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

MINUTES OF THE OCTOBER 1, 2025, INVESTMENT COMMITTEE MEETING

To: Members of the Investment Committee

From: George Wood, Chair

Subject: Summary of the October 1, 2025 Investment Committee Meeting

The Investment Committee ("Committee") met on Wednesday, October 1, 2025, at 10:33 a.m. The Committee members present were Ophelia Basgal, Ross Clippinger, Tarrell Gamble, Elizabeth Rogers, Kellie Simon, Steve Wilkinson, and George Wood. Also present was Alternate Retired Member Cynthia Baron. ACERA Senior Managers and Presenting Staff were David Nelsen – Chief Executive Officer, Harsh Jadhav – Chief of Internal Audit, Lisa Johnson – Assistant Chief Executive Officer, Jeff Rieger – Chief Counsel, Erica Haywood – Fiscal Services Officer, Serafin Lim – Investment Operations Officer Clint Kuboyama - Senior Investment Officer, Stephen Quirk – Investment Officer, Noe Reynoso – Investment Analyst, John Ta – Senior Investment Officer, Betty Tse – Chief Investment Officer, and Susan Weiss – Investment Counsel.

PUBLIC COMMENT:

N/A

<u>Action Item: Matters for discussion and possible motion by the Committee</u>

1. Discussion and Possible Motion to Recommend that the Board Approve the Updated ACERA Environmental, Social and Governance (ESG) Investment Policy

    - Staff recommended that the Committee adopt the revisions to ACERA's ESG Policy and ACERA's ESG Questionnaire that were discussed at the previous month's ICM.

    - Trustee Basgal moved, seconded by Trustee Wilkinson, to recommend that the Board adopt the Updated ACERA Environmental, Social and Governance (ESG) Policy.

    - The motion carried with 7 Yes (Baron, Basgal, Clippinger, Gamble, Simon, Wilkinson, and Wood), 0 No, and 0 Abstention. Trustee Rogers was not present during the motion.

2. Discussion and Possible Motion to Recommend that the Board Approve the Updated ACERA Emerging Investment Manager (EIM) Policy

    - Staff recommended that the Committee approve one key amendment to the EIM Policy, specifically that ACERA EIM managers be required to complete an annual EIM Questionnaire, with the responses to be summarized and included in ACERA's ESG Risk Disclosure Report. Minor formatting revisions to the EIM Policy were also recommended.

- Trustee Gamble suggested changing the name of the current Policy to "Next Generation Managers." Trustee Clippinger suggested leaving the Policy name unchanged at this time, but possibly making the change when the Policy is next due for revision, consistent with staff's recommendation.

- Trustee Rogers moved, seconded by Trustee Simon, to recommend that the Board adopt the Updated ACERA Emerging Investment Manager (EIM) Policy.

- The motion carried with 8 Yes (Baron, Basgal, Clippinger, Gamble, Rogers, Simon, Wilkinson, and Wood), 0 No, and 0 Abstention.

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

1. Update on State Street Bank and Trust Company (SSB) Custodial Services

   - Staff shared updates on SSB's efforts and progress to improve its client services for ACERA. The SSB client service team was successfully transitioned from Kansas City to Sacramento as of September 1st, 2025. And, financial reporting improvements were underway, with reconciliations and training going well and final reporting improvements to be completed by end of 2025.

   - Trustee Wilkinson shared concerns with SSB's reputation and culture, noting the company's past criminal charges and questioning the corporate culture and lack of diversity with the leadership. Brenda Dulger-Sheikin, Senior Vice President from SSB, was in attendance and spoke on behalf of SSB and provided updates from SSB's perspective on the matter. Ms. Dulger-Sheikin emphasized that the named issues with SSB occurred in departments outside of Custodial Services that ACERA works with, and that SSB has since reinforced ethics, compliance and standard of conduct trainings for the company.

   - Trustee Wilkinson asked when ACERA had gone out for RFP on Custodial Bank Services. Staff shared that we review this contract every 5 years with the Board, and that staff would be reporting to the Investment Committee/Board sometime in the coming year on this topic.

2. Education Session: Public Equity Active v Passive Investments under Current Market Conditions

   - NEPC presented their 2025 Active v Passive Research Study and an extended discussion with the Committee ensued. According to the Study, an average active manager cannot collectively outperform the market net of fees. However, not all active managers are average – a genuinely skilled manager may be able to add consistent value through forecasting ability and disciplined portfolio construction. The Study helped to identify Global Equity as a market that may be more suitable for active management based on historical data as of 6/30/25.

- At a subsequent ICM, Staff and NEPC will present a range of public equity structures (differing allocations of active and passive) that reflect the current Study, and make a recommendation of various structure options for the Committee to consider.

3. Report on Real Assets Investment Made Under Delegated Authority after Distribution of the Last Investment Committee Meeting Agenda – Ares Secondaries Infrastructure Solutions III ($45 million)

   - Staff confirmed closing a $45 million commitment to the named Ares Secondaries Infrastructure Solutions III under delegated authority. This information item serves to report publicly on Staff's delegated action.

4. Report on Real Estate Investment Made Under Delegated Authority after Distribution of the Last Investment Committee Meeting Agenda – Artemis Healthcare Fund III (up to $35 million)

   - This information item was tabled from the agenda by the Committee Chair at the beginning of the ICM.

TRUSTEE REMARKS:

FUTURE DISCUSSION ITEMS

ESTABLISHMENT OF NEXT MEETING DATE

November 5, 2025, at 10:30 a.m.

ADJOURNMENT

The meeting ended at 12:06 p.m.

To view the October 1, 2025 Investment Committee Meeting in its entirety, click on the link below.
https://www.youtube.com/watch?v=ATYr4smNGKE