



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

**INVESTMENT COMMITTEE/BOARD MEETING**

**ACERA MISSION:**

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

**Wednesday August 6, 2025  
9:30 a.m.**

LOCATION AND TELECONFERENCE		COMMITTEE MEMBERS
<b>ACERA C.G. "BUD" QUIST BOARD ROOM 475 14<sup>TH</sup> STREET, 10<sup>TH</sup> FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574</b>  <b>The public can observe the meeting and offer public comment by using the below Webinar ID and Passcode after clicking on the below link or calling the below call-in number.</b>  <b>Link: <a href="https://zoom.us/join">https://zoom.us/join</a> Call-In: 1 (669) 900-6833 US Webinar ID: 879 6337 8479 Passcode: 699406 For help joining a Zoom meeting, see: <a href="https://support.zoom.us/hc/en-us/articles/201362193">https://support.zoom.us/hc/en-us/articles/201362193</a></b>	<b>GEORGE WOOD CHAIR</b>	<b>ELECTED GENERAL</b>
	<b>TARRELL GAMBLE VICE CHAIR</b>	<b>APPOINTED</b>
	<b>OPHELIA BASGAL</b>	<b>APPOINTED</b>
	<b>KEITH CARSON</b>	<b>APPOINTED</b>
	<b>ROSS CLIPPINGER</b>	<b>ELECTED SAFETY</b>
	<b>HENRY LEVY</b>	<b>TREASURER</b>
	<b>ELIZABETH ROGERS</b>	<b>ELECTED RETIRED</b>
	<b>KELLIE SIMON</b>	<b>ELECTED GENERAL</b>
	<b>STEVEN WILKINSON</b>	<b>APPOINTED</b>
	<b>CYNTHIA BARON</b>	<b>ALTERNATE RETIRED<sup>1</sup></b>
	<b>KEVIN BRYANT</b>	<b>ALTERNATE SAFETY<sup>2</sup></b>

<sup>1</sup> 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.

<sup>2</sup> 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. at least 72 hours before the meeting at [accommodation@acera.org](mailto:accommodation@acera.org) or at 510-628-3000.

Public comments are limited to four (4) minutes per person in total. The order of items on the agenda 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 posted online at [www.acera.org](http://www.acera.org) and also may be inspected at 475 14th Street, 10th Floor, Oakland, CA 94612-1916.

# ***INVESTMENT COMMITTEE/BOARD MEETING***

**NOTICE and AGENDA Wednesday, August 6, 2025**

**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)**

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

1. Discussion and Possible Motion to Recommend that the Board Approve the Updated Real Estate Policy

9:35 – 9:55

Aaron Quach, Callan LLC  
Avery Robinson, Callan LLC  
Noe Reynoso, ACERA  
John Ta, ACERA  
Betty Tse, ACERA

2. Discussion and Possible Motion to Recommend that the Board Approve the Updated Real Estate Investment Plan (2025 – 2026)

9:55 – 10:15

Aaron Quach, Callan LLC  
Avery Robinson, Callan LLC  
Noe Reynoso, ACERA  
John Ta, ACERA  
Betty Tse, ACERA

3. Discussion and Possible Motion to Recommend that the Board Approve the Updated Absolute Return Policy

10:15 – 10:35

Margaret Belmondo, NEPC  
Julius Cuaresma, ACERA  
Clint Kuboyama, ACERA  
Betty Tse, ACERA

4. Discussion and Possible Motion to Recommend that the Board Approve the 2025 Absolute Return Investment/Rebalancing Plan

10:35 – 10:55

Margaret Belmondo, NEPC  
Julius Cuaresma, ACERA  
Clint Kuboyama, ACERA  
Betty Tse, ACERA

# ***INVESTMENT COMMITTEE/BOARD MEETING***

**NOTICE and AGENDA Wednesday, August 6, 2025**

5. Discussion and Possible Motion to Recommend that the Board Terminate Franklin Templeton – Public Equities

10:55 – 11:15

Margaret Belmondo, NEPC  
Julius Cuaresma, ACERA  
Stephen Quirk, ACERA  
Betty Tse, ACERA

6. Discussion and Possible Motion to Recommend that the Board Adopt an Investment in ACERA's Private Equity Portfolio – Great Hill Equity Partners IX (\$50 million)<sup>3</sup>

11:15 – 11:45

Rafael Cofino, Great Hill Equity Partners  
Paige Shetty, Great Hill Equity Partners  
Rose Dean, NEPC  
Noe Reynoso, ACERA  
John Ta, ACERA  
Betty Tse, ACERA

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

1. Oral Report on Implementing the \$400 million Pre – Funding from Alameda County

11:45 – 11:55

Julius Cuaresma, ACERA  
Stephen Quirk, ACERA  
Betty Tse, ACERA

2. Report on Private Equity Investment Made Under Delegated Authority After Distribution of the Last Investment Committee Meeting Agenda: Khosla Ventures IX, Khosla Ventures Seed G, and Khosla Ventures Opportunity III (\$35 million)<sup>3</sup>

11:55 – 12:15

Rose Dean, NEPC  
Noe Reynoso, ACERA  
John Ta, ACERA  
Betty Tse, ACERA

## **Trustee Remarks**

## **Future Discussion Items**

None

## **Establishment of Next Meeting Date**


September 3, 2025 at 10:30 a.m.

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<sup>3</sup> Written materials and investment recommendations from the consultants, fund managers and ACERA Investment Staff relating to this alternative investment are exempt from public disclosure pursuant to CA Gov. Code §7928.710 and §7922.000.



TO: Members of the Investment Committee

FROM: John Ta, Senior Investment Officer 

DATE: August 6, 2025

SUBJECT: Discussion and Possible Motion to Recommend that the Board Approve the Updated Real Estate Policy

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**Recommendation:**

Staff recommend that the IC accept the updated RE Policy as proposed and motion to the Board for final approval.

**Executive Summary:**

This action item follows the information item presented at the July ICM regarding Staff's and Callan's proposed changes to ACERA's Real Estate (RE) Investment Policy. No significant changes have been made to the RE policy draft since the previous ICM.

**Discussion:**

The only additional change to the RE Policy draft since the previous ICM was the inclusion of the prior amendment dates under Section XIII. Table of Amendment Dates on p.11 (highlighted in yellow). There were no other policy changes directed by the IC last month.

For additional reference, my memo from the July ICM distribution is also attached below as Attachment #2. This memo outlines the significant changes proposed for the RE policy that were previously discussed.

**Attachments:**

- #1 Final Amended (Proposed) ACERA Real Estate Policy, prepared by Staff and Callan
- #2 Memo - Review of ACERA's Real Estate Policy, prepared by Staff and Callan

**Alameda County Employees'  
Retirement Association**

**ACERA**

**REAL ESTATE INVESTMENT POLICY**

**Amended August 21, 2025**

# **ACERA REAL ESTATE INVESTMENT POLICY**

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## I. SCOPE

The Real Estate Investment Guidelines, Policies and Procedures (“RE Policy”) governs all investments in the Real Estate (“RE”) asset class made by Alameda County Employee’s Retirement Association (“ACERA”)<sup>1</sup>. The investments governed under this RE Policy are subject to applicable law and the applicable limitations and requirements of ACERA’s General Investment Guideline, Policies and Procedures (“General Policy”). If there is any conflict between this RE Policy and ACERA’s General Policy pertaining to investments in the Real Estate asset class, this RE Policy prevails. The ACERA Board (“Board”) reserves the right to amend, supplement or rescind this RE Policy at any time.

## II. PURPOSE

The purpose of this RE Policy is to 1) set forth the real estate investment policies and guidelines which are deemed to be appropriate and prudent; 2) establish criteria against which real estate investment opportunities are to be measured; and 3) serve as a review document to guide the ongoing oversight of ACERA’s Real Estate Portfolio (“RE Portfolio”) on a consistent basis. This RE Policy also defines roles and responsibilities of the Board, the ACERA Investment Committee (“Investment Committee”), the ACERA Staff (“Staff”), the ACERA Real Estate Consultant (“Consultant”) and the Real Estate Investment Managers hired by ACERA to manage its assets (“Investment Managers”).

It is expected that this RE Policy will be a living document and that changes will be made from time to time to reflect experience, evolving investment products, and opportunities and changes in the economic and capital market environment.

## III. LEGAL AUTHORITY

This RE Policy is established in accordance with Article XVI, Section 17 of the California Constitution and California Government Code Sections 31594 and 31595, which establish the exclusive authority and fiduciary responsibility of the Board for the investment and administration of the ACERA Trust Fund (“Fund”).

## IV. TYPES OF REAL ESTATE INVESTMENTS

For the purpose of this RE Policy, Real Estate investments may include, but not be limited to equity and debt securities in real estate properties (land and buildings). Real Estate investments may be denominated in U.S. dollars or other currencies, and levered to provide additional return. ACERA may consider investing in these assets if and only if the vehicles meet all legal standards and RE Policy requirements.

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<sup>1</sup> See ACERA’s Absolute Return Policy, Private Equity Policy and Real Assets Policy for investments in other asset classes

## V. STRATEGIC OBJECTIVE OF THE REAL ESTATE PORTFOLIO

The Board believes the Fund's overall returns can be enhanced, on a risk-adjusted basis, by investing a portion of its assets in Real Estate. The strategic objective of such investments is to:

- Generate returns superior to those available in the public equity market to compensate the Fund for the longer term and illiquid commitments associated with RE investments;
- Enhance ACERA's long-term risk adjusted return, provide additional diversification to ACERA's overall investment Fund, and serve as a hedge against inflation;
- Produce a stable income stream to assist in meeting cash flow needs;
- Generate total RE Portfolio performance in excess of the NCREIF Fund Index – Open-End Diversified Core Equity (NFI-ODCE) over longer time periods.

## VI. STRATEGIC ALLOCATION TO REAL ESTATE PORTFOLIO

The target allocation to the RE asset class, as measured by Net Asset Value of the portfolio and not by dollars committed to underlying Investment Managers or funds, is 8.2% of the total Fund. The Real Estate portfolio will have the following portfolio composition ranges:

Strategy Type	Range	Strategy Benchmark
Core	≥50%	NCREIF Fund Index – Open-End Diversified Core Equity (NFI-ODCE)
Core-Plus	10 - 40%	NCREIF Fund Index - Open-End Equity (NFI-OE)
Value-Add	0 - 30%	NCREIF Fund Index - Open-End Equity (NFI-OE)
Opportunistic	0 - 15%	NCREIF Fund Index - Open-End Equity (NFI-OE)
<b>Total RE Portfolio</b>	<b>100%</b>	<b>NCREIF Fund Index – Open-End Diversified Core Equity (NFI-ODCE)</b>

Capital Structure	Range
Equity Investments	≥85%
Debt Investments	0 - 15%
<b>Total RE Portfolio</b>	<b>100%</b>

Global Regions	Range
Domestic	≥85%
International	0 - 15%
<b>Total RE Portfolio</b>	<b>100%</b>

## VII. SPECIFIC GUIDELINES FOR REAL ESTATE PORTFOLIO

ACERA will gain exposure to RE investments primarily by hiring external investment managers. Any legally permissible vehicle will be allowed including, but not limited to, joint ventures, limited partnerships, real estate investment trusts and limited liability corporations, sponsored by specialty external investment managers. The portfolio will consist mostly of commingled funds, not Separately Managed Accounts (“SMA”) except for maintaining ACERA's Headquarters.



The RE Portfolio will be diversified through the following strategy types: Core, Core-Plus, Value-Add, and Opportunistic (see Section VI for range limits).

Core: Core investments are considered to be less risky (thereby providing lower returns) than higher returning core-plus, value-add or opportunistic investments. The lower risk assigned to stabilized investments is due to three primary characteristics: (1) the stability of the income generated; (2) the higher proportion of the total return attributable to income; and (3) the limited use of debt (0% to 50%) usually associated with the style. Because of its high occupancy rates, Core properties are more stable.

Core-Plus: Core-plus investments are considered to be slightly riskier than core, but less risky than higher returning value-added or opportunistic investments. The slightly higher risk assigned to core-plus is due to three primary characteristics: (1) greater specialization in one or more property types, (2) potentially higher use of leverage, and (3) the stability of the income generated, albeit less than core.

Value-Add: Value-Add investments seek to provide higher returns with higher risk than the Core or Core-plus components of the portfolio. Value-Add investments depend upon the successful completion of an active management strategy (e.g. rehabilitation) and a timely disposition of the asset(s). Value-Add investments often use higher levels of debt, as compared to Core or Core-plus investments, to further increase total return expectations.

Opportunistic: Opportunistic investments seek to capitalize on market inefficiencies and opportunities (e.g. capital voids, market recovery, development, distressed sellers, financial engineering, non-domestic markets) and debt to provide excess returns. Because of the degree of reliance on active management necessary to capitalize on such market inefficiencies, investments will be accessed through structures that allow a high degree of manager discretion and a significant level of diversification.

The RE Portfolio will also be diversified across property type and region. Exposure to any single property type (e.g., office, retail, apartment, industrial) and any region (e.g., East, Mid-West, West or South in the United States or internationally) will be within a range of 0% to 40%, excluding the Oakland Office Building.

The RE Portfolio will also be diversified across capital structure. Exposure to equity RE investments will range from 85% to 100% and exposure to debt RE investments will range from 0% to 15%.

Any portfolio concentration in excess of the range limitations listed above must be explicitly reported to the Board.

ACERA has approved leverage limits, listed below, in order to maximize returns to the total portfolio with minimum risk. The Board has approved a maximum of forty percent (40%) leverage for the total portfolio. In addition, targets are established for each investment style based on the risk/return profile of the underlying investments. In the event that either the portfolio level and/or style level leverage constraint is breached due to a contraction in market values, the ACERA's Staff and Consultant will notify the Board and make a recommendation for action or exception.

Strategy (Style) Type	Leverage Limits
Core	$\leq 50\%$
Core-Plus	$\leq 65\%$
Value-Added	$\leq 65\%$
Opportunistic	$\leq 80\%$
<hr/>	
<b>Total Real Estate Portfolio</b>	<b><math>\leq 40\%</math></b>

## VIII. ROLES AND RESPONSIBILITIES

The delineation of roles and responsibilities is important for effective administration of ACERA's RE Portfolio. The duties and responsibilities of the Board, Investment Committee, Staff, Consultant, and Investment Managers are stated below:

### A. Board

The Board shall be responsible for approving the RE Policy that governs the RE Portfolio and approving the investment plan of ACERA's RE Portfolio. The Board, with input from the Investment Committee, shall review this RE Policy to determine whether amendments are necessary. The Board shall also be responsible for reviewing and approving all RE investments with individual commitments exceeding Staff's delegated authority as described in subparagraph C below.

### B. Investment Committee

The Investment Committee shall be responsible for the following:

1. Establishing the RE Policy to govern all investments in the RE asset class;
2. Reviewing the RE Policy, evaluating proposals for RE Policy amendments, if any, and making recommendations for approval by the Board;
3. Reviewing and approving the ACERA RE Investment Plan;
4. Reviewing RE investments recommended by Staff and/or Consultant and making recommendations to the Board for adoption if warranted; and
5. Delegation<sup>2</sup>:
  - a. Delegating to Staff the authority to make final decisions on new proposed RE investments with an individual commitment up to 5% of the target allocation to the total RE Portfolio.
  - b. Delegating to Staff the authority to make final decisions on proposed "re-up" RE

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<sup>2</sup> Investment managers may not appear before the Investment Committee when Staff exercises its delegated authority.

investments with existing managers in good standing, an individual commitment in addition to the existing commitments, up to 10% of the target allocation to the total RE Portfolio.

### C. Staff

Staff shall be responsible for oversight of ACERA's RE Portfolio. Staff's responsibilities shall include, but not be limited to the following:

1. Developing and recommending all necessary changes to the RE Policy with input from Consultant;
2. Developing and maintaining specific procedures, if necessary, to comply with the approved RE Policy with input from Consultant;
3. Developing the investment plan of ACERA's RE Portfolio and making recommendations to the Committee for adoption with input from Consultant;
4. Delegation<sup>3</sup>:
  - a. Approving Consultant's RE investment proposals (new proposals) with each individual commitment up to 5% of the target allocation to the total RE Portfolio upon completion of a thorough review and due diligence process with satisfactory results. Staff and Consultant shall provide the Investment Committee all required reports (please see Appendices I through III).
  - b. Approving Consultant's RE investment proposals for "re-ups" with existing managers with each individual commitment in addition to the existing commitments<sup>4</sup>, up to 10% of the target allocation to the total RE Portfolio to managers in good standing<sup>5</sup> upon completion of a thorough review and due diligence process with satisfactory results. Staff and Consultant shall provide the Investment Committee all required reports (please see Appendices I through III).
  - c. When the investment manager or general partner of existing investment vehicles offer related continuation vehicles (aka "continuation funds"), following a thorough evaluation of the investment options related to the continuation vehicle (i.e., subscribing to the continuation vehicle, receiving liquidity, or, in some cases, both), and in alignment with Consultant's recommendation, approving of investment in continuation vehicles or other related options such as receiving liquidity (i.e., receiving cash proceeds for the investments that are to be transferred into the continuation vehicle).
5. Through the ACERA Investment Products and Services Introduction (IPSI) program, and with the concurrence of the Consultant, recommend highly qualified RE fund investments to the Investment Committee upon completion of a thorough review and due diligence process,

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<sup>3</sup> Investment manager may not appear before the Investment Committee in circumstances when Staff has exercised its delegated authority.

<sup>4</sup> Total commitments are calculated net of capital commitments returned.

<sup>5</sup> An Investment Manager may be considered to be in good standing if there is sufficient comfort with factors including, but not limited to, its organization, strategy, performance, and compliance.

providing the required reports to Staff and/or the Investment Committee. (See Appendices I through III);

6. Monitoring the RE Portfolio for performance and compliance with this RE Policy;
7. Monitoring the performance of the underlying Investment Managers and their compliance with a) the investment guidelines set forth in their respective contracts; b) this RE Policy; and c) the applicable requirements of ACERA's General Investment Guidelines, Policies and Procedures;
8. Conducting comprehensive annual reviews of ACERA's RE Portfolio and the individual investments in the RE Portfolio;
9. Reporting any manager violations of this RE Policy to the Investment Committee, with appropriate recommendations;
10. Assisting ACERA's Legal Department in contract negotiations for the selected RE investments;
11. Evaluating RE investment opportunities with Consultant's input on an on-going basis; and
12. Evaluating and making recommendations for retention, addition to, and/or termination of Investment Managers.

#### D. Consultant

The Consultant hired by the Board is a fiduciary to ACERA and its Board. Consultant shall independently and continuously monitor and analyze the performance of ACERA's RE Portfolio and make related recommendations to serve the best interests of the plan participants. Consultant shall assist Staff in developing this RE Policy and recommending all necessary changes to the RE Policy. In addition, Consultant shall be responsible for:

1. Analyzing the asset allocation of the RE Portfolio by sub-asset class, implementation vehicle, geography, industry, and vintage year, and making recommendations for reallocation of assets, as appropriate;
2. Developing an investment plan for ACERA's RE Portfolio every 1 to 3 years;
3. Developing a search strategy for highly qualified RE investments and maintaining a robust database containing information on Investment Managers;
4. Recommending highly qualified RE fund investments to Staff and/or the Investment Committee upon completion of a thorough due diligence process and providing the required reports listed in the Appendix I of this RE Policy to Staff and/or the Investment Committee;
5. When continuation vehicles are offered related to existing investment vehicles, and following a thorough evaluation of the related investment options, recommending to Staff which investment option is most suitable for the RE Portfolio.
6. Ongoing monitoring of the investment performance of ACERA's RE Portfolio and individual strategies in the RE Portfolio;
7. Conducting ongoing due diligence on Investment Managers, notifying ACERA of any significant developments and adverse events, if applicable, by providing analysis and advice on such issues;
8. Ongoing monitoring of Investment Managers' compliance with a) their respective investment guidelines as set forth in their contract; b) this RE Policy; and c) applicable requirements of

ACERA's General Investment Guidelines, Policies and Procedures;

9. Assisting Staff in contract negotiations for the selected RE investments, as needed;
10. Submitting performance evaluation reports and conducting comprehensive reviews of the RE Portfolio and individual Investment Managers semi-annually, to the Investment Committee;
11. Making recommendations for retention or termination of Investment Managers;
12. Attending meetings as needed; and
13. Performing other duties in accordance with the terms of its contract and applicable law.

#### E. Investment Managers

Investment Managers are fiduciaries and shall prudently manage ACERA's assets in the best interest of ACERA and its members. Investment Managers shall abide by all applicable ACERA policies and procedures, and fully comply with applicable law. Investment Managers shall be responsible for compliance with a) the specific investment guidelines as set forth in their respective contracts; b) this RE Policy; and c) applicable requirements of ACERA's General Investment Guidelines, Policies and Procedures. Investment Managers shall be responsible for all aspects of portfolio management as set forth in their respective contracts with ACERA. They shall also:

1. Communicate with Staff and/or Consultant promptly regarding investment strategy, investment results, and any non-conforming issues, if applicable, that may have significant and/or negative impact on the portfolio;
2. Cooperate fully with Staff, Consultant, ACERA's custodian, and other ACERA vendors concerning requests for information;
3. Submit reports in a timely manner to Staff and Consultant in accordance with their contract terms; and
4. Attend meetings as needed.

### IX. DUE DILIGENCE PROCESS FOR REAL ESTATE INVESTMENT SELECTION

ACERA recognizes that a proper due diligence process is essential to control the risks associated with RE investments and therefore, hereby establishes the following due diligence processes for both its Consultant and Staff:

#### A. Consultant

Consultant shall conduct extensive, documented due diligence before making any RE investment recommendations to Staff and the Investment Committee. Consultant will work closely with Staff in the due diligence process, as necessary. For those investments recommended to be included in the ACERA RE Portfolio, Consultant's duties shall include, but not be limited to:

1. Assessing the reputation of the individuals who manage the RE investments, consider background checks, internet searches, and in-person meetings or conference calls with these individuals, etc.;
2. Conducting on-site visits to the offices of the Investment Managers as requested;
3. Checking references from other investors that have invested in these RE investments, and, when advisable, from competitors;
4. Determining that the Real Estate investment funds are audited, at least annually, by a reputable and recognized external independent auditing firm;
5. Reviewing Investment Managers investment strategies, policies, operating procedures, and historical performance;
6. Reviewing and understanding the valuation procedures employed by the Investment Managers;
7. Reviewing and understanding the business terms of all operational documents and other related materials for the RE investments under consideration, including but not limited to offering memoranda, subscription agreements, fund policies, due diligence questionnaires, and Forms ADV, if and as available.

#### B. Staff

Staff shall ensure that Consultant has conducted extensive, documented due diligence on all RE investment proposals recommended to Staff and the Investment Committee. Staff shall participate in Consultant's due diligence process when appropriate, shall conduct its own independent due diligence, and shall also be responsible for:

1. Reviewing the comprehensive analysis report prepared by Consultant on its recommended RE investments;
2. Verifying the compliance of each recommended RE investment with the RE Policy, the investment plan for ACERA's RE Portfolio and other applicable investment policies;
3. Discussing all issues related to the recommended RE investments with Consultant and with Investment Managers to gain a thorough understanding of each strategy's primary return drivers, key terms, investment guidelines, and determine the investments suitability for ACERA's RE Portfolio; and
4. Performing independent due diligence regarding the business, economic, and legal aspects of the proposed RE investment and in accordance with the Executive Summary (See Appendix II) and the Compliance Checklist (See Appendix III).
5. Completing Appendices II and III of this document for each proposal.
6. Conducting an on-site due diligence visit to each manager's headquarters office whenever possible; and
7. Arranging presentations of select investment opportunities to the Investment Committee, as applicable.

## X. SPECIFIC PERFORMANCE EVALUATION CRITERIA

When appropriate, specific performance evaluation criteria, including but not limited to benchmarks, will be established for the Investment Managers in their respective contracts with ACERA.

## XI. MONITORING AND REPORTING

Consultant and Staff will closely monitor and analyze the RE Portfolio so that the strategic objective of the Portfolio can be met.

Investment Managers shall submit reports to Staff, Consultant, ACERA's custodian, and other ACERA vendors as required in their respective contracts.

Consultant shall submit all reports to Staff in accordance with its contract terms and the RE Policy.

Consultant, in conjunction with Staff, shall perform evaluations of ACERA's RE Portfolio and the underlying Investment Managers semi-annually in addition to ongoing cooperation with the Staff. Consultant shall report the findings to Staff and the Investment Committee timely.

## XII. REAL ESTATE INVESTMENT INFORMATION DISCLOSURE POLICY

ACERA is a public agency subject to state laws, including, without limitation, (a) the California Public Records Act (Cal. Govt. Code §7920.000, et seq.)(the "Public Records Act"), which provides generally that all records relating to a public agency's business are open to public inspection and copying unless exempted under the Public Records Act, (b) the Ralph M. Brown Act (Cal. Govt. Code § 54950 et. seq.)(the "Brown Act"), which provides generally for open meetings for local legislative bodies, and (c) the California Government Code Section 7514.7 ("Cal. Govt. Code § 7514.7") which provides generally that public pension systems in California obtain and publicly disclose certain information regarding fees, expenses and returns from the alternative investment vehicles in which they invest. See Appendix IV for details of the ACERA disclosure policy regarding its RE investments

## XIII. TABLE OF AMENDMENTS DATES

January 15, 1998	May 21, 2009	December 20, 2018
March 25, 1999	June 9, 2010	November 18, 2021
December 17, 2003	August 18, 2011	August 21, 2025
May 18, 2005	October 18, 2012	
May 16, 2007	September 11, 2013	
May 8, 2008	January 13, 2016	

## **Appendix I**

### **List of Reports Required for Each Investment Recommendation/Approval**

<b>Name of Report</b>	<b>Source</b>
Recommendation/Approval memo	Staff
Recommendation/Approval memo	Consultant
Executive Summary of the Fund	Consultant/*Staff
Compliance Checklist	Staff
Comprehensive Due Diligence Report (Available to Trustees upon request due to confidentiality)	Consultant
Manager Pitchbook	Investment Manager

**\*Note: Staff will provide an abbreviated Executive Summary Report that is available for review upon request by the Trustees.**



## Appendix II

### Executive Summary Report Template

Fund Name

**Section I: General Information**

Fund Name; Total AUM of the Firm; Current Target Fund Size; Previous Fund Size; Fund Focus; etc.

**Section II: Investment Management**

Organization Structure; Management Group; Experience; Personnel Turnover; etc.

**Section III: Investment Strategy**

Investment Philosophy; Investment Strategy; Investment Process; Investment Objective; etc.

**Section IV: Risk Management**

Risk Control Methodology; Exit Strategy; etc.

**Section V: Investment Rationale**

**Section VI: Investment Concerns**

**Section VII: Performance (example)**

Benchmark:

Net Returns (%):

Periods Ending Date	YTD	1Year	3Years	5Years	Since Inception
Fund					
Benchmark (see § VII)					
Relative Performance: Account – Benchmark					

**Section VIII: Key Terms**

Fund Term; Preferred Return; Investment Period; Management Fee; Other Fees; General Partner Carry; GP Commitment; Advisory Board; Clawback; No-Fault Divorce; Key-Person Events; Closing Schedule; Drawdown Schedule; etc.

\* List of items to be addressed as appropriate. Data provided by Name as of Date; ICM Date

## Appendix III

### Compliance Checklist Template for RE Investment/Commitment

**Target allocation to Real Estate (RE) Portfolio: 8.2% of the total ACERA Fund -**

<u>ACERA's Real Estate Policy</u>	<u>Investment Fund</u>	<u>In Compliance?</u>
<b>1. Permissible Legal Structure</b>		
Any legally permissible vehicle will be allowed including, but not limited to, separate accounts, commingled funds, joint ventures, limited partnerships, corporations, and limited liability companies.	<i>Specific legal structure</i>	<i>Yes, No, or N/A</i>
<b>2. Investment Methods</b>		
Commingled Funds Individual limited partnership funds Primary and/or Secondary Separate accounts Discretionary Separate Accounts REITs/ETFs Co-Investments Fund-of-funds Combination of the above	<i>Specific investment methods</i>	<i>Yes, No, or N/A</i>
<b>3. Investment Characteristics</b>		
RE may include, but not be limited to:	<i>Specific investment type</i>	<i>Yes, No, or N/A</i>
<ul style="list-style-type: none"> <li>• Core (Total Return with expected income, substantially leased)</li> <li>• Core-Plus (specialization of property types)</li> <li>• Value-Add (deficiencies in lease-up, repositioning, or rehabilitation of assets.)</li> <li>• Opportunistic (recapitalization, turnaround, development, market arbitrage opportunities or offshore).</li> </ul>		
RE may include debt real estate (0-15%) in addition to equity real estate (≥85%): Level of debt real estate at Fund Level, at asset class level.	<i>Specific security type</i>	<i>Yes, No, or N/A</i>

**ACERA's Real Estate Policy****Investment Fund****In Compliance?**

<b>4. Portfolio Diversification</b>		
<b>Property Types:</b> Office, Multifamily, Retail, and Industrial. No property types are excluded, and properties may include business operations (e.g. hotels, senior housing, and storage)	<i>Specific investment type</i>	<i>Yes, No, or N/A</i>
<b>Geography/Diversification (Domestic or International):</b> Geographic Percentage and Property Type Percentage) – within RE Policy Guidelines. Domestic: $\geq 85\%$ International: 0-15%	<i>Specific region of investment</i>	<i>Yes, No, or N/A</i>
<b>Leverage Limits:</b> Core: $\leq 50\%$ Core-Plus: $\leq 65\%$ Value-Add: $\leq 65\%$ Opportunistic: $\leq 80\%$	<i>Exposure per fund</i>	<i>Yes, No, or N/A</i>

<b>5. Return Expectations</b>		
Benchmark in Policy (net of all fees):	<i>Specific return target</i>	<i>Yes, No, or N/A</i>
<ul style="list-style-type: none"> <li>• Core</li> <li>• Core-Plus</li> <li>• Value-Added</li> <li>• Opportunistic</li> </ul>		

<b>6. Strategic Investment Allocation</b>		
RE Portfolio: 8.2% of the total Fund:		
<b>Style Limits:</b> <ul style="list-style-type: none"> <li>• Core <math>\geq 50\%</math></li> <li>• Core-Plus 10% – 40%</li> <li>• Value-Added 0% - 30%</li> <li>• Opportunistic 0% - 15%</li> </ul>	<i>Expected allocations to the RE Portfolio and to the underlying portfolios including specific commitment to the investment fund</i>	<i>Yes, No, or N/A</i>
<b>Capital Structure Limits:</b> <ul style="list-style-type: none"> <li>• Equity Real Estate: <math>\geq 85\%</math></li> <li>• Debt Real Estate: 0% – 15%</li> </ul>	<i>Expected allocations to the RE Portfolio and to the underlying portfolios including specific commitment to the investment fund</i>	<i>Yes, No, or N/A</i>

<b>Global Region Limits</b>	<i>Expected allocations to the RE Portfolio and to the underlying portfolios including specific commitment to the investment fund</i>	<i>Yes, No, or N/A</i>
<ul style="list-style-type: none"> <li>• Domestic: 85% - 100%</li> <li>• International: 0% - 15%</li> </ul>		

<b>7. RE Investment Plan (Year Range)</b>		
Specific Investment Plan	<i>Commitment to Fund</i>	<i>Yes, No, or N/A</i>

## APPENDIX IV

### **Details of Disclosure Policy For Real Estate Investments (“RE Funds”)**

1. Upon request, ACERA shall disclose (i) the name, address and vintage year of each RE Fund; (ii) the dollar amount of capital committed to each RE Fund by ACERA since inception; (iii) the dollar amount of cash contributions made to each RE Fund by ACERA since inception; (iv) the dollar amount of distributions received by ACERA from each RE Fund on a fiscal yearend basis; (v) the market value of ACERA’s investment in each RE Fund on a fiscal yearend basis; (vi) each RE Fund’s net internal rate of return (“IRR”) since inception; (vii) the investment multiple of each RE Fund since inception; (viii) the dollar amount of total management fees and expenses paid on an annual fiscal yearend basis, by ACERA to each RE Fund; and (ix) the dollar amount of cash profit received by ACERA from each RE Fund on a fiscal yearend basis. (*See* Cal. Govt. Code § 7928.710(c).)

2. ACERA shall disclose at least once annually in a report presented at a meeting open to the public: (i) the fees and expenses that ACERA pays directly to each RE Fund and, the RE Fund manager or related parties; (ii) ACERA’s pro rata share of fees and expenses not included in (i) that are paid from each RE Fund to the RE Fund manager or related parties; (iii) ACERA’s pro rata share of carried interest distributed by each RE Fund to the RE Fund manager or related parties; (iv) ACERA’s pro rata share of aggregate fees and expenses paid by all of the portfolio companies held by each RE Fund to the RE Fund manager or related parties; (v) the information outlined in Section 1, above, and (vi) the gross and net IRR of each RE Fund, since inception. (*See* Cal. Govt. Code § 7514.7)

All other records regarding RE Fund investments shall be exempt from disclosure to the fullest extent permitted under applicable law.

Notwithstanding the preceding, or anything else in this RE Policy, ACERA reserves the right to withhold any record when “on the facts of the particular case the public interest served by not disclosing the record clearly outweighs the public interest served by disclosure of the record.” (*See*, Cal. Govt. Code §7922.000). This weighing process contemplates a case-by-case balancing test between competing public interests based on the facts presented as the statute has been interpreted by the courts.<sup>6</sup>

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<sup>6</sup> *Michaelis, Montanari & Johnson v Superior Court*, 38 Cal.4th 1065, 1071 (2006).

## **Appendix V**

### **Guidelines for Separately Managed Accounts (SMAs)**

#### Valuations:

For any SMA, such as the Oakland Office Building, ACERA expects an annual valuation in the quarter of the anniversary date of each asset acquisition. The Fund manager will arrange for valuations for such assets and will provide ACERA with valuations for all properties for which it has asset management responsibilities. Unless specifically directed by ACERA, the valuation will be prepared by a qualified independent third party entity beginning on the third anniversary of ownership and every third year of ownership thereafter. Interim valuations may be conducted by the manager. All materials generated by the independent third party will be copied to ACERA for record keeping. Valuation adjustments made in the interim periods will be documented in a memo to ACERA and retained for record keeping.

#### Budget and Management Plan:

Within 60 days after the end of the calendar year, each SMA Manager shall submit a Budget and Management Plan for the upcoming year for each direct investment and the aggregate SMA portfolio. The Budget and Management Plan must include a narrative strategy and an estimated income and cash flow statement for the ensuing year. The statement will include gross revenues, expenses, percentage rent, additional interest, property management fees, net operating income, tenant improvements, leasing commissions, capital expenditures, cash flow before and after debt service and asset management, incentive and other fees along with quarterly distribution projections.

Within 90 days after the end of the calendar year, Staff and Consultant will meet with the Manager directly responsible for portfolio and asset management for a review and evaluation of the reasonableness of the submitted Budget and Management Plan.



TO: Members of the Investment Committee

FROM: John Ta, Senior Investment Officer 

DATE: July 2, 2025

SUBJECT: Review of ACERA's Real Estate Policy

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### **Executive Summary:**

This information item reviews the proposed amendments to ACERA's Real Estate (RE) Policy as recommended by Staff and Callan. A summary of the key changes is provided in this memo. Similar to the amendment process for previous alternative asset class policies this past year, Staff and Callan plan to solicit feedback on the proposed changes before bringing the finalized version of the amended RE Policy for a formal vote.

### **Background:**

ACERA's current Real Estate policy was last updated in Nov 2021. The proposed RE policy amendments are intended to reflect the applicable events since 2021 (e.g., new allocation targets) as well as aligning the policy language with the latest industry standards, legal requirements, and business practices. A redline draft of the RE Policy with the proposed amendments is attached to this memo (Attachment #1). A clean version without redline is also included for ease of reference (Attachment #2).

### **Discussion:**

The language in the RE Policy has been updated and reformatted to mirror the structure of the other alternative asset class policies. The intention is to promote continuity between the alternative asset class policies and reflect the shared objectives and investment approach. All the substantive changes and important, unchanged language are highlighted below:

1. **Reorganization and Rewording of RE Policy Language** – The majority of the existing RE policy language was either revised and/or copied to align with the current structural template of ACERA's other alternative asset policies. One example of this is moving all the roles and responsibility statements scattered in the existing policy into a dedicated "Roles and Responsibilities" section under the current, proposed policy format. This action included removing outdated letterheads, and redundant language and adding standard legal and operational language.
2. **Total Fund Target to Real Estate Changed to 8.2%** - As part of the asset allocation changes approved in July 2024, the target weight to Real Estate has been changed from 9% to 8.2%. The proposed RE policy has been updated to reflect this change (*See p. 4 of Attachment #2*).
3. **Slight Change to Core and Core-Plus Strategy Weightings** – The sub-asset class strategy weighting to Core has been changed (proposed) from at least 60% of the portfolio to at least 50% of the portfolio, and the range for Core-Plus has been changed (proposed) from 0-30% to 0-40% (*See p. 4 of Attachment #2*). This change allows for more flexibility to meet market

opportunities in the Core and Core-Plus space while still maintaining the same risk weightings to non-core strategies (i.e., Value-Add and Opportunistic).

4. **Portfolio Benchmarks Remain Unchanged** – The strategy benchmarks for the Real Estate portfolio remain the same (*See p. 4 of Attachment #2*), as post total asset allocation change since July 2024. We recommend maintaining the NCREIF Fund Index – Open-End Diversified Core Equity (NFI-ODCE) benchmark for the total RE portfolio. The lack of a widely accepted RE Debt benchmark prevents the incorporation of a debt component to total RE portfolio benchmark.
5. **Risk Limits Remain Unchanged** – Staff and Callan discussed the risk limits for the RE portfolio and agreed that the limits are still suitable and prudent for the current market environment. Specifically, the leverage limits will stay the same (*see p.6 of Attachment #2*) as well as the limits to strategy type, capital structure, and global regions (*see p.4 of Attachment #2*).
6. **Delegated Authority Limits Remains Unchanged** – The delegated authority limits of up to 5% of total RE commitments for new funds and up to a total of 10% of RE commitments for re-ups remain the same (*see p.7-8 of Attachment #2*). The wording of the delegated authority language was updated to match that of the other alternative asset class policies.
7. **Removal of Watch List Language** – All watch list language was removed to match that of the other alternative asset class policies. We consider real estate to be an alternative asset class like private equity with the same confidentiality provisions. In practice, we monitor all our alternative asset managers in a similar way (e.g., increased monitoring on underperforming managers), so there is effectively no change in process as a result of this language change.

#### **Next Steps:**

Staff and Callan will solicit feedback from the IC on the proposed policy changes. A final draft of the amended RE Policy will be presented to the IC for a formal vote at the next investment committee meeting.


#### **Attachments:**

- #1 Redlined ACERA Real Estate Policy, prepared by Staff and Callan
- #2 Clean, blackline version of ACERA Real Estate Policy, prepared by Staff and Callan





TO: Members of the Investment Committee

FROM: John Ta, Senior Investment Officer 

DATE: August 6<sup>th</sup>, 2025

SUBJECT: Discussion and Possible Motion to Recommend that the Board Approve the Updated Real Estate Investment Plan (2025 – 2026)

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**Recommendation:**

Staff recommends that the Investment Committee accept Callan's proposed RE Investment Plan (2025 – 2026) and motion the same to the Board for approval.

**Executive Summary:**

Callan has worked closely with Staff to update ACERA's Real Estate (RE) Investment Plan (2025 – 2026). The attached RE Investment Plan provides information on ACERA's real estate portfolio, current market conditions, and modeled pacing projections. Staff and Callan will review the RE Investment Plan annually to adjust as necessary.

**Discussion:**

As discussed at the previous ICM, the proposed RE Investment Plan includes the new portfolio diversification limits (decreasing the Core allocation from  $\geq 60\%$  to  $\geq 50\%$  while increasing the Core-Plus allocation from 0-30% to 10-40%) if the Board ultimately adopts the proposed revisions to ACERA's Real Estate Policy. As a reminder, this change does not alter the long-term risk and return targets for ACERA's Real Estate Portfolio. The change merely modifies the range of acceptable portfolio concentrations in any given market environment.

**Attachments:**

#1 ACERA Real Estate Investment Plan (2025 – 2026), prepared by Callan

# Callan



August 2025

**2025 – 2026  
Real Estate Investment Plan**

Public Version

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**Avery Robinson, CAIA**  
Senior Vice President

**Aaron Quach**  
Vice President

Important Disclosures regarding the use of this document are included at the end of this document. These disclosures are an integral part of this document and should be considered by the user.

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# Agenda

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- ▶ Portfolio Overview
- ▶ Market Highlights
- ▶ Investment Plan Recommendations
- ▶ Policy Modification Recommendations
- ▶ Appendix

# Portfolio Objectives Overview

## Real Estate Investment Program

- ▶ The ACERA Real Estate portfolio dates back to 1988. The program has evolved from a heavily concentrated, predominately direct, separately managed account-based portfolio, to a well-diversified, commingled fund-based program.
  - The ACERA Real Estate portfolio is anticipated to provide the following benefits over the long term:
    - Lower the overall portfolio risk due to real estate's low correlation with other portfolio asset classes;
    - Generate a stable income stream to assist in meeting cash flow needs;
    - Provide growth through appreciation;
    - Serve as a hedge against inflation;
    - Provide an opportunity to enhance portfolio return through higher total return investments.
- ▶ The real estate program has a current target allocation of 8.2%. As of year-end 2024, the real estate exposure was 6.9%. When including unfunded commitments, this exposure was 8.2%.

# ACERA Program Overview

## ACERA COMPLIANCE MATRIX (as of December 31, 2024)

Investment Style Allocations	Strategic Constraint / Guideline	Compliance
Core	60% to 100%	Out of Compliance (40%)
Core Plus	0% to 30%	In compliance
Value-Added	0% to 30%	In Compliance
Opportunistic	0% to 15%	In Compliance
Return Targets (Five Year Measurement; Net/Net)	Strategic Constraint / Guideline	Compliance
Core	NCREIF Fund Index - Open End Diversified Core Equity ("ODCE")	In Compliance
Core-Plus	NCREIF Fund Index - Open End Equity ("OE")	In Compliance
Value-Added	NCREIF Fund Index - Open End Equity ("OE")	In Compliance
Opportunistic	NCREIF Fund Index - Open End Equity ("OE")	In Compliance
Total Portfolio	NCREIF Fund Index - Open End Diversified Core Equity ("ODCE")	In Compliance

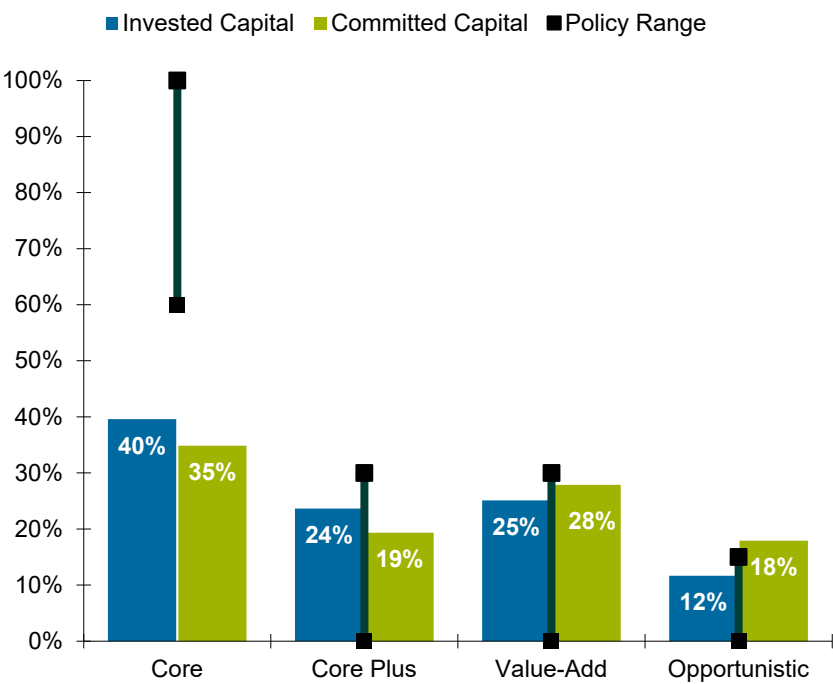
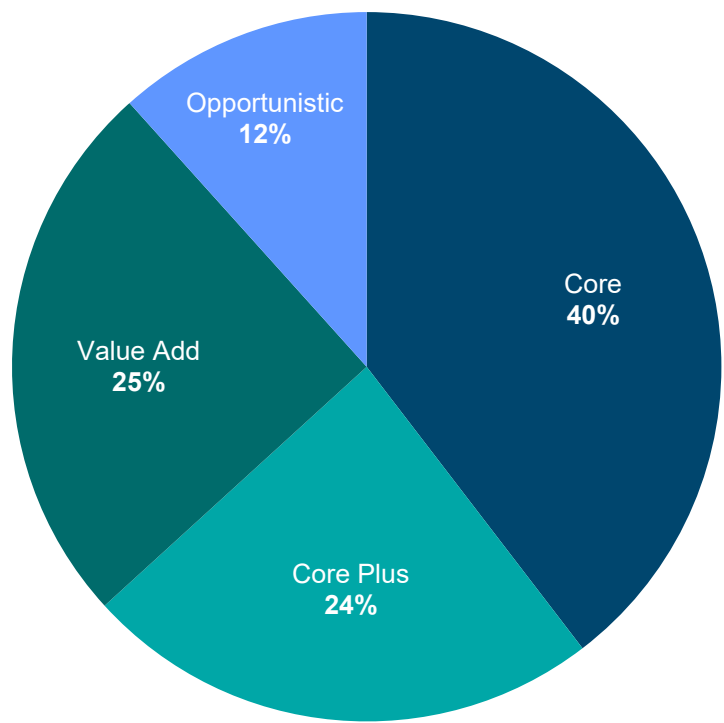
# ACERA Program Overview

## ACERA COMPLIANCE MATRIX (as of December 31, 2024)

Risk Policies	Strategic Constraint / Guideline	Compliance
Manager/Fund Diversification	No manager may represent more than 35% of ACERA's total real estate target allocation.	In Compliance
Property/Location Diversification	No property type or geographic location should represent more than 40% of program.	Out of Compliance (Industrial 43%)
Leverage	A maximum of 40% leverage for the total portfolio.	In Compliance (39% LTV)
Watch List	A manager will automatically be placed on the Watch List if net of fee performance falls below the performance of the relevant manager account benchmark for three (3) consecutive quarters. Performance will be measured on a quarterly basis using the longest rolling time period possible (one-, three-, or five-year rolling returns).	In Compliance

# Strategic Diversification (as of December 31, 2024)

## Portfolio Overview



ACERA has a predominantly core- and core plus-oriented portfolio with some value-added and opportunistic exposure. Core real estate is currently below its strategic range of 60% to 100%. All other styles, including core plus, value-add, and opportunistic, are within their strategic ranges.

# U.S. Private Real Estate Performance: 4Q24

Appreciation returns to positive, outside of office/hotel

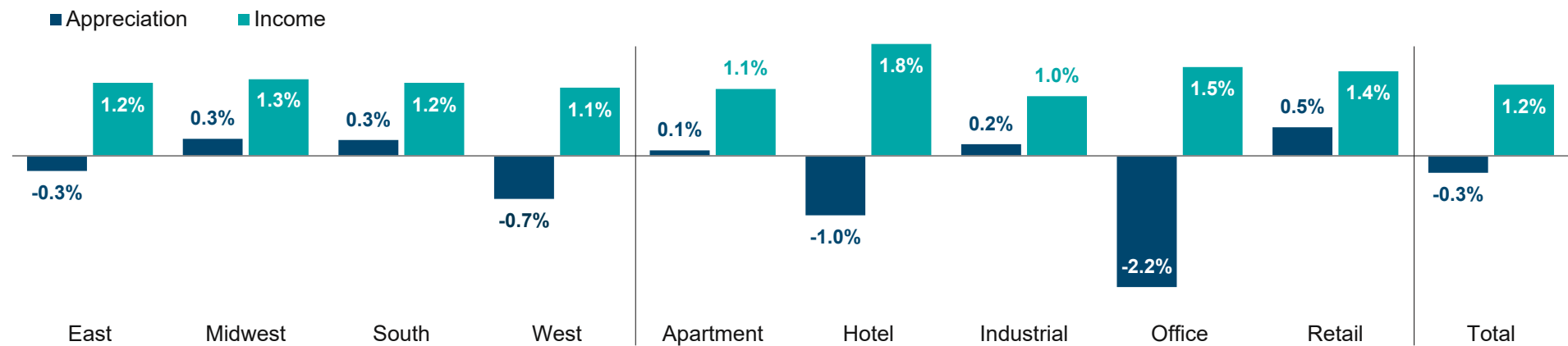
## Valuations reflect higher interest rates

- Valuations appear to have bottomed and now reflect higher borrowing costs.
- Income returns were positive across sectors and regions.
- Property sectors were mixed; Office and Hotel experienced negative appreciation, and the remaining sectors had flat or positive appreciation.
- Return dispersion by manager within the ODCE Index was due to the composition of underlying portfolios.

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
NCREIF ODCE	1.0%	-2.3%	-3.1%	2.0%	4.9%
Income	0.8%	3.3%	2.8%	2.9%	3.2%
Appreciation	0.1%	-5.4%	-5.9%	-0.9%	1.7%
NCREIF Property Index	0.9%	0.4%	-0.8%	3.1%	5.7%
Income	1.2%	4.8%	4.3%	4.3%	4.5%
Appreciation	-0.3%	-4.2%	-5.0%	-1.1%	1.1%

Returns are geometrically linked

## NCREIF Property Index Quarterly Returns by Region and Property Type



Source: NCREIF; ODCE return is net



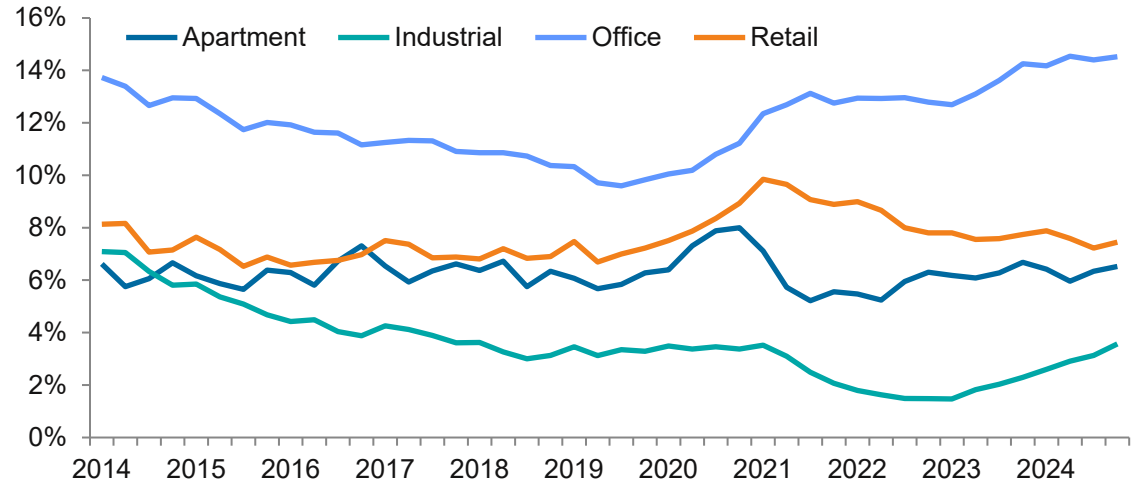
# U.S. Private Real Estate Market Trends

## Vacancy rates and NOI growth are softening

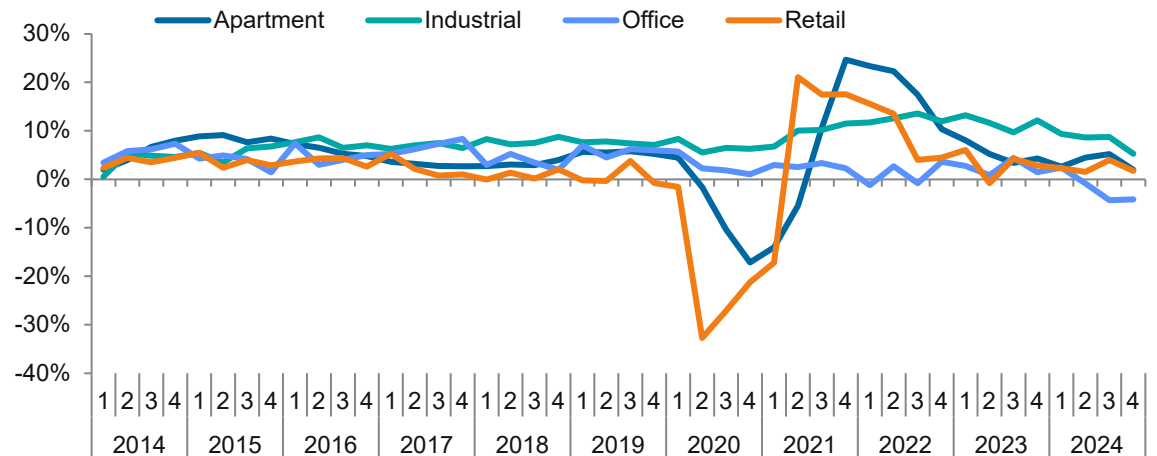
### Rising vacancy and lower NOI growth results

- Vacancy rates increased slightly across all sectors.
- Vacancy rates are above long-term averages for Apartments, Industrial and Office, but below long-term averages for Retail.
- Net operating income growth was negative in office for the third quarter in a row. In Apartment, Industrial and Retail, net operating income growth decreased but remained positive.
- Overall, fundamentals are relatively stronger for Apartments, Industrial, Grocery-Anchored Retail and most alternative sectors when compared to other sectors.

Vacancy by Property Type



NCREIF Property Index Rolling 4-Quarter NOI Growth by Sector

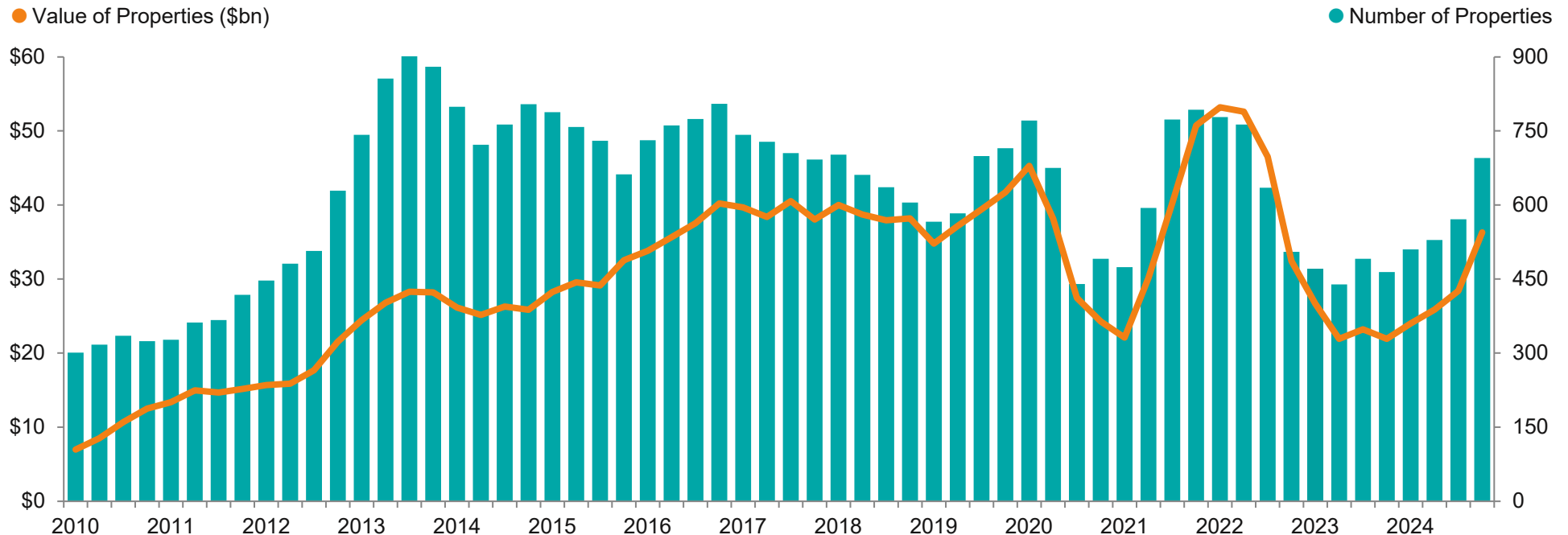


Source: NCREIF

# U.S. Private Real Estate Market Trends

Pricing and transaction volumes are increasing after bottoming

NCREIF Property Index Rolling 4-Quarter Transaction Totals



- Transaction volume is increasing on a rolling four-quarter basis yet remains below five-year averages.
- In 4Q24, transaction volume increased on a quarter-over-quarter basis. Transaction volume remains lower compared to 2022.
- The volatile rise in interest rates is the driving force behind the slowdown in transactions. Increasing transactions are driven by increasing confidence in multi-family and industrial values. Valuations have largely adjusted to increased borrowing costs.

Source: NCREIF

# Real Estate Market Conditions

## Headwinds



**Capital Markets:** Cost and availability of debt and loan maturities impacting values and transaction activity

**Hybrid/Remote Work:** Persistent shift in office usage patterns reduces long-term demand and leasing activity

**Political and Economic Uncertainty:** Post-election policy shifts, geopolitical uncertainty, and recession risks slow decision-making

**Tariffs and Trade Risk:** Tariff policies and related uncertainty can have a negative impact on industrial, particularly in port markets; retail also may be impacted

**Demographic Shifts:** Certain sectors could face headwinds due to demographic shifts, such as migration from cities to low-cost suburbs and declining college enrollment

## Tailwinds



**Constrained New Supply:** Elevated interest rates and construction costs are limiting new construction

**Aging Population:** Aging Baby Boomers driving demand for healthcare, while aging Millennials driving demand for single-family homes for rent

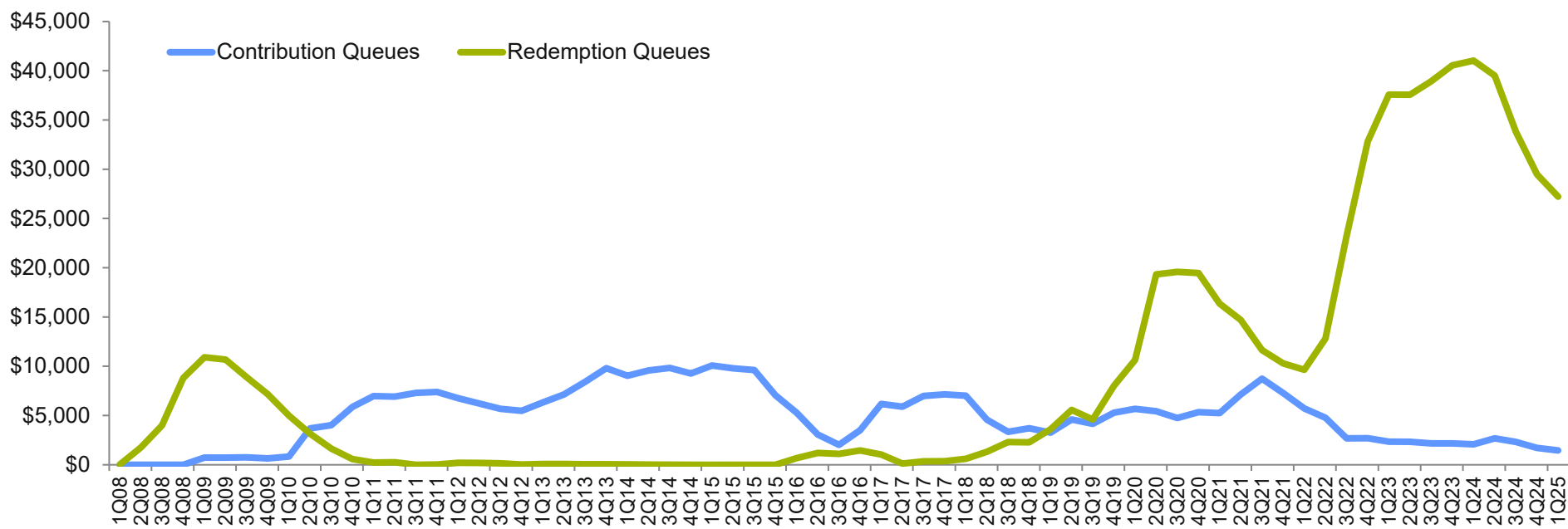
**Housing Shortage:** Chronic undersupply of housing and broader affordability concerns support strong fundamentals in residential sectors

**Industrial Demand:** Continued growth in online retail and onshoring/nearshoring is continuing to drive demand for logistics and distribution space

**Population Shifts:** Job and population growth in lower-cost, business-friendly Sunbelt markets are driving demand

# Entry and Exit Queues

## Core Fund Contribution/Redemption Queues (\$mm)



- One way to gauge demand is by the amount of capital flowing into core open-end funds.
- Current ODCE redemption queues are approximately 12.0%, with a median queue of 9.5%. Redemption queues are sharply decreasing after having peaked at 19.3% of NAV in 1Q 2024. For historical context, redemption queues in the post-GFC period peaked at approximately 15% of NAV.
- The decline in redemption queues has been driven by a combination of larger redemption payments and rescissions of redemption requests from a handful of funds with large redemption queues. In certain cases, this has been due to loyalty fee programs being instituted.

## ACERA Recent Investment Activity (2024 – 1H 2025)

- ▶ There were three individual capital commitments made during 2024 highlighted below. The strategies included core, value-add, and opportunistic funds. There have not been any capital commitments made in 2025 to date.
- ▶ As of December 31, 2024, there was approximately \$125 million in capital that remains to be drawn from these commitments.
- ▶ The portfolio expects the continued liquidation of older funds including CIM Urban REIT and AEW Partners VIII.

Fund	Strategy	Commitment Amount (\$mm)	Commitment Year
PGIM U.S. Real Estate Debt Fund	Core	\$50.0	2024
Heitman Value Partners VI	Value Add	\$50.0	2024
Starwood Distressed Opportunities Fund XIII	Opportunistic	\$50.0	2024

## 2025 / 2026 Investment Plan Recommendations and Actions

1

Callan recommends that ACERA increase its core position to bring it within the targeted range. This increase should focus on creating a broader diversified portfolio with top performing core managers. This may also include right sizing existing core managers. Net new commitments to the core real estate portfolio totaling approximately \$225 million in 2H 2025 and 1H 2026 will help maintain the real estate allocation target (target 8.2% of total plan) based on the real estate policy and pacing study.

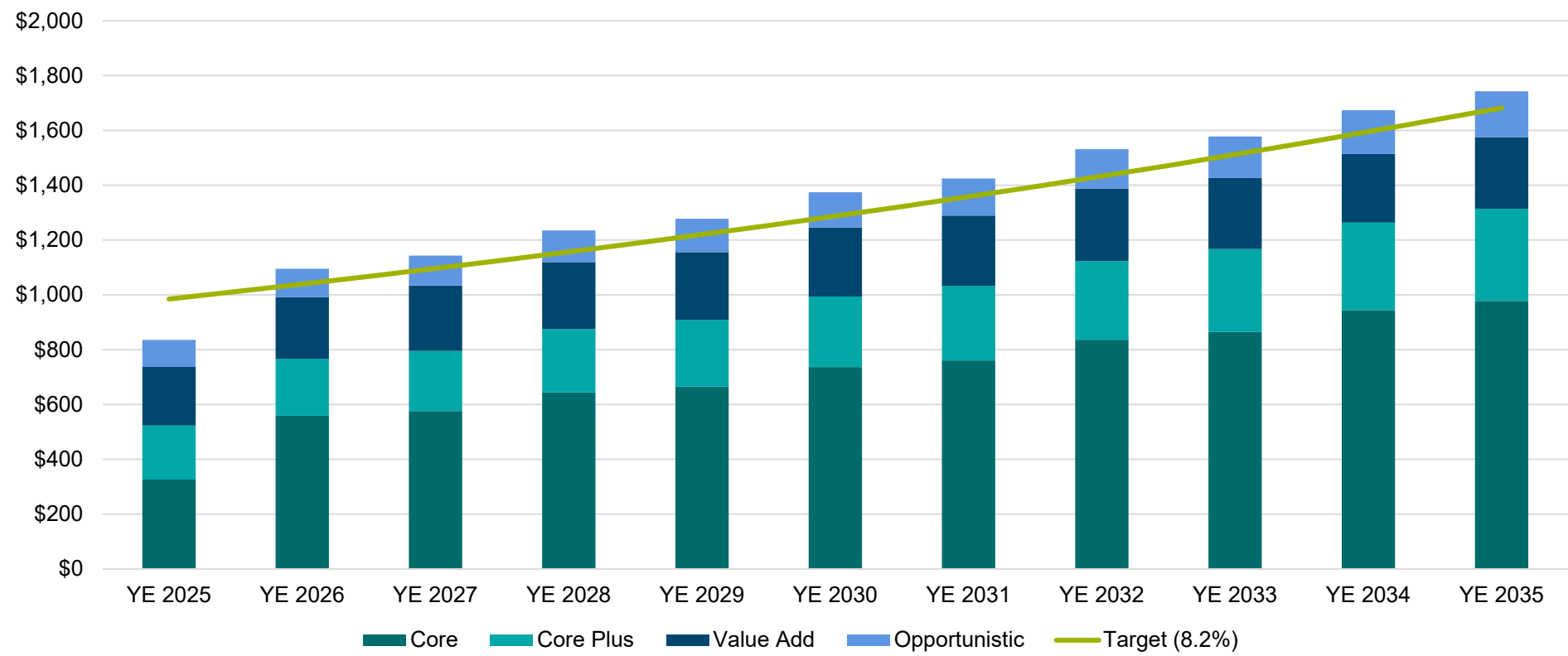
2

Callan recommends that ACERA continue to explore non-core real estate equity and debt investment opportunities in order to achieve and maintain vintage year diversification as the existing fund's return capital. This recommendation is dependent on the availability and quality of non-core funds in the market. Given the existing outstanding commitments, new commitments of \$50 million to \$100 million each year will help achieve and maintain the real estate allocation target based on the pacing study.

3

Callan recommends ACERA continue to seek emerging manager opportunities per the ACERA Emerging Investment Manager Policy (up to 10%). This may include broad, diversified strategies as well as specialized fund opportunities where the manager has a competitive advantage.

# Pacing Based on Recommended Commitments



— Based on the recommendation of new commitments to core real estate as well as continued commitments to non-core strategies, the real estate program is forecasted to remain near its 8.2% target.

Callan

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## **Policy Modifications**



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# ACERA Policy Review and Recommendations

## Recommendations

- Broaden the core allocation range from 60-100%; to 50-100%.
- Adjust the core-plus allocation range from 0-30%; to 10-40%.
- Other policy language adjustments:
  - Explicitly state the range for real estate equity positions is now 85-100%. (This is a result of the prior real estate policy allowing debt positions up to 15%)
  - Explicitly state the range for real estate domestic fund positions is now 85-100%. (This is a result of the prior real estate policy allowing international fund positions up to 15%)
  - Adjust the language, for when the portfolio concentration limit is out of compliance, that it must be explicitly reported to the board, as opposed to “approved” by the board.
  - Adjust the language, that requires a consultant onsite diligence visit for all recommendations, to upon request.

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Callan undertakes no obligation to update the information contained herein except as specifically requested by the client.

Past performance is no guarantee of future results.

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## About Callan

Callan was founded as an employee-owned investment consulting firm in 1973. Ever since, we have empowered institutional investor with creative, customized investment solutions backed by proprietary research, exclusive data, and ongoing education. Today, Callan provides advisory services to institutional investor clients with more than \$3 trillion in total assets, which makes it among the largest independently owned investment consulting firms in the U.S. Callan uses a client-focused consulting model to serve pension and defined contribution plan sponsors, endowments, foundations, independent investment advisers, investment managers, and other asset owners. Callan has six offices throughout the U.S. For more information, please visit [www.callan.com](http://www.callan.com).

# Callan

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TO: Members of the Investment Committee

FROM: Clint Kuboyama, Senior Investment Officer *Clint Kuboyama*

DATE: August 6, 2025

SUBJECT: Discussion and Possible Motion to Recommend that the Board Approve the Updated Absolute Return Policy

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**Recommendation:**

Approve the updated Absolute Return Policy.

**Background:**

Since the July 2024 adoption of the "Mix C" asset allocation for the Total Fund, the Investment Committee ("IC") has been reviewing and approving updates to the investment policies of the private markets asset classes. The changes to these policies have primarily been related to the implementation of the "Mix C" asset allocation and the synching up of the language and content of the investment policies across the private asset classes.

The review and approval process conducted for these investment policy changes have been a two-step endeavor. First, Staff and NEPC have brought our proposed policy changes to the IC for review and discussion as an information item. For the Absolute Return ("AR") Policy, this first step occurred at the July 2, 2025 IC meeting. At this meeting, the IC was provided a memo that outlined the major proposed changes to the AR Policy, as well as a redline of the existing AR Policy that showed the proposed changes within it. These proposed changes were discussed at the meeting and no IC requests were made to alter the proposed changes.

Now, in the second step of the policy-updating process, Staff and NEPC are bringing back the same proposed changes to the IC as an action item to request IC/Board approvals for these changes. The major proposed changes are described in this memo and are identical to the proposed changes presented to the IC at the July 2, 2025 IC meeting. A redline of the existing AR Policy that shows the proposed changes is attached to this memo as "Attachment #1" and is also identical to the AR Policy redline presented to the IC at the July 2, 2025 meeting.

**Discussion/Proposed AR Policy Changes Highlights:**

**Change in Benchmark:** Staff and NEPC are proposing to change the AR asset class benchmark from the HFRI Fund of Funds Composite Index to the HFRI Fund of Funds Conservative Index. The performance characteristics of the AR Portfolio versus the two benchmarks from 1/1/22 to 3/31/25 are shown in Table 1 below:

Table 1: Estimated Return Characteristics of ACERA's AR Portfolio Versus HFRI Fund of Funds Conservative ("HFRI FOF Conservative") and Composite ("HFRI FOF Composite") Indexes (1/1/22 - 3/31/25)			
	ACERA AR Portfolio*	HFRI FOF Conservative	HFRI FOF Composite
Correlation to MSCI ACWI IMI	-0.3	0.6	0.8
Beta to MSCI ACWI IMI	0.0	0.1	0.2
Annualized Net Return	7.6%	3.9%	2.7%

\*ACERA AR Portfolio calculations exclude Blue Owl GP Stakes II (4.0% of the AR Portfolio as of 3/31/25) because this investment reports results on a quarterly basis unlike the other investments, which report on a monthly basis. Monthly returns were used for these calculations.

The proposed change in the AR asset class benchmark reflects a desire to have a benchmark with less correlation with, and beta to, the equity markets than the existing benchmark (HFRI Fund of Funds Composite Index). By changing the benchmark to the HFRI Fund of Funds Conservative Index, the new benchmark would be more closely aligned with the AR Portfolio's characteristics and would be a little more challenging to outperform. Accordingly, the related changes in the AR Policy redline are shown in Sections IV ("TYPES OF ABSOLUTE RETURN INVESTMENTS"), V ("STRATEGIC OBJECTIVE OF ABSOLUTE RETURN STRATEGIES"), VII ("SPECIFIC GUIDELINES FOR ABSOLUTE RETURN PORTFOLIO"), and X ("SPECIFIC PERFORMANCE EVALUATION CRITERIA"), as well as in Appendix III ("Compliance Checklist Template for Absolute Return Investment Selection").

***Change in AR Asset Class Target Weighting and Weighting Range:*** Per the "Mix C" Total Fund asset allocation, the target weighting to the AR asset class has been lowered from 8% to 6%. As a result, this change is reflected across the AR Policy redline. We are also proposing a change to the range of the acceptable market-value weighting of the AR asset class in the Total Fund. Within the existing AR Policy, the target weighting of the AR asset class is 8% with a range of 4% - 10%. We are proposing a target weighting range of +/- 3% from the 6% target weighting (i.e., 3% - 9%). This range would allow sufficient flexibility for overweights and underweights to the asset class. Within the AR Policy redline, the related proposed changes are found in Section VI ("STRATEGIC ALLOCATION TO ABSOLUTE RETURN PORTFOLIO") and Appendix III ("Compliance Checklist Template for Absolute Return Investment Selection").

***Delegated Authority Limits for Investments with New Managers & Re-Ups with Existing Managers:*** In the existing Sections VIII-B ("ROLES AND RESPONSIBILITIES-Investment Committee") and VIII-C ("ROLES AND RESPONSIBILITIES-Staff"), the language related to the size of investments that can be made under delegated authority has two, size-limit measures with the lesser measurement ultimately establishing the limit. For example, for AR investments with new managers to the AR Portfolio, an investment commitment can be "up to 5% of the target allocation to the total AR Portfolio or \$25 million (whichever is lesser)." For re-ups with existing managers in good standing, the delegated-authority language in the existing AR Policy states that, "an individual commitment in addition to the existing commitments, up to 10% of the target allocation to the total AR Portfolio or \$50 million (whichever is lesser)."

Staff and NEPC are proposing to eliminate the static limits (i.e., \$25 million for investments with new managers and \$50 million for total commitments for re-ups with existing managers), along with the "whichever is lesser" language such that the delegated authority limits will be 5% and 10% of the target allocation to the AR Portfolio for investments with new managers and total commitments for re-ups with existing managers in good standing, respectively. These proposed changes would allow for the delegated authority limits to move with the Total Fund's (and therefore the asset class's) value. Moreover, having these more flexible, percentage-based, delegated authority limits would also align the language with the delegated authority language in the recently updated, Board-approved Private Credit, Private Equity, and Real Assets Policies. Based on the Total Fund's preliminary 6/30/25 (after the \$400 million-pre-funding inflow) value of \$13.16 billion, the 5% and 10% delegated authority limits for commitments to new managers in the AR Portfolio and aggregate commitments with existing managers would equate to approximately \$39.5 million and \$79.0 million, respectively. The proposed changes can be found in Sections VIII-B and VIII-C of the redlined AR Policy.

***Delegated Authority on Continuation Funds Associated with Existing Funds:*** Continuation funds are less likely to occur in the AR asset class versus ACERA's other private asset classes because each of the existing AR investments are in perpetual vehicles. However, proposed language has been added to the AR Policy redline to provide Staff with the authority to make the decision on continuation vehicles related to existing investments if they arise, provided the decision is in-line with the Consultant's recommendation and following sufficient due diligence by Staff and Consultant. Adding this proposed language also synchs up the delegated authority language of the AR

Policy with the recently updated Private Credit, Private Equity, and Real Assets Policies. Accordingly, Sections VIII-C (“ROLES AND RESPONSIBILITIES-Staff”) and Section VIII-D (“ROLES AND RESPONSIBILITIES-Consultant”) have been updated to include proposed delegated-authority language related to continuation vehicles associated with existing funds.

**Conclusion:**

In order to align the AR Policy with the adoption of the “Mix C” Total Fund asset allocation, synch up its language with the other, recently updated Private Credit, Private Equity and Real Assets Policies, and adopt a benchmark that is better aligned with the return characteristics of the AR asset class, Staff and NEPC recommend that the IC/Board approve the updated AR Policy.

**Attachment:**

#1      Redlined ACERA Absolute Return Policy, prepared by Staff and NEPC

**Alameda County Employees'  
Retirement Association**

**ACERA**

**ABSOLUTE RETURN POLICY**

Amended ~~TBD~~ July 15, 2021



# ACERA ABSOLUTE RETURN POLICY

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## I. SCOPE

This Absolute Return Policy (“AR Policy”) governs all investments in the Absolute Return asset class made by Alameda County Employees’ Retirement Association (“ACERA”).<sup>1</sup> The investments governed under this AR Policy ~~were previously governed by the PEARLS Policy which was established on September 18, 2008, and~~ are subject to all provisions of applicable law and the applicable limitations and requirements of ACERA’s General Investment Guidelines, Policies and Procedures<sup>2</sup>. If there is any conflict between this AR Policy and ACERA’s General Investment Guidelines, Policies and Procedures pertaining to investments in the Absolute Return Asset Class, ~~this~~ AR Policy ~~controls~~ prevails. The ACERA Board (“Board”) reserves the right to amend, supplement, or rescind this AR Policy at any time.

## II. PURPOSE

The purpose of this AR Policy is to 1) set forth the Absolute Return policies and guidelines which are deemed to be appropriate and prudent; 2) establish criteria against which Absolute Return investment opportunities are to be measured; and 3) ~~serve as a review document to provide guidance for~~ the ongoing oversight of ACERA’s Absolute Return Portfolio (“AR Portfolio”) ~~on a consistent basis~~. The AR Policy also defines ~~the~~ roles and responsibilities of the Board, the ACERA Investment Committee (“Investment Committee”), the ACERA Staff (“Staff”), the ACERA Absolute Return Consultant (“Consultant”), and the Absolute Return Investment Managers hired by ACERA to manage its assets (“Investment Managers”).

It is expected that this AR Policy will be a living document and that changes will be made from time-to-time to reflect experience, evolving investment products, and opportunities and changes in the economic and capital market environment.

## III. LEGAL AUTHORITY

This AR Policy is established in accordance with Article XVI, Section 17 of the California Constitution and California Government Code sections 31594 and 31595, which establish the exclusive authority and fiduciary responsibility of the Board for the investment and administration of the ACERA Trust Fund (“Fund”).

## IV. TYPES OF ABSOLUTE RETURN INVESTMENTS

For ~~purpose of~~ this AR Policy, Absolute Return strategies are defined as non-traditional investments which are intended to generate a return stream that has a low correlation to equity markets. ~~Such~~ These investments are generally expected to have a correlation to the equity markets at a level of 0.5 or less, and are expected to provide downside protection in falling equity markets. Further, these investments in aggregate should not have a correlation to the equity markets that exceeds the

<sup>1</sup> See ACERA’s Private Equity Investment Policy, Real Estate Policy, Private Credit Policy, and Real Assets Policy for investments in other asset classes.

<sup>2</sup> Absolute Return investments were governed by the PEARLS Policy from the establishment of the PEARLS Policy on September 18, 2008 until the Absolute Return Policy was instituted on September 21, 2017.

HFRI<sup>3</sup> Fund of Funds ~~Conservative~~~~Composite~~ Index.<sup>4</sup> Eligible Absolute Return investments include fund of hedge funds<sup>5</sup>; and other alternatives/opportunistic strategies. These investments are privately placed investments.

ACERA may consider investing in these assets if, and only if, the vehicles meet all standards ~~set forth in this~~ ~~pursuant to the~~ AR Policy. Absolute Return investments may be denominated in U.S. dollars or other currencies.

## V. STRATEGIC OBJECTIVE OF ABSOLUTE RETURN STRATEGIES

The Board believes the Fund's overall returns can be enhanced, on a risk-adjusted basis, by investing a portion of its assets in Absolute Return strategies. The strategic objective of such investments is to: 1) generate superior returns commensurate with risk taken using strategies that have a low correlation to the equity markets; 2) enhance ACERA's long-term, risk-adjusted return and provide additional diversification to ACERA's overall investment Fund; and, 3) generate total AR Portfolio returns at or above the HFRI Fund of Funds ~~Conservative~~~~Composite~~ Index (net of all fees and expenses).

## VI. STRATEGIC ALLOCATION TO ABSOLUTE RETURN PORTFOLIO

The long-term target allocation to the AR Portfolio, as measured by the Net Asset Value of the portfolio and not by dollars committed to the underlying Investment managers or funds, is ~~68%~~ of the Total Fund. The allocation to the AR ~~P~~portfolio can range from ~~34.0%~~ to ~~940.0%~~, with exposure to the sub-asset classes as follows:

Portfolio	Long-Term Target Allocations	Min./Max. Ranges
<b>Absolute Return Portfolio</b>	<b><del>68.0%</del></b>	<b><del>34.0%</del> to <del>940.0%</del></b>
- <i>Fund of Hedge Funds</i>	<i>80%</i>	<i>50% to 100%</i>
- <i>Other Alternatives/ <del>Opportunistic</del></i>	<i>20%</i>	<i>0% to 50%</i>
<b>Total</b>	<b><del>68.0%</del></b>	<b><del>34.0%</del> to <del>940.0%</del></b>

<sup>3</sup> HFRI stands for Hedge Fund Research, Inc.

<sup>4</sup> Fund of (Hedge) Funds invest with multiple managers through funds or managed accounts. The strategy designs a diversified portfolio of managers with the objective of significantly lowering the risk (volatility) of investing with an individual manager. The Fund of (Hedge) Funds manager has discretion ~~to choose in choosing in which the investment~~ strategies ~~to invest~~ for the portfolio. A manager may allocate funds to numerous managers within a single strategy, or ~~to with~~ numerous managers in multiple strategies. The minimum investment in a Fund of (Hedge) Funds may be lower than an investment in an individual hedge fund or managed account. ~~Using a Fund of (Hedge) Funds strategy, an The investor can has the advantage of establish~~ diversification among managers and styles with significantly less capital than ~~in direct investments investing~~ with separate managers. ~~Source is: www.hedgefundresearch.com/hfri-indices-index-descriptions~~

<sup>5</sup> Structures customized to ACERA's objectives, such as custom fund of hedge funds (aka hedge fund of ones), are preferred all else being equal.

Portfolio construction will be designed to produce a diversified mix of total returns, subject to the guidelines and constraints outlined under each sub-category [in Section VII](#) below. As with any investment, invested capital may incur losses of all or part of the capital invested, [however](#), it is expected that a diversified AR Portfolio will produce a positive return commensurate with risks taken through the harnessing of return sources that are generally uncorrelated to the equity markets over the long term (typically full market cycle). Risks associated with this Portfolio include, but are not limited to, leverage, shorting, frequent trading, lack of transparency, and lower liquidity compared to long-only investments in public markets. The risks associated with the AR Portfolio will be viewed within the context of the entire Fund. ACERA may take on over- and under-weights to sub-asset classes within the AR Portfolio to improve its risk/return posture based upon an assessment of the relative attractiveness of all available opportunities.

## VII. SPECIFIC GUIDELINES FOR ABSOLUTE RETURN PORTFOLIO

ACERA will gain exposure to Absolute Return investments by hiring external ~~I~~investment ~~M~~managers either directly or through a fund-of-hedge-funds vehicle. [Overall](#), it is expected that the AR Portfolio will produce returns approximately equal to or greater than the HFRI Fund of Funds ~~Conservative Composite~~ Index over a market cycle, net of all fees and expenses. It is furthermore expected that the pattern of the returns generated across the AR Portfolio will provide additional diversification, i.e., exhibit a low correlation to the equity markets, the Private Equity Portfolio and the rest of the ACERA investment portfolio.

At the AR Portfolio level, the maximum that can be invested in an individual strategy (fund) is 25% of the target allocation to the AR Portfolio, and the maximum that can be invested with a given manager is 50% of the target allocation to the AR ~~P~~portfolio. Descriptions of subcategories of the AR Portfolio and their guideline constraints are listed below:

### 1. Fund-of-Hedge-Funds (FOHF) Strategies

Description: Investment in a diversified portfolio of hedge funds, with oversight and asset allocation determined by a ~~FOHF fund-of-hedge-funds~~ manager. The focus of this AR Policy's FOHF strategies is on maximizing alpha across different asset classes and investment strategies. These portfolios are not typically constrained to an individual asset class, but are intended to augment total return to the ~~Fundplan~~ by utilizing proprietary strategies. These may include, but are not limited to: long/short equity, event driven, convertible arbitrage, equity market neutral, fixed income arbitrage, macro, and other hedge fund strategies. ACERA's AR Portfolio will utilize ~~FOHF investments fund of hedge funds~~ whose fees are better aligned with investor interests (lower fee options).

Investment Constraints: Individual FOHF investments have a target allocation of 40% of the ~~target value of the~~ AR Portfolio ~~value~~ but can range in size between 10% and 50%.

### 2. Other Alternative Investments/Opportunistic

Description: Other Alternative Investments/Opportunistic include a wide range of innovative, uncorrelated, and/or non-traditional investments that generally fall outside of ACERA's ~~other previously identified~~ asset classes (i.e. ~~global domestic~~ equities, ~~private equity, international equities,~~ fixed income, ~~private credit,~~ real estate, real assets, and cash). The unique attributes of these investments should contribute to the achievement of the overall return and diversification objectives of the AR Portfolio. Because the AR Portfolio is intended to respond opportunistically to attractive prospects as they arise, not all potential investments can be identified at present. The investment categories of Other Alternative Investments/Opportunistic include, but are not limited to, currency, interests in equity or revenues of ~~I~~investment ~~M~~managers, and other "best ideas" uncorrelated approaches, etc.

Investment Constraints: Investment constraints are subject to the specific investment selected. Maximum strategy/manager positions are targeted to be smaller than for fund-of-hedge-funds strategies within the AR Portfolio, but can individually range up to 25% of the target value of the AR Portfolio.

## VIII. ROLES AND RESPONSIBILITIES

The delineation of roles and responsibilities is important for effective administration of ACERA's AR Portfolio. The duties and responsibilities of the Board, Investment Committee, Staff, Consultant, and Investment Managers are stated below:

### A. Board

The Board shall be responsible for approving the AR Policy that governs the AR Portfolio and for approving the investment plans of ACERA's AR Portfolio. The Board, with input from the Investment Committee, shall review this AR Policy to determine whether amendments are necessary. The Board shall also be responsible for reviewing and approving all AR investments with individual commitments exceeding Staff's delegated authority as described in subparagraph C below.

### B. Investment Committee

The Investment Committee shall be responsible for the following:

1. Establishing the AR Policy to govern all investments in the Absolute Return asset class;
2. Reviewing the AR Policy, evaluating proposals for the AR Policy amendments, if any, and making recommendations for approval by the Board;
3. Reviewing and approving the investment plan of ACERA's ~~AR Portfolio every 1 to 3~~ years;
4. Reviewing Absolute Return investments recommended by Staff and/or Consultant and making recommendations to the Board for adoption; and
5. Delegation<sup>6</sup>:

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<sup>6</sup> Investment manager may not appear before the Investment Committee in circumstance when Staff has exercised its delegated authority.

- a. Delegating to Staff the authority to make final decisions on new proposed Absolute Return investments with an individual commitment up to 5% of the target allocation to the total AR Portfolio ~~or \$25 million (whichever is lesser)~~.
- b. Delegating to Staff the authority to make final decisions on proposed “re-up” Absolute Return investments with existing managers in good standing, ~~on~~ an individual commitments in addition to the existing commitments within AR Portfolio, up to 10% of the target allocation to the total AR Portfolio, ~~or \$50 million (whichever is lesser)~~.

### C. Staff

Staff shall be responsible for oversight and administration of ACERA’s AR Portfolio. Staff’s responsibilities shall include, but not be limited to, the following:

1. Developing and recommending ~~all~~ necessary changes to the AR Policy, with input from Consultant;
2. Developing and maintaining ~~any specific~~ procedures needed, ~~if necessary~~, to comply with the ~~approved~~ AR Policy, with input from Consultant;
3. Developing ~~the~~ investment plans ~~for~~ ACERA’s AR Portfolio and submitting making recommendations such planst to the Investment Committee for adoption, with recommendations and input from Consultant;
4. Delegation<sup>7</sup>:
  - a. Approving Consultant’s Absolute Return investment proposals (new proposals) with each individual commitment up to 5% of the target allocation to the total AR Portfolio ~~or \$25 million (whichever is lesser)~~ upon completion of a thorough review and due diligence process with satisfactory results. Staff and Consultant shall provide the Investment Committee ~~all~~ required reports (please see Appendices I through III).
  - b. Approving Consultant’s Absolute Return investment proposals for “re-ups” with existing managers with each individual commitment in addition to the existing commitments within the AR Portfolio, up to 10% of the target allocation to the total AR Portfolio ~~or \$50 million (whichever is lesser)~~ to ~~M~~managers in good standing<sup>8</sup> upon completion of a thorough review and due diligence process with satisfactory results. Staff and Consultant shall provide the Investment Committee all required reports (please see Appendices I through III).
  - c. When the investment manager or general partner of existing investment vehicles offer related continuation vehicles (aka “continuation funds”), following a thorough evaluation of the investment options related to the continuation vehicle (i.e., subscribing to the continuation vehicle, receiving liquidity, or, in some cases, both), and in alignment with Consultant’s recommendation, approving of investment in continuation vehicles or other related options such as receiving liquidity (i.e., receiving cash proceeds for the investments that are to be transferred into the continuation vehicle);

<sup>7</sup> Investment manager may not appear before the Investment Committee in circumstances when Staff has exercised its delegated authority

<sup>8</sup> An investment manager will~~may~~ be considered to be in good standing if there is sufficient comfort with factors including, but not limited to, its organization, strategy, performance, and compliance.

~~b.~~

5. Through the Investment Products and Services Introduction (IPSI) program of ACERA, and with the concurrence of the Consultant, recommend highly qualified AR investments to the Investment Committee or approve investments under delegated authority upon completion of a thorough ~~review and the~~ due diligence process and the requisite reporting, and providing the required reports listed in the Appendix I of this AR Policy to Staff and/or the Investment Committee. (Please see Appendices I through III);
6. Monitoring the AR Portfolio for performance and compliance with the AR Policy;
7. Monitoring the performance of the underlying Investment Managers and their compliance with a) the investment guidelines as set forth in their respective contracts; b) this AR Policy; and c) applicable requirements of ACERA's General Investment Guidelines, Policies and Procedures;
8. Conducting comprehensive reviews of ACERA's ~~AR~~ Portfolio and the individual investments in the Portfolio;
9. Reporting to the Investment Committee any violations of the AR Policy with appropriate recommendations;
10. Assisting ACERA's legal department in contract negotiations with the selected Investment Managers;
11. Evaluating Absolute Return investment opportunities, with Consultant's input, on an on-going basis; and
12. Evaluating and making recommendations for retention, additions to, and termination of Investment Managers.

#### D. Consultant

The Consultant hired by the Board is a fiduciary to ACERA and its Board. Consultant shall independently and continuously monitor and analyze the performance of ACERA's AR Portfolio and make related recommendations to serve the best interests of the ~~Fundplan participants.~~ Consultant shall assist Staff in developing the AR Policy and recommending all necessary changes to the AR Policy. In addition, Consultant shall be responsible for:

1. Analyzing the asset allocation of the ~~AR~~ Portfolio by type, implementation vehicle, and underlying strategies, and making recommendations for reallocation of assets, as appropriate;
2. Developing an investment plan for ACERA's AR Portfolio every 1 to 3 years;
3. Developing a search strategy for highly qualified Absolute Return investments and maintaining a robust database containing information on Investment Managers;
4. Recommending highly qualified Absolute Return fund investments to Staff and/or the Investment Committee upon completion of a thorough due diligence process and providing the required reports listed in the Appendix I of this ~~AR~~ Policy to Staff and/or the Investment Committee;
5. When continuation vehicles are offered related to existing investment vehicles, and following a thorough evaluation of the related investment options, recommending to Staff which investment option is most suitable for the AR Portfolio;
- ~~4.~~
- 5.6. Ongoing monitoring of the investment performance of ACERA's ~~AR~~ Portfolio and individual investments in the AR Portfolio;



- 6.7. Conducting ongoing due diligence on Investment Managers, notifying ACERA of any significant developments and adverse events and providing analysis and advice on such issues;
- 7.8. Ongoing monitoring of Investment Managers' compliance with a) their respective investment guidelines as set forth in their contract; b) this -AR Policy; and c) applicable requirements of ACERA's General Investment Guidelines, Policies and Procedures;
- 8.9. Assisting Staff in contract negotiations with the selected Investment Managers, as needed;
- 9.10. Submitting performance evaluation reports and conducting comprehensive reviews of the AR Portfolio ~~and individual Investment Managers~~ semi-annually with the Investment Committee and on individual Investment Managers, ~~and~~ when appropriate, quarterly to the Investment Committee;
- 10.11. Making recommendations for retention or termination of Investment Managers;
- 11.12. Attending Investment Committee and Board meetings as needed; and
- 12.13. Performing other duties in accordance with the terms of its contract and applicable State and Federal law.

#### E. Investment Managers

Investment Managers are fiduciaries and shall prudently manage ACERA's assets in the best interests of ACERA and its members. Investment Managers shall abide by all applicable policies and procedures established by ACERA and fully comply with applicable law. Investment Managers shall be responsible for compliance with a) the specific investment guidelines as set forth in their respective contracts; b) this AR Policy; and c) applicable requirements of ACERA's General Investment Guidelines, Policies and Procedures. Investment Managers shall be responsible for all aspects of portfolio management as set forth in their respective contracts with ACERA. They shall also:

1. Communicate with Staff and/or Consultant promptly regarding investment strategy, investment results, and any non-conforming issues that may have significant and/or negative impact on the portfolio;
2. Cooperate fully with Staff, Consultant, ACERA's custodian, and other ACERA vendors concerning requests for information;
3. Submit reports to Staff and Consultant in accordance with their contract terms; and
4. Attend meetings as needed.

### IX. DUE DILIGENCE PROCESS: ABSOLUTE RETURN INVESTMENT SELECTION

ACERA recognizes that a proper due diligence process is essential to control the risks associated with AR investments and, therefore, hereby establishes the following due diligence processes for both its Consultant and Staff:

#### A. Consultant

Consultant shall conduct extensive, documented due diligence before making any Absolute Return investment recommendations to Staff and the Investment Committee. Consultant shall work closely with ~~involve~~ Staff in the due diligence process, as ne~~ed~~ed~~ecessary~~. For those



investments recommended to be included in the ACERA AR Portfolio, ~~When appropriate,~~  
Consultant's duties shall include, but not be limited to:

1. Assessing the reputation of the individuals who manage the ~~—~~Absolute Return investments, consider background checks, internet searches, and in-person meetings or conference calls with these individuals, etc.;
2. Conducting on-site visits to the offices of the Investment Managers;
3. Checking references ~~when appropriate~~ from other investors that have invested in these Absolute Return investments, and, when advisable, from competitors;
4. ~~Having Determining that~~ the ~~—~~Absolute Return investment funds ~~are~~ audited, at least annually, by a reputable and nationally recognized external independent auditing firm;
5. Reviewing Investment Managers' investment strategies, policies, operating procedures, and historical performance;
6. Analyzing the attribution of historical returns and the main return drivers of each strategy, as well as analyzing the suitability of each investment for ACERA's AR Portfolio.
7. Reviewing and understanding the business terms of all operational documents~~legal agreements~~ and other related documents for the ~~—~~Absolute Return investments under consideration, such as the offering memorandum, operational ~~legal~~ agreements, and Forms ADV;
8. ~~Reviewing the investments for potential exposure to Unrelated Business Taxable Income (UBTI); and~~
9. Assessing what exit strategies exist to liquidate existing investments owing to poor performance or other threat to the investment (e.g. fraud and weak fund accounting procedures). ~~and, if necessary, to avoid future investments in similar funds.~~

#### B. Staff

Staff shall ensure that Consultant has conducted extensive, documented due diligence on all Absolute Return investment proposals recommended to Staff and the Investment Committee. Staff shall participate in Consultant's due diligence process as ~~when~~ appropriate, shall conduct its own independent due diligence, and shall also be responsible for:

1. Reviewing the comprehensive analysis report prepared by Consultant on its recommended Absolute Return investments;
2. Verifying the compliance of each recommended ~~—~~Absolute Return investment with the AR Policy, the ~~—~~investment plans for ACERA's AR Portfolio and other applicable investment policies;
3. Discussing all issues related to the recommended Absolute Return investments with Consultant and with Investment Managers to gain a thorough understanding of each strategy's primary return drivers, key terms, and investment guidelines, and determine the investment's suitability for ACERA's AR Portfolio;
4. Performing independent due diligence regarding the business, economic, and legal aspects of the proposed AR investment and in accordance with the Executive Summary (Appendix II) and the Compliance Checklist (Appendix III);
5. Completing Appendices II and III of this AR Policy document for each proposal;

6. Conducting an on-site due diligence visit to each manager's headquarters office whenever possible; and
7. Arranging presentations of select investment opportunities to the Investment Committee, as ~~applicable described under Section VIII.C.4.~~

#### X. SPECIFIC PERFORMANCE EVALUATION CRITERIA

~~When appropriate, the specific performance evaluation criteria, including but not limited to benchmarks, for Investment Managers will be established in the investment agreements between ACERA and individual Investment Managers.~~

Performance of the AR Portfolio, net of all fees and expenses, will be measured against the HFRI Fund of Funds Conservative Index.

#### XI. MONITORING AND REPORTING

Consultant and Staff will closely monitor and analyze the AR Portfolio so that the strategic objective of the Portfolio can be met.

Investment Managers shall submit all financial reportings to Staff, Consultant, ACERA's custodian, and other ACERA vendors in accordance with their respective contracts.

~~Consultant shall submit all reports to Staff in accordance with its contract terms and the AR Policy.~~

Consultant, in conjunction with Staff, shall perform evaluations of ACERA's AR Portfolio and the underlying Investment Managers semi-annually ~~and, when appropriate, quarterly~~. Consultant shall report the findings to Staff and the Investment Committee. Consultant shall submit monitoring reports to Staff in accordance with its contract terms and the AR Policy.

#### XII. ABSOLUTE RETURN INVESTMENT INFORMATION DISCLOSURE POLICY

ACERA is a public agency subject to state laws, including, without limitation, (a) the California Public Records Act (Cal. Govt. Code § ~~7920.0006250~~, *et seq.*)(the "Public Records Act"), which provides generally that all records relating to a public agency's business are open to public inspection and copying unless exempted under the Public Records Act, (b) the Ralph M. Brown Act (Cal. Govt. Code § 54950 *et seq.*)(the "Brown Act"), which provides generally for open meetings for local legislative bodies, and (c) the California Government Code Section 7514.7 (the Fee Disclosure Act"~~"Cal. Govt. Code § 7514.7"~~) which provides generally that public pension systems in California obtain and publicly disclose certain information regarding fees, expenses and returns from the alternative investment vehicles in which they invest. (See Appendix IV for details of the ACERA disclosure policy regarding its Absolute Return investments.)

#### XIII. TABLE OF AMENDMENT DATES

September 21, 2017  
July 15, 2021

## Appendix I

### List of Reports Required for Each Investment Recommendation/Approval

Name of Report	Source
Recommendation/Approval memo	Staff
Recommendation/Approval memo	Consultant
Executive Summary of the Fund	Consultant/*Staff
Compliance Checklist	Staff
Comprehensive Due Diligence Report (available to Trustees upon request)	Consultant
Manager Pitchbook	Investment Manager

**\*Note: Staff will provide an abbreviated Executive Summary Report that is available for review upon request by the Trustees.**

## Appendix II

### Executive Summary Report Template

**Fund Name**

**Section I: General Information**

Fund Name; Total AUM of the Firm; Total AUM in Strategy; Strategy Vehicles available; Fund Focus; etc.

**Section II: Investment Management**

Organization Structure; Management Group; Experience; Personnel Turnover; etc.

**Section III: Investment Strategy**

Investment Philosophy; Investment Strategy; Investment Process; Investment Objective; Key Investment Return Drivers; etc.

**Section IV: Risk Management**

Risk Control Methodology; Exit Strategy; etc.

**Section V: Investment Rationale**

**Section VI: Investment Concerns**

**Section VII: Performance (example)**

Benchmark:

Net Returns (%):

Periods Ending Date	YTD	1Year	3Years	5Years	Since Inception
Fund					
Benchmark					
Relative Performance: Account – Benchmark					

**Section VIII: Key Terms**

Fund Terms; Incentive Fees; -Management Fees; Other Fees; Capacity (if relevant); Lock Ups; Redemption Provisions; etc. ~~\*List of items to be addressed as appropriate. Data provided by Name as of Date; ICM Date~~

## Appendix III

### Compliance Checklist Template for Absolute Return Investment Selection

Target allocation to Absolute Return Portfolio: **68.0%** of the total Fund

**A. Policy for Absolute Return Portfolio Compliance**

**Fund Name**

**In**

#### 1. Permissible Legal Structures

Any legally permissible vehicle including, but not limited to, joint ventures, limited partnerships, and limited liability corporations, for strategies eligible in the AR Policy.	<i>Specific legal structure.</i>	<i>Yes, No or N/A</i>
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#### 2. Investment Methods

Separate accounts / Commingled funds Fund of hedge funds Other Alternatives/Opportunistic	<i>Specific investment methods.</i>	<i>Yes, No or N/A</i>
---	-------------------------------------	-----------------------

#### 3. Investment Characteristics

Absolute Return Investments may include, but not be limited to, fund of hedge funds, direct hedge funds that meet the AR Policy's criteria, and other alternatives/opportunistic investments.	<i>Specific investment type.</i>	<i>Yes, No or N/A</i>
<u>Fund of Hedge Funds</u> : Investment in a diversified portfolio of hedge funds, with oversight and asset allocation determined by a fund-of-hedge-funds manager. Focus is on maximizing alpha across different asset classes and investment strategies, including but not limited to, long/short equity, event driven, convertible arbitrage, relative value, market neutral, fixed income arbitrage, macro, and other strategies.	<i>Specific investment characteristics.</i>	<i>Yes, No or N/A</i>
<u>Other Alternatives/Opportunistic</u> : a wide range of innovative, uncorrelated and/or non-traditional investments that fall outside of <u>ACERA's other previously identified</u>		

asset classes and contribute to the overall return and diversification of the Alternatives Portfolio. Includes currency, interest in equity and revenue of managers, and other uncorrelated approaches.		
Alternatives may be denominated in U.S. dollars or other currencies.	<i>Specific currency denomination.</i>	<i>Yes, No or N/A</i>

#### 4. Return Expectation

<u>At the AR Portfolio Level, the</u> HFRI Fund of Funds <del>Conservative</del> Composite Index (net of all fees and expenses) over a market cycle	<i>Specific return target.</i>	<i>Yes, No, or N/A</i>
---	--------------------------------	------------------------

#### 5. Investment Correlation to Equities

<del>Absolute-Return</del> Portfolio: In aggregate, the Alternatives Portfolio is expected to have a return correlation to equities of $\leq 0.5$ , on average, and should not have a correlation to equities that exceeds that of the HFRI <u>Fund of Funds</u> <del>Conservative</del> FOF-Composite Index.	<i>Does the addition of this investment cause the aggregate correlation of the Absolute Return Portfolio to have a return correlation to equities of <math>\leq 0.5</math> or a correlation to equities that exceeds that of the HFRI <u>Fund of Funds</u> <del>Conservative</del>FOF-Composite Index?</i>	<i>Yes, No, or N/A</i>
--	--	------------------------

#### 6. Investment Allocations

<del>Absolute-Return</del> Portfolio: range <del>34%-910.0%</del> of the total Fund. <u>FOHF</u> : target 80%; range 50%-100%. <u>Other Alternatives/Opportunistic</u> : target 20%; range 0%-50%.	<i>Actual allocations to the <del>Absolute-Return</del> Portfolio and the underlying portfolios including specific commitment to the Investment Manager.</i>	<i>Yes, No, or N/A</i>
--	--	------------------------

#### 7. Investment Constraints

FOHF Investments: Target 40% of the target value of the AR Portfolio; range 10%- 50%.	<i>Specific commitment to the Investment Manager.</i>	<i>Yes, No or N/A</i>
Other Alternative Investments/Opportunistic Investments:		

Maximum 25% of the target value of the AR Portfolio.		
--	--	--

**B. Absolute Return Investment Plan for *YEARS***

**Approved: *DATE***

**Fund Name**

**In Compliance**

Specific Investment Plan	<i>Specific commitment to the Investment Manager.</i>	<i>Yes, No or N/A</i>
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## APPENDIX IV

### Details of Disclosure Policy For Absolute Return Investments (“AR Funds”)

1. Upon request, ACERA shall disclose : (i) the name, address and vintage year of each AR Fund; (ii) the dollar amount of capital committed to each AR Fund by ACERA since inception; (iii) the dollar amount of cash contributions made to each AR Fund by ACERA since inception; (iv) the dollar amount of distributions received by ACERA from each AR Fund on a fiscal yearend basis; (v) the market value of ACERA’s investment in each AR Fund on a fiscal yearend basis; (vi) each AR Fund’s net internal rate of return (“IRR”) since inception; (vii) the investment multiple of each AR Fund since inception; (viii) the dollar amount of total management fees and expenses paid on an annual fiscal yearend basis, by ACERA to each AR Fund; and (ix) the dollar amount of cash profit received by ACERA from the AR Fund on a fiscal yearend basis. (*See* Cal. Govt. Code § 7928.710(c)~~6254.26(b)~~.)

2. ACERA shall disclose at least once annually in a report presented at a meeting open to the public : (i) the fees and expenses that ACERA pays directly to the AR Fund, the AR Fund manager or related parties; (ii) ACERA’s pro rata share of fees and expenses not included in (i) that are paid from the AR Fund to the AR Fund manager or related parties; (iii) ACERA’s pro rata share of carried interest distributed by the AR Fund to the AR Fund manager or related parties; (iv) ACERA’s pro rata share of aggregate fees and expenses paid by all of the portfolio companies held by the AR Fund to the AR Fund manager or related parties; (v) the information outlined in Section 1, above, and (vi) the gross and net IRR of the AR Fund, since inception. (*See* Cal. Govt. Code § 7514.7.)

All other records regarding such Absolute Return investments shall be exempt from disclosure to the fullest extent permitted under applicable law.

Notwithstanding the preceding, or anything else in this Policy, ACERA reserves the right to withhold any record when “on the facts of the particular case the public interest served by not disclosing the record clearly outweighs the public interest served by disclosure of the record.” (*See* Cal. Govt. Code § 7922.000~~6255(a)~~.) This weighing process contemplates a case-by-case balancing test between competing public interests based on the facts presented as the statute has been interpreted by the courts.<sup>9</sup>

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<sup>9</sup> *Michaelis, Montanari & Johnson v Superior Court*, 38 Cal.4th 1065, 1071 (2006).





**To: Alameda County Employees' Retirement Association**

**From: NEPC Consulting Team**

**Date: August 6, 2025**

**Subject: Discussion and Possible Motion to Recommend that the Board Approve the 2025 Absolute Return Investment/Rebalancing Plan**

## Recommended Action – Approve the proposed rebalancing plan

### Background

ACERA's Board, Staff, and Consultant believe that the total plan's overall investment returns can be enhanced on a risk-adjusted basis by investing a portion of its assets in absolute return strategies. The strategic objective of such investments is to: 1) generate superior returns commensurate with risk taken using strategies that have a low correlation to the equity markets; 2) enhance ACERA's long-term, risk-adjusted return and provide additional diversification to ACERA's overall investment fund; and, 3) generate total AR portfolio returns at or above its Hedge Fund Research Indices (HFRI) benchmark. The long-term target for these absolute return investments is 6% of the total fund.

### Proposed Rebalancing Plan

As of Thursday July 17, 2025, the total value of ACERA's investment portfolio was \$13,177,07,781. Its exposure to various asset classes was as follows:

Asset Allocation	Physical Exposure		Overlay Exposure		Total Exposure		Policy Target	Difference
	\$	%	\$	%	\$	%		
Global Public Equity	6.6 B	50.2%	332.2 M	2.5%	7.0 B	52.7%	48.0%	4.7%
Private Equity	934.7 M	7.1%			934.7 M	7.1%	11.0%	-3.9%
Safe Haven Fixed Income	1.3 B	10.2%	88.2 M	0.7%	1.4 B	10.8%	10.0%	0.8%
Risk Seeking Fixed Income	575.7 M	4.4%			575.7 M	4.4%	4.0%	0.4%
Private Credit	566.2 M	4.3%			566.2 M	4.3%	6.8%	-2.5%
Real Assets	805.4 M	6.1%			805.4 M	6.1%	6.0%	0.1%
Real Estate	878.8 M	6.7%			878.8 M	6.7%	8.2%	-1.5%
Absolute Return	1.0 B	7.9%			1.0 B	7.9%	6.0%	1.9%
Cash + Overlay	424.2 M	3.2%	(420.4) M	-3.2%	0.0 M	0.0%	0.0%	0.0%
<b>Total</b>	<b>13.2 B</b>	<b>100.0%</b>	<b>0.0 K</b>	<b>0.0%</b>	<b>13.2 B</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

Compared to its long-term policy targets, ACERA is currently overweighted to public markets and underweighted to most private markets. The ACERA Board has approved private market pacing plans intended to prudently increase its private market allocations over time. As that process plays out, NEPC and ACERA staff have noted that the plan's underweight to private credit is significantly greater than its overweight to public credit, even after accounting for the added overlay exposures. To help correct this, NEPC and ACERA staff jointly propose redeeming approximately \$174 million from the most liquid strategies across the absolute return portfolio, and investing the proceeds with Loomis Sayles, as we believe their fixed income strategy most closely approximates the risk-return profile of ACERA's private credit program. This rebalancing plan would decrease ACERA's overweight to absolute return strategies, while matching its current underweight to private credit

with an overweight to public fixed income. The table below shows how the investment portfolio could look post-rebalance, based on ACERA's investment balances as of July 17, 2025:

<u>"Mix C" Asset Allocation</u>	<u>Physical Exposure</u>		<u>Overlay Exposure</u>		<u>Total Exposure</u>		<u>Policy</u>	<u>Difference</u>
	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>Target</u>	
Global Public Equity	6.6 B	50.2%	332.2 M	2.5%	7.0 B	52.7%	48.0%	4.7%
Private Equity	934.7 M	7.1%			934.7 M	7.1%	11.0%	-3.9%
Safe Haven Fixed Income	1.3 B	10.2%	88.2 M	0.7%	1.4 B	10.8%	10.0%	0.8%
Risk Seeking Fixed Income	749.7 M	5.7%			749.7 M	5.7%	4.0%	1.7%
Private Credit	566.2 M	4.3%			566.2 M	4.3%	6.8%	-2.5%
Real Assets	805.4 M	6.1%			805.4 M	6.1%	6.0%	0.1%
Real Estate	878.8 M	6.7%			878.8 M	6.7%	8.2%	-1.5%
Absolute Return	861.0 M	6.5%			861.0 M	6.5%	6.0%	0.5%
Cash + Overlay	424.2 M	3.2%	(420.4) M	-3.2%	3.8 M	0.0%	0.0%	0.0%
Total	13.2 B	100.0%	0.0 K	0.0%	13.2 B	100.0%	100.0%	0.0%



To: Members of the Investment Committee

From: Stephen Quirk, Investment Officer *Stephen Quirk*

Date: August 6, 2025

Subject: Discussion and possible motion to recommend that the Board terminate Franklin Templeton – Public Equities

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### **Recommendation**

Staff, with the concurrence of NEPC, recommends the termination of Franklin Templeton (FT) International Small Cap (Public Equities) because of long-term underperformance.

### **Background**

FT is a San Mateo-based investment firm founded in 1947 with over \$1.5 trillion total assets across multiple asset classes. Managed by Harlan Hodes and incepted in 2001, International Small Cap was funded with \$140 million in May 2011 by ACERA. On December 1, 2022, FT was placed on ACERA's Watchlist (Notice of FT's Watchlist placement was included in the 12/14/22 ICM packet's Quarterly Managers' Report) for -0.2% since inception underperformance, according to the Investment Policy. As of 6/30/25, ACERA had \$315 million invested in the strategy (2.4% of the Total Fund); this International Small Cap mandate has a 3.5% target within the Public Equity asset class.

### **Discussion**

FT's long-term underperformance record (as of 6/30/25) with ACERA is shown below. Please also see Attachment #1 for the composite performance.

	1 Yr	5 Yr	10 Yr	Inception
FT (net)	9.6%	7.2%	4.3%	5.0%
Benchmark	18.3%	11.1%	6.9%	5.8%
Underperformance	-8.8%	-3.9%	-2.6%	-0.8%

Staff considered issuing a replacement RFI but because of a potential upcoming public equity restructure evaluation prompted by the latest Asset Allocation approved by the Board in 2024, moving the proceeds from FT's current account into a passive vehicle temporarily is considered optimal at this time. While timing is uncertain, the restructure evaluation, as currently anticipated, is estimated to be completed within the next six months.

### **Conclusion and Next Steps**

Staff recommends the termination of FT and that the cash redemption proceeds be invested via the asset overlay program according to the Asset Allocation policy targets. Staff, with the concurrence of NEPC, has notified FT of this possible termination as a recommendation on the August 6<sup>th</sup> ICM agenda and we expect FT to attend the named ICM to answer any questions that the Committee might have for the manager.

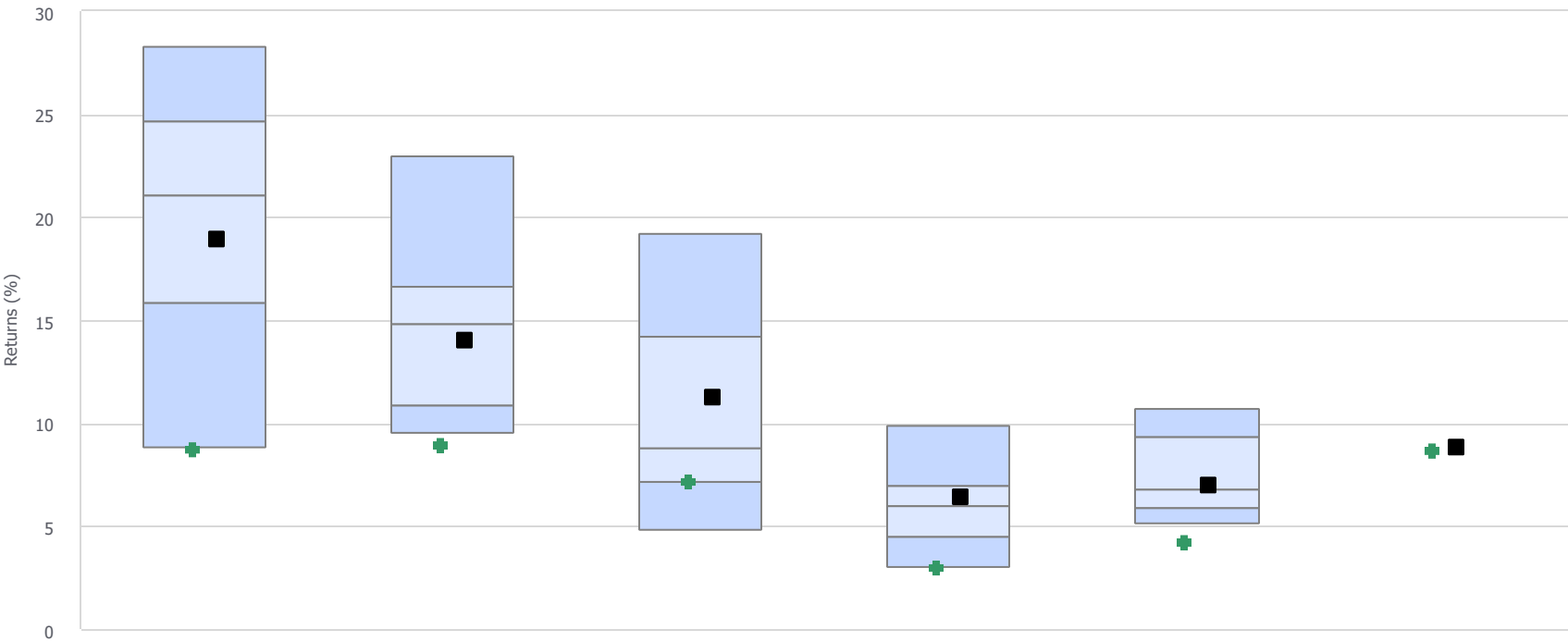
### **Attachments**

1. Composite Performance – prepared by Staff

# Composite Performance

Franklin Templeton International Small Cap (Net) 7/01 – 6/25

Trailing Performance

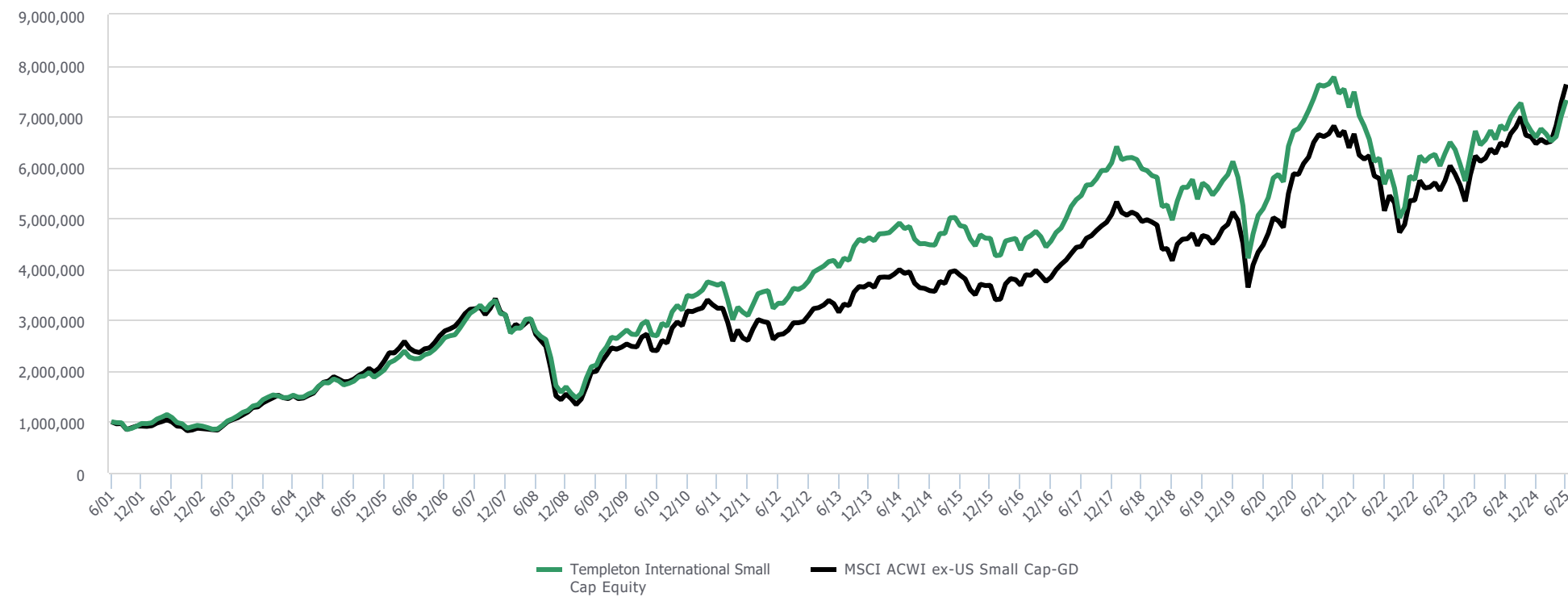


Universe: eVestment ACWI ex-US Small Cap Equity (Percentile)

	RM	1 Year		3 Years		5 Years		7 Years		10 Years		24 Years	
			Rk		Rk		Rk		Rk		Rk		Rk
5th percentile		28.3		22.9		19.2		9.9		10.7		8.6	
25th percentile		24.6		16.6		14.2		6.9		9.3		8.6	
Median		21.0		14.8		8.8		6.0		6.8		8.6	
75th percentile		15.8		10.8		7.1		4.5		5.9		8.6	
95th percentile		8.8		9.5		4.8		3.0		5.1		8.6	
# of Observations		25		24		21		18		16		1	
Franklin Resources, Inc.	N F	8.7	95	8.9	100	7.1	75	3.0	100	4.2	100	8.6	1
MSCI Index	IX	18.9	55	14.0	55	11.3	43	6.4	40	7.0	48	8.8	1

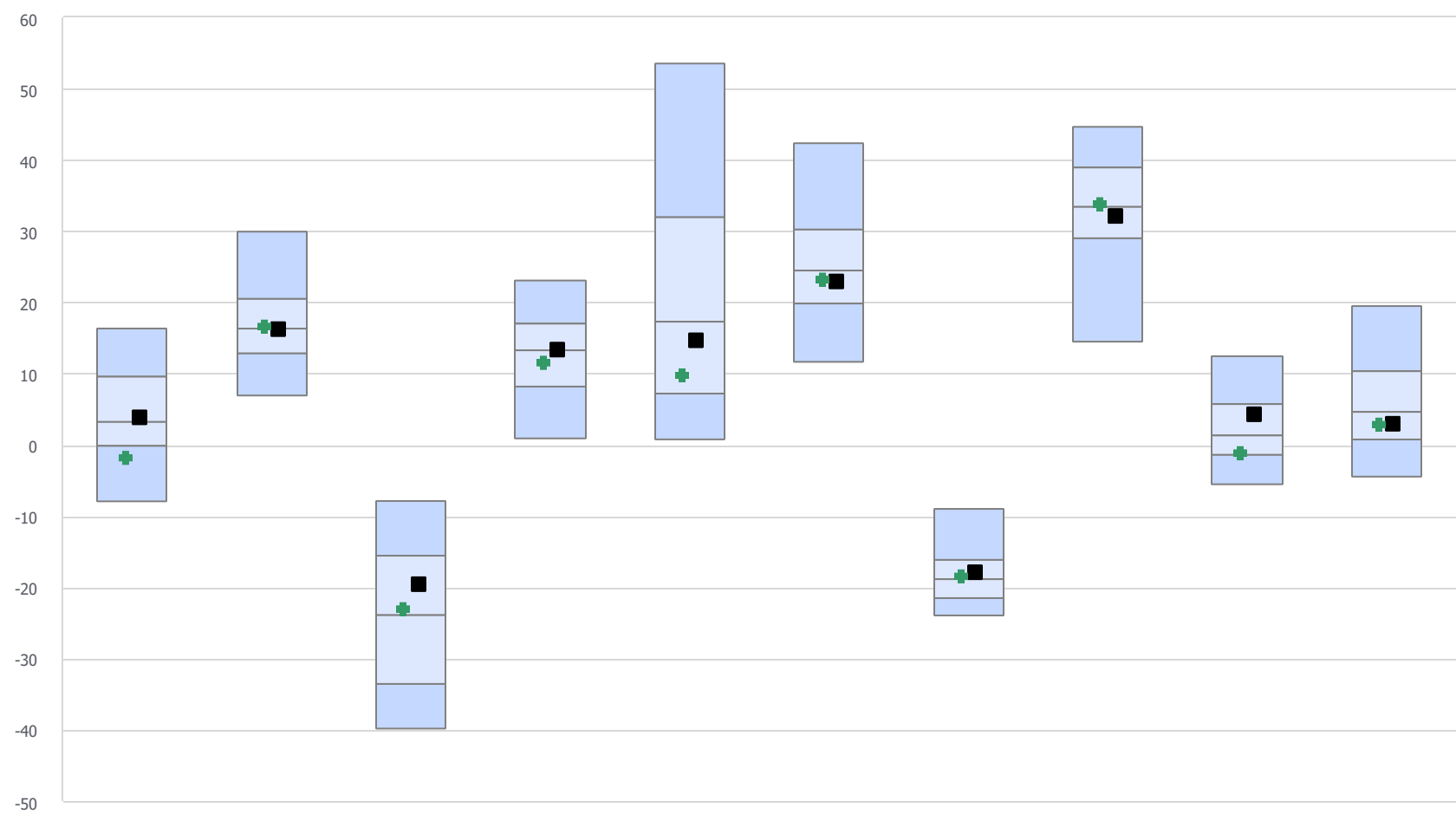
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Growth of \$100 (Common Time Period)



Firm Name	VT	Returns	Cumulative Returns	Excess Returns	Cumulative Excess
Franklin Resources, Inc.	S A	8.65	632.20	-0.19	-30.61
MSCI Index	IX	8.83	662.82	0.00	0.00

Calendar Year Performance

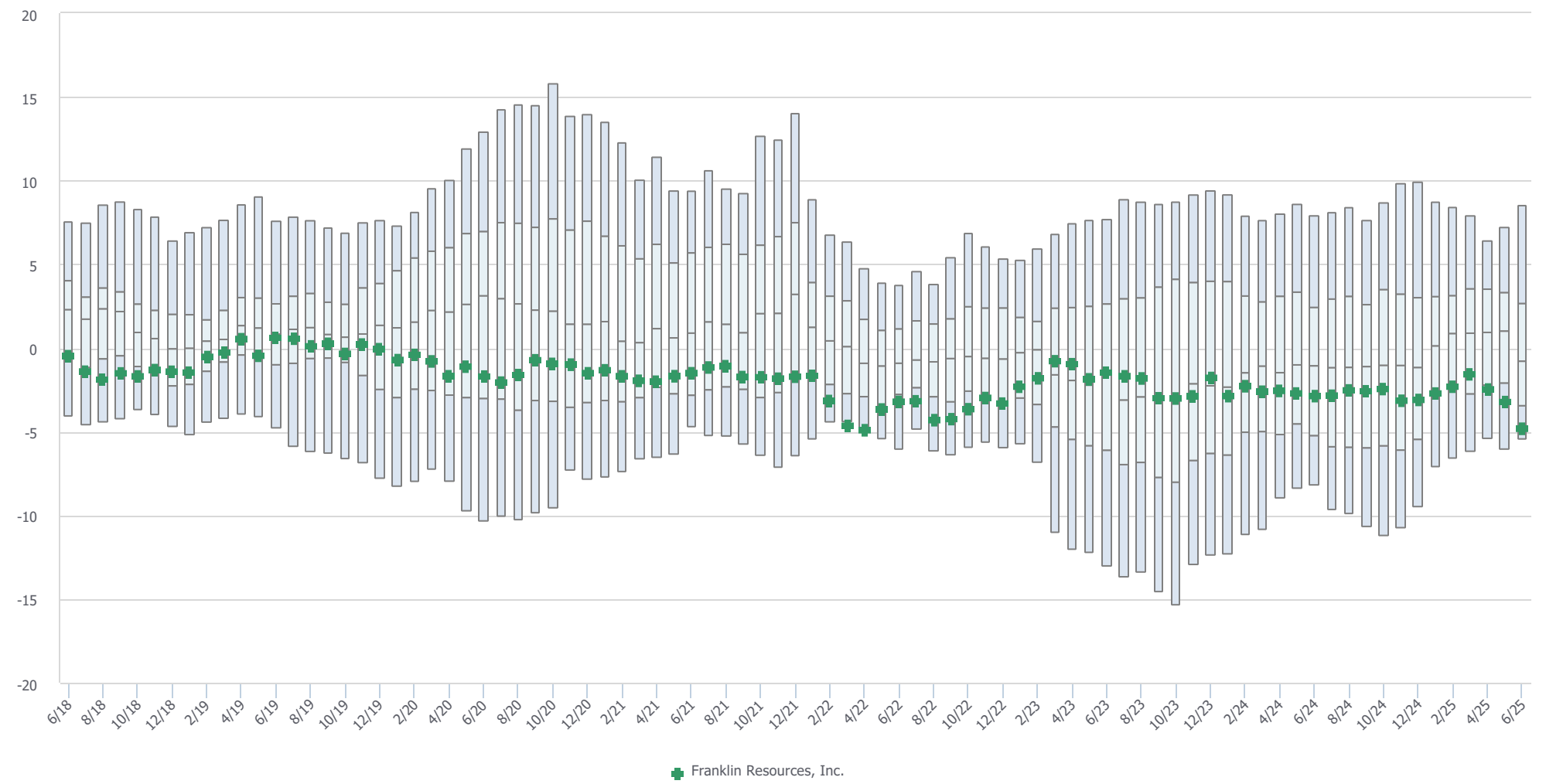


Universe: eVestment ACWI ex-US Small Cap Equity (Percentile)

	RM	2024		2023		2022		2021		2020		2019		2018		2017		2016		2015	
			Rk		Rk		Rk		Rk		Rk		Rk		Rk		Rk		Rk		Rk
Franklin Resources, Inc.	NF	-1.8	79	16.6	48	-23.1	44	11.5	62	9.7	68	23.2	52	-18.5	44	33.8	46	-1.2	73	2.8	55
MSCI Index	IX	3.9	45	16.2	50	-19.6	39	13.4	50	14.7	59	22.9	55	-17.9	38	32.1	67	4.3	35	3.0	54

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3-Yr Rolling Alpha



Universe: eVestment ACWI ex-US Small Cap Equity

MSCI ACWI ex-US Small Cap-GD

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