



MINUTES OF THE JANUARY 7, 2026, INVESTMENT COMMITTEE MEETING

To: Members of the Investment Committee

From: Tarrell Gamble, Vice-Chair

Subject: Summary of the January 7, 2026, Investment Committee Meeting

The Investment Committee (“Committee”) met on Wednesday, January 7, 2026, at 10:31 a.m. The Committee members present were Keith Carson, Ross Clippinger, Scott Ford, Tarrell Gamble, Henry Levy, Kellie Simon, 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 (via Zoom) – Assistant Chief Executive Officer – Operations, Jeff Rieger – Chief Counsel, Agnes Ducanes – Administrative Specialist II, Stephen Quirk – Investment Officer, Betty Tse – Chief Investment Officer, and Susan Weiss – Investment Counsel.

PUBLIC COMMENT:

N/A

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

1. Discussion and Possible Motion to Recommend that the Board Adopt a New Public Equity Structure

- Staff and NEPC presented three Public Equity structure options that employ exclusively global mandates within the developed large cap universe and reflect varying allocations between active and passive management. The options are informed by the implementation of ACERA’s new Public Equity Allocation per Board-approved Asset Allocation Target with a global benchmark MSCI ACWI IMI, the desire to enhance long term Total Fund Performance, and the current market environment as illustrated by NEPC’s refreshed Active v. Passive study.
- The relative merits of Options 2 and 3 were compared. Staff’s historical active manager selection skill was discussed, and the performance results have been mixed though global mandates eliminate the regional constraints of dedicated US and International mandates and increase the opportunity set for excess returns. The length of time that underperforming managers should be retained was discussed as market cycles are long, and Staff and Consultant stated that exclusively measuring performance isn’t sufficient as superior monitoring includes frequent tracking of performance attribution, style drift, and organizational changes. Staff capacity was discussed, and Option 3 would require significant resourcing and governance. Implementation timing and costs were discussed, and Staff stated that both timing and costs would be minimized by employing a transition manager. The market environment dynamism was discussed, and Staff and Consultant stated that the manager search evaluation criteria will consider downside protection ability, artificial intelligence readiness, and the willingness to adapt an investment process according to a changing global market structure.

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- The Committee approved Option 2, which introduces a single active global equity allocation (Core) and decreases passive management. The simplified structure has a higher expected return than the current structure. One Global Core manager search is required, and Staff will proceed with implementation planning and return to the Committee with manager search criteria recommendations and next steps at a future meeting.
- Trustee Clippinger moved, seconded by Trustee Ford, to recommend that the Board adopt Option 2 as the New Public Equity Structure. Option 2 consists of 55% Passive (global developed large cap), 20% Global Core (one manager search is required), 5% International Large Cap (EIM), 5% Emerging Markets Growth, 5% Emerging Markets Value, 5% US Small Cap, 5% International Small Cap.
- The motion carried with 8 Yes (Carson, Clippinger, Ford, Foster, Gamble, Levy, Simon, and Wilkinson), 0 No, and 0 Abstention.

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

1. Proposed Investment Committee Meeting Workplan for 2026

- The proposed 2026 Investment Committee Workplan is a byproduct of input from all Consultants and Staff and is subject to change.
- The plan includes cyclical items such as semiannual performance reviews, and non-cyclical items such as implementation of the Public Equity Restructuring.
- The workplan is distributed semiannually with updates reflecting the most current information.

TRUSTEE REMARKS:

FUTURE DISCUSSION ITEMS

ESTABLISHMENT OF NEXT MEETING DATE

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

ADJOURNMENT

The meeting ended at 12:04

To view the January 7, 2026, Investment Committee Meeting in its entirety, click on the link below.

youtube.com/watch?v=elFEljriyo&feature=youtu.be