



**Alameda County Employees' Retirement Association
BOARD OF RETIREMENT**

INVESTMENT COMMITTEE/BOARD MEETING

**THIS MEETING WILL BE CONDUCTED VIA TELECONFERENCE
SEE GOV'T CODE § 54953(e).**

ACERA MISSION:

To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

**Wednesday, January 11, 2023
9:30 a.m.**

ZOOM INSTRUCTIONS	COMMITTEE MEMBERS	
<p>The public can view the Teleconference and comment via audio during the meeting. To join this Teleconference, please click on the link below. https://zoom.us/join Webinar ID: 879 6337 8479 Passcode: 699406 1 (669) 900-6833 US For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193</p>	TARRELL GAMBLE	APPOINTED
	CHAIR	
	GEORGE WOOD	ELECTED GENERAL
	VICE CHAIR	
	ROSS CLIPPINGER	ELECTED SAFETY
	OPHELIA BASGAL	APPOINTED
	KEITH CARSON	APPOINTED
JAIME GODFREY	APPOINTED	
ELIZABETH ROGERS	ELECTED RETIRED	
HENRY LEVY	TREASURER	
KELLIE SIMON	ELECTED GENERAL	
CYNTHIA BARON	ALTERNATE RETIRED¹	
KEVIN BRYANT	ALTERNATE SAFETY²	

¹ The Alternate Retired Member votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General members, or the Safety Member and an Elected General member, are absent.

² The Alternate Safety Member votes in the absence of the Elected Safety, either of the two Elected General Members, or both the Retired and Alternate Retired members.

Note regarding accommodations: If you require a reasonable modification or accommodation for a disability, please contact ACERA between 9:00 a.m. and 5:00 p.m. 72 hours prior to the meeting at accommodation@acera.org or at 510-628-3000.

Note regarding public comments: Public comments are limited to four (4) minutes per person in total.

The order of agenda items is subject to change without notice. Board and Committee agendas and minutes, and all documents distributed to the Board or a Committee in connection with a public meeting (unless exempt from disclosure), are available online at www.acera.org.

INVESTMENT COMMITTEE/BOARD MEETING

NOTICE and AGENDA Wednesday, January 11, 2023

Call to Order: 9:30 a.m.

Roll Call

Public Input (The Chair allows public input on each agenda item at the time the item is discussed)

Board Action Item:

1. Proposed Findings Regarding State of Emergency Pursuant to Gov't Code §54953(e)(3): Staff Recommendation: The Board finds that it has reconsidered the circumstances of the state of emergency and (1) the state of emergency continues to directly impact the ability of the members to meet safely in person, and (2) state or local officials continue to impose or recommend measures to promote social distancing.

Dave Nelsen, ACERA
Jeff Rieger, ACERA

Action Items: Matters for discussion and possible motion by the Committee

There are no action items.

Information Items: These items are not presented for Committee action but consist of status updates and cyclical reports

1. Semiannual Performance Review for the Period Ending June 30, 2022 – Real Estate

Avery Robinson, Callan LLC
Thomas Taylor, ACERA
Betty Tse, ACERA

2. Semiannual Performance Review for the Period Ending June 30, 2022 – Private Equity

Faraz Shooshani, Verus Advisory
Clint Kuboyama, ACERA
John Ta, ACERA
Betty Tse, ACERA

3. Semiannual Performance Review for the Period Ending June 30, 2022 – Private Credit

Faraz Shooshani, Verus Advisory
Clint Kuboyama, ACERA
Betty Tse, ACERA

4. Semiannual Performance Review for the Period Ending June 30, 2022 – Real Assets

John Nicolini, Verus Advisory
Clint Kuboyama, ACERA
Betty Tse, ACERA

INVESTMENT COMMITTEE/BOARD MEETING

NOTICE and AGENDA Wednesday, January 11, 2023

5. Proposed 2023 Investment Committee Workplan

Agnes Ducanes, ACERA
Serafin Lim, ACERA
Betty Tse, ACERA

Trustee Remarks

Future Discussion Items

None

Establishment of Next Meeting Date

February 8, 2023 at 9:30 a.m.



January 2023

**Semi-Annual ending 2Q2022
Performance Measurement Report**

Callan

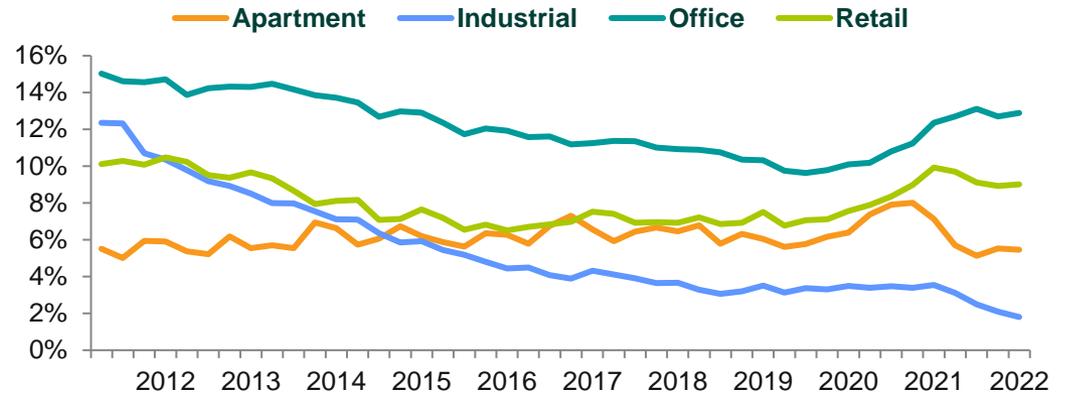
U.S. Private Real Estate Market Trends

2Q 2022 - Vacancy rates mixed and NOI growth turns negative for Office

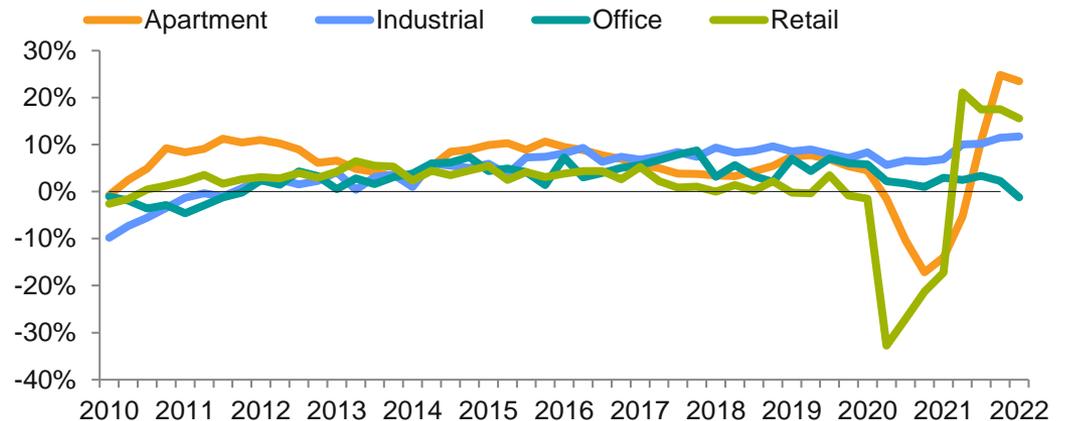
Mixed vacancy and NOI growth results

- Vacancy rates continued to compress in Industrial and Apartment.
- Office and Retail vacancy rates increased slightly during the quarter.
- Net operating income growth turned negative for Office as the Omicron variant delayed many return-to-office plans.
- Net operating income growth continued its gradual increase in Industrial while decreasing slightly in Apartment and Retail.

Vacancy by Property Type



Rolling 4-Quarter NOI Growth by Property Type

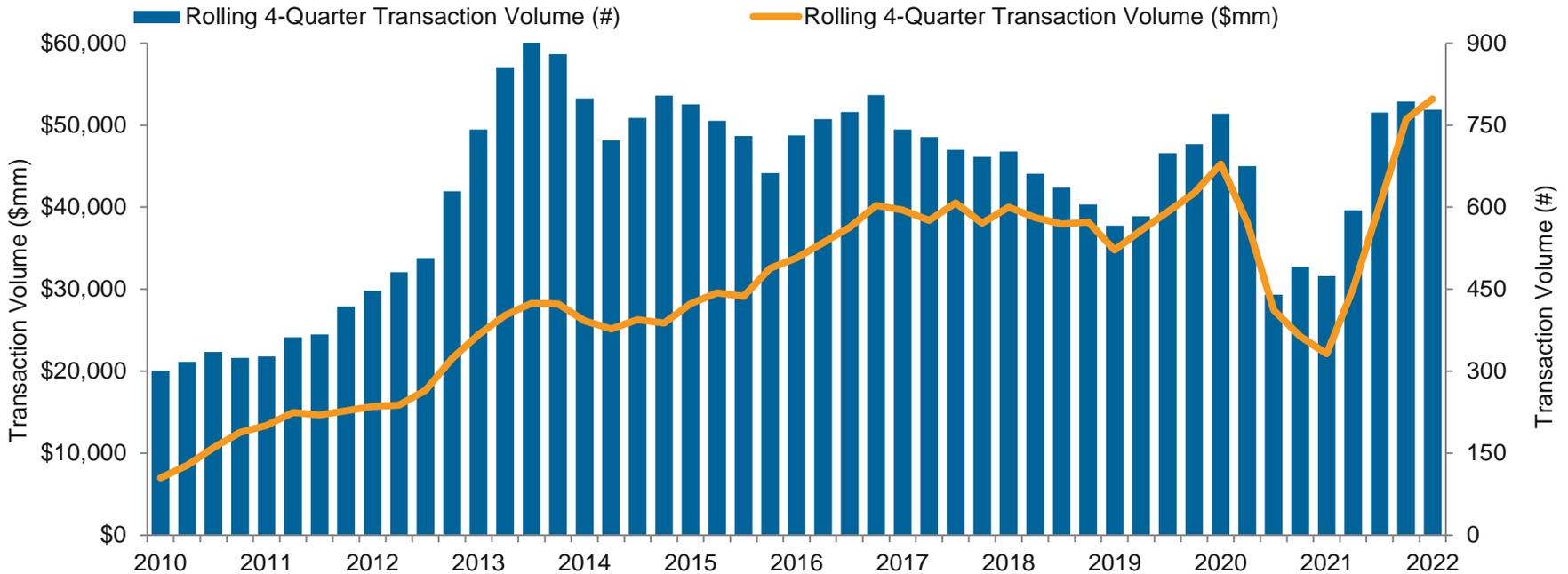


Source: NCREIF

U.S. Private Real Estate Market Trends

Pricing and transaction volumes increased in 2Q22

NCREIF Rolling 4-Quarter Transaction Totals

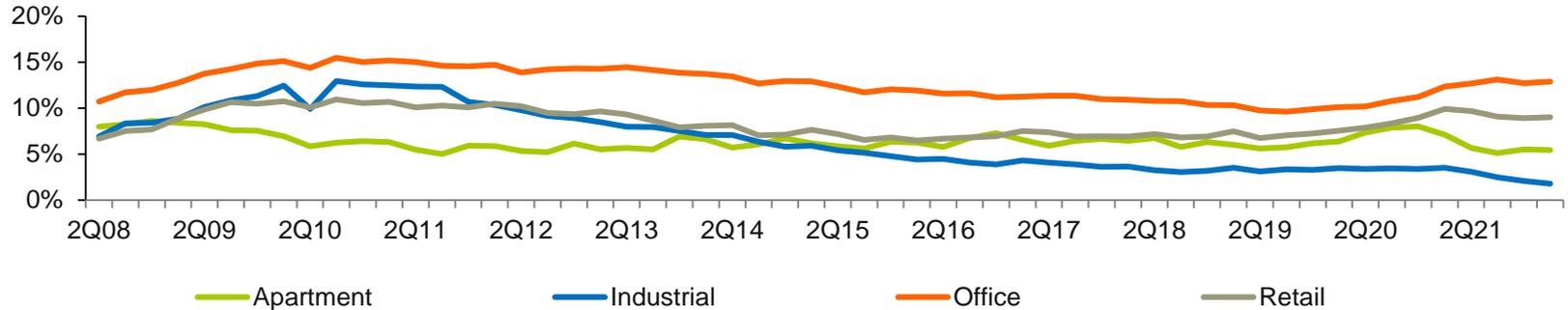


- Transaction volume increased quarter over quarter and continues to be led by Multifamily and Industrial assets with strong credit tenants, which are trading at well above pre-COVID-19 levels.
- Property types with more reliable cash flows are experiencing cap rate compression due to the demand for logistics facilities coupled with the housing shortage.
- Rise in interest rates may create repricing in sectors with weaker overall fundamentals (Office, Retail, Hotel).

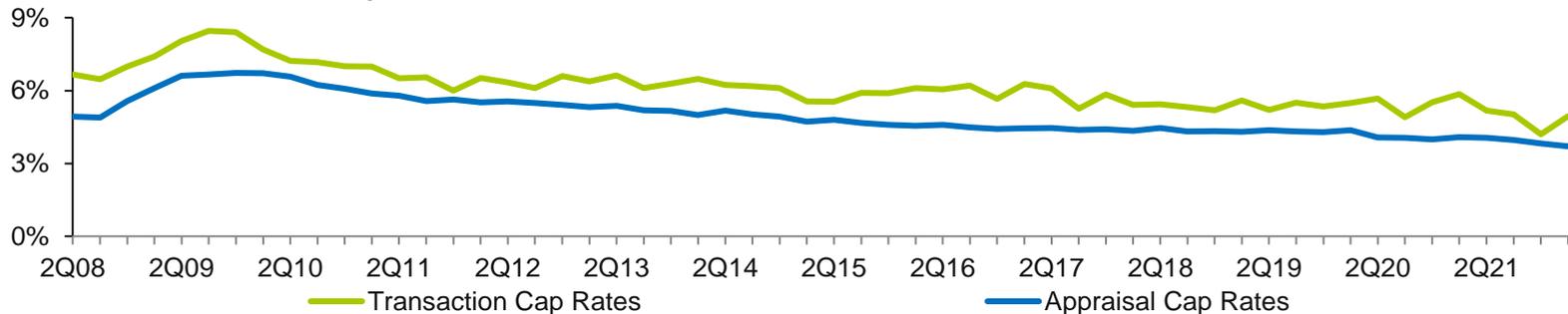
Source: NCREIF

Real Estate Market

Vacancy by Property Type



Current Value vs Transaction Cap Rates



- Supply and demand fundamentals are balanced but peaking. Supply is in check and aided by strict commercial real estate lending standards. Demand continues on the back of synchronized domestic growth. Transaction volumes have begun to take a step back in recent quarters from current cycle peak levels but have yet to substantially affect pricing, as property remains expensive.
- The industrial sector is performing the strongest, benefitting as structural shifts in the economy, property markets, and consumer habits continue to dampen demand for traditional retail space. Office is performing as expected late in the cycle and tenant improvements and other capital expenditures are increasingly eroding cash flow. Multifamily remains strong due to positive demographic trends, except for the Class A luxury segment in prime markets such as New York.

Source: NCREIF.

Alameda County Employees' Retirement Association Performance Measurement Report Summary

Portfolio Measurement Presentation

This is the Performance Measurement Report presentation for the Alameda County Employees' Retirement Association ("ACERA") Real Estate Portfolio ("Portfolio") Quarter ending June 30, 2022 ("Quarter").

Funding Status as of June 30, 2022

	(\$) Millions	(%)
ACERA Plan Assets	10,368.151	100.00%
Real Estate Target ⁽¹⁾	933.134	9.00%
Plan's Real Estate Market Value	833.544	8.04%
Net Unfunded Commitments	133.541	1.29%
RE Market Value & Unfunded Commitments	967.084	9.33%
Remaining Allocation	99.590	0.96%

Portfolio Composition

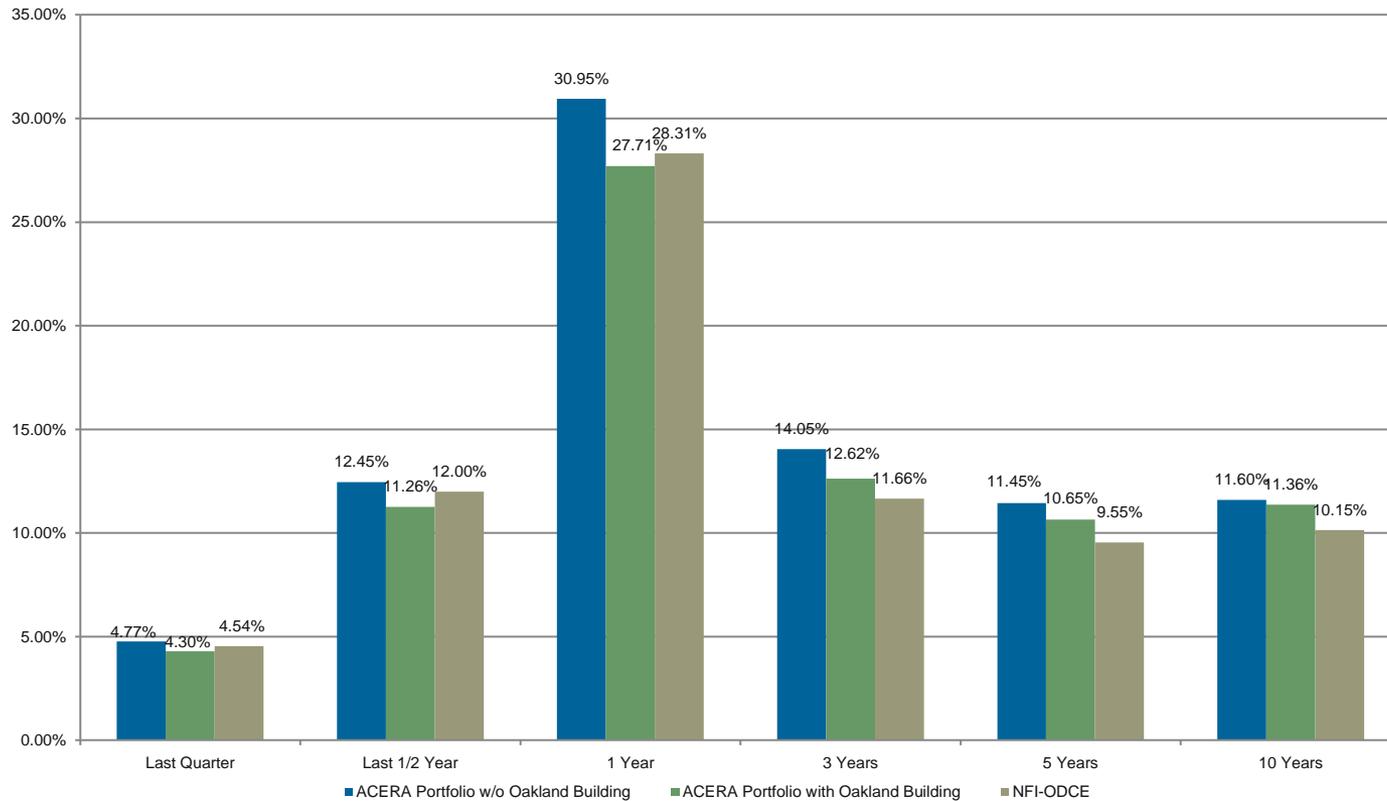
Portfolio Composition	Target	Funded	Funded & Committed
Core	>60%	52.12%	44.92%
Core-Plus	0-30%	21.78%	18.77%
Value-Add	0-30%	17.95%	21.41%
Opportunistic	0-15%	7.68%	14.89%
International	0-15%	0.69%	-
Debt	0-15%	0.72%	-

⁽¹⁾ The real estate target changed from 8% to 9% effective 6/30/2021.

Portfolio Net Returns

For Period Ended June 30, 2022

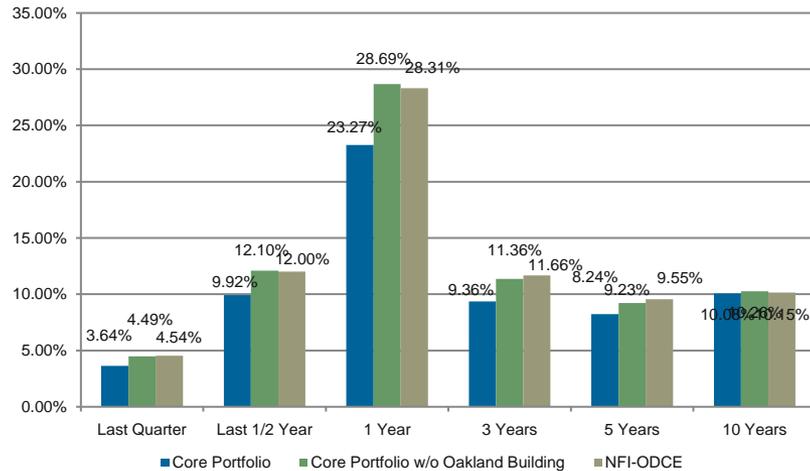
Total Net Real Estate Portfolio Returns



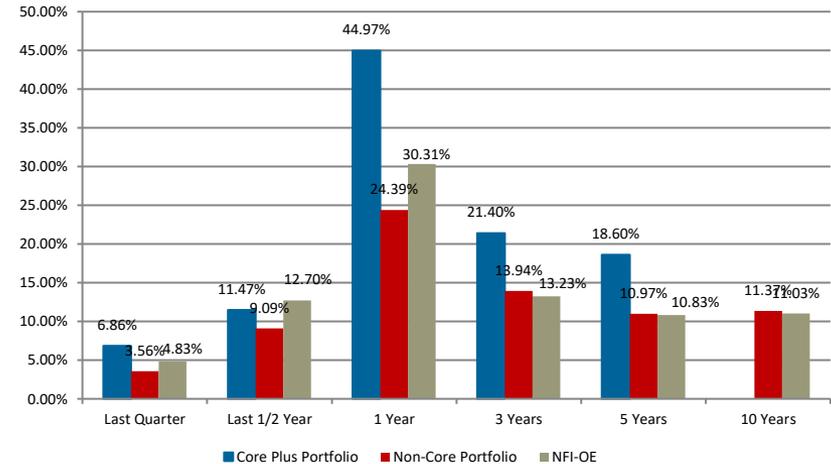
Portfolio Returns by Style

For Period Ended June 30, 2022

Net Core Returns



Net Non-Core Returns



Net Portfolio w/o Oakland Building	Last Quarter	Last ½ Year	1 Year	3 Years	5 Years	10 Years
Core Portfolio w/o Oakland Building	4.49%	12.10%	28.69%	11.36%	9.23%	10.26%
Core Plus Portfolio	6.86%	11.47%	44.97%	21.40%	18.60%	
Non-Core Portfolio	3.56%	9.09%	24.39%	13.94%	10.97%	11.37%
Total Portfolio w/o Oakland Building	4.77%	12.45%	30.95%	14.05%	11.45%	11.60%

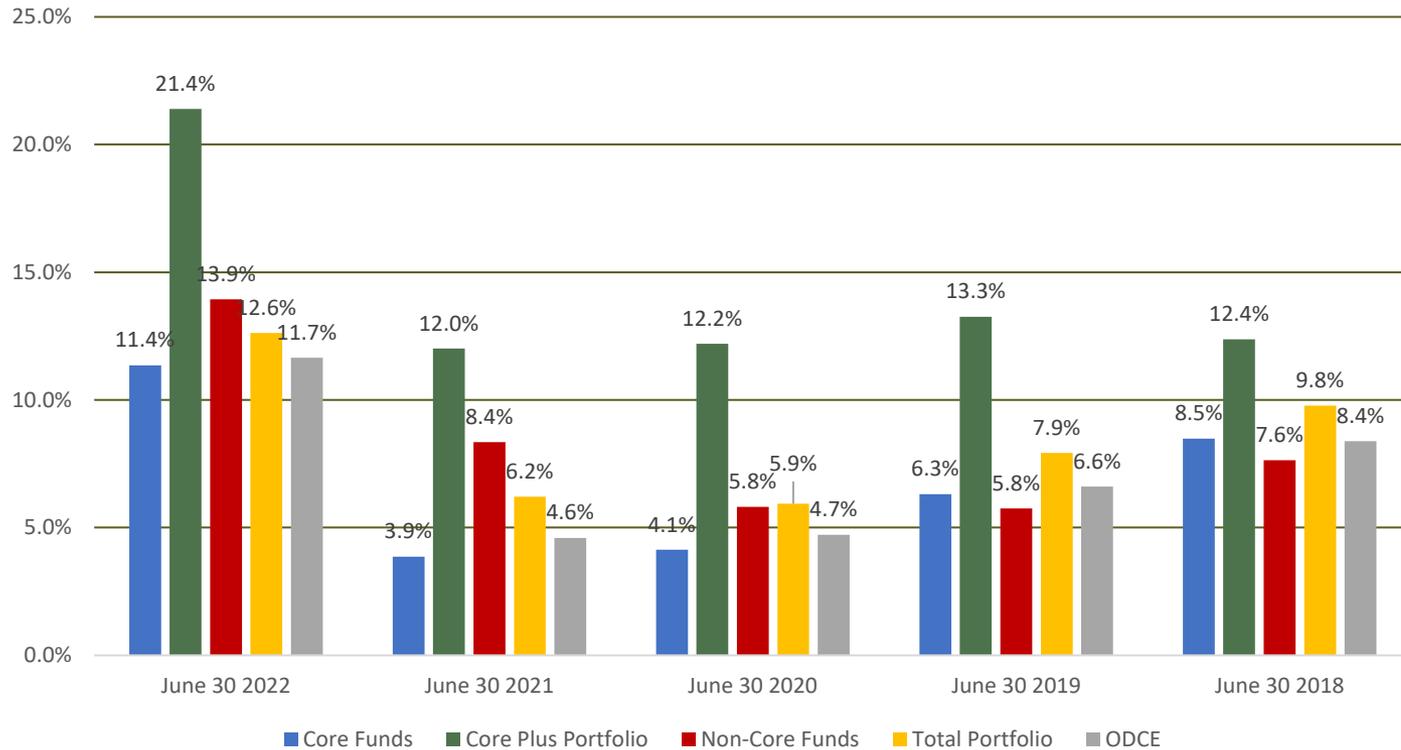
Net Total Portfolio	Last Quarter	Last ½ Year	1 Year	3 Years	5 Years	10 Years
Core Portfolio	3.64%	9.92%	23.27%	9.36%	8.24%	10.08%
Core Plus Portfolio	6.86%	11.47%	44.97%	21.40%	18.60%	
Non-Core Portfolio	3.56%	9.09%	24.39%	13.94%	10.97%	11.37%
Total Portfolio	4.30%	11.26%	27.71%	12.62%	10.65%	11.36%

Rolling 3 Year Returns

For Period Ended June 30, 2022

Total Net Real Estate Portfolio Returns

Rolling 3 Year Return



Performance Drivers and Detractors by Style

Core Portfolio (Excluding Oakland Building)

- The ACERA Core Portfolio outperformed the NFI-ODCE Value Weight Index (Net) by 23 bps for the half year ending 06/30/2022.
- PRISA SA was the strongest performer over the half year period.
- JP Morgan Strategic Property was the largest detractor from performance over the last half-year.

Core Plus Portfolio

- The Core Plus Portfolio underperformed the NFI-OE Value Weight Index (Net) by 123 bps for the half year ending 06/30/2022.

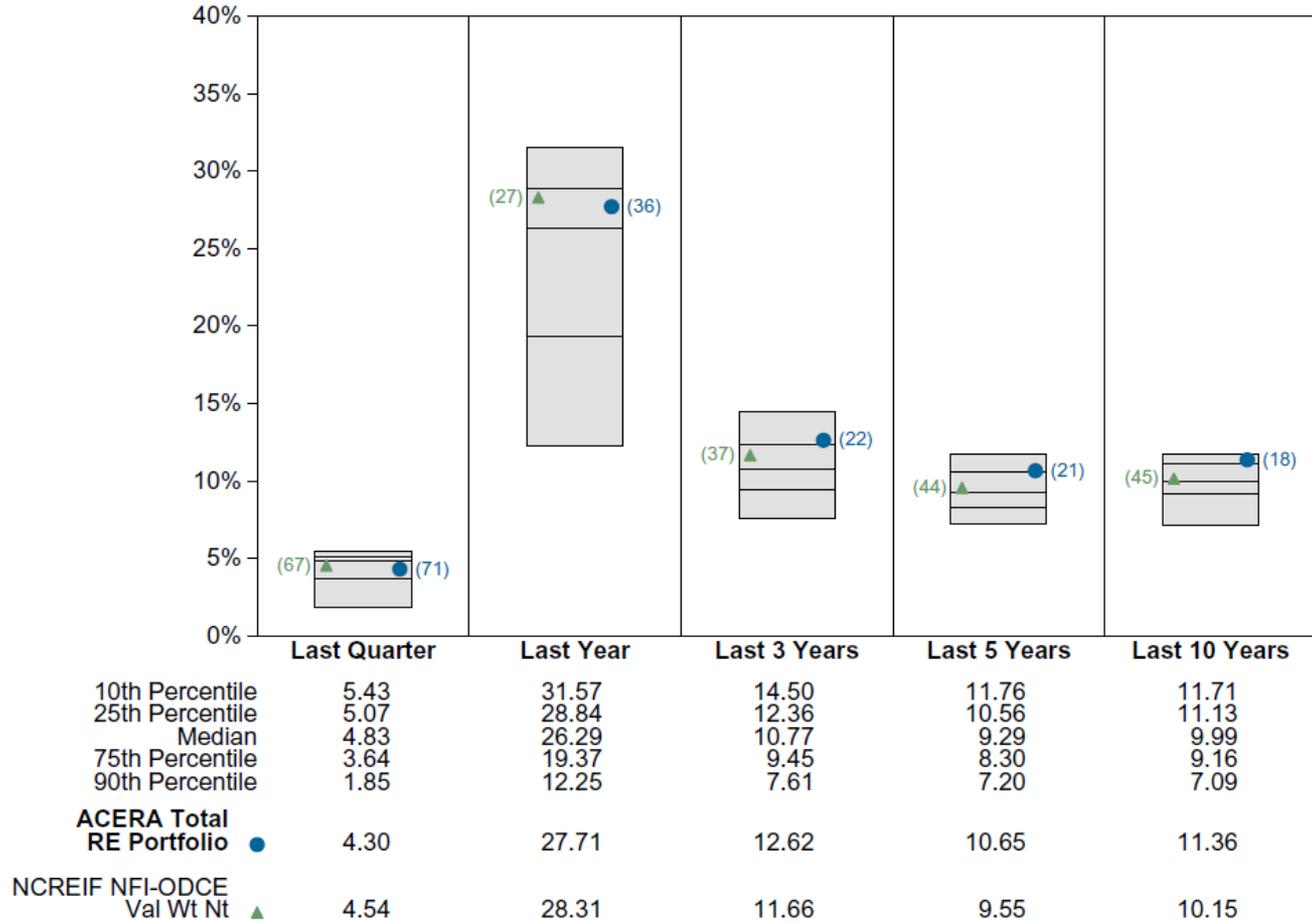
Non-Core Portfolio

- The Non-Core Portfolio underperformed the NFI-OE Value Weight Index (Net) by 361 bps for the period.
- Starwood Distressed Opp Fund XII and Heitman Value Partners IV were the primary drivers of performance.

Performance vs. Peer Group

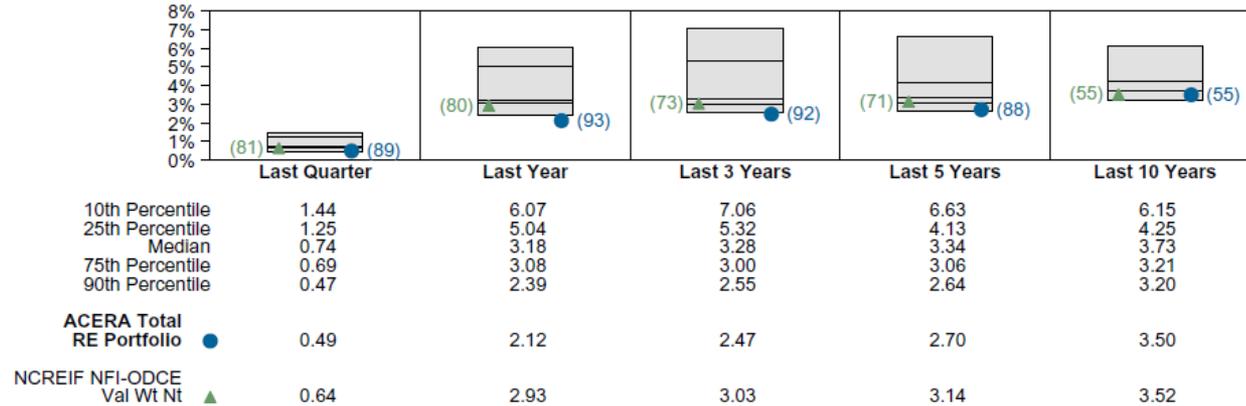
For Period Ended June 30, 2022

Performance vs Callan Open End Core Cmmingled Real Est

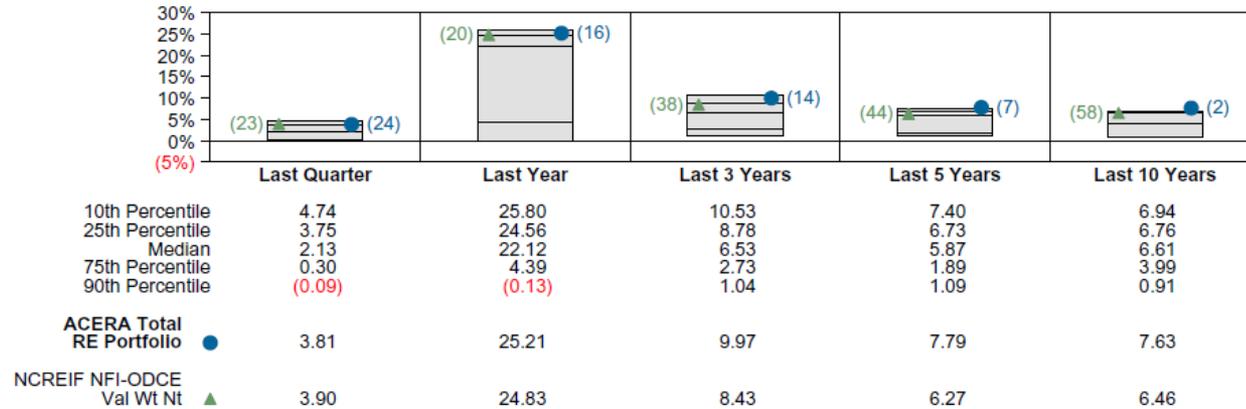


Performance vs. Peer Group

Income Rankings vs Callan OE Core Cmngld RE Periods ended June 30, 2022



Appreciation Rankings vs Callan OE Core Cmngld RE Periods ended June 30, 2022

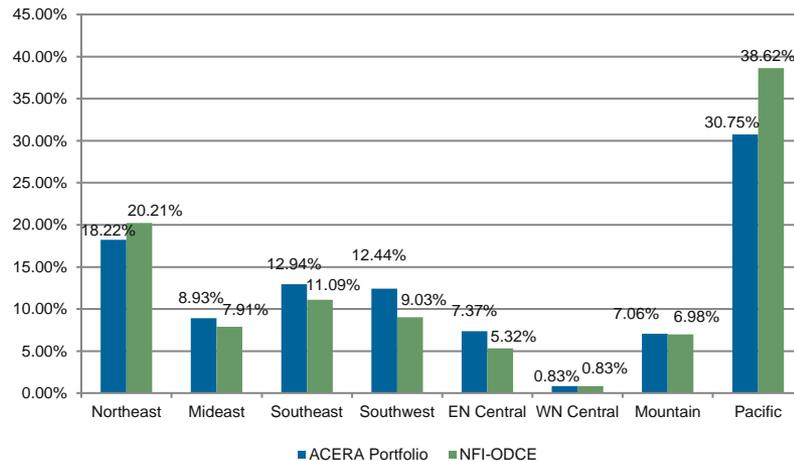


Diversification & Debt

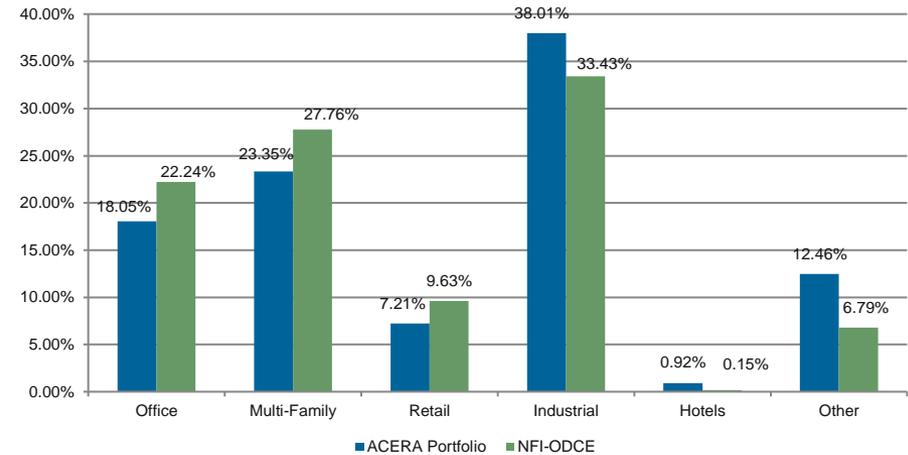
Diversification – Total Portfolio (excluding Oakland Building)

- The ACERA Portfolio is well diversified by both property type and region.

Geographic Diversification



Property Type Diversification



Debt Compliance

- The ACERA Strategic Plan limits leverage to 40.0% at the Portfolio level. As of June 30, 2022, the loan-to-value (“LTV”) ratio of the Portfolio was 29.95%.

APPENDIX

Definitions

Performance

Capitalization rate: Commonly known as cap rate, is a rate that helps in evaluating a real estate investment. $\text{Cap rate} = \text{Net operating income} / \text{Current market value (Sale price) of the asset}$.

Net operating income: Commonly known as NOI, is the annual income generated by an income-producing property, taking into account all income collected from operations, and deducting all expenses incurred from operations.

Real Estate Appraisal: The act of estimating the value of a property. A real estate appraisal may take into account the quality of the property, values of surrounding properties, and market conditions in the area.

Income Return (“INC”): Net operating income net of debt service before deduction of capital items (e.g., roof replacement, renovations, etc.)

Appreciation Return (“APP”): Increase or decrease in an investment's value based on internal or third party appraisal, recognition of capital expenditures which did not add value, uncollectible accrued income, or realized gain or loss from sales.

Total Gross Return (“TGRS”): The sum of the income return and appreciation return before adjusting for fees paid to and/or accrued by the manager.

Total Net Return (“TNET”): Total gross return less Advisor fees reported. All fees are requested (asset management, accrued incentives, paid incentives). No fee data is verified. May not include any fees paid directly by the investor as opposed to those paid from cash flows.

Inception Returns: The total net return for an investment or portfolio over the period of time the client has had funds invested. Total portfolio Inception Returns may include returns from investments no longer held in the current portfolio.

Net IRR: IRR after advisory fees, incentive, and promote. This includes actual cash flows and a reversion representing the LP Net Assets at market value as of the period end reporting date.

Equity Multiple: The ratio of Total Value to Paid-in-Capital (TVPIC). It represents the Total Return of the investment to the original investment not taking into consideration the time invested. Total Value is computed by adding the Residual Value and Distributions. It is calculated net of all investment advisory and incentive fees and promote.

Definitions

Style Groups

The Style Groups consist of returns from commingled funds with similar risk/return investment strategies. Investor portfolios/investments are compared to comparable style groupings.

Core: Direct investments in operating, fully leased, office, retail, industrial, or multifamily properties using little or no leverage (normally less than 30%).

Value-Added: Core returning investments that take on moderate additional risk from one or more of the following sources: leasing, re-development, exposure to non-traditional property types, the use of leverage.

Opportunistic: Investments that take on additional risk in order to achieve a higher return. Typical sources of risks are: development, land investing, operating company investing, international exposure, high leverage, distressed properties.

Definitions

Indices

Stylized Index: Weights the various style group participants so as to be comparable to the investor's portfolio holdings for each period.

Open-End Diversified Core Equity Index ("ODCE"): A core index that includes only open-end diversified core strategy funds with at least 95% of their investments in U.S. markets. The ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical and current basis (24 active vehicles). The ODCE Index is capitalization-weighted and is reported gross and net of fees. Measurement is time-weighted and includes leverage.

NCREIF Fund Index Open-End Index ("OE"): NFI-OE is an aggregate of open-end, commingled equity real estate funds with diverse investment strategies. Funds comprising NFI-OE have varied concentrations of sector and region, core and non-core, leverage, and life cycle.

NAREIT Equity Index: This is an index of Equity Real Estate Investment Trust returns reflecting the stock value changes of REIT issues as determined through public market transactions.

Definitions

Cash Flow Statements

Beginning Market Value: Value of real estate, cash, and other holdings from prior period end.

Contributions: Cash funded to the investment for acquisition and capital items (i.e., initial investment cost or significant capital improvements).

Distributions: Actual cash returned from the investment, representing distributions of income from operations.

Withdrawals: Cash returned from the investment, representing returns of capital or net sales proceeds.

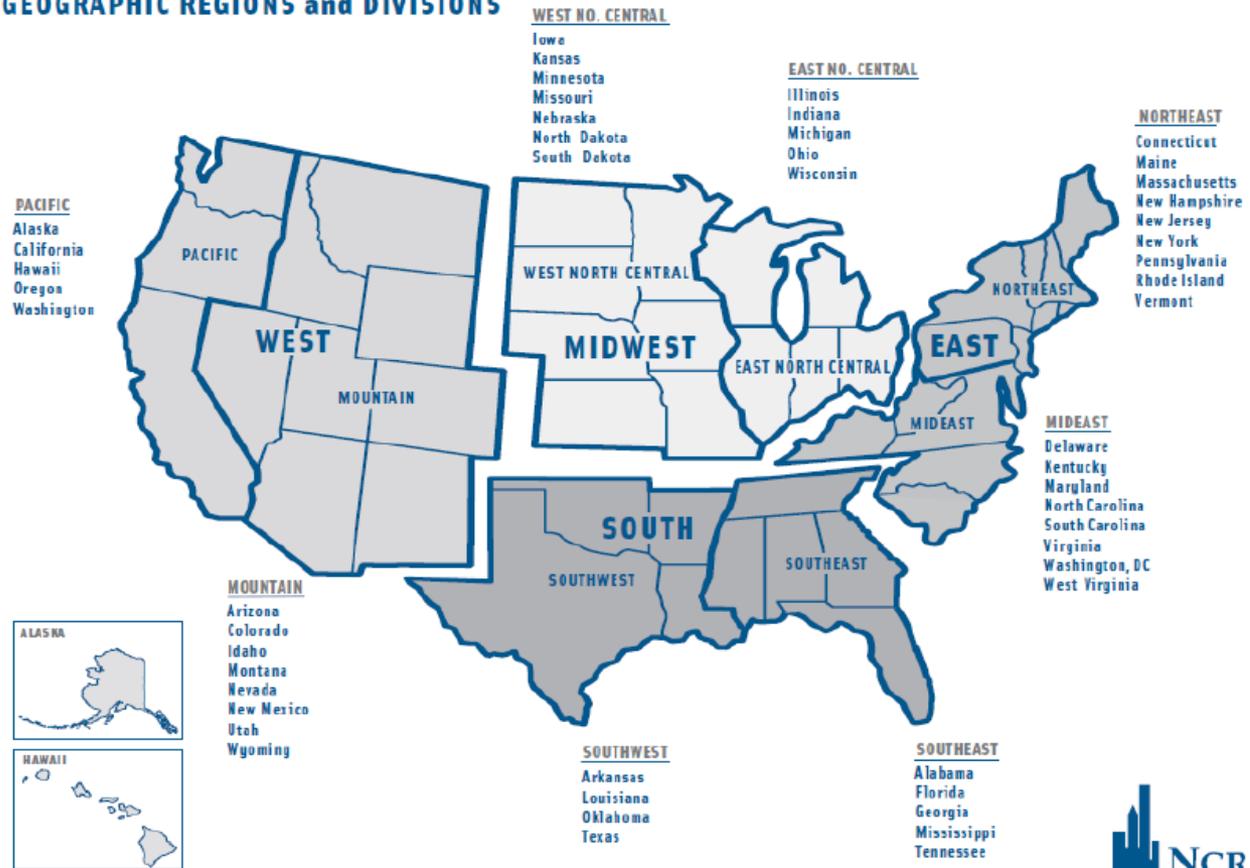
Ending Market Value: The value of an investment as determined by actual sales dollars invested and withdrawn plus the effects of appreciation and reinvestment; market value is equal to the ending cumulative balance of the cash flow statement (NAV).

Unfunded Commitments: Capital allocated to managers which has not yet been called for investment. Amounts are as reported by managers.

Remaining Allocation: The difference between the ending market value + the unfunded commitments and the target allocation. This figure represents dollars available for allocation.

NCREIF Region Map

GEOGRAPHIC REGIONS and DIVISIONS





**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



PERIOD ENDING JUNE 30, 2022

Private Equity Review

Alameda County Employees' Retirement Association

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VERUSINVESTMENTS.COM

SEATTLE 206-622-3700

CHICAGO 312.815.5228

PITTSBURG 412-784-6678

LOS ANGELES 310-297-1777

SAN FRANCISCO 415-362-3484

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— Private Credit Portfolio

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- By Strategy
 - By Geography
 - By Industry
 - By Vintage Year
-

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Market Commentary

DEBT RELATED

- **Decrease in both High Yield and Leveraged Loan issuance.** In the first half of 2022, US high yield issuance at \$63.6 billion dropped 76.2% compared to 1H 2021¹. Leverage loan issuance volume was \$612.5 billion in 1H 2022, down 18.9% from the same time last year¹. In Europe, 1H 2022 LBO Loan volume at \$21.6 billion was down 67.5% from 1H 2021 and down 84.3% from \$137.7 billion peak in 2007⁴.
- **Spreads loosened across the board.** Compared to 1H 2021, HY Credit Index spread increased by 274 bps or 86.2%² in 1H 2022. BB and B index loosened by 162 bps and 238 bps, increasing by 52.3%² and 53.7%². And CCC index spread increased by 44.8%² in the first half of 2022.
- **LBO debt levels increased slightly, while interest coverage improved in US.** US new issue loans total leverage averaged 5.9x (Debt / EBITDA) in 1H 2021, up 1.4% from 2021³. Interest coverage averaged 3.8x (EBITDA / Cash Interest), up 7.7% from 2021³. In Europe, leverage multiples increased 7.6% to 6.0x in 1H 2022⁴, 2.8% below 6.1x peak in 2007⁴.

GLOBAL

- **Investment activity and average deal size increased.** During 1H 2022, global PE firms invested in \$1.1 trillion worth of deals, up 22.5% from the same time prior year. With 35,277 transactions closed, down 8.8%⁵, average deal size increased, up 35.4%⁵.
- **PE dry powder decreased globally.** Total global PE dry powder was at \$2.2 trillion as of June 30, 2022, down 27.7% from 1H 2021⁵. US total PE was down by 25.5% to \$1.6 trillion⁵; Europe total PE decreased by 34.1% to \$441.7 billion⁵; Asia total PE was down by 24.6% to \$142.7 billion⁵; and the rest of world total PE was down by 43.8% to \$35.0 billion⁵.

US BUYOUTS

- **Fundraising activity increased.** In 1H 2022, US firms across all buyout strategies raised \$134.4 billion, up by 32.3% from same time prior year⁵. Average fund size was down 7.2%, from \$1.0 billion in 1H 2021 to \$933.4 million in 1H 2022⁵.
- **Investment activity was up.** During 1H 2022, US buyout firms invested in \$410.6 million (+18.0% from 1H 2021) into 3,230 deals (+16.2%)⁵. Q1 total deal value represents 2/3 the total values in the first half of 2022 with significant drop in the second quarter.
- **Dry powder decreased.** In 1H 2022, US buyout dry powder was \$916.2 billion, down by 23.8% from the same time in 2021⁵.
- **LBO price multiples increased significantly.** As of June 30, 2022, US LBO purchase price multiple (Enterprise Value / EBITDA) was at 12.1x, an 8.9% increase from June 30, 2021³; a function of deals inked in late 2021 and closed in Q1 2022.
- **Exit activity decreased.** During the first half of 2022, US buyout firms exited 424 companies (51.5% Sponsor Acquisition, 46.1% Corporate Acquisition, and 2.4% Public Listing), representing \$140.6 billion in total transaction value⁵. This represented a 51.5% decrease in the number of exits and a 14.5% decrease in total transaction value compared to the same time last year⁵.

Market Commentary

US VENTURE CAPITAL

- **Fundraising activity increased.** US VC firms raised \$121.5 billion during the first six months of 2022, a 63.9% increase from the same period last year⁵. 415 funds closed in 1H 2022, a 22.8% increase from the same period last year⁵. The average US VC fund size increased to \$292.7 million by 33.5% versus the same period last year⁵.
- **Investment activity increased with smaller deal size.** US VC firms deployed \$144.2 billion in capital in 1H 2021, a 3.9% decrease from 1H 2020. The number of deals closed at 7,841, a 11.1% increase from the same time last year⁵. Average deal size decreased 13.5% from 1H 2020.
- **Dry powder decreased.** In 1H 2022, US VC dry powder was at \$113.7 billion, down 57.2% from the first six months in 2021⁵.
- **Entry valuation and deals size trends mixed by stage:**
 - **Entry valuations.** Compared to June 30, 2021, the average pre-money valuations in 1H 2022 were: down 21% at \$4.0 million⁵ for Angel stage, up 50% at \$12.0 million⁵ for Seed stage, up 42.9% at \$60.0 million⁵ for early-stage VC, and down 23.1% at \$105.0 million⁵ for late-stage VC.
 - **Deal sizes.** Average deal size decreased by \$36.3 million or 13.4% in late-stage VC⁵. All other stage deal sizes increased: \$1.3 million (62.9%) for Angel stage, \$4.0 million (34.1%) for Seed stage, and \$17.0 million (18.7%) for early-stage VC. Compared to 3 years ago, the average deal size of Angel-, Seed-, Early- and Late-stage investments were down 15.2%, 85.2%, 98.4%, and 100.5%, respectively⁵.
- **Exit activity decreased significantly with smaller transactions.** US VC firms exited 633 companies in the first six months in 2022, down by 9.4% from the same time last year⁵. This represented \$48.8 billion in transaction value, down by 86.9% from the same period last year⁵. Largest sectors exited were Software and Pharma & Biotech. Notwithstanding the Y-Y drop, compared to three years ago, exit volume was up 51.1% with transaction value up 70.3%⁵.

EX US

- **Ex-US fundraising was down.** In 1H 2022, ex-US fundraising decreased 13.7% from the same time in 2021 to \$162.4 billion⁵. Fundraising in Asia decreased by 7.5% to \$52.8 billion⁵, while Europe was down by 41.9% to \$42.1 billion⁵.
- **Capital deployment increased in Europe, but dropped in Asia.**
 - **Buyout deal activity and capital deployment rose in Europe, but dropped in Asia.** In Europe, buyout firms transacted \$311.6 billion in aggregate value (+31.8% from 1H 2021)⁵. Asia buyout firms invested \$16.4 billion in aggregate value (-25.2%)⁵.
 - **In Europe, VCs invested more capital into more deals while Asia VC invested less .** In the first 6 months in 2022, investment activity increased by 26.2% in Europe with 15.6% increase in capital deployed at \$57.0 billion. In Asia, however, Asian VCs invested in 52.6% fewer deals compared to 1H 2021, deploying \$23.1 billion, a 62.4% decrease from last year.

Market Commentary

- **Dry powder decreased ex-US.** PE dry powder outside the US decreased 32.8% to \$619.4 billion⁵ in 1H 2022. Dry powder outside the US was 60.9% less than dry powder in the US (\$1.6 trillion)⁵.
 - **Europe VC and buyout dry powder both down.** VC at \$3.7 billion and buyout at \$232.6 billion were down 78.1% and 41.5% from 1H 2021, respectively⁵.
 - **In Asia, VC, buyout and growth dry powder decreased in parallel with US and Europe.** VC at \$4.4 billion, buyout at \$104.0 billion, and growth at \$27.9 billion were down 26.9%, 72.0% and 21.3% from 2020, respectively⁵.
- **Purchase price multiples decreased in Europe but increased in Asia .** As of June 30, 2022, European buyout median purchase price multiples decreased 18.5% from 9.3x to 7.6x EBITDA from the same time last year⁵. Asia buyout median purchase price multiples increased 48.7% from 8.9x to 13.3x EBITDA from the same time last year⁵.
- **Exit activity weaken in Europe and Asia.** Europe PE aggregate exit value amounted to \$131.8 billion, a 34.8% decrease from 1H 2021, while Asia PE exit value dropped by 34.0% to \$71.3 billion⁵.

Notes

1. *White & Case Debt Explorer (August 11, 2022)*
2. *Guggenheim High-Yield Bank Loan Outlook (August 2022)*
3. *S&P Global US LBO Review (2Q 2022)*
4. *S&P Global LCD European Leveraged Buyout Review (2Q 2022)*
5. *Pitchbook (June 30, 2022)*

Spotlights

Spotlight: Late-stage VC valuations

Nontraditional investors continue pushing VC valuations higher

- Nontraditional investors (“NTI”) identified as hedge funds, mutual funds, private equity funds, and corporate investors have maintained strong activity within later-stage ventures compared with the narrative around the market.
- Investment by nontraditional investors in recent years has led to many of the broader trends we’ve seen across the industry. From growth in deal sizes and valuations to the high numbers of mega-deals and unicorns, these investors have been a driving force for change in the VC market.

- Mega-rounds, of which nontraditional investors have been a major part, are being completed at a much slower pace as growth investors take a more cautious approach due to the volatility plaguing the public markets.
- Valuations of deals receiving nontraditional investor capital have remained high as their mechanics do not change during market shifts, being larger and less price sensitive than a traditional venture fund. However, there is some evidence NTIs are shifting tactics (or at least being more cautious) by moving earlier in the venture lifecycle where companies are further from public market volatility.

MEDIAN LATE-STAGE VC VALUATIONS(\$M) CLIMB HIGHER



Source: Pitchbook Q2 2022. *As 6/30/22.

U.S. VC DEAL ACTIVITY WITH NONTRADITIONAL INVESTOR PARTICIPATION



Source: Pitchbook Q2 2022. *As 6/30/22.

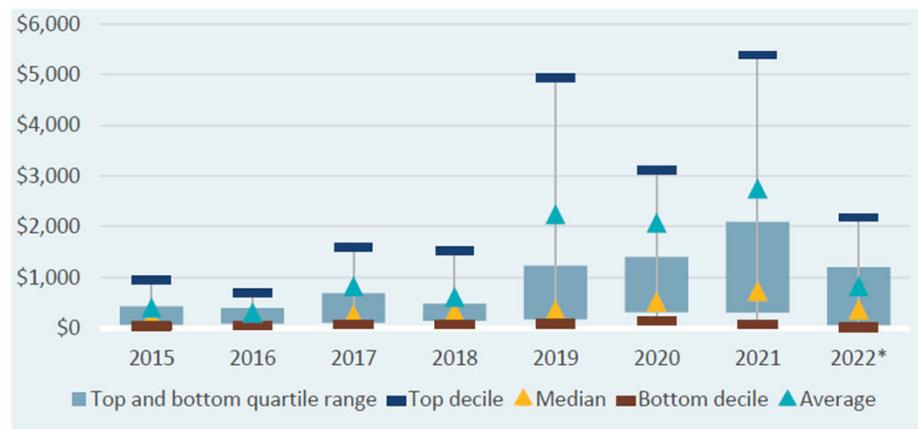
Spotlight: Late-stage VC valuations (cont.)

Liquidity

- Exit activity (or lack thereof) continues to be a key narrative in 2022 as the average and top-quartile valuations came down across both public listings and acquisitions.
- IPOs continue to be essentially nonexistent for VC-backed businesses in 2022, with only 22 closed during the first half of the year relative to 183 in 2021 and 108 in 2020.
- Public listings have also slumped, with special purpose acquisition company (SPAC) mergers recording a tough year-to-date in which general sentiment around SPACs continues to deteriorate in light of massive losses in public equities. Many announced SPAC mergers

- were abandoned or canceled in the wake of the reset in valuation multiples.
- While unicorns seem to have sufficient runway to sustain operations for the first six months of the year, if a public market liquidity gap persists for the rest of this year, we would expect to see more flat and down rounds as startups return to private markets.
- Valuations for acquisitions have been steady relative to public market exits, with little movement in the median or average valuations over the first two quarters of the year, acquirers are still finding attractive opportunities in the VC universe.

VALUATION (\$M) AT EXIT VIA PUBLIC LISTING



Source: Pitchbook Q2 2022. *As 6/30/22.

U.S. VC EXIT ACTIVITY (\$M)



Source: Pitchbook Q2 2022. *As 6/30/22.

Spotlight: GP-led continuation funds

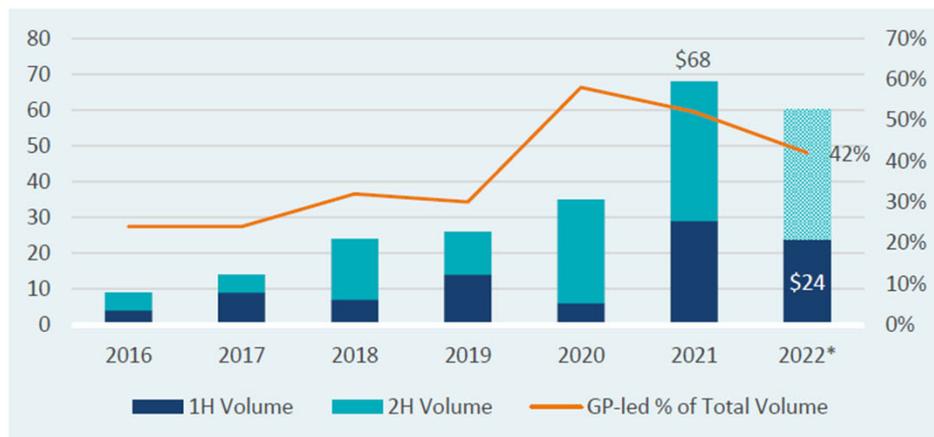
Continuation funds

- One of the biggest trends in private equity over the last couple of years has been the rise of funds to extend the economic gains of performing assets. Continuation funds arrived on the private equity scene only recently but have quickly become established as an attractive part of the market, representing 80% of GP-led volume.
- GP-led continuation funds involve GPs moving one or more existing fund assets into a special purpose vehicle to retain exposure to high-performing ‘trophy’ assets. Continuation funds help create liquidity for LPs and crystallize any GP carried interest earned to date while allowing existing LPs to maintain exposure to the asset and their GP

relationship through the new vehicle.

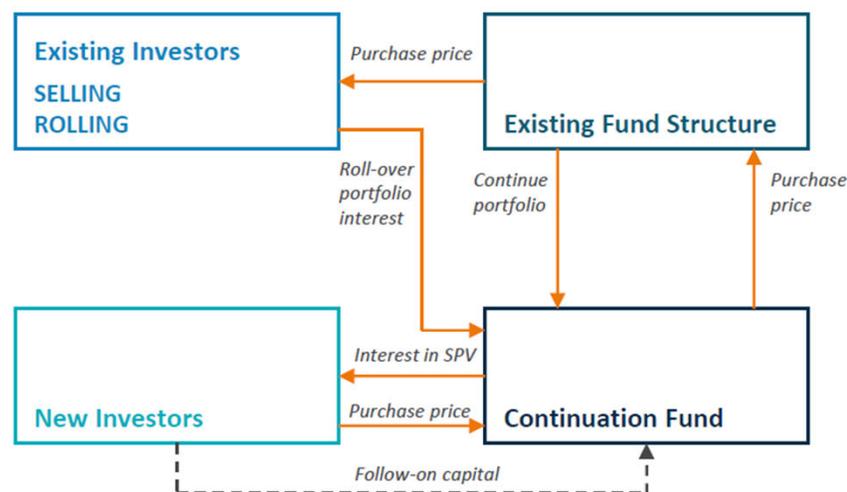
- While a potential “liquidity squeeze” in private equity may not be felt immediately, there has been increased activity from Sponsors utilizing the secondary market for alternative liquidity solutions.
- Single asset continuation funds remain popular, forming the largest part of the Sponsor-led secondary market at ~45% of the volume, but are down vs. 2021 (~52%) with multi-asset transactions being increasingly prioritized by several secondary firms (~31% → ~34%).

GP-LED ANNUAL TRANSACTION VOLUME (\$B)



Source: Source: Jefferies Global Secondary Market Review July 2022. *As 6/30/22.

GP-LED CONTINUATION FUND STRUCTURE



Spotlight: GP-led continuation funds (cont.)

Risks associated with GP-led secondaries - what should investors consider?

- GP-led secondary transactions can provide a number of benefits: optionality and liquidity for LPs; allowing LPs to restructure their portfolio; adding more time and capital to assets and therefore additional potential value; and incentivizing the GP. However, they are not without risk and given the many potential conflicts of interest, should be approached carefully.

RISKS	CONSIDERATIONS
Asset Concentration	GP-led transactions often concentrated on 3-4 key assets.
Additional costs and Reporting requirements	LPs are required to invest in a newly formed investment vehicle, potentially creating the need for additional due diligence related to legal, tax, accounting, and reporting obligations; such activities may require engaging other third parties or outside legal counsel support, resulting in further costs for LPs.
Legal: Ensuring GP alignment/ commitment	A GP's commitment is a strong indication of their conviction in a deal or asset; a small commitment may suggest little confidence in a deal, while a larger commitment signals significant alignment with the GP.
Price setting mechanisms & conflicts of interest	GP-led secondaries transactions can create several conflicts of interest given the potential benefit to GPs on both sides of the transaction. As fiduciaries, GPs should disclose all conflicts and potential risks of the transaction to the buyer and be aware of potential scrutiny from relevant regulatory bodies (e.g. SEC).
Valuation	Valuation of an asset or a fund's portfolio can be challenging in turbulent markets. Fairness opinions, transparency and third-party valuations can help to address potential issues around a fair purchase price.

Spotlight: GP-led continuation funds

Investor evaluation criteria

- With the significant market growth, the SEC has proposed new and amended rules for private fund advisers to address GP-led transactions. The proposal is closely aligned with the Institutional Limited Partners Association (ILPA) guidelines regarding transparency and disclosures to investors but would also require certain types of GP-led transactions to have fairness opinions.
- We believe it is important to focus on four key elements when evaluating GP-led deals: (i) a strategic edge resulting from platform synergies; (ii) sponsor/company quality; (iii) return profile; and (iv) sponsor alignment and conviction.

CRITERIA	EVALUATION
Strategic Edge	Does the Sponsor have a compelling edge over the market by; a) knowing the asset and its sector better than anyone else, thus reducing buy-side risk; b) a well-established and productive relationship with a management team wanting to avoid the business disruption through a sale process; or c) have add-on acquisitions in the pipeline that will generate significant upside but require additional equity financing? These factors should be price accretive – to the benefit of selling investors.
Company Quality	The underlying business is a market leader with compelling financial characteristics (margins, FCF profile, industry tailwinds, etc.), multiple growth levers to drive value potential at the exit, strong performance under the sponsor’s ownership to date, and high capital efficiency.
Return Profile	Is the Investment selection based on specific returns generated by the main fund (e.g., generate above a 2.5x return), strategy (e.g., deal must not be turnaround focused or defensive), or sector (e.g., deal must target software investments)?
Sponsor Alignment	Is the Sponsor “cashing out,” or will they have material exposure to the continuation vehicle by investing new capital or through the rollover of its commitment and carry in the legacy fund? Is there a go-forward performance incentive allocated to the appropriate members of the deal team? Is the management team of the portfolio company generating liquidity as part of the transaction?

Environmental, social, and governance

Increased ESG implementation across the industry

Current Trends

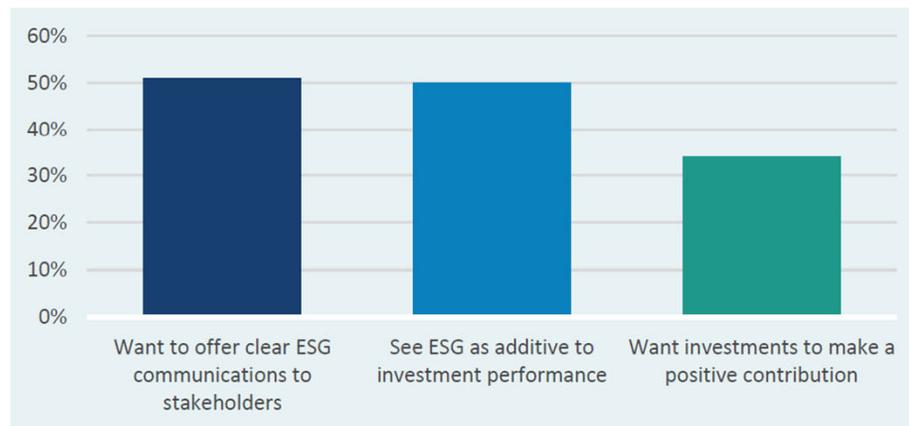
- Over the past decade, ESG investing has gained attention as investors increasingly acknowledge the materiality of risks beyond traditional accounting-based and financial analysis and with a desire to move away from short-term risk-return perspectives has filtered into the private markets. Increasingly, LPs are requiring GPs to incorporate ESG integration in long-term investment decisions.
- According to a joint survey conducted by the ILPA and Bain & Co, LPs are incorporating ESG considerations into their investment policies because they view them as additive to investment performance and want to offer clear ESG communications to stakeholders.

- As more ESG-mandated funds are raised, the SEC has begun to require increased transparency in ESG reporting with an aim to inform and protect investors while facilitating further innovation in this evolving area of the asset management industry.

Challenges

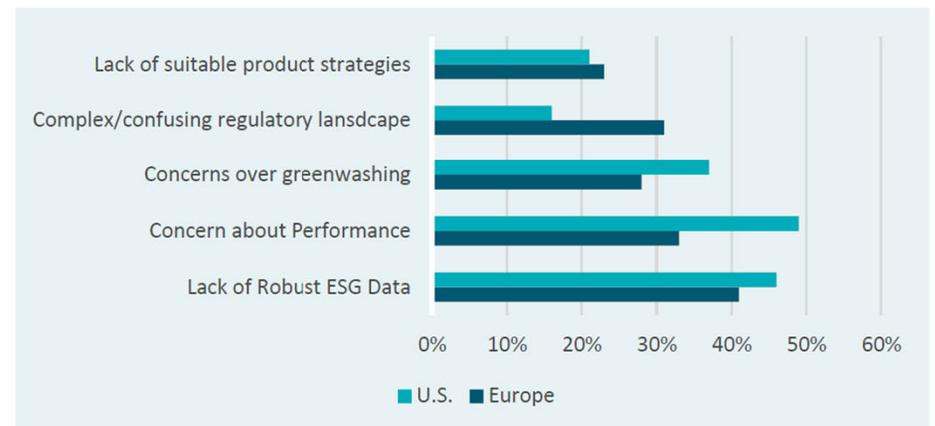
- Accessing ESG data presents specific problems for investors as a lack of robust ESG data along with the uncertainty of how to define and measure outcomes are seen as the largest barriers to ESG adoption.
- Recently LPs are facing criticism about fiduciary responsibility from stakeholders over concerns about whether returns are being given second consideration in favor of sustainable investment practices.

REASONS FOR ADOPTING ESG



Source: Bain & Co | ILPA, LPs and Private Equity Firms Embrace ESG

CHALLENGES WITH INCORPORATING ESG DATA



Source: Capital Group ESG Global Study 2022

Diversity, equity, and inclusion

Increased DEI awareness across the industry

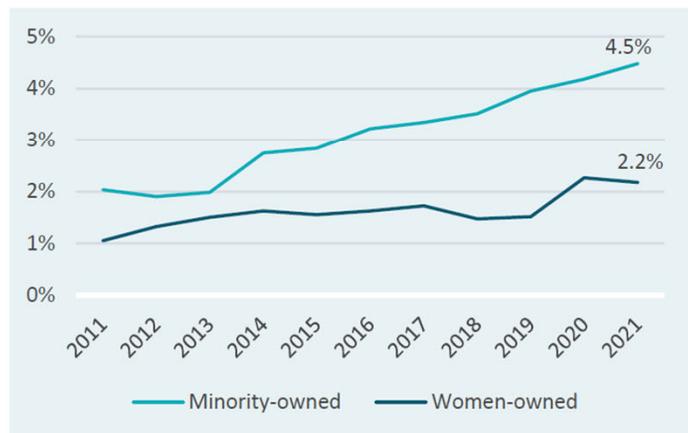
Current Environment

- Over the past decade the total amount of assets under management (“AUM”) managed by diverse-owned firms has evolved across the private equity landscape. For minority-owned firms AUM has been steadily increasing as a percentage of overall AUM. For women-owned firms, relative AUM has been increasing more slowly but is on an upward trend as a whole. Although both groups still have relatively low industry penetration, their AUM growth rates have outpaced that of non-diverse firms.
- Changes in diversity amongst senior leadership in established PE firms has been challenging, but notably increasing within the junior ranks and recruitment efforts. PE firms have begun internal outreach and internships as well as partnering with organizations, such as Girls Who Invest, Women’s

Association of Venture & Equity (“WAVE”) and Management Leadership for Tomorrow (“MLT”).

- Private markets stakeholders are increasingly prioritizing diversity, equity, and inclusion, both within their own organizations as well as within their portfolios. The ILPA, understanding that progress in DE&I requires intention and action on both the part of LPs and GPs, has created the Diversity in Action initiative to motivate market participants and build momentum around advancing DE&I over time.
- As part of the initiative the ILPA has released a Diversity Metrics template to aid in standardizing key areas of inquiry and provide a framework for ongoing monitoring of progress related to DE&I (<https://ilpa.org/due-diligence-questionnaire/>).

(%) OF U.S. BASED AUM MANAGED BY MINORITY & WOMEN-OWNED FIRMS



NON-DIVERSE, WOMEN-OWNED & MINORITY-OWNED U.S. BASED PRIVATE EQUITY AUM (\$BN)



Source: Knight Foundation Sept 2021

Source: Knight Foundation Sept 2021

Private Equity portfolio

	Policy Target	Policy Range	Market Value %	Market Value \$(000)	Unfunded Commitment \$(000)	Market Value + Unfunded \$(000)
ACERA Plan Assets - Total				\$10,368,269		
Private Equity:	11.0%	8-13%	9.1%	\$940,217	\$458,360	\$1,398,577
Buyouts	60.0%	30-80%	57.0%	\$536,011	\$231,211	\$767,222
Venture Capital	20.0%	0-40%	25.0%	\$235,116	\$91,535	\$326,651
Debt-Related/Special Situations	20.0%	0-30%	18.0%	\$169,090	\$135,614	\$304,704

Portfolio Summary

- As of June 30, 2022, the Private Equity portfolio had a total market value of \$940.2M, with \$536.0M in Buyouts, \$235.1M in Venture Capital, and \$169.1M in Debt-Related / Special Situations. Total market value is the current reported value of investments, excluding the remaining amount of unfunded commitments.
- Since its initial allocation to Private Equity in Q4 2008, ACERA has contributed \$1.3B towards its total \$1.6B Private Equity commitments. Aggregate commitments since 2019 total \$562.0M, approximately 34.5% of total commitments since inception. Many funds since 2019 and the preponderance since 2020 are actively engaged in making new investments. Unfunded commitments total \$458.4M.
- The portfolio exposure at 9.1% is below the 11.0% policy target approved in 2021, but within its 8-13% target range. Compared to December 31, 2021, portfolio exposure is up 0.8%, in part due to decrease in plan value. Buyout remains under its policy target, Venture Capital above its target, and Debt-Related / Special Situations below its policy target; but all sub-asset classes are within policy ranges.

Portfolio Activity

- In the third quarter of 2022, ACERA committed \$55M to Audax Fund VII.

Private Equity Portfolio Performance

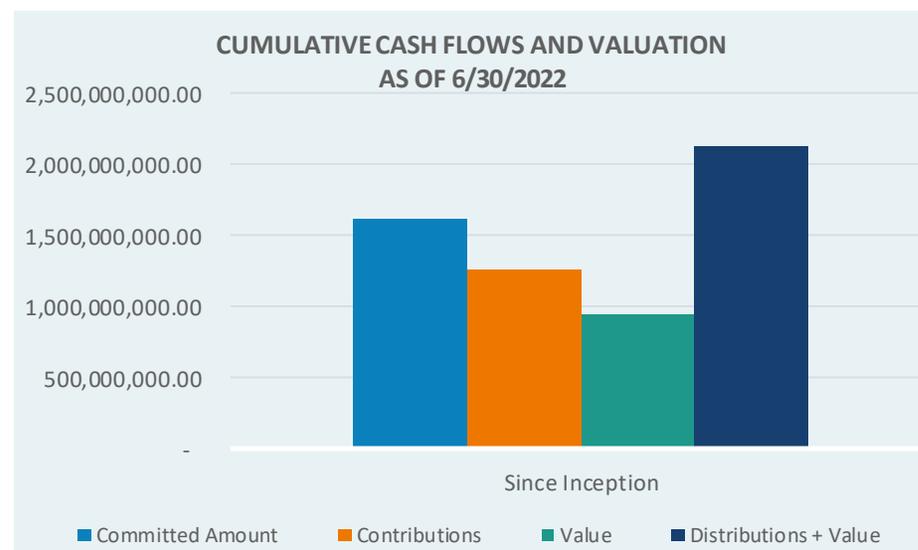
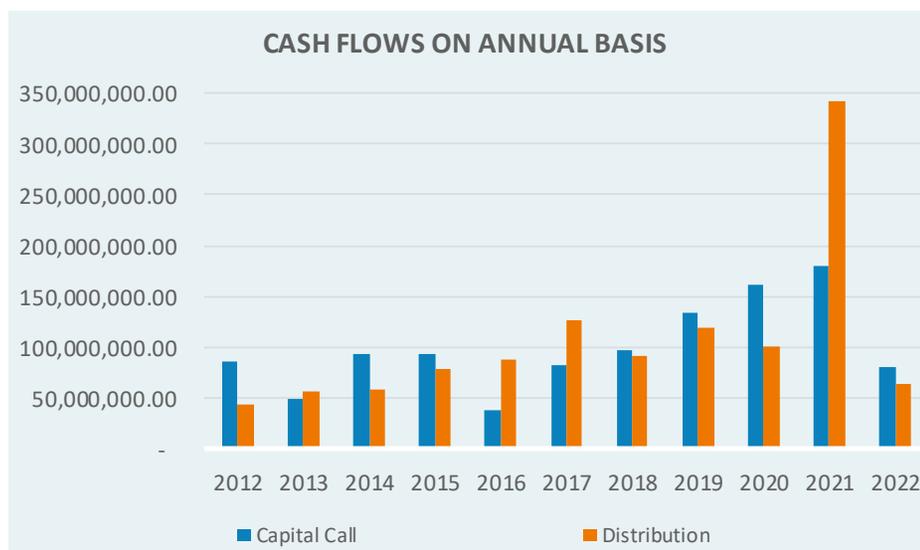
Period Ending: June 30, 2022

Performance

- Current Private Equity portfolio is valued at \$940.2M. Portfolio investments have a capital-weighted average life of 5.0 years. Since inception (2008):
 - The portfolio has produced +16.50% net IRR, outperforming its Thomson Reuters C|A Global PE benchmark pooled IRR of 12.96% by 354 basis points. Portfolio returns rank above Median on all measures: net IRR, Total Value Multiple (TVPI), and Distribution Multiple (DPI).
 - Relative to same Vintage global benchmark peers, Buyout ranks above Median on IRR and DPI, and slightly below median on TVPI; Venture Capital ranks above Top-Quartile on TVPI and DPI and above Median on IRR; and Debt Related/ Special Situations ranks above Median on IRR and below Median on TVPI and DPI.
- Together with \$1,197.5M in realized distributions (0.95x DPI), Private Equity’s Total Value at \$2,137.7M is approximately \$874.6M above \$1,263.1M contributed capital (1.69x TVPI), net of fees. Return drivers include:
 - Venture Capital up \$345.8M/+1.75x cost (General Catalyst VI; Khosla Ventures III, IV, V & Seed B; Third Rock Venture II and III; and NEA 13 and 14 leading), with 156.0% of called capital realized and distributed.

Since inception, this portfolio produced 22.62% net IRR versus its peer global benchmark of 19.95% pooled IRR; and notably as measured by DPI, 7.8x realized distributions versus the universe Median.

- Buyout up \$437.1M/+0.61x cost (Great Hill V, VI and VII; Sycamore Partners; Warburg XII; Peak Rock II; KPS IV and V; and Audax VI leading) with 86.1% of called capital realized and distributed. Since inception, the Buyout portfolio produced 16.27% net IRR versus its peer global benchmark 16.51% pooled IRR.
 - Debt-Related / Special Situations was up \$91.7M/+0.26x cost (ABRY Senior Equity IV, V, and Advanced Securities II; Centerbridge Special Credit Partners; and AG CSF1A (liquidated) leading), with 78.0% of called capital realized and distributed. Since inception, this portfolio produced 9.61% net IRR versus its peer global benchmark of 11.74% pooled IRR.
- Contributions outpaced distributions by a ratio of 1.26:1.0 in 2022.
 - Within Private Equity, the current allocation of exposure is 57% to Buyouts, 25% to Venture Capital, and 18% to Debt / Special Situations. Of \$1,197.5M in cash distributions, 51.3% were from Buyouts, 25.7% from Venture Capital, and 22.9% from Debt-Related/Special Situations.



	1-Year	3-Year	5-Year	10-Year	Since Inception ²
Buyout	12.50%	21.49%	17.35%	17.32%	16.27%
<i>Thomson Reuters C/A Global Buyout Benchmark¹</i>	5.81%	20.37%	19.00%	17.94%	16.51%
Venture Capital	-11.16%	29.98%	26.98%	23.15%	22.62%
<i>Thomson Reuters C/A Global Venture Capital & Growth Equity Benchmark¹</i>	-0.49%	26.31%	23.97%	20.88%	19.95%
Debt-Related / Special Situation	0.41%	6.96%	5.73%	8.96%	9.61%
<i>Thomson Reuters C/A Global All Debt Benchmark¹</i>	13.31%	13.99%	11.56%	11.38%	11.74%
Total Private Equity	15.61%	13.98%	14.02%	13.67%	16.50%
<i>Thomson Reuters C/A Global All Private Equity Benchmark¹</i>	4.42%	21.63%	19.59%	17.65%	16.65%

Identical cash flows from the portfolio inception through 6/30/2022 invested in the Russell 3000 Total Return index would yield a 12.96% (Long Nickels). The Private Equity Portfolio outperformed the Russell 3000 by 3.54%. Public Market Equivalent analysis provided by Solovis.

¹ Benchmarks: Refinitiv C/A as of 6/30/2022, vintage 2008 through present.

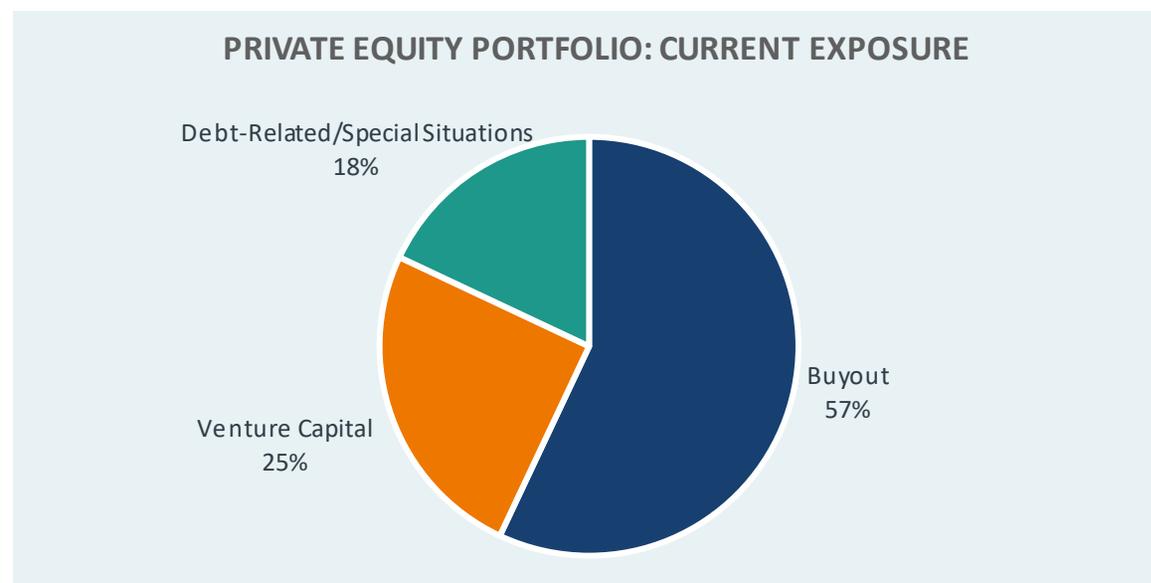
² ACERA's inception date of November 21, 2008 vs. Refinitiv C/A's inception date of January 1, 2008.

Portfolio Diversification

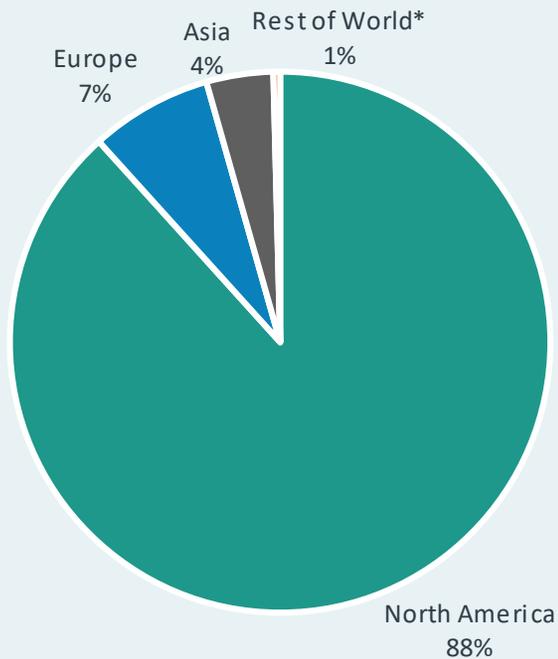
Period Ending: June 30, 2022

Investment Type	Commitment	Current Exposure	Current Exposure as % of Private Equity Plan
Buyout	861,995,686	536,011,020	57.0%
Venture Capital	288,600,000	235,115,968	25.0%
Debt-Related/Special Situations	470,247,675	169,090,196	18.0%
Total Private Equity	1,620,843,361	940,217,184	100.0%

Investment Type	Target Range	Target Exposure	Current Exposure as % of Target	Difference
Buyout	3.3%-8.8%	6.6%	5.2%	-1.4%
Venture Capital	0.0%-4.4%	2.2%	2.2%	0.0%
Debt-Related/Special Situations	0.0%-3.3%	2.2%	1.7%	-0.5%
Total Private Equity	8%-13%	11.0%	9.1%	-1.9%



Geography	Current Exposure
North America	830,426,824
Europe	68,792,701
Asia	37,652,434
Rest of World*	3,345,225
Total Private Equity	940,217,184



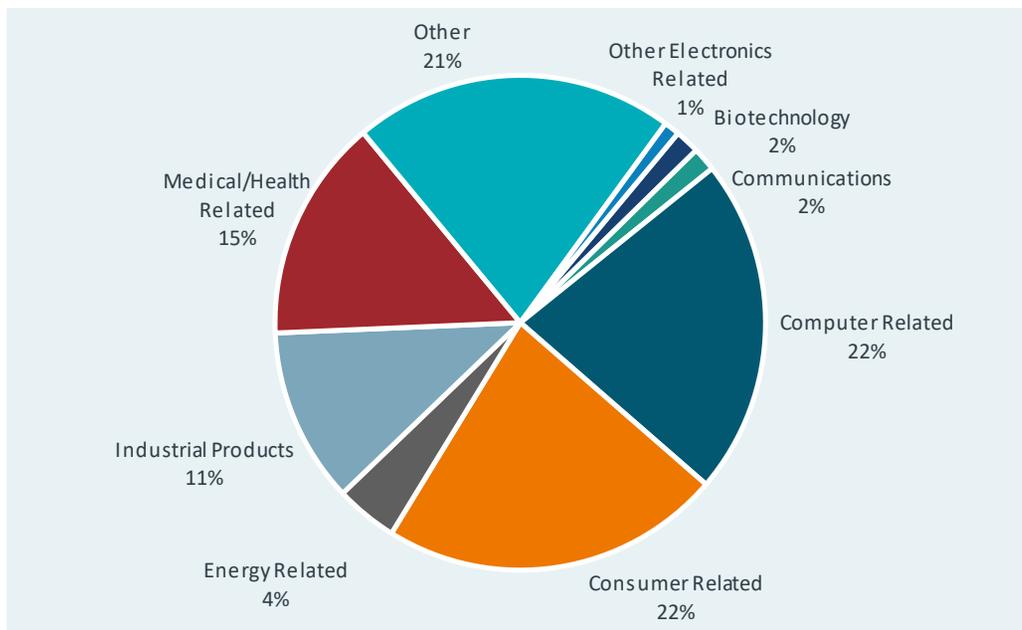
Based on the value of private equity portfolio companies as of June 30, 2022, as provided by the partnerships. Differences between reported value and the private equity portfolio valuation is due to temporary cash funds, fees, other expenses, and holdings with undisclosed industry breakdown.

* Rest of World includes: Brazil, New Zealand, Kenya, Israel, United Arab Emirates, Australia, and Turkey.

Private Equity Portfolio Diversification

Period Ending: June 30, 2022

Industry	Current Exposure
Biotechnology	15,151,011
Communications	14,734,345
Computer Related	207,265,295
Consumer Related	211,253,745
Energy Related	38,437,324
Industrial Products	107,614,962
Medical/Health Related	137,294,903
Other	198,932,857
Other Electronics Related	9,532,742
Total Private Equity	940,217,184

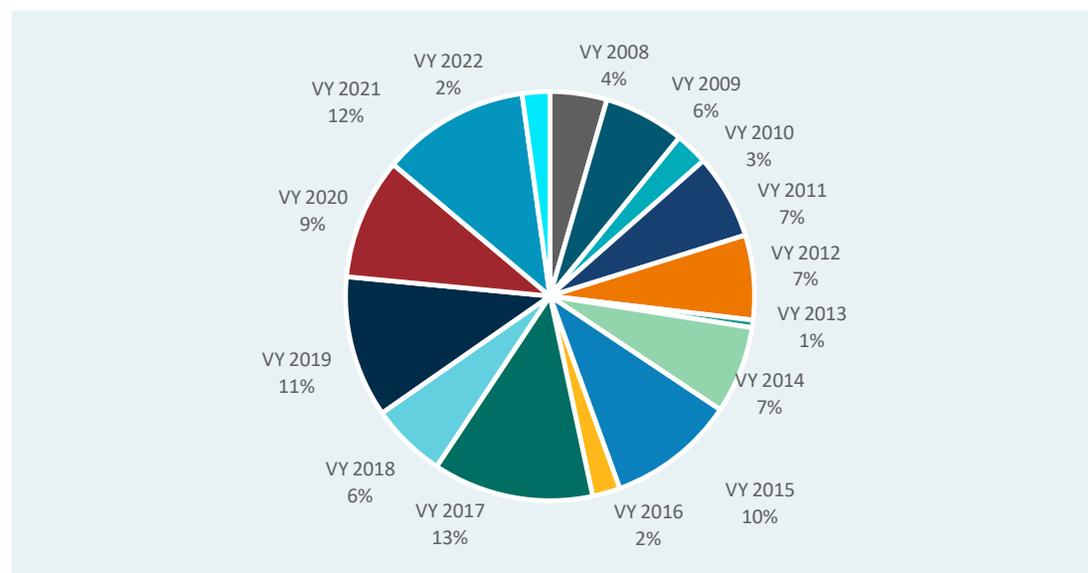


Based on the value of private equity portfolio companies as of June 30, 2022, as provided by the partnerships. Differences between reported value and the private equity portfolio valuation is due to temporary cash funds, fees, other expenses, and holdings with undisclosed industry breakdown.

Private Equity Portfolio Diversification

Period Ending: June 30, 2022

Vintage Year	Commitment as of 6/30/2022	% of Portfolio Commitment	% Contributed	% of Portfolio Distributions	Reported Value as of 6/30/2022	% of Portfolio Reported Value
2008	72,370,855	4.5%	94.4%	9.2%	7,208,915	0.8%
2009	103,500,000	6.4%	98.9%	13.2%	16,337,934	1.7%
2010	42,500,000	2.6%	90.8%	8.4%	3,117,834	0.3%
2011	108,189,282	6.7%	95.7%	15.6%	47,769,249	5.1%
2012	108,500,000	6.7%	98.9%	14.3%	97,624,583	10.4%
2013	10,000,000	0.6%	100.0%	1.6%	5,384,226	0.6%
2014	112,080,000	6.9%	91.7%	9.0%	81,495,705	8.7%
2015	163,250,000	10.1%	82.8%	10.0%	146,421,674	15.6%
2016	35,000,000	2.2%	62.7%	2.1%	18,336,897	2.0%
2017	205,501,820	12.7%	74.5%	8.9%	170,712,182	18.2%
2018	98,000,000	6.0%	65.6%	1.9%	80,178,296	8.5%
2019	181,000,000	11.2%	68.4%	3.1%	150,747,722	16.0%
2020	155,951,404	9.6%	46.6%	2.6%	79,887,158	8.5%
2021	189,000,000	11.7%	15.6%	0.1%	27,335,912	2.9%
2022	36,000,000	2.2%	22.5%	0.0%	7,658,897	0.8%
Total Private Equity	1,620,843,361	100%	70%	100%	940,217,184	100%



- **As of June 30, 2022, the Private Equity Portfolio's market value at 9.1%, below its target allocation of 11.0% approved in 2021, but within its target range.**

Appendix

Private Credit Portfolio

	Policy Target	Policy Range	Market Value %	Market Value \$(000)	Unfunded Commitment \$(000)	Market Value + Unfunded \$(000)
ACERA Plan Assets - Total				\$10,368,269		
Private Credit:	4.0%	3-5%	2.3%	\$233,317	\$144,143	\$377,460

Portfolio Summary

- As of June 30, 2022, the Private Credit portfolio had a total market value of \$233.3M. Total market value is the current reported value of investments, excluding the remaining amount of unfunded commitments.
- Since ACERA's initial allocation to Private Credit in Q1 2019, the Plan has contributed \$240M towards its aggregate \$375M commitments. Unfunded commitments total \$239.6M.
- The portfolio exposure at 2.3% is below the policy target of 4.0%. ACERA continues to make new commitments to the allocation to reach its policy target. Compared to December 31, 2021, ACERA's exposure is up 1.0%.

Portfolio Activity

- In the first half of 2022, ACERA made no new commitments toward its private credit portfolio.

Private Credit Portfolio Performance

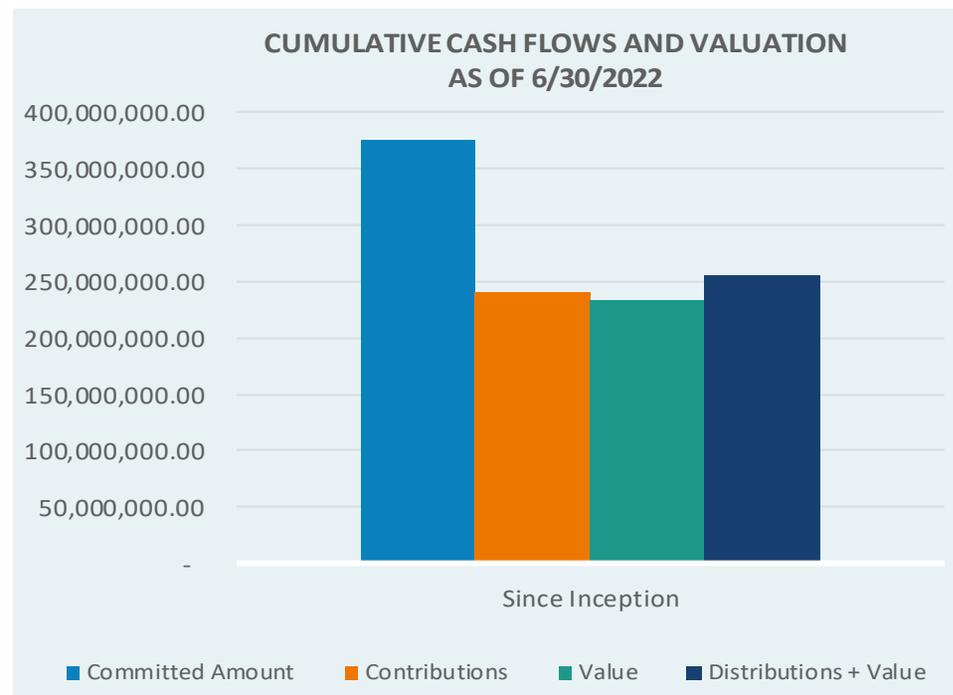
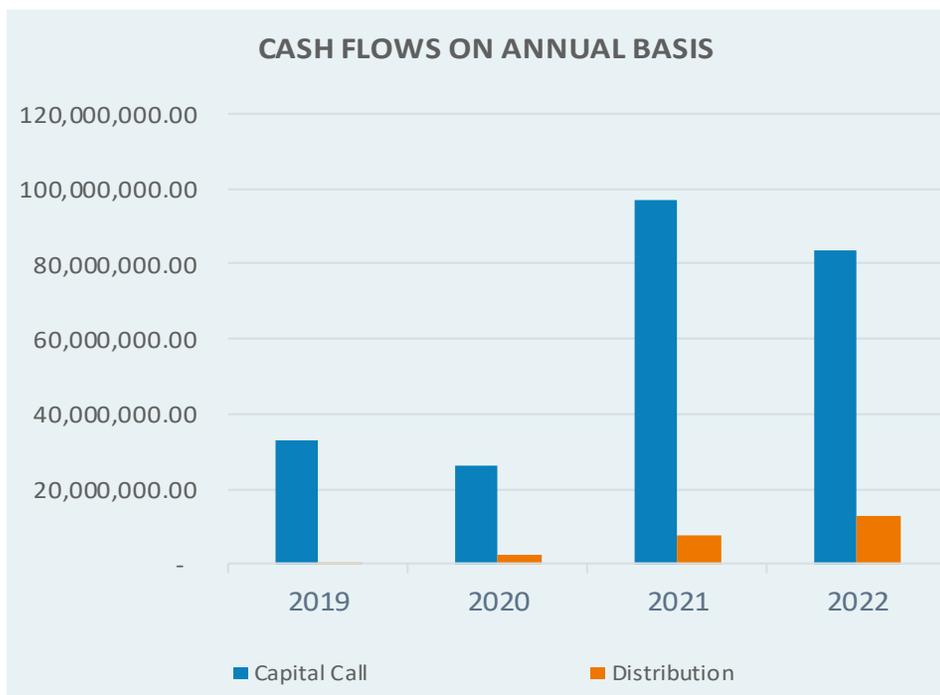
Period Ending: June 30, 2022

Performance

- The Private Credit’s performance, as measured by net IRR, is 6.41%, 697 bps above the same cash flow invested in the S&P LSTA U.S. Leveraged Loan 100 Index of -0.56%. The capital-weighted average life of investments is 1.1 years. While IRR is a meaningful measure of performance at this stage, the portfolio is still growing and not yet mature.
- The portfolio is currently valued at \$233.3M. Together with \$23.2M in realized distributions (0.10x DPI), Private Credit’s Total Value at \$256.5M is approximately \$17.0M above \$239.6M cost (1.07x TVPI), net of fees.
- Capital calls continued to dominate the portfolio’s cash-flow activity as new investments are made to reach the target exposure.

— The Portfolio has five commitments to date:

▪ Owl Rock First Lien, LP (<i>Levered</i>)	\$80M
▪ HPS Specialty Loan Fund V, LP	\$75M
▪ BlackRock Direct Lending Fund IX, LP	\$75M
▪ Monroe Private Credit Fund IV, L.P.	\$75M
▪ Ares Senior Direct Lending Fund II, L.P.	\$70M





**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**



PERIOD ENDING: JUNE 30, 2022

Real Assets Review

Alameda County Employees' Retirement Association

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CHICAGO 312.815.5228

PITTSBURG 412-784-6678

LOS ANGELES 310-297-1777

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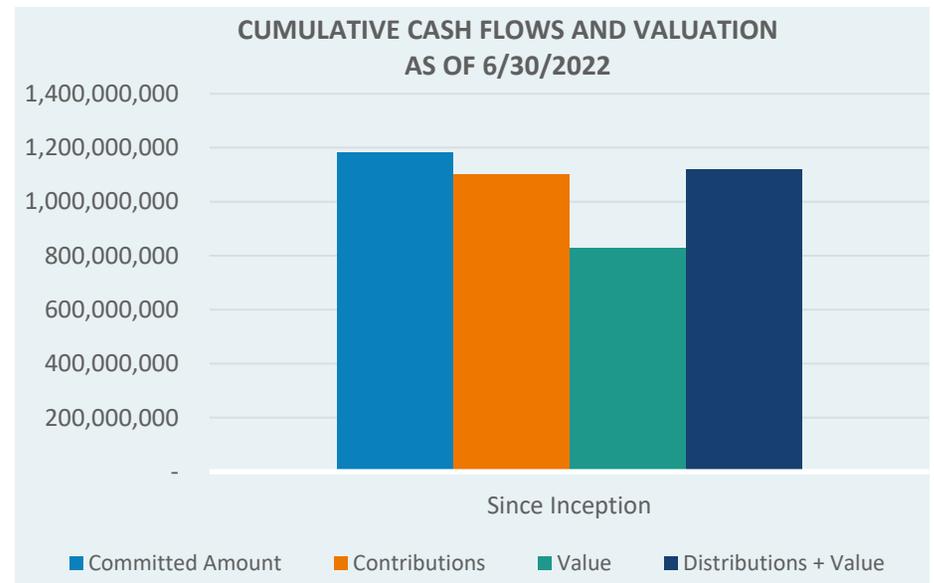
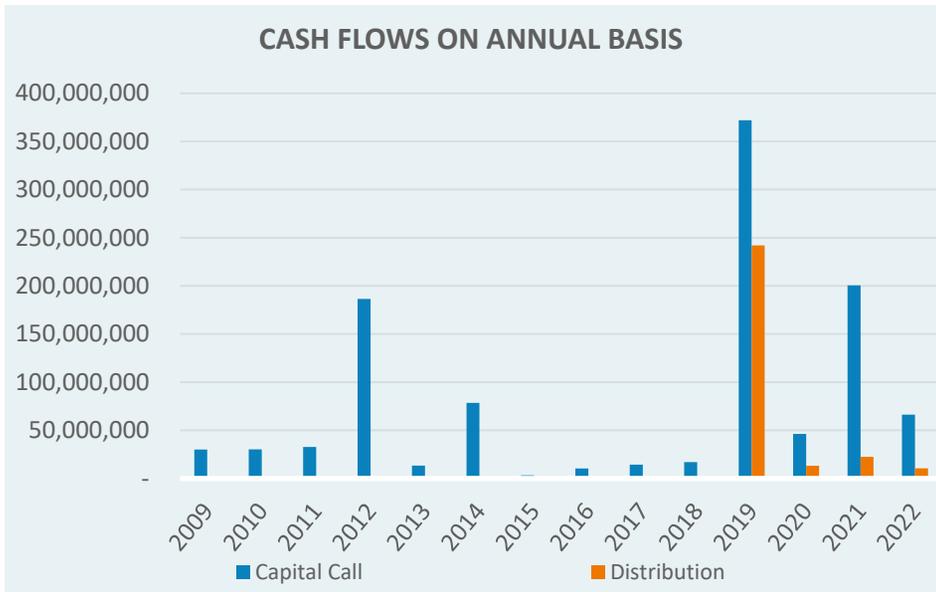
- RA Portfolio Diversification by Strategy
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***Past performance is no guarantee of future results.** This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other "forward-looking statements." No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal. Verus Advisory Inc. and Verus Investors, LLC ("Verus") file a single form ADV under the United States Investment Advisors Act of 1940, as amended.*

Real Asset Performance

Performance

— ACERA’s Real Asset Pool has produced a 0.37% IRR since inception. The portfolios performance has been driven primarily by the large weighting in commodity futures (Gresham and AQR) and from earlier investments in energy (Sheridan). That said, the portfolio is beginning to see the success of more recent fund investments with Quantum and Taurus delivering 20%+ returns, several of the infrastructure investments having matured and delivering double digit returns since inception, and the liquid pool performing well in 2021 and YTD 2022.



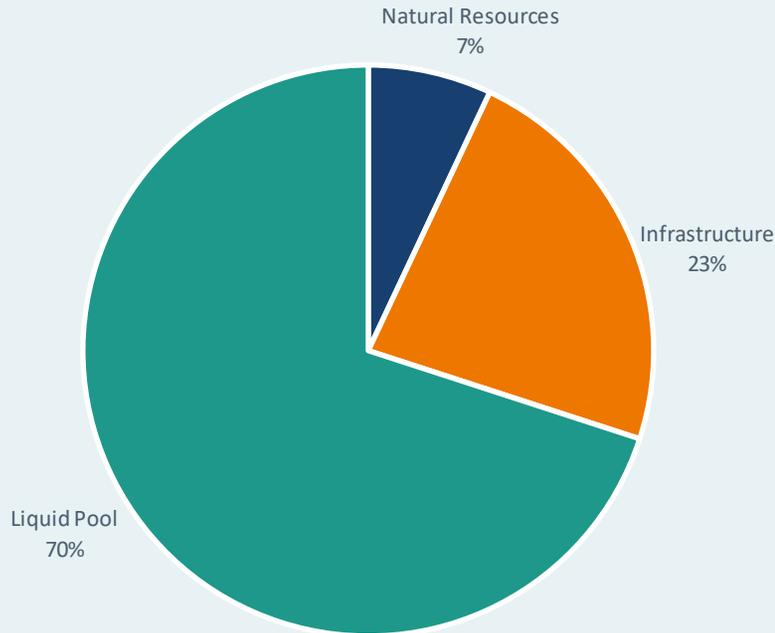
	1-Year	3-Year	5-Year	10-Year	Since Inception
Natural Resources Funds	34.92%	19.58%	5.59%	1.42%	1.14%
<i>S&P Global Natural Resources Index¹</i>	10.92%	10.46%	9.90%	5.78%	5.56%
Infrastructure Funds	10.65%	13.85%	12.71%		12.20%
<i>S&P Global Infrastructure Index¹</i>	1.81%	3.13%	4.14%	4.13%	4.13%
Liquid Pool Funds	5.45%	6.54%	4.67%	-0.66%	-0.54%
<i>Bloomberg Commodity Index¹</i>	4.93%	7.66%	5.34%	-1.23%	-1.27%
Total Real Assets	8.10%	8.59%	5.66%	0.33%	0.37%
<i>Blended Real Assets Benchmark²</i>	8.07%	6.76%	7.29%	6.22%	6.14%

¹ Benchmarks: Identical cash flows invested in the appropriate benchmarks through the life of the portfolio up through 6/30/2022. Analysis provided by Solovis.

² Blended Real Assets Benchmark calculated on a time-weighted return basis. Blended returns are weighted as follows: 60% S&P Global Infrastructure Index, 35% S&P Global Natural Resources Index, and 5% Bloomberg Commodity Index.

Investment Type	Commitment	Current Exposure	Current Exposure as % of Portfolio
Natural Resources	104,000,000	53,753,133	6.5%
Infrastructure	235,000,000	191,417,986	23.2%
Liquid Pool	842,235,893	581,581,790	70.3%
Total Portfolio	1,181,235,893	826,752,909	100.0%

REAL ASSETS PORTFOLIO: CURRENT EXPOSURE



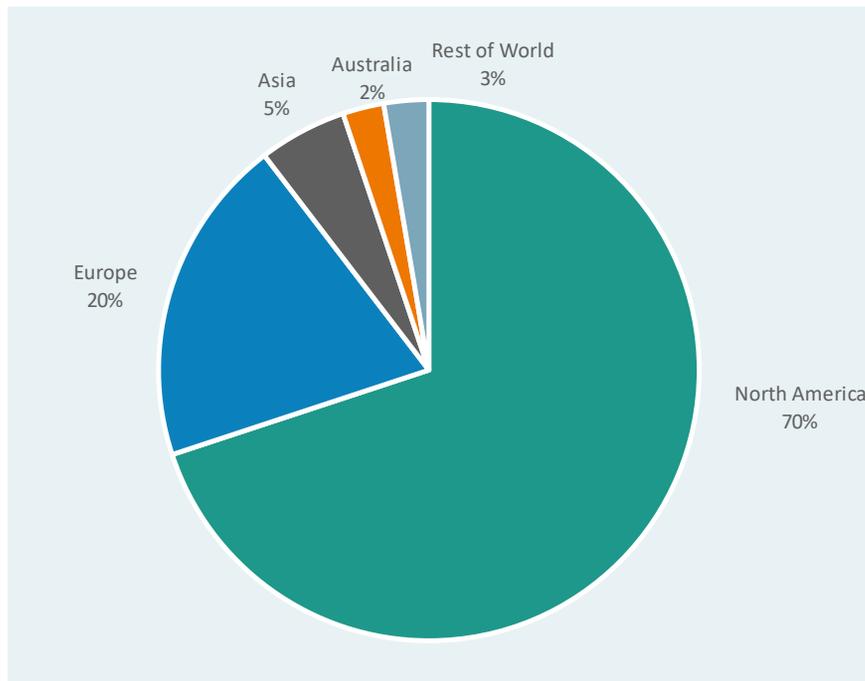
Geography Portfolio Diversification

Period Ending: June 30, 2022

Geography	Reported Fair Value
North America	143,449,780
Europe	40,288,688
Asia	10,806,954
Australia	5,061,619
Rest of World	5,495,522
Total Portfolio*	205,102,565

* Excludes Liquid assets.

** Rest of World includes New Zealand and Senegal.

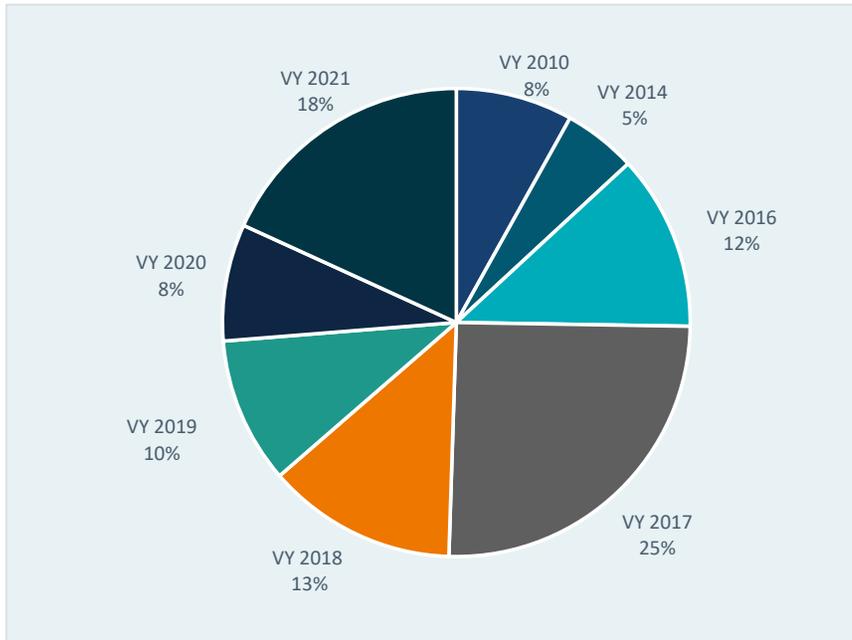


Vintage Year Portfolio Diversification

Period Ending: June 30, 2022

Vintage Year	Commitment as of 6/30/2022	% of Portfolio Commitment	Reported Value as of 6/30/2022
2010	24,000,000	8.0%	0
2014	15,000,000	5.0%	10,843,361
2016	35,000,000	11.7%	46,443,701
2017	75,000,000	25.1%	75,325,659
2018	40,000,000	13.4%	37,802,564
2019	30,000,000	10.0%	9,878,145
2020	25,000,000	8.4%	12,388,290
2021	55,000,000	18.4%	12,420,845
2022	0	0.0%	0
Total Portfolio	299,000,000	100%	205,102,565

* Excludes open-end vehicles and liquid assets.



- The opportunity set for new investments has been challenging within real assets this year. The relative outperformance within natural resources and infrastructure compared to the rest of the market has been encouraging for client portfolios but also brings some valuation concerns to the asset classes. We are in the later stages of due diligence on an agriculture fund which may be suitable for ACERA.
- We have a number of re-up opportunities over the next 6 months that should provide plenty of deal flow for ACERA, as well.



Proposed Investment Committee Workplan for 2023

January 11, 2023

Action Items	Information Items
January 11	<ol style="list-style-type: none"> 1. Semiannual Performance Review for the Period Ending June 30, 2022 – Real Estate 2. Semiannual Performance Review for the Period Ending June 30, 2022 – Private Equity 3. Semiannual Performance Review for the Period Ending June 30, 2022 – Private Credit 4. Semiannual Performance Review for the Period Ending June 30, 2022 – Real Assets 5. Proposed Investment Committee Work Plan for 2023
February 8	<ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$XX million Investment in XX as part of ACERA’s Private Equity Portfolio – XXXX, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations (Placeholder) 2. Discussion of and Possible Motion to Recommend to the Board to Approve the Proposed New Manager Structure for the International Equity Asset Class. <ol style="list-style-type: none"> 1. 2023 Capital Market Assumptions 2. Investment Committee Work Plan 2023
March 8	<ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$XX million Investment in XX as part of ACERA’s Private Real Assets Portfolio – XXXX, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations (Placeholder) 2. Discussion and Possible Motion to Recommend that the Board Adopt a New Investment Plan for ACERA’s Real Estate Asset Class <ol style="list-style-type: none"> 1. Status Update on the General Investment Consultant (GIC) Search 2. <i>Quarterly report of ACERA’s investment manager, consultant, and custodian bank fees for the fourth quarter of 2022</i> 3. <i>Quarterly report on ACERA’s rebalancing activities for the fourth quarter 2022</i> 4. <i>Quarterly report on ACERA’s securities lending activities for the fourth quarter of 2022</i>

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3. Educational sessions may be added to the Agenda from time-to-time e.g., Portable Alpha, Market and Currency Overlay, Equity Overlay, and Emerging Managers in Private Equity investments. Recommendations and reports on ACERA’s Real Estate, Private Equity, Absolute Return, Private Credit, and Real Assets investments will be added to the Agenda from time-to-time.



Proposed Investment Committee Workplan for 2023

January 11, 2023

Action Items	Information Items
	5. <i>Quarterly report on ACERA’s Directed Brokerage (DB) Program for the fourth quarter of 2022</i> 6. <i>Quarterly report on Investment Products and Services Introductions (IPSI) for the fourth quarter of 2020</i> 7. <i>Investment Committee Work Plan 2023</i>
April 12 1. Discussion of and Possible Motion to Recommend to the Board to Approve the Finalists for ACERA’s General Investment Consultant (GIC) Search 2. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$XX million Investment in XX as part of ACERA’s Private Equity Portfolio – XXXX, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations (Placeholder)	
May TBD (regular meeting will be moved due to SACRS Conference)	1. Discussion and Possible Motion to Recommend that the Board Approve up to \$XX million in XX as part of ACERA’s Real Estate Portfolio – XXXX, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations (Placeholder) 2. Discussion and Possible Motion to Recommend that the Board Approve a Second Dedicated Emerging Markets Equity Manager Search (Placeholder)

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Proposed Investment Committee Workplan for 2023

January 11, 2023

	Action Items	Information Items
June 14	<ol style="list-style-type: none"> 1. Interview of ACERA’s General Investment Consultant (GIC) Finalists and Possible Motion by the Investment Committee to Recommend one Finalist to the Board 2. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$XX million Investment in XX as part of ACERA’s Private Equity Portfolio – XXXX, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations (Placeholder) 3. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$XX million Investment in XX as part of ACERA’s Private Credit Portfolio, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations (Placeholder) 	<ol style="list-style-type: none"> 1. Semiannual Performance Review for the Period Ending March 31, 2023 – Real Estate 2. Semiannual Performance Review for the Period Ending March 31, 2023 – Total Fund Review Highlighting Public Markets Asset Classes and Absolute Return 3. Semiannual Performance Review for the Period Ending December 31, 2022 – Private Equity 4. Semiannual Performance Review for the Period Ending December 31, 2022 – Private Credit 5. Semiannual Performance Review for the Period Ending December 31, 2022 – Real Assets 6. Update on ESG Implementation (TBD) 7. <i>Quarterly report of ACERA’s investment manager, consultant, and custodian fees for the first quarter of 2023</i> 8. <i>Quarterly report on ACERA’s rebalancing activities for the first quarter of 2023</i> 9. <i>Quarterly report on ACERA’s securities lending activities for the first quarter of 2023</i> 10. <i>Quarterly report on ACERA’s Directed Brokerage (DB) Program for the first quarter of 2023</i> 11. <i>Quarterly report on Investment Products and Services Introduction (IPSI) for the first quarter of 2023</i> 12. <i>Updated Investment Committee Work Plan 2023</i>

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Proposed Investment Committee Workplan for 2023

January 11, 2023

Action Items	Information Items
<p>July 12</p> <ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$XX million Investment in XX as part of ACERA’s Real Estate Portfolio – XXXX, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations (Placeholder) 	
<p>August 9</p> <ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$XX million Investment in XX as part of ACERA’s Private Equity Portfolio – XXXX, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations (Placeholder) 2. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$XX million Investment in XX as part of ACERA’s Real Assets Portfolio – XXXX, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations (Placeholder) 	
<p>September 13</p> <ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$XX million Investment in XX as part of ACERA’s Private Equity Portfolio – XXXX, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations (Placeholder) 2. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$XX million Investment in XX as part of ACERA’s Private Credit Portfolio, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations (Placeholder) 	<ol style="list-style-type: none"> 1. <i>Quarterly report of ACERA’s investment manager, consultant, and custodian bank fees for the second quarter of 2023</i> 2. <i>Quarterly report on ACERA’s rebalancing activities for the second quarter of 2023</i> 3. <i>Quarterly report on ACERA’s securities lending activities for the second quarter of 2023</i> 4. <i>Quarterly report on ACERA’s Directed Brokerage (DB) Program for the second quarter of 2023</i>

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Proposed Investment Committee Workplan for 2023

January 11, 2023

Action Items	Information Items
	<p>5. <i>Quarterly report on Investment Products and Services Introduction (IPSI) for the second quarter of 2023</i></p> <p>6. <i>Updated Investment Committee Work Plan for 2023</i></p>
<p>October 11</p> <p>1. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$XX million Investment in XX as part of ACERA’s Real Estate Portfolio – XXXX, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations (Placeholder)</p> <p>2. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$XX million Investment in XX as part of ACERA’s Real Assets Portfolio – XXXX, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations (Placeholder)</p>	
<p>November TBD (regular meeting will be moved to SACRS Conference)</p> <p>1. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$XX million Investment in XX as part of ACERA’s Private Equity Portfolio – XXXX, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations (Placeholder)</p>	
<p>December 13</p> <p>1. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$XX million Investment in XX as part of ACERA’s Private Equity Portfolio – XXXX, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations (Placeholder)</p> <p>2. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$XX million Investment in XX as part of ACERA’s Private Credit Portfolio, Pending Completion of</p>	<p>1. Ending September 30, 2023 – Total Fund and Public Markets including Absolute Return</p> <p>2. Semiannual Performance Review for the Period Ending June 30, 2023 – Private Equity, Real Assets, and Private Credit</p> <p>3. Semiannual Performance Review for the Period Ending September 30, 2023 – Real Estate</p> <p>4. CA Gov. Code § 7514.7 Information Report</p>

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Proposed Investment Committee Workplan for 2023

January 11, 2023

Action Items

Information Items

	Action Items	Information Items
	<p>Legal and Investment Due Diligence and Successful Contract Negotiations (Placeholder)</p>	<ol style="list-style-type: none"> 5. Annual ESG Disclosure 6. <i>Quarterly report of ACERA’s investment manager, consultant, and custodian bank fees for the third quarter of 2023</i> 7. <i>Quarterly report on ACERA’s rebalancing activities for the third quarter 2023</i> 8. <i>Quarterly report on ACERA’s securities lending activities for the third quarter of 2023</i> 9. <i>Quarterly report on ACERA’s Directed Brokerage (DB) Program for the third quarter of 2023</i> 10. <i>Quarterly report on Investment Products and Services Introductions (IPSI) for the third quarter of 2023</i> 11. <i>Updated Investment Committee Work Plan 2023</i>

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