



# PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS

THIRD QUARTER 2023

**FCERA Compliance Evaluation Report**

[VERUSINVESTMENTS.COM](https://www.verusinvestments.com)

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## **Executive Summary**

### **3<sup>rd</sup> Quarter 2023**

The purpose of this report is to summarize Verus' evaluation of investment strategies managed on behalf of the Fresno County Employees Retirement Association ("The Association"). Specifically, the purpose of this report is to communicate the ongoing monitoring of compliance with stated investment guidelines.

The Association's portfolio is comprised of both commingled vehicles and separately managed accounts. All separate account investments have specific language within the guidelines for which each manager has committed to follow when managing the Association's investments. In order to obtain assurance that these separate accounts are managed in accordance with respective guidelines for each account, Verus obtains assurances from the compliance department at each investment manager. Enclosed are copies of such assurances.

Investments that are held in a commingled vehicle are typically governed by a partnership agreement or prospectus. The reason for this is that since commingled investment vehicles are designed to accommodate many different investors, only one common document may govern the strategy. For commingled investments Verus verifies compliance with investment guidelines through review of quarterly and/or annual reports, for which they are independently verified by third party accounting firms.

As of September 30, 2023, all managers reported compliance with their respective guidelines.



Scott Whalen  
Executive Managing Director, Senior Consultant

#### **Disclaimer**

Verus has exercised all reasonable professional care in the evaluation of each investment manager's compliance to the Investment Policy and Guidelines of the Association as of the report date. This report is provided to the Board of Trustees in conjunction with our responsibilities under the investment consulting agreement. Our professionals necessarily relied on data provided by third parties to perform our evaluation. Verus makes no claims as to the accuracy of the data used in this evaluation and shall not be held liable for damages caused by errors or omissions in content, except to the extent arising from our sole gross negligence.

**Exhibit A**

<b>Investment Manager</b>	<b>Investment Vehicle</b>	<b>General Asset Class</b>	<b>Enforcable Guidelines</b>
Northern Trust Russell 1000 Index	Separate Account	Public Market (Equity)	Yes
PIMCO StocksPLUS Small	Separate Account	Public Market (Equity)	Yes
Mondrian Investment Partners Limited	Commingled Fund	Public Market (Equity)	No
Baillie Gifford EM	Commingled Fund	Public Market (Equity)	No
Research Affiliates (PIMCO)	Separate Account	Public Market (Equity)	Yes
Western Asset Management Company	Separate Account	Public Market (Fixed Income)	Yes
Artisan Partners	Separate Account	Public Market (Equity)	Yes
INVESCO Core Real Estate	Commingled Fund	Real Estate	No
IFM	Commingled Fund	Infrastructure	No
RBC Access Capital	Separate Account	Public Market (Fixed Income)	Yes
Northern Trust MSCI World ex US Index	Commingled Fund	Public Market (Equity)	No
Harrison Street	Commingled Fund	Real Estate	No
HPS	Separate Account	Public Market (Fixed Income)	Yes
PGIM	Separate Account	Public Market (Fixed Income)	Yes



## Monthly Compliance Report

Investment Manager Name: Artisan Partners Limited Partnership

Account Name: Fresno County Employees' Retirement Association

Quarter Ending: September 30, 2023

This is to confirm that, to the best of our knowledge, all of Artisan Partners' investment activity during the quarter noted above, on behalf of the Fresno County Employees' Retirement Association (FCERA) non-U.S. growth account has been consistent with the investment policies and restrictions set forth in the Investment Advisory Agreement, Investment Guidelines and Investment Policy Statement effective as of March 13, 2013, as amended March 4, 2015 and April 15, 2020, and that the portfolio is in compliance with those policies and restrictions.

### Investment Guideline Compliance Check

Investment Guidelines	In Compliance	Exception	Comments (As of the end of the quarter)
The Fund has generally invested in non-U.S. companies.	Yes		83.4% of the portfolio was invested in non-U.S. companies
Cash generally will not exceed 5% of the NAV during the covered period.	Yes	While the portfolio will generally aim to have cash levels below 5%, the portfolio will occasionally have cash levels above 5% as dividends for underlying holdings are received and transactions executed.	7.8% of the portfolio was invested in cash or cash equivalents
Investments outside developed equity markets will generally be limited to a maximum of 35% of the NAV during the covered period.  Developed equity markets are the component countries of the MSCI EAFE® Index plus Canada, Luxembourg, and the United States.	Yes		0.0% of the portfolio was invested in emerging markets
Investments in one country will not exceed 30% of the NAV during the covered period.	Yes		No single country exceeded 30% of the portfolio.



			Switzerland was the country with the highest weight at 17.6%.
Investments in any one industry will not exceed 25% of the NAV during the covered period.	Yes		No single industry comprised more than 25% of the portfolio. Financials was the industry with the highest weight at 24.4%.
Investments in any single security will not exceed 5% of the NAV at the time of purchase or 10% of the NAV at any time during the covered period.	Yes		Linde PLC (LIN_US) made up 5.09% of the portfolio due to market appreciation.
Investments in listed or over-the-counter un-leveraged, equity-linked instruments will not exceed 10% of the NAV at the time of purchase during the covered period, provided that investments in such instruments issued by a single counterparty will not exceed 5% of the NAV at the time of purchase during the covered period.	Yes		No investment in listed or over-the-counter un-leveraged, equity-linked instruments exceeded 10% of the portfolio

**Reported by:**  
**Artisan Partners Limited Partnership**

By: *Michelle Wolf*  
 Name: Michelle Wolf  
 Title: Compliance Associate

Scott Whalen  
Senior Consultant, Executive Managing Director  
Verus  
2321 Rosecrans Avenue  
Suite 2250  
El Segundo  
CA 90245

17 October 2023

Dear Scott,

**Quarterly Compliance Affirmation – Baillie Gifford Emerging Markets Equities Fund**

In relation to Fresno County Employees' Retirement Association, this letter serves to confirm that the Baillie Gifford Emerging Markets Equities Fund was in compliance with the relevant guidelines for the quarter ended 30<sup>th</sup> September 2023. Please see the additional information requested on the following page.

DocuSigned by:  
  
B470D0A6908A40F...

Matt Dey  
Client Relationship Director

**Baillie Gifford Overseas Limited**  
**Registered Office:**  
**Calton Square, 1 Greenside Row, Edinburgh EH1 3AN**  
**Tel. +44 (0)131 275 2000 Fax +44 (0)131 275 3999**  
**www.bailliegifford.com**

**Fund:** Baillie Gifford Emerging Markets Equities Fund

**Benchmark:** MSCI Emerging Markets

<b>Fund Restrictions</b>	<b>Compliance (Yes or No)</b>	<b>Additional Comments</b>	<b>Fund Position</b>
No of holdings (company) 60 - 100	Yes		75
Min 80% in MSCI EM countries	Yes		93.68%
Max 3% outstanding voting securities of any one investment company, at time of purchase.	Yes	Fund in compliance at the time of purchase.	N/A
Max 5% market cap of one securities related issuer, at time of purchase.	Yes	Fund in compliance at the time of purchase.	N/A
Max 10% of outstanding voting securities of one issuer (for 75% of the Portfolio), at time of purchase.	Yes	Fund in compliance at the time of purchase.	N/A
Max 10% outstanding voting securities of any one Closed end Inv. Company, at time of purchase.	Yes	Fund in compliance at the time of purchase.	N/A
Max 10% outstanding voting securities of any one insurance company, at time of purchase.	Yes	Fund in compliance at the time of purchase.	N/A
Max 15% in illiquid securities.	Yes	Including 144A securities and private placements.	0%
Max 25% in one industry ex US Govt.	Yes	Based on Bloomberg sub-industry classifications.	Highest position is 11.70% in Commercial Banks Non-US
Max 5% in any one investment company, at time of purchase.	Yes	Fund in compliance at the time of purchase.	N/A
Max 5% of portfolio in one issuer (for 75% of the Portfolio), at time of purchase.	Yes	Fund in compliance at the time of purchase.	N/A
Max 5% of portfolio in one securities related issuer, at time of purchase.	Yes	Fund in compliance at the time of purchase.	N/A
Max 10% in investment companies, at time of purchase.	Yes	Fund in compliance at the time of purchase.	N/A





October 24, 2023

Verus Investments  
2321 Rosecrans Avenue, Suite 2250  
El Segundo, CA 90245

**RE: Statement of Compliance for Fresno County Employees' Retirement Association ("FCERA")**

The undersigned officer of HPS Investment Partners, LLC (the "Manager") hereby delivers this Statement of Compliance for FCERA (the "Investor") as of the date set forth above, with respect to the period ending September 30, 2023 (the "Compliance Period"). Capitalized terms used herein without definition shall have the meanings ascribed to them in the Investment Management Agreement, as may be amended from time to time.

The undersigned hereby certifies that he is a duly appointed officer of the Manager and further certifies to the best of his knowledge that, except as otherwise disclosed to the Investor in writing:

- (i) each investment acquired during the Compliance Period complied with the guidelines and limitations set forth in the limited partnership agreement in effect at the time of the investment.

A handwritten signature in cursive script, reading 'Jonathan Falcichio', positioned above a horizontal line.

Jonathan Falcichio | Managing Director

**HPS Investment Partners, LLC**

40 West 57<sup>th</sup> Street, 33<sup>rd</sup> Floor, New York, NY 10019

T +1 212 287 5593 | M +1 646 946 8152

[jonathan.falcichio@hpspartners.com](mailto:jonathan.falcichio@hpspartners.com)



## Appendix

Asset Class	September 30, 2023 Exposure	Expected Range or Limit	Pass/Fail
Leveraged Loans	43.17%	40% - 75%	Pass
Corporate Bonds (including high yield bonds, investment grade bonds, convertible bonds, and instruments that take the legal form of preferred equity but have bond characteristics (including coupon payments) as determined by the Investment Manager ("Debt-Like Preferred Equity"))	44.48%	20% - 50%	Pass
Securitized Credit	8.30%	5% - 15%	Pass
Equities (excluding Debt-Like Preferred Equity and equity received in connection with debt investments), ETFs, CDS and CDS indices (excluding any such instrument used for hedging).	0.00%	0% - 7.5%	Pass
Single Issuer Concentration	2.77%	7.5%	Pass
Single Position Size	2.77%	5.0%	Pass
Non-US Investments	3.29%	30.0%	Pass
Non-USD denominated investments	0.00%	20.0%	Pass

# FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

INVESTED IN THE MONDRIAN EMERGING MARKETS EQUITY FUND, L.P., ("Fund")

## QUARTERLY CHECKLIST

**Name of Investment Firm:** Mondrian Investment Partners Limited ("Firm")

**Quarter Ending:** Q3, 2023


*General Requirements (update since the last quarterly report)*

*Answer YES or NO to the following guidelines AND attach explanation and/or documentation as appropriate*

	<b>Offering documentation</b>	<b>In compliance (Yes/No)</b>	<b>Comments</b>	<b>Exposure</b>
1	Equity securities in which the Fund may invest include, but are not limited to, common stocks, preferred stocks, convertible securities, index related securities, certain non-traditional equity securities, 144A securities and warrants. The Fund may also purchase other investment funds, including, but not limited to registered funds, unregistered funds and REITs.	Yes		N/A
2	The Fund may purchase securities of non-U.S. issuers directly or indirectly in the form of American, European or Global depository receipts or other securities representing underlying shares of non-U.S. issuers.	Yes		N/A
3	Under normal circumstances, the Fund will invest at least 80% of its assets in investments of emerging markets issuers.	Yes		89.81%
4	The Fund may invest in forward foreign currency contracts to hedge defensively back into the base currency of the Fund.	Yes	Not held	N/A
5	Under normal circumstances, no more than 10% of the Fund's assets will be invested in debt securities issued by governments or by their agencies, instrumentalities or political subdivisions, or by corporate entities, all of which may be high-yield, high-risk fixed income securities rated lower than BBB by S&P and Baa by Moody's or, if unrated, considered to be of equivalent quality.	Yes	Not held	N/A
	<b>Internal guidelines (as of the quarter-end indicated)</b>	<b>In compliance (Yes/No)</b>	<b>Comments</b>	
1	No single security shall weigh more than 5% above its weight in the benchmark*.	Yes	<b>Top 3 Positions:</b> Housing Dev Fin Corp Alibaba Unilever	2.90% 2.66% 2.39%
2	No single country shall weigh more than 10% above its weight in the benchmark*.	Yes	<b>Top 3 Positions:</b> United Kingdom Brazil Peru	4.04% 3.37% 2.02%
3	No sector shall weigh more than 10% above its weight in the benchmark*.	Yes	<b>Top 3 Positions:</b> Info Tech Financials Consumer Staples	4.25% 2.20% 2.11%

**Signature of the (Senior) Portfolio Manager or Senior Officer:**

**Date:** 16<sup>th</sup> October 2023



\*Benchmark: MSCI Emerging Markets

Top 3 positions are relative to benchmark weight



**PGIM**

The Global Investment Management  
Businesses of Prudential Financial, Inc.

**PGIM Fixed Income**  
655 Broad Street, 9th Floor  
Newark, NJ 07102

09/30/2023

To: Fresno County Employees' Retirement

Re: Investment Manager Guideline certification

For the period of July 01 2023, through September 30 2023, PGIM, Inc. ("PGIM"), acting as investment manager to the Fresno County Employees' Retirement Association certifies that the portfolio was in compliance with its investment guidelines other than any exceptions noted in Appendix A:

Sincerely,

PGIM Fixed Income

By: Christopher Lewis

Name: Christopher Lewis

Title: VP, PGIM Fixed Income

## Appendix A

<b>Guideline Rule:</b>	<b>In Compliance:</b>	<b>Exception:</b>	<b>Comments:</b>
No more than 15% notional exposure to local currency bonds and interest rate derivatives in emerging markets	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0%
Private placement securities (not including Rule 144A or Reg S securities) limited to a maximum of 5%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0%
No more than 10% market value exposure to one or more affiliated/unaffiliated fixed income funds, including but not limited to ETFs, 40 Act Mutual Funds, and funds of the Prudential Trust Company	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0%
BBB-/Baa3 or higher Maximum of 5% per issuer vs the benchmark	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Largest Issuer: ATSTC_22-1A @ 1.09% (Portfolio:1.09% vs Benchmark: 0.00%)
BB+/Ba1 to BB-/Ba3 Maximum of 3% per issuer vs the benchmark	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Largest Issuer: AMERICAN AIRLINES INC@ 0.71% (Portfolio:1.03% vs Benchmark: 0.32%)
B+/B1 or lower Maximum of 2% per issuer vs the benchmark	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Largest Issuer: CAESARS ENTERTAINMENT INC @ 0.77% (Portfolio:1.06% vs Benchmark :0.29%)
Leverage, defined as increasing investment risk by creating liabilities that cannot be funded by cash or cash equivalent assets held in the account, may not exceed 5%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0%

**Fresno County Employees' Retirement System StocksPLUS Small AR (Account #10960)**  
**Quarterly Investment Guideline Compliance Statement**  
**As of 09/30/2023**

Rule	Limit	Period End Confirmation
Duration	-3 years to +8 years	1.31 Years
Minimum average credit quality	A-	AA
Minimum issue quality	B-	Please see attached Investment Guideline Statement for reportable breaches when applicable.
Minimum CP	A2/P2	Compliant
Authorized transactions	Regular, forward settlement, hedging, spread, income generating strategies permitted, authority to take action in regards to exchanges	Compliant
Total contract value of stock index investments	98% to 102%	100.08%
Issue concentration	Maximum 5%	1.09%
Issuer concentration	Maximum 5%	2.2%
Below BBB-	Maximum 20%	4.56%
Emerging markets	Maximum 25%	6.08%
Foreign currency	Maximum 20%	0.19%

The portfolio we manage was in compliance with the investment guidelines set forth in your Investment Management Agreement with PIMCO.

Guideline	Limit	Breach Details					Compliant		Period End Value if Non-compliant
		Item	Date	Value	Type	Cause	Date	Value	
-	-	-	-	-	-	-	-	-	-

For questions or concerns, please contact Heather Tsutsui at (949) 720-6192.



Heather Tsutsui  
 VP, Manager, Portfolio Compliance  
 Pacific Investment Management Company LLC


**FCERA - RAE Fundamental International (Account #28837)**  
**Quarterly Investment Guideline Compliance Statement**  
**As of 09/30/2023**

Rule	Limit	Period End Confirmation
Equity securities	Only securities listed on major local exchanges, ADRS, GDRs	Compliant
Eligible countries	MSCI EAFE + Bermuda, Canada, Cayman Islands	Compliant
Derivatives	Prohibited	Compliant
Maximum single name exposure	5%	3.68%
Maximum single name exposure	5%	0.07%
Prohibited transactions	Stocks options Short sales Margin purchases Letter stocks Private placements Commodities	Compliant
CP minimum quality	A2/PS	Compliant
Minimum weighted average market capitalization	\$ 1 Billion Minimum	Compliant

The portfolio we manage was in compliance with the investment guidelines set forth in your Investment Management Agreement with PIMCO.

Guideline	Limit	Breach Details					Compliant		Period End Value if Non-compliant
		Item	Date	Value	Type	Cause	Date	Value	
-	-	-	-	-	-	-	-	-	-

For questions or concerns, please contact Heather Tsutsui at (949) 720-6192.



Heather Tsutsui  
 VP, Manager, Portfolio Compliance  
 Pacific Investment Management Company LLC



October 13, 2023

Scott Whalen  
Verus Investments  
2321 Rosecrans Avenue, Suite 2250  
El Segundo, CA 90245

### **CERTIFICATION OF COMPLIANCE**

Dear Scott,

We certify that RBC Global Asset Management (U.S.) Inc. has received, read, and established control measures for ensuring compliance with Fresno County Employees' Retirement Association's Investment Policy dated May 2018.

For the quarter ending September 30, 2023, the account managed by RBC GAM-US has been, and continues to be, in compliance at the time of purchase with the Investment Parameters and Limitations set forth in the investment policy.

<b>Guidelines</b>	<b>Current Value</b>	<b>In Compliance</b>	<b>Exception</b>	<b>Comments</b>
Security minimum credit rating is A- at the time of purchase (Securities must be rated by at least one Nationally Recognized Securities Rating Organization. In the case of two ratings, the lowest applies and in the case of three ratings, the middle applies)		X		
Maximum 15% of the portfolio can be invested in securities rated below A	0.5%	X		
Non-USD securities are prohibited.	0%	X		
Portfolio Duration will range within +/- 6 months of the benchmark	3.96	X		As of 9/30. Port = 5.80 yrs. BMK = 5.47 years for a variance of .33 yrs. or 3.96 months.
No single issuer (excluding U.S. Government securities carrying the full faith and credit of the U.S. Government) may constitute more than 5% of the Portfolio account balance.		X		





## Global Asset Management

Single Family Ownership will make up 60-80% of the portfolio.	90.53%		X	Higher allocation due to relative value of sectors and benchmark weightings.
Multi-Family Affordable Rental Housing & Healthcare facilities will make up 10-20% of the portfolio.	2.84%		X	Lower allocation due to relative value of sectors and benchmark weightings.
Small Business Loans will make up 5-10% of the portfolio.	2.93%		X	Lower allocation due to relative value of sectors and benchmark weightings.
Other infrastructure or Green Projects will make up 5-10% of the portfolio.	3.18%		X	Lower allocation due to relative value of sectors and benchmark weightings.

Regards,

Randall Harrison  
Client Portfolio Manager



October 12, 2023

Mr. Scott Whalen  
2321 Rosecrans Ave.  
Suite 2250  
El Segundo, CA 90245-4977

***Re: Fresno CERA***

Dear Mr. Whalen:

This letter is to certify that, to the best of our knowledge, the investment portfolio managed on behalf of the Fresno County Employees' Retirement Association was in compliance with the stated investment objectives, policies and guidelines during the third quarter of 2023.

Please contact Western Asset Client Service Team should you have any questions.

Sincerely,

Vivian Lin  
Compliance Officer

**WA #4506 - Fresno County Employees` Retirement Association**  
**Investment Guidelines - Compliance Report**  
**September 30, 2023**

Portfolio Characteristics	Investment Guidelines	Limit	Compliance Status	Portfolio Status	Exceptions/Comments:
Credit Quality	<b>Portfolio Average Credit Quality</b> The portfolio's average credit quality will not be lower than three rating notches below the benchmark's average quality. As an example, if the benchmark is rated AA, then three notches below is A.	Three notches below the benchmark	In Compliance	AA-	
	<b>Portfolio Credit Quality</b> Securities will be rated minimum BBB- or equivalent or higher at the time of purchase.	BBB-	In Compliance		See below list of notified downgrades (permission to hold)
Duration	<b>Portfolio Effective Duration</b> The portfolio dollar weighted average effective duration is expected to range within +/- 20% relative to the benchmark.	+/-20%	In Compliance	+16.19%	
Country & Currency	<b>US Denominated Securities only</b> The portfolio will invest in US Dollar denominated securities only.	US Denominated Securities only.	In Compliance		

Investments Diversification: <i>Compliance to disclose average exposure where applicable</i>		Limit	Compliance Status	Portfolio Status*	Exceptions/Comments:
	<b>US Treasuries/Agencies/Govt-Sponsored Entities</b>	No limit			
	<b>Sovereigns / Non-US Treasuries</b>	10% per Issuer	In Compliance	0.78%	
	<b>International Agencies/Non-US Local Authorities</b>	10% per Issuer	In Compliance	0.19%	
	<b>US Munis/Supras/Corporates/Cash Equivalents</b>	5% per Issuer	In Compliance	1.47%	
	<b>Investment Grade Credit - Corporations</b>	5% per Issuer	In Compliance	1.47%	
	<b>Structured Products</b>				
	▪ <b>Agency MBS</b>	No limit			
	▪ <b>Commercial MBS (CMBS)</b>	5% per Issuer	In Compliance	1.16%	
	▪ <b>Asset-Backed Securities (ABS) (General &amp; CLO/CDO/CBO's)</b>	5% per Issuer	In Compliance	0.37%	
	▪ <b>Non-Agency MBS (Issuer is defined as individual trust)</b>	5% per Issuer	In Compliance	0.88%	
	<b>Derivatives (Futures, Options, Interest Rate Swaps &amp; Credit Default Swaps)</b> Western Asset's standard approach to coverage ensures all derivative obligations can be met with cash, cash equivalents, offsetting derivatives and other liquid assets. Derivative exposure on the same underlying instruments are measured on a net basis.	No limit	In Compliance		
	▪ <b>Credit Linked Notes</b>	3%	In Compliance	0.00%	
	▪ <b>Exchange-Traded Funds (ETF)</b> - The portfolio may only invest in ETFs in which the underlying exposure is permitted, subject to a maximum of 5% per ETF and no more than 10% in aggregate.	Maximum 5% per ETF; Maximum 10% in ETFs (in aggregate)	In Compliance	0.00%	
	▪ <b>Registered Investment Companies (non-affiliated)-</b> Western Asset will not purchase affiliated funds/registered investment companies.	None	In Compliance		

Additional Guidelines					
	<b>Downgrades</b>	In the event downgraded securities cause a breach of the investment guidelines, Western Asset may continue to hold the positions but will not make any further purchases to increase the position while the breach remains.			

\* Portfolio stats (Average) is the highest weight issuer in that bucket for each month since the transition on April 30, 2021, this is added to a running total and dividend by the number of months.  
Securities will be rated minimum BBB- or equivalent or higher at the time of purchase.:

281020AS6	Edison International
29273VAM2	ENERGY TRANSFER OPERATING
71647NBD0	PETROBRAS GLOBAL FINANCE - NEW 30YR
716564AA7	Petroleos del Peru SA (144A)
716564AB5	PETROLEOS DEL PERU SA
88167AAN1	TEVA PHARMACEUTICALS NE