
JULY 9, 2024

**AGENDA ITEM 8
INFORMATION ITEM**

CALIFORNIA ABLE ACT BOARD

Review of CalABLE Investment Performance and Evaluation for the First Quarter 2024

Background

The CalABLE Act Board and its investment consultant, Meketa Investment Group, Inc. (Meketa) will review the “Performance and Evaluation Report” for First Quarter 2024, provided by Meketa. Attachment #1 provides Economic and Market update, Summary of Monitoring Status, CalABLE Portfolios Analysis, fee schedule comparisons for each underlying fund allocated to the portfolios used in the Plan to applicable benchmark criteria and labels the current status of the funds as “positive,” “acceptable,” “caution,” or “watch.” Attachment #2 is the Review of Underlying Funds Qualifying for “Watch” Status.

Presenter

Aysun Kilic, FCA, Consultant/Portfolio Strategist, Meketa Investment Group, Inc.

Attachments

- Attachment #1 – TFI CalABLE Performance and Evaluation Report 1Q24
- Attachment #2 – Review of Underlying Funds Qualifying for “Watch” Status

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CalABLE Plan

June 18, 2024

1Q24 Performance & Evaluation Report

1. Economic and Market Update
2. Summary of Monitoring Status
3. CalABLE Portfolios Analysis
4. Fee Schedule

Highlights

Economic and Market Update

- Economic growth has been remarkably resilient despite a stubborn inflation and tight labor market, but recent economic data is showing signs of slowing.
- Global markets continued to rally in Q1 2024 with a number of major asset classes producing positive returns mainly in equities while broad fixed income lagged.

Plan Assets

- Total Plan assets increased by \$14 million over the quarter.
- 70% of the Plan assets are invested in the relatively conservative options (Balanced, Income and Growth, Conservative and FDIC Insured portfolios.)
- The FDIC option continues to hold the most assets with \$49 million, representing 35% of the total Plan assets.

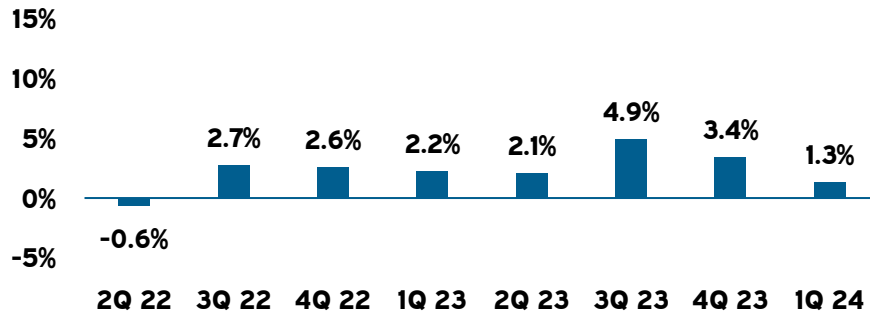
Portfolio and Underlying Fund Results

- Over the quarter, all seven Target Risk portfolios produced results in-line with their respective benchmarks.
- Over the quarter and longer-term periods, all eight passively managed underlying funds produced results in line with their benchmarks, while the three actively managed underlying funds had somewhat mixed results.
- As of quarter end, no underlying funds are on Watch status and no new funds qualify for Watch status, as all funds maintained their former quarter status.

Economic and Market Update

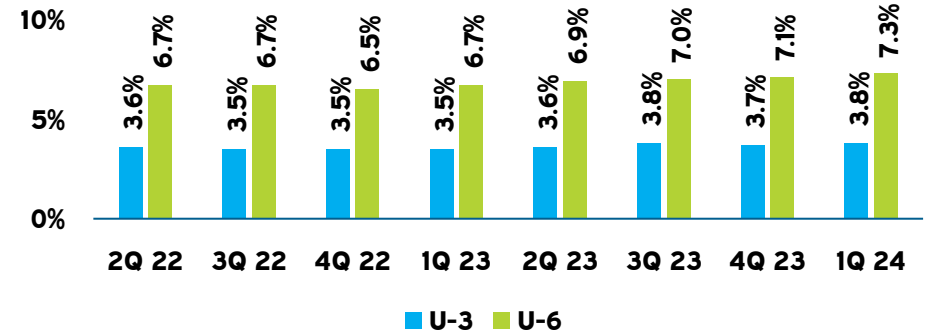
Economic and Market Update

Quarterly Real GDP (Annualized)



Source: Bureau of Economics Analysis. Data as of Q1 2024 represents the "second" estimate. The Q1 2024 "third estimate" will be released June 27, 2024.

US Unemployment

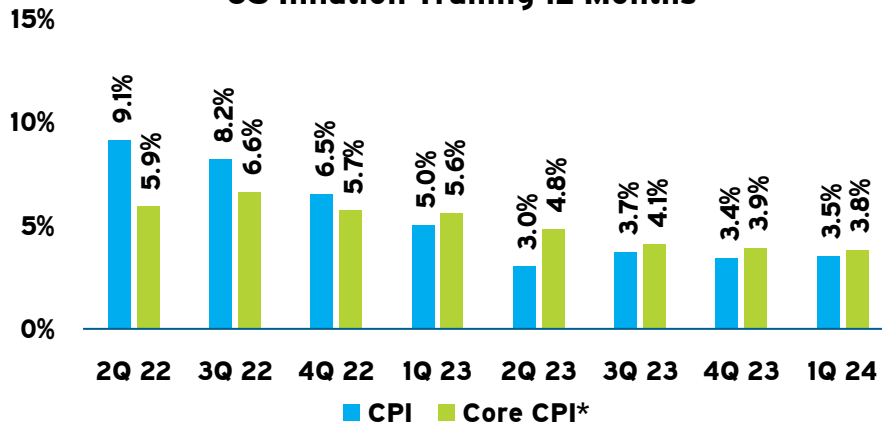


Source: Bureau of Labor Statistics. Data as of March 31, 2024. Seasonally adjusted.

U-3 = Total US unemployed, as a percent of the civilian labor forces (official unemployment rate).

U-6 = Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force

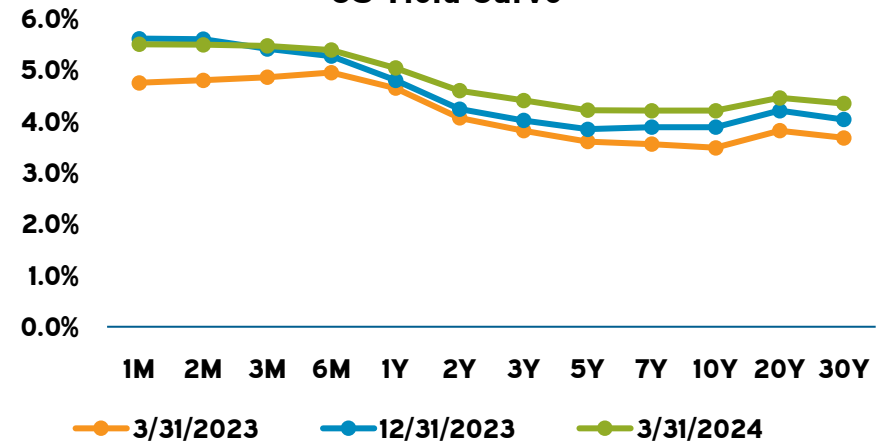
US Inflation Trailing 12 Months



Source: Bureau of Labor Statistics. Data is non-seasonally adjusted CPI, which may be volatile in the short-term. Data as March 31, 2024.

* Core CPI excludes Food and Energy.

US Yield Curve



Source: US Department of the Treasury.

Index Returns

	QTR (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Domestic Equity					
S&P 500	10.6	29.9	11.5	15.1	13.0
Russell 3000	10.0	29.3	9.8	14.3	12.3
Russell 1000	10.3	29.9	10.5	14.8	12.7
Russell 1000 Growth	11.4	39.0	12.5	18.5	16.0
Russell 1000 Value	9.0	20.3	8.1	10.3	9.0
Russell MidCap	8.6	22.4	6.1	11.1	10.0
Russell MidCap Growth	9.5	26.3	4.6	11.8	11.4
Russell MidCap Value	8.2	20.4	6.8	9.9	8.6
Russell 2000	5.2	19.7	(0.1)	8.1	7.6
Russell 2000 Growth	7.6	20.4	(2.7)	7.4	7.9
Russell 2000 Value	2.9	18.8	2.2	8.2	6.9
Non-US Equity					
MSCI ACWI (ex. US)	4.7	13.3	1.9	6.0	4.3
MSCI EAFE	5.8	15.3	4.8	7.3	4.8
MSCI EAFE Growth	7.0	13.3	2.8	7.8	5.9
MSCI EAFE Value	4.5	17.3	6.6	6.4	3.5
MSCI EAFE (Local Currency)	10.0	18.8	9.4	9.4	7.7
MSCI EAFE Small Cap	2.4	10.5	(1.4)	4.9	4.7
MSCI Emerging Markets	2.4	8.2	(5.1)	2.2	3.0
MSCI Emg Mkts (Local Currency)	4.5	10.6	(2.4)	4.4	5.7
MSCI China	(2.2)	(17.1)	(18.9)	(6.3)	1.2
Fixed Income					
Bloomberg Universal	(0.5)	2.7	(2.1)	0.7	1.8
Bloomberg Aggregate	(0.8)	1.7	(2.5)	0.4	1.5
Bloomberg US TIPS	(0.1)	0.5	(0.5)	2.5	2.2
Bloomberg High Yield	1.5	11.2	2.2	4.2	4.4
JPM GBI-EM Global Diversified	(2.1)	4.9	(1.6)	0.1	(0.3)
Other					
FTSE NAREIT Equity	(0.2)	10.5	4.1	4.2	6.6
Bloomberg Commodity Index	2.2	(0.6)	9.1	6.4	(1.6)

During the Quarter:

- Global markets pushed higher during the first quarter as the economy remained resilient despite tighter monetary policy expectations. The FOMC has returned to the “higher for longer” narrative as inflation remained sticky, low unemployment persisted, and economic data was strong. As a result, the number of anticipated rate cuts has dropped to three or less from six.
 - Looking forward, the paths of inflation and monetary policy, the many looming global elections, China’s economic slowdown, slowing global growth and the uncertainty surrounding the geopolitical risks with the wars in Ukraine and Israel will all be key.
- Markets continued to rally in Q1 2024 with a number of major asset classes producing positive returns.
- The FOMC maintained the federal funds rate target range of 5.25% to 5.50% during the quarter. They are likely to remain restrictive for the near future as inflation remains elevated and has not reached their 2% target.
- Equities continued their positive momentum in Q1 2024 as all asset classes were positive.
 - US equities (+10.6%) continued to outpace non-US equities (+5.8%).
 - US Small Caps lagged US Large Caps during the quarter.
 - Growth outpaced Value across all market capitalizations in the US led by technology stocks.
 - The 1-year return for Large Cap Growth kept its massive lead over value (+39.0% v +20.3%) with NVIDIA and Microsoft contributing nearly 30% of the quarter’s gains.
 - Within Non-US, Developed Markets outperformed Emerging Markets.
- Broad fixed income returns were negative during the quarter with the exception of High Yield which returned 1.5%.
 - US Treasury yields reversed course in Q1 mainly due to more hawkish policy expectations.
- Diversifying asset classes produced mixed results.
 - Commodities were up (+2.2%).
 - REITs slightly declined (-0.2%)

Summary of Monitoring Status

Summary of Monitoring Status

Portfolio Assets Summary

Portfolios	As of December 31, 2023		As of March 31, 2024	
	Total Option Assets (\$K)	% of Total	Total Option Assets (\$K)	% of Total
Growth Portfolio	4,504	4%	7,714	5%
Moderate Growth Portfolio*	30,221	24%	33,647	24%
Conservative Growth Portfolio	547	0%	973	1%
Balanced Portfolio*	24,034	19%	25,981	18%
Income & Growth Portfolio	482	0%	857	1%
Conservative Portfolio*	20,449	16%	21,396	15%
Income Portfolio	605	1%	962	1%
FDIC-Insured Portfolio*	46,094	36%	49,433	35%
Total	126,935	100%	140,963	100%

*Legacy portfolios previously managed by TIAA-CREF.

Summary of Monitoring Status
**Monitoring Summary
As of March 31, 2024**

Underlying Funds	Total Fund Assets (\$K)	% of Total	Prior QTR Status	Current QTR Status	Qualifies for Watch?	On Watch ¹
Fidelity Total Market Index Fund	17,598	12%	Positive	Positive	No	No
Schwab Total Stock Market Index Fund	17,060	12%	Positive	Positive	No	No
Fidelity International Index Fund	13,024	9%	Caution	Caution	No	No
Fidelity Emerging Markets Index Fund	5,289	4%	Caution	Caution	No	No
Fidelity US Bond Index Fund	15,785	11%	Positive	Positive	No	No
Schwab US Aggregate Bond Index Fund	14,923	11%	Positive	Positive	No	No
Fidelity Long-Term Treasury Bond Index Fund	3,248	2%	Caution	Caution	No	No
Schwab Treasury Inflation Protected Securities Index Fund	1,206	1%	Positive	Positive	No	No
Vanguard Emerging Markets Bond Fund Admiral Shares	1,609	1%	Positive	Positive	No	No
Vanguard High-Yield Corporate Fund Admiral Shares	1,594	1%	Acceptable	Acceptable	No	No
Vanguard Cash Reserves Federal Money Market Fund Admiral Shares	192	1%	---	---		
FDIC-Insured TIAA Bank Account	49,433	35%	---	---		
Total	140,963	100%	—	—		

¹ Watch criteria summarized on Page 9.

Monitoring Guidelines

Performance Category	Active Funds	Passive Funds
Positive	Performance exceeds the benchmark	Tracking error is within the allowable range (short-, medium-, and long-term periods)
Acceptable	Performance meets or trails the benchmark but is within the allowable range	N/A
Caution	Performance is below allowable range but either: <ul style="list-style-type: none"> i) For less than six consecutive months ii) The Board has not taken (or decided not to take) a formal action to place the underlying fund on Watch even though performance has been below allowable range for six months or longer. 	Tracking error falls outside of the allowable range but either <ul style="list-style-type: none"> i) For less than six consecutive months or ii) The Board has not voted to place the underlying fund on Watch.
Watch	Performance is below allowable range for more than 6 consecutive months and the Board has formally voted to place the underlying fund on Watch.	Tracking error falls outside of the allowable range for more than 6 consecutive months and the Board has formally voted to place the underlying fund on Watch.

Monitoring Guidelines As of March 31, 2024

Asset Class	Shorter-Term Performance (rolling 12-month periods)	Medium-Term Performance (rolling 36-month periods)	Long-Term (>60 months) ¹
Actively Managed Funds	Fund return < Benchmark return for 6 consecutive months	Fund return < Benchmark return for 6 consecutive months	VRR < for 6 consecutive months
Emerging Markets Bond	-6.5%	-3.25%	0.96
Passively Managed Funds	Tracking Error > for 6 consecutive months	Tracking Error > for 6 consecutive months	Fund annualized return < Benchmark annualized return for 6 consecutive months
Domestic Equity	0.30%	0.25%	-0.30%
International Equity	0.75%	0.70%	-0.30%
Fixed Income	0.40%	0.55%	-0.35%

FDIC Insured Deposit Portfolio

Asset Class	FDIC-Insured Status	Stability
Bank Deposit	Bank continues with appropriate levels of insurance with the FDIC	No identifiable issues regarding changes in the bank's financial stability

¹ VRR – Value Relative Ratio, which is calculated as Manager Cumulative Return / Benchmark Cumulative Return

CalABLE Portfolios Analysis

Asset Allocation & Performance | As of March 31, 2024
Underlying Investment Trailing Performance

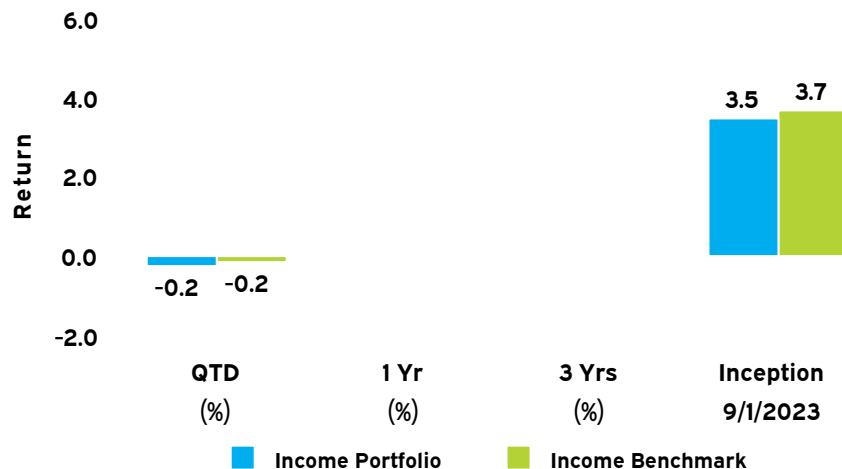
	Market Value (\$)	QTR (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Since Inception	Inception Date
CalABLE Total Plan	140,963,325						
Fidelity Total Market Index	17,598,456	10.0 (64)	29.4 (45)	9.7 (66)	14.2 (45)	8.7 (24)	Dec-97
<i>Dow Jones U.S. Total Stock Market Index</i>		10.0 (64)	29.4 (46)	9.6 (67)	14.2 (45)	8.7 (23)	
<i>Large Blend Median</i>		10.5	29.2	10.4	14.0	8.3	
Schwab Total Stock Market Index	17,060,296	10.0 (64)	29.3 (47)	9.6 (67)	14.2 (46)	8.0 (27)	Jun-99
<i>Dow Jones U.S. Total Stock Market Index</i>		10.0 (64)	29.4 (46)	9.6 (67)	14.2 (45)	8.0 (28)	
<i>Large Blend Median</i>		10.5	29.2	10.4	14.0	7.5	
Fidelity International Index Fund	13,024,208	5.8 (34)	15.2 (24)	5.0 (14)	7.5 (27)	5.3 (48)	Dec-97
<i>MSCI EAFE (Net)</i>		5.8 (34)	15.3 (23)	4.8 (17)	7.3 (32)	5.2 (53)	
<i>Foreign Large Blend Median</i>		5.3	13.4	2.9	6.8	5.2	
Fidelity Emerging Markets Index Fund	5,288,634	2.2 (66)	7.3 (64)	-5.5 (52)	1.9 (64)	3.6 (59)	Oct-11
<i>MSCI Emerging Markets (Net)</i>		2.4 (62)	8.2 (57)	-5.1 (46)	2.2 (59)	3.8 (54)	
<i>Diversified Emerging Mkts Median</i>		3.0	9.2	-5.4	2.6	3.9	
Fidelity US Bond Index Fund	15,785,066	-0.7 (60)	1.7 (55)	-2.5 (41)	0.3 (51)	5.0 (26)	Apr-90
<i>Blmbg. U.S. Aggregate Index</i>		-0.8 (70)	1.7 (55)	-2.5 (38)	0.4 (49)	5.1 (20)	
<i>Intermediate Core Bond Median</i>		-0.6	1.8	-2.6	0.3	4.9	
Schwab US Aggregate Bond Index	14,923,092	-0.8 (69)	1.4 (70)	-2.6 (49)	0.2 (60)	0.9 (57)	Mar-17
<i>Blmbg. U.S. Aggregate Index</i>		-0.8 (70)	1.7 (55)	-2.5 (38)	0.4 (49)	1.0 (44)	
<i>Intermediate Core Bond Median</i>		-0.6	1.8	-2.6	0.3	1.0	
Fidelity Long-Term Treasury Bond Index	3,248,170	-3.0 (44)	-6.3 (58)	-8.1 (37)	-2.9 (42)	3.4 (30)	Jan-06
<i>Blmbg. U.S. Treasury: Long</i>		-3.3 (55)	-6.1 (48)	-8.0 (36)	-2.8 (31)	3.5 (22)	
<i>Long Government Median</i>		-3.2	-6.2	-8.1	-2.9	3.3	

Asset Allocation & Performance | As of March 31, 2024

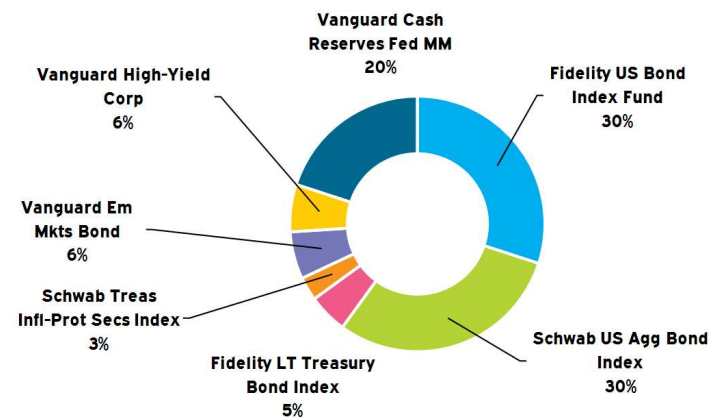
		QTR (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Since Inception	Inception Date
Schwab Treasury Infl-Prot Securities Index	1,206,382	0.0 (40)	0.3 (44)	-0.6 (31)	2.4 (30)	3.2 (47)	Apr-06
<i>Bloomberg U.S. TIPS Index</i>		-0.1 (55)	0.5 (41)	-0.5 (25)	2.5 (24)	3.5 (12)	
<i>Inflation-Protected Bond Median</i>		-0.1	0.2	-0.8	2.2	3.2	
Vanguard Emerging Markets Bond	1,608,946	2.5 (24)	13.8 (18)	1.4 (6)	4.6 (4)	6.4 (2)	Apr-16
<i>JPM EMBI Global Diversified</i>		2.0 (49)	11.3 (45)	-1.4 (71)	0.7 (70)	2.6 (60)	
<i>Emerging Markets Bond Median</i>		2.0	10.9	-0.9	1.2	2.8	
Vanguard High-Yield Corporate Fund	1,594,395	0.8 (96)	9.1 (79)	2.1 (44)	3.8 (41)	7.9 (33)	Jan-80
<i>Vanguard High Yield Benchmark</i>		1.4 (63)	10.7 (36)	2.1 (46)	4.0 (30)	--	
<i>High Yield Bond Median</i>		1.6	10.3	1.9	3.7	7.7	
Vanguard Cash Reserves Federal Money Market	192,387	1.3 (2)	5.3 (3)	2.7 (3)	2.0 (2)	3.0 (1)	Nov-89
<i>Lipper Inst US Gov MM IX</i>		1.3 (29)	5.2 (29)	2.6 (21)	1.9 (19)	2.7 (25)	
<i>Money Market-Taxable Median</i>		1.3	5.1	2.5	1.8	2.5	
BNY Mellon FDIC Account	49,433,294						

Portfolio Returns and Allocations | As of March 31, 2024

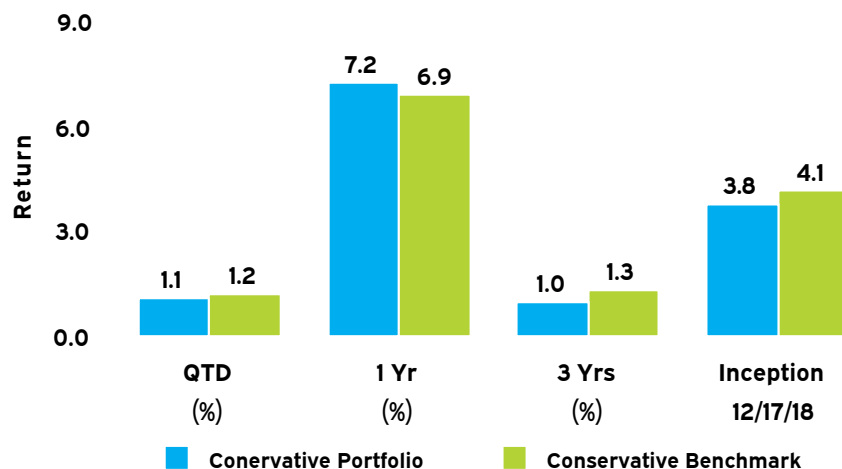
Income Return Summary



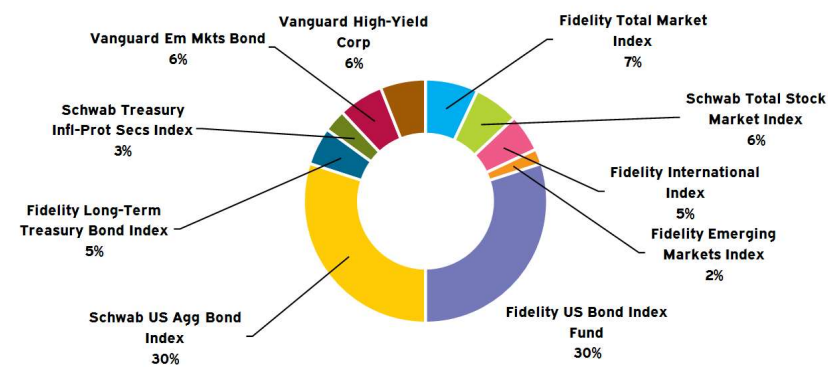
Income Current Allocation



Conservative Return Summary

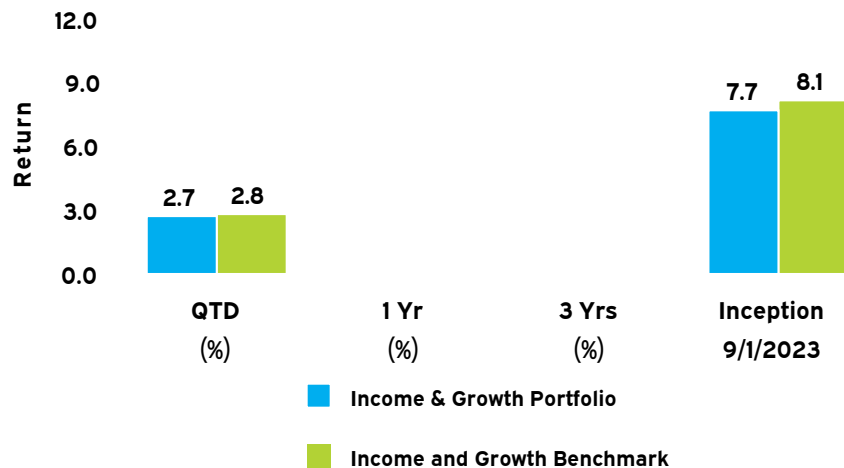


Conservative Current Allocation



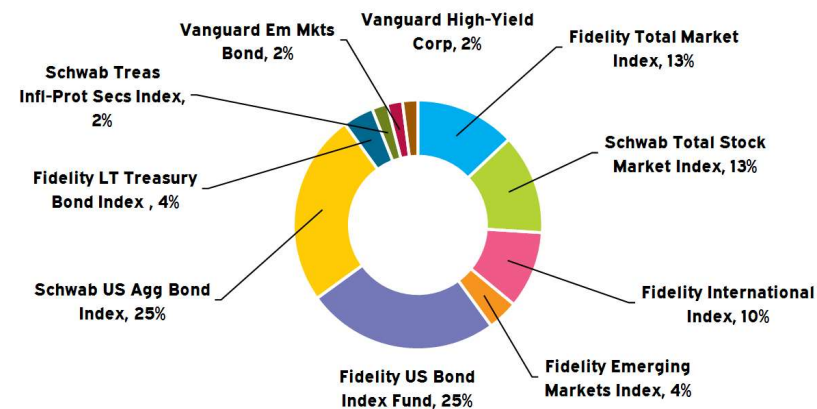
Returns prior to 9/1/2023 reflect prior program manager's history. Vestwell program inception date is 8/21/2023. Meketa reporting for new portfolios begins with the first full month of performance starting 9/1/2023, unless program manager provides the stub period data.

Income and Growth Return Summary

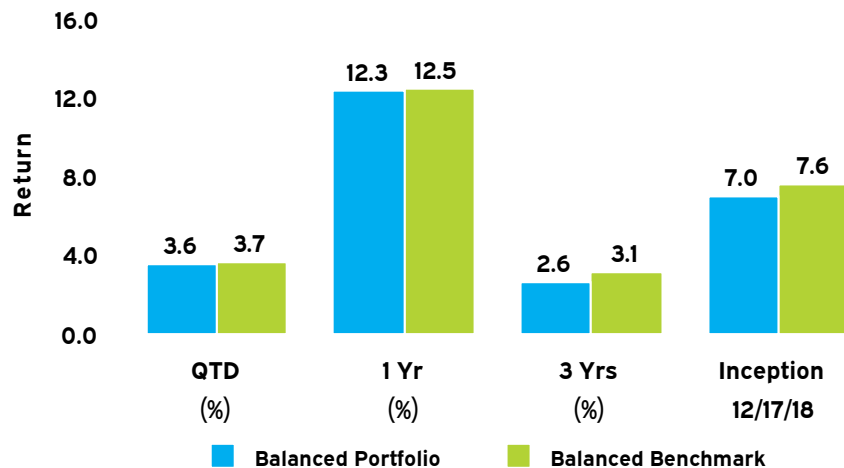


Portfolio Returns and Allocations | As of March 31, 2024

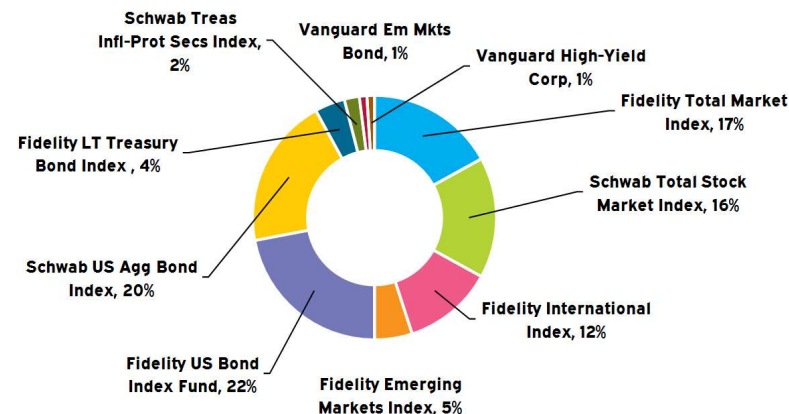
Income and Growth Current Allocation



Balanced Return Summary



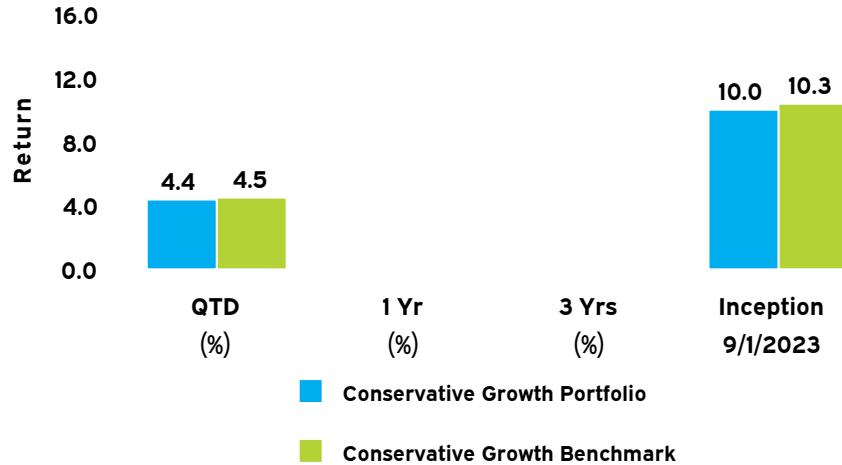
Balanced Current Allocation



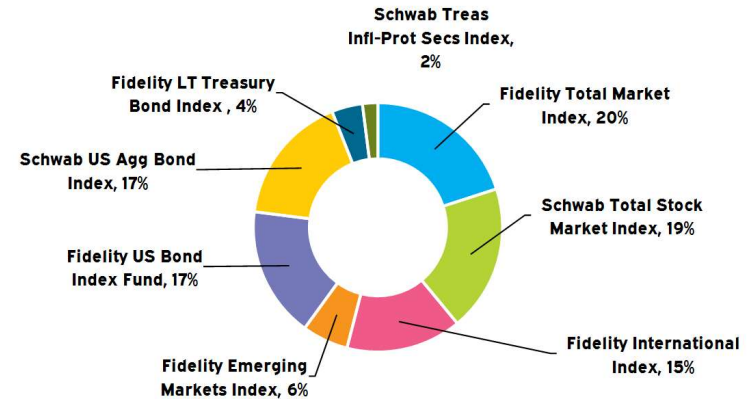
Returns prior to 9/1/2023 reflect prior program manager's history. Vestwell program inception date is 8/21/2023. Meketa reporting for new portfolios begins with the first full month of performance starting 9/1/2023, unless program manager provides the stub period data.

Portfolio Returns and Allocations | As of March 31, 2024

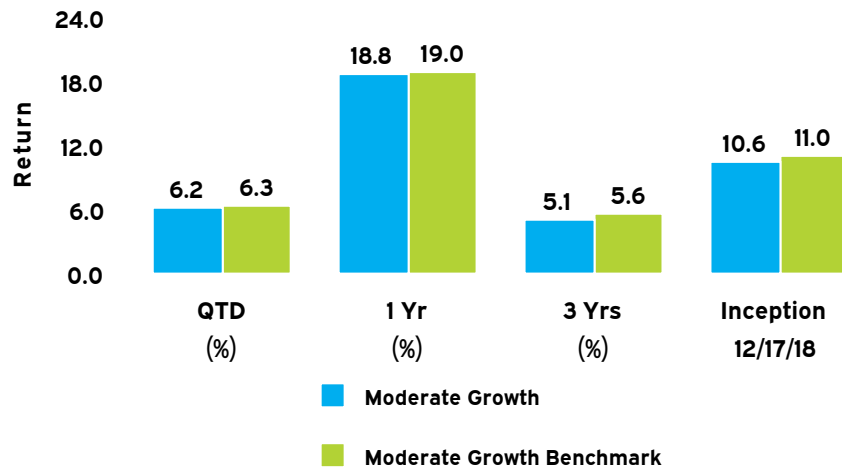
Conservative Growth Return Summary



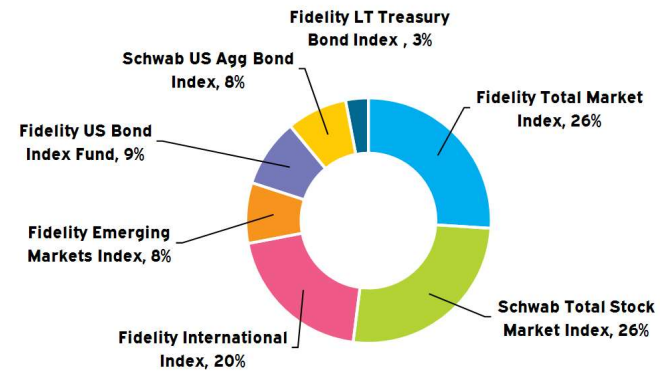
Conservative Growth Current Allocation



Moderate Growth Return Summary



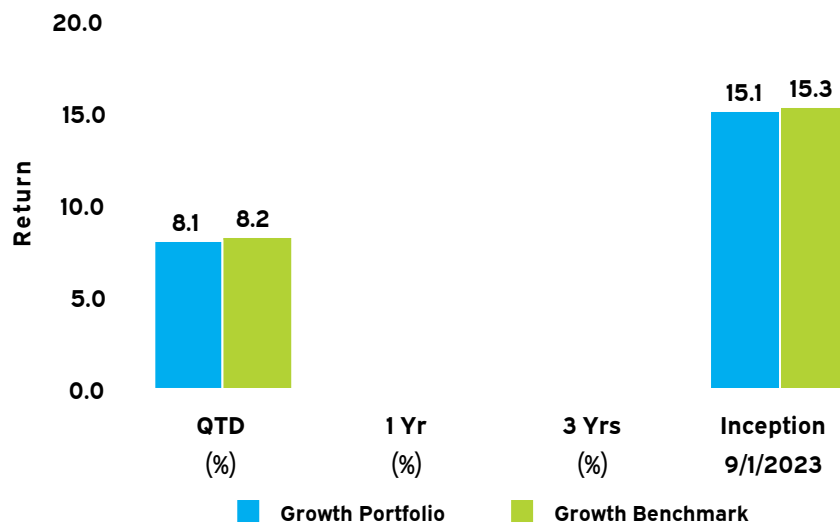
Moderate Growth Current Allocation



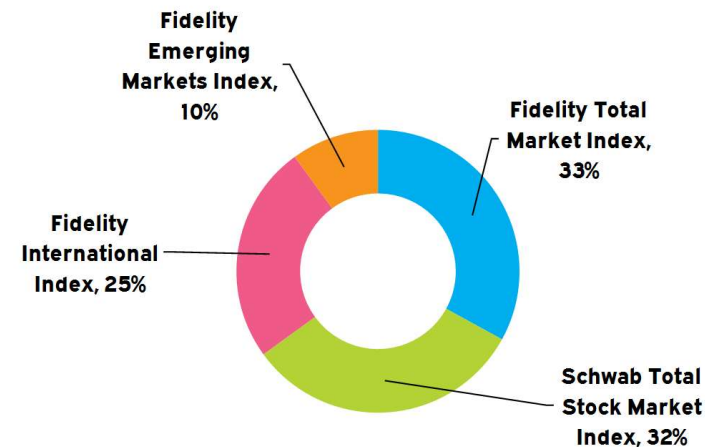
Returns prior to 9/1/2023 reflect prior program manager's history. Vestwell program inception date is 8/21/2023. Meketa reporting for new portfolios begins with the first full month of performance starting 9/1/2023, unless program manager provides the stub period data.

Portfolio Returns and Allocations | As of March 31, 2024

Growth Return Summary



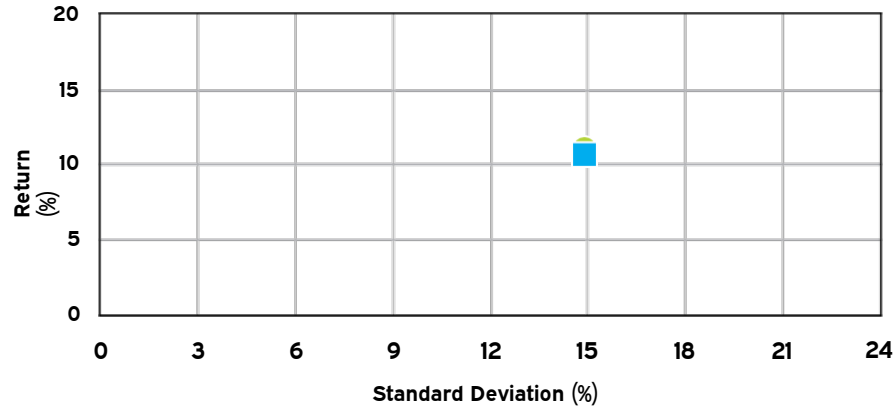
Growth Current Allocation



Returns prior to 9/1/2023 reflect prior program manager's history. Vestwell program inception date is 8/21/2023. Meketa reporting for new portfolios begins with the first full month of performance starting 9/1/2023, unless program manager provides the stub period data.

Managed Portfolios | As of March 31, 2024

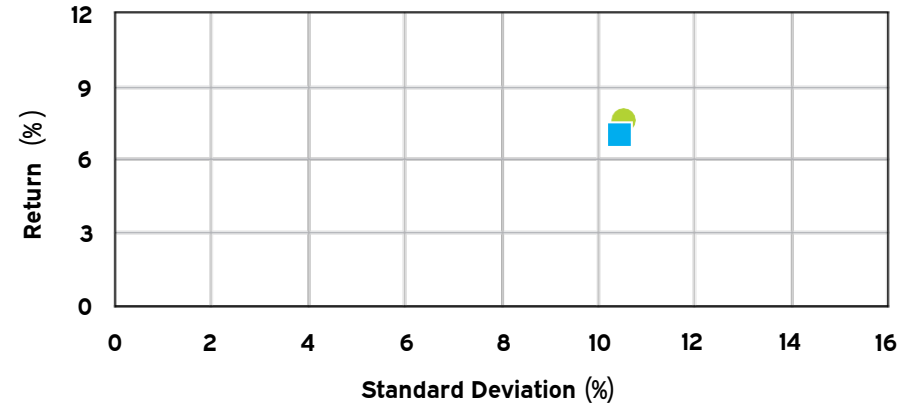
Since Inception Standard Deviation vs Return
As of Mar 31, 2024



■ Moderate Growth Portfolio

● Moderate Growth Benchmark

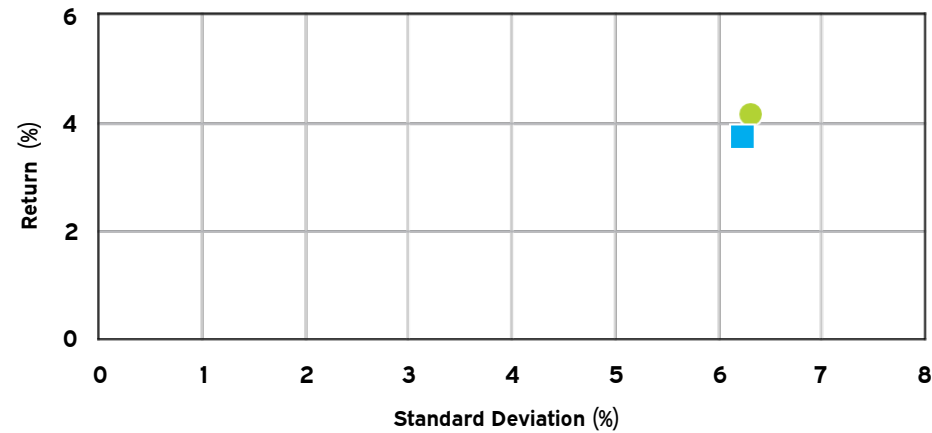
Since Inception Standard Deviation vs Return
As of Mar 31, 2024



■ Balanced Portfolio

● Balanced Benchmark

Since Inception Standard Deviation vs Return
As of Mar 31, 2024



■ Conservative Portfolio

● Conservative Benchmark

Since inception statistics are inclusive of prior program manager returns and benchmarks. Vestwell program inception date is 8/1/2023.

Fee Schedule

Fee Schedule as of March 31, 2024

Portfolio ¹	Underlying Investment Fees and Expenses (bps) ²	Annual Program Management Fee (bps)	Annual State Administration Fee (bps)	Total Annual Asset-Based Fees and Expenses
Growth Portfolio	3.1	10	28	41.1
Moderate Growth Portfolio	3.1	10	28	41.1
Conservative Growth Portfolio	3.2	10	28	41.2
Balanced Portfolio	3.6	10	28	41.6
Income & Growth Portfolio	4.1	10	28	42.1
Conservative Portfolio	6.0	10	28	44.0
Income Portfolio	7.4	10	28	45.4
FDIC-Insured Portfolio ³	0.0	0	28	28.0

1. Source: California's 529A Qualified ABLE Program Disclosure Statement and Participation Agreement, August 19, 2023

2. Figures in column are derived from publicly available information for the underlying mutual funds as of January 1, 2023

3. To the extent the interest rate on the FDIC-Insured Portfolio is less during a particular period than the State Administrative Fee, the Board will waive the portion of the State Administrative Fee that exceeds such interest rate for the applicable period, and the Total Annual Asset-Based Fees for the FDIC-Insured Portfolio will be reduced accordingly for the applicable period

Fee Schedule as of March 31, 2024

Underlying Funds ¹	Prospectus Net Expense Ratio (bps)
Fidelity Total Market Index Fund (FSKAX)	1.5
Schwab Total Stock Market Index Fund (SWTSX)	3.0
Fidelity International Index Fund (FSPSX)	3.5
Fidelity Emerging Markets Index Fund (FPADX)	7.5
Fidelity US Bond Index Fund (FXNAX)	2.5
Schwab US Aggregate Bond Index Fund (SWAGX)	4.0
Fidelity Long-Term Treasury Bond Index Fund (FNBGX)	3.0
Schwab Treasury Inflation Protected Securities Index Fund (SWRSX)	5.0
Vanguard Emerging Markets Bond Fund Admiral Shares (VEGBX)	40.0
Vanguard High-Yield Corporate Fund Admiral Shares (VWEAX)	12.0
Vanguard Cash Reserves Federal Money Market Fund Admiral Shares (VMRXX)	10.0
BNY Mellon Omnibus FDIC Account	0

¹ Source: Morningstar, Inc.

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MEMORANDUM

TO: California ABLE Board
FROM: Kay Ceserani; Aysun Kilic; Inwoo Hwang;
Meketa Investment Group
DATE: July 9, 2024
RE: Review of Underlying Funds Qualifying for “Watch” Status

Summary

Meketa Investment Group (“Meketa”) has conducted a review of the underlying funds in the CalABLE Plan. The review included a quantitative analysis of the underlying funds based on specific performance criteria (as per the *Monitoring Procedures and Criteria*) as well as a qualitative analysis, including a review of organizational concerns, stability of personnel, changes in investment objectives, etc.

This memo summarizes the period from January 1, 2024, through March 31, 2024. CalABLE Plan assets were recently transferred to Vestwell, the new program manager, and invested in their offered investment options. As a result, our review for “Watch” status considers the new underlying investments’ performance history beyond the new Vestwell program’s inception date for monitoring/review purposes. At the end of the period, three passively managed funds qualify for “Watch” status (Fidelity International Index, Fidelity Emerging Markets Index, Fidelity Long-Term Treasury Bond Index).

Meketa does not recommend placing the three qualifying funds on “Watch” status as all have elevated tracking error resulting from operational causes. However, we do recommend the funds be placed on “Monitor” status. We will continue to review these funds and report any material findings to the Board. All funds listed below are discussed in more detail on the following pages.

Performance of Funds on Watch Status
As of 3/31/2024

Funds on Watch Status	Board Action Date	Watch Status Start Date	No. Months Since Watch Began	Excess Perf. Since Watch Began	Plan Assets (\$M)	% of Plan Assets
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None

Background

New Funds Qualifying for “Watch” Status: Meketa has conducted a review of the underlying fund in the CalABLE Plan (see also the 1Q2024 CalABLE Plan Investment Performance Status Report) and determined that no new funds should be placed on “Watch” status.

Funds Currently on “Watch” Status: No funds are currently on “Watch” status.

Funds Currently on “Monitor” Status

Funds are placed on “Monitor” status when there is a quantifiable reason not to place them on “Watch” status, even though they may qualify.

At the end of the period, the Fidelity International Index fund and the Fidelity Emerging Markets Index fund, both passively managed, qualify for “Monitor” status. The two international equity index funds fall into the Caution range primarily due to “Fair Value” adjustment procedures, which increases tracking error. The Fidelity Long-Term Treasury Bond Index falls into caution range primarily due to the statistical sampling methodology used to mirror the index in portfolio composition.

Fair Value Pricing:

Some ETFs or mutual funds will use Fair Value pricing if the value of their underlying securities has been materially affected by events occurring before the US market closes, but after the close of the markets or exchanges on which the security is traded. This situation most commonly occurs with foreign securities, which may trade on foreign exchanges that close many hours before the ETF or mutual fund is priced in the US. Fair Value pricing addresses the price discrepancies in such scenarios. As a result, a divergence in a Fair Value priced asset and the index may be observed temporarily.

Sampling:

When an ETF or mutual fund invests by sampling the index, it means that the fund holds a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. For the Fidelity Long-Term Treasury Bond Index, the fund’s prospectus states that investments are selected through the sampling process, and under normal circumstances at least 80% of the fund’s assets are invested in bonds included in the Index. The fund also maintains a dollar-weighted average maturity that generally is consistent with that of the index. The result is that while trailing period returns are closely tracking the index, intra-period deviations can result in higher tracking errors.

Recommendation:

Although these funds qualify for “Watch,” Meketa does not recommend placing them on “Watch” given the root cause for them qualifying is operational versus a fundamental flaw with the funds’ investment processes. However, we do recommend these funds remain on “Monitor” status.

KRC/AK/IH/mp

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