



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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December 19, 2013

To: Members of the Board of Retirement

From: Dale Amaral – Vice Chair

Subject: Summary of the December 19, 2013 Investment Committee Meeting

The Investment Committee met on Wednesday, December 11, 2013 at 9:58 a.m. The Committee members present were Dale Amaral, Keith Carson, George Dewey, Liz Koppenhaver, Elizabeth Rogers, Donald White, and George Wood. Members of the Staff present were Betty Tse – Chief Investment Officer, and Susan Weiss – Associate Counsel.

ACTION ITEM

There were no action items for discussion.

INFORMATION ITEMS

1. Review of Kennedy Capital Management, Inc.
 - The Kennedy Capital Management (KCM) Extended Small Cap portfolio gross return for the one-year period ending 9/30/13 was 35.5%, outperforming its account benchmark (Russell 2000 Growth Index + 250 bps) by 6.0%. KCM has not changed its investment strategy or style, and has been in compliance with ACERA's reporting requirements. As of 9/30/13, KCM managed approximately \$244.5 million, representing about 3.9% of ACERA's total assets.
 - Representatives from Kennedy Capital Management discussed its investment philosophy, investment strategy, and portfolio characteristics. The review revealed Kennedy Capital Management to be in compliance with ACERA's investment guidelines.
2. Quarterly Performance Review for the Third Quarter of 2013 – Equities, Fixed Income, and Real Return Pool
 - ACERA's total Fund returned 6.2% in the third quarter of 2013.
 - As of 9/30/2013, the market value of the total Fund was about \$6.3 billion.
 - For the quarter, ACERA's U.S. equity, international equity, fixed income, and real return pool asset classes returned 7.8%, 9.5%, 0.89%, and 1.6% (gross), respectively.
3. Quarterly Performance Review for the Third Quarter of 2013 – Real Estate
 - As of 9/30/13, the total market value of ACERA's real estate portfolio was about \$358.0 million; approximately 5.7% of ACERA's total Fund.
 - ACERA's real estate portfolio returned 2.9% (gross) for Q3 2013.

4. Semi – Annual Performance Review for the Period Ending June 30, 2013 – PEARLS

- During the first half of 2013, ACERA made two new and two follow-on PEARLS commitments for a total of approximately \$75 million. As of 6/30/13, the total market value of ACERA’s PEARLS Portfolio was about \$433.7 million, representing 7.2% of the total Fund.

TRUSTEE/PUBLIC INPUT

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

January 8, 2014 at 9:00 a.m.

ADJOURNMENT

The meeting adjourned at 11:20 a.m.