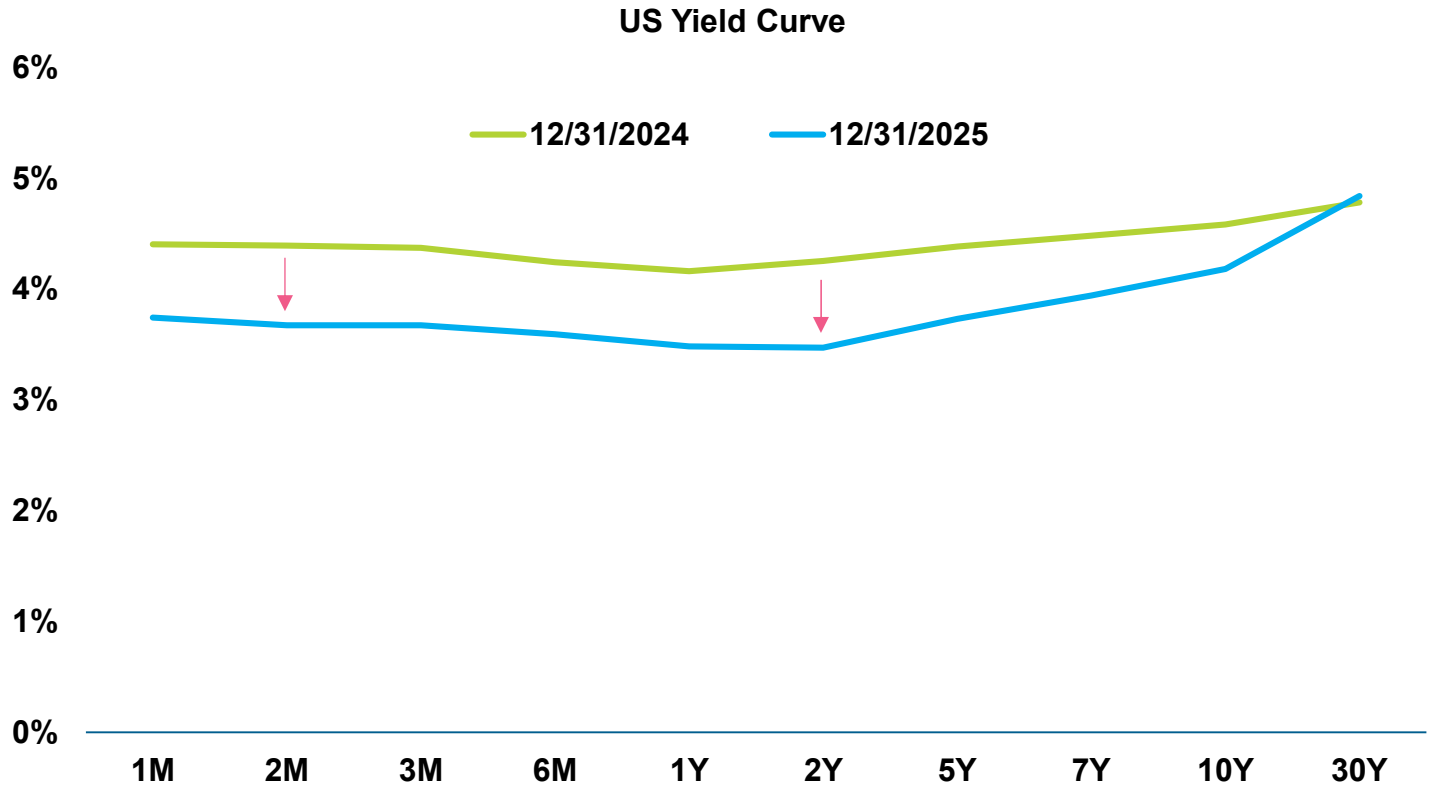
Expected Return and Changes for Major Asset Classes

Asset Class	2026 10-year Expected Return (%)	Δ From 2025 (%)	2026 20-year Expected Return (%)	Δ From 2025 (%)
Cash Equivalents	2.8	0.0	3.1	0.0
Investment Grade Bonds	4.2	-0.7	4.9	-0.4
Long-term Government Bonds	4.5	-0.5	5.1	-0.6
TIPS	3.8	-0.5	4.7	-0.3
High Yield Bonds	5.4	-0.9	6.6	-0.5
Bank Loans	5.6	-0.7	6.4	-0.4
Emerging Market Debt	5.7	-0.6	6.4	-0.4
Private Debt	7.8	-0.9	8.2	-0.9
US Equity	6.3	-0.1	8.0	-0.4
Developed Non-US Equity	6.2	-1.0	7.9	-0.8
Emerging Non-US Equity	6.2	-0.9	8.0	-0.7
Global Equity	6.3	-0.3	8.0	-0.5
Private Equity	9.0	-0.8	10.2	-1.0
Real Estate	7.1	+0.2	8.3	-0.2
Infrastructure	7.4	+0.2	9.0	-0.2
Commodities	5.0	-0.5	5.4	-0.5
Hedge Funds	3.8	-0.4	5.7	-0.3
Inflation	2.3	0.0	2.7	0.0

Market Overview

Falling Interest Rates

- → The short and intermediate portions of the yield curve moved down, driven by multiple Fed rate cuts.
- → The result was a shift away from the slightly "U"-shaped curve to a somewhat more traditional shape (i.e., upward sloping, at least beyond two years).

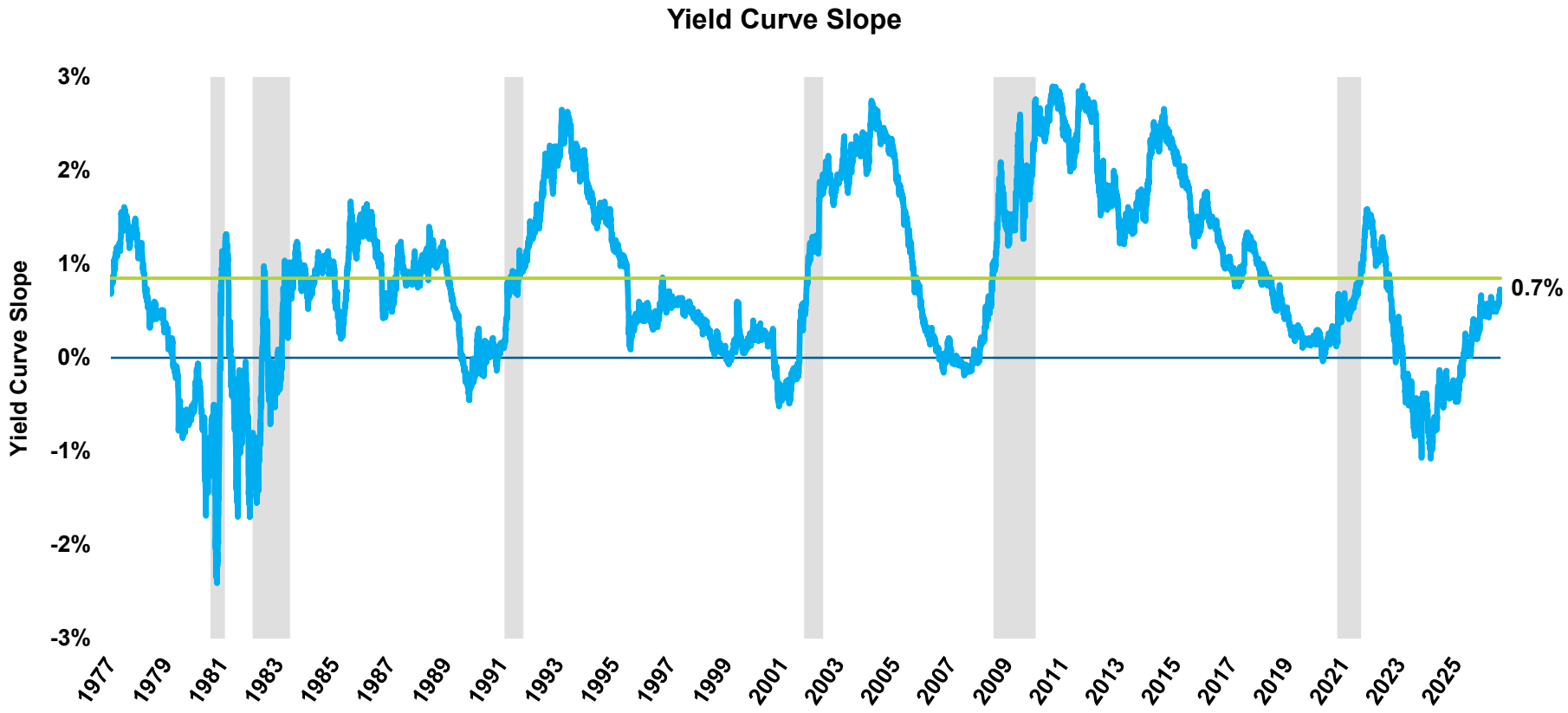


Source: Bloomberg. Data is as of December 31, 2025.

Normalizing Yield Curve

→ The yield curve began the year with a positive 2-10 spread but the curve was inverted in some other sections.

- The 2-10 spread moved closer to its long-term average during the year.

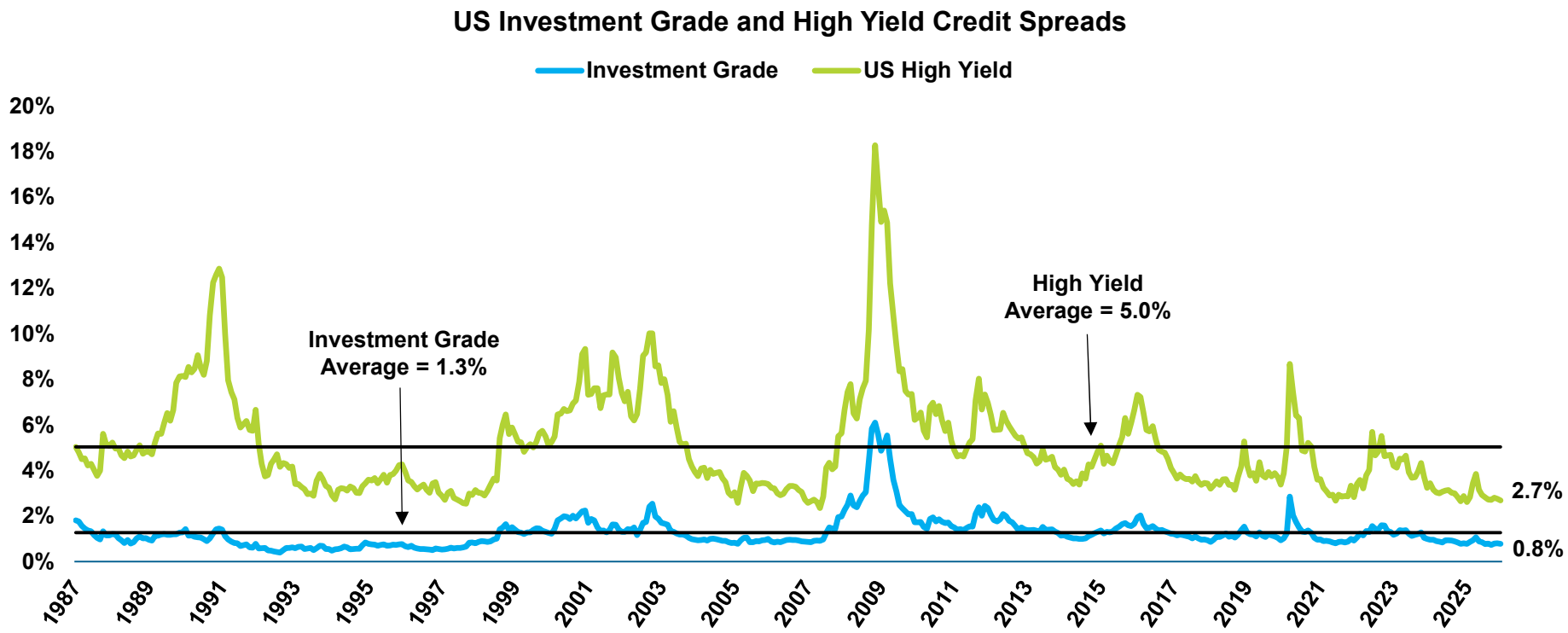


Source: FRED. Yield curve slope is calculated as the difference between the 10-Year US Treasury Yield and 2-Year US Treasury Yield. Data is as of December 31, 2025.

Slightly Narrower Credit Spreads

→ Credit spreads tightened slightly in 2025, moving further below their long-term averages.

- The spread for high yield bonds declined from 287 basis points to 266 basis points, while the spread for investment grade corporates declined from 80 basis points to 78 basis points.



Source: Bloomberg. High Yield is proxied by the Bloomberg High Yield Index and Investment Grade Corporates are proxied by the Bloomberg US Corporate Investment Grade Index. Spread is calculated as the difference between the Yield to Worst of the respective index and the 10-Year US Treasury yield. Data is as of December 31, 2025.

Lower Yields

- Short-term interest rates declined as the Fed cut its target rate, and the yield on the 10-year Treasury decreased.
- Tighter credit spreads amplified the yield reduction in credit markets.

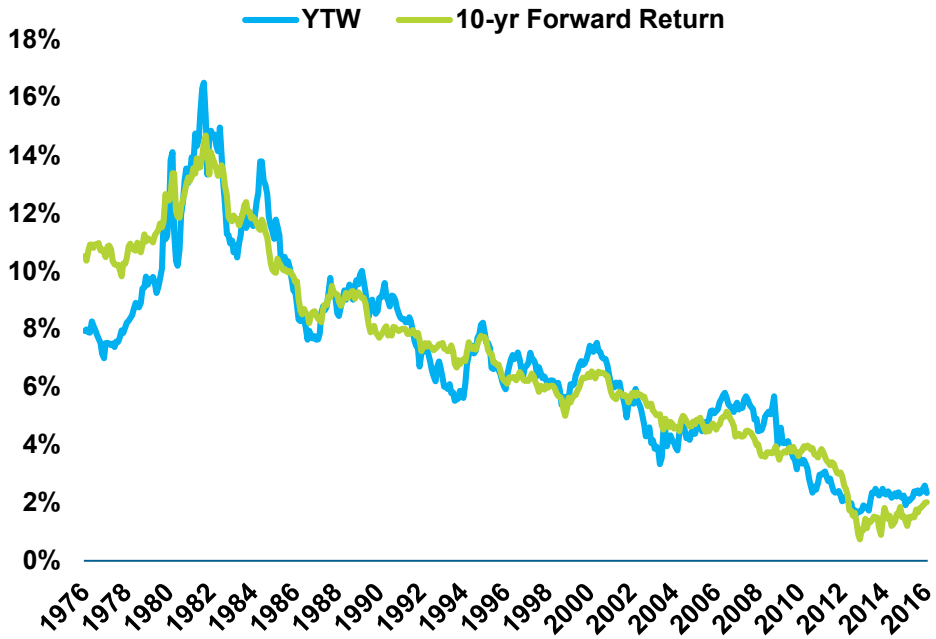
Index	Yield to Worst 12/31/25 (%)	Yield to Worst 12/31/24 (%)
Fed Funds Effective Rate	3.50 – 3.75	4.25 – 4.50
10-year Treasury	4.18	4.58
Bloomberg Aggregate	4.32	4.91
Bloomberg Corporate	4.81	5.33
Bloomberg Securitized	4.61	5.25
Bloomberg Global Aggregate	3.52	3.68
Bloomberg US Corporate High Yield	6.53	7.49

Source: Bloomberg. Data is as of December 31, 2024 and December 31, 2025.

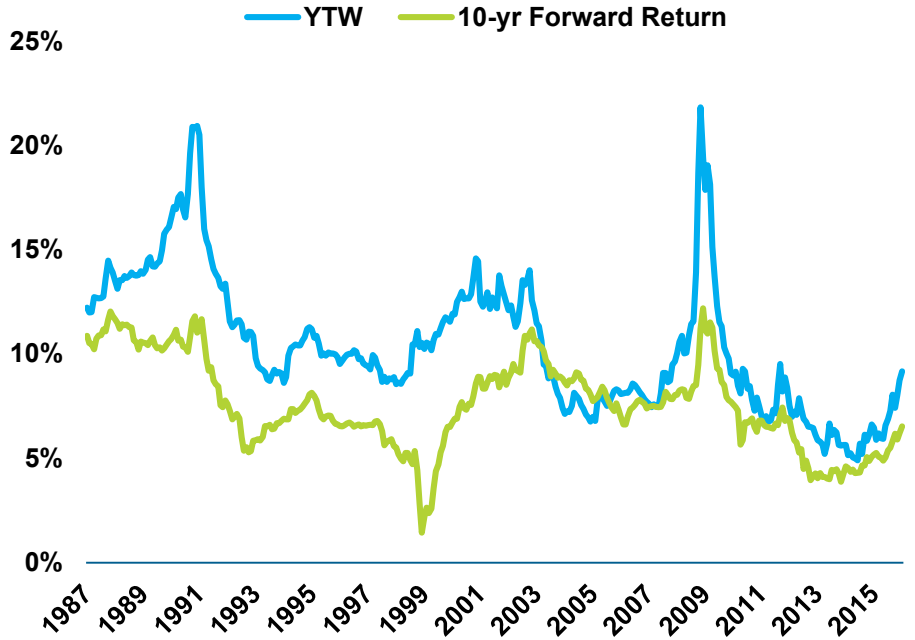
Yields Drive Future Returns

→ Changes in interest rates matter because yields are a very good predictor of future returns for bonds,[1] at least over a 10-year horizon.

YTW and Returns for Investment Grade Bonds



YTW and Returns for High Yield Bonds



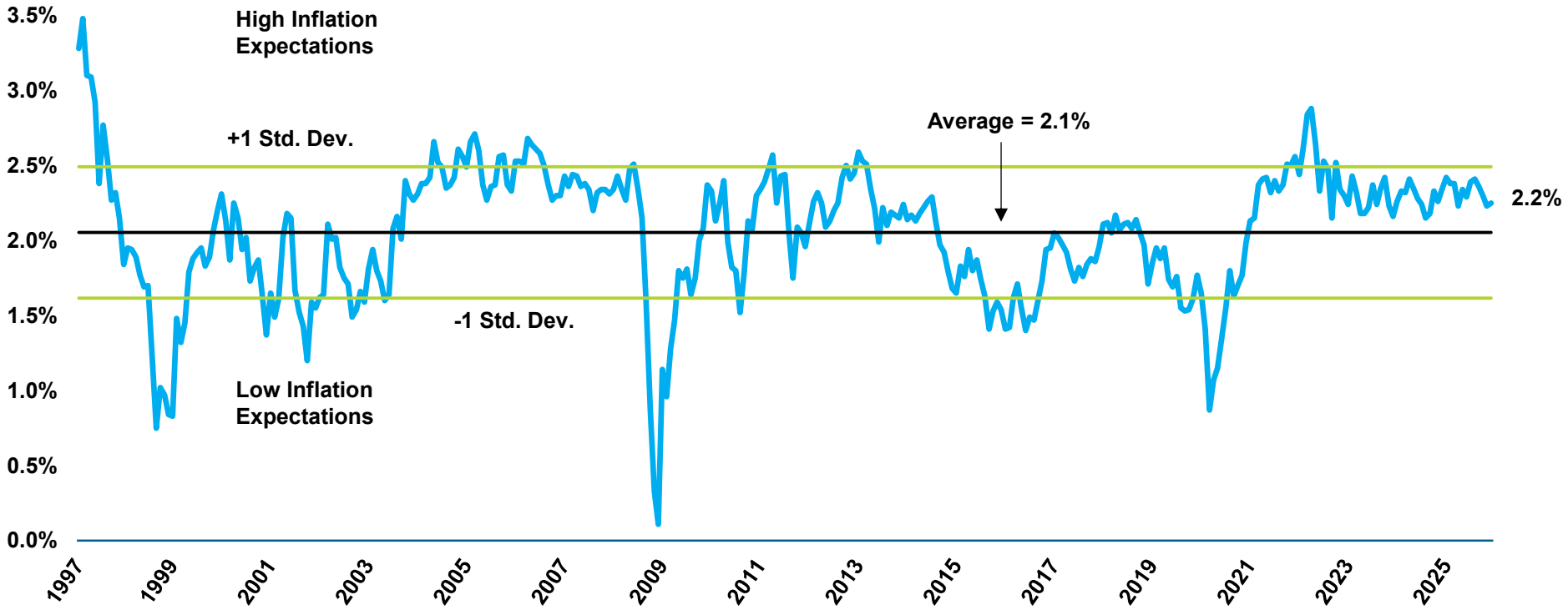
[1] When predicting returns for bonds, default risk should also be taken into account. For example, defaults are why the return for high yield bonds have generally been below the starting yield.
Source: Bloomberg Aggregate and Bloomberg High Yield indices. Data is as of December 31, 2025.

Similar Inflation Expectations

→ Despite many inflation-related headlines during the year, the market's expectations for inflation were little changed at the end of 2025.

- The 10-year breakeven inflation rate decreased slightly, from 2.3% to 2.2%.

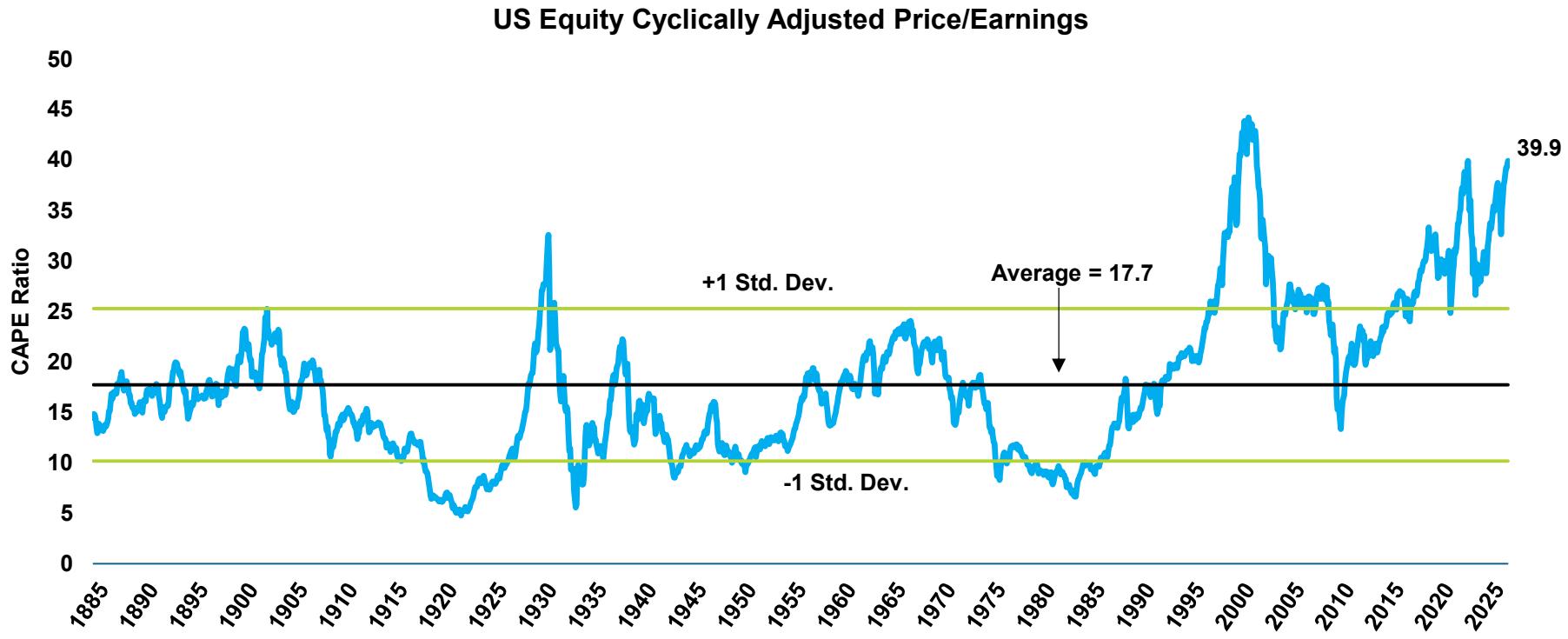
Ten-Year Breakeven Inflation



Source: US Treasury and Federal Reserve. Inflation is measured by the Consumer Price Index (CPI-U NSA). Data is as of December 31, 2025.

Surprisingly Little Change in US Equity Valuations

- → US stocks had another good year, with the S&P 500 index gaining 17.9%.
- → Valuations are higher than one year ago, with the CAPE moving from 38 to 39.9.
  - Still, valuations remain elevated relative to their long-term history.



Source: Robert Shiller, Yale University, and Meketa Investment Group. Data is as of December 31, 2025 for the S&P 500 Index.

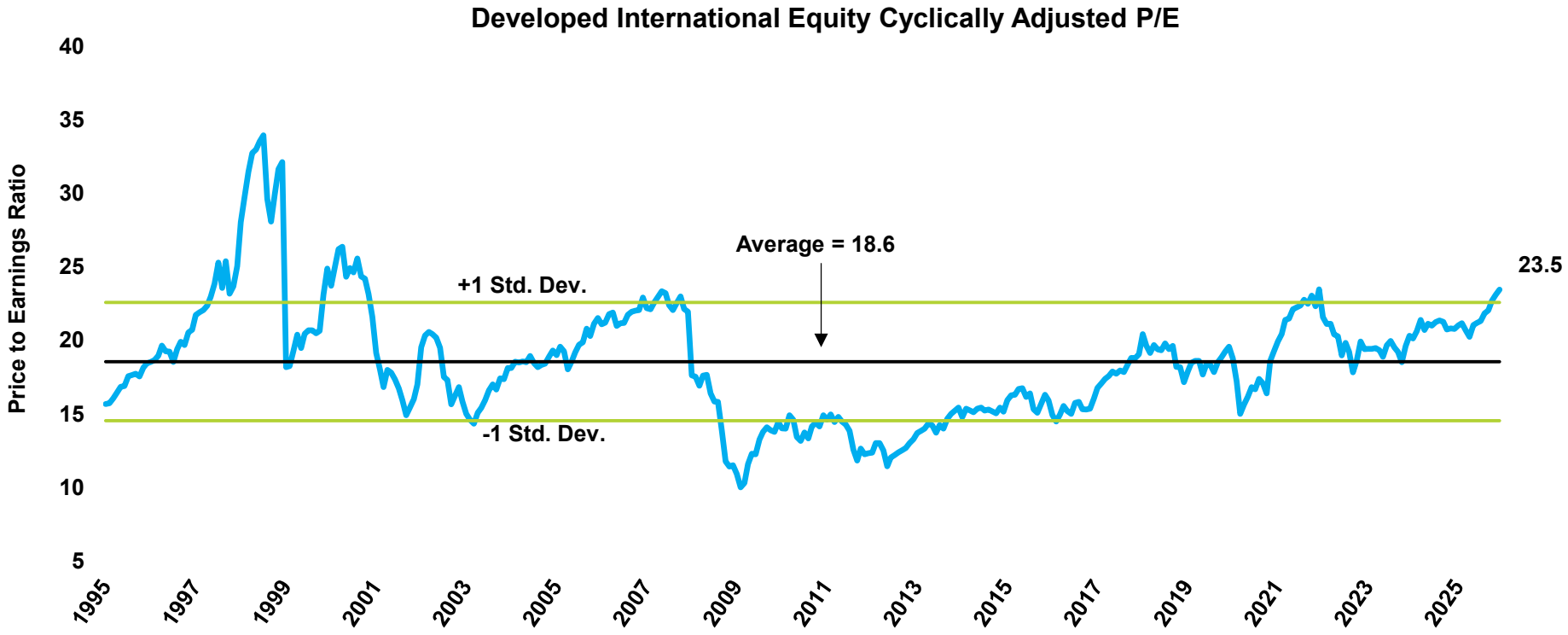
Higher Non-US Developed Equity Valuations

→ EAFE equities had a great year, posting a 31.2% gain for USD investors.

- A currency tailwind aided these gains, as EAFE posted a 20.6% return in local currency terms.

→ The gains also reflected higher valuations, with the price-earnings ratio going from 21 to 23.5.

- EAFE valuations are now above their historical average.

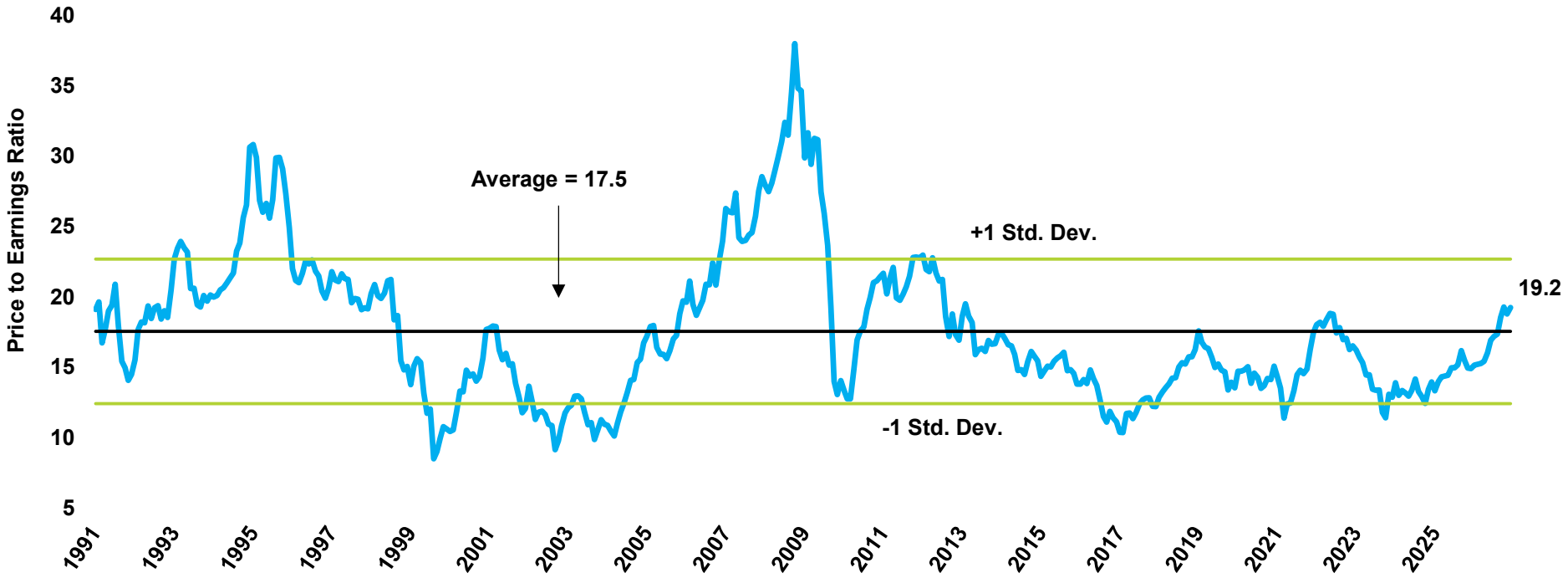


Source: MSCI and Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of December 31, 2025.

Higher Prices in Emerging Market Equities

- → Emerging market equities had a great year, gaining 33.5% for USD investors.
- → These gains were driven largely by higher valuations, with the price-earnings ratio going from 14.8 to 19.2.
  - As a result, EM equity valuations have moved above their long-term average, with the EM ex-China index continuing to trade at higher valuations than the China index.

Emerging Market Equity Cyclically Adjusted P/E

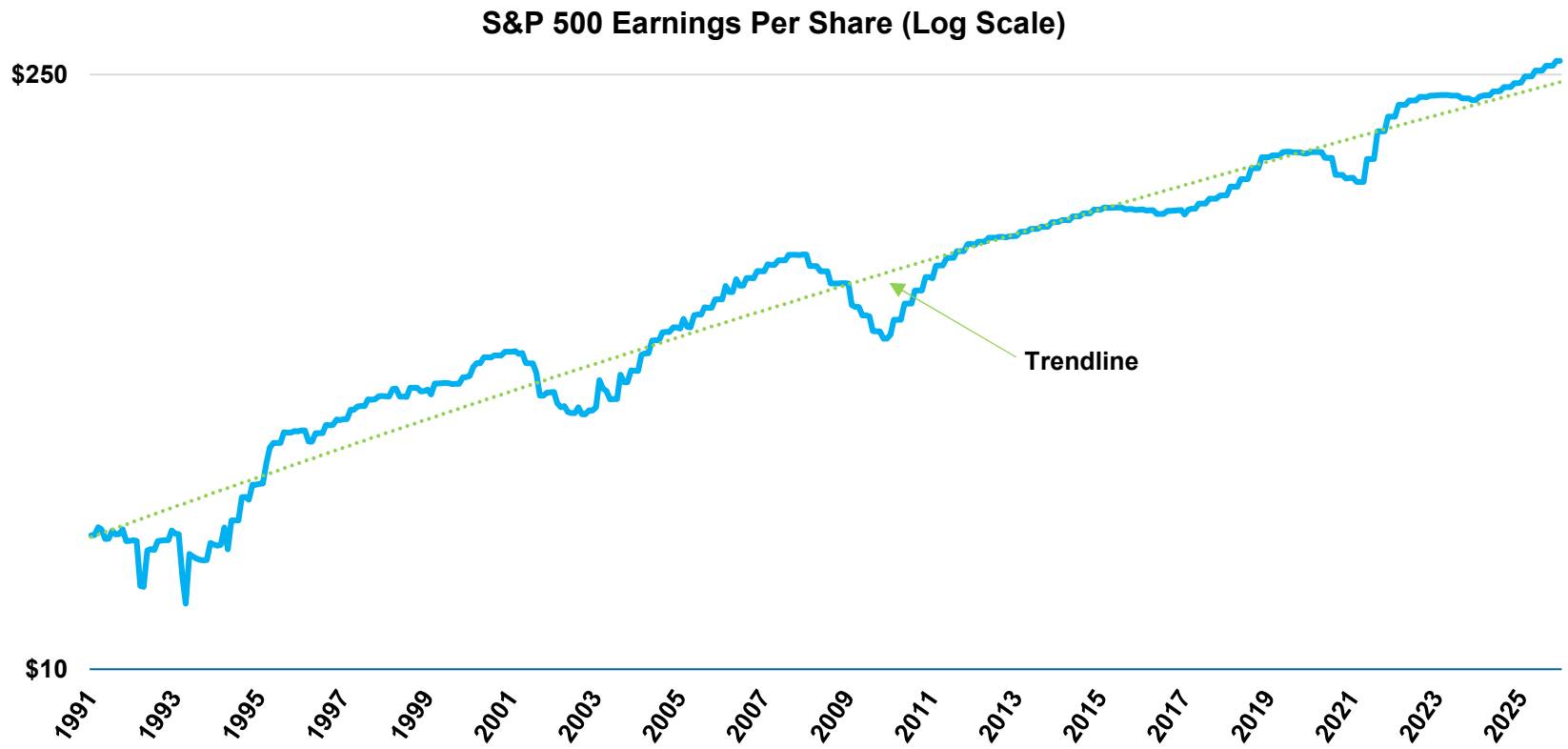


Source: MSCI and Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of December 31, 2025.

Strong US Earnings Growth

→ S&P 500 earnings (EPS) had a good year, growing by 13%.

- At year-end, estimates were that EPS had hit a new peak.

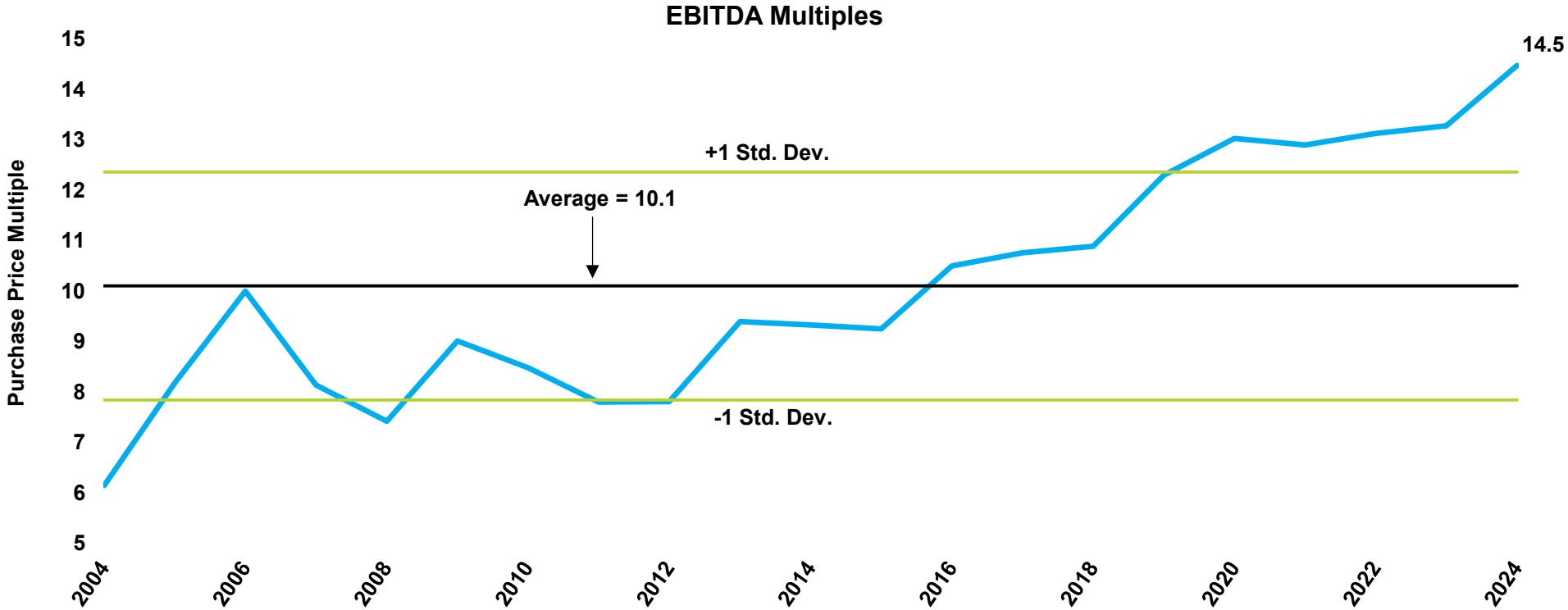


Source: S&P 500 Index data from Bloomberg. Represents trailing 12-month "as reported" earnings per share. Data is as of December 31, 2025.

Private Equity Prices Rebounding

→ EBITDA multiples for buyouts have risen substantially over the past ten years.

- Preliminary data for 2025 show a slight downtick in multiples, but that is based on a very small fraction of the anticipated number of deals (~15% of the number of deals from 2024).



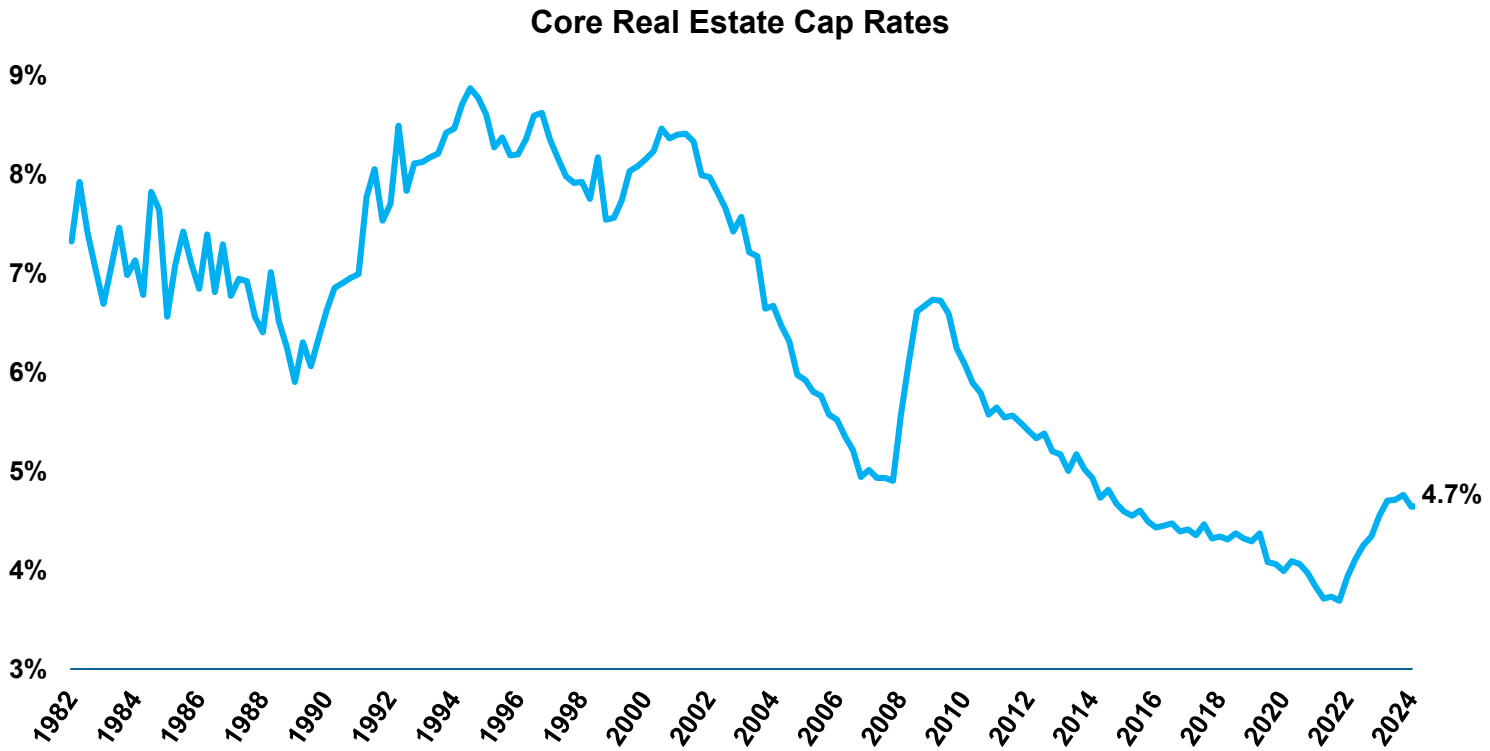
Source: Preqin Median EBITDA Multiples Paid in All LBOs. Data pulled as of 1/8/2025.

Real Estate Valuations Solidifying

→ Cap rates appeared to level off in 2025.

- This is likely welcomed by investors who have seen cap rates rise (and prices fall) for several years.

→ Still, cap rates remain below the trough experienced during the Global Financial Crisis (GFC).



Source: NCREIF NPI value-weighted cap rates. As of September 30, 2025.

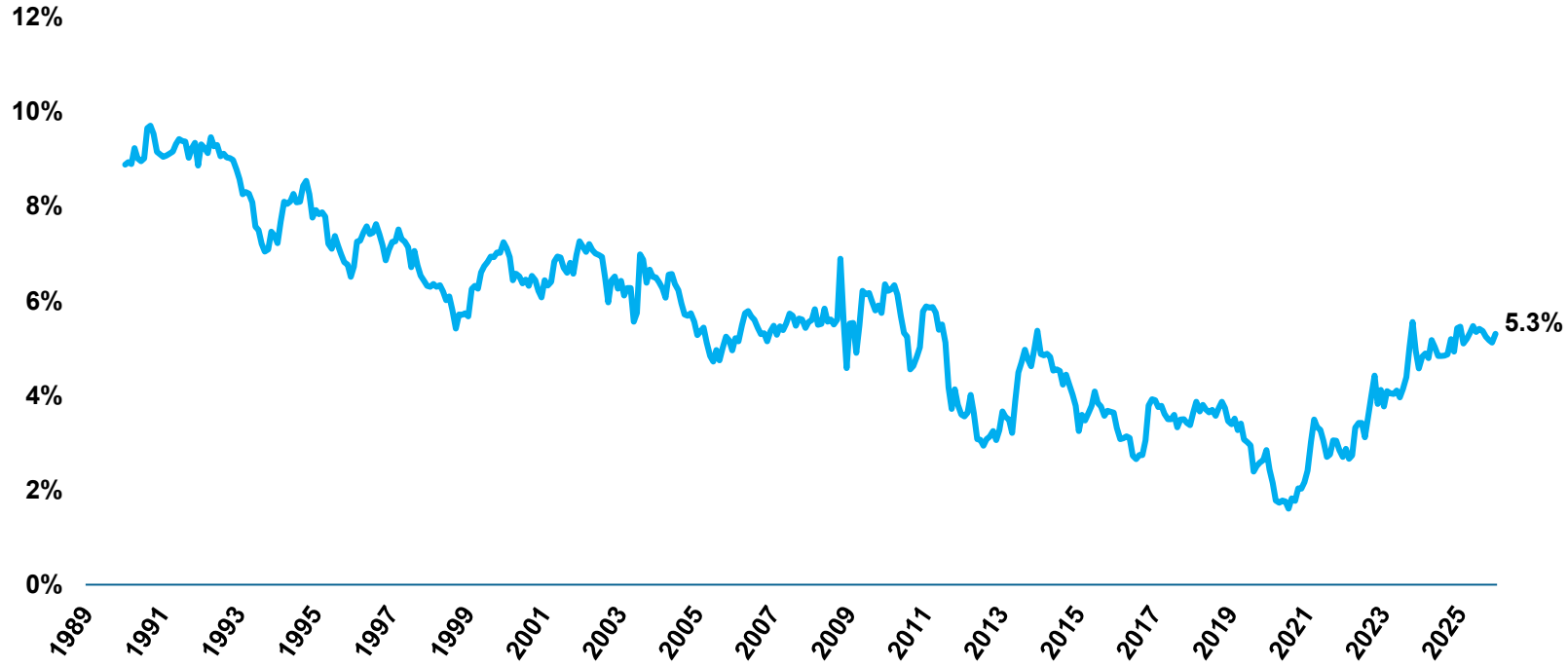
Slightly Lower Projected Rates in the Future

→ As interest rates have declined, so have the market's predictions for future interest rates.

- The market is forecasting that the 10-year Treasury yield in ten years will be 5.30%, versus a prediction of 5.42% twelve months ago.

→ Lower future interest rates for "risk-free" assets implies lower expected returns for any forecasting model that includes a risk premium approach.

Market Projection for the 10-Year Treasury Yield in Ten Years



Source: FRED. Represents the Fitted Instantaneous Forward Rate 10 Years Hence, as of December 31, 2025.

Our Process

Setting Capital Market Expectations

- Capital markets expectations ("CMEs") are the inputs needed to determine the long-term risk and returns expectations for a portfolio.
  - They serve as the starting point for determining asset allocation.
- Consultants (including Meketa) generally set them once a year.
  - Our results are published in January and based on data as of December 31 for public markets and September 30 for private markets.
- Setting CMEs involves crafting long-term forecasts for:
  - Returns
  - Standard Deviation
  - Correlations (i.e., covariance)
- We do not assume any "alpha."
- For asset classes where there is no passive option (e.g., private markets) we include an assumption for estimated fees.
- Our process relies on both quantitative and qualitative methodologies.

Asset Class Definitions

- We identify asset classes and strategies that are both investable and appropriate for the long-term allocation of funds.
- Several considerations influence this process:
  - Unique return behavior
  - Observable historical track record
  - A robust market
  - Client requests
- We then make forecasts for each asset class.
  - We created inputs for 115 “asset classes” for our 2026 Capital Markets Expectations.

Building 10-Year Forecasts

→ Our first step is to develop 10-year forecasts based on fundamental models.

- Each model is based on the most important factors that drive returns for that asset class:

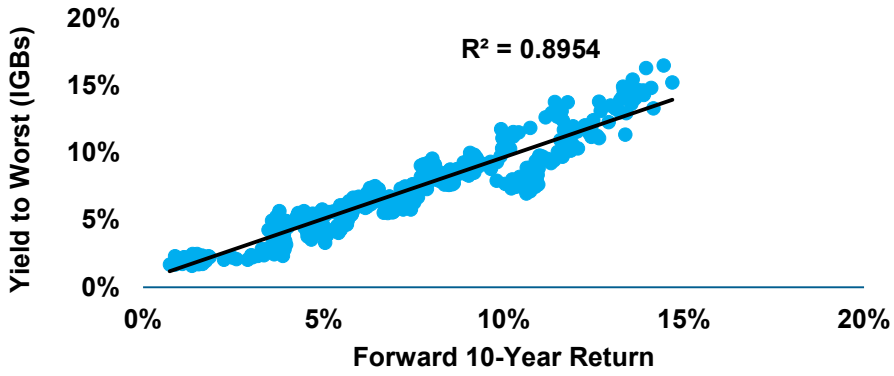
Asset Class Category	Major Factors
Equities	Dividend Yield, Earnings Growth, Valuation
Bonds	Yield to Worst, Default Rate, Recovery Rate
Commodities	Collateral Yield, Roll Yield, Inflation
Infrastructure	Public IS Valuation, Income, Growth, Leverage
Natural Resources	Price per Acre, Income, Public Market Valuation
Real Estate	Cap Rate, Yield, Growth, Leverage
Private Equity	EBITDA Multiple, Leverage, Public VC Valuation
Hedge Funds and Other	Leverage, Alternative Betas

→ The common components are income, growth, and valuation.

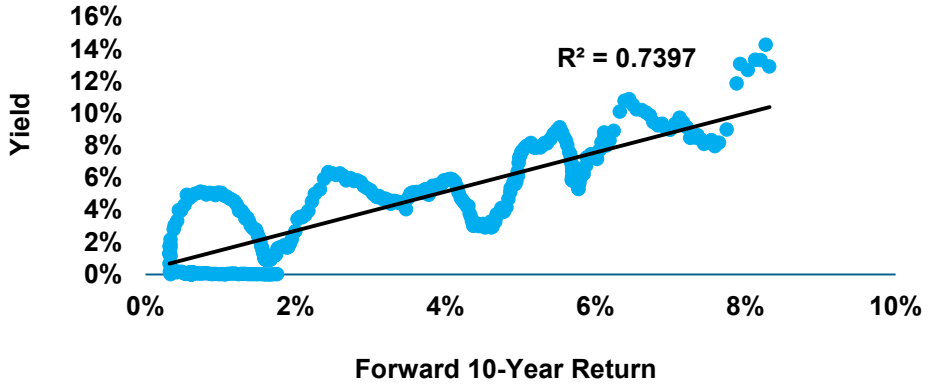
- Leverage and currency impact are also key factors for many strategies.

Some Factors are Naturally More Predictive Than Others

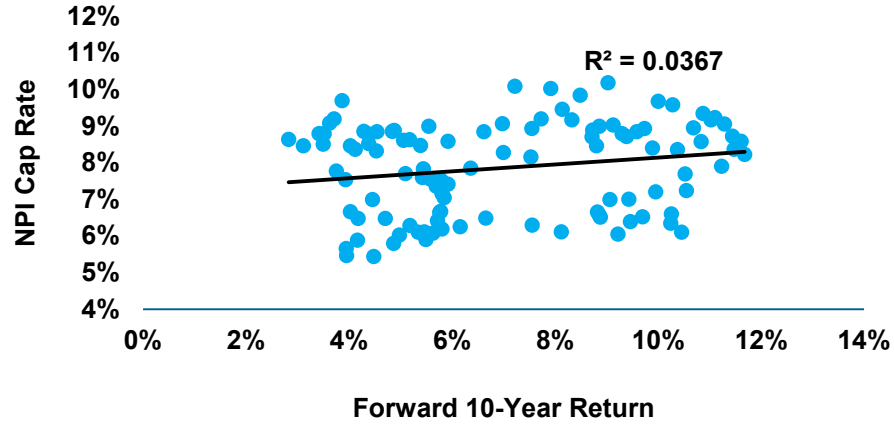
Investment Grade Bonds
Yield to Worst vs. Forward 10-Year Returns



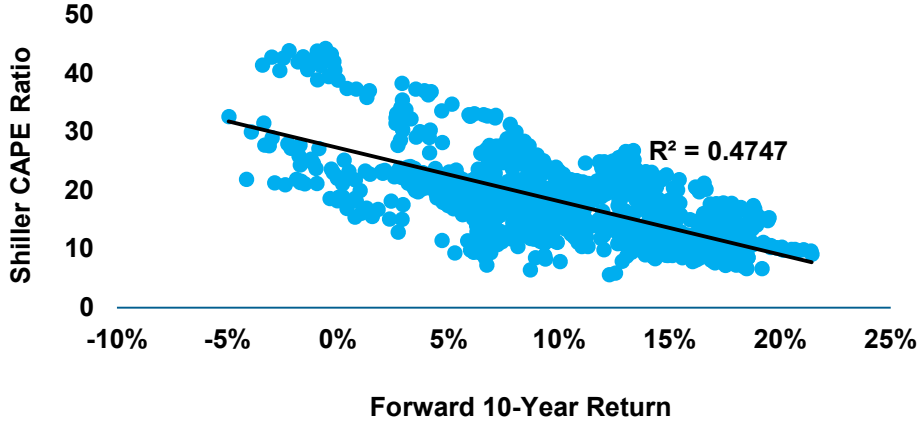
Cash (90-Day T-Bill)
Yield vs. Forward 10-Year Returns



Core Real Estate
Cap Rates vs. Forward 10-Year Returns



US Equities
Shiller CAPE vs. Forward 10-Year Returns



Sources: Bloomberg, FRED, NCREIF, S&P, Robert Shiller (Yale University), and Meketa Investment Group. As of December 31, 2024.

10-Year Model Example: Bonds

- The short version for investment grade bond models is:

$$E(R) = \text{Current YTW (yield to worst)}$$

- Our models assume that there is a reversion to the mean for spreads (though not yields).
- For TIPS, we add the real yield of the TIPS index to the breakeven inflation rate.
- As with equities, we make currency adjustments when necessary for foreign bonds.
- For bonds with credit risk, Meketa Investment Group estimates default rates and loss rates in order to project an expected return:

$$E(R) = YTW - (\text{Annual Default Rate} \times \text{Loss Rate})$$

10-Year Model Example: Equities

→ We use a fundamental model for equities that combines income and capital appreciation.

E(R) = Dividend Yield + Expected Earnings Growth + Valuation Effect + Currency Effect

→ Meketa evaluates historical data to develop expectations for dividend yield, earnings growth, the multiple effect, and currency effect.

- Earnings growth is a function of real GDP growth, inflation, and exposure to foreign revenue sources.
- We assume that long-term earnings growth is linked to economic growth.
- However, many factors can cause differences between economic growth and EPS growth.

→ Our models assume that there is a reversion toward mean pricing over this time frame.

Moving from 10-Year to 20-Year Forecasts

- Our next step is to combine our 10-year forecasts with projections for years 11-20 for each asset class.
- We use a risk premium approach to forecast 10-year returns in ten years (i.e., years 11-20).
  - We start with an assumption (market informed, specifically the projected 10-year forward rate) for what the risk-free rate will be in ten years.
  - We then add a risk premium for each asset class.
  - We use historical risk premia as a guide, but many asset classes will differ from this, especially if they have a shorter history.
  - We seek consistency with finance theory (i.e., riskier assets will have a higher risk premia assumption).
- Essentially, we assume mean-reversion over the first ten years (where appropriate), and consistency with CAPM thereafter.
- The final step is to make any qualitative adjustments.
  - The Investment Policy Committee reviews the output and may make adjustments.

The Other Inputs: Standard Deviation and Correlation

Standard Deviation:

→ We review the trailing twenty-year standard deviation, as well as skewness.

→ Historical standard deviation serves as the base for our assumptions.

→ If there is a negative skew, we increased the volatility assumption based on the size of the historical skewness.

→ We also adjust for private market asset classes with “smoothed” return streams.

Correlation:

→ We use trailing twenty-year correlations as our guide.

→ Again, we make adjustments for “smoothed” return streams.

→ Most of our adjustments are conservative in nature (i.e., they increase the standard deviation and correlation).

- Bitcoin is the current exception, where we have decreased volatility relative to its full history.

→ Note that we also offer CMEs that do not de-smooth private market return streams

[1] Note that we round our standard deviation assumptions to whole numbers.

FAQs

FAQs for 2026

How do these CMEs compare to prior years' assumptions?

- → To help evaluate this, we created a weighted average of expected returns for the asset classes that comprise a typical institutional portfolio.[1]
- → The value of the expected return for the portfolio is not a precise expected return (i.e., it has not been run via MPT), but the magnitude of the change is what is relevant.
- → In short, the 20-year expected return for a typical portfolio is 50 basis points lower than last January.

Year	Weighted Average Expected Return (%)	Change from Prior Year (%)
2026	7.6	-0.5
2025	8.1	+0.1
2024	8.0	-0.2
2023	8.2	+1.7
2022	6.5	+0.4
2021	6.1	-0.7
2020	6.8	-0.6
2019	7.4	+0.7

[1] The weights are as follows: 10% investment grade bonds, 3% LT government bonds, 4% TIPS, 3% high yield, 2% bank loans, 3% EM debt, 3% private debt, 25% US equity, 12% EAFE equity, 8% EM equity, 10% private equity, 10% real estate, 2% natural resources, 3% infrastructure, 2% hedge funds.

FAQs for 2026

What is driving the changes from last year?

- → Interest rates declined, decreasing yields and hence expected returns for higher quality bonds.
- → Credit spreads tightened slightly, further lowering yields for riskier fixed income assets.
- → Lower yields benefitted several asset classes that rely on leverage, particularly real estate and infrastructure.
- → Equity market valuations moved higher, especially outside the US, thus reducing their forward-looking returns.
- → Relative valuations for private equity, which are quite lagged, are acting as a headwind in that asset class.
- → Lower anticipated long-term interest rates serve to decrease our 20-year projections.
  - The bridge from 10 to 20 years is made via a risk premium being added to a (lower) future risk-free rate.
  - The market projection for the 10-year risk-free rate declined from 5.42% to 5.30%.

FAQs for 2026

How do Meketa's CMEs compare to peers?

- → Our CMEs are typically in the same ballpark as our peers.
- → While we expect be above or below the median for various asset classes, we tend not to be systematically above or below for the entire group.
- → We generally cite the survey conducted each year by Horizon Actuarial Services for making peer comparisons, as it is the most comprehensive survey of CMEs of which we are aware.
  - However, this survey is usually not published until July or August.
- → It is important to distinguish between intermediate-term assumptions (e.g., 7-10 years) and long-term assumptions (e.g., 20-30 years) when making these comparisons.
  - The average long-term return assumptions tend to be higher than the intermediate-term assumptions across the peer group, typically by 10 to 50 basis points.
  - In 2025, the difference tended to be larger for riskier asset classes.

FAQs for 2026

What model changes were made?

→ We reduced the equity risk premium we assume for years 11-20 by 50 basis points.

- The 5.5% historical average risk premium for US equities is based on a history that includes significant multiple expansion (e.g., increase in P-E ratio).
  - Using this same level of risk premium implies that we would assume multiple expansion in the future.
  - Therefore, we decided to use a lower risk premium of 4.5%.
- We are making this change not just for US equities, but for every equity/growth-oriented asset class.
  - We have observed valuation multiples expand over time for most of these asset classes where we have available metrics (e.g., EBITDA multiples, cap rates).

→ We *decreased* the percentage of GDP growth translating to earning growth for frontier markets.

- EPS growth over the last eight years has been just 2.3%, while nominal GDP growth has been more than double that level.
- In fact, EPS was below its level from 2008 until the end of 2025.

→ We *increased* the percentage of GDP growth translating to earnings growth for China.

- Recent CCP policies and signaling have us slightly more optimistic about Chinese equities, though less so on the economy.
- The level of GDP growth translating to earnings growth is still less than half that for the US.

FAQs for 2026

What model changes were made?

→ For our buyout model, we changed the premium over public equities to be focused solely on the difference in EV/ EBITDA between public markets and buyouts (and not relative to buyout's own history).

- We also added debt multiple data to get a better gauge of current levels of leverage.

→ We are assuming slightly higher defaults rates (of 4%) for direct lending, consistent with the data we have for their average since 2020.

- We also increased the default rate assumption for asset based lending (ABL), while increasing the expected recovery rate as well.

→ We changed the weightings in our private credit composite to better reflect the broader opportunity set.

- We increased direct lending from 35% to 45%, while decreasing ABL and special situations each by 5%.

→ We increased the premium we expect for opportunistic real estate due to data indicating cap rates were higher than previously anticipated.

→ We increased the property value growth assumptions for timberland and farmland in recognition that prices have grown at an average of 2-3% per year higher than the rate of inflation since the 1990s.

FAQs for 2026

What model changes were made?

→ We adjusted the amount of leverage and source of financing across an array of asset classed based on the evolution of credit markets.

- These partly reflect industry reaction to the higher interest rates of recent years.
- They may also reflect changes to portfolio construction by GPs.

Asset Class	Leverage Direction	Leverage Range	Change in Financing
Buyouts	Down	1.2x – 1.35x	More private credit
Core Real Estate	None	1.2x – 1.3x	More fixed rate
Value Add Real Estate	Down	2.1x – 2.3x	More floating rate
Opportunistic Real Estate	None	2.8x – 3.2x	More floating rate
Core Infrastructure	Down	1.5x – 1.6x	More fixed rate
Non-core Infrastructure	Up	2.1x – 2.3x	More private credit
Timberland	Down	1.1x – 1.2x	More fixed rate
Farmland	Down	1.4x – 1.6x	More fixed rate

Sources include: Preqin, Pitchbook, Macquarie, IFM, S&P Global, NCREIF, CRE, and Meketa observations.

FAQs for 2026

What model changes were made?

→ We changed our model for gold to incorporate the Kaufmann & Winters gold price model.

- The model incorporates inflation, real interest rates, US dollar strength, financial stress, oil prices, and gold price persistence.
- It is a structural, macro-based valuation framework rather than a short-term trading model.
- It is more robust than our previous model which focused on real yields.

→ We reduced the "diversification return" assumption for commodities futures portfolios as correlations have risen over time.

- The diversification return reflects the impact of rebalancing among imperfectly correlated assets (i.e., buying low and selling high).

→ We increased the return assumption for Bitcoin to reflect its behavior as the asset class has matured.

- Since 2020, Bitcoin's returns resemble that of a high beta stock.
- We blend our traditional regime-shifting model with a CAPM approach that assigns Bitcoin a beta of 1.6.

FAQs for 2026

What "asset classes" were added in 2026?

→ Structured Notes

- We based the model on income notes as we believe they are the most commonly used among our client base.
- They are designed to provide very high income (typical coupon ~10%), so long as an underlying index (e.g., S&P 500) stays above a certain level.
- Investors earn the coupon unless markets crash, in which case they participate in the losses.
- Hence, we model the probability and outcome under two different regimes, based on history:
  - Normal regime, where the coupon is earned.
  - Alternative regime, where the floor (of a 30% loss) is breached.

→ Art and Collectibles

- We based it on the Artprice.com contemporary art index.
- We use a CAPM approach.
  - We compare the beta versus interest rates, the bond market, and stock market.
  - Each provides roughly the same result. We then average the three.

FAQs for 2026

Did volatility expectations change?

→ Not systematically; there were very few changes, and most were +/- 1%.

- Our methodology uses a 20-year look back, which includes the volatile years of 2022, 2020, and 2008.

→ The biggest change was a manual adjustment for Bitcoin, decreasing it from 75% to 50%.

- This is consistent with Bitcoin's volatility since 2020.
  - It reflects the growing institutionalization of the asset class (e.g., with bitcoin ETFs being introduced).
- Similarly, we used Bitcoin's *correlations* since 2020 as opposed to our standard 20-year look back.

Were there any qualitative adjustments?

→ We made a small manual adjustment to the 10-year US small cap equity return given "noise" in the pricing data.

→ The number of qualitative adjustments have grown fewer over the years as we have refined our models.

FAQs for 2026

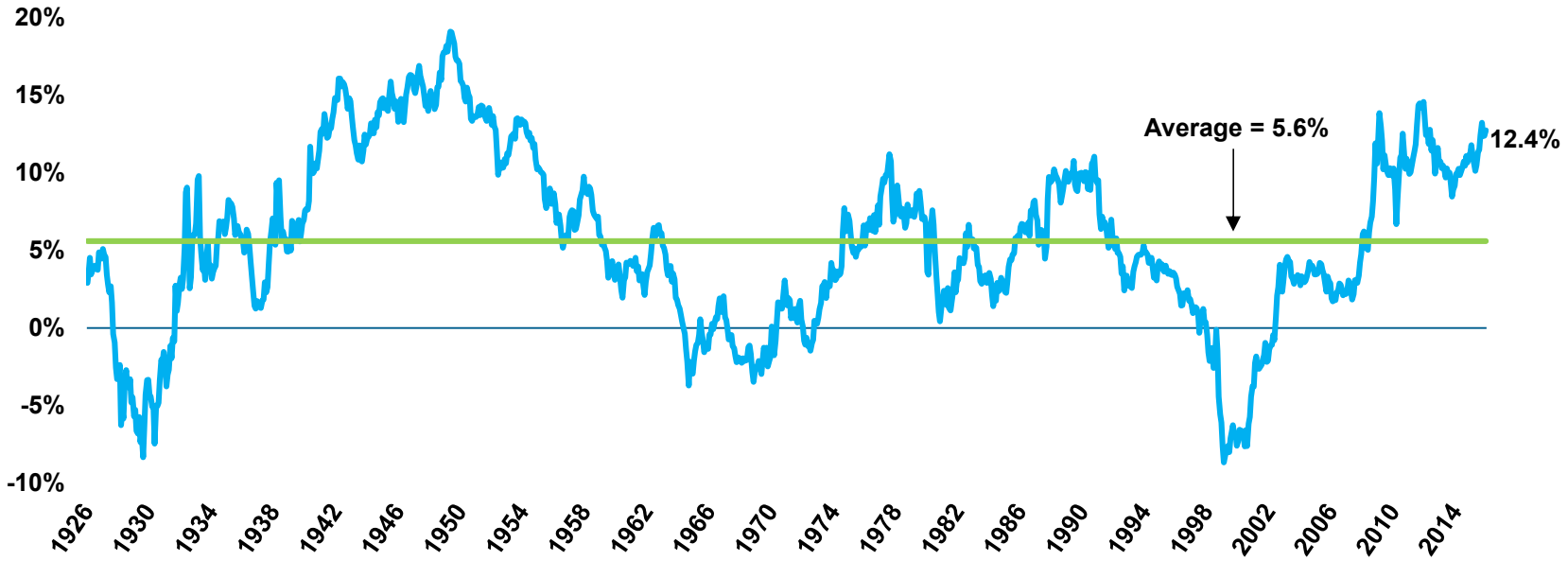
What is the equity risk premium implied by the CMEs?

→ We assume a long-term risk premium of 4.5% for US equities over 10-year Treasuries in our model.

- However, our 10-year assumptions imply an equity risk premium of ~2.1%.
- This averages out to a 20-year implied equity risk premium of ~3.3%.

→ Historically, the risk premium for the S&P 500 over the yield for the 10-year Treasury has averaged 5.6%, though the range has varied considerably.

US Equity Risk Premium over 10-year Treasury[1]



[1] Represents the ten-year risk premium for the S&P 500 index over the 10-year Treasury yield at the start of the period. Data is through December 31, 2025.

FAQs for 2026

Is Meketa assuming that interest rates will go up or down?

- → We use the market's projections for future rates, based on what was priced in at the time of our analysis.
- → For example, the market is projecting that the ten-year Treasury will be yielding approximately 5.3% in ten years, versus the actual yield of 4.14% at the end of December 2025.
- → By contrast, the FOMC is expecting the fed funds rate to fall to ~3.1% by 2027, implying a normally shaped (and steeper) yield curve.

What is the steepness of the yield curve you imply?

- → Just as our equity models assume mean reversion in pricing, our bond models assume a kind of mean reversion in the shape of the yield curve over the next ten years.
  - The yield on the 10-year Treasury has averaged 147 basis points over that for T-bills since 1934.
  - The 2-10 spread has averaged 85 basis points since 1976.
- → This is consistent with the market's projections for short-term and longer-term rates noted above.

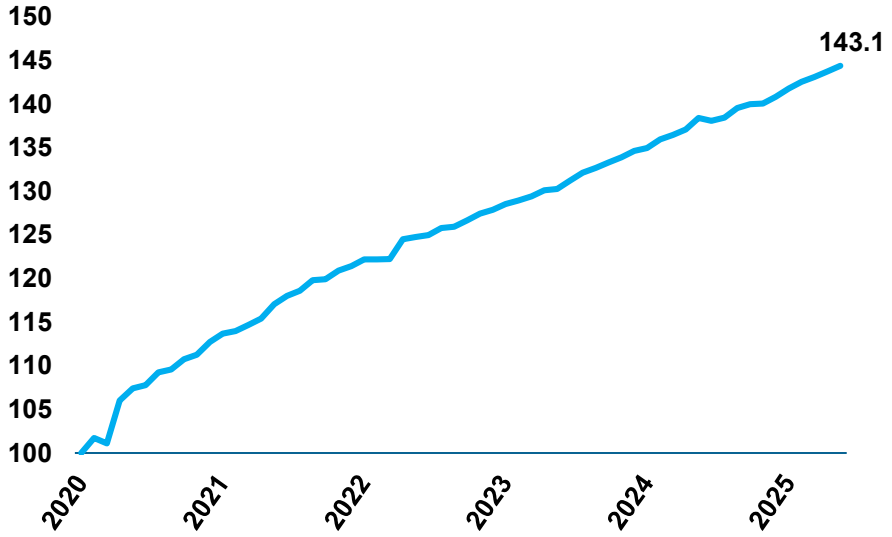
Source: FRED. 3-Month Treasury Bill Secondary Market Rate, Market Yield on US Treasury Securities at 10-Year Constant Maturity, 10-Year Treasury Constant Maturity Minus 2-Year Treasury Constant Maturity.

FAQs for 2026

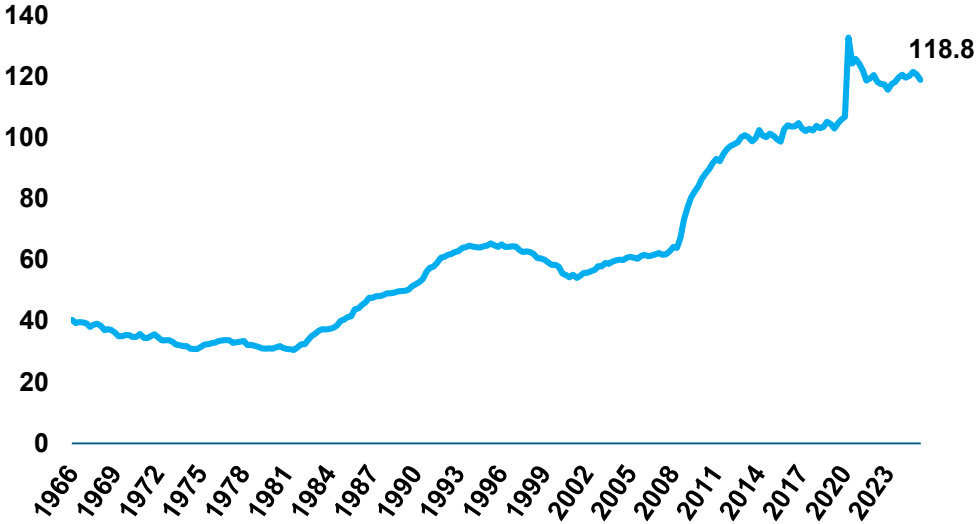
Why is the market projecting 10-year Treasury yields will be higher in ten years?

- → Expectations of higher inflation (or inflation uncertainty) could necessitate a demand by investors for higher nominal yields to compensation them for the loss of purchasing power.
- → Likewise, expectations of a widening government deficit that will be filled with additional borrowing could be perceived as increasing the credit risk of Treasury issuance, thereby increasing the yield investors seek to compensate them for this new, higher level of risk.
- → The market may also be pricing a partial normalization of the term premium.

Cumulative PCE Inflation Since December 2020



Federal Debt as a % of GDP



Source: FRED. Personal Consumption Expenditures indexed to 100 on December 2020. Federal Debt: Total Public Debt as Percent of Gross Domestic Product, Percent of GDP, Seasonally Adjusted.

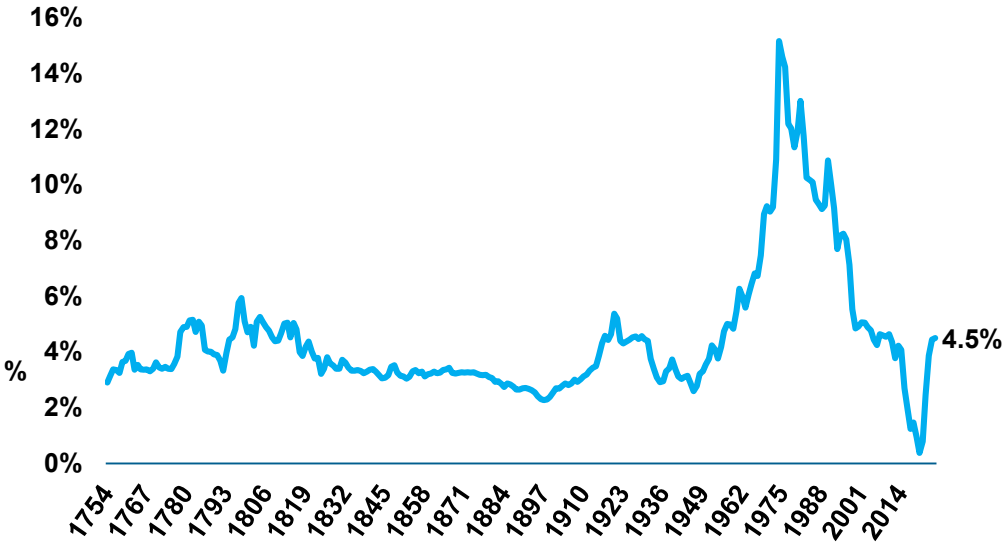
FAQs for 2026

Is it reasonable to believe that Treasury yields will be that high (5.3%) in ten years?

- → Looking back, a 5.3% rate on the 10-year Treasury is not unreasonable, as the 10-year has spent roughly half of the past 62 years at that level or higher.
- → However, when viewed over a (much) longer timeframe, the period from the late 1960s to the late 1990s appears to be a bit of an outlier.
  - From this viewpoint, a 5.3% yield on the debt issuance of the world's (perceived) safest government bonds would typically be associated with an unusually high bout of inflation.

Yield on 10-Year US Treasury Bonds Since 1962

Long-Term Bond Yields in the UK Since 1754



Source: FRED. Market Yield on US Treasury Securities at 10-Year Constant Maturity 1962-2025. Consol (Long-Term Bond) Yields in the United Kingdom 1754-2016, UK Long-Term (10-Year) Government Bond Yields 2017-2025.

FAQs for 2026

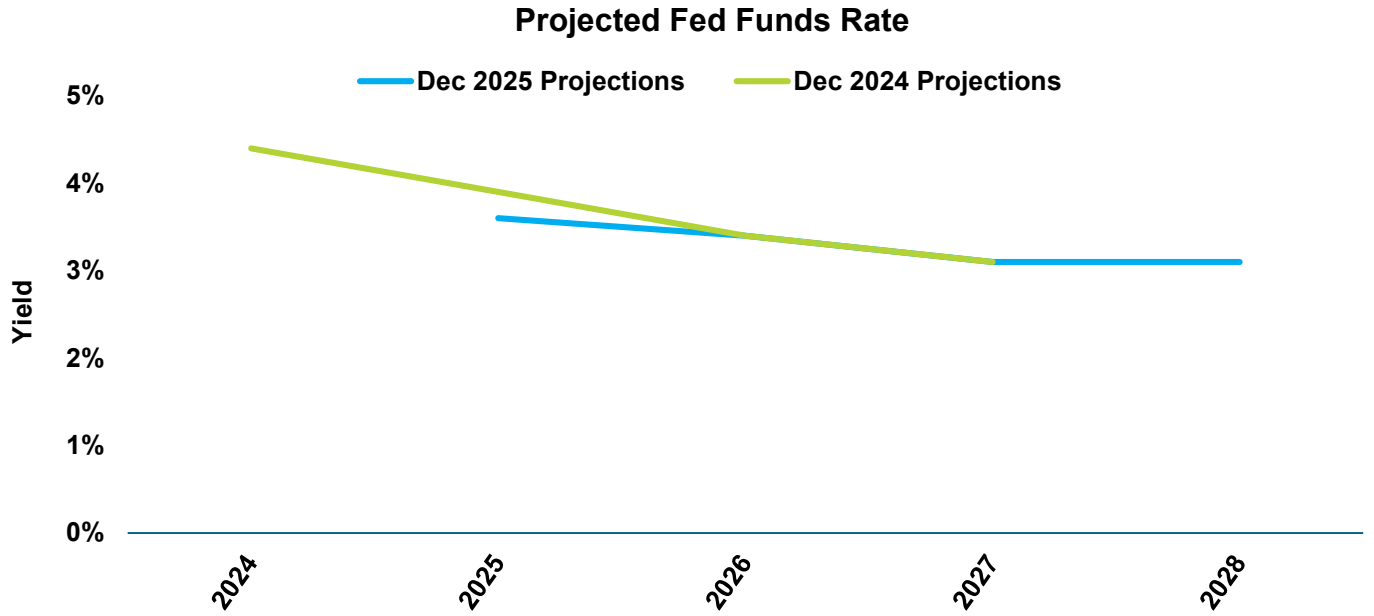
Why is the expected return for cash flat when short-term rates decreased during 2025?

→ Our expected returns are long-term projections, reflecting where we expect interest rates to settle in (i.e., the new "normal" rate).

→ Many economists (including the FOMC) and futures markets were previously predicting the path that rates followed in 2025.

→ They expect short-term rates to settle in at roughly the same place as they were anticipating a year ago.

- Most of the horizon will be at these rates that are projected to be the same as they were one year ago.



Source: FRED. FOMC Summary of Economic Projections for the Fed Funds Rate, Median.

FAQs for 2026

How does Meketa arrive at its inflation assumption?

→ Most of our economic projections come from the IMF's World Economic Outlook.

- They are projecting inflation of 2.4% for the US in 2026, followed by slightly lower levels (of 2.2%) thereafter.

→ We combine the five-year average for the US with the 5-year-5 inflation swap (i.e., what the market is projecting 5-year inflation will be five years from now), to arrive at our 10-year number of 2.3% for the US.

Inflation Estimates

	2026 (%)	2027 (%)	2028 (%)	2029 (%)	2030 (%)	5-Year Average (%)	5-Year-5 Inflation Swap (%)	10-Year Inflation Estimate (%)
US	2.4	2.2	2.2	2.2	2.2	2.2	2.4	2.3
Euro Area	2.2	2.2	2.1	2.1	2.1	2.1	2.1	2.1
UK	2.5	2.0	2.0	2.0	2.0	2.1	2.9	2.5
Japan	2.1	2.0	2.0	2.0	2.0	2.0	NA	1.7
China	0.7	1.4	1.8	1.9	2.0	1.6	NA	2.5

Sources: IMF World Economic Outlook, October 2025; Bloomberg.

FAQs for 2026

What are your GDP projections?

→ Our GDP projections come from the IMF's World Economic Outlook and Oxford Economics.

- They are projecting Real GDP growth of 2.4% for the US in 2026, followed by slightly lower levels thereafter, averaging 2.0% over ten years.

→ Similar to recent years, China has higher growth expectations, while Europe and Japan have lower growth projections.

Real GDP Estimates

	2026 (%)	2027 (%)	2028 (%)	2029 (%)	2030 (%)	2031 (%)	2032 (%)	2033 (%)	2034 (%)	2035 (%)	10-Year Average (%)
US	2.4	2.2	2.2	2.1	2.0	1.9	1.9	1.8	1.8	1.8	2.0
Euro Area	1.5	1.3	1.5	1.5	1.4	1.4	1.2	1.1	1.0	1.0	1.3
UK	1.5	1.3	1.4	1.5	1.5	1.6	1.6	1.6	1.6	1.5	1.5
Japan	0.7	0.6	0.6	0.4	0.3	0.0	0.0	0.0	0.0	-0.1	0.2
China	4.1	4.3	4.2	3.8	3.7	3.9	3.7	3.5	3.3	3.2	3.8

Sources: IMF World Economic Outlook, October 2025; Oxford Economics.

FAQs for 2026

Are US earnings expected to grow faster than the broad economy?

→ The companies in the US market have grown their earnings much faster than the broad market since the 1990s.

→ We assume this trend will continue, based on structural advantages enjoyed by the US market, including:

- A global footprint that provides access to potentially faster growth overseas economies.
- A different sector composition than the broader economy that favors faster growing sectors (e.g., IT).
- Stable pricing power as exhibited by steady profit margins.
- Favorable societal norms (e.g., a culture that values risk-taking and innovation).

How does the growth of S&P 500 earnings compare to your forward EPS growth projections?

→ Our long-term US EPS growth projections are 6.4%.

- This is reasonably consistent with the 6.7% average EPS growth rate observed for the past twenty years.
- However, it is conservative in comparison to the 7.6% rate since 1991 and the 9.9% rate observed since 2010.

Is trailing 20 years the right period to use to look at mean reversion for equities? Why not use the longest period possible for each asset class?

→ We use 20 years because we are trying to do apples-to-apples comparisons across similar asset classes.

→ While we have a long history of data for US equities, the available history (especially of earnings) is much shorter for non-US markets.

Source: S&P 500 Index data from Bloomberg. Represents trailing 12-month "as reported" earnings per share. Data is as of December 31, 2025. 1991 represents the earliest period for which we have data available.

FAQs for 2026

Do we believe US companies will continue to be net buyers of their stock, and why does that matter?

→ We believe US companies will continue to be net buyers of their shares over the next decade, though to a lesser extent than they have for the past decade.

- In the past year, several large technology firms have shifted to using cash for investment, primarily related to AI, data centers, and power generation.

→ Investors have generally rewarded US-based companies who have decided that the best use of their "excess" cash is to repurchase shares.

- So long as markets continue to support this decision, and so long as companies continue to generate sufficient cash to make buybacks, they are likely to continue to do so.

→ Moreover, a mature and active venture capital market in the US allows companies to fund significant growth while they are still private, thereby not diluting public market shareholders.

→ The buyback assumption matters in our models because it impacts EPS growth.

- If companies are more profitable and they are buying back shares, this will be much more beneficial to EPS than if companies are less profitable and are diluting their shares (e.g., via new issuance).
- That is, buybacks will be a net tailwind to EPS and thus expected returns.

→ We expect non-US markets to be net issuers of shares (i.e., this will be dilutive to shareholder wealth).

- This is most pronounced in emerging markets, due to their anticipated economic growth.

FAQs for 2026

How sensitive is your equities model to EPS growth expectations?

→ EPS growth is the primary driver of equity returns, even more so than valuations.

- For example, 10% EPS growth for US equities (consistent with the average since 2010) would imply a 10-year expected return of at least 10%.

How do you account for the percentage of earnings/revenues that companies derive from foreign countries?

→ Many large corporations operate internationally, allowing them to generate significant revenues and profits from overseas markets.

→ Hence, exposure to faster-growing economies could help profits to grow faster than domestic economic growth alone would allow.

→ Therefore, when estimating earnings growth for a market, we adjust for the geographic revenue source.

Revenue Source by Market

	Revenues from US (%)	Revenues from EAFE (%)	Revenues from EM (%)	Revenues from Frontier (%)
MSCI USA	60.9	18.2	19.4	1.5
MSCI EAFE	26.4	50.5	21.2	1.9
MSCI Emerging Markets	17.8	7.9	73.1	1.2

Source: MSCI Economic Exposure indices for USA, EAFE, Emerging Markets, and Frontier Markets as of December 31, 2025.

FAQs for 2026

How is your outlook on China affecting your expected returns?

→ Our outlook for China has declined in recent years due to a number of factors, including:

- The persistent and slow-moving real estate and debt crisis.
- The increasing economic imbalances driving dependence on dumping low-cost exports on trade partners.
  - Delayed rebalancing of economy to support domestic demand and increase domestic consumption.
- Determined and expanding support for the Russian military and economy in defiance of international norms.
- Currency and trade manipulation and irregular interventions in financial markets.
- President Xi's consolidation of personal power and promoting of Marxist-Leninist ideology.
- While the US and China have temporarily suspended the trade war, trade tensions are continuing to grow.

→ As a result, we place a significant discount on Chinese (and hence, emerging market) growth translating to EPS growth.

- However, over the past 12-24 months, the CCP has signaled a greater openness to the role of foreign capital in the economy.
  - For example, it developed two action plans designed to stabilize/attract foreign direct investment.
- We reduced the size of the discount as a result, though it is still sizable.

→ This serves as a drag on expected returns for EM and Chinese equities.

- It is also consistent with Chinese EPS growth substantially lagging GDP growth over the past twenty years.

FAQs for 2026

Why did the spread for private equity over public equity decrease?

→ The switch to EV/EBITDA for comparing public and private equity valuations was less favorable for private equity relative to our prior approach.

- The prior approach that also compared buyout valuations to their own history was highly subjective to changes in the historical data (which, alas, have happened with unnerving regularity in private equity).

→ Of note, the private equity data for the most recent year is typically lagged by one or two quarters and represents only a small percentage of deals expected to be completed during the year.

- Hence we look at the average of valuations for the last two years to provide a somewhat more robust, though lagged, data set.

How does Meketa look at valuations for venture capital?

→ Venture capital tends to be focused on a smaller part of the broad economy, concentrating mostly on a few sectors such as technology (SAS and AI) and healthcare.

→ To get a feel for how VC is currently priced, we create a proxy composed of public market indices that focus on these sectors.

- The composition and weightings have changed over time.
- The proxy is currently composed of: the NASDAQ; Pharma, Biotech & Life Sciences; IT Services; financial technology; AI; and Clean Tech/Environment.

→ That said, we take our VC model with a large grain of salt, as there is very little private market data available.

FAQs for 2026

Do we consider inflation when building expected returns for real assets like real estate, infrastructure, and natural resources?

→ Yes, for the vast majority of real assets, inflation is generally linked with either income or growth in our models.

Why did the expected return for foreign debt and global ILBS increase when it decreased for most other fixed income asset classes?

→ Countries and central banks outside the US may have different monetary policy priorities.

→ Monetary policy for many central banks has diverged from that in the US.

- As a result, yields for non-US government bonds moved higher, on average.

FAQs for 2026

How are you accounting for the non-linear return profile of Long Vol?

- → We assume that the payoff of a long vol strategy is significantly and positively skewed during periods of poor equity market returns (e.g., when equity markets increase or decrease by 10%).
- → However, the average return in most years is driven by the effective “insurance premium” investors pay for this strategy.
  - We acknowledge that MVO is not ideal for modeling assets with such non-linear payoff profiles (structured notes also fall into this category).

How much confidence do you have in your model for Bitcoin?

- → We have perhaps the lowest amount of confidence in our projections for Bitcoin.
- → First, there is a short return history for the asset class on which to make observations.
- → Moreover, the asset class has evolved such that the early years may not be representative of what investors can expect n the future.
- → In addition, the lack of associated cash flows makes the asset class challenging to model relative to most other financial assets, as does their sensitivity to government policy changes.
- → See the appendix for additional considerations and observations.

2026 Expected Returns and Changes from Prior Years

10-year Geometric Expected Returns
Rate Sensitive

	2026 E(R) (%)	2025 E(R) (%)	Δ From 2025 (%)	Notes
Cash Equivalents	2.8	2.8	0.0	lower yields offset by steady target rates
Short-term Investment Grade Bonds	3.7	4.2	-0.5	lower yields
Investment Grade (Core) Bonds	4.2	4.9	-0.7	lower yields
Long-term Government Bonds	4.5	5.0	-0.5	lower yields
Long-term Corporate Bonds	5.1	5.9	-0.8	lower yields
Short-term TIPS	3.7	3.9	-0.2	lower real yields
TIPS	3.8	4.3	-0.5	lower real yields
Long-term TIPS	4.5	5.0	-0.5	price impact from higher expected real yields
Global ILBs	4.7	4.2	+0.5	higher global inflation, currency tailwind, and higher yields
Foreign Bonds	3.0	2.4	+0.6	currency tailwind and higher yields
US Inflation	*2.3*	*2.3*	*0.0*	

10-year Geometric Expected Returns
Credit

	2026 E(R) (%)	2025 E(R) (%)	Δ From 2025 (%)	Notes
High Yield Bonds	5.4	6.3	-0.9	tighter spreads
Bank Loans	5.6	6.3	-0.7	tighter spreads
Multi-Sector Credit	5.5	6.3	-0.8	tighter spreads
Collateralized Loan Obligations (CLOs)	5.8	6.9	-1.1	lower yields
Emerging Market Bonds (major)	5.9	6.9	-1.0	lower yields
Emerging Market Bonds (local)	6.0	6.5	-0.5	lower yields
Emerging Market Corporate Bonds	5.1	5.6	-0.5	lower yields
Private Debt	7.8	8.7	-0.9	lower yields, changed weightings to be closer to broad opportunity set
Direct Lending	*7.0*	*7.6*	*-0.6*	*tighter spreads, increased our default rate assumption*
Asset Based Lending	*7.9*	*9.3*	*-1.4*	*lower yields (also changed assumptions for default & recovery)*
Special Situations Lending	*8.9*	*9.4*	*-0.5*	*lower yields (also higher assumptions for default & loss rate)*

10-year Geometric Expected Returns
Equities

	2026 E(R) (%)	2025 E(R) (%)	Δ From 2025 (%)	Notes
US Equity	6.3	6.4	-0.1	higher prices partly offset by earnings growth
Developed Non-US (EAFE) Equity	6.2	7.2	-1.0	higher prices
Emerging Market Equity	6.2	7.1	-0.9	much higher prices partly offset by earnings growth
Emerging Market ex-China	*6.0*	*7.5*	*-1.5*	*higher prices*
China Equity	*5.9*	*6.0*	*-0.1*	*higher prices partly offset by higher projected earnings growth*
Frontier Market Equity	6.1	8.9	-2.8	much higher prices (and lower EPS growth assumption)
Global Equity	6.3	6.6	-0.3	higher prices partly offset by earnings growth
Private Equity	9.0	9.8	-0.8	lagged impact of pricing
Buyouts	*8.6*	*9.5*	*-0.9*	*lagged impact of pricing, less leverage, cost of debt*
Growth Equity	*9.4*	*10.1*	*-0.7*	*lagged impact of pricing*
Venture Capital	*9.8*	*10.4*	*-0.6*	*lagged impact of pricing*

10-year Geometric Expected Returns
Real Estate and Infrastructure

	2026 E(R) (%)	2025 E(R) (%)	Δ From 2025 (%)	Notes
Real Estate	7.1	6.9	+0.2	lower borrowing costs
US REITs	*5.9*	*5.3*	*+0.6*	*higher yields*
Core Private Real Estate	*5.8*	*5.5*	*+0.3*	*lower borrowing costs*
Value-Added Real Estate	*8.7*	*8.4*	*+0.3*	*lower borrowing costs*
Opportunistic Real Estate	*9.8*	*9.5*	*+0.3*	*lower borrowing costs & higher cap rates assumption*
Infrastructure	7.4	7.2	+0.2	lower cost of debt partly offset by lower income
Infrastructure (Public)	*7.5*	*7.6*	*-0.1*	*mixed valuation impact*
Infrastructure (Core Private)	*6.5*	*6.2*	*+0.3*	*lower cost of debt partly offset by lower income*
Infrastructure (Non-Core Private)	*8.4*	*8.2*	*+0.2*	*higher leverage assumption partly offset by higher cost of debt assumption*

10-year Geometric Expected Returns
Natural Resources and Commodities

	2026 E(R) (%)	2025 E(R) (%)	Δ From 2025 (%)	Notes
Natural Resources	7.1	7.4	-0.3	higher prices
Natural Resources (Public)	7.3	7.8	-0.5	higher prices
Natural Resources (Private)	7.1	7.4	-0.3	higher prices
Energy	*8.1*	*8.8*	*-0.7*	*higher prices*
Mining	*6.1*	*8.3*	*-2.2*	*much higher prices*
Timberland	*5.3*	*5.3*	*0.0*	*higher growth assumptions offset by higher prices*
Farmland	*6.1*	*3.6*	*+2.5*	*higher growth assumptions*
Sustainability	*8.0*	*8.6*	*-0.6*	*higher prices*
MLPs	6.1	5.7	+0.4	slightly higher yields
Gold Mining	5.3	7.9	-2.6	much higher prices
Gold (Metal)	4.8	2.3	+2.5	switched from real yield model to Kaufmann & Winters gold price model
Commodities	5.0	5.5	-0.5	assuming lower diversification return (higher correlations)

10-year Geometric Expected Returns
Hedge Funds and Miscellaneous

	2026 E(R) (%)	2025 E(R) (%)	Δ From 2025 (%)	Notes
Hedge Funds	3.8	4.2	-0.4	higher prices & lower yields
Long-Short	*2.9*	*3.1*	*-0.2*	*higher prices*
Event Driven	*5.0*	*5.1*	*-0.1*	*higher prices & lower yields*
Global Macro	*4.4*	*4.5*	*-0.1*	
Trend Following	*3.5*	*3.4*	*+0.1*	
Fixed Income/L-S Credit	*4.1*	*4.9*	*-0.8*	*lower yields and tighter spreads*
Relative Value/Arbitrage	*4.0*	*4.9*	*-0.9*	*tighter spreads*
RMS Aggregate	3.5	3.7	-0.2	
Long Vol	0.5	0.7	-0.2	
Insurance Linked Strategies	3.8	4.8	-1.0	lower yields
Alternative Risk Premia	5.2	5.2	0.0	
Bitcoin	5.7	2.9	+2.8	changed model to include CAPM approach in addition to tail model

20-year Geometric Expected Returns
Rate Sensitive

	2026 E(R) (%)	2025 E(R) (%)	Δ From 2025 (%)	Notes
Cash Equivalents	3.1	3.1	0.0	
Short-term Investment Grade Bonds	4.0	4.3	-0.3	lower yields
Investment Grade (Core) Bonds	4.9	5.3	-0.4	lower yields
Long-term Government Bonds	5.1	5.7	-0.6	lower yields
Long-term Corporate Bonds	6.0	6.7	-0.7	lower yields
Short-term TIPS	4.0	4.1	-0.1	lower real yields
TIPS	4.7	5.0	-0.3	lower real yields
Long-term TIPS	5.1	5.7	-0.6	Lower long-term yields
Global ILBs	5.2	5.0	+2.0	higher global inflation, currency tailwind, and higher yields
Foreign Bonds	4.1	3.9	+2.0	currency tailwind and higher yields
US Inflation	*2.7*	*2.7*	*0.0*	

20-year Geometric Expected Returns
Credit

	2026 E(R) (%)	2025 E(R) (%)	Δ From 2025 (%)	Notes
High Yield Bonds	6.6	7.1	-0.5	tighter spreads
Bank Loans	6.4	6.8	-0.4	tighter spreads
Multi-Sector Credit	6.5	7.0	-0.5	tighter spreads
Collateralized Loan Obligations (CLOs)	6.4	7.0	-0.6	lower yields
Emerging Market Bonds (major)	6.6	7.1	-0.5	lower yields
Emerging Market Bonds (local)	6.4	6.7	-0.3	lower yields
Emerging Market Corporate Bonds	6.2	6.5	-0.3	lower yields
Private Debt	8.2	9.1	-0.9	lower yields, changed weightings to be closer to broad opportunity set
Direct Lending	*7.4*	*8.2*	*-0.8*	*tighter spreads, increased our default rate assumption*
Asset Based Lending	*8.4*	*9.3*	*-0.9*	*lower yields (also changed assumptions for default & recovery)*
Special Situations Lending	*9.4*	*9.9*	*-0.5*	*lower yields (also higher assumptions for default & loss rate)*

20-year Geometric Expected Returns
Equities

	2026 E(R) (%)	2025 E(R) (%)	Δ From 2025 (%)	Notes
US Equity	8.0	8.4	-0.4	higher prices partly offset by earnings growth
Developed Non-US (EAFE) Equity	7.9	8.7	-0.8	higher prices
Emerging Market Equity	8.0	8.7	-0.7	much higher prices partly offset by earnings growth
Emerging Market ex-China	*7.9*	*9.0*	*-1.1*	*higher prices*
China Equity	*7.8*	*8.1*	*-0.3*	*higher prices partly offset by higher projected earnings growth*
Frontier Market Equity	8.1	9.8	-1.7	much higher prices (and lower EPS growth assumption)
Global Equity	8.0	8.5	-0.5	higher prices partly offset by earnings growth
Private Equity	10.2	11.2	-1.0	lagged impact of pricing
Buyouts	*9.9*	*10.9*	*-1.0*	*lagged impact of pricing, less leverage, cost of debt*
Growth Equity	*10.6*	*11.4*	*-0.8*	*lagged impact of pricing*
Venture Capital	*11.0*	*11.9*	*-0.9*	*lagged impact of pricing*

20-year Geometric Expected Returns
Real Estate and Infrastructure

	2026 E(R) (%)	2025 E(R) (%)	Δ From 2025 (%)	Notes
Real Estate	8.3	8.5	-0.2	
US REITs	*7.8*	*7.8*	*0.0*	
Core Private Real Estate	*7.3*	*7.4*	*-0.1*	
Value-Added Real Estate	*9.5*	*9.6*	*-0.1*	
Opportunistic Real Estate	*10.8*	*10.9*	*-0.1*	
Infrastructure	9.0	9.2	-0.2	
Infrastructure (Public)	*8.6*	*9.0*	*-0.4*	
Infrastructure (Core Private)	*7.9*	*8.0*	*-0.1*	
Infrastructure (Non-Core Private)	*10.1*	*10.3*	*-0.2*	

20-year Geometric Expected Returns
Natural Resources and Commodities

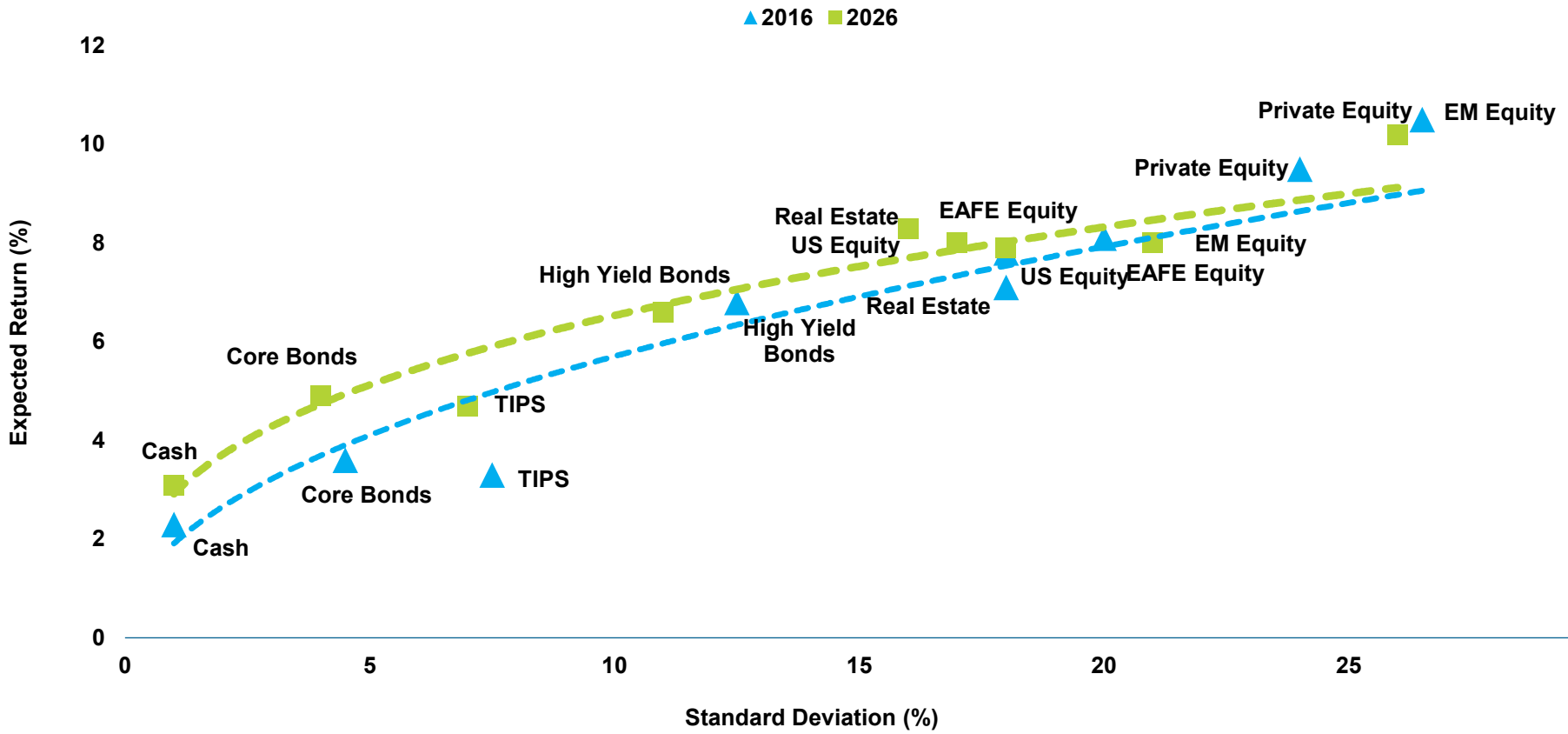
	2026 E(R) (%)	2025 E(R) (%)	Δ From 2025 (%)	Notes
Natural Resources	8.6	9.2	-0.6	higher prices
Natural Resources (Public)	8.5	9.1	-0.6	higher prices
Natural Resources (Private)	8.6	9.2	-0.6	higher prices
Energy	*9.4*	*10.3*	*-0.9*	*higher prices*
Mining	*8.4*	*9.8*	*-1.4*	*much higher prices*
Timberland	*7.0*	*7.3*	*-0.3*	*higher growth assumptions offset by higher prices*
Farmland	*7.4*	*6.5*	*+0.9*	*higher growth assumptions*
Sustainability	*9.4*	*10.2*	*-0.8*	*higher prices*
MLPs	7.9	8.0	-0.1	
Gold Mining	7.9	9.5	-1.6	much higher prices
Gold (Metal)	4.8	3.6	+1.2	switched from real yield model to Kaufmann & Winters gold price model
Commodities	5.4	5.9	-0.5	assuming lower diversification return

20-year Geometric Expected Returns
Hedge Funds and Miscellaneous

	2026 E(R) (%)	2025 E(R) (%)	Δ From 2025 (%)	Notes
Hedge Funds	5.7	6.0	-0.3	higher prices & lower yields
Long-Short	*5.2*	*5.5*	*-0.3*	*higher prices*
Event Driven	*6.5*	*6.7*	*-0.2*	*higher prices & lower yields*
Global Macro	*5.8*	*5.9*	*-0.1*	
Trend Following	*4.9*	*4.9*	*0.0*	
Fixed Income/L-S Credit	*5.9*	*6.4*	*-0.5*	*lower yields and tighter spreads*
Relative Value/Arbitrage	*6.0*	*6.5*	*-0.5*	*tighter spreads*
RMS Aggregate	4.6	4.8	-0.2	
Long Vol	1.4	1.5	-0.1	
Insurance Linked Strategies	5.8	6.3	-0.5	lower yields
Alternative Risk Premia	5.8	5.8	0.0	
Bitcoin	6.0	4.1	+1.9	changed model to include CAPM approach in addition to tail model

The Big Picture: Higher Return for Similar Risk[1]

- → The relationship between long-term return expectations and the level of risk accepted is not static.
- → The higher interest rates compared to a decade ago mean that many investors have greater flexibility in how they structure a portfolio to achieve their target returns.



[1] Expected return and standard deviation are based upon Meketa Investment Group's 2016 and 2026 20-year capital market expectations.

Summary Data and Track Record

Return and Risk Data

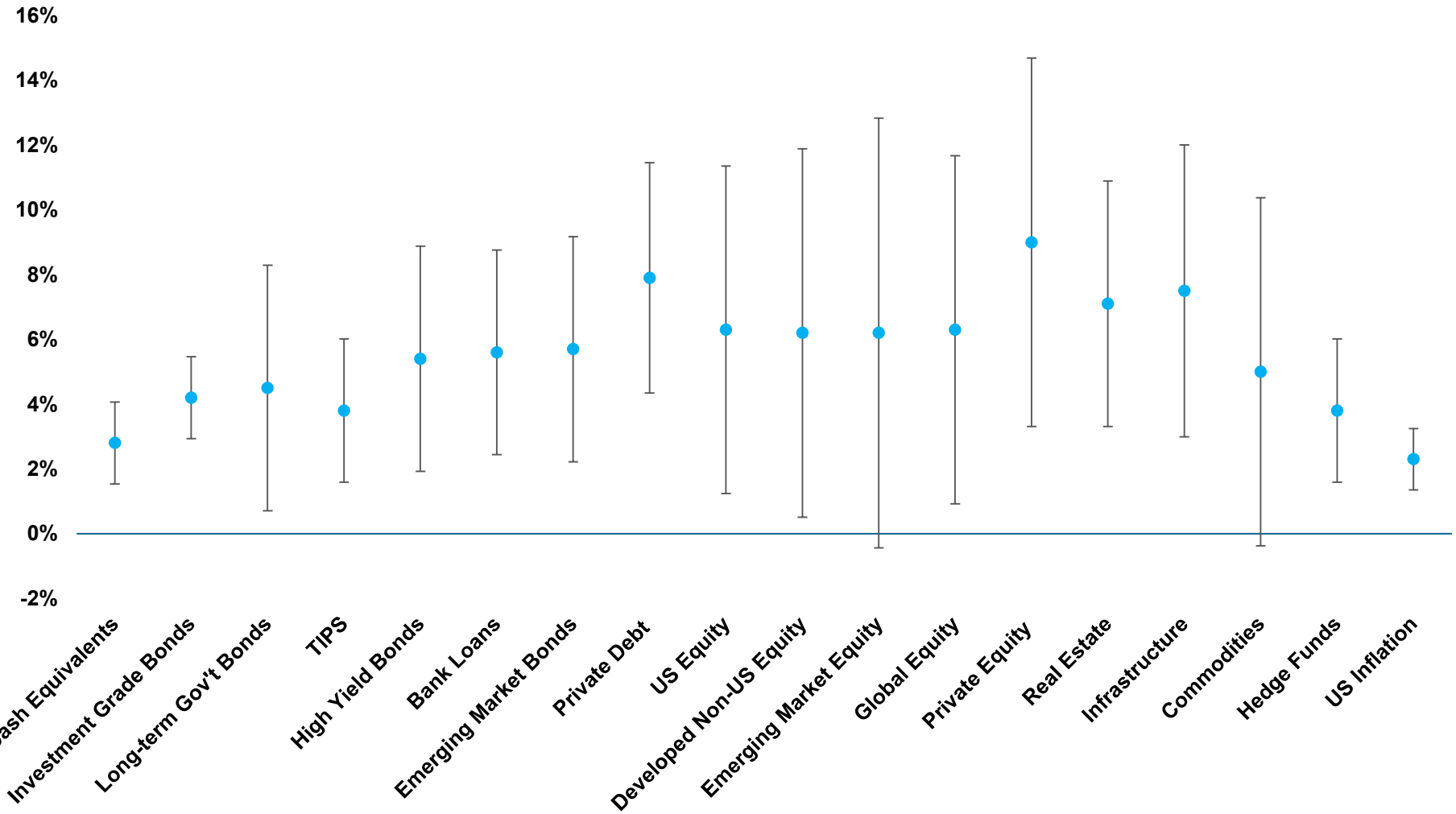
Asset Class	10-year Expected Return (%)	20-year Expected Return (%)	Standard Deviation (%)	Years 11-20 Risk Premium[1] (%)
Cash Equivalents	2.8	3.1	1.0	-2.0
Investment Grade Bonds	4.2	4.9	4.0	0.4
Long-term Government Bonds	4.5	5.1	12.0	0.5
TIPS	3.8	4.7	7.0	0.4
High Yield Bonds	5.4	6.6	11.0	2.5
Bank Loans	5.6	6.4	10.0	2.0
Emerging Market Debt	5.7	6.4	11.0	1.8
Private Debt	7.9	8.4	15.0	3.5
US Equity	6.3	8.0	17.0	4.5
Developed Non-US Equity	6.2	7.9	18.0	4.4
Emerging Non-US Equity	6.2	8.0	21.0	4.5
Global Equity	6.3	8.0	17.0	4.5
Private Equity	9.0	10.2	26.0	6.3
Real Estate	7.1	8.3	16.0	4.3
Infrastructure	7.5	9.0	19.0	5.2
Commodities	5.0	5.4	17.0	0.5
Hedge Funds	3.8	5.7	7.0	2.3
Inflation	2.3	2.7	NA	NA

[1] Risk premia are calculated relative to the market's projection for the yield on the 10-year Treasury in ten years..

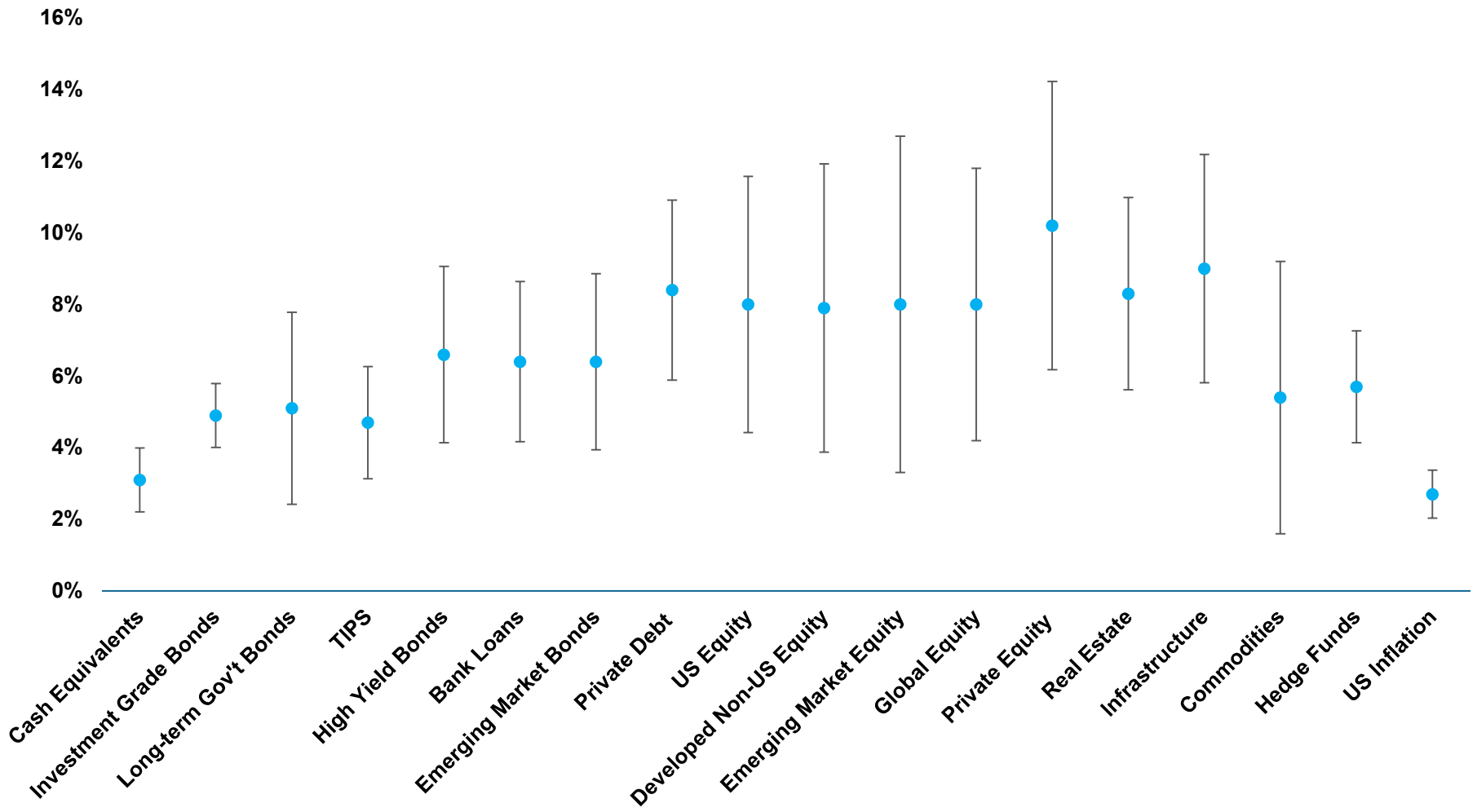
Correlation Data

	Inv. Grade Bonds	Long-Term Gov't Bonds	TIPS	High Yield Bonds	US Equity	Dev. Non-US Equity	Em. Market Equity	Private Equity	Real Estate	Commod.	Infra.	Hedge Funds
Investment Grade Bonds	**1.00**											
Long-Term Government Bonds	0.86	**1.00**										
TIPS	0.77	0.61	**1.00**									
High Yield Bonds	0.35	-0.03	0.48	**1.00**								
US Equity	0.24	-0.07	0.31	0.76	**1.00**							
Developed Non-US Equity	0.29	-0.06	0.35	0.77	0.86	**1.00**						
Emerging Market Equity	0.27	-0.05	0.36	0.73	0.74	0.85	**1.00**					
Private Equity	0.00	-0.10	0.03	0.66	0.90	0.83	0.79	**1.00**				
Real Estate	0.26	0.07	0.17	0.56	0.53	0.49	0.42	0.48	**1.00**			
Commodities	0.01	-0.23	0.29	0.49	0.46	0.55	0.59	0.23	0.15	**1.00**		
Infrastructure	0.31	0.14	0.32	0.65	0.64	0.68	0.59	0.51	0.61	0.41	**1.00**	
Hedge Funds	0.16	-0.16	0.31	0.79	0.81	0.82	0.80	0.53	0.47	0.64	0.61	**1.00**

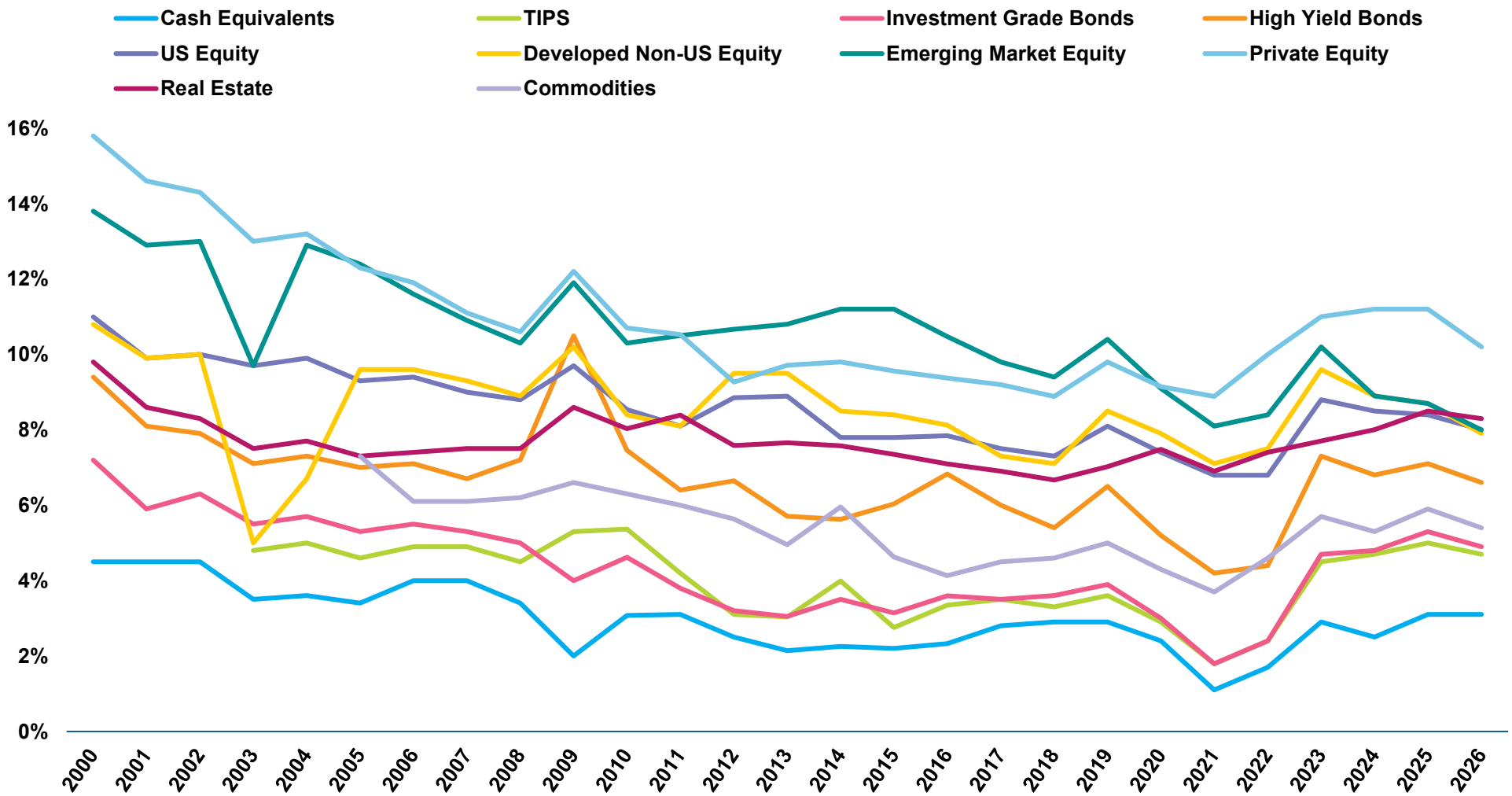
10-Year Return Forecasts and Likely Range



20-Year Return Forecasts and Likely Range

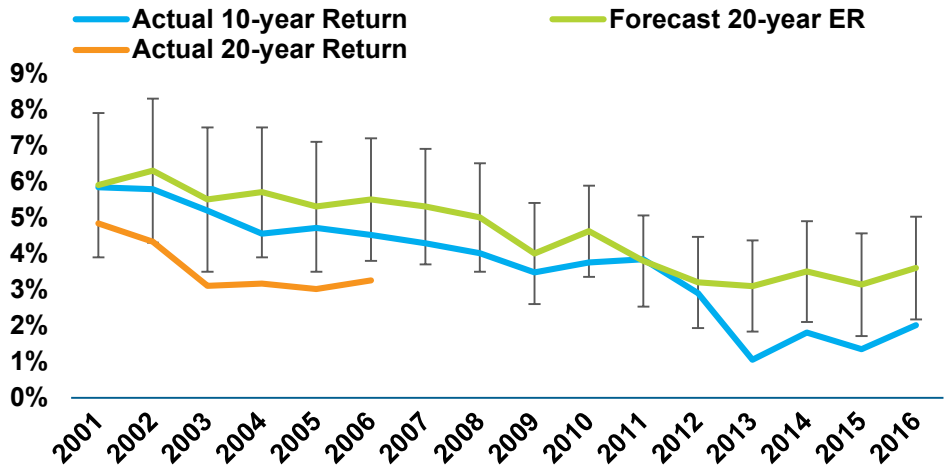


Our 20-Year CMEs Since 2000

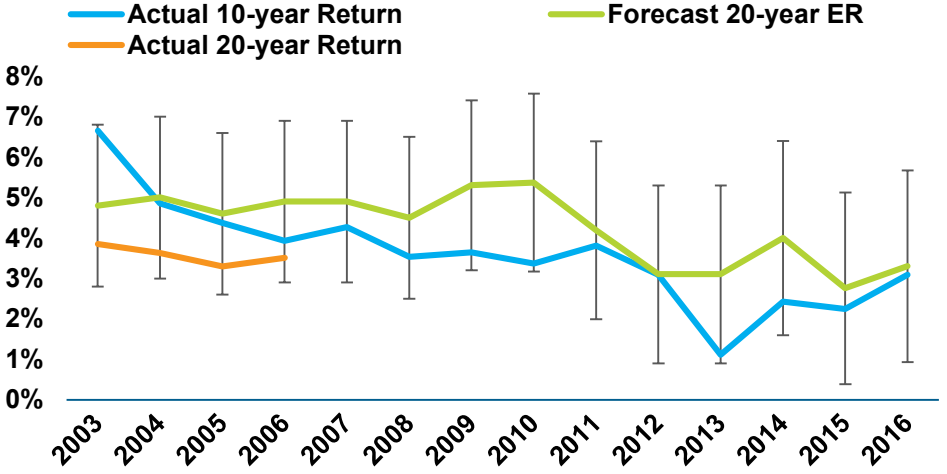


Our Track Record

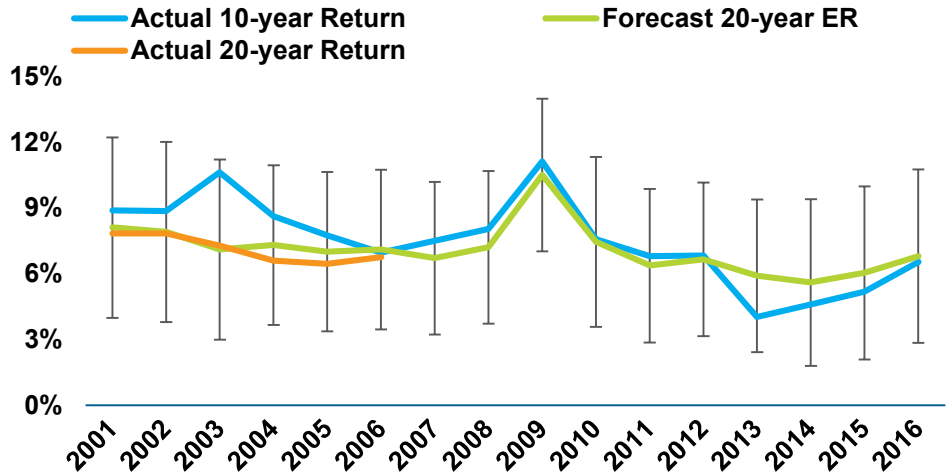
Investment Grade Bonds



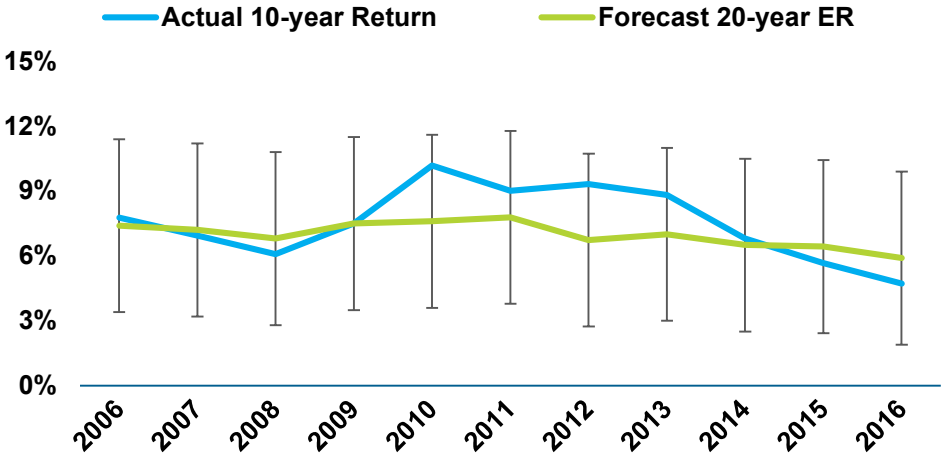
TIPS



High Yield Bonds

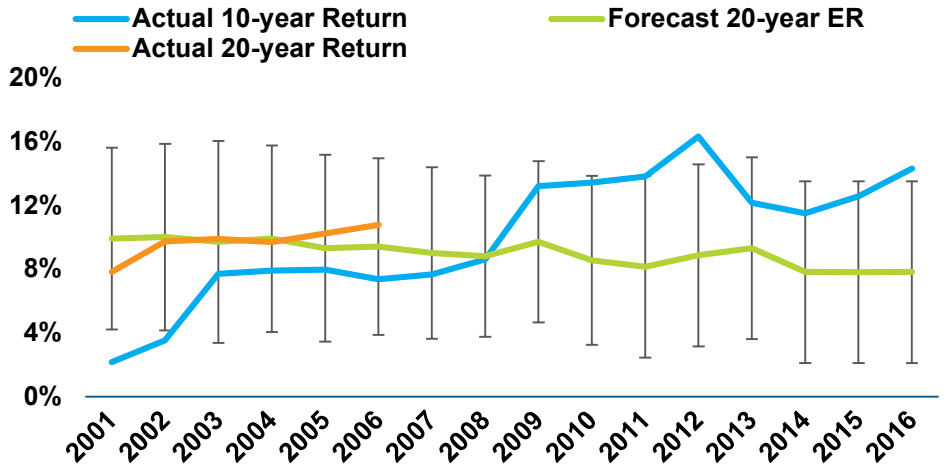


Core Real Estate

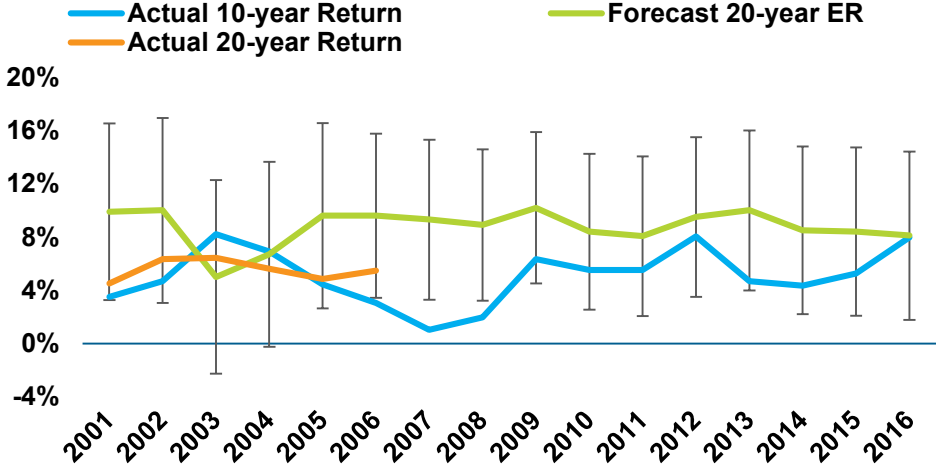


Our Track Record (continued)

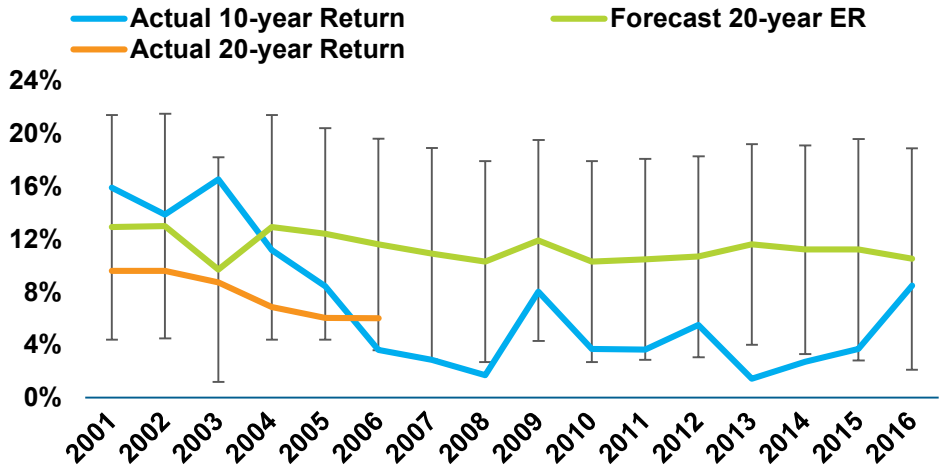
US Equity



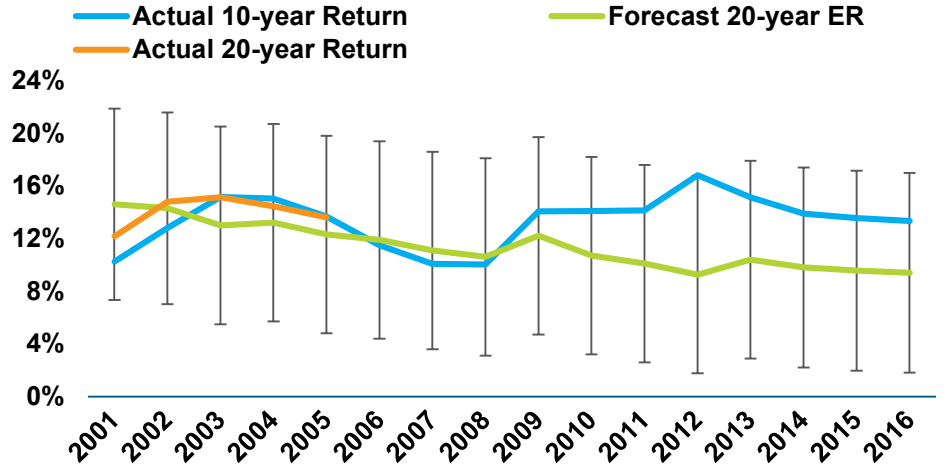
EAFE Equity



Emerging Markets Equity



Private Equity



2025 Peer Survey

- Annually, Horizon Actuarial Services, LLC publishes a survey of capital market assumptions that they collect from various investment advisors.[1]
- The Horizon survey is a useful tool to determine whether a consultant's expectations for returns (and risk) are reasonable.

Asset Class	Horizon 10-Year Average (%)	Meketa 10-Year (%)	Horizon 20-Year Average (%)	Meketa 20-Year (%)
Cash Equivalents	3.6	2.8	3.6	3.1
TIPS	4.4	4.3	4.4	5.0
US Core Bonds	5.0	4.9	5.1	5.3
US High Yield Bonds	6.0	6.3	6.3	7.1
Emerging Market Debt	6.0	6.3	6.3	6.8
Private Debt	7.9	8.7	8.1	9.1
US Equity (large cap)	6.4	6.4	7.0	8.4
Developed Non-US Equity	7.0	7.2	7.4	8.7
Emerging Non-US Equity	7.4	7.1	7.9	8.7
Private Equity	9.1	9.8	9.6	11.2
Real Estate	6.2	6.9	6.4	8.5
Infrastructure	7.2	7.2	7.5	9.2
Commodities	4.7	5.5	4.8	5.9
Hedge Funds	5.9	4.2	6.2	6.0
Inflation	2.4	2.3	2.4	2.7

[1] The 10-year horizon included all 41 respondents to the survey, and the 20-year horizon included 27 respondents. Figures are based on Meketa's 2025 CMEs. The survey is typically published in August.

Asset Class Models

Equities

- We use a fundamental model for equities that combine income and capital appreciation:

$$E(R) = Dividend\ Yield + Price\ Return + Currency\ Effect$$

$$Price\ Return = Earnings\ Growth + Multiple\ Effect$$

- We use the current dividend yield on the respective index.[1]
- Our basis for earnings growth is a combination of real GDP growth, inflation, and exposure to foreign revenue sources.
  - We adjust this using an estimate of what percentage of economic growth will translate to earnings growth.
- We use a combination of valuation metrics to calculate the multiple effect.
  - These include PE, PE10, and a form of the dividend discount model.
- The models assume reversion to the mean or fair value.
- We arrive at our preliminary 10-year assumption (in local currency).

US Equity $E(R)$ = 1.2% + [(1 + 6.4%) x (1 - 1.1%) – 1] = 6.3%

- For non-US equities, we add the expected currency effect vs. the US Dollar to the local expected return.

[1] The source for dividend yields is S&P 500 for the US and MSCI for non-US equities. Note that in multiple places in this presentation, we display rounded values in the inputs, which may result in minor discrepancies in the results.

Equities: Earnings Growth

- For projected earnings growth, we add expected real GDP and expected inflation to arrive at nominal GDP.[1]
  - The model is based on the theory that a region's companies will grow at roughly the same rate as its economy, as defined by GDP, over the long term.
- However, the amount of economic growth that translates to EPS growth has been quite different among markets historically.
  - This is due to a variety of factors, including the global footprint of companies, market composition, profitability, the level of interest rates, government policies, societal norms, and net issuance of shares.
- Therefore, we use an estimate of the percentage of GDP growth that will translate to EPS growth for each market.

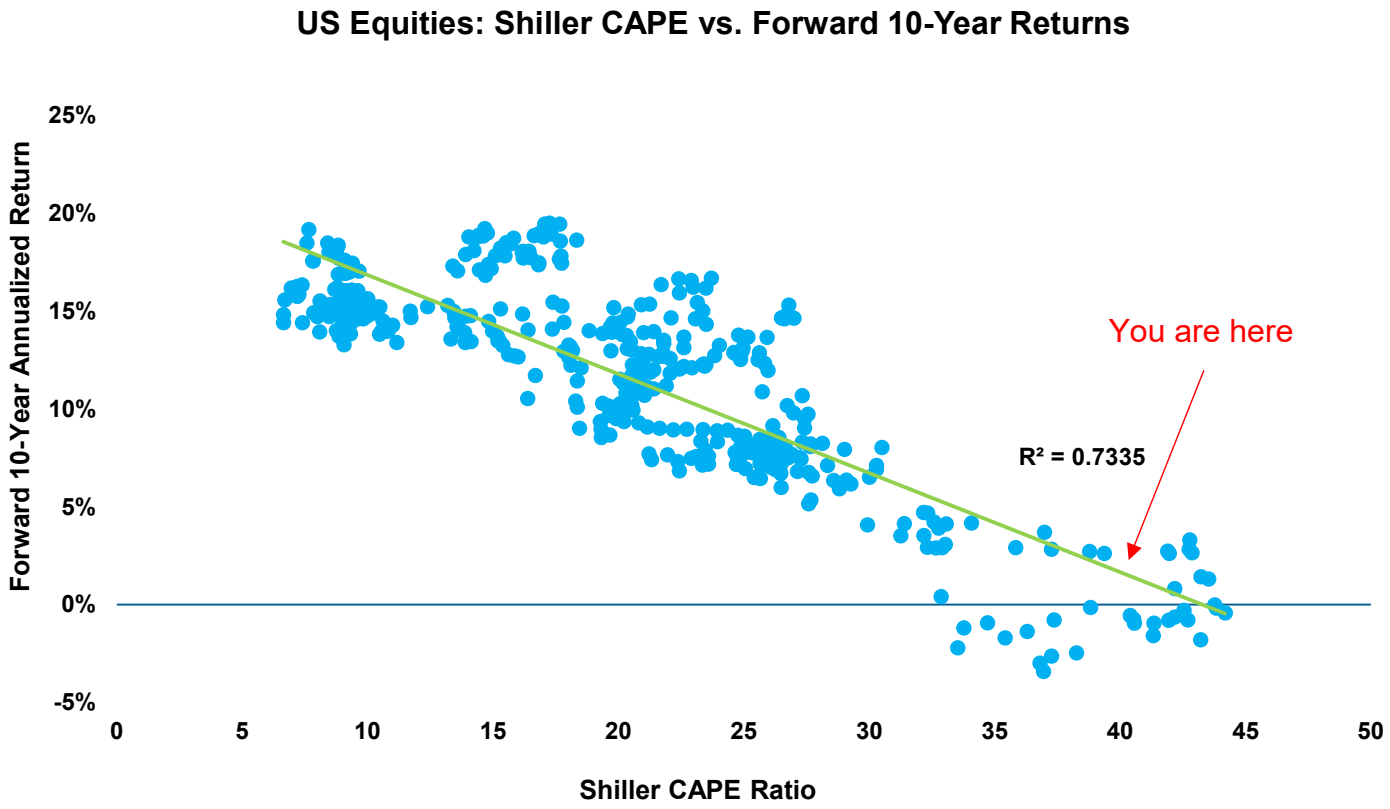
	US	EAFE	EM	China	ACWI
Estimated % of Growth Translating to EPS	130	85	73	60	109

[1] We constructed 5-year GDP based on the IMF World Economic Outlook as of October 2025 and Oxford Economics projections, and then use Oxford Economics projections for the remaining five years to arrive at a ten-year forecast for each. We constructed inflation projections based on the IMF World Economic Outlook as of October 2025, historical averages and 5-year Inflation swaps maturing 5 years from now where available (e.g., US, Euro Area, UK).

Equities: Impact of Prices on Returns

→ Valuations have mattered, historically. Relative prices have been indicative of future equity returns.

- Higher prices have led to lower future returns, and vice versa.



Source: Robert Shiller, Yale University, and Meketa Investment Group. Data is based on monthly returns and Cyclically Adjusted P/E ratio on S&P 500 Index for the period from January 1980 through December 2025.

Equities: Valuation Model 1

- We use several models with different lenses on valuations for public equities.
- In model one, to calculate the price return, we estimate the fair value of the index in ten years.
  - We first calculate future earnings per share (EPS) by compounding current EPS[1] at our projected earnings growth rate.
  - We average the next ten years of projected EPS to arrive at an EPS 10 in ten years.

Index	US	EAFE	EM	EAFE Sm	EM Small	Frontier
Average EPS10 in 10 years	*384.3*	*205.6*	*109.7*	*22.2*	*94.0*	*71.6*

- We multiply EPS10 by our projected PE10 ratio to arrive at a ten-year price target.
  - We assume investors will pay slightly different ratios for earnings in different regions.[1]

US Price Target = 3843 × 28.3 = 10,861

- We divide this future price by the current price and then annualize the price change.

US Price Return = (10861 ÷ 6846) ^ 1/10 – 1 = 4.7%

- We subtract the projected earnings growth from the price change to arrive at the multiple effect.

$Multiple\ Effect_{Model\ 1}$ *= 4.7% – 6.4% = -1.7%*

[1] We assume that PE10 reverts 75% of the way back to its historical median. We use the median PE10 for the trailing 20 years. Throughout this document, numbers may not sum due to rounding.

Equities: Valuation Model 2

- In model 2, to calculate the price return, we estimate the fair value of the index in ten years.
- We first calculate future EPS by multiplying current EPS by projected earnings growth.

$$US\ EPS = 269.3 \times (1 + 6.4\%)\ \hat{}\ 10 = 499.7$$

- We multiply EPS by our projected PE ratio[1] to arrive at a ten-year price target.[2]

$$US\ Price\ Target = 499.7 \times 19.4 = 9{,}699$$

- We divide this future price by the current price and then annualize the price change.

$$US\ Price\ Return = (9699 \div 6846)\ \hat{}\ 1/10 - 1 = 3.5\%$$

- We subtract the projected earnings growth from the US price return to arrive at the multiple effect.

$$Multiple\ Effect_{Model\ 2} = 3.5\% - 6.4\% = -2.8\%$$

[1] We assume that PE reverts 75% of the way back to its historical median. We use a historical PE (trailing twelve months) that is consistent with the median for the past twenty years.
[2] Throughout this document, numbers may not sum due to rounding.

Equities: Valuation Models 3 and 4

- Our third and fourth equity models use a form of the dividend discount model (DDM).
- This is based on the premise that the level of interest rates affect current valuations when discounting future cash flows (or earnings).
- This time value of money concept can be quantified by using the DDM.
  - The DDM calculates a present value for the stock market based on interest rates.
- First, we determine what the implied cost of equity (i.e., discount rate) has been historically.
  - This is based on historical interest rates, growth rates, inflation, and prices.
- We then turn that into a “premium” over government bond rates that can be applied to the current level of interest rates to arrive at a new discount rate.

Equities: Valuation Models 3 and 4 (continued)

→ To calculate fair value, we use the Dividend Discount Model.

$$Fair\ Value = E \times (1 + G) \div (D - G)$$

- For earnings (E), we use EPS10 for model 3 and current EPS for model 4.
- For the growth rate (G), we use our projected earnings growth rate.
- For the discount rate (D), we add the current level of short-term interest rates to an expected premium over this rate.[1]

US Implied Discount Rate = 3.7% + 5.5% = 9.2%

→ The fair value can be calculated as:

$$Fair\ ValueModel_3 = 179.5 \times (1 + 6.4\%) \div (9.2\% - 6.4\%) = 6{,}840$$

$$Fair\ ValueModel_4 = 269.3 \times (1 + 6.4\%) \div (9.2\% - 6.4\%) = 10{,}259$$

→ We find the difference between fair value and current value, and we assume 75% reversion to fair value is achieved over a ten-year period.

$$Multiplier\ Effect_{Model\ 3} = 0.75 \times [(1 + (6839 - 6846) \div 6846)\ \hat{}\ (1/10) - 1] = 0.0\%$$

$$Multiplier\ Effect_{Model\ 4} = 0.75 \times [(1 + (10259 - 6846) \div 6846)\ \hat{}\ (1/10) - 1] = 3.1\%$$

[1] We use the historical discount rate as a starting point, but projected discount rates can vary. For example, in 2026 we are using discount rates slightly below the historical average with the exception of China.

Equities: Combined Impact of Equity Valuations

→ Looking at multiple valuation metrics increases the confidence we have in our models.

- This is especially true when different models point in opposing directions.

→ Combining the four approaches also smooths out the changes from year to year.

Average Multiple Effect Based on the Valuation Models (per annum)

US Equities (%)	EAFE Equities (%)	EM Equities (%)	Global Equities (%)	China Equities (%)
-1.1	-0.7	-1.7	-1.0	-1.3

Source: Meketa analysis of MSCI and Bloomberg data.

Currency Effect

→ For non-US equities (and all assets with non-USD exposure), we calculate an adjustment for the expected impact of currency movements.

- We use a two-factor model that is based on PPP theory and IRP theory.
  - PPP posits that money will flow to the currency with lower cost of goods and services.[1]
  - IRP posits that money will flow to the currency with the higher interest rate.[2]
- For developed markets, we put 60% weight on IRP and 40% on PPP.
- For emerging markets, we put 75% weight on PPP and 25% on IRP.

→ We cap the currency adjustment at +/- 0.5% per annum, given the unpredictable nature of currency markets.

Market	PPP Impact (%)	IRP Impact (%)	Net Effect (%)	Capped Net Effect (%)
EAFE	2.3	-1.1	0.2	0.2
EM	7.0	0.7	5.4	0.5
Global	1.3	-0.2	0.2	0.2
China	3.5	-0.7	2.5	0.5

[1] Sources for PPP data: World Bank (PPP Conversion Factor) and The Economist (Big Mac Index).
[2] We use the central bank discount rate or equivalent for the major countries of each region (source: FRED).

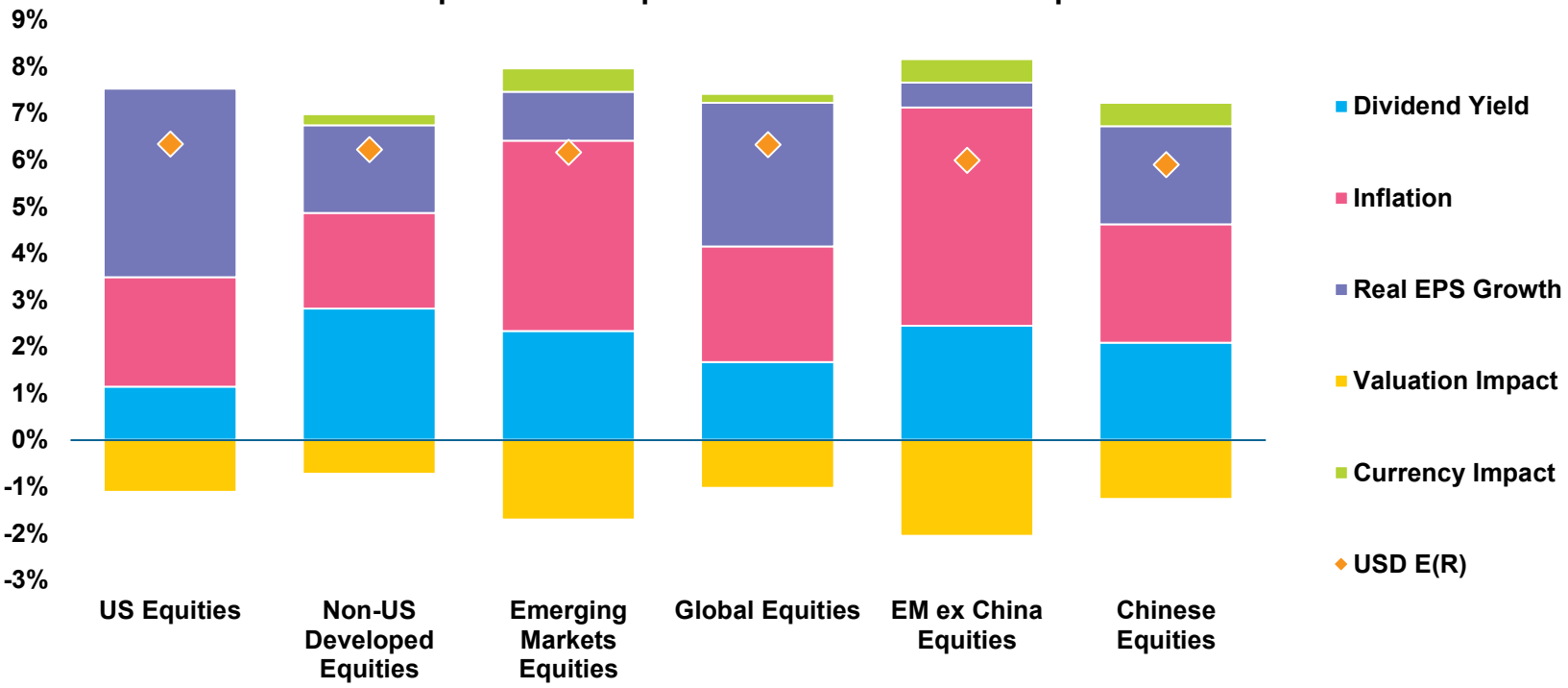
Equities: Comparing Drivers of Expected Return

→ Real EPS growth is the main driver of expected return for US equities.

- Despite relatively low anticipated inflation, US equities also have the highest nominal EPS growth.

→ The valuation headwind is expected to be the largest for emerging markets and EM ex-China.

Decomposition of Expected Returns for Public Equities



Source: Meketa analysis of MSCI and Bloomberg data.

Equities: US Mid, Small, and Micro

- The models smaller cap stocks are similar to that used for the overall equity model.
- To calculate the price return, we estimate the fair value of the index in ten years. We do this using both price-earnings and price-book ratios.
- We calculate future EPS by looking at a similar ratio of historical earnings growth for each index vs. the Russell 1000 index.
  - We assume earnings will grow at the same rate for midcap, at 0.95x for small cap, and 0.9x for microcap (this is subjective and reflects have smaller stocks have switched from out-earning to under-earning large cap).
  - We multiply EPS by our projected PE ratio[1] to arrive at a ten-year price target.
- We take a similar approach for price-book, comparing current ratios to historical ratios.
  - Price-book can be particularly helpful for small and micro cap, as short-term earnings volatility can distort PE comparisons.
- We divide the future price by the current price and then annualize the price change.
- We add the price change to the dividend yield to arrive at the expected return.

[1] For the US, we use the median PE (trailing twelve months) for the longest available period. We assume a higher PE for mid, small, and micro that is consistent with their historical valuations relative to large cap. We assume reversion 75% back toward the historical median.

Bonds

- The short version for most investment grade bond models is: E(R) = current yield to worst.
- The longer version accounts for the expected term structure in the future, as well as credit risk.
  - If the average duration is roughly five years, we calculate the expected yield in five years.
  - The net effect tends to be minimal; for example, if rates rise, higher income in years 5 to 10 is offset by price declines in years 1 to 5.
- For cash, we use an average of the current rate and the rate suggested by the Taylor Rule (inputs are current and potential GDP, current and desired inflation).
- For TIPS, we add the real yield for the TIPS index to the expected Inflation rate.
- As with equities, we also make currency adjustments when necessary.
  - This impacts foreign and EM local currency debt.

Bonds: Credit

→ For anything with credit risk, we take into account our expected default and recovery rates.

	Inv. Grade Corporate (%)	Long Term Corporate (%)	Foreign Debt (%)	EM Debt (major) (%)	EM Debt (local) (%)	High Yield (%)	Bank Loans (%)
Default Rate	0.08	0.08	0.09	1.72	0.36	2.50	2.50
Loss Rate	50	50	50	50	50	45	40

→ As a guide, we use historical global default and recovery data for each asset class.

- When the composition of an asset class changes over time (e.g., for emerging market debt), we look at each rating bucket as it is currently weighted.

Private Credit

→ For direct lending and asset based lending, we use a building blocks approach that is based on income and loss thereof.

- For income, we use the most recent yield and spread data available for the Lincoln Senior Debt Index.
- We add an upfront fee (paid by the borrower) or original issue discount if applicable.
  - This usually ranges between 1% and 3%.
- We incorporate default and recovery rates.
  - We use a default rate that is 1-2% higher than for bank loans.
  - While the data that is available on direct lending supports this level, we do not have access to long-term data on private credit defaults (e.g., that incorporates major default events like the GFC).
- Where applicable, we add leverage and subtract the cost of borrowing.
- We add an equity kicker (more applicable in asset based lending), adjusted for defaults.
  - Managers expect 2.5% to 5% return from warrants, co-invests or other equity structures.
- We subtract estimated management fees and carried interest.

Private Credit: Aggregate

→ For Special Situations Lending, we use a combination of models for capital solutions and more traditional distressed debt.

- The capital solutions model resembles that for direct lending, but with higher equity kickers, coupons, and default rates.
- The distressed debt model resembles that for public high yield bonds and is based on data for the Bloomberg US CCC and Ca-D indices.
  - It uses a much higher default rate than high yield bonds (often in the range of 20-35%).
- We subtract estimated management fees and carried interest.

→ For aggregate private credit, we take a weighted average based on a mix of the broad opportunity set and a typical client allocation to private debt.

Component	Weight (%)	10-Year E(R) (%)
Direct Lending	45	7.0
Asset Based Lending	30	7.9
Special Situations	25	8.9
Private Debt Composite	NA	7.8

Private Equity: Buyouts

- For Buyouts, we start with public equity expected returns.
- We add a premium or discount based on the pricing of buyouts relative to stocks.
  - We use the most recently available EV/EBITDA multiples from Preqin to provide an indication of valuations.
- We add a premium for control (e.g., for greater operational efficiencies) and leverage.
  - We assume leverage of 1.25x - 1.35x.
- We subtract borrowing costs and estimated fees, including carry.
  - We assume borrowing costs are consistent with the yield on bank loans.
- We also look at how closely valuations compared to price changes occurring in the public markets, noting that buyouts pricing often lags that of public equities.

Private Equity: VC and Growth Equity

→ For Venture Capital ("VC"), we create a public market proxy that we can compare through time.

- This composite is composed of: traditional technology, biotech, pharmaceuticals, life sciences, IT services, internet, AI, and clean tech and environmental stocks.
  - The weighting to each sector varies through time.
  - The data is an imperfect proxy and the correlation with future returns is not high.
  - Still, this proxy provides some indication of pricing relative to the broader market.
- We also note any lag we observe between VC valuations and price changes for public markets.
- We use this to make an assessment of what size the return premium should be relative to public markets.

→ For Growth Equity, we infer a return that is between that of buyouts and venture capital.

- The relative weightings place the return closer to that of VC than buyouts.

→ For VC and growth equity, we subtract estimated fees, including carry.

Private Equity: Aggregate

→ For aggregate private equity, we take a weighted average based on a mix of the broad opportunity set and a typical client allocation to private equity.

Component	Weight (%)	10-Year E(R) (%)
Buyouts	65	8.6
Growth Equity	10	9.4
Venture Capital	25	9.8
Private Equity Composite	NA	9.0

Real Estate: Core

→ For Core Real Estate (RE), we use two models.

- The first model adds a premium to the most recently available value-weighted cap rate from NCREIF.
  - Core RE has historically returned approximately 1.3% more than its value-weighted cap rate at the start of the period over the subsequent ten years.
- The second model combines income with capital appreciation potential.
  - The income for core RE has historically been the cap rate minus 2-3% (for Cap Ex).
  - We assume income (NOI) grows at the rate of inflation.
  - We assume there is some measure of fair value for cap rates relative to bond yields.
    - We make a price adjustment based on the forward yield curve.
- We adjust for leverage, borrowing costs, and estimated fees.

Real Estate: Non-Core

- For non-core real estate, we start with historical premiums versus core RE.
  - This includes the effect of greater control, development, buying at distress, etc.
- We add a non-US component (e.g., premium for lower cap rates) and a currency effect.
  - We assume 10% to 30% of non-core commitments will be ex-US (with the majority in Europe).
- We lever the portfolio and then subtract the cost of borrowing.
  - We assume value-added leverage ranges 50-60% while opportunistic ranges 60-75%.
  - The cost of debt is higher for value added than core, and higher still for opportunistic.
- Finally, we subtract estimated management fees and carried interest.
- For high yield real estate debt, we use our high yield bond model.
  - We use the YTW on the Bloomberg CMBS BBB index and then add a “high yield” spread on top of this.
  - Data is sparse on default rates and spreads.
    - We are using a higher default rate than for high yield bonds.
  - We adjust for leverage, borrowing costs, and estimated fees.

Real Estate: REITs

→ For REITs, we focus on historical pricing and yields.

- We first look at current REIT Yields from FTSE NAREIT.
  - REITs have historically returned 2.6% more per year than their yield at the start of the period over the subsequent ten years.
- We next look at spreads versus Treasuries and Baa corporates.
  - We evaluate how they compare to periods where rates have been withing +/- 50 basis point of the current level of rates and spreads since 1990.
- We also look at the price change required for REITs to return to the REIT yield spread implied in 5 years.

REIT Yield (%)	Price Change implied by spread vs 5-year Treasury Yield (%)	Price Change implied by spread vs Baa Yield (%)
4.1	-1.3	-1.3

- We average the impact of these pricing factors and then add this to the yield and projected income growth.
  - We use our inflation projections as the estimated income growth rate.

→ For global REITs, we take a similar approach using the FTSE NARIET Global REIT index.

- We also make a currency adjustment based on the % of non-USD exposure in the index.

Real Estate: Aggregate

→ To arrive at the aggregate private real estate assumption, we take a weighted average of our expectations for each of the four components.

- These reflect the weights of a typical client portfolio, balanced with the market opportunity set.

Component	Weight (%)	10-Year E(R) (%)
Core Private RE	55	5.8
Value-added RE	25	8.7
Opportunistic RE	10	9.8
High Yield RE Debt	10	8.5
Private Real Estate	NA	7.2

→ The aggregate real estate composite is 90% private real estate and 10% REITs.

Infrastructure: Public

→ For public infrastructure, we first take the weighted average of the regional public equity expected returns.

- We use an equal weight of the MSCI World Core Infrastructure index and the S&P Global Infrastructure index to derive the regional weights.

→ We then look at the P-E ratios of four major public infrastructure indices vs. the global equity market to derive a signal as to how discounted or expensive infrastructure stocks may be.[1]

- We assume reversion in pricing to half the difference between the two.

	MSCI World Core Infrastructure	S&P Global Infrastructure	DJ Brookfield Global Infrastructure	MSCI World Infrastructure	MSCI World
P-E Ratio	19.6	19.7	18.8	15.5	23.9
Price Adjustment	9.0%	8.7%	10.7%	17.5%	NA

→ Finally, we add the average of the price adjustments (per annum) to the expected equity return to arrive at our preliminary expected return for public IS.

$$E(R) = 6.3\% + 1.2\% = 7.5\%$$

[1] We use four different indices because the public infrastructure indices tend to be composed of meaningfully different sectors and weights.

Infrastructure: Core and Non-Core

- For private infrastructure, our model combines income and capital appreciation.
- For income, we use our best estimate of expected yield based on the funds that we track.
  - We assume a range of 4-5% for core and 2-4% for non-core.
- We assume asset prices grow at the rate of inflation or GDP growth, whichever is greater.
  - Inflation-linked assets often can pass along their costs, even if it may be at a lag.
- We add a premium or discount based on the pricing of unlisted infrastructure.
  - We use the most recently available EV/EBITDA transaction multiples from Macquarie to provide an indication of relative valuations.
- We add a control premium for non-core IS (as these more closely resemble buyouts).
- We lever the portfolios and then subtract the cost of borrowing.
  - We assume core is levered at 30%-45%, and non-core at 40%-65%.
  - We assume the cost of debt for non-core is much higher than for core, though below that for buyouts.
- Finally, we add any currency effect and subtract estimated management fees and carry.

Infrastructure: Aggregate

→ To arrive at the aggregate private infrastructure assumption, we take a weighted average of our expectations for each of the two components.

- These reflect the weights of a typical client portfolio, balanced with the market opportunity set.

Component	Weight (%)	10-Year E(R) (%)
Core Infrastructure	50	6.5
Non-Core Infrastructure	50	8.4
Private Infrastructure	NA	7.4

→ The aggregate infrastructure composite is 90% private infrastructure and 10% public infrastructure.

Natural Resources: Public

→ For public Natural Resources (NR), we first take the weighted average of the regional public equity expected returns.

- We use an equal weight of the S&P Global Natural Resources index and the S&P North American Natural Resources index to derive the regional weights.

→ We then look at the P/E, P/B and EV/EBITDA ratios of two NR indices vs. the global and US equity markets to derive a signal as to how discounted or expensive NR stocks may be.

- We assume reversion in pricing between the two to half of the historical difference.

Price Adjustment	P/E (%)	EV/EBITDA (%)	P/B (%)
S&P Global NR vs. S&P Global BMI	14	37	46
S&P North American NR vs S&P 500	17	44	72

→ We add the price adjustment (per annum) to the expected equity return to arrive at our preliminary expected return for public NR.

- We cap the price adjustment at +/- 1% per annum.

Natural Resources: Mining

→ Most “private” mining partnerships consist of investments in “junior” mining stocks.

- We take the weighted average of the regional public equity markets and mining stocks.
  - We use a 50/50 split between TSX and Australian mining indices.
- We then look at a combination of valuation metrics to derive a signal on relative valuations.

	Current P/E	Avg. P/E	Current P/B	Avg. P/B	Current EV/EBITDA	Avg. EV/EBITDA
MSCI Australia Small Met/ Min	19.9	13.2	2.8	2.3	8.6	6.3
S&P TSX Diversified Met /Min	33.1	23.9	1.7	1.1	14.3	8.9

- We add a control premium (as these partly resemble buyouts) and subtract estimated fees and carry.

Natural Resources: Energy and Sustainability

→ For Energy, we seek to estimate a return premium relative to the broad equity market.

- We take the weighted average of the regional public equity returns.
  - 80% in US/Canada, 15% EAFE, and 5% EM.
- We then look at the relative pricing of large and small cap energy stocks as a proxy.

Index	MSCI USA Energy (%)	MSCI ACWI IMI Efficient Energy (%)	Russell 2000 Oilwell Equip. & Services (%)	Russell 2000 Oil Refining & Marketing (%)	Russell 2000 Crude Producers (%)
Weight	45	25	5	5	20

- We add a control premium and subtract estimated management fees and carry.

→ For Sustainability, we take a similar approach.

- We again take the weighted average of the regional public equity returns.
  - 90% in US/Canada and 10% EAFE
- We then look at the relative pricing of sustainability stocks as well as prices in the sector.

Index	DJ US Renewable Energy Equipment (%)	MSCI ACWI IMI Clean Energy Infrastructure (%)	US Renewable Energy Consumption Producer Prices (%)
Weight	30	30	40

- We add a control premium and subtract estimated management fees and carry.

Natural Resources: Timberland

- For Timberland, we combine land pricing with income potential.
- We examine the average price per acre of timberland transactions since 1995 based on data from RISI and NCREIF.
  - We then adjust these prices for inflation and derive a long-term average.

Current Price/Acre	Inflation-Adjusted Average	Price Adjustment
$2,225	$1,758	-10.5%

  - We assume that prices move halfway back toward their historical inflation-adjusted average.
- We assume that property values grow in the future at the rate of inflation plus 2%
- We assume that income will be consistent with its trailing 10-year average of 2.6%.
- We add a non-US component (with a premium) and a currency effect.
  - We assume ~20% ex-US exposure (e.g., Latin America and Australasia).
- We assume the average portfolio is leveraged at 1.15:1 and then subtract the cost of borrowing.
- Finally, we subtract estimated management fees and carried interest.

Natural Resources: Farmland

- For Farmland, we use essentially the same model as Timberland.
- We look at the average price per acre of farmland and cropland based on data from RISI and USDA.[1]
  - We then adjusted these prices for inflation and derived a long-term average.

	Current Price/Acre ($)	Inflation-Adjusted Average ($)	Price Adjustment (%)
Farmland	4,350	2,685	-13
Cropland	5,830	4,292	-11

  - We assume that prices move halfway back toward their historical inflation-adjusted average.
- We again assume that property values grow in the future at the rate of inflation plus 2%.
- We assume that income will be consistent with its trailing 10-year average of 3.3%.
- We add a non-US component (premium for lower cap rates) and a currency effect.
  - We assume ~20% of exposure will be ex-US (e.g., Latin America and Australasia).
- We assume the average portfolio is leveraged at 1.5:1 and then subtract the cost of borrowing.
- Finally, we subtract estimated management fees and carried interest.

[1] Farmland includes dwellings on properties as well as pastureland.

Natural Resources: Aggregate

→ To arrive at the aggregate NR assumption, we take a weighted average of our expectations for each of the five components.

Component	Weight (%)	10-Year E(R) (%)
Timberland	15	5.3
Farmland	15	6.1
Sustainability	20	8.0
Energy	35	8.1
Mining	15	6.1
Aggregate Private Natural Resources	**NA**	**7.1**

→ The aggregate natural resources composite is 90% private NR and 10% public NR.

Throughout this document, numbers may not sum due to rounding.

Gold and Gold Mining

- For Gold, we assume an investment would most likely be made via futures.
  - Holding physical gold would likely incur additional security and storage costs.
- Gold does not offer a yield or cash flow of any kind; however, it has a very long history of preserving purchasing power.
  - Therefore, our model is anchored to inflation, along with long-term supply and demand factors.
- We use two approaches for gold.
  - The first model adds real yields to expected inflation.
  - The other approach uses the Kaufmann & Winters gold price model.
    - This incorporates inflation, real interest rates, US dollar strength, financial stress, oil prices, and gold price persistence.
    - It is a structural, macro-based valuation framework rather than a short-term trading model.
- Our model for gold mining starts with our expected return for the broader mining category.
  - We then add or subtract a premium depending on the pricing of gold mining stocks relative to the broader mining category.

Commodities

→ For a traditional (or naïve) portfolio, we use the following model:

$$E(R) = Collateral\ Yield + Roll\ Return + Spot\ Return + Diversification\ Return$$

- The collateral yield represents our expected return from cash.
- The roll return should vary based on how backwardated or contagoed the market is.
  - However, this state could change quickly, so our assumption is anchored near zero.
- For the spot return, we use the market's expectation for inflation minus average productivity growth for advanced economies.
- The diversification return is the result of regular rebalancing between commodity futures.
  - The diversification return rises as the average variance of the securities in a portfolio rises, as the average correlation in the portfolio falls, and as the number of securities in the portfolio rises.
  - However, we use a lower number than the historical average because correlations among commodities have risen since the academic research was originally conducted.[1]

$$E(R) = 2.8\% + 0.1\% + 0.7\% + 1.5\% = 5.0\%$$

[1] De Chiara and Raab (2002) documented a 2.8% diversification return for the rebalanced Dow Jones AIG Commodities index during the time period 1991 to 2001. Gorton and Rouwenhorst suggested a diversification return of between 3.0% and 4.5% for an equally-weighted basket of commodity futures (this paper was updated in 2015).

Commodities: Risk Parity and Real Return

- In addition, we have models for several more complex strategies, specifically risk parity and real return.
- For Commodities Risk Parity, we use a strategy with a target volatility of 15%.
  - The basic inputs are the same as for a naïve portfolio, except we assume a higher diversification return (of 1.8%) as risk parity strategies tend to be more broadly diversified.
  - We assume the portfolio is leveraged at 1.5:1, which is in line with the average for managers using this strategy.
  - We then subtract the cost of borrowing as well as estimated management fees.
- For Commodities Real Return, we use a "portable alpha" approach.
  - We add the return of TIPS on top of the return for the naïve commodities portfolio.
  - We then subtract the cost of borrowing as well as estimated management fees.

Hedge Funds

- To construct the hedge fund models, we use a variety of traditional and alternative betas:[1]
  - Traditional betas include:
    - Equities, distressed debt, credit, commodities, bonds
  - Alternative betas include :
    - Carry trade, convert arb, currency, momentum
- We also add leverage (where appropriate) and subtract the cost of debt and estimated fees.
- For example, our long-short equity model is fairly straight forward.
  - We assume the average fund is 50-60% net long and has an equivalent beta to the global stock market.
  - We multiply this beta times our expected return for global equities, then add this to our cash expected return for the portion that is not invested.

$$\text{Gross } \mathrm{E}(R) = 0.6 * 6.3\% + 0.4 * 2.8\% = 4.9\%$$

  - We then subtract estimated management fees and carried interest to arrive at a net return.

[1] Note that we do not assume "alpha" for hedge funds nor any other asset class.

Hedge Funds: Aggregate

- To arrive at the aggregate Hedge Fund assumption, we take a weighted average of our expectations for each of six components.
- The weightings are occasionally revised based on the approximate allocation of each category in the broad hedge fund universe.

Component	Weight (%)	10-Year E(R) (%)
Long-Short	32	2.9
Event-Driven	11	5.0
Global Macro	16	4.4
CTAs	7	3.5
Fixed Income/L-S Credit	24	4.1
Relative Value/Arbitrage	10	4.0
Aggregate Hedge Funds (net)	NA	3.8

Throughout this document, numbers may not sum due to rounding.

Alternative Risk Premia

- We model Alternative Risk Premia (ARP) using a build-up method of individual premia which assumes a one-third risk weighting to single stock premia and two-third risk weighting to macro asset class premia.
  - Single stock premia is modeled with an equal risk weight to value, cross-sectional momentum, and defensive risk premia.
  - Macro asset class premia is modeled with an equal risk weight to equity indices, fixed income indices, currencies, and commodities.
    - Each asset class has an equal weight to value, carry, and momentum risk premia.
- We use conservative estimates for the Sharpe ratios for individual premia that are approximately one-third that of 10-year global equity risk premia.
- Correlation assumptions across the premia are also adjusted to be more conservative, particularly for those premia that historically have had significant negative correlations.
- The target volatility is assumed to be 10%, which is in-line with core manager offerings.
- We subtract estimated management / transaction fees as there is no passive option.

Insurance Linked Strategies

- For insurance linked strategies (“ILS”), we focus on the catastrophe bond market.
  - The model resembles that for high yield bonds, given the possibility of default.
- We use the most recently available expected loss rates and spread from Artemis.
  - The loss rates are similar to default rates for traditional bonds, but with no recovery.
- We subtract the expected loss from the expected coupon to arrive at a return.

Risk Mitigating Strategies

→ We include expectations for a Risk Mitigating Strategies (RMS) aggregate as well as for one of the potential underlying categories, RMS Diversifiers.

→ The RMS Aggregate is composed of three categories that we refer to as first responders, second responders, and diversifiers.[1]

- The composition represents a typical client weight, though many clients use different allocations.

Composite	Long-Term Government Bonds	Long Volatility	CTAs (trend following)	RMS Diversifiers
RMS Aggregate	1/6th	1/6th	1/3rd	1/3rd

→ The RMS Diversifiers Aggregate is composed of strategies that are designed to have a modestly positive expected return without being highly correlated with a broader (growth-driven) portfolio.

- Again, the composition represents a typical client weight.

Composite	Global Macro (%)	Alternative Risk Premia (%)	Market Neutral (%)	Insurance Linked Strategies (%)	Relative Value (%)	Event Driven (%)
RMS Diversifiers	30	40	10	10	5	5

[1] Note that we combine long-term government bonds and long volatility strategies to form the "first responders" category.

Digital Currencies: Bitcoin

- → This model is quite different than our others, as Bitcoin does not derive value from income, some future stream of cash flows, or a risk premium.
- → We use two different models to evaluate Bitcoin.
- → The first model is a scenario-based approach that assumes that Bitcoin garners it value from taking advantage of speculative asset pricing.
  - Using the price and volume of Bitcoin, we create two regimes, with separate sets of expected buy and sell values for scenarios.
    - – We consider a possibility whereby speculative behavior during a bubble is beneficial as well as a possibility where it is harmful.
  - These expected gains and losses are averaged and spread across ten years to create a 10-year horizon expected outcome.
- → The second model reflects the behavior of Bitcoin as the asset class has matured.
  - We take a CAPM approach to modeling the asset class.

$$\text{Expected Return} = R_f + \beta \times (R_m - R_f)$$

  - We assign Bitcoin a beta versus US equities consistent with that experienced since 2020 (of 1.6).
    - – This approach essentially treats Bitcoin like a high-beta stock.

Risk Parity

→ To build our risk parity model we use the five most common risk parity betas.

- We weight each factor such that their contribution to risk (volatility) is equal.
- This requires optimization (due to correlations being less than one).

→ We leverage the group (at ~1.4:1) such that the aggregate standard deviation is at the target (10%).

Component	Weight (%)	Contribution to Levered E(R) (%)	Std Dev (%)
Equities	14	1.2	17
Credit	29	1.9	8
Commodities	14	0.9	17
Currencies	20	0.8	12
Interest Rates	23	1.4	10
Aggregate Risk Parity (gross)	**NA**	**6.2**	**NA**

→ We subtract estimated management fees to arrive at a net return.

Throughout this document, numbers may not sum due to rounding.

Tactical Asset Allocation

→ To build our model, we use a compilation of many common traditional betas.

- The weightings reflect a rough average of the Tactical Asset Allocation ("TAA") managers employed by our clients.

Component	Weight (%)	10-Year E(R) (%)
US Equities	30	6.3
EAFE Equities	12	6.2
EM Equities	8	6.2
Commodities	5	5.0
Cash	5	2.8
Investment Grade Bonds	15	4.2
TIPS	5	3.8
Foreign Bonds	5	3.0
EM Debt	5	5.7
High Yield	5	5.4
Bank Loans	5	5.6
Aggregate TAA (gross)	**NA**	**5.3**

→ We subtract estimated management fees to arrive at a net return.

Throughout this document, numbers may not sum due to rounding.

Long-Term Theme:
Comparing Public and Private Equity Valuations

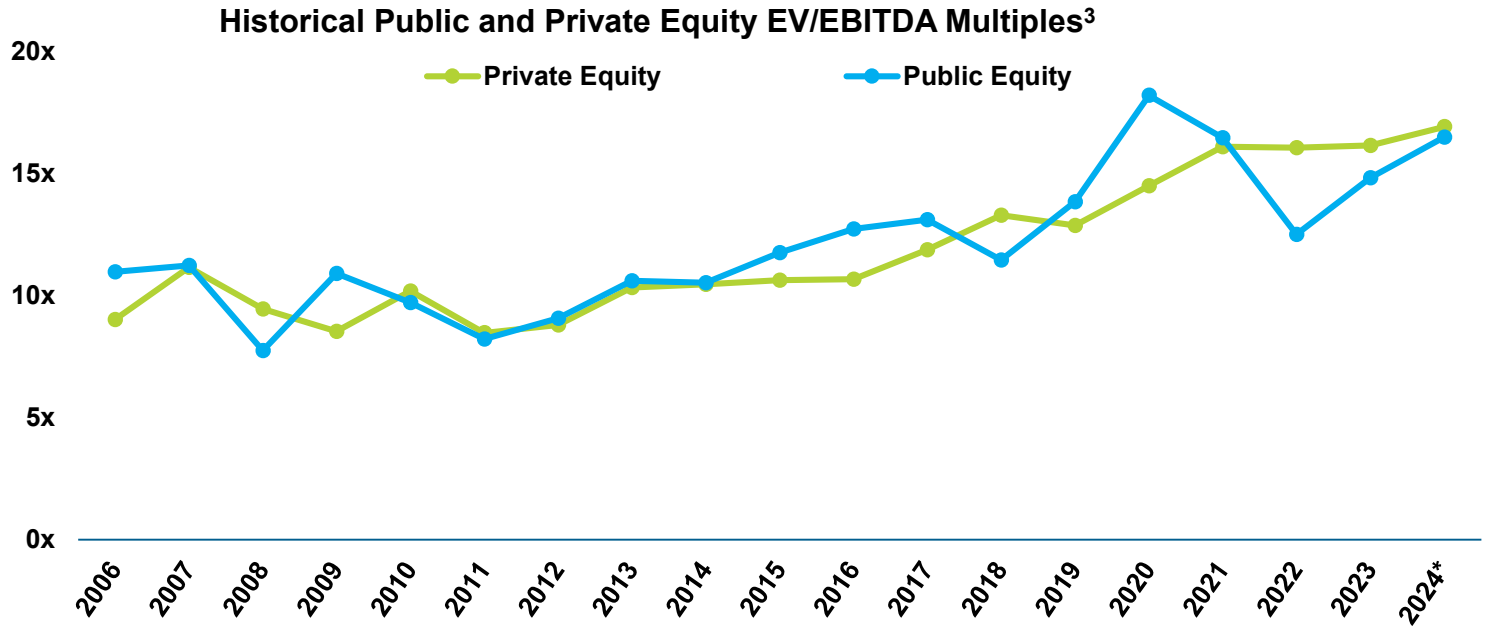
Public versus Private Equity Valuation Data

- → Comparing valuations across public and private equity markets includes a number of structural challenges.
  - The primary challenge is private equity's shorter history and limited dataset.
- → Another challenge is choosing a metric that is comparable across both public and private markets.
  - Common public market valuation metrics such as the p/e and p/b ratios are not available in private markets.
- → The EV/EBITDA multiple, however, is available for both private and public equity data sets.[1]
  - EV/EBITDA = Enterprise Value of a company / Earnings Before Interest, Taxes, Depreciation, and Amortization)[2]
- → By incorporating measures of price and earnings, it serves as a reasonable metric for comparisons.

[1] EV/EBITDA is among the most common valuation metrics to be reported publicly or made available to data providers on private company transactions. This metrics is often viewed as the most relevant valuation metrics in buyout deals.
[2] EBITDA is fairly straight-forward accounting measure that is generally applied the same for both public and private markets. However, the definition of enterprise value is more elastic. See the Appendix for more information.

Historical Valuations

- → Historically, the valuations for public and private equity have tended to move tightly together.
- → Gaps tend to occur during significant market events such as the GFC and COVID Pandemic.
  - Valuations for buyouts followed a similar pattern as stocks, but on a lagged and smoother basis.[1]
- → The gap between public and private equity valuations peaked during the rate hiking cycle of 2022.[2]
  - They appear to have since evened out again.



[1] The GPs who own the companies typically do not mark their valuations down or up as quickly as can happen in the stock market. Price changes in private equity tend to be reflected on a lagged basis in reporting, sometimes taking as long as three quarters to reflect equivalent changes in public securities. The result is a "smoothing" of the returns experienced by private equity investors. Source: Meketa, "Private Equity Primer" 2022.

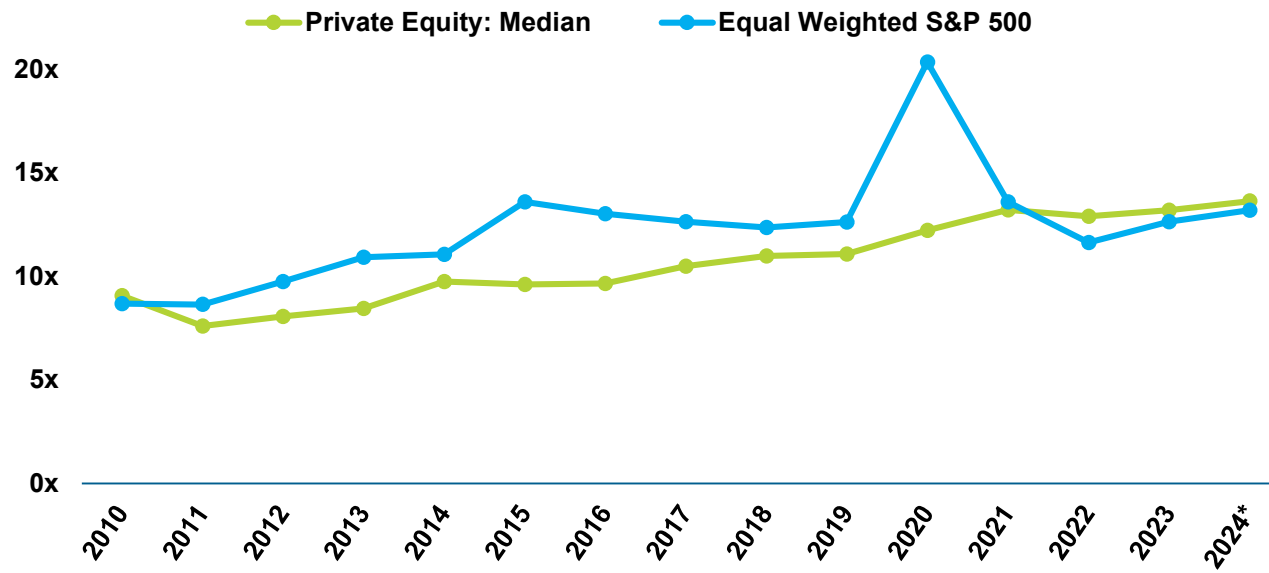
[2] Another factor that may partly explain the gaps between public and private market valuations during periods of market volatility is the fact that the private equity valuations reflect the mean over the course of the year, not a year-end metric.

[3] Sources: Bloomberg as of 12//31/2024. Preqin as of 9/30/2024, pulled in March 2025. Public equity valuation is the S&P 500's Current EV/Trailing 12-month EBITDA. Private equity valuation is the North American Buyout mean EV/EBITDA.

Historical Valuations (continued)

- → Because mean valuations naturally weigh higher value stocks/deals more heavily, it may be helpful to analyze the data in a way that mitigates this skew.
- → This chart compares the equal-weighted S&P 500 to private equity's median EV/EBITDA.
- → As expected, valuations for both public and private equity are lower.
- → Importantly, the data points to a similar conclusion as when comparing mean valuation metrics.
  - Namely, valuations diverged during the pandemic and rate hike cycle, but appear to have since evened out.

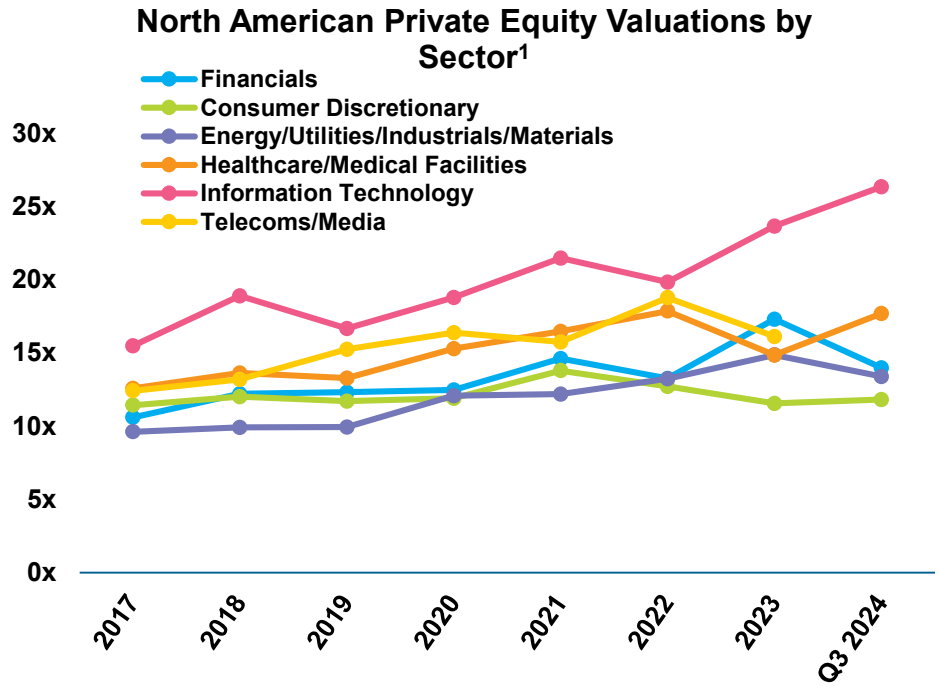
Equal Weighted S&P 500 & Median Private Equity Valuations[1]

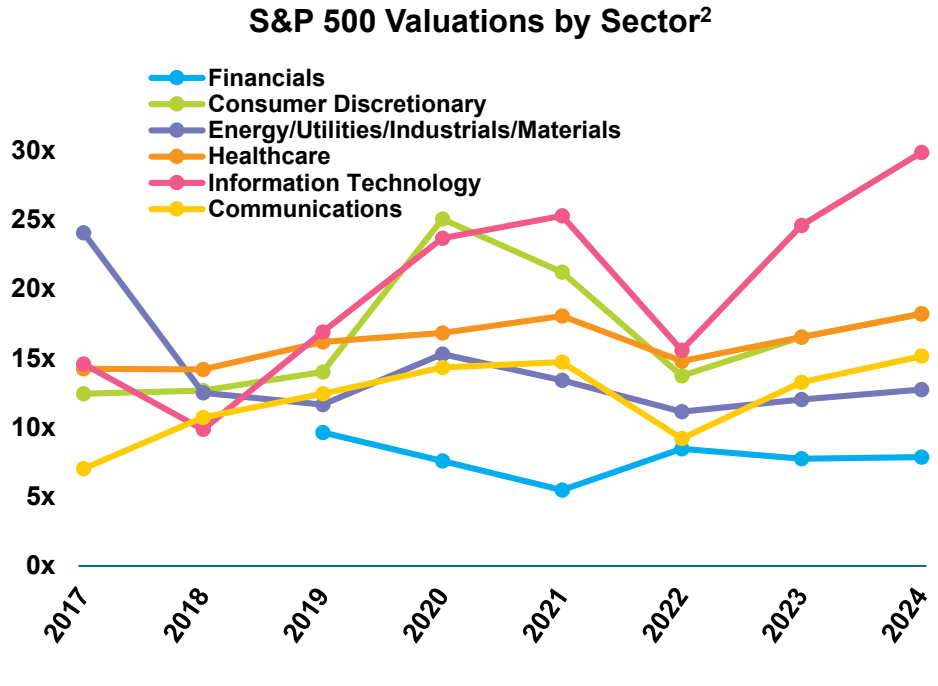


[1] Sources: Bloomberg as of 12//31/2024. Preqin as of 9/30/2024, pulled in March 2025. Public equity valuation is the equal-weighted S&P 500's Current EV/Trailing 12-month EBITDA. Private equity valuation is the North American Buyout median EV/EBITDA. Note: 2024* indicates that public equity is as of 12/31/2024 and private equity is as of 9/30/2024.

What is Driving Differences in Valuations?

- → There might be valid reasons for disparities in valuations between public and private market companies.
- → One such difference is industry/sector composition as different sectors often warrant different valuations.
- → The information technology sector has had one of the highest valuations among both public and private equity.
  - This has consistently been the case in private markets, and less so in the (more fickle) public markets.





[1] Source: Preqin, as of 9/30/2024, pulled in March 2025, North American Buyout mean EV/EBITDA. Throughout this paper, sectors are defined by the vendors who provide the data, and some sectors have been combined or names shortened. For private markets, the sectors include: Business Services/ Financials/ Insurance Services, Consumer Discretionary, Energy/ Utilities/ Industrials/ Materials/ Natural Resources/ Waste Management, Healthcare/ Medical Facilities, Information Technology, Telecommunications/ Telecoms/ Media.

[2] Source: Bloomberg, as of 12//31/2024, S&P 500's Current EV/ Trailing 12-month EBITDA. Public markets sectors include: Financials, Consumer Discretionary, Industrials, Energy, Utilities, Materials, Healthcare, Information Technology, Communications. Note that the Energy/Utilities/Industrials/Materials valuation is an average of the four underlying sectors' valuations.

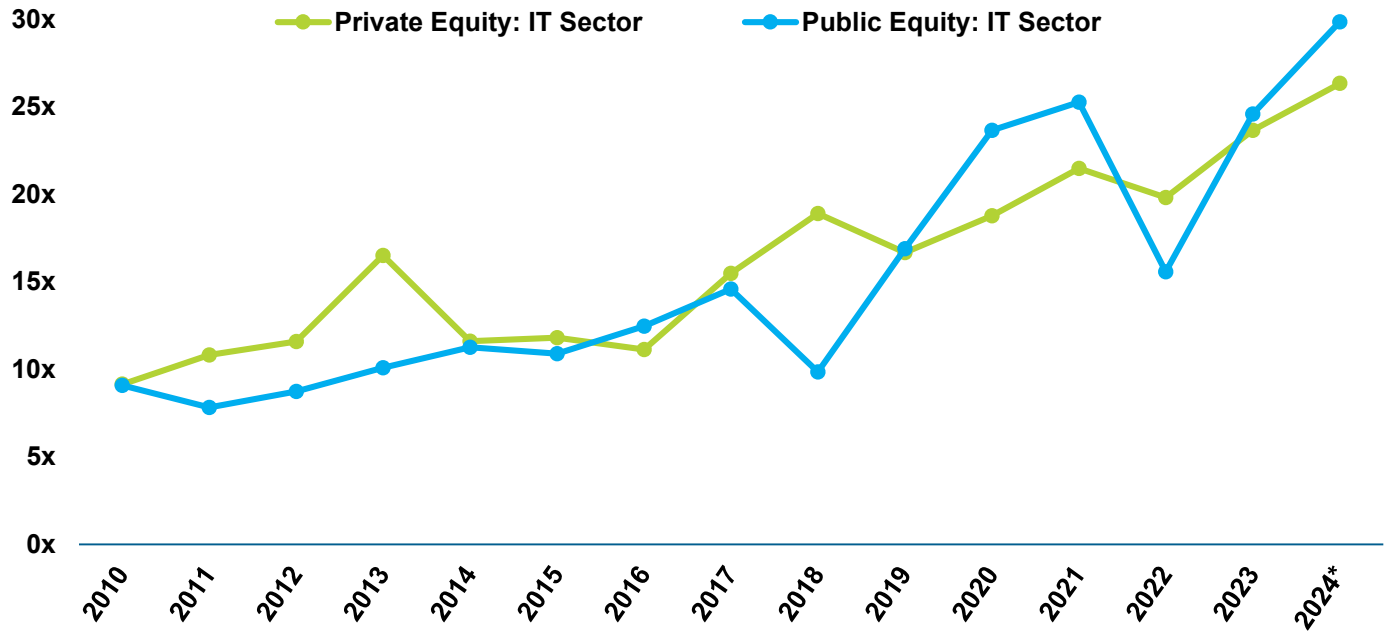
IT Sector Valuations

→ Information Technology (IT) is the most prevalent sector for comparing private and public equity valuations.
- Neither public nor private markets has been consistently more expensive/cheaper relative to the other.

→ IT valuations increased from an EV/EBITDA multiple of less than 10x in 2010 to more than 25x in 2024 for both.

→ Moreover, the IT sector is largely responsible for driving up broader public and private market valuations.

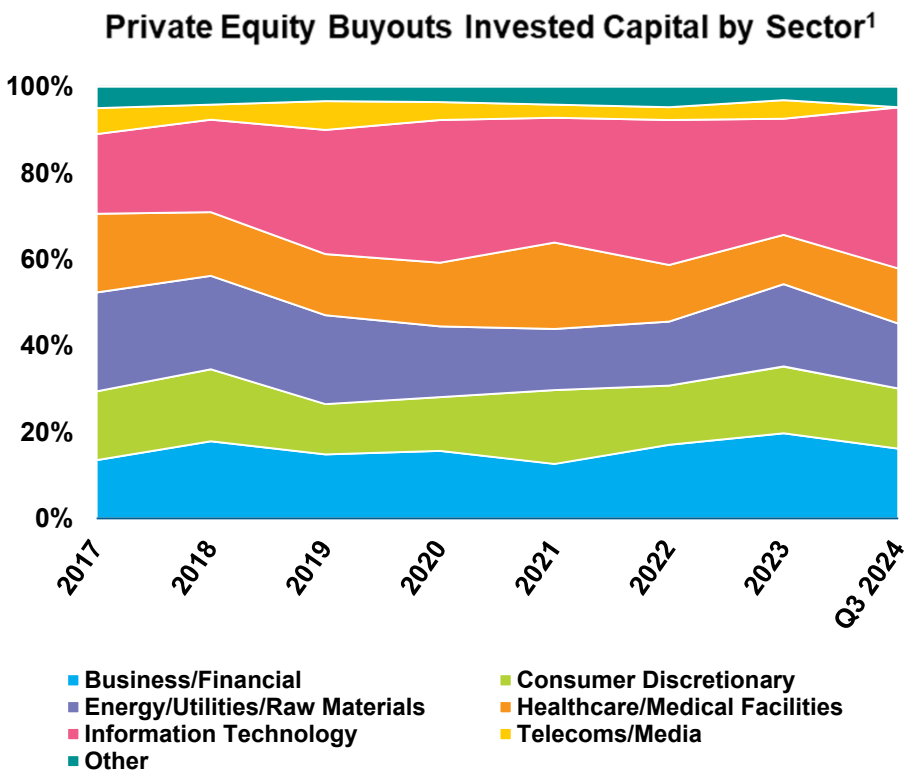
Public and Private Equity IT Sector Valuations [1]

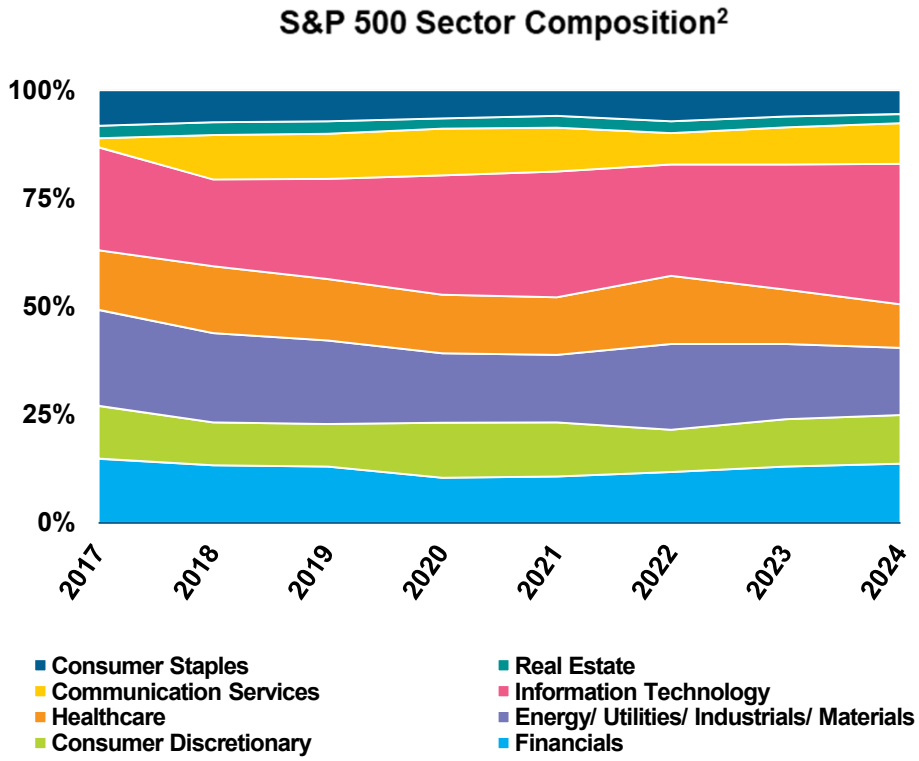


[1] Sources: Bloomberg as of 12//31/2024. Preqin as of 9/30/2024, pulled in March 2025. Public equity valuation is the equal-weighted S&P 500's Current EV/Trailing 12-month EBITDA. Private equity valuation is the North American Buyout median EV/EBITDA. Note: 2024* indicates that public equity is as of 12/31/2024 and private equity is as of 9/30/2024.

Sector Composition

- → The IT sector has had the most invested capital of any buyout sector in recent years.
- → Similarly, IT has comprised the largest portion of any sector in public equity over the same period.
- → Hence, IT has been the single biggest source in driving valuations higher in both markets.





[1] Source: Preqin, as of 9//30/2024, pulled in March 2025, North American Buyout Invested Capital. "Other" includes the following sectors: Unspecified, Education Facilities, Government Buildings, Hotels, Logistics, Mixed Use, Niche, Office, Real Estate, Residential, Retail, Transport.

[2] Source: Bloomberg, as of 12//31/2024, S&P 500 Sector Composition.

Conclusion

- → Differing valuation methodologies, data availability, and definitions of enterprise value creates challenges when making direct comparisons between public and private equity valuations.
  - However, we have aimed to provide a reasonable and impartial representation of the valuation trends.
- → Over the long run, public and private equity market valuations have tended to coincide with each other.
  - This implies that private equity valuations are generally reasonable relative to public equity valuations.
- → There have been divergences in valuations, primarily associated with major market events.
  - The most recent divergence appears to have diminished, and the two are again trading at similar valuations.
- → To some extent, the disparities in valuations can be attributed to differences in industry and sector compositions.
  - The major sectors generally exhibit similar valuations for both private and public markets.
- → Notably, the IT sector has been a significant driving force behind higher valuations in both markets.

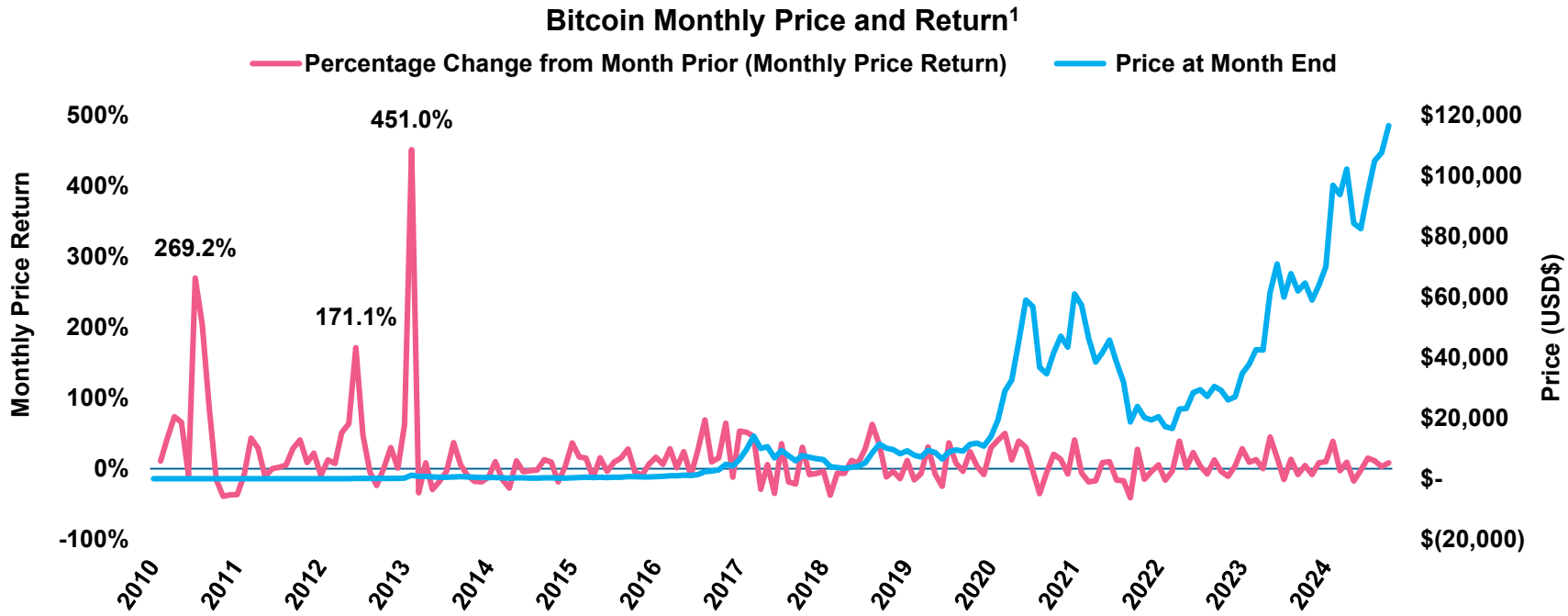
Long-Term Theme:
The Impact of Assumptions for Bitcoin

Learning From History?

Learning from history is prudent, but investors should be cautious when analyzing Bitcoin's history.

→ Bitcoin's history may be less representative of its future than is the case for other asset classes.

- The first five years of Bitcoin's history were characterized by shockingly large price swings.
- Eight of Bitcoin's ten largest month-over-month percentage changes occurred prior to 2014.



[1] Source: Bloomberg as of July 31, 2025. Indices Used: Bitcoin-USD Cross. While Bitcoin was created in 2008 and launched in 2009, the earliest for which we have access to price data began in October 2010. This should not meaningfully impact the analysis since, as described in the first section of the paper, we start the analysis post-2013.

How Much History to Consider?

History shows that newly investable assets often exhibit a high-return, high-volatility "frontier" period, followed by a moderation as they mature.

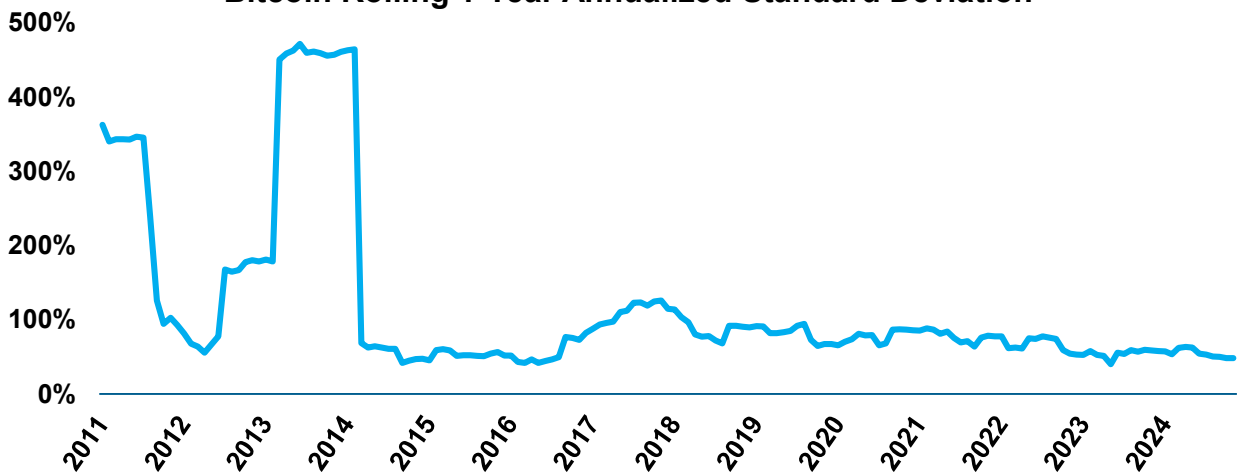
Substantial price swings were common in Bitcoin's earlier years as the depth and liquidity of the market was low.

→ This has gradually changed as trading volumes increased, new exchanges were established, regulated Bitcoin futures were launched, and Bitcoin ETFs were created.

Bitcoin's volatility over the full period was 178%, but it dropped to less than half of that (75%) post-2013.

→ In recent years, it has been closer to 50%.

Bitcoin Rolling 1-Year Annualized Standard Deviation[1]



[1] Source: Bloomberg as of July 31, 2025. Indices Used: Bitcoin-USD Cross.

What is Bitcoin Like?

Bitcoin's performance is not generally attributable to traditional asset class return drivers.

- → Unlike financial assets, Bitcoin does not derive its value from claims on current and future cash flows.
- → Unlike real assets, Bitcoin does not represent ownership of a physical asset.

Given that Bitcoin was designed to be an alternative to fiat currencies, it may be more relevant to examine the return drivers of traditional currencies.

- → However, since one of Bitcoin's core principles is to be *decentralized,* it should not be expected to behave like traditional fiat (i.e., government-issued) currencies.

Gold shares some core attributes with Bitcoin that may make it relevant to examine in this context.

- → Both gold and Bitcoin have a limited supply, are not tied to a central bank, are globally accessible, and neither is ideal for exchanging most goods and services.
- → Conversely, Bitcoin is not universally considered a "safe" store of value like gold (yet), has exhibited significantly more price volatility, and does not have a proven history of serving as a diversifier or inflation hedge.

For better or worse, Bitcoin presents a new and unique case where its return drivers cannot easily be attributed to those of an already-established asset class.

Short- vs Long-Term Return Drivers

Academic and institutional research has generally found Bitcoin's short-term returns to be dominated by speculation, sentiment, and liquidity conditions.

- → Attention and momentum have fueled a self-reinforcing feedback loop of demand where rising prices attract more buyers, driven by media coverage and the lure of extraordinary gains, which in turn pushes prices even higher.[1]
  - In other words, Bitcoin's valuation is largely dependent on the collective belief that its price will continue to rise.
- → Similarly, global liquidity has a strong influence as Bitcoin's price tends to move in tandem with equities and other risk assets during high liquidity periods and expansionary monetary policy.[2]
  - This is consistent with Bitcoin serving as a high-beta, sentiment-driven asset (like risky equity assets), rather than as a stable store of value like gold or a means of exchange like fiat currencies.

Structural elements play a role in driving long-term trends rather than short-term price swings.

- → Bitcoin's fixed supply schedule and halving events support narratives of digital scarcity.
- → Network adoption and institutional integration help broaden access and credibility.
- → These factors may represent genuine fundamental value and could be increasingly important as a determinant of Bitcoin's long-term performance.

[1] Sources: Raphael Auer, Giulio Cornelli, and Jon Frost, *Crypto Trading and Bitcoin Prices: Evidence from a New Database of Retail Adoption*, BIS Working Paper No. 1049, Basel: Bank for International Settlements, November 13, 2022. Paola Di Casola, Maurizio Michael Habib, and David Tercero-Lucas, *Global and Local Drivers of Bitcoin Trading vis-à-vis Fiat Currencies*, ECB Working Paper No. 2868, Frankfurt: European Central Bank, 2023. Tito Nícias Teixeira da Silva Filho, *Curb Your Enthusiasm: The Fintech Hype Meets Reality in the Remittances Market*, IMF Working Paper WP/22/233: International Monetary Fund, December 2022.

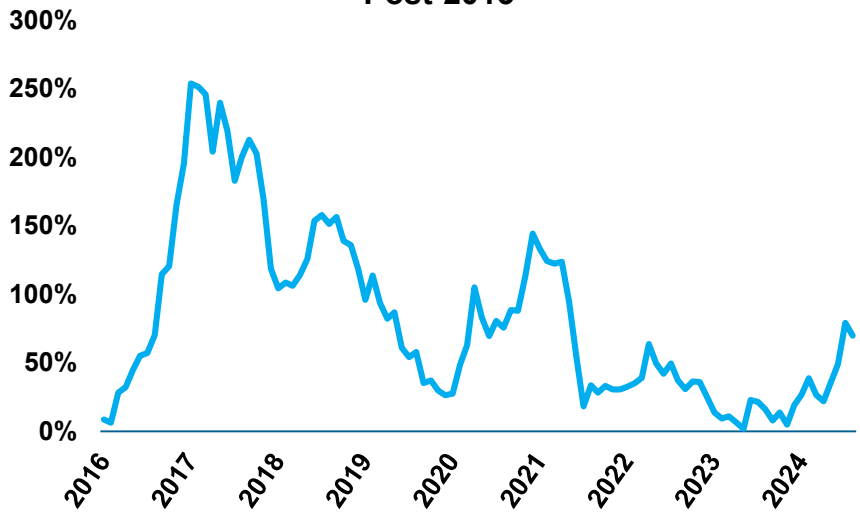
[2] Sources: Paola Di Casola, Maurizio Michael Habib, and David Tercero-Lucas, *Global and Local Drivers of Bitcoin Trading vis-à-vis Fiat Currencies*, ECB Working Paper No. 2868, Frankfurt: European Central Bank, 2023. Tobias Adrian, Tara Iyer, and Mahvash S. Qureshi, *Crypto Prices Move More in Sync With Stocks, Posing New Risks*, IMF Blog, January 11, 2022.

Creating Assumptions: Historical Performance

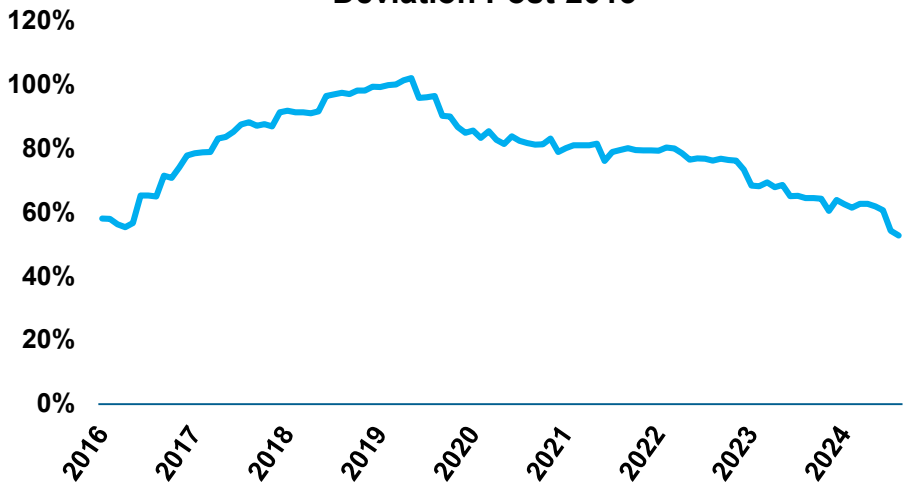
Bitcoin returns have exhibited considerably large peaks and valleys, though the amplitude of both has declined over the last decade.

- → Since 2014, Bitcoin's average annualized return and standard deviation have been 54.6% and 75.0%, respectively.[1]
- → Volatility declined considerably after 2014 and descended further post-2020 (closer to 50%).

Bitcoin Rolling 3-Year Annualized Return Post-2013[1]



Bitcoin Rolling 3-Year Annualized Standard Deviation Post-2013[1]



Source: Bloomberg as of July 31, 2025. Indices Used: Bitcoin-USD Cross. For the period January 1, 2014, to July 31, 2025.

Creating Assumptions: Historical Correlations

Bitcoin's returns are not necessarily uncorrelated with traditional markets.

→ Bitcoin's correlation with investment grade bonds has remained fairly steady and low.

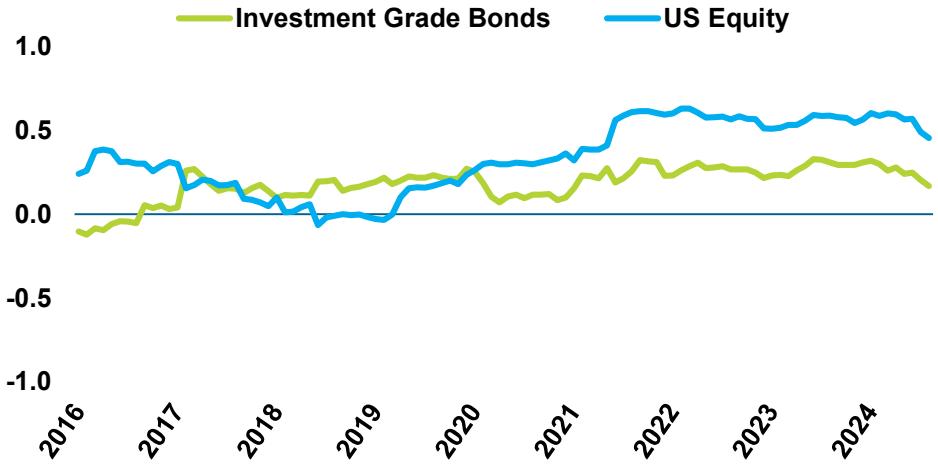
→ However, the correlation with US equities has increased to a substantially positive relationship.

- This higher correlation implies that Bitcoin was acting more like a high-volatility equity proxy during this period.

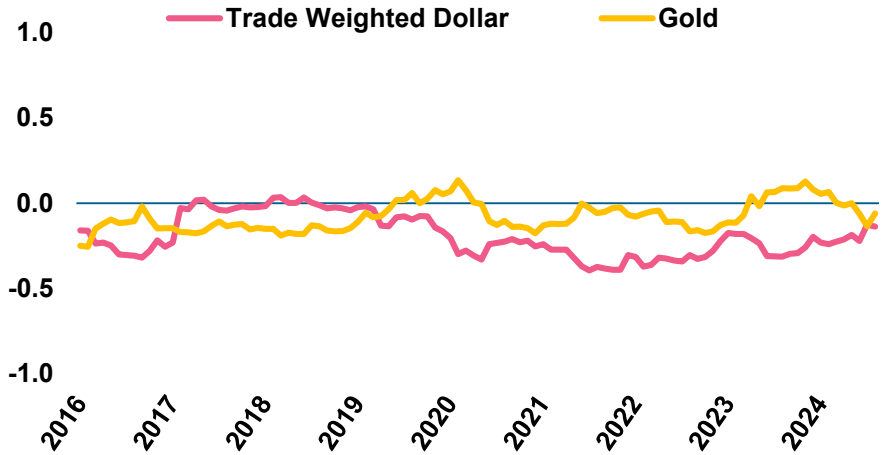
→ Despite Bitcoin offering similar traits as gold, the two assets have been uncorrelated.

- Bitcoin has also mostly been uncorrelated to modestly negatively correlated with the US dollar.

Rolling 3-Year Correlation to Bitcoin for US Stocks and Bonds[1]



Rolling 3-Year Correlation to Bitcoin for Gold and the Dollar[2]



[1] Source: Bloomberg and InvMetrics, as of July 31, 2025. Indices: Russell 3000, Bitcoin-USD Cross, Bloomberg Aggregate.
[2] Source: Bloomberg, FRED, and InvMetrics, as of July 31, 2025. Indices: Bitcoin-USD Cross, LBMA Precious Metal Prices: Gold USD.

Adding Bitcoin to a Portfolio

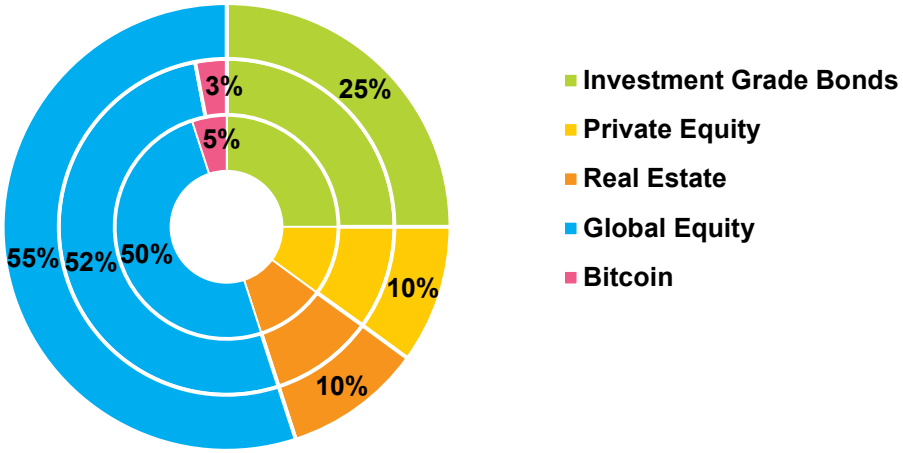
While the assumptions used for Bitcoin are important, they may not matter in a way that is intuitive to most investors.

To evaluate Bitcoin's potential impact on a portfolio, we compared three theoretical diversified portfolios with varying allocations to Bitcoin: no Bitcoin, 3% Bitcoin, and 5% Bitcoin.

→ Despite Bitcoin's lower expected return and significantly higher standard deviation than global equity (the allocation it reduces in this example),[1] the overall portfolio's risk-adjusted return profile improved when Bitcoin was added.

- The Sharpe ratio increases from 0.321 for the no Bitcoin portfolio, to 0.339 for the 3% Bitcoin portfolio, and to 0.344 for the 5% Bitcoin portfolio.

Asset Allocation Breakdown of Three Theoretical Portfolios: No Bitcoin (Outer), 3% Bitcoin (Middle), and 5% Bitcoin (Inner)[2]



[1] Based on Meketa's 2025 Asset Allocation Tool, Bitcoin's expected 10-year return is 2.9 % and standard deviation is 75%. Global equity's expected 10-year return is 6.7% and standard deviation is 17%.
[2] Source: Meketa's Asset Allocation Tool. Meketa uses our expected return for cash as the risk-free rate when calculating expected Sharpe ratio.

Adding Bitcoin to a Portfolio: The Impact of Volatility

While the assumptions used for Bitcoin are important, they may not matter in a way that is intuitive to most investors.

→ Traditional diversification benefits from uncorrelated assets.

- Investors can build portfolios with better expected risk-return tradeoffs by adding assets (even riskier ones) that are not highly correlated with the primary assets in a portfolio.

→ The counter-intuitive impact of high volatility (this warrants explanation):

- The (MVO) math that calculates portfolio-level returns uses arithmetic expected returns.
- A higher expected volatility will contribute to a higher arithmetic return.
  - For example, using our 2025 CMEs, Bitcoin's expected standard deviation of 75% expands a 2.9% *geometric* expected return into a 19.5% expected *arithmetic* return.
- Despite Bitcoin's expected standard deviation being by far the largest in our CMEs, the optimization algorithm will tend to favor Bitcoin's high expected arithmetic return.
- So long as Bitcoin remains a relatively volatile asset, it will likely find a home along the efficient frontier.

Adding Bitcoin to a Portfolio: Assumptions

MVO is highly sensitive to the asset class assumptions it is provided.

→ To understand how Bitcoin's assumptions could influence the MVO model, we created eight different efficient frontiers that use varying assumptions.

The baseline case uses our 2025 10-year CMEs for each asset class included.

→ Each additional frontier then varies one or more of the assumptions for Bitcoin:

1. Increase the geometric expected return from 2.9% to 9.2% (applying a beta of 1.64 for Bitcoin – its average from 2014 to 2025 – to our 10-year expected returns for equities and cash)
2. Decrease the standard deviation from 75% to 50% (the approximate trailing one-year standard deviation as of mid-2025)
3. Increase the correlation with equities from 0.33 to 0.58 (the average correlation with US equities since 2020)[1]

[1] We minimized the number of asset classes and included constraints so as to focus the analysis on Bitcoin. We conducted the analysis using our asset allocation tool. See the appendix for more information around this analysis, including assumptions and constraints.

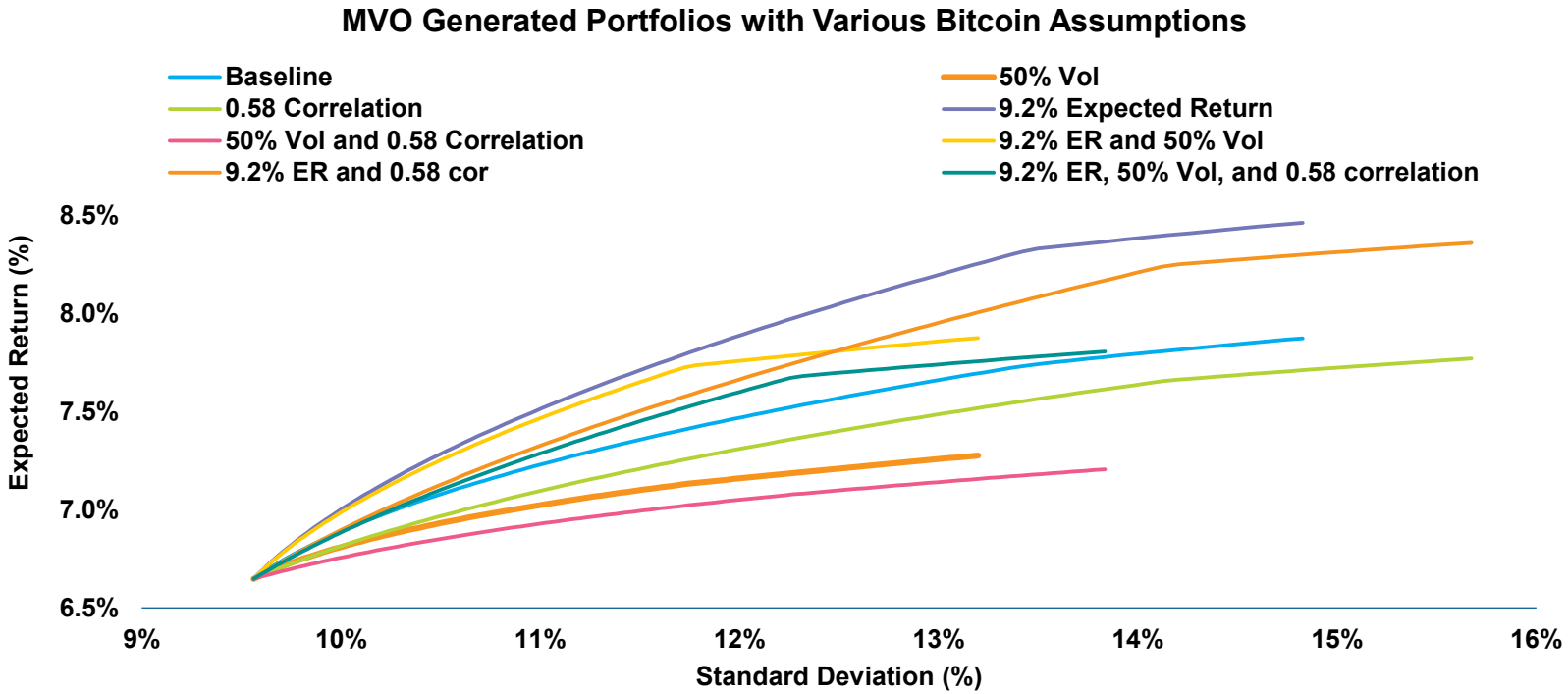
Adding Bitcoin to a Portfolio: Efficient Frontiers

The analysis shows a higher return assumption for Bitcoin unsurprisingly moves the efficient frontier up and to the left.

Conversely, a higher correlation assumption or lower volatility assumption moved the frontier down and to the right.

In each frontier, Bitcoin has a 0% allocation at the bottom left and maxes out at the 10% constraint we imposed.[1]

→ The curve tends to flatten after the max Bitcoin allocation is reached, implying diminishing efficiency thereafter.



[1] It is hard to overstate the important of the high level of the volatility assumption for Bitcoin. If volatility is reduced to 20%, the expected geometric return needs to increase to ~4.2% or correlation with equities need to be cut to ~-0.25 for Bitcoin to have more than a 2% allocation somewhere along the efficient frontier.

Adding Bitcoin to a Portfolio: Allocations

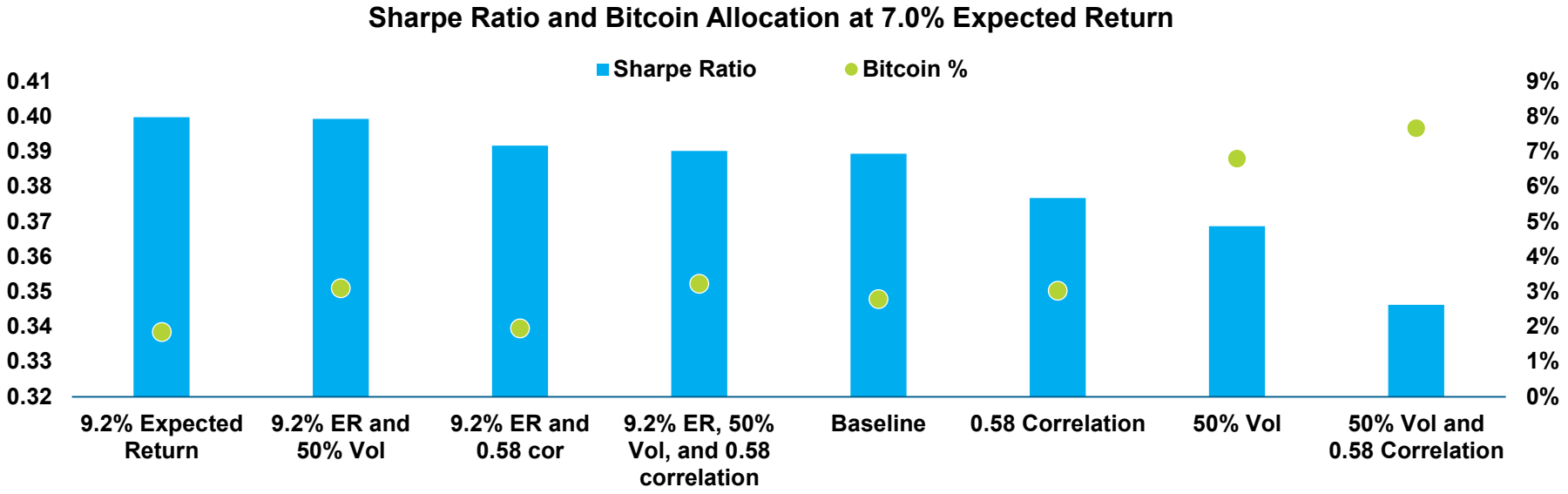
The chart below plots the Sharpe ratio and the allocation to Bitcoin of each of these MVO-generated portfolios at the point where it hits a 7.0% expected return.

→ The portfolios with the higher return assumption for Bitcoin exhibit the highest expected Sharpe ratio.

- These portfolios require a lower allocation to Bitcoin to hit a 7% target return.

→ A lower volatility assumption leads to a higher allocation to Bitcoin at the 7% target.

- This is for the counter-intuitive reason that lower volatility decreases the arithmetic expected return for the asset.



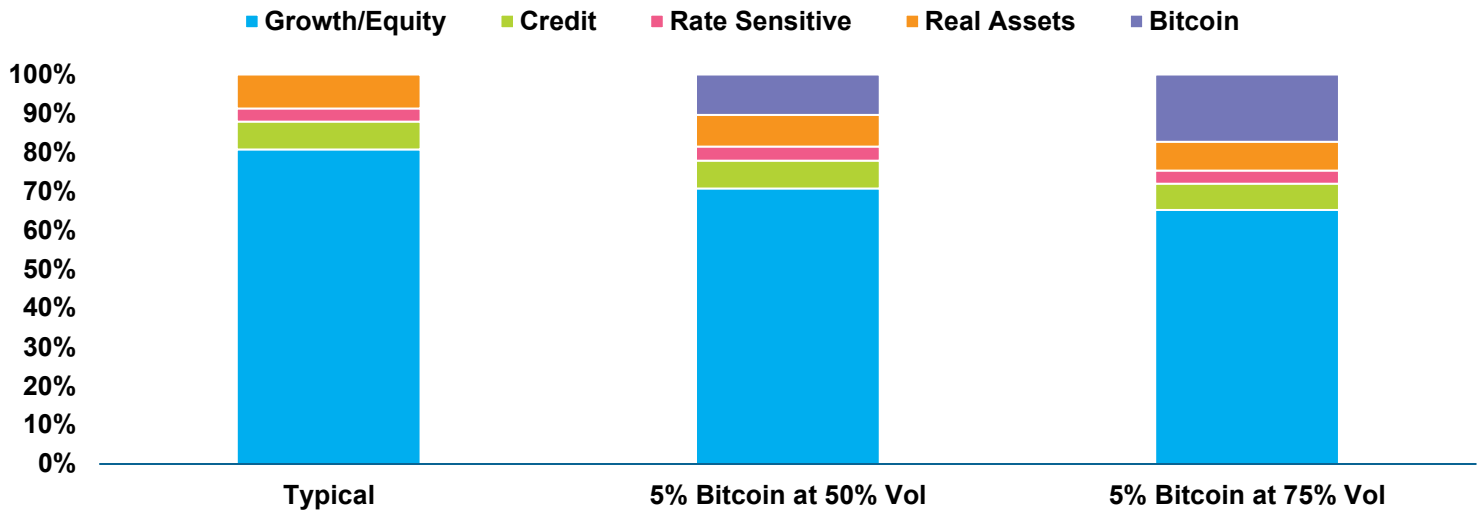
Risk Contribution

Investors may want to consider their Bitcoin allocation from a risk budgeting standpoint.

Given Bitcoin's high volatility, it is likely to contribute an outsized portion to portfolio volatility.

- → A 5% allocation results in it contributing 19% of portfolio volatility when using a 75% volatility assumption.
- → At 50% volatility, a 5% allocation drops to 11.4% contribution to portfolio volatility.
- → It is reasonable that long-term investors may want to cap their allocation at a level where they are comfortable with its contribution to overall portfolio volatility.

Estimated Contribution to Risk from Adding Bitcoin[1]



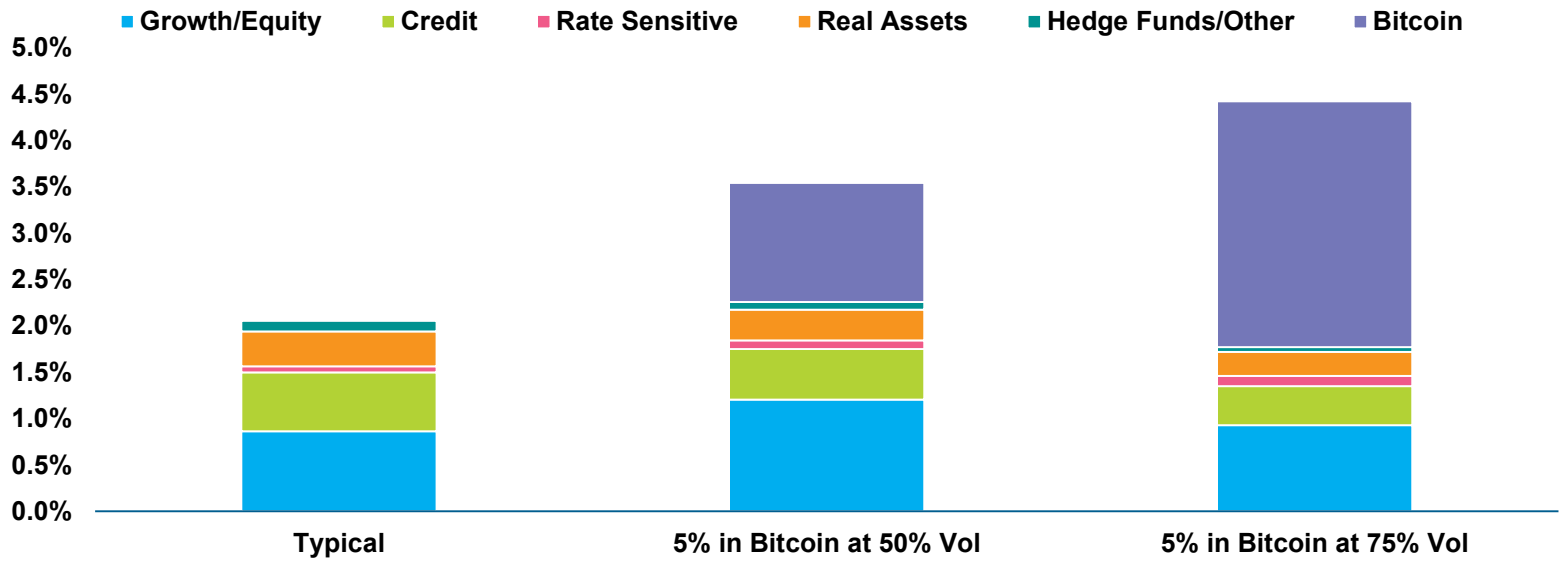
[1] The allocation for the "typical plan" is 30% investment grade bonds, 10% credit, 40% global equity, 10% private equity, and 10% real estate. Meketa's 2025 10-year capital markets assumptions are used, unless otherwise stated. Note that decreasing the volatility assumption for Bitcoin will decrease its estimated contribution to risk. Likewise, decreasing the correlation with equities will decrease the estimated contribution to risk.

Tracking Error

Bitcoin may introduce tracking error to most investors' portfolios.

- → A 5% allocation to Bitcoin (taken from global equity) would add between 130 basis points and 265 basis points of tracking error relative to a peer average of large public pension funds.
- → Likewise, Bitcoin could add meaningful tracking error for investors relative to their policy index if Bitcoin is not part of their policy benchmark.

Estimated Tracking Error when Adding Bitcoin[1]



[1] We chose the public pension peer average to illustrate the tracking error comparison because asset allocation data is available via annual reports for many large public pension plans and Meketa tracks and calculates this on an annual basis. The allocation for the "typical plan" is 30% investment grade bonds, 10% credit, 40% global equity, 10% private equity, and 10% real estate. Meketa's 2025 10-year capital markets assumptions are used, unless otherwise stated. Note that decreasing the volatility assumption for Bitcoin will decrease the tracking error estimate. Likewise, increasing the correlation with equities will decrease the tracking error estimate (assuming the allocation to Bitcoin comes primarily from equities).

Summary

Bitcoin's early years were defined by extreme volatility and illiquidity, but the market is growing more liquid.

- → Bitcoin's evolution makes it challenging to extrapolate expectations for the future based on past performance.

Bitcoin's price movements are not tied to traditional drivers such as GDP growth, interest rates, or corporate earnings.

- → Its short-term price movements have largely been driven by speculation, sentiment, and liquidity conditions rather than intrinsic fundamentals, though network adoption will likely be a key long-term return driver.
- → Bitcoin has often behaved like a high-beta equity asset and is often correlated with "risk-on" assets.

Bitcoin can potentially improve portfolio efficiency, though the extent of this is dependent on the assumptions used.

- → Bitcoin may improve risk-adjusted returns in portfolios via its low correlation with most assets and a non-intuitive boost to potential return from its high level of volatility.
- → However, it poses systemic and regulatory tail risks that are not easily accounted for in traditional risk frameworks.

Even small allocations to Bitcoin can heavily influence total portfolio risk and tracking error.

What We Are Watching in 2026:
Key Themes Shaping Markets and Portfolios

What We Are Watching in 2026

As we enter 2026, our global macro team is focused on four themes that we believe will shape portfolio outcomes:

- → The outlook and state of the US economy.
- → The Federal Reserve's policy path.
- → A global monetary-policy divergence.
- → The Artificial Intelligence (AI)-driven concentration in US equities.

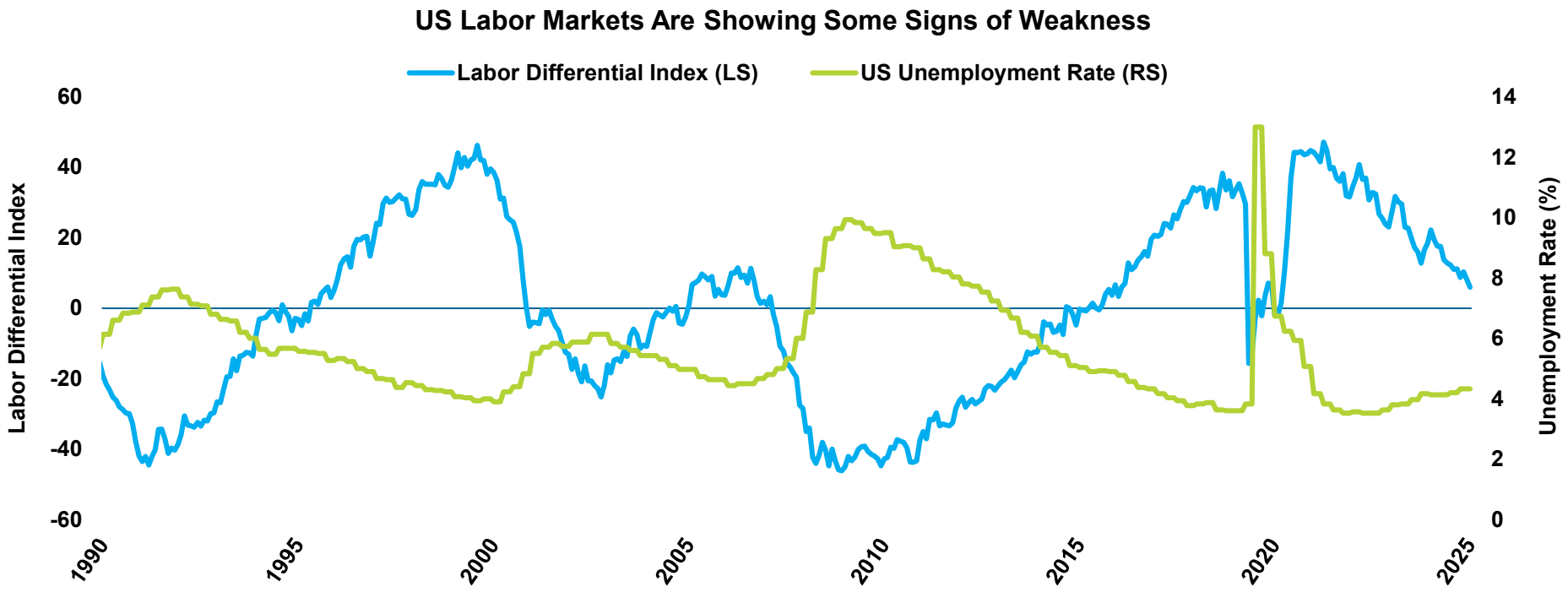
Taken together, these themes provide the lens through which we frame our expectations and our risks for the year ahead.

US Growth: Resilient but Uneven

As we enter 2026, the economy has a lot more underlying momentum than many expected just a year ago.

A key driver of the resilient growth has been consumer spending as wages continue to rise, household balance sheets that remain healthy, and wealth effects from rising equity and housing markets.

Despite some recent signs of weakness, the labor market is still relatively stable further supporting consumption.



Source: Bloomberg as of January 20, 2026. The labor differential index is produced by the Conference Board. Is a survey of consumers measuring difference between those who find jobs easy to find and those who find jobs hard to find.

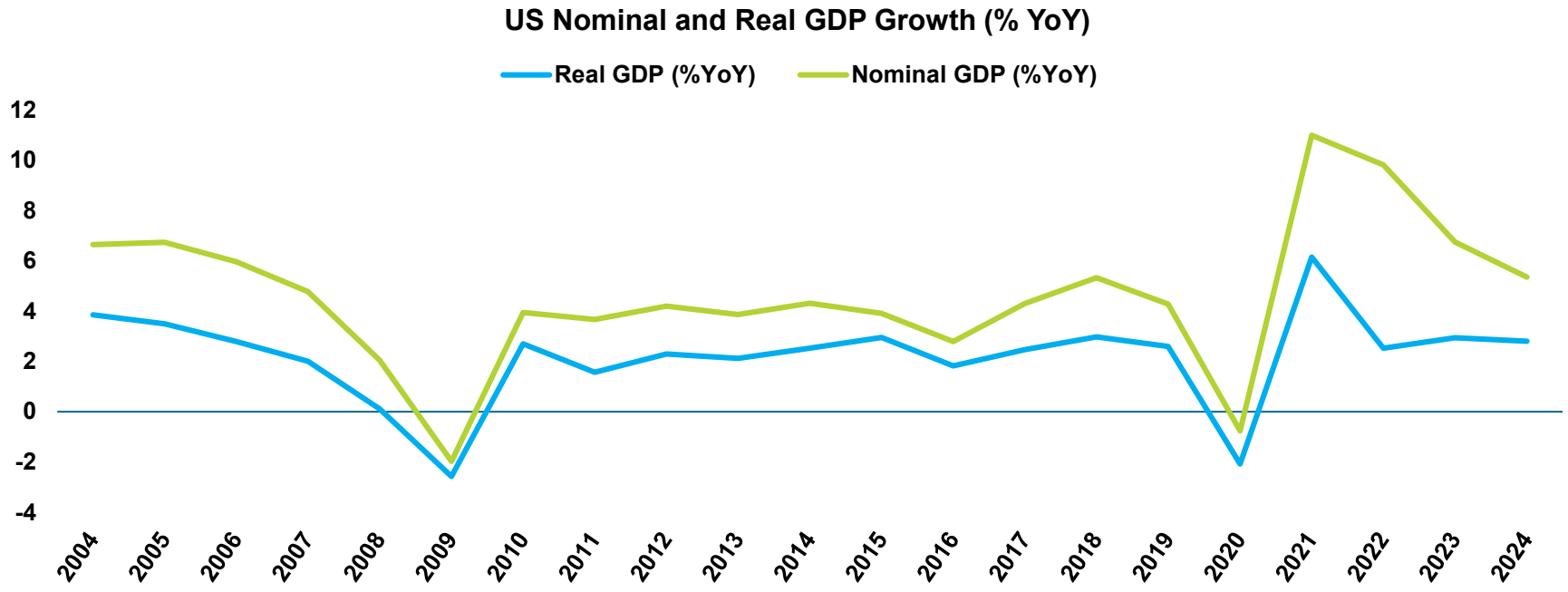
US Growth: Resilient but Uneven

Spending related to the buildout of AI infrastructure has emerged as an increasingly important engine of growth.

Expectations for GDP growth this year range from around 1.5% to slightly over 2.5%.

Stronger-than-expected productivity gains from AI and tech investment could also lift potential growth.

Fiscal stimulus, the potential for additional interest rate cuts, and the chance for tariff easing and improved global trade could all act as further tailwinds to the US economy.



Source: FRED as of January 2026. Annual GDP data for the full year of 2025 is not yet available.

US Growth Risks We Are Monitoring

This outlook does not come without risks though. Tariff-related or supply-driven inflation could reaccelerate.

- → Energy and housing dynamics may tighten conditions further.
- → A pullback in AI infrastructure spending would remove a key support.
- → AI-related capital investment remains a significant incremental driver.
- → GDP expectations center around 1.5%–2.5%.
- → Fiscal initiatives and productivity gains could add upside risk.

We will be watching the durability of both consumer strength and AI-led investment.

- → Consumer spending trends, as well as sentiment.
- → Credit card, auto loan, and student loan delinquencies.
- → Labor market slack at the margin, such as JOLTS, quit rates, hires, initial/continuing jobless claims, and prime-age labor force participation.
- → AI-related capital expenditure and productivity signals (e.g., hyperscaler capex guidance, semiconductor equipment orders, output per hour in AI-exposed sectors).

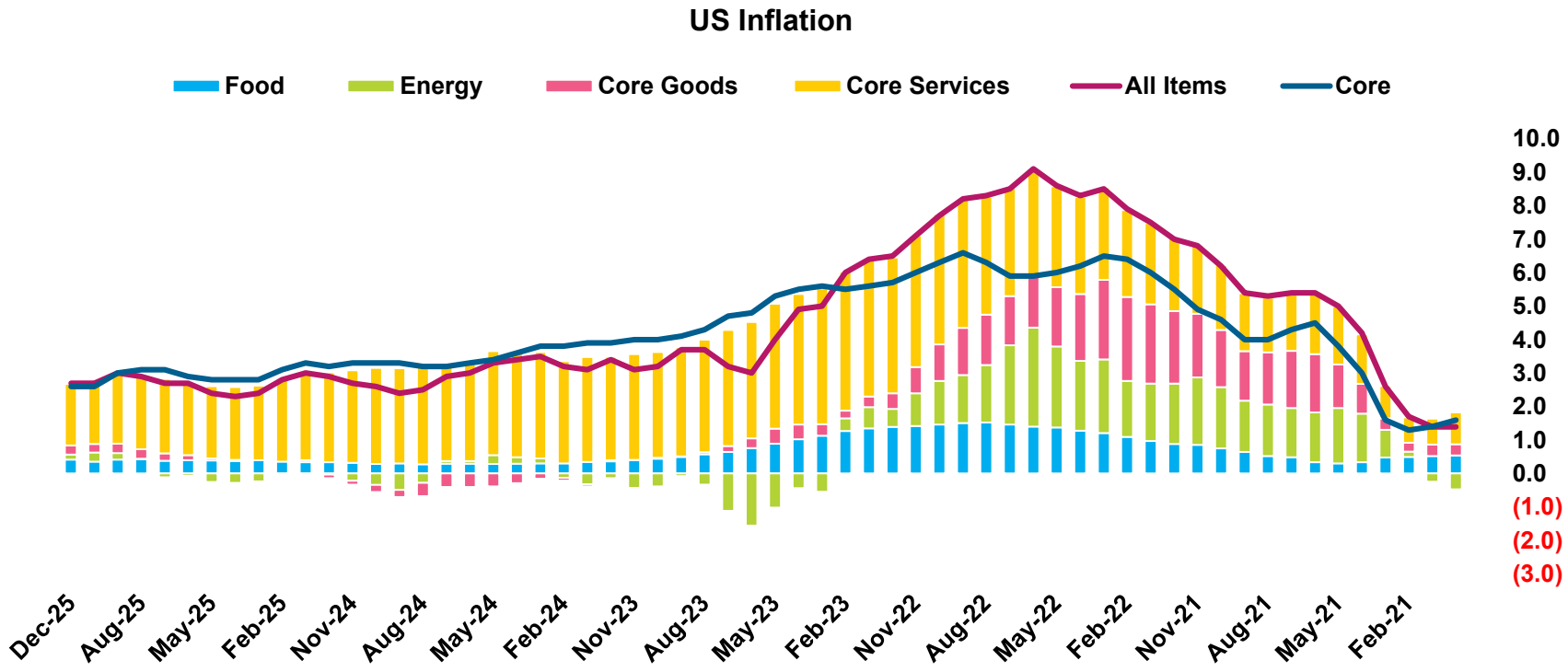
Federal Reserve: the Dual Mandate and New Fed Chair Dynamics

The dual mandate increasingly presents a true trade-off rather than a sequencing exercise.

→ Inflation has moderated but is not yet fully back to target, while labor market conditions are gradually cooling.

That balance raises the likelihood of a stop-start easing cycle.

→ The Fed may ease policy, pause to reassess progress, and adjust again.



Source: FRED. Data is as of December 31, 2025. This represents the latest inflation data. The October report was canceled given the government shutdown. Core services includes: non-energy service categories like rent/owners equivalent rent, medical care services, transportation services, education, recreation, insurance and tuition.

Federal Reserve: the Dual Mandate and New Fed Chair Dynamics

Complicating this policy calculus further is the pending end to Chair Powell's term as Fed Chair.

→ The transition may introduce communication uncertainty, such as changes in forward guidance or tone.

Politically-motivated actions have heightened scrutiny around governance and institutional independence.

→ For investors, the risk is less about near-term policy results and more about confidence in the Fed.

What we will be watching:

→ Inflation and labor "surprises" versus the Summary of Economic Projections baseline.

→ Tariff commentary in Beige Book and FOMC communications.

→ Fed Chair nomination headlines and market reaction (rates, breakevens, the dollar).

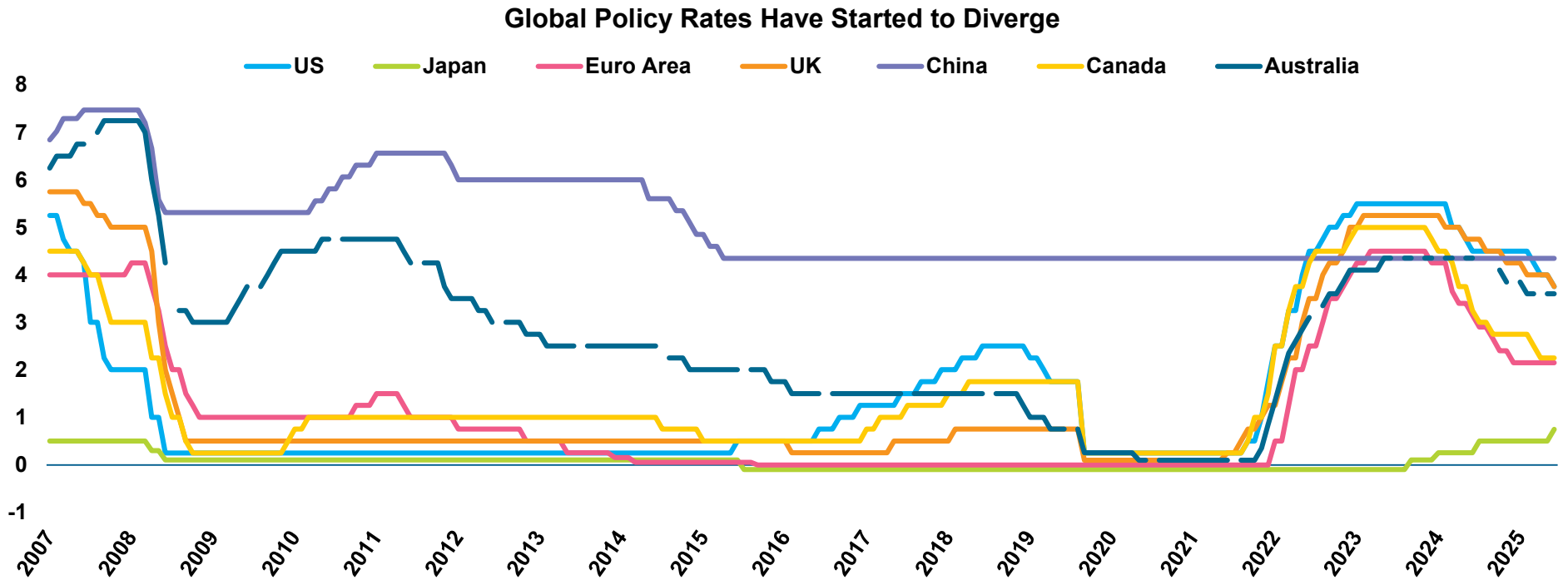
Global Policy Divergence

Major central banks are no longer moving in sync.

→ The current environment reflects differing growth trajectories, inflation dynamics, and political constraints.

Euro-area policymakers appear comfortable pausing further easing.

As a result, euro-area rates have become more anchored, reducing volatility at the front end of the curve.



Source: Bloomberg. Data is as of December 31, 2025, except China which is as of February 28, 2025. United States rate is the mid-point of the Federal Funds Target Rate range. Eurozone rate is the ECB Deposit Facility Announcement Rate. Japan rate is the Bank of Japan Unsecured Overnight Call Rate Expected. China rate is the China Central Bank 1-Year Medium Term Interest Rate. UK rate is the UK Bank of England Official Bank Rate.

Global Policy Divergence

Japan stands at the opposite end of the policy spectrum and is debating additional hikes as wage trends firm.

- → While rates are low by global standards, any tightening would represent a structural shift after decades of ultra-easy policy.

China is leaning more heavily on fiscal stimulus aimed at stabilizing growth and supporting consumption.

- → This underscores the limits of monetary easing as well as China's continued reliance on policy-driven demand rather than organic private-sector momentum.

Policy divergence tends to express itself first through foreign exchange markets.

- → Interest rate differentials influence hedging costs, carry strategies, and cross-border flows.

What we will be watching:

- → USD trend and global FX volatility as a barometer of financial conditions.
- → BOJ communication, wage dynamics, and yen behavior.
- → Euro-area wage growth and negotiated wage trends heading into 2026.
- → China's fiscal/credit impulse and whether stimulus translates into domestic-demand stabilization.

AI and Equity Market Leadership

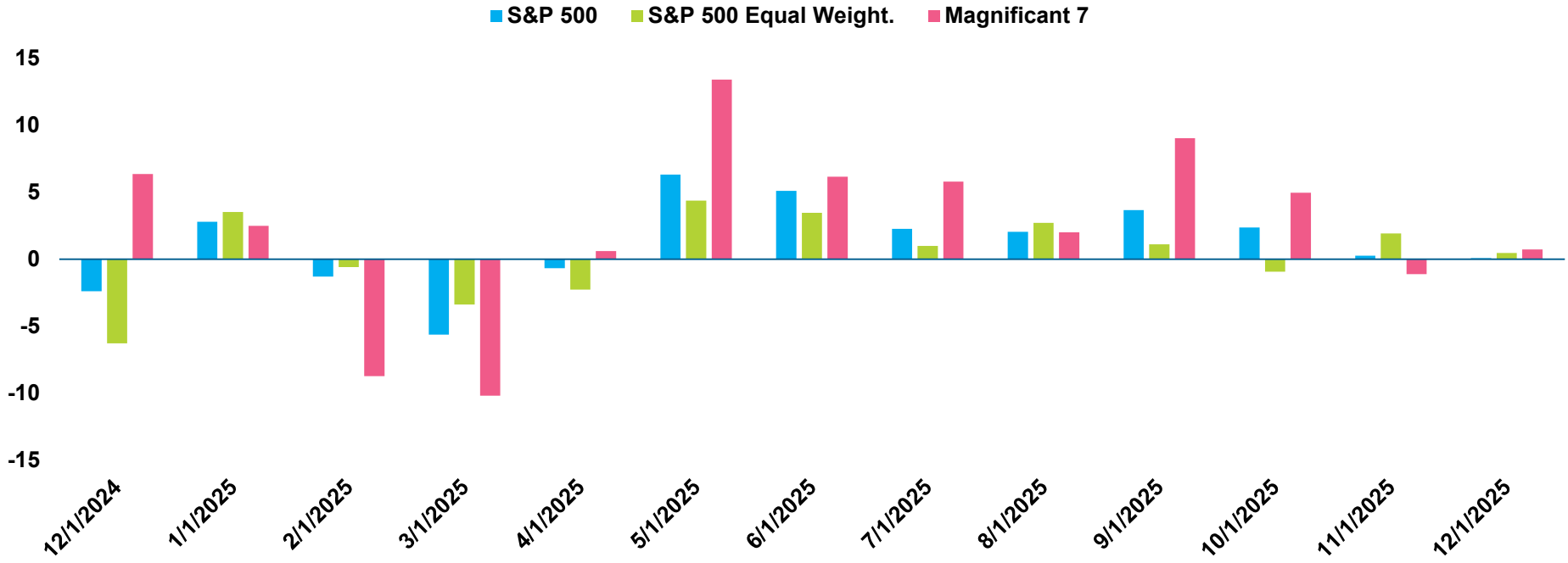
AI's contribution remains central but dispersion among leaders has increased.

Concerns about valuations, massive capex spending, and (in some cases) debt are driving increased scrutiny.

The market is increasingly differentiating which companies are best positioned across the Magnificent Seven.

→ Their collective impact on the capitalization-weighted index is decreasing.

2025 Monthly Returns for Mag Seven Stocks, S&P 500, & S&P 500 Equal Weight Indices



Source: Bloomberg as of December 2025. Bloomberg has a proprietary Mag 7 tracker. Mag 7 includes Meta, Alphabet, Microsoft, Nvidia, Amazon, Tesla, and Apple.

AI and Equity Market Leadership

AI is likely to remain the defining investment and economic theme.

- → Not all AI spend will translate into durable earnings power, and the market is likely to differentiate accordingly.
- → This could also open the door for leadership to broaden beyond mega-cap tech.
  - Sectors like software, industrials, healthcare, and financials may benefit from productivity improvements.

What we will be watching:

- → AI monetization and margin progression among major spenders.
- → The use of debt to help with the next stage of the AI infrastructure buildout.
- → How much the Magnificent Seven drive broader market returns.
- → The breadth of AI-driven earnings and comments in earnings calls outside of mega-cap tech.
- → Signs of productivity gains from AI as well as labor displacement signals.

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MEMORANDUM

TO: SJCERA Board of Retirement
FROM: Meketa Investment Group (Meketa)
DATE: February 13, 2026
RE: Total Portfolio Expected Return Update – 2026 Assumptions

Summary

At least once per year, Meketa generates forward-looking capital market assumptions ("CMAs") to provide clients with our best estimates of long-term returns, volatilities, and correlations across a wide range of asset classes/strategies. These CMAs are then used in complex asset-liabilities studies as well as in more straight-forward asset allocation reviews. Additionally, one of the primary uses of these updated CMAs is to allow clients to review the expected return and volatility of their current and long-term policy target portfolios. Through this exercise, clients are able to obtain a general understanding of the positioning of their policy portfolio and whether it is still aligned with their long-term objectives.

Based on Meketa's 2026 Capital Market Assumptions, the SJCERA investment portfolio is well structured to perform above its 6.75% actuarial objective over the long-term.

Discussion

SJCERA completed an Asset Allocation review in 2025 that culminated in a new long-term policy portfolio and the addition of Infrastructure. The current assumed rate of return is 6.75%

At the beginning of each year, Meketa develops capital market assumptions for a wide range of asset classes/strategies (in 2026 this equated to over 100 different asset classes/strategies). These assumptions are developed using a multitude of quantitative and qualitative inputs, and this development process is updated each year with additional data sets and more refined approaches/models. Meketa develops assumptions for both 10-year (i.e., intermediate) and 20-year (i.e., long-term) timeframes. For the purposes of this memorandum, Meketa mapped the 10-year and 20-year assumptions to both the long-term policy targets in order to generate expected return and volatility metrics for the respective portfolios. The long-term policy targets that were used can be found on the following page. The expected return and volatility metrics for the long-term policy targets are also presented. The underlying assumptions that were used are presented in this document.[1]

[1] Please also refer to the accompanying presentation deck discussing Meketa's 2026 Capital Market Assumptions.

Policy Targets and Expected Return/Risk

Classes/Strategies	2026 Long-term Policy Targets (%)
BROAD GROWTH	**81**
Traditional Growth	38
Public Equity	38
Stabilized Growth	22
Core Real Estate	9
Liquid Credit	5
Private Credit	8
Aggressive Growth	21
Private Equity	10
Infrastructure	5
Non-Core Real Assets	6
PRINCIPAL PROTECTION	**9**
CRISIS RISK OFFSET	**10**
Total	*100*
Expected Return (10-year)*	**7.0**
Expected Return (20-year)*	**8.2**
Annual Volatility	**12.4**

* Expected returns consist of passive management in liquid markets classes and median net performance in illiquid markets classes.

As detailed in the table above, the SJCERA investment portfolio is positioned to generate an expected return of 7.0%-8.2% depending on the investment horizon. When examining the portfolio from holistic perspective, Meketa believes that the portfolio remains prudently constructed to achieve and/or modestly exceed the actuarial rate without assuming unnecessary risk. It is important to note that the expected return of the portfolio and the actuarial assumed investment return do not need to be equal at all times, however, they should be similar to one another and directionally track over time.

2025/2026 Comparison of Return Assumptions*

Composite/Asset Class /Strategy	2025 Expected Return: 20-Year Geometric (%)	2026 Expected Return: 20-Year Geometric (%)	Difference (%)
Traditional Growth			
Global Equity	8.5	8.0	-0.5
Stabilized Growth			
Core Real Estate	7.4	7.3	-0.1
Liquid Credit (High Yield)	7.1	6.6	-0.5
Private Credit	9.1	8.2	-0.9
Non-Traditional Growth			
Private Equity	11.2	10.2	-1.0
Infrastructure	9.2	9.0	-0.2
Value Add Real Estate	9.6	9.5	-0.1
Opportunistic Real Estate	10.9	10.8	-0.1
Principal Protection			
Investment Grade Bonds	5.3	4.9	-0.4
Crisis Risk Offset			
Long US Treasuries	5.7	5.1	-0.6
Systematic Trend Following	4.9	4.9	0.0
Alternative Risk Premia	5.8	5.8	0.0
Total Portfolio	**8.7**	**8.2**	**-0.5**

*Expected returns consist of passive management in liquid markets classes and median net performance in illiquid markets classes.

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MEMORANDUM

TO: SJCERA Board of Retirement (SJCERA)
FROM: Meketa Investment Group (Meketa)
DATE: February 13, 2026
RE: 2026 SJCERA Benchmark Review

On an annual basis, Meketa reviews the benchmarks for SJCERA's portfolio, the underlying classes, and the various managers. This review is focused on the continued suitability of these benchmarks in light of changing investment markets. Secondarily, Meketa will review benchmarks as part of ongoing asset class reviews throughout the year.

Over the last several years Meketa has worked with SJCERA to enhance the policy, class and manager benchmarks and move them closer to their long-term objectives. ***Meketa recommends changing the policy benchmarks for Aggressive Growth, Infrastructure and Credit allocations as stated below, effective 11/1/2025.***

Each of the various portfolio components are reviewed below.

SJCERA Total Fund Policy

Asset Class	Current Policy Target (%)	Current Benchmark	New Benchmark
Traditional Growth	**38**		
Public Global Equity	38	MSCI ACWI IMI ND	No Change
Aggressive Growth	**21**	**50% MSCI ACWI ND + 2%/ 50% NCREIF ODCE + 1%**	**45% MSCI ACWI ND + 2%/, 35% NCREIF ODCE + 1%, 20% CPI+3%**
Private Equity	10	MSCI ACWI ND + 2%	No Change
Infrastructure	5	None	CPI + 3%
Opp/Value Add RE	6	NCREIF ODCE +1%	No Change
Stabilized Growth	**22**	**41% NCREIF ODCE, 29.5% PC, 29.5% Public Credit**	**40% NCREIF ODCE, 35% PC, 25% Public Credit**
Liquid Credit	5	50% BB High Yield/ 50% S&P/LSTA Leveraged Loan	50% BB High Yield/ 50% Morningstar LSTA Leveraged Loan
Private Credit	8	S&P/LSTA Leveraged Loan +2%	Morningstar LSTA Leveraged Loan +2%
Core Real Estate	9	NCREIF ODCE	No Change
Diversifying Strategies	**19**		
Principal Protection	9	BB Aggregate Index	No change
Crisis Risk Offset	10	1/3rd BB long Duration, 1/3rd BTOPS 50, 1/3rd 5% Annual	No change
Cash	**0**	**US T-bills**	**N/A**
Total		Total Fund Custom Benchmark	

Discussion

When evaluating the performance of a portfolio, sub-class or a specific manager, it is important to compare it against an appropriate benchmark. There are numerous index providers that create benchmarks used to gauge the performance of most investments, including Standard & Poor's, Russell, MSCI, and Bloomberg, among others. In general, an appropriate benchmark represents the investable universe (or opportunity set) while also adhering to broadly accepted industry standards.[1] Such standards are easily implemented through the broad market benchmark framework.

While liquid, long-only classes are fairly easy to benchmark, illiquid and/or more complex strategies/classes, such as Private Equity, are more difficult. Since these types of investments are often multi-asset in nature, they commonly do not possess an easily identifiable investable universe, and are highly illiquid, finding benchmarks that fulfill all of the desired criteria can prove challenging. To this end, Aggressive Growth is currently benchmarked against a hybrid target: a market index + a premium (MSCI ACWI ND +2%)[2] as opposed to solely broad market indexes.

[1] See, for example, A Primer for Investment Trustees, ©2011, The Research Foundation of the CFA Institute. This publication highlights that broad class benchmarks provide reasonable proxies for the types of capital market risks that must be borne by investors in order to capture investment returns over time. In addition, the most common metrics utilized to measure investment performance rely upon broadly published benchmarks. Finally, the basic standard for a benchmark is that it be (i) unambiguous, (ii) measurable, (iii) investable, (iv) appropriate, (v) measurable in advance, and (vi) owned (i.e., the publisher adheres to high-quality accountability standards). Widely-followed broad class benchmarks easily meet these standards.

[2] MSCI ACWI ND comprises both developed and emerging markets less the United States. This series approximates the minimum possible dividend reinvestment. The dividend is reinvested after deduction of withholding tax, applying the rate to non-resident individuals who do not benefit from double taxation treaties. MSCI Barra uses withholding tax rates applicable to Luxembourg holding companies, as Luxembourg applies the highest rates.

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MEMORANDUM

TO: SJCERA Board of Retirement (SJCERA)
FROM: Meketa Investment Group (Meketa)
DATE: February 13, 2026
RE: 2026 Risk Survey - Review

Summary and Discussion

Historically Meketa has worked with SJCERA's board and staff to conduct a risk survey. The purpose of this survey is two-fold; First, it is used to develop a baseline of where SJCERA currently stands on various risk and implementation considerations, and the results of the survey generally are a good launching point for future discussions on asset allocation and benchmarking. Given the changing market environment and the composition of the board/staff, it is a useful practice to update these results to see if the current portfolio is in line with organizational goals. The survey generally focuses on four different sections: Objectives, Risk Appetite, Risk Mitigation, and Implementation.

The last risk survey was conducted in 2022 as part of the asset-lability study. Since that time there have been changes to board and staff members as well as changes in market conditions.

The purpose of this memo is to gauge the level of interest of the board/staff to revisit the risk survey in 2026. Should the board elect to move forward with the survey, Meketa will work with staff on a timeline for questions and results to be submitted in 1Q/2Q 2026.

Preliminary Projections

San Joaquin County Employees' Retirement Association

February 13, 2026
Anne Harper

Each year, we review the primary economic assumptions for reasonableness. A detailed review of all actuarial assumptions - economic and demographic - is performed every three years with the most recent study completed in September 2025. A summary of the current economic assumptions is shown below.

Return on Assets
6.75%

Assumed annual return on investments; net of investment expenses

Inflation Rate
2.50%

Price inflation; building block for other assumptions

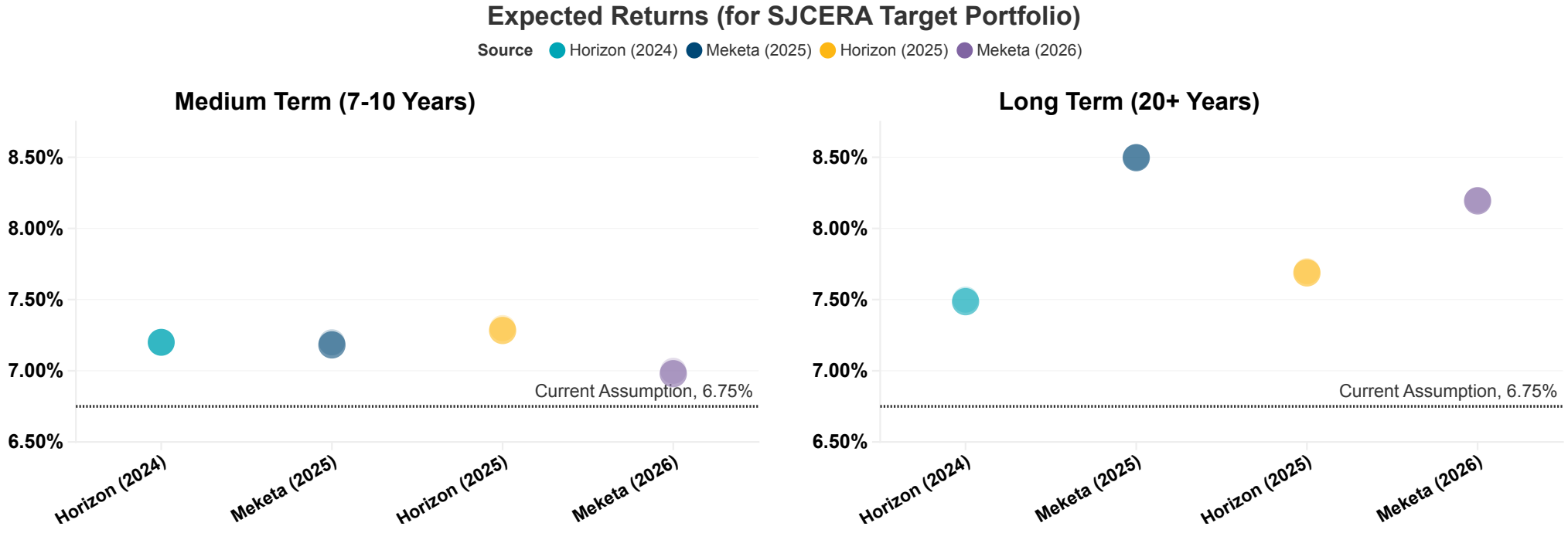
Wage Growth
3.00%

Price inflation plus real wage growth

COLA Rates
2.5% (actives); 3.0% (retirees with COLA banks, when banks are depleted 2.5%)

Increases in post-retirement COLAs; affected by caps and banking provisions

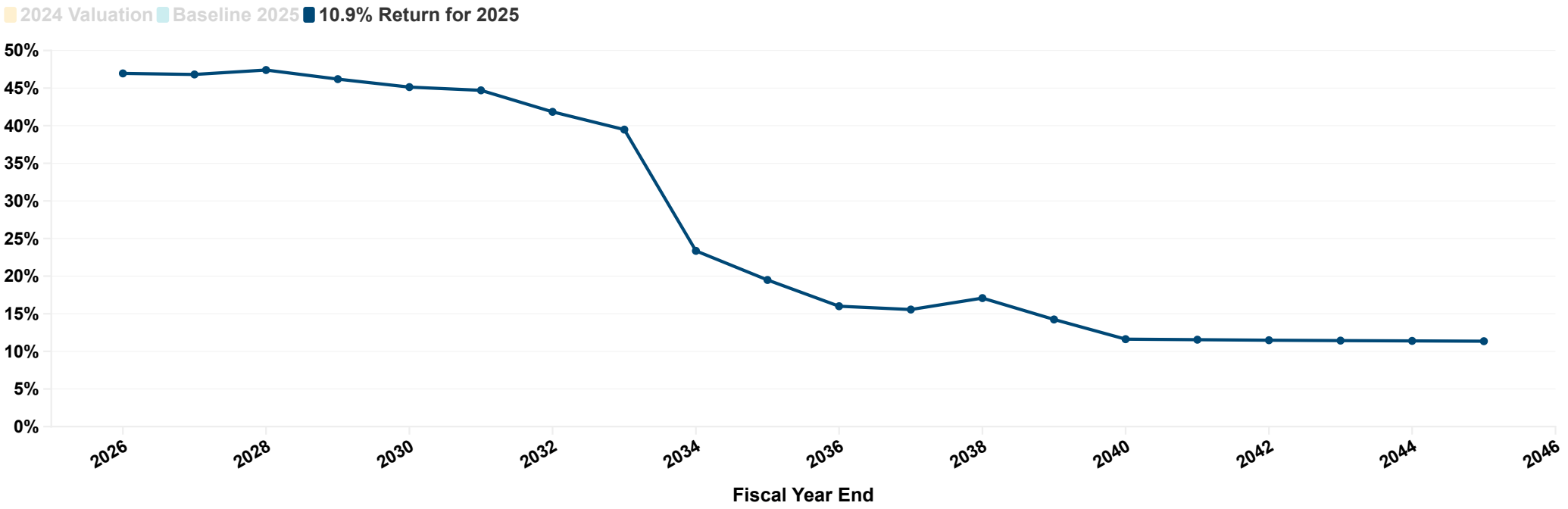
As part of our review of the economic assumptions, we reviewed the most recent expectations for the SJCERA target portfolio based on the Meketa and Horizon Survey of capital market assumptions, and compared the results to the prior year. The 10-year geometric expected return is between 7.0%-7.3% from both sources, with higher expectations over a longer time horizon. The 6.75% assumption is still reasonable, with a modest (0.25%-0.50%) margin for conservatism for the 10-year period.



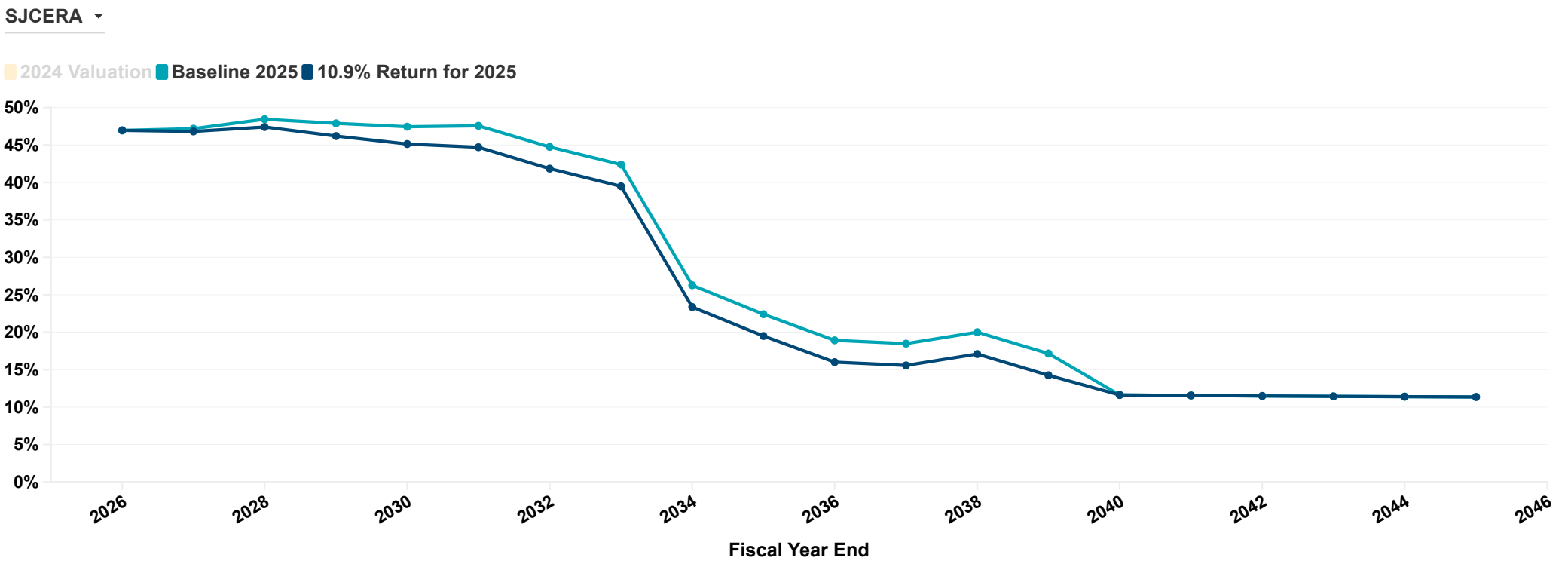
The following slides review various projections using the 2025 preliminary asset return of 10.9%, with no changes to the discount rate or other actuarial assumptions. The liabilities have been rolled forward from the December 31, 2024 actuarial valuation using the current actuarial assumptions.

This graph shows the projected aggregate employer contribution rates based on a preliminary investment return of 10.9% for 2025 and assumed returns of 6.75% for years after 2025.

SJCERA

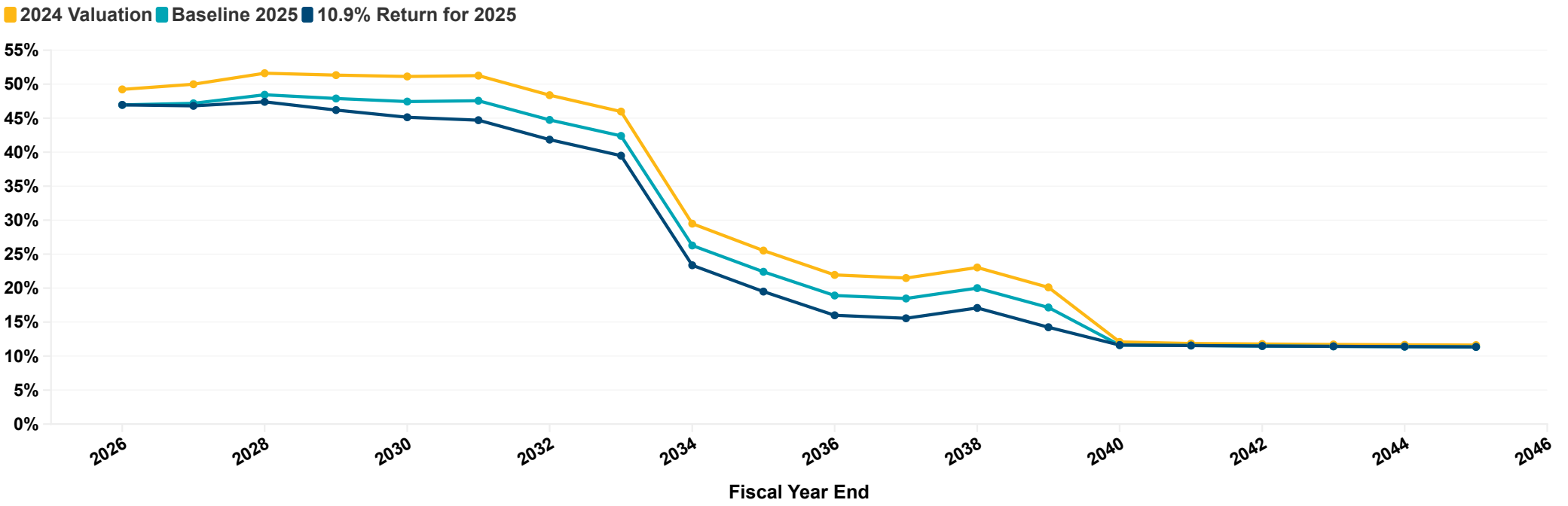


The projected contribution rates are lower than the baseline projected costs from the prior AVR (based on a 6.75% assumed return for 2025), due to the investment gain.

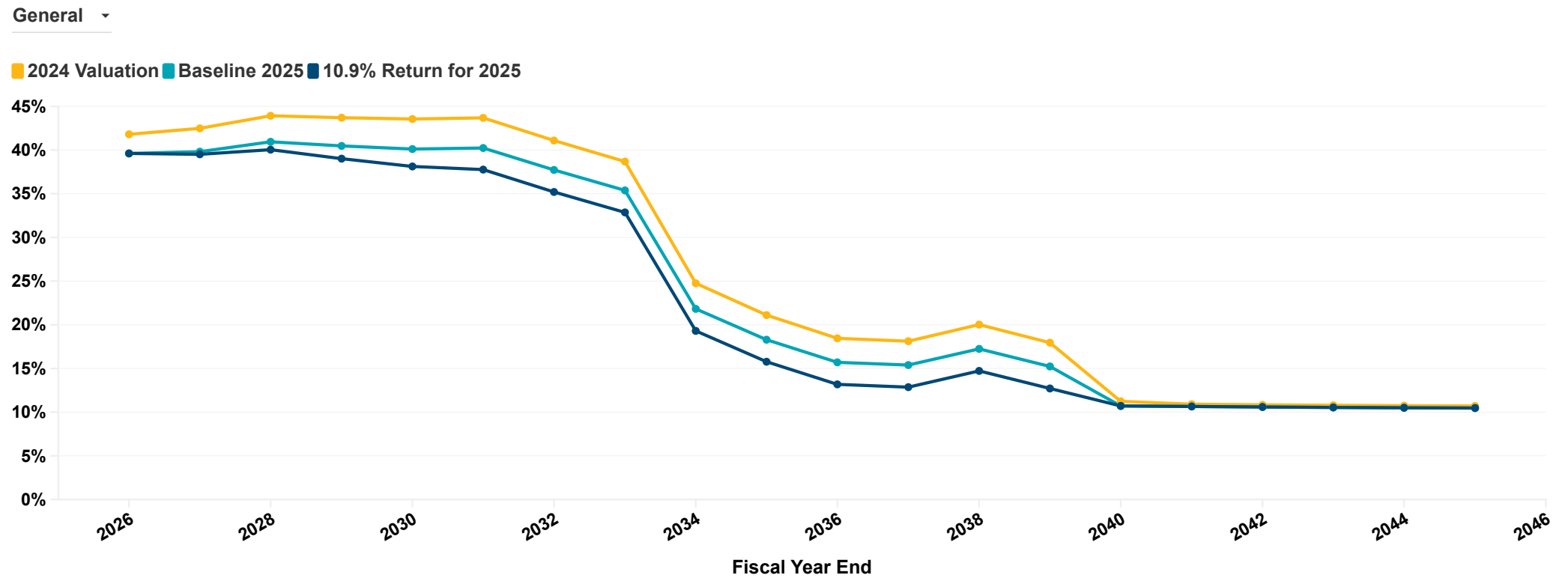


And even further below the contributions projected from the 2024 valuation, due to additional investment gains in 2024 and the assumption changes implemented in 2025.

SJCERA

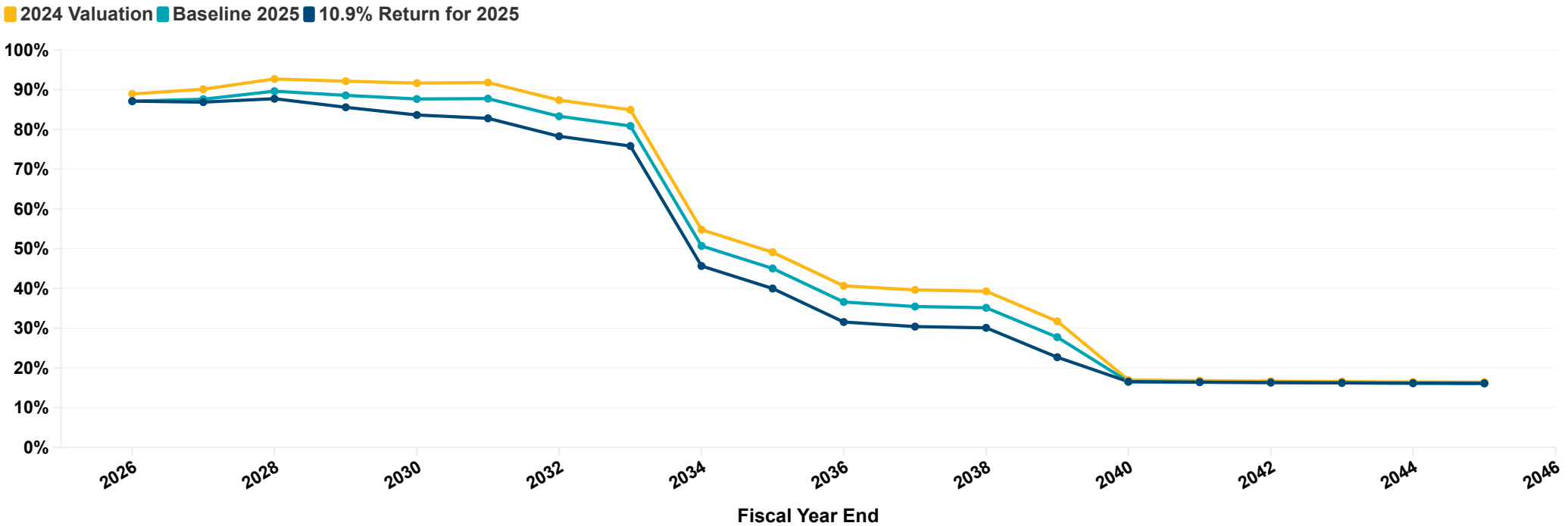


Below is the same comparison for the General employer rates, which reflect a similar pattern. **8/13**

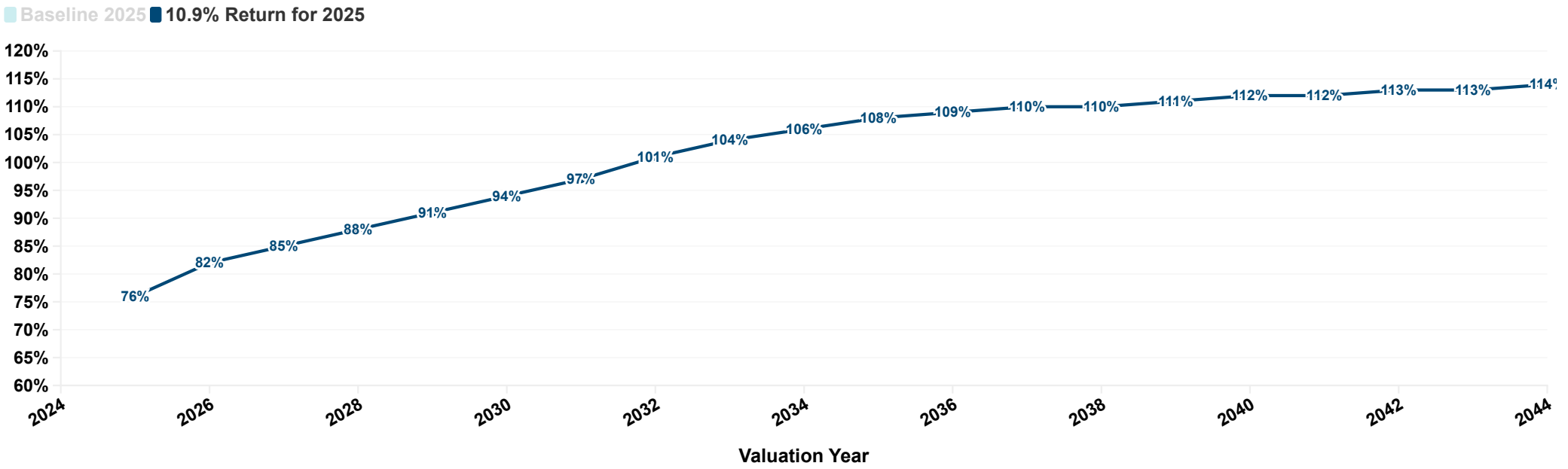


As well as the Safety employer rates.

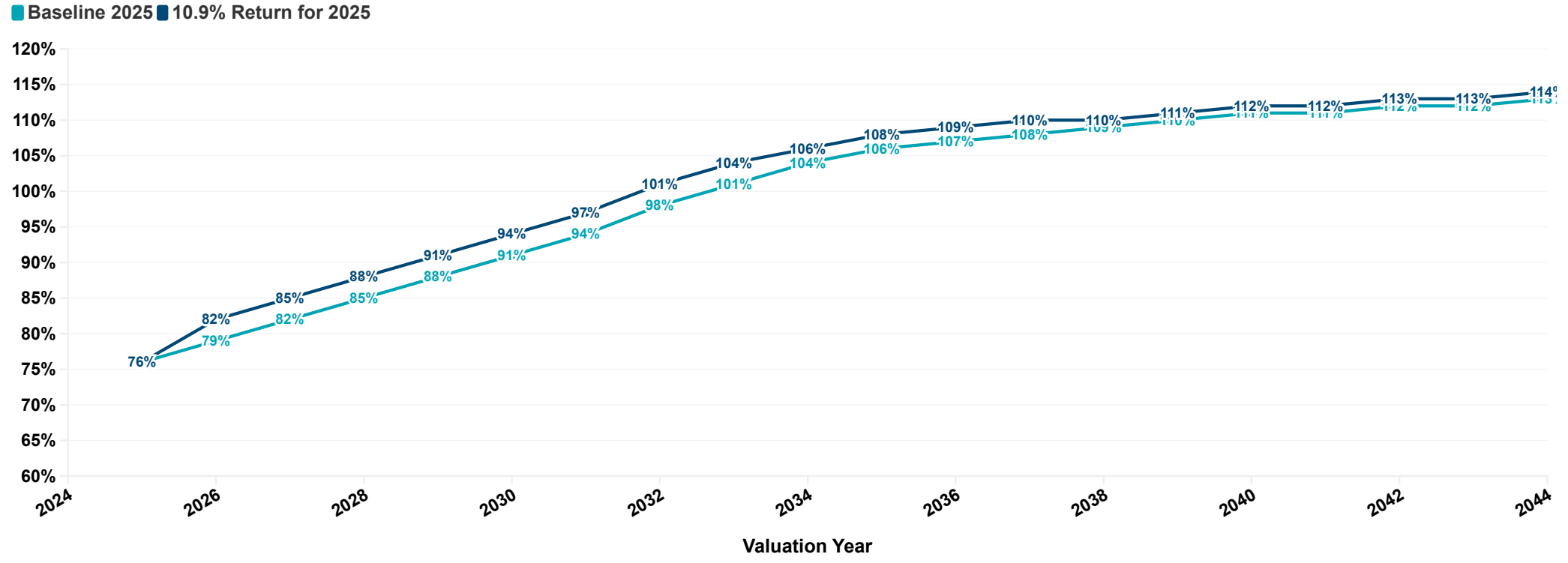
Safety



Finally, we show the projection of funded status using the **market value** of assets. The projection based on a 10.9% return shows an expected improvement in the funded status from 12/31/2024 to 12/31/2025 of about 6.4%, with further improvements of about 3.5% per year thereafter, until the plan is fully funded, (assuming the assumptions are met, including a 6.75% return each year). The funded status projections include the value of the additional contribution reserves (made by the County, Courts, and Mosquito District) as of December 31, 2024, but assume no additional contributions thereafter.



The funded ratio projection is about 3.0% higher than that from the prior AVR, due to the investment gain, which is reflected immediately in the market value of assets and not smoothed in, as it is in the contribution projections.



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Certification

The purpose of this presentation is to present a projection of contributions and funded status for SJCERA based on preliminary market returns for 2025.

In preparing our presentation, we relied on information (some oral and some written) supplied by SJCERA. This information includes, but is not limited to, the Plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23. The data and actuarial assumptions used (unless modified within this communication) are described in our December 31, 2024 actuarial valuation report.

Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

Deterministic projections in this presentation were developed using R-scan, a proprietary tool used to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the Plan. R-scan uses standard roll-forward techniques that implicitly assume a stable active population. Because R-scan does not automatically capture how changes in one variable affect all other variables, some scenarios may not be consistent.

To the best of our knowledge, this presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This presentation was prepared for the SJCERA Retirement Board for the purposes described herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

San Joaquin County Employees' Retirement Association

February 6, 2026

TO: Board of Retirement

FROM: Renee Ostrander
Chief Executive Officer

SUBJECT: Chief Executive Officer Report

STRENGTHEN THE LONG-TERM FINANCIAL HEALTH OF THE RETIREMENT PLAN

Asset Allocation

Review policy/asset class benchmarks and make changes as necessary.

The policy and asset-class benchmarks are reviewed on a regular basis to ensure they remain appropriate and aligned with the portfolio's evolving investment strategy. We reviewed the policy and asset-class benchmarks in January to ensure the Total Fund Custom Benchmark continues to accurately represent the portfolio's strategic positioning and long-term goals. The following adjustments were made as a result of the review:

- Within Aggressive Growth, the benchmark was refined to incorporate a three-component structure, to better reflect the strategy's diversified return drivers.
- Infrastructure received a new CPI+3% benchmark to match its inflation-linked objective.
- Stabilized Growth benchmarks were rebalanced to reflect updated allocations across real estate, private credit, and public credit.
- Liquid Credit and Private Credit benchmarks were updated to reference the Morningstar LSTA Leveraged Loan indices for improved market representation.

Risk Assessment

Perform risk survey and evaluate any necessary changes.

Meketa recommends that SJCERA conduct an updated risk survey in 2026 to reassess organizational objectives, risk appetite, risk-mitigation preferences, and implementation views considering changes in market conditions and board and staff composition since the 2022 survey. The survey has historically provided a valuable baseline for understanding SJCERA's current positioning and informing future discussions on asset allocation and benchmarking. If the Board chooses to proceed, Meketa will coordinate with staff to develop a timeline for distributing questions and compiling results in the first half of 2026.

Review and present 2026 Capital Market Assumptions.

Our 2026 capital markets expectations reflect shifts across key market variables, including interest rates, credit spreads, cap rates, and equity valuations, underscoring the importance of regularly updating assumptions to stay aligned with current conditions. Return expectations declined for roughly 80% of asset classes over the 10-year horizon and nearly 90% over the

20-year horizon, with 10-year assumptions remaining below 20-year expectations across all major asset classes due to projections of a higher future risk-free rate. Even with lower 10-year expectations, we anticipate exceeding our 6.75% assumed rate of return over the coming decade.

Define Emerging Governance Issues

Maintain a strong baseline of legal compliance with documents, guides, training, and continuance of the established review process.

Staff will be distributing digital copies of the Brown Act in compliance with the latest requirements of the California Government Code. All Board members should be receiving a copy with annotations and helpful resources to better understand the most recent changes to the Act.

MODERNIZE THE OPERATIONS INFRASTRUCTURE

New Pension Administration System (PAS)

Achieve defined milestones in new Pension Administration System.

On January 12, 2026, SJCERA's newly acquired PAS vendor came to SJCERA for the start of the new PAS system project. During their visit, there was a kick-off meeting, which included SJCERA and Heywood team members, both in-person and on a virtual meeting platform. During the five days, topics such as Estimates, Retirements, Disabilities, Reciprocity, and more were discussed. During each topic discussion, Heywood provided a high-level overview of their preconfigured process, and then SJCERA provided knowledge on gaps required to be filled. With the focused approach to gap analysis and the collaboration between the SJCERA and Heywood's teams, the five scheduled days of meetings were completed in four. Heywood and SJCERA are hoping to maintain a similar work pace, structure, and collaborative approach throughout the project, continuing to seek implementation in an expedited manner. Since the on-site visit, SJCERA and Heywood have continued having daily meetings, working through the two-month Discovery Phase of the project.

Member Experience

Implement process for Alive and Well project.

The Alive & Well Pilot concluded successfully in January. We are now documenting the workplan, lessons learned, and creating a permanent process to implement going forward. Likely, sometime in spring after the documentation is complete, we will formally initiate a round of communication for another set of retirees.

Improve Business Operations

Implement in house development of ACFR and PAFR.

To increase our flexibility and decrease our reliance on outside contractors, we decided to bring the ACFR and PAFR production in-house for 2025 annual financial reports production. By reducing reliance on outside firms, we have been able to address our workload more expediently. Our Communications Officer has finished the 2025 layout ahead of schedule (typically we would still be finalizing layout with our contractor at this time of year). In addition, she has already imported data from previous years (2024-2016). This means the document is ready when the audit is complete, and 2025 data is finalized.

Employer Experience

Develop Employer Ambassador program for Payroll Users Group.

As part of our efforts to continue to increase partnerships with our employers and provide them with sufficient education, we are developing an Employer Ambassador program. This program is aimed at empowering Payroll/HR reps to answer basic retirement questions with confidence. The program will not include just education sessions but also tools they will continue to have at their disposal when questions/situations arise. We are finalizing the ambassador program and are planning to unveil our strategy at the Employer Symposium on February 19.

MAINTAIN BUSINESS OPERATIONS

Provide Excellent Customer Service

A few quotes from our members:

[Bethany] answered the phone with a cheery voice & I felt [she] was there to help me.

[Marissa] was great!

Employee of the Month

Our January Employee of the Month is Trent Kaeslin! Trent joined SJCERA just over a year ago and continues to grow in his role. As has been evidenced by the quarterly manager review schedule, Trent has worked diligently to connect with all our fund managers and establish a connection with those that are investing our funds for our members' retirement. He has also worked with our investment consultants to provide more understandable, consumable reports for trustees, staff, and our membership. He continues to seek opportunities to learn, grow and develop in the role. He is a valued member of our office, and we are happy to have him.

Monthly Benefit Payment Date Change

SJCERA transitioned benefit payment dates to the last business day of each month, replacing the prior practice of issuing payments on the first day of the following month, to improve operational efficiency and financial alignment. This change streamlines tax reporting and reconciliation by ensuring benefit payments are recorded within the correct calendar month and tax year, reducing manual adjustments and reporting complexity, and improving alignment across benefit, accounting, and reporting functions.

We received a message from a retiree this week with feedback on this change. "Thank you to whoever was in charge of changing the retiree benefit payment date to the last business day of the month! It is helpful and in line with my other sources of income, so it makes it easier for me!"

As a result of this transition, benefit recipients will receive 13 payments during the 2026 calendar year. Members have been encouraged through multiple communications to review their tax withholding elections for 2026 to ensure sufficient withholding is in place and to avoid potential tax liabilities at year-end.

IRS Form 1099-R Online and Mailed to Payees

SJCERA successfully mailed all 2025 Form 1099-R statements on Monday, January 26, ahead of the IRS reporting deadline. In addition, for the first time, SJCERA made 1099-R forms available online, providing members with early access beginning January 20—prior to the mailed

delivery. This enhancement improves timeliness, convenience, and member access while maintaining full compliance with federal requirements. Although the 1099-R annual project is a team effort between Benefits, IT, and Finance divisions, special thanks go to Adnan Khan for his work with Greatland, our vendor partner, in getting the data necessary for member online access.

Annual TEFRA Notice

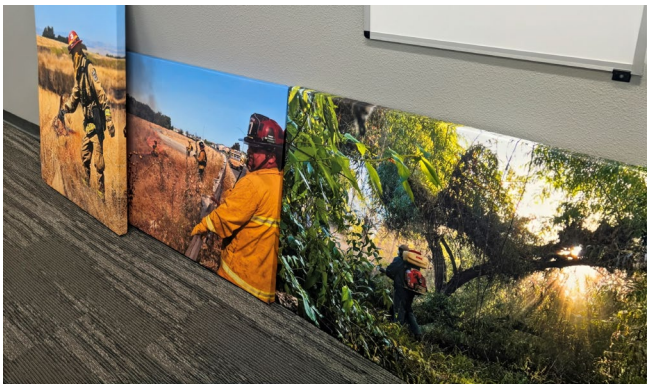
The Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982 requires SJCERA to issue an annual notice reminding members and beneficiaries receiving a monthly retirement benefit that their benefit is (with limited exceptions) subject to federal income tax. Additionally, the notice informs them of their right to change their tax withholding election at any time and directs them to the appropriate forms. As we are now issuing retirement benefit payments on the last business day of the month, SJCERA included this required notice with payees' January 31 benefit payment.

MANAGE EMERGING ORGANIZATIONAL NEEDS

On February 2, our building, along with the majority of downtown Stockton, unexpectedly lost power for the morning. As a result, we closed our office for the day. Our team pivoted and worked remotely on items they could access (items within our cloud services), participated on calls with our partners, still driving productivity. Through the outage, the return of power, and reestablishing full connectivity, our IT team worked diligently handling the unexpected demands of the day. Huge thanks to the IT team for their hard work and commitment.

CONCLUSION

The month of January has been one of connection, perspective, and setting the right tone for the year ahead. Our project kickoff with Heywood brought them to our office for in-person meetings. We had the opportunity to meet outside the office during the week, which allowed for open, collaborative dialogue and helped strengthen relationships in a more relaxed setting. Time spent outside of formal meetings often provides valuable insight, and these conversations reinforced the importance of trust, alignment, and collaboration as we move forward.



Internally, we also took a moment to refocus on who we serve by refreshing our office space with canvas photos of our members doing their jobs throughout the county. The photos have already had a positive impact, creating a more personal and motivating environment for staff and serving as a daily reminder of the people and purpose behind our work.

On a more personal note, one of the beliefs I hold deeply as a leader is the importance of

education. Without education, we limit our opportunities of growth and development within our world, both us and our environment. I work to not just set that example but encourage it in my team as well. In support of that, during this last year I have continued engaging all of my team to discuss their current roles and what career forward thoughts they have. I have also accepted multiple speaking assignments, both virtually and in-person, to share my journey and experiences with other systems. Recently, that has grown to mentorships. While mentoring does carry a time commitment, the benefits far outweigh the costs in a very meaningful way. I am currently mentoring both within our own office and now at another state's retirement system. The intent is to pass on knowledge and educate on paths so the future continues to be supported by a team that's equipped to deal with the challenges that will rise before them.

Overall, the efforts made this month – as individuals and as a team – has helped us center ourselves in our mission and set a thoughtful, people-centered tone as we begin the new year.

San Joaquin County Employees' Retirement Association

February 6, 2026

TO: Board of Retirement

THROUGH: Renee Ostrander, CEO

FROM: Greg Frank, MA III

SUBJECT: Declining Employer Payroll Report

Background

The purpose of the Board's Declining Employer Payroll policy is to establish guidelines by which SJCERA intends to assure that a participating employer experiencing a declining active member payroll would continue to satisfy its obligation to timely pay all unfunded actuarial accrued liabilities (UAAL).

Currently, SJCERA's employers pay contributions based on a percentage-of-payroll. If an employer's covered payroll is declining or is expected to decline over time, a different methodology to fund the UAAL would need to be determined. The policy directs the CEO to work with staff, the actuary, and participating employers to obtain the information needed to annually report if there are any declining payroll triggering events. This memo is intended to fulfill the annual reporting requirement.

Recommendation

No action required at this time. The analysis identified no triggering events and all SJCERA participating employers have made their required contribution payments with three employers (the County, the Superior Court, and the Mosquito and Vector Control District) making additional contributions.

Summary of Analysis

The policy defines two types of triggering events: (1) Ceasing to enroll new hires and (2) A material and expected to be long-lasting reduction in SJCERA-covered payroll. Analysis of each follows.

1) *Triggering event resulting from ceasing to enroll new hires.*

   To analyze if employers are ceasing to enroll new hires, I compared the active member data (from SJCERA's Annual Comprehensive Financial Report) to employer full-time equivalent (FTE) data (from employer documents). Allocated FTE data includes both filled and funded vacant positions but vacant positions would not be included in SJCERA's member data. I would expect to see the percentage of members to FTEs to either increase or remain fairly stable. If the percentage of members to FTEs begins decreasing, additional investigation may be required to determine if the employer is avoiding hiring employees into retirement-eligible positions.

   It is not a perfect comparison because employer FTE data is reported on a fiscal year end of June 30 and SJCERA's member data is on the calendar year end of December 31. The primary driver of employers who have a decline in FTEs is a result of turnover and not due to the elimination of positions, the cessation of hiring employees into SJCERA-eligible positions, or the exclusion of eligible employees from SJCERA enrollment. As the chart below indicates, the number of Total Members compared to Total FTEs ranges between 83.8% to 89.8% for 2020 to 2024.

Member to FTE Comparison

Employer	2020	2020-21 Annual % Change	2021	2021-22 Annual % Change	2022	2022-23 Avg. % Change	2023	2023-24 Avg. % Change	2024	2020-24 Avg. % Change
County										
Members[1]	5,980	-1.2%	5,911	0.6%	5,949	4.7%	6,228	3.8%	6,466	2.0%
FTEs (Allocated)[2]	6,680	3.4%	6,906	3.4%	7,138	3.4%	7,384	4.1%	7,684	3.8%
Member/FTEs	89.5%		85.6%		83.3%		84.3%		84.1%	
Superior Court										
Members	294	0.7%	296	-1.7%	291	-2.4%	284	1.4%	288	-0.5%
FTEs	321	3.7%	333	-3.3%	322	-4.3%	308	0.6%	310	-0.9%
Member/FTEs	91.6%		88.9%		90.4%		92.2%		92.9%	
Lathrop Manteca Fire District (LMFD)										
Members	47	-4.3%	45	0.0%	45	0.0%	45	2.2%	46	-0.5%
FTEs	47	-6.4%	44	-4.5%	42	7.1%	45	11.1%	50	1.6%
Member/FTEs	100.0%		102.3%		107.1%		100.0%		92.0%	
Mosquito & Vector Control District (MVCD)										
Members	35	2.9%	36	-2.8%	35	5.7%	37	0.0%	37	1.4%
FTEs	35	0.0%	35	2.9%	36	2.8%	37	0.0%	37	1.4%
Member/FTEs	100.0%		102.9%		97.2%		100.0%		100.0%	
Mountain House Community Services District (MHCSD)										
Members	27	-3.7%	26	15.4%	30	16.7%	35	2.9%	36	8.3%
FTEs (Allocated)2	29	26.3%	36	11.1%	40	17.5%	47	10.6%	52	20.6%
Member/FTEs	94.7%		72.2%		75.0%		74.5%		69.2%	
Waterloo Morada Fire District (WMFD)										
Members	20	-5.0%	19	0.0%	19	10.5%	21	4.8%	22	2.5%
FTEs	19	5.3%	20	5.0%	21	4.8%	22	4.5%	23	5.3%
Member/FTEs	105.3%		95.0%		90.5%		95.5%		95.7%	
Tracy Public Cemetery										
Members	8	0.0%	8	-37.5%	5	20.0%	6	33.3%	8	0.0%
FTEs	7	14.3%	8	0.0%	8	0.0%	8	12.5%	9	7.1%
Member/FTEs	114.3%		100.0%		62.5%		75.0%		88.9%	
Historical Society										
Members	4	25.0%	5	0.0%	5	-20.0%	4	75.0%	7	18.8%
FTEs	4	25.0%	5	20.0%	6	0.0%	6	33.3%	8	25.0%
Member/FTEs	100.0%		100.0%		83.3%		66.7%		87.5%	
Law Library										
Members	2	-50.0%	1	0.0%	1	0.0%	1	0.0%	1	-12.5%
FTEs	1	0.0%	1	0.0%	1	0.0%	1	0.0%	1	0.0%
Member/FTEs	200.0%		100.0%		100.0%		100.0%		100.0%	
LAFCO										
Members	0		0		1	100.0%	2	0.0%	2	
FTEs	0		0		2	0.0%	2	0.0%	2	
Member/FTEs					50.0%		100.0%		100.0%	
Total Members	**6,417**	-1.1%	**6,347**	0.5%	**6,381**	**4.4%**	**6,663**	**3.8%**	**6,913**	**1.9%**
Total FTEs	**7,143**	3.4%	**7,388**	3.1%	**7,616**	**3.2%**	**7,860**	**4.0%**	**8,176**	**3.6%**
Member/FTEs	**89.8%**		**85.9%**		**83.8%**		**84.8%**		**84.6%**	

[1] – Members data from Annual Comprehensive Financial Report Schedule of Participating Employers
[2] – FTE data is from annual employer reports (if available) or provided directly by the employer

2) *Triggering event resulting from a material and expected long-lasting reduction in SJCERA-covered payroll.*

Per the Pensionable Payroll chart below, there is no long-lasting reduction in covered payroll and the majority of employers have had an increase in pensionable payroll from 2020 to 2024, with a Total Average Annual Percent Change of 6.6%. This increase in Pensionable Payroll is in line with Cheiron's 3% assumption for the annual expected increase in base payroll.

Pensionable Payroll[1]										
Employer	**2020**	2020-21 Annual % Change	**2021**	2021-22 Annual % Change	**2022**	2022-23 Annual % Change	**2023**	2023-24 Annual % Change	**2024**	2020-24 Ave. % Change
County	429,994,745	2.1%	438,892,823	2.7%	450,756,541	11.0%	500,119,425	8.9%	544,425,127	6.7%
Superior Court	19,521,004	3.0%	20,107,867	7.3%	21,567,290	2.0%	21,991,480	0.7%	22,152,086	3.4%
LMFD	3,743,525	-3.0%	3,630,093	3.0%	3,737,284	10.8%	4,142,247	15.5%	4,783,831	6.9%
MVCD	2,732,383	3.0%	2,813,341	4.1%	2,927,353	6.0%	3,102,123	5.7%	3,280,169	5.0%
MHCSD	2,408,599	6.0%	2,553,381	10.4%	2,818,964	26.0%	3,550,935	19.0%	4,224,510	18.8%
WMFD	1,395,677	8.2%	1,510,141	-0.8%	1,498,210	15.9%	1,735,796	5.3%	1,827,855	7.7%
Tracy Public Cemetery	345,388	2.4%	353,716	-6.5%	330,787	-14.0%	284,449	46.9%	417,754	5.2%
Historical Society	228,822	2.8%	235,249	27.8%	300,672	0.5%	302,144	29.0%	389,811	17.6%
Law Library	86,791	-5.0%	82,425	2.1%	84,191	-2.1%	82,389	4.8%	86,349	-0.1%
LAFCO	0		0		34,460	476.9%	198,792	12.5%	223,684	
Total	**460,456,934**	2.1%	**470,179,036**	3.0%	**484,055,752**	10.6%	**535,509,780**	8.6%	**581,811,176**	6.6%

[1] – The pensionable payroll information is taken from the annual GASB 67/68 reports

The member and pensionable payroll information for 2025 are not yet available and consequently will be included in next year's report.