

AGENDA
INVESTMENT COMMITTEE MEETING
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)

One McInnis Parkway, 1st Floor
Retirement Board Chambers
San Rafael, CA

January 17, 2024 – 9:00 a.m.

This meeting will be held at the address listed above and will be accessible via videoconference and conducted in accordance with Government Code section 54953 and 54954.2 through December 31, 2025. Instructions for watching the meeting and/or providing public comment, as well as the links for access, are available on the [Watch & Attend Meetings](https://www.mcera.org/retirementboard/agendas-minutes/watchmeetings) page of MCERA's website. Please visit <https://www.mcera.org/retirementboard/agendas-minutes/watchmeetings> for more information.

The Board of Retirement encourages a respectful presentation of public views to the Board. The Board, staff and public are expected to be polite and courteous, and refrain from questioning the character or motives of others. Please help create an atmosphere of respect during Board meetings.

CALL TO ORDER

ROLL CALL

**CONSIDER ANY BOARD MEMBER REQUESTS TO TELECONFERENCE FOR
"JUST CAUSE" OR "EMERGENCY," AS SET FORTH ON THIS AGENDA BELOW**

A. OPEN TIME FOR PUBLIC EXPRESSION

Note: The public may also address the Committee regarding any agenda item when the Committee considers the item.

Open time for public expression, from three to five minutes per speaker, on items not on the Committee Agenda. While members of the public are welcome to address the Committee during this time on matters within the Committee's jurisdiction, except as otherwise permitted by the Ralph M. Brown Act (Government Code Sections 54950 et seq.), no deliberation or action may be taken by the Committee concerning a non-agenda item. Members of the Committee may (1) briefly respond to statements made or questions posed by persons addressing the Committee, (2) ask a question for clarification, or (3) provide a reference to staff for factual information.

B. MANAGER REPORTS

1. Manager Overview – Jim Callahan, Callan LLC
2. AB CarVal – Credit Value Fund V – Jody Gunderson, Matthew Hanson
TIME CERTAIN: 9:05 a.m.
3. Fortress Investment Group LLC – Credit Opportunities Fund V Expansion – Danny Kayne, Jill Chanes
TIME CERTAIN: 9:35 a.m.
4. Värde Partners – Värde Dislocation Fund – Brad Bauer, Tom Knechtel
TIME CERTAIN: 10:05 a.m.

C. NEW BUSINESS

1. Investment Policy Statement Updates (ACTION)
Consider and take possible action on recommended amendments to the Investment Policy Statement.
 - a. General Investment Objectives and Guidelines: Change International Large Cap Stocks index from MSCI EAFE to MSCI World ex-US Index.
 - b. Appendix A – Long-Term Strategic Asset Allocation Targets and Ranges: For Non-US Equities, remove Large Cap Value and Large Cap Growth; add Developed at 11.0% target with a range of 9.0% to 13.0%; increase Small Cap Core and Emerging Markets targets to 5.5% with a range of 4.5% to 6.5%.
 - c. Appendix B-3 and B-4 – Morgan Stanley and Artisan Partners Statements of Objectives, Guidelines & Procedures: Remove.
 - d. Appendix B-3 – State Street Global Advisors MSCI World ex-US Index Fund: Add.
2. Future Meetings

D. INVESTMENT CONSULTANT PERFORMANCE UPDATE

1. Flash Performance Update as of December 31, 2023

Note on Process: Items designated for information are appropriate for Committee action if the Committee wishes to take action.

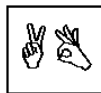
Note on Voting: As provided by statute, the Alternate Safety Member votes in the absence of the Elected General or Safety Member, and in the absence of both the Retired and Alternate Retired Members. The Alternate Retired Member votes in the absence of the Elected Retired Member. If both Elected General Members, or the Safety Member and an Elected General Member, are absent, then the Elected Alternate Retired Member may vote in place of one absent Elected General Member.

Note on Board Member requests to participate by teleconference under Government Code section 54953, subdiv. (f): At least a quorum of the Committee must be present together physically at the meeting to invoke this provision. The provision is limited to “just cause” and “emergency” circumstances, as follows:

“Just cause” is only: (1) a childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse or domestic partner that requires them to participate remotely; (2) a contagious illness that prevents a member from attending in person; (3) a need related to a physical or mental disability, as defined; or (4) travel while on official business of MCERA or another state or local agency. A Board member invoking “just cause” must provide a general description of the circumstances relating to their need to appear remotely at a given meeting, and it may not be invoked by a Board member for more than two meetings in a calendar year.

“Emergency circumstances” is only: “a physical or family medical emergency that prevents a member from attending in person.” The Board member invoking this provision must provide a general description of the basis for the request, which shall not require the member to disclose personal medical information. Unlike with “just cause,” the Board must by majority vote affirm that an “emergency circumstance” situation exists.

As to both of the above circumstances, the Board member “shall publicly disclose at the meeting before any action is taken whether any other individuals 18 years of age or older are present in the room at the remote location with the member and the general nature of the member’s relationship with any such individuals.” Also, the Board member “shall participate through both audio and visual technology,” and thus be both audible and visible to those attending. Finally, no Board member may invoke these teleconference rules for more than three consecutive months or 20 percent of the regular meetings of the Board.



Agenda material is provided upon request. Requests may be submitted by email to MCERABoard@marincounty.org, or by phone at (415) 473-6147.

MCERA is committed to assuring that its public meetings are accessible to persons with disabilities. If you are a person with a disability and require an accommodation to participate in a County program, service, or activity, requests may be made by calling (415) 473-4381 (Voice), Dial 711 for CA Relay, or by email at least five business days in advance of the event. We will do our best to fulfill requests received with less than five business days’ notice. Copies of documents are available in alternative formats upon request.

The agenda is available on the Internet at <http://www.mcera.org>

B.1 Manager Overview

This is a discussion with no backup.



Marin County Employees' Retirement Association

January 2024

These materials are prepared at the request of Marin County Employees' Retirement Association ("MCERA") for informational purposes only. The content is for the sole benefit of MCERA as an institutional investor and should not be relied upon by any other individual or entity.

Presenters



Jody Gunderson

Ms. Gunderson is a managing principal and member of the Investment Committee for AB CarVal, responsible for leading the firm's investment strategy and management, as well as its global loan portfolios and clean energy businesses. In addition, Ms. Gunderson manages investments in asset-backed securities globally, including residential mortgage-backed securities, commercial mortgage-backed securities and collateralized loan obligations. Prior to joining AB CarVal in 1994, Ms. Gunderson was a manager in the financial services practice of PricewaterhouseCoopers where she served investment fund, commercial banking and thrift clients. Ms. Gunderson earned her B.S. degree in business from the University of Minnesota and is a Certified Public Accountant (inactive).



Matthew Hanson

Mr. Hanson is a managing director for AB CarVal, responsible for global fundraising and investor relations. He is also responsible for drafting and negotiating the firm's offering and governance documents as well as managing outside counsel relationships. Mr. Hanson has also participated in acquisition and related due diligence for commercial real estate assets in North America. Prior to joining AB CarVal in 2003, Mr. Hanson was an associate with the Carlyle Group in Washington, D.C. and was a manager at Deloitte & Touche, working in the audit and attestation group. Mr. Hanson served in the South Dakota Army National Guard. Mr. Hanson has a B.S.B.A. with honors in accounting from the University of South Dakota. He is a Certified Public Accountant (inactive).

Agenda

Business And Portfolio Update

- An update on AB CarVal and the CVI Credit Value Fund V portfolio today

Opportunity Set Focus - Bank Stress

- Rates
- Regulation
- Recession

Opportunity Set Focus – Energy Transition

Deep-sector Expertise Across Core Investment Strategies

Cross-desk collaboration generates a differentiated portfolio

Corporate Loans, Emerging Markets, Hard Assets, Real Estate				US and Europe Corporate Securities	Loan Portfolios, Structured Credit, Clean Energy		
Lucas Detor Managing Principal 28 years				James Ganley Managing Principal 33 years	Jody Gunderson Managing Principal 30 years		
Aviation	Corporate Loans	Emerging Markets Corporate Securities	US CRE Credit	US and Europe Corporate Securities	Loan Portfolios	Structured Credit	Clean Energy
Greg Belonogoff Principal 26 years	Chris Mawn Principal 23 years	Avery Colcord Managing Director 36 years Roger Newkirk Managing Director 26 years Raul Ramirez Managing Director 33 years	Seth Cohen Principal 24 years Scott Greenfield Managing Director 20 years	Bryan Simpson Principal 24 years John Withrow Principal 23 years	Seth Cohen Principal 24 years Jess Dvorak Managing Director 17 years James Sackett Principal 29 years Angie Fenske Principal 24 years	Neil Hepworth Principal 21 years Shane Huether Executive Adviser 29 years	Angie Fenske Principal 24 years Jerry Keefe Principal 34 years Jonathan Hunt Managing Director 22 years
The senior credit investment team averages 24 years investment experience and 11 years with AB CarVal				Risk and Portfolio Management David Fry Chief Risk Officer 32 years			

Note: Years denote industry experience. This slide does not represent an official AB CarVal organizational chart.
As of December 31, 2023

CVI Credit Value Fund V Portfolio Update

MCERA: AB CarVal Investment Activity^{B.2}

Year to Date Returns* as of November 30, 2023

Fund	Capital Commitment (USD Millions)	Called %	Invested Capital (USD Millions)	NAV [†] (USD Millions)	2023 Net Return	Net IRR (Percent)
CVF V	\$33.5	70%	\$23.5	\$25.9	8.2%	6.2%

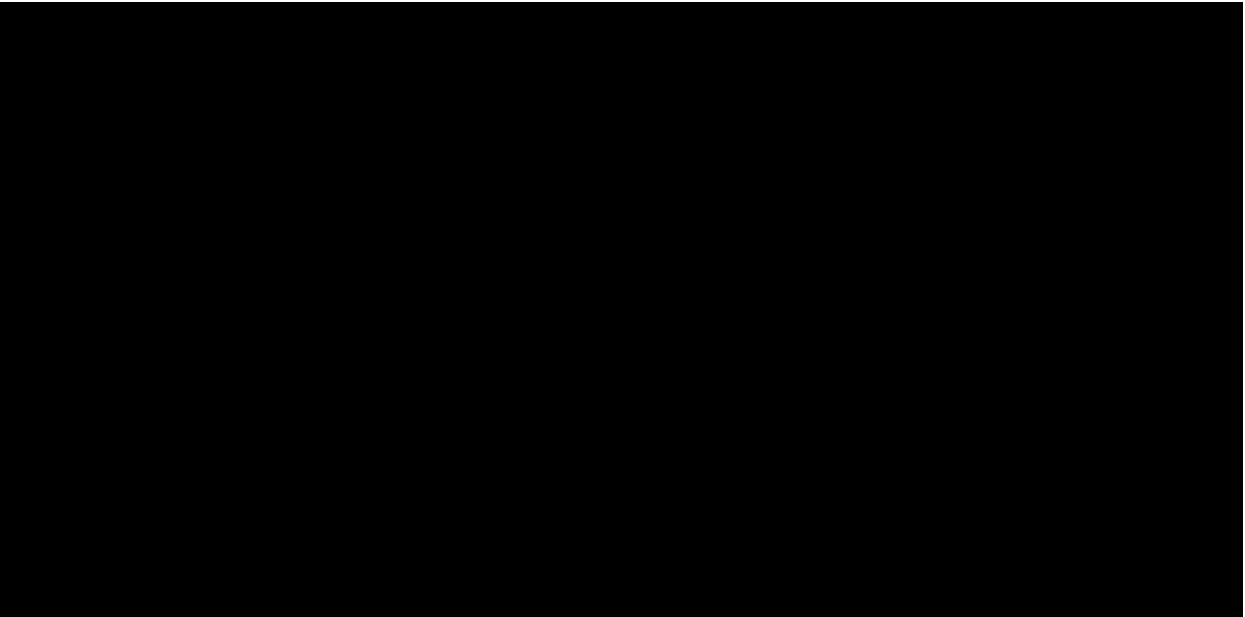
- Six months remaining in the Investment Period, which will end on June 1, 2024
- \$3.6 billion in commitments; 70% called to date
- 130 investments representing 578 underlying instruments

*Calendar Year Returns: represent net time-weighted returns for the stated time periods, inclusive of realized and unrealized results. Returns are net of management and performance fees.

†NAV includes accrual for performance fees.

CVF V: Monthly Fund Performance

Monthly Fund Performance



CVF V Calendar Year
Net Returns*

Year	Net Return (Percent)
2021	
2022	
2023 YTD	

• [Redacted text]

As of November 30, 2023
*Net Returns represent net time-weighted returns for the stated time periods, inclusive of all fees and realized and unrealized results.
†Profit does not include a deduction for fund-level costs, expenses or performance or management fees.

Takeaways: January 2024

- We have six months remaining in the investment period
- The portfolio now consists of 130 investments with strong projected performance and good downside protection
- We will continue to be very patient, deliberate and selective in deploying the remaining capital
- We currently project a net IRR [REDACTED] and a multiple of [REDACTED]

Projections of future returns or distributions are derived solely utilizing current management models containing various assumptions. Changes to any assumption(s) or model methodology will result in differing and potentially less favorable results.
See disclaimer regarding Projections.

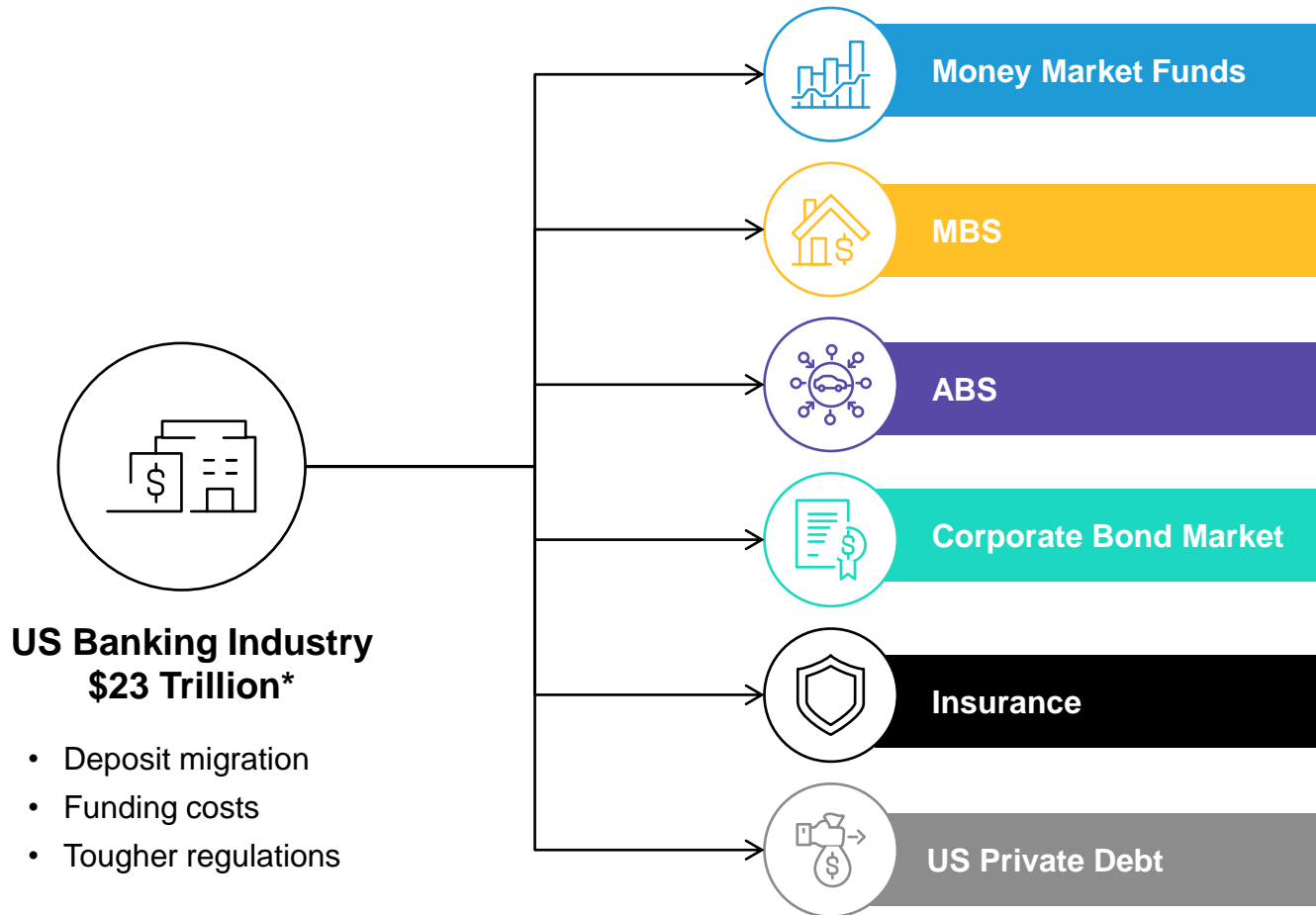
Bank Stress

Themes Driving Opportunity Today – Bank Stress^{B.2}



Private credit strategies poised to receive meaningful opportunity from the combination of significant increases of interest rates, changing regulatory regimes, and recessionary factors across developed markets

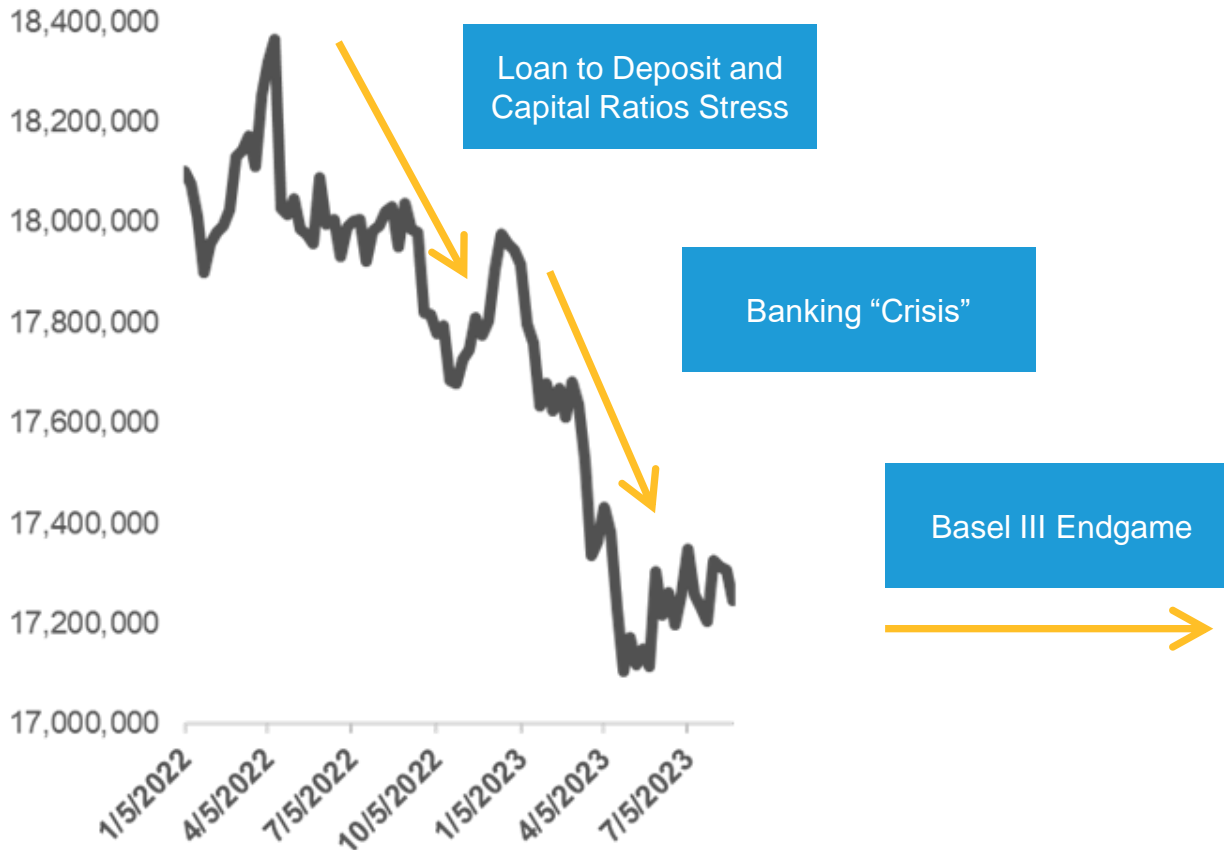
Assets are Expected to Move Out of the US Banking Industry



*Source: Federal Reserve – November 2023

Deposit Outflows the First Shoe to Drop, Next is the Regulatory Squeeze

Deposits in US Banks



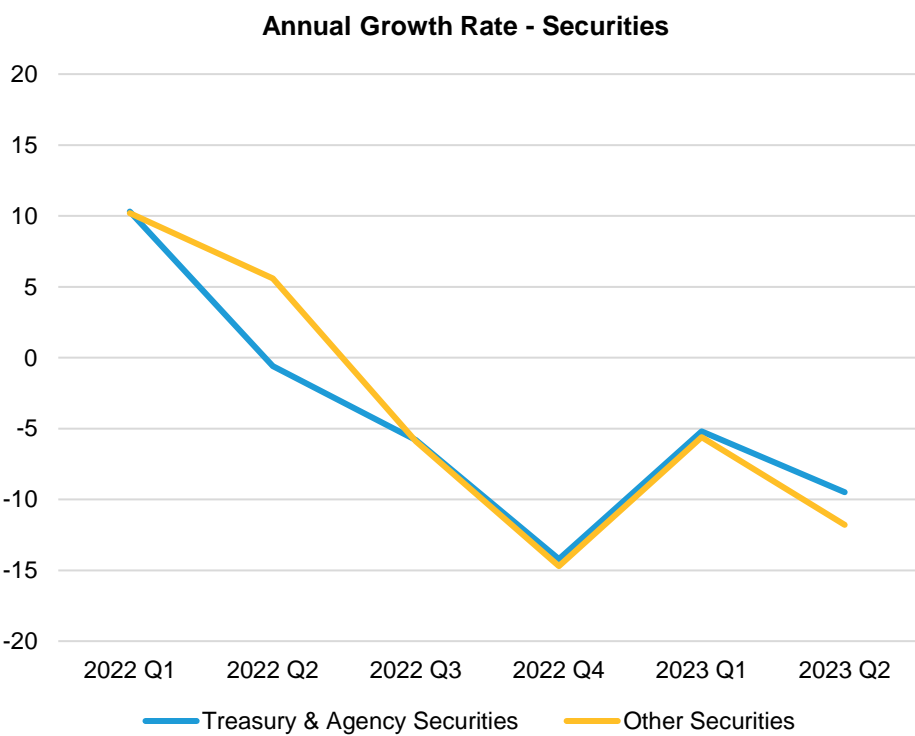
- \$1+ trillion of household deposits left the banking system
- Basel III Endgame could be a regulatory gamechanger
- 4,135 banks may shrink to about 1,000-1,500 through M&A
- Rates and regulatory environment will create an enduring opportunity set

Source: Deposits from FRB

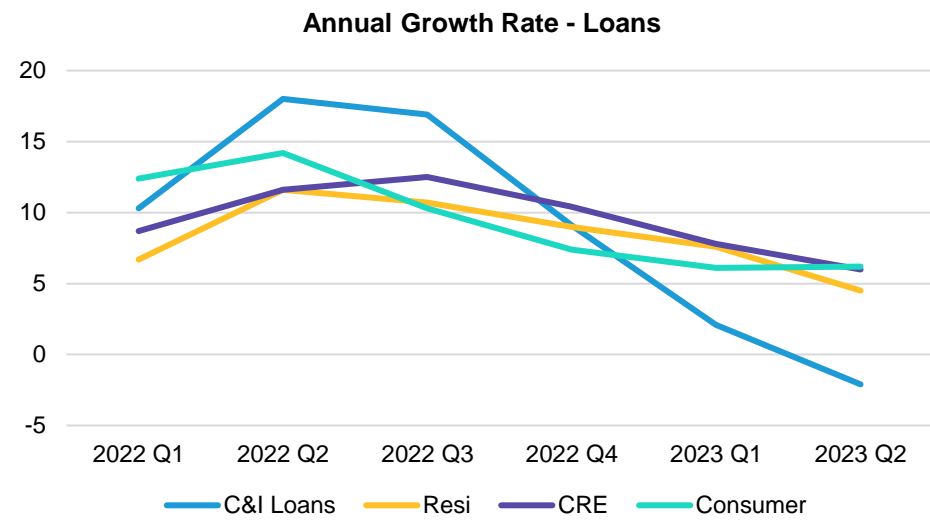
Banks in Defensive Mode After the Deposit Outflows

Banks needed to shore up liquidity and capital, and reign in lending

Selling securities and not purchasing as many drove 2022 structured products dislocation



The easiest way to manage growth is by not lending



Source: Federal Reserve Board

Basel III Endgame: The Regulatory Squeeze

Proposed rules announced on July 27, 2023



Also known as the Basel 3 Reforms, Basel 3.1, or Basel IV



Affects all Large Banks (Total Assets > \$100 Billion)



Excludes Community Banks

B3E: Increase the Strength and Resilience of the Banking System

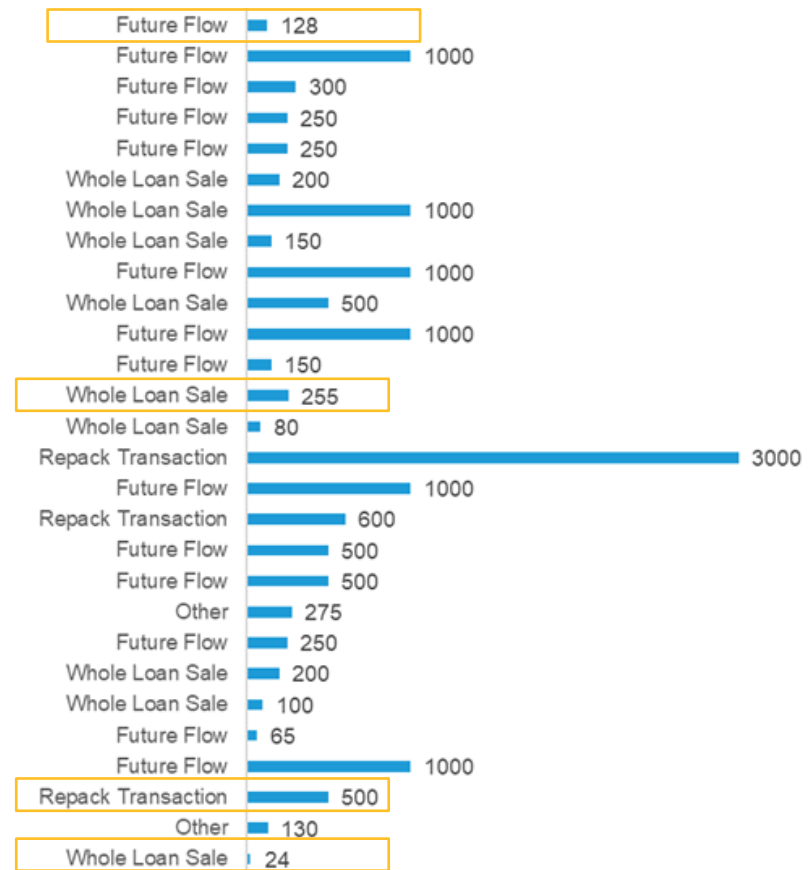
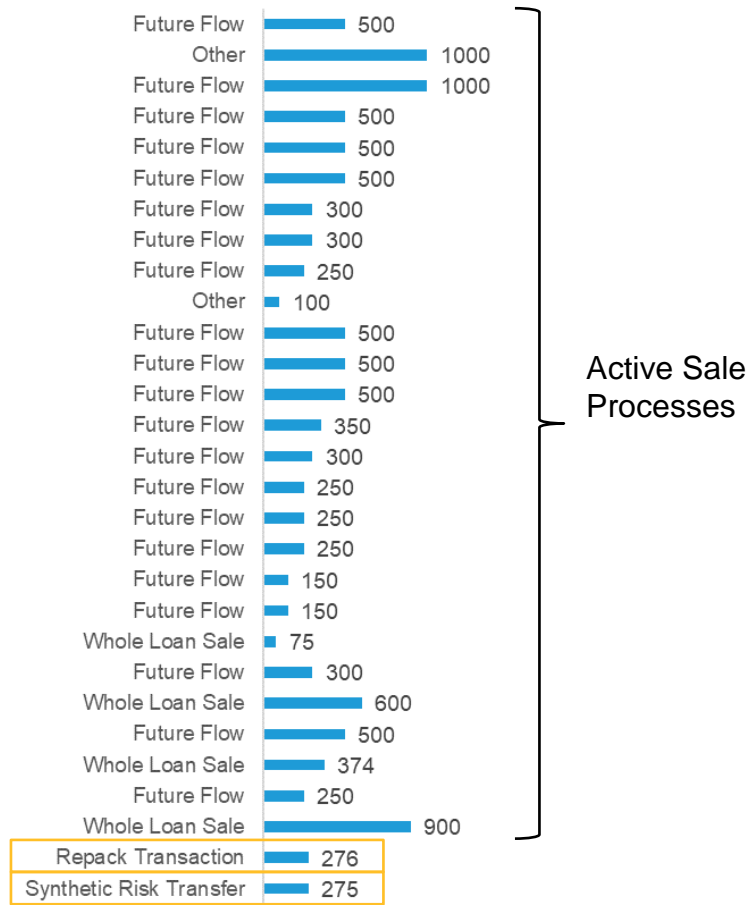
- Implement the final components of the Basel III Agreement
- A customized version of the international Basel proposals, heavily tailored to US interests
- Proposed rules to strengthen capital requirements for large banks
- Includes changes in response to the recent banking turmoil in March 2023
- Needs to go through the full rulemaking process
- Phase-in will begin on July 1, 2025, and last for three years, but very front-loaded



\$26 Billion in US Consumer Transaction Pipeline 2022-2023

Bank, credit union and non-bank sellers

USD millions



Prices above reflect the unpaid principal balance
As of August 31, 2023

Case Study: Opportunity to Purchase Two Loan Portfolios

Purchase \$546 million in package of loan portfolios

- Opportunity to purchase two portfolios from a bank: unsecured consumer loans and participations backed by dental loans
- Attractive risk-adjusted returns with significant downside protection and potential upside
 - Financing is non-recourse, term financing with no interest rate risk or refinancing risk
 - Portfolio #1 loans and financing are fixed, Portfolio #2 participations and financing are variable with Prime basis
- The differing fundamentals of the two portfolios provide a stable profile across many scenarios
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]

[REDACTED]

See disclaimer regarding Investment Examples, Projections and Risk of Loss.

\$2.75 Trillion of CRE Loan Maturities Between Now and 2027

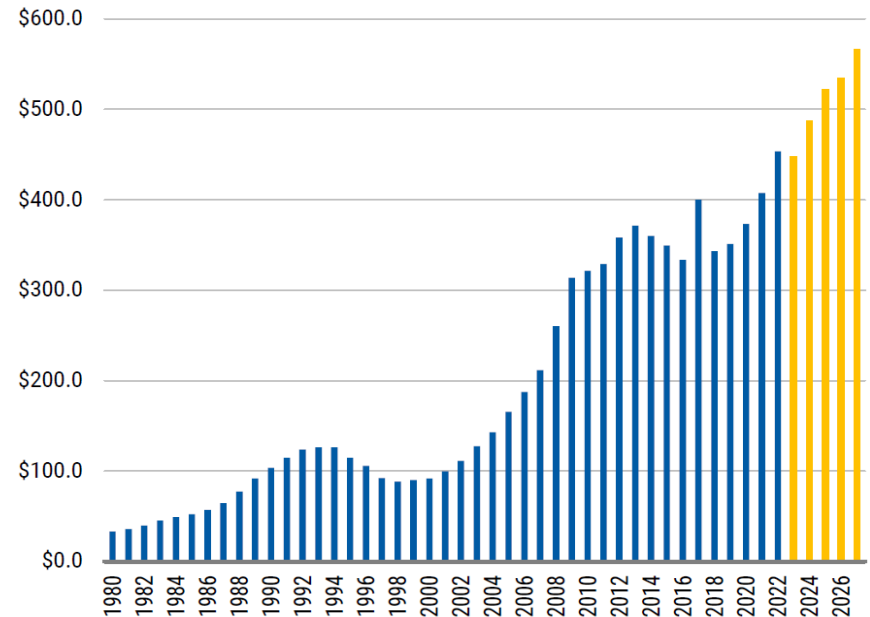
Maturities coming at a time when banks are not as well positioned to lend

Half of the loans are on bank balance sheets

Lender Type	Outstanding Portfolio	Maturities through 2027
Banks and Thrifts	\$2.86 T	\$1.44 T
Insurance	\$680 B	\$246 B
CMBS/REITS	\$789 B	\$305 B
Fannie/Freddie (MF)	\$957 B	\$432 B
Other	\$384 B	\$327 B
Total	\$5.67 T	\$2.75 T

Higher maturity wall than ever

Commercial Real Estate Loan Maturities (USD Billion)

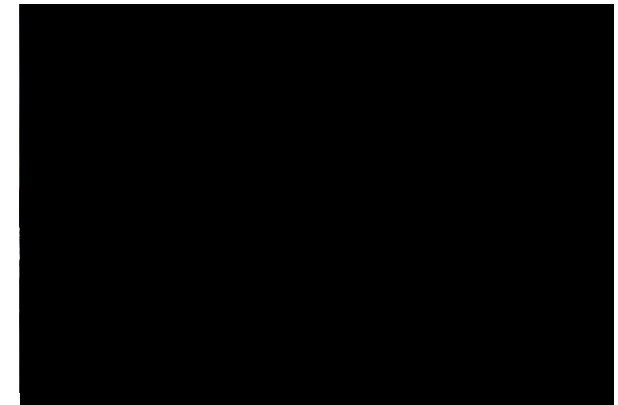
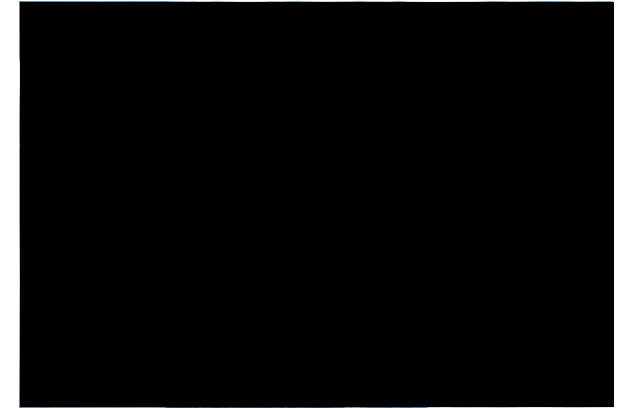


Source: Trepp; Morgan Stanley Research

Commercial Real Estate Example: NYC Hotel

Provide low leverage financing on a high-quality, well-located NYC hotel in need of refinancing following the regional bank crisis in Q2 2023

- Funds managed by AB CarVal provided an \$83 million senior loan secured by a five-star, independent flagged hotel located in New York City's SoHo submarket
- The cash-in refinance represents a 39% loan-to-value and the institutional quality sponsor has \$130 million of cash equity subordinate to our loan
- The sponsor placed "certainty of closing" as a priority and chose AB CarVal to refinance a loan from a regional bank under pressure
- The property has [REDACTED] guestrooms, over [REDACTED] square feet of meeting room space, a [REDACTED] square foot spa and multiple food and beverage outlets including [REDACTED]



See disclaimer regarding Investment Examples, Projections and Risk of Loss.

The Bottom Line is that Banks Will Pursue Multiple “Mitigation” Actions

We are seeing examples of all of these

Mitigation to Reduce Capital Requirement

Optimize capital through swaps into lower RWA assets

Constrain lending activity to shrink or minimize growth

Constrain capital markets and trading activities

Deleveraging through asset sales

Originate to distribute models/partnerships

M&A activity

Most mitigation actions will result in:

- Loan portfolio sales
- Flow transaction relationships
- Capital vacuum opportunities

The Banks are at the Center of Our Universe

Rates and regulatory environment will create enduring opportunity set for AB CarVal

Rates and Deposit Migration



Basel 3 Endgame/Basel IV



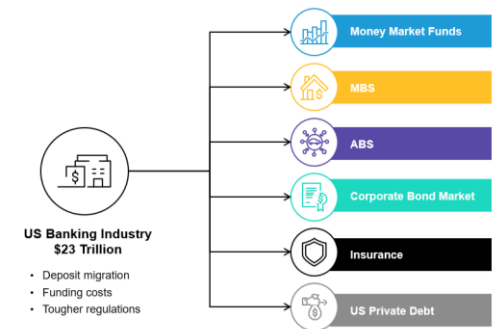
European Commission

Mitigation Actions

Mitigation to Reduce Capital Requirement

- Optimize capital through swaps into lower RWA assets
- Constrain lending activity to shrink or minimize growth
- Constrain capital markets and trading activities
- Deleveraging through asset sales
- Originate to distribute models/partnerships
- M&A activity

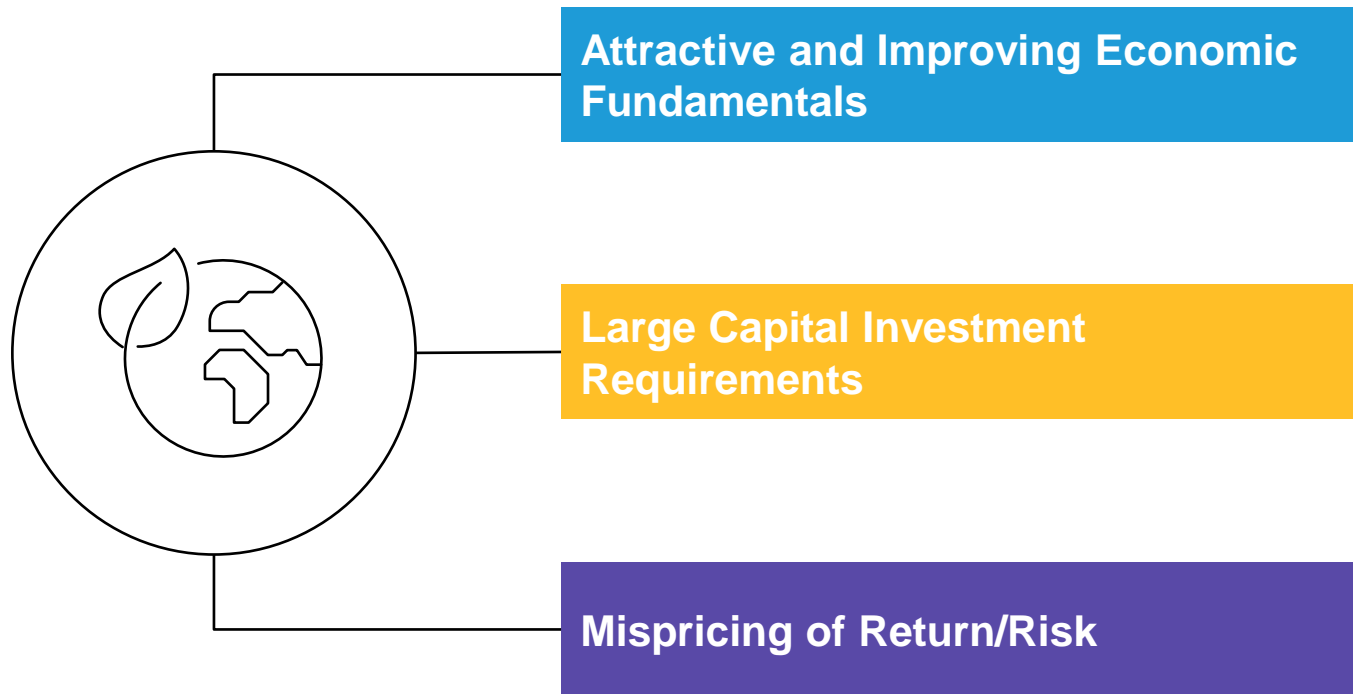
Assets Rotating Out of Banks



Source: (left) Deposits from FRB; (right) Morgan Stanley

Energy Transition

Dynamics Creating a Scalable Energy Transition Opportunity



The UN estimates that \$4 trillion must be invested annually in order to reach net-zero emissions by 2050*

Source: IEA Flagship report, May 2021

Key Themes

Amidst a backdrop of strong demand for renewable power, services provided by batteries and the assets themselves



Transition is not a smooth path (a positive in our view)



Supply chain and cost inflation (varied dynamics)



Even more capital intensive (higher grid and equipment deposits)



Rates-related reset (to values and public co growth expectations)



Some “stressiness” in the market (think opportunistic deal flow)

AB CarVal Energy Transition Strategy

Energy and efficiency projects

Solar and Storage Hard Assets



Development, acquisition, construction and management of distributed and utility-scale renewable power plants and battery storage assets, or directly held or controlled interests in these underlying assets

Private Financings



Financings backed by renewable energy, energy efficiency, sustainability, and energy transition projects and platforms.

Solar Loans/ABS



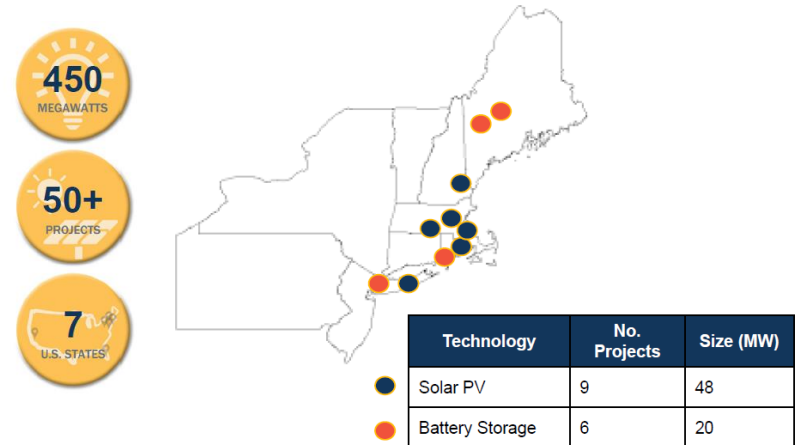
Newly originated and secondary purchases of loans derived from homeowners installing residential solar and energy storage as well as energy efficiency upgrades. This also includes ABS and structured financings backed by similar assets.

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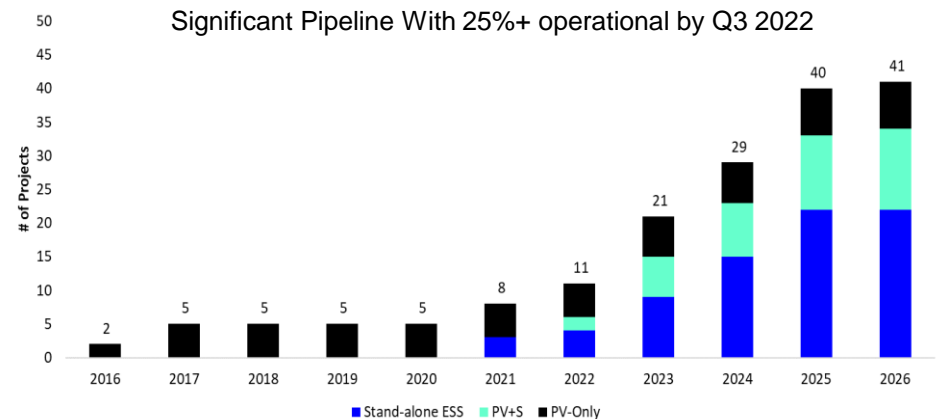
Case Study: Solar and Storage Asset

- In May 2022, AB CarVal provided \$350 million of storage and solar asset funding in a two-tiered investment to a large integrated developer, builder, owner and operator of distributed energy storage and solar photovoltaic (PV) systems in the northeastern US
- Investment comprised \$50 million in senior funding at the development company (convertible preferred) to fund pre-NTP asset generation and a \$300 million asset company investment to acquire projects at pre-determined IRRs
- AB CarVal's investment may accelerate the company's development, construction and operation of more than 500 megawatts (MW) of distributed and utility-scale energy storage and solar PV projects that may help on the path toward America's net zero greenhouse gas emissions goal
- In 2022, the company was able to achieve its primary growth and expansion goals, including increasing the overall pipeline 80 MW, bringing 50MW of projects to NTP, and achieving regional leadership in core markets. Further, the Inflation Reduction Act ("IRA") for stand-alone storage assets has provided significant economic benefits to the existing pipeline.
- In 2023, the company anticipates accelerated growth through national development and further reinvestment into the development pipeline. Budget numbers for FY2023 estimate \$40 million + in EBITDA, increasing pipeline from 175MW to 250MW+, and an AssetCo size of 100MW+ by the end of this year.

One of the largest integrated solar and battery energy storage developers/owner/operators in the Northeast



Expected Project Count Over Time



See disclaimers regarding Investment Examples, Projections and Risk of Loss.

Case Study: European Solar Company (Secured Mezzanine Debt)

€250 million debt facility to develop and construct PV Projects in Germany, UK and Netherlands

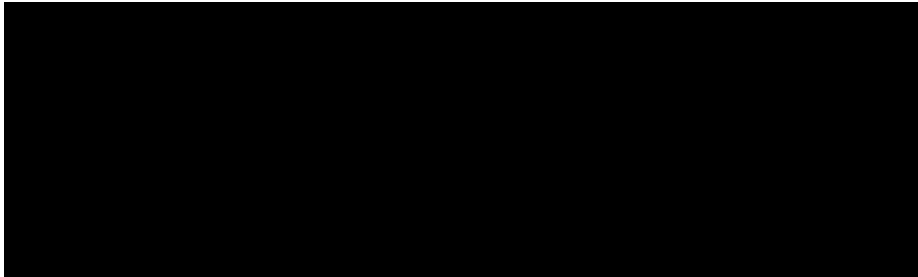
Investment overview

Summary:

- **Very experienced management team**
- **€250 million secured mezzanine debt**
- Develop and construct diversified PV pipeline that has grown to > 2GWs

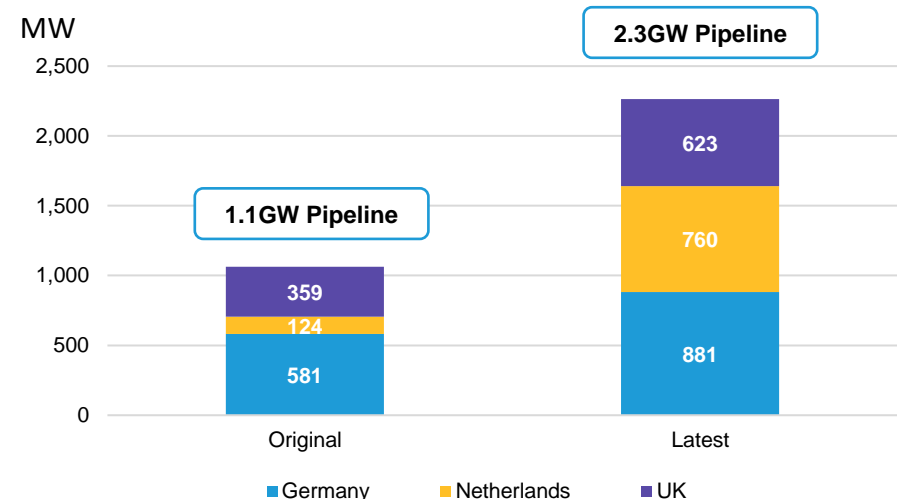
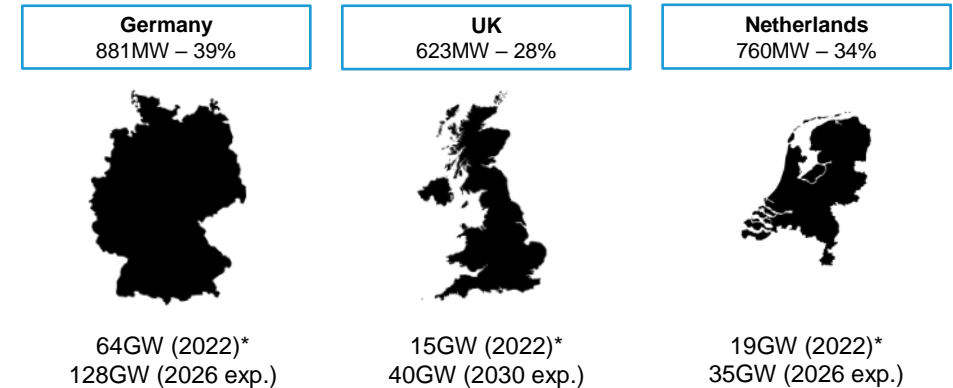
Investment Thesis: Private debt facility

1. Best-in-class partner
2. High-quality pipeline
3. Geographic diversification across large, growing European markets



*Source: SolarPower Europe 2022

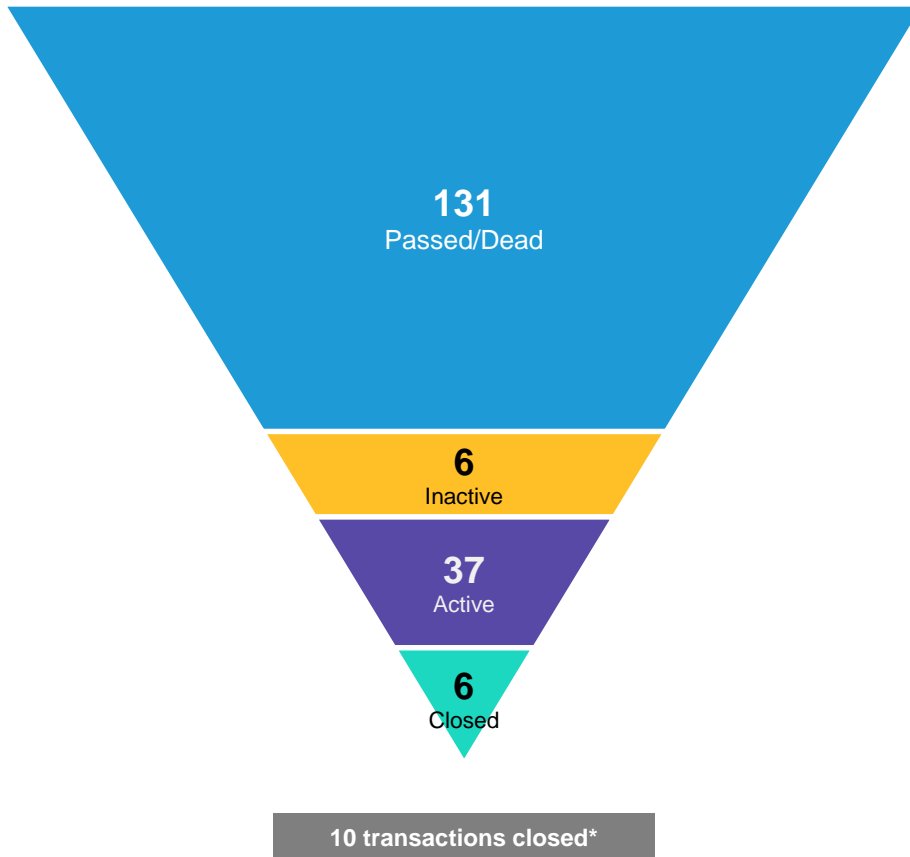
High-quality pipeline in key markets



180 Transactions into the Funnel During the Last 12 Months

\$15 billion in transaction value

Deal flow is strong



- Increasing investment activity
- Additional country, state, and local policies and programs to pave way for energy transition and reduction in carbon emissions
- Pipeline is mostly developers and originators looking for financing/capital
- Negotiating leverage shifted more to the capital
- Investor return requirements higher

*10 transactions closed in the last 12 months. Six were from deals that originated in the last 12 months and four were from deals that have been in the pipeline for more than 12 months.

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Date. All time sensitive representations and warranties in this summary are made as of December 31, 2023 (estimate), unless stated otherwise.

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The portfolio has not been registered for sale in certain jurisdictions, please contact sales representative from the relevant AllianceBernstein/AB CarVal office for the entire list of portfolios offered in different jurisdictions.

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FORTRESS CREDIT OPPORTUNITIES FUND V EXPANSION UPDATE

PRESENTATION PREPARED FOR MARIN COUNTY
EMPLOYEES RETIREMENT ASSOCIATION

JANUARY 2024

FORTRESS OVERVIEW

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FCO V EXP OVERVIEW & MANDATE

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AGENDA

JILL CHANES

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- Ms. Chanes is a Managing Director in the Capital Formation Group at Fortress Investment Group LLC
- Ms. Chanes joined Fortress in September 2005 and has more than 20 years of capital markets and alternative investment related experience
- Prior to assuming her current position in 2019, Ms. Chanes was the Chief Financial Officer of the Fortress Intellectual Property Opportunities Funds, the Fortress Global Opportunity Yen Funds and the Fortress European NPL Funds
- Prior to joining Fortress, Ms. Chanes was an analyst in leveraged finance at CIBC and an audit senior at PwC in their alternative investments group
- Ms. Chanes holds a B.S. in Accounting and International Business (with Honors) from the Pennsylvania State University and a CPA designation in New York state

DANNY KAYNE

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- Mr. Kayne is a Managing Director in the Capital Formation Group at Fortress Investment Group LLC
- Mr. Kayne joined Fortress in 2018 and has more than 14 years of capital markets and investment related experience
- At Fortress, he serves as the Global Head of Consultant Coverage and focuses on investment consultants and their underlying clients. In this capacity, he is focused on capital raising and investor relations for these groups that focus on the firm's Credit and Real Estate business
- Prior to joining Fortress, Mr. Kayne was a Partner at Albourne Partners where he co-ran credit research
- Mr. Kayne previously allocated capital as part of UBS's Alternative Investment Solutions group, a U.S. based FoFs
- Mr. Kayne received his B.A. in Economics from Colorado College

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FORTRESS OVERVIEW

FORTRESS INVESTMENT GROUP OVERVIEW¹

B.3

Fortress is a leading, highly diversified global investment manager with approximately \$46 billion of assets under management²

\$185BN+

invested across
Credit funds since 2002³

900+

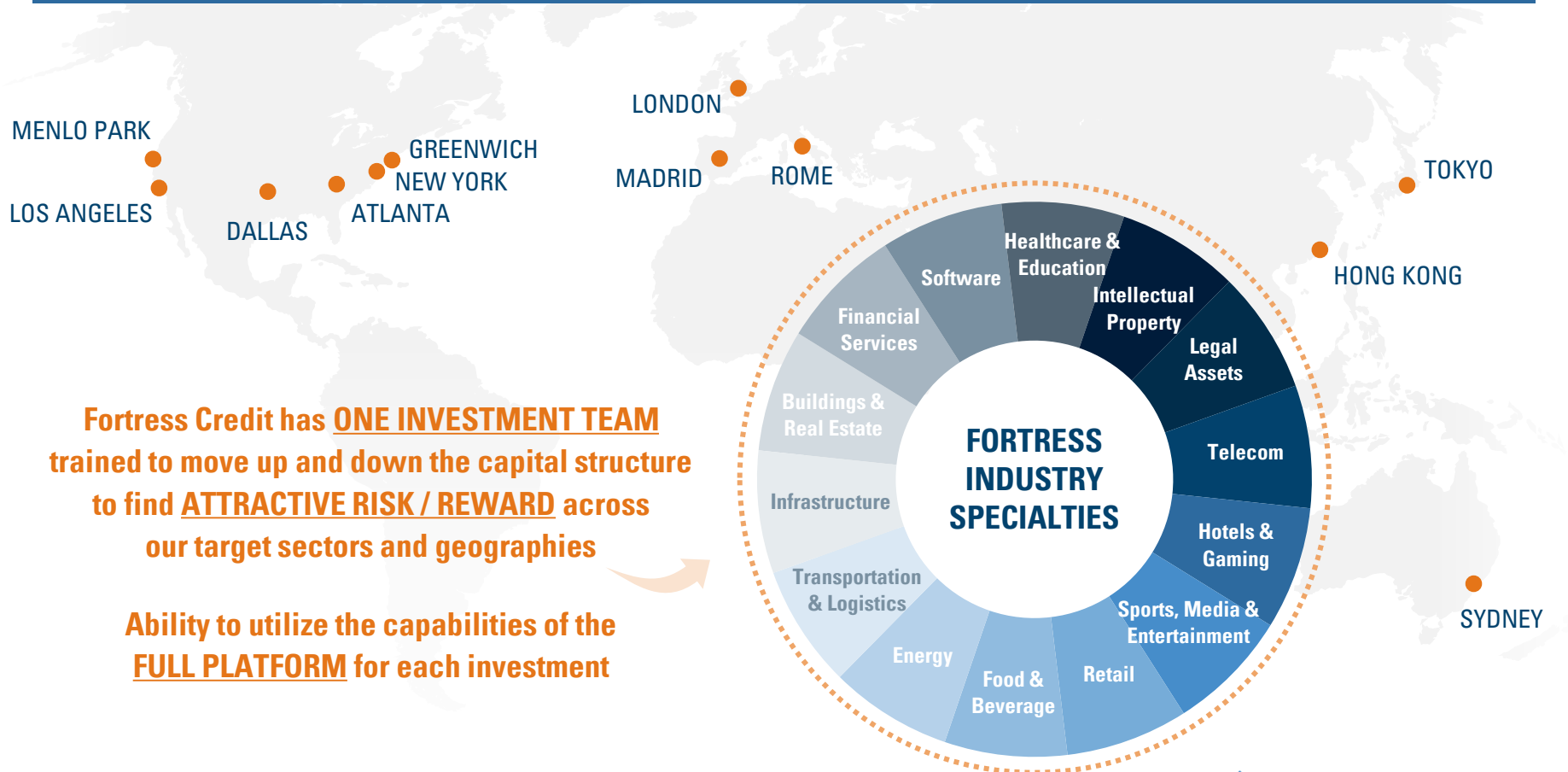
employees⁴

12

offices globally

1,900+

institutional and private
investors



FORTRESS CREDIT FUNDS TEAM¹

B.3

DREW MCKNIGHT Co-CEO & Managing Partner		JOSHUA PACK Co-CEO & Managing Partner		JACK NEUMARK Managing Partner		PETE BRIGER Co-Chairman		DEAN DAKOLIAS Co-Chairman	
LENDING	PRIVATE EQUITY	CORPORATE DEBT & SECURITIES	ASSET BASED	REAL ESTATE	ORIGINATION & SOURCING	VICE CHAIRMAN	ASSET MANAGEMENT	GLOBAL OFFICES	
Corporate	General	United States	Securities	Thomas Pulley	Andy Frank Steve Stuart	Tim Sloan	DeWayne Chin Bobby Jarrett David Moson Andy Osborne Will Turner	Asia	
Aaron Blanchette Ken Sands Brian Stewart	Ahsan Aijaz Morgan McClure Greg Shoemaker	Aaron Blanchette Leslee Cowen Stu Sinclair	Mario Rivera	+6 MDs +1 DIR +4 VPs +8 Professionals	+6 MDs +2 DIRs			Thomas Pulley	
+3 MDs +1 DIR +4 VPs +2 Professionals	Structured Equity	+4 MDs +2 DIRs +2 VPs +4 Professionals	+1 MD +2 VPs +1 Professional		INSURANCE SOLUTIONS		+25 MDs +32 DIRs +62 VPs +42 Professionals	+8 MDs +3 DIRs +2 VPs +3 Professionals	
Energy & Transportation	Net Lease	Europe	Residential Assets		Pradip Ghosh Ken Pierce			Australia	
Jonathan Atkeson Kenneth Blackman Matthew Mortara Dan Shea	Ahsan Aijaz	Rahul Ahuja	Mike Fallacara	+2 MDs +1 DIR +1 Professional				David Kelleher	
+1 VP +1 Professional	+1 MD +2 DIRs +1 VP +3 Professionals	+3 MDs +3 VPs +2 Professionals						+3 MDs +1 DIR	
Real Estate	Private Equity Solutions							Europe	
Spencer Garfield Noah Shore Steve Stuart Ivan Yee	Troy Duncan Gregory Getschow							Rahul Ahuja Francesco Colasanti Cyril Courbage Chris Linkas	
+3 MDs +1 DIR +3 VPs +5 Professionals	+6 MDs +1 VP							+5 MDs +2 DIRs +2 VPs +5 Professionals	
Specialty Finance	Real Estate Special Situations								
Jack Neumark Dominick Ruggiero	Noah Shore								
+6 MDs +8 DIRs +7 VPs +5 Professionals									
IP									
Eran Zur									
+4 MDs +3 DIRs +2 VPs +3 Professionals									

Marc Furstein
President

MANAGEMENT, FINANCE & SUPPORT

William Covino
CFO of FCO V EXP

Jason Meyer
COO

David Goldman
Tax

+38 MDs
+26 DIRs
+76 VPs
+89 Professionals

¹ As of September 30, 2023. Not all professionals in the headcount above are dedicated solely to investments of FCO V EXP.

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FCO V EXP OVERVIEW & MANDATE

DISCIPLINED AND SELECTIVE INVESTING THROUGH PREVAILING MACROECONOMIC UNCERTAINTY AND CONTINUED MARKET VOLATILITY

- We believe the current investment environment, though challenging, provides **opportunity for quality investments with strong risk-adjusted returns**
- We have been an active investor, with FCO V EXP and related separately managed accounts (“SMAs”) having **invested and committed over \$5.9 billion** across 97 investments, which is **over 80% of fund commitments¹**
 - From inception, FCO V EXP has **distributed approximately \$0.9 billion**, which is **approximately 29% of capital called**
 - Our current expectation is for FCO V EXP to generate an **estimated gross IRR of 20.7%²** and a **gross multiple of invested capital equal to 1.8x^{2,3}**
- We believe we are **well positioned in this challenging environment** and continue to see **less-liquid opportunities which play into our strengths**, while remaining focused on opportunities for **returning capital to investors**

INVESTMENT PACE¹

B.3

FCO Funds and related SMAs have invested and committed over \$39 billion since inception, deploying annually an average of approximately \$2.4 billion²

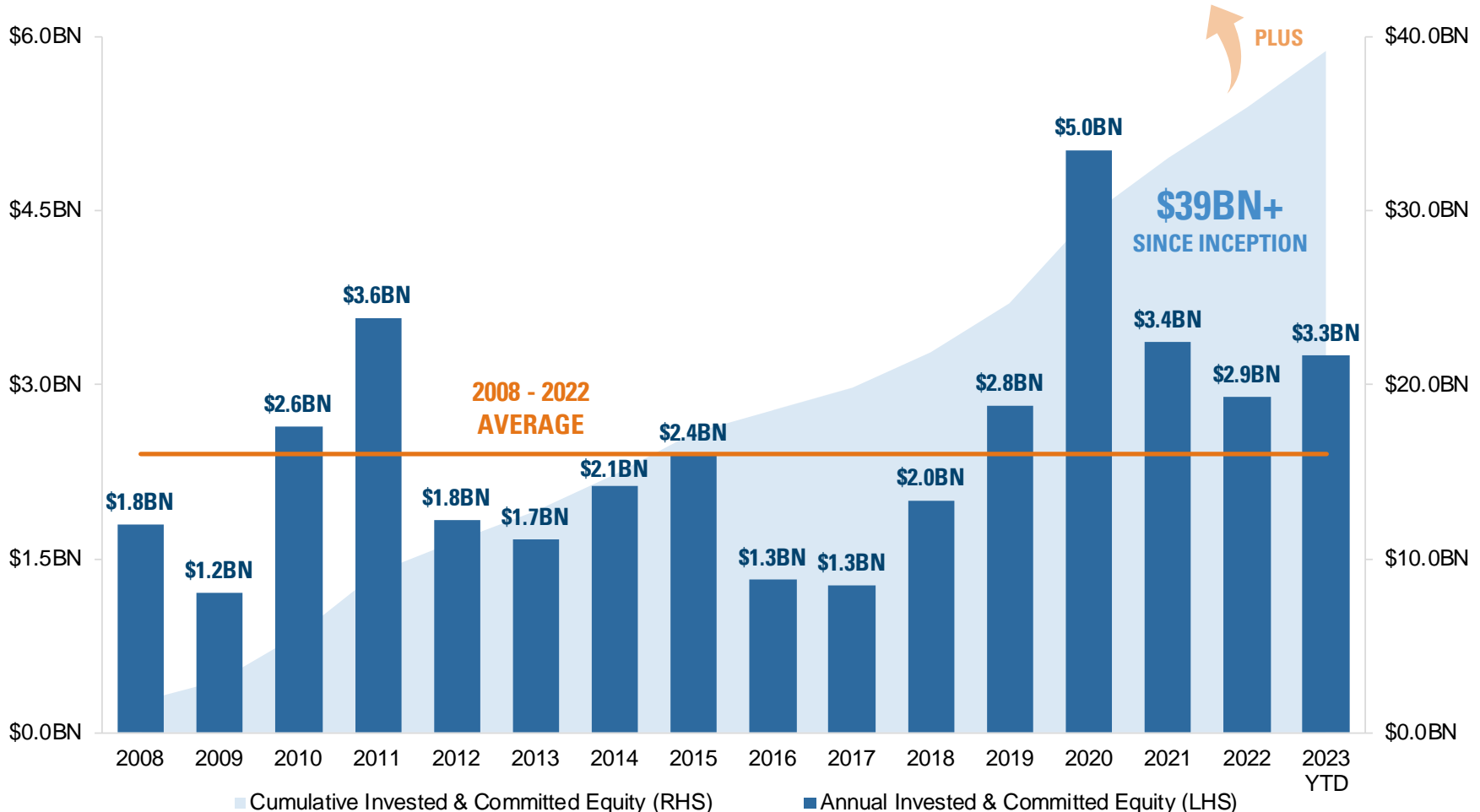
CURRENT INVESTMENT PIPELINE³

\$4BN+

under term sheets /
serious negotiations

\$4BN+

under due diligence



¹ As of November 30, 2023, unless noted otherwise. Includes reserved equity for approved pipeline investments. There can be no assurance that such transactions will be consummated.

² Represents straight average from 2008 to 2022.

³ Represents the FCO Funds investment pipeline as of October 6, 2023. Estimated investment amounts are subject to change. There can be no assurance that the potential transactions will ultimately be consummated, or that any such transaction will be allocated to any specific Fortress managed fund.

BROAD MANDATE WITH THE FLEXIBILITY TO PIVOT

B.3

We view credit as a single broad asset class across seven distinct investment strategies



We believe that the **GREATEST POTENTIAL RETURN** rests with the managers with the broadest mandates and with the **EXPERIENCE, INVESTMENT STRUCTURE**, and **RESOURCES** to move opportunistically across the entire credit spectrum

Note: Broadly syndicated loans are referred to herein as "BSL", non-performing loans are referred to herein as "NPL", small and medium-sized enterprises are referred to herein as "SME", commercial real estate is referred to herein as "CRE", commercial mortgage-backed securities are referred to herein as "CMBS", residential mortgage-backed securities are referred to herein as "RMBS", asset-backed securities are referred to herein as "ABS", collateralized loan obligations are referred to herein as "CLOs", intellectual property is referred to here in as "IP", general partner-led is referred to herein as "GP-led" and net asset value is referred to herein as "NAV".

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MARKET UPDATE & OPPORTUNITY SET

UNCERTAINTY CREATES OPPORTUNITIES FOR FORTRESS TO THRIVE



THE ONLY THING CERTAIN IS UNCERTAINTY



DRAMATIC RISE IN INTEREST RATES, WHICH PARTICULARLY IMPACTS REAL ESTATE



INCREASE IN DEFAULTS AND UPCOMING MATURITY WALL → GREATER DEMAND FOR CAPITAL



DOMINO EFFECT OF THE BANKING CRISIS → SCARCITY OF CAPITAL



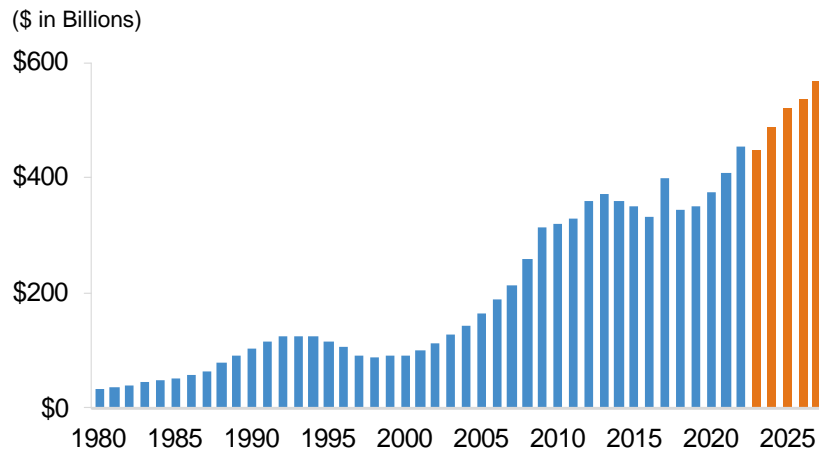
THE MARKET WILL REQUIRE SIGNIFICANT CAPITAL TO ADDRESS THE CURRENT OPPORTUNITY SET

ON THE PRECIPICE OF A ONCE-IN-A DECADE DISTRESSED REAL ESTATE DEBT ENVIRONMENT¹

Nearly a third of the \$4.5 trillion outstanding U.S. CRE debt will mature by YE 2025...

CRE maturities are elevated across both core real estate (e.g., office and retail) and multifamily

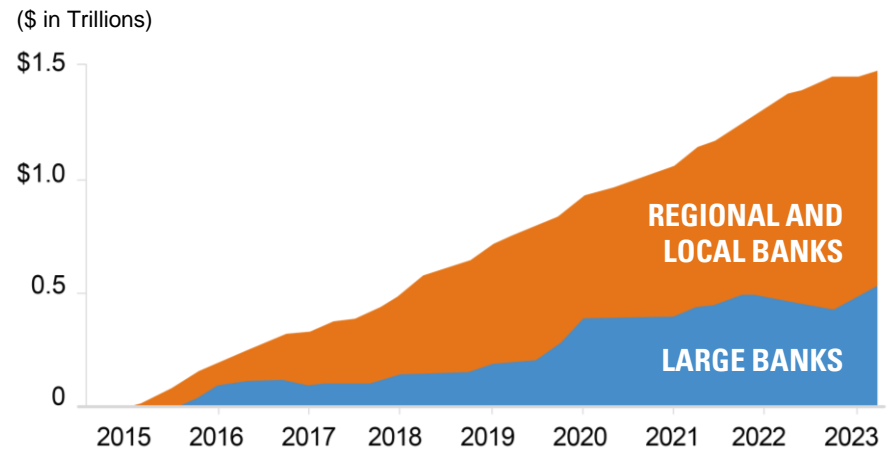
CRE MATURITIES ELEVATED IN THE NEXT FIVE YEARS¹



Regional and local banks have become CRE's largest lender group

We expect losses on CRE loans and regional bank exits will lead to tighter credit conditions

CUMULATIVE CHANGE IN CRE EXPOSURE SINCE MARCH 2015, BY BANK SIZE²



¹ Source: Morgan Stanley Research's "Scaling Maturity Walls" report dated April 4, 2023, unless noted otherwise.

² The Wall Street Journal's "Real-Estate Doom Loop Threatens America's Banks" report dated September 6, 2023.

FCO V EXP'S BROAD MANDATE PROVIDES ACCESS TO THESE COMPELLING REAL ESTATE DEBT OPPORTUNITIES

Opportunity to provide liquidity to lenders, structure complex solutions for asset owners, and acquire assets from motivated sellers at significant discounts

1

GAP DEBT, STRUCTURED EQUITY RECAPS & STRUCTURED PREFERRED EQUITY

Providing structured equity solutions to fund the gap in borrowers' capital structures due to upcoming debt maturities and temporarily depressed performance

2

PORTFOLIO PURCHASES

Purchasing non-performing loan and non-core portfolios from small and regional banks

3

PUBLIC CREDIT DISLOCATIONS / LENDING OPPORTUNITIES

Acquiring positions in CMBS and SASB loans trading at discounts to seek outsized risk adjusted returns through higher current yields and to structure creative financing solutions with borrowers or restructure existing loans

4

OFFICE DISTRESS / URBAN CITY DISTRESS

Purchasing select performing and non-performing notes at discounted prices from structural and forced sellers

5

TAKE PRIVATE AND OTHER STRUCTURED TRANSACTIONS

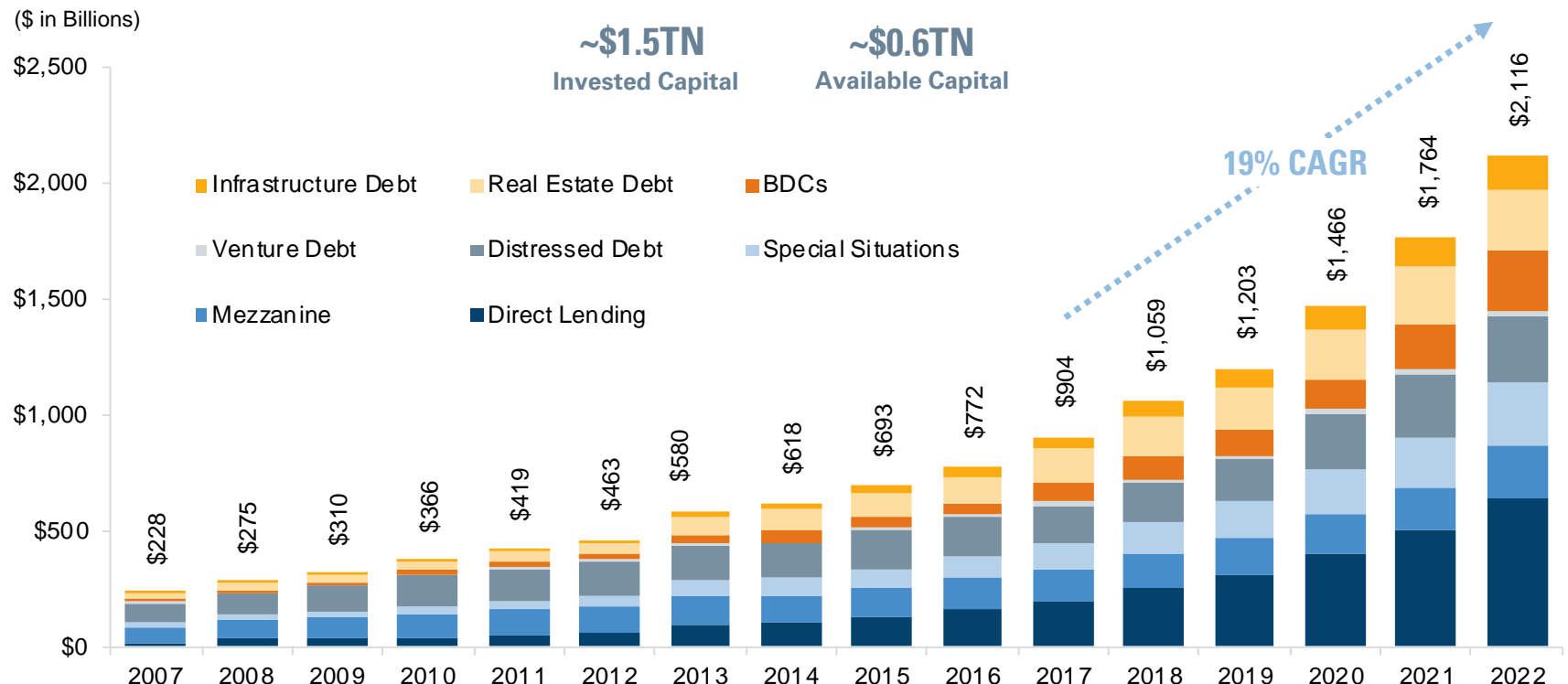
Public markets have re-priced quickly, creating potential opportunities to take REITs private or structure solutions with CRE asset managers

WE BELIEVE FCO V EXP WILL BE A BENEFICIARY OF THE MARKET'S MOVE TO PRIVATE CREDIT LENDERS

As regional bank balance sheets shrink and fractional reserve banking is questioned, the need for alternative credit providers becomes more acute

PRIVATE CREDIT MARKET HAS REACHED OVER \$2 TRILLION IN AUM

Global Private Lending AUM¹



¹ Source: Goldman Sachs Research's Private Credit report dated June 8, 2023.

TOP 9 OPPORTUNITY SETS

B.3

We are seeing compelling investment opportunities across the following key sectors



REAL ESTATE DEBT

Historic rise in interest rates and pull back in conventional credit expected to make the CRE maturity wall insurmountable, generating opportunities to structure creative financing solutions with potential to earn attractive risk adjusted yields and returns



FORWARD FLOWS

Distress in the financial system has created opportunities to fill the void for purchasing forward flows from origination and servicing platforms that were previously securitized



LEGAL ASSETS

Deal flow driven by continued growth of the litigation finance market coupled with more law firms raising third party capital



INTELLECTUAL PROPERTY

Financial markets volatility for the technology and life sciences sectors is encouraging companies with valuable patent portfolios to seek alternative sources of capital



SECONDARIES

We believe current disruption in the hedge fund and private equity industries is leading to multi-year opportunities in NAV lending and value-end of the GP-led secondary market



NET LEASE

Uptick in opportunities for sale leasebacks as an alternative source of capital, build to suits as sources of construction financing contracts, and acquisitions of existing assets that are under stress



CORPORATE SECURITIES

Target good companies with bad balance sheets, with focus on predictable cash flows and/or complicated restructurings where risk is misunderstood



EUROPE

Macro headwinds across the continent and country-specific challenges are creating distressed investment opportunities in real estate and corporate securities



NON-PERFORMING LOANS

Opportunity set has broadened following substantial increase in sub-performing loans on banks' balance sheets, as well as secondary flow from investors seeking to maintain collection targets

FCO V EXP UPDATE

The figures included in the following section are preliminary, unaudited and are subject to change.

Forward Looking Statements. Forward looking statements (including estimated returns, opinions or expectations about any future event) contained in the Presentation are based on a variety of estimates and assumptions by Fortress, including, among others, the value of assets and market conditions at the time of disposition, and the timing and manner of disposition or other realization events. These estimates and assumptions are inherently uncertain and are subject to numerous business, industry, market, regulatory, geo-political competitive and financial risks that are outside of Fortress's control. There can be no assurance that any such estimates and assumptions will prove accurate, and actual results may differ materially, including the possibility that an investor may lose some or all of any invested capital. The inclusion of any forward looking statements herein should not be regarded as an indication that Fortress considers such forward looking statement to be a reliable prediction of future events and no forward looking statement should be relied upon as such. Neither Fortress nor any of its representatives has made or makes any representation to any person regarding any forward looking statements and none of them intends to update or otherwise revise such statements to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying such forward looking statements are later shown to be in error.

Estimated Returns. Estimated returns (including estimated IRRs, multiples and cash flows) presented are through the life of the applicable Fund and have been calculated based on aggregate estimated cash flows of underlying investments, which are based on a variety of estimates and assumptions by Fortress. There can be no assurance that any such estimates and assumptions will prove accurate, and actual results may differ materially. Estimated returns are presented on a gross basis and do not factor in the actual timing and amount of capital calls from and distributions to investors. Gross returns are gross of expenses, promote, and management fees. Net returns are net of estimated expenses, promote and management fees.

FCO V EXP HIGHLIGHTS

B.3

MARIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION	AS OF NOVEMBER 30, 2023
Commitment	\$33 million
Capital Called	\$21 million
Invested and Committed Capital ¹	\$28 million

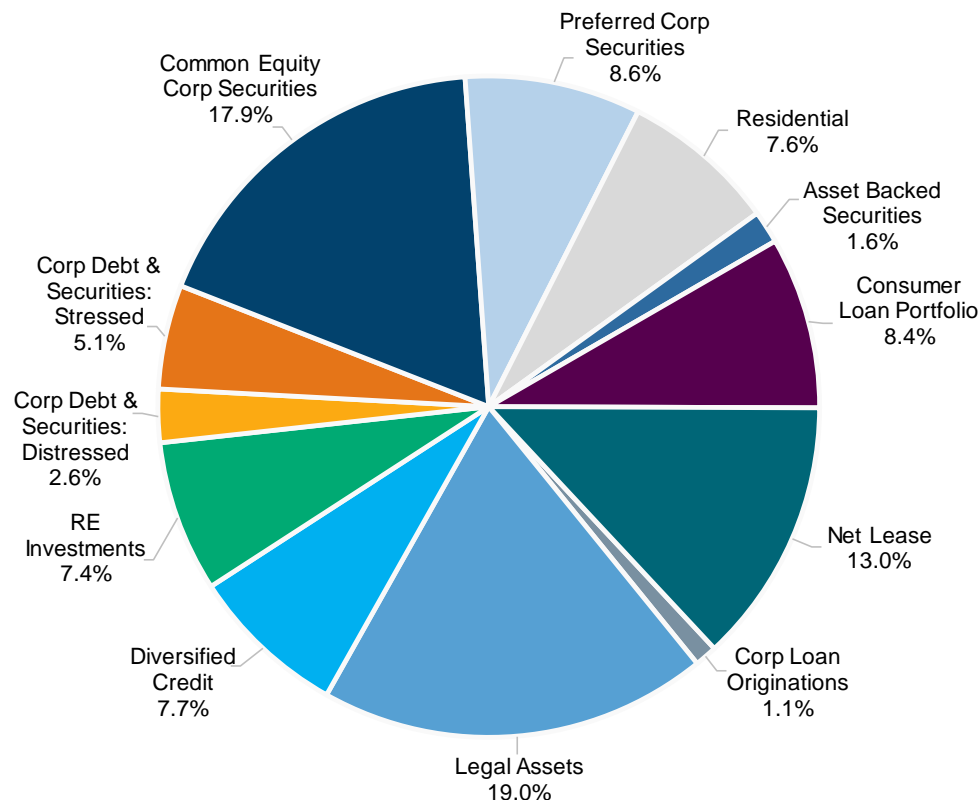
FCO V EXP	AS OF JUNE 30, 2023	AS OF SEPTEMBER 27, 2023
Fund Commitments	\$5.9 billion	\$5.9 billion
Capital Called	\$2.6 billion	\$3.0 billion
Invested and Committed Capital ²	\$4.0 billion	\$4.5 billion
Capital Distributed	\$0.7 billion	\$0.9 billion
Net Equity Invested	\$2.0 billion	\$2.1 billion
Net Asset Value ³	\$2.4 billion	
Total Gain ⁴	\$0.4 billion	
Gross Estimated IRR and Multiple ⁵	21.2% / 1.8x	
Net Estimated IRR and Multiple ⁶	16.0% / 1.6x	
Leverage % (Debt / Gross Market Value) ⁷	37.9%	
Remaining Investments	71	82

Note: Please refer to the Appendix: Important Footnotes & Disclaimers for information concerning the contents of this slide.

FCO V EXP ACTIVITY SINCE THE LAST CONFERENCE^{1,2,3}

- Since inception, FCO V EXP has invested and committed over \$4.5 billion across 83 investments which is approximately 76% of fund commitments
- Over \$1.5 billion has been invested and committed across 41 new investments through 12 different asset classes since the last conference

TOTAL INVESTED AND COMMITTED CAPITAL BY ASSET CLASS SINCE THE LAST CONFERENCE



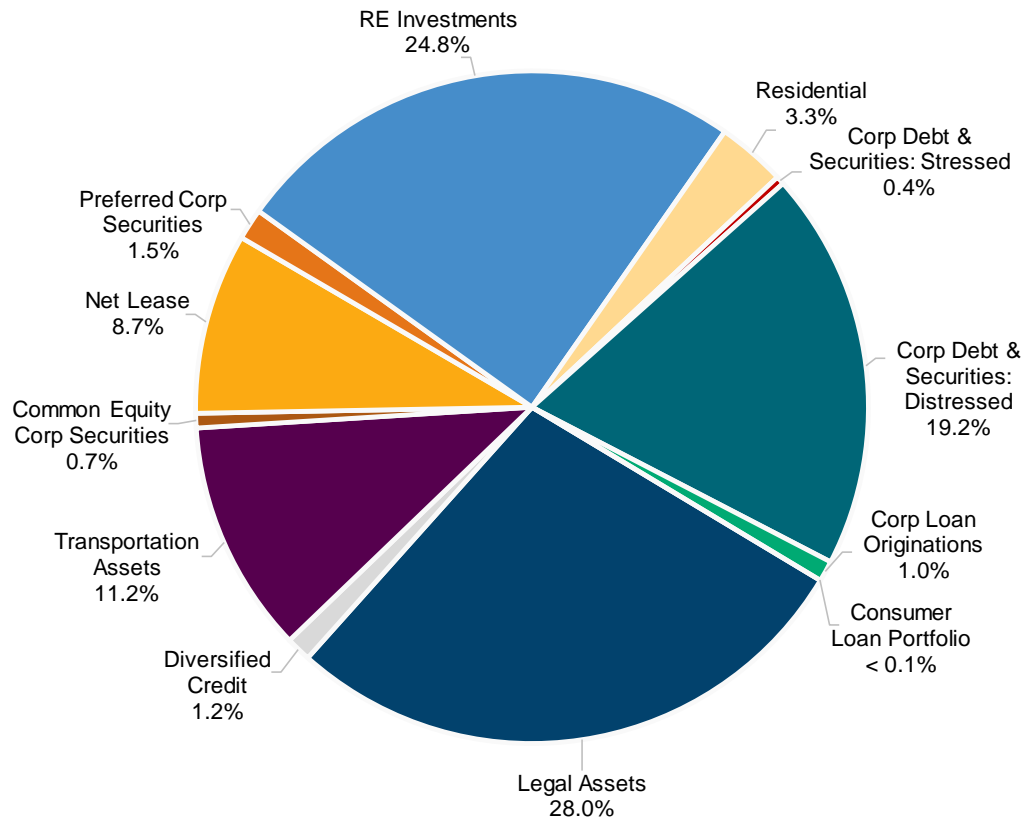
TOP 10 INVESTED AND COMMITTED SINCE THE LAST CONFERENCE

Investment	Portfolio	Invested and Committed (\$mm)
Investment 1	Net Lease	\$134
Investment 2	Consumer Loan Portfolio	\$130
Investment 3	Residential	\$117
Investment 4	Common Equity Corp Securities	\$95
Investment 5	Legal Assets	\$76
Investment 6	Diversified Credit	\$73
Investment 7	Net Lease	\$66
Investment 8	Legal Assets	\$65
Investment 9	RE Investments	\$65
Investment 10	Legal Assets	\$63
Total		\$884 (57%)

FCO V EXP REALIZED PROCEEDS^{1,2,3}

Generated approximately \$400 million of realized proceeds since June 30, 2022

TOTAL REALIZED PROCEEDS BY ASSET CLASS



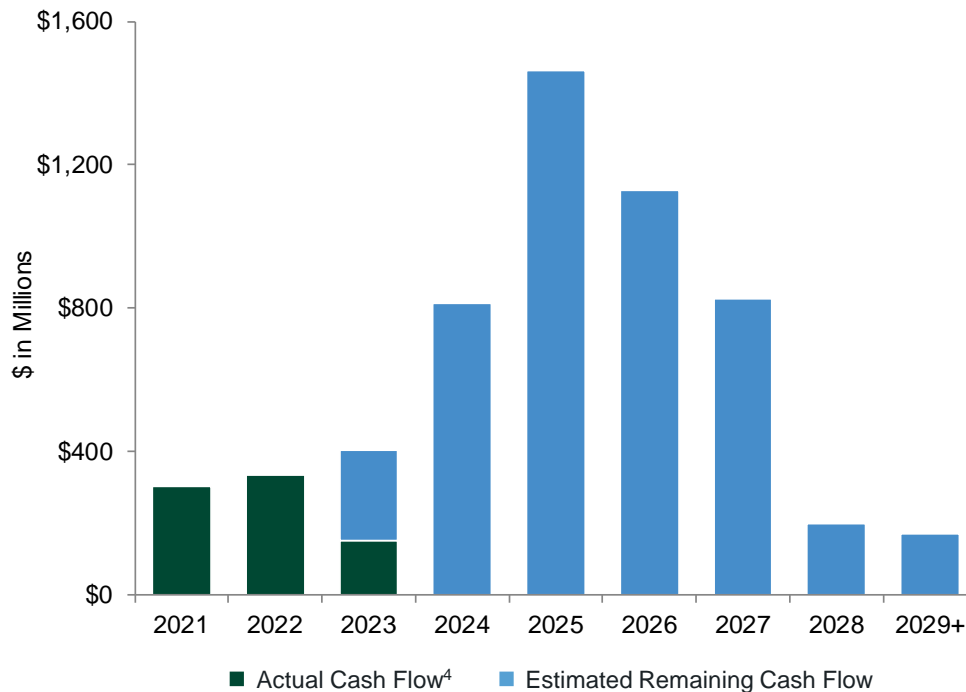
TOP 10 REALIZED PROCEEDS

Investment	Portfolio	Realizations (\$mm)
Investment 1	RE Investments	\$95
Investment 2	Corp Debt & Securities: Distressed	\$64
Investment 3	Legal Assets	\$60
Investment 4	Legal Assets	\$44
Investment 5	Transportation Assets	\$44
Investment 6	Net Lease	\$34
Investment 7	Residential	\$13
Investment 8	Corp Debt & Securities: Distressed	\$7
Investment 9	Preferred Corp Securities	\$6
Investment 10	Diversified Credit	\$5
Total		\$372

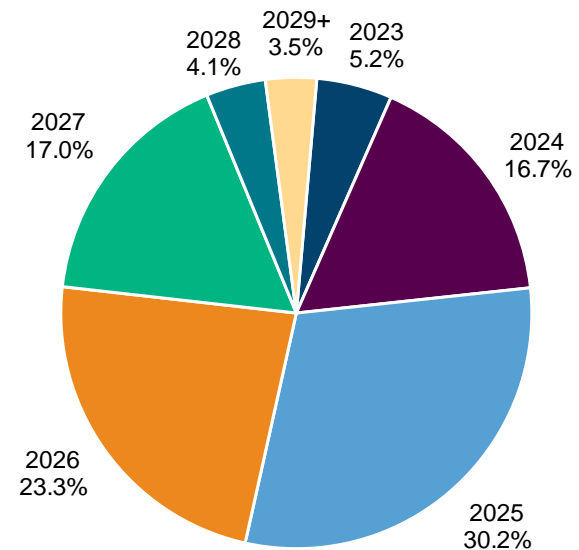
FCO V EXP REMAINING CASH FLOW ESTIMATES BY YEAR¹

We are currently estimating gross proceeds on the June 30, 2023 portfolio, including estimated funding commitments, to be approximately \$4.9 billion² in the future, generating a total gross profit, since inception, of approximately \$2.6 billion

**REMAINING CASH FLOW
ESTIMATES TO EQUITY BY YEAR³**



**% OF REMAINING CASH FLOW
ESTIMATES TO EQUITY BY YEAR³**



APPENDIX

IMPORTANT FOOTNOTES & DISCLAIMERS

FORTRESS INVESTMENT GROUP OVERVIEW

¹ As of September 30, 2023, unless noted otherwise.

² Fee-paying AUM plus uncalled and callable capital as of September 30, 2023. AUM refers to the assets Fortress manages or co-manages, including capital that Fortress has the right to call from investors, or investors are otherwise required to contribute, pursuant to their capital commitments to various funds or managed accounts. AUM equals the sum of: (i) the net asset value ("NAV") of the hedge funds, (ii) the capital commitments, invested capital or net capital base (or NAV, if lower) of the credit PE funds and private equity funds, depending on which measure management fees are being calculated upon at a given point in time, plus uncalled and callable capital from which Fortress is currently not earning management fees, (iii) the contributed capital or book equity of the publicly traded permanent capital vehicles; (iv) amounts investors have committed to contribute to certain managed accounts, including unfunded amounts for which Fortress is currently not earning management fees, and (v) the AUM of the co-managed funds. As of September 30, 2023, AUM includes \$0.2 billion of AUM related to co-managed funds.

³ As of June 30, 2023.

⁴ The professionals in the headcount shown herein are for Fortress Investment Group LLC, and are not dedicated solely to the Credit business or investments of Fortress Credit Opportunities Fund V Expansion ("FCO V EXP" or the "Fund").

EXECUTIVE SUMMARY

¹ As of November 30, 2023.

² Estimated returns (including estimated IRRs, multiples and cash flows) presented are through the life of the applicable Fund (including identified estimated funding commitments, where applicable) and have been calculated based on aggregate estimated cash flows of underlying investments allocable to Fortress Credit Opportunities Funds V Expansion (A) LP ("FCO V EXP A") investors, respectively, which are based on a variety of estimates and assumptions by Fortress. There can be no assurance that any such estimates and assumptions will prove accurate, and actual results may differ materially. Estimated returns are presented on a gross basis and do not factor in the actual timing and amount of capital calls from and distributions to FCO V EXP A investors. Actual returns to investors will be lower due to the deduction of expenses, promote, and management fees.

³ Based on invested capital.

FCO V EXP HIGHLIGHTS

¹ Represents invested and committed capital for investments through November 30, 2023, and does not include management fees, taxes and other costs incurred by FCO V EXP. Includes investments committed to, but not yet closed.

² Represents invested and committed capital for investments through June 30, 2023 and September 27, 2023, respectively, and does not include management fees, taxes and other costs incurred by FCO V EXP. Includes investments committed to, but not yet closed.

³ Gross of promote.

⁴ Total gain is gross of promote, net of management fees, expenses and includes unrealized and realized gains. Actual returns to investors will be lower.

⁵ Estimated gross IRR and multiple are through the life of the Fund (including identified estimated funding commitments and related proceeds), and are gross of expenses, promote and management fees. Actual returns to investors will be lower. Gross multiple is calculated over invested capital.

⁶ Estimated net IRR and multiple are through the life of the Fund (including identified estimated funding commitments and related proceeds), and are net of estimated expenses, promote and management fees for a 1.50% management fee paying limited partner. Net multiple is calculated over invested capital.

⁷ Non-recourse asset specific financing.

FCO V EXP ACTIVITY SINCE THE LAST CONFERENCE

¹ Represents invested and committed capital for investments through September 27, 2023 and does not include management fees, taxes and other costs incurred by FCO V EXP. May include investments committed to, but not yet closed.

² Preferred Corporate Securities and Common Equity Corporate Securities comprise the Preferred & Common Equity Corporate Securities Portfolio.

³ Net Lease and RE Investments comprise the Commercial Real Estate Debt & Equity Securities Portfolio.

FCO V EXP REALIZED PROCEEDS

¹ Includes cash available for distribution as of June 2023.

² Preferred Corporate Securities and Common Equity Corporate Securities comprise the Preferred & Common Equity Corporate Securities Portfolio.

³ Net Lease and RE Investments comprise the Commercial Real Estate Debt & Equity Securities Portfolio.

FCO V EXP REMAINING CASH FLOW ESTIMATES BY YEAR

¹ Note: Please refer to the important Estimated Returns and Forward Looking Statements disclaimers on the front page of this section.

² Estimated based on June 30, 2023 portfolio and includes identified estimated funding commitments of approximately \$0.4 billion.

³ Estimated cash flows of total portfolio are as of June 30, 2023 (includes estimated proceeds relating to identified estimated funding commitments, where applicable) and do not include management fees, promote, taxes and other costs incurred by FCO V EXP. Does not include invested or committed capital post June 30, 2023.

⁴ Includes cash available for distribution as of June 30, 2023.

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Past performance. In all cases where historical performance is presented, please note that past performance is not a reliable indicator of future results and should not be relied upon as the basis for making an investment decision.

Estimated Returns. Estimated returns (including estimated IRRs, multiples and cash flows) presented are through the life of the applicable Fund and are based on a variety of estimates and assumptions by Fortress. There can be no assurance that any such estimates and assumptions will prove accurate, and actual results may differ materially, including the possibility that an investor may lose some or all of any invested capital.

Forward Looking Statements. Forward looking statements (including estimated returns, opinions or expectations about any future event) contained in the Presentation are based on a variety of estimates and assumptions by Fortress, including, among others, third party financings, individual property and loan performance assumptions, various discount rates, the value of assets and market conditions at the time of disposition, and the timing and manner of disposition or other realization events. These estimates and assumptions are inherently uncertain and are subject to numerous business, industry, market, regulatory, geo-political competitive and financial risks that are outside of Fortress’s control. There can be no assurance that any such estimates and assumptions will prove accurate, and actual results may differ materially, including the possibility that an investor may lose some or all of any invested capital. The inclusion of any forward looking statements herein should not be regarded as an indication that Fortress considers such forward looking statement to be a reliable prediction of future events and no forward looking statement should be relied upon as such. Neither Fortress nor any of its representatives has made or makes any representation to any person regarding any forward looking statements and none of them intends to update or otherwise revise such statements to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying such forward looking statements are later shown to be in error.

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Internal rates of return and yields. To Fortress's knowledge, there are no established standards for the calculation of internal rates of return or yields ("Returns") for investment portfolios of the sort owned by the Fund. The use of another methodology than the one used may result in different and possibly lower Returns. In addition, the current unrealized or estimated values that form the basis for estimated Returns may not be realized in the future, which would materially and adversely affect actual Returns for the applicable investments and potentially the overall portfolio of which it is a part.

Risk of loss. An investment in the Fund is highly speculative, and there can be no assurance that the Funds' investment objectives will be achieved. Investors must be prepared to bear the risk of a total loss of their investment.

Availability of financing. Certain estimated or actual performance figures described in the Presentation are based on, among other things, the availability of particular financing arrangements, which may not be available to the Funds in the future. The inability of the Funds to obtain similar financing arrangements could have a material impact on the Funds' performance.

Knowledge and experience. You acknowledge that you are knowledgeable and experienced with respect to the financial and business aspects of the Presentation and that you will conduct your own independent investigations with respect to the accuracy, completeness and suitability of the Presentation should you choose to use or rely on the Presentation, at your own risk, for any purpose.

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**Marin County Employees' Retirement
Association**

The Värde Dislocation Fund Update

January 17, 2024

The information contained in this document (this "Presentation") is qualified in its entirety by the following Important disclaimers, all of which must be read in connection with this Presentation. This Presentation is intended for sophisticated investors for informational purposes only and is not intended to constitute investment advice or recommendations or financial, legal or tax advice by Värde Partners, Inc. or any of its affiliates (collectively, "Värde" or the "Firm") or any other party. A recipient of this presentation should consult with its own legal, business and tax advisors with respect to financial, legal and tax advice. Unless otherwise indicated, information, data, strategies and opinions included in this Presentation are provided as of the date hereof, and are subject to change without notice based on market and other developments. Therefore, neither the delivery of this Presentation at any time, nor any sale of interests in any Fund (as defined below), shall under any circumstances create an implication that the information contained herein is correct as of any time after such date. Neither the Securities and Exchange Commission nor any state securities administrator has approved or disapproved, passed on or endorsed the merits of this Presentation or the securities referenced herein.

This Presentation is not intended as and does not constitute an offer to sell any securities or a solicitation of an offer to purchase any investment product or any interest in any fund (each a "Fund") managed by Värde in any jurisdiction to any person or entity. Such an offer or solicitation may be made only by the Confidential Private Offering Memorandum of a Fund (the "Memorandum") and the governing documents of such Fund. This Presentation does not purport to be complete and is qualified in its entirety by, and any offer or solicitation will be made only through, a Memorandum and will be subject to the terms and conditions contained therein and in the governing documents of the applicable Fund. If you are considering whether to invest in a Fund, you should not rely on this Presentation, but should rely solely on the information in the Memorandum and in the governing documents of the applicable Fund. The Memorandum describes certain risks and conflicts of interest relating to an investment in a Fund and should be reviewed in its entirety to determine whether investing in a Fund is suitable for you in light of, among other things, your financial situation, need for liquidity, tax situation, and other investments. If the descriptions or terms in this Presentation are inconsistent with or contrary to the are subject to a variety of risks described in the Memoranda and Värde's Form ADV Part 2. Investments in the Funds are suitable only for qualified investors that fully understand the risks of such investments. The information contained herein does not take into account the particular investment description in or terms of a Memorandum, partnership agreement, memorandum and articles of association (as applicable) or other documents, the Memorandum, partnership agreement, memorandum and articles of association (as applicable) or such other documents shall control. Investments in the Funds objectives, financial situation, need for liquidity, or tax situation of any specific person or entity who may receive it. Furthermore, Värde undertakes no obligation and assumes no liability or responsibility (whether express or implied) to any person or entity receiving this Presentation. Värde is not acting as an investment adviser with respect to any investor's decision to invest in any Fund. Attachments to this Presentation or other materials made available in connection with any Fund may have additional important disclaimers, which you should read. Värde Partners Europe Limited ("VPE"), an affiliate of the Firm, is authorized and regulated by the Financial Conduct Authority and only acts for its affiliates to whom it provides regulated investment advisory and transaction arrangement services. VPE does not act for potential investors in connection with the raising of, or subscription to, a Fund and will not be responsible to potential investors for providing them with protections afforded to clients of VPE or be advising them on their subscription. No representative of the Firm has authority to represent otherwise.



Any past performance described herein is not indicative, or a guarantee, of future results. You should not assume that the performance of any specific investment or investment strategy will be profitable or equal to corresponding past performance levels. Any investment or investment strategy can be impacted by numerous factors, including market and economic conditions, and may result in a loss to investors. As with any investment, there can be no assurance that any investment objectives or strategies will be achieved or that an investor will not lose a portion or all of its investment. Any rates of returns described in this Presentation reflect particular moments in time and such returns may not be possible to replicate given the unique set of circumstances wherein investments were purchased or sold. Investors should draw their own conclusions regarding Värde's and the Funds' relative performance in the market. All financial information in this Presentation related to Värde or any Fund is unaudited. Any risk management or mitigation processes or actions discussed refer to efforts to monitor and manage risk but should not be confused with and do not imply no or low risk. You may contact Värde to ask any questions you may have with regard to this Presentation, including questions about the procedures and methodologies used to calculate the investment returns.

There is no assurance that any of the investments discussed herein will remain in a Fund at the time you receive this Presentation or that investments sold have not been repurchased. It should not be assumed and there is no guarantee that any of the transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions Värde makes in the future will be profitable or will equal any investment performance discussed herein. The investments discussed in this Presentation were made by Värde and its affiliates through, and on behalf of, one or more Funds. None of the investments were made by Värde directly. Any investments discussed in this Presentation do not represent any Fund's entire portfolio and in the aggregate may represent only a small percentage of such Fund's portfolio holdings. In addition, any future investments by any Fund may differ from previous investments made by Värde or its affiliates in a number of respects. This Presentation does not include information regarding each investment or investment strategy pursued by Värde. However, additional information regarding any investment related to any Fund may be requested by the recipient of this Presentation.

Certain information contained herein constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "expect," "anticipate," "estimate," "forecast," "initiate," "objective," "plan," "goal," "project," "outlook," "priorities," "target," "intend," "evaluate," "pursue," "seek," "may," "would," "could," "should," "believe," "potential," "continue," or the negative of any of those words or similar expressions intended to identify forward-looking statements. Due to various risks and uncertainties, actual events or results or the actual performance of a Fund may differ materially from those reflected or contemplated in such forward-looking statements. Investors are cautioned not to place undue reliance on forward-looking statements.

Any target performance information stated herein or elsewhere is not intended to predict any Fund's performance; instead, such information is meant to help explain how Värde intends to construct such Fund's portfolio and what investments Värde intends to pursue in light of Värde and its affiliates' experience with similar transactions. Such target performance information is intended to indicate the returns that Värde has observed in the market generally and is based on a number of factors, including, for example, observed and historical market returns, projected cash flows, projected future valuations of fund investments, relevant market dynamics (including capital markets, interest rates and other factors), anticipated contingencies and regulatory issues all of which are unpredictable in nature.

This Presentation is based on information provided by Värde and its affiliates and other third-party sources and data believed to be reliable; however, neither Värde nor any of its affiliates has independently verified or guarantees the accuracy or validity of such information. None of Värde, or any of its respective advisors, agents, affiliates or partners, members or employees assume responsibility for or make any representation or warranty, express or implied, with respect to the accuracy, adequacy, validity, or completeness of the information contained in this Presentation.

Any estimates included in this Presentation are based upon assumptions that Värde considers reasonable as of the date hereof and were not prepared with a view towards public disclosure or compliance with any published guidelines. Actual results may vary significantly from the estimates. The assumptions on which estimates are based may require modification as additional information becomes available and as economic and market developments warrant. Any such modification could be either favourable or adverse. The information contained herein may change at any time without notice and there is no duty to update the person or entity to whom this information is provided.

30 Years

Credit specialist with experience through multiple cycles

\$13 Billion

Current AUM

220+ Employees

Including 70+ investment professionals

\$100+ Billion

Invested capital across private and public markets

6 Offices Globally

With local investment teams in the U.S., Europe, and Asia

100% Partner Owned

Strong alignment of interest with limited partners



New York



Minneapolis



London



Singapore



Mumbai

The Dislocation Fund Performance Snapshot



Estimated as of December 31, 2023

Fund Overview (in millions)

Total Commitments	\$1,604 (80% called)
Current AUM	\$1.2 billion
Investment Period	June 2020 – June 2022
Harvest Period	June 2022 – June 2025
Term Extension Period	Two potential one-year extensions

Performance to Date (in millions)

2020-2022 P&L	\$103
2023 P&L	<u>200</u>
LTD P&L as of 12/31/23	\$303
Net Multiple	1.21x
Net IRR	8.42%

Distributions (as of December 31, 2023)

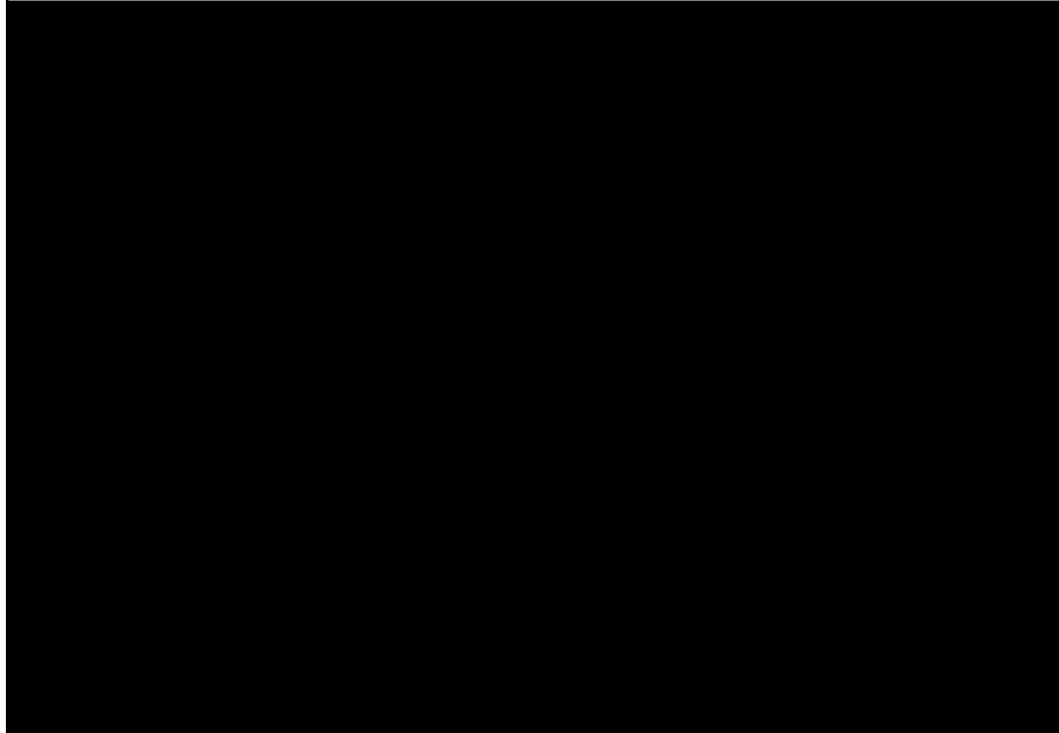
2023	\$395 million	31% of AUM ¹
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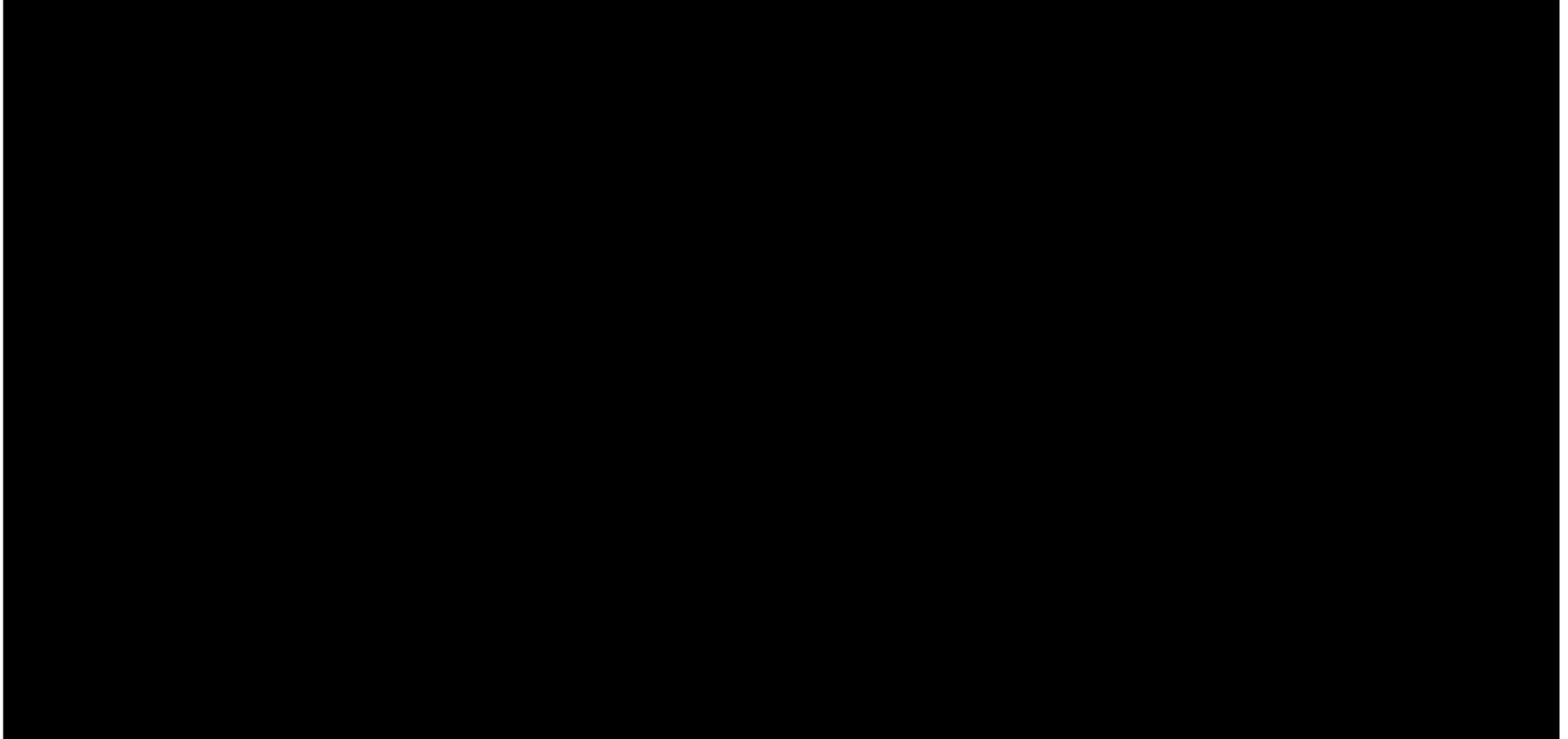
████	████████████████████
████	████████████████████

Please see important performance disclaimers and definitions in Appendix A.
1 Cumulative distributions in 2023 as a % of June 30 2022 AUM.

As of September 30, 2023



Please see important performance disclaimers and definitions in Appendix A.



As of September 30, 2023

Top 10 Performers	Segment	Geography	LTD Gross P&L (\$m)	Gross Multiple
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Bottom 10 Performers	Segment	Geography	LTD Gross P&L (\$m)	Gross Multiple
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED] = Exited

Top 10 Holdings

B.4

VÄRDE

As of September 30, 2023

Top positions today

Holding	Segment	Geography	Exposure (in millions)	Net Exposure (% of Total)
1 ██████████	████████	████████	██	██
██████████	████████	████████	██	██
█ ██████	████████	████████	██	██
██████████████	████████	██████	█	██
████████████	████████	██████	█	██
████████████	████████	██████	█	██
████████████	████████	██████	█	██
█ ██████	████████	████████	█	██
████████	████████	██████	█	██
████████████	████████	████████	█	██
██████████	████████	██████	█	██
████			██	██
████			████	████

Please see important performance disclaimers and definitions in Appendix A.

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Appendix A

Any past performance described herein is historical, is not indicative, or a guarantee, of future results. All gross return figures do not reflect any management fees, permissible fund expenses, applicable incentive allocations or reinvestment of dividends and other earnings. All net return figures are net of management fees, permissible fund expenses, and applicable incentive allocations. The net return figures also include reinvestment of all dividends, capital gains and other earnings. Given the broad and varying portfolio of assets managed by Värde, we are not aware of any publicly available benchmarks that would provide a meaningful comparison to the performance of a Fund. Investors should draw their own conclusions regarding a Fund's relative performance in the market. It should not be assumed and there is no guarantee that any of the transactions or holdings discussed were or will prove to be profitable or equal to corresponding past performance levels, or that the investment recommendations or decisions Värde makes in the future will be profitable or will equal any investment performance discussed herein. Performance information set forth herein has been prepared by Värde and has not been audited.

The projections provided herein are hypothetical in nature and are shown for illustrative, informational purposes only and do not constitute a forecast. Projections are based on a number of assumptions that may not prove accurate. There can be no assurance that any future event will occur or that any projections will be achieved. Target performance is not necessarily indicative of future results. The actual return experience of any particular investor will vary based on a number of factors, including the timing of such investors. Actual returns for each investment may vary significantly from the projected returns set forth herein. The projections are based on estimates and assumptions about performance believed to be reasonable under the circumstances, but actual realized returns on any investment will depend on, among other factors, the ability to consummate investments on attractive terms, future operating results, the value of the assets and market conditions, any related transaction costs and the timing and manner of sale (if applicable), all of which may differ from the assumptions on which the projections are based. All estimates and assumptions are subject to change without notice. Changes in the assumptions may have a material impact on the targets presented and ultimate returns realized will depend on numerous factors, which are subject to uncertainty. All investments are subject to the risk of loss, including the total loss of the amount invested. This Presentation does not include information regarding each investment or investment strategy pursued by Värde. Investors may request additional information regarding specific investments related to any Fund. Please see "Important Disclaimers" at the beginning of this Presentation for additional important disclosures.

"Exposures" are as of the end of the period calculated as follows: (i) liquid instruments (other than notional instruments) and illiquid investments are calculated in accordance with Accounting Standards Codification Topic 820 and (ii) notional instruments are reflected on a bond-equivalent basis. Where noted, Exposure are expressed as a percentage of a Fund's assets under management or as a percentage of total Exposure aggregated across all Holdings.

"Geography" refers to the jurisdiction in which (a) the issuer is located or (b) the investment derives or is anticipated to derive at least a majority of its returns from activities within that country or region.

"Gross Multiple" represented the sum of cash inflows for the Holding allocated to the relevant Fund plus a "Terminal Value" (for positions not yet exited) allocated to the relevant Fund divided by the sum of total cash outflows for the Holding allocated to the relevant Fund. The "Terminal Value" of an investment is valued in accordance with Accounting Standards Codification Topic 820; the Terminal Value also includes the current mark-to-market profit/(loss) on open foreign exchange trades associated with the investment. The carried interest allocated to the general partner of any fund is not made on an investment-by-investment basis, but on an aggregate fund-by-fund basis only. Therefore, comparable net investment-level multiples are not available.

"Holding" generally refers to an investment or series of investments that share a common exposure or risk. For example, a Holding includes investments that share a common issuer/obligor, but may, from time to time, include investments that were (a) purchased as a discrete portfolio from a specific counterparty or (b) executed together in order to achieve a common return (e.g., a series of short sales on companies in a specific industry). Holdings are also referred to as "Performers". The "Top 10 Performers" and "Bottom 10 Performers" are determined based on the Holdings with the largest profits or losses.

The "Net Multiple" is calculated as (i) the sum of (a) total profit and loss (net of management fees, permissible fund-level expenses and applicable incentive allocations) allocated to limited partners since the inception of a Fund and (b) total capital contributed by the limited partners divided by (ii) total capital contributed by the limited partners.

The "Net IRR" represents the actual timing of cash contributions from and distributions to the limited partners and the net asset value of the limited partners' capital accounts (which is treated as a deemed distribution of the capital account as of the date of calculation) as of the reporting date (net of management fees, permissible fund-level expenses and applicable incentive allocations).

"Net DPI" represents (i) aggregate distributions to the limited partners as of the reporting date divided by (ii) aggregate limited partner drawn capital as of the same date. "Net DPI" reflects the deduction of management fees, carried interest, any direct investment-related expenses and other general Fund expenses.

Investment "P&L" represents gross profit or loss (i.e., before any allocation of management fees, permissible fund-level expenses and applicable incentive allocations), aggregated across all Holdings where applicable.

The "Segments" are based on Värde's internal classification system whereby investments are classified according to Värde's internal reporting hierarchy. Värde's segments may not align with the categories and definitions applied by other market participants.

VÄRDE

Appendix B

Värde pursues credit opportunities globally

North America

Europe

Asia

Across the liquidity spectrum

Private Credit

Financial Services

Commercial Whole Loans

Consumer Whole Loans

Specialty Finance

Technology Lending

Real Estate

Lending

Credit Solutions

Assets

Corporate

Asset Intensive

Asia Senior Lending

Asia Special Situations

Fund Finance /
Regulatory Capital

NPLs

Public Credit

North America Corporates

European Corporates

Global Financials

Structured Products

B.4



Brad Bauer
*Partner, Co-Chief Executive Officer
and Co-Chief Investment Officer*

Brad Bauer is a Partner, Co-Chief Executive Officer and Co-Chief Investment Officer. Based in New York, he co-chairs the firm's Investment Committee and leads the firm's global business and investment strategy.

Brad joined the firm in 2007 and was named Partner in 2013. He has held a variety of both business and investing leadership roles working out of the firm's U.S. and U.K. offices. From beginning his career at Värde on the Corporate and Traded Credit team to later leading the firm's private credit strategies, Brad's extensive investing experience spans numerous industries in public and private markets. Brad has served in a CIO role since 2019 and was named Co-CEO in 2023.

Prior to joining Värde, Brad held senior investing and portfolio management roles focused on distressed debt and credit trading at both Deephaven Capital Management and Ameriprise Financial, Inc. Prior to Ameriprise, he worked for U.S. Bancorp Piper Jaffray in the Middle-Market Mergers and Acquisitions group.

Brad received a B.S. in Finance from Iowa State University, where he also competed on the varsity golf team. He earned his Chartered Financial Analyst (CFA) designation.



Tom Knechtel
*Managing Director, Business Development
and Investor Relations*

Tom Knechtel is a Managing Director on the Business Development and Investor Relations team. Based in New York, he joined the firm in 2020.

Prior to joining Värde, Tom was a managing director at Pinnacle Trust Partners focused on the distribution of alternative investment funds to institutional investors in the United States. Previously, Tom was a managing director at Verition Fund Management where he led the marketing and investor relations effort. Prior to that, Tom held senior marketing roles at firms including Eaton Partners and Prosirir Capital Management.

Tom received a B.A. from Middlebury College.

VÄRDE

**Investment Policy Statement
For**

Marin County Employees' Retirement Association



FINAL DRAFT
December 2023 January 2024

MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT POLICY STATEMENT

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Appendices:

Appendix A	Strategic Asset Allocation
Appendix B	Individual Manager Guidelines
Appendix C	Individual Private Equity Sponsor Guidelines
Appendix D	Placement Agent Payment Disclosure Policy

INTRODUCTION

The Marin County Employees' Retirement Association ("MCERA") was established to provide retirement benefits to county employees and other local public agencies. The Board of Retirement (the "Board" and/or the "Board of Retirement") is comprised of the County Director of Finance, four members appointed by the County Board of Supervisors, four members elected by the membership, plus one alternate retiree and one alternate safety member. The Director of Finance may also designate a deputy, who is employed under the Director of Finance's authority, to act in his or her place and stead on the Board or any of its committees.

MCERA was organized in accordance with the provisions of California's 1937 County Employees Retirement Law ("1937 Act"). The powers and duties of the Board of Retirement are set forth in the 1937 Act and in Article XVI, section 17, of the State Constitution. This document provides a framework for the investment of the assets of MCERA. The Board of Retirement has established a standing Investment Committee, which is composed of all members of the Board of Retirement ("Investment Committee" or "Committee"). As set forth in the Investment Committee's Charter, the Committee has been delegated all investment authority of MCERA as set forth therein. The purpose of the Investment Policy is to assist the Board, through the Investment Committee, in effectively supervising and monitoring the assets of MCERA (the "Plan" or the "Fund"). Specifically, it will address the following issues:

- The general goals of the investment program;
- The policies and procedures for the management of the investments;
- Specific asset allocations, rebalancing procedures and investment guidelines;
- Performance objectives; and
- Responsible parties.

The Investment Committee establishes this investment policy in accordance with applicable local, State, and Federal laws. The Board and Committee members exercise authority and control over the Plan, by setting policy which the Staff executes either internally or through the use of external prudent experts. The Board and Committee oversee and guide the Plan subject to the following basic fiduciary responsibilities:

- Solely in the interest of, and for the exclusive purpose of, providing benefits to participants and their beneficiaries, minimizing contributions thereto, and defraying reasonable expenses of administering the Plan.
- Invest and manage Fund assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the Fund. In satisfying this standard of care, the trustees shall exercise reasonable care, skill, and caution.
- Diversify the investments of the Plan so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so. Diversification is applicable to the deployment of the assets as a whole.

C.1

This policy statement is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while setting forth reasonable parameters to ensure prudence and care in the execution of the investment program.

POLICIES AND PROCEDURES

The policies and procedures of MCERA's investment program are designed to maximize the probability that the investment goals will be fulfilled. Investment policies will evolve as Fund conditions change and as investment conditions warrant.

Asset Allocation Policy

MCERA adopts and implements an asset allocation policy that is predicated on a number of factors, including:

- A projection of actuarial assets, liabilities and benefit payments and the cost of contributions;
- Historical and expected long-term capital market risk and return behavior;
- An assessment of future economic conditions, including inflation and interest rate levels; and
- The current and projected funding status of the Plan.

This policy provides for diversification of assets in an effort to maximize the investment return of the Plan consistent with market conditions. Asset allocation modeling identifies asset classes the Plan will utilize and the percentage that each class represents of the total Fund. Due to the fluctuation of market values, positioning within a specified range is acceptable and constitutes compliance with the policy. It is anticipated that an extended period of time may be required to fully implement the asset allocation policy, and that periodic revisions will occur. MCERA's Staff and external consultants will monitor and assess the actual asset allocation versus policy and will evaluate any variation deemed significant.

The Board and Committee will implement the asset allocation policy (i) through the use of investment managers to invest the assets of MCERA in accordance with the investment guidelines incorporated into the investment management agreements executed with MCERA and/or (ii) through its investment in limited liability partnerships, limited liability corporations, commingled funds, group trusts or other commonly used investment vehicles, which invest allocated assets in accordance with the governing documents for the investment vehicle. When appropriate, passive management strategies may also be utilized.

INVESTMENT GOAL STATEMENT

The Plan's general investment goals are broad in nature. The objective shall be to efficiently allocate and manage the assets dedicated to the payment of Plan benefits and administrative expenses. The following goals, consistent with the above described purpose, are adopted:

- The overall goal of MCERA's investments is to provide Plan participants with retirement, disability, and death and survivor benefits as provided for under the County Employees Retirement Law of 1937 (CERL) and California Public Employees' Pension Reform Act of 2013 (PEPRA), as applicable. This will be accomplished through a carefully planned and executed long-term investment program.
- MCERA's assets will be managed on a total return basis. While MCERA recognizes the importance of the preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns.
- The total portfolio over the long term will be expected to:
 1. Meet or exceed a long-term total portfolio real (above inflation) return commensurate with the target asset allocation contained in Appendix A to this document (annualized, net of fees, over a full market cycle, normally defined as 5-7 years);
 2. Meet or exceed the assumed actuarial rate of return over long-term periods; and
 3. Meet or exceed a weighted index of the total Plan's asset allocation policy and component benchmarks over rolling five-year periods by an appropriate amount (annualized, net of fees, over a full market cycle).
- MCERA's Investment Policy has been designed to produce a total portfolio, long-term real return. Consequently, prudent risk-taking is warranted within the context of overall portfolio diversification to meet this goal. The investment activities are designed and executed in a manner that serves the best interests of the members and beneficiaries of the Association.
- All transactions undertaken will be for the sole benefit of MCERA's members and beneficiaries and for the exclusive purpose of providing benefits to them, minimizing contributions to the Plan and defraying reasonable associated administrative expenses.
- MCERA has a long-term investment horizon, and utilizes an asset allocation plan that encompasses a strategic, long-run perspective of capital markets. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of the Plan's investment performance.

Investment recommendations and subsequent actions are expected to comply with "prudent expert" standards. Board and Committee members are expected to comply with "prudent investor" standards.

Manager Utilization and Selection

The selection of investment managers is accomplished in accordance with all applicable local, State and Federal laws and regulations. Each investment manager and consultant functions under a formal contract which delineates responsibilities and appropriate performance expectations. A formal set of investment guidelines and investment administrative requirements for each investment manager has been established and is provided as an addendum to this document. With regard to investment in limited liability partnerships, limited liability corporations, commingled funds, group trusts or other commonly used investment vehicles, the management of the relevant investment vehicle and the investment guidelines will be as set forth in the fund's legal documentation.

Manager Authority

The Plan's investment managers, unless otherwise noted in their contract, shall have designated discretion to direct and manage the investment and reinvestment of assets allocated to their accounts in accordance with this document; applicable local, State and Federal statutes and regulations; and individual management investment plans and executed contracts. Commingled investments, including but not limited to investments in mutual funds, trusts, limited liability partnerships, limited liability corporations, group trusts or other commonly used investment vehicles, are expected to comply with the guidelines established in the governing documents or fund prospectus.

The Board, Committee, and Staff will consider the comments and recommendations of consultants in conjunction with other available information in making informed, prudent decisions.

Proxy Voting

MCERA acknowledges that the ownership of equities requires proxies to be voted. MCERA commits to managing its proxy voting rights with the same care, skill, diligence and prudence as is exercised in managing its other assets. As responsible fiduciaries, the Board of Retirement will exercise its proxy voting rights in the sole interest of the Plan's members and beneficiaries in accordance with all applicable statutes and MCERA's Proxy Voting and Corporate Governance Policy.

Securities Lending

The Board and/or Committee may authorize the execution of a "Securities Lending Program" which will be performed by the Plan custodian or qualified third-party securities lending agent(s). The program will be established by a written agreement authorized by the Board and/or Committee and monitored and reviewed by the Staff.

The following are the general guidelines for the securities lending program:

1. The lending program may be implemented through the use of agent lenders or principal lenders;

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2. The lenders may lend financial securities including, but not limited to, U.S. and non-U.S. equities, corporate bonds, and U.S. and non-U.S. government securities;
3. If an agent program is implemented, the agent shall have full discretion over the selection of borrowers and shall continually review the creditworthiness of potential borrowers through extensive analysis of relevant information;
4. All loans shall be fully collateralized with cash, government securities or irrevocable bank letters of credit;
5. Cash collateral received from securities borrowers will be deposited upon receipt in a pre-approved short-term investment vehicle or vehicles;
6. Loans of U.S. securities are initially collateralized at 102% of the market value of the borrowed securities if the borrowed securities and the collateral are denominated in the same currency and at 105% if the borrowed securities and the collateral are denominated in different currencies. As the market value of the collateral falls below 102% (105%) of the market value of the borrowed securities, the borrower is marked to market each business day using yesterday's closing prices, subject to the lending agent's de minimis rules of change;
7. Securities on loan should be marked-to-market on a daily basis to assess adequacy of collateralization;
8. The lender shall provide periodic performance reports to MCERA;
9. The securities lending program should in no way inhibit the portfolio management activities of the other investment managers of the system;
10. Staff shall be responsible for making an annual report to the Board and/or Committee on securities lending activity; and
11. All other operational aspects of MCERA's securities lending program are hereby delegated to Staff.

Derivatives and Leverage

MCERA's investment managers may be permitted under the terms of individual investment guidelines to use derivative instruments to implement market decisions and security positions and to control portfolio risk. Derivatives are contracts or securities whose returns are derived from the returns of other securities, indices or instruments including, but not limited to, futures, forwards, options, swaps and options on futures. Examples of appropriate applications of derivative strategies include hedging interest rate and currency risk, rebalancing portfolio exposures, securitizing Fund level and manager cash, maintaining exposure to a desired asset class while effecting asset allocation changes and adjusting portfolio duration for fixed income. Portfolio liabilities associated with investments (i.e. mortgage forward bond purchases, futures, in-the-money short puts, reverse repurchase agreements, etc.) shall be backed by cash equivalents or deliverable securities.

MCERA's investment managers are not allowed to utilize derivatives for speculative purposes. All derivatives must be backed by collateral in the form of deliverable securities equal to or greater than the value of the total derivative exposure. In no circumstances can individual managers borrow funds to purchase derivatives. No derivatives positions can be established that create portfolio characteristics outside of portfolio guidelines. Managers must ascertain and carefully monitor the creditworthiness of any third parties involved in derivative transactions.

Rebalancing

MCERA has a long-term investment horizon and utilizes an asset allocation plan that encompasses a strategic, long-run perspective of capital markets. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of the Plan's investment performance. MCERA's overlay manager reviews the Plan's strategic asset allocation on a daily basis and automatically rebalances the allocation back to target ranges.

In addition to the overlay program, staff will monitor asset weights in the Fund's portfolio and conduct a physical rebalance as necessary to remain within the ranges of the targeted asset allocations identified in the Fund's asset allocation plan.

The fund will systematically rebalance when the asset classes move outside their target ranges or when significant cash flows occur. Rebalancing will not be used to time rises or falls in equity or bond markets by moving away from long-term targets.

GENERAL INVESTMENT OBJECTIVES AND GUIDELINES

Equity Portfolios

Each equity investment manager retained by MCERA will follow a specific investment style and will be evaluated against a specific market index that represents their investment style. In addition, in the case of active managers, investment results may also be compared to returns of a peer group of managers with similar styles. Benchmarks for the various equity portfolios may include the following indices as well as those proposed by the managers reviewed by the Staff and approved by the Investment Committee or Board:

Domestic Equity Portfolio – Russell 3000 Index

Large Cap Stocks – Russell 1000 Index

Small Cap Stocks – Russell 2000 Index

International Equity Portfolio – MSCI ACWI ex-US IMI Index

International Large Cap Stocks – MSCI ~~EAFE~~ World ex-US Index

International Small Cap Stocks – MSCI EAFE Small Cap Index

International Emerging Markets Stocks – MSCI Emerging Markets Free Index

General equity guidelines for active managers include the following:

- American Depositary Receipts (ADRs) and foreign securities listed on a major US stock exchange or on the NASDAQ are permitted if specified in the manager's guidelines.
- Convertible securities may be held in equity portfolios and shall be considered equity holdings.
- Securities must be traded on a regulated stock exchange, or listed on the NASDAQ or a comparable foreign market operation.
- Forward or futures contracts for foreign currencies may be entered into for hedging purposes or pending the selection and purchase of suitable investments in, or the settlement of, any such securities transactions only in international equity portfolios.
- The following transactions are not permitted unless specifically authorized in the investment manager agreement or in the specific manager guidelines in the appendix:
 - The use of borrowed funds
 - Short sales or margin sales
 - Private placements (except 144As)
 - Futures, options, currency forwards and futures, and other derivative securities.

Fixed Income Portfolios

The fixed income portfolios will be managed on a total return basis, following specific investment styles and evaluated against specific market indices that represent a specific investment style or market segment. In addition, investment results may also be compared to returns of a peer group of managers investing with a similar style. The benchmarks for the various fixed income portfolios may include the following indices:

Fixed Income Portfolio – Bloomberg U.S. Aggregate Bond Index

U.S. Core Plus Fixed Income – Bloomberg U.S. Aggregate Bond Index

General fixed income guidelines include the following:

- Unless specified in the manager’s guidelines, the minimum average quality rating of the securities in any portfolio will maintain an average weighted credit quality of not more than 2 rating notches below the benchmark’s average weighted credit quality, at all times. For the avoidance of doubt, if the benchmark is rated AA-, then 2 notches below would be A.
- Ratings method: The ratings method used to test both the benchmark’s average credit rating and the portfolio’s average credit rating will be “split to the highest rating” of the three major rating agencies.
- Derivatives, including forward or futures contracts for foreign currencies, may be used to hedge the portfolio, or to effect portfolio management decisions in a timely, cost-effective manner. Borrowed funds shall not be used.
- An individual investment manager’s portfolio shall have an effective duration between 75% - 125% of the effective duration of the appropriate index, unless a broader range is permitted with the specific manager guidelines in the Appendix.
- The following transactions are prohibited unless specifically authorized by the Investment Committee or Board or by the specific manager guidelines in the Appendix:
 - Private placements (except 144As);
 - Interest Only CMOs, Principal Only CMOs, inverse floaters and any tranche that has a leveraged component embedded in the structure.

Real Estate Portfolios

The Real Estate portfolios will be managed on a total return basis, through a combination of income and appreciation, following specific investment styles and evaluated against a specific market index. In addition, investment results may also be compared to returns of a peer group of managers investing with a similar style. The benchmark for the various Real Estate portfolios may include the following index:

Real Estate Portfolio – NFI-ODCE Equal Weighted Index (Net)

Core Real Estate – NFI-ODCE Equal Weighted Index (Net)

- All investments in real estate shall be managed by external advisors.
- MCERA may invest in real estate through diversified institutional commingled vehicles. The vehicles can be limited liability partnerships, limited liability corporations, group trusts or other commonly used investment vehicles.
- The vehicle's manager(s) will have discretion with respect to the management of the fund's investment program, operating within the parameters delineated in the fund's legal documentation.

Real Assets Portfolio

The real assets portfolio will be managed on a total return basis, following specific investment styles and evaluated against specific market indices that represent a specific investment style or market segment. In addition, investment results may also be compared to returns of a peer group of managers investing with a similar style. The benchmarks for the various real assets portfolios may include the following indices:

Real Assets Portfolio – Blended Benchmark (25% Bloomberg U.S. TIPS Index, 25% Bloomberg Commodities Index, 25% S&P Global Natural Resources Index, 25% Dow Jones U.S. Select Real Estate Securities Index)

Treasury Inflation Protected Securities – Bloomberg U.S. TIPS Index

Commodities – Bloomberg Commodities Index

Global Natural Resources Equity – S&P Global Natural Resources Index

Real Estate Investment Trusts – Dow Jones U.S. Select Real Estate Securities Index

- MCERA may invest in real assets through separate accounts or diversified institutional commingled vehicles.
- The vehicle's manager(s) will have discretion with respect to the management of the fund's investment program, operating within the parameters delineated in the fund's legal documentation.

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- The investment objective of the real assets program is to create a portfolio of high-quality real assets investments that will enhance long-term investment performance, meet inflation objectives, and diversify the asset base for the entire MCERA investment portfolio.

Private Equity Portfolios

MCERA will invest in private equity through institutional closed-end, finite-life commingled private equity fund-of-funds vehicles. The fund-of-funds vehicles will be limited liability partnerships, limited liability corporations, group trusts or other commonly used investment vehicles.

- Private equity investments will consist primarily of limited partnership investments in diversified private equity portfolios (e.g., venture capital, acquisition, special situation, subordinated debt, restructuring funds, and others).
- The vehicle's manager(s) will have discretion with respect to the management of the fund-of-funds investment program, operating within the parameters delineated in the investment vehicle's legal documents.
- The investment objective of the private equity allocation is to achieve consistent positive real returns and to maximize long-term total return net of fees within prudent levels of risk through capital appreciation and diversification.
- While the investment guidelines of each investment vehicle will be determined by the fund-of-funds legal documentation, the fund's manager, in managing the portfolio, should take prudent care.

Opportunistic Portfolio

MCERA may invest in opportunistic investments that will vary by assignment. Performance objectives or guidelines will be defined by MCERA in its retention of managers or selection of suitable investments and will be evaluated to test progress toward attainment of longer-term goals.

- MCERA may invest in opportunistic investments through separate accounts and diversified institutional commingled vehicles which may include limited liability partnerships, limited liability corporations, group trusts or other commonly used investment vehicles.
- The manager(s) will have discretion with respect to the management of the separate account or fund's investment program, operating within the parameters delineated in the separate account or fund's legal documentation.
- The investment objective of the opportunistic allocation is to achieve consistent positive real returns and to maximize long-term total return net of fees within prudent levels of risk through capital appreciation and diversification.

Short Term Investment/Cash Equivalents

MCERA is restricted from investing short term funds and cash equivalents in investment vehicles other than the Treasurer's Pool, the State Pool and the STIF funds maintained at the custodian bank. Retirement funds shall be invested in investments with an average maturity of one year or less.

Any exemption from these general guidelines requires prior written approval from the Board or Investment Committee.

Policy Implementation Overlay

The Board or Investment Committee may retain a "policy overlay manager" to rebalance portfolio exposures, bridge exposure gaps during transitions, 'securitize' Fund level cash, and securitize residual cash positions held by each manager. The policy overlay manager may use futures or swaps, when appropriate, to gain market exposure on existing cash positions. The manager will not use futures or other derivative instruments for speculative purposes.

INVESTMENT MANAGEMENT POLICY

MCERA will utilize externally managed portfolios based on specific styles and methodologies. The manager will acknowledge in writing, as more particularly set forth in Appendix B, that they are fiduciaries to MCERA with respect to the assets they manage and/or invest on MCERA's behalf, and will have discretion and authority to determine investment strategy, security selection and timing within their asset class and subject to the Policy guidelines and any other guidelines specific to their portfolio. Performance of the portfolio will be monitored and evaluated on a regular basis relative to each portfolio component's benchmark return and relative to peer groups of managers with similar investment styles where applicable.

Investment managers, as prudent experts, will be expected to know MCERA's investment policies (as outlined in this document) and any specific guidelines for their portfolios, and to comply with those policies and guidelines. It is each manager's responsibility to identify policies that may have an adverse impact on performance, and to initiate discussion with Staff toward possible amendment to said policies through Board or Investment Committee action.

The Investment Committee and Staff will also review each investment manager's adherence to its investment policy, and any material changes in the manager's organization (e.g., personnel changes, new business developments, etc.). The investment managers retained by MCERA will be responsible for informing the Investment Committee and Staff of all such material changes on a timely basis.

Investment managers under contract with MCERA shall have discretion to establish and execute transactions with established regional and national securities broker/dealers as needed. Unless otherwise authorized by the Board or Investment Committee, these investment managers must obtain the best available prices and most favorable executions with respect to all of the portfolio transactions as market conditions permit.

Unless specifically authorized by the Board or Investment Committee, the following transactions will be prohibited: short sales; selling on margin; "prohibited transactions" as defined under the Employee Retirement Income Security Act of 1974 (ERISA); transactions that involve a broker acting as a "principal", where such broker is also the investment manager who is making the transaction, and any or all investment activities forbidden by the SEC or other applicable governing bodies.

Selection Criteria for Investment Managers

Criteria will be established for each manager search undertaken by MCERA, and will be tailored to MCERA's needs in such a search. In general, eligible managers will possess attributes including, but not limited to, the following:

- The firm must be experienced in managing money for institutional clients in the asset class/product category/investment style specified by MCERA.

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- The firm must display a record of stability in retaining and attracting qualified investment professionals, as well as a record of managing asset growth effectively, both in gaining and retaining clients.
- The firm must have an asset base sufficient to accommodate MCERA's portfolio. In general, managers should have at least \$100 million of discretionary institutional assets under management, and MCERA's portfolio should make up no more than 20% of the firm's total asset base. Exceptions shall be made on a case-by-case basis.
- The firm must demonstrate adherence to the investment style sought by MCERA, and adherence to the firm's stated investment discipline.
- The firm's fees should be competitive with industry standards for the product category.
- The firm must comply with the "Duties of the investment managers" outlined herein and conform to the CFA Institute standards for performance reporting.

Criteria for Investment Manager Termination and Watchlist

MCERA reserves the unilateral right to terminate a manager at any time for any reason. The occurrence of certain events will result in specific actions being taken. This section describes these events, the course of action that will be taken and the responsible parties. It also establishes a "Watchlist" as a means of monitoring and evaluating managers who meet any of the items identified under the Criteria For Investment Manager Termination. If a manager is on the Watchlist no additional assets will be allocated to the manager until the manager has been removed from the Watchlist, provided however that if the Investment Committee determines, after review and discussion with staff and its Investment Consultant, that it is appropriate and in alignment with the other goals established under this policy to make additional funds to a manager on the Watchlist then the Committee can vote to direct the staff to take this action. The Investment Committee will determine where to invest any additional assets that would otherwise have been allocated to the manager. Each manager on the Watchlist will be monitored closely by Staff and the Consultant and may be required to make special presentations to the Investment Committee and Staff if requested. MCERA may place a manager on the Watchlist at any time and when it is deemed warranted due to improved conditions, a manager may be removed from the Watchlist.

Illegal or Unethical Practice. The manager will report this event in writing to the Retirement Administrator not later than the close of the business day following discovery of the illegal or unethical practice. The Retirement Administrator will inform the Investment Committee in writing of this practice as soon as administratively possible. If the illegal or unethical practice has a material adverse effect upon the MCERA portfolio, or any attempt was made by the manager to hide this practice, the manager will normally be terminated upon review and action by the Investment Committee. If the practice is procedural and has been properly referred to the appropriate regulatory authorities, the Retirement Administrator will recommend to the Investment Committee whether or not to terminate the manager.

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Guideline Violation. The manager will report any guideline violation in writing to the Retirement Administrator not later than the close of the second business day following discovery along with the manager's proposed remedy. If the violation results in a loss to MCERA, the manager will compensate MCERA for this loss. If the manager refuses to correct this violation, or if other violations occur, the Retirement Administrator may recommend termination of the manager to the Investment Committee. Guideline violations that have been corrected will be reported to the Investment Committee at their next regular meeting. Violations that have not been corrected, or violations that persist, will be reported to the Investment Committee as soon as administratively possible.

Deviation from Investment Process. If the Retirement Administrator determines that the manager has deviated materially from its stated investment process or philosophy, the Retirement Administrator will report to the Chair of the Investment Committee as soon as possible. The Retirement Administrator may also recommend termination of the manager, as soon as administratively possible, to the Investment Committee.

Loss of Key Personnel or Change in Ownership. The manager will inform the Retirement Administrator in writing within 24 hours following the loss of key personnel or a change in ownership. Loss of key personnel may result in termination of the manager. A material change in the ownership of the manager may result in the termination of the manager. The Retirement Administrator will make a recommendation regarding termination to the Investment Committee as soon as administratively possible.

Lack of Cooperation with Reasonable Requests. The manager is required to provide information, attend meetings and comply with other reasonable requests. Failure to do so may result in a recommendation to terminate the manager.

Underperformance. MCERA understands the cyclical nature of investment performance and the potential for its investment managers not to meet objectives over short-term periods. While it is not the Investment Committee's intention to terminate a manager for short-term underperformance relative to objectives, the Investment Committee has implemented the following process as a means of monitoring and evaluating managers that have experienced performance difficulties in the short-term to assess the impact on longer-term performance.

If a manager trails its relevant benchmark by more than 100 basis points (net of fees) and ranks in the bottom quartile of its peer universe (gross of fees ranking) for the trailing three years, or if a manager trails its relevant benchmark (net of fees) or ranks below median of its peer universe (gross of fees ranking) for the trailing five years, then the manager may be placed on the Watchlist.

If the underperformance of a manager on the Watchlist persists over a reasonable period in the future (as defined by the Staff, Investment Committee and Consultant based on the unique circumstances surrounding the manager and current market conditions), the Investment Committee may and will consider termination.

Procedures Following the Initiation of Watch Status.

The watch period will be established for a one-year total duration.

If at the end of the watch period, performance has improved to above-benchmark and/or above the manager median over a market cycle, the manager will be removed from the Watchlist.

If at the end of the watch period, the manager is underperforming the manager may be terminated or remain on the Watchlist for a period defined by the Investment Committee.

Unlike open-end funds and separate accounts for public market securities which are more easily liquidated, exiting open-end or closed-end commingled funds for private markets may have liquidity constraints. For these reasons, the Watchlist and terminating procedures used for traditional public market vehicles are not applicable for private market vehicles. Staff with the assistance of the Investment Consultant will make appropriate recommendations for exiting such positions.

PRIVATE EQUITY POLICY

MCERA's private equity investments allocation will consist primarily of limited partnership investments in diversified private equity portfolios (e.g., venture capital, acquisition, special situation, subordinated debt, and restructuring funds and others). MCERA will invest in private equity through institutional closed-end, finite-life commingled private equity fund-of-funds vehicles. The fund-of-funds vehicles will be limited liability partnerships, limited liability corporations, group trusts or other commonly used investment vehicles. Investments directly in stand-alone corporate finance limited partnerships and direct investments in companies are not currently considered appropriate. The vehicle's manager(s) will have discretion with respect to the management of the fund-of-funds investment program, operating within the parameters delineated in the fund's legal documentation. The investment manager of the fund-of-funds will acknowledge in writing by side letter or otherwise that they are Plan fiduciaries and will acknowledge having read and understood the guidelines set forth in this section of the Investment Policy Statement and any other guidelines specific to their portfolio as more particularly set forth in Appendix C.

To maintain an appropriate funded status on a net asset value basis, MCERA may be required to make periodic commitments to additional fund-of-funds vehicles managed by either the same or different fund-of-funds managers. MCERA's staff will work with the investment consultant and the managers to determine appropriate commitment timing and amounts and present a recommended plan to the Investment Committee annually.

To ensure adequate access and diversification, MCERA may utilize multiple fund-of-funds providers. There is no specific limit on the number of vendors to be utilized. However, to avoid unnecessary administrative burdens, MCERA will limit the number of vendors employed to the extent practical. Only those firms committed to providing ongoing access to the private equity arena through fund-of-funds offerings, who have a demonstrated record of investing client funds in top tier private equity partnerships and who limit assets accepted for management to sums that can in fact be committed in top tier funds will be considered.

MCERA recognizes that many well-qualified fund-of-funds providers make direct private equity investments within the fund-of-funds vehicle (e.g. secondary or co-investments). Such investments are permissible provided that they constitute a comparatively small portion of the total fund-of-funds' asset base (typically less than 35%).

Investment Objectives

The investment objective of the private equity allocation is to achieve consistent positive real returns and to maximize long-term total return within prudent levels of risk through capital appreciation and diversification. MCERA's holdings will be professionally managed on a cash-to-cash basis and will have broad exposure to key private corporate finance strategies (e.g., venture capital, acquisition, special situation, etc.), with allocations to the various strategies diversified in a manner consistent with institutional private equity programs generally.

Selection Criteria for Private Equity

Partnership Selection

As requested by MCERA, the investment consultant shall develop a proposed “Manager Candidate Profile” that will serve as the basis for evaluation of potential fund-of-funds providers consistent with MCERA’s investment policy. This document will specify the minimum selection criteria for potential vendors and also detail preferred characteristics. The consultant will then evaluate prospective candidates and submit a listing of those firms that appear to best meet the requirements and preferences. Staff and consultant will discuss these candidates and identify those that should be advanced for Board and/or Investment Committee consideration. Ultimately, the Investment Committee will determine which firms shall be retained.

The targeted private equity investments will be fund-of-funds vehicles that are commingled, closed-end, and finite-life limited liability entities.

Due to the inevitability of short-term market fluctuations that may cause variations in the investment performance, it is intended that the performance objectives outlined below will be achieved by the fund-of-funds over the life of the vehicle(s), generally 15 years. The Investment Committee will evaluate the Funds’ interim performance to test progress toward attainment of these longer-term goals. However, it is understood that there are likely to be short-term periods during which performance will deviate from expectations. Minimum expectations are as follows:

- For policy benchmarking purposes, over the long-term (rolling 10-year periods) the private equity portfolio is expected to generate returns in excess of the combined benchmark, consisting of 60% Russell 3000 and 40% MSCI ACWI ex-US IMI, employing a time-weighted return calculation.
- The private equity portfolio and manager returns will also be measured employing a dollar-weighted, internal rate of return (IRR) calculation and benchmarked against relevant peer group information from a recognized private equity database provider. The portfolio will also be benchmarked employing standard private equity performance ratio measures: Total Value to Paid-In Capital (TVPI) and Distributed Value to Paid-In Capital (DPI). IRR and ratio performance should be above median relative to recognized private equity industry peer database returns. Measures should be focused on returns net of all partnership fees and expenses.

Attainment of these objectives does not guarantee future investment by the Investment Committee in a specific manager’s fund-of-funds vehicles, nor does failure to achieve these guidelines ensure a lack of future investment support for follow-on vehicles. Providers are selected at the discretion of the Investment Committee.

In addition, the following stipulation(s) apply:

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- The investment manager of the fund-of-funds vehicle shall be a Bank or a registered investment advisor under the Investment Advisors Act of 1940 (1940 Act).
- If the fund-of-funds vehicle provides distributions in cash or securities, the Fund will opt to receive cash.

Reporting Requirements

Reporting requirements will be governed by the fund-of-funds legal documentation, which at a minimum will provide for quarterly unaudited financial statement and other relevant investment holdings related exhibits, and annual audited financial statements and relevant investment holdings-related exhibits.

It is expected that the fund-of-funds investment managers will meet with the Board or Investment Committee as reasonably requested and at least annually.

Coordination with Total Fund Performance Reporting

MCERA relies on its custodian to generate short-term time-weighted performance statistics. This information is utilized by the Fund's investment consultant to evaluate ongoing investment performance. An integral part of the performance evaluation is a comparison of the total Fund's return in relation to a policy benchmark index comprised of market indices weighted in the same manner as the Fund's strategic asset allocation policy.

Given the private market nature of private equity investments and the long lead-time associated with such investments, a public market equity index shall be used in lieu of the private equity database return set forth in Appendix B for the private equity component of the total portfolio. The index used shall be a composite of the equity component of MCERA's total policy benchmark: 60% Russell 3000 and 40% MSCI ACWI ex-US IMI.

DUTIES OF RESPONSIBLE PARTIES

Duties of the MCERA Board of Retirement and Investment Committee

The Board of Retirement has the responsibility for administration of MCERA for the benefit of plan participants. The County Employees Retirement Law of 1937, Government Code Chapter 3, Part 3, Division 4, Title 3, Article 5, permits the Board of Retirement at its discretion to invest the assets of the Plan through the purchase, holding or sale of any form or type of investment, financial instrument or financial transaction when prudent in the informed opinion of the Board. In the interest of efficient and prudent administration of MCERA and investment of its assets, the Board of Retirement has delegated its responsibilities with respect to the investments to the Investment Committee, which consists of all members of the Board of Retirement. Although it is not the intent of the Investment Committee to become involved in the day-to-day investment decisions, the Investment Committee or its designee(s) will adhere to the following procedures in the management of MCERA's assets:

- The Investment Committee develops and approves guidelines for the execution of MCERA's investment program. Only the Board, through the Investment Committee, in its sole discretion can delegate its decision-making authority regarding the investment program. Staff is responsible for the timely implementation and administration of these decisions.
- A formal review of MCERA's investment structure, asset allocation and financial performance will be conducted annually or more frequently as the need arises. The review will include recommended adjustments to the long-term strategic asset allocation to reflect any changes in applicable regulations, long-term capital market assumptions, actuarial assumptions or MCERA's financial condition.
- The Investment Committee shall review MCERA's investments quarterly, or as needed, to ensure that policy guidelines continue to be met. The Investment Committee shall monitor investment returns on both an absolute basis and relative to appropriate benchmarks and peer group comparisons. The source of information for these reviews shall come from Staff, outside consultants, the custodian and MCERA's investment managers.
- The Investment Committee is comprised of all Board members.
- The Investment Committee may retain investment consultants to provide services such as conducting performance reviews, asset allocation, manager reviews and investment research. The comments and recommendations of the consultants will be considered in conjunction with other available information to aid the Investment Committee in making informed, prudent decisions.
- Trustees shall direct questions from managers regarding MCERA's Investment Policy or other matters relating to the Plan to the Retirement Administrator and/or investment consultant.

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- The Investment Committee shall be responsible for taking appropriate action if investment objectives are not being met or if policies and guidelines are not being followed. Reviews for separate portfolios managed by external managers will focus on:
 1. Material changes in the managers' organizations, such as investment philosophy, personnel changes, acquisitions or losses of major accounts, etc. The managers will be responsible for keeping MCERA advised of any material changes in personnel, investment strategy, or other pertinent information potentially affecting performance.
 2. Investment performance relative to each manager's stated performance benchmark(s) as set forth in the manager's investment guidelines.
- The Investment Committee shall expect Staff to administer MCERA's investments in a cost-effective manner subject to Committee approval. These costs include, but are not limited to, management, consulting and custodial fees, transaction costs and other administrative costs chargeable to MCERA.
- The Board shall be responsible for selecting a qualified custodian with advice from Staff.
- The Investment Committee shall perform due diligence on each new manager prior to funding, and on each existing manager in accordance with the Due Diligence policy found at: <https://www.mcera.org/retirementboard/governance-policies>
- To maintain and strengthen the investment management of MCERA's Plan, Staff and Board/Investment Committee members shall be expected to participate in educational conferences/seminars related to their direct responsibility for the investment activities of MCERA in accordance with the Education Policy found at:
 - <https://www.mcera.org/retirementboard/governance-policies>

Duties of the Staff

The Retirement Staff, as designated by the Board and/or Investment Committee, plays a significant role in the management and oversight of the Plan. Staff duties include:

- Authority to invest the Fund's cash without requiring Board or Investment Committee permission, and as set forth elsewhere in MCERA's Investment Policy.
- Monitoring investment managers for adherence to appropriate policies and guidelines.
- Evaluating and managing the relationships with the consultants to the Fund to ensure that they are providing all the necessary assistance to Staff, Investment Committee, and the Board as set forth in their service contracts.
- Conducting manager searches, as set forth in this document, with necessary assistance from consultants as directed by the Board or Investment Committee.

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- Restructuring portfolios following manager terminations with the assistance of consultants and managers, as needed.
- Organizing and/or participating in any special research required to manage the Plan more effectively or in response to any questions raised by Board/Investment Committee members.
- Supporting the Board or Investment Committee in the development and approval of the Investment Plan, implementing and monitoring the Plan, and reporting at least monthly on investment activity and matters of significance.
- Assisting with the negotiation of investment manager fees when needed.
- Ensuring that investment managers conform to the terms of their contracts and that their performance monitoring systems are sufficient to provide the Board or Investment Committee with timely, accurate and useful information.

Duties of the Public Markets Investment Managers

The following duties apply to managers investing in public market securities:

- Provide the Plan with a written agreement to invest within the guidelines established in the Investment Policy.
- Provide the Plan with proof of liability and fiduciary insurance coverage. Updated policy information will be provided to MCERA upon renewal and/or changes to the policy.
- Be an SEC-Registered Investment Advisor under the 1940 Act, and be recognized as providing demonstrated expertise over a number of years in the management of institutional, tax-exempt assets within a defined investment specialty.
- Adhere to the investment management style concepts and principles for which they were retained, including, but not limited to, developing portfolio strategy, performing research, developing buy, hold and sell lists, and purchasing and selling securities.
- Execute all transactions for the benefit of the Plan with brokers and dealers qualified to execute institutional orders on an ongoing basis at the best net cost to the Plan.
- Reconcile monthly accounting, transaction and asset summary data with custodian valuations, and communicate and resolve any significant discrepancies with the custodian.
- Submit written acknowledgement to the Retirement Administrator of these investment guidelines at the time of hire or upon any contract renewal or amendment.
- Maintain frequent and open communication with Staff and the Board or Investment Committee on all significant matters pertaining to the Investment Policy, including, but not limited to, the following:

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- Major changes in the investment manager’s investment outlook, investment strategy and portfolio structure;
 - Significant changes in ownership, organizational structure, financial condition or senior personnel;
 - Any changes in the portfolio manager or client servicing personnel assigned to the Plan;
 - All pertinent issues which the investment manager deems to be of significant interest or material importance.
- Meet with the Board, Investment Committee or their designee(s) on an as-needed basis.

Duties of the Private Markets Investment Managers

The following duties apply to managers investing in private markets:

- Be a SEC-Registered Investment Advisor under the 1940 Act.
- Adhere to the investment management style concepts and principles set forth in the legal documentation of the relevant investment vehicle.
- Provide reporting as specified by the legal documentation of the relevant investment vehicle.
- Meet with the Board, Investment Committee or their designee(s) on an as-needed basis.

Duties of the Master Custodian

The master custodian shall be responsible for the following:

- Provide complete global custody and depository services for the designated accounts.
- Manage, if directed by the Board or Investment Committee, a Short Term Investment Fund (STIF) for investment of any cash not invested by managers, and ensure that all available cash is invested. If the cash reserves are managed externally, full cooperation must be provided.
- Provide in a timely and effective manner a monthly report of the investment activities implemented by the investment managers. If certain portfolios are custodied elsewhere, full cooperation must be provided.
- Collect all income and principal realizable and properly report it on the periodic statements.
- Provide monthly and fiscal year-end accounting statements for the portfolio, including all transactions; these should be based on accurate security values for both cost and market. These reports should be provided within acceptable time frames.

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- Report to MCERA situations where accurate security pricing, valuation and accrued income is either not possible or subject to considerable uncertainty.
- Provide assistance to the Plan to complete such activities as the annual audit, transaction verification or other issues as required by the Board or Investment Committee.
- Manage a securities lending program to enhance income if directed by the Board or Investment Committee. If the securities lending program is managed externally, full cooperation must be provided.
- Securities transactions shall be settled under the contractual method.
- The use of due bills or substitute securities is expressly forbidden.

Duties of the General Investment Consultant

The investment consultant will act as a fiduciary for all services provided to MCERA. The Investment Consultant shall be responsible for the following:

- Make recommendations to the Board or Investment Committee regarding investment policy and strategic asset allocation.
- Assist MCERA in the selection of qualified investment managers and sponsors of limited liability partnerships, limited liability corporations, group trusts or other commonly used investment vehicles and assist in the oversight of existing managers and said sponsors, including monitoring changes in personnel, ownership and their investment process.
- Assist in the selection of a qualified custodian (including a securities lending agent and/or a cash manager) if necessary.
- Prepare a quarterly performance report including performance attribution on MCERA's managers and total assets and adherence to investment style and discipline.
- Provide topical research and education on investment subjects that are relevant to MCERA.
- Assist with the negotiation of investment management and custodian assignment and fees.

POLICY REVIEW

The Investment Committee will review this Policy at least every year to ensure that it remains relevant and appropriate. The Policy may be amended at any time by majority vote.

APPENDIX A**MCERA'S LONG-TERM STRATEGIC ASSET ALLOCATION TARGETS AND RANGES**

The strategic asset allocation targets have been developed as a function of the returns and risks of various asset classes and a rigorous analysis of MCERA's liabilities, taking into account the Board and Investment Committee's risk tolerance and long-term objectives. As asset class values change over time, deviations from the asset allocation targets may occur. Rebalancing the portfolio may be necessary to return the asset class allocations to targeted weights so as to ensure that the Board's intended strategy is consistently maintained over time. Rebalancing actions are the responsibility of the Staff and shall be reported to the Board or Investment Committee on a periodic basis.

Staff is authorized and directed (in the normal course of events) to act in accordance with this policy. Where particular circumstances arise and Staff determines rebalancing is not prudent, because doing so may generate unnecessary costs or otherwise not be in the best interests of MCERA, a full report of the actions taken or not taken shall be made to the Board or Investment Committee at the earliest opportunity.

MCERA's actual asset allocation shall be reviewed at the end of each quarter at a minimum and shall be based on current asset valuations. Estimated values may be used when current asset valuations are not available.

By using statistical models and employing a diversified portfolio strategy, MCERA seeks to create an efficient frontier, which is an optimal portfolio profile that accomplishes the lowest possible level of risk for a certain level of return. While asset allocation targets are an essential part of MCERA's investment policy, the inputs used to develop these benchmarks are not known with certainty. Indeed, the targets were derived using estimates of future returns and estimates of the risk of loss for each asset class. Because future results are only estimates based on historical returns and volatility for each asset class, a range of different allocations other than the target percentage may be statistically identical in risk-return terms to the targeted benchmark even though the actual allocations may be outside of the targeted percent. Thus, the efficient frontier is really a range of targeted allocations, rather than a strict target percent of asset allocations in a portfolio. In other words, the portfolio is on the efficient frontier if the allocations to each asset class are within a range around the target allocations.

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The strategic policy asset allocation and rebalancing triggers are set out in the table below:

Asset Class	Target Percent	Allowable Range
US Equity	32.0%	28.0% - 36.0%
Large Cap Core	24.0%	21.0% - 27.0%
Small Cap Core	8.0%	6.0% - 10.0%
Non-US Equities	22.0%	19.0% - 25.0%
International Large Cap Value	6.6%	5.6% - 7.6%
International Large Cap Growth	6.6%	5.6% - 7.6%
International Non-US Developed	11.0%	9.0% - 13.0%
International Small Cap Core	4.45.5%	3.94.5% - 4.96.5%
International Emerging Markets	4.45.5%	3.94.5% - 4.96.5%
Fixed Income	23.0%	20.0% - 26.0%
U.S. Core Plus Fixed Income	23.0%	20.0% - 26.0%
Real Assets	7.0%	4.0% - 10.0%
Treasury Inflation Protected Securities	1.75%	1.5% - 2.0%
Commodities	1.75%	1.5% - 2.0%
Global Natural Resources Equity	1.75%	1.5% - 2.0%
Real Estate Investment Trusts	1.75%	1.5% - 2.0%
Real Estate	8.0%	4.0% - 12.0%
Private Equity	8.0%	0.0% - 12.0%*
Opportunistic	0.0%	0.0% - 5.0%

* MCERA acknowledges that because of the nature of private equity investment, it may take several years to fund the private equity allocations and during the initial funding period, its allocation to private equity in market value terms may fall below the 8% target. During the initial funding period, as a proxy for private equity, MCERA intends to keep the assets committed to private equity partnerships invested in domestic and international equity. The result will be overweights in both of these asset classes relative to the long-term targets described above.

The following principles apply when asset allocations are outside the allowable ranges noted above:

1. Cash held by MCERA and cash awaiting investment in private equity investments or other alternative investments may be securitized with exchange-traded futures to a Fund policy mix by MCERA's overlay manager. The use of derivative instruments is

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permitted as long as it does not create economic leverage in the portfolio and the instruments comply with the Derivatives section of this investment policy.

2. In order to rebalance as efficiently as possible and save transactions costs, allocations may be brought back within the allowable range rather than exactly to the target percentage. On the first business day of each month, target allocations will be reviewed to determine if they have been breached. If a reallocation is required staff will, within one business day, notify the impacted manager(s) and implement required rebalancing subject to any requirements by the fund.
3. Private market portfolios, such as Real Estate, Private Equity, and certain Opportunistic allocations, because of their illiquid nature, are very costly to rebalance. MCERA's Staff will make reasonable attempts to keep these asset classes within the allowable ranges defined above. Given their illiquidity, the risk of these asset classes moving outside of the allowable ranges for an extended period is heightened. In these cases, MCERA's Staff will document a plan to rebalance the allocations within the allowable ranges in the most timely and cost-efficient manner possible given market and other conditions.
4. When physical securities are traded, assets will be moved between investment managers in accordance with the following principles:
 - a) Assets will be taken from investment managers in the overweight asset class(es) with consideration given to asset class structure, investment manager target weights, and confidence in the investment managers themselves. With respect to private market allocations, the illiquid nature of these classes will be taken into account and trading will normally be avoided where possible.
 - b) Primary emphasis should be on significantly different asset classes (e.g. equity vs. fixed income).
 - c) Assets will be directed to investment managers in the underweight asset class(es) with consideration given to the same factors listed above.

APPENDIX B - 1
STATE STREET GLOBAL ADVISORS (SSGA)
RUSSELL 1000 INDEX STRATEGY (LARGE CAP CORE)
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

The objective of the Russell 1000 Index strategy is to provide returns consistent with the US equity market as measured by the Russell 1000 Index.

MCERA Performance Objectives

- Match the return, gross of management fees, of the Russell 1000 Index over a complete market cycle.
- Minimize tracking error relative to the Russell 1000 Index.

Investment Guidelines

- All investments shall be managed in a diversified and prudent manner, subject to compliance with the Investment Policies, Objectives and Guidelines for the Marin County Employees' Retirement Association as set forth in this Appendix B-1 and the Statement of Investment Policies, Objectives and Guidelines set forth in the Investment Management Agreement between MCERA and SSGA, dated January 11, 2019, as amended from time to time (the "SSGA Agreement").
- Sector and security selection, portfolio structure and timing of purchase and sales are delegated to SSGA subject to the SSGA Agreement.
- The following transactions are prohibited: short sales, selling on margin, writing options other than covered options, and "prohibited transactions" as defined under the Employee Retirement Income Security Act (ERISA), unless in reliance on an applicable Prohibited Transaction Exemption.

Any material violation of these Investment Manager Guidelines is to be corrected immediately upon discovery. A realized loss to the Fund resulting from a material violation of these Investment Manager Guidelines will require reimbursement of the amount of the loss by the manager.

Reporting Requirements

- Monthly – Transaction statement, asset (portfolio) statement, and performance for the portfolio and benchmark for the month will be sent to the MCERA Retirement Administrator and MCERA's Investment Consultant.

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- Quarterly – Same as monthly plus performance of the portfolio and benchmark for the quarter, year-to-date, one year, three years, five years and since inception. These will be sent to MCERA's Retirement Administrator and MCERA's Investment Consultant.
- Review every month transaction data with custodian reports, and communicate and seek to resolve any significant discrepancies with the custodian.
- State Street Global Advisors will meet with the MCERA Board and/or Investment Committee as often as deemed necessary by MCERA. A representative will be available to meet with MCERA annually, or more often if deemed necessary by MCERA, to review the portfolio and its performance.
- State Street Global Advisors will keep MCERA apprised of relevant information regarding its organization and personnel. To the extent legally possible, SSGA will use its best efforts to promptly notify MCERA of any change in the lead personnel assigned to manage the account.

APPENDIX B - 2
DIMENSIONAL FUND ADVISORS (DFA)
DOMESTIC SMALL CAP EQUITY
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

The strategy will be invested in a broadly diversified portfolio of companies that are generally in the lowest 10% of total market capitalization or companies whose market capitalizations are smaller than the 1,000th largest U.S. company, whichever results in the higher market capitalization break, in each case as reasonably determined by Manager at the time of purchase. In general, with respect to companies eligible for purchase the higher the relative market capitalization of the U.S. small cap company, the greater its representation in the Managed Assets. Manager may also adjust the representation within the Managed Assets of an eligible company, or exclude a company, after considering such factors as market capitalization, free float, momentum, trading strategies, liquidity, profitability, and other factors that Manager determines to be appropriate, given market conditions.

MCERA Performance Objectives

- Exceed the return, net of management fees, of the Russell 2000 Index (the “Benchmark”) over a complete market cycle.
- Perform in the top half of a peer universe of small cap core equity managers over a complete market cycle.

Investment Guidelines

- All investments shall be managed in a diversified and prudent manner, subject to compliance with the Investment Policies, Objectives and Guidelines for the Marin County Employees’ Retirement Association.
- Sector and security selection, portfolio structure and timing of purchase and sales are delegated to the manager subject to the investment management contract.
- The following transactions are prohibited: short sales, selling on margin, writing options other than covered options, and “prohibited transactions” as defined under the Employee Retirement Income Security Act (ERISA).
- Transactions shall be executed on the basis of seeking “best price and execution” and pursuant to Investment Manager’s best execution and trading policies for the sole benefit of the Marin County Employees’ Retirement Association.
- The use of foreign equity instruments which trade on U.S.-based exchanges or on NASDAQ, including American Depositary Receipts (ADRs), are acceptable as domestic equity investments

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but shall not constitute more than 15% of the portfolio (at market). Companies headquartered in the US will be considered domestic even if they are incorporated in a foreign jurisdiction.

- Securities in the Benchmark are permitted.
- Any security purchased or received in a corporate action is permitted.
- If not otherwise permitted herein, the use of other non-U.S. equity securities is prohibited. Notwithstanding the foregoing, securities of companies listed on exchanges or markets in the United States are permitted.
- The portfolio is expected to remain fully invested in that cash holdings should not exceed 10% of the market value in the portfolio; provided that such limit may be exceeded in situations where substantial withdrawals or inflows occur.
- DFA shall not purchase stock (or securities convertible into stock) of any single issuer if the purchase would cause this portfolio to include more than 5% of the outstanding voting stock, or more than 5% in (market) value of all outstanding securities of single issuer (assuming all shares are converted).
- Other than in connection with a corporate action, DFA shall not purchase private placements unless authorized in writing by the Board or Investment Committee.

Any material violation of these Investment Manager Guidelines shall be corrected promptly upon discovery and provided that a reasonable market exists.

Any material violation of these Investment Manager Guidelines shall be corrected promptly upon discovery, provided that in the event that the correction requires the buying and/or selling of securities, the Manager shall execute such purchase or sell trades of the applicable securities in an orderly fashion based upon prevailing market conditions.

Reporting Requirements

- Monthly – Transaction statement, asset (portfolio) statement, and performance for the portfolio and benchmark for the month will be sent to the MCERA Retirement Administrator and MCERA's Investment Consultant.
- Quarterly – Same as monthly plus performance of the portfolio and benchmark for the quarter, year-to-date, one year, three years, five years and since inception, and review of transactions costs. These will be sent to MCERA's Retirement Administrator and MCERA's Investment Consultant.
- Review every month transaction data with custodian reports, and communicate and seek to resolve any significant discrepancies with the custodian.

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- DFA will meet with the MCERA Board and/or Investment Committee as often as deemed necessary by MCERA. One of the lead portfolio managers will be available to meet with MCERA annually, or more often if deemed necessary by MCERA, to review the portfolio and its performance.
- DFA will keep MCERA apprised of relevant information regarding its organization and personnel. DFA will notify MCERA within 24 hours of any change in the lead personnel assigned to manage the account.

APPENDIX B-3
MORGAN STANLEY INVESTMENT MANAGEMENT
NON U.S. VALUE EQUITY
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

Morgan Stanley uses a bottom-up approach to build a diversified portfolio of primarily non-US companies to generate long-term outperformance with an emphasis on reducing downside participation. The portfolio consists of a combination of high-quality companies characterized by their high returns on operating capital employed and strong free cash flow generation, and more cyclical companies with improving or mis-priced fundamentals, the mix of which varies over time based on valuations and company prospects.

MCERA Performance Objectives

- Exceed the return, net of management fees, of the MSCI EAFE Index over a complete market cycle.
- Perform in the top half of a peer universe of Non-U.S. value equity managers over a complete market cycle.

Investment Guidelines

- The Morgan Stanley International Equity Trust is subject to provisions of the Employee Retirement Income Security Act, as amended (“ERISA”). The Agreement governs all aspects of investment with respect to the Trust, including an ERISA mandated standard of care.
- MCERA is responsible for determining that its investment in the Trust is in compliance with its Investment Guidelines (other than this document) for the Marin County Employees’ Retirement Association. The Manager shall invest within the scope of its style as stated in the Agreement.

Any material violation of these Investment Manager Guidelines shall be corrected immediately upon discovery. A realized loss to the Fund resulting from a material violation of these Investment Manager Guidelines will require reimbursement of the amount of the loss by the manager.

Reporting Requirements

- ~~Monthly—Asset (portfolio) statement and performance for the portfolio and benchmark for the month will be sent to the MCERA Retirement Administrator and MCERA’s Investment Consultant.~~
- ~~Quarterly—Same as monthly plus performance of the portfolio and benchmark for the quarter, year-to-date, one year, three years, five years and since inception, and review of transactions costs (to be provided annually). These will be sent to MCERA’s Retirement Administrator and MCERA’s Investment Consultant.~~
- ~~Morgan Stanley will meet with the MCERA Board and/or Investment Committee as often as deemed necessary by MCERA. A representative of Morgan Stanley will be available to meet with MCERA annually, or more often if deemed necessary by MCERA, to review the portfolio and its performance.~~
- ~~Morgan Stanley will keep MCERA apprised of relevant information regarding its organization and personnel. Morgan Stanley will notify MCERA promptly of any change in the lead personnel assigned to manage the account.~~

APPENDIX B-4
ARTISAN PARTNERS
NON U.S. GROWTH EQUITY
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

Artisan uses a fundamental bottom-up investment process to construct a diversified portfolio of international growth companies regardless of market capitalization, concentrating on industries or themes that the investment team believes present long-term growth opportunities and companies that are well-positioned to capitalize on that growth. The portfolio has a primary emphasis on developed markets but also invests in emerging markets and is constructed without regard to index weightings.

MCERA Performance Objectives

- Exceed the return, net of management fees, of the MSCI EAFE Index over a complete market cycle.
- Perform in the top half of a peer universe of Non U.S. growth equity managers over a complete market cycle.

Reporting Requirements

- Monthly—Asset (portfolio) statement and performance for the portfolio and benchmark for the month will be sent to the MCERA Retirement Administrator and MCERA's Investment Consultant.
- Quarterly—Same as monthly plus performance of the portfolio and benchmark for the quarter, year-to-date, one year, three years, five years and since inception. These will be sent to MCERA's Retirement Administrator and MCERA's Investment Consultant.
- Artisan will meet with the MCERA Board and/or Investment Committee as often as deemed necessary by MCERA. A representative will be available to meet with MCERA annually, or more often if deemed necessary by MCERA, to review the fund and its performance.

Artisan will keep MCERA apprised of relevant information regarding its organization and personnel. Artisan will notify MCERA promptly of any change in the lead personnel assigned to manage the account.

APPENDIX B - 3
STATE STREET GLOBAL ADVISORS (SSGA)
MSCI WORLD EX-US INDEX FUND
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

The objective of the World ex-US Index Fund is to provide returns consistent with the developed non-US equity market as measured by the MSCI World ex-US Index.

MCERA Performance Objectives

- Match the return, gross of management fees, of the MSCI World ex-US Index over a complete market cycle.
- Minimize tracking error relative to the MSCI World ex-US Index.

Investment Guidelines

- MCERA is responsible for determining that its investment in the SSGA World ex-US Index Fund is in compliance with its Investment Guidelines (other than this document) for the Marin County Employees' Retirement Association. State Street Global Advisors shall invest within the scope of its style as stated in the governing documents for the fund.

Any material violation of these Investment Manager Guidelines is to be corrected immediately upon discovery. A realized loss to the Fund resulting from a material violation of these Investment Manager Guidelines will require reimbursement of the amount of the loss by the manager.

Reporting Requirements

- Monthly – Asset (portfolio) statement and performance for the portfolio and benchmark for the month will be sent to the MCERA Retirement Administrator and MCERA's Investment Consultant.
- Quarterly – Same as monthly plus performance of the portfolio and benchmark for the quarter, year-to-date, one year, three years, five years and since inception. These will be sent to MCERA's Retirement Administrator and MCERA's Investment Consultant.
- State Street Global Advisors will meet with the MCERA Board and/or Investment Committee as often as deemed necessary by MCERA. A representative will be available to meet with MCERA annually, or more often if deemed necessary by MCERA, to review the portfolio and its performance.

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- State Street Global Advisors will keep MCERA apprised of relevant information regarding its organization and personnel. To the extent legally possible, SSGA will use its best efforts to promptly notify MCERA of any change in the lead personnel assigned to manage the account.

APPENDIX B - 54

**TIMESQUARE CAPITAL MANAGEMENT COLLECTIVE INVESTMENT TRUST
TIMESQUARE INTERNATIONAL SMALL CAP FUND
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES**

Investment Approach

TimesSquare Capital Management believes fundamental equity growth research with a particular emphasis on the assessment of management quality, an in-depth understanding of superior business models, and valuation discrepancies enables them to create a diversified international small cap fund that will generate quality risk-adjusted returns.

MCERA Performance Objectives

- Exceed the return, net of management fees, of the MSCI EAFE Small Cap Index over a complete market cycle.
- Perform in the top half of a peer universe of International Small Cap equity managers over a complete market cycle.

Investment Guidelines

- MCERA is responsible for determining that its investment in the TimesSquare International Small Cap Fund is in compliance with its Investment Guidelines (other than this document) for the Marin County Employees' Retirement Association. TimesSquare shall invest within the scope of its style as stated in the governing documents for the fund.

Any material violation of these Investment Manager Guidelines shall be corrected immediately upon discovery. A realized loss to the fund resulting from a material violation of these Investment Manager Guidelines will require reimbursement of the amount of the loss by the manager.

Reporting Requirements

- Monthly – Asset (portfolio) statement and performance for the portfolio and benchmark for the month will be sent to the MCERA Retirement Administrator and MCERA's Investment Consultant.
- Quarterly – Same as monthly plus performance of the portfolio and benchmark for the quarter, year-to-date, one year, three years, five years and since inception. These will be sent to MCERA's Retirement Administrator and MCERA's Investment Consultant.
- A representative of TimesSquare will meet with the MCERA Board and/or Investment Committee as often as deemed necessary by MCERA. A representative will be available to meet with MCERA annually, or more often if deemed necessary by MCERA, to review the fund and its performance.

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- TimesSquare will keep MCERA apprised of relevant information regarding its organization and personnel. The fund or its representative will notify MCERA promptly of any change in the lead personnel assigned to manage the account.

APPENDIX B - 65

**FIDELITY INSTITUTIONAL ASSET MANAGEMENT (FIAM)
SELECT EMERGING MARKETS EQUITY
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES**

Investment Approach

Fidelity Institutional Asset Management's (FIAM) investment philosophy is based on the premise that international and emerging markets are semi-efficient and pricing anomalies exist. The strategy seeks to exploit these inefficiencies through bottom-up stock selection based on fundamental company research, implemented within a framework of quantitative risk control.

MCERA Performance Objectives

- Exceed the return, net of management fees, of MSCI Emerging Markets Index (net) over a complete market cycle.
- Perform in the top half of a peer universe of emerging markets equity managers over a complete market cycle.

Investment Guidelines

- MCERA is responsible for determining that its investment in FIAM's Select Emerging Markets Equity commingled pool is in compliance with its Investment Guidelines (other than this document) for the Marin County Employees' Retirement Association. FIAM shall invest within the scope of its style as stated in the governing documents for the fund.

Any material violation of these Investment Manager Guidelines shall be corrected immediately upon discovery. A realized loss to the fund resulting from a material violation of these Investment Manager Guidelines will require reimbursement of the amount of the loss by the manager.

Reporting Requirements

- Monthly – Asset (portfolio) statement and performance for the portfolio and benchmark for the month will be sent to the MCERA Retirement Administrator and MCERA's Investment Consultant.
- Quarterly – Same as monthly plus performance of the portfolio and benchmark for the quarter, year-to-date, one year, three years, five years and since inception. These will be sent to MCERA's Retirement Administrator and MCERA's Investment Consultant.
- A representative of FIAM will meet with the MCERA Board and/or Investment Committee as often as deemed necessary by MCERA. A representative will be available to meet with MCERA annually, or more often if deemed necessary by MCERA, to review the fund and its performance.

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- FIAM will keep MCERA apprised of relevant information regarding its organization and personnel. FIAM will notify MCERA promptly of any change in the lead personnel assigned to manage the account.

APPENDIX B - 76
WELLINGTON MANAGEMENT COMPANY
CORE PLUS FIXED INCOME
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

Wellington will invest in a diversified portfolio of investment grade and below investment grade fixed income securities. Wellington will add value primarily from sector and issue selection decisions. Interest rate anticipation and duration management will play a limited role in the portfolio.

MCERA Performance Objectives

- Exceed the return, net of management fees, of the Bloomberg U.S. Aggregate Index over a complete market cycle.
- Perform in the top half of a peer universe of core plus fixed income managers over a complete market cycle.

Investment Guidelines

- All investments are subject to compliance with the Investment Policies, Objectives and Guidelines for the Marin County Employees' Retirement Association, with applicable State and Federal statutes, and shall be managed in a diversified and prudent manner. The manager shall invest within the scope of their stated style.
- Sector and security selection, portfolio structure and timing of purchase and sales are delegated to the manager subject to the investment management contract.
- The following transactions are prohibited: short sales where securities are borrowed solely for the purpose of shorting, selling on margin, and "prohibited transactions" as defined under the Employee Retirement Income Security Act (ERISA).
- Transactions shall be executed on the basis of "best price and execution" for the sole benefit of the Marin County Employees' Retirement Association's beneficiaries.
- The duration on the portfolio shall range between 75% - 125% of the duration on the Bloomberg U.S. Aggregate Index.
- MCERA expects its domestic fixed income investment managers to maintain diversified portfolios by sector and by issuer. No more than 5% of the portfolio shall be invested with a single investment grade issuer other than obligations of the US Government and its agencies. No more than 2% of the portfolio shall be invested with a single below investment grade issuer.

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- Futures, options, swaps, forwards and other derivative securities are permitted investments. Any use of these instruments by Wellington will be in a non-leveraged manner, defined as follows:
 - The use of financial leverage is prohibited. The Account will not be considered leveraged as a result of authorized derivative positions provided the Account maintains cash and securities at least equal to the value of the obligations created by its net derivative positions in order to cover the obligations created by such positions.
- Wellington may invest up to 20% of the portfolio in securities rated below investment grade by all three of the major credit rating agencies. In the case of split ratings in which the three agencies have different ratings, the highest rating will be used in determining the credit rating of the security. If an issue is unrated, then an equivalent credit rating, as deemed by Wellington Management, may be used.
- Wellington may invest up to 20% of the portfolio in non-dollar denominated securities and currencies. The Portfolio may take currency positions unrelated to underlying portfolio holdings.
 - Non-dollar securities may be held on a currency hedged or un-hedged basis. The portfolio may invest in currency exchange transactions on a spot or forward basis. Both long and short currency exposures are permissible.
 - With respect to the 20% non-dollar investment limitation listed above, the Investment Manager may take effective foreign currency exposure up to 20% of the total portfolio (e.g. the entire non-dollar portfolio may be unhedged). Foreign currency exposure will be based on the absolute value of all positions (long and short) versus the dollar, except in the case of same country and currency exposures where these can be netted. Both long and short foreign currency positions may be held without owning securities denominated in such currencies.
- Wellington may invest up to 20% of the portfolio in private placements, including those issued pursuant to Rule 144A and/or Reg S and other restricted securities, the liquidity of which Wellington Management deems consistent with the Portfolio's investment objective.
- Wellington may invest up to 5% of the portfolio in U.S. and non-U.S. preferred and perpetual securities.
- Wellington will maintain an average weighted credit quality of not more than 2 rating notches below the benchmark's average weighted credit quality, at all times. For the avoidance of doubt, if the benchmark is rated AA-, then 2 notches below would be A.
 - Ratings method: The ratings method used to test both the benchmark's average credit rating and the portfolio's average credit rating will be "split to the highest rating" of the three major rating agencies.
- Investment in mortgage interest only (IO), principal only (PO), inverse floaters or other CMO derivatives that have highly uncertain or volatile duration or price movements are limited to 5% of the market value of the portfolio.

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- Bank loans are permitted investments.
- All percentage limits refer to “at time of purchase.”

Any material violation of these Investment Manager Guidelines shall be corrected immediately upon discovery. A realized loss to the fund resulting from a material violation of these Investment Manager Guidelines will require reimbursement of the amount of the loss by the manager.

Reporting Requirements

- Monthly – Transaction statement, asset (portfolio) statement, and performance for the portfolio and benchmark for the month will be sent to the MCERA Retirement Administrator and MCERA’s Investment Consultant.
- Quarterly – Same as monthly plus performance of the portfolio and benchmark for the quarter, year-to-date, one year, three years, five years and since inception, and review of transactions costs. These will be sent to MCERA’s Retirement Administrator and MCERA’s Investment Consultant.
- Review every month transaction data with custodian reports, and communicate and resolve any significant discrepancies with the custodian.
- Wellington will meet with the MCERA Board and/or Investment Committee as often as deemed necessary by MCERA. One of the lead portfolio managers will be available to meet with MCERA annually, or more often if deemed necessary by MCERA, to review the portfolio and its performance.
- Wellington will keep MCERA apprised of relevant information regarding its organization and personnel. Wellington will notify MCERA within 24 hours of any change in the lead personnel assigned to manage the account.

APPENDIX B - 87
WESTERN ASSET MANAGEMENT COMPANY
CORE PLUS FIXED INCOME
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

In adhering to these guidelines, Western will invest in a diversified portfolio of investment grade and below investment grade fixed income securities. Western will add value primarily from sector and issue selection decisions. Interest rate anticipation and duration management will play a limited role in the portfolio.

Performance Objectives

- Exceed the return, net of management fees, of the Bloomberg U.S. Aggregate Index over a complete market cycle.
- Perform in the top half of a peer universe of core plus fixed income managers over a complete market cycle.

Investment Guidelines

- All investments are subject to compliance with the Investment Policies, Objectives and Guidelines for the Marin County Employees' Retirement Association, with applicable State and Federal statutes; accordingly, as of the date of this amendment these guidelines conform to all applicable rules and regulations and the Client will notify Western if any change thereof materially impact these guidelines. Moreover, the portfolio shall be managed in a diversified and prudent manner. The manager shall invest within the scope of their stated style.
- Sector and security selection, portfolio structure and timing of purchase and sales are delegated to the manager subject to the investment management contract. For the avoidance of doubt, the following are Eligible Investments:
 - UST, US Agencies and US GSEs
 - Sovereigns/non-US
 - International Agencies
 - Non-US Local Authorities
 - US Munis
 - Suprasnationals
 - Corporates, including convertibles and preferreds
 - Bank Loans
 - Mortgage-backed (agency and non-agency, including CMBS), Asset-backed and CLO/CDO/CBO
 - Cash and Cash equivalents, including REPO and STIF
 - Futures, Options and Swaps

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- Currency Forwards
 - Credit linked notes (max 3%)
 - Commingled vehicles (excluding Western Asset affiliated Registered Investment Companies)
 - Pure privates, including 144a, Reg S and 4(2) Commercial Paper
 - Equity (only related to corporate actions, tenders and workouts and exchanges)
 - At time of purchase illiquids are ineligible (illiquids defined as securities that cannot be sold within 7 days at or around the carry).
-
- The following transactions are prohibited: short sales where securities are borrowed solely for the purpose of shorting, selling on margin, and “prohibited transactions” as defined under the Employee Retirement Income Security Act (ERISA).
 - Transactions shall be executed on the basis of “best price and execution” for the sole benefit of the Marin County Employees’ Retirement Association’s beneficiaries.
 - The duration on the portfolio shall range between 75% - 125% of the duration on the Bloomberg U.S. Aggregate Index.
 - MCERA expects its domestic fixed income investment managers to maintain diversified portfolios by rating and by issuer. To this end, the following limits apply:
 - Max 5% per issuer in issues rated investment grade (other than obligations of the US Government and its agencies and excluding STIF) and,
 - Max 2% per issuer in issues rated below investment grade.
 - Futures, options, swaps, forwards and other derivative securities are permitted investments. Any use of these instruments by Western will be in a non-leveraged manner, defined as follows:
 - The use of financial leverage is prohibited. The Account will not be considered leveraged as a result of authorized derivative positions provided the Account maintains cash and securities at least equal to the value of the obligations created by its net derivative positions in order to cover the obligations created by such positions.
 - Western may invest up to 20% of the portfolio in securities rated below investment grade. In the case of split ratings in which the three agencies have different ratings, the highest rating will be used in determining the credit rating of the security. If an issue is unrated, then an equivalent credit rating, as deemed by Western, may be used.
 - Western may invest up to 20% of the portfolio in non-USD denominated securities and up to 20% of the portfolio may be invested in non-USD exposure via unhedged non-USD securities and foreign currency transactions. The Portfolio may take currency positions unrelated to underlying portfolio holdings.

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- Non-dollar securities may be held on a currency hedged or un-hedged basis. The portfolio may invest in currency exchange transactions on a spot or forward basis. Both long and short currency exposures are permissible.
- Western will net within currencies and the resulting value will contribute to the max percentage permitted. Both long and short foreign currency positions may be held without owning securities denominated in such currencies.
- Western may invest up to 20% of the portfolio in private placements, including those issued pursuant to Rule 144A and/or Reg S and 4(2) commercial paper, the liquidity of which Western deems consistent with the Portfolio's investment objective.
- Western may invest up to 5% of the portfolio in U.S. and non-U.S. preferred and perpetual securities.
- Western will maintain an average weighted credit quality of not more than 4 rating notches below the benchmark's average weighted credit quality, at all times. For the avoidance of doubt, if the benchmark is rated AA-, then 4 notches below would be BBB+.
- Ratings method: The ratings method of the portfolio, including to test both the benchmark's average credit rating and the portfolio's average credit rating, will be "split to the highest rating" of the three major rating agencies (S&P, Moody's, Fitch), for unrated ok to use Manager's internally generated rating.
- Investment in mortgage interest only (IO), principal only (PO), inverse floaters or other CMO derivatives that have highly uncertain or volatile duration or price movements are limited to 5% of the market value of the portfolio.
- All percentage limits refer to "at time of purchase."

Any material violation of these Investment Manager Guidelines shall be corrected immediately upon discovery. A realized loss to the Fund resulting from a material violation of these Investment Manager Guidelines will require reimbursement of the amount of the loss by the manager.

Reporting Requirements

- Monthly – Transaction statement, asset (portfolio) statement, and performance for the portfolio and benchmark for the month will be sent to the MCERA Retirement Administrator and MCERA's Investment Consultant.
- Quarterly – Same as monthly plus written certification of compliance with guidelines, performance of the portfolio and benchmark for the quarter, year-to-date, one year, three years, five years and since inception, and review of transactions costs. These will be sent to MCERA's Retirement Administrator and MCERA's Investment Consultant.

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- Review every month transaction data with custodian reports, and communicate and resolve any significant discrepancies with the custodian.
- Western will meet with the MCERA Board and/or Investment Committee as often as deemed necessary by MCERA. One of the lead portfolio managers will be available to meet with MCERA annually, or more often if deemed necessary by MCERA, to review the portfolio and its performance.
- Western will keep MCERA apprised of relevant information regarding its organization and personnel. Western will notify MCERA within 24 hours of any change in the lead personnel assigned to manage the account.

APPENDIX B - 98**BLACKROCK****US TREASURY INFLATION PROTECTED SECURITIES FUND
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES****Investment Approach**

The objectives of the US Treasury Inflation Protected Securities Fund are to provide returns consistent with the US TIPS market as measured by the Bloomberg US TIPS Index.

MCERA Performance Objectives

- Match the return as closely as practicable, gross of management fees, of the Bloomberg US TIPS Index over a complete market cycle.
- Minimize tracking error relative to the Bloomberg US TIPS Index.

Investment Guidelines

- MCERA is responsible for determining that its investment in the US Treasury Inflation Protected Securities Fund is in compliance with its Investment Guidelines (other than this document) for the Marin County Employees' Retirement Association. BlackRock shall invest within the scope of its style as stated in the governing documents for the fund.

Any material violation of these Investment Manager Guidelines is to be corrected immediately upon discovery. A realized loss to the fund resulting from a material violation of these Investment Manager Guidelines will require reimbursement of the amount of the loss by the manager.

Reporting Requirements

- Monthly – Transaction statement, asset (portfolio) statement, and performance for the portfolio and benchmark for the month will be sent to the MCERA Retirement Administrator and MCERA's Investment Consultant.
- Quarterly – Same as monthly plus, performance of the portfolio and benchmark for the quarter, year-to-date, one year, three years, five years and since inception, and review of transactions costs. These will be sent to MCERA's Retirement Administrator and MCERA's Investment Consultant.
- BlackRock will meet with the MCERA Board and/or Investment Committee as often as deemed necessary by MCERA. A representative of BlackRock will be available to meet with MCERA annually, or more often if deemed necessary by MCERA, to review the portfolio and its performance.

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- BlackRock will keep MCERA apprised of relevant information regarding its organization and personnel. BlackRock will notify MCERA within 24 hours of any change in the lead personnel assigned to manage the account.

APPENDIX B - 109
INVESCO
BALANCED-RISK COMMODITY
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

The Invesco Balanced-Risk Commodity strategy uses an active approach to commodity investing due to some of the unique return sources available in the commodity markets. The investment strategy focuses on four key drivers of commodity returns: term structure weighting, equal risk contribution, optimal roll, and tactical allocation.

MCERA Performance Objectives

- Exceed the return, net of management fees, of the Bloomberg Commodities Index over a complete market cycle.
- Perform in the top half of a peer universe of commodity managers over a complete market cycle.

Investment Guidelines

- MCERA is responsible for determining that its investment in Invesco's Balanced-Risk Commodity Fund is in compliance with its Investment Guidelines (other than this document) for the Marin County Employees' Retirement Association. Invesco shall invest within the scope of its style as stated in the governing documents for the fund.

Any material violation of these Investment Manager Guidelines is to be corrected immediately upon discovery. A realized loss to the Fund resulting from a material violation of these Investment Manager Guidelines will require reimbursement of the amount of the loss by the manager.

Reporting Requirements

- Monthly – Transaction statement, asset (portfolio) statement, and performance for the portfolio and benchmark for the month will be sent to the MCERA Retirement Administrator and MCERA's Investment Consultant.
- Quarterly – Same as monthly plus performance of the portfolio and benchmark for the quarter, year-to-date, one year, three years, five years and since inception, and review of transactions costs. These will be sent to MCERA's Retirement Administrator and MCERA's Investment Consultant.
- Invesco will meet with the MCERA Board and/or Investment Committee as often as deemed necessary by MCERA. A representative of Invesco will be available to meet with MCERA

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annually, or more often if deemed necessary by MCERA, to review the portfolio and its performance.

- Invesco will keep MCERA apprised of relevant information regarding its organization and personnel. Invesco will notify MCERA within 24 hours of any change in the lead personnel assigned to manage the account.

APPENDIX B - 1110
KBI GLOBAL INVESTORS
GLOBAL RESOURCE SOLUTIONS
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

KBI Global Investors' (KBIGI) Global Resource Solutions strategy invests in companies providing solutions to the greatest global resource challenges. There are compelling investment opportunities in companies providing solutions to resource scarcity across water, food and energy.

MCERA Performance Objectives

- Exceed the return, net of management fees, of the S&P Global Natural Resources Index over a complete market cycle.

Investment Guidelines

- MCERA is responsible for determining that its investment in the KBIGI Global Resource Solutions Fund is in compliance with its Investment Guidelines (other than this document) for the Marin County Employees' Retirement Association. KBIGI shall invest within the scope of its style as stated in the governing documents for the fund.

Any material violation of these Investment Manager Guidelines is to be corrected immediately upon discovery. A realized loss to the fund resulting from a material violation of these Investment Manager Guidelines will require reimbursement of the amount of the loss by the manager.

Reporting Requirements

- Monthly – Transaction statement, asset (portfolio) statement, and performance for the portfolio and benchmark for the month will be sent to the MCERA Retirement Administrator and MCERA's Investment Consultant.
- Quarterly – Same as monthly plus performance of the portfolio and benchmark for the quarter, year-to-date, one year, three years, five years and since inception, and review of transactions costs. These will be sent to MCERA's Retirement Administrator and MCERA's Investment Consultant.
- KBIGI will meet with the MCERA Board and/or Investment Committee as often as deemed necessary by MCERA. A representative of KBIGI will be available to meet with MCERA annually, or more often if deemed necessary by MCERA, to review the portfolio and its performance.

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- KBIGI will keep MCERA apprised of relevant information regarding its organization and personnel. KBIGI will notify MCERA within 24 hours of any change in the lead personnel assigned to manage the account.

APPENDIX B - 1211
BLACKROCK
REIT INDEX FUND
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

The objectives of the REIT Index Fund are to provide returns consistent with the US REIT market as measured by the Dow Jones US Select Real Estate Securities Index.

MCERA Performance Objectives

- Match the return as closely as practicable, gross of management fees, of the Dow Jones US Select Real Estate Securities Index over a complete market cycle.
- Minimize tracking error relative to the Dow Jones US Select Real Estate Securities Index.

Investment Guidelines

- MCERA is responsible for determining that its investment in the REIT Index Fund is in compliance with its Investment Guidelines (other than this document) for the Marin County Employees' Retirement Association. BlackRock shall invest within the scope of its style as stated in the governing documents for the fund.

Any material violation of these Investment Manager Guidelines is to be corrected immediately upon discovery. A realized loss to the fund resulting from a material violation of these Investment Manager Guidelines will require reimbursement of the amount of the loss by the manager.

Reporting Requirements

- Monthly – Transaction statement, asset (portfolio) statement, and performance for the portfolio and benchmark for the month will be sent to the MCERA Retirement Administrator and MCERA's Investment Consultant.
- Quarterly – Same as monthly plus performance of the portfolio and benchmark for the quarter, year-to-date, one year, three years, five years and since inception, and review of transactions costs. These will be sent to MCERA's Retirement Administrator and MCERA's Investment Consultant.
- BlackRock will meet with the MCERA Board and/or Investment Committee as often as deemed necessary by MCERA. A representative of BlackRock will be available to meet with MCERA annually, or more often if deemed necessary by MCERA, to review the portfolio and its performance.

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- BlackRock will keep MCERA apprised of relevant information regarding its organization and personnel. BlackRock will notify MCERA within 24 hours of any change in the lead personnel assigned to manage the account.

APPENDIX B - 1312
UBS
CORE REAL ESTATE
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

UBS Trumbull Property Fund is an open-ended core real estate commingled fund. UBS strives to invest predominantly in income producing properties diversified by both geographical region and by property type.

MCERA Performance Objectives

- Exceed the return, net of management fees, of the NCREIF Open-Ended Core Diversified Equity (ODCE) Index over a complete market cycle.
- Perform in the top half of a peer universe of Open-Ended Core Real Estate managers over a complete market cycle.

Investment Guidelines

- MCERA is responsible for determining that its investment in the UBS Trumbull Property Fund is in compliance with its Investment Guidelines (other than this document) for the Marin County Employees' Retirement Association. UBS shall invest within the scope of its style as stated in the governing documents for the UBS Trumbull Property Fund.

Any material violation of these Investment Manager Guidelines shall be corrected immediately upon discovery. A realized loss to the fund resulting from a material violation of these Investment Manager Guidelines will require reimbursement of the amount of the loss by the manager.

Reporting Requirements

- Quarterly – Performance of the portfolio and benchmark for the quarter, one year, three years, five years and since inception. These will be sent to MCERA's Retirement Administrator and MCERA's Investment Consultant.
- UBS will meet with the MCERA Board and/or Investment Committee as often as deemed necessary by MCERA. Members of the investment team will be available to meet with MCERA annually, or more often if deemed necessary by MCERA, to review the portfolio and its performance.
- UBS will keep MCERA apprised of relevant information regarding its organization and personnel. UBS will notify MCERA within 24 hours of any change in the lead personnel assigned to manage the account.

APPENDIX B - 1413
AEW CAPITAL MANAGEMENT
CORE REAL ESTATE
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

AEW Core Property Trust is an open-ended core real estate commingled fund. AEW strives to invest predominantly in income producing properties diversified by both geographical region and by property type.

MCERA Performance Objectives

- Exceed the return, net of management fees, of the NCREIF Open-Ended Core Diversified Equity (ODCE) Index over a complete market cycle.
- Perform in the top half of a peer universe of Open-Ended Core Real Estate managers over a complete market cycle.

Investment Guidelines

- MCERA is responsible for determining that its investment in the AEW Core Property Trust is in compliance with its Investment Guidelines (other than this document) for the Marin County Employees' Retirement Association. AEW shall invest within the scope of its style as stated in the governing documents for the AEW Core Property Trust.

Any material violation of these Investment Manager Guidelines shall be corrected immediately upon discovery. A realized loss to the fund resulting from a material violation of these Investment Manager Guidelines will require reimbursement of the amount of the loss by the manager.

Reporting Requirements

- Quarterly – Performance of the portfolio and benchmark for the quarter, one year, three years, five years and since inception. These will be sent to MCERA's Retirement Administrator and MCERA's Investment Consultant.
- AEW will meet with the MCERA Board and/or Investment Committee as often as deemed necessary by MCERA. Members of the investment team will be available to meet with MCERA annually, or more often if deemed necessary by MCERA, to review the portfolio and its performance.
- AEW will keep MCERA apprised of relevant information regarding its organization and personnel. AEW will notify MCERA within 24 hours of any change in the lead personnel assigned to manage the account.

APPENDIX B-1514
CARVAL INVESTORS
CREDIT VALUE FUND V LP
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

CarVal Investors Credit Value Fund V LP is a closed-end fund that will make investments in distressed and credit-intensive assets within loan portfolios, corporate securities, structured credit, hard assets, and special opportunities.

MCERA Performance Objectives

- Exceed the return, net of management fees, of the S&P/LSTA Leveraged Loan Index + 250 basis points over a complete market cycle.

Investment Guidelines

- All investments are subject to compliance with the investment management style concepts and principles set forth in the legal documentation of the Partnership.

Reporting Requirements

- Reporting requirements will be governed by the Partnership's legal documentation.
- A representative of CarVal will generally be available to meet or have discussions with MCERA, the Board of Retirement and/or Investment Committee, or their designee(s) as reasonably necessary to review the portfolio and its performance.

Any and all legal obligations related to MCERA's investment in the Partnership would be governed by the Partnership's legal documentation, notwithstanding anything in this Investment Policy Statement and any related appendices to the contrary.

APPENDIX B-1615
FORTRESS INVESTMENT GROUP
FORTRESS CREDIT OPPORTUNITIES FUNDS V EXPANSION
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

Fortress Credit Opportunities Funds V Expansion is a closed-end fund that will make investments in a range of distressed and undervalued credit investments.

MCERA Performance Objectives

- Exceed the return, net of management fees, of the S&P/LSTA Leveraged Loan Index + 250 basis points over a complete market cycle.

Investment Guidelines

- All investments are subject to compliance with the investment management style concepts and principles set forth in the legal documentation of the Partnership.

Reporting Requirements

- Reporting requirements will be governed by the Partnership's legal documentation.
- A representative of Fortress will generally be available to meet or have discussions with MCERA, the Board of Retirement and/or Investment Committee, or their designee(s) as reasonably necessary to review the portfolio and its performance.

Any and all legal obligations related to MCERA's investment in the Partnership would be governed by the Partnership's legal documentation, notwithstanding anything in this Investment Policy Statement and any related appendices to the contrary.

APPENDIX B-1716
VÄRDE MANAGEMENT, L.P
THE VÄRDE DISLOCATION FUND
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

The Värde Dislocation Fund is a closed-end fund that will make investments in a broad universe of mispriced, stressed, and distressed credit opportunities.

MCERA Performance Objectives

- Exceed the return, net of management fees, of the S&P/LSTA Leveraged Loan Index + 250 basis points over a complete market cycle.

Investment Guidelines

- All investments are subject to compliance with the investment management style concepts and principles set forth in the legal documentation of the Partnership.

Reporting Requirements

- Reporting requirements will be governed by the Partnership's legal documentation.
- A representative of Värde will generally be available to meet or have discussions with MCERA, the Board of Retirement and/or Investment Committee, or their designee(s) as reasonably necessary to review the portfolio and its performance.

Any and all legal obligations related to MCERA's investment in the Partnership would be governed by the Partnership's legal documentation, notwithstanding anything in this Investment Policy Statement and any related appendices to the contrary.

APPENDIX B - 1817
PARAMETRIC PORTFOLIO ASSOCIATES
POLICY IMPLEMENTATION OVERLAY SERVICE
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

Parametric Portfolio Associates will use futures contracts to “securitize” cash investments in the portfolio, bridge exposure gaps during transitions, and to rebalance portfolio exposures.

MCERA Performance Objectives

- Produce returns approximately equal to the Fund’s guideline-based overlay portfolio benchmark.

Investment Guidelines

- All investments are subject to compliance with the Investment Policies, Objectives and Guidelines for the Marin County Employees’ Retirement Association, with applicable State and Federal statutes, and shall be managed in a diversified and prudent manner. The manager shall invest within the scope of their stated style.
- Security selection and timing of purchase and sales are delegated to the manager subject to the investment management contract.
- The following transactions are prohibited: writing options other than covered options, and “prohibited transactions” as defined under the Employee Retirement Income Security Act (ERISA).
- Transactions shall be executed on the basis of “best price and execution” for the sole benefit of the Marin County Employees’ Retirement Association’s beneficiaries.
- Futures contracts, including short positions, are permitted in order to “securitize” existing cash positions, bridge exposure gaps during transitions, and to rebalance portfolio exposures. Futures are not to be used for speculative purposes.

Any material violation of these Investment Manager Guidelines shall be corrected immediately upon discovery. A realized loss to the Fund resulting from a material violation of these Investment Manager Guidelines will require reimbursement of the amount of the loss by the manager.

Reporting Requirements

- Monthly – Transaction statement, asset (portfolio) statement, and performance for the portfolio will be sent to the MCERA Retirement Administrator and MCERA's Investment Consultant.
- Quarterly – Same as monthly plus performance of the portfolio for the quarter, year-to-date and since inception, and review of transactions costs. These will be sent to MCERA's Retirement Administrator and MCERA's Investment Consultant.
- Review every month transaction data with custodian reports, and communicate and resolve any significant discrepancies with the custodian.
- Parametric Portfolio Associates will meet with the MCERA Board and/or the Investment Committee as often as deemed necessary by MCERA. One of the lead portfolio managers will be available to meet with MCERA annually, or more often if deemed necessary by MCERA, to review the portfolio and its performance.
- Parametric Portfolio Associates will keep MCERA apprised of relevant information regarding its organization and personnel. Parametric Portfolio Associates will notify MCERA within 24 hours of any change in the lead personnel assigned to manage the account.

APPENDIX C-1
PATHWAY CAPITAL MANAGEMENT
PATHWAY PRIVATE EQUITY FUND 2008 (PPEF 2008)
PATHWAY PRIVATE EQUITY FUND INVESTORS 7 (PPEF I-7)
PATHWAY PRIVATE EQUITY FUND INVESTORS 8 (PPEF I-8)
PATHWAY PRIVATE EQUITY FUND INVESTORS 9 (PPEF I-9)
PATHWAY PRIVATE EQUITY FUND INVESTORS 10 (PPEF I-10)
PATHWAY PRIVATE EQUITY FUND INVESTORS 11 (PPEF I-11)
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

The Partnership's investment strategy is to create a diversified portfolio of private equity funds that pursue a variety of investment strategies, including but not limited to, buyouts, venture capital, and special situations.

MCERA Performance Objectives

- Produce returns approximately equal to or in excess of the Refinitiv/Cambridge (All Regions) All Private Equity Index as provided and set forth in the legal documentation of the Partnership.

Investment and other Guidelines

- All investments are subject to compliance with the investment management style concepts and principles set forth in the legal documentation of the Partnership.
- The investment manager shall at all times be a SEC-Registered Investment Advisor under the Investment Advisors Action of 1940, as amended.

Reporting Requirements

- Reporting requirements will be governed by the Partnership's legal documentation.
- The investment manager shall meet or shall cause the General Partner of the Partnership to meet with the Board and/or the Investment Committee or their designee(s) annually, or more often if deemed necessary by MCERA, to review the portfolio and its performance.

APPENDIX C-2
ABBOTT CAPITAL MANAGEMENT
ABBOTT PRIVATE EQUITY FUND VI, LP (ACE VI)
ABBOTT PRIVATE EQUITY FUND VII, LP (ACE VII)
ABBOTT ANNUAL PROGRAM 2016, LP (AP 2016)
ABBOTT ANNUAL PROGRAM 2017, LP (AP 2017)
ABBOTT ANNUAL PROGRAM 2021, LP (AP 2021)
ABBOTT ANNUAL PROGRAM 2023, LP (AP 2023)
STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

Investment Approach

The Partnership's investment strategy is to create a diversified portfolio of private equity funds that pursue a variety of investment strategies, including but not limited to growth equity buyouts, venture capital, and special situations.

MCERA Performance Objectives

- Produce returns approximately equal to or in excess of the Refinitiv/Cambridge (All Regions) All Private Equity Index as provided and set forth in the legal documentation of the Partnership.

Investment and other Guidelines

- All investments are subject to compliance with the investment management style concepts and principles set forth in the legal documentation of the Partnership.
- The investment manager shall at all times be a SEC-Registered Investment Advisor under the Investment Advisors Action of 1940, as amended.

Any material violation of these Investment Manager Guidelines shall be corrected immediately upon discovery.

Reporting Requirements

- Reporting requirements will be governed by the Partnership' legal documentation.
- The investment manager shall meet or shall cause the General Partner of the Partnership to meet with the Board, and/or the Investment Committee, or their designee(s) annually, or more often if deemed necessary by MCERA, to review the portfolio and its performance.

APPENDIX D
RESOLUTION 2010/11-03
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)
PLACEMENT AGENT PAYMENT DISCLOSURE RESOLUTION AND POLICY

Adopted: December 9, 2009
Amended: February 9, 2011
Amended: November 2, 2011
Reviewed: May 6, 2015
Reviewed: May 9, 2018
Amended: May 5, 2021

WHEREAS, California Government Code section 7513.85, chaptered on October 11, 2009 to be effective immediately ("Section 7513.85"), requires all California public retirement systems to develop and implement, on or before June 30, 2010, a policy requiring the disclosure of payments to placement agents made in connection with system investments in or through external managers ("Placement Agent Payment Disclosure Policy" or "Policy").

WHEREAS, placement agent as described in this Policy includes all those identified in California Government Code section 7513.8, as amended.

WHEREAS, the Board of Retirement ("Board") of the Marin County Employees' Retirement Association ("MCERA") has determined, upon the recommendation of the MCERA Governance Committee, that adoption of a Placement Agent Payment Disclosure Policy is consistent with the Board's fiduciary responsibilities.

WHEREAS, Section 7513.85 requires the Placement Agent Payment Disclosure Policy to include, but not be limited to, six of the requirements enumerated in the Policy, and new California Government Code section 7513.9 requires additional disclosures that also are enumerated in this Policy.

WHEREAS, the MCERA Governance Committee has recommended, and the Board has determined, that the Placement Agent Payment Disclosure Policy or similar acknowledgement must be agreed to in writing, and a report shall be filed annually, by all of MCERA's current and future external investment managers.

WHEREAS, in compliance with Section 7513.85, any external investment manager or Placement Agent that violates this Policy shall not solicit new investments from MCERA for five years after the violation is committed, unless the Board decides, in open session by majority vote, to waive the five year prohibition upon a showing of good cause.

WHEREAS, the Board reserves the right to impose an additional penalty of a fine on a external investment manager who violates this Policy, and does not establish good cause therefore to the reasonable satisfaction of the Board; provided, however, that said fine may not exceed the fees due from MCERA to the manager from the date of the violation to the date of the fee's imposition.

NOW, THEREFORE, BE IT RESOLVED, THAT:

Prior to MCERA investing with any external investment manager, and contemporaneous with required annual filings of Statements of Economic Interests (Form 700) or similar disclosures with respect to all MCERA existing external investment managers, MCERA shall be provided with a written representation from the investment manager, in a form acceptable to MCERA's legal counsel, stating that (1) the external investment manager agrees with the disclosure and penalty provisions set forth in this Policy and (2) it has not used a Placement Agent in connection with MCERA's investment, or if the manager has used a Placement Agent, it will disclose the following:

1. The name of the Placement Agent(s) and the relationship between the external investment manager and Placement Agent(s).
2. A resume for each officer, partner, or principal of the Placement Agent detailing the person's education, professional designations, regulatory licenses, and investment and work experience.
3. A description of any and all compensation of any kind provided, or agreed to be provided, to the Placement Agent.
4. A representation that the compensation provided is the sole obligation of the external investment manager and not of MCERA or the limited partnership.
5. A description of the services performed, and to be performed, by the Placement Agent.
6. A statement whether the Placement Agent, or any of its affiliates, are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association, or any similar regulatory agent in a country other than the United States, and the details of that registration or explanation as to why no registration is required.
7. A statement whether the Placement Agent, or any of its affiliates, is registered as a lobbyist with any state or national government.
8. All campaign contributions made by the Placement Agent to any elected member of the Board, and to any member of the Marin County Board of Supervisors, during the prior 24-month period, which disclosure shall be amended if any campaign contributions are made during the time the Placement Agent is receiving compensation in connection with a system investment.
9. All gifts, as defined in Government Code section 82028, given by the Placement Agent to any member of the Board, or to the Board's investment consultant, during the time the Placement Agent is receiving compensation in connection with a system investment.
10. All current or former MCERA Board members, employees, or consultants or

11. A member of the immediate family of any such person who are either employed or receiving compensation from the Placement Agent.
12. The names of any current or former MCERA Board members, employees, or consultants who suggested the retention of the Placement Agent.

Policy Review

The Board shall review this Placement Agent Payment Disclosure Policy at least every three years to assure its efficacy and relevance. This Policy may be amended from time to time by majority vote of the Board.

Retirement Administrator's Certificate

I, Jeff Wickman, the duly appointed Retirement Administrator of the Marin County Employees' Retirement Association, hereby certify the amendment of this Policy.

Dated: May 5, 2021



Retirement Administrator

C.2 Future Meetings

This is a discussion with no backup.

**Marin County Employees' Retirement Association
Defined Benefit Plan**

Managers	December 2023 Market Value	Fiscal Year To Date 7/1/23 - 12/31/23	Calendar Year To Date 1/1/23 - 12/31/23
Domestic Equity	\$1,049,086,909	8.8%	24.4%
<i>Russell 3000 Index</i>		8.4%	26.0%
SSGA Russell 1000 Index	\$803,555,331	8.5%	26.5%
<i>Russell 1000 Index</i>		8.4%	26.5%
Dimensional Fund Advisors	\$260,445,537	9.7%	18.2%
<i>Russell 2000 Index</i>		8.2%	16.9%
Parametric Domestic Equity Overlay	-\$14,913,959		
International Equity	\$710,627,855	3.8%	14.7%
<i>MSCI ACWI ex-US IMI Index</i>		6.0%	15.6%
Morgan Stanley	\$214,291,566	2.1%	17.0%
Artisan Partners	\$203,914,114	4.9%	14.8%
<i>MSCI EAFE Index</i>		5.9%	18.2%
TimesSquare	\$106,250,197	4.5%	12.3%
<i>MSCI EAFE Small Cap Index</i>		7.2%	13.2%
FIAM Emerging Markets	\$107,158,439	4.6%	12.2%
<i>MSCI Emerging Markets Index</i>		4.7%	9.8%
Parametric International Equity Overlay	\$79,013,538		
Fixed Income	\$716,953,701	4.1%	7.2%
<i>Bloomberg US Aggregate Index</i>		3.4%	5.5%
Wellington	\$287,808,713	4.2%	7.1%
Western Asset	\$306,114,370	4.0%	7.3%
<i>Bloomberg US Aggregate Index</i>		3.4%	5.5%
Parametric Fixed Income Overlay	\$123,030,618		
Public Real Assets	\$221,538,323	3.6%	5.9%
<i>Blended Benchmark</i>		4.2%	3.3%
BlackRock TIPS Index Fund	\$57,988,225	1.9%	4.0%
<i>Bloomberg US TIPS Index</i>		2.0%	3.9%
BlackRock REIT Index Fund	\$58,531,893	7.7%	14.0%
<i>DJ S&P US Select REIT Index</i>		7.7%	14.0%
Invesco Balanced Risk Commodities Fund	\$53,841,291	2.8%	-2.1%
<i>Bloomberg Commodities Index</i>		-0.1%	-7.9%
KBI Global Resources Fund	\$61,075,467	2.3%	8.3%
<i>S&P Global Natural Resources Index</i>		7.1%	3.4%
Parametric Real Assets Overlay	-\$9,898,554		

All market values and returns shown are preliminary and subject to revision.

**Marin County Employees' Retirement Association
Defined Benefit Plan**

Managers	December 2023 Market Value	Fiscal Year To Date 7/1/23 - 12/31/23	Calendar Year To Date 1/1/23 - 12/31/23
Real Estate(1)	\$234,375,841	-2.4%	-10.7%
<i>NFI-ODCE Equal Weight Net(1)</i>		<i>-4.2%</i>	<i>-10.4%</i>
Woodmont	\$17,099,992	-	-
UBS Trumbull Property Fund	\$94,838,637	-	-
AEW Core Property Trust	\$115,328,970	-	-
Parametric Real Estate Overlay	\$7,108,242		
Private Equity(2)	\$230,086,611	0.0%	3.5%
Abbott ACE VI	\$34,966,002	-	-
Abbott ACE VII	\$39,753,530	-	-
Abbott AP 2016	\$70,262,682	-	-
Abbott AP 2017	\$20,224,254	-	-
Abbott AP 2021	\$9,984,171		
Abbott 2023	\$2,250,000		
Pathway PPEF 2008	\$37,357,475	-	-
Pathway PPEF I-7	\$33,025,227	-	-
Pathway PPEF I-8	\$58,731,198	-	-
Pathway PPEF I-9	\$18,267,131	-	-
Pathway PPEF I-10	\$22,432,271		
Pathway PPEF I-11	\$1,285,703		
Parametric Private Equity Overlay	-\$118,453,033		
Opportunistic(3)	\$61,422,763	4.6%	11.2%
CarVal Credit Value Fund V	\$23,871,502	-	-
Fortress Credit Opportunities Fund V Expansion	\$14,241,579	-	-
Varde Dislocation Fund	\$23,309,682	-	-
Total Fund	\$3,224,092,003	4.4%	11.4%

(1)Market values as of September 30, 2023. FYTD and YTD returns use MCERA's and ODCE's pro-rata performance of prior quarter.

(2)Market values as of June 30, 2023. FYTD and YTD returns use MCERA's pro-rata performance of prior quarter.

(3)Market values as of September 30, 2023. FYTD and YTD returns use MCERA's pro-rata performance of prior quarter.

All market values and returns shown are preliminary and subject to revision.