



**SMMUSD Financial Oversight Committee Meeting Minutes**

**Date: Thursday, October 29, 2020**

**Time: 6:00 pm to 8:00 pm**

**Location: Zoom**

<https://drive.google.com/file/d/1am3mf5Nt0LazqnCf6se88sjXSHX8Au8t/view?usp=sharing>

**I. Call to Order**

6:02 pm

Committee Members: Matthew Covington joined @ 6:05 p.m.      Matthew Crawford  
Alex Farivar      Seth Jacobson  
Michael Kremer      Shawn Landres  
Marc Levis-Fitzgerald joined @ 6:21 p.m.      Renu Mevasse  
Melinda Newman  
Payal Maniar joined @ 6:07 p.m. - 6:53 p.m. and 8:04 p.m. - 8:26 p.m.  
Kimya Afshar, MHS student rep left @ 7:28 p.m.

Staff: Melody Canady      Gerardo Cruz  
Kim Nguyen

Board Liaison: Jon Kean      Laurie Lieberman

Absent: Gordon Lee      Craig Foster  
Natalie Ricciardulli, SAMOHI student rep

Public: Karen Lookingbill, CalPERS CERBT left @ 6:43 p.m.  
Jean MacDonald, CalPERS CERBT left @ 6:43 p.m.  
Robert Honer, CalPERS CERBT left @ 6:43 p.m.  
Christine Gerbasi, Keenan and Associates joined @ 6:23 p.m./left @ 7:28 p.m.

**II. Approval of Agenda**

6:04 pm

A motion was made by Ms. Newman and seconded by Mr. Landres to approve the meeting agenda.

AYES: Seven (7) (Mr. Crawford, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Mr. Landres, Ms. Mevasse, Ms. Newman)

STUDENT ADVISORY VOTES: One (1) (Ms. Afshar)

NOES: None (0)

ABSENT: Four (4) (Mr. Mr. Covington, Mr. Lee, Mr. Levis-Fitzgerald, Ms. Maniar)

ABSTAIN: None (0)

### III. Approval of FOC Meeting Minutes

6:07 pm

A motion was made by Mr. Crawford and seconded by Ms. Maniar to approve the September 9, 2020 meeting minutes as amended.

Under VI. D. Recruitment and Nomination Process of FOC Members,

It was recommended that the *annual FOC member appointments* timeline include starting a search/*outreach* ~~for new members if existing members decide they would not like to continue~~ beginning in January (of the year of the nomination) ~~for outreach~~; **in March**, ~~for~~ announcement and applications *will be accepted* through the deadline of mid-April; *with a final* recommendation *by the sub-committee* to full FOC at May meeting, *and a recommendation to the School Board at a regularly scheduled June meeting.*

AYES: Eight (8) (Mr. Covington, Mr. Crawford, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Ms. Maniar, Ms. Mevasse, Ms. Newman)

STUDENT ADVISORY VOTES: One (1) (Ms. Afshar-Abstain)

NOES: None (0)

ABSENT: Two (2) (Mr. Lee and Mr. Levis-Fitzgerald)

ABSTAIN: One (1) (Mr. Landres)

### IV. Workers Comp Reporting from Keenan and Associates

6:44 pm

Ms. Christine Gerbasi from Keenan and Associates provided the committee with an overview of workers compensation program. The committee requested clarification on the claims coded to Malibu Park Junior High as Malibu HS/MS is also listed and Cabrillo Elementary is closed.

The presentation may be found at the end of these minutes.

### V. Annual CERBT Update Presentation

6:12 pm

Ms. Karen Lookingbill from CalPERS – CERBT Program provided the committee with an annual update. The committee requested benchmark performance reports, asset class and CERBT Strategy 1 factsheets.

The presentation may be found at the end of these minutes.

### VI. Assistant Superintendent, Business and Fiscal Report: Melody Canady

7:29 pm

Ms. Canady and Mr. Cruz provided the committee with a Tax and Revenue Anticipation Note (TRANS) / Cash-flow Update. The committee questioned the reporting as reflected under the accrual column and suggested splitting the monthly expenses into days. Staff will bring back a revised cash-flow statement detailed by day for the months of November and December 2020 at the next committee meeting. The Cash-flow Statement may be found at the end of these minutes.

## **VII. Discussion/Action Items**

- 7:50 pm A. Purchase of office building at 1717 4th Street
- Mr. Landres recused himself and left the meeting during the discussion of this item due to his position as City of Santa Monica Planning Commissioner.
- Ms. Canady reported that the District met with the rating agency in removing the negative outlook that was given at the previous rating meeting.
- B. Budget Subcommittee Charge
- 7:56 pm The committee discussed three (3) substantive budget issues reported by the Budget subcommittee:
1. Back to school planning to include technological needs as well as instructional support and not just PPE items
  2. Follow up and Update on status of Superintendent Budget Advisory Committee on district budget planning for 2021-2022
  3. Covid-related impact to the budget
- Preview of 1<sup>st</sup> interim budget report will be provided to the committee at the next meeting.
- C. Recruitment and Nomination Process of FOC Members continued from 9/9/20 FOC meeting
- 8:18 pm The subcommittee met with Board Liaisons to work out the nomination process. It was reported that Mr. Lee announced his departure from the committee by the end of 2020.
- Members with terms ending June 30, 2021 are Mr. Farivar, Mr. Lee, and Ms. Maniar.
- The committee unanimously selected Mr. Crawford, Mr. Levis-Fitzgerald, Ms. Maniar, and Ms. Newman as Nomination subcommittee members.

## **VIII. Ad Hoc Subcommittee Report**

- 8:26 pm A. Budget Recommendations: Ms. Maniar, Mr. Covington, Mr. Jacobson, Ms. Newman
- The committee reported under Agenda Item VII. B.
- B. Tax Revenue and Assessed Valuation: Mr. Farivar, Mr. Crawford, Mr. Kremer, Ms. Newman
- 8:26 pm There was no report.

C. Bond Oversight: *Mr. Kremer, Mr. Covington, Mr. Crawford, Mr. Lee, Ms. Mevasse*

8:26 pm

Mr. Kremer reported that there was no report. The subcommittee will schedule a meeting before the end of 2020. Mr. Landres will replace Mr. Lee on the Bond subcommittee

**IX. Receive and File (Limited Discussion)**

8:26 pm

- A. 10/13/20 FOC Budget Subcommittee and FOC Leadership Comments on SMMUSD Staff Proposal to Purchase 1717 4th Street Office Building
- B. MSCI ACWI IMI Index Strategy as of 6/30/20/20
- C. California Employers' Retiree Benefit Trust (CERBT) Strategy 1 Factsheet as of 6/30/2020
- D. CERBT Asset Class Fact Sheets ending 9/30/2020
- E. 10/28/20 City of Malibu School District Separation Town Hall Meeting:  
<https://youtu.be/r3j1GtM1vJk?t=228>
- F. SMMUSD Malibu Unification website: <https://www.smmusd.org/Page/4255>

**X. Public Comments**                      None

**XI. Committee Comments**              None

**XII. Next Meeting:**                      Thursday, December 3, 2020 – Zoom

**XIII. Adjournment:**                      8:40 p.m.



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

# Workers' Compensation Overview

Presented by

**Christine Gerbasi, Vice President**

**Susan Langston, Senior Account Manager/Team Leader**

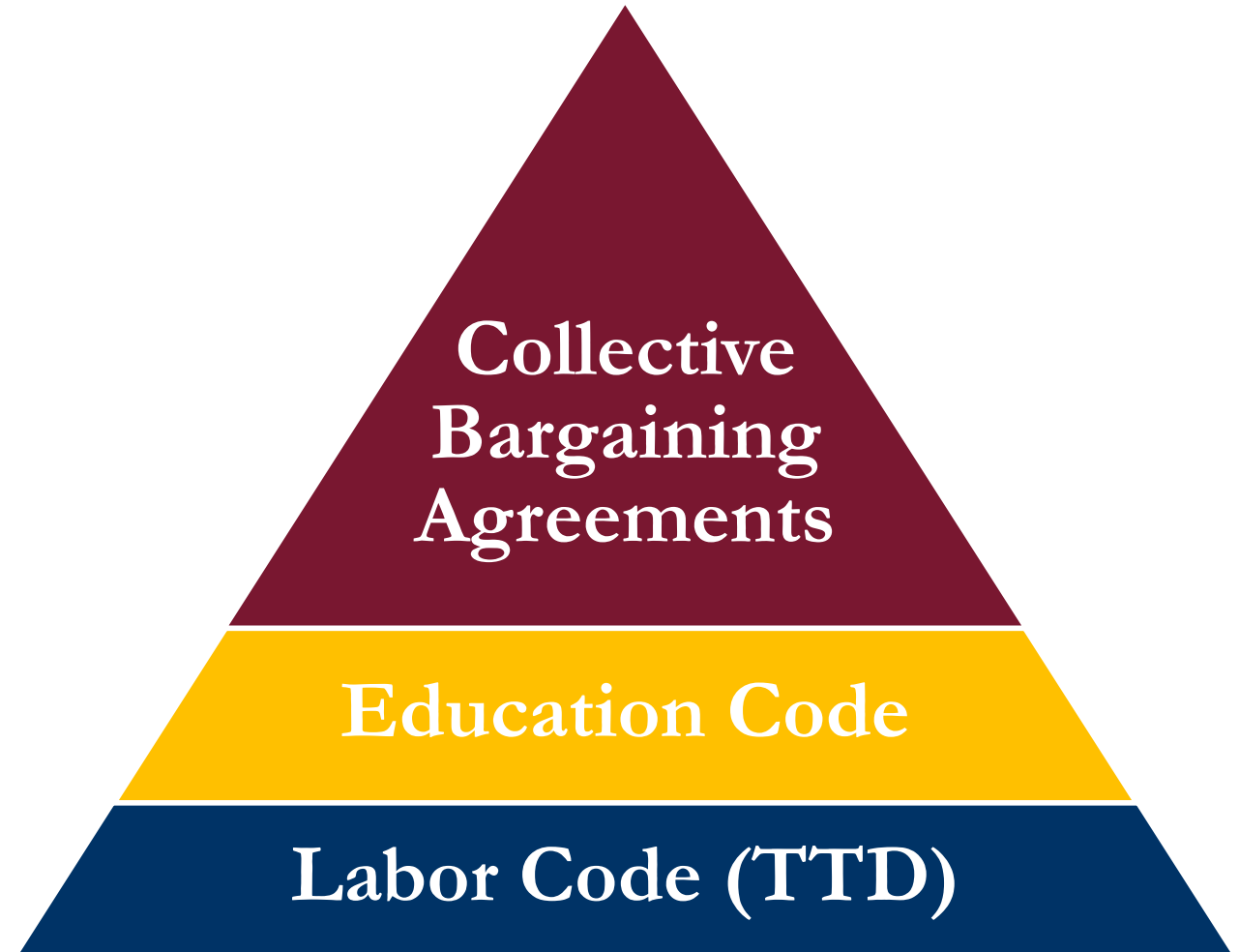
**October 29, 2020**

# Agenda

- Workers' Compensation System and Benefits
- Santa Monica-Malibu USD's Workers' Compensation Program
- Components of the PIPS Contribution
- Claims Development
- SMMUSD Claims & Claim History
- Managing and Mitigating Costs
- COVID-19
- Taking Care of Employees

# Workers' Compensation System and Benefits


- No fault system
- Labor Code Benefits include:
  - Medical Treatment
  - Temporary Disability
  - Permanent Disability
  - Death Benefits
- Education Benefits include:
  - Industrial Accident Leave
  - Prorated Sick and Vacation
  - 50% or Subdifferential
  - Rehire List



# Workers' Compensation System and Benefits (continued)

- How Claims are Resolved

- Administrative Closure
- Stipulation of Award
- Compromise and Release
- Findings and Award



Date of Injury:  
9/3/1989

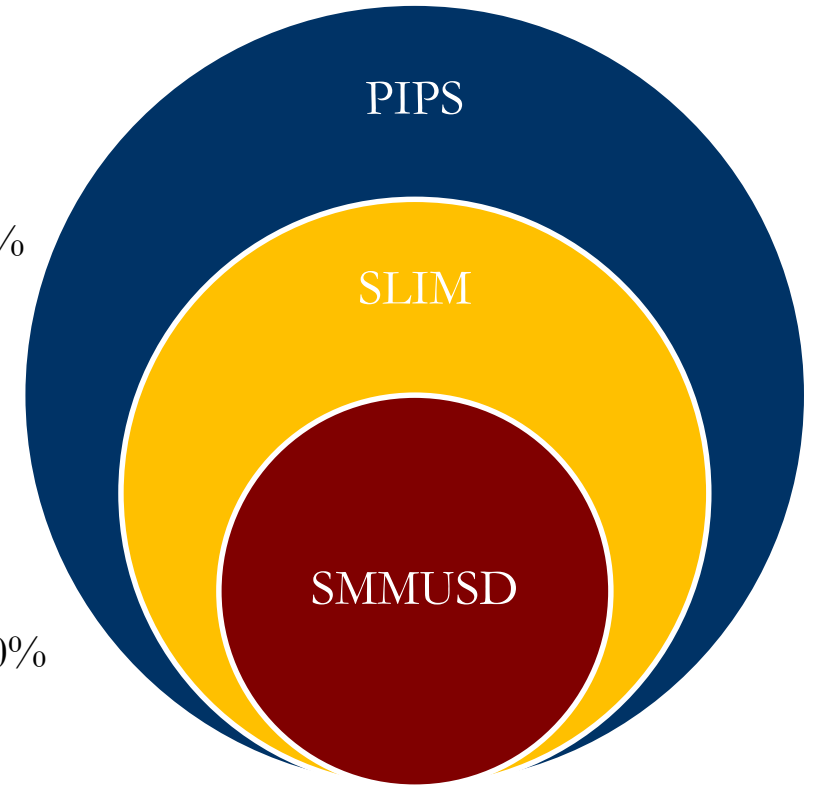
- Workers' Compensation Claims can be Open for Years

- Santa Monica-Malibu's oldest open claim has been open for 31 years
- Injured employees have the right to keep their file open for future medical
- Medical inflation, historically in the double digits, impacts the future cost of a claim
- The final cost of a claim may not be known for many years



# Santa Monica-Malibu's Workers' Compensation Program

- Self-Insured Prior to 7/1/2005
  - Of the 1,987 claims filed prior to joining PIPS, only 4 (or 0.2%) remain open
- Member of the SLIM JPA since 7/1/1985
  - For purposes of ex mod, claims are capped at \$50,000 and swing capped at 10% up/down
  - Provides Risk Management collaboration and sharing of best practices
- SLIM has been a Member of PIPS since 7/1/2005
  - Largest homogeneous school district pool in the nation
  - For purposes of ex mod, claims are capped at \$150,000 and swing capped at 20% up/down



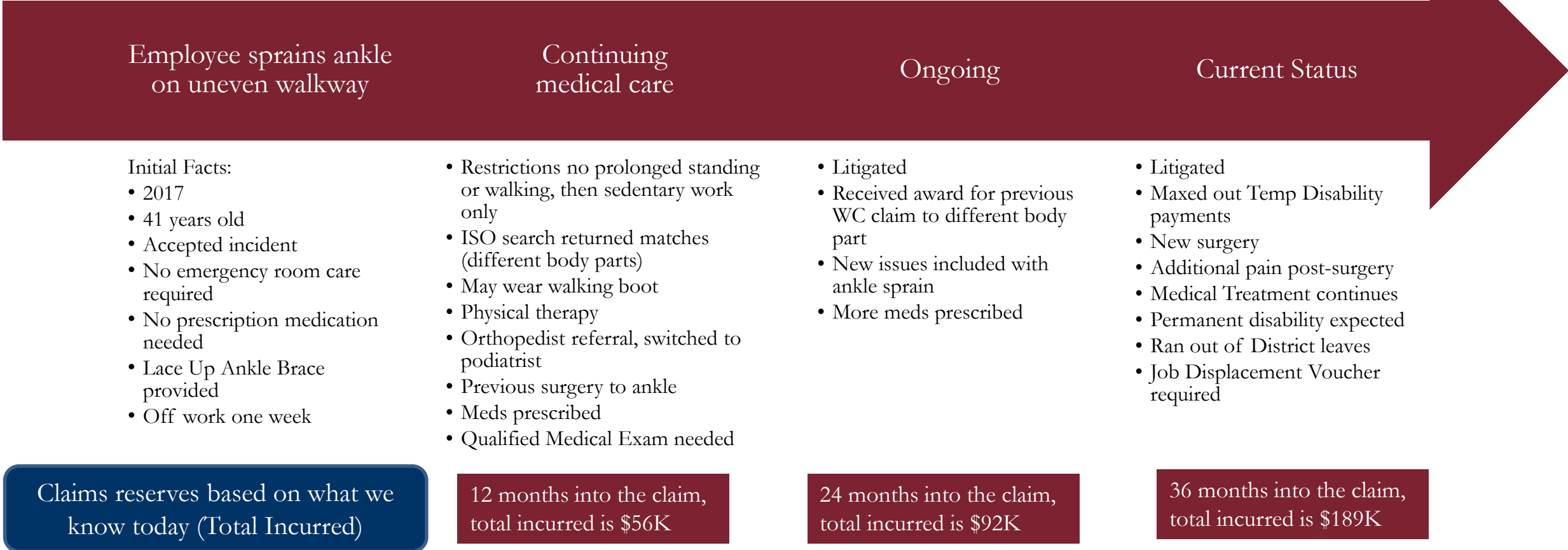
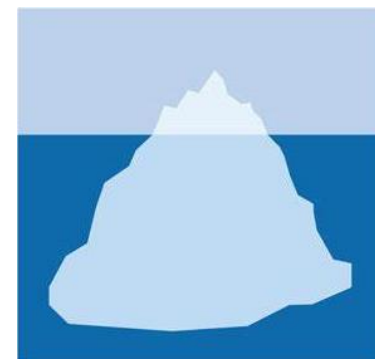
**This structure benefits Santa Monica-Malibu by providing a level of “insulation” from large losses and claim uncertainty**

# Components of the PIPS Contribution

- Claim costs (losses) for the policy year, for the life of each claim
  - Removes the risk of underfunding or future assessments being levied when costs exceed expectations
  - Provides statutory coverage, including changes in Workers' Comp law
- Claims Administration for the life of the claim
- Loss Control Services
- Account Management and Risk Management Analyst Consulting
- Keenan SafeSchools Online Training
- Other Resources (P&C Bridge, Ultra ClaimsONLINE, Training, etc.)

# Claim Cost Development

## Workers' Compensation Case Study



### Employee sprains ankle on uneven walkway

#### Initial Facts:

- 2017
- 41 years old
- Accepted incident
- No emergency room care required
- No prescription medication needed
- Lace Up Ankle Brace provided
- Off work one week

### Continuing medical care

- Restrictions no prolonged standing or walking, then sedentary work only
- ISO search returned matches (different body parts)
- May wear walking boot
- Physical therapy
- Orthopedist referral, switched to podiatrist
- Previous surgery to ankle
- Meds prescribed
- Qualified Medical Exam needed

### Ongoing

- Litigated
- Received award for previous WC claim to different body part
- New issues included with ankle sprain
- More meds prescribed

### Current Status

- Litigated
- Maxed out Temp Disability payments
- New surgery
- Additional pain post-surgery
- Medical Treatment continues
- Permanent disability expected
- Ran out of District leaves
- Job Displacement Voucher required

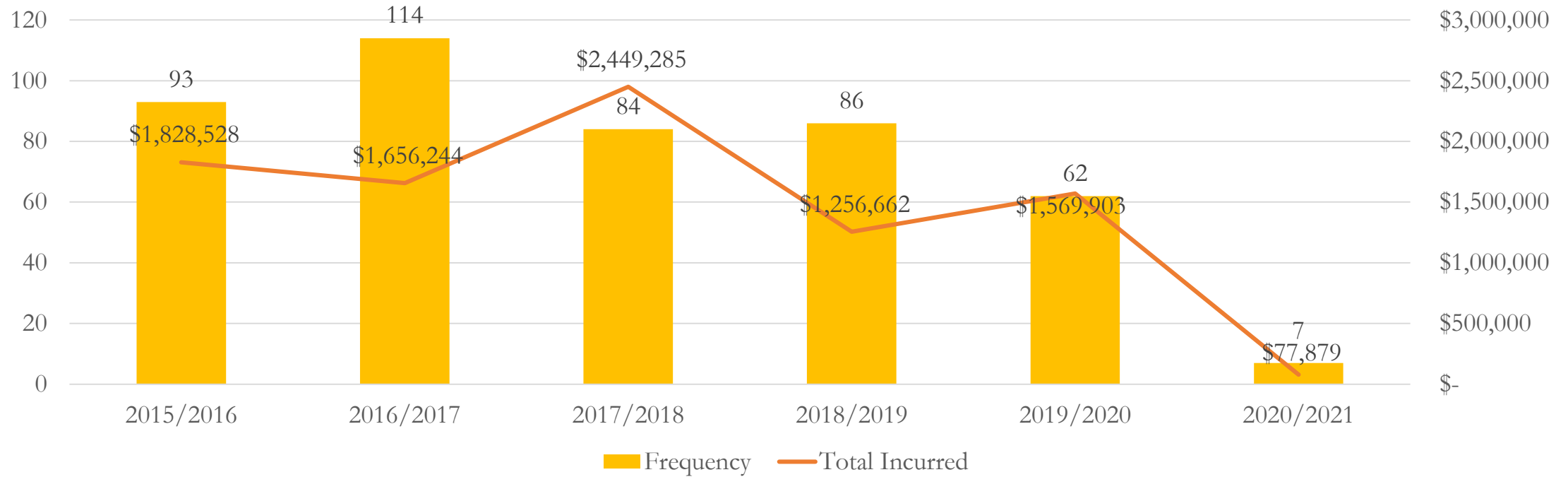
Claims reserves based on what we know today (Total Incurred)

12 months into the claim, total incurred is \$56K

24 months into the claim, total incurred is \$92K

36 months into the claim, total incurred is \$189K

# SMMUSD's 5 Year Loss History



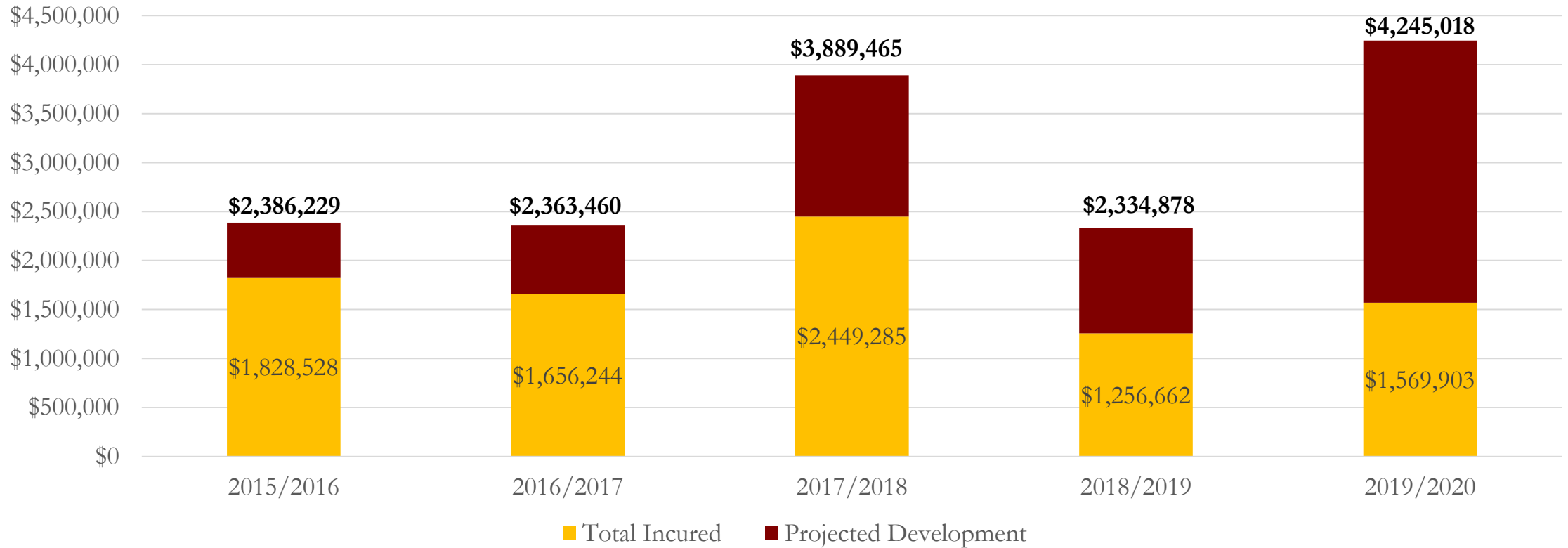
## Notes

- Claims with dates of injury July 1, 2015 – September 30, 2020, valued as of September 30, 2020
- Does not include loss development

# Loss Development

- Actuarially, we know the ultimate cost of a claim will grow with time
  - Conditions deteriorate
  - Non industrial, or comorbidity, factors impact the injury and medical treatment
  - Medical inflations, historically in the double digits, increase costs
  - New regulations, Medicare Set Asides as an example, can add significantly to the value of a future medical settlement, at times, making a settlement cost prohibitive
  - Legislation can add to the cost of a claim and even past claims when retroactive
    - SB 1159 a recent example adding the presumption for COVID-19

# SMMUSD's 5 Year Loss History with Development



## Notes

- Claims with dates of injury July 1, 2015 – June 30, 2020, valued as of September 30, 2020

# SMMUSD - 5 Years by School Site: Number of Claims and Total Incurred Cost

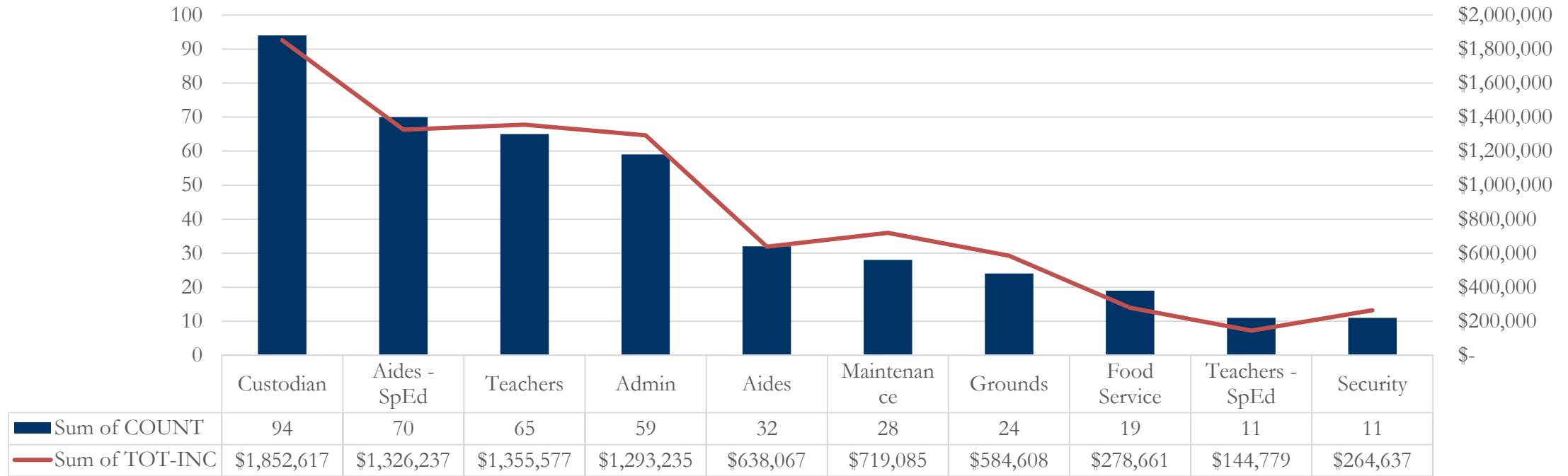
Santa Monica High	80	\$	1,750,163
Mckinley Elementary	25	\$	794,834
Lincoln Middle School	21	\$	578,200
John Adams Middle	28	\$	566,432
Malibu Park Junior High	19	\$	555,399
Franklin Elementary	29	\$	360,397
Edison Elementary	19	\$	353,736
Will Rogers Elementary	20	\$	334,920
Malibu Elementary	8	\$	319,551
Cabrillo Elementary	18	\$	296,477
Webster Elementary	18	\$	259,382

Roosevelt Elementary	19	\$	226,378
Grant Elementary	17	\$	212,054
Malibu HS/MS	2	\$	184,109
John Muir Elementary	10	\$	180,025
Child Care Center	6	\$	47,781
Obama Center	4	\$	14,221
Santa Monica Alternative	2	\$	8,415
Point Dume Elementary	7	\$	7,307
Washington West	3	\$	3,621
Olympic High &	2	\$	228
<b>Grand Total</b>	<b>357</b>	<b>\$</b>	<b>7,053,629</b>

## Notes

- Only school sites are included
- Claims with dates of injury July 1, 2015 – September 30, 2020, valued as of September 30, 2020
- Does not include loss development

# SMMUSD – 5 Years by Occupation



## Notes

- Only occupations with 10 or more claims over the last five years were included; the following occupations had less than 10 claims: Technology & Communications, Nurses, Bus Drivers, Athletics, Librarians, Clerical, Mechanics
- Claims with dates of injury July 1, 2015 – September 30, 2020, valued as of September 30, 2020
- Does not include expected loss development



# Location Case Study – Administration



- In comparison with the school sites, the Administration location would be the 2<sup>nd</sup> highest in both number of claims and cost of claims.
  - 43 claims
  - \$843,965

- 11 of these claims were due to repetitive motion injuries related to their workstations and regular job duties
  - Where the employee's concerns were shared early, the injuries were able to be resolved with far less medical treatment and equipment needed.
    - 9 of the 11 claims were resolved for no more than \$2,800 each
  - Claims where there were significant issues, costs ranged from \$61,000 to \$105,000

## Notes

- Claims with dates of injury July 1, 2015 – September 30, 2020, valued as of September 30, 2020


# Controlling the Costs of Workers' Compensation Claims

## District and Keenan Team Effort

### Pre-loss

- Focus on Safety and Injury Prevention
- Ergonomic Resources
- Training
- Special Education Evaluations
- Site-specific Observations
- Recommendations

### Post-loss

- Claims Administration with Expertise in Schools and the Education Code
-  **COMPANY NURSE™**  
Because Accidents Happen™
- Return to Work and Interactive Process
- Defense Attorney Panel with Preferred Rates (PRIDE)
- Claim Resolution through Compromise and Release
- Medical Cost Containment (PRIME)

# PRIME Bill Review

(Partnership for the Review and Integration of Medical Expenses)

Policy Year	Total Billed	Bill Reduction	Total Paid
7/1/19 – 6/30/20	\$1,264,115	<b>-\$849,028</b>	\$295,093
7/1/18 – 6/30/19	\$1,359,620	<b>-\$935,779</b>	\$282,690
7/1/17 – 6/30/18	\$1,883,681	<b>-\$1,274,811</b>	\$467,366
7/1/16 – 6/30/17	\$1,175,666	<b>-\$773,684</b>	\$305,103
7/1/15 – 6/30/16	\$1,057,332	<b>-\$575,878</b>	\$401,853

# Workers' Comp in the Time of COVID

- If employees are at District sites, presumption of compensability for COVID (SB 1159)
- Occupation focus doesn't change, but instead the cause of the claims may shift, particularly for Teachers
  - Repetitive motion/carpal tunnel
  - Mental Stress
- Re-visit resources available to employees
  - Mini-courses on workstation set up
  - Webinar on stress for families
  - EAP

# Employee Safety and Injury Prevention

- Risk Improvement Action Plan
  - Spotlight on Custodial and Special Ed
- Keenan SafeSchools
  - Safety, Compliance, Injury Prevention
  - COVID-19 Courses
  - Working Remotely Microlearning Series
  - Injury Prevention through Physical Conditioning
- PIPS Member Services
  - Virtual Ergonomic Evaluations & Recommendations

**2019-2020 RISK IMPROVEMENT ACTION PLAN**  
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Goal	Action Steps	Person/Area Responsible for Completion	Target Date	Completion Date
Reduce Strain By claim frequency and severity in Custodial and SpEd Aides Occupations via Hazard Assessment.	Provide Injury Prevention Training for Custodial and SpEd Aides Occupations.	Suzanne Webb	January, 2020	
	Conduct observations for Custodian and SpEd Aides Occupations to identify risks associated with specific tasks and training opportunities.	David Jefferson	January, 2020	
Reduce Miscellaneous claims frequency and severity	Provide Accident Reporting Training to management and supervisory staff to help identify root causes and areas for improvement	Suzanne Webb	February, 2020	
Continue efforts to prevent Slip/Trip/Fall claim frequency and severity	Provide Slip/Trip/Fall Prevention training and conduct site inspections to identify behaviors and environments that contribute to losses	David Jefferson	February, 2020	
	Provide D.O. Administrative Assistants Office Ergonomics Training	Suzanne Webb	February, 2020	
Reduce Strain By claim frequency and severity in Administrative Assistants.	Provide D.O. Administrative Assistants Workstation Assessments.	David Jefferson	February, 2020	
Reduce claim frequency and Severity, along with increasing prevention awareness.	Coordinate attending Safety Committee meeting in discussing what injury claims are taking place and thoughts to mitigate.	Suzanne Webb	January, 2020	
Continued efforts for injury prevention and awareness for reducing frequency and severity.	Coordinate a meeting with Risk Management for partnering with their goals.	Suzanne Webb	January, 2020	



**Keenan**  
**SafeSchools**  
Training

# Additional Resources to Help the District and Save Money

- Through Keenan SafeSchools, no additional cost access to mandated training
  - Mandated Reporter required annually for teachers and staff (AB 1432)
  - Sexual Harassment Prevention for Supervisors (AB 1825 2 Hour)
  - Sexual Harassment Prevention for Non Managers (SB 1343)
  - Integrated Pest Management for Teachers
  - Bloodborne Pathogens Training





# COVID Creates New Administrative Burden for Santa Monica-Malibu

- Effective 9/17/20, and retroactive to 7/6/20, all COVID-19 positive tests must be reported to the claims administrator
  - Keenan developed a web-based portal to facilitate this reporting
- Effective 1/1/21, the district will be required to report all “outbreaks” to the local Department of Health
  - Keenan’s web-based portal will assist to ease this burden

The screenshot shows the Keenan Claims portal interface. At the top, the Keenan logo is on the left, and navigation links for HOME, CLAIMS, and OSHA LOG are on the right. Below the navigation is a "Welcome Client-User" message. The main content area is divided into three sections: "Claims:", "Need Help?", and "COVID-19 Positive Test Reporting:". The "Claims:" section includes a "Report a Claim" link, a "Search Recent Claims:" form with input fields for "Employee" and "Report ID" and a "Search" button, and a "Nurse Review Cases" link. The "Need Help?" section lists contact information for the WC Service Desk, Wess Eslinger, and ZZZ-Claims Analyst. The "COVID-19 Positive Test Reporting:" section features a "NEW Report a Positive Test" link, a "Generate a Report" link, and a "Please Note" box stating that if an employee is asserting their positive COVID-19 test is due to work, the notification must be made, as well as the filing of a workers' compensation claim. At the bottom, the "claimsonline" logo and "2020 Insurance Visions, Inc. All rights reserved." are displayed.

# Taking Care of Employees

- Nurse Triage through  **COMPANY NURSE™**  
Because Accidents Happen™
- Tele-medicine
- Dedicated Claims Examiner
- Medical Management through PRIME
  - Medical Provider Network
  - Pharmacy Program through PRIME Rx
- Injured Worker Website
- Supporting and Facilitating Return to Work



## Keenan's Injured Worker Website

Resources to Help Simplify California's Complex Workers' Compensation System

### Why Provide Employees Access to the Injured Worker Website?

We recognize the workers' compensation system can be complicated. Keenan can help you navigate your workers' compensation claim.

Keenan has designed a website that will help provide information about the system so you can receive the services you need.

### Resources for You – the Employee

The Injured Worker Website provides you with:

- Information on how to report an injury
- Information on obtaining appropriate treatment
- Resources regarding many aspects of the claims process
- With Keenan as your employer's Claims Administrator, you have the ability to connect with the Claims Examiner handling your claim

From your computer or mobile device, all the information that is needed to stay informed on the claims process, and access the resources to help you, is just a click away.

### Injured at Work

Workers' compensation benefits are designed to provide medical treatment needed to recover from a work-related injury or illness, partially replace wages lost while recovering and help return employees to work. Workers' compensation benefits do not include damages for pain and suffering or punitive damages.


**REPORT INJURY** **GET TREATMENT**


### Returning to Work

After an injury or illness, returning to work safely and promptly can help in recovery. It can also help injured employees avoid financial losses from being off work.

**WHEN TO RETURN** **STAYING IN TOUCH** **TRANSITIONAL RETURN TO WORK**

Available on [keenan.com](http://keenan.com),  
[www.keenan-injuredworker.com](http://www.keenan-injuredworker.com)  
or scan below:



License No. 0451271 | [www.keenan.com](http://www.keenan.com) Innovative Solutions. Enduring Principles. 



*Thank you!*

*Wishing you all good health*

# CERBT Account Update

**Santa Monica-Malibu Unified School District  
Financial Oversight Committee Meeting**

October 29, 2020

# Discussion Overview

- CERBT Account Summary
- CERBT Investment Policy
- OPEB Funding Policies
- Trust Administration
- Contacts and Communication

# CERBT Account Summary

# OPEB Valuation Report Summary

## OPEB Actuarial Valuation Report by Demsey, Filliger, and Associates

Valuation Date	07/01/2019
Present Value of Benefits (PVB)	\$73,274,636
Total OPEB Liability (TOL)	\$48,696,722
Valuation Assets	\$5,864,788
Net OPEB Liability	\$42,831,934
Normal Cost for 2019-20	\$2,467,889
Projected Retiree Premiums for 2019-20	\$1,227,732
CERBT Asset Allocation Strategy	Strategy 1
Discount Rate	4.09%

# CERBT Account Summary

## Account Summary as of October 21, 2020

Initial contribution <small>(6/23/2016)</small>	\$1,500,000
Additional contributions	\$3,500,000
Disbursements	(\$0)
CERBT expenses	(\$17,449)
Investment earnings	\$1,523,765
Total assets	\$6,506,316
Money-weighted annualized net rate of return <small>(6/23/2016 – 10/21/2020 = 4.33 Years)</small>	7.62%

In PEMHCA: Yes  
 CERBT agreement effective date: 11/24/2015

# Cash Flow Summary by Fiscal Year

Fiscal Year	Contributions	Cumulative Net Contributions	Cumulative Investment Gains (Losses)	Cumulative Fees	Cumulative Ending Assets	Fiscal Year Net Rate of Return	Cumulative Net Rate of Return
2015-16	\$1,500,000	\$1,500,000	(\$8,990)	(\$24)	\$1,490,986	-	-
2016-17	\$2,500,000	\$4,000,000	\$224,277	(\$1,830)	\$4,222,447	11.56%	10.90%
2017-18	\$1,000,000	\$5,000,000	\$536,176	(\$6,006)	\$5,530,170	6.71%	8.04%
2018-19	\$0	\$5,000,000	\$879,948	(\$10,719)	\$5,869,229	6.24%	7.26%
as of 02/19/20	\$0	\$5,000,000	\$1,443,752	(\$14,012)	\$6,429,740	-	8.96%
as of 03/23/20	\$0	\$5,000,000	(\$164,419)	(\$14,455)	\$4,821,126	-	-1.10%
as of 06/30/20	\$0	\$5,000,000	\$1,089,729	(\$15,770)	\$6,073,959	3.58%	6.13%
as of 10/21/20	\$0	\$5,000,000	\$1,523,765	(\$17,449)	\$6,506,316	-	7.62%

# Funded Status Comparison

Measurement Date	Total OPEB Liability	CERBT Assets	Funded Status
6/30/2015	\$36,397,922	\$0	0%
6/30/2017	\$40,194,946	\$4,222,447	11%
06/30/2019	\$48,696,722	\$5,864,788	12%



# CERBT Investment Policy

# CERBT Expected Rates of Return

2018 Capital Market Assumptions	Strategy 1	Strategy 2	Strategy 3
Expected Time-Weighted Return, Near Term	5.85%	5.22%	4.41%
Expected Time-Weighted Blended Return, Longer Term	7.59%	7.01%	6.22%
Standard Deviation of Expected Investment Returns	11.83%	9.24%	7.28%

Near term means up to 10 years and longer term means up to 60 years.

# CERBT Asset Class Target Allocations

Asset Classification	Benchmark	Strategy 1	Strategy 2	Strategy 3
Global Equity	MSCI All Country World Index	59% ±5%	40% ±5%	22% ±5%
Fixed Income	Barclays Capital Long Liability Index	25% ±5%	43% ±5%	49% ±5%
Global Real Estate (REITs)	FTSE EPRA/NAREIT Developed Liquid Index	8% ±5%	8% ±5%	8% ±5%
Treasury Inflation Protected Securities (TIPS)	Barclays Capital Global Real: US TIPS Index	5% ±3%	5% ±3%	16% ±3%
Commodities	S&P GSCI Total Return Index	3% ±3%	4% ±3%	5% ±3%
Cash	3-Month Treasury Bill	0% +2%	0% +2%	0% +2%

# CERBT Individual Fiscal Year Returns – Time Weighted

Fiscal Year	Strategy 1 (Inception June 1, 2007)	Strategy 2 (Inception October 1, 2011)	Strategy 3 (Inception January 1, 2012)
2007-2008	-4.80%	-	-
2008-2009	-23.03%	-	-
2009-2010	15.87%	-	-
2010-2011	24.96%	-	-
2011-2012	0.15%	-	-
2012-2013	11.78%	8.87%	5.21%
2013-2014	18.52%	15.58%	12.86%
2014-2015	-0.11%	-0.34%	-0.03%
2015-2016	1.04%	2.95%	4.18%
2016-2017	10.62%	7.28%	4.16%
2017-2018	8.00%	6.22%	4.74%
2018-2019	6.22%	7.07%	7.24%
2019-2020	3.58%	5.46%	6.37%

Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's CERBT fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.

# CERBT Investment Returns – Time Weighted

Periods Ended August 31, 2020

<u>Fund</u>	<u>Assets</u>	<u>1 Month</u>	<u>3 Months</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>ITD</u>
CERBT Strategy 1 (Inception June 1, 2007)	\$10,479,852,555	3.54%	10.72%	7.95%	11.61%	7.70%	8.33%	8.59%	5.36%
Benchmark		3.53%	10.64%	7.91%	11.18%	7.37%	7.90%	8.28%	4.93%
CERBT Strategy 2 (Inception October 1, 2011)	\$1,515,044,979	2.09%	8.29%	6.00%	10.17%	7.47%	7.65%	-	7.78%
Benchmark		2.08%	8.21%	5.97%	9.89%	7.18%	7.26%	-	7.48%
CERBT Strategy 3 (Inception January 1, 2012)	\$738,803,907	1.03%	6.31%	4.43%	8.47%	6.87%	6.66%	-	6.22%
Benchmark		1.04%	6.22%	4.41%	8.22%	6.63%	6.34%	-	5.89%

Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's CERBT fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.

# OPEB Funding Policy

# Employer Controls the OPEB Funding Policy

- Chooses appropriate investment strategy
  - Based on investment time horizon
- Decides if, when, and how much to contribute
  - Voluntary and never required
- Decides if and when to seek reimbursement
  - Pay-go costs; implicit rate subsidies
- Chooses outside consulting actuary

# Financial reporting



# Financial Reporting

- CERBT is the Plan
  - Provides audited and compliant GASB 74 report in a Schedule of Changes in Fiduciary Net Position (FNP)
  - Published in February each year

FNP Fiscal Year	Availability
2015-16	Available at <a href="https://www.calpers.ca.gov/cerbt">https://www.calpers.ca.gov/cerbt</a>
2016-17	
2017-18	
2018-19	
2019-20	February 2021

# Participation Costs

# CERBT Total Participation Cost Fee Rate

- Total all-inclusive cost of CERBT participation is 10 basis points of assets under management
  - CERBT is a self-funded trust
  - CERBT does not profit
  - Employer account charged daily
  - Rate can be changed without prior notice and may be higher or lower in the future

# CERBT Fee Rate History

Fiscal Year	Total Participation Cost
2007-2008	2.00 basis points
2008-2009	6.00 basis points
2009-2010	9.00 basis points
2010-2011	12.00 basis points
2011-2012	12.00 basis points
2012-2013	15.00 basis points
2013-2014	14.00 basis points
2014-2015	10.00 basis points
2015-2016	10.00 basis points
2016-2017	10.00 basis points
2017-2018	10.00 basis points
2018-2019	10.00 basis points
2019-2020	10.00 basis points
2020-2021	10.00 basis points

# CERBT Experience Data

# CERBT Employers

573 Total

- State of California
- 149 Cities or Towns
- 12 Counties
- **70 School Employers**
- 28 Courts
- 313 Special Districts and other Public Agencies
  - (97 Water, 34 Sanitation, 32 Fire, 24 Transportation)

# CERBT K-12 School Employers (43)

- Acalanes Union High School District
- Alhambra Unified School District
- Campbell Union Elementary School District
- Center Unified School District
- Chula Vista Elementary School District
- Del Mar Union Elementary School District
- Enterprise Elementary School District
- Franklin Elementary School District
- Fresno Unified School District
- Grossmont Union High School District
- Igo, Ono, Platina Union Elementary School District
- Lafayette School District
- Laguna Beach Unified School District
- Lakeside Union Elementary School District
- Las Lomas Elementary School District
- Los Angeles Unified School District
- Luther Burbank Elementary School District
- Menlo Park City School District
- Mill Valley School District
- Orinda Union School District
- Rancho Santa Fe Elementary School District
- Redding Elementary School District
- Reed Union School District
- Rialto Unified School District
- Rocklin Unified School District
- Sacramento City Unified School District
- San Bernardino City Unified School District
- San Francisco Unified School District
- San Marcos Unified School District
- San Ramon Valley Unified School District
- Santa Ana Unified School District
- **Santa Monica-Malibu Unified School District**
- Sequoia Union High School District
- Shasta Union Elementary School District
- Shasta Union High School District
- St. Helena Unified School District
- Tamalpais Union High School District
- Vacaville Unified School District
- West Contra Costa Unified School District
- Western Placer Unified School District
- William S. Hart Union High School District
- Yreka Union Elementary School District
- Yreka Union High School District

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As of October 22, 2020

# CERBT Community College Districts (15)

- Barstow Community College District
- Butte-Glenn Community College District
- Cabrillo Joint Community College District
- Foothill De-Anza Community College District
- Glendale Community College District
- Hartnell Community College District
- Los Angeles Community College District
- Marin Community College District
- Mt. San Jacinto Community College District
- Napa Community College District
- Riverside Community College District
- San Joaquin Delta Community College District
- Santa Monica Community College District
- West Valley-Mission Community College District
- Yuba Community College District



# CERBT County Offices of Education, etc. (12)

- Eden Area ROP
- Los Angeles County Office of Education
- Napa County Office of Education
- Riverside County Schools
- Sacramento County Office of Education
- San Diego County Office of Education
- San Joaquin County Schools
- Santa Clara County Schools
- Santa Cruz County Office of Education
- Shasta County Schools
- Siskiyou County Office of Education
- Trinity County Schools

# CERBT School Employers by TOL

TOL Range	Value of CERBT Assets	# of School Employers	Average Funded %
> \$1 billion	\$460,341,596	2	5%
\$500 million - \$999.9 million	\$152,423,670	2	14%
\$100 million - \$499.9 million	\$307,427,923	7	26%
\$75 million - \$99.9 million	\$12,385,303	3	5%
\$50 million - \$74.9 million	\$181,890,271	8	39%
<b>\$25 million - \$49.9 million</b>	<b>\$73,839,756</b>	<b>8</b>	<b>30%</b>
\$10 million - \$24.9 million	\$64,011,613	12	30%
\$1 million - \$9.9 million	\$66,268,033	21	67%
< \$1 million	\$1,209,340	7	143%
	<b>\$1,319,797,505</b>	<b>70</b>	<b>51%</b>

Data based on most recent actuarial valuation report submission

# Santa Monica Community College District OPEB Valuation Report Summary

## OPEB Actuarial Valuation Report by Total Compensation Systems

Valuation Date	6/30/2019
Present Value of Benefits (PVB)	\$187,656,443
Total OPEB Liability (TOL)	\$141,025,895
Valuation Assets	\$7,509,861
Net OPEB Liability	\$133,516,034
Projected Retiree Premiums for 2019-20	\$4,851,585
CERBT Asset Allocation Strategy	Strategy 1
Discount Rate	4.30%

# Santa Monica Community College District CERBT Account Summary

## Account Summary as of October 21, 2020

Initial contribution <small>(6/23/2016)</small>	\$1,496,996
Additional contributions	\$3,000,000
Disbursements	(\$0)
CERBT expenses	(\$47,473)
Investment earnings	\$3,879,238
Total assets	\$8,328,761
Money-weighted annualized net rate of return <small>(6/26/2009 – 10/21/2020 = 11.33 Years)</small>	8.54%

Agreement effective date: 6/24/2009  
In PEMHCA: Yes

# Los Angeles County Office of Education OPEB Valuation Report Summary

## OPEB Actuarial Valuation Report by Demsey, Filliger, and Associates

Valuation Date	7/1/2019
Present Value of Benefits (PVB)	\$38,364,248
Total OPEB Liability (TOL)	\$32,928,445
Valuation Assets	\$6,115,444
Net OPEB Liability	\$26,813,001
Projected Retiree Premiums for 2019-20	\$2,066,204
CERBT Asset Allocation Strategy	Strategy 3
Discount Rate	5.50%

# Los Angeles County Office of Education CERBT Account Summary

## Account Summary as of October 21, 2020

Initial contribution <small>(6/30/2018)</small>	\$3,200,000
Additional contributions	\$5,050,000
Disbursements	(\$0)
CERBT expenses	(\$11,362)
Investment earnings	\$1,204,363
Total assets	\$9,443,001
Money-weighted annualized net rate of return <small>(6/30/2018 – 10/21/2020 = 2.31 Years)</small>	9.28%

Agreement effective date: 6/26/2018  
In PEMHCA: Yes

# Questions? Where to Get Trust Fund Information?

Name	Title	E-mail	Desk	Mobile
Matt Goss	Outreach & Support Program Manager	Matthew.Goss@calpers.ca.gov	(916) 795-9071	(916) 382-6487
Karen Lookingbill	Outreach & Support Manager	Karen.Lookingbill@calpers.ca.gov	(916) 795-1387	(916) 501-2219
Bob Honer	Outreach & Support Manager	Robert.Honer@calpers.ca.gov	(916) 795-0531	(279) 203-5563
Jasper Jacobs	Outreach & Support Analyst	Jasper.Jacobs@calpers.ca.gov	(916) 795-0432	(916) 717-3886
Colleen Cain-Herrback	Administration & Reporting Program Manager	Colleen.Cain-Herrback@calpers.ca.gov	(916) 795-2474	(916) 505-2506
Robert Sharp	Assistant Division Chief	Robert.Sharp@calpers.ca.gov	(916) 795-3878	(916) 397-0756

Program E-mail Addresses	Prefunding Programs Webpages
CERBT4U@calpers.ca.gov – Questions & Document Submittal	<a href="http://www.calpers.ca.gov/CERBT">www.calpers.ca.gov/CERBT</a>
CEPPT4U@calpers.ca.gov – Questions & Document Submittal	<a href="http://www.calpers.ca.gov/CEPPT">www.calpers.ca.gov/CEPPT</a>
CERBTACCOUNT@calpers.ca.gov – Online Record Keeping System	

# Funding Policy Considerations

- Will my liabilities increase or decrease over time?
- When will I reimburse trust assets?
- What are my funding status goals?
- Which investment strategy best matches my needs?
- What does your Actuary or Auditor recommend?



# Selecting Your Investment Strategy

- Strategy selection is a financial decision
- Plan conditions which might cause an employer to consider a strategy with lower expected investment return volatility
  - Plan is closed, liabilities will decline over time
  - Well-funded plan, asset preservation
  - Older actively employed plan members
  - Reoccurring trust reimbursements
- Discuss with actuary and auditor

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1	OBJECT	BUDGET	ACTUALS	ACTUALS	ACTUALS	ACTUALS	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	TOTAL
2	ACTUALS BY MONTH:	AS OF	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	ACCRUAL		
3	<b>A. BEGINNING CASH</b>	9110	10/30/2020	35,980,944.74	25,359,929.16	23,586,820.23	21,237,774.20	9,487,537.04	3,132,872.74	30,170,803.24	30,692,018.36	25,392,606.10	13,976,273.27	29,909,904.81	24,636,116.10	33,941,402.00	
4	<b>B. RECEIPTS</b>																
5	REVENUE LIMIT/LCFF																
6	PRINCIPAL APPORTIONMENT	8010-8019	10,585,843.00	429,292.00	429,292.00	1,277,362.00	1,225,723.00	1,225,723.00	1,740,832.00	1,225,723.00	219,063.00	700,692.00	219,063.00	219,063.00	219,063.00	1,454,952.00	10,585,843.00
7	TAX RELIEF SUBVENTIONS	8020-8079	90,804,345.68	43,237.32	2,993,199.89	-	-	765,757.75	28,867,098.70	14,513,059.97	5,622,104.37	(55,284.49)	20,556,367.49	5,051,424.75	11,446,106.78	1,001,273.15	90,804,345.68
8	COUNTY & DISTRICT TAXES	8080-8085	3,412,475.32	0.00	0.00	0.00	0.00	0.00	1,557,197.50	0.00	0.00	0.00	0.00	0.00	1,855,277.82	0.00	3,412,475.32
9	REVENUE LIMIT TRANSFERS	8090-8099	(287,000.00)	-	-	-	-	-	-	-	(19,000.00)	-	-	-	(249,000.00)	(19,000.00)	(287,000.00)
10	FEDERAL REVENUE	8100-8299	9,523,160.00	10,841.00	37,861.85	4,513,799.93	130,603.82	50,000.00	20,000.00	233,000.00	260,000.00	15,000.00	15,000.00	210,000.00	755,422.33	3,271,631.07	9,523,160.00
11	OTHER STATE REVENUE	8300-8599	3,902,946.00	0.00	0.00	1,562,947.82	273,706.00	0.00	375,000.00	721,719.00	0.00	304,070.00	0.00	0.00	416,789.00	248,714.18	3,902,946.00
12	OTHER LOCAL REVENUE	8600-8799	49,152,431.00	16,945.33	2,203,745.75	4,791,674.17	1,336,046.24	1,417,092.76	10,300,000.00	4,846,097.85	3,093,420.55	2,255,928.82	9,720,000.00	3,481,341.18	5,291,068.69	399,069.66	49,152,431.00
13	OTHER RECEIPTS/NON-REVENUE		-	-	-	-	-	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	<b>TOTAL RECEIPTS</b>		167,094,201.00	500,315.65	5,664,099.49	12,145,783.92	2,966,079.06	3,458,573.51	41,302,930.70	23,096,797.32	9,175,587.92	3,220,406.33	30,510,430.49	8,961,828.93	19,734,727.62	6,356,640.06	167,094,201.00
15	<b>C. DISBURSEMENTS</b>																
16	CERTIFICATED SALARIES	1000-1999	65,646,473	0.00	1,084,032.06	5,617,298.34	5,657,538.10	5,775,000.00	5,775,000.00	5,775,000.00	5,775,000.00	5,775,000.00	5,775,000.00	5,700,000.00	5,700,000.00	7,237,604.50	65,646,473.00
17	CLASSIFIED SALARIES	2000-2999	32,250,304	1,158,531.67	1,980,237.33	2,713,006.64	2,600,000.00	2,600,000.00	2,600,000.00	2,600,000.00	2,600,000.00	2,600,000.00	2,600,000.00	2,600,000.00	2,600,000.00	2,998,528.36	32,250,304.00
18	EMPLOYEE BENEFITS	3000-3999	43,488,522	603,964.63	1,583,156.63	3,758,574.51	3,750,000.00	3,750,000.00	3,750,000.00	3,750,000.00	3,750,000.00	3,750,000.00	3,750,000.00	3,750,000.00	3,750,000.00	3,792,826.23	43,488,522.00
19	BOOKS AND SUPPLIES	4000-4999	3,270,825	18,986.50	272,636.03	436,513.81	249,088.19	250,000.00	250,000.00	250,000.00	250,000.00	250,000.00	250,000.00	250,000.00	250,000.00	293,600.47	3,270,825.00
20	SERV. & OTHER OPER. EXPEN	5000-5999	20,591,353	1,322,123.26	1,140,952.11	2,527,844.32	975,415.67	1,500,000.00	1,500,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	1,652,617.64	1,000,000.00	1,000,000.00	20,618,953.00
21	CAPITAL OUTLAY	6000-6999	270,050	0.00	157,871.47	19,341.78	5,538.01	20,000.00	20,000.00	20,000.00	15,000.00	10,000.00	2,298.74	0.00	0.00	0.00	270,050.00
22	OTHER DISBURSEMENTS	7000-7999	(540,009)	5,035.00	1,023.00	1,841.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(547,908.00)	0.00	(540,009.00)
23	TRANSFER OUT	7600-7699	3,100,000	-	-	-	200,000.00	-	-	2,900,000.00	-	-	-	-	-	-	3,100,000.00
24	OTHER DISBURSEMENTS/NON-EXPENSES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
25	<b>TOTAL DISBURSEMENTS</b>		168,077,518	3,108,641.06	6,219,908.63	15,074,420.40	13,437,579.97	13,895,000.00	13,895,000.00	17,295,000.00	14,390,000.00	14,385,000.00	14,377,298.74	13,952,617.64	12,752,092.00	15,322,559.56	168,105,118.00
26	<b>D. BALANCE SHEET TRANSACTIONS</b>		(983,317)	(2,608,325.41)	(555,809.14)	(2,928,636.48)	(10,471,500.91)	(10,436,426.49)	27,407,930.70	5,801,797.32	(5,214,412.08)	(11,164,593.67)	16,133,131.75	(4,990,788.71)	6,982,635.62	(8,965,919.50)	(1,010,917.00)
27	<b>ASSETS</b>																
28	CASH NOT IN TREASURY	9111-9199	20,004.14	-	(0.30)	(0.26)	(0.18)	(0.19)	(0.20)	(0.19)	(0.19)	(0.16)	(0.21)	-	-	0.00	20,006.02
29	ACCOUNTS RECEIVABLE	9200-9299	9,193,882.80	2,556,137.62	348,779.62	1,224,358.91	169,833.16	75,000.00	175,000.00	20,000.00	10,000.00	25,000.00	200,500.00	167,000.00	2,379,854.00	1,842,419.49	9,193,882.80
30	DUE FROM OTHER FUNDS	9310-9310	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	STORES	9320-9321	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
32	PREPAID EXPENDITURES	9330-9330	170,362.38	0.00	0.00	0.00	27,600.00	142,762.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	170,362.38
33	OTHER CURRENT ASSETS	9340-9342	3,063,231.94	2,991,243.00	-	-	-	55,000.00	5,000.00	5,000.00	5,000.00	5,000.00	-	1,988.94	-	-	3,063,231.94
34	<b>SUBTOTAL ASSETS</b>		12,447,481.26	5,547,380.62	348,779.32	1,224,358.65	197,432.98	217,762.19	229,999.80	24,999.81	14,999.81	29,999.84	200,499.79	167,000.00	2,381,842.94	1,842,419.49	24,874,956.50
35	<b>LIABILITIES</b>																
36	ACCOUNTS PAYABLE	9500-9599	19,346,858.32	13,560,070.79	1,566,079.11	249,855.53	738,339.23	1,136,000.00	500,000.00	305,582.00	100,000.00	281,739.00	400,000.00	450,000.00	59,192.66	0.00	19,346,858.32
37	DUE TO OTHER FUNDS	9610-9610	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
38	CURRENT LOANS	9640-9640	5,000,000	0.00	0.00	0.00	0.00	(5,000,000.00)	0.00	5,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
39	DEFERRED REVENUES	9650-9650	1,232,742.67	-	-	394,912.67	737,830.00	-	100,000.00	-	-	-	-	0.00	0.00	0.00	1,232,742.67
40	<b>SUBTOTAL LIABILITIES</b>		25,579,600.99	13,560,070.79	1,566,079.11	644,768.20	1,476,169.23	(3,864,000.00)	600,000.00	5,305,582.00	100,000.00	281,739.00	400,000.00	450,000.00	59,192.66	0.00	46,159,201.98
41	<b>FUND BALANCE ADJ.</b>	9795-9795															0.00
42	<b>TOTAL BALANCE SHEET</b>		(13,132,119.73)	(8,012,690.17)	(1,217,299.79)	579,590.45	(1,278,736.25)	4,081,762.19	(370,000.20)	(5,280,582.19)	(85,000.19)	(251,739.16)	(199,500.21)	(283,000.00)	2,322,650.28	1,842,419.49	71,034,158.48
43	<b>E. NET INCREASE/DECREASE</b>																
44	(B-C+D)			(10,621,015.58)	(1,773,108.93)	(2,349,046.03)	(11,750,237.16)	(6,354,664.30)	27,037,930.50	521,215.13	(5,299,412.27)	(11,416,332.83)	15,933,631.54	(5,273,788.71)	9,305,285.90	(10,808,338.99)	(72,045,075.48)
45	<b>F. ENDING CASH (A+E)</b>			25,359,929.16	23,586,820.23	21,237,774.20	9,487,537.04	3,132,872.74	30,170,803.24	30,692,018.36	25,392,606.10	13,976,273.27	29,909,904.81	24,636,116.10	33,941,402.00		

October 13, 2020

***Via email***

To: FOC Board Liaison Members (*Craig Foster, John Kean, Laurie Lieberman*)

Cc: Melody Canady, Assistant Superintendent – Business and Fiscal Services

From: FOC Budget Subcommittee (*Payal Maniar, Matthew Covington, Melinda Newman*)  
FOC Leadership (*Seth Jacobson, Michael Kremer*)

RE: Comments on SMMUSD Staff Proposal to Purchase 1717 4th Street Office Building

Dear FOC Board Liaison members,

The members of the FOC Budget Subcommittee and FOC leadership had the opportunity to review with SMMUSD staff the proposed purchase of the 4<sup>th</sup> St property. Many issues were discussed and issues raised. The following summarizes many but not all of the thoughts and issues we feel will be generated from this proposal. Note, the FOC as a whole was not asked and did not take a position on this transaction, as we were not privy to all the documentation and research that the staff and board were provided. As such, the budget subcommittee review was strictly advisory in nature, and we hope provides needed context to the upcoming decision. We are open to assisting the board in its review of the proposal if the board seeks to have our assistance.

**COP Issues:**

The COPs to be issued to finance the purchase of Doubletree property and the improvements thereto will be a District General Fund obligation, regardless of the availability of RDA funds or property rental income. This 20+ year liability will appear on the District's balance sheet. The COPs will carry the District's credit ratings. Any future problems with paying debt service on the COPs would negatively impact the District's credit rating and increase the borrowing costs of GO bonds. Should projected rental income or RDA funds be inadequate to cover the annual debt service — projected to escalate from \$927,000 in FY 2023 to \$2.5 million in FY 2042 — the District would be forced to divert funds away from its educational mission to cover any shortfall. This said, the staff report is overly "rosey" in tone regarding the risks of issuing the proposed COPs. FOC members brought this to staff's attention before the report was final but changes were not made to address concerns. This particular sentence from the report is inaccurate and misleading: "The entire sale would not cost the General Fund or put it in jeopardy at any time."

The payments on the COPs are shown to be structured with payments that escalate year over year such that the final payment in year 22 will be close to three times the payment in year one. While appreciating that the intention is to have annual debt service payments mirror the annual increases in the repayment sources (rental income and RDA funds), this backloading of payments will increase the total interest paid by the District. If the District were to opt for equal annual payments on the COPs, the annual debt service of about \$1.6 million would save the

District \$2.5-\$3.0 million in interest over the 22 year term. Every dollar of interest avoided is another dollar for the General Fund to spend on students.

Staff should make it clear to the SMMUSD board that the COPs that will be issued to finance the building purchase will be serviced by RDA funds. Currently, these funds are being used to service COPs issued for the 16th Street building. Those COPs were scheduled to mature in 2024-2025. Purchasing this 4th Street building means that \$1.5 million+ per year that would have been available for more student-focused school upgrades starting in 2025-2026 will now need to be used, in part, for administrative offices. Staff should also make it clear that the general fund will be an obligor for the COPs, although the intention is to service the debt with RDA funds. We believe the rates used to calculate potential lease income for the 16th Street building are conservative.

#### **Appraisal / Lease Issues:**

The FOC has not seen the appraisal that values the building at \$28 million. While the idea of the purchase seems to be sound, it is not possible for the FOC to opine on valuation of the building without reviewing the comps used to generate this estimate. That could easily be addressed by having FOC members review the appraisal, or, alternatively, having FOC members spend additional time with the advisor who generated the valuation. Additionally, a full FOC meeting has not been called to discuss the topic, which we would need in order to formally recommend the transaction.

We recommend that staff updates the board on whether the current ground lease with the hotel is at least a at market transaction from the SMMUSD perspective; if it is not, this is the best opportunity to address any weaknesses in that deal. We also recommend that staff updates the board on thoughts regarding potential valuation of the 16th Street property. Ideally, when valuation is optimal and SMMUSD has fully vacated the building, the board should consider selling the property in order to pay down debt.

Members expressed concern that the transaction could open the board to criticism that it is spending money on assets in a crisis that do not improve our students' learning experience. We are not yet clear on what costs associated with getting kids back to school in the midst of a pandemic will be. That does not mean this is not the right thing to do, but the board should be prepared for this criticism.

It was suggested that at some point, allowing the FOC to fully review valuation and potentially recommend the transaction is one way to demonstrate to the community that due diligence was more than sufficient here.

**Investment Objective**

The Strategy seeks an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index (the "Index") over the long term.

**Benchmark**

The MSCI ACWI IMI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

**Investment Strategy**

The Strategy is managed using an "indexing" investment approach, by which SSGA attempts to approximate, before expenses, the performance of the Index over the long term. SSGA will typically attempt to invest in the equity securities comprising the Index, in approximately the same proportions as they are represented in the Index. Equity securities may include common stocks, preferred stocks, depository receipts, or other securities convertible into common stock. Equity securities held by the Strategy may be denominated in foreign currencies and may be held outside the United States. In some cases, it may not be possible or practicable to purchase all of the securities comprising the Index, or to hold them in the same weightings as they represent in the Index. In those circumstances, SSGA may employ a sampling or optimization technique to construct the portfolio in question. A Portfolio may also invest in the securities of Chinese companies, normally restricted to residents of the People's Republic of China (commonly known as "A Shares" or "China A Shares"), through the Stock Connect program or other channels.

From time to time securities are added to or removed from the Index. SSGA may sell securities that are represented in the Index, or purchase securities that are not yet represented in the Index, prior to or after their removal or addition to the Index. SSGA may also utilize other pooled investment vehicles, including those managed by SSGA and its affiliates, as substitutes for gaining direct exposure to securities or a group of securities in the Index. The Strategy may at times purchase or sell index futures contracts, or options on those futures, or engage in other transactions involving the use of derivatives, in lieu of investment directly in the securities making up the Index or to enhance the Strategy's replication of the Index return. The Strategy's return may not match the return of the Index.

SSGA may implement the Strategy's asset allocations through investments in investment pools (which may, but will not necessarily, be registered under the U.S. Investment Company Act of 1940, as amended) managed or sponsored by SSGA or an affiliate. Because of the unit issuance processes employed by the various underlying investment pools, allocations by the Strategy to certain pools on a given trading day may be invested in such pools at the next trading day; net asset value per unit. This will result in the portion of the Strategy's assets being invested in such investment pools being held in cash for the trading day and may result in increased tracking error. This could adversely impact the return to any investor.

**Key Facts**

- Managed using an indexing strategy
- May use futures and other derivatives
- Only designated 'Securities Lending' Portfolios may lend and enter repurchase agreements (See applicable governing documents for a Portfolio's authority to lend. Participation in a securities lending program may adversely affect the investment returns and risk profile of the Portfolio. See "Securities Lending Risk; Risks of Investment of Cash Collateral" in the Strategy Disclosure Document.)
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The MSCI ACWI IMI Index Composite (the "Composite"), inception date 4/1/2008, seeks to achieve the Investment Objective described above using the Investment Strategy described above, and includes portfolios managed across the global offices of SSGA-Global. To receive a complete list and description of SSGA-Global's composites and/or a GIPS® compliant presentation, please contact your SSGA Representative.

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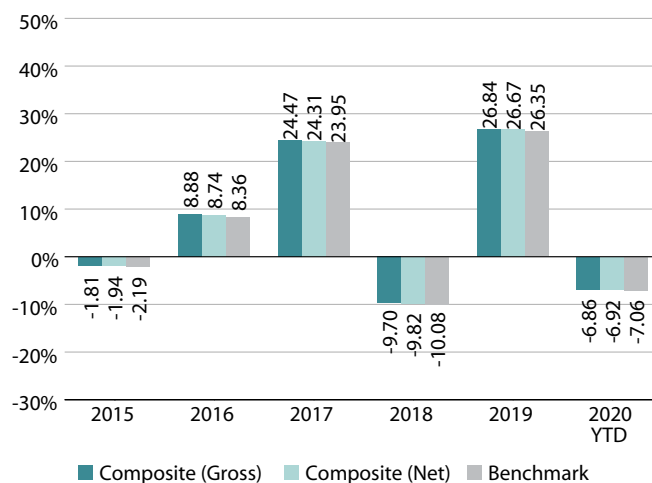
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**Performance**

Total Returns	Composite (Gross) <sup>1,2</sup>	Composite (Net) <sup>1,3</sup>	Benchmark <sup>4</sup>
Q2 2020	19.93%	19.89%	19.83%
YTD	-6.86%	-6.92%	-7.06%
1 Year	1.54%	1.41%	1.17%
3 Year	5.96%	5.83%	5.55%
5 Year	6.55%	6.41%	6.11%
10 Year	9.56%	9.42%	9.10%

**Calendar Year Returns<sup>1,2,3,4</sup>**



<sup>1</sup>Returns greater than one year are annualized. Returns represent past performance and are not a guarantee of future results. Current performance may differ from the performance shown. Returns shown are asset-weighted using Composite (as defined below) member market values, where the Composite member's return calculations are time-weighted and reflect the reinvestment of dividends and other income.

<sup>2</sup>These performance figures are provided gross of fees and expenses other than actual trading fees and expenses, and reflect all items of income, gain, and loss (other than unrealized gain or loss on units of the securities lending pools held by any portfolio in the Composite). The performance figures do not take account of the mark to market value of the units of the securities lending cash collateral pools held by any of the portfolios in the Composite. If they had, the performance shown would have been lower.

<sup>3</sup>These performance figures (i) are provided net of actual trading, audit, custody, administrative and legal fees and expenses; (ii) beginning on 9/30/2014, adjusted quarterly to reflect the highest investment management fee on the actual fee schedule, inclusive of incentive fee, if any, of any account within the Composite ("Management Fee") at the relevant time; prior to 9/30/2014, adjusted for an assumed investment management fee, which is equal to or higher than the Management Fee (except in each case certain small accounts-subject to a minimum investment management fee-may have incurred an actual investment management fee higher than that fee assumed in calculating the performance shown above); and (iii) reflect all items of income, gain and loss (other than unrealized gain or loss on units of the securities lending pools held by any portfolio in the Composite).

<sup>4</sup>Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends (net of any applicable withholding tax rates) and other income and are calculated in U.S. dollars. It is not possible to invest directly in an index. Performance returns are calculated in U.S. dollars.

## Supplemental Information

## Characteristics

Annual Dividend Yield (Trailing 12 Months)	2.17%
Beta (Trailing 36 Months)	1.00
Composite Assets Under Management (\$M)	\$55,333.76
Estimated 3-5 Year EPS Growth	10.67%
Price/Book Ratio	2.1x
Price/Earnings (Forward 12 Months)	20.5x
Standard Deviation (Annualized 36 Months)	16.46%
Total Number of Holdings	8,853
Weighted Average Market Cap (\$M)	\$194,628.29

## Top Holdings

APPLE INC	2.98%
MICROSOFT CORP	2.75
AMAZON.COM INC	2.18
FACEBOOK INC-CLASS A	1.02
ALPHABET INC-CL C	0.81
ALPHABET INC-CL A	0.80
ALIBABA GROUP HOLDING-SP ADR	0.75
JOHNSON & JOHNSON	0.69
TENCENT HOLDINGS LTD	0.68
Visa Inc	0.62

## Sector Allocation

Information Technology	20.13%
Financials	13.21
Health Care	12.85
Consumer Discretionary	11.91
Industrials	10.26
Communication Services	8.69
Consumer Staples	7.66
Materials	4.94
Real Estate	3.74
Energy	3.43
Utilities	3.16

## Top Countries

UNITED STATES	56.82%
JAPAN	7.33
CHINA	4.47
UNITED KINGDOM	4.02
CANADA	2.81
FRANCE	2.72
SWITZERLAND	2.68
GERMANY	2.44
AUSTRALIA	1.97
TAIWAN	1.59

The Supplemental Information above (except for the Beta and Standard Deviation, if shown) is that of a single representative account within the Composite, which is subject to change. The representative account was chosen because it has no material restrictions and fairly represents the investment style of the Strategy. The Supplemental Information should not be deemed to be reflective of (and could differ from) the overall Composite or any other single account within the Composite. Certain Supplemental Information may be rounded to the nearest hundredth decimal and may result in the total not adding up to 100.

The Top Holdings reflect certain securities that the representative account has bought and may not be representative of the Strategy's current or future investments. In the case of fixed income and cash funds the securities are aggregated and shown at the issuer level. The Top Holdings do not include other assets or instruments that may be held by the representative account including, for example and not by way of limitation, cash or cash equivalents and derivatives such as futures, options and swaps. The figures presented are as of the date shown above, do not include the representative account's entire investment portfolio, and may change at any time. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security. It is not known whether an investment in any sectors or securities will be profitable in the future.

Characteristics are calculated using the month-end market value of holdings of the representative account, and where averages are shown these reflect the market weights of the securities in the representative account. For beta and standard deviation, if shown, these reflect Composite month-end returns. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Market data, prices, and dividend estimates for characteristics calculations provided by Factset Research Systems, Inc. All other portfolio data provided by SSGA. Sector reporting based on the Global Industry Classification Standard ("GICS") which was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by State Street. Effective October 1, 2018, GICS renamed the "Telecommunication Services" sector to "Communication Services", which resulted in the sector reclassification of some companies.

SSGA generally delegates commodities management for separately managed accounts to SSGA FM, a wholly owned subsidiary of State Street and an affiliate of SSGA. SSGA FM is registered as a commodity trading advisor ("CTA") with the Commodity Futures Trading Commission and National Futures Association.

**State Street regards the Fact Sheets in their distributed form to be complete documents that include material information regarding the Strategy for investment consideration. You are not authorized to make any material modifications to this information without our express consent, and we assume no liability in connection with these Materials or with regard to any modifications to or misuse of the information contained therein.**

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## Investment Manager

The Strategy is managed by State Street Global Advisors Trust Company, a wholly owned subsidiary of State Street Bank and Trust Company, and a global leader in providing investment management solutions to clients worldwide. To learn more about SSGA, visit our web site at [www.ssga.com](http://www.ssga.com).

## Important Message About Risk

This section explains some of the general risks involved with investing in the Strategy, including possible loss of principal. Equity securities are volatile and can decline significantly in response to broad market and economic conditions. Generally, among asset classes, stocks are more volatile than bonds or short-term instruments. Stock values fluctuate in response to the activities of individual companies, the stock market and economic conditions. At times, the risk level of the Strategy may be greater than that of the U.S. stock market in general. In addition, the Strategy may use derivative instruments which may involve additional risks such as potential illiquidity of the markets, credit risk, currency risk, leverage risk and counterparty risk.

This section does not purport to be a complete explanation; rather, an investment in the Strategy is subject to a number of other risks, which are described in more detail in the Strategy's Disclosure Document. Carefully review the complete description of the risks prior to investing in the Strategy.

Further, there can be no guarantee that the Investment Objective of the Strategy will be met. Risk management does not promise any level of performance or guarantee against loss of principal. SSGA encourages investors to seek the advice of well-qualified financial and tax advisors, accountants, attorneys and other professionals before making any investment or retirement decision.

## Securities Lending

The Strategy may participate in an agency securities lending program (the "Lending Program") sponsored by State Street Bank and Trust Company ("State Street") for the purpose of lending the Strategy's securities and investing the collateral in a collateral reinvestment fund (each a "Collateral Pool"). None of the Collateral Pools are FDIC-insured bank deposits or otherwise guaranteed by SSGA or State Street or any of their respective affiliates. Investors may lose money by participating in the Lending Program and through investments in a Collateral Pool. For more information, including the risks associated with participating in the Lending Program you should review the SSGA Securities Lending Program Disclosure and the disclosure document and fact sheet for the relevant Collateral Pool.

# CERBT Strategy 1



## Objective

The CERBT Strategy 1 portfolio seeks to provide capital appreciation and income consistent with its strategic asset allocation. There is no guarantee that the portfolio will achieve its investment objective.

## Strategy

The CERBT Strategy 1 portfolio is invested in various asset classes. CalPERS periodically adjusts the composition of the portfolio in order to match the target allocations. Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

Compared with CERBT Strategy 2 and Strategy 3, this portfolio has a higher allocation to equities than bonds and other assets. Historically, equities have displayed greater price volatility and therefore, this portfolio may experience greater fluctuation of value. Employers that seek higher investment returns, and are able to accept greater risk and tolerate more fluctuation in returns, may wish to consider this portfolio.

CalPERS Board may change the list of approved asset classes in composition as well as targeted allocation percentages and ranges at any time.

## Assets Under Management

As of the specified reporting month-end:

CERBT Strategy 1	Annual Expense Ratio
\$9,565,548,004	0.10%

## Composition

### Asset Class Allocations and Benchmarks

The CERBT Strategy 1 portfolio consists of the following asset classes and corresponding benchmarks:

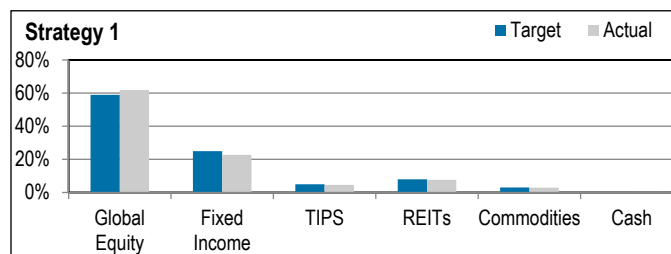
Asset Class	Target Allocation <sup>1</sup>	Target Range	Benchmark
Global Equity	59%	± 5%	MSCI All Country World Index IMI (net)
Fixed Income	25%	± 5%	Bloomberg Barclays Long Liability Index
Treasury Inflation-Protected Securities ("TIPS")	5%	± 3%	Bloomberg Barclays US TIPS Index, Series L
Real Estate Investment Trusts ("REITs")	8%	± 5%	FTSE EPRA/NAREIT Developed Index (net)
Commodities	3%	± 3%	S&P GSCI Total Return Index
Cash	-	+ 2%	91 Day Treasury Bill

## Portfolio Benchmark

The CERBT Strategy 1 benchmark is a composite of underlying asset class market indices, each assigned the target weight for the asset class it represents.

## Target vs. Actual Asset Class Allocations

The following chart shows policy target allocations compared with actual asset allocations as of the specified reporting month-end. CalPERS may temporarily deviate from the target allocation for a particular asset class based on market, economic, or other considerations.



CERBT Strategy 1 Performance as of June 30, 2020								
	1 Month	3 Months	Fiscal YTD	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* (June 1, 2007)
Gross Return <sup>1,3</sup>	2.57%	14.10%	3.58%	3.58%	5.92%	5.84%	8.20%	4.82%
Net Return <sup>2,3</sup>	2.56%	14.07%	3.49%	3.49%	5.83%	5.75%	8.10%	4.74%
Benchmark Returns	2.53%	13.95%	3.16%	3.16%	5.59%	5.43%	7.92%	4.38%
Standard Deviation <sup>4</sup>	-	-	-	-	11.46%	10.14%	10.07%	12.85%

Performance quoted represents past performance, which is no guarantee of future results that may be achieved by the fund.

\* Returns for periods greater than one year are annualized.

<sup>1</sup> Gross performance figures are provided net of SSGA operating expenses.

<sup>2</sup> Net Performance figures deduct all expenses to the fund, including investment management, administrative and recordkeeping fees.

<sup>3</sup> See the Expense section of this document.

<sup>4</sup> Standard Deviation is based on gross returns.

# CERBT Strategy 1



## General Information

### Information Accessibility

The CERBT Strategy 1 portfolio consists of assets managed internally by CalPERS and/or by external managers. Since it is not a mutual fund, a prospectus is not available and daily holdings are not published. CalPERS provides a quarterly statement of the employer's account and other information about the CERBT. For total market value, detailed asset allocation, investment policy and performance information, please visit our website at: [www.calpers.ca.gov](http://www.calpers.ca.gov).

### Portfolio Manager Information

The CalPERS Board, through its Investment Committee directs the CERBT investment strategy based on policies approved by the Board of Administration. State Street Global Advisors (SSGA) manages all underlying investments for CERBT, which includes: Global Equity, Fixed Income, Real Estate Investment Trusts, Treasury Inflation-Protected Securities, and Commodities.<sup>1</sup>

### Custodian and Record Keeper

State Street Bank serves as custodian for the CERBT. Northeast Retirement Services serves as recordkeeper.

### Expenses

CERBT is a self-funded trust in which participating employers pay for all administrative and investment expenses. Expenses reduce the gross investment return by the fee amount. The larger the expenses, the greater the reduction of investment return. Currently, CERBT expense ratios are 0.10% which consist of administrative expenses borne by CalPERS to administer and oversee the Trust assets, investment management and administrative fees paid to SSGA to manage all asset classes, and recordkeeping fees paid to Northeast Retirement Services to administer individual employer accounts. The expenses described herein are reflected in the net asset value per unit. The expense ratio is subject to change at any time and without prior notification due to factors such as changes to average fund assets or market conditions. CalPERS reviews the operating expenses annually and changes may be made as appropriate. Even if the portfolio loses money during a period, the expenses will still be charged.

## What Employers Own

Each employer invested in CERBT Strategy 1 owns units of this portfolio, which invests in pooled asset classes managed by CalPERS and/or external advisors. Employers do not have direct ownership of the securities in the portfolio.

## Price

The value of the portfolio changes daily based upon the market value of the underlying securities. Just as prices of individual securities fluctuate, the portfolio's value also changes with market conditions.

## Principal Risks of the Portfolio

The CalPERS CERBT Fund provides California government employers with a trust through which they may prefund retiree medical costs and other post-employment benefits (OPEB). CERBT is not, however, a defined benefit plan. There is no guarantee that the portfolio will achieve its investment objectives or provide sufficient funding to meet employer obligations. Further, CalPERS will not make up the difference between an employer's CERBT assets and the actual cost of OPEB provided to an employer's plan members.

An investment in the portfolio is not a bank deposit, nor is it insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC), CalPERS, the State of California or any other government agency.

There are risks associated with investing, including possible loss of principal. The portfolio's risk depends in part on the portfolio's asset class allocations and the selection, weighting and risks of the underlying investments. For more information about investment risks, please see the document entitled "CERBT Principal Investment Risks" located at [www.calpers.ca.gov](http://www.calpers.ca.gov).

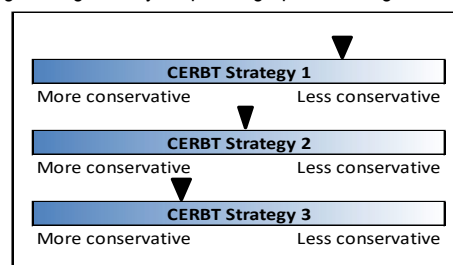
## Fund Performance

Performance data shown on page 1 represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an employer's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than historical performance data shown. For current performance information, please visit [www.calpers.ca.gov](http://www.calpers.ca.gov) and follow the links to California Employers' Retiree Benefit Trust.

## CERBT Strategy Risk Levels

CalPERS offers employers the choice of one of three investment strategies. Projected risk levels among strategies vary, depending upon the target asset class allocations. Generally, equities carry more risk than fixed income securities.

Asset Class Target Allocations	Strategy 1	Strategy 2	Strategy 3
Global Equity	59%	40%	22%
Fixed Income	25%	43%	49%
Treasury Inflation-Protected Securities	5%	5%	16%
Real Estate Investment Trusts	8%	8%	8%
Commodities	3%	4%	5%



<sup>1</sup>Since June 2018 SSGA has passively managed all CERBT asset classes. Previously Fixed Income, TIPS and Commodity asset classes were managed internally by CalPERS.



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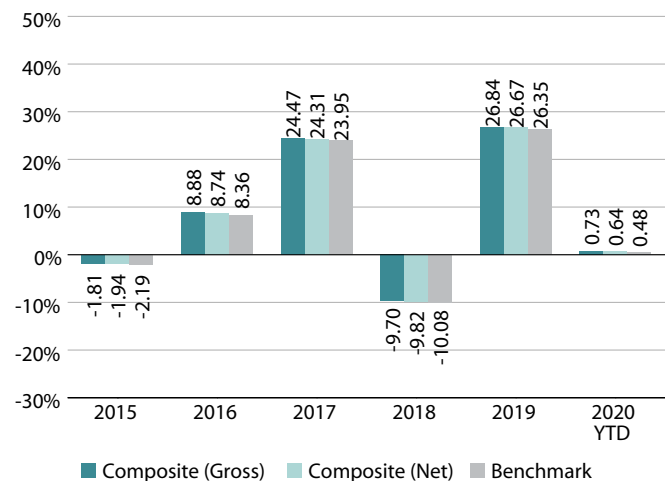
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Total Returns	Composite (Gross) <sup>1,2</sup>	Composite (Net) <sup>1,3</sup>	Benchmark <sup>4</sup>
Q3 2020	8.15%	8.12%	8.11%
YTD	0.73%	0.64%	0.48%
1 Year	9.91%	9.77%	9.57%
3 Year	6.87%	6.73%	6.47%
5 Year	10.42%	10.28%	9.97%
10 Year	8.93%	8.79%	8.47%

**Calendar Year Returns<sup>1,2,3,4</sup>**



<sup>1</sup>Returns greater than one year are annualized. Returns represent past performance and are not a guarantee of future results. Current performance may differ from the performance shown. Returns shown are asset-weighted using Composite (as defined below) member market values, where the Composite member's return calculations are time-weighted and reflect the reinvestment of dividends and other income.

<sup>2</sup>These performance figures are provided gross of fees and expenses other than actual trading fees and expenses, and reflect all items of income, gain, and loss (other than unrealized gain or loss on units of the securities lending pools held by any portfolio in the Composite). The performance figures do not take account of the mark to market value of the units of the securities lending cash collateral pools held by any of the portfolios in the Composite. If they had, the performance shown would have been lower.

<sup>3</sup>These performance figures (i) are provided net of actual trading, audit, custody, administrative and legal fees and expenses; (ii) beginning on 9/30/2014, adjusted quarterly to reflect the highest investment management fee on the actual fee schedule, inclusive of incentive fee, if any, of any account within the Composite ("Management Fee") at the relevant time; prior to 9/30/2014, adjusted for an assumed investment management fee, which is equal to or higher than the Management Fee (except in each case certain small accounts-subject to a minimum investment management fee-may have incurred an actual investment management fee higher than that fee assumed in calculating the performance shown above); and (iii) reflect all items of income, gain and loss (other than unrealized gain or loss on units of the securities lending pools held by any portfolio in the Composite).

<sup>4</sup>Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends (net of any applicable withholding tax rates) and other income and are calculated in U.S. dollars. It is not possible to invest directly in an index.

Performance returns are calculated in U.S. dollars.

## Supplemental Information

## Characteristics

Annual Dividend Yield (Trailing 12 Months)	1.99%
Beta (Trailing 36 Months)	1.00
Composite Assets Under Management (\$M)	\$57,597.12
Estimated 3-5 Year EPS Growth	11.49%
Price/Book Ratio	2.2x
Price/Earnings (Forward 12 Months)	20.8x
Standard Deviation (Annualized 36 Months)	17.03%
Total Number of Holdings	8,819
Weighted Average Market Cap (\$M)	\$229,826.17

## Top Holdings

APPLE INC	3.48%
MICROSOFT CORP	2.62
AMAZON.COM INC	2.31
FACEBOOK INC-CLASS A	1.09
ALIBABA GROUP HOLDING-SP ADR	0.96
ALPHABET INC-CL C	0.77
ALPHABET INC-CL A	0.76
JOHNSON & JOHNSON	0.68
TENCENT HOLDINGS LTD	0.66
TAIWAN SEMICONDUCTOR MANUFAC	0.64

## Sector Allocation

Information Technology	20.88%
Consumer Discretionary	12.97
Health Care	12.58
Financials	12.32
Industrials	10.52
Communication Services	8.68
Consumer Staples	7.57
Materials	5.07
Real Estate	3.57
Utilities	3.05
Energy	2.78

## Top Countries

UNITED STATES	57.34%
JAPAN	7.26
CHINA	4.74
UNITED KINGDOM	3.75
CANADA	2.76
SWITZERLAND	2.65
FRANCE	2.60
GERMANY	2.47
AUSTRALIA	1.90
TAIWAN	1.68

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The Top Holdings reflect certain securities that the representative account has bought and may not be representative of the Strategy's current or future investments. In the case of fixed income and cash funds the securities are aggregated and shown at the issuer level. The Top Holdings do not include other assets or instruments that may be held by the representative account including, for example and not by way of limitation, cash or cash equivalents and derivatives such as futures, options and swaps. The figures presented are as of the date shown above, do not include the representative account's entire investment portfolio, and may change at any time. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security. It is not known whether an investment in any sectors or securities will be profitable in the future.

Characteristics are calculated using the month-end market value of holdings of the representative account, and where averages are shown these reflect the market weights of the securities in the representative account. For beta and standard deviation, if shown, these reflect Composite month-end returns. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Market data, prices, and dividend estimates for characteristics calculations provided by Factset Research Systems, Inc. All other portfolio data provided by SSGA. Sector reporting based on the Global Industry Classification Standard ("GICS") which was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by State Street. Effective October 1, 2018, GICS renamed the "Telecommunication Services" sector to "Communication Services", which resulted in the sector reclassification of some companies.

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## Investment Manager

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## Important Message About Risk

This section explains some of the general risks involved with investing in the Strategy, including possible loss of principal. Equity securities are volatile and can decline significantly in response to broad market and economic conditions. Generally, among asset classes, stocks are more volatile than bonds or short-term instruments. Stock values fluctuate in response to the activities of individual companies, the stock market and economic conditions. At times, the risk level of the Strategy may be greater than that of the U.S. stock market in general. In addition, the Strategy may use derivative instruments which may involve additional risks such as potential illiquidity of the markets, credit risk, currency risk, leverage risk and counterparty risk.

This section does not purport to be a complete explanation; rather, an investment in the Strategy is subject to a number of other risks, which are described in more detail in the Strategy's Disclosure Document. Carefully review the complete description of the risks prior to investing in the Strategy.

Further, there can be no guarantee that the Investment Objective of the Strategy will be met. Risk management does not promise any level of performance or guarantee against loss of principal. SSGA encourages investors to seek the advice of well-qualified financial and tax advisors, accountants, attorneys and other professionals before making any investment or retirement decision.

## Securities Lending

The Strategy may participate in an agency securities lending program (the "Lending Program") sponsored by State Street Bank and Trust Company ("State Street") for the purpose of lending the Strategy's securities and investing the collateral in a collateral reinvestment fund (each a "Collateral Pool"). None of the Collateral Pools are FDIC-insured bank deposits or otherwise guaranteed by SSGA or State Street or any of their respective affiliates. Investors may lose money by participating in the Lending Program and through investments in a Collateral Pool. For more information, including the risks associated with participating in the Lending Program you should review the SSGA Securities Lending Program Disclosure and the disclosure document and fact sheet for the relevant Collateral Pool.

**Investment Objective**

The Strategy seeks an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index (the "Index") over the long term.

**Benchmark**

Bloomberg Barclays Long Liability Index

**Investment Strategy**

The Strategy is managed using an "indexing" investment approach, by which SSGA attempts to approximate, before expenses, the performance of the Index over the long term. The Strategy will not necessarily own all of the securities included in the Index.

The Strategy may attempt to invest in the securities comprising the Index, in the same proportions as they are represented in the Index, in limited cases where we believe it is practical to do so. However, due to the diverse composition of securities in the Index and the fact that many of the securities comprising the Index may be unavailable for purchase, it may not be possible for the Strategy to purchase some of the securities comprising the Index. In such a case, SSGA will select securities for the Portfolio that SSGA expects will provide a return comparable to that of the Index.

SSGA expects that it will typically seek to replicate Index returns for the Portfolio through investments in the "cash" markets - actual holdings of debt securities and other instruments - rather than through "notional" or "synthetic" positions achieved through the use of derivatives, such as futures contracts or swap transactions (except in the unusual case where SSGA believes that use of derivatives is necessary to achieve an exposure that is not readily available through the cash markets). The Strategy's return may not match the return of the Index.

Additional permitted investments are cash and cash equivalents, including shares of registered money market funds for which an affiliate or non-affiliate of SSGA acts as the investment adviser (the "Money Market Funds"). Commercial Paper, if held directly by the Strategy, will have a minimum credit rating of A1 or P1. U.S. Government Note and Bond futures contracts shall be limited to exchange-traded futures contracts solely for hedging purposes to reduce strategy risk relative to the Index. Non-exchange traded derivatives shall not be utilized as an investment in the Strategy.

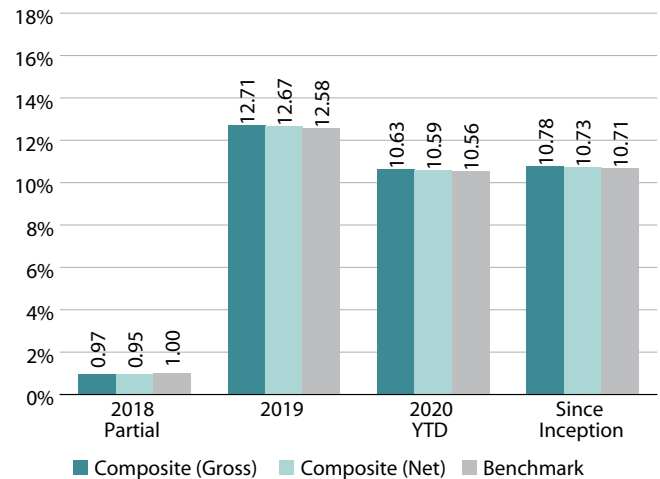
**Key Facts**

- Managed using an indexing strategy
- Does not normally use futures or other derivatives to create "notional" or "synthetic" index exposures
- Only designated 'Securities Lending' Portfolios may lend and enter repurchase agreements (See applicable governing documents for a Portfolio's authority to lend. Participation in a securities lending program may adversely affect the investment returns and risk profile of the Portfolio. See "Securities Lending Risk; Risks of Investment of Cash Collateral" in the Strategy Disclosure Document.)
- May invest in other investment pools, including those managed by SSGA and its affiliates
- Is not a leveraged strategy
- Will not sell securities short

**Performance**

Total Returns	Composite (Gross) <sup>1,2</sup>	Composite (Net) <sup>1,3</sup>	Benchmark <sup>4</sup>
Q3 2020	0.88%	0.87%	0.90%
YTD	10.63%	10.59%	10.56%
1 Year	9.88%	9.84%	9.81%
3 Year	N/A	N/A	N/A
5 Year	N/A	N/A	N/A
Inception to Date (Jul 2018)	10.78%	10.73%	10.71%

**Calendar Year Returns<sup>1,2,3,4</sup>**



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For the purpose of complying with the Global Investment Performance Standards (GIPS), the firm ("SSGA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSGA) and SSGA Funds Management, Inc., with the exception of Charitable Asset Management which is held out to the marketplace as a distinct business entity. Prior to January 2011, SSGA-Global excluded its wrap fee business and assets accounted for on a book value basis (global cash and stable value assets). Prior to July 2017, SSGA-Global excluded Fiduciary Advisory Solutions. In January 2011, SSGA acquired the Bank of Ireland Asset Management Limited (now known as SSGA Ireland Limited), a GIPS Compliant firm. On January 01, 2012 SSGA Ireland Limited assets were merged into SSGA-Global. In July 2016, SSGA acquired the asset management and advisory services business conducted by GE Asset Management ("GEAM"), a GIPS Compliant firm. On July 01, 2017 GEAM assets were merged into SSGA-Global.

The Bloomberg Barclays Long Liability Index Composite (the "Composite"), inception date 7/1/2018, seeks to achieve the Investment Objective described above using the Investment Strategy described above, and includes portfolios managed across the global offices of SSGA-Global. To receive a complete list and description of SSGA-Global's composites and/or a GIPS compliant presentation, please contact your SSGA Representative.

An investment in the Strategy is not FDIC insured, nor is it an obligation or deposit of, or guaranteed by State Street Corporation, SSGA or their affiliates.

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## Supplemental Information

## Characteristics

Average Credit Quality	AA3
Average Effective Convexity	1.57
Average Effective Maturity	14.14
Average Yield to Worst	1.69%
Composite Assets Under Management (\$M)	\$7,245.82
Effective Duration	10.59
Total Number of Holdings	4,538

## Credit Quality Breakdown

Aaa	70.26%
Aa	2.21
A	10.09
Baa	15.07
Below Baa	2.31
Not Rated	0.06

## Top Issuers

US/T	39.34%
FNMA	12.85
GNMA	6.42
FHLMC	5.08
FNCL	1.93
FHMS	0.76
MEX	0.60
G2SF	0.42
PHILIP	0.34
BAC	0.31

## Sector Allocation

TREASURY	39.34%
MORTGAGE BACKED SECURITIES	26.99
CORPORATE - INDUSTRIAL	18.64
CORPORATE - FINANCE	5.43
NON CORPORATES	3.25
CORPORATE - UTILITY	2.94
CMBS	2.19
CASH	0.86
ASSET BACKED SECURITIES	0.36

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The Top Holdings reflect certain securities that the representative account has bought and may not be representative of the Strategy's current or future investments. In the case of fixed income and cash funds the securities are aggregated and shown at the issuer level. The Top Holdings do not include other assets or instruments that may be held by the representative account including, for example and not by way of limitation, cash or cash equivalents and derivatives such as futures, options and swaps. The figures presented are as of the date shown above, do not include the representative account's entire investment portfolio, and may change at any time. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security. It is not known whether an investment in any sectors or securities will be profitable in the future.

Characteristics are calculated using the month-end market value of holdings of the representative account, and where averages are shown these reflect the market weights of the securities in the representative account. For beta and standard deviation, if shown, these reflect Composite month-end returns. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Market data, prices, and estimates for characteristics calculations provided by Bloomberg Portfolio Risk and Analytics Schedule of Services (PORT+). Average Credit Quality reflects market value weight of all the rated securities held by the portfolio (excludes unrated securities) using the middle rating provided by either S&P, Moody's and Fitch or lower if only two agency ratings are available. All other portfolio data provided by SSGA. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. Fixed income asset class and country reporting based on Bloomberg Barclays indices which are trademarks of Bloomberg Barclays Inc. and have been licensed for use by State Street. Bloomberg Barclays or its affiliates ("Bloomberg Barclays") shall not be liable for any inaccuracies or errors with respect to any data or Index referenced herein, nor does Bloomberg Barclays sponsor, endorse or promote the Strategy.

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## Supplemental Information

## Top Countries

UNITED STATES	93.52%
CANADA	0.78
MEXICO	0.78
UNITED KINGDOM	0.78
JAPAN	0.40
COLOMBIA	0.35
PHILIPPINES	0.34
NETHERLANDS	0.29
BELGIUM	0.27
PANAMA	0.26

## Investment Manager

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## Important Message About Risk

This section explains some of the general risks involved with investing in the Strategy, including possible loss of principal. Bonds generally present less short-term risk and volatility than stocks, but are subject to: interest rate risk (as interest rates raise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually more pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Investing in high yield fixed income securities, otherwise known as junk bonds, is considered speculative and involves greater risk of loss of principal and interest than investing in investment grade fixed income securities. These lower-quality debt securities involve greater risk of default and price changes due to potential changes in the credit quality of the issuer. In addition, the Strategy may use derivative instruments which may involve additional risks such as potential illiquidity of the markets, credit risk, currency risk, leverage risk and counterparty risk.

This section does not purport to be a complete explanation; rather, an investment in the Strategy is subject to a number of other risks, which are described in more detail in the Strategy's Disclosure Document. Carefully review the complete description of the risks prior to investing in the Strategy. Further, there can be no guarantee that the Investment Objective of the Strategy will be met. Risk management does not promise any level of performance or guarantee against loss of principal. SSGA encourages investors to seek the advice of well-qualified financial and tax advisors, accountants, attorneys and other professionals before making any investment or retirement decision.

## Securities Lending

The Strategy may participate in an agency securities lending program (the "Lending Program") sponsored by State Street Bank and Trust Company ("State Street") for the purpose of lending the Strategy's securities and investing the collateral in a collateral reinvestment fund (each a "Collateral Pool"). None of the Collateral Pools are FDIC-insured bank deposits or otherwise guaranteed by SSGA or State Street or any of their respective affiliates. Investors may lose money by participating in the Lending Program and through investments in a Collateral Pool. For more information, including the risks associated with participating in the Lending Program you should review the SSGA Securities Lending Program Disclosure and the disclosure document and fact sheet for the relevant Collateral Pool.

**Investment Objective**

The Portfolio seeks an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index (the "Index") over the long term.

**Benchmark**

FTSE EPRA/NAREIT Developed Real Estate Index

**Investment Strategy**

The Strategy is managed using an "indexing" investment approach, by which SSGA attempts to approximate, before expenses, the performance of the Index over the long term. SSGA will typically attempt to invest in the equity securities comprising the Index, in approximately the same proportions as they are represented in the Index. Equity securities may include common stocks, preferred stocks, depository receipts, or other securities convertible into common stock. In some cases, it may not be possible or practicable to purchase all of the securities comprising the Index, or to hold them in the same weightings as they represent in the Index. In those circumstances, SSGA may employ a sampling or optimization technique to construct the portfolio in question.

From time to time securities are added to or removed from the Index. SSGA may sell securities that are represented in the Index, or purchase securities that are not yet represented in the Index, prior to or after their removal or addition to the Index. The Strategy's return may not match the return of the Index.

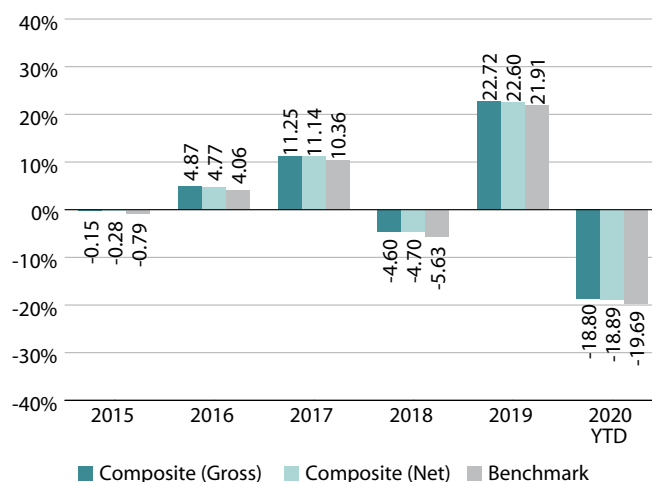
**Key Facts**

- Managed using an indexing strategy
- Only designated 'Securities Lending' Portfolios may lend and enter repurchase agreements (See applicable governing documents for a Portfolio's authority to lend. Participation in a securities lending program may adversely affect the investment returns and risk profile of the Portfolio. See "Securities Lending Risk; Risks of Investment of Cash Collateral" in the Strategy Disclosure Document.)
- May invest in other investment pools, including those managed by SSGA and its affiliates
- Is not a leveraged strategy
- Will not sell securities short

**Performance**

Total Returns	Composite (Gross) <sup>1,2</sup>	Composite (Net) <sup>1,3</sup>	Benchmark <sup>4</sup>
Q3 2020	2.31%	2.25%	2.09%
YTD	-18.80%	-18.89%	-19.69%
1 Year	-17.22%	-17.33%	-18.29%
3 Year	-0.45%	-0.56%	-1.45%
5 Year	2.96%	2.85%	2.03%
10 Year	5.52%	5.41%	4.75%

**Calendar Year Returns<sup>1,2,3,4</sup>**



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## Supplemental Information

## Characteristics

Annual Dividend Yield (Trailing 12 Months)	3.96%
Beta (Trailing 36 Months)	0.99
Composite Assets Under Management (\$M)	\$2,576.05
Standard Deviation (Annualized 36 Months)	17.69%
Total Number of Holdings	344
Weighted Average Market Cap (\$M)	\$15,254.92

## Top Holdings

PROLOGIS INC	5.41%
DIGITAL REALTY TRUST INC	2.86
VONOVIA SE	2.85
PUBLIC STORAGE	2.45
WELLTOWER INC	1.68
AVALONBAY COMMUNITIES INC	1.53
REALTY INCOME CORP	1.53
ALEXANDRIA REAL ESTATE EQUIT	1.46
SIMON PROPERTY GROUP INC	1.44
EQUITY RESIDENTIAL	1.38

## Sector Allocation

Diversified	26.82%
Residential	18.65
Industrial	14.22
Retail	12.48
Office	11.30
Healthcare	7.82
Self Storage	4.88
Lodging/Resorts	1.93
Industrial/Office	1.70
Data Centers	0.19

## Top Countries

UNITED STATES	53.57%
JAPAN	11.77
GERMANY	6.16
HONG KONG	5.93
UNITED KINGDOM	4.69
SINGAPORE	3.52
AUSTRALIA	3.31
CANADA	2.74
SWEDEN	2.32
BELGIUM	1.37

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## Securities Lending

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The Supplemental Information above (except for the Beta and Standard Deviation, if shown) is that of a single representative account within the Composite, which is subject to change. The representative account was chosen because it has no material restrictions and fairly represents the investment style of the Strategy. The Supplemental Information should not be deemed to be reflective of (and could differ from) the overall Composite or any other single account within the Composite. Certain Supplemental Information may be rounded to the nearest hundredth decimal and may result in the total not adding up to 100.

The Top Holdings reflect certain securities that the representative account has bought and may not be representative of the Strategy's current or future investments. In the case of fixed income and cash funds the securities are aggregated and shown at the issuer level. The Top Holdings do not include other assets or instruments that may be held by the representative account including, for example and not by way of limitation, cash or cash equivalents and derivatives such as futures, options and swaps. The figures presented are as of the date shown above, do not include the representative account's entire investment portfolio, and may change at any time. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security. It is not known whether an investment in any sectors or securities will be profitable in the future.

Characteristics are calculated using the month-end market value of holdings of the representative account, and where averages are shown these reflect the market weights of the securities in the representative account. For beta and standard deviation, if shown, these reflect Composite month-end returns. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Market data, prices, and dividend estimates for characteristics calculations provided by Factset Research Systems, Inc. All other portfolio data provided by SSGA.

SSGA generally delegates commodities management for separately managed accounts to SSGA FM, a wholly owned subsidiary of State Street and an affiliate of SSGA. SSGA FM is registered as a commodity trading advisor ("CTA") with the Commodity Futures Trading Commission and National Futures Association.

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## Investment Objective

The Strategy seeks an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index (the "Index") over the long term.

## Benchmark

Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index

## Investment Strategy

The Strategy is managed using an "indexing" investment approach, by which SSGA attempts to approximate, before expenses, the performance of the Index over the long term. The Strategy will not necessarily own all of the securities included in the Index.

The Strategy may attempt to invest in the securities comprising the Index, in the same proportions as they are represented in the Index, in limited cases where we believe it is practical to do so. However, due to the diverse composition of securities in the Index and the fact that many of the securities comprising the Index may be unavailable for purchase, it may not be possible for the Strategy to purchase some of the securities comprising the Index. In such a case, SSGA will select securities for the Portfolio that SSGA expects will provide a return comparable to that of the Index.

SSGA expects that it will typically seek to replicate Index returns for the Portfolio through investments in the "cash" markets - actual holdings of debt securities and other instruments - rather than through "notional" or "synthetic" positions achieved through the use of derivatives, such as futures contracts or swap transactions (except in the unusual case where SSGA believes that use of derivatives is necessary to achieve an exposure that is not readily available through the cash markets).

SSGA may implement the Strategy's asset allocations through investments in investment pools (which may, but will not necessarily, be registered under the U.S. Investment Company Act of 1940, as amended) managed or sponsored by SSGA or an affiliate. Because of the unit issuance processes employed by the various underlying investment pools, allocations by the Strategy to certain pools on a given trading day may be invested in such pools at the next trading day's net asset value per unit. This will result in the portion of the Strategy's assets being invested in such investment pools being held in cash for the trading day and may result in increased tracking error. This could adversely impact the return to any investor.

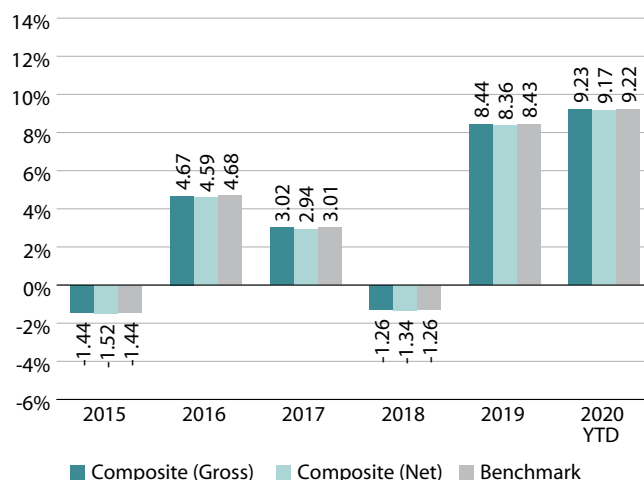
## Key Facts

- Managed using an indexing strategy
- Does not normally use futures or other derivatives to create "notional" or "synthetic" index exposures
- Only designated 'Securities Lending' Portfolios may lend and enter repurchase agreements (See applicable governing documents for a Portfolio's authority to lend. Participation in a securities lending program may adversely affect the investment returns and risk profile of the Portfolio. See "Securities Lending Risk; Risks of Investment of Cash Collateral" in the Strategy Disclosure Document.)
- May invest in other investment pools, including those managed by SSGA and its affiliates
- Is not a leveraged strategy
- Will not sell securities short

## Performance

Total Returns	Composite (Gross) <sup>1,2</sup>	Composite (Net) <sup>1,3</sup>	Benchmark <sup>4</sup>
Q3 2020	3.02%	3.00%	3.03%
YTD	9.23%	9.17%	9.22%
1 Year	10.09%	10.01%	10.08%
3 Year	5.80%	5.72%	5.79%
5 Year	4.61%	4.53%	4.61%
10 Year	3.57%	3.40%	3.57%

## Calendar Year Returns<sup>1,2,3,4</sup>



<sup>1</sup>Returns greater than one year are annualized. Returns represent past performance and are not a guarantee of future results. Current performance may differ from the performance shown. Returns shown are asset-weighted using Composite (as defined below) member market values, where the Composite member's return calculations are time-weighted and reflect the reinvestment of dividends and other income.

<sup>2</sup>These performance figures are provided gross of fees and expenses other than actual trading fees and expenses, and reflect all items of income, gain, and loss (other than unrealized gain or loss on units of the securities lending pools held by any portfolio in the Composite). The performance figures do not take account of the mark to market value of the units of the securities lending cash collateral pools held by any of the portfolios in the Composite. If they had, the performance shown would have been lower.

<sup>3</sup>These performance figures (i) are provided net of actual trading, audit, custody, administrative and legal fees and expenses; (ii) beginning on 9/30/2014, adjusted quarterly to reflect the highest investment management fee on the actual fee schedule, inclusive of incentive fee, if any, of any account within the Composite ("Management Fee") at the relevant time; prior to 9/30/2014, adjusted for an assumed investment management fee, which is equal to or higher than the Management Fee (except in each case certain small accounts-subject to a minimum investment management fee-may have incurred an actual investment management fee higher than that fee assumed in calculating the performance shown above); and (iii) reflect all items of income, gain and loss (other than unrealized gain or loss on units of the securities lending pools held by any portfolio in the Composite).

<sup>4</sup>Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends (net of any applicable withholding tax rates) and other income and are calculated in U.S. dollars. It is not possible to invest directly in an index. Performance returns are calculated in U.S. dollars.

For the purpose of complying with the Global Investment Performance Standards (GIPS<sup>®</sup>), the firm ("SSGA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSGA) and SSGA Funds Management, Inc., with the exception of Charitable Asset Management which is held out to the marketplace as a distinct business entity. Prior to January 2011, SSGA-Global excluded its wrap fee business and assets accounted for on a book value basis (global cash and stable value assets). Prior to July 2017, SSGA-Global excluded Fiduciary Advisory Solutions. In January 2011, SSGA acquired the Bank of Ireland Asset Management Limited (now known as SSGA Ireland Limited), a GIPS Compliant firm. On January 01, 2012 SSGA Ireland Limited assets were merged into SSGA-Global. In July 2016, SSGA acquired the asset management and advisory services business conducted by GE Asset Management ("GEAM"), a GIPS Compliant firm. On July 01, 2017 GEAM assets were merged into SSGA-Global.

The U.S. TIPS Index Composite (the "Composite"), inception date 8/1/2000, seeks to achieve the Investment Objective described above using the Investment Strategy described above, and includes portfolios managed across the global offices of SSGA-Global. To receive a complete list and description of SSGA-Global's composites and/or a GIPS<sup>®</sup> compliant presentation, please contact your SSGA Representative.

An investment in the Strategy is not FDIC insured, nor is it an obligation or deposit of, or guaranteed by State Street Corporation, SSGA or their affiliates.

Source: Bloomberg Barclays Indices. ©2020 Bloomberg Finance L.P. and its affiliates. Used with permission.

**This document provides summary information regarding the Strategy. It should be read in conjunction with the Strategy's Disclosure Document, which is available from SSGA. The Strategy Disclosure Document contains important information about the Strategy, including a description of a number of risks.**

## Supplemental Information

## Characteristics

Average Credit Quality	AAA
Average Effective Convexity	1.27
Average Effective Maturity	8.40
Composite Assets Under Management (\$M)	\$18,962.29
Real Duration	7.95
Real Yield	-1.05%
Total Number of Holdings	43

## Credit Quality Breakdown

Aaa	100.00%
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## Top Issuers

US/T	99.79%
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## Sector Allocation

TREASURY	99.79%
CASH	0.21

## Investment Manager

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## Important Message About Risk

This section explains some of the general risks involved with investing in the Strategy, including possible loss of principal. Bonds generally present less short-term risk and volatility than stocks, but are subject to: interest rate risk (as interest rates raise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually more pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. In addition, the Strategy may use derivative instruments which may involve additional risks such as potential illiquidity of the markets, credit risk, currency risk, leverage risk and counterparty risk.

This section does not purport to be a complete explanation; rather, an investment in the Strategy is subject to a number of other risks, which are described in more detail in the Strategy's Disclosure Document. Carefully review the complete description of the risks prior to investing in the Strategy.

Further, there can be no guarantee that the Investment Objective of the Strategy will be met. Risk management does not promise any level of performance or guarantee against loss of principal. SSGA encourages investors to seek the advice of well-qualified financial and tax advisors, accountants, attorneys and other professionals before making any investment or retirement decision.

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Market data, prices, and estimates for characteristics calculations provided by Bloomberg Portfolio Risk and Analytics Schedule of Services (PORT+). Average Credit Quality reflects market value weight of all the rated securities held by the portfolio (excludes unrated securities) using the middle rating provided by either S&P, Moody's and Fitch or lower if only two agency ratings are available. All other portfolio data provided by SSGA. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. Fixed income asset class and country reporting based on Bloomberg Barclays indices which are trademarks of Bloomberg Barclays Inc. and have been licensed for use by State Street. Bloomberg Barclays or its affiliates ("Bloomberg Barclays") shall not be liable for any inaccuracies or errors with respect to any data or Index referenced herein, nor does Bloomberg Barclays sponsor, endorse or promote the Strategy.

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**Investment Objective**

The Strategy seeks an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index (the "Index") over the long term.

**Benchmark**

S&P GSCI® Commodity Index

**Investment Strategy**

The Strategy is managed using an "indexing" investment approach, by which SSGA attempts to approximate, before expenses, the performance of the Index over the long term. The Strategy will not necessarily own all, or any, of the futures contracts included in the Index.

The Strategy typically attempts to replicate the performance of the Index by entering into derivatives transactions, such as total return swap transactions, that provide a return based on the performance of the Index. In some circumstances, the Strategy may purchase the commodity futures contracts comprising the Index, in the same proportions as they are represented in the Index. In other circumstances the Strategy may attempt instead to purchase a representative selection of the futures contracts that comprise the Index, in an attempt to replicate the performance of the Index. In such a case, SSGA will select a portfolio of investments for the Strategy (which may or may not be those futures contracts included in the Index) that SSGA expects will provide a return comparable to that of the Index.

The Strategy will typically maintain a substantial cash balance. The Strategy will normally invest that cash in other short-term pooled investment vehicles sponsored, managed, or otherwise affiliated with SSGA, such as, for example, registered investment companies, private investment pools, or commingled trust funds. More information on the cash strategy is available upon request. The Strategy may at any time invest in additional or different investment vehicles, or may invest directly in short investments, in SSGA's discretion.

The Strategy's return may not match the return of the Index.

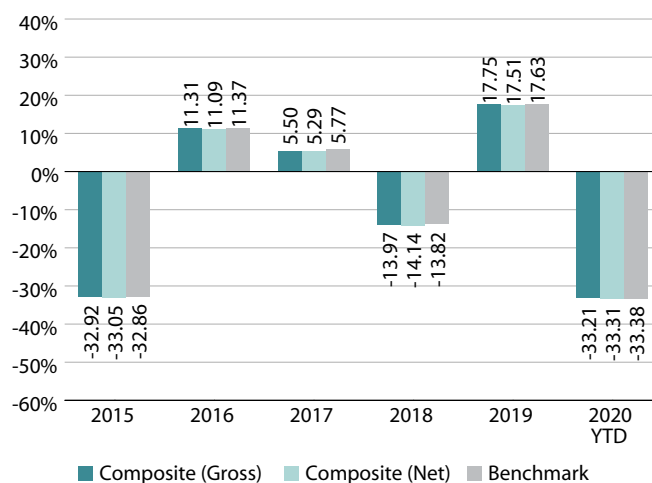
**Key Facts**

- Managed using an indexing strategy
- Will use futures and/or other derivatives
- May invest in other investment pools, including those managed by SSGA and its affiliates
- Will not lend its portfolio securities
- Is not a leveraged strategy
- Will not sell securities short

**Performance**

Total Returns	Composite (Gross) <sup>1,2</sup>	Composite (Net) <sup>1,3</sup>	Benchmark <sup>4</sup>
Q3 2020	4.56%	4.51%	4.61%
YTD	-33.21%	-33.31%	-33.38%
1 Year	-27.64%	-27.79%	-27.84%
3 Year	-9.43%	-9.61%	-9.46%
5 Year	-7.92%	-8.10%	-7.88%
10 Year	-8.91%	-9.11%	-8.84%

**Calendar Year Returns<sup>1,2,3,4</sup>**



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The S&P GSCI Composite (the "Composite"), inception date 9/1/2004 seeks to achieve the Investment Objective described above using the Investment Strategy described above, and includes portfolios managed across the global offices of SSGA-Global. To receive a complete list and description of SSGA-Global's composites and/or a GIPS compliant presentation, please contact your SSGA Representative.

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The S&P GSCI® Commodity Index (the "Index") is a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by SSGA. Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by SPDJI. S&P®, S&P GSCI® and S&P GSCI® Commodity Index are trademarks of S&P and have been licensed for use by SPDJI and its affiliates and sublicensed for certain purposes by SSGA. S&P GSCI® Commodity Index is now owned, endorsed, or approved by or associated with Goldman Sachs & Co., or its affiliated companies. SSGA's investment products are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, or their third party licensors and none of SPDJI, Dow Jones, S&P nor their respective affiliates or third party licensors makes any representation regarding the advisability of investing in such products.

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## Supplemental Information

## Characteristics

Composite Assets Under Management (\$M)	\$1,047.79
Standard Deviation (Annualized 36 Months)	26.46%

## Index Sector Allocation

Energy	49.88%
Agriculture	20.78
Industrial Metals	13.05
Livestock	8.41
Precious Metals	7.88

## Investment Manager

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## Important Message About Risk

This section explains some of the general risks involved with investing in the Strategy, including possible loss of principal. Investing in commodities entails significant risk and is not appropriate for all investors. Commodity prices can be extremely volatile due to wide range of factors, such as market movements, real or perceived inflationary trends, commodity index volatility, international, economic and political changes, changes in interest rates and fluctuations in currency exchange rates. In addition, the Strategy may use derivative instruments which may involve additional risks such as potential illiquidity of the markets, credit risk, currency risk, leverage risk and counterparty risk.

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Sector Allocations shown are that of the strategy's benchmark.

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