



# SFERS

San Francisco Employees' Retirement System

City and County of San Francisco  
Employees' Retirement System

## RETIREMENT BOARD CALENDAR SHEET

### Retirement Board Meeting of June 8, 2016

**To:** Retirement Board

**Through:** Jay Huish *[Signature]*  
Executive Director

William J. Coaker, Jr. – CFA, MBA *[Signature]*  
Chief Investment Officer

**From:** Joshua K. Man, CFA  
Security Analyst, Fixed Income

**Date:** June 8, 2016

**Re:** Chief Investment Officer's Report – Plan Value

Best Available as of May 31, 2016

	<u>Value</u> <sup>(1)</sup>	<u>MTD</u>	<u>QTD</u>	<u>YTD</u>	<u>FYTD</u>
	(000)	(%)	(%)	(%)	(%)
San Francisco Empl. Ret. Sys.	20,064,482	0.42	1.46	2.47	1.36
Total Global Equity	9,603,027	0.51	2.09	1.72	-2.79
<i>US Equity</i>	4,827,241	1.78	2.67	2.37	0.59
<i>Intl Equity</i>	4,302,620	-0.87	1.61	1.01	-6.38
<i>Global Equity</i>	473,166	-0.08	0.59	1.35	-3.23
Total Fixed Income	4,638,565	0.15	1.25	3.30	2.84
Total Private Equity	2,697,619	0.40	0.11	3.09	8.89
Total Real Assets	2,361,127	0.72	1.03	3.69	10.21
Total Cash (Inv+Ded) Ex Sec Lending	764,144	0.05	0.09	0.20	0.30
Total Cash (Inv+Ded) Inc Sec Lending		0.11	0.37	0.80	1.50

#### Notes:

<sup>(1)</sup> Valuations are preliminary and are reported gross of fees. The reported returns are based on prior month-end values that have been audited and adjusted by our Custody Bank since the last report.

**SFERS Asset Allocation**  
**May 31, 2016**

(In \$ Million)	Section 1 - Current Month										Section 2 - Projected (2-Month Period)				
	4/30/16 Beg. Bal. [a]	Cash In [b]	Cash Out [c]	Market Change <sup>(1)</sup> [d]	5/31/16 End. Bal. [e]	5/31/16 Allocation	Asset Allocation Target	Min	Max	Compli- ance	Re- Bal'g [f]	Net Cash [g]	7/30/16 Proj'd Bal [h] = [e]+[f]+[g]	7/30/16 Allocation	Compli- ance
<b>Growth/Capital Appreciation</b>															
Global Equity (A)	9,961.6	0.0	(402.2)	43.7	9,603.0	48.7%	47%	40%	54%	Yes			9,603.0	48.9%	Yes
Private Equity (B)	2,683.7	33.8	(28.5)	8.7	2,697.6	13.7%	16%	10%	20%	Yes	(11.2)		2,686.5	13.7%	Yes
<b>Total Growth/Capital Appreciation (A) + (B)</b>	<b>12,645.2</b>	<b>33.8</b>	<b>(430.7)</b>	<b>52.4</b>	<b>12,300.6</b>	<b>62.4%</b>	<b>63%</b>	<b>53%</b>	<b>73%</b>	<b>Yes</b>	<b>(11.2)</b>		<b>12,289.5</b>	<b>62.6%</b>	<b>Yes</b>
<b>Total Real Assets/Inflation Hedge</b>															
Real Assets	2,318.3	30.2	(3.6)	16.2	2,361.1	12.0%	12%	9%	15%	Yes		5.7	2,366.9	12.0%	Yes
<b>Capital Preservation/Risk Reduction</b>															
Fixed Income (C)	4,538.1	102.9	(5.3)	2.9	4,638.6	23.5%	25%	20%	30%	Yes	(6.6)		4,632.0	23.6%	Yes
Investment Cash (D)	346.1	437.4	(366.6)	0.0	416.9	2.1%	0%	0%	1%	No	(75.0)	12.0	353.9	1.8%	No
Dedicated Cash -Benefits	249.8	203.0	(106.0)	0.0	346.8						75.0	(156.0)	265.8		
			Benefit Pymt												
<b>Total Capital Preservation/Risk Reduction (C) + (D)</b>	<b>4,884.2</b>	<b>540.3</b>	<b>(371.9)</b>	<b>2.9</b>	<b>5,055.5</b>	<b>25.6%</b>	<b>25%</b>	<b>20%</b>	<b>30%</b>	<b>Yes</b>	<b>(75.0)</b>	<b>5.4</b>	<b>4,985.9</b>	<b>25.4%</b>	<b>Yes</b>
<b>Total Portfolio</b>	<b>20,098.0</b>	<b>807.3</b>	<b>(912.3)</b>	<b>71.5</b>	<b>20,064.5</b>						0.0	(156.0)	19,908.5		
Monthly MV % Change					-0.2%										
<b>Total Investment Portfolio (excl Ded Cash)</b>	<b>19,847.8</b>			<b>71.5</b>	<b>19,717.2</b>	<b>100.0%</b>	<b>100%</b>				(75.0)	0.0	19,642.2	100.0%	
Monthly MV % Change					-0.7%										

Cash In = Interportfolio In; Cash Out = Interportfolio Out.

Beginning and Ending Asset Balances are based on 'Entry Dates'.

Asset Allocation is calculated based on Total Portfolio assets minus Dedicated Cash

<sup>(1)</sup>Market Change includes income received except for Inv and Ded Cash accounts.

Estimated Unfunded Commitments as of Current Month End:

PE : \$2,619.5

RA : \$1,780.3

FI: \$263.6

Total : \$4,663.4

RE Bridge Loan : \$30.0

**SFERS Asset Allocation - with Sub Asset Classes**  
**May 31, 2016**

		Section 1 - Current Month										Section 2 - Projected (2-Month Period)											
		4/30/16	Cash	Cash	Mkt	5/31/16	5/31/16	Asset Allocation			Compli-	Re-	Net	7/30/16	07/30/16	Compli-							
		Beg. Bal.	In	Out	Change	End. Bal.	Allocation	Target	Min	Max	ance	Bal'g	Cash	Proj'd Bal	Allocation	ance							
(In \$ Million)		[a]	+	[b]	+	[c]	+	[d]	=	[e]													
<b>Growth/Capital Appreciation</b>																							
<b>Global Equity (A)</b>		9,961.6		0.0		(402.2)		43.7		9,603.0		48.7%	47%	40%	54%	Yes							
US Large Cap Core:	Passive: S&P 500 Index	1,512.3				(302.2)		19.9		1,230.0		12.8%	16%	10%	22%	Yes							
	Enhanced S&P: QMA	686.7						10.2		696.9		7.3%	5%	0%	7%	No							
	Passive: MSCI-US ex Fossil Fuels	102.7						2.0		104.7		1.1%											
US Large Cap Growth:	{ Wellington	{ 455.0						11.4		{ 466.4		{ 4.9%	{ 8.8%	{ 9%	6%	12%	Yes						
	{ Sands	{ 370.2						11.1		{ 381.2		{ 4.0%	{ 9%	{ 4.0%	6%	12%	Yes						
US Large Cap Value:	Passive: BlackRock	960.6						14.9		975.4		10.2%	9%	6%	12%	Yes							
US Small Cap:	{ Core: Bivium	{ 103.7	0.0			(0.0)		1.0		{ 104.7		{ 1.1%	{ 6%	{ 4%	{ 8%	Yes	{ 1.1%						
	{ Growth: NT Russell 2000 Gth Fd	{ 211.7					5.8		{ 217.5		{ 2.3%	{ 217.5						{ 2.3%					
	{ Value: DFA	{ 289.5					2.1		{ 291.6		{ 3.0%								{ 291.6	{ 3.0%			
US Convertibles:	{ Advent (Global)	{ 196.0						4.1		{ 200.2		{ 2.1%	{ 3%	{ 0%	{ 5%	Yes	{ 2.1%						
	{ Zazove	{ 158.1						0.5		{ 158.6		{ 1.7%						{ 158.6	{ 1.7%				
International Core:	{ AQR	{ 664.3						(3.5)		{ 660.8		{ 6.9%	{ 14%	{ 9%	{ 19%	Yes	{ 6.9%						
	{ Cap Guardian	{ 228.2						(3.1)		{ 225.1		{ 2.3%						{ 225.1	{ 2.3%				
	{ NT EAFE Passive	{ 361.0				(100.0)		(6.1)		{ 254.9		{ 2.7%								{ 254.9	{ 2.7%		
International Growth:	William Blair	525.8						1.8		527.7		5.5%	5%	3%	7%	Yes	527.7						
International Value:	{ LSV	{ 472.3						(2.7)		{ 469.5		{ 4.9%	{ 11%	{ 7%	{ 15%	Yes	{ 4.9%						
	{ Causeway	{ 484.4						0.0		{ 484.4		{ 5.0%						{ 484.4	{ 5.0%				
International Small Cap:	{ DFA	{ 433.9						2.5		{ 436.3		{ 4.5%	{ 6%	{ 4%	{ 8%	No	{ 4.5%						
	{ Pyramis	{ 342.5						3.6		{ 346.0		{ 3.6%						{ 346.0	{ 3.6%				
Emerging Mkts.:	{ Mondrian	{ 263.5						(5.8)		{ 257.8		{ 2.7%	{ 11%	{ 7%	{ 15%	Yes	{ 2.7%						
	{ Wellington	{ 113.3						(3.4)		{ 109.9		{ 1.1%						{ 109.9	{ 1.1%				
	{ Capital Intl (EMGF)	{ 103.3						(3.6)		{ 99.7		{ 1.0%								{ 99.7	{ 1.0%		
	{ DFA Small Cap	{ 156.7						(6.6)		{ 150.2		{ 1.6%										{ 150.2	{ 1.6%
	{ DFA Core	{ 286.2						(12.3)		{ 273.9		{ 2.9%											
Global Equity	Arrowstreet Capital	473.4						(0.3)		473.2		4.9%	5%	0%	7%	Yes	473.2						
Opportunistic Strategies:	{ Ashmore GSSF III	{ 1.1				(0.0)		(0.0)		{ 1.1		{ 0.0%	{ 0%	{ 0%	{ 10%	Yes	{ 0.0%						
	{ Ashmore GSSF V	{ 4.0						0.1		{ 4.1		{ 0.0%						{ 4.1	{ 0.0%				
Monthly MV % Change for Intl Equity										-3.6%		100.0%	100%				100.0%						
<b>Private Equity (B)</b>		2,683.7		33.8		(28.5)		8.7		2,697.6		13.7%	16%	10%	20%	Yes							
Monthly MV % Change for Private Equity										0.5%													
<b>Total Growth/Capital Appreciation (A) + (B)</b>		12,645.2		33.8		(430.7)		52.4		12,300.6		62.4%	63%	53%	73%	Yes							
Monthly MV % Change										-2.7%													

**SFERS Asset Allocation - with Sub Asset Classes (Cont'd)**  
**May 31, 2016**

(In \$ Million)	Section 1 - Current Month										Section 2 - Projected (2-Month Period)				
	4/30/16	Cash	Cash	Mkt	5/31/16	5/31/16	Asset Allocation			Compliance	Re-	Net	07/30/16	07/30/16	Compliance
	Beg. Bal.	In	Out	Change	End. Bal.	Allocation	Target	Min	Max		Bal'g	Cash	Proj'd Bal	Allocation	
	[a]	+	[b]	+	[c]	+	[d]	=	[e]		[f]	[g]	[h] = [e]-[f]+[g]		
<b>Total Real Assets/Inflation Hedge</b>															
<b>Real Assets</b>	<b>2,318.3</b>	<b>30.2</b>	<b>(3.6)</b>	<b>16.2</b>	<b>2,361.1</b>	<b>12.0%</b>	<b>12%</b>	<b>9%</b>	<b>15%</b>	<b>Yes</b>	<b>0.0</b>	<b>5.7</b>	<b>2,366.9</b>	<b>12.0%</b>	<b>Yes</b>
Global-Blackrock EPRA NAREI Index	157.1	0.0	0.0	3.8	161.0	6.8%	10%	8%	12%	No			161.0	6.8%	No
Monthly MV % Change for Total Real Assets					1.8%										
<b>Capital Preservation/Risk Reduction</b>															
<b>Fixed Income (C)</b>	<b>4,538.1</b>	<b>102.9</b>	<b>(5.3)</b>	<b>2.9</b>	<b>4,638.6</b>	<b>23.5%</b>	<b>25%</b>	<b>20%</b>	<b>30%</b>	<b>Yes</b>	<b>0.0</b>	<b>(6.6)</b>	<b>4,631.9</b>	<b>23.6%</b>	<b>Yes</b>
Passive Index: BC US Debt Index Fund	835.5	100.0		0.6	936.1	20.2%	3%	0%	20%	No			936.1	20.2%	No
Core US Bonds: Internal Fixed	304.8		(0.7)	(0.1)	304.0	6.6%	10%	0%	20%	Yes			304.0	6.6%	Yes
Core Plus: { AFL-CIO Baird IR&M }	{ 229.7 724.3 613.0 }			0.4 0.9 1.1	{ 230.1 725.3 614.1 }	{ 5.0% 15.6% 13.2% }	33.9%	56%	45%	No			{ 230.1 725.3 614.1 }	{ 5.0% 15.7% 13.3% }	No
Commercial Mortgages: Prima	429.3			1.0	430.4	9.3%	8%	6%	14%	Yes			430.4	9.3%	Yes
High Yield/Bank Loan: { Oaktree HY Bain Capital Credit Bank Loans }	{ 313.9 154.1 }	0.3		0.6 2.0	{ 314.8 156.2 }	{ 6.8% 3.4% }	9%	7%	11%	Yes			{ 314.8 156.2 }	{ 6.8% 3.4% }	Yes
High Yield CMBS: Pyramis	229.1			0.2	229.3	4.9%	5%	3%	10%	Yes			229.3	5.0%	Yes
Emerging Market Debt: { GMO PIMCO }	{ 301.2 161.6 }			(1.0) (6.1)	{ 300.3 155.5 }	{ 6.5% 3.4% }	9%	4%	14%	Yes			{ 300.3 155.5 }	{ 6.5% 3.4% }	Yes
Opportunistic Fixed Income Portfolio	239.3	2.6	(2.7)	3.1	242.2	5.2%	0%	0%	10%	Yes		(6.6)	235.6	5.1%	Yes
Monthly MV % Change for Fixed Income					2.2%	100%	100%							100%	
<b>Investment Cash (D)</b>	<b>346.1</b>	<b>437.4</b>	<b>(366.6)</b>	<b>0.0</b>	<b>416.9</b>	<b>2.1%</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>No</b>	<b>(75.0)</b>	<b>12.0</b>	<b>353.9</b>	<b>1.8%</b>	<b>No</b>
<b>Dedicated Cash - Benefits</b>	<b>249.8</b>	<b>203.0</b>	<b>(106.0)</b>	<b>0.0</b>	<b>346.8</b>						<b>75.0</b>	<b>(156.0)</b>	<b>265.8</b>		
			Benefit Pymt												
<b>Total Capital Preservation/Risk Reduction (C) + (D)</b>	<b>4,884.2</b>	<b>540.3</b>	<b>(371.9)</b>	<b>2.9</b>	<b>5,055.5</b>	<b>25.6%</b>	<b>25%</b>	<b>20%</b>	<b>30%</b>	<b>Yes</b>	<b>(75.0)</b>	<b>5.4</b>	<b>4,985.8</b>	<b>25.4%</b>	<b>Yes</b>
Monthly MV % Change					3.5%										
<b>Total Portfolio</b>	<b>20,098.0</b>	<b>807.3</b>	<b>(912.3)</b>	<b>71.5</b>	<b>20,064.5</b>						<b>0.0</b>	<b>(156.0)</b>	<b>19,908.4</b>		
Monthly MV % Change					-0.2%										
<b>Total Investment Portfolio (excl Ded Cash)</b>	<b>19,847.8</b>			<b>71.5</b>	<b>19,717.2</b>	<b>100.0%</b>	<b>100%</b>				<b>(75.0)</b>	<b>0.0</b>	<b>19,642.2</b>	<b>100.0%</b>	
Monthly MV % Change					-0.7%										

**San Francisco City and County Employees' Retirement System**  
**Cash Activities and Projections**  
**As of May 31, 2016**

**Investment Cash Account (In \$ Million)**

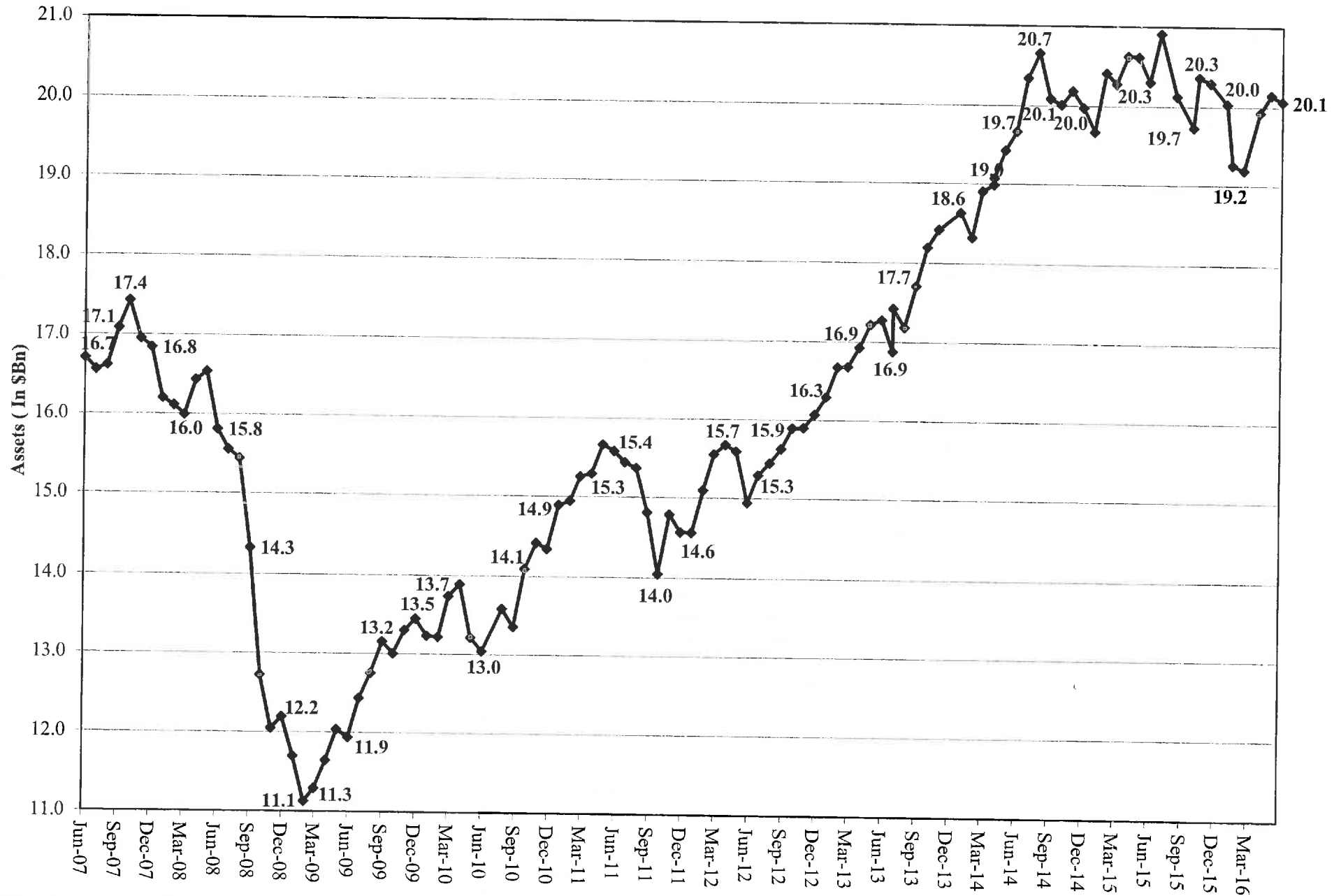
<b>Beginning Balance as of 05/01/2016</b>		<b><u>\$346.1</u></b>	
Private Equity Net Funding		<b>(\$5.2)</b>	
Real Asset Net Funding		<b>(\$26.6)</b>	
<u>Equity/Fixed Income Activities</u>			
Net transfers to and from Equity Funds	\$400.0		
Net transfers to and from Fixed Income Funds	<b>(\$98.1)</b>		
Opportunistic Fixed Income Net Funding	\$0.1		
Equity/Fixed Income Net Funding		\$302.0	
Funds T'd to Ded Cash		<b>(\$200.0)</b>	
Income R'd		\$0.2	
Securities Lending Earnings		\$0.5	
<b>Ending Balance as of 05/31/2016</b>		<b><u>\$416.9</u></b>	
<b><u>Projected Cash Transactions</u></b>			
		<u>Next 2 Months</u>	<u>Next 6 Months</u>
Private Equity Net Funding		\$11.2	\$56.5
Real Assets Net Funding		<b>(\$5.7)</b>	\$42.1
Opportunistic Fixed Income Net Funding		\$6.6	\$17.8
Equity/Fixed Income Net Funding		\$0.0	\$0.0
T'd to Ded Cash		<b>(\$75.0)</b>	<b>(\$75.0)</b>
Total Net Use (-)/ Receipt (+) of Funds		<b>(\$63.0)</b>	<b>\$41.4</b>
<b>Projected Ending Balance</b>		<b><u>\$353.9</u></b>	<b><u>\$458.3</u></b>

**Dedicated (Benefit Payment) Cash Account**

<b>Beginning Balance as of 05/01/2016</b>	<b><u>\$249.8</u></b>
Benefit Payment for May 2016	<b>(\$106.0)</b>
Income R'd from Domestic Equity and Fixed Income	\$2.9
R'd from Inv Cash	\$200.0
Income R'd	<u>\$0.1</u>
<b>Ending Balance as of 05/31/2016</b>	<b><u>\$346.8</u></b>
<b><u>Projected Cash Transactions</u></b>	
	<u>Next 2 Months</u>
Benefit Payment Reserve for June 2016 & July 2016	<b>(\$158.0)</b>
Income R'd from Domestic Equity and Fixed Income	\$2.0
R'd from Inv Cash	<u>\$75.0</u>
Total Net Use (-)/ Receipt (+) of Funds	<b>(\$81.0)</b>
<b>Projected Ending Balance</b>	<b><u>\$265.8</u></b>

Positive sign = Cash inflow to the cash account; Negative sign = Cash outflow from the cash account.

**SFERS Monthly Net Assets**  
June 2007 - May 2016



May 2016 figure is preliminary



**SFERS**

San Francisco Employees' Retirement System

**William J. Coaker Jr., CFA, MBA**

## Memorandum

**DATE:** June 8, 2016

**TO:** Members of the Retirement Board

**THROUGH:** Jay Huish *JH*  
Executive Director

**FROM:** William J. Coaker Jr. – CFA, CFP, MBA *WJC*  
Chief Investment Officer

**SUBJECT:** CIO Report Memorandum

This memo summarizes our recent investment returns, the status of staff research and initiatives that are currently underway or that we plan to commence, and updates on the status of investments previously approved in closed session.

### 1 – Investment Returns in FY 2015-16

In May 2016 our portfolio returned 0.42%. Our U.S. equity portfolio gained 1.78% while our international equity holdings fell -0.87%. Fixed income inched up 0.15% while private equity and real assets gained 0.40% and 0.72%, respectively.

With one month to go in the fiscal year, our portfolio has gained 1.36% in FY 2015-16. U.S. equities have returned 0.59% while our international equity portfolio has declined -6.38%. Fixed income has gained 2.84% while private equity and real assets have had strong returns of 8.89% and 10.21%, respectively.

### 2 – Economic Conditions

After the U.S. economy grew at a worrisomely low rate of 0.5% annualized in the first quarter, in April and May GDP growth appeared to have picked up quite nicely. Current estimates are that the economy is growing at around 2.5% annualized thus far in the second quarter. Growth in Europe has also edged higher to about 2.2% annualized.

However, on Friday, June 3rd, the jobs report was very disappointing, with the economy adding only 38,000 jobs in the month of May, the lowest amount in six years. Additionally, revisions to the prior two months reduced the initial estimates for March and April by 59,000 jobs.

Overall, the jobs report last Friday raises new concerns about the strength and momentum of the economy. Further, there are other concerns that investors will continue to face. These include the age of the current expansion, prospects for interest rates to move higher, whether the slowdown in China does not become something worse, and whether corporate profits, which have declined the past two quarters, continue to be sluggish or if they show improvement going forward.

### **3 - Longitude Venture Partners III, L.P.**

At its meeting on April 13, 2016, the Retirement Board approved in closed session an investment of up to \$40 million in Longitude Venture Partners III, L.P. The investment was approved by the following vote:

Ayes: Bridges, Cohen, Driscoll, Makras, Meiberger, Paskin-Jordan  
Nays: None  
Absent: Stansbury

SFERS' investment of \$30 million in Longitude Venture Partners III, L.P. closed on May 11, 2016.

This investment is classified as a venture capital investment within SFERS' Private Equity portfolio and is SFERS' first investment with Longitude.

More information about Longitude is available on <http://www.longitudecapital.com/>

### **4 - Vista Equity Partners Fund VI, L.P. and Vista Foundation Fund III, L.P.**

At its meeting on March 9, 2016, the Retirement Board approved in closed session an investment of up to \$100 million in Vista Equity Partners Fund VI, L.P. and up to \$125 million in Vista Foundation Fund III, L.P.

The investments were approved by the following vote:

Ayes: Commissioners Makras, Bridges, Driscoll, Paskin-Jordan, Meiberger and Stansbury  
Absent: Commissioner Cohen

SFERS' investment of \$50 million in Vista Equity Partners Fund VI, L.P. closed on May 19, 2016, and SFERS' investment of \$50 million in Vista Foundation Fund III, L.P. closed on May 19, 2016.

Vista Equity Partners Fund VI, L.P. is classified as a mega buyout investment within SFERS' private equity portfolio. Vista Foundation Fund III, L.P. is classified as a medium buyout investment within SFERS' private equity portfolio.

More information about Vista is available on [www.vistaequitypartners.com](http://www.vistaequitypartners.com)

### **5 - Carmel Partners Investment Fund VI**

At its meeting on April 13, 2016, the Retirement Board approved in closed session an investment of up to \$100 million with Carmel Partners Investment Fund VI ("Fund VI"). The investment was approved by the following vote:

Ayes: Driscoll, Paskin-Jordan, Meiberger, Cohen, Makras  
Absent: Bridges, Stansbury



SFERS' commitment of \$50 million closed on May 25, 2016. SFERS' investment in Fund VI is classified as a real estate investment within SFERS' Real Assets portfolio and is SFERS' first investment with Carmel.

More information about the firm is available on [www.carmelpartners.com](http://www.carmelpartners.com).

## **6 - Pelican Energy Partners II**

At its meeting on May 9, 2016, the Retirement Board approved in closed session an investment of up to \$50 million with Pelican Energy Partners II ("Fund II"). The investment was approved by the following vote:

Ayes: Bridges, Driscoll, Paskin-Jordan, Stansbury, Meiburger

Absent: Cohen, Makras

SFERS' commitment of \$50 million closed on May 19, 2016. SFERS' investment in Fund II is classified as a natural resources investment within SFERS' Real Assets portfolio and is SFERS' first investment with Pelican.

More information about the firm is available on [www.pelicanenergypartners.com](http://www.pelicanenergypartners.com).

## **7 - ABRY Heritage Fund, L.P.**

At its meeting on April 13, 2016, the Retirement Board approved in closed session an investment of up to \$50 million in ABRY Heritage Fund, L.P. The investment was approved by the following vote:

Ayes: Bridges, Cohen, Driscoll, Makras, Meiburger, Paskin-Jordan

Absent: Stansbury

SFERS' investment of \$23 million in ABRY Heritage Fund, L.P. closed on March 31, 2016.

This investment is classified as a buyout investment within SFERS' private equity portfolio.

More information about ABRY Partners is available on <http://www.abrypartners.com/>.

## **8 - Centerbridge Special Credit Partners III, L.P. and Centerbridge Special Credit Partners III-Flex, L.P.**

At its meeting on May 9, 2016, the Retirement Board approved in closed session a combined investment of up to \$50 million in Centerbridge Special Credit Partners III, L.P. ("SC III") and Centerbridge Special Credit Partners III-Flex, L.P. ("SC III-Flex"). The investment was approved by the following vote:

Ayes: Bridges, Driscoll, Meiburger, Paskin-Jordan, Stansbury

Absent: Cohen, Makras

SFERS' investment of \$50 million in SC III and SC III-Flex closed on May 17, 2016.

Centerbridge Partners was founded in 2005 by Jeffrey Aronson and Mark Gallogly. The firm is headquartered in New York with an office in London.

More information about Centerbridge Partners can be found at <https://www.centerbridge.com>.

#### **9 - Oak Hill Advisors Strategic Credit Fund II, L.P.**

At its meeting on April 13, 2016, the Retirement Board approved in closed session an investment of up to \$50 million in OHA Strategic Credit Fund II, L.P. ("OHA Fund II"). The investment was approved by the following vote:

Ayes: Cohen, Driscoll, Makras, Meiberger, Paskin-Jordan

Absent: Bridges, Stansbury

SFERS' investment of \$50 million in OHA Fund II closed on May 24, 2016.

Oak Hill Advisors was founded in 1991 by Glenn August. The firm is headquartered in New York with offices in London, Los Angeles, Hong Kong, Sydney and Forth Worth.

More information about Oak Hill Advisors can be found at <http://www.oakhilladvisors.com>.

#### **10 – Investment Committee Meeting June 15<sup>th</sup>**

At the Investment Committee meeting on June 15<sup>th</sup> we will have presentations from Ellen Brownell, NEPC, and PIMCO. The subject matters will include an update on the status evaluation of software solutions that provide plan sponsors with total portfolio risk exposures, sensitivity analysis, and scenario testing; tactical trading, equitizing cash, and automated rebalancing using derivatives without selling physicals; asset allocation; and what we can do to reduce our risk exposures now.

#### **11 – Update on Personnel**

While we have our leadership team in place throughout the portfolio, our teams in real estate, real assets, absolute return, and risk management all consist of just the team lead. We currently are recruiting for analysts for each of these groups.