




December 9, 2025 Investment Committee Meeting



Schedule Tuesday, December 9, 2025 10:00 AM — 12:00 PM CST
Venue 4700 Mueller Blvd., Suite 100, Austin, TX 78723
Organizer Shawna Santos





Agenda















1. Call roll of Committee members 1
Presented by Ed Van Eenoo
 Item #1 Summary.pdf 2

 2. Review order of business and establish meeting objectives 3
Presented by Ed Van Eenoo
 Item #2 Summary.docx 4

 3. Receive public comments 5
Presented by Ed Van Eenoo
 Item #3 Summary.pdf 6

 4. Consider approval of the August 22, 2025 Investment Committee Minutes 7
Presented by Ed Van Eenoo
 Item #4 Summary.docx 8
 4A 08222025 Drafted IC Meeting Minutes.pdf 9

 5. Review of total portfolio, asset class, investment manager performance, and risk and compliance reports for the third quarter of 2025 11
Presented by Leo Festino and Stephanie Sorg
 Item #5 Summary.docx 12
 05A 2025-Q3 Summary Performance Report.pdf 13
 05B Meketa Risk Report.pdf 31
 05C Staff Risk Report Executive Summary.docx 71
-

6. Discuss and consider transition plan for private credit portfolio, including public proxy and benchmarks	74
Presented by Leo Festino	
 Item #6 Summary.docx	75
 6A Meketa Bank Loan Manager Search CONFIDENTIAL.pdf	76
 6B Staff Bank Loan Memo CONFIDENTIAL.docx	105
<hr/>	
7. Discuss and consider the private markets program, including model portfolios, cash flow analysis and pacing, and program strategic plan	107
Presented by Spencer Edge and Ryan Fitzgerald	
 Item #7A Summary.docx	108
 7A Albourne Model Portfolios and Cash Flows Presentation.pdf	109
 7B Draft Private Markets Strategic Plan.docx	163
<hr/>	
8. Discuss and consider Committee Charter	183
Presented by Christopher Hanson	
 Item #8 Summary.docx	184
 8A Investment Committee Charter 2025 - Draft.pdf	185
<hr/>	
9. Discuss and consider 2026 Investment Budget	187
Presented by Christopher Hanson	
 Item #9 Summary.docx	188
 9A 2026 Budget Memo.docx	189
 9B 2026 Proposed Budget.pdf	192
<hr/>	
10. Development of draft 2026 Committee Work Plan	193
Presented by Ed Van Eenoo	
 Item #10 Summary.docx	194
 10A Investment Committee 2025 Workplan and Priorities.docx	195
 10B Draft Investment Committee 2026 Workplan and Priorities DRAFT.docx	197
<hr/>	

11. Review key meeting takeaways and call for future agenda items 199
Presented by Ed Van Eenoo

 Item #11 Summary.docx 200

1. Call roll of Committee members

Presented by Ed Van Eenoo



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 1: Call roll of Committee members

AGENDA ITEM OBJECTIVE

The objective of the agenda item is to determine for the record which Trustees are present at the start of the meeting.

Please note that logging in to this meeting in real-time on Convene will automatically mark you as “present”. Shawna will indicate in the minutes if you are in person or virtual. If there are any Trustees who have not yet logged into Convene, please indicate to Shawna so she can mark you as present.

2. Review order of business and establish meeting objectives

Presented by Ed Van Eenoo



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 2:

Review order of business and establish meeting objectives

AGENDA ITEM OBJECTIVE

This agenda item provides Trustees with the opportunity to review the order of business and to express a desire to take an agenda item out of order, and to discuss the key objectives of the meeting.

1. The Committee will review reports on quarterly investment performance including strategy, and compliance.
2. The Committee will discuss and consider the private credit portfolio, including a public proxy and related benchmarks.
3. The Committee will review the COAERS' Private Markets Program, including model portfolios, cash flow analysis and pacing, and consider a draft strategic plan for the Private Markets Program.
4. The Committee will discuss and consider updates to the Committee Charter.
5. The Committee will discuss and consider the proposed 2026 investment budget.
6. The Committee will discuss the development of the 2026 Committee work plan.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management**. It is an industry best practice to establish meeting objectives and review them at the outset of each meeting.

3. Receive public comments

Presented by Ed Van Eenoo



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 3: Receive public comments

AGENDA ITEM OBJECTIVE

This standing agenda item allows System members and members of the public the opportunity to provide comments to the Committee.

ITEM SUMMARY

The Chair will recognize any person who wishes to comment for up to three minutes per person.

RELEVANCE TO STRATEGIC PLAN/CORE COMPETENCIES

This agenda item meets the core competency established in the **COAERS Strategic Plan** “*Transparency: Complying with open meeting and public information laws to ensure the decision-making process is clear to members and the public.*”

**4. Consider approval of the August 22,
2025 Investment Committee Minutes**

Presented by Ed Van Eenoo



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 4:

Consider approval of the August 22, 2025 Investment Committee minutes

AGENDA ITEM OBJECTIVE

This standing agenda item seeks approval of the minutes from the prior Investment Committee meeting. The charter for the Investment Committee requires the Committee to keep minutes of its meetings.

RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends approval of the minutes of the August 22, 2025 Investment Committee meeting.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets the core competency established in the **COAERS Strategic Plan** “*Transparency: Complying with open meeting and public information laws to ensure the decision-making process is clear to members and the public.*”

ATTACHMENT

A. Draft minutes of August 22, 2025 Investment Committee meeting



MINUTES
INVESTMENT COMMITTEE MEETING
 Public Meeting held in-person and videoconference
 Pursuant to Texas Govt. Code 511.127
 4700 Mueller Blvd., Suite 100, Austin, TX 78723
 Friday, August 22, 2025 @ 10:00 a.m.

Committee Members

(Ed Van Eenoo, Committee Chair)
 Dick Lavine, Vice Chair
 Michael Granof
 Anthony Ross
 Diana Thomas

Other Board Trustees

Michael Benson
 Kelly Crook
 Ben Ellinor
 (Yuejiao Liu)
 (Chris Noak)
 (Krista Laine)

Guests

Paige Saenz, General Counsel
 Leandro Festino, Meketa
 Ryan Fitzgerald, Albourne
 Spencer Edge, Albourne *

Staff

Christopher Hanson
 Russell Nash
 Jenni Bonds
 Shawna Santos
 David Kushner
 David Stafford
 Ty Sorrel
 Kelly Doggett
 Mehrin Rahman
 Yun Quitanilla
 Candace Nolte *

* Present telephonically

± Present via videoconference

(Absent)

1. Call roll of Committee members – Committee Vice Chair Lavine

Committee Vice Chair Lavine called the meeting to order at 10:03 a.m. The following Committee members were present in person: Lavine, Granof, Ross, and Thomas

2. Review order of business and establish meeting objectives – Committee Vice Chair Lavine

Committee Vice Chair Lavine referred the Trustees to the order of business and meeting objectives. No changes were made to the order of business.

3. Receive public comments – Committee Vice Chair Lavine

Committee Vice Chair Lavine asked if any members of the public wished to speak, either now or during an agenda item. There were no comments.

4. Consider approval of the May 23, 2025 Investment Committee Minutes - Committee Vice Chair Lavine

Committee Vice Chair Lavine asked the Committee to review the May 23, 2025 Investment Committee minutes. Ms. Diana Thomas moved to approve the May 23, 2025 Investment Committee meeting minutes. Mr. Anthony Ross seconded. The motion passed, 4 to 0.

5. Review of total portfolio, asset class, investment manager performance, and compliance reports for the second quarter of 2025 – Leo Festino, Meketa

Mr. Leo Festino of Meketa led a review of the Fund's performance through the second quarter of 2025. As of June 30, \$3.8B is reported, which is \$230M more than was reported three months ago. Mr. Festino answered the Committee's questions.

6. Discuss and consider Real Assets class including asset allocation, benchmarking, and investment fee analysis - Leo Festino, Meketa

Mr. Festino reviewed the Real Assets portfolio and related strategy and implementation considerations. The review included current status and functional role of the COAERS Real Assets portfolio and implementation styles, benchmarks, and fees. Mr. Festino answered the Committee's questions.

7. Discuss COAERS private markets investment program, including timeline for strategic plan, pacing analysis, and funding plans – Spencer Edge and Ryan Fitzgerald, Albourne

Mr. Ryan Fitzgerald and Mr. Spencer Edge of Albourne led a discussion of the private markets investment program, including development of a strategic plan, pacing analysis, and funding plans. Staff reported that both consultants, Meketa and Albourne, will provide educational presentations at the upcoming October Board workshop with a deeper dive into real assets. Mr. Fitzgerald answered the Committee's questions.

8. Discuss COAERS general investment consultant annual review - Committee Vice Chair Lavine

Mr. Christopher Hanson reported on the general investment consultant, Meketa, annual review. The report included the scope of work, terms of the contract, and work carried out throughout the year. Mr. Hanson answered the Committee's questions.

9. Call for future agenda items – Committee Vice Chair Lavine

Committee Vice Chair Lavine summarized the actions taken and the information discussed during the meeting. He asked for any future agenda items and there were no further items to address.

Committee Vice Chair Lavine adjourned the August 22, 2025 Investment Committee meeting at 11:11 a.m.

5. Review of total portfolio, asset class, investment manager performance, and risk and compliance reports for the third quarter of 2025

Presented by Leo Festino and Stephanie Sorg



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 5:

Review of total portfolio, asset class, investment manager performance, and risk and compliance reports for the third quarter of 2025

AGENDA ITEM OBJECTIVE

This agenda item is for the Committee to review the Fund's performance through September 30, 2025, and to receive reports on Fund Risk.

RECOMMENDATION FOR COMMITTEE ACTION

At the Committee's discretion.

ITEM SUMMARY

Meketa will lead a review of the Fund's performance through September 30, 2025. The Investment Policy Statement requires that the Committee be provided with an annual risk report, materials for which are included here. Staff have additionally provided standard quarterly reports in a consolidated fashion. Based on Trustee feedback to streamline meetings, standard quarterly reports have been included in the supplemental materials.

RELEVANCE TO STRATEGIC PLAN

This item allows the Committee to review Fund performance and assess the extent to which the System is meeting **COAERS Strategic Plan Goal 1: Achieve and maintain a funding level that ensures the long-term sustainability of the retirement system.** Long-term investment performance consistent with the investment program's goals is central to long-term system sustainability. Additionally, the agenda item allows the Committee to review the Fund goals and compliance requirements to ensure the System is fulfilling **COAERS Strategic Plan Goal 2: Responsibly Manage the Risks of the System.**

ATTACHMENTS

- A. Meketa Summary of Fund Performance 2025-Q3
- B. Meketa Risk Report
- C. Staff Risk Report Executive Summary

SUPPLEMENTAL MATERIALS

1. Additional Investment Performance Reports
2. Additional Quarterly Staff Reports
3. Annual Staff Risk Report



City of Austin Employees' Retirement System

December 9, 2025

Summary Report



City of Austin Employees' Retirement System

Agenda

1. Executive Summary
2. Performance Update as of September 30, 2025

Executive Summary



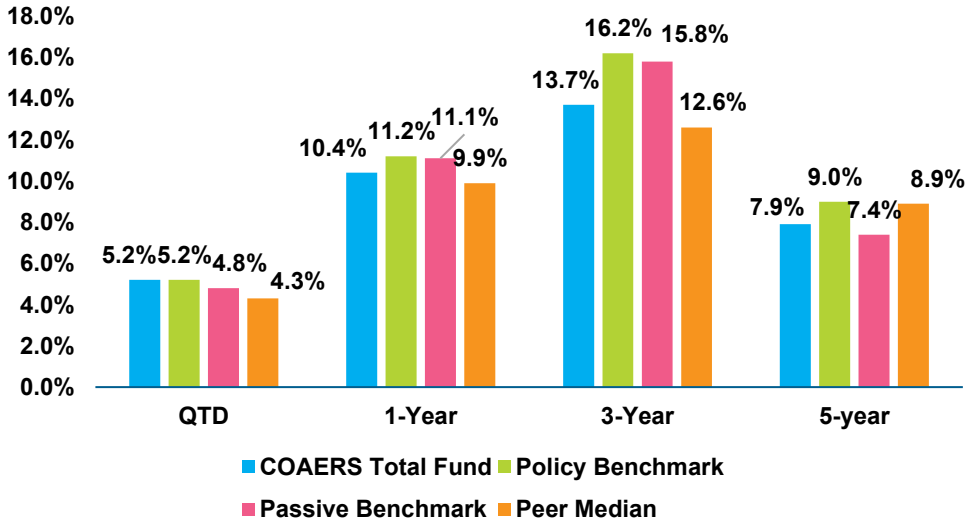
City of Austin Employees' Retirement System

Executive Summary

Executive Summary

- As of September 30, 2025, the COAERS portfolio was valued at \$3.9 billion, reflecting a \$191 million increase from the end of the second quarter. In the third quarter of 2025, the portfolio returned 5.2%, performing in line with the Policy Benchmark (5.2%), and outperforming both the Passive Benchmark (4.8%) and the peer median (4.3%).
- Over the trailing one-year period, the COAERS portfolio returned 10.4%, lagging both the Policy Benchmark and Passive Benchmark by -0.8% and -0.7%, respectively, but outperforming the peer median by 0.5%.
- The portfolio's risk volatility, as indicated by standard deviation, was lower than the Policy Benchmark but above the peer group median for the trailing one-year period, at 7.0% versus 7.1% and 6.0%, respectively. The long-term risk-adjusted return of the COAERS portfolio, as indicated by the Sharpe Ratio over the past five-year period, matched the Policy Benchmark at 0.5, but was below peer group median of 0.6.

Return Summary



Summary of Cash Flows		
	QTD	1-Year
Beginning MV	\$3,755,441,264	\$3,590,857,903
Net Cash Flow	-2,221,833	-19,447,848
Net Investment Change	192,802,860	374,612,237
Ending Market Value	\$3,946,022,292	\$3,946,022,292



City of Austin Employees' Retirement System

Executive Summary

Report Card

Category	Results			
	QTD	One-Year	Three-Year	Five-Year
Total Fund Absolute Performance	Positive	Positive	Positive	Positive
Total Fund Performance vs. Policy Benchmark	Matched	Underperformed	Underperformed	Underperformed
Total Fund Performance vs. Peers ¹	1st Quartile	2nd Quartile	2nd Quartile	4th Quartile
% Active Public Managers Outperforming Benchmarks ²	50%	50%	33%	20%
Compliance with Targets	In Compliance	In Compliance	In Compliance	In Compliance
Return in Excess of Actuarial Target (6.75%)	NM	Yes	Yes	Yes

→ The Total Fund experienced positive returns in the most recent quarter, one-, three-, and five-year periods. Despite trailing the Policy Benchmark over the trailing one-, three-, and five-year periods, the Total Fund exceeded its actuarial target of 6.75% over these periods.

- Underperformance versus the Policy Benchmark over the trailing periods is predominantly attributable to manager selection/execution within the Global Equity sleeve. This exposure represents over 50% of the Total Fund value and lagged its respective benchmark by -2.5%, -0.6%, and -2.2% over the past one-, three-, and five-year periods (annualized), on average.

¹ InvMetrics Public DB \$1B - \$5B net.

² Strategies that do not have a full quarter of performance are excluded from this statistic.

Performance Drivers and Detractors

- The Total Fund performed in line with the Policy Benchmark and all of the asset classes exhibited positive absolute performance throughout the quarter ranging from 1.0% in Cash to 6.9% in Global Equity.
 - Markets posted positive returns in the third quarter, supported by expectations of Fed rate cuts, strong AI-driven investment, and solid corporate earnings. Chair Powell's Jackson Hole remarks reinforced hopes for further easing, while political scrutiny of FOMC members raised concerns about Fed independence. Key questions ahead include the Fed's balancing act between inflation and employment, the inflationary impact of tariffs, sustainability of earnings growth, the durability of the small-cap rally, and developments in China's economy and US relations.
- Global Equity had the highest absolute performance (6.9%), however it was the primary detractor from the Total Fund's relative performance compared to the Policy Benchmark in the third quarter. The asset class represented roughly 58.4% of the COAERS portfolio and returned 6.9%, which underperformed its benchmark by -0.3% and detracted -0.1% from the Total Fund's relative results.
 - Within Global Equity, Emerging Markets Equity (12.5%) was the best performing sub-asset class within Global Equity, followed by US Equity (7.5%) and Developed Markets Equity (3.2%). Emerging Markets Equity and US Equity both outperformed their benchmarks by 2.6% and 0.2%, respectively, while Developed Markets Equity underperformed its benchmark by -2.4%.
 - Emerging markets extended their rally this year and are now trading at a P/E ratio of 18.5, slightly above their long-term average of 16.7. They finished the quarter slightly ahead of developed markets as Chinese stocks drove the emerging market index higher with the MSCI China index returning 20.7% in the third quarter.

Performance Drivers and Detractors (continued)

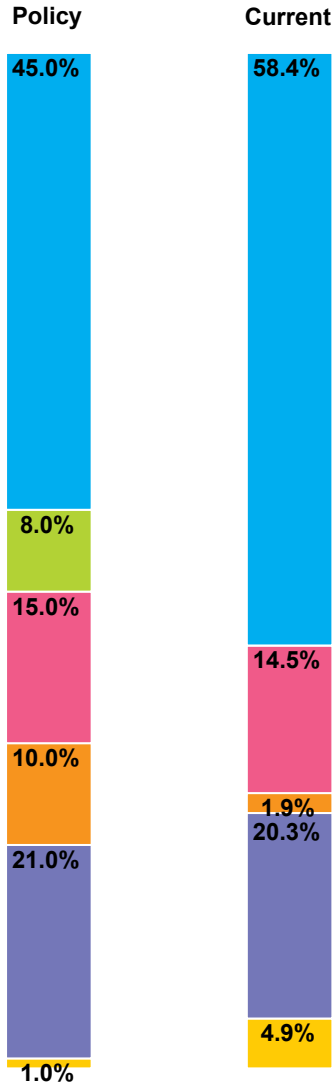
- The Real Assets composite experienced the second highest absolute performance (4.4%) and the best performance relative to its benchmark in the third quarter. The asset class represented roughly 14.5% of the COAERS portfolio and returned 4.4%, which outperformed its benchmark by 0.8% and contributed 0.1% to the Total Fund's positive relative results.
- Gold was the strongest performing sub-asset class within the Real Assets composite, returning 16.4%, performing in line with its benchmark.
 - Gold has outperformed risk assets year-to-date, rising over 47%. Investor appetite has surged, driven by record-setting ETF inflows and robust central bank purchases, underpinned by a weak US dollar and heightened geopolitical tensions.

**Performance Update
As of September 30, 2025**



City of Austin Employees' Retirement System

Asset Allocation Compliance | As of September 30, 2025



Allocation vs. Targets and Policy					
	Balance (\$)	Current Allocation (%)	Long Term Policy Target (%)	Policy Range (%)	Within IPS Range?
Global Equity	2,304,561,567	58.4	45.0	38.0 - 63.0	Yes
Private Equity		0.0	8.0	0.0 - 10.0	Yes
Real Assets	570,576,409	14.5	15.0	12.0 - 19.0	Yes
Private Credit	75,115,654	1.9	10.0	0.0 - 13.0	Yes
Fixed Income	802,864,292	20.3	21.0	15.0 - 28.0	Yes
Cash & Equivalents	192,904,370	4.9	1.0	0.0 - 10.0	Yes
Total	3,946,022,292	100.0	100.0		

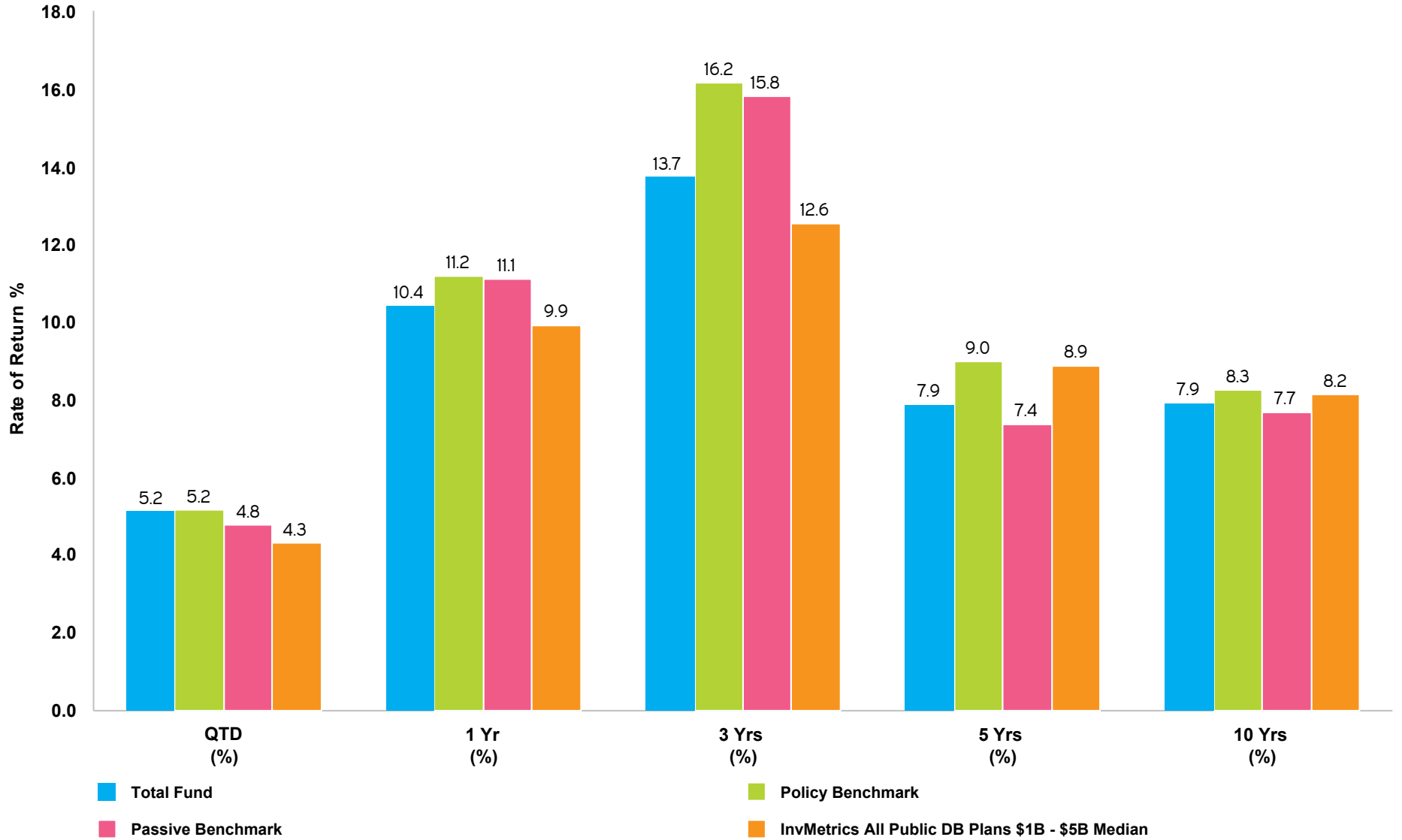
Performance for Private Real Estate (Principal US Property), Private Infrastructure (IFM Global Infrastructure), and Private Credit (Blue Owl Diversified Lending Fund), as well as their respective benchmarks, are lagged by one quarter.



City of Austin Employees' Retirement System

Total Fund Performance | As of As of September 30, 2025

Net Return Summary





City of Austin Employees' Retirement System

Total Portfolio Net Performance | As of September 30, 2025

Asset Class Performance										
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
Total Fund	3,946,022,292	100.0	5.2	12.5	10.4	13.7	7.9	7.9	9.5	Jun-82
<i>Policy Benchmark</i>			5.2	13.1	11.2	16.2	9.0	8.3	--	
<i>Passive Benchmark</i>			4.8	14.1	11.1	15.8	7.4	7.7	--	
Global Equity	2,304,561,567	58.4	6.9	16.4	13.7	19.7	11.0	10.6	9.3	Jun-88
<i>Global Equity Benchmark</i>			7.2	17.7	16.2	22.3	13.2	11.6	--	
US Equity	1,448,381,784	36.7	7.5	13.2	15.0	20.8	13.7	12.5	11.0	Jun-88
<i>US Equity Benchmark</i>			7.3	13.3	16.1	24.1	15.4	14.7	11.3	
Developed Markets Equity	590,070,207	15.0	3.2	18.1	7.9	17.2	7.8	8.4	5.6	Jan-08
<i>Developed Market Equity Benchmark</i>			5.6	25.9	16.5	21.9	11.8	8.5	4.1	
Emerging Markets Equity	266,109,576	6.7	12.5	30.9	20.3	19.9	6.5	7.5	2.8	Mar-08
<i>Emerging Markets Equity Benchmark</i>			9.9	25.9	16.0	17.6	6.7	7.8	3.2	
Real Assets	570,576,409	14.5	4.4	10.7	9.0	5.7	7.6	6.0	6.2	Sep-04
<i>Real Assets Benchmark</i>			3.6	9.5	8.1	11.7	9.9	6.9	7.8	
Real Estate Equity	301,167,655	7.6	3.1	4.4	1.2	1.0	5.2	5.6	6.3	Sep-04
<i>Real Estate Equity Benchmark</i>			2.6	4.4	1.2	8.9	8.2	6.0	7.7	
Infrastructure Equity	193,046,066	4.9	2.4	10.7	12.0	11.0	9.9	--	5.2	Jan-20
<i>Infrastructure Equity Benchmark</i>			0.8	7.3	8.2	12.0	9.9	--	4.7	
Gold	76,362,688	1.9	16.4	45.2	44.8	29.6	14.6	--	15.4	Apr-20
<i>Commodities and Other Benchmark</i>			16.4	44.8	44.1	12.8	18.0	--	19.1	

The Policy Benchmark includes the Real Assets Benchmark, which incorporates the MSCI Burgiss Infrastructure Funds Benchmark as of 7/1/2024. The MSCI Burgiss Infrastructure Funds index is released quarterly, with returns lagging by one quarter.



City of Austin Employees' Retirement System

Total Portfolio Net Performance | As of September 30, 2025

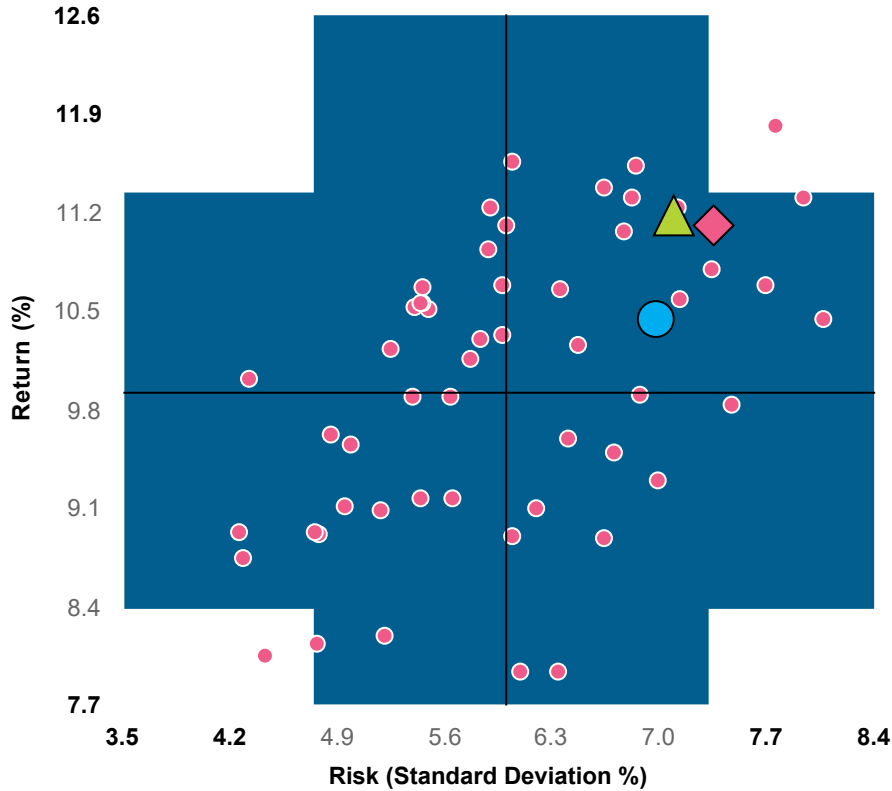
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
Private Credit	75,115,654	1.9	1.5	--	--	--	--	--	1.5	Jul-25
<i>Private Credit Custom Benchmark</i>			<i>2.8</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>2.8</i>	
Fixed Income	802,864,292	20.3	2.1	6.1	4.1	5.1	-0.9	1.8	5.0	Feb-91
<i>Global Fixed Income Benchmark</i>			<i>2.0</i>	<i>6.1</i>	<i>2.9</i>	<i>5.0</i>	<i>-1.8</i>	<i>0.9</i>	<i>4.6</i>	
Core Bond	802,864,292	20.3	2.1	6.0	--	--	--	--	6.0	Jan-25
<i>Core Bond Benchmark</i>			<i>2.0</i>	<i>6.1</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>6.1</i>	
Cash & Equivalents	192,904,370	4.9	1.0	3.2	4.4	4.7	3.0	--	2.4	Jul-17
<i>Blmbg. U.S. Treasury Bills: 1-3 Months</i>			<i>1.1</i>	<i>3.2</i>	<i>4.5</i>	<i>4.9</i>	<i>3.0</i>	<i>--</i>	<i>2.5</i>	
US Dollar Instruments	192,904,370	4.9	1.0	3.2	4.4	4.7	3.0	--	--	Jun-88
<i>Blmbg. U.S. Treasury Bills: 1-3 Months</i>			<i>1.1</i>	<i>3.2</i>	<i>4.5</i>	<i>4.9</i>	<i>3.0</i>	<i>2.1</i>	<i>--</i>	



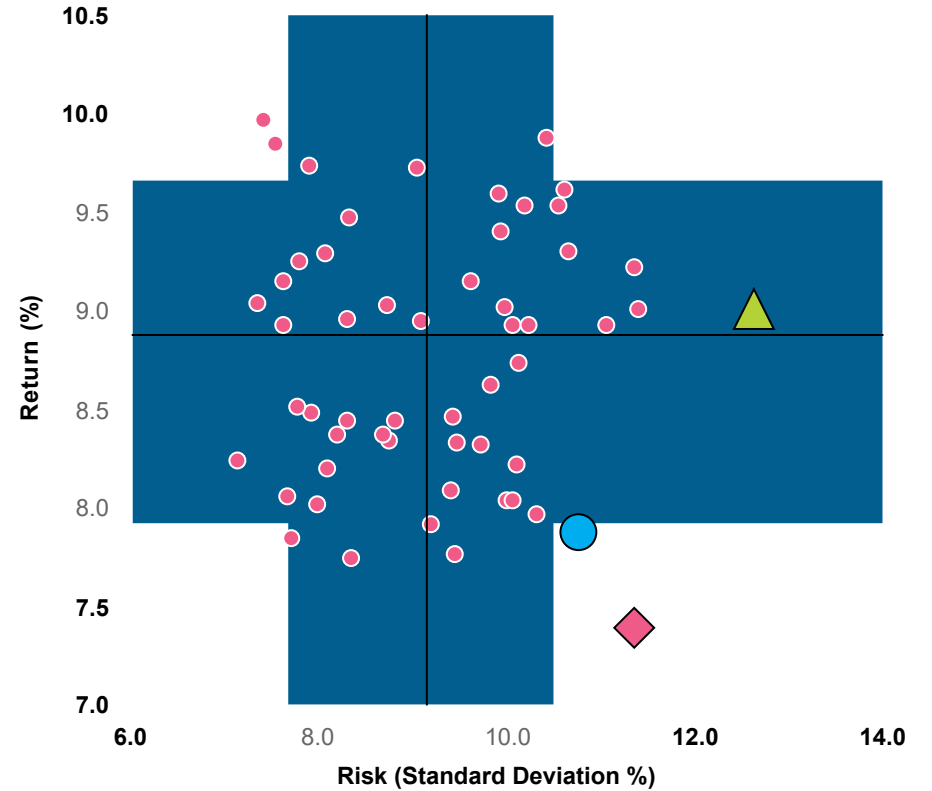
City of Austin Employees' Retirement System

Total Fund | As of September 30, 2025

**Annualized Return vs. Annualized Standard Deviation
1 Year Ending September 30, 2025**



**Annualized Return vs. Annualized Standard Deviation
5 Years Ending September 30, 2025**



	Return	Standard Deviation
● Total Fund	10.4	7.0
▲ Policy Benchmark	11.2	7.1
◆ Passive Benchmark	11.1	7.3
— Median	9.9	6.0

	Return	Standard Deviation
● Total Fund	7.9	10.8
▲ Policy Benchmark	9.0	12.6
◆ Passive Benchmark	7.4	11.3
— Median	8.9	9.1

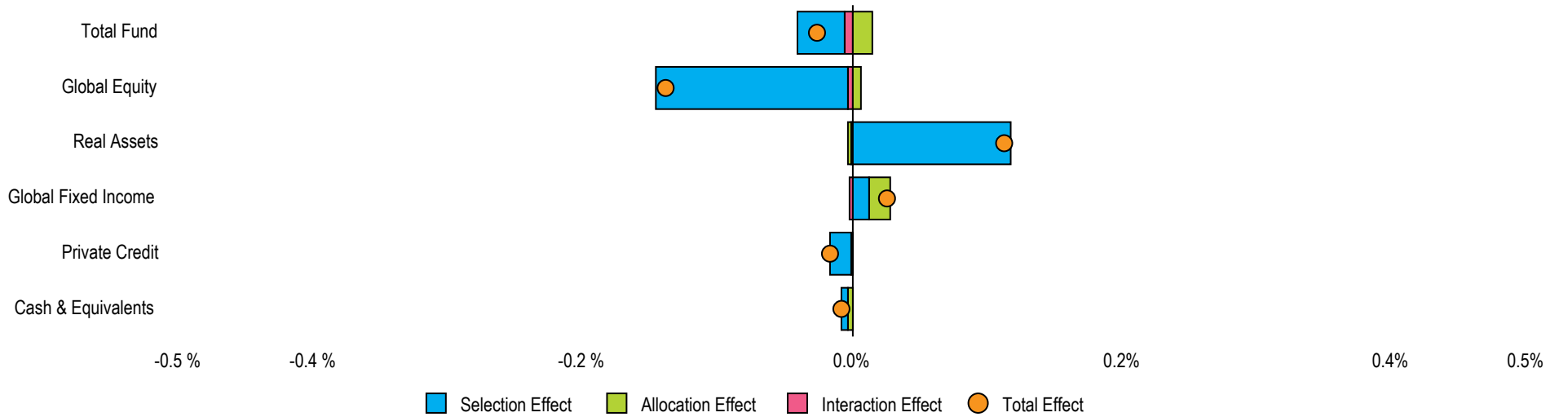
Peer Universe is InvMetrics All Public DB Plans \$1B - \$5B.



City of Austin Employees' Retirement System

Total Fund Attribution | 1 Quarter Ending September 30, 2025

Attribution Effects
1 Quarter Ending September 30, 2025



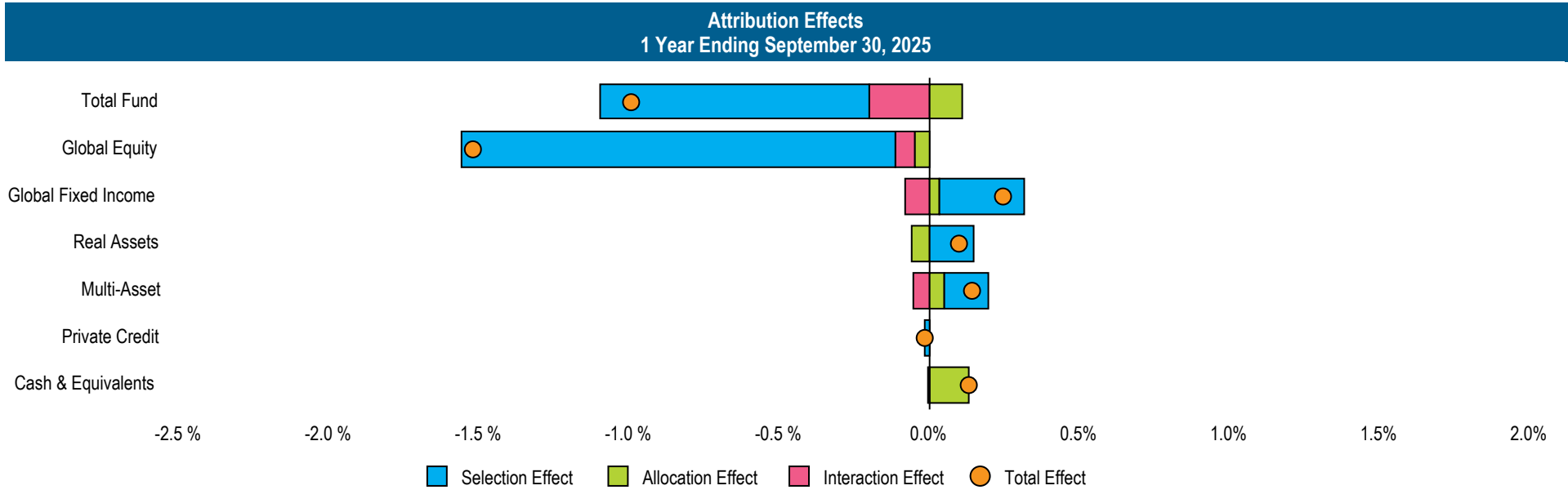
Attribution Summary
1 Quarter Ending September 30, 2025

	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Interaction Effect (%)	Total Effect (%)
Global Equity	6.9	7.2	-0.2	-0.1	0.0	0.0	-0.1
Real Assets	4.4	3.6	0.8	0.1	0.0	0.0	0.1
Global Fixed Income	2.1	2.0	0.1	0.0	0.0	0.0	0.0
Private Credit	1.5	2.3	-0.7	0.0	0.0	0.0	0.0
Cash & Equivalents	1.0	1.1	-0.1	0.0	0.0	0.0	0.0
Total Fund	5.2	5.2	0.0	0.0	0.0	0.0	0.0



City of Austin Employees' Retirement System

Total Fund Attribution | 1 Year Ending September 30, 2025



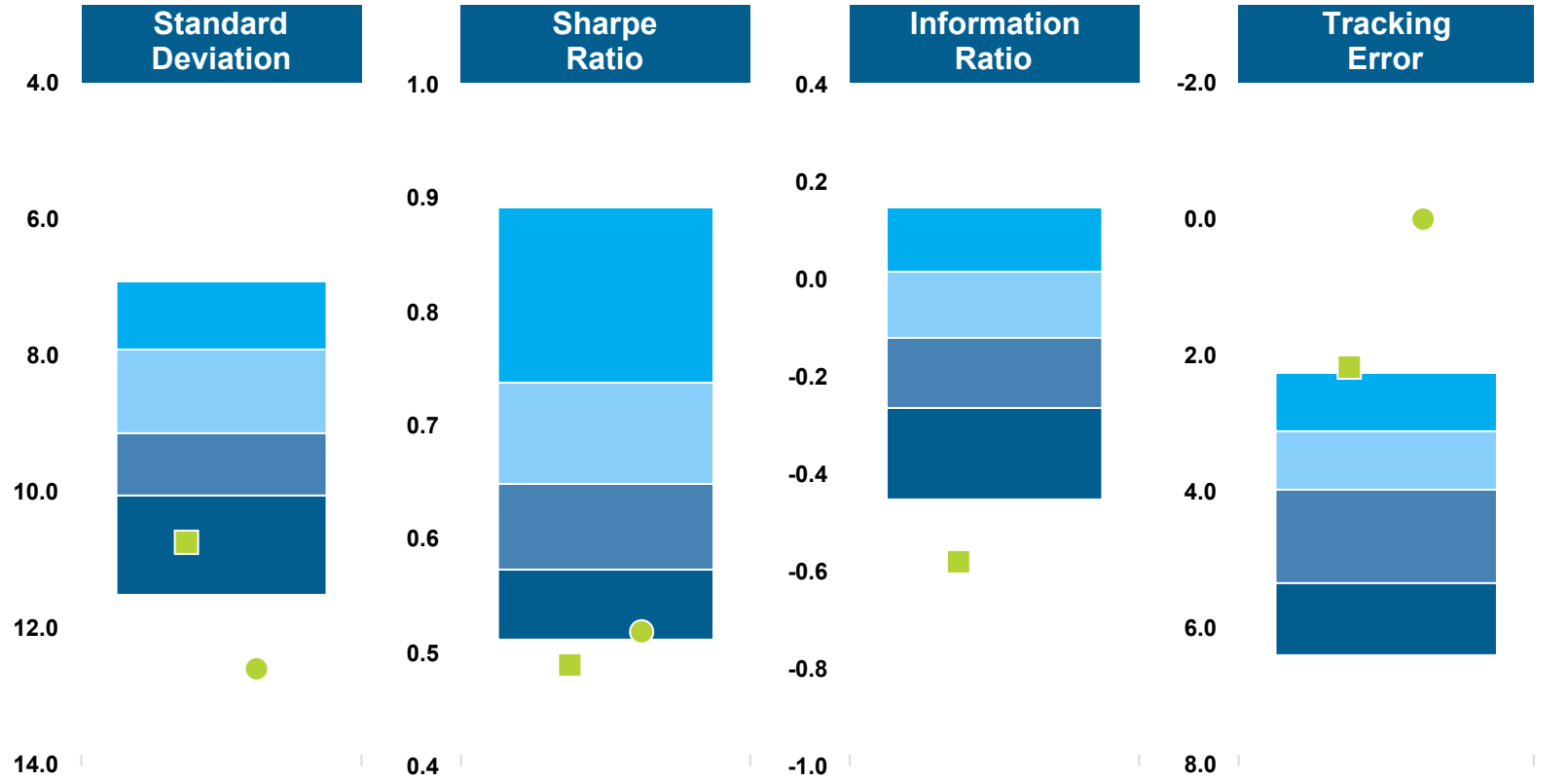
Attribution Summary
1 Year Ending September 30, 2025

	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Interaction Effect (%)	Total Effect (%)
Global Equity	13.7	16.2	-2.5	-1.4	-0.1	-0.1	-1.5
Global Fixed Income	4.1	2.9	1.2	0.3	0.0	-0.1	0.2
Real Assets	9.0	8.0	1.0	0.1	-0.1	0.0	0.1
Multi-Asset	0.9	6.0	-5.1	0.1	0.0	-0.1	0.1
Private Credit	1.5	2.3	-0.7	0.0	0.0	0.0	0.0
Cash & Equivalents	4.4	4.5	-0.1	0.0	0.1	0.0	0.1
Total Fund	10.4	11.4	-1.0	-0.9	0.1	-0.2	-1.0



City of Austin Employees' Retirement System

Total Fund Risk Statistics vs. Peer Universe | As of September 30, 2025



	5 Yrs (%)	5 Yrs (%)	5 Yrs (%)	5 Yrs (%)
■ Total Fund	10.8 (89)	0.5 (99)	-0.6 (100)	2.2 (1)
● Policy Benchmark	12.6 (100)	0.5 (94)	-	0.0 (1)
5th Percentile	6.9	0.9	0.1	2.3
1st Quartile	7.9	0.7	0.0	3.1
Median	9.1	0.6	-0.1	4.0
3rd Quartile	10.1	0.6	-0.3	5.4
95th Percentile	11.5	0.5	-0.5	6.4

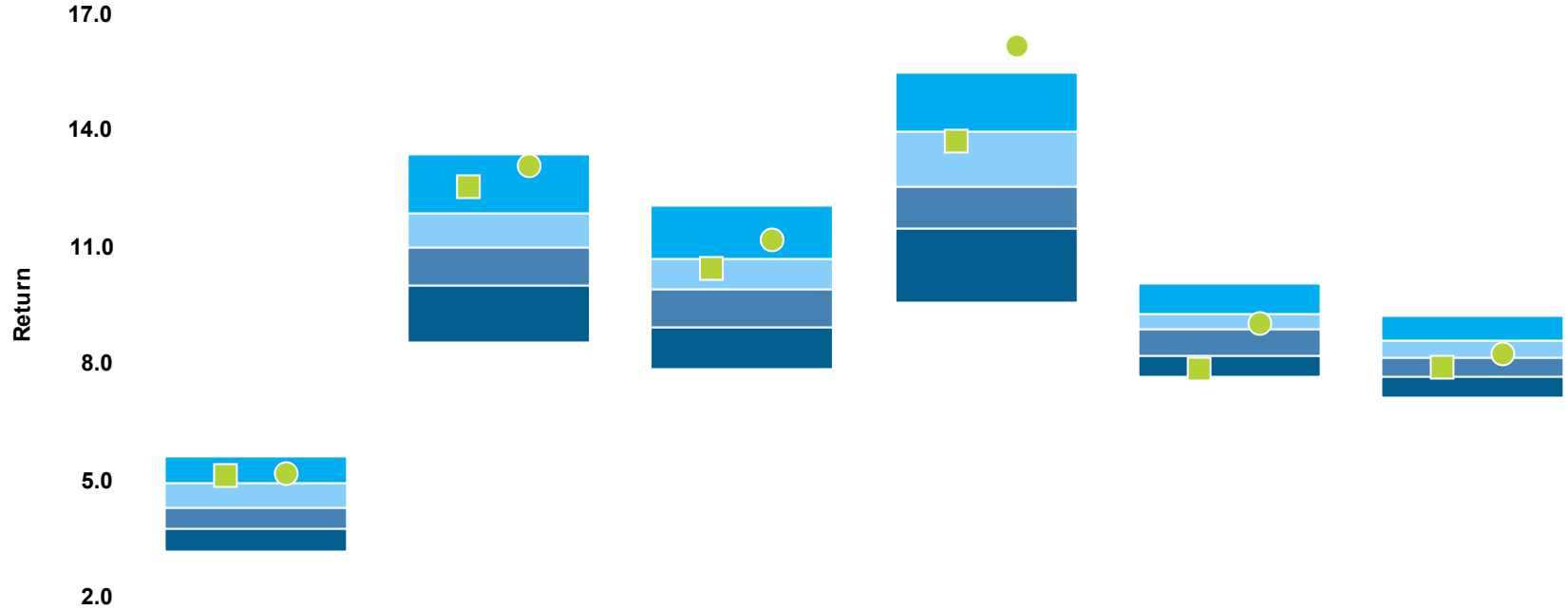
Parentheses contain percentile rankings. Calculation based on monthly periodicity. Peer Universe is InvMetrics All Public DB Plans \$1B - \$5B.



City of Austin Employees' Retirement System

Plan Sponsor Peer Group Analysis | As of September 30, 2025

InvMetrics All Public DB Plans \$1B - \$5B Net



	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
■ Total Fund	5.2 (19)	12.5 (15)	10.4 (40)	13.7 (32)	7.9 (89)	7.9 (67)
● Policy Benchmark	5.2 (19)	13.1 (6)	11.2 (17)	16.2 (1)	9.0 (40)	8.3 (47)
5th Percentile	5.6	13.4	12.1	15.5	10.1	9.2
1st Quartile	5.0	11.9	10.7	14.0	9.3	8.6
Median	4.3	11.0	9.9	12.6	8.9	8.2
3rd Quartile	3.8	10.0	8.9	11.5	8.2	7.7
95th Percentile	3.1	8.6	7.9	9.6	7.6	7.1
Population	71	69	69	68	68	66

Parenteses contain percentile rankings.
Calculation based on monthly periodicity.

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City of Austin Employees' Retirement System

December 9, 2025

Risk Report

Table of Contents

- 1. Summary of Observations**
- 2. Operational Risk**
- 3. Investment Risk**
 - Liquid Portfolio Risk Modeling
 - Manager Correlation Analysis
 - Valuation Metrics Risk Dashboard
- 4. Risk Attribution**
- 5. Exposures / Characteristics**

Summary of Observations

Summary of Observations

- This Risk Report provides an overview of COAERS' operational and investment risk exposures as of September 30, 2025.
- The operational risk report reflects third quarter investment manager and fund selections and terminations, as well as a documented summary of the most recent Consultant reports. The COAERS Investment Team continues to refine and diversify the portfolio as the ongoing high level of activity continues and the portfolio continues to increase in complexity.
- Equity valuation metrics rose over the quarter across global markets (US, Int'l Developed, Emerging Markets). Valuations remain at the expensive end of their historical range for domestic and international developed markets, while the emerging markets equity valuation hovers close to its respective historical average. Dividend yields on US large cap equities continued to decrease in the third quarter and fell outside of the historical range to levels not exhibited since the dot-com bubble. This indicates that stock prices have risen relative to their dividend payouts, reflecting strong investor appetite for capital appreciation, fueled by robust share buybacks and growth expectations.
- At both the asset class and aggregate portfolio levels, the Liquid Portfolio exhibits intended risk exposures. The portfolio is intentionally tilted toward Global Equity Risk for exposure to higher rates of return. The Fixed Income class, along with other diversifying assets (real assets), is well positioned and continuously monitored to ensure that the program provides effective diversification and downside protection.

Operational Risk

Investment Manager and Fund Additions and Removals

Procedure	Asset Class	Date Added/Removed	Confirmed Consultant Concurrence
<u>7/24 – 9/25 Additions</u>			
Loomis Sayles Core Fixed Income	Fixed Income – Core Bond	3/25	Meketa
Loomis Sayles Core Disciplined Alpha	Fixed Income – Core Bond	3/25	Meketa
IRM Core Aggregate Bond	Fixed Income – Core Bond	3/25	Meketa
Alger MSCI US Equity	Global Equity – US Equity	7/25	Meketa
<u>7/24 – 9/25 Removals</u>			
Agincourt FTSE NAREIT Equity REITs Index	Real Assets – Real Estate Equity	9/24	RVK
Agincourt 1-3 Year Treasury	Fixed Income – US Treasuries	3/25	Meketa
NISA 30 Year Treasury Futures	Fixed Income – US Treasuries	3/25	Meketa
Hoisington Macroeconomic US Treasuries	Fixed Income – US Treasuries	3/25	Meketa
Agincourt 1-5 Year US TIPS	Fixed Income – US Treasuries	3/25	Meketa
Agincourt Passive Index	Multi-Asset – Asset Allocation	3/25	Meketa
NISA ST Sovereigns	Cash Equivalent – Other Currencies	5/25	Meketa
BNYM DB Dynamic Global Ex US Equities	Global Equity – Developed Markets Equity	6/25	Meketa
DoubleLine MBS	Fixed Income – US Mortgages	7/25	Meketa
PGIM US IG Corporate Bond	Fixed Income – US Credit	7/25	Meketa
SSGA MSCI USA Small Cap Index	Global Equity – US Equity	7/25	Meketa



City of Austin Employees' Retirement System

Operational Risk

Most Recent Consultant Reports

Consultant Report	Date
Quarterly Performance Report	August 2024
Fund Governance and Best Practices	August 2024
Investment Policy Statement Review and Manager Selection Process	October 2024 (workshop)
Understanding Investment Risk	October 2024 (workshop)
Strategic Asset Allocation Study	October 2024 (workshop)
Investment Governance and Beliefs Survey Results	October 2024 (workshop)
Quarterly Performance Report	November 2024
Private Equity Primer	November 2024
Strategic Asset Allocation Study	November 2024
Lagging Private Markets Performance	November 2024
Active Core Fixed Income Manager Search	December 2024
Quarterly Performance Report	February 2025
Global Equity Structure Review	February 2025
Global Equity Manager Reviews	February 2025
Global Equity Market Current Environment	February 2025
2025 Capital Market Expectations	February 2025
Quarterly Performance Report	May 2025
Fixed Income Structure Review	May 2025
Fixed Income Manager Reviews	May 2025
Quarterly Performance Report	August 2025
Real Assets Structure Review	August 2025
Risk Mitigating Strategies Overview	October 2025 (workshop)
Federal Reserve: A Review of Interest Rate Policy	October 2025 (workshop)
A Fiduciary Perspective on Short- and Long-Term Risk	October 2025 (workshop)

Investment Risk



Liquid Portfolio Risk Modeling

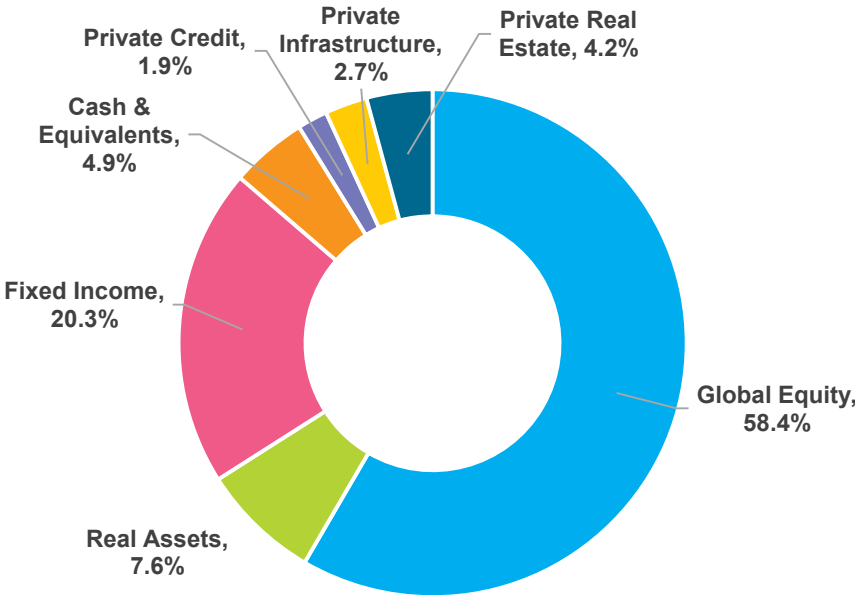
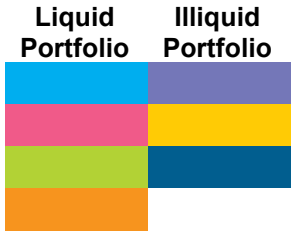
Analysis Description

→ Meketa's focus is on COAERS' Liquid Portfolio.

- These are the only segments where action can easily be implemented.

→ Liquid Portfolio ≈ 91.2% of COAERS' Total Portfolio.

- Global Equity (≈ \$2.3 billion)
- Real Assets¹ (≈ \$299.5 million)
- Fixed Income (≈ \$802.9 million)
- Cash & Equivalents (≈ \$192.9 million)

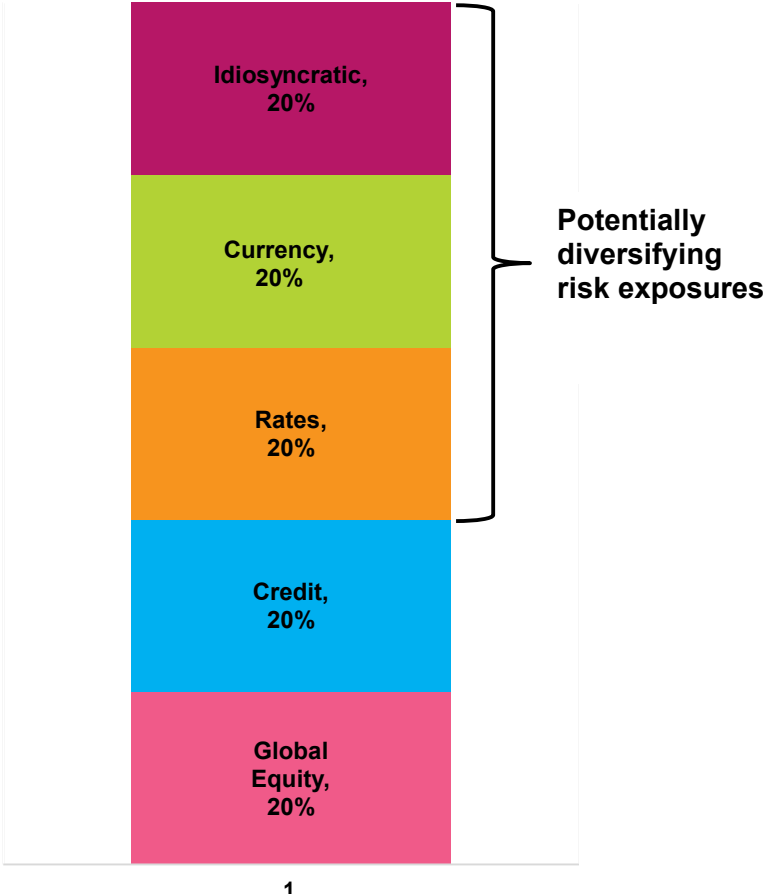


¹ Real Assets does not include Principal US Property or IFM Global Infrastructure.

Risk Descriptions

- **Idiosyncratic Risk**
 - Risk tied to individual securities or managers, such as company-specific events, operational failures, or management decisions.
 - Can be reduced through diversification across issuers, sectors, and investment strategies.
- **Currency Risk**
 - Arises when foreign exchange rate movements affect returns on international investments.
 - Hedging strategies (e.g., forward contracts) help minimize volatility and align performance with underlying asset fundamentals.
- **Interest Rate Risk**
 - Sensitivity of fixed income and other rate-dependent assets to changes in interest rates; rising rates typically lower bond prices.
 - Managed through duration control, yield curve positioning, and allocation to floating-rate or short-duration instruments.
- **Credit Risk**
 - Potential loss from issuer default or deterioration in credit quality, often reflected in widening credit spreads.
 - Mitigation includes rigorous credit analysis, diversification across issuers, and preference for higher-quality securities.
- **Global Equity Risk**
 - Exposure to broad equity market volatility driven by macroeconomic trends, geopolitical events, and valuation shifts.
 - Controlled through strategic asset allocation, regional diversification, and balancing growth vs. defensive sectors.

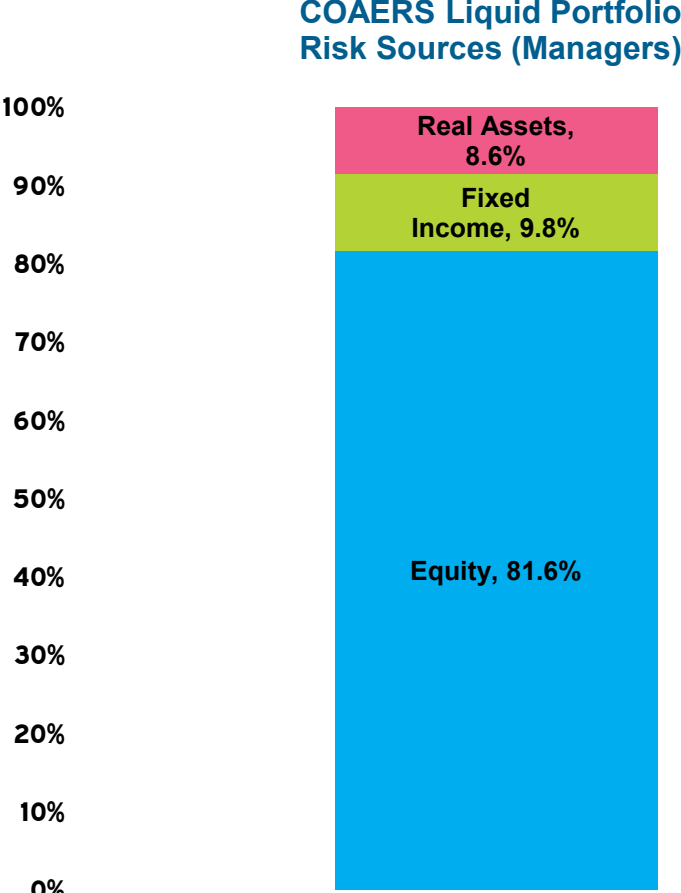
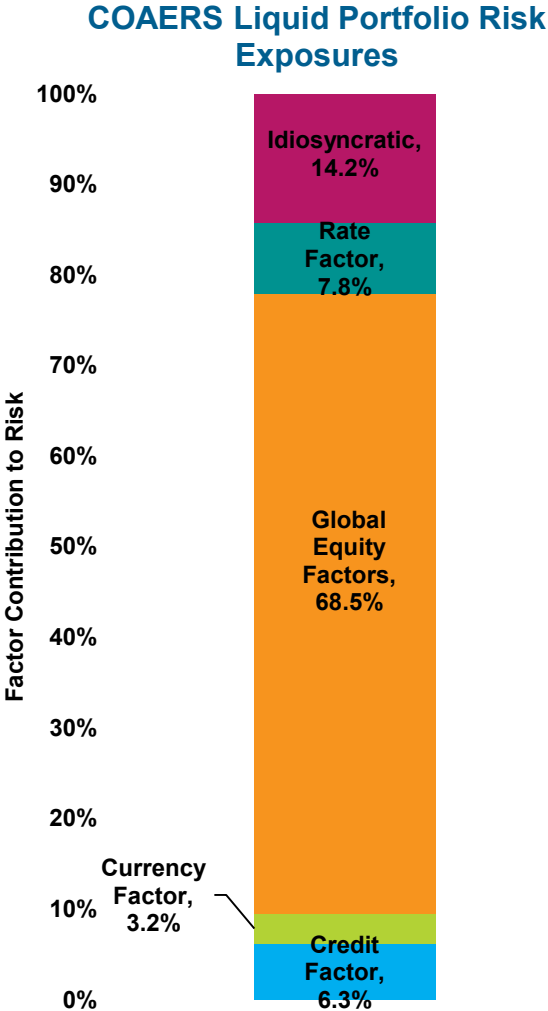
Risk Exposures Legend





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Liquid Portfolio Risk Modeling



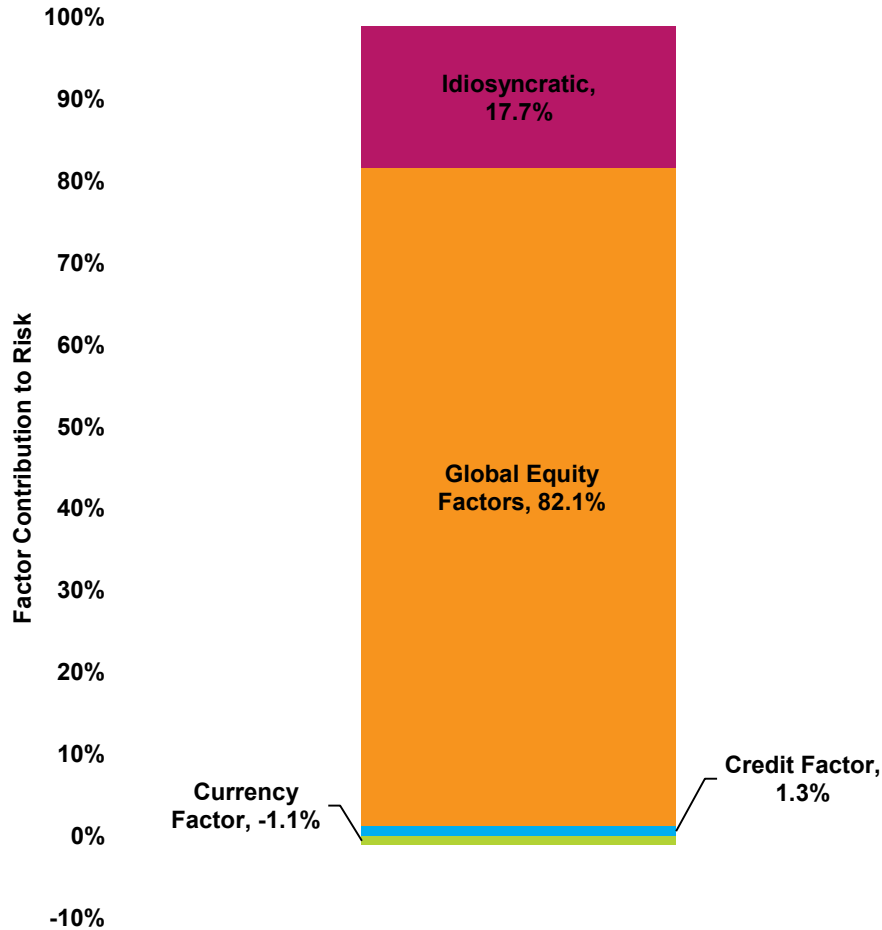
→ The Liquid Portfolio is dominated by Global Equity Factor Risk (Orange).



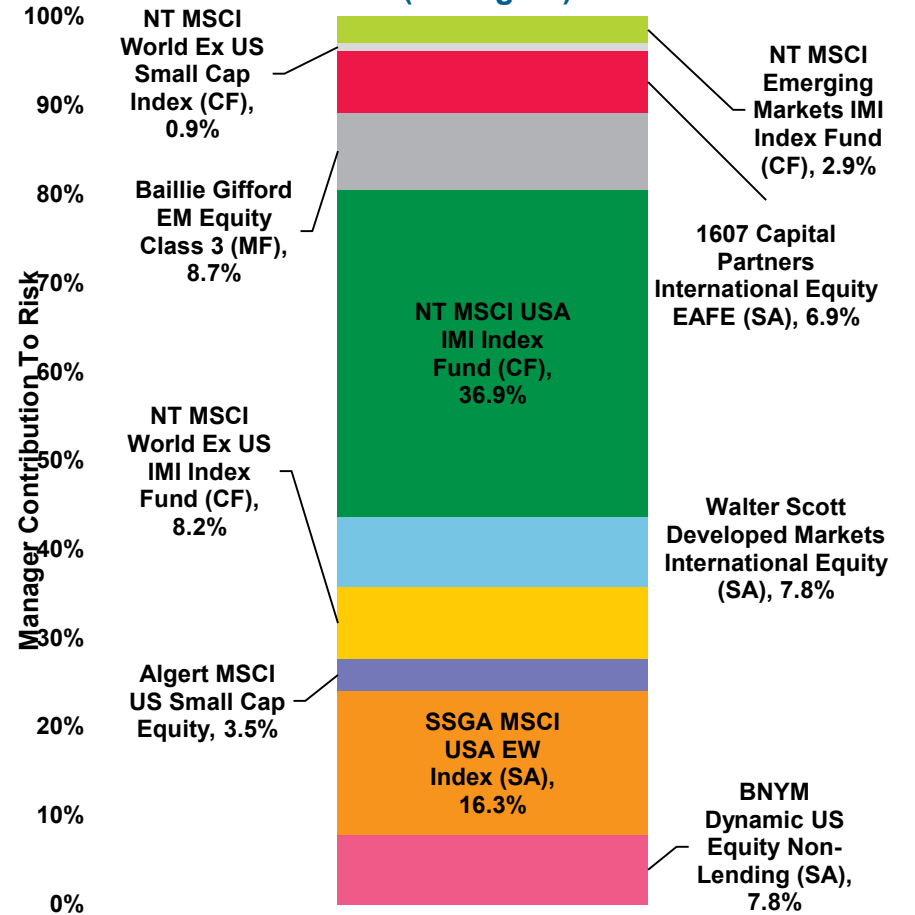
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Liquid Portfolio Risk Modeling

COAERS Global Equity Risk Exposures



COAERS Global Equity Risk Sources (Managers)



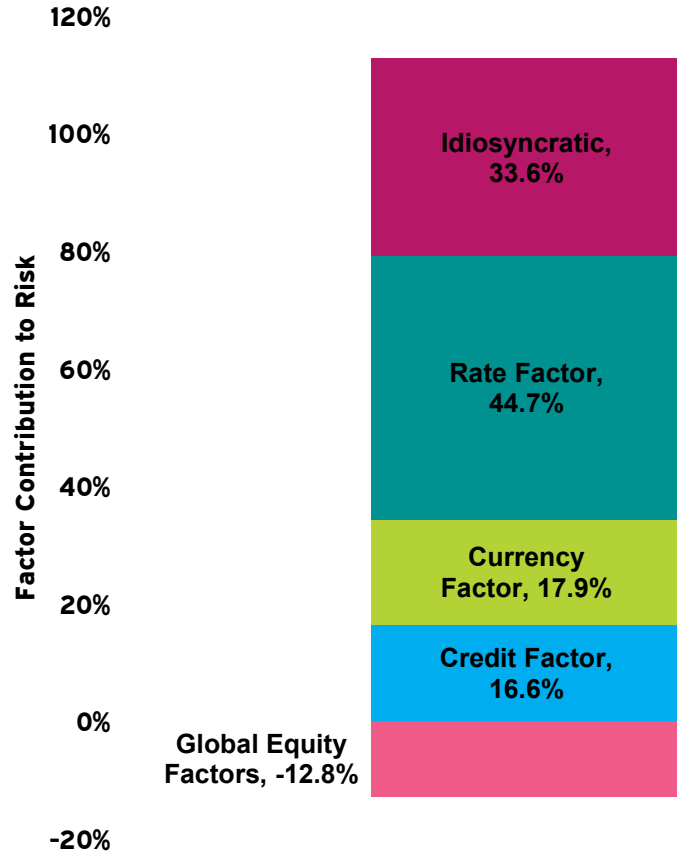
→ Global Equity risk exposures continue to be in line with expectations.



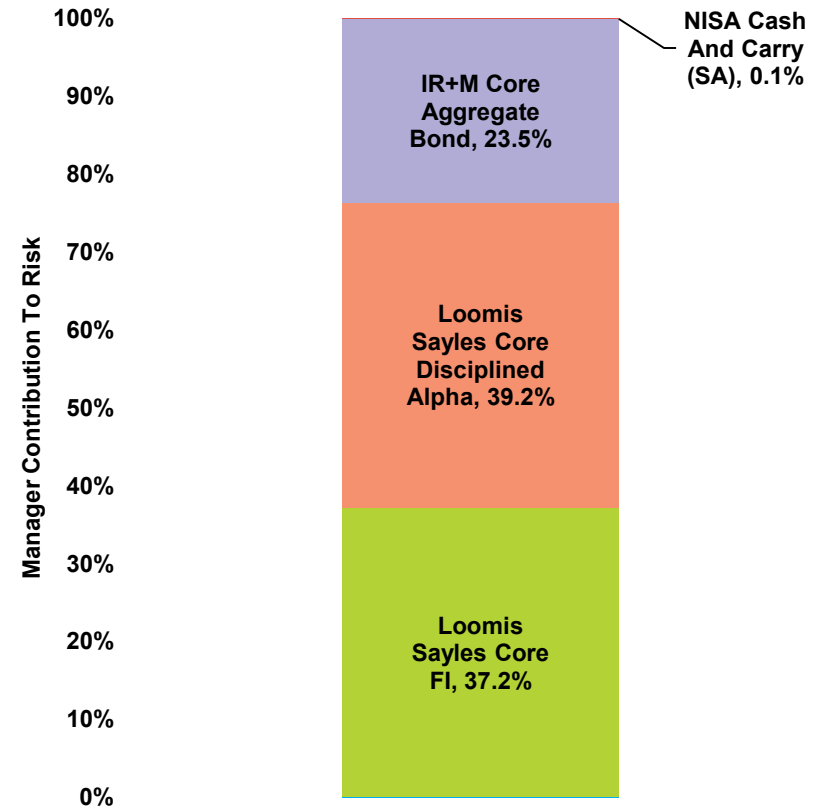
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Liquid Portfolio Risk Modeling

COAERS Fixed Income Risk Exposures



COAERS Fixed Income Risk Sources (Managers)



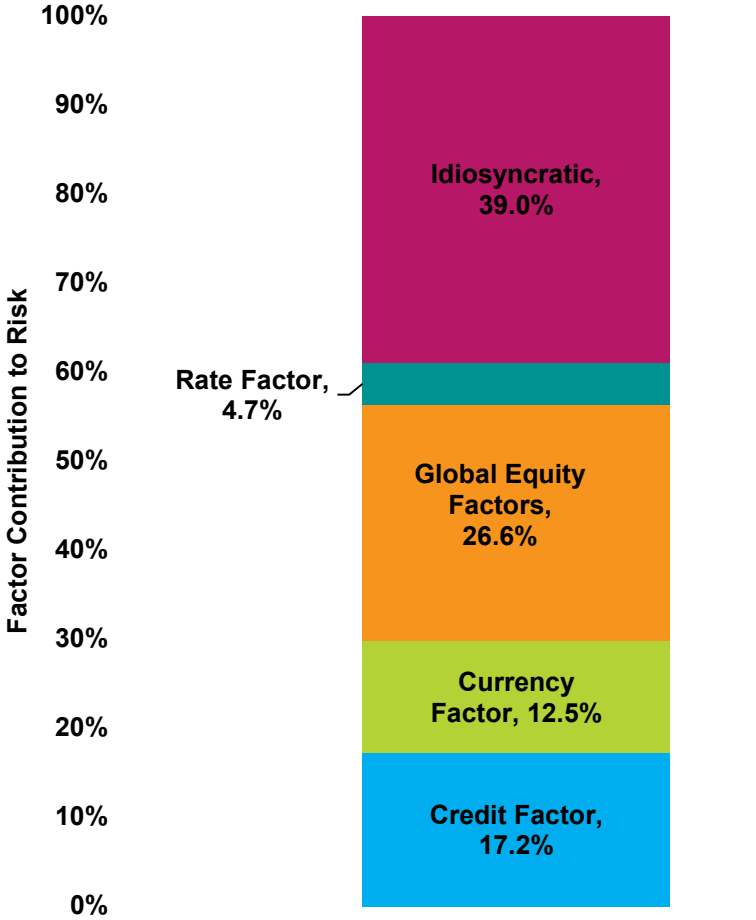
- The Fixed Income class is well constructed. The risk profile is largely driven by interest rate risk, which falls within expectations for this asset class.
- Idiosyncratic risk in the Fixed Income portfolio is the risk of loss from issuer-specific factors not explained by market, interest rate movements, or credit factors.



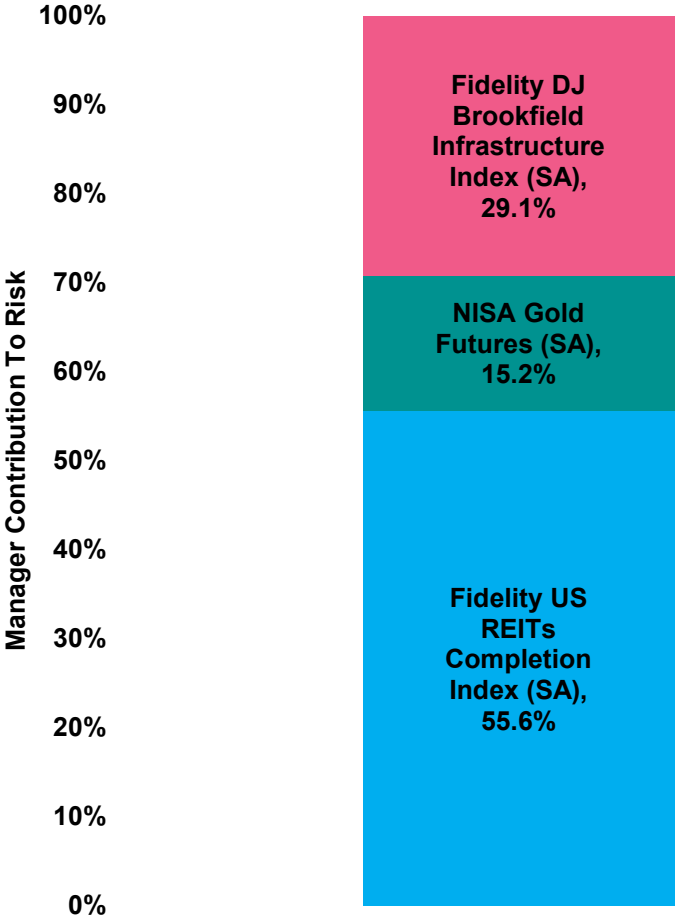
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Liquid Portfolio Risk Modeling

COAERS Real Assets Risk Exposures



COAERS Real Assets Risk Sources (Managers)



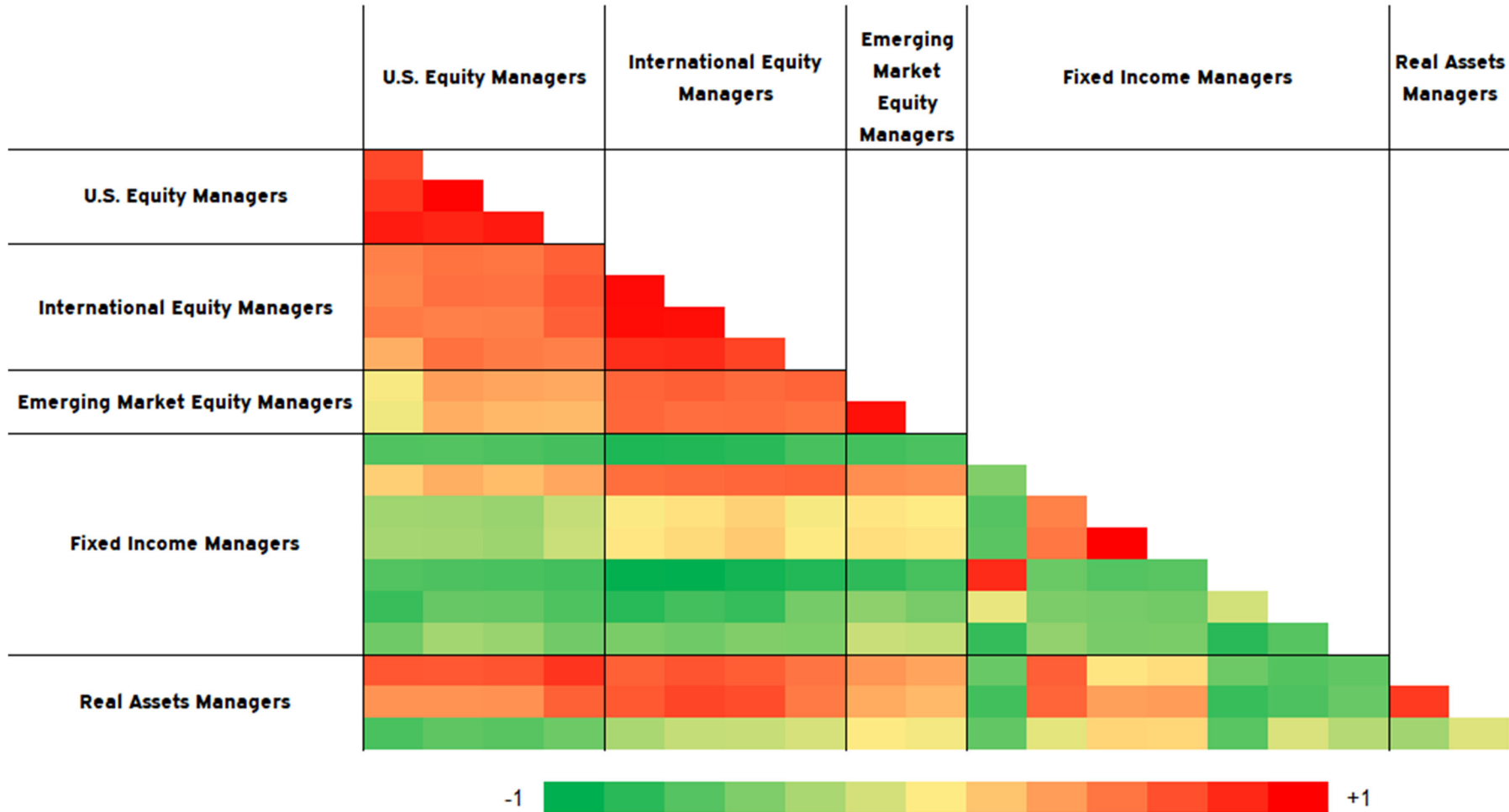
→ Idiosyncratic risk is the largest contributor at 39%, followed by global equity factors at 26.6%, with currency (12.5%), credit (17.2%), and rate factors (4.7%) making up the remainder, reflecting both asset-specific and macroeconomic sensitivities.

Manager Correlation Analyses

Description

- The following pages provide manager correlation analysis along two dimensions:
 - Total Returns – last three years.
 - Excess Returns (relative to manager-specific benchmarks) – last three years.
- The analysis is provided via easy-to-read correlation heat maps:
 - Red = positive correlation (i.e., correlation close to +1).
 - Yellow = no correlation (i.e., correlation close to 0).
 - Green = negative correlation (i.e., correlation close to -1).
 - Each block represents the correlation across two managers in the respective classes.
- Total Return analysis should indicate that managers in the same asset classes or in classes that share similar risks (e.g., emerging markets equity and emerging markets debt) move similarly.
- Excess Return analysis should indicate that COAERS' managers are providing independent sources of excess returns (i.e., uncorrelated alpha).

Total Return Analysis



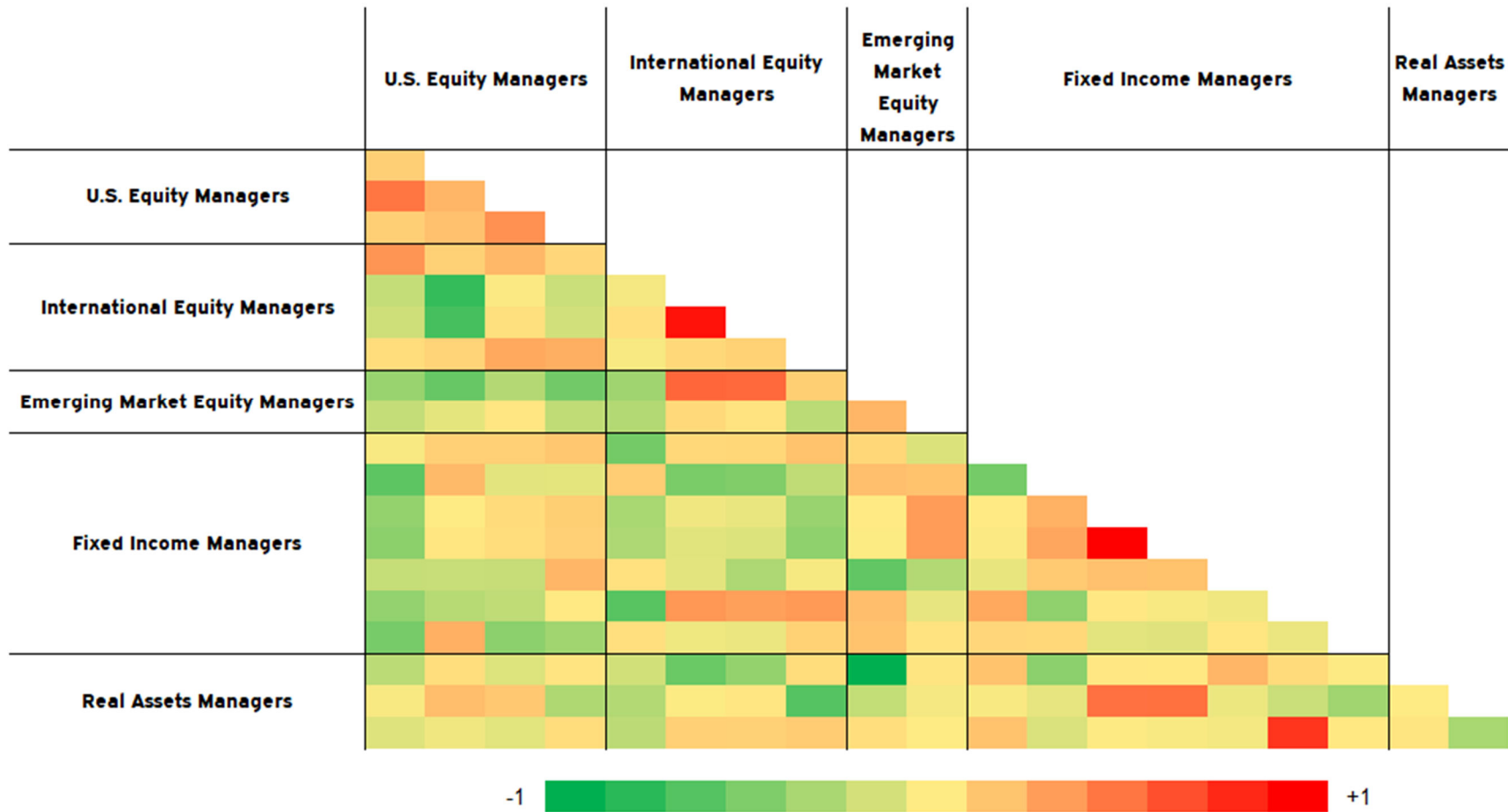
→ As expected, managers within asset classes, or across asset classes that share similar risk factors, move similarly with one another at the total return level.



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Manager Correlation Analysis

Excess Return Analysis



→ Throughout the COAERS Liquid Portfolio, managers have been generating uncorrelated excess returns.

→ Average pair-wise excess return correlation = 0.04.



Valuation Metrics Risk Dashboard



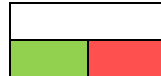
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Valuation Metrics Risk Dashboard

Valuation Metrics Dashboard¹

	Last Date at Average	Current	+1 Std. Deviation	Historical Average	-1 Std. Deviation	Data Inception Date
Public Equity						
US Equity – S&P 500 P/E 10	Feb-11	39.43x	29.93x	22.09x	14.25x	Jan. 1946
US Equity - Dividend Yield	Mar-09	1.17%	4.15%	2.83%	1.51%	Dec. 1969
Int'l Developed Equity – MSCI EAFE P/E 10	Apr-11	22.14x	22.27x	18.51x	14.76x	Jan. 2005
EM Equity – MSCI EM P/E 10	Mar-12	18.48x	22.76x	17.47x	12.18x	Jan. 2005
Systemic Risk	Jul-16	0.51%	1.64%	1.02%	0.41%	Feb. 1999
Turbulence	Dec-15	0.70	1.10	0.72	0.33	Dec. 2003
Fixed Income						
IG Bonds - 10-Year US Treasury Yield	Oct-00	4.23%	8.43%	5.53%	2.64%	Apr. 1953
HY Bonds - Credit Spread	Aug-15	2.55%	7.20%	4.90%	2.60%	Jan. 1987
Bank Loans – Discount Margin	Jul-07	4.98%	5.59%	4.33%	3.08%	Jan. 1992
TIPS - TIPS Breakeven Inflation Rate	Dec-20	2.36%	2.51%	2.09%	1.65%	Jan. 1997
Emerging Market Debt (LC) – Credit Spread (OAS)	Dec-15	1.40%	3.23%	2.10%	0.97%	Dec. 1997
Foreign Bonds – Credit Spread (OAS)	Mar-19	0.27%	0.60%	0.38%	0.16%	Aug. 2000
Real Estate						
US REIT Dividend Yield Spread	Dec-17	-0.17%	2.67%	1.48%	0.28%	Dec. 1986
Global REIT Dividend Yield Spread	Mar-18	0.07%	2.75%	1.70%	0.65%	Aug. 2012
Price/AFFO	Aug-09	20.62x	22.78x	17.68x	12.58x	Dec. 1993
NCREIF Cap Rate Spread	Nov-18	1.92%	4.26%	2.32%	0.39%	Dec. 1982

Color Key:



Current valuation is within +/- 1 standard deviation of historical average.

Current valuation is outside a +/-1 standard deviation of historical average.

¹ Descriptions of each metric can be found in the glossary at the end of this section.

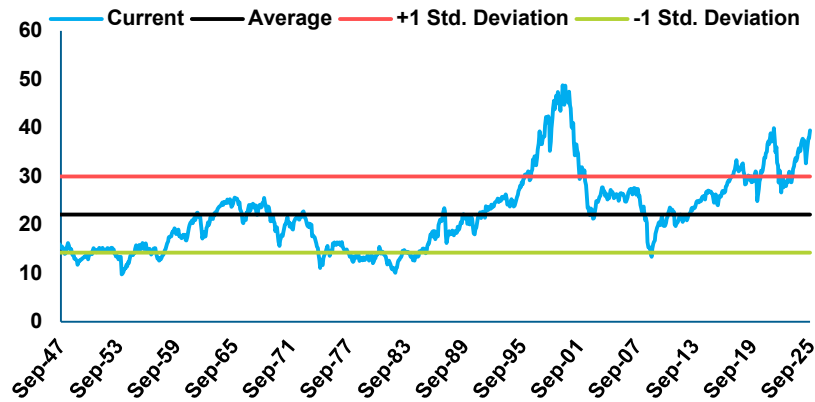


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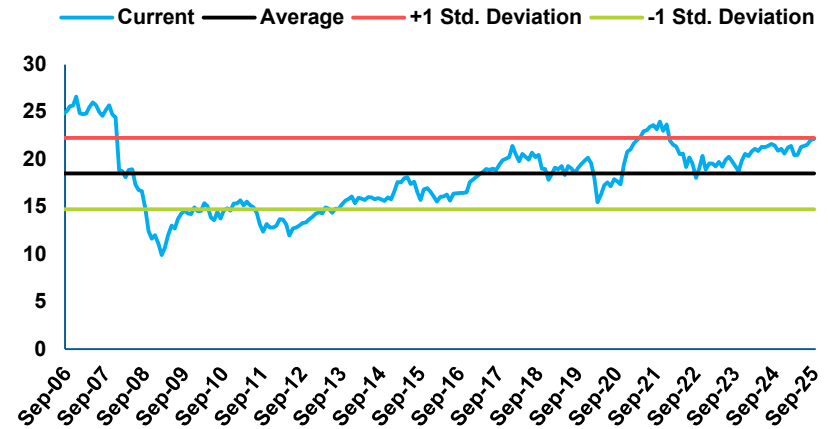
Valuation Metrics Risk Dashboard

Valuation Metrics Dashboard Equity Markets

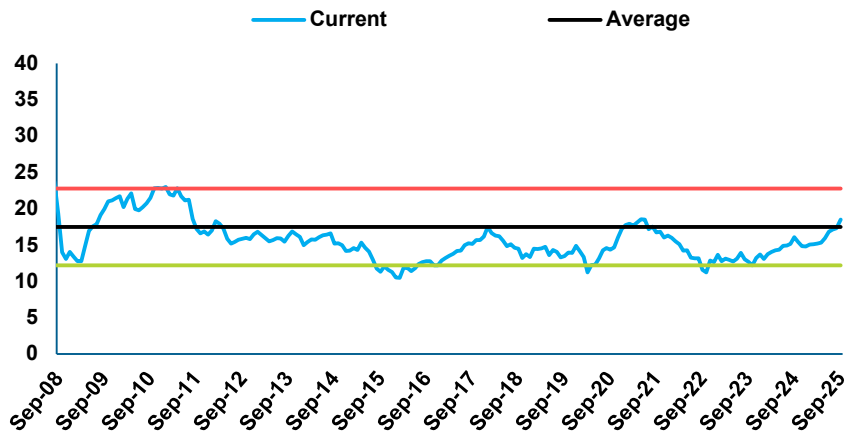
US P/E 10



EAFE P/E 10



EM P/E 10



Comments:

- The 10-year cyclically adjusted US P/E ratio rose in the third quarter and remains above the upper bound of one standard deviation from the long-term average.
- The 10-year cyclically adjusted EAFE P/E ratio increased in the third quarter but continued to fall within the one standard deviation bound.
- The P/E ratio in Emerging markets increased over the quarter and is currently priced just above its historical average.

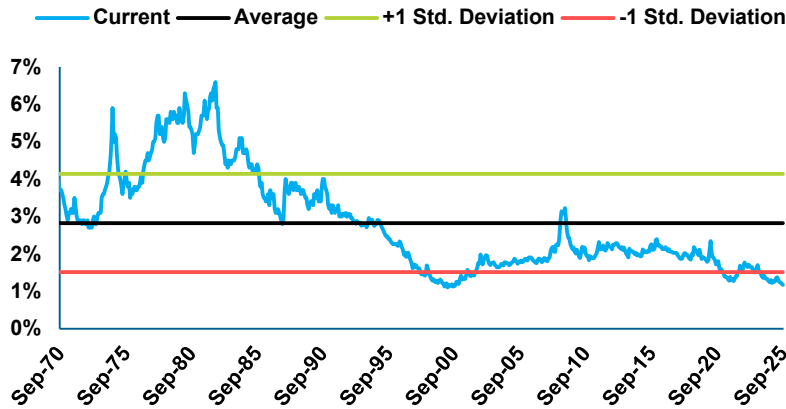


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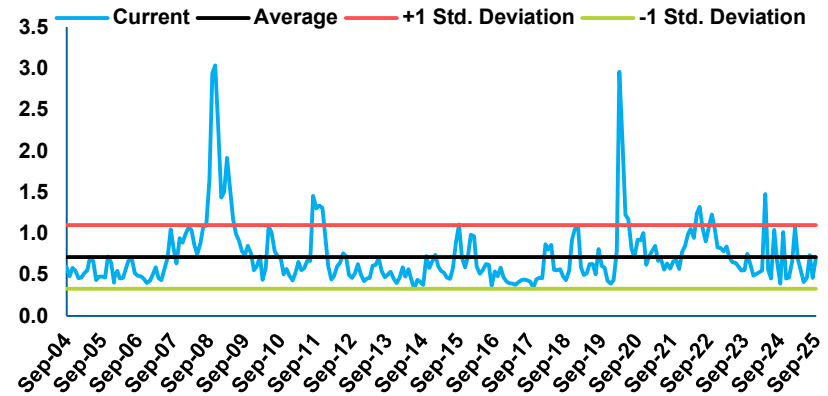
Valuation Metrics Risk Dashboard

Valuation Metrics Dashboard Equity Markets

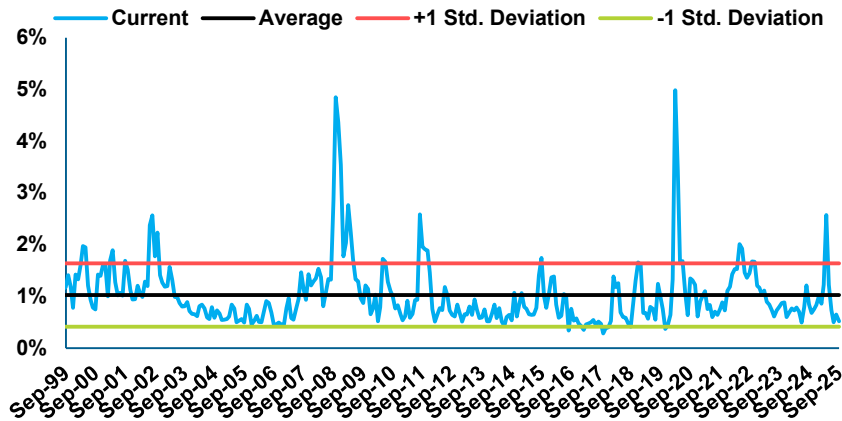
Dividend Yield



Market Turbulence



Systemic Risk



Comments:

- Relative to historical levels, the dividend yield for large cap US stocks is meaningfully below the historical average and falls outside the one standard deviation metric.
- Market turbulence, as measured by not only the magnitude of changes in market volatility (like the VIX) but also changes in the correlation between assets, increased in the third quarter to end September in line with the historical average.
- Systemic risk, the measure of undiversifiable market risk, marginally decreased in the third quarter.

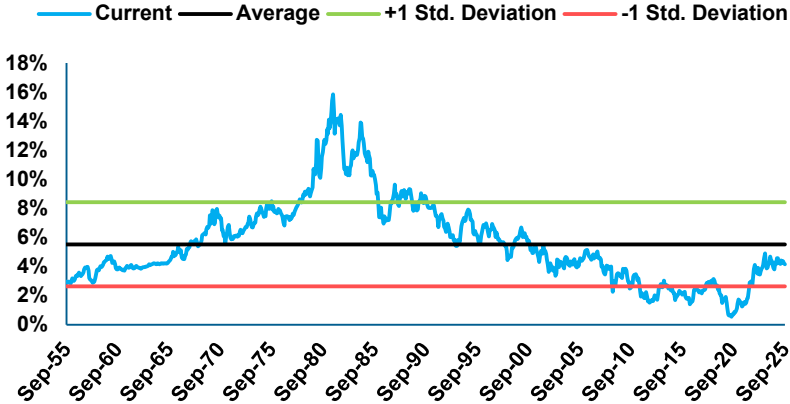


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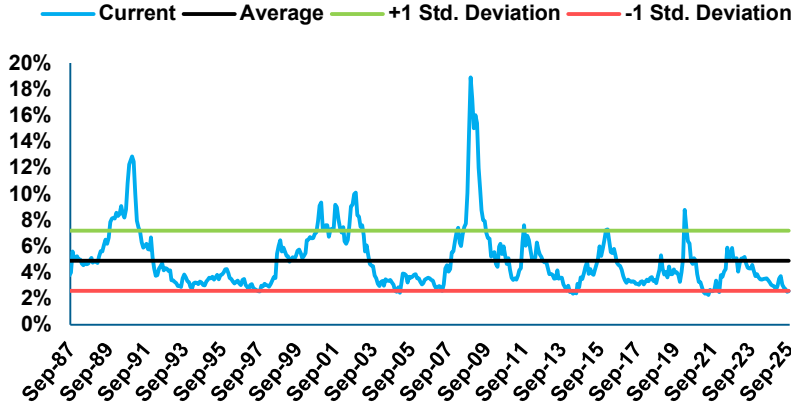
Valuation Metrics Risk Dashboard

Valuation Metrics Dashboard Fixed Income

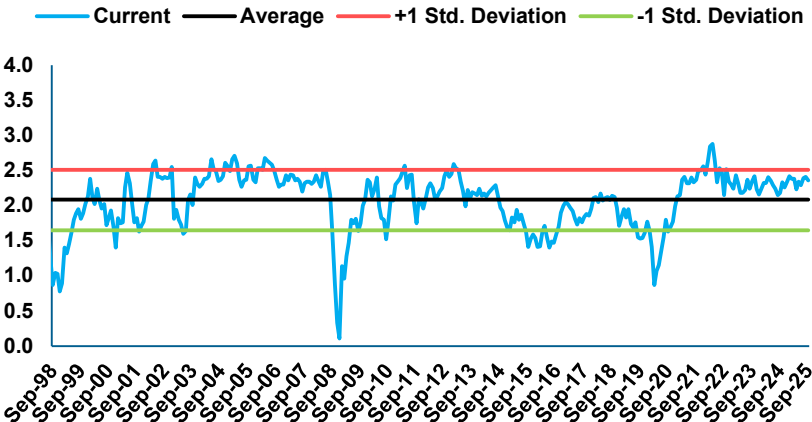
10-Year US Treasury Yield



High Yield Credit Spreads



TIPS Breakeven Inflation Rate



Comments:

- The 10-year US Treasury yield ended the quarter at 4.2%, roughly in line with the second quarter reading, and continued to fall below the long-term average of 5.5% but within one standard deviation.
- High yield credit spreads compressed 0.3% in the third quarter. This metric falls below the long-term average and outside one standard deviation of the mean.
- The TIPS breakeven inflation rate ended the third quarter slightly lower than the second quarter. This level is above the long-term average but within one standard deviation of the mean.

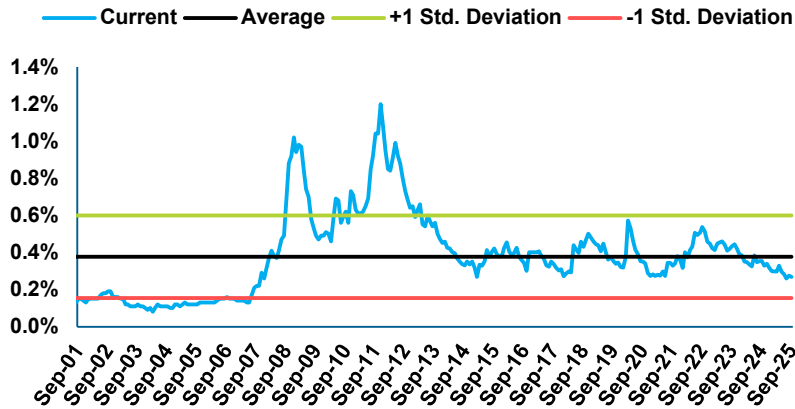


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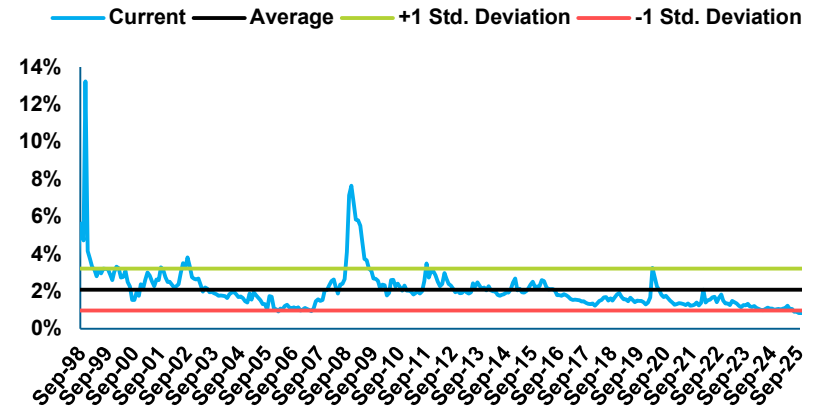
Valuation Metrics Risk Dashboard

Valuation Metrics Dashboard Fixed Income

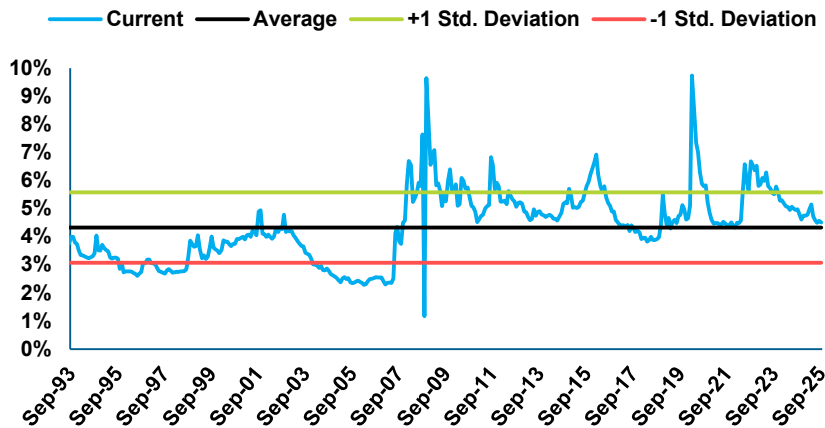
Foreign Bonds - Credit Spreads



Emerging Market Debt (LC) - Credit Spreads



Bank Loans - Discount Margin



Comments:

- The credit spread on foreign bonds remained relatively unchanged over the quarter. Spreads on Foreign bonds are below the historical average but within one standard deviation of the mean.
- Emerging market debt credit spreads remained relatively unchanged from the second quarter. It is below the historical average but slightly outside the one standard deviation lower bound.
- The bank loan discount margin declined in the third quarter. It continues to exceed the historical average but is within the one standard deviation measurement.

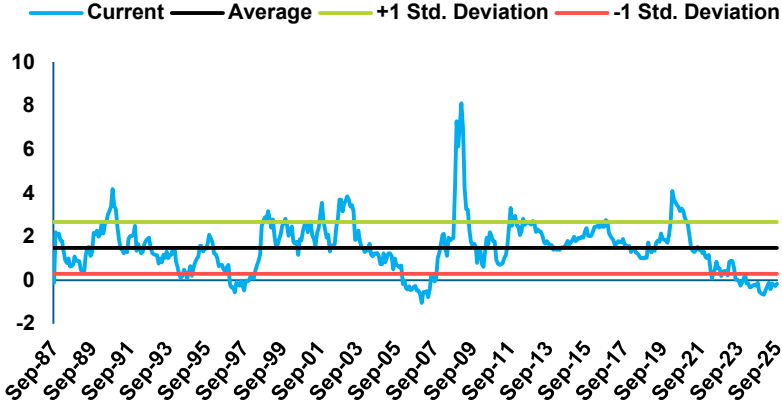


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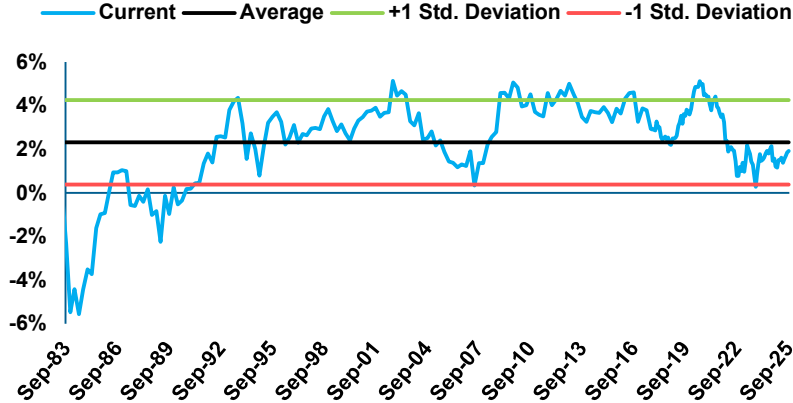
Valuation Metrics Risk Dashboard

Valuation Metrics Dashboard Real Estate

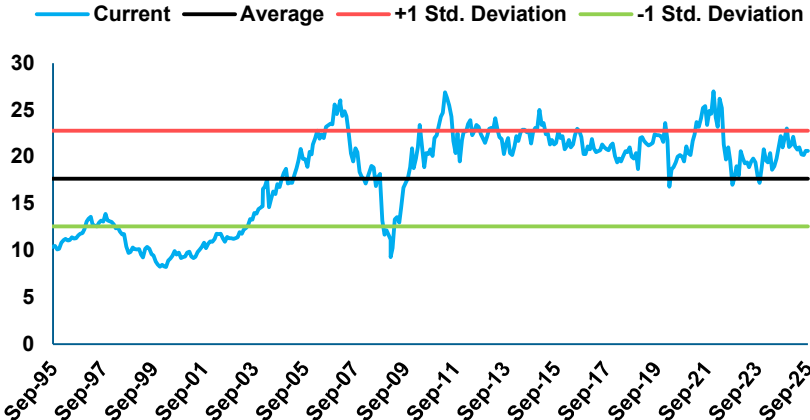
US REIT Dividend Yield Spread



NCREIF Cap Rate Spread



P/AFFO



Comments:

- The US REIT dividend yield spread remained unchanged from the prior quarter and continues to remain in negative territory. This measure continues to fall below the one standard deviation range.
- The NCREIF cap rate spread widened quarter-over-quarter. It is below the historical average but within one standard deviation of the mean.
- The P/AFFO ratio (a measure of the financial performance of REITs) was muted in the third quarter. The ratio is above the historical average.

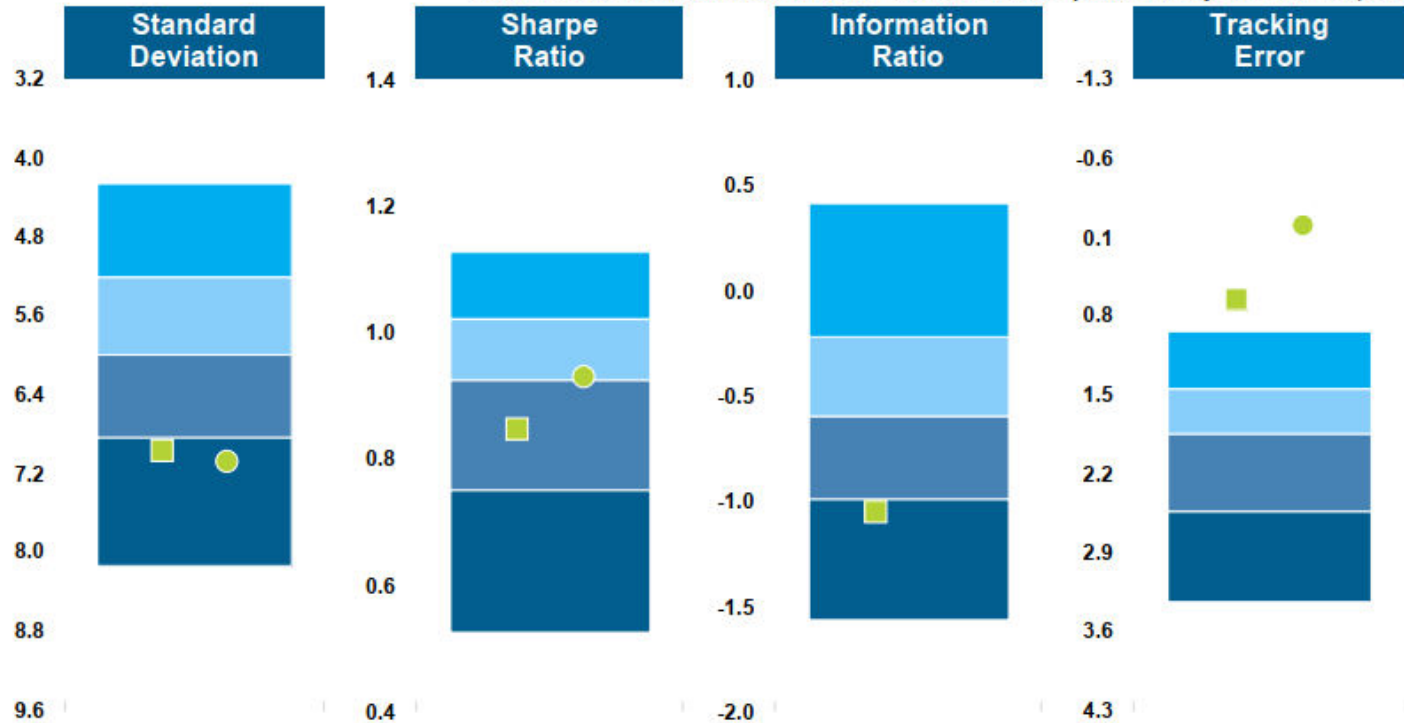
Risk Attribution



City of Austin Employees' Retirement Association

Risk Attribution

Total Fund Risk Statistics vs. Peer Universe | As of September 30, 2025



	1 Yr (%)	1 Yr (%)	1 Yr (%)	1 Yr (%)
Total Fund	7.0 (77)	0.8 (65)	-1.0 (84)	0.6 (1)
Policy Benchmark	7.1 (80)	0.9 (50)	-	0.0 (1)
5th Percentile	4.3	1.1	0.4	0.9
1st Quartile	5.2	1.0	-0.2	1.5
Median	6.0	0.9	-0.6	1.8
3rd Quartile	6.8	0.8	-1.0	2.5
95th Percentile	8.1	0.5	-1.6	3.3

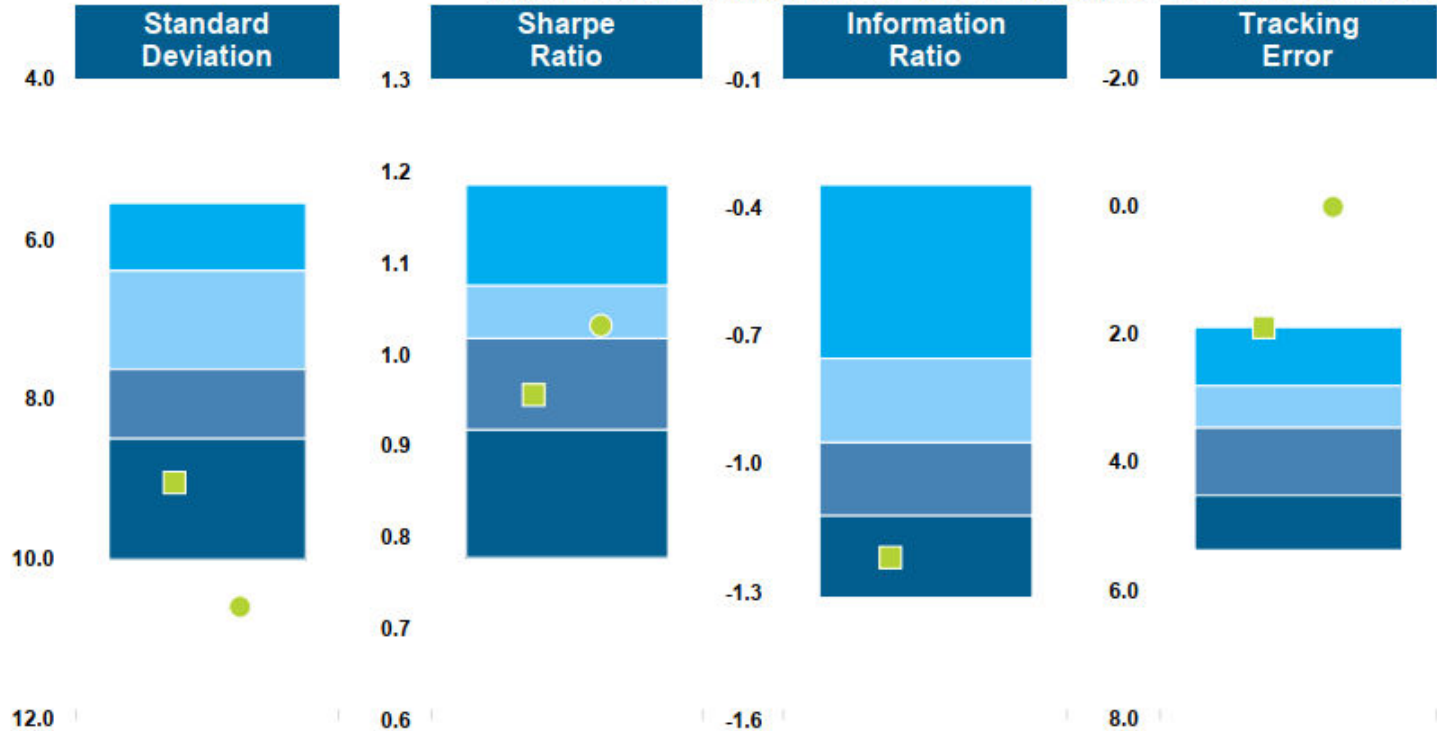
Parentheses contain percentile rankings. Calculation based on monthly periodicity. Peer Universe is InvMetrics All Public DB Plans \$1B - \$5B.



City of Austin Employees' Retirement Association

Risk Attribution

Total Fund Risk Statistics vs. Peer Universe | As of September 30, 2025



	3 Yrs (%)	3 Yrs (%)	3 Yrs (%)	3 Yrs (%)
■ Total Fund	9.1 (88)	1.0 (62)	-1.2 (92)	1.9 (2)
● Policy Benchmark	10.6 (100)	1.0 (40)	-	0.0 (1)
5th Percentile	5.6	1.2	-0.3	1.9
1st Quartile	6.4	1.1	-0.8	2.8
Median	7.6	1.0	-0.9	3.5
3rd Quartile	8.5	0.9	-1.1	4.5
95th Percentile	10.0	0.8	-1.3	5.4

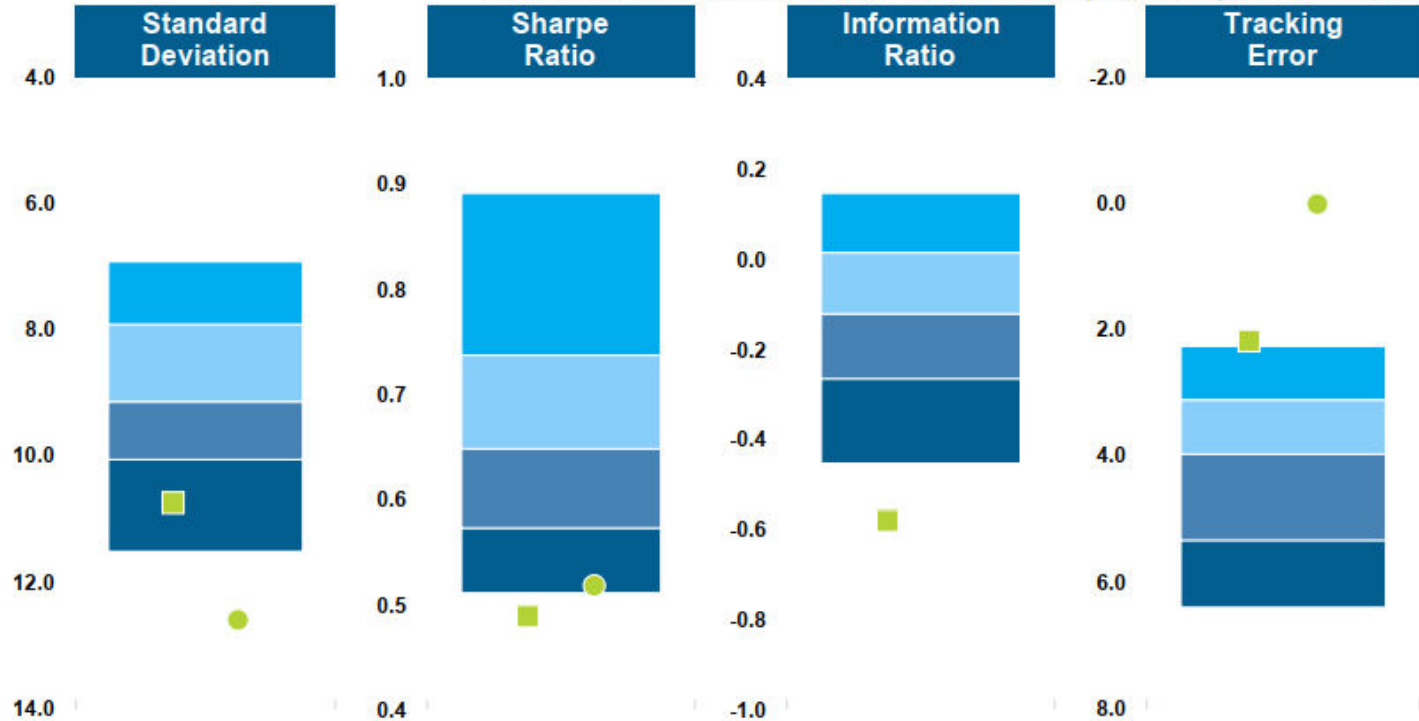
Parentheses contain percentile rankings. Calculation based on monthly periodicity. Peer Universe is InvMetrics All Public DB Plans \$1B - \$5B.



City of Austin Employees' Retirement Association

Risk Attribution

Total Fund Risk Statistics vs. Peer Universe | As of September 30, 2025



	5 Yrs (%)	5 Yrs (%)	5 Yrs (%)	5 Yrs (%)
■ Total Fund	10.8 (89)	0.5 (99)	-0.6 (100)	2.2 (1)
● Policy Benchmark	12.6 (100)	0.5 (94)	-	0.0 (1)
5th Percentile	6.9	0.9	0.1	2.3
1st Quartile	7.9	0.7	0.0	3.1
Median	9.1	0.6	-0.1	4.0
3rd Quartile	10.1	0.6	-0.3	5.4
95th Percentile	11.5	0.5	-0.5	6.4

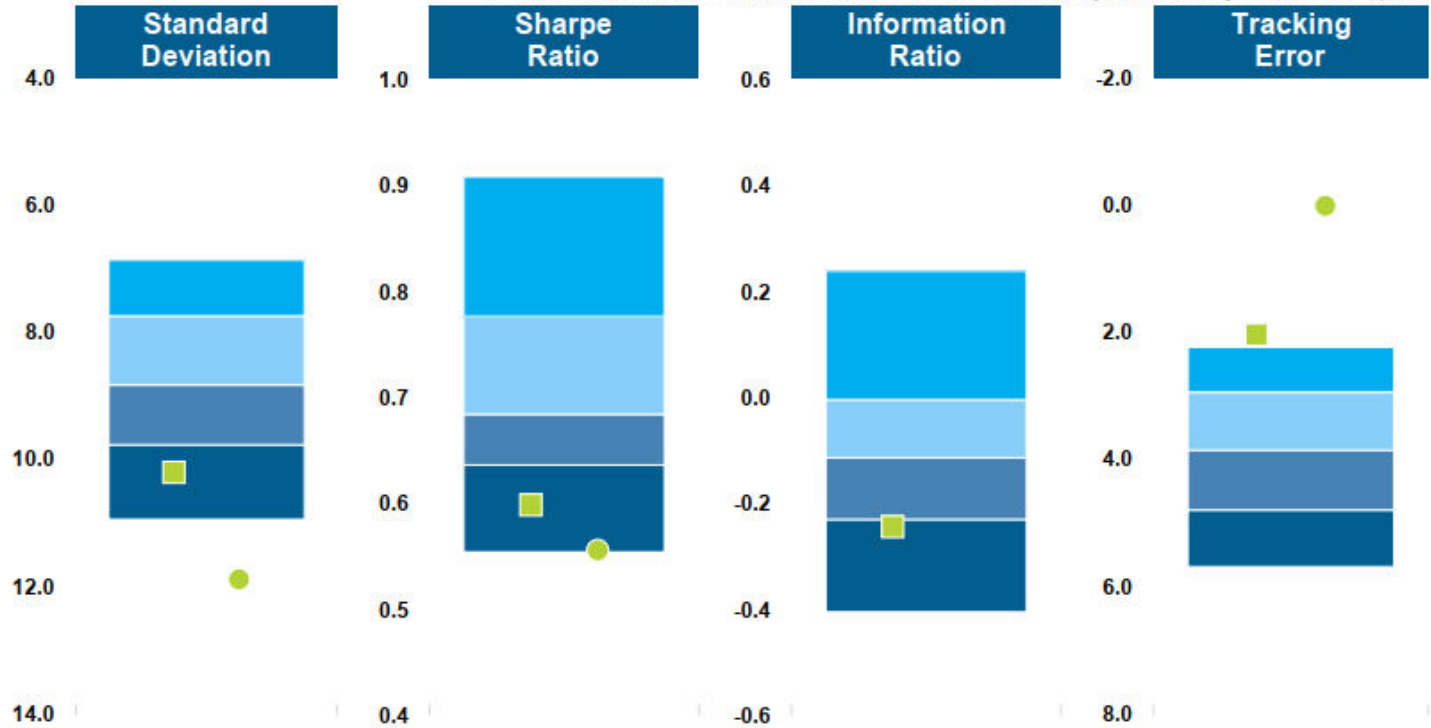
Parentheses contain percentile rankings. Calculation based on monthly periodicity. Peer Universe is InvMetrics All Public DB Plans \$1B - \$5B.



City of Austin Employees' Retirement Association

Risk Attribution

Total Fund Risk Statistics vs. Peer Universe | As of September 30, 2025



	10 Yrs (%)	10 Yrs (%)	10 Yrs (%)	10 Yrs (%)
■ Total Fund	10.2 (87)	0.6 (90)	-0.2 (79)	2.0 (1)
● Policy Benchmark	11.9 (100)	0.6 (95)	-	0.0 (1)
5th Percentile	6.8	0.9	0.2	2.2
1st Quartile	7.8	0.8	0.0	2.9
Median	8.8	0.7	-0.1	3.8
3rd Quartile	9.8	0.6	-0.2	4.8
95th Percentile	10.9	0.6	-0.4	5.7

Parentheses contain percentile rankings. Calculation based on monthly periodicity. Peer Universe is InvMetrics All Public DB Plans \$1B - \$5B.

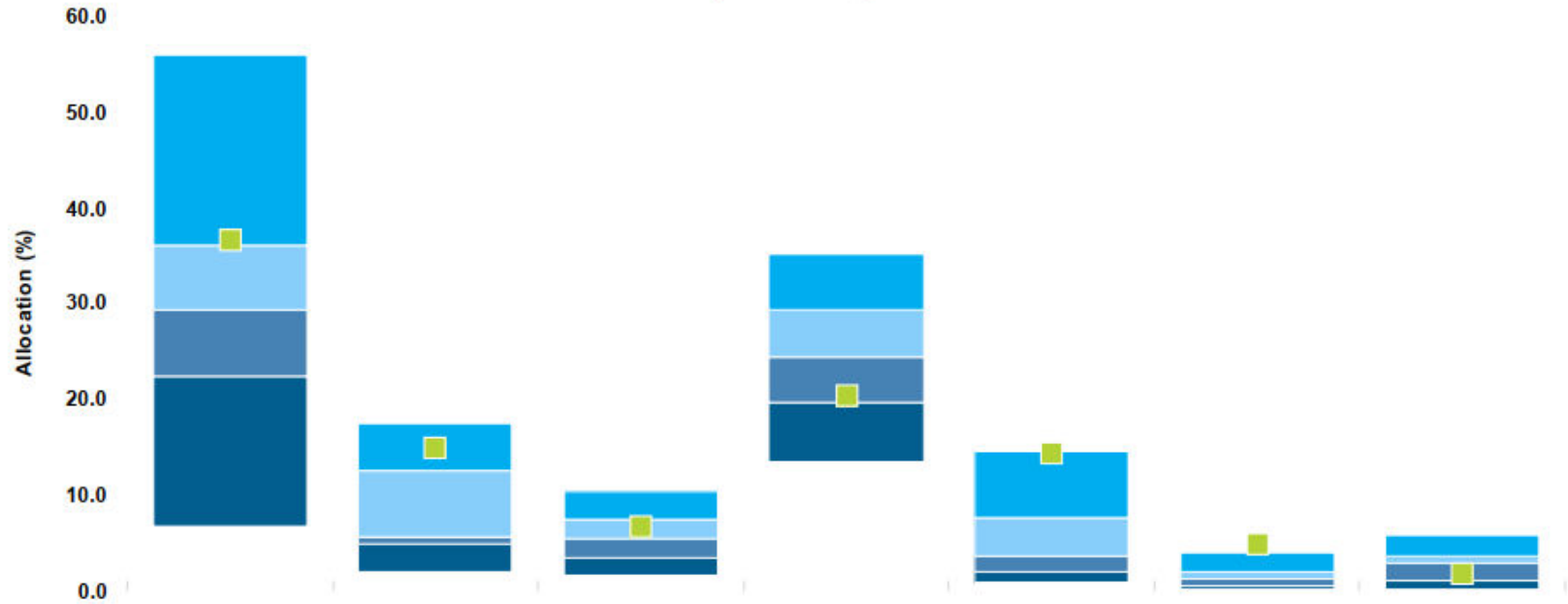


City of Austin Employees' Retirement Association

Risk Attribution

Total Portfolio | As of September 30, 2025

**Total Plan Allocation vs. InvMetrics Public DB Plans \$1B - \$5B Net
As of September 30, 2025**



	US Equity	Dev'd ex-US Equity	Emg Mkt Equity	Total Fixed Income	Real Assets	Cash & Equivalents	Other
■ Total Fund	36.7 (22)	15.0 (14)	6.7 (38)	20.3 (69)	14.5 (6)	4.9 (1)	1.9 (67)
5th Percentile	56.0	17.6	10.3	35.2	14.7	4.0	5.8
1st Quartile	36.2	12.6	7.4	29.3	7.7	2.0	3.6
Median	29.4	5.7	5.5	24.4	3.6	1.2	2.9
3rd Quartile	22.4	4.9	3.5	19.7	2.0	0.6	1.0
95th Percentile	6.8	2.0	1.7	13.6	0.9	0.2	0.3

Parentheses contain percentile rankings.
 Other asset class consists of Private Credit.

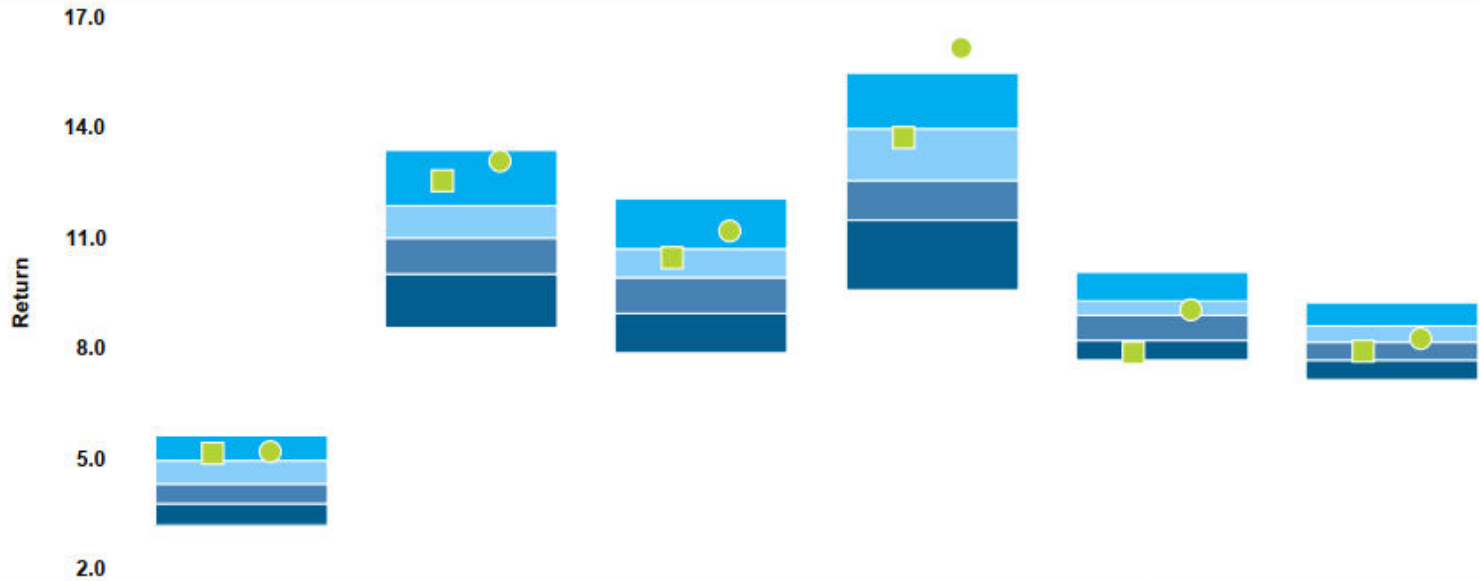


City of Austin Employees' Retirement Association

Risk Attribution

Plan Sponsor Peer Group Analysis | As of September 30, 2025

InvMetrics All Public DB Plans \$1B - \$5B Net



	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
■ Total Fund	5.2 (19)	12.5 (15)	10.4 (40)	13.7 (32)	7.9 (89)	7.9 (67)
● Policy Benchmark	5.2 (19)	13.1 (6)	11.2 (17)	16.2 (1)	9.0 (40)	8.3 (47)
5th Percentile	5.6	13.4	12.1	15.5	10.1	9.2
1st Quartile	5.0	11.9	10.7	14.0	9.3	8.6
Median	4.3	11.0	9.9	12.6	8.9	8.2
3rd Quartile	3.8	10.0	8.9	11.5	8.2	7.7
95th Percentile	3.1	8.6	7.9	9.6	7.6	7.1
Population	71	69	69	68	68	66

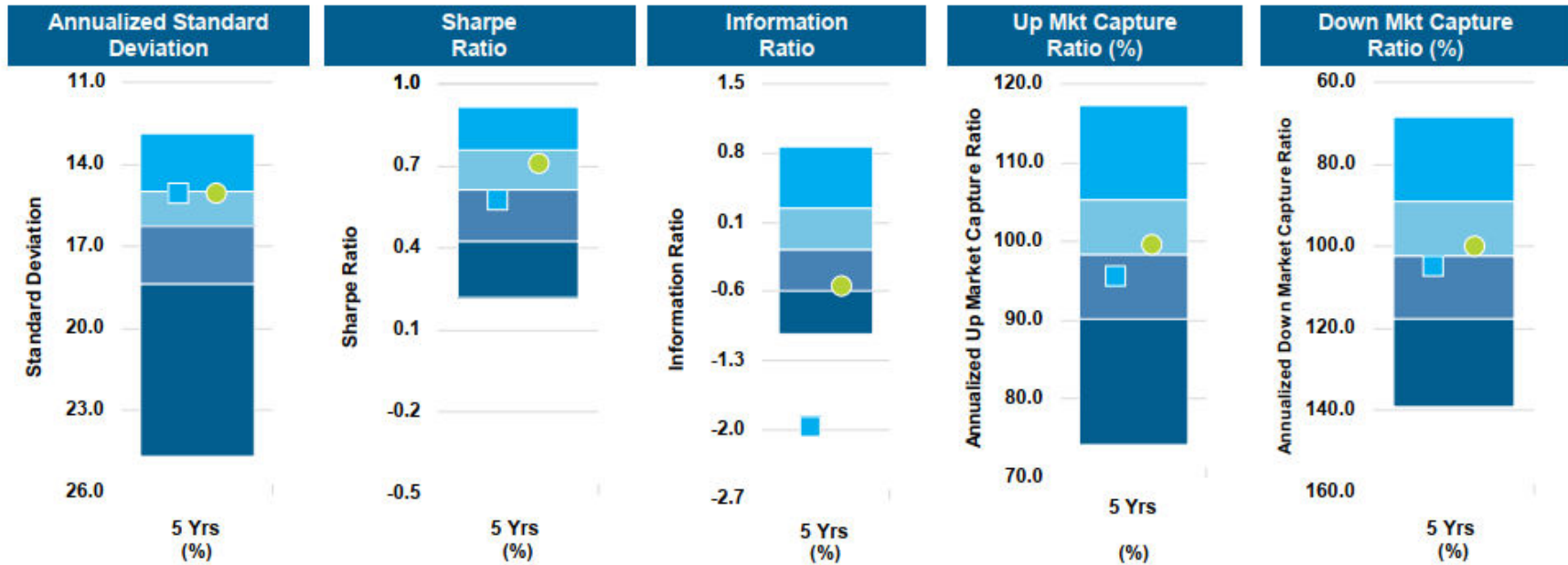
Parentheses contain percentile rankings.
Calculation based on monthly periodicity.



City of Austin Employees' Retirement Association

Risk Attribution

Global Equity | As of September 30, 2025



	Global Equity	Global Equity Benchmark	Global Equity	Global Equity Benchmark	Global Equity	Global Equity Benchmark	Global Equity	Global Equity Benchmark	Global Equity	Global Equity Benchmark
5 Yrs (%)	15.1 (26)	15.0 (26)	0.6 (54)	0.7 (34)	-1.9 (100)	-	95.9 (59)	100.0 (47)	104.8 (56)	100.0 (42)
5th Percentile	12.9		0.9		0.9		117.6		68.3	
1st Quartile	15.0		0.8		0.3		105.7		89.1	
Median	16.3		0.6		-0.2		98.7		102.3	
3rd Quartile	18.4		0.4		-0.6		90.5		117.5	
95th Percentile	24.7		0.1		-1.0		74.5		138.9	
Population	1,225		1,225		1,225		1,225		1,225	

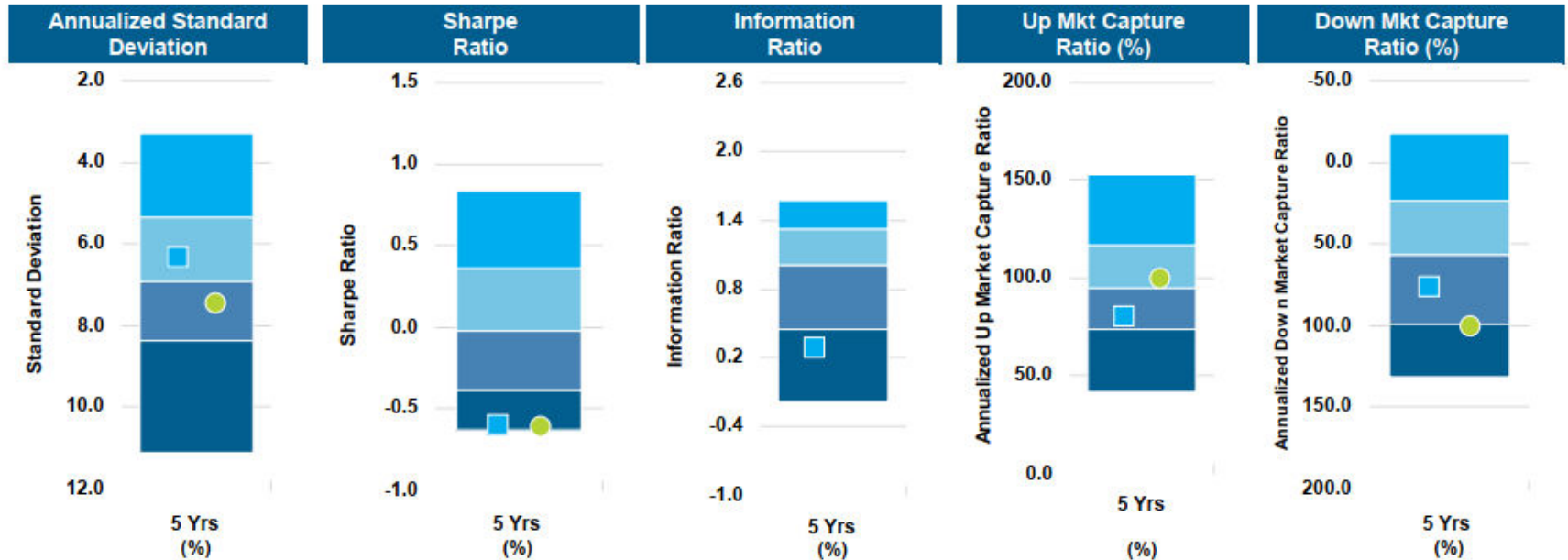
The information above is based on a five-year period.



City of Austin Employees' Retirement Association

Risk Attribution

Global Fixed Income | As of September 30, 2025



	Fixed Income	Global Fixed Income Benchmark	Fixed Income	Global Fixed Income Benchmark	Fixed Income	Global Fixed Income Benchmark	Fixed Income	Global Fixed Income Benchmark	Fixed Income	Global Fixed Income Benchmark
5 Yrs (%)	6.3 (36)	7.5 (80)	-0.6 (94)	-0.6 (94)	0.3 (84)	-	80.8 (70)	100.0 (45)	76.2 (68)	100.0 (75)
5th Percentile	3.3		0.8		1.6		153.0		-17.4	
1st Quartile	5.4		0.4		1.3		116.4		23.9	
Median	6.9		0.0		1.0		94.8		56.9	
3rd Quartile	8.4		-0.4		0.4		73.9		99.2	
95th Percentile	11.1		-0.6		-0.2		42.4		131.0	
Population	166		166		166		166		166	

The information above is based on a five-year period.

Exposures / Characteristics



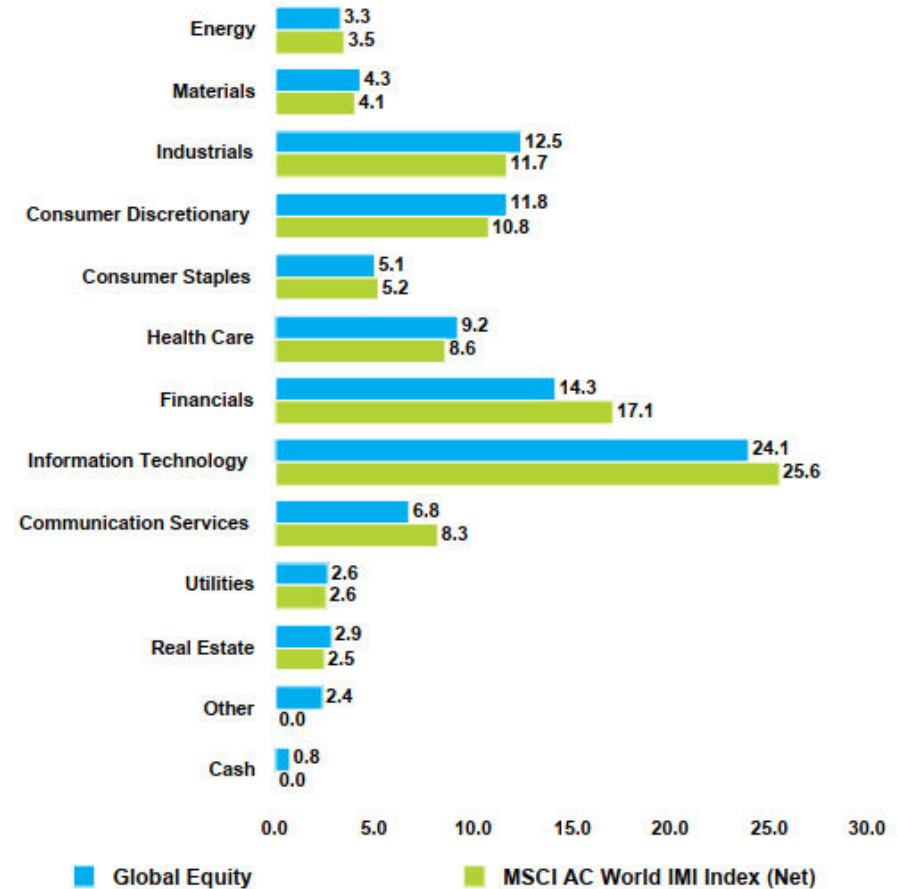
City of Austin Employees' Retirement Association

Exposures / Characteristics

Global Equity Characteristics | As of September 30, 2025

Characteristics		
	Portfolio	Benchmark
Number of Holdings	9,326	8,300
Wtd. Avg. Mkt. Cap \$B	593.2	799.2
Median Mkt. Cap \$B	2.9	2.9
Price To Earnings	23.2	22.9
Price To Book	3.8	3.8
Return on Equity (%)	5.0	5.3
Yield (%)	1.7	1.8
Beta (5 Years, Monthly)	1.0	1.0
R-Squared (5 Years, Monthly)	1.0	1.0

Sector Weights (%) vs MSCI AC World IMI Index (Net)



Top Holdings (%)	
NVIDIA Corporation	3.1
Apple Inc	2.6
Microsoft Corp	2.6
Miscellaneous Security	2.1
Taiwan Semiconductor	1.5
Amazon.com Inc	1.5
Meta Platforms Inc	1.1
Broadcom Inc	1.0
Alphabet Inc Class A	1.0
Tesla Inc	0.9

1607 Capital Partners holdings as of 6/30/2025 are not available at time of report, holdings as of 3/31/2025 are rolled forward.



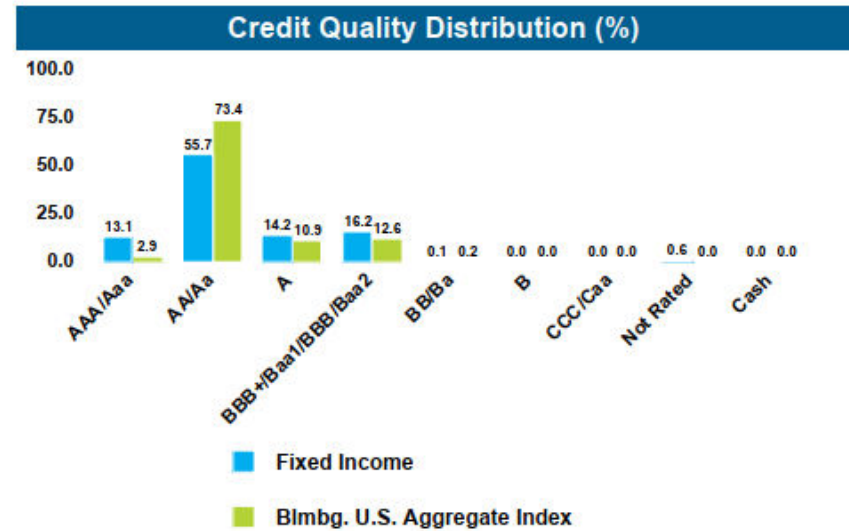
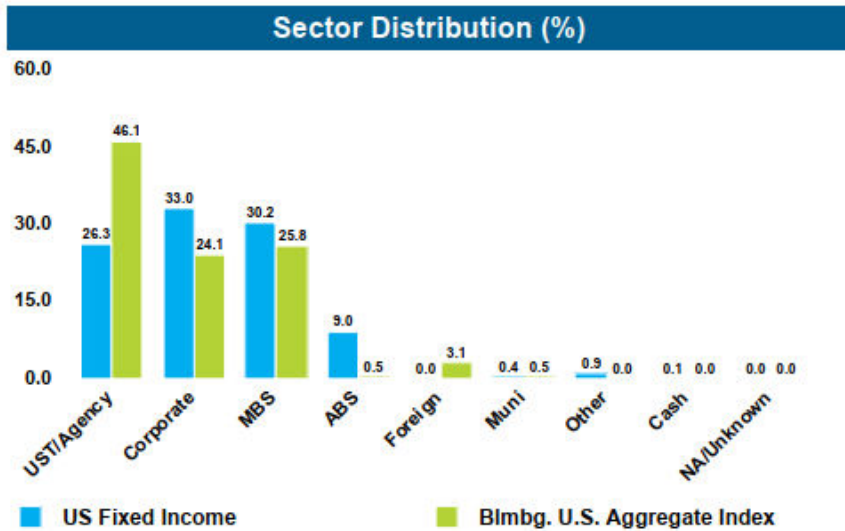
City of Austin Employees' Retirement Association

Exposures / Characteristics

Global Fixed Income Characteristics | As of September 30, 2025

	Total Fund	
	\$	%
Loomis Sayles Core Disciplined Alpha	267,618,772	33.3
Loomis Sayles Core FI	267,643,890	33.3
IR+M Core Aggregate Bond	267,601,630	33.3
Fixed Income	802,864,292	100.0

Portfolio Characteristics	
	Portfolio
Yield To Maturity (%)	4.6
Average Duration	6.0
Avg. Quality	A
Weighted Average Maturity (Years)	8.3



Blue Owl Diversified Lending is excluded from characteristics.

Glossary – Descriptions of Metrics

US P/E 10: Current price of the S&P 500 Index divided by the average of the prior ten years of earnings (including extraordinary items).

EAFE P/E 10: Current price of the MSCI EAFE Index divided by the average of the prior ten years of earnings.

EM P/E 10: Current price of the MSCI Emerging Markets Index divided by the average of the prior ten years of earnings.

US Dividend Yield: MSCI USA Index divided yield.

US Systemic Risk: A measure of co-movement among US equity based on analysis of variance (“ANOVA”). A high systemic risk measure indicates a loss of diversification benefit and periods of high or low systemic risk tend to persist over long periods.

Turbulence: A measure of market volatility that captures not only the magnitude of changes (like the VIX) but also the changes in the correlation between assets.

10-Year Treasury Yield: 10-year US Treasury yield.

High Yield Credit Spread: Barclays High Yield Index yield minus the 10-year US Treasury yield.

Bank Loan Discount Margin: CSFB Leverage Loan Index discount margin assuming a three-year life.

TIPS Break-even Inflation Rate: 10-year US Treasury yield (nominal yield) minus the 10-year US TIPS yield (real yield).

Emerging Market Debt (Local Currency) OAS: Barclays Emerging Markets Debt Local Currency option-adjusted spread (“OAS”). Represents the current spread over US Treasury yield, minus that component of the spread that is attributable to the cost of the embedded options.

Foreign Bond OAS: Barclays Global Agg. (ex.-US) option-adjusted spread (“OAS”). Represents the current spread over US Treasury yield, minus that component of the spread that is attributable to the cost of the embedded options.

US REIT Dividend Yield Spread: NAREIT US All REITs Index dividend yield minus the 10-year US Treasury yield.

NCREIF Property Capitalization Rate Spread: NCREIF Property Index capitalization rate minus the 10-year US Treasury yield.

P/AFFO (Price/Adjusted Funds from Operations): Current price of the REIT relative to the Adjusted Funds from Operations. AFFO is a figure used by REITs to define the cash flow from their operations. It is calculated by adding depreciation and amortization expenses to earnings, with adjustments made for recurring capital expenditures used to maintain the quality of the REIT's underlying assets.

Sentiment Indicators: Surveys of institutional investors conducted by Sentix. When the indicator moves above average, it indicates positive sentiment.

Rates Sentiment: Based on a survey of forecasters conducted by the Philadelphia Federal Reserve. It is the ratio of the forecast of interest rates to the actual rate. When the actual interest rate is above the forecasted rate, this indicates negative sentiment.

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

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.



Staff Risk Report Executive Summary

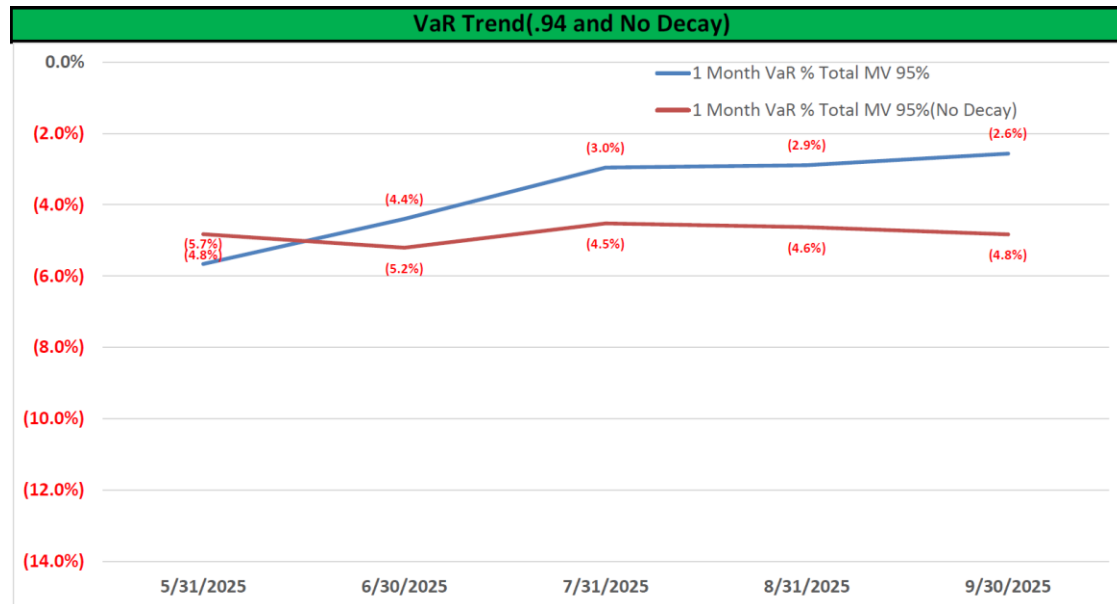
EXECUTIVE SUMMARY:

Over the prior year, the Fund has experienced low volatility, particularly when compared to longer term expectations. Given the strong returns experienced in this same period, the Fund has been very well rewarded for the investment risks it has taken. Over the longer term, the Fund has notably taken less benchmark relative risk (tracking error) than the peer group, who tend to deviate more significantly from their benchmarks. These relative risks have not been well rewarded as evidenced by a negative information ratio and it should be noted that this is common among peers, with only top quartile peers achieving a positive information ratio over the prior decade.

KEY FINDINGS FROM STAFF RISK REPORT:

Staff have provided a full risk report in the supplemental materials, with key findings summarized below:

- Monthly value at risk is estimated at -2.6% and conditional value at risk is estimated at -3.2%. These figures represent left tail event estimates and are illustrative of expectations for a month of poor performance.





Staff Risk Report Executive Summary

- Backwards looking volatility over the prior 12 months was 7.0% and forwards looking volatility is estimated at 5.4%. These figures are at the low end of expectations. For example, Meketa estimated Fund risk at 12.5% when fully deployed in private markets during the 2024 asset allocation study.

	Asset Allocation ¹	Policy Allocation	VaR ²	Ex-Ante Standard Deviation	Ex-Post Standard Deviation (1YR)
TOTAL	100.00%	100.00%	(2.56 %)	5.36 %	7.00 %
Global Equity	58.31%	45.00%	(3.60 %)	7.60 %	10.53 %
Global Fixed Income	20.32%	21.00%	(2.07 %)	4.08 %	3.50 %
Real Assets	14.54%	15.00%	(2.57 %)	5.47 %	4.43 %
Private Equity	0.00%	8.00%	-	-	-
Private Credit	1.95%	10.00%	(0.60 %)	1.26 %	3.53 %
Cash and Equivalents	4.88%	1.00%	(0.09 %)	0.12 %	0.10 %

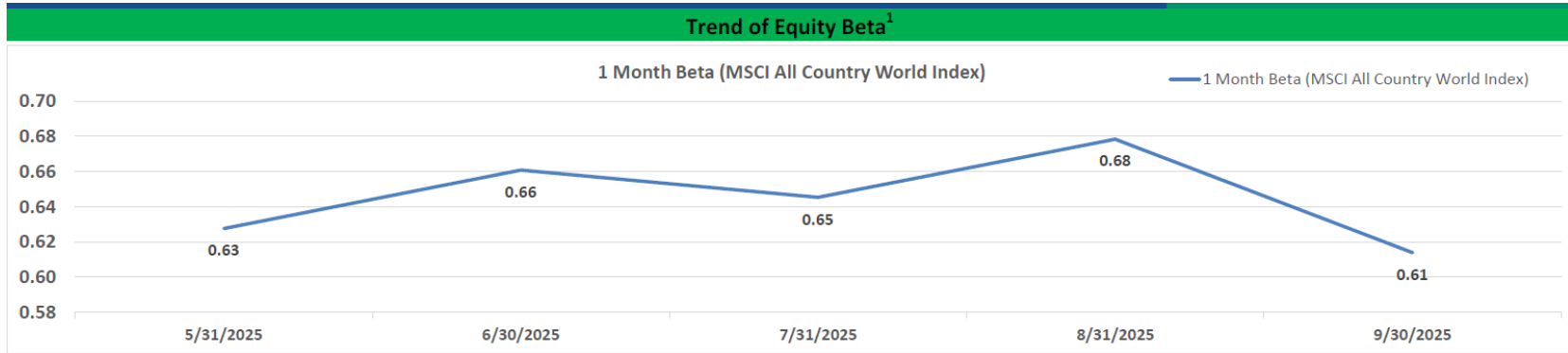
- Expected monthly tracking error is 0.25% (which annualizes to 0.86%), driven mostly by Global Equities exposures. These relative risks are measured relative to the long-term target Strategic Asset Allocation.

Benchmark Name	1 Month Relative VaR (\$m) 95%	Relative VaR % MV 95%	Contribution to Relative Risk	Ex-Ante Tracking Error (\$m) (Month)	Ex-Ante Tracking Error % (Month)	Contribution to Ex Ante Tracking Error (\$m) (Month)	Contribution to Ex Ante Tracking Error % (Month)	
Total	Policy Benchmark	(\$17.19)	(0.43%)	100.00%	\$9.91	0.25%	\$9.91	100.00%
Cash and Equivalents	Bloomberg US Treasury Bills 1-3 Mnth Index	(\$0.19)	(0.10%)	0.14%	\$0.07	0.04%	\$0.01	0.14%
Global Equity	MSCI All Country World IMI Net Composite	(\$17.77)	(0.77%)	72.38%	\$10.62	0.46%	\$7.18	72.38%
Global Fixed Income	Barclays US Aggregate POS	(\$1.33)	(0.17%)	0.68%	\$0.77	0.10%	\$0.07	0.68%
Private Credit	LSTA Leveraged Loans Index	(\$1.43)	(1.86%)	(2.83%)	\$0.89	1.16%	(\$0.28)	(2.83%)
Real Assets	Real Assets Index	(\$8.09)	(1.41%)	29.64%	\$5.11	0.89%	\$2.94	29.64%
Private Equity	Private Equity BM	-	-	-	-	-	-	-

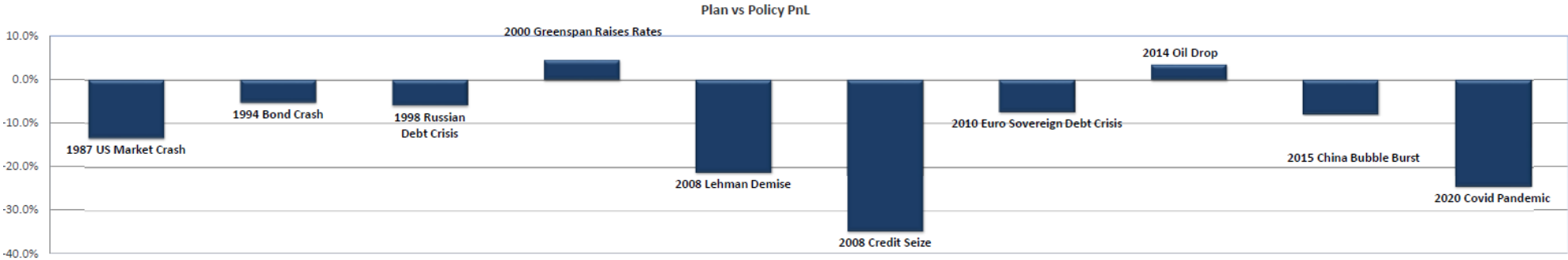
- The total Fund has a 0.98 correlation to Global Equities, meaning that total fund returns tend to nearly always move directionally the same way as equities. The magnitude of these returns is estimated by an equity beta of 0.61 (i.e., the Fund should return ~61% of whatever equities return).



Staff Risk Report Executive Summary



- A variety of stress tests are included, with the worst scenarios producing negative returns of 25-35% for the Fund.



- Cash & Equivalents have been the most diversifying asset class as they have exhibited and are expected to continue to exhibit the lowest average correlation to other asset classes. Fixed Income is less diversifying than expected and has higher correlations to other asset classes.

Holdings Correlation Matrix: How Correlated are Assets Held Today?						
Asset Class	Global Equity	Global Fixed Income	Private Credit	Real Assets	Cash and Equivalents	Total Fund
Global Equity	1.00	0.45	0.65	0.57	-0.18	0.98
Global Fixed Income	0.45	1.00	-0.07	0.21	-0.15	0.55
Private Credit	0.65	-0.07	1.00	0.26	-0.05	0.57
Real Assets	0.57	0.21	0.26	1.00	-0.52	0.65
Cash and Equivalents	-0.18	-0.15	-0.05	-0.52	1.00	-0.25
Total Fund	0.98	0.55	0.57	0.65	-0.25	1.00

6. Discuss and consider transition plan for private credit portfolio, including public proxy and benchmarks

Presented by Leo Festino



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 6:

Discuss and consider the transition plan for private credit portfolio, including public proxy and benchmarks

AGENDA ITEM OBJECTIVE

The Committee will discuss and consider the transition plan for private credit portfolio, including public proxy and benchmarks

RECOMMENDATION FOR COMMITTEE ACTION

At the Committee's discretion.

ITEM SUMMARY

At the Board workshop, Staff and Meketa discussed use of bank loans as a potential proxy for eventual Private Credit exposures. Since then, Staff and Meketa have coordinated on evaluating managers and mandates in this asset class. Meketa will recommend to the Committee a public bank loans manager and benchmarking changes for Committee consideration.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management.**

ATTACHMENTS

- A. Meketa Bank Loan Manager Search Summary (**CONFIDENTIAL**)
- B. Staff Bank Loan Memo (**CONFIDENTIAL**)

SUPPLEMENTAL MATERIAL

- 1. Additional Meketa and Staff Due Diligence Materials (**CONFIDENTIAL**)

7. Discuss and consider the private markets program, including model portfolios, cash flow analysis and pacing, and program strategic plan

Presented by Spencer Edge and Ryan Fitzgerald



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 7:

Discuss and consider private markets program, including model portfolios, cash flows analysis and pacing, and program strategic plan

AGENDA ITEM OBJECTIVE

This item is for the Committee to review the model portfolios, cash flows and pacing analysis, and consider a draft Strategic Plan for the Private Markets Program.

RECOMMENDATION FOR COMMITTEE ACTION

At the Committee's discretion.

ITEM SUMMARY

The Board recently retained Albourne as its private markets investment consultant. Albourne will present and discuss model portfolios, cash flow analysis, and pacing within the private market asset classes. In collaboration with the consultants, Staff has drafted a Private Markets Strategic Plan for Committee consideration, which acts as the governing policy for this part of the Fund. Based on the discussion at the Board Workshop, Staff has drafted language for private markets program fund commitments to either (a) be authorized by the Board or (b) be delegated under specific portfolio guidelines. Language for Option A and Option B is highlighted in both the "Fund Commitments" and "Appendix D" sections of the draft Strategic Plan (see the highlighted language for each option).

RELEVANCE TO STRATEGIC PLAN

This agenda item is central to **COAERS Strategic Plan Goal 4: Identify and implement leading practices in Board governance, pension administration, and investment management**. It is considered a best practice to have strategic plans related to Private Markets programs.

ATTACHMENTS

- A. Albourne Summary Presentation "Private Market Model Portfolios and Cash Flow Models" (**CONFIDENTIAL**)
- B. Draft Private Markets Strategic Plan

SUPPLEMENTAL MATERIAL

- 1. Albourne Full Presentation "Private Market Model Portfolios and Cash Flow Models" (**CONFIDENTIAL**)

Private Markets Strategic Plan

I. Executive Summary

COAERS adopted a Strategic Asset Allocation that included private markets exposures to Private Equity, Private Credit, and Real Assets (collectively, the “Private Markets Portfolio”) based on the results of an Asset/Liability Study and corresponding Asset Allocation Study.

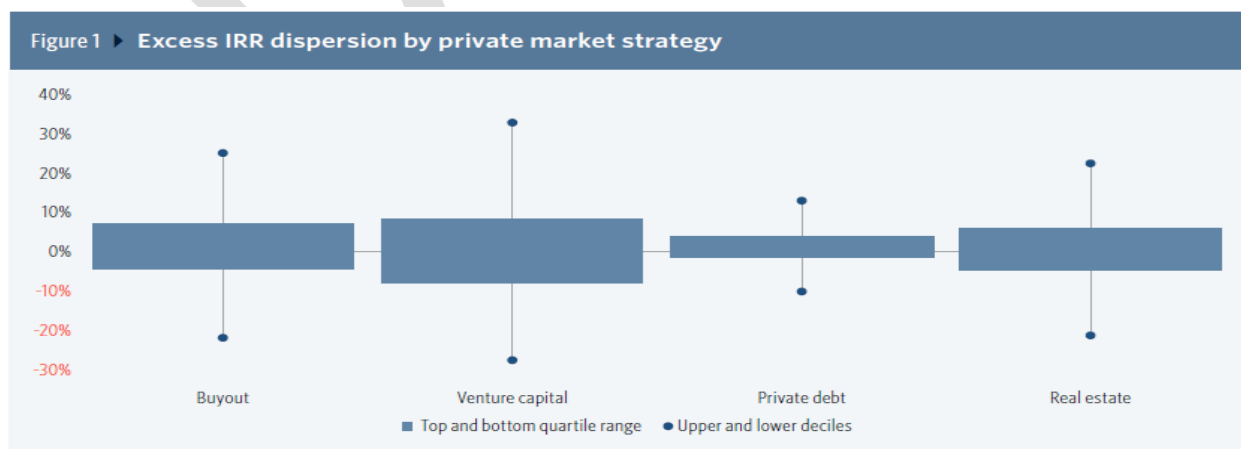
Given the unique characteristics of private markets strategies, this document establishes the processes for the selection, monitoring, performance reporting, and guidelines of these strategies, and is incorporated as an Appendix to the Investment Policy Statement. This document is intended to be reviewed at least annually and amended from time to time as Strategic Asset Allocation decisions by the Board dictate, as processes and procedures are refined, or as market dynamics dictate. This Strategic Plan is organized to provide authorities and guidelines that are broadly applicable to the Private Markets Portfolio.

II. Investment Objectives

The primary objective of the Private Markets Portfolio is to enhance the long-term risk adjusted performance of the entire Fund by capturing risk premia’s that are available in private markets. These strategies are expected to outperform the relevant public markets over a full market cycle.

As a nascent private markets program, prudently building out exposures is critical to the long-term success of the program. As such, capital should be consistently deployed to investment opportunities that are consistent with this Strategic Plan.

Given the historical high dispersion of outcomes across private markets funds (see below), successful manager and fund selection will lead to significantly better outcomes for the Private Markets Portfolio. Therefore, a strong process should enable commitments to be made to best-in-class managers and funds.



Source: PitchBook • Geography: US • As of December 31, 2024

Note: Includes funds from vintage years 2004 to 2017. Excess IRR is the difference between a fund's IRR and the median IRR of its asset class and vintage year.

III. Asset Allocation

The Strategic Asset Allocation adopted in the Investment Policy Statement lays out long-term target allocations to a diversified set of investments, including private markets exposures in Private Equity, Private Credit and Real Assets. Over time, this Strategic Plan shall guide the buildout of these exposures into the ranges adopted in the Investment Policy Statement:

Asset Class	Target	Minimum	Maximum
Private Equity	8%	5%	10%
Real Assets	15%	12%	19%
Private Credit	10%	7%	13%

As new private markets exposures for the Fund, it will likely take several years to achieve the target allocations. Given the nascency of the program, the Board has adopted phased transition guidelines in the Investment Policy Statement that allow for a broader range of exposures than those above. In the interim, the Board may choose to allocate to public market proxies for eventual private markets exposures.

IV. Pacing Plan

An important implementation goal for the Fund is to spread out the timing of new commitments so as to avoid an undue concentration of commitments in any one calendar year. Vintage year is defined as the year in which a private market fund makes its first capital call. It is considered prudent and best practice to spread commitments across several vintage years to eliminate the risk that any single year generates poor returns across the asset class, also known as “vintage year risk.”

Recognizing the importance of vintage year diversification and the importance of striving to achieve adequate portfolio diversification across strategy types, Staff and Private Markets Consultant(s) shall develop an annual plan for alternative investments in Private Equity, Private Credit and Real Assets and present each such plan (“Pacing Plan”) to the Board. This Pacing Plan will reflect a pace of commitments that, considering forecasted cash flows, is expected to achieve the System’s targeted allocation to the Private Markets Portfolio over a reasonable time period. Investments made during the following year shall fall within the recommendations of this Pacing Plan, unless explicitly approved by the Board. Annually, development of work plans on private markets will be undertaken in order to execute the Pacing Plan, prioritize the investment pipeline, and ensure timely approval of commitments.

V. Implementation

A key objective of implementing the Private Markets Portfolio is to build in appropriate levels of diversification as this will reduce the variability of returns, which in, in turn reduces risk. In addition to consistent pacing, diversification in the alternative investment asset class is achieved by investing in a number of different strategies with varying investment styles.

Top-Down Considerations: As part of the process for determining appropriate strategy and geographic targets, the Private Markets Consultant(s) work in forecasting returns for private markets strategies, along with practical considerations around capacity in top-tier managers, the market environment, and qualitative considerations that differentiate return expectations by geography, will be leveraged. The portfolio should be structured such that it is sufficiently, but not overly, diversified across investment managers, vehicles, sub-strategies, and geographies.

Bottom-Up Considerations: While top-down considerations will be considered when allocating assets across the Private Markets Portfolio, COAERS believes that identifying the strongest managers utilizing bottom-up research is a more consistent source of outperformance over time. As such, the primary consideration for implementing the portfolio is to select the most compelling funds in the market that satisfy the asset class risk and return criteria. The precedence of this objective means that actual portfolio construction may deviate from identified top-down targets.

VI. Fund Selection

COAERS Staff and Private Markets Consultant(s) shall comply with this Policy and shall endeavor to select the highest quality managers available that will enable the various asset classes to meet their long-term return objectives within the parameters established by this Private Markets Strategic Plan.

Staff and Private Markets Consultant(s) will utilize a rigorous due diligence process to screen and select fund managers based upon qualifications that are particularly important. Selection of investment opportunities will take into consideration the following criteria:

- Quality and stability of the firm and investment team
- Previous investment track record of the investment manager
- Proposed investment strategy
- Ability of the investment manager to demonstrate capability to generate superior returns
- Operational capabilities
- Legal and economic terms governing the partnership or other vehicle
- Alignment of interests
- COAERS portfolio fit

No investment will be selected without the completion of full due diligence, inclusive of both investment and operational due diligence.

The investment due diligence process is summarized in Appendix E.

VII. Roles and Responsibilities

Specific duties and responsibilities are set forth below for the parties that are established to act as fiduciaries regarding the Private Markets Portfolio:

Board of Trustees

The Board has the fiduciary responsibility of overseeing the management of the Private Markets Program and the associated investment process. In fulfilling this responsibility, the Board will establish, maintain, and require compliance with this policy and its stated objectives. The Board is tasked with reviewing this Strategic Plan annually, approving the annual Pacing Plan, setting the overall risk/return profile, and weighing returns against properly constructed benchmarks. Within this framework, the Board will select, retain, monitor, and evaluate the parties associated with implementing this policy.

At its discretion, the Board may delegate authority for strategic and operational aspects of the Private Markets Program to Staff and Private Markets Consultant(s), though it may not delegate overall responsibility for the program.

Investment Committee

The Investment Committee is chartered to assist the Board of Trustees in fulfilling its fiduciary oversight responsibility for the management of the System's investments. Duties of the Investment Committee may include, but are not limited to:

- formulating and recommending to the Board the overall investment policies of the System,
- establishing and recommending to the Board investment guidelines in furtherance of those policies, all of which shall be subject to approval by the Board,
- monitoring investment performance relative to the strategic objectives and compliance with relevant investment risk guidelines set forth in policy,
- recommending to the Board service providers for professional services for investment management, investment consulting, and custodial banking, and
- monitoring the management of the Fund for compliance with relevant investment policies and guidelines.

In the Private Markets Portfolio these activities will be focused on reviewing portfolio activity and performance and recommending to the Board the Private Markets Strategic Plan, Pacing Plan, and fund commitments where appropriate.

Professional Staff

The Executive Director, the Chief Investment Officer, the Chief Financial Officer, and other Investment Staff will constitute the System's Professional Staff ("Staff"). Professional Staff is responsible for rendering the Board objective, competent, professional investment advice that is

free from conflicts of interest. Investment Staff provide professional investment analysis and support, exercise a standard of care consistent with fiduciary duty, and maintain the integrity of the Private Markets Portfolio. Staff will make recommendations to the Board regarding the Private Markets Portfolio and will be responsible for implementing related decisions. Staff will monitor the investment program for adherence to the investment guidelines that relate to the Private Markets Portfolio.

Private Markets Consultant

The Private Markets Consultant(s) is hired by, and reports to, the Board. The Private Markets Consultant(s) retained by the Board will advise the Board as a fiduciary on the Private Markets Portfolio. The Private Markets Consultant(s) shall work closely with Staff in all aspects of managing the Private Markets Portfolio, including its relationship to the total Fund as a whole.

The Private Markets Consultant(s) will support these efforts through advisory, investment due diligence, and operational due diligence resources. Additionally, the Private Markets Consultant(s) shall be responsible for reporting performance, risk, and exposures, monitoring the portfolio, and other services as required.

General Consultant

The General Investment Consultant will advise, consult, and work with the Board, Investment Committee, and Investment Staff to develop and maintain a well-diversified portfolio for the total Fund. As it relates to the Private Markets Portfolio, the General Investment Consultant will advise the Board on the reasonableness of governance and policy recommendations. The General Investment Consultant is also responsible for total Fund performance reporting and, as such, will report the roll-up of the Private Markets Portfolio into total Fund reporting and the performance of public market proxy exposures.

Legal Counsel

The Board may retain one or more attorneys and/or law firms to serve as investment counsel for the purpose of assisting the Executive Director and investment staff with legal matters related to the investment operations of the System. Legal Counsel works with Staff to negotiate documents relevant to the Private Markets Portfolio including, but not limited to, limited partnership agreements, side letters, and amendments. Legal Counsel will review the agreement(s) governing the relationship between the System and all managers prior to execution by the Executive Director. Evidence of such review will be included with the agreement(s) that are retained as part of the records of the System.

VIII. Fund Commitments

OPTION A (BOARD AUTHORITY)

All fund commitments are to be approved by the Board of Trustees. Upon Board approval, Staff are authorized to negotiate and execute necessary agreements to implement and maintain the portfolio, to process capital calls and distributions, and any other tasks necessary to implement the Private Markets Portfolio.

OPTION B (DELEGATED AUTHORITY)

Staff are authorized to make fund commitments consistent with the approved guidelines in this policy (see Appendix D). For a fund commitment to be made by Staff, a joint recommendation from Staff and Private Markets Consultant will be made to the Executive Director, who will provide written authorization affirming that the investment is consistent with the guidelines in this policy and that relevant diligence processes have been followed. Upon authorization from the Executive Director, Staff is authorized to negotiate and execute necessary agreements to implement and maintain the portfolio, process capital calls and distributions, and any other reasonably necessary tasks to implement the Private Markets Portfolio. For any fund commitments that fall outside of approved portfolio guidelines (see Appendix D), a written recommendation will be made to and must be approved by the Board.

IX. Permissible Investments

The portfolio will be made up largely of commitments to closed-end funds. Commitments to these funds typically have a range of time horizons of 3-12+ years. All investments in the portfolio are expected to have limited liquidity.

Permissible mechanisms available for portfolio construction include a combination of:

- Primary Funds: likely to constitute the vast majority of investments
- Co-investments: to enhance the speed of capital deployment and reduce fee load
- Other: to be used opportunistically
 - Direct secondaries
 - Continuation vehicles
 - Secondary Funds
 - Fund of Funds
 - Joint Venture (“JV”) / managed accounts

Permissible commitments include funds that are consistent with the approved Pacing Plan and invest primarily in a combination of:

- Private Equity: buyout, growth, venture capital
- Private Credit: private lending, distressed & special situations, asset focused
- Real Assets: core real estate, infrastructure, value add real estate, opportunistic real estate, natural resources

X. Monitoring

The Private Markets Portfolio will be monitored to determine compliance with applicable investment guidelines and objectives. In the monitoring process, Staff and Private Market Consultant(s) will extend the initial due diligence into a formal process that regularly seeks to determine whether the manager is meeting the applicable investment objectives and guidelines, as well as other requirements. In the broadest sense, the monitoring process is intended to determine whether the initial reasons for selecting the investment remain valid and focuses on the following:

- Compliance with reporting and valuation requirements
- Continuity of investment philosophy and process
- Stability of personnel and organization
- Performance and risk management

In connection with this ongoing monitoring, portfolio reviews and onsite due diligence will be conducted, as necessary. Site visits will be performed to confirm that appropriate infrastructure is in place to support the investment process. COAERS will also take appropriate advantage of rights offered through the investment agreement(s) and other governing documents. Staff will monitor adherence to partnership agreements by reviewing allocations, distributions, expenses, restrictions, valuations, amendments, potential conflicts of interest, reporting requirements, and expiration of investment periods.

XI. Risk Considerations

Specific risks are associated with Private Markets and will be regularly monitored by Staff and Private Markets Consultant(s). Major risks may include, but are not limited to:

- **Liquidity Risk:** inherent in private markets investments is the inability to quickly, efficiently, and cheaply sell an underlying investment asset or redeem from a fund investment
- **Leverage Risk:** the use of debt to enhance returns can also lead to higher volatility at both the underlying investment and fund level
- **Credit Risk:** lending to highly leveraged companies exposes the portfolio to risk of default, leading to loss of principal, missed interest payments, and a possible lengthy and costly debt restructuring process
- **Interest Rate Risk:** If interest rates rise, highly levered companies may face greater difficulty in making required interest payments
- **Business/Operating Risk:** private market investments may be in operationally challenged businesses facing some level of distress or may be in businesses that are more fragile to withstand exogenous events or shocks that require skillful management execution over a longer-time horizon to create value
- **Structural Risk:** misalignment of interests between LPs and GPs through fees, incentives, and opaqueness can lead to weaker than desired net of fee performance

- Valuation Risk: opaque asset pricing and lack of an efficient market requires vigilance and understanding of the valuation process
- Reinvestment Risk: as cash flows return to the portfolio in the form of fund distributions, subsequent investments may offer lower return potential than prior investments

XII. Performance Evaluation

As exposures will take several years to build out, performance of the Private Markets Portfolio will not be meaningful until after the portfolio is fully committed. It is recognized that immature private markets programs will ordinarily have a “J-curve” effect whereby there are low to negative returns in the initial years due to the payment of investment fees during a period when investments are typically carried at cost. Once fully committed, the progress of the Private Markets Portfolio should be evaluated over a minimum of five-year rolling periods, although the progress of the individual investment managers will be monitored at least annually.

Each asset class within the Private Markets Portfolio will be benchmarked to an appropriate index that describes, in general terms, the opportunity set and return characteristics associated with the asset class. The selected benchmark should serve as a proxy for long-term expected returns rather than an approximation of actual investments that will characterize the portfolio. It is recognized that any benchmarking approach in private markets is likely to produce tracking error, as public market proxies tend to exhibit much higher observed volatility and private market fund benchmarks are not investable.

Due to the high dispersion of outcomes between private markets managers, individual managers are expected to exceed median in the relevant peer group across vintages and strategies with a goal of top quartile returns.

Benchmark details can be found in the appendix for each asset class (Appendices A, B, C).

Appendix A: Private Equity Portfolio

I. Investment Objectives

The Private Equity portfolio is intended to improve Total Fund returns by allocating to equity investments in private companies, which are likely to have a higher return expectation. This higher return expectation may be attributable to a number of factors including active company management, operational improvements, the use of leverage, higher growth rates, and strategic company changes. Private Equity should be structured to generate the majority of returns from capital appreciation.

- Primary Benchmark: MSCI ACWI IMI Net + 200 bps
- Secondary Benchmark: Burgiss Global PE Funds Index

II. Strategy Types

Private Equity strategies include those primarily focused on equity investments in non-publicly traded companies. These investments can range across Buyout, Growth, and Venture Capital strategies.

Buyout: Buyout strategies often utilize leverage to acquire controlling positions in companies. Investments typically involve the purchase of a control position in an established company.

Growth: Growth strategies involve interests in companies with fast growing revenue streams and use limited leverage. These strategies are between Buyout and Venture Capital.

Venture Capital: Venture Capital strategies target start-up companies with exceptional growth potential and often use little to no leverage.

III. Strategy Allocation

For the Private Equity Portfolio, the target and range of strategy exposures, measured at most recent valuation, are shown in the following table:

Strategy Type	Target	Minimum	Maximum
Buyout	70%	60%	80%
Growth	20%	10%	30%
Venture Capital	10%	0%	20%

It is recognized that it may take an extended period for the Private Equity Portfolio to be fully invested and that there may be deviations from these targets during this time.

IV. Industry/Geographic Concentration

COAERS shall endeavor to limit the potential for any one investment to negatively impact the long-term results of the Private Equity Portfolio by investing across a number of geographies and industries. The portfolio is likely to have a heavier exposure to North America. For investments in venture capital, it is recognized that opportunities may be most readily available in a relatively limited number of industries. Unlike public markets, where benchmarks include exposure to non-U.S. regions, international exposure is not viewed as a strategy but rather a geographic allocation that is regarded as a separate consideration within each of these strategies.

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Appendix B: Real Assets Portfolio

I. Investment Objectives

Real Assets investments are expected to provide a mix of high current income with capital appreciation. These strategies, typically backed by underlying tangible and intangible assets, are also expected to provide much needed diversification during inflationary periods. As a result, these strategies should have a risk/return profile between that of Private Equity and Private Credit.

- Primary Benchmark: Blend of 50% ODCE + 100bps/50% CPI + 200 bps
- Secondary Benchmark: Blend of 50% ODCE + 100 bps/35% Burgiss All Infrastructure Index/15% Burgiss All Natural Resources Index

II. Strategy Types

Real Assets consists of a broad set of opportunities. For the purposes of this Strategic Plan, these investments are categorized as Infrastructure, Core Real Estate, Value Add Real Estate, Opportunistic Real Estate, and Natural Resources.

Infrastructure: Infrastructure is a maturing asset class that has the potential to provide strong inflation linkage. Infrastructure consists of assets that provide fundamental services to an economy and typically have significant barriers to entry.

Core Real Estate: Core Real Estate investments target equity or debt investments in properties and/or entities with high quality existing assets. Assets tend to have long holding periods and stabilized occupancies, which produce consistent cash yields.

Value Add Real Estate: Value Add investments target equity or debt investments where value is typically added to the underlying assets through strategies such as capex, leasing, re-tenanting/changing the tenant mix, and operational improvements or curing sub-performing loans in the cases of debt portfolios.

Opportunistic Real Estate: Opportunistic investments target equity or debt investments in assets that do not have stabilized occupancies/revenues and may be completely vacant. Such investments may be less diversified and may have high leverage. Strategies include development, land, change in use, recapitalizations, non-performing loans, and distress.

Natural Resources: These strategies may include, but are not limited to:

- Energy: These funds can invest in renewables or oil & gas reserves that have existing production or a contract-oriented strategy.
- Mining: These strategies typically involve providing capital to mining companies to get from development to production.
- Agriculture: These funds focus on acquiring farmland with the purpose of growing products (e.g., wheat, cotton, potatoes, corn, hazelnuts, etc.).

- Timber: Funds are focused on acquiring timberlands and actively managing the properties to increase returns (i.e., increasing volumes, maximizing marketing).

III. Strategy Allocation

For the Real Assets Portfolio, the target and range of strategy exposures, measured at most recent valuation, are shown in the following table:

Strategy Type	Target	Minimum	Maximum
Core Real Estate	25%	20%	35%
Value Add Real Estate	15%	10%	20%
Opportunistic Real Estate	10%	0%	15%
Infrastructure	35%	25%	45%
Natural Resources	15%	10%	20%

It is recognized that it may take an extended period for the Real Assets Portfolio to be fully invested and that there may be deviations from these targets during this time.

IV. Industry/Geographic Concentration

COAERS shall endeavor to limit the potential for any one investment to negatively impact the long-term results of the Real Assets Portfolio by investing across a number of geographies and industries. The portfolio is likely to have a heavier exposure to North America. Unlike public markets, where benchmarks include exposure to non-U.S. regions, international exposure is not viewed as a strategy but rather a geographic allocation that is regarded as a separate consideration within each of these strategies.

Appendix C: Private Credit Portfolio

I. Investment Objectives

The Private Credit portfolio is intended to improve Total Fund diversification by gaining exposure to credit returns and risk. This increased diversification will assist in reduction of total Fund volatility by investing in asset types that have a low statistical correlation with other asset classes. Private Credit may generate returns from income or other approaches (equity kickers, purchases at discount, etc.).

- Primary Benchmark: Morningstar LSTA U.S. Leveraged Loan Index + 200 basis points
- Secondary Benchmark: Burgiss All Credit Index

II. Strategy Types

COAERS Private Credit Portfolio may include five strategy allocations within its portfolio: Direct Lending, Distressed Debt, Asset Backed Debt, Mezzanine/Bridge Financing, and Credit Special Situations. These strategies are defined as follows:

Direct Lending: Provides a source of capital for companies, for example in the form of senior financing alternatives, including revolving credit facilities, term loans, bank loans (public and private), delayed draw term loans, second lien loans, and unitranche facilities.

Distressed, Stressed & Special Situations: Investment into the debt of businesses that are financially distressed. Special Situations include funds that have broad mandates such as a fund that invests in subordinated debt, distressed debt, or funds that purchase diversified secondary interests.

Asset Focused: Includes loans on tangible or intangible real assets. This category may include investments in real assets credit, real estate credit, specialty finance, or structured credit. Loans are typically backed by an asset, which can include real estate, receivables, credit cards, or a variety of other asset types.

III. Strategy Allocation

For the Private Credit Portfolio, the target and range of strategy exposures, measured at most recent valuation, are shown in the following table:

Strategy Type	Target	Minimum	Maximum
Private Lending	50%	30%	70%
Asset Focused	30%	20%	50%
Distressed, Stressed & Special Situations	20%	0%	30%

It is recognized that it may take an extended period for the Private Credit Portfolio to be fully invested and that there may be deviations from these targets during this time.

IV. Industry/Geographic Concentration

COAERS shall endeavor to limit the potential for any one investment to negatively impact the long-term results of the Private Credit Portfolio by investing across a number of geographies and industries. The portfolio is likely to have a heavier exposure to North America. Unlike public markets, where benchmarks include exposure to non-U.S. regions, international exposure is not viewed as a strategy but rather a geographic allocation that is regarded as a separate consideration within each of these strategies.

Appendix D: Portfolio Guidelines (OPTION A - BOARD AUTHORITY)

The following guidelines should apply to all investments made in the Private Markets portfolio.

Portfolio Guidelines:

- Investments must be consistent with the annual Pacing Plan
- Investment Due Diligence rating of A (amongst best in strategy) or B (above average) with initial conviction of 4 (high) or 5 (highest) from Albourne
- Operational Due Diligence ratings of A (best practices in all or most areas), B (best or acceptable practices in many areas) or C (acceptable practices with area for improvement) from Albourne
- Fund commitment size of less than 2% of total Fund assets
- Fund commitments of less than 20% of an individual fundraise
- Private markets GP manager concentration of less than 10% of total Fund assets
- Secondaries less than 30% of program AUM
- Emerging markets exposure of less than 10% on a look through basis across Private Markets Portfolio assets
- Emerging manager exposure of less than 10% of program AUM
- Agreement on all legal terms and external review of documents prior to investment

Appendix D: Portfolio Guidelines (OPTION B - DELEGATED AUTHORITY)

The following guidelines shall apply to all investments made by Staff in the Private Markets portfolio. Any investment opportunities outside of these guidelines shall require approval from the Board.

Portfolio Guidelines:

- Investments must be consistent with the annual Pacing Plan
- Investment Due Diligence rating of A (amongst best in strategy) or B (above average) with initial conviction of 4 (high) or 5 (highest) from Albourne
- Operational Due Diligence ratings of A (best practices in all or most areas) or B (best or acceptable practices in many areas) from Albourne
- Fund commitment size of less than 1.5% of total Fund assets
- Fund commitments of less than 20% of an individual fundraise
- Private markets GP manager concentration of less than 10% of total Fund assets
- Secondaries less than 30% of program AUM
- Emerging markets exposure of less than 10% on a look through basis across Private Markets Portfolio assets
- Emerging manager exposure of less than 10% of program AUM
- Agreement on all legal terms and external review of documents prior to investment

Appendix E: Due Diligence Process

Sourcing

The primary source of investment opportunities will come from the Private Markets Consultant(s) database and forward calendar. Given the spectrum of coverage and high number of diligenced managers and funds, these opportunities represent a broad starting point. Additionally, Staff may discuss with the Private Market Consultant(s) opportunities from other sources not contained in the consultant database for potential inclusion in the pipeline and further diligence. After discussion, these opportunities may enter the pipeline of potential opportunities to consider.

Screening

Upon approval of the Pacing Plan by the Board, current and future opportunities will be reviewed to determine whether the proposed investments have the potential to meet COAERS' required investment objectives. This screening will assess basic portfolio fit including performance, strategy, geography, and sector characteristics.

Meeting

Initial manager meetings will be conducted to understand the strategy, track record, and potential value-add of the proposed investment opportunity. These meetings will be used to determine the investing edge of the general partner and organization.

Early Read

Staff and Private Market Consultant(s) will meet to discuss the offering, pros/cons, return target, portfolio fit and high-level risks and mitigants. If favorable, discussions will also include sizing considerations, portfolio guidelines, and pacing. Areas of further diligence will be identified and noted.

Comprehensive Diligence

Staff and Consultant will deep dive on the team, track record, strategy, value add and alignment of the opportunity. This diligence will typically also entail site visits by Staff to the offices of the manager. Private Markets Consultant(s) Investment Due Diligence and Operational Due Diligence reports must be completed and reviewed for an opportunity to continue.

Review/Approval

Investment opportunities that have passed favorably through the prior process steps will be reviewed and approved in accordance with this Strategic Plan.

Commitment and Documentation

Negotiation of the commitment and documentation of acceptable terms will be completed by Staff with Legal Counsel. Upon completion, the opportunity will be closed upon and committed to.

Reporting

On a quarterly basis, Staff and Private Market Consultant(s) shall report commitments to the Board in a standard format. This report shall include, at a minimum, the manager, fund, strategy, and commitment amount. Additionally, Staff and Private Market Consultant(s) shall prepare a due diligence checklist report summarizing the activities which led to the commitment, as summarized in Appendix F.

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Appendix F: Due Diligence Checklist

Staff and Private Market Consultant(s) shall prepare and deliver to the Investment Committee a due diligence checklist report summarizing the activities that led to each fund commitment. This checklist shall include a high-level summary tracking the completion of the below items:

- Consistency with this Strategic Plan including Portfolio Guidelines
- Consistency with the annual Pacing Plan
- Evaluation of suitability of investment for COAERS' private markets portfolio
- Completion of comprehensive due diligence:
 - Deep dive on team, track record, strategy, value add, and alignment
 - Private Markets Consultant Investment and Operational Due Diligence
 - Site visit
- Negotiation of legal documents

As part of the comprehensive due diligence, the below non-exhaustive items will be reviewed:

- Due diligence questionnaire reviewed (ILPA, litigation, COAERS specific, and/or Private Markets Consultant template)
- Site visit by Staff and Private Markets Consultant
- Team:
 - Interviews with management and staff
 - Leadership and succession – key person and bench
 - Team cohesiveness and stability
 - Turnover and attribution
 - Team capacity
- Track record:
 - IRR, MOIC, DPI; Absolute and relative to benchmarks, PMEs
 - Range of outcomes, loss ratios, outliers
 - Demonstration of discipline to strategy, process, price, leverage, fund size
 - Strategy and Process – sourcing, value-add and exit
 - Targeted market opportunity and strategy
 - Repeatable process
 - Market map and comparative advantage
- Value Add:
 - Demonstration of value add – strategic, operational, and financial
 - Returns bridge analysis
 - Case studies
 - Alignment
 - Alignment of interest – GP commit and carry distribution
 - LPA Terms – fee, carry, hurdle, distribution, key man, GP commit, etc.
- Terms and Other:
 - Access to investment partners, expertise
 - Financial stability
 - Co-investments – quality, frequency, process, and terms

- LP relationships, references
- Operational due diligence including background checks

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8. Discuss and consider Committee Charter

Presented by Christopher Hanson



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 8: Discuss and consider Investment Committee Charter

AGENDA ITEM OBJECTIVE

The objective of this agenda item is for the Committee to conduct its regularly scheduled (at least every three years) review of the Committee charter.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management.** It is an industry best practice to periodically review governing documents.

RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends that the Committee refer to the Board for approval proposed changes to the Investment Committee charter.

BACKGROUND

The Investment Committee charter requires that it be reviewed every 3 years for continued relevancy and appropriateness. The charter was last reviewed in December 2022.

ATTACHMENT

A. Proposed Investment Committee Charter - Redline

City of Austin Employees' Retirement System Charter for the Investment Committee

Introduction

- 1) **Purpose** - The purpose of the Investment Committee is to assist the Board of Trustees in fulfilling its fiduciary oversight responsibility for the investment assets of the System ("the Fund").
- 2) **Authority** - The Investment Committee will consider all matters relating to the Fund; and will make specific recommendations to the Board to achieve the investment goals and objectives of the System. All recommendations shall be subject to approval by the Board of Trustees.
- 3) **Composition** - The Investment Committee will consist of at least five members of the Board of Trustees and the composition shall be consistent with COAERS Bylaws. Training may be obtained as needed to enhance members' knowledge of investments to fulfill the prudent person standard.
- 4) **Meetings** - The Investment Committee will meet at least quarterly, with authority to convene additional meetings as circumstances require. All committee members are expected to attend each meeting. The committee may invite investment managers, professional advisors, and others to attend meetings and provide pertinent information as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials.

Duties and Responsibilities

- 1) **Make Recommendations:**
 - Establish the investment strategy and governance framework including the approach to asset allocation considering the risk and return objectives of the Fund and the System's liability stream.
 - Formulate and maintain investment policies, processes, and guidelines of the System regarding investment strategy, asset allocation, investment implementation, benchmarking, and other investment issues.
 - Recommend to the Board service providers for professional services for investment consulting, investment management, and custodial banking.
- 2) **Oversee Activities:**
 - Monitor the management of the portfolio for meeting performance objectives over time and for compliance with the investment policies and guidelines.
- 3) **Review Performance:**
 - Assess regularly the effectiveness of investment strategy, governance, asset allocation, risk budgeting and other long-term criteria as well as the allocation of investment resources.
 - Monitor the performance of Staff, investment managers, investment consultant, custodians, and other key relationships relative to contractual obligations and other criteria as appropriate.

Monitoring and Reporting

- 1) The Investment Committee will establish in policy the reporting and monitoring practices necessary to provide the Board with the information it requires to effectively oversee the Fund.
- 2) The Investment Committee will report to the Board on its activities. The Investment Committee will keep minutes of its meetings and make these materials available to Trustees.

Charter Review and History

- 1) This Charter will be reviewed at least every three years for continued relevancy and appropriateness.
- 2) The Board adopted this Charter on December ~~15, 2022~~19, 2025.

9. Discuss and consider 2026 Investment Budget

Presented by Christopher Hanson



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 9: Discuss and consider proposed 2026 Investment Budget

AGENDA ITEM OBJECTIVE

This item supports the Board's fiduciary oversight of the Fund, including defraying reasonable expenses of administering the system.

RECOMMENDATION FOR COMMITTEE ACTION

Staff recommends that the Committee refer the 2026 investment budget to the Board for approval.

RELEVANCE TO STRATEGIC PLAN

This item allows the Committee to review investment costs and is related to **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management.**

ITEM SUMMARY

Staff has developed a proposed investment resource budget for 2026 that is aligned with the organization's mission, vision, and goals. Notably, this proposed budget maintains resources related to the build-out of additional private markets capabilities. Staff will review these figures and items for consideration in 2026.

ATTACHMENTS

- A. Staff Memo "2026 Proposed Investment Budget"
- B. Proposed 2026 Investment Budget

EXECUTIVE SUMMARY:

The proposed 2026 Investment Budget continues a history of strong stewardship and maintains items necessary for the effective oversight and management of the Fund. The total budget that is requested for the Investment program totals approximately \$2.7M.

RECOMMENDATION:

Staff recommends that the Investment Committee refer to the Board for approval the 2026 Investment Budget, as presented.

COMMENTARY:

The proposed 2026 Investment Budget totals approximately \$2.7M, compared to approximately \$1.93M in 2025 for the same categories. Much of the increase in the proposed 2026 investment budget is related to the build out of the COAERS private markets program. The hiring of Albourne as COAERS' private markets consultant and increased legal costs for expected private markets commitments are the two major proposed budget increases for 2026. Additionally, COAERS is scheduled to begin its next statutorily required Investment Performance and Practices Evaluation to submit to the PRB in early 2027, as well as CEM Investment Cost Benchmarking.

The below sections provide descriptions for each of these categories as well as commentary for their necessity in effectively managing the investment program:

- **Investment Consulting (\$920K):** This item covers the retainer expenses for the general investment consultant and the newly hired private markets investment consultant. Project based expenses for total cost benchmarking, and a statutorily required investment policies and performance evaluation are included as a separate line item.
- **Travel and Training (\$150K):** This item contains expected costs associated with conducting due diligence site visits for investment managers, including new searches in private markets. Staff Continuing Education contains budget for professional improvement opportunities and annual general meeting (AGM) attendance for private markets funds. AGMs represent both an opportunity to develop Staff skills and an opportunity to represent the interests of COAERS in private market funds.
- **Investment Resources (\$992.5K):** As the largest item in the budget, this item breaks down into four primary categories necessary to effectively implement the investment program:
 - **Investment Systems (\$800K):** Various investment systems employed by Staff are necessary to effectively oversee current and prospective Fund investments. These costs are broadly broken down into the following:
 - **Market data (15%):** To effectively evaluate various benchmarks, fund exposures and have accurate information related to securities pricing, Staff subscribes to services providing market data across all asset classes.
 - **Manager research (15%):** Staff use a variety of investment manager databases for public and private markets to effectively source new investment ideas and compare current investment mandates. Additionally, platforms are used to track

- existing mandates, their reporting, and diligence items.
- Exposure look-through (30%): Given increasing exposure to private markets strategies over time, additional systems are required to be able to view underlying investments accurately.
 - Risk measurement (15%): In addition to ex-post risk reporting, this item contains systems that can measure and estimate ex-ante risks to the fund based on individual holdings across all asset classes.
 - Private markets resources (25%): Additional due diligence and database access specifically geared towards private markets managers.
- **Investment Research (\$125K):** Research reports related to broad economic trends, market technicals, private markets trends, and other asset class dynamics allow Staff to be better informed in making recommendations to the Board.
 - **Memberships and Licenses (\$50K):** Memberships to trade groups, professional designations and various organizations that further interests of funds such as COAERS. Major index providers (i.e., Bloomberg, S&P, MSCI) also charge fees to access their data and it is needed to make informed decisions about the underlying investment exposures for COAERS.
 - **Subscriptions (\$17.5K):** Various subscriptions helpful to the investment program.
- **Other Investment Costs (\$325K):** In order to safekeep the System's investments, price and account for them, the custodian charges a flat annual fee. Additional custodian fees included here include assistance with capital calls and distributions. Additionally, reporting and monitoring services ensure that transaction costs for managers are not too high and that proxies are voted in line with the System's statutory responsibilities, among other items.
 - **Variable Investment Costs – Estimates (\$300K):** These items are broadly transaction or activity based, meaning they will directly increase or decrease based on portfolio activity. For example, legal counsel costs are dependent on the number of new investments during the year, which are expected to increase materially based on new investment activity in private markets.

CEM COST BENCHMARKING:

The System has a strong history of defraying reasonable costs through its budgeting process for the investment program and has historically focused on optimizing costs for value received. As part of the COAERS Strategic Plan, CEM Benchmarking performed a full cost analysis of the investment program in 2023 and showed that the Fund remains low-cost relative to peers. This analysis, as of year-end 2022, shows that the COAERS investment program ranked in the bottom quartile (i.e., lowest cost) among peers and the total US public pension universe (Exhibit 1) for absolute costs.

This analysis also evaluates a benchmark cost to account for differences in asset mix among different pensions. The benchmark cost is an estimate of what the cost would be given COAERS' actual asset mix and the median costs that peers pay for similar services. It represents the cost COAERS' peers would incur if they had COAERS' actual asset mix. This analysis showed that the COAERS investment program was 10.5 basis points less expensive than would be expected should a peer plan run the Fund. This efficiency in implementing the program represents cost savings of approximately \$3.4 million per year, meaningful by any measure.

In 2026, Staff is budgeting for cost benchmarking with CEM and expect similar result. It should be noted, however, that costs for the investment program are likely to increase over time as private markets exposures are built out with management fees that are higher in these investments, particularly when compared to current public market implementation.

Exhibit 1: CEM Total Cost Quartiles

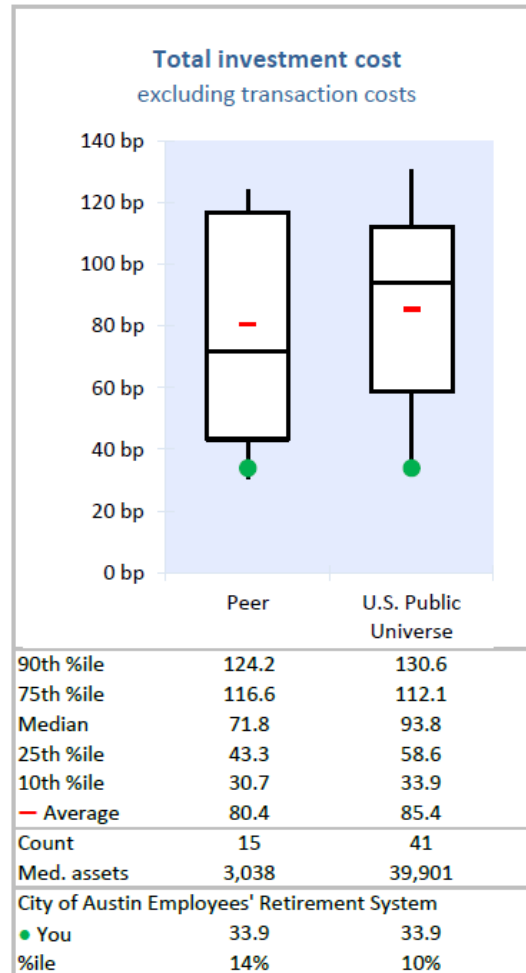


Exhibit 2: CEM Benchmark Cost Estimates

Your cost versus benchmark		
	\$000s	basis points
Your total investment cost	11,093	33.9 bp
Your benchmark cost	14,514	44.4 bp
Your excess cost	(3,421)	(10.5) bp

Proposed 2026 Investment Budget

Category	2025 Budget	Proposed 2026 Budget	Change	Notes
Investment Consulting	390,000	920,000	530,000	
Investment Consultant - Base Fees	390,000	390,000	-	General investment consultant retainer
Specialized Investment Consultant	-	440,000	440,000	Private markets consultant retainer
Consulting - Project Fees	-	90,000	90,000	IPPE report and cost benchmarking
Travel and Training	150,000	150,000	-	
Due Diligence & Site Visits	100,000	100,000	-	Manager onsite due diligence
Staff Continuing Education	50,000	50,000	-	Training, conferences, annual general meetings
Investment Resources	967,500	992,500	25,000	
Investment Systems	775,000	800,000	25,000	Market data, manager research, exposures look through, risk measurement and private markets diligence resources
Investment Research	125,000	125,000	-	Economic, technical, private markets, and asset class research
Memberships & Licenses	50,000	50,000	-	Professional certifications, index licenses
Subscriptions	17,500	17,500	-	
Other Investment Costs	325,000	325,000	-	
Custodial Fees	275,000	275,000	-	Custody services
Reporting & Monitoring	50,000	50,000	-	Trade cost analysis, proxy voting
Variable Investment Costs - Estimates	100,000	300,000	200,000	
Investment Legal Counsel	100,000	300,000	200,000	Increased due to higher anticipated private markets investment activity
Total Investment Budget	1,932,500	2,687,500	755,000	

10. Development of draft 2026 Committee Work Plan

Presented by Ed Van Eenoo



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 10: Development of 2026 Committee Work Plan

AGENDA ITEM OBJECTIVE

This agenda item is for the Committee to discuss the development of the 2026 Committee Work Plan.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and Implement Best Practices**. It is an industry best practice to establish and review Committee work plans.

RECOMMENDATION FOR COMMITTEE ACTION

At the Committee's discretion.

ATTACHMENTS

- A. 2025 Committee Work Plan
- B. Draft 2026 Committee Work Plan

2025 Investment Committee Priorities and Work Plan

Priority 1: Review and update Investment Policy Statement and Strategic Asset Allocation

- February:
 - ✓ Review 2025 capital market assumptions and current SAA
 - ✓ Global Equities strategic review, benchmarking, and investment manager fee analysis
- May:
 - ✓ Fixed Income and Cash & Equivalents strategic review, benchmarking, and investment fee analysis
 - ✓ Global Equity recommendations for US Small Cap and benchmark
 - ✓ Review of IPS
- August:
 - ✓ Real Assets strategic review, benchmarking, and investment manager fee analysis
- November:
 - ✓ Private Credit strategic review, benchmarking, and investment manager fee analysis

Priority 2: Development of private markets program

- February:
 - ✓ Discuss timeline for RFP process, bid submission, and establish review committee
- April:
 - ✓ Consultant RFP initial evaluation
 - ✓ Consultant RFP Site Visits
- May:
 - ✓ Consultant RFP recommendation to Board
- August:
 - ✓ Discuss private markets program, including development of strategic plan, pacing analysis, and funding plan
~~Possible private markets manager recommendations~~
- November:
 - ✓ Discuss private markets program, including strategic plan, pacing analysis, and annual funding plan
~~Possible private markets manager recommendations~~

Priority 3: Monitor the performance of the investment portfolio, investment staff, investment managers, and investment consultant

- February:
 - ✓ Quarterly review of investment performance, strategy, implementation, manager monitoring and compliance, implementation and related items
- May:
 - ✓ Quarterly review of investment performance, strategy, implementation, manager monitoring and compliance, implementation and related items
- August:
 - ✓ Quarterly review of investment performance, strategy, implementation, manager monitoring and compliance, implementation and related items
 - ✓ Annual Review of General Investment Consultant
- November:
 - ✓ Quarterly review of investment performance, strategy, implementation, manager monitoring and compliance, implementation and related items
 - ✓ Annual review of investment budget
 - ✓ Annual risk report and review
 - ✓ Development of draft 2026 committee Work Plan

2026 Investment Committee Priorities and Work Plan

Note: Ad-hoc Committee meetings may need to be called to consider private market fund commitment opportunities

Priority 1: Review and update Investment Policy Statement and Strategic Asset Allocation

- February:
 - Review 2026 capital market assumptions and current SAA
 - Global Equities strategic review, benchmarking, and investment manager fee analysis
 - Review of Risk Mitigating Strategies
- May:
 - Fixed Income and Cash & Equivalents strategic review, benchmarking, and investment fee analysis
 - Annual review of IPS including Board survey of Investment Beliefs
- August:
 - Real Assets strategic review, benchmarking, and investment manager fee analysis
 - Discuss Investment Practices and Performance Evaluation (IPPE) report
- November:
 - Private Markets strategic review, benchmarking, and investment manager fee analysis

Priority 2: Development of Private Markets Program

- February:
 - Possible private markets manager recommendations
- May:
 - Possible private markets manager recommendations
 - Private markets program performance and activity review
- August:
 - Possible private markets manager recommendations
- November:
 - Annual review of private markets strategic plan, pacing analysis, and 2027 funding plan
 - Possible private markets manager recommendations

Priority 3: Monitor the performance of the investment portfolio, investment staff, investment managers, investment consultants, and other key relationships

- February:
 - Quarterly review of investment performance, strategy, manager monitoring and compliance, implementation and related items
- May:
 - Quarterly review of investment performance, strategy, manager monitoring and compliance, implementation and related items
 - Review of Custody Bank
- August:
 - Quarterly review of investment performance, strategy, manager monitoring and compliance, implementation and related items
 - Annual Review of General Investment Consultant
 - Annual Review of Private Markets Investment Consultant
- November:
 - Quarterly review of investment performance, strategy, manager monitoring and compliance, implementation and related items
 - Annual review of investment budget including CEM Investment Cost Benchmarking
 - Annual risk report and review
 - Development of draft 2027 committee Work Plan

11. Review key meeting takeaways and call for future agenda items

Presented by Ed Van Eenoo



COMMITTEE MEETING Agenda Item Information Sheet

AGENDA ITEM 11: Call for future agenda items

AGENDA ITEM OBJECTIVE

This standing agenda item provides Trustees the opportunity to review the key takeaways from the meeting.

RECOMMENDATION FOR COMMITTEE ACTION

Trustees will review key meeting takeaways and delineate next steps.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management**. It is an industry best practice to review key meeting takeaways to summarize what was accomplished at the meeting as well as ensure Staff has clear direction on further work and future agenda items.