

Executive Team:

Dominic D. Brown, CPA, CFE
Chief Executive Officer

Daryn Miller, CFA
Chief Investment Officer

Jennifer Zahry, JD
Chief Legal Officer

Matthew Henry, CFE
Chief Operations Officer



Board of Retirement:

Dustin Contreras, Chair
Joseph D. Hughes, Vice-Chair
Jordan Kaufman
Ajaib Gill
Rocio Mosqueda
David Couch
John Sanders
Rick Kratt
Jeff Frapwell
Tyler Whitezell
Chase Nunneley, Alternate
Robb Seibly, Alternate

April 22, 2026

Trustees, Board of Retirement
Other Interested Parties

Subject: Meeting of the Kern County Employees' Retirement Association Investment Committee

Ladies and Gentlemen:

A meeting of the Kern County Employees' Retirement Association Investment Committee will be held on Tuesday, April 28, 2026, at 3:00 p.m. in the KCERA Boardroom, 11125 River Run Boulevard, Bakersfield, California, 93311.

How to Participate: Listen to or View the Board Meeting

To listen to the live audio of the Board meeting, please dial one of the following numbers and enter ID# 883 0541 8546:

- (669) 900-9128; U.S. Toll-free: (888) 788-0099 or (877) 853-5247

To access live audio and video of the Board meeting, please use the following:

- <https://us02web.zoom.us/j/88305418546?pwd=FGu9Gz5x7nQzqN9Q0xValqbYADVwbs.1>
- Passcode: 561247

Items of business will be limited to the matters shown on the attached agenda. If you have any questions or require additional service, please contact KCERA at (661) 381-7700 or send an email to Administration@kcera.org.

Sincerely,

Dominic D. Brown
Chief Executive Officer

Attachments

AGENDA:

All agenda item supporting documentation is available for public review on KCERA's website at www.kcera.org following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

**AMERICANS WITH DISABILITIES ACT
(Government Code §54953.2)**

Disabled individuals who need special assistance to listen to and/or participate in the meeting of the Board of Retirement may request assistance by calling (661) 381-7700 or sending an email to Administration@kcera.org. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting materials and access available in alternative formats. Requests for assistance should be made at least two (2) days in advance of a meeting whenever possible.

CALL TO ORDER

ROLL CALL (IN PERSON)

SB 707 REMOTE APPEARANCE(S)

Item 1 withdrawn from agenda if no trustee(s) request to appear remotely:

1. Trustee(s) who have notified the Committee of a "Just Cause" to attend this meeting via teleconference. (See Government Code Section 54953.8.3).

CONSENT MATTERS

All items listed with an asterisk () are considered to be routine and non-controversial by staff and will be approved by one motion if no member of the Committee or public wishes to comment or ask questions. If comment or discussion is desired by anyone, the item will be removed from the consent agenda and will be considered in the listed sequence with an opportunity for any member of the public to address the Committee concerning the item before action is taken. Staff recommendations are shown in caps after each item.*

- *2. [Update to KCERA's Placement Agent Policy – RECOMMEND THE BOARD OF RETIREMENT APPROVE PROPOSED CHANGES](#)

PUBLIC COMMENTS

3. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Committee. This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation.

MATTERS FOR CONSIDERATION

Staff recommendations are shown in caps after each item.

4. [Discussion and appropriate action on fund recommendation for the Core Real Estate allocation presented by Chief Investment Officer Daryn Miller, Investment Officer Jack Bowman, and Investment Consultants Scott Whalen and Brian Kwan, Certy Partners¹](#) – RECOMMEND THE BOARD OF RETIREMENT APPROVE UP TO \$125MM INVESTMENT IN HBC FINANCING PARTNERS FUND, LP; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN, SUBJECT TO LEGAL ADVICE AND REVIEW
5. [Discussion and appropriate action on the annual asset allocation review presented by Chief Investment Officer Daryn Miller and Investment Consultants Scott Whalen and Brian Kwan, Certy Partners](#) – RECOMMEND THE BOARD OF RETIREMENT APPROVE ASSET ALLOCATION


REFERRALS TO STAFF, ANNOUNCEMENTS, OR REPORTS

6. On their own initiative, Committee members may make a brief announcement, refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities.
7. Adjournment

¹ Written materials and investment recommendations from the consultants, fund managers and KCERA investment staff relating to alternative investments are exempt from public disclosure pursuant to California Government Code Sections 7928.710, 7922.000, and 54957.5.

Date: April 28, 2026

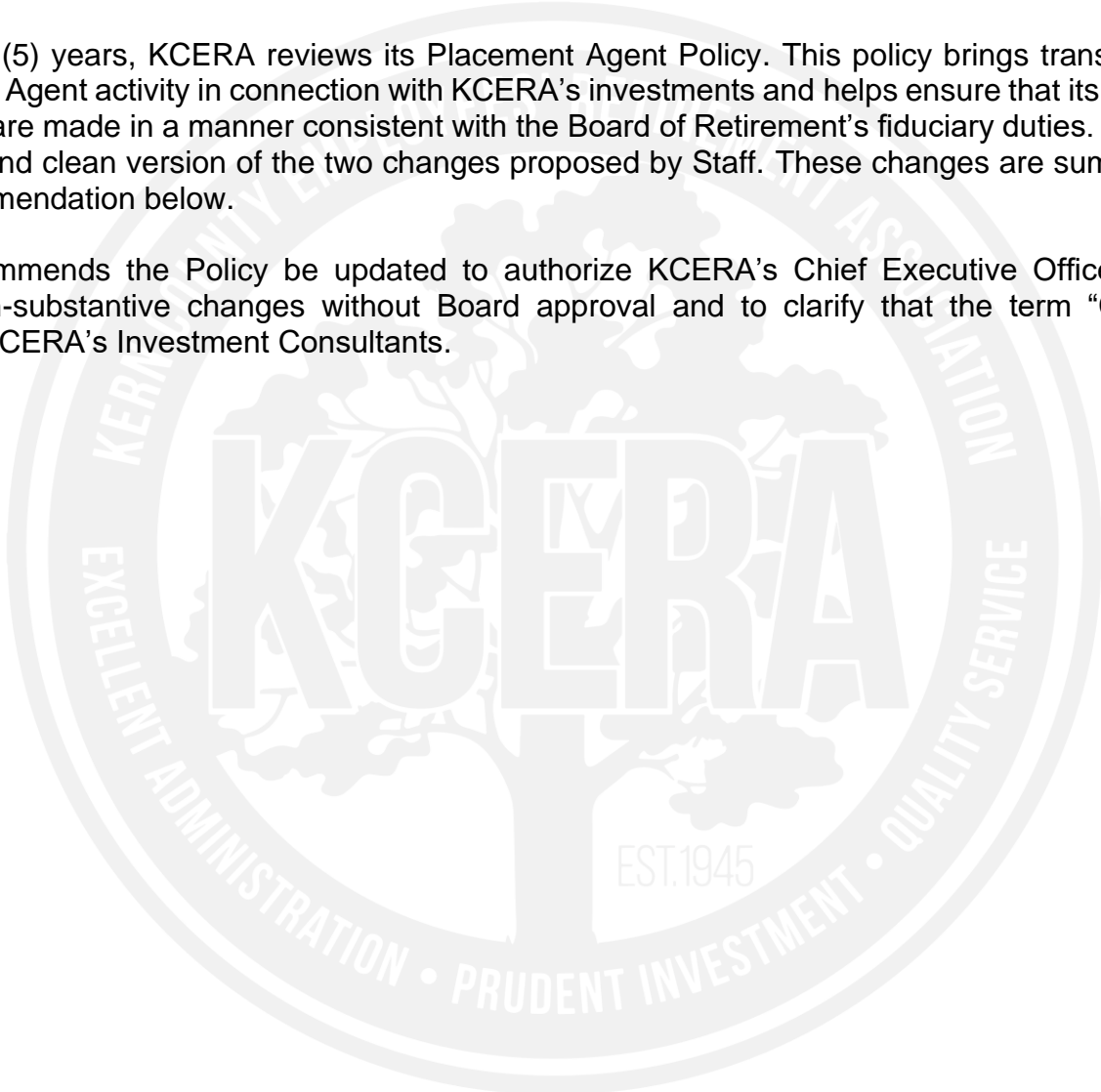
To: Trustees, Investment Committee

From: Jennifer Esquivel Zahry, Chief Legal Officer 

Subject: **2026 Updates to Placement Agent Policy**

Every five (5) years, KCERA reviews its Placement Agent Policy. This policy brings transparency to Placement Agent activity in connection with KCERA's investments and helps ensure that its investment decisions are made in a manner consistent with the Board of Retirement's fiduciary duties. Attached is a redline and clean version of the two changes proposed by Staff. These changes are summarized in the recommendation below.

Staff recommends the Policy be updated to authorize KCERA's Chief Executive Officer to make minor, non-substantive changes without Board approval and to clarify that the term "Consultant" refers to KCERA's Investment Consultants.





11125 River Run Blvd
Bakersfield, CA 93311
661.381.7700
www.kcera.org

PLACEMENT AGENT POLICY

PURPOSE

This Policy sets for the circumstances under which the Kern County Employees' Retirement Association ("KCERA") shall require the disclosure of payments to Placement Agents in connection with KCERA investments in and through its Investment Managers. KCERA adopts this Policy to require broad, timely, and updated disclosure of all Placement Agent relationships, compensation, and fees. The goal of this Policy is to bring transparency to Placement Agent activity in connection with KCERA's investments and to help ensure that all investment decisions are made solely on the merits and in a manner consistent with the Board of Retirement's fiduciary duties.

This policy is intended to supplement any applicable provisions of state or federal law, which shall govern in the event of any inconsistency.

This Policy may be amended at any regular or specially noticed meeting of the KCERA Board of Retirement ("Board"). To facilitate the orderly and efficient administration of KCERA's investments, the Board hereby delegates to KCERA's Chief Executive Officer the authority to approve process changes of a minor, non-substantive nature that do not alter the applicable law or fundamental responsibilities of KCERA or any Investment Manager. The scope of this delegation of authority includes typographical errors, format revisions, conforming terminology, revision of forms, changes to facilitate information exchange and other similar amendments.

DEFINITIONS

As used in this Policy, the following terms are defined as follows:

1. "Placement Agent" as used in this policy is defined in Government Code section 7513.8. (See attached Exhibit A.)
2. "External Manager" as used in this policy is defined in Government Code section 7513.8. (See attached Exhibit A.)
3. "Board" means the Board of Retirement of the Kern County Employees' Retirement Association, including elected alternates.
4. "Consultant" as used in this policy refers to any KCERA Investment consultant.

APPLICATION

This Policy applies to all agreements with External Managers that are entered into after the date this Policy is adopted. This Policy also applies to existing agreements with External Managers if, after the

date this Policy is adopted, the agreement is amended in any way. In the case of an amendment, the disclosure provisions of this Policy shall apply to the amendment and not to the original agreement.

DISCLOSURE REGARDING PLACEMENT AGENT RELATIONSHIP

Each External Manager is responsible for providing, in a form acceptable to the KCERA's Chief Executive Officer and its legal counsel, a statement that the External Manager has not used a Placement Agent in connection with KCERA's investment, or if the External Manager has used a Placement Agent, a statement disclosing the following:

1. Whether the External Manager, or any of its principals, employees, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any person (whether or not employed by the External Manager) or entity to act as a Placement Agent in connection with any investment by KCERA;
2. A resume for each partner, officer, or principal of the Placement Agent (and any employee providing similar services) detailing the person's education, professional designations, regulatory licenses, and investment and work experience. If any such person is a current or former KCERA Board member, KCERA employee or KCERA Consultant or a member of the immediate family of any such person, this fact shall be specifically noted;
3. A description of any and all compensation of any kind provided, or agreed to be provided, to the Placement Agent including the nature, timing and value thereof;
4. A description of the services to be performed by the Placement Agent and a statement as to whether the Placement Agent is utilized by the External Manager with all prospective clients or only with a subset of the External Manager's prospective clients;
5. A representation that the fee is the sole obligation of the External Manager and not of KCERA, the investment vehicle, or any investor(s) in the investment vehicle;
6. The name(s) of current or former KCERA Board member(s), KCERA employee(s), or KCERA Consultants or member(s) of the immediate family of any such person that are employed or receiving compensation of any kind provided, or agreed to be provided, directly or indirectly, from the Placement Agent;
7. The name(s) of any current or former KCERA Board member(s), KCERA employee(s) or KCERA Consultant(s) who suggested the retention of the Placement Agent;
8. A statement whether the Placement Agent, or any of its affiliates, are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar state regulatory agency, or any similar regulatory agency in a country other than the United States, and the details of that registration or explanation as to why no registration is required;

9. A statement whether the Placement Agent, or any of its affiliates, is registered (or is required to be registered as of a date certain) as a lobbyist with any state or national government; and
10. A copy of any and all agreements between the External Manager and the Placement Agent that relate to any activities affecting KCERA.

The External Manager shall represent and warrant the accuracy of the information disclosed to KCERA and has an on-going obligation to update any such information within ten (10) business days of the change in information.

DISCLOSURE OF CAMPAIGN CONTRIBUTIONS AND GIFTS

Each Placement Agent shall, prior to acting as a Placement Agent, disclose to KCERA (1) all campaign contributions made by the Placement Agent to any elected KCERA Board member during the prior 24-month period and the date on which such contribution was made and (2) all gifts, as defined in Government Code section 82028, given by the Placement Agent to any KCERA Board member, KCERA employee(s) or KCERA Consultant(s) or immediate family members of any such person during the prior 24-month period and the date on which such gift was given. Additionally, any subsequent campaign contribution or gift made by the Placement Agent to any KCERA Board member, KCERA employee(s) or KCERA Consultant(s) during the time the Placement Agent is receiving compensation in connection with a KCERA investment shall also be disclosed. The External Manager shall be responsible for communicating this disclosure requirement to its Placement Agent.

ENFORCEMENT OF POLICY

Any External Manager or Placement Agent that violates this Policy shall not solicit new investments from KCERA for five (5) years after the violation was committed. However, this prohibition may be reduced by a majority vote of the KCERA Board of Retirement at a public session upon a showing of good cause.

KCERA shall not enter into any agreement with an External Manager that does not agree in writing to comply with this Policy.

In the event a Placement Agent is expected to receive compensation in connection with KCERA's investment with an External Manager, the Chief Executive Officer, or his/her designee, will so notify the Board in a written memorandum prior to execution of an agreement with the External Manager. If an External Manager breaches this Policy, the Chief Executive Officer, or his/her designee, will notify the Board in a timely manner.

EXHIBIT A

Government Code section 7513.8. Definitions

As used in this section and Sections 7513.85, 7513.86, 7513.87, 7513.9, and 7513.95:

- (a) "Board" means the retirement board of a public pension or retirement system, as defined in subdivision (h) of Section 17 of Article XVI of the California Constitution.
- (b) "External manager" means either of the following:
 - (1) A person who is seeking to be, or is, retained by a board or an investment vehicle to manage a portfolio of securities or other assets for compensation.
 - (2) A person who manages an investment fund and who offers or sells, or has offered or sold, an ownership interest in the investment fund to a board or an investment vehicle.
- (c)(1) "Investment fund" means a private equity fund, public equity fund, venture capital fund, hedge fund, fixed income fund, real estate fund, infrastructure fund, or similar pooled investment entity that is, or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, owning, holding, or trading securities or other assets.
- (2) Notwithstanding paragraph (1), an investment company that is registered with the Securities Exchange Commission pursuant to the Investment Company Act of 1940 (15 U.S.C Sec. 80a-1 et seq.) and that makes a public offering of its securities is not an investment fund.
- (d) "Investment vehicle" means a corporation, partnership, limited partnership, limited liability company, association, or other entity, either domestic or foreign, managed by an external manager in which a board is the majority investor and that is organized in order to invest with, or retain the investment management services of, other external managers.
- (e) "Person" means an individual, corporation, partnership, limited partnership, limited liability company, or association, either domestic or foreign.
- (f)(1) "Placement agent" means any person directly or indirectly hired, engaged, or retained by, or serving for the benefit of or on behalf of, an external manager, or an investment fund managed by an external manager, and who acts or has acted for compensation as a finder, solicitor, marketer, consultant, broker, or other intermediary in connection with the offer or sale to a board or an investment vehicle, either of the following:
 - (A) In the case of an external manager within the meaning of paragraph (1) of subdivision (b), the investment management services of the external manager.

- (B) In the case of an external manager within the meaning of paragraph (2) of subdivision (b), an ownership interest in an investment fund managed by the external manager.
- (2) Notwithstanding paragraph (1), an individual who is an employee, officer, director, equity holder, partner, member, or trustee of an external manager and who spends one-third or more of his or her time, during a calendar year, managing the securities or assets owned, controlled, invested, or held by the external manager is not a placement agent.

PROPOSED

POLICY REVIEW AND HISTORY

- 1) This policy shall be reviewed at least every five (5) years.
- 2) This policy was:
 - a) Adopted by the Board on March 9, 2016.
 - b) Reviewed and amended by the Board on March 13, 2019; June 8, 2022; and [].

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION DISCLOSURE STATEMENT REGARDING USE OF PLACEMENT AGENTS

The undersigned is a current or proposed "External Manager" for the Kern County Employees' Retirement Association ("KCERA"), as defined under KCERA's Placement Agent Policy, adopted March 9, 2016 ("Policy"). We have received a copy of the Policy from KCERA. We hereby disclose to KCERA the following information, which we represent and warrant to be true and correct as of the date hereof:

1. Neither we nor any of our principals, employees, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any person (whether or not employed by us) or entity to act as a Placement Agent (as defined in the Policy) in connection with any investment by KCERA, **except as disclosed on Attachment 1 to this Disclosure Statement.**

[IF THERE IS NOTHING TO DISCLOSE IN ATTACHMENT 1, ITEMS 2-7 DO NOT APPLY.]

2. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 2 to this Disclosure Statement a resume for each officer, partner or principal of the Placement Agent (and any employee providing similar services) detailing the person's education, professional designations, regulatory licenses and investment and work experience, and whether any such person is a current or former KCERA Board member(s), KCERA employee(s) or KCERA Consultant(s) or a member of the immediate family of any such person.
3. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 3 to this Disclosure Statement a description of any and all compensation of any kind we have provided or have agreed to provide to a Placement Agent, including the nature, timing and value thereof.
4. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 4 to this Disclosure Statement a description of the services to be performed by the Placement Agent.
5. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 5 to this Disclosure Statement a copy of any and all agreements between us and the Placement Agent.
6. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 6 to this Disclosure Statement the names of any current or former KCERA Board member(s), KCERA employee(s), or KCERA Consultant(s) who suggested the retention of the Placement Agent.
7. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 7 to this Disclosure Statement a statement whether the Placement Agent or any of its affiliates are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar regulatory agent in a country other than the United States and the details of such registration or explanation of why no registration is required.

We further represent and warrant as follows:

- A. We shall provide an update of any changes to any of the information included in this Disclosure Statement within ten (10) business days of the occurrence of the change in information.
- B. We shall use our best efforts to cause our engaged Placement Agent, if any, prior to acting as a Placement Agent with regard to KCERA, to disclose to KCERA in writing any campaign contribution, gift or other item of value made or given to any member of the KCERA Board or Staff, or Consultant (as defined in the Policy), during the prior twenty-four month period.
- C. We shall use our best efforts to cause our engaged Placement Agent, during the time it is receiving compensation in connection with a KCERA investment, to disclose to KCERA any campaign contribution, gift or other item of value made or given to any member of the KCERA Board or Staff, or Consultant, during such period.

Dated: _____

EXTERNAL MANAGER

[Name of Entity]

By: _____
Authorized Signatory

Print Name: _____

Title: _____



PLACEMENT AGENT POLICY

PURPOSE

This Policy sets for the circumstances under which the Kern County Employees' Retirement Association ("KCERA") shall require the disclosure of payments to Placement Agents in connection with KCERA investments in and through its Investment Managers. KCERA adopts this Policy to require broad, timely, and updated disclosure of all Placement Agent relationships, compensation, and fees. The goal of this Policy is to bring transparency to Placement Agent activity in connection with KCERA's investments and to help ensure that all investment decisions are made solely on the merits and in a manner consistent with the Board of Retirement's fiduciary duties.

This policy is intended to supplement any applicable provisions of state or federal law, which shall govern in the event of any inconsistency.

This Policy may be amended at any regular or specially noticed meeting of the KCERA Board of Retirement ("Board"). To facilitate the orderly and efficient administration of KCERA's investments, the Board hereby delegates to KCERA's Chief Executive Officer the authority to approve process changes of a minor, non-substantive nature that do not alter the applicable law or fundamental responsibilities of KCERA or any Investment Manager.any affected member or KCERA Employer. The scope of this delegation of authority includes typographical errors, format revisions, conforming terminology, revision of forms, changes to facilitate information exchange and other similar amendments.

DEFINITIONS

As used in this Policy, the following terms are defined as follows:

1. "Placement Agent" as used in this policy is defined in Government Code section 7513.8. (See attached Exhibit A.)
2. "External Manager" as used in this policy is defined in Government Code section 7513.8. (See attached Exhibit A.)
3. "Board" means the Board of Retirement of the Kern County Employees' Retirement Association, including elected alternates.
4. "Consultant" as used in this policy refers to any KCERA Investment consultant.

APPLICATION

This Policy applies to all agreements with External Managers that are entered into after the date this Policy is adopted. This Policy also applies to existing agreements with External Managers if, after the date this Policy is adopted, the agreement is amended in any way. In the case of an amendment, the disclosure provisions of this Policy shall apply to the amendment and not to the original agreement.

DISCLOSURE REGARDING PLACEMENT AGENT RELATIONSHIP

Each External Manager is responsible for providing, in a form acceptable to the KCERA's Chief Executive Officer and its legal counsel, a statement that the External Manager has not used a Placement Agent in connection with KCERA's investment, or if the External Manager has used a Placement Agent, a statement disclosing the following:

1. Whether the External Manager, or any of its principals, employees, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any person (whether or not employed by the External Manager) or entity to act as a Placement Agent in connection with any investment by KCERA;
2. A resume for each partner, officer, or principal of the Placement Agent (and any employee providing similar services) detailing the person's education, professional designations, regulatory licenses, and investment and work experience. If any such person is a current or former KCERA Board member, [KCERA](#) employee or [KCERA](#) Consultant or a member of the immediate family of any such person, this fact shall be specifically noted;
3. A description of any and all compensation of any kind provided, or agreed to be provided, to the Placement Agent including the nature, timing and value thereof;
4. A description of the services to be performed by the Placement Agent and a statement as to whether the Placement Agent is utilized by the External Manager with all prospective clients or only with a subset of the External Manager's prospective clients;
5. A representation that the fee is the sole obligation of the External Manager and not of KCERA, the investment vehicle, or any investor(s) in the investment vehicle;
6. The name(s) of current or former KCERA Board member(s), [KCERA](#) employee(s), or [KCERA](#) eConsultants or member(s) of the immediate family of any such person that are employed or receiving compensation of any kind provided, or agreed to be provided, directly or indirectly, from the Placement Agent;

7. The name(s) of any current or former KCERA Board member(s), [KCERA employee\(s\)](#) or [KCERA eConsultant\(s\)](#) who suggested the retention of the Placement Agent;
8. A statement whether the Placement Agent, or any of its affiliates, are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar state regulatory agency, or any similar regulatory agency in a country other than the United States, and the details of that registration or explanation as to why no registration is required;
9. A statement whether the Placement Agent, or any of its affiliates, is registered (or is required to be registered as of a date certain) as a lobbyist with any state or national government; and
10. A copy of any and all agreements between the External Manager and the Placement Agent that relate to any activities affecting KCERA.

The External Manager shall represent and warrant the accuracy of the information disclosed to KCERA and has an on-going obligation to update any such information within ten (10) business days of the change in information.

DISCLOSURE OF CAMPAIGN CONTRIBUTIONS AND GIFTS

Each Placement Agent shall, prior to acting as a Placement Agent, disclose to KCERA (1) all campaign contributions made by the Placement Agent to any elected KCERA Board member during the prior 24- month period and the date on which such contribution was made and (2) all gifts, as defined in Government Code section 82028, given by the Placement Agent to any KCERA Board member, [KCERA employee\(s\)](#) or [KCERA eConsultant\(s\)](#) or immediate family members of any such person during the prior 24-month period and the date on which such gift was given. Additionally, any subsequent campaign contribution or gift made by the Placement Agent to any KCERA Board member, [KCERA employee\(s\)](#) or [KCERA eConsultant\(s\)](#) during the time the Placement Agent is receiving compensation in connection with a KCERA investment shall also be disclosed. The External Manager shall be responsible for communicating this disclosure requirement to its Placement Agent.

ENFORCEMENT OF POLICY

Any External Manager or Placement Agent that violates this Policy shall not solicit new investments from KCERA for five (5) years after the violation was committed. However, this prohibition may be reduced by a majority vote of the KCERA Board of Retirement at a public session upon a showing of good cause.

KCERA shall not enter into any agreement with an External Manager that does not agree in writing to comply with this Policy.

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In the event a Placement Agent is expected to receive compensation in connection with KCERA's investment with an External Manager, the Chief Executive Officer, or his/her designee, will so notify the Board in a written memorandum prior to execution of an agreement with the External Manager. If an External Manager breaches this Policy, the Chief Executive Officer, or his/her designee, will notify the Board in a timely manner.

DRAFT

EXHIBIT A

Government Code section 7513.8. Definitions

As used in this section and Sections 7513.85, 7513.86, 7513.87, 7513.9, and 7513.95:

- (a) "Board" means the retirement board of a public pension or retirement system, as defined in subdivision (h) of Section 17 of Article XVI of the California Constitution.
- (b) "External manager" means either of the following:
 - (1) A person who is seeking to be, or is, retained by a board or an investment vehicle to manage a portfolio of securities or other assets for compensation.
 - (2) A person who manages an investment fund and who offers or sells, or has offered or sold, an ownership interest in the investment fund to a board or an investment vehicle.
- (c)(1) "Investment fund" means a private equity fund, public equity fund, venture capital fund, hedge fund, fixed income fund, real estate fund, infrastructure fund, or similar pooled investment entity that is, or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, owning, holding, or trading securities or other assets.
 - (2) Notwithstanding paragraph (1), an investment company that is registered with the Securities Exchange Commission pursuant to the Investment Company Act of 1940 (15 U.S.C Sec. 80a-1 et seq.) and that makes a public offering of its securities is not an investment fund.
- (d) "Investment vehicle" means a corporation, partnership, limited partnership, limited liability company, association, or other entity, either domestic or foreign, managed by an external manager in which a board is the majority investor and that is organized in order to invest with, or retain the investment management services of, other external managers.
- (e) "Person" means an individual, corporation, partnership, limited partnership, limited liability company, or association, either domestic or foreign.
- (f)(1) "Placement agent" means any person directly or indirectly hired, engaged, or retained by, or serving for the benefit of or on behalf of, an external manager, or an investment fund managed by an external manager, and who acts or has acted for compensation as a finder, solicitor, marketer, consultant, broker, or other intermediary in connection with the offer or sale to a board or an investment vehicle, either of the following:

- |
- (A) In the case of an external manager within the meaning of paragraph (1) of subdivision (b), the investment management services of the external manager.
 - (B) In the case of an external manager within the meaning of paragraph (2) of subdivision (b), an ownership interest in an investment fund managed by the external manager.
- (2) Notwithstanding paragraph (1), an individual who is an employee, officer, director, equity holder, partner, member, or trustee of an external manager and who spends one-third or more of his or her time, during a calendar year, managing the securities or assets owned, controlled, invested, or held by the external manager is not a placement agent.

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POLICY REVIEW AND HISTORY

- 1) This policy shall be reviewed at least every five (5) years.
 - 2) This policy was:
 - a) Adopted by the Board on March 9, 2016.
 - b) Reviewed and amended by the Board on March 13, 2019; ~~and June 8, 2022;~~ and [].
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DRAFT

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION DISCLOSURE STATEMENT REGARDING USE OF PLACEMENT AGENTS

The undersigned is a current or proposed "External Manager" for the Kern County Employees' Retirement Association ("KCERA"), as defined under KCERA's Placement Agent Policy, adopted March 9, 2016 ("Policy"). We have received a copy of the Policy from KCERA. We hereby disclose to KCERA the following information, which we represent and warrant to be true and correct as of the date hereof:

1. Neither we nor any of our principals, employees, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any person (whether or not employed by us) or entity to act as a Placement Agent (as defined in the Policy) in connection with any investment by KCERA, **except as disclosed on Attachment 1 to this Disclosure Statement.**

[IF THERE IS NOTHING TO DISCLOSE IN ATTACHMENT 1, ITEMS 2-7 DO NOT APPLY.]

2. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 2 to this Disclosure Statement a resume for each officer, partner or principal of the Placement Agent (and any employee providing similar services) detailing the person's education, professional designations, regulatory licenses and investment and work experience, and whether any such person is a current or former KCERA Board member(s), [KCERA](#) employee(s) or [KCERA](#) Consultant(s) or a member of the immediate family of any such person.
3. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 3 to this Disclosure Statement a description of any and all compensation of any kind we have provided or have agreed to provide to a Placement Agent, including the nature, timing and value thereof.
4. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 4 to this Disclosure Statement a description of the services to be performed by the Placement Agent.
5. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 5 to this Disclosure Statement a copy of any and all agreements between us and the Placement Agent.
6. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 6 to this Disclosure Statement the names of any current or former KCERA Board member(s), [KCERA](#) employee(s), or [KCERA](#) Consultant(s) who suggested the retention of the Placement Agent.
7. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 7 to this Disclosure Statement a statement whether the Placement Agent or any of

its affiliates are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar regulatory agent in a country other than the United States and the details of such registration or explanation of why no registration is required.

We further represent and warrant as follows:

- A. We shall provide an update of any changes to any of the information included in this Disclosure Statement within ten (10) business days of the occurrence of the change in information.
- B. We shall use our best efforts to cause our engaged Placement Agent, if any, prior to acting as a Placement Agent with regard to KCERA, to disclose to KCERA in writing any campaign contribution, gift or other item of value made or given to any member of the KCERA Board or Staff, or Consultant (as defined in the Policy), during the prior twenty-four month period.
- C. We shall use our best efforts to cause our engaged Placement Agent, during the time it is receiving compensation in connection with a KCERA investment, to disclose to KCERA any campaign contribution, gift or other item of value made or given to any member of the KCERA Board or Staff, or Consultant, during such period.

Dated: _____

EXTERNAL MANAGER

Name of Entity

By: _____
Authorized Signatory

Print Name: _____

Title: _____

ALTERNATIVE INVESTMENTS RECORDS

EXEMPT FROM PUBLIC DISCLOSURE

**(California Government Code Section 7928.710)
(California Government Code Section 7922.000)
(California Government Code Section 54957.5)**

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KCERA

Asset Allocation Review

April 2026

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Executive Summary

- › The annual strategic asset allocation review provides an opportunity to evaluate alternative asset mixes, based on updated capital market assumptions
- › Modest adjustments were made to the hedge fund CMAs to better reflect KCERA's specific implementation approach
- › 2026 modeling aligns with and supports the view that a reduction in Treasuries and an increase Hedge Funds improves the expected portfolio outcome

Capital Market Assumptions

Methodology

SUMMARY OF THE CERITY PARTNERS APPROACH

Asset	Return Methodology	Volatility Methodology*
Inflation	25% weight to the University of Michigan Survey 5-10 year ahead inflation expectation and the Survey of Professional Forecasters (Fed Survey), and the remaining 50% to the market's expectation for inflation as observed through the 10-year TIPS breakeven rate	-
Cash	1/3 * current federal funds rate + 1/3 * U.S. 10-year Treasury yield + 1/3 * Federal Reserve long-term interest rate target	Long-term volatility
Bonds	Nominal bonds: current yield; Real bonds: real yield + inflation forecast	Long-term volatility
International Bonds	Current yield	Long-term volatility
Credit	Current option-adjusted spread + U.S. 10-year Treasury – effective default rate	Long-term volatility
International Credit	Current option-adjusted spread + foreign 10-year Treasury – effective default rate	Long-term volatility
Private Credit	Levered gross return (SOFR + spread + original issuance discounts) – management fees – carried interest	Estimated volatility
Equity	Current yield + real earnings growth (historical average) + inflation on earnings (inflation forecast) + expected P/E change	Long-term volatility
Intl Developed Equity	Current yield + real earnings growth (historical average) + inflation on earnings (intl. inflation forecast) + expected P/E change	Long-term volatility
Private Equity**	US large cap domestic equity forecast * 1.85 beta adjustment	Implied annualized volatility, using actual historical private equity performance distribution
Commodities	Collateral return (cash) + spot return (inflation forecast) + roll return (assumed to be zero)	Long-term volatility
Hedge Funds	Return coming from traditional market betas + historical idiosyncratic/alpha return	Long-term volatility
Core Real Estate	Cap rate + real income growth – capex + inflation forecast	65% of REIT volatility
REITs	Core real estate	Long-term volatility
Value-Add Real Estate	Core real estate + 2%	Volatility to produce Sharpe Ratio (g) equal to core real estate
Opportunistic Real Estate	Core real estate + 3%	Volatility to produce Sharpe Ratio (g) equal to core real estate
Infrastructure	Current yield + real income growth + inflation on earnings (inflation forecast)	Long-term volatility
Risk Parity	Modeled as the 10-year return expectations of a <i>representative selection of Risk Parity strategy exposures</i>	Target volatility

- › We use a fundamental building block approach to forecast asset class returns, based on several inputs. These include practitioner best-in-class thinking, historical data, and academic research. Each year Cerity Partners conducts an in-depth review of our methodology, analyzing new industry research findings and evaluating alternative forecasting approaches to determine whether an improvement to our methodology might be warranted. We maintain flexibility and openness to adjusting our approach if strong evidence suggests change is appropriate.
- › For most asset classes, we use the long-term historical volatility after adjusting for autocorrelation.
- › Correlations between asset classes are calculated based on the last decade. For certain illiquid assets we use a Bloomberg factor model and adjustments for price lags to forecast correlations.

*Long-term historical volatility data is adjusted for autocorrelation (see Appendix) **Private Equity is modeled assuming an 8.0% floor for expected return, and a 3% return premium ceiling over U.S. Large Cap Equity. These adjustments are in place to recognize that higher interest rates (cost of leverage) act as a drag on expected Private Equity returns but that this drag has had limits historically, and to recognize that future Private Equity total universe performance is likely to be more anchored to public equity performance than in past times, given a more competitive market environment

10-year return & risk assumptions

Asset Class	Index Proxy	Ten Year Return Forecast		Standard Deviation Forecast	Sharpe Ratio Forecast (g)	Sharpe Ratio Forecast (a)	10-Year Historical Sharpe Ratio (g)	10-Year Historical Sharpe Ratio (a)
		Geometric	Arithmetic					
Equities								
U.S. Large	S&P 500	5.4%	6.5%	15.5%	0.10	0.17	0.86	0.88
U.S. Small	Russell 2000	6.4%	8.4%	21.2%	0.12	0.22	0.37	0.45
International Developed	MSCI EAFE	6.8%	8.2%	17.4%	0.17	0.25	0.44	0.50
International Small	MSCI EAFE Small Cap	9.4%	11.4%	21.2%	0.26	0.36	0.35	0.42
Emerging Markets	MSCI EM	6.7%	9.3%	24.2%	0.12	0.23	0.38	0.45
Global Equity	MSCI ACWI	6.0%	7.3%	16.6%	0.13	0.21	0.67	0.70
Global Equity ex USA	MSCI ACWI ex USA	6.9%	8.6%	19.2%	0.16	0.25	0.42	0.47
Private Equity	CA Private Equity	8.0%	10.9%	26.0%	0.16	0.27	-	-
Private Equity Direct	CA Private Equity	9.0%	11.9%	26.0%	0.20	0.31	-	-
Private Equity (FoF)	CA Private Equity	7.0%	10.0%	26.0%	0.12	0.24	-	-
Fixed Income								
Cash	30 Day T-Bills	3.7%	3.7%	1.1%	-	-	-	-
U.S. TIPS	Bloomberg U.S. TIPS 5-10	4.5%	4.7%	5.5%	0.13	0.16	0.18	0.20
Non-U.S. Inflation Linked Bonds	Bbg World Govt. Inf Linked Bond ex U.S.	4.1%	3.7%	7.3%	0.04	-0.01	-0.04	-0.01
U.S. Treasury	Bloomberg Treasury 7-10 Year	4.2%	4.4%	7.1%	0.06	0.08	-0.15	-0.11
Long U.S. Treasury	Bloomberg Treasury 20+ Year	4.7%	5.6%	13.4%	0.07	0.13	-0.19	-0.13
Global Sovereign ex U.S.	Bloomberg Global Treasury ex U.S.	2.7%	3.2%	9.9%	-0.11	-0.06	-0.26	-0.21
Global Aggregate	Bloomberg Global Aggregate	3.8%	4.0%	6.6%	0.00	0.03	-0.15	-0.11
Core Fixed Income	Bloomberg U.S. Aggregate Bond	4.7%	4.8%	4.9%	0.18	0.20	-0.05	-0.02
Core Plus Fixed Income	Bloomberg U.S. Universal	4.8%	4.9%	4.6%	0.22	0.24	0.04	0.06
Investment Grade Corp. Credit	Bloomberg U.S. Corporate Investment Grade	4.8%	5.1%	8.3%	0.12	0.16	0.15	0.18
Short-Term Gov't/Credit	Bloomberg U.S. Gov't/Credit 1-3 Year	4.2%	4.3%	3.6%	0.11	0.14	-0.10	-0.09
Short-Term Credit	Bloomberg Credit 1-3 Year	4.4%	4.5%	3.6%	0.17	0.19	0.23	0.24
Intermediate Credit	Bloomberg U.S. Intermediate Credit	4.6%	4.8%	5.9%	0.14	0.17	0.21	0.22
Long-Term Credit	Bloomberg Long U.S. Credit	4.7%	5.3%	11.0%	0.08	0.14	0.11	0.16
High Yield Corp. Credit	Bloomberg U.S. Corporate High Yield	5.7%	6.2%	10.7%	0.18	0.22	0.55	0.56
Bank Loans	Morningstar LSTA US Leveraged Loan	6.1%	6.5%	8.7%	0.26	0.31	0.62	0.63
Global Credit	Bloomberg Global Credit	4.3%	4.6%	7.7%	0.06	0.10	0.13	0.16
Emerging Markets Debt (Hard)	JPM EMBI Global Diversified	7.4%	7.8%	10.5%	0.35	0.38	0.23	0.27
Emerging Markets Debt (Local)	JPM GBI-EM Global Diversified	5.6%	6.3%	12.1%	0.16	0.21	0.13	0.19
Securitized Credit	Bbg U.S. Securitized: MBS, ABS, and CMBS	5.1%	5.2%	4.0%	0.35	0.35	-0.12	-0.09
Multi-Asset Credit	50/50 (High Yield / Bank Loans)	5.9%	6.4%	9.3%	0.23	0.27	-	-

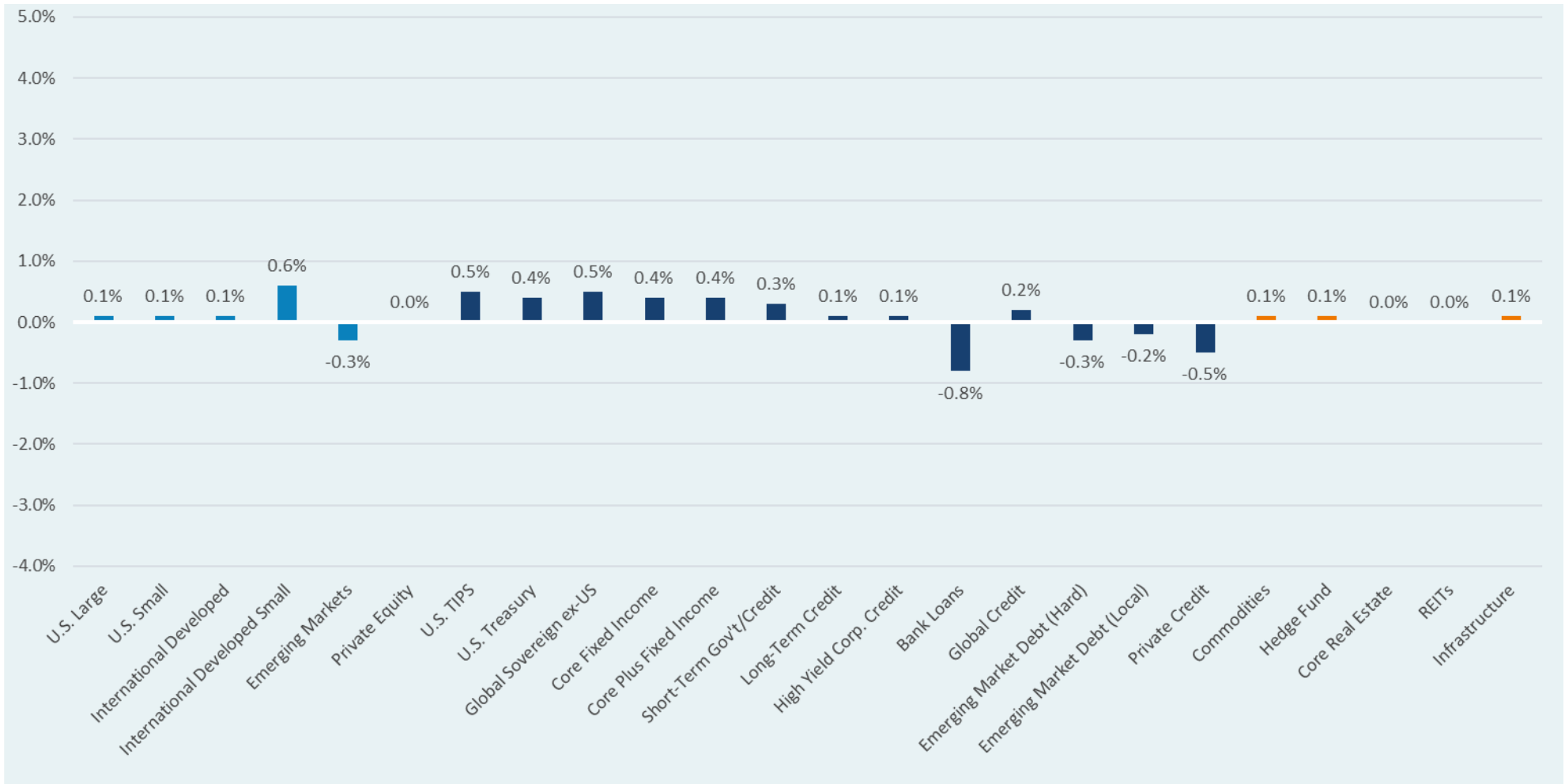
Investors wishing to produce expected geometric return forecasts for their portfolios should use the arithmetic return forecasts provided here as inputs into that calculation, rather than the single-asset-class geometric return forecasts. This is the industry standard approach but requires a complex explanation only a heavy quant could love, so we have chosen not to provide further details in this document – we will happily provide those details to any readers of this who are interested.

10-year return & risk assumptions

Asset Class	Index Proxy	Ten Year Return Forecast		Standard Deviation Forecast	Sharpe Ratio Forecast (g)	Sharpe Ratio Forecast (a)	10-Year Historical Sharpe Ratio (g)	10-Year Historical Sharpe Ratio (a)
		Geometric	Arithmetic					
Fixed Income (continued)								
Private Credit	Morningstar LSTA US Leveraged Loan	7.7%	8.5%	13.3%	0.29	0.35	-	-
Private Credit (Direct Lending - Unlevered)	Morningstar LSTA US Leveraged Loan	6.3%	6.7%	8.7%	0.29	0.33	-	-
Private Credit (Direct Lending - Levered)	Morningstar LSTA US Leveraged Loan	7.4%	8.1%	12.3%	0.29	0.35	-	-
Private Credit (Credit Opportunities)	Morningstar LSTA US Leveraged Loan	8.4%	9.6%	16.0%	0.29	0.36	-	-
Private Credit (Junior Capital / Mezzanine)	Morningstar LSTA US Leveraged Loan	7.8%	8.7%	14.0%	0.29	0.35	-	-
Private Credit (Distressed)	Morningstar LSTA US Leveraged Loan	8.6%	12.2%	29.1%	0.16	0.29	-	-
Other								
Commodities	Bloomberg Commodity	6.4%	7.7%	15.8%	0.17	0.25	0.14	0.20
Hedge Funds	HFRI Fund Weighted Composite	5.1%	5.4%	7.5%	0.17	0.21	0.70	0.70
Hedge Fund of Funds	HFRI Fund of Funds Composite	4.1%	4.4%	7.5%	0.04	0.08	0.50	0.51
Hedge Funds (Equity Style)	Custom HFRI Benchmark Mix*	5.4%	6.3%	14.0%	0.11	0.18	0.50	0.53
Hedge Funds (Credit Style)	Custom HFRI Benchmark Mix*	5.3%	5.7%	9.3%	0.16	0.20	0.77	0.77
Hedge Funds (Asymmetric Style)	Custom HFRI Benchmark Mix*	5.3%	5.6%	6.3%	0.25	0.29	0.63	0.63
Real Estate Debt	Bloomberg CMBS IG	6.3%	6.6%	7.3%	0.34	0.38	0.12	0.14
Core Real Estate	NCREIF Property	7.2%	7.9%	11.7%	0.29	0.35	-	-
Value-Add Real Estate	NCREIF Property + 200bps	9.2%	10.2%	14.4%	0.38	0.44	-	-
Opportunistic Real Estate	NCREIF Property + 300bps	10.2%	12.0%	19.8%	0.32	0.41	-	-
REITs	FTSE Nareit Equity REITs	7.2%	8.8%	18.0%	0.19	0.28	0.25	0.33
Global Infrastructure	S&P Global Infrastructure	8.2%	9.5%	16.5%	0.27	0.35	0.44	0.50
Risk Parity**	S&P Risk Parity 10% Vol Index	6.9%	7.4%	10.0%	0.32	0.36	0.52	0.55
Currency Beta	MSCI Currency Factor Index	2.1%	2.2%	3.3%	-0.52	-0.48	-0.74	-0.72
Inflation		2.7%	-	-	-	-	-	-
60/40 Portfolio (Global Equity / Core Fixed)		5.7%	6.3%	11.0%	0.17	0.23	0.62	0.60

Investors wishing to produce expected geometric return forecasts for their portfolios should use the arithmetic return forecasts provided here as inputs into that calculation, rather than the single-asset-class geometric return forecasts. This is the industry standard approach but requires a complex explanation only a heavy quant could love, so we have chosen not to provide further details in this document – we will happily provide those details to any readers of this who are interested. *To represent hedge fund styles, we use a combination of HFRI benchmarks: Equity Style = 33% HFRI Fundamental Growth, 33% HFRI Fundamental Value, 33% HFRI Activist. Credit Style = 20% HFRI Distressed/Restructuring, 20% HFRI Credit Arbitrage, 20% HFRI Fixed Income-Corporate, 20% HFRI Fixed Income-Convertible Arbitrage, 20% HFRI Fixed Income-Asset Backed. Asymmetric Style = 50% HFRI Relative Value, 50% HFRI Macro**The Risk Parity forecast shown here assumes a 10% target volatility strategy. We recommend customizing this forecast to the target volatility specifications of the risk parity strategy that an investor wishes to model. Please speak with your Cerity Partners consultants for customization needs.

2026 vs. 2025 Return Forecast



Source: Cerity Partners, 2026 Capital Market Assumptions relative to 2025 Capital Market Assumptions

Strategic Asset Allocation

Mean variance analysis

#1: Using original CMA's

Cerity Partners 2026 CMA's (10 Yr)						
	Current Policy					
	2026	Proposed Policy	Return (g)	Return (a)	Standard Deviation	Sharpe Ratio (g)
Global Equity	34.0	34.0	6.0	7.3	16.6	0.13
Total Equity	34.0	34.0				
Core Fixed Income	4.0	4.0	4.7	4.8	4.9	0.18
US Treasury	3.0	3.0	4.2	4.4	7.1	0.06
US Long Treasury	4.0	2.0	4.7	5.6	13.4	0.07
Short-Term Gov't/Credit	4.0	4.0	4.2	4.3	3.6	0.11
Bank Loans	2.5	2.5	6.1	6.5	8.7	0.26
Emerging Market Debt (Hard)	2.5	2.5	7.4	7.8	10.5	0.35
Securitized Credit	5.0	5.0	5.1	5.2	4.0	0.35
Total Fixed Income	25.0	23.0				
Commodities	5.0	5.0	6.4	7.7	15.8	0.17
Core Real Estate	7.0	7.0	7.2	7.9	11.7	0.29
Private Real Assets	5.0	5.0	9.2	10.2	14.4	0.38
Total Real Assets	17.0	17.0				
Hedge Fund	10.0	12.0	5.1	5.4	7.5	0.17
Alpha Pool	2.5	2.5				
Private Equity (Direct)	6.0	6.0	9.0	11.9	26.0	0.20
Private Credit	8.0	8.0	7.7	8.5	13.3	0.29
Total Non-Public Investments	26.5	28.5				
Cash	-2.5	-2.5	3.7	3.7	1.1	-
Total Allocation	100	100				
Mean Variance Analysis						
Forecast 10 Year Return	6.9	6.9				
Standard Deviation	10.5	10.6				
Return/Std. Deviation	0.7	0.7				
1st percentile ret. 1 year	-14.7	-14.9				
Sharpe Ratio (g)	0.30	0.30				

- › The proposed policy mix modestly reduces Treasury exposure in favor of Hedge Fund exposure.
- › Based on Verus original CMA's, the analysis shows a slight increase in expected risk with no measurable improvement in expected return.

Source: MPI, Cerity Partners

Mean variance analysis

#2: Updated analysis with correlations set to 2021-2024 and modeling hedge funds as asymmetric

Cerity Partners 2026 CMA's (10 Yr)						
	Current Policy 2026	Proposed Policy	Return (g)	Return (a)	Standard Deviation	Sharpe Ratio (g)
Global Equity	34.0	34.0	6.0	7.3	16.6	0.13
Total Equity	34.0	34.0				
Core Fixed Income	4.0	4.0	4.7	4.8	4.9	0.18
US Treasury	3.0	3.0	4.2	4.4	7.1	0.06
US Long Treasury	4.0	2.0	4.7	5.6	13.4	0.07
Short-Term Gov't/Credit	4.0	4.0	4.2	4.3	3.6	0.11
Bank Loans	2.5	2.5	6.1	6.5	8.7	0.26
Emerging Market Debt (Hard)	2.5	2.5	7.4	7.8	10.5	0.35
Securitized Credit	5.0	5.0	5.1	5.2	4.0	0.35
Total Fixed Income	25.0	23.0				
Commodities	5.0	5.0	6.4	7.7	15.8	0.17
Core Real Estate	7.0	7.0	7.2	7.9	11.7	0.29
Private Real Assets	5.0	5.0	9.2	10.2	14.4	0.38
Total Real Assets	17.0	17.0				
Hedge Fund (Asymmetric)	10.0	12.0	5.3	5.6	6.3	0.25
Alpha Pool	2.5	2.5				
Private Equity (Direct)	6.0	6.0	9.0	11.9	26.0	0.20
Private Credit	8.0	8.0	7.7	8.5	13.3	0.29
Total Non-Public Investments	26.5	28.5				
Cash	-2.5	-2.5	3.7	3.7	1.1	-
Total Allocation	100	100				
Mean Variance Analysis						
Forecast 10 Year Return	6.9	6.9				
Standard Deviation	10.2	10.1				
Return/Std. Deviation	0.7	0.7				
1st percentile ret. 1 year	-14.3	-14.1				
Sharpe Ratio (g)	0.32	0.32				

- › Adjusting the Hedge Fund CMA to better reflect KCERA's implementation approach provides a more favorable expected outcome.

Source: MPI, Cerity Partners

Recommended SAA targets and allowable ranges

Cerity Partners and KCERA Investment Staff recommend adopting the Proposed Policy targets and ranges.

Asset Class	Proposed Policy	Range
Domestic		12 - 29%
International Developed		5 - 19%
Emerging Markets		0 - 10%
Global Public Equity	34.0	24- 46%
Core Fixed Income	4.0	
US Treasury	3.0	
US Long Treasury	2.0	
Short-Term Gov't/Credit	4.0	
TOTAL CORE	13.0	8 - 23%
Bank Loans	2.5	
Emerging Market Debt (Hard)	2.5	
Securitized Credit	5.0	
TOTAL CREDIT	10.0	5 - 15%
Total Fixed Income	23.0	13 - 33%
Commodities	5.0	0 - 9%
Core Real Estate	7.0	2 - 10%
Private Real Assets	5.0	0 - 10%
Total Real Assets	17.0	
Hedge Fund	12.0	7 - 17%
Alpha Pool	2.5	0 - 5%
Private Equity	6.0	0 - 11%
Private Credit	8.0	0 - 13%
Total Non-Public Investments	28.5	
Cash	-2.5	

Appendix

10-year return & risk assumptions

Asset Class	Index Proxy	Ten Year Return Forecast		Standard Deviation Forecast	Sharpe Ratio Forecast (g)	Sharpe Ratio Forecast (a)	10-Year Historical Sharpe Ratio (g)	10-Year Historical Sharpe Ratio (a)
		Geometric	Arithmetic					
Equities								
U.S. Large	S&P 500	5.4%	6.5%	15.5%	0.10	0.17	0.86	0.88
U.S. Small	Russell 2000	6.4%	8.4%	21.2%	0.12	0.22	0.37	0.45
International Developed	MSCI EAFE	6.8%	8.2%	17.4%	0.17	0.25	0.44	0.50
International Small	MSCI EAFE Small Cap	9.4%	11.4%	21.2%	0.26	0.36	0.35	0.42
Emerging Markets	MSCI EM	6.7%	9.3%	24.2%	0.12	0.23	0.38	0.45
Global Equity	MSCI ACWI	6.0%	7.3%	16.6%	0.13	0.21	0.67	0.70
Global Equity ex USA	MSCI ACWI ex USA	6.9%	8.6%	19.2%	0.16	0.25	0.42	0.47
Private Equity	CA Private Equity	8.0%	10.9%	26.0%	0.16	0.27	-	-
Private Equity Direct	CA Private Equity	9.0%	11.9%	26.0%	0.20	0.31	-	-
Private Equity (FoF)	CA Private Equity	7.0%	10.0%	26.0%	0.12	0.24	-	-
Fixed Income								
Cash	30 Day T-Bills	3.7%	3.7%	1.1%	-	-	-	-
U.S. TIPS	Bloomberg U.S. TIPS 5-10	4.5%	4.7%	5.5%	0.13	0.16	0.18	0.20
Non-U.S. Inflation Linked Bonds	Bbg World Govt. Inf Linked Bond ex U.S.	4.1%	3.7%	7.3%	0.04	-0.01	-0.04	-0.01
U.S. Treasury	Bloomberg Treasury 7-10 Year	4.2%	4.4%	7.1%	0.06	0.08	-0.15	-0.11
Long U.S. Treasury	Bloomberg Treasury 20+ Year	4.7%	5.6%	13.4%	0.07	0.13	-0.19	-0.13
Global Sovereign ex U.S.	Bloomberg Global Treasury ex U.S.	2.7%	3.2%	9.9%	-0.11	-0.06	-0.26	-0.21
Global Aggregate	Bloomberg Global Aggregate	3.8%	4.0%	6.6%	0.00	0.03	-0.15	-0.11
Core Fixed Income	Bloomberg U.S. Aggregate Bond	4.7%	4.8%	4.9%	0.18	0.20	-0.05	-0.02
Core Plus Fixed Income	Bloomberg U.S. Universal	4.8%	4.9%	4.6%	0.22	0.24	0.04	0.06
Investment Grade Corp. Credit	Bloomberg U.S. Corporate Investment Grade	4.8%	5.1%	8.3%	0.12	0.16	0.15	0.18
Short-Term Gov't/Credit	Bloomberg U.S. Gov't/Credit 1-3 Year	4.2%	4.3%	3.6%	0.11	0.14	-0.10	-0.09
Short-Term Credit	Bloomberg Credit 1-3 Year	4.4%	4.5%	3.6%	0.17	0.19	0.23	0.24
Intermediate Credit	Bloomberg U.S. Intermediate Credit	4.6%	4.8%	5.9%	0.14	0.17	0.21	0.22
Long-Term Credit	Bloomberg Long U.S. Credit	4.7%	5.3%	11.0%	0.08	0.14	0.11	0.16
High Yield Corp. Credit	Bloomberg U.S. Corporate High Yield	5.7%	6.2%	10.7%	0.18	0.22	0.55	0.56
Bank Loans	Morningstar LSTA US Leveraged Loan	6.1%	6.5%	8.7%	0.26	0.31	0.62	0.63
Global Credit	Bloomberg Global Credit	4.3%	4.6%	7.7%	0.06	0.10	0.13	0.16
Emerging Markets Debt (Hard)	JPM EMBI Global Diversified	7.4%	7.8%	10.5%	0.35	0.38	0.23	0.27
Emerging Markets Debt (Local)	JPM GBI-EM Global Diversified	5.6%	6.3%	12.1%	0.16	0.21	0.13	0.19
Securitized Credit	Bbg U.S. Securitized: MBS, ABS, and CMBS	5.1%	5.2%	4.0%	0.35	0.35	-0.12	-0.09
Multi-Asset Credit	50/50 (High Yield / Bank Loans)	5.9%	6.4%	9.3%	0.23	0.27	-	-

Investors wishing to produce expected geometric return forecasts for their portfolios should use the arithmetic return forecasts provided here as inputs into that calculation, rather than the single-asset-class geometric return forecasts. This is the industry standard approach, but requires a complex explanation only a heavy quant could love, so we have chosen not to provide further details in this document – we will happily provide those details to any readers of this who are interested.

10-year return & risk assumptions

Asset Class	Index Proxy	Ten Year Return Forecast		Standard Deviation Forecast	Sharpe Ratio Forecast (g)	Sharpe Ratio Forecast (a)	10-Year Historical Sharpe Ratio (g)	10-Year Historical Sharpe Ratio (a)
		Geometric	Arithmetic					
Fixed Income (continued)								
Private Credit	Morningstar LSTA US Leveraged Loan	7.7%	8.5%	13.3%	0.29	0.35	-	-
Private Credit (Direct Lending - Unlevered)	Morningstar LSTA US Leveraged Loan	6.3%	6.7%	8.7%	0.29	0.33	-	-
Private Credit (Direct Lending - Levered)	Morningstar LSTA US Leveraged Loan	7.4%	8.1%	12.3%	0.29	0.35	-	-
Private Credit (Credit Opportunities)	Morningstar LSTA US Leveraged Loan	8.4%	9.6%	16.0%	0.29	0.36	-	-
Private Credit (Junior Capital / Mezzanine)	Morningstar LSTA US Leveraged Loan	7.8%	8.7%	14.0%	0.29	0.35	-	-
Private Credit (Distressed)	Morningstar LSTA US Leveraged Loan	8.6%	12.2%	29.1%	0.16	0.29	-	-
Other								
Commodities	Bloomberg Commodity	6.4%	7.7%	15.8%	0.17	0.25	0.14	0.20
Hedge Funds	HFRI Fund Weighted Composite	5.1%	5.4%	7.5%	0.17	0.21	0.70	0.70
Hedge Fund of Funds	HFRI Fund of Funds Composite	4.1%	4.4%	7.5%	0.04	0.08	0.50	0.51
Hedge Funds (Equity Style)	Custom HFRI Benchmark Mix*	5.4%	6.3%	14.0%	0.11	0.18	0.50	0.53
Hedge Funds (Credit Style)	Custom HFRI Benchmark Mix*	5.3%	5.7%	9.3%	0.16	0.20	0.77	0.77
Hedge Funds (Asymmetric Style)	Custom HFRI Benchmark Mix*	5.3%	5.6%	6.3%	0.25	0.29	0.63	0.63
Real Estate Debt	Bloomberg CMBS IG	6.3%	6.6%	7.3%	0.34	0.38	0.12	0.14
Core Real Estate	NCREIF Property	7.2%	7.9%	11.7%	0.29	0.35	-	-
Value-Add Real Estate	NCREIF Property + 200bps	9.2%	10.2%	14.4%	0.38	0.44	-	-
Opportunistic Real Estate	NCREIF Property + 300bps	10.2%	12.0%	19.8%	0.32	0.41	-	-
REITs	FTSE Nareit Equity REITs	7.2%	8.8%	18.0%	0.19	0.28	0.25	0.33
Global Infrastructure	S&P Global Infrastructure	8.2%	9.5%	16.5%	0.27	0.35	0.44	0.50
Risk Parity**	S&P Risk Parity 10% Vol Index	6.9%	7.4%	10.0%	0.32	0.36	0.52	0.55
Currency Beta	MSCI Currency Factor Index	2.1%	2.2%	3.3%	-0.52	-0.48	-0.74	-0.72
Inflation		2.7%	-	-	-	-	-	-
60/40 Portfolio (Global Equity / Core Fixed)		5.7%	6.3%	11.0%	0.17	0.23	0.62	0.60

Investors wishing to produce expected geometric return forecasts for their portfolios should use the arithmetic return forecasts provided here as inputs into that calculation, rather than the single-asset-class geometric return forecasts. This is the industry standard approach, but requires a complex explanation only a heavy quant could love, so we have chosen not to provide further details in this document – we will happily provide those details to any readers of this who are interested. *To represent hedge fund styles, we use a combination of HFRI benchmarks: Equity Style = 33% HFRI Fundamental Growth, 33% HFRI Fundamental Value, 33% HFRI Activist. Credit Style = 20% HFRI Distressed/Restructuring, 20% HFRI Credit Arbitrage, 20% HFRI Fixed Income-Corporate, 20% HFRI Fixed Income-Convertible Arbitrage, 20% HFRI Fixed Income-Asset Backed. Asymmetric Style = 50% HFRI Relative Value, 50% HFRI Macro**The Risk Parity forecast shown here assumes a 10% target volatility strategy. We recommend customizing this forecast to the target volatility specifications of the risk parity strategy that an investor wishes to model. Please speak with your Cerity Partners consultants for customization needs.

Modeling Assumptions #1

<u>Cerity Partners CMA Mapping</u>	<u>KCERA Asset Class</u>	<u>Notes</u>
Global Equity	TOTAL EQUITY	
US Treasury	7-10 Year UST	
US Long Treasury	20+ Treasury	
Short-Term Gov't/Credit	Short-term IG	
Core Plus Fixed Income	Core Plus (PIMCO)	
Core Fixed Income	Core Fixed Income (Mellon Agg)	
Securitized Credit	Total Securitized	
Bank Loans	Total Bank Loans	
Emerging Market Debt	Total EMD	Current mix is a blend of Hard/Local. Other mixes are hard currency only
Commodities	TOTAL COMMODITIES	
Hedge Fund	TOTAL HEDGE FUND	Modeled as Hedge Fund
Alpha Pool (Hedge Fund)	TOTAL ALPHA POOL	Modeled as Hedge Fund
Core Real Estate	TOTAL CORE REAL ESTATE	
Value Add Real Estate	TOTAL PRIVATE REAL ASSET	Private Real Assets are proxied to Value add RE
Private Equity (Direct)	TOTAL PRIVATE EQUITY	
Private Credit	TOTAL PRIVATE CREDIT	Private credit is modeled as: 45% Direct Lending, 45% Credit Opportunities, and 10% Distressed
Opportunistic	TOTAL OPPORTUNISTIC	Opportunistic is shown in the current mix only. The manager Sixth Street TAO Partners is mapped to Credit Opportunities and the remaining opportunistic managers are mapped to global equities
Cash	TOTAL CASH	

Correlation assumptions

	Cash	US Large	US Small	Intl Large	Intl Small	EM	Global Equity	PE	US TIPS	US Treasury	Global Sovereign ex-US	US Core	Core Plus	Short-Term Gov't/Credit	Short-Term Credit	Long-Term Credit	US HY	Bank Loans	Global Credit	EMD USD	EMD Local	Commodities	Hedge Funds	Real Estate	REITs	Infrastructure	Currency Beta	Risk Parity	
Cash	1.0																												
US Large	0.0	1.0																											
US Small	-0.1	0.9	1.0																										
Intl Large	0.0	0.8	0.8	1.0																									
Intl Small	0.0	0.8	0.8	1.0	1.0																								
EM	0.0	0.7	0.6	0.8	0.8	1.0																							
Global Equity	0.0	1.0	0.9	0.9	0.9	0.8	1.0																						
PE	0.0	0.7	0.6	0.5	0.5	0.5	0.7	1.0																					
US TIPS	0.0	0.5	0.4	0.5	0.5	0.4	0.5	0.1	1.0																				
US Treasury	0.2	0.2	0.1	0.2	0.2	0.2	0.2	-0.1	0.8	1.0																			
Global Sovereign ex-US	0.1	0.4	0.3	0.5	0.6	0.6	0.5	0.1	0.7	0.7	1.0																		
US Core	0.2	0.4	0.3	0.4	0.4	0.4	0.4	0.1	0.8	0.9	0.8	1.0																	
Core Plus	0.1	0.5	0.4	0.5	0.5	0.5	0.5	0.1	0.9	0.9	0.8	1.0	1.0																
Short-Term Gov't/Credit	0.4	0.2	0.1	0.3	0.3	0.3	0.3	0.0	0.7	0.8	0.7	0.9	0.8	1.0															
Short-Term Credit	0.2	0.4	0.4	0.5	0.6	0.5	0.5	0.1	0.7	0.6	0.7	0.8	0.9	0.9	1.0														
Long-Term Credit	0.0	0.6	0.5	0.6	0.6	0.6	0.6	0.2	0.8	0.7	0.8	0.9	0.9	0.7	0.8	1.0													
US HY	0.0	0.8	0.8	0.8	0.8	0.7	0.8	0.4	0.6	0.2	0.5	0.5	0.6	0.4	0.7	0.7	1.0												
Bank Loans	0.0	0.6	0.7	0.6	0.7	0.6	0.6	0.3	0.3	-0.1	0.2	0.2	0.3	0.1	0.5	0.4	0.8	1.0											
Global Credit	0.0	0.6	0.6	0.8	0.8	0.7	0.7	0.2	0.8	0.6	0.8	0.8	0.9	0.7	0.9	0.9	0.8	0.6	1.0										
EMD USD	0.1	0.7	0.6	0.7	0.7	0.7	0.7	0.4	0.6	0.4	0.7	0.7	0.7	0.5	0.7	0.8	0.8	0.7	0.9	1.0									
EMD Local	0.1	0.5	0.4	0.7	0.7	0.8	0.7	0.4	0.5	0.3	0.7	0.5	0.6	0.4	0.6	0.7	0.7	0.5	0.8	0.8	1.0								
Commodities	-0.1	0.4	0.4	0.4	0.4	0.5	0.4	0.3	0.2	-0.2	0.1	0.0	0.0	-0.1	0.1	0.1	0.5	0.5	0.3	0.3	0.4	1.0							
Hedge Funds	-0.1	0.8	0.9	0.8	0.8	0.7	0.8	0.4	0.4	0.0	0.3	0.3	0.4	0.1	0.5	0.5	0.8	0.7	0.7	0.7	0.5	0.5	1.0						
Real Estate	-0.4	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.1	0.1	0.2	0.0	0.2	0.2	0.3	0.1	0.3	0.3	0.1	0.2	0.4	1.0					
REITs	-0.1	0.8	0.8	0.7	0.7	0.6	0.8	0.5	0.6	0.3	0.5	0.5	0.6	0.3	0.5	0.7	0.7	0.6	0.7	0.7	0.5	0.4	0.7	0.3	1.0				
Infrastructure	0.0	0.8	0.7	0.8	0.8	0.7	0.8	0.5	0.5	0.2	0.5	0.4	0.5	0.3	0.6	0.6	0.8	0.7	0.7	0.8	0.7	0.5	0.7	0.2	0.8	1.0			
Currency Beta	0.0	-0.1	-0.2	-0.2	-0.3	-0.2	-0.2	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	-0.2	-0.2	-0.1	-0.1	-0.2	-0.1	-0.2	1.0	
Risk Parity	0.0	0.8	0.7	0.8	0.8	0.7	0.8	0.5	0.7	0.5	0.6	0.6	0.7	0.5	0.7	0.7	0.8	0.6	0.8	0.8	0.6	0.5	0.7	0.3	0.8	0.8	-0.1	1.0	

Note: as of 9/30/25 - Correlation assumptions are based on the last ten years. Private Equity and Private Real Estate correlations are especially difficult to model due to appraisal-based pricing and lag issues that exist in the data. For Private Equity we use Bloomberg's Private Equity factor estimates to calculate correlation to other assets. For Private Real Estate we de-lag stated quarterly returns to better estimate correlations to other assets.

Modeling Assumptions #2

Verus CMA Mapping	KCERA Asset Class	Notes
Global Equity	TOTAL EQUITY	
US Treasury	7-10 Year UST	
US Long Treasury	20+ Treasury	
Short-Term Gov't/Credit	Short-term IG	
Core Plus Fixed Income	Core Plus (PIMCO)	
Core Fixed Income	Core Fixed Income (Mellon Agg)	
Securitized Credit	Total Securitized	
Bank Loans	Total Bank Loans	
Emerging Market Debt	Total EMD	Current mix is a blend of Hard/Local. Other mixes are hard currency only
Commodities	TOTAL COMMODITIES	
Hedge Fund	TOTAL HEDGE FUND	Modeled as Asymmetric Hedge Funds
Alpha Pool (Hedge Fund)	TOTAL ALPHA POOL	Modeled as Asymmetric Hedge Funds
Core Real Estate	TOTAL CORE REAL ESTATE	
Value Add Real Estate	TOTAL PRIVATE REAL ASSET	Private Real Assets are proxied to Value add RE
Private Equity (Direct)	TOTAL PRIVATE EQUITY	
Private Credit	TOTAL PRIVATE CREDIT	Private credit is modeled as: 45% Direct Lending, 45% Credit Opportunities, and 10% Distressed
Opportunistic	TOTAL OPPORTUNISTIC	Opportunistic is shown in the current mix only. The manager Sixth Street TAO Partners is mapped to Credit Opportunities and the remaining opportunistic managers are mapped to global equities
Cash	TOTAL CASH	

