



**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 May 6, 2026
10:30 a.m.**

LOCATION AND TELECONFERENCE	COMMITTEE MEMBERS	
<p>ACERA C.G. "BUD" QUIST BOARD ROOM 475 14TH STREET, 10TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574</p> <p>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.</p> <p>Link: https://zoom.us/join Call-In: 1 (669) 900-6833 US Webinar ID: 879 6337 8479 Passcode: 699406</p> <p>For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193</p>	<p>TARRELL GAMBLE CHAIR</p>	<p>APPOINTED</p>
	<p>STEVEN WILKINSON VICE CHAIR</p>	<p>APPOINTED</p>
	<p>OPHELIA BASGAL</p>	<p>APPOINTED</p>
	<p>KEITH CARSON</p>	<p>APPOINTED</p>
	<p>ROSS CLIPPINGER</p>	<p>ELECTED SAFETY</p>
	<p>SCOTT FORD</p>	<p>ELECTED GENERAL</p>
	<p>HENRY LEVY</p>	<p>TREASURER</p>
	<p>ELIZABETH ROGERS</p>	<p>ELECTED RETIRED</p>
	<p>KELLIE SIMON</p>	<p>ELECTED GENERAL</p>
	<p>KATHY FOSTER</p>	<p>ALTERNATE RETIRED¹</p>

¹ 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.

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 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 and also may be inspected at 475 14th Street, 10th Floor, Oakland, CA 94612-1916.

INVESTMENT COMMITTEE/BOARD MEETING

NOTICE and AGENDA Wednesday, May 6, 2026

Call to Order: 10:30 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

There are no action items.

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

1. Review of ACERA's Delegated Authority for All Alternative Asset Classes

10:35 – 11:05

Sam Austin, NEPC
Rose Dean, NEPC
Aaron Quach, Callan
Avery Robinson, Callan
Clint Kuboyama, ACERA
John Ta, ACERA
Betty Tse, ACERA

2. Report on a Real Assets Investment Made Under Delegated Authority after Distribution of the Last Investment Committee Meeting Agenda: ISQ Global Infrastructure Fund IV (\$40 million)³

11:05 – 11:20

Sam Austin, NEPC
Rose Dean, NEPC
Clint Kuboyama, ACERA
Betty Tse, ACERA

3. Progress Report on Real Assets Investment Plan

11:20 – 11:35

Sam Austin, NEPC
Rose Dean, NEPC
Clint Kuboyama, ACERA
Betty Tse, ACERA

4. Education Session: Public Equity Active Extension Strategies

11:35 – 12:05

Sam Austin, NEPC
William Forde, NEPC
Nina Petkova, NEPC
Stephen Quirk, ACERA
Betty Tse, ACERA

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. Code §7928.710 and §7922.000.

INVESTMENT COMMITTEE/BOARD MEETING

NOTICE and AGENDA Wednesday, May 6, 2026

Trustee Remarks

Future Discussion Items

None

Establishment of Next Meeting Date

June 3, 2026, at 10:30 a.m.



TO: Members of the Investment Committee (IC)

FROM: John Ta, Senior Investment Officer 
Betty Tse, Chief Investment Officer 

DATE: May 6, 2026

SUBJECT: Review of ACERA's Delegated Authority for All Alternative Asset Classes

Executive Summary:

In late April 2026, IC Chair Gamble requested a review of delegated authority exercised by Staff for all alternative asset classes inclusive of all commitment decisions, both under delegated authority and approved by the IC in the past five years. In response to this request, the Chief Investment Officer and Investment Staff (collectively, "Staff") have created this comprehensive memo to review Staff's delegated authority on commitment decisions made for alternative investments. In this memo, we first establish a framework, known as fiduciary standards, for the evaluation of delegated authority, then examine and evaluate the actions taken by Staff under delegated authority. In addition, we will discuss the rationale for delegated authority, the current alternative investment approval process, the historical use of delegated authority, and highlight the performance of the private equity asset class.

Discussion:

Fiduciary Standard

Delegated authority is a topic that falls within the broader categories of governance and fiduciary duty. The legal principles of fiduciary duty provide a basic framework within which to evaluate delegated authority actions, also referred to as the fiduciary standard. The two relevant aspects of the fiduciary standard for Staff's delegated authority actions are (i) the prudent expert standard and (ii) prudent process.¹

For the prudent expert standard, the question for evaluation is whether Staff selected investments with the care, skill, and diligence of a knowledgeable investor or professional. The knowledgeable investor is expected to consider investments in terms of the total portfolio, risk/return tradeoff, and diversification. Staff has met this standard for all its delegated authority actions, as all the considerations mentioned above are addressed in the documentation created² for every approved investment.

For prudent process, the main question is whether Staff followed all plan governance documents, policies, and procedures when making its investment decisions. For all alternative investments (both IC approved and Staff approved), Staff provides documentation confirming that the ACERA investment policy, investment plan, and procedures were followed during the due diligence process.

¹This review focuses on Staff's role in delegated authority. A broader review and discussion of the Board's role can be provided by fiduciary counsel and consultants if so desired.

² In compliance with the relevant Investment Policies.

Rationale for Delegated Authority

Delegated authority language has existed in ACERA's investment policies dating back to the inception of the PEARLS³ program in 2008. The primary purpose stated at the time was that specific delegated authority would "allow for an unencumbered manager search process where ACERA can fully and efficiently take advantage of the more sought-after subset of investment opportunities." The example given in 2008 was that a manager search process with full board oversight would take up to 6 months, where delegation to Staff would shorten the timeframe to two to three months. This reasoning is even more true today in 2026. To participate in oversubscribed funds, take advantage of fee breaks, or invest in shorter-term opportunistic strategies, ACERA needs to move swiftly. In the past 12 months, these issues were discussed during the IC review of each individual alternative asset class policy, and the delegated authority language was subsequently reapproved by the Board.

Time efficiency at each ICM is another reason for the use of delegated authority. Since a few years ago, there has been a concerted effort by the IC and Staff to shorten the ICM to be more efficient. ICMs with multiple managers on the agenda would last several hours, often going beyond the scheduled time which led to some Trustees leaving earlier for other prior engagements. Also, as a matter of best practice, the time saved through Staff's use of delegated authority would allow the IC to focus on high-level, more impactful issues facing the ACERA plan (e.g., asset allocation, funding sustainability, governance structures, etc.).

Broadly speaking, similarly situated pension plans⁴ delegate private fund manager selection to investment staff (within certain limits), alongside routine, periodic review of the actions taken and investment performance. The key principle behind this approach with pension funds is that effective delegation is widely considered to be foundational for managing fiduciary risk.

Review of Alternative Investment Approval Process

For all alternative investments approved under delegated authority, independent due diligence and approval are required by both investment consultant (i.e., NEPC or Callan) and Staff. This means that every alternative investment has two independent expert opinions, which demonstrates a prudent process. In operation, often the appropriate investment consultant will complete due diligence first and make a recommendation to Staff, but there are also instances where Staff completes its diligence first and makes a recommendation to the appropriate consultant for evaluation. There are also situations where diligence is conducted in parallel⁵. If an investment recommendation goes to the IC for approval (not under delegated authority), the IC serves as third layer of approval. Since the inception of including

³ ACERA's PEARLS (Private Equity and Alternative Lending Strategies) program covered all alternatives (excluding real estate) at the inception of the policy and program. The Real Assets policy was created and separated from PEARLS in 2013, the Absolute Return policy in 2017, and the Private Credit policy in 2019.

⁴ Similar investment staff size and AUM (\$10 billion to \$30 billion)

⁵ An additional layer of legal due diligence comes after IC and Staff approval. Both expert outside counsel and in-house investment counsel conduct an extensive review of the private fund legal documentation and negotiate favorable side letter provisions tailored to ACERA.

alternative investments in ACERA's portfolio, the IC has approved 100% of the alternative recommendations brought to the committee as actions for review and approval, and this fact serves as another point of consideration for continuing delegated authority to Staff.

Historical Use of Delegated Authority

As requested by the IC chair, Staff has provided a list (See **Attachment #1**) of all alternative investment commitments made under delegated authority since 2020. To note, delegated authority language has existed for private equity and absolute return since the inception (in ACERA's portfolio) of the asset classes in 2008. The Real Assets policy added delegated authority language in 2025, Real Estate in 2018, and Private Credit in 2019 (inception), respectively.

One observation from Attachment #1 is the gradual increase in deals executed under delegated authority within the last two years. This result reflects the gradual implementation of the conclusions drawn from the Trustee survey presented at the October 2024 ICM. The relevant takeaways from survey were the following:

- A significant number of Trustees want more information on asset allocation
- For private investments executed under delegated authority, the majority of Trustees want to receive less information or keep the same level of information. The sentiment was the same for new investments above the delegated authority limits.
- Following the survey results, Staff confirmed it would work on streamlining the information packets, utilizing delegated authority to 1) reduce the reading material burden on Trustees, 2) process private deals more efficiently to meet the new asset allocation targets in Mix C

After receiving the results, Investment Staff gradually increased the use of delegated authority and asked for input from the Investment Committee when delegated authority items were presented. No significant issues were raised in 2025. To note, Staff will still present edge cases (unusual) to the Investment Committee for approval. One example is Great Hill IX (Aug 2025 ICM), the re-up commitment total was close, but not over, the limit for delegated authority. Staff brought this investment to the IC for transparency.

One trend to note is that the commitment size and pace of deployment into alternatives (excluding real estate) has increased in the last year because 1) there was a pause in deployment during the selection and onboarding of NEPC in 2022-2023 and 2) the under allocation to alternatives increased due to the latest change in asset allocation in mid-2024 and strong performance of the public markets (denominator effect).

Investment Performance

The fiduciary standard does not require a good or specific outcome (impossible to guarantee), just a prudent process. However, investment performance is important as it plays a crucial role in supporting the ACERA plan beneficiaries. For example, the performance of the ACERA private equity (PE) portfolio is highlighted below, as it is the longest standing alternative asset class with Board-approved delegated authority. ACERA's private equity policy has contained delegated authority language since the inception of the PE program back in 2008.

	Performance								
	QTR	YTD	1-Year	3-Year	5-Year	10-Year	SI IRR	DPI	TVPI
ACERA Private Equity	7.77	7.35	12.9	9.72	20.1	14.9	17.18	1.01	1.96
Cambridge Global PE and VC Benchmark	4.06	6.84	9.72	5.57	14.61	12.78	11.26		
Outperformance	3.71	0.51	3.18	4.15	5.49	2.12	5.92		

*Data as of Q2 2025 (Source: NEPC), presented at the December 2025 ICM.

The data shows that ACERA’s private equity program has outperformed the benchmark across all time periods, including since inception. While it is difficult to derive direct causation of delegated authority from this data⁶, a general conclusion is that ACERA’s approach to investing in private equity (and private assets overall) has been producing great results.

Conclusion:

ACERA’s current delegated authority process meets the fiduciary standards required of Staff and has been a contributing factor to the strong investment performance of the Total Fund. The current delegated authority process has also saved hours of time at the ICM, allowed ACERA to participate in time-constrained investment opportunities, and supported the execution of the investment plans for the individual alternative asset classes. This process also aligns with similarly situated public pension plans.

Attachments:

- Attachment #1 – List of Approved Funds 2020 – 2025
- Attachment #2 – Staff Presentation

⁶Cannot attribute performance to individual entities as the investment approval process integrates several functional groups.

Date	Final Approval	Amount (in millions)	Asset Class	Fund Name
Apr 2020	IC	35	Private Credit	Angelo Gordon Credit Solutions Fund 1A (Annex) Dislocation Fund
Jul 2020	IC	40	Real Assets	Brookfield SuperCore Infrastructure Partners
Sep 2020	IC	75	Private Credit	BlackRock Direct Lending Fund IX
Sep 2020	IC	35	Private Equity	CD&R Fund XI
Oct 2020	IC	30	Real Assets	EQT Infrastructure V
Nov 2020	IC	75	Private Credit	HPS Specialty Loan Fund V
Nov 2020	Staff	10	Private Equity	Canvas Ventures 3
Jan 2021	IC	35	Private Equity	Peak Rock Fund III
Jan 2021	IC	25	Real Estate	Artemis Real Estate Partners Healthcare Fund II
Mar 2021	IC	27	Private Credit	Strategic Value Special Situations V
Mar 2021	IC	25	Real Assets	Vision Ridge Sustainable Asset Fund III
Mar 2021	IC	30	Private Equity	Genstar Capital Partners Fund X
May 2021	IC	27	Private Credit	ABRY Senior Equity VI
May 2021	IC	40	Real Estate	CBRE Strategic Partners U.S. Value 9
Jun 2021	IC	50	Real Estate	Starwood Distressed Opportunity Fund XII
Sep 2021	IC	70	Private Credit	Ares Senior Direct Lending Fund II
Sep 2021	IC	25	Private Equity	Summit Partners Growth Equity XI
Oct 2021	IC	36	Private Credit	Angelo Gordon Credit Solutions Fund II
Dec 2021	IC	75	Private Credit	Monroe Capital Private Credit Fund IV
Dec 2021	IC	30	Real Assets	Tiger Infrastructure Partners III
Jan 2022	IC	365	Absolute Return	Morgan Stanley – Custom Fund of Hedge Funds
Jan 2022	IC	60	Private Equity	Great Hill Partners Fund VIII
Mar 2022	IC	43	Private Equity	Altas Partners Holdings III
Mar 2022	IC	50	Real Estate	Clarion Partners Lion Industrial Trust
May 2022	IC	50	Real Estate	PRISA III
Sep 2022	IC	55	Private Equity	Audax Private Equity Fund VII
Dec 2022	IC	36	Private Credit	Angelo Gordon Credit Solutions Fund IIA Annex Dislocation Fund
Mar 2023	IC	50	Private Equity	CD&R Fund XII
Mar 2023	Staff	10	Private Equity	Eclipse Fund V
Apr 2023	IC	38	Private Credit	Davidson Kempner Opportunities Fund VI
Apr 2023	Staff	40	Private Equity	Genstar Capital Partners Fund XI
May 2023	IC	50	Private Equity	Gridiron Capital Fund V
Jul 2023	IC	80	Private Credit	Ares Senior Direct Lending Fund III
Jul 2023	IC	30	Real Assets	LS Power V
Feb 2024	IC	50	Real Estate	PGIM Real Estate US Debt Fund
May 2024	IC	50	Real Estate	Heitman Value Partners VI
				Quantum Energy Partners VIII
Aug 2024	IC	30	Real Assets	Quantum Energy Partners VIII Co-Investment Fund
Sep 2024	IC	50	Real Estate	Starwood Distressed Opportunity Fund XIII
Dec 2024	Staff	40	Private Equity	Summit Partners Growth Equity XII
Mar 2025	Staff	60	Private Credit	Orchard Global EleganTree Opportunities Fund III
May 2025	Staff	40	Private Credit	ICG Europe IX
Aug 2025	IC	50	Private Equity	Great Hill Equity Partners IX
Aug 2025	Staff	35	Private Equity	Khosla Ventures IX / Seed G / Opportunity III
Sep 2025	Staff	45	Real Assets	Ares Secondaries Infrastructure Solutions III
Sep 2025	Staff	40	Real Assets	Brookfield Global Transition Fund II
Oct 2025	Staff	30	Real Assets	Rockland Power Partners V
Dec 2025	Staff	35	Real Estate	Artemis Real Estate Partners Healthcare Fund III
Feb 2026	Staff	40	Real Assets	Blackstone Infrastructure Partners
Feb 2026	Staff	45	Private Credit	Strategic Value Partners Special Situations VI
Apr 2026	Staff	60	Private Equity	Warren Equity Partners V



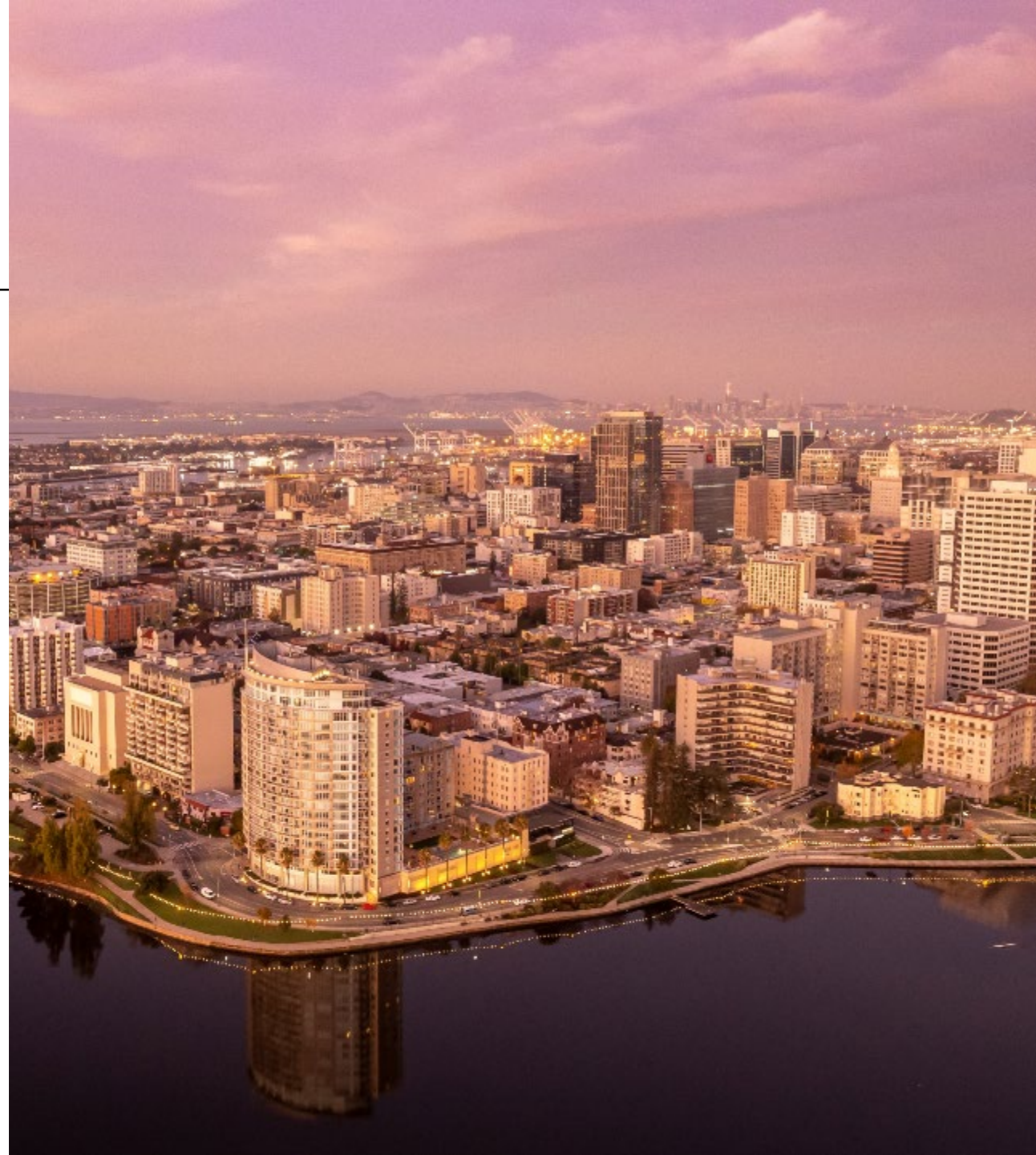
Alameda County
Employees' Retirement
Association

Review of ACERA's Delegated Authority

FOR ALL ALTERNATIVE ASSET CLASSES

May 6th, 2026

Attachment #2



Fiduciary Standard

- Delegated Authority falls under the fiduciary category. As such, we can use the fiduciary standard as a basis for review and evaluate Staff's actions exercised under delegated authority.
- This review focuses on Staff's role vs the IC's (or Board's) role.
- Two main evaluating questions:
 1. Prudent Expert Standard – Did Staff select investments with the care, skill, and diligence of a knowledgeable investor?
 - Knowledgeable investor requirements:
 - Total Portfolio Perspective
 - Risk/Return Analysis
 - Diversification
 2. Prudent Process – Did Staff follow ACERA plan documents, policies, and procedures with their actions taken under delegated authority?

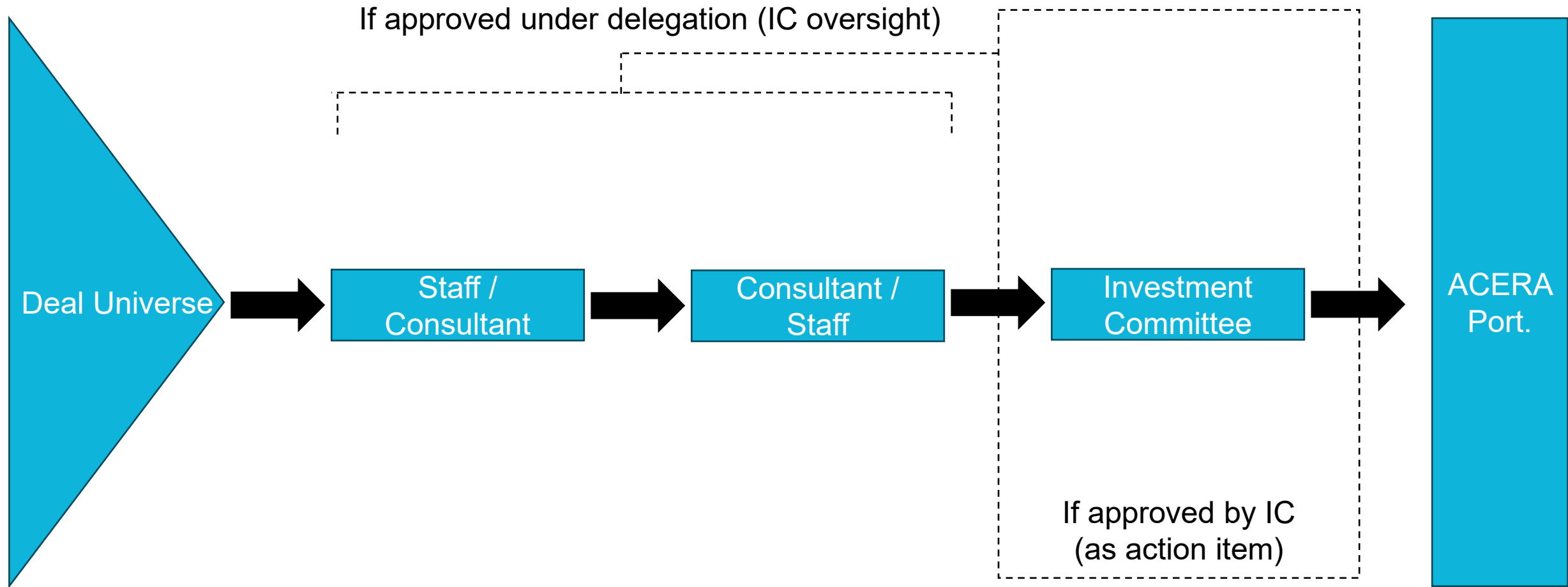
Rationale for Delegated Authority

- Reasoning from Sept 2008 ICM Minutes, when Staff's delegated authority was originally approved:
 - "...establish an unencumbered manager search process, whereby ACERA can fully and efficiently take advantage of the more sought-after subset of investment opportunities in this asset class."
 - "Staff may have to complete a due diligence process and make an investment commitment within two to three months to invest in a highly attractive private equity fund. In comparison, ACERA's standard manager search process with full oversight from the Committee/Board typically may require six months or more to complete."
- Today's environment necessitates delegated authority even more:
 - Shorter decision timelines for oversubscribed funds, opportunistic short-term funds, continuation funds, etc.
 - Some managers (especially VCs) prefer to present in closed session only.
 - Increased deployment pace into alternatives requires more time efficient process

Rationale for Delegated Authority

- Shorter ICM meetings:
 - ICMs with manager presentations often go 3+ hours long, and Staff routinely had to cut items short due to time constraints.
 - Difficult to maintain quorum during extra long meetings
- Best practice from a governance perspective:
 - Time saved from shorter ICMs can be used towards more impactful issues such as asset allocation, funding sustainability, governance, etc.
 - Fiduciary standard principles support delegation
 - Similarly situated pension plans typically delegate private fund manager selection to Staff.

Investment Approval Process (for Alternatives)



Delegated Authority History

- Delegated Authority language has existed in the various Board-approved ACERA alternative investment policies for some time (see p.9 for an example of the Delegated Authority policy language):
 - In the **Private Equity Policy** since inception in 2008 (under the PEARLS policy).
 - In the **Absolute Return Policy** since its inception in 2017 (when Absolute Return investments were separated from the PEARLS policy).
 - Added to the **Real Estate Policy** in 2018
 - Included in the **Private Credit Policy** since its inception in 2019.
 - Added to the **Real Assets Policy** in 2025.
- Delegated authority limits were updated for private credit (Oct 2024 ICM) and absolute return (Aug 2025 ICM).
- Delegated authority limits were maintained for private equity (Feb 2025 ICM) and real estate (Aug 2025 ICM).

Delegated Authority History

Key Takeaways

- A significant number of Trustees want more information on Asset Allocation.
 - For Re-ups and New Private Investments under delegated authority, Trustees would like to receive at most the current amount of information, but are open to receiving less.
 - For New Private Equity Investments above delegated authority and Investments in Publicly-Traded Assets, Trustees generally find the current level of information sufficient, but there is a slightly higher openness to receiving less information compared to other areas.
- At the Oct 2024 ICM, ACERA's communication manager presented survey results from a Trustee survey.
 - Following the results and discussion of the survey, Staff confirmed it would proceed on streamlining the information packets and utilize delegated authority to:
 - Reduce the reading material burden on Trustees
 - Process private deals more efficiently to meet the new asset allocation Mix C

Delegated Authority History

Date	Final Approval	Amount (in millions)	Asset Class	Fund Name
Apr 2020	IC	35	Private Credit	Angelo Gordon Credit Solutions Fund 1A (Annex) Dislocation Fund
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May 2021	IC	27	Private Credit	ABRY Senior Equity VI
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Aug 2024	IC	30	Real Assets	Quantum Energy Partners VIII
Sep 2024	IC	50	Real Estate	Starwood Distressed Opportunity Fund XIII
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Mar 2025	Staff	60	Private Credit	Orchard Global EleganTree Opportunities Fund III
May 2025	Staff	40	Private Credit	ICG Europe IX
Aug 2025	IC	50	Private Equity	Great Hill Equity Partners IX
Aug 2025	Staff	35	Private Equity	Khosla Ventures IX / Seed G / Opportunity III
Sep 2025	Staff	45	Real Assets	Ares Secondaries Infrastructure Solutions III
Sep 2025	Staff	40	Real Assets	Brookfield Global Transition Fund II
Oct 2025	Staff	30	Real Assets	Rockland Power Partners V
Dec 2025	Staff	35	Real Estate	Artemis Real Estate Partners Healthcare Fund III
Feb 2026	Staff	40	Real Assets	Blackstone Infrastructure Partners
Feb 2026	Staff	45	Private Credit	Strategic Value Partners Special Situations VI
Apr 2026	Staff	60	Private Equity	Warren Equity Partners V

Trustee
Survey



Delegated Authority Limits

- Sample Delegated Authority Language (Private Equity):

Delegation²:

- a. Approving Consultant's PE investment proposals (new proposals) with each individual commitment up to 5% of the target allocation to the total PE 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 PE investment proposals for "re-ups" with existing managers with each individual commitment in addition to the existing commitments⁶, up to 10% of the target allocation to the total PE Portfolio to managers in good standing⁷ 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).

Investment Performance

- While the fiduciary standard analysis does not require good investment performance (cannot be guaranteed), investment performance is still a critical goal for the ACERA plan.
- Private Equity performance is highlighted below, as delegated authority has existed for private equity investments since the inception of this asset class by ACERA in 2008

	Performance								
	QTR	YTD	1-Year	3-Year	5-Year	10-Year	SI IRR	DPI	TVPI
ACERA Private Equity	7.77	7.35	12.9	9.72	20.1	14.9	17.18	1.01	1.96
Cambridge Global PE and VC Benchmark	4.06	6.84	9.72	5.57	14.61	12.78	11.26		
Outperformance	3.71	0.51	3.18	4.15	5.49	2.12	5.92		

*Data from NEPC Q2 2025 Private Equity Performance Report. Presented in Dec 2025 ICM

- ACERA's Private Equity portfolio has outperformed its benchmark across all time-periods and essentially doubling the amount of capital invested with a TVPI of 1.96.
- Although we cannot attribute this performance directly to delegated authority (no direct causation), the data suggests that ACERA's approach to investing in Private Equity has been working so far.



Conclusion

ACERA's current delegated authority process:

- Meets fiduciary standards
- Contributing factor to the strong outperformance of the private equity asset class
- Saved hours of time per ICM
- Allows for participation in time-constrained investment opportunities
- Supports the effective and efficient execution of the individual alternative asset class investment plans
- Aligns with similarly situated public pension fund peers



475 14th Street, Suite 1000, Oakland, CA 94612 / telephone #: (510) 628-3000 / fax #: (510) 268-9574 / www.acera.org

TO: Members of the Investment Committee
FROM: Clint Kuboyama, Senior Investment Officer *Clint Kuboyama*
DATE: May 6, 2026
SUBJECT: Progress Report on Real Assets Investment Plan

Background:

On April 17, 2025, the Board approved the Real Assets Investment Plan (“Plan”) covering the years 2025 – 2034. The Plan is a long-term guide to achieve a 6% market-value weighting for the Real Assets (“RA”) Asset Class within the Total Fund with RA sub-class weightings of 67% private infrastructure investments and 33% private natural resources investments. Year over year, the actual allocation and sub-class commitment amounts are expected to deviate from the Plan based on the availability of the strategies in the market, as well as the market environment.

At the beginning of 2025, the RA Asset Class had a 6.1% market-value weighting in the Total Fund with sub-class, market-value weightings of 37% private infrastructure, 9% private natural resources, and 54% liquid investments (aka the “Liquid Pool”)¹. The Plan calls for expanding the RA Asset Class’s weightings to private infrastructure and private natural resources investments so they increase to their long-term 67% and 33% target weightings, respectively, within the asset class by a projected 2031. To get to these long-term, sub-class target weightings, the Plan calls for new commitments to private infrastructure and private natural resources investments each year. The first five years of the Plan and the number of funds and total amounts of new commitments per sub-class are shown in Table 1 below²:

Table 1: Real Assets Investment Plan Years 2025 - 2029					
	2025	2026	2027	2028	2029
Private Infrastructure					
# Funds	3 to 4	3 to 4	3 to 4	3 to 4	3 to 4
Commitments	\$120,000,000	\$120,000,000	\$120,000,000	\$120,000,000	\$120,000,000
Private Natural Resources					
# Funds	2 to 3	2 to 3	2 to 3	2 to 3	2 to 3
Commitments	\$80,000,000	\$80,000,000	\$80,000,000	\$80,000,000	\$80,000,000
Total # Funds	5 to 7	5 to 7	5 to 7	5 to 7	5 to 7
Total Commitments	\$200,000,000	\$200,000,000	\$200,000,000	\$200,000,000	\$200,000,000

Real Assets Investment Plan Versus Actual Commitments as of 12/31/25:

Between the approval of the Plan in April 2025 and year-end 2025, four real assets investments, all private infrastructure investments, were made under delegated authority for a total of \$155 million in commitments. The four investments included: 1) Ares Secondaries Infrastructure Solutions III (\$45 million commitment); 2) Brookfield Global Transition Fund II (\$40 million); 3) Rockland Power Partners V (\$30 million); and 4) Blackstone Infrastructure Partners (\$40 million).

Table 2 below shows the commitments made in 2025 versus the projected commitments per the Real Assets Investment Plan:

¹ The Liquid Pool is a custom vehicle managed by State Street Investment Management (formerly known as State Street Global Advisors). It is comprised of passive public equity index funds weighted 67% S&P Global Infrastructure Index and 33% S&P Global LargeMidCap Commodity and Resources Index. It is held in the RA Portfolio to maintain exposure to infrastructure and natural resources investments while the private infrastructure and private natural resources portfolios are built out. As new commitments are made to private investments, the Liquid Pool will be drawn down until private investments comprise 100% of the RA Asset Class and the Liquid Pool is 0% of the RA Asset Class.

² The first five years of the Plan are shown in Table 1 instead of the entirety of the Plan’s ten-year period to limit the number of columns in the table and to show the annual consistency of the Plan over its initial, five-year period.

Table 2: Investment Commitments Per Real Assets Investment Plan Versus Actual as of 12/31/25

	Private Infrastructure	Private Natural Resources	Total
2025 Projected			
# Funds	3 to 4	2 to 3	5 to 7
Commitments	\$120,000,000	\$80,000,000	\$200,000,000
2025 Actual			
# Funds	4	0	4
Commitments	\$155,000,000	\$0	\$155,000,000

As shown, the four private infrastructure investments made were in-line with the Plan but the total committed amount exceeded the Plan. On the other hand, no private natural resources were made last year.

Explanation for Private Infrastructure Investment Activity in 2025:

At the beginning of 2025, the private infrastructure portfolio within the RA Asset Class was heavily weighted towards value-added strategies. Including market value and uncalled commitments, the private infrastructure portfolio was 86% value added and 14% core³. This heavy weighting to value-added strategies resulted from the buildout of the private infrastructure portfolio under ACERA’s previous consultant, whose recommendations heavily targeted these strategy types. However, several of the value-added strategies ACERA invested in have not exhibited returns commensurate with the risks taken and there are several investments within these strategies that resembled private-equity-like portfolio companies or are assets without true infrastructure characteristics⁴. Thus, going into 2025, the private infrastructure portfolio was not being compensated for the level of risk it was taking and held investment types that were not true infrastructure investments. Given these factors, Staff and NEPC sought to bring more balance to the private infrastructure portfolio by investing in lower-risk, core-plus funds with investments that possess true infrastructure characteristics. By doing this, the aggregate risk in the private infrastructure portfolio would be reduced and become more balanced, and the portfolio would be expected to exhibit more infrastructure like characteristics (i.e., less volatility and higher stability) and greater diversification. Furthermore, with the recent change in the domestic market’s support for ESG and energy transition investments, Staff and NEPC have focused on increasing sector and regional investment diversification. Accordingly, Staff made three core-plus investments in 2025 - Ares Secondaries Infrastructure Solutions III, Brookfield Global Transition Fund II, and Blackstone Infrastructure Partners - to increase size / vintage year / geographic diversification as well as to capture opportunities across the shifting infrastructure landscape. Each of these investments provides exposure to true infrastructure assets, sector and geographical diversification, and are core-plus in risk/return.

Finally, to capitalize specifically on rising electricity demand and the increased need for flexible and reliable power generation amid the continued addition of intermittent renewable energy to the electricity grid, Staff made ACERA’s first opportunistic private infrastructure investment in Rockland Power Partners V.

Explanations for the Deviations from the Real Assets Investment Plan – Private Natural Resources:

As shown in Table 2 above, there were no private natural resources investments made in 2025. There were no suitable investments available last year that would provide an attractive risk/return and diversification to the private natural resources portfolio. As a result, no private natural resources investments were made.

³ Based on their risk/return characteristics, infrastructure funds can be categorized as “core”, “core-plus”, “value-added”, and “opportunistic”. Core funds typically have stabilized assets with long-term contracted cash-flow profiles with an approximately 7%-9% expected Net IRR. Core-plus funds are largely core investments that have some element of business-improvement and/or growth plan that adds risk and increases their Net IRR expectation to about 10% - 12%. Value Added funds involve higher business risks such as building a business from scratch, or a roll-up strategy that purchases and integrates numerous businesses into one with these risks requiring a higher Net IRR of about 13% - 15%. Opportunistic investments can involve greater risks than the risks of a value-added fund including the purchase of assets that are distressed and/or underperforming with the added risks requiring a Net IRR expectation of approximately 15% - 20%.

⁴ Infrastructure investment characteristics include: 1) high quality, long-lived assets that are critical to the societies they operate in; 2) high barriers to entry with limited competition; 3) assets the operate in stable regulatory frameworks; and 4) stable cash flows that are inflation sensitive and non-cyclical.

Conclusion:

After the investment activity in 2025, the private infrastructure portfolio (including market value and uncalled commitments) was an estimated 10% core, 30% core plus, 55% value added, and 5% opportunistic. Accordingly, the private infrastructure portfolio has rapidly become more balanced from a risk/return perspective and more diversified.

At the RA Asset Class level, however, due to a 26.7% 2025 gain in the Liquid Pool that outpaced the returns of the majority of the private investments, as well as the new private investment commitments coming in the second half of 2025, the aggregate weighting of private infrastructure and private natural resources in the RA Asset Class lost ground last year. As of December 31, 2025, the RA Asset Class had a 6.3% market-value weighting in the Total Fund that was comprised of estimated sub-class weightings of 34% private infrastructure, 9% private natural resources, and 57% the Liquid Pool.

In 2026, Staff and NEPC will continue to collaborate on finding suitable private real assets investments. For 2026 YTD, one \$40 million re-up commitment has been made to ISQ Global Infrastructure Fund IV, a global infrastructure strategy. In addition, Staff and NEPC are evaluating another private infrastructure investment and two private natural resources investments that would also be re-ups with existing managers. Overall, Staff and NEPC will continue to assess private real assets investments in the marketplace and execute on investments that align with the objectives of the Real Assets Asset Class Policy and Investment Plan.

EQUITY EXTENSION STRATEGIES

ALAMEDA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

MAY 2026

Will Forde, CFA, CAIA, Partner, Head of Marketable
Equity Investments
Nedelina (Nina) Petkova, Principal, Sr. Investment
Director



PUBLIC

EXTENSION STRATEGY OVERVIEW

WHAT ARE EXTENSION STRATEGIES?

- **A strategy that has the ability to go long and short and targets a net exposure of 100% and a Beta of 1 to the broad market index**
 - Similar to traditional long only strategies, but the key differentiator is their ability to short stocks
 - Short positions both help express negative views and finance higher conviction long positions
- **Defined by the gross *leverage* employed with the first number reflecting long exposure and the second number reflecting short exposure**
 - 130/30 strategy: 130% of portfolio invested in long positions and 30% of portfolio invested in short positions, resulting in 100% net exposure
- **Extension strategies inherently will have leverage, which will magnify performance outcomes**
 - The more leverage employed the higher the alpha expectations, but it will also likely magnify losses

EXTENSION STRATEGY MECHANICS EXAMPLE



EXTENSION STRATEGY OVERVIEW

IMPORTANT FEATURES & CONSIDERATIONS

▪ **Typical Risk & Return Objectives**

- Return Objective: to outperform a broad market index consistent with the tracking error profile of the strategy
- Risk Profile: Beta of 1 to the index regardless of leverage level; tracking error (active risk) will be largely be determined by how much leverage is taken

▪ **Typical Implementation Approach**

- Most use a quantitative approach, which is consistent with the desire to get broad and diversified exposure across the broad market index

▪ **Typical Portfolio Tilts**

- Typically viewed as a core allocation by investors
- Most quantitative active strategies will have some type of bias towards value, momentum, and quality

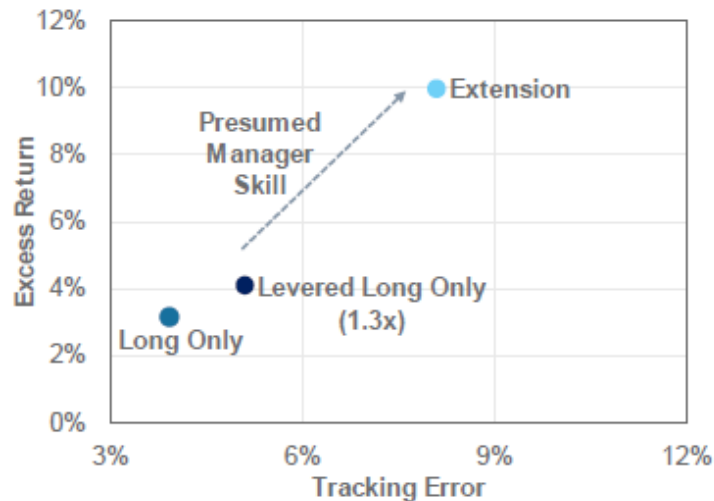
EXTENSION STRATEGY OVERVIEW

COMPARISON TO LONG-ONLY STRATEGIES

	Long-Only Equity		Extended Equity Strategy	
Alpha Expectations	Lower	Fairly simple enhancement of index investing focused on loss harvesting	Moderately Higher	Materially higher net of fee alpha efficiency per unit of risk
Tracking Error	Lower	Range bound	Slightly Higher	Range bound only marginally higher
Leverage	N/A	Long Only strategies generally do not employ leverage	Higher	The introduction of shorting introduces leverage which can magnify gains and losses (e.g. 130/30 strategy has 1.6x leverage)
Complexity	Moderate	Model driven decision making	Moderate	The introduction of shorting, leverage, and opaque costs increases complexity
Costs	Moderate	Management fee in line with fundamental management	Slightly Higher	Incrementally higher than Long only; Potential for Lower Management base + Performance

EXTENDED EQUITY VS. LONG-ONLY

USE OF LEVERAGE AS THIRD DIMENSION



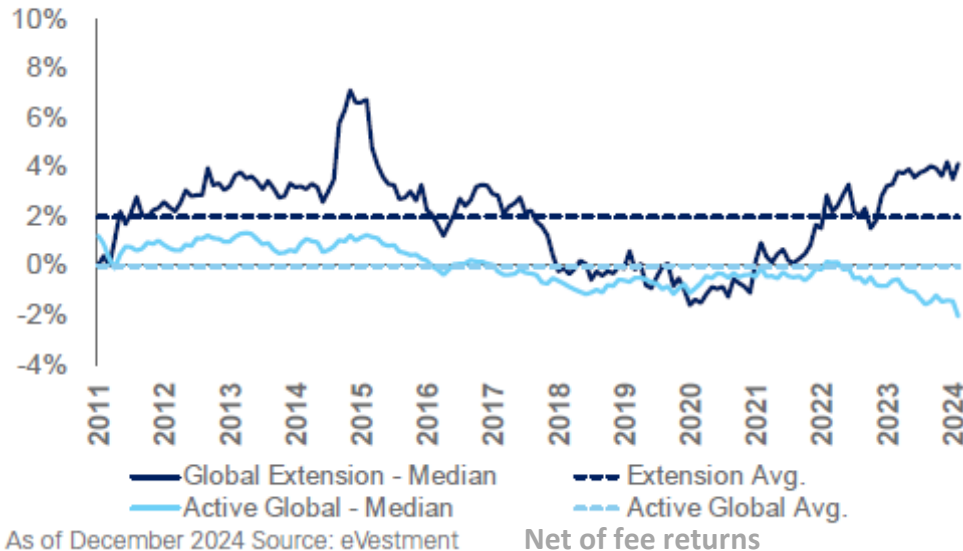
Long-Only

- Traditional long only strategies operate on a two-dimensional plane defined by expected return and active risk

Extension

- Extension strategies introduce leverage as third, independent dimension
- Managers can improve alpha efficiency without a proportional increase in tracking error

Exhibit 2: Global Extension vs. Active Global
Annualized Rolling 3-Year Return



As of December 2024 Source: eVestment

Net of fee returns



EXTENDED EQUITY ≠ HEDGE FUND

WHAT IS DIFFERENT?

	Extended Equity	Equity Hedge Fund
Primary Objective	To outperform a benchmark	To generate an absolute return
Net Market Exposure	100% (Structural)	Variable/Opportunistic
Leverage Source	Short proceeds / Self financing	External leverage/ Borrowing
Risk Budget	Range bound tracking error relative to index	Can vary and be very volatile and not always relative to an index
Portfolio Breadth	Broad, diversified	Often concentrated
Liquidity	Monthly	Gated, side pockets
Transparency	Full liquid holdings	Limited
Governance/ Fit	Core / Core-plus	Alternatives

BENEFITS & RISKS OF EXTENSION STRATEGIES

KNOW THE IMPORTANT FEATURES OF EXTENSION STRATEGIES

Benefits

- **Alpha Efficiency:** a greater ability to allocate capital away from weakest forecasted stocks and towards strongest
- **Improved Info Ratio:** broader opportunity set and more efficient alpha capture can lead to higher excess return per unit of active risk
- **Index Concentration:** allows greater flexibility to underweight heavily weighted but potentially overvalued index constituents

Risks

- **Leverage Risk:** extension strategies introduce gross leverage (e.g., 130/30 implies 1.6x gross exposure)
- **Manager Skill Asymmetry:** skill in identifying short positions may be distinct and require robust research, and operational infrastructure
- **Fees:** fees typically structured as a low base fee + performance fee, which can lead to variability of cost. However, a higher base-only fee is typically available if preferred

CONCLUSION

EXTENSION STRATEGIES

- Extension strategies can be an **effective tool to generate additional net of fee alpha while keeping some of the similar constructs of long-only investing.**
- It's vital for investors to **understand the risk profile** of an extension strategy within the context of their plan's risk tolerance and return requirements.
- **Not all managers are created equal**; it is necessary to evaluate each extension strategy based on its individual strengths and weaknesses.
- While a performance fee structure **offers better alignment of incentives** between portfolio management teams and investors, it can result in higher overall fees in periods of strong relative performance.
- NEPC understands how to assess, select, and implement extension strategies using our proprietary research framework.



QUESTIONS