



**ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

475-14th Street, Suite 1000, Oakland, CA 94612 800/838-1932 510/628-3000 fax: 510/268-9574 [www.acera.org](http://www.acera.org)

June 11, 2014

To: Members of the Board of Retirement

From: Annette Cain-Darnes – Chair

**Subject: Summary of the June 11, 2014 Investment Committee Meeting**

The Investment Committee met on Wednesday, June 11, 2014 at 9:31 a.m. The Committee members present were Dale Amaral, Annette Cain-Darnes, George Dewey, Liz Koppenhaver, Elizabeth Rogers, and George Wood. Also present was Alternate Safety member Darryl Walker. Members of the Staff present were, Kathy Foster – Assistant Chief Executive Officer, Betty Tse – Chief Investment Officer, and Marguerite Malloy – Associate Counsel.

**ACTION ITEM**

1. Discussion of and Possible Motion to Recommend to the Board to Adopt an amended ACERA General Investment Guidelines, Policies, and Procedures
  - The Committee requested clarifications of the following items:
    - a. The frequency of investment manager service reviews conducted by the Investment Committee;
    - b. The frequency of distributing trading costs reports to the Investment Committee;
    - c. The timing of distributing relevant rebalancing reports to the Investment Committee.
  - The Committee deferred discussion of the General Investment Policies to a later meeting.
2. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in PEARLS – Buyouts
  - Erik Brooks, a representative from ABRY presented to the Committee the goals and objectives of the ABRY Partners VIII, L.P. He spoke to ABRY's proven investment criteria, industry sector focus, discipline, people and culture.
  - After discussion, Mr. George Dewey moved, seconded by Mr. Dale Amaral to recommend to the Board to adopt an up to \$52.0 million commitment to the ABRY Partners VIII, L.P. pending completion of legal due diligence and successful contract negotiation. The motion passed unanimously.
  - The motion carried 7 yes (Amaral, Cain-Darnes, Dewey, Koppenhaver, Rogers, Walker, and Wood), 0 no, and 0 abstention.

## **INFORMATION ITEMS**

1. Review of Permal Asset Management Fixed Income Holdings Institutional Ltd.
  - Staff has initiated service reviews for PEARLS managers, and Permal (hired in April, 2012) was the first alternative manager to be reviewed by the Committee.
  - Shane Clifford, a representative from Permal Management, described the firm's recent organizational growth, its strategy, philosophy, risk management and results of ACERA's investment.
  - As of April 30, 2014, the Permal account was at \$121.9 million and returned 9.98% (annualized net) since inception.
2. Quarterly Performance Review for the First Quarter of 2014 – Equities, Fixed Income, and Real Return Pool
  - ACERA's Total Fund returned 1.8 % (gross) in the first quarter of 2014, placing it in the top 28<sup>th</sup> percentile in the institutional investors' universe which includes ACERA.
  - As of 3/31/14, the market value of the total Fund exceeded \$6.7 billion.
  - For the quarter, ACERA's U.S. equity, international equity, fixed income, PEARLS, Real Estate and real return pool asset classes returned 1.3%, 0.9%, 3.3%, 3.8%, 3.7% and 1.5% (gross), respectively.
3. Quarterly Performance Review for the First Quarter of 2014 – Real Estate
  - ACERA's real estate portfolio returned 3.7% (gross) for Q1 2014, outperforming the NFI-ODCE index of 2.5%.
  - As of 03/31/14, the total market value of ACERA's real estate portfolio was about \$414.3 million; approximately 6.2% of ACERA's total Fund.
4. Semi – Annual Performance Review for the Period Ending Dec. 31, 2013 – PEARLS
  - As of December 31, 2013 the Private Equity and Alternatives Return Leading Strategies Portfolio ("PEARLS") had a total market value of \$454.2 million, with \$277.6 million in Private Equity and \$176.6 million in Alternatives.
  - During the second half of 2013, ACERA made one re-up commitment to Private Equity.

**RECOMMENDATIONS**

- The Committee recommends, and I move that the Board adopt an up to \$52.0 million commitment to the ABRY Partners VIII, L.P. pending completion of legal due diligence and successful contract negotiation.

**TRUSTEE/PUBLIC INPUT**

**FUTURE DISCUSSION ITEMS**

None

**ESTABLISHMENT OF NEXT MEETING DATE**

July 9, 2014 at 9:30 a.m.

**ADJOURNMENT**

The meeting adjourned at 12:02 p.m.