ACERA

Alameda County Employees' Retirement Association

BOARD OF RETIREMENT

INVESTMENT COMMITTEE/BOARD MEETING

ACERA MISSION:

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

Wednesday August 5, 2026
10:30 a.m.

LOCATION AND TELECONFERENCE	COMMITTEE MEMBERS	
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 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. Link: https://zoom.us/join Call-In: 1 (669) 900-6833 US Webinar ID: 879 6337 8479 Passcode: 699406 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	TARRELL GAMBLE CHAIR	APPOINTED
	STEVEN WILKINSON VICE CHAIR	APPOINTED
	OPHELIA BASGAL	APPOINTED
	KEITH CARSON	APPOINTED
	ROSS CLIPPINGER	ELECTED SAFETY
	SCOTT FORD	ELECTED GENERAL
	HENRY LEVY	TREASURER
	ELIZABETH ROGERS	ELECTED RETIRED
	KELLIE SIMON	ELECTED GENERAL
	KATHY FOSTER	ALTERNATE RETIRED[1]

[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, August 5, 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

1. Discussion of and Possible Motion to Recommend that the Board approve a New Asset Allocation Portfolio Rebalancing Methodology

   10:35 – 10:55
   Sam Austin, NEPC
   Emily Moran, NEPC
   Stephen Quirk, ACERA
   Betty Tse, ACERA

2. Discussion of and Possible Motion to Recommend that the Board approve an up to $35 million Investment in Quantum Energy Partners IX[3] as part of ACERA's Real Assets Portfolio – Natural Resources, Pending Completion of Legal and Investment Due Diligence and Successful Contract Negotiations

   10:55 – 11:40
   Nathaniel Bedford, Quantum Energy Partners
   Jonathan Regan, Quantum Energy Partners
   Sam Austin, NEPC
   Rose Dean, NEPC
   Clint Kuboyama, ACERA
   Betty Tse, ACERA

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

1. Report on a Real Assets Investment Made Under Delegated Authority after Distribution of the Last Investment Committee Meeting Agenda: Taurus Mining Finance Fund No. 3 ($35 million)[3]

   11:40 – 11:50
   Sam Austin, NEPC
   Rose Dean, NEPC
   Clint Kuboyama, 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.

2. Report on a Private Credit Investment Made Under Delegated Authority after Distribution of the Last Investment Committee Meeting Agenda: Davidson Kempner Opportunities Fund VII ($40 million)[3]

   11:50 – 12:00 — Sam Austin, NEPC
Rose Dean, NEPC
Clint Kuboyama, ACERA
Betty Tse, ACERA

3. Report on a Real Assets Investment Made Under Delegated Authority after Distribution of the Last Investment Committee Meeting Agenda: LS Power Equity Partners VI ($25 million)[3]

   12:00 – 12:10 — Sam Austin, NEPC
Rose Dean, NEPC
Clint Kuboyama, ACERA
Betty Tse, ACERA

4. Education Session on Co-Investments

   12:10 – 12:40 — Sam Austin, NEPC
Rose Dean, NEPC
Emily Moran, NEPC
Betty Tse, ACERA

Trustee Remarks

Future Discussion Items

None

Establishment of Next Meeting Date

September 2, 2026, at 10:30 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. Code §7928.710 and §7922.000.

ACERA ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
475 14th Street, Suite 1000, Oakland, CA 94612 / Telephone (800) 838-1932 (510) 628-3000 / Fax: (510) 268-9574 / www.acera.org

To: Members of the Investment Committee

From: Stephen Quirk, Investment Officer Stephen Quirk

Date: August 5, 2026

Subject: Discussion of and Possible Motion to Recommend that the Board approve a new asset allocation portfolio rebalancing methodology.

Recommendation:

Staff and NEPC recommend that the Board approve a new asset allocation portfolio rebalancing methodology.

Background:

The current rebalancing methodology was formulated over a decade ago by a third-party rebalancing consultant who was terminated in 2022 and replaced by Parametric, our asset overlay manager. The legacy rebalancing methodology hasn't been updated since the termination and since the Board's approval of our new Asset Allocation (Mix C) in July 2024 and needs a review to be consistent with best industry practices. NEPC created a simpler methodology which uses asset class bands/ranges and is both intuitive and widely adopted by our peers, and Staff concurs with this simpler methodology as an appropriate one for ACERA.

Discussion:

The use of asset class bands/ranges is a transparent methodology which triggers a rebalance back to target weightings when the minimum or maximum weighting is breached. Ranges are based on the expected volatility of each asset class, with asset classes that have higher expected volatility afforded wider ranges around their Policy targets (Attachment #1). Expected volatility is based on the NEPC capital market assumptions. Please note that while liquid public asset classes can be rebalanced back to targets quickly, illiquid private asset classes can take much longer to be rebalanced as governed by their respective IPS's. As noted in Attachment #1, there are four alternative asset classes – Private Equity, Private Credit, Absolute Return, and Real Assets – where the bands/ranges are governed by their respective Investment Policies.

Conclusion:

Staff and NEPC recommend that the Board approve the immediate use of the new asset allocation portfolio rebalancing methodology.

At the October Investment Committee Meeting, the General Investment Guidelines and Policies (Policy) are scheduled for review. At that time, the new asset allocation portfolio rebalancing methodology will be incorporated into an updated Policy as a schedule along with other changes made since the Policy was last updated in 2022 (e.g., target asset allocation approved in July 2024, and public equity structure approved in January 2026, etc.)

Attachments

1. Proposed Rebalance Policy – prepared by NEPC

PROPOSED REBALANCE POLICY

- **Utilize asset class bands to trigger a rebalance back to target weightings when the minimum or maximum weighting is breached.**

Asset Class	Policy Target	Expected Volatility	Minimum	Maximum
Public Equity*	**48.0%**	18.2%	**39%**	**57%**
Private Equity**	**11.0%**	25.8%	**8%**	**14%**
Total Equity Exposure	**59.0%**		**47%**	**71%**
Risk Seeking Fixed Income	**4.0%**	8.2%	**3%**	**5%**
Private Credit**	**6.8%**	11.8%	**3.8%**	**9.8%**
Total Risk Seeking FI Exposure	**10.8%**		**6.8%**	**14.8%**
Safe Haven Fixed Income*	**10.0%**	5.7%	**9%**	**11%**
Absolute Return**	**6.0%**	7.9%	**3%**	**9%**
Real Assets**	**6.0%**	14.7%	**3%**	**9%**
Real Estate	**8.2%**	15.3%	**7%**	**9%**
Non-Overlay Cash	**0.0%**	0.6%	**0%**	**2%**

*includes overlay exposures
**Asset class ranges governed by respective IPS's
Volatility measured by Standard Deviation based on NEPC's Capital Market Assumptions

PROPOSED REBALANCE POLICY
PUBLIC EQUITY SUB-ASSET CLASSES

- **Policy targets shown as a % of total public equity**

Public Equity

Asset Class	Policy Target	Expected Volatility	Minimum	Maximum
Passive - Developed Large Cap	**55.0%**	18.2%	**45%**	**65%**
Global Core (search)	**20.0%**	18.2%	**16%**	**24%**
International Large (EIM)	**5.0%**	19.6%	**4%**	**6%**
Emerging Growth	**5.0%**	27.2%	**4%**	**6%**
Emerging Value	**5.0%**	27.2%	**4%**	**6%**
US Small Cap	**5.0%**	21.5%	**4%**	**6%**
International Small	**5.0%**	23.2%	**4%**	**6%**

PRIVATE EQUITY CO-INVESTMENT OVERVIEW

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

AUGUST 2026

Rose Dean, CFA, Partner
Emily Moran, CFA, CAIA, Senior Consultant

NEPC

TOPICS

- Co-investment Overview
- Key Considerations
- Takeaways

CO-INVESTMENT OVERVIEW

WHAT IS CO-INVESTING?

Co-investing is when LPs invest in a company alongside a GP

Co-investment opportunities arise when a GP seeks to syndicate a portion of their investment in a company it recently acquired as part of its fund

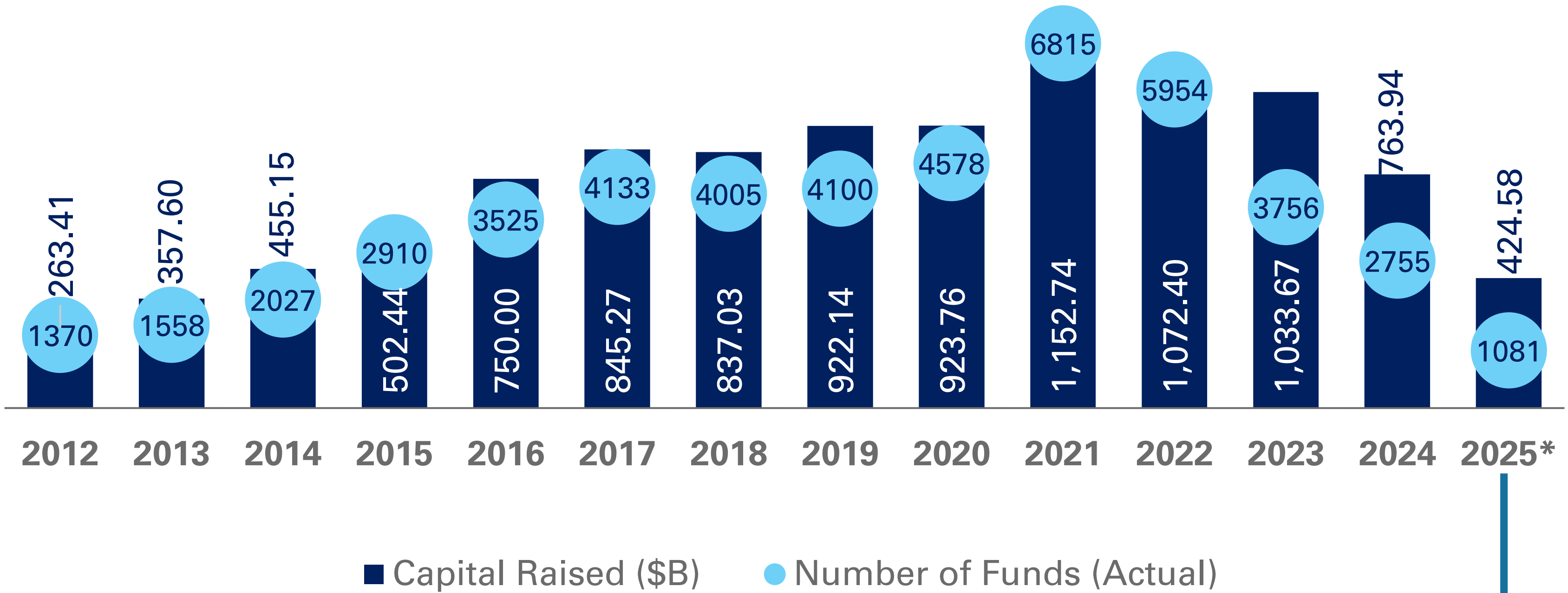
WHERE CO-INVESTING FITS WITHIN A PORTFOLIO

- Co-investments complement—not replace—core private markets exposure.

- Co-investments serve as a strategic tool to reduce fees, improve asset-level transparency, and enhance net returns without increasing overall capital commitments.

CURRENT MARKET DRIVERS: FUNDRAISING

A difficult fundraising environment is prompting GPs to push co-investment allocations

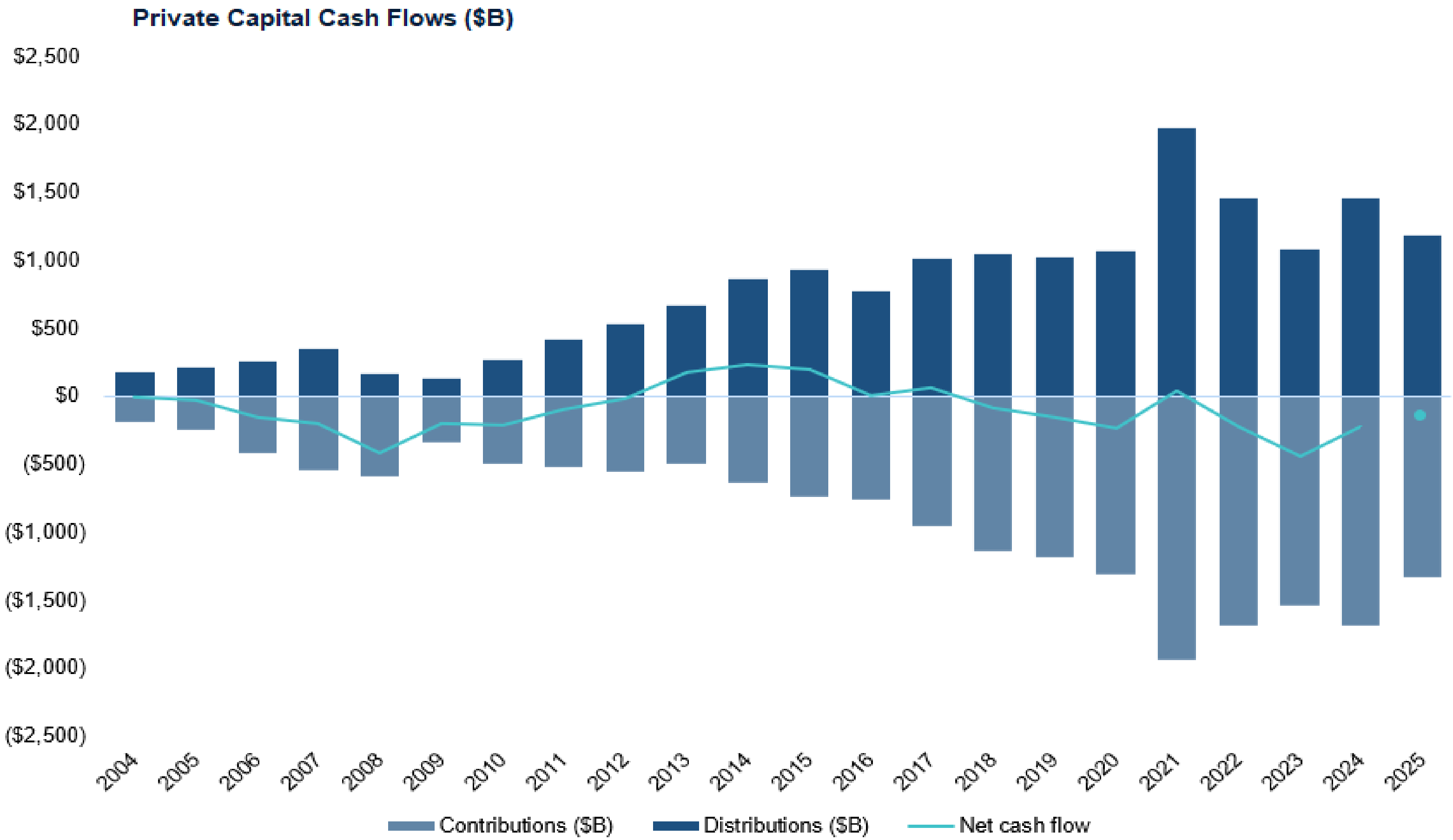


A slowdown in PE fundraising has prompted more GPs into the co-investment market, searching for capital to fill the gap in deal financing.

Source: S&P Global Market Intelligence
*As of June 30, 2025

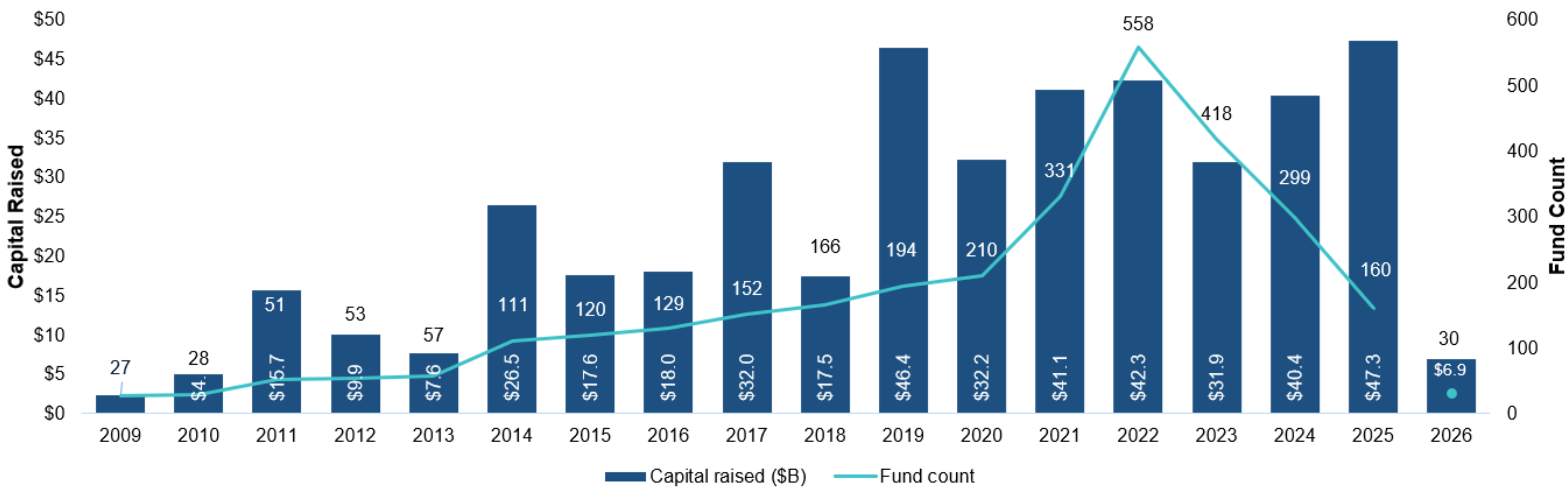
CURRENT MARKET DRIVERS: LIQUIDITY

A decrease in distributions has led to tighter liquidity across portfolios



Source: Pitchbook, as of 9.30.25

GLOBAL CO-INVESTMENT FUND ACTIVITY



Source: PitchBook, as of 3.31.26

WHY DO GPS OFFER CO-INVESTMENTS?

Positives

1. Investment opportunity is too large – but also very attractive
2. Want certainty of closing a transaction and need trusted sources of capital
3. Want to keep opportunity to its limited partners as opposed to other GPs
4. Prefer passive partners rather than active partners
5. Create stronger relationships with LPs for future fundraising
6. LPs demand more co-investment exposure

Negatives

1. GPs are only offering co-investment on their lower-conviction ideas, a.k.a 'Adverse Selection'
2. GP is going outside of their 'strike zone' for larger deals
3. A GP is having trouble fundraising and is offering co-investment as a 'carrot'

WHY CO-INVEST AS A LIMITED PARTNER?

Returns	No fee, No carry / avoid fund-level fees
J-Curve Mitigation	Minimal fee drag / immediate deployment of capital
Efficient Capital Deployment	Concentrate capital into single positions / diversification at the strategy level
Develop Deeper Relationships with GPs	Better understand process & approach / information advantage
+Capacity	Gain additional exposure to highest conviction GPs
Portfolio Construction Levers	Sectors, geography, strategies, etc.

KEY CONSIDERATIONS

KEY CONSIDERATIONS

- **Define Your Objectives**
- **Understand the Various Co-Invest Options**
- **Establish Clear Governance**
- **Be Aware of Resource Allocation**
- **Source Deals**
- **Diligence Process**

DEFINE YOUR OBJECTIVES

EXAMPLES MAY INCLUDE:

- ✓ Boosting investment returns by targeting opportunities with no/lower fees and carried interest relative to private equity fund investments
- ✓ Enhancing the ability to deploy capital efficiently
- ✓ Develop deeper relationships with its investment managers and conduct ongoing due diligence at the portfolio company level throughout the investment relationship by co-investing

What makes sense for your program and what are realistic goals and outcomes

CO-INVESTMENT OPTIONS

WHICH APPROACH IS BEST FOR MY PROGRAM?

Potential Risk

Required Resources

Fund-of-Funds

- Conservative approach
- Highly diversified
- May reduce J-curve and increase alpha

Multi-GP

- Typically, lower fee structure
- Highly diversified
- Mixed performance record

Single GP / SMA

- Lower fee structure
- Significant variation amongst GPs in how these vehicles are deployed
- Discretion vs. Non-discretion

Direct Program

- Invest on case-by-case basis
- Low to no-fees
- Strong GP relationships, quick timelines, and internal diligence process

ESTABLISH CLEAR GOVERNANCE

- **Alignment on overall objectives and philosophy of a co-investment program**
  - Incentive plans & team resources should reflect objectives
- **Clarity on who the investment decision makers are and what oversight is necessary**
  - Investment team vs. Investment Committee
- **Streamlined and repeatable process for quick decision making**
  - Pipeline
  - Diligence
  - Approval
- **Pre-determined steps and resources for compliance, legal, and operational review**
- **Guidelines around monitoring and actions for negative outcomes**

RESOURCE ALLOCATION

CO-INVESTING REQUIRES SIGNIFICANT RESOURCES AND TIME

- **Co-investing is time intensive**
- **Co-investment timelines are short (4-6 weeks)**
- **Consider in-house resources vs. working with an advisor**
- **Investment team members may be best positioned to reach a fast 'NO'**
- **Sourcing deals (outside or within current fund Sponsors roster)**

SOURCING

STARTS WITH PRO-ACTIVE RELATIONSHIP MANAGEMENT

- **Evaluate your GPs co-investment performance / does adverse selection exist**
- **Quantify deal flow from current GPs**
- **Pro-actively inform target GPs of desire to participate in co-investment opportunities**
- **Investment team will need to be consistently 'in the market' sourcing with GPs as part of relationship management**
- **Co-investment opportunities will likely carry a heavier weight in manager selection going forward**
- **Team needs to be very responsive with GPs around co-investing opportunities as this will be critical for ensure future deal flow and priority**

DILIGENCE PROCESS

REPEATABLE AND RESOURCE OPTIMIZED

Partner with high quality GPs

- Relationship building takes time
- Consistent partnership increases likelihood of co-investment opportunity

Strike Zone Analysis

- Parameters to target
  - Geography / Sector / EBITDA / Leverage etc.

Co-Investment Framework

- Checklist of requirement to meet
- Return expectations / Risk factors
- Confidence level
- Additional “outside” diligence

Legal & Compliance

- Documentation process
- Investment compliance checklist

TAKEAWAYS

RISKS TO KEEP IN MIND

- Adverse selection is real
- Deal flow will be lumpy, and timing of opportunities will be unpredictable
- Some co-investments may require multiple rounds of financing to fund growth organically or through acquisitions
- Liquidity will need to be available within a short period of time to fund a co-investment
- It will take time to build a diversified co-investment portfolio and track record
- Not all co-investments will work out

TAKE-AWAYS

- Co-investing continues to grow across institutional pools of capital
- Potential for outperformance, lower fees, stronger relationships, and efficient capital deployment
- Multiple structure & approaches
- Governance, Governance, Governance
- Process, Process, Process
- Acknowledge the risks

QUESTIONS?

NEPC DISCLOSURES

Past performance is no guarantee of future results.

All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

The information herein has been prepared by NEPC, an affiliate of Hightower Advisors, and should not be considered a recommendation to purchase or sell any investment or pursue any specific investment strategy. The information should not be relied upon to make any investment decision and does not take into account the investment objectives, financial situation and particular needs of the recipient. Recipients of the information presented herein should neither treat nor rely on such information as advice relating to legal, taxation or investment matters and are advised to consult their own professional advisors. The opinions presented herein represent the good faith views of NEPC as of the date of receipt and are subject to change at any time. There can be no assurance regarding the accuracy of such views, including with respect to any forward-looking information or other commentary that is subject to uncertainty, future contingencies or other market factors. NEPC has prepared the information as general market commentary, market update and/or other general topics relating to portfolio construction and risk allocation. The information is not, and does not purport to be, a complete discussion of all relevant considerations, risks and other applicable factors. The performance information of any indices or strategies represented herein is based on third-party sources, and such performance information does not necessarily represent the performance or experience of any NEPC client.

The information in this report has been obtained from sources NEPC believes to be reliable. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within. Neither NEPC nor any of its affiliates has any obligation to update the information contained herein.

NEPC has prepared the information as general market commentary, market update and/or other general topics relating to portfolio construction and risk allocation. The information is not, and does not purport to be, a complete discussion of all relevant considerations, risks and other applicable factors. The performance information of any indices or strategies represented herein is based on third-party sources, and such performance information does not necessarily represent the performance or experience of any NEPC client.

This presentation identifies potential benefits relating to NEPC's services to its clients and/or its commentary regarding current market events and portfolio construction considerations. Any NEPC investment strategy also is subject to certain risks and limitations. Although NEPC believes it and its personnel may have certain competitive advantages regarding portfolio construction and management. There can be no guarantee that NEPC will be able to maintain such advantages over time, outperform third parties or the financial markets generally, implement its investment strategy or achieve its investment objectives for a client or avoid losses.

ALTERNATIVE INVESTMENT DISCLOSURES

It is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds and private equity:

1. Performance can be volatile and investors could lose all or a substantial portion of their investment
2. Leverage and other speculative practices may increase the risk of loss
3. Past performance may be revised due to the revaluation of investments
4. These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms
5. A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value
6. These funds are not subject to the same regulatory requirements as registered investment vehicles
7. Managers may not be required to provide periodic pricing or valuation information to investors
8. These funds may have complex tax structures and delays in distributing important tax information
9. These funds often charge high fees
10. Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy