



MINUTES OF THE FEBRUARY 4, 2026, INVESTMENT COMMITTEE MEETING

To: Members of the Investment Committee

From: Tarrell Gamble, Chair

Subject: Summary of the February 4, 2026, Investment Committee Meeting

The Investment Committee (“Committee”) met on Wednesday, February 4, 2026, at 10:31 a.m. The Committee members present were Ophelia Basgal (via Zoom), Keith Carson, Ross Clippinger, Scott Ford, Tarrell Gamble, Henry Levy, Kellie Simon, Elizabeth Rogers (via Zoom) and Steve Wilkinson. Also present was Alternate Retired Member Kathy Foster. ACERA Senior Managers and Presenting Staff were David Nelsen – Chief Executive Officer, Carlos Barrios (via Zoom) – Assistant Chief Executive Officer – Benefits, Harsh Jadhav – Chief of Internal Audit, Lisa Johnson – Assistant Chief Executive Officer – Operations, Jeff Rieger – Chief Counsel, Serafin Lim – Investment Operations Officer, Clint Kuboyama – Senior Investment Officer, Stephen Quirk – Investment Officer, John Ta – Senior Investment Officer, Betty Tse – Chief Investment Officer, and Susan Weiss – Investment Counsel.

PUBLIC COMMENT:

N/A

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

1. 2026 Capital Market Assumptions

- NEPC representatives presented the 2026 Capital Market Assumptions, which are critical for understanding the expected returns, volatility, and correlations of various asset classes over a 10-year and 30-year horizon. These assumptions are used to inform strategic asset allocation decisions and policy implications. Asset allocation is the primary determinant of portfolio returns and volatility variability.
- NEPC representatives discussed with the Board the historical accuracy of their assumptions which have been directionally correct relative to other expert assumptions. They also discussed the various asset class building blocks such as Inflation, valuation and Illiquidity Premium. The calculation of the illiquidity premium and the absence of manager alpha in the assumption was also discussed.
- The expected 10-year and 30-year returns projections reflected a decline for almost all asset classes relative to the projections made last year. NEPC will analyze the ACERA portfolio using the new Capital Market Assumptions and present their findings in a future ICM to confirm whether or not ACERA’s current Asset Allocation Targets will need to be adjusted.

2. Education Session: Total Portfolio Approach

- Total Portfolio Approach (TPA) is a holistic, dynamic investment framework that manages all assets together – public and private – under a single risk and return lens. The four core principles of TPA include: 1) Governance; 2) Culture; 3) Competition for Capital; 4) Factor Lens.
- While the TPA governance structure hasn't been widely adopted by ACERA's peers, some TPA principles could be helpful to public funds such as ACERA (e.g., asset allocation analysis via a factor lens rather than traditional asset class categories.)

3. Education Session: Asset Overlay and Cash Equitization

- The Parametric asset overlay strategy mitigates portfolio deviations from the asset allocation targets via futures contracts. This strategy has successfully decreased ACERA's total portfolio tracking error since its 2021 inception
- The current overlay strategy is exclusively cash equitization. Including a rebalancing capability would further mitigate the asset allocation deviation risk and Staff and Consultant will consider this enhancement.

4. Education Session: Affordable Housing – Real Estate Investments

- Margaret Anadu and Yusef Freeman from The Vistria Group provided an educational overview of affordable housing as an institutional real estate investment opportunity, including the regulatory landscape and sources of programmatic support. The presentation reviewed how affordable housing is built and financed, highlighting partnerships with public/non-profit entities and the role of capital and financing subsidies (e.g., LIHTC equity, tax-exempt bonds, and city/state loans).
- Trustee Levy raised questions regarding investing at the local level and concerns on including The Vistria Group as presenters for this education item as Vistria has been recommended by Callan to ACERA for consideration to hire under staff's delegated authority. Callan and Staff confirmed that the goal of this education session was to provide general information on affordable housing as an institutional, investable asset and take input from the Trustees.

5. Report on Real Assets Investment Made Under Delegated Authority after Distribution of the Last Investment Committee Meeting Agenda – Blackstone Infrastructure Partners, LP (\$40 million)

- Staff reported closing on a \$40 million commitment to Blackstone Infrastructure Partners, LP under delegated authority, in compliance with all applicable Investment Policies and Procedures.
- Staff discussed with the Committee the types of investments in the Fund, and the Fund's liquidity profile and annual cash distribution yield.
- This information item serves to report publicly on Staff's delegated action.

6. Report on Private Credit Investment Made Under Delegated Authority after Distribution of the Last Investment Committee Meeting Agenda – Strategic Value Special Situations VI (\$45 million)
 - Staff reported closing on a \$45 million commitment to Strategic Value Special Situations Fund VI (SVSS VI) under delegated authority, in compliance with all applicable Investment Policies and Procedures.
 - Staff and NEPC discussed with the Committee emerging issues in the Private Credit market in general and specific to potential disruptions in the software industry related to AI adoption. NEPC noted that the potential disruptions will be felt more broadly -- not just in the credit markets.
 - This information item serves to report publicly on Staff's delegated action.
7. Oral Status Update on Clearwater Onboarding
 - Staff informed the Committee that as of December 31, 2025, ACERA financial and accounting data was fully onboarded to the Clearwater platform, connections to Clearwater were set, and multiple ACERA staff user trainings were completed.
 - The platform provides benefits to the investment team with respect to record keeping, financial tracking, accounting reconciliations, and automated processes.
8. Proposed Investment Committee Meeting Workplan for 2026
 - The Investment Committee Workplan is a collaborative effort between Staff, NEPC, and Callan, ensuring that timely and relevant information is included in the monthly ICM. Adjustments to the Workplan are made based on input from the Committee and priorities of the Total Fund. The Workplan is subject to change.

TRUSTEE REMARKS:

Trustees noted that the delegated authority materials were difficult to locate in BoardEffect. Staff acknowledged the concerns and will provide clearer instructions or navigation paths for trustee access.

Trustees were also reminded of NEPC's previously announced succession plan, under which current Chief Investment Officer Tim McCusker will assume the role of President, with the intent to succeed CEO Mike Manning in January 2027. Sarah Samuels, a partner at NEPC, has been appointed to CIO as part of this succession plan.

Chief Investment Officer Betty Tse introduced Emman Uy to the Committee. Emman is the Investment Department's new Investment Analyst.

FUTURE DISCUSSION ITEMS

ESTABLISHMENT OF NEXT MEETING DATE

Investment Committee Meeting Minutes
February 4, 2026

March 4, 2026, at 10:30 a.m.

ADJOURNMENT

The meeting ended at 1:40 p.m.

To view the February 4, 2026, Investment Committee Meeting in its entirety, click on the link below.

<https://www.youtube.com/watch?v=qIP8JOYwmLc&feature=youtu.be>