



**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

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Date: April 8, 2015  
To: Members of the Board of Retirement  
From: George Wood – Chair  
**Subject: Summary of the April 8, 2015 Investment Committee Meeting**

The Investment Committee met on Wednesday, April 8, 2015 at 9:31 a.m. The Committee members present were Dale Amaral, Annette Cain-Darnes, Tarrell Gamble, Liz Koppenhaver, Elizabeth Rogers, and George Wood. Also present was Alternate Safety member Darryl Walker. Members of the Staff present were Kathy Foster – Interim Chief Executive Officer, Joseph Fletcher – Chief Counsel, Harsh Jadhav – Chief of Internal Audit, and Betty Tse – Chief Investment Officer.

**ACTION ITEM**

There were no action items for discussion.

**INFORMATION ITEMS**

1. Review of Pzena Investment Management, LLC
  - The representative from Pzena Investment Management, LLC discussed the firm's long-term deep value investment philosophy, investment strategy, portfolio characteristics, and performance. The review found Pzena to be in compliance with ACERA's reporting requirements; however, staff will continue to closely monitor its performance as Pzena continues to remain on Watchlist and Probation status.
  - For the calendar year of 2014 Pzena returned 11.2% before fees and 5.0% annualized since inception (2006), underperforming its benchmark (Russell 1000 Value + 200bps) by -4.5% for one-year trailing and -4.1% since inception, respectively.
2. Report on Management of Domestic Equity Asset Class (Active vs. Passive)
  - SIS presented the two different styles of Domestic Equity Management, namely Active Management vs. Passive Management, based on a question that was raised at the Actuarial Committee meeting on December 18, 2014. One thing to note is that a large component of the domestic equity asset class (44.5%) is targeted to a Passive Management investment style, which is invested in a Mellon Capital fund that mirrors the S&P 500 Index. Thus, the current ACERA portfolio embraces both active and passive investment opportunities.
  - ACERA reported that for all rolling twenty-five year periods, Active Management has been positive and beat out Passive Management by more than the estimated fee differential of 32 basis points.

3. Report on the meeting date of the May 2015 Investment Committee Meeting

- ACERA's monthly Investment Committee Meeting (ICM) is regularly scheduled on the second Wednesday of each month. However, the second Wednesday in May (May 13) coincides with the SACRS Spring Conference which will be held from May 12 – 15, 2015. Staff proposed to postpone the May ICM to Wednesday, May 20, 2015 at 9:30 a.m.

**Recommendation**

None

**TRUSTEE/PUBLIC INPUT**

None

**FUTURE DISCUSSION ITEMS**

None

**ESTABLISHMENT OF NEXT MEETING DATE**

May 20, 2015 at 9:30 a.m.

**ADJOURNMENT**

The meeting adjourned at 11:29 a.m.