

CalSavers

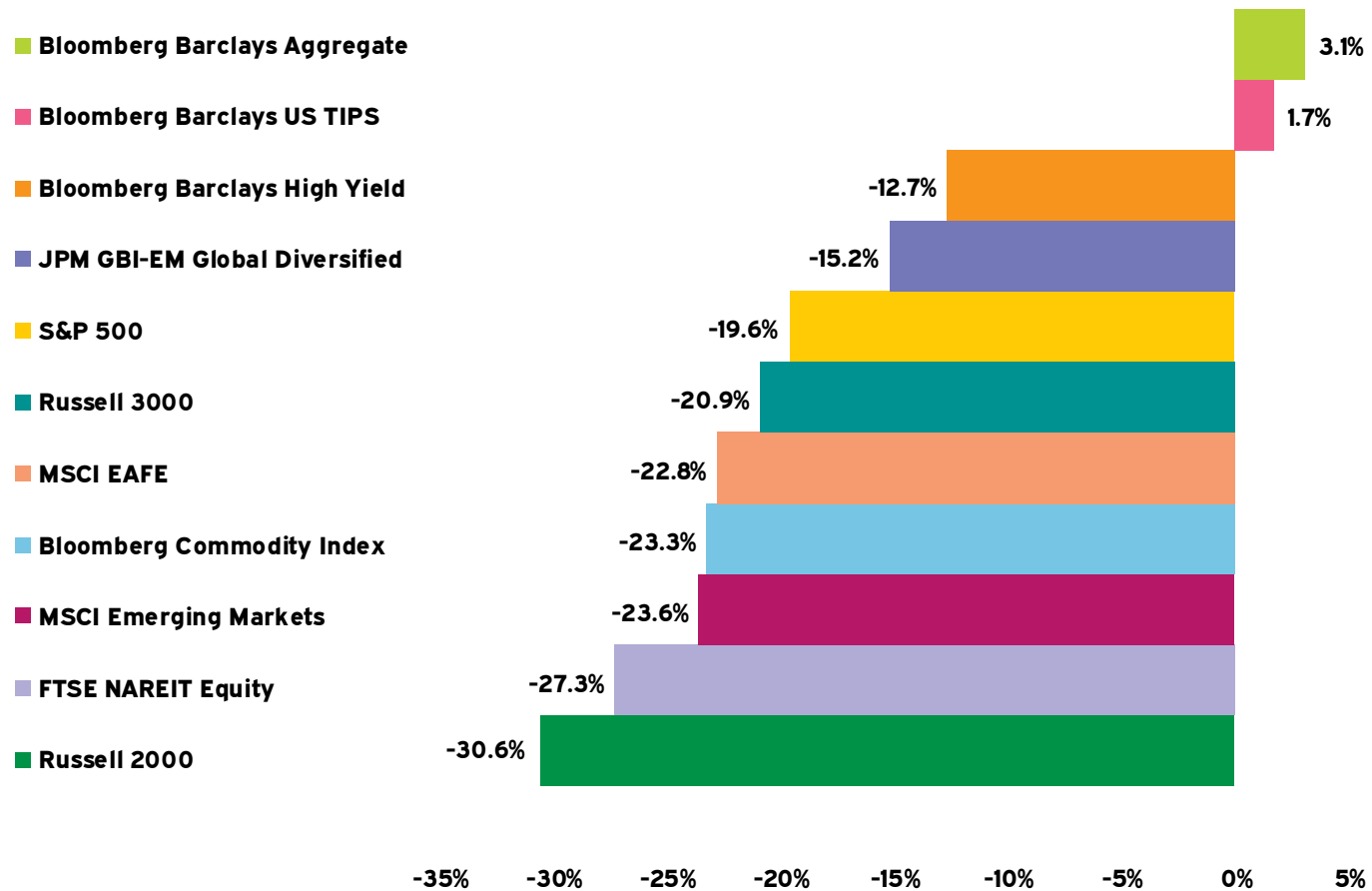
April 15, 2020

Quarterly Review as of
March 31, 2020

CalSavers Program Overview – March 31, 2020

- As of March 31, 2020, total participants assets in the program stood at \$2,503,246 excluding seed money. With seed money included, total assets were at \$2,581,184.
- Despite market volatility, the CalSavers Program continued to grow throughout all 3 months of the quarter, adding an additional \$1,171,836 in assets.
- Contributions were broad-based across the various options, with the Money Market Fund garnering approximately 58% of total asset inflows, or 685K. Target Date Retirement Funds saw an increase of roughly 458K.
- Contributions within the Core Bond Index Fund, Global Equity Fund and the Sustainable Global Fund were also observed, albeit small amounts.
- The financial and economic markets have witnessed an extreme disruption from where we last stood at the end of the 2019 calendar year given the swift global contagion of COVID-19 and its impact on both businesses and consumers. Given the uncertainty related to the ultimate impact of the virus on economic growth, company profitability, and societal norms, investors have sought perceived safe haven assets like US Treasuries. Stocks have experienced large declines globally this quarter, but fiscal and monetary authorities across the globe are deploying emergency measures to attempt to offset huge economic losses.
- The following pages provide additional detail on performance across most major asset classes as well as details on the markets, specifically for the most recent month of March.

The World Markets¹ First Quarter of 2020



¹ Source: InvestorForce.

Market Review

- March completed what will be remembered as a historic quarter. With a high degree of volatility, risk-oriented markets experienced considerable drawdowns as well as material rebounds toward the end of the month. In aggregate, however, most global equity markets produced returns in the -10% to -25% range over the month and in the -20% to -35% range for the quarter. In general, the US outperformed non-US stocks, growth outperformed value stocks, and large stocks outperformed small stocks.
- With interest rates declining further, US Treasury securities were the sole area of positive returns for the month (excluding certain dynamic trading strategies).
- The aggregate impacts to global GDP due to the COVID-19 pandemic are still unknown but are expected to be material. Macroeconomic data such as unemployment claims and manufacturing results have begun to illustrate the likely trajectory of GDP over the near term.
- Monetary and fiscal policies across the globe have shifted to become extremely accommodative. From indications of unlimited quantitative easing to massive fiscal stimulus, global authorities are unrolling historic policies to combat the pandemic from an economic standpoint.

Performance Review

Tier I: Target Date Funds

- **Target Retirement Series (2015-2065):** Longer-dated TDF's with higher allocations to risk assets, and in particular equities, suffered the largest drawdowns. Quarterly returns ranged in the minus 8.1% for target dates nearing retirement to minus 18.7% for longer-dated funds. For comparison purposes, Target Date Retirement Income Fund benefitted from its lower allocation to equities (roughly 30%) and high allocation to fixed income instruments. For Target Retirement Fund 2050 and beyond, the high allocation to equities (90%) resulted in larger negative returns although this was partially offset by the 10% allocation to the Long-Term Treasury Index which returned roughly 20% for the quarter.

Tier II: Passive Funds

- **Core Bond Index Fund:** The fund returned 3.1% net of all fees for the quarter. Relative strong results was driven by investors moving away from riskier assets and flocking to the relative safety of bonds, driving bond prices to rise.
- **Global Equity Fund:** The fund returned -22% net of all fees for the quarter. As a reminder, the global equity option is comprised of 100% in the equity markets across the US, international and developing regions. Equity markets suffered the biggest declines relative to any other asset class.

Tier III: Active Funds

- **Money Market Fund:** With the recent decline in short-term money market rates, the fund returned 0.1% net of all fees for the quarter compared to a return of 0.3% for the quarter ending December 31, 2019. Consistent with the objective of the fund, assets are conservatively managed so as to maintain preservation of capital.
- **Sustainable Balanced Fund:** The fund returned -9.3% net of fees for the quarter, outperforming its benchmark handily. Recall that the ESG focus of this strategy maintains a 40% allocation to US fixed income alongside a 60% allocation to global equity.

Meketa will continue to monitor the investments of the Program, and has no recommendations at this time.

CalSavers Performance Summary ^{1,2,3} As of March 31, 2020								
Tier I	MTD (%)	QTD (%)	Tier I	MTD (%)	QTD (%)	Tier II	MTD (%)	QTD (%)
State Street Target Ret Fund			State Street Target Ret 2045 Fund			State Street Agg Bond Index Fund		
Program Level	-6.3	-8.1	Program Level	-12.3	-18.1	Program Level	-0.6	3.1
Mutual Fund	-6.2	-7.8	Mutual Fund	-12.3	-17.9	Mutual Fund	-0.5	3.3
Benchmark	-6.0	-7.7	Benchmark	-11.9	-17.6	Benchmark	-0.6	3.1
State Street Target Ret 2020 Fund			State Street Target Ret 2050 Fund			Global Equity Fund		
Program Level	-8.3	-11.0	Program Level	-12.7	-18.7	Program Level	-14.1	-22.0
Mutual Fund	-8.2	-10.9	Mutual Fund	-12.7	-18.5	State Street Equity 500 Index Fund	-12.4	-19.6
Benchmark	-7.9	-10.7	Benchmark	-12.2	-18.2	State Street GI All Cap Equity ex-US Index Fund ⁴	-16.2	-24.6
State Street Target Ret 2025 Fund			State Street Target Ret 2055 Fund			Benchmark	-13.6	-21.6
Program Level	-9.2	-12.6	Program Level	-12.8	-18.7	Tier III		
Mutual Fund	-9.1	-12.5	Mutual Fund	-12.7	-18.5	State Street Instl US Gov MM Fund		
Benchmark	-8.7	-12.2	Benchmark	-12.2	-18.2	Program Level	0.0	0.1
State Street Target Ret 2030 Fund			State Street Target Ret 2060 Fund			Mutual Fund	0.1	0.3
Program Level	-9.7	-13.7	Program Level	-12.8	-18.7	Benchmark	0.1	0.4
Mutual Fund	-9.6	-13.5	Mutual Fund	-12.6	-18.4	BNY Mellon Sustainable Balanced Fund		
Benchmark	-9.2	-13.2	Benchmark	-12.2	-18.2	Program Level	-6.1	-9.3
State Street Target Ret 2035 Fund			State Street Target Ret 2065 Fund			Mutual Fund	-6.0	-9.1
Program Level	-10.5	-15.2	Program Level	-12.7	-18.6	Benchmark	-8.0	-11.7
Mutual Fund	-10.5	-15.0	Mutual Fund	-12.6	-18.4			
Benchmark	-10.1	-14.7	Benchmark	-12.2	-18.2			
State Street Target Ret 2040 Fund								
Program Level	-11.3	-16.6						
Mutual Fund	-11.3	-16.4						
Benchmark	-11.0	-16.2						

¹ All performance data provided by Ascensus, BNY Mellon, State Street.

² Program Level returns are net of Program Level Fees.

³ Mutual Fund returns are ex Program Level Fees and are only net of manager level expenses.

⁴ As of 10/9/19, strategy became MSCI ACWI IMI ex US from MSCI ACWI ex US.

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