



April 10, 2013

To: Members of the Board of Retirement

From: Annette Cain-Darnes – Chair

Subject: Summary of the April 10, 2013 Investment Committee Meeting

The Investment Committee met on Wednesday, April 10, 2013 at 9:04 a.m. The Committee members present were Dale Amaral, Annette Cain-Darnes, Keith Carson, George Dewey, Liz Koppenhaver, Elizabeth Rogers, and George Wood. Also present was Alternate Safety member Darryl Walker. Members of the Staff present were Vincent Brown – Chief Executive Officer, Kathy Foster – Assistant Chief Executive Officer, Robert Gaumer – Chief Counsel, Margo Allen – Fiscal Services Officer, Harsh Jadhav – Internal Auditor, and Betty Tse – Chief Investment Officer.

ACTION ITEM

1. Discussion of and Possible Motion to recommend to the Board i) to terminate a PEARLS Manager in accordance with the ACERA General Investment Guidelines, Policies and Procedures, and PEARLS Policy and ii) to replace this Manager with another PEARLS Manager
 - Staff and SIS reviewed and evaluated the current PEARLS manager FX Concepts.
 - After discussion, Mr. George Dewey moved, seconded by Ms. Liz Koppenhaver, to recommend to the Board to terminate ACERA's Currency manager FX Concepts. The motion passed unanimously.
 - Representatives from P/E Investment, LLC outlined its organization, investment approach, strategy, process, and performance objectives and other key characteristics. They also addressed the Committee's comments and questions.
 - After discussion, Mr. George Dewey moved, seconded by Ms. Liz Koppenhaver, to recommend to the Board to hire P/E Investments, LLC as the new Currency-Alpha manager for \$25.0 million. The motion passed unanimously.

2. Discussion of and Possible Motion to Recommend to the Board to Adopt an Investment in PEARLS – Buyouts and Venture Capital
 - After discussion, Ms. Liz Koppenhaver moved, seconded by Mr. Dale Amaral, to recommend to the Board to adopt an additional \$25.0 million commitment to Warburg Pincus Private Equity XI, L.P. pending completion of legal due diligence and successful contract negotiation. The motion passed unanimously.

INFORMATION ITEMS

- Review of Brandywine Global Investment Management, LLC
- Review of AQR Capital Management, LLC (International Equity)
- Quarterly performance review for the fourth quarter 2012 – Real Estate

RECOMMENDATIONS

The Committee recommends, and I move that the Board adopt the recommendation to terminate ACERA's Currency manager, FX Concepts.

The Committee recommends, and I move that the Board adopt the recommendation to hire P/E Investments, LLC as the new Currency-Alpha manager for \$25.0 million.

The Committee recommends, and I move that the Board adopt the recommendation of an additional \$25.0 million commitment to Warburg Pincus Private Equity XI, L.P. pending completion of legal due diligence and successful contract negotiation.

TRUSTEE/PUBLIC INPUT

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

May 8, 2013 at 9:00 a.m.

ADJOURNMENT

The meeting adjourned at 11:45 a.m.