

CPC AND ABSOLUTE RETURN PORTFOLIO REVIEW AND 2026 PRIORITIES

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Office of the
General Treasurer

Investment Staff



CPC: PORTFOLIO SUMMARY AND EVALUATION

- CPC portfolio has outperformed its benchmark consistently, and delivered protection in crisis periods of 2020 and 2022
- However, performance of individual systematic trend managers has been mixed
- Relative performance of our systematic trend portfolio vs. the Manteio Managed Futures Index has been strong. However, other benchmarks may be more appropriate comparisons, and could change our evaluation of relative performance

Strategy	Manager	Geography	Substrategies	Annualized returns				Allocation	
				1yr	3yr	5yr	Since inception	\$m	% of total
Long duration treasuries	Russell	US	Long duration treasuries	1.7%	0.6%	-7.4%	-0.9%	578.5	49.2%
<i>Bloomberg US Long Duration Treasuries</i>		<i>US</i>	<i>Long duration treasuries</i>	<i>1.7%</i>	<i>0.6%</i>	<i>-7.1%</i>	<i>-0.5%</i>		
Systematic Trend	Aspect	Global	Traditional markets, medium speed	-0.4%	-3.8%	4.9%	4.9%	202.4	17.2%
Systematic Trend	Crabel	Global	Traditional markets, fast-medium speed	-4.5%	-0.6%	9.1%	4.3%	202.3	17.2%
Systematic Trend	Manteio	Global	Low cost trend following beta	-8.9%	-12.3%	4.2%	1.6%	192.4	16.4%
Systematic Trend Portfolio		Global		-4.8%	-5.5%	6.1%	3.8%	597.1	50.8%
<i>Manteio Managed Futures Index</i>		<i>Global</i>		<i>-11.9%</i>	<i>-14.7%</i>	<i>1.5%</i>	<i>-1.3%</i>		
<i>SG Trend Index</i>		<i>Global</i>		<i>2.0%</i>	<i>-0.5%</i>	<i>7.9%</i>	<i>5.1%</i>		
Total CPC Portfolio				-1.7%	-2.3%	-0.2%	2.0%	1,175.63	100.0%
<i>CPC Custom Benchmark</i>				<i>-4.5%</i>	<i>-6.7%</i>	<i>-1.9%</i>	<i>-0.2%</i>		

Metrics as of 11/30/25, Inception dates June-November 2017.

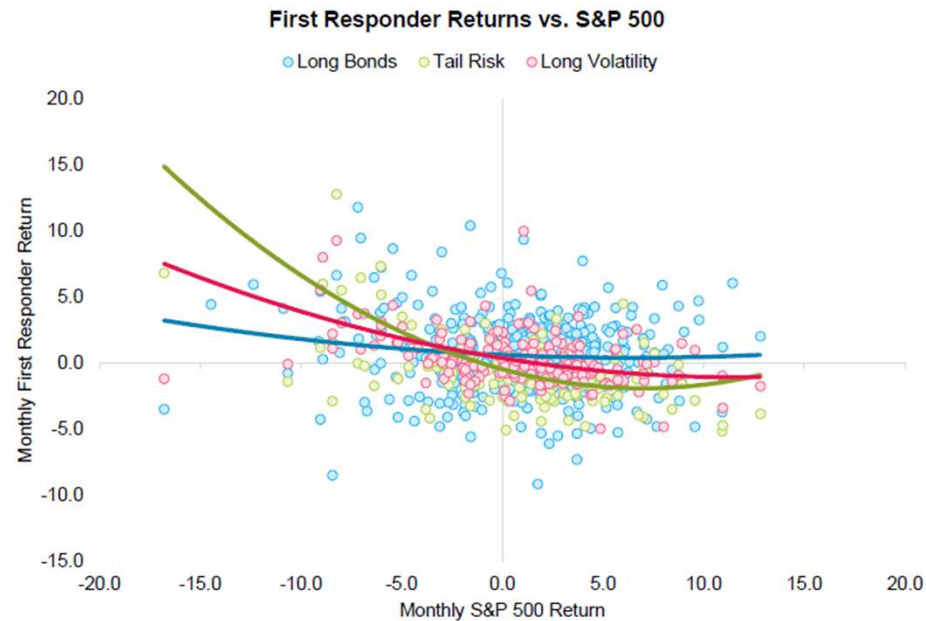
CPC: 2026 PRIORITIES

- **Explore opportunities to bolster the responsiveness of our CPC program**
 - 1) **Consider adding long volatility strategies into the CPC**
 - Negative correlation with equities and HY bonds
 - Protect against sudden, extreme market shocks
 - Provide liquidity to redeploy elsewhere at attractive valuations
 - More reliable hedge across broad range of market downturns than cash, gold, and long treasuries
 - Positive convexity – protection increases as crisis deepens

CPC: LONG VOL STRATEGIES DELIVER MORE CONVEXITY THAN LONG TREASURIES, IMPROVING CRISIS PAYOFF

Considering First Responders by Convexity Profile

- All strategies have historically produced positive results in equity selloffs
- However, the amount of payoff has varied with the most reliable hedges (tail risk and long volatility) provided the highest convexity (return).



* 1988 to Feb 2022 Long Bonds = Bloomberg Long Government, Tail Risk = CBOE Eurekahedge Tail Risk, Long Volatility = CBOE Eurekahedge Long Volatility

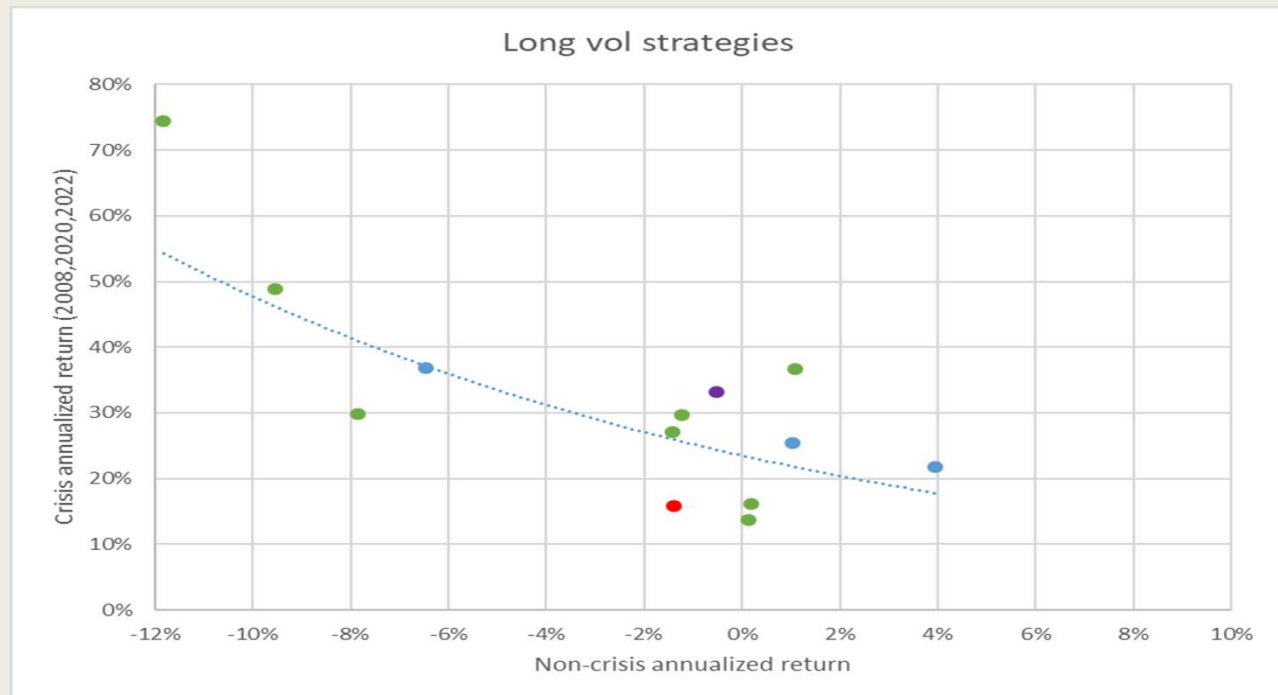
CPC: LONG VOLATILITY PAYOFFS IN A CRISIS COME AT A COST OF NON-CRISIS PERFORMANCE

- We are evaluating strategies that trade multi-asset volatility, credit volatility, and equity volatility, weighing performance in crisis markets vs. performance in non-crisis markets.
- A combination of multi-asset volatility and either credit or equity volatility exposure may optimize coverage and risk/reward

Legend:

- Multi asset volatility strategies
- Credit volatility strategies
- Equity volatility strategies
- HFR Long Volatility Index

Source: ERSRI Investment Staff,
HFR Long Volatility Index

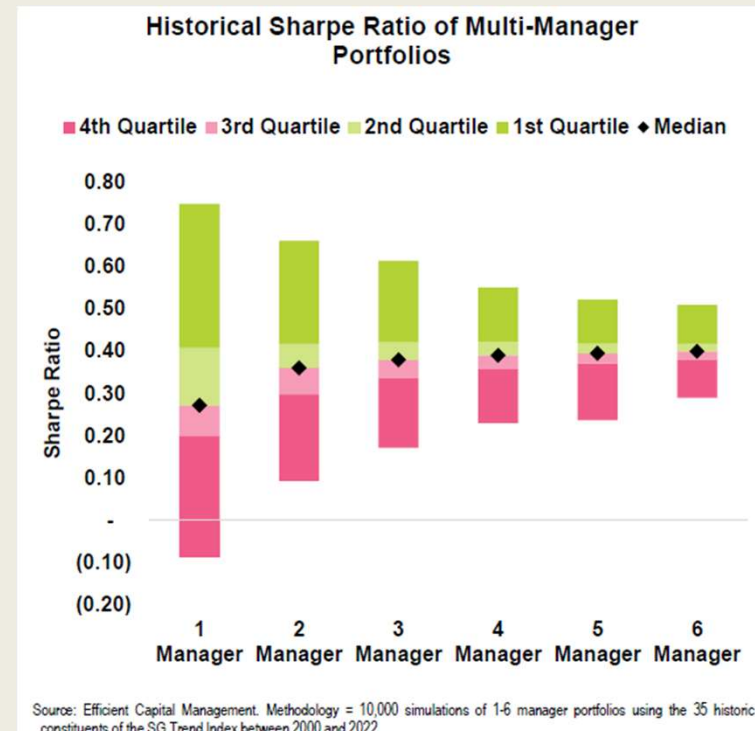
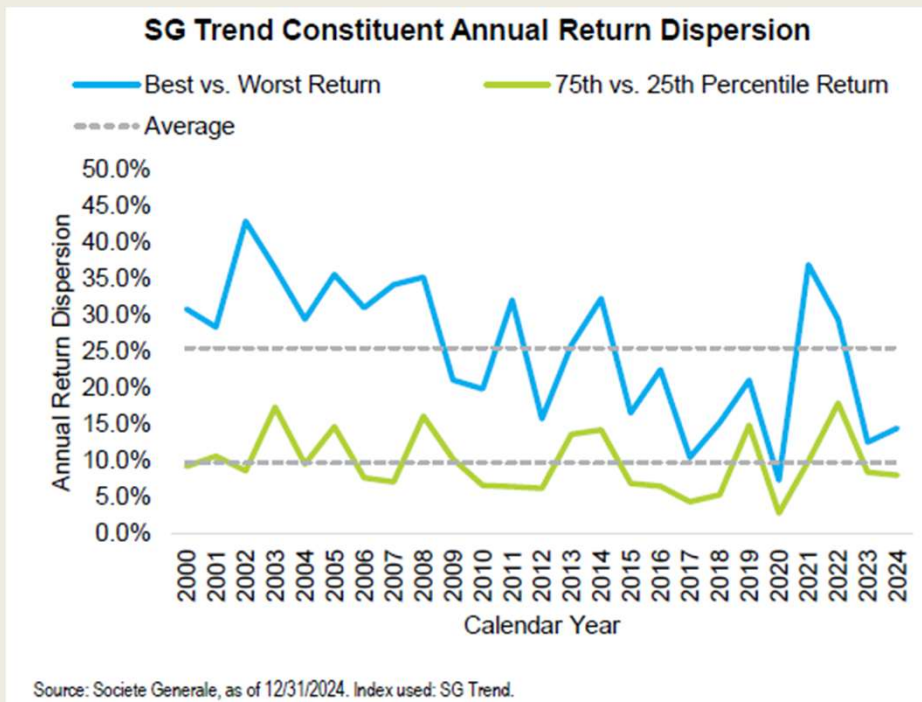


CPC: 2026 PRIORITIES

- **Explore opportunities to bolster the responsiveness of our CPC program**
 - 1) **Consider adding long volatility strategies into the CPC**
 - 2) **Consider diversifying systematic trend portfolio**
 - **Consider diversifying manager roster to improve risk-adjusted returns and reliability of response in a crisis**
 - **Consider adding strategies that incorporate alternative trend, to diversify market exposures and improve sharpe ratios**

CPC: TREND MANAGER DIVERSIFICATION IMPROVES RETURNS AND RELIABILITY OF RESPONSE

- High dispersion of returns in trend
- 3-5 managers increases consistency, sharpe ratio, and smooths return



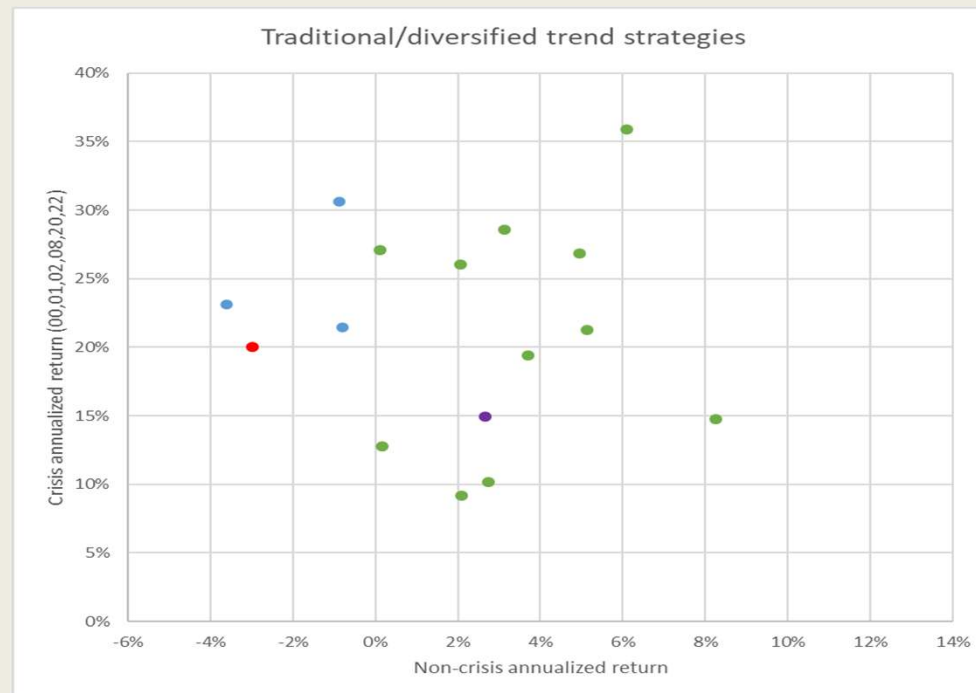
CPC: HIGH DISPERSION IN TRADITIONAL/DIVERSIFIED TREND STRATEGIES

- We are evaluating strategies that invest primarily in trends in traditional, liquid markets, and comparing them to our existing trend managers, existing benchmark, and the SG Trend Index
- As in long volatility, we are weighing performance in crisis markets vs. performance in non-crisis markets

Legend:

- Traditional/diversified trend strategies under evaluation
- Existing ERSRI trend strategies
- Manteio Managed Futures Index
- SG Trend Index

Source: ERSRI Investment Staff, Manteio Managed Futures Index, SG Trend Index



CPC: ALTERNATIVE TREND TENDS TO PERFORM BETTER IN NON-CRISIS PERIODS, IMPROVING SHARPE RATIOS

- We are also evaluating strategies that invest primarily in trends in non-traditional and illiquid markets
- Alternative trend strategies could improve the diversification of our trend portfolio, performance in non-crisis years, and sharpe ratio – reducing the cost of the program in non-crisis years

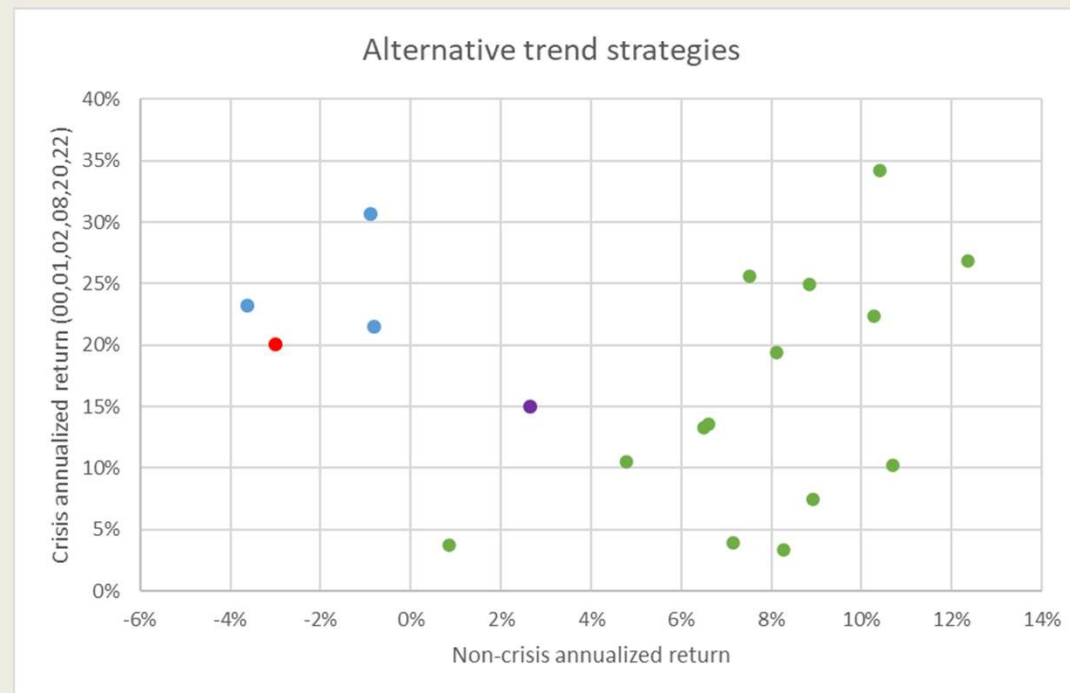
Legend:

Alternative trend strategies under evaluation

Existing ERSRI trend strategies

Manteio Managed Futures Index

SG Trend Index



Source: ERSRI Investment Staff, Manteio Managed Futures Index, SG Trend Index

CPC: 2026 PRIORITIES

- **Explore opportunities to bolster the responsiveness of our CPC program**
 - 1) **Consider adding long volatility strategies into the CPC**
 - 2) **Consider diversifying systematic trend portfolio**
 - 3) **Re-evaluate appropriateness of portfolio benchmarks**

CPC: WE WILL CONSIDER CHANGING OUR SYSTEMATIC TREND BENCHMARK

- Manteio Managed Futures Index is intended to show the median trend performance, but may not be the best reflection of industry performance
- Most Meketa clients currently use the SG Trend index, which is comprised of the 10 largest systematic trend strategies (see constituents below)

2026 CTA TREND INDEX CONSTITUENTS

AlphaSimplex Group (ASG Managed Futures)
AQR Capital Management (Managed Futures)
Aspect Capital (Core Diversified)
Graham Capital Management (Tactical Trend A)
iSAM (Vector)
Lynx Asset Management AB (Lynx Program Bermuda D)
Man Group plc (Man AHL Alpha)
PIMCO LLC (PIMCO Trends Managed Futures)
Transtrend (DTP/Enhanced Risk - USD)
Winton Capital Management (Winton Trend)

- We will evaluate our options with Meketa in our portfolio benchmark review

ABSOLUTE RETURN: PORTFOLIO SUMMARY AND EVALUATION

- Absolute Return portfolio has consistently outperformed its benchmark, with lower volatility, and less correlation and beta to MSCI ACWI
- Concentrated portfolio – only 6 managers across 5 strategies
- Additional managers may be considered if they can improve returns or diversification without impairing the low volatility and low correlation/beta characteristics of the portfolio

Strategy	Manager	Geography	Substrategies	3 year annualized					Allocation	
				Returns	Volatility	Sharpe	Corr. to ACWI	Beta to ACWI	\$m	% of total
Multistrategy (quant and fundamental)	DE Shaw	Global	Quant equity and futures arb, fundamental L/S corp credit and equity, discretionary macro and energy	14.6%	3.2%	3.0	-0.3	-0.1	218.5	27.1%
Event driven/distressed	Elliott	Global	Activist equity, distressed debt, RE, PE, PC	8.1%	2.1%	1.5	0.1	0.0	201.5	25.0%
Relative value	Capula	Global	Relative value sovereign credit	7.6%	1.1%	2.3	-0.5	-0.1	104.3	13.0%
Relative value	Aristeia	US	Relative value corporate credit	6.4%	1.9%	0.7	-0.3	-0.1	88.8	11.0%
Global macro	Graham	Global	Fixed income, credit, FX, commod, equities	7.0%	5.1%	0.4	-0.2	-0.1	91.8	11.4%
Equity long/short	Viking	Global	Equities long/short	10.9%	3.7%	1.6	0.3	0.1	100.1	12.4%
Total Portfolio				9.5%	1.2%	3.7	-0.2	0.0	805.0	100.0%
<i>HFRI FOF Index</i>				8.4%	3.2%	1.0	0.8	0.2		

3 year metrics as of 10/30/25, Allocation as of 11/30/25

ABSOLUTE RETURN: 2026 PRIORITIES

- 1) Explore potential for strategy diversification**
 - Evaluate credit long/short, equity market neutral, alt risk premia, and insurance linked securities (ILS) as potential strategy additions
- 2) Explore potential for manager diversification**
 - What is the optimal number of managers for our allocation size, organizational structure, and governance structure?
- 3) Explore potential for geographic or sector specialization**
 - Can we identify regional or sector specialists with sustainable competitive advantages to generate alpha?