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## Press Release

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### **SDCERA Board Implements Cost-saving Adjustments to Investment Structure and Asset Allocation**

*Action to result in an estimated \$20 million annual savings*

SAN DIEGO — Today, the San Diego County Employees Retirement Association (SDCERA) Board of Retirement voted to approve the second step in a two-part process, which will save SDCERA an estimated \$20 million annually. The action improves the alignment of the investment governance structure and maximizes SDCERA's existing contract with Salient Partners, who will assume responsibility for managing the total investment portfolio, saving SDCERA millions of dollars in investment manager fees.

"Refining this investment governance structure will efficiently align SDCERA's governance structure and strengthen accountability" said SDCERA Chief Executive Officer Brian White. "In addition to cost savings, SDCERA also gains improved access to the support provided by a broad and deep talent pool at Salient Partners." Moving the fund's internal private market investment function to Salient Partners, accounts for an estimated savings of \$9.75 million for SDCERA over the contract term, effective October 1, 2014.

On April 17, 2014, the Board of Retirement voted to further refine SDCERA's risk-managed approach. This includes Salient Partners implementing a "trend" and "risk parity" strategy under the "dynamic strategies" asset class, effective July 1, 2014. SDCERA's overall objective is to meet or exceed the 7.75% actuarial target return while minimizing portfolio volatility by capitalizing on economic growth while protecting the fund from inflation and adverse shifts in investor sentiment.

The new allocation eliminates inflation-protected securities and reduces allocations to equities, bonds and hedge funds. A new allocation to "dynamic strategies" includes risk parity and trend

strategies, rule-based investments that will increase the flexibility of the fund to adapt to the changing economy. Specifically, the new asset allocation involves the following changes:

- Reduction in the allocation to Equities, US Bonds, and Alternatives - Hedge Funds
- Creation of an allocation to Private Credit
- Elimination of an allocation to US TIPS
- Creation of an allocation to Dynamic Strategies - Risk Parity and Trend

The new structure establishes a clear role for SDCERA's portfolio strategist as responsible and accountable for the entire investment program, with oversight by the Board and CEO. Wurts and Associates will continue to provide an independent perspective to the Board and CEO about the portfolio strategist's portfolio management. This will meet SDCERA's goal to be a prudent, high-performance investment organization over the long-term, both in investment results and operational effectiveness.

#### **About SDCERA**

The San Diego County Employees Retirement Association (SDCERA) is an independent association established by the County Employees Retirement Law of 1937. SDCERA administers retirement and associated benefits for eligible employees of the County of San Diego and other participating employers, and is responsible for collecting, depositing, investing and managing the retirement funds. The SDCERA team is responsible for the accounting of contributions and investment income under the direction and governance of the Board of Retirement. SDCERA also provides a wide range of member services to nearly 39,000 active, deferred and retired members. For more information, please visit [www.sdcera.org](http://www.sdcera.org), or follow us on Twitter: [www.twitter.com/sdcera](https://www.twitter.com/sdcera).

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