Asset Liability Management Policy Update – First Reading

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Today's Presentation

Purpose of Policy Update

Overview of Changes

Next Steps

Asset Liability Management (ALM) Timeline

Stakeholder Engagement Throughout Cycle

November 2026	February 2027	2028 February – June
First Read: ALM Policy Update Board Vote: Affiliates Policy Updates	Board Vote: ALM Policy Updates	**Mid-Cycle Review**

2029	July 1, 2030
Next Full ALM Cycle	Effective Date of 2029 ALM Changes

(PERF) Public Employees Retirement Fund. Affiliate Trusts: Legislators' Retirement System, Judges' Retirement System, Judges' Retirement System II, Health Care Fund, Long-Term Care Fund, Supplemental Income Plans, California Employers' Pension Prefunding Trust, California Employers' Retirement Benefit Trust.

Purpose of Policy Update

Integrating Board's Adoption of Total Portfolio Approach (TPA)

New Board Decisions for the Public Employees' Retirement Fund (PERF):

- Reference Portfolio
- Active Risk Limits

Affiliate Funds Still Under Strategic Asset Allocation (SAA)

Legislators' Retirement System, Judges' Retirement System, Judges' Retirement System II, Health Care Fund, Long-Term Care Fund, Supplemental Income Plans, California Employers' Pension Prefunding Trust, California Employers' Retirement Benefit Trust.

Summary of Changes

- ALM Advisory Committee (ALMAC) Membership Aligned to Executive Committee Membership
- Integration of TPA, Reference Portfolio, and Active Risk Limits:
  - Modified the ALM Cycle definition to incorporate TPA
  - Analyses topics
  - Board deliverables and decisions
  - Added new Key Terms and Definitions
  - Updated Related Documents to align with new Investment Policies

ALMAC Membership

ALM Advisory Committee (ALMAC) Membership Aligned to Executive Committee Membership

Added Chief Operating Investment Officer (COIO) and removed Deputy Chief Investment Officer (DCIO)

Reflects current ALMAC makeup

ALMAC members are still able to include other advisory representatives

Summary of Changes

Integration of TPA, Reference Portfolio, and Active Risk Limits

- Modified the ALM Cycle definition to account for both TPA and SAA

- Investment analyses and Board deliverables are clear:
  'For TPA Funds…'
  'For SAA Funds…'

Summary of Changes

Integration of TPA, Reference Portfolio, and Active Risk Limits

- Added new Key Terms and Definitions
  Total Portfolio Approach, Reference Portfolio, Active Risk Limits

- Updated Related Documents to align with new Investment Policies

Next Steps

- Take Today's Feedback for February FAC 2nd Read
- Policy would take effect immediately upon Board Adoption