



*Investment Program*

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## PUBLIC EQUITY REVIEW

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San Jose Federated City Employees' Retirement System  
Investment Committee

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## Objective and Process Review

# Objective

The purpose of Public Equity is to provide the Plan exposure to the total return due to equity capital owners, including exposure to capital appreciation from economic growth, while managing volatility relative to the equity market. --IPS

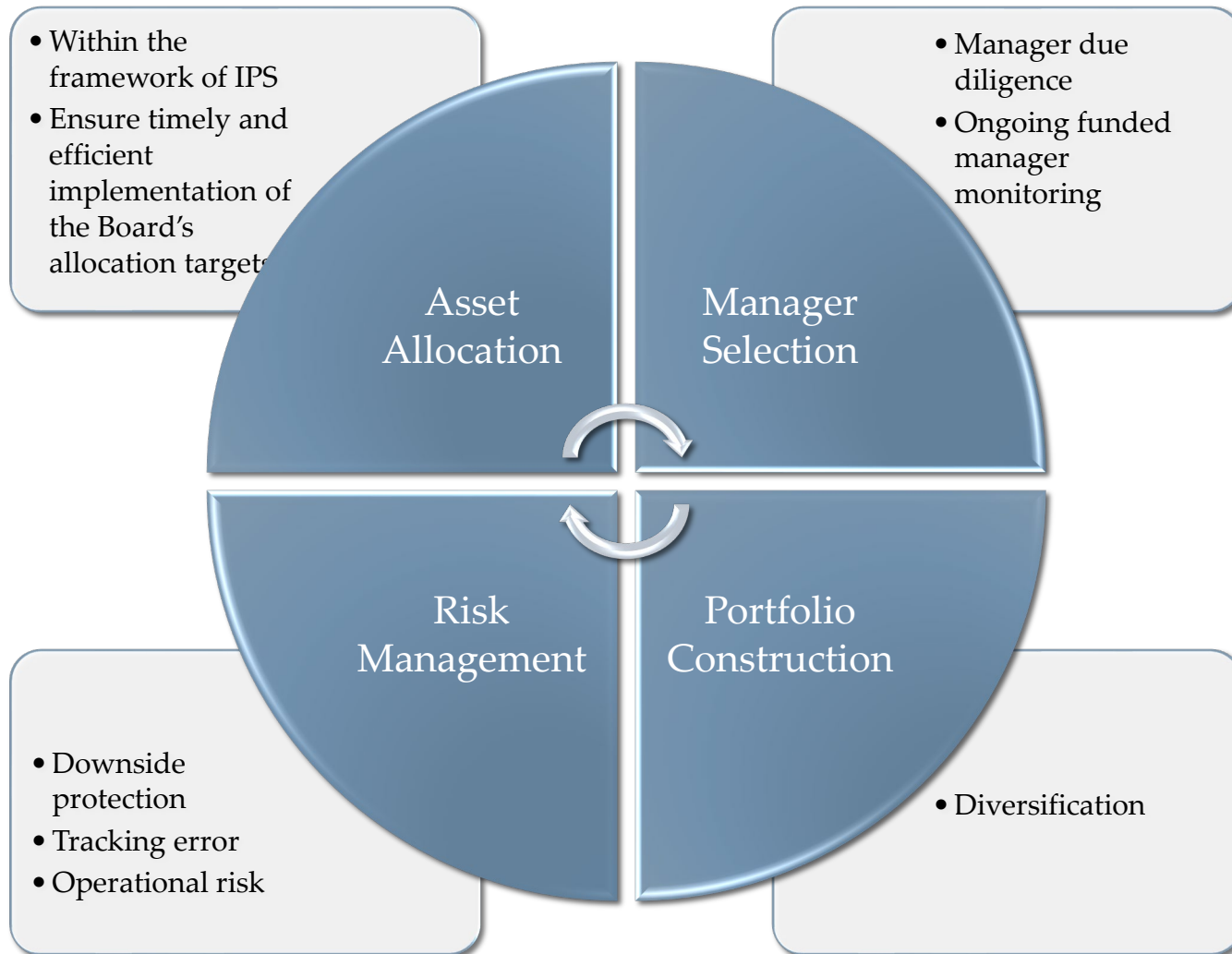
**Return Objective:** To maximize excess return compared to the public equity weighted benchmark\* on a net of fees basis.

**Risk Objective:** To minimize volatility to the public equity weighted benchmark. Tracking error target range is between 0-400 bps.

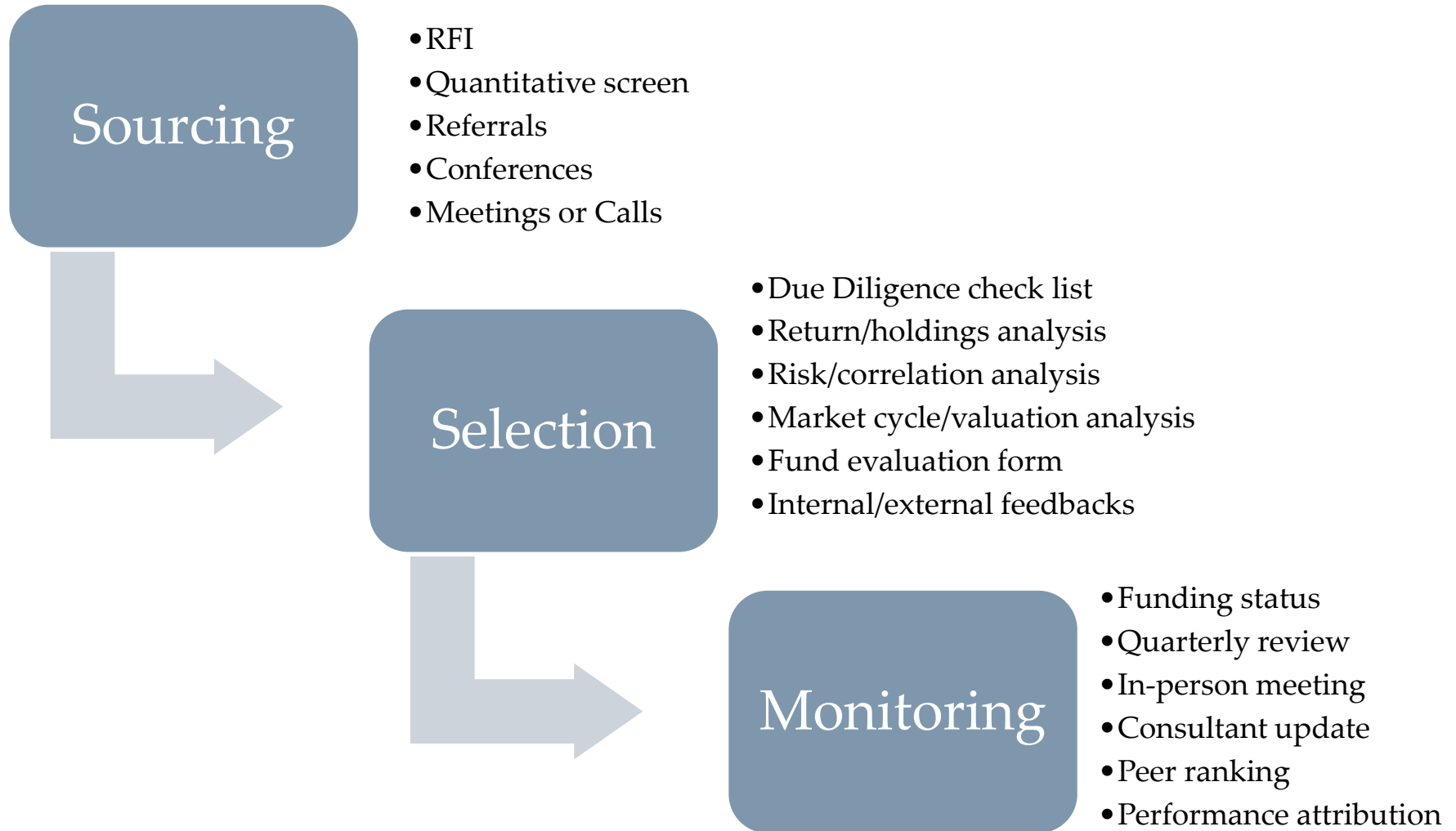
**Liquidity Objective:** To provide liquidity while maintaining relative weighting of risk assets.

\* Current public equity weighted benchmark: 51% MSCI US IMI Index + 24.5% MSCI World ex US IMI Index Net + 24.5% MSCI EM IMI Index Net

# Public Equity Investment Process



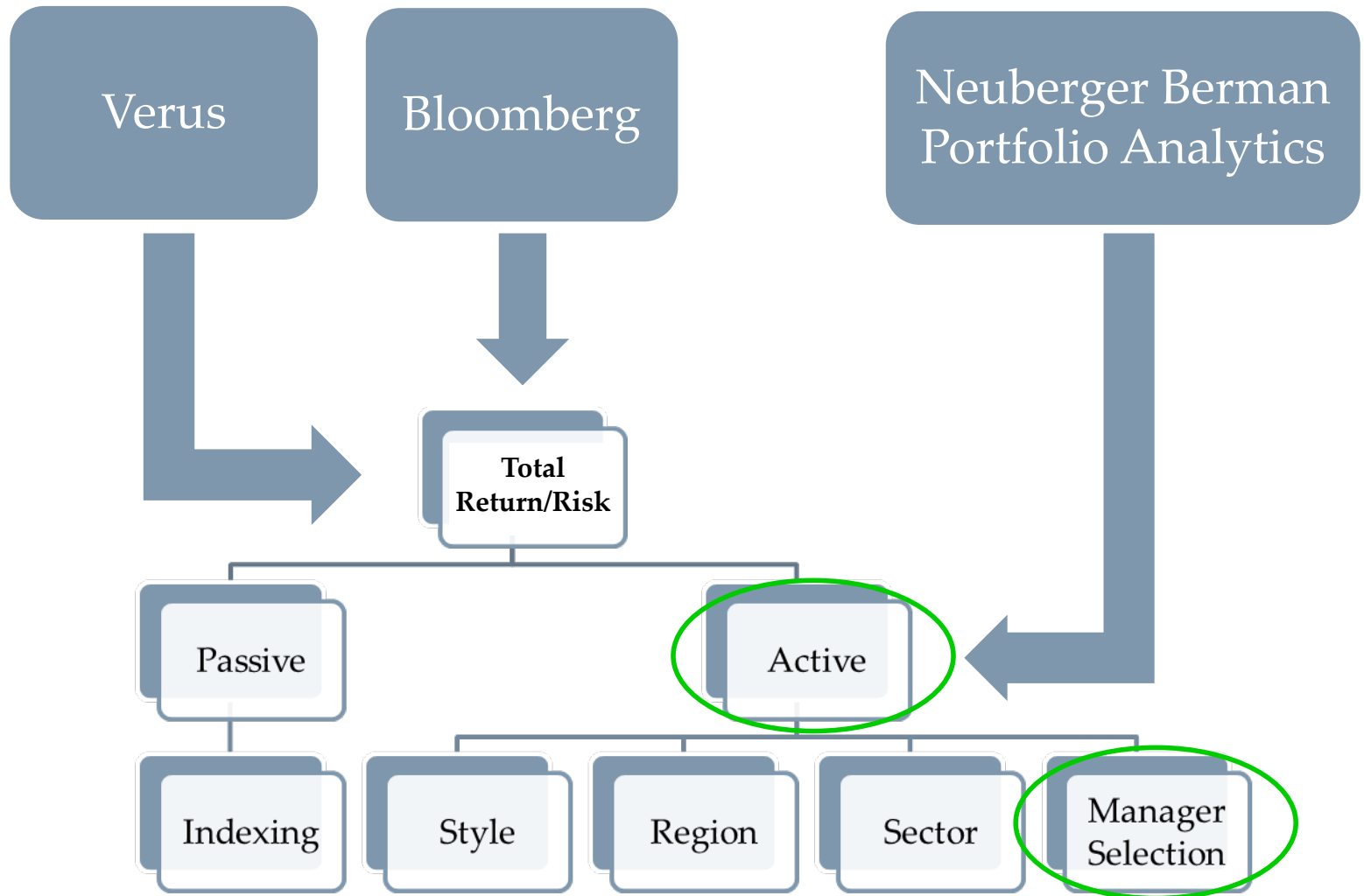
# Manager Selection and Monitoring Process



# Portfolio Construction



# Risk Management and Return Attribution



# Internal and External Resources and Tools

- **Consultants and partners**

- Meketa: asset allocation, CMA, manager research
- Verus: risk and manager research
- Albourne: niche products research
- Neuberger Berman: portfolio analytics

- **Tools**

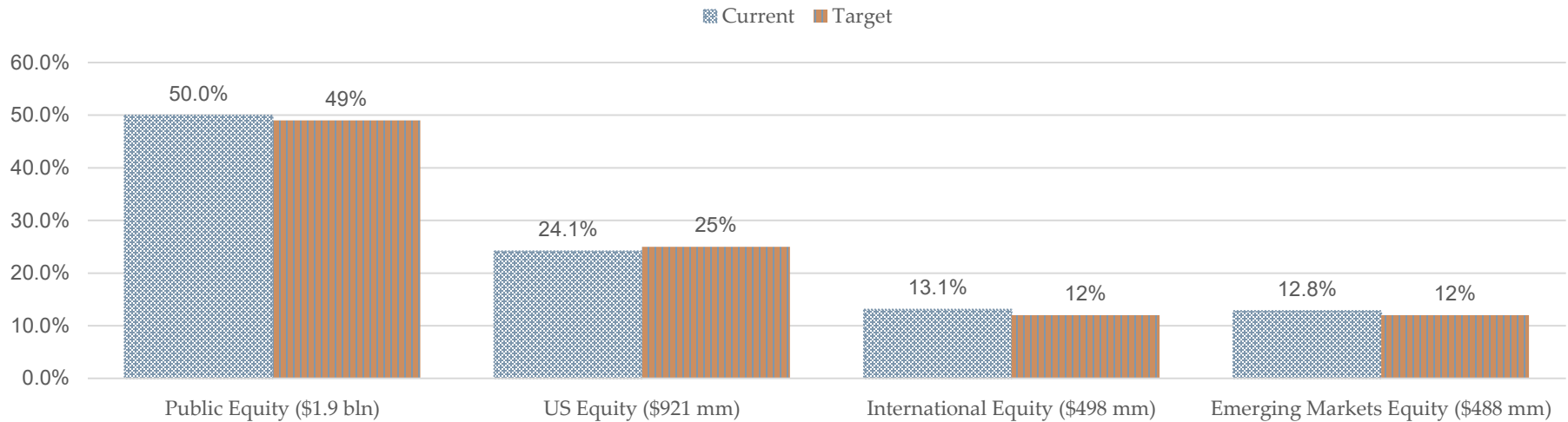
- Nasdaq eVestment: performance, peer analysis, style analysis, Market Lens, market cycle analysis
- Nexen: performance monitoring
- Bloomberg: analytics and risk management, portfolio construction
- Dynamo: investment research management system

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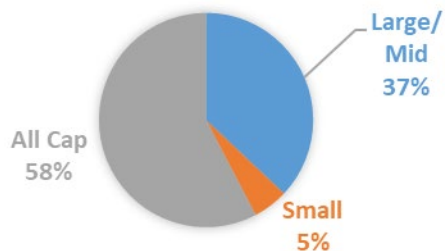
## Public Equity Summary

# Public Equity Summary

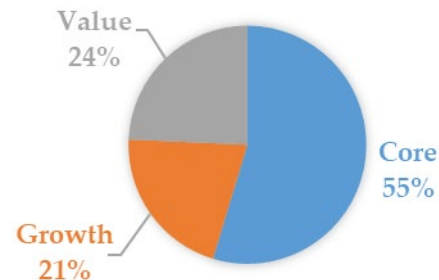
Public Equity Regional Allocation - Current vs. Target 02/28/2026



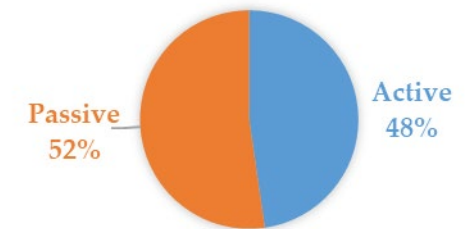
BY MARKET CAP



BY STYLE



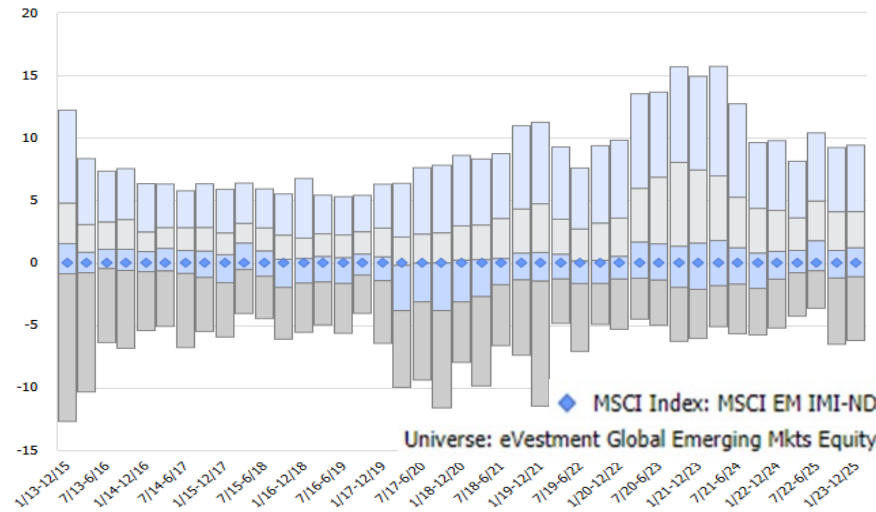
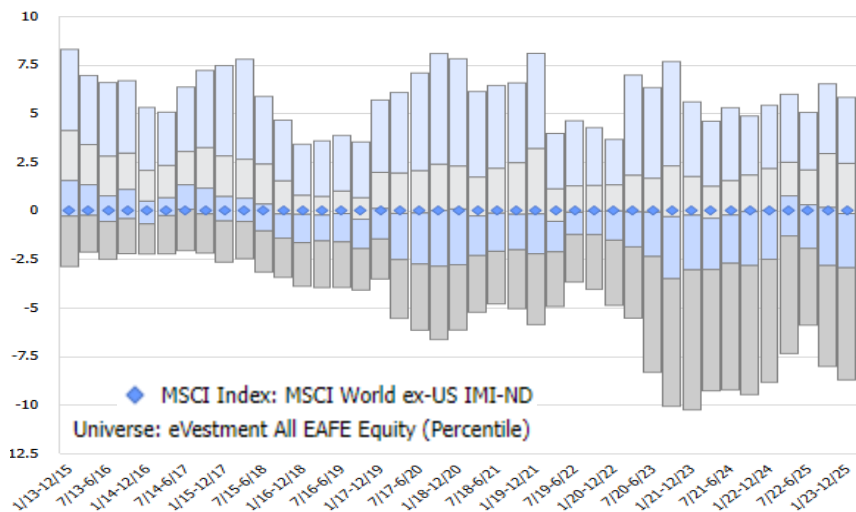
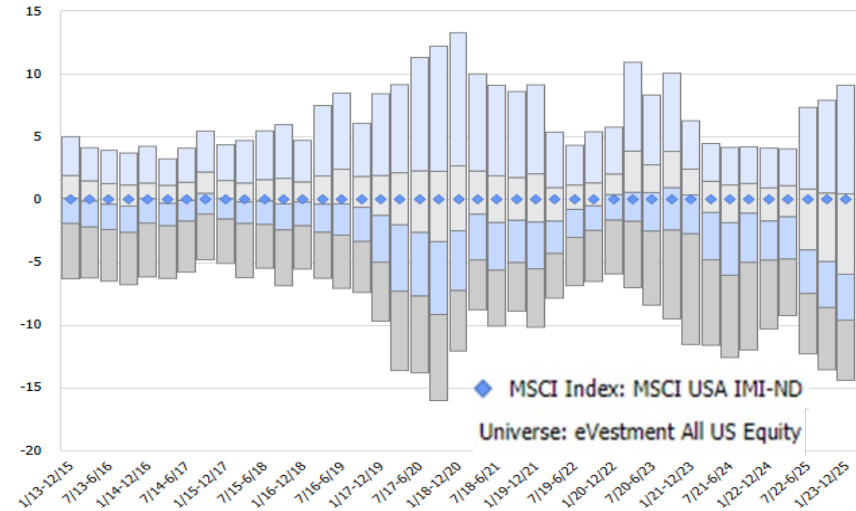
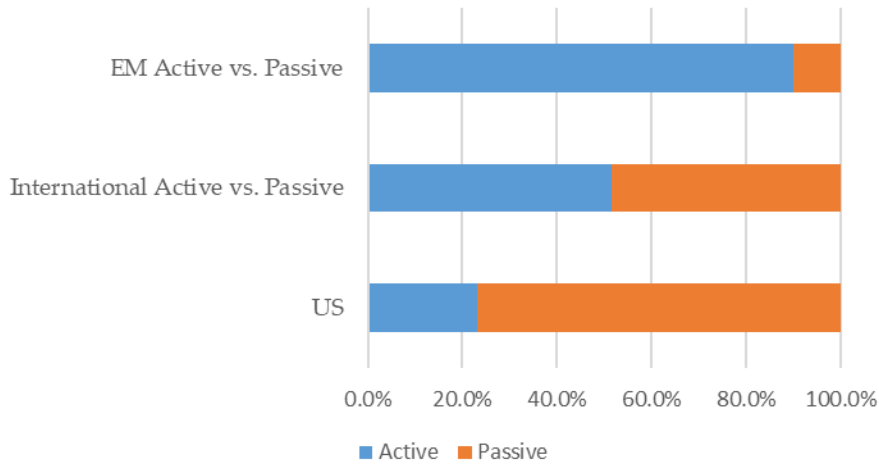
ACTIVE VS. PASSIVE



\*Based on custodian preliminary numbers

# Active vs. Passive by Markets

Active vs. Passive by Markets



Source: eVestment; rolling 3-year excess returns net of fees

# Efficiency Framework: Opportunities for active management

		US Large Cap	US Large Growth	US Large Value	Europe	EAFE	ACWIxUS	US Small Cap	Global	Australia	China	Japan Core	Emerging Mkts	Japan Small Cap	Europe Small Cap	EM Small Cap
Diversity	Benchmark concentration	Red	Red	Yellow	Yellow	Green	Green	Green	Green	Red	Red	Green	Yellow	Green	Green	Green
Consensus	Estimate dispersion	Red	Red	Red	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Green	Green
	Event surprise	Red	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green	Green	Green
Idiosyncrasy	Stock specific risk	Yellow	Yellow	Yellow	Red	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
	Big winner (%) <sup>1</sup>	Red	Green	Red	Red	Yellow	Green	Yellow	Green	Green	Green	Red	Green	Yellow	Green	Green
Accuracy	Forecast error	Red	Red	Red	Red	Yellow	Green	Yellow	Yellow	Yellow	Green	Green	Green	Green	Green	Green
	Median # of analysts	Red	Red	Yellow	Red	Yellow	Green	Yellow	Yellow	Green	Red	Green	Green	Green	Green	Green
Substitution	ETF tracking risk	Red	Red	Red	Yellow	Yellow	Red	Yellow	Yellow	Green	Green	Green	Green	Green	Green	Green
	ETF cost	Red	Red	Red	Green	Yellow	Red	Green	Green	Green	Green	Green	Green	Green	Green	Green

Data suggests

■ Highly efficient  
 ■ Moderate efficiency  
 ■ Inefficient

<sup>1</sup>Big winners defined as stocks in the index that have outperformed the index by more than 25% over the trailing 1-year period | Sources: eVestment, FactSet financial data and analytics, Bloomberg Index Services Limited, Wellington Management | The information shown is based on the monthly values for the 10 – year period from 31 December 2013 – 31 December 2023 per region. Green may reflect more opportunity, red less. **PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS.** Please see "Active manager universe definitions" page for additional information.

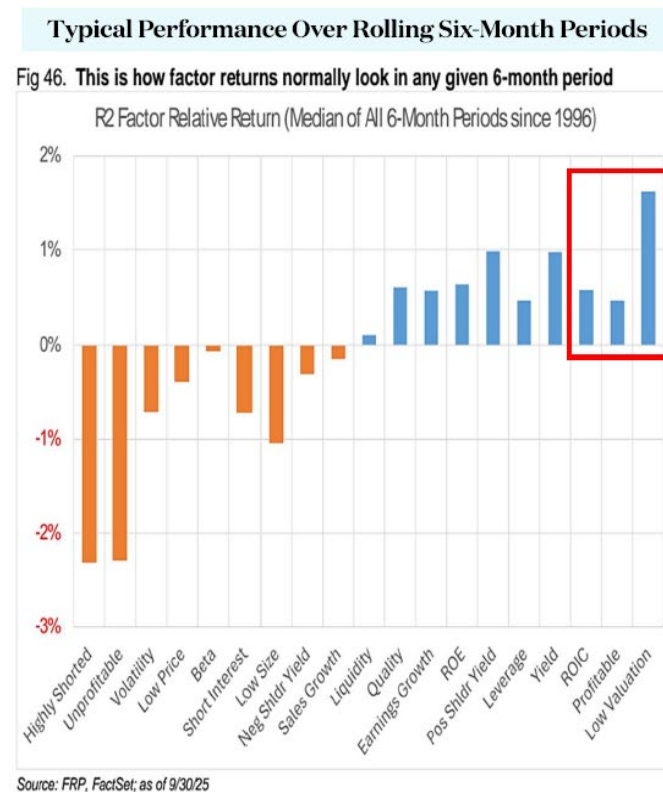
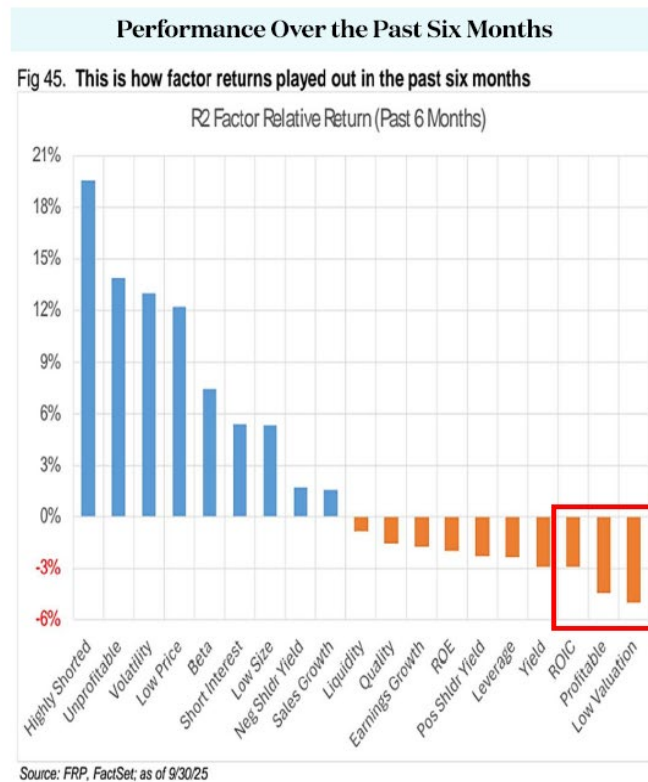
The analysis suggests that EAFE, US Small Cap and Emerging markets are more inefficient, and suitable for active management.

# Total Plan Trailing Net Performance (As of Feb 28, 2026)

Structure	% of Total	1 Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	ITD	Inception Date
Public Equity	50.0%	2.19	7.01	16.08	25.69	19.73	10.19	9.59	05/01/2010
Public Equity Benchmark		2.22	7.92	18.94	29.05	20.53	10.84	10.00	05/01/2010
Excess Return VS Public Equity Benchmark		(0.03)	(0.90)	(2.85)	(3.36)	(0.79)	(0.65)	(0.41)	05/01/2010
Global Equity	7.3%	0.00	4.12	11.56	19.03	19.06	10.02	11.08	07/01/2015
MSCI All Country World Investable Market Net Index		1.57	5.98	16.59	25.09	20.18	11.27	10.64	07/01/2015
Excess Return VS MSCI All Country World Investable Market Net Index		(1.57)	(1.86)	(5.03)	(6.06)	(1.11)	(1.25)	0.44	07/01/2015
US Equity	19.6%	(0.42)	1.17	11.51	16.00	20.48	12.58	12.34	07/01/2015
MSCI United States Investable Markets Index Net		(0.58)	1.02	11.83	16.74	20.54	12.48	12.84	07/01/2015
Excess Return VS MSCI United States Investable Markets Index Net		0.16	0.15	(0.31)	(0.74)	(0.06)	0.10	(0.50)	07/01/2015
International Equity	11.1%	5.20	12.34	19.34	34.00	17.94	8.66	7.74	07/01/2015
MSCI World Ex USA IMI Net Index		4.93	13.30	22.02	36.95	19.04	10.79	8.22	07/01/2015
Excess Return VS MSCI World Ex USA IMI Net Index		0.27	(0.96)	(2.67)	(2.95)	(1.10)	(2.13)	(0.47)	07/01/2015
Emerging Markets Equity	11.9%	5.31	14.75	24.21	40.51	19.67	6.67	6.52	07/01/2015
MSCI Emerging Markets Investable Market Index Net		5.32	17.52	31.15	48.59	21.13	6.67	7.33	07/01/2015
Excess Return VS MSCI Emerging Markets Investable Market Index Net		(0.01)	(2.77)	(6.95)	(8.08)	(1.45)	0.01	(0.80)	07/01/2015

# Plan Performance Drivers in 2025

- Global growth strategy significantly lagged benchmark. However, the blend ranked second quartile on 1, 3, 7 and 10 year basis (as of 12/31/2025): diversification is important.
- Low quality factors have driven market returns since April 2025.



# Plan Performance Drivers in 2025

- International portfolio has a growth and quality tilt. Growth and quality factors significantly underperformed value since January 2025.

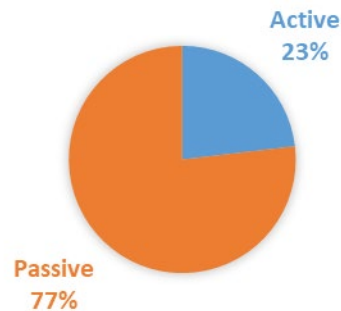


- Emerging Markets: High tracking error manager underperformance. Higher exposure to India. Index return driven by Samsung, SK Hynix and Materials.

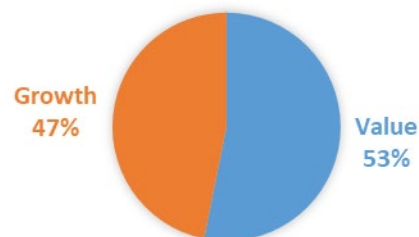
# Global and US Equity Allocation

Manager	Mandate	Style	Market Cap	Fed AUM in \$MM * (2/28/2026)	Fed Weight (2/28/2026)	Fed Inception Date	Current Status
Artisan Global Opportunities	Active	Growth	Large	126	3.3%	Jul-17	Watch List
Artisan Global Value	Active	Value	Large	155	4.1%	Mar-11	
Burgundy US Small Cap	Active	Core/Value	Small-Mid	40	1.0%	Jun-23	
Northern Trust Russell 3000	Passive	Core	All	708	18.5%	Apr-20	

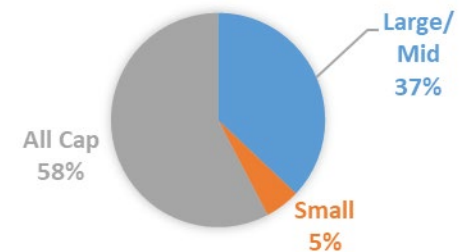
US ACTIVE VS. PASSIVE



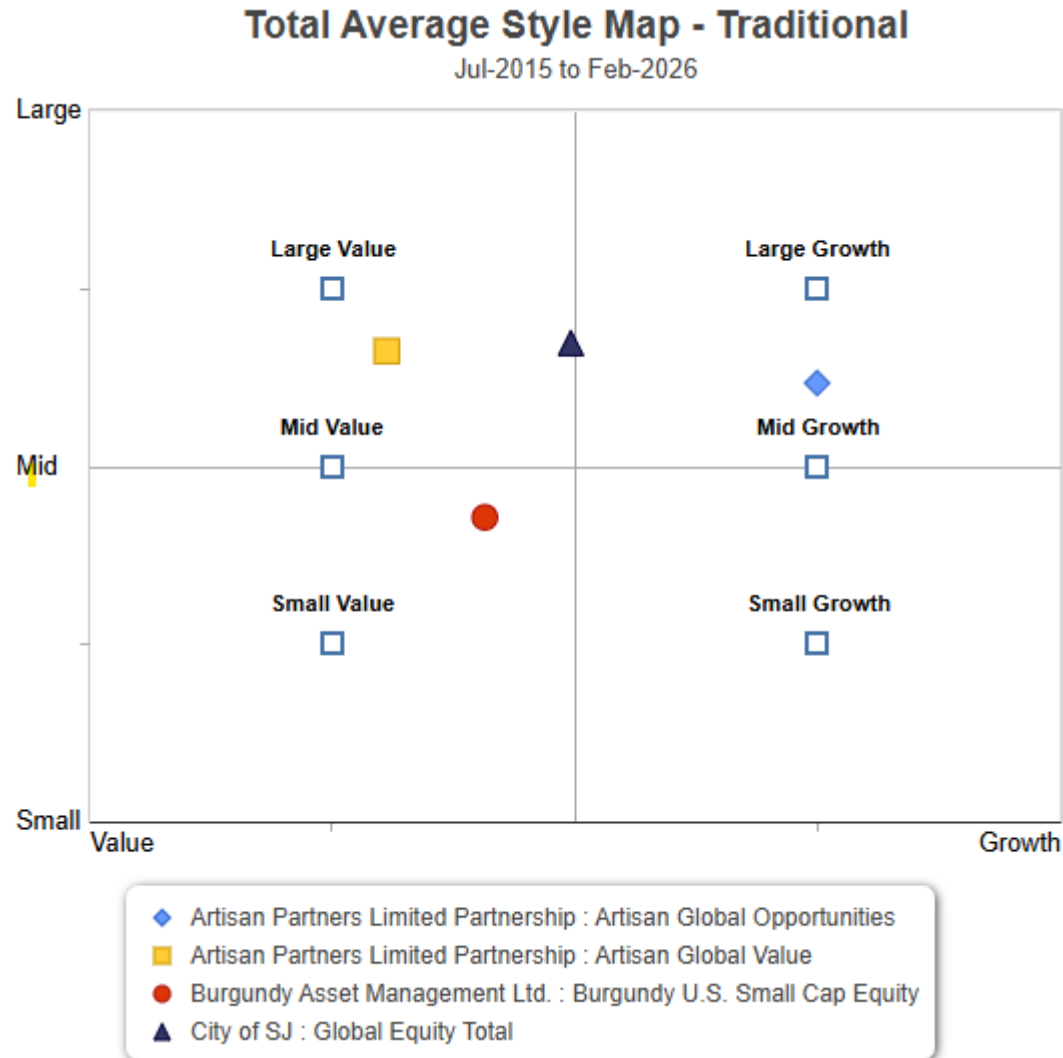
US STYLE



BY MARKET CAP



# Global and US Equity Style



# Global and US Performance (As of Feb 28, 2026)

Structure	% of Total	1 Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	ITD	Inception Date
Global Equity	7.3%	0.00	4.12	11.56	19.03	19.06	10.02	11.08	07/01/2015
MSCI All Country World Investable Market Net Index		1.57	5.98	16.59	25.09	20.18	11.27	10.64	07/01/2015
Excess Return VS MSCI All Country World Investable Market Net Index		(1.57)	(1.86)	(5.03)	(6.06)	(1.11)	(1.25)	0.44	07/01/2015
Artisan Global Value	4.0%	0.59	8.37	18.76	28.58	23.40	14.76	12.28	03/01/2011
MSCI All Country World Value Net Index		3.33	10.69	19.53	25.27	17.34	11.86	7.81	03/01/2011
Excess Return VS MSCI All Country World Value Net Index		-2.74	-2.32	-0.77	3.31	6.06	2.89	4.47	03/01/2011
Artisan Global Opportunities	3.3%	-0.70	-0.66	3.83	9.08	14.61	5.10	10.87	07/01/2017
MSCI All Country World Growth Net Index		-0.90	0.02	11.86	22.27	23.73	11.06	13.97	07/01/2017
Excess Return VS MSCI All Country World Growth Net Index		0.20	-0.68	-8.03	-13.20	-9.12	-5.96	-3.10	07/01/2017
US Equity	19.6%	-0.42	1.17	11.51	16.00	20.48	12.58	12.34	07/01/2015
MSCI United States Investable Markets Index Net		-0.58	1.02	11.83	16.74	20.54	12.48	12.84	07/01/2015
Excess Return VS MSCI United States Investable Markets Index Net		0.16	0.15	-0.31	-0.74	-0.06	0.10	-0.50	07/01/2015
Northern Trust Russell 3000 PE	18.5%	-0.47	1.05	11.94	16.99	20.93	12.79	19.51	04/01/2020
Russell 3000 Index		-0.48	1.05	11.96	17.02	20.93	12.80	19.47	04/01/2020
Excess Return VS Russell 3000 Index		0.00	0.00	-0.01	-0.02	-0.01	0.00	0.04	04/01/2020
BurgundyUSSmallCap	1.1%	0.63	3.45	3.46	0.42			11.50	06/01/2023
Russell 2000 Value Index		1.93	9.12	26.64	24.95			18.63	06/01/2023
Excess Return VS Russell 2000 Value Index		-1.29	-5.66	-23.18	-24.53			-7.13	06/01/2023

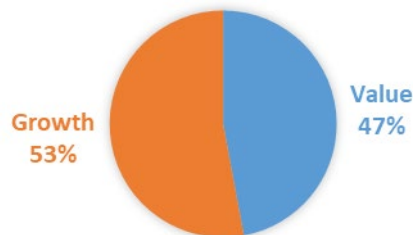
# International Developed Markets Equity Allocation

Manager	Mandate	Style	Market Cap	Fed AUM in \$MM * (2/28/2026)	Fed Weight (2/28/2026)	Fed Inception Date	Current Status
First Eagle International Equity	Active	Value	Large	79	2.1%	Jun-22	Watch List
Morgan Stanley International Advantage	Active	Growth	Large	44	1.2%	Feb-22	Watch List
Oberweis International Opportunities	Active	Growth	Small	61	1.6%	Nov-15	Watch List
Northern Trust World ex USA	Passive	Core	All	241	6.3%	Nov-16	

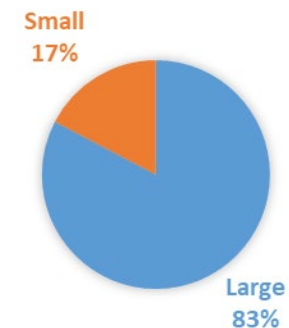
INTERNATIONAL ACTIVE VS. PASSIVE



INTERNATIONAL STYLE



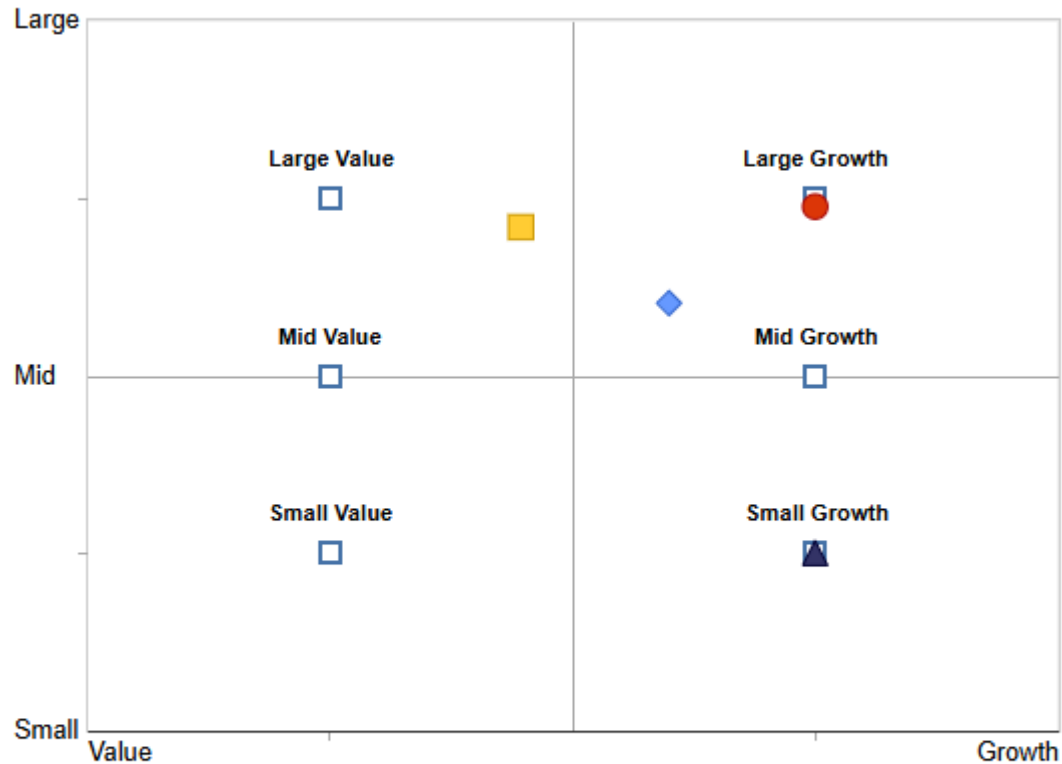
INTERNATIONAL CAP



# International Developed Style

## Total Average Style Map - Traditional

Jan-2016 to Feb-2026



- ◆ City of SJ : International Developed Equity
- First Eagle Investment Management, LLC : First Eagle International Equity Strategy
- Morgan Stanley Investment Management : International Advantage
- ▲ Oberweis Asset Management, Inc. : International Opportunities

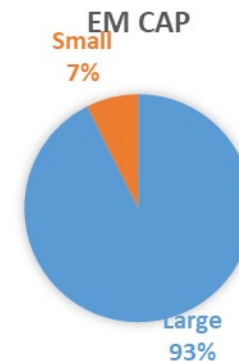
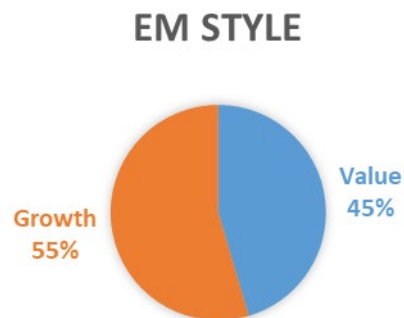
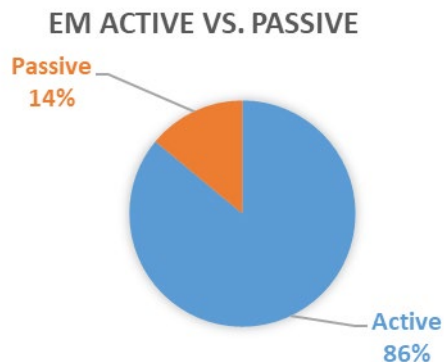
# International Developed Markets Performance (As of Feb 28, 2026)

Structure	% of Total	1 Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	ITD	Inception Date
International Equity	11.1%	5.20	12.34	19.34	34.00	17.94	8.66	7.74	07/01/2015
MSCI World Ex USA IMI Net Index		4.93	13.30	22.02	36.95	19.04	10.79	8.22	07/01/2015
Excess Return VS MSCI World Ex USA IMI Net Index		0.27	-0.96	-2.67	-2.95	-1.10	-2.13	-0.47	07/01/2015
Northern Trust MSCI World x US	6.3%	4.81	13.06	21.69	35.72	19.56	11.73	10.62	11/01/2016
MSCI World Ex-USA Index		4.82	13.10	21.81	36.19	19.78	11.79	10.71	11/01/2016
Excess Return VS MSCI World Ex-USA Index		-0.01	-0.04	-0.12	-0.47	-0.21	-0.05	-0.09	11/01/2016
Oberweis Intl Opportunities	1.6%	6.64	12.37	16.29	40.86	16.19	2.24	9.25	11/01/2015
MSCI World Ex US Small Cap Growth Net		5.70	14.65	21.15	43.23	16.56	5.34	8.56	11/01/2015
Excess Return VS MSCI World Ex US Small Cap Growth Net		0.94	-2.27	-4.86	-2.37	-0.37	-3.11	0.69	11/01/2015
Morgan Stanley Intl Eq	1.1%	2.57	3.53	2.39	11.05	11.42		1.82	04/01/2021
MSCI All Country World Ex United States Net Index		5.02	14.64	24.98	39.71	19.90		9.66	04/01/2021
Excess Return VS MSCI All Country World Ex United States Net Index		-2.45	-11.11	-22.60	-28.66	-8.48		-7.83	04/01/2021
First Eagle Intl Eq	2.1%	6.83	15.14	25.35	38.41	18.16		16.28	06/01/2022
MSCI World Ex-USA Index		4.82	13.10	21.81	36.19	19.78		15.91	06/01/2022
Excess Return VS MSCI World Ex-USA Index		2.01	2.04	3.55	2.22	-1.62		0.38	06/01/2022

Source: BNYM

# Emerging Markets Equity Allocation

Manager	Mandate	Style	Market Cap	Fed AUM in \$MM * (2/28/2026)	Fed Weight (2/28/2026)	Fed Inception Date	Current Status
Dimensional EM Value	Active	Value	All	77	2.0%	Nov-16	
GQG Partners Global EM	Active	Growth	Large	81	2.1%	Jul-17	Watch List
Kotak India Midcap	Active	Growth	Mid	21	0.6%	Jul-21	
Redwheel Emerging Markets	Active	Growth	Large	90	2.4%	Sep-19	Watch List
Wellington Emerging Markets	Active	Value	Large	112	2.9%	Sep-19	
Unifi India	Active	Core	All	25	0.7%	Apr-23	
Northern Trust EM IMI	Passive	Core	All	23	0.6%	Oct-18	





# Emerging Markets Performance (As of Feb 28, 2026)

Structure	% of Total	1 Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	ITD	Inception Date
Emerging Markets Equity	11.9%	5.31	14.75	24.21	40.51	19.67	6.67	6.52	07/01/2015
MSCI Emerging Markets Investable Market Index Net		5.32	17.52	31.15	48.59	21.13	6.67	7.33	07/01/2015
Excess Return VS MSCI Emerging Markets Investable Market Index Net		-0.01	-2.77	-6.95	-8.08	-1.45	0.01	-0.80	07/01/2015
GQG Global Emerging Markets	2.1%	4.04	9.86	14.44	24.73	18.22	4.83	8.95	07/01/2017
MSCI Emerging Markets Net Composite		5.50	18.27	33.07	49.96	21.53	6.31	8.05	07/01/2017
Excess Return VS MSCI Emerging Markets Net Composite		-1.45	-8.41	-18.63	-25.23	-3.30	-1.48	0.90	07/01/2017
RWC Emerging Systematic	2.4%	4.06	19.25	40.48	56.06	19.45	3.46	10.56	09/01/2019
MSCI Emerging Markets Net Composite		5.50	18.27	33.07	49.96	21.53	6.31	10.39	09/01/2019
Excess Return VS MSCI Emerging Markets Net Composite		-1.44	0.98	7.41	6.10	-2.07	-2.86	0.17	09/01/2019
Wellington EM Systematic	2.9%	8.22	21.30	33.32	50.98	25.83	10.68	13.22	09/01/2019
MSCI Emerging Markets Net Composite		5.50	18.27	33.07	49.96	21.53	6.31	10.39	09/01/2019
Excess Return VS MSCI Emerging Markets Net Composite		2.73	3.03	0.26	1.02	4.30	4.37	2.83	09/01/2019
Dimensional Fund ADV EM Value	2.0%	6.30	17.40	29.22	45.51	21.62	11.74	9.63	11/01/2016
MSCI Emerging Markets-Value Index		6.46	19.93	34.96	51.15	22.83	9.94	9.00	11/01/2016
Excess Return VS MSCI Emerging Markets-Value Index		-0.17	-2.52	-5.74	-5.64	-1.21	1.80	0.63	11/01/2016
Northern Trust MSCI EM IMI	1.3%	5.09	17.47	31.49	48.85	20.94	6.62	8.55	10/01/2018
MSCI Emerging Markets Investable Market Index Net		5.32	17.52	31.15	48.59	21.13	6.67	8.67	10/01/2018
Excess Return VS MSCI Emerging Markets Investable Market Index Net		-0.23	-0.05	0.34	0.25	-0.18	-0.04	-0.12	10/01/2018
Kotak India Midcap	0.5%	3.37	-2.18	-4.26	14.00	16.11		8.48	07/01/2021
MSCI India Mid Cap Net Index		3.82	-4.27	-7.48	13.55	17.93		7.47	07/01/2021
Excess Return VS MSCI India Mid Cap Net Index		-0.44	2.08	3.22	0.44	-1.82		1.01	07/01/2021
Unifi India	0.7%	0.63	-5.31	-14.44	6.97			7.05	04/01/2023
MSCI India Mid Cap Net Index		1.45	-4.18	-5.75	13.14			13.88	04/01/2023
Excess Return VS MSCI India Mid Cap Net Index		-0.82	-1.13	-8.69	-6.16			-6.83	04/01/2023

# Watch List Managers Review

Manager	Artisan Global Opportunities	Oberweis International Opportunities	Redwheel (RWC) Global Emerging Markets	First Eagle International Equity	Morgan Stanley International	GQG Global Emerging Markets
<b>Staff Recommendation</b>	Reunderwriting	Hold	Hold	Reunderwriting	Reunderwriting	Hold
<b>Meketa Recommendation</b>	Hold	Hold	Hold	Hold	Hold	Hold
<b>Investment Style</b>	Growth	Growth	Growth	Value	Growth	Growth
<b>Source of Underperformance</b>	<ul style="list-style-type: none"> <li>Stock selection in Info Tech and Communication Services</li> <li>Overweight to Healthcare</li> </ul>	<ul style="list-style-type: none"> <li>Growth style being out of favor</li> <li>Markets such as Japan failed to respond to positive earnings revision</li> <li>Performance has improved in 2025, largest contributor in international space for the year</li> </ul>	<ul style="list-style-type: none"> <li>Growth style being out of favor in EM               <ul style="list-style-type: none"> <li>Overweight to China has hurt mid term performance</li> <li>Performance has improved in 2025</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Lack of exposure to high beta, highly volatile names</li> <li>Lack of exposure to European banks</li> </ul>	<ul style="list-style-type: none"> <li>Consumer Discretionary sector</li> <li>Lack of exposure to Financials</li> </ul>	<ul style="list-style-type: none"> <li>Defensive positioning</li> <li>Overweight to India</li> </ul>
<b>Staff Monitoring Areas</b>	<ul style="list-style-type: none"> <li>Capture the secular trends of global growth</li> <li>Resources in sector coverage</li> </ul>	<ul style="list-style-type: none"> <li>Monitor earnings revision factor return</li> <li>Stock selection and risk control</li> </ul>	<ul style="list-style-type: none"> <li>Stock selection in China</li> <li>Stock governance risk mitigation</li> </ul>	<ul style="list-style-type: none"> <li>Improve ranking in foreign large value strategies</li> </ul>	<ul style="list-style-type: none"> <li>Consumer Discretionary stock selection</li> <li>Capture growth trends in International markets</li> </ul>	<ul style="list-style-type: none"> <li>Risk management</li> <li>Top-down view contribution to risk</li> </ul>

# Watch List Managers Review

Growth Manager Ranking Relative to  
Their Peers  
3-Year Performance

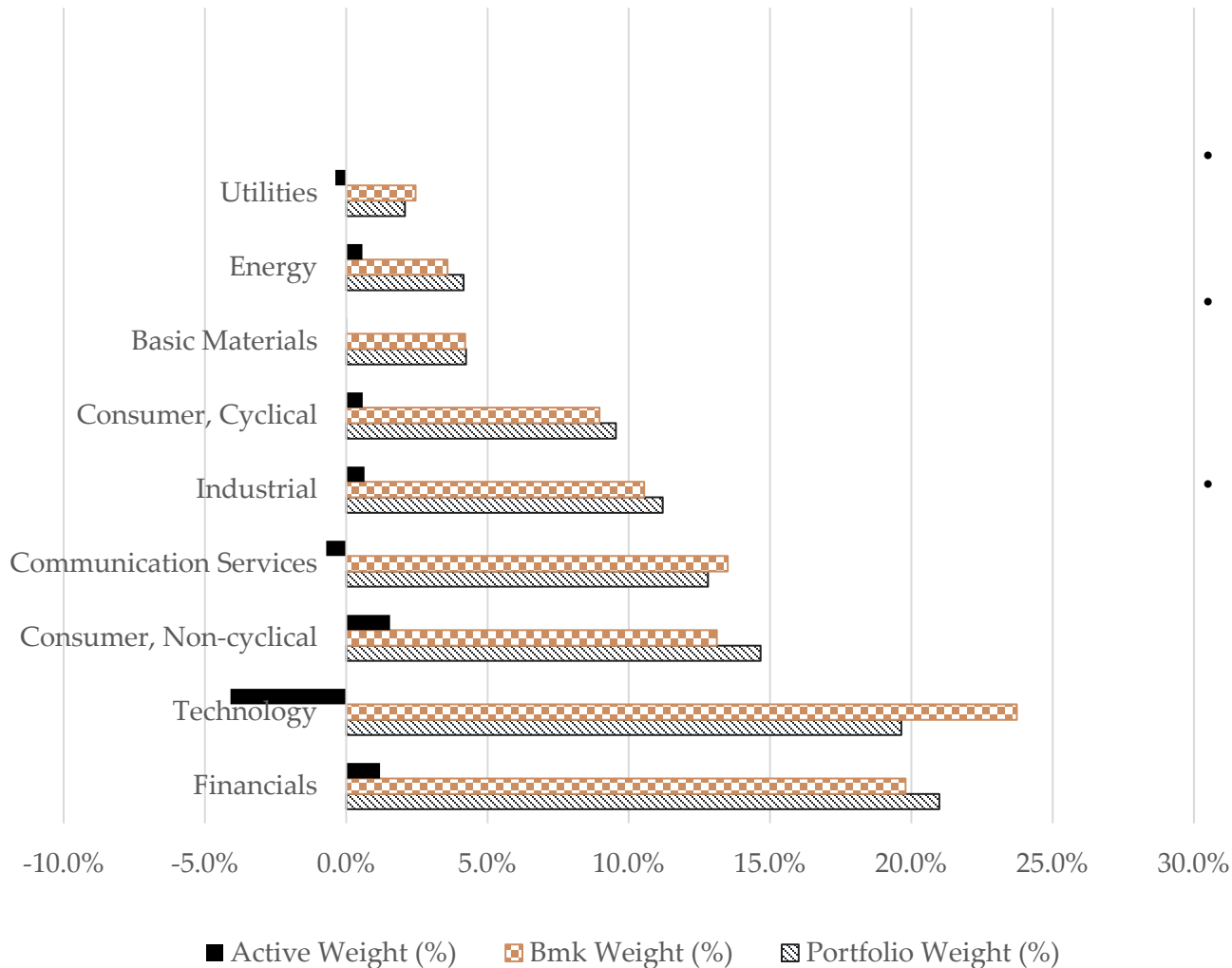


- Some Managers remain competitive among their peers in the same style
- Re-underwriting process includes manager performance analysis, peer comparison, replacement evaluation, and portfolio diagnosis

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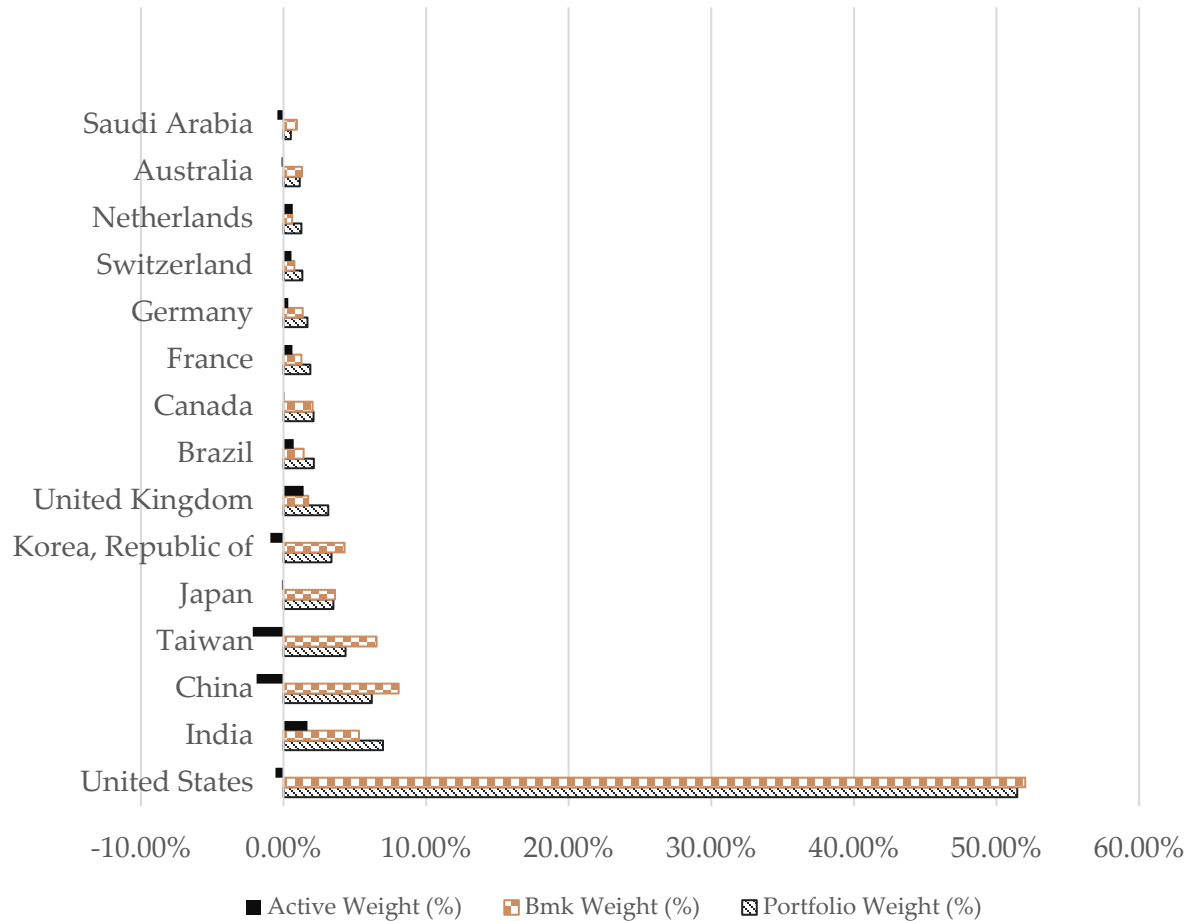
## Current Positioning

# Portfolio Sector Allocation



- Largest overweight is in Financials and Healthcare
- Large underweight in Information Technology: underweight in Semi Conductor, computers and software services
- Largest overweight in Consumer Non-cyclical, reflecting a defensive positioning

# Portfolio Top Country Allocation



- Largest overweight: India & UK
- Largest Underweight: Taiwan & China

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Fees

# Active Manager Base Fee Schedule

Manager Fees Relative to Active Peers



\* With performance-based fee