



MINUTES OF THE JANUARY 11, 2023, INVESTMENT COMMITTEE MEETING

THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO

To: Members of the Board of Retirement
From: Tarrell Gamble – Chair
Subject: Summary of January 11, 2023 Investment Committee Meeting

The Investment Committee (“Committee”) met on Wednesday, January 11, 2023 at 9:31 a.m. The Committee members present were Keith Carson, Ross Clippinger, Tarrell Gamble, Jaime Godfrey, Henry Levy, Elizabeth Rogers, Kellie Simon, and George Wood. Also present were Alternate General Member Cynthia Baron and Alternate Safety Member Kevin Bryant. ACERA Senior Managers and Presenting Staff present were, David Nelsen – Chief Executive Officer, Carlos Barrios – Assistant Chief Executive Officer, Betty Tse – Chief Investment Officer, Jeff Rieger – Chief Counsel, Vijay Jagar – Chief Technology Officer, Harsh Jadhav – Chief of Internal Audit, Agnes Ducanes – Administrative Specialist II, Clint Kuboyama – Investment Officer, Serafin Lim – Investment Operations Officer, John Ta – Investment Officer, and Thomas Taylor – Investment Officer.

Board Action Item:

1. Proposed Findings Regarding State of Emergency Pursuant to Gov’t Code §54953(e)(3): Staff Recommendation: The Board finds that it has reconsidered the circumstances of the state of emergency and (1) the state of emergency continues to directly impact the ability of the members to meet safely in person, and (2) state or local officials continue to impose or recommend measures to promote social distancing.
 - After a brief discussion, Trustee Rogers moved and Trustee Godfrey seconded that the Board make the Proposed Findings.
 - The motion carried with 6 Yes (Clippinger, Gamble, Godfrey, Levy, Rogers, and Wood) 0 No, 0 abstention.

Action Item: 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. Semiannual Performance Review for the Period Ending June 30, 2022 – Real Estate

- For the last 6-months ending 06/30/2022, ACERA's Real Estate portfolio had a net return of 11.3%, underperforming the NFI-ODCE benchmark return of 12.0%.
- For the trailing 1-year period, ACERA's Real Estate portfolio had a net return of 27.7% underperforming the NFI-ODCE benchmark return of 28.3%.
- For the trailing 3-year period, ACERA's Real Estate portfolio had a net return of 12.6%, outperforming the benchmark return of 11.7%.
- For the year ending 06/30/2022, ACERA's Real Estate portfolio was valued at \$833.5 million, representing 8.04% of the Total Fund. The Real Estate Market Value and Unfunded Commitment as of that date were \$967.1 million, representing 9.3%.

2. Semiannual Performance Review for the Period Ending June 30, 2022 – Private Equity

- Verus provided a review of ACERA's Private Equity portfolio for the period ending 06/30/2022. General market commentary was provided along with an overview of the Private Equity portfolio performance and diversification.
- Since ACERA's Private Equity portfolio inception in 2008, it has outperformed the Russell 3000 by 3.5% as of 06/30/2022. As of 06/30/2022 the Private Equity Portfolio had a total market value of \$940.2 million, which represented 9.1% of the Total Fund in comparison to its 11.0% asset class target. For the one-year period ending 06/30/2022, the Private Equity Portfolio returned a net IRR of 15.6% vs the Thomson Reuters C|A Global All Private Equity Benchmark net IRR of 4.4%. For the three-year period ending 06/30/22, ACERA's Private Equity Portfolio returned a net IRR of 14.0% vs the Thomson Reuters C|A Global All Private Equity Benchmark net IRR of 21.6%.

3. Semiannual Performance Review for the Period Ending June 30, 2022 – Private Credit

- Verus provided an overview of the Private Credit Asset Class's performance. As of 06/30/2022, the Private Credit Portfolio had a total market value of \$233.3 million which represented 2.3% of the Total Fund (class target is 4.0%). Since the Private Credit Portfolio's inception through 06/30/2022, the Portfolio's net IRR was 6.4%, 7.0% above the same cash flows invested in the S&P LSTA US Leveraged Loan 100 Index of -0.6%.

4. Semiannual Performance Review for the Period Ending June 30, 2022 – Real Assets

- Verus discussed the market environment for real assets investments and the performance of the Real Assets Portfolio. As of 06/30/2022, the Real Assets Asset Class had a total market value of \$826.8 million, representing about 7.4% of ACERA's Total Fund (class target 6.0%). For the one-year period ending 06/30/2022, the Real Assets Portfolio returned 8.1% net versus its blended benchmark (60% S&P Global Infrastructure Index/35% Global LargeMidCap Commodity and Resources Index/5% Bloomberg

Commodity Index) return of 8.1%. For the three-year period ending 06/30/2022, ACERA's Real Assets Portfolio returned 8.6% net versus its blended benchmark return of 6.8%.

5. Proposed 2023 Investment Committee Workplan

- Staff offered the proposed Investment Committee Workplan for 2023 (Workplan)
- Staff informed the Committee that the proposed Workplan is a byproduct of inputs from all Consultants and Staff and is subject to change.

Public Input:

None

TRUSTEE REMARKS:

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

Wednesday, February 8, 2023

ADJOURNMENT

The meeting ended at 11:19 a.m.