

August 6, 2024



SITFO Board of Trustees

Quarterly Meeting

Open Session – Zoom Registration

Board of Trustees

AGENDA

Anchor Location	310 S. Main Street, Suite 1250, Salt Lake City, UT 84101
Webinar Registration – Open Session	https://utah-gov.zoom.us/webinar/register/WN_eZAt_auyS-WPWn9GMPqq-w
Webinar Registration – Closed Session	https://utah-gov.zoom.us/webinar/register/WN_AZcGaDiuROaGZilQM1EC6g
Webinar Registration – Open Session 2	https://utah-gov.zoom.us/webinar/register/WN_kmPePAgZQJieh8UX0j86ng

Tuesday, August 6, 2024 – 9:00 AM

1. Open Session – Call the Meeting to Order (Start at 9:00 AM)
 - (a) Administrative
 - (i) Recap and Approval of Minutes from March 5, 2024, & June 4, 2024, *SITFO (action item)*
Attached, Exhibit A, *pages 4-16*
 - (ii) Land Trusts Protection and Advocacy Office Update, *LTPAO*
 - (iii) Update on SITFO Summit, *SITFO*
Attached, Exhibit B, *pages 17-19*
 - (b) Finance Committee Updates
 - (i) Personnel Update, *SITFO, Finance Committee*
 - (ii) FY24 Summary, *SITFO, Finance Committee*
 - (iii) FYTD 25 Summary, *SITFO, Finance Committee*
Attached, Exhibit C, *pages 20-26*
 - (c) Investments
 - (i) Asset Allocation Process Update, *SITFO*
Attached, Exhibit D, *pages 27-41*
2. Lunch (Start at 11:00 AM)
3. Closed Session (Start at 11:45 AM) (*action item*)
 - (a) Investments
 - (i) Defensive Asset Class Structure Review – As Authorized by Utah Code Section 53D-1-304(6), *SITFO, pages 45-81*
 - (b) Chief Investment Officer Review
 - (i) As Authorized by Utah Code Section 52-4-205(1)(a), *Trustees, CIO*
4. Open Session (Start at 2:00 PM)
 - (a) Adjourn (*action item*)

Exhibit A



Board of Trustees Meeting Recap – June 4, 2024



- Minutes from May and June board meetings are set to be approved at the August meeting
- Trustee Choi was sworn in as a replacement for Trustee Gull whose term expired at the end of June
- Jess joined the SITFO team as an Administrative Assistant, Mikkel and Andrew were introduced as interns
- SAA was formally approved
- A draft Summit agenda was presented and noted feedback was welcome/encouraged
- FYTD 24 budget came in under forecast and appropriation, FY 25 forecast was set and presented, FY 26 budget appropriation request was approved
- Introduced a new asset allocation consultant and reviewed its methodology
- Review of Executive Summary reported no compliance issues

BOARD OF TRUSTEES MEETING MINUTES

Tuesday, March 5, 2024

Location: 310 S. Main Street., Ste. 1250, Salt Lake City, UT 84101

Board Attendees: Marlo Oaks, David Nixon, Jason Gull, Mark Siddoway, David Zucker

Other Attendees: Peter Madsen, SITFO; Scott Day, SITFO; Ryan Kulig, SITFO; Johnny Lodder, SITFO; Hayden Bergeson, SITFO; Kirti Nair, SITFO; Tatiana Devkota, SITFO; Rainey Cornaby, SITFO; John Sorensen, SITFO; Jace Richards, SITFO; Rodney Tran, SITFO; Kim Christy, LTPAO; Jessie Stuart, LTPAO; Elliott Clark, AG; Jeremy Miller, RVK; Matthias Bauer, RVK; James Walsh, Albourne; Ryan Fitzgerald, Albourne; Stephen Kennedy, Albourne; Paula Plant, SCT; Margaret Bird, Community Member; Kirt Slaugh, Treasurer Office; John Kevin Balaod, Community Member; Matthias Boone, Legislative Audit; Abigaile Jacobsen, Legislative Audit; Additional community members.

1. **Open Session** – Call the Meeting to Order

- a. Chair Oaks called the meeting to order at 9:00 AM, on the 5th day of March. Each attendee in the room proceeded to state their name for the record. Ryan Kulig stated the names of those joining virtually.

2. **Administrative** – SITFO Introductions

- a. SITFO's two new hires, Rainey Cornaby and Rodney Tran, introduced themselves and provided a brief background.

3. **Administrative** – Recap and Approval of Minutes from August 29, 2023; December 5, 2023; and January 9, 2024 (action item)

a. Ryan Kulig provided a recap of the December and January board meetings, noting the August recap had been provided in the prior meeting. Chair Oaks opened the floor to discuss the board meeting minutes. Trustee Nixon made suggestions for 2 changes in the August minutes to clarify the Systematic Convexity benchmark change. Chair Oaks entertained a motion to approve the August minutes as amended, and December and January minutes as is. Trustee Gull moved to approve, and Trustee Nixon seconded. The motion passed unanimously.

b. **Record of Vote:**

- i. Trustee Oaks: Yes
- ii. Trustee Nixon: Yes
- iii. Trustee Gull: Yes
- iv. Trustee Siddoway: Yes
- v. Trustee Zucker: Yes

4. **Administrative** – Board of Trustees 2024 Meeting Schedule Changes

a. Mr. Kulig reviewed the upcoming Board meeting schedule for the remainder of FY24 and FY25, noting the cancellation of the April 2, 2024 meeting, and the proposal to move the June 11, 2024 meeting to June 4, 2024.

5. **Administrative** – Land Trusts Protection & Advocacy Office Update

a. Kim Christy provided an update on the SITFO Board Nominating Committee, which will kick off on March 19 to begin the replacement process of Trustee Gull, whose term ends in June 2024. He also noted a legislative bill passed which ended the additional appropriation granted to the School Fund last fiscal year at approximately half the original amount. A legislative audit is working on a best practices

handbook in strategic planning for uniformity across independent state agencies.

6. **Finance** – Finance Committee Update

- a. Tatiana Devkota provided insight into the quarterly budget to date, noting Q2 came in under forecast and budget appropriation. Q3 is projected to be under forecast and budget appropriation, as is the annual projection.

7. **Finance** – Title and Salary Range Changes (action item)

- a. Mr. Kulig reviewed the title and salary range changes put forward by SITFO to be more in line with peers. He noted that the Senior Finance and Operations Analyst position was the only new position with a new salary range, while the Administrative Assistant was the only other position with a new job description. Chair Oaks entertained a motion to approve the titles and salary ranges as noted within the packet. Trustee Zucker motioned to approve, and Trustee Gull seconded. The motion passed unanimously.

b. **Record of Vote:**

- i. Trustee Oaks: Yes
- ii. Trustee Nixon: Yes
- iii. Trustee Gull: Yes
- iv. Trustee Siddoway: Yes
- v. Trustee Zucker: Yes

8. **Finance** – Investment Consultant Contracts (action item)

a. Ms. Devkota informed the group that the current consultants' contracts are expiring. SITFO proposed to renew both vendors on the second of two one-year contract extensions. Chair Oaks entertained a motion to approve both contract extensions. Trustee Gull motioned to approve, and Trustee Nixon seconded. The motion was passed unanimously.

b. **Record of Vote:**

i. Trustee Oaks: Yes

ii. Trustee Nixon: Yes

iii. Trustee Gull: Yes

iv. Trustee Siddoway: Yes

v. Trustee Zucker: Yes

9. **Investments – Asset Allocation**

a. Hayden Bergeson set the stage for a discussion on asset allocation, noting the expected arithmetic return is above the long-term return objective (CPI + 5%) while the expected geometric return is slightly below. Expected risk as measured by volatility is within compliance.

b. Jeremy Miller presented RVK's independent analysis. He touched on the construction of each asset class assumption, and the resulting return, risk, and correlations used in the model. He noted year over year beta changes were minimal and there were no changes to the assumption methodology. RVK tested hypothetical portfolios with increased allocations to private markets.

c. James Walsh provided Albourne's analysis, which considers SITFO's current allocations and their path to target allocations. Their model analyzes payout risk, portfolio loss risk, and liquidity/rebalancing risk.

Ultimately, Albourne determined the current strategic asset allocation is in line with SITFO's objectives.

d. Mr. Bergeson concluded the discussion by noting the long-term target allocation has less drawdown risk than a 70/30 portfolio due to diversification. SITFO proposes no change to the current strategic asset allocation, which will be formally approved at the next board meeting.

i. Suggested language for the motion: *A motion to approve the asset allocation as stated in the investment policy statement and shown in the meeting minutes below:*

Level	Asset Class	Min	Target %	Max	Benchmark
2	Growth	38.5%	43.5%	48.5%	Composite of Public and Private, Pro-Rata
3	Public Equity	27.5%	30.5%	33.5%	ACWI IMI
3	Private Equity	10.0%	13%	16.0%	Cambridge Private Equity
2	Real Assets	12.5%	17.5%	22.5%	Composite of Public and Private, Pro-Rata
3	Public Real Assets	2.0%	5.0%	8.0%	S&P Real Assets Index
3	Private Real Assets	9.5%	12.5%	15.5%	30% Cambridge Private Natural Resources 30% Cambridge Private Infrastructure 40% Cambridge Real Estate
2	Income	22.0%	27.0%	32.0%	Composite of Public and Private, Pro-Rata
3	Public Income	14.0%	17.0%	20.0%	U.S. High Yield 1-3 Year Index
3	Private Income	7.0%	10.0%	13.0%	Cambridge Private Credit Index
2	Defensive	7.0%	12.0%	17.0%	Composite, Pro-Rata
3	GRIPs	2.0%	5.0%	8.0%	50% Bloomberg 20 - 30 Year STRIP 50% Bloomberg US TIPS 0 - 5 Year
3	Systematic Convexity	4.0%	7.0%	10.0%	40% SG Trend Index 40% HFRI Macro 20% Eurekahedge Long Vol
3	Cash	0.0%	0.0%	3.0%	3Mo U.S. T-Bill
1	Total Portfolio		100%		

10. **Investments** – Private Market Investing and Benchmarking

- a. Matthias Bauer, from RVK, and Ryan Fitzgerald from Albourne, presented on the merits of private market investing and benchmarking in private markets.
- b. James Walsh reviewed Albourne’s modeling increasing private investments by 10% at the total portfolio level, which suggested an increase in return, reduced downside risk, without significant liquidity risk.
- c. Mr. Bergeson presented SITFO’s current private market benchmarking, which is not uniform across reporting. Going forward, SITFO anticipates using pooled mean benchmarks across time-weighted, money weighted and risk reporting for consistency in reporting and better fit of vintage-year oriented data.

11. **Investments** – Executive Summary – Performance and Risk Reporting

- a. Mr. Bauer began reviewing compliance of each asset class. SITFO’s portfolio is closing the gap against CPI+5% performance while standard deviation is well below the 70/30 portfolio.
- b. Scott Day highlighted SITFO’s current portfolio, which is overweight growth, neutral real assets, overweight income, underweight defensive.

12. **Closed Session** – Investments & Chief Investment Officer Review

- a. Elliott Clark walked the board through closing the meeting for criteria detailed in Utah Code § 52-4-205(1)(a) and 53D-1-304(6). He confirmed these criteria were the only matters to be discussed during the closed session. As permitted by Utah Code § 52-4-206(6), the Board did not make an audio recording or take written minutes of the personnel portion of the closed session. Chair Oaks took a vote to close for these purposes and each Trustee stated their vote to approve.

b. **Record of Vote:**

- i. Trustee Oaks: Yes
- ii. Trustee Nixon: Yes
- iii. Trustee Gull: Yes
- iv. Trustee Siddoway: Yes
- v. Trustee Zucker: Yes

13. **Adjourn** (action item)

- a. The board meeting was reopened, and Chair Oaks entertained a motion to adjourn. Trustee Nixon motioned to adjourn. Trustee Zucker seconded. The motion passed unanimously.

b. **Record of Vote:**

- i. Trustee Oaks: Yes
- ii. Trustee Nixon: Yes
- iii. Trustee Gull: Yes
- iv. Trustee Siddoway: Yes
- v. Trustee Zucker: Yes

Board of Trustees

MEETING MINUTES

Tuesday, June 4, 2024 – 9:00 AM

Location: 310 S. Main Street, Ste. 1250, Salt Lake City, UT 84101

Board Attendees:

Marlo Oaks, Jason Gull, Mark Siddoway, David Zucker (via Zoom)

Absent: David Nixon

Other Attendees:

Peter Madsen, SITFO; Ryan Kulig, SITFO; Kim Christy, LTPAO; Deena Loyola, LTPAO; Bong Choi, Trustee-Elect; Johnny Lodder, SITFO; Hayden Bergeson, SITFO; Rainey Cornaby, SITFO; Tatiana Devkota, SITFO; Jess Rowe, SITFO; John Sorensen, SITFO; Jace Richards, SITFO; Oliver Sorensen, SITFO; Rodney Tran, SITFO; Mikkel Solbakken, SITFO; Andrew Morales, SITFO; Chris Peiper, AG's Office; Ryan Fitzgerald, Albourne; James Walsh, Albourne; Jeremy Miller, RVK; Matthias Bauer, RVK; Paula Plant, SCT; Allen Rollo, State Treasury; Cindy Lowe, DHS JJS; Margaret Bird, citizen

Open Session – Call the Meeting to Order (Start at 9:00 AM)

Chair Oaks called the meeting to order at 9:02 AM, on the 4th day of June 2024. A roll call of Trustees was taken.

Administrative – SITFO Staff Update

Ryan Kulig provided an update on the current SITFO organizational chart, noting recent departures of Scott Day and Kirti Nair, and the addition of a new Administrative Assistant, Jess Rowe, and two interns, Andrew Morales and Mikkel Solbakken. The new hires introduced themselves.

Chair Oaks introduced the new Trustee-elect, Bong Choi who then provided a brief introduction.

Administrative – Recap and Approval of Minutes from March 5, 2024, incl SAA approval, SITFO (action item)

Mr. Kulig provided a recap of the March board meeting. As the minutes themselves were not present in the board packet, a vote to approve the minutes was delayed until the next board meeting.

Peter Madsen presented the Strategic Asset Allocation, noting no changes from the prior year. Chair Oaks entertained a motion. Trustee Gull motioned to approve the Strategic Asset Allocation as shown in the board packet and stated in the Investment Policy Statement. Trustee Zucker seconded the motion. A vote was taken, and the motion passed.

Record of the Vote:

Trustee Oaks: Yes

Trustee Gull: Yes

Trustee Siddoway: Yes

Trustee Zucker: Yes

Trustee Nixon: Absent

Administrative – Land Trusts Protection and Advocacy Office Update, LTPAO

Chair Oaks turned the meeting over to Kim Christy who provided an update on a recent LTPAO hire, Deena Loyola, and LTPAO Board Members. Deena Loyola presented insight into the communication effort in support of the upcoming constitutional amendment to increase the distribution cap from 4% to 5%, aiming to promote intergenerational equity.

Administrative – Trustee Recognition, SITFO

Chair Oaks spoke to the consistency and perspective that Trustee Gull brought to the SITFO Board of Trustees in his 6-year term and thanked him for his service. Trustee Gull noted he hoped his actions have made a positive difference for the beneficiaries.

Administrative – Trustee Oath, SITFO

Trustee-elect Choi took the oath to obey and defend the Constitution of the United States and the Constitution of the State of Utah, and to carry out duties as a member of the SITFO Board of Trustees with undivided loyalty to beneficiaries.

Administrative – Trustee Annual Training, AG's Office

Christopher Pieper engaged Trustees in their annual training, highlighting rules around the Open Public Meeting Act.

Administrative – Summit Agenda – Draft, SITFO



Mr. Madsen discussed the upcoming 4th annual SITFO Summit, shifting from a separate meeting in October to a combined Board Meeting and Summit in December. He asked for feedback on the agenda which will also be discussed during upcoming interim calls with the Trustees.

Finance Committee Updates, SITFO (action item)

Tatiana Devkota provided insight into the quarterly budget to date for the fiscal year, noting fiscal Q3 came in under forecast and budget appropriation. Fiscal Q4 is projected to be under forecast and budget appropriation, as is the annual projection.

Rainey Cornaby discussed the Finance Committee's work to set a forecast for FY25 and provided a high-level overview of those numbers.

She then presented the FY26 budget appropriation request, noting no difference from what was granted in the FY25 budget appropriation. Chair Oaks entertained a motion. David Zucker motioned to approve the FY26 budget appropriation request as presented in the board packet. Trustee Gull seconded the motion. A vote was taken, and the motion passed.

Record of the Vote:

Trustee Oaks: Yes

Trustee Gull: Yes

Trustee Siddoway: Yes

Trustee Zucker: Yes

Trustee Nixon: Absent

Investments – Asset Allocation Process Update, SITFO

Hayden Bergeson detailed the benefits of the new asset allocation consultant, Aiperion, which develops multi-variant optimizations. Noting the hypothetical portfolio exercise and its preference for private markets, Hayden outlined further analysis relating to private markets that will be presented at later board meetings.

Investments – Executive Summary – Performance and Risk Reporting, SITFO, RVK

Mr. Bergeson oriented attendees to the executive summary, noting SITFO is in compliance. John Sorensen provided market updates while Hayden Bergeson gave an update on performance, attribution and risk.

Closed Session – Investments & Chief Investment Officer Review



Mr. Peiper walked the board through closing the meeting for criteria detailed in Utah Code § 52-4-205(1)(a) and 53D-1-304(6). He confirmed these criteria were the only matters to be discussed during the closed session. As permitted by Utah Code § 52-4-206(6), the Board did not make an audio recording or take written minutes of the personnel portion of the closed session. At 11:10 AM Chair Oaks entertained a motion to close the meeting. Trustee Gull made a motion to close for these purposes. Trustee Zucker seconded the motion. A vote was taken, and the motion passed.

Record of the Vote:

Trustee Oaks: Yes

Trustee Gull: Yes

Trustee Siddoway: Yes

Trustee Zucker: Yes

Trustee Nixon: Absent

Adjourn (action item)

The Board Meeting was reopened, and Chair Oaks entertained a motion. Trustee Zucker made a motion to adjourn the meeting. Trustee Siddoway seconded the motion. A vote was taken, and the motion passed. The meeting was adjourned at 2:35 PM.

Record of the Vote:

Trustee Oaks: Yes

Trustee Gull: Yes

Trustee Siddoway: Yes

Trustee Zucker: Yes

Trustee Nixon: Absent



Exhibit B



Summit Update

- December 2, 2024 8:00 am – 9:00 pm
- December 3, 2024 8:00 am – 3:00 pm
- Location: Zermatt Utah Resort & Spa
 - 784 W Resort Dr, Midway, UT 84049
- Agenda:
 - Day 1
 - 9:00 Call Meeting to Order, Introductions
 - 9:15 Warm Up Activity - JOYMOB
 - 9:45 Industry Perspectives, John Bowman, CAIA
 - 10:45 Break
 - 11:00 Manager Panel
 - 12:00 Lunch
 - 12:45 JOYMOB
 - 1:15 Asset Allocation/IPS
 - 3:00 Networking Activity
 - 6:00 Dinner

- Day 2
 - 9:00 Board Meeting
 - Asset Allocation / IPS Adoption and Approval
 - 3:00 Adjourn (action item)

Exhibit C



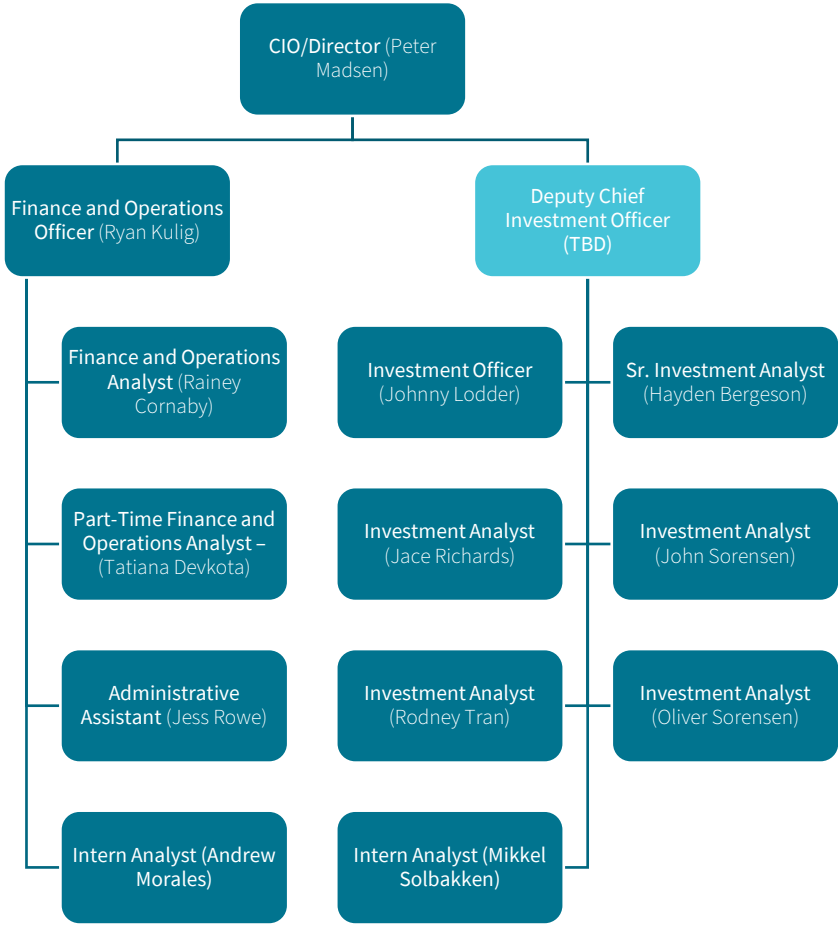
Personnel Update

Organizational Chart



- SITFO Staff
 - ➔ Currently consists of 10 full-time and 3 part-time professionals
 - ➔ Recent Updates: In pursuit of DCIO

SITFO Staff Org Chart



Legend

Current as of June 2024

Future Start Date

FY 2024 Summary

FY24 QTD Review - Summary



- FY24 Q4 under Forecast by \$89k and under Appropriated budget by \$263k
- FY24 Annual projected to be under Forecast \$277k and under Appropriated budget by \$961k

Summary	Q1 FY2024			Q2 FY2024			Q3 FY2024			Q4 FY2024			FY 24 Annual		
	Forecast	Actuals	Over / (Under)	Forecast	Actuals	Over / (Under)	Forecast	Actuals	Over / (Under)	Forecast	Outlook as of June	Over / (Under)	Forecast	Outlook as of June	Over / (Under)
AA Personnel Services	466,712	432,386	(34,325)	554,548	458,405	(96,143)	656,511	628,949	(27,561)	703,405	635,240	(68,165)	2,381,176	2,154,981	(226,193)
BB Travel/In State	326	293	(34)	326	938	612	326	62	(265)	326	56	(272)	1,305	1,349	43
CC Travel/Out of State	24,551	10,383	(14,169)	24,551	15,252	(9,299)	24,551	5,094	(19,457)	24,551	12,006	(12,545)	98,204	42,735	(55,469)
DD Current Expense	81,068	92,513	11,441	81,068	105,536	24,464	81,068	66,582	(14,488)	81,068	79,662	(1,407)	324,273	344,293	20,021
EE Data Processing Exp	20,397	14,439	(5,957)	20,397	15,424	(4,973)	20,397	22,089	1,692	20,397	14,122	(6,275)	81,587	66,074	(15,514)
GG Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HH Other Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSE	593,054	550,014	(43,040)	680,891	595,554	(85,336)	782,853	722,776	(60,077)	829,747	741,087	(88,661)	2,886,545	2,609,432	(277,113)
BUDGET APPROPRIATION	780,748	780,748	-	836,687	836,687	-	948,563	948,563	-	1,004,502	1,004,502	-	3,570,500	3,570,500	-
DIFFERENCE	(187,694)	(230,734)		(155,796)	(241,132)		(165,710)	(225,787)		(174,755)	(263,415)		(683,955)	(961,068)	

Legend

FY2024: 7/1/2023 - 6/30/2024	Q1FY24: July 1, 2023 - Sept 30, 2023	Q2FY24: Oct 1, 2023 - Dec 30, 2023	Q3FY24: Jan 1, 2024 - March 31, 2024	Q4FY24: Apr 1, 2024 - June 30, 2024
Above/Below Forecast	\$10,000+ Under Forecast	\$5,000-\$9,999 Under Forecast	\$5,000-\$9,999 Above Forecast	\$10,000+ Above Forecast
Budget Appropriation	Budget limit approved by the Legislature			
Forecast	Fixed forecast set at the beginning of the fiscal year to estimate what SITFO intends to spend in each category			
Outlook	Dynamic dollar amount based on expected spend, revisited quarterly to provide more up to date estimates			
Actuals	Amount SITFO spent in each category			

FY 2025 Summary

FY25 Outlook – Summary



- FY25 Q1 over Forecast by \$20k and under Appropriated budget by \$286k

Summary	Q1 FY2025			Q2 FY2025			Q3 FY2025			Q4 FY2025			FY2025		
	Forecast	Outlook as of July	Over / (Under)	Forecast	Outlook as of July	Over / (Under)	Forecast	Outlook as of July	Over / (Under)	Forecast	Outlook as of July	Over / (Under)	Forecast	Outlook as of July	Over / (Under)
AA Personnel Services	487,159	507,572	20,414	610,254	629,978	19,724	725,955	716,300	(9,655)	788,104	777,621	(10,483)	2,611,471	2,631,471	20,000
BB Travel/In State	305	305	-	305	305	-	305	305	-	305	305	-	1,220	1,220	-
CC Travel/Out of State	40,406	40,406	-	40,406	40,406	-	40,406	40,406	-	40,406	40,406	-	161,625	161,625	-
DD Current Expense	88,175	88,175	-	88,175	88,175	-	88,175	88,175	-	88,175	88,175	-	352,701	352,701	-
EE Data Processing Exp	19,317	19,317	-	19,317	19,317	-	19,317	19,317	-	19,317	19,317	-	77,267	77,267	-
GG Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HH Other Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSE	635,362	655,776	20,414	758,457	778,181	19,724	874,159	864,503	(9,655)	936,307	925,824	(10,483)	3,204,284	3,224,284	20,000
BUDGET APPROPRIATION	942,207	942,207	-	1,012,130	1,012,130	-	1,151,977	1,151,977	-	1,235,885	1,235,885	-	4,342,200	4,342,200	-
DIFFERENCE	(306,845)	(286,432)		(253,674)	(233,949)		(277,819)	(287,474)		(299,578)	(310,061)		(1,137,916)	(1,117,916)	

Legend				
FY2025: 7/1/2024 - 6/30/2025	Q1FY25: July 1, 2024 - Sept 30, 2024	Q2FY25: Oct 1, 2024 - Dec 31, 2024	Q3FY25: Jan 1, 2025 - March 31, 2025	Q4FY25: Apr 1, 2025 - June 30, 2025
Above/Below Forecast	\$10,000+ Under Forecast	\$5,000-\$9,999 Under Forecast	\$5,000-\$9,999 Above Forecast	\$10,000+ Above Forecast
Budget Appropriation	Budget limit approved by the Legislature			
Forecast	Fixed forecast set at the beginning of the fiscal year to estimate what SITFO intends to spend in each category			
Outlook	Dynamic dollar amount based on expected spend, revisited quarterly to provide more up to date estimates			
Actuals	Amount SITFO spent in each category			

Exhibit D



Asset Allocation & Private Market Update

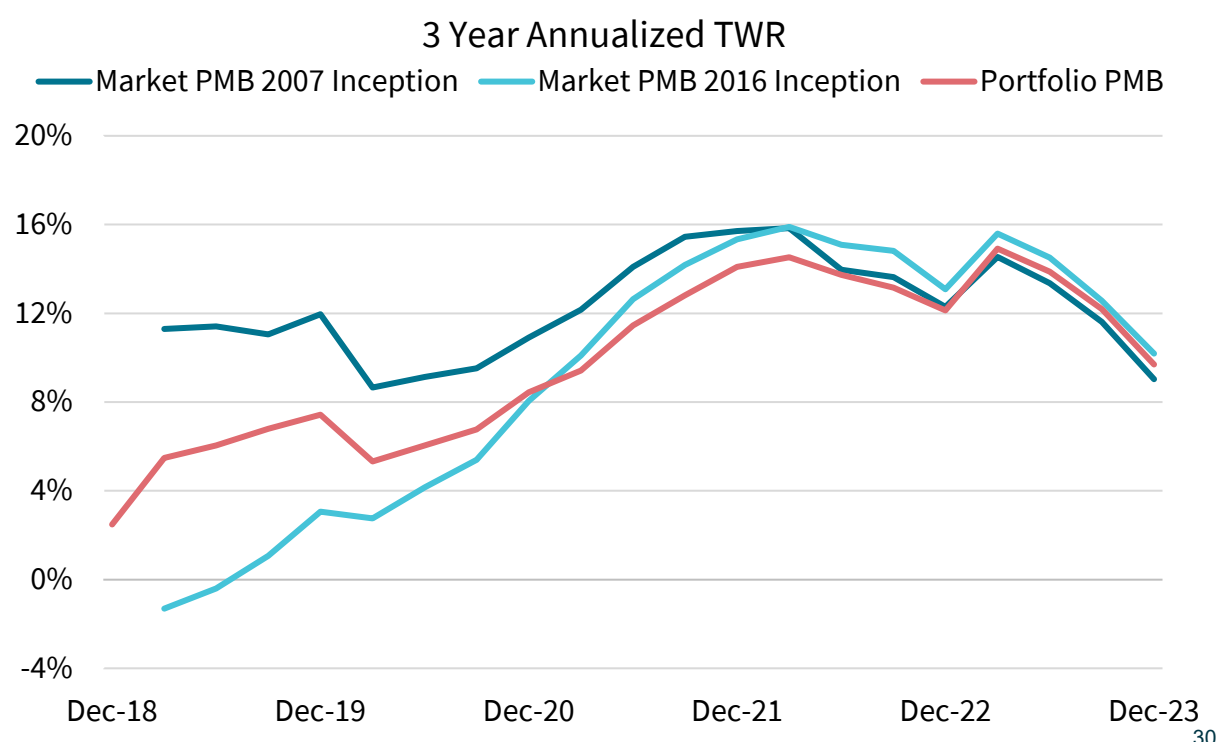
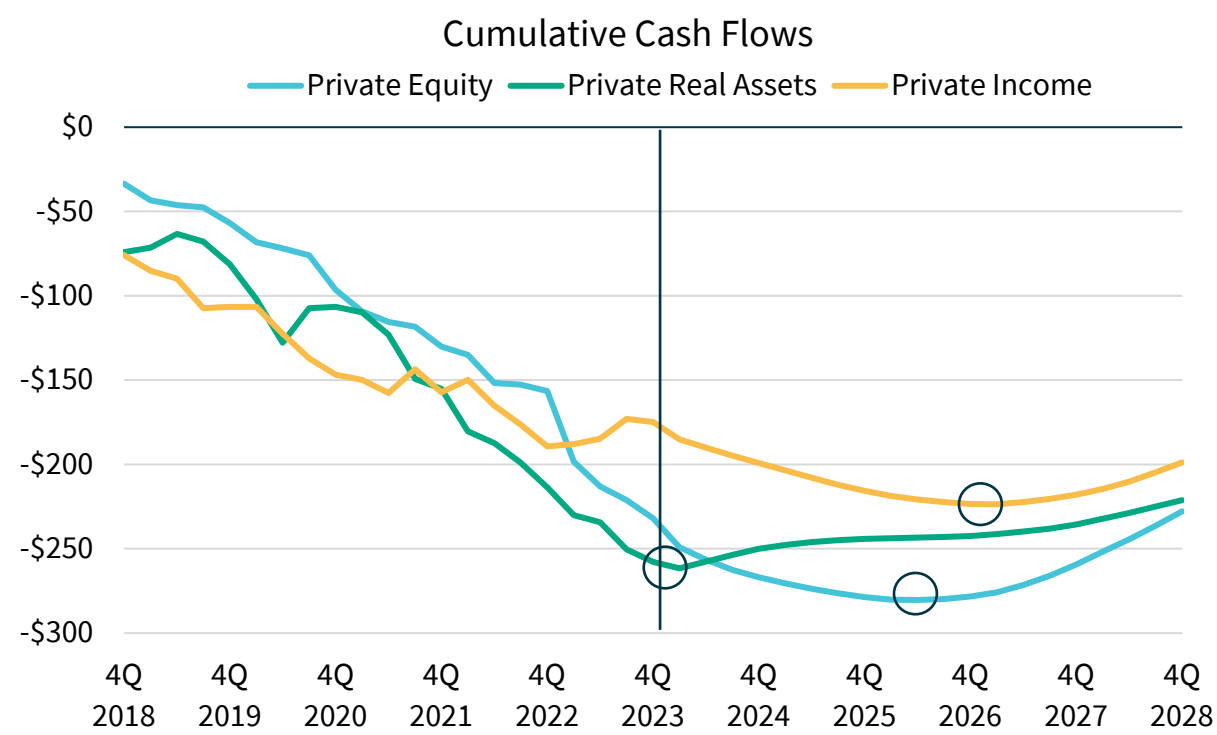
Private Market Update



SITFO and the J-Curve



- With our current SAA and pacing, we anticipate our private market portfolios becoming cash flow positive by 1Q 2027
- From a pacing and structure perspective, we are exiting the negative performance impact on a time-weighted return basis



Asset Allocation Update



Asset Allocation Update



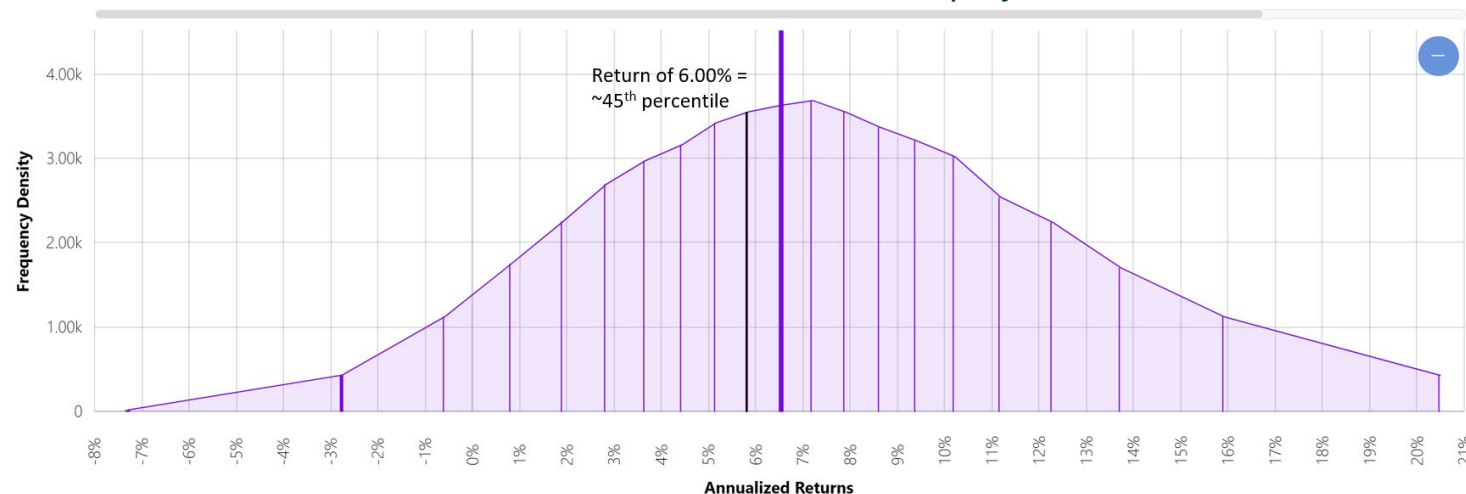
- Aiperion and multivariate optimization study
- Model Inputs
- Optimization Objectives
- Utility Criteria
- Baseline portfolios and unconstrained frontiers
- Constraints and portfolio considerations

Model Inputs

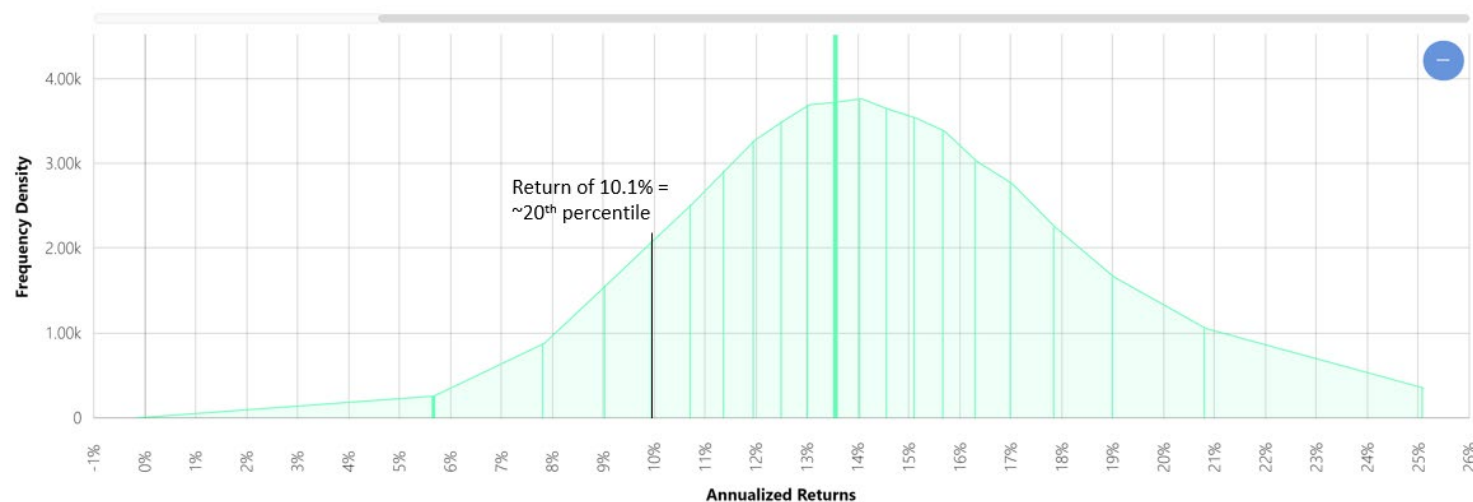


- Both the agnostic and the CMA views use historical volatility
- Volatility and agnostic return assumptions are from 1997 to the end of 2023
- CMAs for public equity and income are more pessimistic but are close to the median
- CMAs for private asset classes such as private equity are penalized compared to the agnostic view

Annualized Returns – Public Equity



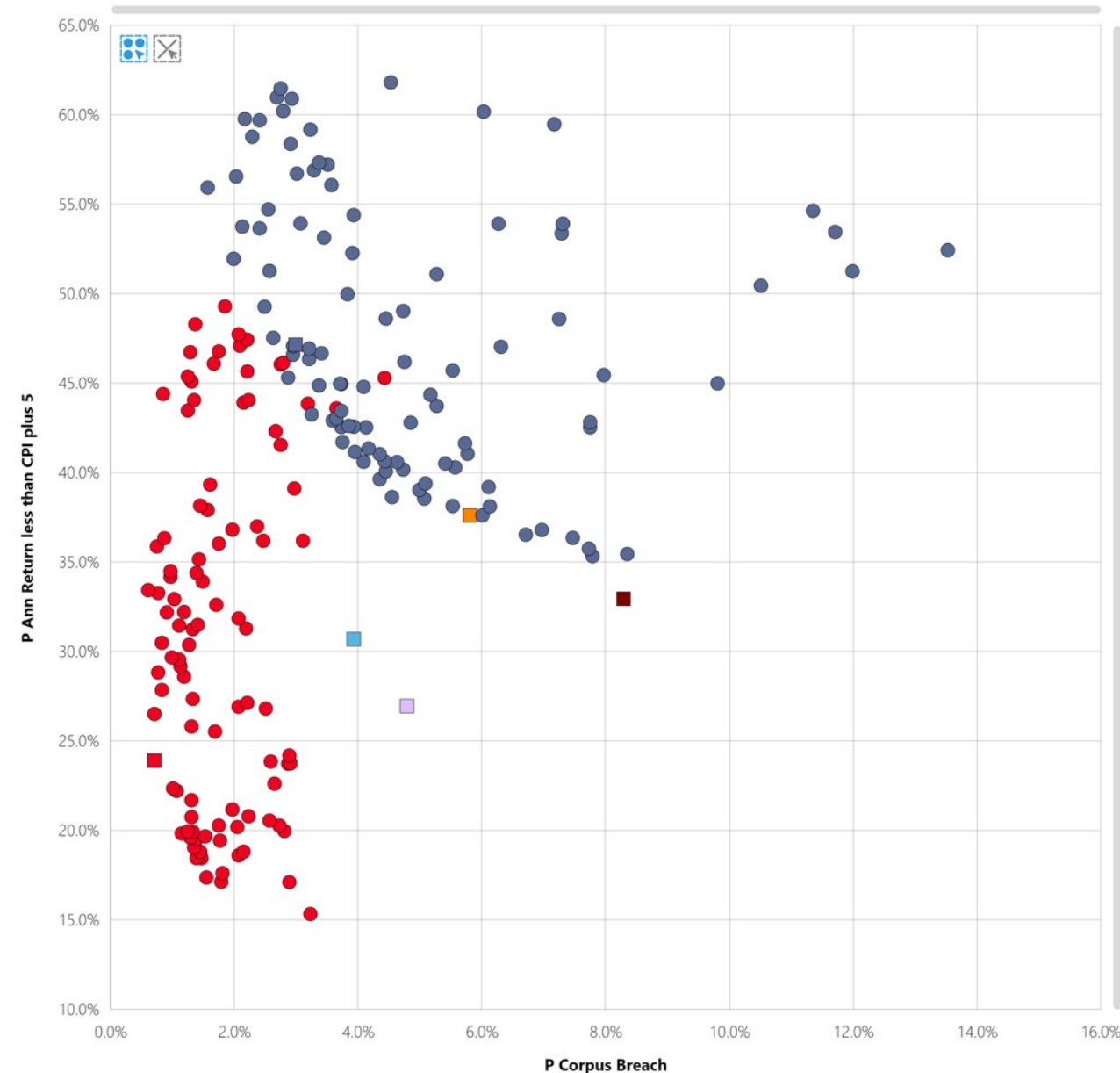
Annualized Returns – Private Equity



Objectives and Frontiers

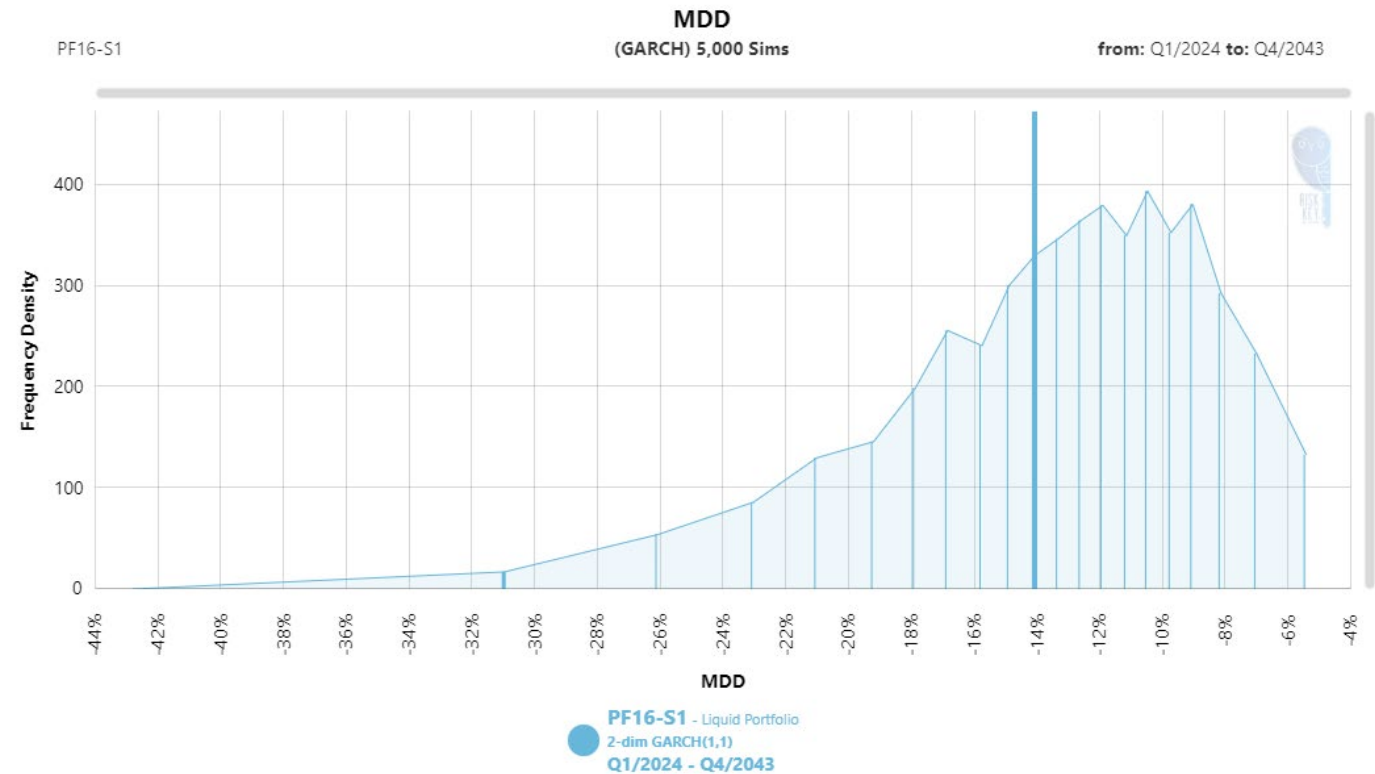


- Optimization objectives and measurements
 - Probability of failing to beat CPI+5%
 - Probability of a corpus breach
 - Probability of liquid assets falling below two years of forward liabilities
- We are analyzing four frontiers, two of which are shown to the right
 - “Agnostic” view with 4% and 5% distribution rates
 - CMA-based view with 4% and 5% distribution rates
 - Our goal is to find portfolio candidates that are suitable given the four frontiers
- Plenty of portfolios with a high probability of success, many of which are unconventional
- What probability of meeting our return objective is suitable?
- How much drawdown and liquidity risk can we tolerate?



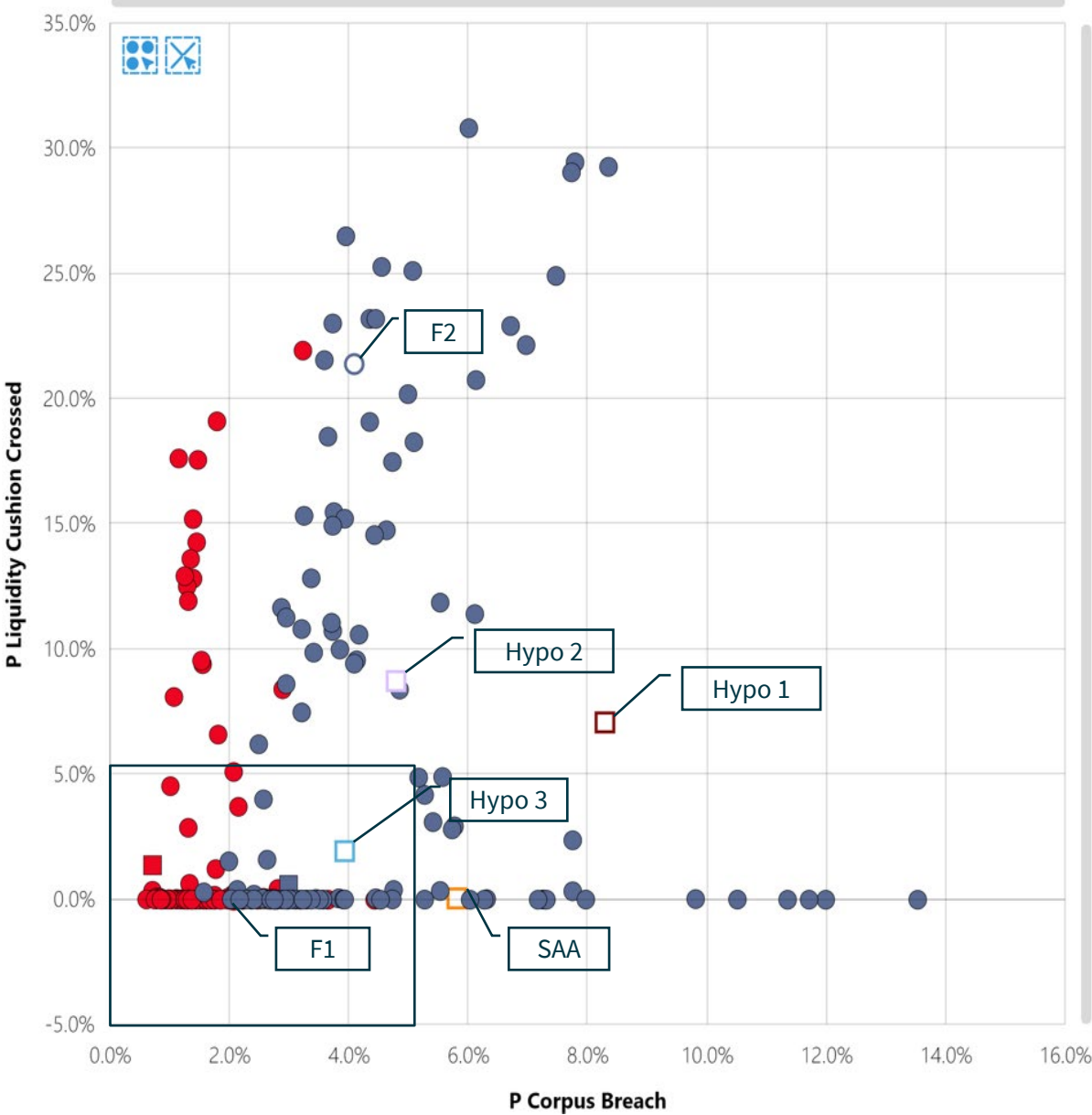
- The CMA based SAA portfolios have a lower expected return than the agnostic portfolios, leading to a smaller earnings cushion. Similarly, the higher distribution rate also reduces the earnings cushion which leads to higher probabilities of breaching the corpus.
- All SAA modeled portfolios have a similar max drawdown distribution with a median max drawdown of 14%.
- The worst 5% of simulations had a max drawdown between 31% and 43%.
- In the simulations, the first corpus breaches in each of the SAA portfolios begin in years 8 through 11.

SAA Model	% of Paths that Breach the Corpus
Agnostic with 4% Distribution Rate	2.8%
Agnostic with 5% Distribution Rate	5.8%
CMA with 4% Distribution Rate	5.4%
CMA with 5% Distribution Rate	6.0%



- SITFO's initial rationale for selecting portfolios based on the objective criteria
 - Probability of failing to beat the target return
 - Greater than 50% would be unacceptable
 - 40% or lower gives us options that are better than random
 - Maximize this objective if improving probability doesn't push portfolio candidates outside of bounds for corpus and liquidity risk
 - Probability of a Corpus Breach
 - In the simulations, corpus breaches occur in the worst paths, which are included in the 5% tail of the max drawdown distribution
 - Based on previous analysis, our current SAA has an expected drawdown of ~27% in a GFC size event
 - At a 5% probability of a corpus breach, there would need to be a GFC size or greater event to put the corpus at risk
 - Probability of liquid assets falling below two years of forward liabilities
 - Considered a secondary risk relative to corpus risk, the acceptable probability should be equal to or marginally greater than the acceptable probability of a corpus breach

Objective Dimensions Under 5% Distribution Rate



Portfolio Allocations from Baseline



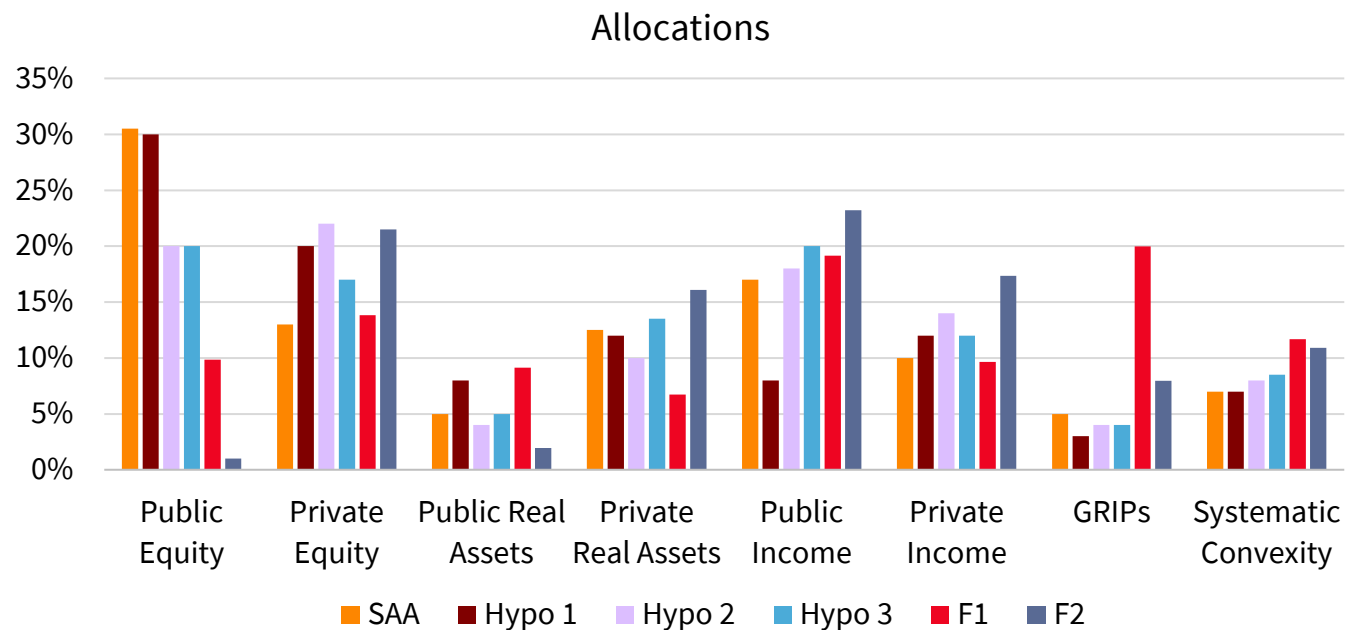
- Optimal portfolios from the baseline frontiers tend to vary from our current SAA in the following ways

→ Higher Allocations

- Public Income
- Private Equity
- Private Income
- GRIPs

→ Lower Allocations

- Public Equity



(%) Allocation	SAA	Hypo 1	Hypo 2	Hypo 3	F1	F2
Growth	43.5	50.0	42.0	37.0	23.7	22.5
Public Equity	30.5	30.0	20.0	20.0	9.9	1.0
Private Equity	13.0	20.0	22.0	17.0	13.8	21.5
Real Assets	17.5	20.0	14.0	18.5	15.9	18.0
Public Real Assets	5.0	8.0	4.0	5.0	9.1	2.0
Private Real Assets	12.5	12.0	10.0	13.5	6.7	16.1
Income	27.0	20.0	32.0	32.0	28.8	40.6
Public Income	17.0	8.0	18.0	20.0	19.2	23.2
Private Income	10.0	12.0	14.0	12.0	9.7	17.4
Defensive	12.0	10.0	12.0	12.5	31.7	18.9
GRIPs	5.0	3.0	4.0	4.5	20.0	8.0
Systematic Convexity	7.0	7.0	8.0	8.0	11.7	10.9
Total Private Markets	35.5	44.0	46.0	42.5	30.2	55.0

*Numbers may not sum to due to rounding

- Hard biases vs soft biases (i.e., constraint vs. penalty)
- Unconstrained optimization that ignores estimation error can benefit from a practical overlay
 - How much is too much or too little in public equity?
 - What are the behavioral risks or hurdles to implementation?
- Proposed, practical, soft biases
 - Uniform rule?
 - Penalize portfolios where an asset class has less than 1/3 or more than 2/3 vs SAA?
 - > 3% in each asset class / < 33% in a given asset class?
 - Targeted biases?
 - Penalize portfolios with < 20% in public equity?

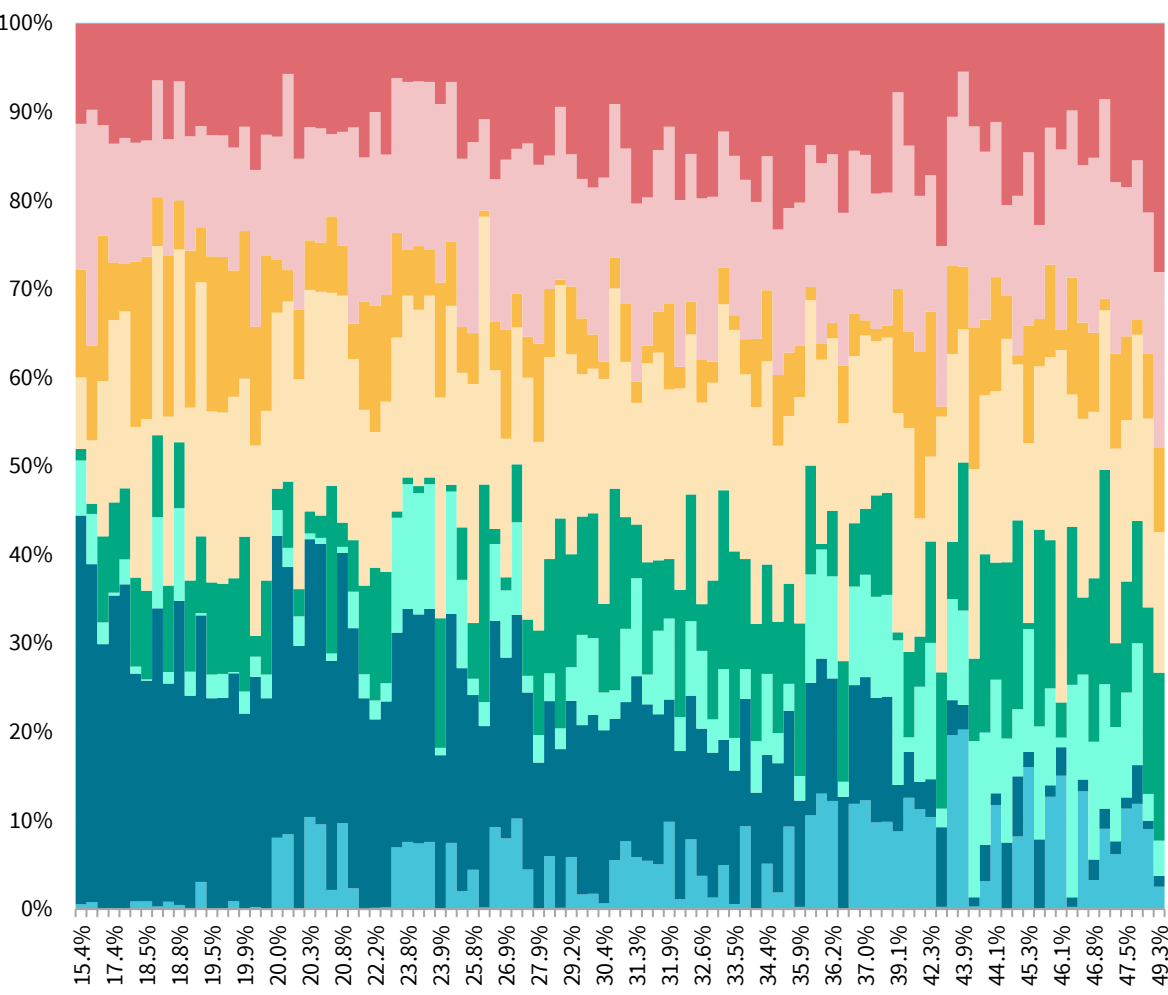
Appendix



Frontier Allocations – Probability of Return Less than CPI+5%



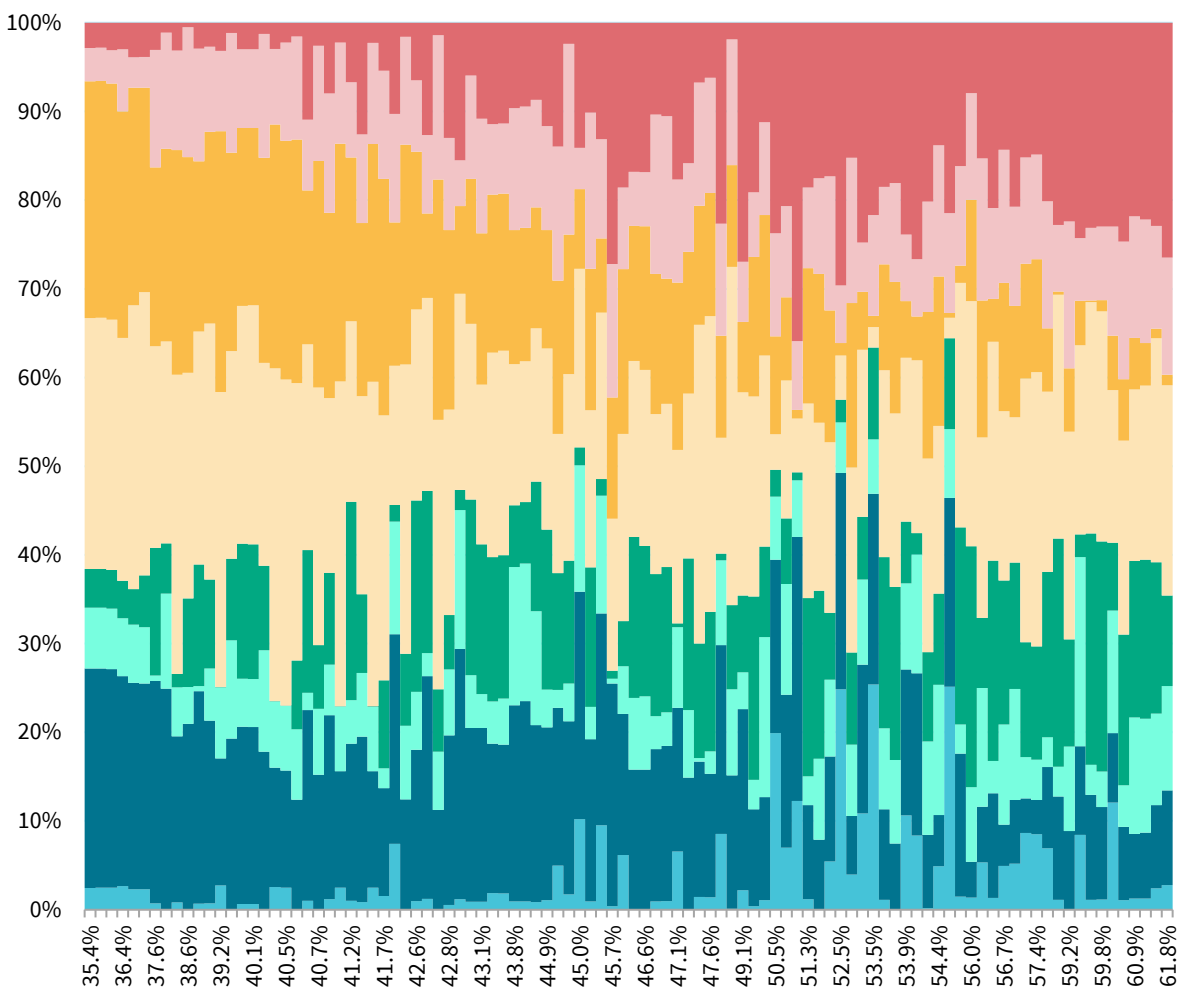
Agnostic Frontier Allocations



Probability of Return Less than CPI + 5%

- Public Equity
- Private Equity
- Public Real Assets
- Private Real Assets
- Public Income
- Private Income
- GRIPs
- Systematic Convexity

CMA Frontier Allocations



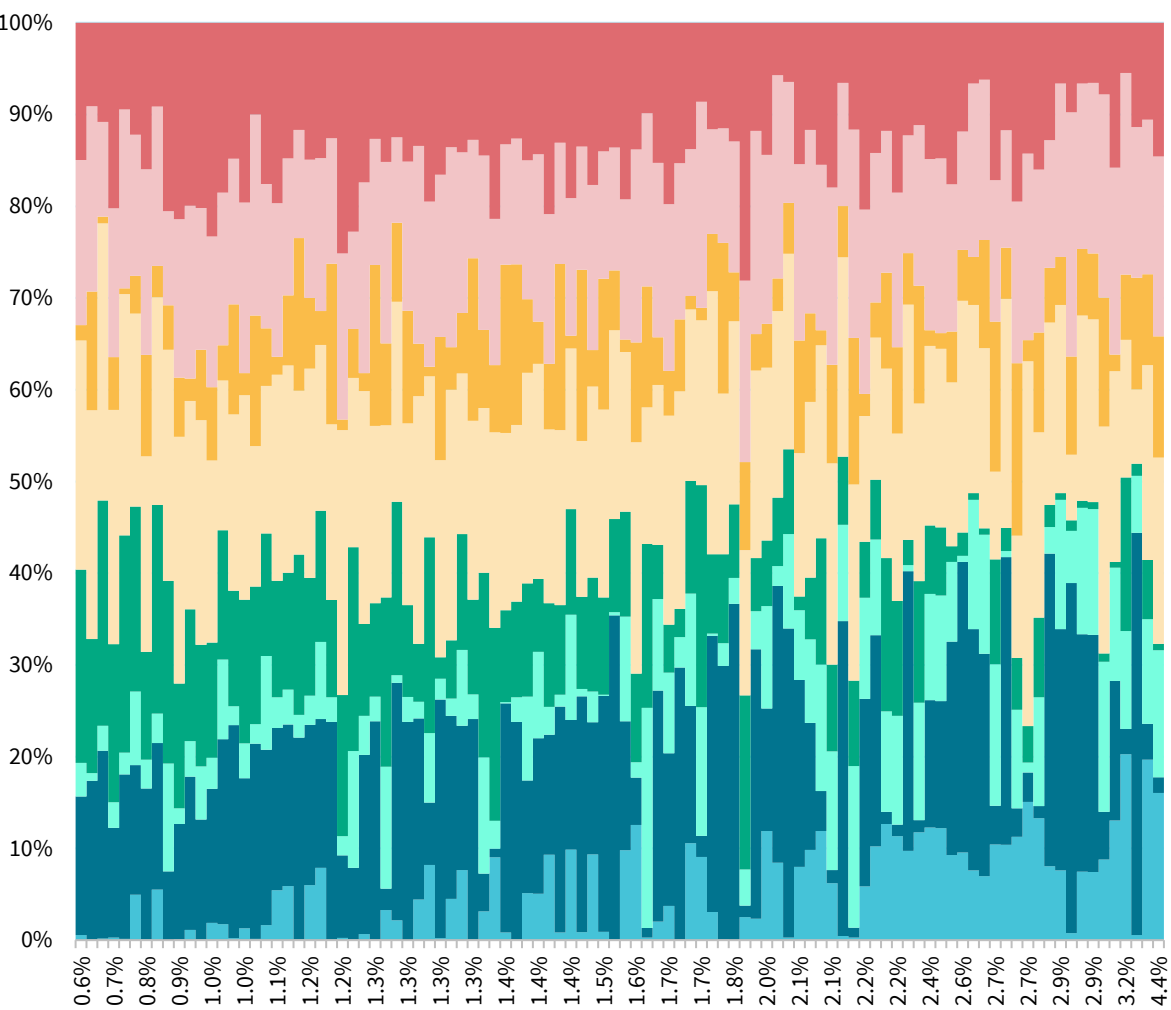
Probability of Return Less than CPI + 5%

- Public Equity
- Private Equity
- Public Real Assets
- Private Real Assets
- Public Income
- Private Income
- GRIPs
- Systematic Convexity

Frontier Allocations – Probability of a Corpus Breach



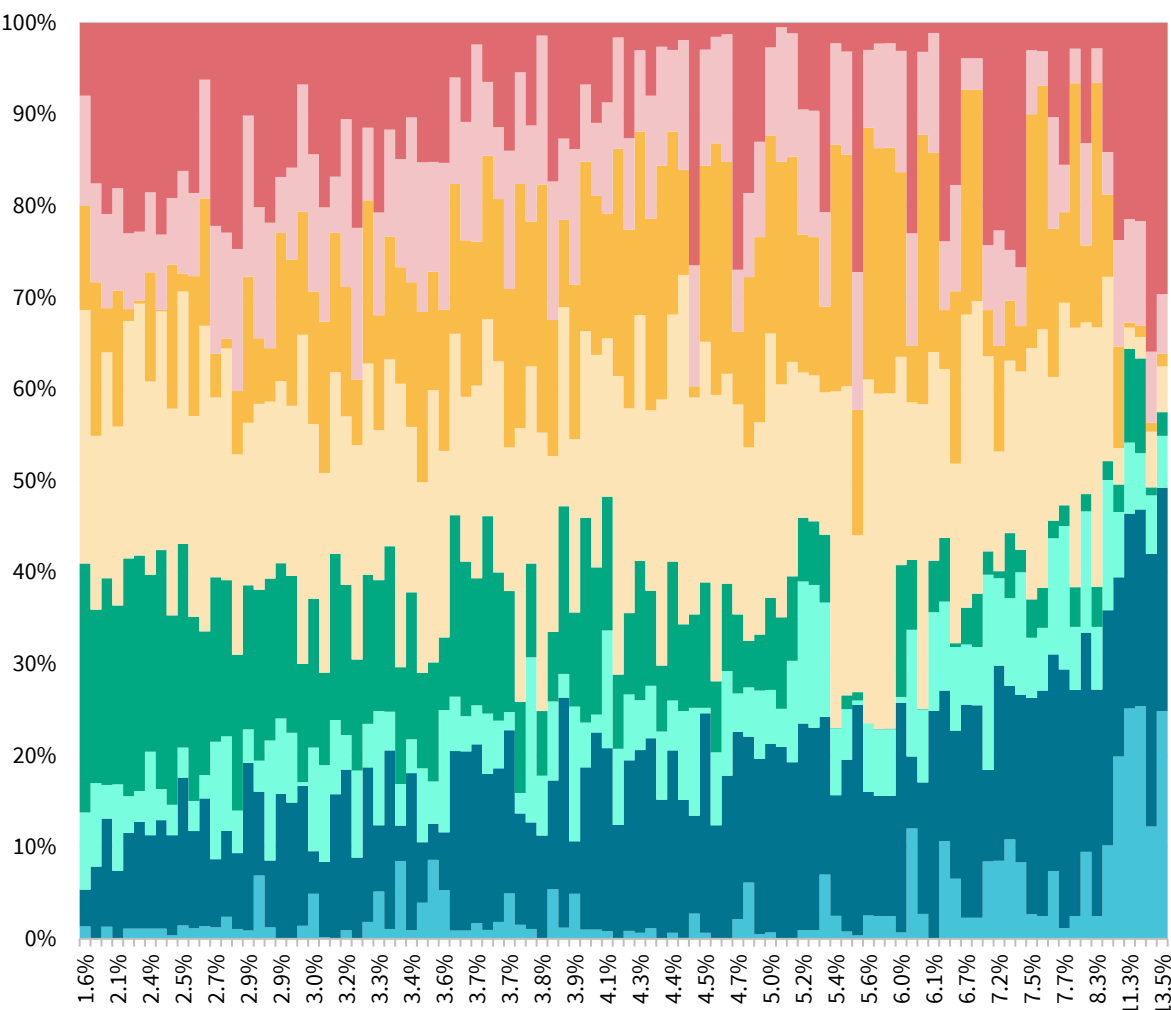
Agnostic Frontier Allocations



Probability of Breaching the Corpus

- Public Equity
- Private Equity
- Public Real Assets
- Private Real Assets
- Public Income
- Private Income
- GRIPs
- Systematic Convexity

CMA Frontier Allocations



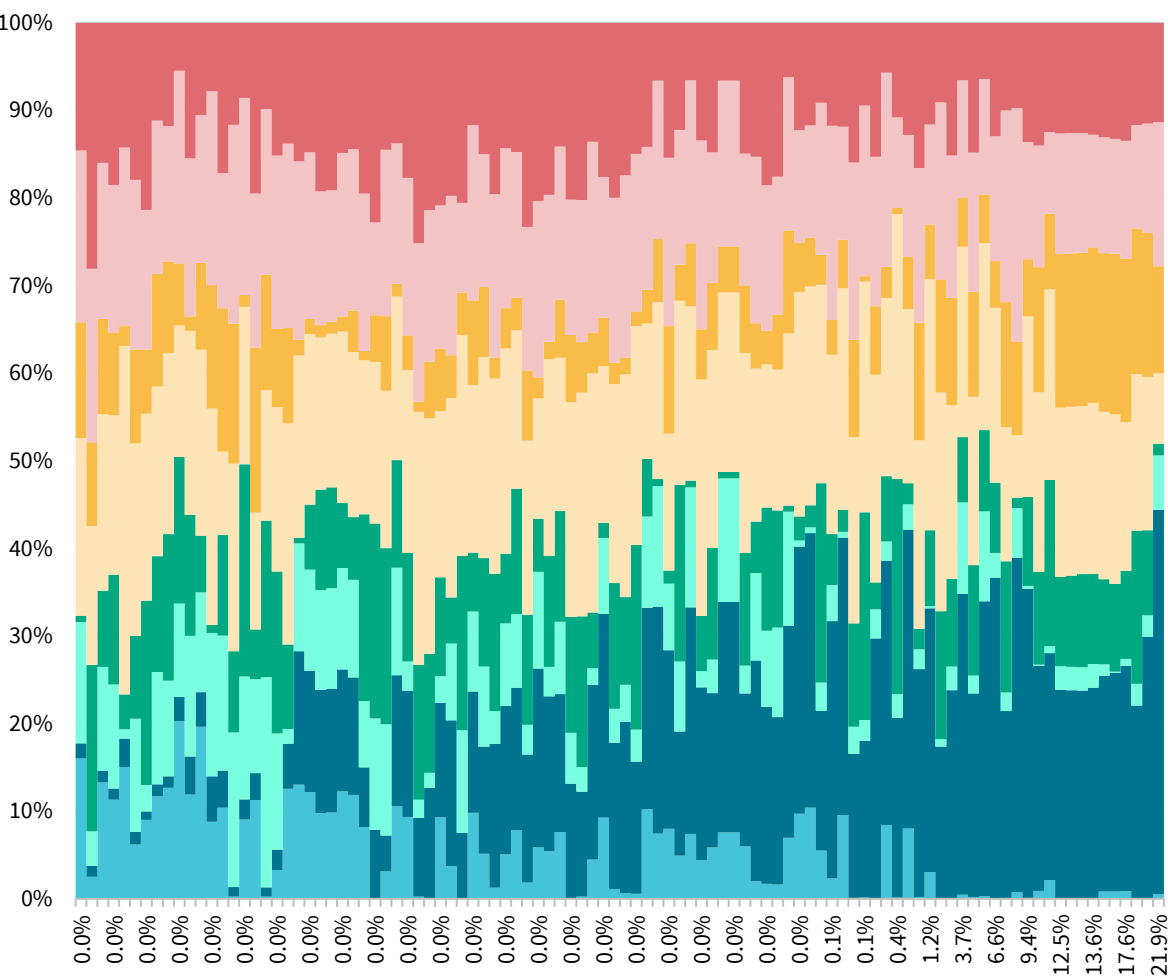
Probability of Breaching the Corpus

- Public Equity
- Private Equity
- Public Real Assets
- Private Real Assets
- Public Income
- Private Income
- GRIPs
- Systematic Convexity

Frontier Allocations – Probability of Liquidity Cushion Crossed



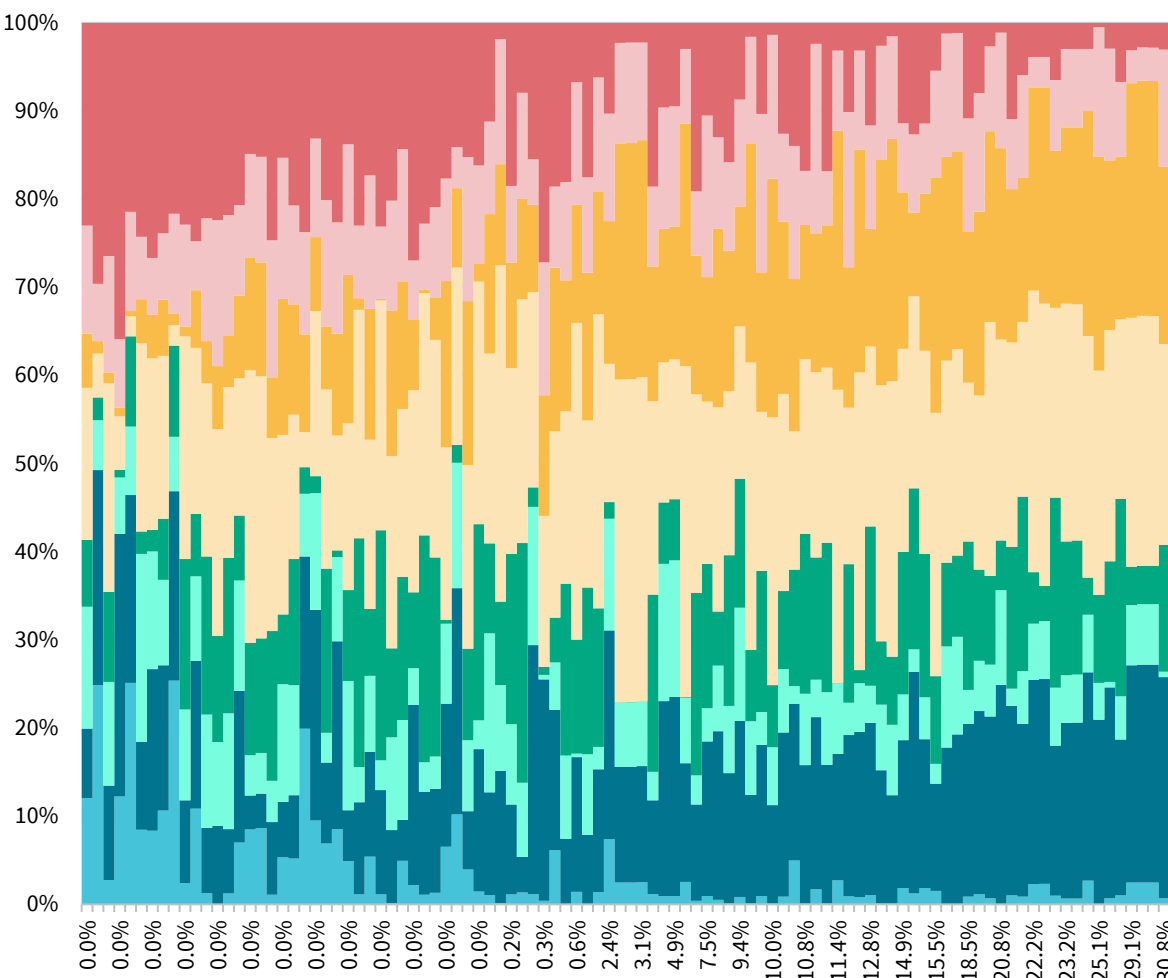
Agnostic Frontier Allocations



Probability of Liquidity Cushion Crossed

- Public Equity
- Private Equity
- Public Real Assets
- Private Real Assets
- Public Income
- Private Income
- GRIPs
- Systematic Convexity

CMA Frontier Allocations



Probability of Liquidity Cushion Crossed

- Public Equity
- Private Equity
- Public Real Assets
- Private Real Assets
- Public Income
- Private Income
- GRIPs
- Systematic Convexity

