



## *Investment Program*

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# ASSET ALLOCATION

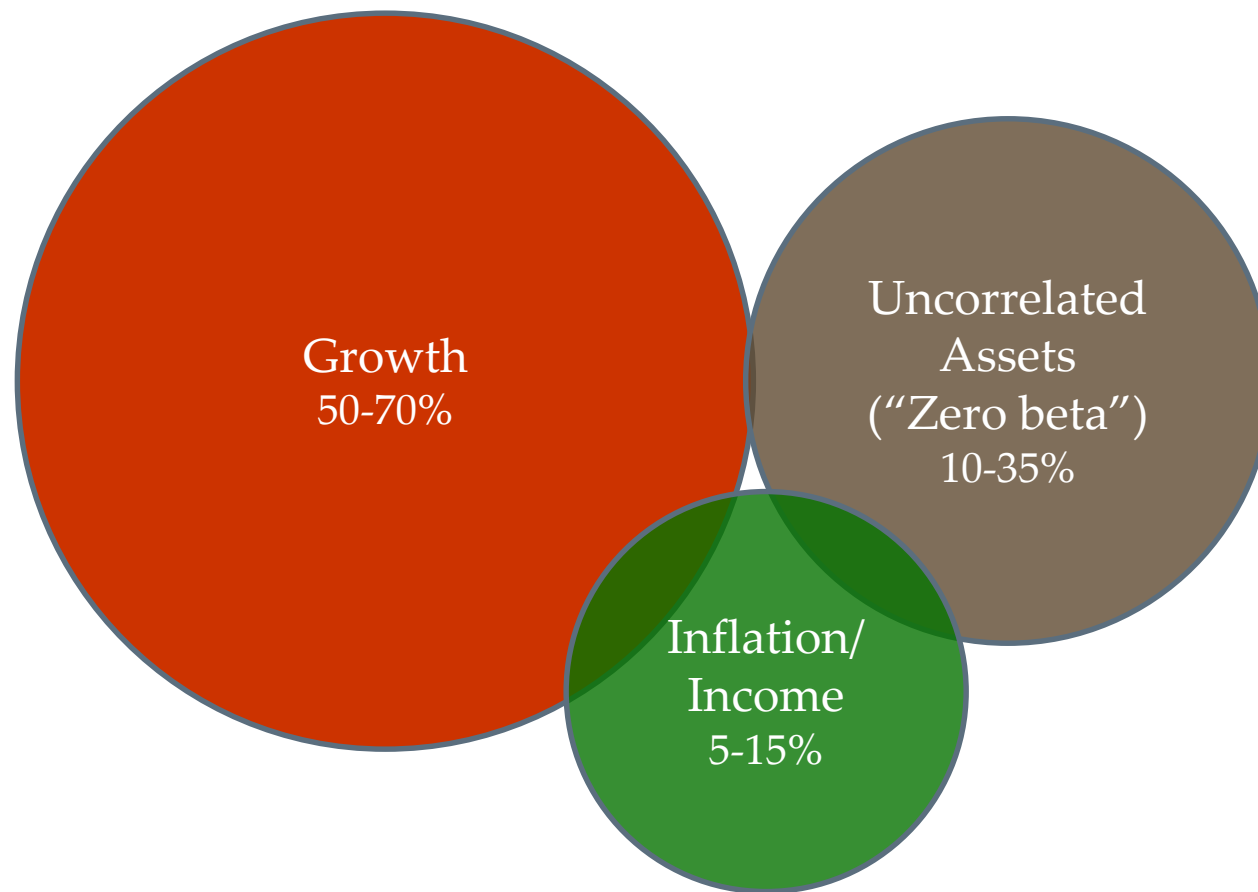
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## Office of Retirement Services

1737 N. 1<sup>st</sup> Street, Suite 600

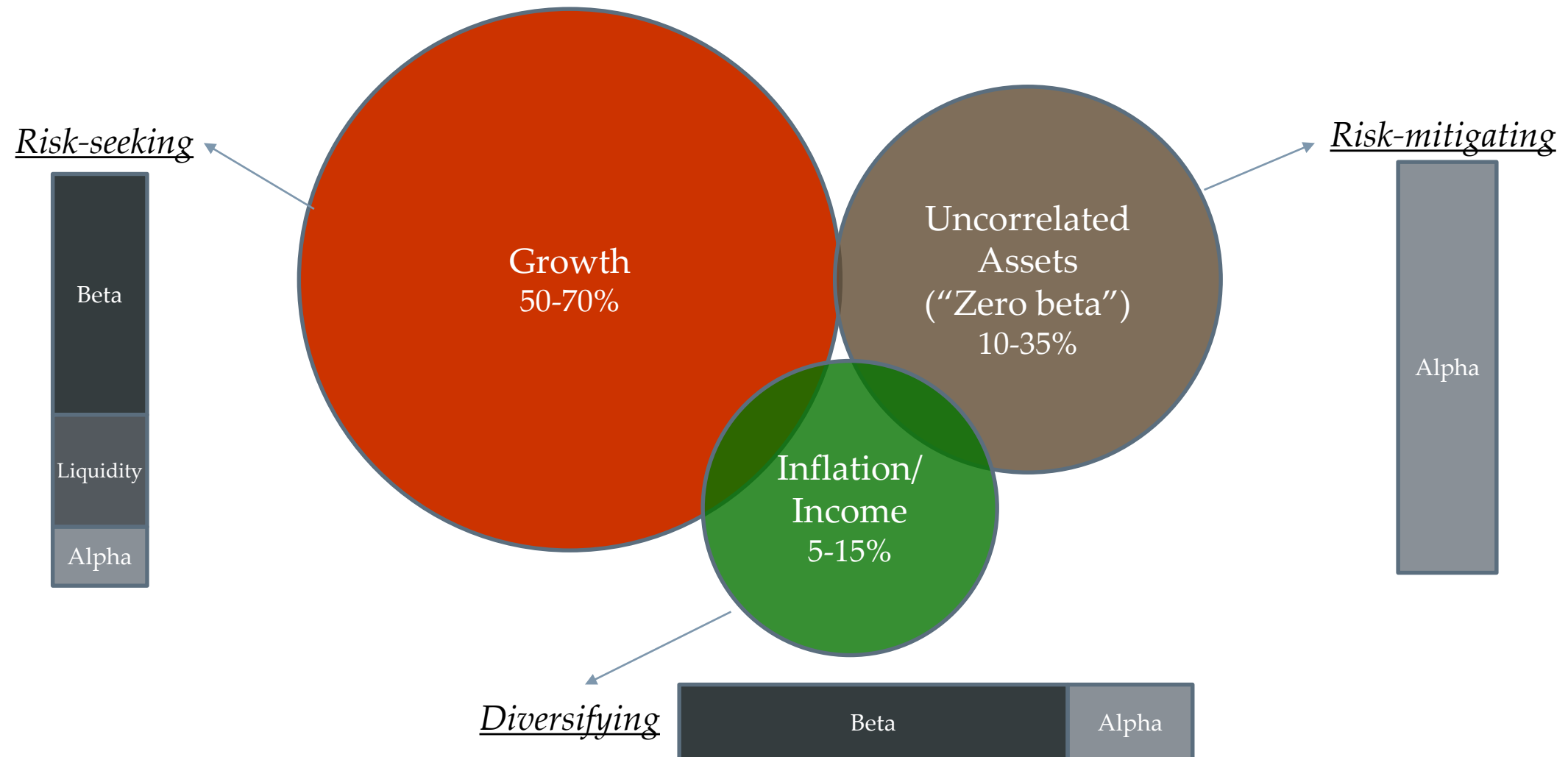
San Jose, CA 95112

# A Functional Approach to Asset Allocation

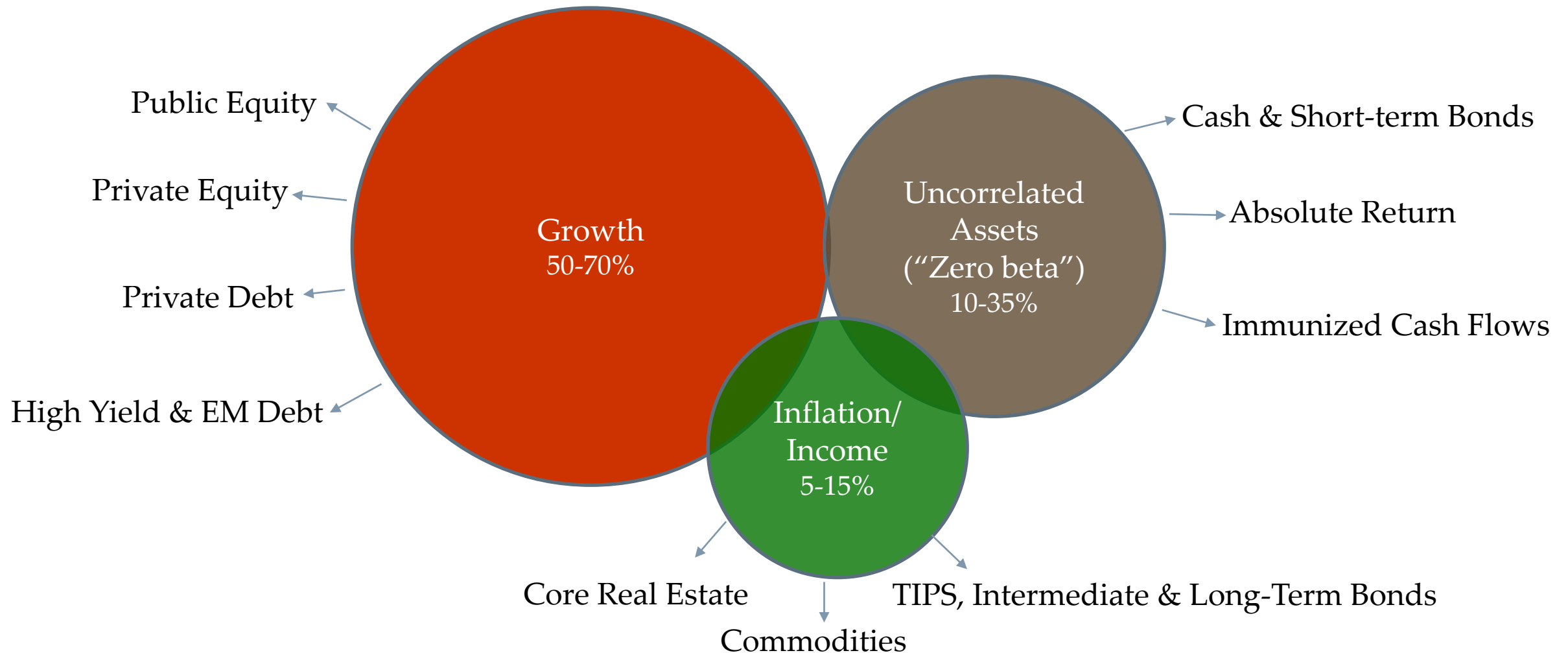


# A Functional Approach to Asset Allocation

Expected Sources of Return and Risk



# A Functional Approach to Asset Allocation



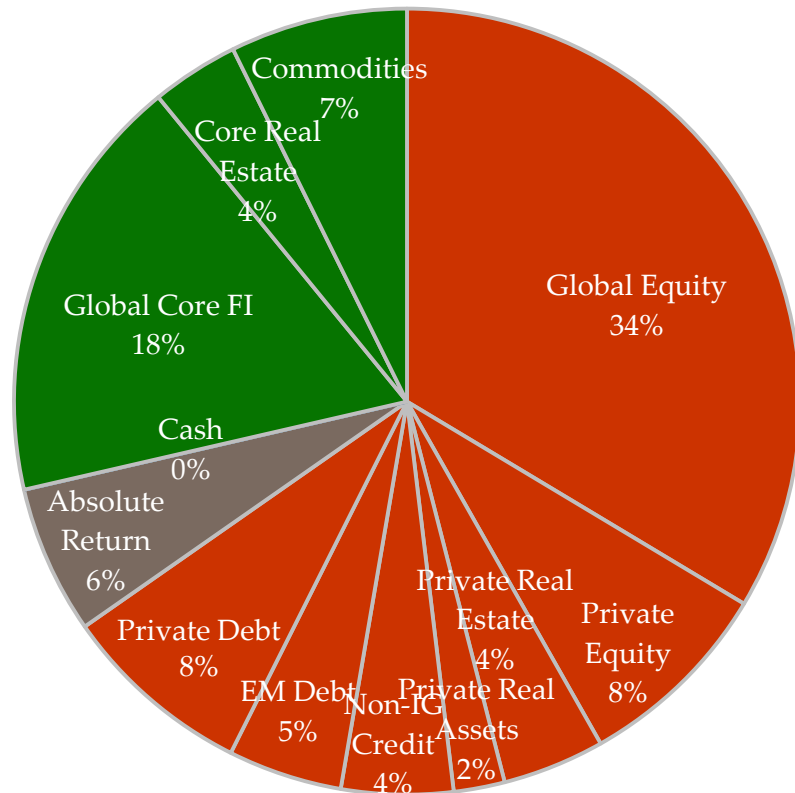
# Asset Class Objectives

	<u>Asset Class</u>	<u>Primary Objective</u>	<u>Secondary Objectives</u>
Growth	Public Equity	<i>Growth</i>	<i>Inflation Protection, Income</i>
	Private Equity	<i>Growth</i>	<i>Inflation Protection, Income</i>
	Private Debt	<i>Growth</i>	<i>Income</i>
	High Yield & EM Debt	<i>Growth</i>	<i>Income</i>
Uncorrelated ("Zero beta")	Cash & Short-Term Bonds	<i>Diversification</i>	<i>Income</i>
	Absolute Return	<i>Diversification</i>	<i>Growth</i>
	Immunized Cash Flows	<i>Immunization</i>	<i>Income</i>
Inflation/ Income	Core Real Estate	<i>Inflation Protection</i>	<i>Income, Diversification, Growth</i>
	Commodities	<i>Inflation Protection</i>	<i>Growth, Diversification</i>
	TIPS, Int- & Long-Term Bonds	<i>Income</i>	<i>Diversification</i>

# Current Exposures

Pension Plan as of 5/31/2018

## Asset Class



## Functional

