



Date: September 16, 2026
To: Board of Retirement
From: F. Robert Reveles, Retirement Financial Investment Officer
Subject: Janus Henderson Enterprise Fund Collective Investment Trust (CIT) Vehicle Recommendation

Recommended Action:

Staff recommend the Board of Retirement approve transitioning MCERA's \$26 million allocation (representing approximately 2.8% of the total MCERA portfolio) from the current Janus Henderson Enterprise Fund mutual fund to its Class III CIT vehicle.

Fiscal and Financial Impacts:

No immediate budget adjustment required; changing investment vehicles will lower investment fees paid from 66 bps to 50 bps, saving over \$41,000 annually.

Strategic Plan Importance and Risk Assessment:

This vehicle change promotes Goal 1 – Protect the Plan's long-term financial health and Goal 2 – Strengthen risk oversight through immediate fee savings without altering the total portfolio's underlying investment approach, asset allocation, or risk profile.

Background and Discussion:

MCERA has been invested in the Janus Henderson Enterprise Fund mutual fund vehicle since shortly after original approval by the Board of Retirement on August 15, 2007. During a recent, concurrent review process of the PIMCO CIT, staff identified that Janus Henderson had established a parallel CIT vehicle, which officially launched on January 6, 2023. Upon this discovery, staff performed a due diligence review.

Staff's internal review found no substantive differences between the existing mutual fund and the CIT regarding portfolio construction or the return stream. Upon this finding, staff asked Callan to review the CIT vehicle and provide an assessment.

Callan confirmed that there are no material differences between the CIT and the mutual fund in terms of investment guidelines, security selection, risk management, or expected portfolio characteristics. Because of this, Callan supports MCERA moving forward with the transition.

The CIT vehicle is highly liquid, well-established, and fully scaled for institutional participation. As of June 30, 2026, the strategy manages approximately \$3.5 billion in total CIT assets. This broader asset base includes \$1.3 billion held within the Class III tier alone, which is currently supported by 39 institutional investors.

The primary driver of this recommendation is a reduction in management fee expenses. The CIT features a total fee of 50 bps, which represents an immediate savings of 16 bps compared to the current mutual fund structure. This lower fee will directly improve net investment returns over time. Furthermore, the CIT has no minimum investment requirement.