



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, September 11, 2019
9:30 a.m.

LOCATION	COMMITTEE MEMBERS	
ACERA C.G. "BUD" QUIST BOARD ROOM 475 14 TH STREET, 10 TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574	ELIZABETH ROGERS, CHAIR	ELECTED GENERAL
	DALE AMARAL	ELECTED SAFETY
	OPHELIA BASGAL	APPOINTED
	KEITH CARSON	APPOINTED
	JAIME GODFREY	APPOINTED
	LIZ KOPPENHAVER	ELECTED RETIRED
	HENRY LEVY	TREASURER
	NANCY REILLY	ALTERNATE RETIRED¹
	GEORGE WOOD	ELECTED GENERAL
	DARRYL L. WALKER	ALTERNATE SAFETY²
REMOTE LOCATION	TARRELL GAMBLE, VICE CHAIR	APPOINTED
FEDEX OFFICE PRINT & SHIP CENTER (INSIDE THE JW MARRIOTT HOTEL) 1331 PENNSYLVANIA AVE NW, WASHINGTON, DC 20004		

Should a quorum of the Board attend this meeting, this meeting shall be deemed a joint meeting of the Board and Committee.
The order of agenda items is subject to change without notice. Board and Committee agendas and minutes are available online at www.acera.org.

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

Note regarding accommodations: The Board of Retirement will provide reasonable accommodations for persons with special needs of accessibility who plan to attend Board meetings. Please contact ACERA at (510) 628-3000 to arrange for accommodation.

¹ 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 Elected Safety Member and an Elected General Member, are absent.

² Alternate Safety Member (Votes in the absence of (1) the Elected Safety, (2) either of the two Elected General Members, or (3) both the Retired and Alternate Retired Members).

INVESTMENT COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 2 of 2 – Wednesday, September 11, 2019

Call to Order: 9:30 a.m.

Public Input (Time Limit: 4 minutes per speaker)

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

1. Discussion of and Possible Motion to Recommend to the Board to Adopt an up to \$80 million Investment in Owl Rock First Lien Fund, L.P. as part of ACERA's Private Credit Portfolio³

9:30 – 10:15

James Clarke, Owl Rock Capital Private Fund Advisors LLC
Jean Joseph, Owl Rock Capital Private Fund Advisors LLC
Faraz Shooshani, Verus Advisory Inc.
Clint Kuboyama, ACERA
Betty Tse, ACERA

2. Discussion of and Possible Motion to Recommend to the Board to Adopt Amendments on ACERA's Emerging Investment Manager Policy

10:15 – 10:45

Margaret Jadallah, Verus Advisory Inc.
Thomas Taylor, ACERA
Betty Tse, ACERA

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

None

Trustee Remarks

Future Discussion Items

Establishment of Next Meeting Date

October 9, 2019 at 9:30 a.m.

³ 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. Codes § 6254.26 and § 6255.



TO: Members of the Investment Committee
FROM: Betty Tse, Chief Investment Officer 
DATE: September 11, 2019
SUBJECT: Discussion of and Possible Motion to Recommend to the Board to Adopt
Amendments on ACERA's Emerging Investment Manager Policy

Recommendation

Staff recommends amending the attached Emerging Investment Manager (EIM) Policy¹, as proposed by Staff, Callan, and Verus

Background

During the August 14, 2019 ICM, Staff, Verus, and Trustees discussed expanding the scope of the EIM Policy to include Real Estate, Real Assets and Private Equity. Accordingly, staff and Verus also discussed increasing the size of the Emerging Investment Manager program to “up to 5%” over the next 10 years from 1% of the Total Fund.

Discussion

The strategic objective of the EIM program is to add incremental value to the Total Fund through the hiring of the most talented emerging investment managers to manage ACERA's assets. Staff and Verus believe expanding the number of asset classes in the EIM Policy will enable ACERA to take advantage of opportunities outside of the traditional asset classes and; therefore, enhance potential of the EIM program to increase its value. Concurrent with the relevant comments made by the trustees at the August ICM, the following highlights the proposed revisions to the EIM Policy are as follows:

- Adding the following asset classes to the EIM Policy: Real Estate, Real Assets, and Private Equity. (See Section IV. Definition of Emerging Investment Managers, p3.)
- Increasing the allocation size to “up to 5%” of the Total Fund over the next 10-years. (See Section V (B) Emerging Investment Manager Program - Size, p4.)
- Investment managers selected for the EIM program will also be subject to the General Investment Guidelines Policies and Procedures, the Real Estate Investment Policy, the Real Assets Investment Policy, and the PE Investment Policy. (See Section I, Scope, p3; Section VII, Standards for Emerging Investment Managers, p5.)

¹ ACERA's Emerging [Investment] Manager Policy was established in March of 2007 with an allocation of 1% of the Total Fund in the U.S. equity asset class managed by Bivium. In 2008, ACERA funded roughly \$52 million to ACERA's All Cap U.S. Equity Manager-of-Managers account with Bivium Capital Partners, LLC (“Bivium”). Subsequently, on 10/11/2017, the Board changed Bivium's mandate to an international equity portfolio. Since that date, the Bivium account has grown from \$76.55 million to \$83.0 million as of July 31, 2019.



- Lastly, Staff recommends using the acronym of EIM versus EM so as to not confuse with the Emerging Markets (equity or debt markets.)

Conclusion

Institutional emerging investment managers are not limited to the traditional asset classes; there are several asset classes ACERA could potentially and additionally benefit from by broadening the scope of asset classes of this policy. Increasing the size allocation to “up-to-5%” over the next 10-years will help incorporate these opportunities.

Attachment

1. ACERA's Emerging Investment Manager Program Policy
2. Verus's Overview of Emerging Investment Manager Policy proposed changes.

**Alameda County Employees' Retirement
Association**

ACERA

EMERGING INVESTMENT MANAGER POLICY

Amended

~~**January 17, 2013**~~

September 19, 2019

ACERA EMERGING INVESTMENT MANAGER POLICY

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I. SCOPE

This Emerging Investment Manager Policy (“EIM Policy”) governs the Emerging Investment Manager Program (“~~EMEIM Program~~”) of Alameda County Employees’ Retirement Association (“ACERA”) and shall apply to any asset classes of ACERA’s Pension Fund (“Fund”) other than ~~the real estate, real private credit and absolute return pool, and Private Equity and Alternatives Return Leading Strategies (PEARLS) asset classes.~~ The EIM Policy is subject to all provisions of applicable law and the applicable limitations and requirements of ACERA’s General Investment Guidelines, Policies and Procedures. The ACERA Board (“Board”) reserves the right to amend, supplement, or rescind this EIM Policy at any time.

II. PURPOSE

The purpose of this EIM Policy is to establish a framework for the ongoing development and administration of ACERA’s EIM Program, consistent with the Board’s fiduciary responsibilities in investment of the Fund.

~~I~~.III. LEGAL AUTHORITY

This EIM 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 Fund.

~~II~~.IV. DEFINITION OF EMERGING INVESTMENT MANAGERS

For the purpose of this EIM Policy, ACERA defines emerging investment managers (“EIMs”) in traditional asset classes (public equities, public fixed income) as investment managers who have total assets under management of less than ~~\$25.0~~ billion, and, in addition, may have more limited time in business and/or a more limited track record in the specific products under consideration than would ordinarily be required in ACERA’s standard institutional investment manager search process. Private markets EIM funds (private equity, private real assets) are defined as first or second time institutional funds raised by the GP firm and/or ~~with or those with~~ less than ~~\$51.0~~ billion in firm AUM. For real estate, EIM funds are defined as first or second time institutional funds or those with less than \$5.0 billion in firm AUM.

While total assets and length of track record are often more limited in the EIM universe, eligible EIM managers for the ACERA portfolio must have established institutional experience as demonstrated through the prior experience of the firm’s key investment professionals and/or track record from a prior organization.

~~III~~.V. EMERGING INVESTMENT MANAGER PROGRAM

ACERA’s EIM Program is an investment program, developed and managed in accordance with this EIM Policy. The EIM Program is designed to identify investment firms with the potential to add value to ACERA’s portfolio that would may not be identified in ACERA’s standard institutional investment manager search process. ~~Studies have shown~~ Based on market studies, ACERA believes that some smaller investment firms may be able to generate

superior performance due to increased market flexibility associated with smaller asset bases.

A. Investment Vehicles

ACERA ~~plans to can~~ utilize Individual Mandates (directly-hired EIMs) and/or Manager-of-Managers (“MOMs”) mandates for the EIM Program. Both investment vehicle types will be ~~investigated and analyzed for~~ considered based on the suitability, considering of the specific characteristics of ACERA’s portfolio. ~~It is possible that different asset classes may employ different investment vehicles.~~ needs. Manager-of-Managers (MOMs) in the public markets can be utilized to gain exposure to EIMs, subject to diligence justifying their potential net-of-fee performance on par with direct, competitive alternatives and consideration of cost.

A.B. Size

During the initial stage of the EIM Program implementation at ACERA, 1.0% of the Total Fund was allocated to the EIM Program. This total allocation percentage ~~may~~ will be measured on an annual basis by total EIM exposure and by asset class ~~be changed in~~ The targeted goal for future investments, which will be revisited periodically, is 1% (minimum) and up to 5% of Total Fund allocation to be achieved within 10 years as the EM Program implementation matures. Allocation to EIM managers is a function of the identification of compelling opportunities across asset classes. ~~The Board will determine~~ review the EIM Program size ~~based on~~ and will consider recommendations from the Investment Committee with input from ACERA Staff (“Staff”) and ACERA’s investment consultants (“Consultants”) in conjunction with ongoing manager due diligence.

B.C. Asset Class Coverage

The following asset classes may be included in ACERA’s EIM Program: Public Equity, Public Fixed Income, U.S. Equities, International Equities, and U.S. Fixed Income, and Private Equity, Private Real Assets as well as, Private Real Estate as defined in Section IV. EIM managers will be determined on a case-by-case basis and as a function of highly competitive offerings in the market that coincide with ACERA’s search needs. ~~For each asset class, the target asset allocation to the EM program will be determined by the Board based on recommendations from the Investment Committee with input from Staff and Consultants.~~

IV.VI. STRATEGIC OBJECTIVE AND GOALS OF THE EMERGING INVESTMENT MANAGER PROGRAM

The strategic objective of the EIM Program is to add incremental value to the Total Fund through the hiring of the most talented EIMs to manage ACERA’s assets.

The primary goals of the EIM Program are to 1) identify and gain early access to the most talented investment managers in their early business stages; 2) generate superior Fund performance through the EIM Program; 3) identify superior EIMs and/or investment opportunities ~~in California and Alameda County~~ that are equal to or superior to comparable available non-EIM investments; and 4) further diversify the Fund’s overall investment

program, to enhance the risk-adjusted returns of the Fund. As part of the program, ACERA seeks to identify competitive EIM managers in California and Alameda County for inclusion in the portfolio.

ACERA may consider an EIM investment when the assigned Consultants, after due diligence and investigation, have determined that:

- 1) The risk and return characteristics of the EIM investment are no less favorable than comparable non-EIM opportunities available; and
- 2) The EIM investment is in compliance with this EIM Policy; and
- 3) Administrative time (associated with typically smaller size allocations) has been considered with EIM opportunity sizing aligned with ACERA resource constraints.

V.VII. STANDARDS FOR EMERGING INVESTMENT MANAGERS

All investment managers selected through the EIM Program shall comply with and be subject to any and all performance-related and other standards, requirements, and expectations set forth in ACERA's General Investment Guidelines, Policies and Procedures and other asset class policies, other than requirements regarding minimum size and length of track record criteria for inclusion in many of ACERA's standard institutional investment managers search processes. It is ACERA's intent that an EIM investment comprises no more than 25% of a manager's total assets under management. Any exception to this guideline will be made on a case by case basis, if warranted.

All investment managers selected through the EIM Program shall also comply with and be subject to any and all other ACERA Board policies, procedures and guidelines that pertain to investment managers, including without limitation, obligations regarding disclosure by investment managers of actual or potential conflicts of interest, as well as any and all other obligations imposed on ACERA's investment managers by State and Federal law.

VI.VIII. ROLES AND RESPONSIBILITIES

The delineation of roles and responsibilities is important for effective administration of ACERA's EIM Program. The duties and responsibilities of the Board, Investment Committee, Staff, Consultants, ACERA's fiduciary counsel ("Fiduciary Counsel") and directly-hired EIMs/MOMs in relation to the EIM Program are stated below:

A. Board

The Board shall be responsible for approving the EIM Policy that governs the EIM Program and approving the implementation of the EIM Program at ACERA. The Board, with input from the Investment Committee, shall review this EIM Policy annually or as needed to determine whether modifications are necessary. The Board shall also be responsible for retention and termination of directly-hired EIMs and/or MOMs.

B. Investment Committee

The Investment Committee shall monitor compliance of ACERA's EIM Program with this

EIM Policy. It shall evaluate proposals for EIM Policy modifications, as needed, and make recommendations for consideration by the Board. The Investment Committee shall review the EIM Policy annually or as needed and make recommendations to the Board with respect to retention and termination of directly-hired EIMs and/or MOMs.

C. Staff

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

1. Developing and maintaining specific procedures, subject to the Board's approval, to comply with the approved EIM Policy;
2. Developing and recommending changes to the EIM Policy;
3. Implementing the EIM Policy and managing the EIM Program;
- ~~1. Monitoring the EM Program compliance with the EM Policy;~~
- ~~4. Monitoring directly-hired EMs~~ Initiating searches for directly-hired EIMs and/or MOMs and/or reviewing EIM candidates within other ACERA searches;
- ~~4.5.~~ Monitoring directly-hired EIMs' and/or MOMs' compliance with a) the investment guidelines as set forth in their respective contracts; b) the EIM Policy; and c) applicable requirements of ACERA's General Investment Guidelines, Policies and Procedures;
- ~~5-6.~~ Conducting comprehensive reviews of the EIM Program and/or the directly-hired EIMs and/or MOMs;
- ~~6-7.~~ Reporting to the Investment Committee any violations of the EIM Policy with explanations and recommendations;
- ~~2. Initiating searches for directly-hired EMs and/or MOMs;~~
- ~~7-8.~~ Assisting ACERA's legal department in contract negotiations with directly-hired EMs EIMs and/or MOMs;
- ~~3-9. Evaluating EM EIM opportunities- with- Consultants' input- and- making recommendations to the Investment Committee; and~~
- ~~10. Evaluating and making recommendations for retention or termination of directly- hired EMs EIMs and/or MOMs.~~

A.D. Consultants

~~8-1.~~ General Investment Consultants (General and Specialty Asset Class Consultants)

General and Specialty Asset Class Investment Consultants hired by the Board is a fiduciary are fiduciaries to ACERA and its Board. General These Investment Consultants shall independently and continuously monitor and analyze the effectiveness of ACERA's EIM Program and make related recommendations to serve the best interests of the plan participants. General Investment Consultants shall also assist Staff in crafting the EIM Policy and implementing the EIM Program. In addition, General Investment Consultants shall be responsible for:

- a. Ongoing monitoring of the performance of ACERA's directly-hired EIMs and/or MOMs;
- b. Monitoring directly-hired EIMs' and/or MOMs' compliance with a) their respective

- investment guidelines as set forth in their contract; b) this EIM Policy; and c) applicable requirements of ACERA's General Investment Guidelines, Policies and Procedures;
- c. Assisting Staff in directly-hired EIM and/or MOM searches, including the due diligence of EIM candidates as part of any other ACERA manager searches where appropriate, within the Board approved search criteria, and contract negotiations;
 - d. Submitting performance evaluation reports and conducting comprehensive reviews of the directly-hired EIMs and/or MOMs quarterly to the Investment Committee in conjunction with the regular quarterly performance report and review;
 - e. Making recommendations for retention or termination of directly-hired EIMs and/or MOMs;
 - f. Attending meetings as needed; and
 - g. Performing other duties in accordance with the terms of its contract and applicable State and Federal law.

9.2. Specialty Investment Consultant

Should the Board, with input from the Investment Committee, decide to hire a Specialty Investment Consultant specializing in EIM programs, this specialty Consultant will be subject to the same expectations and bear the same responsibilities as stated in Section VIII (D) (1) above.

D.E. Fiduciary Counsel

Fiduciary Counsel hired by the Board through ACERA's Chief Counsel in accordance with ACERA's Fiduciary Counsel Retention Policy is a fiduciary to ACERA and its Board. Fiduciary Counsel shall provide legal, but not investment, advice to the Board, Investment Committee and Staff regarding all aspects of ACERA's EIM Policy, as requested. Fiduciary Counsel shall also provide legal, but not investment, advice on ACERA's EIM Program upon request.

E.F. Emerging Investment Managers

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

1. Communicate with Staff and/or MOMs as needed regarding investment strategy and investment results;
2. Cooperate fully with Staff, Consultants, ACERA's custodian, and/or MOMs concerning requests for information;
3. Submit reports to MOMs, Staff, and Consultants in accordance with their contract terms; and
4. Attend meetings as needed.

F.G. Manager-of-Managers

MOMs are fiduciaries to ACERA and shall prudently manage ACERA's assets in the best interest of ACERA and its members. MOMs shall abide by all of ACERA's policies and procedures, and fully comply with applicable law. MOMs are responsible for compliance with a) the specific investment guidelines as set forth in their respective contracts; b) the EIM Policy; and c) applicable requirements of ACERA's General Investment Guidelines, Policies and Procedures, as well as, other relevant, specific asset class investment policies. It is expected that MOMs shall also:

1. Maintain a comprehensive and current database of emerging investment managers and continuously conduct due diligence evaluation of prospective EIMs;
2. Construct a diversified portfolio of EIMs based on the objectives and benchmarks established by the MOM ;
3. Retain or terminate EIMs based on the evaluation criteria established by the MOM;
4. Graduate EIMs based on the criteria established by Section XII (B) of this EIM Policy.
5. Monitor and report on the performance of each underlying EIM manager in the MOM portfolio and the MOM itself in accordance with the terms of its contract with ACERA; and
6. Attend meetings as needed.

These expectations are subject to the underlying strategy of the MOM and may not always be applicable. Any exceptions to these criteria will be fully vetted for appropriateness by Consultant and Staff.

VII.IX. PERFORMANCE EVALUATION CRITERIA

The specific performance evaluation criteria for directly-hired EIMs, and/or MOMs will be established in the investment agreements between ACERA and individual directly-hired EIMs and/or MOMs.

The Board, Investment Committee, Staff, and Consultants will evaluate MOMs based on the performance of the total MOM itself and not based on the performance of each underlying EIM manager in the MOM portfolio.

VIII.X. MONITORING AND REPORTING

Consultants and Staff will closely monitor and analyze the EIM Program to ensure compliance with the EIM Program's strategic objective and goals. In addition to compliance monitoring, Consultants and Staff will measure EIM exposure in total and by asset class annually and provide a report to ACERA's Investment Committee.

Directly-hired EIMs and/or, MOMs are required to submit all reports to Staff in accordance with their respective contracts and applicable requirements set forth in the Schedule V of ACERA General Investment Guidelines, Policies and Procedures.

Consultants are required to submit all reports to Staff in accordance with their contract terms.

Staff, in conjunction with Consultants will perform comprehensive evaluations of ACERA's EIM Program, the directly-hired EIMs and/or MOMs annually, or as needed, and will report the findings to the Investment Committee.

~~IX~~.XI. QUALIFICATIONS OF EMERGING INVESTMENT MANAGERS AND MANAGER-OF-MANAGERS

ACERA seeks to retain the most talented EIMs to manage ACERA's assets. The specific qualifications of directly-hired EIMs and/or, MOMs, consistent with the Strategic Objective and Goals of the EIM Program, will be determined by the Board at the time of the search for directly-hired EIMs and/or MOMs with input and recommendations from Staff and Consultants. In addition, EIMs, as defined by ACERA's EIM Policy, may be included in ongoing ACERA searches subject to the approved criteria for said searches.

Staff and Consultants will conduct a comprehensive due diligence review process for each directly-hired EIM and/or MOM. The specific search criteria and due diligence procedures for directly-hired EIMs and MOMs will be established by the Board, consistent with the Strategic Objective and Goals of the EIM Program and each applicable asset class, at the time of the search with input and recommendations from Staff and Consultants.

~~X~~.XII. EMERGING INVESTMENT MANAGER GRADUATION

A. Directly-Hired EIM Mandates

If a directly-hired, traditional-assets EIM's firm-wide total assets under management have exceeded ~~\$3~~\$10.0 billion dollars for four consecutive quarters, and, in addition, the directly-hired EIM has been in business and/or has a track record in the specific product under consideration for more than five years, a comprehensive evaluation of the EIM shall be conducted by Staff and Consultants. Based on the evaluation, Staff and Consultants shall determine if the directly-hired EIM should or should not be graduated from the EIM Program in accordance with ACERA's EIM Policy. The Investment Committee, with recommendations from Staff and Consultants, may recommend to the Board to graduate the EIM into a larger mandate in conjunction with ACERA's search needs, continue to retain the directly-hired EIM manager, or terminate the directly-hired EIM, if warranted.~~or continue to retain the directly-hired EIM in ACERA's EIM Program.~~

B. Manager-of-Managers (MOMs) Mandates

~~A MOMs~~MOM shall determine whether or not an underlying EIM should be graduated in accordance with the MOMs own graduation policy and ACERA's EIM Policy. A report on any underlying EIM graduation shall be provided to Staff and Consultants within three months after such graduation has occurred. This is subject to the underlying strategy of the MOM and may not always be applicable. If not applicable, reasons for exceptions will be provided to Staff and Consultant as part of the EIM monitoring process.

~~XI~~.XIII. EFFECTIVE DATE

This Policy became effective upon its initial adoption by the Board on March 15, 2007. Any amended Policy shall become effective upon its adoption by the Board.

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~~XII~~.XIV. TABLE OF AMENDMENT

- DATES March 15, 2007
- November 19, 2009
- December 16, 2010
- January 17, 2013
- September 19, 2019

Memorandum

To: Alameda County Employees' Retirement Association
From: Verus
Date: September 11, 2019
RE: Overview of Emerging Investment Manager Policy proposed changes

Executive Summary

ACERA's Emerging Investment Manager Policy (EIM Policy) was initially drafted in March 2007 and was last amended in January 2013. At the request of ACERA's Investment Committee, Verus and Staff, with input from Callan, reviewed the policy and proposed changes to it as an informational item at the August ICM with the goal of soliciting Trustee feedback. The proposed changes considered the evolving emerging manager landscape and the stated desire of the ICM to potentially increase the size and scope of ACERA's emerging manager program. This memo outlines the material proposed changes to the EIM Policy, including Trustee feedback, for adoption as an action item.

The proposed new EIM Policy is attached, as well as a redlined version which shows all changes made from ACERA's current EIM Policy. More substantive changes made are outlined below for ease of review.

Verus and Staff are recommending that the Board approve the new EIM Policy as drafted.

Changes to Definitions

Verus and Staff are proposing definitional changes to ACERA's emerging manager policy in the following areas:

- Change acronym for the Emerging Investment Manager Policy to EIM Policy (from EM Policy). This provides better clarity and differentiation from emerging markets which is also commonly referred to as EM.
- Expand the eligible emerging market asset class universe from public markets only to include private equity, private real assets and private real estate. Private markets emerging managers will be defined as first- and second-time institutional funds and/or with firm assets of <\$5 billion.
- Change the firm AUM eligibility for public markets emerging managers at purchase from <\$2 billion in total AUM to <\$5 billion total AUM. Increase the firm asset level at which

to consider graduation from \$3 billion to \$10 billion. This is in recognition that the size of the markets has grown significantly since ACERA's EIM Policy was initially instituted.

- Raise ACERA's 1% target allocation to emerging managers to a 5% target goal as a percentage of the total fund. The proposed change allows for 10 years to achieve this goal to give ample time to find compelling emerging managers.

Enhanced Language

Verus and Staff have enhanced language in two areas of the EIM Policy:

- Where manager-of-managers (MOMs) are considered, the MOMs must be competitive with direct manager alternatives from both a performance and cost perspective. This language is more explicit than in the existing policy.
- In the implementation and sizing of emerging manager allocations, administrative time will be considered. ACERA's staff resources are limited and, for that reason, the number of managers that ACERA can properly monitor is finite.

Enhanced Search Activity (Potentially)

Verus and Staff anticipate that there would be increased search activity that includes emerging managers with the proposed changes. Emerging managers would be incorporated into future manager searches across asset classes on an ongoing basis, where appropriate, as opposed to only participating in dedicated emerging manager searches.

Reporting and Monitoring

Verus and Staff have added proposed reporting requirements to the EIM Policy to measure emerging manager exposure at the total fund and asset class levels annually. The annual report would be presented to ACERA's Investment Committee. Success or failure towards long term goals can be measured in this way.



**INVESTMENT MANAGER,
CONSULTANT, AND CUSTODIAN FEES**
For Quarter Ending June 30, 2019

**INVESTMENT NET ASSET VALUE AND INVESTMENT MANAGER FEES
FOR THE QUARTER ENDED JUNE 30, 2019**

For the Quarter Ended June 30, 2019	NAV ² (\$) As of 3/31/19	Q1 - Total Fees (\$)	bps of NAV	NAV ² (\$) As of 6/30/19	Q2 - Total Fees (\$)	bps of NAV
Name of Fund						
Domestic Equity¹						
BlackRock R1000 Index Fund	1,939,070,552	41,228	0.21	2,021,534,482	41,228	0.20
Kennedy Capital	111,814,917	216,630	19.37	113,983,752	223,283	19.59
NCG Small Cap	124,705,518	274,682	22.03	135,662,881	295,017	21.75
Pzena	165,287,966	198,098	11.99	156,113,691	193,088	-
Trust Co. of the West	173,887,228	175,117	10.07	158,116,323	164,367	10.40
Total Domestic Equity	2,514,766,181	905,756	3.60	2,585,411,129	916,983	3.55
International Equity¹						
AQR International Equity	410,575,792	503,946	12.27	422,831,549	522,805	12.36
BlackRock MSCI World ex-US	N/A	N/A	N/A	436,952,447	43,695	1.00
Bivium International Equity	71,048,187	144,248	20.30	83,579,604	152,005	18.19
Capital Group	888,788,327	1,237,979	13.93	436,952,447	887,045	20.30
Franklin Templeton Inv.	202,371,196	307,674	15.20	228,287,206	338,416	14.82
Mondrian	655,384,429	552,109	8.42	428,706,424	449,989	10.50
Newton Emerging Market Equity Fund	N/A	N/A	N/A	216,731,808	69,865	3.22
Total International Equity	2,228,167,931	2,745,955	12.32	2,254,041,485	2,463,820	10.93
Fixed Income¹						
Baird Advisors	661,837,829	132,102	2.00	652,587,446	135,581	2.08
Loomis Sayles	345,442,633	268,531	7.77	335,733,885	278,627	8.30
Brandywine Global FI	333,487,201	229,383	6.88	345,836,536	233,108	6.74
Total Fixed Income	1,340,767,663	630,016	4.70	1,334,157,867	647,315	4.85
Real Estate^{5,6}						
Total Real Estate	575,212,636	1,400,965	24.36	585,932,080	1,399,136	23.88
Private Equity^{4,5,6}						
Total Private Equity	540,589,978	6,216,208	114.99	522,535,109	6,131,030	117.33
Absolute Return^{5,6}						
Total Absolute Return	703,082,609	1,992,651	28.34	729,890,518	2,247,874	30.80
Real Assets^{4,5,6}						
Total Real Assets	284,468,018	1,143,159	40.19	292,408,769	1,290,753	44.14
Cash						
	10,082,991			27,002,949		
TOTAL⁷	8,197,138,008	15,034,710	18.34	8,331,379,906	15,096,911	18.12

Notes:

*BlackRock fees are paid on one quarter lag (e.g. 4th quarter fees are paid in the following 1st quarter)

- Domestic, International Equity, and Fixed Income managers' fees are based on staff validated manager invoices.
- NAVs may use estimates at the time of this report's production.
- Some accounts contain submanaged funds; the fees shown include all assets in the account.
- Sometimes fees may be estimates. According to the Limited Partnership Agreements, management fees are based on committed amounts and/or assets under management.
- Detailed records regarding these investments of public pension funds are exempt from disclosure under California Government Code Section 6254.26
- Fees may include management, incentive fees, and expenses as applicable.
- Previous quarter's amounts may change as estimates are tried up to actual amounts. Each true up is made using the most recent information.

**CONSULTANT/CUSTODIAN FEES
FOR THE QUARTER ENDED JUNE 30, 2019**

	Q1 - Fees (\$)	Q2 - Fees (\$)
Consultant		
Doug McCalla	12,367	11,973
Callan Associates	56,250	56,250
Verus Advisory, Inc.	165,000	165,000
Institutional Shareholders Services	13,575	13,575
Zeno Consulting Group	11,250	11,250
Sub-total Consultant	258,442	258,048
Custodian		
State Street Bank	136,646	136,646
TOTAL OF CONSULTANT / CUSTODIAN FEES ¹	395,088	394,694

Notes:

1. Previous quarter's amounts may change as estimates are trueed up to actual amounts. Each true up is made using the most recent information.



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

TO: Members of the Investment Committee
FROM: Thomas Taylor, Investment Officer *Thomas Taylor*
DATE: September 11, 2019
SUBJECT: Summary of Rebalancing and Cash Activities Completed in 2Q2019

Recommendation:

Not Applicable – This is an information item.

Background/Discussion:

1. There was no action required to rebalance the Total Fund for the quarter ending June 30, 2019. In accordance with ACERA's General Investment Guidelines, Policies and Procedures, Section V: Asset Allocation and Rebalancing, Schedule IA: Asset Allocation Targets, and Schedule IC: Asset Allocation Portfolio Rebalancing, there were no rebalancing signals received during 2Q2019 as all traditionally managed accounts remained within their respective target ranges.
2. Regarding significant cash-flows for 2Q2019, Staff implemented the following changes to manage excess cash, make the supplemental month-end retiree benefits and administrative payroll, and to meet the capital calls and provide operating funds:
 - a. **Month-end payroll:** Staff withdrew a net \$38.5 million from the Total Fund to supplement for month-end payroll for the three-months ending June 30, 2019. Staff wired out \$16.5M in April, \$19.0M in May, and \$3.0M in June to ACERA'S Wells Fargo Bank account. Fiscal Services wired-in \$28.0M from Wells Fargo Bank back to State Street Bank (#HI1A).
 - b. **Total Fund Drawdowns:**¹ To meet fund operating cash requirements (capital calls, new investment, month-end payroll), Staff withdrew \$87.0M from the ACERA's traditional active managers Pzena, TCW, and Baird to fund capital needs. Staff also withdrew \$16.0M from HI2E as part of the transition and restructuring of the international equity asset class.

¹ An interim change to normal drawdown of capital to fund and meet various obligations, Staff, with the concurrences of the Rebalancing Consultant and Verus, withdraws from the most overweight active managed account (vs. index account) in the most overweight of the traditional asset classes. This will continue until all traditional accounts are at or close to target. For example, in the U.S. Equity asset class, the Russell 1000 moves up to 80% from the 70% current allocation.

- c. **Capital Calls and Distributions:** In general, aggregated wire-payments of \$74.7M were made to meet capital calls to ACERA's Private Equity, Absolute Return, Real Assets, and Real Estate funds and pay quarterly management fees. Cash and in-kind distributions and recyclable capital received from the same investments were \$45.5M. This dollar amount does not include other incidental income².

- d. **Manager Restructuring of the International Equity Asset Class:** Between 4/24/2019 and 5/22/2019, Staff completed the manager restructuring of the international equity asset class by withdrawing \$474.9 million from Capital Group International Large Cap Growth and \$235.6 million from Mondrian International Large Cap Value; and, funded \$421.0 million in Blackrock MSCI World ex-U.S. Index Fund, and \$210.0 million in Newton Emerging Markets Fund. Staff also added \$8.6m to AQR International Equity, \$10.0m to Bivium – International Equities, as well as, added \$22.0 million to FranklinTempleton International Small Companies Fund. As of 7/31/2019, the International Asset Class was 26.54% of ACERA's Total Fund, or \$2,225,060,174.27.

Reporting of rebalancing activities will continue to be submitted to the Investment Committee on a quarterly basis.

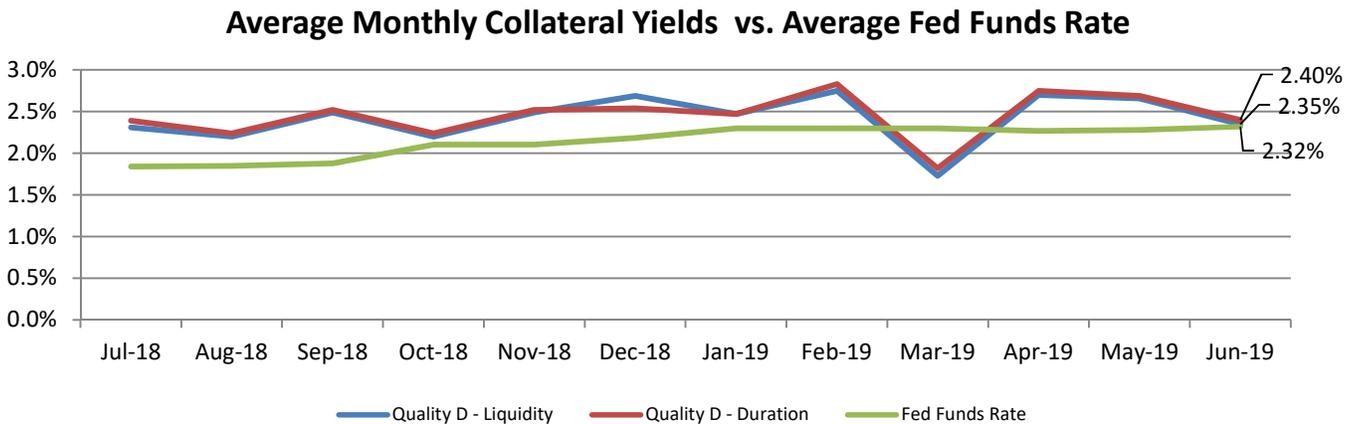
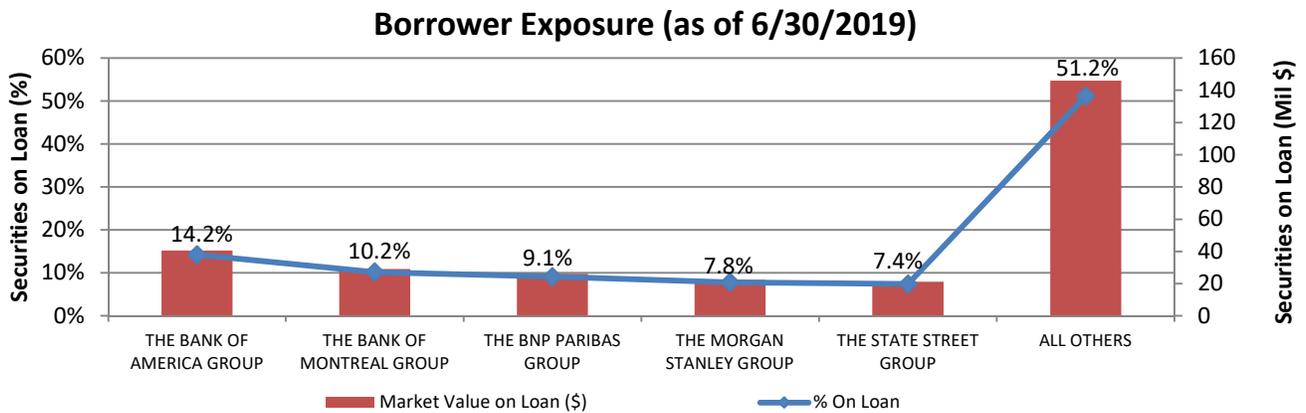
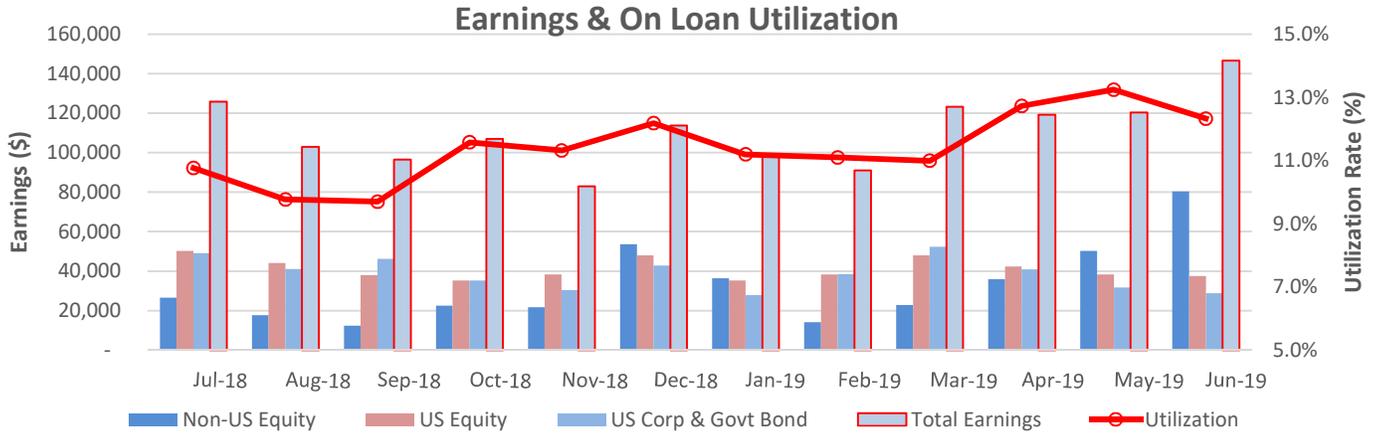
² Securities Lending Income (\$362.4K), Commission Recapture Income (\$15.4K), and Securities Litigation Income (\$21.1K), totaled \$398.9 thousand. Incremental income does not include dividend and interest income from traditional managed accounts, which are reinvested.

Alameda County Employees' Retirement Association

2nd Quarter 2019 Securities Lending Report

Quarterly Summary

In 2Q2019, ACERA's earnings from Securities Lending activities were \$386,148.27. Non-US Equity generated the highest earnings of \$166,578.27. As of June 30, 2019, the average market value of securities on loan was \$290,054,042.00. Bank of America was the largest borrower of ACERA's securities with 14.24% as of the last day of the quarter.



Notes:

- (1) Quality D Liquidity and Quality D Duration Funds are managed by an affiliate of State Street Bank (SSB); these funds are common pools in which many securities lending clients of SSB invest their cash collateral generated from their security lending activities. ACERA invests the cash collateral received from its security lending activities into Quality D Liquidity and Quality D Duration Funds. As of 6/30/2019, ACERA's combined NAV per unit of the Quality D Liquidity (1.0002) and Quality D Duration Funds (0.9391) was \$1.00. As of 6/30/2019, Quality D Liquidity had 250,460,216.55 units and Quality D Duration had 969,273.34 units.

(2) Data represents past performance and is not necessarily indicative of future results.

(3) Data Source: my.statstreet.com and Securities Finance Business Intelligence

Securities Lending Report Provided by Staff

ICM 9/11/2019



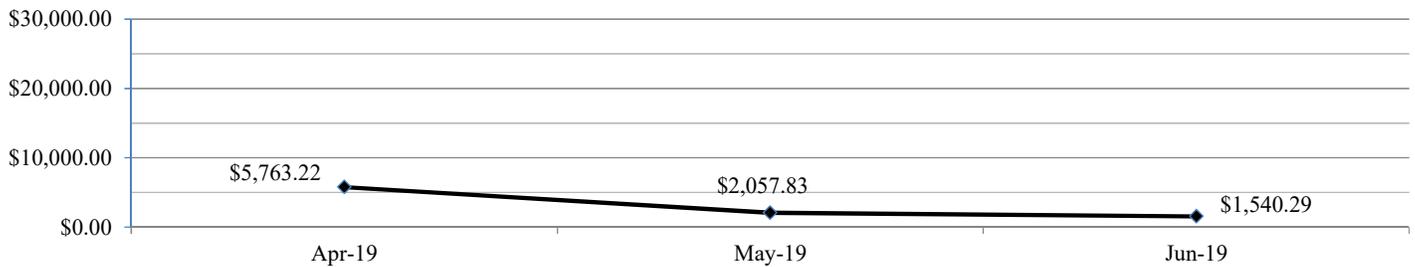
Alameda County Employees' Retirement Association

Second Quarter 2019 Directed Brokerage Report

Quarterly Commentary

In 2Q19, the total recaptured dollar amount for ACERA's Directed Brokerage (DB) Program was \$9,361.34. Since inception¹, ACERA has recaptured \$2,026,518.14. For the quarter, Pzena directed the highest percentage (36.0%) of trading volume and Pzena also generated the largest recaptured directed commission dollar amount (\$9,937.38). CAPIS received the majority of ACERA's directed trades (96.3%) among all correspondent brokers within the network. The program continues to operate in compliance with ACERA's DB Policy.

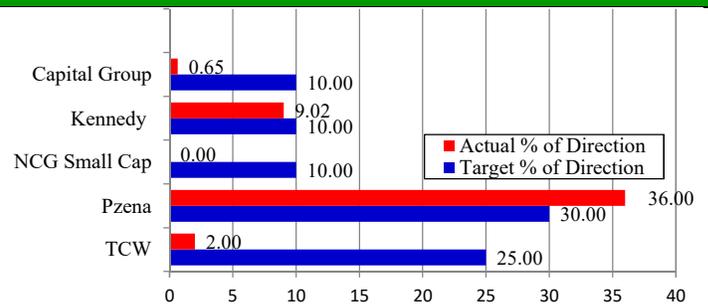
Monthly Recaptured



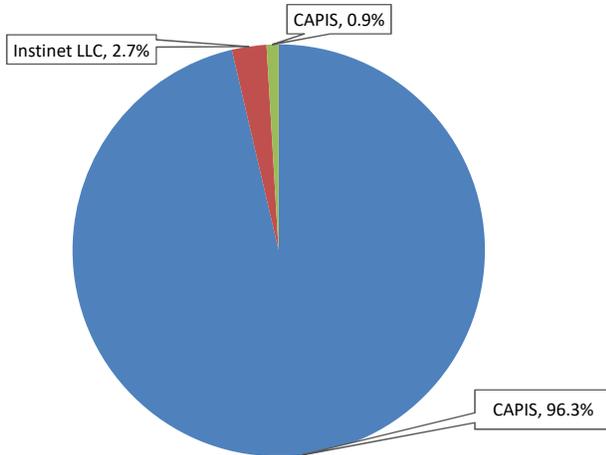
Directed Commission \$²

Manager	2Q2019	YTD
Capital Group	367.29	378.40
Kennedy	3,865.21	9,371.87
NCG Small Cap	0.00	0.00
Pzena	9,937.38	16,068.24
TCW	157.52	1,380.24
Total	\$14,327.40	\$27,198.75

Directed %³



Directed % to Correspondent Brokers⁴



- | | |
|-------------------------|--------------------------------------|
| Andes Capital Group | ITG, Inc. |
| B. Riley & Co. | Kota Global Securities |
| Barclays (US Algo/DMA) | LAM Securities |
| BIDS Trading | Liquidnet |
| Bley Investment Group | Merrill Lynch (U.S.) |
| Cabrera Capital Markets | Mischler Financial Group |
| CAPIS | Northeast Securities |
| CAPIS Step Out | O'Neil Securities |
| CF Global Trading | Penserra Securities, LLC |
| Commission Direct, Inc. | Pershing, LLC |
| Cowen Securities (U.S.) | Piper Jaffray & Co. |
| Drexel Hamilton | Societe Generale |
| HSBC James Capel | State Street Global Markets (Europe) |
| ICAP (U.S.) | Virtu Securities |
| Imperial Capital | Weeden & Co LP |
| Instinet LLC | |

Brokers are selected at the discretion of the Investment Managers, pursuant to Best Execution and ACERA's DB Policy.

1. ACERA's DB Program began in September 2006. AQR Int'l, Mondrian, Bivium Cupps & Vulcan do not participate in Commission Recapture; Mellon and Templeton are not SMA.
 2. Data provided by CAPIS. Directed Commission \$ - Dollar amount of commissions from directed trades - this amount is split among ACERA (65.34% for 2Q2019), CAPIS, & the Correspondent Brokers.
 3. Data provided by Zeno Consulting Group (Zeno). Directed % - Calculated by dividing Manager's directed trading volume by its total trading volume and compared to its assigned target. Target percentages are ranges (e.g. up to 30% for Pzena).
 4. Data provided by CAPIS.



TO: Members of the Investment Committee

FROM: Agnes Ducanes – Administrative Specialist II 

DATE: September 11, 2019

SUBJECT: Quarterly report on ACERA's Investment Products and Services Introductions (IPSI) Program

In the second quarter of 2019, Staff received 12 investment products and services inquiries from prospective providers. We met with 1 manager who presented through the IPSI process. Since we had staff turnovers, the IPSI meetings has been scheduled according to staff's availabilities.

The purpose of IPSI is to provide prospective vendors an opportunity to gain a better understanding of ACERA's investment objectives and for Staff to learn about the vendors' investment products/services through face-to-face meetings, teleconferences, or video conferences. Staff has designated the morning of the third Wednesday of every month as ACERA's IPSI day. Each introductory session is approximately 45 minutes.

Below please find a chart depicting the types of IPSI sessions that were held in the second quarter of 2019.

ASSET CLASS	Q1 '19	Q2 '19	Q3 '19	Q4'19	TOTAL
U.S. Equities	1	0	0	0	1
Int'l Equities	0	0	0	0	0
Fixed Income	0	0	0	0	0
Real Estate	0	0	0	0	0
Private Equities	0	0	0	0	0
Absolute Return	0	1	0	0	1
Real Assets	1	0	0	0	1
Other Services	1	0	0	0	1
TOTAL:	3	1	0	0	4



Proposed Investment Committee Workplan for 2019

September 11, 2019

	Action Items	Information Items
January 9	<ol style="list-style-type: none"> 1. Interview of the Finalists for ACERA’s U.S. Small Cap Growth Manager Search – Domestic Equities and Possible Motion by the Investment Committee to Recommend one Finalist to the Board 	<ol style="list-style-type: none"> 1. Discussion on Asset – Liability Introduction and Enterprise Risk Tolerance 2. Proposed Investment Committee Workplan for 2019
February 13	<ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend to the Board to Approve an up to \$33 million Investment in Genstar Capital Partners IX as part of ACERA’s Private Equity Portfolio – Buyouts 2. Discussion of and Possible Motion to Recommend that the Board Approve an up to \$30 million Investment in Taurus Mining Finance Fund No. 2 as part of ACERA’s Real Assets Portfolio – Natural Resources 	<ol style="list-style-type: none"> 1. 2019 Capital Market Assumptions 2. Investment Committee Workplan 2019
March 13 (meeting cancelled)		<ol style="list-style-type: none"> 1. <i>Report of ACERA’s Proxy Voting Activities in 2018</i> 2. <i>Quarterly report of ACERA’s investment manager, consultant, and custodian bank fees for the fourth quarter of 2018</i> 3. <i>Quarterly report on ACERA’s rebalancing activities for the fourth quarter of 2018</i> 4. <i>Quarterly report on ACERA’s securities lending activities for the fourth quarter of 2018</i> 5. <i>Quarterly report on ACERA’s Directed Brokerage (DB) Program for the fourth quarter of 2018</i> 6. <i>Quarterly report on Investment Products and Services Introduction (IPSI) for the fourth quarter of 2018</i> 7. <i>Updated Investment Committee Workplan 2019</i>

Notes:

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2. Meeting date is assumed to be the second Wednesday of each month.
3. Educational sessions may be added to the Agenda from time-to-time e.g., Portable Alpha, Market and Currency Overlay, Equity Overlay, and Emerging Managers in Private Equity investments. Recommendations and reports on ACERA’s Real Estate, Private Equity, Absolute Return, and Real Assets investments will be added to the Agenda from time-to-time.



Proposed Investment Committee Workplan for 2019

September 11, 2019

Action Items	Information Items
<p>April 17</p> <ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in ACERA’s Real Estate Portfolio – Core Plus Debt (JP Morgan Mezzanine Debt) 	<ol style="list-style-type: none"> 1. Asset – Liability Integration 2. Discussion of an establishment of a working group to evaluate a possible ESG Policy 3. Closed Session: Govt. Code section 54956.81 – Consider the purchase or sale of a specific pension fund investment, and Govt. Code section 54957.1(d) (4) – Anticipated litigation (1 matter)
<p>May 15 (meeting moved to third Wednesday due to SACRS Conference)</p> <ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend to the Board to Adopt an up to \$60 million Investment in Great Hill Equity Partners VII as part of ACERA’s Private Equity Portfolio – Buyouts and Venture Capital 2. Discussion of and Possible Motion to Recommend to the Board to Adopt Alternative #2 in the Asset – Liability Integration Study 	<ol style="list-style-type: none"> 1. Education Session: Timberland 2. Real Assets Policy Update: Modification of Index Name in Benchmark Composite
<p>June 12</p> <ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend to the Board to Adopt an up to \$33 million Investment in Altas Partner Holdings II as part of ACERA’s Private Equity Portfolio – Buyouts 	<ol style="list-style-type: none"> 1. Review of Pzena Investment Management, LLC (Traditional Manager – Large Cap Value) 2. Semiannual Performance Review for the Period Ending March 31, 2019 – Equities and Fixed Income 3. Semiannual Performance Review for the Period Ending December 31, 2018 – Private Equities 4. Semiannual Performance Review for the Period Ending March 31, 2019 – Absolute Return 5. Semiannual Performance Review for the Period Ending December 31, 2018 – Real Assets 6. Semiannual Performance Review for the Period Ending March 31, 2019 – Real Estate 7. Closed Session: Govt. Code section 54956.81 – Consider the purchase or sale of a specific pension

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Proposed Investment Committee Workplan for 2019

September 11, 2019

Action Items	Information Items
	fund investment, and Govt. Code section 54957.1(d) (4) – Anticipated litigation (1 matter) 8. <i>Quarterly report of ACERA’s investment manager, consultant, and custodian fees for the first quarter of 2019</i> 9. <i>Quarterly report on ACERA’s rebalancing activities for the first quarter of 2019</i> 10. <i>Quarterly report on ACERA’s securities lending activities for the first quarter of 2019</i> 11. <i>Quarterly report on ACERA’s Directed Brokerage (DB) Program for the first quarter of 2019</i> 12. <i>Quarterly report on Investment Products and Services Introduction (IPSI) for the first quarter of 2019</i> 13. <i>Updated Investment Committee Workplan 2019</i>
July 10	1. Discussion of and Possible Motion to Recommend to the Board to Adopt Private Credit Investment Policy 2. Discussion of and Possible Motion to Recommend to the Board to Adopt Private Credit Investment Plan 3. Discussion of and Possible Motion to Recommend to the Board to Adopt Private Equity Investment Plan 1. Review of Trust Company of the West (Traditional Manager – Large Cap Growth)
August 14	1. Discussion of and Possible Motion to Adopt the proposed timeline, search criteria, and evaluation matrix for ACERA’s U.S. Large Cap Value Manager Search 1. Review of the Emerging Investment Manager Policy

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Proposed Investment Committee Workplan for 2019

September 11, 2019

Action Items	Information Items
<p>September 11</p> <ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend to the Board to Adopt an up to \$80 million Investment in Owl Rock First Lien Fund, L.P. as part of ACERA’s Private Credit Portfolio 2. Discussion of and Possible Motion to Recommend to the Board to Adopt Amendments on ACERA’s Emerging Investment Manager Policy 	<ol style="list-style-type: none"> 1. <i>Quarterly report of ACERA’s investment manager, consultant, and custodian bank fees for the second quarter of 2019</i> 2. <i>Quarterly report on ACERA’s rebalancing activities for the second quarter of 2019</i> 3. <i>Quarterly report on ACERA’s securities lending activities for the second quarter of 2019</i> 4. <i>Quarterly report on ACERA’s Directed Brokerage (DB) Program for the second quarter of 2019</i> 5. <i>Quarterly report on Investment Products and Services Introduction (IPSI) for the second quarter of 2019</i> 6. <i>Updated Investment Committee Workplan for 2019</i>
<p>October 9</p> <ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in ACERA’s Real Assets Portfolio (tentative) 2. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in ACERA’s Real Estate Portfolio (tentative) 3. Discussion of and Possible Motion to Recommend to the Board to Adopt ACERA’s ESG Belief Statement (tentative) 	
<p>November 6 (meeting moved to first Wednesday due to SACRS Conference)</p> <ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend to the Board to approve a short list of candidates for ACERA’s U.S. Large Cap Value Manager Search (tentative) 2. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in ACERA’s Private Equities Portfolio (tentative) 	<ol style="list-style-type: none"> 1. Review of State Street Bank and Trust Company

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Proposed Investment Committee Workplan for 2019

September 11, 2019

Action Items	Information Items
<p>December 11</p> <ol style="list-style-type: none"> 1. Discussion of and Possible Motion to Recommend to the Board to Approve the Finalists for ACERA’s U.S. Large Cap Value Manager Search (tentative) 2. Discussion of and Possible Motion to Recommend to the Board a possible Extension of the Custody Contract with State Street Bank and Trust Company (tentative) 	<ol style="list-style-type: none"> 1. Review of Capital Group 2. Semiannual Performance Review for the Period Ending September 30, 2019 – Equities and Fixed Income 3. Semiannual Performance Review for the Period Ending June 30, 2019 – Private Equity 4. Semiannual Performance Review for the Period Ending September 30, 2019 – Absolute Return 5. Semiannual Performance Review for the Period Ending June 30, 2019 – Real Assets 6. Semiannual Performance Review for the Period Ending September 30, 2019 – Real Estate 7. CA Gov. Code § 7514.7 Information Report 8. <i>Quarterly report of ACERA’s investment manager, consultant, and custodian bank fees for the third quarter of 2019</i> 9. <i>Quarterly report on ACERA’s rebalancing activities for the third quarter 2019</i> 10. <i>Quarterly report on ACERA’s securities lending activities for the third quarter of 2019</i> 11. <i>Quarterly report on ACERA’s Directed Brokerage (DB) Program for the third quarter of 2019</i> 12. <i>Quarterly report on Investment Products and Services Introductions (IPSI) for the third quarter of 2019</i> 13. <i>Updated Investment Committee Workplan for 2019</i>

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Proposed Investment Committee Workplan for 2019

September 11, 2019

Action Items

Information Items

	Action Items	Information Items
Future Items:	<ol style="list-style-type: none">1. Interview of the Finalists for ACERA's U.S. Large Cap Value Manager Search and Possible Motion by the Investment Committee to Recommend one Finalist to the Board (tentative)2. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in ACERA's Real Estate (Placeholder)3. Discussion and Possible Motion to Recommend to the Board to Adopt an Investment in Private Equities Portfolio (Placeholder)4. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in ACERA's Real Assets Portfolio (Placeholder)5. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in ACERA's Absolute Return (Placeholder)6. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in ACERA's Real Estate (Placeholder)	<ol style="list-style-type: none">1. Education Session: Investment Due Diligence2. Review on Hedge Fund/Absolute Return

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