August 22, 2025 Investment Committee Meeting

Schedule	Friday, August 22, 2025 10:00 AM — 1:00 PM CDT
Venue	4700 Mueller Blvd., Suite 100, Austin, TX 78723
Organizer	Shawna Santos

Agenda

1. Call roll of Committee Members

Presented by Dick Lavine

COAERS

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 Dick Lavine

COAERS

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 receive reports on the second quarter 2025 investment performance, as well as compliance.
2. The Committee will conduct its review of the Real Assets asset class and consider recommendations.
3. The Committee will discuss next steps for the buildout of the COAERS' private markets program.
4. The Committee will discuss the annual review of the general investment consultant.

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 Dick Lavine

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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 May 23, 2025 Investment Committee Minutes

Presented by Dick Lavine

COMMITTEE MEETING
Agenda Item Information Sheet

AGENDA ITEM 4:
Consider approval of the May 23, 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 May 23, 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
1. Draft minutes of May 23, 2025 Investment Committee meeting

COAERS
CITY OF AUSTIN
EMPLOYEES' RETIREMENT SYSTEM

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, May 23, 2025 @ 10:00 a.m.

Committee Members	Guests	Staff
Ed Van Eenoo, Committee Chair	Paige Saenz, General Counsel	Christopher Hanson
Dick Lavine, Vice Chair	Leandro Festino, Meketa	Russell Nash
Michael Granof	Alex Khorsandian, Meketa	Jenni Bonds
Anthony Ross	Matthew Curran, Meketa*	Shawna Santos
Diana Thomas		David Stafford
Other Board Trustees		David Kushner
Michael Benson		Ty Sorrel
Kelly Crook		Kelly Doggett
Ben Ellinor		Yun Quintanilla
(Yuejiao Liu)		
(Chris Noak)		* Present telephonically
(Krista Laine)		† Present via videoconference
		(Absent)

1. Call roll of Committee members – Committee Chair Van Eenoo

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

2. Review order of business and establish meeting objectives – Committee Chair Van Eenoo

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

3. Receive public comments – Committee Chair Van Eenoo

Committee Chair Van Eenoo 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 April 9, 2025 Investment Committee Minutes - Committee Chair Van Eenoo

Committee Chair Van Eenoo asked the Committee to review the Investment Committee minutes. Ms. Diana Thomas moved approval of the April 9, 2025 Investment Committee minutes. Mr. Dick Lavine seconded. The motion passed unanimously.

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

Mr. Leo Festino and Mr. Alex Khorsandian of Meketa led a review of the Fund's performance through the first quarter of 2025. As of March 31, 2025, the market value of the COAERS portfolio was $3.5 billion. For the first quarter of 2025, the Fund's performance returned 0.2%, slightly ahead of the policy and passive benchmark returns.

6. Discuss and consider Fixed Income and Cash & Equivalents asset classes including asset allocation, benchmarking, and investment fee analysis – Leo Festino and Alex Khorsandian, Meketa

Mr. Festino provided a comprehensive review of the COAERS fixed income and cash & equivalents portfolios. The review covered the functional role of the asset classes within the COAERS portfolio as well as an assessment of the underlying benchmarks and portfolio guidelines. Ms. Festino then discussed the recommendation to eliminate the "Plus" sector of the Fixed Income portfolio and establish Private Credit as a stand-alone asset class. Meketa staff answered the Committee's questions.

Mr. Anthony Ross moved to direct Meketa and Staff to bring to the Board for its consideration an implementation plan for the Fixed Income portfolio for recommendations A and B as described in Next Steps in the Meketa presentation. Mr. Michael Granof seconded. The motion passed unanimously.

7. Discuss and consider Global Equity portfolio including – Leo Festino and Alex Khorsandian, Meketa and David Stafford

A. Global Equity Benchmarking

Mr. Khorsandian presented the COAERS Global Equity Benchmarking Analysis and recommended converting to a floating benchmark. Mr. Ross moved to refer to the Board for approval Meketa's benchmark recommendation for US Equity. Ms. Thomas seconded. The motion passed unanimously.

B. Phase Out Guidelines for US Equal Weight Exposure

Mr. Khorsandian reviewed the Phase Out Guidelines for the US Equal Weight Exposure. He reviewed the methodology and explained that the goal is to eliminate the equal weighted component. He discussed that, in addition to the current guidelines, there may be circumstances where it would be prudent to allow a judgement-based decision to reduce exposures. It was requested that the status guidelines be included in quarterly committee reports. Ms. Thomas moved to refer to the Board for approval Meketa's recommendation related to the phase-out of US Equity Equal Weight exposure. Mr. Lavine seconded. The motion passed unanimously.

C. US Small Cap recommendation

Mr. Festino proposed the active US Small Cap manager recommendation. The Meketa team explained the strategy and recommendation to the Committee and answered the Committee's questions. Mr. Granof moved to refer to the Board for approval Meketa's recommendation related to the US Small Cap portfolio. Mr. Lavine seconded. The motion passed unanimously.

8. Discuss and consider Private Markets investment consultant Requests for Proposals – Christopher Hanson

Mr. Christopher Hanson reported to the Committee on the COAERS Private Markets investment consultant Request for Proposal, including the site visit team's recommendation for two finalists for Board consideration. Mr. Hanson and the site visit team answered the Committee's questions.

Ms. Thomas moved to approve the COAERS site visit team recommendation to have firms Gamma and Delta present as finalists for Board consideration at the June 26 Board meeting. Mr. Lavine seconded. The motion passed unanimously.

9. Call for future agenda items – Committee Chair Van Eenoo

Committee Chair Van Eenoo 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 Chair Van Eenoo adjourned the May 23, 2025 Investment Committee meeting at 11:49 a.m.

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

Presented by Leo Festino and Stephanie Sorg

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COMMITTEE MEETING
Agenda Item Information Sheet

AGENDA ITEM 5:
Review of total portfolio, asset class, investment manager performance, and compliance reports for the second quarter

AGENDA ITEM OBJECTIVE
This agenda item is for the Committee to review the Fund's performance through June 30, 2025.

RECOMMENDATION FOR COMMITTEE ACTION
At the Committee's discretion.

ITEM SUMMARY
Meketa will lead a review of the Fund's performance through June 30, 2025. Staff has 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**.

ATTACHMENT
1. Meketa Summary of Fund Performance 2025-Q2

SUPPLEMENTAL MATERIALS
A. Additional Investment Performance Reports
B. Additional Quarterly Staff Reports

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City of Austin Employees' Retirement System

August 22, 2025

Summary Report

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Agenda

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

Executive Summary

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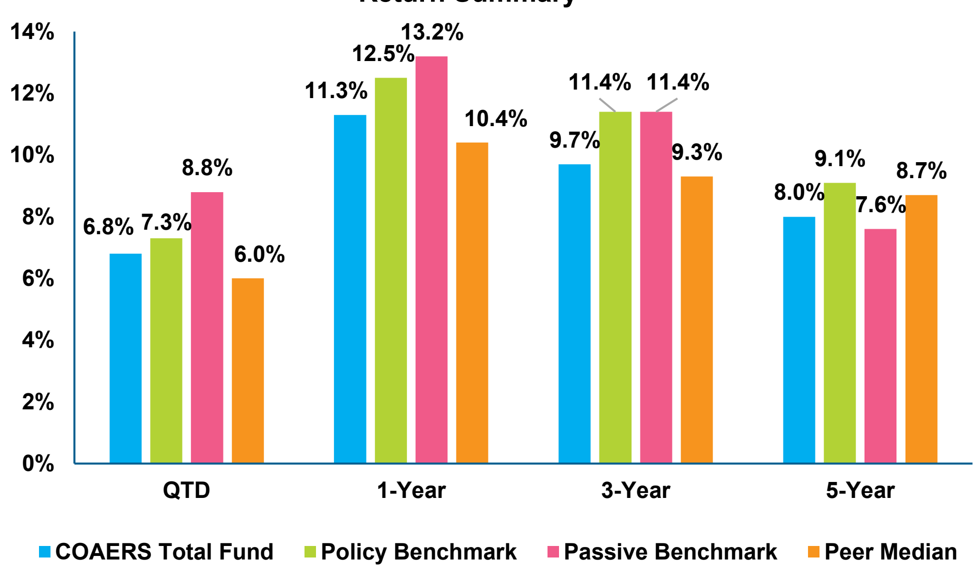
Executive Summary

- As of June 30, 2025, the COAERS portfolio was valued at $3.8 billion, reflecting a $231 million increase from the end of the first quarter. In the second quarter of 2025, the portfolio returned 6.8%, underperforming both the Policy Benchmark (7.3%) and Passive Benchmark (8.8%), but outperforming the peer median (6.0%).
- Over the trailing one-year period, the COAERS portfolio returned 11.3%, lagging both the Policy Benchmark and Passive Benchmark by -1.2% and -1.9%, respectively, but outperforming the peer median by 0.9%.
- 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 6.9% versus 7.1% and 5.8%, 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 0.7.



Summary of Cash Flows	QTD	1-Year
Beginning MV	**$3,524,486,757**	**$3,524,486,757**
Net Cash Flow	-9,099,109	-20,448,399
Net Investment Change	240,053,617	384,873,239
Ending Market Value	**$3,755,441,264**	**$3,755,441,264**

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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	**Underperformed**	**Underperformed**	**Underperformed**	**Underperformed**
Total Fund Performance vs. Peers[1]	**1st Quartile**	**1st Quartile**	**2nd Quartile**	**4th Quartile**
% Active Public Managers Outperforming Benchmarks[2]	**69%**	**40%**	**50%**	**25%**
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 most recent quarter, 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 -1.1%, -2.4%, -2.4%, and -2.1% over the past quarter, 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 form this statistic.

Performance Drivers and Detractors

- Although the Total Fund underperformed the Policy Benchmark by 0.5%, all of the asset classes exhibited positive performance throughout the quarter ranging from 1.1% in Cash to 10.5% in Global Equity.
  - During the quarter, US trade policy was a key driver of market dynamics, with early volatility following "Liberation Day" giving way to a recovery in risk assets after a temporary tariff suspension. In fixed income markets, fiscal uncertainty, rising debt levels, Moody's downgrade of US credit influenced negative sentiment. The Federal Reserve held rates steady in June, signaling a more accommodative stance amid persistent inflation and low unemployment. Looking ahead, ongoing uncertainty around US tariff policy, the fiscal deficit, China's economic trajectory, and stretched US equity valuations will remain central to market outlooks.
- The Global Equity composite was the primary detractor from the Total Fund's relative underperformance compared to the Policy Benchmark in the second quarter. The asset class represented roughly 60.7% of the COAERS portfolio and returned 10.5%, which underperformed its benchmark by -1.1% and detracted -0.6% from the Total Fund's relative results.
  - Within Global Equity, Emerging Markets Equity (12.2%) was the best performing sub-asset class within the Total Fund, followed by Developed Markets Equity and US Equity, returning 11.7% and 9.7%, respectively. Despite strong absolute performance, all three sub-asset classes underperformed their benchmarks by -1.3%, -1.0%, and -0.5%, respectively.
  - Emerging markets extended their rally this year and are now trading at a P/E ratio of 16.8, slightly above their long-term average of 16.7. They finished the quarter slightly ahead of developed markets, supported by a weakening US dollar. Developed markets outperformed US equities, also benefiting from dollar depreciation. Additionally, Eurozone equities posted strong gains, aided by two rate cuts during the quarter as inflation fell below the European Central Bank's 2% target.

Performance Drivers and Detractors (continued)

→ The Fixed Income composite experienced the best performance relative to its benchmark in the second quarter. The asset class represented roughly 19.7% of the COAERS portfolio and returned 1.9%, which outperformed its benchmark by 0.3% and contributed 0.1% to the Total Fund’s positive relative results.

- The Plus Bond sub-asset class was the best performing sub-asset class within the Fixed Income composite, returning 1.7%, outperforming its benchmark 0.5%. The Blue Owl Diversified Lending Fund was the top contributor to performance, returning 2.1% and outperforming its benchmark by 1.1%.
- Fixed Income market performance during the quarter was shaped by easing trade tensions and growing concerns over expansionary US fiscal policy. Fiscal concerns and inflation uncertainty dominated headlines, contributing to volatility in shorter-term yields, while longer-term rates rose, leading to a continued steepening of the yield curve.

Performance Update
As of June 30, 2025

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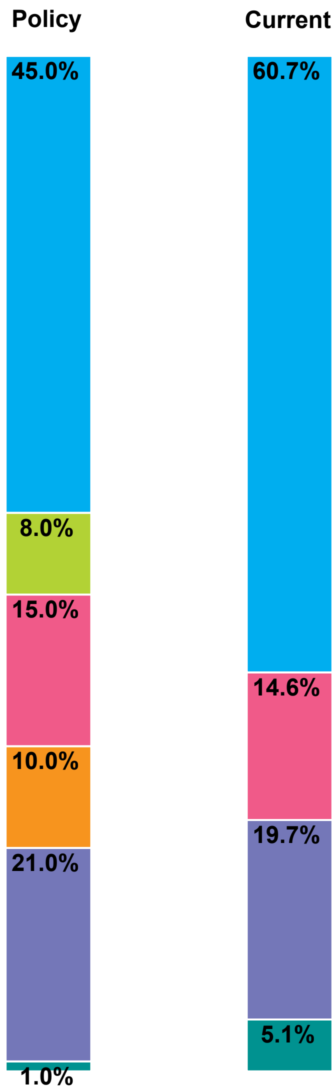
City of Austin Employees' Retirement System

Asset Allocation Compliance | As of June 30, 2025



Allocation vs. Targets and Policy					
	Balance ($)	Current Allocation (%)	Long Term Policy Target (%)	Policy Range (%)	Within IPS Range?
Global Equity	2,277,763,875	60.7	45.0	38.0 - 63.0	Yes
Private Equity		0.0	8.0	0.0 - 10.0	Yes
Real Assets	546,449,525	14.6	15.0	12.0 - 19.0	Yes
Private Credit		0.0	10.0	0.0 - 13.0	Yes
Fixed Income	740,771,011	19.7	21.0	15.0 - 28.0	Yes
Multi-Asset		0.0	0.0	0.0 - 7.0	Yes
Cash & Equivalents	190,456,853	5.1	1.0	0.0 - 10.0	Yes
Total	**3,755,441,264**	**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.

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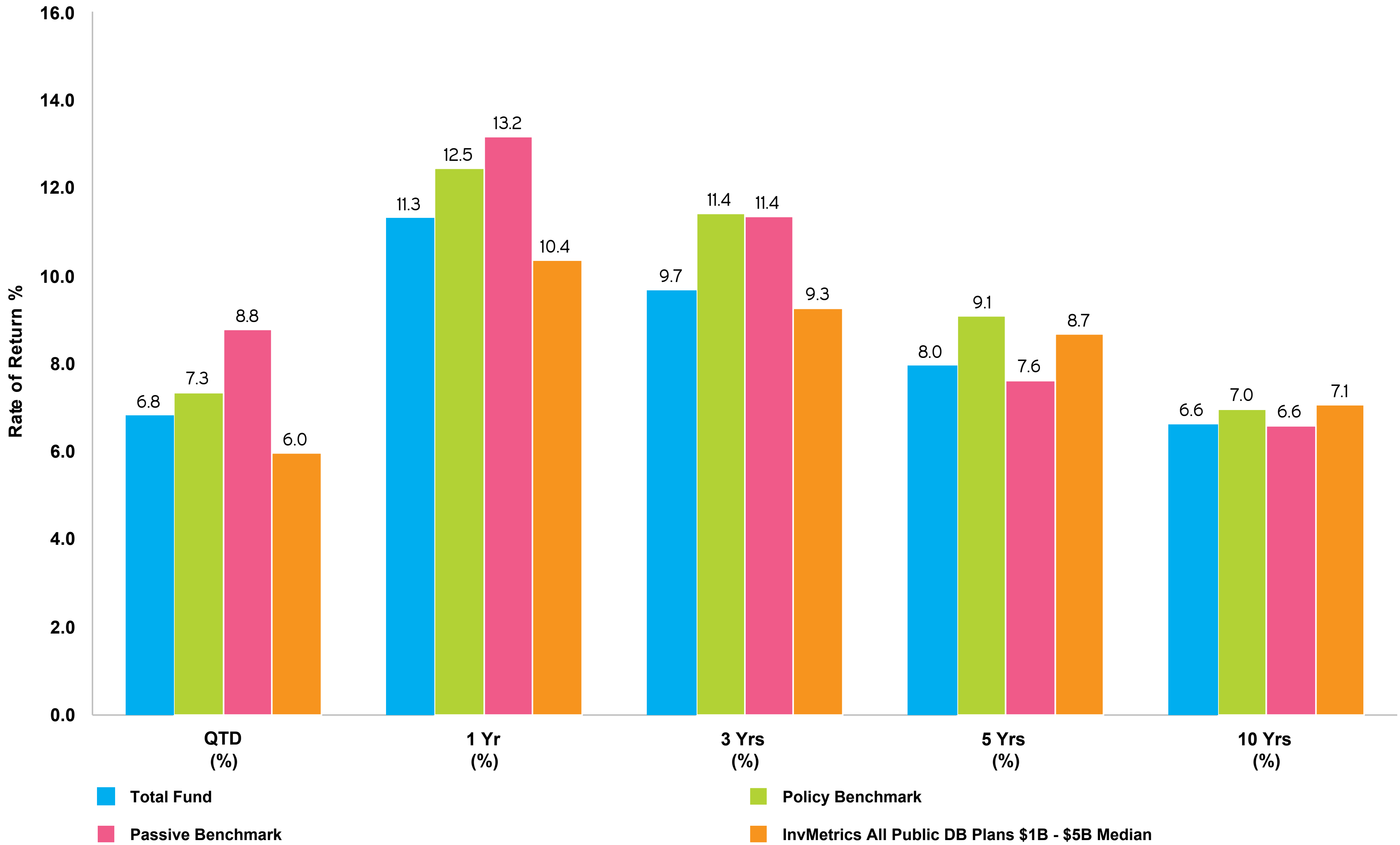
City of Austin Employees' Retirement System

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

Net Return Summary



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City of Austin Employees' Retirement System

Total Portfolio Net Performance | As of June 30, 2025

	Market Value ($)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
Total Fund	**3,755,441,264**	**100.0**	**6.8**	**7.0**	**11.3**	**9.7**	**8.0**	**6.6**	**9.4**	**Jun-82**
Policy Benchmark			*7.3*	*7.5*	*12.5*	*11.4*	*9.1*	*7.0*	*--*	
Passive Benchmark			*8.8*	*8.9*	*13.2*	*11.4*	*7.6*	*6.6*	*--*	
Global Equity	**2,277,763,875**	**60.7**	**10.5**	**8.8**	**13.5**	**14.4**	**11.3**	**8.7**	**9.1**	**Jun-88**
MSCI AC World IMI Index (Net)			*11.6*	*9.8*	*15.9*	*16.8*	*13.4*	*9.7*	*--*	
US Equity	**1,411,538,081**	**37.6**	**9.7**	**5.4**	**14.3**	**16.1**	**13.8**	**10.8**	**10.8**	**Jun-88**
US Equity Benchmark			*11.0*	*5.5*	*14.8*	*19.2*	*15.9*	*13.0*	*11.1*	
Developed Markets Equity	**601,953,188**	**16.0**	**11.7**	**14.5**	**11.8**	**12.4**	**8.8**	**6.9**	**5.5**	**Jan-08**
Developed Market Equity Benchmark			*12.7*	*19.3*	*19.3*	*15.9*	*11.6*	*6.7*	*3.9*	
Emerging Markets Equity	**264,272,605**	**7.0**	**12.2**	**16.4**	**13.3**	**10.5**	**6.0**	**4.2**	**2.2**	**Mar-08**
Emerging Markets Equity Benchmark			*12.7*	*14.6*	*14.3*	*9.4*	*6.6*	*4.7*	*2.7*	
Real Assets	**546,449,525**	**14.6**	**1.9**	**6.1**	**11.3**	**2.7**	**7.1**	**5.5**	**6.0**	**Sep-04**
Real Assets Benchmark			*1.7*	*5.1*	*11.1*	*6.5*	*9.3*	*6.3*	*7.7*	
Real Estate Equity	**292,245,018**	**7.8**	**0.2**	**1.4**	**4.7**	**-1.4**	**5.1**	**5.7**	**6.2**	**Sep-04**
Real Estate Equity Benchmark			*0.7*	*1.8*	*6.0*	*4.5*	*8.1*	*6.2*	*7.7*	
Infrastructure Equity	**188,594,329**	**5.0**	**3.6**	**8.2**	**16.2**	**8.4**	**9.3**	**--**	**5.0**	**Jan-20**
Infrastructure Equity Benchmark			*2.0*	*4.8*	*13.6*	*7.5*	*9.7*	*--*	*4.6*	
Gold	**65,610,179**	**1.7**	**5.4**	**24.7**	**40.5**	**19.9**	**12.0**	**--**	**12.8**	**Apr-20**
Gold Benchmark			*5.2*	*24.4*	*24.7*	*5.8*	*16.4*	*--*	*16.7*	

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.

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City of Austin Employees' Retirement System

Total Portfolio Net Performance | As of June 30, 2025

	Market Value ($)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
Fixed Income	**740,771,011**	**19.7**	**1.5**	**4.0**	**6.2**	**2.6**	**-1.2**	**1.7**	**4.9**	**Feb-91**
Global Fixed Income Benchmark			*1.2*	*4.0*	*6.1*	*1.8*	*-1.7*	*0.8*	*4.6*	
Core Bond	**497,661,383**	**13.3**	**1.4**	**3.9**	**--**	**--**	**--**	**--**	**3.9**	**Jan-25**
Core Bond Benchmark			*1.2*	*4.0*	*--*	*--*	*--*	*--*	*4.0*	
Plus Bond	**243,109,628**	**6.5**	**1.7**	**4.1**	**--**	**--**	**--**	**--**	**4.1**	**Jan-25**
Plus Bond Benchmark			*1.2*	*4.0*	*--*	*--*	*--*	*--*	*4.0*	
Cash & Equivalents	**190,456,853**	**5.1**	**1.1**	**2.2**	**4.8**	**4.7**	**2.8**	**--**	**2.4**	**Jul-17**
Blmbg. U.S. Treasury Bills: 1-3 Months			*1.1*	*2.1*	*4.8*	*4.7*	*2.8*	*--*	*2.4*	
US Dollar Instruments	**190,437,000**	**5.1**	**1.1**	**2.3**	**4.9**	**4.7**	**2.8**	**--**	**--**	**Jun-88**
Blmbg. U.S. Treasury Bills: 1-3 Months			*1.1*	*2.1*	*4.8*	*4.7*	*2.8*	*2.0*	*--*	
Other Currencies	**19,853**	**0.0**	**4.5**	**5.5**	**8.1**	**5.8**	**--**	**--**	**4.9**	**Dec-21**
Blmbg. U.S. Treasury Bills: 1-3 Months			*1.1*	*2.1*	*4.8*	*4.7*	*--*	*--*	*3.9*	

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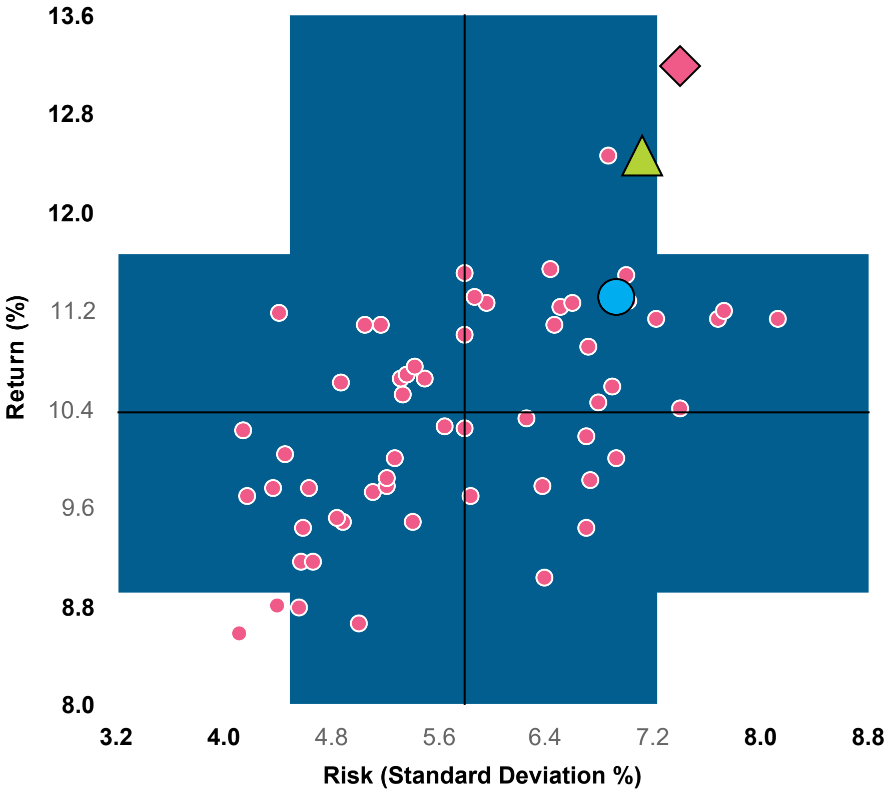
City of Austin Employees' Retirement System

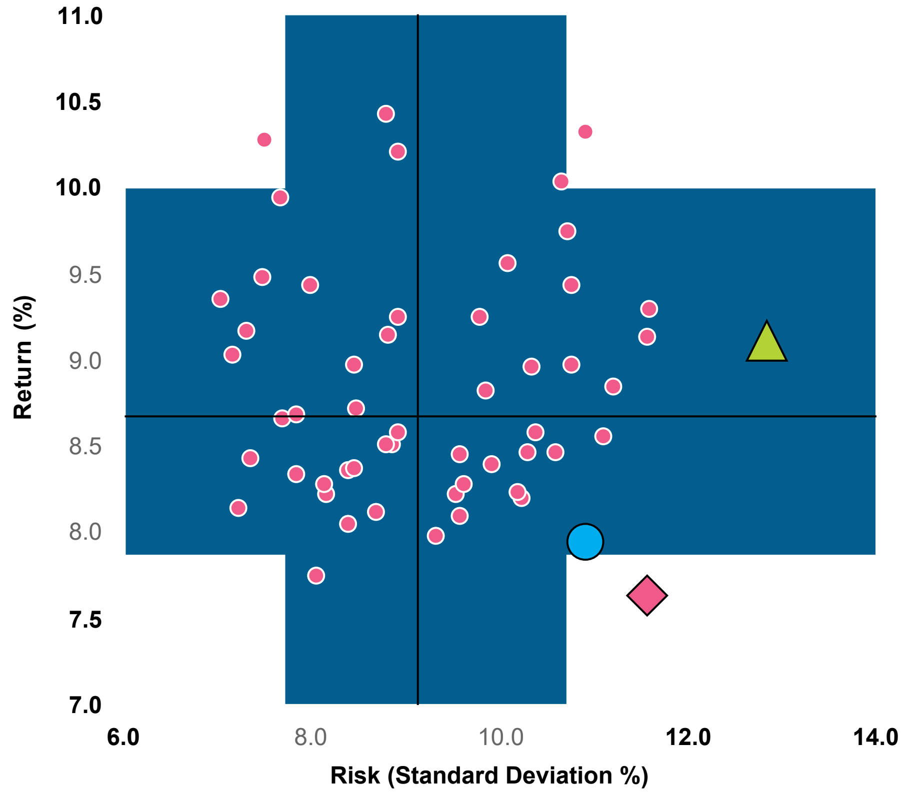
Total Fund | As of June 30, 2025

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



	Return	Standard Deviation
Total Fund	11.3	6.9
Policy Benchmark	12.5	7.1
Passive Benchmark	13.2	7.4
Median	10.4	5.8

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



	Return	Standard Deviation
Total Fund	8.0	10.9
Policy Benchmark	9.1	12.8
Passive Benchmark	7.6	11.6
Median	8.7	9.1

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

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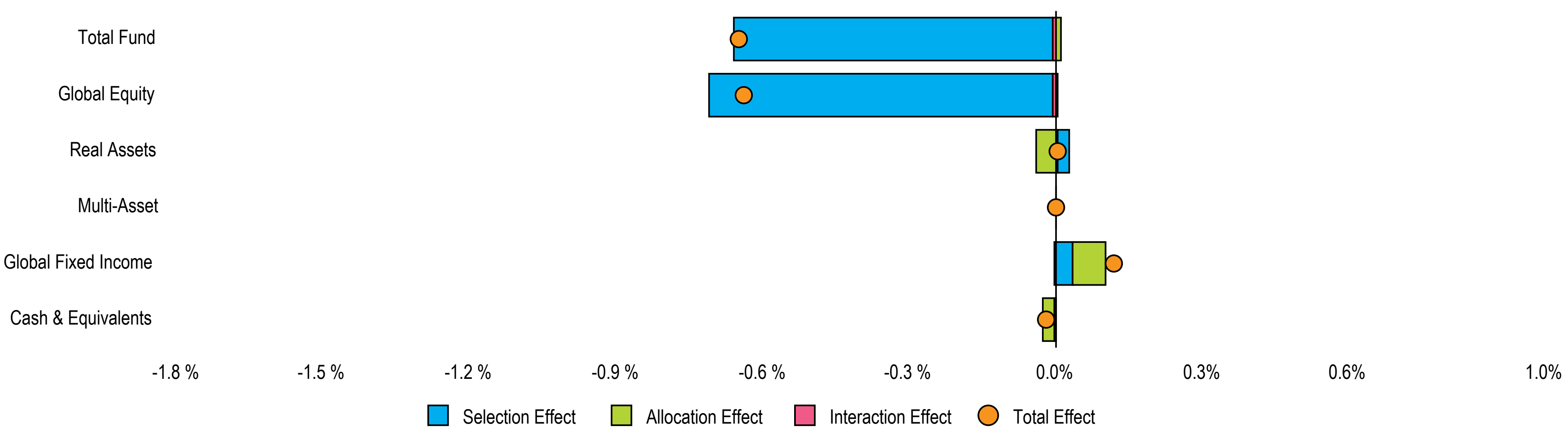
City of Austin Employees' Retirement System

Total Fund Attribution | 1 Quarter Ending June 30, 2025

Attribution Effects
1 Quarter Ending June 30, 2025



Attribution Summary
1 Quarter Ending June 30, 2025

	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Interaction Effect (%)	Total Effect (%)
Global Equity	10.5	11.6	-1.1	-0.7	0.0	0.0	-0.6
Real Assets	1.9	1.7	0.3	0.0	0.0	0.0	0.0
Multi-Asset	-0.2	8.8	-9.0	0.0	0.0	0.0	0.0
Global Fixed Income	1.5	1.2	0.3	0.0	0.1	0.0	0.1
Cash & Equivalents	1.1	1.1	0.0	0.0	0.0	0.0	0.0
Total Fund	**6.8**	**7.5**	**-0.6**	**-0.7**	**0.0**	**0.0**	**-0.6**

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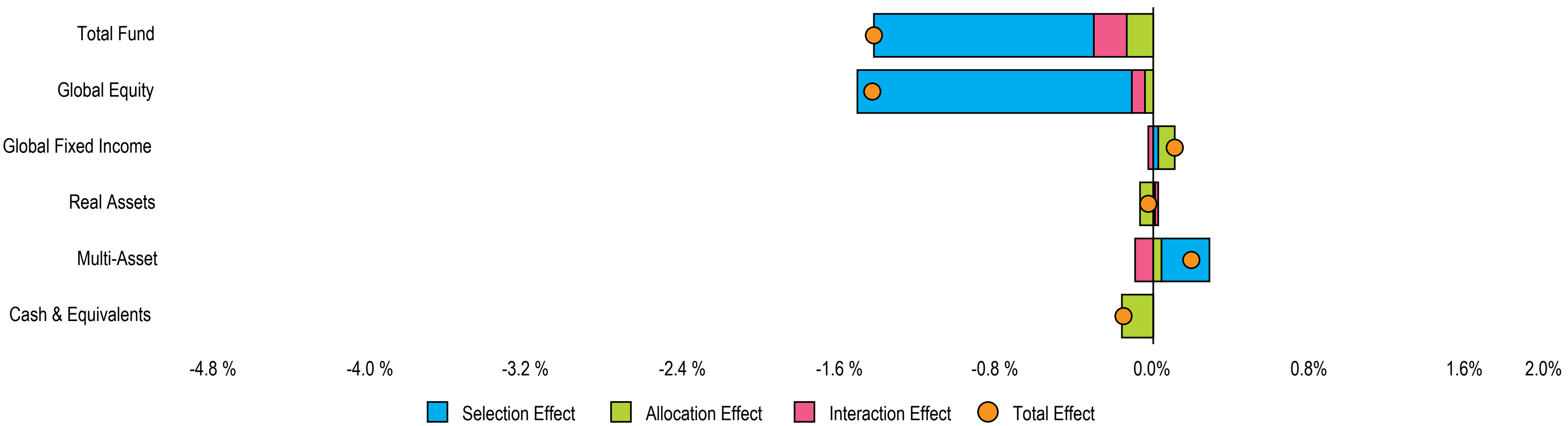
City of Austin Employees' Retirement System

Total Fund Attribution | 1 Year Ending June 30, 2025

Attribution Effects
1 Year Ending June 30, 2025



Attribution Summary
1 Year Ending June 30, 2025

	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Interaction Effect (%)	Total Effect (%)
Global Equity	13.5	15.9	-2.4	-1.4	0.0	-0.1	-1.4
Global Fixed Income	6.2	6.1	0.1	0.0	0.1	0.0	0.1
Real Assets	11.3	11.1	0.2	0.0	-0.1	0.0	0.0
Multi-Asset	9.1	13.2	-4.1	0.2	0.0	-0.1	0.2
Cash & Equivalents	4.8	4.7	0.1	0.0	-0.2	0.0	-0.2
Total Fund	**11.3**	**12.7**	**-1.4**	**-1.1**	**-0.1**	**-0.2**	**-1.4**

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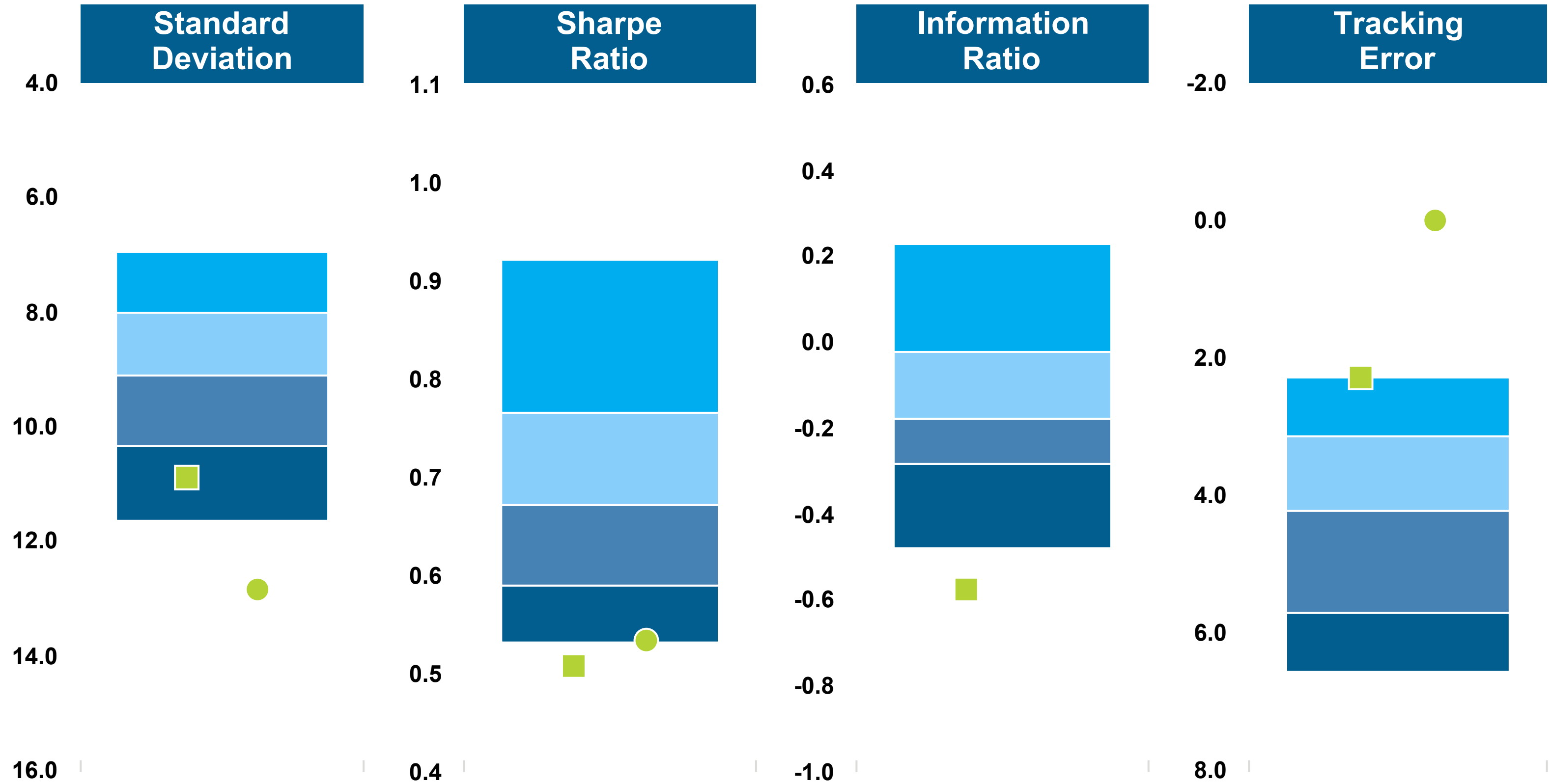
City of Austin Employees' Retirement System

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



	5 Yrs (%)	5 Yrs (%)	5 Yrs (%)	5 Yrs (%)
Total Fund	10.9 (88)	0.5 (99)	-0.6 (100)	2.3 (5)
Policy Benchmark	12.8 (100)	0.5 (95)	-	0.0 (1)
5th Percentile	7.0	0.9	0.2	2.3
1st Quartile	8.0	0.8	0.0	3.1
Median	9.1	0.7	-0.2	4.2
3rd Quartile	10.3	0.6	-0.3	5.7
95th Percentile	11.7	0.5	-0.5	6.6

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

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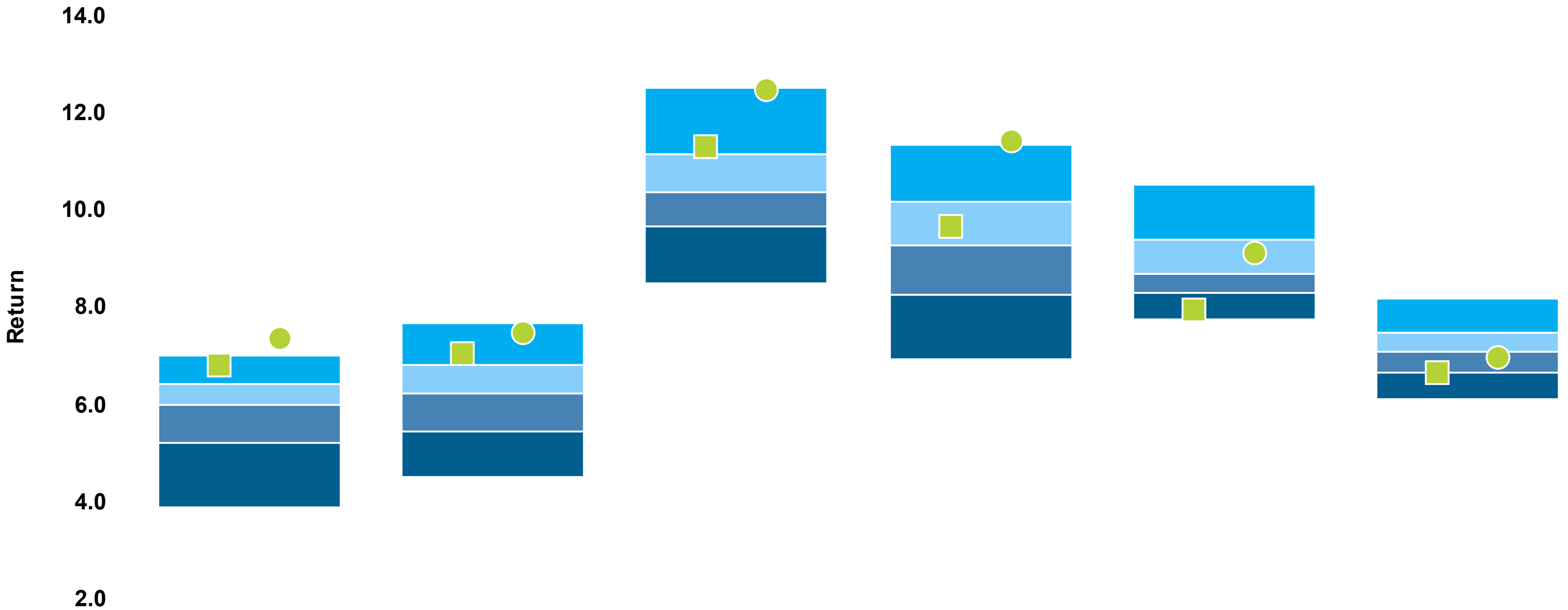
City of Austin Employees' Retirement System

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

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



	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
■ Total Fund	6.8 (13)	7.0 (13)	11.3 (13)	9.7 (40)	8.0 (93)	6.6 (75)
● Policy Benchmark	7.3 (2)	7.5 (8)	12.5 (6)	11.4 (5)	9.1 (37)	7.0 (56)
5th Percentile	7.0	7.7	12.5	11.4	10.5	8.2
1st Quartile	6.4	6.8	11.1	10.2	9.4	7.5
Median	6.0	6.2	10.4	9.3	8.7	7.1
3rd Quartile	5.2	5.4	9.7	8.2	8.3	6.6
95th Percentile	3.9	4.5	8.5	6.9	7.7	6.1
Population	72	72	72	69	68	65

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

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6. Discuss and consider Real Assets asset class including strategic asset allocation, benchmarking, and asset class review

Presented by Leo Festino and Stephanie Sorg

COAERS

COMMITTEE MEETING
Agenda Item Information Sheet

AGENDA ITEM 6:
Discuss and consider Real Assets asset class including strategic asset allocation, benchmarking, and asset class review

RECOMMENDATION FOR COMMITTEE ACTION

Meketa recommends the Committee direct Meketa and Staff as is laid out on the “Next Steps” page in their presentation.

ITEM SUMMARY

This agenda item will review the Real Assets portfolio and related strategy and implementation considerations. The Consultant will provide an asset class structure review for Real Assets, including recommendations for consideration. This review will discuss the functional role, implementation styles, benchmarks, and fees of the asset class. Staff have provided their thoughts on the associated recommendations in a separate memo.

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.**

ATTACHMENTS

1. Meketa Presentation: Real Assets Review
2. Staff Memo: Real Assets

SUPPLEMENTAL MATERIALS

A. Staff Report: Real Assets Market and Portfolio Review (CONFIDENTIAL)
B. Manager Diligence (CONFIDENTIAL)

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City of Austin Employees' Retirement System

August 22, 2025

Real Assets Review

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Introduction and Background

Introduction

- This presentation provides a comprehensive review of the COAERS Real Assets portfolio structure.
- The assessment will first highlight the functional role of the asset class within the broader strategic asset allocation, and then dive into themes driving the makeup of the asset class (e.g., active vs. passive management, core vs. non-core, public vs. private), underwrite the sub-asset classes and investment strategies within Real Assets (Real Estate Equity, Infrastructure Equity, and Gold), and reassess the underlying benchmarks, guidelines, and fee schedules at both the asset class and strategy level.
- The goal of this review is to reaffirm the aspects of the current structure that we believe are best in class and appropriate for COAERS and suggest adjustments where needed in an effort to both improve the long-term success of the portfolio as well as align the assets with the investment beliefs, objectives, and constraints of the Investment Policy Statement.
- We include the summary and recommendations at the beginning of the document for ease of reference.

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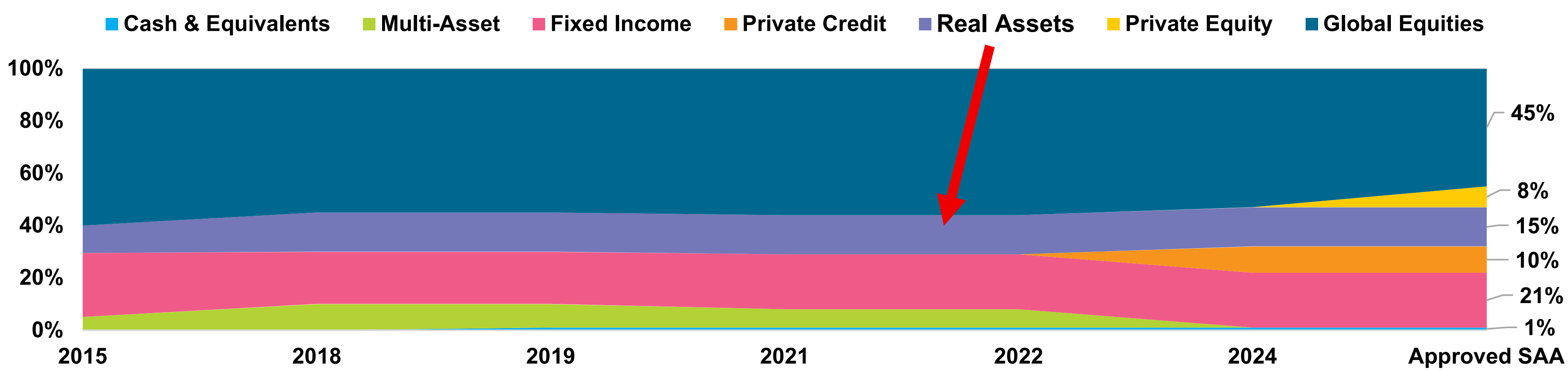
Background – Real Assets

- COAERS currently has a 15% strategic policy target to Real Assets, which consists of Real Estate, Infrastructure, and Gold assets.
- COAERS has held exposures to real assets in various forms over the years. In COAERS' earlier years (2004), a single line-item allocation to Real Estate was the entire asset class. As years progressed, the Fund evolved alongside the changing market environment.
  - In 2012, the Board added an asset class called Alternatives, where Real Assets served as a sub-asset class.
    - Included commodities, master limited partnerships ("MLPs"), and private energy.
  - In 2017, Real Assets was established as a standalone major asset class in the Strategic Asset Allocation ("SAA")
    - Included Real Estate and Infrastructure as the sub-asset classes.
    - Initial allocations to managers within these asset classes were not made until the first half of 2020.
  - Although classified under "Multi Asset" outside of the Real Assets portfolio, Gold was added to the COAERS portfolio in 2020.

History of SAA Targets



Recent Implementation Changes

- In the first half of 2024, the Board approved several changes to the implementation of the Real Assets portfolio, most notably transitioning the target exposures within Real Estate and Infrastructure from public to private market exposures.
  - At the time of adoption, the Real Estate portfolio utilized both publicly listed (REITs) and private core real estate. REITs accounted for roughly 42% of the asset class. Since then, the REITs ETF has been liquidated and transitioned into the REITs completion index mandate, which is being used as the funding source for new private markets exposures over time.
  - Similar to Real Estate, the Infrastructure portfolio historically utilized both publicly listed and private core infrastructure. Publicly listed infrastructure represented 42% of the asset class in March 2024 and is being used as the funding source for new private market exposures over time.
- Along with these implementation changes, the Board approved several benchmark changes to support the portfolio transitions:
  - Real Assets Blended Benchmark: Consists of underlying primary composite benchmarks (Real Estate, Infrastructure, Gold) at actual allocation weights.
  - Real Estate: Actual allocation-weighted NCREIF ODCE (Net) (Equal Weighted Average)[1] and US REITs Completion Index.
  - Infrastructure: Actual allocation-weighted MSCI Burgiss Infrastructure Funds Benchmark[2] and Dow Jones Brookfield Global Infrastructure (Net).
- Prior to 2025, Commodities & Other were classified under the "Multi-Asset" bucket of the strategic asset allocation. As the result of an asset allocation review conducted by Meketa and Staff, Commodities & Other was renamed to Gold and was moved to the Real Assets sleeve.

[1] Effective July 1, 2024, the performance for Private Real Estate started being reported with a one-quarter lag. Consequently, a custom NCREIF ODCE benchmark was created which double counts Q2 2024 performance.
[2] The MSCI Burgiss Infrastructure Funds Index is released on a quarterly basis. The reported returns are lagged by one quarter, meaning the returns displayed in performance reports reflect performance from the previous quarter.

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Summary & Recommendations

Summary of Considerations [CONFIDENTIAL]

The table below summarizes Meketa Investment Group's recommendations for the Real Assets portfolio. Each recommendation is discussed in detail in this document.

Asset Allocation & Portfolio Construction
Real Assets
→ Consider the inclusion of a strategic allocation to gold.
→ Collaborate with the new private markets consultant to establish the role/purpose and definitions of the asset class, as well as exposures, guidelines, and implementation expectations.
Real Estate
→ Maintain current transition plan from public to private that utilizes the Fidelity US REITs Completion Index as a source of funds for new private market investments.
→ Collaborate with the new private markets consultant to establish the role/purpose and definitions of real estate, as well as exposures, guidelines, and implementation expectations.
Infrastructure
→ Maintain current transition plan from public to private that utilizes the Fidelity DJ Brookfield Infrastructure Index as a source of funds for new private market investments.
→ Collaborate with the new private markets consultant to establish the role/purpose and definitions of infrastructure, as well as exposures, guidelines, and implementation expectations.
Gold
→ Consider adopting a strategic allocation to gold.
Benchmarks
→ Maintain current benchmarks assigned at the strategy and asset class levels.
→ Maintain the transition benchmark composition at the sub-asset class and major asset class levels as the portfolios transition from public to private market exposures.
→ Once the future path of the real assets portfolio is established, define benchmarks for the various exposures.

Current Asset Class (Real Assets) Guidelines

→ COAERS has no guidelines specific to Real Assets. The role of real assets can vary somewhat, but typically is a combination of income, appreciation, diversification, and inflation hedging. Lining up the role Real Assets is expected to serve will be instrumental in creating the first set of guidelines for the asset class. As the majority of it is expected to be in private markets, collaboration with COAERS's newly hired private markets advisor is recommended. Below we detail elements of a guideline policy that would be completed in the future:

Functional Role: Growth; Asset Class: Real Assets (Strategic Long Term Target Allocation 15%; Range of 12% to 19%)		
Benchmark	Real Assets Benchmark[1]	
Sub-asset Class Targets	TBD	
Real Estate (Allocation)	Core: TBD	Non-Core: TBD
Infrastructure (Allocation)	Core: TBD	Non-Core: TBD
Private Markets Investments Guidelines	To be established with the new Private Markets Consultant recently hired	
Currency hedging	Strategies retained may be allowed hedging for defensive purposes only	
Leverage	Prohibited at the asset class level, though strategies retained may employ the use of leverage	

[1] Real Assets employs a dynamic benchmark framework composed of the Real Estate Equity Benchmark, the Infrastructure Equity Benchmark, and the Gold Custom Blended Benchmark.

Next Steps

→ Meketa recommends that the Committee direct Meketa and Staff to collaborate with the new private market consultant to engage in discussions with the Board as follows:

1. **Portfolio Structure**: With the onboarding of a new private market consultant, items for future discussion should include:
   a. Role and purpose of the asset class (Growth, Diversifiers, something else?)
   b. Should the COAERS portfolio eliminate distinctions between Infrastructure and Real Estate?
   c. What are the definitions?
   d. What are the exposures wanted?
      i. Should the portfolio have strategic targets within the asset class? (i.e., core infrastructure, non-core infrastructure, core real estate, non-core value-added real estate, gold)
   e. How should the resulting asset class be benchmarked?
2. **Portfolio Guidelines**: Collaborate with the new Private Market Consultant on developing Private Real Asset investment guidelines.

Structure Review

Functional Role of Real Assets in COAERS Portfolio

→ Based upon the initial implementation of the Real Assets portfolio (largely public investments), the asset class maintained a growth functional role. As the portfolio transitions into private market exposures, it is worth revisiting the intended role of the asset class based upon the underlying exposures.

→ At a high level, Real Assets provide:

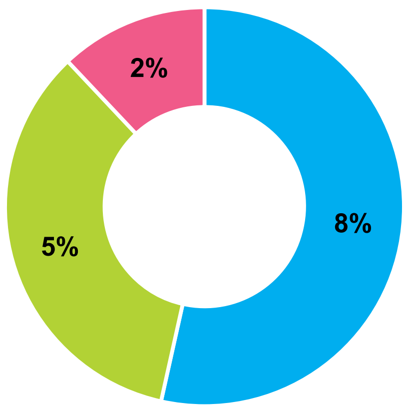
- Inflation Protection
- Diversification and Return Enhancement
- Capital Appreciation and Income

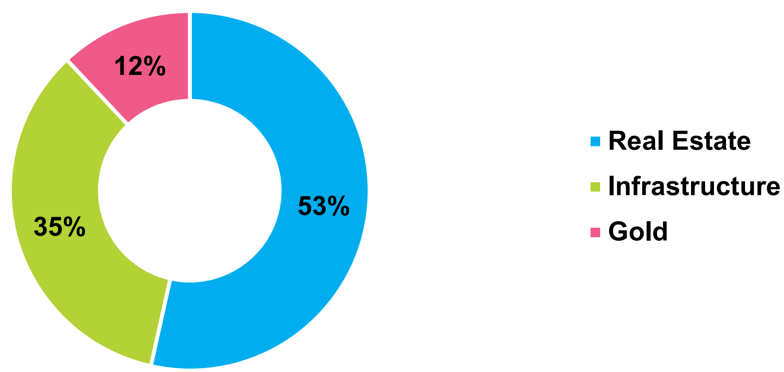
→ The asset class generally provides underlying exposures to hard assets (buildings or infrastructure assets), which can provide a different risk/return profile than traditional stock and bond investments in the Fund.

- Real assets typically distribute income or dividends at greater rates than stocks, so the risk/return profile stands between stocks and bonds. Historically, real assets have been an inflation hedge through asset appreciation and through the companies’ abilities to pass along price increases.

Strategic Asset Allocation Review

→ According to Meketa's 2025 Capital Market Expectations ("CMEs"), COAERS' Real Assets current allocation maintains a 7.9% annualized average expected rate of return (20-year projection), with a 12.8% standard deviation.





Capital Market Assumptions	Current Allocation[1]	Fully PM Allocation[2]	Real Estate[3]	Infrastructure[4]	Gold (Metal)	Global Equity	Fixed Income
20-Year Expected Return (%)	7.9	8.7	8.6	9.2	3.6	8.5	5.3
Standard Deviation (%)	12.8	13.3	15.6	17.8	18.0	17.0	4.0

[1] Current Allocation as of 6/30/2025. Actual exposures include public real estate, public infrastructure, gold. Given the public real estate and infrastructure exposures are temporary and will be used as a funding source for private market investments, the return/risk projections shown the table model private market exposures.
[2] Fully PM Allocation utilizes 6/30/2025 actual exposures to real estate, infrastructure, and gold, but assumes that the real estate and infrastructure asset classes have fully transitioned into private market exposures. For modeling purposes, we assume an equal split between core and non-core private market exposures within real estate and infrastructure.
[3] Assumes an equal split between Core Real Estate and Non-Core Value-add Real Estate.
[4] Assumes an equal split between Core Private and Non-Core Private Infrastructure.

Current Real Assets Portfolio Review (net of fees)

As of June 30, 2025

Trailing Performance	Market Value ($)	% of Total Fund	% of Real Assets	One-Year (%)	Three-Year (%)	Five-Year (%)	10-Year (%)	Since Inception (%)
Real Assets	**546,449,525**	**14.6**	**100**	**11.3**	**2.7**	**7.1**	**5.5**	**6.0**
Real Assets Benchmark[1]				*11.1*	*6.5*	*9.3*	*6.3*	*7.7*
Real Estate Equity	**292,245,018**	**7.8**	**53.5**	**4.7**	**-1.4**	**5.1**	**5.7**	**6.2**
Real Estate Equity Benchmark[2]				*6.0*	*4.5*	*8.1*	*6.2*	*7.7*
Infrastructure Equity	**188,594,329**	**5.0**	**34.5**	**16.2**	**8.4**	**9.3**	**--**	**5.0**
Infrastructure Equity Benchmark[3]				*13.6*	*7.5*	*9.7*	*--*	*4.6*
Gold	**65,610,179**	**1.7**	**12.0**	**40.5**	**19.9**	**12.0**	**--**	**12.8**
Gold Benchmark[4]				*24.7*	*5.8*	*16.4*	*--*	*16.7*

→ COAERS' Real Asset returns, while strong in absolute terms, have underperformed the benchmark over the three, five, ten, and since inception periods.

→ Underperformance was largely due to a mismatch between the benchmark's real estate component, which was exclusively REITs, and COAERS' real estate investments, which included private real estate.

→ Effective July 2024, benchmarks for Real Assets, Real Estate, and Infrastructure were updated to better reflect the underlying exposures, which include private markets.

[1] The "Real Assets Benchmark" is a dynamic benchmark consisting of the Real Estate Equity benchmark, Infrastructure Equity Benchmark, and Gold Benchmark.
[2] The "Real Estate Equity Benchmark" is a dynamic benchmark which currently consists of the NCREIF ODCE Custom Benchmark and a custom FTSE NAREIT US REITs Completion Index.
[3] The "Infrastructure Equity Benchmark" is a dynamic benchmark which currently consists of the MSCI Burgiss Infrastructure Benchmark and the Dow Jones Brookfield Global Infrastructure Benchmark.
[4] The "Gold Benchmark" currently consists of the Bloomberg Gold Subindex Total Return benchmark.

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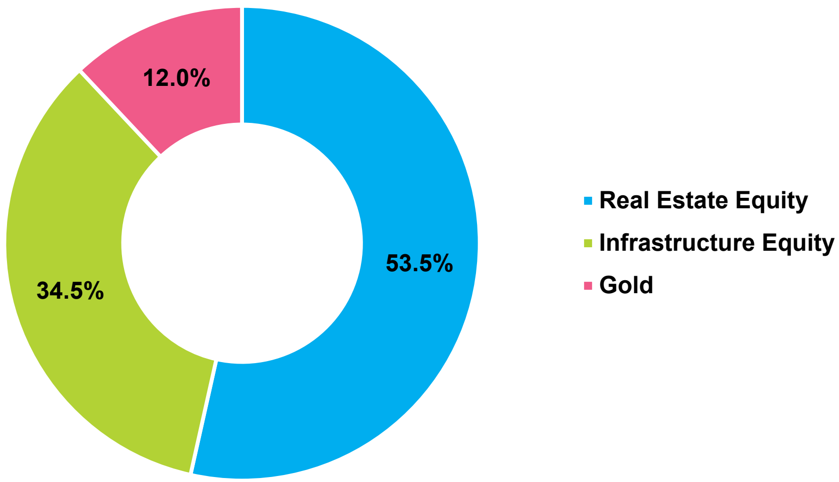
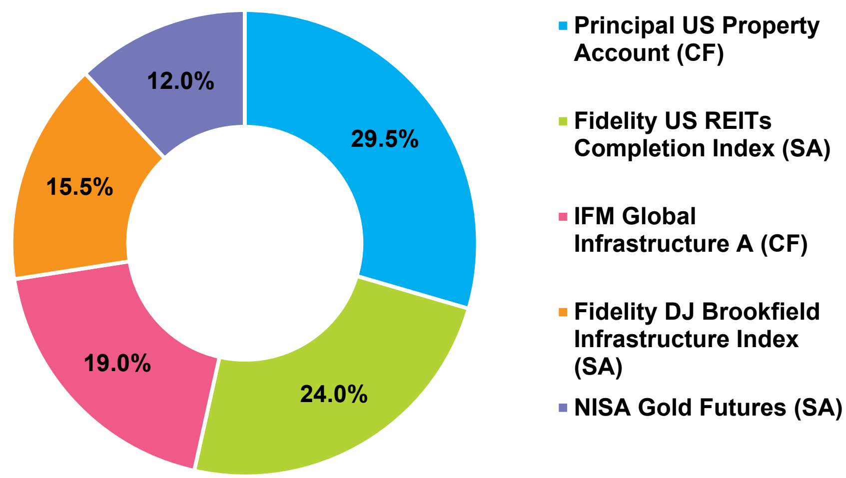
Real Assets Portfolio Positioning[1]

Real Assets Sub-Asset Class Allocations



Real Assets Manager Allocations



→ More than half of COAERS' Real Assets portfolio is Real Estate, while Infrastructure represents just over a third of the exposure.

[1] Allocation data as of 6/30/2025.

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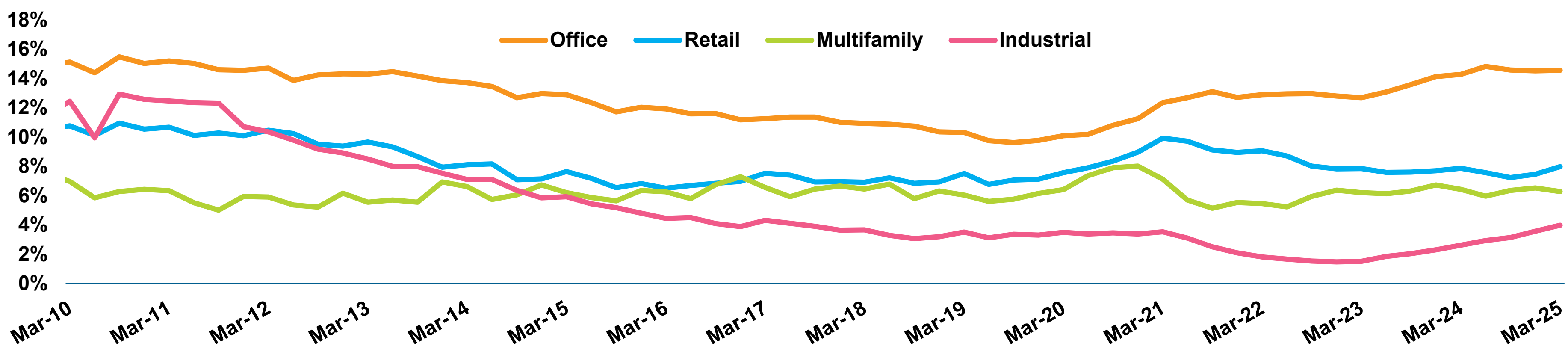
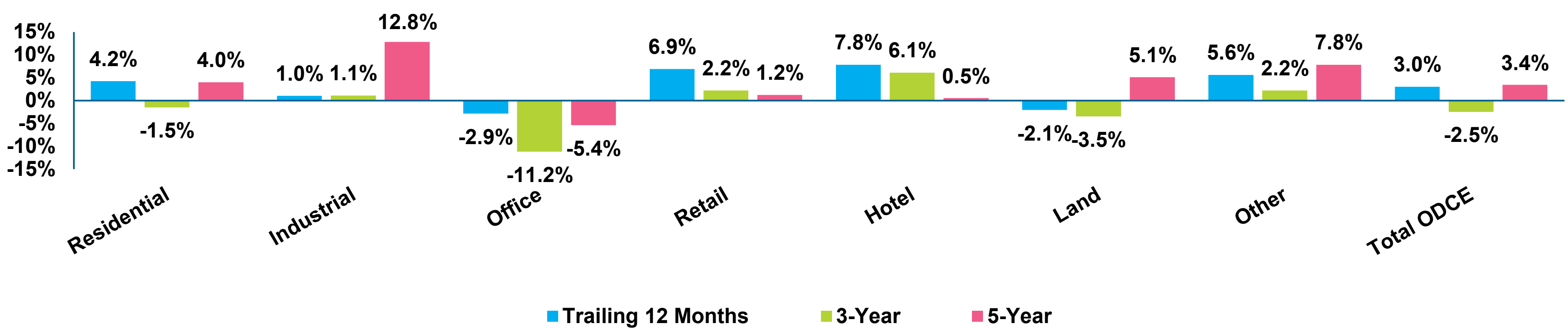
Real Estate Overview

Vacancy by Property Type[1]



→ As of March 2025, the aggregate vacancy rate across all property types continued to trend upwards to 6.7%, the highest rate since June 2021.

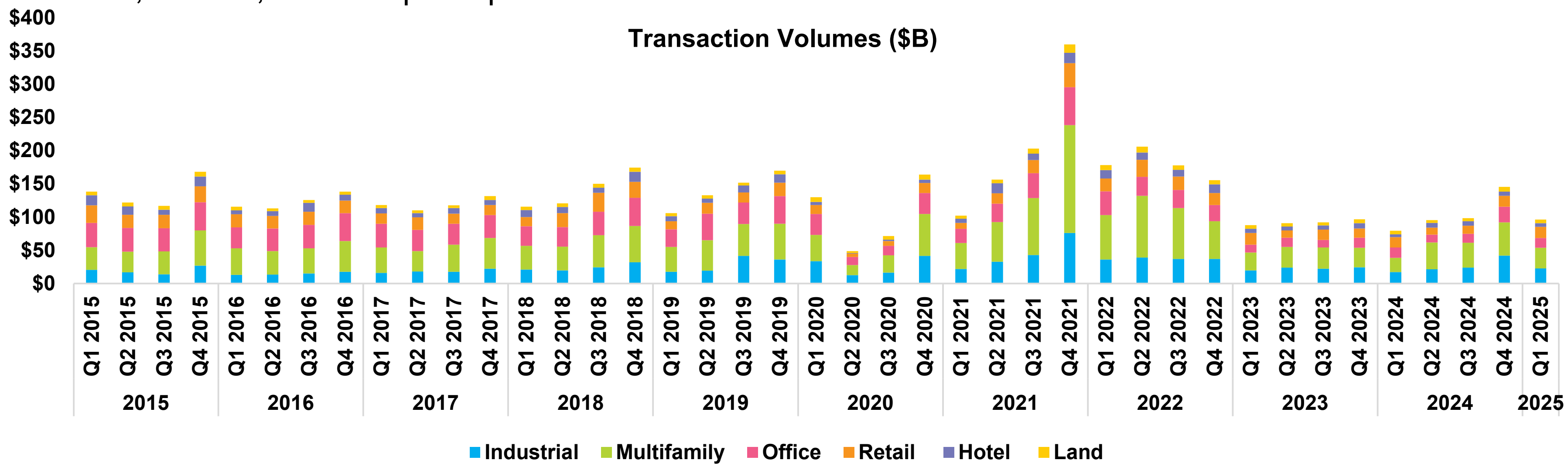
ODCE Returns by Property Type



[1] Source: NCREIF.

Real Estate Overview (continued)

- Increasing vacancies are primarily attributed to the office and industrial sectors which have seen the steadiest rises in vacancy rates over the past few years. Since the onset of COVID, office vacancies have generally continued to rise, primarily related to lower demand, and remain at their highest point since early 2012. Industrial vacancies have risen after achieving record lows in 2022 as normalized growth in tenant demand catches up to a wave of new supply fueled by the combination of a surge in tenant demand in 2021 and low construction financing costs.
- Performance wise, as of Q1 2025, the NCREIF ODCE Index generated a 3.0% trailing 12-month return, primarily diluted by the underperformance in the office sector, which posted a -2.9% return over the same time period and represents roughly 20% of the index.
- When looking at transaction volume, private real estate transaction volume for properties valued over $2.5 million meaningfully decelerated in the first quarter of 2025 to $97 billion, representing a significant decrease of over $48 billion, or 33%, from the prior quarter.



Real Estate Overview - Private Real Estate and REIT Structures

- Private real estate investments involve direct ownership or participation in real property assets through private funds or partnerships. These vehicles typically invest in commercial properties such as office buildings, multifamily housing, industrial parks, or retail centers. Investors in private real estate benefit from long-term capital appreciation, income generation through rents, and diversification. However, these investments are generally illiquid, require significant due diligence, and often involve higher fees and longer holding periods.
- In contrast, Real Estate Investment Trusts (REITs) are publicly traded companies that own, operate, or finance income-producing real estate. REITs offer investors liquidity, transparency, and access to diversified real estate portfolios with lower minimum investment thresholds. They are subject to market volatility and regulatory requirements but provide a more accessible and flexible way to gain real estate exposure.
- Understanding the structural and performance differences between these two approaches is essential for evaluating COAERS' current real estate allocation and its alignment with long-term investment objectives.

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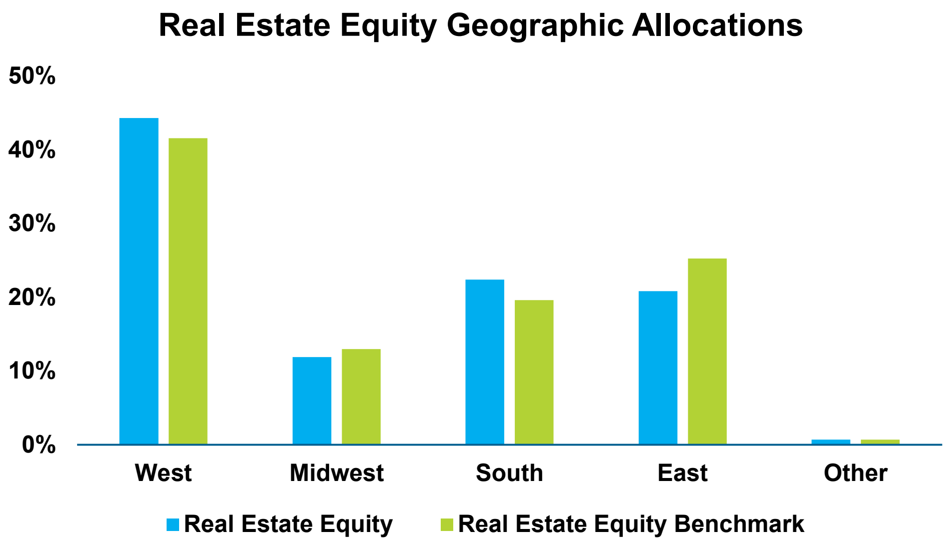
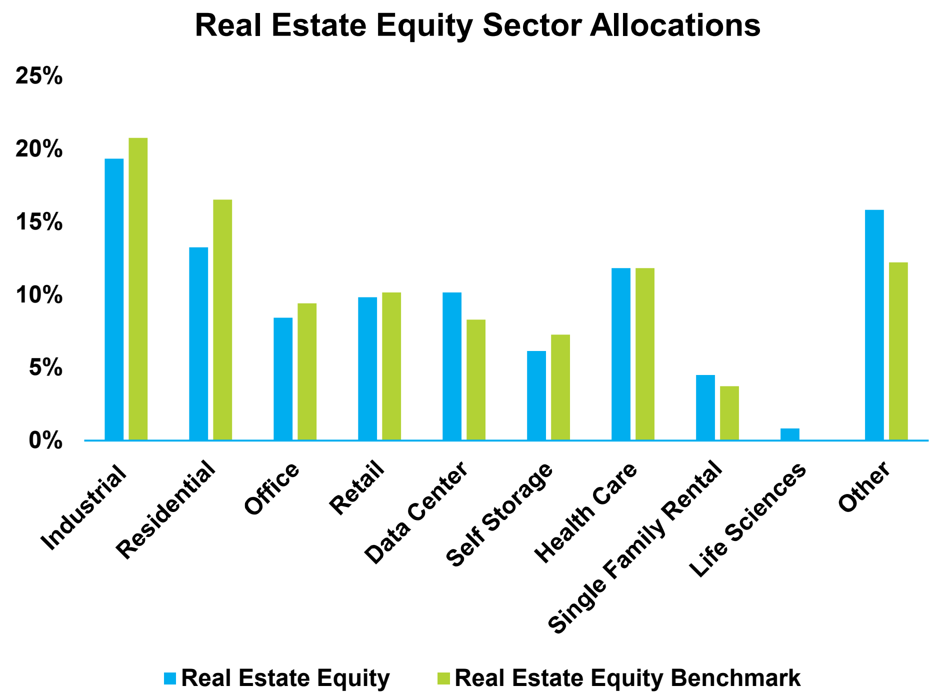
Structure Review

Real Estate Overview - Characteristics[1, 2]

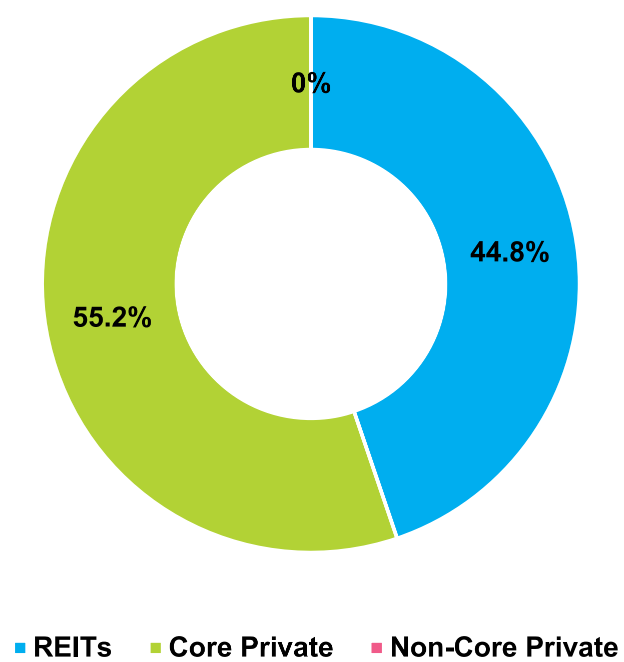




→ COAERS' Real Estate portfolio is broadly diversified across property type allocations and largely in-line with the geographic allocations when compared to the asset class benchmark.

[1] The "Real Estate Equity Benchmark" is a dynamic benchmark which currently consists of the NCREIF ODCE Custom Benchmark and a custom FTSE NAREIT US REITs Completion Index.
[2] Data for Principal US Property Account as of 3/31/2025. Data for Fidelity US REITs Completion Index as of 6/30/2025.

Real Estate – Current Allocations



→ COAERS' Real Estate portfolio is currently allocated to Core Private Real Estate and REITs but does not have any exposure to Non-Core Private Real Estate.

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Real Estate – Current Allocation (net of fees)

As of June 30, 2025

Trailing Performance	Market Value	% of Total Fund	% of Real Estate	One-Year (%)	Three-Year (%)	Five-Year (%)	Ten-Year (%)	Since Inception (%)
Principal US Property Account	161,287,294	4.3	55.2	0.0	-6.5	2.5	5.0	5.9
NCREIF ODCE Custom Benchmark				*1.2*	*-6.7*	*2.2*	*4.3*	*5.6*
Fidelity US REITs Completion Index[1]	130,957,723	3.5	44.8	11.2	6.4	9.5	--	5.1
Fidelity REIT Comp Index[1]				*11.2*	*6.5*	*9.6*	*--*	*5.1*

→ The Principal US Property Account is currently the only private strategy within Real Estate Equity. Excluding the one-year period, the fund has slightly outperformed over all trailing time periods since inception.

→ The Fidelity US REITs Completion Index exhibited positive absolute performance over all trailing time periods since inception. Furthermore, over the trailing five-year period it has significantly outperformed the Principal US Property Account, by 700 basis points per year, on average, highlighting the strength of the public equity market.

→ The custom Fidelity REIT Comp Index has outperformed the FTSE NAREIT All Equity REITs Index over all trailing periods since inception, indicating the exclusion of specific property-types[1] has added value.

[1] Fidelity US REITs Completion Index is a separate account that seeks to track the performance of a custom FTSE NAREIT All Equity REITs Index that excludes shopping centers, regional malls, industrial apartments, and infrastructure.

Real Estate – Active vs. Passive

- Active real estate investing involves selecting specific properties, markets, or managers with the goal of outperforming a benchmark or achieving superior risk-adjusted returns. This approach allows for tactical decisions based on market inefficiencies, local knowledge, and macroeconomic trends. Active managers may tilt portfolios toward undervalued sectors, regions, or asset types—such as undervalued or emerging market real estate—where they believe alpha can be generated. However, this strategy typically comes with higher fees, greater complexity, and increased tracking error, requiring rigorous oversight and conviction in manager skill. According to COAERS' Investment Policy Statement, active strategies are expected to deliver excess returns that justify their higher costs and complexity, particularly in private markets where alpha potential is more pronounced.
- Passive real estate investing, by contrast, seeks to replicate the performance of a broad market index, offering diversified exposure with lower costs and minimal active risk. This approach is often favored in more efficient segments of the market, such as large-cap public REITs, where the opportunity for outperformance is limited.
- COAERS' Investment Policy Statement reflects this philosophy, stating that passive implementation should be the default in public markets unless a high likelihood of success on a net-of-fees basis can be expected from active strategies.

Real Estate – Core vs. Non-Core

- Core real estate investments typically consist of high-quality, stabilized assets in prime locations with strong tenants and long-term leases. These properties generate predictable income and exhibit lower volatility, making them suitable for investors seeking steady cash flow and capital preservation. Core strategies are generally lower risk, with returns driven primarily by income rather than appreciation.
- Non-core real estate encompasses value-add and opportunistic strategies that target properties requiring operational improvements, redevelopment, or repositioning. These investments carry higher risk due to shorter lease terms, greater reliance on market timing, and execution complexity. However, they offer the potential for higher returns through capital appreciation and active management.

	Core	Non-Core
Property Types Included	**Primarily the 4 majors (retail, multifamily, office, industrial) with some specialty sector exposure (hotel, storage, student housing, etc.)**	**The 4 majors and all specialty sectors (data centers, cold storage, senior living, manufactured housing, life sciences, etc.)**
Occupancy at Acquisition	**> 85%**	**< 85%**
Asset Physical Needs	**Minor or Light Upgrades**	**Can often involve Renovation or Rehabilitation/Development**
Income (as % of total return)	**> 70%**	**< 70%**
Net Return Expectations	**4-8%**	**> 8%**

Real Estate – Recommendation

- We recommend that COAERS Staff and Albourne review and discuss the intended exposures of the portfolio (core vs. non-core, public vs. private). At a high level, the composition should reflect COAERS' long-term investment philosophy and emphasize the potential for enhanced returns and diversification through active management and opportunistic positioning in private markets.
- The non-core allocation will be determined by Albourne and Staff and will typically target value-add and opportunistic strategies that offer higher return potential through asset repositioning, development, and operational improvements. The core allocation will focus on stabilized, income-generating assets that provide lower volatility and consistent cash flow. This blend is designed to balance growth and income while maintaining alignment with COAERS' risk tolerance and liquidity profile.
- The specific composition of the private real estate exposure—including manager selection, geographic and sector diversification, and pacing—will be discussed with the new investment advisor in upcoming meetings. These discussions will help refine implementation details and ensure the portfolio structure supports COAERS' broader strategic objectives.

Infrastructure Overview

→ Infrastructure strategies are differentiated by their risk-return profiles, though they are not mutually exclusive. The risk-return profile of any individual asset may purposefully change over an owner’s hold period.

Return Potential/ Riskiness

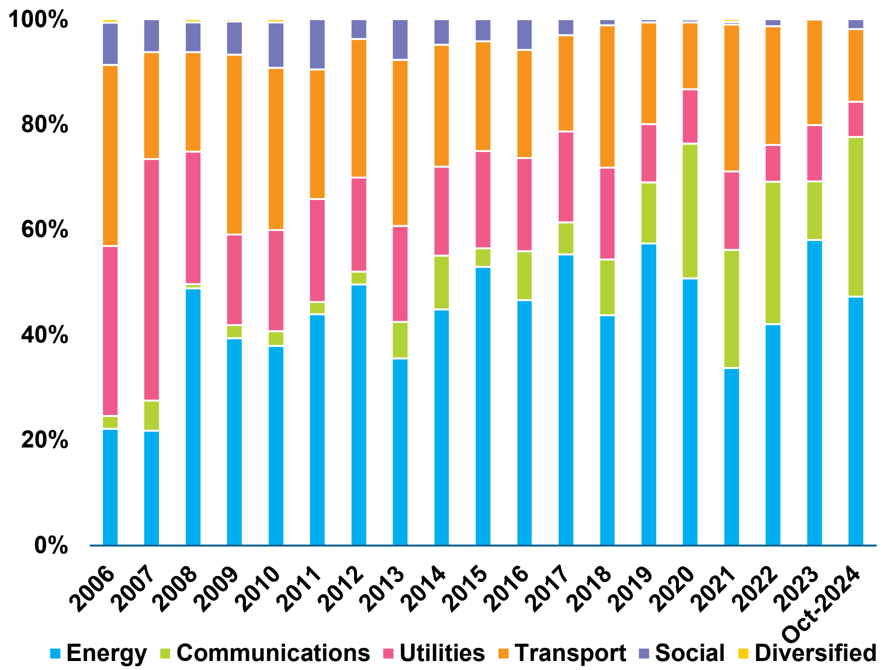
Core	Core Plus	Value Add	Opportunistic
Assets that are essential to the economy and have a high certainty of revenue through long-term contracts, significant cash yield, and a strong link to inflation, often through a pass-through mechanism.	Exists between and often overlaps with core and value add. It could also reflect a “build to core” strategy, where the assets would have a higher risk-return profile during the development, construction, and early operations stage, but will ultimately qualify as a core asset for a long-term hold period.	Assets that have many of the same qualities as core assets but offer the opportunity for additional value creation through further development, new or extended contracts, or increased capacity.	Often involves new construction or development of an asset, which has more risk than buying an existing operational asset but also offers the greatest potential return. These investments involve an elevated level of uncertainty, which may be related to revenue stability, future demand or usage, or significant exposure to commodity prices. This may also include projects in developing or frontier countries.

→ The COAERS portfolio currently has exposure to Core Infrastructure through the IFM Global Infrastructure strategy. Non-core infrastructure is inclusive of core plus, value add, and opportunistic strategies.

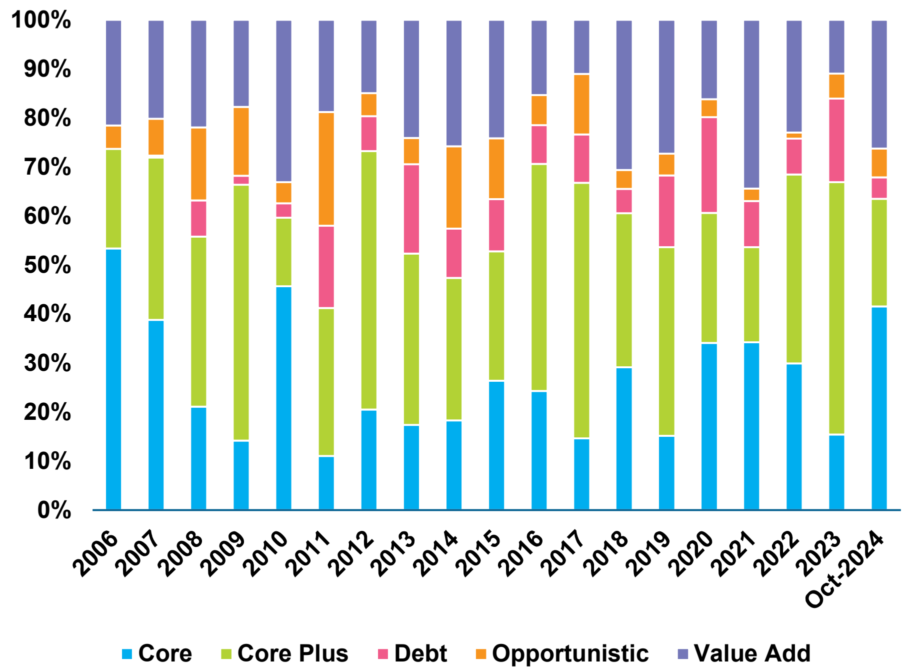
Infrastructure Overview (continued)

Recent Industry Fundraising and Investment Activity[1]

Global Infrastucture Deals by Sector



Aggregate Capital Raised by Strategy



→ Over recent years, global infrastructure deals have been driven by investment in the energy and communication sectors, typically within the core and, to a lesser extent, core plus strategies.

[1] Source: Preqin.

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City of Austin Employees' Retirement System

Structure Review

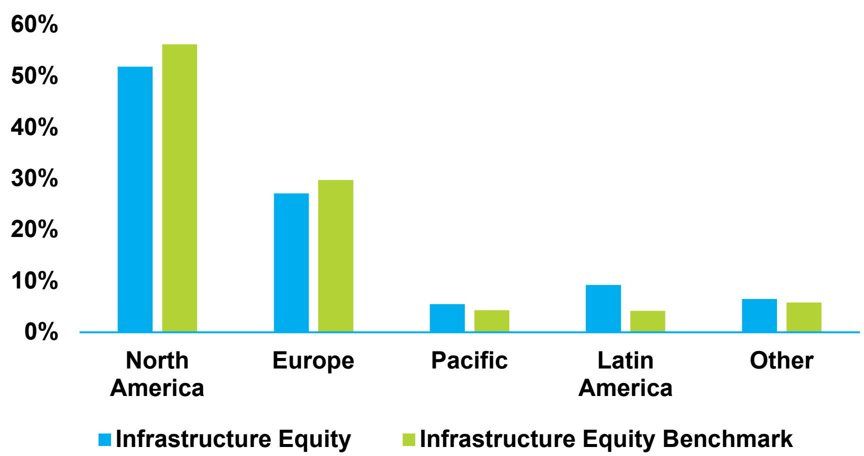
Infrastructure - Current Allocation (net of fees)

As of June 30, 2025

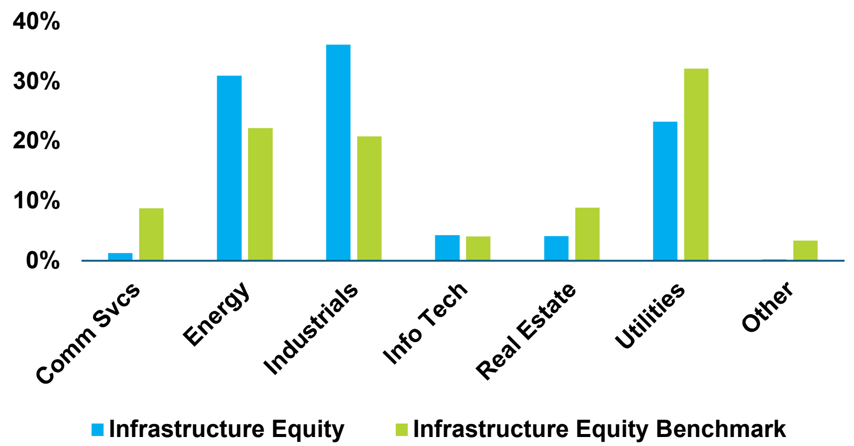
Trailing Performance	Market Value	% of Total Fund	% of IS Equity	One-Year (%)	Three-Year (%)	Five-Year (%)	Ten-Year (%)	Since Inception (%)
IFM Global Infrastructure[1]	104,084,917	2.8	55.2	10.0	7.4	9.8	--	9.6
MSCI Burgiss IS Funds Benchmark[2]				*5.1*	*7.3*	*9.9*	--	--
Fidelity DJ Brookfield Infrastructure Index	84,509,412	2.3	44.8	24.9	9.9	10.6	--	6.6
Dow Jones Brookfield Global IS (Net)				*24.3*	*7.9*	*8.7*	--	*5.5*

→ Since being added to the portfolio in the first half of 2020, both IFM Global Infrastructure and Fidelity DJ Brookfield Infrastructure Index have exhibited strong absolute returns.

Infrastructure Equity Geographic Allocations



Infrastructure Equity Sector Allocations



[1] Effective July 1, 2024, the performance for Private Infrastructure will be reported with a one-quarter lag. Consequently, performance for IFM Global Infrastructure double counts Q2 performance.
[2] The MSCI Burgiss Infrastructure Funds Index is released on a quarterly basis. The reported returns are lagged by one quarter, meaning the current returns reflect performance from the previous quarter.

Infrastructure – Active vs. Passive

- Infrastructure is a relatively inefficient asset class compared to public equities or fixed income, offering opportunities for skilled active managers to add value through asset selection, operational improvements, and capital structuring. Active infrastructure strategies often target private or semi-liquid assets across sectors such as transportation, energy, utilities, and digital infrastructure. These strategies can provide enhanced return potential, inflation-linked cash flows, and diversification benefits, but they also come with higher fees, longer lock-up periods, and greater complexity in underwriting and monitoring.
- Passive infrastructure investing, by contrast, is typically implemented through listed infrastructure indices or ETFs. While these vehicles offer liquidity, transparency, and lower fees, they are more correlated with broader equity markets and may not fully capture the defensive and income-generating characteristics of private infrastructure. Given the structural inefficiencies and long-term nature of infrastructure assets, active management may be more appropriate for achieving COAERS' objectives in this asset class.

Infrastructure – Public vs. Private

- Public infrastructure investments—typically accessed through listed infrastructure companies or ETFs—offer liquidity, transparency, and daily pricing. These vehicles are more correlated with broader equity markets and can experience volatility driven by macroeconomic sentiment rather than asset-level fundamentals. While public infrastructure can provide diversified exposure and lower fees, it often lacks the inflation-linked cash flows and defensive characteristics that make infrastructure attractive in long-term portfolios. Benchmarking is straightforward, with options like the DJ Brookfield Infrastructure Index; however, these indices are composed of publicly traded companies whose stock prices are influenced by broader market dynamics. As a result, they may not accurately capture the stable, income-oriented, and inflation-sensitive nature of the underlying infrastructure assets that institutional investors like COAERS seek.
- Private infrastructure, by contrast, involves direct investments in essential assets such as utilities, transportation, energy, and digital infrastructure. These assets are typically accessed through closed-end or open-end funds and offer stable, inflation-sensitive cash flows, lower correlation to public markets, and strong downside protection. Return targets vary by strategy—ranging from 5% for debt and core to 15% for opportunistic funds. In addition to their return potential, private infrastructure assets are valued less frequently and tend to exhibit lower short-term volatility, which can help smooth overall portfolio performance. For long-term investors like COAERS, private infrastructure offers a compelling combination of income, inflation protection, and diversification—particularly in environments where public markets are volatile or overvalued.

Infrastructure – Core vs. Non-Core

- Core infrastructure strategies are centered around stabilized, income-generating assets such as regulated utilities, toll roads, and contracted renewable energy projects. These assets are typically operational, located in developed markets, and supported by long-term contracts or regulatory frameworks that provide predictable cash flows and inflation protection. As a result, core infrastructure tends to exhibit low volatility, limited sensitivity to economic cycles, and strong downside protection. The return profile for core strategies is modest but stable, with net returns generally in the 6–9% range, driven primarily by income yield rather than capital appreciation. These characteristics make core infrastructure a reliable anchor in a diversified portfolio, particularly for investors seeking steady cash flow and capital preservation.
- Non-core infrastructure, on the other hand, includes value-add and opportunistic strategies that target assets requiring development, repositioning, or operational improvement. These investments may involve greenfield projects, merchant power generation, or assets in emerging markets, and they often carry higher exposure to construction risk, market volatility, and leverage. Because of this elevated risk profile, non-core infrastructure offers the potential for higher returns—typically in the 10–15% range or more—largely through capital appreciation. These strategies often exhibit a J-curve effect, where returns are negative in the early years due to capital deployment and ramp-up, followed by potential upside as assets stabilize and mature. For COAERS, non-core infrastructure can serve as a source of long-term growth and diversification, complementing the stability of core holdings while requiring careful pacing and underwriting to manage risk across the portfolio.

Infrastructure – Recommendation

- We recommend that COAERS Staff and Albourne review and discuss the intended exposures of the portfolio (core vs. non-core, public vs. private). At a high level, this structure should reflect COAERS' long-term investment philosophy and align with the portfolio's emphasis on inflation-linked cash flows, downside protection, and diversification through real assets.
- The non-core allocation will be determined by Albourne and staff and is expected to focus on value-add and opportunistic strategies, including greenfield development, merchant power, and emerging market infrastructure. These investments offer higher return potential—typically in the 10–15% range—but carry elevated risk due to construction exposure, market sensitivity, and operational complexity. The core allocation will target stabilized, income-generating assets such as regulated utilities and contracted renewables, which provide lower volatility, strong inflation linkage, and net returns in the 6–9% range. This blend is designed to balance long-term growth and income while maintaining alignment with COAERS' risk tolerance and liquidity needs.
- The specific composition of the private infrastructure exposure—including manager selection, sector and geographic diversification, and pacing—will be discussed with the new investment advisor in upcoming meetings.

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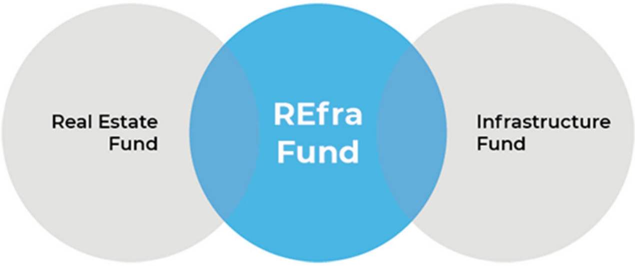
Convergence between Real Estate and Infrastructure

- Over the past several years, the lines between the real estate and infrastructure sectors have been increasingly blurring. This is driven by several factors, including technological advancements, evolving investor preferences, and the rise of smart cities. As a result, several investment managers are increasingly crossing into each other's domains and targeting similar verticals (logistics facilities, data centers, and renewable energy assets).



- *Real estate is a key component of any infrastructure project*. For example, one of the most vital considerations for an infrastructure project looking to extend a transit line is the housing which will be created around the extension. Will the city ask for more density, and will people be attracted and willing to move to the area surrounding the extension?
- Real estate firms are increasingly building in-house (or acquiring) infrastructure capabilities to expand their reach. Key drivers for this expansion include: 1) desire to capture a larger share of institutional allocations, 2) recognition of the long-term, stable cash flows associated with infrastructure assets, 3) opportunity to leverage existing investor relationships and operational expertise.
- Infrastructure managers are also broadening their scope to include real estate investments by investing directly in logistics and industrial properties due to their critical role in supply chains. Key benefits include: 1) potential for higher returns compared to core infrastructure assets, 2) opportunity to offer a more diverse range of investment products to LPs, and 3) capitalize on urbanization trends and the increasing integration of infrastructure into the built environment.

Convergence between Real Estate and Infrastructure (continued)

- Examples of investment verticals where real estate and infrastructure are converging:
  - **Logistics facilities:** Traditionally considered real estate, logistics assets are now being viewed through an infrastructure lens due to the role it plays in global supply chains. The rise of e-commerce and the need for efficient distribution networks have blurred the lines between the two asset classes.
  - **Data centers:** Once the domain of infrastructure investors, data centers are increasingly attracting real estate managers who see them as critical components of the digital economy. While some distinction exists between turnkey assets (generally considered more infrastructure) and powered shells (generally considered more real estate), managers across both asset classes are looking to deploy capital into the space. The explosive growth in data consumption, cloud computing, and AI has made data centers a prime target.
  - **Renewable energy:** Solar and wind farms have traditionally been infrastructure plays, but real estate managers are increasingly involved, particularly in rooftop solar installations on commercial properties. This trend is driven by sustainability goals and the potential for additional income streams from energy generation.
- From a portfolio construction standpoint, there is a growing shift among institutional portfolios to consolidate these areas under the Real Assets umbrella and abstain from setting static targets to each of the sub-asset classes. Both sectors are considered long-duration assets that generate consistent income and offer diversification potential.

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Gold – Current Allocation (net of fees)

As of June 30, 2025

Trailing Performance	Market Value	% of Total Fund	% of Comm. & Other Equity	One-Year (%)	Three-Year (%)	Five-Year (%)	Ten-Year (%)	Since Inception (%)
NISA Gold Futures	65,610,179	1.7	100	40.5	19.9	12.1	--	12.8
Bloomberg Gold Subindex TR				*39.8*	*21.4*	*11.8*	--	*12.5*

→ The NISA Gold Futures strategy has contributed significantly to performance since inception. It has exhibited the highest return of any strategy in the entire COAERS portfolio over the trailing one- and three-year periods.

Gold – Active vs. Passive

- Passive gold strategies—such as commodity index funds or gold futures overlays—offer low-cost, transparent exposure to the price of gold. These strategies are typically benchmarked to indices like the Bloomberg Gold Subindex Total Return and are designed to track spot or futures prices with minimal tracking error. They are well-suited for investors seeking a systematic, rules-based approach to gold exposure without the need for active decision-making.
- Active gold strategies, by contrast, may involve discretionary positioning in gold futures, options, or related instruments based on macroeconomic views, inflation expectations, or market dislocations. While these strategies offer the potential for alpha generation, they also introduce greater complexity and manager-specific risk. Active management in this space is generally less favored unless there is a compelling tactical rationale or a manager with a strong track record.
- COAERS currently implements its gold allocation through the NISA Gold Futures strategy, which is an actively managed overlay. This approach allows for dynamic positioning in gold futures contracts and physical gold via warrants based on market conditions, roll yield considerations, implied vs actual storage costs, and portfolio-level risk management.
- The NISA Gold Futures strategy uses a rules-based approach to determine whether to gain exposure to gold via futures or warrants, determined by implied storage costs vs actual storage costs. Since in recent periods the signal has correctly pointed to implied storage costs being higher than actual storage costs, the strategy has exclusively held physical gold via warrants.

Gold – Physical vs. Futures vs. Gold Mining

- Gold can be accessed through three primary channels—physical bullion, futures contracts, and gold mining equities—each offering different exposures, liquidity profiles, and sensitivities to market dynamics. The choice among these instruments should reflect COAERS' objectives for inflation protection, diversification, and risk-adjusted return.
- Physical gold provides the most direct exposure to the commodity itself. Typically held through fully backed ETFs or custodial accounts, it offers a stable store of value and strong inflation sensitivity. Physical gold is not influenced by corporate or equity market dynamics, making it a reliable hedge during periods of market stress. However, it does not generate income and may incur storage or custody costs. Its performance is closely tied to spot gold prices, with relatively low volatility compared to other gold-related instruments. Physical gold can also be held via warrants, which are electronic documents of title linked to specific gold bars at a depository. NISA Gold is currently implemented through gold warrants, though NISA can also trade gold futures.
- Gold futures offer synthetic exposure through standardized contracts and are often used in overlay strategies. Futures are highly liquid and cost-efficient, allowing for tactical adjustments and integration into broader portfolio management. However, they are subject to roll costs and potential performance drag in contango markets.
- Gold mining equities provide indirect exposure to gold through companies involved in exploration, development, and production. These equities tend to be more volatile than physical gold, as their performance is influenced not only by gold prices but also by company-specific factors such as cost structures, geopolitical risks, and equity market sentiment. While mining stocks can offer higher return potential, they also introduce equity beta and operational risk. Historically, gold mining equities have exhibited roughly double the volatility of physical gold, making them a higher-risk, higher-reward component of a gold allocation.

Gold – Recommendation

- We recommend reviewing and potentially establishing a strategic allocation to gold within the Real Assets portfolio during the next strategic asset allocation review . This allocation is implemented with flexibility to shift between gold futures and physical gold, depending on market conditions, cost efficiency, and liquidity. COAERS' current manager is appropriate for this mandate.
- Inclusion of gold mining equities may also be considered as an additional lever for return generation, recognizing their higher volatility and equity sensitivity. If the Board approves the gold allocation, a comprehensive review of the gold manager universe will be conducted at the next asset class review to ensure best-in-class implementation.

Other Real Asset Exposure Considerations

- In addition to Real Estate, Infrastructure, and Gold, there are several other categories of investable real assets that COAERS could consider for investment inclusion at a later date. Since these potential additions may all be invested via private markets, we believe the advice, expertise, and opinion of the new advisor should be accounted for in making this determination. Presently, we do not believe accessing these markets via public investment is advantageous for COAERS.
- A description of the asset class and functional roles are outlined below:

	Energy	Timber	Farmland
Functional Role	Diversifier	Diversifier	Diversifier
Asset Class Description	Energy investments are directly tied to production, distribution, and consumption of energy. Investments within this asset class include oil, natural gas, coal, renewable energy sources (such as solar, wind, and hydro), and the companies involved in their exploration, production, distribution, and technology developments. Energy assets are often considered both cyclical and strategic, influenced by global economic activity, geopolitical events, and technological innovation. Investors can access energy investments through direct commodity exposure (futures contracts), equity investments directly in individual stocks (i.e., Chevron or ExxonMobil) or energy sector vehicles, such as mutual funds or private energy funds.	A timber investment is an investment in forestland for long-term harvesting of wood. Forest ownership falls into two broad categories: public (government entities) and private ownership (individuals, companies, non-government). Early in its history, the US forest product industry was vertically integrated with companies involved in all stages of the process (forest ownership and manufacturing/sawmills). Over the past 30 years, the different stages of production have steadily been separated, and timberland is now increasingly viewed as a unique business that represents inputs for other businesses. There are four key publicly traded ways to invest in timber in the US: 1) direct ownership of shares in publicly traded timber-related firms, 2) exchange-traded funds (ETFs), 3) real estate investment trusts (REITs), and 4) futures contracts.	A farmland investment represents ownership in land that has a steady, renewable cash flow stream from crop income. In contrast to traditional real estate, the cash flows and values of which are tied to rental income, farmland's cash flows and value may be linked to commodity (i.e., crop) prices. Farmland is composed of row cropland (land that produces crops and are replanted each year from annual seeds) and permanent cropland (crops that occupy the land for long periods of time). Institutional investors have three primary ways to access agricultural asset returns: 1) direct ownership of farmland for lease income, 2) direct ownership of listed equities in agricultural firms or via pooled funds, 3) long positions in agricultural futures contracts or similar financial derivatives.

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Other Real Asset Exposures – Key Benefits & Risks

	Energy	Timber	Farmland
Return Expectation	10.3%	7.3%	6.5%
Standard Deviation	27.0%	12.0%	12.0%
Key Benefits	• *Income generation* through dividends • *Hedge against inflation* • *Capitalization on long-term trends* (ex: global transition to cleaner energy sources) • *Diversification potential* – oil and natural gas often move indepentently of stock and bond markets (particularly during geopolitical events or supply shocks	• *Diversification potential* – low return correlations with stocks and bonds • *Timing option* – flexiblity in the timing of timber harvesting may reduce risk exposure to short-term economic fluctuations • *Inflation hedge*	• *Inflation hedge* – farmland is linked to food and energy production and prices • *Diversification* – return source is subject to distinct physical and economic dynamics • *Constrained supply* – the supply of farmland may be more constrained than the demand for agricultural products
Key Risks	• *Market volatility* – energy prices can be highly volatile due to fluctuations in supply and demand, geopolitical events, and changes in regulatory policies • *Political risk* – oil and gas can be affected by political instability, regulatory changes, and nationalization of resources in certain countries • *Environmental risk* – stricter regulations and policies aimed at reducing carbon emissions can impact the profitability of traditional energy companies • *Technological risk* – the sector is undergoing significant technological changes, particularly in the shift towards renewable energy Companies that fail to adapt could suffer • *Economic risk* – Economic downturns can reduce energy consumption	• *Environmental and climate risk* – timber investments are susceptible to natural disasters (wildfires, pests, disease) and long-term changes in climate that could damage forests, affect the growth rate and reduce yields • *Market volatility* – the demand for timber can fluctuate based on economic conditions, construction activity, and changes in consumer preferences • *Illiquidity* – timberland investments are generally illiquid • *Regulatory risk* – changes in environmental regulations and policies can impact timber harvesting practices • *Management challenges* – effective management of timberland requires expertise in forestry practices, which can be a challenge for individual investors	• *Climate change* – changes in weather patterns and increased frequency of extreme weather events can adversely affect crop yields and livestock productivity • *Market volatility* – prices and agricultural commodities can fluctuate due to supply and demand dynamics, global trade policies and economic conditions • *Environmental risk* – stricter regulations and policies aimed at reducing carbon emissions can impact the profitability of traditional energy companies • *Illiquidity* – farmland investments are generally illiquid • *Regulatory changes* – changes in agricultural policies, land use regulations, and environmental laws can impact operations

Benchmark Review

→ A benchmark is a reference for the evaluation and analysis of a portfolio, composite, or investment manager.

- The Bailey Criteria states that a benchmark should be unambiguous, investable, measurable, appropriate, reflective of current investment options, and specified in advance.
- In addition to serving as a metric for performance comparison, a public equity benchmark helps demonstrate a composite or manager's market cap, sector, growth/value factor, and other exposure tilts.

→ Meketa conducted a review of COAERS' real assets benchmarks and believes all composite and manager benchmarks are suitable. In addition, Meketa continues to support the utilization of transition benchmarks for the composites that are transitioning from public to private exposures (real estate and infrastructure).

	Current Benchmark	Proposed Benchmark
Real Assets	**Real Assets Benchmark[1]**	**No Change**
Real Estate	**Real Estate Equity Benchmark[2]**	**No Change**
Principal US Property Account	NCREIF ODCE Custom Benchmark	No Change
Fidelity US REITs Completion Index	Fidelity REIT Completion Index	No Change
Infrastructure	**Infrastructure Equity Benchmark[3]**	**No Change**
IFM Global Infrastructure	MSCI Burgiss Infrastructure Funds Benchmark	No Change
Fidelity DJ Brookfield Infrastructure Index	Dow Jones Brookfield Global Infrastructure (Net)	No Change
Gold	**Gold Benchmark[4]**	**No Change**
NISA Gold Futures	Bloomberg Gold Subindex TR	No Change

[1] Real Assets Benchmark consists of underlying primary composite benchmarks (real estate, infrastructure, commodities & other) at actual allocation weights.
[2] Actual allocation-weighted NCREIF ODCE (Net) (Equal Weighted Average) and US REITs Completion Index.
[3] Actual allocation-weighted MSCI Burgiss Infrastructure Funds Benchmark and Dow Jones Brookfield Global Infrastructure (Net).
[4] Bloomberg Gold Subindex Total Return.

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Managers Fee Review

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Background

- Fees can range dramatically across asset classes and investment vehicle types. Passive public equity strategies traditionally have much lower fees than active, private or alternative strategies. As such, it is better to review each investment manager within the context of its respective peer group.
- Meketa Investment Group believes the fees for all current COAERS investment managers are reasonable and all are below median.
- This document first compares the fees for the investment managers to their relevant peer groups, and then combines fees for every manager, sub-asset class and the real assets asset class.
- The peer analysis utilizes eVestment universe data for comparison:
  1. *eVestment Universes* – Data is sourced from investment managers and reflect "rack rate" fee schedules. Each peer group is curated based upon the asset class, vehicle type, mandate size, and investment style.

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Summary & Recommendations

- COAERS has a real assets portfolio that is fee efficient. COAERS currently pays 42 bps for the real assets portion of their portfolio.
- Should COAERS move capital into private market portfolios (e.g., non-core real estate), the overall fee load should increase.
- Ultimately, it is important to recall that fees should not be looked at in isolation, but rather in relationship to the services and values obtained from them.
- We recommend that COAERS reviews fees annually and continues to look for opportunities to capture fee savings where possible.

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

COAERS

EXECUTIVE SUMMARY

PURPOSE

The purpose of this memo is to outline Staff and Meketa's joint recommendations for structuring the Real Assets asset classes. Staff and Meketa have collaboratively worked together in generating these recommendations.

RECOMMENDATION

Staff agree with the high-level portfolio considerations throughout the Meketa Structure Review, which are summarized on page 8. Staff concur with Meketa's recommendations for Investment Committee direction as outlined in their presentation on page 10.

RATIONALE

We believe that these recommendations are prudent based on the following:

- **Portfolio Structure:** Given the prior Board direction to implement Real Estate and Infrastructure fully in private markets and the onboarding of a new private markets consultant, Staff agree that having further conversations on the role, categorization, exposures, targets and benchmarking of this asset class is warranted at a future time. These discussions will likely be appropriate alongside those related to strategic planning in the private markets program.

- **Portfolio Guidelines:** Staff agree that future collaboration between the private markets' consultant, Meketa, and Staff will help lead to adoption of appropriate portfolio guidelines for Real Assets.

REAL ASSETS PORTFOLIO

PORTFOLIO ROLE

Staff believe that revisiting the role of Real Assets in the context of the total Fund warrants additional discussion. Previously, this allocation had been classified in the Investment Policy Statement as a 'growth' oriented asset class. Given the ongoing evolution of the opportunity set within Real Assets and the Board's direction to implement this part of the portfolio via private market strategies over time, a more nuanced approach may be prudent to consider:

- **Risk and return characteristics:** The Fund has historically had exposures to both public and private markets exposures in Real Assets. When combined these strategies provide a risk and return profile in between stocks and bonds. Individual strategies, however, can have widely different expected risk and return profiles. For example, the existing core, private market exposures in Real Estate and Infrastructure have historically been very diversifying for the Fund. Public market real estate investment trusts (REITs), by contrast, are very volatile and highly correlated to equities during times of market stress.
- **Evolution of opportunity set:** As more institutional capital and other investors have begun to invest in Real Assets, there has been a muddying of distinctions between Real Estate and Infrastructure

investments. For example, cell towers were once considered infrastructure investments, but these investments have now begun to show up in real estate funds too. This dynamic can be seen across a variety of investment opportunities including senior housing, student housing, data centers, and medical. Additionally, there is a broad opportunity set which could also be considered Real Assets including energy, timber, farmland, and commodities. As such it may be prudent to consider the composition of the underlying strategy types and whether the distinctions between them remain meaningful (such as between Real Estate and Infrastructure).

- **Private markets focus:** In line with prior Board direction, Meketa recommends using private markets strategies in this asset class. Staff agree with this assessment as REITs and listed infrastructure move very similarly to public equities, which the Fund already has significant exposure to. Allocating to private markets strategies in Real Assets may facilitate the opportunity to construct a different risk/return profile for this part of the Fund, which serves a different portfolio role.

PORTFOLIO STRUCTURE

The current Real Assets portfolio has a long-term strategic target in the Strategic Asset Allocation at 15% of the total Fund. The portfolio is structured with a blended implementation of Real Estate, Infrastructure, and Gold composites, benchmarked at actual allocation weights. Real Estate has the largest current exposure (8%), followed by Infrastructure (5%), and then Gold (2%).

In Real Estate and Infrastructure, exposures are mixed with a blend of core, open ended private markets strategies complemented by public real estate investment trusts (REITs) and listed infrastructure equity. The Board has previously given direction to implement these parts of the portfolio solely through private markets strategies, which will be an ongoing transition and will be considered in the strategic plan(s) for this asset class.

In Real Estate, the Fund has long had exposure to a core, open ended, private markets fund. This strategy invests primarily in office, retail, industrial, and multifamily property types. Complementing this exposure is a REIT index which allocates to a broader set of real estate property types which are not materially represented in the NCREIF ODCE.

A similar strategy is employed in Infrastructure, where the portfolio has two investments: a core, open-ended private markets fund, and a public listed infrastructure equity index. In Staff's review of the public infrastructure index, we noted a slight variance between the mandate guidelines and composite benchmark. As such, we are working with the manager to administratively update the mandated guidelines and eliminate this mismatch.

In Gold, the Fund holds a single mandate that can gain exposure either through futures or physical gold via warrants. This exposure has been additive to the portfolio over time, and Staff agree with the recommendation to potentially establish a strategic allocation to Gold during the next strategic asset allocation review.

7. Discuss COAERS Private Markets Investment Program, including timeline for strategic plan, pacing analysis, and funding plans

Presented by Spencer Edge and Ryan Fitzgerald

COAERS

COMMITTEE MEETING
Agenda Item Information Sheet

AGENDA ITEM 7:
Discuss COAERS Private Markets Investment Program, including timeline for strategic plan, pacing analysis, and funding plans

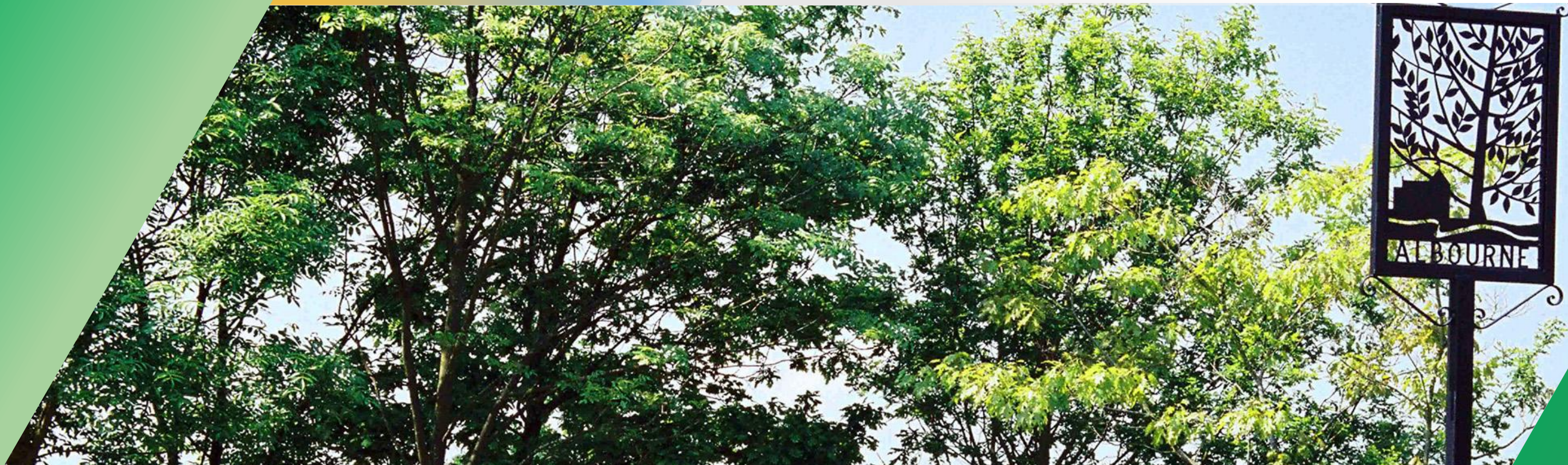
AGENDA ITEM OBJECTIVE
This item is for the Committee to discuss next steps for the buildout of COAERS' private markets program.

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 steps and a proposed timeline to building out the COAERS Private Markets Investment Program.

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.**

ATTACHMENT
1. Albourne Presentation "COAERS Process Mapping Timeline"



August 2025

City of Austin Employees' Retirement System (COAERS) Process Mapping Timeline

CONFIDENTIAL

COAERS Process Mapping Timeline

Design Phase 1 (4Q 2025)
- Governance Structure
- Private Markets Guidelines and Strategic Plans
- Pacing Models
- Review IPS

Evaluation Phase 1 (1Q 2026)
- Review Albourne Forward Calendar & IDD and ODD
- Establish GP Shortlist
- Conduct Advanced Due Diligence

Evaluation Phase 2 (2Q 2026)
- Select Manager/Fund
- Albourne Support Memo
- Approvals
- Legal Review
- Terms Review Preliminary Negotiations

Execute (2Q 2026)
- Account Setup
- Document Execution & Exchange
- Record & Report Transaction

Monitoring (ongoing)
- Reporting
- Monitoring
- Capital Calls & Distributions
- Amendments, Notices, and Consents

Design Phase 1- Drill Down

October Board Retreat

- Discuss various governance structures
- Education and discussion on Private Markets Guidelines and Strategic Plans
- Education on Pacing Models
- Discuss best practices in Investment Policy Statements for PM strategies

November IC Meeting

- Discuss and consider governance structure
- Discuss and consider strategic plans

December Board Meeting

- Discuss and consider pacing models
- Discuss and consider changes to IPS (if any)

Design Phase 1- Drill Down

Governance Structure

Discuss various governance models (e.g., Insourced, Hybrid, Outsourced).

Review Board, IC, Staff, and Consultant responsibilities (e.g., Defining Scope of Authority, defining process and decision making).

Define Investment process from start to finish; ensure maintaining strategic continuity, decision making & execution efficiency.

Consider evolution of decision authority as program matures.

Discuss and consider Governance Framework in November.

Private Markets Guidelines and Strategic Plans

Discuss private market guidelines (e.g., sub strategies definitions, desired exposures, portfolio construction philosophy, return targets, diversification, and limits).

Education on the underlying Opportunity Sets & Appropriate Strategy mix.

Discuss Investment Objectives for each portfolio.

Introduce Sourcing & Pipeline development, Due Diligence process, and Post-Investment Monitoring.

Discuss and consider Strategic Plans in November.

Design Phase 1- Drill Down (continued)

Commitment Pacing Models

Education on the Importance of Planning and Pacing.

Education on the J-curve concept in private markets.

Discuss use of Secondaries and/or evergreen/ interval funds in portfolio build out phase.

Constraints subject to approval of Strategic Plans.

Discuss and consider pacing plans at December Board meeting.

Investment Policy Statement

Review and discuss IPS to ensure congruency with the previous topics and amend for any of decisions made in each of 3 categories (e.g., Governance).

The policy should detail objectives, asset classes, risk management, allocation targets, and ongoing monitoring to align private investments with overall portfolio goals Discuss and consider at the December Board meeting.

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8. Discuss COAERS general investment consultant annual review

Presented by Dick Lavine

COMMITTEE MEETING
Agenda Item Information Sheet

AGENDA ITEM 8:
Discuss COAERS General Investment Consultant Annual Review

AGENDA ITEM OBJECTIVE
The Committee will conduct the annual review of the System's general investment consultant.

RECOMMENDATION FOR COMMITTEE ACTION
At the Committee's discretion.

ITEM SUMMARY
Best practices for fiduciaries require the regular evaluation of key service providers, particularly those that are engaged in a fiduciary capacity to provide strategic advice to the Board.

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 periodically review major service providers, including consulting relationships.

ATTACHMENT
1. Staff Report on General Investment Consultant

SUPPLEMENTAL INFORMATION
A. Meketa SEC Forms ADV Part 1 and Part 2A
B. Meketa Due Diligence Questionnaire (CONFIDENTIAL)
C. Meketa Org Chart (CONFIDENTIAL)
D. COAERS Contract with Meketa for Investment Consulting Services
E. Meketa Code of Ethics and Compliance Manual (CONFIDENTIAL)
F. Meketa Info Security Program Overview (CONFIDENTIAL)

COAERS

General Investment Consultant
Staff Report

Scope of the Relationship

At its June 27, 2024 meeting, the Board selected Meketa Investment Group as the Fund's General Investment Consultant, concluding a rigorous and thorough search process as part of COAERS' Request for Proposal for general investment consulting services.

General responsibilities of Meketa include assisting the Board in fulfilling its fiduciary obligations by providing independent, unbiased advice; relevant and timely information; and opinions to the Investment Committee on all investment recommendations. Meketa also provides an annual comprehensive review and analysis of COAERS investment policies including the strategic asset allocation and provides performance evaluation and analysis including quarterly reports.

2024-2025 Projects and Work

During the period of July 1, 2024, through June 30, 2025, Meketa worked on several important projects related to the COAERS investment program, including

1. Reviewing fund governance and investment policy best practices
2. Conducting a survey of investment beliefs
3. Conducting a strategic asset allocation study
4. Assisting with the update and streamline of COAERS investment policies
5. Reviewing asset classes, sub-asset classes, portfolio structure, functional portfolio roles, and investment manager fees across the COAERS portfolio
6. Providing recommendations on policy, portfolio guidelines, asset class structure, and investment managers

Personnel Assigned to COAERS

Meketa assigned Mr. Leandro Festino, Managing Principal, as the lead consultant for COAERS. Mr. Festino has been with Meketa for 21 years and is a member of Meketa's Board of Directors. Assigned to the COAERS account as backup consultant is Ms. Stephanie Sorg, Managing Principal. Ms. Sorg joined Meketa in 2017 and has 7 years of industry experience. Ms. Sorg is a member of Meketa's Private Equity Fund-of-Funds and Secondaries research teams, and the Individual Investor Solutions Group. Meketa has assigned Mr. Aaron Lally, Managing Principal, as COAERS' Secondary Backup consultant. Mr. Lally joined Meketa in 2013 and is a member of Meketa's Endowment & Foundation Practice Group.

Firm Information

Staff collected numerous diligence documents which are available in the supplemental Committee materials, including the most recent Form ADV, current organizational chart, and a due diligence questionnaire. In review of this information, Staff notes the departures of two senior manager research personnel.

Terms of Representation

Meketa provides general investment consulting services under the terms set forth in the Investment Advisory and Consulting Agreement, with fees fixed for each year based on the contract terms. For the work performed from July 1, 2024 to June 30, 2025, COAERS paid a total of $390,000. The Agreement is included in the supplemental Committee materials.

9. Call for future agenda items

Presented by Dick Lavine

COAERS

COMMITTEE MEETING
Agenda Item Information Sheet

AGENDA ITEM 9:
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.

ATTACHMENT:
1. 2025 Investment Committee Work Plan

COAERS
CITY OF AUSTIN
EMPLOYEES' RETIREMENT SYSTEM

Investment Committee
2025 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
- August:
  - ✓ Real Assets strategic review, benchmarking, and investment manager fee analysis
- November:
  - Private Credit strategic review, benchmarking, and investment manager fee analysis
  - Annual review of IPS

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 2025 funding plan
    ~~Possible private markets manager recommendations~~
- November:
  - Possible private markets manager recommendations

CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM

Investment Committee 2025 Work Plan

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