



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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June 12, 2013

To: Members of the Board of Retirement

From: Annette Cain-Darnes – Chair

Subject: Summary of the June 12, 2013 Investment Committee Meeting

The Investment Committee met on Wednesday, June 12, 2013 at 9:00 a.m. The Committee members present were Dale Amaral, Annette Cain-Darnes, George Dewey, Liz Koppenhaver, Elizabeth Rogers, and George Wood. Also present was Alternate Safety member Darryl Walker. Members of the Staff present were Victoria Arruda – Human Resources Officer, Kathy Foster – Assistant Chief Executive Officer, Robert Gaumer – Chief Counsel, Margo Allen – Fiscal Services Officer, Harsh Jadhav – Chief Internal Auditor, and Betty Tse – Chief Investment Officer.

ACTION ITEM

There were no action items for discussion.

INFORMATION ITEMS

1. Comprehensive Investment Department Workflow Analysis, Compensation Survey and Turnover Analysis, and Outsourcing Analysis Project
 - CEO Vincent Brown discussed the initiation of a work load study of the Investment Department; Human Resources' current study on investment staff compensation and turnover; and a follow-up on the topic regarding Outsourcing. By establishing a baseline understanding of these items, the CEO will provide the Investment Committee with decision making options to manage the future anticipated growth of the Investment Department's workload while meeting the Board's fiduciary obligation.
2. Review of Bivium Capital Partners, LLC
 - Representatives of Bivium presented an overview of their organization, investment strategy, process, and performance. The central focus of the discussion related to the changes the manager had made to its process to enhance future results. The review found Bivium to be in compliance with ACERA's investment guidelines.
3. Review of Pzena Investment Management, LLC
 - Representatives from Pzena discussed its long-term value investment philosophy, investment strategy, portfolio characteristics, and performance. The review found Pzena to be in compliance; however staff will closely monitor their performance as Pzena continues to remain on Watchlist and Probation status.

4. Quarterly performance review for the first quarter of 2013 – equities, fixed income, and real return pool
 - ACERA’s total Fund returned 6.1% in the first quarter of 2013 and was ranked in the upper 15th percentile of the eVestment Alliance style universe.
 - As of 3/31/2013, the market value of the total Fund was \$5,972,100,437.00.
 - For the quarter, ACERA’s equity portfolio, fixed income and real return pool were up 11.3%, 1.2%, and down -2.0% (gross), respectively.
5. Quarterly performance review for the first quarter of 2013 – real estate
 - As of 3/31/13, the total market value of ACERA’s real estate portfolio was about \$312.8 million; approximately 5.2% of ACERA’s total Fund.
 - ACERA’s real estate portfolio was up 4.2% (gross) for Q1 2013.
6. Semi-annual performance review for the period ending December 31, 2012 – PEARLS
 - The total market value of ACERA’s PEARLS Portfolio was about \$369.7 million, representing 6.5% of the total Fund.
 - As of 12/31/12, the ACERA PEARLS program reflected a meaningful performance measure with a positive 11.53% annualized IRR.

RECOMMENDATIONS

None

TRUSTEE/PUBLIC INPUT

None

FUTURE DISCUSSION ITEMS

None

ESTABLISHMENT OF NEXT MEETING DATE

July 10, 2013 at 9:00 a.m.

ADJOURNMENT

The meeting adjourned at 11:43 a.m.