

Public Agenda Item #10

Consideration of Opportunistic Credit Asset Allocation – (Action)

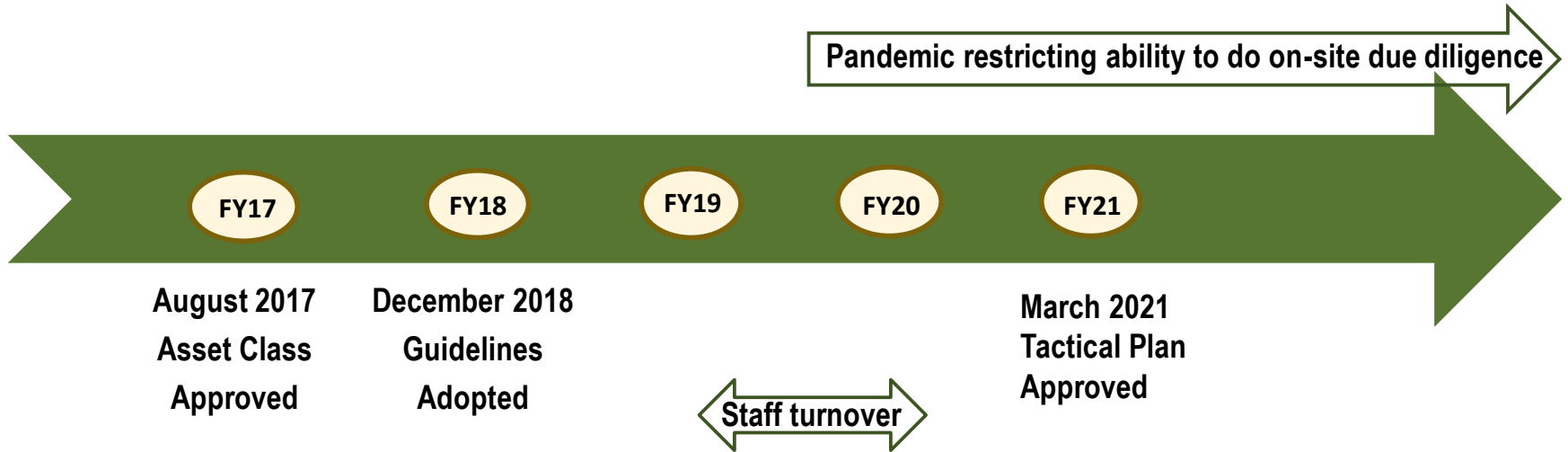
August 25, 2021

Tom Tull, CFA, Chief Investment Officer

Opportunistic Credit Asset Allocation



Opportunistic Credit Timeline



Opportunistic Credit Asset Allocation



Staff Recommendations




Staff recommends the removal of Opportunistic Credit as an independent asset class under Chapter IV of the ERS Investment Policy Statement

- Implementation constraints due to internal team restructuring
- COVID-19 due diligence efforts were constrained during the time period involved
- Lower than expected rates of return by the time the Trust was able to invest
- Current duplication of effort with the current Fixed Income team
- Current 3% asset allocation would be divided, 2% to Fixed Income and 1% to Special Situations
- Adjustment in asset allocation will have a negligible effect on Trust return assumptions

Opportunistic Credit Asset Allocation

2020 & 2021 Total Fund Capital Market Assumptions



	Asset Class	Current Policy Modeling as of 3/31/2021	Modeling Without Credit Opp. As of 3/31/2021
Risk Seeking	Global Equity	37	37
	Private Equity	13	13
	Total Global Global Equity	50	50
	Global Credit	11	13 
	Opportuistic Credit	3	0 
	REITs	3	3
	Infrastructure	7	7
	Private Real Estate	9	9
	Real Assets	19	19
	Special Situations		1 

Expected Return (10 Yr)	5.63%	5.61%
Expected Return (30Yr)	6.78%	6.76%

Questions?
Action Item