



Maryland State Retirement and Pension System

Performance Report
March 31, 2025

Fund Evaluation Report

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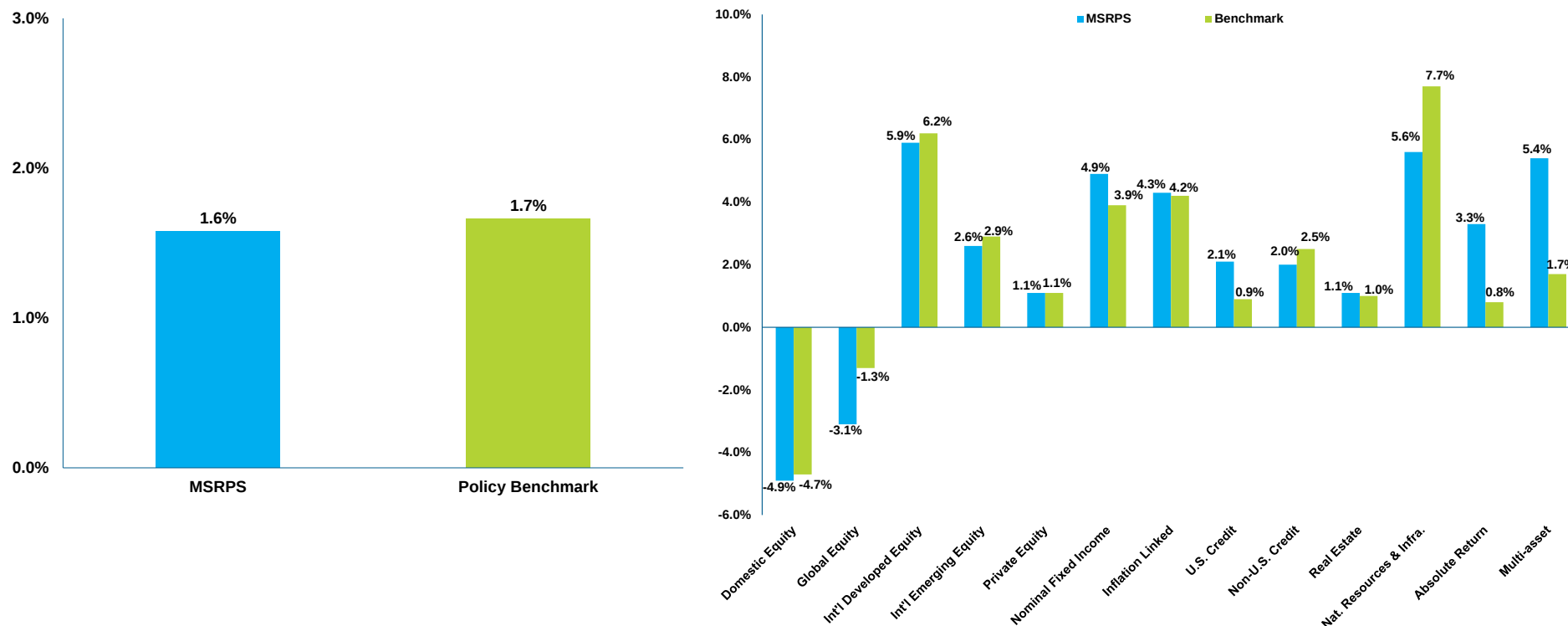
Executive Summary

Market Value & Performance

- At the end of the first quarter, the System was valued at \$70,263 million, an increase of \$736 million from the end of the fourth quarter.
 - The increase was mostly the result of positive investment performance, as net cash outflows totaled \$362 million for the quarter.
- The System returned 1.6%, net of fees, during the first quarter of 2025, slightly underperforming the policy benchmark by 0.10%.
 - All asset classes were positive for the quarter except for domestic equity and global equity.
 - International developed equity had the strongest absolute return, up 5.9% for the quarter, while domestic equity was the weakest performer in absolute terms, down 4.9%.
- At quarter end, all asset classes were within their respective target allocation ranges.

Q1 System and Asset Class Performance

→ The System slightly underperformed the Policy Benchmark during the fourth quarter, returning 1.6%, net of fees.



→ During the quarter, international developed equity delivered the best absolute performance returning 5.9%.

→ On a relative basis, multi-asset was the best performing asset class, outpacing its benchmark by 3.7%.

Note: For some asset classes, there is a lack of publicly available index data which at times can introduce greater tracking error in the short-term (e.g. natural resources & infrastructure) when a market proxy is used.

Total System Q1 Attribution¹

	Total System			Policy Benchmark			Attribution Analysis			
	Average Weight	Total Return ²	Contribution to Return	Average Weight ³	Total Return ²	Contribution to Return	Allocation Effect	Active Management Effect ⁴	Interaction Effect	Total Effect
Public Equity	30.9	-1.1	-0.4	28.8	-0.4	-0.1	-0.17	-0.18	-0.05	-0.40
Domestic Equity	14.6	-5.5	-0.8	14.4	-4.7	-0.7	0.02	-0.11	0.00	-0.09
International Developed	8.0	5.5	0.4	9.3	6.2	0.6	-0.07	-0.06	0.01	-0.12
International Emerging	4.5	2.6	0.1	5.1	2.9	0.1	-0.01	-0.01	0.00	-0.02
Global Equity	3.8	-3.1	-0.1	0.0	-1.3	0.0	-0.11	0.00	-0.06	-0.17
Private Equity	21.2	1.1	0.2	21.2	1.1	0.2	0.00	0.00	0.00	0.00
Nominal Fixed Income	13.0	3.7	0.5	16.3	3.9	0.6	-0.08	-0.04	0.01	-0.11
Inflation Linked	3.3	4.3	0.1	4.1	4.2	0.2	-0.02	0.00	0.00	-0.01
US Credit	8.2	1.6	0.1	8.0	0.9	0.1	0.00	0.05	0.00	0.05
Non- US Credit	1.1	2.0	0.0	1.0	2.5	0.0	0.00	-0.01	0.00	-0.01
Real Estate	9.7	1.1	0.1	9.7	1.0	0.1	0.00	0.01	0.00	0.01
Natural Resources & Infrastructure	5.1	5.7	0.3	5.0	7.2	0.4	0.00	-0.08	0.00	-0.07
Absolute Return	5.7	3.3	0.2	6.0	0.8	0.0	0.00	0.15	-0.01	0.14
Multi-Asset	0.4	5.4	0.0	0.0	1.7	0.0	0.00	0.00	0.01	0.01
Cash	1.3	1.3	0.0	0.0	1.1	0.0	0.00	0.00	0.00	0.00
Total (excl. overlay)	-	-	1.27	-	-	1.66	-0.26	-0.08	-0.03	-0.38
Currency Overlay							-0.07			
Structural/Tactical Overlay							0.38			
Total (incl. overlay)	100.0	-	1.58	100.0	-	1.66	0.05	-0.08	-0.03	-0.06

¹ Numbers may not sum due to rounding. Attribution calculated on a monthly basis, using average month end market values and targets. As a result, there can be discrepancies from custodian data due to intra-month transfers.

² "Total Return" and "Contribution to Return" reflects asset class and System performance excluding the currency hedging and structural/tactical overlay programs.

³ Based on the transitional target allocations.

⁴ In cases where the policy weight is zero, the active management effect will in turn be zero. The interaction effect will capture any contributions made by active management where the policy weight is zero as it factors in the portfolio weight.

Total System 1-Year Attribution¹

	Total System			Policy Benchmark			Attribution Analysis			
	Average Weight	Total Return ²	Contribution to Return	Average Weight ³	Total Return ²	Contribution to Return	Allocation Effect	Active Management Effect ⁴	Interaction Effect	Total Effect
Public Equity	30.9	5.7	1.8	28.6	6.8	2.0	0.02	-0.32	0.00	-0.30
Domestic Equity	14.4	5.7	0.8	14.3	7.2	1.0	0.01	-0.19	0.00	-0.18
International Developed	8.1	4.3	0.4	9.3	5.3	0.5	-0.01	-0.09	0.01	-0.08
International Emerging	4.7	7.5	0.4	5.0	8.1	0.4	-0.03	-0.04	0.01	-0.06
Global Equity	3.6	6.5	0.2	0.0	7.2	0.0	0.04	0.00	-0.02	0.02
Private Equity	21.4	6.2	1.3	21.4	6.9	1.5	0.00	-0.15	0.00	-0.14
Nominal Fixed Income	13.3	4.2	0.6	16.4	2.8	0.5	0.07	0.20	-0.03	0.24
Inflation Linked	3.3	6.5	0.2	4.1	6.1	0.3	0.00	0.02	0.00	0.01
US Credit	8.3	8.3	0.7	8.0	7.5	0.6	0.00	0.06	0.00	0.06
Non- US Credit	1.1	8.1	0.1	1.0	7.1	0.1	0.00	0.01	0.00	0.01
Real Estate	9.5	0.0	0.0	9.5	1.6	0.2	0.01	-0.15	0.00	-0.15
Natural Resources & Infrastructure	5.0	15.8	0.8	5.0	13.7	0.7	-0.01	0.08	0.01	0.07
Absolute Return	5.8	9.6	0.6	6.0	5.7	0.3	0.00	0.22	-0.02	0.20
Multi-Asset	0.4	10.9	0.0	0.0	6.0	0.0	0.00	0.00	0.02	0.02
Cash	1.1	5.1	0.1	0.0	5.2	0.0	-0.01	0.00	0.00	-0.01
Total (excl. overlay)	-	-	6.01	-	-	6.04	0.08	-0.04	-0.02	0.02
Currency Overlay							0.02			
Structural/Tactical Overlay							0.03			
Total (incl. overlay)	100.0	-	6.05	100.0	-	6.04	0.13	-0.04	-0.02	0.07

¹ Numbers may not sum due to rounding. Attribution calculated on a monthly basis, using average month end market values and targets. As a result, there can be discrepancies from custodian data due to intra-month transfers.

² "Total Return" reflects asset class performance excluding the currency hedging and structural/tactical overlay programs.

³ Based on the transitional target allocations.

⁴ In cases where the policy weight is zero, the active management effect will in turn be zero. The interaction effect will capture any contributions made by active management where the policy weight is zero as it factors in the portfolio weight.

Attribution Commentary

First Quarter

- In the first quarter, the System underperformed the policy benchmark by 0.08%.
- Inclusive of the overlay programs, asset allocation had a positive effect on the relative performance.
- The interaction effect and active management detracted from relative performance.
 - Selection within absolute return was the most additive while selection within domestic equity and natural resources and infrastructure detracted the most.

Trailing 1-Year

- Over the trailing one-year period, the System slightly outperformed the Policy Benchmark by 0.01%.
- Inclusive of the overlay programs, the asset allocation effect was additive to relative performance.
- Manager selection (e.g., active management) and interaction effects slightly detracted.
 - Manager selection within absolute return and nominal fixed income (ex. the overlay) were the most additive to relative performance while selection within domestic equity, real estate, and private equity detracted the most from relative performance.

Attribution Details

Returns Based Attribution Definition:

- Attribution is an analytical evaluation of a portfolio's performance relative to its benchmark. Attribution can portray where portfolio decisions were additive or detracted from relative performance. The three main attribution effects are the following:
- *Allocation Effect*: how the overweight or underweight of an asset class relative to the benchmark contributes to or detracts from performance.
 - *Active Management Effect*: attributes relative performance to managers' stock selection decisions, relative to the benchmark.
 - *Interaction Effect*: captures the portion of active management that is responsible for the cross interaction between the allocation and active management effects.
 - For example, if the System is overweight an underperforming asset class, it will have a negative interaction effect.

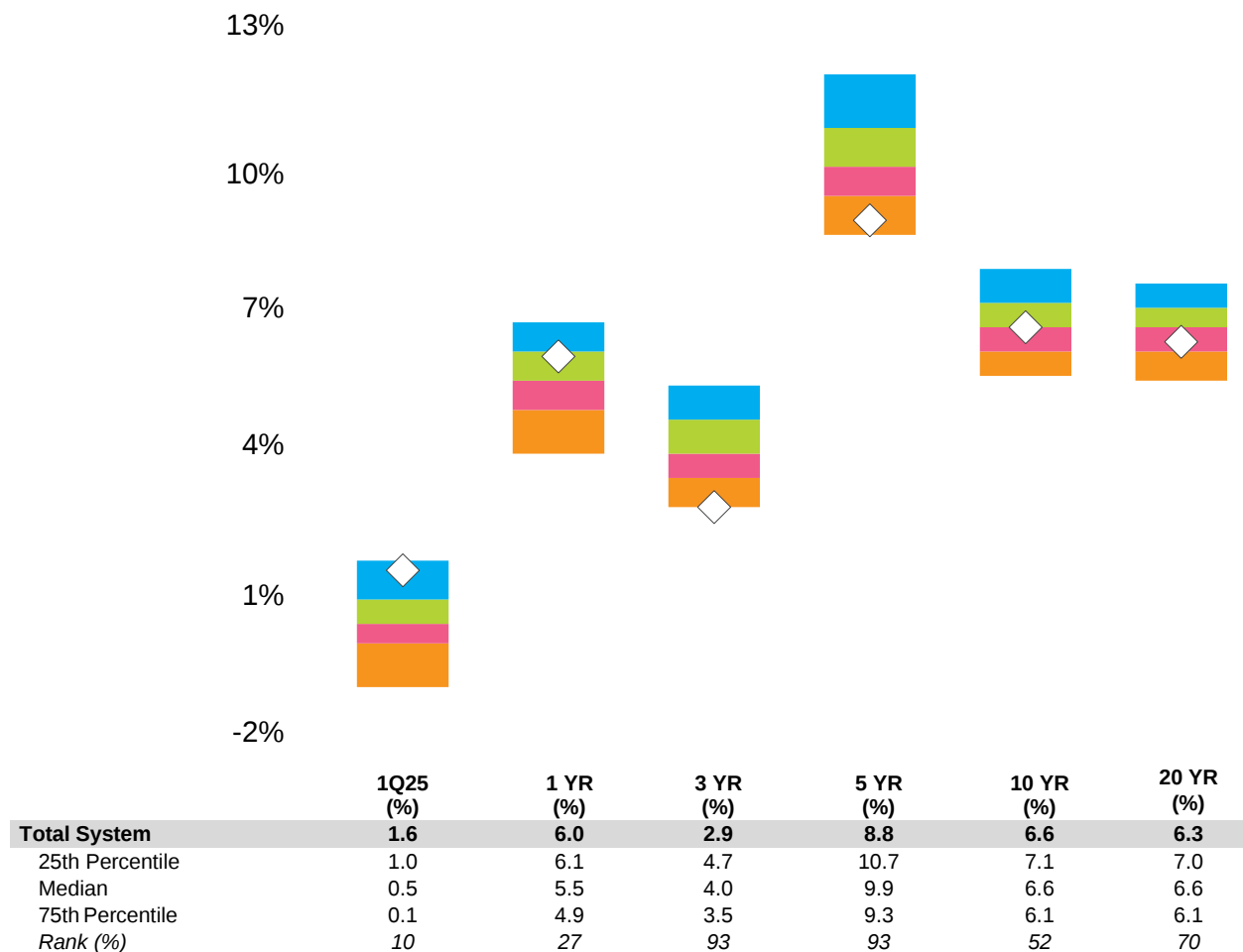
Calculations¹:

- The Brinson Fachler attribution methodology is widely accepted within the industry. Using this methodology, the components are calculated as follows:
- *Allocation Effect*: $(R_{ab} - R_{pb}) \times (W_p - W_b)$
 - *Active Management Effect*²: $W_b \times (R_p - R_{ab})$
 - *Interaction Effect*: $(W_p - W_b) \times (R_p - R_{ab})$

¹Rpb= Policy Benchmark
 Rab = Asset Class Benchmark
 Wp = Portfolio Weight
 Wb = Policy Weight
 Rp = Asset Class Return
 Rb = Policy Benchmark Return

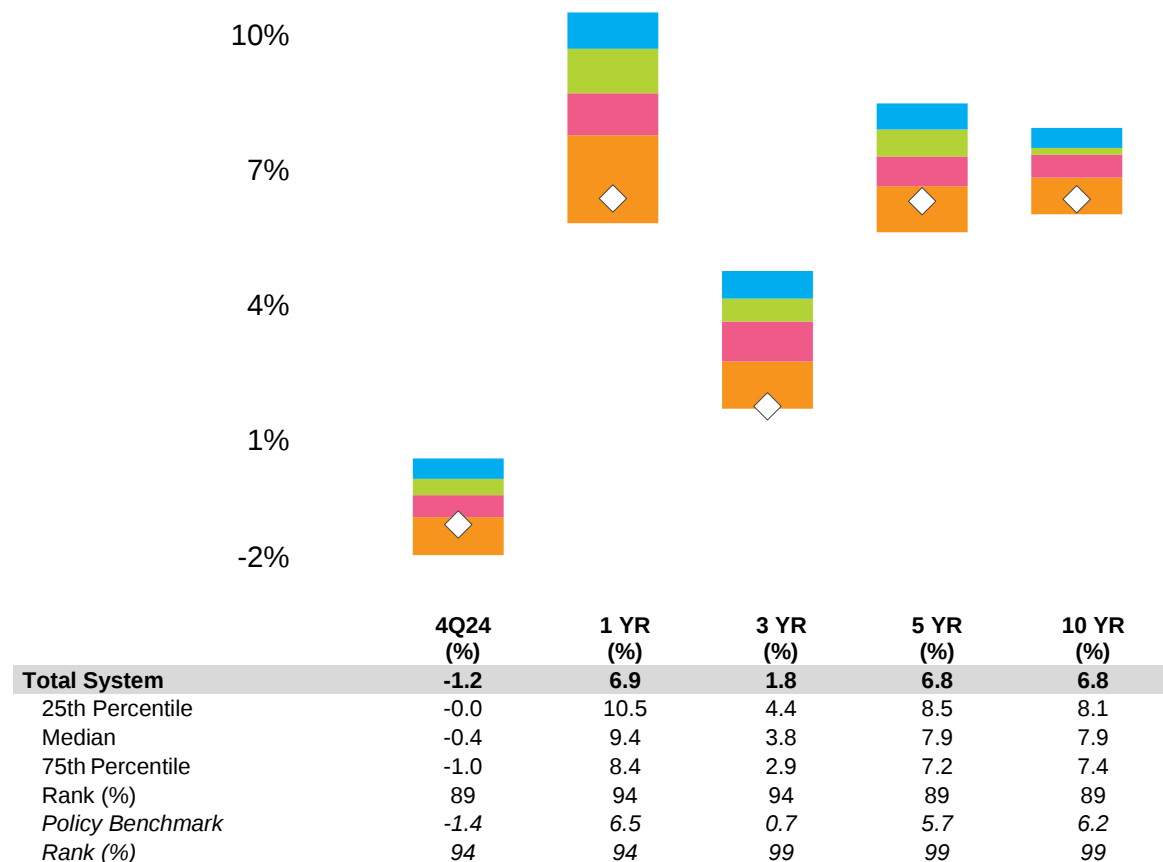
² In cases where the policy weight is zero, the active management effect will in turn be zero. The interaction effect will capture any contributions made by active management where the policy weight is zero as it factors in the portfolio weight.

Total System vs. Public Plans >\$1 Billion Universe¹ As of March 31, 2025



¹ Represents a final release of the InvMetrics Public DB >\$1 bn peer group as of March 31, 2025. Total System performance is net of fees. Includes 85 plans.

Total System vs. Public Plans >\$25 Billion Universe¹ As of December 31, 2024



¹ Represents the TUCS Public >\$25 bn peer group as of December 31, 2024. Total System performance is gross of fees. Includes 24 plans.

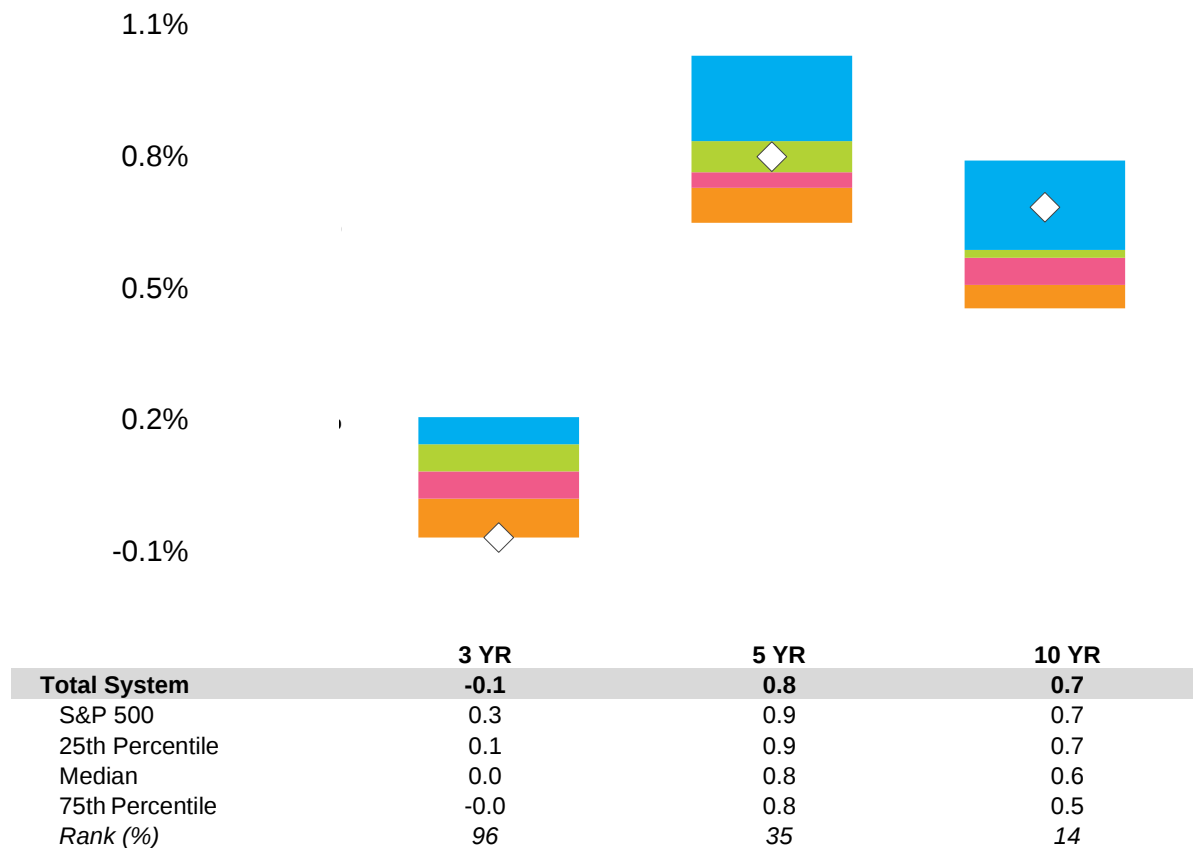
Total System Trailing 10-Year Risk vs Return¹
As of March 31, 2025



	Risk (%)	Return (%)
Total System	6.7	6.6
Policy Benchmark	7.1	6.2
Median	8.5	6.7

¹ Represents a final cut of InvMetrics Public DB >\$1 bn Net peer group as of March 31, 2025. Includes 85 plans.

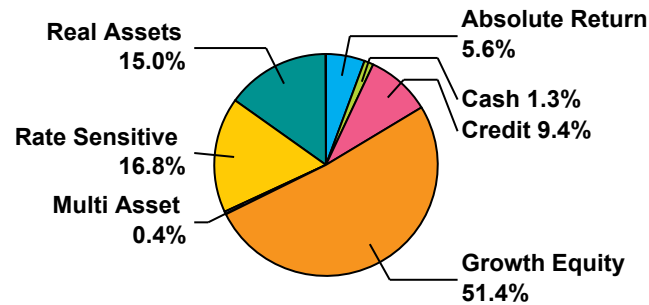
Total System vs. Public Plans >\$1 Billion Universe Sharpe Ratio Comparison¹ As of March 31, 2025



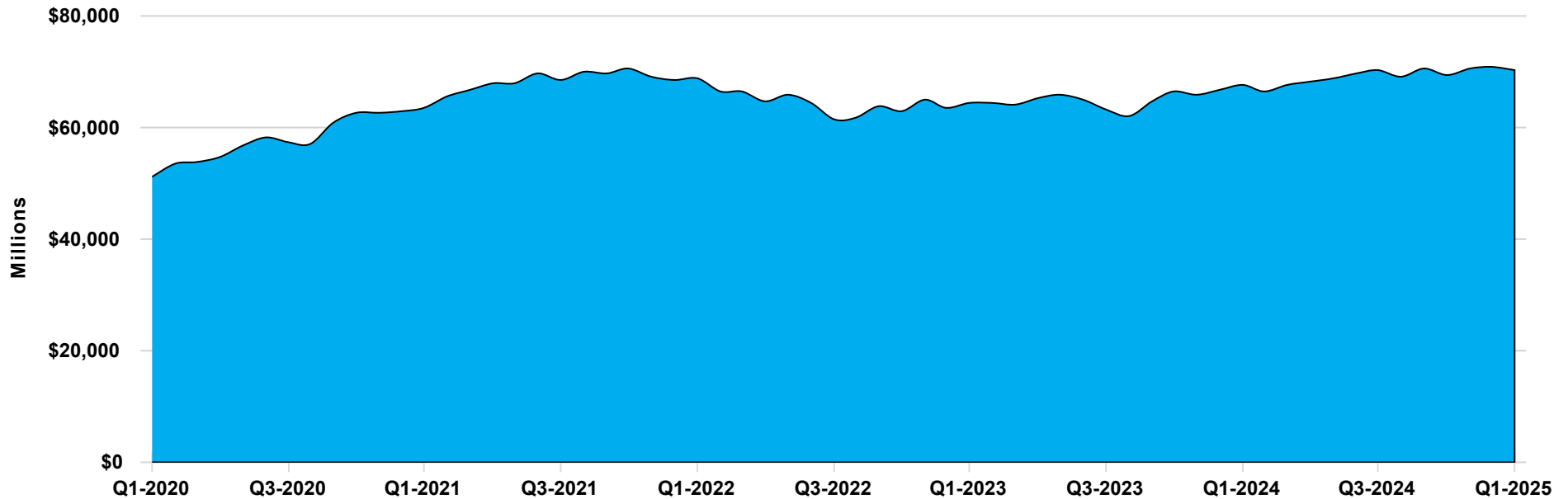
¹ Represents a final cut of InvMetrics Public DB >\$1 bn Net peer group as of March 31, 2025. Includes 85 plans. The risk-free rate is the 90-day T-bill.

Performance Summary

Actual Allocation



Market Value History 5 Years Ending March 31, 2025



Allocation vs. Targets and Policy					
	Current Balance	Current Allocation	Transitional Targets	Policy	Policy Range
Growth Equity	\$36,093,410,115	52%	50%	50%	43% - 57%
Domestic Equities	\$9,304,484,337	13%	14%	17%	--
Global Equity	\$2,512,955,848	4%	0%	0%	--
International Developed Market Equity	\$6,047,304,889	9%	9%	11%	--
International Emerging Market Equity	\$3,209,982,339	5%	5%	6%	--
Private Equity	\$15,005,741,256	21%	21%	16%	--
Stock Distributions	\$12,941,448	0%	0%	0%	--
Rate Sensitive	\$11,807,474,087	16%	20%	20%	15% - 25%
Nominal Fixed Income	\$9,404,793,342	13%	16%	16%	--
Inflation-Linked Bonds	\$2,402,680,745	3%	4%	4%	--
Credit	\$6,583,232,959	9%	9%	9%	5% - 13%
U.S. Credit	\$5,793,657,827	8%	8%	8%	--
Non-U.S. Credit	\$789,575,133	1%	1%	1%	--
Real Assets	\$10,570,773,484	15%	15%	15%	11% - 19%
Real Estate	\$6,852,834,313	10%	10%	10%	--
Commodities	\$152,703,637	0%	0%	0%	--
Natural Resources and Infrastructure	\$3,565,235,534	5%	5%	5%	--
Absolute Return	\$3,994,982,540	6%	6%	6%	2% - 10%
Absolute Return	\$3,994,982,540	6%	6%	6%	--
Multi Asset	\$285,782,613	0%	0%	0%	0% - 2%
Multi Asset	\$285,782,613	0%	0%	0%	--
Cash	\$927,291,038	1%	0%	0%	0% - 2%
Cash	\$927,291,038	1%	0%	0%	--
Total	70,262,946,836	100%	100%	100%	

Trailing Net Performance | As of March 31, 2025

Asset Class Performance Summary										
	Market Value (\$)	% of Portfolio	QTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total System	70,262,946,836	100.0	1.6	4.8	6.0	2.9	8.8	6.6	7.9	Jul-86
System Policy Benchmark			<u>1.7</u>	<u>5.1</u>	<u>6.0</u>	<u>1.9</u>	<u>8.0</u>	<u>6.2</u>	--	
Over/Under			-0.1	-0.3	0.0	1.0	0.8	0.4	--	
System Strategic Policy Benchmark			<u>1.7</u>	<u>5.1</u>	<u>6.1</u>	<u>2.0</u>	<u>8.3</u>	<u>6.4</u>	--	
Over/Under			-0.1	-0.3	0.0	1.0	0.6	0.2	--	
Growth Equity	36,093,410,115	51.4	0.0	4.1	6.3	5.0	14.5	9.8	7.1	Jan-98
Public Equity	21,074,727,412	30.0	-0.7	3.8	6.4	6.3	14.6	8.1	8.2	Apr-94
Public Equity Custom Benchmark			<u>0.1</u>	<u>4.6</u>	<u>7.0</u>	<u>6.0</u>	<u>13.9</u>	<u>8.0</u>	--	
Over/Under			-0.8	-0.8	-0.6	0.3	0.7	0.0	--	
Domestic Equity	9,304,484,337	13.2	-4.9	3.2	6.7	9.0	18.6	11.5	9.7	Apr-94
U.S. Equity Custom Benchmark			<u>-4.7</u>	<u>3.9</u>	<u>7.2</u>	<u>8.2</u>	<u>18.2</u>	<u>11.8</u>	--	
Over/Under			-0.2	-0.7	-0.5	0.8	0.4	-0.3	--	
Global Equity	2,502,303,257	3.6	-3.1	3.3	6.6	6.0	14.1	8.4	7.6	Oct-05
Global Equity Custom Benchmark			<u>-1.3</u>	<u>4.2</u>	<u>7.2</u>	<u>6.9</u>	<u>15.2</u>	<u>8.8</u>	<u>7.5</u>	
Over/Under			-1.8	-0.8	-0.5	-0.9	-1.1	-0.5	0.2	
International Developed Market Equity	6,047,304,889	8.6	5.9	5.5	4.8	6.4	13.1	5.6	6.4	Jan-95
MSRA Custom International Index			<u>6.2</u>	<u>5.9</u>	<u>5.3</u>	<u>5.7</u>	<u>12.2</u>	<u>5.3</u>	<u>5.5</u>	
Over/Under			-0.3	-0.5	-0.5	0.7	0.9	0.3	0.9	
International Emerging Markets Equity	3,209,982,339	4.6	2.6	2.0	6.9	0.9	9.0	--	5.7	Nov-15
MSCI Emerging Markets (Net)			<u>2.9</u>	<u>2.9</u>	<u>8.1</u>	<u>1.4</u>	<u>7.9</u>	<u>--</u>	<u>5.3</u>	
Over/Under			-0.3	-1.0	-1.2	-0.6	1.1	--	0.4	
Private Equity	15,005,741,256	21.4	1.1	4.4	6.2	3.4	14.1	14.7	9.3	Mar-94
State Street Private Equity Index			<u>1.1</u>	<u>5.4</u>	<u>6.9</u>	<u>2.6</u>	<u>13.2</u>	<u>12.2</u>	--	
Over/Under			0.0	-1.0	-0.7	0.8	0.9	2.5	--	

Trailing Net Performance | As of March 31, 2025

	Market Value (\$)	% of Portfolio	QTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Rate Sensitive	11,807,474,087	16.8	4.8	4.5	4.0	-3.6	-3.1	1.3	5.8	Jul-86
<i>Custom Rate Sensitive Benchmark</i>			<u>4.0</u>	<u>4.2</u>	<u>3.5</u>	<u>-3.2</u>	<u>-3.3</u>	<u>1.2</u>	--	
Over/Under			0.8	0.3	0.5	-0.4	0.3	0.0	--	
Nominal Fixed Income	9,404,793,342	13.4	4.9	4.3	3.3	-4.7	-4.7	0.8	5.7	Jul-86
<i>Custom Nominal Fixed Income Benchmark</i>			<u>3.9</u>	<u>3.9</u>	<u>2.8</u>	<u>-4.1</u>	<u>-4.8</u>	<u>0.8</u>	--	
Over/Under			1.0	0.3	0.5	-0.5	0.1	0.0	--	
Inflation-Linked Bonds	2,402,680,745	3.4	4.3	5.6	6.7	0.2	2.5	2.6	3.5	Jul-08
<i>Custom Inflation Sensitive Benchmark</i>			<u>4.2</u>	<u>5.3</u>	<u>6.1</u>	<u>-0.2</u>	<u>2.2</u>	<u>2.5</u>	<u>3.3</u>	
Over/Under			0.1	0.3	0.6	0.3	0.3	0.1	0.2	
Credit	6,583,232,959	9.4	2.1	6.6	8.1	5.5	7.4	5.2	7.7	Mar-09
U.S. Credit	5,793,657,827	8.2	2.1	6.5	8.1	5.6	8.1	5.9	8.0	Mar-09
<i>U.S. Credit Custom Benchmark</i>			<u>0.9</u>	<u>6.2</u>	<u>7.5</u>	<u>5.5</u>	<u>7.7</u>	<u>5.0</u>	<u>7.1</u>	
Over/Under			1.2	0.3	0.6	0.1	0.4	0.8	0.8	
Non-U.S. Credit	789,575,133	1.1	2.0	7.4	8.2	4.3	4.1	2.4	1.0	Oct-10
<i>Non-U.S. Credit Custom Benchmark</i>			<u>2.5</u>	<u>6.4</u>	<u>7.1</u>	<u>3.2</u>	<u>2.0</u>	<u>1.9</u>	<u>0.9</u>	
Over/Under			-0.6	0.9	1.1	1.1	2.1	0.5	0.1	
Real Assets	10,570,773,484	15.0	2.4	5.2	4.5	2.1	7.1	4.6	4.6	Feb-06
<i>Custom Real Assets Benchmark</i>			<u>3.0</u>	<u>6.1</u>	<u>5.5</u>	<u>-2.5</u>	<u>6.4</u>	<u>4.6</u>	<u>3.8</u>	
Over/Under			-0.6	-0.9	-1.0	4.5	0.8	0.0	0.8	
Real Estate	6,852,834,199	9.8	1.1	1.5	0.0	-1.3	3.6	5.7	6.4	Jul-87
<i>Real Estate Custom Benchmark</i>			<u>1.0</u>	<u>2.2</u>	<u>1.6</u>	<u>-4.7</u>	<u>2.6</u>	<u>5.4</u>	<u>7.4</u>	
Over/Under			0.1	-0.7	-1.6	3.4	1.0	0.3	-1.0	
Commodities	152,703,637	0.2								

Trailing Net Performance | As of March 31, 2025

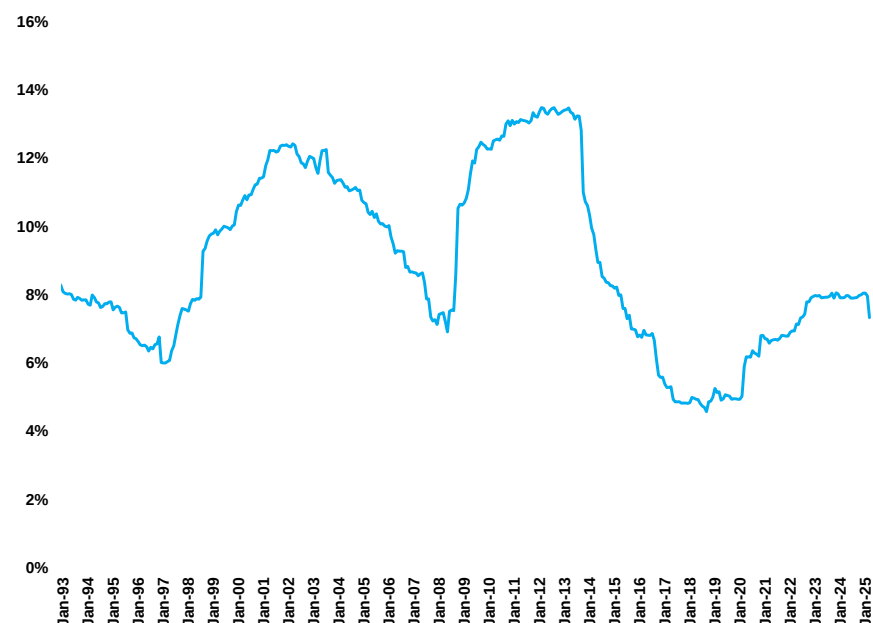
	Market Value (\$)	% of Portfolio	QTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Natural Resources and Infrastructure	3,565,235,534	5.1	5.6	14.2	15.9	9.1	14.5	5.3	8.9	Aug-09
<i>Natural Resources and Infrastructure Benchmark</i>			<u>7.2</u>	<u>14.4</u>	<u>13.7</u>	<u>2.4</u>	<u>15.0</u>	<u>7.8</u>	<u>7.4</u>	
Over/Under			-1.6	-0.3	2.2	6.8	-0.6	-2.5	1.6	
Absolute Return	3,994,982,540	5.7	3.3	8.1	9.6	4.1	6.4	3.1	3.6	Apr-08
<i>Absolute Return Custom Benchmark</i>			<u>0.8</u>	<u>4.9</u>	<u>5.7</u>	<u>4.4</u>	<u>7.9</u>	<u>4.5</u>	<u>3.1</u>	
Over/Under			2.5	3.3	3.9	-0.3	-1.5	-1.5	0.5	
Multi Asset	285,782,613	0.4	5.4	10.1	10.9	-1.0	6.2	--	3.8	Jul-18
<i>System Policy Benchmark</i>			<u>1.7</u>	<u>5.1</u>	<u>6.0</u>	<u>1.9</u>	<u>8.0</u>	<u>--</u>	<u>6.4</u>	
Over/Under			3.8	5.0	4.8	-2.9	-1.8	--	-2.6	
Cash	927,291,038	1.3	1.3	3.6	5.1	4.9	3.5	4.5	3.7	Jul-08
<i>FTSE 3 Month T-Bill</i>			<u>1.1</u>	<u>3.7</u>	<u>5.2</u>	<u>4.4</u>	<u>2.7</u>	<u>1.9</u>	<u>1.2</u>	
Over/Under			0.2	-0.1	-0.1	0.5	0.8	2.6	2.5	

Risk Dashboard

Total System Risk

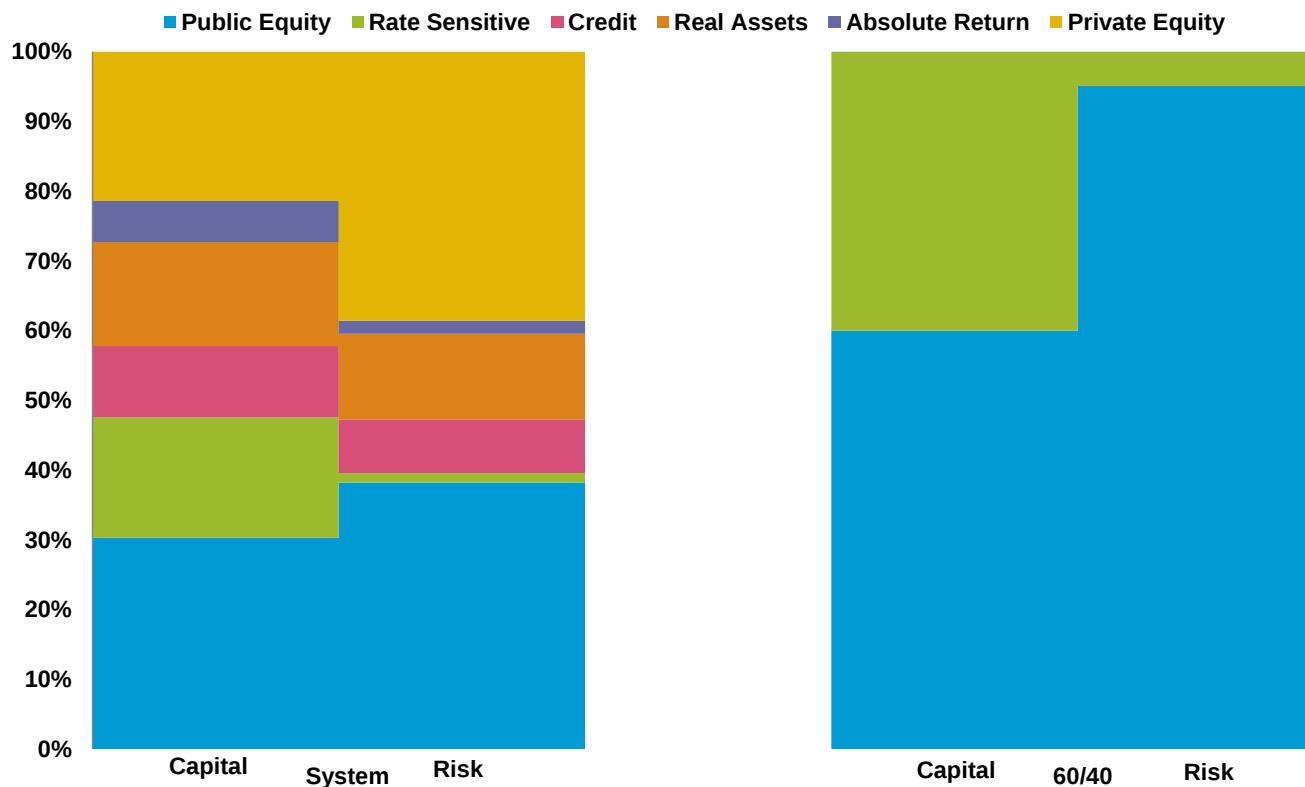
Risk: (sixty months)	Total System 3/31/2025	Policy Benchmark 3/31/2025
Annualized Return (%)	8.8	8.0
Standard Deviation (%)	7.3	7.8
Best Monthly Return (%)	6.9	6.9
Worst Monthly Return (%)	-6.4	-6.4
Beta	0.92	1.00
Correlation (R^2) to Index	0.98	NA
Sharpe Measure	0.84	0.70
Information Ratio	0.55	NA
Excess Return (%)	0.81	NA
Tracking Error (%)	1.29	NA

Rolling 5-Year Standard Deviation



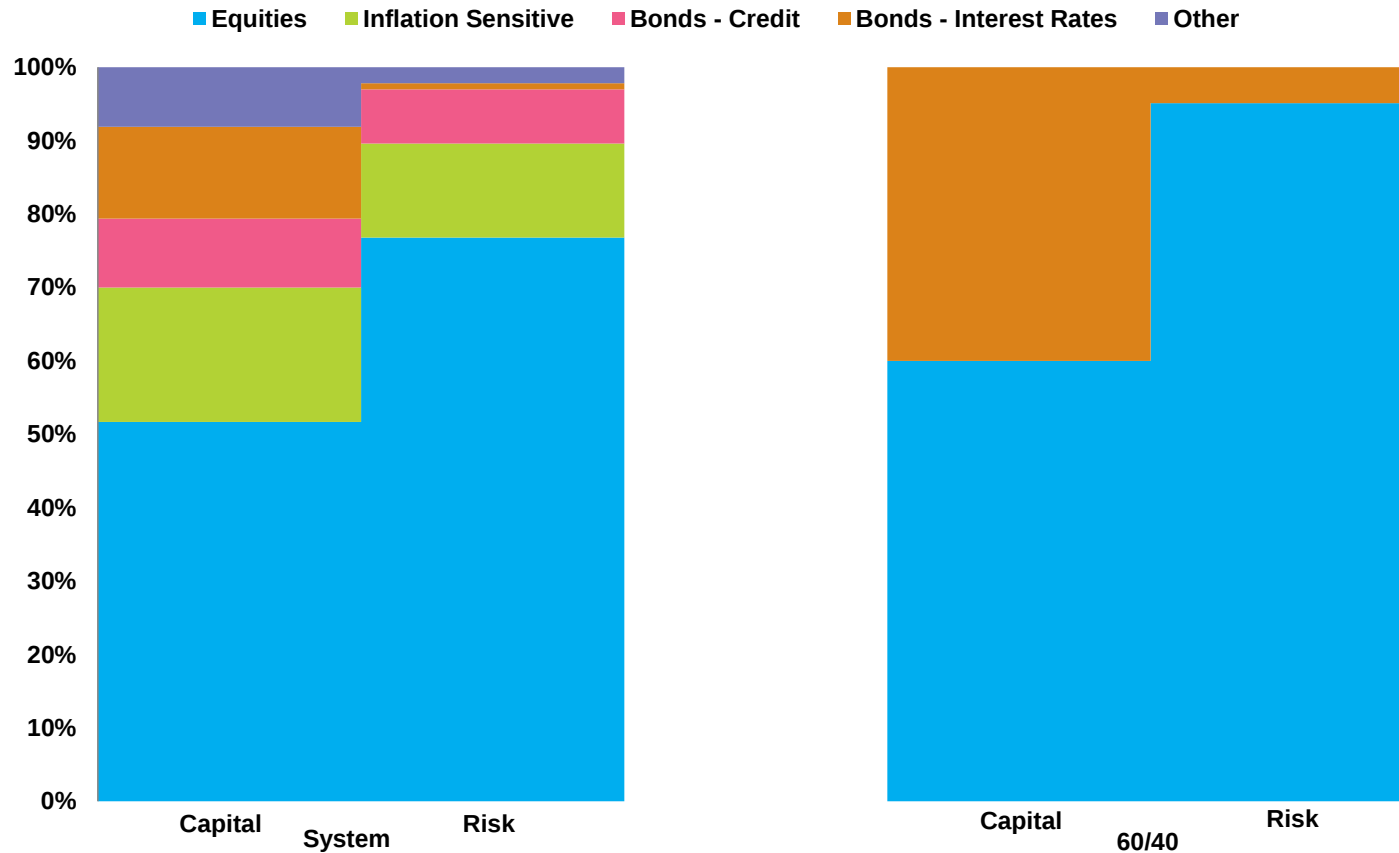
→ Over the trailing 5-years, the System has exhibited lower risk, as measured by standard deviation, than its Policy Benchmark while achieving slightly higher annualized returns.

Capital Allocation vs. Risk Allocation By Asset Class



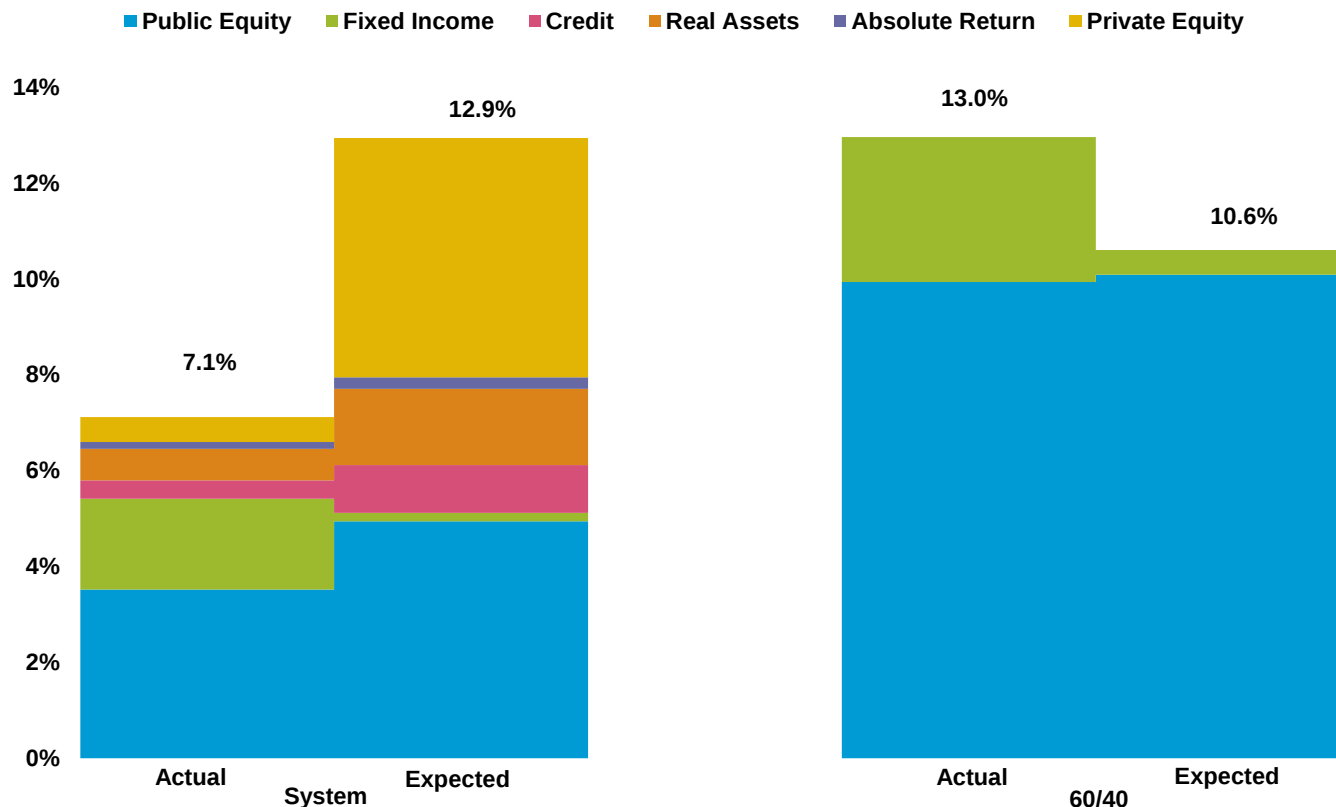
- Public equity makes up close to 30% of the current asset allocation; however, it comprises about 38% of the risk allocation.
- By contrast, in a 60/40 portfolio equity comprises 60% of the capital allocation but nearly 95% of the risk.

Capital Allocation vs. Risk Allocation By Factor Exposure



→ Based on five broad risk exposures, equity (i.e. growth) risk dominates the risk composition of the System.

Risk Decomposition Actual vs. Expected



→ The System's trailing 3-year standard deviation, as a measure of risk, has been lower than expected.

- Public equities, which make up over 38% of the expected risk composition, have made up over 48% of the actual risk over the last three years.

Portfolio Sensitivity Comparison



- The chart above shows the resulting change in portfolio return given a one standard deviation event in the respective risk factor.
- There is more concentration in Growth and Systematic Risk because these sources of risk tend to pay better (have higher expected returns) than the other risk factors.

Look Through Analysis Matrix^{1,2}

	Manager Allocation	Public Equity	Fixed Income	Credit	Cash	Hedge Funds	Risk Parity/Multi Asset	Closed-End Private Markets	Real Estate (Private)
Growth Equity	51%	29%				1%		21%	
Rate Sensitive	17%		16%			1%			
Credit	9%			3%				6%	
Real Assets	15%	2%						3%	10%
Absolute Return	6%					6%			
Multi Asset	0%						<1%		
Cash	1%				1%				
Look Through Allocation	100%	31%	16%	3%	1%	8%	<1%	30%	10%

¹ Numbers may not sum to 100% due to rounding.

² Numbers do not reflect the impact of overlay investing.

Asset Allocation Target Range Compliance

Asset Class	Target Range (%)	In Compliance?
Growth Equity	+/- 7	Yes
Rate Sensitive	+/- 5	Yes
Credit	+/- 4	Yes
Real Assets	+/- 4	Yes
Absolute Return	+/- 4	Yes

Sub-Asset Class Allocation Target Range Compliance

Asset Class	Sub-Asset Class	Target Range (%)	In Compliance?
Public Equity	Hedge Funds	0-20	Yes
Private Equity	Buyout	60-90	Yes
	Venture/Growth	10-25	Yes
	Special Situations	10-30	Yes
Rate Sensitive	L-T Government	30-70	Yes
	Securitized Corp	10-50	Yes
	Inflation Linked	0-40	Yes
Credit	Hedge Funds	0-30	Yes
	Private Credit	0-80	Yes
Real Assets	Real Estate- Core	50-100	Yes
	Real Estate – Value Added	0-25	Yes
	Real Estate- Opportunistic	0-25	Yes
	REITS	0-30	Yes
	Commodities	0-25	Yes

Activity Update

Summary of Work to Date

Ongoing Work

- Completed and submitted comprehensive quarterly reporting for the System.
 - Collect and reconcile data from State Street Bank and investment managers, run holdings analysis and performance calculations.
 - Completed quarterly since second quarter 2014.
- Completed numerous System-related reporting requirements.
 - Iran/Sudan divestment analysis (semi-annually in January and July).
 - Attribution and cost analysis of identified companies and potential impact on performance resulting from divestment.
- Annually, meet and review all public market managers (video conference calls) and make recommendations to staff on potential changes. Initial review of all managers has been completed.
 - Annually, over 40 meetings completed via conference call or in person.
 - Manager analyses written on all public market managers.
- Annually, work with investment staff to assist with the Maryland Pension Risk Mitigation Act assessment report.
- Regularly participate and contribute to the annual Board education sessions.

Summary of Work to Date

Investment Topics

- Discussed general investment topics with Staff, and in some instances the Board.
- The topics listed are covered through sharing white papers, holding conference calls, or in person meetings:
 - Inflation risk
 - Benchmarking for private markets and hedge funds
 - Fund Governance survey of best practices
 - Real estate and emerging market debt benchmarking
 - Asset allocation and the impact of the inability to rebalance private markets on long-term returns
 - Investing in a Low Interest Rate Environment
 - Chinese Restricted List Divestment Impact Analysis
 - Researching and drafting a responsible contractor policy
 - Involvement with the ad hoc committee in the assumed rate of return
 - Asset allocation including more detailed liability analysis and climate scenario analysis
 - Implementation of asset allocation changes and benchmark changes
 - Absolute return program review
 - System exposure to China
 - Emerging managers
 - Investment manager due diligence process
 - Investment Staff incentive compensation – risk metric
 - Risk survey
 - The Art of Patient Investing
 - Leverage and portable alpha education
 - Asset-Liability modeling

Current Agenda Topics

- Benchmark and Asset Allocation Implementation Recommendations
- Performance Review

Economic and Market Update

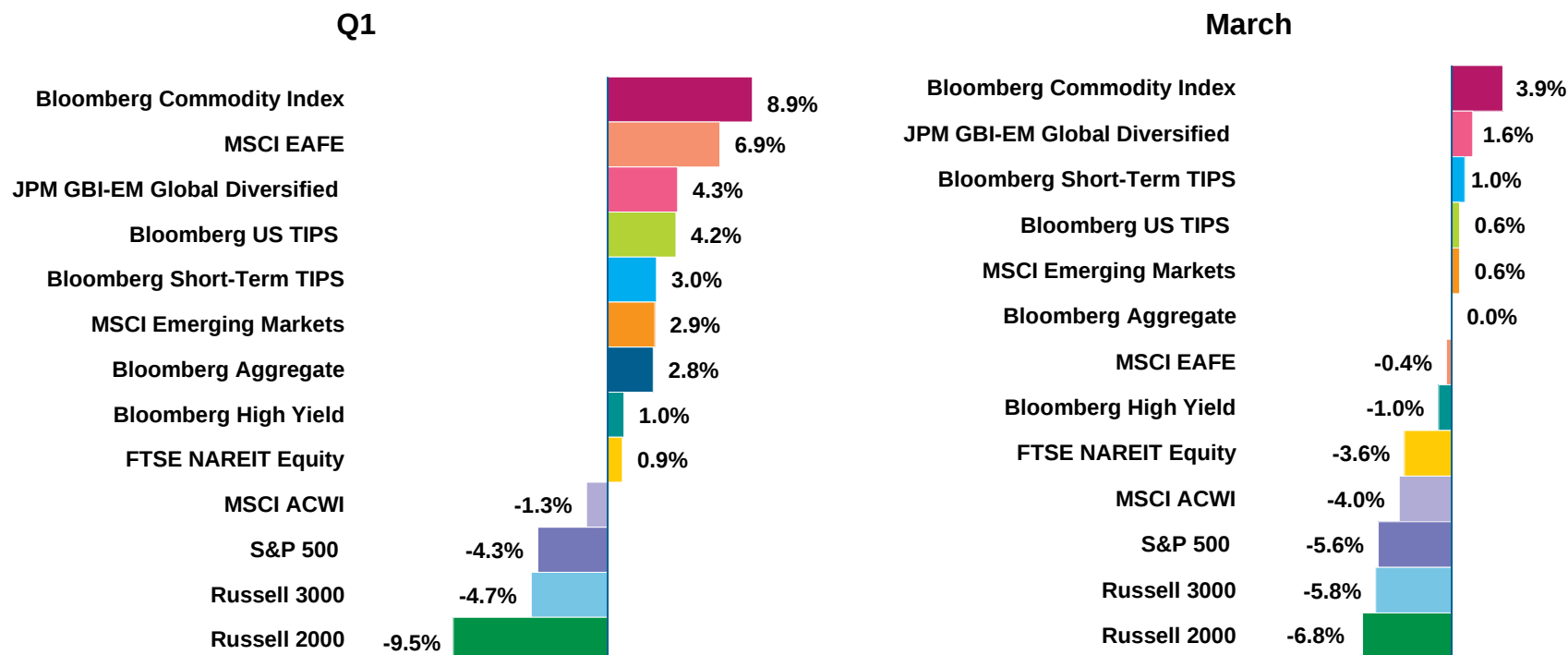
Data as of March 31, 2025

Commentary

In the first quarter of 2025, investment flows rotated out of US stocks to non-US stocks while bond markets rallied on uncertainty related to tariffs and growth.

- Domestic equities sold off in the first quarter (Russell 3000: -4.7%) with growth underperforming value, small-cap trailing large-cap, and defensive sectors outperforming.
- Non-US developed market stocks (MSCI EAFE: +6.9%) outperformed US markets at the start of the year, supported by rate cuts from the ECB, EU planned increases in defense spending, and a weakening US dollar.
- Emerging market equities returned +2.9% in the first quarter, largely supported by a rally in Chinese stocks (they rose an impressive +15.0%) on DeepSeek AI enthusiasm.
- In February, the Federal Reserve held rates steady with inflation, while improving, remaining above target and with the unemployment rate at near historic lows.
- Most fixed income markets posted positive returns in the first quarter with the broad bond market (Bloomberg Aggregate) up 2.8%. Long Treasuries (+4.7%) were the best performer in the falling rate environment while high yield bonds (+1.0%) produced the smallest gains given the economic uncertainty in the US.
- Looking ahead, continued uncertainty related to the US administration's tariff policies and their impact on the economy, inflation, and Fed policy will be key. The path of China's economy and relations with the US, as well as concerns over elevated valuations and technology-driven concentration in the US equity market will also be important focuses of 2025.

Index Returns¹



- At the end of the first quarter, global investors rotated away from the US, with domestic equities in negative territory (particularly small cap), while other asset classes were positive.
- Commodities led the way during the quarter due to safe havens like gold, while non-US developed markets followed, driven by strong results in Europe.
- In March, ahead of tariff announcements in the US, riskier assets generally sold off.

¹ Source: Bloomberg. Data is as of March 31, 2025.

Domestic Equity Returns¹

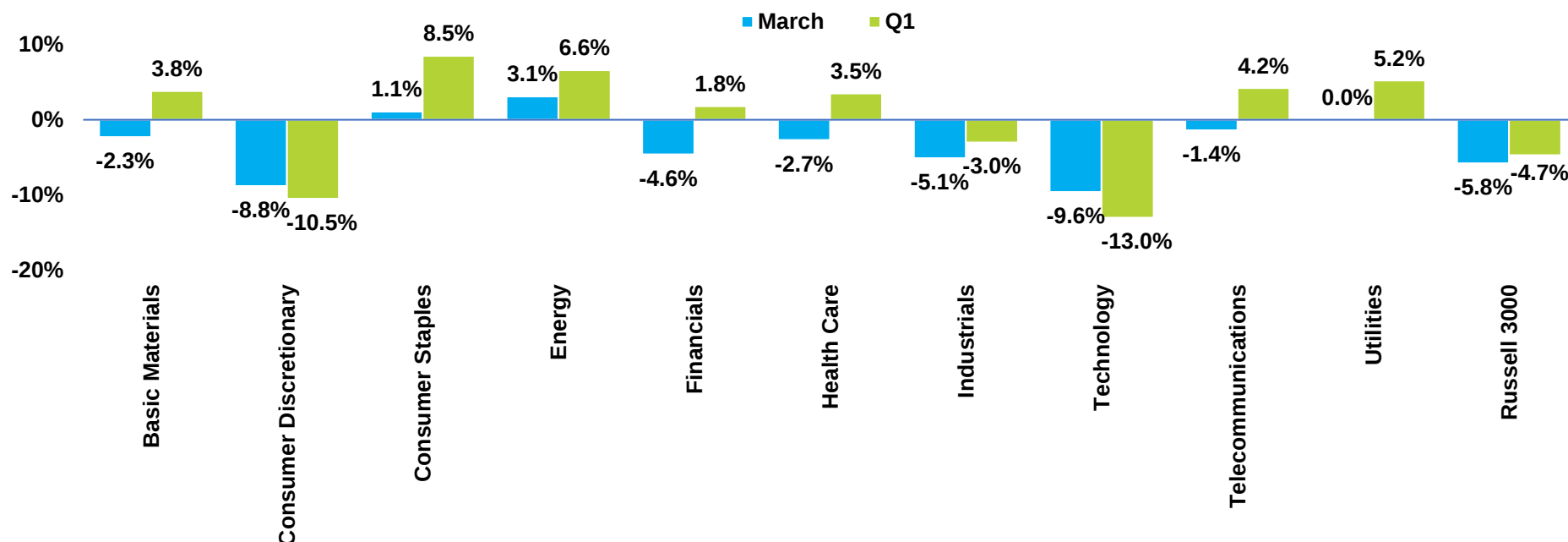
Domestic Equity	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	-5.6	-4.3	8.3	9.1	18.6	12.5
Russell 3000	-5.8	-4.7	7.2	8.2	18.2	11.8
Russell 1000	-5.8	-4.5	7.8	8.6	18.4	12.2
Russell 1000 Growth	-8.4	-10.0	7.8	10.1	20.1	15.1
Russell 1000 Value	-2.8	2.1	7.2	6.6	16.1	8.8
Russell MidCap	-4.6	-3.4	2.6	4.6	16.3	8.8
Russell MidCap Growth	-7.4	-7.1	3.6	6.2	14.8	10.1
Russell MidCap Value	-3.7	-2.1	2.3	3.8	16.7	7.6
Russell 2000	-6.8	-9.5	-4.0	0.5	13.3	6.3
Russell 2000 Growth	-7.6	-11.1	-4.9	0.8	10.8	6.1
Russell 2000 Value	-6.0	-7.7	-3.1	0.0	15.3	6.1

US Equities: In the first quarter the Russell 3000 fell -4.7%.

- After a strong start to the year, US equities ended the quarter lower. In late January China's DeepSeek introduced an AI model comparable to market leaders but at a much lower cost. This took investors by surprise and heavily weighed on technology stocks, particularly the "Magnificent 7". Renewed trade tensions between the US and its trading partners also caused investors to lower expectations.
- Growth stocks were harder hit than value stocks across the market cap spectrum. In the large cap space, this dynamic was driven by technology stocks (NVIDIA, Broadcom, Microsoft, Apple), along with Tesla. In the small cap space, where the divergence was less pronounced, technology stocks were again the driver, mainly due to software and semiconductor stocks.
- Small cap stocks (Russell 2000) trailed large cap stocks (Russell 1000) over the quarter as recession fears grew.

¹ Source: Bloomberg. Data is as of March 31, 2025.

Russell 3000 Sector Returns¹



- There was wide performance dispersion among sectors in the first quarter, from -13.0% (technology) to +8.5% (consumer staples). Overall, the defensive sectors performed better than growth-oriented sectors.
- The so-called “Magnificent 7” stocks came under pressure weighing on both the technology and consumer discretionary sectors. The announcement of DeepSeek out of China and weak results from Tesla and Amazon drove results.
- Consumer staples was a bright spot as more defensive, dividend-paying stocks, such as Coca-Cola and Philip Morris International, fared relatively well. Energy and utilities also performed well due to broader growth and inflation concerns.

¹ Source: Bloomberg. Data is as of March 31, 2025.

Foreign Equity Returns¹

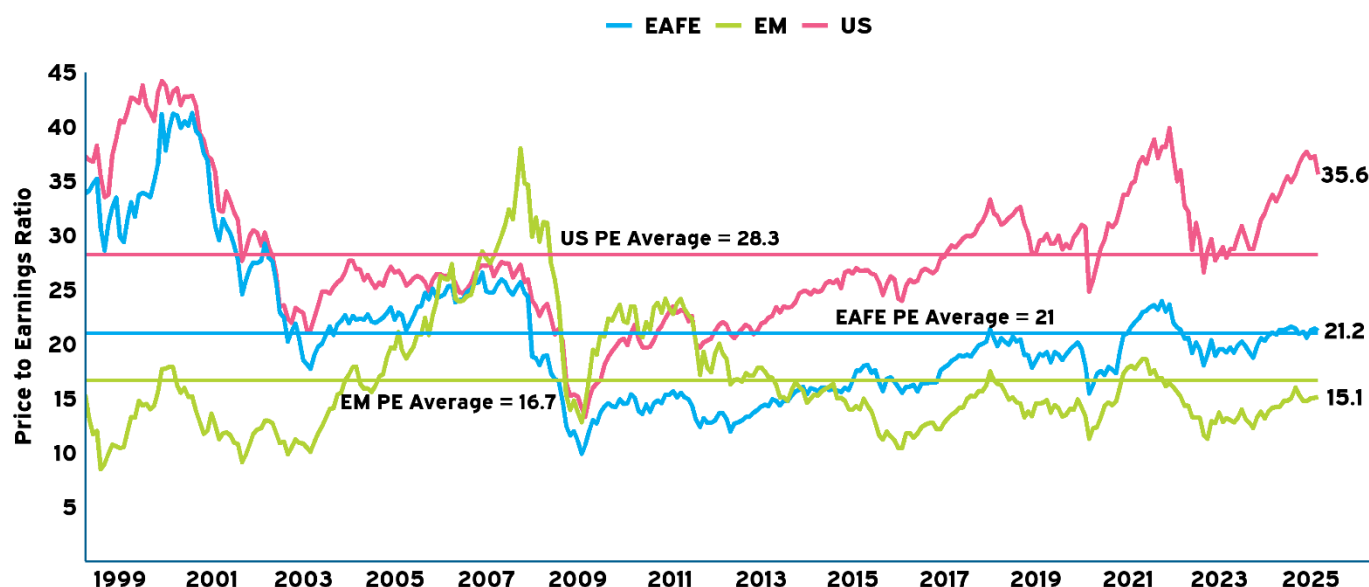
Foreign Equity	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI Ex US	-0.2	5.2	6.1	4.5	10.9	5.0
MSCI EAFE	-0.4	6.9	4.9	6.0	11.8	5.4
MSCI EAFE (Local Currency)	-2.8	2.9	4.1	8.7	13.2	6.3
MSCI EAFE Small Cap	0.5	3.7	3.1	0.9	9.9	5.3
MSCI Emerging Markets	0.6	2.9	8.1	1.4	7.9	3.7
MSCI Emerging Markets (Local Currency)	0.3	2.7	11.1	4.7	9.6	5.7
MSCI EM ex China	0.0	-1.7	-2.1	0.7	12.0	4.5
MSCI China	2.0	15.0	40.4	3.5	1.5	2.5

Foreign Equity: Developed international equities (MSCI EAFE) returned 6.9% in the first quarter and emerging market equities (MSCI Emerging Markets) rose 2.9%.

- By contrast to the US, developed market equities rose in the first quarter benefiting from the rotation away from US technology companies. Eurozone stocks saw the highest returns, driven by plans in Germany to increase defense and infrastructure spending, strong gains in the financial sector (particularly banks), and continued rate cuts from the ECB. The UK followed closely behind, with gains led by returns in large cap energy and financials. Japan saw moderate losses, due to global trade uncertainties hurting exporters.
- Emerging markets saw modest gains in the first quarter, driven largely by China. China's gains were a combination of improving sentiment towards tech following DeepSeek's promising AI debut and the announcement of additional stimulus measures. Brazil was another strong performer in Q1, benefitting from strong commodity gains and a strengthening currency. India saw declines due to slowing growth and weakening demand for their exports.

¹ Source: Bloomberg. Data is as of March 31, 2025.

Equity Cyclically Adjusted P/E Ratios¹



- Valuations in US stocks came down over the quarter but remained at a significant premium to non-US developed and emerging market stocks.
- US equities, priced at 35.6 times earnings, continued to trade well above their long-run P/E average of 28.3.
- Non-US developed market valuations (21.2 times) increased over the quarter due in part to strong results in Europe and are trading slightly above their long-term average. Emerging market valuations (15.1 times) also increased in Q1 but remain below their long-run average.

¹ US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E Source: Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of March 2025. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month-end, respectively.

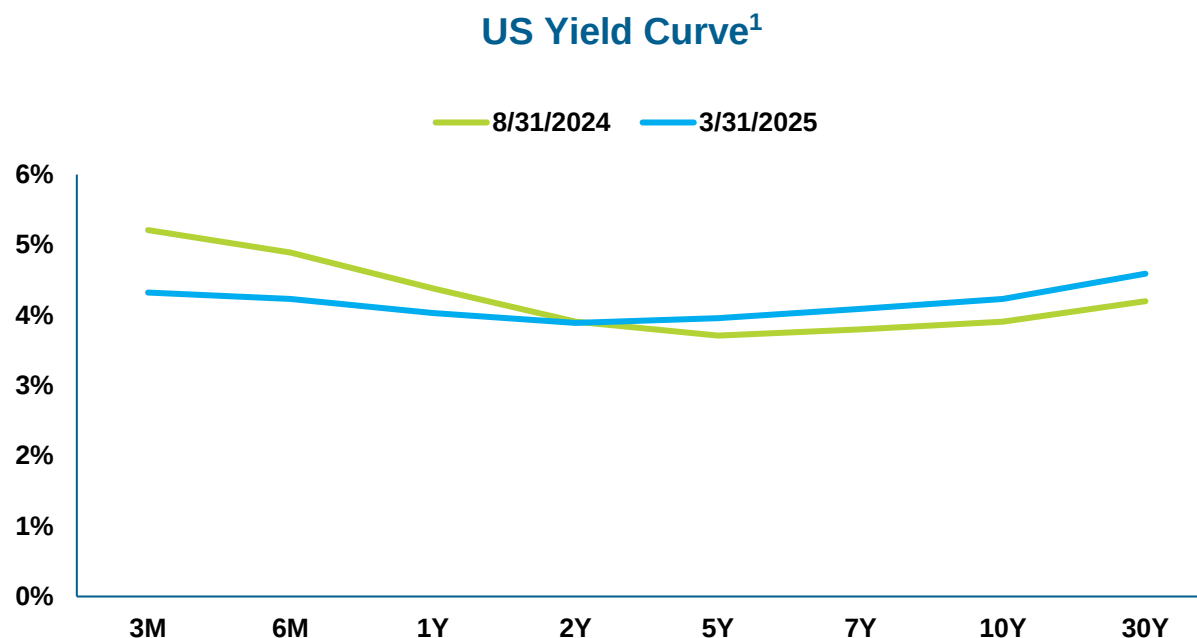
Fixed Income Returns¹

Fixed Income	March (%)	Q1 (%)	1 Yr (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	0.0	2.7	5.2	1.0	0.3	1.8	4.9	5.9
Bloomberg Aggregate	0.0	2.8	4.9	0.5	-0.4	1.5	4.6	6.1
Bloomberg US TIPS	0.6	4.2	6.2	0.1	2.4	2.5	4.2	6.8
Bloomberg Short-term TIPS	1.0	3.0	7.0	3.2	4.1	2.8	4.1	2.4
Bloomberg US Long Treasury	-0.9	4.7	1.3	-7.2	-7.9	-0.6	4.6	14.9
Bloomberg High Yield	-1.0	1.0	7.7	5.0	7.3	5.0	7.7	3.5
JPM GBI-EM Global Diversified (USD)	1.6	4.3	4.0	2.7	2.3	1.3	--	--

Fixed Income: The Bloomberg Universal index rose 2.7% in the first quarter.

- Uncertainty related to tariffs and growing worries about economic growth drove investors to high quality bonds over the quarter.
- The broad US bond market (Bloomberg Aggregate) rose 2.8% with both short- (+3.0%) and longer-dated (+4.2%) TIPS outperforming as inflation risks rose modestly. Long-term Treasuries (+4.7%) particularly benefited in this environment of uncertainty and falling interest rates.
- High yield bonds (+1.0%) rose the least during the quarter as uncertainty and risk aversion grew ahead of the planned tariff announcement from the US in early April.

¹ Source: Bloomberg. Data is as of March 31, 2025. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration, respectively. JPM GBI-EM data is from J.P. Morgan. Current yield and duration data is not available.

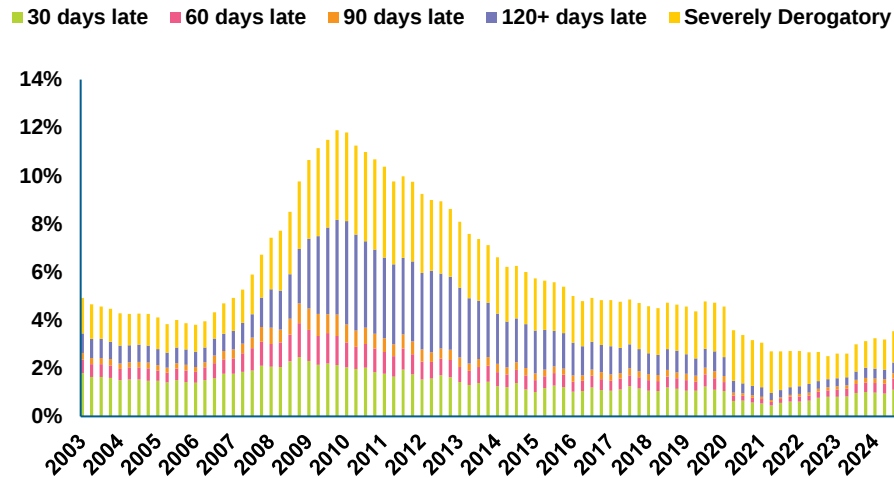


- US Treasury yields declined significantly over the quarter, as investors expressed concerns about the potential policies of the new US administration, economic data related to consumers weakened, and overall growth expectations fell.
- The more policy sensitive 2-year Treasury yield fell from 4.24% to 3.89%, while the 10-year Treasury yield declined from 4.57% to 4.21%.
- After the Fed started reducing interest rates in September 2024, the yield curve stopped being inverted (short-term interest rates higher than long-term interest rates) given expectations for inflation to continue to decline and policy rates to continue lower.

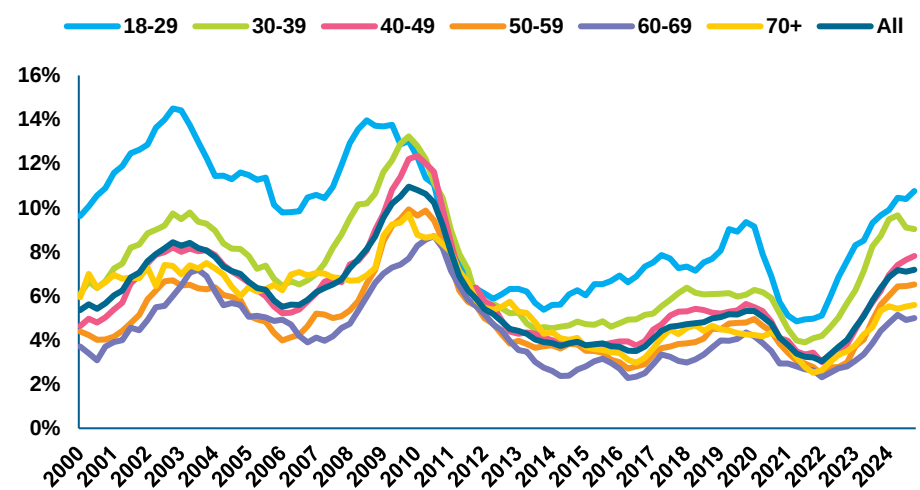
¹ Source: Bloomberg. Data is as of March 31, 2025. The August 2024 Treasury yields are shown as a reference before the first interest rate cut.

Stress is Building on US Consumers

Total Balance by Delinquency Status¹



Transition into Serious Delinquency for Credit Cards by Age²

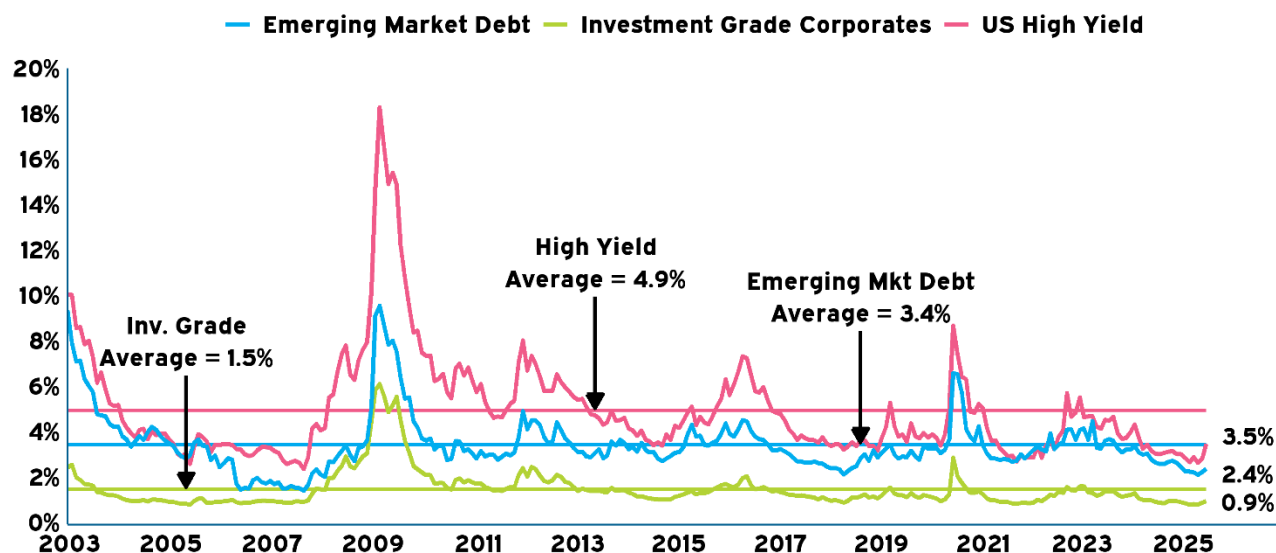


- Some signs of stress on the US consumer have started to emerge given persistently higher prices and interest rates.
- After falling to historic lows during the pandemic, loan delinquencies recently started rising.
- While some segments of the credit market have started to show signs of stress, total delinquencies remain well below pre-pandemic levels.
- While total delinquency rates are below pre-pandemic levels, the credit card segment is showing more signs of distress where borrowers are subject to variable and higher borrowing costs.
- Credit card delinquencies are rising rapidly, especially for borrowers under the age of forty.

¹ Source: New York Federal Reserve, Quarterly Household Debt and Credit Report, February 2025. See also FRED. Data is as of February 28, 2025.

² Source: FRED. Data is as of February 28, 2025.

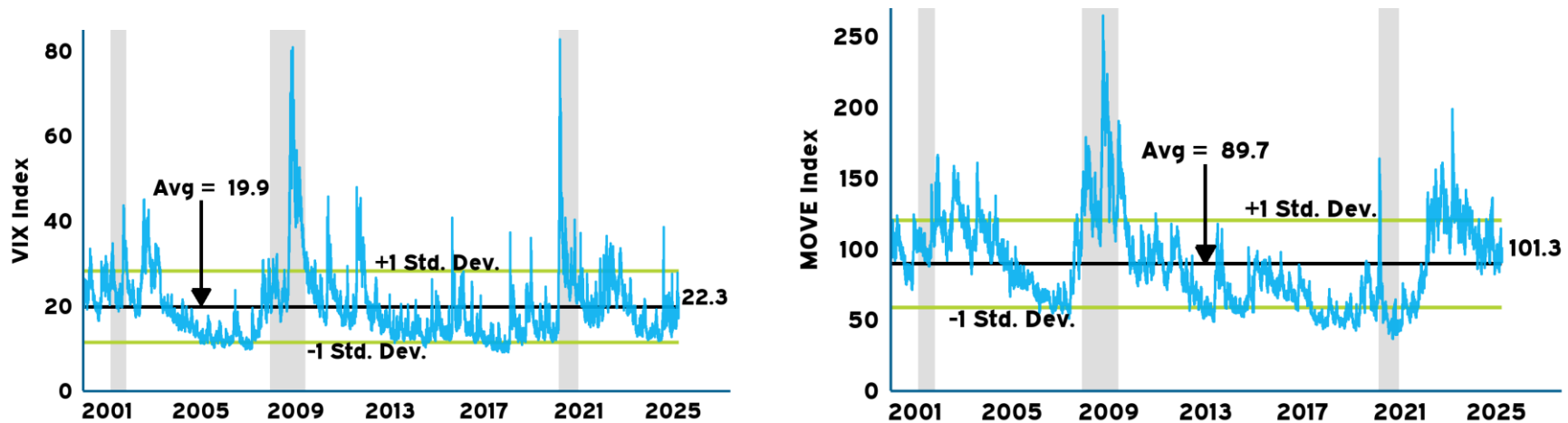
Credit Spreads vs. US Treasury Bonds¹



- Given all the uncertainty, spreads (the yield above a comparable maturity Treasury) widened in the first quarter.
- High yield spreads moved the most (2.9% to 3.5%) due to the concerns related to the US economy.
- All yield spreads remained below their respective long-run averages, particularly high yield (3.5% versus 4.9%).
- Although spreads are tight, absolute bond yields remain at above-average levels compared to the last two decades.

¹ Source: Bloomberg. Data is as March 31, 2025. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

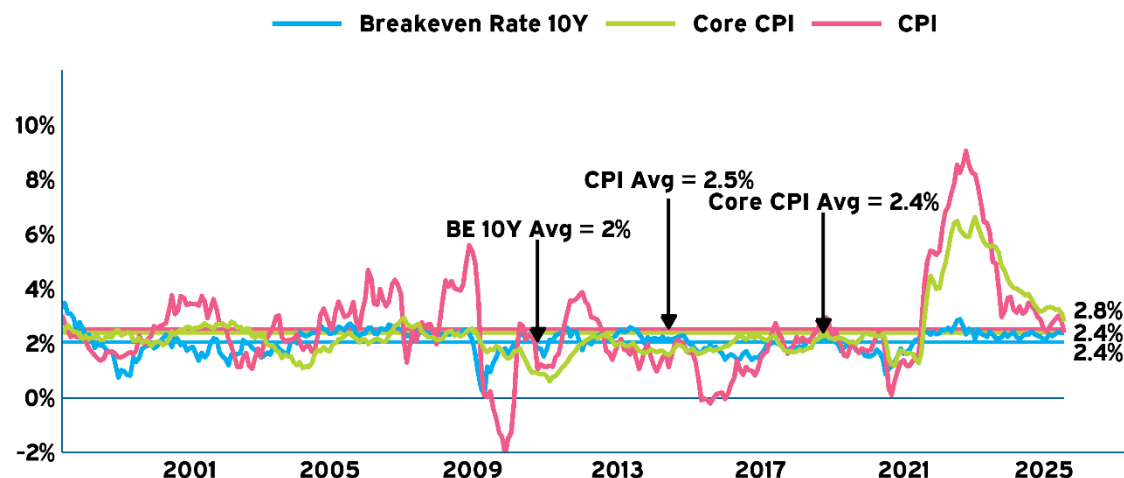
Equity and Fixed Income Volatility¹



- Bond and equity volatility rose in the first quarter driven mainly by policy and trade uncertainty.
- Volatility levels (VIX) in the US stock market and bond market (MOVE) finished the quarter above their respective long-run averages.

¹ Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of March 31, 2025. The average line indicated is the average of the VIX and MOVE values between January 2000 and March 2025.

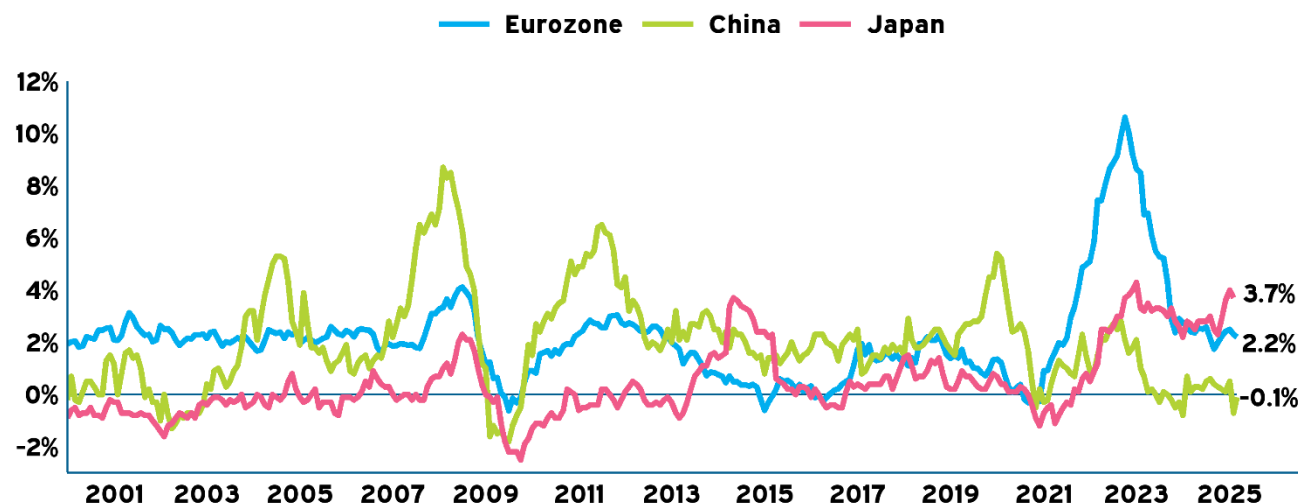
US Ten-Year Breakeven Inflation and CPI¹



- While inflation has been slow to return to the Fed's 2% average target, over the quarter the year-over-year rate fell from 2.9% to 2.4%. The month-over-month rate moved into negative territory at quarter-end (-0.1%). A slowing in the rate of increase in the services sector along with a drop in energy prices contributed to the recent decline.
- Core inflation year-over-year also declined over the quarter (3.2% to 2.8%) with the month-over-month rate slowing to 0.1%. A decline in the pace of shelter price increases drove results.
- Inflation expectations (breakevens) stayed relatively stable over the quarter as investors continued to evaluate the potential inflationary impacts of the new US administration's policies.

¹ Source: FRED. Data is as of March 2025. The CPI and 10 Year Breakeven average lines denote the average values from February 1997 to the present month-end, respectively. Breakeven values represent month-end values for comparative purposes.

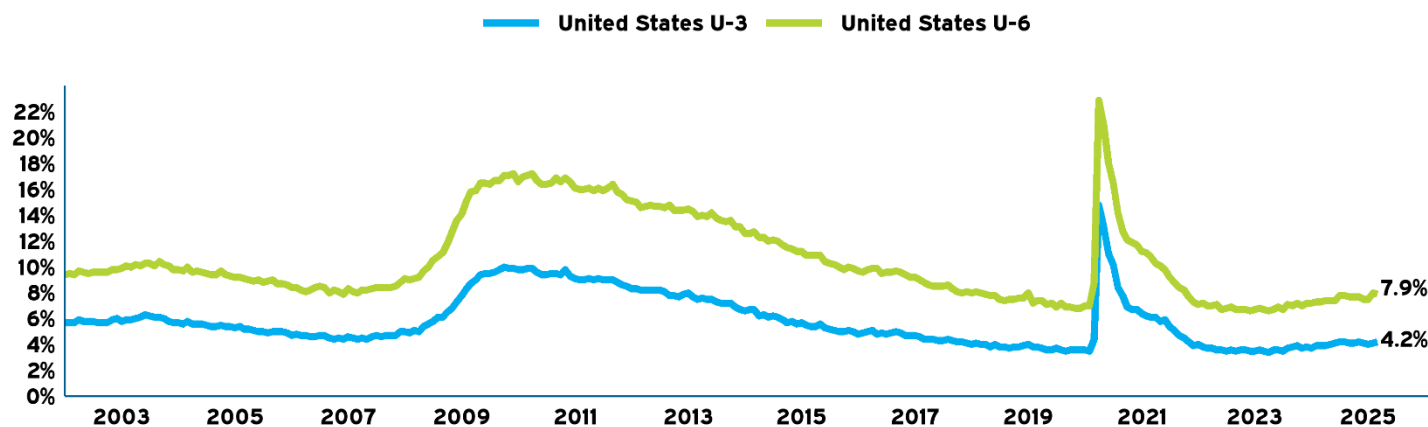
Global Inflation (CPI Trailing Twelve Months)¹



- Inflation in the eurozone fell over the quarter (2.4% to 2.2%), due largely to declines in energy costs and services. Levels remain slightly below the US.
- The latest reading of inflation in Japan dropped from 4.0% to 3.7% as energy subsidies were reintroduced.
- In China, despite record policy stimulus consumer prices moved back into negative territory over the quarter. In March, prices fell by 0.1% compared to a year prior, a lower decline than the February reading of -0.7%. Despite years of policy stimulus to counter the real estate crisis and economy, the Chinese consumer has remained weak.

¹ Source: Bloomberg. Data is as March 2025, except Japan which is as of February 2025.

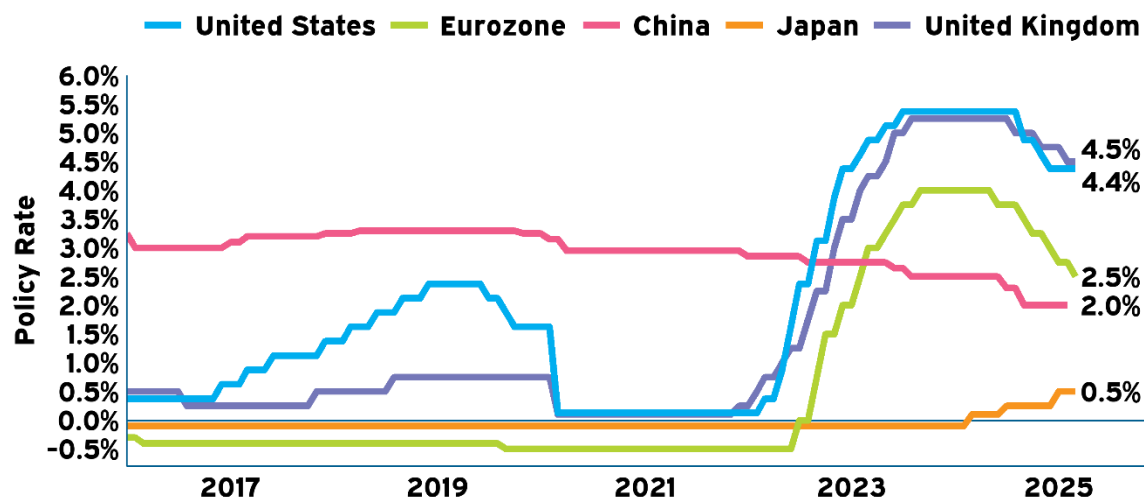
US Unemployment¹



- In March, the US added 228,000 jobs (above expectations of 140,000). The unemployment rate rose slightly to 4.2% but remained in the tight range of 4.0% to 4.2% it has been in since May of last year. There were 7.1 million jobseekers (little changed from the prior reading) of which 1.5 million have been without work for more than 27 weeks.
- A broader measure of total unemployed (U-6) that includes those marginally attached to the labor force and employed part-time for economic reasons, fell slightly to 7.9%.
- Health care (+54k), social assistance (+24k), retail (+24k), and transportation (+23k) added jobs in March while the Federal government lost 4,000 jobs adding to the 11,000 lost in February.
- The last reading of job opening fell slightly to 7.6 million, a level well below the pandemic highs (>12 million); the number of openings exceeded the number of unemployed workers looking for work (7.1 million).
- Separations (5.3 million) and hires (5.4 million) remained steady and average hourly wages continued to grow at approximately 4.0% annually.

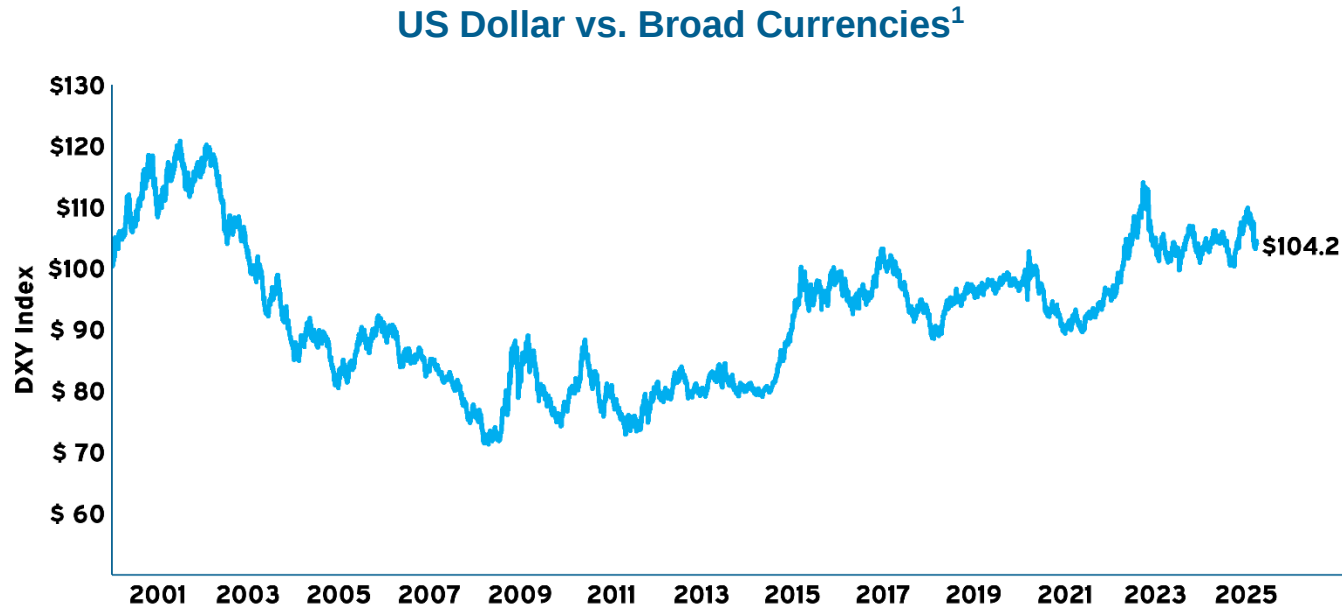
¹ Source: FRED and BLS. Data is as of March 31, 2025.

Policy Rates¹



- The Fed kept US interest rates steady at their March meeting after reducing rates by 0.25% twice over the final quarter of 2024 to a range of 4.25% to 4.50%. Given growing concerns about growth, markets recently increased expectations for the number of rate cuts in 2025 to over three.
- In February, the Bank of England cut interest rates for the third time by 0.25% to 4.5%, while in March the European Central Bank cut rates by another 0.25% to 2.5%. In addition to cutting interest rates, the People's Bank of China has also reduced reserve requirements, lowered mortgage rates, and supported the stock market.
- In contrast to many other central banks, the Bank of Japan increased interest rates in January to 0.5%, in the face of persistent inflation. Rate cutting by other major central banks are complicating prospects for further policy rate hikes in Japan.

¹ Source: Bloomberg. Data is as of March 31, 2025. United States rate is the mid-point of the Federal Funds Target Rate range. Eurozone rate is the ECB Deposit Facility Announcement Rate. Japan rate is the Bank of Japan Unsecured Overnight Call Rate Expected. China rate is the China Central Bank 1-Year Medium Term Interest Rate. UK rate is the UK Bank of England Official Bank Rate.



- After largely strengthening through 2024, the US dollar recently started to weaken.
- Concerns over changing US administration policies, slower growth, and corresponding lower yields have recently weighed on the value of the dollar.

¹ Source: Bloomberg. Data as of March 31, 2025.

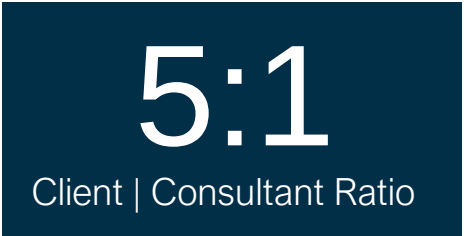
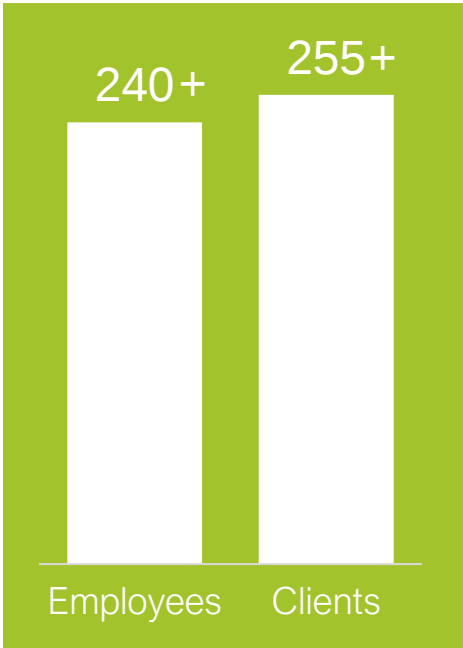
Summary

Key Trends:

- According to the International Monetary Fund's (IMF) January report, global growth in 2025 is expected to be slightly higher than 2024 (3.3% versus 3.2%). Growth forecast in the US (+2.7%) and China (+4.6%) are lower for this year compared to last, while growth in the EU (+1.0%) is projected to be slightly higher in 2025.
- Elevated levels of uncertainty along with higher tariffs could weigh on growth while at the same time fan inflation. Inflation levels will likely lead to a slower pace of interest rate cuts by the Fed. Uncertainty in the US and the potential for slower growth could continue the rotation out of US assets and the pressure on the dollar.
- Signs of stress have started to emerge on the US consumer with sentiment weakening. Consumers are particularly concerned about losing their jobs and the potential for higher prices. Overall risk to economic growth and to inflation from tariffs, as well as elevated borrowing costs, could put further pressure on consumers and lead to a weaker job market.
- US equities have recently come under pressure. A focus going forward will be whether earnings can remain resilient if growth slows. Also, the future paths of the large technology companies that have driven market gains will continue to be important.
- Trade tensions between the US and China will remain a key focus. As tariffs have soared on both sides, China has allowed its currency to weaken against the dollar. Outside of tariffs, China continues to focus on supporting its economy/asset prices with a suite of fiscal and financial policy stimulus measures. Advances in AI technologies have also contributed to some optimism. Despite the policy support, consumer spending is still weak and issues remain in the real estate sector.

Appendices





UPCOMING EVENTS
Q1 Investment Perspectives Webcast
April 2025

Client and employee counts as of December 31, 2024; assets under advisement as of June 30, 2024; assets in alternative investments as of December 31, 2024.

Client retention rate is one minus the number of clients lost divided by the number of clients at prior year-end. Average over the previous five years.

THOUGHT LEADERSHIP



Can US Listed Companies Sustain Earnings Growth?

With prices for the US equity market approaching all-time highs, the market is discounting significant earnings growth to justify higher valuations. The earnings growth rates US stocks have achieved in the post-GFC period could support these valuations if these growth rates are sustainable.

This paper provides an overview of some variables historically associated with earnings growth to help predict future earnings growth for the broad equity market. It also addresses differences in these factors between the US and other markets that may be driving disparities in earnings growth and valuations relative to non-US markets.

Read more here:

<https://meketa.com/leadership/can-listed-us-companies-sustain-earnings-growth/>



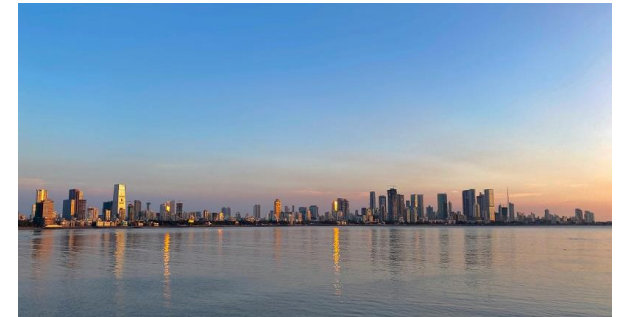
Re-underwriting a Portfolio: A Strategic Discipline for Institutional Investors and Why it Matters

Re-underwriting a portfolio isn't about short-term market timing; it's about thinking through portfolio construction and raising the possibilities of achieving the institution's financial goals.

With inflation, interest rates, liquidity constraints, and geopolitical risks reshaping the investment environment, a disciplined reassessment of the portfolio, its underlying asset classes, and the managers that fill those asset classes is critical for risk management and value creation. Peter Woolley, Co-CEO, answers six questions that investment decision-makers should consider when re-underwriting their portfolio.

Read more here:

<https://meketa.com/news/meketa-connectives-re-underwriting-a-portfolio-a-strategic-discipline-for-institutional-investors-and-why-it-matters/>



The Next AI Powerhouse: India's Bold Bet on AI Dominance

The race for artificial intelligence (AI) leadership is a global endeavor with economic and investment implications.

While the US and China have grabbed most of the headlines, India also seeks to be a serious contender. India recently announced the "AI for India 2030" initiative, which is intended to drive AI adoption and to help India along its path of economic development.

Read more here:

<https://meketa.com/news/meketa-connectives-the-next-ai-powerhouse-indias-bold-bet-on-ai-dominance/>

ANNOUNCING OUR NEWEST SHAREHOLDERS 2025



Laura Morgan

Managing Principal /
Director of Human Resources



Erika Olson

Managing Principal / Director of
Public Markets Manager Research



Jared Pratt

Managing Principal / Consultant

HONORS AND AWARDS FOR MEKETA'S DECORATED LEADERS



Congratulations to Meketa's **Christy Fields** on being selected to Kayo Conference Series' Top 25 in '25: Trailblazing Institutional Investors in Real Estate list! This well-earned recognition highlights Christy's leadership and deep expertise in the dynamic real estate sector. We're grateful for Christy's many contributions to Meketa and proud to have her on our team. View the full list here: <https://kayoconferenceseries.com/top-25-in-25-trailblazing-institutional-investors-in-real-estate/>



Our own **Hannah Schriner, CAIA** and **Lauren Giordano** enjoyed attending last week's Defined Contribution Institutional Investment Association (DCIIA) Leader and Rising Star Awards celebration. We're proud to see Hannah and Lauren receive these well deserved honors and are grateful for their contributions to our firm. View the full list of DCIIA's Leader and Rising Stars here: <https://dcii.org/page/2024RisingStarSLeaders>



Congratulations to our own **Judy Chambers** on being selected as one of Institutional Investor's Women in Investment Management 2025 leaders! This honor recognizes allocators who have demonstrated excellence and innovation in the alternatives and private markets arena. The honorees were celebrated at the AlphaEdge North America conference, where Judy also moderated a panel on alternatives.

A GATEWAY TO SMARTER, MORE INFORMED DECISION MAKING

MEKETA essentials is our proprietary digital platform that puts powerful tools and insights at your fingertips. Designed exclusively for Meketa clients, it integrates four decades of institutional investment expertise into a single resource to support asset allocation, portfolio construction, manager due diligence, and performance analysis.

Whether you're analyzing portfolio risk, evaluating public or private market managers, or accessing our latest thought leadership, MEKETA essentials offers a comprehensive suite of tools to help you.

New this quarter we have released a [helpful brochure](#) to assist in navigating our MEKETA essentials toolkit with ease.



Manage Portfolios

Asset Allocation | Using our extensive, annually updated Capital Market Expectations, MEKETA essentials Asset Allocation is an advanced risk management tool designed to provide a comprehensive perspective on diversification and its potential benefits.

Portfolio Builder | With more than 6,000 investment products accessible, Portfolio Builder allows you to quantitatively analyze and compare portfolio construction options.



Research Investment Managers

Public and Private Markets Research Meketa's Public and Private Markets research includes current and historical notes and due diligence reports as well as performance and benchmark data.



Review Portfolio Dashboard

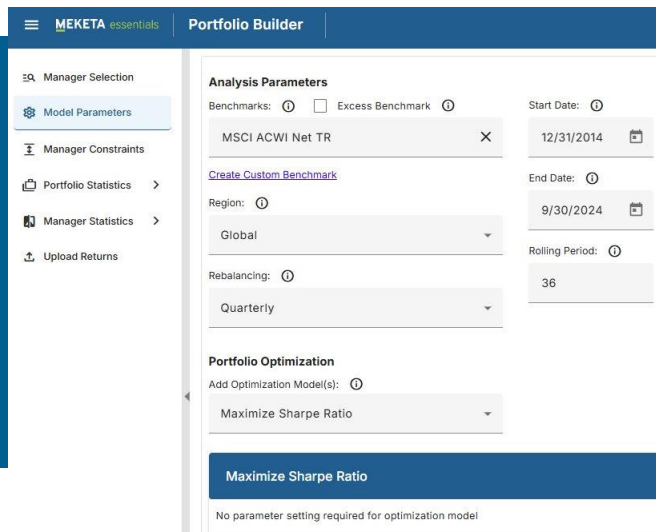
For clients that use Meketa for private markets reporting, MEKETA essentials provides a single point of access for manager performance reporting as well as essential access to manager documents.



Access Thought Leadership

Provides users current and historical access to Meketa's wide array of thought leadership, including our annual capital market expectations, research primers, asset class innovations and a wide variety of global macro thematic content.

MEKETA ESSENTIALS PORTFOLIO BUILDER



With Portfolio Builder, users are able to quantitatively analyze and compare different portfolio construction options from approximately 6,000 products while understanding the impact of each underlying manager. The tool includes a broad array of public markets and liquid alternatives managers, as well as provides the ability for a user to upload managers. It allows for analysis and optimization of portfolios as well as screening by factors such as asset class, strategy, and Meketa rating.

“Combining both the art and science of portfolio construction, Portfolio Builder provides clients the ability to understand how changing managers and adjusting investments can impact portfolio risk and performance.”

Stella Mach
Quantitative Analyst /Team Leader

The Portfolio Builder tool can assist in answering questions such as...

What is the information ratio of my current global equity allocation?

What changes to my portfolio would optimize that information ratio?

If I were to change the allocations to the managers in my US equity allocation, how would that impact my factor exposures?

What impact would a change to my fixed income portfolio have had during the recent increase in interest rates?

How would introducing a new manager affect the tracking error versus my benchmark and my overall risk exposure?

MEKETA IN THE COMMUNITY



LA Wildfires

In early 2025, Los Angeles County, California suffered from a series of devastating wildfires causing loss of life, homes, businesses, and historical landmarks.

To show our support for the region, Meketa donated \$5,000 and encouraged employees to donate to several foundations listed here.



Cycle for Survival

On February 8th Team Meketa was excited to return for our 6th year of continued success to participate in Cycle for Survival, a national campaign to raise money for Sloan Kettering Cancer Center research for rare cancers. The event is a high energy Spin Class for all levels of participation and **100% of the proceeds go to directly to cancer research.**



9 Employees Participated



**CYCLE
FOR SURVIVAL**

MEKETA IN THE NEWS

WSJ **PRO** PRIVATE EQUITY

Private Credit's Consolidation Is More Complicated Than You Think [By Jennifer Rossa | February 24, 2025](#)

"I think two of the biggest drivers of our industry now tie to the insurance market and to the mass affluent retail market," said Mary Bates, managing principal at Meketa.

FUND**fire**

Inst'l Investors Give Securitized Fixed Income Another Look

[By Justin Mitchell & Bridget Hickey | January 31, 2025](#)

Mark McKeown, managing principal and head of fixed income research at Meketa, said he's observed a "much stronger" level of interest in securitized products in recent months than over the past five years. But investors are still a bit skittish about these products following the 2008 global financial crisis, which was famously triggered by speculation around securitized mortgage products, he added.

"There is a hangover and there's hesitancy from certain types of investors from the [global financial crisis] experience," Mark McKeown, Meketa.

However, the market has changed since the crisis, Kerschner said. Securitized debt products were a new asset class that exploded in size, and ratings agencies have since changed their approach. New regulations following the crisis also aim to ensure these products will not trigger another collapse. "[T]he market learned their lesson that ... having a new asset class grow that quickly was not smart," he said. "We can walk institutional investors through that, and if we're allowed to do that, I think a lot of them can get comfortable that what happened then won't happen again."

Part of why there is opportunity in this asset class stems from the number of investors who still do not feel comfortable because of the financial crisis, but that is changing, due to the favorable spread between corporate bonds and securitized products and minimal interest rate risk, as well as the simple passage of time, McKeown said. "I think that's fading, but it definitely still exists," he said. These days, most of the attention in the securitized space is focused on collateralized debt obligations, or CDOs, auto loans, and credit cards, he added.

fin|news

Infrastructure Trends Promise Consistent Long-Term Returns For E&Fs [By Justin Slaughter | March 19, 2025](#)

That mammoth deal, which cost the BlackRock consortium \$22.8 billion, is just one indication of the growing opportunity set across the international private infrastructure space, driven by strong and steady demand, expanding diversity of the asset class and the physical and mandated revenue structures of infrastructure projects generally, according to Meketa Managing Principal and Infrastructure Program Lead Lisa Bacon. Bacon finds the confluence of factors is building a promising opportunity set for endowments and foundations seeking reliable strong returns over the long term. Ports are only one segment of the asset class as a large and growing swath of the opportunity set is related to electricity, demand for which will likely continue to expand, boosting the need for private dollars to build more infrastructure to produce, transport or store energy, Bacon said.

While demand has been building, the global opportunity set has evolved from being dominated by traditional energy power generation, transportation and utility infrastructure to encompass a broader range of assets, including "lower carbon businesses and assets, such as electric vehicle charging networks" as well as renewable energy, which is increasingly cheaper than traditional sources of energy like fossil fuels, according to Bacon. "The demand for energy and electricity isn't going away, it has been growing overall and changing its footprint. In many situations, one or more renewable power sources are the cheapest source of energy, even unsubsidized, and so are an attractive option to meet some of those demands, recognizing, at least today, they cannot satisfy the full demand," she said. Though public policies around renewable energy sources in the U.S. may be in flux today, "there are a lot of dynamics at play with this," according to Bacon, who finds that "with the exception of recent executive orders, a lot of those factors were pushing in the same direction, pushing the demand and supply for those investments with some velocity."

["I'm not trying to say infrastructure is everything to everybody, but there is a lot of flexibility," Bacon said.](#)

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

Credit Risk: Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security).

Duration: Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

Information Ratio: This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

Jensen's Alpha: A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk. Portfolio Return- [Risk Free Rate+Beta*(market return-Risk Free Rate)].

Market Capitalization: For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

Market Weighted: Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

Maturity: The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

Prepayment Risk: The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

Price-Book Value (P/B) Ratio: The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.

Price-Earnings (P/E) Ratio: A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

Quality Rating: The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

Sharpe Ratio: A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

STIF Account: Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

Standard Deviation: A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

Style: The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

Tracking Error: A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, as defined by the difference in standard deviation.

Yield to Maturity: The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a “basis book.” For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

Yield to Worst: The lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call, or sinking fund, are used by the issuer.

NCREIF Property Index (NPI): Measures unleveraged investment performance of a very large pool of individual commercial real estate properties acquired in the private market by tax-exempt institutional investors for investment purposes only. The NPI index is capitalization-weighted for a quarterly time series composite total rate of return.

NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE): Measures the investment performance of 28 open-end commingled funds pursuing a core investment strategy that reflects funds' leverage and cash positions. The NFI-ODCE index is equal-weighted and is reported gross and net of fees for a quarterly time series composite total rate of return.

Sources: Investment Terminology, International Foundation of Employee Benefit Plans, 1999.
The Handbook of Fixed Income Securities, Fabozzi, Frank J., 1991

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.