Topics

- Staff updates
- Alternative assets consultant RFP update
- Coronavirus impact
  - Economic
  - Markets and SCERS returns
  - Staff/consultant activity
Economic Impact

- Q2 GDP Growth dramatically affected
- Unprecedented job losses
- Major investment banks forecast meaningful recovery in Q3 and Q4, but negative overall growth for 2020
- Many industry experts believe these forecasts to be too optimistic

<table>
<thead>
<tr>
<th></th>
<th>Goldman</th>
<th>Bank of America</th>
<th>Morgan Stanley</th>
<th>JPMorgan</th>
<th>Barclays</th>
<th>DB</th>
<th>Avg</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>(6.0)</td>
<td>0.5</td>
<td>(2.4)</td>
<td>(4.0)</td>
<td>1.5</td>
<td>0.6</td>
<td>(1.6)</td>
<td>(6.0)</td>
<td>1.5</td>
</tr>
<tr>
<td>Q2</td>
<td>(24.0)</td>
<td>(12.0)</td>
<td>(30.1)</td>
<td>(14.0)</td>
<td>(7.0)</td>
<td>(12.9)</td>
<td>(16.7)</td>
<td>(30.1)</td>
<td>(7.0)</td>
</tr>
<tr>
<td>Q3</td>
<td>12.0</td>
<td>3.0</td>
<td>29.2</td>
<td>8.0</td>
<td>0.0</td>
<td>4.4</td>
<td>9.4</td>
<td>0.0</td>
<td>29.2</td>
</tr>
<tr>
<td>Q4</td>
<td>10.0</td>
<td>4.0</td>
<td>3.3</td>
<td>4.0</td>
<td>1.0</td>
<td>5.2</td>
<td>4.6</td>
<td>1.0</td>
<td>10.0</td>
</tr>
<tr>
<td>2020</td>
<td>(3.1)</td>
<td>(0.8)</td>
<td>(2.3)</td>
<td>(1.8)</td>
<td>(0.6)</td>
<td>(0.8)</td>
<td>(1.6)</td>
<td>(3.1)</td>
<td>(0.6)</td>
</tr>
</tbody>
</table>

Source: Goldman Sachs, Bank of America, Morgan Stanley, JPMorgan, Barclays, Deutsche Bank, Bloomberg and DoubleLine
The table summarizes the most up to date forecasts published by each firm’s US economists.
Stimulus

- Unprecedented global stimulus responses – fiscal and monetary
- $2.3 trillion U.S. Cares Act stimulus package

- Substantial Federal Reserve monetary policy liquidity programs
- Includes additional quantitative easing measures
- Additional programs ramping up
Economic Recovery

- Path to recovery likely tied to control of disease
- Testing, treatments, vaccine
Market Volatility - VIX

- Extreme average daily movements

Source: CNBC
First Quarter Market Returns

- Equity, credit, and energy suffered
- Anchor to safety assets shined

### Q1 Market Returns

<table>
<thead>
<tr>
<th>Index</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barclays 10-Yr U.S. Treasury Index</td>
<td>11.7%</td>
</tr>
<tr>
<td>Barclays U.S. Aggregate Bond Index</td>
<td>3.2%</td>
</tr>
<tr>
<td>HFRX Global Hedge Fund Index</td>
<td>-6.9%</td>
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<tr>
<td>Barclays Corporate HY Index</td>
<td>-12.7%</td>
</tr>
<tr>
<td>S&amp;P 500 Index</td>
<td>-19.6%</td>
</tr>
<tr>
<td>Bloomberg Commodity Index</td>
<td>-23.3%</td>
</tr>
<tr>
<td>MSCI ACWI ex-US Index</td>
<td>-24.0%</td>
</tr>
</tbody>
</table>
SCERS Q1 Estimates

- Q1 2020 Estimate: -10.5%
- Fiscal Year to Date Estimate: -4.5%
- Includes public equities, fixed income, core real estate, and absolute return
- Private markets are lagged, so held flat
  - Expect private markets to be impacted in subsequent quarters
Staff Activities/Priorities

- Quarter-end overlay rebalancing
  - Purchased $44 million in growth proxy (mostly equities)
  - Sold $44 million in diversifying proxy (government bonds)
  - Adds to March 17\textsuperscript{th} intra-quarter rebalance

- Liquidity
  - Influx of private market capital calls
  - Upcoming redemption proceeds within Absolute Return and Core Real Estate portfolios
  - Dedicated cash allocation puts SCERS in a good liquidity position
Staff Activities/Priorities

- Evaluating cash flow/pacing schedules
- Determining investment/commitment priorities
- Speaking with current investment managers
- Communication with peer pension plans